

# TOP PICKS REPORT

DECEMBER 2015



## Angel Top Picks - December 2015

The domestic benchmark equity market indices - Sensex and Nifty - ended the month of November 2015 in the negative territory, correcting by 1.9% and 1.6%, respectively. A higher possibility of the Federal Reserve increasing interest rates in December 2015, as perceived by the market, dampened market sentiments.

In November 2015, among sectoral indices, the top two gainers were the BSE Consumer Durables Index and the BSE Auto Index, which rose by 5.0% and 4.4%, respectively. Among the top losers were the BSE Healthcare Index and the BSE Realty Index, which fell by 9.8% and 2.0%, respectively. Foreign Institutional Investors (FIIs) were net seller in Indian equities to the tune of ~₹7,074cr and Domestic Institutional Investors (DIIs) were net buyers in Indian equities to the tune of ~₹6,548cr, for the month of November 2015.

During the month, the BSE Midcap index has outperformed the broader market indices. We believe mid-cap companies having strong fundamentals have the potential to outperform the broader market, going forward as well. We are replacing Inox Wind with Blue Star in our top picks recommendation.

We expect some volatility in the market, ahead of the upcoming review of interest rates in the US. However, any positive outcome in terms of passing of the Goods and Services Tax (GST) bill in the winter session of the parliament would be a positive for the market. Further, declining interest rates, lower current account deficit and expectation of a stable currency would create positive sentiment for market.

### Large Cap

Company	Sector	CMP (₹)	Target (₹)	Upside (%)	EPS		PER		EV/Sales		ROE	
					FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Amara Raja	Auto & Auto Ancill.	846	1,040	23.0	28.8	37.1	29.4	22.8	2.9	2.4	23.4	24.1
Ashok Leyland	Auto & Auto Ancill.	90	111	23.2	3.4	4.7	26.5	19.2	1.4	1.1	17.7	22.2
Axis Bank	Financials	462	630	36.3	35.7	43.5	12.9	10.6	0.0	0.0	17.9	18.9
HCL Tech	IT	841	1,132	34.7	55.8	62.9	15.1	13.4	2.4	1.9	23.0	19.8
HDFC Bank	Financials	1,062	1,262	18.8	49.3	61.0	21.5	17.4	0.0	0.0	18.5	19.7
ICICI Bank	Financials	263	354	34.5	21.0	24.4	12.5	10.8	0.0	0.0	14.4	14.7
Infosys	IT	1,046	1,306	24.9	58.3	63.7	17.9	16.4	3.3	2.8	20.9	19.7
Larsen & Toubro	Construction	1,341	1,646	22.8	61.5	65.6	21.8	20.4	2.1	1.8	13.4	14.0
LIC Housing Finance	Financials	462	571	23.5	33.0	40.2	14.0	11.5	0.0	0.0	19.7	20.5

Source: Angel Broking

### Mid Cap

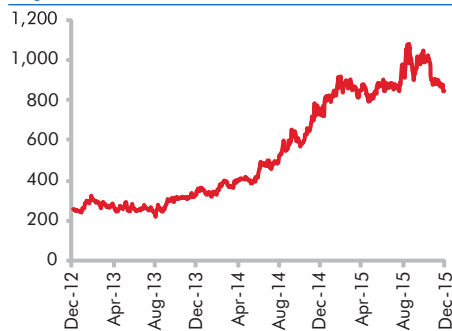
Company	Sector	CMP (₹)	Target (₹)	Upside (%)	EPS		PER		EV/Sales		ROE	
					FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Blue Star	Capital Goods	357	429	20.3	13.7	17.2	26.0	20.8	1.0	0.8	26.1	25.4
Ipca labs	Pharmaceuticals	757	900	18.9	13.4	28.0	56.5	27.0	3.1	2.7	7.4	14.0
Jagran Prakashan	Media	146	169	15.6	8.9	9.9	16.4	14.8	2.1	1.9	20.9	20.4
MT Educare	Others	140	169	21.0	7.7	9.4	18.2	15.0	1.9	1.4	20.2	21.1
Radico Khaitan	Others	109	156	43.6	5.7	7.1	19.1	15.3	1.4	1.3	8.3	9.5
Siyaram Silk Mills	Others	1,165	1,354	16.3	89.9	104.1	13.0	11.2	0.8	0.7	17.9	17.8
Surya Roshni	Others	135	183	36.0	14.7	18.3	9.2	7.3	0.5	0.4	9.7	11.0

Source: Angel Broking

## Top Picks - Large Cap

**Stock Info**

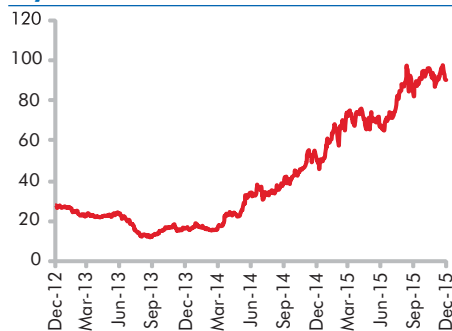
CMP (₹)	846
TP (₹)	1,040
Upside	23%
Sector	Auto ancillary
Market Cap (₹ cr)	10,469
Beta	0.9
52 Week High / Low	1,132/709

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	90
TP (₹)	111
Upside	23%
Sector	Automobile
Market Cap (₹ cr)	25,641
Beta	1.3
52 Week High / Low	100/43

**3 year-Chart**


Source: Company, Angel Research

**Amara Raja Batteries**

- Amara Raja Batteries Ltd (ARBL) is the second largest lead acid storage battery manufacturer. ARBL has been outpacing market leader Exide (ARBL grew 24% CAGR over FY2010-15 as compared to Exide's growth of 13%), leading to market share improving from 25% in FY10 to about current 35%. ARBL's outperformance is mainly due to market share gains in automotive segment driven by introduction of technologically superior products developed with technological support from global battery leader Johnson Controls Inc (which also holds 26% stake in ARBL).
- With the automotive OEM policy of having multiple vendors and a strong brand recall in the replacement segment, ARBL is well poised to further gain market share. Given the economic recovery and market share gains, ARBL revenues are likely to grow strongly 18% over the next two years as against industry growth of 10-12%.
- ARBL is a well diversified auto ancillary player having presence across the automotive and the industrial segment and a broad OEM as well as replacement customer base. We believe ARBL is a high quality stock to play the auto sector revival. **We assign a P/E multiple of 28x to FY2017E earnings and arrive at a target price of ₹1,040/share.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	4,892	17.4	492	28.8	23.4	29.4	6.9	16.8	2.9
FY2017E	5,871	17.6	634	37.1	24.1	22.8	5.5	13.6	2.4

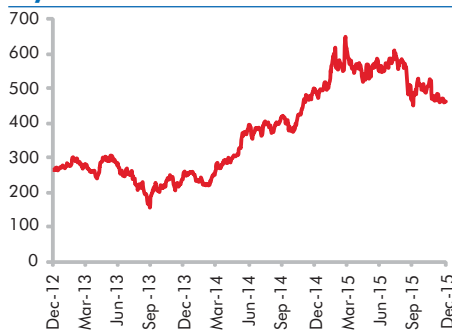
**Ashok Leyland**

- Ashok Leyland Ltd (ALL) is the second largest medium and heavy commercial vehicle (MHCV) manufacturer in the country, commanding a market share of about 28%. The MHCV segment is in an upcycle, given the uptick in economic growth which should result in better freight movement. Further, improvement in fleet operators profitability on account of firm freight rates and decline in diesel prices has led to huge pent up demand getting converted into sales. We expect the MHCV segment to post a 15% CAGR over FY2015-2018, thereby benefiting ALL.
- In order to reduce cyclicalities, ALL is also focusing on increasing light commercial vehicles (LCVs) and exports. ALL-Nissan JV developed LCV - "Dost" has been received well and has captured a market share of 6% within three years of its launch. Also, ALL is targeting new markets in Africa and Middle East to increase export contribution from the current 15% to 33% over the next five years.
- ALL's margins are likely to improve 400 bp yoy over FY2015-17 period on account of double-digit growth in MHCVs and reduced discounting.
- We are positive on ALL, given the cyclical upturn in MHCVs and on account of additional growth avenues. **We assign EV/EBITDA multiple of 13x to FY2017E EBITDA to arrive at a target price of ₹111/share.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	17,995	11.4	979	3.4	17.7	26.5	4.6	13.3	1.4
FY2017E	21,544	11.6	1,331	4.7	22.2	19.2	4.3	10.7	1.1

**Stock Info**

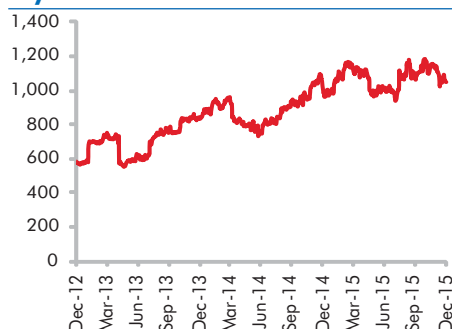
CMP (₹)	462
TP (₹)	630
Upside	36%
Sector	Banking
Market Cap (₹ cr)	109,853
Beta	1.4
52 Week High / Low	655/446

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	841
TP (₹)	1,132
Upside	35%
Sector	IT
Market Cap (₹ cr)	118,437
Beta	0.6
52 Week High / Low	1,058/725

**3 year-Chart**


Source: Company, Angel Research

**Axis Bank**

- Consistent earnings growth along with expansion:** The bank has been reporting robust NII growth, backed by strong retail loan growth, coupled with healthy growth in CASA deposits. Over the past five years, Axis Bank has expanded its branch network at around 21.2% CAGR (~2,743 branches as of 2QFY2016). In its deposit mix as well, CASA and Retail Term Deposits now comprise a healthy 80%. Retail advances to total advances stands at ~40% as of 2015 against ~20% in FY2011.
- Healthy Asset quality:** Sectors like engineering, iron & steel, infrastructure (including power) and textile have contributed a large part of the stressed assets for the banking industry. While Axis Bank's exposure to these sectors is at around 17%, the bank has been able to manage its asset quality relatively better than its public sector peers and has been able to keep its Gross as well as Net NPAs within control. The bank has guided at addition of stressed assets being lower in FY2016, than in FY2015.
- Outlook:** Healthy pace of branch expansion and a strong distribution network continue to be the driving force for the bank's retail business. While the near term asset quality environment remains challenging, the bank in our view will be able to absorb the credit costs given the adequate profitability. Further, given its strong CASA and retail network, the bank is positioned strongly to benefit once the macros revive. The stock currently trades at 1.9x P/ABV FY2017E. **We recommend a Buy rating on the stock with a target price of ₹630.**

Y/E	Op Inc.	NIM	PAT	EPS	ABV	RoA	RoE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	26,473	3.5	8,472	35.7	213.1	1.7	17.9	12.9	2.2
FY2017E	31,527	3.6	10,309	43.5	246.9	1.8	18.9	10.6	1.9

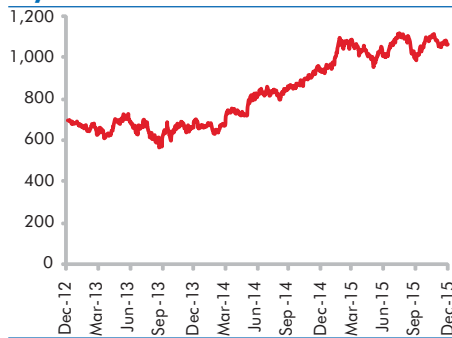
**HCL Technologies**

- Healthy pipeline:** In terms of order flow in FY2015, HCL Tech has signed 58 transformational engagements with US\$5bn+ of TCV. During 1QFY2016, the company has signed in excess of US\$1bn worth of orders and has indicated that its order book is 10% higher than its highest order book. These bookings saw significant momentum driven by Next-gen ITO, Engineering Services Outsourcing, Digital and Modern Apps deals, each of which had a component of new technology constructs like Digitalization, Cloud etc.
- Robust outlook:** We expect HCL Tech to post a USD and INR revenue CAGR of 13.0% and 13.2%, respectively, over FY2015-17E. On the operating front, HCL Tech's EBIT margin has been around 22.3% in FY2015, a dip of 185bp over the previous financial year. Going ahead, the Management expects EBIT margins to sustain at 21-22%, driven by moving work offshore and efficiency-led gains. We expect the EBIT and PAT to post a 12.9% and 10.6% CAGR, respectively, over FY2015-17E.
- Outlook and Valuations:** At current valuations, the stock is attractively valued and hence we maintain our buy with a price target of ₹1,132.

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	42,038	23.2	7,862	55.8	23.0	15.1	3.5	10.4	2.4
FY2017E	47,503	23.5	8,862	62.9	19.8	13.4	2.6	8.2	1.9

**Stock Info**

CMP (₹)	1,062
TP (₹)	1,262
Upside	19%
Sector	Banking
Market Cap (₹ cr)	268,055
Beta	0.9
52 Week High / Low	1,128/916

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	263
TP (₹)	354
Upside	35%
Sector	Banking
Market Cap (₹ cr)	152,967
Beta	1.5
52 Week High / Low	393/248

**3 year-Chart**


Source: Company, Angel Research

**HDFC Bank**

- Strong capital adequacy, expanding network, to sustain traction in market share:** HDFC Bank's capital adequacy ratio as of 2QFY2016 stood strong at 15.5%, with Tier1 ratio at 12.8%, which positions the bank to continue on its growth path and increase its market share. During the past one year, the bank has added 627 branches which should aid it in maintaining above system-average retail loan growth on the asset side and CASA accretion on the liability side.
- Asset quality rock-solid:** The bank has been able to maintain its asset quality consistently. Asset quality continued to remain healthy with the Gross NPA rate at 0.91% in a challenging macro environment while the Net NPA rate stands at 0.25%.
- Outlook:** The bank's credit and deposit growth continues to beat the industry growth rate, driven by dominant market position in most retail business segments, healthy CASA and continued network expansion. This provides strong visibility for a robust 20% earnings trajectory, coupled with high quality of earnings on account of high quality retail business and strategic focus on highly rated corporates. This in our view justifies a premium valuation multiple. At the current market price, the bank is trading at 3.2x FY2017E ABV. **We recommend a Buy rating on the stock, with a target price of ₹1,262.**

Y/E	Op Inc.	NIM	PAT	EPS	ABV	RoA	RoE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	38,309	4.3	12,363	49.3	285.4	1.9	18.5	21.5	3.7
FY2017E	47,302	4.3	15,302	61.0	332.2	1.9	19.7	17.4	3.2

**ICICI Bank**

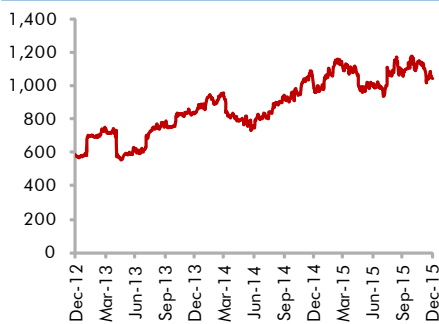
- Strong CASA provides comfort:** ICICI Bank has strategically transformed itself over the past few years, which has resulted in a significantly better balance sheet and earnings quality. The CASA ratio, which was at 29% at the end of FY2009, has improved to around 45.5% as of FY2015. Apart from the paradigm shift in the deposit mix reflected in its healthy CASA ratio, the bank has gradually reduced its international business, which has led to sustainable improvement in its NIM.
- Well positioned for cyclical revival:** The bank's substantial branch expansion from 1,438 branches at the end of FY2009 to nearly 4,050 branches by FY2015, and strong capital adequacy (Tier-I at 12.6%) has positioned it to grow its loan book at a faster clip as and when the business environment turns conducive.
- Outlook:** At the current market price, the bank's core banking business (after adjusting ₹67/share towards value of subsidiaries) is trading at 1.4x FY2017E ABV. The valuation discount in our view vis-à-vis other private banks adequately factors in the relatively higher stressed assets that the bank is facing in the near term. **We recommend a Buy rating on the stock, with a target price of ₹354.**

Y/E	Op Inc.	NIM	PAT	EPS	ABV	RoA	RoE	P/E	P/ABV*
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	35,168	3.4	12,479	21.4	124.9	1.6	14.7	12.5	2.1
FY2017E	40,517	3.4	14,680	25.2	149.8	1.6	15.2	10.8	1.8

Note: \* without adjustment for subsidiaries

**Stock Info**

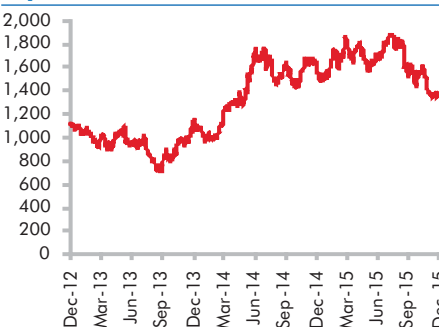
CMP (₹)	1,046
TP (₹)	1,306
Upside	25%
Sector	IT
Market Cap (₹ cr)	240,226
Beta	0.7
52 Week High / Low	1,219/933

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	1,341
TP (₹)	1,646
Upside	23%
Sector	Infrastructure
Market Cap (₹ cr)	124,862
Beta	1.2
52 Week High / Low	1,893/1,326

**3 year-Chart**


Source: Company, Angel Research

**Infosys**

- Guidance - to achieve a 10-12% CC growth in FY2016:** During 2QFY2016 Infosys has reinforced its USD revenue growth guidance of 10-12% on CC basis in FY2016; it has decreased its growth guidance for the current financial year from 7.2%-9.2% in US\$ terms (given in 1QFY2016) to 6.4%-8.4% qoq in US\$ terms. This change in the dollar revenue is mainly to factor in the anticipated currency movement. We expect the company to post ~10.7% USD revenue growth in FY2016.
- Aims to be US\$20bn company by FY2020:** The company expects its revenue to rise to US\$20bn by FY2020, up from US\$8.7bn now, as it focuses on acquisitions and win more new technology services, implying a 14% CAGR over the period. Over the near term, we expect Infosys to post a 10.7% USD revenue growth in FY2016. Over FY2015-17E, we expect USD and INR revenue to grow at a CAGR of 10.7% and 11.2%, respectively. The Management expects to lead industry growth from FY2017 onwards.
- Outlook and Valuations: The stock trades at current valuations of 16.4x FY2017E earnings. We recommend a Buy on the stock with a price target of ₹1,306.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	60,250	28.0	13,391	58.3	20.9	17.9	3.8	11.8	3.3
FY2017E	66,999	28.0	14,632	63.7	19.7	16.4	3.2	10.0	2.8

**Larsen & Toubro**

- L&T's Management sees a bid pipeline of ₹3,70,000cr (₹1,00,000cr of this would be from the international markets), which are at different stages of awarding. Considering the huge bid-pipeline and the company's wide presence across sub-verticals, it should attain its 5-7% revised order inflow growth guidance for FY2016E.
- L&T, as of 2QFY2016-end, is sitting on an order book of ₹2,44,097cr, which gives revenue visibility for over the next 30 months. Considering the huge order book, we expect L&T to report a 12.5% yoy top-line growth for FY2016E.
- With legacy Hydro-carbons projects in Middle-East nearing completion, we expect the Hydro-carbons business to show signs of turn-around by 4QFY2016. Accordingly, L&T could see consol. EBITDA margin expansion, in FY2017E.
- The standalone D/E ratio (2QFY2016) stands at 0.41x. Divestment of non-strategic holdings, further equity infusion in infra projects and listing of L&T InfoTech would address the IDPL equity requirements to a certain extent.
- Ascribing separate values to the parent business (on P/E basis) and to investments in subsidiaries (using P/E, P/BV and M-cap basis), we arrive at a FY2017E based target price of ₹1,646. At the current market price of ₹1,341, the standalone entity is trading at an implied P/E multiple of 13.2x (FY2017), which is attractive. We are of the view that L&T is a proxy play for investors wanting to ride on the revival of the Indian infrastructure growth story. **We recommend a Buy on the stock.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	64,148	11.5	5,776	61.5	13.4	21.8	2.2	18.6	2.1
FY2017E	73,241	11.7	6,155	65.6	14.0	20.4	2.0	16.1	1.8

**Stock Info**

CMP (₹)	462
TP (₹)	571
Upside	24%
Sector	HFC
Market Cap (₹ cr)	23,332
Beta	1.4
52 Week High / Low	526/377

**3 year-Chart**


Source: Company, Angel Research

**LIC Housing Fin.**

- Significant under penetration of mortgages in India:** India is expected to witness a robust housing finance growth going forward as the mortgage penetration in India remains at very low levels at 8% to GDP as compared to the developed countries where it is in the range of 60-100%. Given the strong growth outlook (amongst the fastest growing loan segments at the industry levels, while overall credit growth remains sub-10%) as well as relatively healthy asset quality, in our view, make mortgage finance one of the most attractive BFSI segments.
- NIM expansion visible:** LIC Housing Finance is able to raise funds from low-cost NCDs due to its strong AAA credit rating and backing by strong promoters like LIC. The company has seen a significant reduction in its cost of funds to 9.29% as against 9.68% a year ago. In a declining interest rate environment, NBFC's like LIC Housing are well-placed to increase margins in our view.
- Outlook:** Despite competition in mortgages, volume growth in the individual loans segment remains fairly strong. LICHF continues to grow its retail loan book at a healthy pace with healthy asset quality. We expect the company to post a healthy loan book CAGR of 18.7% over 2015-17E which is likely to reflect in an earnings CAGR of 20.5%, over the same period. At the current market price, it is trading at 2.2x FY2017E ABV. **We recommend a Buy rating on the stock, with a target price of ₹571.**

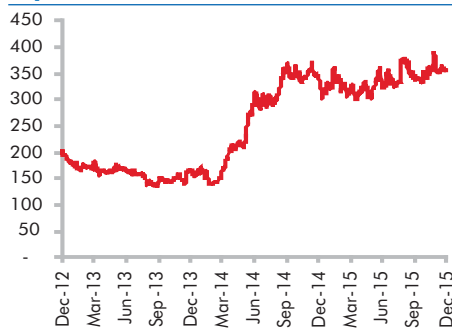
Y/E	Op Inc.	NIM	PAT	EPS	ABV	RoA	RoE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	3,101	2.5	1,664	33.0	176.7	1.4	19.7	14.0	2.6
FY2017E	3,745	2.5	2,029	40.2	207.6	1.4	20.5	11.5	2.2



## Top Picks - Mid Cap

**Stock Info**

CMP (₹)	357
TP (₹)	429
Upside	20%
Sector	Cons. Durable
Market Cap (₹ cr)	3,208
Beta	0.7
52 Week High / Low	395/274

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	757
TP (₹)	900
Upside	19%
Sector	Pharmaceutical
Market Cap (₹ cr)	9,557
Beta	0.5
52 Week High / Low	888/667

**3 year-Chart**


Source: Company, Angel Research

**Blue Star**

- Blue Star is one of the largest air-conditioning companies in India. The overall outlook for the room air-conditioner (RAC) market in India is favourable as India has one of the lowest penetration rates in the world. As per the Management, penetration rate of ACs in India is a mere 3% vs 25% in China. With rising income levels, the penetration level is expected to improve which augurs well for Blue Star's Cooling Products Division (CPD).
- Its RAC business has been outgrowing the industry by ~10% points over the last few quarters, resulting in the company consistently increasing its market share (~7% in FY2014 to 10% at present), a trend that the Management is confident of maintaining in the near future. This has resulted in CPD's share in overall revenues increasing from ~23% in FY2010 to ~42% in FY2015 (expected to improve to ~47% in FY2017E). With strong brand equity and higher share in split ACs, we expect the CPD to continue to drive growth.
- Aided by increasing contribution from the CPD, we expect the overall top-line to post a revenue CAGR of 11.8% over FY2015-17E and margins to improve from 5.3% in FY2015 to 6.9% in FY2017E. Moreover, the proposed merger with Blue Star Infotech will provide cash influx and thus strengthen the balance sheet.
- At the current market price, the stock trades at 20.8x its FY2017E earnings and 0.8x its FY2017E EV/sales v/s its close peer Voltas, which trades a 1.5x its FY2017E EV/sales. At target P/E multiple of 25.0x, the implied FY2017E EV/sales multiple works out to 1.1x, which is comforting. **Hence we recommend a Buy on the stock.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	3,548	6.3	123	13.7	26.1	26.0	6.6	15.9	1.0
FY2017E	3,977	6.9	164	17.2	25.4	20.8	4.3	12.3	0.8

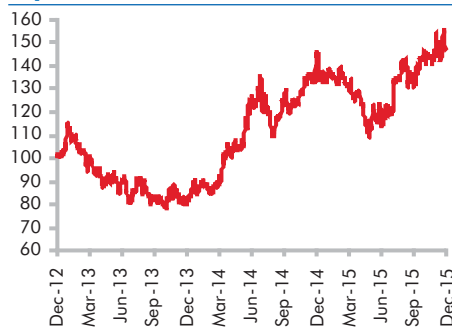
**Ipca Labs.**

- Domestic formulations business - the cash cow:** IPCA has been successful in changing its business focus to the high-margin chronic and lifestyle segments from the low-margin anti-malarial segment. The chronic and lifestyle segments, comprising CVS, anti-diabetics, pain-management, CNS and dermatology products, constitute more than 50% of the company's domestic formulation sales.
- Exports under pressure:** On the formulations front, IPCA has been increasing its penetration in regulated markets, viz Europe and the US, by expanding the list of generic drugs backed by its own API. However, after the USFDA inspection at the company's 3 manufacturing facilities, the company has received import alerts, consequent to which the company had voluntarily decided to temporarily suspend shipments from these manufacturing facility to the US markets till this issue was addressed. These developments have impacted FY2015/FY2016.
- Outlook and Valuations:** For FY2016, the Management has given a guidance of 7-8% yoy growth on the sales front. While the problems are likely to persist in FY2016, still, given the valuations and improvement expected from FY2017E onwards, **we maintain our Buy rating on the stock with a price target of ₹900.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	3,363	12.9	169	13.4	7.4	56.6	4.0	24.3	3.1
FY2017E	3,909	18.6	353	28.0	14.0	27.0	3.5	14.4	2.7

**Stock Info**

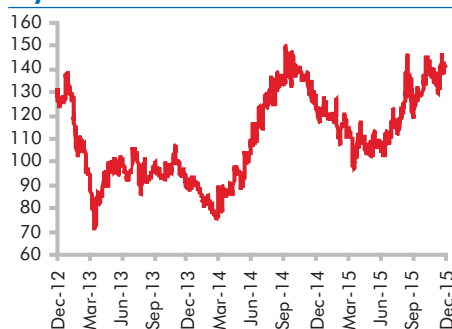
CMP (₹)	146
TP (₹)	169
Upside	16%
Sector	Media
Market Cap (₹ cr)	4,943
Beta	0.6
52 Week High / Low	108/157

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	140
TP (₹)	169
Upside	21%
Sector	Education
Market Cap (₹ cr)	553
Beta	1.0
52 Week High / Low	152/96

**3 year-Chart**


Source: Company, Angel Research

**Jagran Prakashan**

- We expect Jagran Prakashan (JPL) to register a healthy net sales CAGR of ~15% over FY2015-17E, on back of (a) strong growth in advertising revenue due to improvement in GDP growth, (b) improvement in circulation revenue owing to combination of increase in cover price and volume growth.
- Further the acquisition of a radio business (Radio City) would also boost the company's revenue going ahead. Radio City has ~20 stations across 7 states in the country and is second only to ENIL in all its operating circles, ie Delhi, Mumbai, Bengaluru, Chennai, Ahmedabad, Hyderabad, Pune and Lucknow. The company covers ~51% (~66mn people) of the total radio population.
- Raw material prices (newsprint costs) have been declining over the past 5 quarters and are expected to remain stable, going forward. Thus, considering lower news print costs, healthy sales, and higher margins in the radio business, we expect the company to post a adj. net profit CAGR of ~20% over FY2015-17E to ₹325cr.
- Considering Dainik Jagran's status as the most read Hindi newspaper and its strong presence in the rapidly growing Hindi markets of Bihar, Haryana, Jharkhand, Punjab, Madhya Pradesh and Uttar Pradesh, we expect JPL to benefit from an eventual recovery in the Indian economy. **Hence, we maintain an Accumulate rating on the stock with a target price of ₹169.**

Y/E	Sales	OPM	Adj. PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	2,170	27.2	290	8.9	20.9	16.4	3.4	7.8	2.1
FY2017E	2,355	26.2	325	9.9	20.4	14.8	3.0	7.4	1.9

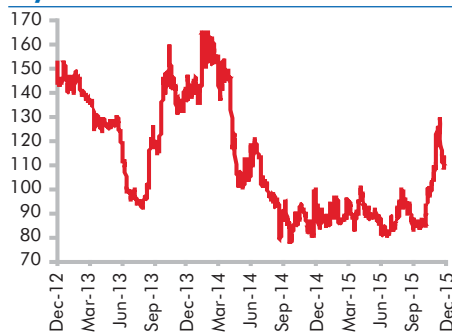
**MT Educare**

- MT Educare has strong positioning in the Secondary School and Higher Secondary School coaching business in Mumbai location (contributes ~80% to the overall revenue). The company, this year, has introduced a technology, the unique - Learning Management System (LMS) - for strengthening its offering in its core business.
- We expect MT Educare to report a healthy top-line performance, going forward, on the back of strong growth across the pre-university (PU) college business, Shri Gayatri Educational Society (SGES), and the Lakshya business. Further, we also expect the company to report a strong growth in the CA segment in Tamil Nadu and Mumbai.
- We expect strong revenue from government projects. In this segment, MT Educare provides coaching for competitive exams like Engineering, Medical, CA etc. to backward classes and poor students who can't afford coaching fees, while the fees are subsidised by the government.
- We estimate MT Educare to report net sales CAGR of ~27% to ~₹366cr and adj.net profit CAGR of ~20% to ₹37cr over FY2015-17E. At the current market price, MT Educare trades at a P/E of 15.0x its FY2017E earnings. **We have a Buy rating on the stock and target price of ₹169 (18x FY2017E EPS).**

Y/E	Sales	OPM	Adj. PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	286	18.3	31	7.7	20.2	18.2	3.8	10.3	1.9
FY2017E	366	17.7	37	9.4	21.1	15.0	3.2	8.1	1.4

**Stock Info**

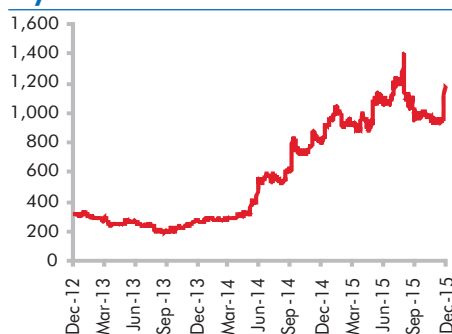
CMP (₹)	109
TP (₹)	156
Upside	43%
Sector	Breweries & Distilleries
Market Cap (₹ cr)	1,424
Beta	0.8
52 Week High / Low	131/78

**3 year-Chart**


Source: Company, Angel Research

**Stock Info**

CMP (₹)	1,165
TP (₹)	1,354
Upside	16%
Sector	Textile
Market Cap (₹ cr)	1,092
Beta	0.8
52 Week High / Low	1,400/780

**3 year-Chart**


Source: Company, Angel Research

**Radico Khaitan**

- The IFML segment is under penetrated and leaves scope for growth for domestic liquor companies. Going forward, increase in income levels would lead to higher growth in IFML brands. RKL has strong brands in the premium liquor category, which should lead to higher revenue for the company. The company's premium offerings reported a CAGR of ~26% over the last seven-year period, and we expect the growth momentum to continue.
- We expect the price of ENA (key raw material) to remain stable and potentially even decline, going forward. This is because sugar production during the year has risen by ~16% yoy and demand for ethanol from Indian oil marketing companies for blending with petrol is also expected to be lower due to an unfavourable price differential.
- We expect a significant hike in liquor prices in the coming financial year as there haven't been any significant ones in recent times. Also, we believe that industry leader - United Spirit would shift focus on profitability over volume growth considering the debt on its Balance Sheet, which in turn, would lead to increased scope for other liquor companies to hike prices.
- RKL is trading at 1-year forward EV/Sales multiple of 1.3x, which is at huge discount to its close peer, United Spirits (4.6x). **We have a Buy rating on the stock and target price of ₹156 (22x FY2017E EPS).**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	1,565	12.2	75	5.7	8.3	19.1	1.6	11.3	1.4
FY2017E	1,687	13.0	95	7.1	9.5	15.3	1.5	9.7	1.3

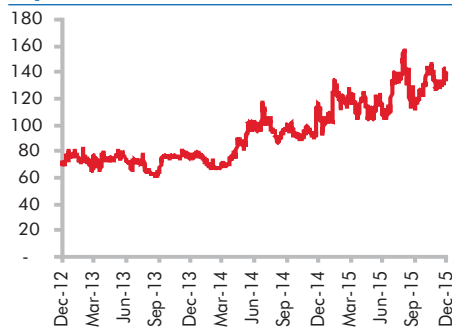
**Siyaram Silk**

- SSML has strong brands which cater to premium as well as popular mass segments of the market. The company's brands include Siyaram's Mistair, J. Hampstead, Royal Linen, Casa, Moda, Zenesis, Moretti etc. Further, in FY2014, SSML entered the ladies' salwar kameez and ethnic wear segment with its brand Siya. Going forward, we believe that the company would be able to leverage its brand equity and continue to post strong performance.
- The company has a nationwide network of about 1,600 dealers and business partners, which enables it to scale the entire country. The company has a retail network of 160 stores and plans to add another 300-350 stores over the next three or four years. Further, the company's brands are sold across 3,00,000 multi brand outlets in the country.
- Going forward, we expect SSML to report a net sales CAGR of ~10% to ~₹1,815cr and adj.net profit CAGR of ~12% to ₹98cr over FY2015-17E on back of market leadership in blended fabrics, strong brand building, wide distribution channel, strong presence in tier II and tier III cities and emphasis on latest designs and affordable pricing points. At the current market price, SSML trades at an inexpensive valuation (at a P/E of 11.2x its FY2017E earnings). **We have a Buy rating on the stock and target price of ₹1,354.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	1,636	11.5	84	89.9	17.9	13.0	2.1	6.7	0.8
FY2017E	1,815	11.5	98	104.1	17.8	11.2	1.9	6.0	0.7

**Stock Info**

CMP (₹)	135
TP (₹)	183
Upside	36%
Sector	Cons. Durable
Market Cap (₹ cr)	590
Beta	1.8
52 Week High / Low	163/89

**3 year-Chart**


Source: Company, Angel Research

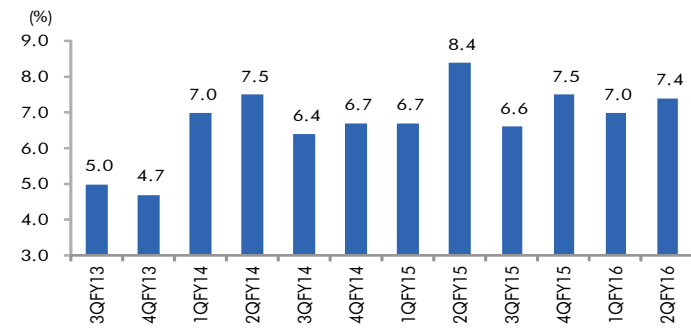
**Surya Roshni**

- To benefit from structural shift in lighting industry:** We expect SRL to benefit from the structural shift in the lighting industry towards LED lighting, which is expected to grow at a CAGR of 28% over FY2015E-21E. SRL is the second largest lighting company in India with a market share of ~ 25%. With demand for LEDs expected to rise, the company would be a key beneficiary, given that the company's "Surya" brand is well recognized and has superior market reach comprising of 2 lakh plus retailers.
- Higher contribution from lighting division to boost margins:** SRL's other business, Steel Pipes, entails low profitability and has higher debt, thus having resulted in high overall debt/equity for the company. The Lighting business' contribution to the overall top-line of the company has increased from 30% in FY2012 to 40% in FY2015. The Lighting business commands higher margins (10.7%) vs. the steel business (2.9%) and contributes 70% to the profitability. We expect the Lighting business's contribution to rise on account of growth coming in from LEDs, thus enhancing overall profitability.
- Declining interest rates to assist in reducing debt burden:** We expect SRL to benefit from a reduction in interest rates by the RBI (75bp FY2016). With interest rates expected to reduce further, SRL's interest expense will be lower and we expect the company to use its healthy cash flows from the Lighting business to slowly reduce its debt.
- Outlook and Valuations:** In our view, SRL would benefit from a higher contribution from the Lighting business and a lower interest rate environment, going forward. SRL trades at 7.4x its FY2017 earnings. **We have a Buy rating on the stock with a target price of ₹183.**

Y/E	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	2,992	8.1	64	14.7	9.7	9.2	0.9	5.9	0.5
FY2017E	3,223	8.4	80	18.3	11.0	7.3	0.8	5.2	0.4

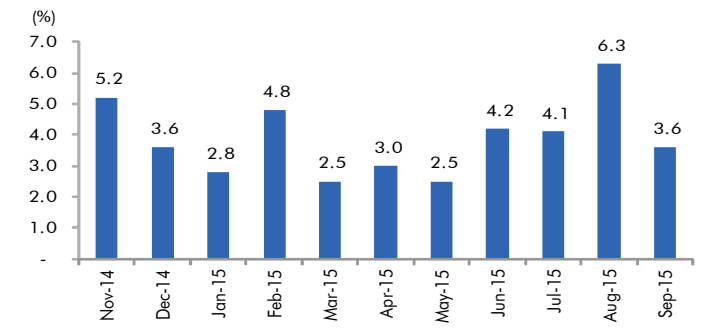
## Macro watch

**Exhibit 1: Quarterly GDP trends**



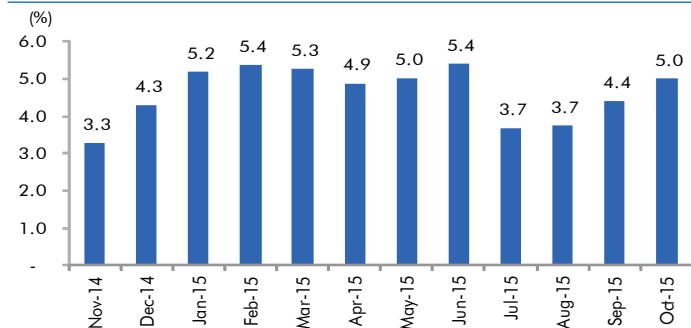
Source: CSO, Angel Research

**Exhibit 2: IIP trends**



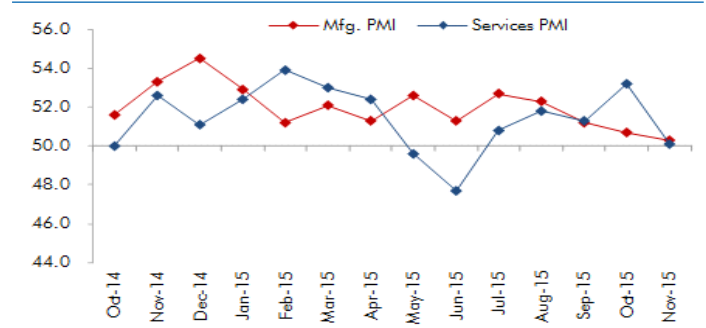
Source: Ministry of Commerce, Angel Research

**Exhibit 3: Monthly CPI inflation trends**



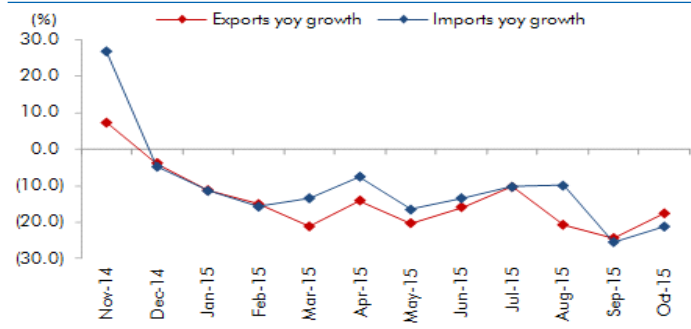
Source: Ministry of Commerce, Angel Research

**Exhibit 4: Manufacturing and services PMI**



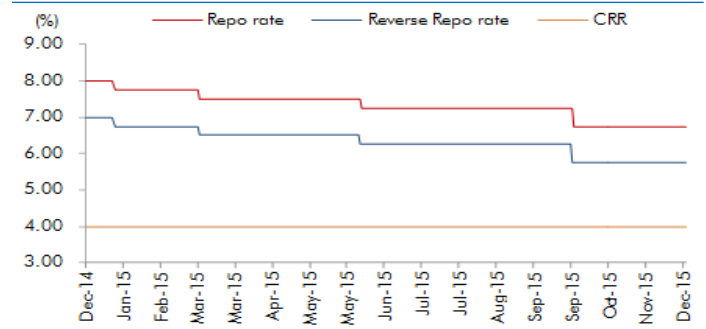
Source: Ministry of Commerce, Angel Research

**Exhibit 5: Exports and imports growth trends**



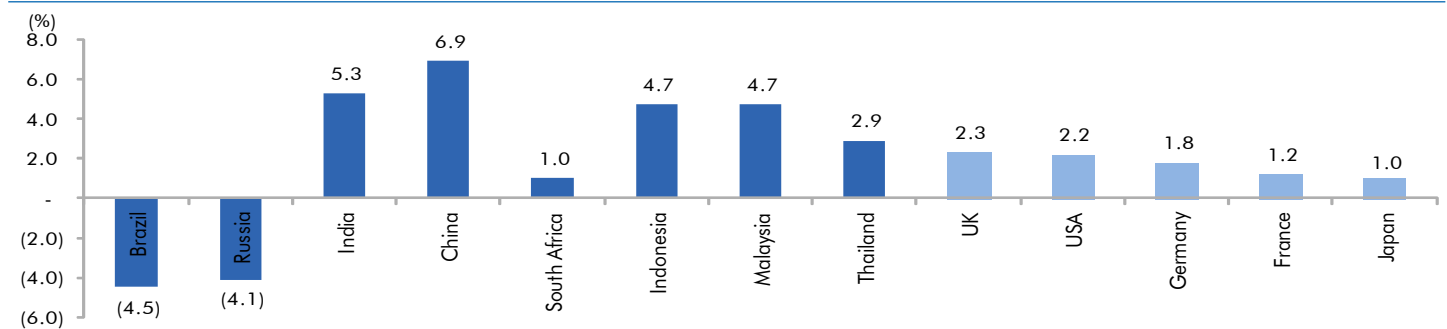
Source: Ministry of Commerce, Angel Research

**Exhibit 6: Key policy rates**

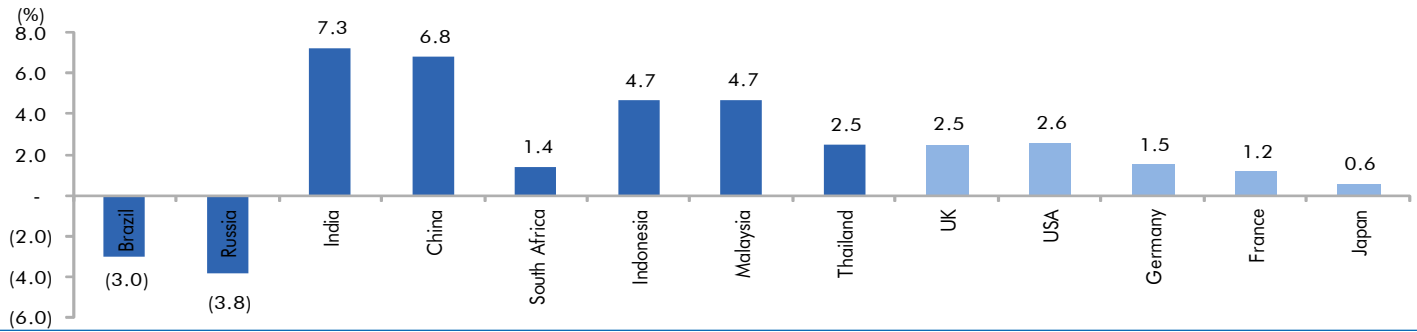


Source: Ministry of Commerce, Angel Research

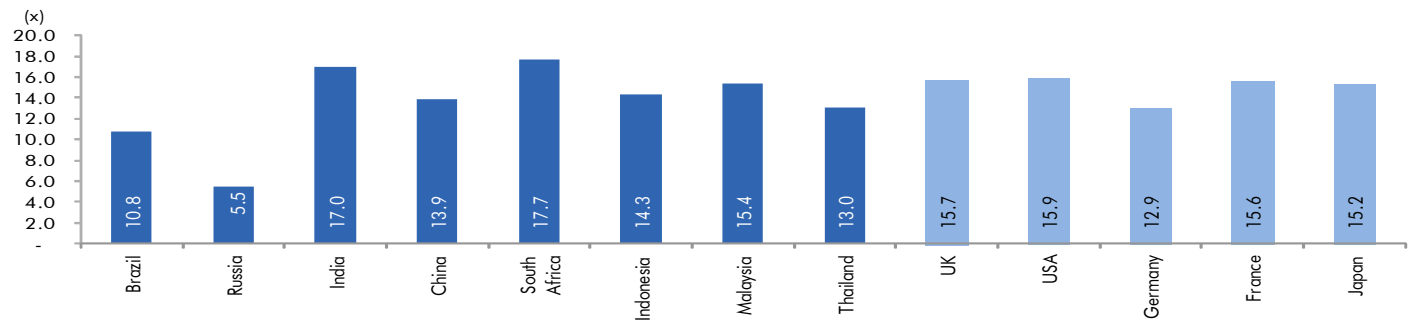
**Exhibit 7: Latest quarterly GDP Growth (% yoy) across select developing and developed countries**



Source: Bloomberg, Angel Research

**Exhibit 8: 2015 GDP Growth projection by IMF (% , yoy) across select developing and developed countries**


Source: IMF, Angel Research

**Exhibit 9: One year forward P-E ratio across select developing and developed countries**


Source: IMF, Angel Research

**Exhibit 10: Relative performance of indices across globe**

Country	Name of index	Closing price	Returns (%)		
			1M	3M	1YR
Brazil	Bovespa	45,361	(5.6)	(0.3)	(17.1)
Russia	Micex	1,755	(0.5)	3.4	9.2
India	Nifty	7,782	(3.3)	(2.7)	(9.0)
China	Shanghai Composite	3,525	1.9	14.3	37.3
South Africa	Top 40	44,347	(9.6)	1.8	0.3
Mexico	Mexbol	42,994	(5.2)	0.1	(0.3)
Indonesia	LQ45	777	(2.2)	3.2	(12.1)
Malaysia	KLCI	1,668	(0.6)	3.6	(8.4)
Thailand	SET 50	856	(7.1)	(4.1)	(19.5)
USA	Dow Jones	17,848	(0.4)	9.0	(0.6)
UK	FTSE	6,238	(2.7)	2.7	(6.5)
Japan	Nikkei	19,504	4.4	1.9	12.0
Germany	DAX	10,752	(0.9)	6.4	6.6
France	CAC	4,715	(4.7)	3.6	11.5

Source: Bloomberg, Angel Research

## Stock Watch



Company Name	Reco	CMP (₹)	Target Price (₹)	Mkt Cap (₹ cr)	Sales (₹ cr)		OPM (%)		EPS (₹)		PER (x)		P/BV (x)		RoE (%)		EV/Sales (x)		
					FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E
<b>Agri / Agri Chemical</b>																			
Rallis	Neutral	180	-	3,497	2,075	2,394	14.4	14.4	9.5	11.0	18.9	16.3	3.8	3.3	21.1	21.3	1.7	1.5	
United Phosphorus	Buy	415	510	17,779	13,698	15,752	17.6	17.6	32.1	38.5	12.9	10.8	2.5	2.1	21.4	21.3	1.4	1.1	
<b>Auto &amp; Auto Ancillary</b>																			
Ashok Leyland	Buy	90	111	25,641	17,995	21,544	11.4	11.6	3.4	4.7	26.5	19.2	4.6	4.3	17.7	22.2	1.4	1.1	
Bajaj Auto	Accumulate	2,449	2,728	70,866	23,695	27,298	21.3	20.4	134.6	151.5	18.2	16.2	5.8	4.9	31.8	30.6	2.5	2.2	
Bharat Forge	Buy	834	1,016	19,405	8,013	9,250	20.0	20.3	35.2	43.1	23.7	19.3	4.7	3.8	21.6	21.8	2.5	2.1	
Eicher Motors	Buy	16,231	19,036	44,073	15,379	16,498	15.6	16.6	473.2	574.8	34.3	28.2	12.7	9.4	36.7	33.2	2.8	2.5	
Hero Motocorp	Accumulate	2,621	2,774	52,345	28,561	31,559	14.7	14.7	151.1	163.2	17.3	16.1	6.7	5.7	38.7	35.6	1.7	1.5	
Jamna Auto Industries	Neutral	124	-	990	1,292	1,486	9.3	9.8	6.0	7.5	20.7	16.5	4.3	3.6	20.7	21.8	0.8	0.7	
L G Balakrishnan & Bros	Neutral	506	-	794	1,254	1,394	11.6	11.8	35.9	41.7	14.1	12.1	1.9	1.7	13.5	13.8	0.7	0.7	
Mahindra and Mahindra	Accumulate	1,325	1,449	82,285	39,031	44,440	13.8	13.9	57.9	67.6	22.9	19.6	3.7	3.3	16.1	16.6	1.8	1.5	
Maruti	Neutral	4,564	-	137,880	57,865	68,104	16.4	16.7	176.3	225.5	25.9	20.2	5.0	4.3	19.4	21.2	2.2	1.8	
Minda Industries	Neutral	868	-	1,376	2,567	2,965	8.0	8.3	46.1	57.8	18.8	15.0	3.1	2.6	16.7	17.3	0.6	0.5	
Motherson Sumi	Accumulate	280	313	37,043	39,343	45,100	8.8	9.1	10.1	12.5	27.7	22.4	8.8	6.9	35.3	34.4	1.0	0.9	
Rane Brake Lining	Accumulate	340	366	269	454	511	11.1	11.4	23.8	28.1	14.3	12.1	2.0	1.8	14.2	15.3	0.7	0.7	
Setco Automotive	Neutral	223	-	595	594	741	12.7	13.7	8.4	15.8	26.5	14.1	2.8	2.4	10.4	16.9	1.4	1.2	
Tata Motors	Neutral	399	-	115,185	255,254	301,772	12.9	13.4	23.7	37.3	16.8	10.7	2.0	1.7	7.4	12.1	0.6	0.6	
TVS Motor	Buy	282	338	13,388	11,569	13,648	7.3	8.7	10.3	16.1	27.4	17.5	6.8	5.3	24.8	30.5	1.1	0.9	
Amara Raja Batteries	Buy	846	1,040	14,447	4,892	5,871	17.4	17.6	28.8	37.1	29.4	22.8	6.9	5.5	23.4	24.1	2.9	2.4	
Exide Industries	Accumulate	141	162	11,989	6,950	7,784	14.4	14.8	6.6	7.3	21.4	19.3	2.7	2.5	12.6	12.8	1.4	1.3	
Apollo Tyres	Accumulate	157	171	7,992	12,146	12,689	16.8	16.0	21.2	19.0	7.4	8.3	1.2	1.1	16.5	13.0	0.7	0.8	
Ceat	Accumulate	1,038	1,119	4,200	6,041	6,597	14.1	13.7	99.5	111.9	10.4	9.3	2.1	1.7	19.6	18.5	0.8	0.7	
JK Tyres	Neutral	107	-	2,419	7,446	7,669	15.2	14.0	19.6	18.4	5.4	5.8	1.4	1.1	25.2	19.5	0.7	0.6	
Swaraj Engines	Neutral	910	-	1,130	552	630	14.2	14.7	44.6	54.1	20.4	16.8	4.7	4.3	23.2	25.6	1.9	1.6	
Subros	Neutral	99	-	592	1,268	1,488	11.6	11.9	3.7	6.6	26.7	14.9	1.8	1.6	6.8	11.4	0.8	0.6	
Indag Rubber	Neutral	226	-	593	283	329	17.0	17.2	13.0	15.4	17.5	14.7	3.8	3.2	21.8	21.6	1.8	1.5	
<b>Banking</b>																			
Allahabad Bank	Neutral	73	-	4,375	8,569	9,392	2.8	2.9	16.3	27.5	4.5	2.6	0.4	0.33	7.6	11.9	-	-	
Axis Bank	Buy	462	630	109,845	26,473	31,527	3.5	3.6	35.7	43.5	12.9	10.6	2.5	2.17	17.9	18.9	-	-	
Bank of Baroda	Neutral	166	-	38,214	18,485	21,025	1.9	2.0	13.5	21.1	12.3	7.8	1.0	0.9	7.3	10.6	-	-	
Bank of India	Neutral	122	-	9,657	15,972	17,271	1.9	2.0	15.3	33.3	8.0	3.7	0.4	0.3	3.6	7.6	-	-	
Canara Bank	Neutral	253	-	13,732	15,441	16,945	2.0	2.1	46.6	70.4	5.4	3.6	0.5	0.4	8.0	11.2	-	-	
Dena Bank	Neutral	43	-	2,781	3,440	3,840	2.1	2.3	7.2	10.0	5.9	4.3	0.4	0.4	6.1	7.9	-	-	
Federal Bank	Neutral	58	-	9,883	3,477	3,999	3.0	3.0	5.0	6.2	11.5	9.2	1.2	1.0	10.5	11.9	-	-	
HDFC	Neutral	1,186	-	187,166	10,358	11,852	3.3	3.3	41.1	47.0	28.9	25.2	5.5	5.0	24.7	24.9	-	-	
HDFC Bank	Buy	1,062	1,262	268,055	38,309	47,302	4.3	4.3	49.3	61.0	21.5	17.4	3.7	3.20	18.5	19.7	-	-	
ICICI Bank	Buy	263	354	152,967	34,279	39,262	3.3	3.3	21.0	24.4	12.5	10.8	2.1	1.8	14.4	14.7	-	-	
IDBI Bank	Neutral	92	-	14,732	9,625	10,455	1.8	1.8	8.5	14.2	10.8	6.5	0.7	0.6	5.9	9.3	-	-	

Company Name	Reco	CMP (₹)	Target Price (₹)	Mkt Cap (₹ cr)	Sales (₹ cr)		OPM (%)		EPS (₹)		PER (x)		P/BV (x)		RoE (%)		EV/Sales (x)		
					FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E
Indian Bank	Neutral	127	-	6,080	6,160	6,858	2.4	2.5	24.5	29.8	5.2	4.2	0.4	0.4	7.7	8.6	-	-	
LIC Housing Finance	Buy	462	571	23,333	3,101	3,745	2.5	2.5	33.0	40.2	14.0	11.5	2.6	2.2	19.7	20.5	-	-	
Oriental Bank	Neutral	143	-	4,301	7,643	8,373	2.4	2.4	37.2	45.4	3.9	3.2	0.3	0.3	8.2	9.4	-	-	
Punjab Natl.Bank	Neutral	134	-	26,312	23,638	26,557	2.8	2.8	17.9	27.2	7.5	4.9	0.7	0.6	8.5	12.0	-	-	
South Ind.Bank	Neutral	20	-	2,734	1,965	2,185	2.5	2.5	2.5	3.3	8.1	6.1	0.8	0.7	9.5	11.6	-	-	
St Bk of India	Buy	239	283	185,647	82,520	93,299	2.7	2.8	20.0	24.5	11.9	9.8	1.3	1.2	11.5	12.8	-	-	
Union Bank	Neutral	166	-	11,377	12,646	14,129	2.3	2.4	31.0	39.1	5.3	4.2	0.6	0.5	9.8	11.4	-	-	
Vijaya Bank	Neutral	34	-	2,947	3,536	3,827	1.8	1.9	5.5	6.7	6.2	5.2	0.5	0.5	7.8	8.8	-	-	
Yes Bank	Buy	735	921	30,815	7,190	9,011	3.2	3.3	58.2	69.7	12.6	10.6	2.3	1.9	19.2	19.6	-	-	
<b>Capital Goods</b>																			
ACE	Neutral	43	-	424	660	839	4.7	8.2	1.0	3.9	42.9	11.0	1.3	1.2	3.2	11.3	0.8	0.6	
BEML	Neutral	1,100	-	4,581	3,277	4,006	6.0	8.9	29.2	64.3	37.7	17.1	2.1	1.9	5.7	11.7	1.5	1.2	
BGR Energy	Neutral	120	-	864	3,615	3,181	9.5	9.4	16.7	12.4	7.2	9.7	0.7	0.7	10.0	7.0	0.6	0.8	
BHEL	Neutral	169	-	41,389	33,722	35,272	10.8	11.7	10.5	14.2	16.1	11.9	1.2	1.1	7.0	9.0	1.3	1.2	
Blue Star	Buy	357	429	3,208	3,548	3,977	6.3	6.9	13.7	17.2	26.0	20.8	6.6	4.3	26.1	25.4	1.0	0.8	
Crompton Greaves	Accumulate	192	204	12,062	13,484	14,687	4.9	6.2	4.5	7.1	42.8	27.1	3.0	2.8	7.2	10.8	1.0	0.9	
Inox Wind	Buy	357	505	7,920	4,980	5,943	17.0	17.5	26.6	31.6	13.4	11.3	4.0	2.9	35.0	30.0	1.7	1.4	
KEC International	Neutral	154	-	3,951	8,791	9,716	6.1	6.8	5.4	8.2	28.5	18.7	2.8	2.6	10.0	14.0	0.7	0.6	
Thermax	Neutral	895	-	10,669	6,413	7,525	7.4	8.5	30.5	39.3	29.4	22.8	4.5	3.9	15.0	17.0	1.6	1.3	
<b>Cement</b>																			
ACC	Buy	1,350	1,630	25,350	13,151	14,757	16.4	18.3	63.9	83.4	21.1	16.2	2.7	2.5	13.3	16.1	1.8	1.5	
Ambuja Cements	Buy	196	233	30,402	11,564	12,556	19.4	20.7	8.9	10.1	22.0	19.4	2.8	2.6	12.8	13.8	2.3	2.1	
HeidelbergCement	Neutral	75	-	1,697	1,772	1,926	13.3	15.4	1.0	3.0	74.9	25.0	1.9	1.8	2.6	7.9	1.5	1.3	
India Cements	Buy	86	112	2,633	4,216	4,840	18.0	19.5	4.0	9.9	21.4	8.7	0.9	0.8	4.0	9.5	0.9	0.8	
JK Cement	Accumulate	654	744	4,573	3,661	4,742	10.1	15.8	18.0	61.0	36.3	10.7	2.6	2.3	7.5	22.9	1.7	1.3	
J K Lakshmi Cement	Buy	331	430	3,900	2,947	3,616	16.7	19.9	11.5	27.2	28.8	12.2	2.7	2.4	9.8	20.8	1.7	1.4	
Mangalam Cements	Neutral	211	-	562	1,053	1,347	10.5	13.3	8.4	26.0	25.1	8.1	1.1	1.0	4.3	12.5	0.9	0.7	
Orient Cement	Accumulate	163	183	3,335	1,854	2,524	21.2	22.2	7.7	11.1	21.1	14.7	3.0	2.6	13.3	15.7	2.5	1.8	
Ramco Cements	Neutral	372	-	8,848	4,036	4,545	20.8	21.3	15.1	18.8	24.6	19.8	3.0	2.7	12.9	14.3	2.7	2.3	
Shree Cement ^	Neutral	11,193	-	38,993	7,150	8,742	26.7	28.6	228.0	345.5	49.1	32.4	7.2	6.1	15.7	20.3	5.2	4.2	
UltraTech Cement	Accumulate	2,864	3,282	78,582	25,021	30,023	19.1	21.6	89.0	132.0	32.2	21.7	3.7	3.2	12.2	15.9	3.2	2.7	
<b>Construction</b>																			
ITNL	Neutral	84	-	2,758	7,360	8,825	34.0	35.9	7.0	9.0	12.0	9.3	0.4	0.4	3.2	3.7	3.7	3.6	
KNR Constructions	Accumulate	614	673	1,727	937	1,470	14.3	14.0	33.5	38.6	18.3	15.9	2.8	2.4	15.4	15.4	1.9	1.2	
Larsen & Toubro	Buy	1,341	1,646	124,862	65,065	77,009	11.5	11.7	61.5	65.6	21.8	20.4	2.2	2.0	13.4	14.0	2.1	1.8	
Gujarat Pipavav Port	Neutral	158	-	7,619	629	684	51.0	52.2	6.4	5.9	24.6	26.7	3.2	3.0	15.9	12.7	11.8	10.6	
MBL Infrastructures	Buy	216	285	893	2,313	2,797	12.2	14.6	19.0	20.0	11.3	10.8	1.2	1.1	11.3	10.6	1.1	1.0	
Nagarjuna Const.	Neutral	78	-	4,342	7,892	8,842	8.8	9.1	3.0	5.3	26.0	14.7	1.3	1.2	5.0	8.5	0.8	0.7	
PNC Infratech	Neutral	533	-	2,732	1,873	2,288	13.2	13.5	24.0	32.0	22.2	16.6	2.2	1.9	12.1	12.3	1.6	1.3	
Simplex Infra	Neutral	327	-	1,615	5,955	6,829	10.3	10.5	16.0	31.0	20.4	10.5	1.1	1.0	5.3	9.9	0.8	0.7	
Power Mech Projects	Neutral	610	-	897	1,539	1,801	12.8	12.7	59.0	72.1	10.3	8.5	1.6	1.3	18.6	16.8	0.6	0.5	
Sadbhav Engineering	Neutral	337	-	5,784	3,481	4,219	10.7	10.8	8.0	12.0	42.2	28.1	3.9	3.4	10.3	13.5	1.9	1.6	
NBCC	Accumulate	973	1,089	11,680	7,382	9,506	7.7	8.6	39.8	54.4	24.5	17.9	5.9	4.7	26.7	29.1	1.3	1.0	
SIPL	Neutral	100	-	3,531	675	1,042	62.4	64.7	-	-	-	-	3.8	4.3	-	-	16.9	11.4	

Company Name	Reco	CMP (₹)	Target Price (₹)	Mkt Cap (₹ cr)	Sales (₹ cr)		OPM (%)		EPS (₹)		PER (x)		P/BV (x)		RoE (%)		EV/Sales (x)		
					FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	
<b>FMCG</b>																			
Asian Paints	Neutral	871	-	83,537	16,553	19,160	16.0	16.2	17.7	21.5	49.3	40.5	13.1	11.8	29.4	31.2	4.9	4.2	
Britannia	Neutral	2,880	-	34,554	8,065	9,395	9.6	10.2	47.2	65.5	61.0	44.0	20.3	19.2	38.3	41.2	4.1	3.5	
Colgate	Neutral	992	-	26,988	4,836	5,490	19.5	19.7	48.5	53.2	20.5	18.6	15.0	13.1	99.8	97.5	5.5	4.8	
Dabur India	Neutral	276	-	48,614	9,370	10,265	17.1	17.2	7.3	8.1	37.7	34.1	11.4	9.2	33.7	30.6	5.1	4.6	
GlaxoSmith Con*	Neutral	6,044	-	25,416	4,919	5,742	17.2	17.4	168.3	191.2	35.9	31.6	10.2	8.7	28.8	28.9	4.7	4.0	
Godrej Consumer	Neutral	1,228	-	41,804	10,168	12,886	16.1	16.1	32.1	38.4	38.3	32.0	7.8	7.2	19.7	21.0	4.2	3.3	
HUL	Neutral	832	-	179,980	34,940	38,957	17.5	17.7	20.8	24.7	40.0	33.7	44.5	35.5	110.5	114.2	5.0	4.4	
ITC	Buy	314	382	251,857	41,068	45,068	37.8	37.4	13.9	15.9	22.5	19.7	7.5	6.6	34.1	33.8	5.8	5.2	
Marico	Neutral	426	-	27,503	6,551	7,766	15.7	16.0	10.4	12.5	41.1	34.1	11.9	9.9	33.2	32.4	4.1	3.5	
Nestle*	Accumulate	5,898	6,646	56,869	11,291	12,847	22.2	22.3	158.9	184.6	37.1	32.0	19.4	17.5	55.0	57.3	4.9	4.2	
Tata Global	Accumulate	135	144	8,542	8,635	9,072	9.8	9.9	6.5	7.6	20.8	17.8	2.1	2.0	6.8	7.4	0.9	0.9	
<b>IT</b>																			
HCL Tech ^	Buy	841	1,132	118,437	42,038	47,503	23.2	23.5	55.8	62.9	15.1	13.4	3.5	2.6	23.0	19.8	2.4	1.9	
Infosys	Buy	1,046	1,306	240,226	60,250	66,999	28.0	28.0	58.3	63.7	17.9	16.4	3.8	3.2	20.9	19.7	3.3	2.8	
TCS	Buy	2,324	3,165	457,947	111,274	126,852	28.4	28.7	125.4	143.9	18.5	16.2	7.3	6.8	39.9	42.2	3.7	3.2	
Tech Mahindra	Buy	544	646	52,569	25,566	28,890	16.0	17.0	26.3	31.9	20.7	17.0	3.7	3.2	17.9	18.6	1.8	1.5	
Wipro	Buy	575	719	142,048	52,414	58,704	23.7	23.8	38.4	42.3	15.0	13.6	2.9	2.6	19.5	18.0	2.3	1.9	
<b>Media</b>																			
D B Corp	Accumulate	338	356	6,207	2,241	2,495	27.8	27.9	21.8	25.6	15.5	13.2	4.0	3.6	26.7	28.5	2.7	2.4	
HT Media	Neutral	79	-	1,845	2,495	2,603	11.2	11.2	7.3	8.6	10.9	9.2	0.9	0.8	7.4	8.1	0.2	0.2	
Jagran Prakashan	Buy	146	169	4,781	2,170	2,355	27.2	26.2	8.9	9.9	16.4	14.8	3.4	3.0	20.9	20.4	2.1	1.9	
Sun TV Network	Neutral	378	-	14,900	2,779	3,196	70.2	70.5	22.8	27.3	16.6	13.8	4.1	3.7	26.7	28.3	5.1	4.4	
Hindustan Media Ven.	Neutral	276	-	2,024	920	1,031	20.0	20.0	19.2	20.9	14.4	13.2	2.4	2.0	16.4	15.3	1.7	1.5	
<b>Metal</b>																			
Coal India	Buy	328	380	206,893	76,167	84,130	19.9	22.3	22.4	25.8	14.6	12.7	5.3	5.1	35.5	41.0	2.0	1.8	
Hind. Zinc	Buy	147	175	62,007	14,641	14,026	50.4	50.4	17.7	16.0	8.3	9.2	1.3	1.2	16.2	13.2	1.8	1.7	
Hindalco	Neutral	79	-	16,386	104,356	111,186	8.7	9.5	6.7	11.1	11.8	7.2	0.4	0.4	3.5	5.9	0.7	0.6	
JSW Steel	Neutral	975	-	23,557	42,308	45,147	16.4	20.7	(10.3)	49.5	-	19.7	1.1	1.0	(1.0)	5.6	1.6	1.5	
NMDC	Neutral	91	-	35,881	8,237	10,893	46.6	44.5	9.9	11.7	9.1	7.8	1.0	0.9	12.4	13.0	4.1	3.2	
SAIL	Neutral	47	-	19,226	45,915	53,954	7.2	10.5	1.5	4.4	30.9	10.6	0.4	0.4	2.3	4.1	1.1	0.9	
Vedanta	Neutral	91	-	27,053	71,445	81,910	26.2	26.2	12.9	19.2	7.1	4.8	0.5	0.4	7.2	8.9	0.8	0.6	
Tata Steel	Neutral	244	-	23,654	126,760	137,307	8.9	11.3	6.4	23.1	38.3	10.6	0.8	0.7	2.0	7.1	0.8	0.7	
<b>Oil &amp; Gas</b>																			
Cairn India	Neutral	136	-	25,433	11,323	12,490	49.4	51.0	20.7	20.6	6.5	6.6	0.4	0.4	6.4	6.1	1.3	0.7	
GAIL	Neutral	358	-	45,354	64,856	70,933	9.1	9.6	24.0	28.9	14.9	12.4	1.3	1.2	8.8	9.6	0.9	0.8	
ONGC	Neutral	224	-	191,729	154,564	167,321	36.8	37.4	28.6	32.5	7.8	6.9	1.0	0.9	12.7	13.5	1.4	1.3	
Petronet LNG	Neutral	244	-	18,289	29,691	31,188	5.8	6.2	12.8	13.4	19.1	18.2	2.8	2.5	15.8	14.8	0.7	0.6	
Indian Oil Corp	Accumulate	429	455	104,086	359,607	402,760	5.9	6.1	42.5	48.7	10.1	8.8	1.3	1.2	14.1	14.3	0.4	0.3	
Reliance Industries	Accumulate	954	1,050	308,909	304,775	344,392	12.6	13.4	91.3	102.6	10.5	9.3	1.2	1.1	11.8	12.0	0.9	0.8	

Company Name	Reco	CMP (₹)	Target Price (₹)	Mkt Cap (₹ cr)	Sales (₹ cr)		OPM (%)		EPS (₹)		PER (x)		P/BV (x)		RoE (%)		EV/Sales (x)		
					FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	
<b>Pharmaceuticals</b>																			
Alembic Pharma	Neutral	688	-	12,973	2,658	3,112	24.1	20.2	24.6	23.9	28.0	28.8	10.0	7.7	42.5	30.2	4.9	4.1	
Aurobindo Pharma	Accumulate	803	872	46,866	14,923	17,162	23.0	23.0	38.2	43.6	21.0	18.4	6.5	4.9	36.0	30.2	3.5	3.0	
Aventis*	Neutral	4,297	-	9,895	2,082	2,371	17.4	20.8	118.2	151.5	36.3	28.4	5.3	4.3	19.9	25.5	4.4	3.7	
Cadila Healthcare	Neutral	393	-	40,274	10,224	11,840	21.0	22.0	14.6	17.6	26.9	22.4	7.4	5.8	30.8	29.0	4.0	3.4	
Cipla	Neutral	645	-	51,800	14,211	16,611	20.6	19.0	27.0	28.9	23.9	22.3	4.1	3.5	18.4	16.8	3.6	3.0	
Dr Reddy's	Buy	3,180	3,933	54,231	16,838	19,575	25.0	23.1	167.5	178.8	19.0	17.8	4.0	3.3	23.1	20.4	3.1	2.7	
Dishman Pharma	Neutral	335	-	2,701	1,733	1,906	21.5	21.5	17.0	19.9	19.7	16.8	2.0	1.8	10.5	11.2	2.1	1.8	
GSK Pharma*	Neutral	3,266	-	27,667	2,870	3,158	20.0	22.1	59.5	68.3	54.9	47.8	16.2	16.6	28.5	34.3	9.1	8.4	
Indoco Remedies	Neutral	314	-	2,893	1,033	1,199	15.9	18.2	9.4	13.6	33.4	23.1	5.0	4.2	15.7	19.7	2.9	2.5	
Ipca labs	Buy	757	900	9,554	3,363	3,909	12.9	18.6	13.4	28.0	56.5	27.0	4.0	3.5	7.4	14.0	3.1	2.7	
Lupin	Neutral	1,831	-	82,483	13,092	16,561	25.0	27.0	50.4	68.3	36.3	26.8	7.5	5.9	22.8	24.7	6.0	4.6	
Sun Pharma	Buy	777	950	187,067	28,163	32,610	25.8	30.7	17.4	26.9	44.7	28.9	4.2	3.7	13.0	16.6	6.1	5.1	
<b>Power</b>																			
Tata Power	Neutral	64	-	17,350	35,923	37,402	22.6	22.8	4.1	5.2	15.8	12.5	1.2	1.1	7.5	9.3	1.4	1.3	
NTPC	Buy	130	157	107,438	87,064	98,846	23.4	23.5	11.7	13.2	11.1	9.9	1.2	1.2	11.4	12.1	2.3	2.0	
Power Grid	Buy	131	170	68,534	20,702	23,361	86.7	86.4	12.1	13.2	10.8	9.9	1.6	1.4	15.6	15.1	8.2	7.7	
<b>Telecom</b>																			
Bharti Airtel	Neutral	321	-	128,117	101,748	109,191	32.1	31.7	12.0	12.5	26.7	25.6	1.8	1.7	6.9	6.7	1.9	1.7	
Idea Cellular	Neutral	137	-	49,392	34,282	36,941	32.0	31.5	5.9	6.2	23.3	22.1	2.1	1.9	9.9	9.3	2.0	1.9	
<b>Others</b>																			
Abbott India	Neutral	5,302	-	11,266	2,715	3,153	14.5	14.1	134.3	152.2	39.5	34.8	9.9	8.1	27.4	25.6	3.9	3.3	
Bajaj Electricals	Buy	214	341	2,161	4,719	5,287	5.2	5.8	8.6	12.7	25.0	16.9	2.9	2.5	11.4	14.8	0.5	0.4	
Banco Products (India)	Neutral	134	-	957	1,208	1,353	10.9	12.3	10.8	14.5	12.4	9.2	1.4	1.3	11.9	14.5	0.8	0.7	
Coffee Day Enterprises	Neutral	253	-	5,217	2,692	2,964	17.0	18.6	-	4.7	-	53.4	3.1	2.9	0.1	5.5	2.3	2.2	
Competent Automobiles	Neutral	151	-	92	1,040	1,137	3.2	3.1	25.7	28.0	5.8	5.4	0.9	0.8	15.0	14.3	0.1	0.1	
Elecon Engineering	Neutral	87	-	945	1,369	1,533	13.7	14.9	3.3	6.1	26.1	14.3	1.7	1.6	6.6	11.4	1.0	0.9	
Finolex Cables	Neutral	244	-	3,726	2,520	2,883	12.2	12.0	12.7	14.2	19.2	17.2	2.6	2.3	13.6	13.5	1.2	1.0	
Garware Wall Ropes	Accumulate	379	423	830	861	967	10.9	10.9	24.0	28.2	15.8	13.5	2.3	2.0	14.6	14.9	1.0	0.8	
Goodyear India*	Accumulate	565	622	1,303	1,888	1,680	12.1	11.9	62.2	56.6	9.1	10.0	2.1	1.8	25.9	19.7	0.5	0.5	
Hitachi	Neutral	1,312	-	3,567	1,779	2,081	7.8	8.8	21.8	33.4	60.2	39.2	9.7	7.9	17.4	22.1	2.1	1.7	
HSIL	Neutral	308	-	2,230	2,123	2,384	16.1	16.5	15.0	18.9	20.5	16.3	1.6	1.5	8.0	9.4	1.4	1.2	
Interglobe Aviation	Neutral	1,045	-	37,641	17,022	21,122	20.7	14.5	63.9	53.7	16.3	19.5	24.5	20.1	149.9	103.2	2.2	1.8	
Jyothy Laboratories	Neutral	307	-	5,567	1,620	1,847	11.5	11.5	7.3	8.5	42.2	36.3	5.4	5.0	13.3	14.4	3.3	2.8	
Kirloskar Engines India	Neutral	263	-	3,806	2,471	2,826	8.8	10.4	9.1	13.3	28.8	19.7	2.7	2.6	9.7	13.4	1.2	1.0	
Linc Pen & Plastics	Neutral	176	-	261	340	371	8.3	8.9	10.8	13.2	16.3	13.4	2.6	2.3	16.0	17.1	0.8	0.7	
M M Forgings	Buy	533	614	643	511	615	21.7	21.6	43.1	55.8	12.4	9.6	2.3	1.8	19.9	21.2	1.5	1.1	
MRF	Buy	39,167	45,575	16,611	20,316	14,488	21.4	21.1	5,488.0	3,797.9	7.1	10.3	2.4	2.0	41.1	21.2	0.8	1.0	
MT Educare	Buy	141	169	560	286	366	18.3	17.7	7.7	9.4	18.2	15.0	3.8	3.2	20.2	21.1	1.9	1.4	

Company Name	Reco	CMP (₹)	Target Price (₹)	Mkt Cap (₹ cr)	Sales (₹ cr)		OPM (%)		EPS (₹)		PER (x)		P/BV (x)		RoE (%)		EV/Sales (x)	
					FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Navneet Education	Accumulate	86	97	2,050	998	1,062	24.1	24.0	5.8	6.1	15.0	14.1	3.3	2.9	22.0	20.5	2.1	2.0
Nilkamal	Neutral	1,043	-	1,556	1,910	2,083	10.5	10.3	63.3	69.2	16.5	15.1	2.7	2.3	17.6	16.5	0.9	0.8
Page Industries	Neutral	12,839	-	14,321	1,929	2,450	19.8	20.1	229.9	299.0	55.8	42.9	24.6	17.1	52.1	47.0	7.4	5.8
Radico Khaitan	Buy	109	156	1,445	1,565	1,687	12.2	13.0	5.7	7.1	19.1	15.3	1.6	1.5	8.3	9.5	1.4	1.3
Relaxo Footwears	Neutral	491	-	5,889	1,767	2,152	12.3	12.5	19.2	25.1	25.5	19.6	6.3	4.8	27.7	27.8	3.4	2.8
Siyaram Silk Mills	Buy	1,165	1,354	1,092	1,636	1,815	11.5	11.5	89.9	104.1	13.0	11.2	2.1	1.9	17.9	17.8	0.8	0.7
Styrolution ABS India*	Neutral	719	-	1,264	1,271	1,440	8.6	9.2	32.0	41.1	22.4	17.5	2.3	2.1	10.7	12.4	1.0	0.8
Surya Roshni	Buy	135	183	590	2,992	3,223	8.1	8.4	14.7	18.3	9.2	7.3	0.9	0.8	9.7	11.0	0.5	0.4
The Byke Hospitality	Accumulate	165	181	661	222	287	20.5	20.5	5.6	7.6	29.2	21.8	5.5	4.5	18.8	20.7	3.0	2.3
Transport Corp. of India	Neutral	337	-	2,564	2,830	3,350	8.8	9.0	14.4	18.3	23.5	18.4	3.6	3.1	15.4	17.1	1.0	0.9
TVS Srichakra	Accumulate	2,851	3,240	2,183	2,101	2,338	15.7	15.0	248.6	270.0	11.5	10.6	5.0	3.6	43.6	34.0	1.1	0.9
Visaka Industries	Accumulate	129	144	205	1,086	1,197	9.9	10.2	21.5	28.7	6.0	4.5	0.6	0.5	9.6	11.6	0.4	0.3
Wonderla Holidays	Neutral	390	-	2,205	206	308	44.0	43.6	9.0	12.9	43.4	30.3	5.9	5.4	13.7	17.8	10.6	7.1

Source: Company, Angel Research, Note: \*December year end; #September year end; &October year end; ^ June year end; Price as of December 7, 2015; Sesa Goa's numbers reflect the standalone Sesa Goa business only. We will revise our numbers once the consolidated entity Sesa- Sterlite is formed

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**Ratings (Returns) :**

*Buy (> 15%)  
Reduce (-5% to -15%)*

*Accumulate (5% to 15%)  
Sell (< -15%)*

*Neutral (-5 to 5%)*



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