

With so much fear in the financial markets right now, we believe it's the right time to be greedy....

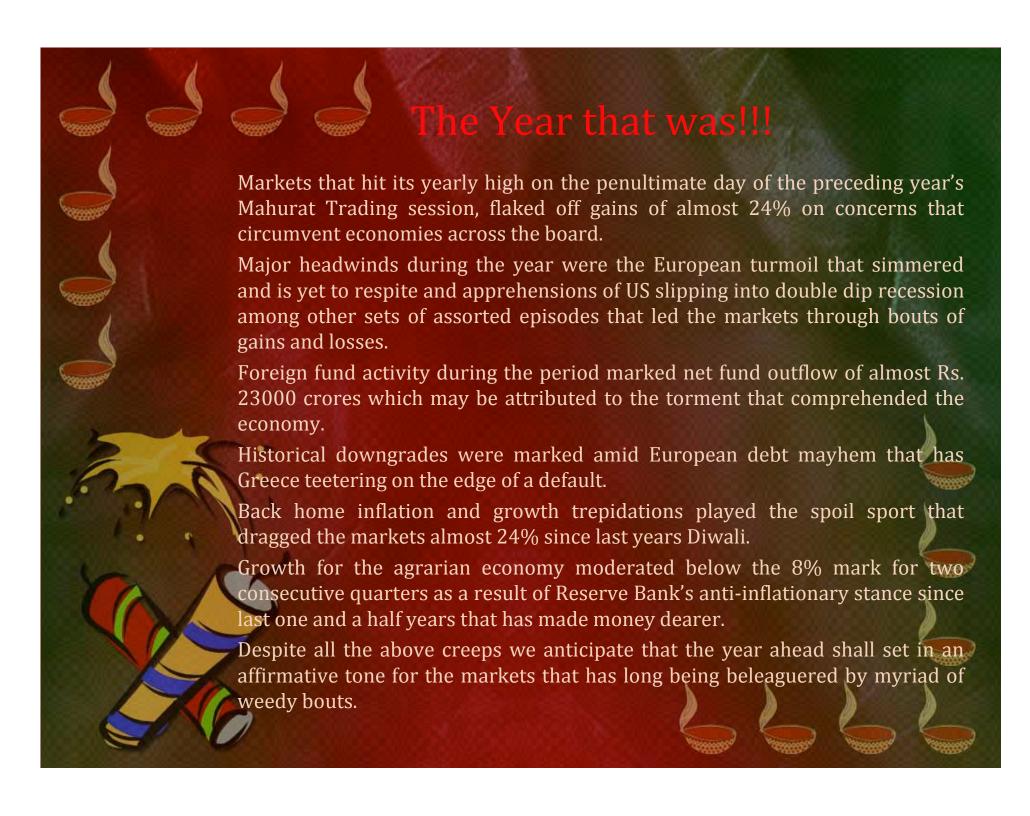
We would like to wish all of you a very Happy Diwali and a prosperous New Year filled with peace, success, Happiness and wealth!!! We wish it also brings cheer to the markets.

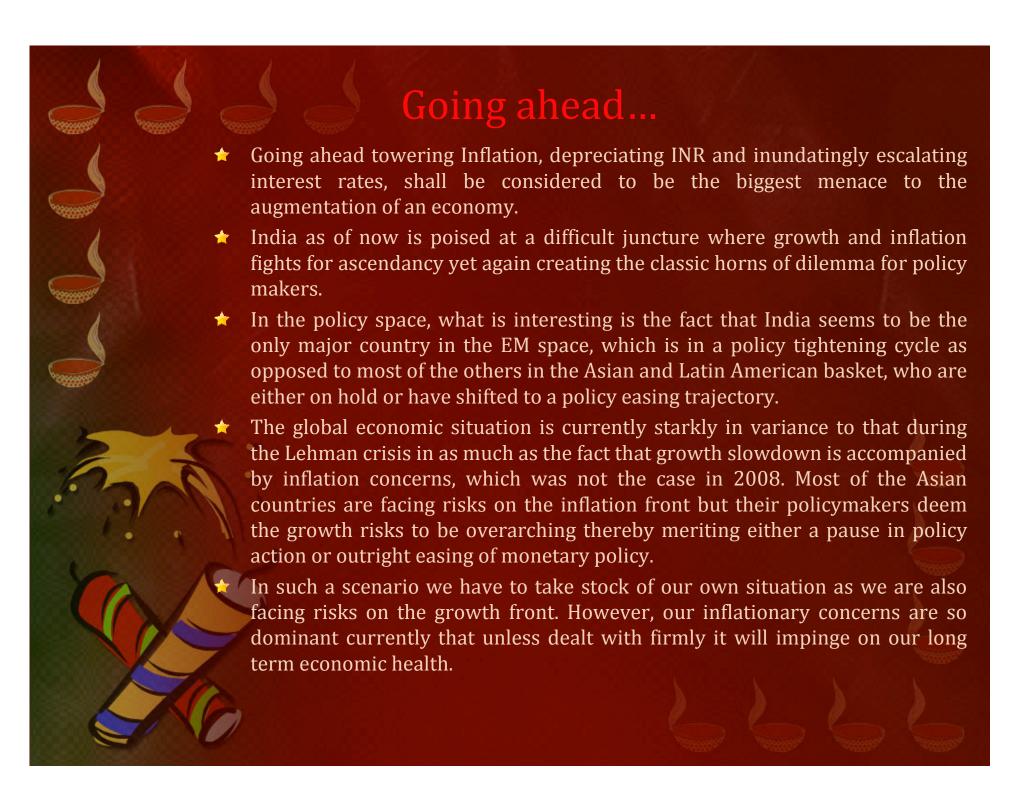
Mahurat Trading...

The most ardently awaited festival of lights shall mark the auspicious Mahurat Trading that appears to be the link the broking community had endured to retain with its rich past.

Mahurat trading is scheduled this year at 4.45-6pm on 26th October 2011 on NSE and BSE.

The last Samvat year has been challenging for the markets with both global and domestic apprehensions weighing on the indices. We anticipate the new Samvat year to reinstate optimism towards solution to the global economic crises and speedy action from the government.





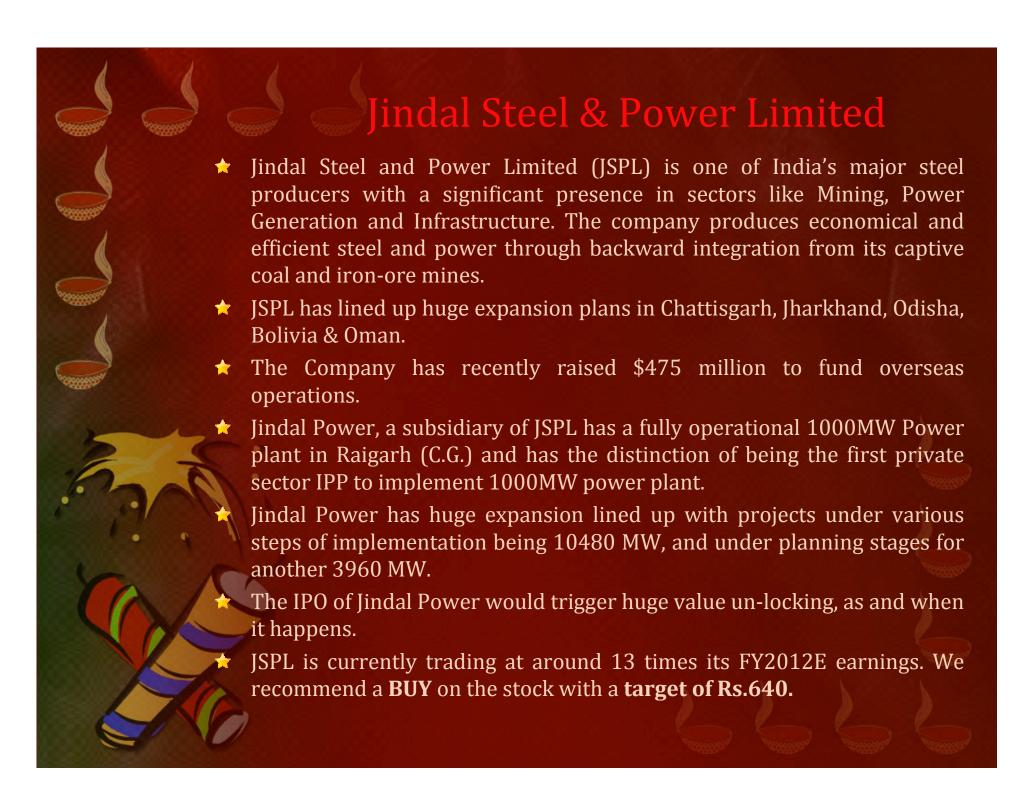
- ★ Domestic growth has shown signs of moderation, amidst the tight monetary policy stance adopted by the Central Bank to reign in inflationary pressure that has remained high, averaging more than 9.5% in this fiscal. At the same time, industrial production growth has slowed down considerably that does not bode well for India's near-term growth outlook. Thus, while the reason for the recent Rupee depreciation rests on global developments, domestic factors have not been really favourable enough to counter that.
 ★ However despite the above headwinds we believe that there is light at the
- However despite the above headwinds we believe that there is light at the end of the tunnel on 'hopes' of a near term solution to Euro zone's sovereign messes, as well as dwindling prospects of a 'double dip' in the US and fundamental drivers for India's growth story which primarily comprise of demographic structure, talent pool, domestic consumption and low cost labor among others that might lead to resumption of strong economic growth post easing in Interest rates.

Stock markets have bad months - even bad years – but statistics show that, in the medium and long term, they provide better returns than FD's or cash. That is why; there is a universal agreement on the fact that stocks and shares comprise the best medium to provide long-term capital gains for investors, but <u>one should focus on quality stocks with sound management and the ability of the company to provide long term growth.</u>



BEML

- BEML Limited, a Miniratna-category-1 company, plays a pivotal role and serves India's core sectors under three major Business verticals viz. Mining & Construction, Defence and Rail & Metro. In addition Technology Division of the company provides end-to-end technology solutions in various sectors. Trading Division deals in non-company products.
- ★ To exploit the emerging opportunities in the Dredging business BEML has signed a Memorandum of Agreement with globally renowned Dredging Company viz., M/s. Vosta LMG, Netherlands for design, construction and delivery of various types of Dredgers and other vessels to customers located in India and South East Asia.
- ★ BEML has an outstanding order book of about Rs.5000 Cr, including the recent order win of Rs.230 Cr from CCL and NCL, both subsidiaries of Coal India Limited.
- BEML exports its products to over 55 countries and has operations in Malaysia, Brazil, Indonesia and China. Now, as part of its export strategy, BEML has launched its products in Thailand by appointing Paragon Machinery Ltd as its distributor for Thailand. With this business association, Paragon will market the range of BEML products like Dump trucks, Excavators, Loaders, Motor Graders, Dozers etc. all over Thailand and neighbouring Nations like Myanamar, Laos, Cambodia etc.
 - In Q1FY11, the company has registered revenue of Rs.588 Cr vs Rs.577 Cr, last year. The net profit came in at RS.16 Cr vs Rs.14Cr, last year. Going forward, BEML has chalked out ambitious targets for the future. With a robust order book and a successful track record of excellent products and Services, the management is confident that the Company would register revenues of Rs.5000 Cr in FY13.
- The Company has been a regular dividend player for the last twelve years. In FY11, the company paid a dividend of 100%, or Rs.10 per share.
- The Company's top-line was Rs.2600 Cr and EPS was Rs.26 for FY11.
 - The stock is currently quoting at an attractive valuation of less than 13 times its FY12E earnings and less than 1 times its FY12EBV. We recommend a **BUY** on the stock with a **target of Rs.550**.





Jyothy Laboratories Limited (JLL), is a premier FMCG Company with a diversified portfolio of offerings, consisting of Utensils Cleaners, Household Insecticides, fabric care & Personal care products. The Company has a significant presence in all the segments it caters to in the domestic markets through more than 3,500 distributors, 1,800 marketing and sales members and 40 customer depots across the country. The company also exports its products to more than 14 countries, including Sri Lanka, Bangladesh, Hong Kong, Malaysia, etc.

The Company has taken over Henkel India after entering into a share purchase agreement with Henkel AG for acquiring its 50.97% stake. Currently, JLL's holding in Henkel stands at 83.65%. The acquisition of Henkel India gives Jyothy a portfolio of well recognised brands like Henko, Mr. White, Fa, Pril, Margo and Neem, entry to the personal care segment and immediate scale compared to its traditional operations in the detergent segment.

JLL's Q1FY12 performance got hit mainly due to decline in sales and rise in input costs. The company has indicated that the slowdown in sales during the quarter was led by the change in channel of distribution and re-aligning it with Henkel's distribution channel. Under this structure, the company plans to eliminate the super-stockists from the loop with JLL invoicing directly to distributors, who, in turn, will sell to the retailers. By doing this, the company will save almost 5-6% margins as the super-stockist and C&F margins will be saved. Thus, Going Forward, we expect JLL to post good financial performance and create longterm value for its share-holders.

Jyothy's unit in Uttaranchal enjoys tax exemption status till FY2013 enabling Jyothy to pay only the Minimum Alternate Tax. Post merger with Henkel India, Jyothy will receive a tax shelter from Henkel India's accumulated losses and will be able to extend its tax breaks beyond FY2013.

Considering its wide distribution network, established brands and huge synergy occuring due to its acquisition of Henkel India, JLL looks attractive. We recommend a **BUY** on the stock with a **target of Rs.170**.





- ▶ Punjab & Sind Bank (PSB) is a North India based PSU bank having presence predominantly in the state of Punjab. The Bank delivers its products and service through a wide variety of channels ranging from bank branches and ATMs. As on 31st July, 2011, its network comprised of 989 branches and 97 ATMs across India. Going forward, the bank intends to open 110 new branches and 150 ATMs in the current fiscal, to increase its PAN India presence.
- ▶ PSB has been growing its business at a CAGR of over 25% for the last five financial years and despite the volatile domestic as well as Global economic scenario and rising interest rates, it continues to show stellar performance. At the end of Q1FY12, the total business of the bank stood at Rs.102967.25 Cr, up 26% on YoY basis. While the total deposits stood at Rs.59797.29 Cr, up 25% on YoY basis, the total advances registered an increase of 29% to stand at Rs.43169.96 Cr.
- With a focus on enhancing the asset quality, the bank continuously monitors its portfolio through internal control system. As a result of which, despite being aggressive on business front, the bank has effectively controlled its asset quality. Although in Q1FY11, the net NPA ratio jumped to 0.8% from 0.3%, in the previous year, it is not very alarming and the bank is expected to keep reasonable asset quality in the future.

The bank continues to remain well capitalized with Capital adequacy as per Basel II at 13.3% in Q1FY12 as compared to 12.8% in Q1FY11.To further fund its business growth, the bank has recently raised Rs.300 Cr through sale of Un-secured redeemable subordinated non-convertible bonds and the bank is also looking for capital infusion from the Government to the tune of Rs 990 Cr to sustain its business growth.

The area of concern being low CASA, which the management is taking steps to improve by laying more focus on mobilization of current & savings A/C.

Trading at P/BV of 0.5 (BV-Rs.130.58) and around 5 times FY12 expected earnings gives enough scope for appreciation. We recommend a **BUY** on the stock with a **target price of Rs.85**.

Financial Highlights...

Company	Equity	CMP (24 th Oct)	52 Week		Sales	Sales	Net profit	Net profit
			High	Low	Q1FY12	Q1FY11	Q1FY12	Q1FY11
BEML Ltd.	41.64	482.00	1,220	411.70	553.91	526.85	15.87	14.40
JSPL	93.45	531.40	735.90	441.05	3,940.16	2,998.24	933.03	956.97
Jyothy Lab	8.06	134.45	322.80	133.00	122.99	151.32	14.02	25.60
Larsen & Toubro	122.37	1,294.25	2,212.7	1,291.00	9,482.61	7,831.19	746.15	666.17
Punjab & Sind Bank	223.06	70.70	146.70	63.00	1,501.01	1,129.13	64.09	151.53

•Figures in Rs. Crs

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