DIWALI PICKS

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The last Samvad year has been challenging for the markets with both, global and domestic concerns weighing on the indices. The new Samvad year brings hope of some solution to the global economic crises and speedy action from the Government in India.

In this background, we have selected some stocks which look attractive to us from an investment perspective. We opine that, these stocks may have a relatively lower downside in case of a sharp fall in markets.

The stocks are :

TCS

CMP – Rs.1049
Current TP – Rs.1240

- We opine that, recent management commentary reflects greater optimism, likely on the back of strong pipeline and better deal flow.
- Management has seen continued revival in discretionary spends as well as in cost efficiency initiatives, which is encouraging.
- Stock is available at about 16.9x FY13 estimates.

ICICI Bank

CMP – Rs.871
Current TP – Rs.1364

- ICICI bank is better placed vis-à-vis its peers with robust liability franchise (CASA mix at ~42% at the end of Q1FY12), improving asset quality, healthy margin (NIM at 2.6% in Q1FY12).
- After achieving substantial success on 5Cs (Credit growth, CASA, Cost optimization, Credit quality and Customers), ICICI Bank is likely to continue its focus on profitable growth.
- After stripping the value of subsidiaries (Rs.236), stock is trading reasonable at 1.25x its FY12 ABV.

JP Associates

CMP – Rs.70
Current TP – Rs.90

- Cement volumes are likely to jump going forward due to incremental capex while construction division revenues would start picking up by FY13.
- Along with this, post completion of cement capex, company is expected to utilize free cash flows for debt reduction.
- Thus, debt reduction and decline in interest rates would be positive for the company.
- Stock is available at about 9.2x EV / EBIDTA on FY12 estimates.

BEL

CMP – Rs.1522
Current TP – Rs.1913

- The company enjoys a dominant status in the defence sector and has a steady growth profile, a key positive in the current economic environment.
- Order backlog is strong at Rs 230 bn, providing revenue visibility of 43 months, one of the highest in capital goods sector. We thus see revenue growth rates to move up in the future.
- The business is high-end with rich profitability and strong cash generator.
- BEL would remain a preferred vendor to the Indian defence sector, we believe.
- Stock is available at about 11.2x FY13 estimates.

Cummins India

CMP – Rs.393
Current TP – Rs.507

- Company is well poised to benefit from recovery in the infrastructure spending in India.
- Commencement of mega production site at Phaltan is likely to ease out capacity constraints and would add to cash flow generation from Q3FY12E.
- Company has committed a Capex of USD 300 mn funded mainly through internal accruals.
- Stock is available at 10.3x FY13 estimates.

IRB infra

CMP – Rs.160
Current TP – Rs.246

- Company has a strong order book for its EPC division and is also ideally positioned to benefit from toll rate hikes in line with inflation in most of its toll projects.
- It also has sufficient funds to meet equity requirements of existing and new projects and is best positioned to capture upcoming opportunities in the road segment.
- Stock is available at 8.6x FY13 estimates.

Indraprastha Gas

CMP – Rs.400
Current TP – Rs.450

- Looking at the growth potential in the City Gas Distribution, rich experience, huge demand of natural gas and strong promoter background, we are bullish on IGL.
- We believe that the strong trends in CNG and PNG segment will continue and IGL is best placed to benefit from rising gas consumption in India.
- Based on our estimates, the stock at current market price of Rs.400 is trading at 8.3x EV/EBIDTA and 14.5x P/E on FY13E earnings.

HT Media

CMP – Rs.138
Current TP – Rs.200

- Investments in three large markets (HT-Mumbai, Hindustan-UP, and Mint-business newspapers) over the past five years shall provide industry-beating growth in the coming years as readership reaches threshold levels in market share in key markets.
- Two of the company's properties (HT-Mumbai, Mint) are set to achieve breakeven towards FY12-end.
- Valuations are reasonable at 11.8x PER FY13E.

NIIT Tech

CMP – Rs.230
Current TP – Rs.300

- The company reported eight successive quarters of high volume growth.
- Non-linear revenues continue to grow at the company average and form about 27% of revenues.
- The order bookings in 2QFY12 were high at $200 ($86mn), indicating a conducive macro scene.
- The company may have net cash of about Rs.65 per share by FY13 end, as per our estimates.
- Stock is available at 6.3x FY13 estimates.

Please Note : The target prices of a few companies may change post the quarterly results.

Kotak Securities

NIIT TECHNOLOGIES

LATEST REPORT DATE: 19/10/2011 **TARGET PRICE: Rs. 300** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 230.4**

LATEST REPORT PRICE: Rs.227

Shares O/s (mn):	**58.8**
Mkt Cap (Rs mn):	**13,541**

INVESTMENT RATIONALE

- The company reported eighth successive quarter of high volume growth.
- Non-linear revenues continue to grow at the company average and form about 27% of revenues.
- The order bookings in 2QFY12 were high at $200 ($86mn), indicating a conducive macro scene.
- At our TP, our FY13 earnings will be discounted by about 8x which, we believe, is undemanding.
- The company may have net cash of about Rs.65 per share by FY13 end, as per our estimates.

RISKS & CONCERNS

- Rupee appreciation beyond our assumed levels could provide a downward bias to our earnings estimates.
- A delayed recovery in major global economies could impact growth prospects of NIITT.

FINANCIALS (RS MN)	FY11E	FY12E	FY13E
Sales	12,323	15,190	17,702
Growth (%)	34.9	23.3	16.5
EBITDA	2,404	2,677	3,165
EBITDA margin (%)	19.5	17.6	17.9
PBT	2,178	2,525	2,925
Net profit	1,822	1,876	2,159
EPS (Rs)	30.7	31.6	36.4
Growth (%)	44.3	3.0	15.1
CEPS (Rs)	36.0	37.8	44.2
Book value (Rs/share)	126.1	148.5	174.6
Dividend per share (Rs)	7.5	9.0	10.0
ROE (%)	27.4	23.0	22.5
ROCE (%)	32.1	30.4	30.0
Net cash (debt)	1,527	2,729	3,763
Net Working Capital (Days)	85.0	85.0	85.0

VALUATION PARAMETERS	FY11E	FY12E	FY13E
P/E (x)	7.5	7.3	6.3
P/BV (x)	1.8	1.6	1.3
EV/Sales (x)	1.0	0.7	0.6
EV/EBITDA (x)	5.0	4.0	3.1

PRICE PERFORMANCE (%)	1M	3M	6M
	8.7	2.2	23.5

Source: Bloomberg, Company, Kotak Securities - Private Client Research

TATA CONSULTANCY SERVICES

LATEST REPORT DATE: 18/10/2011 **TARGET PRICE: Rs.1240** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 1049.85**

LATEST REPORT PRICE: Rs.1120

Shares O/s (mn):	**1957.3**
Mkt Cap (Rs mn):	**2,054,891**

INVESTMENT RATIONALE

- Management commentary reflects greater optimism, likely on the back of strong pipeline and better deal flow.
- Management has seen continued revival in discretionary spends as well as in cost efficiency initiatives, which is encouraging.
- The broad based nature of growth lends a degree of stability to the revenues, we believe.
- Realisation increases may continue, if demand sustains, we opine.
- We have accorded valuations which are similar to Infosys, noting the improved demand scenario, out-performance on revenue growth and the company's ability to restrict impact on margins.

RISKS & CONCERNS

- A delay in recovery of major user economies may impact our projections.
- A sharp appreciation of rupee beyond our assumed levels may impact our earnings estimates for the company.

FINANCIALS (RS MN)	FY11	FY12E	FY13E
Sales	373,246	480,137	561,297
Growth (%)	24.3	28.6	16.9
EBITDA	111,893	141,654	159,459
EBITDA margin (%)	30.0	29.5	28.4
PBT	109,147	140,952	160,659
Net profit	86,828	107,146	121,784
EPS (Rs)	44.4	54.7	62.2
Growth (%)	26.3	23.4	13.7
CEPS (Rs)	49.0	60.1	68.6
Book value (Rs/share)	128.9	173.2	224.1
Dividend per share (Rs)	9.5	10.0	10.0
ROE (%)	37.6	42.3	41.1
ROCE (%)	45.1	53.2	52.1
Net cash (debt)	52,823	67,015	132,674
Net Working Capital (Days)	80.2	77.0	75.0

VALUATION PARAMETERS	FY11	FY12E	FY13E
P/E (x)	23.7	19.2	16.9
P/BV (x)	8.1	6.1	4.7
EV/Sales (x)	5.4	4.0	3.7
EV/EBITDA (x)	18.2	13.6	12.9

PRICE PERFORMANCE (%)	1M	3M	6M
	0.6	(6.5)	(11.9)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

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ICICI BANK

LATEST REPORT DATE: 01/08/2011 **TARGET PRICE: Rs. 1364** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 871**

LATEST REPORT PRICE: Rs.1037

Shares O/s (mn):	**1151.8**
Mkt Cap (Rs mn):	**1,002,717**

INVESTMENT RATIONALE

- Bank has been focusing on 5Cs (Credit growth, CASA mobilization, Cost optimization, Credit quality improvement, and Customer centricity); after achieving substantial success on these fronts, we believe they would continue to focus on profitable growth.
- Improvement in liability franchise is positive. Share of CASA improved from 28.7% at the end of FY09 to 45.1% at the end of FY11; although it declined to 41.9% at the end of Q1FY12, on average basis it remained stable at ~40% during Q1FY12 (YoY).
- Declining slippages in last couple of quarters corroborate our view that retail NPL cycle has peaked. Net NPA further improved to 0.91% at the end of Q1FY12 from 1.62%, a year ago.
- NIM came at 2.6% during Q1FY12; it declined sequentially from 2.7% in Q4FY11, in line with the expectations as bank has to build-up low yielding priority sector book in last quarter to meet the regulatory requirements.
- Based on SOTP methodology, TP: Rs.1364 [standalone business: Rs.1128 (2.25x FY12E ABV); value of subsidiaries: Rs.236]

RISKS & CONCERNS

- With retail book at ~40% of total loans, highly vulnerable to system-wide deterioration in retail asset quality.
- Further monetary tightening by the central bank may impact its margin.
- Slowdown in economic activities might affect the asset quality negatively.

FINANCIALS (RS MN)	FY10	FY11E	FY12E
Interest income	257.1	259.7	313.8
Interest expense	175.9	169.6	209.6
Net interest income	81.1	90.2	104.1
Growth (%)	-3.0%	11.1%	15.5%
Other income	74.8	66.5	69.5
Gross profit	97.3	90.5	100.1
Net profit	40.3	51.5	62.0
Growth (%)	7.1%	28.0%	20.3%
Gross NPA (%)	5.2	4.6	4.0
Net NPA (%)	2.1	1.1	0.8
Net interest margin (%)	2.5	2.7	2.6
CAR (%)	19.4	19.5	18.6
RoE (%)	8.0	9.7	10.8
RoAA (%)	1.1	1.3	1.4
Dividend per share (Rs)	12.0	14.0	15.0
EPS (Rs)	36.1	45.5	53.8
Adjusted BVPS (Rs)	428.5	457.4	501.1

VALUATION PARAMETERS	FY10	FY11E	FY12E
P/E (x)	24.1	19.2	16.2
P/ABV (x)	2.0	1.9	1.7

PRICE PERFORMANCE (%)	1M	3M	6M
	(3.4)	(16.4)	(22.2)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

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IRB INFRASTRUCTURE DEVELOPERS

LATEST REPORT DATE: 21/07/2011 **TARGET PRICE: Rs. 246** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 159.6**

LATEST REPORT PRICE: Rs.186

Shares O/s (mn):	**332.4**
Mkt Cap (Rs mn):	**53,045**

INVESTMENT RATIONALE

- Experienced player in road BOT segment and likely to benefit from upcoming project awards in road segment
- Strong order book of Rs 117 bn to drive growth in revenues at a CAGR of 36% between FY11-FY13
- Company reported excellent numbers for Q1FY12 with revenues growing by 55%, strong operating margins of 43.1% and net profit growth of 14% YoY. Growth in revenues and profits was led by 18% toll rate hike in Mumbai-Pune BOT project as well as improvement in execution of EPC projects.
- We expect margins to decline going ahead in comparison with FY11 due to higher proportion of EPC revenues. But company has sufficient cushion to hedge against high commodity prices. We expect margins to be 44.1% and 37% for FY12 and FY13 respectively for the company.
- Toll collections in BOT subsidiaries are likely to improve in line with WPI as well as traffic growth going forward
- With a strong order book and expected increase in toll revenues going forward, we expect revenues to grow at a CAGR of 36% and net profits to grow at a CAGR of 17% between FY11-FY13.
- We value the company on SOTP and arrive at a target price of Rs 246 on FY12 estimates. We continue to recommend BUY on the stock.

RISKS & CONCERNS

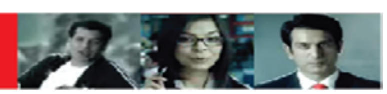
- Slowdown in traffic growth or increase in interest rates
- Delay in project awards from NHAI or any aggressive bidding by the company can impact project viability

FINANCIALS (RS MN)	FY11	FY12E	FY13E
Sales	25,026	32,250	46,074
Growth (%)	43%	29%	43%
EBITDA	11,584	14,215	17,060
EBITDA margin (%)	46.3%	44.1%	37.0%
PBT	5,758	6,318	8,507
Net profit	4,524	4,746	6,140
EPS (Rs)	13.6	14.3	18.5
Growth (%)	17.4	4.9	29.4
CEPS (Rs)	20.4	26.4	31.8
Book value (Rs/share)	72.5	84.3	100.3
Dividend per share (Rs)	2.0	2.0	2.0
ROE (%)	20.3	18.2	20.0
ROCE (%)	16.3	14.0	13.4
Net cash (debt)	(34,246)	(47,755)	(64,927)
Net Working Capital (Days)	112.0	91.0	76.0

VALUATION PARAMETERS	FY11	FY12E	FY13E
P/E (x)	11.7	11.2	8.6
P/BV (x)	2.2	1.9	1.6
EV/Sales (x)	3.5	3.1	2.6
EV/EBITDA (x)	7.5	7.1	6.9

PRICE PERFORMANCE (%)	1M	3M	6M
	(8.1)	(13.4)	(18.6)

Source: Bloomberg, Company, Kotak Securities - Private Client Research



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JAIPRAKASH ASSOCIATES

LATEST REPORT DATE: 17/08/2011 **TARGET PRICE: Rs. 90** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 69.5**

LATEST REPORT PRICE: Rs.59

Shares O/s (mn):	**2195.6**
Mkt Cap (Rs mn):	**152,592**

INVESTMENT RATIONALE

- Robust construction order book and huge portfolio of power projects provide revenue visibility going forward
- Significant volume expansion in cement division to drive though cement downcycle. Company expects to enhance its total cement capacity to 33MT by FY12
- Successful launches from land bank in Jaypee Infratech to enhance future cash flows
- However, company's results in Q1FY12 were in line with our estimates but we lower our construction division revenues due to completion of Karcham Wangtoo and likely completion of Yamuna Expressway construction. We thus revise our estimates downwards to factor in lower construction revenues.
- Company currently has sufficient funds for pending investments in power projects till Oct, 2011 and also holds treasury shares which can be utilized when required.
- Based on SOTP, stock provides a decent upside from the current levels

RISKS & CONCERNS

- Delay in commissioning of power plants
- Delay in commissioning of cement capacity
- Slowdown in real estate sector

FINANCIALS (RS MN)	FY10	FY11E	FY12E
Sales	100,889	129,665	136,070
Growth (%)	69	29	5
EBITDA	26,249	28,887	32,235
EBITDA margin (%)	26.0	22.3	23.7
PBT	13,796	12,402	11,178
Net profit	9,105	6,521	7,377
EPS (Rs)	4.1	3.0	3.4
Growth (%)	(34.1)	(28.4)	13.1
CEPS (Rs)	9.9	8.1	6.4
Book value (Rs/share)	44.0	48.4	50.8
Dividend per share (Rs)	0.9	0.9	0.9
ROE (%)	20.9	11.5	6.8
ROCE (%)	11.4	11.0	10.1
Net cash (debt)	(93,619)	(117,017)	(142,683)
Net Working Capital (Days)	90.0	90.0	90.0

VALUATION PARAMETERS	FY10	FY11E	FY12E
P/E (x)	16.8	23.4	20.7
P/BV (x)	1.6	1.4	1.4
EV/Sales (x)	2.4	2.1	2.2
EV/EBITDA (x)	9.4	9.3	9.2

PRICE PERFORMANCE (%)	1M	3M	6M
	(6.0)	(6.9)	(31.7)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

BHARAT ELECTRONICS

LATEST REPORT DATE: 01/08/2011 **TARGET PRICE: Rs. 1913** **RECOMMENDATION: ACCUMULATE** **CURRENT PRICE: Rs. 1522.25**

LATEST REPORT PRICE: Rs.1757

Shares O/s (mn):	**80.0**
Mkt Cap (Rs mn):	**121,780**

INVESTMENT RATIONALE

- BEL reported higher than expected PAT for Q1 FY12 mainly driven by steep rise in other income as the company would have generated higher yields on its cash deposits. Revenue growth has been muted in the quarter but the strong order backlog should enable it to meet our annual revenue target. Order backlog is strong at Rs 230 bn, providing revenue visibility of 43 months, one of the highest in capital goods sector. We thus see revenue growth rates to move up in the future.
- The company is targeting Rs 100 bn in order intake in FY12, which would enable it to end the current fiscal with an order backlog of Rs 260 bn.
- Even as the Capital Goods sector has struggled to book orders during the fiscal, BEL has won major orders. Resultantly, its order backlog has doubled in FY11, thus it is strongly positioned for driving revenue growth in FY13 and beyond. The company should also be a beneficiary from the offsets that are likely to accrue from the USD 10 bn aircraft order that the Indian government is all set to place with Rafale or Eurofighter.
- The company enjoys a dominant status in the defence sector and has a steady growth profile. At 14.4x, near-term valuations are close to the higher end of its trading range of 8-16x. The business is high-end with rich profitability and strong cash generator. In view of this, we recommend investors to Accumulate the stock with a DCF based price target of Rs 1913 (unchanged).

RISKS & CONCERNS

- Defence orders tend to get delayed due to number of approvals at various levels.

FINANCIALS (RS MN)	FY11E	FY12E	FY13E
Sales	55,297	63,299	74,860
Growth (%)	10.3	14.5	18.3
EBITDA	10,386	12,087	13,986
EBITDA margin (%)	18.8	19.1	18.7
PBT	11,702	13,594	15,581
Net profit	8,706	9,787	10,907
EPS (Rs)	108.8	122.3	136.3
Growth (%)	20.8	12.4	19.0
CEPS (Rs)	124.1	139.0	153.9
Book value (Rs/share)	610.2	703.3	777.8
Dividend per share (Rs)	25.0	25.0	25.0
ROE (%)	18.7	18.3	18.6
ROCE (%)	18.7	18.3	18.5
Net cash (debt)	39,283	46,219	51,613
Net Working Capital (Days)	25.3	27.0	27.5

VALUATION PARAMETERS	FY11E	FY12E	FY13E
P/E (x)	14.0	12.4	11.2
P/BV (x)	2.5	2.2	2.0
EV/Sales (x)	1.6	1.3	1.0
EV/EBITDA (x)	8.3	6.9	5.5

PRICE PERFORMANCE (%)	1M	3M	6M
	(4.1)	(11.4)	(18.7)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

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CUMMINS INDIA

LATEST REPORT DATE: 08/08/2011 **TARGET PRICE: Rs. 507** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 393**

LATEST REPORT PRICE: Rs.439

Shares O/s (mn):	**277.2**
Mkt Cap (Rs mn):	**108,940**

INVESTMENT RATIONALE

- CIL reported moderate revenue growth in Q1FY12 due to sluggish spending in infrastructure space in India.
- Company is well poised to benefit from recovery in the infrastructure spending in the country.
- Commencement of mega production site at Phaltan is likely to ease out capacity constraints and would add to cash flow generation from Q2FY12E. Company has committed a Capex of USD 300 mn funded mainly through internal accruals.
- We recommend 'BUY' on company's stock with a DCF based one year price target of Rs 507.

RISKS & CONCERNS

- Abnormal increase in input prices would depress the operating margins.
- Rising interest rate scenario can hamper growth in the domestic market

FINANCIALS (RS MN)	FY11E	FY12E	FY13E
Sales	40,612	46,007	54,585
Growth (%)	36.1	13.3	18.6
EBITDA	7,792	8,649	10,044
EBITDA margin (%)	19.2	18.8	18.4
PBT	8,024	9,051	10,457
Net profit	5,910	6,517	7,529
EPS (Rs)	29.8	32.9	38.0
Growth (%)	33.2	10.3	15.5
CEPS (Rs)	31.7	34.8	40.0
Book value (Rs/share)	91.2	112.3	128.4
Dividend per share (Rs)	9.0	10.0	10.0
ROE (%)	35.1	32.3	31.6
ROCE (%)	47.4	44.6	43.6
Net cash (debt)	1,817	1,810	1,810
Net Working Capital (Days)	50.0	49.0	49.0

VALUATION PARAMETERS	FY11E	FY12E	FY13E
P/E (x)	13.2	11.9	10.3
P/BV (x)	4.3	3.5	3.1
EV/Sales (x)	2.5	2.1	1.8
EV/EBITDA (x)	12.9	11.4	9.9

PRICE PERFORMANCE (%)	1M	3M	6M
	(8.8)	(17.8)	(22.9)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

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INDRAPRASTHA GAS

LATEST REPORT DATE: 20/10/2011 **TARGET PRICE: Rs. 450** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 399.55**

LATEST REPORT PRICE: Rs.398

Shares O/s (mn):	**140.0**
Mkt Cap (Rs mn):	**55,937**

INVESTMENT RATIONALE

- IGL operates city gas distribution in Delhi and its adjoining areas like Noida, Greater Noida and Ghaziabad. Supplies PNG to commercial and retail clients
- In CY12, PNG connections are expected to cross 13,000 in Nodia from current ~8,000 connections. PNG is flowing through the main pipelines in 21 sectors. Work on laying the pipelines is in progress in ten other sectors apart from the Phase-II industrial belt, NSEZ, Hosiery Complex and Rajat Vihar.
- Also, IGL has planned to open 5 more company owned CNG stations in Nodia which will be operational by Mar'12. Management has further guided that additional 50 stations will be operational by March'12 once approval is granted.
- In order to secure gas supply, IGL is in negotiating with GAIL (promoter) to enter into a long-term contract. We believe IGL has strong parental support which will help in securing RLNG at most competitive prices.
- We expect large scale conversion of private cars into CNG.
- As mandated by Delhi government, LCVs will be converted into CNG which will boost the CNG sales.
- In FY12E, IGL will be investing ~Rs.6 Bn in Delhi and NCR to expand its network and in FY13E Rs.5 Bn.
- In June'11, the government granted approval to IGL for use of unutilized APM allocations for Gurgaon/Faridabad for its own operations. This has resulted in lower raw material cost for IGL. The full benefit will be reflected in next quarter. IGL was earlier getting domestic gas to the extent of about 2.3 mscmd (2 mscmd of APM gas for Delhi, 0.15 for Noida/Greater Noida, and 0.15 of KG gas) this has now increased to about 2.6 mscmd.

RISKS & CONCERNS

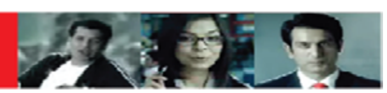
- IGL did not win any CGD project in two round of bidding by PNGRB
- Competition from domestic LPG gas restricts its pricing power in PNG segment.

FINANCIALS (RS MN)	FY11	FY12E	FY13E
Sales	19,515	27,521	35,449
Growth (%)	60.9	41.0	28.8
EBITDA	4,965	6,414	7,790
EBITDA margin (%)	25.4	23.3	22.0
PBT	3,857	4,627	5,757
Net profit	2,598	3,054	3,868
EPS (Rs)	18.4	21.8	27.6
Growth (%)	20.3	18.6	26.6
CEPS (Rs)	25.8	31.9	38.8
Book value (Rs/share)	71.7	87.8	109.9
Dividend per share (Rs)	5.0	4.9	4.7
ROE (%)	27.0%	26.4%	27.2%
ROCE (%)	21.9%	19.8%	19.9%
Net cash (debt)	4,460	7,336	8,450
Net Working Capital (Days)	(19.4)	(22.4)	(23.9)

VALUATION PARAMETERS	FY11	FY12E	FY13E
P/E (x)	21.7	18.3	14.5
P/BV (x)	5.6	4.6	3.6
EV/Sales (x)	3.1	2.3	1.8
EV/EBITDA (x)	12.2	9.9	8.3

PRICE PERFORMANCE (%)	1M	3M	6M
	(9.1)	(0.3)	24.3

Source: Bloomberg, Company, Kotak Securities - Private Client Research



kotak
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HT MEDIA

LATEST REPORT DATE: 05/10/2011 **TARGET PRICE: Rs. 200** **RECOMMENDATION: BUY** **CURRENT PRICE: Rs. 138**

LATEST REPORT PRICE: Rs.143

Shares O/s (mn):	**234.3**
Mkt Cap (Rs mn):	**32,333**

INVESTMENT RATIONALE

- Strong topline growth aided by growth in Hindustan, as well as growth in metro advertising, to help manage newsprint expenses, lead to 23% CAGR in EPS over FY2011-FY2013.
- Readership trends positive, to help garner advertising revenues and likely to lead to stronger growth going ahead.
- Strong entry barriers of HT, strengthening position of Hindi and business newspaper (Mint) long-term positives. See HT Media as a multi-year growth story with multiple opportunities.
- In line with our DCF valuation, we see HT Media value at Rs 200/ share, implying strong upside potential. We have a BUY rating on the stock.

RISKS & CONCERNS

- Downside risks to earnings include stronger than expected rise in newsprint price. Softening of adex environment, especially in metros / real estate, remains an industry risk.
- Competitive risks: especially relating with ongoing tussle with The Times of India in Mumbai

FINANCIALS (RS MN)	FY11	FY12E	FY13E
Sales	17,861	20,291	22,447
Growth (%)	26	14	11
EBITDA	3,358	3,818	4,593
EBITDA margin (%)	19	19	20
PBT	2,571	3,263	4,140
Net profit	1,809	2,187	2,729
EPS (Rs)	7.7	9.3	11.7
Growth (%)	28	21	25
CEPS (Rs)	11.3	13.0	15.4
Book value (Rs/share)	61	70	82
Dividend per share (Rs)	0	0	0
ROE (%)	15	14	15
ROCE (%)	13	13	14
Net cash (debt)	(1,971)	2,786	6,231
Net Working Capital (Days)	7	(30)	(30)

VALUATION PARAMETERS	FY11	FY12E	FY13E
P/E (x)	17.9	14.8	11.8
P/BV (x)	2.3	2.0	1.7
EV/Sales (x)	1.5	1.2	1.0
EV/EBITDA (x)	8.2	6.5	4.6

PRICE PERFORMANCE (%)	1M	3M	6M
	(3.6)	(15.1)	(11.3)

Source: Bloomberg, Company, Kotak Securities - Private Client Research

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Disclaimer

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