



CAPSTOCKS &amp; SECURITIES (INDIA) PVT. LTD.

Research Team

### Recommendations – January 2019

SCRIP	CMP*	Target	P/E	BV	52 week	Industry
					High / Low	
Axis bank (2)	666	745	-	250	677/481	Bnking
Amararaja batteries (1)	755	842	26	183	908/683	Auto Parts
Muthoot Finance (10)	537	601	10	220	545/356	NBFC
KNR Construction (2)	212	244	11	90	339/65	Infra
Federal Bank (2)	95	109	20	63	116/67	Banking

\*As on 11 Jan 2019. Holding period is 6 months.

Axis bank reported a net loss of Rs 2,188.7 crore in Q4 2018

### Previous Month Review

SCRIP	Reco	Target	Close*	High	Date	Apr %*	Remarks
HDFC Life	391	450	406	409	10-Jan	3.84	Hold
Ambuja Cements	212	245	213	230	19-Dec	0.47	Hold
Bank of Broda	106	121	121	124	9-Jan	14.15	Target achieved
Gulf Oil	800	912	831	858	24-Dec	3.88	Hold
Ircon	429	490	416	471	17-Dec	-3.03	Hold
						3.86	

Nifty	10693	10794	0.94%
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**Axis Bank Limited** operates in four segments: Treasury, Retail Banking, Corporate/Wholesale Banking, and Other Banking Business. The company's deposit products include savings, salary, and current accounts, as well as fixed, recurring, tax saver fixed, and flexi deposits. It also provides home, personal, holiday, car, business, gold, bike, and education loans, as well as loans against properties, securities, and fixed deposits; and commercial vehicle and construction equipment loans. In addition, the company offers safe deposit locker, safe custodian, and pension system services; foreign exchange services; investment products; and life, health, travel, motor, and business guard insurance products.

**Investment Rationale:** Change in top management and NPA reversal cycle to aid profitability

**Amara Raja Batteries Limited** manufactures and sells lead-acid storage batteries for industrial and automotive applications in India. It provides installation, commissioning, and maintenance services; and exports its products to various countries in the Indian Ocean Rim. The company also offers its batteries under the Amaron, PowerZone, Power Stack, AmaronVolt, and Quanta brands. It supplies its batteries to various customer groups, such as telecom, railways, power control, solar, and UPS; and automobile OEMs, replacement

markets, and private label customers. **Investment Rationale:** Fall in lead prices to improve profit margin.

**Muthoot Finance Limited** operates as a gold financing company in India. The company operates through two segments, Financing and Power Generation. It provides personal and business loans secured by gold jewelry, or gold loans primarily to individuals. The company also offers gold coins, money transfer, foreign exchange, insurance, ATM, wealth succession, and housing finance services; mutual funds and non-convertible debentures; and wealth management services, including risk evaluation, client evaluation, value analysis, and consultancy. In addition, the company provides Travel Jango that provides international and domestic air ticketing service, Visa services and assistance, tour packages, hotel booking, travel insurance, and bus ticketing services. **Investment Rationale:** Reasonable valuation with decent growth prospects.

**KNR Constructions Limited**, together with its subsidiaries, operates as an infrastructure development company in India. The company provides engineering, procurement, and construction services for roads and highways, irrigation, and urban water infrastructure management sectors. It undertakes various infrastructure projects, such as expressways, national highways, state highways and roads, flyovers, bridges and viaducts, irrigation projects, urban development-civic amenities, and commercial and residential projects. The company also undertakes water management projects, as well as build, operate, and transfer projects. KNR Constructions Limited was founded in 1995 and is based in Hyderabad, India. **Investment Rationale:** Good order book.

**The Federal Bank Limited** operates in four segments: Treasury, Corporate/Wholesale Banking, Retail Banking, and Other Banking Operations. The company's deposit products include savings accounts, current accounts, demat accounts, salary accounts, fixed deposits, cash certificates, recurring deposits, exchange earner's foreign currency accounts, gilt accounts, and NRI deposit schemes. Its loan portfolio comprises gold, housing, car, property, educational or career, cash, instant digital, business, and agriculture and agricultural allied loans; travel, gift, debit, and credit cards; and loans against fixed deposits. The company also provides life, health, and general insurance products; mutual funds, online trading, and national pension system, as well as term loans, project finance, bill discounting, working capital loans, bank guarantees, letter of credit, packing credit limit, rediscounting of export bills, Internet banking, mobile banking, ATM, telephone banking services. **Investment Rationale:** Reversal in NPA cycle.

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