KARVY
STOCK BROKING

Value Invest
March 2017

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Value Invest

TOP Picks

Value Invest Mar 2017 - Top 10 Mid Cap Stocks					
NSE Symbol	**Sector**	**Market Cap (Rs. Mn.)**	**CMP* (Rs.)**	**Target Price (Rs.)**	**Upside (%)**
BATAINDIA	Apparel & Footwear	63975	498	597	20
GHCL	Materials	25360	254	304	20
ICIL	Textiles	32255	163	193	18
IGL	Utility Networks	145656	1040	1213	17
JISLJALEQS	Agricultural Machinery	42384	90	115	29
MAYURUNIQ	Materials	16480	363	482	33
MENONBE	Auto-ancillary	3968	71	81	19
MINDACORP	Electrical Equipment	19550	93	112	20
NAVINFLUOR	Chemicals	24577	2510	3003	20
TRIDENT	Textiles	37811	74	87	17

**As on Mar 03, 2017, Time frame 9-12 Months*

KARVY STOCK BROKING

Bata India Ltd

Bloomberg Code: BATA IN

BUY

Store Expansion, Improved Promotion, Youth Focus to Take Bata Forward

Demonetization slowed the business but Leadership position cushioned the impact well: Bata's revenue for the quarter came in at Rs. 6408 Mn, registering a 9.8% QoQ and 3.8% YoY increase even with the demonetization creating a pressure on the footwear industry. But, EBITDA for the quarter fell by 1.3% YoY to Rs. 595 Mn with EBITDA margin for the quarter stood at 9.3% falling by 47 bps YoY. This margin contraction was led by 60.8% and 55.1% YoY increase in cost of material consumed and purchase of stock in trade respectively. PAT for the quarter came in at Rs. 377 Mn, YoY decline of 15.4%.

Profit Margins Expanded on the back of Drop in Raw Material Prices: Bata is the oldest footwear brand in the country and is a market leader, Bata has been keen on projecting carving a niche as a youth brand through few brands under its 20 brand portfolio. In addition to the 1400+ physical stores, the company has identified multiple trade areas; covering malls and high street locations where new Exclusive Brand Outlets (EBOs) will be opened for Hush Puppies, Power, Weinbrenner and Marie Claire. This will also drive the Same-Store Sales (SSS) growth.

Revised Capex plan on Advertisement with Women/ Children and Tier2-3 Cities in focus to drive the Topline: Management has been focusing on-store network rationalization by closing down unprofitable stores and expanding into smaller cities through the franchisee route. Bata is also working on increasing brand appeal and plans to double its advertising budget in FY18E. Bata will also benefit from the shift from unorganized to organised sector due to demonetization and the implementation of GST. Online platforms will also be taken care of to support the existing sales volumes.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	498
Target Price	597
Upside (%)	20

Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	63975 / 957
52-wk High/Low (Rs.)	614 / 399
3M Avg.daily volume (Mn)	0.5
Beta (x)	1.1
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	128.5
Face Value (Rs.)	5.0

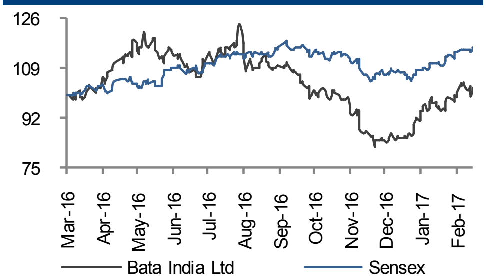
Shareholding Pattern (%)	
Promoters	53.0
FIIs	5.6
DIIs	22.8
Others	18.6

Stock Performance (%)

	1M	3M	6M	12M
Absolute	1	21	(8)	1
Relative to Sensex	(1)	10	(8)	(14)

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY15#	FY16	FY17E	FY18E	FY19E
Net Sales	26940	24553	25781	28875	31474
EBITDA	3350	3006	3086	4030	4596
EBITDA Margin (%)	12.4	12.2	12.0	14.0	14.6
Adj. Net Profit**	2313	2485	1925	2561	2857
EPS (Rs.)	18.0	19.3	15.0	19.9	22.2
RoE (%)	24.9	22.6	15.4	18.4	18.2
P/BV (x)	3.4	2.3	2.4	2.2	1.9
PE (x)	30.3	21.7	33.2	24.9	22.4

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price,*
*# 15 month period, due to change in financial year ending from Dec to Mar, ** Note: Net Profit after Exceptional Item*

Company Background

Bata India Ltd (Bata) is the oldest, largest as well as one of the fastest growing shoe retailers in India. Founded in 1894, the Bata Shoe Organization is a footwear and fashion accessory manufacturer and retailer for men, women and children. Today, it has a presence in 70 countries over five continents. It was incorporated as Bata Shoe Company Pvt Ltd initially at Konnagar (near Kolkata) in 1932 and then changed to Bata India Ltd in 1973 when it went public. Its product portfolio includes leather, rubber, canvas and PVC shoes. The company serves more than 1,50,000 customers daily in it's over 1400 stores. The company has five manufacturing facilities in Bihar, Haryana, Karnataka, West Bengal and Tamil Nadu. Bata currently has about 5,000 people on payroll. Over the years, the company has collaborated with various brands. Bata India is continuously increasing its focus on tier III and tier IV cities where the potential for growth is significant. Apart from the footwear business, the company is also involved in surplus property development.

Valuation and Outlook

Being a market leader, having improved capex plans for advertisement and promotion with a focus on youth, women and children with rapid growth attempts in the Tier 3 & Tier 4 markets and tapping volume growth potential, along with physical and online store expansion, will contribute to the revenue guidance. We assign a P/BV multiple at 2.4x for the FY19E BV and suggest **"BUY"** on the stock for a target price of Rs.597 per share, representing an upside of 20% for a period of 9-12 months.

Key Risks

- Increase in rubber and leather prices.
- Existing players and new entrants.

BATAINDIA: Technical View

BATAINDIA has seen a sharp fall from the levels of around Rs.610-620 towards Rs.399-400, correcting more than 35% in a span of four months. The stock entered the consolidation phase at the lower levels where it traded in a range of Rs.400-430 levels for almost a month. The volume witnessed during the consolidation phase was decent, suggesting strong hands had accumulated the stock. The stock gave a break out from the said range on December 28, 2016 with supportive volume and followed it up with a gap up opening in the subsequent session. Since then, the stock has been heading higher with minor corrections, signaling buying has been happening on every dips. The stock is looking strong and is trading above most of its major moving averages on the daily charts. The long term support for the stock is seen to be around Rs.400 levels while stock may head towards Rs.600-620 levels in the said time frame.

GHCL Ltd

Bloomberg Code: GHCL IN

BUY

Capex Addition to Drive Growth across All Segments

The company has plans to scale up their Soda Ash and Textile segments in FY17E and FY18E which can trigger growth by increasing their production capacity. Thus, capacity expansion and maintaining of capacity utilization in the range of 85-90% in forthcoming years will enhance topline growth.

Diversified Business portfolio supports overall growth: The company has posted consolidated revenue of Rs. 25590 Mn in FY16 as against Rs. 23736 Mn of FY15, marking 7.8% YoY growth on the back of increased capacity utilization rate of 88% & 83% in inorganic chemical & Textile segments, respectively. EBITDA margin rose by 250 bps to 24.9% as a result of focus on operational efficiency and softness in raw material prices during FY16. The net profit registered a healthy growth of 41.0% YoY basis. We believe that its diversified, yet synergetic business verticals, along with capacity expansion plan will help further improve its topline and bottom line, going forward.

High entry barrier business - an advantage: High fixed cost, high transportation cost, need of strong R&D setup and long gestation period (4-5 years) provide for entry barriers which put the company into advantageous position in terms of enhancing market share.

Robust Balance sheet and Return ratios: GHCL has registered average RoE of 22.1% in past 4 years and has of late improved to 29.2% in FY16. RoCE too has improved from average 20.7% to 26.8% over said period of time. On the back of sound financials, the company has maintained dividend payout ratio in the range of 15%-20% and the Net D/E ratio too has reduced to 1.1x in FY16.

Marquee customer base: GHCL has strong client portfolio for both business segments and strong credibility in the market which enables large replenishment orders from its big global retailers in US and Europe for textile division and big domestic players for inorganic chemical division.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	254
Target Price	304
Upside (%)	20

Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	25360 / 380
52-wk High/Low (Rs.)	299 / 108
3M Avg.daily volume (Mn)	0.2
Beta (x)	1.3
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	100.0
Face Value (Rs.)	10.0

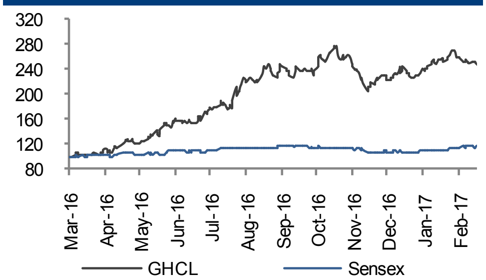
Shareholding Pattern (%)	
Promoters	18.5
FIIs	18.8
DIIs	6.7
Others	56

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(8)	6	(3)	133
Relative to Sensex	(9)	(3)	(2)	99

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY14	FY15	FY16	FY17E	FY18E
Net Sales	22476	23736	25590	27487	29678
EBITDA	4370	5328	6385	7127	8006
EBITDA Margin (%)	19.4	22.4	24.9	25.9	27.0
Adj. Net Profit	1085	1819	2565	3335	3971
EPS (Rs.)	10.8	18.3	25.8	33.3	39.7
RoE (%)	18.8	26.8	29.2	29.6	27.8
PE (x)	3.1	3.4	4.5	7.6	6.4

*Source: Company, Karvy Research, *Represents multiples for FY14, FY15 & FY16 are based on historic market price*

Company Background

GHCL Ltd was incorporated in 1983, headquartered in Noida and is being currently headed by Mr. Sanjay Dalmia, the Chairman. It is one of the leading manufacturers of soda ash with 23.0% domestic market share. There are two main business verticals, i.e., Inorganic Chemicals and Textiles. Inorganic chemicals mainly produce soda ash which caters to demand from detergent & glass industries whereas Textile vertical is well integrated vertical which covers right from spinning of fiber, weaving, dyeing and printing till the finished products take shape for exporting. The company also has footprints in FMCG sector. It manufactures & sells salt variants, honey & spices. The company exports its product mix portfolio to US, Europe, Australia, etc. GHCL has one soda ash plant in Gujarat and one salt refinery in Tamil Nadu. It has three textile manufacturing plants- two in Tamil Nadu and one in Gujarat. The inorganic chemicals contributed 58.4% of the total revenues while home textile contributes 41.6% during FY16.

Valuation and Outlook

The company is poised for exponential growth in the forthcoming years on the back of continued profitability growth, capacity utilization, debt reduction, healthy balance sheet and return ratios. We initiate coverage on GHCL Ltd assigning P/E multiple of 7.7x to FY18E EPS which gives the target price of Rs.304 reflecting to 20% upside with **"BUY"** recommendation for the period of 12-15 months.

Key Risks

- Stiff competition.
- Fx-Fluctuations.
- Non-availability of Anti-Dumping duty after Jul 2017E.

GHCL: Technical View

GHCL has been one of the outperformers in the overall broader markets. The stock has generated a massive more than 148% of positive returns for the investors in a very short time frame of 12 months. The stock has been making higher highs and higher lows on the technical charts and has been in the bullish zone testing all time highs of Rs.299 levels. Thereafter, the stock witnessed a round of profit booking and went in to sideways consolidation mode which dragged the stock towards the lower levels of Rs.252 levels. At current juncture, the stock looks extremely poised to move northwards and may test and surpass its all time high levels as well. On the shorter time frame, the stock has retraced almost 50% of its recent rally from Rs.206 levels to the recent swing high of Rs.292 levels, which suggests that current levels may be utilized to enter in to the counter. We expect the stock to continue its outperformance in the coming months as well and one may buy the stock at current levels and also on any declines keeping a long term investment point of view.

KARVY STOCK BROKING

Indo Count Industries Ltd

Bloomberg Code: ICNT IN

BUY

Home Textile Segment - Key Growth Driver

Principal export to the most demanding international market: ICIL is 3rd largest exporter of Bed Linen from India and the 4th largest Bed Sheet exporter to USA. Indo Count currently supplies a wide range of bed linen to global retail chains across 49 countries in 5 continents. ICIL is a net exporter, with ~70% of its clientele in the international markets. ICIL exports account for ~85% of its revenue (~66% of exports to the US). The company has a ~20% share in the Indian bed linen exports to the US. This Bed-Linen segment is expected to continue to be a key growth driver as the company plans to expand to new geographies and premium product segments such as utility bedding and top-of-the-bed, which are relatively bigger markets than bed sheets.

Capacity expansion is in line as per schedule: The company is close to completion of Phase I capex plan which is expansion of processing capacity from 68 Mn Mts to 90 Mn Mts which is expected to be completed by Mar 2017E. Capex will be funded by a mix of debt and internal accruals, with the majority portion being funded by internal accruals. The phase II expansion will begin shortly which will cost Rs. 3000 Mn, for upgrading existing spinning facilities, investment in additional weaving capacity and value added equipments for the delivery of fashion and utility bedding. The total expansion plan is expected to be completed by FY18E.

Good execution of business post CDR mechanism: In FY08, due to global recessionary conditions and the consequent cash flow constraints, the company had approached its lenders to restructure its debts under the Corporate Debt Restructuring (CDR) system in FY09. With an improved demand scenario and ramp up of capacities, the company was able to exit CDR by FY15 which is four years ahead of the scheduled exit by paying Rs.257 mn as right to recompense to the bankers. The company's net debt to equity as on Q3FY17 was 0.2x as against 0.6x for the same period last year.

Recommendation (Rs.)

CMP *(as on Mar 03, 2017)*	163
Target Price	193
Upside (%)	18

Stock Information

Mkt Cap (Rs.Mn/US$ Mn)	32255 / 483
52-wk High/Low (Rs.)	217 / 135
3M Avg.daily volume (Mn)	0.6
Beta (x)	1.0
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	197.4
Face Value (Rs.)	2.0

Shareholding Pattern (%)

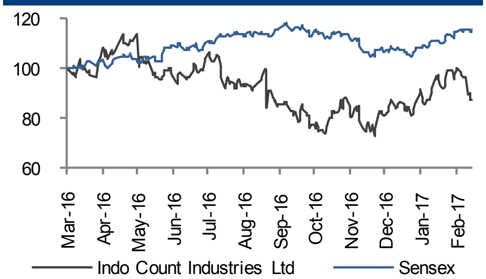
Promoters	58.9
FIIs	14.9
DIIs	1.9
Others	24.3

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(14)	7	2	(13)
Relative to Sensex	(15)	(3)	0	(26)

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Sales	17169	21737	22789	25017	27809
EBITDA	2488	4345	4662	5361	6168
EBITDA Margin (%)	14.5	20.0	20.5	21.4	22.2
Adj. Net Profit	1457	2647	2912	3297	3740
EPS (Rs.)**	7.4	13.4	14.7	16.7	18.9
RoE (%)	40.9	49.0	36.9	30.6	26.6
PE (x)*	10.2	14.4	11.1	9.8	8.6

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price*
***EPS is split adjusted. Split of FV of Rs.10 to Rs.2*

Company Background

Superior quality makes textile companies in India key players in major home textiles markets of the US, Europe and the UK. Indo Count is one of the leading vertically integrated home textile manufacturing and exporting company. The company has integrated the entire value chain of textiles from spinning, weaving to processing, cutting and sewing. Indo Count has three manufacturing units in Kolhapur. It acquired Pranavaditya Spinning Mills Ltd. (PSML) in 2007. The company has a total of 80016 spindles producing around 14000 tons of combed cotton yarn per annum. Home Textile division was set up in 2006 and continued its fast-paced growth; ICIL also established a showroom, design studio and warehouse in Manchester, UK as well as in Melbourne, Australia in July 2014.

Valuation and Outlook

At CMP of Rs. 163, we assign P/Ex multiple of 10.2x to FY19E EPS on the back of benefit from strong clientele, shift in product mix towards premium products, incremental revenue from additional capex and we continue to maintain our **"BUY"** recommendation for a target price of Rs. 193 representing an upside potential of 18% in a 9-12 months period.

Key Risks

- Increase in cotton prices may have bearing impact on the company's profitability.
- Majority of the company's revenue is generated by exporting products to developed economies namely USA, UK & EU. Demand crunch in these economies would impact the company's order book in any given year.
- Indo Count derives around 85% of revenue from international business. Significant changes in the currency exchange rates could affect the financial performance of the company.
- The company faces a regular competition from China and ASEAN countries in the cotton yarn and home textiles segments while catering to multi-brand retail chain stores and overseas producers.

ICIL: Technical View

Indo Count Industries Ltd has seen a stellar rally over last three years from the lows of sub Rs.10 to the highs of Rs.235 last year making it a multi bagger. However, over last few months, the stock is trading in a broad range of Rs.130-210 and currently placed near its mid zone of the said range. Even in the current consolidation phase, the stock is respecting its major moving averages on weekly and monthly charts, indicating its primary up trend is still intact. Going forward, the stock has support near Rs.130-140 zones and below it at Rs.90-100 zones, while resistance is placed at Rs.200-210 and above it at Rs.235-250 zones. Hence, long term investors with holding period of nearly one year may look into the counter for initial target of life time highs and above it much higher, with stop below said supports.

KARVY STOCK BROKING

Indraprastha Gas Ltd

Bloomberg Code: IGL IN

BUY

India Research - Stock Broking

Pioneer of CGD Market in Delhi; Going Strong on Anti-pollution Drive

Addition of buses to trigger CNG volume growth: As per budget 2016-17, the government planned to add total 3000 buses: 1,000 low-floor-non-AC buses, 1,000 buses under cluster scheme and another 1,000 buses in the premium category. However, the government failed to add any buses last year to the existing fleet of DTC (Delhi Transport Corporation) as many officials considered it to be unfeasible plan. The total number of buses under DTC is approximately 5800. The government is now aiming to add mini and midi buses as they are quicker to acquire and create less congestion on roads. The addition of buses is expected to be the major determinant for volume growth in CNG segment.

Pushing up the PNG conversion rate: The company is taking various initiatives in the PNG segment to increase the conversion rate. These include 1) Rental scheme for upfront deposit of Rs. 5000. 2) Referral scheme wherein the company gives incentive to the existing customer for referring a new customer. 3) The company is also planning to give cash back on the first bill to encourage people to switch to PNG from LPG. Further, the company is tapping new areas to add more PNG customers. It is tying up with railway colonies, defence cantonment area to increase its PNG customer base.

Additional volumes to come from Rewari: In Aug 2016, PNGRB granted authorisation to IGL for development of CGD network in the GA of Rewari district in Haryana. By the end of FY17E, the company expects to start a CNG station in Rewari, Haryana. This will be at the retail outlet of an OMC. The company plans to supply PNG to households in Dharuhera and Bawal areas of Rewari and plans to add 5000 domestic connections in next 3 years. The management expects to have a total average volume sale of ~40,000 mmscmd from Rewari region.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	1040
Target Price	1213
Upside (%)	17

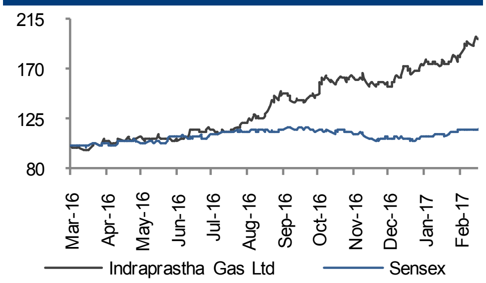
Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	145656 / 2179
52-wk High/Low (Rs.)	1071 / 508
3M Avg.daily volume (Mn)	0.8
Beta (x)	0.7
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	140.0
Face Value (Rs.)	10.0

Shareholding Pattern (%)	
Promoters	45.0
FIIs	14.1
DIIs	22.6
Others	18.3

Stock Performance (%)	1M	3M	6M	12M
Absolute	8	28	32	94
Relative to Sensex	5	16	30	66

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary					
YE Mar (Rs. Mn)	**FY15**	**FY16**	**FY17E**	**FY18E**	**FY19E**
Net Sales	36810	36858	37554	42873	51297
EBITDA	7930	7717	10199	10541	11730
EBITDA Margin (%)	21.5	20.9	27.2	24.6	22.9
Adj. Net Profit	4481	4641	6527	6791	7936
EPS (Rs.)	32.0	33.2	46.6	48.5	56.7
RoE (%)	21.2	18.7	21.5	18.9	18.5
PE (x)	13.4	19.2	22.3	21.4	18.4

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price*

Company Background

Incorporated in 1998, Indraprastha Gas Ltd (IGL) took over the City Gas Distribution (CGD) project from GAIL (India) Ltd. IGL is a JV between GAIL (India) and Bharat Petroleum Corporation Ltd (BPCL) where each of the two holds 22.5%. The company is into retail gas distribution business and provides Compressed Natural Gas (CNG) to vehicles and Piped Natural Gas (PNG) to domestic and industrial/commercial consumers in Delhi and NCR. The company provides CNG to ~0.92 mn vehicles which include taxis, DTC buses, autos and private and commercial vehicles. It provides PNG to ~0.68mn connections. Of this, about 2500 are industrial/commercial customers.

Valuation and Outlook

IGL is the pioneer of CGD network in Delhi and NCR. The company enjoys monopoly position with high entry barriers. IGL will continue to benefit from anti-pollution drive currently running in Delhi. With zero debt on balance sheet, high operating margins and healthy return ratios, the company will continue to perform. Volume growth in CNG and PNG segments, movement in natural gas prices, expected dividend policy announcement by the company and any new development on integration with MNGL will be the key things to watch for. At CMP of Rs. 1040, the stock is currently trading at a PE of 21.4x of FY18E EPS of Rs. 48.5. We value the company on a PE of 25.0x and arrive at a price target of Rs.1213, and give a **"BUY"** rating.

Key Risks

- Increase in domestic natural gas / LNG prices.
- Decline in availability of natural gas.
- Increase in prices of alternate fuels.
- Any unfavorable regulation from PNGRB.

IGL: Technical View

IGL is in secular uptrend and generated staggering return of around 73% year over year. The upward movement in the stock is supported by increasing volume. On the daily chart, the stock has been taking support around Rs.1025-1020 from past few trading sessions. After correcting from the high of Rs.1071-1070 levels made in February 2017, the stock is corrected from that level and consolidated within the broader range. Monthly set up for IGL looks positive with the stock trading above its medium and long term exponential moving averages. For now the stock is consolidating in the broader range of Rs.1025-1060 and breakout above the same could take the stock higher. On the weekly chart, RSI is comfortably placed in the positive zone signaling upside movement in the stock to continue.

KARVY STOCK BROKING

Jain Irrigation Systems Ltd

Bloomberg Code: JI IN

BUY

Government Thrust on Irrigation and Housing to Create Growth Enabling Environment

Enhanced Outlook in MIS, Piping and Food Business to be Key Growth Driver: Jain Irrigation System Ltd. is manufacturer and exporter of Hi-tech Agri Input Products (Drip & Sprinkler irrigation), Plastic Piping & Products (PE/PVC pipes and PVC sheet) and Agro Processing (De-hydrated onions/vegetables and processed foods). Growth prospects for these products have brightened further in domestic and overseas markets with remonetization, near unanimity on GST implementation, fall in crude oil price, relatively stable INR and push provided to irrigation, infrastructure and housing sectors by the central government through budget FY17-18. Besides, states like Maharashtra, Chhatisgarh, Andhra Pradesh, Telangana, Karnataka etc. have taken measures to bring more hectares of lands under irrigation and also have made drip irrigation mandatory. All these initiatives augur well for JISL with cutting age technologies and leadership position across business verticals.

Sustainable growth model of expanding organically & inorganically and bringing operational efficiency: The management has taken initiatives like raising of US$ 200 Mn bond (to help in re-financing working capital and reduce debt burden), acquisitions of Observant Technologies in line with earlier acquisition of PureSense (to allow global solutions in precision agriculture), acquisition of Excel Plastic Piping Systems SAS, France (to provide better access to fitting business); and Organic initiatives like developing integrated park consisting of food processing units, high-tech agri inputs units and other technological intervention at Kurnool District and setting up of a nursery and ultra modern orange processing plants in Amaravati for supplies to Hindustan Coca Cola Beverage and other customers. All these initiatives place the company on higher growth trajectory.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	90
Target Price	115
Upside (%)	29

Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	42384 / 634
52-wk High/Low (Rs.)	109 / 55
3M Avg.daily volume (Mn)	3.9
Beta (x)	1.3
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	460.2
Face Value (Rs.)	2.0

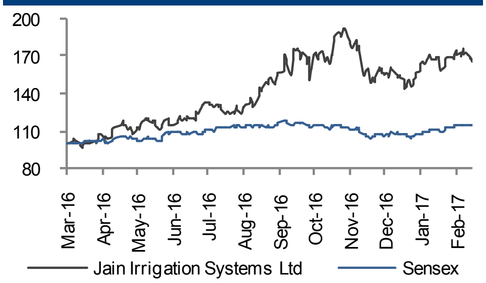
Shareholding Pattern (%)	
Promoters	30.8
FIIs	42.8
DIIs	5.4
Others	21.1

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(7)	3	1	59
Relative to Sensex	(9)	(7)	0	36

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY14	FY15	FY16	FY17E	FY18E
Net Sales	58281	61527	62871	65762	72832
EBITDA	7700	7797	8097	8339	9589
EBITDA Margin (%)	13.2	12.7	12.9	12.7	13.2
Adj. Net Profit	(398)	554	883	1739	3160
EPS (Rs.)	(0.9)	1.2	1.9	3.6	6.6
RoE (%)	(1.8)	2.6	3.9	6.9	11.6
PE (x)	NM	51.4	31.6	24.7	13.6

*Source: Company, Karvy Research, *Represents multiples for FY14, FY15 & FY16 are based on historic market price, NM: Not Meaningful*

Company Background

Jain Irrigation Systems Ltd (JISL), incorporated in the year 1986, is Indian company with manufacturing plants in 29 locations and more than 11000 associates worldwide. It is an integrated company in global food system and leads in manufacturing of Micro Irrigation Systems (MIS), Plastic Piping & Products, Agro Processed Products, Precision Farming and Irrigation System, Tissue Culture Plants, Solar Water Pumps, Renewable Energy Solutions, Financial Services and other agricultural input. The company has ushered in large scale integrated irrigation projects. The company does not merely sells MIS but also provides Agronomic Extension support, after-sales services and all technical supports for getting better crop returns. It is one stop shop for total agricultural needs.

Valuation and Outlook

JISL's revenue from operation has grown at CAGR of 6.5% over the period of FY12-16 and is expected to grow at CAGR of 7.5% during FY16-18E on the back of improved business sentiment domestically and globally, order book of Rs.17000-18000 Mn and the company's foray into fast growing segments such as Solar Pump and Retail Foods. Thus, product mix so developed ensures sustainable future for the company. We give **"BUY"** recommendation on stock for next 9-12 months valuing it at PE17.5x of FY18E EPS which gives the target price of Rs.115, representing 29% upside potential.

Key Risks

- Fx-fluctuations risk as overseas business contributes 45% of total earnings.
- Lingering out of demonetisation impact.

JISLJALEQS: Technical View

JAIN IRRIGATION SYSTEMS has witnessed a sharp rally after making a panic low of Rs.46.80 levels on 17th February, 2016 towards Rs.108.60 levels clocked on 30th October, 2016. The stock has given a return of more than 130% in a span of 8 and half months. The stock again entered the correction phase and it found support around Rs.80 levels, slipping more than 25% from its recent highs of Rs.108.60 in a span of two months. The stock again saw a sharp recovery towards Rs.99 levels, failing to surpass the said levels on multiple attempts. The stock is trading above its 200-DEMA and is expected to head back again towards Rs.99 levels, sustaining above which it may even test Rs.108-130 levels in the medium to long term.

KARVY STOCK BROKING

Mayur Uniquoters Ltd

Bloomberg Code: MUNI IN

BUY

Footwear Slowdown Affected Q3FY17; Upcoming Plants Hold Key for Outlook

Demonetization effect & Footwear Slowdown arrested by Auto OEM Exports: The phase of demonetization brought in a decline of 6% in general and ~20% fall in the domestic footwear business. EBITDA margins slacked 232 bps YoY to 25.3% due to higher other expenditure which increased 18.6% YoY. PAT was at Rs. 186 Mn down by 6.1% QoQ and 6.4% YoY; and the fall was buffered/mitigated to some extent by new innovations and automobiles exports. The recovery has started coming in from January 2017 in the footwear segment and is expected to be back to normal from Q1FY18E post the demonetization in November-December 2016. Employee cost declined by 22.1% YoY reduced from Rs. 68 Mn to Rs. 63 Mn QoQ on account of manpower downscaling.

Polyurethane plant coming up in Morena, MP and new plant in Mysore has been announced: The company has sought permission from the Madhya Pradesh government and the land has been finalized which is worth Rs.100-120 Mn has been finalized in the Morena district. Another Rs. 300 Mn of capex is going to be incurred for further development and installing of production lines. Backward integration of the knitted fabric used for PU/PVC coating will be continued with just like the Jaitpura and Dhodhsar plants. At first, 2 production lines will be started at the onset and further in course a total of 6 production lines are supposed to be operate from here in near future and will be a significant contributor to business by way of higher realizations starting H2FY18E. Mysore plant has also been announced and will be finalized by the end of Q4FY17E and would take 18 months to be in operation. This plant would give a strategic location in terms of cost saving in logistics especially for footwear by ~20%. Both the plants will help MUNI reach the revenue guidance.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	363
Target Price	482
Upside (%)	33

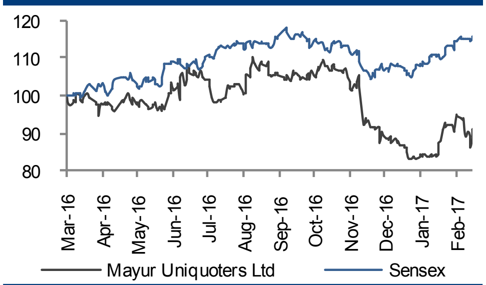
Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	16480 / 247
52-wk High/Low (Rs.)	465 / 336
3M Avg.daily volume	12986
Beta (x)	0.7
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	45.8
Face Value (Rs.)	10.0

Shareholding Pattern (%)	
Promoters	61.1
FIIs	8.6
DIIs	5.9
Others	24.4

Stock Performance (%)	1M	3M	6M	12M
Absolute	(7)	(1)	(16)	(12)
Relative to Sensex	(9)	(10)	(17)	(25)

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary					
YE Mar (Rs. Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Sales	5063	4956	5111	5842	7173
EBITDA	1018	1306	1380	1589	1937
EBITDA Margin (%)	20.1	26.4	27.0	27.2	27.0
Adj. Net Profit	659	772	844	928	1140
EPS (Rs.)	15.2	17.1	18.3	20.2	24.8
RoE (%)	29.7	25.0	22.9	21.6	23.0
PE (x)	29.8	22.6	21.5	19.5	15.9

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price*

Company Background

Incorporated in 1992 at Jaipur, Rajasthan and commencing operations in 1994, Mayur is in the business of making Poly Vinyl Chloride (PVC), Poly Urethane (PU) coated fabric which is more commonly known as Synthetic or Artificial Leather. Artificial leather is a substitute for genuine leather and has wide applications in automobiles, footwear, furnishing, fashion items, accessories etc. MAYUR's strong position in the organized segment along with integrated operation (backward integration), diverse product portfolio, standing product approvals from leading domestic & global automobile OEMs (Original Equipment Manufacturers) and established clients in the footwear segment. The credential of MAYUR is to successfully establish current and planned expansion projects to make the scale of operations grow significantly and grow on to be a more profitable business.

Valuation and Outlook

Taking into account that the footwear markets are expected to be back to normal from Q1FY18E, consistent revenues from the Auto OEMs (Domestic & Exports) and the scaling up of production facilities in both Morena, MP and Mysore, Karnataka, we maintain a "**BUY**" on the stock with an upside 33% potential for a target price of Rs.482. At CMP of Rs.363, we assign a PE of 24.8x to the FY19E EPS.

Key Risks

- Rising raw material prices.
- Dependency on footwear industry.
- Slowdown in exports.
- Threat from Chinese imports.

MAYURUNIQ: Technical View

MAYURUNIQUOTERS has listed on September 25, 2012; however, the stock has seen a vertical rally from the levels of Rs.100 to the highs of sub Rs.450. Over last three years, the stock has is trading in a broad range of Rs.320-450, and in the recent past, the stock has taken support at the lower end of the range and witnessed a sharp bounce of nearly 20% to the current levels of Rs.360. On the indicator front, the stock on the RSI front has not yet reached the overbought zone and indicates more upside in the counter. Going forward, we expect the stock to move towards its all time highs and move well beyond it in the coming one year and any dip towards the said support zone can be used as a buying opportunity.

KARVY STOCK BROKING

Menon Bearings Ltd

Bloomberg Code: MEN IN

BUY

Strategic Positioning coupled with Demand Pick up to Aid Growth

Superior Execution Capabilities and Reputed Clientele: TATA, VOLVO, Ashok Leyland, IFB, Mahindra are few of the reputed clients that Menon bearings caters to. Menon bearings contribution has been in critical engine products for which high level of testing & validation are required mitigating the counterfeit product problems and the criticality of the application helps in maintaining its superior market share going forward.

Revenue to Surge on the Back of Strong Economic Recovery: With automotive industry estimated to grow at a CAGR of 10.1% for FY16-FY18E coupled with auto components industry expected to record a CAGR of 24.5% to reach a high of $115Bn by FY20E from the current levels of $38.5 Bn. With IIP & core sector growth exhibiting signs of recovery on the back of strong macroeconomic factors, Menon bearings is well positioned to benefit from the same.

Incremental revenue from investments & new clients to aid growth: On account of new client addition together with incremental revenue realization from its investments made in engine bearings plant & critical aluminum cast components, Menon bearings is all set to grow in its niche segment.

Superior return ratios & strong financials: Menon bearings has always been recording healthy margins. EBITDA & PAT margins have expanded to 26.0% & 13.4% respectively in FY16. Return ratios have also been impressive with RoE & RoCE at 28.7% & 38.8% respectively in FY16. On account of new clients addition, stabilizing depreciation expenses, we expect the margins to stabilize by FY19E at healthy levels. Net debt to equity of 0.1x in FY16, near zero debt levels, cash per share of Rs. 1.1 and interest coverage multiple of 15x indicate its financial strength to remain debt free, while maintaining operational prudence & gaining market share.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	71
Target Price	84
Upside (%)	19

Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	3968 / 59
52-wk High/Low (Rs.)	92 / 40
3M Avg.daily volume	23969
Beta (x)	1.3
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	56.0
Face Value (Rs.)	1.0

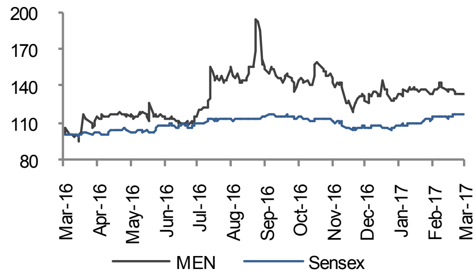
Shareholding Pattern (%)	
Promoters	74.7
FIIs	0.0
DIIs	0.0
Others	25.3

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(4)	2	(14)	55
Relative to Sensex	(6)	(7)	(15)	32

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Sales	1032	1114	1312	1550	1698
EBITDA	225	290	317	390	406
EBITDA Margin (%)	21.8	26.0	24.1	25.1	23.9
Adj. Net Profit	115	149	177	230	247
EPS (Rs.)	2.5	3.2	3.2	4.1	4.4
RoE (%)	26.9	28.7	28.1	28.6	24.9
PE (x)	15.2	15.5	23.5	18.1	16.8

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price*

Company Background

Menon Bearings Ltd. was incorporated in 1991 headquartered at Kolhapur, Maharashtra. The company is engaged in manufacturing automobile components like bushes, bearings, thrust washers, aluminum die cast and bi-metal strips. These products are customized according to the clients requirements in various specifications such as diameter range, size, shape, lining materials, etc. Different varieties of bearings supplied by the company include flanged bearings, tri-metal bearings and copper-bronze & aluminum-tin bearings for crankshafts. The products find applications in light & heavy commercial vehicles, passenger vehicles, compressors, combustion engines and electrical appliances such as refrigerators and air conditioners. The company caters to OEMs, replacement market and export market. Products are exported to USA, UK and Middle East.

Valuation and Outlook

While global growth outlook remains gloomy, India is one of the few economies expected to deliver growth. At CMP of Rs. 71, Menon Bearings is trading at 18.1x to FY18E EPS. During FY05-FY15, it has been trading at a one year mean forward P/E of 17.7x, further to add, Menon bearings is trading at 1 standard deviation level of 20.6x during last twelve months. In view of economic revival coupled with positive industry sentiments & incremental revenue addition from new clients, we ascribe a multiple of 20.6x to FY18E EPS with a **“BUY”** rating for a target price of Rs. 84 representing an upside potential of 19% for a 9-12 months period.

Key Risks

- Slowdown in industrial activity & automotive segments may affect revenue.
- Threat of counterfeit products due to weak IPR implementation in India.

MENONBE: Technical View

MENON BEARINGS has risen gradually since the beginning of 2015 depicting its one sided ascend from sub Rs.20 levels to the current price that is quoting in its early Rs.70s registering a whopping 250% gain in the last two years. The stock has been consolidating in the range of Rs.65-82 for over the last three months now, briefly testing the Rs.60 mark in a trade spike. Comfortably placed above the 200 day moving average on the daily chart the long term trend of the stock is still positive. Therefore, as the stock is trading at the lower end of the band of Rs.65-82, the current consolidation in the counter can be used as excellent levels to accumulate the stock from 9-6 months period.

KARVY STOCK BROKING

Minda Corporation Ltd

Bloomberg Code: MDA IN

BUY

Acquisitions to Expand Geographical Presence

Minda Corporation Ltd has collaborated with various overseas corporations to improve technology through product up-gradations like Furukawa (Japan), Stoneridge (USA) and VAST access systems (USA) which have helped in expanding their geographical footprints across ASEAN and American countries where exports constitute 18.0% of their total revenue driven by Interior systems and Driver Information & Telematics systems. Currently, the company has secured ~Rs. 600Mn worth of exports orders during Q3FY17.

Increase in Share of Business with marquee clients to build base: The company on an average adds up to 2-3 clients every year for supplying various products which has enabled them to gain traction with most of the marquee OEMs across all segments of the automobile industry like Maruti Suzuki India Ltd, Nissan, Ashok Leyland, Mahindra & Mahindra, Bajaj Corp and TVS. This leads to cross selling of products which leaves space for enhancing their share of business with their clients.

Diversified product portfolio helps hedge their position from market risks: Minda Corporation Ltd, being a multiple product manufacturer, has made several acquisitions to expand the product base catering to across all segments of the automotive industry in various geographies. Though there are certain instabilities in certain operations, the company has been able to keep the order book growing every quarter. Therefore, we expect revenue to improve at a CAGR of 14.0% during FY16-19E driven by new customer additions and product innovations. EBITDA margins are expected to progress to 8.1% and 9.6% in FY18E and FY19E respectively as we expect some improvement in their operating efficiency. PAT is expected to grow at CAGR of 20.6% during FY16-19E on account of declining interest costs and adequate cost measures that would be put in place.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	93
Target Price	112
Upside (%)	20

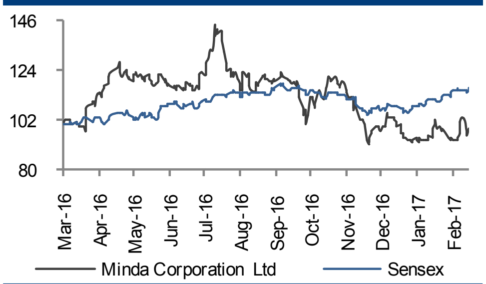
Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	19550 / 292
52-wk High/Low (Rs.)	144 / 85
3M Avg.daily volume (Mn)	0.3
Beta (x)	0.7
Sensex/Nifty	28841 / 8898
O/S Shares(mn)	209.3
Face Value (Rs.)	2.0

Shareholding Pattern (%)	
Promoters	74.0
FIIs	6.4
DIIs	0.0
Others	19.6

Stock Performance (%)	1M	3M	6M	12M
Absolute	5	0	(18)	(3)
Relative to Sensex	3	(9)	(19)	(17)

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Sales	19706	24455	30511	33969	37886
EBITDA	1855	2233	2105	2751	3637
EBITDA Margin (%)	9.4	9.1	6.9	8.1	9.6
Adj. Net Profit	895	1073	1012	1337	2056
EPS (Rs.)	4.3	5.1	4.8	6.4	9.8
RoE (%)	20.9	20.8	16.8	19.3	24.3
PE (x)	21.8	18.2	19.3	14.6	9.5

Source: Company, Karvy Research

Company Background

Headquartered at Noida, India, Minda Corporation Ltd was incorporated in the year 1958 by Late Sh. S.L. Minda in Delhi, officially known as SPARK MINDA is currently headed by Ashok Minda (Chairman & Group CEO). They are a diversified auto-ancillary company with a product portfolio encompassing from Safety, security & restraint systems like electronic and mechanical locks, Driver information and Telematic systems like Wiring harness and Interior systems which include plastic interiors, which they supply to the OEMs across all domains and also cater to the after-market segment. In addition to this, they have made several acquisitions to upgrade their technological know-how and develop their product portfolio.

Valuation and Outlook

We are optimistic about the company's growth prospects backed by newer innovations. Therefore, at CMP of Rs. 93, Minda Corporation Ltd is trading at a modest P/E multiple of 9.5x FY19E EPS as compared to most of its industry peers. We value the company at P/E 11.4x FY19E EPS with a target price of Rs. 112 representing a **"BUY"** with an upside potential of 20%.

Key Risks

- Currency fluctuations.
- Industry competition.
- High imports limiting margin expansion.
- Threat of operational risk due to ongoing acquisitions coupled with debt on their books.

MINDACORP: Technical View

MINDACORP is in a stellar bull trend and has witnessed a correction after clocking an all time high of Rs.143.30 in July 2016. Post which stock has made a low of Rs.85 levels which happens to be a good support for the stock and is seen consolidating in a wide range of Rs.85-100 levels & a breakout from the said range could take the stock inch higher in the times to come. On the weekly chart, stock has witnessed sideways trading action finding support around Rs.85 levels on the lower side. While on the flip side, stock has resistance placed around the psychological mark of Rs.100 above which stock may open further room on the upside and may head higher in the coming trading sessions. Therefore, we recommend investors accumulating the stock at current levels and averaging it on dips towards Rs.85 levels for the upside target of Rs.116 levels from 9-12 months perspective.

KARVY STOCK BROKING

Navin Fluorine International Ltd

Bloomberg Code: NFIL IN

BUY

India Research - Stock Broking

Robust Diversified Portfolio and High Margin Business Strategy to Drive Growth

Innovation and Strong domestic footprint - Major growth drivers: NFIL has posted robust consolidated revenue growth 14.9% YoY during FY15-16 and we expect that the topline and bottom line to grow at CAGR of 14.3% and 29.6% respectively during FY16-18E, while EBITDA to grow at CAGR of ~29.9% during the same period on the back of growing urbanization and increase demand of cooling products like refrigerator, AC, etc, increased usage of non-emissive feedstock for pharma companies, emphasis on high margin business catering to specialty chemicals and CRAMS businesses.

Synergetic Joint Venture led to product mix growth:

- JV with Piramal for pharma business and tie up with GMDC for ensuring regular supply of Fluorspar, the key raw material for refrigerants, along with orders from Honeywell to help increase topline growth by FY18E.
- **Manchester Organic Ltd (Revenue share ~7%):** The company's subsidiary MOL, situated in UK, provides synergy to the business in the sense that it provides marketing access to USA, Western Europe and Japan. It helps the CRAMS business by developing advance intermediates for innovative pharma companies.

Healthy Balance sheet and Robust Return ratios: NFIL has a strong balance sheet with minimum debt and robust return ratios. RoE and RoCE jumped to 13.5% and 17.2% respectively in FY16 from 9.5% & 12.7% respectively in FY15 and we expect that it will likely to grow at 18.0% and 23.8% respectively by FY18E.

Strong Clientele Base: NFIL has strong clientele base in India and abroad, including global innovators. NFIL enjoys longstanding relationships with marquee clients across the world for all segments i.e. Refrigerants, Pharmaceuticals, Agrochemical in Specialty chemicals and CRAMS domain. Some of fortune 500 companies are: Sun Pharma, Novartis, Bayer, Syngenta, Roche, Lupin, Aurobindo, Blue Star, Samsung, Voltas, Du Pont, BASF, etc.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	2510
Target Price	3003
Upside (%)	20

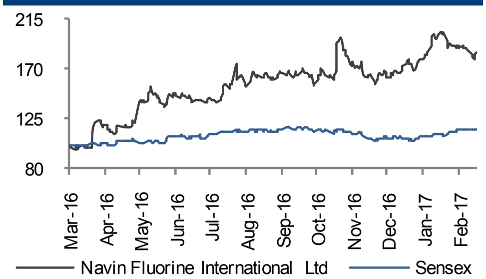
Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	24577 / 368
52-wk High/Low (Rs.)	2988 / 1366
3M Avg.daily volume	8156
Beta (x)	1.1
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	9.8
Face Value (Rs.)	10.0

Shareholding Pattern (%)	
Promoters	38.7
FIIs	11.4
DIIs	17.7
Others	32.2

Stock Performance (%)	1M	3M	6M	12M
Absolute	(6)	9	7	76
Relative to Sensex	(8)	(1)	5	50

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY14	FY15	FY16	FY17E	FY18E
Net Sales	4862	5915	6797	7650	8882
EBITDA	660	722	1173	1517	1982
EBITDA Margin (%)	13.6	12.2	17.3	19.8	22.3
Adj. Net Profit	657	546	835	1087	1403
EPS (Rs.)	67.3	55.9	85.4	111.1	143.4
RoE (%)	12.4	9.5	13.5	15.9	18.0
PE (x)	5.2	15.0	19.8	22.6	17.5

*Source: Company, Karvy Research, *Represents multiples for FY14, FY15 & FY16 are based on historic market price*

Company Background

Navin Fluorine International Ltd (NFIL) is one of the largest manufacturers of integrated specialty Fluorochemical in India; currently headed by Mr. V.P. Mafatlal, the Chairman having 19+ years of rich experience in Textile and Chemical industries. The company commenced its operations in 1967. The company operates mainly in 4 segments: Refrigeration gases, Inorganic fluorides, Specialty fluorides, and Contract Research and Manufacturing Services (CRAMS) catering to various industries like pharma, agriculture, electronics, white goods, automotive and glass etc. There are 4 overseas subsidiaries and 2 joint ventures. One of its subsidiaries namely Manchester Organics Ltd (MOL), UK is set up to explore its CRAMS business across the globe. NFIL has robust distribution channel of over 120 dealers across pan-India and overseas market with 54% and 46% revenue contributions respectively. The major export destinations include USA, Europe, Japan, South East Asia, etc.

Valuation and Outlook

We expect the company to sustain its healthy growth momentum in years to come supported by the company's strategy of focus on high margin business through innovation, good order visibility, expanding market base and strong footprints in traditional business to drive overall sales. The company has low debt and enjoys healthy margin ratios. Currently, the stock is trading at Rs. 2510, which represents PE 17.5x FY18E EPS of Rs. 143.4. We value the stock at P/E of 20.9x FY18E EPS, and give **"BUY"** recommendation on the stock for the target price of Rs. 3003, representing an upside potential of 20.0% for a period of 9-12 months.

Key Risks

- Stiff Competition.
- Currency Volatility.

NAVINFLUOR: Technical View

NAVINFLURO has been in a secular bull trend ever since the stock breached above Rs.500 in mid 2014. The stock has climbed 400% since as on YTD basis maintaining its higher highs higher low price pattern structure. After coming in stinking distance of the Rs.3000 mark the stock witnessed a round of profit booking that has dragged it Rs.2500 levels. However, still placed comfortably above the 200 day moving average on the daily chart the long term trend is still intact. Therefore, from a 6-9 months perspective, we expect the positive trend to continue and any dips in the counter can be used to enter or further accumulate the stock.

KARVY STOCK BROKING

Trident Ltd

Bloomberg Code: TRID IN

BUY

One of the Largest Integrated Home Textile Players

Increased Capacity Utilization in Towel and Bed Linen Segment: Trident Ltd is the largest manufacturer of terry towels in the world. The company is capable of producing 88,775 metric tonnes of towels per annum at optimum utilisation with a balanced product mix with net realization of Rs. 470 per kg.

Over the total revenue for 9MFY17, the revenue contribution from Bed and Bath Linen is at ~49.0% and 34.0%. The capacity utilization for Yarn is at ~92% and with the increased capacity Bath & Bed Linen recorded ~29% & 49% of utilization. Management guided that by changing sales mix towards higher margin business of terry towel and bed linen, the company could able to achieve the utilization level of ~65% & 50% by FY18E.

No further capex plan; Cash flows to be utilized to repay debt: With the completion of the capacity expansion in terry towel facility and commissioning of the bed linen plant, the company has completed its ongoing capex plans and does not have any further expansion. The company made debt repayment of Rs. 4,450 Mn in FY17E. This includes prepayment of high cost debt of Rs. 2,295 Mn, which led to significant decline in the Net Debt to Equity ratio, at 1.4x by Q3FY17 against 1.9x as on FY16. The company is expected to make the debt repayment of Rs. 4,000 Mn per year going forward. We expect this will lead to a stronger balance sheet and reduce the financial leverage risks of the company.

The revenue is expected to grow at 17.5% CAGR over FY16-FY19E to Rs. 59714 Mn owing to superior volume growth in home textiles. Management pointed that EBITDA margins could be at a range of ~18.0-22.0% in FY18E & FY19E which could possible with the higher share of value added products, rising captive consumption of yarn, rising share of high-margin home textiles and increase in utilisation.

Recommendation (Rs.)	
CMP *(as on Mar 03, 2017)*	74
Target Price	87
Upside (%)	17

Stock Information	
Mkt Cap (Rs.Mn/US$ Mn)	37811 / 566
52-wk High/Low (Rs.)	75 / 42
3M Avg.daily volume (Mn)	1.7
Beta (x)	1.2
Sensex/Nifty	28832 / 8898
O/S Shares(mn)	509.6
Face Value (Rs.)	10.0

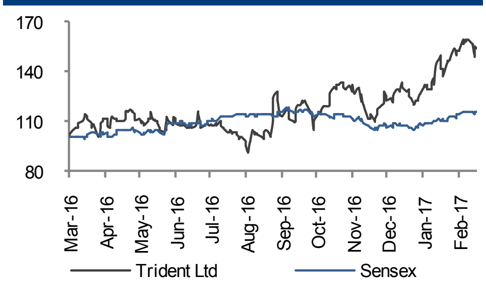
Shareholding Pattern (%)	
Promoters	67.8
FIIs	0
DIIs	2.8
Others	29.4

Stock Performance (%)

	1M	3M	6M	12M
Absolute	8	34	45	55
Relative to Sensex	6	22	46	32

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Valuation Summary

YE Mar (Rs. Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Sales	37553	36840	46913	52891	59714
EBITDA	6608	7189	9556	11243	12957
EBITDA Margin (%)	16.7	18.7	19.7	20.6	21.1
Adj. Net Profit	1179	2291	3329	4450	5720
EPS (Rs.)	2.5	4.5	6.5	8.7	11.2
RoE (%)	10.1	14.2	17.4	20.0	21.7
PE (x)	9.3	11.5	11.4	8.5	6.6

*Source: Company, Karvy Research, *Represents multiples for FY15 & FY16 are based on historic market price*

Company Background

Headquartered in Ludhiana (Punjab), the company operates in two major business segments like textiles and paper with manufacturing facilities located in Punjab and Madhya Pradesh. Keeping in view the increasing requirements of continuously expanding operations, the company has manufacturing capacities of Terry towels with 688 looms, bed sheets with an operating capacity of 500 looms, yarn capacity of ~0.56 Mn spindles and 5504 rotors. Trident is generating captive power to meet the demands of the industry with the production capacity of 50 MW. The company has a customer presence in more than 75 countries spread across six continents. The company's prominent international customers include nine of ten largest American retailers, six leading European retailers and five of the seven largest Australia and New Zealand-based retailers.

Valuation and Outlook

Considering rising share of high-margin home textiles, increase utilization, increasing revenue from Bed Linen project, economies of scale and debt repayment plan for the next two years, we continue to maintain our positive outlook on Trident and we maintain our **"BUY"** rating with a target price of Rs. 87, based on 7.8x P/E FY19E, representing an upside potential of 17%.

Key Risks

- Increase in cotton prices may have bearing impact on the company's profitability.
- Majority of the company's revenue is generated by exporting products to developed economies namely USA, UK and EU. Demand crunch in these economies would impact the company's order book in any given year.
- Significant changes in the currency exchange rates could affect the financial performance of the company.
- The company faces a regular competition from China and ASEAN countries in the cotton yarn and home textiles segments while catering to multi-brand retail chain stores and overseas producers.

TRIDENT: Technical View

Trident is in a secular uptrend, forming higher highs and higher lows in the price charts. The stock in its current uptrend from the lows of Rs.5.87 clocked in the month of August 2013; surpassing its previous life time high of Rs.42.75 clocked in the month of September 2005 and now is currently trading at its life time high of Rs.74.20 on close basis. On price charts the stock has been consolidating in the range of Rs.40-62 from December 2015 to September 2016 and thereafter the stock gave break out from the said trading range. On oscillators front 14 periods RSI on monthly and weekly basis are trading above its 9 periods EMA indicating bullish bias. Going ahead major support is placed at Rs.60-65 zone followed by Rs.45-50 zones; while resistance are pegged at Rs.95-100 zone followed by Rs.120-125 zones.

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Stock Ratings		Absolute Returns
Buy	:	> 15%
Hold	:	5-15%
Sell	:	<5%

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