

Stock Picks

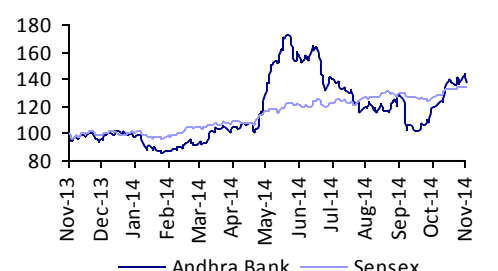
18th November 2014

Summary of Stock Picks

Company	Industry	CMP (INR)	Target (INR)	MCAP (INR Mn)	EPS (INR)			P/E (x)			Topline CAGR	PAT CAGR
					FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14-16E	FY14-16E
Andhra Bank	BFSI	90	106	53006	91.5	85.8	96.4	0.7	1.0	0.9	19%	67%
Bajaj Corp	FMCG	289	340	42628	10.2	14.3	16.8	21.3	20.2	17.2	12.5%	10.6%
Dolphin Offshore	Oil Exploration	222	360	3716	36.3	NA	NA	2.3	NA	NA	NA	NA
Engineers India	Infrastructure	228	319	76822	13.5	11.6	17.7	16.7	19.7	12.9	1.4%	9.6%
Hindalco	Metals	158	212	319752	10.7	16.3	16.6	13.3	9.7	9.5	16%	25%
HMT	Watches	38	167	28893	NA	NA	NA	NA	NA	NA	NA	NA
J&K Bank	BFSI	133	168	64672	118.0	129.0	153.0	1.3	1.0	0.9	16%	9%
L&T Finance Holding	BFSI	77	88	131711	34.2	38.4	42.9	2.2	2.0	1.8	19%	22%
Lumax Industries Ltd.	Auto Ancillary	387	633	3827	7.5	21.5	42.2	38.8	18.0	9.2	13%	138%
Motherson Sumi Systems	Auto Ancillary	428	509	388521	9.0	11.5	14.8	48.9	37.3	28.9	13%	28%
Orient Green Power	Power	15	22	8521	NA	NA	NA	NA	NA	NA	NA	NA
REC Ltd	BFSI	337	417	332280	204.0	249.0	301.0	1.1	1.4	1.1	19%	19%
Repro India	Education	230	299	2507	27.2	38.2	47.4	5.4	6.0	4.9	11.7%	20.3%
Setco Automotive Ltd.	Auto Ancillary	197	352	5399	4.0	14.3	27.2	22.2	13.8	7.2	29%	162%
Talwalkars	Fitness & Lifestyle	245	361	6414	12.8	20.2	24.0	12.6	12.1	10.2	13.3%	19.8%
Tata Motors	Automobiles	545	671	1603942	45.5	52.5	60.7	0.0	10.4	9.0	15%	16%

Andhra Bank is a medium-sized public sector bank with total business of INR 2.6 trillion, 70% of which comes from combined Andhra region. In last two years, Andhra Bank's earning capability has been severely hit due to rising NPA. Andhra Bank's asset quality was further impacted in Q1FY15 due to spike in farm loan NPA. With clarity emerging on farm loan waiver scheme, we believe that 2HFY15 would be better in terms of both NII growth and asset quality as INR 2300 mn of interest is added back (reversed during Q1FY15) and recovery of INR 10 bn of farm loan NPA. **We recommend BUY on the stock with target price of INR 106, based on 1.1x FY16E ABVPS.**

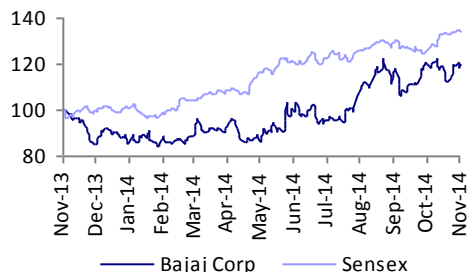
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	60.14	BSE Code	532418	NII	32210	37593	37576	37370
FIIIs	7.65	NSE Code	ANDHRABANK	Growth (%)	46.76%	16.71%	-0.05%	-0.05%
DIIIs	14.68	Bloomberg Code	ANDB IN	NIM	3.37%	3.33%	2.76%	2.44%
Others	17.53	Reuters Code	ADBK.BO	Adj. PAT	12542.1	13334.5	12842	4397.6
		Shares Outstanding (mn)	589.61	Growth (%)	19.53%	6.32%	-3.69%	-65.76%
		Face Value	10	Adj. EPS (INR)	21.46	22.87	21.98	7.09
		Mcap (INR bn)	50.85	P/BV	1.3	0.89	0.63	0.43
		52 Week H/L	110.00/53.50	RoA	1.27	1.15	0.95	0.28
		2W Avg. Qty.NSE	3879907					
		Free Float (INR Bn)	20.27					
		Beta	1.89					



Bajaj Corp being the dominant player in Light Hair Oil (LHO) market (through strong brand, Bajaj Almond Drops, which enjoys ~60% market share), is well placed to benefit from recent pick up in secondary LHO sales (+7% YoY in Q2FY15, 3.5% higher than primary sales). The company is well placed to leverage its extensive distribution network to successfully penetrate into niche anti-marks category, through Nomarks brand, which it acquired recently. Strong pricing power in addition to continued market share gain and increasingly benign input cost environment bodes well for the company.

The stock seems to be attractively valued at 15.2x FY17E earnings, considering improving growth trajectory with 16.6% earnings CAGR over FY14-17E. We recommend a BUY with a target of INR 340 on the stock based on 19x FY16 & FY17 average earnings.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	75.00	BSE Code	533229	Net Sales	3594.4	4733.1	6067.2	6717.3
FII's	15.51	NSE Code	BAJAJCORP	Growth (%)	22.02%	31.68%	28.19%	10.71%
DII's	1.88	Bloomberg Code	BJCOR IN	EBIDTAM (%)	25.03	24.64	28.48	23.53
Others	7.61	Reuters Code	BACO.BO	Adj. PAT	950.6	1173.4	1626	1674.3
		Shares Outstanding (mn)	147.5	Growth (%)	13.50%	23.44%	38.57%	2.97%
		Face Value	1	Adj. EPS (INR)	5.39	7.49	10.29	9.09
		Mcap (INR bn)	42.58	P/E (x)	18.58	15.45	21.35	23.88
		52 Week H/L	298.90/198.00	EV/EBIDTA	13.04	10.9	14.34	15.51
		2W Avg. Qty.NSE	91348	Net Debt/Equity	-0.22	-0.06	-0.39	-0.25
		Free Float (INR Bn)	10.65	RoACE (%)	58.89	37.57	45.98	42.94
		Beta	0.46	RoAE (%)	47.03	29.86	36.72	33.29

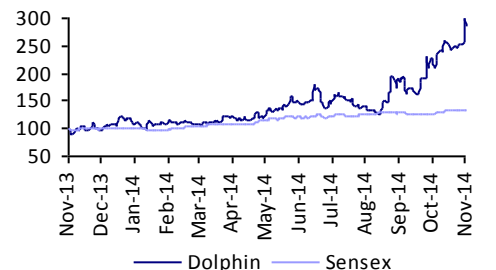


Dolphin is a provider of specialised and integrated services for the oil & gas industry. It primarily has 2 businesses: (1) it undertakes turnkey projects involving underwater and offshore construction (EPC); and (2) oil offshore support vessels, through its Mauritius-registered subsidiary. One of its barges, Dolphin Vikrant, is state-of-the-art with dynamic positioning (DP2) capabilities. It is only one of 11 barges of its type globally.

Vikrant is its main profit generator, earning a day rate of USD45K (~42% of annual revenue) and PAT of USD10mn plus p.a. Vikrant's contract, which was to mature by CY14 has been renewed further, which will allow it to sustain earnings. Dolphin may also purchase 2 similar vessels for USD70mn, financed by debt and internal accruals.

Dolphin's main customer, ONGC, had nearly ceased orders over past 3 years, shrinking order book to 1/5th of normal levels. Dolphin recently bid for INR10bn of ONGC's tenders. ONGC should revive capex to INR100bn plus (Dolphin's addressable capex) as the new government targets to revive production. **We recommend BUY on the stock with target price of INR 360, based on replacement cost of vessel Vikrant.**

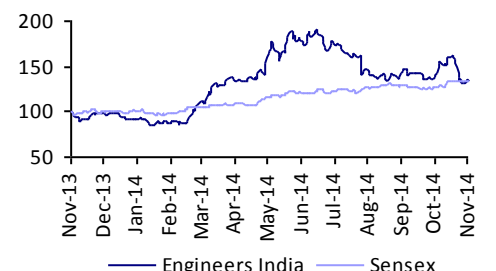
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	54.83	BSE Code	522261	Net Sales	3044.2	2000.1	4156	3576.9
FII's	2.64	NSE Code	DOLPHINOFF	Growth (%)	-44.95%	-34.30%	107.79%	-13.93%
DII's	0.17	Bloomberg Code	DOEI IN	EBIDTAM (%)	13.37	6.09	19.64	20.61
Others	42.36	Reuters Code	DOLP.BO	Adj. PAT	120.8	-11.8	461	954.6
		Shares Outstanding (mn)	16.77	Growth (%)	-80.57%	-	-	107.07%
		Face Value	10	Adj. EPS (INR)	9.09	2.8	28.09	36.33
		Mcap (INR bn)	3.56	P/E (x)	10.6	8.96	10.27	0
		52 Week H/L	227.80/66.10	EV/EBIDTA	6.78	5.69	5.83	0
		2W Avg. Qty.NSE	823566	Net Debt/Equity	0.72	0.71	0.54	0.35
		Free Float (INR Bn)	1.61	RoACE (%)	9.36	4.72	17.85	25.45
		Beta	1.85	RoAE (%)	5.27	-	18.24	30.55



With dominant position in domestic hydrocarbon sector and increasing foothold in international market, EIL remains the best play on surging oil & gas capex globally. Robust order backlog of INR 37.3 bn in addition to expected inflows of ~INR 30 bn over the next 18 months will drive growth for the company. Superlative operating margins and low capital requirements ensures high free cash flows (average 3 yrs free cash flows ~INR 3.1 bn) and strong return ratios (ROCE of +25%).

Currently the stock is trading at a 10.6x FY17E earnings. We recommend a BUY with a target of INR 320 on the stock based on 16x FY16 & FY17 average earnings.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	69.37	BSE Code	532178	Net Sales	28232.8	36988.2	25059.7	18235.9
FIIIs	9.33	NSE Code	ENGINERSIN	Growth (%)	41.60%	31.01%	-32.25%	-27.23%
DIIIs	11.71	Bloomberg Code	ENGR IN	EBIDTAM (%)	22.77	19.08	23.41	20.72
Others	9.59	Reuters Code	ENGI.BO	Adj. PAT	5221.2	6098.5	6012.8	4550.9
		Shares Outstanding (mn)	336.94	Growth (%)	22.77%	16.80%	-1.41%	-24.31%
		Face Value	5	Adj. EPS (INR)	14.72	17.93	17.68	13.15
		Mcap (INR bn)	76.49	P/E (x)	20.61	14.17	8.74	17.11
		52 Week H/L	331.00/142.10	EV/EBIDTA	10.57	7.37	3.72	8.14
		2W Avg. Qty.NSE	1061090	Net Debt/Equity	-1.2	-0.89	-0.83	-0.72
		Free Float (INR Bn)	23.43	RoACE (%)	61.17	55.12	43.19	29.47
		Beta	1.12	RoAE (%)	40.87	38.73	30.8	20.42

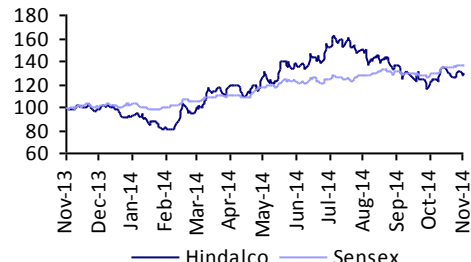


Hindalco is among the top 5 aluminium majors worldwide & world's largest aluminium rolling company. It is present across the entire value chain of the aluminium ranging from bauxite mining, captive power plants, coal mines, aluminium refining & smelting to foils. The successful turnaround of Novelis (which now constitutes more than half of company's consolidated EBITDA) is testimony to company's execution abilities, and a strong endorsement of its successful global strategic diversification. The auto sheet demand in US is accelerating & Novelis is a leader with more than 50% market share. In India, cancellation of coal mines and coal-sourcing challenges raise concerns given the large incremental requirement from the ramp-up of new projects.

While the ramp-up of its projects, both at Utkal & Mahan, has progressed well, the concerns are largely centered on cost containment given remote location of Mahan and associated logistical challenges/costs. Although Hindalco is adversely impacted by the SC order, it is better placed to bid for coal blocks given its balance sheet size, end of capex cycle & operational end use plants.

Topline & bottomline is expected to grow at a CAGR of 15.7% & 24.9% between FY14-16E. We recommend a BUY on the stock with a target price of INR 212 based on 7x FY16E EBITDA.

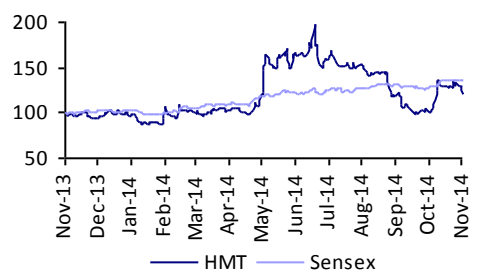
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	36.99	BSE Code	500440	Net Sales	722022.7	808213.7	801928	876954.9
FIIIs	39.39	NSE Code	HINDALCO	Growth (%)	19.25%	11.94%	-0.78%	9.36%
DIIIs	11.84	Bloomberg Code	HNDL IN	EBIDTAM (%)	10.95	9.86	9.62	8.74
Others	11.78	Reuters Code	HALC.BO	Adj. PAT	24479.2	34137.1	27512.7	22018.9
		Shares Outstanding (mn)	2064.9	Growth (%)	-37.39%	39.45%	-19.41%	-19.97%
		Face Value	1	Adj. EPS (INR)	14.79	18.26	15.61	10.12
		Mcap (INR bn)	319.75	P/E (x)	19.11	11.28	10.51	20.72
		52 Week H/L	198.70/96.95	EV/EBIDTA	13.92	10.38	12.72	17.11
		2W Avg. Qty.NSE	9839164	Net Debt/Equity	0.93	1.2	1.53	1.47
		Free Float (INR Bn)	201.48	RoACE (%)	10.04	8.31	6.56	5.02
		Beta	1.6	RoAE (%)	10.49	10.97	8.55	5.48



Fortunes of HMT might turn given Gol's plans to improve their financials by either disposing of loss making public sector undertakings or monetizing its surplus land banks to improve company's profitability. This will unlock huge value for shareholders of HMT given its enormous land holdings across the country, which is valued to INR 280 bn.

The fair value of the company on a rough basis after giving 50% liquidity discount for land holdings works out to INR 167/share.

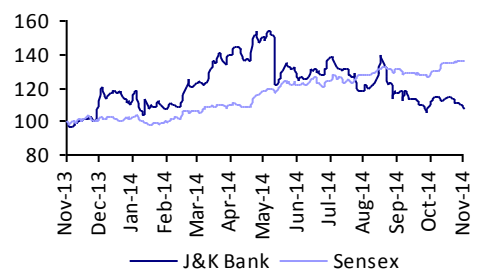
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	90.00	BSE Code	500191	Net Sales	4290.4	4234	3560	2707.9
FIIIs	0.01	NSE Code	HMT	Growth (%)	0.64%	-1.31%	-15.92%	-23.94%
DIIIs	0.01	Bloomberg Code	HMT IN	EBIDTAM (%)	-69.09	-39.44	-58.6	-131.26
Others	9.98	Reuters Code	HMTL.BO	Adj. PAT	-4152.4	-3868.1	-4502.5	-5552
		Shares Outstanding (mn)	760.35	Growth (%)	31.51%	-6.85%	16.40%	23.31%
		Face Value	10	Adj. EPS (INR)	0	0	0	0
		Mcap (INR bn)	28.51	P/E (x)	0	0	0	25.13
		52 Week H/L	59.15/24.65	EV/EBIDTA	0	309.9	0	18.23
		2W Avg. Qty.NSE	291857	Net Debt/Equity	-0.49	-0.47	-0.46	-0.37
		Free Float (INR Bn)	2.85	RoACE (%)	0	0	0	0
		Beta	1.41	RoAE (%)	0	0	0	0



J&k Bank's financial performance has been affected due to stress in asset quality, which has deteriorated because of recent flood in Jammu region. Total loan exposure of J&K Bank in J&K is ~45%. J&K Bank's management believes that flooding in the state is a national disaster and would be provided regulatory relief on loans mostly by relaxation of the rules in NPA recognition and restructuring of loans on easier terms. We believe that NIMs/ROAs for J&K Bank will moderate on asset quality pressures and uneven payment schedules.

However, we believe that J&K Bank has ability to navigate through economic challenges as it has displayed best in class ROA/ROEs of 1.5%/20% during economic downtrend. We recommend BUY on the stock with target price of INR 168, based on 1.1x FY16E ABVPS.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	53.17	BSE Code	532209	NII	15436.6	18383.6	23160.4	26844.8
FIIIs	31.05	NSE Code	J&KBANK	Growth (%)	37.91%	19.09%	25.98%	15.91%
DIIIs	2.98	Bloomberg Code	JKBK IN	NIM	2.14%	2.05%	2.38%	2.53%
Others	12.8	Reuters Code	JKBK.BO	Adj. PAT	6153.3	8030.8	10548.9	11810.8
		Shares Outstanding (mn)	484.8	Growth (%)	20.05%	30.51%	31.36%	11.96%
		Face Value	1	Adj. EPS (INR)	12.26	16.02	20.9	23.51
		Mcap (INR bn)	64.75	P/BV	1.20	1.10	1.20	1.30
		52 Week H/L	199.50/117.21	RoA	1.32	1.45	1.6	1.57
		2W Avg. Qty.NSE	706645					
		Free Float (INR Bn)	30.32					
		Beta	1.05					

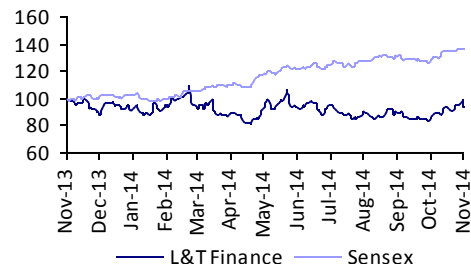


L&T Finance Holdings (LTFH) is poised to emerge as a comprehensive financial services player in India. A strong brand, access to L&T's vendor/customer network, a lending portfolio that spans multiple facets of retail, corporate and infrastructure lending, and management that has considerable experience in incubating long-gestation projects are some of the key strengths of the business.

In medium term, profitability may be impacted due to hike in NPA provisioning as it comply with new prudential norms announced by RBI. As per new RBI guideline, in phase manner till 2018, LTFH has to recognize NPA if loan is due for more than 90 days from current level of 180 days.

We recommend BUY on the stock with target price of INR 88, based on SOTP valuation.

Shareholding (%)	201409
Promoters	74.98
FIIIs	5.59
DIIIs	0.69
Others	18.74



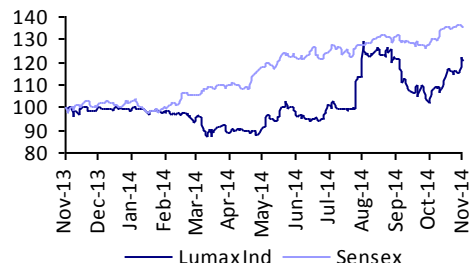
Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
BSE Code	533519	Op. Income	21140.7	30035.8	39896	52212.4
NSE Code	L&TFH	Growth (%)	48.62%	42.08%	32.83%	30.87%
Bloomberg Code	LTFH IN	NIM	6.84%	5.38%	5.34%	5.47%
Reuters Code	LTFH.BO	Adj. PAT	3986.7	4649.7	5959.7	6093.9
Shares Outstanding (mn)	1719.46	Growth (%)	53.54%	16.63%	28.17%	2.25%
Face Value	10	Adj. EPS (INR)	2.76	2.6	4.12	2.81
Mcap (INR bn)	127.15	P/BV	-	1.74	2.32	2.17
52 Week H/L	88.35/62.30	RoE	14.94	11.90	11.61	9.19
2W Avg. Qty.NSE	6532664	Op. Income	21140.7	30035.8	39896	52212.4
Free Float (INR Bn)	31.81	Growth (%)	48.62%	42.08%	32.83%	30.87%
Beta	1.06	NIM	6.84%	5.38%	5.34%	5.47%

Lumax Industries Ltd is engaged in providing lighting solutions to the automobile industry & commands a market share of ~50%. The company has technical & financial collaboration with the global major Stanley Electric, which apart from enabling it to garner business from Japanese OEMs, has given a strong technical footing. Its top 5 clients- Maruti, M&M, Honda Cars, HMSI & Tata Motors account for ~79% of revenue with Maruti alone accounting for ~35% of revenue. Lumax is also the preferred choice of OEMs for supply to their upcoming models. Maruti has contracted Lumax to supply different lamps for all the new models till FY17. Lumax is currently operating at ~70% utilisation & has adequate capacities in place.

Further, even if the need of capex arises, it will only be a brown field capex as it has ample free space at its existing plants. We believe automobile industry had hit the trough in H1CY14 & is likely to grow at a CAGR of 12.7% between FY14-16E which places companies like Lumax in a sweet spot as we are likely to see decent revenue growth coupled with sharp increase in margins & profitability as a result of higher utilisation.

Topline & bottomline is expected to grow at a CAGR of 13.4% & 141% respectively between FY14-16E. We recommend a BUY on the stock with a target price of INR 640 based on 15x FY16E earnings.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	73.66	BSE Code	517206	Net Sales	8662.5	9851.6	10702.1	11167
FII's	1.03	NSE Code	LUMAXIND	Growth (%)	36.60%	13.73%	8.63%	4.34%
DII's	0.03	Bloomberg Code	LUMXIN	EBIDTAM (%)	6.14	4.65	5.71	4.57
Others	25.28	Reuters Code	LUMA.BO	Adj. PAT	228.8	128.8	136.3	67.9
		Shares Outstanding (mn)	9.35	Growth (%)	260.31%	-43.71%	5.82%	-50.18%
		Face Value	10	Adj. EPS (INR)	18.25	12.73	13.77	7.64
		Mcap (INR bn)	3.83	P/E (x)	19.66	29.06	25.41	38
		52 Week H/L	447.55/285.00	EV/EBIDTA	7.1	10.04	7.22	7.15
		2W Avg. Qty.NSE	18179	Net Debt/Equity	0.44	0.93	0.87	0.82
		Free Float (INR Bn)	1.01	RoACE (%)	15.88	7.94	9.24	5.59
		Beta	0.38	RoAE (%)	16.23	8.55	8.64	4.15

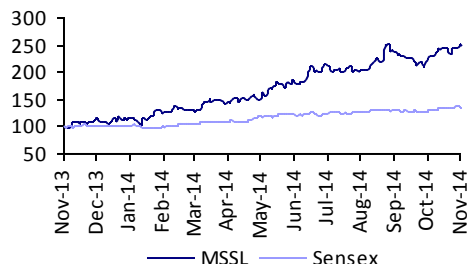


Motherson Sumi Systems Ltd. (MSSL) is a global auto component supplier with leadership position in wiring harness, rear view mirrors and polymer components. The management has a history of scaling up business through acquisitions/JVs & turning them around. Motherson is likely to sustain high growth trajectory over the next five years as it increases its presence of SMR, Peguform in China, Europe and the US, which will lead to an increase in market share in their respective segments. The company is setting up 14 new plants across the globe. Going forward margins are likely to expand as the company has completed the legacy orders & is now executing high margins orders.

The demand outlook continues to be strong across US & Europe. On the domestic front too, PV industry is on the revival path. MSSL's EBITDA margin has increased across all the three entities, driven primarily by reduced raw material costs, better utilization of plants and favourable currency movements.

With improvement in overall business through increased internal sourcing by subsidiaries, ramp up of new plants, improvement in utilization levels we expect MSSL's consolidated revenues & profits to register a CAGR of ~12.9% & ~28.2% respectively between FY14- 16E. We recommend BUY on the stock with a target price of INR 509 based on 12x FY16E EBITDA.

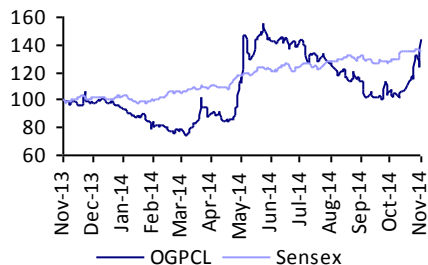
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	65.59	BSE Code	517334	Net Sales	82491	147766	253124	304279
FIIIs	16.85	NSE Code	MOTHERSUMI	Growth (%)	23.08%	79.13%	71.30%	20.21%
DIIIs	5.79	Bloomberg Code	MSS IN	EBIDTAM (%)	9.3	5.49	5.83	7.88
Others	11.77	Reuters Code	MOSS.BO	Adj. PAT	3838.2	2547.9	4410.5	7624.3
		Shares Outstanding (mn)	881.9	Growth (%)	54.97%	-33.62%	73.10%	72.87%
		Face Value	1	Adj. EPS (INR)	4.84	2.04	4.88	12.01
		Mcap (INR bn)	388.52	P/E (x)	30.8	23.85	25.25	45.37
		52 Week H/L	450.00/166.57	EV/EBIDTA	17.79	13.29	14.4	24.45
		2W Avg. Qty.NSE	3082482	Net Debt/Equity	0.56	2.22	1.88	1.33
		Free Float (INR Bn)	133.69	RoACE (%)	25.56	11.04	14.24	23.35
		Beta	0.48	RoAE (%)	27.75	9.37	17.86	38.95



Backed by Shriram group, OGPL is India's leading renewable energy-based power generation company operating 510 MW of diversified portfolio of renewable energy power plants (424 of Wind power & 86 MW of biomass), with another 64 MW of prospective capacity expected to get operational by CY15. With balanced mix of clients and medium to long term offtake agreement for its power in place, the company has good earnings visibility. PLFs are slated improve significantly from 2016 onwards with expected improvement in Grid infrastructure in Tamil Nadu over the next 2 years.

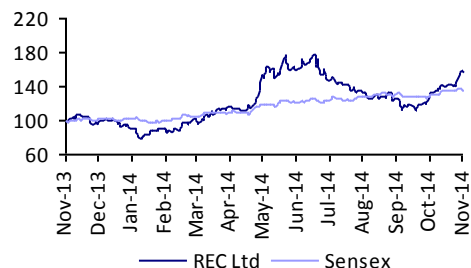
Given strong management pedigree, ever increasing capacity backed by strong project execution capabilities and future earning visibility, OGPL is an ideal play to participate in Indian renewable energy space. The stock is inexpensively valued at 0.69x FY16E BV of INR 22.1. We recommend a BUY on the stock with a target of INR 22 based on 1x FY16E BV.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	75.00	BSE Code	533263	Net Sales	0	78.2	406.6	339.9
FIIIs	3.58	NSE Code	GREENPOWER	Growth (%)	-	-	419.95%	-16.40%
DIIIs	5.67	Bloomberg Code	OGPL IN	EBIDTAM (%)	-	-257.42	-37.16	-278.11
Others	15.75	Reuters Code	ORIN.BO	Adj. PAT	-14.1	-101.6	-197.4	-621.7
		Shares Outstanding (mn)	568.08	Growth (%)	-78.11%	620.57%	94.29%	214.94%
		Face Value	10	Adj. EPS (INR)	0.11	0	0	0
		Mcap (INR bn)	8.73	P/E (x)	231.36	0	0	0
		52 Week H/L	19.05/8.54	EV/EBIDTA	155.86	299.18	201.45	0
		2W Avg. Qty.NSE	340240	Net Debt/Equity	0.04	0.14	0.29	0.4
		Free Float (INR Bn)	2.18	RoACE (%)	-0.03	0	0	0
		Beta	1.13	RoAE (%)	-0.2	0	0	0



REC, being a specialised power financier, plays a strategic role in government's ongoing financing plans for development of the power sector. Superior domain knowledge, financing expertise and government support will enable it to leverage emerging financing opportunities. With structural issues surrounding the power sector like forest clearance, de-allocation of coal blocks, being addressed on priority, we believe that bad loans should be contained at current levels coupled with strong loan growth. Further, with REC being exempted from following prudential norms guidelines for its lending to government sector, there is clarity on the NPA regulation front. **We recommend BUY on the stock with a target of INR 417 based on 1.4x FY16E adjusted book value.**

Shareholding (%)	201409
Promoters	43.10
FIIIs	28.96
DIIIs	14.78
Others	13.16



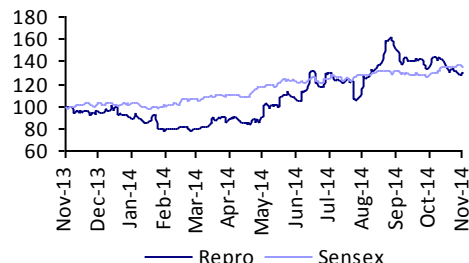
Key Data	As on 19-Nov-2014
BSE Code	532955
NSE Code	RECLTD
Bloomberg Code	RECLIN
Reuters Code	RURL.BO
Shares Outstanding (mn)	987.46
Face Value	10
Mcap (INR bn)	331.84
52 Week H/L	383.35/166.60
2W Avg. Qty.NSE	3820801
Free Float (INR Bn)	114.02
Beta	1.95

Y/E (INR mn)	FY11	FY12	FY13	FY14
NII	35268.4	41238	55112.1	70764.3
Growth (%)	27.65%	16.93%	33.64%	28.40%
NIM	2.38%	3.64%	5.33%	2.41%
Adj. PAT	25848.9	28386.6	38331.1	47417.2
Growth (%)	27.82%	9.82%	35.03%	23.70%
Adj. EPS (INR)	24.95	27.53	37.46	46.4
P/BV	1.96	1.39	1.17	1.09
RoE	21.60	20.68	23.84	24.74

Repro holds a leadership position in Indian publishing industry and provides one stop solutions to publishers, corporates, education institutions and governments, right from managing and repurposing content, to printing and binding to delivery anywhere across the globe. 80% of Repro's customers give repeat business and engage with Repro in long-term contracts ranging from two to ten years, thereby assuring constant inflow of revenue to the company, supporting its long term growth strategies. Pre-loaded interactive textbooks on tablets i.e Rapples launched at the Delhi Book Fair in Feb 14 with participation of over 100 schools, will drive the near term growth of the company. Print outsourcing is rapidly picking pace globally and is led by India, China and Brazil. With ample room to scale up production, management is aiming to acquire capacities across the globe to fuel the next level of growth especially in the print-on-demand segment.

Given its strong clientele, high end technologies, focus towards high growth education sector and completion of the planned capex, Repro is well placed to register +27% earnings CAGR over FY14-17E. Currently the stock is trading at mere 4.4x FY17E earnings. We recommend a BUY with a target of INR 299 on the stock based on 6x FY16 & FY17 average earnings.

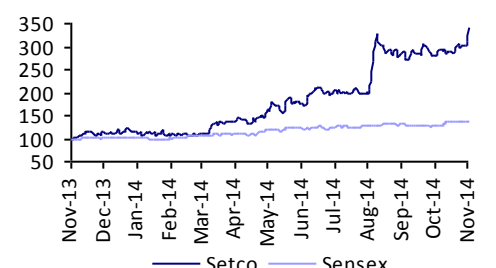
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	69.64	BSE Code	532687	Net Sales	2686.5	3541.4	3803.4	4207
FII's	0.39	NSE Code	REPRO	Growth (%)	35.76%	31.82%	7.40%	10.61%
DII's	0.38	Bloomberg Code	REPR IN	EBIDTAM (%)	10.51	16.21	17.96	16.6
Others	29.59	Reuters Code	RPRO.BO	Adj. PAT	219.4	361.4	397.7	298.6
		Shares Outstanding (mn)	10.9	Growth (%)	27.86%	64.72%	10.04%	-24.92%
		Face Value	10	Adj. EPS (INR)	20.61	31.62	33.57	25.55
		Mcap (INR bn)	2.53	P/E (x)	4.51	6.1	5.43	5.72
		52 Week H/L	303.00/137.60	EV/EBIDTA	5.27	5.56	5.14	4.75
		2W Avg. Qty.NSE	9155	Net Debt/Equity	0.75	0.8	0.89	0.95
		Free Float (INR Bn)	0.77	RoACE (%)	9.84	14.62	15.39	14.62
		Beta	0.56	RoAE (%)	17.34	23.75	21.71	14.93



Setco Automotive is engaged in manufacturing of clutch for the M&HCV industry & commands a market share of more than 85% in the domestic market. We expect domestic M&HCV industry to recover & clock CAGR of 13.9% between FY14-16E on the back of revival in economic activity, thrust on improving infrastructure & reopening of mines. Setco is one of the prime beneficiary & among the best play of revival in M&HCV industry. The benefits of setting up independent marketing channels and replacement demand for BS III compliant clutch have started accruing to the company. OE sales are likely to see robust growth in sales with reversal in CV cycle. Global players have started manufacturing operations in India to increase the domestic presence & make India an export base. To offer superior quality products at competitive price, these MNCs are increasing their insourcing & localising the auto parts, thereby generating demand for Setco's clutches.

Topline & bottomline is expected to clock CAGR of 28.7% & 162.4% between FY14-16E. We recommend BUY on the stock with a target price of INR 353 based on 10x FY16E EBITDA.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	63.01	BSE Code	505075	Net Sales	3590.5	4270.5	4179	4139.9
FII's	19.83	NSE Code		Growth (%)	37.02%	18.94%	-2.14%	-0.94%
DII's	0.03	Bloomberg Code	SETC IN	EBIDTAM (%)	18.04	16.94	13.56	9.12
Others	17.13	Reuters Code	SETC.BO	Adj. PAT	335.9	477.5	260.9	127.5
		Shares Outstanding (mn)	26.71	Growth (%)	138.23%	42.16%	-45.36%	-51.13%
		Face Value	10	Adj. EPS (INR)	12.23	16.75	9.35	6.38
		Mcap (INR bn)	5.4	P/E (x)	6.83	8.39	11.24	10.64
		52 Week H/L	220.00/64.10	EV/EBIDTA	5.16	6.87	7.72	6.88
		2W Avg. Qty.NSE	0	Net Debt/Equity	1.09	1.13	0.98	0.95
		Free Float (INR Bn)	1.99	RoACE (%)	29.71	26.57	15.75	10.3
		Beta	0.65	RoAE (%)	42.15	40.57	18.43	5.6



Talwalkars Better Value Fitness

CMP: INR 245

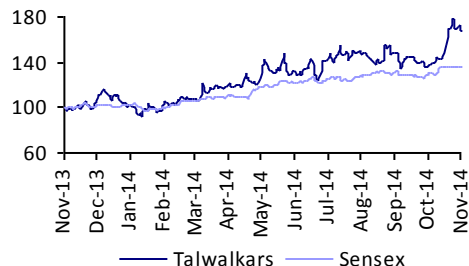
Target: INR 361



Talwalkars being the dominant player with a market share of +12% in the Indian organized health club market (27%*INR 60 bn), is a play on growing awareness about fitness and a healthy lifestyle. TBVFL's newer asset-light business ventures i.e - Zumba fitness dancing studios and REDUCE weight-loss centres has gained significant momentum, which would aid in generating higher margins and returns on capital (REDUCE centres generate 40% ROCE and ZUMBA centres 30%+ as compared to the company's overall 16-18%). Plans of rolling out 20 new gyms annually over next two years (150 currently) along with strong promotion and prudent cost management would result in better profitability and return ratios.

The stock seems to be attractively valued at 8.9x FY17E earnings, considering +25% earnings CAGR over FY14-17E. We recommend a BUY on the stock with a target of INR 361 based on 14x FY16 & FY17 average earnings.

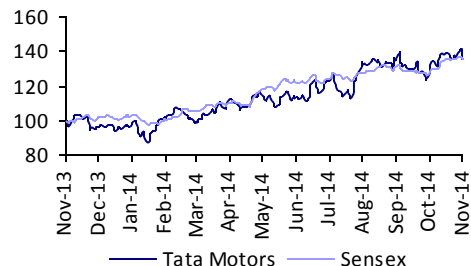
Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	53.40	BSE Code	533200	Net Sales	786.6	994.6	1403.4	1732.9
FIIIs	12.05	NSE Code	TALWALKARS	Growth (%)	30.97%	26.44%	41.10%	23.48%
DIIIs	5.91	Bloomberg Code	TALW IN	EBIDTAM (%)	45.92	45.3	45.01	46.88
Others	28.64	Reuters Code	TALW.BO	Adj. PAT	154.2	187.1	276.4	334.2
		Shares Outstanding (mn)	26.18	Growth (%)	90.84%	21.34%	47.73%	20.91%
		Face Value	10	Adj. EPS (INR)	6.15	7.76	10.32	12.5
		Mcap (INR bn)	6.28	P/E (x)	35.53	19.65	13.89	12.88
		52 Week H/L	264.35/130.10	EV/EBIDTA	15.71	10.4	7.81	7.32
		2W Avg. Qty.NSE	399691	Net Debt/Equity	0.56	0.85	0.63	0.77
		Free Float (INR Bn)	2.93	RoACE (%)	15.84	13.72	15.69	15.1
		Beta	0.97	RoAE (%)	18.26	14.48	16.15	15.42



Tata Motors, India's largest automobile company is the market leader in the domestic commercial vehicle space (54.1% market share). We remain positive on its UK subsidiary, JLR, as its strong brand coupled with attractive product portfolio is expected to generate strong sales volume. JLR's success ratio on new product launches/refreshes front since 2010 has been 100%. We expect the number of platforms to reduce which will accelerate model introduction over the next few years. Also, concerns regarding its production capacity is set to ease as its UK plant is having capacity expansion & plants are being set up in China, Brazil & Mexico (or USA). Domestically, the company is going through structural changes at the management level. It had roped in Mayank Pareek from Maruti to head the PV business. The PV business has a firm product portfolio plan till 2020 with clear defined strategy of launching 2-3 products every year. Reversal of CV cycle will improve CV sales thereby addressing concerns regarding the rising losses in the standalone entity.

Topline & Bottomline is expected to grow at a CAGR of 15.5% between FY14-16E. We recommend a BUY on the stock with a target price of INR 671 based on 4.8x FY16E EBITDA.

Shareholding (%)	201409	Key Data	As on 19-Nov-2014	Y/E (INR mn)	FY11	FY12	FY13	FY14
Promoters	34.33	BSE Code	500570	Net Sales	1221279	1656545	1887927	2328337
FIIIs	48.17	NSE Code	TATAMOTORS	Growth (%)	32.00%	35.64%	13.97%	23.33%
DIIIs	10.54	Bloomberg Code	TTMT IN	EBIDTAM (%)	13.77	12.97	12.71	14.54
Others	6.96	Reuters Code	TAMO.BO	Adj. PAT	90642.6	141149.8	102706	146419.3
		Shares Outstanding (mn)	2736.7	Growth (%)	493.98%	55.72%	-27.24%	42.56%
		Face Value	2	Adj. EPS (INR)	28.41	42.11	30.59	43.45
		Mcap (INR bn)	1603.94	P/E (x)	48.9	82.54	384.71	531.13
		52 Week H/L	550.80/331.05	EV/EBIDTA	18.77	24.37	30.25	60.05
		2W Avg. Qty.NSE	3951169	Net Debt/Equity	1.12	0.88	0.87	0.47
		Free Float (INR Bn)	950.52	RoACE (%)	24.72	22.35	17.93	19.32
		Beta	1.35	RoAE (%)	64.65	52.02	27.85	27.24



THANK YOU