

Jan 04, 2017



QUARTERLY BASKET



Moneywise. Be wise.

Buy Around: 594

SL: 554

Target:670

Upside: 12.80%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	594.40
Face Value (Rs.)	2.00
52 Week High/Low	361.20/664.65
M.Cap (Rs. in Cr.)	3066.57
EPS (Rs.)	26.29
P/E Ratio (times)	22.61
P/B Ratio (times)	5.05
Dividend Yield (%)	0.67
Stock Exchange	BSE

STOCK DATA

BSE Code	524200
NSE Symbol	VINATIORGA
Reuters	VNTI.BO
Bloomberg	VO IN

SHAREHOLDING PATTERN

(As on 30 Sep 2016)	% Of Holding
Foreign	0.96
Institutions	7.66
Non corporate corp. holding	0.00
Promoters	73.97
Public & Others	17.42

Note: Follow Strict Stop Loss.

According to the management of the company, the company is going forward for expanding its business with sustained emphasis on adding new products through process innovation together with upgraded technologies so that it has enable to mitigate risks and create value for growth. Accordingly, it has planned for H 200 crore of capital expenditure spread across FY17 & FY18 towards introduction of new products, capacity expansion and setting up of a co-gen plant.. Wider product basket has also helped to enter longterm tripartite agreements with USA and Japan based chemical companies for supplying customised products. These initiatives alongwith growth in existing products is expected to contribute incremental sales in excess of H 100 crore in coming years.

Business ProfileThe Company was established in 1989 and is engaged in manufacturing of speciality organic intermediates and monomers, namely IBB (Isobutyl Benzene), ATBS (2 Acrylamido 2Methylpropane Sulphonic Acid), NaATBS(Sodium Salt of 2 Acrylamido 2Methylpropane Sulphonic Acid, Diacetone Acrylamide, Isobutylene, HPMTBE and TB Amine. The manufacturing facilities are located at Mahad and Lote Parashuram, Maharashtra.

Investment Rationale

- Vinati is the largest player for Isobutyl Benzene commanding more than 65% of the global market and management of the company expecting good growth in the Acrylamido Methylpropane Sulfonic Acid (ATBS) segment and good demand in the water treatment projects which would further strengthen the performance of the company.
- The company has well product mix i.e. IBB has about 30-35%, ATBS remains one of the more important products at 45%, the new products definitely added about 10% odd in the revenues and the rest coming from IB and MTB and other by-products which are playing important role to strengthen the company.
- It has earned distinction of being the only specialty chemicals company in the world to be backward integrated. Moreover, it has achieved leadership position and boasts of a commendable client base. The company has registered growth of 17.90% in QoQ and operating profit margin of 32.46%. The Company has net profit margin of 21.37%. It has very minimal debt and huge interest coverage ratio and does not have any promoter's pledge.



We recommend a buy in the stock of VINATI ORGSNICS LTD 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. 361.20 and 52 week high of Rs 664.65. Buy around at 594 with a closing below stop loss of Rs.554 levels for the target of Rs.670.

Buy Around: 213

SL: 199

Target: 240

Upside: 12.70%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	210.45
Face Value (Rs.)	2.00
52 Week High/Low	273.60/178.10
M.Cap (Rs. in Cr.)	6356.18
EPS (Rs.)	13.08
P/E Ratio (times)	16.09
P/B Ratio (times)	4.19
Dividend Yield (%)	4.10
Stock Exchange	BSE

STOCK DATA

BSE Code	532129
NSE Symbol	HEXAWARE
Reuters	HEXT.BO
Bloomberg	HEXW IN

SHAREHOLDING PATTERN

(As on 30 Sep 2016)	% Of Holding
Foreign	12.06
Institutions	6.12
Non corporate corp. holding	0.99
Promoters	71.23
Public & Others	9.62

Note: Follow Strict Stop Loss.

According to the management of the company, During the Quarter, the company has witnessed an excellent all-round growth. Profitability outgrew revenue with EBITDA margins up 210 bps QoQ. A culture of automation first, focused growth aspirations and client centric innovation remain fundamental to the Company. Moreover, the company has continued to build solid momentum and volume growth across multiple verticals and service lines. Its strategy of Shrink IT, Grow Digital is uniquely differentiated from the traditional service providers.

Business Profile

Hexaware Technologies provides IT outsourcing services. The company focuses on banking and financial Services, healthcare and insurance, travel and transportation and manufacturing & consumer verticals in the IT outsourcing services business.

Investment Rationale

- During Q3FY 2016, Americas led the geographic growth with 5.6%QoQ and 10.4% YoY growth. Banking and Financial Services (BFS) showed a healthy growth of 8.6%QoQ and 19.5% YoY. Infrastructure Management Services (IMS) delivered strong growth of 11.2% QoQ and 29.7% YoY. Business Process Services (BPS) grew 9.6% QoQ and 28.4% YoY.
- Strong TCW Booking of \$42 Mn from new customers under “Shrink IT” and “Grow Digital”. Under “Shrink IT”, Automation led Application Management transformation for a global publisher and distributor of Children’s books, print and digital material and Human Resources Operation optimization through Automation for one of the largest independent professional employer organizations in North America, under “Grow Digital”, Business Transformation for one of the top skincare lines to initiate and integrate its e-commerce with order to cash process.
- Headcount stood at 11,859 at the end of Q32016; up 518YoY, down 16 QoQ., Utilization stood at 74.1% (including trainees) in the Quarter and Attrition at the end of September 2016 was at 16.5%



We recommend a buy in the stock of HEXAWARE TECHNOLOGIES LTD 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. 178.10 and 52 week high of Rs 273.60. Buy around at 213 with a closing below stop loss of Rs.199 levels for the target of Rs.240.

Buy Around: 351

SL: 327

Target: 390

Upside: 11%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	341.90
Face Value (Rs.)	10.00
52 Week High/Low	302.10/433.60
M.Cap (Rs. in Cr.)	63238.11
EPS (Rs.)	15.21
P/E Ratio (times)	22.47
P/B Ratio (times)	3.72
Dividend Yield (%)	0.90
Stock Exchange	BSE

STOCK DATA

BSE Code	534816
NSE Symbol	INFRATEL
Reuters	BHRI.BO
Bloomberg	BHIN IN

SHAREHOLDING PATTERN

(As on 30 Sep 2016)	% Of Holding
Foreign	26.20
Institutions	0.96
Non corporate corp. holding	0.00
Promoters	71.96
Public & Others	0.49

Note: Follow Strict Stop Loss.

According to the management of the company, there have been some early signs of implementation of the Government's initiative on Smart City which would provide opportunities to infrastructure companies like Bharti Infratel. The company has participated in the bid for Bhopal. Going forward infrastructure requirement of telecom operators would also increase and that would going to be benefiting the company in a huge way. Moreover, the company expects Tower growth in low single digits and tenancy growth in high single digits going forward. Capex is based on the orders and thus it is very dynamic. If the demand were to jump 10 times, the company is prepared for it.

Business Profile

Bharti Infratel is a provider of telecom tower and related infrastructure. Bharti Infratel is India's leading provider of tower and related infrastructure and it deploys, owns and manages telecom towers and communication structures, for various mobile operators.

Investment Rationale

- The three leading wireless telecommunications service providers in India by revenue - Bharti Airtel, Vodafone and Idea Cellular are the largest customers of Bharti Infratel. The company has been the industry pioneer in adopting green energy initiatives for its operations.
- Telecommunication has a very critical role to play for digitization of India which is actively being pursued by the government of India. Massive investment in spectrum will accelerate data networks rollouts. Indian Telecom industry is going through consolidation, and this would be good for the industry in the long run as the sector would require large investments by the operators in future to cater to the ever increasing data demand.
- It has nationwide presence with operations in all 22 telecommunications Circles in India, with Bharti Infratel and Indus having operations in 4 overlapping Circles. Moreover, it has owned and operated 38642 towers with 81908 co-locations in 11 telecommunications Circles while Indus operated 120739 towers with 272603 co-locations in 15 telecommunications Circles.



We recommend a buy in the stock of BHARTI INFRATEL LTD 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. 302.10 and 52 week high of Rs 433.60. Buy around at 351 with a closing below stop loss of Rs.327 levels for the target of Rs.390.

Buy Around: 375

SL: 354

Target: 427

Upside: 14%

Horizon: 3 Month

VALUE PARAMETERS

Current Mkt.Price (Rs.)	376.10
Face Value (Rs.)	1.00
52 Week High/Low	438.30/340.00
M.Cap (Rs. in Cr.)	5547.48
EPS (Rs.)	13.29
P/E Ratio (times)	28.29
P/B Ratio (times)	11.54
Dividend Yield (%)	3.06
Stock Exchange	BSE

STOCK DATA

BSE Code	533229
NSE Symbol	BAJAJCORP
Reuters	BACO.BO
Bloomberg	BJCOR IN

SHAREHOLDING PATTERN

(As on 30 Sep 2016)	% Of Holding
Foreign	23.68
Institutions	4.50
Non corporate corp. holding	0.90
Promoters	66.86
Public & Others	4.06

Note: Follow Strict Stop Loss.

With good cash on hand and zero Debt, the company is gaining in its light hair oil category which is premium hair oil, that infact is a great booster for it. Also the Nomarks acquisition that the company did, it was singularly called a single product company and now the market share expansion going on for its skin care segment which will further improve overall growth of the company.

Business Profile

Bajaj Corp Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the business of hair oils and other cosmetics products. The Company has presence in both domestic and international markets.

Investment Rationale

- The company has increased its branding and marketing and advertisement expenditure. It is spending more than nearly 4 times that of its nearest competitor. As and when the demand will be seen, the company will get the first advantage compared to other players.
- New advertising strategy will be visible soon on Nomark products in India. Clinical trials on nomark products have been successfully completed and the company plans to launch the products on ayurvedic platform.
- International markets account for around 5% of total sales of the company. Nomark will play a sizable role in international markets. The company plans to enter into new markets like Russia, Indonesia very soon. Going forward Nomark should account for around 75% of total exports in FY'18.
- The company did launch the Amla brand in the quarter to counter the down trading that is going on currently in the market. The company emphasised that due to the spending issues, if the consumers want to do down trading, then let it happen in Bajaj brand only, by launching the amla and cononut variants. Markets such as in UP, Bihar and West Bengal, the company saw loss of market share largely due to consumers down trading and going to cheaper alternatives.
- Going forward, the company has plans to launch new products both for Bajaj Light hair oil category and for Nomarks products. 6 new products are ready to be launched any time for oil segment and the company is waiting for the overall market to improve.



We recommend a buy in the stock of BAJAJ CORP LTD 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. 340.00 and 52 week high of Rs 438.30. Buy around at 375 with a closing below stop loss of Rs.354 levels for the target of Rs.427.



Moneywise. Be wise.

E-mail: researchfeedback@smcindiaonline.com



Moneywise. Be wise.

Corporate Office:

11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:

Dheeraj Sagar, 1st Floor,
Opp. Goregaon sports club, link road
Malad (West), Mumbai - 400064
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:

18, Rabindra Sarani,
"Poddar Court", Gate No. 4,
4th Floor, Kolkata - 700001
Tel: 91-33-39847000, Fax: 91-33-39847004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions.

All disputes shall be subject to the exclusive jurisdiction of Delhi High court.