

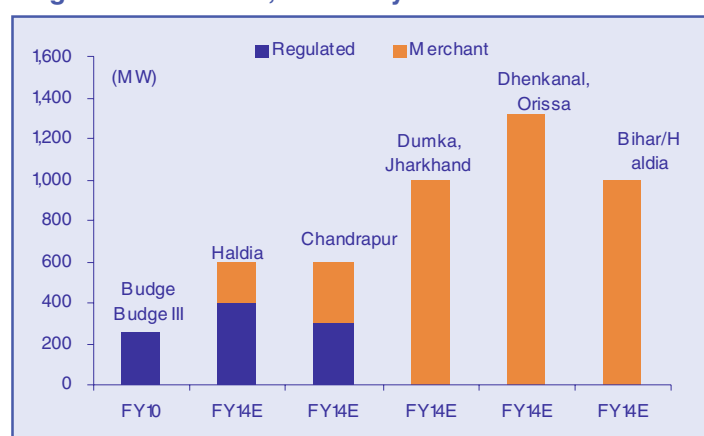
### CESC

**BUY**  
**CMP Rs399**

#### Capacity enhanced by 25% to 1,225MW

After a delay of nearly a quarter, CESC commenced operations of its 250MW Budge Budge III unit in Q4 FY10. With this its capacity increased by 25% to 1,225MW. The full impact of this expanded capacity will be witnessed from FY11 onwards. CESC plans to further enhance its capacity to 5.7GW by 2014, 4.6x jump. This will be a mix of both regulated and merchant capacity.

#### Targets to become 5,745MW by 2014



Source: Company, India Infoline Research

#### Progressing well on Chandrapur, valued at Rs62/share

During Q4 FY10 the 2x300MW Dhariwal project became a 100% subsidiary of CESC. The project is fully secured for fuel and has acquired 450 acres of land. During the quarter, the project achieved financial closure and CESC placed orders for BoP and BTG with Punj Lloyd and Shanghai Electric Group respectively, thus enhancing visibility on timely commissioning of the project. The management plans to sell 300MW of this plant to Maharashtra and the rest on merchant basis. We value this project at Rs62/share.

#### Improving realizations for Spencer's, Rs1bn savings in the last year

Spencer's, through its cost cutting initiatives saved Rs1bn over the last one year. In its efforts to reduce losses it shut some of its unviable stores, thus helping it to reduce costs and losses. It currently has 0.9mn sq ft operational spread across 215 stores. Monthly losses reduced to Rs130mn from Rs200mn earlier. Its average realizations/sq ft/month improved to Rs811 during March '10 from Rs660 earlier. Spencer's continues to focus on setting up more of hyper stores and selling private labels to improve its realizations and margins. The management expects the company to achieve breakeven by end FY12, and even earlier at store level. However we believe it will break even only by FY13. We expect the company to report net loss of Rs2bn in FY10 but improve to net loss of Rs1.1bn in FY11 due to an improved economic environment.

#### Zonewise store break up of Spencer's

Zone	Hypers	Supers	Dailies & Express	Total	Total area ('000 sq ft)
South I	1	2	66	69	181
South II	4	2	38	44	189
West	5	3	40	48	219
North	4	1	31	36	183
East	4	1	13	18	131
<b>Total</b>	<b>18</b>	<b>9</b>	<b>188</b>	<b>215</b>	<b>903</b>

Source: Company, India Infoline Research

#### Expect strong operational performance to continue, BB-III will act kicker

CESC has been operating at above 90% PLF for the past three years. With the stabilization of BB-III, we expect the company's generation to touch close to 9.5BU per annum. Increased capacity and robust operational performance will help CESC to witness 11.5% earnings CAGR over FY09-12. With the Chandrapur project achieving key milestones there is greater visibility on the project. This makes a strong case for CESC to trade at a higher P/B multiple. At 2x FY12E book we value its power business at Rs366/share. We continue to assign no value to its Haldia and Jharkhand projects since there is no significant progress.

#### Financials

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	30,888	33,510	37,073	41,575
yoy growth (%)	8.9	8.5	10.6	12.1
Operating profit	7,217	8,730	10,717	12,069
OPM (%)	23.4	26.1	28.9	29.0
Reported PAT	4,097	4,330	5,251	5,459
yoy growth (%)	15.3	5.7	21.3	4.0
EPS (Rs)	31.4	34.5	41.8	43.5
P/E (x)	12.7	11.6	9.5	9.2

Source: Company, India Infoline Research

#### Share price chart



Source: Company, India Infoline Research

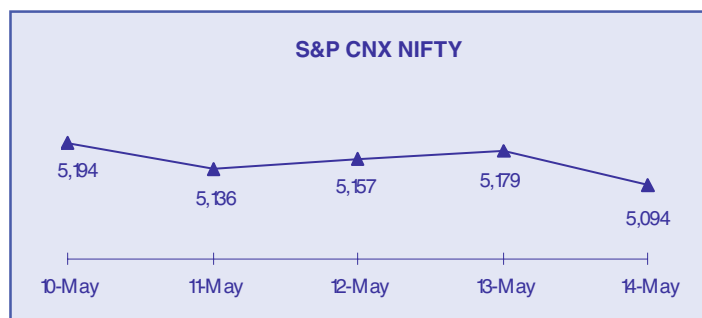
#### Shareholding pattern

March '10	(%)
Promoters	52.5
FII & MF	36.5
Non promoter corp hold	5.4
Public & others	5.6

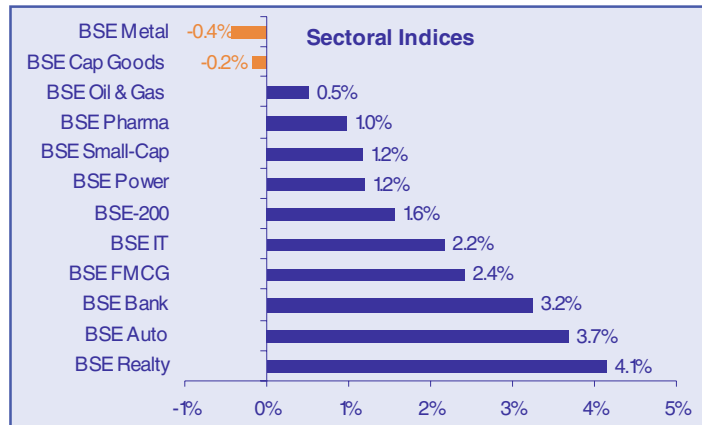
# India Infoline Weekly Wrap

## Market review

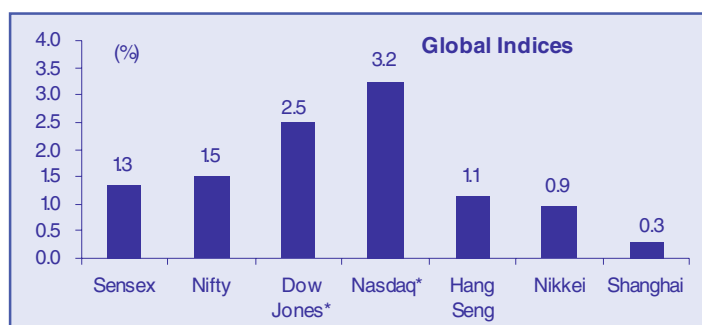
Indian markets ended with smart gains during the week after the EU announced a multi-billion-euro bailout for the troubled euro-zone nations. However, the markets remained jittery owing to persistent worries over the fate of the debt-stricken eurozone nations. Possibility of a weak start to the monsoon due to El Nino dragged the indices lower on Friday. Finally, the BSE 30-share Sensex closed the week higher by 1.3% and the NSE Nifty was up 1.5%.



Metal prices fell globally, as the dollar surged on rising risk aversion, dragging the metal stocks lower on Dalal Street. Capital goods stocks declined after India's industrial output grew lower than expected in March. Telecom stocks tumbled after the telecom regulator suggested telecom firms pay a one-time fee for holding radio-spectrum beyond 6.2 MHz based on 3G prices.



Global stocks logged their biggest gains in over a year on Monday after the EU and IMF agreed to nearly a \$1 trillion emergency-bailout package to stem the sovereign-debt crisis. However, that move and fresh austerity measures by Spain and Portugal were not enough to stem the slide in global equities. Meanwhile, the dollar and gold climbed as investors dumped risky assets and sought refuge in traditional safe haven assets.



\*As per previous close

## FII & MF activity

Date	FII	MF
	Net Investment	Net Investment
06-May	(464)	17
07-May	(1,590)	(14)
10-May	697	124
11-May	148	(197)
12-May	(166)	(128)
<b>Total 2010</b>	<b>26,817</b>	<b>(8,139)</b>

## BSE Sensex & BSE 200 Top Five Gainers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Dr Reddy's Labs	1,292	7.2	Bajaj Finserv	538	35.0
Tata Motors	816	7.0	Godrej Industrie	165	10.8
M&M	560	6.8	Glaxosmithkline	2,137	9.9
HDFC Bank	1,952	5.6	Mundra Port	714	9.5
DLF	299	4.9	Torrent Power	335	8.6

## BSE Sensex & BSE 200 Top Five Losers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Bharti Airtel	265	(8.0)	Aban Offshore	831	(17.7)
R Comm	144	(5.8)	Idea Cellular	57	(10.5)
Tata Steel	548	(1.9)	Cipla	313	(8.4)
Maruti Suzuki	1,260	(1.5)	Piramal HC	503	(8.0)
BHEL	2,359	(1.0)	MTNL	64	(6.0)

## Bulk deals

Date	Institution	Scrip name	B/S	Qty (lacs)	Price
10-May	Morgan Stanley	Greaves Ltd	B	5.6	359
10-May	Reliance Cap	Talwalkar Fitness	B	10.0	152

## Book closures and record dates

Company	Date	Purpose
Axis Bank	20-May-10	Dividend
Infosys	26-May-10	Dividend
IOB	26-May-10	Dividend

## Insider Trades

Company	Name	B/S	Qty ('000)
Jubilant Organosys	Shyamsundar Bang	S	2.0
Jubilant Foodworks	Ajay Kaul	S	50.0
Eicher Motors	P.K. Paul	S	4.5
Cipla	Geeta Lulla	B	275.0
ACE	Vijay Agarwal	B	35.6

# India Infoline Weekly Wrap

## Technical ideas

### Sesa Goa SELL CMP Rs375

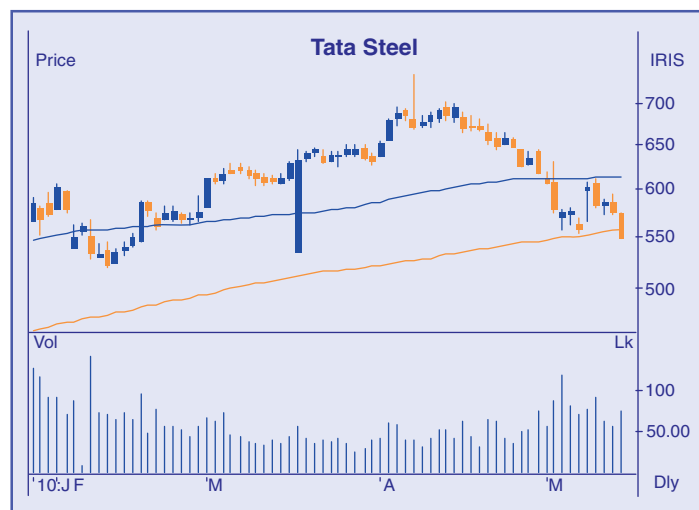


The stock has been on a downtrend since its peak of Rs495 witnessed during the second week of April 2010. During past, the stock on repeated occasions found support around 100-day DMA.

This week, we saw the stock breaking below its 100-day DMA. The recent decline was accompanied by higher volumes. Friday's decline confirms the breakdown from the multiple support zone. Whenever, the stock breaks one moving average, then the next moving average becomes the next target. So a decline to 200-day DMA is not ruled out in Sesa Goa.

In the medium term, every pullback is likely to face resistance around Rs412 (100-day DMA). Traders are advised to short between the levels of Rs370-380 with SL of Rs395 for target of Rs345, 340.

### Tata Steel SELL CMP Rs547



From the first week of May (as seen in the chart) the stock was moving sideways within the context of 100-day DMA and 200-day DMA. On Friday, the stock fell below its 200-day DMA. If the stock stays below this important moving average, a significant decline is imminent from the current levels.

We don't expect the recent peak (high end of the trading range .i.e 100-day DMA) to be tested in future any time soon. In fact, technical indicators suggest more downside from the current levels. Based on above technical observations, we recommend traders to sell the stock in the range of Rs543-553 with a stop loss of Rs567 for target of Rs520, 510.

### Positive open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Tata Tea	3.0	83.0	1,066.8
Dr. Reddy	1.4	9.7	68.4
HCL Tech	1.4	4.3	106.0
ITC	0.5	4.2	107.8
Adani Ent	2.0	4.2	11.3

### Negative open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Aban	(18.4)	25.0	253.4
Indian Hotel	(1.1)	9.0	18.3
Tata Steel	(5.1)	8.5	19.6
SAIL	(2.9)	7.2	83.7
Jindal Steel	(2.6)	6.0	27.8

### Technically strong

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Cadila HC	619	576	2.2	1.6
MRF	7,437	6,962	0.9	0.1
SRF	235	224	16.9	11.2
Titan Inds	2,279	2,174	1.7	1.5
Sun TV	440	420	3.2	0.9

### Technically weak

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
ABB	673	712	2.0	5.6
Jindal Saw	192	203	11.4	15.6
Areva T&D	251	265	3.5	4.1
Orchid Chem	144	152	3.3	5.6
Cipla	313	330	8.6	23.2

# India Infoline Weekly Wrap

## Mutual fund round-up

### India Infoline picks

Mutual Funds	Assets	NAV	Absolute return (%) as on May 13, 2010							
	(Rs Cr)	(Rs)	1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
Birla Sun Life Midcap (G)	1,701	107.3	2.3	(1.7)	7.5	6.9	97.0	29.2	57.7	214.9
HDFC Tax Saver (G)	2,414	207.9	2.6	(0.4)	9.1	8.5	76.1	35.1	44.1	178.3
ICICI Pru FMCG Fund (G)	65	52.7	1.7	(0.1)	5.1	3.2	60.3	8.6	30.4	159.5
Reliance Growth Fund (G)	7,346	449.1	2.7	(0.3)	8.1	11.5	74.4	24.2	59.8	239.3
UTI Opportunities Fund (G)	1,392	24.2	3.6	0.2	7.9	4.0	56.8	32.1	70.6	--

### Fund this week: UTI Opportunities Fund

Fund snapshot		Asset allocation (%)	
Fund Manager	Harsha Upadhyaya	Equity	88.2
Latest NAV	Rs24.2	Debt	2.2
NAV 52 high/low	Rs25/14	Cash/call	9.6
Latest AUM (cr)	Rs1,392	Top 5 holdings (%)	
Type	Open-ended	Hindalco Industries Ltd	4.7
Class	Equity - Diversified	State Bank of India	4.5
Options	Growth & dividend	ICICI Bank Ltd	4.4
Min investment	Rs5,000	Infosys Tech	4.1
Benchmark	BSE 100	Reliance Inds.	3.9
No. of stocks	50	Top 3 sectors (%)	
No. of sectors	33	Bank - Private	10.6
Expense ratio	2.3%	IT - Software	9.2
Exit load	1%	Refineries	7.6

### NFO update

Fund Name	Close	Type	Class
DSP BlackRock Focus 25 Fund	21-May	CE	Equity – Div
Birla SL Cap Protection Oriented	21-May	OE	Hybrid – Cap Prot
IDBI Nifty Index Fund	31-May	OE	Equity - Index

### Dividend update

Mutual Fund	Dividend %	Record date	Class
Kotak FMP 19M Series 1	100.0	17-May	Debt - FMP
ICICI Pru Intl Fund - Qrtly PI	100.0	17-May	Debt - Invnt
UTI Spread Fund	100.0	18-May	Hybrid

## Commodity, debt and currency graphs



\* As per previous close

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