

# Stock Recommendations



JULY 8, 2019

## Stock Recommendations

| Name of the Company                    | Latest Reco^ | Price as on 8-Jul (Rs) | Price as on latest Report (Rs) | Latest Price target^ (Rs) | Upside/ (Down-side) (%) | Latest Report Date | Mkt Cap (Rs mn) | EPS (Rs) |       | EPS gth (%) |       | PE (x) |       | RoE (%) |       | EV/EBITDA (x) |       |
|--|--------------|------------------------|--------------------------------|---------------------------|-------------------------|--------------------|-----------------|----------|-------|-------------|-------|--------|-------|---------|-------|---------------|-------|
|  |              |                        |                                |                           |                         |                    |                 | FY20E    | FY21E | FY20E       | FY21E | FY20E  | FY21E | FY20E   | FY21E | FY20E         | FY21E |
| <b>Auto &amp; Auto Ancillary</b>       |              |                        |                                |                           |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| FIEM Industries Ltd                    | BUY          | 445                    | 430                            | 720                       | 61.8                    | 16-May-19          | 5,874           | 47.9     | 60.0  | 13.5%       | 25.3% | 9.3    | 7.4   | 12.5    | 14.0  | 4.0           | 3.3   |
| Gabriel India Ltd                      | ADD          | 107                    | 141                            | 153                       | 43.1                    | 20-May-19          | 15,394          | 7.6      | 9.0   | 15.2%       | 18.4% | 14.1   | 11.9  | 17.3    | 17.9  | 6.9           | 5.6   |
| Sterling Tools Ltd                     | ADD          | 206                    | 217                            | 238                       | 15.5                    | 29-May-19          | 7,416           | 13.3     | 14.9  | 6.4%        | 12.0% | 15.5   | 13.8  | 15.8    | 15.5  | 8.1           | 7.1   |
| Talbro's Automotive Comp               | BUY          | 149                    | 191                            | 291                       | 95.4                    | 31-May-19          | 1,787           | 22.8     | 29.1  | 6.5%        | 27.6% | 6.5    | 5.1   | 13.3    | 14.9  | 4.3           | 3.5   |
| <b>Building Material</b>               |              |                        |                                |                           |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| Asian Granito India Ltd (AGL)          | SELL         | 230                    | 249                            | 202                       | (12.1)                  | 31-May-19          | 6,917           | 11.4     | 13.5  | 65.2%       | 18.4% | 20.2   | 17.0  | 7.3     | 8.1   | 8.9           | 8.3   |
| Century Plyboards (India) Ltd          | BUY          | 162                    | 170                            | 210                       | 29.4                    | 30-May-19          | 36,112          | 8.7      | 10.0  | 22.5%       | 14.9% | 18.7   | 16.2  | 18.3    | 18.1  | 10.9          | 9.6   |
| Greenply Industries Ltd                | HOLD         | 167                    | 170                            | 187                       | 12.0                    | 06-Jun-19          | 20,154          | 9.0      | 11.0  | 9.8%        | 22.2% | 18.6   | 15.2  | 10.5    | 11.5  | 9.8           | 8.2   |
| Kajaria Ceramics Ltd                   | BUY          | 561                    | 583                            | 653                       | 16.4                    | 13-May-19          | 89,159          | 18.6     | 21.8  | 30.1%       | 17.2% | 30.2   | 25.7  | 17.4    | 17.7  | 16.1          | 13.7  |
| Shankara Building Products Ltd         | SELL         | 385                    | 484                            | 457                       | 18.6                    | 16-May-19          | 8,805           | 24.1     | -     | 69.7%       | 0.0%  | 16.0   | -     | 10.9    | -     | 6.9           | -     |
| Supreme Industries Ltd                 | ADD          | 1,127                  | 1,021                          | 1,124                     | (0.3)                   | 09-May-19          | 143,110         | 34.8     | 41.6  | -1.4%       | 19.5% | 32.4   | 27.1  | 19.4    | 20.6  | 16.5          | 13.9  |
| <b>Capital Goods &amp; Engineering</b> |              |                        |                                |                           |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| AIA Engineering                        | SELL         | 1,810                  | 1,723                          | 1,705                     | (5.8)                   | 29-May-19          | 170,683         | 63.7     | 74.2  | 17.5%       | 16.5% | 28.4   | 24.4  | 16.2    | 16.3  | 20.3          | 17.0  |
| Engineers India Ltd                    | BUY          | 108                    | 113                            | 147                       | 36.4                    | 23-May-19          | 68,119          | 7.0      | 8.0   | 20.7%       | 14.3% | 15.4   | 13.5  | 19.3    | 21.9  | 8.0           | 6.3   |
| Genus Power Infrastructures            | BUY          | 22                     | 27                             | 31                        | 40.9                    | 17-May-19          | 5,661           | 3.1      | 3.4   | 10.7%       | 9.7%  | 7.1    | 6.5   | 9.5     | 9.6   | 3.4           | 3.1   |
| Greaves Cotton                         | ADD          | 138                    | 145                            | 156                       | 13.1                    | 08-May-19          | 33,668          | 9.2      | 10.4  | 16.5%       | 13.0% | 15.0   | 13.3  | 24.1    | 29.0  | 9.3           | 7.9   |
| Praj Industries Ltd                    | ADD          | 128                    | 130                            | 146                       | 14.0                    | 20-May-19          | 22,716          | 5.6      | 6.4   | 51.4%       | 14.3% | 22.9   | 20.0  | 13.1    | 13.6  | 13.1          | 10.1  |
| Va Tech Wabag Ltd                      | ADD          | 302                    | 300                            | 335                       | 10.8                    | 23-May-19          | 16,019          | 21.5     | 25.8  | 12.0%       | 20.0% | 14.1   | 11.7  | 10.5    | 11.6  | 7.2           | 6.1   |
| Voltamp Ltd                            | BUY          | 1,066                  | 1,173                          | 1,512                     | 41.9                    | 04-Jun-19          | 10,765          | 99.0     | 108.1 | 17.9%       | 9.2%  | 11.8   | 9.9   | 13.8    | 13.5  | 6.1           | 4.9   |
| <b>Chemicals</b>                       |              |                        |                                |                           |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| Aksharchem India Ltd                   | REDUCE       | 272                    | 256                            | 260                       | (4.4)                   | 21-May-19          | 1,988           | 28.7     | 32.4  | 4.4%        | 12.9% | 9.5    | 8.4   | 8.5     | 8.9   | 5.0           | 4.3   |
| Bodal Chemicals Ltd                    | SELL         | 95                     | 115                            | 109                       | 14.4                    | 22-May-19          | 11,621          | 12.7     | 13.6  | 9.5%        | 7.1%  | 7.5    | 7.0   | 15.5    | 13.5  | 5.1           | 4.9   |
| GHCL Ltd                               | ADD          | 227                    | 237                            | 265                       | 16.6                    | 19-Jun-19          | 22,003          | 41.1     | 44.7  | 14.8%       | 8.8%  | 5.5    | 5.1   | 17.8    | 16.6  | 4.3           | 4.0   |
| <b>Construction</b>                    |              |                        |                                |                           |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| KNR Construction                       | ADD          | 278                    | 281                            | 312                       | 12.4                    | 12-Jun-19          | 39,017          | 18.1     | 20.8  | -3.2%       | 14.9% | 15.3   | 13.4  | 16.6    | 16.2  | 7.6           | 5.9   |
| Nagarjuna Construction                 | BUY          | 94                     | 98                             | 132                       | 41.2                    | 03-Jun-19          | 56,165          | 8.3      | 9.6   | -11.7%      | 15.7% | 11.3   | 9.7   | 10.1    | 10.7  | 4.1           | 3.7   |
| NBCC (India) Ltd                       | REDUCE       | 54                     | 62                             | 61                        | 12.9                    | 03-Jun-19          | 97,290          | 2.6      | 3.2   | 23.8%       | 23.1% | 20.8   | 16.9  | 26.8    | 28.4  | 16.1          | 10.5  |

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|-------------------------------|--------------------------|------------------------|--------------------------------|---------------------------------------|-------------------------|--------------------|-----------------|----------|-------|-------------|--------|--------|-------|---------|-------|---------------|-------|
|                               |                          |                        |                                |                                       |                         |                    |                 | FY20E    | FY21E | FY20E       | FY21E  | FY20E  | FY21E | FY20E   | FY21E | FY20E         | FY21E |
| PNC Infratech Ltd             | ADD                      | 199                    | 206                            | 226                                   | 13.7                    | 14-Jun-19          | 50,967          | 13.4     | 16.1  | 32.7%       | 20.1%  | 14.8   | 12.3  | 15.1    | 15.7  | 6.8           | 5.4   |
| Simplex Infrastructures       | SELL                     | 110                    | 148                            | 128                                   | 16.4                    | 07-Jun-19          | 6,237           | 22.4     | 25.6  | -19.1%      | 14.3%  | 4.9    | 4.3   | 6.1     | 6.5   | 5.3           | 5.3   |
| <b>Consumer Durables</b>      |                          |                        |                                |                                       |                         |                    |                 |          |       |             |        |        |       |         |       |               |       |
| Amber Enterprises Ltd         | BUY                      | 820                    | 805                            | 976                                   | 19.0                    | 20-Jun-19          | 25,759          | 42.0     | 48.8  | 39.1%       | 16.2%  | 19.5   | 16.8  | 12.5    | 13.2  | 9.6           | 8.1   |
| Bajaj Electricals Ltd         | SELL                     | 504                    | 548                            | 530                                   | 5.3                     | 27-May-19          | 51,312          | 19.1     | 22.8  | 20.9%       | 19.4%  | 26.4   | 22.1  | 17.3    | 18.3  | 15.8          | 14.1  |
| Blue Star Ltd                 | REDUCE                   | 754                    | 697                            | 713                                   | (5.4)                   | 06-May-19          | 71,818          | 21.5     | 25.8  | 69.3%       | 20.0%  | 35.1   | 29.2  | 19.7    | 21.2  | 18.7          | 15.7  |
| Eveready Industries India Ltd | NOT RATED                | 69                     | 75                             | NR                                    | NIL                     | 21-May-19          | 5,034           | 15.7     | -     | 45.4%       | 0.0%   | 4.4    | -     | 24.8    | -     | 3.2           | -     |
| Surya Roshni Ltd              | BUY                      | 217                    | 256                            | 328                                   | 51.5                    | 27-May-19          | 11,694          | 28.5     | 35.7  | 28.4%       | 25.3%  | 7.6    | 6.1   | 12.7    | 14.1  | 5.2           | 4.5   |
| <b>Information Technology</b> |                          |                        |                                |                                       |                         |                    |                 |          |       |             |        |        |       |         |       |               |       |
| Cyient Ltd (Infotech)         | BUY                      | 528                    | 586                            | 684                                   | 29.5                    | 26-Apr-19          | 59,687          | 46.9     | 50.5  | 7.8%        | 7.7%   | 11.3   | 10.5  | 19.2    | 18.9  | 7.0           | 6.1   |
| Birla Soft India (KPIT Tech)  | NOT RATED                | 82                     | 213                            | NR                                    | NIL                     | 18-Jan-19          | 16,244          | 21.5     | -     | 33.5%       | 0.0%   | 3.8    | -     | 18.2    | -     | 1.2           | -     |
| NIIT LTD                      | BUY                      | 100                    | 102                            | 118                                   | 17.5                    | 27-May-19          | 16,775          | 7.1      | 8.4   | 36.5%       | 18.3%  | 14.1   | 12.0  | 19.7    | 18.8  | 11.0          | 9.0   |
| NIIT Technologies             | ADD                      | 1,313                  | 1,268                          | 1,377                                 | 4.9                     | 06-May-19          | 77,013          | 83.9     | 98.4  | 28.5%       | 17.3%  | 15.7   | 13.3  | 22.9    | 22.7  | 8.4           | 6.8   |
| Persistent Systems            | BUY                      | 614                    | 619                            | 735                                   | 19.7                    | 18-Jun-19          | 48,571          | 49.6     | 52.5  | 9.0%        | 5.8%   | 12.4   | 11.7  | 15.5    | 14.7  | 5.0           | 4.2   |
| Qess Corp Ltd                 | ADD                      | 425                    | 656                            | 704                                   | 65.6                    | 24-May-19          | 61,632          | 26.3     | 35.2  | 49.4%       | 33.8%  | 16.2   | 12.1  | 13.2    | 15.2  | 10.2          | 7.8   |
| Zensar Technologies           | ADD                      | 252                    | 248                            | 267                                   | 5.9                     | 03-May-19          | 56,745          | 16.7     | 19.8  | 20.1%       | 18.6%  | 15.1   | 12.7  | 18.2    | 18.7  | 9.1           | 7.5   |
| <b>Metals &amp; Mining</b>    |                          |                        |                                |                                       |                         |                    |                 |          |       |             |        |        |       |         |       |               |       |
| Jindal Stainless (Hisar) Ltd  | BUY                      | 76                     | 85                             | 115                                   | 52.1                    | 30-May-19          | 17,842          | 17.0     | 17.7  | 4.9%        | 4.1%   | 4.4    | 4.3   | 17.8    | 15.7  | 1.7           | 1.4   |
| MOIL Ltd                      | BUY                      | 151                    | 156                            | 190                                   | 25.5                    | 04-Jun-19          | 40,320          | 17.9     | 18.6  | -2.7%       | 3.9%   | 8.5    | 8.1   | 13.7    | 13.1  | 2.7           | 2.2   |
| Tata Sponge Iron Ltd          | BUY                      | 508                    | 778                            | 880                                   | 73.1                    | 15-Jan-19          | 7,829           | 71.5     | -     | -3.2%       | 0.0%   | 7.1    | -     | 11.5    | -     | 0.0           | -     |
| <b>Oil &amp; Gas</b>          |                          |                        |                                |                                       |                         |                    |                 |          |       |             |        |        |       |         |       |               |       |
| Chennai Petroleum Corp        | ADD                      | 193                    | 210                            | 239                                   | 23.9                    | 27-Jun-19          | 28,742          | 7.5      | 47.9  | NM          | 538.7% | 25.7   | 4.0   | 3.2     | 19.0  | 7.7           | 4.1   |
| Gujarat Gas                   | BUY                      | 162                    | 135                            | 157                                   | (3.1)                   | 08-Mar-19          | 111,525         | 6.4      | 7.9   | 10.3%       | 23.4%  | 25.3   | 20.5  | 18.6    | 19.5  | 11.7          | 9.8   |
| MRPL                          | ADD                      | 59                     | 63                             | 70                                    | 18.7                    | 15-May-19          | 103,280         | 8.0      | 9.6   | NM          | 20.0%  | 7.4    | 6.1   | 13.2    | 14.4  | 5.2           | 4.6   |
| <b>Paints</b>                 |                          |                        |                                |                                       |                         |                    |                 |          |       |             |        |        |       |         |       |               |       |
| Akzo Nobel India Ltd          | ADD                      | 1,742                  | 1,625                          | 1,800                                 | 3.3                     | 15-May-19          | 81,361          | 52.6     | 56.1  | 13.1%       | 6.7%   | 33.1   | 31.1  | 18.1    | 17.7  | 19.0          | 17.5  |
| Berger Paints                 | SELL                     | 306                    | 314                            | 300                                   | (1.8)                   | 25-Jun-19          | 296,396         | 5.9      | 6.6   | 11.9%       | 11.9%  | 46.3   | 46.3  | 21.2    | 20.4  | 30.2          | 26.9  |
| Kansai Nerolac Paints Ltd     | REDUCE                   | 419                    | 430                            | 435                                   | 3.8                     | 08-May-19          | 225,868         | 9.4      | 11.5  | 8.0%        | 22.3%  | 44.6   | 36.4  | 15.0    | 16.5  | 28.5          | 23.4  |

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|-----------------------------|--------------------------|------------------------|--------------------------------|---------------------------------------|-------------------------|--------------------|-----------------|----------|-------|-------------|-------|--------|-------|---------|-------|---------------|-------|
|                             |                          |                        |                                |                                       |                         |                    |                 | FY20E    | FY21E | FY20E       | FY21E | FY20E  | FY21E | FY20E   | FY21E | FY20E         | FY21E |
| <b>Real Estate</b>          |                          |                        |                                |                                       |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| The Phoenix Mills Ltd       | BUY                      | 611                    | 600                            | 754                                   | 23.4                    | 20-May-19          | 93,521          | 22.8     | 24.0  | -17.1%      | 5.3%  | 26.8   | 25.5  | 9.7     | 9.4   | 13.3          | 12.5  |
| <b>Transportation</b>       |                          |                        |                                |                                       |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| Aegis Logistics Ltd         | BUY                      | 212                    | 225                            | 270                                   | 27.6                    | 31-May-19          | 70,658          | 9.5      | 11.1  | 25.0%       | 16.8% | 22.3   | 19.1  | 20.2    | 19.8  | 14.6          | 12.6  |
| Allcargo Global Logistics   | BUY                      | 99                     | 100                            | 145                                   | 45.9                    | 01-Mar-19          | 24,452          | 9.7      | -     | 6.6%        | 0.0%  | 10.2   | -     | 8.9     | -     | 4.9           | -     |
| Blue Dart Express           | SELL                     | 2,630                  | 2,725                          | 2,480                                 | (5.7)                   | 21-May-19          | 62,331          | 46.1     | 56.3  | 33.6%       | 22.1% | 57.0   | 46.7  | 12.5    | 13.9  | 13.3          | 12.9  |
| VRL Logistics Ltd           | BUY                      | 262                    | 264                            | 325                                   | 24.0                    | 23-May-19          | 23,894          | 11.8     | 13.6  | 15.7%       | 15.3% | 22.2   | 19.3  | 15.9    | 17.0  | 9.4           | 8.3   |
| <b>Others</b>               |                          |                        |                                |                                       |                         |                    |                 |          |       |             |       |        |       |         |       |               |       |
| Arvind Ltd                  | BUY                      | 63                     | 80                             | 103                                   | 64.1                    | 21-May-19          | 16,252          | 10.0     | 11.9  | 8.7%        | 19.0% | 6.3    | 5.3   | 8.9     | 9.8   | 5.4           | 4.9   |
| Central Depository Services | BUY                      | 213                    | 226                            | 265                                   | 24.4                    | 10-May-19          | 22,370          | 11.1     | 11.7  | 1.8%        | 5.4%  | 19.2   | 18.2  | 15.6    | 14.8  | 12.7          | 11.3  |
| Dollar Industries Ltd       | ADD                      | 239                    | 259                            | 293                                   | 22.6                    | 29-May-19          | 13,623          | 14.3     | 16.3  | 7.5%        | 14.0% | 16.7   | 14.7  | 17.9    | 17.5  | 10.1          | 8.9   |
| Essel Propack Ltd           | REDUCE                   | 131                    | 133                            | 130                                   | (0.6)                   | 09-May-19          | 41,071          | 6.6      | 7.6   | 3.1%        | 15.2% | 19.8   | 17.2  | 13.2    | 13.4  | 8.4           | 7.6   |
| Finolex Industries          | ADD                      | 510                    | 494                            | 560                                   | 9.8                     | 28-May-19          | 63,246          | 26.9     | 29.5  | -4.6%       | 9.7%  | 19.0   | 17.3  | 12.7    | 12.9  | 8.9           | 7.8   |
| Himatsingka Seide Ltd       | BUY                      | 156                    | 200                            | 290                                   | 86.1                    | 31-May-19          | 15,273          | 22.3     | 27.5  | 11.5%       | 23.3% | 7.0    | 5.7   | 14.6    | 15.8  | 6.2           | 5.1   |
| Indo Count Industries Ltd   | REDUCE                   | 32                     | 43                             | 42                                    | 32.9                    | 26-May-19          | 6,238           | 4.6      | 5.2   | 53.3%       | 13.0% | 6.9    | 6.1   | 9.0     | 9.5   | 4.6           | 4.0   |
| Insecticides (India) Ltd    | ADD                      | 640                    | 705                            | 762                                   | 19.1                    | 30-May-19          | 13,222          | 58.3     | 63.5  | -1.5%       | 8.9%  | 11.0   | 10.1  | 16.8    | 15.6  | 7.4           | 6.5   |
| JK Paper Ltd                | BUY                      | 121                    | 125                            | 192                                   | 59.1                    | 14-May-19          | 21,485          | 24.9     | 27.5  | 3.7%        | 10.4% | 4.8    | 4.4   | 18.4    | 17.3  | 3.0           | 3.0   |
| Maharashtra Seamless Ltd    | BUY                      | 417                    | 472                            | 825                                   | 97.9                    | 25-Apr-19          | 27,929          | 77.9     | 88.6  | 48.1%       | 13.7% | 5.4    | 4.7   | 15.0    | 14.9  | 4.6           | 3.7   |
| Mahindra Holidays & Resorts | BUY                      | 227                    | 230                            | 276                                   | 21.6                    | 26-Jun-19          | 30,191          | 12.4     | 12.9  | 6.0%        | 4.0%  | 18.3   | 17.6  | 10.1    | 9.9   | 10.8          | 9.7   |
| Mirza International Ltd     | REDUCE                   | 62                     | 57                             | 55                                    | (10.6)                  | 06-Jun-19          | 7,386           | 4.6      | 5.5   | 12.2%       | 19.6% | 13.4   | 11.2  | 8.8     | 9.8   | 6.7           | 6.0   |
| Mold-Tek Packaging Ltd      | BUY                      | 274                    | 250                            | 299                                   | 9.3                     | 31-May-19          | 7,576           | 14.0     | 16.6  | 21.7%       | 18.6% | 19.5   | 16.5  | 17.8    | 18.4  | 10.5          | 9.1   |
| Radico Khaitan Ltd          | BUY                      | 283                    | 362                            | 440                                   | 55.4                    | 06-May-19          | 37,646          | 16.7     | 20.0  | 18.4%       | 19.8% | 16.9   | 14.2  | 15.7    | 16.3  | 9.7           | 8.1   |
| Time Technoplast Ltd        | ADD                      | 90                     | 102                            | 110                                   | 22.2                    | 29-May-19          | 20,349          | 11.0     | 13.7  | 22.2%       | 24.5% | 8.2    | 6.6   | 14.0    | 15.2  | 4.6           | 3.9   |
| VIP Industries Ltd          | ADD                      | 433                    | 420                            | 460                                   | 6.3                     | 09-May-19          | 61,465          | 12.3     | 13.9  | 25.5%       | 13.0% | 35.2   | 31.1  | 26.1    | 25.0  | 23.3          | 20.5  |
| Welspun Corp Ltd            | BUY                      | 140                    | 133                            | 171                                   | 21.8                    | 16-May-19          | 37,206          | 15.4     | 16.7  | -2025.0%    | 8.4%  | 9.1    | 8.4   | 12.7    | 12.2  | 4.2           | 3.4   |
| Wonderla Holidays Ltd       | BUY                      | 273                    | 298                            | 347                                   | 27.0                    | 20-May-19          | 15,463          | 11.9     | 15.3  | 21.4%       | 28.6% | 23.0   | 17.9  | 8.0     | 9.4   | 11.0          | 9.0   |

Source: Kotak Securities - Private Client Research

<sup>^</sup> All recommendations are with a 12 month perspective from the date of the report/update. Investors are requested to use their discretion while deciding the timing, quantity of investment as well as the exit.

**NR Not Rated.** The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

**NM Not meaningful**

## RATING SCALE

### Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
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