



Theme - Winter Picks

Retail Research

ANANDRATHI

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CMP 184

Motherson Sumi

Target 203

Motherson Sumi Systems Limited (MSSL) is the flagship company of the Samvardhana Motherson Group (SMG). It was incorporated in 1986 as a JV between Sumitomo Wiring Systems (SWS), Sojitz Corporation (both of Japan) and SMG (promoted by the Sehgal family). Currently, it is managed by Mr V. C. Sehgal (first generation promoter) and SWS, along with a strong management team of professionals.

It has a well diversified product portfolio with presence in wiring harness, polymer products, rear view mirrors and rubber/metal components. It is a preferred supplier to almost all the OEMs in India for wiring harness and rear view mirrors. It is one of the largest players in polymer products for the domestic automotive market.

MSSL meets ~65% and ~48% of the domestic passenger vehicle demand for wiring harnesses and rearview mirrors. It meets ~25% of the global passenger vehicle demand for rear view mirrors. Being a supplier of choice, it has adequate pricing power (similar to Bharat Forge/Bosch) to protect its profitability.

MSSL's business model has seamlessly grown from single product, single location and select customers to diversified products, multi locations (presence in 20 countries) and multiple customers (largest customer accounts for ~17% of the revenue).

Key matrix	
Debt - Equity	0.70
ROE	33.38
Promoters Holding	65.19

Financials	FY11	FY10	FY09
Net sales	81756.3	67021.8	25956.4
PAT	3908.1	2427.7	1762.5

Technical Outlook

Motherson Sumi Systems Limited (MSSL) is holding above 100 Weekly moving averages and taken support around that level. We think it has form very good support around that level. One can initiate buy at CMP for 200-203 Rs. target in coming week.



CMP 90

Chambal Fertiliser

Target 101

Chambal Fertilisers and Chemicals Limited is a fertiliser producer. It is the manufacturer of Urea in private sector in India and is also into the trading of fertilisers and other agri inputs. The Company also manufactures Synthetic and Cotton Yarn. It operates in four segments: Own Manufactured Fertilizers, Trading, Textile and Shipping.

During the quarter, the Empowered Group of Ministers (EGoM) approved partial decontrol of urea, bringing it under Nutrient Based Subsidy (NBS) policy. The proposal however, is yet to be approved by CCEA. We believe decontrol of urea would be beneficial for efficient players and lead to improvement in profitability as well as return ratios.

The board of directors of Chambal has granted approval for setting up Single Super Phosphate (SSP) Plant at Dahej, District Bharuch, Gujarat, with an annual capacity of 5 Lac MT, at a project cost of approximately Rs. 1.22 bn. The Company is also setting up a SSP Plant at its existing factory premises at Gadepan, Distt. Kota, Rajasthan with an annual capacity of 2,00,000 MT at a project cost of approximately Rs. 325mn.

Key matrix	
Debt - Equity	1.69
ROE	21.58
Promoters Holding	55.10

Financials	FY11	FY10	FY09
Net sales	56779.5	41273.4	55973.8
PAT	2405.9	2172.4	2255.9

All Figures are in Million

Technical Outlook

Chambal has taken support around 200 DMA in daily chart & 50 WMA and reversed from that level. One can buy at CMP for 100-101 in coming weeks.



All Figures are in million

CMP 70

PTC India

Target 82

PTC India (PTC) is the pioneer in power trading in India, and over the years has emerged as a power solutions company. It was set up in April 1999 with a mandate to catalyze the development of large power projects by acting as a single buyer for PPAs with independent power producers on one hand and by entering multi-partite PPAs with users and SEBs under long-term arrangements. The government has identified PTC as its nodal agency for trading power with neighboring countries. In FY11 PTC had market share of 40% in ST volumes.

A change in the business mix towards long-term contracts extends volume and margin visibility and PTC will benefit from CERC regulation of no cap on long term volumes.

PTC's addressable market will rise due to open access to intra-state transmission, easing of inter-state grid constraints and commissioning of new merchant power plants.

PTC Financial Services (PFS) and PTC Energy (PEL) witnessed business traction. As at December 2010, PFS' equity base was INR4.4b and net worth was INR6.6b, which will increase to INR5.6b and INR10.2b respectively after their issues.

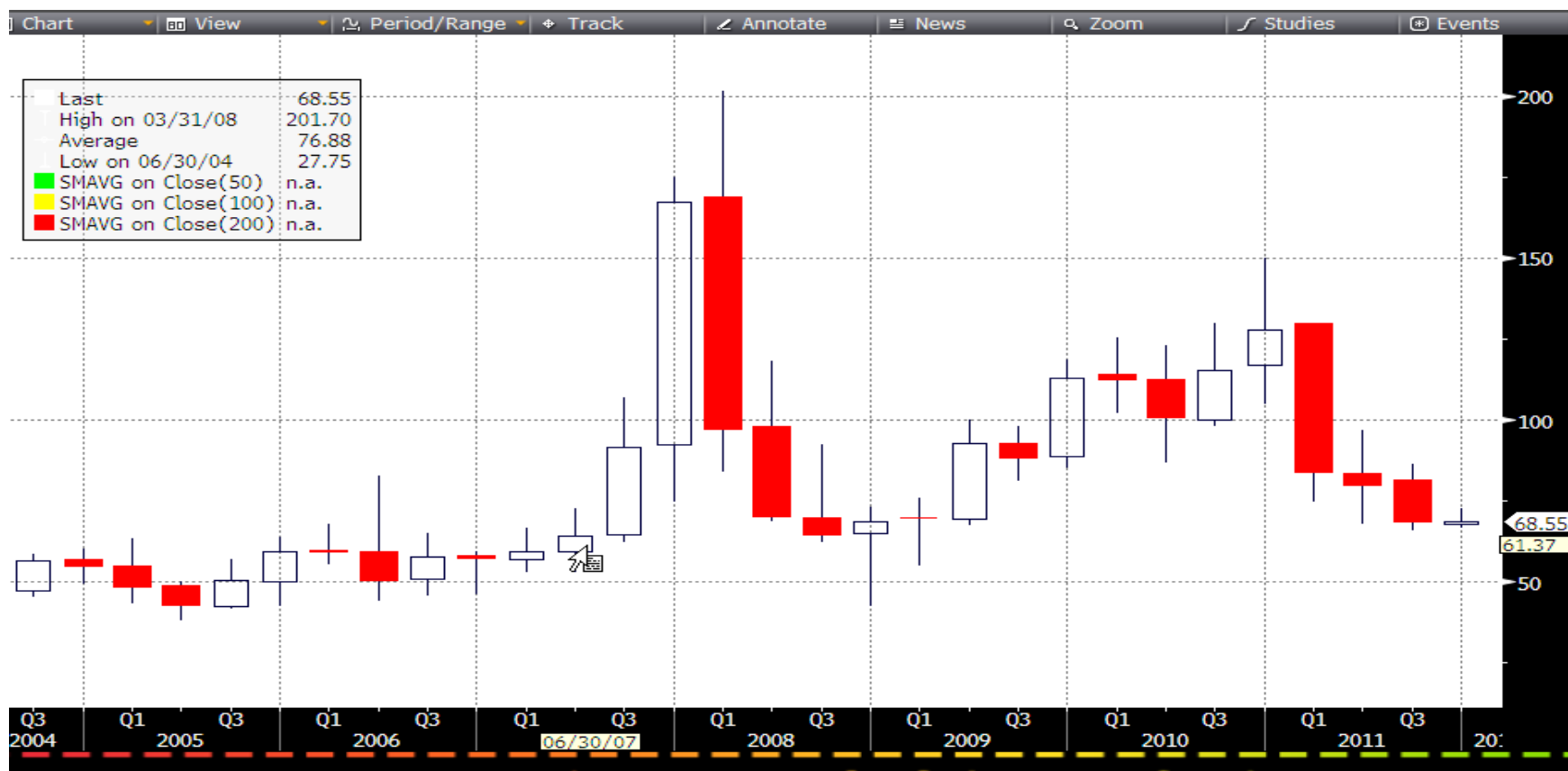
Key matrix	
Debt - Equity	0.00
ROE	6.48
Promoters Holding	16.27

Financials	FY11	FY10	FY09
Net sales	90943.8	77972.5	65288.8
PAT	1660.3	1072.7	940.9

All Figures are in Million

Technical Outlook

Stock has tested a low of 2006-2007 and hovering around that level from 7-9 months. It has made very strong support around current level and closing above 69-70 can take it up to 78-82 in coming week.



CMP 164

KPIT Cummins Info System

Target 180

KPIT Cummins Infosystems (KPIT) is a niche IT services company providing engineering services and Business IT for manufacturing companies apart from providing IT services to BFSI, Energy & Utilities and Defence and Government corporations. KPIT's expertise lies in the IT services it provides to Automotive Transportation and manufacturing sector which accounts for ~76% -78% of its revenues.

The company has realized that dependence on few clients (mostly Auto & Manufacturing sector) may hurt its revenues during downturn. As a result, it is developing new verticals and lines of business to diversify its revenues. Over last few years, its share of non core business has increased to around 23% in FY11 and expected to be ~21-24% by FY13E.

Since the acquisition of Cummins InfoTech in 2002, the majority revenues of KPIT are from the Automotive vertical. Cummins accounts for 23% of its total revenues. Stress on increasing service bouquet in automotive segment coupled with emphasis from auto producers to provide technologically advanced services provides a huge opportunity for KPIT

Key matrix	
Debt - Equity	0.24
ROE	14.32
Promoters Holding	26.71

Financials	FY11	FY10	FY09
Net sales	10240.1	7316.4	7931.5
PAT	945.8	857.3	658.5

All Figures are in Million

KPIT Cummins Info System

In daily chart stock has taken support of 200 DMA and Weekly chart strong support around 100 WMA and now trading above those level. We think it has made bottomed around that level. One can buy at CMP to 10-12% upside in coming week.



THANK YOU

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Time Horizon – 0-63 days

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