

# Top Investment Picks



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**Glenmark Pharmaceuticals Ltd**
**Sector : Pharmaceuticals**
**Price – ₹ 1017.35**
**Target – ₹ 1370**
**Rationale**

- Glenmark Pharmaceuticals Ltd develops generic drugs for inflammation, metabolic disorders, and pain. In FY 2015, the India business grew by 16%, Europe by over 27% and Latin America by over 88%. Revenue grew to over Rs. 6,600 crores (USD 1.08 Bn).
- In the fiscal year 2014-15, Glenmark was granted approval of 5 Abbreviated New Drug Applications (ANDA), all of which were final approvals. Glenmark completed the successful launches of 6 products during fiscal year 2014-15, consisting of a mix of semi-solid preparations, delayed release, and immediate release items.
- Emerging markets would continue to grow at 8-11%; but the growth will be powered by generics as opposed to branded products. In fact, generic and non-branded products are expected to grow at double the rate of branded ones in emerging markets.
- Glenmark Pharmaceuticals has been granted final approval by the United States Food & Drug Administration for Voriconazole Tablets, 50 mg and 200 mg the therapeutic equivalent of Vfend Tablets, 50 mg and 200 mg of Prism C.V. (Prism). According to IMS Health sales data for the 12 month period ending July 2015, the Vfend market achieved annual sales of approximately USD 91.4 million.

 BSE Code : 532296  
 NSE Code : GLENMARK

**Key Data**

Equity Cap (₹ Cr)	28.22
Face Value (₹)	1
Book Value (₹)	209
Beta	0.86
P/E (x)	43.29
P/B (x)	7.19
RoE (%)	15.88
52 Week High / Low	1262.9/676
Average Wkly Volume	1345866

**Price Chart**

**Aurobindo Pharma Ltd**
**Sector : Pharmaceuticals**
**Price – ₹ 714.50**
**Target – ₹ 830**
**Rationale**

- Aurobindo Pharma manufactures and markets oral and sterile antibiotics, antibacterials, anti-ulcerants and other generic basic drugs. The formulation business is systematically organized with a divisional structure, and has a focused team for key international markets.
- In 2015 the company had reported 34.4% growth in its cons. net profit of 1571.26cr ; backed by higher sales of new product launches in the US market. Through cost effective manufacturing capabilities and with support of a few loyal customers, the Company entered the high margin specialty generic formulations segment. Company is R&D focused and has a multi-product portfolio with manufacturing facilities in several countries.
- As of 1QFY2016 the company has filed 379 ANDAs, with 201 final approvals, and 27 tentative approvals. The US business continued to post robust growth, on the back of 4 new product launches and ramp up in Natrol product sales. The company has guided action dates for 18 injectables for next two years. Management guided for 3-4% R&D expenses in FY2016E.

 BSE Code : 524804  
 NSE Code : AUROPHARMA

**Key Data**

Equity Cap (₹ Cr)	58.4
Face Value (₹)	1
Book Value (₹)	88.29
Beta	1.24
P/E (x)	26.51
P/B (x)	8.19
RoE (%)	35.29
52 Week High / Low	832.2/381.5
Average Wkly Volume	1878261

**Price Chart**


\*All Price as on 9th Sept 2015

## IndusInd Bank Ltd

Sector : Private Banks

Price – ₹ 857.95

Target – ₹ 1200

### Rationale

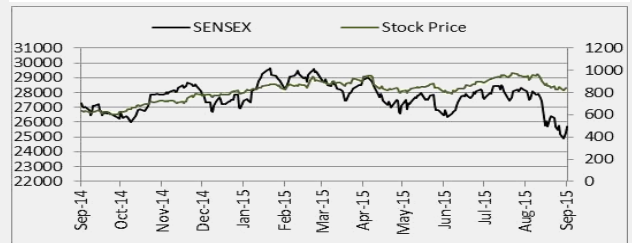
- The bank has reported robust financial performance over the past five years. Its net profit has grown a CAGR of 38.63% and Net Interest Income (NII) has grown by 31%. During FY15 its net profit has grown by 27.4% to Rs 1793.72 crore and net interest income has grown by 18.3% to Rs 3420.28 cr.
- IndusInd Bank net profit has grown by 25% over the past nine quarters. The net interest margin, has remained in a narrow but robust band of 3.6% to 3.8%, while its gross non-performing assets ratio was between 0.8% and 1.1%.
- The bank is focusing on growing its retail book faster and aims to take the retail book to 48% of total loans versus 42% currently. The bank is confident of maintaining the margins even in a falling interest rate cycle, on the back of levers such as a fixed-rate vehicle finance book (25% of loan book), improvement in Casa, or current and savings accounts, and loan book rebalancing.

BSE Code : 532187  
NSE Code : INDUSINDBK

### Key Data

Equity Cap (₹ Cr)	591.82
Face Value (₹)	10
Book Value (₹)	267.78
Beta	1.06
P/E (x)	26.5
P/B (x)	3.28
RoE (%)	18.98
52 Week High / Low	989.30 / 594.50
Average Wkly Volume	1527694

### Price Chart



## Cholamandalam Investment & Finance Company Ltd

Sector : Finance

Price – ₹ 596.60

Target – ₹ 775

### Rationale

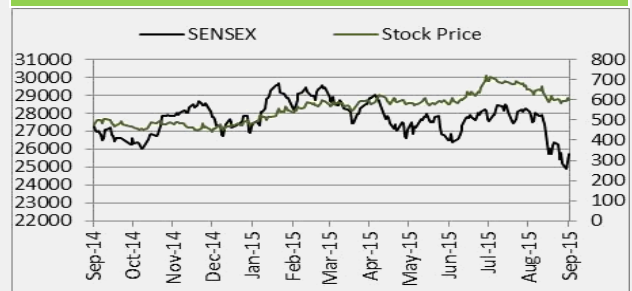
- The vehicle finance business constitutes 69% of its AUM. The NIMs in this business have improved by 40 basis points over FY14 and stood at 7.5% in FY15. The company has witnessed an increase in discipline for loan-to-value in the industry which is a good sign for vehicle finance business.
- The Profit after tax of the company stood at Rs 110 crore in Q1FY2016, exhibiting a growth of 18% over the Q1 last year. Net Income Margin improved to 8.5% for the quarter compared to 7.6% in Q1FY2015, driven by a reduction in cost of funds on borrowing side. The company continues to look at 8.5% of NIMs going ahead.
- The company continues to maintain strong focus on collections, helping to ride out traditionally difficult first quarter with a small increase in GNPA to 3.33% at 5 months overdue and NNPA is at 2.08%. The performance has strengthened across geographies and that southern and western India saw a sharp improvement in asset quality.

BSE Code : 511243  
NSE Code : CHOLAFIN

### Key Data

Equity Cap (₹ Cr)	143.78
Face Value (₹)	10
Book Value (₹)	193.56
Beta	0.59
P/E (x)	18.62
P/B (x)	3.2
RoE (%)	17.4
52 Week High / Low	744 / 406.15
Average Wkly Volume	157157

### Price Chart



## Ashok Leyland Ltd

Sector : Automobiles

Price – ₹ 87.50

Target- ₹ 100

### Rationale

- Ashok Leyland, India's second largest commercial vehicle maker, reported strong sales number led by M&HCV segment. It sold 11544 vehicles in Aug 2015, a growth of 39% over same period last year. Partnership with Nissan improved the range of products in the LCV segment. We continue to believe that company's volume growth would remain strong as the macros improve.
- The Company is also continuously enhancing service outlets and brand image, new product launches and targeting domestic and International markets. Focusing on cost control and debt reduction were some of the key risk mitigation actions are taken placed.
- Company's consolidated net sales improved by 34% in FY'15 and revenue from the Spare Parts business improved by 14.9 % based on better demand and improved operations.
- Lower oil prices will continue to benefit customers and will support faster replacement cycle and company's adequate production capacity to meet the surge in demand.

BSE Code : 500477  
NSE Code : ASHOKLEY

### Key Data

Equity Cap (₹ Cr)	284.59
Face Value (₹)	1.00
Book Value (₹)	14.40
Beta	1.42
P/E (x)	83.61
P/B (x)	6.29
RoE (%)	14.87
52 Week High / Low	99.65/ 36.50
Average Wkly Volume	20522744

### Price Chart



## Hero MotoCorp Ltd

Sector : Automobiles

Price – ₹ 2344.30

Target- ₹ 3000

### Rationale

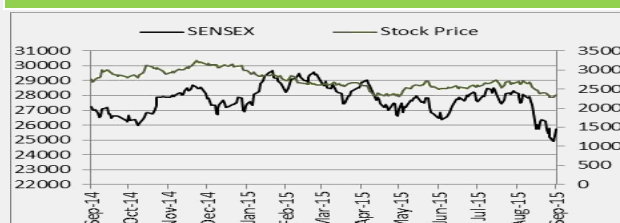
- In FY 2014-15, Hero MotoCorp captured 40.1% market share in domestic two-wheeler market. Total sales increased by 9% to 27351 crores and Operating margin increased from 9.62% to 10.88% Y-O-Y.
- Hero MotoCorp tied up with Punjab National Bank to sell products through easy financing schemes in semi-urban and rural parts of the country, it will aid to increases the sales volume.
- We expect sentiments to improve in upcoming festive season, which in turn is likely to revive market demand and higher government spending in infrastructure could propel a stronger recovery in the second half, in both urban and rural India.
- Fall in fuel prices and interest rates, favorable demographics, expanding city limits and improving income levels will sustain the steady growth in demand for 2Ws in India.

BSE Code : 500182  
NSE Code : HEROMOTOCO

### Key Data

Equity Cap (₹ Cr)	39.94
Face Value (₹)	2.00
Book Value (₹)	327.56
Beta	0.71
P/E (x)	23.05
P/B (x)	7.16
RoE (%)	39.30
52 Week High / Low	3269.95/2251.30
Average Wkly Volume	265020

### Price Chart



## Dabur India Ltd

Sector : FMGC

Price – ₹ 275.20

Target- ₹ 325

BSE Code : 500096  
NSE Code : DABUR

### Rationale

- Dabur's well-diversified product mix provides a steady revenue stream that is less susceptible to seasonal swings. Dabur is market leader in Honey, Ayurvedic medicine and digestive tablets segment.
- During FY 15 its consolidated net sales grew by 10.7% to Rs 7806 crore and net profit grew by 16.6% to Rs 1065.83 crore. The Domestic FMCG Business reported growth of 12.5% on the back of good volumes across categories and markets. International Business which contributes to about a third of consolidated sales reported growth of 7.6%.
- The company has entered into ready to drink market by launching Hajmola Yoodley, capitalising on Hajmola brand. Innovation continues in the International markets in segments like Baby care, Hair Care and Skin care and expects a steady pick up in the FMCG categories and International operations.

### Key Data

Equity Cap (₹ Cr)	175.68
Face Value (₹)	1
Book Value (₹)	19.09
Beta	0.67
P/E (x)	43.34
P/B (x)	14.93
RoE (%)	35.56
52 Week High / Low	316.40/196.55
Average Wkly Volume	1527893

### Price Chart



## Hindustan Unilever Limited

Sector : FMGC

Price – ₹ 803.05

Target- ₹ 1050

BSE Code : 500696  
NSE Code : HINDUNILVR

### Rationale

- HUL has significant distribution scale, portfolio of iconic brands and leading market share in several categories. During FY15, its domestic consumer business grew by 10% with 5% underlying volume growth, both ahead of market. PBIT grew by 17% with PBIT margin improving +90 bps. Net Profit was up by 12% to Rs 4,315 crore.
- HUL has adopted Winning in Many India (WIMI) strategy to enhance regional focus and increasing rural penetration by converting local villagers to salesmen.
- HUL is bolstering reach across channels like e-commerce (Humarashop.com, tied up with Big Basket), drug channels and modern trade. After the success of Fair & Lovely and Axe, HUL is looking at reigniting growth in Wheel and Oral care.
- HUL has taken Dynamic and decisive pricing actions across various products in Soaps and Detergents Segment (which contributes 47% to sales) in low demand low input cost scenario.
- While the near term conditions pose a challenge for the economy, the medium to long term secular trends based on rising incomes, aspirations, low consumption levels, are positive and an opportunity for the FMCG sector.

### Key Data

Equity Cap (₹ Cr)	216.39
Face Value (₹)	1
Book Value (₹)	18.58
Beta	0.53
P/E (x)	59.07
P/B (x)	43.12
RoE (%)	97.86
52 Week High / Low	981/707.15
Average Wkly Volume	1492216

### Price Chart



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S. No.	Statement	Answer	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest ( if answer to F (a) above is Yes : .....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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