

Antique's Morning Presentation

July 7, 2010

Market Snapshot

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Economy, Money & Banking

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From the Research Desk:

- Essar Shipping, Ports & Logistics - Annual report analysis



Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	9,744	0.6	(6.6)
NASDAQ	2,094	0.1	(7.7)
FTSE	4,965	2.9	(8.3)
CAC	3,423	2.7	(13.0)
DAX	5,941	2.1	(0.3)
Russia	1,347	(0.5)	(6.7)
Bovespa	62,065	2.0	(9.5)
Nikkei	9,290	(0.6)	(11.4)
Hang Seng	20,084	1.2	(8.2)
Shanghai Composite	2,409	(0.0)	(26.5)

Indian Indices	Closing	% Chg	% YTD
Sensex	17,614	1.0	0.9
Nifty	5,289	1.0	1.7
MSCI India	469	0.8	0.1
CNX Midcap	8,156	0.6	9.7
BSE Smallcap	9,187	0.6	9.9

Flows (USDm)	Last	MTD
FII	(46)	19
Locals	(26)	(26)

Provisional flows	(USDm)
FII	73
Locals	(18)

Volumes	USDbn	% Chg
Cash (NSE + BSE)	3.0	30.5
F&O (net)	12.7	66.6

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(31)	226
Open Int (%)	0.8	(3.9)

ADR/GDR Gainers	Last	% Chg
SBI	100.8	4.2
Wipro	12.2	3.0
TCL	11.4	2.2
HDFC	144.1	1.5
ICICI Bank	36.2	1.3

ADR/GDR Losers	Last	% Chg
Satyam	4.8	(3.0)
Patni	22.1	(1.6)

Sensex



Sensex PE



Source: Bloomberg

Global News

- Stocks gained, with the Standard & Poor's 500 Index rising from a 10-month low, on speculation earnings growth will help the market rebound from its lowest valuation since 2009, while a Spanish bond sale quelled concern the nation will struggle to fund its deficit.
- Most Asian stocks fell after U.S. service industries expanded more slowly than estimated, adding to signs the recovery in the world's biggest economy is faltering. Mining shares gained on higher metal prices.

Sector & Corporate News

- **Direct Tax:** Collection during the first quarter of the current fiscal increased by over 15%, driven mainly by higher realization from the corporate sector. The higher realization of direct taxes, which mainly include corporate tax and income tax, went up to INR686bn, as against INR594bn during the corresponding period last fiscal.
- **Reliance:** Has informed the government that it will not sign contracts to supply gas from its KGD6 fields beyond 60 million units a day, as it may not be able to sustain higher production.
- **Bharti Airtel Ltd:** Plans to invest USD600m in Nigeria over the next three years.
- **Tata Steel:** Reported sales from Indian operations at 1.4m tonnes in the April -June quarter, nearly flat compared with the same period last year.
- **NTPC Ltd:** It had signed production sharing contracts with the government for exploration blocks awarded in the eighth oil and gas blocks auction round held in 2009.
- **Bajaj Auto Ltd:** Announced that it may explore entering into a contract manufacturing deal, instead of a joint venture with Renault Nissan alliance to produce the ultra low cost car (ULC).

Sector & Corporate News

Sectoral indices	Closing	% Chg	% MTD	% YTD
BSE Auto	8,252	0.7	(0.9)	11.0
BSE Bank	10,883	1.7	1.1	8.5
BSE Cap Goods	14,536	0.6	(1.2)	3.0
BSE Cons dur	4,807	1.8	1.5	27.0
BSE FMCG	3,226	0.3	(0.1)	15.6
BSE IT	5,347	1.7	0.5	3.1
BSE Health	5,769	0.5	0.3	14.9
BSE Metal	14,595	1.9	(0.7)	(16.1)
BSE Oil	10,671	0.4	(1.9)	1.9
BSE Power	3,142	0.4	(0.3)	(1.5)
BSE PSU	9,450	0.4	(0.6)	(0.9)
BSE Realty	3,161	1.1	(1.1)	(18.0)
BSE TECK	3,285	1.4	0.2	0.2

Nifty Outperformers	Price	% Chg	% MTD	% YTD
Sun Pharmaceutical Indus	1,800	3.4	0.8	19.3
Mahindra & Mahindra Ltd	627	2.8	(0.0)	16.0
Tata Consultancy Svcs Ltd	759	2.7	1.1	2.5
Hdfc Bank Ltd	1,964	2.5	2.3	15.4
Jindal Steel & Power Ltd	630	2.3	0.9	(10.4)
Icici Bank Ltd	859	2.2	(0.3)	(2.1)
Unitech Ltd	74	2.1	(0.6)	(10.2)

Nifty Underperformers	Price	% Chg	% MTD	% YTD
Reliance Communications Ltd	182	(1.7)	-	-
Reliance Power Ltd	179	(1.4)	4.1	15.1
Jaiprakash Associates Ltd	125	(1.0)	(2.8)	(14.9)
Acc Ltd	856	(0.8)	(2.5)	(1.9)
Hero Honda Motors Ltd	2,014	(0.4)	(1.7)	21.9
Ambuja Cements Ltd	113	(0.3)	(1.3)	8.7
Maruti Suzuki India Ltd	1,392	(0.3)	(2.2)	(10.8)

- **India bulls Financial Services Ltd:** Raised INR12bn through zero-coupon bonds of three year maturity from private and public banks, provident funds and mutual funds.
- **NMDC Ltd:** First quarter profit gained about 80% after higher demand from steel makers led to an increase in volumes and prices. Sales rose 90% to INR24bn in the three months ended 30 June.
- **SREI Infrastructure Finance Ltd:** Plans to raise USD1bn (around INR46bn) overseas to fund infrastructure development in Asia's third largest economy.
- **Life Insurance Corp. of India (LIC):** Increased its stake in private telecom firm Bharti Airtel to 5% after acquiring shares worth INR131m.

Bulk Deals

Date	Security Name	Client Name	Buy/Sell	Qty	Price
6-Jul-10	Spicejet	Legg Mason SE Asia Special Situations Trust	BUY	6,474,335	53.50
6-Jul-10	Spicejet	D B Fund Mauritius	BUY	5,086,977	53.70
6-Jul-10	Spicejet	Istithmar World PJSC	SELL	22,137,600	53.55
6-Jul-10	Vishal Cotspin	Karnataka State Industrial Invst & Dvlpt Crptn	SELL	125,000	135.06
6-Jul-10	Geometric	The Royal Bank Of Scotland N.V.	BUY	2,800,000.00	73.65
6-Jul-10	Geometric	Daivi Venture	SELL	2,800,000.00	73.65

- Nifty ended up 1.02%, OI down -1.29%.
- Nifty ATM IV's traded @ July vols 18-18.5.

Delivery Spike

Company	Volume	% Spike	% Chg
HDIL	1,566,256	571	0.75
Sun Pharma	139,637	509	3.43
JSW Steel	394,498	463	4.58
Ranbaxy	605,186	359	0.01
Bharti Airtel	9,583,566	322	1.53
Uni Phos	1,861,138	249	(2.16)
Axis Bank	409,082	187	1.40
Jindal Steel	1,096,701	175	2.30
JP Associate	5,741,806	160	(0.95)
BPCL	502,957	160	0.73

Derivatives Update

Long buildup

Company	Last	% Chg	% Chg OI	OI (in 000)
BHARATFORG	310	5.7	8.9	4,411
PANTALOONR	445	4.9	8.7	2,818
JSWSTEEL	1,084	4.7	3.7	6,171
ABAN	833	2.4	4.3	3,035

Short buildup

Company	Last	% Chg	% Chg OI	OI (in 000)
UNIPHOS	178	(2.1)	7.9	7,360
RCOM	184	(1.7)	11.8	29,570
JPASSOCIAT	126	(0.9)	10.1	28,678
HINDPETRO	464	(0.8)	0.3	10,665

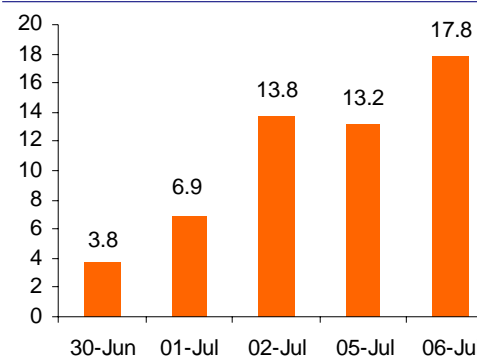
Short covering

Company	Last	% Chg	% Chg OI	OI (in 000)
SESAGOA	355	3.8	(0.0)	17,962
GTLINFRA	46	3.7	(1.4)	37,392
YESBANK	278	3.0	(2.7)	8,370
M&M	619	2.6	(2.9)	5,971

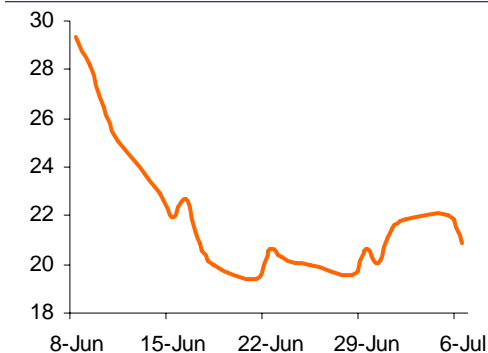
Profit booking

Company	Last	% Chg	% Chg OI	OI (in 000)
RNRL	46	(1.0)	(2.3)	37,076
AUROPHARMA	923	(0.4)	(0.1)	1,455
BAJAJ-AUTO	2,416	(0.2)	(0.9)	602
TATATEA	121	(0.2)	(2.0)	8,360

Nifty Premium / Discount



NSE Volatility Index (%)



Economy, Money & Banking

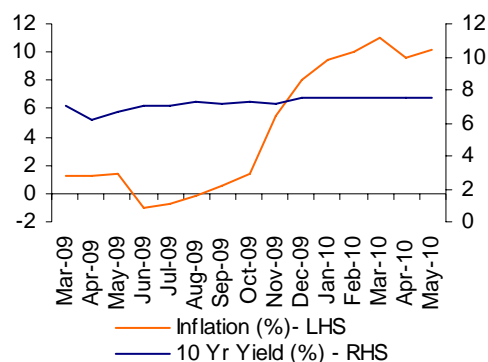
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	46.9	(0.3)	(1.0)	(0.8)
INR~EUR	58.8	0.6	(3.4)	13.3
INR~GBP	71.0	0.0	(2.3)	5.9

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.6	(1)	8	3
Interbank call	5.5	-	(50)	215

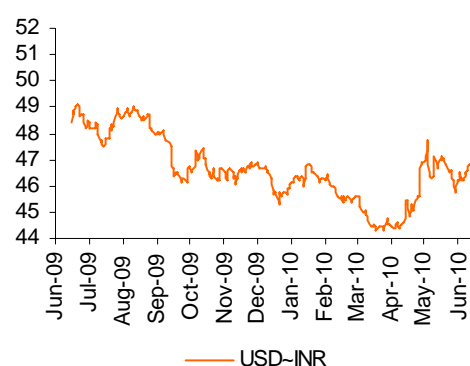
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,193	(1.4)	(3.7)	9.0
Crude Oil (\$/Bl)	72	0.2	(4.6)	(12.6)
Aluminium (\$/t)	1,969	3.1	0.9	(10.4)
Copper (\$/t)	6,578	2.1	1.5	(10.4)
Zinc (\$/t)	1,818	2.4	3.3	(28.1)
Lead (\$/t)	1,757	1.0	1.8	(26.9)
Nickel (\$/t)	18,839	1.2	(4.3)	2.1

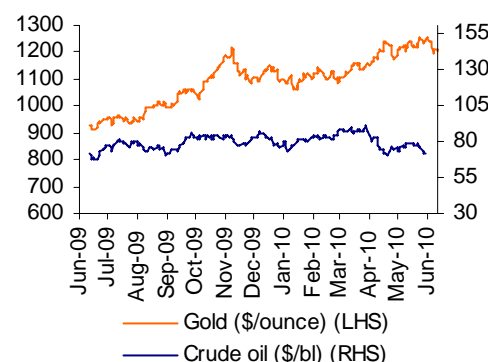
Inflation vs. 10 yr yield



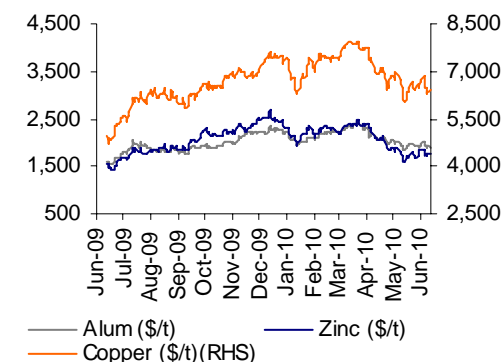
INR/USD



Gold and crude prices



Metal prices



- The **rupee** depreciated by 0.3% to end at INR46.9/USD.
- **Bond yields** were down by 1bps to end at 7.6%.
- **Call** rates remained flat at 5.5%.

- **Crude oil** prices were up by 0.2% to end at USD72/bl.
- **Gold** prices were down by 1.4% to end at USD1,193/ounce.
- **Aluminium, copper** and **zinc** prices were up by 3.1%, 2.1% and 2.4% respectively .

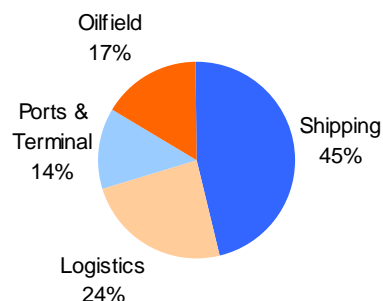
Essar Shipping, Ports & Logistics - Annual report analysis

BUY **CMP: INR86** **Target Price: INR111** **Potential Upside: 29%**

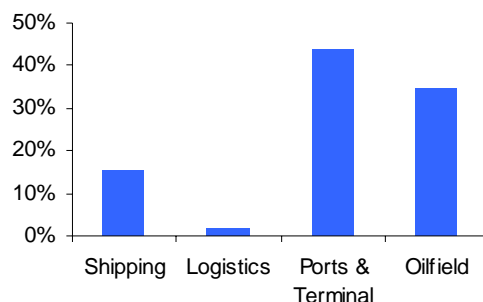
Financial performance

Consolidated revenue increased by 15.5% from INR26.7bn in FY09 to INR30.92bn in FY10, driven by growth in surface transport and oilfield services. The revenue from oilfield services increased from INR1.93bn in FY09 to INR5.15bn in FY10, while revenue from surface transport (Logistics division) augmented by 47.2% to INR7.37bn.

Revenue break-up (FY10)



Segmental margins (%)



Source: Company

EBIDTA increased by 25.7% from INR8.34bn in FY09 to INR10.48bn in FY10. EBIDTA margin increased from 32.4% in FY09 to 35% in FY10. Depreciation and interest increased by 18.3% to INR4.46bn and by 23.6% to INR5.37bn, respectively. Other income increased by 194.5% from INR418m in FY09 to INR 917m in FY10, mainly due to interest income of INR791m. Net profit increased from INR166m in FY09 to INR1.27bn in FY10.

Operational developments

Ports & terminal business

The total cargo handled increased by 35.25% from 27.88mtpa in FY09 to 37.7mtpa in FY10. EBIDTA grew by 5.4% during the same period, from INR3.11bn in FY09 to INR3.28bn in FY10.

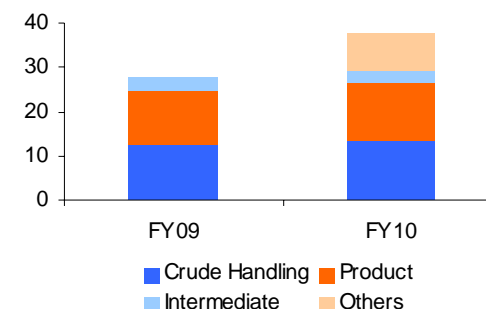
Vadinar Oil Terminal Limited (VOTL) is operating the 46mtpa liquid terminal at Vadinar on the west coast of India. The expansion of the current capacity to 53mtpa is planned through another subsidiary Vadinar Ports & Terminals Limited (VPTL) which is scheduled for completion by April 2011 with capital expenditure of INR9.29bn. VPTL has commissioned an evacuation jetty of 7mtpa on December 2009 adjacent to the existing evacuation jetty of VOTL.

Essar Bulk Terminal Limited (EBTL) Phase I commissioned its all weather deep draft dry bulk port of 30mtpa capacity at Hazira on May 1, 2010 at cost of INR7.9bn. The expansion work of Phase II is currently underway and once completed, the dry bulk port at Hazira will have an aggregate capacity of 50mtpa.

Surface and Sea Transportation Business

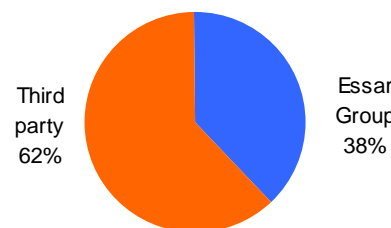
The long-term contracts in shipping have provided support in volatile freight rates. The company operates with 25 ships in drybulk and tanker segment. The cargo handled by shipping and logistics increased from 18.28mmt in FY09 to 21.94 mmt in FY10.

Cargo breakup (mt)

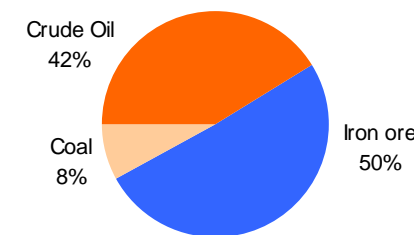


Source: Company

Group exposure in revenue



Cargo break-up



Source: Company

Essar Shipping, Ports & Logistics - Annual report analysis

Oilfields Services Business

Essar Oilfields Services Limited (EOSL), a wholly-owned subsidiary, successfully completed its drilling contract with Gujarat State Petroleum Corporation Limited (GSPCL) for its semi-submersible rig, "Essar Wildcat". The rig is now deployed with Vietsovpetro JV, Vietnam for five-month contract from May 28, 2010 and is being bid for three-year ONGC semi-submersible contract commencing December 2010. Of the 12 onshore rigs, seven are currently contracted with global energy majors. The company has achieved financial closure for two new built jack up rigs to be built at ABG Shipyard, India.

Capacity expansion plans

The company has made considerable investments in the ports & terminals, oilfields services and sea transportation and surface logistics business and is further expanding its operations in these businesses. The port and terminal capacity is expected to increase from 76mtpa to 158mtpa by FY13e with total capital expenditure of USD1.78bn. The company had 12 drybulk vessels on order with capital expenditure of USD610m and two Jack up rigs with capital expenditure of USD440m expected to be delivered in FY12e.

	Status	Capacity (mtpa)	Capex (USDm)	EPC awarded	Financial closer	Expected CoD dated
VOTL-I	Started	46	627	Done	Done	Started
VPTL Phase II	Under construction	7	202	Done	Done	1QFY12e
VPTL Phase III	Under construction	5	156	2QFY11	4QFY11e	4QFY13e
EBTL Hazira Phase I	Started	30	168	Done	Done	Started
EBTL Hazira Phase II	Under construction	20	218	Done	2QFY11e	1QFY12e
EBTL Salaya Ltd	Under construction	20	188	Done	Done	2QFY12e
Paradip Coal Terminal	Under construction	14	118	Done	Done	3QFY13e
CQ3 Port Project	Under development	16	110	Done	Done	4QFY11e
Total		158	1,787			

Source: Company

The company raised INR7b by non convertible debentures (NCD) with bullet repayment at the end of 10 years for oilfield business. It also achieved financial closures for all committed projects with financing of INR50b tied up during the FY10.

In order to meet the funding needs for the expansions plans mentioned above as well as for further organic and inorganic expansions and to consider reducing the debt, the company has proposed to raise fresh capital by issuance of either Equity Shares and/or Global Depository Receipts any other security upto an aggregate amount not exceeding USD500m.

Balance sheet details

As of March 2010, debt balance stands at INR7.5bn on a consolidated basis with D/E of 1.1 compared to debt of INR6.73bn in FY09. The company is in investment phase and balance sheet is likely to remain stretched over the next one year. Investments in subsidiary companies increased by 3.1% to INR68.67bn in FY10, translating into investment per share of INR111.5. The investment is mainly into Essar Oilfield and Essar Ports and terminal. Loans and advances (Standalone) augmented by 183% from INR203m in FY09 to INR981m in FY10. On consolidated basis, loans and advances increased by 80%, from INR6.49bn in FY09 to INR1.18bn in FY10.

Cash flow statement

	Standalone		Consolidated	
	FY09	FY10	FY09	FY10
PBT	1,180	890	1,243	1,222
Operating profit before WC	2,871	3,338	10,163	10,123
Change in WC	387	468	(4,793)	(1,822)
Cash from operation	3,258	3,806	5,443	8,301
Cash form Investment	(14,022)	(10,233)	(19,715)	(21,351)
Cash from Financing	10,057	6,465	12,688	14,292
Closing Cash	172	318.7	512.9	1604.9

Source: Company

Valuations and recommendation

At the CMP of INR86, the stock trades at a P/E and EV/EBIDTA 22.7x and 7.6x, respectively, discounting its FY12e. On P/BV basis, it trades at an attractive level of 0.6x FY10. We maintain our valuation based on SOTP with price target of INR111.

Essar Shipping, Ports & Logistics - Annual report analysis

SOTP

Business Segment	Method I			Method II		
	Method	EV	Value per Share	Method	EV	Value per Share
Ports and Terminals	DCF	47,169	76.6	EV = 9xEBIDTA	118,966	97.8
Oilfield services	DCF	23,926	38.9	EV = 7x EBIDTA	53,138	43.3
Sea Transport	P/E (FY12)	2,591	4.2	M cap = 6xPAT	41,827	3.1
Logistics	P/E (FY12)	1,626	2.6	EV = 4x EBIDTA	3,949	2.6
Total		75,312	122.3		217,880	146.8
				<i>assuming discount rate of 14%</i>		
12 month target		122.3			111.0	

Note: assuming discount rate of 14% since valuations are based on FY13 estimates for Method II
Source: Antique

Financials

Year Ended 31st March	2009	2010	2011e	2012e	2013e
Revenues (INRm)	25,742	29,994	40,588	56,509	63,386
EBITDA (INRm)	8,345	10,487	13,481	22,982	27,772
EBITDA growth (%)	118.4	25.7	28.6	70.5	20.8
PAT (INR)	167	1276	1758	2343	5737
PAT growth (%)	(115.3)	666.2	37.8	33.2	144.9
EPS (INR)	0.3	2.1	2.9	3.8	9.3
EPS growth (%)	(110.6)	666.2	37.8	33.2	144.9
P/E (x)	318.6	41.6	30.2	22.7	9.3
P/BV (x)	0.7	0.6	0.6	0.6	0.6
EV/EBITDA (x)	13.7	11.6	11.5	7.6	6.0
RoE (%)	0.2	1.7	2.3	3.1	7.2

Source: Company, Antique

Valuation Guide

Company	Reco	Price (INR)	Target price (INR)	Return (%)	Market Cap (INRbn)	Net Profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)		Div Yield (%)		RoE (%)		RoCE (%)			Absolute (%)			Relative (%)		
						FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	1m	3m	12m	1m	3m
AUTOMOBILES																												
Ashok Leyland	BUY	67	68	1	89	4.2	6.0	3.2	4.5	21.1	14.9	14.4	10.3	2.4	2.4	11.6	7.2	5	20	130	2	22	83					
Bajaj Auto	BUY	2,438	2,424	(1)	353	18.7	23.4	117.5	161.6	20.7	15.1	14.0	11.2	12.1	1.6	58.4	40.4	12	19	154	8	22	102					
Bosch Limited	BUY	5,622	5,665	1	177	5.9	7.6	188.1	241.5	29.9	23.3	29.5	16.7	5.2	0.5	17.4	6.0	12	16	79	9	18	43					
Container Corp. of India	HOLD	1,414	1,202	(15)	184	7.8	8.7	59.9	66.8	23.6	21.2	16.7	15.0	4.2	1.1	18.0	15.4	9	1	42	6	3	13					
Exide Industries Limited	HOLD	127	116	(8)	108	5.4	6.1	6.3	7.2	20.1	17.7	11.8	11.1	4.8	0.8	22.7	20.5	2	4	98	(0)	5	58					
Hero Honda Motors Limited	HOLD	2,014	1,971	(2)	402	22.3	26.2	111.8	131.4	18.0	15.3	15.0	13.0	9.7	4.0	53.6	41.2	1	3	54	(2)	5	23					
Mahindra & Mahindra	BUY	627	714	14	363	20.4	24.2	35.9	41.6	17.5	15.1	12.5	10.6	4.7	1.5	16.5	10.2	7	18	76	4	20	40					
Maruti Suzuki Limited	BUY	1,392	1,565	12	402	25.0	28.3	86.4	97.8	16.1	14.2	11.2	10.0	3.5	0.4	21.5	16.1	5	1	34	2	3	7					
Tata Motors Limited	BUY	768	928	21	421	5.6	23.0	39.3	40.3	19.6	19.0	14.0	11.1	2.9	1.9	14.6	8.3	(0)	(1)	171	(3)	1	116					
DIVERSIFIED																												
Aditya Birla Nuvo Limited	BUY	768	920	20	79	2.8	2.3	27.6	20.2	27.8	38.0	14.6	14.8	1.6	0.5	5.3	6.5	3	(19)	(5)	(0)	(17)	(25)					
FMCG & RETAIL																												
Asian Paints	BUY	2,345	2,318	(1)	225	7.5	9.7	78.3	100.8	29.9	23.3	18.4	15.3	13.2	1.2	43.9	59.0	9	15	96	6	17	57					
Britannia Industries Limited (India)	BUY	1,866	1,957	5	45	1.7	2.4	70.9	101.7	26.3	18.3	27.4	12.9	4.8	1.3	23.5	26.5	9	15	18	6	17	(6)					
Colgate Palmolive India Limited	BUY	842	815	(3)	114	4.1	4.7	30.1	34.2	28.0	24.6	27.3	23.7	43.0	2.7	153.6	140.2	3	22	38	1	24	10					
Dabur India Limited	BUY	206	209	2	179	5.0	6.2	5.8	7.2	35.6	28.7	28.6	23.1	16.2	1.1	45.5	42.7	7	23	60	4	25	28					
Godrej Consumer Products Limited	BUY	345	349	1	107	3.4	3.8	11.0	12.5	31.3	27.7	26.7	23.2	1.1	3.4	51.7	41.1	1	24	109	(2)	26	66					
Hindustan Unilever Limited	SELL	267	197	(26)	583	21.1	22.6	9.7	10.4	27.6	25.7	21.7	20.9	20.4	2.7	93.7	74.1	6	16	(3)	3	18	(22)					
ITC Limited	BUY	303	308	2	1,157	40.6	48.3	10.6	12.6	28.5	23.9	18.6	15.8	8.7	3.3	23.3	31.0	6	16	56	3	18	25					
Jyothy Laboratories Ltd.	BUY	261	294	13	19	0.8	1.0	10.5	13.2	24.9	19.7	18.9	14.7	4.7	1.5	19.1	20.9	15	50	190	12	53	131					
Kansai Nerolac Limited	BUY	747	1,585	112	40	1.7	2.0	61.4	74.6	12.2	10.0	14.5	12.1	2.7	2.7	15.0	16.4	(4)	12	177	(7)	14	121					
Marico Limited	HOLD	125	114	(9)	76	2.6	3.1	4.3	5.2	28.9	24.3	20.3	17.5	11.5	0.5	39.8	30.9	17	9	75	14	11	39					
Nestle India Limited	HOLD	3,091	2,673	(14)	298	7.0	8.0	72.4	83.0	42.7	37.2	28.7	25.3	51.3	1.6	119.3	162.6	10	12	60	7	14	28					
Pantaloon Retail (India) Limited	HOLD	442	456	3	89	2.0	2.9	9.7	13.8	45.6	32.0	12.5	9.6	2.8	0.2	6.3	10.4	6	7	46	3	9	16					
Titan Industries	BUY	2,385	2,538	6	106	2.6	3.8	58.3	84.6	40.9	28.2	27.9	19.8	13.7	0.6	33.5	32.5	6	27	94	3	30	54					
United Breweries	SELL	227	167	(26)	55	0.9	1.2	3.6	4.9	62.3	46.6	23.2	19.1	4.7	0.3	7.6	8.3	14	13	96	11	15	56					
United Spirits	HOLD	1,275	1,229	(4)	160	3.5	4.8	29.5	40.8	43.2	31.3	18.2	16.8	3.0	0.0	7.0	9.9	3	(4)	53	0	(2)	22					
IT & MEDIA																												
Infosys Technologies Ltd.	BUY	2,785	3,024	9	1,598	62.7	72.0	108.9	126.0	25.6	22.1	19.0	16.1	6.9	0.9	27.2	38.0	2	5	58	(1)	7	26					
Patni Computers Systems Ltd	BUY	516	801	55	67	5.8	6.5	43.9	48.7	11.8	10.6	7.4	6.6	1.7	0.6	14.3	17.5	(14)	(7)	108	(16)	(5)	66					
Financial Technologies India Ltd	BUY	1,366	1,708	25	63	3.7	2.0	80.4	44.4	17.0	30.8	45.1	36.1	2.9	1.5	17.2	18.1	2	(14)	7	(1)	(12)	(15)					
IBN 18	BUY	105	129	22	25	(0.5)	(0.3)	(2.6)	(1.4)	(41.1)	(76.1)	3,480.4	62.8	5.9	-	(0.1)	(1.6)	27	4	19	23	6	(5)					
Sun TV Network Ltd	BUY	428	499	17	169	5.0	6.5	12.7	16.4	33.6	26.0	15.6	12.4	8.3	0.9	24.7	35.3	8	(1)	90	5	0	51					
UTV Software Communications Ltd.	BUY	398	579	45	16	0.4	0.9	8.9	23.2	44.9	17.2	154.5	11.8	1.6	-	3.5	0.4	(2)	(14)	16	(5)	(13)	(8)					
Zee Entertainment Enterprises Ltd	BUY	295	361	22	143	5.0	5.9	10.3	12.0	28.7	24.6	22.6	18.1	3.7	0.6	12.8	21.8	(1)	6	74	(4)	8	39					
Zee News	HOLD	14	16	16	3	0.5	0.1	2.0	0.5	6.9	25.3	4.6	13.4	1.2	2.9	17.1	28.7	7	(80)	(65)	4	(80)	(72)					
METALS																												
Adhunik Metaliks Limited	BUY	115	190	66	14	1.2	2.7	11.6	26.0	9.9	4.4	8.3	4.9	2.3	-	26.7	5.7	5	(14)	42	2	(12)	13					
Godawari Power and Ispat	BUY	222	351	58	6	0.3	1.6	12.3	56.1	18.0	3.9	9.6	4.0	1.3	2.0	7.4	8.5	(1)	(18)	115	(3)	(17)	71					
Graphite India Ltd	BUY	101	151	49	18	2.4	2.6	12.4	13.1	8.2	7.7	5.1	4.6	1.3	2.5	16.5	7.6	9	11	106	6	13	64					
Hindalco Industries Limited	BUY	144	157	9	275	39.3	20.2	20.5	9.5	7.0	15.2	5.1	6.8	1.7	1.8	18.2	7.6	(3)	(22)	84	(5)	(21)	47					
Hindustan Zinc Limited	BUY	950	1,701	79	401	39.9	62.0	94.5	146.7	10.1	6.5	8.4	4.9	2.3	0.5	18.9	18.0	(2)	(25)	69	(4)	(23)	34					
Jindal Steel & Power Ltd.	HOLD	630	788	25	588	31.8	37.7	34.4	40.8	18.3	15.4	12.6	10.9	5.8	0.5	31.5	22.2	0	(12)	51	(3)	(10)	21					
JSW Steel Limited	BUY	1,076	1,183	10	201	12.3	16.8	64.3	88.4	16.7	12.2	8.0	6.4	2.3	0.5	9.4	9.2	0	(16)	87	(3)	(14)	49					
NALCO	SELL	425	321	(24)	274	9.7	14.6	15.0	22.7	28.4	18.8	15.4	9.6	2.5	1.2	8.9	11.7	1	5	49	(2)	7	19					
Sarda Energy Limited	BUY	272	350	29	9	0.9	1.4	27.2	41.5	10.0	6.6	6.3	4.7	1.6	1.5	31.7	26.6	6	22	142	3	24	93					
Sesa Goa Limited	SELL	357	386	8	307	21.6	31.4	26.3	35.3	13.6	10.1	11.3	8.4	4.4	0.4	31.8	38.0	(3)	(25)	99	(6)	(23)	59					
Steel Authority of India	BUY	194	271	40	800	62.8	108.0	15.2	26.2	12.7	7.4	9.5	5.6	1.9	1.3	14.6	10.7	(4)	(25)	28	(7)	(23)	2					
Sterlite Industries India Limited	BUY	162	254	56	546	49.7	85.1	38.6	78.7	4.2	2.1	9.9	6.0	0.5	1.8	17.3	13.3	0	(25)	10	(3)	(24)	(12)					
TATA Steel	BUY	480	651	36	426	(25.2)	50.3	(27.8)	59.0	(17.3)	8.1	15.0	6.3	4.7	2.1	(10.4)	2.4	(1)	(30)	21	(4)	(29)	(3)					
Visa Steel Limited	HOLD	38	55	46	4	0.7	2.3	6.8	21.1	5.6	1.8	7.0	3.5	0.8	-	13.8	3.9	2	(16)	52	(1)	(14)	21					

Valuation Guide

Company	Reco	Price (INR)	Target price (INR)	Return (%)	Market Cap (INRbn)	Net Profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	Div Yield (%)	RoE (%)	RoCE (%)	Absolute (%)			Relative (%)		
						FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11					FY10	FY11	FY10	FY11	1m	3m
OIL & GAS																							
Bharat Petroleum Corp. Ltd.	BUY	664	785	18	240	24.0	10.7	77.1	36.4	8.6	18.2	11.1	15.8	2.0	4.9	16.9	6.5	14	31	49	11	33	19
Cairn India Limited	SELL	301	171	(43)	571	49.7	63.8	26.0	33.0	11.6	9.1	8.4	6.7	1.5	1.7	12.8	13.2	0	(3)	37	(3)	(1)	10
GAIL India Limited	BUY	465	528	14	590	31.4	41.1	24.8	31.0	18.8	15.0	12.5	9.3	3.5	1.3	18.4	21.4	1	12	48	(2)	14	18
Hindustan Petroleum Corp. Ltd.	BUY	462	501	9	156	13.6	9.9	40.0	29.2	11.5	15.8	10.2	13.6	1.3	2.6	11.7	6.7	26	50	45	22	53	16
Indian Oil Company Ltd.	BUY	395	596	51	958	106.7	83.1	45.0	35.1	8.8	11.2	9.4	8.4	1.8	2.2	20.4	10.9	11	34	46	8	37	17
Oil India Ltd.	BUY	1,424	1,553	9	342	26.1	34.0	108.6	141.2	13.1	10.1	6.3	4.7	2.5	1.1	19.0	22.2	10	24	N.A	7	26	N.A
Oil & Natural Gas Corp. Limited	BUY	1,293	1,525	18	2,767	167.7	249.6	88.3	112.3	14.7	11.5	7.7	6.7	3.2	2.6	20.4	20.1	9	19	21	6	21	(4)
Petronet LNG Ltd.	BUY	79	99	26	59	4.6	6.2	6.1	8.2	12.8	9.5	7.4	6.2	2.6	2.2	20.0	17.5	(6)	(2)	20	(9)	0	(5)
Reliance Industries Limited	HOLD	1,074	951	(11)	3,512	154.4	228.3	47.0	69.4	22.9	15.5	13.0	10.1	2.5	0.7	10.9	9.7	4	(4)	13	1	(3)	(10)
REAL ESTATE																							
D B Realty	BUY	372	483	30	91	2.7	7.6	10.4	31.1	36.0	12.0	23.5	9.0	3.3	-	9.1	10.8	(7)	(18)	NA	(10)	(16)	NA
DLF	BUY	282	403	43	479	18.2	28.4	10.7	16.8	26.4	16.8	19.9	16.4	1.6	-	5.9	6.0	0	(14)	(9)	(3)	(13)	(27)
HDIL	BUY	242	333	38	89	5.7	6.5	15.9	17.5	15.2	13.8	16.4	13.6	1.2	-	8.1	6.4	4	(20)	7	1	(18)	(15)
Indiabulls Real Estate	BUY	157	250	60	63	(0.2)	0.3	(0.6)	0.6	(261.2)	243.4	(71.4)	(401.3)	0.6	-	(0.2)	(0.9)	(0)	(2)	(23)	(3)	(0)	(39)
Phoenix Mills	BUY	217	251	16	31	0.6	1.0	4.1	6.8	53.5	31.8	49.9	23.9	2.0	0.5	3.8	2.4	8	15	107	5	17	65
Sobha Developers	BUY	299	345	16	29	1.3	1.6	13.7	16.3	21.8	18.3	16.4	13.4	1.7	1.0	7.9	7.2	4	2	34	1	4	6
Unitech	BUY	74	111	50	180	6.9	10.3	2.8	3.9	26.0	18.9	22.9	16.3	1.6	-	6.2	5.8	4	(4)	(3)	1	(2)	(22)
TELECOM																							
Bharti Airtel	SELL	272	254	(6)	1,031	91.0	81.7	24.0	21.5	11.3	12.6	6.4	6.7	2.5	-	22.0	20.9	(2)	(14)	(31)	(4)	(13)	(45)
Idea Cellular	SELL	59	48	(19)	196	9.5	5.9	2.9	1.8	20.5	33.0	5.8	5.4	(18.4)	-	8.0	7.0	6	(7)	(15)	3	(5)	(32)
Reliance Communication	HOLD	182	137	(25)	376	46.5	28.3	22.6	13.7	8.1	13.3	7.5	8.4	1.0	-	9.9	6.1	8	3	(32)	5	5	(46)
UTILITIES AND INDUSTRIALS																							
ABB Limited	HOLD	864	654	(24)	183	5.1	5.8	23.9	27.5	36.2	31.4	72.7	62.9	6.3	0.2	17.5	24.7	1	3	16	(2)	5	(8)
Adani Power	SELL	126	82	(35)	274	8.9	10.6	4.1	4.9	30.9	25.7	37.1	24.2	4.3	-	14.1	4.3	6	N.A	N.A	3	N.A	N.A
Bharat Heavy Electricals Limited	BUY	2,371	2,719	15	1,160	56.3	67.1	88.8	115.1	26.7	20.6	13.6	11.6	5.9	1.2	28.7	33.5	2	(6)	13	(1)	(4)	(10)
CESC	BUY	379	465	23	47	1.7	3.6	13.7	28.7	27.7	13.2	15.5	9.7	1.0	0.8	5.6	2.3	1	(4)	37	(2)	(2)	10
GMR Infrastructure	BUY	60	82	37	232	1.4	2.9	0.4	0.8	160.7	74.8	27.0	20.0	3.0	3.4	1.9	3.0	4	(4)	(10)	1	(2)	(28)
Lanco Infrastructure	BUY	67	70	4	162	4.5	12.9	1.9	5.4	35.6	12.5	15.7	7.5	4.8	-	16.7	10.9	6	22	91	3	24	52
Larsen & Toubro	BUY	1,800	1,781	(1)	1,086	34.8	40.9	58.3	68.6	30.8	26.2	20.8	18.1	5.8	0.6	18.8	13.8	8	9	23	5	11	(2)
NTPC	HOLD	201	212	6	1,655	88.4	94.2	10.7	11.4	18.7	17.6	14.8	12.2	2.6	1.9	14.7	9.5	(1)	(4)	4	(4)	(3)	(17)
Power Grid	HOLD	102	115	13	430	19.9	23.4	4.7	5.6	21.6	18.4	12.0	10.2	2.7	1.2	12.4	10.1	(3)	(5)	(2)	(6)	(3)	(22)
PTC India Limited	BUY	100	132	32	29	0.9	1.3	3.2	4.5	31.4	22.2	45.5	29.3	1.4	1.3	5.1	2.8	(4)	(11)	11	(6)	(9)	(12)
Reliance Infrastructure	HOLD	1,193	1,065	(11)	292	12.8	15.0	56.1	65.6	21.3	18.2	29.5	26.6	1.4	1.7	7.3	2.5	7	10	6	4	12	(16)
Siemens Limited	BUY	725	749	3	244	7.6	10.8	22.6	31.9	32.1	22.7	17.8	12.8	7.6	0.7	23.6	32.8	4	(1)	58	1	1	26
Suzlon Energy Limited	HOLD	58	49	(15)	102	(11.9)	0.1	(7.4)	0.0	(7.8)	1,454.7	29.5	15.5	1.2	-	(15.7)	0.5	4	(23)	(41)	1	(21)	(53)
Tata Power	SELL	1,314	1,112	(15)	312	16.2	19.4	68.1	78.6	19.3	16.7	10.0	7.5	2.8	1.1	14.5	9.4	6	(4)	19	3	(2)	(5)

Valuation Guide

Company	Reco	Price (INR)	Target price (INR)	Return (%)	Market Cap (INRbn)	Net Profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	Div Yield (%)	RoE (%)	RoCE (%)	Absolute (%)			Relative (%)		
						FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11					FY10	FY11	FY10	FY11	1m	3m
FINANCIALS																							
Axis Bank	BUY	1,253	1,250	(0)	510	25	31	61.8	76.5	20.3	16.4	0.7	0.6	3.3	1.0	18.9	1.6	1	7	58	(2)	9	26
Bajaj Auto Finance	BUY	504	632	25	18	0.89	2.03	24.4	55.5	51.3	9.1	2.2	2.0	1.6	1.2	8.1	1.9	6	52	244	3	55	174
HDFC	BUY	2,945	3,100	5	856	27	33	96.1	116.3	30.6	25.3	0.4	0.4	5.6	1.0	19.5	2.4	7	4	25	4	6	(0)
HDFC Bank	BUY	1,964	2,150	9	903	29	37	67.0	83.0	29.3	23.7	0.6	0.6	4.4	0.7	16.3	1.5	4	2	38	1	3	10
ICICI Bank	BUY	859	998	16	958	40	48	35.7	43.3	24.1	19.8	2.1	1.5	2.0	1.4	7.8	1.0	(1)	(14)	26	(4)	(12)	1
LIC Housing Finance	BUY	990	1,014	2	94	7	8	76.4	88.1	13.0	11.2	0.3	0.2	2.8	1.7	25.6	2.1	2	10	66	(1)	13	33
Punjab National Bank	BUY	1,075	1,100	2	339	38	44	120.2	138.8	8.9	7.7	0.5	0.4	2.5	2.2	23.4	1.5	6	4	68	3	6	34
Shriram Transprt finance	BUY	584	638	9	132	8	11	37.8	52.5	15.4	11.1	0.70	0.50	3.8	2.8	29.5	2.9	(0)	8	96	(3)	10	57
State Bank Of India	HOLD	2,313	2,426	5	1468	101	114	159.6	178.8	14.5	12.9	2.6	2.2	3.1	1.3	16.9	1.0	(1)	9	40	(4)	11	12
YES Bank	BUY	276	300	9	94	5	6	14.9	17.5	18.5	15.7	0.4	0.3	3.0	-	0.0	1.9	(6)	5	106	(8)	7	64

Company	Reco	Price (INR)	Target price (INR)	Return (%)	Market Cap (INRbn)	Net Profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	Div Yield (%)	RoE (%)	RoCE (%)	Absolute (%)			Relative (%)		
						FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11					FY10	FY11	FY10	FY11	1m	3m
MIDCAP																							
Balrampur Chini Mills Ltd	HOLD	85	90	6	22	1.1	2.2	4.3	8.4	19.7	10.1	9.8	6.7	1.7	0.8	9.1	9.3	3	(7)	(18)	0	(5)	(35)
Essar Shipping Ports & Logistics Ltd.	BUY	86	111	29	53	0.4	1.5	0.6	2.4	149.7	35.3	14.8	10.9	0.7	-	0.5	6.0	5	(7)	53	2	(5)	22
Ess Dee Aluminium Ltd.	BUY	510	540	6	14	1.0	1.4	36.6	51.1	14.0	10.0	10.8	7.8	3.3	0.4	27.2	20.4	(2)	20	91	(5)	22	52
Gayatri Projects Ltd	BUY	425	494	16	5	0.5	0.7	35.1	47.9	12.1	8.9	5.9	4.7	1.7	0.9	20.5	18.3	(2)	2	135	(5)	4	87
Great Eastern Shipping Company Ltd.	BUY	297	393	33	45	5.4	8.1	35.4	53.0	8.4	5.6	8.2	5.5	0.8	-	9.6	7.7	(2)	(6)	26	(5)	(5)	1
HeidelbergCement India Ltd.	BUY	49	74	53	11	1.1	1.3	5.0	5.7	9.8	8.6	5.4	4.9	1.3	-	14.2	28.9	(5)	(21)	38	(7)	(19)	10
JK Lakshmi Cement	BUY	67	112	67	8	2.3	2.0	19.0	16.3	3.5	4.1	2.4	2.6	0.8	3.0	25.0	23.9	7	(9)	31	4	(7)	4
Mercator Lines Ltd.	BUY	47	73	57	11	0.4	1.2	1.8	4.9	26.6	9.6	6.5	5.2	0.6	0.4	1.8	5.1	1	(24)	(11)	(2)	(23)	(29)
Maharashtra Seamless Ltd	BUY	386	450	16	27	2.8	3.0	40.2	42.8	9.6	9.0	5.0	4.5	1.8	1.3	30.1	0.0	2	7	51	(1)	9	21
Mahindra Holidays	BUY	523	561	7	44	1.2	1.2	14.1	14.7	36.9	35.5	22.6	20.3	9.9	0.3	37.0	17.0	9	(3)	NA	6	(1)	NA
Nava Bharat Ventures Ltd.	BUY	412	523	27	31	5.4	5.7	70.6	64.5	5.8	6.4	4.8	4.2	1.9	4.9	32.5	26.9	(2)	(1)	43	(5)	1	14
Opto Circuits	BUY	240	276	15	44	2.6	3.9	14.2	21.3	16.9	11.3	12.2	9.3	4.0	25.2	32.1	29.5	4	9	56	1	11	25
Polyplex Limited	BUY	268	250	(7)	4	1.3	0.6	83.5	101.7	3.2	2.6	3.0	2.6	0.6	3.0	20.3	18.8	25	29	51	21	32	20
Prakash Industries	BUY	178	351	98	22	2.3	3.6	18.7	25.5	9.5	7.0	6.1	4.1	1.6	-	17.2	17.4	11	(25)	62	8	(23)	29
S Kumars Nationwide Ltd	BUY	71	67	(6)	17	2.1	3.0	8.5	12.0	8.4	6.0	6.5	4.5	0.9	-	14.8	14.2	(3)	8	73	(6)	10	38
Shiv Vani Oil & Gas	HOLD	450	449	(0)	21	2.2	2.8	49.8	64.2	9.0	7.0	6.9	6.2	1.8	0.2	21.7	22.5	6	(0)	68	3	2	34
Shree Renuka Sugars Ltd	HOLD	69	69	0	46	7.0	3.7	10.5	5.6	6.6	12.3	4.5	6.8	2.0	1.5	36.2	37.2	8	(2)	3	5	(0)	(18)
Sterlite Technologies Ltd.	HOLD	115	100	(13)	41	2.5	3.0	7.3	8.8	15.8	13.1	10.3	8.3	1.7	0.1	33.3	32.0	14	34	234	11	36	166
Triveni Engineering & Industries Ltd	HOLD	103	121	18	26	2.0	2.7	8.4	10.5	12.2	9.7	7.8	6.5	2.4	1.0	21.0	18.7	8	(24)	9	5	(23)	(13)
Ultratech Cements Ltd	HOLD	863	1,004	16	107	11.3	11.0	90.7	88.3	9.5	9.8	5.7	5.8	2.3	0.6	27.4	28.6	(9)	(25)	25	(12)	(23)	(0)

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