



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Dear all,

We would request you to kindly go through our new recommendation list which is given below. Both the targets i.e. Long term as well as short term will be updated on a monthly basis. We have included a small note giving out our rationale behind the investment.

Monthly Outlook:

2018 has begun on tumultuous note. Markets were rattled by the quantum of the fraud at Punjab National Bank. Apart from the quantum of fraud, investors were concerned of further deterioration of asset quality in public sector banks. Global markets also continue to suffer from risk aversion. Latest move by Trump to impose tariffs on steel and aluminum has ignited fears of trade wars between US and its trading partners.

India's 3Q GDP rebounded to 7.2% as negative supply shocks on account of the demonetization and GST seem to be fading away. Investment growth surged to double digits from 8.9% last quarter to 13% in 3Q in line with what we have been seeing with some high frequency indicators.

The rupee weakened against the U.S. dollar as reports that offshore borrowing norms could be tightened for domestic firms poured in. The U.S. Jan 2018 meeting and testimony by the U.S. Fed chair indicating faster rate hikes further burdened the domestic currency.

While the long-term story for India remains good, investors should be ready for some short-term pain. We believe 2018 will be a year of stock picking along with heightened volatility in the markets. Further state elections and general election in 2019 will keep the markets volatile.

In the current issue, we enclose our top picks along with our overall research recommendations.

Top Picks:

Please note the investment duration for these stocks is 12 to 24 months.

Scrip Name	CMP	Target Price	Recommendation Date	% Upside
Narayana Hrudayalaya	301	440	08-03-2017	46%
Zuari Agro	500	725	08-03-2017	46%
Trent	312	500	08-03-2017	60%
Cadila	392	650	08-03-2017	65%
Voltas	629	800	08-03-2017	27%
Maruti Suzuki	8675	10875	08-03-2017	25%
Ashok Leyland	140	160	08-03-2017	15%
HCL Tech	932	1247	08-03-2017	34%
Sterlite Tech	349	450	08-03-2017	29%
Sarla Poly	55	80	08-03-2017	45%



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Biocon	623	680	9%	735	18%	Buy on Dips

USFDA approval to Trastuzumab to open up huge opportunity as first biosimilar to Roche's Herceptin - US market size \$ 2.6 bn

Biocon+Mylan to launch Pegfilgrastin in India. Insulin sales to grow due to EUGMP approval to Malaysia plant

At CMP, Biocon trades at 33x FY20E EPS of Rs 19.1.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Cipla	580	650	12%	700	21%	BUY

Cipla to start complex generics launches in the US from Q3FY18 which will improve product mix and thereby profitability

New launches in India, growth in South Africa to drive revenue growth. Profitability to improve through better product mix and operational efficiencies

At CMP, Cipla trades at 22x FY20E EPS of Rs 25.7

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Dr Reddy's	2182	2800	28%	3074	41%	Buy

USFDA approval to Duvvada plant will help restore revenues and profitability due to impact of warning letter

Awaits clearance to Duvvada injectables plant. Plans 15-20 ANDA filings and 10-12 new launches in US. Price correction due to delay in Duvvada re-inspection by 1-2 quarters. At CMP, DRL trades at 19x FY20E EPS of Rs 115.1.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Syngene	583	630	8%	683	17%	Buy on Dips

Largest contract research service (CRO) company in India, with a focus on early stage R & D. Wide offerings of niche services in discovery chemistry and biology

Robust revenue growth due to increased demand, improvement in EBITDA margins due to increased business from dedicated centres to drive earnings growth

At CMP, Syngene trades at 24x FY20E EPS of Rs 24.5.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Narayana Hrudayalaya	301	350	16%	440	46%	Buy

Increase in average revenue per occupied bed (ARPOB) due to widening presence in Mumbai and Delhi. Increase in number of operating beds due to increased occupancy due to better service offerings.

Promoted by Dr. Devi Shetty with a focus of affordable specialized treatment in oncology, neo natal care, cardiology, neurology and orthopedic. Scalable due to lowest capex per bed. Minimum impact of pricing control. Largest beneficiary of National Health Protection Scheme announced in Union Budget 2018-19. At CMP, NH trades at 22x FY20E EPS of Rs13.4.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Max India	96					SELL

Price correction due to suspension of operations at Shalimar Bagh hospital, New Delhi. Max has obtained a stay on the same. In view of the developments at New Delhi, there will be a delay in turnaround of both Healthcare and Health Insurance operations. The Healthcare business has been impacted due to regulatory pricing caps and changes in trade practices. Health Insurance business needs investments to expand sales network. We do not expect investors to benefit for the next 2 years.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Deepak Nitrite	258	230	-7%	260	5%	Hold

The company is setting up a greenfield project for 2 lakh tonnes of phenol, used in laminates, paints, rubber adhesives and 1.2 lakh tonnes of acetone, used in pharmaceuticals to be commissioned by Q4FY18.

The new products will improve profitability over 2-3 years.

At CMP, DNL trades at 14x FY20E EPS of Rs 19.7.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Laurus Labs	529	620	17%	744	41%	Buy

Strong promoters background with strength in research & development of new molecules, with focus on high volume therapies.

Healthy growth in active pharmaceutical ingredients (APIs), custom synthesis. New formulations plant to be commissioned by Q3FY18.

Price correction due to de-growth in Hep C business. At CMP, Laurus Labs trades at 15x FY19E EPS of Rs 35.4.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Granules India	114	135	18%	156	37%	Buy

Granules India is expanding its capacities in Paracetamol & Metformin, due to increasing demand to be commissioned by Q3FY18

Granules is a fully integrated lowest cost producer of matured generics and has filed for complex generics ANDAs pending approval.

At CMP, Granules trades at 15x FY20E EPS of Rs 7.83.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Cadila Healthcare	392	558	42%	650	65%	Buy

USFDA Approves the Moraiya and Baddi Plant. Sizeable pipeline of ANDA fillings

India formulations to grow through new product launches and vaccines. Cadila to expand formulations facility with a capex of Rs 1000 crs.

At CMP, Cadila trades at 16x FY20E EPS of Rs 24.8

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Deepak Fertilisers	317	420	32%	500	58%	Buy

Expects turnaround of fertilizer business. To increase capacity & more number of complex fertilizers.

The company expects to receive subsidy payment of Rs.310 Crores within next 2 to 3 months.

At CMP, Deepak Fertilisers trades at 13x FY19E EPS of Rs 27.3

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Bata	713	800	12%	1000	40%	Buy

Retail sentiments remain positive, same store sales growth picking up.

EBIDTA Margins to improve with saving on fixed costs like rentals with higher turnover.

At CMP of Rs 713 stock trades at 33x FY19e EPS of Rs 21 and 30x FY20e EPS of Rs 23.5

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Trent	312	360	15%	500	60%	Accumulate

Trent a play on consumer theme, includes Westside - apparels, Starbazaar- departmental and Zara-high end fashion.

Diversified business with a potential of compounded growth in each of its segment.

At CMP of Rs 312 stock trades at 87x FY18e EPS of Rs 3.6 and 59x FY19e EPS of Rs 5.3.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Shopper Stop	516	418	-21%	450	-13%	Shift to Trent

Shoppers Stop (SS) is play on Indian Retail. Shift to organised from unorganised would benefit companies like Shoppers Stop and Trent

SS mainly sells 3rd party apparels where margin expansion is limited. Hypercity has still not turned around

We would recommend investors to shift from Shoppers Stop to Trent

At CMP of Rs 516 trades at 108x FY18e EPS of Rs 4.8 and 54x FY19e EPS of Rs 9.5

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
IFB	1293	1350	4%	1500	16%	Buy on Dips

IFB Industries a leader in manufacturing of Washing Machines a good consumer durable stock to play the housing for all theme

Company is known for Front Loaders and has started Top Loaders and gaining market share. Entering in to Refrigerators as well

At CMP of Rs 1293 stock trades at 48x FY19e EPS of Rs 26.7 and 41x FY20e EPS of Rs 31.43.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Britannia	4897	4950	1%	5200	6%	Accumulate

FMCG company with high success ratio in terms of margins sustainability during tough times.

Expanding in to croissants through JV and also would be announcing it plan on dairy in the near future

At CMP of Rs 4897 trades at 58x FY18e EPS of Rs 85 and 48x FY19e EPS of Rs 102

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Kansai Nerolac	487	600	23%	680	39%	Buy

Paint company have been maintaining double digit topline and bottomline growth.

Leader in Auto paints with Maruti being one of the major client.

At CMP of Rs 487 trades at 48x FY18e EPS of Rs 10.2 and 41x FY19e EPS of Rs 12

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Schaeffler India Ltd	5299	5800	11%	6275	18%	Accumulate

Original Name: Fag India Ltd

Management decisions to merge the unlisted entities in the listed entity will bring in synergies and increase business prospects

At CMP (excluding the merger) Rs 5299 trades at 33x CY18e EPS of Rs161 and 28x CY18e EPS of Rs 191

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Jyothy Labs	353	322	-9%	340	-4%	Shift to HUL

The company has good product profile with flagship brands like Ujala. Acquisition of Henkel's India added high quality products

The company successfully turnaround Henkel brands and has been successful in its niche

The Henkel deal is canceled now and it will not buy 26% stake in Jyothy Laboratories this could impact expansive valuations.

At CMP of Rs 353 trades at 35x FY18e EPS of Rs 10 and 32x FY19e EPS of Rs 11.1

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Castrol	200	213	7%	230	15%	Book Partial Profits

GST implementation would have a positive impact as lot of un-organized players will be out of business

Lower crude oil prices and shift to high end quality oils for automobiles beneficial for the company

Introduction of Electric Vehicles at fast pace is a Risk

At CMP of Rs 200 trades at 29x CY17e EPS of Rs 6.9 and 26x its CY18e EPS of Rs 7.7



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
SKF	1710	1860	9%	2010	17%	Buy on Dips

Economic activity improvement will give rise to demand for CV and automobiles.

Railways too is a big opportunity going forward where SKF is already affiliated.

At CMP of Rs 1710 trades at 32x FY18e EPS of Rs 54 and 28.5x its FY19e EPS of Rs 60

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
BHEL	88	95	8%	123	39%	Buy

Faster clearances with new orders give a good visibility for the company. Bhel's biggest order Yadadri project takes off and impact may come in in couple of quarter is a big +ve. Intends to increase its industrial exposure & exploring new opportunities in railway transmission is a positive.

Employee cost reducing by 10% every year and induction of around 180 so we envisage reduction in employee cost

At CMP of Rs 88 stock trades at 8.6x FY20e EPS of Rs 10.2 and 11.4x its FY19e EPS of Rs 7.7

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Finolex Industries	648	695	7%	780	20%	Buy

After GST unorganized player shifting to organized would help improve its market share. Volumes continue to grow.

CPVC to drive next leg of growth: Plans to ramp-up its CPVC volumes exponentially over the near term, from ~4,000 to ~20,000 MTPA

At CMP of Rs 648 stock trades at 22.6x FY19e EPS of Rs 28.7 and 16.6x its FY20e EPS of Rs 39.

Govt fund allocation to irrigation projects will push the demand and benefit Finolex

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
KEC International	406	417	3%	434	7%	Accumulate

Incremental opportunities for KEC exist in railways, civil division and international operations

Business visibility is strong across verticals for KEC with good order book. Focus on debt reduction and working capital is helping profitability

At CMP of Rs 406 stock trades at 21.9x FY19e EPS of Rs 18.6 and 18.7x its FY20e EPS of Rs 21.7

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Hero Motocorp	3539	3944	11%	4176	18%	Buy

HMCL has a healthy volume uptick after 5 years of flattish CAGR in motorcycle and its scooter market share of 13% seems to have bottom out

We value the stock at 20.5x FY19 due to slightly better growth outlook in rural India as it contributes ~50% to revenue

At CMP of Rs 3539 stock is trading at FY19E EPS of Rs 218 and FY20E of Rs 232 Our TP is based on P/E of 18.2x FY20E

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Bajaj Auto	2921	3222	10%	3400	16%	Neutral

Regulatory changes driving medium term visibility in 3wheelers. Key export markets showing revival and new ramp-up will drive volume growth.

BAL JV with UK's Triumph motorcycle to cater mid-capacity (250-750 cc) motorcycle for India and Global markets. Focus on entering new markets & higher volume

At CMP of Rs 2921 stock is trading at 17.2x of FY19E EPS of Rs 169 and 16.3x and FY20E EPS of Rs 179

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Mahindra & Mahindra	710	800	13%	846	19%	Buy

Management expects electric vehicles as another big segment which has potential to grow. Currently M&M is L2 bidder in current ELSS order. Some of their products such as e-alfa, e-Supro and e-verito have been launched in Delhi and Himachal Pradesh. Planned capex of 600cr will be invested for technology and component development.

Strong product pipeline, with launch of four new products in PV, two in tractors and one new ICV by H1FY19

At CMP of Rs 710 stock is trading at 15.9x FY20E EPS of Rs 44.56



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Maruti Suzuki	8675	9900	14%	10875	25%	Accumulate

Maruti Suzuki well placed to drive premiumization and electrification of India's car market.

Expect company to further expand EBIT margins owing to its huge scale advantage

Strong hold on reach through premium channel Nexa and Strong financials are likely to enable MSIL to sustain premium Valuation

At CMP of Rs 8675 stock is trading at FY20E EPS of Rs 394 and FY21E of Rs 434 Our TP is based on P/E of 25x FY22E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
WABCO	7821	8239	5%	8346	7%	Buy on Declines

WIL is one of the major beneficiaries of an improvement in M&HCV volumes, as it enjoys higher market share ~85% in the CV

The company expects to gradually benefit from increasing its content per vehicle (CPV) partly driven by safety legislations

At CMP of Rs 7821 stock is trading at 43.6x FY19E EPS of Rs 179 and 36.5x FY20E of Rs 214

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Ashok Leyland	140	158	13%	160	15%	Accumulate

Ashok Leyland and Hino Motors (Japan) to renew partnership for Euro VI Engines

Recovery in volume is seen in MH&CV & Market share due to adoption of New igr technology is expected in FY18-19

We Expect strong bounce back in M&HCV industry till 2020.

At CMP of Rs 140 stock is trading at FY20E EPS of Rs 7.8 Our TP is based on P/E of 22.2x FY21E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
TVS	636	750	14%	799	21%	Hold

Management expect scooter to grow faster than motorcycle. With successful launch of Jupiter management expect market share to reach 16% soon from 14.5%

TVS-BMW product launch would be announced post festive season. Consumer trends in rural are changing due to more awareness

At CMP of Rs 636 stock is trading at 30.4x FY19E EPS of Rs 20.9 and 22.6x FY20E of Rs 28.1

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
TCS	3104	2783	-10%	3100	0%	Hold

Expect BFS vertical (33% of revenue) to pick up from beginning of FY19E whereas Retail & CPG (11.9%) to report a U – shaped recovery from H2 FY18E.

Expect Digital Revenues (19.7% of revenues) to continue robust growth over the next 4-6 quarters. Favorable changes in US Central Tax is a huge positive for IT Sector.

Stock is currently trading at 21.1x and 19x FY19E and FY20E EPS.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Infosys	1153	1,150	0%	1224	9.8%	Accumulate

Appointment of new CEO Salil Parekh from Capgemini should translate into company re-rating. The new CEO has made quite a reputation of working

through the ranks of Capgemini and handled business units which contributed more than 50% of topline and to the tune of \$5 Bn. However, strategic initiatives and objectives of the new CEO are still awaited to re-rate the Infosys to a BUY. Infosys is currently trading at 15.4x and 14.1x FY19E and FY20E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
HCL Tech	932	1106	19%	1247	34%	Buy

Expect HCL Tech to outperform the IT pack due to presence in high growth ER&D segment (21.5% of revenues) and strength in IMS (38.6% of revenues).

Growth from Mode 3 segment (products and platforms) should drive incremental growth.

The stock is trading at 15x and 13.9x FY19E and FY20E.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tech Mahindra	629	658	5%	700	11%	Accumulate

Believe that the current wave in Telecom Technology from 3G to 4G to 5G to have a positive effect on Telecom focused players like Tech Mahindra (48% of revenues) as growth in services generally comes after upgradation of networks which is in progress globally. Completion of LCC restructuring should bode well for margins going ahead. TechM currently trades at 14.9x and 13.3x FY19E and FY20E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tata Elxsi	1037	1183	14%	1300	25%	Buy

Expect Tata Elxsi to outperform based on presence in robust industry coupled with right mix of offerings.

We are particularly positive of the company's flagship middleware platform – Autonomai and direction towards next gen offerings in AR & VR industry. TELX is trading at 23.5x and 19.7x FY19E and FY20E EPS.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Persistent Systems	820	899	7%	1000	19%	Buy

Expect Digital, Accelerite and IBM Alliance (~56% of revenues) to report strong performance through H2FY18E and FY19E. Company has launched and displayed new IPs and updated features of Products during the Investor Day 2017 with at least one customer win and highly scalable.

Additionally, expect margins to expand on the back of growth in de-linear businesses and completion of investments in S&M.

Persistent is trading at P/E multiple of 16.9x and 14.1x FY19E and FY20E EPS.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Sterlite Tech	349	400	14%	450	29%	Accumulate

Expect growth to be driven by strong demand in Optic Fibre and Optic Fibre Cable space coupled with strength in realizations.

With unique technology to manufacture Optic Fibre from Silica, the company has a significant margin advantage over mere converting companies. Projects like BharatNet, Network for Spectrum and Smart Cities as well as increasing non-spectrum capex by telcos to provide immense thrust to business.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tejas Networks	343	400	23%	519	59%	Buy

TJNL is currently trading at PE multiple of 18.7x and 13.9x FY19E and FY20E EPS. We believe that the company will deliver high growth given that it holds ~15% market share domestically and is present in a high growth industry.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Petronet LNG	235	271	15%	289	23%	Accumulate

Kochi utilisation rising to 11%/29%/39% in FY19/20/21. Expect 6% CAGR in offtake over FY17-21

Petronet turning net cash in FY18 with rising free cash flow. We expect the EPS to grow at 13% CAGR over FY17-21.

At CMP of Rs 235 stock is trading at 19x FY18E EPS of Rs 12.4 and 17x FY19E of Rs 14

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Zuari Agro Chemicals	500	700	40%	725	46%	Buy

Decline in working capital and subsidy is expected to lower interest cost and drive earnings. With earnings visibility, we raise our target multiple to 12x (from 10x)

Looking at revamping MCFL and ZAC. Focus on non-subsidy products where the company can use its distribution channel

At CMP of Rs 500 stock is trading at 11.6x FY18E EPS of Rs 43 and 10x FY19E of Rs 50.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Chambal Fertilizer	152	160	5%	180	18%	Accumulate

4 Expected commissioning of new capacity in Jan/Feb 2019 and increased focus on agriculture and food production are key triggers for Chambal. With the government introducing DBT (Direct Benefits Transfer), we believe that companies across the sector are likely to benefit in terms of working capital cycle.

At CMP of Rs 152 stock is trading at 12.6x FY19E EPS of Rs 12 and 8.08x FY20E of Rs 18.8

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Spice Jet	134	155	16%	167	25%	Buy

Airline under-penetration (0.09 annual trips/capita, 1/4th of China) is expected to improve with better airport connectivity under UDAN.

SJ focused on maximising revenue by adopting dynamic revenue management through higher airline load factor than industry.

At CMP of Rs 134 stock is trading at 16.5x FY18E EPS of Rs 10.4 and 9.7x FY19E of Rs 17.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
M & M Financial Service	437	491	11%	512	18%	Hold

Asset quality improvement on the back of higher recoveries and lower fresh delinquencies, translating into lower credit costs.

Demand for LCVs fuelled by increase of hub-and-spoke model, growth of organised retail, rising consumption expenditure and improvement in rural infrastructure.

MMFS currently trades 3.2x its FY19 BV of Rs.135.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
JK Tyres	157	173	10%	195	24%	Buy

Increased capacity utilisation and lower rubber prices have led company's EBITDA margin to ~16-17% (above 10-year average).

With the Cavendish plant stabilising, we expect the company to generate Rs. 1000 cr. cash profit over next two years driving the debt downward.

The current price of 157, the company trades 6.5x FY19 EPS of Rs. 26. Our TP is based on P/E of 7.5x FY19E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tata Communications	629	755	20%	812	29%	Buy

Data Business to become the growth driver going forward. Data revenues expected to grow at 10 - 15 %

Voice business to stabilise around the current levels

At CMP of Rs 629 stock is trading at 22x FY18E EPS of Rs 28 and 16x FY19E of Rs 40.

Rising free cash, Improving ROE to support the Valuations

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Skipper	229	287	25%	334	46%	Buy

Engineering product segment to grow at a CAGR of 15% due to improved order inflows.

Polymer products segment to grow at a CAGR of 40% due to improved capacity utilisation.

Topline to increase a CAGR of 18% while PAT to increase at a CAGR of 25% over FY17-20E.

The company trades at 17x FY19E and 13x FY20E earnings.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Sarla Perf Fibers Ltd.	55	66	20%	80	45%	Buy

Co. added new clients in domestic market which will improve volume at a CAGR of 10-12%.

New capacity of Nylon 66 will boost domestic sales further.

Consolidation of US capacity to reduce losses.

The company trades at 11x FY19E and 9x FY20E earnings.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Voltas Ltd.	629	730	16%	800	27%	Buy

Co reported 16.5% rev growth during Q3 FY18 on the back of pre buying by dealers. It has 23.7% market share in AC market.

Project segment order book improved by 15% yoy. Margin improved by 400bp to 7% which is likely to sustain.

Co is likely to post 11% revenue CAGR and 13% PAT CAGR over FY17-20E.

Trading at 30x FY19E and 25x FY19E earnings.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Vijaya Bank	52	61	17%	69	33%	Buy

The Bank has a stable capital adequacy ratio of 12.5%

No Major Divergence in NPA's

Due to the current PSU problems the stock is available at a cheap valuation of 0.7x its current book value.



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