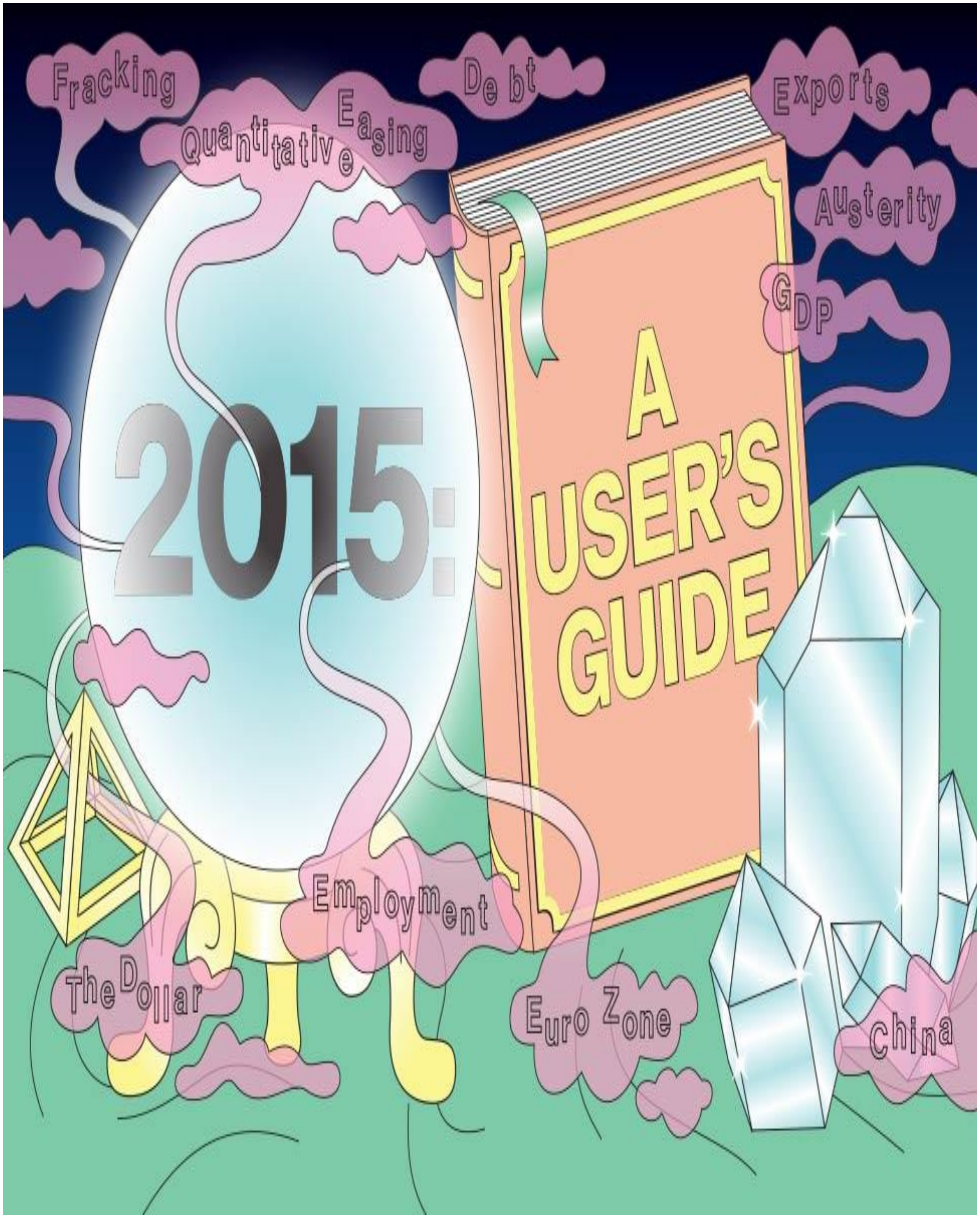
YEAR 2015 FORECAST



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Indian equity market can be buoyant in 2015:

OK, everybody, let's get excited about 2015. Almost the raise of 35% over in the year 2014, in the S&P, BSE Sensex; the year has been undoubtedly one of the good year for the Indian equity markets and in 2015 it is expected the growth spurt in coming year with more stability.

The year that was:

There is only one real story for 2014. FROTH! Unprecedented levels in terms of time. Since February we have been on a sell-signal with regard to the bull-bear spread. Low rates and liquidity from the Fed here and abroad have allowed that signal to be ignored for the most part other that two quick pullback's of 5.1% and 9.9%. They were painful but healed up quite rapidly. There were decent gains for the year across the board with the Nasdaq 100 leading early, the S&P 500 and Dow catching up as the year moved on, but the small- and mid-cap stocks were the big gainers late in the year. Froth prevailing in those areas, even with the high levels of bulls to bears. Froth is greatest in those small-cap risky companies, but that didn't stop the bulls from running there late in the year.

The stock market's remarkable Bull Run continued in earnest in 2014, with the **S&P 500 Index** posting its sixth consecutive year of gains. In 2014 the mid-and small-cap indices have been even better performers with the S&P BSE Mid-cap index gaining almost more than 50% and the S&P BSE Small-cap index rising as high as around 70%.

Investors are hoping 2015 can bring similar tidings … but like always, while even matching the market is an accomplishment in and of itself, everyone will be looking for ways to beat it.

Factors which remains conservative and boost the year ahead:

There are various factors, domestic and international which are extremely important and will determine the market trends for the coming year like Global market movements; strengthening of US dollar (USD) as well as Reserve Bank of India's (RBI's) action on interest rates and visible improvement in corporate earnings at the domestic level. Also overall positive shift in terms of Global markets will surely benefit the Indian equities market too.

The primary market segment more specifically the IPO (Initial Public Offering) is expected to have good movement in the year 2015 following the good secondary market growth as well positive investor's sentiments.

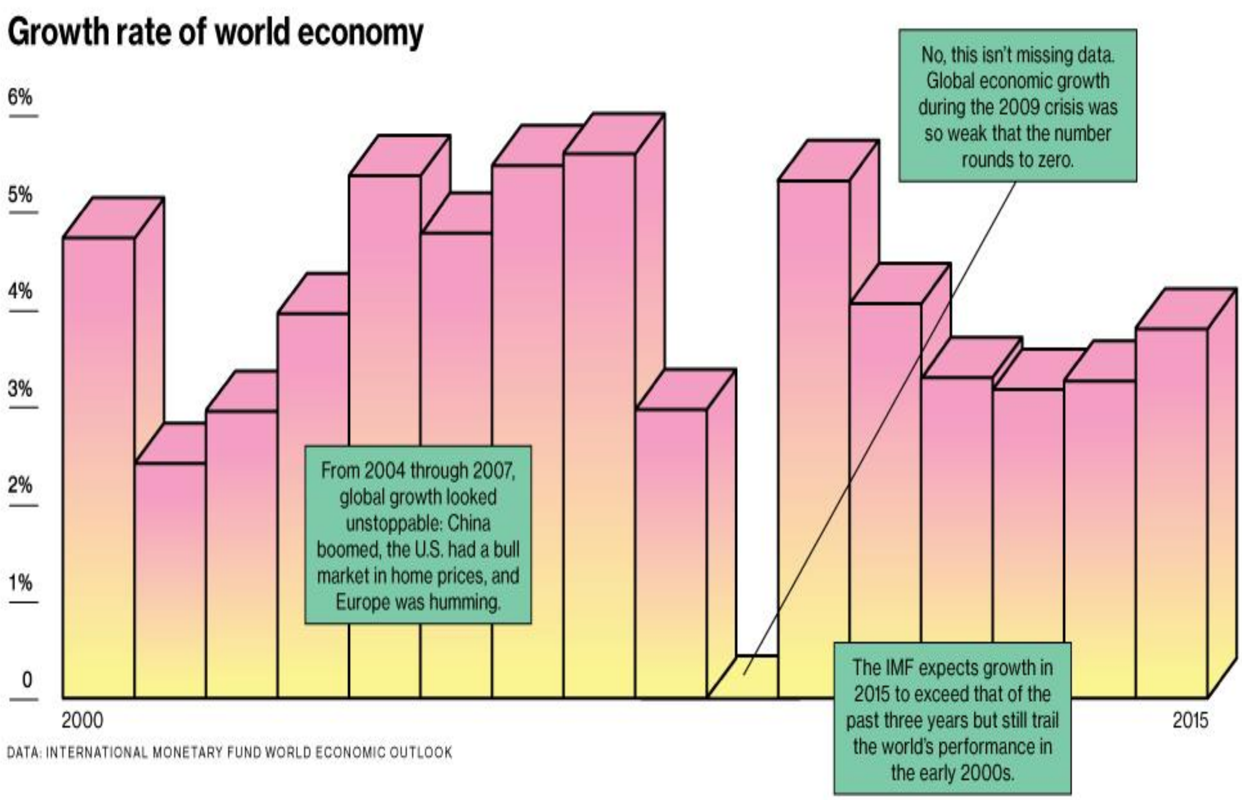
In addition to stricter regulatory regime, the new regulations like SEBI (Foreign Portfolio Investors) Regulations 2014 (FPIs), SEBI (Real Estate Investment Trusts) Regulations 2014 (REITs), and SEBI (Infrastructure Investment Trusts) Regulations 2014 (InvIT) are few more welcome steps. Though FPIs regulations were introduced in January 2014 itself and have resulted positive movement in the market, more benefit may be expected in the year 2015.

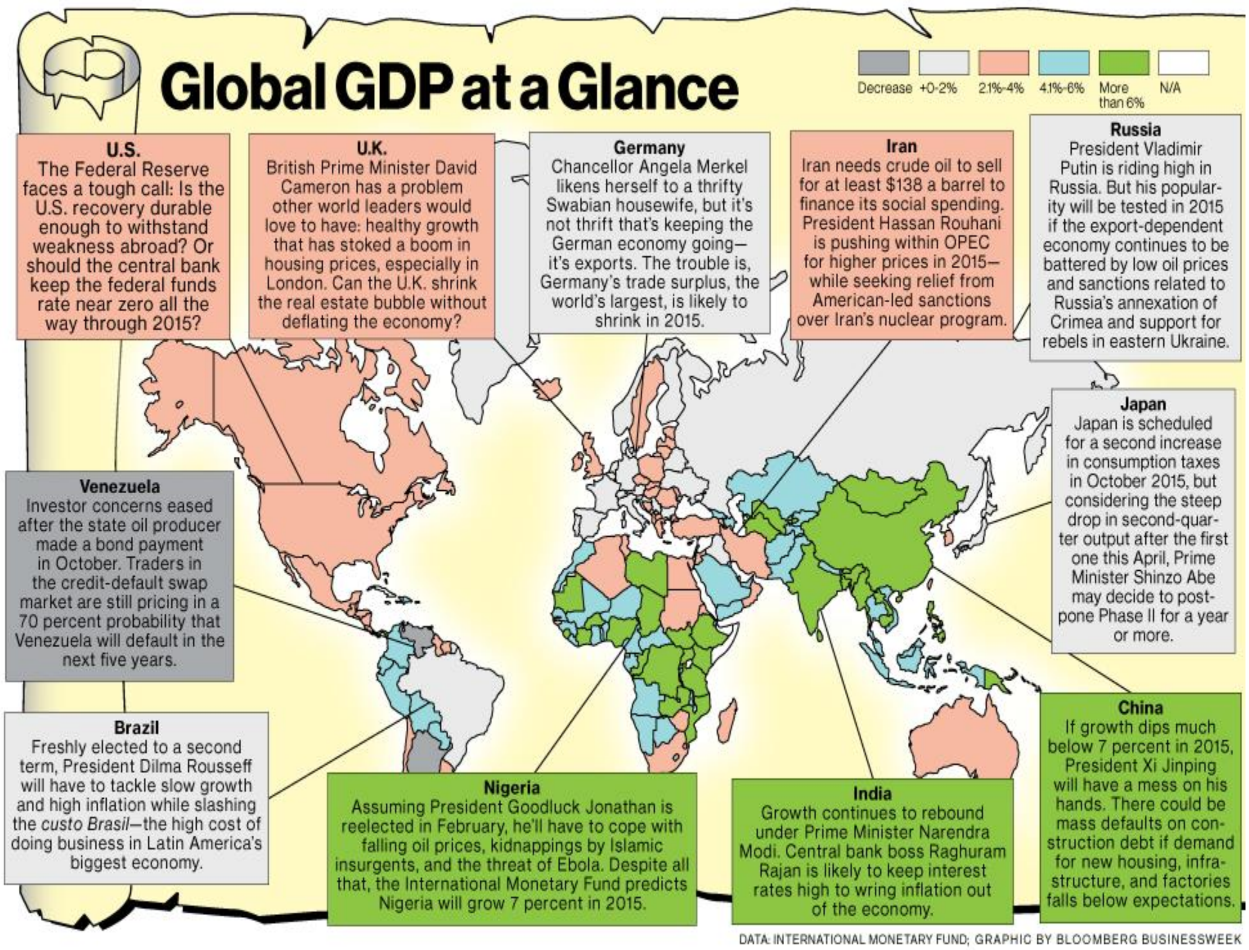
On the whole, lots can be expected in the New Year from the Capital market not only in terms of index movements and trading but also in terms of primary fund raising as well as new fund raising vehicles like AIFs; REITs and InvITs. With stable polices positive sentiments and overall growth in the economy Capital Markets are also expected to continue with their growth spurge.

The stable Government and investor friendly reforms and strong positive sentiments can be attributed to the steep increase in the foreign investments in the Capital Market.

The role of market regulator is also very important for the growth of a nation's capital market. SEBI, lately as a proactive regulator, has cracked down heavily on errants without any fear. Lots of actions have been taken against large entities mobilizing illegal money as well as and further serious investigations as well as stringent actions are being taken cracking down entities involving into market manipulations as well as black money mobilization into the capital markets. The quantum of penalties too have been increased many folds.

The stricter regulated regime ensures investor confidence and will improve in building the domestic capital market wherein the retail investor had almost vanished in the past few years. Though a very balanced approach is needed from the regulator so as not to shun away the corporates and market intermediaries with unwarranted controls and stringent provisions.





Year expectation can be full-filled:

The aforesaid arguments leads us to conclude that 2015 will be a year of tough battle between bulls n bears therefore it will be quite volatile. According to us making handsome returns in 2015 will be much tougher than they were in 2014. We have moved 32% in just 1 calendar year is surely a daunting task. Predicting markets behavior for 2015 is fraught with even higher risk as the entire rally in the past has been on the basis of hope/expectations.

What is the classic warning sign that a bear is about to take over? Distribution of stocks on high volume off tops. You then spend months, up to six months, putting in the top. You get the usual retail investor buying up on low volume and every time it gets back to or near the highs, big money sells it off again on high volume. It can take as many as three to four journeys up and down before a true top is set. Eventually the bulls in the world of retail give up and down we go but it's very unusual to have a market just collapse in to a bear without this process taking place. It's annoying in that it takes so long to put in a final top.

Many investors think average prices are justified by exceptionally low interest rates and inflation. But it is hard for price/earnings ratios to go much higher without appearing excessive, even with rates so low. Many forecasters think stocks might just keep pace with earnings now, so that p/e ratios would stay steady.

There is a clear breakout in the market with higher tops and higher bottoms. Going ahead, it believes Nifty has potential to touch its all-time high of 8625 and investors must go long at current levels with a stop loss at 8240.

The InvestorPlace Best Stocks for 2015 features some stock picks from a group of money managers, market experts and financial advisers competing against each other for the best return throughout all of 2015. Throughout the year, the contributors will regularly offer updates on the good, the bad and the unexpected as it relates to their Best Stocks for 2015 pick.

"We have a variety of models that suggest we are currently around fair value" for stocks

Capital First Ltd. (CFL)

Recommendation :- Buy Capital First Ltd. (CFL) For the Target : 462

Valuation:- We are convinced with CFL's strong business model and management's capability of changing the business strategy which has yielded positive results despite struggling environment for financial services industry. We believe that CFL is well placed to move on to next stage of growth. CFL is trading at P/ABV of 2.5x and 2.1x for FY15E and FY16E respectively. We maintain 'BUY' rating on the stock with target of Rs 460/-

Reliance Industries Ltd. (RIL)

Recommendation :- Buy Reliance Industries Ltd. (RIL) For the Target : 1,100

Valuation:- We remain positive on RIL's strategy of organic growth in its core businesses, and continue to see strong earnings delivery with the commissioning of new capacities. RIL's new refining/ petchem projects likely to add earnings from end-FY16/FY17. Further, Shale Gas and Retail business are also showing remarkable growth and likely to be key revenue and profitability driver going ahead. At present stock is trading at 10.2x FY16E EPS which is lower than its mean of 15x. We maintain buy rating on the stock with target price of Rs. 1,100.

Pennar Industries Ltd.

Recommendation :- Buy Pennar Industries Ltd. Fot the Target : 80

Valuation:- Pennar Industries is trading at P/E multiple of 13x FY15E and 8.4X FY16E, which is well below 14.3x-three year historical average. Average ROE for the past 3 year has been 12.9%, which is likely to move to 17% by FY16E on back of increased capacity utilization and margin expansion. We maintain BUY rating on the stock with Target price of Rs 80.

Mangalam Cement Ltd. (MCL)

Recommendation :- Buy Mangalam Cement Ltd. (MCL) For the Target:.420.

Valuation:- Owing to its smaller size,Valuing Mangalam cement at discount to large cement players, we give it EV/EBITDA multiple of 6.5x (FY16E) and arrive at a price target of Rs 426. Seeing the upside potential of 37% from the current levels, we maintain BUY rating on the stock.

Ipca Laboratories Ltd.

Recommendation :- Buy Ipca Laboratories Ltd For the Target Rs.860.

Outlook :- The domestic business has been a key growth driver for IPCA as the company changed focus from the low margin anti-malarial segment to focus on higher margin chronic/lifestyle diseases. We expect that its US FDA issue with Ratlam facility will be sorted in the next financial year. Therefore, investors can consider the stock with long term investment perspective.

PI Industries Ltd

Recommendation :- Buy PI Industries Ltd For the Target Rs.572.

Outlook :- PI's capacity maintains an optimal utilization due to its strong order book. Also the company is a preferred supplier to the global agrochemicals industry for newly discovered products. The Company commercialized three new molecules for custom synthesis exports, which are expected to gain traction over the next few years. The company also possesses an immense presence in custom synthesis field and its expertise in the complex chemistry puts it in an advantageous position for adding new molecules to its pipeline.

Wipro Ltd.

Recommendation :- Buy Wipro Ltd For Target Rs.690.

Outlook :-The company expects multiple opportunity spaces for growth and gaining market share, while the industry landscape is still undergoing change. In H2FY15, it expects good momentum in large deals and better performance. In digital field, it sees immense opportunity and will establish a digital capability which offers a broad based human-centric design proposition, with an architecture directly focused on addressing core customer needs.

Competent Automobiles:

Recommendation :- **Buy Competent Automobiles Ltd For the Target Rs.112.**

Outlook and Valuations: - We believe that Competent will continue to benefit from its established position in the automobile dealership market in Delhi, Haryana, and HP, and its conducive relationship with its principal, MSIL. During FY2014-16E, we expect the company to register a top-line and bottom-line CAGR of 9.9% and 24.3%, to 977cr and 14cr, respectively. At the current market price of 91, the stock is quoting at 5.6x and at 4x its FY2015E and FY2016E EPS, respectively, which we believe is attractive. We recommend a Buy rating on the stock with a target price of 112, valuing the stock at 5x FY2016E earnings giving an upside potential of 27% from 12 months perspective.

Titan Industry:

Recommendation :- **Buy Titan Ltd For the Target Rs.435.**

Technical Outlook :- After testing the major support zone of 200 EMA on the weekly chart in Jan, 2014, it rebounded strongly from 202.45 level and doubled in just ten months.

It has been witnessing profit taking for last two months and formed a declining channel on the daily chart. Currently, it's trading around the upper band of the channel and likely to witness an upside breakout from the same in near future. The chart pattern and confirmation tools are also in the agreement for resistance breakout. Accordingly, one may accumulate between 378 - CMP(382.80) with closing below stop loss of 362 level for the target of 430 level.

There are only a handful of ways to protect your investment portfolio, and proper diversification is chief among them. No matter how well you do your due diligence on a single investment or how disciplined you are at executing trades, if your portfolio looks like a bridge party among pals who've known each other just a tad too long you're in trouble.