

Under Promised Over Delivered



It's All About Capitalizing Accumulation

Make in India programme opened up many opportunities for different industries directly and indirectly. Indian paper industry is one of the industry which will get benefited by such initiative. The Indian Paper Industry accounts for about 2.6% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore approximately and its contribution to the exchequer is around INR 4500 crore. With 10 per cent growth in per capita consumption in paper over the last one year, India has emerged as the fastest growing paper market in the world from 7.5 kg per capita consumption in 2007-08, the figure has gone up to 8.3 kg. "Pulp and paper industry is growing rapidly with an estimated CAGR (Compounded Annual Growth Rate) of 7-8% projected over the next decade. India ranks amongst the top 15 global consuming countries (over 6 Metric Tonnes (MT)/annum).

The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. The operating capacity of the industry currently stands at 12.75 million tons. During 2013-14, domestic production is estimated to be 11.38 million tons. As per industry guesstimates, over all paper consumption has now touched 13.10 million tons and per capita consumption is pegged at 10 kg. Demand of paper has been hovering around 8% for some time.

We have identified four stocks which represent paper industry in India. We are of the view that one can start accumulating this stocks at current levels and on decline for a potential upside of close to 30% with a holding period of 12 to 18 months. Stocks spent enough time in accumulation and the sector is up for delivering a strong return in coming months and quarters.

SR NO	NAME	MARKET CAP IN CR	CMP	TARGET	SR NO	NAME	MARKET CAP IN CR	CMP	TARGET
1	BALLARPUR	970.18	14.70	20	3	RAINBOWPAP	754.14	71	94
2	IPAPPM	1206.82	303.95	401	4	TNPL	1147.51	166.25	221

CMP & Market Cap As On 14-07-2015
Source: Company Data Base

Notes:

- Stocks recommended in this report is based on the technical analysis and not on fundamental analysis.
- We have recommended stocks with a view to build portfolio. One cannot use such targets and levels for any short term trading as well as creating any position in F&O segment.

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BALLARPUR 14.70

TIME FRAME 12 TO 18 MONTHS

TARGET 20



In recent past stock witnessed a fall of close to 42% from 21 odd levels and formed its intermediate bottom at around 12. On weekly chart since last three weeks stock is forming higher top higher bottom formation with good volume indicating strong up move in near future. On back of strong buying momentum we are expecting higher levels in coming months. One can go long at current levels and on decline for a potential target price of 20.

IPAPPM 303.95

TIME FRAME 12 TO 18 MONTHS

TARGET 401

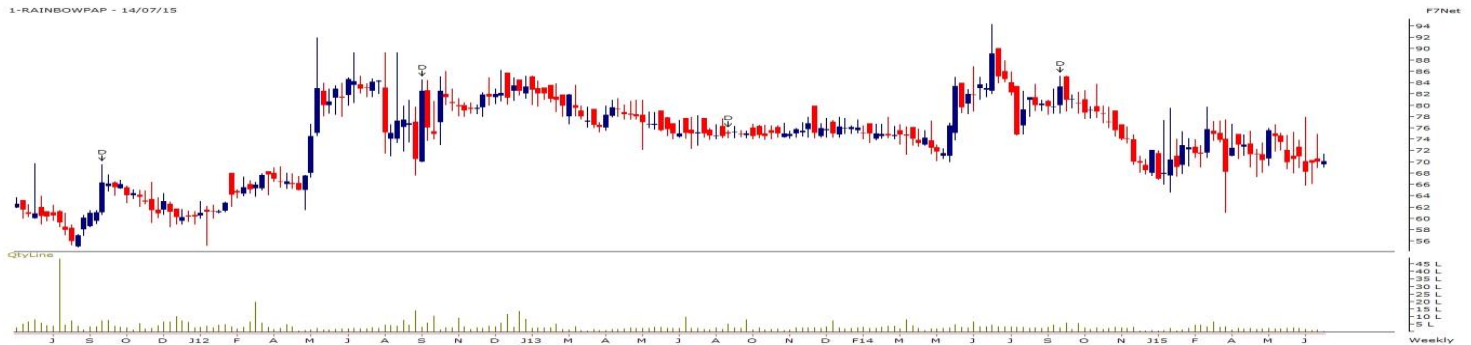


Stock seems to have formed its intermediate bottom between the price ranges of 280 to 285. In recent past it had been observed that as and when stock try to travel in this range stock is attracting strong hands and eventually close near the high point of the day. Such signs are strongly advocating up move in near future. One can go long at current level and on decline for a potential target of 401.

RAINBOWPAP 71

TIME FRAME 12 TO 18 MONTHS

TARGET 94



Since last two quarters stock is consolidating in a broad range of 75 on the upside and 68 on the downside. Going forward stock continue to consolidate in this range. However if the stock manages to close above 75 on weekly chart then there are strong possibilities that stock will enter in to a new trading range between 85 to 90. One can go long at current level and on decline for a potential target of 94.

TNPL 166.25

TIME FRAME 12 TO 18 MONTHS

TARGET 221



Since last two quarters stock is forming higher top higher bottom. Such price pattern on longer term time frame is rare and advocating that strong hands are gradually getting in to the counter at regular intervals. Since the stock run up strong in near future so one cannot rule out the possibility of correction at current levels. Such weakness should be used as an accumulation opportunity for a potential target of 221.

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