

Dec 23, 2015

New Year Picks : 2016



Analyst

Ajay Kumar Srivastava

ajaykumar.s@religare.com

Swati Saxena

swati.saxena@religare.com

Amara Raja Batteries Ltd
Sector : Auto Ancillaries – Batteries
CMP – ₹ 853.45
Target – ₹ 1020
Investment Rationale

- Amara Raja Batteries Ltd. (ARBL) is a leading manufacturer of lead acid batteries for both industrial and automotive applications in the Indian storage battery industry. The company plans Capex of Rs 600 crore for FY16E and Rs 300 crore for FY17.
- The company's Automotive Battery business continued its robust growth across all verticals. In order to meet the requirement of supplies to Original Equipment Manufacturers and also aftermarket, the company is considering another manufacturing plant with a capacity of over 11 million units per annum, more than doubling the current installed capacity for two-wheelers.
- The company plans an investment of ~Rs 500 crore in the tubular battery plant with total capacity of 1.5 million units. With its own capacity in place, the company expects profitability from the segment is likely to increase by 400-500 bps. The company expects the plant to achieve full capacity utilization of the initial 0.9 million units by end of FY17E.

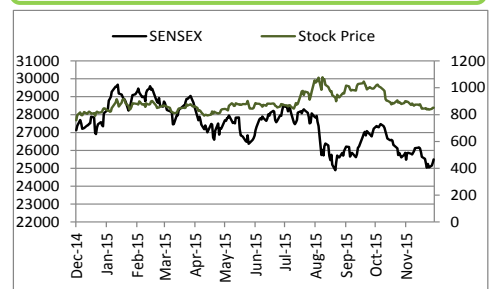
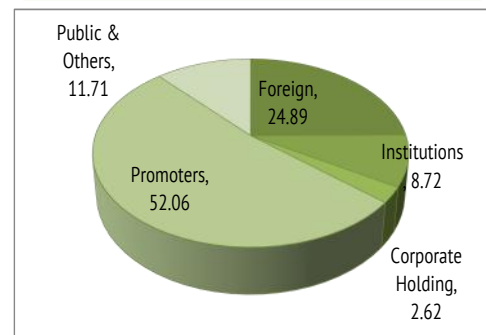
Outlook:

The demand in industrial segment is strong and growth in the replacement market augurs well for the company. Strong auto sales also support replacement demand for batteries. The company has big expansion plans and is entering new verticals and geographies translating into quicker growth. Looking to the strong demand we expect that the company will continue to show its strong financial performance in the near future.

BSE Code : 500008
 NSE Code : AMARAJABAT

Key Data

Market Cap (₹ Cr)	14541
Equity Cap (₹ Cr)	17.08
Face Value	1
Book Value	113.83
Beta	0.88
52 Week High-Low	1128 / 777.00
Avg Volume (Wkly)	358313

Price Chart

Shareholding Pattern (%)


Amara Raja Batteries Ltd – Financial Details

Income Statement (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Net Sales	2961.40	3436.66	4209.65	5046.45	6026.23
Other Income	46.55	45.51	43.98	52.00	58.00
Total Income	3007.95	3482.17	4253.63	5098.45	6084.23
Expenditure	2519.03	2880.21	3509.54	4180.56	4974.87
EBITDA	488.92	601.96	744.09	917.89	1109.36
Interest	1.00	0.72	0.24	0.30	0.30
Depreciation	66.10	64.57	133.99	154.56	174.65
PBT	421.82	536.67	609.86	763.03	934.41
Tax	135.11	169.23	199.00	251.80	308.36
Net Profit	286.71	367.44	410.86	511.23	626.06

Balance Sheet (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Equity Share Capital	17.08	17.08	17.08	17.08	17.08
Reserves & Surplus	1042.73	1345.62	1682.49	2113.79	2639.93
Total Shareholder's Fund	1059.81	1362.70	1699.57	2130.87	2657.01
Debt	88.10	85.69	75.95	72.10	71.82
Other Liabilities	37.64	36.96	44.31	37.30	39.64
Total Liabilities	1185.55	1485.35	1819.83	2240.27	2768.47
Net Fixed assets	358.86	623.20	944.26	1173.77	1510.27
Capital work in Progress	102.98	144.66	86.32	132.68	152.48
Investment	16.08	16.08	16.08	16.08	16.08
Net Current Assets	691.45	674.66	744.48	893.38	1063.12
Net Deferred Tax	-19.51	-30.14	-36.85	-36.85	-36.85
Other Assets	35.69	56.89	65.54	61.22	63.38
Total Assets	1185.55	1485.35	1819.83	2240.27	2768.47

Key Ratios

	FY13	FY14	FY15	FY16E	FY17E
NPM (%)	9.68	10.69	9.76	10.13	10.39
EBITDA Margin (%)	16.51	17.52	17.68	18.19	18.41
ROE (%)	27.05	26.96	24.17	23.99	23.56
ROCE (%)	35.66	36.18	33.53	34.07	33.76
Debt / Equity	0.08	0.06	0.04	0.03	0.03
EPS	16.79	21.51	24.06	29.93	36.65
CEPS	20.66	25.29	31.90	38.98	46.88
P / B (x)	13.50	10.50	8.42	6.71	5.38
P / E (x)	49.89	38.93	34.82	27.98	22.85
EV / EBITDA (x)	28.60	23.42	19.03	15.55	12.80

Source : Capitaline, RSL Research

Britannia Industries Ltd

Sector : FMCG

CMP – ₹ 2896.25

Target – ₹ 3600

BSE Code : 500825
NSE Code : BRITANNIA

Investment Rationale

- Britannia is focusing on premium biscuits and gearing up to get a strong foothold in the super-premium biscuits space where competition is minimal. Overall demand for premium products is growing faster compared to plain biscuit.
- The company initiated to offer more value to consumers along with re-stage of its key brands like Goodday & Milkvikis. The company relaunched the Good Day brand which is giving very good results. Its cream biscuits portfolio is growing well. It has got a fairly robust portfolio of healthy biscuits under the Nutri Choice brand and that is doing very well. Benign commodity prices have also provided support.
- Britannia still derives 60% of sales from urban areas. Now, it is aggressively expanding its distribution in rural areas. This has led to a high double-digit growth for the company in the rural market.

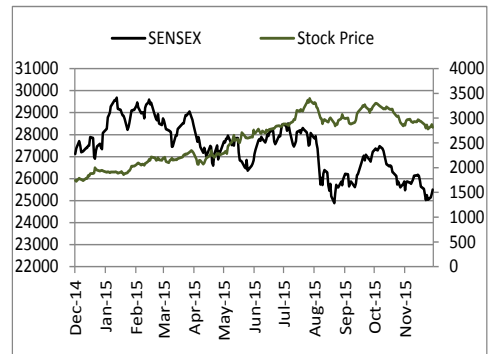
Outlook:

Britannia is planning to grow its business profitability; the company is setting up an agro processing plant in Chittoor, Andhra Pradesh before 2017 at an investment of Rs 125 cr. Declining commodity prices have also cushioned the margins, this momentum is expected to continue and its strong performance is seen sustaining in near future.

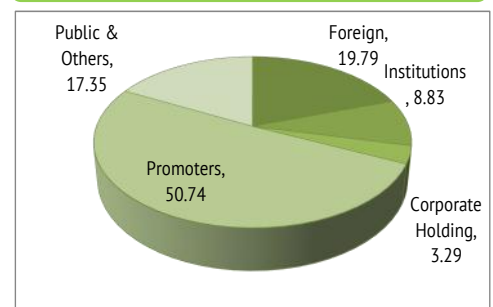
Key Data

Market Cap (₹ Cr)	34995
Equity Cap (₹ Cr)	24
Face Value	2
Book Value	134.25
Beta	0.64
52 Week High-Low	3434.20/1725.10
Avg Volume (Wkly)	147255

Price Chart



Shareholding Pattern (%)



Britannia Industries Ltd – Financial Details (Consolidated)

Income Statement (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Net Sales	6135.91	6829.32	7775.09	8687.59	10056
Other Income	101.74	116.98	331.21	355.01	399.5
Total Income	6237.65	6946.3	8106.3	9042.6	10455.5
Expenditure	5764.77	6285.51	7008.37	7672.5	8744.5
EBITDA	472.88	660.79	1097.93	1370.1	1711
Interest	41.3	8.29	3.86	4.4	4.4
Depreciation	73.15	83.18	144.48	180	208.2
PBT	358.43	569.32	949.59	1185.7	1498.4
Tax	98.55	173.58	261.11	379.4	464.5
Net Profit	259.88	395.74	688.48	806.3	1033.9

Balance Sheet (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Equity Share Capital	23.9	24.0	24.0	24.0	24.0
Reserves & Surplus	531.7	774.1	1221.1	1693.7	2304.2
Total Shareholder's Fund	557.9	798.1	1245.1	1717.7	2328.2
Minority Interest	2.3	2.4	2.4	2.4	2.4
Total Debt	380.0	149.8	145.1	145.1	145.1
Other Liabilities	24.3	23.0	25.6	25.6	25.6
Total Liabilities	964.5	973.2	1418.2	1890.8	2501.3
Net Fixed assets	736.8	847.6	844.1	836.0	920.9
Capital work in Progress	147.3	107.1	48.4	100.9	85.5
Investment	108.2	197.9	517.9	517.9	587.9
Net Current Assets	-117.1	-241.5	-143.0	317.1	788.1
Misc. Exp. not written off	0.0	0.0	0.0	0.0	0.0
Net Deferred Tax	-12.8	-8.9	23.4	-8.6	-8.6
Other Assets	102.0	71.1	127.5	127.5	127.5
Total Assets	964.5	973.2	1418.2	1890.8	2501.3

Key Ratios

	FY13	FY14	FY15	FY16E	FY17E
NPM (%)	4.24	5.79	8.85	9.28	10.28
EBITDA Margin (%)	7.71	9.68	14.12	15.77	17.01
ROE (%)	46.58	49.58	55.29	46.94	44.41
ROCE (%)	41.45	59.35	67.23	62.94	60.08
Debt / Equity	0.68	0.19	0.12	0.08	0.06
EPS	21.74	32.99	57.40	67.22	86.19
CEPS	27.86	39.93	69.44	82.23	103.55
P / B (x)	62.55	43.87	28.12	20.38	15.04
P / E (x)	134.28	88.48	50.86	43.42	33.87
EV / EBITDA (x)	74.38	53.05	31.82	24.97	19.59

Source : Capitaline, RSL Research

Century Plyboards (India) Ltd

Sector : Decoratives-Wood Based

CMP – ₹ 175

Target – ₹ 210

Investment Rationale

- Century Plywoods has entered in the business of branded furniture retail. The company expects to add a number of stores over the next few years and build this into a lucrative multiproduct business.
- Recently, the company has also entered in the economy-segment products through its secondary brand 'Sainik' enabling it to penetrate smaller cities and rural markets.
- The company has established its retail presence in East and South for Nesta-branded furniture and modular kitchen in the past couple of years. It is adding five stores in Kolkata, three in Chennai and one in Hyderabad.
- The company has widened its product basket around different applications; so, now it has a plywood variant for almost every interior need.
- The company had increased its laminates manufacturing capacity by 33.33% also introduced Wood and Plastic Composite (WPC); new product in the plywood segment.

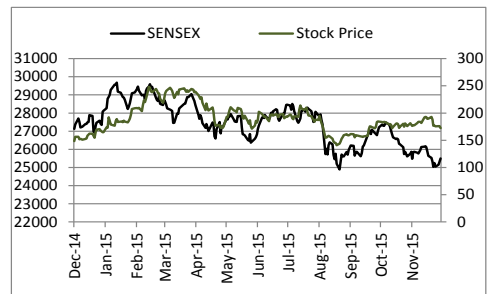
Outlook: Century is investing heavily on raw material security, distribution network and brand positioning. It had set up its own facility in Myanmar from where it prepares timber sheets & exports to its plants in India and planning to set up timber processing units in other locations to ensure uninterrupted raw material supply for upcoming growth. Government's 'Housing for All' agenda is expected to drive interior infrastructure demand and RBI's easing of liquidity could also reduce the cost of housing loans and accelerate the real estate demand.

BSE Code : 532548
NSE Code : CENTURYPLY

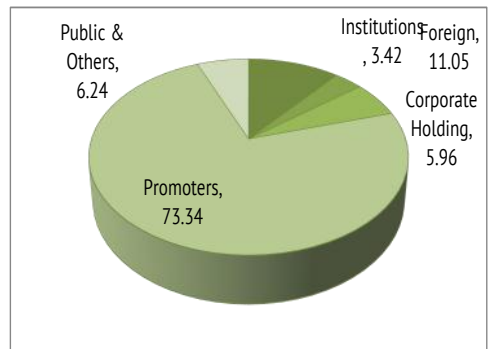
Key Data

Market Cap (₹ Cr)	3702.96
Equity Cap (₹ Cr)	22.22
Face Value	1.00
Book Value	21.24
Beta	1.47
52 Week High-Low	262 /137
Avg Volume (Wkly)	221984

Price Chart



Shareholding Pattern (%)



Century Plyboards (I) Ltd – Financial Details

Income Statement (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Net Sales	1174.73	1336.17	1572.7	1753.56	1998.42
Other Income	14.13	15.18	19.04	20.08	21.98
Total Income	1188.86	1351.35	1591.74	1773.64	2020.4
Expenditure	1058.29	1189.44	1318.14	1449.8	1637.37
EBITDA	130.57	161.91	273.6	323.84	383.03
Interest	40.36	60.34	45.57	49.12	45.17
Depreciation	27.96	38.71	48.47	52.25	55.38
PBT	62.25	62.86	179.56	222.47	282.48
Tax	4.58	-0.47	29.6	30.7	40.52
Net Profit	57.67	63.33	149.96	191.77	241.96

Balance Sheet (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Equity Share Capital	22.25	22.25	22.25	22.25	22.25
Reserves & Surplus	233.56	270.83	367.13	506.84	696.73
Total Shareholder's Fund	255.81	293.08	389.38	529.09	718.98
Debt	541.87	580.09	513.79	553.00	603.00
Other Liabilities	1.79	1.88	2.81	2.81	2.81
Minority Interest	8.59	11.45	5.52	5.52	5.52
Total Liabilities	808.06	886.50	911.50	1090.42	1330.31
Net Fixed assets	272.79	316.40	245.59	318.45	450.71
Capital work in Progress	46.70	23.97	32.59	53.81	91.02
Investment	7.65	3.11	0.39	0.39	0.39
Net Current Assets	431.35	479.44	561.55	640.00	704.00
Net Deferred Tax	-2.54	0.68	6.26	6.26	6.26
Other Assets	52.12	62.89	65.12	71.51	77.93
Total Assets	808.07	886.49	911.50	1090.42	1330.31

Key Ratios

	FY13	FY14	FY15	FY16E	FY17E
NPM (%)	4.91	4.74	9.54	10.94	12.11
EBITDA Margin (%)	11.11	12.12	17.40	18.47	19.17
ROE (%)	22.54	21.61	38.51	36.25	33.65
ROCE (%)	12.70	13.90	24.70	24.91	24.63
Debt / Equity	2.12	1.98	1.32	1.05	0.84
EPS	2.59	2.85	6.74	8.62	10.87
CEPS	3.85	4.59	8.92	10.97	13.36
P / B (x)	15.31	13.36	10.06	7.40	5.45
P / E (x)	67.90	61.83	26.11	20.42	16.18
EV / EBITDA (x)	33.36	27.53	16.05	13.56	11.38

Source : Capitaline, RSL Research

Somany Ceramics Ltd

Sector : Ceramics

CMP – ₹ 374.65

Target – ₹ 455

Investment Rationale

- Government plans for smart cities, dedicated freight corridor, Swachh Bharat Abhiyan, and housing for all will also bode well for Buildings Material Industry. The Company remains optimistic about its future growth prospects in general and building and construction material industry in particular especially in the backdrop of various initiatives being taken by the government which would fructify in near future.
- The company remains confident over demand growth for H2FY 2016 on hopes that (i) Pay commission and One Rank One Pension (OROP) are likely to boost demand, (ii) CSR activities of corporate India will pick up further steam than in the previous year helping overall industry growth, (iii) Exports continue to offer growth opportunities, and (iv) The recent cut in mortgage rates is likely to spur demand for Real Estate benefiting Buildings Material industry.

Outlook:

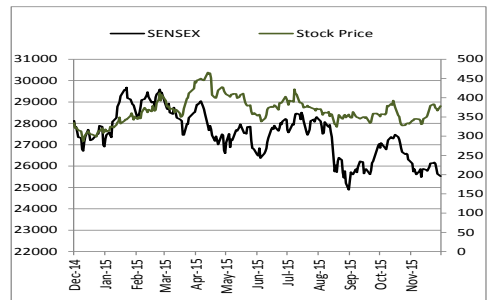
Government plans for smart cities, dedicated freight corridor, Swachh Bharat Abhiyan, and housing for all will also bode well for Buildings Material Industry. The company plans to add additional tile manufacturing capacity within next one year to sustain the growth momentum in future. The government initiatives, increase in demand and expansion plan of the company are the major triggers for Somany Ceramics and we believe that going ahead the company is likely to perform better.

BSE Code : 531548
NSE Code : SOMANYCERA

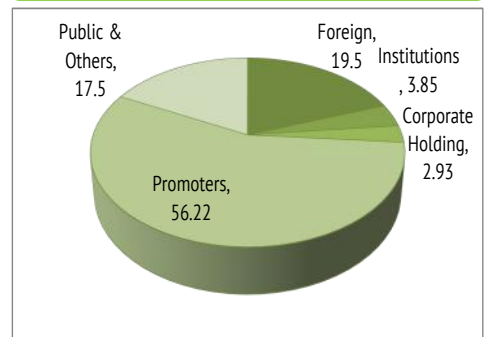
Key Data

Market Cap (₹ Cr)	1467
Equity Cap (₹ Cr)	7.77
Face Value	2
Book Value	70.83
RoE (%)	18.71
52 Week High-Low	535.20 / 296.30
Avg Volume (Wkly)	9353

Price Chart



Shareholding Pattern (%)



Somany Ceramics Ltd – Financial Details (Consolidated)

Income Statement (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Net Sales	1049.93	1260.6	1535.16	1786.2	2126.4
Other Income	6.53	7.24	15.64	7.2	8.5
Total Income	1056.46	1267.84	1550.8	1793.4	2134.9
Expenditure	968.16	1183.38	1435.55	1663	1970.1
EBITDA	88.3	84.46	115.25	130.4	164.8
Interest	19.97	18.52	20.54	23.8	27.6
Depreciation	20.5	22.43	26.59	20.9	23.8
PBT	47.83	43.51	68.12	85.7	113.4
Tax	15.25	16.99	22.18	28.3	36.3
Net Profit	32.58	26.52	45.94	57.4	77.1

Balance Sheet (₹ Cr)

	FY13	FY14	FY15	FY16E	FY17E
Equity Share Capital	6.90	7.77	7.77	7.77	7.77
Reserves & Surplus	146.15	215.69	250.24	293.60	357.00
Total Shareholder's Fund	153.05	223.46	258.01	301.37	364.77
Total Debt	162.40	170.70	191.25	249.00	262.00
Other Liabilities	16.70	20.90	22.53	23.39	23.39
Minority Interest	0.00	4.44	5.31	5.31	5.31
Total Liabilities	332.15	419.50	477.10	579.07	655.47
Net Fixed assets	199.86	240.54	263.78	267.00	329.70
Capital work in Progress	9.38	2.93	0.81	50.00	0.00
Investment	8.67	54.75	46.61	66.60	86.60
Net Current Assets	136.29	133.76	173.86	195.47	239.17
Net Deferred Tax	-26.19	-28.38	-28.74	0.00	0.00
Other Assets	4.15	15.89	20.76	0.00	0.00
Total Assets	332.16	419.49	477.08	579.07	655.47

Key Ratios

	FY13	FY14	FY15	FY16E	FY17E
NPM (%)	3.10	2.10	2.99	3.21	3.63
EBITDA Margin (%)	8.41	6.70	7.51	7.30	7.75
ROE (%)	21.29	11.87	17.81	19.05	21.14
ROCE (%)	20.41	14.79	18.58	18.91	21.51
Debt / Equity	1.06	0.76	0.74	0.83	0.72
EPS	9.44	6.83	11.82	14.77	19.85
CEPS	15.39	12.60	18.67	20.15	25.97
P / B (x)	8.54	6.59	5.71	4.89	4.04
P / E (x)	40.13	55.52	32.05	25.65	19.10
EV / EBITDA (x)	16.36	19.05	14.30	12.86	10.09

Source : Capitaline, RSL Research

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publica-		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the		No
	I/we have received any compensation for brokerage services from the subject company in the		No
	I/we have received any compensation for products or services other than brokerage services		No
	I/we have received any compensation or other benefits from the subject company or third party		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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