

Diwali Stock Picks 2018





DIWALI PICKS | 2018



Sr. No.	Name Of the Company	Recommendation	CMP	Target Price	% Upside
1	Reliance Industries Ltd	Accumulate On Dips	1050	1325	26
2	ICICI Bank	Accumulate On Dips	350	425	21
3	Infosys	Accumulate On Dips	665	825	24
4	Sun Pharmaceuticals Ltd	Accumulate On Dips	575	725	26
5	Aarti Industries	Accumulate On Dips	1300	1600	23
6	Dabur India Ltd	Accumulate On Dips	370	490	32



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CMP: Rs 1050 | Target Price: Rs 1325 | Potential Upside: 26%

Recommendation: Accumulate On Dips

- RIL is the operator of the world's biggest oil refinery complex, with a capacity of 1.24 million barrels of oil per day.
- RIL has invested more than \$30 billion over the last five years across its Refining, Chemicals, Retail and Telecom businesses to boost capacity.
- J3 one of the world's most complex and highly integrated project has re-defined refining and petrochemicals integration.
- Largest Para-Xylene project globally - Reliance becomes 2nd largest producer of PX globally.
- World's largest off gas cracker & downstream PE and MEG.
- Plants in ROGC complex have one of the lowest ethylene cost globally.
- Telcom – Reliance Jio crosses 250 million subscribers.
- Petcoke gasification will help Reliance Industries lower the Jamnagar refinery's energy costs and boost its gross refining margin.



CMP: Rs 350 | Target Price: Rs 425 | Potential Upside: 21%

Recommendation: Accumulate On Dips

- Focusing on growing core operating profit through granular and risk-calibrated business growth.
- Decline in fresh slippages of loans.
- Healthy improvement in asset quality.
- Net interest margin at 3.33% in Q2-2019.
- Fee income grew by 17% year-on-year in Q2-2019 driven by retail fee income growth of 21% year-on-year.
- 15% year-on-year growth in current and savings account (CASA) deposits.
- Outstanding CASA ratio at 50.8% at September 30, 2018.
- Total capital adequacy ratio of 17.84% and Tier-1 capital adequacy ratio of 15.38%.
- Retail loans grew by 20% year-on-year and constituted 57% of the total loan portfolio.



CMP: Rs 665 | Target Price: Rs 825 | Potential Upside: 24%

Recommendation: Accumulate On Dips

- Sees strong growth in its business process management, cloud infrastructure services, and data and analytics service.
- Infosys Ltd's revenue growth in the September quarter (Q2) was its highest in the past eight quarters.
- Relentless focus on operational efficiency parameters continued.
- Utilization excluding trainees continued to be high at 85.6%.
- Large deal wins were strong. Infosys had 12 large deal wins during the quarter, of which 7 were in Americas and 4 in Europe, and 1 in RoW.
- The management sees strong growth in its business process management, cloud infrastructure services, and data and analytics service lines.



CMP : Rs 575 | Target Price: Rs 725 | Potential Upside: 26%

Recommendation: Accumulate On Dips

- The company launched a speciality product Yonsa, a drug to treat prostate cancer, in the US market.
- Some new US launches are expected. The company is also awaiting approval to launch two speciality products filed from Halol.
- The resolution of Sun Pharma's Halol plant could add as much as \$100 million in revenues annually.
- A steady stream of launches can drive up its US business growth.
- The company's US business is expected to see a revival as launches pick up steam.
- Growth in the domestic pharmaceutical market is expected to sustain and that should hold up Sun Pharma's growth.



CMP : Rs 1300 | Target Price: Rs 1600 | Potential Upside: 23%

Recommendation: Accumulate On Dips

- The Company has emerged as a leading Indian manufacturer of Speciality Chemicals and Pharmaceuticals with a global footprint.
- It operates primarily in three segments, namely, speciality chemicals, pharmaceuticals and home and personal care.
- The Company has established itself as one of the most competitive benzene-based specialty chemical companies in the world.
- The Company has a wide portfolio of over 200 products serving more than 700 domestic customers.
- A larger part of The Company's specialty chemicals segment comprises benzene derivatives.
- Company's global market share in various products ranges between 25-40%.
- The Company currently exports nearly 45% of its products at various locations including North America, Europe, China and Japan.



CMP : Rs 370 | Target Price: Rs 490 | Potential Upside: 32%

Recommendation: Accumulate On Dips

- Massive built up of rural distribution by the company in the past years is paying off now.
- Due to patchy monsoon, the company has moderated its volume expectations but still continue to be bullish.
- Consolidated revenue grew by 8.5% to INR 2,125 crore. Domestic business revenue grew by 8.6% led by volume growth of 8.1%.
- Consolidated Operating Margin at 21.2% as compared to 21.4% in Q2FY18.
- Profitability in International Business impacted by adverse currency movements and higher BTL expenditure.
- International Business reported growth of 8.9% with constant currency growth of 7%. International Business reported growth of 8.9%.

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