



TOP PICKS REPORT

JANUARY 2016

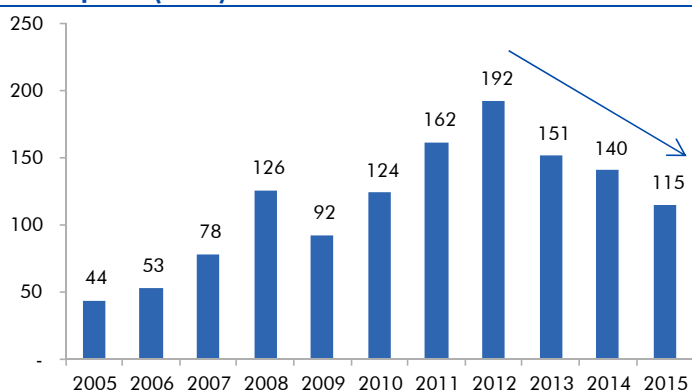


Angel Top Picks – January 2016

A lot of macro factors are falling in place to create the right conditions for the markets to rally in the coming year. Brent crude oil prices have declined ~66% over the last two years to \$33 as against ~\$99 at the end of CY2013, resulting in significant savings for the government. Led by lower crude prices, the net import bill has reduced at a CAGR of 16% to \$115bn in CY2015 as against \$192 bn in CY2012, resulting in a steep decline in the current account deficit.

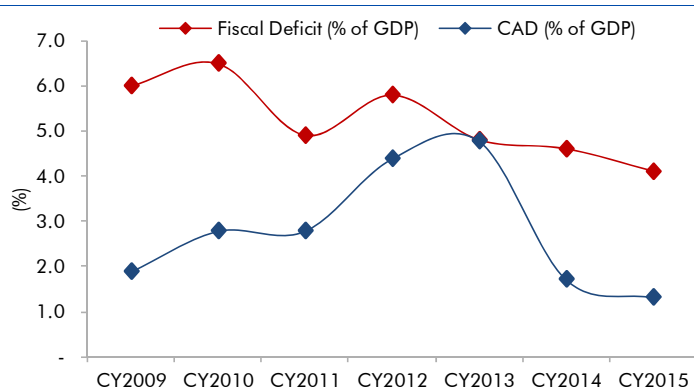
With these savings, the government has also been able to maintain fiscal discipline, despite an increase in infrastructure spending. We are already seeing a strong bid pipeline of ₹120,000cr from the NHAI and of over ₹244,000cr from the defense sector, expected to get tendered over the next 12 months. Accordingly, we expect uptick in government spending to result in private sector capex cycle revival. We believe the revival in the investment cycle will be the key to push the earnings trajectory upwards over the next few years led by the multiplier effect of infrastructure spending.

Net imports (\$ Bn)



Source: Company, Angel Research, Bloomberg

Twin deficits on the decline

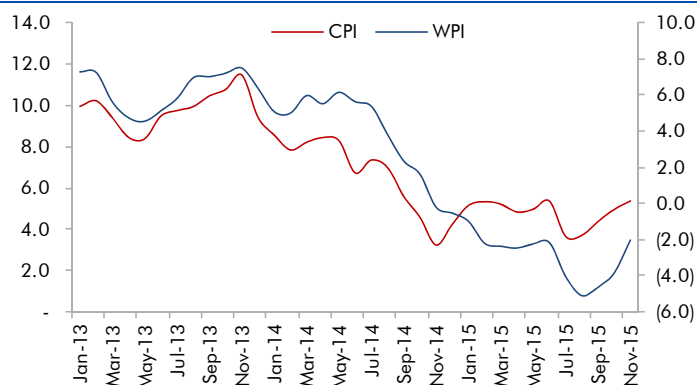


Source: Company, Angel Research, Bloomberg

Inflation too has been on a firm downtrend with the CPI averaging 4.8% between Jan-Nov CY2015, as against 6.7% in CY2014, while the WPI has remained negative. Despite a seasonal uptick in inflation, lower crude prices and sufficient foodgrains stocks, will help keep overall inflation on the downtrend. With inflation under check, we believe the RBI will have enough headroom to reduce policy rates further. Also with banks now beginning to transmit these lower rates, we expect lending rates to decline by ~100-125bps over the coming year, acting as a strong catalyst for earnings growth in CY2016.

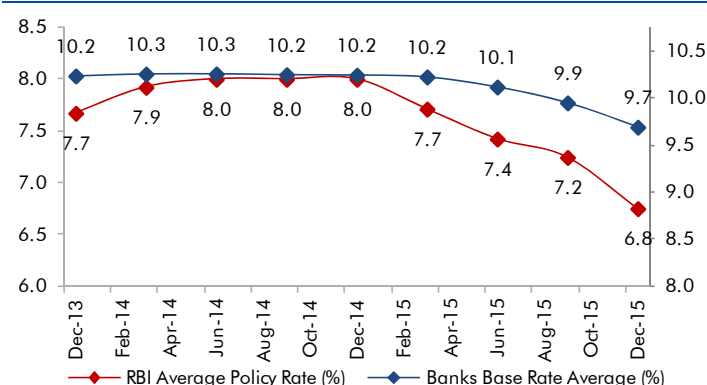
With growth expected to pick up, India is in fact the best placed among emerging economies to continue attracting higher fund inflows over the long term as China continues to grapple with a slowdown in economy and lower commodity prices will hurt Brazil and Russia. Confidence among domestic investors also continues to remain strong with strong mutual fund inflows of over ₹70,000cr in CY2015.

Inflation trajectory firmly on the downtrend



Source: Angel Research, Bloomberg

Large headroom for further cuts in lending rates



Source: Angel Research, Bloomberg

Within large caps we continue to like sectors where earnings growth continues to remain strong such as automobiles and IT. With falling rates and huge under-penetration, we believe retail finance companies, especially players focused on housing finance, are also likely to perform well. From a bottom-up perspective, we continue to like select emerging midcap companies with strong brands, entrepreneurial success and healthy growth outlook. We expect Sensex earnings to increase at a CAGR of 17% over FY2016-18 to ~₹1,993. Based on our estimates our one year Sensex target works out to 31,500, implying a 24% upside from the current levels.

Large Cap

Company	Sector	Rating	CMP (₹)	Target (₹)	Upside (%)	EPS		PER		EV/Sales		ROE	
						FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Amara Raja	Auto & Auto Ancill.	Buy	862	1,040	20.6	28.8	37.1	29.9	23.2	3.0	2.4	23.4	24.1
Ashok Leyland	Auto & Auto Ancill.	Buy	93	111	19.9	3.4	4.7	27.2	19.7	1.4	1.2	17.7	22.2
HCL Tech ^	IT	Buy	840	1,132	34.7	55.8	62.9	15.1	13.4	2.4	1.9	23.0	19.8
HDFC Bank	Financials	Buy	1,065	1,262	18.5	49.3	61.0	21.6	17.4	-	-	18.5	19.7
Infosys	IT	Buy	1,069	1,306	22.1	56.4	63.7	19.0	16.8	3.3	2.9	20.4	19.8
Larsen & Toubro	Construction	Buy	1,240	1,646	32.8	61.5	65.6	20.2	18.9	2.0	1.7	13.4	14.0
LIC Housing Finance	Financials	Buy	500	592	18.4	33.0	40.2	15.2	12.4	-	-	19.7	20.5

Source: Angel Research

Mid Cap

Company	Sector	Rating	CMP (₹)	Target (₹)	Upside (%)	EPS		PER		EV/Sales		ROE	
						FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Blue Star	Capital Goods	Buy	377	439	16.5	13.7	17.2	27.5	22.0	1.0	0.9	26.1	25.4
Garware Wall Ropes	Others	Buy	411	473	15.0	24.9	29.6	16.5	13.9	1.1	0.9	14.6	14.9
Jagran Prakashan	Media	Accumulate	169	189	12.0	8.9	9.9	19.0	17.1	2.4	2.2	20.9	20.4
Navkar Corp.	Others	Buy	207	265	28.1	5.6	5.9	36.7	35.2	8.9	7.6	6.3	6.1
Radico Khaitan	Others	Buy	112	156	39.3	5.7	7.1	19.6	15.7	1.4	1.3	8.3	9.6
Siyaram Silk Mills	Others	Buy	1,176	1,354	15.2	89.9	104.1	13.1	11.3	0.8	0.7	17.9	17.8
Surya Roshni	Others	Buy	165	201	21.5	14.7	18.3	11.3	9.0	0.5	0.5	9.7	11.0

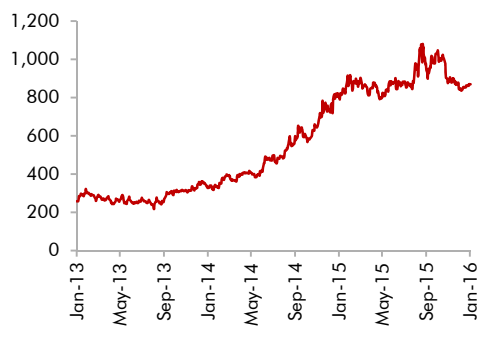
Source: Angel Research

Top Picks - Large Cap

Stock Info

CMP	862
TP	1,040
Upside	21%
Sector	Auto Ancillary
Market Cap (₹ cr)	14,728
Beta	0.8
52 Week High / Low	1,132 / 778

3 year-Chart



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 ducts developed with 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, 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.**

Key Financials

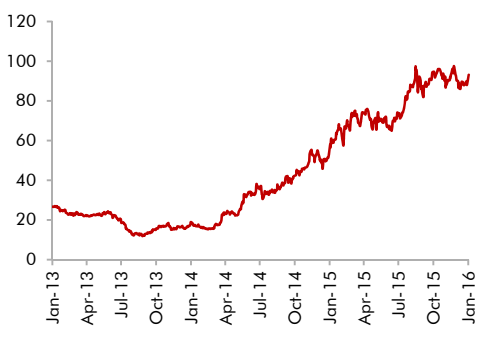
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	4,892	17.4	493	28.8	23.4	29.9	7.0	17.3	3.0
FY2017E	5,871	17.6	634	37.1	24.1	23.2	5.6	14.0	2.4

Source: Company, Angel Research

Stock Info

CMP	93
TP	111
Upside	19%
Sector	Automobile
Market Cap (₹ cr)	26,339
Beta	1.2
52 Week High / Low	100 / 56

3 year-Chart



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 industry is expected to remain in an uptrend (we expect 15% growth over the next two years) given the better economic growth, improvement in fleet operators profitability on account of firm freight rates and decline in diesel prices and increased infrastructure investments.
- In order to reduce cyclicality, 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 by 400bp 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 additional growth avenues. **We assign a multiple of 13x to FY2017E EBITDA to arrive at a target price of ₹111/share.**

Key Financials

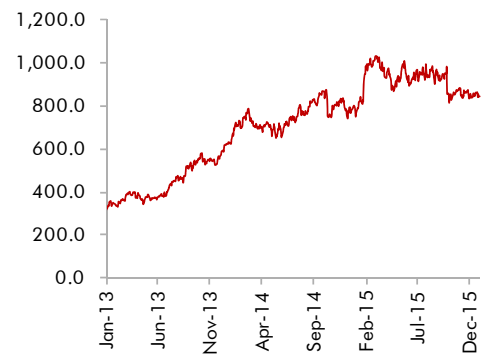
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	17,995	11.4	979	3.4	17.7	27.2	4.8	13.7	1.4
FY2017E	21,544	11.6	1,331	4.7	22.2	19.7	4.4	11.0	1.2

Source: Company, Angel Research

Stock Info

CMP	840
TP	1,132
Upside	35%
Sector	IT
Market Cap (₹ cr)	118,439
Beta	0.6
52 Week High / Low	1,058 / 747

3 year-Chart



Stock Info

CMP	1,065
TP	1,262
Upside	19%
Sector	Financials
Market Cap (₹ cr)	268,997
Beta	0.89
52 Week High / Low	1,128 / 932

3 year-Chart



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%. 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.

Key Financials

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	7,869	55.8	23.0	15.1	3.5	10.4	2.4
FY2017E	47,503	23.5	8,879	62.9	19.8	13.4	2.7	8.2	1.9

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.
- 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 ratio and the Net NPA ratio at 0.91% and 0.25%, respectively, as of 2QFY2016, in a challenging macro environment.
- Outlook:** The bank's credit and deposit growth continues to beat the industry growth rate, driven by dominant market position in most retail business, healthy CASA and continued network expansion. This provides strong visibility for robust 20% earnings trajectory, coupled with high quality of earnings, and its focus on high quality retail business as well as strategic focus on short-term highly rated corporate business. 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.

Key Financials

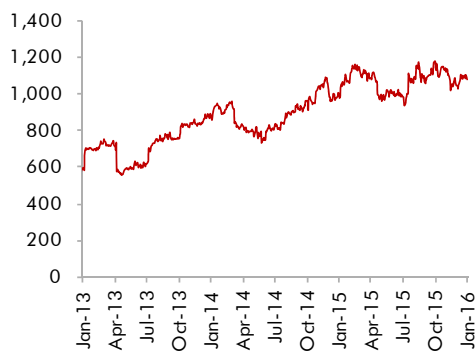
Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	38,309	4.3	12,363	49.3	285.4	1.9	18.5	21.6	3.7
FY2017E	47,302	4.3	15,302	61.0	332.2	1.9	19.7	17.4	3.2

Source: Company, Angel Research

Stock Info

CMP	1,069
TP	1,306
Upside	22%
Sector	IT
Market Cap (₹ cr)	245,647
Beta	0.7
52 Week High / Low	1,219 / 933

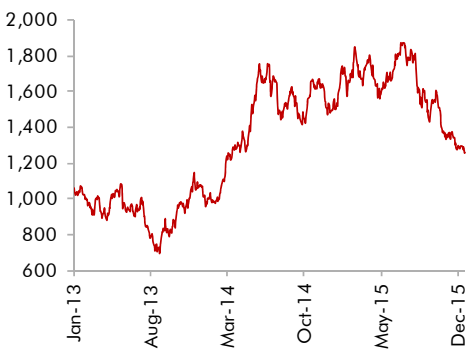
3 year-Chart



Stock Info

CMP	1,240
TP	1,646
Upside	33%
Sector	Infrastructure
Market Cap (₹ cr)	112,584
Beta	1.2
52 Week High / Low	1,893/1,237

3 year-Chart



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% 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 10.9% and 12.1%, respectively.
- Outlook and Valuations:** The stock trades at current valuations of 16.8x FY2017E earnings. **We recommend a Buy on the stock with a price target of ₹1,306.**

Key Financials

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	27.0	12,955	56.4	20.4	19.0	3.9	12.4	3.3
FY2017E	66,999	28.0	14,629	63.7	19.8	16.8	3.3	10.2	2.9

Source: Company, Angel Research

Larsen & Toubro

- L&T's management sees a bid pipeline of ₹3,70,000cr, which are at different stages of awarding. Considering the bid-pipeline and its presence across sub-verticals, it should attain its 5-7% order inflow growth guidance for FY2016E. L&T as of 2QFY2016-end, is sitting on order book of ₹2,44,097cr, which gives revenue visibility for 30+ months. Considering its huge order book, we expect L&T to report 12.5% yoy top-line growth for FY2016E.
- With legacy Hydro-carbons projects in Middle-East nearing completion, we expect Hydro-carbons business to show signs of turn-around by 4QFY2016. Accordingly, consol. EBITDA margins could expand from here-on.
- 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 up to certain extent.
- Ascribing separate values to parent business (on P/E basis) and investments in subsidiaries (using P/E, P/BV and M-cap basis), we arrive at FY2017E based Target price of ₹1,646. At the current market price of ₹1,257, standalone entity is trading at implied P/E multiple of 12x (FY2017E), which is attractive. We are of the view that L&T is a proxy play for investors wanting to ride on Indian infrastructure growth story. **We recommend a Buy on the stock.**

Key Financials

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	20.2	2.0	17.5	2.0
FY2017E	73,241	11.7	6,155	65.6	14.0	18.9	1.9	15.2	1.7

Source: Company, Angel Research

Stock Info

CMP	500
TP	592
Upside	18%
Sector	Financials
Market Cap (₹ cr)	25,210
Beta	1.35
52 Week High / Low	526 / 389

3 year-Chart



LIC Housing Finance

- **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%.
- **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. 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 2.4x FY2017E ABV. **We recommend a Buy rating on the stock, with a target price of ₹592.**

Key Financials

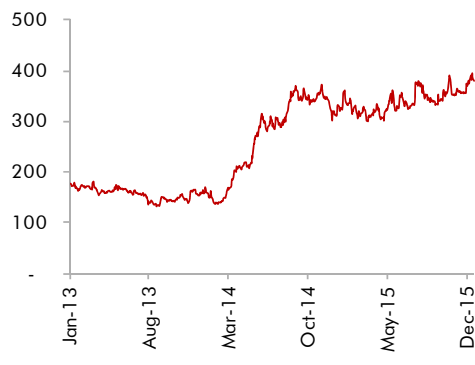
Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2016E	3,101	2.5	1,664	33.0	176.7	1.4	19.7	15.2	2.8
FY2017E	3,745	2.5	2,029	40.2	207.6	1.4	20.5	12.5	2.4

Source: Company, Angel Research

Top Picks - Mid Cap

Stock Info

CMP	377
TP	439
Upside	17%
Sector	Cons. Durable
Market Cap (₹ cr)	3,388
Beta	0.7
52 Week High / Low	398 / 274

3 year-Chart

Blue Star

- BSL is one of the largest air-conditioning companies in India. With a mere 3% penetration level vs 25% in China, the overall outlook for the room air-conditioner (RAC) market in India is favourable.
- BSL's 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). This has resulted in CPD's share in overall revenues increasing from ~23% in FY2010 to ~42% in FY2015 (expected to improve to ~48% in FY2018E). 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 11.2% over FY2015-18E and margins to improve from 5.3% in FY2015 to 7.1% in FY2018E. Moreover, the proposed merger with Blue Star Infotech will provide cash influx and thus strengthen the balance sheet. **We maintain our Buy recommendation on the stock.**

Key Financials

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	27.5	6.9	16.6	1.0
FY2017E	3,977	6.9	164	17.2	25.4	22.0	4.5	13.0	0.9

Source: Company, Angel Research

Stock Info

CMP	411
TP	473
Upside	15%
Sector	Textile
Market Cap (₹ cr)	899
Beta	1.0
52 Week High / Low	438/165

3 year-Chart

Garware Wall Ropes

- We expect Garware Wall Ropes (GWRL) to report a healthy top-line CAGR of ~11% over FY2015-17E, on the back of higher growth in exports. Going forward, we expect GWRL to report export sales CAGR of ~23% over FY2015-17E on back of higher demand for aquaculture and sports products globally.
- Going forward, we believe that the company would be able to increase its operating margins owing to (a) easing raw material prices including that of High Density Polyethylene, Polyethylene, Nylon etc. which are crude based raw materials, and (b) higher contribution of exports which is a high margin business.
- GWRL has been consistently repaying debt over the past four years, resulting in debt having come down from ~ ₹140cr in FY2012 to ₹45cr in FY2015. Going forward, we believe the company will continue repaying debt with strong cash flows, which in turn will lead to reduction in interest cost. **Hence, we recommend a Buy rating on the stock with a target price of ₹473.**

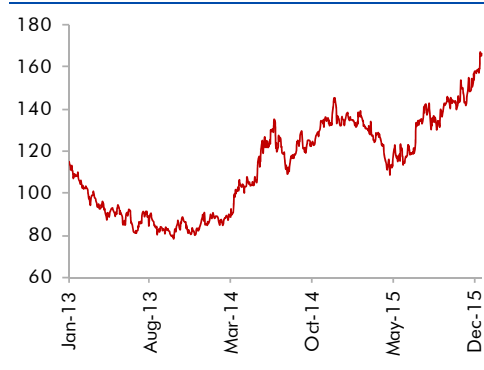
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	861	10.9	54	24.9	14.6	16.5	2.5	9.3	1.1
FY2017E	967	10.9	65	29.6	14.9	13.9	2.2	7.9	0.9

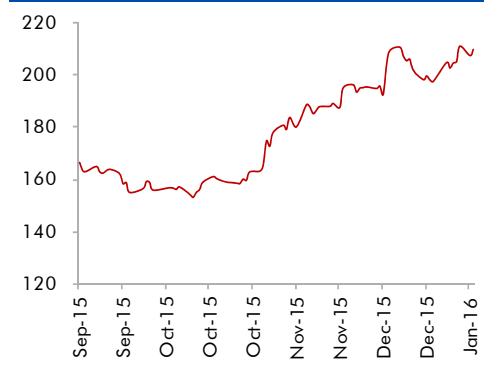
Source: Company, Angel Research

Stock Info

CMP	169
TP	189
Upside	12%
Sector	Media
Market Cap (₹ cr)	5,518
Beta	0.6
52 Week High / Low	172/108

3 year-Chart

Stock Info

CMP	207
TP	265
Upside	28%
Sector	Logistics
Market Cap (₹ cr)	2,951
Beta	0.6
52 Week High / Low	221 / 151

3 year-Chart

Jagran Prakashan

- We expect JPL to register a 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 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 have been in a declining trend. Thus, considering lower news print costs, healthy sales, and higher margins in the radio business, we expect an adj. net profit CAGR of ~20% over FY2015-17E to ₹325cr.
- Considering Dainik Jagran's strong presence in the rapidly growing Hindi markets, 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 stock with a target price of ₹189.**

Key Financials

Y/E	Sales	OPM	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	19.0	4.0	8.8	2.4
FY2017E	2,355	26.2	325	9.9	20.5	17.1	3.5	8.4	2.2

Source: Company, Angel Research

Navkar

- NCL is one of the largest and one of the three CFS at JNPT with rail connectivity, helping garner high market share at the port. NCL is in a massive expansion mode where it is increasing its capacity by 234% to 1,036,889 TEUS at JNPT and coming up with an ICD at Vapi (with Logistics Park).
- The ICD with rail link should benefit from first mover advantage in a region that has huge market potential and accounts for ~27% of volumes at JNPT. The ICD should be able to capture the EXIM volumes from the region through rail link that till now was being custom cleared at JNPT (Import) or being transported via road and consolidated at JNPT (Export). Although, South Gujarat volume will now head straight to Vapi ICD, the company can now cater to bulk commodities and domestic traffic that it had been rejecting owing to capacity constraints at CFS.
- We expect NCL to successfully use its rail advantage and scale up its utilisations at both JNPT and Vapi ICD. **We have a Buy rating on the stock.**

Key Financials

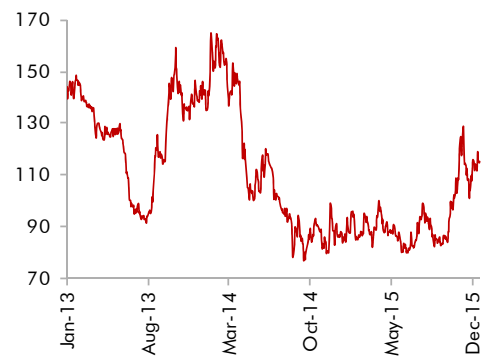
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2016E	365	38.3	80	5.6	6.3	36.7	2.3	23.2	8.9
FY2017E	436	37.5	84	5.9	6.1	35.2	2.2	20.3	7.6

Source: Company, Angel Research

Stock Info

CMP	112
TP	156
Upside	39%
Sector	Breweries & Distilleries
Market Cap (₹ cr)	1,485
Beta	0.8
52 Week High / Low	131/78

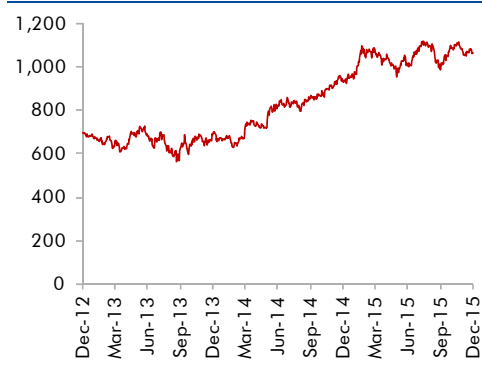
3 year-Chart



Stock Info

CMP	1,176
TP	1,354
Upside	15%
Sector	Textile
Market Cap (₹ cr)	1,102
Beta	0.8
52 Week High / Low	1,400/857

3 year-Chart



Radico Khaitan

- The IMFL segment is under penetrated. Going forward, increase in income levels would lead to higher growth in IMFL brands. RKL has strong brands in the premium liquor category which reported a CAGR of ~26% over the last seven-year period. We expect the growth momentum to continue.
- We expect the price of ENA, a key raw material, to remain stable and potentially even decline going forward due to higher sugar production and lower demand for ethanol from Indian oil marketing companies
- 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).**

Key Financials

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	19.6	1.7	11.8	1.4
FY2017E	1,687	13.0	95	7.1	9.6	15.7	1.5	10.1	1.3

Source: Company, Angel Research

Siyaram Silk Mills

- SSML has strong brands which cater to premium as well as popular mass segments of the market. Further, in FY2014, SSML entered the ladies' salwar kameez and ethnic wear segment. 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. It has a retail network of 160 stores and plans to add another 300-350 stores going forward. 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 ~11% 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. **We have a Buy rating on the stock and target price of ₹1,354.**

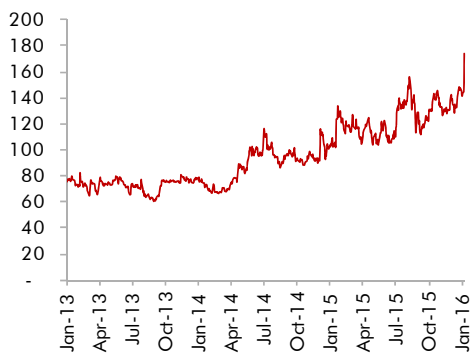
Key Financials

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	13.1	2.2	7.0	0.8
FY2017E	1,815	11.5	98	104.1	17.8	11.3	1.9	6.3	0.7

Source: Company, Angel Research

Stock Info

CMP	165
TP	201
Upside	21%
Sector	Con. Durable
Market Cap (₹ cr)	725
Beta	1.7
52 Week High / Low	182 / 101

3 year-Chart

Surya Roshni

- We expect SRL to benefit from the structural shift in the lighting industry towards LED lighting, which is expected to post CAGR of 28% over FY2015E-21E. SRL is the 2nd largest lighting company in India with a market share of ~ 25%. With growing demand for LEDs, SRL would be a key beneficiary, given that "Surya" brand is well recognized and has superior reach comprising of 2 lakh plus retailers.
- SRL's other business, Steel Pipes, entails low profitability and has higher debt, having resulted in high overall debt/equity. The Lighting business' contribution to overall top-line has increased from 30% in FY2012 to 40% in FY2015. The latter commands higher margins (10.7%) vs. the steel business (2.9%) and contributes 70% to the profitability.
- In a declining interest rate scenario, we expect SRL's interest expense to be lower and we expect the company to use its healthy cash flows from the Lighting business to slowly reduce its debt.
- Since our December Top Picks recommendation, the stock has generated returns of 23.0% and at CMP, SRL trades at 9.0x its FY2017E earnings. **We maintain our Buy recommendation on SRL with revised target of ₹201.**

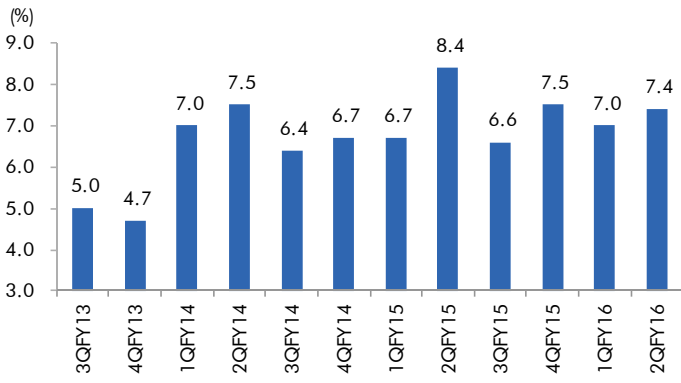
Key Financials

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	11.3	1.0	6.4	0.5
FY2017E	3,223	8.4	80	18.3	11.0	9.0	1.0	5.7	0.5

Source: Company, Angel Research

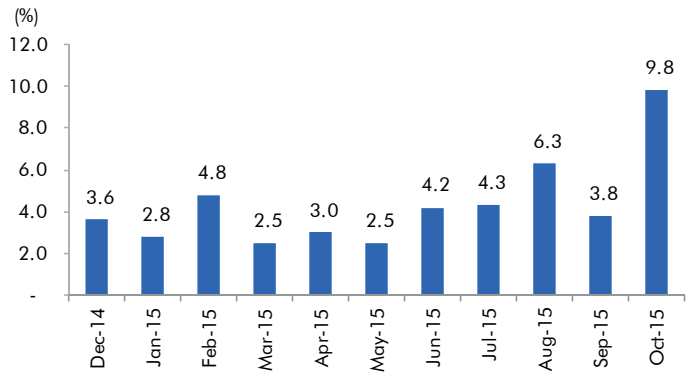
Macro watch

Exhibit 1: Quarterly GDP trends



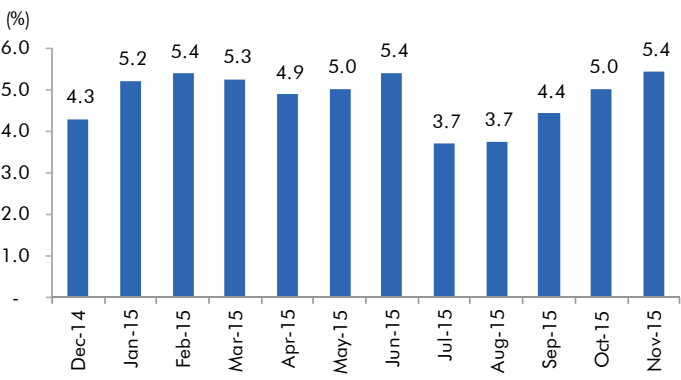
Source: CSO, Angel Research

Exhibit 2: IIP trends



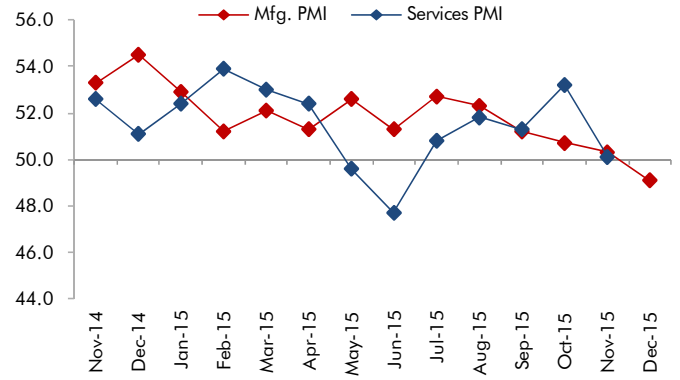
Source: MOSPI, Angel Research

Exhibit 3: Monthly CPI inflation trends



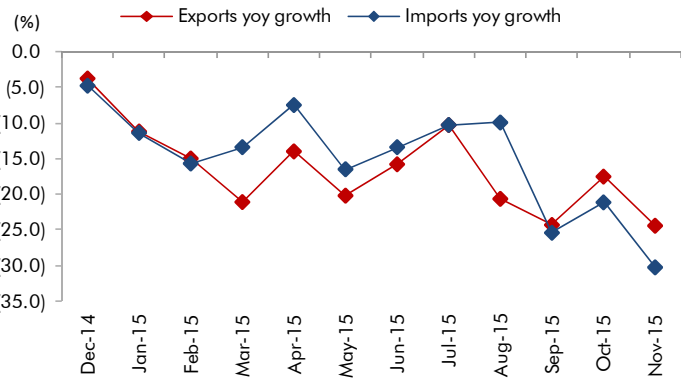
Source: MOSPI, Angel Research

Exhibit 4: Manufacturing and services PMI



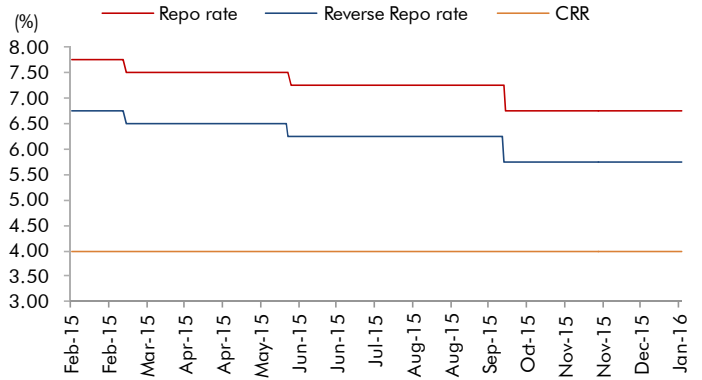
Source: Market, Angel Research; Note: Level above 50 indicates expansion

Exhibit 5: Exports and imports growth trends



Source: Bloomberg, Angel Research

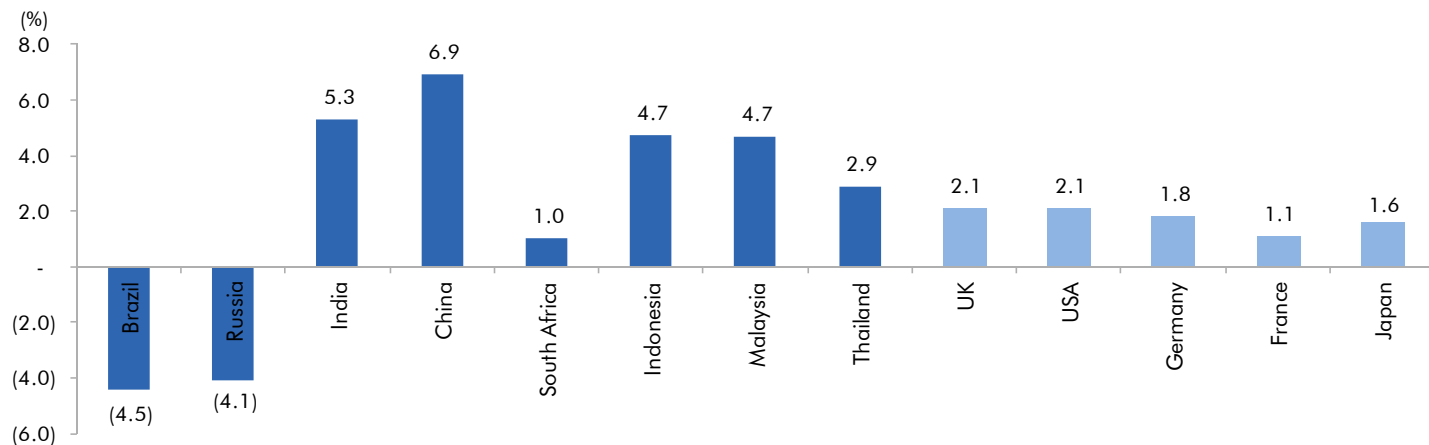
Exhibit 6: Key policy rates



Source: RBI, Angel Research

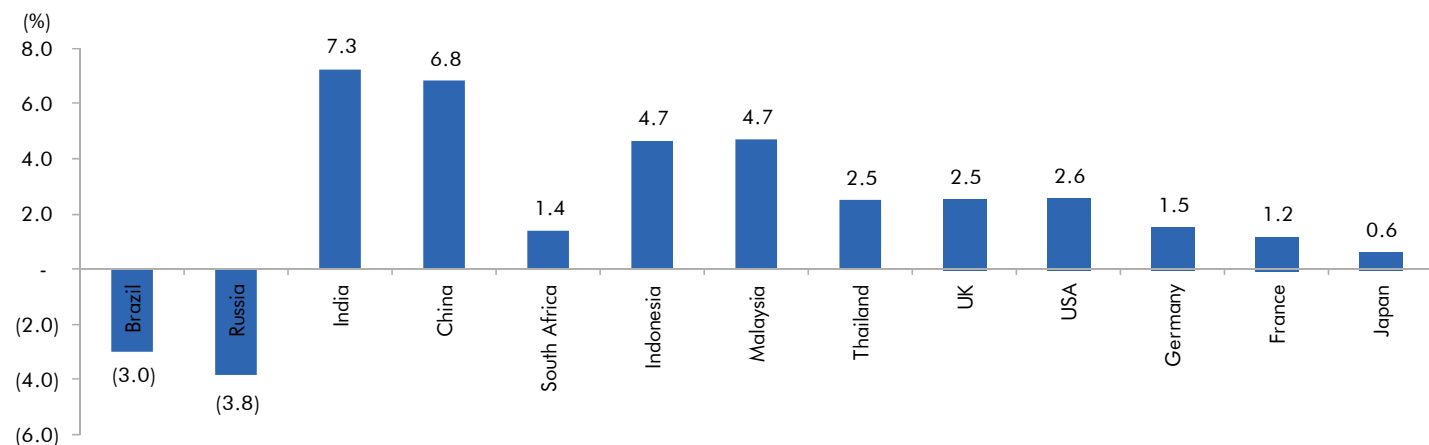
Global watch

Exhibit 1: Latest quarterly GDP Growth (% , yoy) across select developing and developed countries



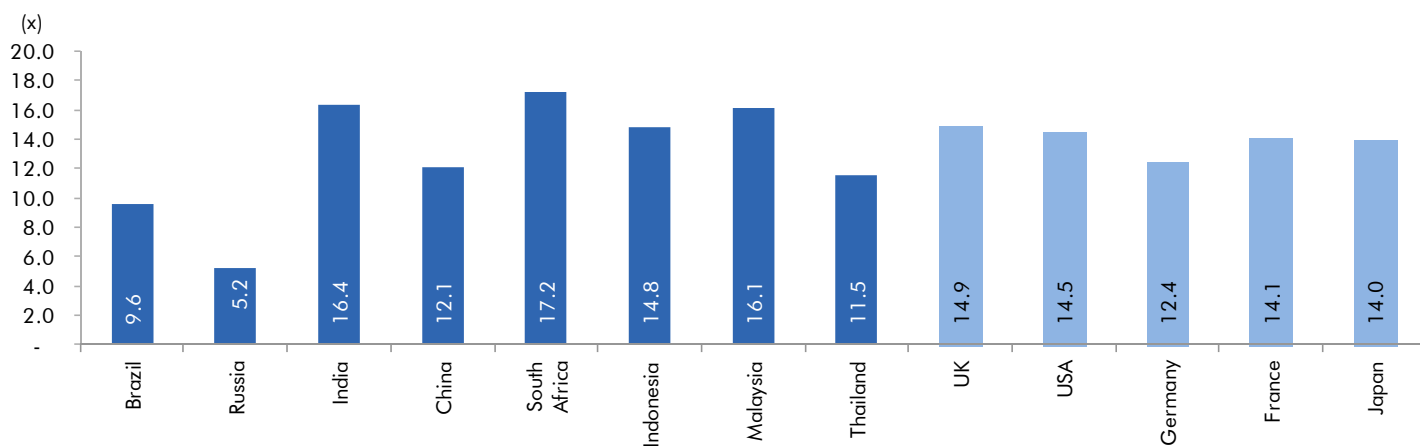
Source: Bloomberg, Angel Research

Exhibit 2: 2015 GDP Growth projection by IMF (% , yoy) across select developing and developed countries



Source: IMF, Angel Research

Exhibit 3: One year forward P-E ratio across select developing and developed countries



Source: IMF, Angel Research

Exhibit 4: Relative performance of indices across globe

Country	Name of index	Closing price	Returns (%)		
			1M	3M	1YR
Brazil	Bovespa	41,773	(7.3)	(5.3)	(16.7)
Russia	Micex	1,749	(2.2)	5.8	18.1
India	Nifty	7,741	(0.5)	(2.6)	(6.6)
China	Shanghai Composite	3,362	(10.1)	1.1	0.7
South Africa	Top 40	44,150	(4.1)	(5.4)	3.3
Mexico	Mexbol	41,691	(3.1)	(2.4)	0.9
Indonesia	LQ45	802	0.9	11.3	(10.6)
Malaysia	KLCI	1,668	(0.5)	2.1	(5.7)
Thailand	SET 50	790	(9.2)	(8.9)	(22.8)
USA	Dow Jones	16,907	(3.3)	0.8	(3.9)
UK	FTSE	6,073	(5.4)	(3.6)	(7.6)
Japan	Nikkei	18,191	(8.8)	4.6	1.9
Germany	DAX	10,214	(9.3)	6.9	3.8
France	CAC	4,480	(5.3)	(3.9)	4.4

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	
Agri / Agri Chemical																			
Rallis	Neutral	173	-	3,362	2,097	2,415	14.4	14.4	9.5	11.0	18.2	15.7	3.6	3.1	21.1	21.3	1.6	1.4	
United Phosphorus	Buy	442	510	18,940	13,698	15,752	17.6	17.6	32.1	38.5	13.8	11.5	2.7	2.2	21.4	21.3	1.5	1.2	
Auto & Auto Ancillary																			
Ashok Leyland	Buy	93	111	26,339	17,995	21,544	11.4	11.6	3.4	4.7	27.2	19.7	4.8	4.4	17.7	22.2	1.4	1.2	
Bajaj Auto	Accumulate	2,486	2,728	71,922	23,695	27,298	21.3	20.4	134.6	151.5	18.5	16.4	5.9	5.0	31.8	30.6	2.6	2.2	
Bharat Forge	Accumulate	876	943	20,387	7,867	8,881	20.0	20.3	34.4	41.0	25.5	21.4	4.9	4.1	21.1	20.9	2.7	2.4	
Eicher Motors	Accumulate	17,525	19,036	47,588	15,379	16,498	15.6	16.6	473.2	574.8	37.0	30.5	13.7	10.2	36.7	33.2	3.0	2.8	
Gabriel India	Neutral	96	-	1,385	1,415	1,544	8.7	9.0	4.6	5.4	21.0	17.9	3.8	3.4	18.1	18.9	1.0	0.8	
Hero Motocorp	Accumulate	2,582	2,774	51,554	28,561	31,559	14.7	14.7	151.1	163.2	17.1	15.8	6.6	5.6	38.7	35.6	1.6	1.5	
Jamna Auto Industries	Neutral	145	-	1,158	1,292	1,486	9.3	9.8	6.0	7.5	24.2	19.3	5.0	4.2	20.7	21.8	1.0	0.8	
L G Balakrishnan & Bros	Neutral	505	-	792	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	Buy	1,224	1,449	76,003	39,031	44,440	13.8	13.9	57.9	67.6	21.1	18.1	3.4	3.0	16.1	16.6	1.6	1.3	
Maruti	Neutral	4,480	-	135,318	57,865	68,104	16.4	16.7	176.3	225.5	25.4	19.9	4.9	4.2	19.4	21.2	2.1	1.7	
Minda Industries	Neutral	916	-	1,452	2,567	2,965	8.0	8.3	46.1	57.8	19.9	15.8	3.3	2.7	16.7	17.3	0.7	0.6	
Motherson Sumi	Accumulate	281	313	37,228	39,343	45,100	8.8	9.1	10.1	12.5	27.9	22.5	8.8	6.9	35.3	34.4	1.0	0.9	
Rane Brake Lining	Accumulate	345	366	273	454	511	11.1	11.4	23.8	28.1	14.5	12.3	2.1	1.9	14.2	15.3	0.7	0.7	
Setco Automotive	Neutral	41	-	544	594	741	12.7	13.7	1.7	3.2	23.9	12.7	2.5	2.2	10.4	16.9	1.4	1.1	
Tata Motors	Accumulate	366	409	105,585	266,022	312,667	12.8	13.1	26.3	38.3	13.9	9.5	1.8	1.5	8.4	12.1	0.6	0.5	
TVS Motor	Buy	287	338	13,614	11,569	13,648	7.3	8.7	10.3	16.1	27.8	17.8	6.9	5.4	24.8	30.5	1.2	1.0	
Amara Raja Batteries	Buy	862	1,040	14,728	4,892	5,871	17.4	17.6	28.8	37.1	29.9	23.2	7.0	5.6	23.4	24.1	3.0	2.4	
Exide Industries	Accumulate	142	162	12,049	6,950	7,784	14.4	14.8	6.6	7.3	21.5	19.4	2.7	2.5	12.6	12.8	1.4	1.3	
Apollo Tyres	Accumulate	155	171	7,905	12,146	12,689	16.8	16.0	21.2	19.0	7.3	8.2	1.2	1.1	16.5	13.0	0.7	0.8	
Ceat	Neutral	1,069	-	4,326	6,041	6,597	14.1	13.7	99.5	111.9	10.7	9.6	2.1	1.8	19.6	18.5	0.9	0.7	
JK Tyres	Neutral	115	-	2,606	7,446	7,669	15.2	14.0	19.6	18.4	5.9	6.2	1.5	1.2	25.2	19.5	0.7	0.6	
Swaraj Engines	Neutral	964	-	1,198	552	630	14.2	14.7	44.6	54.1	21.6	17.8	5.0	4.6	23.2	25.6	2.0	1.7	
Subros	Neutral	105	-	632	1,268	1,488	11.6	11.9	3.7	6.6	28.5	16.0	1.9	1.7	6.8	11.4	0.8	0.7	
Indag Rubber	Neutral	216	-	567	283	329	17.0	17.2	13.0	15.4	16.7	14.0	3.6	3.0	21.8	21.6	1.7	1.4	
Banking																			
Allahabad Bank	Neutral	68	-	4,081	8,569	9,392	2.8	2.9	16.3	27.5	4.2	2.5	0.4	0.31	7.6	11.9	-	-	
Axis Bank	Buy	431	630	102,484	26,473	31,527	3.5	3.6	35.7	43.5	12.1	9.9	2.3	2.02	17.9	18.9	-	-	
Bank of Baroda	Neutral	149	-	34,251	18,485	21,025	1.9	2.0	13.5	21.1	11.0	7.0	0.9	0.8	7.3	10.6	-	-	
Bank of India	Neutral	114	-	9,040	15,972	17,271	1.9	2.0	15.3	33.3	7.5	3.4	0.3	0.3	3.6	7.6	-	-	
Canara Bank	Neutral	229	-	12,410	15,441	16,945	2.0	2.1	46.6	70.4	4.9	3.2	0.4	0.4	8.0	11.2	-	-	
Dena Bank	Neutral	40	-	2,607	3,440	3,840	2.1	2.3	7.2	10.0	5.6	4.0	0.4	0.3	6.1	7.9	-	-	
Federal Bank	Neutral	55	-	9,428	3,477	3,999	3.0	3.0	5.0	6.2	10.9	8.8	1.1	1.0	10.5	11.9	-	-	
HDFC	Neutral	1,208	-	190,781	10,358	11,852	3.3	3.3	41.1	47.0	29.4	25.7	5.6	5.1	24.7	24.9	-	-	
HDFC Bank	Buy	1,065	1,262	268,997	38,309	47,302	4.3	4.3	49.3	61.0	21.6	17.4	3.7	3.21	18.5	19.7	-	-	
ICICI Bank	Buy	250	354	145,363	34,279	39,262	3.3	3.3	21.0	24.4	11.9	10.3	2.0	1.7	14.4	14.7	-	-	

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
IDBI Bank	Neutral	83	-	13,329	9,625	10,455	1.8	1.8	8.5	14.2	9.7	5.8	0.6	0.5	5.9	9.3	-	-	
Indian Bank	Neutral	111	-	5,324	6,160	6,858	2.4	2.5	24.5	29.8	4.5	3.7	0.4	0.3	7.7	8.6	-	-	
LIC Housing Finance	Buy	500	592	25,210	3,101	3,745	2.5	2.5	33.0	40.2	15.2	12.4	2.8	2.4	19.7	20.5	-	-	
Oriental Bank	Neutral	135	-	4,040	7,643	8,373	2.4	2.4	37.2	45.4	3.6	3.0	0.3	0.3	8.2	9.4	-	-	
Punjab Natl.Bank	Neutral	110	-	21,590	23,638	26,557	2.8	2.8	17.9	27.2	6.1	4.0	0.6	0.5	8.5	12.0	-	-	
South Ind.Bank	Neutral	20	-	2,714	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	217	283	168,452	82,520	93,299	2.7	2.8	20.0	24.5	10.8	8.9	1.2	1.0	11.5	12.8	-	-	
Union Bank	Neutral	143	-	9,848	12,646	14,129	2.3	2.4	31.0	39.1	4.6	3.7	0.5	0.4	9.8	11.4	-	-	
Vijaya Bank	Neutral	34	-	2,912	3,536	3,827	1.8	1.9	5.5	6.7	6.1	5.1	0.5	0.5	7.8	8.8	-	-	
Yes Bank	Buy	703	921	29,487	7,190	9,011	3.2	3.3	58.2	69.7	12.1	10.1	2.2	1.8	19.2	19.6	-	-	
Capital Goods																			
ACE	Neutral	47	-	467	660	839	4.7	8.2	1.0	3.9	47.2	12.1	1.5	1.3	3.2	11.3	0.9	0.7	
BEML	Neutral	1,256	-	5,232	3,277	4,006	6.0	8.9	29.2	64.3	43.0	19.5	2.4	2.2	5.7	11.7	1.7	1.3	
Bharat Electronics	Neutral	1,353	-	32,482	7,737	8,634	16.8	17.2	54.0	61.0	25.1	22.2	3.6	3.2	39.3	45.6	3.3	2.8	
Voltas	Buy	306	353	10,122	5,363	5,963	8.0	9.1	11.0	13.8	27.8	22.2	4.3	3.7	16.2	17.9	1.8	1.6	
BGR Energy	Neutral	133	-	959	3,615	3,181	9.5	9.4	16.7	12.4	8.0	10.7	0.7	0.7	10.0	7.0	0.7	0.8	
BHEL	Neutral	165	-	40,483	33,722	35,272	10.8	11.7	10.5	14.2	15.8	11.6	1.2	1.1	7.0	9.0	1.3	1.2	
Blue Star	Buy	377	439	3,388	3,548	3,977	6.3	6.9	13.7	17.2	27.5	22.0	6.9	4.5	26.1	25.4	1.0	0.9	
Crompton Greaves	Accumulate	193	204	12,068	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	364	458	8,083	4,980	5,943	17.0	17.5	26.6	31.6	13.7	11.5	4.1	3.0	35.0	30.0	1.8	1.4	
KEC International	Neutral	151	-	3,873	8,791	9,716	6.1	6.8	5.4	8.2	27.9	18.4	2.8	2.6	10.0	14.0	0.7	0.6	
Thermax	Neutral	869	-	10,360	6,413	7,525	7.4	8.5	30.5	39.3	28.5	22.1	4.4	3.8	15.0	17.0	1.6	1.3	
Cement																			
ACC	Buy	1,327	1,630	24,905	13,151	14,757	16.4	18.3	63.9	83.4	20.8	15.9	2.7	2.5	13.3	16.1	1.7	1.5	
Ambuja Cements	Accumulate	203	233	31,535	11,564	12,556	19.4	20.7	8.9	10.1	22.8	20.1	2.9	2.7	12.8	13.8	2.4	2.1	
HeidelbergCement	Neutral	77	-	1,745	1,772	1,926	13.3	15.4	1.0	3.0	77.0	25.7	1.9	1.8	2.6	7.9	1.6	1.3	
India Cements	Accumulate	98	112	3,015	4,216	4,840	18.0	19.5	4.0	9.9	24.5	9.9	1.0	0.9	4.0	9.5	1.0	0.8	
JK Cement	Buy	578	744	4,044	3,661	4,742	10.1	15.8	18.0	61.0	32.1	9.5	2.3	2.1	7.5	22.9	1.6	1.2	
J K Lakshmi Cement	Buy	331	430	3,892	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	199	-	531	1,053	1,347	10.5	13.3	8.4	26.0	23.7	7.6	1.0	0.9	4.3	12.5	0.9	0.6	
Orient Cement	Buy	150	183	3,070	1,854	2,524	21.2	22.2	7.7	11.1	19.5	13.5	2.8	2.4	13.3	15.7	2.4	1.7	
Ramco Cements	Neutral	389	-	9,249	4,036	4,545	20.8	21.3	15.1	18.8	25.7	20.7	3.1	2.8	12.9	14.3	2.8	2.4	
Shree Cement ^	Neutral	11,423	-	39,793	7,150	8,742	26.7	28.6	228.0	345.5	50.1	33.1	7.4	6.2	15.7	20.3	5.3	4.3	
UltraTech Cement	Buy	2,737	3,282	75,099	25,021	30,023	19.1	21.6	89.0	132.0	30.7	20.7	3.6	3.1	12.2	15.9	3.1	2.6	
Construction																			
ITNL	Neutral	93	-	3,059	7,360	8,825	34.0	35.9	7.0	9.0	13.3	10.3	0.5	0.4	3.2	3.7	3.8	3.7	
KNR Constructions	Buy	559	673	1,572	937	1,470	14.3	14.0	33.5	38.6	16.7	14.5	2.5	2.2	15.4	15.4	1.8	1.1	
Larsen & Toubro	Buy	1,240	1,646	115,438	65,065	77,009	11.5	11.7	61.5	65.6	20.2	18.9	2.0	1.9	13.4	14.0	2.0	1.7	
Gujarat Pipavav Port	Neutral	158	-	7,641	629	684	51.0	52.2	6.4	5.9	24.7	26.8	3.3	3.0	15.9	12.7	11.8	10.6	
MBL Infrastructures	Buy	219	285	907	2,313	2,797	12.2	14.6	19.0	20.0	11.5	10.9	1.2	1.1	11.3	10.6	1.1	1.0	
Nagarjuna Const.	Neutral	79	-	4,375	7,892	8,842	8.8	9.1	3.0	5.3	26.2	14.8	1.3	1.2	5.0	8.5	0.8	0.7	
PNC Infratech	Neutral	539	-	2,767	1,873	2,288	13.2	13.5	24.0	32.0	22.5	16.9	2.2	1.9	12.1	12.3	1.6	1.3	
Simplex Infra	Neutral	319	-	1,577	5,955	6,829	10.3	10.5	16.0	31.0	19.9	10.3	1.1	1.0	5.3	9.9	0.8	0.7	
Power Mech Projects	Neutral	660	-	971	1,539	1,801	12.8	12.7	59.0	72.1	11.2	9.2	1.7	1.4	18.6	16.8	0.6	0.5	

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
Sadbhav Engineering	Neutral	334	-	5,728	3,481	4,219	10.7	10.8	8.0	12.0	41.7	27.8	3.9	3.4	10.3	13.5	1.9	1.6	
NBCC	Accumulate	1,009	1,089	12,113	7,382	9,506	7.7	8.6	39.8	54.4	25.4	18.6	6.1	4.8	26.7	29.1	1.4	1.0	
MEP Infra	Neutral	47	-	771	1,956	1,876	28.1	30.5	1.3	3.0	36.5	15.8	7.7	5.2	21.2	32.8	1.8	1.8	
SIPL	Neutral	95	-	3,330	675	1,042	62.4	64.7	-	-	-	-	3.5	4.0	-	-	16.6	11.2	
FMCG																			
Asian Paints	Neutral	887	-	85,038	16,553	19,160	16.0	16.2	17.7	21.5	50.2	41.2	13.3	12.0	29.4	31.2	5.0	4.3	
Britannia	Neutral	3,003	-	36,034	8,065	9,395	9.6	10.2	47.2	65.5	63.6	45.9	21.1	20.0	38.3	41.2	4.3	3.7	
Colgate	Neutral	949	-	25,801	4,836	5,490	19.5	19.7	48.5	53.2	19.6	17.8	14.3	12.5	99.8	97.5	5.2	4.6	
Dabur India	Neutral	276	-	48,517	9,370	10,265	17.1	17.2	7.3	8.1	37.6	34.0	11.3	9.2	33.7	30.6	5.1	4.6	
GlaxoSmith Con*	Neutral	6,659	-	28,003	4,919	5,742	17.2	17.4	168.3	191.2	39.6	34.8	11.2	9.6	28.8	28.9	5.3	4.5	
Godrej Consumer	Neutral	1,306	-	44,458	10,168	12,886	16.1	16.1	32.1	38.4	40.7	34.0	8.3	7.6	19.7	21.0	4.5	3.5	
HUL	Neutral	841	-	182,068	34,940	38,957	17.5	17.7	20.8	24.7	40.4	34.1	45.0	36.0	110.5	114.2	5.0	4.5	
ITC	Buy	315	382	253,236	41,068	45,068	37.8	37.4	13.9	15.9	22.6	19.8	7.6	6.7	34.1	33.8	5.8	5.2	
Marico	Neutral	227	-	29,222	6,551	7,766	15.7	16.0	10.4	12.5	21.8	18.1	6.3	5.3	33.2	32.4	4.4	3.7	
Nestle*	Buy	5,717	6,646	55,120	11,291	12,847	22.2	22.3	158.9	184.6	36.0	31.0	18.8	16.9	55.0	57.3	4.7	4.1	
Tata Global	Neutral	145	-	9,167	8,635	9,072	9.8	9.9	6.5	7.6	22.3	19.1	2.2	2.1	6.8	7.4	1.0	0.9	
IT																			
HCL Tech ^	Buy	840	1,132	118,439	42,038	47,503	23.2	23.5	55.8	62.9	15.1	13.4	3.5	2.7	23.0	19.8	2.4	1.9	
Infosys	Buy	1,069	1,306	245,647	60,250	66,999	27.0	28.0	56.4	63.7	19.0	16.8	3.9	3.3	20.4	19.8	3.3	2.9	
TCS	Buy	2,381	3,165	469,198	111,274	126,852	28.4	28.7	125.4	143.9	19.0	16.5	7.5	6.9	39.9	42.2	3.8	3.3	
Tech Mahindra	Buy	524	646	50,619	25,566	28,890	16.0	17.0	26.3	31.9	19.9	16.4	3.6	3.0	17.9	18.6	1.7	1.5	
Wipro	Buy	555	719	137,167	50,808	58,713	23.7	23.8	37.3	42.3	14.9	13.1	2.8	2.5	19.0	17.9	2.3	1.8	
Media																			
D B Corp	Accumulate	325	356	5,969	2,241	2,495	27.8	27.9	21.8	25.6	14.9	12.7	3.9	3.4	26.7	28.5	2.6	2.3	
HT Media	Neutral	89	-	2,062	2,495	2,603	11.2	11.2	7.3	8.6	12.1	10.3	1.0	0.9	7.4	8.1	0.3	0.3	
Jagran Prakashan	Accumulate	169	189	5,518	2,170	2,355	27.2	26.2	8.9	9.9	19.0	17.1	4.0	3.5	20.9	20.4	2.4	2.2	
Sun TV Network	Neutral	422	-	16,613	2,779	3,196	70.2	70.5	22.8	27.3	18.5	15.4	4.6	4.1	26.7	28.3	5.7	5.0	
Hindustan Media	Neutral	289	-	2,118	920	1,031	20.0	20.0	19.2	20.9	15.0	13.8	2.5	2.1	16.4	15.3	1.8	1.6	
Metal																			
Coal India	Buy	328	380	206,861	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	146	175	61,690	14,641	14,026	50.4	50.4	17.7	16.0	8.3	9.1	1.3	1.2	16.2	13.2	1.8	1.7	
Hindalco	Neutral	81	-	16,623	104,356	111,186	8.7	9.5	6.7	11.1	12.0	7.3	0.4	0.4	3.5	5.9	0.7	0.6	
JSW Steel	Neutral	1,058	-	25,566	42,308	45,147	16.4	20.7	(10.3)	49.5	-	21.4	1.2	1.1	(1.0)	5.6	1.6	1.5	
NMDC	Neutral	91	-	35,960	8,237	10,893	46.6	44.5	9.9	11.7	9.1	7.8	1.0	0.9	12.4	13.0	4.2	3.2	
SAIL	Neutral	50	-	20,650	45,915	53,954	7.2	10.5	1.5	4.4	33.2	11.4	0.5	0.5	2.3	4.1	1.1	1.0	
Vedanta	Neutral	89	-	26,356	71,445	81,910	26.2	26.2	12.9	19.2	6.9	4.6	0.5	0.4	7.2	8.9	0.8	0.6	
Tata Steel	Neutral	269	-	26,077	126,760	137,307	8.9	11.3	6.4	23.1	42.2	11.6	0.8	0.8	2.0	7.1	0.8	0.7	
Oil & Gas																			
Cairn India	Neutral	140	-	26,276	11,323	12,490	49.4	51.0	20.7	20.6	6.8	6.8	0.4	0.4	6.4	6.1	1.4	0.7	
GAIL	Neutral	372	-	47,206	64,856	70,933	9.1	9.6	24.0	28.9	15.5	12.9	1.3	1.2	8.8	9.6	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
ONGC	Neutral	237	-	203,107	154,564	167,321	36.8	37.4	28.6	32.5	8.3	7.3	1.1	1.0	12.7	13.5	1.5	1.4
Petronet LNG	Neutral	267	-	20,006	29,691	31,188	5.8	6.2	12.8	13.4	20.9	19.9	3.1	2.8	15.8	14.8	0.7	0.7
Indian Oil Corp	Neutral	451	-	109,464	359,607	402,760	5.9	6.1	42.5	48.7	10.6	9.3	1.4	1.3	14.1	14.3	0.4	0.4
Reliance Industries	Accumulate	1,032	1,150	334,270	304,775	344,392	12.6	13.4	91.3	102.6	11.3	10.1	1.3	1.1	11.8	12.0	1.0	0.9
Pharmaceuticals																		
Alembic Pharma	Neutral	676	-	12,748	2,658	3,112	24.1	20.2	24.6	23.9	27.5	28.3	9.9	7.5	42.5	30.2	4.8	4.0
Aurobindo Pharma	Neutral	867	-	50,636	14,923	17,162	22.0	23.0	35.7	42.8	24.3	20.3	7.1	5.4	34.0	30.2	3.8	3.2
Cadila Healthcare	Accumulate	319	352	32,688	10,224	11,840	21.0	22.0	14.6	17.6	21.9	18.1	6.0	4.7	30.8	29.0	3.3	2.7
Cipla	Neutral	652	-	52,403	14,211	16,611	20.6	19.0	27.0	28.9	24.2	22.6	4.1	3.5	18.4	16.8	3.7	3.1
Dr Reddy's	Buy	3,047	3,933	51,968	16,838	19,575	25.0	23.1	167.5	178.8	18.2	17.0	3.8	3.2	23.1	20.4	3.0	2.5
Dishman Pharma	Neutral	343	-	2,769	1,733	1,906	21.5	21.5	17.0	19.9	20.2	17.2	2.0	1.8	10.5	11.2	2.1	1.8
GSK Pharma	Neutral	3,262	-	27,633	2,870	3,158	20.0	22.1	59.5	68.3	54.8	47.8	16.2	16.6	28.5	34.3	9.1	8.3
Indoco Remedies	Neutral	314	-	2,896	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	714	900	9,009	3,363	3,909	12.9	18.6	13.4	28.0	53.3	25.5	3.8	3.3	7.4	14.0	3.0	2.5
Lupin	Neutral	1,754	-	79,024	13,092	16,561	25.0	27.0	50.4	68.3	34.8	25.7	7.2	5.7	22.8	24.7	5.7	4.4
Sanofi India*	Neutral	4,260	-	9,812	2,082	2,371	17.4	20.8	118.2	151.5	36.0	28.1	5.3	4.2	19.9	25.5	4.4	3.6
Sun Pharma	Buy	793	950	190,724	28,163	32,610	25.8	30.7	17.4	26.9	45.5	29.5	4.3	3.7	13.0	16.6	6.2	5.2
Power																		
Tata Power	Neutral	69	-	18,608	35,923	37,402	22.6	22.8	4.1	5.2	17.0	13.4	1.3	1.2	7.5	9.3	1.5	1.3
NTPC	Accumulate	141	157	116,632	87,064	98,846	23.4	23.5	11.7	13.2	12.1	10.7	1.3	1.3	11.4	12.1	2.4	2.1
Power Grid	Buy	140	170	73,059	20,702	23,361	86.7	86.4	12.1	13.2	11.6	10.6	1.7	1.5	15.6	15.1	8.4	7.9
Telecom																		
Bharti Airtel	Neutral	322	-	128,656	101,748	109,191	32.1	31.7	12.0	12.5	26.8	25.7	1.8	1.7	6.9	6.7	1.9	1.7
Idea Cellular	Neutral	135	-	48,605	34,282	36,941	32.0	31.5	5.9	6.2	22.9	21.8	2.1	1.9	9.9	9.3	2.0	1.9
Others																		
Abbott India	Neutral	5,777	-	12,276	2,715	3,153	14.5	14.1	134.3	152.2	43.0	37.9	10.7	8.8	27.4	25.6	4.2	3.6
Bajaj Electricals	Buy	203	290	2,053	4,719	5,287	5.2	5.8	8.6	12.7	23.8	16.1	2.7	2.4	11.4	14.8	0.4	0.4
Banco Products (India)	Neutral	146	-	1,043	1,208	1,353	10.9	12.3	10.8	14.5	13.5	10.1	1.5	1.4	11.9	14.5	0.8	0.7
Coffee Day Enterprises	Neutral	274	-	5,651	2,692	2,964	17.0	18.6	-	4.7	-	57.9	3.4	3.2	0.1	5.5	2.5	2.3
Competent Automobiles	Neutral	158	-	97	1,040	1,137	3.2	3.1	25.7	28.0	6.1	5.6	0.9	0.8	15.0	14.3	0.1	0.1
Elecon Engineering	Neutral	82	-	894	1,369	1,533	13.7	14.9	3.3	6.1	24.7	13.5	1.6	1.5	6.6	11.4	1.0	0.9
Finolex Cables	Neutral	256	-	3,918	2,520	2,883	12.2	12.0	12.7	14.2	20.2	18.0	2.8	2.4	13.6	13.5	1.3	1.1
Garware Wall Ropes	Buy	411	473	899	861	967	10.9	10.9	24.9	29.6	16.5	13.9	2.5	2.2	14.6	14.9	1.1	0.9
Goodyear India*	Accumulate	564	622	1,300	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	1,320	-	3,588	1,779	2,081	7.8	8.8	21.8	33.4	60.5	39.5	9.8	7.9	17.4	22.1	2.1	1.8
HSIL	Neutral	296	-	2,143	2,123	2,384	16.1	16.5	15.0	18.9	19.7	15.7	1.5	1.4	8.0	9.4	1.3	1.2
Interglobe Aviation	Neutral	1,235	-	44,518	17,022	21,122	20.7	14.5	63.9	53.7	19.3	23.0	29.0	23.7	149.9	103.2	2.6	2.1
Jyothy Laboratories	Neutral	308	-	5,576	1,620	1,847	11.5	11.5	7.3	8.5	42.2	36.3	5.5	5.1	13.3	14.4	3.3	2.8
Kirloskar Engines India	Neutral	246	-	3,555	2,471	2,826	8.8	10.4	9.1	13.3	26.9	18.4	2.6	2.4	9.7	13.4	1.1	0.9

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
Linc Pen & Plastics	Neutral	238	-	352	340	371	8.3	8.9	10.8	13.2	22.1	18.0	3.5	3.1	16.0	17.1	1.1	1.0
M M Forgings	Buy	525	614	633	511	615	21.7	21.6	43.1	55.8	12.2	9.4	2.2	1.8	19.9	21.2	1.4	1.1
MRF	Accumulate	40,446	45,575	17,154	20,316	14,488	21.4	21.1	5,488.0	3,797.9	7.4	10.6	2.5	2.0	41.1	21.2	0.8	1.1
MT Educare	Neutral	187	-	744	286	366	18.3	17.7	7.7	9.4	24.2	19.9	5.1	4.5	20.2	21.1	2.5	1.9
Navkar Corporation	Buy	207	265	2,951	365	436	38.3	37.5	5.6	5.9	36.7	35.2	2.3	2.2	6.3	6.1	8.9	7.6
Navneet Education	Neutral	95	-	2,265	998	1,062	24.1	24.0	5.8	6.1	16.5	15.6	3.6	3.2	22.0	20.5	2.4	2.2
Nilkamal	Neutral	1,403	-	2,094	1,910	2,083	10.5	10.3	63.3	69.2	22.2	20.3	3.6	3.1	17.6	16.5	1.2	1.0
Page Industries	Neutral	13,680	-	15,259	1,929	2,450	19.8	20.1	229.9	299.0	59.5	45.8	26.3	18.2	52.1	47.0	7.9	6.2
Radico Khaitan	Buy	112	156	1,485	1,565	1,687	12.2	13.0	5.7	7.1	19.6	15.7	1.6	1.5	8.3	9.6	1.4	1.3
Relaxo Footwears	Neutral	504	-	6,049	1,767	2,152	12.3	12.5	19.2	25.1	26.2	20.1	6.4	4.9	27.7	27.8	3.5	2.8
Siyaram Silk Mills	Buy	1,176	1,354	1,102	1,636	1,815	11.5	11.5	89.9	104.1	13.1	11.3	2.2	1.9	17.9	17.8	0.8	0.7
Styrolution ABS India*	Neutral	758	-	1,334	1,271	1,440	8.6	9.2	32.0	41.1	23.7	18.5	2.4	2.2	10.7	12.4	1.0	0.9
Surya Roshni	Buy	165	201	725	2,992	3,223	8.1	8.4	14.7	18.3	11.3	9.0	1.0	0.9	9.7	11.0	0.5	0.5
The Byke Hospitality	Neutral	158	-	633	222	287	20.5	20.5	5.6	7.6	28.0	20.9	5.3	4.3	18.8	20.7	2.9	2.2
Transport Corporation	Neutral	299	-	2,271	2,830	3,350	8.8	9.0	14.4	18.3	20.8	16.3	3.2	2.8	15.4	17.1	0.9	0.8
TVS Srichakra	Buy	2,790	3,240	2,136	2,101	2,338	15.7	15.0	248.6	270.0	11.2	10.3	4.9	3.5	43.6	34.0	1.1	0.9
Visaka Industries	Accumulate	125	144	199	1,086	1,197	9.9	10.2	21.5	28.7	5.8	4.4	0.6	0.5	9.6	11.6	0.4	0.3
Wonderla Holidays	Neutral	391	-	2,208	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 January 6, 2016; 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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