

Recommended Basket - Aggressive

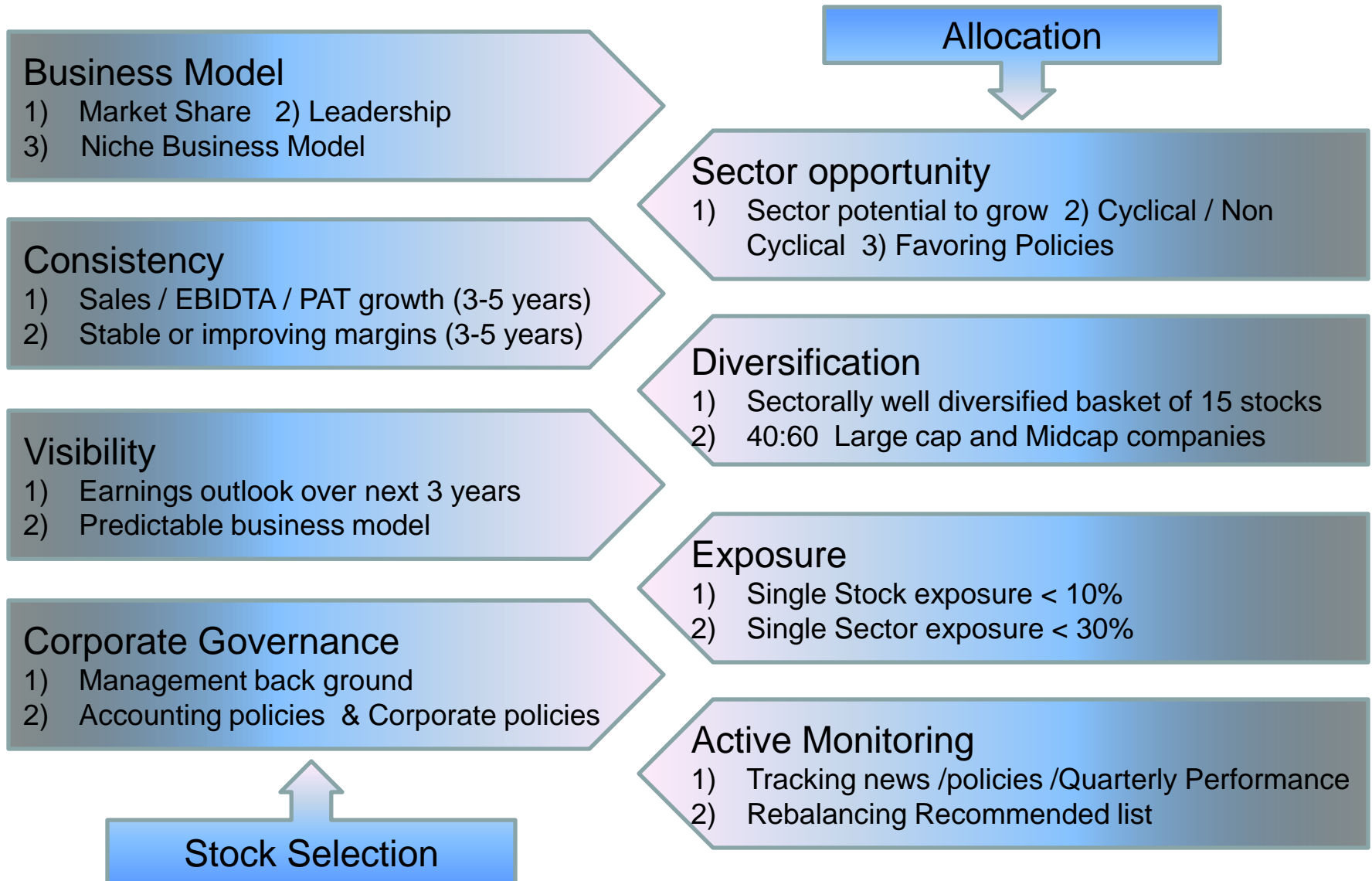
Anand Rathi Equity Research

18th February 2015

Suitability

- ❖ Suitable for Investors looking for....
 - ❖ Investment horizon over three years.
 - ❖ Having high risk appetite.
 - ❖ Can withstand high volatility and price fluctuation on investments.
 - ❖ Higher return with assumed risk within equity asset class.
 - ❖ Average liquidity of investments.

Investment Philosophy



Why Mid Cap

	Bull Period			
	Apr-03	Dec-07	CAGR	Volatility
Sensex	2960	20287	51.0%	18.8%
BSE Mid Cap	952	9789	64.6%	24.6%
BSE Small Cap	893	13348	78.4%	43.8%

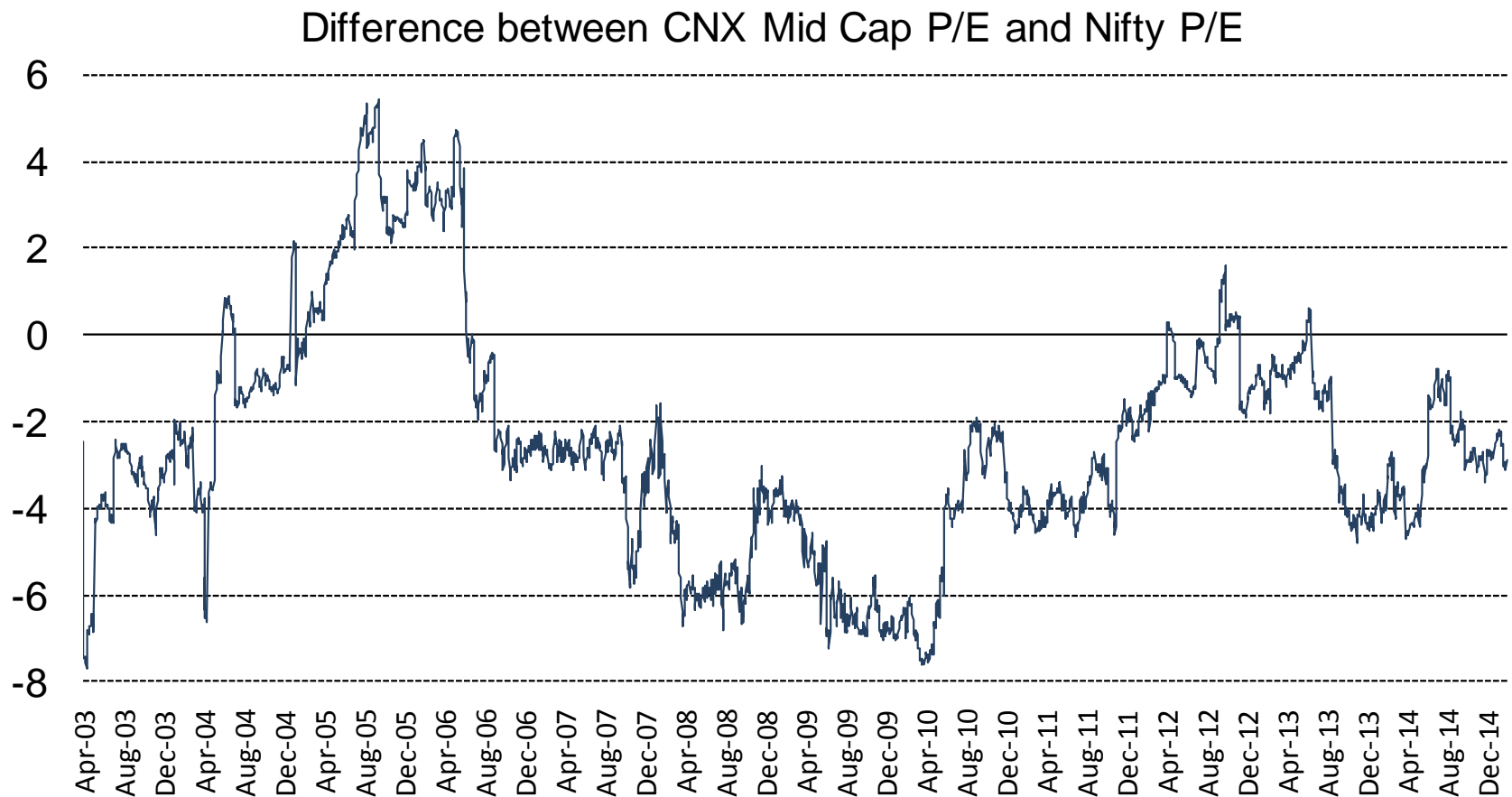
	Bear Period			
	Dec-07	Dec-11	CAGR	Volatility
Sensex	20287	15455	-6.6%	36.1%
BSE Mid Cap	9789	5135	-14.9%	53.2%
BSE Small Cap	13348	5550	-19.7%	62.0%

	Current Bull period			
	Dec-11	Jan-15	CAGR	Volatility
Sensex	15455	29183	22.9%	14.0%
BSE Mid Cap	5135	10739	27.0%	26.9%
BSE Small Cap	5550	11329	26.0%	38.4%



- ❖ The table shows outperformance of the Mid Cap and Small Cap Index over the Sensex Index during the Bull Period.
- ❖ Outperformance of the Mid Cap happens because of better earnings growth in the bull phase.
- ❖ The P/E for Mid cap and Small Caps also expands as earnings growth is superior v/s Sensex earnings growth.
- ❖ Going forward Mid Cap and Small Cap are expected to outperform the Large Cap, however one should keep in mind the risk associated with it as we see the higher volatility in it. Therefore we emphasis on stringent stock selection strategy to create alpha over the benchmark.

Why Mid Cap



The above graph represents the P/e difference between the CNXMCAP P/e & NIFTY P/e over the last 9 years. The MidCaps had a great rally when the diff. in P/e reached 6 from Minus 7.7. After Jan 08 crash, this difference has largely remained in the negative territory. **We site this as an opportunity.**

Recent research picks performance

Sr.No.	Company Name	Stock Return (%)	Nifty Return (%)	Days Held
1	ATUL LTD	74.8	11.0	86
2	HINDUSTAN MEDIA VENTURES	69.4	28.4	251
3	BAYER CROPSOURCE	64.1	19.8	154
4	SUNDRAM FASTENER (1st Call)*	48.0	4.9	46
5	SUNDRAM FASTENER (2nd Call)*	39.3	7.0	58
6	IGARASHI MOTORS*	36.0	15.0	131
7	AKZO NOBEL INDIA	33.8	18.8	135
8	EROS INTERNATIONAL	32.8	4.4	81
9	KIRLOSKAR OIL ENGINE	28.5	13.5	73
10	AARTI INDS	28.2	5.4	23
11	GIC HOUSING	24.8	2.1	8
12	LUPIN	24.5	8.4	111
13	VA-TECH WABAG*	23.9	7.9	51

Note: * These stocks we still hold for long term investment

Recommended Basket

Symbol	Sector	CMP	% Holding	Mkt Cap (cr)	Market Cap	% Allocation
RALLIS	AGRICHEM	236	7.0%	4589	Large Cap	40.0%
M&M	AUTOMOBILES	1208	6.5%	75016	Mid Cap	60.0%
IGARASHI	AUTOMOBILES	317	6.5%	969		
SUNDRMFAST	AUTOMOBILES	187	6.5%	3933		
LT	CAPITAL GOODS	1650	6.5%	153373	Sector	% Allocation
PRAJIND	CAPITAL GOODS	64	6.5%	1140	AGRICHEM	7.0%
NRBBEARING	CAPITAL GOODS	140	6.5%	1355	AUTOMOBILES	19.5%
WABAG	CAPITAL GOODS	1625	6.5%	4412	CAPITAL GOODS	26.0%
NAVNETEDUL	EDUCATION	108	6.5%	2572	EDUCATION	6.5%
ICICIBANK	FINANCIALS	338	7.0%	195945	FINANCIALS	13.5%
LICHSGFIN	FINANCIALS	462	6.5%	23331	OIL & GAS	6.5%
BPCL	OIL & GAS	726	6.5%	52510	POWER	7.0%
APARINDS	POWER	343	7.0%	1321	TELECOM	7.0%
BHARTIARTL	TELECOM	361	7.0%	144126	TEXTILES	7.0%
ARVIND	TEXTILES	307	7.0%	7932		
Total			100%		Total	100.0%

Rallis India Ltd

CMP 236

ANAND RATHI

- ❖ Rallis India (Rallis), a Tata Group company, is an established agrochemical player in India. The company, with market share of ~12% is well placed to capture emerging opportunities in the domestic agrochemical market on back of healthy distribution network, branded farm solutions and launch of new products.
- ❖ Acquisition of Metahelix has further equipped it to cash in on the spurt in the hybrid seed market riding the former's formidable R&D capabilities and strong product pipeline. Additionally, its Dahej SEZ facility is expected to spur export sales and reduce dependence on the domestic market.
- ❖ Poised well to exploit emerging opportunities in agrochemical market Increasing consumption, rising minimum support price, sharpened government focus and mounting cost of labour will propel domestic agrochemical market to post 10-12% CAGR in the near term.
- ❖ International business contributes approx. 33% of total revenue which is actually helping company to reduce dependence on domestic growth. Inventory in the system is not very high across the geographies which highlight good growth prospects going ahead. The products worth USD 7 bn are expected to go off-patent in next 7 years.

Rallis India Ltd.

Figures INR crore

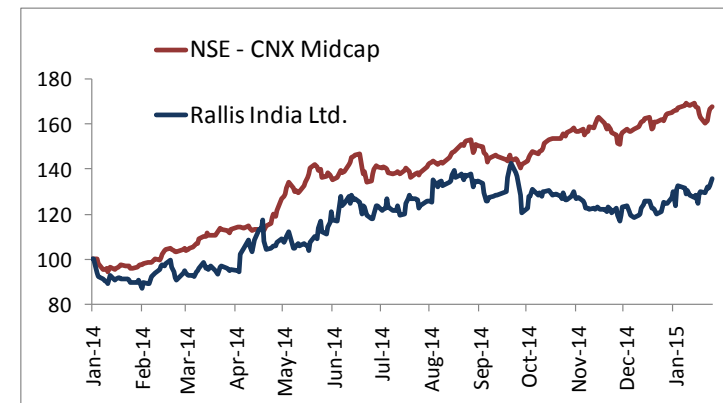
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	1275	1458	1747	1901	2214
EBIDTA	202	210	263	283	350
EBIDTA Margin	15.9%	14.4%	15.1%	14.9%	15.8%
PAT	101	119	153	169	216
PAT Margin	7.9%	8.1%	8.7%	8.9%	9.8%
EPS	5.1	6.1	7.8	8.5	10.7

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	AGRICHEM	
NSE Symbol	BSE Code	Bloomberg
RALLIS	500355	RALI IN
CMP	Market Cap (cr)	Equity (cr)
236	4589	19
EPS (TTM)	BV	FV
8.0	42.5	1
P/E	P/BV	Div Yield
29.6	5.6	1.02
52 Week H	52 Week L	Avg Vol ('000)
254.8	150.6	121.2

Share Holding Pattern

Promoter	50.09
FII	15.19
DII	6.51
Others	28.21



Mahindra & Mahindra Ltd.

CMP 1208

- ❖ M&M is the market leader in UV and tractors, with market share of over 40% in both segments. It also has presence into CVs, 3 & 2-wheelers segments. Also, Ssangyong, its subsidiary in South Korea is focused on SUV segment in global markets. Apart from core business, it has subsidiaries/ associates in various businesses like IT, NBFC, Auto ancillaries, hospitality, infrastructure etc.
- ❖ M&M enjoys structural advantages like a) significantly higher exposure to rural and semi-urban markets (c.70% of domestic volumes), b) relatively lower competitive intensity in core UV and tractor business, c) immensely successful launches in UV segment like Scorpio and XUV500, d) recent successes like Quanto and Ssangyong Rexton, e) strong financing arm that specialises in rural lending, f) increased demand for farm mechanisation due to scarce labour.
- ❖ We believe Ssangyong is a strategic fit for M&M's automotive division. It will help M&M absorb newer technology and extend its product range in India by introducing premium Ssangyong SUVs with access to foreign market through its distribution network.
- ❖ Entry into the fast growing small truck market with Maxximo and the passenger segment with the passenger variant of Maxximo.

Mahindra & Mahindra Ltd.

Figures INR crore

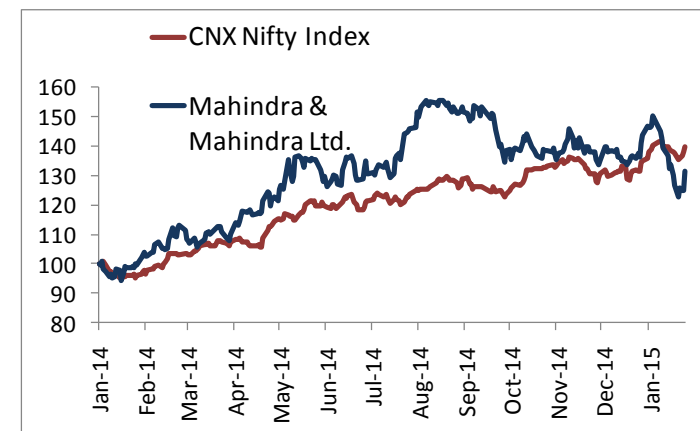
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	59399	68693	74001	75761	87442
EBIDTA	7351	9114	10120	9926	11840
EBIDTA Margin	12.4%	13.3%	13.7%	13.1%	13.5%
PAT	2776	3646	4323	4443	5590
PAT Margin	4.7%	5.3%	5.8%	5.9%	6.4%
EPS	53.1	69.4	79.1	74.4	89.4

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	AUTOMOBILES	
NSE Symbol	BSE Code	Bloomberg
M&M	500520	MM IN
CMP	Market Cap (cr)	Equity (cr)
1208	75016	311
EPS (TTM)	BV	FV
59.0	315.0	5
P/E	P/BV	Div Yield
20.5	3.8	1.16
52 Week H	52 Week L	Avg Vol ('000)
1433.7	897.3	139.0

Share Holding Pattern

Promoter	25.74
FII	37.4
DII	18.86
Others	18



Sundram Fasteners Ltd.

CMP 187

ANAND RATHI

- ❖ SFL is significantly adding capacity at the EOU (SEZ) and has planned for a capex of Rs. 150 Crore in FY15 in addition to the Rs. 150 crore incurred in FY14. Most of the capacity addition is on the back of orders in hand and hence we expect utilization to improve in the near term.
- ❖ Power & fuel cost has increased in the last few years, on back of the power deficit situation in Tamil Nadu. This problem has now been rectified and the power cost% is expected to decrease in FY15.
- ❖ Company is moving from low margin fasteners business to high margin business which will be visible in next two three years. Exports recorded a CAGR of 22% in the last four years. There is huge competition in developed markets for fasteners segment. This led to a decline in the share of fasteners segment in overall revenue from 43% in FY11 to 37% in FY14; this is expected to decline further in the future.
- ❖ SFL has three key subsidiaries in China, UK and Germany contributing approx Rs. 700 crore in top line. Company expects German operations to break-even at cash level in FY15 on the back of revival in the CV and Wind energy segments. We expect improvement in Germans operation will improve the profitability on a consolidated level.

Sundram Fasteners Ltd.

Figures INR crore

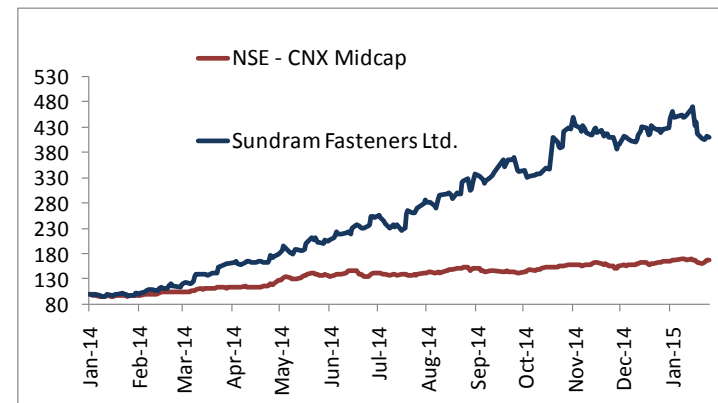
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	2770	2651	2736	3347	3933
EBIDTA	304	266	289	435	523
EBIDTA Margin	11.0%	10.0%	10.6%	13.0%	13.3%
PAT	101	94	121	209	272
PAT Margin	3.6%	3.5%	4.4%	6.2%	6.9%
EPS	4.7	4.4	5.8	10	13

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	AUTOMOBILES	
NSE Symbol	BSE Code	Bloomberg
SUNDRMFAST	500403	SF IN
CMP	Market Cap (cr)	Equity (cr)
187	3933	21
EPS (TTM)	BV	FV
7.0	42.2	1
P/E	P/BV	Div Yield
26.8	4.4	0.91
52 Week H	52 Week L	Avg Vol ('000)
218	42.75	85.8

Share Holding Pattern

Promoter	49.53
FII	2.8
DII	18.8
Others	28.87



Igarashi Motors India Ltd.

CMP 317

- ❖ Igarashi Motors India Ltd (IMIL) manufacture electric DC motors for automobiles. Globally 70 million cars are built; each car will have about 20 (conservatively) small electric motors that make the electric motors market a 1.5 billion in numbers and with developing markets expected to build more cars going forward it is expected to grow to 100 million vehicles per year globally.
- ❖ IMIL is working with global auto ancillary suppliers. Bosch, Continental, Delphi, Cooper, Magneti Marelli, Pierburg, Visteon are some major customers. Company's products are distributed widely and presently Europe USA contributes 85% of our revenues. Contribution from Asian market is gradually picking up and now hold 15%. Company is planning to set up distribution network between Europe, America, India and Far East Markets.
- ❖ IMIL has getting dual benefit against competitors as currency is now in favor of exporters and cheap labour cost also providing labour cost arbitrage to company.

Igarashi Motors India Ltd.

Figures INR crore

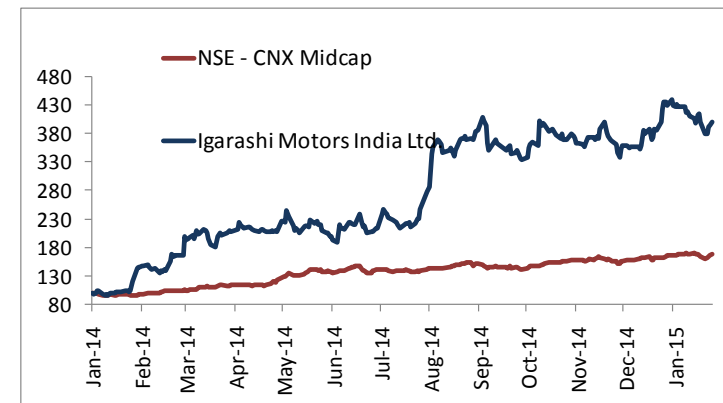
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	269	291	361	410	477
EBIDTA	43	54	69	89	106
EBIDTA Margin	16.2%	18.6%	19.1%	21.7%	22.2%
PAT	17	21	46	47	57
PAT Margin	6.2%	7.3%	12.8%	11.5%	11.9%
EPS	8.1	10.5	15.2	15.5	18.9

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	AUTOMOBILES	
NSE Symbol	BSE Code	Bloomberg
IGARASHI	517380	IGM IN
CMP	Market Cap (cr)	Equity (cr)
317	969	31
EPS (TTM)	BV	FV
13.7	81.5	10
P/E	P/BV	Div Yield
23.2	3.9	0.95
52 Week H	52 Week L	Avg Vol ('000)
365	98.05	87.2

Share Holding Pattern

Promoter	74.52
FII	0.23
DII	2.24
Others	23.01



Larsen & Toubro Ltd.

CMP 1650

- ❖ Larsen and Toubro (LT) is India's largest E&C Company. Larsen has made significant investments in defence, shipbuilding and power, over the last 4-5 years. Larsen has also expanded into new geographies like Saudi Arabia and Qatar. Most of these businesses are highly capital intensive, which shall fetch revenues in the coming years.
- ❖ Larsen expanded business overseas with overseas intake at Rs.35700 Crs. up 2.4 times, yoy in FY14. Overseas business contributes 26% of consol. Order book in FY14
- ❖ LT is well placed to capitalize on long-term infrastructure demand. Order book stands at INR 2.25 trn, as Dec 14. For FY15 management has guided for 15% increase in order inflows & 15% YoY increase in consolidated revenues.
- ❖ Larsen has created huge assets in power, roads and ports. In view of resource optimisation, LTIDPL has raised funds while Dhamra port has sold equity stake. This will reduce cash allocation to subsidiaries and improve the ROE.
- ❖ LT intends to list its IT & other subsidiaries by July 2016, as a part of value unlocking initiative.

Larsen & Toubro Ltd.

Figures INR crore

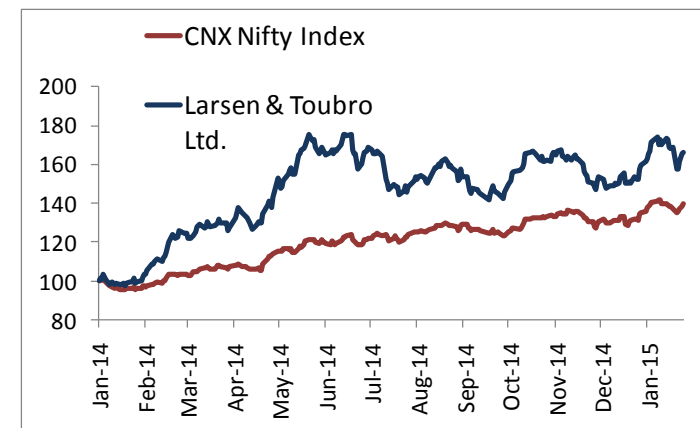
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	64313	74498	85128	94024	110363
EBIDTA	8884	9929	10755	11651	14253
EBIDTA Margin	13.8%	13.3%	12.6%	12.4%	12.9%
PAT	4691	5252	4875	4398	5792
PAT Margin	7.3%	7.1%	5.7%	4.7%	5.2%
EPS	51.1	56.4	52.9	47.0	62.9

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	CAPITAL GOODS	
NSE Symbol	BSE Code	Bloomberg
LT	500510	LT IN
CMP	Market Cap (cr)	Equity (cr)
1650	153373	186
EPS (TTM)	BV	FV
59.5	435.2	2
P/E	P/BV	Div Yield
27.7	3.8	0.86
52 Week H	52 Week L	Avg Vol ('000)
1776.6	988.5	498.4

Share Holding Pattern

Promoter	0
FII	18.07
DII	36.12
Others	45.81



- ❖ Praj received two international orders in the brewery business in FY14. Praj has presence in almost 60 countries with 600 references in this business. This allows Praj to enhance modernisation revenues for the alcohol/ethanol plants, world-wide.
- ❖ Praj is expecting major contribution to come from emerging business [waste water, Hipurity systems and critical process equipment]. This could form 50% of revenues in next two-three years.
- ❖ Praj is a debt free company and has almost doubled its gross block in the last four years. With revenues being almost stagnant, the earnings took a hit. With revenues now diversified, the revenues are expected to grow at a faster pace, thereby improving the ROE
- ❖ The order book is quite healthy for the company. The order intake domestic market consist of 34% while exports 66%. Segment wise contribution of order is, emerging business – 41%, ethanol – 45% and brewery – 5%.
- ❖ Under Ganga action plan 750 polluting industries identified Praj working with clients to design ZLD systems. Role includes upstream cleaning. Per plant wise potential in water treatment of mid size plant is 25-45cr.

Praj Industries Ltd.

Figures INR crore

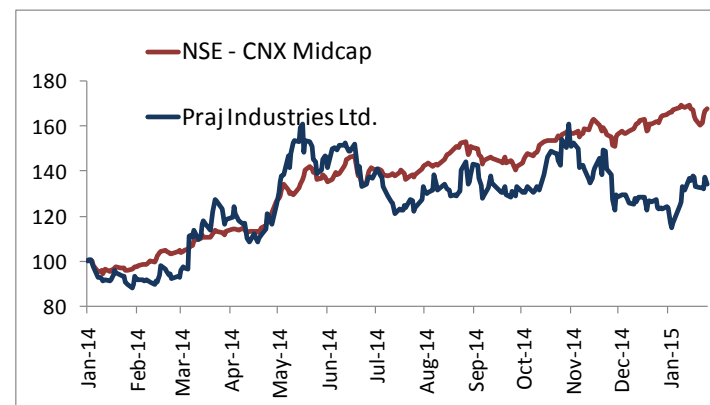
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	957	949	932	1020	1184
EBIDTA	92	85	78	80	110
EBIDTA Margin	9.6%	8.9%	8.4%	7.8%	9.3%
PAT	70	72	57	54	71
PAT Margin	7.3%	7.5%	6.1%	5.3%	6.0%
EPS	3.8	3.8	3.1	3.1	4.0

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	CAPITAL GOODS	
NSE Symbol	BSE Code	Bloomberg
PRAJIND	522205	PRJ IN
CMP	Market Cap (cr)	Equity (cr)
64	1140	35
EPS (TTM)	BV	FV
3.4	34.9	2
P/E	P/BV	Div Yield
18.9	1.8	3.46
52 Week H	52 Week L	Avg Vol ('000)
78.95	42	482.7

Share Holding Pattern

Promoter	33.47
FII	6.31
DII	16.66
Others	43.56



NRB Bearings Ltd.

CMP 140

- ❖ NRB Bearings (NRB), the fifth largest organised bearings player in India with ~7% revenue market share, is a dominant player (70% market share) in niche needle roller bearings. Given specialised application of needle bearings (50% of NRB's revenues) and small market size, competitive intensity is low with INA (a Schaeffler Group company) being the other major competitor. Company manufactures customised bearings for leading domestic and global auto companies. Domestic OEMs and exports continue to be key growth drivers.
- ❖ OEMs: Major revenue contributor OEMs account for a major 65% of NRB's revenues as the company is equipped with indigenous engineering capabilities. Within OEMs, ~70% of the company's supplies are to two-wheelers, three-wheelers and commercial vehicles. The aftermarket business constitutes 14% of its sales.
- ❖ Focus on exports and the aftermarket to help earnings grow. The bearings sector is split equally between regulated and unregulated companies. For growth, it has increasingly tapped the high margin export and aftermarket segments. Management expects a 20% revenue CAGR over FY14-16.

NRB Bearings Ltd.

Figures INR crore

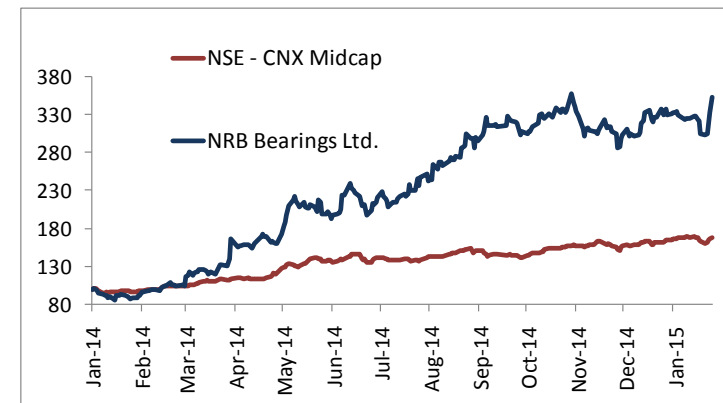
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	560	592	607	707	848
EBIDTA	114	101	104	131	164
EBIDTA Margin	20.4%	17.0%	17.1%	18.5%	19.3%
PAT	51	48	34	54	74
PAT Margin	9.1%	8.1%	5.5%	7.6%	8.7%
EPS	5.1	4.9	3.4	5.6	7.6

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	CAPITAL GOODS	
NSE Symbol	BSE Code	Bloomberg
NRBBEARING	530367	NRBBR IN
CMP	Market Cap (cr)	Equity (cr)
140	1355	19
EPS (TTM)	BV	FV
5.4	28.6	2
P/E	P/BV	Div Yield
25.9	4.9	0.79
52 Week H	52 Week L	Avg Vol ('000)
149.3	35.25	78.5

Share Holding Pattern

Promoter	58.63
FII	11.59
DII	13.52
Others	16.26



VA Tech Wabag Ltd.

CMP 1625

ANAND RATHI

- ❖ VA Tech Wabag Limited (WABAG) is an Indian Multinational with European parentage offering world class services into high growth water markets with a respectable market share.
- ❖ The company also offers leading European technologies in emerging markets at viable prices and with evolving global mercantilism and virtual water trade, global water equipment market is more than half trillion dollar opportunity already.
- ❖ Wabag which is already present in major high growth potential water market, both developed and emerging economies, is expected to witness improvement in performance and higher growth in medium to long term.
- ❖ In Philippines it has won two orders funded by World Bank while in Turkey the company has won ~Eur78 million worth of orders.
- ❖ In India, Wabag has won INR 2,200 million order for design and construction of 140 MLD sewage treatment plant in Varanasi and O&M for 10 years for the same project. The order is part of JICA funded Ganga action plan project implemented under GPP unit of UP pollution board.

VA Tech Wabag Ltd.

Figures INR crore

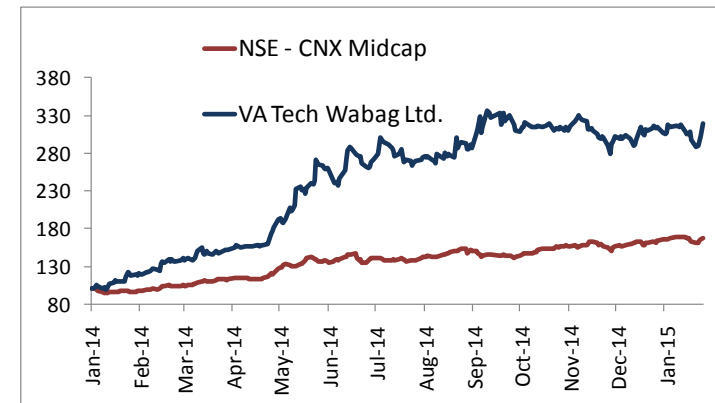
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	1444	1619	2239	2798	3357
EBIDTA	130	154	189	245	302
EBIDTA Margin	9.0%	9.5%	8.4%	8.8%	9.0%
PAT	73	90	114	139	179
PAT Margin	5.1%	5.5%	5.1%	5.0%	5.3%
EPS	27.8	34.0	42.6	51.7	66.6

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	CAPITAL GOODS	
NSE Symbol	BSE Code	Bloomberg
WABAG	533269	VATW IN
CMP	Market Cap (cr)	Equity (cr)
1625	4412	5
EPS (TTM)	BV	FV
40.9	322.3	2
P/E	P/BV	Div Yield
39.7	5.0	0.49
52 Week H	52 Week L	Avg Vol ('000)
1748	580.05	14.2

Share Holding Pattern

Promoter	29.13
FII	28.55
DII	21.65
Others	20.67



Navneet Education Ltd.

CMP 108

- ❖ Navneet Education is a market leader in listed space focused on supplementary educational books (a ~65% market share) for state Board students in Maharashtra and Gujarat under the key brands Navneet, Vikas, Gala, E-Sense, BOSS and FfUuNn. Navneet has more than 5,000 books & stationery products under these brands.
- ❖ Rising number of students per teacher increases the need for supplementary educational books.
- ❖ The publication segment is fuelled by the syllabus change cycle and commencement of healthy government orders. Additionally, with many schools shifting to CBSE, Navneet's recently launched CBSE textbooks with grade 1-8 are also witnessing good traction.
- ❖ On the stationery business, high margin exports contribution increased with US retailers offering Navneet a preferred vendor status.
- ❖ The company is working on various new initiatives to drive revenue in educational publishing
- ❖ E-learning with sizeable 2,200 schools and 11,500 classrooms have turned PAT-profitable with INR 2 cr in PAT in FY14 and expected to have 20% share in revenue 5 years down the line.

Navneet Education Ltd.

Figures INR crore

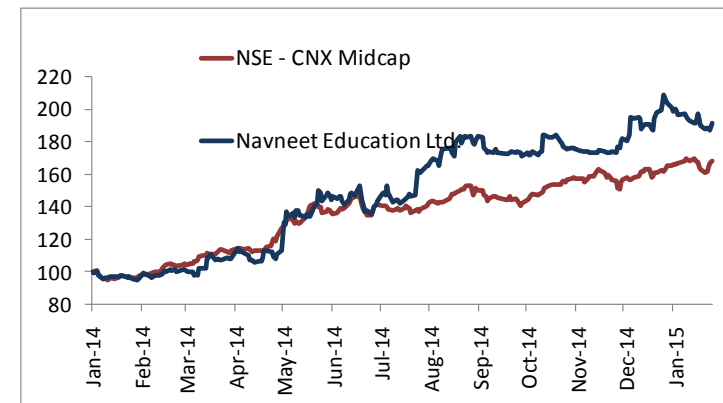
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	630	818	896	1022	1178
EBIDTA	133	192	210	248	292
EBIDTA Margin	21.1%	23.5%	23.4%	24.3%	24.8%
PAT	78	109	115	140	168
PAT Margin	12.3%	13.3%	12.9%	13.7%	14.3%
EPS	3.3	4.5	4.8	5.9	7.1

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	EDUCATION	
NSE Symbol	BSE Code	Bloomberg
NAVNETEDUL	508989	NELI IN
CMP	Market Cap (cr)	Equity (cr)
108	2572	48
EPS (TTM)	BV	FV
5.5	25.7	2
P/E	P/BV	Div Yield
19.8	4.2	1.85
52 Week H	52 Week L	Avg Vol ('000)
118.5	52.65	51.3

Share Holding Pattern

Promoter	61.8
FII	6.42
DII	14.52
Others	17.26



- ❖ Retail transformation over past few years: Over the past six years ICICI Bank has improved its retail footprint, in line with other large Private Banks.
- ❖ We estimate a stable 3.3% NIM over FY15-16, aided by a larger share of domestic loans and a stable, 43%, CASA share.
- ❖ We expect the focus on transactional services within corporate banking and on better leverage of its retail customer base to drive fee-income growth. Hence, we expect fees-to earning- assets to improve over FY15-16.
- ❖ We expect credit costs to decline over FY15-16, with NPA coverage of ~70% to persist. With tier-1 capital of 12.2%, the bank is well capitalised for robust business growth as well as cushioned against any asset quality shocks ahead.
- ❖ The Banks substantial branch expansion over the past 4 to 5 years and strong capital position has positioned it to grow better than the average industry growth, as and when business environment turns conducive.

ICICI Bank Ltd.

Figures INR crore

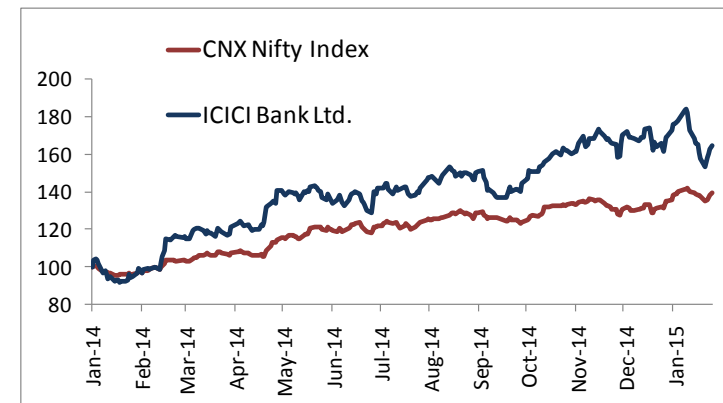
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
NET INT Income	10734	13866	16476	19559	23527
TOTAL Income	18237	22212	26903	30858	36339
Operating EXP	7850	9013	10309	11572	13264
PAT	6465	8326	9811	11628	14046
NIM %	2.6	2.9	3.1	3.2	3.3
EPS	11.2	14.4	16.9	20.0	24.0
BV	105	115	126	140	175

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	FINANCIALS	
NSE Symbol	BSE Code	Bloomberg
ICICIBANK	532174	ICICIBC IN
CMP	Market Cap (cr)	Equity (cr)
338	195945	1159
EPS (TTM)	BV	FV
18.8	141.2	2
P/E	P/BV	Div Yield
18.0	2.4	1.36
52 Week H	52 Week L	Avg Vol ('000)
393.4	197.8	657.7

Share Holding Pattern

Promoter	0
FII	41.72
DII	21.55
Others	36.73



- ❖ LIC Housing Finance (LICHF) is a proxy player of India Housing Sector Growth with a consistent performer on all fronts and operates on a distribution network business model.
- ❖ Apart from wide marketing network comprising Direct Selling Agents (DSAs), Home Loan Agents (HLAs) and Customer Relationship Associates (CRAs), a wholly owned subsidiary LICHF Financial Services (LICHFLFS) also distributes the company's product.
- ❖ Despite high interest rates and property prices, volume growth in the individual loan segment remains fairly strong. Pick up in the project loan segment is a key from NIMs and growth perspective
- ❖ LICHF continues to deliver well in terms of growth, margin improvement and health of corporate loan portfolio continues to remain key monitorables.
- ❖ Going forward, the key to margin improvement is (a) Full impact already reprised portfolio in FY14 (b) higher incremental spreads (c) Replacement of high cost bank borrowing with lower cost NCDs and (d) increase in the share of LAP and corporate loan portfolio.

LIC Housing Finance Ltd.

Figures INR crore

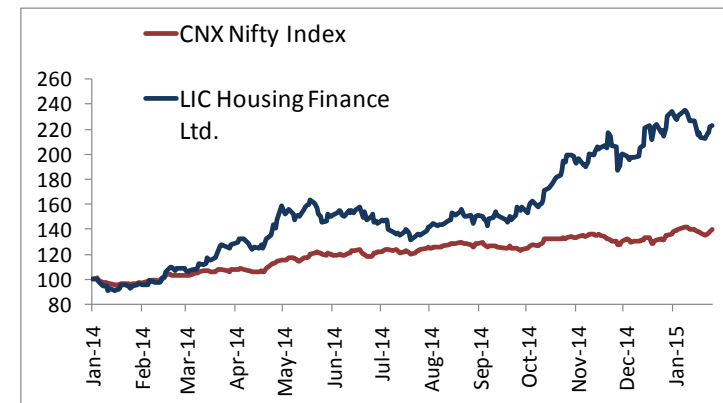
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
NET INT Income	1641	1535	1899	2311.1	2899.4
TOTAL Income	1654	1651	2007	2435.4	3042.3
Operating EXP	237	282	313	377	468
PAT	920	1023	1317	1412	1689
NIM %	2.5%	2.2%	2.3%	2.30%	2.30%
EPS	18.1	20.3	26.1	28.0	33.5
BV	113	130	150	174	201

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	FINANCIALS	
NSE Symbol	BSE Code	Bloomberg
LICHSGFIN	500253	LICHF IN
CMP	Market Cap (cr)	Equity (cr)
462	23331	101
EPS (TTM)	BV	FV
27.3	153.4	2
P/E	P/BV	Div Yield
16.9	3.0	0.97
52 Week H	52 Week L	Avg Vol ('000)
504.9	197.15	860.6

Share Holding Pattern

Promoter	40.31
FII	40.87
DII	5.9
Others	12.92



Apar Industries Ltd.

CMP 343

ANAND RATHI

- ❖ Transformer Oil: We believe new government is serious as far as power sector and going ahead atleast three-four years we can witness tremendous growth from transformer oil segments because of replacement and new additional demand.
- ❖ Conductor segment: The Company pioneered in aluminum alloy rod and conductors in India that are used in overhead power transmission and distribution and at present commands a market share of 23% in India. Any Power capacity additions must be supplemented by adequate T&D infrastructure. Hence, opportunities available are good for transmission equipment companies.
- ❖ Apar's manufacturing facilities are located adjacent to ports thereby giving strategic advantage for exports.
- ❖ Apar's backward integration enables it to make complete range of aluminum conductors by altering chemical properties at the alloying stage and tailoring products to match customer needs.
- ❖ Post Acquisition of Uniflex cables the revenues from this in the last four and a half years under the Apar's management (Sept'2008 onwards) has grown from Rs.31.3 crore to Rs.407.5 Crore representing a CAGR of 76.9%

Apar Industries Ltd.

Figures INR crore

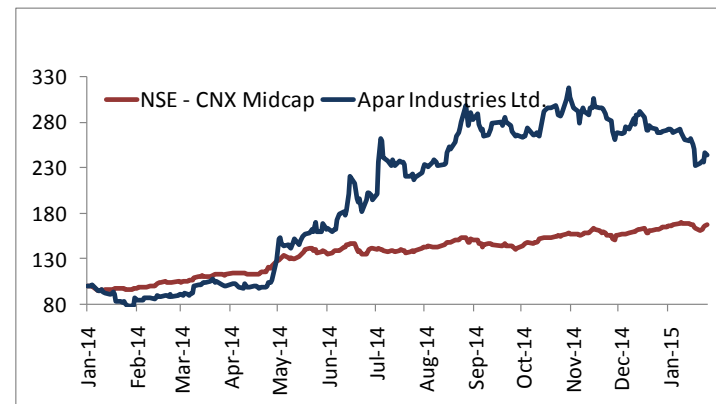
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	3595	4651	4633	5119	5613
EBIDTA	219	318	307	259	327
EBIDTA Margin	6.1%	6.8%	6.6%	5.1%	5.8%
PAT	74	110	90	57	125
PAT Margin	2.1%	2.4%	1.9%	1.1%	2.2%
EPS	20.3	28.5	23.3	15.0	32.6

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	POWER	
NSE Symbol	BSE Code	Bloomberg
APARINDS	532259	APR IN
CMP	Market Cap (cr)	Equity (cr)
343	1321	38
EPS (TTM)	BV	FV
13.1	166.8	10
P/E	P/BV	Div Yield
26.1	2.1	1.53
52 Week H	52 Week L	Avg Vol ('000)
467.7	110.6	35.9

Share Holding Pattern

Promoter	62.46
FII	4.84
DII	9.34
Others	23.36



Bharat Petroleum Corporation Ltd. CMP 726

- ❖ BPCL is the best among other Oil Marketing company in terms of operating performance, margins and profitability.
- ❖ With the recent monthly diesel price hike and with international crude prices falling OMC now stands in positive territory with current diesel prices.
- ❖ Post diesel deregulation, we do not see the entry of private players to pose a major threat to OMCs. Under recovery is expected to be lower on weak crude oil price outlook.
- ❖ Incrementally, lower under-recoveries, timely dispensation of cash by government, lower interest outgo and progress in E&P are key catalysts for BPCL.
- ❖ Bina refinery is likely to report cash profit in FY15E while performance of Numaligarh refinery has been largely stable. Kochi expansion is progressing smoothly with a total capex of `160bn with commissioning by May 2016.

Bharat Petroleum Corporation Ltd.

Figures INR crore

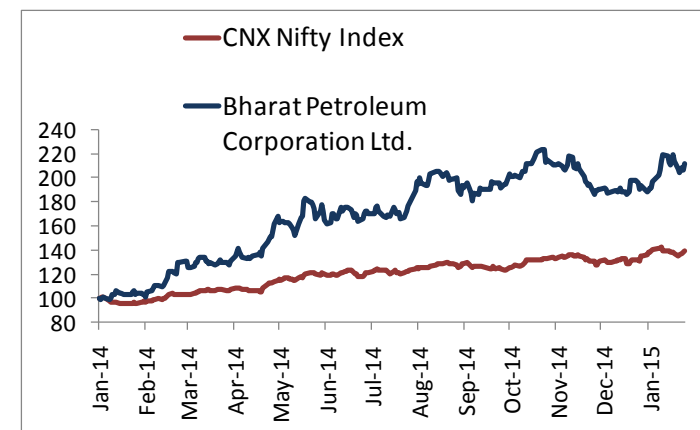
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	212140	242181	264407	250280	232774
EBIDTA	4813	6508	9359	7763	9033
EBIDTA Margin	2.3%	2.7%	3.5%	3.1%	3.9%
PAT	851	1936	4053	3299	4120
PAT Margin	0.4%	0.8%	1.5%	1.3%	1.8%
EPS	10.8	26.0	54.1	45.7	57.9

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	OIL & GAS	
NSE Symbol	BSE Code	Bloomberg
BPCL	500547	BPCL IN
CMP	Market Cap (cr)	Equity (cr)
726	52510	723
EPS (TTM)	BV	FV
87.1	297.5	10
P/E	P/BV	Div Yield
8.3	2.4	2.34
52 Week H	52 Week L	Avg Vol ('000)
785	342.2	231.8

Share Holding Pattern

Promoter	54.93
FII	15.2
DII	13.96
Others	15.91



Bharti Airtel Ltd.

CMP 361

- ❖ Bharti has maintained its wireless leadership in India with a wireless subscriber share of ~21% and adjusted revenue share of ~31%. It has highest investment in data spectrum among Indian telecom operators.
- ❖ Bharti continues to show the robust recovery in Indian Mobile. Ebidta margin improving to 35%, Revenue Per Minute (RPM) has now increased to 38 paisa in FY14 after bottoming out at 35 paisa in FY13.
- ❖ DTH had a strong year with 27% growth in revenues and sharp jump in profitability. Profitability fell sharply in the Telemedia business even as performance improved substantially in the last couple of quarters. Enterprise business had a year of strong revenue and EBITDA growth, while also generating healthy simple FCF (EBITDA less capex).
- ❖ Africa business revenues grew a modest 1.7% yoy in FY2014 to US\$4.5 bn; However, volume growth was 19% and RPM dipped 19% while non-voice revenues grew 30% on the back of strong data revenue growth. We expect margins to improve as most cost related to infrastructure and network is now behind the company and revenue momentum improving.
- ❖ 6) S&P recently upgraded Bharti Airtel credit rating to BBB- from BB+. will lead to Interest cost reduction and benefit earnings

Bharti Airtel Ltd.

Figures INR crore

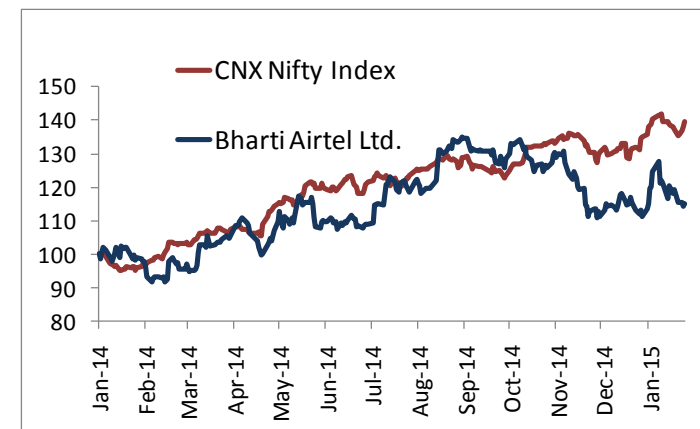
	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	71506	76947	85864	93449	102628
EBIDTA	23712	23258	27777	31515	34984
EBIDTA Margin	33.2%	30.2%	32.4%	33.7%	34.1%
PAT	4266	1916	2498	5581	6765
PAT Margin	6.0%	2.5%	2.9%	6.0%	6.6%
EPS	11.2	6.0	7.6	14.1	17.1

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	TELECOM	
NSE Symbol	BSE Code	Bloomberg
BHARTIARTL	532454	BHARTI IN
CMP	Market Cap (cr)	Equity (cr)
361	144126	1999
EPS (TTM)	BV	FV
12.2	157.3	5
P/E	P/BV	Div Yield
29.5	2.3	0.50
52 Week H	52 Week L	Avg Vol ('000)
420	281.9	447.8

Share Holding Pattern

Promoter	65.37
FII	17.23
DII	7.72
Others	9.68



- ❖ Arvind offers a good mix of export and domestic consumption growth. Its textiles business will benefit from a recovery in the developed markets and improving competitiveness, while its brands and expanding retail network will benefit from secular growth in India's organized apparel market.
- ❖ The prospects for Arvind's traditional business of denim and woven textiles (63% of FY14 revenue) are improving as its largest markets of US and EU recover, and India's competitiveness rises. Arvind's focus on value-added fabrics will give it better pricing power and margins.
- ❖ Brands and retail on secular growth Arvind's leading position in menswear and its track record of growing licensed brands like Arrow and Tommy Hilfiger etc. will enable it to exploit opportunities in the branded apparel space.
- ❖ Real estate business de-merger - creates scope for better capital allocation and signifies the management's focus on core business
- ❖ The management's focus on cash flows and ROCE and expecting ROCE over 20% in next 4-5 years. We forecast ROCE will reach 23% by FY 18 because of change in revenue mix and high contribution from brand and retail segment.

Arvind Ltd.

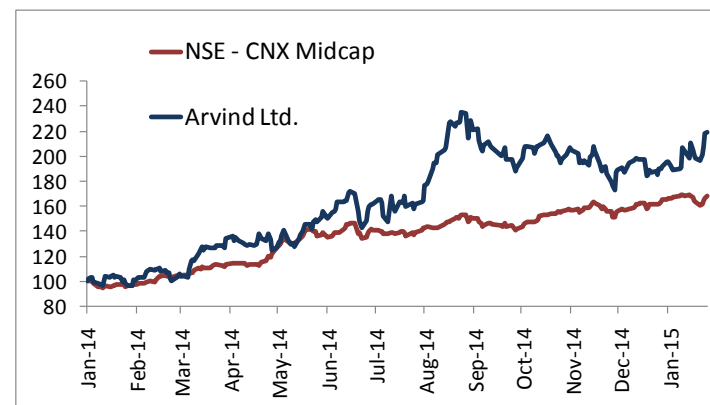
Figures INR crore

	FY 12	FY 13	FY 14	FY 15 E	FY 16 E
Net Sales	4925	5388	6948	7906	9211
EBIDTA	594	687	934	1043	1257
EBIDTA Margin	12.1%	12.8%	13.4%	13.2%	13.6%
PAT	436	248	353	390	488
PAT Margin	8.9%	4.6%	5.1%	4.9%	5.3%
EPS	17.1	9.6	13.7	15.1	19.4

Source: Anand Rathi Research, Bloomberg, Ace equity

SECTOR	TEXTILES	
NSE Symbol	BSE Code	Bloomberg
ARVIND	500101	ARVND IN
CMP	Market Cap (cr)	Equity (cr)
307	7932	258
EPS (TTM)	BV	FV
15.0	93.7	10
P/E	P/BV	Div Yield
20.5	3.3	0.77
52 Week H	52 Week L	Avg Vol ('000)
341.5	135.05	814.9

Share Holding Pattern	
Promoter	43.46
FII	21.08
DII	14.81
Others	20.65



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