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Fortis Healthcare's buyer

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Capita Telefolio yields 45%, when S&P BSE Sensex returns 18%

See page 85

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Many small caps have a track record of dividends, bonus shares and stock-splits

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Oh, not again!

India's e-commerce pioneer's ownership change underlines Indian enterprises' struggle to achieve scale

The churn of big-bracket investors at India's first digital marketplace continues. The price tag for 77% stake by the new buyer puts a valuation of over US$ 21 billion, making it more expensive than decades-old Old Economy companies such as Tata Motors and Coal India. In the absence of listing, the transaction size becomes a function of the buyers' capacity for risk and projection of outlook for the business on one hand and the sellers' doggedness to get the desired price or impatience to exit to cut losses on the other. After all at the turn of the century internet properties were assigned discounting based on eyeballs rather than cash flow. Foreign direct investment in multi-brand retail is not high on the current government's agenda. At the same time, the fastest-growing economy in the world is too important to ignore by global companies in search of growth. Offline retailer D-Mart in fact is supposed to have mimicked the low-cost model of US peer Walmart, the new buyer of Flipkart, with great success. Despite keeping prices low, the net profit margins are near about 4%, highest for any discount retailer in the world, and are projected to increase 1% point and the return on equity by nearly half in another three years. The sparkling performance is in stark contrast to the cash-guzzling and loss-making e-commerce pioneer. Interestingly, there was no panic selling in Avenue Supermarkets, indicating that competition from cyber space is not expected to affect D-Mart in the immediate term.

What the transaction instead does is trigger a tinge of regret that India is yet to produce a Jack Ma in the e-commerce space. Alibaba's US 21-billion IPO four year ago is the largest capital-raising exercise so far. Hint of further capital infusion is as an acknowledgement of the Indian consumption story as much to the difficulty in cracking the market. Walmart is known to get is calls wrong. It had to wind up physical presence in Germany due to inability to understand local tastes. Its online investments in the US and China are more of counter-strategies to stave off Amazon and Alibaba. The coexistence of brick-and-mortar retailers with e-tailers highlights a strange paradox of post liberalization India: a nation ready to embrace innovations and at the same time conservative in accepting change. If the two-wheeler segment demonstrates the ability of local companies to beat foreign brands, the consumer durables space is a tale of meek surrender: regulations reduced domestic labels to assemblers of knocked-down kits. The typical reaction of an entrenched Indian enterprise that prospered on patronage to any threat to market share is to scurry into unrelated areas such as telecom, aviation and oil and gas.

The many bright sparks in the non-digital space are mostly first-generation entrepreneurs. Their horizon is not restricted to the Indian borders. Naturally, they are from sunrise areas. Some degree of success has been achieved by generics makers exporting to the US. The old and new coexist in healthcare, but the money-spinning diagnostic centres have the stamp of start-ups. The personal-care segment is a testimony to the innovative spirit of Indian entrepreneurs so much so that even multinationals are looking at home-based remedies. Similarly, the food business is seeing a replay of David taking on Goliath, with a tilt in preference for Indian savouries of regional brands over foreign labels. Though reminiscent of the crowded 2G spectrum era about a decade ago, the money-transfer business looks set to become the next big theme after private banks. More often, an unexpected success sees rerating of the entire sector. The over 100% subscription and listing returns of Avenue Supermarts brought into fashion Shoppers Stop, V Mart and Future Retail. French giant Lafarge's entry through ACC and Ambuja Cements prompted a relook at a mature market. The lining up of suitors for distressed steel assets is taken as a sign of recovery. Unfortunately, not all missions have had a happy ending. Many have succumbed under the weight of their ambitions as well as due to the hostile environment post the global liquidity crunch. Suzlon's sold itself to Sun Pharmaceuticals, another new-age venture. The wireless business has proved to be a graveyard across generations of would-be telecom czars. Airlines remain work in progress as promoters without baggage of experience struggle with regulations and brutal marketplace. Yet, the notable takeaway from the Flipkart trade, representing 5% of the total assets of mutual funds end March 2018, is that deals in India are going to get bigger. Money is waiting. The question is if Indian promoters are ready to loosen their grip to let in big-ticket investors to achieve scale. Ma owns only 7% equity shares in Alibaba.

MOHAN M SULE

ReadersReact

Looking ahead

India is expected to do well in the current and the next fiscal year (*Stocks: 'Set off', Apr 23-May 08, 2018*). The optimism is driven by record food-grain production, revival in investment cycle and better revenue numbers reported by India Inc. Soaring crude oil prices and fiscal slippages are the two biggest concerns for the economy at the moment.

Venkat Nair, e-mail

Stressed and non-performing assets in the banking system are obstacles for growth. Banks are not in a position to pass on the benefit of lower interest rates to borrowers owing to the huge bad loans on their balance sheet. Lower lending rates are crucial to lower cost and kick-start the investment cycle.

Sunita Nair, e-mail

Since the last two years, the country's facing the twin challenges of economic slowdown and slump in investment cycle or capital formation. There has been a marginal improvement in capital formation.

Prem Giri, e-mail

Investment cycles are difficult to predict. Though stable, the consumption story is capable of witnessing swings along with economic growth. In essence, economic growth is a requisite for equities to flourish over the medium to long term.

Yashwant Shinde, e-mail

Clash of governance

The battle between promoters and activists over compensation packages of top managers is a cause of much grief to the small investors (*Editorial: 'A new threat', Apr 23-May 08, 2018*). Crimping on the quality of processes and products is another source of wealth destruction. Giving unsecured loans and favourable terms of trading to related parties is not uncommon.

Prashun Negi, e-mail

Corporate governance issues can occur without warning unlike industry-specific rumblings that can be heard before they hit the board-rooms. Investors get a whiff of the dodgy practices only from auditor's qualifications or stock exchange filings.

Lucy Fernandes, e-mail

Of late, whistleblowers are playing an important role in shining a light on how companies are run. The problem is ascertaining their motive. Some might be acting out of spite for some perceived wrong.

M V Kshirsagor , e-mail

Credibility of a brand is not based on following established procedures to the letter. Perception of trustworthiness is a combination of tangible (financial performance) and intangible (treatment of various stakeholders) acts over the years.

Makarand Shah, e-mail

The crux is how quickly it takes for those at the centre of the storm to acknowledge the problem, initiate steps to make amends, and establish communication with the shareholders to shape the narrative. There might be temptation to find scapegoats as impatient institutional investors build pressure on the company to adopt an arm's-length distance from the controversy to cap any more slide in the share price.

Devishri Prashad, e-mail

End of taxing times?

Due to the goods and service tax, there has been a 50% increase in the number of indirect taxpayers (*Economy: 'Recovery is for real', Apr 23-May 08, 2018*). Voluntary registrations, especially by small enterprises that buy from large enterprises, have gone up to avail of input tax credits.

Shivram A, e-mail

If the economy has indeed turned the corner, equities are likely to turn in a decent performance given the massive increase in local inflows into mutual funds in recent years.

Jayasankari Konar, e-mail

Crushing pain

There is a possibility that some respite might emerge for sugar prices after the crushing operations cease around May (*Sugar: 'A spell of chill', Apr 23-May 08, 2018*). However, hopes of a normal monsoon clubbed with the Union government's pledge to double the farmers' incomes in the coming years might lead to yet another good cane harvest in the coming months.

Krishana Rao, e-mail

In flight

Despite a strong order book of aircraft by Indian airlines, demand will outpace capacity growth due to slot constraints at certain airports and other infrastructure bottlenecks as well as slow deliveries of aircraft (*Airlines: 'Taking off', Apr 23-May 08, 2018*). Further, aircraft with newer technologies are fuel-efficient and cut down operating and maintenance costs and will substantially improve the margins.

Subir Dasgupta, e-mail

Assured growth

With economic growth gradually picking up and structural drivers in place (rising life expectancy, healthcare spending and pension needs), the growth trajectory of life insurance products is expected to be stronger (*Insurers: 'More to come', Apr 23-May 08, 2018*). Going forward, the ease of insurance portability, competitive e-policy pricing and customized health insurance policies are expected to fuel growth of the sector.

Atul Singhvi, e-mail

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Inside

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CAPITA TELEFOLIO GOLD

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Stocks

Worth the risk

Though small and mid caps commanding substantial premium over large caps are an enormous risk, rewards can be in the form of dividends and bonus issues

Since March 2018, the stock market has recovered smartly and quickly. The S&P BSE Sensex is flirting with the all-time high of 36,444 scaled in January 2018. It has gained 7.1% from its six-month low of 32,596 in March 2018. Similarly, the S&P BSE Mid Cap index is up 5.5% from its six-month low of 15,694 in March 2018 and the S&P BSE Small Cap index has returned 7.1% from its six-month low of 16,801.

Indian stocks are among the most expensive in the world. The Sensex is commanding premium valuations, with a price-to-earnings (P/E) multiple of 23.5 and price-to-book value (P/BV) of 3.2 times. The BSE Mid Cap index is available at P/E of 37.2 and P/BV of 2.9 times. Valuations of the BSE Small Cap index, with P/E at 79.8 and P/BV at 2.6 times, are also rich. The Sensex is offering a dividend yield of 1.16%, the Mid Cap index 0.88% and the Small Cap index 0.65%.

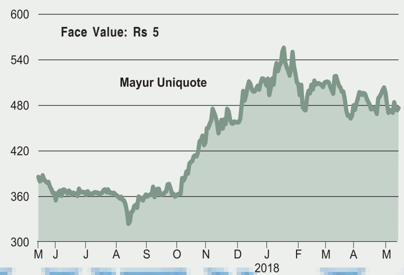
The situation is peculiar. The Sensex, representing large caps, is available at a lower valuation compared with the small- and mid-cap stocks. Large caps provide superior visibility of revenues and profit. Also, the credentials of promoters and management are established. Such companies are widely covered by research houses and media. For these reasons, large caps should ideally command premium over the mid and small caps.

Small and mid caps commanding substantial premium over large caps represent an enormous risk. When there is market correction, small and mid caps are likely to decline more sharply than large caps. Moreover, large caps are quick to recover when the market bounces back.

Yet, the lure of small and mid caps continues. Manifold gains can be made in these two categories. Companies with smaller balance sheets and revenue base can grow exponentially. In this journey, such companies can create significant wealth for equity investors. Several of today's large caps were small- or mid-cap companies in the past.

Skin in the game

A PU leather plant of Mayur Uniquoters, with five lines is being set up at Gwalior in Madhya Pradesh. The capital expenditure will be Rs 140 crore



CMP Rs 477 as on 14 May 2018. One-year return: 22.43%
S&P BSE Mid-cap index one-year return: 9.06%

However, investing in small and mid caps is a high-risk, high-return proposition. Information about small caps is not easily available. Investment calls need to be based on whatever information is available in public domain. Management of such companies is out of bounds for retail investors. Media and analyst coverage is also limited.

It takes a lot of time and energy to explore small and mid caps. There are 2,650 companies with market capitalization of less than Rs 10000 crore and 2,528 with market value less than Rs 5000 crore, considering only fairly liquid counters. The number swells if illiquid stocks are taken into consideration. Thus, there is a large universe of companies to study to arrive at suitable investment picks considering the risk appetite.

In this backdrop, investors can explore small and mid companies with a record of rewarding shareholders at periodic intervals. These rewards can be in the form of dividends and bonus issues *(see box: The lure of bonus)*.

Capital Market's sample was companies with market capitalization of less than Rs 5000 crore. As a first, and important, filter, those with mutual fund holdings were selected. Next, firms reporting profit in the latest three financial years and also in the trailing 12-month period were shortlisted. Subsequently, the list was narrowed to companies that had paid dividends in the latest three financial years to make sure that profit is real and not cooked. Distribution of dividends also indicates companies are generating sufficient cash-flows.

Several filters were put in place to weed out dubious companies. Those announcing bonus issues were not given any special treatment as the action is a non-cash item. It is an easy way for shady promoters to attract naive investors, ramp up share prices and offload their own shares at higher levels. Companies with a poor track record of corporate governance can destroy the shareholders' wealth in no time.

To ensure that companies issuing bonus shares had sound financials, only those that had issued free additional equity at least twice and also paid interim and or special dividends were only selected. Special dividends reveal the keenness of the management to reward their shareholders.

Stock-splits were also looked at as the corporate action makes shares affordable to small and retail investors. It is viewed as an effort by the management to have a wide shareholder base and ensure presence of individual investors.

Only a handful of companies remained in the reckoning after applying multiple filters. As such, these companies are special and can be explored for investment.

Mayur Uniquoters is the largest manufacturer of artificial leather or polyurethane (PU) leather in India. Six coating lines of artificial leather have an aggregate production capacity of 3.05 million linear meters per month. Mutual funds held 4.69% stake end March 2018.

A PU leather plant, with five lines, is being set up at Gwalior in Madhya Pradesh. The capital expenditure will be Rs 140 crore. Nearly 25 acres of land has been acquired for the project to be implemented in two phases. In each phase, a capacity of 0.50

million linear meters per month will be added. Production is likely to start by December 2018. Additionally, to expand footprints in south India, a PVC leather plant of capacity 0.10 million linear meters is being set up at Mysore in Karnataka. The project will be largely funded through internal accruals by the debt-free company.

Established in 1926, **Indian Hume Pipe**'s product basket includes pre-stressed concrete non-cylinder pipes, bar wrapped steel cylinder pipes, pre-stressed concrete cylinder pipes, steel pipes and penstock pipes. Turnkey projects of water supply, transmission mains including the work of intake wells, pumping stations, pumping machineries, water treatment plants, ground level service reservoirs and elevated service reservoirs are undertaken. There are 20 manufacturing units spread across the country.

Among major developments, an order worth Rs 578.5 crore was received from Madhya Pradesh Jal Nigam Maryadit and Rs 108.2 crore from Narmada Water Resources, Gujarat. The debt-to-equity ratio was at 0.83 times end March 2017.

Praj Industries offers bio-energy, high purity water and engineering solutions including zero liquid discharge, critical process equipment and systems and brewery plants. Since over three decades, there have been more than 750 references across 75 countries.

The other income of the debt-free and cash-rich company was adversely affected by lower interest rates over the last one-and-half years. The financial performance has been subdued in recent years owing to a challenging business environment. Yet, the stock continues to remain popular with institutional investors. Mutual funds held 15.9% stake end March 2018.

Bharat Petroleum Corporation (BPCL) in February 2018 placed an order of Rs 16.7 crore for its proprietary technology, basic engineering and design package. The order is considered a major milestone towards commencement of work on the second-generation ethanol bio-refinery, with production capacity of 100 kiloliter per day, being set up by BPCL at Bargarh in Odisha. The consolidated order backlog stood at Rs 750 crore, comprising 30% international orders, end December 2017.

Suprajit Engineering is the country's largest automotive cable (control and speedo cables) and halogen lamp maker, with an annual global capacity of 250 million cables and 87 million halogen lamps. The cable capacities include that of Wescon Controls, US, a manufacturer of control cables in the non-automotive outdoor power equipment space. Wescon was acquired in September 2016.

The Phoenix Lamps division is a market leader in the domestic automotive halogen lamps market. It caters to the original equipment, aftermarket and overseas markets. One plant is for the domestic market and two for exports. Flagship brands include Suprajit (automotive cables), Phoenix (lamp) and Wescon (non-automotive cable).

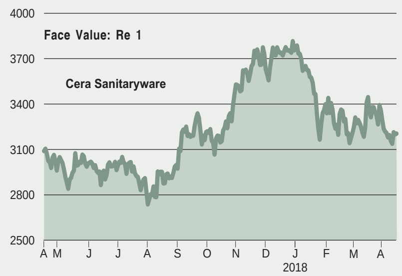
Global markets contributed 39% to the consolidated revenues in the nine months ended FY 2018. The two-wheeler segment was the largest revenue grosser, with contribution of 39%, followed by automotive (24%), non-automotive (20%) and aftermarket (17%).

Hikal's business operations span the pharmaceuticals, crop protection and research and development (R&D) space. The pharmaceuticals division is into contract and custom manufacturing, generics, human health and animal health. The crop protection division is engaged in custom synthesis and contract manufacturing of agrochemicals, intermediates, biocides and specialty chemicals. The R&D division of the world's largest producer of Thiabendazole, used to control mold and other diseases in fruits and vegetables, provides development and scale-up services to innovator, generic and biotech companies.

The aim is to file five-six drug master files per year to expand the basket of active pharmaceutical ingredients (APIs). The balance-sheet leverage is a concern, with debt of

Autos in the driving seat

The two-wheeler segment is the largest revenue grosser of Suprajit Engineering (39%), followed by automotive, non-automotive and aftermarket



CMP Rs 278 as on 14 May 2018. One-year return: 10.66%
S&P BSE Mid-cap index one-year return: 9.06%

The lure of bonus

Check if issuers of free shares are making profit and paying dividend and the debt on the balance sheet is on the lower side

Bonus issues and interim or special dividends are two corporate actions used to shortlist potential investment candidates from the large universe of small- and mid-cap stocks.

A bonus issue can prove to be game-changers for long-term investors in particular. The stock becomes affordable to a higher number of investors. A bonus issue improves liquidity and price discovery. A large shareholder base means more public scrutiny.

Unlike a stock-split, where the face value declines, the face value of bonus shares is the same. If dividend in percentage remains unchanged, it amounts to higher dividend inflows to the shareholders. Usually, the management takes into consideration the expanded equity share capital base while determining the bonus ratio. The company should have the capability to service the increased capital base. The aim is to maintain the rate of dividend post bonus. In short, the shareholders get enhanced dividend at no extra cost.

However, bonus issues can be a trap for naïve investors. Greedy promoters of struggling companies announce bonus shares to attract investors. Companies trading in single digits or lower double digits with weak balance sheets and poor profit and loss profile opting for bonus issues should be a clear no-no.

Prudent investors should check the financial health of companies issuing bonus shares. The firms should be making profit and paying dividend. Also, debt on the balance sheet should be on the lower side.

Outlook, demand and supply scenario of industry, corporate governance practices including the track record of the promoters, quality of balance sheet and cash flows and operational performance should be analysed before chasing stocks issuing bonus shares.

Rs 506.2 crore and the debt-to-equity ratio of 1.02 times end FY 2017. Mutual funds controlled 4.26% equity end March 2018.

Banco Products is among the leading producer of engine cooling modules and systems for automotive and industrial applications. Brand Banco is well known. These products are critical for efficient performance of internal combustion engines with applications such as commercial vehicles, agricultural tractors, power generation equipment, traction rail locomotives, earth moving and other similar applications.

There are plans to step up investments in technological up-gradation and gradual capacity expansion at the plants located at Bhaili and Waghodia, both in Gujarat. Mutual funds controlled 4.29% equity end March 2018 in the debt-free company.

Elgi Equipments manufactures air compressors and caters to a diverse set of industries such as automotive, textiles, pharmaceuticals, cement, iron and steel, power, fast moving consumer goods, plastic and leather. The portfolio consists of over 400 air compressor systems, from large centrifugal compressors to the smallest screw compressors. There are footprints in over 70 countries, with direct presence in 18. Manufacturing facilities are located in three countries. Americas and Europe are the key overseas markets.

Of the total revenues, 88% were derived from air compressors in FY 2018. Of this, domestic revenues accounted for 58% and rest from international markets. Auto components comprised 12% of the overall revenues. The domestic business is doing well, with increased demand and improved market penetration. Debt was reduced by half in the last three years. Mutual funds controlled 11.47% equity end March 2018.

Pharmaceuticals producer **Aarti Drugs** operates in the therapeutic segments of antibiotic, anti-diabetic, anti-fungal, anti-diarrheal, anti-inflammatory and cardioprotectant. Apart from making pharmaceutical formulations and bulk drugs for various therapeutic categories, specialty chemicals for non-API-related applications are also manufactured. Around 36% of the revenues came from overseas market in FY 2017. Lately, formulations are being exported. The aim is grow in the global markets by registering finished products in various geographies.

A buyback was undertaken in FY 2017. Shares were bought back on a proportionate basis through tender offer at Rs 750 including premium of Rs 740, with aggregate outlay of Rs 27 crore. The leverage is high, with a debt-to-equity ratio of 1.25 times in FY2017 and 1.4 times in FY 2016. Mutual funds held 3.68% stake end March 2018.

Keeping track

Companies with mutual fund holdings, reporting profit in the latest three financial years and also in the trailing 12 months, paying dividends in the latest three financial years, and issuing free additional equity at least twice

COMPANY	CMP	MCAP	52-WEEK		MF	TTM	TTM NET SALES		APAT		P/E	P/BV	DY
	(Rs)	(Rs cr)	HIGH(Rs)	LOW (Rs)	(%)	ENDED	(Rs cr)	CHG (%)	(Rs cr)	CHG (%)			(%)
Aarti Drugs	571.1	1346.7	784.8	456.3	3.68	201712	1211.8	0.1	79.0	0.8	17.04	3.12	0.18
Apar Industries	785.0	3004.1	909.0	684.1	21.34	201712	5357.0	11.0	144.8	-15.6	20.75	2.87	1.27
Astra Microwave	97.2	841.9	149.4	75.5	23.03	201712	344.0	-3.1	61.0	51.1	15.61	1.86	1.03
Atul Auto	429.2	941.7	511.9	389.9	13.71	201712	505.6	1.5	40.7	-2.0	27.31	5.24	0.99
Banco Products	220.8	1578.4	276.3	198.4	4.29	201712	1355.2	7.5	101.0	-6.2	15.63	2.03	2.27
Elgi Equipments	283.6	4493.0	350.0	199.0	11.47	201712	1515.6	8.2	90.8	22.6	49.51	7.12	0.35
Gateway Distriparks	170.3	1851.1	292.0	161.0	18.15	201712	315.8	-2.2	45.5	-24.9	25.14	1.82	4.11
Hikal	240.8	1979.4	265.4	195.0	4.26	201803	1278.4	27.5	77.2	9.4	25.63	3.38	0.5
Indian Hume Pipe	326.7	1582.8	591.0	285.8	5.02	201712	1602.8	4.1	76.1	2.1	20.8	3.82	1.04
JB Chemicals	322.1	2691.4	363.1	255.0	9.25	201712	1244.8	4.2	148.1	-18.3	18.24	1.97	0.32
Kennametal India	774.5	1702.2	1009.0	590.0	15.24	201803	736.4	16.7	37.7	27.9	56.29	4.15	0.26
KSB Pumps	842.5	2932.6	936.0	655.6	12.73	201803	951.4	16.0	65.6	6.1	41.25	4.13	0.71
LG Balakrishnan	1240.9	1947.7	1364.0	633.0	13.51	201803	1302.6	13.5	79.7	22.3	21.77	3.33	0.36
Mayur Uniquoters	475.7	2156.2	568.2	315.0	4.69	201712	535.4	10.7	88.6	1.5	28.25	5.61	0.16
Minda Corporation	183.8	3846.1	229.0	95.5	1.61	201712	2625.1	20.5	122.0	10.4	31.52	5.63	0.11
Navneet Education	144.8	3381.9	193.6	127.8	16.49	201712	1130.9	5.2	155.0	0.6	20.12	4.87	1.73
Nesco	559.8	3944.0	647.2	455.0	4.57	201712	305.8	2.4	168.4	-6.5	23.21	4.67	0.39
Praj Industries	93.7	1696.2	131.5	61.0	15.9	201712	943.6	-0.1	35.5	-41.2	47.84	2.49	1.71
Siyaram Silk Mills	648.0	3037.0	799.0	333.6	8.54	201712	1666.1	7.7	107.2	42.0	28.32	4.89	0.46
Sudarshan Chemical	555.4	3844.9	633.8	319.8	1.39	201712	1321.2	6.4	83.8	-10.6	37.78	9.74	0.45
Suprajit Engineering	277.0	3874.5	348.5	232.6	3.08	201712	1386.2	24.2	136.7	26.3	28.33	6.59	0.18
Unichem Laboratories	274.7	1932.2	382.0	234.1	2.54	201712	1237.1	6.8	2585.8	2483.5	17.85	1.82	1.41
VST Tillers Tractors	2902.5	2507.6	3085.0	1861.1	11.67	201712	719.6	8.9	95.8	23.4	26.19	4.72	0.52

CMP (current market price) is closing as on 10 May 2018. Consolidated financials considered.wherever available. MF (mutual fund) holding as of March 2018.
TTM (trailing 12-months) net sales and adjusted profit after tax (APAT). P/E : Price to earnings ratio and P/BV : Price to book value based on latest available TTM figures. DY : Dividend yield
Source: Capitaline Database

Actions speak

Investing in small and mid caps is a high-risk, high-return proposition as many enjoying high discounting are known to reward shareholders with corporate actions at periodic intervals

COMPANIES	BONUS ISSUES	INTERIM, SPECIAL DIVIDENDS & STOCK SPLITS
Navneet Education	CY 2009 (ratio 3:2) CY 2000 (ratio 1:1)	Interim dividends paid on 14 occasions since CY 2003. Interim dividend of 110% in CY 2016.
Mayur Uniquote	CY 2012 (ratio 1:1) CY 2014 (ratio 1:1)	Interim dividends paid on 29 occasions since 2007. Interim dividend of 8% in CY 2018. Stock-split in CY 2013 (FV Rs 10 to Rs 5).
Nesco	CY 2006 (ratio 1:1) CY 2012 (ratio 1:1)	Interim dividend paid in CY 2016 (85%). Stock split in CY 2003 (FV Rs 100 to Rs 10) and in CY 2017 (FV Rs 10 to Rs 2).
Banco Products	CY 2007 (ratio 1:1)	Interim dividends paid on six occasions since CY 2007. Interim dividend of 210% in CY 2018. Stock-split in CY 2007 (FV Rs 10 to Rs 2).
Hikal	CY 2000 (ratio 1:1) CY 2003 (ratio 1:2)	Interim dividends paid on 14 occasions since CY 2002. Interim dividend of 35% in CY 2018. Stock-split in CY 2015 (FV Rs 10 to Rs 2).
Suprajit Engineering	CY 2004 (ratio 1:1) CY 2010 (ratio 1:1)	Interim dividends paid on 15 occasions since CY 2004. Interim dividend of 60% in CY 2018. Special dividend of 25% in CY 2010. Stock-split in CY 2004 (FV Rs 10 to Rs 5) and in CY 2010 (FV Rs 5 to Rs 1).
Unichem Laboratories	CY 2000 (ratio 1:1) CY 2004 (ratio 1:1)	Interim dividends paid on six occasions since CY 2009. Interim dividend of 100% in CY 2016. Stock-split in CY 2004 (FV Rs 10 to Rs 5) and in CY 2010 (FV Rs 5 to Rs 2).
Astra Microwave Products	CY 2005 (ratio 1:1) CY 2010 (ratio 1:2)	Stock-split in CY 2005 (FV Rs 10 to Rs 2).
Apar Industries	CY 2007 (ratio 1:3)	Interim dividends paid on nine occasions since CY 2005. Interim dividend of 55% in CY 2016. Special dividend of 20% in CY 2008 and 10% in CY 2016.
Gateway Distriparks	CY 2007 (ratio 1:4)	Interim dividends paid on 26 occasions since CY 2005. Interim dividend of 30% in CY 2018.
Praj Industries	CY 2005 (ratio 1:1) CY 2007 (ratio 1:1)	Interim dividends paid on 10 occasions since CY 2004. Interim dividend of 81% in CY 2016. Special dividend of 25% in CY 2009. Stock-split in CY 2005 (FV Rs 10 to Rs 2).
Kennametal India	CY 2000 (ratio 1:1)	Interim dividends paid on eight occasions since CY 2001. Interim dividend of 20% in CY 2017. Stock-split in CY 2000 (FV Rs 10 to Rs 5).
Atul Auto	CY 2000 (ratio 1:5) CY 2012 (ratio 1:2)	Interim dividends paid on five occasions since CY 2014. Interim dividend of 55% in CY 2017. Stock-split in CY 2014 (FV Rs 10 to Rs 5).
LG Balakrishnan & Bros	CY 2003 (ratio 1:1) CY 2014 (ratio 1:1)	Interim dividends paid on six occasions since CY 2005. Interim dividend of 25% in CY 2016. Special dividend of 35% in CY 2009.
Elgi Equipments	CY 2000 (ratio 1:1) CY 2010 (ratio 1:1)	Interim dividends paid on seven occasions since CY 2002. Interim dividend of 125% in CY 2010. Stock-split in CY 2000 (FV Rs 10 to Rs 1).
Indian Hume Pipe	CY 2005 (ratio 2:3) CY 2016 (ratio 1:1)	Interim dividends paid on three occasions since CY 2005. Interim dividend of 50% in CY 2017. Special dividend of 200% in CY 2004 and 10% in CY 2016. Stock-split in CY 2004 (FV Rs 100 to Rs 10) and in CY 2010 (FV Rs 10 to Rs 2).
Aarti Drugs	CY 2015 (ratio 1:1)	Interim dividends paid on 13 occasions since CY 2003. Interim dividend of 30% in CY 2016.
Minda Corporation	CY 2012 (ratio 1:1) CY 2015 (ratio 1:1)	Interim dividends paid on four occasions since CY 2015. Interim dividend of 12.5% in CY 2018. Stock-split in CY 2015 (FV Rs 10 to Rs 2).
Sudarshan Chemical Industries		CY 2014 (ratio 1:1) Interim dividends paid on four occasions since CY 2005. Interim dividend of 125% in CY 2018. Stock-split in CY 2014 (FV Rs 10 to Rs 2).
KSB Pumps	CY 2011 (ratio 1:1)	Interim dividends paid on 14 occasions since CY 2001. Interim dividend of 10% in CY 2013.
VST Tillers Tractors	CY 2010 (ratio 1:2)	Interim dividend of 150% in CY 2016.
JB Chemicals	CY 1998 (ratio 1:1)	Interim dividends paid on seven occasions since CY 2002. Interim dividend of 225% in CY 2016. Special dividend of 10% in CY 2004 and 500% in 2015. Stock- split in CY 2005 (FV Rs 10 to Rs 2).
Siyaram Silk Mills	CY 2006 (ratio 1:2)	Interim dividends paid on five occasions since CY 2004. Interim dividend of 110% in CY 2017. Stock-split in CY 2017 (FV Rs 10 to Rs 2).

Data since CY 2000 for bonus issues (except JB Chemicals), interim dividends, special dividends and stock-splits are provided. CY: Calendar year.
Source: Capitaline Databases

Ready to spring

Companies with smaller balance sheets and revenue base can grow exponentially and create significant wealth

COMPANY	HIGHLIGHTS
Siyaram Silk Mills	Among the largest producers of blended suiting and shirting fabrics manufactures over 60 million meters of fabric a year. The distribution network consists of 1,600 dealers and business partners. Presence includes F2F showrooms, brand exclusive shops and franchisees numbering about 190 for retailing fabrics and readymade garments. Key brands are Siyaram's, Mistair, J. Hampstead, Royal Linen, Cadini, Zenesis and Moretti.
Sudarshan Chemical Ind	Among the largest pigment producer in India manufactures a wide range of organic and inorganic pigments, effect pigments and agro chemicals. Facilities are at Roha and Mahad in Maharashtra. Caters to industries such as paints, plastics, inks, cosmetics and textile among other. The development focus is on high- performance pigments, mainly for automotive coatings and engineering plastics.
Nesco	The business segments include an information technology (IT) park, Bombay exhibition centre and indabrator. The exhibition centre has capacity of 59,000 square meters of exhibition and convention centre. There is plan to further expand capacities. Construction work for IT building 4 (17 lakh square feet) is expected to be completed soon.
Unichem Laboratories	The drug maker, with a portfolio of 240 products, is present in the therapeutic areas of cardiology, diabetology, neuropsychiatry, gastroenterology, dermatology, orthopedics and critical care. Nearly 60% of the domestic revenues came from chronic therapies and remaining from acute in FY 2017. Recently, the US Food and Drug Administration completed inspection of the Ghaziabad, Uttar Pradesh, unit with no adverse observations.
KSB Pumps	Toronto-based promoter company Canadian Kay Pump (previously KSB AG) held 40.54% equity end March 2018. The product portfolio consists of power-driven pumps and industrial valves. Castings are mainly manufactured for captive consumption. A sales growth of 12-13% is expected in CY 2018 based on the order inflow trend.

Source: Companies

Incorporated in 1994, **Gateway Distriparks** is among the leading integrated logistics facilitator with three synergetic verticals: container freight stations, inland container depots (ICD) with rail transportation and cold chain logistics. Subsidiary Gateway Rail Freight provides inter-modal logistics and operates rail-linked inland container depots. Snowman Logistics, an associate company, is the largest integrated temperature controlled logistics service provider in the country, serving 400 cities and towns through a large network of 33 warehouses in 15 cities and owned fleet of 293 refrigerated vehicles and with a capacity of 103,600 pallets.

The largest shareholder in Snowman, with 40.25% stake, operates two container freight stations at Navi Mumbai, two at Chennai, one at Visakhapatanam, one at Kochi and one at Krishapatnam, with a total capacity of 7.20 lakh TEUs. There are plans to further expand presence to new locations. Land banks will be utilized to further extend capacities.

The largest private container train operator provides inter-modal logistics from own rail-linked ICDs at Gurgaon in Haryana, Ludhiana and Faridabad in Punjab and Viramgam in Gujarat to maritime ports at Nhava Sheva, Mundra and Pipavav. Gateway Rail operates a fleet of 23 rakes and 275 road trailers.

Founded in 1937, **LG Balakrishnan & Bros** manufactures chains, sprockets and metal formed parts for automotive applications. The business segments include transmission, metal forming and others. Transmission products comprise chains, sprockets, tensioners, belts and brake shoe.

Metal forming products consists of fine blanking for precision sheet metal parts, machined components and wire drawing products for internal use as well as for other chain manufacturing plants, spring steel suppliers and umbrella manufacturers.

Products are marketed under the Rolon brand. Manufacturing units are spread across Tamil Nadu, Maharashtra, Uttrakhand, Karnataka, Hariyana and Rajasthan.

The balance-sheet leverage has been declining on a consistent basis over the last four years with a debt-to-equity ratio of 0.35 times end FY 2017. Mutual funds owned 13.51% equity share capital end March 2018.

Conclusion

Some of the shortlisted companies are found to be struggling in recent years. Praj Industries reported lower revenues and profit in the trailing 12 months ended December 2017. Owing to the poor performance, the stock is trading at a higher P/E of 47.8.

Several companies have moderate balance-sheet leverage. The exceptions are Hikal, Aarti Drugs and Sudarshan Chemical Industries, with a debt-to-equity ratio of over 1 times. High leverage might impair their abilities to expand capacities.

With the stock market at a record high, many counters are commanding premium valuations: Elgi Equipments (P/E 49.5), Atul Auto (27.3), Kennametal India (56.3), KSB Pumps (41.2), Minda Corporation (31.5), Siyaram Silk Mills (28.3) and Sudarshan Chemical Industries (37.8). Revenue visibility has to be assessed for these stocks. It needs to be determines if the discounting is due to market share, brands or technology.

Several of the stocks have strong institutional holdings. Among the select 23 stocks, mutual fund ownership is in double digits in 10. A few have elaborate expansion plans in place and offers some comfort for long-term investors. These include Mayur Uniquoters and Banco. Three-wheeler maker Atul Auto is setting up a new plant near Ahmedabad for additional installed capacity of 60,000 vehicles per annum at an estimated capital outlay of Rs 150 crore.

Small companies can be multi-baggers. However, there are several hundred companies in this category. It is a highly risky space. As such, companies with a reasonably decent track record in rewarding their shareholders might be a good starting point.

— Venkatesh S

CAPITALINE DATABASES TRANSFER PRICER

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Capitaline TP is a powerful analytical software tool available in both desktop as well as web-based versions, which enables extensive querying of over 35,000 companies and research for the purpose of Transfer Pricing analysis. With CBDT laws shaping India, Capitaline TP will play a significant role in enhancing the coverage of section contents and serve as a one-stop shop on transfer pricing issues. Capitaline TP provides the highly normalised and comprehensive data coverage required in transfer pricing analysis. The list includes public, private, co-operative and joint sector companies, listed or otherwise. Databases on various industries, their turnover, their business activities, their profit margins, their trends, and reviews on the industrys' progress, quarterly, half-yearly, and annually.

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- Company's Annual Reports
- Director's reports
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- Notes to the Accounts
- Auditors' reports
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- Balance Sheet
- Related party transactions
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- Profit margins
- Production details: Finished Products, Raw Materials, Installed Capacity, and Capacity Utilised
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- HS classification
- Segment Details
- Peer Group Comparision
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Fortis Healthcare

Matching group

The winners are buyers with no domain experience and who will not undertake due diligence

It was second time lucky for the Hero Group. Despite signing a non-disclosure agreement on 19 July 2017, it could not complete the deal to buy Fortis Healthcare (FHL). But it did not give up. A near 3% stake was amassed in the ailing hospital services provider through group entities as well as individually. Its wooing seems to have melted the heart of the board. One year later, it has been picked as a suitable groom to whisk away the bride.

On 10 May 2018, the binding offer of Hero Enterprise Investment Office-Burman Family Office (HIO-BFO combine) was selected out of total four binding offers. The other three suitors were IHH Healthcare Berhad of Malaysia, the Manipal-TPG consortium and Radiant Life Care. The winner was chosen after long deliberation of pros and cons of each offer with inputs from an independent expert advisory committee as well as financial and legal advisors.

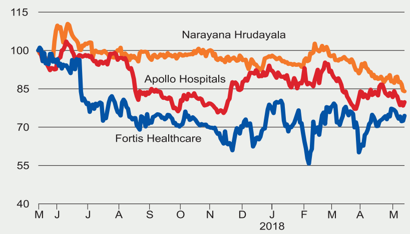
In a revised offer, made just before the expiry of deadline on 1 May 2018 noon, the HIO-BIO combine increased the upfront investment to Rs 1050 crore from earlier Rs 750 crore. Preferential equity shares totaling Rs 800 crore will be issued at a price of Rs 167 per share as per the Securities and Exchange Board of India [Issue of Capital and Disclosure Requirement] (Sebi ICDR) Pricing Guidelines, whichever is higher. The remaining amount will be mopped up through a preferential issue of warrants for Rs 1000 crore at a price of Rs 176 per share or as per Sebi ICDR pricing guidelines, whichever is higher.

The Rs 250-crore balance upfront payment is 25% of the consideration of the warrants. Due diligence will not be sought, but three board seat will be. Funds for buying RHT will be raised through divestment of FHL's SRL (diagnostic chain) stake plus a rights issue. If the SRL divestment takes time, a larger rights issue might be made.

IHH Healthcare of Malaysia, too, had revised its offer on the deadline day. But it was not good enough to clinch the deal. It did not increase the total amount of equity infusion in the enhanced revised offer, though the per-share price of the initial preferential issue was increased to Rs 175 per share, up from Rs 160 per share offered earlier. The rights issue was to be priced not exceeding Rs 175 per share.

Troubles weigh on valuation

Fortis Healthcare declined 28.7% in the trailing 12 months ended April 2018 in contrast with Apollo Hospitals's loss of 2.9% and Narayana Hrudalaya's 14.8%



Base = 100 as on 15 May 2017

To facilitate the HIO-BFO combine, the board also approved the issue of sufficient number of equity shares on preferential basis to the investors at a price of Rs 167 per share, aggregating to Rs 800 crore, and further Rs 1000 crore through preferential issue of warrants, subject to compliance of necessary Sebi norms.

Radiant Life Care chose not to revise its offer. The Manipal-TPG consortium filed its revised offer as it was entitled to make a counter-offer as per the exclusive obligations it enjoys following the binding transaction agreement and the subsequent implementation agreement it signed with FHL in March 2018. Manipal-TPG offered to subscribe to the equity capital of FHL for Rs 2100 crore through preferential allotment at a price of Rs 160 per share. It also proposed merging of FHL and Manipal Health Enterprises (MHEPL), valuing the former at Rs 8358 crore and the latter at Rs 6070 crore.

The healthcare sector of late has been attracting adverse attention, ranging from overbilling of medical consumables, recycling of one-use angio medical devices and medical negligence, leading to its underperformance compared with the broad market. Meanwhile, troubles have been mounting for the promoter group including an adverse court judgment in the Daiichi case and its likely fallout and reports of overbilling by some hospitals in the portfolio as well as investigation by the Serious Fraud Investigation Office and Sebi into allegations of diversion of funds to group companies and other corporate governance issues.

The Delhi-based promoters were accused of concealing and misrepresenting of facts while selling Ranbaxy to Daiichi Sanyo of Japan. The Singapore arbitration court has asked them to pay the acquirer Rs 2562.78 crore for the losses incurred. The Supreme Court (SC) in March 2018 upheld the enforceability of the arbitration award. With the intention to free FHL from any encumbrances that may be linked to them on account of the case, the promoters resigned from the board.

Negotiations were on with private equity (PE) funds such as TPG in early 2017. Later, IHH Healthcare was in talks to acquire FHL. Even HIO of the Munjals had evinced interest in acquiring a majority stake. Troubles of the promoter group, uncertainty of the Daiichi case and the promoters' insistence of binding offer from potential acquirer without any due diligence were also reasons for the deals not fructifying till the end of December 2017.

Moreover the promoters have been selling their stake. Their ownership fell to 0.77% end February 2018 from 34.3% end December 2017 and 70.28% end September 2016 as banks and financial institutions in whose favor the shares were pledged invoked their right over the shares subsequent to the order of SC on 15 February 2018 clarifying that its earlier order of maintenance of status quo of the promoter holding does not apply to the shares of FHL.

Reflecting both internal as well as external factors, FHL declined 28.7% in the trailing 12 months ended April 2018. In contrast, comparable industry peer such as Apollo Hospitals shed only about 2.9%, while Narayana Hrudalaya's erosion was lower at 14.8%. The BSE S&P Sensex returned a healthy 16.2%, while the BSE Healthcare index was down by 7.2% in the period.

With the promoters busy with litigations, the 34-hospital operator FHL has missed the growth bus. The operating bed count of 4,685 has nearly stayed flat for three-four years. Total operational beds including managed ones in August 2015 was about 4,500 beds. Peers, meanwhile, are aggressively adding capacity. Apollo Hospitals increased capacity to 9,567 beds spread over 71 hospitals end December

2017 from 8,617 beds over 50 hospitals end March 2014. Though FHL managed to reduce debt to Rs 393 crore from Rs 1799 crore in July-December 2017, operational and financial performance deteriorated in the nine months ended December 2017 of the fiscal year ended March 2018.

Due to dents in the bottom line in Q2 and Q3, there was loss of Rs 20.10 crore at the profit after tax (Pat) level in the nine months compared with Pat of Rs 516.80 crore a year ago. According to Care Ratings, cash surplus declined to a low of about Rs 30 crore end December 2017 from about Rs 258 crore end March 2017. With liquidity position stretched, servicing loans and meeting other obligations such as business trust fees to Singapore Exchange-listed RHT Health Trust (RHT), with a portfolio of operating hospitals and clinical establishments in India, apart from managing large-scale operations, became difficult.

Competition heats up

With the promoters busy with litigations, the 34-hospital operator FHL has missed the growth bus

	FORTIS HEALTHCARE	APOLLO HOSPITALS	NARAYA HRUDALAYA	MHEPL
No of hospitals	34	71	-	14
No of beds installed	4685	9567	6527	2413
Occupancy (in %)	72.0	65.0	61.3	62.9
ARPOB (Rs crore)	1.50	1.20	0.80	1.20
ALOS (no of days)	3.5	4.0	4.2	3.3
Debt (in Rs crore, consolidated debt as end March 2017)	2217.34	3144.57	216.71	NA
Market Cap (Rs crore, as on 23 April 2018)	7790.53	15732.39	5558.61	NA
EV	10007.87	18876.96	5775.32	NA
EV/BED (Rs crore)	2.10	2.00	0.90	NA

ARPOB: Average revenue per operating bed, ALOS: Average length of stays.

FHL agreed to buy the entire India asset portfolio of RHT for a combined enterprise value (EV) of Rs 4650 crore including debt of Rs 1152 crore from wholly owned subsidiaries of RHT on 12 February 2018. RHT's portfolio comprised interest in 12 RHT clinical establishments, four greenfield clinical establishments and two operating hospitals located across India end December 2017. As a sponsor, FHL currently holds 29.7% stake in RHT. After getting regulatory approvals to close the deal, fresh equity infusion will be required.

Despite fixing of price cap for stents and other medical consumables by the National Pharmaceutical Pricing Authority taking a toll on the financials, key operational parameters such as occupancy rate as well as average revenue per operating bed (ARPOB) are higher compared with the peers. The occupancy rate was 72% and ARPOB Rs 1.5 crore in the nine months of FY 2018 compared with Apollo Hospitals's 65% and Rs 1.2 crore and Narayana Hrudalaya's 61.3% and Rs 0.8 crore. The large network of mature hospitals is difficult to replicate over short to medium term. Hence, there is interest to acquire the assets of FHL.

The board on 27 March 2018 approved merging the hospitals business into Manipal Hospital Enterprises (MHEPL), backed by TPG. It also approved the sale of its 20% stake in SRL, the diagnostic chain, to MHEPL.

As per the scheme, the promoters of MHEPL and TPG Asia VII SF together were to infuse Rs 3900 crore into MHEPL. The funds were to be utilized to finance the acquisition of 50.9% stake in SRL. In addition, the investment was to support the proposed acquisition of hospital assets owned by RHT Health Trust and the growth of the hospitals and the diagnostics businesses.

In the original scheme of MHEPL-TPG consortium, the shareholders of FHL were to get 10.83 shares of Rs 10 face value each of MHEPL for every 100 equity shares of FHL held by them. The share- swap ratio was based on the valuation of Rs 5003 crore for the hospital business of FHL and Rs 6070 crore for MHEPL, translating into Rs 1.07 crore per bed for FHL and Rs 2.5 crore per bed for MHEPL. In contrast, the enterprise value per bed of FHL works out to Rs 2.1 crore, Apollo Hospital Rs 2 crore and Narayana Hrudalaya Rs 0.88 crore.

The market did not like the offer. The stock shed 18% between 23-28 March 2018, when the offer was made and ratified by the board of FHL. As the minority shareholders such as Rakesh Jhunjhunwala expressed their unhappiness with the valuations and Jupiter India Fund, an investor financial institution, requested for an EGM, criticizing the directors appointed by the promoters who controlled no more than 1% stake deciding on the transaction, MHEPL revised the offer.

MHEPL increased the valuation of FHL's hospital assets to Rs 6061 crore in its first revised offer on 20 April, translating into Rs 1.29 crore per bed and Rs 6322 crore in the second revised offer, on 24 April, Rs 1.35 crore per bed. While the second and final revised offer does not contain infusion of Rs 3900 crore as in the original offer, it provides for purchase of 5% of equity stake of FHL in SRL at the price paid to SRL PE investors and arrange for financial assistance up to Rs 750 crore, either by debt financing or by guarantee or comfort letter to lenders of FHL by the acquirer. Subsequent to the listing of MHEPL, there was to be a Rs 4000-crore rights issue of at a price determined by the board of MHEPL, thereby providing an opportunity to all the shareholders to infuse fresh capital into MHEPL.

Subsequently, with more suitors such as the HIO-BFO combine, Fosun Health Holdings, IHH Healthcare and Radiant Life Care joining the race to acquire FHL, the earlier scheme of arrangement for demerger was dropped. An expert advisory committee was constituted to evaluate the binding offers on 19 April 2018. All the contenders, except Fosun, filed revised binding offers by 24 April.

The revised offer from the HIO-BFO combine submitted on 18 April provided for direct infusion of Rs 1500 crore. An amount of Rs 500 crore was to be pumped through a preferential issue of equity shares and Rs 1000 crore through preferential warrants, thereby putting upfront cash of Rs 750 crore consisting of Rs 500 crore through preference shares and Rs 250 crore equivalent to 25% of consideration for warrants at the time of allotment, as per rules. The offer is without due diligence. The preferential shares are at a price higher of Rs 156 and preferential warrants at Rs 161.60 or the price, as per Sebi's ICDR guideline.

Radiant Life Care submitted its revised offer on 24 April. It wanted to buy FHL's Fortis Mulund Hospital in Mumbai for an EV of Rs 1200 crore, thereby bringing immediate liquidity of about Rs 680 crore for FHL. It further proposed to demerge the hospital business from FHL into a new company excluding FHL's stake in SRL and launch an open offer to the shareholders of new company vested with the hospital business at a price of Rs 126 per equity share followed by an rights issue to fund the acquisition of RHT stake acquisition. The Radiant offer excluded SRL. While the offer to purchase Fortis Mulund Hospital is a binding offer, the balance is non-binding in nature.

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Fundamental

- Company Synopsis
- Board of Directors
- Quarterly Results
- Balance Sheet
- Profit & Loss
- Share Price/Chart (Monthly High/Low/Close)
- Key Financial Ratio

IPO

- Forthcoming IPO
- Open Issues
- Closed Issues
- New Listing
- Basis of Allotment
- Draft Prospectus
- New Issue Monitor

F&O

- Gainers & Losers
- Advances & Declines in OI
- Highest/Lowest OI

Mutual Fund

- Fund/Scheme Profile
- Daily NAV
- MF Synopsis
- Historical NAV
- MF News & MF Activities
- Dividend Details
- Top 10 Holdings
- NFO
- Dividend Announcements

Commodities (MCX / NCDEX) (Online Prices)

- Live Commentary
- Live News
- Commodity Quotes
- Gainers & Losers
- Advances & Declines
- Charts
- Volume/Value Toppers

Others

- World Indices/ADR Prices
- Forex Market
- FII/MF Invesments

Web Tools

- Thumbnail/Auto Grow Chart
- Portfolio Module
- Financial Planning Tools
- Customised Applications
- Fund Ranking
- MF-SIP/Return Calculator

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C-MOTS e-KYC is an end-to-end online solution for financial institutions to capture, store and process details of their applicant clients (individuals, non-individuals or NRIs) while opening a demat, trading, banking or mutual fund account for KYC compliance.

C-MOTS e-KYC portal offers an easy process to complete the KYC formalities. The applicants need to provide only a few details. The remaining information is populated automatically through backend integration with the CVL KRA database.

C-MOTS e-KYC minimizes paper work in the KYC process and helps save time required for manual verifications, making the process fast and reliable.

Features

Available across platforms such as desktops, smart phones and tablets.

Suitable for all financial intermediaries including brokers, banks and AMCs to ease the KYC- compliant procedure for their clients.

Integrated with CVL KRA to instantly capture information and verification.

Digitized KYC and IPV with system-controlled processes.

Wealth Management System (WMS)

WMS is a web-based tool that allows users, RMs and channel partners to track investments and integrate with backoffice software. Actions that can be tracked are transactions in the cash and F&O equity markets, mutual fund schemes, commodity derivatives, real estate, bullion, bank and company FDS and payment of insurance premium.

WMS stores the actual buys and sells and provides online report of current holdings by integrating with the backoffice software.

API Datafeed

(http://www.apidatafeed.com)

The information resource tool designed to help to get more from your investments
API DataFeed provides financial market APIs in easy-to-use data formats on a single interactive website. Data analytics can save time and effort in delivering live data to websites and apps.

Financial data include APIs for equity and mutual funds, company announcements, commodity information, currency movements, economic news, other market data, IPOs in the market and derivatives trades with different frequency options such as delayed, historical and end of the day.

Testing times

The HIO-BFO combine's revised offer favours strategic sale of SRL for maximum return to the shareholders of FHL

Diagnostic services is one of the fastest-growing segments of the Indian healthcare industry. It is a highly fragmented market, with diagnostic chains commanding just about 15% share. Within this pie, pan India chains have 30-40% share. According to Dr Lal Pathlabs' 2016-17 annual report, the Indian diagnostic market is expected to notch a CAGR of a 17-18% to reach a size of around US$120 billion between the fiscal year ended March 2016 (FY 2016) and FY 2020. The growth is likely to be driven by improving healthcare facilities, medical diagnostics and pathological laboratories and a strong growth of the health insurance sector.

The highly fragmented nature of the market offers room for consolidation and growth through brand building. Attracted by the growth potential, private equity (PE) firms have turned their attention to this segment of the health-care sector, leading to finalization of a significant number of deals in the last few years. Sequoia Capital invested Rs 46.9 crore in Suburban Diagnostics in October 2016, Kedaara Capital Rs 430 crore in Vijay Diagnostics in December 2016, OrbiMed Rs 161 crore in Suraksha Diagnostics in December 2017, Abraaj Rs 1600 crore in Medall Healthcare (formerly Precision Diagnostics) in January 2017 and the consortium of CDC Group & Manipal Group Rs 130 crore in iGenetic diagnostics in February 2017. Suburban Diagnostics andiGenetics have presence in western India, Vijay Diagnostics and Medall Healthcare in the south and Suraksha Diagnostics in the seast.

Dr Lal Pathlabs and Thyrocare, the two major listed diagnostic companies, typically command an enterprise value (EV) of about 7 times and 11 times their TTM sales. Considering Dr Lal Pathlabs's valuations, Fortis Healthcare's (FHL) diagnostics subsidiary SRL should fetch an EV in the range of Rs 4772-5890 crore on its TTM sales and operating profit ended December 2017. FHL held 56.6% stake in SLR end December 2017. Revenues of SRL were Rs 642 crore and the operating profit margins 20% in the nine months ended December 2017. SRL did about 9.33 million tests, with the average realization per test at about Rs 266, in Q3 of the fiscal year ended March 2018 (FY 2018). Radiant Lifecare, one of the suitors for FHL, valued 100% equity of SRL at Rs 4000-4500 crore in arriving at its implied rights issue offer price of Rs 170-175 for FHL.

Similarly, MHEPL offered to purchase 5% out of the 56.6% stake FHL holds in SRL based on the price calculated on the basis of an equity valuation of 100% of SRL at Rs 3600 crore. According to the revised offer filed by MHEPL on 6 May 2018, given that PE investors' SRL term sheet has expired, the purchase of the PE stake in SLR by the MHEPL will be subject to agreement with the SRL's PE investors. Post PE SRL stake acquisition a new shareholder agreement will be entered into between FHL and SRL and the acquirers.

IHH Healthcare and the HIO-BFO combine in their per share price of Rs 175 and Rs 167 for FHL did not give any breakup for the hospital business and diagnostic business of FHL. However, the HIO-BFO combine's revised offer on 1 May 2018 favours strategic sale of SRL for maximum return to the shareholders of FHL through an independent competitive sales process.

Peer comparision

Dr Lal Pathlabs and Thyrocare typically command an EV of about 7 times and 11 times their TTM sales

PARTICULARS	DR LAL PATHLABS	SRL	THYROCARE
Number of tests (in million) *	25.7	28.81	NA
Average realisation per test (Rs)	307	267.33	NA
Market cap (Rs cr)	7053.7	Not listed	3598.94
Debt	0	NA	0
TTM EV/sales	6.97	NIL	10.8
TTM EV/Ebitda	28.27	NIL	26.2

*in 9m FY18

Similarly, IHH Healthcare submitted its revised binding offer on 24 April. It offered to make immediate equity infusion of Rs 650 crore by preferential issue and allotment of equity share at a price of Rs 160 per share. It wants the right to appoint two directors on the board of FHL. However, the offer to infuse further equity of Rs 3350 crore was subject to satisfactory completion of due diligence and execution of mutually acceptable binding definitive documents at a price not exceeding Rs 160 per share.

When the joint offer of the HIO-BFO combine on 13 April, the stock price touched a high of Rs 158, translating into a rise of 31% from the low of Rs 120.6 reached on 28 March. The stock closed 13 April at Rs 151.95. Since then, it has gained to close at Rs 153.85 on 17 April.

Conclusion

The FHL stock dipped 3.4% on 11 May 2018 after the selection of the HIO-BFO combine after market hours of 10 May 2018. Unlike IHH, the Manipal-TPG consortium or Radiant Lifecare, the winner is not going to bring healthcare expertise or operational synergy to the table given its lack of proven experience in the sector.

But the new owners are two established business groups of north India with deep pockets. Strong promoters will help FHL to raise finds, either from equity or debt, to fund the acquisition of RHT and meet the obligation of providing PE investors an exit from SRL as well as for growth plans.

Subscribing to equity worth Rs 1800 crore through a preferential issue and conversion of preferential warrants will give the HIO-BFO combine a stake of 16.8% on expanded equity over and above its current holdings of about 3% acquired from the market. The shareholding of HIO-BFO combine will not cross the 25% threshold for triggering an open offer as per the Sebi takeover code there is no need for immediate open offer.

The completion of acquisition of assets of RHT will eliminate the business trust fee, standing at a significant Rs 67.2 crore in Q3 and Rs 202.3 crore in the nine months of FY 2018.

— Arun MS

Aluminum

Riding on a rising tide

Improved demand, China capacity reduction and US sanctions on Russian producer boost prices

Aluminum prices rose 33% in the calendar year (CY) 2017 as global inventories fell 18.4%. The rally was further supported by reduction in aluminum capacity in China due to pollution control measures. It is estimated that China cut 3.8 million tonne (mt) of aluminum smelting capacity over CY 2012-17.

Reflecting the slide in supply, the average London Metal Exchange cash prices rose to US $ 2184.93 per tonne in the first two months of CY 2018 but slipped below US $2050 per tonne in March for the first time in the CY on imposition of 10% import tariffs by the US

However, aluminum prices surged 30% to US$2541 per tonne in the 15 days to 18 April 2018 post US sanctions on Russian company Rusal, controlled by Oleg Deripaska. In total, seven Russian oligarchs, 12 companies they own or control, 17 senior Russian government officials, and a state-owned Russian weapons trading company and its subsidiary, a Russian bank were subjected to sanctions.

Rusal produces about 3.7 mt of aluminum annually, comprising 6% of total global aluminium production in CY 2017. Excluding China, which accounts for 51% of global production, Rusal's share in the global output comes at 12%.

Mid April, US softened its position by extending the deadline for US companies to wind down their dealings with the sanctioned companies by around five month till October 23 (as against June 05 earlier). Further it also indicated a path for lifting sanctions: Deripaska had to relinquish control over Rusal. The announcement had an immediate impact on the aluminum prices. They declined 12% to US$2229 per tonne in a week to 24 April 2018.

The post sanctions price rally was due to the stretched demand-supply gap outside China due to under-investment. Returns on new projects are low even as global demand is growing 5% per annum. The world ex-China markets were in deficit of 1.9 mt in CY 2017. The deficit is expected to widen to about 2.1 mt in the fiscal year ending March 2019 (FY 2019). The Chinese government is aiming for further aluminum capacity cut of 1.5 mt in CY 2018, representing 4% of global capacity.

The fall-out

Aluminum prices surged 30% in 15 days post US sanctions on Russian company Rusal, comprising 6% of total global production

Figuges in US$ per tonne

Alumina is the primary raw material for aluminium smelting. It is refined from the bauxite ore. To produce one tonne of aluminum over five tonnes of bauxite is required. Alumina prices have risen over 70% in the last three months due to the partial shutdown of Alunorte refinery of Norsk Hydro in Brazil since 27 February 2018 following a court order arising from waste spill at one of bauxite refuse deposits. Alunorte refinery is the world's largest, producing 5% of the global supply. Output was 6.7 mt in CY17 (5% of global output). Norsk Hydro is one of the largest suppliers of alumina to the third-party market, accounting for 15% of third-party alumina outside China.

The primary aluminum industry in India consists of three producers: Nalco, Hindalco Industries and the Vedanta Group comprising Bharat Aluminum Company (Balco), Madras Aluminum Company (Malco) and Vedanta Aluminum (Val). Val started operations in April 2008 and Malco closed operations since December, 2008. Nalco is in the public sector.

Hindalco is one of the largest aluminium producers in India, with 1.3 mtpa of aluminium capacity. It had backward linkage in alumina (three mtpa) and bauxite (proven reserves of 67.86 mt) end March 2016. In February 2007, Hindalco acquired Novelis, a three-mtpa aluminum rolled-products producer, for enterprise value of US $ 6.1 billion. Novelis has 33 operating plants and three research facilities in 11 countries, across four continents.

Nalco is one of the largest integrated bauxite-alumina-aluminum- power complexes in the country. It has a 6.825-mt bauxite mine and a 2.1-mt alumina refinery located at Damanjodi in the Koraput district of Odisha and a 4.60-lakh-t aluminum smelter and a 1,200-MW captive power plant located at Angul, Odisha. There are bulk shipment facilities at the Vizag port for export of alumina and aluminum and import of caustic soda. It has a fuel supply agreement with Mahanadi Coalfield for around 80% of the coal requirements.

Nalco will be a key beneficiary of spurt in alumina prices and is better placed compared with peers owing to the higher sales of alumina. Over 75% of its operating profit comes from the alumina segment.

Vedanta's aluminum operations include a 1.7-mt alumina refinery, two smelters (500 kilo tone and 1,250 kt) at Jharsuguda, in Odisha and Balco's 570 thousand-t of smelting capacity. It has received approval to expand alumina refinery to four mt. Aluminum volumes increased to 1.675 mt in FY2018 from 1.213 mt in FY2017 and finished the year at a production run rate of two mtpa led by full ramp-up of Jharsuguda-II smelters. In the medium term, aluminum production of 3 mt and alumina production of 6 mt are expected.

Conclusion

India is among the low-cost producers of aluminum in the world, owing to easy availability of raw materials and comparatively low labor costs. With the addition of new aluminum capacities, India aims to not only satisfy the domestic demand, but also play a major role in the global aluminum market.

The domestic demand for aluminum is expected to be supported by infrastructure projects. The Union government's thrust is on power, a major consumer of aluminum in India. The automobile and food packaging industries are also expected to stoke consumption of aluminum. Rapid urbanization should boost consumer demand. India's per capita aluminum consumption at less than 5 kg is far below the global average of 12-15 kg.

— Sandeep Kumar

Stocks - Mid caps

Sizzlers and dampeners

A capital goods maker surges on dividend recommendation and a multiplex operator on opening a new outlet, while a coffee maker slips on slide in net profit

COMPANY (FV) *SECTOR*	CMP (Rs)	MCAP (Rs cr)	VARIATION (%) FORTNIGHT	VARIATION (%) 1-YEAR	HOLDING(%) PROMOTERS	HOLDING(%) DOM.	HOLDING(%) FII	RESERVES (Rs cr)	RATIOS DEBT-EQUITY	RATIOS INT COVER	RATIOS P/E
Ingersoll-Rand (Rs 10)	889	2806	33	1	74	7	1	1030	0	146	32

Capital Goods - Non-Elect Equip
Beta: 0.80

The industrial air compressors maker declared a special dividend of Rs 202 per share as second interim dividend for the financial year ended 31 March 2018 (FY 2018). The record date is 25 May 2018 and the dividend will be paid on 8 June 2018. A final dividend of Rs 3 per share was recommended for FY 2018. Profit after tax rose 30.12% to Rs 26.48 crore despite 1.64% fall in total income to Rs 154.39 crore in Q4 March 2018 over Q4 March 2017.

Welspun Enterp (Rs 10)	171	2531	18	86	45	5	3	1111	0	1	32

Construction
Beta: 1.23

Consolidated profit after tax of the construction company surged 278.33% to Rs 25.31 crore on 122.73% spurt in net sales to Rs 405.30 crore in Q4 March 2018 over Q4 March 2017.

Inox Leisure (Rs 10)	285	2752	9	1	49	17	18	456	1	3	22

Entertainment
Beta: 1.06

The multiplex chain operator commenced commercial operations of a multiplex cinema theatre located at Palm Beach Galleria Mall, Navi Mumbai, from 8 May 2018.

Suven Life Scie. (Re 1)	182	2315	2	-7	60	5	3	654	0	19	33

Pharmaceuticals
Beta: 1.23

The pharmaceuticals producer underwent US Food and Drug Administration's renewal inspection of the facility in Pashamylaram near Hyderabad, used to manufacture and supply of active pharmaceutical ingredients (bulk drugs), intermediates and formulations. The facility is considered to be in an acceptable state of compliance.

Unichem Labs. (Rs 2)	273	1922	2	4	51	5	5	1045	0	43	18

Pharmaceuticals
Beta: 0.56

The pharmaceuticals producer received approval from the US Food and Drug Administration for abbreviated new drug application Valsartan tablets USP, 40 mg, 80 mg, 160 mg and 320 mg. These are therapeutically equivalent to Diovanb tablets, 40 mg, 80 mg, 160 mg and 320 mg of Novartis Pharmaceuticals Corp. The drug product is indicated for treatment for hypertension, treatment of heart failure and reduction of cardiovascular mortality. This product will be commercialized from Unichem's Ghaziabad plant in Uttar Pradesh.

Automotive Axles (Rs 10)	1514	2288	-1	115	71	11	2	361	0	81	27

Auto Ancillaries
Beta: 0.73

Profit after tax of the auto components maker spurted 58.22% to Rs 28.29 crore on 30.73% incline in total income to Rs 469.97 crore in Q4 March 2018 over Q4 March 2017. Expansion was approved of the axle capacity housing line to 20,000 from 16,500 and of brakes capacity to 1.20 lakh from 83,000.

Shankara Build. (Rs 10)	1906	4354	-2	170	56	7	15	371	1	3	59

Trading
Beta: 0.84

Consolidated profit after tax of the home improvement and building products maker went up 18% to Rs 21.70 crore on 27% jump in revenues from operations to Rs 760.80 crore in Q4 March 2018 over Q4 March 2017. Consolidated earnings before interest taxes depreciation and amortization margin dropped to 7.1%.

COMPANY (FV) SECTOR	CMP (Rs)	MCAP (Rs cr)	VARIATION (%) FORTNIGHT	VARIATION (%) 1-YEAR	HOLDING(%) PROMOTERS	HOLDING(%) DOM.	HOLDING(%) FII	RESERVES (Rs cr)	RATIOS DEBT-EQUITY	RATIOS INT COVER	RATIOS P/E
Sical Logistics (Rs 10)	202	1123	-2	-23	57	0	1	438	2	2	33
Logistics Beta: 0.94	The logistics solutions provider was awarded a letter of acceptance by Northern Coalfields for excavation of overburden of first dig at the Amlohri opencast project for a contract price of Rs 1345 crore.										
Novartis India (Rs 5)	631	1557	-3	-6	71	1	0	906	0	128	20
Pharmaceuticals Beta: 0.52	Profit after tax of the pharmaceuticals producer soared 809.62% to Rs 26.47 crore on 46.56% increase in total income to Rs 234.92 crore in Q4 March 2018 over Q4 March 2017.										
Star Cement (Re 1)	125	5238	-4	NA	69	7	2	1186	1	3	31
Cement Beta: 0.85	The cement producer along with its subsidiaries received Rs 200.05 crore as subsidies claim from the Central government. The amount shall be utilized for pre-payment of loans wherever possible.										
Tube Investments (Re 1)	228	4287	-4	NA	49	15	11	1169	1	4	27
Miscellaneous Beta: 0.44	Consolidated profit after tax of the engineering firm dropped 16.02% to Rs 44.99 crore despite 3.64% increase in total income to Rs 1242.61 crore in Q4 March 2018 over Q4 March 2017.										
Hikal (Rs 2)	241	1982	-4	11	69	4	4	605	1	3	26
Pharmaceuticals Beta: 1.17	Profit after tax of the fine chemicals maker fell 12.41% to Rs 25.34 crore despite 26.17% jump in total income to Rs 392.11 crore in Q4 March 2018 over Q4 March 2017. A 1:2 bonus issue of shares was approved.										
Laurus Labs (Rs 10)	480	5093	-5	-14	31	8	10	1225	1	3	30
Healthcare Beta: 0.53	Consolidated profit after tax of the pharmaceuticals producer declined 36.8% to Rs 45.08 crore despite18.51% jump in net sales to Rs 560.24 crore in Q4 March 2018 over Q4 March 2017.										
Sintex Inds. (Re 1)	17	1016	-5	-12	29	1	10	3858	1	3	7
Textiles Beta: 2.03	Consolidated profit after tax of the textile manufacturer rose 15.91% to Rs 57.42 crore despite 6.67% slide in net sales to Rs 617.27 crore in Q4 March 2018 over Q4 March 2017.										
J Kumar Infra (Rs 5)	271	2052	-6	-10	44	11	24	1351	0	3	20
Realty Beta: 2.12	The construction company received letter of acceptance (LoA) from Maharashtra Metro Rail Corporation for the Pune Metro Rail Project. The value of the order is Rs 222.33 crore. Further, LoA was received for the improvement of Chheda Nagar Junction, Ghatkopar (East) on the Eastern Express highway from Mumbai Metropolitan Regional Development Authority (MMRDA) for Rs 223.85 crore.										
EID Parry (Re 1)	253	4470	-7	-24	45	5	10	2733	2	3	8
Sugar Beta: 0.64	Consolidated profit after tax of the integrated sugar company dropped 86.52% to Rs 40.48 crore despite 1.02% improvement in net sales to Rs 3343.91 crore in Q4 March 2018 over Q4 March 2017.										
NOCIL (Rs 10)	202	3329	-7	90	36	5	6	432	0	69	20
Chemicals Beta: 1.36	Profit after tax of the rubber chemicals manufacturer surged 143.66% to Rs 50.95 crore on 44.92% growth in total income to Rs 279.08 crore in Q4 March 2018 over Q4 March 2017.										

COMPANY (FV) SECTOR	CMP (Rs)	MCAP (Rs cr)	VARIATION (%) FORTNIGHT	VARIATION (%) 1-YEAR	HOLDING(%) PROMOTERS	HOLDING(%) DOM.	HOLDING(%) FII	RESERVES (Rs cr)	RATIOS DEBT-EQUITY	RATIOS INT COVER	RATIOS P/E
Matrimony.com (Rs 5)	776	1764	-7	NA	50	9	12	-42	0	12	28

Miscellaneous
Beta: 0.24

Consolidated profit after tax of the consumer internet company jumped 90.81% to Rs 16.81 crore on 11.86% increase in net sales to Rs 84.35 crore in Q4 March 2018 over Q4 March 2017. Earnings before interest taxes depreciation and amortization were up 26.3% to Rs 19.95 crore.

Va Tech Wabag (Rs 2)	464	2537	-9	-30	25	18	25	982	0	4	16

Capital Goods - Non-Elect Equip
Beta: 0.75

A pure play water technology company secured an order for Rs 296 crore from the Delhi Jal Board for rehabilitation and up-gradation of the 182 million liters per day waste-water treatment plant at Rithala under the Yamuna Action Plan.

Sintex Plastics (Re 1)	49	3023	-9	NA	32	1	18	3059	1	3	18

Plastic products
Beta: 1.05

The plastic products maker reported consolidated net loss of Rs 12.49 crore in Q4 March 2018 compared with profit after tax of Rs 51.84 crore in Q3 December 2017. Total income fell 1.75% to Rs 1323.44 crore. Unlisted subsidiary SBAPL received capital commitment of Rs 1250 crore from KKR and affiliates. Proceeds will be used to refinance existing debt and fund growth in the B2C business, further capitalising Sintex brand for high value-added product categories as well as high end auto and defense plastics products.

Tata Coffee (Re 1)	119	2228	-9	-8	57	5	0	1038	1	10	11

Plantation & Plantation Prod
Beta: 1.21

Consolidated profit after tax of integrated coffee maker slipped 62.54% to Rs 22.40 crore despite 10.03% improvement in total income to Rs 448.53 crore in Q4 March 2018 over Q4 March 2017.

Trident (Rs 10)	61	3098	-12	-30	68	2	1	2247	1	4	12

Textiles
Beta: 1.69

Profit after tax of the textile and paper producer slid 48.95% to Rs 50.88 crore on 9.99% fall in total income to Rs 1182.11 crore in Q4 March 2018 over Q4 March 2017.

Granules India (Re 1)	93	2351	-14	-35	45	7	11	881	1	7	15

Pharmaceuticals
Beta: 1.78

The US Food & Drug Administration approved the abbreviated new drug application filed by the pharmaceuticals producer for Methocarbamol Tablet 500 mg and 750 mg. These are bioequivalent and therapeutically equivalent to Robaxin 500 mg and 750 mg of Auxilium Pharmaceuticals.

Thirumalai Chem. (Rs 10)	1780	1822	-19	87	41	0	7	286	0	8	11

Chemicals
Beta: 1.76

Consolidated profit after tax of the chemicals maker spurted 107.96% to Rs 39.70 crore on 7.87% rise in net sales to Rs 330.71 crore in Q4 March 2018 over Q4 March 2017. The stock will be split 10-for-1.

Strides Shasun (Rs 10)	513	4595	-19	-49	31	19	31	2621	1	3	19

Pharmaceuticals
Beta: 1.08

The pharmaceuticals producer agreed with Apotex to merge their respective Australian business operations to enable leadership position in the Australian generic pharmaceutical market by volumes and revenues. The proposed transaction will be EPS accretive from year one. The merged business will have the largest portfolio of owned product intellectual property for the Australian market.

Mid-cap stocks with market capitalisation above Rs 1000 crore and below Rs 8000 crore. Beta is a measure of a stock's volatility in relation to the key benchmark index. Higher the beta of the stock, higher will be the volatility in the stock price and, hence, riskier the investments. The beta of the index or the market is pegged at 1. Interest coverage ratio (ICR) is a measure of a company's ability to meet its interest payments on outstanding debt. Higher the ICR, higher is the ability of the company to service its outstanding debt. D/E and ICR are of the latest financial year. P/E is based on EPS for the latest TTM figures available. Promoters, domestic institutions and FII shareholding is as on 31 March 2018. CMP as on 14 May 2018. Data is on consolidated priority basis.

Compiled by Hitesh Dharawat

Market Report

Optimism prevails

Easing of US-North Korean tensions and comfortable US inflation overwhelm the fallout of proposed sanctions against Iran

The domestic stock market logged steady gains, shrugging off surging crude prices and the weak rupee, as global risk appetite got a boost due to soft US inflation scotching worries of faster rate hikes by the Federal Reserve. Investors also welcomed the continued moves between the United States and North Korea to reduce tensions in the region.

Despite the benchmarks paring their losses, the broad market depicted weakness. Small and mid caps logged declines. After a spot of calm, volatility once again reared its head. Vix, the volatility index, has gyrated between 8.755 and 24.035 so far during the calendar year.

The rupee strengthened above the 67 mark against the dollar due to fresh selling of the US currency by exporters and banks and a firm domestic equity market. Brent crude futures hovered above the US $76 per barrel, hitting multi-year highs despite US drilling activity pointing to increased output, due to imminent US sanctions against major crude exporter Iran later this year.

Foreign investors were net sellers because of squeezing global liquidity. However, mutual funds remained net buyers of Indian equities. Investors pumped Rs 1.4 lakh crore into mutual funds in April, driving the industry asset base 9% to a staggering Rs 23.25 lakh crore from the preceding month. Investors are preferring over traditional asset classes such as real estate and gold, helping increasing the penetration of mutual funds.

The annual rate of inflation, based on monthly Wholesale Price Index (WPI), stood at 3.18% (provisional) in April 2018 over April 2017 compared with 2.47% (provisional) in March 2018 and 3.85% in April 2017. Build-up of inflation rate in the financial year so far is 0.69% compared with a build-up rate of 0% in the corresponding period of the previous year.

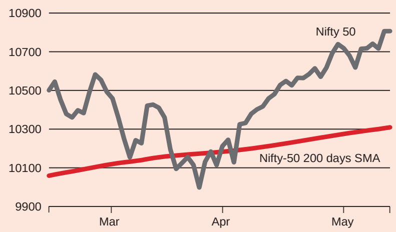
India's service sector continued to improve at the start of the June 2018 quarter, with business activity rising at a faster pace, supported by new order growth. Reflecting the improvements in demand conditions, job creation accelerated to the sharpest since March 2011. Inflationary price pressures continued to ease further, with input and output charge inflation registering below their respective historical averages.

The seasonally adjusted Nikkei India Services Business Activity Index was up to 51.4 in April 2018 from 50.3 in March 2018, signaling a faster expansion in output at Indian service firms than in the prior month. However, the latest upturn was modest and remained weaker than the series trend. April data pointed to higher order book volumes across India's service sector. Although modest, the latest expansion accelerated from the preceding month.

Manufacturing conditions improved for the ninth consecutive month in April 2018, supported by faster expansions in output and new orders. Greater production requirements stimulated job creation and encouraged companies to engage in input buying. Inflationary pressures continued to ease in April, with the softest increases for input costs reported since September 2017 and output charges since July 2017.

Faltering

India's industrial production moderated to a five-month low of 4.4% in March 2018 over March 2017, after a healthy growth of 7% to 8.5% for the last four straight months



Nifty-200-day simple moving average.

Domestic flavour

How the indices moved

NAME	14-MAY-18	PE	VARI (%) 15 DAYS	VARI (%) YEARLY
BSE Sensex	35556.71	24.17	1.68	17.78
BSE 500	14882.28	25.65	-0.53	13.49
BSE IT Sector	13176.52	18.68	-1.48	31.47
BSE FMCG Sector	11186.17	43.73	0.28	18.07
BSE Cap Goods	19063.41	31.24	-1.01	6.29
BSE Cons Durable	21415.38	44.82	-4.43	33.84
BSE Healthcare	13353.16	34.03	-4.86	-10.31
BSE 200	4685.65	24.27	-0.25	13.64
BSE Tech	6861.64	22.9	-2.26	21.48
BANKEX	29739.07	32.28	4.24	15.64
BSE Auto	25043.47	24.41	-2.68	7.74
BSE Metal	14023.66	20.54	-1.46	26.78
BSE Oil&Gas	14774.03	12.16	1.29	3.51
BSE Mid-Cap	16200.03	33.07	-4.24	9.06
BSE Small-Cap	17640.33	79.46	-3.29	13.6
BSE Realty Index	2323.87	15.63	-2.94	12.39
BSE Power	2145.74	16.23	-3.28	-7.42
S&P BSE BasicMat	3274.49	26.57	-2.49	13.28
S&P BSE Energy	4147.61	14.28	-0.41	17.79
S&P BSE Finance	5969.15	27.62	2.22	15.06
S&P BSE Indus.	3669.48	39.13	-2.2	6.53
S&P BSE Telecom	1202.07	-16.58	-7.72	-8.34
S&P BSE Utiliti.	2053.45	18.8	-1.86	2.75

Inflows and outflows

Net investment in equities and debt by foreign portfolio investors and mutual funds

DATE	FPIs (Rs cr) EQUITY	FPIs (Rs cr) DEBT	MFs (Rs cr) EQUITY	MFs (Rs cr) DEBT
27-Apr-18	907.69	-1121.05	859.49	-2477.04
30-Apr-18			349.55	5.9
02-May-18	-347.54	-1303.46	358.86	1428.47
03-May-18	-81.69	35.15	-37.25	-1824.05
04-May-18	-1615.6	-397.07	824.24	1167.97
07-May-18	-618.54	-1125.61	888.77	1649.98
08-May-18	364.2	-1948.55	727.18	-4760.30
09-May-18	-656.23	-680.55	582.27	-2931.34
10-May-18	-175.71	-972.17	659.94	-2809.55
11-May-18	-330.21	-1291.98	72.94	1087.34
Apr-18	-8116.59	-10476.78	11293.46	20164.82
Mar-18	6685.63	-10852.87	9255.51	37977.51
Feb-18	-11037.40	-253.25	16165.78	33648.67
Jan-18	13781.46	8522.92	6212.56	20792.68
Dec-17	-5882.68	2350.23	8333.30	18997.55
Nov-17	19727.65	530.54	12080.10	41978.37
Oct-17	3055.44	16063.65	9990.50	29088.49
Sep-17	-11392.30	1348.89	17456.84	31855.24
Aug-17	-12769.70	15446.51	17941.11	36466.82
Jul-17	5160.71	18867.15	11799.85	40387.50
Jun-17	3616.82	25685.11	9106.11	12617.91
May-17	7711.41	19154.75	9357.67	9514.37
CY 2017	51253.47	148806.53	118774.00	383709.0
CY 2016	20566.18	-43645.30	46849.50	330205.6
CY 2015	17806.15	45856.25	72197.70	433809.6

till 11 May. CY: Calendar year. FPIs: foreign portfolio investors. MFs: Mutual funds.

In the limelight

BSE Large caps

NAME	14-MAY-18	PE	VARI (%) 15 DAYS	VARI (%) YEARLY
Gainers				
HEG	3217.15	11.69	20.96	965.11
KRBL	491.95	26.66	11.2	20.34
Sun TV Network	964.05	33.46	10.87	9.04
Cyient	822.2	22.82	10.76	55.51
Security & Intel	1307.2	58.48	10.75	
Lak. Mach. Works	8789.9	53.42	10.44	93.06
Asian Paints	1298.45	59.38	9.62	14.67
Graphite India	743.95	14.09	9.11	550.31
Pfizer*	2368.15	30.09	7.78	37.15
ICICI Bank	309.95	25.84	7.6	14.93
Losers				
Adani Enterp.	124	18.85	-12.65	141.04
Avanti Feeds	2165.3	21.18	-12.83	-7.3
Century Textiles	1079.15	32.43	-13.65	-28.38
Adani Power	21.7	0	-14.06	
ICICI Sec	362.45	20.93	-14.09	8.68
Interglobe Aviat	1188	20.37	-15.55	2.17
JSW Energy	68.2	44.81	-15.75	-33.81
Ajanta Pharma	1065.1	20	-21.23	139.02
Rain Industries	250.25	7.95	-23.44	-43.93
Idea Cellular	51.75	0	-24.78	

* PE on standalone basis, others on consolidated basis, for TTM based on latest results. NA: Not applicable.

BSE Mid-caps

NAME	14-MAY-18	PE	VARI (%) 15 DAYS	VARI (%) YEARLY
Gainers				
SORIL Holdings	580.35	404.44	42.14	1523.36
Ingersoll-Rand*	888.8	31.57	32.57	0.89
Elpro Intl.	62.5	300.7	30.89	115.67
KSE*	3439.1	18.18	18.59	265.08
Welspun Enterp	171.25	31.6	17.7	86.04
Sasken Technol.	1012.15	21.01	17.58	144.19
Welspun India	66.1	14.38	15.86	-26.23
Saregama India	841.7	51.78	15.44	236.48
Merck*	2189.6	39.37	14.88	99.74
Mahindra Logis.	555	60.49	13.93	
Losers				
Vakrangee	63.2	8.85	-39.9	-63.68
Hind.Construct.	15.5	0	-32.31	-65.32
DCM Shriram	245.8	5.96	-26.22	-34.43
Jet Airways	463.5	28.89	-25.57	-10.75
H D I L	26.95	7.89	-23.33	-71.71
Jindal Saw	94.35	21.29	-22.6	18.38
Arshiya	60.1	0	-20.45	-11.36
Strides Shasun	513.1	18.62	-19.47	-49.31
Reliance Nav.Eng	14.5	0	-19.44	-77.95
Sanwaria Consum.*	15.6	11.43	-19.38	115.17

* PE on standalone basis, others on consolidated basis, for TTM based on latest results. NA: Not applicable.

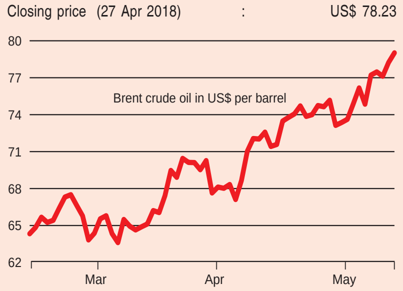
BSE Small-caps

NAME	14-MAY-18	PE	VARI (%) 15 DAYS	VARI (%) YEARLY
Gainers				
Tirupati Foam*	115	29.64	64.4	
Lime Chemicals*	104.2	8.63	55.17	331.47
Sayaji Inds.	794.65	47.33	55.07	
Chokhani Sec.*	118.3	22.25	54.84	290.43
Dolat Investment*	23.04	25.61	54.84	810.67
Mitshi India*	16.57	34.91	54.72	6.9
Jamsh. Ranji. Sp*	24.9	0	48.57	-0.4
Capital India	73.15	9.18	47.33	447.94
Chennai Ferrous*	12.19	1.58	47.22	143.8
Gorani Inds.*	33.95	21.74	46.97	173.35
Losers				
Electrosteel St.*	1.25	0	-38.12	-77.56
Kapil Raj Financ*	10.35	11.54	-37.08	-62.02
LML	3.67	0	-36.51	-69.21
Hypersoft*	6	5.74	-35.14	
Sunil Hitech	4.78	4.29	-34.88	-67.01
TGV Sraac*	36.25	11.24	-33.91	45.29
Alok Inds.	1.64	0	-33.33	-53.54
BCPL Internat.*	1.23	0	-33.15	-95.87
Sharp India*	39.1	0	-32.7	-52.95
Sharp Investment*	0.54	0	-32.5	

* P/E on standalone basis, others on consolidated basis, for TTM based on latest results. NA: Not applicable.

Commodity flow

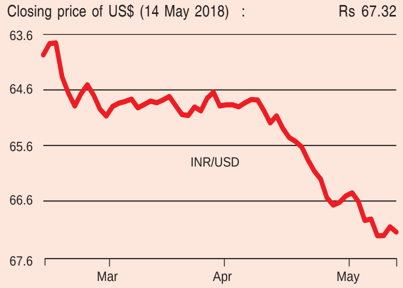
Monthly variation	:	8.1%
Yearly variation	:	51.1%
Closing price (27 Apr 2018)	:	US$ 78.23



(+) Appreciation. (-) Depreciation

Exchange equation

Monthly variation	:	3.5%
Yearly variation	:	5.3%
Closing price of US$ (14 May 2018)	:	Rs 67.32



(+) Appreciation. (-) Depreciation

The Nikkei India Manufacturing Purchasing Managers Index (PMI) climbed up to 51.6 in April 2018 from 51 in March 2018, indicative of a faster improvement in the health of India's manufacturing economy than in the prior month, but pointed to a modest upturn that was weaker than the series trend.

A key contributor to the upward movement in the headline PMI index was a solid rise in output. Output growth was solid and picked-up from March's five-month low, but remained slightly below the average for the current nine-month period of expansion. Favorable demand conditions supported the latest upturn. Greater production in consumption and intermediate groups outweighed the decline in investment goods.

India's industrial production (base year 2011-12=100) moderated to a five-month low of 4.4% in March 2018 over March 2017 after a healthy growth in the range of 7% to 8.5% for the last four straight months. The deceleration in industrial production growth was mainly driven by the manufacturing sector's production growth of 4.4% in March 2018. However, electricity generation accelerated 5.9%, while mining output rebounded 2.8% in March 2018 after a 0.4% decline in February 2018.

As per the use-based classification, capital goods production declined 1.8% in March 2018 over a year ago, snapping a strong double-digit growth of the last three straight months. The output of infrastructure and construction goods rose at a moderated pace of 8.8%, while production of primary goods also rose at slower pace of 2.9% and intermediate goods at 2.1%. Supply of consumer durables increased at a sluggish pace of 2.9%, while that of consumer non-durable durables surged 10.9% in March 2018.

Eleven out of the 23 industry groups in the manufacturing sector showed positive growth in March 2018 compared with a year ago. Industry group manufacture of furniture showed the highest positive growth of 41.5%, followed by manufacture of food products 20.6% and manufacture of motor vehicles, trailers and semi-trailers 17.2%.

On the other hand, industry group other manufacturing recorded the highest negative growth of (-) 30.7% followed by manufacture of tobacco products (-) 20.6% and manufacture of wearing apparel (-) 18.6%.

The cumulative industrial production increased 4.3% in the fiscal year ended March 2018 (FY2018) compared with 4.6% growth in FY 2017. The manufacturing sector's growth improved to 4.6% in FY

Taking off

BSE 500 companies hitting life-time highs

COMPANY	ALL-TIME HIGH-DATE	ALL-TIME HIGH (Rs)	52-WEEK LOW (Rs)	STAKE PROMO. (%)	STAKE FIIs (%)	STAKE MF (%)	TTM NPM (%)	P/E	P/BV
NIIT Tech.	30/04/2018	1189.6	462.95	30.68	40.72	14.01	10.32	21.02	3.66
SRF*	30/04/2018	2443	1420	52.38	19.78	10.12	8.93	27.47	3.84
Cholaman.Inv.&Fn	30/04/2018	1760.75	986	53.08	20.25	15.86	17.73	25.26	4.77
Biocon	30/04/2018	677.85	295	60.67	16.99	2.39	9.03	103.1	7.41
Ashoka Buildcon*	30/04/2018	294.95	171.65	54.81	4.9	30.48	8.92	0	2.98
MRF	30/04/2018	81423	61110	27.51	8.15	9.75	7.37	27.95	3.25
Avenue Super.	30/04/2018	1534	692.5	82.2	3.75	3.36	5.23	114.99	19.86
M & M Fin. Serv.	02/05/2018	537.5	290.3	51.19	29.42	11.15	12	30.11	3.02
Zensar Tech.	02/05/2018	1323.6	729.9	48.89	6.36	1.84	7.93	21.41	3.16
Raymond	02/05/2018	1151.7	598.1	42.77	9.01	16.12	2.4	53.24	3.59
Mindtree	02/05/2018	1102	438.3	13.64	41.69	5.48	10.44	28.72	5.97
Hexaware Tech.	02/05/2018	457.3	228	71.2	14.59	6.36	12.9	24.08	6.24
TCS	02/05/2018	3560	2325	73.57	16.88	2.15	21.02	25.98	7.82
Jamna Auto Inds.*	02/05/2018	103.2	44.1	47.88	5.7	6.77	7.54	33.55	10.62
Dabur India	02/05/2018	382.3	265.05	68.06	17.22	4.32	17.51	47.64	11.43
Berger Paints*	02/05/2018	287.85	230.8	74.99	10.66	1.45	9.24	59.02	14
Marico	02/05/2018	348	284.05	59.71	27.42	2.31	13.09	48.6	15.82
Britannia Inds.*	02/05/2018	5560.35	3372	50.7	17.07	5.97	9.96	68.74	22.75
Dewan Hsg. Fin.	02/05/2018	680	387.4	39.23	19.92	7.3	11.22	16.7	2.27
Escorts*	02/05/2018	1018.5	544.55	40.04	24.37	5.09	6.37	72.15	5.79
Tata Chemicals*	04/05/2018	786.95	558	30.8	11.08	24.8	15.93	10.41	2.22
M & M*	07/05/2018	887.95	612.5	20.47	31.65	9.1	8.65	30.92	3.54
TI Financial	08/05/2018	740	458.03	48.79	11.72	14.65	17.91	21.98	3.95
Godrej Propert.	08/05/2018	917	475	74.87	8.88	2.46	12.44	73.78	7.74
Quess Corp*	08/05/2018	1253.2	750	71.67	9.01	5.74	5.27	61.8	9.23
Exide Inds.	08/05/2018	270.4	192.85	45.99	13.78	14.29	7.27	30.11	4
Ashok Leyland*	08/05/2018	167.5	81.55	51.27	23.26	6.55	5.71	28.78	6.92
Jubilant Food.	08/05/2018	2668	817.6	44.94	36.94	8.84	6.93	80.72	16.37
GRUH Finance	08/05/2018	715	377.45	57.95	10.83	9.38	21.03	68.82	18.08
Manappuram Fin.*	09/05/2018	130.45	81.5	34.66	0	6.1	20.08	14.11	2.72
KPIT Tech.*	09/05/2018	266	104.6	18.93	46.14	5.93	6.51	22.16	3.05
Astral Poly*	09/05/2018	996.45	532.5	58.5	19.89	6.4	8.12	69.67	12.77
Lak. Mach. Works*	09/05/2018	9380	4316.4	30.07	0	6.05	8.66	53.07	6.14
Bombay Dyeing	09/05/2018	321.6	66.1	53.68	3.12	0.01	1.29	31.47	-10.85
Relaxo Footwear	09/05/2018	751	446.75	74.25	4.62	2.16	8.23	52.19	11.04
Take Solutions*	10/05/2018	234.15	118.2	63.13	13.1	1.29	9.99	21.79	2.6
Indiabulls Vent.	10/05/2018	544.6	130.07	35.89	18.12	0	28.43	103.83	12.84
Future Lifestyle*	10/05/2018	481	271.65	60.53	5.38	5.77	2.46	131.16	4.42
MphasiS	11/05/2018	1121.9	560	60.4	22.79	6.68	12.79	24.56	3.79
Cyient	11/05/2018	887	475.2	22.18	40.42	18.42	10.3	22.48	3.9
Magma Fincorp	15/05/2018	192.55	118.6	27.74	23.78	11.16	10.28	21.12	1.76
JSW Steel*	15/05/2018	342.45	184.3	41.68	19.86	2.42	6.52	18.12	3.47
Kotak Mah. Bank	15/05/2018	1301.45	933.45	30.06	39.56	7.08	24.67	43.22	4.84
Asian Paints	15/05/2018	1322.55	1081.45	52.79	15.08	2.87	12.47	59.91	14.94
Pidilite Inds.*	15/05/2018	1129	716.1	69.59	10.37	4.44	14.87	63.21	15.14
HDFC Bank	15/05/2018	2064.9	1541	20.97	33.06	9.88	21.79	28.61	4.83
IndusInd Bank	15/05/2018	1950	1375.25	14.98	46.45	9.34	20.87	40.17	5.68
Dilip Buildcon*	15/05/2018	1248.35	405.05	75.63	10	6.59	8.63	46.29	9.6
Hind. Unilever	15/05/2018	1543.25	974.8	67.19	12.56	1.64	15.43	62.5	45.07
Abbott India	15/05/2018	7353.45	3996	74.99	2.82	5.32	12.13	35.05	9.55
V-Mart Retail*	15/05/2018	2369.05	920	54.4	31.27	2.75	5.68	62.05	14.11
Nestle India	15/05/2018	9661.9	6450.8	62.76	11.94	2.4	13.14	68.57	26.91

Results are on consolidated priority basis for TTM ended 31 March 2018 and companies marked with * TTM ended 31 December 2017
As on 15 May 2018.

2018 from 4.2% growth in FY 2017. The electricity generation rose at a moderate pace of 5.3% and mining output growth eased to 2.3% in FY 2018.

The production of eight core industries, comprising 40.27% of the weight of items included in the Index of Industrial Production, increased 4.1% in March 2018 over March 2017. Its cumulative output improved 4.2% in April-March 2017-18.

The auto industry production grew 17.95% to a total 26,45,618 vehicles including passenger vehicles (PVs), commercial vehicles(CVs), three-wheelers, two-wheelers and quadric-cycles in April 2018 as against 22,42,965 in April 2017, according to the Society of Indian Automobile Manufacturers.

Sale of PVs inclined 7.5% in April 2018 over the same month a year ago. Within PVs, sales of passenger cars were up 4.89%, utility vehicles 11.92% and vans 18.9%. The overall CV segment sales spurted 75.95% in April 2018 compared with April 2017. Sales of medium and heavy CVs increased 169.26% and light CVs were up 43.92%.

Three-wheelers sales rose 54.17% in April 2018 over the same month a year ago. Within three-wheelers, sales of passenger carriers spurted 63.64% and goods carrier 25.66% in April 2018 over April 2017. Two-wheelers sales jumped 16.92% in April 2018 over April 2017. Within the two-wheeler segment, sales of scooters improved 12.63%, motorcycles 19.8% and mopeds 16.86%.

Overall automobile exports rose 24.21% in April 2018 over April 2017. While PV exports declined 15.89%, those of CVs were up 51.99%, three-wheelers 88.16% and two-wheelers 26.85%.

The International Monetary Fund (IMF) reaffirmed that India will be the fastest growing major economy in the calendar year (CY) 2018, with a growth rate of 7.4% that would rise to 7.8% in CY 2019 with medium-term prospects remaining positive. The IMF's Asia and Pacific Regional Economic Outlook report said that India was recovering from the effects of demonetization and the introduction of the goods and services tax and the recovery is expected to be underpinned by a rebound from transitory shocks as well as robust private consumption.

Medium-term consumer price index inflation was forecast to remain within but closer to the upper bound of the Reserve Bank of India's inflation-targeting band of 4% with a plus or minus 2% change. The consumer price increase in 2017 was 3.6%

and is projected to be 5% in CY 2018 and CY 2019. The current account deficit in FY 2018 was expected to widen somewhat but should remain modest, financed by robust foreign direct investment inflows.

The US economy expanded an annualized 2.3% on quarter in the first quarter of CY 2018, below 2.9% in the previous period. Still, it is the lowest growth rate in a year, the advance estimate showed. Personal consumption eased amid lower spending on cars, clothing and footwear and residential investment stalled.

The Federal Reserve kept a key US interest rate steady, saying that while inflation has moved higher, it's likely to run near the central bank's 2% target in the coming months. The central bank maintained its fed funds at a range of 1.5%-1.75%. The Fed noted the latest readings that show both overall and core inflation have moved close to the central bank's 2% goal. Fed officials were split between whether to raise rates three or four times this year.

Meanwhile, Fed Chairman Jerome Powell reportedly said at an event in Switzerland that emerging-market economies should be able to manage as advanced economies move toward tighter monetary policy.

China's exports grew 3.7% in yuan in April 2018 from a year earlier, following a 9.8% drop in March. Imports expanded 11.6% in yuan from April 2018 compared with a 5.9% increase in March 2018. The country had a trade surplus of 182.8 billion yuan (US$28.71 billion) last month, after posting a deficit of CNY29.78 billion the previous month.

Activity in China's service sector expanded at a faster pace in April. The Caixin China services PMI rose to 52.9 in April from 52.3 in March. China's official nonmanufacturing PMI increased to 54.8 in April from 54.6 in March.

The Bank of England, as expected, left its key interest rate at 0.5%. The Monetary Policy Committee voted 7-2 to leave the rate unchanged. Policymakers unanimously decided to maintain the quantitative easing at GBP 435 billion. In its Quarterly Inflation Report, the bank cut its 2018 second-quarter inflation forecast to 2.4% from 2.7%, and its forecast for CY 2018 gross domestic product to 1.4% from 1.8%.

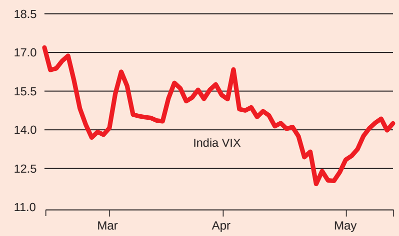
Economic activity in the first quarter was hurt by poor weather conditions, but that growth likely has been better than reflected in recent data. If the economy strengthens in line with the central bank's forecasts, interest rates are likely to rise over the next three years.

Euro-zone economic activity continued to expand at a robust pace in April, with solid growth signaled in both the manufacturing and service sectors. However, growth has downshifted in recent months. The final IHS Markit Eurozone PMI Composite Output Index posted 55.1 in April, down from 55.2 in March. April saw manufacturing production rise at a marginally quicker pace, but this was offset by growth in service sector activity easing to an eight-month low.

The final IHS Markit Eurozone PMI Services Business Activity Index fell to an eight-month low of 54.7 in April, down from 54.9 in March. The upturn remained broad-based in April, with activity rising across all of the nations covered.

Prices remain soft in India ...

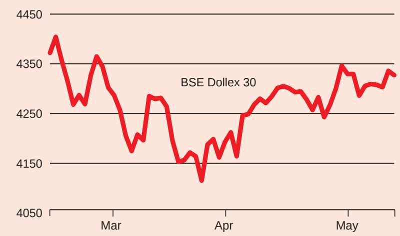
The Wholesale Price Index stood at 3.18% in April 2018 over April 2017 compared with 2.47% in March 2018 and 3.85% in April 2017



Rise or fall in India VIX depicts increase or decline in volatility in the near term

... and within range in the US

The US Federal Reserve maintained its funds at a range of 1.5%-1.75% as both overall and core inflation moved close to the central bank's 2% goal



Rise or fall in the BSE Dollex 30 depicts firmness or weakness of the rupee

Global equity markets

COUNTRY	INDEX	Returns in local currencies: FORT	1 MNTH	3 MNTHS	1 YEAR	Returns in US dollars: FORT	1 MNTH	3 MNTHS	1 YEAR
Australia	ASX 200	2.7	4.9	-0.1	4.8	4.0	1.9	-5.0	6.9
Brazil	Bovespa	-1.4	1.1	1.4	24.9	-12.5	-4.0	-9.1	8.7
China	Shanghai Composite	2.6	0.1	-8.6	2.6	11.7	-0.8	-9.1	11.7
France	CAC 40	1.1	4.3	3.3	2.5	0.5	0.4	-3.7	2.6
India	BSE Sensex	1.6	3.9	1.3	17.7	-3.3	0.6	-3.6	12.0
India	Nifty	1.1	3.1	0.4	15.0	-3.8	-0.2	-4.5	9.4
Japan	Nikkei 225	1.3	4.5	-2.2	14.5	3.0	2.8	-1.2	18.7
New Zealand	NZX 50 Index	3.7	3.1	3.1	16.4	5.4	-2.3	-1.7	18.3
South Korea	KOSPI	-0.6	0.9	-1.9	8.4	5.6	1.3	-0.1	14.0
United Kingdom	FTSE 100	3.0	6.3	3.8	3.9	8.3	1.1	-0.4	9.3
Germany	DAX	3.3	4.5	1.7	1.8	13.7	1.3	-2.4	11.3
Russia	MICEX	1.9	7.8	2.8	17.6	-5.7	8.0	-6.3	8.6
UAE	ADX General	-5.5	-4.6	-3.8	-3.7	-5.5	-4.6	-3.8	-3.7
Mexico	IPC	-3.2	-4.2	-7.3	-5.5	-4.4	-10.6	-11.3	-8.4
Singapore	Straits Times	-0.2	2.0	1.1	9.7	4.4	0.2	-0.1	15.3
USA	Dow Jones	2.1	1.9	-2.7	18.8	2.1	1.9	-2.7	18.8
USA	S&P 500	2.2	2.7	-1.2	14.1	2.2	2.7	-1.2	14.1

As on 11 May 2018. Returns in percentage.

Outlook

Investors will closely watch US President Donald Trump's meeting with North Korean leader Kim Jong Un in Singapore on 12 June 2018 amid high hopes of doing something very meaningful to curtail Pyongyang's nuclear ambitions. He said the US and North Korea were starting off on a new footing.

Macroeconomic data, next batch of January to March 2018 quarterly earnings, trend in global markets, investment by foreign portfolio investors and domestic institutional investors, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses.

— *Hitesh Dharawat*

Stocks - Large caps

Movers and shakers

An infrastructure conglomerate rises on divesting the electrical business, while a troubled private bank spurts as valuations become attractive after huge provision for bad loans

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Asian Paints (Re 1) *Paints/Varnish* *Beta: 0.6962*	124547	1298	10	15	15	3	7506	1	0	59	39	28
Nestle India (Rs 10) *FMCG* *Beta: 0.4565*	92307	9573	6	40	12	2	3324	1	0	69	35	37
Grasim Industries (Rs 2) *Textiles* *Beta: 1.1769*	72320	1100	1	17	27	5	31293	0	0	18	16	14
Larsen & Toubro (Rs 2) *Infrastructure Developers & Operators* *Beta: 1.3204*	193465	1380	0	19	18	14	50030	1	2	24	11	14
Maruti Suzuki India (Rs 5) *Automobile* *Beta: 0.9423*	263267	8715	-1	30	25	6	36924	1	0	33	23	17
Reliance Industries (Rs 10) *Refineries* *Beta: 1.1367*	623949	985	-1	46	24	3	260746	1	1	18	10	12
Mahindra & Mahindra (Rs 5) *Automobile* *Beta: 0.8052*	105684	850	-1	24	32	9	29467	1	2	31	12	14

Consolidated profit after tax of the Mumbai-based paint maker was up 3.4% to Rs 495.91 crore on 13.41% increase in total income to Rs 4527.83 crore in Q4 March 2018 over Q4 March 2017. The decorative paint business in India registered double-digit volume growth. Material prices continued to rise, exerting pressure on the margins. Hence, price increases taken. The auto and general industrial business segments led to better performance of the automotive coating joint venture (JV), PPG-AP, and good demand for powder coating of industrial coating JV, AP-PPG.

Profit after tax of the New Delhi-based FMCG major spurted 38.2% to Rs 424.03 crore on 10.5% increase in net sales to Rs 2736.84 crore in Q1 March 2018 over Q1 March 2017. Profit from operations in percentage of sales was boosted 130 basis points (bps) and net profit in percentage of sales 90 bps on lower base. Breakfast cereals will be added to the existing portfolio in the current calendar year.

Half of the Madhya Pradesh-based diversified company's brown-field expansion of capacity of caustic soda lye from 600 tonnes per day (tpd) to 1,000 tpd at Vilayat in Gujarat was commissioned. Full capacity will go on stream by end of May 2018. However, utilisation will be gradual.

The Mumbai-based engineering and construction major divested for Rs 14000-crore cash the electrical and automation (E&A) business to global energy management and automation operator Schneider Electric. The business had net revenues of Rs 5038 crore in the fiscal year ended March 2017. The transaction includes all the current business segments of E&A except marine switchgear and Servowatch Systems.

The New Delhi-based car major's total sales spurted 14.4% in April 2018 over April 2017. Domestic sales were up 14.2%. Exports jumped 19.1%.

The Mumbai-based diversified major's consolidated revenues jumped 30.5% to Rs 430731 crore in the year ended March 2018 on account of higher volumes due to start-up of petrochemicals projects and uptrend in prices of products in refining and petrochemical businesses. Profit after tax (Pat) could rise 20.6% at Rs 36075 crore due to higher interest and depreciation charges with the commissioning of projects across businesses. Consolidated Pat was up 17.46% to Rs 9459 crore on 37.83% increase in net sales to Rs 116915 crore in Q4 March 2018 over Q4 March 2017.

The Mumbai-based auto major's auto sales jumped 22% in April 2018 over April 2017. Domestic sales grew 19%. Sales of passenger vehicles including utility vehicles, cars and vans were up 13%,

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)

commercial vehicles 26% and medium and heavy commercial vehicles 225%. Exports rose 88%. Meanwhile, up to 10% stake will be acquired for Rs 34.50 crore in cash in Canadian IT firm Resson Aerospace Corp, focused on providing technology solutions for agriculture.

Hero MotoCorp (Rs 2)	72882	3649	-2	3	42	6	10276	3	0	20	50	37

Automobile
Beta: 0.7783

The New Delhi-based two-wheeler major's profit after tax improved 34.78% to Rs 967.40 crore on 23.7% rise in revenue from operations (net of excise duty) to Rs 8564.04 crore in Q4 March 2018 over Q4 March 2017. The operating profit margins stood at 16%. As many as 6,94,022 units were sold in April 2018 over a year ago, translating into a double-digit growth of 16.5%. Around 30% equity was acquired for Rs 201 crore in Ather Energy that will start retail sales of smart electric scooter S340 soon.

Eicher Motors (Rs 10)	83055	30472	-3	4	31	6	5318	0	0	42	52	37

Automobile
Beta: 0.7095

Consolidated profit after tax (Pat) of the New Delhi-based auto maker inclined 0.45% to Rs 461.53 crore on 35.05% increase in total income to Rs 2709.21 crore in Q4 March 2018 over Q4 March 2017. Consolidated operating profit spurted 36.3% to Rs 797 crore and Pat from continuing operations 38.1% to Rs 649 crore. The board of Eicher Polaris, the 50:50 joint venture with Polaris Inc., US, decided to wind up. Consequently, the consolidated financial results included Rs 187.03 crore of exceptional loss over and above the loss of Rs 124.95 crore from the commencement of operation in June 2015 till December 2017.

Bajaj Auto (Rs 10)	82027	2835	-3	-6	17	2	17567	0	0	21	35	26

Automobile
Beta: 1.016

The Pune-based motorcycle maker's total vehicles sales rose 26% to in April over a year ago. Overall domestic sales increased 29%. Domestic sales of motorcycles were up 24% and commercial vehicles 80%. Total exports grew 22% to 1,85,704 units.

Tata Motors (Rs 2)	103301	324	-4	-25	20	7	57383	0	1	11	7	8

Automobile
Beta: 1.2953

The Mumbai-based auto major's domestic sales surged 86% to 53,511 units in April 2018 over April 2017 on strong sales demand for commercial vehicles (up 126%) and passenger vehicles (up 34%). Exports rose 41%. Sales of subsidiary Jaguar Land Rover (JLR) jumped 11.9%, driven by the introduction of new models including the Range Rover Velar, Land Rover Discovery and the Jaguar E-Pace. Jaguar sales improved 8%, Land Rover sales 13.6% and retail sales in China 28.9%, the UK 25.9%, overseas markets 21.3% and North America 2.5% but Europe was down 10.2%, due continuing uncertainty over diesel in the UK and Europe.

Avenue Supermarts (Rs 10)	88879	1424	-4	90	4	3	3218	0	1	110	22	18

Retail
Beta: 1.0584

Profit after tax of the Mumbai-based company, owning and operating D-Mart stores, surged 72.86% to Rs 167.10 crore on 22.57% spurt in total income to Rs 3824.87 crore in Q4 March 2018 over Q4 March 2017. Operating profit was up 41.8% to Rs 294 crore and the operating profit margins improved to 7.7%. Deflation in staples, tax rates not being comparable, store addition not in line with expectation and base effect of demonetization resulted in tepid March 2018 revenues. A foreign broker initiated coverage on the stock with a 'sell' for target price of Rs 1255 as the small free-float might have influenced stock performance. Q4 March 2018 results have missed the elevated expectations of revenues and profit. Competitive dynamics in the e-commerce market might impact overall profitability.

Ashok Leyland (Rs 1)	45443	155	-4	81	23	7	6100	1	2	30	16	28

Automobile
Beta: 0.9796

The Chennai-based commercial vehicles maker's sales jumped 79% to 12,677 units in April 2018 over April 2017. Sales of medium and heavy commercial vehicles surged 98% to 8,968 units and light commercial vehicles 45% to 3,709 units.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Jubilant FoodWorks (Rs 10)	16089	2438	-4	147	37	9	739	0	0	82	13	9

Miscellaneous
Beta: 0.8259

Profit after tax (Pat) of the Uttar Pradesh-based pizza chain operator surged 912.95% to Rs 68.07 crore on 27.26% spurt in net sales to Rs 779.82 crore in Q4 March 2018 over Q4 March 2017 on account of Domino's product upgrade and robust online sales. The focus on digital sales led to a six-year high growth of 26.5% same-store growth of Domino's Pizza. Pat jumped 206.91% to Rs 206.40 crore on 17.06% rise in net sales to Rs 2980.44 crore in the year ended March 2018 (FY 2018) over FY 2017. The board recommended bonus shares in the proportion of 1:1.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
BASF India (Rs 10)	8432	1948	-5	48	2	1	1059	0	1	68	0	0

Chemicals
Beta: 0.9222

Profit after tax of the Mumbai-based chemical maker rose 55.09% to Rs 65.99 crore on 5.02% incline in net sales to Rs 1334.51 crore in Q4 March 2018 over Q4 March 2017. It was Rs 246.50 crore in the year ended March 2018 (FY 2018) as against net loss of Rs 14.13 crore in FY 2017. Net sales improved 9.49% to Rs 5539.71 crore in FY 2018.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Bharti Airtel (Rs 5)	152501	382	-7	5	18	7	65494	1	2	60	11	7

Telecomm-Service
Beta: 0.9762

The New Delhi-based telecom major is looking to pare US$4.6 billion from its net borrowings over the next three years by raising US$1.5 billion by listing a quarter of equity in the Africa unit in either London or South Africa by early calendar year 2019. The parent will also look to sell part of its stake in the US$14.6 billion tower giant after Bharti Infratel merges with Indus Towers. Net debt has risen almost 45% to US$14.6 billion over four years to buy spectrum and defend position against disruptive upstart Reliance JioInfocomm.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Tata Power (Re 1)	22030	81	-7	-1	28	5	11509	2	4	12	0	0

Power Generation & Distribution
Beta: 1.0437

The Mumbai-based integrated power company reported consolidated profit after tax (Pat) of Rs 1477.50 crore in Q4 March 2018 mainly due to good all-round performance and exceptional gains of Rs 1245 crore compared with net loss of Rs 226.93 crore in Q4 March 2017. Consolidated net sales rose 12.70% to Rs 7895.23 crore. Operating profit was up 18% at Rs 1445 crore due to renewable business and all-round good performance of all businesses. Pat surged 143.64% to Rs 2679.11 crore on 6.32% increase in net sales to Rs 29331.22 crore in the year ended March 2018 due to strong performance by regulated businesses, renewables and cost optimization. Exceptional items of Rs 1103 crore contributed to the higher profit. CGPL (Mundra ultra mega power project) posted its highest-ever losses due to 25% higher coal prices. It was offset by higher profit at coal companies.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
TVS Motor Company (Rs 1)	29435	620	-7	20	20	8	2169	0	1	69	19	22

Automobile
Beta: 1.126

The Chennai-based motorcycle maker's sales increased 24% units in April 2018 over April 2017. Total two-wheeler sales grew 21.7%. Domestic sales of two-wheelers were up 17.6%. Sales of scooters gained 9.6% and motorcycles 31.8%. Total exports soared 53.6 % in April 2018. Two-wheeler exports grew 46%.

COMPANY (FV) / SECTOR	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Hindustan Zinc (Rs 2)	125576	297	-9	17	2	1	29960	3	0	14	22	20

Non Ferrous Metals
Beta: 1.1524

Profit after tax (Pat) of the Rajasthan-based miner declined 18.06% to Rs 2505 crore despite 0.35% incline in net sales to Rs 6277 crore in Q4 March 2018 over Q4 March 2017. Pat was up 11.54% to Rs 9276 crore on 27.85% rise in net sales to Rs 22084 crore in the year ended March 2018. Mined metal production in the quarter was 18% lower to 255 kilo tonnes over a year ago, hurt by a decline in overall ore grades due to transition from open cast to underground mining.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Bharat Heavy Electricals (Rs 2)	28545	78	-10	-32	13	3	31899	1	0	63	2	1

Capital Goods - Electrical Equip
Beta: 1.3443

The New Delhi-based state-run power equipment maker secured a Rs 536-crore order to execute a 900-MW hydro power project, the largest in the Himalayan Republic.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
HCL Technologies (Rs 2)	128866	926	-11	9	27	5	32664	1	0	15	33	29

IT - Software
Beta: 0.2731

Consolidated net income of the New Delhi-based IT company rose 1.5% to Rs 2227 crore on 2.9% increase in revenues to Rs 13179 crore in Q4 March 2018 over Q3 December 2017. Net income was up 3.8% to Rs 8780 crore on 8.2% jump in revenues to Rs 50570 crore in the year ended March 2018 (FY 2018). FY 2019 revenues are to grow between 9.5% and 11.5% in constant currency and the operating margins are expected between19.5% and 20.5%.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
Tata Global Beverages (Rs 1)	16113	255	-12	67	21	10	6202	1	0	28	10	7

Plantation & Plantation Products
Beta: 1.4041

The Kolkata-based coffee plantation cultivator was up after Nestle agreed to market Starbucks products globally by paying US $7.15 billion as part of global marketing pact. Subsidiary Tata Coffee sources and roasts coffee to supply to Tata Starbucks and to export to Starbucks Coffee Company.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RESERVES (Rs cr)	DIV YLD (%)	DEBT/ EQUITY	P/E	ROCE (%)	ROE (%)
InterGlobe Aviation (Rs 10)	45668	1188	-16	9	13	7	3418	1	1	20	24	44

Air Transport Service
Beta: 0.798

Profit after tax (Pat) of the New Delhi-based low-cost passenger airline declined 73.3% to Rs 117.64 crore despite 19.6% increase in net sales to Rs 5799.11 crore in Q4 March 2018 over Q4 March 2017. Earnings before finance income and cost, tax, depreciation, amortization and aircraft and engine rentals (Ebitdar) fell 21.9% to Rs 1132.10 crore. The Ebitdar margins were down 19.5% from 29.9% because of increase in fuel prices, decline in yields and foreign exchange impact. Pat spurted 35.1% to Rs 2242.37 crore on 23.9% jump in net sales to Rs 23020.89 crore in the year ended March 2018. Total debt was Rs 2452.70 crore end March 2017.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RoA (%)	CASA RATIO(%)	P/BV	NIMs (%)	NON-INT. (%)	NET NPAs (%)
ICICI Bank (Rs 2)	199267	310	8	15	36	17	0.50	51.7	1.9	3.2	28.5	4.77

Banks
Beta: 1.5212

Shares of the Gujarat-based private sector bank were in demand as cheap valuations and lower stress from bad loans was seen trumping the steepest fall in quarterly profit since the fiscal year ended March 2016. Profit after tax dropped 49.62% to Rs 1020 crore despite 20.24% increase in total income to Rs 19942.97 crore in Q4 March 2018 over Q4 March 2017. Gross non-performing assets (NPAs) stood at Rs 54062.51 crore end March 2018 as against Rs 46038.70 crore end December 2017 and Rs 42551.54 crore end March 2017. The ratio of gross NPAs to gross advances stood at 8.84% as against 7.82% and 7.89%. Provisions and contingencies surged 128.61% to Rs 6625.75 crore.

COMPANY (FV) *SECTOR*	MCAP (Rs cr)	LATEST CLOSE (Rs)	FORT VAR (%)	1-YEAR VAR (%)	STAKE (%) FII	STAKE (%) MF/UTI	RoA (%)	CASA RATIO(%)	P/BV	NIMs (%)	NON-INT. (%)	NET NPAs (%)
Kotak Mahindra Bank (Rs 5)	241833	1269	7	33	40	7	2.16	50.8	6.5	4.4	17.8	0.98

Banks
Beta: 0.8623

Profit after tax of the Mumbai-based private sector bank rose 15.11% to Rs 1124.05 crore on 19.1% incline in total income to Rs 6475 crore in Q4 March 2018 over Q4 March 2017. The gross non-performing assets (NPAs) stood at Rs 3825.38 crore end March 2018 as against Rs 3714.99 crore end December 2017 and Rs 3578.61 crore end March 2017. The ratio of gross NPAs to gross advances stood at 2.22% as against 2.31% and 2.59%. Provisions and contingencies were up 14.79% to Rs 306.91 crore.

On consolidated basis. Only for stocks with market cap above Rs 8000 crore. Beta is a measure of a stock's volatility in relation to the key benchmark index. Higher the beta of the stock, higher will be the volatility in the stock price and, hence, riskier the investments. The beta of the index or the market is pegged at 1. Return on equity (RoE), return on capital employed (RoCE) and return on assets (RoA) are for the year ended March 2017, except Nestle India (December 2017). P/E calculated based on latest available TTM net profit. Latest close as on 14 May 2018. Dividend yield is calculated based on market capitalisation on 27 April 2018. Dividend yield for the year ended March 2017, except Nestle India (December 2017). CASA ratio, P/BV, RoA, NIMs, Non-Int. to total income, Net NPAs are as on end March 2018. FII and mutual fund /UTI stake as on end March 2018.

Compiled by Abhishek Panchal