



Small & Mid Cap Star Picks

**MICROSEC
RESEARCH**

Dear Patrons,

Microsec Research presents five mid cap stocks for investment with 3 years perspectives which have potential to give superior returns. The selected stocks are filtered on stringent parameters and meet most of the criteria set by us while identifying mid cap stocks. The selected stocks are likely to generate ~30% annualized returns for a period of 3 years. The stocks are:

- * Ador Welding Ltd.
- * Banco Products (India) Ltd.
- * Mahindra Lifespace Developers Ltd.
- * TV Today Network Ltd.
- * Ultramarine Pigments Ltd.

Microsec Research has proved their mettle time and again while identifying multi-baggers which have outperformed benchmarks by a wide margin. Our previous list of stock recommendations made through the report “Small & Mid-cap Picks” released on 09/09/2012, has completed 3 years and has generated an absolute average returns of ~610% in 3 years against Nifty returns of 46% and CNXMIDCAP returns of ~76%. We had expected average returns of ~30-35% annually for a three year period. For details of that report click on the following link:

http://www.moneycontrol.com/news_html/files/news_attachment/2012/Small-Mid-CapPicks_Microsec_120912.pdf

Small & Midcap Picks (September 07,2012)			
Stocks Recommended	Recommended Price (INR)	CMP(as on Sep 09,2015)	Returns(%)
Amara Raja Batteries Ltd.	194	948	388%
Cera Sanitaryware	350	1897	442%
Dhanuka Agritech	92	457	397%
La Opala RG Ltd	25	582	2195%
PI Industries	104	674	547%
Somany Ceramics	42	348	728%
Tide water oil(India) Ltd.	7822	15278	95%
Wimplast Ltd	328	1929	488%
Zensar Technologies Ltd.	255	800	214%
Portfolio Returns(%)			610%
Nifty	5342	7819	46%
CNXMidcap	7203.1	12649	76%
CNX500	4196	6522	55%
Sensex	17684	25720	45%

Note: Recommended prices are adjusted to corporate action (Bonus/splits)

Similarly our thematic report “Brand Value Picks” released on 13/08/2009 generated average returns of ~300% in 3 years against zero percent returns in BSE SMALL CAP space. The selected picks have generated an absolute average return of ~572% till date. Click on the following link for the report:

http://www.microsec.in/Static/Pdf/634445116595490000_brand%20value%20picks%20Aug%2013%2009.pdf

Brand Value Picks (August 13,2009)			
Stocks Recommended	Recommended Price (INR)	CMP(as on Sep 09,2015)	Returns(%) from inception
Bajaj Electricals Ltd.	111	245	120%
Bata India Ltd.	162	1026	533%
Blue Star Ltd.	346	345	0%
Castrol India Ltd.	114	438	284%
Emami Ltd.	130	1214	835%
Greenply Industries Ltd.	112	872	677%
Hawkins Cookers Ltd.	367	2190	497%
Navneet Education Ltd.	35	92	163%
Pidilite Industries Ltd.	70	556	694%
TTK Prestige Ltd.	157	3928	2396%
Zodiac Clothing Company Ltd.	133	259	94%
Average Returns(%)			572%
Sensex	15519	25720	66%
BSE Midcap	5608	10434	86%
BSE Smallcap	6387	10675	67%

Note: Recommended prices are adjusted to corporate action (Bonus/splits)

Besides having a deep understanding on different asset classes across equities, commodities, currencies in local and global markets, we strive our best to identify small and mid cap companies that have the potential to become bigger in days to come. With that perspective in mid, we present to you the following stocks. Kindly refer to the brief reports in the following pages.

Happy Investing

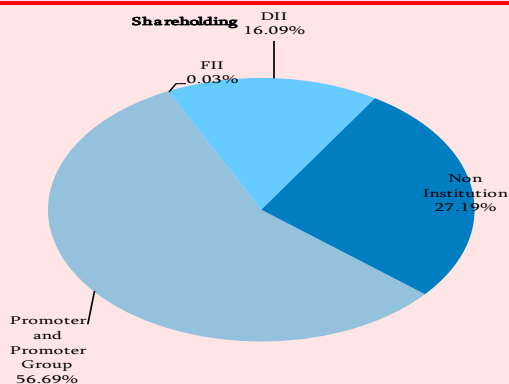
Team Microsec Research

Table of Contents			
S.No.	Particulars	Sector	Page Number
1	Ador Welding Limited	Capital Goods	4-5
2	Banco Products Limited	Auto Ancillary	6-7
3	Mahindra Lifespace Developers Ltd.	Realty	8-9
4	TV Today Network Ltd.	Media & Entertainment	10-11
5	Ultramarine Pigments Ltd.	Specialty Chemicals	12-13
	Disclaimer.....		16

BUY

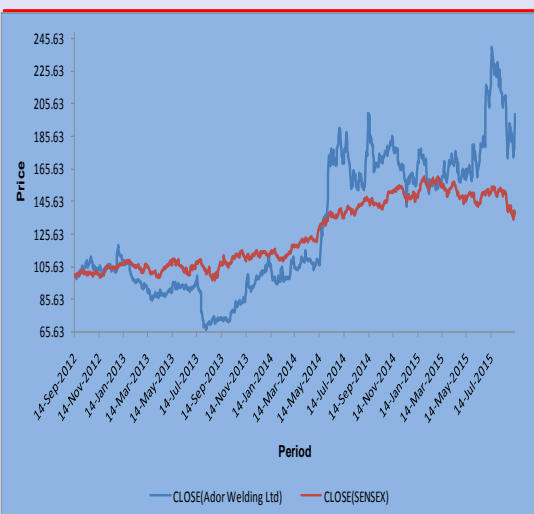
Market Data

Current Market Price (INR)	253.20
52 Week High/Low (INR)	325 /185
Market Capitalization (In INR Cr)	346.76



STOCK SCAN

BSE Code	517041
NSE Code	ADORWELD
Bloomberg Ticker	AWL IN
Reuters Ticker	ADOR.BO
Face Value (INR)	10.00
Equity Share Capital (In INR Cr)	13.60
Beta vs Sensex	1.29
Average Daily Volume	18,630
Average 5 Years PE	9.35
Dividend Yield	1.93%
PEG Ratio	NA



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Executive Research
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Ador Welding Ltd

Sector- Capital Goods

We rate Ador Welding Limited a **BUY**. Ador Welding Limited manufactures welding electrodes and their accessories. The Company also manufactures industrial electronics equipment and process control equipment, including thermometry instruments, heat treatment control instruments, micro-processor instruments, DC machines and power equipment, as well as reprographic equipment and supplies.

Investment Highlights

Revival of the economy may boost demand of welding products: Welding business depends on Automobile, Railway, Constructions, Transport Infrastructure and Industrial sectors. Infrastructure sector is major consumer of welding Consumption. Recovery in India economy may boost welding sector and company's financials in future.

Expansion to aid growth in Future: The Company completed CAPEX of INR9.33 crore and CAPEX of INR1.60 crore is in various stages of progress. For FY2015-16 the CAPEX has been budgeted at INR12.50 crore mainly for automation at consumable and equipment plant, production equipments to balance lines for achieving capacity levels, production related to improve in process quality and deviation control, analytical instruments for R&D. We believe that the company's capacity expansion drive for Research & Development, products development is good to maintain its strong growth.

Debt Free company: Ador Welding Limited is near about debt free company. In the current high interest rate scenario the conservative capital structure is advantageous to the company, thus helping in improving bottom line in coming year.

Strong Financial growth with sound ratios: The Company has registered a strong financial growth in FY15. Revenue of the company has grown by 3.99% to INR386 crore in comparison to INR371 crore. EBITDA of the company improved from INR27 crore to INR29 .The Company's EBITDA margin improved from 7.21% to 7.49%. Company reported PAT of INR32 Crore Vs Loss of INR5 crore from last year FY14. ROE of the company arrived at 15.7%. Ador Welding financial ratios are strong and the valuation has potential for significant upside.

Exhibit 1. Ador Welding Limited financial performance (In INR Cr.except per share data and %)

Particulars	FY13	FY14	FY15	FY16E	FY17E
Net Sales (post Excise Duty)	365	371	386	432	489
Growth (%)		1.73%	3.99%	12.00%	13.00%
EBITDA	34	27	29	38	47
EBITDA Margins (%)	9.32%	7.21%	7.49%	8.73%	9.54%
Net Profit	17	-5	32	39	44
Net Profit Margins (%)	4.63%	-1.38%	8.25%	8.99%	9.05%
Net Profit Growth (%)		NA	NA	22.03%	13.79%
Adj EPS	12.41	-3.76	23.43	28.59	32.53
BVPS	134.0	123.9	148.9	166.8	186.8
P/E	9.13	-38.43	9.48	8.86	7.78
P/BV	0.85	1.17	1.49	1.52	1.36
RoE	9.3%	-3.0%	15.7%	17.1%	17.4%

Source: Ace Equity, Microsec Research

Management

Name	Designation
AB Advani	Chairman
SM Bhat	Managing Director
N Malkani Nagpal	Whole Time Director
P K Gupta	Independent Non-Executive Director
R N Sapru	Independent Non-Executive Director
M K Maheshwari	Independent Non-Executive Director
Gaurav Lalwani	Independent Non-Executive Director
S G Mirchandani	Independent Non-Executive Director
K Digvijay Singh	Independent Non-Executive Director
AT Malkani	Non Executive Director
D A Lalvani	Non Executive Director
R A Mirchandani	Non Executive Director
V M Bhide	Company Secretary

Products / Services

Ador Welding Limited has business as follow:

- a) Welding Electrodes, Wires & Fluxes
- b) Welding & Cutting Equipment
- c) Gas cutting, PPE and Accesories
- d) CNC cutting machines
- e) Project business (OEB)

Valuation

We maintain a positive outlook on Ador Welding Limited. At the CMP of INR253.20, the stock is trading at 8.86x its FY16E EPS of IN28.59.

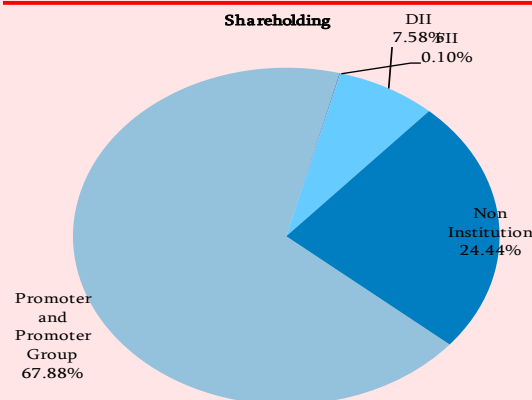
Key Risks

Slowdown in economy may impact the company performance

BUY

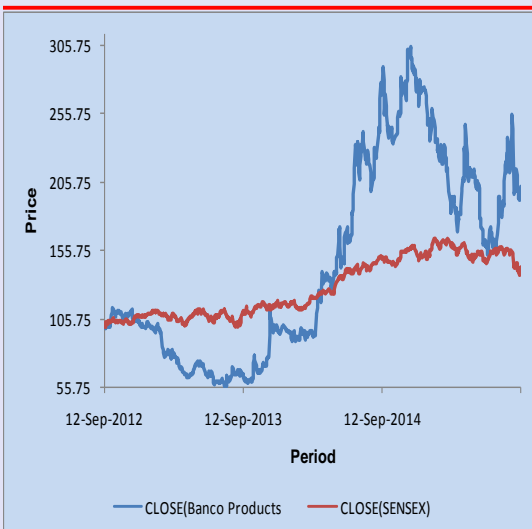
Market Data

Current Market Price (INR)	116.90
52 Week High/Low (INR)	184.00 / 88.60
Market Capitalization (In INR Cr)	833.19



STOCK SCAN

BSE Code	500039
NSE Code	BANCOINDIA
Bloomberg Ticker	BNCO IN
Reuters Ticker	BNCO.BO
Face Value (INR)	2.00
Equity Share Capital (In INR Cr)	14.30
Beta vs Sensex	1.45
Average Daily Volume	78,259
Average 5 Years PE	6.88
Dividend Yield	2.53%
PEG Ratio	N.A



Banco Products (India) Ltd

Sector- Auto Ancillary

We rate Banco Products (India) Limited a **BUY**. Banco Products (India) Ltd. manufactures engine cooling components and engine sealing gaskets to the automotive industry in India and elsewhere around the world. The Company's products include radiators, intercoolers, oil-coolers, and engine gaskets. A sale to aftermarket is also important to company business and making available to quality and reliable radiator to repair trade.

Investment Highlights

Leading radiator suppliers to Europe: Company supply to most of the OEM's within India and has started supplying OEMs in Europe, there is ongoing development for various inquiries for European/Japanese OEM's. Company is also India's leading exporter of aftermarket radiators to the Europe, with a growing presence in the North American/Middle – Eastern/African and South American markets.

Exit from Lake Cement Ltd: Banco Products India Limited, along with its subsidiaries, has decided to exit its Tanzania-based cement unit Lake Cement Limited for USD\$17.68 million. Banco Products had acquired 51% equity stake in Lake Cement, 0.5 million tonne per annum capacity project combined with a 10 megawatt power plant, in July 2010. The project includes limestone-mining, clinker & cement production and packing. We believe exit from lake cement may help the company core business.

Improvement in commercial vehicles demand in India: On standalone basis company most of the revenue coming from commercial vehicles segment. Improving commercial vehicles demand in India is positive for the company. Company domestic commercial vehicles client like- Tata Motors, Ashok Leyland and Mahindra and Mahindra Ltd. Indian Railway is also client of Banco product (India) Ltd.

Make in India-positive for the company: The focus on Infrastructure sector is on the agenda of the current government and which eventually lead to the development of the automotive sector as a whole. We expect that the increasing automotive segment activities result in the higher revenue generation for the company in the days to come. Higher revenue and better realizations would improve the margins of the company and boost the financials.

Exhibit 1. Banco Products (India) Limited financial performance (In INR Cr. except per share data and %, except as noted)

Particulars	FY13	FY14	FY15	FY16E	FY17E
Net Sales (post Excise Duty)	1,024	1,162	1,129	1,242	1,403
Growth (%)		13.44%	-2.84%	10.00%	13.00%
EBITDA	119	165	98	118	145
EBITDA Margins (%)	11.63%	14.19%	8.67%	9.50%	10.31%
Net Profit	61	90	88	123	150
Net Profit Margins (%)	5.99%	7.73%	7.77%	9.89%	10.66%
Net Profit Growth (%)		46.53%	-2.42%	40.07%	21.81%
Adj EPS	8.57	12.56	12.26	17.17	20.92
BVPS	66.0	82.3	86.6	97.9	109.6
P/E	4.72	5.70	8.53	6.81	5.59
P/BV	0.61	0.87	1.21	1.19	1.07
RoE	13.0%	15.3%	14.2%	17.5%	19.1%

Source: Ace Equity, Microsec Research

Management

Name	Designation
Mehul K Patel	Chairman
Himali H Patel	Whole Time Director
Mukesh D Patel	Non Executive Independent Director
Udayan P Patel	Non Executive Independent Director
Devesh A Pathak	Non Executive Independent Director
Ramkisan Devidayal	Non Executive Independent Director
Samir K Patel	Promoter & Non-Executive Director
Kiran Shetty	Executive Director
Deepkumar Vaghela	Company Secretary

Products / Services

Banco Products (India) Limited has diversified its product as follow:

- a) Cooling Systems
- b) Sealing Gaskets
- c) Jointing Gaskets & Sheets
- d) Rubber Products

Cooling Systems

Radiator/ Intercooler, Intercooler cores, Industrial radiators

Sealing Gaskets

General Catalogue, Truck Catalogue, tractors Catalogue

Valuation

We maintain our positive outlook on Banco Products (India) Limited. At the CMP of INR116.90, the stock is trading at 6.81x its FY16E EPS of IN17.17.

Key Risks

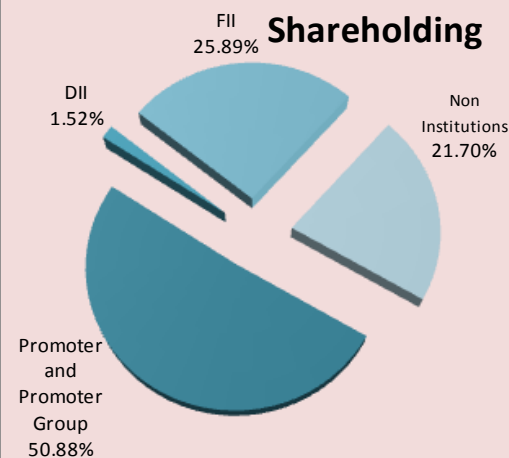
If there is slowdown the Automobile sector than it may adversely impact Banco Products (India) Limited.

Slowdown in global economy may impact the company performance

BUY

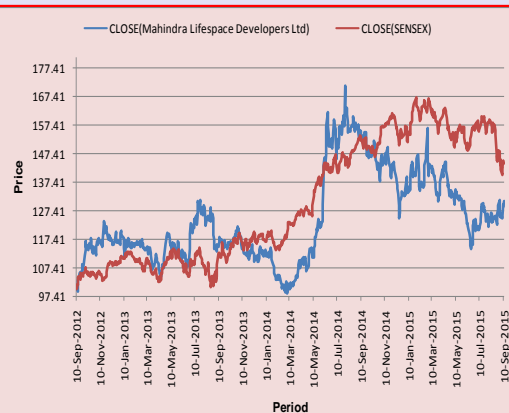
Market Data

Current Market Price (INR)	454.55
52 Week High / Low (INR)	580.00/401.30
Market Capitalization (In INR Crs)	1,862.30



STOCK SCAN

BSE Code	532313
NSE Code	MAHLIFE
Bloomberg Ticker	MLIFE IN
Reuters Ticker	MALD.BO
Face Value (INR)	10.00
Equity Share Capital (In INR Crs)	40.97
Average P/E	11.7x
Beta vs Sensex	0.83
Average Daily Volume	27,514
Dividend Yield	2.72%
PEG Ratio	NA



Analyst: Ajoy Mukherjee

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Mahindra Lifespace Developers Limited

Sector- Realty

We rate Mahindra Lifespace Developers Ltd. a **BUY**. The company is one of the leading real estate development companies in India. MLDL along with its subsidiaries companies is engaged in the development of residential projects and large format developments such as integrated cities and industrial clusters. We are positive about the company based on trigger like company's strong management, business model and marketing & sales network in India and its valuation aspect. MLDL's mission is "Transforming urban landscapes by creating sustainable communities".

Investment Highlights

Deferent strategic & sustainable business model: Mahindra Lifespaces is one of the few real estate companies in India with the experience of serving both retail consumers and businesses through its two segments of operations — residential development and large format integrated cities/industrial clusters. It has joint venture with several State Governments. It's make the difference with other real estate companies in India.

"Happinest" — the Company's affordable housing product: The present Government's focus on affordable housing, as because the Company has further expanded the size and scope of this opportunity. It has provided the Company an opportunity to address this large, underserved market with its carefully crafted strategy and product. Presently the Company has two these kind of project **"Happinest Boisar- Mumbai"**, the project is spread over approximately 13.5 acres and comprises of 800+ apartments, 1 & 2 BHK and **"happinest Avadi – Chennai"**, the project is spread Over approximately 5 hectares and comprises of 1268 apartments, 1 & 2 BHK.

Special Economic Zone (SEZ) segment expected to improve: The Government's 'Make in India' initiative and focus on smart cities is a favourable development for growth opportunities in this segment. In this segment the Company has two projects one Mahindra World City (MWC) Chennai, currently an 89:11 joint venture between Mahindra Lifespaces and the Tamil Nadu Industrial Development Corporation Limited (TIDCO) and another is Mahindra World City (MWC), Jaipur a 74:26 joint venture between Mahindra Lifespaces and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO). The Company has a landbank with 12.44 million square feet of development potential largely concentrated in the MWC in Chennai.

Right market segments and geographies Plans: MLDL has delivered a creditable performance as because of its strategy to focus on the right market segments and geographies as well as its efforts to build its sales and marketing network and improve efficiencies in project execution. forward, the near term focus.

Mahindra Lifespace Developers Limited Financial Performance- (In crores except per share data & %)

Particulars	FY2013A	FY2014A	FY2015A	FY2016E	FY2017E
Net Sales	738.34	705.26	1,086.10	1,162.80	1,408.80
Growth (%)	5.29%	-4.48%	54.00%	7.06%	21.16%
EBITDA	276.01	221.19	485.65	314.50	398.70
EBITDA Margins (%)	37.38%	31.36%	44.72%	27.05%	28.30%
Net Profit	141.37	100.62	266.20	164.00	219.30
Net Profit Margins (%)	19.15%	14.27%	24.51%	14.10%	15.57%
Net Profit Growth (%)	18.72%	-28.83%	164.56%	-38.39%	33.72%
EPS	34.61	24.63	64.91	40.03	53.53
BVPS	316.25	308.27	358.97	392.95	434.55
P/E	11.01	14.86	7.22	11.36	8.49
P/BV	1.20	1.19	1.31	1.16	1.05
RoE	12.77%	8.63%	20.74%	9.23%	11.48%
EV/EBITDA	8.61	12.79	6.35	10.52	7.95

MASTER LAYOUT PLAN



Management

Arun K. Nanda
Chairman

Anita Arjundas
Managing Director & Ceo – Mahindra
Lifespace Developers Ltd
President – Real Estate
Sector, Mahindra Group

Sanjiv Kapoor
Non-Executive Independent
Director

Shailesh Haribhakti
Non-Executive Independent
Director

Dr. Prakash Hebalkar
Non-Executive Independent
Director

Dr. Anish Shah
Additional Director

Projects/Locations/Brands



Valuation

MLDL traded at an average PE of 11.70X in last five years. At CMP of INR454.55, the stock trades at a PE of 7.00X of FY2015 EPS. In addition, the CMP discounts Bloomberg consensus FY2016E and FY2017E earnings at 11.36x and 8.49x respectively, which looks attractive from an investment point of view.

Key Concern

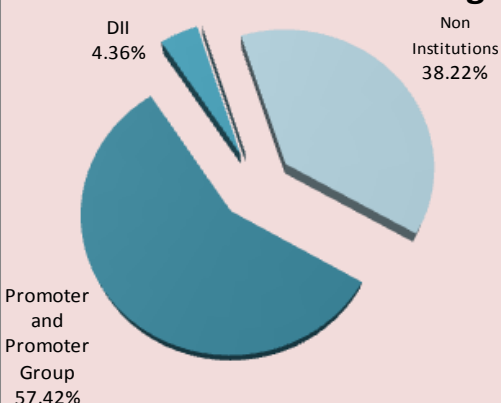
- ❖ RBI has reduced the policy rates in the wake of cooling down of inflation; this has not resulted in significant reduction of interest rates for home loans. This can have a direct impact on the performance of the real estate sector and the Company.
- ❖ Key operational risks faced by the Company include longer development period for procurement of land, time taken for approvals, inability to sell the project as per plan, inability to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations. Add-on The real estate industry is easily affected by changes in government policies and regulations.

BUY

Market Data

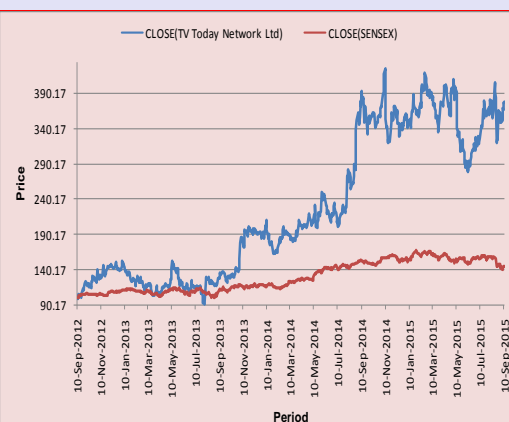
Current Market Price (INR)	230.70
52 Week High / Low (INR)	261.85/165.15
Market Capitalization (In INR Crs)	1,376.09

Shareholding



STOCK SCAN

BSE Code	532515
NSE Code	TVTODAY
Bloomberg Ticker	TVTN IN
Reuters Ticker	TVTO.BO
Face Value (INR)	5.00
Equity Share Capital (In INR Crs)	29.82
Average P/E(5 years)	27.5x
Beta vs Sensex	0.80
Average Daily Volume	352,934
Dividend Yield	0.66%
PEG Ratio	NA



Analyst: Ajoy Mukherjee

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TV Today Network Limited

Sector – Media & Entertainment

We rate TV Today Network Ltd. a **BUY**. The company is one of the leading Digital Media & publication network company, the TV News channels from the company - Aaj Tak, India Today, Tez and Dilli Aaj Tak have all shown growth in market share, reach and the credibility they enjoy with the audience. We are positive about the company based on trigger like company's leadership in market share, Incremental Digital advertising revenue and its valuation aspect.

Investment Highlights

Incremental market share with leadership position: The leadership position of Aaj Tak as the No.1 news channel for the 14th consecutive year has contributed to the growth in advertising revenue. Aaj Tak has maintained its Leadership among Hindi News Channels in the New Audience Measurement System BARC also with a Market Share of 16.4%. India Today Television, a 24 hr English News channel that is built on the 40 year legacy of the India Today Gold Standard of journalism. India Today Television has already become the No. 2 Channel with a Market Share of 24.2%.

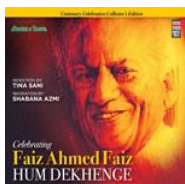
Digital and new media is geared for substantial revenue growth: The present government's focus on digital India, relate in this the Company is constantly investing in content as well as marketing & distribution on the basis of detailed research in order to achieve better ratings. Advertising revenues is growing. The growth in popularity of digital media continued surging year after year with a significant growth in digital advertising.

Significant growth in Media & Entertainment industry in India: The Indian market is poised to grow at a CAGR (Compound Annual Growth Rate) of 13.9%, to grow from INR 102600 crore in 2014 to reach INR 196400 crore by 2019, a growth rate that is almost double that of the global media and entertainment industry. The television industry in India is estimated at INR 47500 crore in 2014, and is expected to grow at a CAGR of 15.5% to reach INR 97500 crore in 2019. Subscription revenue growth at an annualized growth rate of 16% is expected to outpace the advertising revenue annualized revenue growth of 14%, on account of improving monetization due to digitization.

TV Today Network Limited Financial Performance- (In crores except per share data & %)

Particulars	FY2013A	FY2014A	FY2015A	FY2016E	FY2017E
Net Sales	312.67	389.44	476.56	542.20	617.60
Growth (%)	1.37%	24.55%	22.37%	13.77%	13.91%
EBITDA	43.53	120.99	154.38	157.40	197.60
EBITDA Margins (%)	13.92%	31.07%	32.39%	29.03%	31.99%
Net Profit	12.21	61.33	81.04	91.45	117.20
Net Profit Margins (%)	3.91%	15.75%	17.01%	16.87%	18.98%
Net Profit Growth (%)	16.06%	402.29%	32.14%	12.85%	28.16%
EPS	2.05	10.31	13.60	15.35	19.65
BVPS	54.53	63.68	75.44	89.29	107.57
P/E	30.43	11.46	15.92	14.75	11.52
P/BV	1.15	1.86	2.87	2.58	2.14
RoE	3.81%	17.45%	19.56%	18.00%	19.75%
EV/EBITDA	9.55	5.48	7.79	8.02	6.39

Source: Bloomberg, Ace Equity, Microsec Research (EPS adjusted as per PAT)



Management

Aroon Purie

Chairman & Managing
Director

Anil Vig

Non Executive Independent
Director

Ashok Kapur

Non Executive Independent
Director

Rajeev Thakore

Non Executive Independent
Director

Koel Purie Rinchet

Non Executive Director

Devajyoti

Bhattacharya
Non Executive Director

Products/Services/Brands

Television

AAJ TAK

IINDIA
TODAY

Publication

INDIA TODAY
BUSINESS TODAY
MEN'S HEALTH
COSMOPOLITAN
WOMEN'S HEALTH
AUTO BILD
READER'S DIGEST
PREVENTION
MUSIC TODAY
HARVARD BUSINESS REVIEW
GOLF DIGEST INDIA
GADGETS AND GIZMOS
DESIGN TODAY
TRAVEL PLUS
GOOD HOUSEKEEPING

Others

THOMSON
PRESS

MUSIC
INDIA

Valuation

The Company traded at an average PE of 27.5X in last five years. At CMP of INR230.70, the stock trades at a PE of 16.95X of FY2015 EPS. In addition, the CMP discounts Bloomberg consensus FY2016E and FY2017E earnings at 14.75x and 11.52x respectively, which looks attractive from an investment point of view.

Key Concern

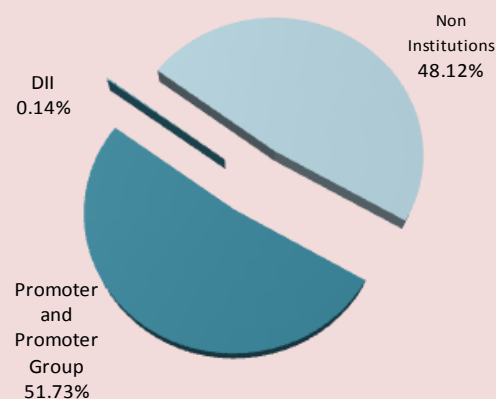
- ❖ The main concern of the company is Issues of MSO's (Multiple System Operators) and LCO's (Local Cable Operator).
- ❖ Competition leading to increasing content and distribution cost.

BUY

Market Data

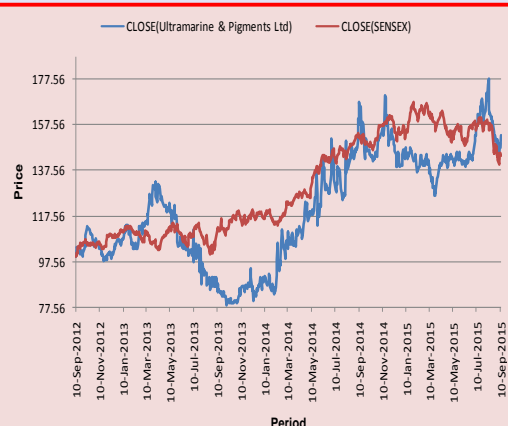
Current Market Price (INR)	72.35
52 Week High / Low (INR)	91.25/60.00
Market Capitalization (In INR Crs)	211.26

Shareholding



STOCK SCAN

BSE Code	506685
NSE Code	ULTRMARINE
Bloomberg Ticker	UMP IN
Reuters Ticker	ULTR.BO
Face Value (INR)	2.00
Equity Share Capital (In INR Crs)	5.84
Average P/E(5 years)	10.7x
Beta vs Sensex	1.00
Average Daily Volume	12,401
Dividend Yield	4.00%
PEG Ratio	NA



Analyst: Ajoy Mukherjee

Email Id: amukherjee@microsec.in

Ultramarine & Pigments Limited

Sector – Specialty Chemicals

We rate Ultramarine & Pigments Ltd. a **BUY**. The company started in 1961, is one of the leading pigment and surfactant manufacturing company of Indian origin, having two factories in south India. It specializes in the manufacture of inorganic pigments and organic surfactants with international quality standard. We are positive about the company based on trigger like company's diversified business model with IT enabled services & BPO activities and wind turbine generator, expanding its surfactant chemicals manufacturing and processing operations and.

Investment Highlights

Growth in IT Enabled Services & BPO activities which is high & incremental margin segment: IT Enabled Services & BPO activities are the high margin segment and it is significantly increasing. In FY2013-14 EBITDA margin of this segment was 20.4%, in FY2014-15 it was at 22.4% increased by 200 basis points.

Improving profit from the Wind Mills Generation significantly: The total revenue of the windmills is INR2.16, an increase of 24% over the previous year with an EBITDA margin of ~50%. The company improve the profit from the Windmills significantly because it repaid the entire term loan availed from EXIM Bank, and as a result, faced lesser interest charges. In the coming years, the company hopes that the constraints and bottlenecks faced by Windmill operators will be reduced, as the Tamil Nadu State Grid capacity is increased.

Gujarat-Dahej project with the intention of expanding its surfactant chemicals: The Company had entered into an agreement with Gujarat Industrial Development Corporation (GIDC) for allotment of land at Dahej. The Company has acquired the land at Dahej-Petroleum, Chemicals and Petro Chemicals Investment Region (PCIR) in Gujarat with the intention of expanding its surfactant chemicals manufacturing and processing operations which is in process of establishing infrastructural facilities.

Stable and high dividend yield: The company's 5 year average dividend yield is 5.27%. For the FY2014-15, the company has declared an equity dividend of 150.00% amounting to INR3 per share. At the current share price of INR72.65 this results in a dividend yield of 4.13% and 31st March 2015 closing share price INR64.90 this result in a dividend yield of 4.62%. The company has a good dividend track report and has consistently declared dividends for the last 10 years.

Ultramarine & Pigments Limited Financial Performance- (In crores except per share data & %)

Particulars	FY2013A	FY2014A	FY2015A	FY2016E	FY2017E
Net Sales	140.15	150.22	172.22	192.90	212.20
Growth (%)	3.02%	7.19%	14.65%	12.01%	10.01%
EBITDA	24.71	28.15	31.16	34.70	38.10
EBITDA Margins (%)	17.63%	18.74%	18.09%	17.99%	17.95%
Net Profit	12.13	14.39	18.74	20.80	23.00
Net Profit Margins (%)	8.66%	9.58%	10.88%	10.78%	10.84%
Net Profit Growth (%)	-11.46%	18.63%	30.23%	10.99%	10.58%
EPS	4.15	4.93	6.42	7.12	7.88
BVPS	29.56	31.57	34.07	38.19	43.07
P/E	15.27	10.31	15.92	10.16	9.19
P/BV	2.14	1.61	1.90	1.89	1.68
RoE	14.42%	16.13%	19.55%	19.70%	19.85%
EV/EBITDA	7.29	4.89	5.56	6.01	5.48

Source: Bloomberg, Ace Equity, Microsec Research (EPS adjusted as per PAT)

Management



Mr. R. Sampath
Chairman & Managing
Director

**Mrs. Indira
Sundararajan**
Vice Chairperson & Managing
Director

Mr. S. Sridhar
Joint Managing Director

**Ms. Tara
Parthasarathy**
Joint Managing Director

Mr. S. Santhanam
Director

Products/Services/Brands

Pigments

Ultramarine
Blue

Ultramarine
Violet

Bismuth Vanadate
Yellow

Mixed metal Oxide
Pigments

Surfactants

Linear Alkyl Benzene
Sulphonic Acid

Alpha Olefin
Sulphonate

Sodium Lauryl Sulphate

Sodium Lauryl Ether
Sulphate

Others

Dry Mix
Detergents

IT Enabled
Services & BPO
activities

Wind Turbine
Generator



Valuation

The Company traded at an average PE of 10.7X in last five years. At CMP of INR72.35, the stock trades at a PE of 11.26X of FY2015 EPS. In addition, the CMP discounts Bloomberg consensus FY2016E and FY2017E earnings at 10.02x and 9.06x respectively, which looks attractive from an investment point of view.

Key Concern

- ❖ The domestic market for pigments continued to pose challenges. There is shrinking demand for laundry and white washing applications, and there is a slowdown in the manufacturing sector.
- ❖ Insufficient distribution and sales promotion in the detergent segment for retail sale.

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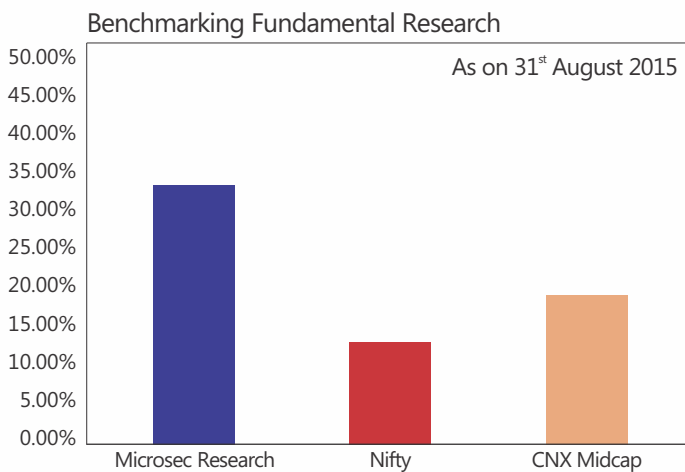
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Research?

Microsec Benchmark its Research



An amount of ₹ 1,00,000 invested individually in all 338 stocks ie, 3,38,00,000 as and when recommended has appreciated to ₹ 4,48,86,400 giving a return of 32.8 percent. On the same basis Nifty has given a return of 12.3 percent and CNXMID CAP has given a return of 18.2 percent

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