

Top Picks

Company	CMP (₹)	TP (₹)
Banking/NBFC		
Aditya Birla Capital	151	230
Dewan Housing	523	720
GIC Housing Finance	376	655
ICICI Bank	262	416
Consumption		
Blue Star	776	867
HSIL	382	510
Safari Industries	554	650
Siyaram Silk Mills	614	851
LT Foods	89	128
Century Plyboards	331	400
Media/Automobiles		
Maruti Suzuki	9,009	10,619
Music Broadcast	400	475
TV Today	488	508
Real Estate/Infra/Logistics/Power		
KEI Industries	401	436
Navkar Corp.	172	265
Pharmaceutical		
Alkem Laboratories	1,926	2,441

Source: Angel Research;
Note: CMP as of 2 April, 2018

Market continued to fall for the second consecutive month (YTD return (-)5%) in the month of March amid various macro concerns like rising US bonds yield and oil prices etc. Further, LTCG concerns also led to profit booking towards the end of FY2018. However, this correction has also come after a decent rally we had seen in January 2018. Moreover, BSE 100 benchmark returns have been decent 11% in the past 1 year, which cooled off from 21% annual return given in FY2017. Now, the focus will be turned on Q4 earnings and the growth in earnings is slated to revive in coming financial year which is likely to keep the positive buoyancy in market sentiments in FY2019. Our top picks have generated a total return of 68.5% since inception (i.e. October 2015), an outperformance of 39% over BSE 100.

Government's leaner borrowings schedule – a respite for PSBs: Government has indicated that its borrowings in H1FY2019 would form ~48% (excluding bond buybacks) of the overall target for the financial year. Normally, the government proposes to complete ~60% of the targeted borrowing in H1. This lower borrowing schedule has cooled off worries on rising G-Sec yield which have cooled off by 60 basis points to 7.3% (from the start of the month). Further, the proposed shorter maturity and floating rate bonds will help in creating additional demand. Also, increased allocation to National Small Savings schemes will consequently cut the overall capital market borrowing.

All eyes on earnings now – After the recent correction, many good quality stocks have come to reasonably attractive level. Now, financial performance for fourth quarter of companies would be monitored closely to gauge the attractiveness of corporate earnings growth. Post the disruptions led by demonetization and GST implementation, we expect Q4 would be better than Q3. Further we are also expecting strong double digit growth in corporate earnings in FY2019, although with some favorable base effect.

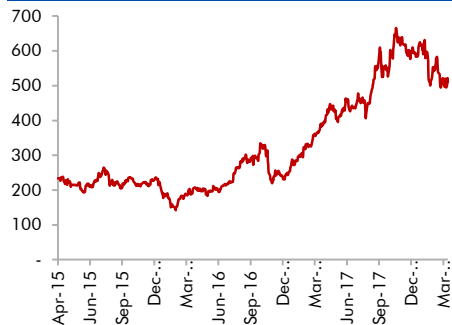
Top picks' overview

We recommend our top picks as the good bets to utilize this opportunity which are offering healthy returns in the next 1 year. All of our top picks are backed by sound business model and are likely to do well in coming years. Our top picks have generated a CAGR return of 24% since inception, a outperformance of 13% over BSE 100 on annual basis. On absolute basis, it has given absolute return of 68.5% since inception.

Top Picks

Stock Info

CMP	523
TP	720
Upside	37%
Sector	Financials
Market Cap (₹ cr)	17,088
Beta	1.6
52 Week High / Low	677 / 362

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	554
TP	650
Upside	17%
Sector	Luggage
Market Cap (₹ cr)	1,212
Beta	0.7
52 Week High / Low	664/256

3 year-Chart


Source: Company, Angel Research

Dewan Housing

- **Loan growth to remain strong going ahead:** Backed by healthy capital adequacy and increasing demand for home loans DHFL's loan book is expected to report 23% loan growth over next two three years.
- **Strong Capital adequacy lends visibility for growth:** DHFL sold 50% stake held by it in DFHFL Pramerica Life Insurance Co Ltd which added ₹1,969 cr to its net worth and increases its CAR by 400 bps, to 19.3% which should fuel growth for next 2-3 years.
- **Asset quality has been strong:** Strong NIM on the back of lower cost of funds and lower credit cost will ensure healthy return ratios for the company. Despite strong growth the company has maintained stable asset quality and we expect the trend to continue.
- **Outlook:** We expect the company's loan growth to remain 23% over next two years and earnings growth is likely to be more than 28%. The stock currently trades at 1.9x FY2019E ABV. **We maintain Buy on the stock with a target price of ₹720.**

Key Financials

Y/E	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
March									
FY2018E	2,279	2.4	1,171	37.4	268	1.3	13.8	14.6	2.0
FY2019E	2,927	2.7	1,556	49.7	305	1.5	16.2	10.7	1.7

Source: Company, Angel Research

Safari Industries

- Safari Industries Ltd (Safari) is the third largest branded player in the Indian luggage industry. The restructuring has helped it in posting a CAGR of 42% in revenue and 46% in PAT over 2012-17. It has also now captured ~14% market share in a ~₹2600cr branded luggage market.
- Its margins have more than doubled from 4.1% in FY2014 to 9.1% in M9FY2018, driven by launch of new product categories and business. We expect it to maintain 9%+ margins from FY2018 onwards led by regular price hikes, shift towards organized player and favorable industry dynamics.
- We expect its revenue to grow by 23% CAGR over FY2017-20E on the back of growth in its recently introduced new products. Safari currently trades at a P/E of 42x FY2019E and 30.8x its FY2020E EPS which looks attractive looking at its strong brand play story emerging in the luggage industry. **We have a Buy recommendation with Target Price of ₹650.**

Key Financials

Y/E	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
March									
FY2018E	409	9.4	20	9.2	17.2	60.4	10.0	32.8	3.1
FY2019E	532	9.8	29	13.2	20.1	42.0	8.2	24.2	2.4

Source: Company, Angel Research

Stock Info

CMP	382
TP	510
Upside	33%
Sector	Sanitary-ware
Market Cap (₹ cr)	2,870
Beta	1.2
52 Week High / Low	564/ 321

3 year-Chart


Source: Company, Angel Research

HSIL

- HSIL Limited (HSIL) is an Indian company, which offers sanitaryware products, faucets and glass bottles. The company's ~46% revenue comes from building products division, ~43% from Packaging products division and balance from others division. The market is expected to grow at ~10% CAGR going forward on the back of increasing disposable income, urbanization, evolving preferences and government initiatives (Swachh Bharat, Housing for All, Smart cities, etc).
- HSIL has expected to launch security caps and closures in 1QFY19, which would be able to generate revenue around ₹130cr on full operating basis (EBIT is around 20-25%). Moreover, HSIL is also entering the PVC Pipe segment, which is expected to start commercial production around in FY19 (will be able to generate revenue ~₹400cr on peak utilization).
- The company has entered into new segments like consumer, pipes and caps and closures which will drive the further growth. We expect HSIL to report net revenue CAGR of ~12% to ~₹2,905cr over FY2017-20E. On bottom-line front, we expect CAGR of ~15% to ₹154cr over FY2017-20E owing to improvement in operating margins. **We recommend a Buy rating with a target price of ₹510, indicating an upside of ~33% from the current levels.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	2,204	12.5	81	11.2	5.4	34.1	1.9	12.4	1.5
FY2019E	2,506	13.3	114	15.8	7.2	24.2	1.8	10.2	1.3

Source: Company, Angel Research

Stock Info

CMP	776
TP	867
Upside	12%
Sector	Cons. Durable
Market Cap (₹ cr)	7,450
Beta	0.2
52 Week High / Low	845 / 587

3 year-Chart


Source: Company, Angel Research

Blue Star

- BSL is one of the largest air-conditioning companies in India. With a mere 3% penetration level of ACs vs 25% in China, the overall outlook for the room air-conditioner (RAC) market in India is favourable.
- BSL's RAC business has been outgrowing the industry by ~10% points over the last few quarters, resulting in the company consistently increasing its market share. This has resulted in the Cooling Products Division (CPD)'s share in overall revenues increasing from ~23% in FY2010 to ~45% in FY2017 (expected to improve to ~47-48% in FY2018E). With strong brand equity and higher share in split ACs, we expect the CPD to continue to drive growth.
- Aided by increasing contribution from the Unitary Products, we expect the overall top-line to post revenue CAGR of ~19% over FY2017-19E and margins to improve from 5.8% in FY2017 to 6.6% in FY2019E. **We recommend an Accumulate rating on the stock.**

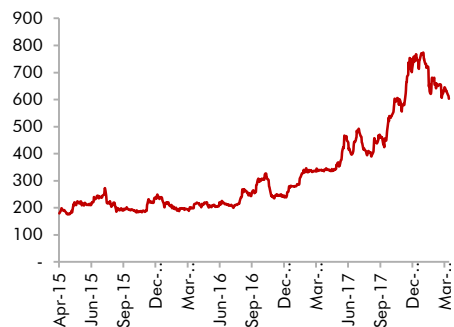
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	5,220	6.3	161	16.8	19.9	46.2	9.2	23.3	1.5
FY2019E	6,207	6.6	214	22.3	23.3	34.8	8.1	18.7	1.2

Source: Company, Angel Research

Stock Info

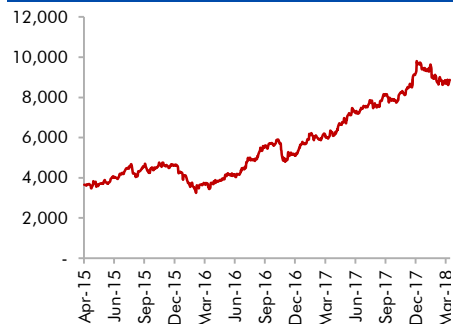
CMP	614
TP	851
Upside	38%
Sector	Textile
Market Cap (₹ cr)	3,154
Beta	0.7
52 Week High / Low	331/799

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	9,009
TP	10,619
Upside	18%
Sector	Automobiles
Market Cap (₹ cr)	2,72,143
Beta	1.0
52 Week High / Low	10,000/5,930

3 year-Chart


Source: Company, Angel Research

Siyaram Silk Mills

- SSML has strong brands which cater to premium as well as popular mass segments of the market. Further, SSML entered the ladies' salwar kameez and ethnic wear segment. Going forward, we believe that the company would be able to leverage its brand equity and continue to post strong performance.
- The company has a nationwide network of about 1,600 dealers and business partners. It has a retail network of 160 stores and plans to add another 300-350 stores going forward. Further, the company's brands are sold across 3,00,000 multi brand outlets in the country.
- Going forward, we expect SSML to report a net sales CAGR of ~12% to ~₹1,981cr and adj.net profit CAGR of ~16% to ₹123cr over FY2017-19E on back of market leadership in blended fabrics, strong brand building, wide distribution channel, strong presence in tier II and tier III cities and emphasis on latest designs and affordable pricing points. At the current market price, SSML trades at an inexpensive valuation. **We have a buy recommendation on the stock and target price of ₹851.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	1,769	13.0	108	23.1	15.7	26.6	4.2	13.8	1.8
FY2019E	1,981	13.0	126	26.8	15.7	22.9	3.6	12.1	1.6

Source: Company, Angel Research

Maruti Suzuki

- The Automobile sector is expected to benefit from the GST implementation. The sector has seen a pick up in the volumes in FY17 as there were several positive factors like normal monsoon and lower interest rates.
- Maruti Suzuki continues to hold ~52% market share in the passenger vehicles. The launch of exciting models has helped the company to ride on the premiumization wave that is happening in the country. In the last two years, company has seen improvement in the business mix with the pie of the utility vehicles growing from ~4% to current 15%. The 2-3 months of waiting period of new models, launch of Swift Hatchback in January-2018 and headroom for more capacity utilization at Gujarat plant is the near term earning triggers.
- Due to the favorable business mix, company has also been seeing improvement in the margins. Company has already moved from ~11-12% EBITDA margin range in FY14 to current ~17% margin range in 2QFY18. Together with higher operating leverage at Gujarat plant, increasing Nexa outlets, and improving business mix, we believe that company has further room to improve its margins. **We have a Buy rating on the stock.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	80,815	15.6	8,506	281.7	21.7	31.9	7.1	18.1	3.2
FY2019E	96,680	16.9	10,991	364.0	22.8	24.7	5.8	13.3	2.6

Source: Company, Angel Research

Stock Info

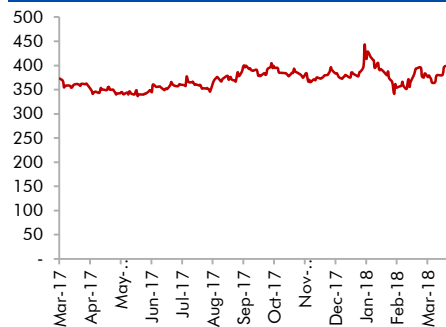
CMP	488
TP	536
Upside	10%
Sector	Media
Market Cap (₹ cr)	2,963
Beta	0.3
52 Week High / Low	557/211

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	400
TP	475
Upside	19%
Sector	Media
Market Cap (₹ cr)	2,282
Beta	0.5
52 Week High / Low	458/332

3 year-Chart


Source: Company, Angel Research

TV Today Network

- TTNL enjoys a strong viewership ranking in the Hindi and English news channel categories. The company's Hindi news channel – Aaj Tak has maintained its market leadership position occupying the No.1 rank for several consecutive years in terms of viewership. Its English news channel - India Today too has been continuously gaining viewership; it has now captured the No. 2 ranking from No. 4 earlier. Its other channels like Dilli Aaj Tak and Tez are also popular among viewers.
- TTNL is a play of higher operating leverage that would be visible as advertisement revenues gain traction. Going ahead, we expect EBITDA margins would improve.
- We expect TTNL to report net revenue CAGR of ~11% to ~₹727cr and net profit CAGR of ~14% to ₹122cr over FY2017-19E. **We have an accumulate rating on the stock**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	669	26.9	109	18.3	15.3	26.7	4.1	14.4	3.9
FY2019E	749	26.9	122	20.5	17.5	23.8	4.2	13.1	3.5

Source: Company, Angel Research

Music Broadcast

- Radio Industry is protected by licenses for 15 years, thereby restricting the entry of new players. This would support the existing companies to strengthen their position and maintain a healthy growth rate.
- It has grabbed the Number 1 position in Mumbai, Bengaluru and Delhi in terms of number of listener. This is helping MBL to charge premium rate, which resulting into higher EBITDA margin (33.6%) compare to 22% of ENIL.
- MBL outperformed its closest peer with 18.4% CAGR in revenue over FY2013-17 (ENIL reported 13.2% CAGR in revenue). On the profitability front too, MBL, with 32.3% CAGR in PAT over FY2013-17, has performed much better than ENIL (-5.2% CAGR in PAT). Moreover, Radio City posted a six year CAGR of 12.1% v/s. 9.1% of industry owing to higher advertising volumes.
- Capex for 39 licenses have been done for the next 15 years, hence no heavy incremental Capex requirement would emerge. Moreover, the maintenance Capex would be as low as ₹5-10cr. This would leave sufficient cash flow to distribute as dividend. **We have a Buy recommendation on the stock and target price of ₹475.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	317	34.4	56	9.8	9.3	40.8	3.8	19.2	6.6
FY2019E	372	34.9	80	14.0	12.0	28.6	3.4	15.6	5.4

Source: Company, Angel Research

Stock Info

CMP	401
TP	436
Upside	9%
Sector	Cable
Market Cap (₹ cr)	3,171
Beta	1.3
52 Week High / Low	423/184

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	376
TP	564
Upside	50%
Sector	Financials
Market Cap (₹ cr)	2,045
Beta	1.3
52 Week High / Low	623/342

3 year-Chart


Source: Company, Angel Research

KEI Industries

- KEI's current order book (OB) stands at ₹2,780cr (segmental break-up: ₹1,990cr in EPC, ₹560cr in Cable & ₹230cr in EHV). Its OB grew by ~28% in the last 3 years due to strong order inflows from State Electricity Boards, Power grid, etc.
- KEI's consistent effort to increase its retail business from 30-32% of revenue in FY17 to 40-45% of revenue in the next 2-3 years on the back of strengthening distribution network (currently 926 which is expect to increase ₹1,500 by FY19) and higher ad spend (increased from ₹2cr in FY13 to ₹7.5cr in FY17 and expected to spend).
- KEI's export (FY17 – 8-10% of revenue) is expected to reach a level of ~14-15% in next two years with higher order execution from current OB and participation in various international tenders. We expect a strong ~26% growth CAGR over FY2017-19 in exports. We expect KEI to report net revenue CAGR of ~13% to ~₹3,392cr and net profit CAGR of ~19% to ₹140cr over FY2017-19E. **Hence we have an accumulate rating on the stock.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	3,144	9.9	124	16.1	21.6	25.0	5.4	11.7	1.2
FY2019E	3,660	10.0	156	20.3	21.8	19.8	4.3	9.9	1.0

Source: Company, Angel Research

GIC Housing Finance Ltd

- Backed by the new management, GICHF is aiming for 2.0x growth in the loan book over the period of FY16-FY19E to ₹16,000cr. GICHF has healthy capital adequacy, and is seeing an increase in demand for home loans. GICHF's loan book is expected to report 24.3% loan growth over next two years.
- GICHF is consistently decreasing bank borrowing and increasing high yield loan book which is expected to boost its Net Interest Margin. The share of bank borrowing was 75% in FY15, which fell to 55% in FY17. In our opinion, the impetus on lower bank borrowings and increasing high yield loan book is likely to result in 17bps NIM over FY16-FY19E.
- GICHF's asset quality is on the higher side compared to other HFCs (As on FY17 GNPA-2.3% and NPA-0.3%). This is primarily due to GICHF has not written off any bad asset and has not sold any bad assets to ARC. New Management is expediting asset quality improvement.
- We expect the GICHF's loan growth to grow at a CAGR of 24.3% over next two years and RoA/RoE to improve from 1.7%/19.0% in FY17 to 2.0%/23.0% in FY19E. The stock is currently trading at 2.1x FY2019E ABV. **We have a Buy rating on the stock.**

Key Financials

Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2018E	376	3.6	180	33	184	1.7	20	11	2.0
FY2019E	477	3.7	215	40	219	1.9	23	9	1.7

Source: Company, Angel Research

Stock Info

CMP	172
TP	265
Upside	54%
Sector	Logistics
Market Cap (₹ cr)	2,524
Beta	0.7
52 Week High / Low	247/147

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	1,926
TP	2,441
Upside	27%
Sector	Pharmaceutical
Market Cap (₹ cr)	22,866
Beta	0.3
52 Week High / Low	2,468 / 1,578

3 year-Chart


Source: Company, Angel Research

Navkar

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

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	437	35.5	89	6.2	6.1	27.6	1.7	18.2	6.5
FY2019E	600	37.0	143	10.0	8.9	17.2	1.5	12.7	4.7

Source: Company, Angel Research

Alkem Laboratories

- Alkem is 5th largest pharma company in the domestic market and also has presence in US. It derives 73% of its revenues from the Indian markets while rest come from the other countries. Alkem has leadership position in the domestic anti-infective segment and it is ranked #3 in Gastro-Intestinal and Pain/Analgesics segments. Company holds ~3.6% and ~7.9% market share in the formulations and overall prescriptions in the country.
- In the domestic market, company operates in acute and chronic segments. It is a prominent player in acute segment and has forayed in chronic segment from which it expects faster growth. Alkem has been outperforming the domestic industry growth which is likely to continue. Company is focusing on monetization of its pipeline (92 ANDAs) in the US with high single digit ANDA launches to grow the US revenues at ~20% growth rate from FY17-FY19E.
- Overall outlook remains strong with 9% CAGR in the top line and 13% CAGR in the bottom-line. **We have a Buy rating on the stock.**

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	6,272	17.5	862	72.1	17.6	26.7	4.7	19.5	3.6
FY2019E	7,254	19.8	1,139	95.3	19.6	20.2	3.9	14.6	3.1

Source: Company, Angel Research

Stock Info

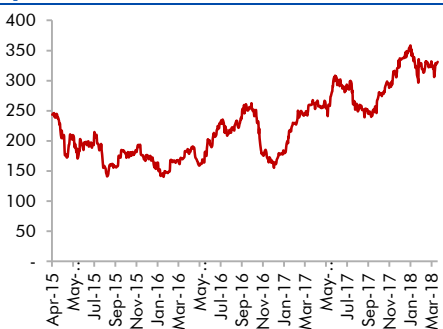
CMP	89
TP	128
Upside	44%
Sector	Food Processing
Market Cap (₹ cr)	2,846
Beta	1.2
52 Week High / Low	109/56

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	331
TP	400
Upside	21%
Sector	Miscellaneous
Market Cap (₹ cr)	7,307
Beta	0.8
52 Week High / Low	363/235

3 year-Chart


Source: Company, Angel Research

LT Foods

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

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	3,747	11.5	139	5.2	17.5	17.1	3.0	9.1	1.1
FY2019E	4,234	11.5	170	6.4	17.6	14.0	2.5	8.1	0.9

Source: Company, Angel Research

Century Plyboards India

- Century Plyboards India Ltd (CPIL) is a plywood manufacturer dealing in plywood, laminates, MDF (Medium Density Fibreboard) and others with presence across India and overseas. CPIL is also engaged in logistics business through management of a container freight station.
- Indian plywood industry is estimated at ₹18,000cr and is largely unorganised (~75% share of revenues). However, with the implementation of GST, the share of organized players is expected to improve, which would be beneficial for branded players like CPIL.
- CPIL has recently added new MDF plant (1,98,000 m³, to generate ~₹450-500cr revenue), laminates (4.8 mn sheets by scaling ~50%, to generate ~₹250-300cr revenue), particle boards (₹100cr of revenue). Capacity addition across segments would boost revenue and profitability going ahead.
- We expect CPIL to report net revenue & PAT CAGR of ~17% & 16% respectively. **We have a Buy recommendation with Target Price of ₹400.**

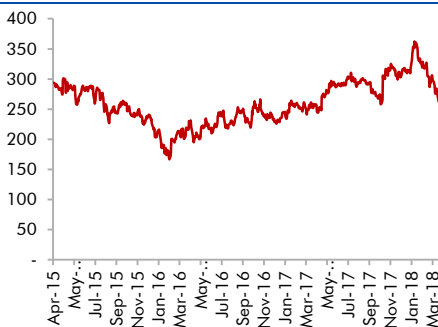
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/EBITDA	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)	(x)
FY2018E	2007	17.5	188	8.4	21.3	39.2	8.4	23.1	4.0
FY2019E	2510	17.9	248	11.1	22.9	29.7	6.8	18.0	3.2

Source: Company, Angel Research

Stock Info

CMP	262
TP	416
Upside	59%
Sector	Banking
Market Cap (₹ cr)	1,69,694
Beta	1.7
52 Week High / Low	365/241

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	151
TP	230
Upside	52%
Sector	NBFC
Market Cap (₹ cr)	33,521
Beta	0.7
52 Week High / Low	264/143

3 year-Chart


Source: Company, Angel Research

ICICI Bank

- ICICI bank has taken a slew of steps to strengthen its balance sheet. Measures such as Incremental lending to higher rated corporates, reducing concentration in few stressed sectors and building up the retail loan book. The share of retail loans in overall loans increased to 54% (Q3FY18) from 38% in FY12.
- Asset quality likely to stabilize going ahead: ICICI bank's slippages remained high during FY17 and hence GNPA went up to 8% vs. 5.8% in FY16. We expect addition to stress assets to reduce and credit costs to further decline owing to incremental lending to higher rated corporates and faster resolution in Accounts referred to NCLT under IBC.
- The gradual improvement in recovery of bad loans would reduce credit costs, that would help to improve return ratio. The strength of the liability franchise, shift in loan mix towards retail assets and better rated companies, and improvement in bad loans would be a key trigger for multiple expansion. **We recommend a Buy rating on the stock, with a price target of ₹416.**

Key Financials

Y/E	NII (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
March									
FY2018E	22,992	3.1	7,726	12.0	138	1.0	8.0	22.0	1.9
FY2019E	26,390	3.2	9,382	15.0	149	1.0	9.0	18.0	1.8

Source: Company, Angel Research

Aditya Birla Capital

- Aditya Birla Capital (ABCL) is one of the most diversified financial services entities, with a presence in non-bank financing, asset management, housing finance, insurance and advisory businesses.
- ABFL (NBFC) business contributes highest value in our SOTP valuation. It has recorded a strong CAGR of 60% over FY12-17. Despite aggressive growth in lending and migration to 90dpd for NPA recognition, GNPA has remained at ~1%. We believe ABFL would be able to continue to grow at 30% CAGR over FY17-FY19.
- We expect financialization of savings, increasing penetration in Insurance & Mutual funds would ensure steady growth. Further, Banca tie-up with HDFC Bank, DBS and LVB should restore insurance business. **We recommend a Buy rating on the stock, with a price target of ₹230.**

Key Financials

Y/E	Op. Inc (₹ cr)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROE (%)	P/E (x)	P/BV (x)
March							
FY2018E	1,653	973	4.4	34.4	13	34	4.4
FY2019E	2,282	1,313	6.0	40.4	15	25	3.7

Source: Company, Angel Research

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