HDFC securities

2019 Diwali Picks

SAMVAT 2076

Stock	LTP	TARGET	RED FLAG
Affle India	₹ 1167	₹ 1348	₹ 977
Amber Enterprises	₹ 929.40	₹ 1140	₹ 770
Apollo Hospitals	₹ 1485	₹ 1629	₹ 1268
Bajaj Auto	₹ 3009	₹ 3447	₹ 2550
BEML	₹ 877.6	₹ 1048	₹ 740
Deepak Nitrite	₹ 299	₹ 348	₹ 257

* LTP as on 15th October 2019

Investors may maintain red flag levels mentioned above. In case the stock falls below the red flag level, investment position needs to reviewed, including considering exit.

Stock	LTP	TARGET	RED FLAG
Fairchem Speciality	₹ 480	₹ 569	₹ 388
GRSE	₹ 171.55	₹ 202	₹ 138
Muthoot Finance	₹ 654	₹ 751	₹ 556
SBI Life Insurance	₹ 839.65	₹ 965	₹ 730
Sudarshan Chemical	₹ 363	₹ 460	₹ 298
Ultratech Cement	₹ 4206	₹ 4980	₹ 3580

* LTP as on 15th October 2019

Investors may maintain red flag levels mentioned above. In case the stock falls below the red flag level, investment position needs to reviewed, including considering exit.

Staying The Course In Difficult Times

Diwali is not only a time for celebration but also enlightenment. One of the three Pavamana Mantras of the Brihadaranyaka Upanishad says this succinctly - 'Tamaso ma jyotirgamaya'- meaning 'From darkness, lead me to the light'. Inner awakening, introspection and measured, enlightened change is the imperative need of today's difficult times.

These are truly troubled times. India's macro growth has sputtered to a four-year low (5%), rising stress is being reported from its financial system (esp. NBFCs), high-frequency indicators like auto sales volumes, indirect tax collections and credit growth have fallen while government bravely continues on the policy reform path, spends aggressively on mega-infra projects and struggles with legacy issues. Long term investors have lost money in many (if not most) of their conviction stock picks, with super-normal returns being concentrated in an ever narrowing band of high quality companies. Traders have seen higher volatility with persistent and disruptive changes in corporate strategies, business models, government policies and geopolitics. Which brings us to the key question this Diwali - what should the Indian investor do?

First, let's get the basics right. It is not just the slowdown, but disruption that is hitting stock markets today. You can see it in the Diwali bumper sales at Amazon / Flipkart, movies on Netflix, food service from Domino's, ridesharing by Uber and Ola, insta-loans on bank apps and shopping, eating out, travel offers and investment services from your bank. If you think all innovation and disruption is 'digital', consider that a sector like autos is on the cusp of launching electric vehicles. Grocers, restaurants and caterers in the periphery of big cities are now finding better bargains via self service at Cash & Carry outlets like Metro.

It's not just business models, processes and strategies that are undergoing disruptive change. The rules of doing business and behavior are changing in India. GST is driving up formalization. The use of cash in retail trade is falling. Household savings are getting more financialised (into mutual funds, insurance and direct equity) as the lure of real estate and gold falls (though the lure of fixed income stays given the wealth erosion in equities seen lately). In the last 18 months, net equity inflows into MFs are mostly attributable to SIPs and not discretionary investing! India's millennials want a rule-based economy with higher consumption and comfort levels. Their choices are radically different as evidenced in their preference for a compliant, sharing and digital economy – whether it is car rides, shared apartments, Netflix or online shopping.

So, dear investors, the message for all of us this Diwali is to change with the times. And, in our stock ideas, to choose managerial excellence over connections in powerful places; to choose integrity over compromise; customer franchise over cyclical price rise; free cash flows and responsible financial structures over reckless leverage. These carefully selected stocks may help in navigating the rough seas of investing for you.

Happy Diwali! May we all make the transition from looming 'tamas' to the inner 'jyoti' this Samvat...

शुभ दिपावली

Affle (India) Ltd

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Advertising Digital	Rs. 1167	Buy at LTP and add on declines	Rs. 1035-1045	Rs. 1348	Rs. 977	Next Diwali

HDFCSec Scrip Code	AFFLTDEQNR
BSE Code	542752
NSE Code	AFFLE
Bloomberg	AFFLE IN
LTP (as on 15 Oct, '19)	Rs. 1167
Equity Capital (Rs. cr)	24.3
Face Value (Rs)	10
Equity Sh O/S (cr)	2.4
Market Cap (Rs. cr)	2834.7
Book Value (Rs. cr)	29.8
Avg. 52 Week Volumes	340,000
52 Week High	Rs. 1295.2
52 Week Low	Rs. 751.05

Shareholding Pattern % (September, 2019)	
Promoters	68.4
Institutions	26.4
Non Institutions	5.2
Total	**100.0**

Fundamental Research Analyst:
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Affle (India) Ltd is a global technology company that uses its consumer intelligence platform to deliver targeted mobile advertising. Its consumer platform (97% of revenues) is used by online & app companies for mobile advertising and mobile monetization. The company is backed by investors such as Microsoft, D2 Communications Inc. - a subsidiary of NTT Docomo, Bennett Coleman & Co. Ltd., Itochu, and Centurion Private Equity among others. Affle has 4 offices spread across India and South East Asia. The promoter of the company is Anuj Khanna Sohum who moved to Singapore ~25 years ago. The Rs.459 cr IPO of Affle came in July 2019 @ Rs.745.

KEY HIGHLIGHTS

- Rise in online activities in India and abroad both by consumers and companies augurs well for the Affle's business
- Affle's business is asset-light and scalable
- Affle has run mobile advertising campaigns for some of the largest e-commerce and mobile app companies/brands in the world

- Rise in online activities in India and abroad both by consumers and companies due to increased users of smartphones, augurs well for the Affle's business. India's (and other emerging markets) e-commerce market is in its early growth stages. Consumer Platform of Affle has a leading position in India. Out of 55cr smart phone devices connected, only 15% are online shoppers, which leaves enough room for Affle to grow. A segment that is fuelling growth for digital segment is mobile advertising, driven by 4G penetration, cost-effective data packages, proliferation of the mobile apps & social media, M-commerce and rapid growth in smartphone penetration. Mobile advertisement spend is expected to grow at a CAGR of 32.7% to reach USD 1.93 billion in 2022. Affle derived ~45% revenues from India and the balance from other markets including emerging and developed markets.
- Affle follows a performance-based pricing model, where its metrics are designed on Cost Per Converted User (CPCU) model as opposed to Cost Per Click, Cost Per Sale, Cost Per View, Cost Per Action or Cost Per Impression (CPM). Affle's business is asset-light and

scalable as its employee benefit expenses, depreciation and amortization expenses and other expenses have grown much slower than the sales growth in the last three fiscal years.

- As on March 31, 2019, Affle consumer platform had approximately 2.02 billion consumer profiles (of which, approximately (1) 57.1cr consumer profiles were in India, (2) 58.2cr consumer profiles were in other emerging markets and (3) 86.7cr consumer profiles were in developed markets). In fiscal 2019, Affle Consumer Platform accumulated over 300 billion data points. Affle India has grown its customer conversion from 26-28 million in FY18 to 40 million in FY19, i.e. a ~54% increase.
- Affle has run mobile advertising campaigns for some of the largest e-commerce and mobile app companies/brands in the world including Amazon, Flipkart, Goibibo, Zee, Jabong, BookMyShow, Wynk, ALTBalaji, PhonePe, Spotify and well-known companies in other industries such as Airtel, Reckitt Benkiser, Johnson & Johnson, McDonalds, Nissan, Air Asia, Axis Bank, Citibank and BTPN. There is a significant entry barrier into this industry. Clients' loyalty matters in this businesses. Achieving profitability in such a price-sensitive market is possible only for companies that are familiar with the dynamics of consumer profiles and have a track record of working alongside brands locally for years in a cost effective manner. Affle India has 25 years of long history of operation throughout which, it has built a loyal and satisfied client base. Affle currently works with all of the top six global advertising agency groups, such as M&C Saatchi Mobile and with domestic advertising agencies such as Interactive Avenues and Madison.
- Affle's financial parameters are sound. Its debt equity ratio is miniscule, its cash-flow from operations is rising, its cash and bank balances are rising and its return ratios are excellent.
- Loss of key clients, entry of fresh competition, possible disruption in the markets, slow adaptation of smartphone users to shopping in India and other markets, seasonality, lack of dividend pay-outs are some risks faced by the company.

OUTLOOK

The market for Affle's services is vast and growing at a good pace. The early mover advantage gained by the company is likely to sustain for some more time. There is dearth of internet/digital based companies with proven model and profitability in India. This could mean valuations could remain high even as earnings grow at a fast pace. Recent acquisitions of Vizury, RevX and Shoffr will help strengthen its platform. ***We feel investors could buy the stock at the LTP and add on dips to Rs 1035-1045 band (34x FY21E EPS) for a Target Price of Rs 1348 (44x FY21E EPS).***

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Operating Income	167.2	249.4	296.3	354.1
EBITDA	45.5	70.3	82.5	97.2
PAT	27.8	48.8	61.0	74.3
EPS (Rs)	11.5	20.1	25.1	30.6
P/E (x)	101.9	58.1	46.4	38.2
EV/EBITDA	61.9	40.0	34.1	28.9
RoE (%)	91.4%	67.4%	45.7%	35.8%

Amber Enterprises

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Consumer Electronics	Rs. 929.40	Buy at LTP and add on declines	Rs. 929.40-860	Rs. 1140	Rs. 770	Next Diwali

HDFC Scrip Code	AMBER
BSE Code	540902
NSE Code	AMBER
Bloomberg	AMBER
LTP (as on 15 Oct, '19)	Rs 929.40
Equity Capital (Rs. cr)	31.45
Face Value (Rs)	10
Equity Sh O/S (cr)	3.14
Market Cap (Rs. cr)	2923
Book Value (Rs)	313
Avg. 52 Week Volumes	22402
52 Week High	Rs 1010
52 Week Low	Rs 622

Shareholding Pattern % (September 2019)	
Promoters	44.02
Institutions	38.40
Non Institutions	17.58
Total	**100.0**

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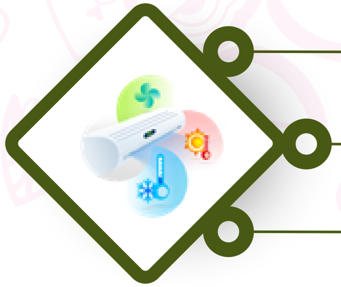
Amber Enterprise India is a component manufacturer for many prominent air conditioner brands in India with over three decades of experience. It has a dominant presence in Room Air Conditioners (RAC) and its component markets with 15 manufacturing facilities across India focusing on different product segments. It caters to 8 out of the top 10 RAC brands in India.

KEY HIGHLIGHTS



- Sidwal acquistion to be EPS and RoCE accretive
- Company's wide product portfolio includes (RAC) Room Air Conditioners and its components
- Company caters to 8 out of 10 RAC brands in India

• Amber Enterprises is a complete RAC solution provider. The company's wide product portfolio includes RAC and its components (heat-exchangers, multi-flow condensers & motors), plastic components (case liners, extrusion sheets & vacuum forming), sheet metal products (microwave-cavity, false ceilings, agriculture equipment components etc.)

• During 2019, Amber announced acquisition of 80% equity in Sidwal Refrigeration through a slump sale. The balance 20% equity is agreed to be acquired after two years through a staggered buyout based on certain milestones. This strategic investment will give Amber access to knowledge, skills and expertise of manufacturing HVACs for railways, metros and buses. This acquisition would be EPS and RoCE accretive given the asset light, debt light business of Sidwal Refrigeration.

•India RAC segment has grown at 10% CAGR over the last five years. However, it is noteworthy to mention that the penetration is only 4% which is much lower than the global average of 30%. This gives Amber huge opportunity to grab the potential growth in the RAC industry in the coming years.

OUTLOOK

In FY19, Amber registered 29% revenue growth and a robust 52% growth in PAT. Air Conditioners contributed 63% revenue in FY19, while AC Components and NON AC Components contributed 15% and 22% respectively. Acquisition of Sidwal and its diversified portfolio will give immunity from its usual seasonality of the company. ***We have estimated ~16% revenue CAGR in revenue and ~37% CAGR in bottom line over FY19-21E. We arrive at a Target Price of Rs. 1140 based upon 20x FY21E earnings.***

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Net Revenues	2128	2752	3165	3703
EBITDA	184	213	253	304
APAT	63	95	133	178
Diluted EPS (Rs)	23	30	42	57
P/E (x)	40.2	31	22	16
EV / EBITDA (x)	14.6	14.5	12.2	10.2

Apollo Hospital Enterprise Ltd

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Healthcare	Rs. 1485	Buy at LTP and add on declines	Rs. 1330-1338	Rs. 1629	Rs. 1268	Next Diwali

HDFCSec Scrip Code	APOHOSEQNR
BSE Code	508869
NSE Code	APOLLOHOSP
Bloomberg	APHS IN
LTP (as on 15 Oct, '19)	Rs. 1485.0
Equity Capital (Rs. cr)	69.6
Face Value (Rs)	5.00
Equity Sh O/S (cr)	13.9
Market Cap (Rs. cr)	20660.1
Book Value (Rs)	239.6
Avg. 52 Week Volumes	760,000
52 Week High	Rs. 1576.0
52 Week Low	Rs. 1066.3

Shareholding Pattern % (June 2019)	
Promoters	34.4
Institutions	57.3
Non Institutions	8.3
Total	**100.0**

Fundamental Research Analyst:
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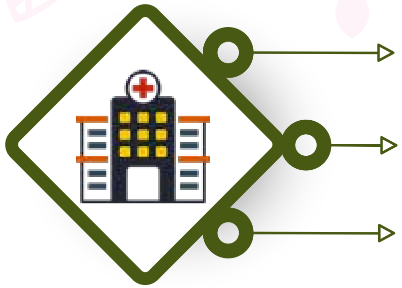
Apollo Hospital Enterprise Ltd (AHEL) is Asia's one of the leading integrated healthcare service providers. It has presence in Hospital, Pharmaceutical, Primary Care & Diagnostic Clinics. It also has Telemedicine units across 10 countries, Health Insurance Services, Global Projects Consultancy, Colleges of Nursing and Hospital Management and a Research Foundation, epidemiological studies, stem cell & genetic research. As on March 31, 2019, AHEL has 70 hospitals, with total capacity of 10,167 beds. Of these, 44 hospitals are owned including subsidiaries, JVs and associates with 8,683 beds along with 5 hospitals where 934 beds are managed. It also has 11 day-care/short surgical stay centres with 267 beds and 10 cradles with 283 beds

KEY HIGHLIGHTS



AHEL's market leadership is driven by strong brand equity and superior quality of service

With completion of major greenfield projects over the past five years, AHEL could witness rise in margins and return ratios

AHEL witnessed growth in its hospital segment's profitability due to increased pricing, better occupancy and improved case mix

- Apart from Chennai and Hyderabad clusters, AHEL has expanded its presence to regions such as Mumbai, Ahmedabad and tier-2 & 3 towns. Its market leadership is driven by strong brand equity and superior quality of service due to strong relationships with highly qualified consultants.
- AHEL witnessed growth in its hospital segment's profitability due to increased pricing, better occupancy and improved case mix. Mature hospitals continue to report healthy operating margins of more than 21%. New hospitals have also shown improvement in their operations with Navi Mumbai hospital turning EBITDA positive in FY19.
- With completion of major greenfield projects over the past five years, AHEL has reduced project execution risk. AHEL has concluded major capex and the new hospitals will now start to contribute to margins and return ratios.
- The small format healthcare facilities under Apollo Health & Lifestyle

(capital employed Rs.600 cr) which has been running at low utilisation could now see higher utilisation and enter breakeven soon (AHLL losses in Q1FY20 fell to just Rs 47cr).

- The company continues to deliver a healthy set of numbers on the revenue and cost fronts with sustained margin expansion and improvement in RoCE.
- The management has reiterated plans for phased promoters pledge reduction. On 12th Sept, 2019, promoter family sold a 3.6% stake for Rs 741cr to raise funds to trim promoter-level debt. Now the promoters own 30.8% stake in the company and 66.2% of their stake is pledged (vs 71.3% in June 2019). Sale of 50.8% stake in Apollo Munich Health Insurance by the Apollo group (incl 9.99% stake by AHEL for Rs 300 cr) for Rs.1336 cr in Jun 2019 could help in bringing down leverage at the AHEL and promoter levels.
- Announcement of price-related any government regulation, employee/consultant retention and costs, high debt (though falling) at the company and promoter levels are key concerns.

OUTLOOK

A leadership position and multi-pronged healthcare delivery model makes AHEL one of the stronger healthcare models. The company owns one of the best integrated business models in the healthcare space with strong management pedigree and healthy mix -- both patient's type, complexity and higher day care. We feel AHEL will reap significant operating leverage benefits led by maturity of new hospitals & pharmacies and breakeven of retail healthcare format AHLL. ***We feel investors could buy the stock at the LTP and add on dips to Rs.1330 – 1338 (43.0x FY21E EPS) for a Target Price of Rs.1629 (52.5x FY21E EPS).***

Financial Summary

(Rs. cr)	FY17	FY18	FY19	FY20E	FY21E
Net Revenues	7255.7	8243.5	9617.4	10848.5	12323.9
EBITDA	728.6	793.2	1063.7	1339.8	1552.8
APAT	221.0	117.4	200.2	353.6	431.3
Adjusted EPS (Rs)	15.9	8.4	14.4	25.4	31.0
P/E (x)	93.5	176.0	103.2	58.4	47.9
RoE (%)	6.7%	3.6%	6.0%	9.8%	11.1%

Bajaj Auto

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
2/3 Wheelers	Rs. 3009	Buy at LTP and add on declines	Rs. 3009-2810	Rs. 3447	Rs. 2550	Next Diwali

HDFC Scrip Code	BAJLTDEQNR
BSE Code	532977
NSE Code	BAJAJ-AUTO
Bloomberg	BJAUT:IN
LTP (as on 15 Oct, '19)	Rs. 3009
Equity Capital (Rs. cr)	289
Face Value (Rs)	10
Equity Sh O/S (cr)	28.94
Market Cap (Rs. cr)	87083
Book Value (Rs)	802.9
Avg. 52 Week Volumes	529542
52 Week High	Rs. 3149.95
52 Week Low	Rs. 2400

Shareholding Pattern % (June 2019)	
Promoters	53.52
Institutions	23.18
Non Institutions	23.30
Total	**100.0**

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Bajaj Auto is the second-largest motorcycle manufacturer in India and fourth-largest three-wheeler and two-wheeler manufacturer in the world. It has a domestic motorcycle market share of ~19%. The company is the largest 3-W company in India with a commanding market share of ~61%.

KEY HIGHLIGHTS

The second-largest motorcycle manufacturer in India and fourth-largest three-wheeler and two-wheeler manufacturer in the world

Dominates ~47% market share for sports bikes

The company has presence in over 79 countries and exports account for 41% of total volumes

- Dominant market share of sport bikes ~47% and entry & mid-segment bikes ~31%. Company has adopted aggressive pricing strategy to grow its market share in tough times.
- The company has presence in over 79 countries and exports account for 41% of total volumes. Currently when domestic auto markets is passing through a slowdown, exports provide cushion to its revenues.
- It has a very strong balance sheet to support its plans for growth. It has a negative cash conversion cycle, high return ratios and "cash and equivalents" of nearly 20% of its market capitalisation.
- The company has entered into a partnership with Triumph Motorcycles UK for developing an electric 3 wheeler. In addition, the company has developed Electrical Vehicle (EV) prototypes for two-wheelers which are being tested on campuses.

OUTLOOK

We believe that the automobile sector may see a gradual comeback, driven by (1) financial stimulus by government, and (2) good monsoon. Bajaj Auto, being the second-largest motorcycle manufacturer of India with robust financial and diversified product mix is trading at an attractive valuation. We estimate 7% revenue CAGR and 8% PAT CAGR over FY19-21E.

We recommend Buy on Bajaj Auto at the LTP and add on dips to Rs 2810 for Target Price of Rs 3447 till next Diwali.

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Net Revenues	25219	30250	31309	34439
EBITDA	4836	4979	4582	4961
PAT	3963	4236	4543	4980
EPS (Rs)	137.2	146.6	157.3	172.4
P/E (x)	21.5	20.1	18.8	17.1
EV / EBITDA (x)	12.6	11.6	13.4	12.3

BEML

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Infrastructure/ Defence	Rs. 877.6	Buy at LTP and add on declines	Rs. 877.6-810	Rs. 1048	Rs. 740	Next Diwali

HDFC Scrip Code	BEMLTD
BSE Code	500048
NSE Code	BEML
Bloomberg	BEML
LTP (as on 15 Oct, '19)	Rs. 877.6
Equity Capital (Rs. cr)	41.64
Face Value (Rs)	10
Equity Sh O/S (cr)	4.16
Market Cap (Rs. cr)	3655
Book Value (Rs)	525
Avg. 52 Week Volumes	1792626
52 Week High	Rs. 1035
52 Week Low	Rs. 521

Shareholding Pattern % (June 2019)	
Promoters	54.03
Institutions	29.48
Non Institutions	16.49
Total	**100.0**

Fundamental Research Analyst:
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BEML is Asia's second-largest manufacturer of earth moving equipment and it controls more than 60% of India's market in that sector. BEML operates under three major business verticals - viz. Mining & Construction (earthmoving, dump trucks, dozers and excavators), Rail & Metro (RM) and Defence (Tatra trucks and ARVs) segments.

KEY HIGHLIGHTS

- Asia's second-largest manufacturer of earth moving equipment
- Controls more than 60% of India's market
- With large orders like Mumbai Metro worth Rs 3000cr and others in Metro Rail project, we expect robust growth momentum in 2-3 years

• Mining & Construction account for ~50% of its total revenue followed by 35% contributed by railways and the balance is contributed by defence and spare parts. We expect BEML to be the largest beneficiary of burgeoning opportunity in Metro coaches. BEML received a large order from Mumbai Metro worth Rs 3000cr during Q3FY19, taking its overall order book to ~Rs 9100cr, which provides ~30 months revenue visibility. With the tie ups with global players in the defence segment and plethora of opportunities in the Metro Rail, we expect robust growth momentum by the company in the coming two-three years.

• In Defence & Aerospace sector, thrust on import substitution through indigenization and the Make-in-India initiative have opened many opportunities. BEML supplies mortar and casing components to the Indian Army. The company is also working on recovery vehicle on main battle tank of Indian Army, mine protected vehicle for military and para-military forces, high-end missile programme and Akash missile system among others.

OUTLOOK

BEML is estimated to post topline CAGR of ~20% over FY19-21E and bottom line to see robust 85% CAGR over the same period. With strong performance, return ratios would also improve drastically. We believe BEML is a strong play on (1) uptick in mining activity, (2) defence spending and (3) rail capex. The stock trades at 27.8x FY20E and 17.4x FY21E earnings. We value BEML on 20.5x FY21E earnings and arrive to target price of Rs 1048. There is a possibility that government may disinvest 26% in BEML along with management control and if the proposed divestment goes through the stock can get rerated.

We recommend Buy on the stock at the LTP and add on dips to Rs 810 for Target Price of Rs 1048 till next Diwali.

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Revenue	3299	3474	4093	5047
Operating Profit	252	238	309	428
OPM (%)	7.6	6.8	7.5	8.5
PAT	130	63	137	219
EPS	31.1	15.1	32.8	52.4
PE	29.3	60.4	27.8	17.4
EV/EBITDA	17	18	14	10

Deepak Nitrite Ltd

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Commodity Chemicals	Rs. 299	Buy at LTP and add on declines	Rs. 275-281	Rs. 348	Rs. 257	Next Diwali

HDFCSec Scrip Code	DEENITEQNR
BSE Code	506401
NSE Code	DEEPAKNTR
Bloomberg	DN IN
LTP (as on 15 Oct, '19)	Rs. 299
Equity Capital (Rs. cr)	27.28
Face Value (Rs)	2.00
Equity Sh O/S (cr)	13.64
Market Cap (Rs. cr)	3913.9
Book Value (Rs)	81.9
Avg. 52 Week Volumes	312,000
52 Week High	Rs. 337.6
52 Week Low	Rs. 204.6

Shareholding Pattern % (June 2019)	
Promoters	44.9
Institutions	27.1
Non Institutions	28
Total	**100.0**

Fundamental Research Analyst:
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Deepak Nitrite Limited (DNL) enjoys a leading market position in basic chemicals, fine & speciality chemicals and performance products in the domestic as well as global markets. DNL's manufacturing facilities are located at Nandesari and Dahej in Gujarat, Taloja and Roha in Maharashtra, as well as in Hyderabad. The Company recently commissioned its mega phenol-acetone project.

KEY HIGHLIGHTS

- Company has grown to become a market leader in the domestic market for inorganic intermediates, nitro toluene and fuel additives
- DNL has added pharma intermediaries and more agrochemical products over the years
- The newly commissioned phenol- acetone project could drive sales and profit growth in the near term

- DNL has been manufacturing chemicals for nearly five decades. Over the years, the company has grown to become a market leader in the domestic market for inorganic intermediates (sodium nitrite), nitro toluenes and fuel additives. It is also among the top three global players for xylidines, cumidines and oximes. DNL has also added pharma intermediaries and more agrochemical products over the years. The regular introduction of new products could help DNL to diversify the risk related to a particular product segment.
- In Nov-18, the company commissioned its phenol (capacity at 200000 MTPA) and acetone (capacity at 120000 MTPA) manufacturing plant at Dahej at a project cost of ~Rs. 1400 cr through its wholly-owned subsidiary, Deepak Phenolics Ltd. This business alone brought in a turnover of Rs 1000 cr, with DPL contributing Rs 930 cr to the FY19 consolidated turnover of Rs 2700 cr. The phenol project is likely to contribute around half of the operating profits in FY20.
- Favourable demand-supply trends resulted in improved realisations from di-amino stilbene disulphate acid (DASDA), which is used to manufacture whitening agents and dye. DNL has established its relationship with key customers for supplying Xylidines, Oximes, Cumidines, Nitro Oxylene, which find application in pharma, personal care and agro-based chemicals.

- DNL is pursuing to move higher up in the phenol-acetone chain gradually to maximize returns from the phenol project by looking to manufacture products like Bisphenol-A, Cyclohexanone, Diacetonealcohol, Isophorone, MIBK, MIBC, MMA over the years.
- The company continues to deliver a healthy set of numbers on the revenue and cost fronts. The overall story is panning out on expected lines with sustained margin expansion and improvement in RoCE. However, heavy monsoons and the consequent impact on the plywood Industry could hit Q2 numbers.
- The environmental clamp down in China has resulted in a favorable pricing uptick and gradual migration to sourcing from India. This could benefit companies like DNL.
- Pressure on Phenol spreads, currency fluctuations, commodity nature of products and accompanying cyclicality, slowdown in demand and regulatory changes are key concerns.

OUTLOOK

A favourable demand outlook, ramp up of new capacities, forward integration into downstream products will support healthy revenue growth of 10-12% p.a. over the medium term after a stupendous FY20. Though DNL has large dependence on one line of products, the stock quotes at a significant discount to other large chemical players like Atul, Vinati, Aarti Ind, SRF etc. ***We feel investors could buy the stock at the LTP and add on dips to Rs.275-281 (8.0x FY21E EPS) for a Target Price of Rs 348 (10.0x FY21E EPS).***

Financial Summary

(Rs. cr)	FY17	FY18	FY19	FY20E	FY21E
Net Revenues	1370.7	1651.5	2699.9	4103.9	4526.6
EBITDA	135.5	196.2	413.9	811.7	846.5
APAT	96.5	79.0	173.7	432.6	454.9
Adjusted EPS (Rs)	7.4	6.0	13.3	33.0	34.8
P/E (x)	40.6	49.5	22.5	9.0	8.6
EV / EBITDA (x)	33.2	24.2	12.1	5.9	5.5
RoE (%)	13.5%	8.6%	16.2%	29.7%	24.2%

Fairchem Speciality Ltd

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Chemicals	Rs. 480	Buy at LTP and add on declines	Rs. 427-431	Rs 569	Rs. 388	Next Diwali

HDFCSec Scrip Code	FAISPEEQNR
BSE Code	530117
NSE Code	FAIRCHEM
Bloomberg	FAIRCHEM IN
LTP (as on 15 Oct, '19)	Rs. 480
Equity Capital (Rs. cr)	39.1
Face Value (Rs)	10
Equity Sh O/S (cr)	3.9
Market Cap (Rs. cr)	1875.2
Book Value (Rs)	147.4
Avg. 52 Week Volumes	14,600
52 Week High	Rs. 573.6
52 Week Low	Rs. 320.0

Shareholding Pattern % (June 2019)	
Promoters	74.1
Institutions	2.2
Non Institutions	23.8
Total	**100.0**

Fundamental Research Analyst:
Atul Karwa
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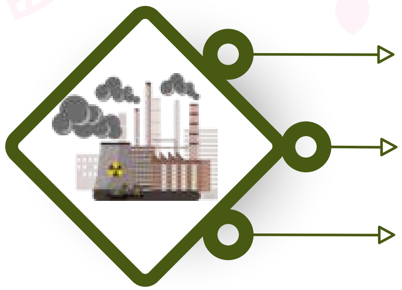
Fairchem Speciality Ltd. (FSL - formerly known as Adi Finechem Ltd.) is a speciality oleochemicals manufacturing company. Fractions of natural oils and fats such as soyabean, sunflower and cottonseed are the source of the company's fine chemical products. Its main products are mixed tocopherols, sterols, linoleic acid, monobasic acid and dimer acid for polyamides and printing ink industry. In Nov-2015 Fairfax India (FIH) acquired 44.9% stake in FSL. In Jul-2016, FIH acquired 51% of Privi Organics Ltd. (POL) engaged in the business of manufacturing aroma chemicals and later merged it with FSL in Oct-2016. FSL manufactures more than 65 products and possesses manufacturing capacity of 45000 MTPA of Adi and 22000 MTPA of Privi located in Western India.

KEY HIGHLIGHTS



- **The Global Aroma Chemicals Market is expected to grow at a CAGR of 6.8% to reach $6.48 billion by 2023**
- **FSL has registered 12 products and will be registering 3 more products under REACH for sales in Europe**
- **Restructuring of the business would create focused business segments**

- POL is the largest aroma chemical manufacturer in India spread across four manufacturing facilities in Maharashtra and Gujarat. Globally it is the second largest player in the pine tree fragrance segment, with a market share of 20-25%. According to Stratistics MRC, the Global Aroma Chemicals Market is expected to grow at a CAGR of 6.8% to reach $6.48 billion by 2023. POL is the only Asian company to set-up a refinery for processing waste from pulp & paper industry to produce key building blocks for aroma chemicals. POL has been supplying to the top 10 global fragrance companies for over 10 years and has direct relationships with global FMCG giants like P&G, Henkel etc. Aroma Chemicals contributed ~81% of FY19 sales for FSL. FSL is a leading producer globally of two fragrance intermediates - Dihydromyrcenol and Amber Fleur. FSL has registered 12 products and will be registering 3 more products under REACH for sales in Europe.

- The erstwhile Adi Finechem manufactures a range of oleo chemicals (high grade fatty acids) like dimer, monomer, linoleic acid and tocopherols from the waste products generated during refining of edible oils. It has one of the largest processing capacity of natural edible oil based fatty acids in India. Currently, Adi is the only producer of dimer acid in India and enjoys a market share of ~70% while having competitive advantage for other products over its peers.
- Demand for F&F (Flavours & Fragrances) products is fairly mature for most applications in the developed countries, but there is potential for growth in China, Other Asia (especially India), the Middle East, and Latin America. Also consumers are willing to experiment with new flavours & fragrances; premiumisation and rural penetration are other triggers for F&F products demand.
- Proposed restructuring of the business would create focused business segments. The speciality oleo chemicals and nutraceuticals business of FSL would be demerged into Fairchem Organics Limited and the wholly owned subsidiary POL would be merged with FSL.
- Global economic slowdown, forex volatility, pricing and availability of raw materials are some concerns faced by FSL.

OUTLOOK

The market for FSL products is growing by 10-15% p.a. The management expects to grow at 15-20% by gaining market share from others and launching new products. It has initiated two capex projects 1) a plant to manufacture sterols and higher concentration tocopherols and 2) a plant to manufacture bio-diesel using three by-products of its manufacturing process: palmitic acid, monomer acid and residue. The company has spare capacity in existing products giving it considerable room to grow. ***We feel investors could buy the stock at the LTP and add on dips to Rs 427-431 (9x FY21E EPS) for a Target Price of Rs 569 (12x FY21E EPS).***

Financial Summary

(Rs. cr)	FY17	FY18	FY19	FY20E	FY21E
Operating Income	597.4	1024.3	1341.0	1623.1	1915.2
EBITDA	70.9	130.2	212.7	269.4	327.5
PAT	21.3	53.3	94.2	143.8	185.1
EPS (Rs)	5.7	14.2	24.1	36.8	47.4
P/E (x)	84.6	33.8	19.9	13.0	10.1
EV / EBITDA (x)	30.2	16.7	11.0	8.6	7.0
RoE (%)	8.5	11.5	17.6	22.5	23.6

GRSE

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Shipbuilding	Rs. 171.55	Buy at LTP and add on declines	Rs. 171.55-160	Rs. 202	Rs. 138	Next Diwali

HDFC Scrip Code	GARREA
BSE Code	542011
NSE Code	GRSE
Bloomberg	GRSE
LTP (as on 15 Oct, '19)	Rs. 171.55
Equity Capital (Rs. cr)	114.55
Face Value (Rs)	10
Equity Sh O/S (cr)	11.45
Market Cap (Rscr)	1965
Book Value (Rs)	91
Avg. 52 Week Volumes	182208
52 Week High	Rs. 190
52 Week Low	Rs. 78

Shareholding Pattern % (September 2019)	
Promoters	74.5
Institutions	18.95
Non Institutions	6.55
Total	**100.0**

Fundamental Research Analyst:
Nisha Sankhala
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Garden Reach Shipbuilders & Engineers Ltd (GRSE) is a premier ship building company in India under the administrative control of the Ministry of Defence, primarily catering to the ship building requirements of the Indian Navy and the Indian Coast Guard. GRSE is the first shipyard in the country to export warships and deliver 100 warships to the Indian Navy and Indian Coast Guard.

KEY HIGHLIGHTS

- The order book as on FY19 stands at Rs 21644 cr, which ensures multi year earnings visibility
- It has an advantage over global shipyards in securing contracts as it qualifies for the 'Make in India' initiative
- High dividend yield and trading at reasonable valuations

• GRSE derives majority of its revenue from its ship building division. In addition to core manufacturing activities for ship building, the Company offers diversified products & services to its customers including portable bridges, deck machinery items, pumps and engines. The Company has a dedicated deck machinery equipment facility and an engine assembling and testing facility, both of which are essential for the ship building and testing process. This vertical integration enables the company to produce ships in a more time efficient manner because of its non-reliance on third parties.

• The Company has an advantage over global shipyards in securing contracts to build vessels for the Indian Navy and Indian Coast Guard as it qualifies for the 'Make in India' initiative. This initiative grants indigenous manufacturers a competitive advantage when supplying to the domestic market.

OUTLOOK

The aggregate order book as on FY19 is 21,644 cr, which ensures earnings visibility for many years to come. In line with future plans of Indian Navy and Indian Coast Guard, GRSE is hopeful of winning few more orders in future. While many of the private shipyard companies have high debt, GRSE has cash & equivalents of Rs. 1990 Cr as of FY19 (including advances from customers). We have estimated 32% cagr in revenue and 36% cagr in PAT with improvement in margin over FY19-21E. Company has high dividend pay-out policy which limits the downside. Stock trades at 9.7x FY21E earnings. ***We recommend GRSE a BUY at the LTP and add on dips of Rs. 160 for Target Price of Rs. 202 for next one year.***

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Revenue	1348	1386	1663.2	2411.64
EBITDA	-14.83	39.92	91.5	144.7
OPM (%)	-	2.9	5.5	6
Other Income	179.2	171.2	170.0	168.0
PAT	92.4	111.3	167	205
EPS	7.6	9.8	14.5	17.8
PE	22.6	17.6	11.9	9.7

Muthoot Finance Ltd

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
BFSI –Gold Finance	Rs. 654	Buy at LTP and add on declines	Rs. 600-605	Rs. 751	Rs. 556	Next Diwali

HDFCSec Scrip Code	MUTFINEQNR
BSE Code	533398
NSE Code	MUTHOOTFIN
Bloomberg	MUTH IN
LTP (as on 15 Oct, '19)	Rs. 654
Equity Capital (Rs. cr)	400.7
Face Value (Rs)	10
Equity Sh O/S (cr)	40.1
Market Cap (Rs. cr)	26,201.9
Book Value (Rs)	244.4
Avg. 52 Week Volumes	11,50,000
52 Week High	Rs. 698.6
52 Week Low	Rs. 368.2

Shareholding Pattern % (June 2019)	
Promoters	73.5
Institutions	22.3
Non Institutions	4.3
Total	**100.0**

Fundamental Research Analyst:
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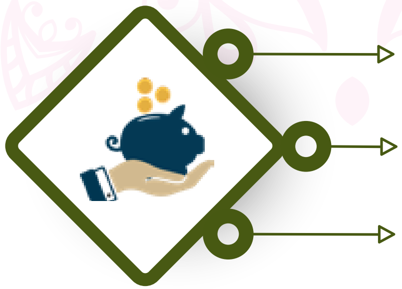
Muthoot Finance Ltd (MFL) is India's largest, niche gold finance company with an AUM of ~Rs 358bn in Jun-2019. Headquartered in Kochi (Kerala), the company majority is owned by the Muthoot family (73.5% stake as of Jun-2019). It currently has 4,502 branches and presence across 29 states/union territory in the country. However, its footprint is concentrated mostly in the South with ~60% branches. While loans are typically disbursed with tenure of 6-12 months, most of the loans are repaid within six months – implying average duration of close to six months for the loans.

KEY HIGHLIGHTS



MFL is one of the stronger NBFCs and has remained relatively unscathed in the current times

MFL has always maintained a diversified source of funding and never relied heavily on any one particular source of borrowing

The group is taking various marketing initiatives to create awareness and build trust

- MFL is one of the stronger NBFCs and has remained relatively unscathed in the current times due to its short tenure loans, self-liquidating portfolio and gold backing. Its consolidated AUM has risen 15.5% in Q1FY20, interest spread is 11.7% and NIM is 13.5%.
- Over the last few years, MFL has diversified into home finance, micro finance, insurance broking and asset finance verticals. The share of non-gold business has increased from ~5% in FY17 to 12% at the end of FY19. While home finance subsidiary is facing headwinds from slippages/write-offs, the micro finance subsidiary is performing well.
- MFL has always maintained a diversified source of funding and never relied heavily on any one particular source of borrowing. It is looking to increase borrowings through the NCD and ECB route as bank funding has become tight due to the liquidity crisis and the general fear against NBFCs. It proposes to raise $2 billion in foreign currency or rupee denominated bonds from foreign markets

through medium term note program to fund its business growth. This will further bring down its interest costs and expand its NIM while increasing risk of forex volatility.

- Gold prices have risen in recent times and crossed the highs achieved in 2012. Rising gold prices benefit the company as it can lend more for the same grammage of gold. Also it increases the margin of safety on active loans disbursed in the past.
- The group is taking various marketing initiatives to create awareness and build trust. It has been associated with Mr Amitabh Bachchan, CSK cricket team, Jaipur Kabaddi team, Greater Kailash Metro Station branding in New Delhi, etc. These associations lead to higher visibility for the company pan-India.
- Slowdown in economy, fall in gold prices, unavailability of finance and possibility of higher NPAs in subsidiaries are key concerns.

OUTLOOK

MFL will continue to benefit from its long standing presence and good knowledge of the gold loan segment. Increasing share of non-gold loans would de-risk its portfolio concentration and provide cushion to AUM growth. Also the same branches would be utilized to cross sell products leading to lower cost-income ratio. Brand building by roping in Amitabh Bachchan as brand ambassador and partnering with IPL team Chennai Super Kings would give it a pan-India visibility. Resolution of overdue gold loan accounts would bring down the NPA levels in the coming years. Although the gross NPA of 3.2% and Net NPA of 1.3% for Q1FY20 are optically on the higher side, longer time allowed by MFL to borrowers before liquidating the collateral is the reason for this. ***We feel investors could buy the stock at the LTP and add on dips to Rs 600-605 (1.8x FY21E ABV) for a Target Price of Rs 751 (2.25x FY21E ABV).***

Financial Summary

(Rs. cr)	FY17	FY18	FY19	FY20E	FY21E
NII	3345.7	4263.1	4502.2	4998.5	5777.6
PPP	2184.5	3084.3	3104.4	3489.5	4140.5
PAT	1161.7	1777.6	1972.1	2470.6	2974.9
EPS (Rs)	29.1	44.4	49.2	61.7	74.2
P/E (x)	22.5	14.7	13.3	10.6	8.8
P/ABV (x)	4.3	3.9	2.9	2.4	2.0
RoAA (%)	4.0	5.8	5.7	6.1	6.4

SBI Life Insurance Company

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Life Insurance	Rs. 839.65	Buy at LTP and add on declines	Rs. 839.65-795	Rs. 965	Rs. 730	Next Diwali

HDFC Scrip Code	SBILIF
BSE Code	540719
NSE Code	SBILIFE
Bloomberg	SBILIFE
LTP (as on 15 Oct, '19)	Rs. 839.65
Equity Capital (Rs. cr)	1000
Face Value (Rs)	10
Equity Sh O/S (cr)	100
Market Cap (Rs. cr)	83965
Book Value (Rs)	79
Avg. 52 Week Volumes	1484239
52 Week High	Rs. 862
52 Week Low	Rs. 485

Shareholding Pattern % (September 2019)	
Promoters	62.80
Institutions	30.65
Non Institutions	6.55
Total	**100.0**

Fundamental Research Analyst:
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SBI Life is the second largest private sector life insurance company in the country and has a 6.2% market share in the whole insurance industry. It has a diversified product mix across individual and group insurance products along with a multi-channel distribution network comprising of bank assurance, individual agents, insurance brokers, direct sales, etc.

KEY HIGHLIGHTS

- SBI life is the 2nd largest private sector life insurance company with a growing market share
- Company has diversified product mix across individual and group insurance products
- SBI life is uniquely positioned to tap the vast potential in India's life insurance industry

• India has highly underpenetrated insurance market compared to the other parts of the world with a life insurance penetration of less than 3%. This presents immense opportunities to expand the life insurance business given the favourable demographics, rising prosperity, rising household income and the increasing awareness of the need for financial protection.

• SBI Life is uniquely positioned to tap the vast potential in India's life insurance sector by harnessing the SBI Group's large distribution footprint (24k+ branches).

• Management has indicated that their endeavours will be towards improving margins by 1) increasing share of protection and other high margin business, 2) increasing proportion of single premium policy sales, 3) launch and sale of immediate annuity products and 4) they have a strong balance sheet with an excellent capital positioning. SBI Life's superlative customer service has created one of the best in class persistency ratio. In FY19, the Company reported robust and above industry average numbers.

OUTLOOK

We expect SBI Life to deliver strong of 21% CAGR in VNB, 26% CAGR in NBP and that with improved margin, which will lead to 17% CAGR in its embedded value. It is trading at 2.6x P/EV for FY21 which is quite an attractive proposition looking at its growth prospects. ***We arrive at a Target Price of Rs. 965 for SBI Life in next one year.***

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
NBP	10970	13790	17730	21980
APE	8540	9690	11560	13640
VNB	1570	1920	2330	2810
VNB Margin (%)	18.4	19.8	20.2	20.6
EV	201.7	237.3	280.8	326.9
P/EV (x)	4.2	3.5	3.0	2.6

Sudarshan Chemical

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Specialty Chemicals	Rs. 363	Buy at LTP and add on declines	Rs. 363-334	Rs. 460	Rs. 298	Next Diwali

HDFC Scrip Code	SUDCHE
BSE Code	506655
NSE Code	SUDARSCHEM
Bloomberg	SCHI
LTP (as on 15 Oct, '19)	Rs. 363
Equity Capital (Rs. cr)	13.85
Face Value (Rs)	2
Equity Sh O/S (cr)	6.92
Market Cap (Rs. cr)	2512
Book Value (Rs)	82
Avg. 52 Week Volumes	78767
52 Week High	Rs. 424
52 Week Low	Rs. 290

Shareholding Pattern % (June 2019)	
Promoters	52.89
Institutions	9.90
Non Institutions	37.21
Total	**100.0**

Fundamental Research Analyst:
Devarsh Vakil
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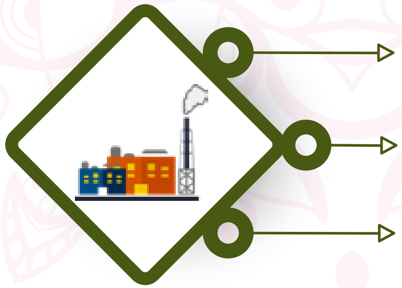
Sudarshan Chemicals is the 4th largest pigment manufacturer globally and the largest in India which is now aspiring to become the 3rd largest in the next 5 years.

KEY HIGHLIGHTS



The 4th largest pigment manufacturer globally and the largest in India

Dominates the Indian pigment industry with a market share of around 35%

Company plans to add 25-35 products annually to its portfolio

• With over 60 years of operating track record, Sudarshan has built strong relationships with customers and suppliers. The company dominates in the Indian pigment industry with a market share of around 35%. China has been a major player in Global Chemical business. Since last couple of years Chinese Chemical Industry has been facing many challenges because of stricter environmental norms.

• Currently, company has more than 400 products and management has guided that they will keep on adding 25-35 products annually to its portfolio, backed by its internal R&D and client requirements. Sudarshan's strategy of diversified product range enables its brands to cater the complete range of end application. Key consumer industries are Coating Industry, Inks, Plastic Industry and Cosmetics. Over the last ten years, company has done around Rs 800cr of capex largely funded from internal accruals with no equity dilution. China's woes are blessings for Indian chemical companies and Sudarshan has a plan in place to grab the opportunity with large capex, new products and backward integration

OUTLOOK

Over FY19-21E, we expect revenue to see 13% CAGR while net profit may see faster 47% CAGR on the back of 170bps margin expansion and lower corporate tax rate (tax rate reduction to ~25% from previous ~33%). Despite huge capex, the debt to equity ratio is expected to remain around 0.5x. Sudarshan trades at 17.2x FY21E earnings. ***We recommend Sudarshan Chemical a BUY at the LTP and add on dips to Rs. 334 for the Target Price of Rs. 460 till next Diwali.***

Financial Summary

(Rs. cr)	FY18	FY19	FY20E	FY21E
Revenue	1329	1477	1661	1885
Operating Profit	187	211	244	297
OPM (%)	14.1	14.3	14.7	15.8
PAT	77	67	115	147
EPS	11.1	9.6	16.5	21.2
PE	32.9	37.8	22	17.2
EV/EBITDA	15.5	13.7	11.8	9.7

Ultratech Cement

Industry	LTP	Recommendation	Add on dips to band	Target	Red Flag	Time Horizon
Cement & Cement Products	Rs. 4206	Buy at LTP and add on declines	Rs. 4206-3940	Rs. 4980	Rs. 3580	Next Diwali

HDFC Scrip Code	ULTCEM
BSE Code	532538
NSE Code	ULTRACEMCO
Bloomberg	UTCEM
LTP (as on 15 Oct, '19)	Rs. 4206
Equity Capital (Rs. cr)	274.65
Face Value (Rs)	10
Equity Sh O/S (cr)	27.46
Market Cap (Rs. cr)	115520
Book Value (Rs)	1034
Avg. 52 Week Volumes	479900
52 Week High	Rs. 4905
52 Week Low	Rs. 3260

Shareholding Pattern % (September 2019)	
Promoters	61.68
Institutions	27.31
Non Institutions	11.01
Total	**100.0**

Fundamental Research Analyst:
Kushal Rughani
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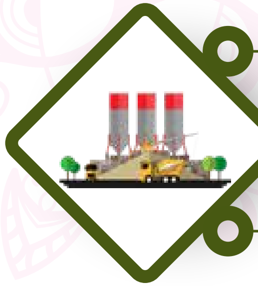
India is the second largest cement market in the world. With 21% market share in India, UltraTech Cement is the largest manufacturer of grey cement, Ready Mix Concrete (RMC) and white cement in India.

KEY HIGHLIGHTS



- Company has 21% market share in India
- Ultratech has a consolidated capacity of 117.35 Million Tonnes Per Annum (MTPA) of grey cement
- India's largest exporter of cement, reaching out to meet the demand in countries around the Indian Ocean and the Middle East

•Ultratech has a consolidated capacity of 117.35 Million Tonnes Per Annum (MTPA) of grey cement. Company has 23 integrated plants, 1 clinkerisation plant, 25 grinding units and 7 bulk terminals and more than 100 RMC plants. It has a white cement plant with a capacity of 0.56 MTPA and 2 WallCare putty plants with a combined capacity of 0.8 MTPA. UltraTech market white cement under the brand name of Birla White. The Company is also India's largest exporter of cement reaching out to meet the demand in countries around the Indian Ocean and the Middle East.

• Last year, its capacity utilization for the grey cement stood at 76%, up by 500 bps. As on Mar-19, its net Debt to Equity stood at 0.5x, and we estimate that it would get reduced to 0.35x by FY21.

• The acquisition of cement plants of Century Textiles recently got concluded and company has issued 1 share of UltraTech for every 8 shares held in Century Textiles.

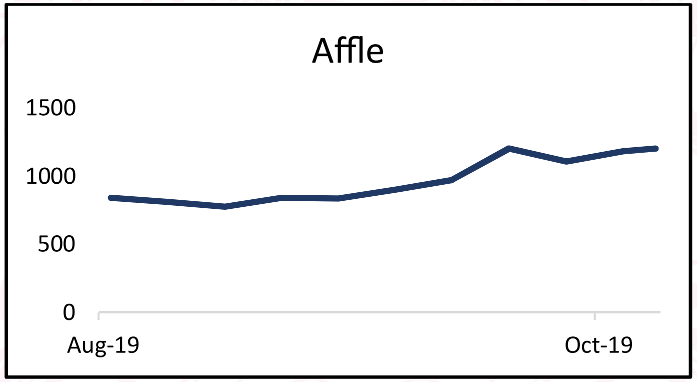
OUTLOOK

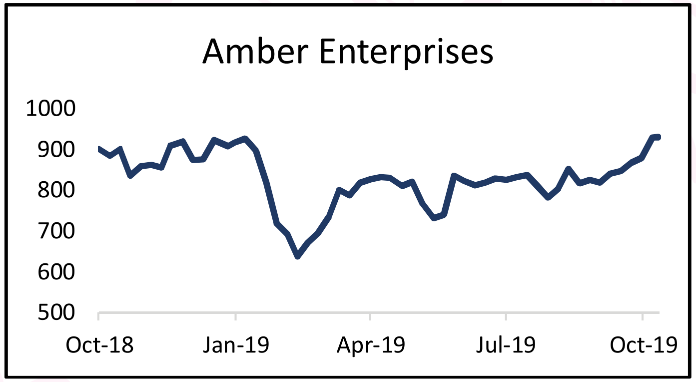
As the utilization levels rise for the company and the costs stabilize, the pricing power will improve. We expect 17% revenue, ~28% EBITDA and ~39% EPS CAGR led by its cost leadership, pricing and strong volumes over FY19-21E. Strong revenues and margin expansion would drive robust growth in profitability. The Stock trades at ~12.3x FY21E EV/EBITDA and ~USD 180 EV/MT. We believe, with pan India presence and strong sustainable financials, Ultratech would continue to trade at premium over mid-sized cement companies. ***Based upon 14.5x FY21E EV/EBITDA, we arrive at a Target Price of Rs 4980 till next Diwali.***

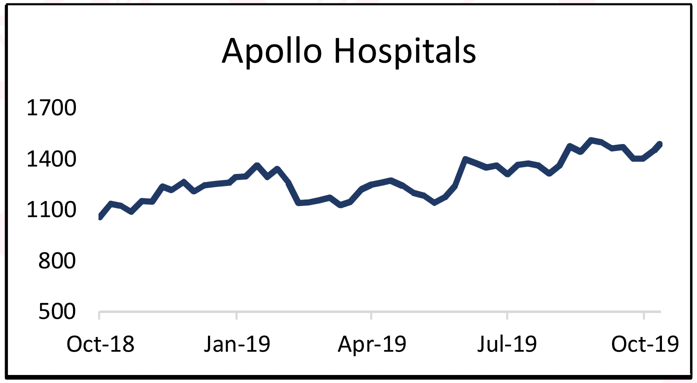
Financial Summary

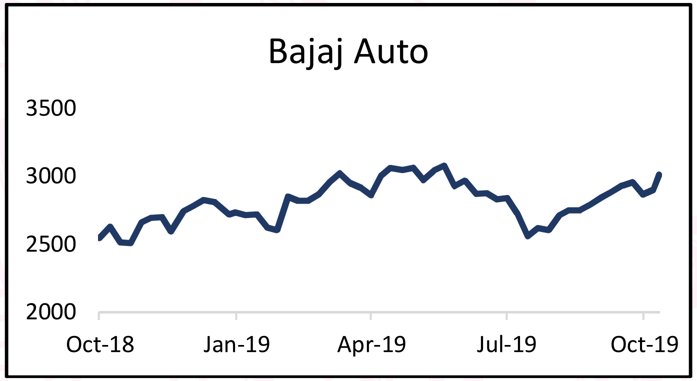
(Rs. cr)	FY18	FY19	FY20E	FY21E
Revenue	30979	37379	43272	50910
Operating Profit	6145	6788	9443	11032
OPM (%)	19.8	18.2	21.8	21.7
PAT	2571	2431	3621	4714
EPS	89.0	84.1	125.3	163.1
PE	47.3	50.0	33.6	25.8
EV/EBITDA	22	20.8	14.8	12.3

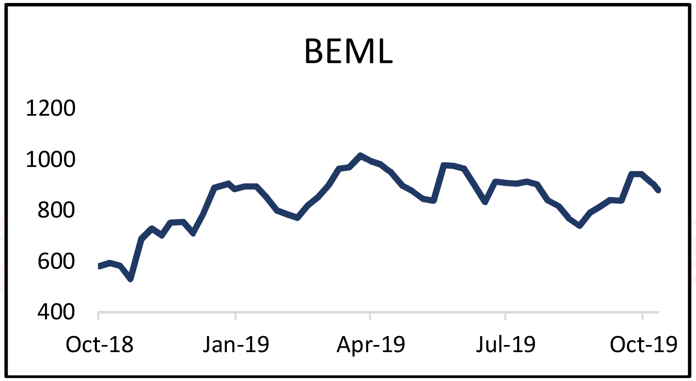
Price Charts

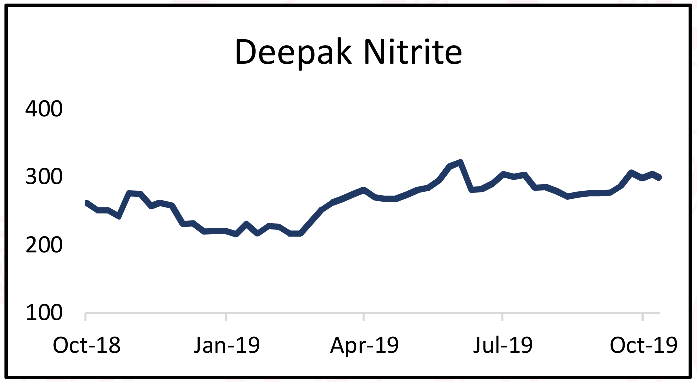




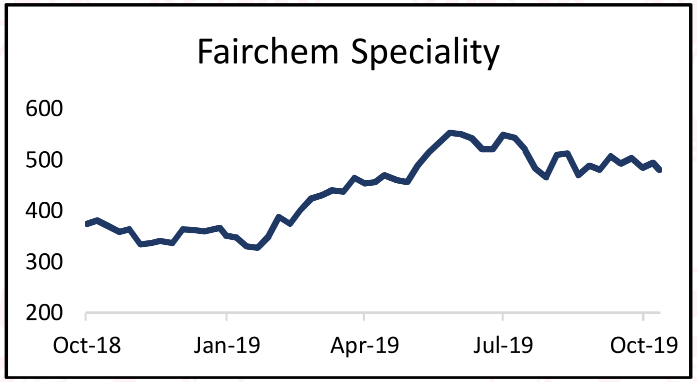


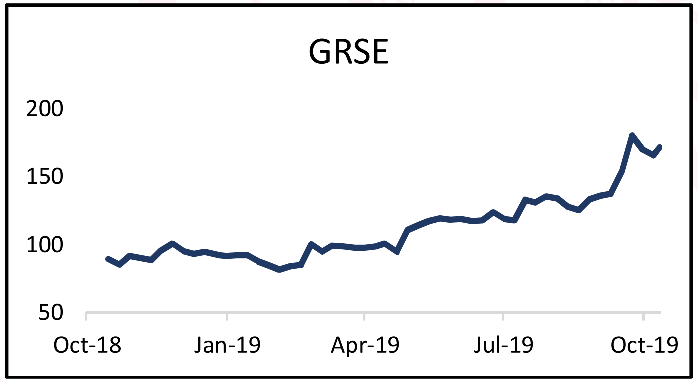


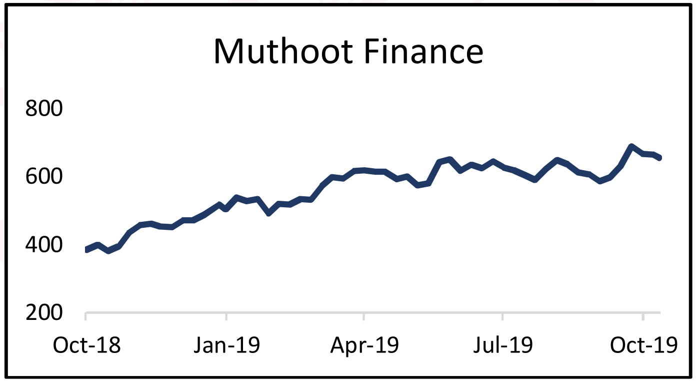


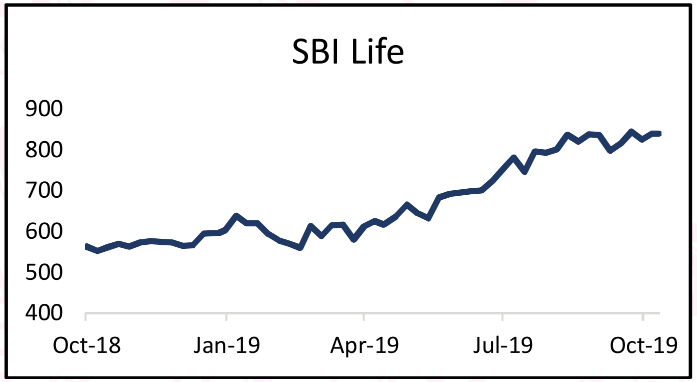


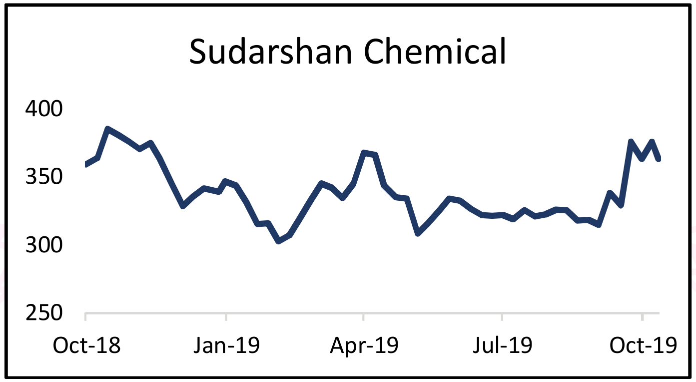
Price Charts

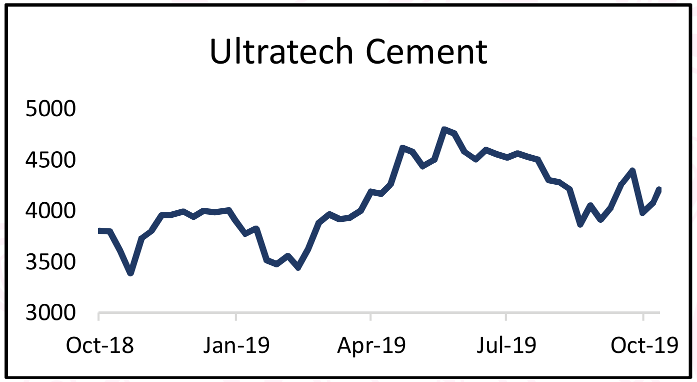












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Disclosure

Company	Analyst	Team	Holding
Affle India Ltd	Debanjana Chatterjee, Msc(Eco), MBA	Retail	No
Amber Enterprises	Manthan Jhaveri, CA	PCG	No
Apollo Hospital Ltd	Abdul Karim, MBA	Retail	No
Bajaj Auto	Jimit Zaveri, MBA	PCG	No
BEML	Kushal Rughani, MBA	PCG	No
Deepak Nitrite Ltd	Abdul Karim, MBA	Retail	No
Fairchem Specialty Ltd	Atul Karwa, MMS	Retail	No
Garden Reach Shipbuilders (GRSE)	Nisha Sankhala, MBA	PCG	Yes
Muthoot Finance Ltd	Atul Karwa, MMS	Retail	Yes
SBI Life Insurance	Nisha Sankhala, MBA	PCG	No
Sudarshan Chemicals	Devarsh Vakil, MBM	PCG	No
Ultratech Cement	Kushal Rughani, MBA	PCG	No

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