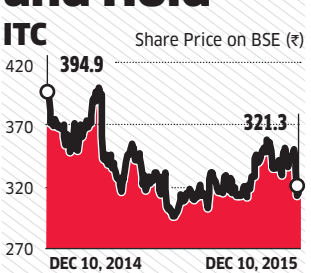


What to Buy, Sell and Hold



Elara Securities has retained its sell rating on **ITC** but cut the stock's target price to ₹281 from ₹284. The brokerage expects the stock to underperform FMCG peers over the next four years of the current government due to sustained risk of harsher tax and non-tax measures coupled with a decline in cigarette volume and subdued profit growth. The stock rose 1.2% to ₹321.2 on Thursday.

Edelweiss Securities has maintained a buy rating on **Havells India** citing the company's move to exit Sylvania which will help enhance its focus on domestic operations. The brokerage believes the company will be one of the major beneficiaries post the slowdown in the domestic business eases as it continues to invest in its brands and distribution network.

JM Financial has maintained buy rating on **Persistent Systems** with a target price of ₹800. The stock fell 0.12% to ₹722 on Thursday. According to the brokerage, the near-term visibility remains low but independent software vendor's (ISV) product pipeline is robust which bodes well for the medium-term offshore product development (OPD) outlook.

Axis Capital has initiated coverage on **Kesoram Industries** with a buy rating citing balance sheet recapitalisation and strong turnaround in profitability of tyre business. Also, the cement business will remain a pillar stone for steady cash flows, said analysts. The brokerage has set the stock's target price at ₹153. The stock rose 4.99% to ₹98.85 on Thursday.

Smallcap Mantra

Minda Corporation	CMP (₹)	90.35
	1-M Return (%)	12.71
	52-week H/L	99.80/68.5
	FY17E PE / SY AVG	14.3 / 11.94

Minda is well-placed to deliver 20% revenue CAGR over the next five years led by market share gains across segments and expansion of product offerings with existing customers. We expect consolidated net profit of the company to grow at 25% CAGR over FY16-20 led by 20% growth in revenues. Due to limited capex requirements and strong operating cash flow, we expect free cash flow generation of ₹1,800 crore over FY15-18. With this, net debt to equity will likely decline to 0.5X in FY18 from 1X in FY15. The company's return ratios are likely to improve over the next three years. We initiate coverage on Minda with a buy rating and target price of ₹110 based on 15X September 2017 estimated EPS. — **Kotak Securities**

It Does Pay to Cut the Middleman Out

Three years since their launch, direct plans of equity mutual funds (MF) have delivered the promised returns. Data shows that since January 1, 2013, these plans have delivered an average 0.9% extra cumulative annual growth rate (CAGR) to investors over that offered by traditional plans of the corresponding equity schemes for the same period. A handful of direct plans have delivered an excess 1.5% CAGR owing to the saving on distributor's fees. With direct plans, the investor buys units in a MF directly from the fund house, instead of going through a distributor.

In value terms, this return differential has added a good sum to the corpus of investors. For instance, ₹1 lakh investment in the regular plan of Religare Invesco Midcap Fund on January 1, 2013 has grown to ₹1,92,861. However, the same investment in the corresponding direct plan would have

grown to ₹2,00,680. (See table)

Over a year, direct plans charge 50-70 bps (1 basis point is 0.01%) lower expense ratio, owing to the saving on distributor's commission. These savings will get compounded over many years. However, experts warn investors against focusing only on the difference in expense ratio while investing in a direct plan.

—**Sanket Dhanorkar**



ET IMAGING - ARINDAM

DIRECT PLANS HAVE PROVED TO BE A REWARDING OPTION

Scheme Name	CAGR Since 1 Jan 2013 (%)		Value of ₹1,00,000 Invested		
	Standard Plan	Direct Plan	Standard Plan	Direct Plan	Difference
Religare Invesco Mid Cap Fund	25.11	26.82	192,861	2,00,680	7,819
Axis LT Equity Fund	26.61	28.16	199,712	2,06,937	7,225
BOI AXA Tax Advantage Fund	16.66	18.17	157,100	1,63,131	6,031
JPMorgan India Mid and Small Cap Fund	28.63	30.08	209,191	2,16,193	7,002
Mirae Asset India-China Consumption	18.26	19.67	163,501	1,69,300	5,799

Source: Ace MF; Data as on Dec 7; Compiled by ETIG Database

HEALTH REPORT Narayana Hrudayalaya's in growth phase, and profitability's likely to remain low due to investments

Betting on Healthcare? Here's an Affordable Play

IPO WATCH

Kiran.Somvanshi@timesgroup.com

ET Intelligence Group: There are stocks in which investment decision may be driven by the reputation of the company's promoter. Bengaluru-based **Narayana Hrudayalaya (NHL)**, which provides affordable healthcare, could well turn out to be one such entity. This, however, doesn't mean that there is little to look forward to in the company's financials.

Founded by cardiac surgeon **Devi Shetty**, NHL operates 5,442 beds across 31 hospitals and 24 primary care centres in 31 cities. Providing low-cost healthcare is the company's core business objective — employing strategies like intensive use of infrastructure, pruning cost through technology, centralised operations, transparency of billing and having an experienced team. Its capital cost per bed is ₹25.5 lakh, which is lower than the industry average. The business growth is expected to come from increasing beds and higher patients turnover.

The company has set a track record of growing profitably. For four years ended FY15, the consolidated revenues have grown at a compound annual growth rate of 30% to ₹1,363

On Offer

Narayana Hrudayalaya
Issue Size: ₹600 to 612 crore
Price Band: ₹245 - 250 per share
Issue Date: Dec 17 - 21, 2015

For four years ended FY15, co's consolidated revenues have grown at a compound annual growth rate of 30% to ₹1,363 cr



FOCUS ON GROWTH

When compared to Apollo Hospitals, NHL seems to have chosen volumes over profitability and growth over stability. Valuing the company based on its earnings would therefore not provide a correct picture. The current issue (12% of the post-offer capital) values the company at ₹5,000 crore — three times its estimated revenues for FY16. This is lower than the valuation commanded by Apollo Hospitals which is valued at 3.6 times of its annualised FY16 revenues.

reduced from 5.3 to 4.4 days. When compared to a large private sector peer Apollo Hospitals, NHL seems to have chosen volumes over profitability and growth over stability. With the company being in a growth phase, its profitability will remain low due to recent and other planned investments in facilities. Valuing the company based on its earnings would therefore not provide a correct picture. The current issue (12% of the post-offer capital) values the company at ₹5,000 crore — three times its estimated revenues for FY16. This is lower than the valuation commanded by Apollo Hospitals which is valued at 3.6 times of its annualised FY16 revenues.

Havells Sells Sylvania to Keep Home Fire Burning

Deal with Shanghai Feilo to give company a warchest for big-ticket domestic play, shares rise 8%

Charged Up

Havells has decided to sell 80% stake in Havells Sylvania to Shanghai Feilo Acoustics Co

The equity value of the deal is ₹1,340 crore
The cash generation will be ₹1,072 crore for 80% stake
Balance 20% will be sold in 3-5 years

Our Bureau

New Delhi: Havells India, a maker of lighting and electrical products, has agreed to sell an 80% stake in European lighting systems and fixtures company Sylvania to Shanghai Feilo Acoustics Co. as it seeks to consolidate its position in the Indian market.

"The cash realisation from the deal would help the zero-debt company with surplus cash of ₹500 crore to create a war chest of about ₹1,600 crore," a top official of Havells India said. The official added that the divestment of stake in the company, known as Havells Sylvania, will make Havells India a formidable contender for a billion dollar acquisition. Havells has already started exploring opportunities to widen and smoothen its portfolio, he said. Earlier this year, the company successfully bid for the consumer business of **Crompton Greaves**. ET had reported on Havells' plan to

divest its stake in Sylvania on Wednesday.

The equity value of the deal is 186 million euros (₹1,340 crore), according to a statement from the company. Havells will receive ₹1,072 crore on completion of the transaction by February 2016. Havells acquired Sylvania in 2007 and has invested 140 million euros (₹980 crore, including interest) over the past seven years. It will sell the remaining 20% stake in the next three to five years. Havells India shares jumped 8.05% to ₹305.35 at the close on the BSE.

Feilo, a Chinese lighting company, is a partner of Havells China venture. Its principal shareholder is Inesa, a Shanghai government-owned enterprise. Under the deal, Sylvania's entire

debt of about 30 million euros and pension liability will be transferred to Feilo. The 443-million euro Havells Sylvania is among the top four lighting brands in Europe and Latin America. Concord, Lumiance and Sylvania are some of its brands. "Havells Group has successfully contributed to develop Sylvania into an entrepreneurial organisation with a global objective and local execution empowerment," Anil Rai Gupta, CMD of Havells India said in the statement. Feilo is keen to preserve the entrepreneurial fabric of the Sylvania family and Havells is convinced that the alliance with Feilo has the requisite attributes to gain immensely from emerging trends in the disruptive lighting industry, Gupta said.

"Feilo would contribute to Sylvania through a wide portfolio of competitive LED products," said Zhuang Shenan, president of Shanghai Feilo Acoustics.

On A High

Stocks	CMP (₹)	1-Day Chg %
Fortis Malar	69.2	19.93
KMC Speciality	6.55	8.99
Fortis Health	174.6	7.38
Indraprastha Medical	72.1	6.90
Kovai Medical	885.0	4.42
Apollo Hospitals	1,393.5	2.65

Source: ETIG Database

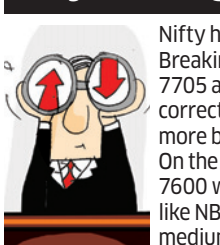
Neha.Tyagi@timesgroup.com

Mumbai: Hospital stocks such as Fortis Healthcare, Apollo Hospitals and KMC Speciality rallied between 3% and 20% on hope that the hospital sector could get re-rated based on the response to the just-announced IPO by Bengaluru-based **Narayana Hrudayalaya**, which will hit the primary markets on December 17.

On Thursday, Fortis Healthcare rose 7.38% to close at ₹174.60, Apollo Hospitals Enterprise gained 2.65% at ₹1,393.50, Indraprastha Medical up 6.90% at ₹72.05 and Kovai Medical rose 4.42% to close at ₹885.00 on BSE.

Narayana Hrudayalaya operates a chain of multispecialty, tertiary and primary healthcare facilities. Compared on a EV/EBITDA basis for 2017, Fortis Health trades at 15x, Apollo Hospitals at 17x while **Narayana Health** trades at 12x.

Day Trading Guide Kotak Securities



Nifty has formed tight range activity on Thursday. Breaking buying is not ruled out above the level of 7705 as per spot basis. It has completed time based correction on Wednesday that should add some more bullishness if price breaks the level of 7705. On the higher side we can expect 7850. Break of 7600 would be grossly negative for the market. We like NBFCs and Auto sector specific stocks with a medium-term view.

Tech Picks

SHRIKANT CHOUHAN
 Senior VP- Technical Research

LICHS FINAN

The stock is diverging positively on Intraday charts, this is a change in prevailing trend.

BUY
TARGET ₹495

LAST CLOSE ▶ ₹464 STOP LOSS ▶ ₹448

REL INFRA

It is into rising consolidation mode and on Thursday it reversed from the support range.

BUY
TARGET ₹460

LAST CLOSE ▶ ₹435 STOP LOSS ▶ ₹427

M&M

It is the biggest beneficiary of the GST and ruled-out at recent retracement support.

BUY
TARGET ₹1,370

LAST CLOSE ▶ ₹1,291 STOP LOSS ▶ ₹1,270

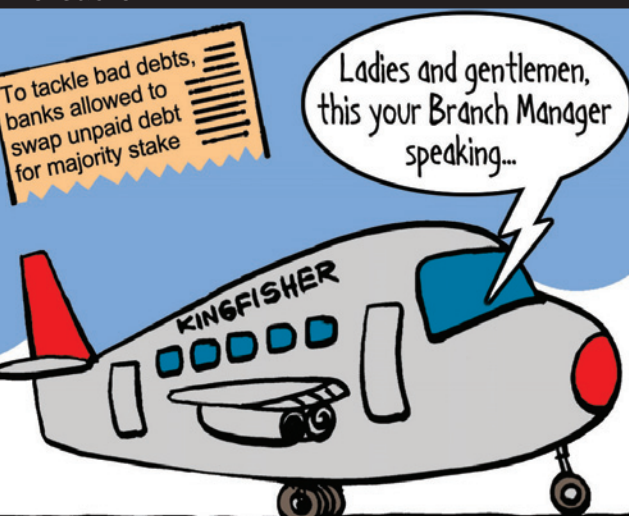
MARUTI

After hitting rising support line again the stock is preparing to hit the level of 4700/4750.

BUY
TARGET ₹4,625

LAST CLOSE ▶ ₹4,496 STOP LOSS ▶ ₹4,470

LONG & SHORT



F&O Strategy SAHAJ AGRAWAL

FUTURES Dr Reddy's futures

BUY BETWEEN ₹3000-3030
CMP ₹3,030 | TARGET ₹3,100 | STOP LOSS ₹2,980

NOTE: Dr Reddy has witnessed a significant correction in the recent times. A minimum retracement from current levels is also expected to give significant gains.

OPTIONS Buy Nifty 7500 put options We expect selling pressure to continue in the month of December. Previous bottom of the index can be challenged and broken to test further lower levels. We suggest buy and hold 7500 put options around 50-60 with SL of 15 and target of 100,150

Fx Technical ANINDYA BANERJEE

EUR/USD Status: DOWNSIDE RISK GOING INTO US FOMPCIVOT POINT STANDS AT 1.0900.

SWING TRADE: SCALE INTO SHORTS BETWEEN 1.10/1.1050, SL 1.1220, TP 1.08/1.07

NOTE: Intermediate trend remains downward as long as pair sustains below 1.12.

RESISTANCE	1.1050	1.1140	1.1200
SUPPORT	1.0950	1.0860	1.0800

Commodity Calls AUROBINDA PRASAD GAYAN

COMMODITY	EXCHANGE	EXCHANGE
SILVER	MCX	Sell around 34800/34850 sl 35300 trg 34100/33800.
NICKEL	MCX	Sell around 589/590 sl 610.60 trg 567/562.
CPO	MCX	Sell around 408/409 sl 413.10 trg 400/397
TURMERIC	NCDEX	Sell around 10300/10350 sl 10618 trg 9800/9700.

Market Intelligence

Powered By: ETIG Database

www.etintelligence.com

ADVANCE & DECLINE

BSE	(Number of Trades)	NSE	
'A'	'B'	'B'	'Others'
Advances	214	1045	592 1851 1081
Declines	81	344	417 842 371
Unchanged	3	40	128 171 51
Total	298	1429	1137 2864 1503

HIGHS & LOWS

BSE	(Number of Scripts)	NSE	
'A'	'B'	'B'	'Others'
52WK High	1	11	4 48 14
52WK Low	20	20	7 77 36
All High	-	4	- 17 9
All Low	2	2	3 18 5

TURNOVER

Date	Turn	Shares	Trades	Date	Turn	Shares	Trades
10/12	2604	2912	15.79	14/9	14934	8696	71.77
9/12	2763	5267	15.45	13/67	13657	9000	66.59
7/12	2663	3652	14.98	13/90	8668	62.94	
4/12	2990	4717	16.59	16/883	11194	72.86	

FI ACTIVITY (₹ Cr.)

Date	Buy	Sell	Net	Date	Buy	Sell	Net
9/12	3106	3558	-452	6/28	397	231	166
8/12	3118	3560	-442	3/45	304	41	263
7/12	3700	3742	-42	6/36	578	58	520
4/12	3526	5329	-1804	2/35	1796	-1561	
3/12	3159	3734	-575	1/79	1326	-247	
Tot Dec	26201	29386	-3185	4086	5144	-1057	
Total	1111078	1091494	19981	125029	201721	50867	

F&O Corner-NSE

Company	Spot Price	Future Price	% Diff	% OI	Company	Spot Price	Future Price	% Diff	% OI
United Brew.	890.70	897.85	0.80	1.35	Bata (I)	473.30	446.15	-5.74	8.50
Jan Irrig.	63.35	63.85	0.79	1.52	Power Financ.	198.60	194.10	-2.27	-2.13
ICI	25.65	25.85	0.78	1.18	JUST Dial	984.95	865.65	-12.18	-0.81
Oil India	366.85	369.70	0.78	0.56	NMDC	98.50	97.10	-1.58	1.33
S.Bank	21.25	19.40	-0.78	0.09	Voltas	293.50	286.85	-2.35	7.02
Engineers (I)	19.35	21.95	0.75	0.04	Indian Ov/Bk	30.75	30.35	-1.30	0.55
United	6.65	6.70	0.75	0.35	Page Inds.	12700.75	12602.95	-0.77	0.46
Jindal Steel	87.35	88.00	0.74	0.00	Ida Celloir	134.55	133.60	-0.71	0.14

Five Consecutive Days Up

Company (BSE)	Days Close	Prev Close	5 Days Ago	5 Days Ago
Abbott (I)	5354.80	5355.50	5184.39	3.29
Lords Chokro	35.90	34.90	31.75	13.07
Morgan Cruci	599.25	596.50	579.75	3.36
Jagati Ind	54.60	54.55	51.00	7.06
Ansul Propser	24.65	23.80	21.45	14.92
Skyline Mill	3.83	3.67	3.20	19.69
Amforge Inds	3.23	3.11	2.81	14.95
Blue Blend (I)	28.80	27.45	23.80	21.01
Cuber Tubing	12.58	11.99	10.37	21.31
Solid Carbon	6.48	6.10	5.43	17.50
Haryana Text	3.69	3.55	3.08	19.81
VJIL Consult	14.46	13.94	12.05	20.50
Cirdhar Sug	12.26	11.68	10.10	21.39
Veerhealth	2.84	2.73	2.02	40.59
Alfaurdero	21.05	20.05	17.64	19.33

Lowest Delivery at NSE

Company	Traded Volume	Delivery Volume	% Del to Trd Vol	Days Close</
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