



SAMVAT - 2074

Since Samvat 2073, Nifty has gained 1500 points or 17% despite the big event of demonetization and a bleak macro-economic scenario. Essential ingredients for market up move such as sentiment (global), liquidity (domestic) and interest rates continue in favor and support new highs world over. Going forward, the key factors that would play a vital role in shaping up our equity markets on to Samvat 2075 would be the direction of global central banks' monetary policies (rate hike trend), revival in economic growth, flow of money in to equity markets and the political situation (assembly elections). On the various risk factors, our economy would be very much vulnerable to any external shocks in terms of rise in commodity (oil) prices because our fiscal math have improved more due to fall in commodity prices than any structural change in merchandise trade. Factors that could disturb market trend in the medium term include the pace of U S reforms (especially taxation) and geo-political tensions. Among the domestic events, market would look for earnings recovery from H2 FY2018 and for any kind of populist measures in the run up to Budget 2018. For Nifty, 10,267 would be an important mark to watch out for. A convincing close above this level (monthly basis) would take it to 11,085 in a bull case scenario. The downside for the Nifty would be 9,375 on a bear case scenario.

DIWALI PICKS



COMPANY	CMP @	ON DIPS @	TARGET
ADVANCED ENZYMES	279.5	250	340
HERITAGE FOODS	799	735	925-985
S P APPARELS	408	360	510
TATA ELXSI	867	821	985-1042
GREENPLY INDUSTRIES	272.5	248	315-335

SAMVAT 2073 PICKS

STOCK	AVG COST	HIGH	RETURNS
AKZO NOBEL	1658	2089	26%
V MART	518	1585	206%
QUESS CORP	601	970	61%
KAJARIA CERAMICS	561	749	34%
S H KELKAR	300	335	12%



INDITRADE CAPITAL LTD

XXXVI – 202, J J Complex, Dairy Methanam Road, Edappally, Kochi, Kerala – 682024

Snapshot

NSE CODE	ADVENZYMES
BSE CODE	540025
SECTOR	CHEMICALS
BUY PRICE	Rs.279.5-250
TARGET PRICE	Rs.340
MARKET CAP	Rs.3,119
52W H/L	Rs.475/246
FV	Rs.2
BV	Rs.39
EQUITY	Rs.22 Cr
EPS	Rs.8.5
PE	33
Shareholding	(30 Sept, 2017)
PROMOTERS	71.31%
FII	1.59%
DII	4.85%
OTHERS	22.25%

ADVANCED ENZYMES

Key Highlights:

- Among Top 15 Enzyme manufacturing companies in the world and is also the 2nd listed pure enzyme player globally
- One of the few manufacturers across the globe that offer a wide spectrum of enzymes derived from all four natural origins: plant, fungal, bacterial and animal.
- Has set ambitious revenue target of Rs.10 billion in next 5 years from Rs.3.3 billion now, both organic and in-organic route.

Growth Drivers:

- Indian enzyme market is expected to grow from \$105 mln in 2015 to \$279 mln in 2022, at a CAGR of 15%.
- Product pipeline in animal nutrition, oil & fats, bio diesel, detergents, etc with total market potential of \$2 billion at various stages of development
- Recently concluded acquisitions to boost market share to 32-33% in the domestic enzymes market from 25% currently.

Valuation Picture:

- Currently trading at 33XFY2017 EPS, strong balance sheet and healthy return ratios
- Near term concerns surrounding growth and integration of acquisitions priced in

Snapshot

NSE CODE	HERITAGEFOOD
BSE CODE	519552
SECTOR	DAIRY PRODUCTS
BUY PRICE	Rs. 799-735
TARGET PRICE	Rs. 925-985
MARKET CAP	Rs.3,675
52W H/L	Rs.884/360
FV	Rs.5
BV	Rs.61
EQUITY	Rs.23 Cr
EPS	Rs.14.5
PE	55

Shareholding	(30 Sept, 2017)
PROMOTERS	39.90%
FII	8.24%
DII	5.97%
OTHERS	45.89%

HERITAGE FOODS

Key Highlights:

- Founded in the year 1992 by Mr. Nara Chandrababu Naidu, Heritage Foods is one of the fastest growing Companies in the Dairy business.
- In a strategic decision to focus on Dairy business, the company has sold its Retail Venture (Heritage Fresh Stores) to Future Retail last year.
- Has charted out aggressive growth strategy to achieve Rs.60 billion top line by FY2022, both organic and in-organic route. Has engaged E&Y to identify potential acquisition targets

Growth Drivers:

- Acquisition of Dairy business of Reliance Retail in final lap. To further enhance its presence beyond Maharashtra, NCR and Delhi to North and Madhya Pradesh.
- Formed JV with French dairy company Novandie for manufacturing of flavoured yogurt and desserts, plant expected to be operational in FY2018
- To enhance share of value added products from current 24% of sales to 40%, open to more JVs, tie up with international players.

Valuation Picture:

- Currently trading at 55XFY2017 EPS, discounting robust growth and higher profitability on exit of loss making retail business.
- Healthy balance sheet with D/E Ratio of 0.5, opportunity to monetize 3.64% stake in Future Retail currently valued at ~Rs.900 Crores

Snapshot

NSE CODE	SPAL
BSE CODE	540048
SECTOR	TEXTILES
BUY PRICE	Rs.408-360
TARGET PRICE	Rs.510
MARKET CAP	Rs.1,020 Cr
52WH/L	RS.482/277
FV	Rs.10
BV	Rs.152
EQUITY	Rs.25 Cr
EPS	Rs.21
PE	19

Shareholding

(30 Sept, 2017)

PROMOTERS	33.32%
FII	7.36%
DII	7.77%
OTHERS	51.55%

S P APPARELS

Key Highlights:

- Manufacturer and exporter of knitted garments for infants and children, a growing and recession proof business
- Integrated facility from Design to Spinning, Dyeing, Printing and Sewing. All manufacturing facilities within a radius of 125 km (located in Tirupur).
- Exclusive arrangement with Crocodile International, Hong Kong for retail of Crocodile brand of shirts, T-Shirts, Polo shirts, trousers, sweatshirts and innerwear

Growth Drivers:

- Just entered the U S market, the world's largest kids wear market, with 2 new customers. Eyeing business of Rs.1.5 billion in FY2019.
- Change in business model from designed/ fashion wear to basic wear from 70:30 to 50:50 to aid strong volume growth and improve asset utilization
- Backward integration at an investment of Rs.650 million to be completed in FY2018 to aid margin expansion

Valuation Picture:

- Currently trading at 19XFY2017 EPS appears reasonable considering U S business prospects and declining losses in Retail business. Pricing pressure in CORE U K business remain a concern.
- Healthy balance sheet with D/E ratio of 0.4 and investments of Rs.660 million to fund its backward integration Capex (IPO money).

Snapshot

NSE CODE	TATAELXSI
BSE CODE	500408
SECTOR	TECHNOLOGY
BUY PRICE	Rs.867-821
TARGET PRICE	Rs.985-1042
MARKET CAP	Rs.5,392
52W H/L	Rs.921/510
FV	Rs.10
BV	Rs.90
EQUITY	Rs.62 Cr
EPS	29
PE	30
Shareholding	(30 Jun, 2017)
PROMOTERS	44.57%
FII	10.05%
DII	6.48%
OTHERS	38.9%

TATA ELXSI

Key Highlights:

- A design and technology services company catering to automotive, consumer electronics, retail & consumer goods and healthcare. Provides solutions and services for emerging technologies such as IoT (Internet of Things), Big Data Analytics, Cloud, Mobility, Virtual Reality and Artificial Intelligence.
- Offer visualization services (Augmented, Virtual & Immersive Reality) to help customers and marketing organizations communicate their product better to their end consumers.

Growth Drivers:

- Empowering companies in a new era where robotics, virtual and augmented reality, artificial intelligence and IoT are enabling completely new products, services and interactions, in ways never seen before. *Tata Elxsi thinks on behalf of Customer's Customer*
- Automotive is a key vertical, associated with leading OEMs including BMW, Daimler and JLR. If you speak of connected cars - whether it's navigation, driverless cars, or advanced safety - OR if you think of cars becoming autonomous by 2025, Tata Elxsi is one of the many key companies behind it.
- Working on emerging requirements for mass transportation and urban mobility solutions for smart cities of the future. Has won the coveted international iF Design Award 2017, for Kochi Metro Rail
- End-to-end solution right from design, development; integration of key software components to testing of AIRTEL's INDIA'S FIRST Hybrid DTH Set-top box, powered by Android TV.

Valuation Picture:

- Currently trading at 30XFY2017EPS. Grown top line at more than 17% and bottom line at 32% over the last 3 years. Cash rich balance sheet and very healthy return ratios

Snapshot

NSE CODE	GREENPLY
BSE CODE	526797
SECTOR	PLYWOOD
BUY PRICE	Rs.272.5-248
TARGET PRICE	Rs.315-335
MARKET CAP	Rs.3,340 Cr
52W H/L	Rs.308/232
FV	Re.1
BV	Rs.64
EQUITY	Rs.12 Cr
EPS	Rs.10.7
PE	25

Shareholding (30 Sept, 2017)

PROMOTERS	51.03%
FII	11.52%
DII	21.37%
OTHERS	16.08%

GREENPLY INDUSTRIES

Key Highlights:

- India's largest interior infrastructure company accounting for 26% of organized plywood market and 30% of domestic MDF market.
- Strong retail network of 48 branches PAN India with presence in over 300 cities and 31 States through more than 12,000 access points
- Five manufacturing facilities across the country well-known for producing plywood products that meet with International standards

Growth Drivers:

- Rising residential/commercial construction, increasing urbanization, high disposable incomes, GST implementation and smart cities
- Key beneficiary of GST transition as the un-organised sector accounts for 80% of the domestic plywood market as GST will bring in a level playing field
- New plant for MDF manufacturing with capacity of 3.6 Lakh Cu M expected to be operational in FY2019. Potential to generate revenues in excess of Rs.11 billion at full capacity

Valuation Picture:

- Currently trading at 25XFY2017 EPS. Valuations reasonable considering strong earnings growth prospects from FY2019. Healthy balance sheet and return ratios despite large Capex undertaken

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