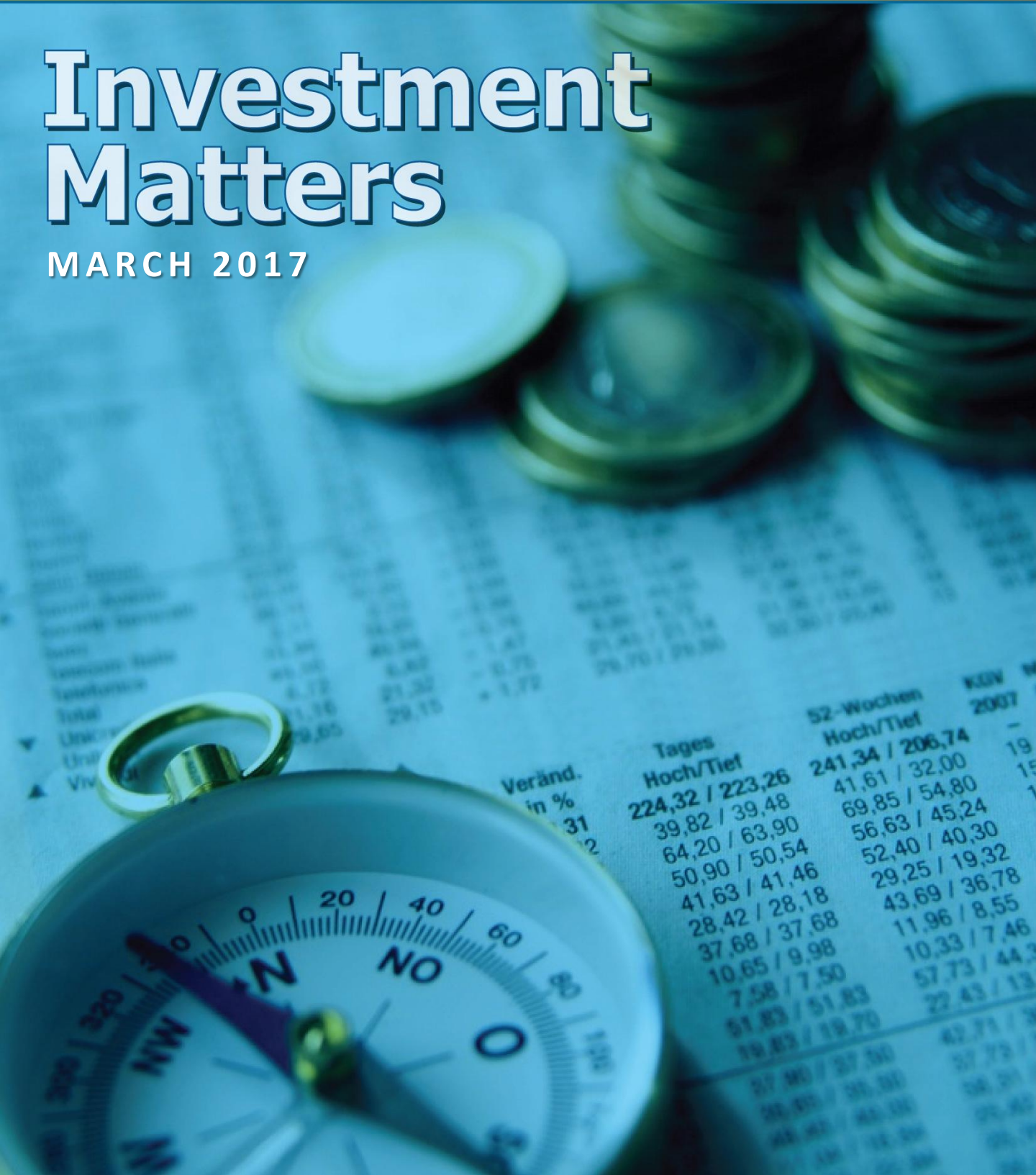


# Investment Matters

MARCH 2017



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

## EQUITY OUTLOOK

Demonetisation quarter was feared to be a disaster, with cash in circulation falling significantly. Q3FY17 earnings should be analysed with this backdrop and it is heartening to note that the immediate quarter during demonetisation was impacted but turned out to be much better than street expectations. One needs to wait for the March quarter numbers to pronounce a final verdict, given that festive season sales were already done pre announcement of demonetisation and Q4FY16 is a large base to match during the current year. Nifty earnings for the quarter were reasonable, at 2% sales growth and 1% profit growth (ex financials/Oil & Gas). The trend of better earnings delivery from our investee companies continued, with average profit growth in excess of 30%. Most portfolio companies delivered well in excess of 30% profit growth barring a few. Among the companies which delivered robust performance and look promising to us even going ahead were – Bajaj Finance, Bajaj Finserv, Biocon, Escorts, Grasim Industries, Lupin Ltd, Kalpataru Power, Maruti, PTC India Finance, Qness Corp, Ramco Cements, Sundram Fastners. Misses during the quarter were – Container Corporation, Jain Irrigation and TV18 Broadcast. We expect Container Corporation to deliver better performance, going ahead. This stock has been bought keeping in mind the large benefit to earnings from the implementation of the dedicated freight corridor project starting FY19. Jain Irrigation is likely to start reporting better performance Q4FY17 onwards – this business was hit more than normal due to demonetisation. TV18 Broadcast is in the process of launching new channels and initial losses on these new channels is impacting current performance. We expect TV18 to start reporting better numbers from FY19.

A gist of earnings for our portfolio companies is presented below for reference – we continue to expect strong earnings growth in excess of 25% CAGR from our portfolio companies and hence, are optimistic of future outlook.

Refer to Page 2 for the Table:-

## EQUITY OUTLOOK

Rs mn Name of company	Sales			EBIDTA			PAT			EPS		
	Q3FY17	Q3FY16	% chg	Q3FY17	Q3FY16	% chg	Q3FY17	Q3FY16	% chg	Q3FY17	Q3FY16	% chg
Bajaj Auto	57182	50669	13%	11643	10440	12%	10237	9768	5%	35.4	33.8	5%
Bajaj Finance	27020	20614	31%	-	-	-	5557	4085	36%	10.3	7.6	34%
Bajaj Finserv	68344	53959	27%	-	-	-	6138	4373	40%	38.6	27.5	40%
BEML	7195	7635	-6%	339	187	81%	217	22	886%	5.2	0.5	940%
Biocon	10293	7962	29%	2761	1891	46%	1713	1030	66%	8.6	5.2	65%
Container Corporation of India	13304	14044	-5%	2612	2764	-5%	1860	2057	-10%	9.5	10.5	-10%
Escorts	10929	8881	23%	915	341	168%	556	205	171%	4.5	1.7	165%
Grasim Industries	84954	84068	1%	16057	15236	5%	7282	6405	14%	15.6	13.7	14%
Greaves Cotton	4513	4532	0%	613	686	-11%	425	359	18%	1.8	1.5	18%
Gujarat State Fertilizers & Chemicals	11503	16444	-30%	785	1766	-56%	612	1037	-41%	1.5	2.6	-42%
HDFC Bank	207483	182833	13%	-	-	-	38653	33568	15%	15.2	13.3	14%
Honda Siel Power Products	1627	1762	-8%	207	238	-13%	115	140	-18%	11.4	13.8	-18%
Infosys	172730	159020	9%	47670	43280	10%	37080	34650	7%	16.2	15.2	7%
ITD Cementation	7299	10632	-31%	556	657	-15%	130	301	-57%	0.8	1.9	-57%
Jain Irrigation Systems	14417	13785	5%	1894	1527	24%	62	92	-33%	0.1	0.2	-33%
Jubilant Life Sciences	14582	13667	7%	3318	3058	9%	1198	1232	-3%	7.5	7.7	-3%
Kalpataru Power	11286	8680	30%	1191	937	27%	571	381	50%	3.7	2.5	48%
Lupin Ltd	44829	35558	26%	12158	8772	39%	6331	5297	20%	14.1	11.8	19%
Maruti Suzuki	166236	147677	13%	24890	21702	15%	17445	10194	71%	57.7	33.7	71%
Oracle Financial Services Software	11323	10198	11%	4992	4133	21%	3821	2995	28%	44.9	35.2	28%
PTC India Financial Services	3134	2481	26%	-	-	-	832	694	20%	1.4	1.2	14%
Qess Corp Ltd	10266	9064	13%	563	399	41%	313	174	80%	2.5	1.5	65%
Ramco Cement	9434	8155	16%	2749	2511	9%	1519	1183	28%	6.4	5.0	28%
Sterlite Technologies	7323	5956	23%	1405	1073	31%	491	302	63%	1.2	0.8	50%
Sundaram Fasteners	7093	6139	16%	1300	947	37%	754	418	81%	3.6	2.0	80%
Syngene International	3321	2804	18%	1128	1033	9%	911	685	33%	4.6	3.4	35%
TV18 Boradcast	2500	2477	1%	347	492	-29%	197	849	-77%	0.1	0.5	-80%
Ultratech Cement	55401	56520	-2%	11135	11151	0%	5634	5280	7%	20.5	19.2	7%

\* No EBIDTA for the Finance Companies .

**Chandraprakash Padiyar**

**Portfolio Manager**  
**Alchemy Capital Management Pvt. Ltd**

## DISCLAIMER

### **General Risk factors**

All investment products attract various kinds of risks. Please read the relevant Disclosure Document/ Investment Agreement carefully before investing.

### **General Disclaimers**

The information and opinions contained in this report/ presentation have been obtained from sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete.

Information and opinions contained in the report/ presentation are disseminated for the information of authorized recipients only, and are not to be relied upon as advisory or authoritative or taken in substitution for the exercise of due diligence and judgement by any recipient.

The information and opinions are not, and should not be construed as, an offer or solicitation to buy or sell any securities or make any investments.

Nothing contained herein, including past performance, shall constitute any representation or warranty as to future performance.

The services related to Mutual funds, Insurance, Real Estate, Art, Commodity etc. may merely be a referral / advisory services in nature. Such third party investment products or services do attract the general and specific risk factors unique to those respective products or services, which would be mentioned by the manufactures of those products in the respective product documentation. The prospective investors in such third party products are advised to read and understand those risk factors & disclaimers, in addition to what has been stated herein. Alchemy Capital Management Pvt. Ltd., its Group or affiliates have not verified and do not take any responsibility for any statements, numbers or claims made, omitted to be made or implied in any documentation, presentations etc. which have been created by the manufacturers of such third party products or services.

The client is solely responsible for consulting his/her/its own independent advisors as to the legal, tax, accounting and related matters concerning investments and nothing in this document or in any communication shall constitutes such advice.

The client is expected to understand the risk factors associated with investment & act on the information solely on his/her/its own risk. As a condition for providing this information, the client agrees that Alchemy Capital Management Pvt. Ltd., its Group or affiliates makes no representation and shall have no liability in any way arising to them or any other entity for any loss or damage, direct or indirect, arising from the use of this information.

This document and its contents are proprietary information of Alchemy Capital Management Pvt. Ltd and may not be reproduced or otherwise disseminated in whole or in part without the written consent.

Edited by:- Naman Dhamija (Ph: +91-22-66171773)

Alchemy Capital Management Pvt. Ltd., B-4, Amerchand Mansion, 16 Madame Cama Road, Mumbai 400 001. Ph: +91-22-66171700  
CIN- U67120MH1999PTC119811, Email ID: contactus@alchemycapital.com