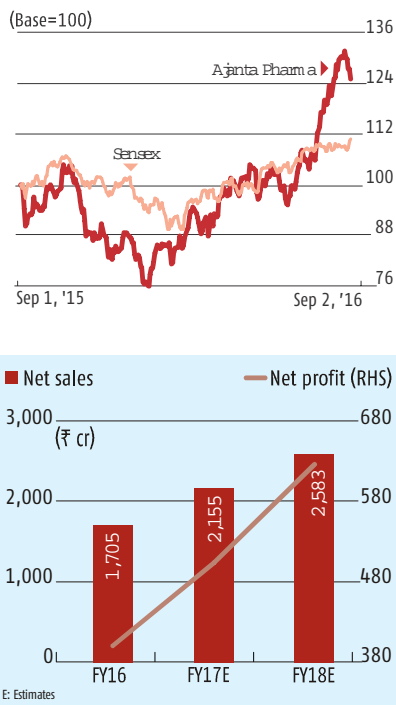


AJANTA PHARMA

CMP (₹)	1,929	PE ratio FY17E (x)	33.8
1-year return (%)	27.2	Debt-equity (x)	0.1
PE ratio (x)	42.3	RoE (%)	39.9

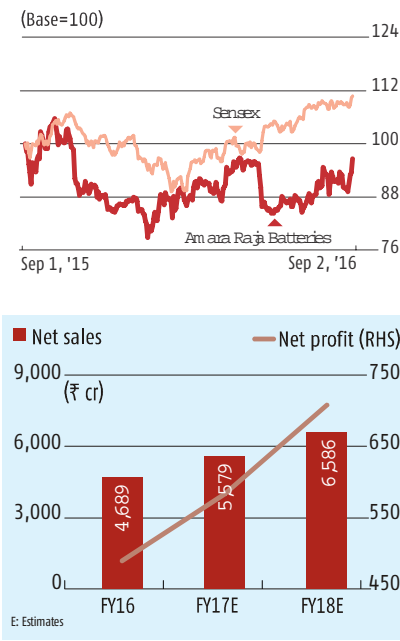


Steady growth in its domestic formulations business, apart from higher market penetration in the US and Africa, is a huge positive for the company. It saw consolidated net profit grow from ₹112 crore in FY13 to ₹406 crore in FY16.

The key trigger would be the performance of its recently launched drug, G-Zegerid, which for now has little competition in the US. Used to treat stomach and oesophagus problems, this drug has incremental revenue potential of \$13–15 million for Ajanta. Analysts at Anand Rathi have, thus, raised their FY17 revenue and net profit estimates by 9.8 per cent and 12.2 per cent, respectively.

AMARA RAJA BATTERIES

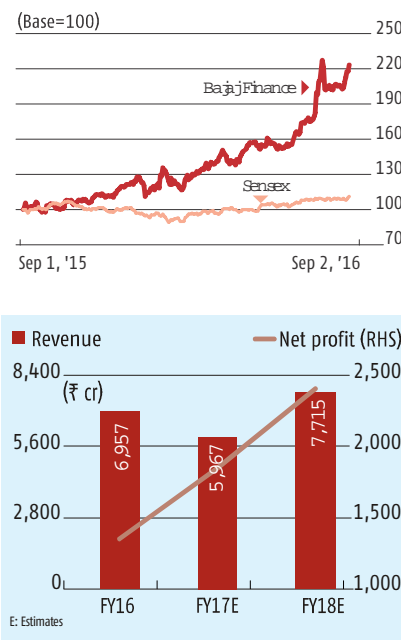
CMP (₹)	997
1-year return (%)	2.5
PE ratio (x)	34.8
PE ratio FY17E (x)	29.0
Debt-equity (x)	Nil
RoE (%)	25.8



Given its strong presence in the two-wheeler market, the potential demand shift from the unorganised to the organised sector after implementation of GST will be the key trigger for India's second largest battery maker, catering to the automotive and industrial segments. Higher growth in the replacement market should boost profit. Even otherwise, the business outlook remains good. Analysts at Motilal Oswal Securities expect revenues and earnings to expand by 19 per cent and 25 per cent, respectively, over FY16–18.

BAJAJ FINANCE

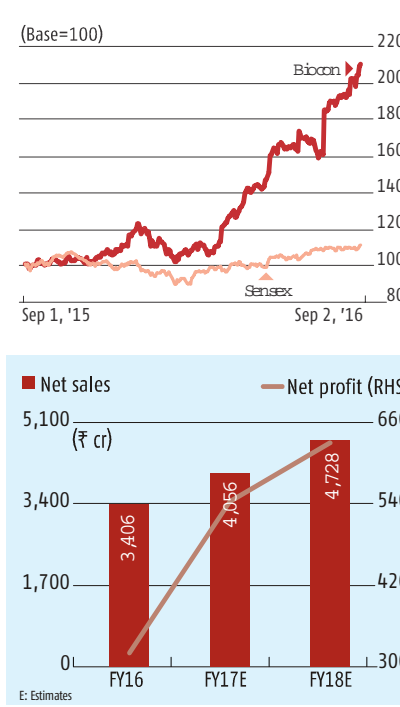
CMP (₹)	11,136
1-year return (%)	121.5
Price/book value (x)	8.0
Price/book value FY17E (x)	6.6
Debt-equity (x)	NA
RoE (%)	20.9



As Bajaj Finance has an established direct relationship with dealers and manufacturers of consumer goods, its business model is considered robust in the segment. This aids the yearly 40 per cent growth in customer acquisition, without compromising on asset quality. After the June quarter results, analysts at JM Financial expect the financier's earnings to grow at 38 per cent on an annual basis in FY16–18 and the loan book to grow 35 per cent during this period.

BIOCON

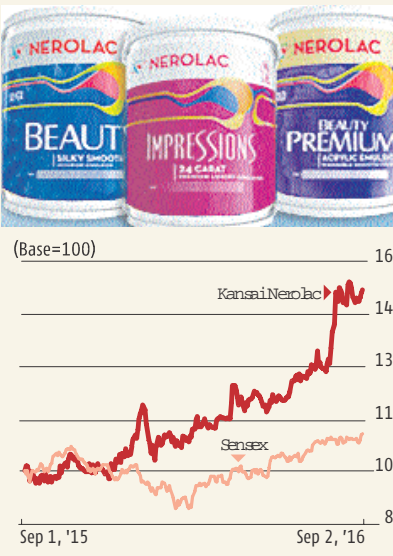
CMP (₹)	912	PE ratio FY17E (x)	32.9
1-year return (%)	108.3	Debt-equity (x)	0.5
PE ratio (x)	19.5	RoE (%)	12.1



The noteworthy success in biosimilars has helped this stock gain a little over 25 per cent after the June quarter results. Despite the run-up, analysts such as those at Citi remain overweight on Biocon and have raised their earnings per share target by seven per cent in FY17.

“Biocon's high leverage to the lucrative global biosimilars opportunity and the meaningful progress in targeting the developed markets lead us to value it at a premium to other Indian pharma companies of similar size,” say Citi's analysts. Its Malaysian insulin facility which will go on stream from the second half of FY17 would also support earnings growth.

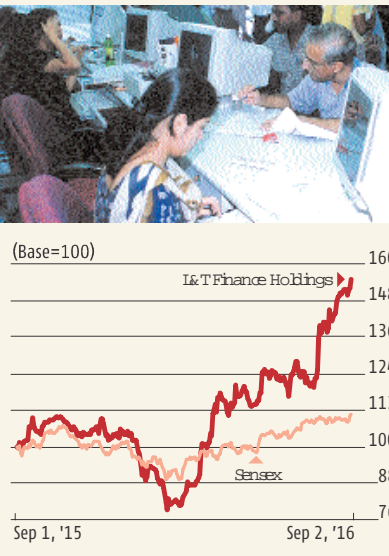
KANSAI NEROLAC



CMP (₹)	370	PE ratio FY17E (x)	43.7
1-year return (%)	49.9	Debt-equity (x)	Nil
PE ratio (x)	22.3	RoE (%)	24.2

Being a significant supplier to Maruti, the company would benefit from higher auto demand. Since it is also a major player in decorative paints, Kansai will gain from Pay Commission payouts and growing income levels. Adjusted for the exceptional profit of ₹534 crore on asset sale in FY16, analysts expect earnings to grow 20 per cent annually over the next two years, and the stock to continue trading at premium valuations.

L&T FINANCE HOLDINGS

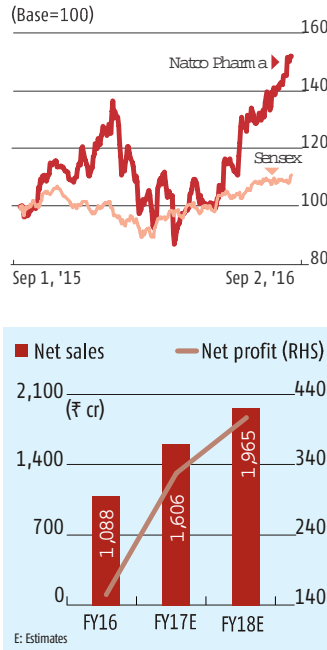


CMP (₹)	97	Price/book value FY17E (x)	2.2
1-year return (%)	55.1	Debt-equity (x)	NA
Price/book value (x)	2.4	RoE (%)	10.1

Turnaround of the wholesale lending business has helped L&T Finance's stock get re-rated significantly (up 24 per cent) after Q1 results. The segment's loan book grew 18 per cent year-on-year in Q1, to account for 60 per cent of the total loan book. Analysts at Prabhudas Lilladher expect 3–4 percentage points improvement in return on equity (RoE) from the current 10.4 per cent. Long-term prospects look even better.

NATCO PHARMA

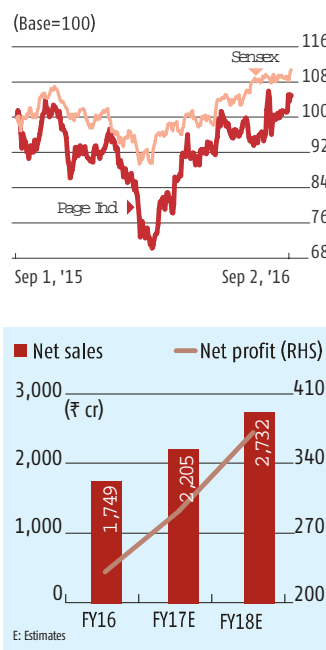
CMP (₹)	680
1-year return (%)	50.7
PE ratio (x)	74.7
PE ratio FY17E (x)	36.1
Debt-equity (x)	0.1
RoE (%)	11.8



Natco Pharma's product launches in the US market over the next 12 months are key triggers for growth. Analysts at Jefferies believe Natco is on the verge of a breakout in its US business. They expect EPS to expand by 55 per cent in FY16–19; others peg FY16–18 earnings growth higher, at over 60 per cent. According to Jefferies, Natco is the best positioned among Indian generics players to overcome sector headwinds, justifying its premium valuation. The US patent verdict in favour of its marketing partner Mylan for multiple sclerosis drug copaxone also works to its advantage.

PAGE INDUSTRIES

CMP (₹)	15,198
1-year return (%)	6.1
PE ratio (x)	72.9
PE ratio FY17E (x)	57.4
Debt-equity (x)	0.3
RoE (%)	52.2

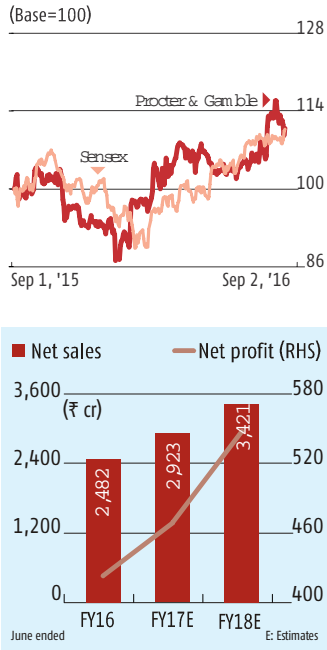


Strong brand backing and continuous refreshing of its product offerings have been key strengths of the company, which sells innerwear and sportswear under the Jockey brand. While growth across segments remains healthy at a little over 15 per cent annually, that of sportswear is better than the rest at a little over 20 per cent.

For these reasons, analysts at Ambit Capital expect the company to deliver 30 per cent earnings growth between FY17 and FY21, and its return on capital employed to rise to 57 per cent, from 42 per cent in FY16.

PROCTER & GAMBLE HYGIENE

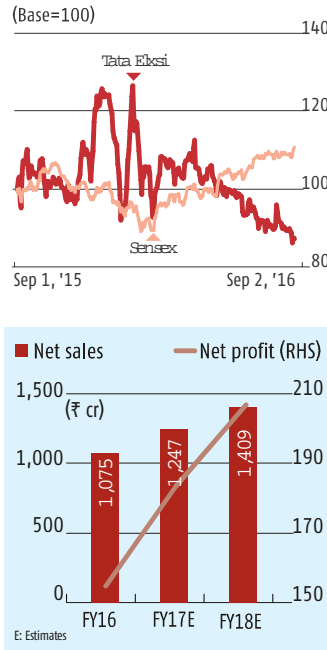
CMP (₹)	6,570
1-year return (%)	8.7
PE ratio (x)	50.4
PE ratio FY17E (x)	45.5
Debt-equity (x)	Nil
RoE (%)	28.0



Spread across the health care, beauty and grooming segments, Vicks, Old Spice and Whisper are its three market-leading brands. Despite operating in a highly competitive sector, the company has almost doubled sales and profits in three years and operates on negative working capital, justifying its premium stock valuations. Analysts at Angel Broking expect P&G Hygiene's revenue to grow over 14 per cent yearly in FY16–18 (year ending June), due to strong brands and distribution network while consensus sees earnings growing 18 per cent in FY16–18.

TATA ELXSI

CMP (₹)	1,569
1-year return (%)	-15.2
PE ratio (x)	31.6
PE ratio FY17E (x)	24.2
Debt-equity (x)	Nil
RoE (%)	46.3



Tata Elxsi is a unique company in the information technology space which offers design solutions to clients in the automobile, broadcast and communication sectors. Its new division Over The Top's content, aimed at broadcasters, has been received well by clients, which include Hotstar, Voot, Eros Now and Hungama. Its automobiles business is also fast growing. Analysts at Motilal Oswal Securities believe the two divisions together can help it post 24 per cent annual growth between FY16 and FY18, higher than the consensus estimate of 15.6 per cent.