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STOCK BROKING PVT. LTD.

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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:

Indian equities continued their upward trend in the month October. Benchmarks S&P BSE Sensex and Nifty 50 saw a rise for the month – up 6.34% and 5.30%, respectively.

Market optimism during the month of October 2017 was due to Recapitalization of PSU banks & World banks rating improvement for India on ease of doing business. Meanwhile, the replenishment of inventory post GST has now begun and, logistical and procedural issues are likely to be addressed in the coming quarters. We believe that the implementation and smoothening of the GST can benefit the country over long term

The RBI Monetary Policy Committee (MPC) review meeting on October 4, 2017 announced status quo on policy rates. The Repo rate and Reverse repo rate was unchanged at 6% and 5.75% respectively. The Marginal Standing Facility rate and the Bank rate remained at 6.25%. However the Statutory Liquidity Ratio (SLR) was reduced by 50 bps at 19.50%. We believe no major changes in the rate shall be done in foreseeable future.

Brent crude oil prices rebounded nearly 5% in October to close the month at \$60.61 per barrel on October 31, 2017 vis-à-vis \$57.54 per barrel on September 29, 2017 which could increase pressure on the Indian rupee going ahead. However, the rupee saw a rise of 1% to end at Rs 64.77 per dollar on October 31, 2017 compared with Rs 65.28 per dollar on September 29, 2017.

We continue to believe that the long-term India story remains intact. However, current valuations serve to have gone ahead of fundamentals. Q2FY18 results are in progress and we believe markets will take further cues from the corporate earnings results. Meanwhile rate hike in the U.S and tapering of U.S fed balance sheet will also act as near term pressure points for the markets.



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Biocon	359	380	6%	420	17%	Buy

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 24x FY19E EPS of Rs 14.3.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Cipla	626	650	4%	700	12%	Accumulate

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 27x FY19E EPS of Rs 21.6

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Dr Reddy's	2431	2600	7%	2800	15%	Buy

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

Awaits clearance to Bachupally and Srikakulam formulations plant. Plans 15-20 ANDA filings and 10-12 new launches in US. Cautious on outlook as regulatory

Clearances hold key to future growth

At CMP, DRL trades at 20x FY19E EPS of Rs 115

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Syngene	504	550	9%	620	23%	Buy

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 FY19E EPS of Rs 20.8

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Narayana Hrudayala	306	350	14%	440	44%	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 specialised treatment in oncology, neo natal care, cardiology, neurology and orthopedic. Scalable due to.

Lowest capex per bed. Minimum impact of pricing controls.

At CMP, NH trades at 38x FY19E EPS of Rs 7.82

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Max India	135	170	26%	205	52%	Buy

Turnaround due to improvement in profitability in healthcare services and expected break- even of health insurance by FY19.

Healthcare services to improve from better services at acquired hospitals, leading to higher ARPOB. Robust growth in Health insurance with increased penetration

At CMP, Max India trades at 33x FY19E EPS of Rs 4.13



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Deepak Nitrite	218	230	6%	260	19%	Accumulate

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 13x FY19E EPS of Rs 12.5.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Laurus Labs	537	620	15%	744	39%	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.

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	140		-100%	156	11%	Buy On Dips

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 14x FY19E EPS of Rs 9.81.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Cadila Healthcare	503	558	11%	650	29%	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 21x FY19E EPS of Rs 24.1

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Deepak Fertilisers	473	510	8%	558	18%	Accumulate

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 Fertilises trades at 15x FY19E EPS of Rs 27.3

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Bata	830	850	2%	1000	20%	Accumulate

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 830 stock trades at 40x FY19e EPS of Rs 21 and 35x FY20e EPS of Rs 23.5

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Trent	296	350	18%	500	69%	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

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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Shopper Stop	528	418	-21%	450	-15%	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 528 trades at 108x FY18e EPS of Rs 4.8 and 57x FY19e EPS of Rs 9.5

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
IFB	961	830	-14%	1000	4%	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 961 stock trades at 36x FY19e EPS of Rs 26.7 and 30.5x FY20e EPS of Rs 31.43.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Britania	4649	4700	1%	5000	8%	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 4649 trades at 54.3x FY18e EPS of Rs 85 and 43x FY19e EPS of Rs 108

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Kansai Nerolac	513	530	3%	600	17%	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 513 trades at 50.2x FY18e EPS of Rs 10.2 and 43x FY19e EPS of Rs 12

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Schaeffler India Ltd	5109	5150	1%	5500	8%	Buy on Dips

Orginal 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 5109 trades at 39x CY17e EPS of Rs 135.6 and 33x CY18e EPS of Rs 157

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Jyothy Labs	394	441	12%	500	27%	Hold

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

The company sucessfully turnaround Henkel brands and has been sucessful in its niche

Henkel Internation has not yet confirmed buying 26% stake in Jyothy Laboratories which could impact expansive valuations

At CMP of Rs 394 trades at 39.2x FY18e EPS of Rs 10 and 35.3x FY19e EPS of Rs 11.1



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Castrol	401	427	6%	460	15%	Hold

GST implementation would have a positive impact as a lot of un-organised 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 401 trades at 29x CY17e EPS of Rs 13.8 and 26x its CY18e EPS of Rs 15.3

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
SKF	1644	1650	0%	1850	13%	Accumulate

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 1644 trades at 31x FY18e EPS of Rs 54 and 27x its FY19e EPS of Rs 60

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
BHEL	97	104	7%	115	19%	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

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

At CMP of Rs 97 stock trades at 17x FY18e EPS of Rs 5.7 and 11x its FY19e EPS of Rs 8.2

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Finolex	720	725	1%	804	12%	Buy

After GST unorganized player shifting to organized would help improve Finolex improve its market share

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 720 stock trades at 19x FY18e EPS of Rs 36.3 and 18x its FY19e EPS of Rs 40.

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	293	320	9%	380	30%	Buy

Proven transmission line EPC player, diversifying into emerging areas

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 293 stock trades at 20x FY18e EPS of Rs 14.6 and 15x its FY19e EPS of Rs 19

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Hero Motocorp	3855	4200	9%	4536	18%	Accumulate

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 3787 stock is trading at FY18E EPS of Rs 184.4 and FY19E of Rs 206.5 Our TP is based on P/E of 20.5x FY19E

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Bajaj Auto	3260	3102	-5%	3429	5%	Book Profits

We believe worst of volumes and margins is reflected in 1QFY18, with expected recovery in volumes in domestic as well as export markets from 2HFY18 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 3260 stock is trading at FY18E EPS of Rs 137.2 and FY19E of Rs 163.6 Our TP is based on P/E of 21.5. Target achieved



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Mahindra & Mahindra	1345	1485	10%	1600	19%	Buy

Management expects next 12 months to be more exciting than the last 12 months in terms of product launches
There would be likely 4 new refreshes of existing models by March'18. The new multi-purpose vehicle - U321 would be launched in Q4FY18
There will also be launch of one crossover around same time next year
At CMP of Rs 1345 stock is trading at FY18E EPS of Rs 75 and FY19E of Rs 87.5

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Maruti Suzuki	8217	8900	8%	9780	19%	Buy

Long waiting period for key products such as Brezza, Baleno and Deziere. Structured planning for new product launch planned till '20
Strong hold on reach through premium channel Nexa and Strong financials are likely to enable MSIL to sustain premium Valuation
At CMP of Rs 8217 stock is trading at FY18E EPS of Rs 292 and FY19E of Rs 350 Our TP is based on P/E of 27x FY19E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
WABCO	6335	6312	0%	7405	17%	Accumulate

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 6335 stock is trading at 41x FY18E EPS of Rs 154.3 and 35x FY19E of Rs 180.4

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Ashok Leyland	131	125	-5%	140	7%	Book Profits

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 by FY19 with steady improvement to begin in 2HFY18.
Increasing focus on exports, better after sales service, incremental spare-parts revenues, new orders from defense, digital initiatives and network expansion would drive revenues/PAT growth.
At CMP of Rs 131 stock is trading at FY19E of Rs 6.7 Our TP is based on P/E of 21x FY19E. Investor can Book profits in Short term Long term Target Under review

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
TVS	725	768	6%	799	10%	Accumulate

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 725 stock is trading at 43x FY18E EPS of Rs 16.9 and 28x FY19E of Rs 26.2

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
TCS	2616	2650	1%	2838	8%	Accumulate

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.
Additionally, expect Digital Revenues (19.7% of revenues) to continue robust growth over the next 4-6 quarters.
Stock is currently trading at 17.9x and 16.1x FY18E and FY19E EPS.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Infosys	922	986	7%	1050	14%	Hold

Wait to watch out for strategic direction of the company post Sikka – exit.
Expect marginal cut in Growth guidance for FY18E which will serve as a huge negative.
Infosys is currently trading at 14x and 13.2x FY18E and FY19E. Target INR 986



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
HCL Tech	856	1114	30%	1247	46%	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 14.2x and 12.3x FY18E and FY19E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tech Mahindra	481	507	5%	562	17%	Buy

Believe that the current wave in Telecom Technology from 3G to 4G to 5G to have a positive effect on Telecom focussed players Tech Mahindra (48% of revenues) as growth in services generally comes after upgradation of networks which is in progress globally. TechM currently trades at 14.5x and 13.1x FY18E and FY19E. Target 507

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tata Elxsi	838	1117	33%	1396	67%	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 – Automoin and direction towards next gen offerings in AR & VR industry. TELX is trading at 25.7x and 18.7x FY18E and FY19E EPS. Buy with a target of INR 1117.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Persistent Systems	650	778	20%	826	27%	Buy

Expect Digital, Accelerite and IBM Alliance (~56% of revenues) to report strong performance through FY19E. 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 15.4x and 13.5x FY18E and FY19E EPS.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Sterlite Tech	285	308	8%	350	23%	Buy

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 to provide immense thrust to business.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Bluestar Ltd	806	812	1%	844	5%	Buy on Dips

Market growth of AC remained flat over last year, investments in consumer business lines such as water purifiers, air purifiers and air coolers, which will help to drive growth. The electro-mechanical projects business has shown modest signs of improvement in some markets and application segments, though the overall market is yet to pick up. At CMP of Rs 806 stock is trading at 43x FY18E EPS of Rs 18.4 and 33x FY19E of Rs 24.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Petronet LNG	260	271	4%	289	11%	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 260 stock is trading at 21x FY18E EPS of Rs 12.4 and 19x FY19E of Rs 14



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Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Zuari Agro Chemicals	632	700	11%	725	15%	Accumulate

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 632 stock is trading at 14.6x FY18E EPS of Rs 43 and 12.6x FY19E of Rs 50.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Chambal Fertilizer	151	160	6%	180	19%	Buy

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 151 stock is trading at 13.3x FY18E EPS of Rs 11.2 and 12.4x FY19E of Rs 12

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Spice Jet	144	164	14%	178	24%	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 144 stock is trading at 15x FY18E EPS of Rs 10.4 and 9x FY19E of Rs 17.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
M& M Financial Service	431	475	10%	512	19%	Accumulate

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 trade 3x its FY19 BV of Rs.135.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
JK Tyres	146	165	13%	187	28%	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 146, the company trades 5.6x FY19 EPS of Rs. 26. Our TP is based on P/E of 7x FY19E.

Scrip Name	CMP	Short Term Target	% Upside	Long Term Target	% Upside	Recommendation
Tata Communications	686	755	10%	845	23%	Accumulate

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

Voice business to stabilize around the current levels

At CMP of Rs 686 stock is trading at 25x FY18E EPS of Rs 28 and 17x FY19E of Rs 40.

Rising free cash, Improving ROE to support the Valuations



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