

Orient Paper & Industries

Buy | Rs.5

India's largest fan manufacturer!

- Orient paper is the flagship company of C K Birla group. Company is the market leader in fan, with the famous brand 'Orient PSP'. They also manufacture CFL & LED lighting and have ventured into home appliances last year.
- Company's paper mill, which was making losses in the past, has turned around recently after solving the water and power problems faced by the company. 55 MW captive power plant was commissioned along with huge water reservoirs for uninterrupted water supply during summer.
- Both electrical and paper divisions are estimated to grow at 15% with significant improvement in profit margins.
- The lighting division grew at 33% last year and Orient is focusing on sales of consumer luminaires, LED light sources and systems, which provide better margins. LEDs are expected to grow at a CAGR of 40% and are projected to eventually gain significant share in the lighting market.
- The management has indicated that FY14Q2 performance would be subdued due to maintenances shut down and seasonal nature of the business.
- We estimate the company to report revenue of Rs.1600 Cr and profit of Rs.100 Cr by next year. You could own this company for Rs.100 Cr. Balance sheet is healthy and corporate governance is considered excellent.
- Orient Paper is priced like a penny business and as a sick company. A closer look at the fundamentals of the company gives a different picture. Company is engaged in a promising business, managed professionally and poised to grow impressively. We expect a 400% appreciation in next 12 months.

Stock Data

Market Cap (Cr.):	100
Year high:	102
Year Low:	4.8
Book Value:	21
P/BV:	0.24

Shareholding Pattern

Promoter:	37.89%
Institutions:	29.57%
Non Institutions:	32.54%

Financial Performance

	FY14E	FY15E
Sales	1450	1600
Profit	25	100
EPS	1.2	4.9

Key Financial Data

Debt (Rs. Cr.)	305
Inventory (Rs. Cr.)	133