



TOP PICKS

MARCH 2018

SMC RETAIL DESK



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HAVELLS INDIA LIMITED



HAVELLS

Target Price **586**

Upside Potential **18%**

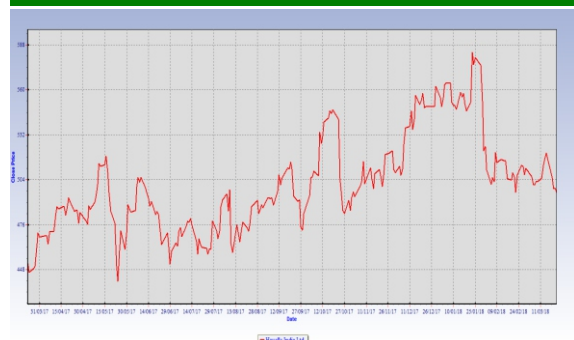
VALUE PARAMETER

Current Mkt.Price (Rs.)	496.20
Face Value (Rs.)	1.00
52 Week High/Low	592.70/434.00
M.Cap (Rs. in Cr.)	31019.87
EPS (Rs.)	8.48
P/E Ratio (times)	58.54
P/B Ratio (times)	9.47
Dividend Yield (%)	0.60
Stock Exchange	Mumbai,NSE,MSEI

SHARE HOLDING PATTERN

As on Dec, 2017	% Of Holding
Foreign	25.53
Institutions	3.66
Non Promoter Corporate Holding	2.75
Promoters	61.58
Public & Others	6.49

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.
- 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'.
- 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.
- During Q3FY17, growth witnessed across product categories except cables. The company has witnessed good growth in Lighting and ECD, improvement in Switchgears. Revenue from switchgear division was Rs 344 crore during the quarter as against Rs 331 crore in the third quarter of the financial year 2016-17. Wires business has registered 17% value growth. Lighting continues to grow across consumer and professional business with impressive growth in B2B segment. The management is confident that the growth for this segment will continue in coming years.
- Fans, appliances and water heaters have well performed 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.
- Lighting & fixtures revenue grew on a 21% jump in sales from streetlights aided by strong growth in LED segment. According to the management of the company, lighting continues to grow across consumer and professional business with impressive growth in B2B segment.

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.586 in 8 to 10 months time frame on an expected P/E of 43x and FY19 EPS of Rs.13.62.

CYIENT LIMITED

CYIENT

Target Price **713**

Upside Potential **13%**

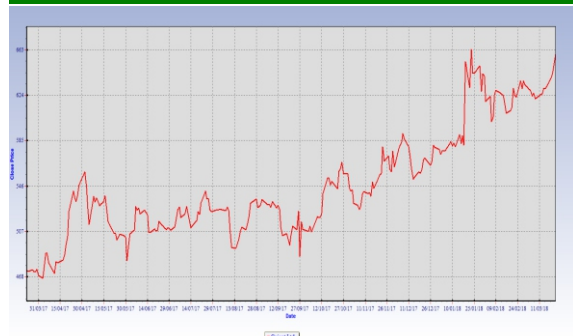
VALUE PARAMETER

Current Mkt.Price (Rs.)	658.95
Face Value (Rs.)	5.00
52 Week High/Low	685.00/459.00
M.Cap (Rs. in Cr.)	7419.51
EPS (Rs.)	33.49
P/E Ratio (times)	19.68
P/B Ratio (times)	3.33
Dividend Yield (%)	0.83
Stock Exchange	BSE

SHARE HOLDING PATTERN

As on Dec, 2017	% Of Holding
Foreign	45.84
Institutions	18.93
Non Promoter Corporate Holding	6.71
Promoters	22.18
Public & Others	6.34

CHART



Investment Rationale:

- Cyient Limited, formerly Infotech Enterprises Limited, is engaged in providing software-enabled engineering and geographic information system (GIS) services. The Company's segments include Data & Network Operations (DNO); Engineering, Manufacturing, Industrial Products (EMI), and Product Realisation (PR).
- It employs nearly 14,000 people across 48 development facilities in India as well as North America, Europe and the Asia-Pacific.
- The management expects to start realizing significant revenue contribution from strategy execution in coming quarters. The strong outlook is backed by a strong pipeline and order backlog. The management expects a double digit growth in services business while DLM (Design Led Manufacturing) business would grow at least 20%. Cyient is progressing well on another year of well-rounded growth in revenue, profit and cash.
- Its Aerospace and Defense Business Unit has witnessed a growth of 12.7% year on year and 4.1% quarter on quarter. The management of the company continues to see strong demand for Design-Build projects and also expect its growth to be driven by Avionics, Aftermarket, Manufacturing related Services and Defense.
- The Communications industry is witnessing increased demand for high-speed infrastructure as well as fiber deployment across Australia, New Zealand, and the U.S. The growth momentum of Communications division will continue in coming quarters, as the management sees growth opportunities from fiber roll-out programs, and small cell design and deployment in Australia and North America.
- The management expects strong growth in Transportation division in coming quarters owing to its growth in focus segments of rolling stock and signaling, strong long term relationships, improved utilization and a healthy opportunity pipeline.
- During Q3FY18, It has well rounded growth across all business units and geographies, 6 out of 8 BU's growth is in double digits in YoY terms.

Valuation

The company is optimistic about the future and would continue to invest in digitalization, including IoT, digital manufacturing, engineering analytics, and mobility. As per the management, key industry drivers for growth to be Communications, Transportation, Semiconductor, and Manufacturing. With a healthy pipeline and order backlog, it expects to deliver a strong financial performance throughout the year, thus, it is expected that the stock will see a price target of Rs.743 in 8 to 10 months time frame on an expected P/Ex 18 of x and FY19 EPS of Rs.41.25.

Previous Recommendation

SR. NO.	REPORT NAME	REPORT DATE	PARTICULARS	CMP*	RECOMMENDED PRICE	TARGET	UPSIDE	DATE	STATUS	REMARKS	ACTUAL / RUNNING GAIN / LOSS (%)
1	Top Picks - Jan 2018	22-Jan-18	HCL Technologies limited	931.65	957.75	1046	9%		Open Call		-3
2	Top Picks - Jan 2018	22-Jan-18	The Ramco Cement Limited	734.55	778.80	918	18%		Open Call		-6
3	Top Picks for 2018	26-Dec-17	Larsen & Toubro Limited	1294.50	1266.65	1450	15%		Open Call		2
4	Top Picks for 2018	26-Dec-17	Zee Entertainment Enterprises Limited	558.30	574.10	667	16%		Open Call		-3
5	Top Picks for 2018	26-Dec-17	Tech Mahindra Limited	619.80	492.55	569	16%	22-Jan-18	Target met		16
6	Top Picks for 2018	26-Dec-17	Bharat Electronics Limited	143.45	188.55	213	13%		Open Call		-24
7	Top Picks for 2018	26-Dec-17	NHPC Limited	26.20	30.35	38	24%		Open Call		-14
8	Top Picks for 2018	26-Dec-17	Indian Bank	288.75	391.25	448	15%		Open Call		-26
9	Top Picks for 2018	26-Dec-17	Engineers India Limited	153.30	205.00	239	17%		Open Call		-25
10	Top Picks for 2018	26-Dec-17	Swaraj Engines Limited	1967.60	2036.10	2384	17%		Open Call		-3
11	Top Picks for 2018	26-Dec-17	Ahluwalia Contracts (India) Limited	372.40	373.40	473	27%		Open Call		0
12	Top Picks for 2018	26-Dec-17	Gati Limited	99.80	137.65	158	15%		Open Call		-27
13	Top Picks - Nov 2017	15-Nov-17	Power Grid Corporation of India Limited	193.20	206.75	258	25%		Open Call		-7
14	Top Picks - Nov 2017	15-Nov-17	Tech Mahindra Limited	619.80	488.80	564	15%	17-Jan-18	Target met		15
15	Diwali Crackers 2017	16-Oct-17	ICICI Prudential Life Insurance Company Ltd	377.80	405.05	490	21%		Open Call		-7
16	Diwali Crackers 2017	16-Oct-17	Gujarat State Petronet Limited	180.10	196.25	237	21%	28-Dec-17	Book Profit	Booked @	227.516
17	Diwali Crackers 2017	16-Oct-17	cyient	647.95	759.75	868	14%		Open Call		-15
18	Diwali Crackers 2017	16-Oct-17	Techno Electric & Engineering Company Ltd	375.45	350.10	450	28%		Open Call		7
19	Diwali Crackers 2017	16-Oct-17	HT Media Limited	84.65	94.00	127	35%		Open Call		-10
20	Top Picks - Sep 2017	11-Sep-17	Engineers India Limited	153.30	159.90	187	17%	30-Oct-17	Target met		17
21	Top Picks - Sep 2017	11-Sep-17	HT Media Limited	84.65	100.45	127	26%		Open Call		-16
22	Top Picks - Sep 2017	11-Sep-17	Jain Irrigation Systems Limited	105.05	103.85	144	39%	28-Dec-17	Book Profit	Booked @	127.523
23	Top Picks - Sep 2017	11-Sep-17	Suprajit Engineering Limited	272.50	278.50	349	25%	5-Jan-18	Book Profit	Booked @	33821
24	Top Picks - Sep 2017	11-Sep-17	Techno Electric & Engineering Company Ltd	375.45	356.80	461	29%		Open Call		5

*Closing as on 22nd March 2018

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