



happy deepavali

SAMVAT 2072 REPORT

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MEDIUM TERM DOWNTREND WITHIN LONG TERM UPTREND

· As shown in the monthly chart below, from the bottom of 5119 in August 2013, Nifty saw a steep run-up and touched a high of 9119 in March 2015. However, as is clearly visible from the chart, while the benchmark saw highest ever monthly close in February, the RSI made a lower top (which is called "Negative Divergence" in technical analysis) which implies that the incremental upmove is having less strength and a correction might follow.

· That is what happened in subsequent months as the benchmark plunged to 7540 in September 2015 and is currently trading around 7950.



· Now as shown in the weekly chart, Nifty broke the higher-top higher-bottom formation when immediate previous bottom of 8470 was breached in March 2015. Upon happening that, logical downside targets were the 38.2%, 50% and 61.8% retracement levels of the entire 5119-9119 upmove. These levels are placed at 7590, 7120 and 6650 respectively.

· Nifty touched a low of 7540 in September 2015, achieving the first major downside target.

· However, the longer term trend is still intact and will remain so until the key support level on the monthly chart, viz. the lower band of bollinger, placed around 7100, is breached. Until that happens, every dip should be considered a buying opportunity for the long term investors.

· The medium term downtrend will get over once the downward sloping trendline, adjoining major tops on weekly chart, placed around 8500, is taken out decisively.

· Once that happens, 9119, the top made in March 2015, would be the immediate target to eye above which next major target to eye would be 10460. (Readers would recall that 10460 is the target we had set for Nifty in our 2013 SAMVAT report, which can be read at <http://www.prudentbroking.com/diwalisamvant2070.pdf>.)

CMP	Rs. 283.30
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Target Price	Rs. 370
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NSE Code	TVSMOTOR
BSE Code	532343
BSE Group	A

Industry	Automobile – 2&3 Wheelers
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52 Week H/L	322 / 201
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Market Cap (Rs. Cr)	13,442
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Book Value (Rs.)	25.92
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Dividend (FY15)	Rs. 1.90
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KEY RATIOS

P/E	40.9
Price/Book	10.9
MC/Sales	1.3
Debt / Equity	0.9
ROCE (%)	24.8
ROE (%)	28.5

Shareholding Pattern (%)

Promoters	57.40
FII	12.98
DII	16.09
Others	13.53

TVS MOTOR COMPANY

Background & Business

TVS Motor Company, member of the TVS group, is the largest company of the group in terms of size and turnover. TVS Motor is the third largest two-wheeler manufacturer in India and one among the top ten in the world, with annual turnover of around \$1.6 billion in 2014-2015. It is the flagship company of the \$7.29 billion (2013-14) TVS Group. TVS Group spans across industries like Automobile, Aviation, Education, Electronics, Energy, Finance, Housing, Insurance, Investment, Logistics, Service and textiles. The group has over 90 Companies under the umbrella.

The company has four manufacturing plants, three located in India (Hosur, Tamil Nadu and Mysore, Karnataka and Nalagarh, Himachal Pradesh) and one in Indonesia (Karawang). The company has a production capacity of 3 million 2 wheelers & 1.2 Lakh 3 wheelers a year.

Investment Rationale

- The company's strength lies in development and design of new products to cater to the changing needs of its customers.

The company has many firsts to its credit including the fact of launching of seven new vehicles on the same day – a rate feat in Automobile history.

- The company targets 15% market share in domestic 2 wheeler business by FY16 end and 27% market share in 3 wheeler exports.

- The market share in both the scooters and motorcycles are on rising trend after the successful launch of Jupiter and Star City Plus, driving customers back to TVS brand, with TVS now the 2nd largest in scooters and 3rd largest in domestic two wheelers. The recent launches are expected to help market share gains to continue in Southern market (key market for TVS Motor).

- The company is on track to launches of new product – Victor and New Apache in 4QFY16. The strong growth in Jupiter led to the postponement of new launches.

- TVSL has tie-up with BMW for contract manufacturing of BMW Motorrad. TVSL would invest € 20M over CY13-15, with the first product expected to be launched by FY17. This would give an additional revenue stream to the company and an aspirational value to TVS products, particularly premium ones.

·TVS Motors 2QFY16 reported a healthy EBITDA margin of 7.4%, marking the all-time higher quarterly EBITDA for TVS.

·The company is well positioned scooter portfolio, robust product pipeline coupled with possibility gains on new launch and further gains from TVS-BMW alliance, we continue to remain positive on the stock. On the back of down trending interest cycle ad softening commodity prices further to boost the company's growth prospect, we recommend accumulating the stock in the range of 285-255 for a target of about Rs. 370 in next 6-8 months.

Financial Performance (Rs. in crores)

Particulars	Standalone HYFY16	Standalone HYFY15	Consolidated FY15	Consolidated FY14
Revenue	5,422.96	4,869.86	10,311.68	8,383.59
PBDIT(Excl Other Income)	375.62	296.97	602.93	491.53
PAT	206.68	167.13	320.22	186.88
EPS (Annualized)	8.70	7.04	6.91	3.92
PBIDTM (%)	6.84	5.99	5.66	5.68
PATM (%)	3.77	3.37	2.89	2.05

CMP	Rs. 278
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Target Price	Rs. 360
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NSE Code	HMVL
BSE Code	533217
BSE Group	B

Industry	Media & Entertainment
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52 Week H/L	290/171
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Market Cap (Rs. Cr)	2,050
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Book Value (Rs.)	112.46
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Dividend (FY15)	Rs. 1.2
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KEY RATIOS

P/E	12.6
Price/Book	2.5
MC/Sales	2.4
Debt / Equity	0.13
ROCE (%)	27.1
ROE (%)	20.9

Shareholding Pattern (%)

Promoters	74.91
FII	13.08
DII	5.42
Others	6.59

HINDUSTAN MEDIA VENTURES

Background & Business

Hindustan Media Ventures Limited (HMVL) incorporated on July 9, 1918 under the erstwhile Indian Companies Act, 1956 as a public limited company under the name --The Behar Journals and received the Certificate of Commencement of business on January 14, 1919. On November 17, 1987 the company's name was changed to Searchlight Publishing House Limited in order to capitalize on the name earned by its publication 'Searchlight- which had become synonymous with the company's activities for over 67 years. Subsequently, the name of the company was changed to its present name - Hindustan Media Ventures Limited to reflect the expanded business activities intended to be undertaken by the company on November 11, 2008.

Hindustan Media Ventures Limited (HMVL) is the publisher of India's leading newspaper 'Hindustan', a popular children's magazine 'Nandan' and a leading literary magazine 'Kadambini'. While these are the core traditional brands of the Company, it also owns various periodical supplements of Hindustan, as well as websites like livehindustan.com and online versions of Nandan and Kadambini.

Hindustan has become one of the most widely read newspapers, not only in Hindi but in any language in India and emerged as India's No. 2 newspaper as per the latest Indian Readership Survey (IRS). Hindustan has a widespread presence across the core Hindi belt, covering the key states of Uttar Pradesh, Uttarakhand, Delhi/NCR, Bihar and Jharkhand.

Investment Rationale

· In a highly competitive business environment, coupled with the threat of increasing digitalization, most newspaper publications are facing the threat of declining readership. HMVL's flagship brand, Hindustan, stands out as an exception by being the only Hindi daily adding more readers round on round. In fact, the readership for Hindustan has grown steadily in the last several IRS rounds and it continues to remain the fastest growing newspaper in the country, a testimony to its contribution in the growth of India's Hindi newspaper category.

· As per FICCI-KPMG report in CY 2013, the English newspapers are likely to lose some of their traditional advantages, the regional print industry, Hindi print included, is expected to gradually increase its share of business. The share of business for Hindi newspapers is expected to increase to 35 percent by CY 2018 from 32 percent in CY 2013. marking the all-time higher quarterly EBITDA for TVS.

· The company is well positioned scooter portfolio, robust product pipeline coupled with possibility gains on new launch and further gains from TVS-BMW alliance, we continue to remain positive on the stock. On the back of down trending interest cycle ad softening commodity prices further to boost the company's growth prospect, we recommend accumulating the stock in the range of 285-255 for a target of about Rs. 370 in next 6-8 months.

· The company continued to post robust growth on the top line and bottom line over the years and for the HYFY16 reported an impressive growth of PBIDT margin of 24%.

· Looking into the sound fundamentals and strong RoCE and ROE ratio of about 27% and 21% respectively, Debt Equity ratio of 0.13 and P/E ratio of 12.6, the stock looks good for investment purpose. We recommend accumulating the stock in the range of 280-250 for a target of about Rs. 360 in next 8-10 months.

Financial Performance (Rs. in crores)

Particulars	HYFY16	HYFY15	FY15	FY14
Revenue	450.64	409.62	818.59	729.72
PBDIT(Excl Other Income)	106.56	82.01	166.49	151.23
PAT	86.74	65.34	140.86	111.21
EPS (Annualized)	23.64	17.81	19.19	15.15
PBIDTM (%)	23.65	20.02	27.23	24.91
PATM (%)	19.25	15.95	17.21	15.24

CMP	Rs. 372
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Target Price	Rs. 500
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NSE Code	SSWL
BSE Code	513262
BSE Group	B

Industry	Auto Ancillary
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52 Week H/L	396/254
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Market Cap (Rs. Cr)	568.25
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Book Value (Rs.)	242.68
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Dividend (FY15)	Rs. 2
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KEY RATIOS

P/E	11.6
Price/Book	1.5
MC/Sales	0.50
Debt / Equity	1.8
ROCE (%)	9.3
ROE (%)	12.0

Shareholding Pattern (%)

Promoters	58.38
FII	0.27
DII	0.39
Others	40.96

STEEL STRIPS WHEELS LIMITED

Background & Business

Steel Strips Wheels (SSWL), established in 1985 is a part of the Steel Strips Group, headquartered in Chandigarh. The company is engaged in the manufacturing of steel wheel rims for scooters, passenger cars, utility vehicles and tractors. The company is among the leading suppliers to Indian and Global Automobile manufacturers.

The company has 3 production facilities in Dappar (Punjab), Oragadam (Chennai) and Jamshedpur (Jharkhand). The company's total capacity amounts to 9 million wheels in Dappar, 6 million wheels in Oragadam and 2 million truck wheels in Jamshedpur amounting to a total capacity of 17 million wheels.

Investment Rationale

- The company has tied up with a company called Kalink, a South Korean company specialized in manufacturing alloy wheel rims, to set up a most modern alloy wheel manufacturing facility at Mahesana, Gujarat with an initial capacity of 1.5 mn alloy wheel rims.

- The company has recently bag exports orders of about USD 500k for supplying trailer / truck steels wheels from Koran and also an order from EU – Caravan Steel wheel for about USD 100 k for supplying wheels.

- The company has also recently announced a capacity expansion to cater to the growing demand and also the recent softening in the commodity prices being 65-60% is their cost of raw material will help the company to report decent margin going forward.

- SIAM expects a better year on the back of economic revival in the country and reduced cost of ownership of vehicle on account of drop in fuel price and interest rates is expected to give a push to the automobile growth in the coming years.

- The company has reported the best quarter in its history on the volumes as well as the profitability front due to the extremely favourable product mix. Also, recently the company reported a sales growth of 18% and volume growth of 10% in the month of October 2015.

On the back of softening input cost, strong second quarter growth of 28% in a sluggish market reported by the company and expected economic revival for automobile sector in the second half of FY16, we believe the stock is well poised to maximize on the same. The stock is currently trading at the P/E ratio of 11.6 and P/BV of 1.5, we recommend to buy the stock in the range of 380-340 for a target of Rs. 500 in the next 6-8 months.

Financial Performance (Rs. in crores)

Particulars	HYFY16	HYFY15	FY15	FY14
Revenue	591.82	592.12	1,152.82	1,063.83
PBDIT(Excl Other Income)	66.69	51.05	107.59	99.46
PAT	27.19	17.95	39.40	24.33
EPS (Annualized)	35.63	23.61	25.82	16.00
PBIDTM (%)	10.08	7.78	10.02	10.13
PATM (%)	4.11	2.73	3.08	2.08



HAPPY DIWALI AND A PROSPEROUS NEW YEAR TO ALL OF YOU

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