AMP



4 NOVEMBER 2011

antique's morning presentation

FROM THE RESEARCH DESK

Steel Authority of India Limited

On a sticky wicket

Sun TV Networks Limited

Results in line

Mcleod Russel India Limited

Potent brew

Global News

- The Standard & Poor's 500 Index added 1.9 percent to close at 1,261.15, resuming gains after turning lower following data on service industries that trailed estimates and the ECB president's prediction that Europe may enter a "mild recession."
- Japanese stocks rose for the first time in four days after the European Central Bank unexpectedly lowered interest rates and Greece signaled it won't hold a referendum on a bailout package. The Nikkei 225 Stock Average rose 1.4 percent to 8,758.15 as of 10:38 a.m. in Tokyo. The broader Topix Index advanced 1.5 percent to 749.26, with more than three shares rising for each that fell.

Sector & Corporate News

- Petrol: State-owned oil companies have increased the prices of petrol by INR1.82 per litre from Friday to offset the fall in rupee that has made imports of crude costlier.
- FIIs: The Reserve Bank of India allowed foreign institutional investors (FIIs) to invest up to USD25bn, up from existing limit of USD5bn, in bonds and debentures of Indian infrastructure companies.
- ONGC: Is likely to see a 75% jump in natural gas production in the next five years when the state-owned company will bring its Krishna Godavari basin gas finds into production.
- Dhanlaxmi Bank: Has proposed to infuse fresh capital within the next 2-3 months.
- **Vedanta Group:** Group's firm Sesa Goa will acquire 100% stake in Goa Energy from Videocon Industries and other shareholders for INR537.2m.
- ARSS Infrastructure Projects: Has revoked 6.23% of its shares, worth around INR300m, from IFCI.
- **TBEA (India) Pvt Ltd:** Is to invest USD400m in two phases for manufacture of transformers in Gujarat.

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	12,044	1.8	4.0
NASDAQ	2,698	2.2	1.7
FTSE	5,546	1.1	(6.0)
CAC	3,195	2.7	(16.0)
DAX	6,133	2.8	(11.3)
Russia	1,549	0.5	(12.5)
Bovespa	58,196	1.5	(16.0)
Nikkei	8,770	0.9	(13.1)
Hang Seng	19,243	(2.5)	(16.5)
Shanghai Composite	2,508	0.2	(10.7)

Indian Indices	Closing	% Chg	% YTD
Sensex	17,482	0.1	(14.8)
Nifty	5,266	0.1	(14.2)
MSCI India	430	0.2	(23.1)
CNX Midcap	7,249	0.4	(18.2)
BSE Smallcap	6,932	(0.0)	(28.3)

Flows (USDm)	Last	MTD
FII	39	145
Locals	(10)	(90)

Provisional flows	(USDm)
FIIs	3
Locals	0

Volumes	USDbn	% Chg
Cash (NSE + BSE)	2.5	7.0
F&O (net)	21.2	4.5

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(13)	(88)
Open Int (%)	1.1	(2.4)

ADR/GDR Gainers	Last	% Chg
MTNL	1.3	3.3
Patni	13.7	1.9
Reliance	36.5	1.8
Wipro	10.3	1.5
TCL	7.9	1.4

ADR/GDR Losers	Last	% Chg
ICICI Bank	35.9	(0.6)
Ranbaxy	10.5	(0.6)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	9,212	(0.4)	(2.8)	(10.0)
BSE Bank	11,233	(0.1)	(1.9)	(16.0)
BSE Cap Goods	10,890	0.7	(0.7)	(29.4)
BSE Cons dur	6,511	(0.6)	(1.3)	2.4
BSE FMCG	4,173	(0.2)	(0.6)	13.3
BSE IT	5,732	(0.7)	(1.7)	(16.0)
BSE Health	6,138	(0.0)	0.0	(8.9)
BSE Metal	11,652	(0.3)	(2.1)	(33.8)
BSE Oil	9,055	1.1	0.7	(14.6)
BSE Power	2,220	1.6	0.7	(25.7)
BSE PSU	7,558	0.6	0.0	(20.1)
BSE Realty	1,909	1.6	(0.5)	(33.2)
BSE TECK	3,490	(0.0)	(1.0)	(13.8)

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
DLF Ltd	246	4.3	1.4	(15.9)
Bharat Heavy Electricals	329	4.3	3.6	(29.2)
Tata Power Co Ltd	105	3.3	4.9	(22.8)
Bharti Airtel Ltd	393	2.3	0.4	9.6
Jaiprakash Associates Ltd	78	2.1	1.0	(26.1)
ACC Ltd	1,210	2.1	1.3	13.3
Gail India Ltd	428	2.1	1.1	(16.6)

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Steel Authority Of India	109	(3.2)	(2.7)	(40.2)
Infrastructure Dev Finance	129	(2.4)	(2.5)	(29.2)
Hindustan Unilever Ltd	382	(2.0)	1.7	22.2
Tata Motors Ltd	189	(1.8)	(4.9)	(27.9)
Sterlite Industries India Lt	121	(1.7)	(5.0)	(35.2)
Tata Steel Ltd	462	(1.3)	(4.4)	(32.1)
Infosys Ltd	2,802	(1.1)	(2.6)	(18.6)

Delivery Spike

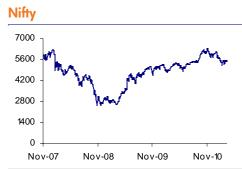
Company	Volume	Spike (%)	Chg (%)
DLF	1,379,069	371	4.33
BHEL	3,912,177	237	4.26
SBI	735,712	194	1.33
Dr Reddy	201,237	134	0.10
Hind Unilever	5,320,020	129	(2.00)
JP Associate	3,338,854	128	2.09
Infosys	717,404	119	(1.14)
ACC	266,855	112	2.08
Hindalco	3,570,699	99	(0.29)

Derivatives Update

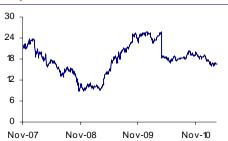
Long Buildup				
Company	Last	% Chg	% Chg OI	OI (in 000)
PFC	166	5.2	0.2	8,891
DLF	244	4.1	6.3	23,931
IDEA	97	3.5	23.4	12,212
IBREALEST	75	3.1	0.6	22,562
Short Buildup				
Company	Last	% Chg	% Chg OI	OI (in 000)
SAIL	110	(3.2)	6.1	9,522
MCLEODRUSS	241	(2.7)	1.7	5,599
IDFC	130	(2.4)	5.5	23,252
STER	122	(1.7)	4.4	26,996
Short Covering				
Company	Last	% Chg	% Chg OI	OI (in 000)
ORCHIDCHEM	185	5.5	(2.8)	6,387
JSWSTEEL	673	5.2	(1.0)	8,356
BHEL	330	4.0	(7.4)	11,458
TATAPOWER	106	3.4	(0.7)	11,937
Profit Booking				
Company	Last	% Chg	% Chg OI	OI (in 000)
WIPRO	373	(0.8)	(3.3)	3,592
UNITECH	29	(0.7)	(3.9)	45,816
ABGSHIP	425	(0.6)	(0.3)	3,143
CAIRN	301	(0.5)	(0.6)	13,874

Bulk Deals

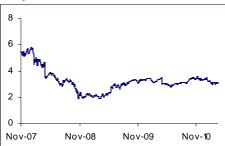
Date	Security Name	Client Name	Buy/Sell	Qty	Price
03-Nov-11	ECE Industries Limited	Ece Industries Ltd	BUY	403300	138.06
03-Nov-11	McDowell Holdings Limited	Sbi Mutual Fund - Gifts Plan B	BUY	317624	53.00
03-Nov-11	Orchid Chemicals Ltd.	R Vijayalakshmi	BUY	801044	182.88
03-Nov-11	McDowell Holdings Limited	Sbi Mutual Fund - Mef (Mms-90)	SELL	317624	53.00
03-Nov-11	R Systems	Ge Capital Mauritius Equity Investment	SELL	230000	110.00





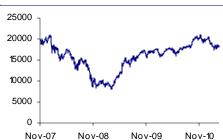


Nifty P/B

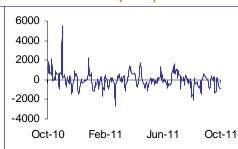


Source: Bloomberg

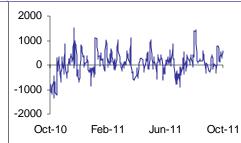
Sensex



FII Provisional Flows (INRcr)



DII Provisional Flows (INRcr)



Source: Bloomberg

Economy, Money & Banking

Faura Data	Last	9/ Ch	% MTD	% YTD
Forex Rate	Last	% Chg	% MID	% TID
INR~USD	49.1	0.1	(0.9)	(9.0)
INR~EUR	67.8	(0.0)	0.7	(11.8)
INR~GBP	78.7	0.1	(0.3)	(11.4)

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	8.9	(2)	2	97
Interbank call	8.5	(2)	(12)	298

Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,759	(0.3)	2.6	23.8
Crude Oil (\$/Bl)	94	(0.4)	0.5	(0.9)
Aluminium (\$/t)	2,125	0.9	(3.3)	(13.7)
Copper (\$/t)	7,902	0.4	(1.0)	(18.1)
Zinc (\$/t)	1,962	2.2	(1.1)	(19.7)
Lead (\$/t)	2,015	0.5	(2.3)	(21.4)
Nickel (\$/t)	18,402	(0.8)	(5.9)	(25.5)

INR/USD



Gold and silver prices



Crude prices

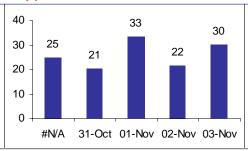


Source: Bloomberg

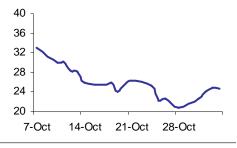
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

Current Reco HOLD **Previous Reco HOLD CMP INR109 Target Price INR108 Potential Return** 0%

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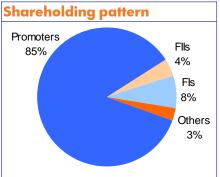
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Market data		
Sector	:	Metals
Market Cap (INRbn)	:	451
Market Cap (USDbn)	:	9
O/S Shares	:	4,130
Free Float (m)	:	391
52-wk HI/LO (INR)	:	202/98
Avg Daily Vol ('000)	:	2,391
Bloomberg	:	SAIL IN
Reuters	:	SAIL.BO

Source: Bloomberg

Returns (%)						
	1 m	3m	6 m	12m		
Absolute	9	(10)	(30)	(44)		
Relative	0	(7)	(26)	(34)		

Source: Bloomberg





Source: Bloombera

Source: BSE

2QFY12 RESULTS REVIEW

Steel Authority of India Limited

On a sticky wicket

Results highlights

Mixed results

Revenues were slightly below our expectations at INR109.8bn (+2% YoY/falt QoQ) as realisations declined by 5% QoQ which appears to be product mix change as Indian steel prices were stable sequentially. Steel sales volume at 2.85mt (-10%YoY/+4%QoQ) continues to be as expected with non captive players facing utilisation dips. EBITDA stood higher than our estimates with costs declining sequentially by USD6/tn as BSL coke problem seems to be solved. However, EBITDA of USD 103/tn still doesn't provide strong comfort with elevated overheads (IISCO continues to be problem with RSP/DSP seem to have witnessed monsoon disruption). Further, increasing net interest expenses by 5% YoY and MTM forex loss of INR5.09bn led to 55% YoY drop in PAT to INR4.9bn.

Demand continue to be subdued but cost pressure to ease

Steel prices will continue to remain sluggish given the uncertainties in the global economy. The steel cycle is yet to bottom out with uncertainty regarding stocking and demand will continue in the near term. But raw material prices have started to soften and Asian steel price decline will be mitigated.

Capex delays getting factored in

SAIL's massive ~USD15bn expansion cum modernisation program to reach 20mtpa finished steel capacity from 13mtpa has been facing delays and cost runs. The expectations have majorly factored in no volume growth scenario in FY13e and major benefits will flow FY14e onwards only. On the contrary, we are witnessing signs of urgency in the ministry and the management is expected to expedite the expansion. Parts of the projects like sinter plants and coke ovens are getting commissioned in phases and development pace will visibly accelerate.

Valuation and outlook

The steel cycle continues to face uncertainty on demand and cost fronts and has increased earnings volatility for the steel players. SAIL is better placed in the environment with superior balance sheet and low expectations on performance. Our current target price is INR108 at 6.2x EV/EBITDA with a HOLD rating. We will review our estimates and target price with further details from the management.

Financials

HIGHCIGIS					
P&L (INRm)	2QFY12	2QFY11	Chg YoY (%)	1 QFY12 C	ng QoQ (%)
Revenues	109,796	108,062	2	109,260	0
Expenditure	96,525	91,114	6	96,146	0
EBITDA	13,271	16,948	(22)	13,114	1
EBITDA margin (%)	12	16	(360)	12	8
Depreciation	3,938	3,688	7	3,742	5
EBIT	9,334	13,260	(30)	9,373	(O)
Other income	565	429	32	133	325
Finance expenses	(2,337)	(2,235)	5	(2,788)	(16)
Exceptional items	5,088	-	na	-	na
Profit before tax	7,148	15,923	(55)	12,293	(42)
Tax expenses	2,203	5,023	(56)	3,913	(44)
PAT	4,946	10,900	(55)	8,381	(41)
eps (INR)	1.2	2.6	(55)	2.0	(41)

Standard P&L

INRm	2QFY12	2QFY11	Chg YoY (%)	1 QFY12	Chg QoQ (%)
Revenues	109,796	108,062	2	109,260	0
(Inc)/dec in stocks	(4,548)	2,865	(259)	(2,799)	62
Raw material consumed	56,085	48,794	15	52,290	7
Purchase of traded goods	19	12	67	9	109
Raw material expenses	51,556	51,671	(O)	49,499	4
Employee expenses	19,808	1 <i>7</i> ,004	16	22,512	(12)
Consumption of stores & spares	6,521	6,076	7	6,178	6
Power & Fuel	11,237	8,766	28	10,171	10
Other expenditure	9,579	9,145	5	10,423	(8)
Finished products internally consumed	(2,176)	(1,548)	41	(2,636)	(17)
Expenditure	96,525	91,114	6	96,146	0
EBITDA	13,271	16,948	(22)	13,114	1
EBITDA margin (%)	12	16	(360)	12	8
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Source: Company, Antique

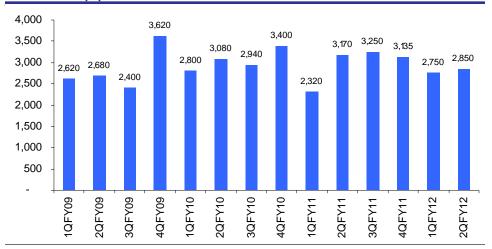
Particulars

	2QFY12	2QFY11	Chg YoY (%)	1 QFY12	Chg QoQ (%)
Sales(kt)	2,850	3,170	(10)	2,750	4
Realisation - USD/t	843	733	15	888	(5)
Source: Company, Antique					

Balance sheet

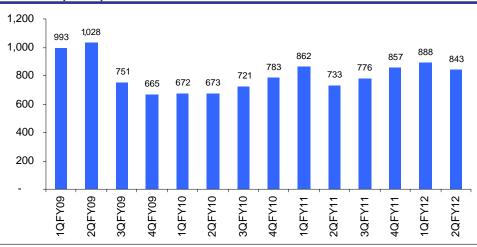
INRm	2QFY10	4QFY10	2QFY11	4QFY11	2QFY12
Share Capital	41,304	41,304	41,304	41,304	41,305
Reserves & Surplus	270,049	291,863	314,530	334,916	344,311
Loan Funds	117,940	165,113	134,157	201,622	235,188
Deferred Tax Liability (Net)	12,451	14,149	15,281	15,063	15,186
Total	441,744	512,429	505,272	592,905	635,990
Fixed Assets	225,037	285,684	320,541	374,058	414,244
Investments	6,570	6,688	6,706	6,841	6,637
Current Assets					
Inventories	93,829	90,275	124,260	112,940	130,168
Sundry Debtors	27,585	34,939	31,444	41,713	45,262
Cash & Bank Balances	223,954	224,364	145,025	1 <i>7</i> 4,784	156,845
Other Current assets	6,995	7,803	4,383	4,912	11,586
Loans & Advances	24,937	34,161	38,088	46,454	52,163
Less:					
Current Liabilities	85,798	109,184	105,881	115,554	125,423
Provisions	81,463	62,302	59,293	53,243	55,493
Net Current Assets	210,038	220,056	178,026	212,006	215,109
Total	441,644	512,429	505,272	592,905	635,990

Sales volume (kt)



Source: Company, Antique

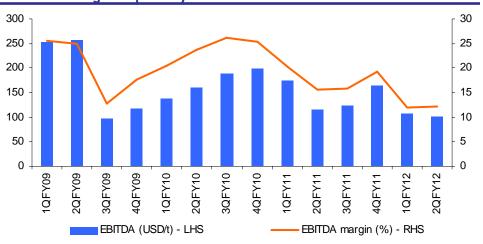
Realisation (USD/t)



Source: Company, Antique

Realisation improved by 15% YoY but down 5% QoQ to USD843/tn

EBITDA: Flat margins sequentially



Financials

Profit and loss account (INRbn)

Year ended 31st March	FY10	FY11	FY12e	FY13e
Revenues	415	434	477	527
Expenses	315	357	410	439
EBITDA	100	77	67	89
Depreciation & amortisation	13	15	17	20
EBIT	86	62	50	69
Interest expense	4	5	6	8
Other income	19	14	13	11
Profit before tax	101	72	57	71
Taxes incl deferred taxation	34	23	19	24
Profit after tax	68	49	38	48
Adjusted profit after tax	68	49	38	48
Recurring EPS (INR)	16.4	11.8	9.2	11.6

Balance sheet (INRbn)

Year ended 31st March	FY10	FY11	FY12e	FY13e
Share Capital	41	41	41	41
Reserves & Surplus	292	321	343	375
Networth	333	362	385	416
Debt	165	202	202	202
Capital Employed	498	564	586	618
Gross Fixed Assets	354	389	439	559
Accumulated Depreciation	218	233	249	269
Net Assets	136	156	190	290
Capital work in progress	150	218	293	253
Investments	7	7	7	7
Current Assets, Loans & Advances				
Inventory	90	113	118	126
Debtors	35	42	46	51
Cash & Bank balance	224	160	115	89
Loans & advances and others	33	46	46	46
Current Liabilities & Provisions				
Creditors	109	116	135	144
Other liabilities & provisions	62	53	84	90
Net Current Assets	219	198	111	83
Deferred tax assets/(liabilities)	(14)	(15)	(15)	(15)
Application of Funds	498	564	586	618

Per share data

Year ended 31st March	FY10	FY11	FY12e	FY13e
No. of shares (m)	4,130	4,130	4,130	4,130
BVPS (INR)	81	88	93	101
CEPS (INR)	20	15	13	16
DPS (INR)	3.3	3.3	3.3	3.3

Margins (%)

Year ended 31st March	FY10	FY11	FY12e	FY13e
EBITDA	24	18	14	17
EBIT	21	14	11	13
PAT	16	11	8	9

Source: Company, Antique

Cash flow statement (INRbn)

Year ended 31st March	FY10	FY11	FY12e	FY13e
Profit before tax & extraordinary items	101	72	57	71
Depreciation & amortisation	13	15	17	20
Interest expense	4	5	6	8
(Inc)/Dec in working capital	15	(45)	41	2
Tax paid	37	23	19	24
Cash flow from operating activities	48	9	89	67
Capital expenditure	(102)	(103)	(125)	(80)
Inc/(Dec) in investments	(0)	-	-	-
Income from investments	21	14	13	11
Cash flow from investing activities	(80)	(89)	(113)	(70)
Inc/(Dec) in share capital	-	-	-	-
Inc/(Dec) in debt	89	37	-	-
Dividends & Interest paid	(13)	(18)	(20)	(22)
Cash flow from financing activities	74	16	(22)	(24)
Net cash flow	42	(64)	(45)	(26)
Opening balance	183	224	160	115
Closing balance	224	160	115	89

Growth indicators (%)

Year ended 31st March	FY10	FY11	FY12e	FY13e
Revenue (%)	(6)	5	10	11
EBITDA (%)	10	(23)	(13)	33
PAT (%)	9	(28)	(22)	25
EPS (%)	9	(28)	(22)	25

Valuation (x)

Year ended 31st March	FY10	FY11	FY12e	FY13e
PE (x)	6.7	9.2	11.8	9.5
P/BV (x)	1.4	1.2	1.2	1.1
EV/EBITDA (x)	3.9	6.3	7.9	6.3
EV/Sales (x)	0.9	1.1	1.1	1.1
Dividend Yield (%)	3.0	3.0	3.0	3.0

Financial ratios

Year ended 31st March	FY10	FY11	FY12e	FY13e
RoE (%)	20	13	10	11
RoCE (%)	17	11	9	11
Debt/Equity (x)	0.5	0.6	0.5	0.5
EBIT/Interest (x)	22	13	8	9

Current Reco BUY Previous Reco BUY CMP INR275 Target Price INR454 Potential Return 65%

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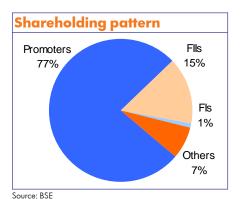
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Market data		
Sector	:	Media
Market Cap (INRbn)	:	108
Market Cap (USDbn)	:	2
O/S Shares	:	394
Free Float (m)	:	76
52-wk HI/LO (INR)	:	557/214
Avg Daily Vol ('000)	:	559
Bloomberg	:	suntv in
Reuters	:	SUTV.BO

Source: Bloomberg

Returns (%)						
	1 m	3 m	6 m	12m		
Absolute	22	(11)	(35)	(48)		
Relative	12	(8)	(31)	(39)		

Source: Bloomberg



Price performance *vs* Nifty



Source: Bloomberg

2QFY12 RESULTS REVIEW

Sun TV Networks Limited

Results in line

Results highlights

Sun TV reported 2QFY12 revenues at INR4,513m (+6% YoY). However, other revenues were lower, as there was no movie released during the quarter, which led to QoQ revenue decline of 1%. EBITDA during the quarter grew by 10% YoY to INR3,654m on account of YoY decline in total expenditure by 7%. High depreciation charge of INR1,176m lowered PAT growth to 8% YoY (INR1,801m) during the quarter.

EBITDA growth led by lower cost

Amidst the current slowdown in advertisement revenue, Sun TV is better positioned and gained a revenue growth of 6% YoY to INR4,513m (In line with our estimates of INR4,616m). EBITDA however increased by 10% to INR3,654m due to decline in total expenditure. Total expenditure decreased by 7% YoY to INR858m. EBITDA margin increased by 275bps to 81% during the quarter.

High depreciation expenses lowered PAT growth to 8%

Depreciation charges increased by 30% YoY to INR1,176m. Increase in depreciation lowered PAT growth to 8% YoY (INR1,801m).

Second Interim dividend declared

The company declared second interim dividend of INR3.75, in addition to the interim dividend of INR2.5 declared during August 2011.

Working capital increased due to high debtors

The high sundry debtors of INR4,995m coupled with higher loans and advances and lower provision led to increase in working capital by INR3,868m during 1HFY12. We were surprised to see that the company has also raised a debt of INR1,725m in spite of having a net cash of INR4,672m.

Valuation and outlook

We await management discussion on the business situation from the political viewpoint in Tamil Nadu. We believe fundamentals of the business continue to be strong with cost-efficient operations. The market leadership and viewership share remains great as ever. We will keep a watch on the cable subscription revenue and will fine tune our numbers post concall today. The stock is trading at FY13e PE of 12.1x, a significant discount to the historical average of 25x PE. We reiterate a BUY with a target price of INR454 based on FY13e P/E of 20x.

Quarterly financials

Cton delene DOL (INDes)	00EV10	00EV11	Cl V.V/0/1	10FV10	Ch O - O(9/)
Standalone P&L (INRm)	2QFY12	ZQFTII	Chg YoY(%)	1QFY12	Chg QoQ(%)
Net sales	4,513	4,248	6	4,540	(1)
Cost of revenues	225	250	(10)	242	(7)
Staff cost	414	407	2	440	(6)
Other expenditure	219	268	(18)	199	10
Total expenses	858	925	(7)	881	(3)
EBITDA	3,654	3,323	10	3,659	(O)
EBITDA margin (%)	81.0	78.2	275	80.6	38
Depreciation	1,1 <i>7</i> 6	908	30	1,061	11
Total tax	856	830	3	892	(4)
PAT	1,801	1,674	8	1,876	(4)

Balance sheet

Dalance Sheet				
INRm	FY10	1 HFY11	FY11	1HFY12
Equity share capital	1,970	1,970	1,970	1,970
Reserves & surplus	18,180	21,564	21,887	24,419
Shareholders funds	20,150	23,534	23,857	26,390
Debt				1,725
Deferred tax liability (Net)	339	303	410	379
Capital employed	20,489	23,837	24,267	28,494
Fixed assets (Net)	9,664	10,660	9,987	10,139
Investments	5,066	5,881	5,412	5,028
Non-current assets	300	176	137	175
Current assets, loans and advances	5			
Inventories	3	3	8	3
Sundry debtors	3,002	3,498	3,881	4,995
Cash and bank balances	4,242	4,308	5,844	6,397
Other current assets	1,399	1,650	1,647	1,656
Loans and advances	1,130	1,240	1,558	2,387
Less: Current liabilities and provision	ons			
Current liabilities	1,550	3,560	2,471	2,021
Provisions	2,767	18	1,735	264
Net current assets	5,459	7,120	8,731	13,152
Total assets	20,489	23,837	24,267	28,494

Financials

Profit and loss account (INRm)

Year ended 31st Ma	r 2009	2010	2011	2012e	2013e
Revenues	10,394	14,528	20,135	21,066	23,320
Expenses	3,026	3,620	4,356	5,202	5,931
EBITDA	7,368	10,909	15,779	15,864	17,389
Depreciation & amortisation	(2,205)	(3,209)	(4,805)	(4,660)	(4,860)
EBIT	5,163	7,700	10,974	11,204	12,529
Interest expense	(138)	(49)	(23)	(0)	(O)
Other income	668	350	487	693	791
Profit before tax	5,693	8,000	11,439	11,897	13,321
Taxes incl deferred taxation	(2,293)	(2,991)	(3,831)	(3,926)	(4,396)
Profit after tax	3,400	5,009	7,608	7,971	8,925
Adjusted profit after tax	3,683	5,199	7,698	8,033	8,940
Recurring EPS (INR)	9.4	13.2	19.5	20.4	22.7

Balance sheet (INRm)

Year ended 31st Mar	2009	2010	2011	2012e	2013e
Share Capital	1,970	1,970	1,970	1,970	1,970
Reserves & Surplus	15,046	16,886	20,566	24,398	28,662
Networth	17,017	18,856	22,537	26,369	30,633
Debt	716	1	1	1	1
Capital Employed	18,379	20,445	24,198	28,002	32,286
Gross Fixed Assets	14,914	18,881	26,429	30,979	35,529
Accumulated Depreciation	(6,768)	(9,904)	(14,502)	(19,162)	(24,022)
Net Assets	8,146	8,978	11,927	11,817	11,507
Capital work in progress	1,572	3,149	205	205	205
Investments	1,805	2,280	2,717	2,717	2,717
Current Assets, Loans & Adva	nces				
Inventory	1	27	14	15	16
Debtors	2,412	3,292	4,300	4,499	4,981
Cash & Bank balance	3,654	4,367	6,030	10,550	12,835
Loans & advances and others	3,335	3,1 <i>7</i> 9	3,971	3,971	3,971
Current Liabilities & Provision	ıs				
Creditors	1,720	1,839	2,737	3,159	3,196
Other liabilities & provisions	468	2,768	1,735	2,118	254
Net Current Assets	7,214	6,258	9,844	13,758	18,352
Deferred tax assets/(liabilities)+ NC	A 261	339	410	410	410
Minority Interest and Misc expenses	386	371	315	288	308
Application of Funds	18,378	20,445	24,198	28,002	32,286

Per share data

Year ended 31st Mai	2009	2010	2011	2012e	2013e
No. of shares (m)	394	394	394	394	394
BVPS (INR)	43.2	47.8	57.2	66.9	77.7
CEPS (INR)	14.9	21.3	31.7	32.2	35.0
DPS (INR)	2.5	7.5	8.8	9.2	10.2

Margins (%)

Year ended 31st Mar	2009	2010	2011	2012e	2013e
EBITDA	70.9	75.1	78.4	75.3	74.6
EBIT	49.7	53.0	54.5	53.2	53.7
PAT	35.4	35.8	38.2	38.1	38.3

Source: Company, Antique

Key Assumptions

Year ended 31st Mar	2009	2010	2011	2012e	2013e
Advertising revenue	6,057	8,450	10,532	11,751	13,161
Advertising revenue growth rates	(%) 27.4	39.5	24.6	11.6	12.0
Subscription revenue	2,151	3,431	5,157	5,982	6,594
Subscription revenue growth rate	s(%) (6.2)	59.5	50.3	16.0	10.2

Cash flow statement (INRm)

	•				
Year ended 31st Mar	2009	2010	2011	2012e	2013e
EBIT	5,163	7,700	10,974	11,204	12,529
Depreciation & amortisation	2,205	3,209	4,805	4,660	4,860
Interest expense	(138)	(49)	(23)	(0)	(0)
(Inc)/Dec in working capital	413	(892)	(965)	222	(446)
Tax paid	(2,293)	(2,991)	(3,831)	(3,926)	(4,396)
Others	525	494	5,546	728	826
CF from operating activities	5,875	7,471	16,507	12,888	13,374
Capital expenditure	(7,085)	(5,825)	(4,809)	(4,550)	(4,550)
Inc/(Dec) in investments	-	(466)	(402)	-	-
Income from investments	484	361	420	-	-
CF from investing activities	(3,715)	(6,545)	(5,917)	(4,550)	(4,550)
Inc/(Dec) in share capital	62	1,066	56	-	-
Inc/(Dec) in debt	(306)	(752)	(16)	(0)	(0)
Dividends paid	(1,844)	(1,153)	(5,055)	(3,818)	(6,539)
CF from financing activities	(2,088)	(838)	(5,015)	(3,818)	(6,539)
Net cash flow	72	88	5,575	4,520	2,285
Opening balance	3,581	362	455	6,030	10,550
Closing balance	3,654	4,367	6,030	10,550	12,835

Growth indicators (%)

Year ended 31st Mar	2009	2010	2011	2012e	2013e
Revenue	19.5	39.8	38.6	4.6	10.7
EBITDA	23	48	45	1	10
PAT	13	41	48	4	11
EPS	13	41	48	4	11

Valuation (x)

Year ended 31st N	lar 2009	2010	2011	2012e	2013e
PE	29.4	20.8	14.1	13.5	12.1
P/BV	6.4	5.7	4.8	4.1	3.5
EV/EBITDA	14.4	9.6	6.5	6.2	5.5
EV/Sales	10.2	7.2	5.1	4.7	4.1
Dividend Yield (%)	0.9	2.7	3.2	3.3	3.7
EV/EBIT	20.5	13.6	9.4	8.8	7.6

Financial ratios

Year ended 31st Mar	2009	2010	2011	2012e	2013e
RoE	22	28	34	30	29
RoCE	28	38	45	40	39
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
EBIT/Interest (x)	37.4	155.9	487.7	66,691.0	74,579.9

Current Reco BUY Previous Reco BUY CMP INR239 Target Price INR291 Potential Return 22% :

Amol Rao

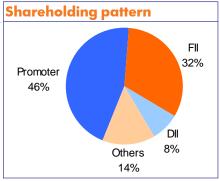
+91 22 4031 3435 amol.rao@antiquelimited.com

Market data		
Sector	:	Tea & Coffee
Market Cap (INRm)	:	26,176
Market Cap (USDm)	:	533
O/S Shares	:	109
Free Float (m)	:	51
52-wk HI/LO (INR)	:	296/191
Avg Daily Vol	:	244,763
Bloomberg	:	MCLR IN
Reuters	:	MCLE.BO

Source: Bloomberg

Returns (%)								
	1 m	3m	6m	12m				
Absolute	5	(9)	(9)	3				
Relative	(3)	(7)	(4)	21				

Source: Bloomberg



Source: BSE



Source: Bloomberg

2QFY12 RESULTS REVIEW

Mcleod Russel India Limited

Potent brew

Results highlights

Higher despatches, robust prices drive revenues

Mcleod Russel India Ltd. (MRIL) registered a revenue growth of 12% on the back of 10% growth in despatches to 26.2m kgs and 2% improvement in realisations to INR159/ kg. As a result, revenues rose by 12% to INR4.2bn, in line with our expectations of INR4.3bn.

Domestic volumes and prices were higher YoY due to lower output on the back of inclement weather in northern India. On the exports front, MRIL's exports rose ~11% YoY to 10m kgs as international stocks, especially in tea producing countries like Kenya and other African countries, ran low as adverse climatic conditions resulted in lower production.

Operating leverage drives EBIDTA and PAT growth, in line with estimates

With the exception of power and fuel, all operating expenses from MRIL declined on a YoY basis. This, coupled with improvements in despatches and realisations, resulted in a 12% improvement in MRIL's EBIDTA to INR2.4bn, matching our estimates for the quarter. As a result, PAT rose by 11% YoY to INR2.3bn.

Global prices may rise as African output languishes

While Indian output is expected to be flat to marginally higher (995-1,000m kgs) in CY11, a shortfall in the African crop is widely expected to push up global prices as stocks of tea in the region get drawn down. In the backdrop of a depreciated INR, the outlook for export revenues is extremely buoyant.

Valuation and outlook

At the CMP of INR239, the stock is trading at a PE of 10.5x and EV/EBITDA of 7.4x discounting its FY13e earnings. With tea prices and demand maintaining their current trends, the industry is in a structurally upward position. Our valuations provide us a target price of INR291 after factoring in improvements such as: 8% volumes growth, 4% realisation growth and a drop in debt for FY13e. This reflects an upside of 22% from the current levels and we maintain our BUY recommendation.

Quarterly financials

•					
INRm	2QFY12	2QFY11	Chg (%)	1QFY12	Chg (%)
Revenue	7,008	5,878	19.2	5,443	28.8
Expense	6,483	5,432	19.3	5,141	26.1
EBITDA	525	446	17.9	302	74.2
Other income	7	15	0.0	7	6.0
Depreciation	29	23	24.8	31	(4.9)
PBT	375	361	3.7	171	119.3
Tax	125	128	(2.2)	60	106.8
Reported PAT	250	234	7.0	111	126.1

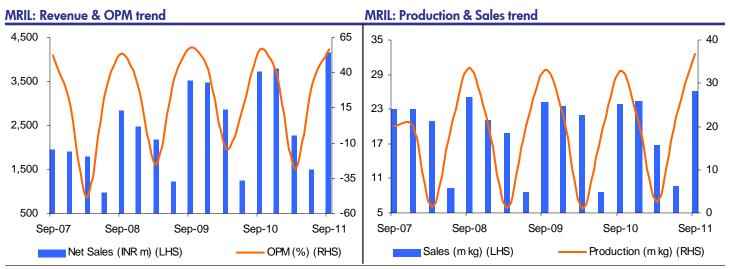
MRIL: Operating metrics (INR/kg)

INRm	2QFY12	2QFY11	% Chg	1QFY112	%Chg
Realisations	158.9	155.9	1.9	154.9	2.5
Raw Material	(21.1)	(19.8)	6.4	(91.4)	(76.9)
Op & Manuf. Exp.	19.8	20.4	(2.6)	48.7	(59.3)
Power & Fuel Cost	17.6	15.4	14.5	29.2	(39.6)
Employee Cost	45.0	45.2	(0.3)	111.8	(59.7)
S,G& AExpenses	7.3	6.8	8.3	8.8	(16.7)
Operating Profit	90.1	88.0	2.4	47.8	88.6

Source: Company, Antique

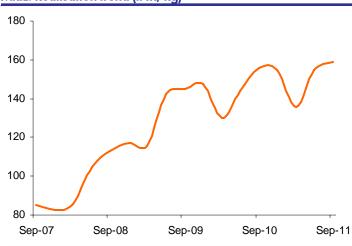
Other key highlights

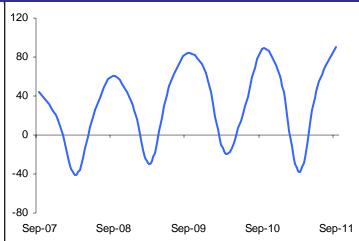
- Performance of subsidiaries (For 9M ending Sep'11)
 - Phu Ben Tea Company, Vietnam: Production stood at 3.6m kgs for the period, with average realisations at USD1.8/kg. Revenues for the entity stood at USD6m, while EBIDTA at USD0.9m.
 - Mcleod Russel Uganda Ltd, Uganda: Production stood at 11.8m kgs for the period with average realisations of ~USD2/kg. Its revenues stood at USD21m, while EBIDTA at USD8m.
 - Gisovu Tea Company, Rwanda: Mcleod recently acquired stake in this subsidiary. It registered a production of 1.3m kgs in 9M ended Sep'11 and has shown a stellar operational performance with average realisations of USD3.5/kg, turnover of USD3.5m and EBIDTA of USD2.2m.
- On the balance sheet front, MRIL has maintained its operational working capital cycle. While net operational current assets have risen by INR1.2bn (15% YoY), this corresponds to the 14% jump in revenues for 1HFY12. However, Loans and Advances have risen by INR2.5bn, which we believe is on account of the overseas subsidiaries, based out of Africa. This amount has been met entirely through internal accruals, thereby negating any untoward increase in borrowings.



MRIL: Realisation trend (INR/kg)

MRIL: Operational profitability trend (INR/kg)





Source: Company, Antique

Valuation and outlook

- We retain our belief that MRIL is in the best position to ride out the current upcycle that the tea industry has entered. Our reading of the global tea industry points to weakness in global and domestic tea supplies. With stable growth in consumption (~2-3% globally), prices of tea are expected to be an a steady uptrend, unless the Kenyan crop is significantly above expectations. A large component of exports (~40%) and a weak INR add an interesting angle to revenue and profitability estimates for FY12e. While we have sidestepped the option value of favourable currency movements, we believe that there exists significant upside potential to our earnings estimates, if the current currency scenario persists.
- We have maintained our revenue and profitability estimates for MRIL (stand-alone), while we are increasing our estimates for investment in subsidiary operations. Subsequently, due to reduction in the cash float for the Indian operations, we have lowered our FY12e EBIDTA multiple for the company from 9x to 8x.

MRIL: Valuation (FY12)

EBIDTA Multiple		Earnings Multiple	
EBIDTA (INRm)	3,773	EPS (INR)	24
EBIDTA multiple (x)	8	P/E multiple (x)	13
EV (INRm)	30,188		
Net Debt (INRm)	910		
Equity Value (INR m)	29,277		
Value/sh (INR) - (A)	267	Value/sh (INR) - (B)	315
Average (A+B): Value /sh (INR)	291		

Source: Antique

We maintain our BUY rating on the company with a price target of INR291 with a 6-month investment outlook, which reflects an upside potential of 22% from current levels.

Financials

Profit and loss account (INRm)

2009	2010	2011	2012e	2013e
8,289	10,768	10,731	12,225	12,656
6,494	7,482	7,916	8,751	9,412
1,794	3,286	2,816	3,473	3,244
273	347	459	300	300
2,067	3,633	3,275	3,773	3,544
260	271	275	316	329
766	253	183	143	84
1,041	3,109	2,816	3,314	3,131
153	706	493	663	626
888	2,403	2,322	2,651	2,504
8.1	22.0	21.2	24.2	22.9
	8,289 6,494 1,794 273 2,067 260 766 1,041 153 888	8,289 10,768 6,494 7,482 1,794 3,286 273 347 2,067 3,633 260 271 766 253 1,041 3,109 153 706 888 2,403	8,289 10,768 10,731 6,494 7,482 7,916 1,794 3,286 2,816 273 347 459 2,067 3,633 3,275 260 271 275 766 253 183 1,041 3,109 2,816 153 706 493 888 2,403 2,322	8,289 10,768 10,731 12,225 6,494 7,482 7,916 8,751 1,794 3,286 2,816 3,473 273 347 459 300 2,067 3,633 3,275 3,773 260 271 275 316 766 253 183 143 1,041 3,109 2,816 3,314 153 706 493 663 888 2,403 2,322 2,651

Balance sheet (INRm)

Year ended 31 Mar	2009	2010	2011	2012e	2013e
Share Capital	547	547	547	547	547
Reserves & Surplus	11,175	13,023	14,666	16,677	18,541
Networth	11,722	13,571	15,213	17,224	19,088
Debt	4,154	2,799	2,088	1,088	788
Deferred Tax Liability	525	575	635	635	635
Capital Employed	16,401	16,945	17,936	18,947	20,512
Gross Fixed Assets	18,218	18,593	18,933	19,1 <i>7</i> 5	19,325
Accumulated Depreciation	3,870	4,153	4,404	4,720	5,049
Net Assets	14,347	14,440	14,529	14,455	14,276
Capital work in progress	138	120	148	100	100
Investments	2,051	2,595	2,604	3,603	4,603
Current Assets, Loans & Ad	vances				
Inventory	639	529	704	851	915
Debtors	255	163	130	170	176
Cash & Bank balance	306	219	128	178	942
Loans & advances and others	1,315	1,839	2,484	2,484	2,484
Current Liabilities & Provisi	ons				
Creditors	1,165	1,127	1,113	1,215	1,307
Other liabilities & provisions	1,485	1,833	1,677	1,677	1,677
Net Current Assets	(135)	(210)	655	789	1,532
Application of Funds	16,401	16,945	17,936	18,947	20,512

Per share data

Year ended 31 Mar	2009	2010	2011	2012e	2013e
No. of shares (m)	109	109	109	109	109
BVPS (INR)	107.1	124.0	139.0	157.4	174.4
CEPS (INR)	10.5	24.4	23.7	27.1	25.9
DPS (INR)	2.0	4.0	5.0	5.0	5.0

Margins (%)

Year ended 31 Mar	2009	2010	2011	2012e	2013e
EBITDA	21.6	30.5	26.2	28.4	25.6
EBIT	21.8	31.2	27.9	28.3	25.4
PAT	10.7	22.3	21.6	21.7	19.8

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31 Mar	2009	2010	2011	2012e	2013e
PBT	1,041	3,109	2,816	3,314	3,131
Depreciation & amortisation	260	271	275	316	329
Interest expense	784	253	183	143	84
Misc expense	(56)	(22)	(115)	-	-
Other Adjustments	10	10	(17)	-	-
(Inc)/Dec in working capital	88	(236)	(728)	(84)	22
Tax paid	(111)	(519)	(630)	(663)	(626)
CF from operating activities	2,017	2,866	1,785	3,026	2,939
Capital expenditure	(418)	(483)	(459)	(194)	(150)
(Purchase) / Sale of Inv	(111)	(506)	(7)	(1,000)	(1,000)
Income from investments	(18)	(81)	31	300	300
CF from investing activities	(547)	(1,070)	(435)	(894)	(850)
Inc/(Dec) in share capital	-	0	-	-	-
Inc/(Dec) in debt	(568)	(1,271)	(702)	(1,000)	(300)
Dividends & Interest paid	(643)	(612)	(739)	(783)	(725)
CF from financing activities	(1,211)	(1,883)	(1,440)	(1,783)	(1,025)
Net cash flow	258	(87)	(91)	349	1,065
Opening balance	48	306	219	128	178
Closing balance	306	219	128	478	1,242

Growth indicators (%)

Year ended 31 Mar	2009	2010	2011	2012e	2013e
Revenue	26.5	29.9	(0.3)	13.9	3.5
EBITDA	178.8	83.1	(14.3)	23.4	(6.6)
PAT	88.0	170.7	(3.4)	14.2	(5.5)
EPS	86.1	170.7	(3.4)	14.2	(5.5)

Valuation (x)

Year ended 31 Mar	2009	2010	2011	2012e	2013e
PE	29.5	10.9	11.3	9.9	10.5
P/BV	2.2	1.9	1.7	1.5	1.4
EV/EBITDA	14.5	7.9	8.6	7.2	7.4
EV/Sales	3.6	2.7	2.6	2.2	2.1
Dividend Yield (%)	0.8	1.7	2.1	2.1	2.1

Financial ratios

Year ended 31 Mar	2009	2010	2011	2012e	2013e
RoE (%)	7.8	19.0	16.1	16.3	13.8
RoCE (%)	11.1	20.2	17.2	18.7	16.3
Debt/Equity (x)	0.4	0.2	0.1	0.1	0.0
EBIT/Interest (x)	2.4	13.3	16.3	24.2	38.1

Valuation Guide

Company	Reco	CMP	TP	Return	M.Cap	Net profi	(INRbn)	EPS (INR)	PE	(x)	EV/EBI	TDA (x)	P/BV (x)	Div Yld (%)	RoE (%)	RoCE (%)	Absolu	∍te (%)
		(INR)	(INR)	(%)	(INRbn)	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY12	FY12	FY12	FY12	1m	12n
AUTOMOBILES																			
Ashok Leyland	HOLD	27	26	(4)	72	6.3	6.7	2.4	2.5	11.4	11.0	7.9	7.5	0.8	5.2	15.1	14.6	7	(28
Bajaj Auto	BUY	1,728	1,935	12	500	26.2	32.0	90.4	110.7	19.1	15.6	14.7	12.1	7.9	2.9	50.4	67.9	14	Ç
Bosch	BUY	6,964	7,940	14	219	8.6	11.3	273.5	360.0	25.5	19.3	20.8	16.0	4.3	0.8	22.4	28.5	(2)	1
Exide Industries	SELL	124	102	(18)	106	6.2	4.4	7.3	5.1	17.0	24.2	12.0	17.0	3.4	0.8	14.1	20.8	(5)	(24
Escorts	HOLD	89	114	28	9	1.0	1.7	10.1	16.3	8.8	5.5	5.3	3.7	0.5	2.3	8.5	10.7	25	(62
Hero MotoCorp	BUY	2,071	2,672	29	414	19.3	23.5	100.5	117.6	20.6	17.6	19.4	16.7	10.4	4.8	79.1	96.0	6	1
Mahindra & Mahindra	BUY	840	843	0	516	25.4	27.5	40.6	42.0	20.7	20.0	15.4	14.0	4.5	1.3	22.5	28.4	4	1
Maruti Suzuki	BUY	1,130	1,178	4	326	22.9	17.8	79.2	61.7	14.3	18.3	8.6	10.5	2.1	0.5	11.5	19.0	5	(25
Tata Motors	BUY	189	212	12	557	89.4	89.1	28.0	27.9	6.7	6.8	4.6	4.4	2.2	1.1	32.6	27.5	23	(20
CEMENT																			
ACC	HOLD	1,210	1,122	(7)	227	11.2	12.8	59.6	68.1	20.3	17.8	14.3	10.7	3.2	2.5	28.0	18.9	10	13
Ambuja Cements	HOLD	157	146	(7)	241	12.6	13.2	8.1	8.6	19.4	18.2	12.3	10.1	2.9	1.8	17.0	22.1	5	4
HeidelbergCement India	BUY	34	51	49	8	0.7	1.2	3.1	5.1	10.9	6.7	8.6	4.9	0.8	-	12.6	25.1	(1)	(31
Shree Cements	BUY	1,903	2,101	10	66	2.1	2.6	61.2	75.8	31.1	25.1	8.3	6.9	2.8	0.6	11.7	12.7	2	(16
Ultratech Cements	BUY	1,148	1,206	5	315	14.4	18.7	52.4	68.2	21.9	16.8	14.2	10.1	2.6	0.5	16.6	18.3	4	. ;
DIVERSIFIED																			
Aditya Birla Nuvo	BUY	947	1,060	12	108	3.4	3.7	29.9	32.6	31.7	29.0	16.7	15.2	1.9	0.4	6.7	7.7	7	1:
FMCG & RETAIL																			
Asian Paints	HOLD	3,160	3,102	(2)	303	8.8	10.3	87.4	102.8	36.1	30.7	23.1	20.0	13.2	1.1	43.0	43.3	1	1.7
Britannia Industries	HOLD	471	452	(4)	56	1.5	2.2	12.2	18.2	38.7	25.8	27.2	18.4	9.7	1.6	32.2	20.1	2	13
Colgate Palmolive India	SELL	1,050	832	(21)	143	4.0	4.1	29.6	30.5	35.5	34.4	30.8	28.3	32.3	2.2	104.8	108.4	9	1:
Dabur India	BUY	100	113	13	174	5.7	6.6	3.3	3.8	30.6	26.3	24.8	20.5	9.6	1.4	40.8	27.3	(3)	
Godrej Consumer Products	HOLD	423	411	(3)	137	4.7	5.7	14.4	17.7	29.4	23.9	24.2	18.1	6.8	1.5	35.6	38.7	7	(1
Hindustan Unilever	HOLD	382	443	16	826	21.6	25.7	10.0	11.9	38.2	32.2	34.2	27.0	24.8	1.9	77.1	81.5	14	29
ITC	HOLD	210	218	4	1,635	49.9	62.1	6.4	8.0	32.6	26.2	22.6	18.4	9.1	2.3	31.3	40.5	8	2
Jyothy Laboratories	SELL	135	169	25	1,033	0.8	0.8	9.5	9.4	14.2	14.3	8.8	8.6	1.6	2.7	11.9	11.1	(12)	(52
Marico	HOLD	150	144	(4)	92	2.6	2.9	4.2	4.7	35.9	31.7	23.9	20.3	7.9	0.4	28.0	19.8	5	(32
Nestle India	SELL	4,410	3,699		425	8.4	10.4	86.8	108.3	50.8	40.7	33.8	27.0	40.8	1.8	97.8	131.2	5	22
		-		(16)															
Pantaloon Retail	BUY	189	331	75	41	1.9	2.9	8.7	12.6	21.7	15.0	7.5	6.0	1.3	0.7	8.3	11.0	(0)	(60
Titan Industries	BUY	215	248	15	191	4.3	5.6	4.9	6.3	44.1	34.4	33.6	25.7	13.2	0.9	38.3	45.1	5	12
United Breweries	HOLD	400	372	(7)	102	1.9	2.2	7.3	8.5	54.7	47.3	29.7	25.9	1.6	0.2	13.2	10.2	7	(7
United Spirits	HOLD	810	1,068	32	106	3.7	4.4	30.3	36.0	26.7	22.5	14.9	12.5	2.2	0.2	8.9	9.2	4	(46
INFRASTRUCTURE	B. D.																		
IL&FS TransportationNetworl		203	330	63	39	4.3	4.9	22.3	25.3	9.1	8.0	7.4	7.1	1.6	1.5	19.6	14.0	4	(37
Mundra Port And SEZ	BUY	162	164	1	325	8.2	11.1	3.9	5.4	41.2	30.0	28.4	19.0	6.6	0.5	19.4	14.6	6	
INFORMATION TE																			
HCL Technologies	HOLD	438	428	(2)	302	17.1	20.0	24.6	28.6	17.8	15.3	11.6	9.8	3.0	1.8	19.8	27.3	10	3
Infosys Ltd.	BUY	2,802	3,318	18	1,609	68.2	83.5	119.4	146.1	23.5	19.2	16.1	12.9	4.9	1.1	25.0	29.7	13	(7
Persistent Systems	BUY	315	418	33	13	1.4	1.4	34.7	33.9	9.1	9.3	7.3	5.3	1.5	2.9	15.7	16.1	5	(22
Tata Consultacy Services	BUY	1,105	1,344	22	2,163	90.7	105.7	29.5	16.5	37.4		18.7	15.0	7.1	1.5	34.7	43.1	6	
Wipro	BUY	371	421	14	911	310.5	364.3	21.8	22.1	17.0		14.0	13.2	3.4	1.9	19.9	18.3	12	(15
KPIT Cummins	BUY	158	208	32	14	0.9	1.2	11.7	14.1	13.5	11.2	8.5	6.9	1.9	0.6	17.4	18.9	5	(0
MEDIA																			
Den Networks	BUY	75	75	(1)	10	0.4	0.3	2.9	2.1	26.2	36.4	8.4	9.1	1.3	-	3.5	5.2	13	(67
Dish TV India	HOLD	76	80	5	81	(1.9)	(1.3)	(1.8)	(1.2)	(42.5)	(62.6)	37.1	19.1	4.9	-	(7.9)	0.1	1	2
Hathway Cable & Datacom	BUY	114	119	5	16	(0.3)	0.0	(2.1)	0.1	(53.2)	1,382.0	12.8	10.2	1.9	-	0.1	3.2	35	(40
TV 18 Broadcast	BUY	46	74	63	16	(0.2)	0.7	(0.7)	1.9	(62.2)	23.6	47.2	15.4	1.7	-	7.2	6.4	9	(59
Sun TV Network	BUY	274	454	66	108	7.7	8.0	19.5	20.4	14.0	13.4	6.5	6.1	4.1	3.4	30.5	40.0	22	(48
UTV Software Communication	ns HOLD	950	729	(23)	39	1.4	2.0	33.3	49.1	28.5	19.3	26.4	14.6	3.4	-	14.4	1.0	0	57
Zee Entertainment Enterprises	RIIV	124	148	20	121	6.4	6.2	6.5	6.3	19.0	19.6	14.2	13.5	3.5	1.5	17.6	23.7	5	(15

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Company	Reco	CMP	TP	Return	M.Cap	Net profi	t (INRbn)	EPS (INR)	PE		EV/EBI	TDA (x)	P/BV (x)	Div Yld (%)	RoE (%)	RoCE (%)	Absol	ute (%)
		(INR)	(INR)	(%)	(INRbn)	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY12	FY12	FY12	FY12	1m	12
METALS																			
Graphite India	BUY	72	111	54	14	1.9	2.1	10.3	10.6	7.0	6.8	5.5	5.3	0.8	4.2	13.1	16.0	(4)	(2:
Hindalco Industries	BUY	136	235	73	260	12.8	19.2	12.8	19.2	10.6	7.1	5.3	4.8	1.4	2.1	11.4	10.4	10	(38
Hindustan Zinc	BUY	123	148	21	518	49.2	48.4	11.6	11.5	10.6	10.7	6.6	5.8	1.9	0.9	18.1	18.1	9	(
Jindal Steel & Power	BUY	565	603	7	528	37.5	44.0	47.1	55.4	12.0	10.2	10.5	9.3	2.8	0.3	23.8	14.6	19	(2
JSW Steel	BUY	668	750	12	149	20.1	10.8	90.1	44.8	7.4	14.9	7.0	7.6	0.8	1.5	5.4	5.5	22	(50
Monnet Ispat	BUY	440	618	41	28	2.6	3.2	40.9	50.2	10.7	8.8	12.6	10.2	14.6	3.5	17.4	13.2	(10)	(27
Prakash Industries	BUY	45	107	135	6	2.2	2.1	16.3	15.7	2.8	2.9	2.7	2.9	0.3	-	11.6	12.8	(10)	(69
Sesa Goa	HOLD	211	205	(3)	183	42.2	22.2	49	25	4.3	8.3	4.2	6.1	1.2	1.5	33.0	15.0	9	(30
Steel Authority of India	HOLD	109	108	(1)	451	48.8	38.1	11.8	9.2	9.2	11.8	6.3	7.9	1.2	3.0	9.9	8.6	9	(44
Sterlite Industries	BUY	121	148	22	406	50.4	44.4	15.0	13.2	8.1	9.1	5.1	4.6	0.9	0.9	9.8	11.4	11	(3
TATA Steel	HOLD	462	423	(8)	443	89.8	79.6	93.7	82.0	4.9	5.6	6.0	6.4	1.0	2.6	17.9	9.0	17	(24
OIL & GAS																			
Bharat Petroleum Corp.	HOLD	631	607	(4)	228	17.2	12.6	52.4	38.3	12.0	16.4	12.1	12.6	1.4	1.3	12.2	5.4	(7)	(18
Cairn India	HOLD	300	312	4	572	63.2	72.0	33.3	43.6	9.0	6.9	6.6	4.6	2.5	2.0	17.5	17.7	11	(9
Essar oil	BUY	85	138	63	115	6.5	8.0	4.8	5.8	17.7	14.5	9.5	9.9	1.6	-	10.8	7.6	9	(45
GAIL India	HOLD	428	463	8	543	35.6	41.2	28.1	32.5	15.2	13.2	9.9	8.6	2.4	1.8	18.5	21.6	2	(1:
Gujarat State Petronet Limited	BUY	102	134	32	57	5.1	4.5	9.0	8.0	11.3	12.8	7.3	7.7	20.8	7.3	18.7	19.6	(3)	(13
Hindustan Petroluem Corp.	HOLD	340	356	5	115	15.4	5.7	45.4	17.0	7.5	20.1	11.1	13.3	0.9	1.5	12.3	5.0	(10)	(3
Indian Oil Company	HOLD	300	314	5	729	74.5	38.7	31.4	16.3	9.6	18.4	10.6	11.6	1.2	1.7	13.5	6.6	(6)	(29
MRPL	BUY	63	108	70	111	11.6	7.2	6.6	4.1	9.6	15.4	5.1	10.3	7.7	0.8	10.5	9.7	3	(24
Oil India	BUY	1,298	1,638	26	312	28.9	33.2	120.1	138.2	10.8	9.4	5.1	3.9	1.7	3.0	18.6	21.3	(3)	(10
Oil & Natural Gas Corp.	BUY	278	342	23	2,378	189.2	222.1	112.3	30.4	2.5	9.1	5.6	5.0	2.1	0.1	19.4	19.2	4	(16
Petronet LNG	BUY	166	216	30	125	6.2	10.5	8.3	14.0	20.1	11.9	13.8	8.7	3.5	1.5	29.8	21.8	3	4
Reliance Industries	HOLD	886	880	(1)	2,901	192.9	206.1	58.9	62.9	15.0	14.1	9.0	9.1	1.5	0.9	12.0	9.2	12	(17
PHARMACEUTICAL	.S																		
Aurobindo Pharma	UR	127	UR	NA	37	5.8	5.3	19.9	18.2	6.4	7.0	6.1	6.5	1.4	0.6	16.1	22.9	6	(50
Cadila Healthcare	UR	758	UR	NA	155	7.1	8.8	33.3	43.0	22.8	17.6	15.9	12.1	5.3	1.0	21.6	35.9	1	
Claris Lifesciences	UR	120	UR	NA	8	1.5	1.9	24.1	29.2	5.0	4.1	3.6	3.3	0.7	6.1	16.5	21.5	(0)	
Dr Reddy's Limited	UR	1,640	UR	NA	278	10.0	11.5	59.0	68.0	27.8	24.1	19.3	15.1	5.7	1.0	20.7	25.8	12	(3
Indoco Remedies	UR	381	UR	NA	5	0.5	0.6	39.2	50.3	9.7	7.6	6.7	4.8	1.2	3.0	16.4	16.6	(1)	(23
Ipca Laboatories	UR	258	UR	NA	32	2.4	3.4	19.2	27.3	13.4	9.4	9.3	6.5	2.2	-	18.5	26.8	4	(23
Lupin	UR	475	UR	NA	212	8.8	10.9	19.9	24.5	23.9	19.4	17.0	13.4	4.9	0.5	29.1	28.7	0	
Sun Pharma	UR	504	UR	NA	519	15.5	21.7	15.0	20.9	33.7	24.1	26.4	18.8	4.7	0.5	22.4	21.4	9	1:
Ranbaxy Laboratories Limited	UR	514	UR	NA	217	15.9	7.8	35.5	18.4	14.5	27.9	7.6	15.5	3.4	0.4	9.6	13.0	0	(15
REAL ESTATE																			
D B Realty	UR	72	UR	NA	17	3.8	4.8	15.6	19.6	4.6	3.7	4.1	3.0	0.4	-	12.2	16.4	45	(83
DLF	UR	246	UR	NA	417	16.4	14.9	9.7	8.8	25.4	27.9	17.2	16.5	1.5	0.8	5.5	6.2	22	(30
HDIL	UR	98	UR	NA	41	8.3	8.8	19.9	19.9	4.9	4.9	7.4	6.0	0.4	-	8.1	7.9	7	(62
Indiabulls Real Estate	UR	75	UR	NA	30	1.6	2.8	4.0	6.5	18.8	11.5	19.0	9.6	0.3	-	1.6	2.0	6	(61
Phoenix Mills	UR	202	UR	NA	29	0.9	1.1	6.5	7.9	31.2	25.7	27.8	18.5	1.6	0.6	5.6	3.6	(4)	(16
Sobha Developers	UR	241	UR	NA	24	1.9	2.3	19.5	23.0	12.4	10.5	10.3	8.9	1.1	1.2	10.9	9.5	17	(33
Unitech	UR	29	UR	NA	76	5.7	6.4	2.2	2.4	13.5	11.9	14.1	11.7	0.6	-	4.9	5.1	15	(67
SHIPPING AND LO																			
Container Corp. of India	HOLD	975	1,161	19	127	8.3	9.3	63.9	71.9	15.3	13.6	10.1	9.3	2.2	1.8	16.4	21.9	6	(26
Essar Ports Ltd	BUY	89	120	35	37	0.5	1.4	1.1	3.2	79.2	28.0	16.0	11.2	1.6	-	5.7	7.4	61	(48
Great Eastern Shipping Co	BUY	228	329	45	35	4.2	4.8	27.8	31.7	8.2	7.2	8.7	8.3	0.5	3.5	7.5	6.5	(3)	(35
Great Offshore	BUY	126	315	149	5	0.6	0.9	17.4	24.8	7.3	5.1	8.6	7.2	0.4	3.2	7.5	6.1	7	(67
Mercator Lines	BUY	26	48	85	6	1.0	1.3	3.8	4.8	6.8	5.4	5.0	5.4	0.3	3.9	5.6	5.6	11	(6
SUGAR																			
Balrampur Chini Mills	BUY	53	70	32	13	1.7	0.7	6.4	3.0	8.2	17.8	6.4	10.2	1.0	1.9	5.7	6.3	21	(39
Shree Renuka Sugars	BUY	57	83	46	38	7.0	3.2	10.5	4.8	5.4	5.4	8.3	6.5	1.5	1.8	12.9	12.6	6	(40
Triveni Engineering & Ind	BUY	22	49	123	6	2.0	2.6	7.6	9.9	2.9	2.2	3.0	1.9	0.4	6.5	18.6	23.6	5	(82

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Company	Poss	СМР	TP	Dotum	M.Cap	Net profit	/INIPhn\	EPS (INID\	PE	(~)	EW/ERI	TDA (x)	D/RV/W	Div Yld (%)	RoE (%)	RoCE (%)	Abcol	ute (%)
Company	Reco	(INR)	(INR)	Return (%)	(INRbn)	FY11	FY12	FY11	FY12		FY12	FY11	FY12	P/BV (x) FY12	FY12	FY12	FY12	1m	12m
LITHITIES & INDI	ICTDIA	• • •	(ii vity	(79)	(II TINDII)		1112		1112		1112		1112	1112	1112	1112	1112		
UTILITIES & INDU			500	(0.1)	2.40			10 /											
ABB	SELL	673	533	(21)	143	2.2	3.6	10.4	17.0	65.0	39.5	167.4	26.2	5.1	0.0	12.8	16.5	(1)	(22)
Adani Power	UR	86	UR	NA	187	10.6	21.8	4.9	10.0	17.6	8.6	23.1	10.5	2.0		22.8	8.7	2	(39)
BGR	BUY	337	618	84	24	3.2	3.7	44.9	51.5	7.5	6.5	4.9	5.8	2.0	3.4	34.1	19.9	8	(58)
Bharat Heavy Electricals	BUY	329	358	9	806	54.8	63.1	22.4	25.8	14.7	12.8	9.5	7.6	3.3	2.2	25.8	32.8	3	(34)
CESC	BUY	275	391	42	34	2.5	3.0	20.1	23.9	13.7	11.5	12.1	13.4	0.7	2.2	8.6	3.1	3	(27)
Coal India	BUY	326	467	43	2,057	109.3	155.3	17.3	24.6	18.8	13.2	12.0	7.8	4.6	0.3	34.7	36.0	(3)	33
Lanco Intrastructure	BUY	16	35	123	38	4.5	6.0	1.9	2.5	8.4	6.3	15.0	9.1	0.8	-	13.3	7.8	2	(75)
Larsen & Toubro	BUY	1,380	1,643	19	844	44.6	49.7	73.2	81.6	18.9	16.9	14.7	13.1	2.9	1.3	17.2	11.4	5	(36)
McNally Bharat Eng. Ltd.	BUY	120	202	69	4	0.6	0.8	20.4	25.3	5.9	4.7	4.9	4.4	1.0	1.7	20.8	16.6	5	(52)
NTPC	BUY	178	203	14	1,469	93.7	97.8	11.4	11.9	15.7	15.0	11.7	10.8	2.0	2.6	13.3	10.8	8	(8)
Power Grid	BUY	104	124	19	482	23.9	29.1	5.2	6.3	20.1	16.6	12.2	10.8	2.0	1.5	12.3	8.1	7	4
PTC India	BUY	74	96	29	22	1.4	1.3	4.7	4.4	15.7	17.0	10.7	11.2	0.9	2.0	7.6	5.3	8	(47)
Reliance Infrastructure	BUY	466	1,065	129	125	15.0	16.0	65.6	70.2	7.1	6.6	13.0	12.5	0.5	5.2	6.4	2.0	23	(55)
Siemens	SELL	856	818	(4)	291	9.8	11.0	29.1	32.7	29.4	26.1	20.8	18.9	22.9	0.8	21.8	30.8	4	2
Suzlon Energy	BUY	36	70	92	65	(5.5)	4.9	(3.0)	2.6	(12.3)	13.9	23.0	8.1	1.0	1.2	7.5	7.4	1	(36)
Tata Power	SELL	105	92	(13)	250	20.6	19.0	86.8	77.1	1.2	1.4	10.3	8.1	0.2	12.5	12.9	4.3	9	(24)
Tecpro Systems	BUY	221	379	72	11	1.3	1.7	7.0	30.0	31.6	31.6	2.5	1.7	1.7	1.9	21.3	21.9	0	(46)
MISCELLANEOUS																			
Amtek Auto	HOLD	127	NA	NA	29	1.6	4.0	6.9	17.2	18.4	7.3	6.1	5.0	0.5	1.6	7.4	8.9	5	(22)
Bajaj Electricals Ltd.	BUY	197	268	37	20	1.4	1.5	14.5	15.6	13.5	12.6	7.9	7.5	2.7	1.5	23.0	33.5	9	(29)
Cummins India Ltd.	BUY	375	474	26	104	6.3	6.4	22.9	23.1	16.4	16.3	15.5	14.2	4.5	2.1	27.6	29.2	(7)	(34)
Gayatri Projects	BUY	145	494	240	2	0.7	0.9	47.9	64.6	3.0	2.2	2.8	2.4	0.4	3.1	19.4	20.7	4	(61)
Havell's India	BUY	386	520	35	48	3.0	3.8	24.3	30.2	15.9	12.8	10.3	8.1	4.9	0.8	57.6	30.1	9	(6)
Maharashtra Seamless	BUY	336	436	30	24	3.4	3.5	48.6	49.5	6.9	6.8	5.7	4.1	0.8	1.8	14.2	21.5	(4)	(21)
Mahindra Holidays	BUY	330	481	46	28	1.0	1.4	12.5	16.4	26.5	20.1	21.5	13.9	4.7	1.5	25.0	13.5	2	(17)
McLeod Russel Ltd.	BUY	239	319	33	26	2.3	2.7	21.2	24.2	11.3	9.9	10.0	7.5	1.5	2.1	16.3	18.7	5	3
Nava Bharat Ventures	BUY	183	245	34	16	3.1	1.4	33.9	15.9	5.4	11.5	4.9	7.3	0.9	1.5	7.5	6.2	1	(48)
Opto Circuits	BUY	247	314	27	46	3.7	4.9	19.7	26.2	12.5	9.4	11.8	7.7	2.6	1.8	31.1	24.9	9	(18)
Rainbow Papers	HOLD	63	60	(5)	6	0.4	0.6	4.1	6.2	15.4	10.2	10.3	6.3	1.7	0.8	14.7	9.5	(4)	5
REI Agro Ltd	BUY	22	34	52	21	2.7	4.6	2.8	4.8	8.0	4.7	6.1	5.0	0.8	1.8	16.5	13.3	(7)	(20)
S Kumars Nationwide	BUY	39	89	128	11	2.8	3.8	9.5	12.7	4.1	3.1	4.3	3.6	0.4	-	15.5	14.9	(4)	(51)
Spice Jet	BUY	24	41	72	10	1.0	0.4	2.6	0.9	9.3	27.3	1.6	2.7	2.7	-	9.8	(1.3)	15	(72)
Sterlite Technologies	HOLD	38	39	2	15	1.4	1.0	3.8	2.7	10.2	14.3	7.5	7.3	0.5	1.3	9.0	13.3	7	(53)
V-Guard Industries Ltd.	HOLD	206	214	4	6	0.4	0.4	14.3	14.8	14.5	13.9	10.3	9.0	3.0	1.5	23.4	22.7	(1)	4
West Coast Paper Mills	BUY	70	104	49	4	0.9	1.2	14.4	18.4	4.9	3.8	6.8	4.9	0.6	2.9	14.2	7.7	4	(29)
Company	Reco	CMP	TP	Return	M.Cap	Net profit	(INRbn)	EPS (INR)	PE	(x)	NNPA	Ratio (%)	P/AdiBV	x) Div Yld (%) RoE (%)	RoA (%)	Absolu	ute (%)
. ,		(INR)	(INR)	(%)	(INRbn)	FY11	FY12	FY11	FY12		FY12	FY11	FY12	FY1		, 2 FY12			12m
FINANCIALS																			
Axis Bank	BUY	1,116	1,580	42	460	34	41	83	100	13.5	11.2	0.3	0.3	2	.5 1.:	5 19.8	1.5	13	(27)
Bajaj Auto Finance	BUY	704	945	34	26	2	3	67	78	16.6	9.0	1.8	1.8		.5 1.4			10	(12)
HDFC	HOLD	683	714	4	1006	35	40	24	27	28.4	24.9	0.4	0.4		.9 1.3			8	(5)
HDFC Bank	HOLD	482	515	7	1127	39	51	17	22	28.3	21.9	0.2	0.3		.5 0.8			6	2
ICICI Bank	BUY	878	1,320	50	1012	52	66	45	57	19.6	15.3	1.1	1.3		.0 1.8			5	
						10	11	21			10.0	0.0						10	(29)
LIC Housing Finance	HOLD	236	238	1	112				24	11.5			0.1		.7 1.0				(10)
Punjab National Bank	BUY	988	1,340	36	313	44	50	140	158	7.1	6.2	0.8	0.6		.7 0.:			6	(26)
Shriram Transprt finance	BUY	592	778	31	134	12	115	120	65	10.9	9.2	0.0	0.0		.7 0.5			(4)	(32)
State Bank Of India	BUY	1,935	2,764	43	1229	83	115	130	164	14.9	11.8	1.4	1.3		.3 1.5			4	(41)
YES Bank	HOLD	310	330	6	109	7	9	21	25	14.8	12.6	0.0	0.0		.8 0.9			19	(17)
Bank of Baroda	BUY	822	1,063	29	322	42	48	108	121	7.6	6.8	0.3	0.5		.7 2.3				(20)
Union Bank of India	BUY	230	321	40	120	21	26	40	50	5.8	4.6	1.2	0.9		.3 3.5			(2)	(41)
Rural Electrification Corp.	BUY	194	220	13	192	26	30	24	30	8.0	6.5	0.0	0.0		.5 3.			19	(48)
Power Finance Corp.	BUY	165	200	21	218	27	30	23	23	7.1	7.2		-		.2 3.0			16	(55)
Bank of India	BUY	334	452	35	183	25	28	45	51	7.4	6.5	2.3	2.5	1	.3 2.4	4 15.3	0.7	7	(34)
UR: Under Review																			

UR: Under Review

21 Nov

28 Nov

22 Nov

29 Nov

23 Nov

30 Nov

Events Calendar November 2011

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sun
				4 Nov	5 Nov	6 Nov
				ONGC		
				Marico		
7 Nov	8 Nov	9 Nov	10 Nov	11 Nov	12 Nov	13Nov
Prakash Industries	ABB	Power Finance Corp	Hindalco Industries	UTV Software Comm	Coal India	LICHF
United Spirits	Opto Circuits	Indian Oil Corp	Tata Steel	Lanco Infra	Rural Electrification Co	0
	Bosch	CESC	Britannia Ind	Mundra Port & SEZ		
	Bank of India	Oil India	Cummins India	Adani Power		
	Monnet Ispat		Shree Cements	REI Agro		
14 Nov	15 Nov	16 Nov	17 Nov	18 Nov	19 Nov	20Nov
Mahindra & Mahindr	a Tata Power Company					
Tata Motors						

24 Nov

25 Nov

26 Nov

27Nov

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