



वीज्वाी वीहलकरा 2015



When it's about money..



Diwali Dhamaka

Patience will be rewarded

After the historic May 2014 election verdict raised hopes of an equity revival for a brief while, the year 2015, particularly the last few months, has dampened sentiment at the bourses. Besides global factors, the logjam in parliament, government's perceived subdued delivery so far, poor corporate earnings and BJP's drubbing in Bihar elections are domestic factors that have negatively impacted market.

The festive cheer of Diwali is not likely to reverse the immediate headwinds, nor the advent of 2016. Investors will have to deal with high volatility, without any major index returns in the coming months. The impending US Fed rate hike, possible currency devaluation by China, shale oil crisis, Russian aggression and the Middle East conflict are the global factors to contend with. Clearly, given the backdrop of global events, foreign liquidity flows would always be in question in the medium term. Back home, similar to Bihar, Government will have an uphill task in Assam, West Bengal and Tamil Nadu in 2016.

Having said that, many positives will converge in 2016, which could lay the foundation of a big bull rally, in the years to come. In 2016, we could well see our GDP growth rate beating that of China. Talking of Repo, it will move down by at least 100 basis points in 2016. Inflation is well under control, not just due to subdued global commodities but also by virtue of disinflationary trends in domestic market as CPI figures indicate. In the third year of the ruling government, we are hopeful that the reform-led revival will finally gather momentum. At no cost should we ignore the macroeconomic tailwinds. Reducing current account deficit and fiscal deficit will have a resounding effect on the market. And if majority of analysts around the world are to be believed, then commodity prices are likely to remain subdued, which should continue to help an importing nation like India.

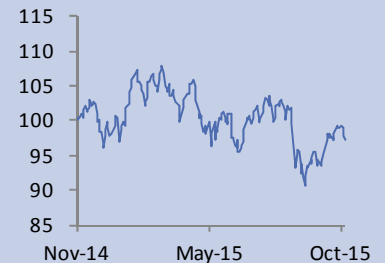
It is not unthinkable to find Nifty at ~7,200, but there's no better time than now to accumulate stocks and on every correction. The best returns are invariably made when shares are bought in mayhem. When the dust settles, you reap the fruits. Equities are best asset class and always reward patience. With this confidence, we bring forward 10 stock ideas in our 'Diwali Dhamaka' note and recommend accumulating them over the next few months. We are sure, they will light up your portfolio in time to come.

Happy Diwali!

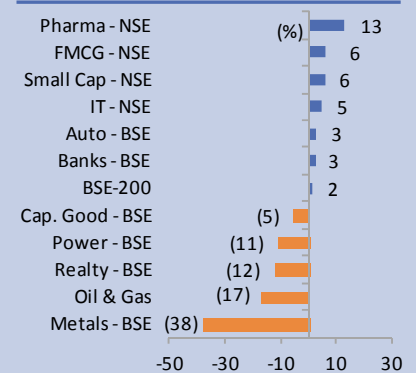
Nifty: 7,915
 Sensex: 26,121

Price as on November 09, 2015

Nifty performance



Sectoral performance since last Diwali



Source: Bloomberg, India Infoline Research

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November 10, 2015

Recommendation snapshot

Sr. No	Name	Sector	M-Cap (Rs cr)	CMP (Rs)	2 yr Tgt (Rs)	Upside (%)	P/E (x)		P/ABV (x)		RoE (%)	
							FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
1	Capital First	Financials	3,423	375	575	53.3	12.2	8.6	1.9	1.6	15.6	19.2
2	City Union Bank	Financials	5,174	86	132	53.5	10.3	8.5	1.6	1.4	15.3	16.5
3	Dewan Housing Fin	Financials	6,231	214	333	55.6	6.6	5.3	1.0	0.9	16.7	17.9

Sr. No	Name	Sector	M-Cap (Rs cr)	CMP (Rs)	2 yr Tgt (Rs)	Upside (%)	P/E (x)		EV/EBIDTA (x)		RoE (%)	
							FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
1	Aurobindo Pharma	Pharmaceuticals	49,982	857	1,220	42.4	20.0	16.1	13.0	10.4	30.7	28.9
2	Britannia Industries	Packaged Foods	36,459	3,046	3,956	29.9	34.1	28.5	22.2	18.2	52.0	46.3
3	Eicher Motors	Automobiles	45,310	15,933	22,500	41.2	27.1	20.1	13.7	9.3	35.5	34.4
4	Inox Wind	Capital Goods	8,220	370	579	56.5	11.8	9.6	9.0	7.1	33.7	31.0
5	Marksans Pharma	Pharmaceuticals	4,136	101	155	53.5	16.9	13.3	10.4	7.7	35.4	32.2
6	Symphony Ltd	Consumer discretionary	6,842	1,956	2,554	30.6	34.9	26.8	28.9	21.4	40.5	38.0
7	TVS Srichakra	Tyres	2,143	2,725	4,200	54.1	8.4	7.2	4.7	3.7	41.6	34.1

Source: India Infoline Research

Past performance: Diwali Dhamaka 2014

Company	Sector	CMP (Rs)	12m Target (Rs)	Call Status	Return (%)
TVS Srichakra	Tyre	1,067	1,400	Success	31.2
Torrent Pharma	Pharmaceuticals	831	1,050	Success	26.4
P I Industries	Agrochemical	409	510	Success	24.7
Pidilite Industries	FMCG	400	501	Success	25.4
Titan Industries	Cons Discretionary	390	480	Closed	(9.7)
Essel Propack	FMCG	111	144	Success	29.7
IPCA	Pharmaceuticals	686	900	Closed	(4.7)
Sunil Hitech Eng	Infrastructure	137	190	Success	38.7
Diamond Power	Capital Goods	119	165	Failure	(20.0)
Kalpataru Power	Capital Goods	137	180	Success	31.4
TFCIL	Financials	42	60	Success	42.9

Source: India Infoline Research

Stocks given in our latest report carry a 2-year time frame and no stop-loss, unlike last year, when price target was for one year accompanied with stop-loss. We recommend you accumulate these stocks over the next few months and hold for the long term. In case of any rating/target/estimate changes, we will update on individual stocks during the course of the year.

Taking rapid strides towards a differentiated portfolio

Aurobindo Pharma is set to capitalize on its increased focus on complex molecules, differentiated dosage platforms and specialty products. Company has put building blocks in place for its US business through capabilities and filings in peptides, penems, oncology and hormones. A well established US operations with 214 approvals (including tentative and PEPFAR ones) and 168 pending ANDAs would help sustain momentum generated by injectables portfolio. We forecast ~32% revenue cagr for the US business driven by lagged impact of recent large approvals like Entecavir, Prilosec, Namenda and potential pipeline products like Angiomax.

New initiatives in Peptides, Penems and Oncology key drivers

Company is developing Peptides which include four microsphere and liposomal injectables products and working towards filing these products in 2016-17. The addressable market for the four products is about US\$3bn. It has filed two peptide DMFs and first ANDA to be filed in Dec-Mar 2016. Currently, there are four penems (used as neuromuscular blockers under anesthesia reversal) injectables products in US with addressable market size of US\$450mn with Ertapenem being the largest; Aurobindo has already filed two products (Doropenem and Meropenem) and likely to initially launch the products in Brazil and Mexico. Within penems, Aurobindo has also forayed into nanospheres (US\$3bn market) and expects first filing in 2017 with approvals in 2 years after filing. Apart from peptides and penems, company is working on 15 oncology products through both solid and injectables dosages and first exhibit batches for five hormone products whose dossiers are expected to be filed in FY16.

Forecast 25% EPS cagr over FY15-18E; BUY

We believe company is clearly building a differentiated product portfolio with large sub segments within the complex generics space as mentioned above as well as focus on vaccines (especially PCV which is a limited competition product with US\$5bn branded market) and inhalers. We expect large products like Entecavir, Abilify, Prilosec and Angiomax (pending approval) to drive strong 25% EPS cagr over FY15-18E. BUY for a 2-yr target of Rs1,220, based on 23x FY18E EPS.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	12,121	14,605	16,932	19,668
yoy growth (%)	49.6	20.5	15.9	16.2
Operating profit	2,564	3,322	4,103	4,981
OPM (%)	21.2	22.7	24.2	25.3
Reported PAT	1,576	1,958	2,501	3,111
yoy growth (%)	34.4	24.3	27.7	24.4
EPS (Rs)	27.0	33.5	42.8	53.3
P/E (x)	63.5	25.6	20.0	16.1
P/BV (x)	9.7	7.2	5.4	4.1
EV/EBITDA (x)	21.1	16.3	13.0	10.4
Debt/Equity (x)	0.9	0.6	0.4	0.2
ROE (%)	34.9	32.2	30.7	28.9
ROCE (%)	24.1	26.4	29.1	30.8

Source: Company, India Infoline Research

Rating: BUY

Target (2 year): Rs1,220

CMP: Rs857

Upside: 42.4%

Sector: Pharmaceuticals

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 861 / 491

Market cap (Rscr) : 49,982

6m Avg vol ('000Nos): 1,682

Bloomberg code: ARBP IN

BSE code: 524804

NSE code: AUROPHARMA

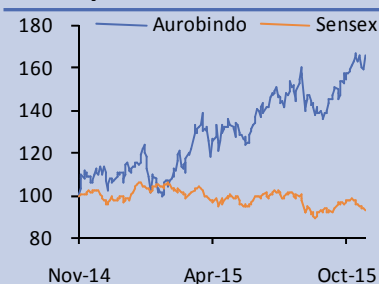
FV (Re): 1

Prices as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				■	
Cash Flow				■	
B/S Strength				■	
Valuation appeal				■	
Risk	■				

Share price trend



Share holding pattern

%	Mar-15	Jun-15	Sep-15
Promoters	54.0	53.9	53.9
Insti	35.8	35.7	35.0
Others	10.2	10.4	11.1

Research Analyst:

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Multiple levers in core biscuit segment to drive future growth

BRIT has immense room for growth in the core biscuit segment on the back of: **A)** Aggressive roll out of super premium biscuits to gain lost ground. **B)** Focus on expanding distribution network **C)** Total Numeric Distribution stands at ~3.5mn outlets, being 2/3rd of nearest competitor's reach. **D)** Increasing rural focus which forms 2/3rd of the total urban market share for BRIT, providing immense growth potential. **E)** Targeting Hindi belts - MP, UP, Gujarat and Rajasthan, where its market share is 1/5th of total national share. **F)** Scope to strengthen value segment that forms ~45% of biscuit market, of which BRIT has 7-8% share, giving enough scope to grow.

Cost efficiency, benign commodity costs and better product mix continues to support EBITDA margin expansion

BRIT's continuous focus on cost rationalization along with benign commodity cycle and improving product mix led by innovations and renovations has been the key driver for margin expansion by 533bps over FY12-FY15 to 11% and its best ever margin of 14.7% in Q2FY16. Cost rationalizations like a) reduced truck loads (34%) and trade returns (31%) over the last 3 years, b) manufacturing efficiencies through TQM/Kaizen, c) move towards zero wastage, d) energy efficient ovens and energy optimization and d) increased in-house manufacturing to reduce conversion costs. In addition, the increase in significant contribution from product mix improvement with the launches in the past few years aimed at the premium end of the category have also upped the gross margin to 42.6% in Q2FY16 as against 39.7% in Q2FY15. Apart from cost rationalization, the key trigger for margin expansion from hereon will be premiumization, increased focus in international business and aggressive roll-out in higher margin business like cakes, rusks, dairy & snacks.

Aspires to become a Total Foods Company

BRIT aspires to become a "Total Foods Company" by filling up gaps in **A) Product portfolio** –increasing focus on high margin business like value added dairy, cakes & rusks and macro snacking. **B) Geographic presence** – international business became profitable in FY12 and reported double digit growth in recent quarters; BRIT is scouting new geographies.

Valuation & Recommendation

BRIT trading at 28.5/18.2x FY18E P/E & EV/EBITDA. We rate BUY based on 37x PE and 23.7x EV/EBITDA FY18E because of strong growth visibility.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	7,858	9,100	10,657	12,480
EBITDA	864	1,292	1,599	1,897
EBITDA (%)	11.0	14.2	15.0	15.2
PAT	689	858	1,072	1,283
EPS (Rs)	57.4	71.5	89.3	106.9
ROE (%)	67.7	57.5	52.0	46.3
ROCE (%)	69.4	76.9	71.0	64.3
PE (x)	53.1	42.6	34.1	28.5
EV/EBITDA (x)	42.2	28	22.2	18.2

Source: Company, India Infoline Research

Rating: BUY

Target (2 year): Rs3,956

CMP: Rs3,046

Upside: 29.9%

Sector: Packaged Foods

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 3,435/1,507

Market cap (Rscr) : 36,459

6m Avg vol ('000Nos): 1,049

Bloomberg code: BRIT IN

BSE code: 500825

NSE code: BRITANNIA

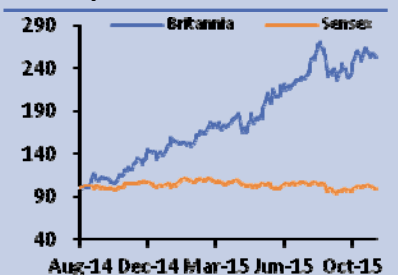
FV (Rs): 2

Prices as on November 9, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				4	
Cash Flow				4	
B/S Strength				4	
Valuation appeal				4	
Risk			3		

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	50.7	50.7	50.7
Insti	28.3	20.0	28.6
Others	21.0	20.3	20.7

Research Analyst:

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A niche and fast-growing lending franchise

Capital First is one of the fastest growing NBFCs in the country who has carved out a niche in MSME financing and is also well positioned to tap the burgeoning market of retail consumption financing. Company's AUM has grown at staggering ~65% pa over FY10-15 driven by significant investments in network, employees, technology, credit appraisal and other processes. MSME financing market is huge and largely under penetrated with less competition from commercial banks due to requirement of highly localized set-up and difficulty involved in appraising credit. Within current AUM of Rs. 13,123cr, MSME financing is ~69%, consumer durable financing is ~8.5%, 2w financing is ~8.5% and wholesale book (largely builder financing) is ~14%.

Set to deliver enviable 50%+ earnings CAGR over FY15-18

Off-late, AUM growth has adjusted lower to increased challenges in operating environment and rising base. Still, at 23% yoy, it is much higher than peers. Capital First aspires to grow the book to Rs. 25,000-30,000cr by end-FY19, which in our view is highly probable given large market opportunity, company's strong positioning, impending recovery in economy and a favorable base. With growth capacity in place, a large portion of the incremental scale would be generated through existing network and resources thus improving cost productivity. This along with material improvement in NIM will drive a significant improvement in cost/income ratio over the next couple of years. Key levers for margin improvement would be easing in funding cost (Base Rate cuts and increasing share of bond funding) and shift in asset mix. Asset quality has held-up well supported by shift towards granular retail assets in past few years and robust credit underwriting in MSME segment. With company already following 90dpd provisioning policy, the migration to early NPL recognition will not impact credit cost. Rather, it is expected to moderate from H1 FY16 level.

Sustainable RoE at 18-19%; valuation to re-rate in-line with profitability

The discovery of inherent robust profitability would be manifested in RoA and RoE improving to 2.3% and 19% respectively by FY18. This journey should structurally re-rate stock valuation through the period from current 1.6x FY18 P/ABV. Two-year hence, we see stock trading at 2.4x FY18 P/ABV ie Rs575.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Total Income	643	927	1,183	1,506
Yoy growth (%)	49.6	44.1	27.6	27.3
Operating profit (pre-provisions)	266	474	639	843
Net profit	112	186	280	398
yoy growth (%)	202.6	65.7	51.1	42.0
EPS (Rs)	12.3	20.4	30.8	43.8
Adj. BVPS (Rs)	167.5	179.2	201.2	232.4
P/E (x)	30.5	18.4	12.2	8.6
P/Adj.BV (x)	2.2	2.1	1.9	1.6
ROE (%)	8.4	11.5	15.6	19.2
ROA (%)	1.1	1.6	2.0	2.3

Source: Company, India Infoline Research

Rating: BUY

Target (2 Year): Rs575

CMP: Rs375

Upside: 53.3%

Sector: Financials

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 465/308

Market cap (Rscr) : 3,423

6m Avg vol ('000Nos): 147

Bloomberg code: CAFL IN

BSE code: 532938

NSE code: CAPF

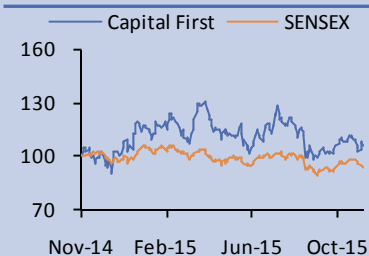
FV (Rs): 10

Prices as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth					5
RoA Progression					5
B/S Strength				4	
Valuation appeal				4	
Risk			1		

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	65.4	65.3	65.3
Insti	17.8	17.7	18
Others	16.8	17	16.7

Research Analyst:

Rajiv Mehta

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A focused Bank with strong operations

City Union Bank stands out in comparison to other small private banks owing to its much higher MSME exposure (51% of advances). Its strong regional presence (more than two-third branches in Tamil Nadu) and existence for more than 100 years has helped it gain immense knowledge and understanding on the way businesses are run here. Being witness to a number of business cycles during the course of its existence has helped it manage asset quality risks effectively while taking advantage of higher yields. CUB's low exposure to Corporate (6.5% of advances) and Infra (1% of advances) is a huge relative positive in the light of the stress plaguing these segments. Underpinned by the above strengths and efficient cost management, CUB has been able to maintain RoA at impressive 1.5% even in current challenging environment.

Strengthening of asset mix has made NIMs resilient

CUB's loan growth has slowed down significantly (FY13-15 CAGR of just 9%) on account of de-growth in gold loan and corporate portfolios, both of which were consciously curtailed to contain asset quality risks. On other side, the bank has been growing its MSME and Mortgage book at brisk pace thus significantly improving their share in overall advances. The credit growth should improve over FY16-18 as economic activity in focused regions picks up. CUB'S NIM has improved materially over the past one and a half year to current 3.7% led by reduction in TD rates, improvement in CASA ratio (driven by sustained branch adds) and stable portfolio yield (aided by shift in asset mix). NIM, however, would settle around 3.5% in the medium term.

Asset quality risks appear modest; current valuation attractive

The prolonged economic slowdown did have impact on CUB's asset quality with slippage ratio breaching 2% in FY14/15. The stabilizing pace of delinquencies, management's indication of a modest stress assets pipeline (~Rs. 100cr) and low restructured stock (~1.3% of advances) however provide comfort. Credit cost will gradually moderate over FY16-18 and support a stable RoA delivery. Bank's capital position is robust with Tier-I capital at ~15% which should suffice asset growth recovery over next three years. RoE is therefore expected to improve by 150-200bps by FY18. For a niche, well-managed and profitable banking franchise, we believe current valuation of 1.4x FY18 P/ABV is quite attractive.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Total Income	1,212	1,341	1,506	1,798
Yoy growth (%)	16.7	10.6	12.3	19.4
Operating profit (pre-provisions)	693	775	867	1,031
Net profit	391	427	497	606
yoy growth (%)	10.8	9.1	16.4	22.0
EPS (Rs)	6.4	7.2	8.3	10.2
Adj. BVPS (Rs)	41.3	47.1	53.6	62.3
P/E (x)	13.4	12.0	10.3	8.5
P/Adj.BV (x)	2.1	1.8	1.6	1.4
ROE (%)	16.3	14.9	15.3	16.5
ROA (%)	1.5	1.5	1.5	1.5

Source: Company, India Infoline Research

Rating: BUY

Target (2 Year): Rs132

CMP: Rs86

Upside: 53.5%

Sector: Financials

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 106/81

Market cap (Rscr) : 5,174

6m Avg vol ('000Nos): 659

Bloomberg code: CUBK IN

BSE code: 532210

NSE code: CUB

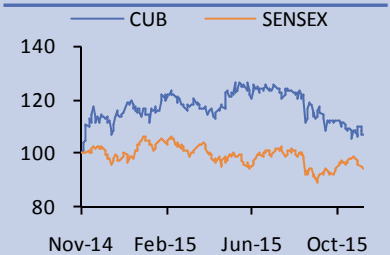
FV (Rs): 1

Prices as on November 09, 2015

Company rating grid

	1	2	3	4	5
Earnings Growth			3		
RoA Progression				4	
B/S Strength				4	
Valuation appeal				4	
Risk			2		

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	0	0	0
Insti	44.8	47.1	46.1
Others	55.2	52.9	53.9

Research Analyst:

Franklin Moraes

Rajiv Mehta

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Well-positioned for sustained brisk AUM growth

Underpinned by focus on low and middle income housing market and an extensive network in Tier 2 and 3 cities, DHFL has been one of the fastest growing housing finance company. The nature and granularity of the franchise is reflected in low average ticket size of housing loans at ~Rs. 12lacs. Government initiatives such as Housing for All by 2022, 100 Smart Cities and interest subvention for economically weaker sections, should substantially expand the addressable market which DHFL should be able to leverage on given its strong positioning in the affordable housing space. Management is confident of achieving Rs. 100,000cr of AUM by FY18, implying a CAGR of 20%+.

NIM to hold steady; network productivity to improve

A material shift in the AUM mix towards LAP over the past couple of years has structurally elevated DHFL's NIM profile. In the more recent past, the company has been able to deliver steady margin notwithstanding intense price competition due to the softening of funding cost. Incremental borrowing cost for DHFL in H2 FY16 was ~60bps lower yoy courtesy a decline in funding cost across various sources. While Bank funding got cheaper due to reduction in Base Rate, improved liquidity conditions and upgrade to the highest credit rating has been moderating the cost of Bond borrowings and Fixed Deposits. While this tailwind would continue, the pursuit of increasing LAP share to 20%+ will also support NIMs. As per the management, the cost/income ratio has headroom for improvement which would be realized by driving-up productivity of existing centres and increasing contribution of alliance partners in disbursements.

Strong growth and profitability at low valuation

Presence in resilient LMI market for home loans, low and well-managed project loan exposure and a good quality LAP portfolio has translated into sustained healthy asset quality performance. Net NPLs have been consistently maintained at 0%. If risk weights on housing loans are moderated by NHB (RBI has already done for banks), then DHFL's capital position would receive a significant boost enabling it to operate at higher potential RoE levels. We estimate the company to deliver strong 23-24% earnings CAGR over FY15-18E. Given good fundamentals and low valuation of 0.9x FY18E P/BV, we like the stock.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Total Income	59,790	72,060	85,170	98,049
Yoy growth (%)	20.3	20.5	18.2	15.1
Operating profit (pre-provisions)	10,481	13,250	16,647	20,284
Net profit	6,213	7,670	9,471	11,765
yoy growth (%)	17.4	23.5	23.5	24.2
EPS (Rs)	21.3	26.3	32.5	40.4
Adj. BVPS (Rs)	159.1	181.1	208.3	242.3
P/E (x)	10.0	8.1	6.6	5.3
P/Adj.BV (x)	1.3	1.2	1.0	0.9
ROE (%)	15.1	15.5	16.7	17.9
ROA (%)	1.3	1.3	1.3	1.3

Source: Company, India Infoline Research

Rating: BUY

Target (2 Year): Rs333

CMP: Rs214

Upside: 56.1%

Sector: Financials

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 285/181

Market cap (Rscr) : 6,231

6m Avg vol ('000Nos): 1,101

Bloomberg code: DEWH IN

BSE code: 511072

NSE code: DHFL

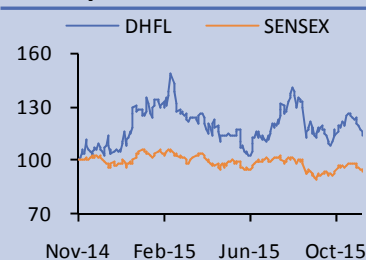
FV (Rs): 10

Prices as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				■	
RoA Progression				■	
B/S Strength				■	
Valuation appeal				■	
Risk			■		

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	35.0	34.9	34.9
Insti	28.3	30.5	27.7
Others	36.7	34.6	37.4

Research Analyst:

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Royal Enfield: Firing all cylinders

The Royal Enfield has evolved into a cult brand in India. Its 60%+ volume CAGR over the past three years is reflective of strong market share gains in the domestic leisure motorcycle market. We expect the demand for leisure biking in India to remain strong with increasing per capita income and favorable demographics. The company is planning to take this brand into international markets in a big manner in the near future. We expect a volume CAGR of 25%+ during CY15-17E resulting in more than doubling of profits.

VECV: Outperforming industry

CV demand in India is expected to remain strong on the back of 1) improvement in industrial activity, 2) pick up in infrastructure investments, 3) falling diesel prices and 4) cut in interest rates. VECV, with technology expertise of Volvo and market understanding of Eicher, is well poised to garner higher market share in the niche segments it operates in. Its financial performance has also been better than peers which we expect to continue.

Engines: The new growth trigger

VECV's engine business is a critical segment for Volvo's global strategy. Over the next few years, Volvo groups global demand for Euro 5 and Euro 6 engines would be met by VECV. Furthermore, it will provide superior technology engines for the local markets as well, improving its positioning when compared with competition. This will also provide stability to Eicher Motors consolidated performance.

Valuations: Deserves a premium

Eicher is currently trading at premium valuations of 20.1x FY18E earnings. We believe, the stock deserves the premium given the robust earnings growth prospects. During FY16E-18E, we expect revenue CAGR of 22%, OPM expansion of 170bps and PAT CAGR of 26%. RoE and RoCE, during the same period are expected to see a jump of 7ppts and 4.9ppts respectively. We value the stock on SOTP basis whereby we arrive at a target price of Rs22,500.

Financial summary

Y/e 31 Mar (Rs cr)	CY14	FY16E	FY17E	FY18E
Revenues	8,738	15,347	17,888	22,680
yoy growth (%)	28.3	40.5	45.7	26.8
Operating profit	1,115	2,383	2,852	3,899
OPM (%)	12.8	15.5	15.9	17.2
Pre-exceptional PAT	615	1,352	1,594	2,144
Reported PAT	615	1,352	1,594	2,144
yoy growth (%)	56.2	75.7	47.4	34.5
EPS (Rs)	227.1	399.0	588.1	791.2
P/E (x)	70.2	39.9	27.1	20.1
Price/Book (x)	17.2	11.5	8.3	6.0
EV/EBITDA (x)	37.9	21.3	13.7	9.3
Debt/Equity (x)	0.0	0.0	0.0	0.0
RoE (%)	26.9	43.2	35.5	34.4
RoCE (%)	27.5	39.5	43.7	44.0

Source: Company, India Infoline Research, * FY16E figures have been annualized

Rating: BUY

Target (2 Year): Rs22,500

CMP: Rs15,933

Upside: 41.2%

Sector: Automobiles

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 21620 / 12630

Market cap (Rscr) : 45,310

6m Avg vol ('000Nos): 98

Bloomberg code: EIM IS

BSE code: 505200

NSE code: EICHERMOT

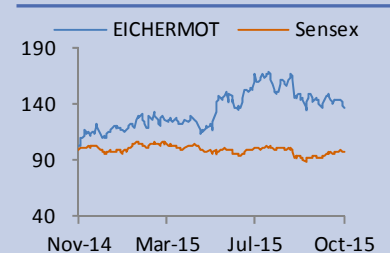
FV (Re): 10

Prices as on September 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				4	
Cash Flow				4	
B/S Strength				4	
Valuation appeal				4	
Risk		2			

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	55.0	54.9	54.9
Insti	28.1	32.1	31.3
Others	16.9	13.0	13.8

Research Analyst:

Prayesh Jain

research@indiainfoline.com

Inox Wind (IWL) has grown into one of the largest domestic wind turbine & generator (WTG) manufacturers in India in a span of 5 years. The company has rapidly managed to gain market share in the domestic market from large players even in a shrinking market. Led by improving product profile, strong execution and a revival in wind market, the company has managed to increase its order inflows 5.8x over the last two years. On the back of strong order book, access to over 4GW of wind sites and strong opportunity in the wind power segment, we expect the company to witness revenue CAGR of 33% over FY15-18E. This coupled with improving product mix, improved logistics and rising service revenues would expand margins by 300bps over the same period. We believe the company is attractively placed at valuations of 11.8x FY17E P/E against a global average of 20x. We value IWL at 15x FY18E P/E to arrive at our 2-year price target of Rs. 590.

Wind power generation capacity to increase 3x over FY15-22E

The Ministry of New and Renewable Energy (MNRE) is targeting 75GW of installed wind power by 2022 from ~23GW at the end-FY15 and higher than it's already ambitious target of 60GW set earlier. To achieve its target, the government has taken various steps like restoration of GBI benefits, incentives to IPPs, setting renewable purchase obligation (RPO) targets for states and easy access to capital. We expect the wind market to grow strongly from 2.3GW in FY15 to ~4-5GW/annum over the next five years. We expect over inflows to be in the range of 1-1.2GW over the next two years.

Expect earnings CAGR of 424% over FY15-18E

IWL has access to ~4.5GW of wind sites at the end of Q1 FY16. With a revival in wind market, IWL managed to increase its order book from 370MW by the end-FY14 to 1,178MW by end-FY15 and has further managed to gain orders worth 356MW in H1 FY16. On the back of strong order book, large project sites and strong opportunity, we expect sales volume to jump 66% to 960MW over FY15-17. Realisations too are expected to increase with the introduction of superior products. IWL recently introduced the 100m blade and expects to introduce the more efficient 113m blade. We estimate margins to expand 240bps yoy over FY15-18E on the back of higher execution, superior product mix, lower royalty payments and higher share of service revenues.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	2,710	4,282	5,573	6,497
yoy growth (%)	73.0	58.0	30.1	16.6
Operating profit	426	716	981	1,177
OPM (%)	15.7	16.7	17.6	18.1
Reported PAT	296	496	697	857
yoy growth (%)	124.1	67.4	40.5	22.9
EPS (Rs)	13.4	22.4	31.4	38.6
P/E (x)	27.7	16.6	11.8	9.6
EV/EBITDA (x)	19.6	12.2	9.0	7.1
D/E (x)	0.6	0.4	0.3	0.1
RoE (%)	32.6	31.1	33.7	31.0
RoCE (%)	28.3	30.5	35.6	36.1

Source: Company, India Infoline Research

Rating: BUY
Target (2 Year): Rs579
CMP: Rs370
Upside: 56.5%

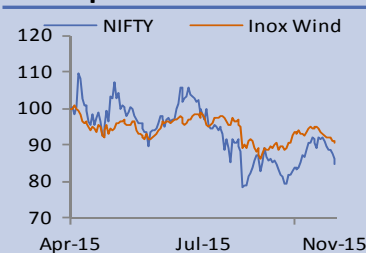
Sector: Capital Goods
Sector view: Positive
Sensex: 26,121
52 Week h/l (Rs): 495 / 315
Market cap (Rscr): 8,229
6m Avg vol ('000Nos): 320
Bloomberg code: INXW IB
BSE code: 539083
NSE code: INOXWIND
FV (Rs): 10

Price as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				■	
Cash Flow				■	
B/S Strength				■	
Valuation appeal			■		
Risk		■			

Share price trend



Share holding pattern

%	Mar-15	Jun-15	Sep-15
Promoters	85.6	85.6	85.6
Insti	7.2	8.6	8.2
Others	7.2	5.8	6.2

Research Analyst:
 Tarang Bhanushali
 research@indiainfoline.com

Robust play on niche US softgel opportunity

Soft gelatin capsule (SGC) is a niche US\$8bn market in the US with only a couple of players in most products owing to manufacturing complexity, small size and limited competition. Moreover SGC sees lesser price erosion as compared to the 80-90% erosion seen in commoditized generics which creates some margin cushion. Marksans has 8 ANDA approvals in US and has 11 pending ANDAs (of which 10 softgels ANDAs) with a target market of US\$2bn and another 6 ANDAs under development which provide high growth visibility for US business. Marksans is likely to be the second generic player in some of these pending SGC approvals. The US\$28mn acquisition of Time Cap Labs brings own front end and US FDA approved manufacturing site which would capture the entire value of US portfolio. We forecast a robust 47% US revenue cagr and expect US share to expand to 32% in FY18E from ~20% in FY15.

European business on sustainable footing

Company sells OTC and generics in UK through its two acquisitions Bells & Sons (OTC) and Relonchem (generics) respectively with a largely even split between the two segments. UK accounts for ~42% of consolidated revenues and in a discussion with us, company appeared confident on sustainability of OTC business in pain management, gastrointestinal and cough and cold. CRAMS accounts for ~25% revenues with a focus on highly specialized molecules like narcotics which have low volumes but command higher margin.

Expect stellar ~39% EPS cagr over FY15-18E

We expect US business to be the key revenue driver as company gradually develops front end presence to maximize the softgel ANDA approvals expected over the next couple of years; it targets US\$100mn of US revenues by FY19 from US\$26mn in FY15. It would also expand presence in Europe especially Germany with a focus on softgels while CRAMS business would continue at its steady run rate. We factor in a stellar ~39% EPS cagr over FY15-18E and expect the rerating story to continue; recommend BUY for 2-yr target of Rs155 based on ~20x FY18E earnings. Any adverse regulatory action on the only US FDA approved Goa site remains the key risk to our reco.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	797	1,048	1,316	1,594
yoy growth (%)	26.5	31.6	25.5	21.2
Operating profit	185	251	330	414
OPM (%)	23.2	23.9	25.1	26.0
PAT	109	172	230	292
yoy growth (%)	52.1	57.2	34.0	26.9
EPS (Rs)	2.7	4.5	6.0	7.6
P/E (x)	37.8	22.6	16.9	13.3
P/BV (x)	10.9	7.1	5.0	3.7
EV/EBITDA (x)	21.8	14.5	10.4	7.7
Debt/Equity (x)	0.2	0.0	0.0	0.0
ROE (%)	42.9	37.7	35.4	32.2
ROCE (%)	37.2	41.6	39.5	36.7

Source: Company, India Infoline Research

Rating: BUY

Target (2 year): Rs155

CMP: Rs101

Upside: 53.2%

Sector: Pharmaceuticals

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 115/50

Market cap (Rscr): 4,136

6m Avg vol ('000Nos): 1,393

Bloomberg code: MRKS IN

BSE code: 524404

NSE code: MARKSANS

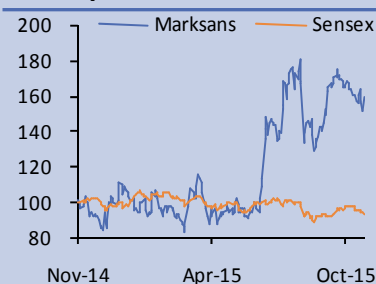
FV (Re): 1

Prices as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth				4	
Cash Flow				4	
B/S Strength				4	
Valuation appeal				4	
Risk					

Share price trend



Share holding pattern

%	Mar-15	Jun-15	Sep-15
Promoters	48.3	48.3	48.3
Insti	14.5	14.9	15.4
Others	37.3	36.8	36.3

Research Analyst:

Bhavesh Gandhi

research@indiaonline.com

Strong local demand, industry shift towards organized sector

The penetration of Air coolers in Indian households stands at significantly lower levels of nearly ~10%. With rising income levels and changing lifestyle, households using fans are likely to house air coolers, which would provide a huge market opportunity for a well established player like Symphony. Also, the Air cooler industry is currently dominated by unorganized sector, which constitutes nearly 70-80% of the market. With improving reach of organized players, rising aspiration levels among lower and middle class and increasing awareness about brand and quality among consumers, the industry is expected to shift towards organized segment. Symphony, which enjoys more than 50% market share, is well positioned to capitalize on the huge opportunity and we expect top-line to witness CAGR of 25% during FY15-18E.

Asset light model with zero debt; focus on innovation and marketing

Symphony outsources its manufacturing to select vendors in India which allows it to focus on key aspects like design, product innovation, new product launch, marketing and distribution. The Company is debt free thereby generating high returns and is in a comfortable position to look for future inorganic growth opportunities. Owing to low cost of operations and debt free business, profitability growth is expected to outpace the growth in top-line.

Recent acquisition to provide entry into new geographies

Symphony acquired Impco in 2008 which allowed Symphony to enter into US and Mexico markets. The Company has very recently acquired Chinese firm MKE which will allow access to China and other international markets. This would provide a huge opportunity to further penetrate the export market over the coming years. The Company also expects to benefit from synergies in material procured by its OEM vendors from China.

Outlook & Valuation

We expect Symphony to witness revenue and earnings CAGR of 25% and 30% respectively during FY2015-18E. Stock is trading at a P/E of ~27x based on FY18E EPS. We recommend Buy on the stock with a target price of Rs 2,554.

Financial summary (Consolidated)

Y/e 30 June (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	579	746	906	1,137
yoy growth (%)	8.7	28.9	21.4	25.6
Operating profit	132	183	231	302
OPM (%)	22.8	24.5	25.5	26.5
Reported PAT	116	156	196	255
yoy growth (%)	9.7	34.4	25.8	30.3
EPS (Rs)	33.1	44.5	56.0	73.0
P/E (x)	59.0	43.9	34.9	26.8
Price/Book (x)	20.8	16.2	12.6	8.6
EV/EBITDA (x)	51.7	37.0	28.9	21.4
Debt/Equity (x)	0.0	0.0	0.0	0.0
RoE (%)	38.4	41.5	40.5	38.0

Source: Company, India Infoline Research

Rating: BUY

Target (2 Year): Rs1,956

CMP: Rs2,554

Upside: 31%

Sector: Consumer discretionary

Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 3,270 / 1,632

Market cap (Rscr): 6842

6m Avg vol ('000Nos): 52

Bloomberg code: SYML IN

BSE code: 517385

NSE code: SYMPHONY

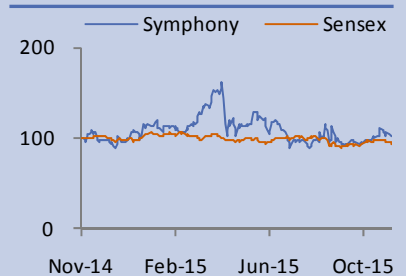
FV (Rs): 2

Prices as on November 09, 2015

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth					■
Cash Flow				■	
B/S Strength					■
Valuation appeal			■		
Risk		■			

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	75.0	75.0	75.0
Insti	8.5	9.4	11.1
Others	16.5	15.6	13.9

Research Analyst:

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Proxy play on domestic two-wheeler growth

We expect a strong revival in two wheeler demand over the next couple of years on the back of improved consumer sentiment, increasing urbanization and rising costs of public transport. Scooters demand would continue to outpace motorcycle demand as new scooters continue appeal strongly to both the genders. Also, new technologies have led to strong improvement in ride quality and mileage of scooters. TVS Srichakra, the largest player in the two wheeler tyres has consistently increased market share with the OEMs, should be a major beneficiary of this trend.

Re-building brand for the aftermarket business

In the past couple of years, TVS Srichakra refreshed its strategy for the aftermarket segment wherein it invested in re-building its brand and rekindled its advertising plan. With pricing of TVS Srichakra branded tyres lower than the competition, we believe, it will continue to gain market share in the replacement market. Also its tie-up with Michelin will give it strong volumes. With replacement cycle for two-wheeler tyres of 36-48 months and two-wheeler sales CAGR of 10% during FY10-13, we see strong demand growth in replacement market.

Exports provide good opportunities

Exports for TVS Srichakra accounted for 9.5% of its FY54 revenues. In the past few years, the company entered many new markets, taking the exports markets number to more than 80 countries. With Indian two-wheelers getting good acceptance in African and Latin American markets, large opportunities exist for tyre exporters such as TVS Srichakra.

Soft rubber prices, better geographic mix to margin expansion

Natural rubber, which accounts for almost 43% of the total raw material costs, has seen sharp fall in prices from a high of Rs200/kg in July 2013 to Rs111/kg currently. While manufacturers are expected to transfer partial benefits to customers in terms of reduced prices, retained benefits will result in substantial margin expansion. For TVS Srichakra, apart from lower raw material costs higher contribution from replacement and export markets should provide additional thrust to margins. We see earnings CAGR of 43% in during FY15-18E.

Financial summary

Y/e 31 Mar (Rs cr)	FY15	FY16E	FY17E	FY18E
Revenues	2,176	2,432	2,781	3,182
yoy growth (%)	13.8	11.7	14.4	14.4
Operating profit	217	378	428	485
OPM (%)	10.0	15.5	15.4	15.3
Reported PAT	100	213	248	289
yoy growth (%)	80.7	114.0	16.1	16.8
EPS (Rs)	144.8	278.5	323.4	377.8
P/E (x)	18.8	9.8	8.4	7.2
Price/Book (x)	7.4	4.3	2.9	2.1
EV/EBITDA (x)	10.9	5.8	4.7	3.7
Debt/Equity (x)	0.9	0.5	0.3	0.2
RoE (%)	45.6	55.9	41.6	34.1
RoCE (%)	31.2	51.5	45.5	40.9

Source: Company, India Infoline Research

Rating: BUY

Target (2 Year): Rs4,200

CMP: Rs2,725

Upside: 54.1%

Sector: Tyres
Sector view: Positive

Sensex: 26,121

52 Week h/l (Rs): 3,250 / 1,195

Market cap (Rscr) : 2,143

6m Avg vol ('000Nos): 14

Bloomberg code: SRTY IS

BSE code: 509243

NSE code: TVSSRICHAK

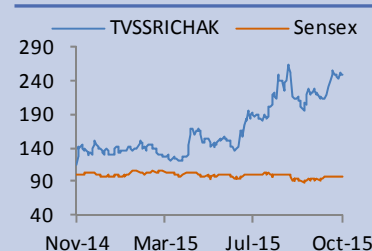
FV (Rs): 10

Prices as on November 09, 2015

Company rating grid

	Low	→			High
	1	2	3	4	5
Earnings Growth				4	
Cash Flow				4	
B/S Strength				4	
Valuation appeal				4	
Risk					

Share price trend



Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	46.4	46.0	45.4
Insti	0.2	0.7	1.8
Others	53.5	53.3	52.8

Research Analyst:

Prayesh Jain

research@indiaonline.com

'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

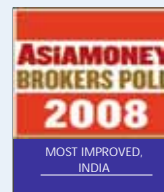
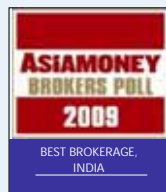
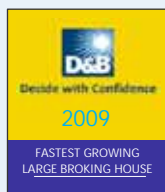
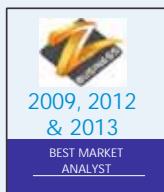
'Best Equity Broker of the Year' – Bloomberg UTV, 2011

IIFL was awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Award, 2011. The award presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee. The Bloomberg UTV Financial Leadership Awards acknowledge the extraordinary contribution of India's financial leaders and visionaries from January 2010 to January 2011.

'Best Broker in India' – Finance Asia, 2011

IIFL has been awarded the 'Best Broker in India' by Finance Asia. The award is the result of Finance Asia's annual quest for the best financial services firms across Asia, which culminated in the Country Awards 2011

Other awards



Recommendation parameters for fundamental reports:

Buy – Absolute return of over +15%

Accumulate – Absolute return between 0% to +15%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

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A graph of daily closing prices of securities is available at <http://www.nseindia.com/ChartApp/install/charts/mainpage.jsp>, www.bseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the “three years” period in the price chart).

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