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Max India achieves target price... continue to maintain HOLD rating with target price of Rs 518...

Max India has moved up significantly in last 1 / 3 month by 30% / 52% on back of 1) news of Increase in FDI limit in insurance by passing ordinance and 2) disclosure by company for corporate restructuring. We had recommended buy on Max India in our report 'Investment strategy.... Regardless of election outcome' on 5th March 2014 at Rs 190 with target price of Rs 274 which was further upgraded to Rs 329 on 18th August 2014 and to Rs 465 on 14th January 2015 and to Rs 518 on 27th January 2015. Yesterday the stock has achieved all our earlier targets yielding returns of 162% since 5th March 2014.

The key rationales for recommendation were 1) Max India taking advantage of India's increasing insurance market size, increasing penetration and improving demographics and 2) leveraged its expertise in healthcare business by taking the advantages of under penetrated healthcare segment, lower bed density and lowest per capita spending.

Max Life Insurance business continues to do well and maintain its growth momentum at mid teen growth rate with strong persistency rate. Max Health also continues to show traction on operating front with improving occupancy rate and EBITDA margins. At CMP of Rs 498, Consolidated Max India is trading at P/ABV of 3.9x and 2.9x for FY16E and FY17E respectively. We continue to maintain hold rating on Max India with SOTP target price to Rs 518, valuing Max Life based on past deals in insurance sector at ~3x embedded value for FY17E, 16x EV/EBITDA Max Healthcare business for FY17E and 1x invested capital for Max bupa for FY17E. However we continue to like the company and individual businesses and maintain positive outlook on the stock.

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Lupin | CCEA nod for increase in foreign investment limit in Lupin to 49% | Maintain BUY rating on the stock with price target of Rs1,710

The Cabinet Committee on Economic Affairs (CCEA) gave its approval on 28 January 2015 to a proposal by pharmaceuticals company Lupin Limited for an increase in the aggregate limit of investment by foreign institutional investors (FIIs) and their sub-accounts registered with Securities and Exchange Board of India (SEBI) from 33 percent to 49 percent. (for details, pls click the link below)

<http://netindian.in/news/2015/01/28/00032397/ccea-nod-increase-foreign-investment-limit-lupin-49>

Our view: This has been awaited for long time now. Foreign investment limit has now revised to 49% from 33% earlier. We believe that this could be sentiment booster for Lupin. We continue to like business model of Lupin as it is on track in terms of building blocks for future growth in sales as well as profitability. At CMP price of Rs1,513, the stock is trading at 27.5x FY15E EPS of Rs55.1 and 22.1x FY16E EPS of Rs68.4. We maintain BUY rating on the stock with price target of Rs1,710, based on 25x FY16E earnings.