

July 10, 2018



QUARTERLY BASKET



Moneywise. Be wise.

Buy Around: 269.00

SL: 252.00

Target: 298.00

Upside: 11%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	265.10
Face Value (Rs.)	2.00
52 Week High/Low	334.75/253.50
M.Cap (Rs. in Cr.)	119931.12
EPS (Rs.)	17.69
P/E Ratio (times)	14.99
P/B Ratio (times)	2.50
Dividend Yield (%)	0.39
Stock Exchange	BSE

STOCK DATA

BSE Code	507685
NSE Symbol	WIPRO
Reuters	WIPR.BO
Bloomberg	WPRO IN

SHAREHOLDING PATTERN

(As on 31st Mar 2018)	% Of Holding
Foreign	12.89
Institutions	5.78
Govt holding	0
Non corporate corp. holding	1.07
Promoters	74.32
Public & Others	5.95

Note: Follow Strict Stop Loss.

The overall performance reported by the Company is quite healthy and its leadership in Digital continues to strengthen with over 27% of its revenues from Digital. Digital revenues grew 9% sequentially and in Q4, the company closed one of highest bookings yet on digital deals and one close to 70 deals over \$5 million of TCV over last year.

Business Profile

Wipro is a leading global information technology, consulting and business process Services Company. A company recognized globally for its comprehensive portfolio of services, strong commitment to sustainability and good corporate citizenship, we have over 160,000 dedicated employees serving clients across six continents.

Investment Rationale

- Wipro entered Q4 with confidence driven by the improvements seen in deal trajectory, uptick in client mining, performance in digital and reduced headwinds in some parts of business.
- Client mining continues to perform well. Top 10 clients grew 5.5% sequentially and 14.8% year-on-year in Q4. It has added two additional clients in the \$75 million bracket, up from \$50 million, taking the count to 20 such clients now. Two of its accounts crossed \$250 million, which means one additional account in the \$250 million bracket on a run rate basis in Q4.
- The company continues to see traction in non-linearity, especially around its homegrown IPs like Wipro HOLMES, AssureNXT, et cetera. For the full year, IP revenue has crossed \$100 million this year.
- IT services revenue for quarter four grew 2.4% sequentially in U.S. dollar terms and 1.1% in constant currency terms. On a full year basis for FY18, IT services revenue grew 4.6% in U.S dollar term in 2.9% in constant current terms.
- Both BFSI and Manufacturing grew around 3% on a qoq basis in CC terms. The management expects the momentum in BFSI to continue in FY19. Telecom and Retail are expected to be volatile in FY19. Energy is doing well, but Utilities continues to be volatile. On Healthcare, HPS continues to be a drag while the other segment is growing well.



We recommend a buy in the stock of WIPRO for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs. 253.50 and 52 week high of Rs 334.75. Buy around at 269 with a closing below stop loss of Rs.252 levels for the target of Rs.298.

Buy Around: 134.30

SL: 123.00

Target: 162.00

Upside: 21%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	130.90
Face Value (Rs.)	1.00
52 Week High/Low	167.50/98.80
M.Cap (Rs. in Cr.)	38420.82
EPS (Rs.)	5.91
P/E Ratio (times)	22.15
P/B Ratio (times)	5.18
Dividend Yield (%)	1.85
Stock Exchange	BSE

STOCK DATA

BSE Code	500477
NSE Symbol	ASHOKLEY
Reuters	ASOK.BO
Bloomberg	AL IN

SHAREHOLDING PATTERN

(As on 31st Mar 2018)	% Of Holding
Foreign	25.57
Institutions	11.08
Government	0.08
Non corporate corp. holding	2.11
Promoters	51.27
Public & Others	9.91

Note: Follow Strict Stop Loss.

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

Business Profile

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.

Investment Rationale

- During FY 17-18, the company has witnessed record domestic truck volumes, substantial growth in LCV, continued growth in market share 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 International Business 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 vis 145,066 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 43,419 units 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 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.

We recommend a buy in the stock of Ashok Leyland for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs.98.80 and 52 week high of Rs 167.50. Buy around at 134.30 with a closing below stop loss of Rs. 123 levels for the target of Rs.162.

Buy Around: 617

SL: 585

Target: 680

Upside: 11%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	622.50
Face Value (Rs.)	10.00
52 Week High/Low	680.00/391.80
M.Cap (Rs. in Cr.)	19533.96
EPS (Rs.)	37.16
P/E Ratio (times)	16.75
P/B Ratio (times)	2.28
Dividend Yield (%)	0.96
Stock Exchange	BSE

STOCK DATA

BSE Code	511072
NSE Symbol	DHFL
Reuters	DWNH.BO
Bloomberg	DEWH IN

SHAREHOLDING PATTERN

(As on 31st Mar 2018)	% Of Holding
Foreign	20.47
Institutions	9.52
Govt holding	0
Non corporate corp. holding	14.51
Promoters	39.23
Public & Others	16.26

Note: Follow Strict Stop Loss.

The company has a track record of delivering robust financial performance. The management of the company expects to sustain strong loan growth. The disbursements are expected to increase 28-30% and AUMs to surge in 22-24% growth for FY2019. The asset quality of the company continues remain stable with Gross NPA ratio at 0.96%, while the Net NPA ratio is nil with provision more than NPAs end March 2018. Segment-wise, GNPA for home loans stood at 0.65%, LAP at 1.2%, and project finance at 1.2% end March 2018.

Business Profile

DHFL provides loans for purchase or construction of residential houses.

Investment Rationale

- The AUM of the company surged 33% to Rs 111086 crore end March 2018 over March 2017. The disbursements zoomed 81% to Rs 15768 crore, while the loan sanctions moved up 85% to Rs 24319.51 crore in the quarter ended March 2018 over the corresponding quarter of last year.
- The loan portfolio of the company increased 28% yoy to Rs 91930 crore at end March 2018 from Rs 72096 crore at end March 2017. The securitised loan book surged 67% to Rs 19150 crore end March 2018.
- An incremental yield stood at 9.3% for home loans, 11.3% for LAP, 13.7% for project finance and 11.5% for SME. The company has maintained margins with Net Interest Margin at 3.03%, and expects that it would maintain in the range of 300-305 bps in FY2019. It has raised interest rate by 20 bps in April 2018. The net profit is expected to increase 20-22% in FY2019.
- The company has improved the cost to income ratio to 23.1% in FY2018 from 23.6% in FY2017. The company expects to reduce cost-to-income ratio by 50-60 bps in FY2019.



We recommend a buy in the stock of DEWAN HOUSING FINANCE for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs. 391.80 and 52 week high of Rs 680.00. Buy around at 617 with a closing below stop loss of Rs.585 levels for the target of Rs.680.

Buy Around: 388.90

SL: 360.00

Target: 450

Upside: 16%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	378.15
Face Value (Rs.)	2.00
52 Week High/Low	691.00/366.60
M.Cap (Rs. in Cr.)	2067.01
EPS (Rs.)	26.90
P/E Ratio (times)	14.06
P/B Ratio (times)	1.83
Dividend Yield (%)	1.06
Stock Exchange	BSE

STOCK DATA

BSE Code	533269
NSE Symbol	WABAG
Reuters	VATE.BO
Bloomberg	VATW IN

SHAREHOLDING PATTERN

(As on 31st Mar 2018)	% Of Holding
Foreign	29.51
Institutions	18.24
Non corporate corp. holding	5.31
Promoters	24.69
Public & Others	22.26

Note: Follow Strict Stop Loss.

The management of the company expects revenue to be in the range of Rs.4000 crore to 5000 crore in FY19 and expects very positive sign for the domestic order flow in coming months. The company has strategy to focus on emerging markets and margins will improve gradually. Order Intake guidance for FY 19 is in the range of Rs 5300 – Rs 5700 crore.

Business Profile

VA Tech Wabag is engaged in water treatment field. The company principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants.

Investment Rationale

- The company is witnessing strong progress in key overseas projects and IIUs and this is the reason for the growth in top line.
- The company is benefiting from overseas business executions. In FY 2018 both sales and EBITDA from overseas entities improved 14%, backed by better results in Europe
- Overseas Total Cost of Operations (TCO) was firmly under control. The company managed this due to cost optimizations in Europe. It also helped it in improving net margins.
- The company is a major beneficiary of Namami Gange scheme introduced by Government of India to bring life to river Ganga and rejuvenate it. It has around 14% market share in this sunrise sector of India. Total outlay for Namami Gange is estimated at Rs 20,000 crore. The company intends to bid for these projects with a consortium partner.
- For FY 2018, consolidated sales grew 8% to Rs 32457.28 crore. OPM fell 80 bps points to 8.4% which saw OP fall 2% to Rs 291.76 crore. PBT fell 6% to Rs 221.89 crore. Net profit grew 28% to Rs 131.51 crore.



- Total order book is more than Rs 7500 crore, including framework orders. India order stood at Rs 4755.9 crore and overseas order book stood at Rs 2052.7 crore. Frame work contracts stood at Rs 934.5 crore. Frame work contracts are those contracts wherein Advance Monies / LC awaited, hence not taken in Order Book. Order intake stood at Rs 3193.1 crore in FY 2018. Out of this, Rs 2195.3 crore came from India and Rest Rs 997.8 crore came from overseas.

We recommend a buy in the stock of VA TECH WABAG for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs. 366.60 and 52 week high of Rs 691.00. Buy around at 388.90 with a closing below stop loss of Rs.360 levels for the target of Rs.450.

Buy Around: 1299.00

SL: 1188.00

Target: 1512.00

Upside: 16%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	1257.20
Face Value (Rs.)	10.00
52 Week High/Low	1473.70/769.95
M.Cap (Rs. in Cr.)	1955.73
EPS (Rs.)	48.31
P/E Ratio (times)	26.02
P/B Ratio (times)	3.68
Dividend Yield (%)	0.32
Stock Exchange	BSE

STOCK DATA

BSE Code	513262
NSE Symbol	SSWL
Reuters	STWH.BO
Bloomberg	SSW IN

SHAREHOLDING PATTERN

(As on 31st Mar 2018)	% Of Holding
Foreign	1.04
Institutions	2.56
Non corporate corp. holding	24.53
Promoters	57.63
Public & Others	14.24

Note: Follow Strict Stop Loss.

According to the management, the company expects 15% growth to be maintained for this segment. LCV & MHCV segment volumes grew by 85% YoY in June 2018. The CV segment saw sustained growth in June with the help of 100% utilization of its Chennai & Jamshedpur CV plant and also expect the trend of 25%-30% YoY growth for this full financial year. 2 & 3 Wheelers Segment sales grew by 20%. Further, expect the segment to ensure 12-15% growth trend line for the FY19 and Exports Segment sales grew 50% with the help of car segment & start of truck segment exports. The company expects the debottlenecking exercise in Chennai and JSR CV plant to yield extra capacity for exports. As the Domestic demand is very heavy in CV segment, so this new enhanced capacity with fulfill full exports demand for Europe and US.

Business Profile

Steel Strips Wheels designs and manufactures automotive steel wheels and is among the leading supplier to Indian and global automobile manufacturers.

Investment Rationale

- Recently, it has received their largest Exports order for Truck & Trailer Aftermarket from USA. Order comprises supplies of 110,000 truck steel Wheels in 5 months from its Chennai plant from next month onwards. Total revenue generated by this additional order would be close to USD 5 mln in 5 months which is also expected to be repeated. This big order will mark SSWL's arrival in the high potential NA Truck steel wheels market.
- Moreover, the company is in discussions with other large truck & trailer makers in USA and expects to close similar big contracts in this segment in near future. Further it expects to significantly increase its presence in high potential Truck & Trailer wheels market in US & EU in the coming months and it's capacity enhancement at Chennai plant, which is in progress, will support this strategy.
- Chennai Car Plant Achieved Highest Production Ever in June 2018 Segment wise Breakup of growth Segment June Growth (YoY). The management expects the PV segment growth to be in the range of 10-11% for coming months. The tractor segment saw a 15% growth with monsoon season sales picking up.



We recommend a buy in the stock of STEEL STRIPS WHEELS for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs. 769.95 and 52 week high of Rs 1473.70. Buy around at 1299.00 with a closing below stop loss of Rs.1188.00 levels for the target of Rs.1512.00.



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