

Gladiator Stocks

New recommendations				Time Frame: 6 Months		
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
23-Mar-21	Berger Paints	BERPAI	730.00-745.00	830.00	675.00	13.00

Open recommendations				Time Frame: 6 Months		
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
19-Mar-21	Reliance Industries	2,055.00	2,320.00	1,915.00	2,100.00	2%
3-Mar-21	IndusInd Bank	1,088.00	1,270.00	990.00	991.00	-9%
3-Mar-21	VIP Industries	400.00	478.00	358.00	376.00	-6%
25-Feb-21	Tata Steel	733.00	845.00	675.00	743.00	1%
5-Feb-21	Kotak Mahindra Bank	1,976.00	2,230.00	1,815.00	1,830.00	-7%
5-Jan-21	Marico	415.00	480.00	367.00	402.00	-3%
10-Dec-20	Abbott India	15,500.00	17,920.00	13,910.00	14,665.00	-5%

All the recommendations are in Cash segment

March 23, 2021

Open Recommendations

Momentum Picks

Scrip	Action
NBCC	Buy
L&T Infotech	Buy
Duration: 14 Days	

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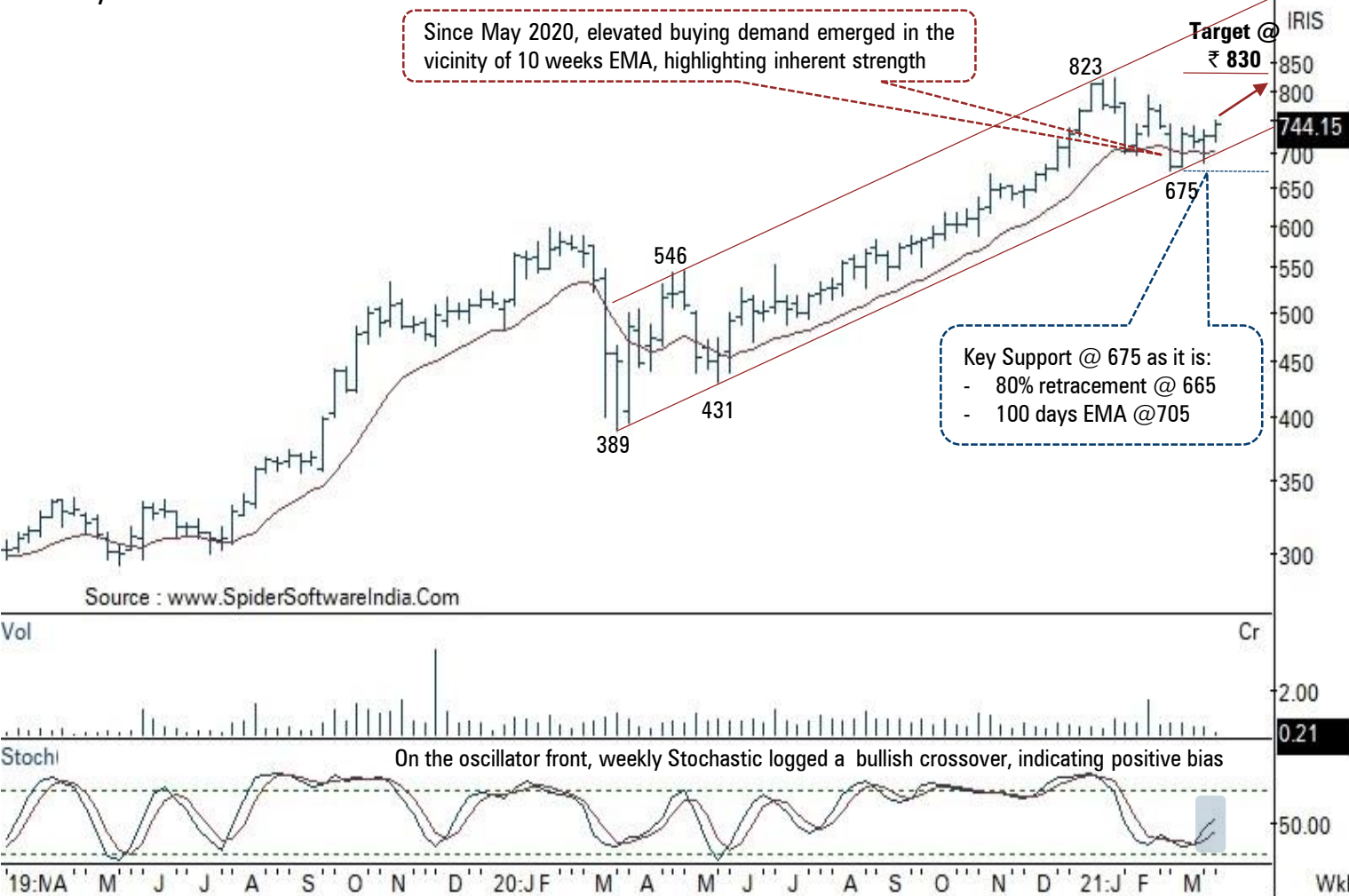
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Berger Paints (BERPAI): Base formation at lower band of rising channel offers favourable risk reward

Rec. Price	730-745	Target	830	Stop loss	675	Upside	13%
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Weekly Chart



- The share price of Berger Paint has undergone healthy retracement over past three months and formed a higher base at lower band of rising channel. Thereby offering fresh entry opportunity with favourable risk reward to ride next leg of up move
- We expect the stock to form a higher base in the vicinity of 10 week's EMA and gradually head towards ₹ 830 levels in coming months as it is lifetime highs on January 2021
- The up move since March 2021 has taken a shape of an upward sloping channel, indicating elevated buying demand, which has emerged in the vicinity of 10 weeks EMA. In the current scenario as well stock has formed a higher base in the vicinity of 10 weeks EMA. Thereby offering fresh entry opportunity
- Key point to highlight is that, over past three months, the stock has retraced 61% of preceding two month's up move (618-823). Shallow price retracement signifies robust price structure

Source: Spider Software,, ICICI Direct Research
 March 23, 2021

Recommended on I-click to gain on 23rd March 2021 at 09:41

ICICI Securities Ltd. | Retail Equity Research

Fundamental View: Berger Paints (BERPAI)

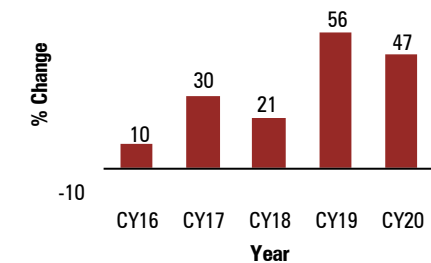
- Berger Paints is the second largest paint companies in India with presence both in decorative and industrial paint. The decorative paints contributes 80% to the annual topline. With ~ 6 lakhs metric tonnes of annual manufacturing capacity, Berger has presence across all categories of Premium, Budget and Economy products. Berger paints commands 17% market share in the organized decorative market paints category. In the last five years, BPIL has invested heavily in capex, brand building (average 5% of sales in the last five years) and product innovation with a strong balance sheet position
- With strong R&D expenditure and launch of innovative products Berger paints has improved its gross margin profile by 350 bps over the last 10 years. Berger witnessed a strong performance revenue earning CAGR of 11%, 16% in the last six years, supported by strong EBITDA margin expansion of 425 bps
- We believe despite pandemic related challenges, the long term growth story of decorative paint remains intact with key growth drivers such as shortening repainting cycle, rising aspirations and urbanisation level suggests a structural growth story. We believe the paint industry will grow at 12-13% CAGR in FY20-23E led by decorative paints. We also believe top players would outperform industry growth by 100 bps supported by market share gains from the unorganised pie, which is holding ~30% of total market share
- Unlike industry leader, Berger Paints has high revenue exposure from non-metros. Hence, it is better positioned to cater to increased demand in tier II, tier III cities where unorganized players have had a significant hit due to supply issues. While the product mix of Berger is likely to stay skewed towards low end product categories, the revival in maintenance related works would help drive volume growth in the medium term. Gross margin is likely to stay elevated due to a sharp fall in monomers and solvent based product prices
- For 9MFY21, Berger's bottomline recovery was slightly delayed as compared to Asian Paints given its strong dealer reach. However, We believe, given its strong semi urban and rural reach (higher than industry leader) along with government thrust on Housing for All & infrastructure development, Berger's volume growth will be in line with market leader (i.e. ~13% FY20-23E). On the balance sheet front, despite heavy capital expenditure, Berger's balance sheet remained lean with strong return ratios (RoCe/RoE, 26%/25)

Particulars	
Particular	Amount
Market Capitalization (₹ Crore)	72,548.6
Total Debt (FY20) (₹ Crore)	535.9
Cash and Inv (FY20) (₹ Crore)	399.3
EV (₹ Crore)	72,685.3
52 week H/L (₹)	824/390
Equity capital (₹ Crore)	97.1
Face value (₹)	1.0

Financials				
Key Financial:	FY20	FY21E	FY22E	FY23E
Revenue	6,366	6,584	8,373	9,785
EBITDA	1,061.0	1,171.9	1,427.6	1,752.4
Net Profit	656.1	738.4	944.3	1,201.0
EPS (₹)	6.8	7.6	9.7	12.4

Valuation				
	FY20	FY21E	FY22E	FY23E
P/E	111	98	77	60
P/BV	27.3	23.0	20.0	17.5
RoNW (%)	24.7	23.4	26.0	29.0
RoCE (%)	26.6	26.1	30.0	35.1

Price performance of last 5 years



Summary Performance - Recommendations till date

Total Recommendations	617	Open	7
Closed Recommendations	610	Yield on Positive recommendations	17.0%
Positive Recommendations	455	Yield on Negative recommendations	-8.0%
Closed at cost	17		
Strike Rate	77%		

Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
10-Mar-21	L&T Infotech	Buy	4020-4070	4435.00	3830.00	14 Days
23-Mar-21	NBCC	Buy	47-48.5	53.00	45.00	14 Days

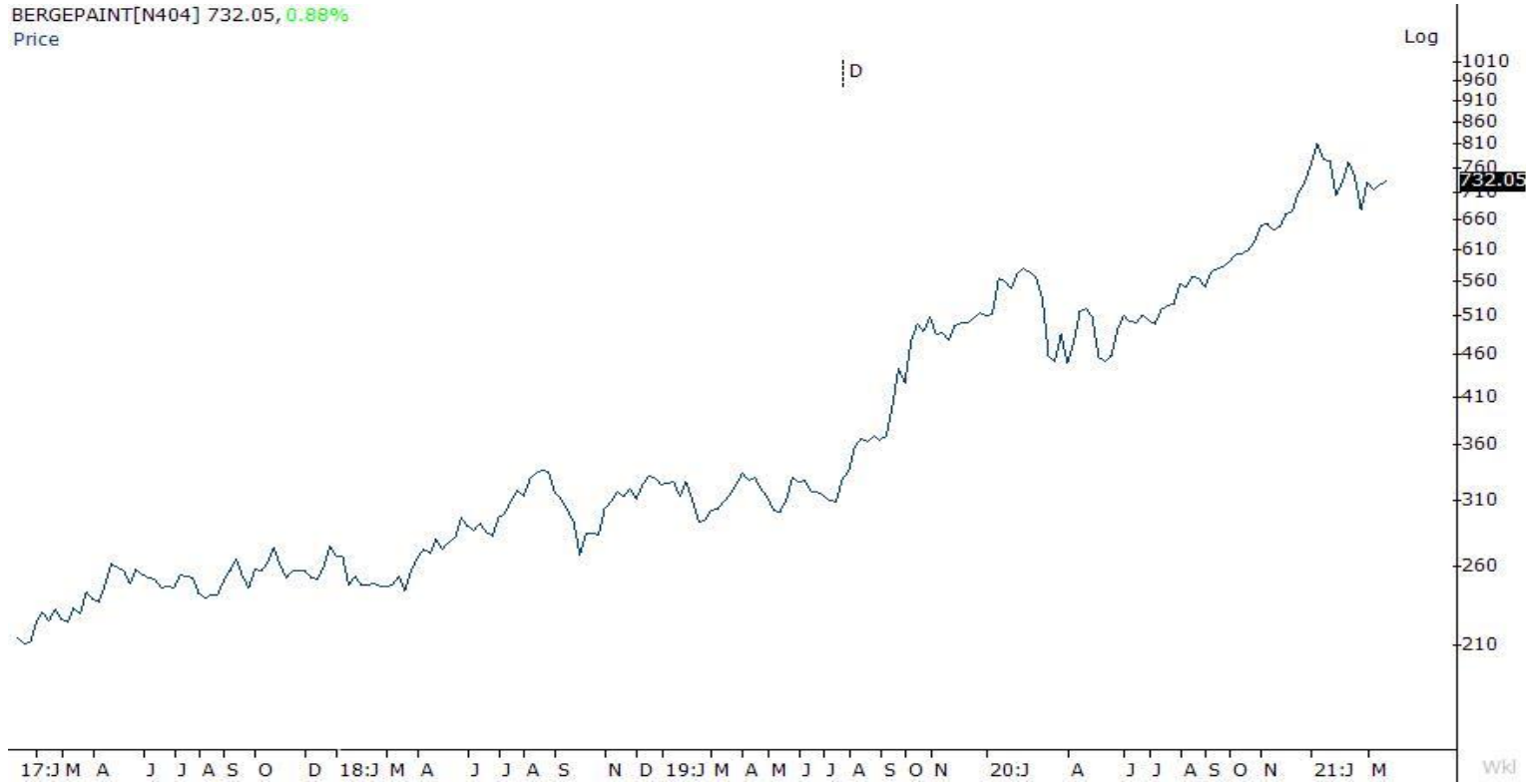
All recommendations are in cash market

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Price history of past three years

Berger Paints

BERGEPAIN[N404] 732.05, 0.88%
Price



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				



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