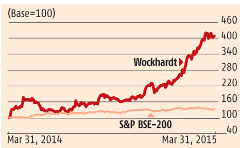
SOME TOP WINNERS

WOCKHARDT

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
2	1	2	1,426.00

CMP (₹)	1,865.00
FY15 returns (%)	308.05
Sales growth (%)	-17.38
PAT growth (%)	-59.56
Current PE (x)	45.39
Dividend yield (%)	0.53

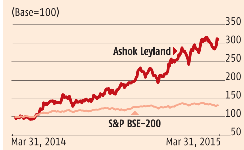


- Early inspection of Chikalthana facility (L1) is a positive, early resolution is likely to take a few more quarters
- Approval for the unit is key, as it is the largest contributor ($250 million) to company's US sales
- Would be able to generate additional $125 million in revenues if the site gains approval, allowing it to recover some of the lost sales
- A resolution will also help improve asset utilisation, improve exports and boost margins
- New product launches from its Shendra plant in Aurangabad will add to sales in FY17
- The stock is trading at 22 times its FY17 earnings estimates.
- Given regulatory risk, the stock is an expensive bet in pharma

ASHOK LEYLAND

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
23	11	11	69.37



CMP (₹)	73.55
FY15 returns (%)	210.34
Sales growth (%)	14.80
PAT growth (%)	Loss to Profit
Current PE (x)	–
Dividend yield (%)	–

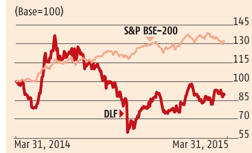
- Robust volume recovery and higher capacity utilisation would improve operating leverage and margins
- Deleveraging balance sheet and exiting non-core businesses are expected to lower the debt to equity ratio further in FY16
- Strong 25 per cent volume growth, coupled with better operating profits, should boost earnings over the next two years

SOME TOP LOSERS

DLF

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
10	9	9	173.30



CMP (₹)	158.25
FY15 returns (%)	-10.42
Sales growth (%)	-10.40
PAT growth (%)	39.30
Current PE (x)	44.00
Dividend yield (%)	1.84

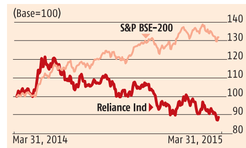
- Core sales growth weak given sluggish residential markets in the National Capital Region
- Recent SAT order and deferral of CCPS conversion are positives for the company
- DLF plans to raise ₹3,000 crore from divestment of residential projects to private equity players
- Fund to be used for operations and debt re-payment
- Recovery at least a year away

RELIANCE INDUSTRIES

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
36	7	0	1,064.15

CMP (₹)	824.70
FY15 returns (%)	-11.27
Sales growth (%)	-2.87
PAT growth (%)	0.75
Current PE (x)	11.57
Dividend yield (%)	1.05



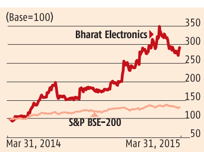
- Weak crude oil prices and gross refining margins were key pressure points for RIL, especially in the second half of the financial year
- Lower production and profitability in the exploration and production business key concerns
- While valuations are undemanding, analysts are expecting earnings growth to be muted in FY16
- Uncertainty around the company's telecom strategy and other unrelated businesses are key concern areas for the stock
- Efficient utilisation of its huge cash kitty is another key investor concern
- The stock has never been so cheap in nearly a decade and contra investors could accumulate at current levels

BHARAT ELECTRONICS

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
12	1	3	3,724.79

CMP (₹)	3,347.25
FY15 returns (%)	192.43
Sales growth (%)	19.10
PAT growth (%)	28.63
Current PE (x)	29.29
Dividend yield (%)	0.70



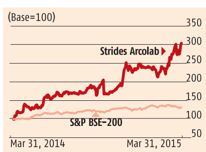
- Beneficiary of 'Make in India' initiative in the defence sector
- Shortlisted for the ₹50,000-crore battlefield management system project
- Defence orders could take time to play out
- Slower earnings growth expected in the short term
- Recent stock correction on lower defence budget allocation and slow order accretion offer attractive opportunity to buy the stock

STRIDES ARCOLAB

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
8	0	0	1,246.57

CMP (₹)	1,178.50
FY15 returns (%)	204.33
Sales growth (%)	14.97
PAT growth (%)	-88.36
Current PE (x)	47.98
Dividend yield (%)	42.83



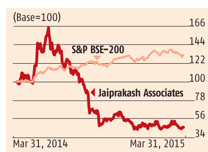
- Merger with Shashun Chemicals offers the synergy gains of backward integration, R&D and cost savings
- Hepatitis medicine Sovaldi could become a key growth driver for the company
- Improving return ratios and strong balance sheet should lead to stock re-rating
- 25 per cent-plus annual revenue growth over next two years from institutional business, US and emerging markets

JAIPRAKASH ASSOCIATES

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
7	9	3	30.52

CMP (₹)	24.80
FY15 returns (%)	-53.82
Sales growth (%)	-13.52
PAT growth (%)	Profit to loss
Current PE (x)	–
Dividend yield (%)	0.34



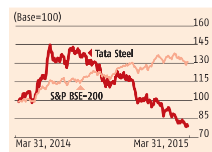
- The stock was hammered due to high debt and poor financial performance by its cement, infra, and hospitality divisions
- Fund requirements continue to exceed internal accruals, shaking investor confidence
- Recent asset sales have reduced pressure but more needed
- Future uncertain, given its scale of indebtedness and tough operating environment

TATA STEEL

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
30	9	8	426.51

CMP (₹)	316.85
FY15 returns (%)	-19.55
Sales growth (%)	5.33
PAT growth (%)	Loss to profit
Current PE (x)	13.54
Dividend yield (%)	3.16

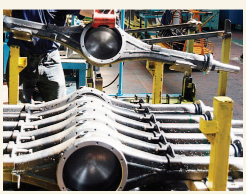


- Stock is facing headwinds due to China growth concerns and slump in global commodity prices, including steel
- Continued losses at Tata Steel Europe and hike in mineral royalty added further pressure
- Operational turnaround in Europe and asset sales hold key to a turnaround
- Stock could remain bearish unless demand growth in Europe and India picks up
- Contra investors could buy

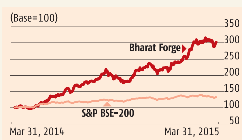
BHARAT FORGE

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
28	6	1	1,275.74



CMP (₹)	1,276.10
FY15 returns (%)	202.64
Sales growth (%)	34.52
PAT growth (%)	91.76
Current PE (x)	69.15
Dividend yield (%)	0.35



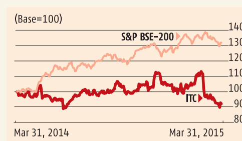
- Strong CV demand in the US and additional orders helped the company grow at 20 per cent-plus
- Momentum likely to continue in the near term
- Non-auto focus with improving order book from energy, utilities and rail verticals
- Boeing/Rafael deals likely to yield $100 million in sales by FY17
- Volume growth to improve operating leverage, product mix and lower debt leading to earnings growth

ITC

ANALYST RECOMMENDATIONS

BUY	HOLD	SELL	₹
28	12	7	386.49

CMP (₹)	325.45
FY15 returns (%)	-7.79
Sales growth (%)	12.92
PAT growth (%)	12.91
Current PE (x)	33.25
Dividend yield (%)	1.83



- Despite healthy margins, ITC is under pressure, due to regulatory headwinds for its tobacco business
- Taxes on cigarettes up for four years in a row, sale of loose cigarettes banned
- Cigarette volumes down for seven quarters in a row reducing its pricing power
- Hotels, paper & agri exports business struggling
- Non-tobacco FMCG business continue to make losses
- Long-term and contra investors can buy, given its low valuations

Note : Sales & profit growth and P/E are for trailing 12 months ended Dec 14. CMP is current market price as on Mar 31, 15. Analyst recommendations sourced from Bloomberg; figures for buy/sell/hold denote number of analysts; those in arrows are 12-month target price based on Bloomberg consensus estimates