## AMP

FROM THE RESEARCH DESK
Steel Authority of India Limited
On a sticky wicket
Sun TV Networks Limited
Results in line
Mcleod Russel India Limited
Połent 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.
- FIls: The Reserve Bank of India allowed foreign institutional investors (Flls) 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) |
| :--- | ---: | ---: |
| Flls | 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 | Ol (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 | Ol (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 | Ol (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 | Qly | Price |
| :--- | :--- | :--- | :--- | ---: | ---: |
| 03-Nov-11 | ECE Industries Limited | Ece Industries Ltd | BUY | 403300 | 138.06 |
| O3-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 |



Source: Bloomberg

Sensex


FII Provisional Flows (INRcr)


DII Provisional Flows (INRcr)


Source: Bloomberg
Economy, Money \& Banking

| Forex Rate | Last | \% Chg | \% MTD | \% YTD | Commodities | Last | \% Chg | \% MTD | \% YTD |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| INR~USD | 49.1 | 0.1 | (0.9) | (9.0) | Gold (\$/Ounce) | 1,759 | (0.3) | 2.6 | 23.8 |
| INR~EUR | 67.8 | (0.0) | 0.7 | (11.8) | Crude Oil (\$/Bl) | 94 | (0.4) | 0.5 | (0.9) |
| INR~GBP | 78.7 | 0.1 | (0.3) | (11.4) | Aluminium (\$/t) | 2,125 | 0.9 | (3.3) | (13.7) |
|  |  |  |  |  | Copper (\$/t) | 7,902 | 0.4 | (1.0) | (18.1) |
| Bond Market | Last | Chg (bps) | MTD (bps) | YTD (bps) | Zinc (\$/t) | 1,962 | 2.2 | (1.1) | (19.7) |
| 10 Year Bond | 8.9 | (2) | 2 | 97 | Lead (\$/t) | 2,015 | 0.5 | (2.3) | (21.4) |
| Interbank call | 8.5 | (2) | (12) | 298 | 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 (\%)

[^0]| Current Reco | $:$ | HOLD |
| :--- | :--- | :--- |
| Previous Reco | $:$ | HOLD |
| CMP | $:$ | INR109 |
| Target Price | $:$ | INR108 |
| Potential Return | $:$ | $0 \%$ |

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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 ('OOO) | $:$ | 2,391 |
| Bloomberg | $:$ | SAIL IN |
| Reuters | $:$ | SAIL.BO |

Source: Bloomberg

| Returns (\%) |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | :---: |
|  | $\mathbf{1 m}$ | $\mathbf{3 m}$ | $\mathbf{6 m}$ | $\mathbf{1 2 m}$ |  |
| Absolute | 9 | $(10)$ | $(30)$ | $(44)$ |  |
| Relative | 0 | $(7)$ | $(26)$ | $(34)$ |  |
| Source: Bloomberg |  |  |  |  |  |

## Shareholding pattern



Source: BSE


Source: Bloomberg

## 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 $2.85 \mathrm{mt}(-10 \% \mathrm{YoY} /+4 \% \mathrm{QoQ}$ ) 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 USD103/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 13 mtpa has been facing delays and cost runs. The expectations have majorly factored in no volume growth scenario in FY 13 e 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 $6.2 \times$ EV/EBITDA with a HOLD rating. We will review our estimates and target price with further details from the management.

| Financials |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |
| P\&L (INRm) | 2QFY12 | 2QFY11 | Chg YoY (\%) | 1QFY12 Chg 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 | $(0)$ |
| 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 | $(41)$ |
| Source: Company, Antique |  |  |  |  |  |

Source: Company, Antique

Standard P\&L

| INRm | 2QFY 12 | 2QFY11 | Chg YoY (\%) | 1 QFY 12 | 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 | (0) | 49,499 | 4 |
| Employee expenses | 19,808 | 17,004 | 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 |
| Depreciation | 3,938 | 3,688 | 7 | 3,742 | 5 |
| EBIT | 9,334 | 13,260 | (30) | 9,373 | (0) |
| 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 | 1.2 | 2.6 | (55) | 2.0 | (41) |

Source: Company, Antique
Particulars

|  | 2QFY12 | 2 QFY11 | Chg YoY (\%) | 1 QFY12 | Chg QoQ (\%) |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Sales(kt) | 2,850 | 3,170 | $(10)$ | 2,750 | 4 |
| Realisation $-\mathrm{USD} / \dagger$ | 843 | 733 | 15 | 888 | $(5)$ |

Source: Company, Antique

## Balance sheet

| INRm | 2QFY10 | 4QFY10 | 2QFY11 | 4QFY11 | 2QFY 12 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 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 | 174,784 | 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 |

Source: Company, Antique

Sales volume (kt)


Source: Company, Antique

Realisation (USD/t)


Source: Company, Antique

EBITDA: Flat margins sequentially


Source: Company, Antique

Financials

| Profit and loss account (INRbn) |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Year ended 31st March | FY10 | FY 11 | FY12e | FY13e |
| Revenues | 415 | 434 | 477 | 527 |
| Expenses | 315 | 357 | 410 | 439 |
| EBITDA | $\mathbf{1 0 0}$ | $\mathbf{7 7}$ | $\mathbf{6 7}$ | $\mathbf{8 9}$ |
| Depreciation \& amorisation | 13 | 15 | 17 | 20 |
| EBIT | $\mathbf{8 6}$ | $\mathbf{6 2}$ | $\mathbf{5 0}$ | $\mathbf{6 9}$ |
| Interest expense | 4 | 5 | 6 | 8 |
| Other income | 19 | 14 | 13 | 11 |
| Profit before tax | $\mathbf{1 0 1}$ | $\mathbf{7 2}$ | $\mathbf{5 7}$ | $\mathbf{7 1}$ |
| Taxes incl deferredtaxation | 34 | 23 | 19 | 24 |
| Profitafter tax | 68 | 49 | 38 | 48 |
| Adjusted profit after tax | $\mathbf{6 8}$ | $\mathbf{4 9}$ | $\mathbf{3 8}$ | $\mathbf{4 8}$ |
| Recurring EPS (INR) | $\mathbf{1 6 . 4}$ | $\mathbf{1 1 . 8}$ | $\mathbf{9 . 2}$ | $\mathbf{1 1 . 6}$ |

Balance sheet (INRbn)

| Year ended 31 st March | FY10 | FY11 | FY12e | FY13e |
| :--- | ---: | ---: | ---: | ---: |
| Share Capital | 41 | 41 | 41 | 41 |
| Reserves \& Surplus | 292 | 321 | 343 | 375 |
| Networth | $\mathbf{3 3 3}$ | $\mathbf{3 6 2}$ | $\mathbf{3 8 5}$ | $\mathbf{4 1 6}$ |
| Debt | 165 | 202 | 202 | 202 |
| Capital Employed | $\mathbf{4 9 8}$ | $\mathbf{5 6 4}$ | $\mathbf{5 8 6}$ | $\mathbf{6 1 8}$ |
| Gross Fixed Assets | 354 | 389 | 439 | 559 |
| Accumulated Depreciation | 218 | 233 | 249 | 269 |
| Net Assets | $\mathbf{1 3 6}$ | $\mathbf{1 5 6}$ | $\mathbf{1 9 0}$ | $\mathbf{2 9 0}$ |
| 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 | $\mathbf{2 1 9}$ | $\mathbf{1 9 8}$ | $\mathbf{1 1 1}$ | $\mathbf{8 3}$ |
| Deferred tax assets/(liabilifies) | $(14)$ | $(15)$ | $(15)$ | $(15)$ |
| Application of Funds | $\mathbf{4 9 8}$ | $\mathbf{5 6 4}$ | $\mathbf{5 8 6}$ | $\mathbf{6 1 8}$ |

Per share data

| Year ended 31st March | FY10 | FY11 | FY12e | FY13e |
| :--- | ---: | ---: | ---: | ---: |
| No. of shares $(\mathrm{m})$ | 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 |
| EBT | 21 | 14 | 11 | 13 |
| PAT | 16 | 11 | 8 | 9 |

[^1]Cash flow statement (INRbn)

| Year ended 31 st 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 |
| Taxpaid | 37 | 23 | 19 | 24 |
| Cash flow from operating activities | $\mathbf{4 8}$ | $\mathbf{9}$ | $\mathbf{8 9}$ | $\mathbf{6 7}$ |
| Capital expenditure | $(102)$ | $(103)$ | $(125)$ | $(80)$ |
| Inc/(Dec) in investments | $10)$ | - | - |  |
| Income from investments | 21 | 14 | 13 | 11 |
| Cash flow from investing activities | $\mathbf{( 8 0 )}$ | $\mathbf{( 8 9 )}$ | $\mathbf{( 1 1 3 )}$ | $\mathbf{( 7 0 )}$ |
| Inc/(Dec) in share capital | - | - | - | - |
| Inc/(Dec) in debt | 89 | 37 | - | - |
| Dividends \& Interest paid | $(13)$ | $(18)$ | $(20)$ | $(22)$ |
| Cash flow from financing activities | $\mathbf{7 4}$ | $\mathbf{1 6}$ | $\mathbf{( 2 2 )}$ | $\mathbf{( 2 4 )}$ |
| Net cash flow | $\mathbf{4 2}$ | $\mathbf{( 6 4 )}$ | $\mathbf{( 4 5 )}$ | $\mathbf{( 2 6 )}$ |
| Opening balance | 183 | 224 | 160 | 115 |
| Closing balance | $\mathbf{2 2 4}$ | $\mathbf{1 6 0}$ | $\mathbf{1 1 5}$ | $\mathbf{8 9}$ |

## Growth indicators (\%)

| Year ended 31 st 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 31 st March | FY10 | FY 11 | 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 |

Source: Company Antique

| Current Reco | $:$ | BUY |
| :--- | :--- | :--- |
| Previous Reco | $:$ | BUY |
| CMP | $:$ | INR275 |
| Target Price | $:$ | INR454 |
| Potential Return | $:$ | $\mathbf{6 5 \%}$ |

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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 ('OOO) | $:$ | 559 |
| Bloomberg | $:$ | SUNTV IN |
| Reuters | $:$ | SUTV.BO |

Source: Bloomberg

| Returns (\%) |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | :---: |
|  | $\mathbf{1 m}$ | $\mathbf{3 m}$ | $\mathbf{6 m}$ | $\mathbf{1 2 m}$ |  |
| Absolute | 22 | $(11)$ | $(35)$ | $(48)$ |  |
| Relative | 12 | (8) | (31) | (39) |  |

Source: Bloomberg


Source: BSE


[^2]
## 2QFY12 RESULTS REVIEW

# Sun TV Networks Limited <br> Results in line 

## Results highlights

Sun TV reported 2QFY1 2 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, 176 m 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 275 bps 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 $\operatorname{INR} 1,725 \mathrm{~m}$ 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 12.1 x , a significant discount to the historical average of 25 x PE. We reiterate a BUY with a target price of INR454 based on FY13e P/E of 20x.

Quarterly financials

| Standalone P\&L (INRm) | 2QFY12 | 2QFY11 | Chg YoY(\%) | 1 QFY12 | 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 | $(0)$ |
| EBITDA margin (\%) | 81.0 | 78.2 | 275 | 80.6 | 38 |
| Depreciation | 1,176 | 908 | 30 | 1,061 | 11 |
| Total tax | 856 | 830 | 3 | 892 | $(4)$ |
| PAT | 1,801 | 1,674 | 8 | 1,876 | $(4)$ |
| Source: Company, Antique |  |  |  |  |  |

Balance sheet

| INRm | FY10 | 1 HFY11 | FY 11 | 1 HFY12 |
| :--- | ---: | ---: | ---: | ---: |
| 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 |  |  |  |  |
| Inventories | 3 |  | 3 | 8 |
| 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 provisions |  |  |  |  |
| 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 |

Source: Company, Antique

Financials

Profit and loss account (INRm)

| Year ended 31 st Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | $\mathbf{2 0 1 3 e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Revenues | 10,394 | 14,528 | 20,135 | 21,066 | 23,320 |
| Expenses | 3,026 | 3,620 | 4,356 | 5,202 | 5,931 |
| EBITDA | $\mathbf{7 , 3 6 8}$ | $\mathbf{1 0 , 9 0 9}$ | $\mathbf{1 5 , 7 7 9}$ | $\mathbf{1 5 , 8 6 4}$ | $\mathbf{1 7 , 3 8 9}$ |
| Depreciation \& amortisation | $(2,205)$ | $(3,209)$ | $(4,805)$ | $(4,660)$ | $(4,860)$ |
| EBIT | $\mathbf{5 , 1 6 3}$ | $\mathbf{7 , 7 0 0}$ | $\mathbf{1 0 , 9 7 4}$ | $\mathbf{1 1 , 2 0 4}$ | $\mathbf{1 2 , 5 2 9}$ |
| Interest expense | $(138)$ | $(49)$ | $(23)$ | $(0)$ | $(0)$ |
| Other income | 668 | 350 | 487 | 693 | 791 |
| Profit before tax | $\mathbf{5 , 6 9 3}$ | $\mathbf{8 , 0 0 0}$ | $\mathbf{1 1 , 4 3 9}$ | $\mathbf{1 1 , 8 9 7}$ | $\mathbf{1 3 , 3 2 1}$ |
| Taxes incldeferred taxation | $(2,293)$ | $(2,991)$ | $(3,831)$ | $(3,926)$ | $(4,396)$ |
| Profitaffer tax | 3,400 | 5,009 | 7,608 | 7,971 | 8,925 |
| Adjusted profit after tax | $\mathbf{3 , 6 8 3}$ | $\mathbf{5 , 1 9 9}$ | $\mathbf{7 , 6 9 8}$ | $\mathbf{8 , 0 3 3}$ | $\mathbf{8 , 9 4 0}$ |
| Recurring EPS (INR) | $\mathbf{9 . 4}$ | $\mathbf{1 3 . 2}$ | $\mathbf{1 9 . 5}$ | $\mathbf{2 0 . 4}$ | $\mathbf{2 2 . 7}$ |

## Balance sheet (INRm)

| Year ended 31st Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | $\mathbf{2 0 1 3 e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| ShareCapital | 1,970 | 1,970 | 1,970 | 1,970 | 1,970 |
| Reserves \& Surplus | 15,046 | 16,886 | 20,566 | 24,398 | 28,662 |
| Networth | $\mathbf{1 7 , 0 1 7}$ | $\mathbf{1 8 , 8 5 6}$ | $\mathbf{2 2 , 5 3 7}$ | $\mathbf{2 6 , 3 6 9}$ | $\mathbf{3 0 , 6 3 3}$ |
| Debt | 716 | 1 | 1 | 1 | 1 |
| Capital Employed | $\mathbf{1 8 , 3 7 9}$ | $\mathbf{2 0 , 4 4 5}$ | $\mathbf{2 4 , 1 9 8}$ | $\mathbf{2 8 , 0 0 2}$ | $\mathbf{3 2 , 2 8 6}$ |
| 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 | $\mathbf{8 , 1 4 6}$ | $\mathbf{8 , 9 7 8}$ | $\mathbf{1 1 , 9 2 7}$ | $\mathbf{1 1 , 8 1 7}$ | $\mathbf{1 1 , 5 0 7}$ |
| 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 \& Advances |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: |
| 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 | 3,179 | 3,971 | 3,971 | 3,971 |

## Current Liabilities \& Provisions

| 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 | $\mathbf{7 , 2 1 4}$ | $\mathbf{6 , 2 5 8}$ | $\mathbf{9 , 8 4 4}$ | $\mathbf{1 3 , 7 5 8}$ | $\mathbf{1 8 , 3 5 2}$ |
| Deferred tax assets/(liabilifies)+ NCA | 261 | 339 | 410 | 410 | 410 |
| Minority Interest and Misc expenses | 386 | 371 | 315 | 288 | 308 |
| Applis |  |  |  |  |  |


| Application of Funds | $\mathbf{1 8 , 3 7 8}$ | $\mathbf{2 0 , 4 4 5}$ | $\mathbf{2 4 , 1 9 8}$ | 28,002 | $\mathbf{3 2 , 2 8 6}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |

## Per share data

| Year ended 31st Mar | 2009 | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 2012e | 2013e |
| :--- | ---: | ---: | ---: | ---: | ---: |
| No. of shares $(\mathrm{m})$ | 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 | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | 2013e |
| :--- | ---: | ---: | ---: | ---: | ---: |
| EBITDA | 70.9 | 75.1 | 78.4 | 75.3 | 74.6 |
| EBT | 49.7 | 53.0 | 54.5 | 53.2 | 53.7 |
| PAT | 35.4 | 35.8 | 38.2 | 38.1 | 38.3 |

[^3]
## Key Assumptions

| Year ended 31st Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 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 rates(\%) | $(6.2)$ | 59.5 | 50.3 | 16.0 | 10.2 |

## Cash flow statement (INRm)

| Year ended 31 st Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | $\mathbf{2 0 1 3} \mathbf{e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| EBIT | $\mathbf{5 , 1 6 3}$ | $\mathbf{7 , 7 0 0}$ | $\mathbf{1 0 , 9 7 4}$ | $\mathbf{1 1 , 2 0 4}$ | $\mathbf{1 2 , 5 2 9}$ |
| 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 | $(446)$ |
| Taxpaid | $(2,293)$ | $(2,991)$ | $(3,831)$ | $(3,926)$ | $(4,396)$ |
| Others | 525 | 494 | 5,546 | 728 | 826 |
| CF from operating activities | $\mathbf{5 , 8 7 5}$ | $\mathbf{7 , 4 7 1}$ | $\mathbf{1 6 , 5 0 7}$ | $\mathbf{1 2 , 8 8 8}$ | $\mathbf{1 3 , 3 7 4}$ |
| 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 | $(\mathbf{3 , 7 1 5 )}$ | $\mathbf{( 6 , 5 4 5 )}$ | $\mathbf{( 5 , 9 1 7 )}$ | $\mathbf{( 4 , 5 5 0 )}$ | $\mathbf{( 4 , 5 5 0 )}$ |
| 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 | $(\mathbf{2 , 0 8 8 )}$ | $\mathbf{( 8 3 8 )}$ | $\mathbf{( 5 , 0 1 5 )}$ | $\mathbf{( 3 , 8 1 8 )}$ | $\mathbf{( 6 , 5 3 9 )}$ |
| Net cash flow | $\mathbf{7 2}$ | $\mathbf{8 8}$ | $\mathbf{5 , 5 7 5}$ | $\mathbf{4 , 5 2 0}$ | $\mathbf{2 , 2 8 5}$ |
| Opening balance | 3,581 | 362 | 455 | 6,030 | 10,550 |
| Closing balance | $\mathbf{3 , 6 5 4}$ | $\mathbf{4 , 3 6 7}$ | $\mathbf{6 , 0 3 0}$ | $\mathbf{1 0 , 5 5 0}$ | $\mathbf{1 2 , 8 3 5}$ |

Growth indicators (\%)

| Year ended 31st Mar | 2009 | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 2012e | 2013e |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Revenue | 19.5 | 39.8 | 38.6 | 4.6 | 10.7 |
| EBTDA | 23 | 48 | 45 | 1 | 10 |
| PAT | 13 | 41 | 48 | 4 | 11 |
| EPS | 13 | 41 | 48 | 4 | 11 |

Valuation ( x )

| Year ended 31st Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 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 | $\mathbf{2 0 1 0}$ | 2011 | $2012 e$ | 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 | $66,691.0$ | $74,579.9$ |

[^4]| Current Reco | $:$ | BUY |
| :--- | :--- | :--- |
| Previous Reco | $:$ | BUY |
| CMP | $:$ | INR239 |
| Target Price | $:$ | INR291 |
| Potential Return | $:$ | $\mathbf{2 2 \%}$ |

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| Market daita |  |  |
| :--- | :---: | ---: |
| 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 (\%) |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | :---: |
|  | $\mathbf{1 m}$ | $\mathbf{3 m}$ | $\mathbf{6 m}$ | $\mathbf{1 2 m}$ |  |
| Absolute | 5 | (9) | (9) | 3 |  |
| Relative | $(3)$ | (7) | (4) | 21 |  |

Source: Bloomberg


Source: BSE


[^5]
## 2QFY12 RESULTS REVIEW

# Mcleod Russel India Limited <br> 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 26.2 m 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 10 m 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 ( $995-1,000 \mathrm{~m} \mathrm{kgs}$ ) in CY11, a shorffall 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 10.5 x and EV/EBITDA of 7.4 x discounting its FY 13 e 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 (\%) | 1 QFY 12 | 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 |

Source: Company, Antique

MRIL: Operating metrics (INR/kg)

| INRm | 2QFY12 | 2QFY11 | \% Chg | 1 QFY112 | \%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 | $\mathbf{9 0 . 1}$ | $\mathbf{8 8 . 0}$ | $\mathbf{2 . 4}$ | $\mathbf{4 7 . 8}$ | $\mathbf{8 8 . 6}$ |

Source: Company, Antique

## Other key highlights

- Performance of subsidiaries (For 9M ending Sep' 1 1)
- Phu Ben Tea Company, Vietnam: Production stood at 3.6 m kgs for the period, with average realisations at USD $1.8 / \mathrm{kg}$. Revenues for the entity stood at USD6m, while EBIDTA at USD0.9m.
- Mcleod Russel Uganda Ltd, Uganda: Production stood at 11.8 m kgs for the period with average realisations of $\sim$ USD2 $/ \mathrm{kg}$. Its revenues stood at USD2 1 m , while EBIDTA at USD8m.
- Gisovu Tea Company, Rwanda: Mcleod recently acquired stake in this subsidiary. It registered a production of 1.3 m kgs in 9 M ended Sep' 11 and has shown a stellar operational performance with average realisations of USD3.5/kg, furnover 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: Revenue \& OPM trend


MRIL: Production \& Sales trend


[^6]

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 ( $\sim 2-3 \%$ 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 ( $\sim 40 \%$ ) and a weak INR add an interesting angle to revenue and profitability estimates for FY1 2e. 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 FY1 2e EBIDTA multiple for the company from $9 x$ to $8 x$.

MRIL: Valuation (FY12)

| EBIDTA Multiple |  | Earnings Multiple |  |
| :--- | ---: | :--- | :--- |
| EBIDTA (INRm) | 3,773 | EPS (INR) | 24 |
| EBIDTA multiple (x) | $\mathbf{8}$ | P/E multiple (x) | $\mathbf{1 3}$ |
| EV (INRm) | 30,188 |  |  |
| Net Debt (INRm) | 910 |  |  |
| Equity Value (INR m) | 29,277 |  |  |
| Value/sh (INR) - (A) | $\mathbf{2 6 7}$ | Value/sh (INR) - (B) | $\mathbf{3 1 5}$ |
| Average (A+B): Value /sh (INR) | $\mathbf{2 9 1}$ |  |  |

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)

| Year ended 31 Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | $\mathbf{2 0 1 3 e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Revenues | $\mathbf{8 , 2 8 9}$ | $\mathbf{1 0 , 7 6 8}$ | $\mathbf{1 0 , 7 3 1}$ | $\mathbf{1 2 , 2 2 5}$ | $\mathbf{1 2 , 6 5 6}$ |
| Expenses | 6,494 | 7,482 | 7,916 | 8,751 | 9,412 |
| Operating Profit | $\mathbf{1 , 7 9 4}$ | $\mathbf{3 , 2 8 6}$ | $\mathbf{2 , 8 1 6}$ | $\mathbf{3 , 4 7 3}$ | $\mathbf{3 , 2 4 4}$ |
| Other income | 273 | 347 | 459 | 300 | 300 |
| EBIDT | 2,067 | 3,633 | 3,275 | 3,773 | 3,544 |
| Depreciation | 260 | 271 | 275 | 316 | 329 |
| Interest expense | 766 | 253 | 183 | 143 | 84 |
| Profit before tax | $\mathbf{1 , 0 4 1}$ | $\mathbf{3 , 1 0 9}$ | $\mathbf{2 , 8 1 6}$ | $\mathbf{3 , 3 1 4}$ | $\mathbf{3 , 1 3 1}$ |
| Taxes incl deferred taxation | 153 | 706 | 493 | 663 | 626 |
| Profit after tax | $\mathbf{8 8 8}$ | $\mathbf{2 , 4 0 3}$ | $\mathbf{2 , 3 2 2}$ | $\mathbf{2 , 6 5 1}$ | $\mathbf{2 , 5 0 4}$ |
| Diluted EPS (INR) | $\mathbf{8 . 1}$ | $\mathbf{2 2 . 0}$ | $\mathbf{2 1 . 2}$ | $\mathbf{2 4 . 2}$ | $\mathbf{2 2 . 9}$ |

Balance sheet (INRm)

| Year ended 31 | Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| 2013e |  |  |  |  |  |
| ShareCapital | 547 | 547 | 547 | 547 | 547 |
| Reserves \& Surplus | 11,175 | 13,023 | 14,666 | 16,677 | 18,541 |
| Networth | $\mathbf{1 1 , 7 2 2}$ | $\mathbf{1 3 , 5 7 1}$ | $\mathbf{1 5 , 2 1 3}$ | $\mathbf{1 7 , 2 2 4}$ | $\mathbf{1 9 , 0 8 8}$ |
| Debt | 4,154 | 2,799 | 2,088 | 1,088 | 788 |
| Deferred Tax Liability | 525 | 575 | 635 | 635 | 635 |
| Capital Employed | $\mathbf{1 6 , 4 0 1}$ | $\mathbf{1 6 , 9 4 5}$ | $\mathbf{1 7 , 9 3 6}$ | $\mathbf{1 8 , 9 4 7}$ | $\mathbf{2 0 , 5 1 2}$ |
| Gross Fixed Assets | 18,218 | 18,593 | 18,933 | 19,175 | 19,325 |
| Accumulated Depreciation | 3,870 | 4,153 | 4,404 | 4,720 | 5,049 |
| Net Assets | $\mathbf{1 4 , 3 4 7}$ | $\mathbf{1 4 , 4 4 0}$ | $\mathbf{1 4 , 5 2 9}$ | $\mathbf{1 4 , 4 5 5}$ | $\mathbf{1 4 , 2 7 6}$ |
| Capital work in progress | 138 | 120 | 148 | 100 | 100 |
| Investments | 2,051 | 2,595 | 2,604 | 3,603 | 4,603 |

Current Assets, Loans \& Advances

| 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 \& Provisions

| 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 | $\mathbf{( 1 3 5 )}$ | $\mathbf{( 2 1 0 )}$ | $\mathbf{6 5 5}$ | $\mathbf{7 8 9}$ | $\mathbf{1 , 5 3 2}$ |
| Application of Funds | $\mathbf{1 6 , 4 0 1}$ | $\mathbf{1 6 , 9 4 5}$ | $\mathbf{1 7 , 9 3 6}$ | $\mathbf{1 8 , 9 4 7}$ | $\mathbf{2 0 , 5 1 2}$ |

Per share data

| Year ended 31 Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | 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 |

[^7]
## Cash flow statement (INRm)

| Year ended 31 Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | $\mathbf{2 0 1 2 e}$ | $\mathbf{2 0 1 3 e}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| PBT | $\mathbf{1 , 0 4 1}$ | $\mathbf{3 , 1 0 9}$ | $\mathbf{2 , 8 1 6}$ | $\mathbf{3 , 3 1 4}$ | $\mathbf{3 , 1 3 1}$ |
| Depreciation \& amortisation | 260 | 271 | 275 | 316 | 329 |
| Interest expense | 784 | 253 | 183 | 143 | 84 |
| Misc expense | $(56)$ | $(22)$ | $(115)$ | - |  |
| Ohher Adjustments | 10 | 10 | $(17)$ | - | - |
| (Inc)/Dec in working capital | 88 | $(236)$ | $(728)$ | $(84)$ | 22 |
| Taxpaid | $(111)$ | $(519)$ | $(630)$ | $(663)$ | $(626)$ |
| CF from operating activities | $\mathbf{2 , 0 1 7}$ | $\mathbf{2 , 8 6 6}$ | $\mathbf{1 , 7 8 5}$ | $\mathbf{3 , 0 2 6}$ | $\mathbf{2 , 9 3 9}$ |
| Capital expendiure | $(418)$ | $(483)$ | $(459)$ | $(194)$ | $(150)$ |
| (Purchase) / Sale of Inv | $(111)$ | $(506)$ | $(7)$ | $(1,000)$ | $(1,000)$ |
| Income from investments | $(18)$ | $(81)$ | 31 | 300 | 300 |

CF from investing activities (547) ( $\mathbf{( 1 , 0 7 0 )} \quad$ (435) $\quad(894)$

Inc/(Dec) in share capital

| Inc/(Dec) in debt | $(568)$ | $(1,271)$ | $(702)$ | $(1,000)$ | $(300)$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Dividends \& Interest paid | $(643)$ | $(612)$ | $(739)$ | $(783)$ | $(725)$ |
| CF from financing activities | $(\mathbf{1 , 2 1 1 )}$ | $\mathbf{( 1 , 8 8 3 )}$ | $\mathbf{( 1 , 4 4 0 )}$ | $(\mathbf{1 , 7 8 3 )}$ | $\mathbf{( 1 , 0 2 5 )}$ |
| Net cash flow | $\mathbf{2 5 8}$ | $\mathbf{( 8 7 )}$ | $\mathbf{( 9 1 )}$ | $\mathbf{3 4 9}$ | $\mathbf{1 , 0 6 5}$ |
| Opening balance | 48 | 306 | 219 | 128 | 178 |
| Closing balance | $\mathbf{3 0 6}$ | $\mathbf{2 1 9}$ | $\mathbf{1 2 8}$ | $\mathbf{4 7 8}$ | $\mathbf{1 , 2 4 2}$ |

Growth indicators (\%)

| Year ended 31 Mar | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 2012e | 2013e |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Revenue | 26.5 | 29.9 | $(0.3)$ | 13.9 | 3.5 |
| EBTDA | 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 | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 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/EBTTDA | 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 | $\mathbf{2 0 0 9}$ | $\mathbf{2 0 1 0}$ | $\mathbf{2 0 1 1}$ | 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 |

Source: Company Antique

## Valuation Guide

| Company | Reco | $\begin{aligned} & \text { CMP } \\ & \text { (INR) } \end{aligned}$ | $\begin{array}{r} \text { TP } \\ \text { (INR) } \end{array}$ | Return <br> (\%) | M.Cap (INRbn) | Net profit (INRbn) |  | EPS (INR) |  | PE(x) |  | EV/EBITDA ( x ) |  | $\begin{array}{r} \mathrm{P} / \mathrm{BV}(\mathbf{x}) \\ \mathrm{FY} 12 \end{array}$ | $\begin{array}{r} \text { Div Yld (\%) } \\ \text { FY12 } \end{array}$ | RoE (\%) <br> FY12 | RoCE (\%) <br> FY12 | Absolute (\%) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 |  |  |  |  | 1m | 12m |
| 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) |
| Bajai 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 | 9 |
| 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) | 11 |
| 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 | 11 |
| 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 | 11 |
| 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) |
| Uliratech 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 | 3 |
| 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 | 13 |
| 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 | 17 |
| 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 | 18 |
| 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) | 1 |
| Godrei 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 | 21 |
| Jyothy Laboratories | SELL | 135 | 169 | 25 | 11 | 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 | 7 |
| Nestle India | SELL | 4,410 | 3,699 | (16) | 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 |
| 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

| IL\&FS TransportationNetworks BUY | 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 TECHNOLOGY

| 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 | 8 |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| 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 | 66.9 | 18.7 | 15.0 | 7.1 | 1.5 | 34.7 | 43.1 | 6 | 5 |
| Wipro | BUY | 371 | 421 | 14 | 911 | 310.5 | 364.3 | 21.8 | 22.1 | 17.0 | 16.8 | 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 | 21 |
| 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 Communications 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 | BUY | 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 | $(15)$ |
| UR: Under Review |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

## Valuation Guide

| Company | Reco | CMP | TP | Return | M.Cap | Net profit | (INRbn) | EPS | (NR) | PE ${ }^{\text {( }}$ |  | EV/EBI | A (x) | $\mathrm{P} / \mathrm{BV}(\mathrm{x})$ | Div Yld (\%) | RoE (\%) | RoCE (\%) | Abs | (\%) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | (INR) | (INR) | (\%) | (INRbn) | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 | FY12 | FY12 | FY12 | FY12 | 1 m | 12m |
| 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) | (23) |
| 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 | (1) |
| 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 | (21) |
| 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 | (36) |
| 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 | (31) |
| 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 | (12) |
| 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) | (31) |
| 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 | 40 |
| 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 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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 | 7 |
| 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 | 5 |
| 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 | 12 |
| 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 LOGISTICS

| 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 | $(63)$ |

## 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 | $(82)$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

UR: Under Review

## Valuation Guide

| Company | Reco | $\begin{aligned} & \text { CMP } \\ & \text { (INR) } \end{aligned}$ | $\begin{array}{r} \text { TP } \\ \text { (INR) } \\ \hline \end{array}$ | Return <br> (\%) | M.Cap (INRbn) | Net profit (INRbn) |  | EPS (INR) |  | PE (x) |  | EV/EBITDA (x) |  | P/BV $(\mathrm{x})$FY 12 | Div Yld (\%)FY12 | RoE (\%) <br> FY12 | RoCE (\%) <br> FY12 | Absolute (\%) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 | FY11 | FY12 |  |  |  |  | 1 m | 12m |
| UTILITIES \& INDUSTRIALS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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 Infrastructure | 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 | $(22)$ |
| :--- | :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Bajai 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 | $15)$ | 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 <br> (INR) | $\begin{gathered} \text { TP } \\ (\text { (NR) }) \end{gathered}$ | Return <br> (\%) | M.Cap <br> (INRbn) | Net profit (INRbn) |  | EPS (INR) |  | PE( x ) |  | NNPA Ratio (\%) |  | P/AdjBV (x) | Div Yld (\%) FY12 | RoE (\%) FY12 | RoA (\%) Absolute (\%) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  | FY11 | FY12 | FY11 | 1 FY12 | FY11 | FY12 |  |  |  |  |  |  |

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 | $(27)$ |
| :--- | :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Bajai Auto Finance | BUY | 704 | 945 | 34 | 26 | 2 | 3 | 67 | 78 | 16.6 | 9.0 | 1.8 | 1.8 | 2.5 | 1.4 | 19.4 | 2.7 | 10 | $(12)$ |
| HDFC | HOLD | 683 | 714 | 4 | 1006 | 35 | 40 | 24 | 27 | 28.4 | 24.9 | 0.4 | 0.4 | 5.9 | 1.3 | 21.8 | 2.8 | 8 | $(5)$ |
| HDFC Bank | HOLD | 482 | 515 | 7 | 1127 | 39 | 51 | 17 | 22 | 28.3 | 21.9 | 0.2 | 0.3 | 4.5 | 0.8 | 18.7 | 1.7 | 6 | 2 |
| ICICI Bank | BUY | 878 | 1,320 | 50 | 1012 | 52 | 66 | 45 | 57 | 19.6 | 15.3 | 1.1 | 1.3 | 2.0 | 1.8 | 11.5 | 1.5 | 5 | $(29)$ |
| LC Housing Finance | HOLD | 236 | 238 | 1 | 112 | 10 | 11 | 21 | 24 | 11.5 | 10.0 | 0.0 | 0.1 | 2.7 | 1.6 | 24.3 | 1.9 | 10 | $(10)$ |
| Punjab National Bank | BUY | 988 | 1,340 | 36 | 313 | 44 | 50 | 140 | 158 | 7.1 | 6.2 | 0.8 | 0.6 | 1.7 | 0.3 | 21.2 | 1.2 | 6 | $(26)$ |
| Shriram Transprt finance | BUY | 592 | 778 | 31 | 134 | 12 | 15 | 54 | 65 | 10.9 | 9.2 | 0.0 | 0.0 | 2.7 | 0.5 | 26.4 | 4.1 | $(4)$ | $(32)$ |
| State Bank Of India | BUY | 1,935 | 2,764 | 43 | 1229 | 83 | 115 | 130 | 164 | 14.9 | 11.8 | 1.4 | 1.3 | 2.3 | 1.5 | 14.5 | 0.9 | 4 | $(41)$ |
| YES Bank | HOLD | 310 | 330 | 6 | 109 | 7 | 9 | 21 | 25 | 14.8 | 12.6 | 0.0 | 0.0 | 2.8 | 0.9 | 20.5 | 1.3 | 19 | $(17)$ |
| Bank of Baroda | BUY | 822 | 1,063 | 29 | 322 | 42 | 48 | 108 | 121 | 7.6 | 6.8 | 0.3 | 0.5 | 1.7 | 2.3 | 20.8 | 1.2 | 10 | $(20)$ |
| Union Bank of India | BUY | 230 | 321 | 40 | 120 | 21 | 26 | 40 | 50 | 5.8 | 4.6 | 1.2 | 0.9 | 1.3 | 3.5 | 21.8 | 1.0 | $(2)$ | $(41)$ |
| Rural Electrification Corp. | BUY | 194 | 220 | 13 | 192 | 26 | 30 | 24 | 30 | 8.0 | 6.5 | 0.0 | 0.0 | 1.5 | 3.1 | 21.5 | 3.0 | 19 | $(48)$ |
| Power Finance Corp. | BUY | 165 | 200 | 21 | 218 | 27 | 30 | 23 | 23 | 7.1 | 7.2 | - | - | 1.2 | 3.0 | 16.7 | 2.6 | 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 | 15.3 | 0.7 | 7 | $(34)$ |


| Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sun |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | 4 Nov | 5 Nov | 6 Nov |
|  |  |  |  | ONGC |  |  |
|  |  |  |  | Marico |  |  |


| $\mathbf{7}$ Nov | $\mathbf{8}$ Nov | $\mathbf{9}$ Nov | $\mathbf{1 0}$ Nov | $\mathbf{1 1}$ 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 |  |
|  | 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 \& Mahindra | Tata Power Company |  |  |  |  |  |
| Tata Motors |  |  |  |  |  |  |
| BGR Energy |  |  |  |  |  |  |
| Gujarat State Petronet |  |  |  |  |  |  |


| 21 Nov 22 Nov | 23 Nov | 24 Nov | 25 Nov | 26 Nov | 27 Nov |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |

28 Nov 29 Nov 30 Nov

## Important Disclaimer:

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[^0]:    Source: Bloomberg

[^1]:    Source: Company, Antique

[^2]:    Source: Bloomberg

[^3]:    Source: Company, Antique

[^4]:    Source: Company Antique

[^5]:    Source: Bloomberg

[^6]:    Source: Company, Antique

[^7]:    Source: Company, Antique

