Top Picks

Company	CMP (₹)	TP (₹)
Banking/NBFC		
Aditya Birla Capital	139	218
Dewan Housing	605	720
GIC Housing Finance	380	655
ICICI Bank	284	416
HDFC Bank	2,059	2,315
Consumption		
Blue Star	667	867
Safari Industries	595	720
Siyaram Silk Mills	618	851
LT Foods	68	128
Parag Milk Foods	312	410
Media/Automobiles/Online		
Maruti Suzuki	8,871	10,619
M&M	918	1,016
Music Broadcast	329	475
Matrimony.com Ltd.	720	1,016
Real Estate/Infra/Logistics/Power		
KEI Industries	413	589
Navkar Corp.	141	230

Source: Angel Research;
Note: CMP as of 6 June, 2018

Market succumbed to various fears like poor coporate earnings, rising crude oil prices, globar trade war and lost 2.4% in the month of May after a 5% gain posted in April. Overall, BSE 100 benchmark returns have cooled off to 10% in the past 1 year. Q4 earnings of Nifty 50 companies were down by ~9 % yoy mainly due to disappointment from the banks and PSUs. This coupled with Karnataka Election jitters and fear of global trade war triggered by Trump tariff threat further weakened the market sentiments. On the positive side, consumption driven companies continue to post good results led by buoyant demand. Some of our top consumption picks like M&M, Blue Star, Safari Industries and Parag Milk Foods continue to report robust earnings. Overall, our top picks have generated a total return of 66% since inception (i.e. October 2015), an outperformance of 32% over BSE 100.

Multiple factors weakened market sentiments in May- While the revenue growth for most companies has been robust, margin pressure was visible for many companies owing to rising input costs. There were signs of recovery in rural demand seen with FMCG and two wheeler automobiles sales. Amid rising input cost, pricing power of many consumer discretionary companies would be tested by their ability to preserve margins. With the Karnataka election conundrum, the market has further got worried about the outcome of upcoming Centre elections. Global economic scenario has not also been very encouraging with fear of trade war being intensified with Trump tariff threats. On the positive side, GST revenues for the month of March collected in April surpassed ₹1 trillion, allaying some concerns on fiscal deficit.

Next few month could offer some good investment opportunities- While we anticipate that the market may be in wait and watch mode over next few months till centre election, this period could also offer opportunities to cherry pick some of the best equity investment. The best of the market returns are made in the most uncertain times. We continue to believe that good quality businesses would outperform others. We prefer select private banks, HFCs and niche consumption stocks. Investors could also pick at the some of the overly corrected value stocks which offer high margin of safety. However, we also ask 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 consumption discretionary theme with stocks like Safari Industries, Blue Star and Parag Milk Foods. Overall, our top picks have generated a total return of 66% since inception (i.e. October 2015), an outperformance of 32% over BSE 100.

Exhibit 1: Top-Picks Performance

	Return Since Inception (30th Oct, 2015)	1 year Return
Top Picks Return	66.2%	18.8%
BSE 100	34.0%	10.0%
Outperformance	32.2%	8.8%

Source: Company, Angel Research

Top Picks

Dewan Housing

Stock Info

CMP	605
TP	720
Upside	19.1%
Sector	Financials
Market Cap (₹ cr)	19,808
Beta	1.6
52 Week High / Low	680 / 391

3 year-Chart

Source: Company, Angel Research

- **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	12.2	2.0
FY2020E	3,879	2.6	1,952	62.2	354	1.5	18.0	9.7	1.7

Source: Company, Angel Research

Safari Industries

Stock Info

CMP	595
TP	720
Upside	21.1%
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 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. **We have a Buy recommendation with Target Price of ₹720.**

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	43.5	6.8	2.6
FY2020E	649	11.0	42	18.8	17.5	32.0	5.7	2.1

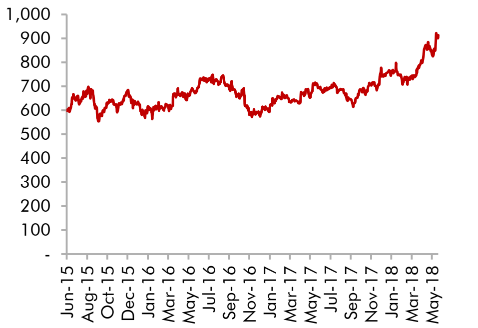
Source: Company, Angel Research

Mahindra & Mahindra Ltd.

Stock Info

CMP	918
TP	1,016
Upside	10.6%
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 ₹1016.**

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	24.5	3.4	13.4	1.6
FY2020E	62,235	12.3	5,219	43.9	14.3	20.9	3.0	11.4	1.4

Source: Company, Angel Research

Blue Star

Stock Info

CMP	667
TP	867
Upside	29.9%
Sector	Cons. Durable
Market Cap (₹ cr)	6,415
Beta	0.2
52 Week High / Low	845 / 587

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	36.1	7.2	20.5	1.2
FY2020E	6,080	6.2	213	22.2	21.9	30.1	6.6	17.5	1.1

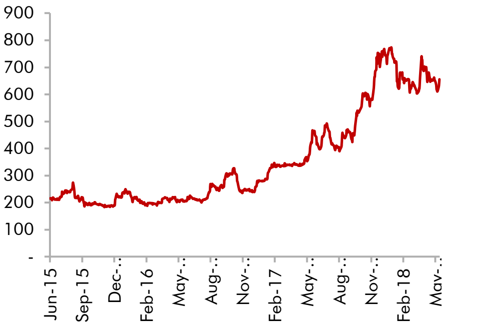
Source: Company, Angel Research

Siyaram Silk Mills

Stock Info

CMP	618
TP	851
Upside	37.7%
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	22.6	4.5	12.7	1.7
FY2020E	2,272	13.3	150	32.0	19.1	19.3	3.7	11.2	1.5

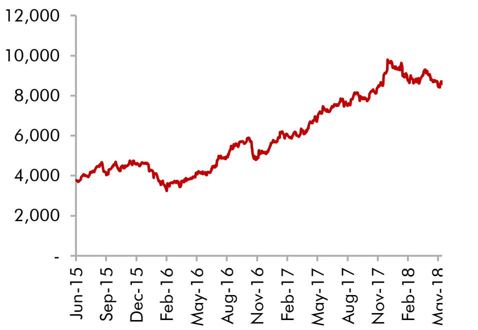
Source: Company, Angel Research

Maruti Suzuki

Stock Info

CMP	8,871
TP	10,619
Upside	19.7%
Sector	Automobiles
Market Cap (₹ cr)	2,67,975
Beta	1.0
52 Week High / Low	10,000/7,087

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 Buy rating on the stock.**

Key Financials

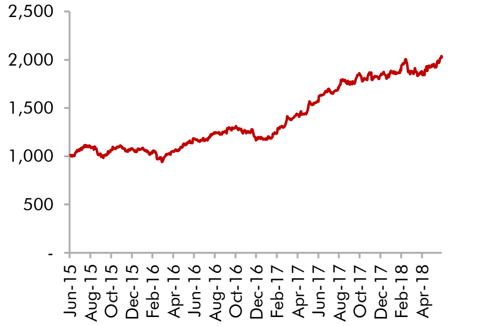
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2019E	80,815	15.6	8,506	281.7	21.7	31.4	6.9	17.8	3.2
FY2020E	96,680	16.9	10,991	364.0	22.8	24.3	5.7	13.1	2.6

Source: Company, Angel Research

Stock Info

CMP	2,059
TP	2,315
Upside	12.4%
Sector	Banking
Market Cap (₹ cr)	5,10,967
Beta	0.8
52 Week High / Low	2170/1629

3 year-Chart



Source: Company, Angel Research

HDFC

- **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 Buy on the stock with a target price of ₹2315.

Key Financials

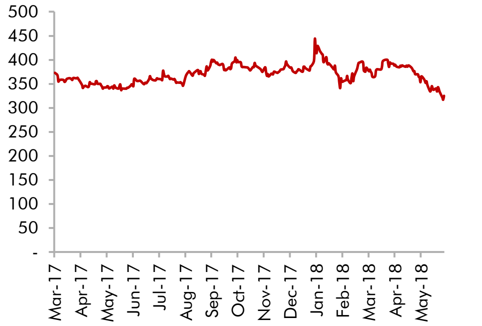
Y/E March	NII (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2019E	48,833	4.4	21,765	80.0	532	1.9	17.1	25.7	3.9
FY2020E	56,694	4.4	25,734	94.6	609	1.8	16.3	21.8	3.4

Source: Company, Angel Research

Stock Info

CMP	329
TP	475
Upside	44.3%
Sector	Media
Market Cap (₹ cr)	1,878
Beta	0.5
52 Week High / Low	458/312

3 year-Chart



Source: Company, Angel Research

Music Broadcast

- 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	24.1	2.8	12.6	4.6
FY2020E	401	36.2	88	15.5	12.1	20.9	2.5	10.5	3.8

Source: Company, Angel Research

KEI Industries

Stock Info

CMP	413
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'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	18.4	4.2	9.5	0.9
FY2020E	4,646	10.0	207	26.8	21.6	15.4	3.3	8.1	0.8

Source: Company, Angel Research

GIC Housing Finance Ltd

Stock Info

CMP	380
TP	655
Upside	72.3%
Sector	Financials
Market Cap (₹ cr)	2,049
Beta	1.3
52 Week High / Low	623/342

3 year-Chart

Source: Company, Angel Research

- 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 FY17 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	1.8
FY2020E	608	3.9	254	47	256	1.9	23	8	1.5

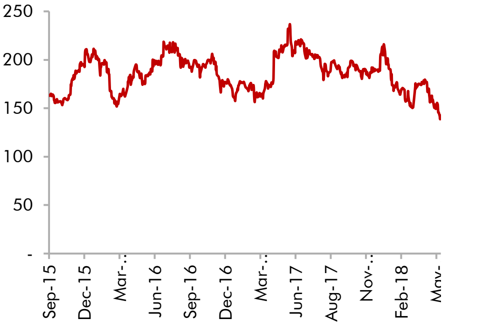
Source: Company, Angel Research

Navkar

Stock Info

CMP	141
TP	230
Upside	63.1%
Sector	Logistics
Market Cap (₹ cr)	2,130
Beta	0.7
52 Week High / Low	227/135

3 year-Chart



Source: Company, Angel Research

- NCL is one of the largest and one of the three CFS at JNPT with rail connectivity, helping it garner high market share at the port. NCL is in a massive expansion mode where it is increasing its capacity by 234% to 1,036,889 TEUs at JNPT and coming up with an ICD at Vapi (with Logistics Park).
- The ICD with rail link should benefit from first mover advantage in a region that has huge market potential and accounts for ~27% of volumes at JNPT. The ICD should be able to capture the EXIM volumes from the region through rail link that till now was being custom cleared at JNPT (Import) or being transported via road and consolidated at JNPT (Export). South Gujarat volumes will now head straight to the Vapi ICD; thus the company can now cater to bulk commodities and domestic traffic that it had been rejecting owing to capacity constraints at CFS.
- We expect NCL to successfully use its rail advantage and scale up its utilizations at both JNPT and Vapi ICD. **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	516	40.2	117	8.2	7.0	17.2	1.2	10.9	4.4
FY2020E	600	40.2	144	10.1	7.9	14.1	1.1	8.9	3.6

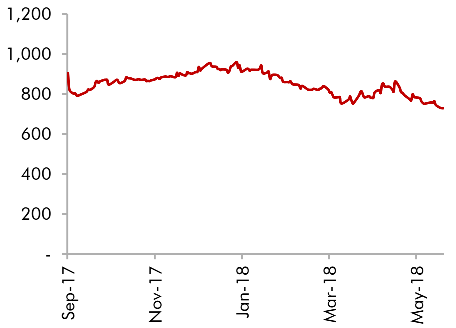
Source: Company, Angel Research

Matrimony.com Ltd.

Stock Info

CMP	720
TP	1,016
Upside	41.1%
Sector	Online
Market Cap (₹ cr)	1,637
Beta	0.3
52 Week High / Low	1025/703

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	23.2	7.0	15.2	3.7
FY2020E	450	25.3	83	36.6	26.3	19.7	5.2	12.2	3.1

Source: Company, Angel Research

LT Foods

Stock Info

CMP	68
TP	110
Upside	61.7%
Sector	Food Processing
Market Cap (₹ cr)	2,829
Beta	1.2
52 Week High / Low	109/56

3 year-Chart

Source: Company, Angel Research

- LT Foods LTD (LTFL) is branded specialty Foods Company engaged in milling, processing and marketing of branded/non-branded basmati rice and manufacturing of rice food products in the domestic and overseas markets.
- LTFL's flagship brand Daawat enjoys 22% market share in the branded rice market of India. It also has strong market share in North America selling Basmati rice under the brand 'Royal'. Currently it has access to 1,40,000 traditional retail outlets, 93% reach of towns with over 2 lakh population,and a access to 3000 Wholesalers. It has also strong network in modern trade. LTFL is the 1st Rice company to place Brown Basmati Rice in Medical Chains.
- The company has a well-diversified product basket catering to consumers of all income groups. The company is present in segments like Basmati rice, Specialty rice (non-Basmati) and other food products.
- Outlook remains strong with 14%/20% CAGR in the top-line/bottom-line. **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	4,047	10.8	156	4.9	11.5	13.9	1.6	8.4	0.9
FY2020E	4,533	11.0	196	6.1	12.6	11.1	1.4	7.4	0.8

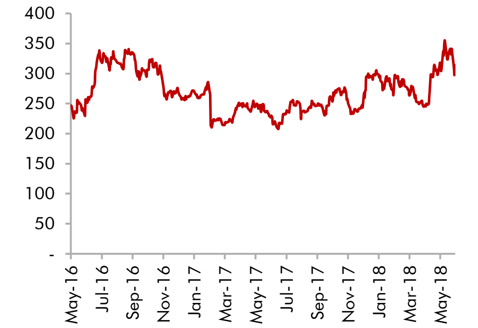
Source: Company, Angel Research

Parag Milk Foods

Stock Info

CMP	312
TP	410
Upside	31.4%
Sector	Dairy
Market Cap (₹ cr)	2,629
Beta	1.1
52 Week High / Low	414/205

3 year-Chart



Source: Company, Angel Research

- 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	22.7	2.4	11.7	1.2
FY2020E	2,706	11.1	162	19.3	15.9	16.2	2.1	9.1	1.0

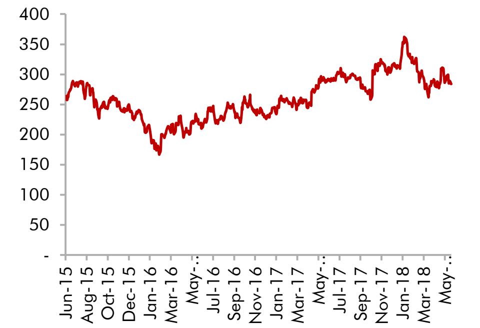
Source: Company, Angel Research

ICICI Bank

Stock Info

CMP	284
TP	416
Upside	46.4%
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	19	1.9
FY2020E	30,389	3.3	13,292	21	164	1.3	11	14	1.7

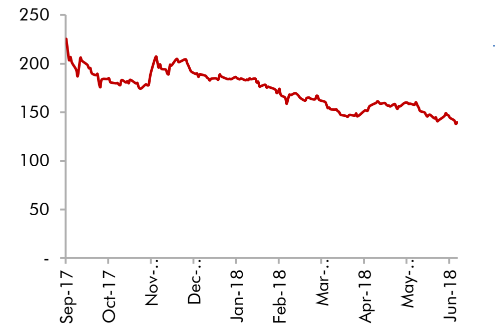
Source: Company, Angel Research

Aditya Birla Capital

Stock Info

CMP	139
TP	218
Upside	56.8%
Sector	NBFC
Market Cap (₹ cr)	34,875
Beta	0.7
52 Week High / Low	264/137

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	24	3.1
FY2020E	3,319	1,822	8.3	53.3	16	17	2.6

Source: Company, Angel Research

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DISCLAIMER

Ratings (Based on expected returns over 12 months investment period): *Buy (> 15%)* *Accumulate (5% to 15%)* *Neutral (-5 to 5%)* *Reduce (-5% to -15%)* *Sell (< -15)*