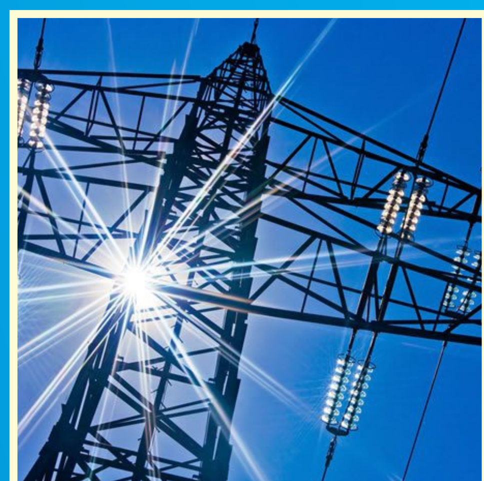
May 30, 2018



RURAL FOCUS

REPORT - 2018

Moneywise. Be wise.

Rural India accounts for about 70 per cent of the total population and contributes around half of the country's Gross Domestic Product (GDP). The rural India theme will continue to remain vogue on domestic stock markets along with an election year being in focus. After three years of subdued rural consumption, there are now increasing signs of a pickup. Two good consecutive monsoon, coupled with government focus on the rural economy in terms of building rural infrastructure, providing better agricultural support prices, focus on increasing farm incomes, increased spending on irrigation amid disbursals of 7th pay commission have helped pick up in rural consumption. Besides, Reforms such as government extension of fertilizer subsidy program until 2020 coupled with farm loan waivers by some state governments are being undertaken with a vision that they can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.

The Indian companies are very optimistic about growth of the rural consumer markets as better networking among rural consumers and their tendency to actively seek information through many sources to be better informed while making purchase decisions. Also the wider reach of media and telecommunication services has helped India's rural consumers to remain informed and is influencing their purchase decisions. Owing to a favorable changing consumption trend as well as the potential size of the market, and on expectation of good monsoon (after Met projection) this year, rural India provides a large and attractive investment opportunity for private companies from sectors as diverse as Capital Goods, agriculture service and fertilizers, financial services and consumer durables companies.

With increasing rural income levels in the coming years, the rural consumption will get a boost, which in turn would prove positive for the Indian business scenario. From the perspective of an investor, the inherent quality of the company or the business is equally important to play any theme. Investing in a high-quality business along with the "broad theme" reduces the odds of losing money as the "theme" has tremendous potential in the long-term. One should consider the following recommendations to invest in a staggered manner for a long term perspective.

SR. NO	CO_NAME	SECTOR	MARKET CAP*	PRICE*	TARGET	UPSIDE POTENTIAL (%)
1	M & M	Automobile	105621.64	868.80	1110.00	28
2	Ashok Leyland	Automobile	42922.02	149.55	170.00	14
3	Havells India	Capital Goods - Electrical Equipment	35173.98	547.95	699.00	28
4	Muthoot Finance	Finance	16023.66	396.25	466.00	18
5	K E C Intl.	Capital Goods - Electrical Equipment	9586.83	373.65	441.00	18
6	G N F C	Fertilizers	7516.89	469.60	575.00	22
7	Kalpataru Power	Capital Goods - Electrical Equipment	7106.76	454.00	613.00	35
8	Bajaj Corp	FMCG	6807.86	462.95	534.00	15
9	Jain Irrigation	Plastic products	5370.72	105.85	130.00	23
10	Swaraj Engines	Capital Goods-Non Electrical Equipment	2385.68	1944.55	2372.00	22

***CMP as on 30th May, 2018**

Happy Investing

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MAHINDRA & MAHINDRA LIMITED

RECOMMENDATION: BUY

CMP: Rs. 868.80 | **Target: Rs. 1110.00** | **Upside Potential : 28%**

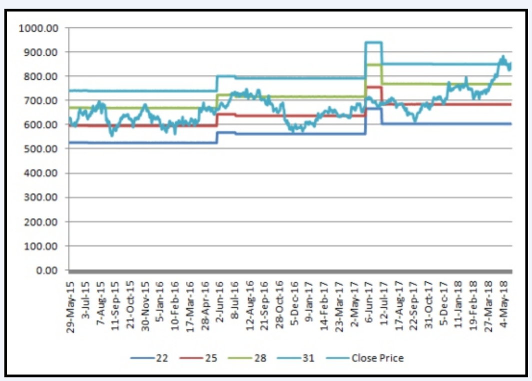
VALUE PARAMETERS

Current Mkt.Price (Rs.)	868.80
Face Value (Rs.)	5.00
52 Week High/Low	887.95/612.50
M.Cap (Rs. in Cr.)	108008.57
EPS (Rs.)	48.12
P/E Ratio (times)	18.06
P/B Ratio (times)	2.93
Dividend Yield (%)	0.75
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	38.12
Institutions	20.08
Non Promoter Corporate Holding	6.49
Promoters	20.45
Public & Others	14.85

P/E CHART



INVESTMENT RATIONALE

- Mahindra & Mahindra, Ltd., through its subsidiaries, engages in the manufacture, distribution, and sale of passenger cars, tractors, multi-utility vehicles, light commercial vehicles, and three wheelers. It also designs, develops, manufactures, and markets implements that are used in conjunction with tractors.
- To strengthen the UV portfolio, the company has launched a new avatar of the Scorpio, its iconic SUV— the 'All Powerful Scorpio'. The new "All Powerful Scorpio" comes with higher power (140 bhp) and torque, new 6-speed transmission, enhanced performance, imposing styling and luxurious comfort.
- The company continued to be the 3rd largest passenger vehicle company, the 2nd largest commercial vehicle company and the largest small commercial vehicle (LCV < 3.5T) company in India. Domestic sales crossed the 5,00,000 mark after a clap of five years. The company achieved its highest ever sales for Scorpio and Pik-Ups this year and Bolero volumes crossed 1 million since launch. Also, in FY2018, the company had recorded its highest ever tractor volumes for both domestic and export, and retained the leadership position for the 35th consecutive year.
- For Q4 FY2018, the domestic auto industry (excluding 2W) grew 19%, with the passenger vehicles reporting a growth of 7% and the UV segment a growth 25%. The domestic tractor industry witnessed a very high growth of 44%. In Q4 FY2018, the domestic Automotive volume for the company grew 20% while the domestic tractor volumes grew 44%.
- The group will supply 150 of the 500 electric sedans in the first phase of the government's order to procure 10,000 electric vehicles. It will manufacture all key components that go into an electric vehicle itself as India's largest utility vehicle maker prepares for the next transition in the automobile industry amid the government's push to cut dependence on fossil fuels.
- For the year FY2018, improvement in overall economic sentiment, two consecutive years of normal monsoon, Government's focus on development of Agri and Rural sectors, with continued investment in infrastructure, coupled with easy availability of affordable finance, helped drive the demand for the automotive as well as the tractor industry.

RISK

- Rising Interest rate
- Change in major regulation

VALUATION

The company's volume growth is on an uptrend led by strong demand for tractors and a cyclical recovery in light commercial vehicles. A pick up in rural economy is likely and this should benefit M&M. Thus, it is expected that the company would see good growth going forward and the stock will see a price target of Rs.1110 in 8 to 10 months time frame on target P/E of 28x and FY19 (E) earnings of Rs.39.65.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
Revenue	43785.40	48685.60	54298.70
Ebitda	4769.30	6224.00	7475.00
Ebit	3442.10	4744.60	5896.10
Net Income	3955.70	4356.00	4616.20
EPS	33.19	36.47	39.65
BVPS	206.65	-	273.36
RoE	14.38	14.53	15.41

Source: Company's Website, Reuters & Capitaline

Moneywise. Be wise.

ASHOK LEYLAND LIMITED

RECOMMENDATION: BUY

CMP: Rs. 149.55 | **Target: Rs. 170.00** | **Upside Potential : 14%**

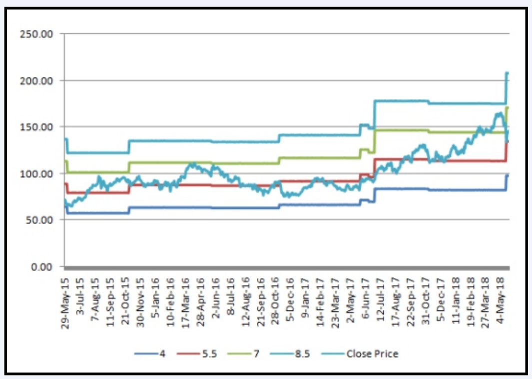
VALUE PARAMETERS

Current Mkt.Price (Rs.)	149.55
Face Value (Rs.)	1.00
52 Week High/Low	167.50/87.35
M.Cap (Rs. in Cr.)	43830.58
EPS (Rs.)	5.36
P/E Ratio (times)	25.32
P/B Ratio (times)	5.91
Dividend Yield (%)	1.62
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	25.57
Institutions	11.08
Government	0.08
Non Promoter Corporate Holding	2.11
Promoters	51.27
Public & Others	9.91

P/E CHART



INVESTMENT RATIONALE

- Ashok Leyland is one of the leading manufacturers of medium and heavy commercial vehicles in India. Ashok Leyland is the 2nd largest manufacturer of commercial vehicles in India, the 4th largest manufacturer of buses in the world and the 12th largest manufacturer of trucks globally.It offers power solutions for electric power generation, agricultural harvester combines, earth moving and construction equipment, and marine and other non-automotive applications.
- FY 17-18, it has been an extremely satisfactory year with achievements in many fronts. Record domestic truck volumes, substantial growth in LCV, continued growth in marketshare and the transformation which Intelligent Exhaust Gas Recirculation (i-EGR) brought to the Indian market. Moreover, exports has witnessed a healthy jump in the current year and the company will continue to focus on growing InternationalBusiness as well as Defence and After Market portfolios.
- During FY17-18, Sales volumes rose 20.5% yoy to 174,851 units in FY 18 vis vis145,066 units in the previous year. Its sales volumes in the medium and heavy commercial vehicles (M&HCV) segment stood 16% higher at 131,432 units. LCV sales during the period rose 36.6% to 43,419units vis a vis 31,774 unit a year ago.
- As Bharat Standards VI emission norms will go into effect by 2020, the company is working on capacity building and modernization of its competencies and technologies to meet the growing requirements for the BS 6. It has renewed its partnership with Hino Motors (Japan) for Mutual Cooperation Agreement (MCA) to utilize Hino's Euro-VI compliance engine technology for its new BS-VI (EURO-VI) development. This partnership would help the company to be ready for BS VI norms.
- The company is developing new vehicles for the armed forces, aggressively bidding for new contracts and setting up new infrastructure to ready itself for a larger a pie of the defence business. The defence business is expected to achieve at least 3 times (revenue growth) in five years. Recently, the company has bagged tenders for mine protected vehicles and bullet proof vehicles from the security agencies and targets threefold business increase from its defence vertical.

RISK

- Policy intervention by Government
- Competition

VALUATION

The Company continued to outperform the CV industry and has made significant gains in market share and sales volume by focusing on innovation, intensive marketing strategies and network expansion. Moreover, the management of the company is rapidly establishing robust business processes across the company taking strides into the Digital Age.Thus we expect the stock to see a price target of Rs 170 in 8 to 10 months time frame on 1 year average P/Bvx of 6 and FY19 (BVPS) of Rs28.37.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
REVENUE	20018.70	26247.90	30469.50
EBITDA	2338.80	2739.00	3346.50
EBIT	1820.90	2184.40	2772.40
PRE-TAX PROFIT	1680.90	2230.72	2829.10
NET INCOME	1573.90	1575.20	1983.10
EPS	5.46	5.36	6.82
BVPS	21.53	24.48	28.37
RoE	27.04	-	25.37

Source: Company's Website, Reuters & Capitaline

HAVELLS INDIA LIMITED

RECOMMENDATION: BUY

CMP: Rs. 547.95 | **Target: Rs. 699.00** | **Upside Potential : 28%**

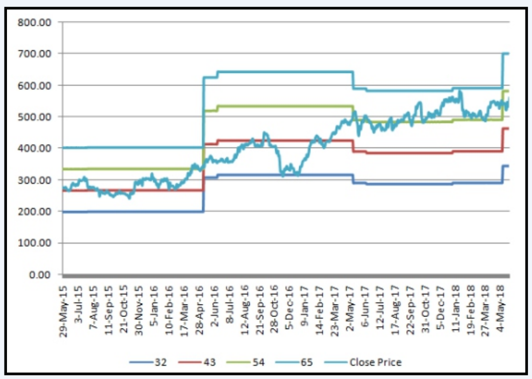
VALUE PARAMETERS

Current Mkt.Price (Rs.)	547.95
Face Value (Rs.)	1.00
52 Week High/Low	592.70/441.30
M.Cap (Rs. in Cr.)	34255.01
EPS (Rs.)	10.78
P/E Ratio (times)	50.84
P/B Ratio (times)	9.19
Dividend Yield (%)	0.73
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	25.43
Institutions	5.05
Non Promoter Corporate Holding	3.17
Promoters	59.58
Public & Others	6.77

P/E CHART



INVESTMENT RATIONALE

- Havells India Limited is one of India's largest & fastest growing electrical and power distribution equipment manufacturers with products ranging from industrial & domestic usage. It owns some of the prestigious global brands like Crabtree, Reo & Standard Electrical. It now operates a network of 90+ branches and representative offices in over 50 countries with a network of 20,000 distributors.
- The company has 12 state-of-the-art manufacturing plants in India located at Haridwar, Baddi, Sahibabad, Faridabad, Assam, Alwar and Neemrana, manufacturing globally acclaimed products, synonymous with excellence and precision in the electrical industry.
- It has pioneered the concept of exclusive brand showroom in the electrical industry with 'Havells Galaxy'. It became the first FMEG Company to offer door step service via its initiative 'Havells Connect'.
- During Q4FY17, its lighting and fixtures business grew 20 per cent to Rs 323 crore during the fourth quarter as against Rs 268 crore in the same period previous fiscal. Electrical consumer durables grew 19 per cent to Rs 465 crore, switchgear business grew 5 per cent to Rs 394 crore while the cable business grew 13 per cent to Rs 769 crore during the three months period ended March 2018. The management is confident that the growth for this segment will continue in coming years.
- Fans, appliances and water heaters have performed well with market leading growth. The company retained market leadership in premium fan segment, which contributes 2/3rd of ceiling fans with the highest average price realization in industry. In Water heaters, the company is firmly established as top 3 players with premium and technology product positioning.
- Lloyds, which was acquired by Havells last year, reported a contribution of Rs 1,414 crores to Havells topline in FY18. Sales remained muted as the demand was impacted by GST.
- As a part of its expansion strategy, it plans to add refrigerators under Lloyd's portfolio which currently consists of air-conditioners, washing machines, and televisions. The company is incurring a capital expenditure of Rs 3,000 crores to set up a 600,000 unit air-conditioner manufacturing facility. This plant is expected to be operational by the end of FY19.

RISK

- High Competition
- Change in Technology

VALUATION

The company has been continuously growing in each business parameter and it is expected that it would be direct benefitted by the Government initiatives such as "Housing and power for all". It is best placed to attain scale across businesses with its new SBU (Strategic Business Unit) structure and focused product-wise branding strategy. Thus, it is expected that the stock will see a price target of Rs.699 in 8 to 10 months time frame on an current P/E of 50.84x and FY19 EPS of Rs.13.75.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL	ESTIMATES	
	FY Mar-18	FY Mar-19	FY Mar-20
Revenue	8,138.60	9,743.10	11,231
Ebitda	1,049.30	1,287.20	1,527
Ebit	909.80	1,150.80	1,350
Pre-Tax Profit	-	1,225.80	1,462
Net Income	712.50	859.50	1,028
EPS	11.40	13.75	16.45
BVPS	59.82	67.12	76.74
RoE	18.02	21.63	22.76

Source: Company's Website, Reuters & Capitaline

MUTHOOT FINANCE LIMITED

RECOMMENDATION: BUY

CMP: Rs. 396.25 | **Target: Rs. 466.00** | **Upside Potential : 18%**

VALUE PARAMETERS

Current Mkt.Price (Rs.)	396.25
Face Value (Rs.)	10.00
52 Week High/Low	525.80/360.00
M.Cap (Rs. in Cr.)	15853.62
EPS (Rs.)	43.00
P/E Ratio (times)	9.22
P/B Ratio (times)	2.04
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	11.26
Institutions	10.81
Non Promoter Corporate Holding	0.73
Promoters	73.61
Public & Others	3.60

P/E CHART

INVESTMENT RATIONALE

- Muthoot Finance is the largest gold financing company in India in terms of loan portfolio. Headquartered in Kerala, the company is a Systemically Important Non-deposit taking non-banking finance company (NBFC).
- The consolidated asset under management (AUM) of the company increased at improved pace of 12% yoy to Rs 32154 crore end March 2018. The share of subsidiaries in the loan book has increased to 10% end March 2018 from 5% end March 2017, while the company expects to further raise the share of subsidiaries in loan book to 15% by March 2019 and further higher to 20% by March 2020.
- The growth of gold loan AUM has accelerated on sequential basis to 7% to Rs 29138 crore end March 2018. The gold branch network of the company has increased to 4325 branches end March 2018.
- Gross NPA increased to 6.98% at end March 2018 from 5.62% at end December 2017. Meanwhile, Net NPA also increased to 6.16% at end March 2018 from 4.93% at end December 2017.
- Muthoot Homefin, the wholly owned subsidiary, increased its loan portfolio to Rs 1465 crore end March 2018 from Rs 440.8 crore end March 2017. Total revenue jumped to Rs 126 crore in FY2018 from Rs 24 crore in FY2017. It achieved a net profit of Rs 28 crore in FY18 as against previous year profit of Rs 3 crore.
- Net profit of the company rose 40.28% to Rs 451.39 crore in the quarter ended March 2018 as against Rs 321.78 crore during the previous quarter ended March 2017. Sales declined 9.28% to Rs 1550.97 crore in the quarter ended March 2018 as against Rs 1709.63 crore during the previous quarter ended March 2017.

RISK

- Fall in collateral value
- Adverse regulatory changes
- Alternative loan products

VALUATION

The company is witnessing healthy financial growth across all the business segments and maintaining the loan growth steady. According to the management, gold loan business would grow 15% and subsidiary loan book to grow faster at 50-60%. Thus, it is expected that the stock will see a price target of Rs.466 in 8 to 10 months time frame on a current P/Bv of 2.04x and FY19 BVPS of Rs.228.5.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
Revenue	3345.70	4221.90	4220.70
Ebitda	2234.00	3040.60	2934.50
Ebit	2185.80	2996.70	3268.90
Net Income	1179.80	1720.30	1779.50
EPS	29.45	42.85	44.44
BVPS	163.12	193.99	228.50
RoE	19.44	-	20.78

Source: Company's Website, Reuters & Capitaline

KEC INTERNATIONAL LIMITED

RECOMMENDATION: BUY

CMP: Rs. 373.65 | **Target: Rs. 441.00** | **Upside Potential : 18%**

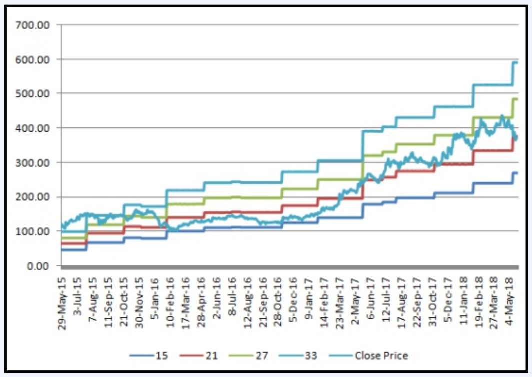
VALUE PARAMETERS

Current Mkt.Price (Rs.)	373.65
Face Value (Rs.)	2.00
52 Week High/Low	442.60/209.00
M.Cap (Rs. in Cr.)	9606.11
EPS (Rs.)	17.91
P/E Ratio (times)	20.86
P/B Ratio (times)	4.81
Dividend Yield (%)	0.64
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	11.33
Institutions	20.20
Govt Holding	0.00
Non Promoter Corp. Hold.	3.35
Promoters	50.99
Public & Others	14.14

P/E CHART



INVESTMENT RATIONALE

- KEC International, an RPG Group firm, is a global infrastructure EPC (engineering, procurement and construction) major and has presence in power transmission and distribution, cables, railways, water, renewables and civil space. Globally, the company has empowered infrastructure development in more than 63 countries.
- Fresh orders worth Rs 1392 crore were won across various business verticals of the company so far in FY2019. Major junk of the fresh order so far in current fiscal has come from railway aggregate to Rs 928 crore for both overhead electrification as well as civil works. Civil works vertical of the company has bagged orders worth Rs 212 crore from leading tyre and cement manufacturing companies. While core T&D segment accounts for Rs 159 crore worth of orders across India and SAARC region, the balance was accounted by cables and solar.
- Order execution is back on track and margin is expected to stabilize on account of cost control measures. The management expects traction in ordering activity from SEBs (State Electricity Board) mainly from south India and Bihar. Further, railway electrification orders would pick up and revenue from railway is expected to double in FY19. Healthy order book and improvement in margins would drive the earnings growth. Moreover, management expect order book to grow by 20% for current fiscal i.e. FY2019.
- Its debt levels has reduced from Rs.1932 crore to Rs.1538 crore over the last 12 months , which is made up of current and long term debt and management expects more reduction of debt in coming years.
- The company has put in bids for solar orders in MENA region and it expects one or two solar order in this fiscal from that region. The company is targeting SAARC and Africa region for Railways orders and hope to get at least one project this fiscal. However, the ticket size of international railway orders will be bigger as compared to domestic market.
- Consolidated sale was up by 17% to Rs 10058.02 crore. The OPM was up by 50 bps to 10.0% and thus the operating profit was up by 23% to Rs 1006.18 crore. With tax rate stand lower at 33.3% compared to 34.2% in corresponding previous period, the PAT was up by 51% to Rs 460.41 crore.

RISK

- Commodity price variations and currency fluctuations
- Delays in execution of projects

VALUATION

The company is continuously performing well and delivering in all the three parameters of revenue, profitability and order intake. The management of the company expects international business to pick up with large order inflow from Jordan, Saudi, Far East (Indonesia, Thailand), etc and international T&D, sub-stations and civil infra will be key drivers for FY18 order intake growth of 10%. We expect the stock to see a price target of Rs.441 in 8-10 month time frame on an expected P/E of 21x and FY19 (E) Earnings Per Share of Rs.20.98.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
REVENUE	8584.40	10096.40	11637.70
EBITDA	817.90	1006.20	1183.50
EBIT	688.20	896.40	1096.90
PRE-TAX PROFIT	463.50	690.24	821.50
NET INCOME	304.80	460.40	539.60
EPS	11.85	17.91	20.98
BVPS	61.70	77.70	98.80
RoE	19.67	-	23.37

Source: Company's Website, Reuters & Capitaline

smc

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GUJARAT NARMADA VALLEY FERT AND CHEM LIMITED

RECOMMENDATION: BUY

CMP: Rs. 469.60 | **Target: Rs. 575.00** | **Upside Potential : 22%**

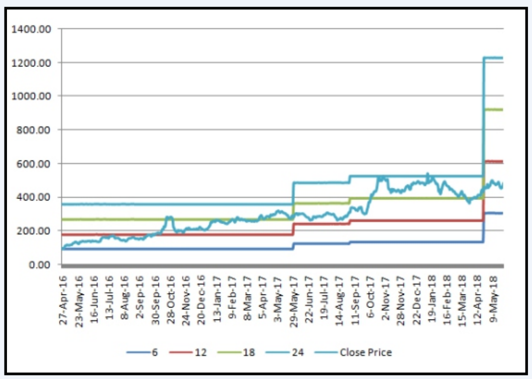
VALUE PARAMETERS

Current Mkt.Price (Rs.)	469.60
Face Value (Rs.)	10.00
52 Week High/Low	548.50/253.60
M.Cap (Rs. in Cr.)	7298.52
EPS (Rs.)	51.15
P/E Ratio (times)	9.18
P/B Ratio (times)	1.62
Dividend Yield (%)	1.60
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	11.16
Institutions	15.06
Non Promoter Corporate Holding	4.22
Promoters	41.18
Public & Others	28.38

P/E CHART



INVESTMENT RATIONALE

- GNFC the leaders in fertilizer industry, is engaged in manufacturing and selling fertilizers such as Urea and Ammonium Nitro-phosphate under the brand name of "NARMADA". The company has initiated a unique and first of its kind, socio economic project of collection of neem seeds through the rural poor especially women to supplement their income and encourage them for organic farming.
- On the development front, it has set up core chemical and petrochemical plants such as Methanol, Formic Acid, Nitric Acid, and Acetic; has India's largest single stream plant of Aniline and the proposed di-calcium phosphate project in joint venture with Belgian company Eco Phos will be operational by 2019. Di-Calcium Phosphate is mainly used as dietary supplement in prepared instant food products including noodles. Moreover, the company is only manufacturer of Toluene Di-Isocyanate (TDI) in South East Asia and Indian Sub Continent. Its chemicals enjoy high brand value in niche market.
- During the Year ended March 2018, the company has highest ever Long Term Debt extinction of Rs. 888 crore. Long term debt level reduced by 100% from 2,180 crore in 2013-14 to Rs. Nil as of date. Rs. 1,436 crore of total debt paid off in one single year. GNFC is now a Long Term Debt Free company.
- Most of the plants performed well. For TDI the combined capacity utilisation stood at 93% during the year as against 73% last year. Also during the year Aniline, Ethyl Acetate, Formic Acid and Technical Grade Urea have also recorded highest production. The realisation in Acetic Acid, Formic Acid and Ethyl Acetate were the highest in the last 6 years.
- The company has reported a 38 percent rise in its net profit at Rs 329 crore for the fourth quarter ended March 2018. Net sales of the company increased 46 percent to Rs 1,764 crore during January-March quarter of 2017-18, compared with Rs 1,203 crore in the previous year.

VALUATION

The management of the company is continuously focusing on increasing its capacity additions in chemical segment as well as to improve capacity utilization of its Dahej Plant and during the year; it has paid all of its long term debt and now planning to reduce its working capital. Moreover, it has developed requisite expertise and confidence with proven project management competencies. Thus, it is expected that the stock will see a price target of Rs.575 in 8 to 10 months time frame on a current P/Ex 9.18 and FY19 (EPS) of Rs.62.69.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
Revenue	4588.80	6837.30	6863.20
Ebitda	652.80	1390.60	-
Ebit	401.40	1120.20	1792.00
Pre-Tax Profit	715.10	1162.00	1434.90
Net Income	229.10	789.50	974.30
EPS	15.62	60.80	62.69
BVPS	244.60	286.83	331.13
RoE	7.08	19.12	18.93

Source: Company's Website, Reuters & Capitaline

Moneywise. Be wise.

KALPATARU POWER TRANSMISSION LIMITED

RECOMMENDATION: BUY

CMP: Rs. 454.00 | **Target: Rs. 613.00** | **Upside Potential : 35%**

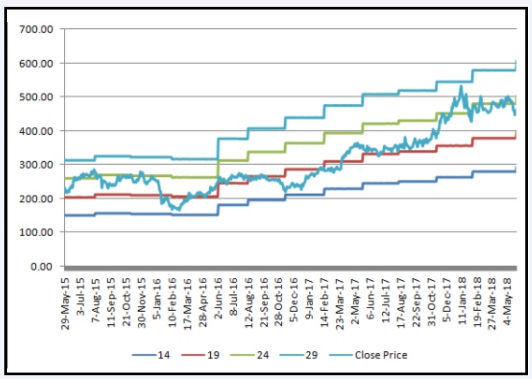
VALUE PARAMETERS

Current Mkt.Price (Rs.)	454.00
Face Value (Rs.)	2.00
52 Week High/Low	535.95/322.60
M.Cap (Rs. in Cr.)	6967.11
EPS (Rs.)	20.98
P/E Ratio (times)	21.64
P/B Ratio (times)	2.69
Dividend Yield (%)	0.00
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	6.17
Institutions	22.20
Non Promoter Corporate Holding	3.57
Promoters	59.32
Public & Others	8.73

P/E CHART



INVESTMENT RATIONALE

- Kalpataru Power Transmission Limited (KPTL) is primarily engaged in the business of Engineering, Procurement and Construction (EPC) relating to infrastructure comprising power transmission & distribution, railway track laying & electrification, oil & gas pipeLines Laying, etc.
- For FY18-19, the company targets to achieve 15-20% growth on revenue and further improve on profitability and return ratios, including exit of non-core assets. It plans to further enhance international footprint on power transmission, civil contracting, manufacturing, railways and pipeline divisions. The company will continue to drive of improving productivity through automation, process re-engineering and benchmarks on cost efficiency.
- Order inflow was up by 56% in FY 18 and stood at Rs 9341 crore. L1 in excess of Rs 2000 crore. Overall order book position as on Mar 18 for KPTL standalone is around Rs 12404 crore. 40% of orders are from T&D international markets, 28% from domestic transmission markets and 16% of order book is from infrastructure and 16% from railway segment. PGCIL accounted for around 19% of total order book.
- For JMC Projects, , a subsidiary of KPTL, the company has an order book of around Rs 7616 crore as on Mar 18, up by 10%. Order inflow stood at Rs 3339 crore. L1 stands at Rs 1500 crore. Rs 300 crore of legacy orders in the order book. Target for JMC 15-20% growth in net sales and margin 10.5-10.8% in FY 19
- The company has a global footprint in over 50 odd countries on transmission projects. It would continue to expand that global footprint with the support from Exim Bank of India and opportunities coming from the international market. The company is currently executing several contracts in India, Africa, Middle East, CIS, SAARC and Far East.
- KPTL reported net sales growth of around 29% to Rs 1931.44 crore in Mar 18 quarter and PAT for Mar 18 quarter stood at Rs 104.83 crore, up by 17% YoY.

RISK

- Regulatory Compliance Risk
- Execution risk
- Currency Risk

VALUATION

The company continues to focus on improving profitability, order visibility and return ratios as a result of improved margins and unlocking of capital from non-core assets. Its diversification focus has led to success in securing significant orders in the non-T&D business, with healthy margins. Thus, it is expected that the stock will see a price target of Rs.614 in 8 to 10 months time frame on a target P/E of 24x and FY19 (E) earnings of Rs.25.62.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
Revenue	4,838.10	5,741.20	6,608.70
Ebitda	529.10	631.20	739.00
Ebit	451.40	554.60	673.10
Pre-Tax Profit	402.60	491.6	591.00
Net Income	269.10	322.00	394.70
EPS	17.54	20.98	25.58
BVPS	161.52	180.52	204.00
RoE	11.47	13.19	13.77

Source: Company's Website, Reuters & Capitaline

Moneywise. Be wise.

BAJAJ CORP LIMITED

RECOMMENDATION: BUY

CMP: Rs. 462.95 | **Target: Rs. 534.00** | **Upside Potential : 15%**

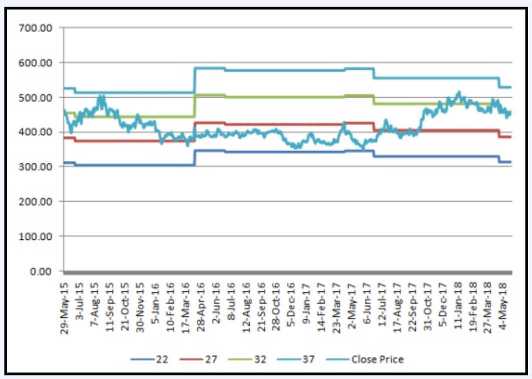
VALUE PARAMETERS

Current Mkt.Price (Rs.)	462.95
Face Value (Rs.)	1.00
52 Week High/Low	525.00/342.50
M.Cap (Rs. in Cr.)	6828.51
EPS (Rs.)	14.31
P/E Ratio (times)	33.39
P/B Ratio (times)	13.86
Dividend Yield (%)	2.59
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	25.53
Institutions	4.63
Non Promoter Corporate Holding	0.60
Promoters	66.86
Public & Others	2.39

P/E CHART



INVESTMENT RATIONALE

- Bajaj Corp is an FMCG company with major brands in hair care category. It is engaged in the business activity of trading and manufacturing of cosmetics, toiletries and other personal care products.
- The company has reduced its dependency on wholesale trade which accounted for around 35% of total sales, as compared to 55%, pre demonetization and also direct reach has increased to 3.9 M retail outlets.
- The management is hopeful for turnaround of rural demand and it expects rural growth soon to pick up more than 10% every year. Currently it's still lower than urban growth but expects rural growth to outperform urban going forward. Management further expects increase in rural growth will lead to even higher and better future for light hair oil segment in general and particular for the company.
- It has been pursuing inorganic opportunities for the last few years. For inorganic growth opportunities, it will focus on niche brands which can benefit from its strong distribution network that would help the company to make pan India brands. The management of the company is looking to grab inorganic growth opportunities in the FMCG, Hair oil and Nomarks cream or other anti-blemish cream category.
- March 18 quarter saw a value growth of around 5% and volume growth of 5.8% on YoY basis. On an annual basis, the value growth stood at 2.7%. Bajaj Almonds hair oil grew by 7.3% by volumes. The company has gained in market share within the light hair segment. It has 61% market share in volumes in the quarter.

RISK

- Frequent fluctuations in the prices of its raw material
- Highly competitive FMCG market with competitors

VALUATION

With good cash on hand and zero debt, the company is gaining in its light hair oil category which is premium hair oil. It has increased number of distributors in rural areas. Actions done in the past such as increase in distribution and direct dealer network, has resulted in increase in volumes better than the industry. Management aims to continue to launch new products. Immediate launches will be in hair oil and skin care. Currently it has new launches in related category products and aims to use cash for acquisition to leverage the strong distribution. Thus we expect the stock to see a price target of Rs 534 in 8 to 10 months time frame an expected P/Ex of 32.25 and FY19 (E) earnings of Rs16.57.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
REVENUE	794.80	828.50	930.40
EBITDA	263.60	253.90	292.10
EBIT	258.30	246.50	294.30
PRE-TAX PROFIT	296.60	269.80	317.90
NET INCOME	236.60	211.10	244.20
EPS	15.97	14.31	16.57
BVPS	33.50	33.39	36.22
RoE	48.53	42.79	48.29

Source: Company's Website, Reuters & Capitaline

Moneywise. Be wise.

JAIN IRRIGATION SYSTEMS LIMITED

RECOMMENDATION: BUY

CMP: Rs. 105.85 | **Target: Rs. 130.00** | **Upside Potential : 23%**

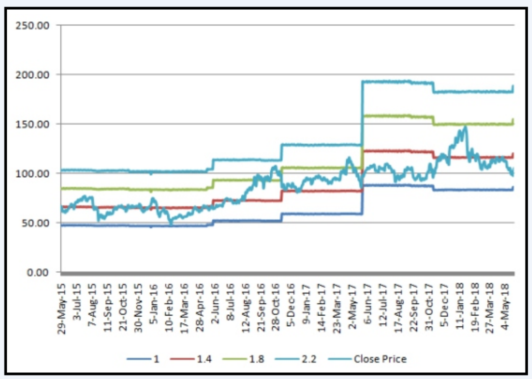
VALUE PARAMETERS

Current Mkt.Price (Rs.)	105.85
Face Value (Rs.)	2.00
52 Week High/Low	150.40/86.25
M.Cap (Rs. in Cr.)	5374.81
EPS (Rs.)	4.46
P/E Ratio (times)	23.74
P/B Ratio (times)	1.21
Dividend Yield (%)	0.96
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	41.65
Institutions	6.89
Government	0.11
Non Promoter Corporate Holding	2.77
Promoters	28.46
Public & Others	20.12

P/E CHART



INVESTMENT RATIONALE

- Jain Irrigation Systems (JISL) is engaged in providing solutions in agriculture, piping, infrastructure through manufacturing of micro irrigation systems, PVC pipes, HDPE pipes, plastic sheets, agro processed products, renewable energy solutions, tissue culture plants, financial services and other agricultural inputs.
- Recently, it has bagged order for integrated irrigation solution project in Karnataka. Visvesvaraya Jala Nigam, a division of Water Resources Department of Karnataka, has placed this order on the company through national competitive bidding. The value of the project is Rs 287.66 crore. The company expects to complete the project in 24 months.
- According to the management of the company, food business will also improve due to pickup in demand and expect double digit growth in this segment. The company expects strong business in spices and Orange juice business. Company expects enormous opportunities in water treatment plants and better irrigation products.
- During Q4FY18, its overall plastic division has reported growth of 19.7% on account of robust offake from domestic market and revenue from Hi-tech Agri Input products
- Current consolidated order book stands at Rs 4089 crore which includes orders of Rs 1807.60 crore for Hitech Agri Input Products Division, Rs 964 crore for Agro Processing (JFFFL) and Rs 1208 crore for Plastic Division.

RISK

- Weather and crop related risk
- Delay in implementation of project

VALUATION

The company has maintained positive free cash flows and the management of the company expects to follow the same in next quarter. It expects 20% sales growth for full year FY19 due to robust performance in piping business and project business due to strong orders. Thus we expect the stock to see a price target of Rs 130 in 8 to 10 month's time frame a 3 year average P/Bvx of 1.42 and FY19 (BVPS) book value per share of Rs. 91.49.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
REVENUE	6769.80	7999.10	9194.10
EBITDA	940.20	1055.40	1232.70
EBIT	638.90	716.80	870.90
PRE-TAX PROFIT	243.00	299.17	460.70
NET INCOME	176.20	219.30	347.90
EPS	3.29	4.25	6.38
BVPS	90.35	91.76	91.49
RoE	4.29	-	7.50

Source: Company's Website, Reuters & Capitaline

Moneywise. Be wise.

SWARAJ ENGINES LIMITED

RECOMMENDATION: BUY

CMP: Rs. 1944.55 | **Target: Rs. 2372.00** | **Upside Potential : 22%**

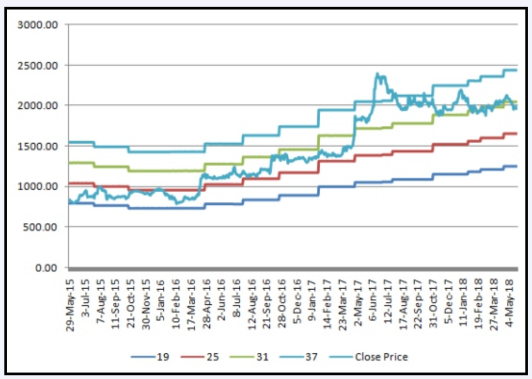
VALUE PARAMETERS

Current Mkt.Price (Rs.)	1944.55
Face Value (Rs.)	10.00
52 Week High/Low	2545.00/1785.00
M.Cap (Rs. in Cr.)	2358.09
EPS (Rs.)	66.05
P/E Ratio (times)	29.44
P/B Ratio (times)	10.32
Dividend Yield (%)	2.57
Stock Exchange	BSE

SHAREHOLDING PATTERN

As on Mar'18	% Of Holding
Foreign	2.51
Institutions	13.05
Govt Holding	0.02
Non Promoter Corp. Hold.	0
Promoters	50.74
Public & Others	33.68

P/E CHART



INVESTMENT RATIONALE

- Swaraj engines limited (SEL) is into manufacturing and supplying of diesel Engines in the range of 22 HP to above 54 HP. The company is equipped with highly productive & precise quality analyzing machines. It also manufactures hi-tech engine components. Till date, SEL has supplied over 7,00,000 engines for fitment into Swaraj tractors.
- During FY17-18, it has attained its highest ever engines sale of 92,022 units (last year 82,297 units), a growth of 11.8%. With rise in engines sale volume coupled with increase in the sharp of higher HP engines sale, net operating revenue for FY18 stood at Rs.771.20 crores as against Rs.666.10 crore for the last year- a growth of 15.80%.
- On the development front, Swaraj Tractors has launched Swaraj 963FE (60-75HP category tractor) which has been well accepted in the market.
- The acceptance of Swaraj's higher HP tractors would help to enhance operating performance of the company. Swaraj Tractors has a market share of 8 – 9 % in the 60 HP segment. With this launch, the company is targeting to enhance it to over 11 – 12 % by the end of first year of the launch. This new launch will further augment SEL's premium priced engine sales volumes.
- SEL's new capacity largely focused on higher HP engines. In FY 18, the company has added capacity by 15k at cost of Rs 25 crore making total capacity to stand at 1.2 lakh units of engine. The company will spend around Rs 50 crore, to further increase the capacity to 1.5 lakh engine units in next 2 years.

RISK

- Government policy on procurement, credit availability, commodity price trends
- Rain-dependent nature of agriculture sector

VALUATION

SEL has a healthy balance sheet with no debt on its books and robust return ratios amid healthy dividend payouts. Moreover, Swaraj Tractors has a strong brand recall and the larger acceptance of Swaraj brand of tractors is primarily on the back of balanced design, low cost of ownership over the lifecycle of product, robust service network and fuel efficiency among others. A normal monsoon expectation in FY19, upcoming Loksabha elections and an increase in minimum sale price (MSPs) for Rabi crop 2017-18 would augur well for agri machinery and input sectors. We expect the stock to see a price target of Rs.2372 in 8-10 month time frame on a two year average P/E of 31.14x and FY19 (E) Earnings Per Share of Rs.76.18.

FINANCIAL PERFORMANCE

(Rs. in Cr.)

	ACTUAL		ESTIMATES
	FY Mar-17	FY Mar-18	FY Mar-19
REVENUE	683.30	771.20	866.80
EBITDA	121.60	121.60	144.90
EBIT	105.30	104.80	139.50
PRE-TAX PROFIT	105.50	122.70	140.50
NET INCOME	68.83	80.10	92.76
EPS	55.38	64.56	76.18
BVPS	228.16	188.43	200.36
RoE	25.18	31.30	38.91

Source: Company's Website, Reuters & Capitaline

SMC Research Desk

SMC Research also available on Reuters

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