LONG TERM STOCKS RECOMMENDED

COMPANY	INDUSTRY	RECOMMENDED DATE	RECOMMENDED RATE	TARGET RATE
Tata Steel	Metal	07/07/2017	510	900
Ashok Leyland	Auto	07/07/2017	102	170
Reliance Ind	Refinery	07/07/2017	1410	2362
Aurobindo Pharm	Pharma	07/07/2017	679	1188
L & T	Engineering	07/07/2017	1745	2700
HDFC Bank	Bank	07/07/2017	1652	2970
IndusInd Bank	Bank	07/07/2017	1524	2576
HCL Tech	IT	07/07/2017	832	1332
Indian Oil	Oil	07/07/2017	380	620

Tata Steel
Recommended Rate: Rs. 551
Target Rate: Rs. 900
52-Week H/L: Rs. 554/312
Market Cap: Rs. 53,447 cr.

The likely resolution of the pension issue (BSPS) is a long term positive and downsized European operations are more fit for the future with their less volatile earnings profile TSL's domestic operations remain on the right track with superior cost structure, and the reduced Capex and improving operational performance is likely to pave way for deleveraging from FY18E.

Capex of Rs 7,700 crore incurred for FY17 (against guidance of Rs 9000 crore) and net debt increased by Rs1000 crore in FY17 to Rs72,400 crore. However, net debt was reduced by Rs 4,300 crore in Q4. Capex guidance for FY18 is Rs 6,500 crore.

Q4FY17 net loss Rs 1168 crore Vs loss Rs 3841 crore in Q4FY16. Q4FY17 loss is after exceptional and restructuring cost of Rs 4069 crore against Rs 2749 crore in Q4FY16. Q4FY17 sales Rs 35457 crore. +30%. Q4 loss per share is Rs 12.0. FY17 net loss Rs 4168 crore Vs loss of Rs 498 crore. Sales Rs 1,17,947 crore. +10%. FY17 loss per share Rs 44.8. Likely net profit for FY18 Rs 6000 crore. FY18E EPS Rs 62. Likely EPS for FY19 & FY20 Rs 66.0 and Rs 75. P/E 8.8% & 8.3. Target Rs 900 @12 P/E.

Equity Rs 970 crore. Reserves Rs 34,574 crore. Book value Rs 366. Debts and liabilities Rs. 99,654 crore. Cash, investments, current/non-current assets Rs 25483 crore. Net DER is 2.1:1.

Ashok Leyland (FV Rs. 1)
Recommended Rate: Rs. 102
Target Rate: Rs. 170
52-Week H/L: Rs. 103/74
Market Cap: Rs. 29,855 cr.

Ashok Leyland management guided for a 10-15% volume growth in domestic MHCVs going forward driven by GDP growth, government's impetus on infra, and recovery in mining. It has launched new products in export markets and increasing penetration should drive export volumes as well.

The management is focused on gaining share in LCVs from current 15% to 30% over the next few years. Exports have been an integral part of diversifying from cyclicality of India MHCV. The company has targeted markets similar to India -- SAARC, the Middle East, Africa and CIS countries to drive export growth.

Q4FY17 NP Rs 476 crore against net loss of Rs 140 crore. Sales Rs 7097 crore. -14%. Q4FY17 EPS Rs 1.6. FY17 NP Rs 1633 crore. +129%. Sales Rs 24199 crore +8%. FY17 EPS Rs 5.5. Likely EPS for FY18 Rs 6.6. Likely EPS for 19E and FY20E Rs 7.8 & 9.2. P/E 14.0 and 12.0. Target Rs 170 @18.5 P/E.

Equity Rs 292.7 crore. Reseves Rs 6109 crore. BV Rs 21.0. Gross Block Rs 8449 crore. Total debts and current liabilities Rs 15428 crore. Cash, investments, loans given and current assets etc Rs 6954 crore. Net debt Rs 6954 cr. DER 1.1:1.

Reliance Industries
Recommended Rate: Rs. 1409
Target Rate: Rs. 2362
52-Week H/L: Rs. 1465/932
Market Cap: Rs. 4,58,178 cr.

RIL is the largest private player in the refining, petrochemical and E&P sectors in India. While RIL's refining complex in Jamnagar is the largest in the world and among the most complex,it is also among the largest integrated petrochemical producers globally. Apart from E&P in India, RIL has made significant investments in US shale gas. In terms of EBIT, Refining contribute 60% and Petrochemicals 30%.

RIL and BP (holding 60% and 30% respectively in KG-D6), in June 2017 announced development of its three projects in KG-D6: R-Series, Satellite Fields, and D-55. While R-series contract should be soon awarded, RIL plans to file FDP for the other two projects by end of 2017. Production is expected to commence from 2020 onwards and sustain peak potential of 30-35mmsmcd (by 2022) for the next 7-8 years. RIL said it

will go ahead with capex despite the outcome on pending. Outlook for RIL's core business remains strong,

Q4FY17 NP Rs 8046 crore.+12%. Sales Rs 94825 crore. +44%. Q4FY17 EPS Rs 27.2. FY17 NP Rs 29901 crore. +0.5%. Sales Rs 339623 crore. +13%. FY17 EPS Rs 101. Likely EPS for FY18 and FY19 Rs 115 and Rs 125. P/E 12.8 & 12.3. EPS for FY20E Rs 135.0. P/E 10.4. Target Rs 2362 @P/E 17.5.

Equity Rs 2959 crore. Reserves Rs 260746 crore. BV Rs 553. Gross Block Rs 6.86 lakh crore. Debts and current liabilities Rs 4.17 lakh crore. Cash, loans given, current assets etc Rs 2.04 lakh crore. Net debt Rs 2.13 lakh crore. Net DER 0.81:1.

Aurobindo Pharma (FV Rs. 1)
Recommended Rate: Rs. 679
Target Rate: Rs. 1188
52-Week H/L: Rs. 895/504
Market Cap: Rs. 39, 721 cr.

Aurobindo made a good start to 2017-18, having got approvals for key generic launches in the US. This holds significance, with the pricing pressure on generics in the US, the world's largest health care market. The company has also seen the completion of a series of successful inspections at many of its facilities here in recent months by the FDA, the American drugs regulator, without any significant adverse comment. The most recent was the inspection of Unit VII. Unit VII is in a Special Economic Zone and an oral solids manufacturing facility; it is a crucial facility, having received 88 product approvals, 20 tentative ones and 58 filings under review, by the company's presentation. With no major regulatory concerns till now, the company remains on a strong footing to ramp up its US business, compared to many larger peers facing regulatory issues.

There is also pressure in the US generics space, which is there to stay. So, approvals and new launches remain key to driving growth in the US, say analysts. Overall, the company has a strong product pipeline, with 115 pending review for launch and 28 under tentative approval. More, it faces lesser product concentration risk among peers, with no single product contributing more than three per cent to sales. This also reduces risks from increased competitive intensity. The US contributes a little more than three-fourth to sales; Europe gets about a fifth of the revenue. The company had acquired part of Actavis' portfolio to drive its European business and, to enhance profitability, has already transferred the manufacturing of 69 products from Europe to India, where costs are lower.

Q4FY17 NP Rs 532.5 crore. -3.7%. Sales Rs 3642 crore. -2.7%. Q4FY17 consolidated EPS Rs 9.1. FY17 NP Rs 2302 crore.+14%. Sales Rs 15090 crore.+8%. FY17 consolidated EPS Rs 39.3. Likely EPS for FY18E, FY19E and FY20E Rs 46.4, 55.6 & 66.0. FY20E P/E 10.3. Target Rs 1188 @18 P/E.

Equity Rs 58.5 crore. Reserves of Rs 9153 crore. BV Rs Rs 157.5. Investments of Rs 246 cr. cash of Rs 513 cr. loans/advances given and financial assets of Rs 758 cr., current

assets etc of Rs 1119 cr. Net DER of 0.18:1 against total debts and current liabilities of Rs 4250 cr. Gross block including capital work in progress is Rs 1237 cr. is Rs 8339 cr.

L & T (FV Rs. 2)
Recommended Rate: Rs. 1687
Target Rate: Rs. 2700
52-Week H/L: Rs. 1834/1295
Market Cap: Rs. 1,57,392 cr.

Established in 1938, L&T is a Rs. 1,577 billion technology, engineering, construction, manufacturing and financial services conglomerate, with global presence. L&T operates across key sectors - Infrastructure, Power, Hydrocarbon, Heavy Engineering, ITES and Financial Services and also owns BOT Roads, Urban Metro, Power Plants and Power Transmission assets. L &T is headquartered in Mumbai and works on projects across India with international presence in over 30 countries. Revenue from international operations accounted for 34% of the total revenues in FY17.

L & T's operational performance should see further improvement driven by strong inflows from metro, water and power T&D, compensating for lack of major traction in buildings and transportation segments, by the Hydrocarbon business in even a weak market as visibility further improves for fresh orders (related to LTA with Saudi Aramco and the domestic O&G market), the Defence sector's Rs. 50, 000 crore p.a. opportunity thereby growing the addressable market base for L&T substantially and pick-up in execution pace and margin expansion as large projects in current order book are on track, and e) due to the potential sale of developmental assets to reduce impact of their losses and to reduce debt further.

Q4FY17 NP Rs 3352 cr. +21%. Sales Rs 36828 cr. +12%. Q4FY17 EPS Rs 35.9. Sales Rs 110011 crore. +7%. FY17 EPS Rs 73.7. Debts Rs 98897 crore. Cash, Loans given and investments etc Rs 90118 crore. Likely EPS for FY18 Rs 86 & 98. P/E 19.6 & 17.2. FY20E likely EPS Rs 120.0. Target Rs 2700 @ P/E of 22.5.

HDFC Bank (FV Rs. 2)
Recommended Rate: Rs. 1626
Target Rate: Rs. 2970
52-Week H/L: Rs. 1680/1185
Market Cap: Rs. 2,59,060 cr.

HDBC Bank is India's largest private sector banks by loans. HDBK leverages from the market share shift from state-owned banks and under-penetration the retail segment using its large distribution network, highest efficiency among retail peers, and low cost of funds. It also leverages on shift of financial savings from deposits to other products. HDBK's retail broking and non-bank finance services, which accounts for 6%-7% of FY17 PAT could further add to the upside on better growth and operating metrics.

With the macro recovery, the bank will benefit from the under-penetration theme in retail. Banking on digitization, the bank now has one of the leanest operations with employee per branch reduced to lowest levels among retail oriented banks. However, the bank has one of the largest unsecured consumer loan portfolios at 14% agsinst other retail banks at 4-12%.

HDBK continues to gain substantial market share in systemic lending, driven by strong growth in personal loan (9% of loan book as of 4QFY17) and business banking (6.5% of loan book as of 4QFY17). Other lending including corporates also grow at a healthy pace with a 19% CAGR over FY15-17. In India, retail penetration continues to be low with household debt-GDP at 16%, with mortgages making up 9% of GDP against 18% for China. Along with this, the CASA traction, operating efficiency, increased fee income and lowest NPAs offer tremendous opportunity going forward.

Q4FY17 NP Rs 3980 cr. +18%. Income Rs 21560 crore. Q4FY17 EPS Rs 15.6. FY17 NP Rs 15253 crore +19%. Income Rs 86149 crore. +16%. FY17 EPS Rs 59.5. P/E 27.3. FY18E EPS Rs 70.5. EPS for FY19E & 20E Rs 85 & 108. Target Rs 2970 @P/E 27.5.

Equity Rs 512.5 crore. Reserves Rs 91281 crore. BV Rs 358. CASA 48%. Gross NPA 1.05%. Net NPA 0.33%. NIM 4.4%.

IndusInd Bank (FV Rs. 2)
Recommended Rate: Rs 1524
Target Rate: Rs. 2576
52-Week H/L: Rs. 1680/1185
Market Cap: Rs. 91,165 cr.

Despite demonetization, bank was able to deliver strong advances growth along with healthy CASA retention. Higher retention of CASA (~35%) along with incremental deposit growth indicates focused approach of the bank towards creation of strong liability franchise. In Corporate segment, the growth was majorly driven by W/Cap financing with bank becoming more competitive due to MCLR. In Consumer segment, Non-Vehicle portfolio has been growing at a robust pace. Asset Quality remained stable.

The bank plans to enhance the loan Growth in the range of 25-30% and CASA Ratio target to reach 40% from 35% at present. It is optimistic to increase its branch network to reach 2000 branches in the next three years. Customer base will double to two crore. Despite demonetization, the bank has been able to deliver good numbers in Q4FY17. The bank has strategy to focus on digitization to differentiate, diversify & create domain leadership. IndusInd Bank's focus on productivity, efficient operations, digitization drive and rural potential will help it to be on strong growth path.

Q4FY17 NP Rs 752 cr. +21%. Income Rs 5041 crore. Q4FY17 EPS Rs 12.6. FY17 NP Rs 2868 crore +25%. Income Rs 18577 crore. +22%. FY17 EPS Rs 48.0. P/E 33.9. Likely EPS for FY18E, FY19E and FY20E Rs 58.5, 73 and Rs 92. Target Rs 2576 @28 P/E.

Equity Rs 598.2 crore. Reserves Rs 19673 crore. BV Rs 329. CASA 48%. Gross NPA 1.05%. Net NPA 0.33%. NIM 4.4%.

HCL Tech (FV Rs. 2)
Recommended Rate: Rs. 840
Target Rate: Rs.1332
52-Week H/L: Rs. 908/710
Market Cap: Rs. 1, 19,866 cr.

HCLT is India's fourth-largest IT services provider is into software-led IT solutions, remote infrastructure management, and BPO services, focused mainly on transformational outsourcing. It leverages its extensive offshore infrastructure and global network of offices in 26 countries to deliver solutions across select verticals, including financial services, retail and consumer, life sciences aerospace, automotive, semiconductors, telecom and media publishing, and entertainment. HCL Tech has employee strength of 1, 15,973.

HCL Tech is a leading IT services provider in IMS (infrastructure management services), which contributes more than a third of its revenue. It is also a leader in two of the fastest-growing services in Indian IT: IMS and ER&D. New technology services and IP-led business contributed 18.6% of revenue, target to increase to 35% by FY21.

HCLT will lead revenue growth rates amongst large Indian peers. Revenue from digital and new technology services like internet of things, cloud and security, etc increased by 16.4% YoY in FY17 and contributed Intellectual property (IP) led revenue, which includes its proprietary platform "DryICE" and IBM-IP partnership, increased 80.2% YoY forming 5.8% of revenue. Management targets to increase both of these in total to 35% of revenue by FY21. This, along with its strong presence in infrastructure management services (IMS) and leadership position in engineering services, should drive growth in coming years.

HCL Tech has completed the acquisition of Geometric in Mar 2017, Butler Aerospace effective Jan 2017 and IBM IP partnerships in H2FY17. Along with organic growth, these acquisitions and IBM IP should drive FY18 revenue growth. FY18 will have the full-year benefit from these acquisitions. HCL Tech is the leader amongst the Indian IT service providers and in the top 5 globally for ER&D services. It is believed IOT will drive the next phase of growth in ER&D services and HCL Tech is well placed well to derive all benefits from the same.

Q4FY17 NP Rs 2475 crore +28%. Sales Rs 13183 crore. Q4 EPS Rs 17.3. FY17 NP Rs 8606 crore. +53%. Sales Rs 48641 crore. FY17 EPS Rs 60. Excluding tax reversal of 334 crore EPS is Rs 48.3. P/E 17.4. Likely EPS for FY18E, FY19E and FY20E Rs 54.0, 62.0 and Rs 72. P/E 12.0. Target Rs 1332 @P/E 18.5.

Equity Rs 285.4 crore. Reserves Rs 25688 crore. BV Rs 91. Debts Rs 1346 crore. Investments, cash, loans given current assets etc Rs 18251 crore. Gross block Rs 19756 crore.

Indian Oil
Recommended Rate: Rs. 380
Target Rate: Rs. 620
52-Week H/L: Rs. 450/233
Market Cap: Rs. 184888 cr.

IOCL is India's largest fuel retailer and has the biggest retail distribution network with 26,000 outlets and has over 45,000 retail touch points including bulk customer pumps, LPG bottling distributorship etc. The company has a dominant share in overall petroleum terminals, aviation fuel stations and LPG customers.

IOCL has an enviable footprint across India; market share has largely tracked market trends over the last decade. Its diversified business model and ramp-up of the Paradeep refinery will boost earnigs going forward. Most of the ongoing Capex will be towards marketing and to convert refineries to meet BS-VI standards.

IOCL's core business is in fine shape led by healthy refining margins and stable marketing earnings. Global refining margins are likely to remain healthy as capacity addition lags demand. IOC has an additional trigger of the Paradeep refinery (15-mtpa capacity, Nelson Index 13, likely to achieve 100% utilisation in FY18E against 55% in FY17.

The fall in crude prices led to a complete change in the fortunes of the sector, driven by Strong global GRMs (robust demand, lower product prices and delay in new refineries) and higher profits in marketing. Global oil demand continues to remain strong led by benign crude oil prices. Profitability of IOCL's petrochemicals segment has improved sharply as the integrated players have benefited from falling feedstock prices and firm end product prices. Polyethylene (PE) and Polypropylene (PP) spreads have expanded due to healthy demand trend and tight supply.

Q4FY17 NP Rs 3721 cr. +85%. Sales Rs 124345 crore. Q4FY17 EPS Rs 7.9. FY17 NP Rs 20385 crore. +64%. Sales Rs 457598 crore. FY17 EPS Rs 41.9. Likely EPS for FY18E, FY19E and FY20E 46, 52, 62. P/E 6.1. Target Rs 620 @10 P/E.

Equity Rs 4739 crore. Reserves Rs 97356 crore. BV Rs 215.4. Gross Block Rs 195985 crore. Debts Rs 62659 crore. Cash, investments, loans given etc Rs 21765 crore. Net debt Rs 40894 crore. Net DER 0.4:1.