

FROM THE RESEARCH DESK

EVENT UPDATE

**Infosys Limited**

**Management exit continues**

COMPANY UPDATE

**HDFC Limited**

**Cruise control as always**

### Global News

- U.S. stocks rose on Friday, putting the S&P 500 on track for its best week in five months, as unexpectedly strong data on economic growth increased confidence that the recovery was accelerating. GDP grew at an annual rate of 4.1% in the third quarter, the fastest pace in almost two years exceeding the 3.6% pace reported earlier this month.
- The International Monetary Fund announced that it is raising its outlook for the U.S. economy, as a budget deal in Washington and the Federal Reserve's plan to taper its bond buying ease doubts about the future. The IMF chief also indicated support for the bipartisan budget passed will ease USD63bn in automatic spending.

### Sector & Corporate News

- **M&M:** Auto major Mahindra & Mahindra is stepping up expansion of its multi-brand service outlets under its wholly-owned arm Mahindra First Choice Services, with plans to have 450 centres and a turnover of INR10bn by 2018. MFCS, which has earmarked a total investment of INR2.5bn, plans to add 100 centres every year through franchise route from next year.
- **Cummins:** Cummins India, a manufacturer of diesel and natural gas engines for power generation, industrial and automotive applications has developed a series of generator sets (gensets) that are compliant with the new environmental norms (CPCB II), to be implemented by the Central Pollution Control Board in India. The new CPCB II norms will be applicable from April 1, 2014.
- **UNSP:** British drinks giant Diageo Plc. announced that it would challenge an Indian court decision annulling its purchase of some shares of United Spirits Ltd that threatens its control of India's biggest liquor firm. Friday's ruling came five months after Diageo announced it sealed a INR52.4bn deal to acquire a quarter of United Spirits' shares which made it the Indian company's controlling shareholder.
- **NHPC:** State-run NHPC Ltd has bought back equity worth INR23.68bn under an offer that ended earlier this month after attracting more shares than targeted. The company purchased 1.10bn shares worth more than INR21.3bn from the government, equivalent to 90% of the buyback. The government's stake in the company was reduced to 85.96% from 86.36%.
- **IL&FS:** The IL&FS Engineering and Construction Company Ltd has bagged INR1.45bn project for rail flyover and other infrastructure works in Uttar Pradesh and Bihar in a joint venture with GPT Infraprojects. The total value of the project is INR1.4bn and it is likely to be completed in 30 months.

### Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	16,221	0.3	23.8
NASDAQ	4,105	1.1	35.9
FTSE	6,607	0.3	12.0
CAC	4,194	0.4	15.2
DAX	9,400	0.7	23.5
Russia	1,429	(0.0)	(6.4)
Bovespa	51,186	(0.9)	(16.0)
Nikkei	15,890	0.1	55.2
Hang Seng	22,812	(0.3)	0.7
Shanghai Composite	2,085	(2.0)	(8.1)

Indian Indices	Closing	% Chg	% YTD
Sensex	21,080	1.8	8.5
Nifty	6,274	1.7	6.3
MSCI India	404	1.8	(6.0)
CNX Midcap	7,839	1.7	(7.8)
BSE Smallcap	6,292	1.3	(14.7)

Flows (USDm)	Prev. Day	MTD
FII	358	2,263
Locals	51	(189)

Provisional flows	(USDm)
FIIs	160
Locals	(40)

Volumes	USDbn	% Chg
Cash (NSE + BSE)	2.4	(14.2)
F&O (net)	37.9	4.9

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	38	56
Open Int (%)	1.3	5.5

ADR/GDR Gainers	Last	% Chg
Reliance	28.5	3.9
Wipro	12.5	2.9
Dr Reddy	40.9	2.7
ICICI Bank	36.4	1.1
SBI	55.9	1.1

ADR/GDR Losers	Last	% Chg
HDFC	34.1	(0.5)

## Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	12,357	2.0	0.3	8.1
BSE Bank	12,891	1.8	1.3	(10.1)
BSE Cap Goods	10,047	0.6	2.3	(7.6)
BSE Cons dur	5,686	(1.5)	(1.0)	(26.3)
BSE FMCG	6,490	0.8	(1.1)	9.7
BSE IT	9,052	1.7	7.6	59.3
BSE Health	9,905	0.6	4.3	21.8
BSE Metal	9,779	0.5	3.9	(11.7)
BSE Oil	8,780	3.8	1.5	3.1
BSE Power	1,664	1.5	2.0	(16.4)
BSE PSU	5,774	2.0	(0.6)	(21.3)
BSE Realty	1,406	2.8	3.7	(33.4)
BSE TECK	5,035	1.5	6.3	46.9

## Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Reliance Industries Ltd	895	4.8	4.9	6.6
Oil & Natural Gas Corp Ltd	285	4.1	(4.8)	6.3
Wipro Ltd	549	3.7	16.6	56.0
Cairn India Ltd	329	3.5	1.5	3.0
Housing Development Finance	802	3.3	(2.7)	(3.3)
Mahindra & Mahindra Ltd	970	3.3	2.6	4.2
Jaiprakash Associates Ltd	53	3.1	(1.4)	(45.1)

## Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Sesa Sterlite Ltd	203	(1.1)	10.7	3.7
Sun Pharmaceutical Indus	579	(0.7)	1.2	57.3
Grasim Industries Ltd	2,631	(0.4)	(1.1)	(17.0)
Jindal Steel & Power Ltd	250	(0.2)	(3.0)	(44.1)
Larsen & Toubro Ltd	1,061	0.0	1.4	(1.0)
Hcl Technologies Ltd	1,238	0.1	14.0	100.0
Power Grid Corp Of India Ltd	99	0.2	4.5	(13.4)

## Bulk Deals

Date	Security Name	Client Name	Buy/Sell	Qty	Price
20-Dec-13	Anant Raj Industries Limi	Merrill Lynch Capital Markets Espana S.A. Svb	BUY	1,833,813	61.38
20-Dec-13	SVC RES	Lorgan Lifestyle Limited	BUY	15,965,813	2.14

## Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Siemens	410,220	360%	2.96
Tata Global Bevereges	3,014,087	262%	3.80
Tata Comm	974,762	256%	4.15
Zeel	1,554,649	231%	(0.14)
Kotak Bank	663,037	134%	1.55
HCLTech	2,069,884	117%	0.13

## Derivatives Update

## Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
TECHM	1,799	3.6	8.0	2,548
MARUTI	1,787	2.8	7.5	3,715
RANBAXY	452	2.1	3.8	11,521
APOLLOTYRE	89	0.3	13.0	34,984

## Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
RELCAPITAL	345	(4.6)	22.0	8,923
RELINFRA	415	(3.3)	11.9	5,122
CAIRN	319	(2.1)	5.0	8,368
BIOCON	431	(2.1)	11.8	2,933

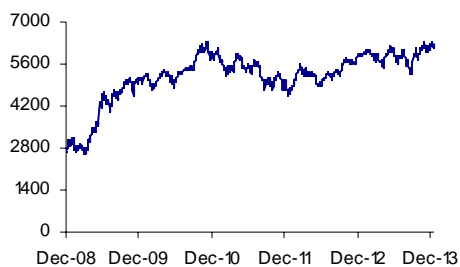
## Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
SSLIT	205	1.6	(3.8)	23,808
JINDALSTEL	252	0.7	(5.8)	7,663
HINDALCO	119	0.6	(4.9)	24,118
AUROPHARMA	379	0.5	(11.0)	14,490

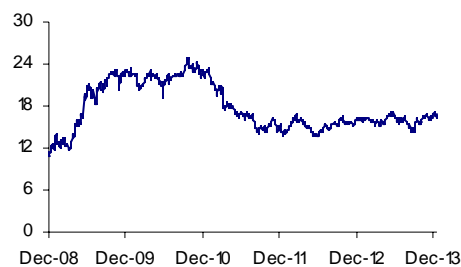
## Profit Booking

Company	Last	% Chg	% Chg OI	OI (in 000)
KOTAKBANK	724	(4.0)	(9.3)	3,897
HDFC	778	(3.0)	(6.4)	8,467
TATAPOWER	90	(2.3)	(6.2)	12,548
HDFCBANK	655	(2.3)	(8.3)	13,962

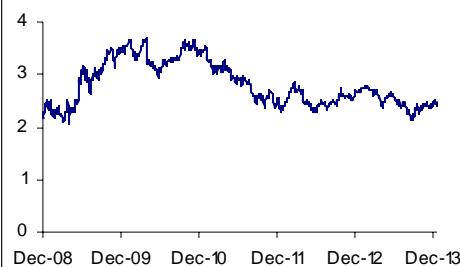
**Nifty**



**Nifty P/E**

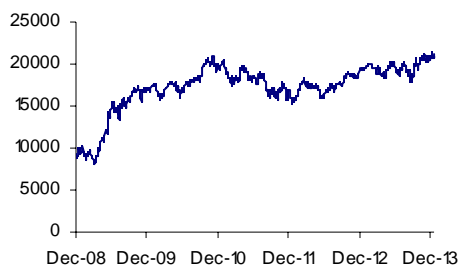


**Nifty P/B**

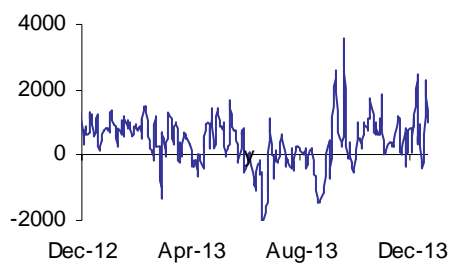


Source: Bloomberg

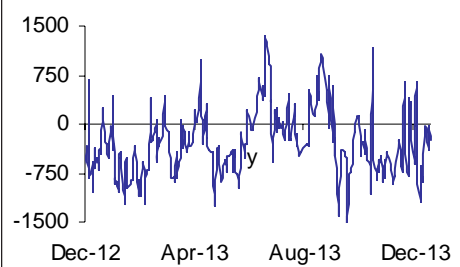
**Sensex**



**FII Provisional Flows (INRcr)**



**DII Provisional Flows (INRcr)**



Source: Bloomberg

**Economy, Money & Banking**

Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	62.0	0.1	0.7	(11.4)
INR~EUR	84.7	0.3	0.3	(14.4)
INR~GBP	101.4	0.4	0.6	(12.3)

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	8.8	5	6	75
Interbank call	7.6	(115)	360	(140)

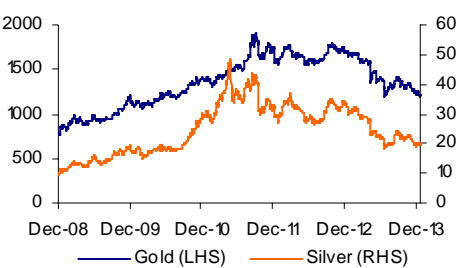
**Commodities Update**

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,203	(0.1)	(4.1)	(28.2)
Crude Oil (\$/Bl)	99	(0.1)	6.7	6.7
Aluminium (\$/t)	1,740	0.7	1.8	(14.7)
Copper (\$/t)	7,249	0.6	2.8	(8.3)
Zinc (\$/t)	2,038	3.0	9.2	(0.6)
Lead (\$/t)	2,195	2.2	6.8	(5.3)
Nickel (\$/t)	14,361	1.6	6.8	(15.5)

**INR/USD**



**Gold and silver prices**

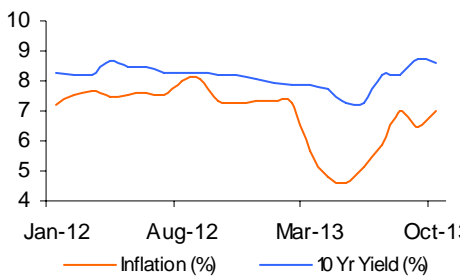


**Crude prices**

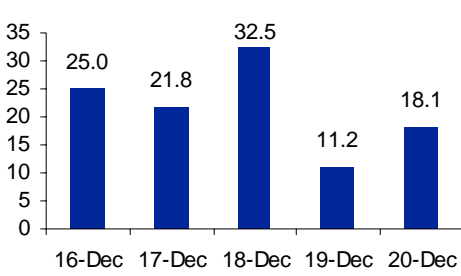


Source: Bloomberg

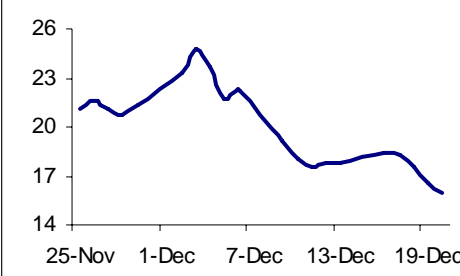
**Inflation vs 10 year yield**



**Nifty premium/discount**



**NSE volatility index (%)**



Source: Bloomberg

<b>Current Reco</b>	: HOLD
<b>Previous Reco</b>	: HOLD
<b>CMP</b>	: INR3,550
<b>Target Price</b>	: INR3,400
<b>Potential Return</b>	: -4%

**Pratish Krishnan**

+91 22 4031 3427  
pratish.krishnan@antiquelimited.com

**Sagar Lele**

+91 22 4031 3419  
sagar.lele@antiquelimited.com

**Market data**

Sensex	:	20,080
Sector	:	IT
Market Cap (INRbn)	:	2,039
Market Cap (USDbn)	:	33
O/S Shares	:	574
52-wk HI/LO (INR)	:	3573/2186
Avg Daily Vol ('000)	:	10,242
Bloomberg	:	INFO IN

Source: Bloomberg

**Valuation**

	<b>FY13</b>	<b>FY14e</b>	<b>FY15e</b>
EPS (INR)	164.8	186.6	214.2
PE (x)	21.5	17.8	15.5
P/BV (x)	5.1	4.0	3.4
EV/EBITDA (x)	15.7	12.0	10.2
Dividend Yield (%)	1.2	1.5	1.7

Source: Bloomberg

**Returns (%)**

	<b>1m</b>	<b>3m</b>	<b>6m</b>	<b>12m</b>
Absolute	6	19	47	55
Relative	2	12	31	41

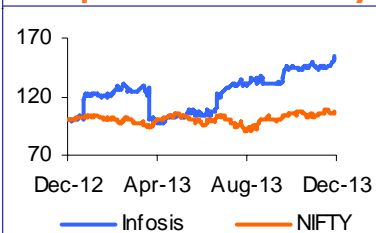
Source: Bloomberg

**Shareholding pattern**

Promoters	:	16%
FII	:	40%
DII	:	16%
Others	:	28%

Source: Bloomberg

**Price performance vs Nifty**



Source: Bloomberg

**EVENT UPDATE**

# Infosys Limited

## Management exit continues

Infosys on Friday announced that V Balakrishnan (Bala), Member of the Board and Head Infosys BPO, Finacle, India business unit and Chairman of Lodestone have resigned from the services of the company. Bala was rumoured to be a potential CEO candidate post his elevation to role of Chairman Lodestone and offered additional charge of Utilities and resource vertical in North America. BPO and finacle, contributed an estimated 10% to Infosys revenues. Infosys has not announced replacement for Bala yet. This is the eight high level exit since June 2013, since N R Narayana Murthy assumed the role of executive chairman at Infosys.

**Eighth exit since June 2013**

V Balakrishnan, Member of the Board and head of Infosys BPO, Finacle , India business unit and Chairman of Lodestone (consulting) resigned from Infosys on Friday. This is the eighth exit amongst senior management, the other notable ones being that of Basab Pradhan (Global head of sales in July 2013), Ashok Vermuri (US head, August 2013), Stephen Pratt (ex consulting head, November 2013). Bala was rumoured to be a contender for the post of CEO. Bala was elevated to Chariman Lodestone and given given additional charge of Utilites & Resources in North America post exit of Stephen Pratt

**Stability in management an issue**

An exit post even six months of NRN return indicates management stability is some time away and is a cause of concern. We believe it will reflect in weak deal flows for Infosys. NRN in recent interactions did indicate that revenue growth will remain choppy largely led by internal challenges.

**Demand environment though improving**

Anecdotal checks indicate an improving demand environment in BFSI vertical in US and Europe. Commentary on client budget so far is encouraging and spends overall likely to be better than last year.

**See upside risk to margins**

Management recently highlighted reduction in cost as one of the key priorities for the company. While its margins are down 500bps over last 2-3 years, its ability to recoup even 100-150bs would drive earnings upgrade. See upside risk to our flattish margin assumption for FY15E.

**Valuations & outlook**

Stock has outperformed the broader markets and IT peers by 40% and 30% over the last six months and trades at 17X FY15E, at higher end of its trading band of 11-18x. While we remain concerned on recent management exits and impact on revenues we think company could surprise on the margin front. Management recently has taken several initiatives to cut cost at onsite. Infosys earnings are sensitive to margins. A one percent increase/ decrease in margins impact earnings by 3-4%. Its EBIT margins have declined by 500bps over last two years and ability to recoup even 100bs -150bps could lead to earnings upgrade and re-rating. We retain our earnings and HOLD rating for now.

**Key financials**

<b>INRm</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014e</b>	<b>2015e</b>
Net revenues(USDm)	6,042	7,002	7,398	8,333	9,465
Net revenues	275,010	337,340	403,520	509,588	577,139
EBITDA	89,560	107,080	115,560	136,054	153,818
EBITDA growth (%)	14.1	19.6	7.9	17.7	13.1
PAT	68,229	83,160	94,250	106,854	122,677
EPS (INR)	119.4	145.5	164.8	186.6	214.2
P/E (x)	29.7	24.4	21.5	17.8	15.5

Source: Company, Antique

## Financials

### Profit and loss account (INRm)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
Revenues	275,010	337,340	403,520	509,588	577,139
Expenses	185,450	230,260	287,960	373,534	423,320
<b>EBIDTA</b>	<b>89,560</b>	<b>107,080</b>	<b>115,560</b>	<b>136,054</b>	<b>153,818</b>
Depreciation	8,541	9,290	11,230	12,907	13,975
<b>EBIT</b>	<b>81,019</b>	<b>97,790</b>	<b>104,330</b>	<b>123,146</b>	<b>139,844</b>
Other income	12,110	19,040	23,590	22,129	26,746
<b>Profit before tax</b>	<b>93,129</b>	<b>116,830</b>	<b>127,920</b>	<b>145,276</b>	<b>166,590</b>
Taxes incl deferred taxation	24,900	33,670	33,670	38,421	43,913
<b>Profit after tax</b>	<b>68,229</b>	<b>83,160</b>	<b>94,250</b>	<b>106,854</b>	<b>122,677</b>
<b>Recurring EPS (INR)</b>	<b>119.4</b>	<b>145.5</b>	<b>164.8</b>	<b>186.6</b>	<b>214.2</b>

### Balance sheet (INRm)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
Share capital	2,860	2,860	2,860	2,860	2,860
Reserves & surplus	270,170	331,750	395,110	474,316	565,171
<b>Networth</b>	<b>273,030</b>	<b>334,610</b>	<b>397,970</b>	<b>477,176</b>	<b>568,031</b>
Capital employed	273,030	334,610	397,970	477,176	568,031
Net assets *	57,170	65,750	88,120	94,383	100,408
<b>Capital work in progress</b>					
Investments	1,440	3,770	17,390	24,480	24,480
Other Assets	18,570	15,270	22,260	25,697	27,175
<b>Current assets, loans &amp; advances</b>					
Debtors	46,530	58,820	70,830	92,009	104,206
Cash & bank balances	166,660	205,910	218,320	266,041	339,909
Loans & advances and others	22,260	33,960	46,590	57,561	65,191
<b>Current liabilities &amp; provisions</b>					
Creditors	5,840	5,830	10,480	11,393	12,771
Other liabilities & provisions	33,760	43,040	55,060	71,600	80,566
<b>Net current assets</b>	<b>195,850</b>	<b>249,820</b>	<b>270,200</b>	<b>332,617</b>	<b>415,969</b>
<b>Application of funds</b>	<b>273,030</b>	<b>334,610</b>	<b>397,970</b>	<b>477,176</b>	<b>568,031</b>

### Per share data

Year ended 31st Mar	2011	2012	2013	2014e	2015e
No. of shares (m)	572	572	572	572	572
BVPS (INR)	478	586	696	833	992
CEPS (INR)	134.4	161.8	184.5	209.2	238.6
DPS (INR)	55.0	47.0	42.0	53.0	61.0

Source: Company, Antique

### Cash flow statement (INRm)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
<b>PAT</b>	<b>68,230</b>	<b>83,160</b>	<b>94,210</b>	<b>106,854</b>	<b>122,677</b>
Depreciation & amortisation	8,620	9,730	11,290	12,907	13,975
Interest / Dividend Recd	(1,010)	(400)	(2,450)	-	-
Other adjustments	-	-	730	-	-
(Inc)/Dec in working capital	(13,110)	(12,870)	(9,760)	(19,303)	(10,961)
Tax paid	(3,660)	2,500	760	-	-
<b>CF from operating activities</b>	<b>59,070</b>	<b>82,120</b>	<b>94,780</b>	<b>100,459</b>	<b>125,690</b>
Capital expenditure	(14,330)	(18,670)	(33,040)	(18,000)	(20,000)
(Purchase)/Sale of Investments	36,430	(2,210)	(17,470)	(7,090)	-
Income from investments	210	270	-	-	-
<b>CF from investing activities</b>	<b>22,310</b>	<b>(20,610)</b>	<b>(50,510)</b>	<b>(25,090)</b>	<b>(20,000)</b>
Inc/(Dec) in share capital	240	60	10	-	-
Dividends & Interest paid	(36,650)	(23,270)	(31,230)	(27,648)	(31,822)
Repayment of borrowings taken over from Lodestone			(880)	-	-
<b>CF from financing activities</b>	<b>(36,410)</b>	<b>(23,210)</b>	<b>(32,100)</b>	<b>(27,648)</b>	<b>(31,822)</b>
<b>Net cash flow</b>	<b>44,970</b>	<b>38,300</b>	<b>12,170</b>	<b>47,721</b>	<b>73,869</b>
Opening balance	121,690	167,610	206,150	218,320	266,041
<b>Closing balance</b>	<b>166,660</b>	<b>205,910</b>	<b>218,320</b>	<b>266,041</b>	<b>339,909</b>

### Growth indicators (%)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
Revenue	20.9	22.7	19.6	26.3	13.3
EBIDTA	14.1	19.6	7.9	17.7	13.1
PAT	9.7	21.9	13.3	13.4	14.8
EPS	9.7	21.9	13.3	13.2	14.8

### Valuation (x)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
PE	29.7	24.4	21.5	17.8	15.5
P/BV	7.4	6.1	5.1	4.0	3.4
EV/EBIDTA	20.8	17.1	15.7	12.0	10.2
EV/Sales	6.8	5.4	4.5	3.2	2.7
Dividend Yield (%)	1.5	1.3	1.2	1.5	1.7

### Financial ratios

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
RoE (%)	26.6	27.4	25.7	24.4	23.5
RoCE (%)	26.1	26.9	24.5	24.1	23.3
Debt/Equity (x)	na	na	na	na	na
EBIT/Interest (x)	na	na	na	na	na

### Margins (%)

Year ended 31st Mar	2011	2012	2013	2014e	2015e
EBIDTA	32.6	31.7	28.6	26.7	26.7
EBIT	29.5	29.0	25.9	24.2	24.2
PAT	24.8	24.7	23.4	21.0	21.3

Source: Company, Antique

<b>Current Reco</b>	: HOLD
<b>Previous Reco</b>	: HOLD
<b>CMP</b>	: INR800
<b>Target Price</b>	: INR840
<b>Potential Return</b>	: 5%

**Alok Kapadia**

+91 22 4031 3442  
alok.kapadia@antiquelimited.com

**Paresh V Jain**

+91 22 4031 3415  
paresh.jain@antiquelimited.com

**Market data**

Sensex	:	20,080
Sector	:	BANKS
Market Cap (INRbn)	:	1,250.2
Market Cap (USDbn)	:	20.1
O/S Shares (m)	:	1,559.1
52-wk HI/LO (INR)	:	931/632
Avg Daily Vol ('000)	:	2,473
Bloomberg	:	HDFC IN

Source: Bloomberg

**Valuation**

	FY13	FY14e	FY15e
EPS (INR)	31.0	34.6	40.4
PE (x)	25.8	23.1	19.8
BVPS (INR)	161.7	182.2	206.2
P/BV (x)	4.9	4.4	3.9
P/ABV (x)	5.1	4.5	4.0

Source: Bloomberg

**Returns (%)**

	1m	3m	6m	12m
Absolute	(1)	(1)	(2)	(4)
Relative	(3)	(5)	(13)	(11)

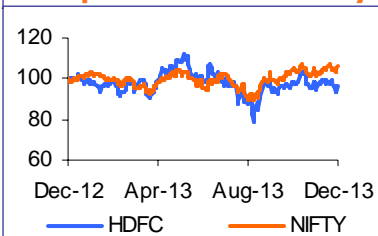
Source: Company, Antique

**Shareholding pattern**

FII	:	74%
DII	:	13%
Others	:	13%

Source: Bloomberg

**Price performance vs Nifty**



Source: Bloomberg

**COMPANY UPDATE**

**HDFC Limited**

**Cruise control as always**

**We met with the management of HDFC Limited and below are the key highlights:**

**Margins and spreads to remain stable; lending hikes to offset increase in funding costs**

During 2QFY14, HDFC borrowed INR200bn from banks, increasing its proportion of bank funding in overall borrowing to 19% from 8%. This resulted in spreads compressing 10bps QoQ to 2.19%. With money market rates cooling-off significantly, given the sharp flow in FCNR (B) deposits, HDFC has been able to borrow from bond markets during 3QFY13. Hence the company has repaid high cost bank funding of NR100bn during the current quarter and replaced it with borrowings from money markets. The management clarified said the net increase in lending rates is at 40-50bps over the last six months. The company has increased its retail and wholesale rates by 25bps and 65bps, respectively. Hence the hike in lending rates is to offset the increase in borrowing costs resulting in margins and spreads remaining stable at current levels.

**Management expects mortgage buoyancy to continue, asset quality to remain stable**

Despite the adverse macro-economic environment, the management expects loan book to remain healthy at 16-18% levels for FY14e. Retail and corporate loan growth is likely to be at 20-22% and 12-14%, respectively. Sanctioned pipeline to corporate loan segment is reasonably strong. Management also highlighted that despite a lot of investor pessimism, current health of real estate companies is far better than what it was during the credit crisis, given that these companies have relatively lower leverage. Further, they are not facing any asset quality issues, related to their retail loan portfolio. HDFC has classified loans of INR4.6bn to one particular project of a real estate developer in Chennai as a non performing asset during 2Q. It has already initiated SARFESI notice and is in possession of the property. HDFC is hopeful of recovery over the next 6-9 months.

**Subsidiaries extremely well capitalised to fund own growth.**

Most of HDFC's subsidiaries have grown sizably and become self-sufficient in terms of funding their own growth. There is no requirement for further capital infusion in the life insurance business as it is now profit making. Further, HDFC Bank is unlikely to raise capital over the next 12-18 months.

**Valuation and outlook**

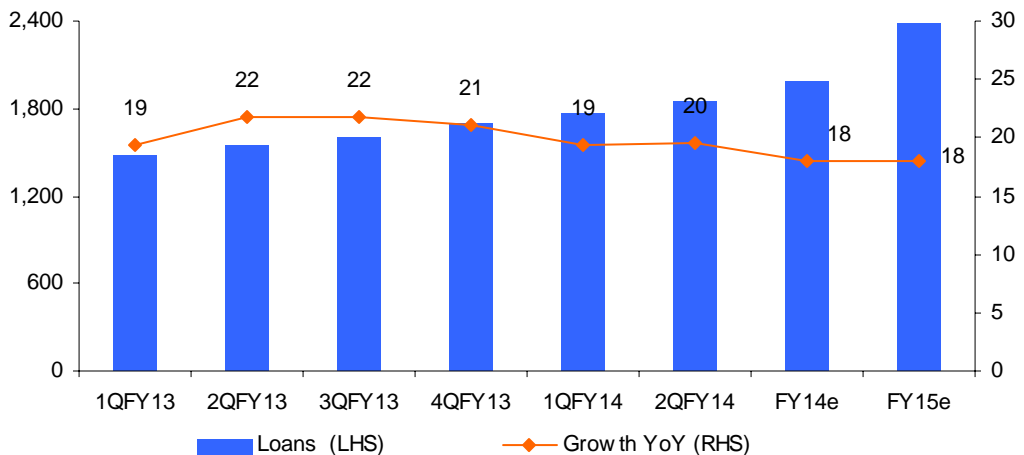
At the current market price of INR800 per share, HDFC is trading at 3.9x FY15e P/BV and 20x FY15e P/E, which continues to remain a tad expensive. Hence, we maintain our Hold recommendation on the stock with a target price of INR840 per share.

**Key financials**

	FY11	FY12	FY13	FY14e	FY15e
NII	42,471	49,982	59,275	64,810	76,392
YoY growth (%)	23.8	16.7	16.9	10.5	16.5
PAT	35,350	41,226	47,982	53,480	62,461
YoY growth (%)	25.1	16.6	16.4	11.5	16.8
EPS (INR)	24.1	28.1	31.0	34.6	40.4
BPVS (INR)	118.1	129.6	161.7	182.2	206.2
P/E (x)	33.2	28.5	25.8	23.1	19.8
P/B (x)	6.8	6.2	4.9	4.4	3.9
RoE (%)	21.7	22.7	21.8	20.1	20.8

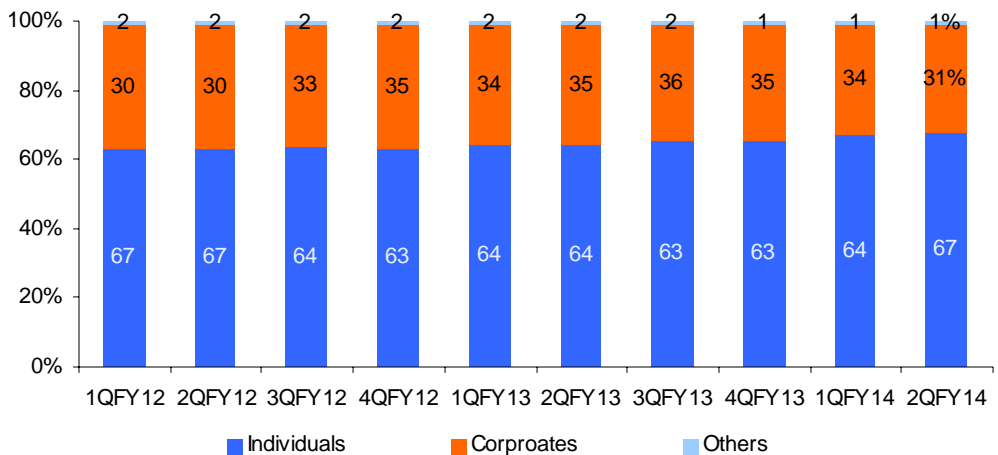
Source: Company, Antique

**Mortgage buoyancy to continue**



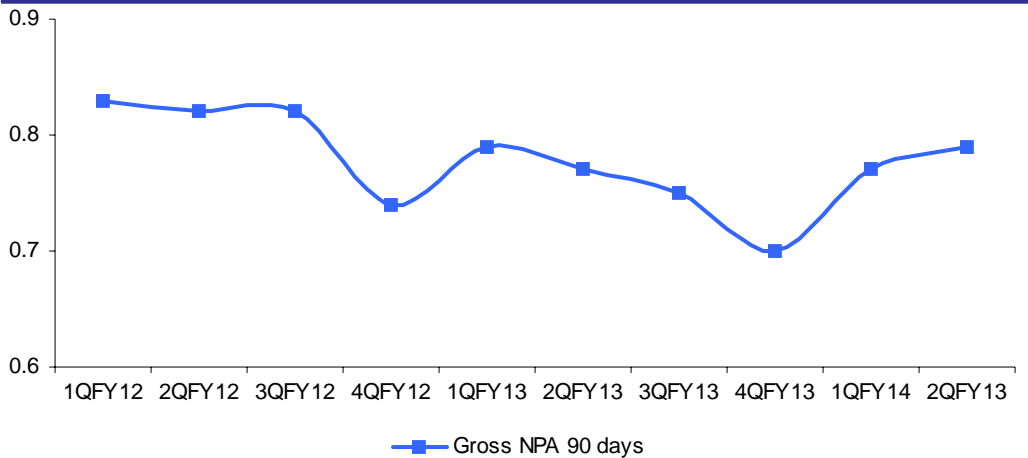
Source: Company, Antique

**Loan mix to remain stable across segments**



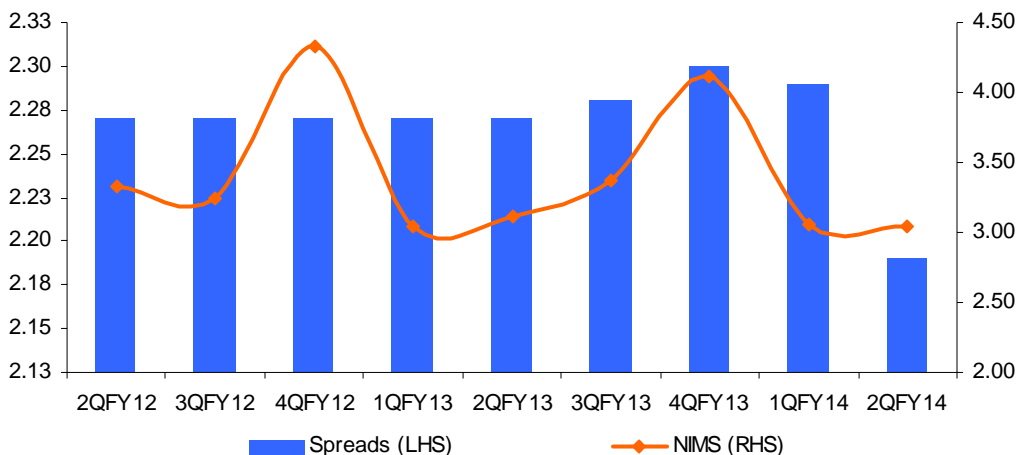
Source: Company, Antique

**Best in class asset quality**



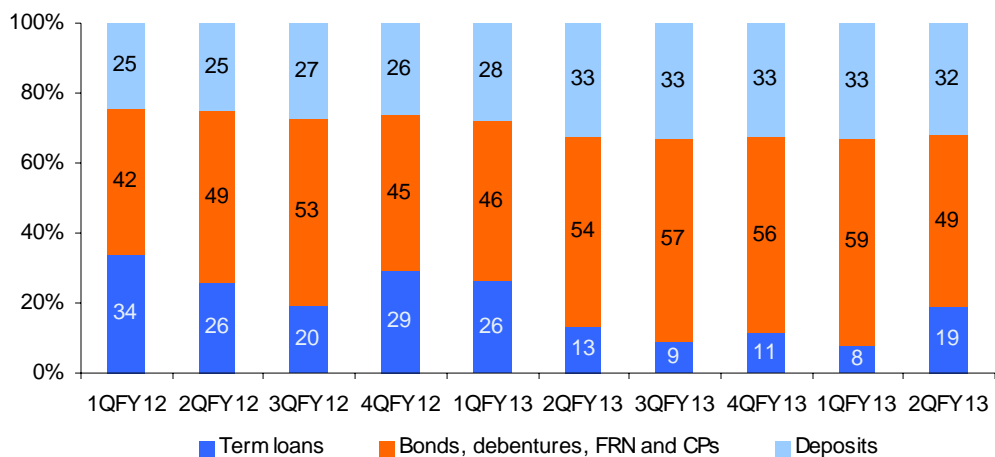
Source: Company, Antique

### Margins and spreads to remain stable



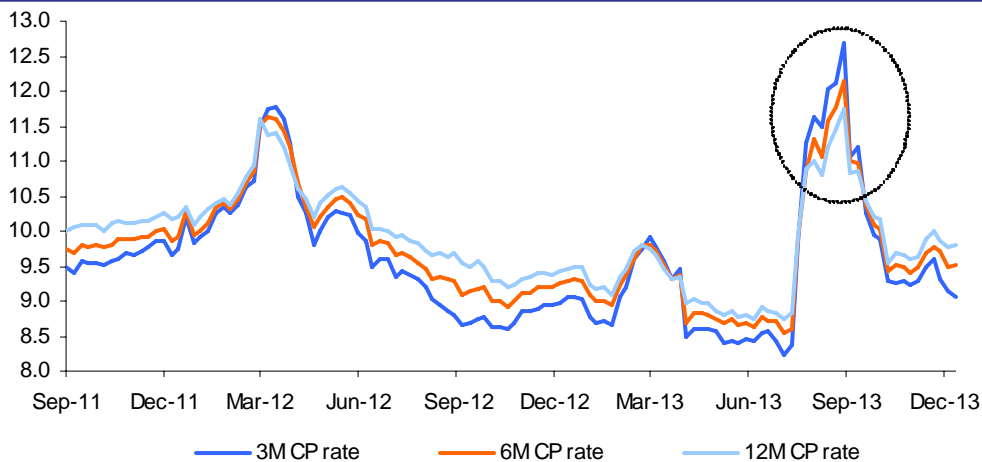
Source: Company, Antique

### Composition of funding mix



Source: Company, Antique

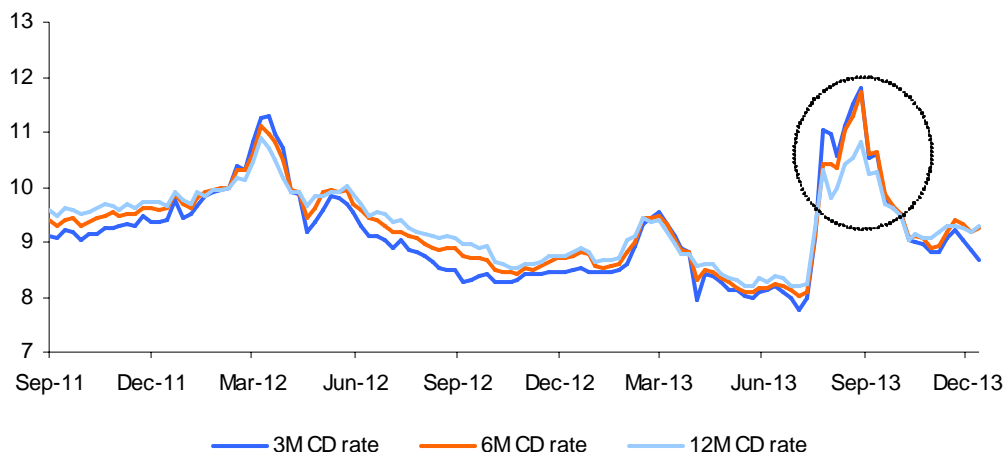
### CP rates have declined since Sep-13



Source: Bloomberg, Company, Antique

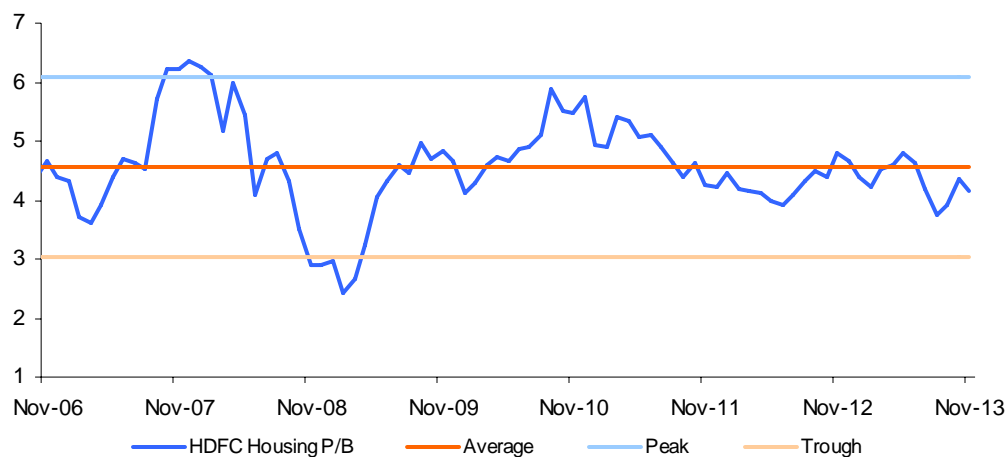


**And so have CD rates....**



Source: Bloomberg, Company, Antique

**HDFC trading closer to its average valuations**



Source: Bloomberg, Company, Antique

**SOTP valuation**

	Basis	Multiple (x)	Stake	Value of stake (INRm)	% in total	Value/share (INR)
HDFC lending business	P/E	15	100%	975,282	75%	625
HDFC Bank	BV	4	23%	220,570	17%	143
HDFC Standard Life	NBAP	12	74%	70,754	5%	46
HDFC AMC	% of AUM	4%	60%	25,200	2%	16
HDFC General Insurance	Stake sale to Ergo	11	74%	6,688	1%	4
Gruh finance	Market value		62%	8,552	1%	6
HDFC property funds	% of AUM	10%	81%	1,164	0%	1
<b>Total</b>				<b>1,308,211</b>	<b>100.0%</b>	<b>840</b>

Source: Company, Antique

## Financials

### Profit and loss account (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
<b>Net interest income</b>	<b>42,471</b>	<b>49,982</b>	<b>59,275</b>	<b>64,810</b>	<b>76,392</b>
Other income	10,459	11,778	12,942	15,003	16,617
Trading profits	5,773	5,900	5,679	6,500	6,500
<b>Net revenue</b>	<b>52,930</b>	<b>61,760</b>	<b>72,216</b>	<b>79,813</b>	<b>93,009</b>
Operating expenses	3,812	4,519	5,389	6,202	7,096
Provisions	700	800	1,450	500	500
<b>PBT</b>	<b>48,670</b>	<b>56,656</b>	<b>65,728</b>	<b>73,248</b>	<b>85,533</b>
Provision for tax	13,320	15,430	17,747	19,780	23,102
<b>PAT</b>	<b>35,350</b>	<b>41,226</b>	<b>47,982</b>	<b>53,480</b>	<b>62,461</b>

### Balance sheet (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
<b>Liabilities</b>					
Equity capital	2,934	2,954	3,093	3,093	3,093
Reserves	170,231	187,222	246,907	278,675	315,777
Net worth	173,165	190,176	250,000	281,767	318,869
Total Debt	1,154,105	1,393,062	1,588,280	1,760,912	2,063,649
Current liabilities	67,751	91,961	117,028	136,978	168,319
<b>Total</b>	<b>1,395,021</b>	<b>1,675,199</b>	<b>1,955,308</b>	<b>2,179,657</b>	<b>2,550,838</b>
<b>Assets</b>					
Loans	1,171,266	1,408,746	1,700,460	2,006,543	2,367,721
Investments	118,324	122,070	136,135	136,080	141,208
Fixed assets	2,340	2,340	2,379	2,385	2,435
Net Current and short term assets	98,610	135,762	110,020	28,336	33,161
Deferred tax asset	4,481	6,282	6,314	6,314	6,314
<b>Total</b>	<b>1,395,021</b>	<b>1,675,199</b>	<b>1,955,308</b>	<b>2,179,657</b>	<b>2,550,838</b>

### Per share data (INR)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Period end shares outstanding (m)	1,467	1,467	1,546	1,546	1,546
EPS	24	28	31	35	40
Book value per share	118	130	162	182	206
Adjusted book value per share (100% coverage ratio)	115	126	158	177	200

Source: Company, Antique

### Profitability ratios (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Spread	3.3	3.1	2.9	2.4	2.1
Net interest margin	3.3	3.3	3.3	3.1	3.2
Return on avg. assets	2.8	2.7	2.6	2.6	2.6
Return on avg net worth	21.7	22.7	21.8	20.1	20.8

### Growth ratios (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Growth in NII	25.4	17.7	18.6	9.3	17.9
Growth in Net Revenue	23.8	16.7	16.9	10.5	16.5
Growth in PAT	25.1	16.6	16.4	11.5	16.8
Total assets	19.6	20.1	16.7	11.5	17.0
Advances	19.6	20.3	20.7	18.0	18.0
Total debt	19.5	20.7	14.0	10.9	17.2
Book value	11.5	9.8	24.7	12.7	13.2
EPS	22.4	16.6	10.4	11.5	16.8
DPS (INR)	9.0	11.1	10.9	12.1	14.1

### Operating ratios (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Operating cost to income	7.2	7.3	7.5	7.8	7.6
Operating expenses/avg. assets	0.3	0.3	0.3	0.3	0.3

### Valuation ratios (x)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
P/E	33.2	28.5	25.8	23.1	19.8
P/BV	6.8	6.2	4.9	4.4	3.9
P/ABV	6.9	6.3	5.1	4.5	4.0

### Asset quality and capital (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Gross NPA	1.2	1.2	1.2	1.2	1.3
Net NPA	0.4	0.4	0.4	0.4	0.4
Provisioning coverage	70.0	76.0	70.0	70.0	70.0
Loan loss provisions/avg loans	0.1	0.1	0.1	0.0	0.0
Tier I Capital adequacy	12.2	12.2	13.4	12.9	12.5

Source: Company Antique

## Valuation Guide

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
<b>AUTOMOBILES</b>																			
Ashok Leyland	HOLD	16	16	2	42	0.7	(3.5)	1.3	(1.3)	0.5	(11.9)	32.0	31.3	9.3	1.0	(8.6)	(0.7)	1	(42)
Bajaj Auto	HOLD	1,932	2,346	21	559	9.0	38.6	43.8	133.4	151.5	14.5	12.8	10.7	9.5	5.7	39.7	56.9	(2)	(9)
Bosch	HOLD	9,362	9,362	(0)	294	4.7	9.5	11.0	301.5	349.3	31.1	26.8	23.8	20.0	4.7	17.2	25.7	8	3
Eicher Motors	BUY	5,074	4,820	(5)	137	2.2	4.3	6.9	159.9	255.9	31.7	19.8	19.1	12.1	6.7	21.3	25.4	20	86
Exide Industries	HOLD	116	114	(1)	98	1.6	5.6	6.6	6.6	7.8	17.6	14.8	10.9	9.3	2.6	14.7	19.2	(3)	(20)
Hero MotoCorp	HOLD	2,129	2,160	1	425	6.8	20.9	28.8	104.8	144.0	20.3	14.8	16.2	11.4	7.8	38.3	54.1	6	11
Mahindra & Mahindra	HOLD	970	960	(1)	597	9.6	38.2	44.1	58.2	67.1	16.7	14.4	11.3	9.8	3.6	21.6	26.5	3	2
Maruti Suzuki	BUY	1,810	1,985	10	547	8.8	26.9	35.7	89.0	118.2	20.3	15.3	10.9	8.7	2.6	12.9	19.7	10	19
Tata Motors	BUY	374	421	13	1,102	17.7	151.1	180.1	46.3	55.9	8.1	6.7	3.7	3.0	2.3	29.2	30.9	(3)	23
<b>CEMENT</b>																			
ACC	HOLD	1,097	1,108	1	206	3.3	10.4	13.1	55.6	69.9	19.7	15.7	12.7	10.2	2.7	13.8	18.2	3	(22)
Ambuja Cements	HOLD	180	180	(0)	278	4.5	13.1	16.6	8.3	10.8	21.7	16.7	13.3	10.4	2.9	14.3	15.5	2	(12)
Shree Cements	BUY	4,315	4,840	12	150	2.4	8.3	9.5	238.3	273.9	18.1	15.8	9.7	8.1	3.3	19.6	26.9	(0)	(4)
Ultratech Cements	BUY	1,744	1,833	5	478	7.7	24.3	30.5	88.7	111.3	19.7	15.7	12.0	9.5	2.8	14.9	14.9	(8)	(13)
<b>FMCG &amp; RETAIL</b>																			
Asian Paints	HOLD	490	483	(1)	470	7.6	13.3	15.5	13.8	16.1	35.4	30.4	22.2	18.8	13.2	37.3	45.8	(7)	10
Colgate Palmolive India	HOLD	1,301	1,176	(10)	177	2.8	4.8	5.7	35.1	42.0	37.1	31.0	30.8	25.2	40.2	108.4	116.5	3	(13)
Dabur India	HOLD	167	176	6	291	4.7	9.3	11.0	5.3	6.3	31.4	26.5	24.6	20.7	11.1	35.4	29.1	6	30
Radico Khaitan	BUY	139	186	33	19	0.3	1.0	1.2	7.8	9.1	17.8	15.3	11.7	9.8	2.3	12.7	11.5	2	(4)
Godrej Consumer Products	HOLD	819	816	(0)	279	4.5	7.8	9.9	23.0	29.2	35.6	28.1	24.6	19.6	7.5	21.0	18.7	(5)	10
Hindustan Unilever	SELL	569	539	(5)	1,230	19.8	35.3	38.9	16.3	18.0	34.8	31.6	27.4	25.0	31.0	88.9	104.2	(2)	7
ITC	HOLD	315	333	6	2,501	40.3	86.2	103.7	10.6	12.7	29.8	24.8	20.5	17.0	10.0	33.5	42.5	(2)	10
Jyothy Laboratories	BUY	190	238	25	31	0.5	1.0	1.8	5.7	9.9	33.1	19.1	19.6	16.2	3.4	10.3	6.8	6	16
Marico	BUY	222	232	5	143	2.3	4.6	5.5	7.2	8.6	30.9	25.7	20.5	17.1	7.2	28.7	26.8	5	0
Nestle India	HOLD	5,464	5,436	(1)	527	8.5	12.1	14.2	125.5	147.4	43.5	37.1	25.3	21.7	21.1	48.4	47.3	(2)	12
Titan Industries	SELL	229	233	2	203	3.3	7.9	9.4	8.8	10.6	25.9	21.6	18.6	15.5	8.1	31.5	29.1	0	(20)
TBZ	HOLD	130	126	(3)	9	0.1	0.7	0.8	10.1	12.6	12.8	10.3	10.8	9.4	1.8	14.2	11.3	(2)	(46)
United Spirits	SELL	2,670	1,705	(36)	388	6.2	7.6	6.2	20.0	42.5	133.2	62.9	34.3	26.4	4.9	3.7	7.8	8	34
Tilaknagar Industries	BUY	54	91	70	7	0.1	0.7	1.2	5.7	9.5	9.4	5.6	7.5	6.7	1.1	11.7	11.1	(8)	(29)
V- Mart	BUY	220	281	28	4	0.1	0.3	0.4	15.6	22.1	14.1	10.0	7.6	5.5	2.2	16.0	20.9	(5)	na
<b>INDUSTRIALS</b>																			
ABB	SELL	666	575	(14)	141	2.3	1.9	3.0	9.1	14.4	73.0	46.3	37.0	25.9	5.1	7.0	8.5	9	(5)
BGR	HOLD	119	125	5	9	0.1	1.8	2.1	25.0	29.0	4.7	4.1	4.9	4.1	0.6	14.1	10.2	7	(56)
Bharat Heavy Electricals	HOLD	166	133	(20)	407	6.5	38.1	27.1	15.6	11.1	10.7	15.0	5.3	7.2	1.2	11.4	12.7	18	(28)
Crompton Greaves Ltd.	BUY	130	136	4	84	1.3	3.7	6.6	5.8	10.2	22.6	12.8	12.8	8.6	2.3	10.3	9.5	20	13
Cummins India	BUY	477	570	19	132	2.1	6.4	7.9	23.2	28.5	20.6	16.7	18.9	14.9	4.9	23.2	23.2	12	(6)
Havells India	HOLD	764	681	(11)	95	1.5	4.6	5.4	36.8	43.6	20.8	17.5	15.0	14.8	5.4	28.6	27.1	2	22
Larsen & Toubro	BUY	1,061	1,025	(3)	983	15.8	47.7	59.3	51.6	64.2	20.6	16.5	15.2	12.2	3.0	14.0	14.1	9	(2)
Siemens	HOLD	650	730	12	232	3.7	5.6	7.4	15.7	20.8	41.3	31.2	21.0	16.8	5.4	13.0	19.8	15	(3)
KEC	HOLD	50	55	9	13	0.2	0.7	1.4	2.8	5.5	17.8	9.2	6.7	5.4	1.1	6.3	12.4	22	(23)
Voltas	HOLD	115	115	0	38	0.6	1.5	3.2	4.6	9.6	24.8	12.0	19.5	8.9	2.1	12.0	11.4	27	6

UR: Under Review

contd...

## Valuation Guide

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
<b>INFRASTRUCTURE</b>																			
Adani Port and SEZ	BUY	163	180	10	338	5.4	18.6	24.3	9.2	12.1	17.7	13.5	13.7	10.5	4.2	23.9	16.7	4	17
Spice Jet	BUY	17	33	92	9	0.1	(5.3)	1.0	(10.3)	1.9	(1.7)	9.0	4.1	1.9	NA	Na	Na	(3)	(62)
IRB INFRASTRUCTURE	BUY	92	144	57	31	0.5	4.6	4.9	13.8	14.9	6.6	6.2	6.3	6.0	0.9	12.9	12.5	2	(27)
IL&FS Transportation Networks	BUY	129	177	38	25	0.4	4.3	4.7	22.0	24.1	5.8	5.3	9.4	9.4	0.6	10.8	9.4	10	(38)
<b>INFORMATION TECHNOLOGY</b>																			
HCL Technologies	HOLD	1,238	1,110	(10)	865	13.9	57.0	60.3	81.2	85.7	15.2	14.4	9.9	9.2	4.4	32.8	32.8	14	94
Hexaware Technologies	HOLD	127	120	(5)	38	0.6	4.6	5.7	12.5	13.2	10.2	9.6	8.7	7.8	2.7	29.5	25.9	7	45
Infosys Ltd.	HOLD	3,551	3,400	(4)	2,039	32.8	106.9	122.7	186.6	214.2	19.0	16.6	13.0	11.0	4.3	24.4	24.1	4	54
Tata Consultancy Services	BUY	2,121	2,500	18	4,154	66.9	193.0	232.5	98.6	118.8	21.5	17.9	15.5	12.7	7.8	36.1	42.2	5	69
Wipro	HOLD	549	495	(10)	1,353	21.8	74.1	83.6	30.1	34.0	18.2	16.2	14.1	12.3	4.0	21.9	23.1	14	61
Mphasis	HOLD	408	390	(4)	86	1.4	7.3	7.7	34.7	36.6	11.8	11.1	8.8	8.1	1.9	19.1	14.3	(2)	7
Tech Mahindra	BUY	1,846	1,800	(2)	430	6.9	26.5	31.1	114.5	134.1	16.1	13.8	9.9	8.0	4.7	29.9	30.3	9	99
<b>MEDIA</b>																			
Den Networks	BUY	165	250	52	29	0.5	0.9	2.0	4.8	11.2	34.4	14.7	8.3	4.8	1.6	4.5	6.3	17	(20)
Dish TV India	BUY	59	64	9	63	1.0	(0.1)	0.7	(0.1)	0.6	(502.9)	92.6	11.2	8.5	(37.3)	nm	2.5	10	(25)
Hathway Cable & Datacom	BUY	290	370	28	44	0.7	0.5	1.9	3.4	13.6	86.2	21.3	12.2	7.1	3.7	4.0	6.8	14	(3)
Sun TV Network	BUY	373	515	38	147	2.4	8.4	10.1	21.2	25.6	17.6	14.5	11.0	8.9	4.6	26.0	34.4	(2)	(12)
Zee Entertainment Enterprises	HOLD	280	265	(5)	269	4.3	8.7	10.1	9.1	10.6	30.7	26.4	23.4	19.5	5.9	19.1	19.3	5	26
<b>METALS &amp; MINING</b>																			
Steel Authority of India	HOLD	72	76	6	295	4.8	29.9	31.9	7.2	7.7	9.9	9.3	9.8	9.3	0.7	6.9	4.8	10	(22)
TATA Steel	BUY	418	484	16	406	6.5	37.0	42.8	38.1	44.0	11.0	9.5	7.0	6.5	1.1	10.5	5.7	9	(3)
<b>OIL &amp; GAS</b>																			
Bharat Petroleum Corp.	BUY	344	549	60	249	4.0	26.7	25.8	40.8	39.4	8.4	8.7	5.7	5.8	1.2	14.5	8.9	3	(2)
Cairn India	BUY	329	363	10	628	10.1	103.3	101.0	53.9	52.5	6.1	6.3	4.3	4.0	1.1	16.4	16.2	3	3
Essar Oil	HOLD	51	65	27	72	1.2	(5.1)	8.2	(3.8)	6.0	(13.6)	8.5	8.4	7.6	3.6	(26.6)	9.3	(2)	(28)
GAIL India	BUY	340	384	13	431	6.9	45.4	42.9	35.8	33.9	9.5	10.0	6.9	6.9	1.6	16.6	16.0	4	(3)
Gujarat State Petronet	BUY	58	82	41	33	0.5	5.0	5.3	8.9	9.5	6.5	6.2	3.5	3.3	1.0	14.8	17.5	(4)	(23)
Hindustan Petroleum Corp	BUY	230	275	19	78	1.3	5.6	7.6	16.5	22.4	14.0	10.3	10.1	9.2	0.6	3.9	3.3	9	(19)
Indian Oil Corp	BUY	204	300	47	496	8.0	52.0	54.6	21.9	23.0	9.3	8.9	8.7	7.8	0.8	8.1	6.1	1	(21)
MRPL	HOLD	42	47	12	74	1.2	0.1	12.8	(0.0)	7.4	NA	5.6	14.1	5.3	1.1	(0.0)	3.1	(0)	(32)
Oil India	BUY	471	609	29	283	4.6	33.2	39.9	55.3	66.4	8.5	7.1	3.7	2.9	0.7	15.8	15.3	3	3
Oil & Natural Gas Corp.	BUY	285	321	13	2,437	39.2	203.9	246.5	28.2	33.7	10.1	8.5	5.4	4.7	1.8	15.1	17.7	3	7
Petronet LNG	HOLD	120	149	24	90	1.4	7.8	8.2	10.4	11.0	11.6	10.9	6.8	6.2	1.8	15.5	15.7	(4)	(26)
Reliance Industries	BUY	895	944	5	2,892	46.6	223.8	254.1	69.3	78.7	12.9	11.4	10.0	8.9	1.3	11.1	8.0	4	7
<b>PHARMACEUTICALS</b>																			
Cipla	HOLD	402	436	9	323	5.2	16.9	18.6	21.1	23.1	19.1	17.4	12.8	11.3	3.1	17.3	15.1	2	(5)
Dr Reddy's	BUY	2,513	2,829	13	427	6.9	19.5	23.6	114.3	138.8	22.0	18.1	14.3	11.7	4.8	23.9	41.9	4	36
Lupin	BUY	921	1,050	14	413	6.6	16.7	20.8	37.2	46.2	24.8	19.9	15.8	12.5	6.3	28.3	22.8	7	50
Sun Pharma	BUY	579	689	19	1,199	19.3	30.3	59.6	14.6	28.8	39.6	20.1	15.5	13.6	6.9	18.7	30.4	(3)	55
Ranbaxy Laboratories	HOLD	455	433	(5)	193	3.1	(7.5)	40.0	(17.6)	93.4	(25.9)	4.9	25.4	4.2	6.6	(21.4)	(10.3)	8	(11)
Cadila Health	BUY	773	961	24	158	2.5	6.7	9.2	32.7	44.9	23.6	17.2	17.8	12.8	4.6	21.1	11.5	8	(13)
Divis Labs	BUY	1,186	1,220	3	157	2.5	7.3	8.7	55.3	65.4	21.4	18.1	16.0	13.5	5.3	24.8	23.9	4	6
Glenmark	BUY	526	650	24	143	2.3	6.5	8.6	24.1	31.9	21.8	16.5	13.1	10.8	4.2	21.4	28.0	2	8
Ipca Labs	BUY	706	847	20	89	1.4	4.7	6.0	36.9	47.3	19.1	14.9	11.4	10.0	4.6	26.7	45.3	4	45
Biocon	BUY	438	365	(17)	88	1.4	3.8	4.5	19.5	23.0	22.4	19.1	13.5	11.2	2.8	12.4	10.2	19	52

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## Valuation Guide

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
<b>SHIPPING AND LOGISTICS</b>																			
Container Corp. of India	HOLD	700	780	11	137	2.2	10.3	11.5	52.7	58.8	13.3	11.9	9.0	7.7	1.9	14.6	20.6	(3)	15
Essar Ports Ltd	BUY	55	120	118	24	0.4	3.7	5.9	9.1	14.4	6.1	3.8	6.5	5.0	0.9	13.3	10.9	(3)	(41)
Great Eastern Shipping Co	BUY	290	291	0	44	0.7	4.9	5.6	32.3	36.9	9.0	7.9	6.6	5.8	0.7	7.3	7.6	(4)	4
Gujarat Pipavav	BUY	62	58	(6)	30	0.5	1.0	1.2	2.1	2.4	28.8	25.2	15.4	13.8	2.3	8.1	9.9	14	26
<b>SUGAR</b>																			
Balrampur Chini Mills	BUY	47	50	6	12	0.2	0.5	1.3	2.2	5.5	21.6	8.6	9.4	6.8	0.8	4.0	6.7	(4)	(3)
Shree Renuka Sugars	BUY	20	26	30	13	0.2	(1.6)	1.9	(2.3)	(2.3)	(8.6)	(8.6)	6.4	5.3	1.0	(11.2)	7.0	(7)	(35)
<b>UTILITIES</b>																			
CESC	HOLD	438	375	(14)	55	0.9	6.2	6.6	39.1	45.5	11.2	9.6	8.7	6.2	1.0	8.9	5.0	13	41
NTPC	BUY	136	185	36	1,121	18.0	108.4	120.3	13.1	14.6	10.3	9.3	8.1	7.4	1.3	12.5	9.2	(12)	(11)
Power Grid	BUY	99	127	28	520	8.4	50.9	58.3	9.7	11.2	10.2	8.9	9.7	8.9	1.5	14.4	7.7	6	(14)
PTC India	BUY	65	83	27	19	0.3	2.1	2.7	4.9	6.1	13.3	10.6	5.9	3.2	0.8	6.0	6.6	10	(13)
Tata Power	HOLD	91	87	(4)	215	3.5	3.0	9.3	1.3	3.9	70.8	23.1	7.0	5.3	1.8	2.5	11.6	14	(16)
Coal India	BUY	284	334	17	1,796	28.9	176.7	200.7	28.0	31.8	10.2	9.0	6.0	4.7	0.0	30.8	28.1	4	(20)
<b>OTHERS</b>																			
Supreme Industries	BUY	440	475	8	56	0.9	3.1	3.7	24.2	28.8	18.2	15.3	10.0	8.6	5.0	33.5	32.0	14	50
Cera Sanitaryware	BUY	717	774	8	9	0.1	0.6	0.8	45.8	59.5	15.7	12.0	10.0	7.8	4.0	28.3	32.5	27	79
Kajaria Ceramics	HOLD	293	262	(10)	22	0.4	1.2	1.5	15.4	18.7	19.0	15.6	9.2	7.5	3.9	25.7	26.4	18	26

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		NNPA Ratio (%)		P/AdjBV (x)	RoE (%)	RoA (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
<b>FINANCIALS</b>																			
Axis Bank	HOLD	1,278	1,200	(6)	600	9.7	57	65	121	138	10.6	9.2	0.5	0.6	1.6	16.0	1.5	13	(3)
Bajaj Auto Finance	BUY	1,500	1,594	6	75	1.2	7	9	146	178	10.3	8.4	1.1	1.2	1.9	19.8	3.7	5	19
Bank of Baroda	HOLD	652	600	(8)	275	4.4	39	47	93	110	7.0	5.9	1.6	1.7	0.9	11.7	0.7	4	(24)
Bank of India	HOLD	216	215	(0)	128	2.1	30	37	51	62	4.2	3.5	3.2	3.3	0.6	12.1	0.6	(4)	(35)
Canara Bank	HOLD	265	285	8	117	1.9	29	39	66	88	4.0	3.0	2.4	2.7	0.6	11.2	0.7	5	(46)
HDFC	HOLD	802	840	5	1250	20.1	53	62	35	40	23.2	19.9	0.4	0.4	4.5	20.1	2.6	(1)	(4)
HDFC Bank	BUY	665	710	7	1591	25.6	83	107	35	45	19.1	14.7	0.2	0.2	3.7	20.9	1.9	2	(3)
ICICI Bank	HOLD	1,088	1,000	(8)	1256	20.2	92	104	80	90	13.6	12.1	1.0	1.1	1.8	12.5	1.6	4	(5)
IndusInd Bank	BUY	425	475	12	223	3.6	13	16	25	31	16.8	13.7	0.3	0.4	2.6	16.1	1.6	1	(2)
LIC Housing Finance	BUY	209	260	25	105	1.7	12	16	24	30	8.6	6.9	0.1	0.1	1.4	17.5	1.4	(5)	(26)
Power Finance Corp.	BUY	161	158	(2)	213	3.4	44	49	35	39	4.6	4.1	0.9	0.9	0.8	18.1	2.5	4	(21)
Punjab National Bank	HOLD	595	600	1	210	3.4	34	48	97	136	6.1	4.4	2.9	2.9	0.8	10.0	0.7	11	(30)
Rural Electrification Corp.	HOLD	214	220	3	211	3.4	43	45	44	47	4.8	4.5	0.2	0.2	1.0	23.0	3.2	1	(14)
Shriram Transprt finance	BUY	660	718	9	150	2.4	15	17	64	76	10.3	8.7	2.5	3.5	1.8	18.3	3.0	15	(13)
State Bank Of India	HOLD	1,751	1,762	1	1198	19.3	127	160	186	235	9.4	7.5	2.3	2.2	1.4	12.2	0.7	(2)	(26)
Union Bank of India	HOLD	123	140	14	73	1.2	23	31	39	52	3.2	2.4	2.3	2.3	0.5	14.1	0.7	(3)	(55)
YES Bank	HOLD	370	400	8	134	2.1	14	14	38	40	9.7	9.3	0.0	0.0	1.9	21.4	1.3	1	(22)
Mahindra & Mahindra Fin.	BUY	315	270	(14)	179	2.9	9.9	12.3	18	22	18.0	14.4	1.1	1.9	3.4	20.4	3.5	8	46
Cholamandalam Invst & Fin.	HOLD	242	225	(7)	35	0.6	3.1	3.6	22	25	11.1	9.7	0.3	0.3	1.6	15.0	1.5	(1)	(13)
Gruh Finance	BUY	243	248	2	44	0.7	1.8	2.3	10.0	12.6	24.4	19.3	-	-	7.2	32.4	2.9	6	6
Repco Home Finance	BUY	323	298	(8)	20	0.3	1.1	1.4	17.5	22.4	18.5	14.4	1.0	1.0	2.8	16.0	2.6	10	-
Kotak Mahindra Bank	BUY	733	806	10	564	9.1	15	18	20.5	24.6	35.8	29.8	1.1	1.4	5.4	15.1	1.7	0	11

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## Antique Stock Broking Limited

Nirmal, 2nd Floor, Nariman Point, Mumbai 400 021.  
Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445  
[www.antiquelimited.com](http://www.antiquelimited.com)