

Companies in BSE-200 – trading below their book value

We went through the list of BSE-200 companies to find out the companies that are trading below their book value (BV) and got a list of 18 companies. Thereafter, we scrutinized the performance of these companies in terms of growth in net sales and PAT during first nine months of FY12 compared to those during the first nine month of FY11. We dropped the companies that have negative growth either in net sales or PAT. In this process, we have shortlisted eight companies that are trading below their latest BV and have reported positive growth in net sales and PAT during first nine months of FY12.

A list of such companies is given below giving percentage change in Net Sales and PAT during FY11 over those during FY10 & first nine month of FY12 over those during corresponding period in FY11, current market price (CMP), and P/BV & TTMP/E ratios.

Company Name	FY11(% Change)		9MFY12(% Change)		CMP(Rs.) 15th Feb.	Multiples	
	Net Sales(%)	PAT(%)	Net Sales(%)	PAT(%)		P/BV(x)	TTM P/E(x)
India Cements Ltd.	-7.33	-80.78	23.36	1678.86	108.35	0.93	11.75
Reliance Infrastructure L	-5.55	-6.15	66.32	130.41	625.85	0.90	8.94
Syndicate Bank	13.97	28.85	34.44	32.34	116.90	0.88	5.18
UCO Bank	19.36	-10.44	28.49	25.74	82.85	0.86	4.81
IDBI Bank Ltd	21.88	60.05	27.34	11.18	114.20	0.81	6.33
Dena Bank	25.51	19.63	33.43	20.61	92.80	0.77	4.39
Andhra Bank	30.10	21.15	40.69	5.31	127.80	0.95	5.43
Amtek Auto Ltd.	40.85	-42.81	43.11	62.19	128.35	0.68	11.21

This exercise has been undertaken with a view to suggest to our investors to consider investing in the shares of the fundamentally good companies that are trading below their BV but have continued to perform relatively better during FY12.

In particular, we also like to suggest our investors to consider investing in share of banking companies, viz., Syndicate Bank, UCO Bank, IDBI Bank, Dena Bank and Andhra Bank, that are trading below their respective BV at very reasonable PE multiples and offer scope for appreciation in view of RBI's statement to ease the monetary policy and reduce the rates of interest/CRR in the near future. Incidentally, these stocks are trading below the PE ratio of all PSU banks at 9.01x and P/BV of 0.98x.

Reliance Infrastructure can also be considered for investment as it is trading at TTM PE of 8.94x against sector PE of 16.98x. The Company has unique mix of stable cash flows from the distribution business and strong growth potential from infrastructure assets. The Company, with its strong balance sheet (consolidated net worth of Rs24,417 crores and Debt: Equity of 0.61:1) is well placed to fund all its current projects as well as participate in future growth opportunities.