Top Five Festive Picks

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Amara Raja Batteries Ltd.

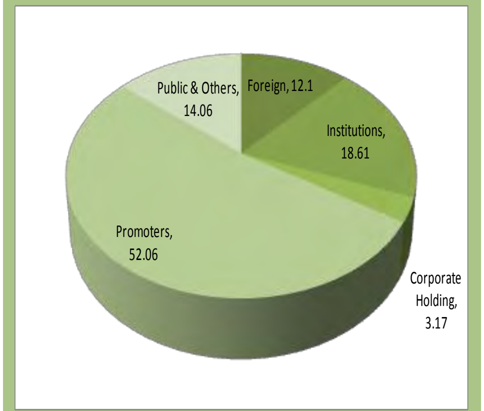
Top 5 Festive Picks

CMP :	₹ 219.70
Target Price	₹ 260
BSE Code :	500008
NSE Code :	AMARAJABAT

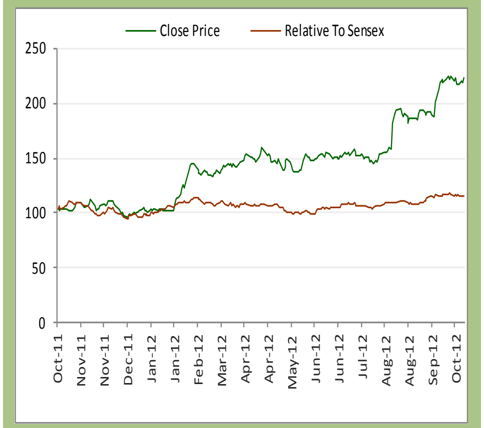
Key Data

Market Cap (₹ Cr)	3836
Equity Cap (₹ Cr)	17.08
Face Value	1
Book Value	52.67
EPS (₹)	14.76
Dividend Yield (%)	1
Price / BV (x)	4.3
P/E (x)	15.22
Mcap / Sales	1.62
Free Float (%)	47.94
Avg. Weekly Volume	118569
52 Week High-Low	229 / 95

Shareholding Pattern%



Price Vs. Relative to sensex



Source: Capitaline

Company Overview

Amara Raja Batteries Ltd. (ARBL) is a leading manufacturer of Standby Valve Regulated Lead Acid (VRLA) batteries having presence in both industrial and automotive segments. Within the industrial segment, ARBL supplies batteries for telecom infrastructure, UPS systems, railways, IT and banking segments. The company has a JV with Johnson Controls Inc. which holds 26% stake in the company and provides technical collaboration to the company. The company's industrial and automotive batteries are exported to Asia Pacific, Africa and the Middle East countries.

The Replacement Market

ARBL obtains three-fourths of its auto segment revenues from the replacement markets. It has a market share of 35% and 25% respectively in the replacement markets (organised) for cars and bikes. The Indian OEM (original equipment manufacturer) market size is 14 million units a year. ARBL is expanding is distribution network on high margin auto replacement market. ARBL batteries support the transmission & distribution networks of Power stations. Due to huge power capacity additions the power segment expected to register good growth.

Expansion Plan

ARBL is planning to increase its capacity at its plant in Tirupati and also planning to set up a Greenfield facility with an investment outlay of Rs 190 crore to meet the rising demand in the automobile sector. The plant would be developed in the next five years in three phases. In January 2012, the company expanded its production capacity in the four-wheeler segment to 56 lakh units from 42 lakh units. In the two-wheeler battery segment, it has increased production to 48 lakh units from 36 lakh units.

Risk & Concern

- Lead constitute major portion of the input costs (approx.70-75%). Volatility in lead prices may dampen margins.

Outlook

Strong demand from automotive segment and substantial growth in replacement market augurs well for the company. The company has big expansion plans and looking to the strong demand we expect that the company will continue to show its strong financial performance in the near future.

Berger paints India Ltd.

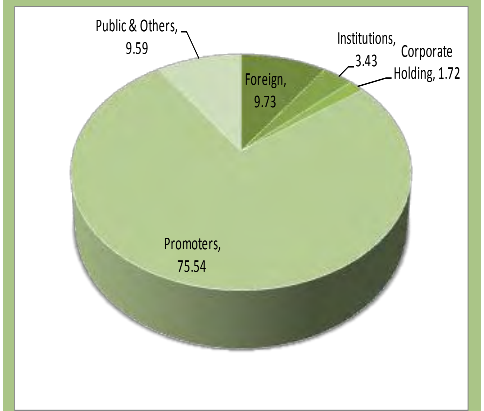
Top 5 Festive Picks

CMP :	137.15
Target Price	₹ 165
BSE Code :	509480
NSE Code :	BERGEPAINT

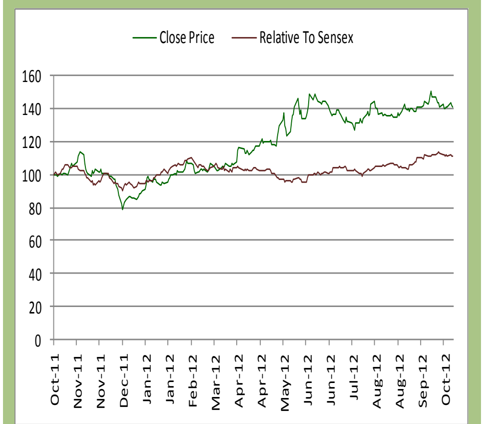
Key Data

Market Cap (₹ Cr.)	4884
Equity Cap (₹ Cr.)	69.23
Face Value	2
Book Value	24.39
EPS (₹)	5.33
Dividend Yield (%)	0.99
Price / BV (x)	5.79
P/E (x)	26.47
Mcap / Sales	2.10
Free Float (%)	24.43
Avg. Weekly Volume	572131
52 Week High-Low	156.50 / 78.25

Shareholding Pattern%



Price Vs. Relative to sensex



Source: Capitaline

Company Overview

Berger Paints India Ltd is the third largest paint manufacturer and the second largest decorative paint player in India. They are offering their customers a variety of innovative painting solutions, decorative or industrial. Decorative paints segment accounting nearly 75% of the overall Indian paints market. The company enjoys a market share of 18% in decorative paint segment.

Considering the low levels of per capita consumption of paints per annum (0.5 kg in India compared to 6.4 kgs in China and 15 kgs in the USA compared to a global average of 10-13 kgs), the company feels that there is still much potential in this sector.

Investment Rationale

- The company recently forayed into the construction chemicals sector and has fixed a sales target of Rs 25 crore in the first year of operation and expects to reach the sales target of Rs 100 crore in next three years. The construction chemicals market size is Rs 2,000 crore, which is growing 30 -35% annually.
- The company has planned to double the production capacity by 2013 from the present 2.5 million tonne. It has launched a green filed project at Hindpur in AP at an investment of Rs 200 crore two brownfield projects at Rishra in West Bengal and in Goa.
- With improving government spending on infrastructure and construction in the urban and metro areas, the prolink (dealing directly with major projects) segment is also expected to do well.

Risk & Concern

- The paint industry is raw material intensive. Raw Materials and packaging costs constitute nearly 65% of the total cost of production. Crude based raw material prices are subject to fluctuations in prices of crude oil and any hike therein will lead to escalating raw material price. Rise in import price of raw materials make pressure on its margins.

Outlook

To boost volumes and to garner a bigger share, Berger Paints plans to double its capacity over the next three years. The company is aggressively increasing its distribution network in South and West India to increase sales. Growing construction activities and industrial growth are the major drivers and we expect that any slowdown would not materially affect the company. The stock is currently trading at 26.6(x) of FY12 EPS of Rs 5.41 and any dip in prices can be used as an opportunity to enter the stock.

Ipca Laboratories Ltd.

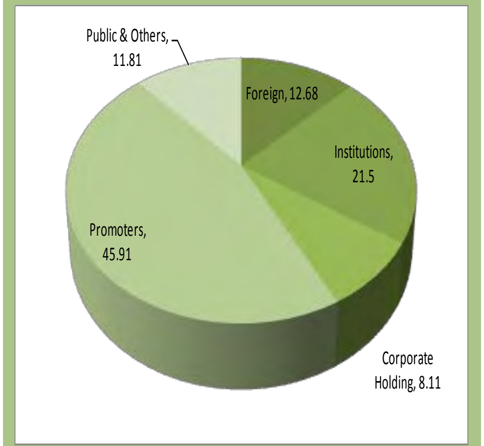
Top 5 Festive Picks

CMP :	₹451.15
Target Price	₹ 510
BSE Code :	524494
NSE Code :	IPCALAB

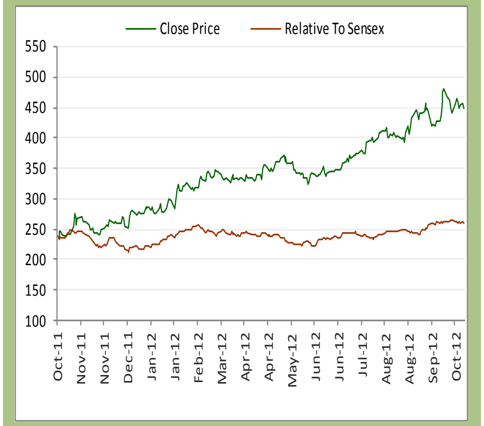
Key Data

Market Cap (₹ Cr)	5677
Equity Cap (₹ Cr)	25.23
Face Value	2
Book Value	99.41
EPS (₹)	21.49
Dividend Yield (%)	1
Price / BV (x)	4.5
P/E (x)	20.94
Mcap / Sales	3.04
Free Float (%)	54.09
Avg. Weekly Volume	427345
52 Week High-Low	496 / 233

Shareholding Pattern%



Price Vs. Relative to sensex



Source: Capitaline

Company Overview

Ipca Laboratories Limited (Ipca) is a fully integrated pharmaceutical company with a thrust on exports. Ipca is one of the biggest manufacturers in the world of active pharmaceutical ingredients (APIs) Atenolol (Antihypertensive), Chloroquine Phosphate (Antimalarial), Furosemide (Diuretic) and Pyrantel Salts (Anthelmintic) right from the basic stage. Ipca is also one of the largest suppliers of these APIs and their intermediates world over. Ipca manufactures over 150 formulations representing various therapeutic segments and dosage forms. Ipca also manufactures formulations for companies in the European Union under supply agreements.

Investment Rationale

- IPCA is the market leader in the anti-malarial therapeutic category in India. Its domestic formulations business is also gaining traction driven by good performance in its anti-malarial, anti-diabetes, cardio-vascular and anti-infective therapeutic segments.
- IPCA has filed 24 Abbreviated New Drug Applications (ANDAs) with US FDA, of which 12 ANDAs have been approved. Further, it has filed 60 Drug Master Files (DMFs) with the FDA for Active Pharmaceutical Ingredients (APIs).
- In July 2012, the company has received approval for its Indore facility from the US FDA. This facility along with its Silvassa facility would be now used to manufacture drugs to the US market. The Indore facility is expected to contribute to about Rs75-100 crore of revenues by FY14 and could be the company's major manufacturing plant with revenue contribution of Rs 400 crore by 2015-16.

Risk & Concern

- The company derives 52% of its revenue from export. Therefore, fluctuations in exchange rate could decline the profitability.

Outlook

The company has strong domestic market presence as well as significant international presence and it is expanding its market by tie ups and by sourcing arrangements with multinational companies. Traction in the domestic formulation business and increased exports of active pharmaceutical ingredients (APIs) have led to an increase in revenues as well as enhancement of profit margins. The company is expected to maintain its current growth trajectory, given the many potential upside catalysts.

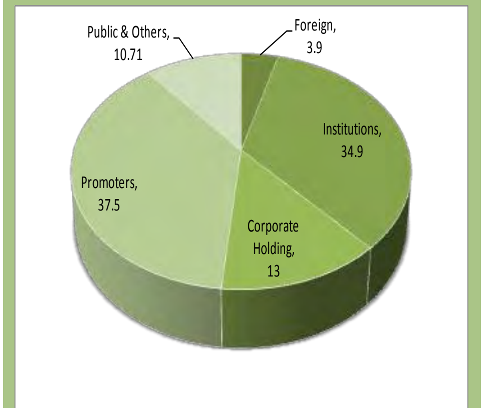
Orient Paper & Industries Ltd.

CMP :	₹ 78.80
Target Price	₹ 100
BSE Code :	502420
NSE Code :	ORIENTPPR

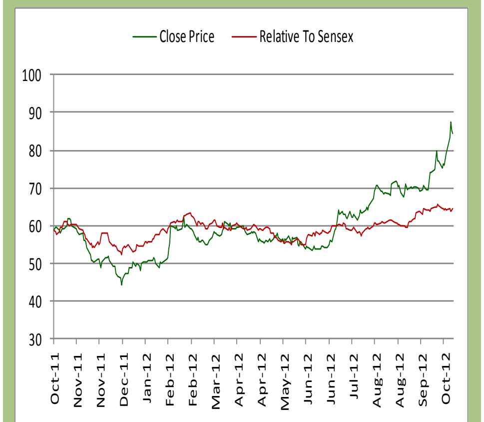
Key Data

Market Cap (₹ Cr)	1734
Equity Cap (₹ Cr)	20.49
Face Value	1
Book Value	56.59
EPS (₹)	7.46
Dividend Yield (%)	2.29
Price / BV (x)	2.08
P/E (x)	11.35
Mcap / Sales	0.71
Free Float (%)	62.50
Avg. Weekly Volume	64390
52 Week High-Low	88.65 / 43.70

Shareholding Pattern%



Price Vs. Relative to sensex



Source: Capitaline

Company Overview

Orient Paper & Industries Ltd. (OPIL), a diversified player operates in three segments: Paper, Cement and Electrical Consumer Durables. The Paper segment consists of manufacture and sale of pulp, paper and board and chemicals. The Cement segment consists of manufacture and sale of cement. The Electrical Consumer Durables segment consists of manufacture / purchase and sale of electric fans-ceiling, portable and airflow, along with components and accessories thereof and lights and luminaries.

Investment Rationale

- Orient produces 5 million tonne (mt) cement in Andhra Pradesh and Maharashtra. OPIL is increasing its market share in the core markets of Andhra Pradesh and Maharashtra. Orient looking at becoming a 15-mt cement producer through Greenfield expansion in the next few years. Its 3 mtpa greenfiled project in Karnataka is under implementation and is expected to commence production by middle of 2014.
- Its Electrical Consumer Durables segment manufactures and sells various fans, including ceiling, table, wall, stand, air circulator, multi-utility, and exhaust fans under the 'Orient PSPO' brand name. OPIL continued to be the leader in exports, accounting for 48% of all fans exported from India.
- The company's Paper segment offers pulp, paper, and board, as well as chemicals. This segment provides writing, printing, industrial, specialty, and tissue papers. OPIL is setting up a 55 MW power plant to improve the cost efficiencies of the paper & chemical plants. Robust growth in domestic markets coupled with our successful foray in export markets including Europe, USA, Canada, Singapore, Thailand, Dubai, French Guinea, Hong Kong and China, among others promises immense growth opportunities.

Restructuring

OPIL board has approved a proposal to demerge the cement business of OPIL into Orient Cement Limited. Orient Cement Limited will constitute the cement business of OPIL. OPIL will continue to carry on the non cement business (paper and electricals and other investments). The shareholders of OPIL will get 1 (one) new equity share of Orient Cement for each equity share that they hold in OPIL, in addition to their existing OPIL shares.

Risk & Concern

Capacities expansion in the southern region with a rising trend in key input costs are the key factors which creates pressure in the cement segment.

Outlook

OPIL is on expansion spree, entering the smaller semi-urban markets by spreading out its dealer network. Cement demand likely to grow with increased emphasis on infrastructure and rural development. In paper segment- the additional capacity of supply is set to exceed the demand. However, its electrical consumer durables should benefit from the signs of a continued pick-up in the residential sector.

Petronet LNG Ltd.

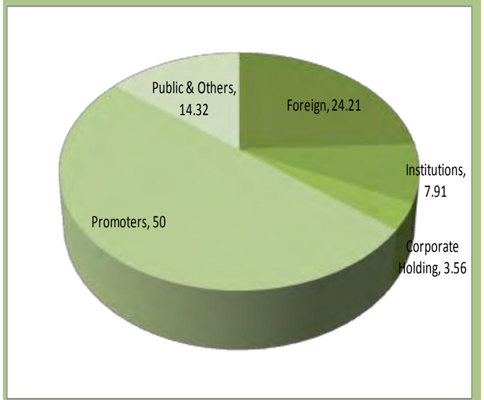
Top 5 Festive Picks

CMP :	₹ 166.20
Target Price	₹ 195
BSE Code :	532522
NSE Code :	PETRONET

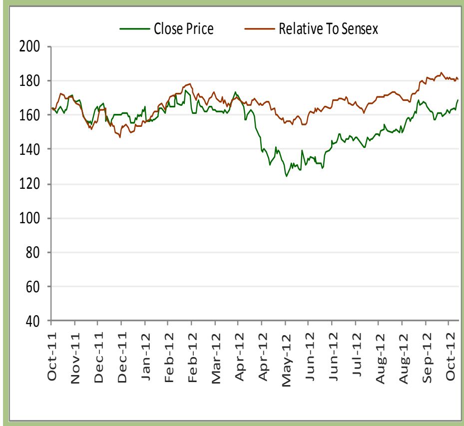
Key Data

Market Cap (₹ Cr)	12701
Equity Cap (₹ Cr)	750
Face Value	10
Book Value	50.54
EPS (₹)	15.02
Dividend Yield (%)	1.48
Price / BV (x)	3.61
P/E (x)	11.27
Mcap / Sales	0.56
Free Float (%)	50
Avg. Weekly Volume	2342371
52 Week High-Low	180 / 122

Shareholding Pattern%



Price Vs. Relative to sensex



Source: Capitaline

Company Overview

Petronet LNG Limited (PLL) is the country's biggest liquefied natural gas (LNG) importer. The company has been promoted by four PSUs - GAIL, ONGC, IOC and BPCL each with an equity stake of 12.5%. PLL has an operating terminal located at Dahej, Gujarat. The company's revenues are sourced from regasification of LNG through long-term contracts and spot deals. The Dahej terminal has a nominal capacity of 10 MTPA, and is in the process of building another terminal at Kochi, Kerala. The company bears no marketing risk due to back-to-back sales agreements with its promoter group.

Investment Rationale

- Its 5-MTPA Kochi terminal is expected to be commissioned by end-2012 which will cater to the hitherto untapped market in the South and add another growth driver to the company's earnings.
- The company is setting up a second jetty at Dahej, which will ease constraint in handling number of vessels every year. Its Dahej Terminal is expected to be completed by October 2013.
- The company plans to sell gas using cryogenic trucks directly to consumers in regions not connected by pipelines of GAIL India, to boost profitability.
- PLL is setting up a 1,200-MW gas-based power plant linked to its Dahej terminal with a total capex of Rs 4,000 crore.
- The pipeline capacity constraint, which was haunting the company last year, has eased with partial expansion of Gail's Dahej-Vijaypur Pipeline.

Risk & Concerns

- Delay in timely completion of the projects will significantly increase the costs.
- Any new domestic discovery will increase the supply of gas and thus will impact the sales volume of the company.

Outlook

Petronet LNG is turning into a marketer of natural gas from being just an importer and regassifier of liquefied natural gas (LNG). The company targets to double its liquefied natural gas (LNG) business in next five years by expanding existing infrastructure and adding new capacities. Its regassification charges are revised 5% up every year. So, with higher charges, increasing volumes and expansion plans, Petronet LNG is on the strong growth path.

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