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Extended Honeymoon...!!!

Seems so, given the markets continue to move higher on expectations more than actual effect on ground. Not so say that the new government is falling short of delivery, however the. Arrest seems to running quite high on expectations. However the NAMO team is focusing on small steps to start with, adopting a workmanlike approach. Hence we expect a slow grind next few months, before the big steps come in.

Getting the basics right!

We observe that the NaMo admin is focussing on getting the small things right. In particular, the efforts have been on to remove decision making bottlenecks, establishing the accountability at individual ministry level, and raising transparency levels. The Project Monitoring Group is playing a critical role in ensuring these, and we believe its positioning shall be pivotal in the new government.

| Sector | Key steps taken in last few weeks | In the offing |
|--------------|---|--|
| Banks | Allowing concessions to banks in raising infra bonds, recapitalisation of PSBs, greater focus on recovery of stressed assets and declaring wilfull defaulters have been major positives in the past few months. | We expect some of the reforms pertaining to autonomy of PSBs and their capital raising to come through. Also steps for faster recovery and resolution of stressed assets. |
| Infra | Fast tracking clearances for several projects Premium rescheduling of 9 projects and cancellation of non-moving projects | Online process for clearances to infrastructure/ industrial projects to ensurespeedy approvals and reduce corruption A new body replacing Planning commission to drive infrastructure capex |
| Power & Coal | Sanctioning several coal mining projects of Coal India & its subsidiaries | Guidelines on private participation in coal mining to increase output |

How long can big bites wait for!

That's the million dollar question. The street is expecting key decisions on some of the most critical issues sooner than later. However, the new government is playing it with double caution, and rightly so. Our interactions suggest that the new government shall wait for the state elections due in Sept /Oct to get over before it dives into these areas.

| Sector | Key issues pending / likely to come up | Likely timeline | Qualitative Impact / |
|-----------------------|--|-----------------|--|
| Oil & Gas | Gas price hike | End of Q2FY15 | Significant, as it impacts ONGC and RIL the most and the sentiment on sector / economy |
| Vodafone | Retrospective | None | If Vodafone is made to finally pay up, it will adversely affect the sentiments. |
| GST | State's share for higher compensation | Ongoing | Significant progress made by offering higher compensation to states showing the intent of the Finance Ministry to go all out for GST. Implementation timeline of Q1FY16 looks challenging, hence placing our bets on H2FY16. Benefit for the organised sectors, and the structural trajectory of the tax / GDP |
| Fuel Subsidies | LPG, Kerosene Diesel post | None | LPG subsidies being brought down on similar lines as diesel by monthly hikes could be a positive. Diesel subsidies will be eliminated by Q3FY15 at the current equation. However we keep our fingers crossed on if will the oil companies will go further if the need arises. |

Near term valuations in fair range, FY16 earnings of high teens critical to sustain

We see the current valuations of high teens on FY15 earnings as fair range. We see these sustaining in the range at least till mid Q3FY15 by which better visibility on FY16 earning trajectory shall emerge. If it does improve, from our base case of mid teens earnings growth, we expect the valuations to sustain. Further gains in these shall be driven by the quality of balance sheet restructuring that the corporate go through.

Our interaction corroborate our base case assumption that the good part of FY15 shall go into that exercise and earnings trajectory will be on the upside FY16 onwards. This also coincides with the tailwinds on rate cycle softening Q4FY15 onwards, and subsidies overhang on the fiscal wearing off after five years. Though not in the consensus as of now, we believe high teens sort of earnings for FY16 could be fair probability event. In particular, the cyclicals and energy shall be decisive to high teens earnings growth visibility. Our current estimates build in mid teens earnings visibility for FY16.

While the interest in India remains high for FII's and we continue to build in consistent in flows for the secondary markets. However, our near term concerns centre around the supply of fresh equity offering likely to hit the market in between now and December. This could lead to consolidation phase like the one we saw post election results to now.

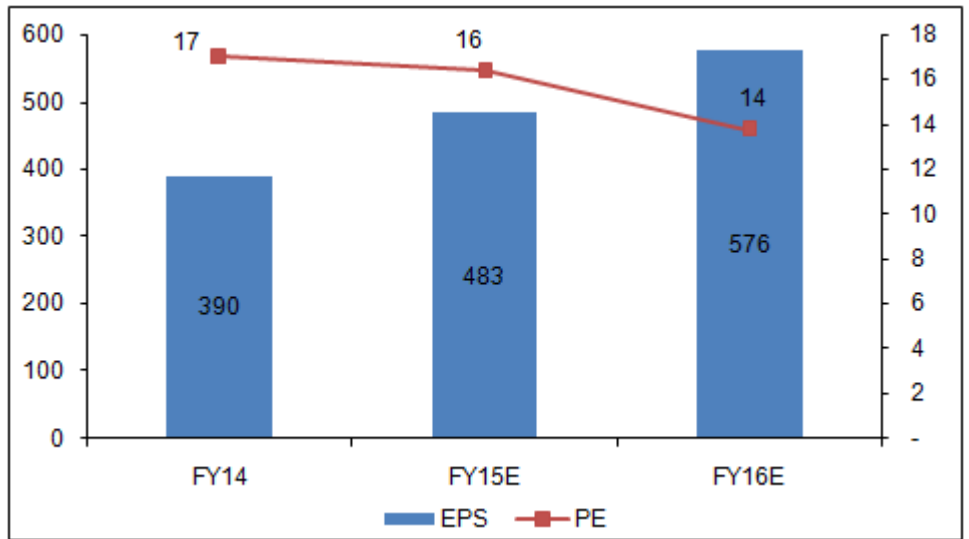
Keep conviction alive! But pay right price critical to portfolio construction

What's In and What's Out on Preferred Buy List*

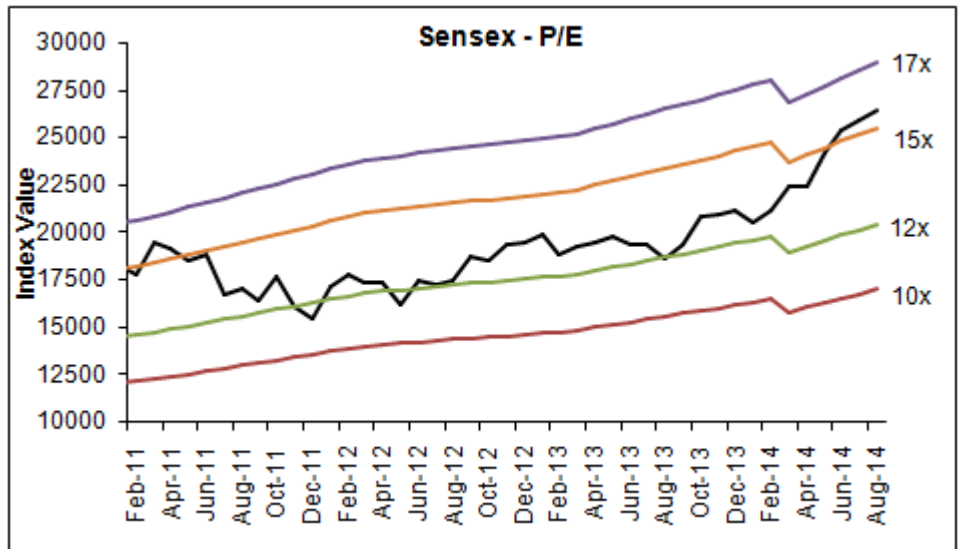
| In Preferred Buy | Why? |
|----------------------------------|---|
| Axis Bank | As the investment cycle and money flow within the economy improves, the bank can see a reasonable amount of deflation in its stressed assets pool. |
| Biocon | Recent correction provides attractive opportunity to enter the stock with strong biz model. |
| Crompton Greaves | Expect recovery in earnings from H2FY15 onwards led by improved performance in the international subsidiaries. Domestic business to be beneficiary of expected recovery in capex cycle. |
| KPIT Tech | We believe the weak Q1 has set the floor on margins and stock performance. We are in sync with the management view that the weak result was a function of poor execution rather than any challenges on the business momentum. |
| Larsen & Toubro | Proxy play on recovery in infrastructure spend in India. Recent correction provides attractive opportunity to enter the stock. |
| PTC India Financial (PFS) | All set to leverage upon the growth opportunities in the renewable energy segment, especially solar power. Current CRAR of 26% sufficient to fuel 2 years of high growth. |
| Out of Preferred Buy | Why? |
| Asian Paints | There has been a recent run-up in the stock price and Valuations remain high |
| Engineer's India | With two large potential orders out of the way, near term earnings visibility has deteriorated. |
| IPCA Labs | We believe the inspection observation (Form 483) will be an overhang on the stock price in the near term given the uncertainty regarding the timelines for resolution |
| Karur Vysya Bank | An improvement in overall asset quality is likely to be back-ended in FY15. Current valuations do not provide a favourable risk reward trade-off |
| Maruti Suzuki | The company is the only pure PV play in the listed space, however the sharp run up in the last couple of months makes valuation look expensive |
| State Bank of India | Stress levels still elevated, rich valuations do not offer large upsides. |
| Suprajit Engineering | Fundamentals stand intact, however valuations look expensive at current levels |
| Voltas | Potential upside remains capped post the recent run-up. Delayed execution could be a potential threat to the company's targeted margins. |

* With reference to our note dated 9th June 2014

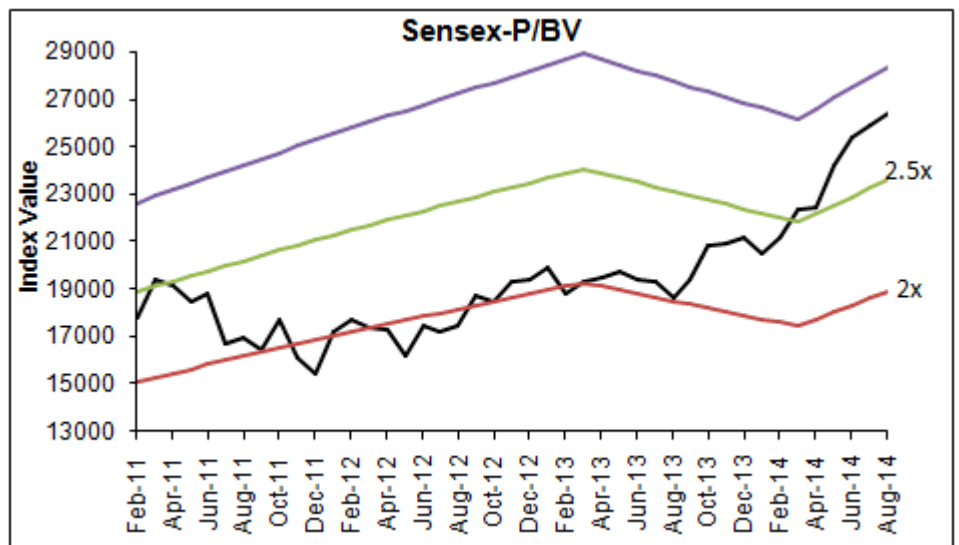
Nifty EPS & P/E Estimates



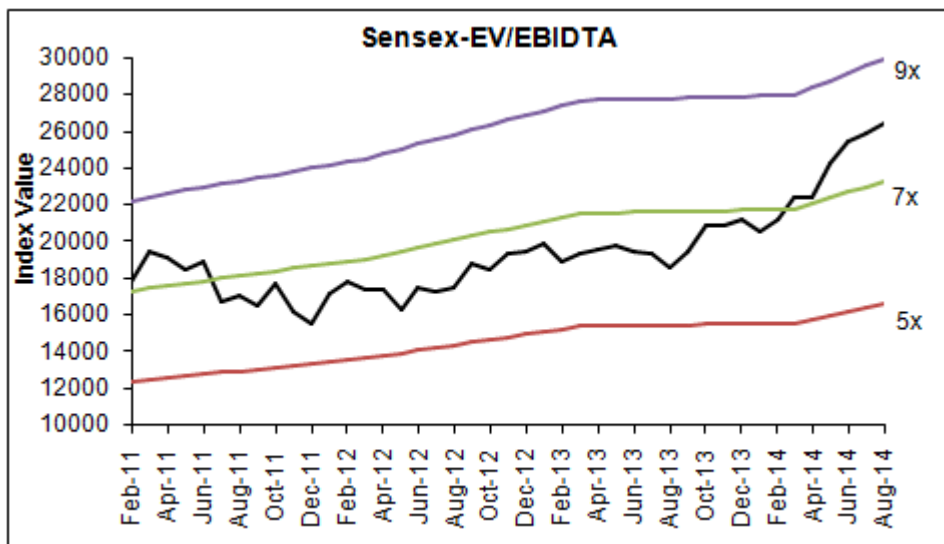
E: Bloomberg Estimates,



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Earnings Growth Aggregates

| | Growth(% Ex Banking) | | Revision in Estimates | |
|------------------|----------------------|-------|-----------------------|-------|
| | FY15E | FY16E | FY15E | FY16E |
| Sales | 11.8 | 14.1 | 1.5 | 1.9 |
| EBITDA | 11.6 | 17.8 | 1.3 | 2.5 |
| EBITDA Margin(%) | 18.8 | 18.8 | | |
| PAT | 12.0 | 18.0 | 1.0 | 2.2 |

| | Growth (% Banking) | | Revision in Estimates | |
|------------------|--------------------|-------|-----------------------|-------|
| | FY15E | FY16E | FY15E | FY16E |
| NII | 17.3 | 20.4 | (1.5) | (1.3) |
| Operating Income | 16.8 | 19.5 | (1.6) | (1.3) |
| PAT | 21.9 | 28.7 | (2.4) | (1.7) |

Earnings Growth Aggregates - Unbundled

| Agro-Chemical | | | Auto and Ancillary | | |
|---------------|-----------|-------|--------------------|-----------|-------|
| Particulars | Growth(%) | | Particulars | Growth(%) | |
| | FY15E | FY16E | | FY15E | FY16E |
| Sales | 18 | 20 | Sales | 12 | 13 |
| EBITDA | 26 | 23 | EBITDA | 11 | 16 |
| EBITDA Margin | 17.4 | 17.8 | EBITDA Margin | 14.9 | 15.2 |
| PAT | 23 | 25 | PAT | 16 | 18 |

| Capital Goods | | | Cement | | |
|---------------|-----------|-------|---------------|-----------|-------|
| Particulars | Growth(%) | | Particulars | Growth(%) | |
| | FY15E | FY16E | | FY15E | FY16E |
| Sales | 6 | 14 | Sales | 13 | 17 |
| EBITDA | (5) | 25 | EBITDA | 25 | 33 |
| EBITDA Margin | 10.3 | 11.3 | EBITDA Margin | 18.2 | 20.7 |
| PAT | (6) | 29 | PAT | 25 | 32 |

| Energy | | | Consumer | | |
|---------------|-----------|-------|---------------|-----------|-------|
| Particulars | Growth(%) | | Particulars | Growth(%) | |
| | FY15E | FY16E | | FY15E | FY16E |
| Sales | 3 | 6 | Sales | 15 | 16 |
| EBITDA | 11 | 10 | EBITDA | 18 | 18 |
| EBITDA Margin | 8.8 | 9.1 | EBITDA Margin | 22.2 | 23.5 |
| PAT | 4 | 17 | PAT | 18 | 19 |

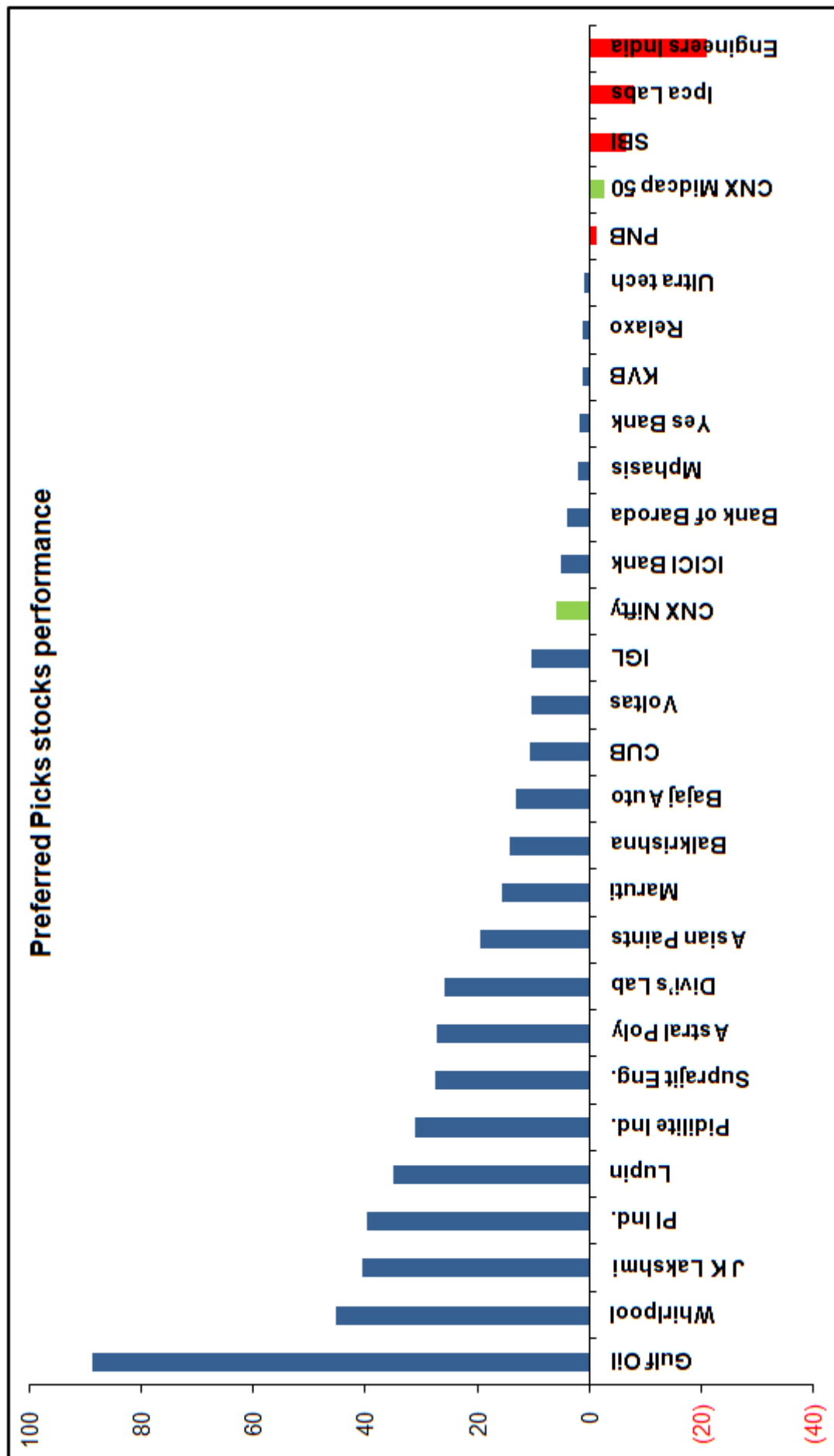
| Pharmaceuticals | | | IT Services | | |
|-----------------|-----------|-------|---------------|-----------|-------|
| Particulars | Growth(%) | | Particulars | Growth(%) | |
| | FY15E | FY16E | | FY15E | FY16E |
| Sales | 19 | 16 | Sales | 13 | 14 |
| EBITDA | 16 | 18 | EBITDA | 12 | 15 |
| EBITDA Margin | 27.4 | 28.0 | EBITDA Margin | 24.3 | 24.6 |
| PAT | 10 | 18 | PAT | 12 | 14 |

Revisions to Earnings

| FY15E (Top Ten Upgrades) | | | | | |
|--------------------------|---------------|-------------------|------------|-------------------|---------|
| Company | Net Sales (%) | Company | EBITDA (%) | Company | PAT (%) |
| Larsen & Toubro | 18.9 | Whirpool | 23.6 | Triveni Turbine | 43.5 |
| OFSS | 9.1 | Voltas | 21.4 | Whirpool | 26.0 |
| Rallis | 5.9 | OFSS | 12.7 | Voltas | 20.8 |
| Titan Ind | 2.7 | Cadila Healthcare | 10.3 | Cadila Healthcare | 9.3 |
| Cummins | 2.6 | Lupin | 8.3 | JK Lakshmi Cement | 7.2 |
| ITC | 2.5 | Titan Ind | 7.2 | Lupin | 6.7 |
| Crompton Greaves | 2.4 | HUL | 4.4 | OFSS | 5.2 |
| Voltas | 2.1 | Rallis | 4.3 | Titan Ind | 4.1 |
| TCS | 1.6 | Tata Motors | 4.2 | TCS | 3.8 |
| Karur Vysya Bank | 1.5 | ING Vysya Bank | 3.4 | Tata Motors | 3.3 |

| FY15E (Top Ten Downgrades) | | | | | |
|----------------------------|---------------|-----------------|------------|-----------------|---------|
| Company | Net Sales (%) | Company | EBITDA (%) | Company | PAT (%) |
| Thermax | -8.5 | Engineers India | -26.2 | Thermax | -21.9 |
| Eclerx | -7.6 | Thermax | -14.6 | Engineers India | -16.1 |
| Ipca Labs | -7.2 | Eclerx | -11.3 | Eclerx | -13.3 |
| ICICI Bank | -6.8 | Ipca Labs | -11.2 | Ipca Labs | -12.9 |
| Engineers India | -6.2 | KPIT Cummins | -11.1 | Union Bank | -10.4 |
| PI Industries | -5.6 | NIIT Tech | -10.2 | NIIT Tech | -9.9 |
| NIIT Tech | -3.1 | Tech mahindra | -6.9 | Larsen & Toubro | -8.2 |
| HDFC Bank | -3.0 | ICICI Bank | -6.8 | ICICI Bank | -8.1 |
| KPIT Cummins | -3.0 | Persistent | -5.7 | Persistent | -7.5 |
| Page Ind | -3.0 | Mphasis | -5.2 | KPIT Cummins | -5.9 |

Our Preferred Picks* v/s Benchmark Indices (QTD)



*From our last note dated June 9, 2014, Price as of August 22, 2014

Sector Stance

| Sector | Stance | Key Arguments |
|---------------|----------|---|
| Automobile | Neutral | Domestic demand expected to pickup in H2FY15, however factored in the valuations. |
| Capital Goods | Positive | Expect recovery in orderbook from H2FY15. |
| Cement | Positive | Demand recovery post H2FY15 onwards. |
| Consumer | Neutral | Raising weightage on discretionary and organised plays. |
| Energy | Neutral | Prefer stock specific approach. |
| Financials | Positive | Private banks are likely to outperform in the medium term before the asset quality cycle leads to another round of re-rating in PSBs. |
| IT Services | Neutral | Cutting back on IT as INR remains elevated, and allocations move towards cyclicals. |
| Pharma | Positive | Still retain our weightage on sustenance of earnings trajectory. |



DOLAT PREFERRED BUY PICKS

DOLAT CAPITAL

| Sector | Top Picks | P/E | | | ROE(%) | | | EV/EBIDTA (x) | | | Mcap/Sales (x) | | |
|----------------------|------------------|------|-------|-------|--------|-------|-------|---------------|-------|-------|----------------|-------|-------|
| | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Large Cap | | | | | | | | | | | | | |
| Automobile | Bajaj Auto | 19.1 | 17.5 | 14.9 | 38.6 | 35.2 | 34.1 | 15.6 | 13.8 | 11.2 | 3.2 | 2.9 | 2.5 |
| Capital Goods | Crompton Greaves | 51.8 | 27.0 | 16.2 | 6.8 | 12.3 | 18.1 | 21.0 | 15.1 | 10.9 | 1.0 | 0.9 | 0.8 |
| | L&T | 31.3 | 30.7 | 22.0 | 12.8 | 11.9 | 15.2 | 20.1 | 21.1 | 17.5 | 1.7 | 1.5 | 1.2 |
| Cement | Ultratech Cement | 30.3 | 24.1 | 16.1 | 12.8 | 14.3 | 15.8 | 16.2 | 12.8 | 10.3 | 0.4 | 0.3 | 0.3 |
| Consumer | Pidilite Ind. | 42.8 | 34.4 | 27.7 | 24.3 | 25.1 | 25.7 | 27.0 | 23.0 | 19.0 | 4.4 | 3.8 | 3.2 |
| Pharma | Divi's Lab | 26.7 | 22.5 | 18.9 | 28.0 | 27.4 | 27.0 | 19.6 | 16.3 | 13.6 | 7.9 | 6.6 | 5.5 |
| | Lupin | 30.5 | 24.9 | 20.6 | 30.9 | 29.1 | 27.4 | 17.8 | 13.8 | 11.1 | 4.8 | 4.0 | 3.4 |

| Sector | Top Picks | P/E | | | ROE(%) | | | EV/EBIDTA (x) | | | Mcap/Sales (x) | | |
|----------------------|-------------------|------|-------|-------|--------|-------|-------|---------------|-------|-------|----------------|-------|-------|
| | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Mid/Small Cap | | | | | | | | | | | | | |
| Agrochem | PI Industries | 31.8 | 25.9 | 20.2 | 30.7 | 29.1 | 28.8 | 20.9 | 16.0 | 12.3 | 3.8 | 3.1 | 2.6 |
| Automobile | Balkrishna Ind | 14.3 | 13.0 | 10.3 | 29.3 | 24.9 | 24.6 | 10.5 | 9.1 | 7.2 | 2.0 | 1.7 | 1.4 |
| Cement | JK Lakshmi Cement | 32.2 | 25.9 | 16.8 | 9.0 | 10.5 | 14.5 | 15.9 | 12.4 | 8.2 | 1.7 | 1.4 | 1.1 |
| Consumer | Relaxo Footwares | 36.4 | 27.6 | 20.8 | 24.0 | 24.0 | 25.0 | 17.4 | 14.1 | 11.3 | 1.9 | 1.6 | 1.3 |
| | Whirlpool India | 45.5 | 27.1 | 20.1 | 16.6 | 21.8 | 22.8 | 25.3 | 15.8 | 11.8 | 2.0 | 1.7 | 1.4 |
| IT | KPIT Technologies | 11.2 | 9.6 | 8.7 | 21.4 | 20.5 | 18.9 | 7.3 | 6.6 | 5.5 | 1.0 | 0.9 | 0.8 |
| | Mphasis | 12.7 | 12.1 | 9.5 | 14.5 | 14.6 | 17.3 | 7.3 | 7.1 | 5.6 | 1.5 | 1.5 | 1.3 |
| Midcap | Astral Poly | 59.9 | 38.1 | 27.8 | 27.9 | 32.7 | 32.9 | 27.1 | 19.9 | 14.9 | 4.3 | 3.3 | 2.6 |
| Pharma | Biocon | 22.9 | 20.2 | 15.9 | 14.5 | 14.7 | 16.8 | 15.1 | 12.9 | 9.7 | 3.6 | 3.1 | 2.4 |

| Sector | Top Picks | P/E | | | P/ABV (x) | | | ROE(%) | | | ROA (x) | | |
|------------------|------------------|------|-------|-------|-----------|-------|-------|--------|-------|-------|---------|-------|-------|
| | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Large Cap | | | | | | | | | | | | | |
| Banks | Axis Bank | 15.2 | 13.5 | 11.0 | 2.5 | 2.2 | 1.9 | 17.4 | 17.1 | 18.2 | 1.7 | 1.7 | 1.8 |
| | Bank of Baroda | 8.6 | 7.1 | 5.7 | 1.4 | 1.2 | 1.1 | 13.8 | 15.0 | 16.3 | 0.8 | 0.8 | 0.8 |
| | ICICI Bank | 14.4 | 13.2 | 11.0 | 2.4 | 2.2 | 1.9 | 17.0 | 16.4 | 17.5 | 1.7 | 1.7 | 1.8 |
| | Punjab Nat. Bank | 10.7 | 7.8 | 5.8 | 1.5 | 1.3 | 1.1 | 10.2 | 12.6 | 15.2 | 0.7 | 0.8 | 0.9 |

| Sector | Top Picks | P/E | | | P/ABV (x) | | | ROE(%) | | | ROA (x) | | |
|----------------------|-----------------|------|-------|-------|-----------|-------|-------|--------|-------|-------|---------|-------|-------|
| | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Mid/Small Cap | | | | | | | | | | | | | |
| Banks/NBFC | City Union Bank | 12.2 | 11.6 | 9.2 | 2.3 | 1.9 | 1.6 | 18.3 | 16.9 | 17.3 | 1.4 | 1.5 | 1.6 |
| | PTC Financial | 8.9 | 6.2 | 4.6 | 1.4 | 1.2 | 1.1 | 16.1 | 20.6 | 23.1 | 5.0 | 4.2 | 3.3 |
| | Yes Bank | 13.0 | 11.8 | 9.4 | 3.0 | 2.1 | 1.7 | 25.0 | 21.7 | 20.0 | 1.6 | 1.7 | 1.8 |

* Gulf Oil detailed estimates not available

Prices as of August 22, 2014

| Companies | CAGR Sales FY14-16E | CAGR PAT FY14-16E | OCF > Capex | FCF Positive | ROE > 20% | D/E < 0.4 |
|---------------------|------------------------|----------------------|----------------|-----------------|--------------|--------------|
| Astral Poly | 29% | 47% | ✓ | ✓ | ✓ | ✓ |
| Bajaj Auto | 13% | 14% | ✓ | ✓ | ✓ | ✓ |
| Balkrishna Ind. | 18% | 18% | ☒ | ☒ | ✓ | ☒ |
| Biocon | 24% | 21% | ✓ | ✓ | ☒ | ✓ |
| Crompton Greaves | 11% | 79% | ✓ | ✓ | ☒ | ✓ |
| Divi's Lab | 20% | 19% | ✓ | ✓ | ✓ | ✓ |
| Gulf Oil Corp* | 9% | 12% | - | - | - | - |
| JK Lakshmi Cement | 25% | 38% | ☒ | ☒ | ☒ | ✓ |
| KPIT Tech | 12% | 14% | ✓ | ☒ | ✓ | ✓ |
| Larsen & Toubro | 16% | 19% | ✓ | ✓ | ☒ | ✓ |
| Lupin | 19% | 22% | ✓ | ✓ | ✓ | ✓ |
| Mphasis | 7% | 16% | ✓ | ✓ | ☒ | ✓ |
| PI Industries | 21% | 26% | ✓ | ✓ | ✓ | ✓ |
| Pidilite Industries | 18% | 24% | ✓ | ✓ | ✓ | ✓ |
| Relaxo Footwear | 21% | 33% | ✓ | ✓ | ✓ | ✓ |
| Ultratech Cement | 16% | 24% | ✓ | ✓ | ☒ | ✓ |
| Whirlpool India | 18% | 51% | ✓ | ✓ | ✓ | ✓ |

| Companies | CAGR NII FY14-16E | CAGR PAT FY14-16E | ROE > 17% | ROA > 1% | P/ABV < 1.2 | NNPA < 1% |
|------------|----------------------|----------------------|--------------|-------------|----------------|--------------|
| AXIS | 17% | 18% | ✓ | ✓ | ☒ | ✓ |
| BOB | 22% | 23% | ☒ | ☒ | ✓ | ☒ |
| CUB | 18% | 20% | ✓ | ✓ | ☒ | ☒ |
| ICICI Bank | 15% | 14% | ✓ | ✓ | ☒ | ✓ |
| PNB | 14% | 36% | ☒ | ☒ | ✓ | ☒ |
| PFS | 74% | 40% | ✓ | ✓ | ☒ | ✓ |
| Yes Bank | 23% | 26% | ✓ | ✓ | ☒ | ✓ |

* Gulf Oil detail estimates note available

DOLAT PREFERRED PICKS

| Companies | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | | |
|------------------------|----------------|------------|---------------|---------------|------------------|---------|-----------|----------------------|---------|---------|------------|---------|---------|-----------|-------|-------|--|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | |
| Agrochemical | | | | | | | | | | | | | | | | | |
| PI Industries | 60 | 439 | 523 | 19 | 15,869 | 19,094 | 23,404 | 2,890 | 3,728 | 4,716 | 1,881 | 2,312 | 2,966 | 13.8 | 17.0 | 21.8 | |
| Auto | | | | | | | | | | | | | | | | | |
| Bajaj Auto | 653 | 2,263 | 2419.8 | 7 | 201,583 | 223,967 | 259,449 | 41,552 | 45,249 | 54,086 | 33,803 | 37,216 | 43,763 | 117.9 | 128.6 | 151.2 | |
| Balkrishna Ind | 70 | 723 | 775.56 | 7 | 35,767 | 41,336 | 49,728 | 8,938 | 10,389 | 12,503 | 4,884 | 5,389 | 6,815 | 50.5 | 55.7 | 70.5 | |
| Capital Goods | | | | | | | | | | | | | | | | | |
| Crompton Greaves | 130 | 202 | 240 | 19 | 134,806 | 149,618 | 166,404 | 6,820 | 9,833 | 13,814 | 2,443 | 4,691 | 7,830 | 3.9 | 7.5 | 12.5 | |
| L&T | 1,428 | 1,541 | 1694 | 10 | 851,284 | 973,733 | 1,151,687 | 107,543 | 105,129 | 134,916 | 45,680 | 46,547 | 64,970 | 49.3 | 50.2 | 70.1 | |
| Cement | | | | | | | | | | | | | | | | | |
| JK Lakshmi Cement | 36 | 305 | 309 | 1 | 20,566 | 25,210 | 31,925 | 3,020 | 4,130 | 6,065 | 1,115 | 1,385 | 213 | 9.5 | 11.8 | 18.1 | |
| Ultratech Cement | 723 | 2,651 | 2,851 | 8 | 200,779 | 233,190 | 271,412 | 36,160 | 46,291 | 58,177 | 21,445 | 26,018 | 32,888 | 75.6 | 94.9 | 119.9 | |
| Consumer | | | | | | | | | | | | | | | | | |
| Pidilite Ind. | 202 | 386 | 417 | 8 | 42,832 | 50,344 | 59,250 | 6,770 | 8,053 | 9,689 | 4,619 | 5,731 | 7,103 | 9.0 | 11.2 | 13.9 | |
| Relaxo Footwear | 24 | 400 | 450 | 13 | 12,120 | 14,664 | 17,652 | 1,465 | 1,798 | 2,203 | 656 | 872 | 1,155 | 11.0 | 14.5 | 19.2 | |
| Whirlpool India | 58 | 441 | 483 | 10 | 28,331 | 33,173 | 39,508 | 2,100 | 3,288 | 4,179 | 1,229 | 2,064 | 2,788 | 9.7 | 16.3 | 22.0 | |
| IT Services | | | | | | | | | | | | | | | | | |
| KPIT Technologies | 28 | 150 | 190 | 27 | 26,940 | 29,650 | 33,652 | 3,669 | 4,062 | 4,889 | 2,489 | 2,885 | 3,211 | 13.4 | 15.6 | 17.3 | |
| Mphasis | 92 | 440 | 585 | 33 | 25,939 | 62,087 | 70,792 | 3,893 | 9,548 | 12,161 | 3,027 | 7,660 | 9,757 | 14.4 | 36.5 | 46.4 | |
| Midcap | | | | | | | | | | | | | | | | | |
| Astral Poly Technik | 46 | 823 | 888 | 8 | 10,732 | 13,964 | 17,961 | 1,557 | 2,053 | 2,658 | 772 | 1,215 | 1,664 | 13.7 | 21.6 | 29.6 | |
| Pharmaceuticals | | | | | | | | | | | | | | | | | |
| Biocon | 95 | 474 | 537 | 13 | 28,773 | 33,525 | 43,441 | 6,871 | 8,063 | 10,643 | 4,138 | 4,697 | 5,966 | 20.7 | 23.5 | 29.8 | |
| Divi's Lab | 207 | 1556 | 1648 | 6 | 25,321 | 30,360 | 36,542 | 10,145 | 12,205 | 14,726 | 7,733 | 9,164 | 10,938 | 58.3 | 69.0 | 82.4 | |
| Lupin | 560 | 1251 | 1455 | 16 | 112,865 | 135,925 | 158,944 | 30,028 | 38,059 | 46,094 | 18,363 | 22,515 | 27,140 | 41.0 | 50.3 | 60.6 | |
| Financials | | | | | | | | | | | | | | | | | |
| | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | NII (₹) | | | Operating Income (₹) | | | PAT (₹ mn) | | | ABVPS (₹) | | | |
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | |
| Axis Bank | 949 | 402 | 455 | 13 | 119,516 | 138,279 | 164,765 | 114,561 | 128,771 | 153,280 | 62,177 | 70,213 | 85,853 | 26.5 | 29.9 | 36.5 | |
| Bank of Baroda | 387 | 920 | 1,070 | 16 | 119,653 | 144,667 | 177,301 | 92,910 | 112,216 | 136,262 | 45,411 | 55,732 | 69,252 | 106.4 | 129.4 | 160.8 | |
| City Union Bank | 47 | 78 | 85 | 8 | 7,594 | 8,676 | 10,581 | 5,810 | 6,470 | 8,150 | 3,471 | 3,981 | 5,012 | 6.4 | 6.8 | 8.5 | |
| ICICI Bank | 1,779 | 1,538 | 1,730 | 13 | 164,756 | 182,723 | 219,215 | 165,947 | 180,594 | 213,551 | 98,106 | 106,652 | 127,996 | 84.9 | 92.3 | 110.8 | |
| Punjab National Bank | 348 | 984 | 1,150 | 17 | 161,460 | 178,476 | 211,299 | 113,847 | 124,026 | 146,988 | 33,426 | 45,913 | 61,784 | 92.3 | 126.8 | 170.6 | |
| PTC Financial | 24 | 43 | 54 | 26 | 2,117 | 3,779 | 6,376 | 3,162 | 5,160 | 7,015 | 2,077 | 3,012 | 4,002 | 3.7 | 5.4 | 7.1 | |
| Yes Bank | 242 | 584 | 673 | 15 | 27,163 | 33,725 | 41,080 | 26,880 | 34,501 | 42,635 | 16,178 | 20,473 | 25,670 | 44.9 | 49.4 | 61.9 | |

* Gulf Oil detailed estimates not available

PI Industries (CMP: ₹ 439, TP: ₹ 523, Mcap: ₹ 60bn)

- PI continues to build upon its strengths in the domestic agri and custom synthesis, and delivering earnings to sustain high teens valuations. We expect growth trajectory to go up another notch as Jambusar Phase 2 and 3 start in FY16.
- Medium term visibility remains strong at the CSM business with order book at USD 395 mn. Domestic business growth also showing up potential for sustained growth with pipeline of new products next few quarters – two new launches for FY15 confirmed.
- We believe given the base that PI has created couple of years, it is now in a position to self sustain medium term growth of 20% and above, without having to dilute on its margins. The strong return ratios and cash flow generation are other arguments for us keep the stock in our preferred picks universe.
- Key risk to our estimates could emanate from rupee volatility. Also, the visibility on CSM business needs to sustain though we are not looking to decipher it on a sequential basis.
- PI remains our preferred pick in the agri space with strong visibility and scalability to drive earnings next couple of years. We expect consolidated revenue to grow by 21% CAGR during FY14-16E on the back of higher contribution from the CSM business (From 52% in FY13 to 61% in FY16). We expect PAT to grow by 26% CAGR during FY14-FY16E, and cash flow generation to accelerate FY16 onwards. The stock is currently trading at 25.9x and 20.2x FY15 and FY16 EPS respectively. We recommend Accumulate with a target price of ₹ 523. (24x FY16 EPS)

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-------------------|------|-------|-------|
| Custom Synthesis | 55 | 22 | 25 |
| Export Growth (%) | | | |
| Domestic Agri | 19 | 18 | 20 |
| Inputs Growth (%) | | | |
| EBIDTA Margin | 19 | 20 | 21 |
| PAT Margin (%) | 12 | 12 | 13 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|---------------|------------------|--------|--------|---------------|-------|-------|------------|-------|-------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| PI Industries | 15,869 | 19,094 | 23,404 | 2,890 | 3,728 | 4,716 | 1,881 | 2,312 | 2,966 | 13.8 | 17.0 | 21.8 |
| Rallis | 17,466 | 20,373 | 23,797 | 2,534 | 3,118 | 3,674 | 1,440 | 1,768 | 2,139 | 7.4 | 9.1 | 11.0 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E(x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|---------------|----------------|------------|-----------|---------------|--------|-------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| PI Industries | 60 | 439 | 523 | 19 | 31.8 | 25.8 | 20.1 | 30.7 | 29.1 | 28.8 | 20.9 | 16.0 | 12.3 | 3.8 | 3.1 | 2.6 |
| Rallis | 46 | 238 | 231 | (3) | 32.1 | 26.2 | 21.6 | 21.5 | 22.9 | 23.7 | 18.5 | 15.0 | 12.6 | 2.7 | 2.3 | 2.0 |

Bajaj Auto (CMP: ₹ 2263, TP: ₹ 2420, Mcap: ₹ 653bn)

- Bajaj Auto has had a sharp under performance last couple of quarters (22% vs Nifty 29%) led by concerns on muted volume growth for its most remunerative models. We believe these have played out now, and expect the new launches on Discover to perform well.
- With the volume uptick, we also expect significant operating leverage to play out for Bajaj in the festival season. We expect volumes to kick in especially in the urban segment as the sentiment shift on the positive side will drive consumer spending.
- Expect better performance from exports as Egypt market has opened up. Our estimates project volume growth of 8.2% in FY15 & 14.3% in FY16 with management guiding a early double digit growth by FY16.
- Valuations at 14.9x FY16 are at 15% discount to Hero as against a 3 year average discount of 10-11%.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|---------------|-------|-------|-------|
| Volume (Lac) | 39.22 | 42.44 | 48.5 |
| Price | 53300 | 55000 | 56000 |
| OPM | 20.6 | 20.2 | 20.8 |
| Earnings Grth | 11.1 | 10 | 18 |

Balkrishna Industries (CMP: ₹ 723, TP: ₹ 776, Mcap: ₹ 70bn)

- BKT continues on our preferred picks universe on the back of strong visibility on volume growth for FY15 and FY16. The capacity expansion, currently in implementation, shall more than double its volume through put by FY16 to 300,000 MT. Given its positioning as a competitive player in the replacement market in EU and expanding into US, we believe it is well positioned to capture the space being vacated by the global tyre manufacturers
- We expect BKT to generate strong operating and free cash flows as it goes past its capex mode by FY16, and moves towards reducing debt. Our estimates are building in reduction of debt from 24.5bn to 17.5 bn by FY17. This shall lead to savings of Rs.140 mn on interest costs in FY 17 as well as drive re rating over the medium term.
- Currency volatility and rise in competitive intensity leading to price under cutting remain risks to our positive stance.
- Valuations at 10.3x FY16 remain attractive for the business generating mid teens operating margins, and return on equity.

Key Assumption

| Particulars | FY14E | FY15E | FY16E |
|----------------|-------|-------|-------|
| Volume (Lakhs) | 1.43 | 1.62 | 1.93 |
| Price (Lakhs) | 2.53 | 2.58 | 2.6 |
| OPM (%) | 25.0 | 25.1 | 25.1 |
| Earnings Grwth | 37.3 | 10.3 | 26.6 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|-----------------------|------------------|-----------|-----------|---------------|---------|---------|------------|---------|---------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Auto | | | | | | | | | | | | |
| Bajaj Auto | 201,583 | 223,967 | 259,449 | 41,552 | 45,249 | 54,086 | 33,803 | 37,216 | 43,763 | 117.9 | 128.6 | 151.2 |
| Hero Moto Corp | 252,755 | 277,621 | 308,196 | 35,401 | 41,589 | 49,221 | 21,091 | 24,486 | 29,028 | 105.6 | 122.6 | 145.4 |
| Maruti Suzuki | 444,506 | 498,282 | 566,342 | 52,035 | 57,801 | 66,828 | 28,525 | 33,955 | 40,651 | 94.5 | 112.4 | 134.6 |
| Tata Motors | 2,328,337 | 2,590,546 | 2,935,577 | 348,378 | 383,401 | 443,272 | 139,911 | 163,481 | 192,546 | 43.5 | 50.8 | 59.8 |
| Auto Ancillary | | | | | | | | | | | | |
| Amara Raja | 34,367 | 43,058 | 48,635 | 5,564 | 7,126 | 8,219 | 3,674 | 4,384 | 5,106 | 21.5 | 25.7 | 29.9 |
| Balkrishna Ind | 35,767 | 41,336 | 49,728 | 8,938 | 10,389 | 12,503 | 4,884 | 5,389 | 6,815 | 50.5 | 55.7 | 70.5 |
| Suprajit Ind | 5,452 | 6,552 | 7,938 | 931 | 1,068 | 1,286 | 499 | 637 | 774 | 4.2 | 5.3 | 6.5 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE (%) | | | EV/EBITDA (x) | | | Mcap/Sales (x) | | |
|-----------------------|----------------|------------|-----------|---------------|---------|-------|-------|---------|-------|-------|---------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Auto | | | | | | | | | | | | | | | | |
| Bajaj Auto | 653 | 2,263 | 2420 | 7 | 19.1 | 17.5 | 14.9 | 39 | 35 | 34 | 15.6 | 13.8 | 11.2 | 3.2 | 2.9 | 2.5 |
| Hero Moto Corp | 507 | 2,538 | 2616 | 3 | 24.0 | 20.7 | 17.5 | 40 | 41 | 41 | 14.4 | 12.3 | 10.4 | 2.0 | 1.8 | 1.6 |
| Maruti Suzuki | 827 | 2,739 | 2692 | (2) | 29.0 | 24.4 | 20.3 | 14 | 15 | 17 | 16.2 | 14.4 | 12.2 | 1.9 | 1.7 | 1.5 |
| Tata Motors | 1,390 | 516 | 538 | 4 | 11.9 | 10.2 | 8.6 | 27 | 22 | 21 | 6.1 | 5.6 | 4.8 | 0.7 | 0.6 | 0.6 |
| Auto Ancillary | | | | | | | | | | | | | | | | |
| Amara Raja | 95 | 555 | 538 | (3) | 25.8 | 21.6 | 18.6 | 30 | 28 | 26 | 16.7 | 13.1 | 11.1 | 2.8 | 2.2 | 1.9 |
| Balkrishna Ind | 70 | 723 | 776 | 7 | 14.3 | 13.0 | 10.3 | 29 | 25 | 25 | 10.5 | 9.1 | 7.2 | 2.0 | 1.7 | 1.4 |
| Suprajit Indu | 14 | 114 | 121 | 6 | 27.4 | 21.5 | 17.7 | 26.9 | 27.7 | 27.0 | 16.3 | 14.2 | 11.7 | 2.5 | 2.1 | 1.7 |

Crompton Greaves (CMP: ₹ 202, TP: ₹ 240, Mcap: ₹ 130bn)

- We believe, Crompton is at the end of the tunnel for its international business as the margin recovery appears to be more realistic than few quarters back. Improved realisation/ order book coupled with restructured operations would drive the margins from Q3FY15 onwards.
- We expect the international subsidiaries to be PAT positive in FY16E.
- Domestic business would also stand to benefit from the expected recovery in the capex cycle for both its Power and Industrial business
- The company's plans to demerge its consumer business provides substantial value unlocking benefit to investors. Overall valuations also remain comfortable to provide reasonable upside from current levels.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-------------|-------|-------|-------|
| Revenue Gr | 11.5 | 11.0 | 11.2 |
| EBITDA Gr | 78.0 | 44.2 | 40.5 |
| OPM | 5.1 | 6.6 | 8.3 |
| PAT Gr | 188.9 | 92.0 | 66.9 |

Larsen & Toubro (CMP: ₹ 1541, TP: ₹ 1694, Mcap: ₹ 1428bn)

- L&T would be the key beneficiary of the recovery in infrastructure spend in the country. The company has made investments in sectors like defence & power, which should stand to benefit with the efforts of the new government to step up domestic manufacturing in these areas.
- We believe the company is well placed to grow its international order inflow in the Middle-east region. The has already bagged some marquee projects in this region and we expect the order flow momentum from this region to continue going ahead.
- L&T's investment into its developmental arm has been a drag on its cash flows and return ratios. The company's plans to unlock value from the same augurs well for the standalone EPC business.
- Post the recent correction, valuations are now reasonable and provides reasonable upsides from current levels.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-------------|------|-------|-------|
| Revenue Gr | 14.3 | 14.4 | 18.3 |
| EBITDA Gr | 9.1 | -2.2 | 28.3 |
| OPM | 12.6 | 16.8 | 11.7 |
| PAT Gr | -4.7 | 1.9 | 39.6 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|-----------------|------------------|---------|-----------|---------------|---------|---------|------------|--------|--------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| BHEL | 391,088 | 328,933 | 338,233 | 45,198 | 32,906 | 34,759 | 34,607 | 24,132 | 25,331 | 14.1 | 9.9 | 10.3 |
| Crompton - Cons | 134,806 | 149,618 | 166,404 | 6,820 | 9,833 | 13,814 | 2,443 | 4,691 | 7,830 | 3.9 | 7.5 | 12.5 |
| Cummins | 42,475 | 47,982 | 57,135 | 7,099 | 8,062 | 10,164 | 6,000 | 7,034 | 7,853 | 21.6 | 25.4 | 28.3 |
| Engineers India | 18,844 | 18,992 | 22,535 | 3,793 | 3,280 | 5,017 | 4,825 | 4,418 | 5,674 | 14.3 | 13.1 | 16.8 |
| L&T - Cons | 851,284 | 973,733 | 1,151,687 | 107,543 | 105,129 | 134,916 | 45,680 | 46,547 | 64,970 | 49.3 | 50.2 | 70.1 |
| Thermax | 50,999 | 54,008 | 60,249 | 4,373 | 4,449 | 5,588 | 2,460 | 2,628 | 3,510 | 20.6 | 22.1 | 29.5 |
| Triveni Turbine | 5,057 | 6,794 | 8,354 | 1,038 | 1,500 | 1,936 | 684 | 983 | 1,292 | 2.1 | 3.0 | 3.9 |
| Voltas | 52,660 | 58,984 | 65,836 | 2,656 | 3,651 | 5,029 | 2,454 | 2,749 | 3,768 | 7.4 | 8.3 | 11.4 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE (%) | | | EV/EBITDA (x) | | | Mcap/Sales (x) | | |
|-----------------|----------------|------------|-----------|---------------|---------|-------|-------|---------|-------|-------|---------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| BHEL | 556 | 227 | 200 | (12) | 16.1 | 23.0 | 21.9 | 10.9 | 7.1 | 7.1 | 9.3 | 11.8 | 10.7 | 1.4 | 1.7 | 1.6 |
| Crompton - Cons | 130 | 202 | 240 | 19 | 51.8 | 27.0 | 16.2 | 6.8 | 12.3 | 18.1 | 21.0 | 15.1 | 10.9 | 1.0 | 0.9 | 0.8 |
| Cummins | 188 | 679 | 565 | (17) | 31.4 | 26.8 | 24.0 | 24.2 | 22.9 | 25.9 | 26.4 | 23.1 | 18.4 | 4.4 | 3.9 | 3.3 |
| Engineers India | 80 | 238 | 300 | 26 | 16.6 | 18.2 | 14.1 | 20.5 | 17.5 | 21.0 | 14.6 | 19.5 | 12.3 | 4.3 | 4.2 | 3.6 |
| L&T - Cons | 1,428 | 1,541 | 1,694 | 10 | 31.3 | 30.7 | 22.0 | 12.8 | 11.9 | 15.2 | 20.1 | 21.1 | 17.5 | 1.7 | 1.5 | 1.2 |
| Thermax | 106 | 890 | 674 | (24) | 43.1 | 40.4 | 30.2 | 12.6 | 12.4 | 15.1 | 25.2 | 23.2 | 18.9 | 2.1 | 2.0 | 1.8 |
| Triveni Turbine | 30 | 90 | 98 | 8 | 43.6 | 30.3 | 23.1 | 42.1 | 45.5 | 43.6 | 28.8 | 19.3 | 14.3 | 5.9 | 4.4 | 3.6 |
| Voltas | 66 | 200 | 225 | 13 | 27.0 | 24.1 | 17.6 | 13.0 | 14.3 | 17.2 | 22.6 | 16.3 | 11.5 | 1.3 | 1.1 | 1.0 |

JK Lakshmi Cement (CMP: ₹ 305, TP: ₹ 309, Mcap: ₹ 36bn)

- JKLC's volume expansion is timing well with the likely demand revival next few quarters. This, coupled with the entry into lucrative Eastern India segment, will help realisations and margins stay elevated.
- Cumulative capacity at 11.4 mt (including Udaipur Cement) will place it as a meaningful mid size players with well spread presence across North, East and Western belts. While competition in these areas is also strong, we believe JKLC has the brand push to stand its ground. Notably, the new capacity additions are coming up in Eastern belt which is relatively better off on realisations and margins.
- Potential for increasing the share of trade sales will help margins structurally. We estimate a 1% rise in realisation to increase EBIDTA/tonne by 4%.
- Our volume estimates for FY15 and FY16 are 6.46Mt and 7.61Mt respectively.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|--------------|------|-------|-------|
| Volume (Mt) | 5.6 | 6.5 | 7.6 |
| Price (Rs/t) | 3666 | 3904 | 4197 |
| OPM | 14.7 | 16.4 | 19.0 |
| PAT Grw(%) | -42 | 24 | 54 |

Ultratech Cement (CMP: ₹ 2651, TP: ₹ 2851, Mcap: ₹ 723bn)

- Our preferred large cap cement play and proxy for the India economy revival. Capacity additions over the last few years have placed it strongly in the key markets with high brand recall and distribution.
- We estimate Ultratech to register 10.8% CAGR in volumes FY14-16E, and realisations to register 4.9% CAGR during the same period of FY16-16E
- Our base case estimates EBIDTA per tonne to grow at a CAGR of 14.4% during FY14-16E. We expect UTCM to clock an EBITDA/ton of Rs1127 in FY16E on account of improved demand and pricing environment.

Key Assumption

| Particulars | FY14E | FY15E | FY16E |
|-------------|-------|-------|-------|
| Volume | 42 | 46.6 | 51.6 |
| Price | 4780 | 5004 | 5260 |
| OPM | 18.0 | 19.9 | 21.4 |
| PAT Grwth | -19.1 | 21.0 | 26.0 |

| Companies | Net Sales (₹ mn) | | | EBIT (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|-----------|------------------|---------|---------|-------------|--------|--------|------------|--------|--------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| UTCEM | 200,779 | 233,190 | 271,412 | 36,160 | 46,291 | 58,177 | 21,445 | 26,018 | 32,888 | 75.6 | 94.9 | 119.9 |
| JKLC | 20,566 | 25,210 | 31,925 | 3,020 | 4,130 | 6,065 | 1,115 | 1,385 | 213 | 9.5 | 11.8 | 18.1 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|-----------|----------------|------------|-----------|---------------|---------|-------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| UTCEM | 723 | 2,651 | 2,851 | 8 | 30.3 | 24.1 | 16.1 | 12.8 | 14.3 | 15.8 | 16.2 | 12.8 | 10.3 | 0.4 | 0.3 | 0.3 |
| JKLC | 36 | 305 | 309 | 1 | 32.2 | 25.9 | 16.8 | 9.0 | 10.5 | 14.5 | 15.9 | 12.4 | 8.2 | 1.7 | 1.4 | 1.1 |

Pidilite Industries (CMP: ₹ 386, TP: ₹ 417, Mcap: ₹ 202bn)

- Pidilite recovered strongly from the disappointing performance in Q4FY14. The rebound in Q1FY15 reinforces our positive structural stance, hence it continues in our preferred picks universe. Operating performance will also improve as full effect on price increase plays out from Q3FY15.
- Portfolio continues to be strongly placed with construction chemical continues to grow on a faster pace. We expect revenue growth across categories to remain strong as the economy turnaround works its way. Pricing power remains intact as well.
- International operations showed significant improvement after a protracted under performance. We believe this is sustainable.
- We estimate a 17% CAGR in revenue and 24% CAGR in PAT. The stock trades at 34x FY15E and 27x FY16E.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-----------------|------|-------|-------|
| Revenue grth | 16.4 | 16.7 | 17.4 |
| Const/chem grth | 15.0 | 20.0 | 20.0 |
| OPM | 15.8 | 16.0 | 16.4 |
| Earnings | 9 | 24 | 24 |

Relaxo Footwear (CMP: ₹ 400, TP: ₹ 450, Mcap: ₹ 24bn)

- Relaxo is one of our favourites to play on Indian consumption theme. We believe that the footwear industry is at the cusp of moving from unorganised to organised (branded), and Relaxo is amongst the best positioned to leverage on the same.
- It has also refurbished its portfolio across price points and ventured into sports shoes. With a strong brand like *Sparx*, it is expanding its reach to South and West market. The company has got good consumer acceptance for its sport shoe product.
- We expect volume growth of mid to high single digits and product mix change to sustain growth – our base case remains of 18-20% CAGR in revenue and this may improve as the company's new products continue to expand their reach.
- Valuations at 27x FY15E and 20x FY16E are not as cheap as we would have desired for an entry perspective. However, we believe one will be adequately compensated through structural outperformance at an absolute level and not just relative.

Key Assumption

| Particulars (%) | FY14 | FY15E | FY16E |
|------------------|------|-------|-------|
| Volume Grth | 8 | 9 | 9 |
| Realisation Grth | 12 | 11 | 11 |
| OPM | 12.1 | 12.3 | 12.5 |
| Earnings | 46 | 33 | 32 |

Whirlpool of India (CMP: ₹ 441, TP: ₹ 483, Mcap: ₹ 58bn)

- Remains one of our preferred plays on the discretionary consumption pick up. With urban sentiment turning even better, we believe Whirlpool shall be one of the best positioned on volume recovery. Further, the competition has become more rational.
- The company has been increasing its focus on distribution as it aggressively adds dealers (currently stands at 16-18000). It has increased its focus towards premium products in each of the product segments. It has gained market share in the premium segment of each category.
- With a focus on profitability rather than market share, we believe the company would get the benefit of operating leverage as volumes at the Industry level improves.
- For FY14, volume decline by 4.5% while Q1FY15, witnessed a revival in growth as volumes grew by 7% during the quarter.
- We estimate 18% CAGR in revenues during FY14-16E and earnings to register 51% CAGR in the same period. The stock trades at 27x FY15E EPS of ₹ 16.3 and 19.8x FY16E EPS of ₹ 22.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-------------|------|-------|-------|
| Volume | -4.5 | 11.0 | 11.0 |
| Price | 6.4 | 8.7 | 7.0 |
| OPM | 7.4 | 9.9 | 10.6 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|-----------------|------------------|---------|---------|---------------|---------|---------|------------|---------|---------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Asian Paints | 127,148 | 146,280 | 170,581 | 19,979 | 23,624 | 27,741 | 12,288 | 15,349 | 18,257 | 12.8 | 16.0 | 19.0 |
| Berger Paints | 38,417 | 44,146 | 50,753 | 4,236 | 5,053 | 6,017 | 2,432 | 3,079 | 3,692 | 7.0 | 8.9 | 10.7 |
| Dabur | 70,804 | 82,502 | 95,680 | 11,416 | 13,936 | 16,517 | 9,139 | 10,889 | 13,031 | 5.2 | 6.2 | 7.5 |
| HUL | 280,191 | 320,241 | 366,515 | 44,753 | 53,525 | 62,793 | 35,527 | 41,615 | 47,958 | 16.4 | 18.9 | 21.2 |
| ITC | 332,386 | 383,415 | 443,424 | 124,549 | 144,249 | 168,823 | 87,852 | 101,564 | 119,977 | 10.8 | 12.8 | 15.1 |
| Page Ind | 11,732 | 14,658 | 18,488 | 2,366 | 3,014 | 3,878 | 1,537 | 1,952 | 2,508 | 137.8 | 175.0 | 224.8 |
| Pidilite Ind | 42,832 | 50,344 | 59,250 | 6,770 | 8,053 | 9,689 | 4,619 | 5,731 | 7,103 | 9.0 | 11.2 | 13.9 |
| Relaxo Footwear | 12,120 | 14,664 | 17,652 | 1,465 | 1,798 | 2,203 | 656 | 872 | 1,155 | 11.0 | 14.5 | 19.2 |
| Titan Ind | 109,274 | 125,358 | 146,437 | 10,443 | 12,597 | 15,296 | 7,348 | 8,631 | 10,969 | 8.3 | 9.7 | 12.4 |
| Whirlpool India | 28,331 | 33,173 | 39,508 | 2,100 | 3,288 | 4,179 | 1,229 | 2,064 | 2,788 | 9.7 | 16.3 | 22.0 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|-----------------|----------------|------------|-----------|---------------|---------|-------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Asian Paints | 581 | 616 | 590 | (4) | 48.1 | 38.5 | 32.4 | 33.0 | 34.0 | 34.0 | 23.6 | 19.5 | 16.2 | 3.8 | 3.3 | 2.8 |
| Berger Paints | 119 | 344 | 330 | (4) | 49.1 | 38.7 | 32.1 | 23.0 | 25.0 | 25.0 | 21.0 | 17.4 | 14.4 | 2.3 | 2.0 | 1.7 |
| Dabur | 392 | 222 | 225 | 1 | 42.7 | 35.8 | 29.6 | 38.0 | 37.0 | 37.0 | 29.2 | 23.6 | 20.0 | 4.7 | 4.0 | 3.5 |
| HUL | 1,555 | 708 | 742 | 5 | 43.2 | 37.5 | 33.4 | 111.0 | 94.0 | 81.0 | 26.1 | 22.4 | 19.2 | 4.4 | 3.9 | 3.4 |
| ITC | 2,783 | 343 | 345 | 1 | 31.8 | 26.9 | 22.7 | 36.1 | 37.3 | 38.6 | 20.4 | 17.4 | 14.6 | 8.0 | 7.0 | 6.0 |
| Page Ind | 83 | 7,440 | 6,745 | (9) | 54.0 | 42.5 | 33.1 | 61.2 | 58.1 | 56.4 | 36.0 | 28.0 | 22.0 | 7.0 | 5.7 | 4.6 |
| Pidilite Ind | 202 | 386 | 417 | 8 | 42.8 | 34.4 | 27.7 | 24.3 | 25.1 | 25.7 | 27.0 | 23.0 | 19.0 | 4.4 | 3.8 | 3.2 |
| Relaxo Footwear | 24 | 400 | 450 | 13 | 36.4 | 27.6 | 20.8 | 24.0 | 24.0 | 25.0 | 17.4 | 14.1 | 11.3 | 1.9 | 1.6 | 1.3 |
| Titan Ind | 321 | 363 | 345 | (5) | 43.9 | 37.4 | 29.4 | 32.8 | 30.4 | 30.9 | 31.0 | 25.4 | 20.4 | 2.9 | 2.6 | 2.2 |
| Whirlpool India | 58 | 441 | 483 | 10 | 45.5 | 27.1 | 20.1 | 16.6 | 21.8 | 22.8 | 25.3 | 15.8 | 11.8 | 2.0 | 1.7 | 1.4 |



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Gulf Oil Corporation (CMP: ₹ 276, TP: ₹ 333, Mcap: ₹ 13.8bn)

- Post demerger of Gulf Oil into Lubricants and Non Lubricants, Gulf Oil Lubricants has emerged as pure play with significant potential to grow. We expect it to grow at 2x the industry growth rate, driven by the expanding distribution network and increasing penetration across product categories.
- We believe it can maintain operating margins above 12% (currently 12.9%). Balance sheet becomes light as there is no long term debt. Net debt for working capital requirements is at ₹ 800 mn.
- Royalty issue is clarified that it will remain at current levels. Dividend is expect to remain at current levels of 40% and can move upwards.
- Capacity expansion at Silvasa and Chennai plant to be funded through internal accruals only. Post completion of Silvasa plant, the capacity of Gulf Oil will increase to 95,000 KL as compared to existing 75,000 KL.
- We feel that GOLIL can do earnings of Rs 832 mn in FY16E. The stock trades at 16.2x FY16E earnings. We have a BUY recommendation with a target price of ₹ 333 to trade at 20x FY16E earnings.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|-------------|------|-------|-------|
| EBIT Margin | 13.2 | 13.0 | 13.5 |
| PAT Margin | 4.4 | 14.0 | 9 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|------------------|------------------|---------|---------|---------------|--------|--------|------------|-------|-------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Indraprastha Gas | 39,174 | 43,733 | 50,317 | 7,824 | 8,902 | 10,167 | 3,604 | 4,169 | 4,531 | 25.7 | 29.8 | 32.4 |
| Gujarat Gas | 31,429 | 35,247 | 38,951 | 5,677 | 6,992 | 6,671 | 3,734 | 4,383 | 4,584 | 29.1 | 31.8 | 34.2 |
| GSPL | 9,439 | 9,936 | 10,758 | 8,324 | 8,710 | 9,471 | 3,848 | 3,990 | 4,506 | 6.8 | 7.1 | 8.0 |
| Castrol India | 31,796 | 33,052 | 34,718 | 6,877 | 7,007 | 7,742 | 5,087 | 4,911 | 5,412 | 10.3 | 9.9 | 10.9 |
| Petronet LNG | 417,758 | 425,654 | 445,879 | 14,587 | 16,458 | 18,758 | 6,978 | 6,687 | 9,100 | 9.3 | 8.9 | 12.1 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|------------------|----------------|------------|-----------|---------------|---------|-------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Indraprastha Gas | 52 | 371 | 388 | 5 | 14.4 | 12.5 | 11.5 | 22.1 | 21.7 | 20.2 | 7.6 | 6.7 | 5.5 | 1.3 | 1.2 | 1.0 |
| Gujarat Gas | 59 | 462 | 342 | (26) | 15.9 | 14.5 | 13.5 | 34.5 | 32.1 | 31.8 | 11.5 | 9.7 | 9.2 | 1.9 | 1.7 | 1.5 |
| GSPL | 50 | 88 | 74 | (16) | 13.0 | 12.4 | 11.0 | 19.8 | 17.8 | 17.1 | 6.5 | 6.1 | 5.8 | 5.3 | 5.0 | 4.6 |
| Castrol India | 171 | 358 | 327 | (9) | 34.8 | 36.0 | 32.7 | 72.6 | 73.2 | 86.0 | 24.0 | 23.6 | 21.1 | 5.4 | 5.2 | 4.9 |
| Petronet LNG | 133 | 177 | 144 | (19) | 19.0 | 19.9 | 14.6 | 15.4 | 15.2 | 17.4 | 7.3 | 6.5 | 6.1 | 0.3 | 0.3 | 0.3 |

Axis Bank (CMP: ₹ 402, TP: ₹ 455, Mcap: ₹ 949bn)

- The bank is still adopting a cautious growth strategy over the next couple of quarters and an improvement in the balance sheet growth is likely to be back-ended in FY15.
- Asset quality should remain under control and we believe that despite having reasonable exposure to the infrastructure segment the bank has done well in keeping its stressed assets pool at 3.8%. While the management has continued with its guidance of higher stress levels, we believe that additions to the stressed assets pool are unlikely to be alarming.
- As the investment cycle and money flow within the economy improves, the bank can see a reasonable amount of deflation in its stressed assets pool. However, this is unlikely to be immediate and can take some time to pan out.
- Current valuations of 2.1x FY15E ABVPS forecasts still provides reasonable room for further upsides as the bank is well placed to capitalize on the change in the economic cycle. We maintain our preference for Axis Bank in our top picks with a target price of Rs 455 based on PABR of 2.5x on FY15 ABVPS forecasts.

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 24 | 16 | 19 |
| PPOP | 23 | 12 | 19 |
| PAT | 20 | 13 | 22 |
| Loans | 17 | 20 | 22 |
| Deposits | 11 | 18 | 21 |
| NIM (%) | 3.8 | 3.8 | 3.9 |
| GNPL (%) | 1.2 | 1.2 | 1.1 |

Bank of Baroda (CMP: ₹ 920, TP: ₹ 1,070, Mcap: ₹ 387bn)

- Our preference for BOB continues on its relatively better than industry book quality, and lower restructuring pipeline. This has also helped BOB to deliver stable operating performance of late.
- NPL recoveries have helped further to deliver better earnings trajectory and coupled with the upgrades, have kept the gross NPL levels under control.
- The total stressed assets at 9% looks moderate due to the low stress in the overseas operations. Domestic stressed assets at 11.6% is also better than many of its PSB peers. We expect stressed assets to remain at the current levels before they start trending lower.
- The bank has shown extremely strong recoveries, in a quarter when the NPL recoveries have tended to be lack luster for most of its peers. If the bank is able to maintain the pace of recoveries and upgrades, we expect another re-rating from the current valuations of 1.2x on FY15 ABVPS forecasts.

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 6 | 21 | 23 |
| PPOP | 3 | 21 | 21 |
| PAT | 1 | 23 | 24 |
| Loans | 21 | 22 | 24 |
| Deposits | 20 | 19 | 21 |
| NIM (%) | 2.0 | 2.1 | 2.1 |
| GNPL (%) | 2.9 | 3.0 | 2.8 |

City Union Bank (CMP: ₹ 78, TP: ₹ 85, Mcap: ₹ 47bn)

- CUB's focus on core semi metro areas and business and retail loans continues to aid sustenance of higher than sector yields. With the environment turning for the better and business activity expected to pick up, we expect CUB growth trajectory to accelerate. The recent equity raising (USD 58 mn, 9% dilution on existing equity) shall enable it to be adequately funded for at least couple of years.
- Resumption of growth and improvement in NIMs should drive the earnings growth over the next two years.
- Despite the rise in the NPLs that we built in for FY15, gross NPLs at 2% would still be amongst the best in industry. We believe that with the recognition of these accounts, a bulk of the potential stressed accounts are now recognized and dealt with. Asset quality focus has been the differentiating factor for CUB to sustain well even in the most difficult of times, and we expect this parameter to hold well.
- We believe that the bank which has seen a phase of low balance sheet growth should resume the growth trajectory in 2HFY15 and asset quality pressures would start to abate. ROEs which look subdued due to both the capital raise and the low growth should see an improvement and should be closer to 20% by FY16. Valuations at 1.8x on FY15 ABVPS forecasts is attractive

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 22 | 14 | 22 |
| PPOP | 11 | 11 | 26 |
| PAT | 8 | 15 | 26 |
| Loans | 6 | 15 | 23 |
| Deposits | 8 | 16 | 22 |
| NIM (%) | 3.3 | 3.3 | 3.4 |
| GNPL (%) | 1.8 | 2.0 | 1.8 |

ICICI Bank (CMP: ₹ 1538, TP: ₹ 1730, Mcap: ₹ 1779bn)

- Our top pick in the private banks, as it returns to its growth focus coupled with a reduction in the incremental asset quality stress. We also feel comforted by the stable stressed assets at 6.2% and decline in delinquency rates from 3.9% in Q4FY14 to 2.9%.
- The bank has an outstanding foreign currency translation reserve from the profits of its overseas subsidiaries to the tune of ₹ 20bn, which it plans to drawdown on a regular basis, aiding the profitability.
- The bank continued to maintain its stable growth and asset quality trend. We believe that comfortable capital adequacy; option of repatriating profits from overseas, lower incremental stress on asset quality and improvement in growth momentum in 2HFY15 bodes well for the bank to improve its earnings, return ratios and the valuations.
- Valuations for the core bank at 2x on FY15 Banking ABVPS attractive. Our SOTP places the target multiple at 2.5x on FY15 Banking ABVPS and other businesses at 320 p/s

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 19 | 11 | 20 |
| PPOP | 26 | 9 | 18 |
| PAT | 18 | 9 | 20 |
| Loans | 17 | 18 | 21 |
| Deposits | 13 | 14 | 16 |
| NIM (%) | 3.1 | 3.1 | 3.2 |
| GNPL (%) | 3.0 | 2.9 | 2.7 |

Punjab National Bank (CMP: ₹984, TP: ₹1,150, Mcap: ₹348bn)

- We have had a preference for PNB on our belief that it will be one of the biggest beneficiaries of economic turnaround and softening yields over next few quarters. Notably, the quarterly earnings have also shown up a reduction in fresh NPL formations as well as additions to restructured loans adding to our conviction.
- We also expect the NIM (3.42% for Q1) to sustain an upward trajectory on lower delinquencies and moderate reduction in cost of deposits over the next two years.
- Management commentary on growth focus being on agenda, and with requisite systems in place will help PNB to emerge well, and lead the PSU pack.
- Near term overhang remains on fresh equity issue likely in H2FY15.
- Valuation at 1.2x on FY15 ABVPS attractive.

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 9 | 11 | 18 |
| PPOP | 4 | 9 | 19 |
| PAT | (30) | 37 | 35 |
| Loans | 13 | 17 | 20 |
| Deposits | 15 | 16 | 19 |
| NIM (%) | 3.2 | 3.1 | 3.2 |
| GNPL (%) | 5.3 | 5.4 | 4.7 |

PTC India Financial (CMP: ₹ 43, TP: ₹ 54, Mcap: ₹ 24bn)

- PTC India Financial Services (PFS) is one of the latest entrants to our preferred picks universe. Our arguments for liking this mid-sized diversified lender to power sector is based on it being well set to leverage upon the growth opportunities in the renewable energy segment, especially solar power. The loan book which had quadrupled in the past couple of years can potentially triple from its current size in the next couple of years driven by the opportunities in the renewable segment, where the company has a forte.
- Renewable energy, especially solar power is gaining favor from the new government as well as turned cost competitive since last few years. Hence we believe it has the potential to turn into a meaningful growth segment next few years. This, we believe, places PFS in a sweet spot given its technical competence to evaluate such projects, and well capitalized balance sheet to sustain growth over next few years.
- Current low leverage makes the ROE look subdued. However as the company leverages on the growth opportunities, ROEs should improve to 23% from 16% currently. High growth potential coupled with low stressed assets pool and improving return ratios makes us positive on the stock. Valuations of 1.2x on FY15E ABVPS are attractive.

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 41 | 79 | 69 |
| PPOP | 88 | 63 | 36 |
| PAT | 99 | 45 | 33 |
| Loans | 117 | 75 | 72 |
| Borrowings | 145 | 85 | 80 |
| NIM (%) | 6.8 | 5.5 | 5.4 |
| GNPL (%) | 0.1 | 1.2 | 1.7 |

Yes Bank (CMP: ₹ 584, TP: ₹ 673, Mcap: ₹ 242bn)

- One of the best positioned mid size banking plays to leverage upon the economic upturn. Recent fund raising capitalises it for next couple of years, and enables to press the accelerator on growth. It has had a more cautious approach last few quarters on that front.
- Biggest beneficiary of the softening of rates over 12-18 months
- Ability to sustain 20% plus return on equity remains a key valuation support, and return to 25% earnings CAGR over FY14-16E.
- Our assumptions are guided a strong growth in corporate book next few quarters, in line with the economic trajectory on the up move.
- Valuations at 1.9x on FY15 AVPS forecasts is attractive and well below its long term average.

| Growth (%) | FY14 | FY15E | FY16E |
|------------|------|-------|-------|
| NII | 22 | 24 | 22 |
| PPOP | 26 | 28 | 24 |
| PAT | 24 | 27 | 25 |
| Loans | 18 | 23 | 25 |
| Deposits | 11 | 21 | 23 |
| NIM (%) | 2.8 | 3.0 | 3.1 |
| GNPL (%) | 0.3 | 0.4 | 0.6 |

| Companies | NII (₹ mn) | | | Operating Income (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|----------------------|------------|---------|---------|-------------------------|---------|---------|------------|---------|---------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Axis Bank | 119,516 | 138,279 | 164,765 | 114,561 | 128,771 | 153,280 | 62,177 | 70,213 | 85,853 | 26 | 30 | 37 |
| Bank of Baroda | 119,653 | 144,667 | 177,301 | 92,910 | 112,216 | 136,262 | 45,411 | 55,732 | 69,252 | 106 | 129 | 161 |
| Bank of India | 108,304 | 136,046 | 161,765 | 84,228 | 105,597 | 124,491 | 27,292 | 35,220 | 49,254 | 42 | 55 | 77 |
| City Union Bank | 7,594 | 8,676 | 10,581 | 5,810 | 6,470 | 8,150 | 3,471 | 3,981 | 5,012 | 6.4 | 6.8 | 8.5 |
| HDFC Bank | 184,826 | 216,444 | 265,554 | 143,601 | 174,282 | 215,219 | 84,784 | 99,472 | 124,440 | 35 | 41 | 52 |
| ICICI Bank | 164,756 | 182,723 | 219,215 | 165,947 | 180,594 | 213,551 | 98,106 | 106,652 | 127,996 | 85 | 92 | 111 |
| ING Vysya Bank | 17,532 | 19,770 | 23,577 | 11,275 | 13,635 | 16,702 | 6,579 | 7,857 | 10,068 | 35 | 42 | 53 |
| Karur Vysya Bank | 12,837 | 15,507 | 19,589 | 8,378 | 10,840 | 13,728 | 4,296 | 6,163 | 8,123 | 40 | 51 | 67 |
| Punjab National Bank | 161,460 | 178,476 | 211,299 | 113,847 | 124,026 | 146,988 | 33,426 | 45,913 | 61,784 | 92 | 127 | 171 |
| State Bank of India | 492,822 | 591,734 | 713,607 | 321,092 | 385,760 | 457,188 | 108,912 | 148,112 | 205,355 | 152 | 198 | 275 |
| Union Bank | 78,793 | 87,816 | 102,996 | 52,181 | 56,480 | 64,850 | 16,962 | 19,191 | 24,304 | 27 | 30 | 39 |
| Yes Bank | 27,163 | 33,725 | 41,080 | 26,880 | 34,501 | 42,635 | 16,178 | 20,473 | 25,670 | 45 | 49 | 62 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | ROE(%) | | | ROA(%) | | | P/E(x) | | | P/ABV (x) | | |
|-------------------|----------------|------------|-----------|---------------|--------|-------|-------|--------|-------|-------|--------|-------|-------|-----------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Axis Bank | 949 | 402 | 455 | 13 | 17.4 | 17.1 | 18.2 | 1.7 | 1.7 | 1.8 | 15.2 | 13.5 | 11.0 | 2.54 | 2.22 | 1.92 |
| Bank of Baroda | 387 | 920 | 1,070 | 16 | 13.8 | 15.0 | 16.3 | 0.8 | 0.8 | 0.8 | 8.6 | 7.1 | 5.7 | 1.37 | 1.23 | 1.05 |
| Bank of India | 174 | 292 | 360 | 23 | 11.2 | 12.8 | 15.9 | 0.5 | 0.6 | 0.7 | 6.9 | 5.3 | 3.8 | 1.00 | 0.89 | 0.76 |
| City Union Bank | 47 | 78 | 85 | 8 | 18.3 | 16.9 | 17.3 | 1.4 | 1.5 | 1.6 | 12.2 | 11.6 | 9.2 | 2.33 | 1.88 | 1.61 |
| HDFC Bank | 2,041 | 847 | 880 | 4 | 21.3 | 21.0 | 22.1 | 1.9 | 1.9 | 2.0 | 24.0 | 20.4 | 16.3 | 4.77 | 4.03 | 3.38 |
| ICICI Bank | 1,779 | 1,538 | 1,730 | 13 | 17.0 | 16.4 | 17.5 | 1.7 | 1.7 | 1.8 | 14.4 | 13.2 | 11.0 | 2.44 | 2.16 | 1.91 |
| ING Vysya Bank | 122 | 640 | 720 | 13 | 10.3 | 10.8 | 12.5 | 1.1 | 1.2 | 1.4 | 18.4 | 15.4 | 12.0 | 1.76 | 1.63 | 1.45 |
| Karur Vysya Bank | 51 | 482 | 570 | 18 | 13.4 | 16.1 | 17.6 | 0.9 | 1.1 | 1.2 | 12.0 | 9.4 | 7.2 | 1.62 | 1.41 | 1.26 |
| Pun. Nat. Bank | 348 | 984 | 1,150 | 17 | 10.2 | 12.6 | 15.2 | 0.7 | 0.8 | 0.9 | 10.7 | 7.8 | 5.8 | 1.45 | 1.29 | 1.09 |
| State Bk of India | 1,884 | 2,524 | 2,858 | 13 | 10.0 | 11.9 | 14.8 | 0.6 | 0.8 | 0.9 | 12.5 | 9.6 | 6.9 | 1.80 | 1.79 | 1.52 |
| Union Bank | 132 | 221 | 250 | 13 | 10.4 | 11.0 | 12.8 | 0.5 | 0.5 | 0.6 | 8.2 | 7.2 | 5.7 | 1.20 | 1.08 | 0.94 |
| Yes Bank | 242 | 584 | 673 | 15 | 25.0 | 21.7 | 20.0 | 1.6 | 1.7 | 1.8 | 13.0 | 11.8 | 9.4 | 2.97 | 2.07 | 1.75 |



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KPIT Technologies (CMP: ₹ 150, TP: ₹ 190 , Mcap: ₹ 30bn)

- We are including KPIT in our preferred picks universe as we believe the weak Q1 has set the floor on margins and stock performance. We are in sync with the management view that the weak result was a function of poor execution rather than any challenges on the business momentum.
- Our estimates of 11% revenue growth though below the management guided range (\$ rev growth 12-14%), still offers strong upside potential hereon. Recovery in SAP sbu would mean better earnings growth ahead of revenue growth.
- Focused approach on its niche strength (Automotive, Enterprise services and recovery in SAP SBU (OPM turned positive) remain core to our preference. KPIT is also well positioned to benefit from incremental role of IT in Automobile. Valuations at 9x FY16E (4.5x EV/EBIT) remain attractive.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|--------------|------|-------|-------|
| Volume | 9 | 14 | 14 |
| Price Growth | (1) | (2) | 0 |
| OPM | 13.5 | 13.5 | 14.1 |
| EPS growth | 28.7 | 15.9 | 11.3 |

Mphasis (CMP: ₹ 440, TP: ₹ 580, Mcap: ₹ 92bn)

- Mphasis has been one of the quite outperformers in the IT services since last six months.
- We believe our primary argument to include in the preferred picks universe holds ground, and more so now. We expect HP share of revenues to keep getting diluted, and the non HP to gain traction helping generate better operating margins
- Our estimates are based on a 11% growth for the non HP revenues over FY14-FY16E, and HP contracting by 4% over the same period
- Valuations at 9x FY16E (4.7x EV/EBIT) remain cheap, and with limited downsides. Adjusted for cash, Mphasis is one of the cheapest IT stocks with 4% on dividend yield

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|--------------|------|-------|-------|
| Volume (%) | 0 | 2 | 14 |
| Price Growth | 2 | 0 | 0 |
| HP Rev share | 39 | 34 | 31 |
| OPM | 15 | 15.4 | 17.2 |
| EPS Growth | (2) | 5.4 | 27.4 |

| Companies | Net Sales (₹ mn) | | | EBIT (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|-------------------|------------------|---------|-----------|-------------|---------|---------|------------|---------|---------|---------|-------|-------|
| | FY14 | FY15 | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Eclerx | 8,410 | 9,245 | 10,825 | 3,206 | 3,130 | 3,594 | 2,557 | 2,467 | 2,835 | 82.8 | 79.9 | 91.9 |
| HCL Tech | 329,180 | 368,912 | 426,139 | 79,350 | 85,035 | 98,506 | 63,710 | 70,200 | 81,730 | 92.2 | 101.6 | 118.3 |
| Infosys | 501,330 | 537,019 | 615,064 | 120,410 | 136,661 | 157,725 | 106,480 | 120,220 | 138,328 | 186.2 | 210.2 | 241.8 |
| KPIT Technologies | 26,940 | 29,650 | 33,652 | 3,669 | 4,062 | 4,889 | 2,489 | 2,885 | 3,211 | 13.4 | 15.6 | 17.3 |
| Mindtree | 30,316 | 35,514 | 41,035 | 6,100 | 7,144 | 8,258 | 4,268 | 5,287 | 5,919 | 54.0 | 60.8 | 70.8 |
| Mphasis | 25,939 | 62,087 | 70,792 | 3,893 | 9,548 | 12,161 | 3,027 | 7,660 | 9,757 | 14.4 | 36.5 | 46.4 |
| NIIT Tech | 23,050 | 24,666 | 29,197 | 2,896 | 3,124 | 4,007 | 2,305 | 2,383 | 3,015 | 38.5 | 39.8 | 50.4 |
| Nucleus | 3,499 | 3,822 | 4,336 | 592 | 662 | 803 | 627 | 660 | 778 | 19.4 | 20.4 | 24.0 |
| OFSS | 37,413 | 43,356 | 49,421 | 13,994 | 17,571 | 19,798 | 13,593 | 15,380 | 16,995 | 161.5 | 182.8 | 202.0 |
| Persistent | 16,692 | 18,859 | 22,123 | 4,303 | 4,600 | 5,506 | 2,791 | 2,734 | 3,496 | 62.3 | 74.7 | 87.4 |
| TCS | 818,094 | 950,618 | 1,095,963 | 238,079 | 268,278 | 308,820 | 191,087 | 217,266 | 246,490 | 97.6 | 111.0 | 125.9 |
| Tech mahindra | 188,313 | 213,974 | 244,728 | 36,615 | 38,206 | 47,388 | 30,287 | 30,079 | 36,712 | 127.5 | 126.3 | 158.9 |
| Wipro | 434,269 | 468,973 | 516,217 | 89,354 | 95,435 | 105,401 | 77,529 | 81,827 | 90,566 | 31.7 | 33.4 | 37.0 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|---------------|----------------|------------|-----------|---------------|---------|-------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Eclerx | 37 | 1259 | 1200 | (5) | 15.2 | 15.8 | 13.7 | 49.6 | 36.4 | 33.5 | 10.1 | 10.3 | 9.0 | 4.3 | 4.0 | 3.4 |
| HCL Tech | 1091 | 1579 | 1750 | 11 | 17.1 | 15.5 | 13.4 | 37.4 | 31.0 | 28.4 | 11.5 | 10.7 | 9.3 | 3.3 | 3.0 | 2.6 |
| Infosys | 2052 | 3585 | 3875 | 8 | 19.3 | 17.1 | 14.8 | 24.4 | 23.5 | 23.3 | 14.2 | 12.5 | 10.8 | 4.1 | 3.8 | 3.3 |
| KPIT Tech | 28 | 150 | 190 | 27 | 11.2 | 9.6 | 8.7 | 21.4 | 20.5 | 18.9 | 7.3 | 6.6 | 5.5 | 1.0 | 0.9 | 0.8 |
| Mindtree | 88 | 1057 | 920 | (13) | 19.6 | 17.4 | 14.9 | 28.3 | 27.1 | 24.1 | 11.9 | 10.1 | 8.8 | 2.9 | 2.5 | 2.2 |
| Mphasis | 92 | 440 | 585 | 33 | 12.7 | 12.1 | 9.5 | 14.5 | 14.6 | 17.3 | 7.3 | 7.1 | 5.6 | 1.5 | 1.5 | 1.3 |
| NIIT Tech | 22 | 370 | 500 | 35 | 9.6 | 9.3 | 7.3 | 19.9 | 18.0 | 19.8 | 7.3 | 6.8 | 5.3 | 1.0 | 0.9 | 0.8 |
| Nucleus | 7 | 225 | 215 | (4) | 11.6 | 11.0 | 9.4 | 17.3 | 16.6 | 17.2 | 5.9 | 5.3 | 4.4 | 2.1 | 1.9 | 1.7 |
| OFSS | 297 | 3535 | 4040 | 14 | 21.9 | 19.3 | 17.5 | 16.8 | 16.1 | 15.2 | 15.0 | 11.9 | 10.6 | 8.0 | 6.9 | 6.0 |
| Persistent | 50 | 1258 | 1135 | (10) | 20.2 | 16.9 | 14.4 | 22.8 | 22.7 | 22.1 | 9.6 | 9.0 | 7.5 | 3.0 | 2.7 | 2.3 |
| TCS | 4824 | 2465 | 2770 | 12 | 25.2 | 22.2 | 19.6 | 40.7 | 36.3 | 33.1 | 18.4 | 16.3 | 14.2 | 5.9 | 5.1 | 4.4 |
| Tech Mahindra | 529 | 2282 | 2500 | 10 | 17.9 | 18.1 | 14.4 | 35.2 | 28.9 | 27.7 | 12.2 | 11.7 | 9.4 | 2.8 | 2.5 | 2.2 |
| Wipro | 1364 | 554 | 555 | 0 | 17.5 | 16.6 | 15.0 | 24.9 | 22.3 | 21.1 | 12.9 | 12.1 | 10.9 | 3.1 | 2.9 | 2.6 |

Astral Poly Technik (CMP: ₹ 826, TP: ₹ 888, Mcap: ₹ 46bn)

- Astral Poly has been on our preferred picks universe for over 3 years, probably the longest stint by a stock!
- We expect growth trajectory to be driven by new products – Blaze Master, Bore well column pipes and adhesives. Exclusivity in Blaze Master will go a long way to establish Astral as the preferred brand with first mover advantage.
- Hosur plant going operational will help gain South India markets.
- Valuations have had a relentless run last few months (stock is up 130% YTD). Hence near term consolidation will be helpful to sustain outperformance in the medium term

Key Assumption

| Particulars | FY14E | FY15E | FY16E |
|-------------|--------|--------|--------|
| Volume | 60,400 | 69,000 | 80,000 |
| OPM | 14.5 | 14.7 | 14.8 |
| EPS Growth | 29.7 | 57.3 | 37.0 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|--------------|------------------|--------|--------|---------------|-------|-------|------------|-------|-------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Astral Poly | 10,732 | 13,964 | 17,961 | 1,557 | 2,053 | 2,658 | 772 | 1,215 | 1,664 | 13.7 | 21.6 | 29.6 |
| Supreme Ind. | 39,120 | 45,854 | 49,587 | 5,654 | 6,049 | 7,045 | 3,037 | 3,250 | 4,158 | 23.9 | 25.6 | 32.7 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE(%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|--------------|----------------|------------|-----------|---------------|---------|------|-------|--------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15 | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Astral Poly | 46 | 823 | 888 | 8 | 59.9 | 38.1 | 27.8 | 27.9 | 32.7 | 32.9 | 27.1 | 19.9 | 14.9 | 4.3 | 3.3 | 2.6 |
| Supreme Ind. | 70 | 581 | 512 | (12) | 24.3 | 22.7 | 17.8 | 31.2 | 30.4 | 31.4 | 12.8 | 10.5 | 9.8 | 1.8 | 1.5 | 1.4 |

Biocon (CMP: ₹474, TP: ₹537, Mcap: ₹95bn)

- Recently, Biocon has corrected sharply by 14.7%, led by concerns on regional instability in the MENA region. However, we believe regional instability is a temporary phasing issue and growth in biopharma revenues to pick-up in H2FY15E.
- Biopharma biz. (excl. India formulations) is expected to maintain growth momentum, led by geographical expansion of generic rh-insulin and generic insulin glargine.
- Biopharma-India biz is showing clear signs of recovery. Moreover, the company is taking steps for re-organisation of branded formulation verticals and aims at driving synergies around key anchor brands and optimisation of product portfolio.
- Biocon has started ANDA filing's in the US market, which is a key initiative for it to move up the value chain in its small molecule biz.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|---------------|------|-------|-------|
| Revenue grth | 15.8 | 16.5 | 29.6 |
| EBITDA grth | 26.5 | 17.3 | 32.0 |
| OPM | 23.9 | 24.1 | 24.5 |
| Earnings grth | 34.8 | 13.5 | 27.0 |

Divi's Laboratories (CMP: ₹1556, TP: ₹1648, Mcap: ₹207bn)

- Divi's has had an impressive outperformance of 19.8% vs Nifty's 3.4% since our last note of 9th June. Our structural stance remains that it is amongst the best positioned Indian suppliers to sustain high teens earnings CAGR FY14-16E financed through internal accruals.
- Key drivers for the above shall be the ramp up in Vizag SEZ as it has commissioned all production blocks
- Carotenoids segment has not done as well though given the strong vendor presence with the clients.
- Return ratios remain health with ROEs in high 20s

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|---------------|------|-------|-------|
| Revenue grth | 18.0 | 19.9 | 20.3 |
| EBITDA grth | 24.5 | 20.3 | 20.7 |
| OPM | 40.1 | 40.2 | 40.3 |
| Earnings grth | 28.5 | 18.5 | 19.4 |

Lupin (CMP: ₹ 1251, TP: ₹ 1455, Mcap: ₹ 560bn)

- Lupin also remains on our preferred picks universe as it continues to surprise positively on earnings and margins
- Management focus on margins has turned even more aggressive, and continues to be a key valuation driver in our view.
- ANDA Pipeline continues to be impressive with 20+ launches in the next 12 months and 130 new launches over the next 2-3 years.
- Portfolio mix also remains healthy with well diversified contributions from anti diabetes, CVS, ophthalmology, gastro, women healthcare et al
- Lupin continues to look for M&A targets in brands, technology platform and access to emerging markets.

Key Assumption

| Particulars | FY14 | FY15E | FY16E |
|---------------|------|-------|-------|
| Revenue Grth | 17.1 | 20.4 | 16.9 |
| EBITDA Grth | 32.3 | 26.7 | 21.1 |
| OPM | 26.6 | 28.0 | 29.0 |
| Earnings Grth | 37.0 | 22.6 | 20.5 |

| Companies | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | | EPS (₹) | | |
|---------------|------------------|---------|---------|---------------|--------|--------|------------|--------|--------|---------|-------|-------|
| | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Aurobindo | 80,385 | 113,616 | 127,202 | 21,328 | 22,799 | 28,293 | 13,759 | 13,791 | 17,581 | 47.2 | 47.4 | 60.4 |
| Biocon | 28,773 | 33,525 | 43,441 | 6,871 | 8,063 | 10,643 | 4,138 | 4,697 | 5,966 | 20.7 | 23.5 | 29.8 |
| Cadila Health | 70,601 | 83,462 | 96,874 | 12,001 | 15,774 | 19,280 | 8,036 | 10,724 | 13,401 | 39.2 | 52.4 | 65.5 |
| Cipla | 101,004 | 117,184 | 136,834 | 21,331 | 23,671 | 28,735 | 13,872 | 15,453 | 19,507 | 17.3 | 19.2 | 24.3 |
| Divi's Labs | 25,321 | 30,360 | 36,542 | 10,145 | 12,205 | 14,726 | 7,733 | 9,164 | 10,938 | 58.3 | 69.0 | 82.4 |
| Dr. Reddy's | 133,586 | 157,831 | 181,262 | 33,217 | 38,238 | 42,845 | 21,512 | 25,022 | 28,047 | 126.5 | 147.1 | 164.9 |
| Glenmark | 60,069 | 70,652 | 82,158 | 13,101 | 15,739 | 18,398 | 7,599 | 9,072 | 10,978 | 28.0 | 33.5 | 40.5 |
| GSK Pharma* | 25,462 | 26,773 | 30,010 | 5,221 | 5,908 | 7,162 | 5,019 | 5,262 | 6,115 | 56.2 | 62.1 | 72.2 |
| Ipca Labs | 32,818 | 36,144 | 43,198 | 8,106 | 8,641 | 10,373 | 5,508 | 5,624 | 6,814 | 43.6 | 44.6 | 54.0 |
| Lupin | 112,865 | 135,925 | 158,944 | 30,028 | 38,059 | 46,094 | 18,363 | 22,515 | 27,140 | 41.0 | 50.3 | 60.6 |
| Sun Pharma | 160,044 | 183,573 | 212,541 | 71,956 | 81,999 | 94,624 | 57,218 | 58,444 | 66,063 | 15.5 | 28.2 | 31.9 |

| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | P/E (x) | | | ROE (%) | | | EV/EBITDA (x) | | | Mcap/Sales (x) | | |
|---------------|----------------|------------|-----------|---------------|---------|-------|-------|---------|-------|-------|---------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Aurobindo | 236 | 811 | 845 | 4 | 17.2 | 17.1 | 13.4 | 36.0 | 30.2 | 29.1 | 11.1 | 10.4 | 8.1 | 2.6 | 1.8 | 1.7 |
| Biocon | 95 | 474 | 537 | 13 | 22.9 | 20.2 | 15.9 | 14.5 | 14.7 | 16.8 | 15.1 | 12.9 | 9.7 | 3.6 | 3.1 | 2.4 |
| Cadila Health | 251 | 1,226 | 1,309 | 7 | 31.2 | 23.4 | 18.7 | 24.3 | 27.1 | 27.7 | 21.6 | 16.2 | 13.0 | 3.3 | 2.8 | 2.4 |
| Cipla | 400 | 498 | 535 | 7 | 28.8 | 25.9 | 20.5 | 14.6 | 14.4 | 15.9 | 16.2 | 14.5 | 11.6 | 3.7 | 3.2 | 2.7 |
| Divi's Labs | 207 | 1,556 | 1,648 | 6 | 26.7 | 22.5 | 18.9 | 28.0 | 27.4 | 27.0 | 19.6 | 16.3 | 13.6 | 7.9 | 6.6 | 5.5 |
| Dr. Reddy's | 481 | 2,826 | 2,968 | 5 | 22.3 | 19.2 | 17.1 | 25.8 | 24.1 | 22.0 | 14.5 | 12.2 | 10.4 | 3.6 | 3.1 | 2.7 |
| Glenmark | 195 | 719 | 769 | 7 | 25.7 | 21.5 | 17.8 | 18.0 | 24.8 | 24.0 | 14.0 | 11.3 | 9.4 | 2.7 | 2.3 | 2.0 |
| GSK Pharma* | 211 | 2,491 | 2,166 | (13) | 44.3 | 40.1 | 34.5 | 23.6 | 26.5 | 31.1 | 36.6 | 32.7 | 27.0 | 8.4 | 8.0 | 7.1 |
| Ipca Labs | 94 | 743 | 648 | (13) | 17.0 | 16.7 | 13.8 | 31.4 | 25.6 | 25.0 | 11.7 | 10.7 | 8.8 | 2.9 | 2.6 | 2.2 |
| Lupin | 560 | 1,251 | 1,455 | 16 | 30.5 | 24.9 | 20.6 | 30.9 | 29.1 | 27.4 | 17.8 | 13.8 | 11.1 | 4.8 | 4.0 | 3.4 |
| Sun Pharma | 1,775 | 857 | 893 | 4 | 55.4 | 30.4 | 26.9 | 40.9 | 34.2 | 30.8 | 21.9 | 18.7 | 15.7 | 10.1 | 8.8 | 7.6 |

* December year ending



Intentionally Left Blank

Valuation Matrix

| Companies | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | |
|------------------------|----------------|------------|---------------|---------------|------------------|-----------|-----------|---------------|---------|---------|------------|---------|---------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Agrochemicals | | | | | | | | | | | | | |
| PI Industries | 60 | 439 | 523 | 19 | 15,869 | 19,094 | 23,404 | 2,890 | 3,728 | 4,716 | 1,881 | 2,312 | 2,966 |
| Rallis | 46 | 238 | 231 | (3) | 17,466 | 20,373 | 23,797 | 2,534 | 3,118 | 3,674 | 1,440 | 1,768 | 2,139 |
| Auto | | | | | | | | | | | | | |
| Bajaj Auto | 653 | 2,263 | 2,420 | 7 | 201,583 | 223,967 | 259,449 | 41,552 | 45,249 | 54,086 | 33,803 | 37,216 | 43,763 |
| Hero Moto Corp | 507 | 2,538 | 2,616 | 3 | 252,755 | 277,621 | 308,196 | 35,401 | 41,589 | 49,221 | 21,091 | 24,486 | 29,028 |
| Maruti Suzuki | 827 | 2,739 | 2,692 | (2) | 444,506 | 498,282 | 566,342 | 52,035 | 57,801 | 66,828 | 28,525 | 33,955 | 40,651 |
| Tata Motors | 1,390 | 516 | 538 | 4 | 2,328,337 | 2,590,546 | 2,935,577 | 348,378 | 383,401 | 443,272 | 139,911 | 163,481 | 192,546 |
| Auto Ancillary | | | | | | | | | | | | | |
| Amara Raja Batteries | 95 | 555 | 538 | (3) | 34,367 | 43,058 | 48,635 | 5,564 | 7,126 | 8,219 | 3,674 | 4,384 | 5,106 |
| Balkrishna Industries | 70 | 723 | 776 | 7 | 35,767 | 41,336 | 49,728 | 8,938 | 10,389 | 12,503 | 4,884 | 5,389 | 6,815 |
| Suprajit Industries | 14 | 114 | 121 | 6 | 5,452 | 6,552 | 7,938 | 931 | 1,068 | 1,286 | 499 | 637 | 774 |
| Capital Goods | | | | | | | | | | | | | |
| BHEL | 556 | 227 | 200 | (12) | 391,088 | 328,933 | 338,233 | 45,198 | 32,906 | 34,759 | 34,607 | 24,132 | 25,331 |
| Crompton - Cons | 130 | 202 | 240 | 19 | 134,806 | 149,618 | 166,404 | 6,820 | 9,833 | 13,814 | 2,443 | 4,691 | 7,830 |
| Cummins | 188 | 679 | 565 | (17) | 42,475 | 47,982 | 57,135 | 7,099 | 8,062 | 10,164 | 6,000 | 7,034 | 7,853 |
| Engineers India | 80 | 238 | 300 | 26 | 18,844 | 18,992 | 22,535 | 3,793 | 3,280 | 5,017 | 4,825 | 4,418 | 5,674 |
| Larsen & Toubro - Cons | 1,428 | 1,541 | 1,694 | 10 | 851,284 | 973,733 | 1,151,687 | 107,543 | 105,129 | 134,916 | 45,680 | 46,547 | 64,970 |
| Thermax | 106 | 890 | 674 | (24) | 50,999 | 54,008 | 60,249 | 4,373 | 4,449 | 5,588 | 2,460 | 2,628 | 3,510 |
| Triveni Turbine | 30 | 90 | 98 | 8 | 5,057 | 6,794 | 8,354 | 1,038 | 1,500 | 1,936 | 684 | 983 | 1,292 |
| Voltas | 66 | 200 | 225 | 13 | 52,660 | 58,984 | 65,836 | 2,656 | 3,651 | 5,029 | 2,454 | 2,749 | 3,768 |
| Cement | | | | | | | | | | | | | |
| JKLC | 36 | 305 | 309 | 1 | 20,566 | 25,210 | 31,925 | 3,020 | 4,130 | 6,065 | 1,115 | 1,385 | 213 |
| UTCEM | 723 | 2,651 | 2,851 | 8 | 200,779 | 233,190 | 271,412 | 36,160 | 46,291 | 58,177 | 21,445 | 26,018 | 32,888 |
| Consumer | | | | | | | | | | | | | |
| Asian Paints | 581 | 616 | 590 | (4) | 127,148 | 146,280 | 170,581 | 19,979 | 23,624 | 27,741 | 12,288 | 15,349 | 18,257 |
| Berger Paints | 119 | 344 | 330 | (4) | 38,417 | 44,146 | 50,753 | 4,236 | 5,053 | 6,017 | 2,432 | 3,079 | 3,692 |
| Dabur | 392 | 222 | 225 | 1 | 70,804 | 82,502 | 95,680 | 11,416 | 13,936 | 16,517 | 9,139 | 10,889 | 13,031 |
| HUL | 1,555 | 708 | 742 | 5 | 280,191 | 320,241 | 366,515 | 44,753 | 53,525 | 62,793 | 35,527 | 41,615 | 47,958 |
| ITC | 2,783 | 343 | 345 | 1 | 332,386 | 383,415 | 443,424 | 124,549 | 144,249 | 168,823 | 87,852 | 101,564 | 119,977 |
| Page Ind | 83 | 7,440 | 6,745 | (9) | 11,732 | 14,658 | 18,488 | 2,366 | 3,014 | 3,878 | 1,537 | 1,952 | 2,508 |
| Pidilite Ind | 202 | 386 | 417 | 8 | 42,832 | 50,344 | 59,250 | 6,770 | 8,053 | 9,689 | 4,619 | 5,731 | 7,103 |
| Relaxo Footwear | 24 | 400 | 450 | 13 | 12,120 | 14,664 | 17,652 | 1,465 | 1,798 | 2,203 | 656 | 872 | 1,155 |
| Titan Ind | 321 | 363 | 345 | (5) | 109,274 | 125,358 | 146,437 | 10,443 | 12,597 | 15,296 | 7,348 | 8,631 | 10,969 |
| Whirlpool India | 58 | 441 | 483 | 10 | 28,331 | 33,173 | 39,508 | 2,100 | 3,288 | 4,179 | 1,229 | 2,064 | 2,788 |



| Companies | Mcap (₹ bn) | CMP (₹) | TP (₹) | Upside (%) | EPS (₹) | | | P/E (x) | | | ROE (%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|------------------------|----------------|------------|-----------|---------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Agrochemicals | | | | | | | | | | | | | | | | | | | |
| PI Industries | 60 | 439 | 479 | 9 | 13.8 | 17.0 | 21.8 | 31.8 | 25.8 | 20.1 | 30.7 | 29.1 | 28.8 | 20.9 | 16.0 | 12.3 | 3.8 | 3.1 | 2.6 |
| Rallis | 46 | 238 | 231 | (3) | 7.4 | 9.1 | 11.0 | 32.1 | 26.2 | 21.6 | 21.5 | 22.9 | 23.7 | 18.5 | 15.0 | 12.6 | 2.7 | 2.3 | 2.0 |
| Auto | | | | | | | | | | | | | | | | | | | |
| Bajaj Auto | 653 | 2,263 | 2,420 | 7 | 117.9 | 128.6 | 151.2 | 19.1 | 17.5 | 14.9 | 38.6 | 35.2 | 34.1 | 15.6 | 13.8 | 11.2 | 3.2 | 2.9 | 2.5 |
| Hero Moto Corp | 507 | 2,538 | 2,616 | 3 | 105.6 | 122.6 | 145.4 | 24.0 | 20.7 | 17.5 | 39.8 | 40.8 | 41.5 | 14.4 | 12.3 | 10.4 | 2.0 | 1.8 | 1.6 |
| Maruti Suzuki | 827 | 2,739 | 2,692 | (2) | 94.5 | 112.4 | 134.6 | 29.0 | 24.4 | 20.3 | 14.1 | 15.2 | 16.8 | 16.2 | 14.4 | 12.2 | 1.9 | 1.7 | 1.5 |
| Tata Motors | 1,390 | 516 | 538 | 4 | 43.5 | 50.8 | 59.8 | 11.9 | 10.2 | 8.6 | 27.1 | 22.3 | 21.3 | 6.1 | 5.6 | 4.8 | 0.7 | 0.6 | 0.6 |
| Auto Ancillary | | | | | | | | | | | | | | | | | | | |
| Amara Raja Batteries | 95 | 555 | 538 | (3) | 21.5 | 25.7 | 29.9 | 25.8 | 21.6 | 18.6 | 30.3 | 28.2 | 26.0 | 16.7 | 13.1 | 11.1 | 2.8 | 2.2 | 1.9 |
| Balkrishna Industries | 70 | 723 | 776 | 7 | 50.5 | 55.7 | 70.5 | 14.3 | 13.0 | 10.3 | 29.3 | 24.9 | 24.6 | 10.5 | 9.1 | 7.2 | 2.0 | 1.7 | 1.4 |
| Suprajit Industries | 14 | 114 | 121 | 6 | 4.2 | 5.3 | 6.5 | 27.4 | 21.5 | 17.7 | 26.9 | 27.7 | 27.0 | 16.3 | 14.2 | 11.7 | 2.5 | 2.1 | 1.7 |
| Capital Goods | | | | | | | | | | | | | | | | | | | |
| BHEL | 556 | 227 | 200 | (12) | 14.1 | 9.9 | 10.3 | 16.1 | 23.0 | 21.9 | 10.9 | 7.1 | 7.1 | 9.3 | 11.8 | 10.7 | 1.4 | 1.7 | 1.6 |
| Crompton - Cons | 130 | 202 | 240 | 19 | 3.9 | 7.5 | 12.5 | 51.8 | 27.0 | 16.2 | 6.8 | 12.3 | 18.1 | 21.0 | 15.1 | 10.9 | 1.0 | 0.9 | 0.8 |
| Cummins | 188 | 679 | 565 | (17) | 21.6 | 25.4 | 28.3 | 31.4 | 26.8 | 24.0 | 24.2 | 22.9 | 25.9 | 26.4 | 23.1 | 18.4 | 4.4 | 3.9 | 3.3 |
| Engineers India | 80 | 238 | 300 | 26 | 14.3 | 13.1 | 16.8 | 16.6 | 18.2 | 14.1 | 20.5 | 17.5 | 21.0 | 14.6 | 19.5 | 12.3 | 4.3 | 4.2 | 3.6 |
| Larsen & Toubro - Cons | 1,428 | 1,541 | 1,694 | 10 | 49.3 | 50.2 | 70.1 | 31.3 | 30.7 | 22.0 | 12.8 | 11.9 | 15.2 | 20.1 | 21.1 | 17.5 | 1.7 | 1.5 | 1.2 |
| Thermax | 106 | 890 | 674 | (24) | 20.6 | 22.1 | 29.5 | 43.1 | 40.4 | 30.2 | 12.6 | 12.4 | 15.1 | 25.2 | 23.2 | 18.9 | 2.1 | 2.0 | 1.8 |
| Triveni Turbine | 30 | 90 | 98 | 8 | 2.1 | 3.0 | 3.9 | 43.6 | 30.3 | 23.1 | 42.1 | 45.5 | 43.6 | 28.8 | 19.3 | 14.3 | 5.9 | 4.4 | 3.6 |
| Voltas | 66 | 200 | 225 | 13 | 7.4 | 8.3 | 11.4 | 27.0 | 24.1 | 17.6 | 13.0 | 14.3 | 17.2 | 22.6 | 16.3 | 11.5 | 1.3 | 1.1 | 1.0 |
| Cement | | | | | | | | | | | | | | | | | | | |
| JKLC | 36 | 305 | 309 | 1 | 9.5 | 11.8 | 18.1 | 32.2 | 25.9 | 16.8 | 9.0 | 10.5 | 14.5 | 15.9 | 12.4 | 8.2 | 1.7 | 1.4 | 1.1 |
| UTCHEM | 723 | 2,651 | 2,851 | 8 | 75.6 | 94.9 | 119.9 | 30.3 | 24.1 | 16.1 | 12.8 | 14.3 | 15.8 | 16.2 | 12.8 | 10.3 | 0.4 | 0.3 | 0.3 |
| Consumer | | | | | | | | | | | | | | | | | | | |
| Asian Paints | 581 | 616 | 590 | (4) | 12.8 | 16.0 | 19.0 | 48.1 | 38.5 | 32.4 | 33.0 | 34.0 | 34.0 | 23.6 | 19.5 | 16.2 | 3.8 | 3.3 | 2.8 |
| Berger Paints | 119 | 344 | 330 | (4) | 7.0 | 8.9 | 10.7 | 49.1 | 38.7 | 32.1 | 23.0 | 25.0 | 25.0 | 21.0 | 17.4 | 14.4 | 2.3 | 2.0 | 1.7 |
| Dabur | 392 | 222 | 225 | 1 | 5.2 | 6.2 | 7.5 | 42.7 | 35.8 | 29.6 | 38.0 | 37.0 | 37.0 | 29.2 | 23.6 | 20.0 | 4.7 | 4.0 | 3.5 |
| HUL | 1,555 | 708 | 742 | 5 | 16.4 | 18.9 | 21.2 | 43.2 | 37.5 | 33.4 | 111.0 | 94.0 | 81.0 | 26.1 | 22.4 | 19.2 | 4.4 | 3.9 | 3.4 |
| ITC | 2,783 | 343 | 345 | 1 | 10.8 | 12.8 | 15.1 | 31.8 | 26.9 | 22.7 | 36.1 | 37.3 | 38.6 | 20.4 | 17.4 | 14.6 | 8.0 | 7.0 | 6.0 |
| Page Ind | 83 | 7,440 | 6,745 | (9) | 137.8 | 175.0 | 224.8 | 54.0 | 42.5 | 33.1 | 61.2 | 58.1 | 56.4 | 36.0 | 28.0 | 22.0 | 7.0 | 5.7 | 4.6 |
| Pidilite Ind | 202 | 386 | 417 | 8 | 9.0 | 11.2 | 13.9 | 42.8 | 34.4 | 27.7 | 24.3 | 25.1 | 25.7 | 27.0 | 23.0 | 19.0 | 4.4 | 3.8 | 3.2 |
| Relaxo Footwear | 24 | 400 | 450 | 13 | 11.0 | 14.5 | 19.2 | 36.4 | 27.6 | 20.8 | 24.0 | 24.0 | 25.0 | 17.4 | 14.1 | 11.3 | 1.9 | 1.6 | 1.3 |
| Titan Ind | 321 | 363 | 345 | (5) | 8.3 | 9.7 | 12.4 | 43.9 | 37.4 | 29.4 | 32.8 | 30.4 | 30.9 | 31.0 | 25.4 | 20.4 | 2.9 | 2.6 | 2.2 |
| Whirlpool India | 58 | 441 | 483 | 10 | 9.7 | 16.3 | 22.0 | 45.5 | 27.1 | 20.1 | 16.6 | 21.8 | 22.8 | 25.3 | 15.8 | 11.8 | 2.0 | 1.7 | 1.4 |



| Companies | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | Net Sales (₹ mn) | | | EBIDTA (₹ mn) | | | PAT (₹ mn) | | |
|---|----------------|------------|---------------|---------------|------------------|---------|-----------|---------------|---------|---------|------------|---------|---------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Energy | | | | | | | | | | | | | |
| Indraprastha Gas | 52 | 371 | 388 | 5 | 39,174 | 43,733 | 50,317 | 7,824 | 8,902 | 10,167 | 3,604 | 4,169 | 4,531 |
| Gujarat Gas | 59 | 462 | 342 | (26) | 31,429 | 35,247 | 38,951 | 5,677 | 6,992 | 6,671 | 3,734 | 4,383 | 4,584 |
| GSPL | 50 | 88 | 74 | (16) | 9,439 | 9,936 | 10,758 | 8,324 | 8,710 | 9,471 | 3,848 | 3,990 | 4,506 |
| Castrol India | 171 | 358 | 327 | (9) | 31,796 | 33,052 | 34,718 | 6,877 | 7,007 | 7,742 | 5,087 | 4,911 | 5,412 |
| Petronet LNG | 133 | 177 | 144 | (19) | 417,758 | 425,654 | 445,879 | 14,587 | 16,458 | 18,758 | 6,978 | 6,687 | 9,100 |
| * Gulf Oil detailed estimates not available | | | | | | | | | | | | | |
| IT | | | | | | | | | | | | | |
| Eclerx | 37 | 1,259 | 1,200 | (5) | 8,410 | 9,245 | 10,825 | 3,206 | 3,130 | 3,594 | 2,557 | 2,467 | 2,835 |
| HCL Tech | 1,091 | 1,579 | 1,750 | 11 | 329,180 | 368,912 | 426,139 | 79,350 | 85,035 | 98,506 | 63,710 | 70,200 | 81,730 |
| Infosys | 2,052 | 3,585 | 3,875 | 8 | 501,330 | 537,019 | 615,064 | 120,410 | 136,661 | 157,725 | 106,480 | 120,220 | 138,328 |
| KPIT Technologies | 28 | 150 | 190 | 27 | 26,940 | 29,650 | 33,652 | 3,669 | 4,062 | 4,889 | 2,489 | 2,885 | 3,211 |
| Mindtree | 88 | 1,057 | 920 | (13) | 30,316 | 35,514 | 41,035 | 6,100 | 7,144 | 8,258 | 4,268 | 5,287 | 5,919 |
| Mphasis | 92 | 440 | 585 | 33 | 25,939 | 62,087 | 70,792 | 3,893 | 9,548 | 12,161 | 3,027 | 7,660 | 9,757 |
| NIIT Tech | 22 | 370 | 500 | 35 | 23,050 | 24,666 | 29,197 | 2,896 | 3,124 | 4,007 | 2,305 | 2,383 | 3,015 |
| Nucleus | 7 | 225 | 215 | (4) | 3,499 | 3,822 | 4,336 | 592 | 662 | 803 | 627 | 660 | 778 |
| OFSS | 297 | 3,535 | 4,040 | 14 | 37,413 | 43,356 | 49,421 | 13,994 | 17,571 | 19,798 | 13,593 | 15,380 | 16,995 |
| Persistent | 50 | 1,258 | 1,135 | (10) | 16,692 | 18,859 | 22,123 | 4,303 | 4,600 | 5,506 | 2,791 | 2,734 | 3,496 |
| TCS | 4,824 | 2,465 | 2,770 | 12 | 818,094 | 950,618 | 1,095,963 | 238,079 | 268,278 | 308,820 | 191,087 | 217,266 | 246,490 |
| Tech mahindra | 529 | 2,282 | 2,500 | 10 | 188,313 | 213,974 | 244,728 | 36,615 | 38,206 | 47,388 | 30,287 | 30,079 | 36,712 |
| Wipro | 1,364 | 554 | 555 | 0 | 434,269 | 468,973 | 516,217 | 89,354 | 95,435 | 105,401 | 77,529 | 81,827 | 90,566 |
| Midcap | | | | | | | | | | | | | |
| Astral Poly | 46 | 823 | 888 | 8 | 10,732 | 13,964 | 17,961 | 1,557 | 2,053 | 2,658 | 772 | 1,215 | 1,664 |
| Supreme Ind. | 70 | 581 | 512 | (12) | 39,120 | 45,854 | 49,587 | 5,654 | 6,049 | 7,045 | 3,037 | 3,250 | 4,158 |
| Pharmaceuticals | | | | | | | | | | | | | |
| Aurobindo | 236 | 811 | 845 | 4 | 80,385 | 113,616 | 127,202 | 21,328 | 22,799 | 28,293 | 13,759 | 13,791 | 17,581 |
| Biocon | 95 | 474 | 537 | 13 | 28,773 | 33,525 | 43,441 | 6,871 | 8,063 | 10,643 | 4,138 | 4,697 | 5,966 |
| Cadila Healthcare | 251 | 1,226 | 1,309 | 7 | 70,601 | 83,462 | 96,874 | 12,001 | 15,774 | 19,280 | 8,036 | 10,724 | 13,401 |
| Cipla | 400 | 498 | 535 | 7 | 101,004 | 117,184 | 136,834 | 21,331 | 23,671 | 28,735 | 13,872 | 15,453 | 19,507 |
| Divi's Labs | 207 | 1,556 | 1,648 | 6 | 25,321 | 30,360 | 36,542 | 10,145 | 12,205 | 14,726 | 7,733 | 9,164 | 10,938 |
| Dr. Reddy's Labs | 481 | 2,826 | 2,968 | 5 | 133,586 | 157,831 | 181,262 | 33,217 | 38,238 | 42,845 | 21,512 | 25,022 | 28,047 |
| Glenmark | 195 | 719 | 769 | 7 | 60,069 | 70,652 | 82,158 | 13,101 | 15,739 | 18,398 | 7,599 | 9,072 | 10,978 |
| GSK Pharma* | 211 | 2,491 | 2,166 | (13) | 25,462 | 26,773 | 30,010 | 5,221 | 5,908 | 7,162 | 5,019 | 5,262 | 6,115 |
| Ipca Labs | 94 | 743 | 648 | (13) | 32,818 | 36,144 | 43,198 | 8,106 | 8,641 | 10,373 | 5,508 | 5,624 | 6,814 |
| Lupin | 560 | 1,251 | 1,455 | 16 | 112,865 | 135,925 | 158,944 | 30,028 | 38,059 | 46,094 | 18,363 | 22,515 | 27,140 |
| Sun Pharma | 1,775 | 857 | 893 | 4 | 160,044 | 183,573 | 212,541 | 71,956 | 81,999 | 94,624 | 57,218 | 58,444 | 66,063 |

* Dec year end.



| Companies | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | EPS (₹) | | | P/E (x) | | | ROE (%) | | | EV/EBITDA(x) | | | Mcap/Sales (x) | | |
|---|----------------|------------|---------------|---------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|--------------|-------|-------|----------------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Energy | | | | | | | | | | | | | | | | | | | |
| Indraprastha Gas | 52 | 371 | 388 | 5 | 25.7 | 29.8 | 32.4 | 14.4 | 12.5 | 11.5 | 22.1 | 21.7 | 20.2 | 7.6 | 6.7 | 5.5 | 1.3 | 1.2 | 1.0 |
| Gujarat Gas | 59 | 462 | 342 | (26) | 29.1 | 31.8 | 34.2 | 15.9 | 14.5 | 13.5 | 34.5 | 32.1 | 31.8 | 11.5 | 9.7 | 9.2 | 1.9 | 1.7 | 1.5 |
| GSPL | 50 | 88 | 74 | (16) | 6.8 | 7.1 | 8.0 | 13.0 | 12.4 | 11.0 | 19.8 | 17.8 | 17.1 | 6.5 | 6.1 | 5.8 | 5.3 | 5.0 | 4.6 |
| Castrol India | 171 | 358 | 327 | (9) | 10.3 | 9.9 | 10.9 | 34.8 | 36.0 | 32.7 | 72.6 | 73.2 | 86.0 | 24.0 | 23.6 | 21.1 | 5.4 | 5.2 | 4.9 |
| Petronet LNG | 133 | 177 | 144 | (19) | 9.3 | 8.9 | 12.1 | 19.0 | 19.9 | 14.6 | 15.4 | 15.2 | 17.4 | 7.3 | 6.5 | 6.1 | 0.3 | 0.3 | 0.3 |
| * Gulf Oil detailed estimates not available | | | | | | | | | | | | | | | | | | | |
| IT | | | | | | | | | | | | | | | | | | | |
| Eclerx | 37 | 1,259 | 1,200 | (5) | 82.8 | 79.9 | 91.9 | 15.2 | 15.8 | 13.7 | 49.6 | 36.4 | 33.5 | 10.1 | 10.3 | 9.0 | 4.3 | 4.0 | 3.4 |
| HCL Tech | 1,091 | 1,579 | 1,750 | 11 | 92.2 | 101.6 | 118.3 | 17.1 | 15.5 | 13.4 | 37.4 | 31.0 | 28.4 | 11.5 | 10.7 | 9.3 | 3.3 | 3.0 | 2.6 |
| Infosys | 2,052 | 3,585 | 3,875 | 8 | 186.2 | 210.2 | 241.8 | 19.3 | 17.1 | 14.8 | 24.4 | 23.5 | 23.3 | 14.2 | 12.5 | 10.8 | 4.1 | 3.8 | 3.3 |
| KPIT Technologies | 28 | 150 | 190 | 27 | 13.4 | 15.6 | 17.3 | 11.2 | 9.6 | 8.7 | 21.4 | 20.5 | 18.9 | 7.3 | 6.6 | 5.5 | 1.0 | 0.9 | 0.8 |
| Mindtree | 88 | 1,057 | 920 | (13) | 54.0 | 60.8 | 70.8 | 19.6 | 17.4 | 14.9 | 28.3 | 27.1 | 24.1 | 11.9 | 10.1 | 8.8 | 2.9 | 2.5 | 2.2 |
| Mphasis | 92 | 440 | 585 | 33 | 14.4 | 36.5 | 46.4 | 12.7 | 12.1 | 9.5 | 14.5 | 14.6 | 17.3 | 7.3 | 7.1 | 5.6 | 1.5 | 1.5 | 1.3 |
| NIIT Tech | 22 | 370 | 500 | 35 | 38.5 | 39.8 | 50.4 | 9.6 | 9.3 | 7.3 | 19.9 | 18.0 | 19.8 | 7.3 | 6.8 | 5.3 | 1.0 | 0.9 | 0.8 |
| Nucleus | 7 | 225 | 215 | (4) | 19.4 | 20.4 | 24.0 | 11.6 | 11.0 | 9.4 | 17.3 | 16.6 | 17.2 | 5.9 | 5.3 | 4.4 | 2.1 | 1.9 | 1.7 |
| OFSS | 297 | 3,535 | 4,040 | 14 | 161.5 | 182.8 | 202.0 | 21.9 | 19.3 | 17.5 | 16.8 | 16.1 | 15.2 | 15.0 | 11.9 | 10.6 | 8.0 | 6.9 | 6.0 |
| Persistent | 50 | 1,258 | 1,135 | (10) | 62.3 | 74.7 | 87.4 | 20.2 | 16.9 | 14.4 | 22.8 | 22.7 | 22.1 | 9.6 | 9.0 | 7.5 | 3.0 | 2.7 | 2.3 |
| TCS | 4,824 | 2,465 | 2,770 | 12 | 97.6 | 111.0 | 125.9 | 25.2 | 22.2 | 19.6 | 40.7 | 36.3 | 33.1 | 18.4 | 16.3 | 14.2 | 5.9 | 5.1 | 4.4 |
| Tech mahindra | 529 | 2,282 | 2,500 | 10 | 127.5 | 126.3 | 158.9 | 17.9 | 18.1 | 14.4 | 35.2 | 28.9 | 27.7 | 12.2 | 11.7 | 9.4 | 2.8 | 2.5 | 2.2 |
| Wipro | 1,364 | 554 | 555 | 0 | 31.7 | 33.4 | 37.0 | 17.5 | 16.6 | 15.0 | 24.9 | 22.3 | 21.1 | 12.9 | 12.1 | 10.9 | 3.1 | 2.9 | 2.6 |
| Midcap | | | | | | | | | | | | | | | | | | | |
| Astral Poly | 46 | 823 | 888 | 8 | 13.7 | 21.6 | 29.6 | 59.9 | 38.1 | 27.8 | 27.9 | 32.7 | 32.9 | 27.1 | 19.9 | 14.9 | 4.3 | 3.3 | 2.6 |
| Supreme Ind. | 70 | 581 | 512 | (12) | 23.9 | 25.6 | 32.7 | 24.3 | 22.7 | 17.8 | 31.2 | 30.4 | 31.4 | 12.8 | 10.5 | 9.8 | 1.8 | 1.5 | 1.4 |
| Pharmaceuticals | | | | | | | | | | | | | | | | | | | |
| Aurobindo | 236 | 811 | 845 | 4 | 47.2 | 47.4 | 60.4 | 17.2 | 17.1 | 13.4 | 36.0 | 30.2 | 29.1 | 11.1 | 10.4 | 8.1 | 2.6 | 1.8 | 1.7 |
| Biocon | 95 | 474 | 537 | 13 | 20.7 | 23.5 | 29.8 | 22.9 | 20.2 | 15.9 | 14.5 | 14.7 | 16.8 | 15.1 | 12.9 | 9.7 | 3.6 | 3.1 | 2.4 |
| Cadila Healthcare | 251 | 1,226 | 1,309 | 7 | 39.2 | 52.4 | 65.5 | 31.2 | 23.4 | 18.7 | 24.3 | 27.1 | 27.7 | 21.6 | 16.2 | 13.0 | 3.3 | 2.8 | 2.4 |
| Cipla | 400 | 498 | 535 | 7 | 17.3 | 19.2 | 24.3 | 28.8 | 25.9 | 20.5 | 14.6 | 14.4 | 15.9 | 16.2 | 14.5 | 11.6 | 3.7 | 3.2 | 2.7 |
| Divi's Labs | 207 | 1,556 | 1,648 | 6 | 58.3 | 69.0 | 82.4 | 26.7 | 22.5 | 18.9 | 28.0 | 27.4 | 27.0 | 19.6 | 16.3 | 13.6 | 7.9 | 6.6 | 5.5 |
| Dr. Reddy's Labs | 481 | 2,826 | 2,968 | 5 | 126.5 | 147.1 | 164.9 | 22.3 | 19.2 | 17.1 | 25.8 | 24.1 | 22.0 | 14.5 | 12.2 | 10.4 | 3.6 | 3.1 | 2.7 |
| Glenmark | 195 | 719 | 769 | 7 | 28.0 | 33.5 | 40.5 | 25.7 | 21.5 | 17.8 | 18.0 | 24.8 | 24.0 | 14.0 | 11.3 | 9.4 | 2.7 | 2.3 | 2.0 |
| GSK Pharma* | 211 | 2,491 | 2,166 | (13) | 56.2 | 62.1 | 72.2 | 44.3 | 40.1 | 34.5 | 23.6 | 26.5 | 31.1 | 36.6 | 32.7 | 27.0 | 8.4 | 8.0 | 7.1 |
| Ipca Labs | 94 | 743 | 648 | (13) | 43.6 | 44.6 | 54.0 | 17.0 | 16.7 | 13.8 | 31.4 | 25.6 | 25.0 | 11.7 | 10.7 | 8.8 | 2.9 | 2.6 | 2.2 |
| Lupin | 560 | 1,251 | 1,455 | 16 | 41.0 | 50.3 | 60.6 | 30.5 | 24.9 | 20.6 | 30.9 | 29.1 | 27.4 | 17.8 | 13.8 | 11.1 | 4.8 | 4.0 | 3.4 |
| Sun Pharma | 1,775 | 857 | 893 | 4 | 15.5 | 28.2 | 31.9 | 55.4 | 30.4 | 26.9 | 40.9 | 34.2 | 30.8 | 21.9 | 18.7 | 15.7 | 10.1 | 8.8 | 7.6 |

* Dec year end.

Valuation Matrix

| Financials | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | NII | | | Operating Income | | | PAT (₹ mn) | | | EPS (₹) | | |
|----------------------|----------------|------------|---------------|---------------|---------|---------|---------|------------------|---------|---------|------------|---------|---------|---------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Axis Bank | 949 | 402 | 455 | 13 | 119,516 | 138,279 | 164,765 | 114,561 | 128,771 | 153,280 | 62,177 | 70,213 | 85,853 | 26 | 30 | 37 |
| Bank of Baroda | 387 | 920 | 1,070 | 16 | 119,653 | 144,667 | 177,301 | 92,910 | 112,216 | 136,262 | 45,411 | 55,732 | 69,252 | 106 | 129 | 161 |
| Bank of India | 174 | 292 | 360 | 23 | 108,304 | 136,046 | 161,765 | 84,228 | 105,597 | 124,491 | 27,292 | 35,220 | 49,254 | 42 | 55 | 77 |
| City Union Bank | 47 | 78 | 85 | 8 | 7,594 | 8,676 | 10,581 | 5,810 | 6,470 | 8,150 | 3,471 | 3,981 | 5,012 | 6.4 | 6.8 | 8.5 |
| HDFC Bank | 2,041 | 847 | 880 | 4 | 184,826 | 216,444 | 265,554 | 143,601 | 174,282 | 215,219 | 84,784 | 99,472 | 124,440 | 35 | 41 | 52 |
| ICICI Bank | 1,779 | 1,538 | 1,730 | 13 | 164,756 | 182,723 | 219,215 | 165,947 | 180,594 | 213,551 | 98,106 | 106,652 | 127,996 | 85 | 92 | 111 |
| ING Vysya Bank | 122 | 640 | 720 | 13 | 17,532 | 19,770 | 23,577 | 11,275 | 13,635 | 16,702 | 6,579 | 7,857 | 10,068 | 35 | 42 | 53 |
| Karur Vysya Bank | 51 | 482 | 570 | 18 | 12,837 | 15,507 | 19,589 | 8,378 | 10,840 | 13,728 | 4,296 | 6,163 | 8,123 | 40 | 51 | 67 |
| Punjab National Bank | 348 | 984 | 1,150 | 17 | 161,460 | 178,476 | 211,299 | 113,847 | 124,026 | 146,988 | 33,426 | 45,913 | 61,784 | 92 | 127 | 171 |
| State Bank of India | 1,884 | 2,524 | 2,858 | 13 | 492,822 | 591,734 | 713,607 | 321,092 | 385,760 | 457,188 | 108,912 | 148,112 | 205,355 | 152 | 198 | 275 |
| Union Bank | 132 | 221 | 250 | 13 | 78,793 | 87,816 | 102,996 | 52,181 | 56,480 | 64,850 | 16,962 | 19,191 | 24,304 | 27 | 30 | 39 |
| Yes Bank | 242 | 584 | 673 | 15 | 27,163 | 33,725 | 41,080 | 26,880 | 34,501 | 42,635 | 16,178 | 20,473 | 25,670 | 45 | 49 | 62 |

| Financials | Mcap (₹ bn) | CMP (₹) | Target (₹) | Upside (%) | ROE (%) | | | ROA (%) | | | P/E (x) | | | P/ABV(x) | | |
|----------------------|----------------|------------|---------------|---------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|----------|-------|-------|
| | | | | | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E | FY14 | FY15E | FY16E |
| Axis Bank | 949 | 402 | 455 | 13 | 17.4 | 17.1 | 18.2 | 1.7 | 1.7 | 1.8 | 15.2 | 13.5 | 11.0 | 2.54 | 2.22 | 1.92 |
| Bank of Baroda | 387 | 920 | 1,070 | 16 | 13.8 | 15.0 | 16.3 | 0.8 | 0.8 | 0.8 | 8.6 | 7.1 | 5.7 | 1.37 | 1.23 | 1.05 |
| Bank of India | 174 | 292 | 360 | 23 | 11.2 | 12.8 | 15.9 | 0.5 | 0.6 | 0.7 | 6.9 | 5.3 | 3.8 | 1.00 | 0.89 | 0.76 |
| City Union Bank | 47 | 78 | 85 | 8 | 18.3 | 16.9 | 17.3 | 1.4 | 1.5 | 1.6 | 12.2 | 11.6 | 9.2 | 2.33 | 1.88 | 1.61 |
| HDFC Bank | 2,041 | 847 | 880 | 4 | 21.3 | 21.0 | 22.1 | 1.9 | 1.9 | 2.0 | 24.0 | 20.4 | 16.3 | 4.77 | 4.03 | 3.38 |
| ICICI Bank | 1,779 | 1,538 | 1,730 | 13 | 17.0 | 16.4 | 17.5 | 1.7 | 1.7 | 1.8 | 14.4 | 13.2 | 11.0 | 2.44 | 2.16 | 1.91 |
| ING Vysya Bank | 122 | 640 | 720 | 13 | 10.3 | 10.8 | 12.5 | 1.1 | 1.2 | 1.4 | 18.4 | 15.4 | 12.0 | 1.76 | 1.63 | 1.45 |
| Karur Vysya Bank | 51 | 482 | 570 | 18 | 13.4 | 16.1 | 17.6 | 0.9 | 1.1 | 1.2 | 12.0 | 9.4 | 7.2 | 1.62 | 1.41 | 1.26 |
| Punjab National Bank | 348 | 984 | 1,150 | 17 | 10.2 | 12.6 | 15.2 | 0.7 | 0.8 | 0.9 | 10.7 | 7.8 | 5.8 | 1.45 | 1.29 | 1.09 |
| State Bank of India | 1,884 | 2,524 | 2,858 | 13 | 10.0 | 11.9 | 14.8 | 0.6 | 0.8 | 0.9 | 12.5 | 9.6 | 6.9 | 1.80 | 1.79 | 1.52 |
| Union Bank | 132 | 221 | 250 | 13 | 10.4 | 11.0 | 12.8 | 0.5 | 0.5 | 0.6 | 8.2 | 7.2 | 5.7 | 1.20 | 1.08 | 0.94 |
| Yes Bank | 242 | 584 | 673 | 15 | 25.0 | 21.7 | 20.0 | 1.6 | 1.7 | 1.8 | 13.0 | 11.8 | 9.4 | 2.97 | 2.07 | 1.75 |



| | |
|-------------------|---|
| BUY | Upside above 20% |
| ACCUMULATE | Upside above 5% and up to 20% |
| REDUCE | Upside of upto 5% or downside of upto 15% |
| SELL | Downside of more than 15% |

| Analyst | Sector/Industry/Coverage | E-mail | Tel.+91-22-4096 9700 |
|-------------------|---------------------------------------|--------------------------|----------------------|
| Amit Khurana, CFA | Co-Head Equities and Head of Research | amit@dolatcapital.com | +91-22-40969745 |
| Amit Purohit | Consumer | amitp@dolatcapital.com | +91-22-40969724 |
| Kunal Dalal | Auto & Auto Ancillaries | kunald@dolatcapital.com | +91-22-40969749 |
| Milind Bhangale | Pharma | milindb@dolatcapital.com | +91-22-40969731 |
| Pawan Parakh | Capital Good | pawanp@dolatcapital.com | +91-22-40969712 |
| Priyank Chandra | Oil & Gas | priyank@dolatcapital.com | +91-22-40969737 |
| Rahul Jain | IT Services | rahul@dolatcapital.com | +91-22-40969754 |
| Rajiv Pathak | Financials | rajiv@dolatcapital.com | +91-22-40969750 |
| Prachi Save | Derivatives | prachi@dolatcapital.com | +91-22-40969733 |

| Associates | Sector/Industry/Coverage | E-mail | Tel.+91-22-4096 9700 |
|------------------|--------------------------|----------------------------|----------------------|
| Afshan Sayyad | Agrochemicals | afshans@dolatcapital.com | +91-22-40969726 |
| Abhishek Lodhiya | Real Estate | abhishekl@dolatcapital.com | +91-22-40969753 |
| Avinash Kumar | Capital Goods | avinashk@dolatcapital.com | +91-22-40969764 |
| Devanshi Dhruva | Economy | devashid@dolatcapital.com | +91-22-40969756 |
| Manish Raj | Cement | manishr@dolatcapital.com | +91-22-40969725 |
| Pranav Joshi | Financials | pranavj@dolatcapital.com | +91-22-40969706 |

| Equity Sales/Trading | Designation | E-mail | Tel.+91-22-4096 9797 |
|----------------------|-------------------------------------|------------------------------|----------------------|
| Purvag Shah | Principal | purvag@dolatcapital.com | +91-22-40969747 |
| Vikram Babulkar | Co-Head Equities and Head of Sales | vikram@dolatcapital.com | +91-22-40969746 |
| Kapil Yadav | AVP - Institutional Sales | kapil@dolatcapital.com | +91-22-40969735 |
| Parthiv Dalal | AVP - Institutional Sales | parthiv@dolatcapital.com | +91-22-40969705 |
| P. Sridhar | Head Sales Trading | sridhar@dolatcapital.com | +91-22-40969728 |
| Chandrakant Ware | Senior Sales Trader | chandrakant@dolatcapital.com | +91-22-40969707 |
| Jatin Padharia | Head of Sales Trading - Derivatives | jatin@dolatcapital.com | +91-22-40969703 |
| Shirish Thakkar | Sales Trader - Derivatives | shirisht@dolatcapital.com | +91-22-40969702 |

Dolat Capital Market Pvt. Ltd.

20, Rajabhadur Mansion, 1st Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 001

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