Angel Top Picks – July 2018

Top Picks

Company	CMP (₹)	TP (₹)
Banking/NBFC		
Aditya Birla Capital	127	218
Dewan Housing	618	720
GIC Housing Finance	348	655
ICICI Bank	270	416
HDFC Bank	2,114	2,315
Yes Bank	352	418
RBL Bank	564	670
Shriram Transport Finance	1,110	1,764
Consumption		
Amber Enterprises	1,013	1,230
Bata India	830	948
Blue Star	652	867
Safari Industries	616	720
Siyaram Silk Mills	505	851
Parag Milk Foods	309	410
Media/Automobiles/Online		
Maruti Suzuki	9,304	10,619
M&M	924	1,050
Music Broadcast	314	475
Matrimony.com Ltd.	742	1,016
Real Estate/Infra/Logistics/Power		
Jindal Steel	215	327
GMM Pfaudler	800	1,020
KEI Industries	410	589
Pharmaceuticals		
Aurobindo Pharmaceuticals	615	780

Source: Angel Research;

Market have largely remained flat in the month of June as global trade fear continued to linger. Overall, BSE 100 benchmark returns have cooled off to 10% in the past 1 year. We have added 8 new stocks in the top picks – Bata, JSPL, Amber, Shriram Transport, RBL bank, Aurobindo Pharma, Yes bank and GMM Pfaudler in our top pick as the recent correction has provided attractive opportunity in this stocks. We have booked out of LT foods, Navkar corporation during the month. Overall, our top picks have generated a total return of 58.9% since inception (i.e. October 2015), an outperformance of 24.5% over BSE 100.

Market sentiments remained weak – Of late, the market has been brooding over rising oil prices, continued conundrum in the banking sector, falling rupee rate. Global economic scenario has not also been very encouraging with fear of trade war being intensified with Trump tariff threats. On the positive, GST revenues rose to Rs 95,610 cr in June, as against Rs 94,016 crore in May. Finance Secretary Hasmukh Adhia hoped to bring it (GST revenue) to the level of Rs 1 lakh crore /month. Adhia also said if bogus bills are not issued, then revenues would improve further in the coming months. Continuous traction in GST collections would help in narrowing fiscal deficit gap.

MSP price hike- a mixed bag –Recently, the government has decided to sharply increase the minimum support price (MSP) for Kharif crops in order to boost farmers' income. The MSP for common variety paddy, the major Kharif crop, rose by 13% to Rs 1,750 per quintal. While rise in MSPs would lead to inflationary economic pressure, it will provide the much needed boost to the rural demand.

Next few month could offer some good investment opportunities- We continue to believe that the market may be in wait and watch mode till centre election. However, this period could also offer opportunities to cherry pick some quality equity investment. We prefer select private banks, HFCs and niche consumption stocks. There are also some turnaround story like JSPL which we are enthused about. Investors could also pick at the some of the overly corrected value stocks which offer high margin of safety. We also advise our investors to avoid bottom fishing stocks which are facing severe corporate governance/ regulatory issues.

Top picks' overview

We recommend our top picks as the good bets to utilize this opportunity which are offering healthy returns in the next 1 year. All of our top picks are backed by sound business model and are likely to do well in coming years. We remain overweight on discretionary consumption theme with stocks like Safari Industries, Bata, Blue Star and Parag Milk Foods. Overall, our top picks have generated a total return of 58.9% since inception (i.e. October 2015), an outperformance of 24.5% over BSE 100.

Exhibit 1: Top-Picks Performance

	Return Since Inception (30th Oct, 2015)	1 year Return
Top Picks Return	58.9%	10.9%
BSE 100	34.4%	9.9%
Outperformance	24.5%	1.0%

Source: Company, Angel Research

Top Picks

Stock Info

CMP	618
TP	720
Upside	16.5%
Sector	Financials
Market Cap (₹ cr)	19,808
Beta	1.6
52 Week High / Low	680 / 391

3 year-Chart

Source: Company, Angel Research

Dewan Housing

- **Loan growth to remain strong going ahead:** Backed by healthy capital adequacy and increasing demand for home loans DHFL's loan book is expected to report 23% loan growth over next two three years.
- **Strong Capital adequacy lends visibility for growth:** DHFL sold 50% stake held by it in DFHFL Pramerica Life Insurance Co Ltd which added ₹1,969 cr to its net worth and increases its CAR by 400 bps, to 19.3% which should fuel growth for next 2-3 years.
- **Asset quality has been strong:** Strong NIM on the back of lower cost of funds and lower credit cost will ensure healthy return ratios for the company. Despite strong growth the company has maintained stable asset quality and we expect the trend to continue.
- **Outlook:** We expect the company's loan growth to remain 29% over next two years and earnings growth is likely to be more than 29%.**We maintain Buy on the stock with a target price of ₹720.**

Key Financials

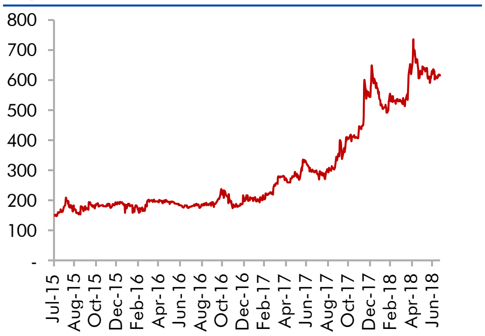
Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	3,129	2.6	1,553	49.5	307	1.4	16.5	12.5	2.0
FY2020E	3,879	2.6	1,952	62.2	354	1.5	18.0	9.9	1.7

Source: Company, Angel Research

Stock Info

CMP	616
TP	720
Upside	16.8%
Sector	Luggage
Market Cap (₹ cr)	1,326
Beta	0.3
52 Week High / Low	760/268

3 year-Chart



Source: Company, Angel Research

Safari Industries

- Safari Industries Ltd (Safari) is the third largest branded player in the Indian luggage industry. Post the management change in 2012, Safari has grown its revenue by 6x in the last 7 years. This has been achieved by foraying in many new categories like back pack, school bags (via acquisition of Genius and Genie) and improvement in distribution networks.
- Its margins have more than doubled from 4.1% in FY2014 to 9.1% in M9FY2018, driven by launch of new product categories and business. We expect it to maintain 9%+ margins from FY2018 onwards led by regular price hikes, shift towards organized player and favorable industry dynamics.
- We expect its revenue to grow by a CAGR of ~25%/40% in revenue/ earnings over FY2018-20E on the back of growth in its recently introduced new products.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/Sales (x)
FY2019E	519	10.5	31	13.8	15.3	44.4	6.8	2.7
FY2020E	649	11.0	42	18.8	17.5	32.6	5.7	2.2

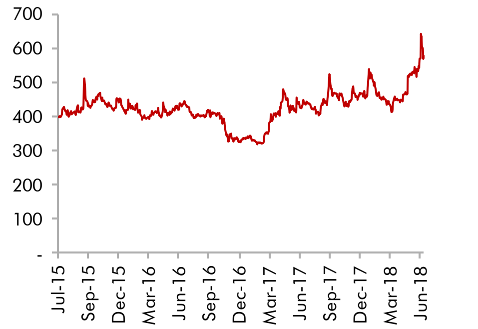
Source: Company, Angel Research

Mahindra & Mahindra Ltd.

Stock Info

CMP	924
TP	1,050
Upside	13.6%
Sector	Automobile
Market Cap (₹ cr)	1,11,340
Beta	0.8
52 Week High / Low	932/612

3 year-Chart



Source: Company, Angel Research

- Mahindra & Mahindra Ltd (M&M) is an India-based company, operating in nine segments: automotive, farm equipment, IT services, financial services, steel trading & processing, infrastructure, hospitality, Systech (comprising automotive components and other related products & services), and Others (comprising logistics, after-market, two wheelers and investment).
- IMD & Skymet have predicted normal monsoon for FY19 for the third consecutive year which should be a strong trigger for tractor sales growth. In our view, strong growth in tractor industry would benefit M&M the most due to strong brand recall and leadership position in farm tractor.
- We expect Mahindra & Mahindra (M&M) to report net revenue CAGR of ~15% to ~`62,218cr over FY2018-20E mainly due to healthy growth in automobile segment like Utility Vehicles (on the back of new launches and facelift of some models) and strong growth in Tractors segment driven by strong brand recall and improvement in rural sentiment. Further on the bottom-line front, we expect CAGR of ~15% to `4771cr over the same period on the back of margin improvement. **Thus, we recommend an Accumulate rating on the stock with target price of ₹1050.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	54,939	12.2	4,457	37.5	13.8	24.7	3.4	13.6	1.7
FY2020E	62,235	12.3	5,219	43.9	14.3	21.1	3.0	11.5	1.4

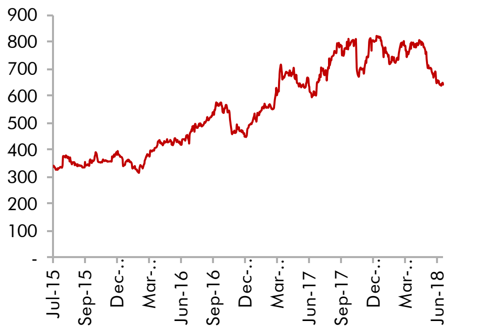
Source: Company, Angel Research

Blue Star

Stock Info

CMP	652
TP	867
Upside	32.9%
Sector	Cons. Durable
Market Cap (₹ cr)	6,415
Beta	0.2
52 Week High / Low	845 / 596

3 year-Chart



Source: Company, Angel Research

- BSL is one of the largest air-conditioning companies in India. With a mere 3% penetration level of ACs vs 25% in China, the overall outlook for the room air-conditioner (RAC) market in India is favourable.
- BSL's RAC business has been outgrowing the industry by ~10% points over the last few quarters, resulting in the company consistently increasing its market share. This has resulted in the Cooling Products Division (CPD)'s share in overall revenues increasing from~23% in FY2010 to ~50% in FY2018 (expected to improve to ~50-55% in FY20E). With strong brand equity and higher share in split ACs, we expect the CPD to continue to drive growth.
- Aided by increasing contribution from the Unitary Products, we expect the overall top-line to post revenue CAGR of ~13% over FY2018-20E and margins to improve from 5.8% in FY2018 to 6.2% in FY2020E. **We recommend a Buy rating on the stock.**

Key Financials

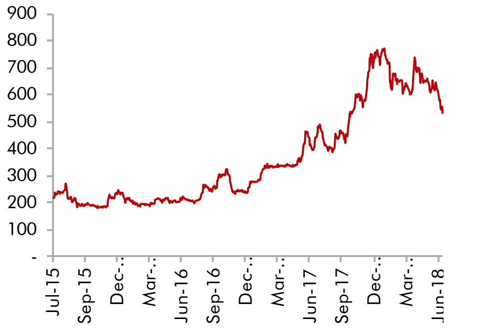
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	5,352	6.0	177	18.5	20.0	35.3	7.1	20.1	1.2
FY2020E	6,080	6.2	213	22.2	21.9	29.4	6.4	17.1	1.1

Source: Company, Angel Research

Siyaram Silk Mills

Stock Info	
CMP	505
TP	851
Upside	68.5%
Sector	Textile
Market Cap (₹ cr)	2,896
Beta	0.7
52 Week High / Low	799/379

3 year-Chart



Source: Company, Angel Research

- SSML has strong brands which cater to premium as well as popular mass segments of the market. Further, SSML entered the ladies' salwar kameez and ethnic wear segment. Going forward, we believe that the company would be able to leverage its brand equity and continue to post strong performance.
- The company has a nationwide network of about 1,600 dealers and business partners. It has a retail network of 160 stores and plans to add another 300-350 stores going forward. Further, the company's brands are sold across 3,00,000 multi brand outlets in the country.
- Going forward, we expect SSML to report a net sales CAGR of ~14% to ~₹2,272cr and adj.net profit CAGR of ~14% to ₹150cr over FY2018-20E on back of market leadership in blended fabrics, strong brand building, wide distribution channel, strong presence in tier II and tier III cities and emphasis on latest designs and affordable pricing points. At the current market price, SSML trades at an inexpensive valuation. **We have a buy recommendation on the stock and target price of ₹851.**

Key Financials

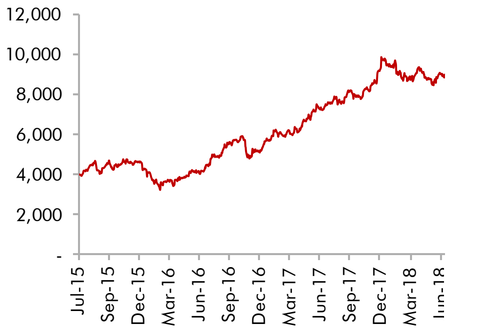
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	1,976	13.5	128	27.3	19.7	18.5	3.6	10.7	1.4
FY2020E	2,272	13.3	150	32.0	19.1	15.8	3.0	9.4	1.3

Source: Company, Angel Research

Maruti Suzuki

Stock Info	
CMP	9,304
TP	10,619
Upside	14.1%
Sector	Automobiles
Market Cap (₹ cr)	2,67,975
Beta	1.0
52 Week High / Low	10,000/7,372

3 year-Chart



Source: Company, Angel Research

- The Automobile sector is expected to benefit from the GST implementation. The sector has seen a pick up in the volumes in FY17 as there were several positive factors like normal monsoon and lower interest rates.
- Maruti Suzuki continues to hold ~52% market share in the passenger vehicles. The launch of exciting models has helped the company to ride on the premiumization wave that is happening in the country. In the last two years, company has seen improvement in the business mix with the pie of the utility vehicles growing from ~4% to current 15%. The 2-3 months of waiting period of new models, launch of Swift Hatchback in January-2018 and headroom for more capacity utilization at Gujarat plant is the near term earning triggers.
- Due to the favorable business mix, company has also been seeing improvement in the margins. Company has already moved from ~11-12% Together with higher operating leverage at Gujarat plant, increasing Nexa outlets, and improving business mix, we believe that company has further room to improve its margins. **We have a Accumulate rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	80,815	15.6	8,506	281.7	21.7	33.1	7.2	18.6	3.4
FY2020E	96,680	16.9	10,991	364.0	22.8	25.5	6.0	13.8	2.7

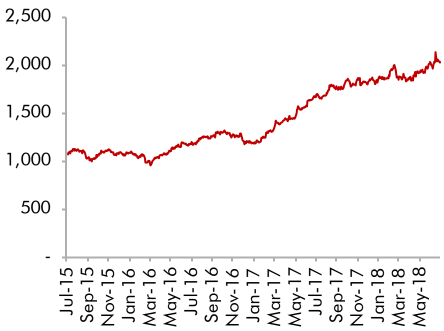
Source: Company, Angel Research

HDFC Bank

Stock Info

CMP	2,114
TP	2,315
Upside	9.5%
Sector	Banking
Market Cap (₹ cr)	5,10,967
Beta	0.8
52 Week High / Low	2170/1653

3 year-Chart



Source: Company, Angel Research

- **Capital infusion to propel growth:** Bank has plans to raise ₹24,000cr capital through a combination of QIP and preferential allotment. Of these, ₹8,500cr has been infused by the bank's parent company HDFC. Capital Infusion would help bank to grow advance at healthy CAGR of 22% over FY18-FY20E.
- **Asset quality has been strong:** Strong and steady NIM of 4.4% on the back of lower cost of funds and lower credit cost will ensure healthy return ratios for the company. Despite strong growth, the company has maintained stable asset quality (GNPA/NPA – 1.3%/0.4%).
- **Subsidiaries:** HDFC bank's subsidiaries, HDB Financial Services (HDBFS) and HDFC Securities continue to contribute well to the banks overall growth. Their net profits for FY18 increased by 39% and 60% yoy, respectively. Strong loan book, well-planned product line and clear customer segmentation aided this growth.
- **Outlook:** We expect the company's loan growth to remain 22% over next two years and earnings growth is likely to be more than 21%. We maintain Accumulate on the stock with a target price of ₹2315.

Key Financials

Y/E March	NII (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	48,833	4.4	21,765	80.0	532	1.9	17.1	26.4	4.0
FY2020E	56,694	4.4	25,734	94.6	609	1.8	16.3	22.3	3.5

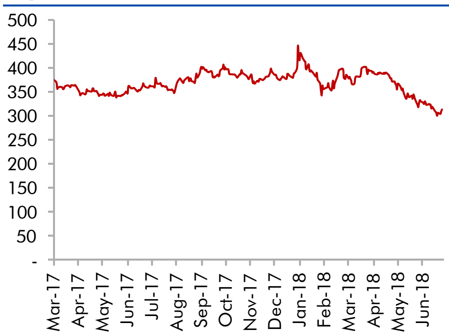
Source: Company, Angel Research

Music Broadcast

Stock Info

CMP	314
TP	475
Upside	51.2%
Sector	Media
Market Cap (₹ cr)	1,878
Beta	0.5
52 Week High / Low	458/296

3 year-Chart



Source: Company, Angel Research

- Radio Industry is protected by licenses for 15 years, thereby restricting the entry of new players. This would support the existing companies to strengthen their position and maintain a healthy growth rate.
- It has grabbed the Number 1 position in Mumbai, Bengaluru and Delhi in terms of number of listener. This is helping MBL to charge premium rate, which resulting into higher EBITDA margin (33.6%) compare to 22% of ENIL.
- MBL outperformed its closest peer with 18.4% CAGR in revenue over FY2013-17 (ENIL reported 13.2% CAGR in revenue). On the profitability front too, MBL, with 32.3% CAGR in PAT over FY2013-17, has performed much better than ENIL (-5.2% CAGR in PAT). Moreover, Radio City posted a six year CAGR of 12.1% v/s. 9.1% of industry owing to higher advertising volumes.
- Capex for 39 licenses have been done for the next 15 years, hence no heavy incremental Capex requirement would emerge. Moreover, the maintenance Capex would be as low as ₹5-10cr. This would leave sufficient cash flow to distribute as dividend. **We have a Buy recommendation on the stock and target price of ₹475.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	349	36.2	77	13.4	11.6	23.4	2.7	12.5	4.5
FY2020E	401	36.2	88	15.5	12.1	20.3	2.4	10.4	3.8

Source: Company, Angel Research

Stock Info

CMP	410
TP	589
Upside	42.6%
Sector	Cable
Market Cap (₹ cr)	3,241
Beta	1.3
52 Week High / Low	494/206

3 year-Chart

Source: Company, Angel Research

KEI Industries

- KEI's current order book (OB) stands at ₹2,570cr (segmental break-up: out which EPC is around ₹1,425cr and balance from cables, substation & EHV). Its OB grew by ~28% in the last 3 years due to strong order inflows from State Electricity Boards, Power grid, etc.

- KEI's consistent effort to increase its retail business from 30-32% of revenue in FY18 to 40-45% of revenue in the next 2-3 years on the back of strengthening distribution network (currently 926 which is expect to increase ₹1,500 by FY19) and higher ad spend (increased from ₹2cr in FY13 to ₹7.5cr in FY17 and expected to spend).

- KEI's export (FY18 – 16% of revenue) is expected to reach a level 20% in next two years with higher order execution from current OB and participation in various international tenders. We expect a strong ~25% growth CAGR over FY2018-20 in exports. We expect KEI to report net revenue CAGR of ~16% to ~₹4,646cr and net profit CAGR of ~19% to ₹207cr over FY2017-19E. **Hence we have a Buy rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	4,049	10.0	174	22.5	22.6	18.2	4.1	9.4	0.9
FY2020E	4,646	10.0	207	26.8	21.6	15.3	3.3	8.1	0.8

Source: Company, Angel Research

Stock Info

CMP	348
TP	591
Upside	69.8%
Sector	Financials
Market Cap (₹ cr)	2,049
Beta	1.3
52 Week High / Low	576/342

3 year-Chart

Source: Company, Angel Research

GIC Housing Finance Ltd

- GICHF has healthy capital adequacy, and is seeing an increase in demand for home loans. GICHF's loan book is expected to report 23% loan growth over next two years.
- GICHF is consistently decreasing bank borrowing and increasing high yield loan book which is expected to boost its Net Interest Margin. The share of bank borrowing was 75% in FY15, which fell to 54% in FY18. In our opinion, the impetus on lower bank borrowings and increasing high yield loan book is likely to result in NIM improvement.
- GICHF's asset quality is on the higher side compared to other HFCs (As on FY18 GNPA-2.4% and NPA-0.2%). This is primarily due to GICHF has not written off any bad asset and has not sold any bad assets to ARC. New Management is expediting asset quality improvement.
- We expect the GICHF's loan growth to grow at a CAGR of 23% over next two years and RoA/RoE to improve from 1.8%/20.3% in FY18 to 1.9%/23% in FY20E. **We have a Buy rating on the stock.**

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	480	3.8	197	37	215	1.8	22	10	1.6
FY2020E	608	3.9	254	47	256	1.9	23	7	1.4

Source: Company, Angel Research

Yes Bank

Stock Info

CMP	352
TP	418
Upside	18.8%
Sector	Banking
Market Cap (₹ cr)	81,253
Beta	1.2
52 Week High / Low	383,285

3 year-Chart

Source: Company, Angel Research

- In FY18, YES has reported impressive performance led by phenomenal loan growth (54% yoy) and strong asset quality (GNPA-1.28% n NPA-0.64%).CASA deposits grew 41% YoY taking the CASA ratio to 36.5%. Steady growth in CASA would help YES to achieve target of 4% NIM before March 2020.
- On asset quality front, large accounts that have been referred to NCLT (list 1 + list 2), YESBK has a total exposure of ` 969cr and expects 60-65% recovery of exposures in list 1 by Q2FY2019.
- YES Bank currently trades at 2.2x times FY2020E Book Value, which we believe is reasonable for a bank with high-growth traction, improving CASA and prospect of improving NIM.

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹ cr)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	10,266	3.2	5,551	23	133	1.6	19	15	2.6
FY2020E	13,264	3.2	7,101	30	159	1.6	20	12	2.2

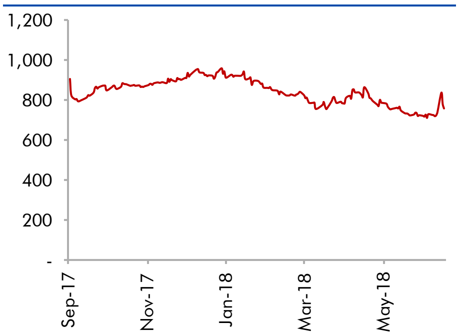
Source: Company, Angel Research

Matrimony.com Ltd.

Stock Info

CMP	742
TP	1,016
Upside	36.9%
Sector	Online
Market Cap (₹ cr)	1,637
Beta	0.3
52 Week High / Low	1025/700

3 year-Chart



Source: Company, Angel Research

- Unmarried population in CY2016 was 107mn, out of which active seekers were 63mn. However, active users of the online matrimony segment were only 6mn in CY2016, according to KPMG report. Currently, MCL has 3.08mn active profiles on Matrimony.com. Hence, there is a huge untapped market opportunity for the company.
- Matrimony.com has high degree of brand recall and trust in India, as evidenced by the average number of website pages viewed by unique visitors in June 2017 (comScore Report). MCL spends 17-18% (% of sales) on ad spends every year.
- We expect MCL to report net revenue CAGR of ~15% to ~₹450cr over FY2018-20E mainly due to strong growth in online matchmaking and marriage related services coupled by its strong brand recall and large user database. On the bottom-line front, we expect CAGR of ~15% to ₹83cr over the same period on the back of margin improvement.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	388	24.6	70	31.0	30.2	24.0	7.2	15.7	3.9
FY2020E	450	25.3	83	36.6	26.3	20.3	5.3	12.7	3.2

Source: Company, Angel Research

Stock Info

CMP	564
TP	670
Upside	18.8%
Sector	Banking
Market Cap (₹ cr)	23,689
Beta	0.9
52 Week High / Low	575/443

3 year-Chart

Source: Company, Angel Research

RBL Bank

- RBL Bank (RBK) has grown its loan book at healthy CAGR of 56% over FY10-18. We expect it to grow at 30% over FY18-20E. With adequately diversified, well capitalised B/S, RBK is set to grab market share from corporate lenders (esp.PSUs)
- The retail loan portfolio grew 66% YoY to `8890cr and now constitutes 22% of the loan book (18% share in 4QFY17).NIM has expanded to 3.98%, up 46bps YoY, despite a challenging interest rate scenario on the back of a changing portfolio mix and lower cost of deposits. The management stated that the bank is slated to breach 4% NIM early in FY19.
- RBL Bank currently trades at 2.6x its FY2020E price to book value, which we believe is reasonable for a bank in a high growth phase with stable asset quality.

Key Financials

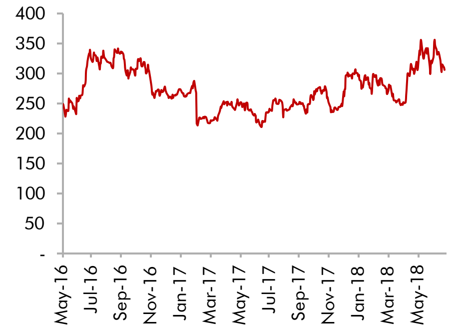
Y/E March	Op. Inc. (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	2,334	3.4	895	21	176	1.2	12.7	26	3.2
FY2020E	3,020	3.5	1,228	29	213	1.3	14.6	20	2.6

Source: Company, Angel Research

Stock Info

CMP	309
TP	410
Upside	32.6%
Sector	Dairy
Market Cap (₹ cr)	2,629
Beta	1.1
52 Week High / Low	414/220

3 year-Chart



Source: Company, Angel Research

Parag Milk Foods

- Parag Milk Foods (PARAG) is one of the leading dairy products companies in India. The company has been successful in creating strong brands like GO, Gowardhan and in introducing new products like Whey Protein. It has become the 2nd player in processed cheese (after Amul) in a short span of 10 years and commands 33% market share.
- Value Added Products like cheese, whey protein enjoy higher gross margins of 25-45% versus 6-8% entailed in liquid milk. VAP forms ~66% to its revenue (the highest among the listed players versus 25-30% for others). Driven by recently launched products and higher share of VAP, its operating margins would improve in next few years.
- We expect PARAG to report net revenue/PAT CAGR of 18%/36% respectively over FY2018-20E. **We recommend a BUY rating on the stock, with a price target of ₹410.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	2,271	10.4	115	13.7	13.4	22.5	2.4	11.7	1.2
FY2020E	2,706	11.1	162	19.3	15.9	16.0	2.1	9.1	1.0

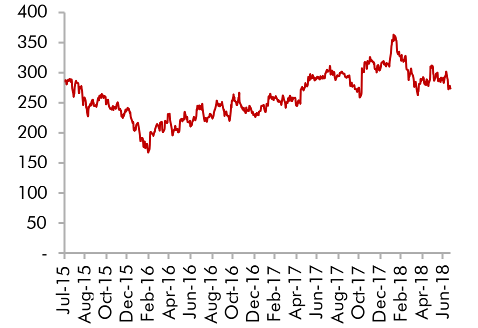
Source: Company, Angel Research

ICICI Bank

Stock Info

CMP	270
TP	416
Upside	54.1%
Sector	Banking
Market Cap (₹ cr)	1,81,152
Beta	1.7
52 Week High / Low	365/256

3 year-Chart



Source: Company, Angel Research

- ICICI bank has taken a slew of steps to strengthen its balance sheet. Measures such as Incremental lending to higher rated corporates, reducing concentration in few stressed sectors and building up the retail loan book. The share of retail loans in overall loans increased to 57% (Q4FY18) from 38% in FY12.
- Asset quality likely to stabilize going ahead: ICICI bank's slippages remained high during FY18 and hence GNPA went up to 8.8% vs. 5.8% in FY16. We expect addition to stress assets to reduce and credit costs to further decline owing to incremental lending to higher rated corporates and faster resolution in Accounts referred to NCLT under IBC.
- The gradual improvement in recovery of bad loans would reduce credit costs, that would help to improve return ratio. The strength of the liability franchise, shift in loan mix towards retail assets and better rated companies, and improvement in bad loans would be a key trigger for multiple expansion. **We recommend a Buy rating on the stock, with a price target of ₹416.**

Key Financials

Y/E March	NII (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	26,118	3.1	9,506	15	148	1.0	9	18	1.8
FY2020E	30,389	3.3	13,292	21	164	1.3	11	13	1.6

Source: Company, Angel Research

Aditya Birla Capital

Stock Info

CMP	127
TP	218
Upside	71.6%
Sector	NBFC
Market Cap (₹ cr)	34,875
Beta	0.7
52 Week High / Low	264/125

3 year-Chart

Source: Company, Angel Research

- Aditya Birla Capital (ABCL) is one of the most diversified financial services entities, with a presence in non-bank financing, asset management, housing finance, insurance and advisory businesses.
- ABFL (NBFC) business contributes highest value in our SOTP valuation. It has recorded a strong CAGR of 42% over FY13-18. Despite aggressive growth in lending and migration to 90dpd for NPA recognition, GNPA has remained at ~1%. We believe ABFL would be able to continue to grow at 28% CAGR over FY18-FY20E.
- We expect financialization of savings, increasing penetration in Insurance & Mutual funds would ensure steady growth. Further, Banca tie-up with HDFC Bank, DBS and LVB should restore insurance business. **We recommend a Buy rating on the stock, with a price target of ₹218.**

Key Financials

Y/E March	Op. Inc (₹ cr)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROE (%)	P/E (x)	P/BV (x)
FY2019E	2,309	1,266	5.8	45.1	13	22	2.8
FY2020E	3,319	1,822	8.3	53.3	16	15	2.4

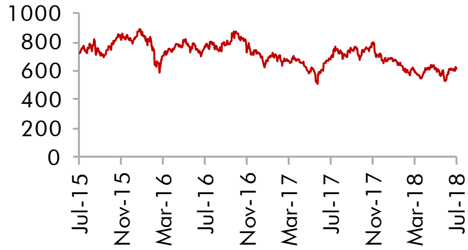
Source: Company, Angel Research

Aurobindo Pharma

Stock Info

CMP	615
TP	780
Upside	26.8%
Sector	Pharmaceuticals
Market Cap (₹ cr)	36,173
Beta	1.2
52 Week High / Low	808/527

3 year-Chart



Source: Company, Angel Research

- Aurobindo Pharmaceuticals is an India-based leading global generic company. It's predominately formulations Export Company, with USA & Europe contributing ~70% of sales (FY2018).
- Aurobindo has a robust pipeline (has filed 478 ANDA's; second highest amongst Indian companies) & is investing to enhance its foray into complex generic (mainly injectables, ophthalmic etc.) & biosimilar, which will drive its next leg of growth.
- Company expects pricing pressure to stabilize at +/- 5% yoy over the medium term. The company expects to launch ~30-40 products in the US, over the next six months, which will aid growth in the US business. Overall USA will grow at 12.7% CAGR over FY2018-20E.
- We expect Aurobindo to report net revenue CAGR of ~13% & net profit to grow at ~5% CAGR during FY2018-20E, due to increased R&D expenditure. However, valuations of the company are cheap V/s its peers and own fair multiples of 17-18x. We recommend BUY rating.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	18,871	21.0	2,385	46.0	20.9	13.2	2.5	9.6	2.0
FY2020E	20,646	19.2	2,650	45.4	17.4	13.4	2.2	9.3	1.8

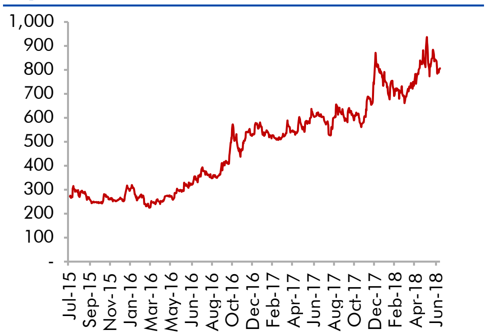
Source: Company, Angel Research

GMM Pfaudler

Stock Info

CMP	800
TP	1,020
Upside	27.5%
Sector	Machinery
Market Cap (₹ cr)	1,177
Beta	0.7
52 Week High / Low	943/510

3 year-Chart



Source: Company, Angel Research

- GMM Pfaudler Limited (GMM) is the Indian market leader in glass-lined (GL) steel equipment used in corrosive chemical processes of agrochemicals, specialty chemical and pharma sector. The company is seeing strong order inflow from the user industries which are likely to provide 20%+ growth outlook for next couple of years.
- GMM has also increased focus on the non-GL business, which includes mixing equipment, filtration and drying equipment for the chemical processing industry. It is expecting to increase its share of non-GL business to 50% by 2020.
- GMM is likely to maintain the 20%+ growth trajectory over FY18-20 backed by capacity expansion and cross selling of non-GL products to its clients.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	480	15.8	51	35.4	18.8	22.7	4.3	14.0	2.2
FY2020E	577	15.8	62	42.5	19.0	18.9	3.6	11.3	1.8

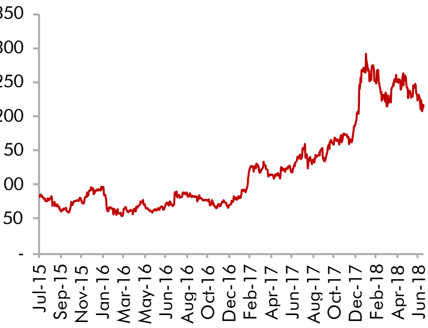
Source: Company, Angel Research

Jindal Steel & Power

Stock Info

CMP	215
TP	327
Upside	52.1%
Sector	Steel
Market Cap (₹ cr)	20,864
Beta	2.6
52 Week High / Low	294/112

3 year-Chart



Source: Company, Angel Research

- The company has increased its crude steel capacity more than double in last five years from 3.6 MTPA to 8.6 MTPA and currently running at ~50% utilization.
- Owing to continuous demand of steel from infrastructure, housing and auto sectors along with limited addition of steel capacity in near term and favorable government policies augur well for JSPL to perform well going forward, we expect JSPL's utilization to improve to 80-85% by FY19.
- In power segments, During the year Jindal Power limited (JPL) has signed a 250MW PPA and it is in discussions with various utilities for another 300MW PPA, we expects JPL to generate ~ 1,700 MW units by FY19 due to increasing demand of power.
- JSPL is trading at attractive valuation to its peer, we value the stock based on asset based approach of Steel segment on EV/Tonne basis and Power segment on EV/MW basis.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	35,918	23.0	93	1.0	0.3	216	0.7	7.3	1.6
FY2020E	44,048	24.0	1,912	20.0	5.9	10.0	0.6	5.2	1.2

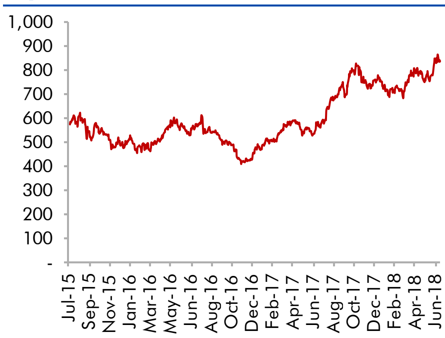
Source: Company, Angel Research

Bata India

Stock Info

CMP	830
TP	948
Upside	14.2%
Sector	Footwear
Market Cap (₹ cr)	10,667
Beta	0.9
52 Week High / Low	864/551

3 year-Chart



Source: Company, Angel Research

- Bata India Ltd (BIL) is the largest footwear retailer in India, offering footwear, accessories and bags across brands like Bata, Hush Puppies, Naturalizer, Power, etc. BIL's ~70% revenue is derived from Men & Kids segment and balance from women's segment. BIL has over 1,400 Bata retail stores across India.
- Currently, the company has 1,400 retail stores, which includes owned and franchise model (mainly presence in metro cities). Further, over the last 3 years, the company has added 135 stores (net addition). Going forward, the company has plans to open 500 stores (already identified 435 cities) mainly in tier-II and tier-III cities over the next 4-5 years.
- We expect BIL to report net revenue CAGR of ~16% to ~`3,555cr over FY2018-20E mainly due increasing brand consciousness amongst Indian consumers, new product launches and focus on women's segment (high growth segment). Further, on the bottom-line front, we expect CAGR of ~19% to `311cr over the same period on the back of margin improvement (increasing premium product sales). Thus, we initiate coverage on Bata India with Accumulate recommendation and Target Price of ₹896

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	3,063	13.5	265	20.6	15.6	37.8	5.9	22.4	3.0
FY2020E	3,555	13.7	311	24.2	16.0	32.2	5.1	18.8	2.6

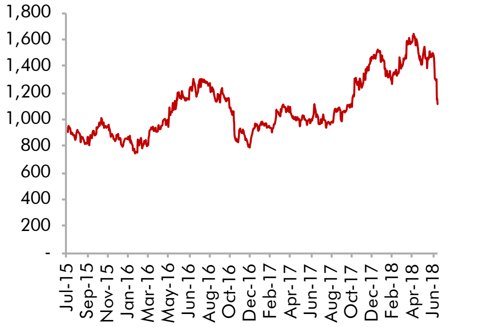
Source: Company, Angel Research

Shriram Transport Finance

Stock Info

CMP	1,110
TP	1,764
Upside	58.9%
Sector	NBFC
Market Cap (₹ cr)	25,198
Beta	0.9
52 Week High / Low	1670/897

3 year-Chart



Source: Company, Angel Research

- SHTF's primary focus is on financing pre-owned commercial vehicles. CV/LCV sales grew by 20%/25% in FY18, respectively. We expect AUM to grow at healthy CAGR of 20% over FY2018-20E led by pick up in infra/ construction before 2019 elections, macro revival and Ramping up in rural distribution.
- In last three year SHTF, GNPA and credit cost has been increased primarily due to the transition of NPA recognition from 180DPD to 90DPD (Q4FY18). FY19 Onward we expect asset quality to improve and credit cost to normalise, this would help to improve return ratio.
- We expect loan book/PAT CAGR of 20%/45% respectively over FY2018-20E. At 1.7x FY20E ABV, Valuation appears reasonable.

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	8,042	9.0	2,315	102	640	2.4	17.0	11.0	2.1
FY2020E	9,702	9.1	3,284	145	762	2.8	21.0	8.0	1.7

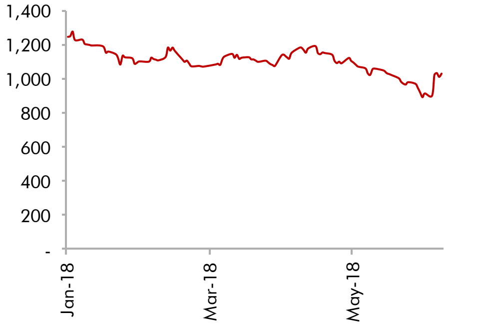
Source: Company, Angel Research

Amber Enterprises

Stock Info

CMP	1,013
TP	1,230
Upside	21.4%
Sector	Electronics
Market Cap (₹ cr)	3,228
Beta	0.9
52 Week High / Low	1327/883

3 year-Chart



Source: Company, Angel Research

- Amber Enterprises India Ltd. (Amber) is the market leader in the room air conditioners (RAC) outsourced manufacturing space in India. It is a one-stop solutions provider for the major brands in the RAC industry and currently serves eight out of the ten top RAC brands in India.
- In line with its strategy to capture more wallet share, it has made 2 acquisitions in the printed circuit board (PCB) manufacturing space over the last 1 year which will boost its manufacturing capabilities.
- We expect Amber to report consolidated revenue/PAT CAGR of 28%/51% respectively over FY2018-20E. Its growing manufacturing capabilities and scale put it in a sweet spot to capture the underpenetrated RAC market in India.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	2,957	7.5	113	35.9	11.4	28.5	3.3	12.8	1.0
FY2020E	3,489	7.5	142	45.4	12.9	22.6	2.9	10.6	0.8

Source: Company, Angel Research

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