Global Equity Research - India

Initiating Coverage

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Sector: Paper

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Tamil Nadu Newsprints & Paper (Rs69) — Buy

Scripting value through paper — Target Price: Rs96

Tamil Nadu Newsprints & Paper Ltd (TNPL), promoted by the Government of Tamil Nadu, is involved in manufacturing of printing & writing paper. The growth momentum of the company would continue on the back of capacity addition of pulp & paper and higher realisation led by growing demand of printing and writing paper. Topline and bottomline are expected to grow at a CAGR of 15.6% and 14% to Rs 14,494mn and Rs 1,663mn during FY08-11E. We are positive on the company on account of favorable industry dynamics and attractive dividend yield. Hence, we are initiating coverage on the company with a BUY rating and expect 40% upside from current levels.

Capacity addition and higher demand to drive topline: The capacity addition of pulp & paper production and its higher demand would help the company to grow at a CAGR of 15.6% during FY08-11E. The company has added 15,000 tpa (tonnes per annum) paper production in FY08 which is available for FY09. The company has initiated work for implementing the second phase mill expansion plan to increase the capacity to 400,000 tpa, which will be available from June 2010. We expect that rapid expansions of electronic communications & computers and increased literacy rate due to the campaign for literacy drive would boost the printing and writing paper demand. The increased budget allocation for schemes like Sarva Shikha Abhiyan and secondary education by 22.8% and 20% to Rs 131bn and Rs 45.5bn respectively during budget 2008-09 over 2007-08 is also expected to boost demand of printing and writing paper. We believe that the expected high consumption growth of printing and writing paper would absorb the printing and writing paper capacity added by the company. Accordingly, we expect the net sales of the company for FY09E, FY10E and FY11E to increase by 13.5% (YoY), 11% (YoY) and 22.5% (YoY) to Rs 10,655mn, Rs 11,828mn and Rs 14,494mn respectively.

Backward integration to improve operating margins: The company has expanded its captive raw material pulp production to 800 tonnes per day (tpd) from 520 tpd which will fulfill the required quantity of pulp for expanded paper production and will be available from FY09. This will help company to control cost of raw material and insulate it from fluctuating pulp prices in global market. The EBITDA margin of TNPL in FY08 was 24.7% and expected to sustain at 25% in FY09. We expect the EBITDA margin in FY10 and FY11 would improve by 50 and 100 basis points respectively over respective previous year to 25.5% and 26.5%. The EBITDA margin expansion would be on account of economies of scale, expanded pulp production and change in product mix to high quality copier papers.

Valuations: The topline and bottom line of TNPL are expected to grow at CAGR of 15.6% and 14% to Rs 14,494mn and Rs 1,663mn in FY11E respectively over FY08. Moving ahead, we expect the capacity expansion in pulp & paper production and favorable industry dynamics will keep the growth momentum of the company. In addition to that, TNPL is better placed than its global as well as domestic peers in terms of gross profit margin and return ratios. We estimate ROCE for FY09, FY10 and FY11 will improve from 14% in FY08 to 15.2%, 16.7% and 18% respectively. The ROE for FY09, FY10 and FY11 is estimated about 17.4%, 18% and 18.5% respectively. The stock is currently trading at P/E of 4x on FY09E EPS of Rs 17.2, 3.4x on FY10E EPS of Rs 20.4 and 3x on FY11E EPS of Rs 24. Hence, we believe TNPL deserves better valuation on account of attractive dividend yield and improving fundamentals going ahead. Hence, we recommend a **BUY** on the stock with a target price of Rs 96 based on 4x on FY11E earnings with one year investment perspective

Tamil Nadu Newsprints and Paper	
Reuters/Bloomberg Code	TNNP.BO/TNNPIN
Market Cap. (Rsbn)	4.7
Market cap. (US$mn)	97.8
Shares Outstanding (mn)	69.2
52-week High/Low (Rs)	147/55
Major Share Holders (%)(as on 30 September 2008)	
Promoter/Majority	35.32
FIIs	11.91
Banks/Fis/MFs	29.18
Others	11.44
Public	12.15

Y/E March (Rs mn)	FY07	FY08	FY09E	FY10E	FY11E
Net Sales	8,548	9,385	10,655	11,828	14,494
EBITDA	1,867	2,317	2,667	3,018	3,845
Net Profit	860.6	1,128	1,190	1,412	1,663
EPS (Rs)	12.4	16.3	17.2	20.4	24.0
EPS Growth (%)	6.9	31.1	5.5	18.7	17.8
EBITDA margin (%)	21.8	24.7	25.0	25.5	26.5
PER (x)	5.5	4.2	4.0	3.4	2.9
P/BV (x)	0.8	0.7	0.7	0.6	0.5
Price/sales per share (x)	0.6	0.5	0.4	0.4	0.3
EV/EBITDA (x)	5.4	4.3	4.1	4.9	3.4
Dividend Yield (%)	5.8	6.6	7.3	8.8	10.2
ROCE (%)	12.8	14.0	15.2	16.8	18.3
ROE (%)	15.7	18.6	17.5	18.5	19.2

Source: Company and Karvy Estimates

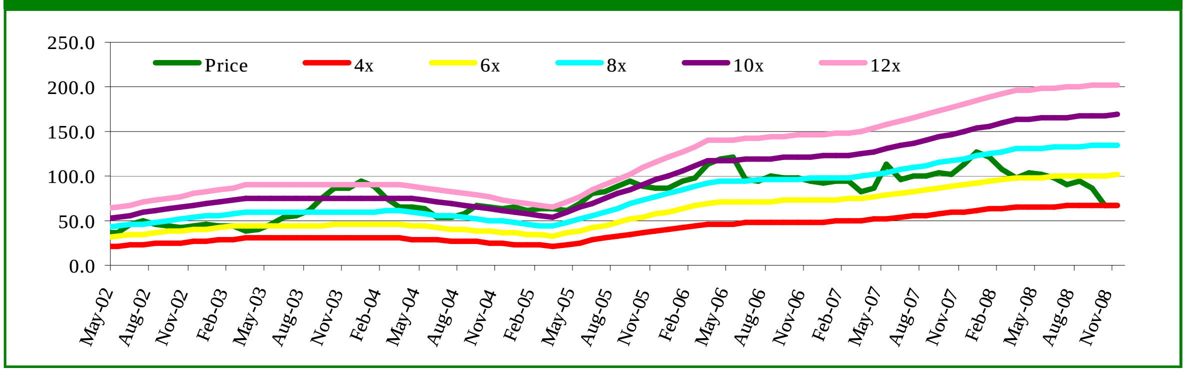
Investment positives

1. Handsome payout coupled with attractive valuations

We expect the capacity addition of pulp & paper production and its higher demand will keep the growth momentum of the company. The net sales for FY09E, FY10E and FY11E is expected to increase by 13.5% (YoY), 11% (YoY) and 22.5% (YoY) to Rs 10,655mn, Rs 11,828mn and Rs 14,494mn respectively. The net profit is expected to growth by 5.5%, 19% and 18% for FY09E, FY10E and FY11E to Rs 1,190mn, Rs 1,412mn and Rs 1,663mn over respective previous years. On the basis of net profit growth, we believe that TNPL will continue to maintain the dividend pay out of 29% in coming years as historically the dividend payout of the company has been in the range of 26%-50%. The company ROCE has improved from 12.8% in FY07 to 14% in FY08. We estimate ROCE for FY09, FY10 and FY11 will improve from 14% in FY08 to 15.2%, 16.7% and 18% respectively. The ROE in FY08 has increased from 15.7% to 18.6%. The ROE for FY09, FY10 and FY11 is estimated about 17.4%, 18% and 18.5% respectively. The EBITDA margin of TNPL in FY08 was 24.7% and expected to sustain at 25% in FY09. We expect the EBITDA margin in FY10 and FY11 would improve by 50 and 100 basis points respectively over respective previous year to 25.5% and 26.5% on back of economies of scale, expanded pulp production and change in product mix. The company EBITDA margin is higher when compared to peer group companies.

The current market sell off has bought down the valuation of the company at historical low of 4x FY08. Traditionally, the stock trades above 6x of current earning. The stock is currently trading at P/E of 4x on FY09E EPS of Rs 17.2, 3.4x on FY10E EPS of Rs 20.4 and 3x on FY11E EPS of Rs 24. We have done peer group comparison of major companies and arrived at weighted average PER of 4x on FY08 earnings. Hence, we believe TNPL deserves better valuation on account of attractive dividend yield and improving fundamentals going ahead. Hence, we recommend a BUY on the stock with a target price of Rs 96 based on 4x on FY11E earnings with one year investment perspective.

Exhibit 1: PE Band of TNPL



Source: Company, KSBL Estimates

Exhibit 2: Peer group comparison (FY08)

Particulars (Rs mn)	Market Cap	Net sales	EBITDA	EBITDA margin (%)	NPM (%)	P/E	Mcap/ sales
Ballarpur Industries (Consolidated June end'08)	10,694	30,259.5	7,078.8	23.4	9.9	4.0	0.4
Tamil Nadu Newsprints & Paper	4,575	9,385.3	2,317.2	24.7	12.0	4.1	0.5
West coast paper mills	2,166	5,832.3	1,130.0	19.4	14.0	2.3	0.4
JK Paper	1,246	7,935.8	1,453.3	18.3	5.9	2.7	0.2
Andhra Pradesh Paper Mills	1,264	5,788.9	741.3	12.8	2.9	7.6	0.2
Seshasayee paper & boards	1,075	4564.2	829.0	18.2	10.0	2.3	0.2
Total mcap (peer)	21,020						
Weighted Average P/E						4	

Source: BSE, Company, Share price as on 16 December 2008

1a.Better among its Global peers in terms of gross profit margin and return ratios:

TNPL is better placed than its global peers in terms of gross profit margin and return ratios. The gross profit margin of the company for FY08 is 31.6% which is better that its global peers. The United States based paper company International Paper, Weyerhaeuser, and Kimberly-Clark has gross profit margin of 26.6%, 19.5% and 31.2% for the year ended December 2007. The domestic player Ballarpur Industries, West Coast Paper, JK Paper, Andhra Pradesh Paper and Seshasayee Paper have gross profit margin of 29.4%, 24.8%, 23.4%, 19.6% and 19.8% respectively. It shows that TNPL is the low cost producer of printing and writing paper as compared with its Global peers as well as domestic peers. The ROCE of the company is at 14% which is relatively higher as compare with its peers. Hence, on valuation terms TNPL is attractive at this level.

Exhibit 3: Global peers-United States (US$) Dec 2007

	Revenue	Gross Profit Margin	ROCE	ROE	P/E
International Paper	21,890.0	26.6	4.5	11.9	4.5
Weyerhaeuser	16,308.0	19.5	2.0	5.0	10.3
Kimberly-Clark	18,266.0	31.2	N.A	39.4	12.7
Domestic peers (Rs mn) (FY08)					
Ballarpur Industries (June ended 2007)	22,978.2	29.4	11.1	14.1	4.0
TNPL	**9,385.3**	**31.6**	**14.0**	**18.6**	**4.1**
West coast paper mills	5832.3	24.8	11.5	25.8	2.3
JK Paper*	7,935.8	23.4	8.2	12.2	2.7
Andhra Pradesh Paper Mills	5788.9	19.6	3.7	4.1	7.6
Seshasayee paper & boards	4,564.2	19.8	12.9	28.3	2.3

*Source: Hoovers, Bloomberg and Company*Annualised, Share price as on 16 December 2008*

2. Revenues to show decent performance on account of capacity addition and higher demand

The capacity addition of pulp & paper production and its higher demand would help the company to grow at a CAGR of 15.6% during FY08-11E. We expect that rapid expansions of electronic communications & computers, and increased literacy rate due to the campaign for literacy drive would boost the printing and writing paper demand. The increased budget allocation for schemes like Sarva Shikha Abhiyan and secondary education by 22.8% and 20% to Rs 131bn, and Rs 45.5bn respectively during budget 2008-09 over 2007-08 is also expected to boost demand of printing and writing paper. We believe that the expected high consumption growth of printing and writing paper would absorb the printing and writing paper capacity added by the company. We expect the net sales of the company for FY09E, FY10E and FY11E to increase by 13.5% (YoY), 11% (YoY) and 22.5% (YoY) to Rs 10,655mn, Rs 11,828mn and Rs 14,494mn respectively.

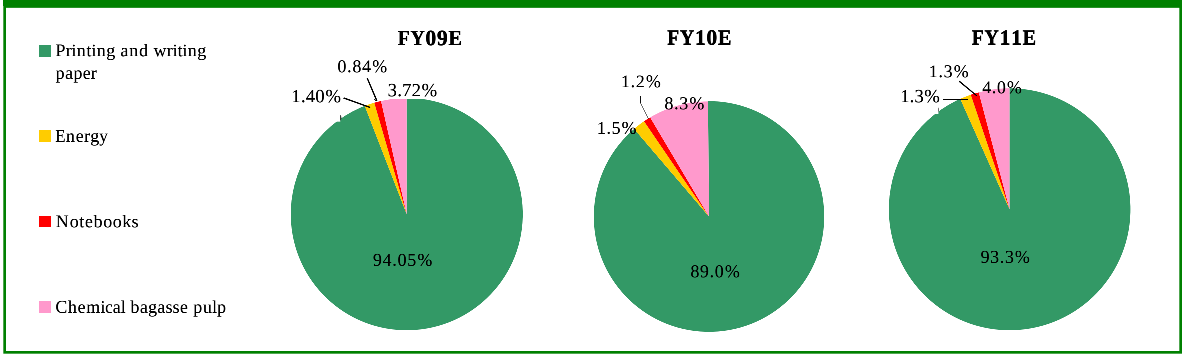
We expect the net sales from printing & writing paper segment to increase by 11.7% to Rs 10,021mn for FY09, 5% to Rs 10,522mn for FY10 and 28.6% to Rs 13,527mn for FY11 over previous year. The growth in printing and writing paper segment is expected on the account of higher volume and better realisation. The sales volume in FY09, FY10 and FY11 will improve by 2.8%, 2% and 21.3% over respective previous year to 252,350 metric tonne (MT), 257,250 MT and 312,000 MT respectively. The net sales realisation per tonne of printing and writing paper for FY09, FY10 and FY11 is expected to increase by 8.7%, 3% and 6% over respective previous year to Rs 39,711per tonne, Rs 40,902 per tonne and Rs 43,356 per tonne respectively.

Apart from the branded copiers, the company is targeting branded notebooks now. Branded notebooks are gaining acceptance in the market on account of quality and standardisation. According to media reports, the notebook market is estimated at about Rs 35 bn. The note book market is growing at about 20% and it is dominated by the unbranded and unorganised sector. We expect the sales from notebooks segment will increase by 44% (YoY) for FY09 to Rs 89mn, 60.5% (YoY) for FY10 to Rs 143mn and 33.8% (YoY) for FY11 to Rs 191.3mn.

The company has increased its pulp production capacity from 520 tpd to 800 tpd (tons per day). The company pulp production will increase from 800 tpd to 847 tpd in FY11. We expect that it will generate revenue of Rs 396mn in FY09, Rs 980.5mn in FY10 and Rs 584.5mn in FY11 through sale of surplus pulp quantity of 16,775mt in FY09, 37,772mt in FY10 and 21,042mt in FY11. The revenue from this segment in FY11 is expected to decrease due to pulp used for expanded paper production.

On the other hand, we expect the revenue from energy segment will decrease by 57% for FY09 to Rs 149mn, increase by 22% to Rs 182mn for FY10 and grow by 5% to Rs 191mn for FY11. The company has stopped exporting electricity through steam turbine/generator to Tamil Nadu Electricity Board (TNEB). TNEB is not agreeing for price hike with increasing coal prices. Consequently, the company is generating required unit of electricity through Steam Turbine/Generator. We expect it will continue to export electricity through wind turbine to TNEB.

Exhibit 4: Revenue Mix



Source: Company, KSBL Estimates

3. Capacity expansions enhance revenue growth

Exhibit 5: Capacity expansion- a growth story

Particulars	FY07	FY08	FY09	FY10	FY11
Pulp installed capacity (TPD)	520	520	800	800	847
Paper production (TPA)	230,000	230,000	245,000	245,000	400,000
Mini cement plant (TPA)					125,000
Wind farm (MW)	35.5				
In house power generation (MW)	61	81			
Pulp wood plantation (Acres)	19,349	29,962	45,000	60,000	75,000

Source: Company, Note: TPD(tons per day), TPA(tonnes per annum)

The company has completed first phase of Mill Development Programme (MDP) to increase the installed capacity of pulp and paper. It has increased its pulp production capacity from 520 tpd to 800 tpd (tons per day). From May 2008, the expanded pulp capacity is available which has insulated the company from the soaring and volatile imported pulp prices and helped in controlling cost of raw materials. The pulp wood plantation has been raised to 29,962 acres in FY08 from 19,349 acres in FY07 through farm forestry and captive plantation schemes to meet the growing needs of pulpwood. The company is planning to increase pulp wood plantation in 45000 acres in FY09, 60,000 acres in FY10, and 75,000 acres in FY11 respectively.

On the other hand, the company has added 15,000 tpa (tonnes per annum) paper production in FY08. Consequently, the installed capacity of the company has increased to 245,000 tpa (tonnes per annum). The additional capacity is available for FY09. The company has initiated work for implementing the second phase Mill Expansion (MEP) Plan by adding a new Paper Machine (PM 3). After second phase MEP, TNPL installed capacity will increase to 400,000 tpa. The additional capacity will be available from June 2010.

Additionally, it has increased in power generation (through Steam Turbine/Generator) capacity from 61.12 MW to 81.12 MW. The company has also installed 6 wind electric power generators with a capacity of 1.25 MW each. With this, the wind farm capacity has increased to 35.5 MW. The additional capacity of Steam Turbine/Generator and wind electric power generators has started accruing from April 2008 onwards.

3a.Emergence of new verticals

TNPL is diversifying its business by setting up a mini cement plant with 125,000 TPA capacity. It will produce high grade cement using the lime sludge and fly ash generated in the process of manufacturing of paper. It is expected to complete by FY11. Apart from core business, the company plans to develop an information technology park on a 3.5-acre vacant land centrally located in the Industrial Estate at Ambattur, Tiruvallur District, Tamil Nadu with a built-up area, estimated to be 3.5 lakh-4.5 lakh square feet. The land will be leased out to a selected company for 25 years on a build-lease-operate transfer basis or a built-own-operate-transfer basis. The property developers, building construction firms, or a consortium of companies have to develop the land and lease it out to IT companies. The company has to return the developed land back to the TNPL on expiry of the lease. The company will start working on this project after feasibility study.

Exhibit 6: Product wise production of paper

Product	Without MEP	With MEP	Uses
Paper Machine-1			
Copier	55,000	0	Best suited for hi-speed photocopying and Laser jet printer
Ultra white Maplitho	11,000	12,000	Ideal for diaries, calendars, annual reports and all kinds of high-resolution multi-colour print jobs.
TNPL Off-set printing	19,000	43,000	A paper specially designed for the publication segment.
TNPL Elegant	30,000	60,000	High end surface size paper for Speciality stationary item like executive book
Sub total	**115,000**	**115,000**	
Paper Machine-2			
Creamwove	65,000	65,000	Best suited for all writing purposes It is ideal for Examination papers and text books.
Hi-Tech Maplitho	20,000	20,000	Economical and ideal for quality multi-color printing and hi-speed web offset printing.
Radiant Printing	45,000	45,000	It is an economical and customer friendly paper for commercial grade printing. Suitable for textbooks and brochures.
Sub total	**130,000**	**130,000**	
Paper Machine-3			
Wood free pigmented paper	0	47,000	Best suited for hi-speed photocopying. Laser jet printer
Copier	0	108,000	Speciality surface size paper used for many high end segment such as export stationary , specialty book printing etc.
Sub total	**0**	**155,000**	
Total	**245,000**	**400,000**	

Source: Company, MEP-Mill Expansion Plan

4. Printing & Writing Paper segment is expected to grow on back of higher domestic demand

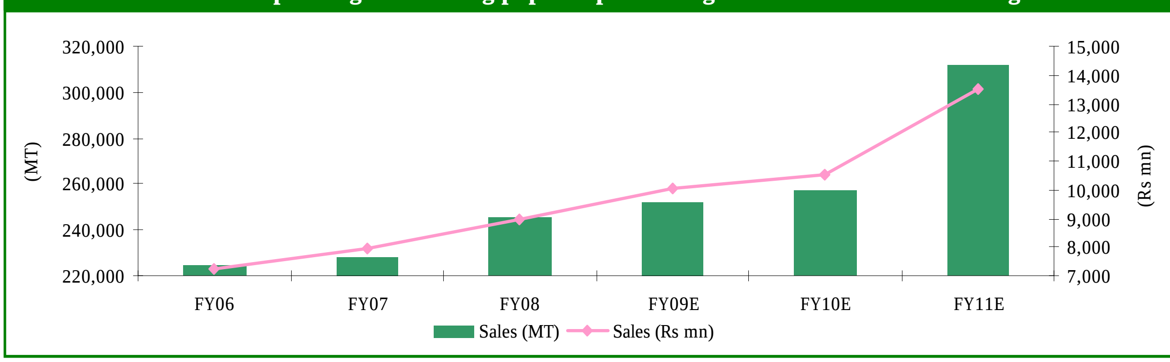
The company has a flexible manufacturing facility to produce printing & writing paper and newsprints. Currently, it is producing printing & writing paper only. We expect net sales from printing and writing paper segment to grow at CAGR of 15% during FY08-11E. The demand supply mismatch in paper industry will help the company to enjoy higher capacity utilisation. We expect supply will not overshoot demand in coming years due to capital intensive nature of industry and strict environmental regulations. The company has shown higher capacity utilisation of 106.7% in FY08 aided by strong demand of printing & writing paper in domestic and global markets. The company's exports stood at Rs 1466mn in FY08 which is 15.8% of total printing & writing paper sales. We expect the revenue from exports in FY09, FY10 and FY11 to touch 20% of total printing & writing paper sales on back of concentrated efforts by the company to explore newer markets. We expect the company to clock capacity utilisation of 103% in FY09, 105% in FY10 and 104% in FY11. The lower capacity utilisation for FY09 would be attributed to addition of 15,000 tones which is available for production in FY09 and expecting plant shut down for 15 days for the maintenance.

4a. Branded paper to get higher margin

The product portfolio of TNPL (Tamil Nadu Newsprints & Paper Ltd) has been shifting gears from newsprint to high quality copier papers. It is expanding the output of branded products to exploit the better margins and the growing market. The company is increasing the output of branded copiers and introducing a new line of packaged papers namely double folio examination papers. The Eezee Write, the ready-to-use academy size, and cut packed are the latest branded paper product of TNPL. Other branded products in this segment are copy crown, super bright office paper, and TNPL copier, an international standard copier paper. During FY09, the company is expected to produce about 55,000 tonnes of copier paper against 50,000 tonnes in FY08. The copier segment is growing approximately at 18%-20% per annum. The company enjoys the market share of around 17% in the copier segment. Moving ahead, the shift in the product mix would help the company in growing at a healthy rate.

We expect the net sales from printing & writing paper segment to increase by 11.7% to Rs 10,021mn for FY09, 5% to Rs 10,522 mn for FY10 and 28.6% to Rs 13,527mn for FY11 over respective previous year. The growth in printing and writing paper segment is expected on the account of higher volume and better realisations. The sales volume in FY09, FY10 and FY11 would improve by 2.8% and 4% and 21.3% over respective previous year to 252,350 metric tonne (MT), 257,250 MT and 312,000 MT respectively.

Exhibit 7: Revenue from printing and writing paper expected to grow at CAGR of 15% during FY08-11E

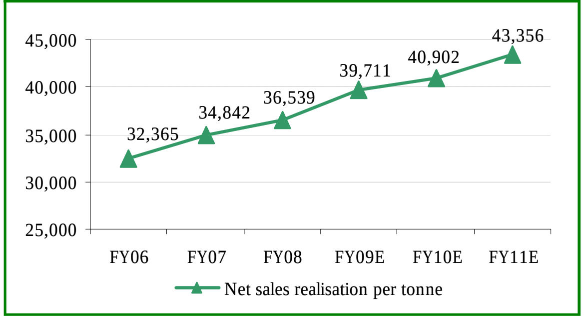


Source: Company, KSBL Estimates

5. Demand supply mismatch continues to increase sales realisation

Printing & writing paper prices are heading northwards due to demand-supply mismatch. The paper companies in India have been revising prices due to rise in input costs coupled with buoyant demand. It is expected that the pulp (Raw material) price would soften in midterm and firm in long term because of higher demand for paper. Moving ahead, the company may not face threat from higher pulp prices in the international market as it has already increased pulp production capacity from 520 tpd to 800 tpd and is expected to increase to 847 tpd by FY11. Thus, the realisation of the company is expected to be firm in coming years on the back of healthy growth in domestic demand. Reduction in excise duty from 12%-8% in Union Budget 2008-09 on certain varieties of writing & printing paper is expected to improve the realisation of the company as the benefit is not passed to the end consumer. During the month of December 2008, the Government has announced 4% reduction in excise duty. After considering this excise cut, we expect the net sales realisation per tonne in FY09 to increase by 8.7% over FY08. The net sales realisation per tonne of printing and writing paper for FY09, FY10 and FY11 is expected to increase by 8.7%, 3% and 6% over respective previous years to Rs 39,711per tonne, Rs 40,902 per tonne and Rs 43,356 per tonne respectively.

Exhibit 8: Price trend-Net sales realisation



Source: Company and Karvy Estimates

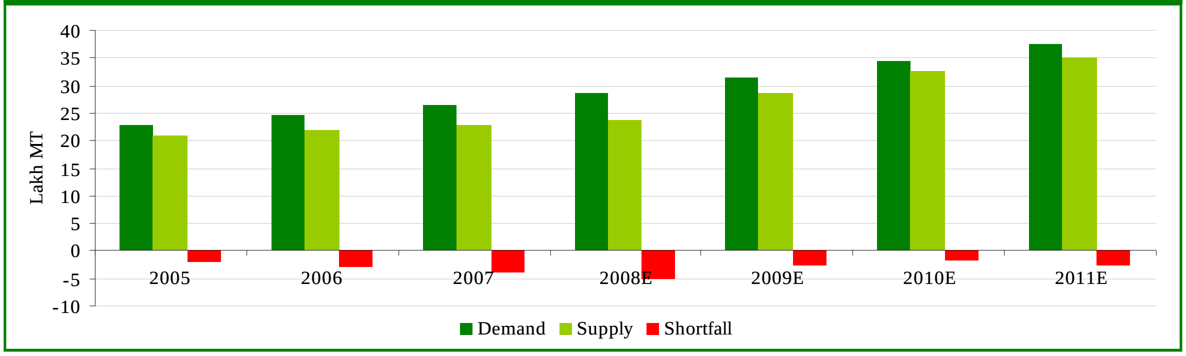
6. Printing & writing paper industry expected to grow on the back of increasing literacy rate and technological developments

Printing & writing paper are used mainly for publications and communications. In publications and communications sector, it is used for books, magazines, forms, photocopying, and general printing. The technological developments and increasing literacy rate due to the campaign for literacy drive and spread of education in the country are driving printing & writing paper demand. The increased budget allocation for schemes like Sarva Shikha Abhiyan and secondary education by 22.8% and 20% to Rs 131bn, and Rs 45.5bn respectively during budget 2008-09 over 2007-08 and exports of children books will provide necessary fillip to the demand of printing and writing paper. In recent years the rapid expansions of electronic communications and computers have contributed to a high rate of growth of consumption of this paper grade.

Demand for printing & writing paper is correlated to population growth, literacy rates, private and public spending on education. The changes in above factors are expected to create a higher demand for paper. On the other hand, the increasing expenditure on advertisements by corporate and change in income distribution are also expected to drive the demand for paper. For paper, these changes would translate into a shift in demand from low value and low quality paper to higher quality products. In the printing & writing segment, this will lead to greater demand for high value product segments such as coated paper, maplitho and copier. Further, with rising exports and keeping in view the current trend of outsourcing, foreign publishers have started outsourcing printing and publishing jobs to India. This would significantly increase the demand for different varieties of paper.

The printing & writing paper segment accounts for approximately 30% of the total paper production in the country. The cream wove segment accounts for 54%, maplitho (including unbranded copier) 26%, branded copier 6%, and coated paper about 13% of the printing & writing paper. We expect the demand of printing & writing paper industry to grow at a CAGR of 9% during 2007-11E and it will touch 3.8 million tonnes per annum by 2011.

Exhibit 9: Printing & writing Paper demand expected to grow at a CAGR of 9% during 2007-11E



Source: Indian Paper Manufacturers Association (IPMA), Karvy estimates

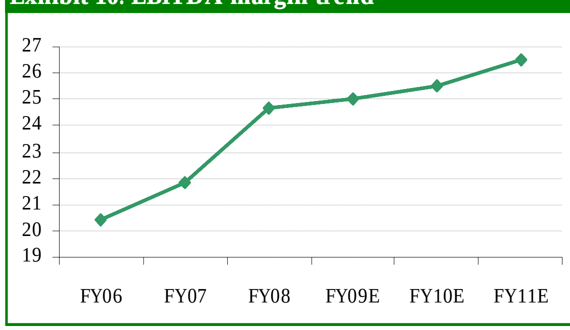
6a. The incremental supply is likely to be absorbed by growing demand

Printing and writing paper supply is expected to increase at CAGR of 11% during 2007-11E. We expect the domestic demand and supply gap to remain same as demand has been robust and capacity expansion is falling short of meeting demand. The entry barrier for the paper industry is high as it requires huge investment for the implementation of pollution control norms. The manufacturers have to follow strict environment norms for reducing pollution load in terms of liquid discharge, air emission and land conservation. The raw material shortage is also restricting capacity addition in the industry. Though some of the large players like Ballarpur Industries, Tamil Nadu Newsprint & Papers, West Coast Paper Mills are expanding their capacities, these would be operational by 2009-10.

7. Backward integration to improve operating margins:

TNPL is emerging as a strong player in the paper sector through economies of scale and captive pulping capacity that would hedge it from pulp price fluctuations in the international market. The company has expanded its captive raw material pulp production to 800 tonnes per day from 520 tonnes per day which will fulfill the required quantity of pulp for expanded paper production. From FY09 the expanded pulp capacity is available. This will help company to control cost of raw material and pad itself from fluctuating global pulp prices. During November 2008, the global wood pulp price has declined from US$900 to US$600 due to global financial meltdown. Many global companies have cut production on the back of lower demand expected in short term. It is expected that the pulp price would get soften in midterm and firm in long term on the back of higher demand of paper. The company captive pulp cost per tonne is around 20,000.

Exhibit 10: EBITDA margin trend



Source: Company and Karvy Estimates

In order to further hedge the company's exposure to volatile wood pulp prices, TNPL has raised its pulpwood plantation from 19349 acres in FY07 to 29,962 acres in FY08 through farm forestry and captive plantation schemes. The company is planning to increase pulp wood plantation in 45000 acres in FY09, 60,000 acres in FY10 and 75,000 acres in FY11 respectively. The company continues to enjoy its relatively lower reliance on wood because of using bagasse as a primary raw material for paper production. Bagasse-a sugarcane waste product is abundant and cheap as compared to wood which is scarce and expensive. The company is using bagasse, wood, and wood pulp as raw material mix which is 75.4%, 19.6% and 5% of total raw material quantity required. We assumed that the raw material mix will remain same. The Bagasse cost per tonne in FY08 decreased by 1.8% to Rs 1,322 over FY07. We expect the cost per tonne of bagasse in FY09, FY10 and FY11 will increase by 6%, 5% and 5% to Rs 1,401, Rs 1,471 and Rs 1,545mn respectively over respective previous year. The hard wood pulp (HWP) cost per tonne in FY08 increased by 5.2% to Rs 2,738 over FY07. We expect hard wood pulp cost per tonne in FY09, FY10 and FY11 will increase by 5% to Rs 2,875, Rs 3,018 and Rs 3,169 respectively over respective previous year. The wood pulp cost per tonne in FY08 was at Rs 28,438 per tonne which is 1.4% higher against FY07. We assumed the wood pulp cost per tonne in FY09, FY10, and FY11 would increase by 5% to Rs 29,860, Rs 31,353, and Rs 32,921 respectively over respective previous year.

We believe the EBITDA margin for FY09 would increase by 30 basis points from 24.7% in FY08 to 25%. We expect EBITDA margin for FY10 and FY11 would increase by 50 and 100 basis points to 25.5% and 26.5% respectively over respective previous year. The EBITDA margin expansion would be on account of economies of scale, expanded pulp production, and change in product mix to high quality copier papers. We have factored 55%, 20% and 15% increase in imported coal price in FY09, FY10 and FY11 over respective previous year. TNPL meets a significant portion of energy and bagasse (swaps bagasse with steam/coal with sugar mills) requirements by importing coal. The total imported coal cost in FY08 constitutes 12% of total cost and 43.9% of total power and fuel cost. The total imported coal cost is expected to constitute 14%, 14.6% and 15.8% of total cost & 46.5%, 47.8% and 48.5% of total power and fuel cost in FY09, FY10 and FY11 respectively. The company is focusing on other source of raw material (Raw Lignite and Agro fuel) for electricity generation which is expected to hedge against increasing coal price. Hence, we believe the expanded captive raw material pulp production would also hedge operating margin of the company against fluctuating power and fuel cost.

Exhibit 11: Comparative cost analysis of Chemical Bagasse Pulp and Hard Wood pulp

Price/tonnes	Chemical Bagasse Pulp (CBP)	Hard Wood pulp (HWP)	CBP % of total raw material consumed	HWP % of total raw material consumed
FY03	1,008	1,445	78%	19.6%
FY04	1,199	1,530	78%	19.0%
FY05	1,651	1,971	72%	21.6%
FY06	1,491	2,264	76%	19.4%
FY07	1,346	2,603	76%	19.3%
FY08	1,322	2,738	75%	19.6%
FY09E	1,401	2,875	75%	19.6%
FY10E	1,471	3,018	75%	19.6%
FY11E	1,545	3,169	75%	19.6%

Source: Company and Karvy Estimates, Note: The company is using bagasse as primary raw material which is always cheaper than the wood pulp

Quarterly Results

During Q2FY09, net sales of the company increased by 21% to Rs 2,888mn over the corresponding quarter in FY08. Sales growth (YoY) was driven by higher production and demand of printing and writing paper. During the same period EBITDA increased by 8% to Rs 792.6mn and net profit exhibited a flat growth of 0.2% to Rs 402.7mn. The EBITDA margin (YoY) decreased by 321 basis points from 30.6% in Q2FY08 to 27.4% in Q2FY09. The decrease in EBITDA margin was mainly due to increase in power and fuel cost. Consequently, the flat growth in net profit (YoY) was due to decrease in operating profit margin, and higher interest & deprecation cost.

On the other hand, on a QoQ basis net sales increased by 16% The EBITDA margin (QoQ) increased by 366 basis points from 23.8% in Q1FY09 to 27.4% in Q2FY09. The increase in EBITDA margin was primarily due to decrease in raw material and power & fuel cost. Consequently, net profit surged by 63 %(QoQ) to Rs 402.7mn.

Exhibit 12: Quarterly Results

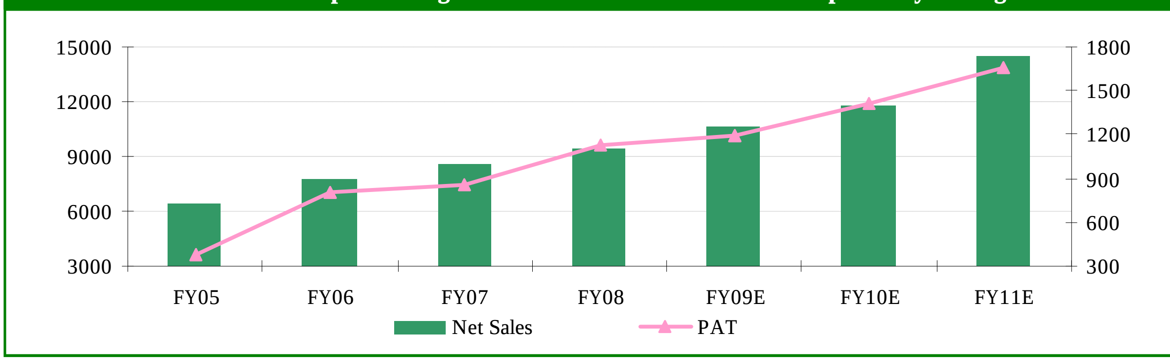
Rs mn	Q2FY08	Q1FY09	Q2FY09	YoY (%)	QoQ (%)	H1FY09
Net Sales	2,392	2,484	2,888	20.8	16.3	5,373
Cost	1,659	1,894	2,096	26.3	10.7	3,989
EBITDA	733	590.8	792.6	8.1	34.2	1,383
EBITDA Margin (%)	30.6	23.8	27.4			25.7
Other Income	63.5	65.7	73.4	15.6	11.7	139.1
Interest	44.8	90.3	116	158.9	28.5	206.3
Gross Profit	751.7	566.2	750	(0.2)	32.5	1,316
Depreciation	189.9	222.7	242.4	27.6	8.8	465.1
Prior Period / Exceptional Items	0	0	-6.3			(6.3)
Profit before Tax	561.8	343.5	501.3	(10.8)	45.9	844.8
Tax	160.1	97	98.6	(38.4)	1.6	195.6
Tax Rate	28.5	28.2	19.7			23.2
Profit after Tax	401.7	246.5	402.7	0.2	63.4	649.2
Extraordinary Items	0	0	0			0
Net Profit	401.7	246.5	402.7	0.2	63.4	649.2
Net Profit margin (%)	16.8	9.9	13.9			12.1

Source: Company.

Annual Result

Going ahead, we expect net sales of the company to grow at CAGR of 15.6% during FY08-11E and the net profit at a CAGR of 14% during FY08-11E. It is expected to report a net sale of Rs 10,655mn, Rs 11,828mn and Rs 14,494mn in FY09, FY10 and FY11 respectively. Accordingly, net profit is expected to be of Rs 1,190mn, Rs 1,412mn and Rs 1,663mn in FY09, FY10 and FY11 respectively. The decent revenues and profit growth would support healthy growth in EPS. We expect the company to report an EPS of Rs 17.2 in FY09, Rs 20.4 in FY10 and Rs 24.0 in FY11.

Exhibit 13: Net sales & PAT expected to grow at a CAGR of 15.6% & 14% respectively during FY08-11E



Source: Company, KSBL Estimates

Net profit for FY09 expected to show 5.5% growth due to higher depreciation & interest cost

Net profit of the company is expected to grow merely 5.5% for FY09 due to higher depreciation & interest cost. The depreciation cost in FY09 is expected to increase by 23.4% (YoY) to Rs 932mn on account of capacity addition of 15,000 tpa paper production and expansion of pulp production to 800 tonnes per day (tpd) from 520 tpd. At the same time, interest cost is expected to increase by 58.7% (YoY) to Rs 384.8mn due to increase in term loan raised for capacity addition. We believe that higher capacity utilisation led by higher demand of printing & writing paper and increase in operating profit would help the company to show the net profit growth of 18.7% and 17.8% for FY10 and FY11 respectively.

Investment Concerns

Increasing cost of energy and fuel: Paper Industry is energy intensive. The spiraling costs of energy and fuel would be the cause of concern for the company. If the oil and coal price keep on increasing, then basic cost of production and transportation is bound to increase. The increasing realisation of printing and paper is expected to hedge the risk. On the other hand, TNPL continues to focus on detailed energy savings measures at the plant levels to overcome this risk.

Foreign Exchange fluctuations: TNPL's products are well received globally. The company has reported export sales of Rs 1466mn from wood-free printing and writing paper which constituted 15.6% of revenue during FY08. At the same time, the company imports the plant and machinery and raw materials. Thus, fluctuations in the rate of conversion of foreign exchange will have an impact on the performance and profitability of the company.

Threat from import: Global companies enjoy better economies of scale and are placed better in terms of availability of raw material. China has emerged as a major player in the global paper industry. In the future, it may focus on other Asian markets including India, following the recent US decision to levy anti-dumping duties on Chinese imports to US. With India witnessing strong demand, a number of foreign players may desire to export to India. However, the landed cost of imports has been subject to a significant premium over the domestic price which is making imports unviable except for some speciality papers.

Exhibit 14: Domestic and import parity	Coated Paper	Uncoated Paper
Exchange Rate (US$)	47	47
Custom duty	10%	10%
FOB (Rs per tonne)	44650	39950
Freight insurance and handling (Rs per tonne)	2455.75	2197.25
CIF	47105.75	42147.25
Import Duty	4710.575	4214.725
Total	**51816.325**	**46361.975**
CVD @4%	2073	1854
Surcharges @3%	1554.5	1390.9
Importers Margin @5%	2591	2318
Landed Cost (Rs per tonne)	**58034**	**51925**
Domestic Price (Rs per tonne)	53000	48000
Premium/ (Discount) to domestic prices	**5034**	**3925**

Source: Company & Karvy Research

Availability of raw materials: The Indian paper Industry faces biggest challenge in inadequate availability of raw materials. This in turn eludes the companies from the benefits of economies of scale. However, to an extent the issue has been managed through expanding the raw material base by way of farm forestry and captive plantation schemes.

Company Background

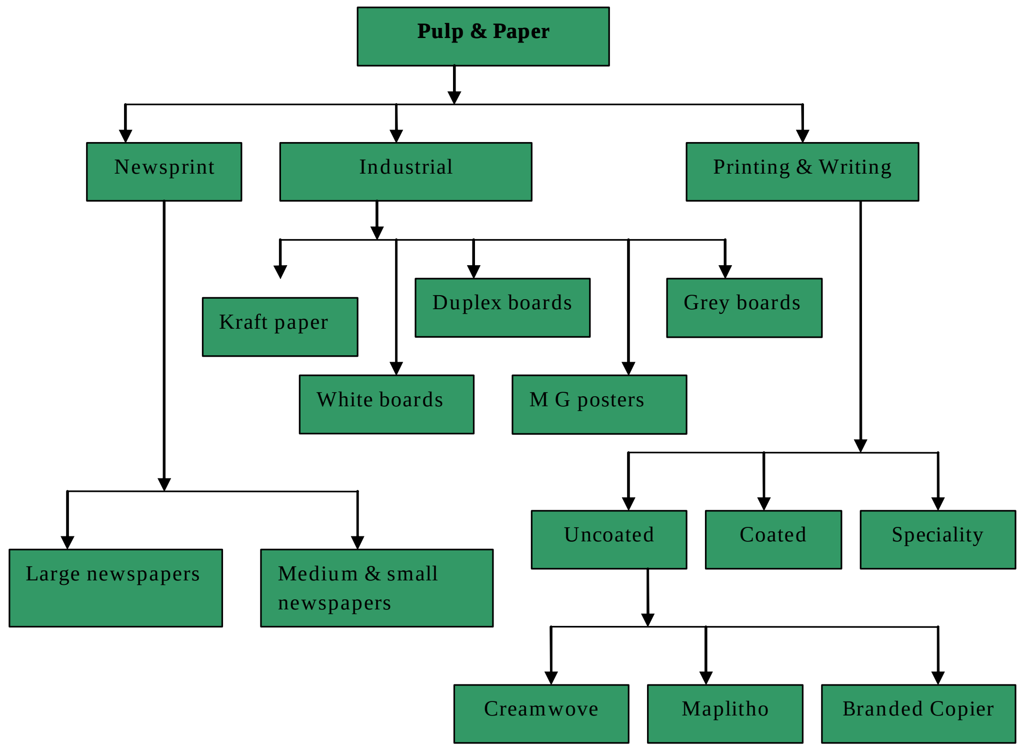
Tamil Nadu Newsprints and Paper has been promoted by the Government of Tamil Nadu in 1979. It is involved in manufacturing of printing & writing paper and newsprints. The company is flexible to produce printing & writing paper and newsprints. Currently, it is producing printing & writing paper only. The product range of the company includes business stationary, classical writing, computer stationary, newsprint, premium printing, quality printing. The company manufactures a range of high-quality, surface-sized maplitho paper to suit any kind of printing, sheet-fed or web offset. It is the market leader in computer stationary and the largest exporter of wood-free paper. The company pioneered the concept of using Bagasse-sugarcane waste as a raw material for manufacturing paper specially newsprint. It has been exporting paper and paper products to Nigeria, South Africa, Kenya, Sudan, Egypt, Yeman, UAE, Turkey, Jordan, Philippines, Indonesia, Singapore and Australia.

The company has paper production installed capacity of 245,000 tpa. The company has initiated work for implementing the second phase Mill Expansion (MEP) Plan by adding a new Paper Machine (PM 3). After second phase MEP, TNPL installed capacity will increase to 400,000 tpa. The additional capacity will be available from June 2010. The company has installed bio-methanation plant in August 2003. The methane gas is used in the lime kiln as a fuel which has replaced the usage of furnace oil. The project has been registered under clean development mechanism with UNFCCC (United Nations Framework Convention on Climate Change) for availing carbon credit.

Appendix

1. Paper Industry structure

Exhibit 15:

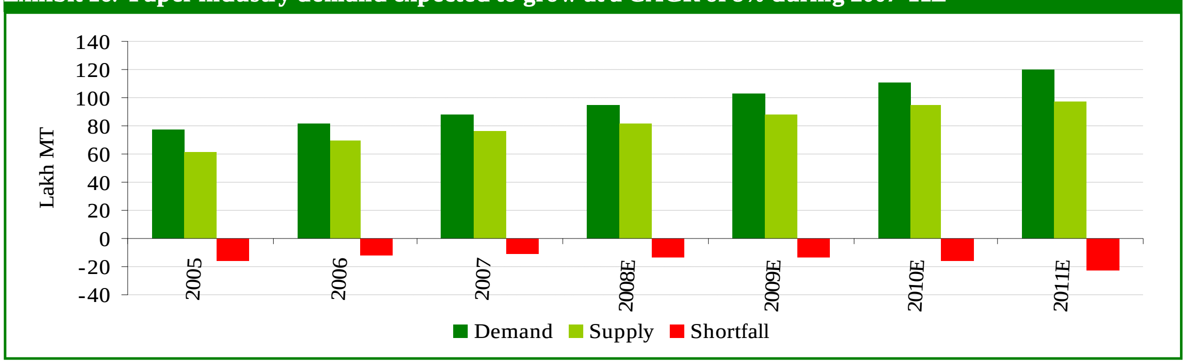


Source: Company, nmcc-vikas.gov.in, Note: TNPL produces Newsprint & Uncoated printing & writing papers only

2. Paper sector expected to grow on account of gaining importance of the education sector, increasing literacy rate and advertisements

The demand for paper is expected to grow at a CAGR of 8% during FY07-11E. The per capita consumption of paper in India was around 7.8 Kg in 2007 and is expected to reach at 8.3 Kg, 8.8 Kg, 9.4 Kg and 10 Kg in 2008, 2009, 2010 and 2011 respectively. Gaining importance of the education sector, increasing literacy rate in India, increasing advertisements and growing demand for high quality paper are driving the growth in this sector. The increasing use of paper bags over plastics is also contributing towards the growth.

Exhibit 16: Paper industry demand expected to grow at a CAGR of 8% during 2007-11E



Source: CMIE, RBI Annual reports, Media reports, Karvy estimates

2a. Paper demand expected to reach 12mn metric tons per annum in 2011

During 2007, the Indian paper industry witnessed steady growth in demand and higher operating rate of 94% (Source: RBI). We assume the capacity utilisation of the sector for estimation of supply will peg at 94% moving ahead on the back of availability of raw material as many companies are setting up their own pulp production plant. Our estimates regarding the demand of paper is based on assumption of population growth of 1.5% (YoY) and per capita consumption of paper growth of 6.5% (YoY). The total demand for paper is estimated to be 8.8 mn metric tons per annum (MTPA) in 2007 and it would increase to 9.5mn, 10.2mn, 11mn, and 12mn metric tons per annum (MTPA) in 2008, 2009, 2010 and 2011 respectively.

India is amidst structural changes with increasing urbanisation, better penetration of education, surge in disposable incomes and change in consumption patterns. This is expected to create a higher demand for paper. The steady growth in paper consumption is expected to accompany by a shift to higher quality papers generated by increasing office automation, an expansion in high-speed offset printing and the substitution of traditional packing materials such as jute and wood by paper (especially in the agricultural and export sectors).

The increasing preference for lower weight and brighter papers of Industrial paper segment will boost the demand for upstream market paper products like tissue paper, tea bags, filter paper, light weight online coated paper and medical grade coated paper. The requirment of high quality packaging paper for exports will give thrust to duplex board demand.

Exhibit 17: Paper demand statistics	2005	2006	2007	2008E	2009E	2010E	2011E
Per capita consumption of paper (Kg)	7.0	7.3	7.8	8.3	8.8	9.4	10.0
Growth (%) in per capita consumption		4.2%	6.2%	6.5%	6.5%	6.5%	6.5%
Indian Population (mn)	1,096	1,114	1,131	1,147	1,164	1,182	1,199
Growth (%)		1.6%	1.5%	1.5%	1.5%	1.5%	1.5%
Total Paper demand (mn MT)	7.7	8.1	8.8	9.5	10.2	11.1	12.0
Growth (%)		5.8%	7.8%	8.1%	8.1%	8.1%	8.1%

Source: Census of India 2001,National Sample Survey Organisation (NSSO), Indian Paper Manufacturers Association (IPMA),Karvy estimates

2b. Current capacity expansion plan- no threat of oversupply

The planned capacity expansion is brownfield as well as greenfield in nature. The modernisation and capacity expansion plans of six major companies - Ballarpur Industries, West Coast Paper Mills, Tamil Nadu Newsprint & Papers, Hindustan Newsprint, Emami Paper Mills and Nagaland Pulp and Paper and others will create additional capacities of 12 lakh tonnes by 2009-10. Of these 5.9 lakh tonnes are expected to be commissioned by November 2008. These companies are actively enhancing captive plantation and contract farming to become more self-reliant in terms of pulp requirement for expanded capacities. With these initiatives, the companies are expected to get the required raw material availability. Andhra Pradesh Paper Mills, Hindustan Paper Corporation, ITC and Whitefield Paper are into greenfield projects. Additional capacity of around 2 lakh tonnes and 7.5 lakh tonnes is expected to be created by these projects by 2010 and end of March 2011 respectively. Inspite of huge capex in line, we do not expect any threat of oversupply. The incremental supply is likely to be absorbed by growing demand. We expect the demand supply mismatch would continue going forward. And a tight demand supply situation in the domestic market coupled with a similar international scenario resulted in an uptrend in prices.

Exhibit 18: Brown field Capacity expansion			
Company	**Existing capacity (Lakh tonnes)**	**Additional capacity (Lakh tonnes)**	**Completion**
West Coast Paper Mills	1.75	1.45	Mar-09
Ballarpur Industries Ltd.	4.8	1.9	Nov-08
Century Pulp & Paper	0.9	0.36	Nov-08
Ballarpur Industries Ltd.	4.8	1.4	Jun-09
Rainbow Papers Ltd	1.2	1.98	Sep-08
Tamil Nadu Newsprint & Papers	2.5	1.5	June-10
Hindustan Newsprint	1	1.7	Nov-08
Emami Paper Mills	1.5	1.5	2009-10
Nagaland Pulp & Paper.	0.33	0.27	Sep-09
Total	18.78	12.06	

Source: CMIE

Exhibit 19: Greenfield paper projects		
Company	**Capacity (Lakh tonnes)**	**Completion**
Hindustan Paper Corporation	3	2009-10
Andhra Pradesh Paper Mills	2.5	2009-10
ITC	2	2010-11
Whitefield Paper	2	May-09
Total	9.5	

Source: CMIE

3. Global paper market

The global paper market is dominated by North America, Europe and Asia. The global paper and paperboard consumption is estimated at around 365 mn metric tons (MT) and it is expected to increase to 402 mn MT by 2010. The Asian paper market is growing at higher rate in comparison with North America and Europe. The Asian paper and paperboard consumption out of total consumption in global has risen to 35% from the 32% in 2005. It is expected that this share would grow further. It is expected that the share of mature markets like North America and Europe would decrease to around 50% by 2010.

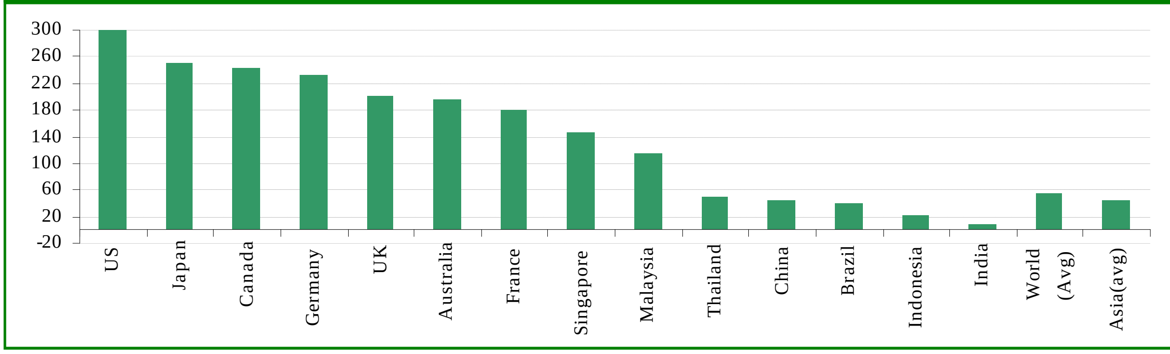
The export opportunity for Europe and United States of America is decreasing due to higher growth in Asian paper production. Consequently, Asian manufacturer particularly from China has started to enter Western markets. The Asian player is getting lower manufacturing cost advantage in comparison with Western countries due to lower labour cost. This is creating intense competition in Global paper market. The European industry has been dismantling overcapacity by shutting down unprofitable mills. Over 5% of the production volume in Europe has been closed down since 2005. Indian paper manufacturers also have cost advantage due to adequate availability of human resource at competitive prices. Moving ahead, there is good scope for increasing export of writing & printing paper from India.

4. Lower per capita consumption-an opportunity for Indian player

Asia's principal markets for paper production and consumption are Japan, China, India, Malaysia, Singapore and Thailand. Japan enjoys the highest per capita consumption of over 250 kg in Asia, followed by Singapore of over 145 kg. The developed countries like US, Canada, Germany and UK enjoys higher per capita consumption of 300 Kg, 243Kg, 233Kg, and 202Kg respectively. China's per capita consumption is at 45 kg whereas India's per capita consumption was merely 7.8 kg in

2007. The world average per capita consumption is around 56 Kg whereas Asian average pegged at 46 Kg. We believe that there is substantial growth potential left for increasing paper consumption in India. The increasing per capita income and social development in terms of increased education levels is expected to boost the paper consumption in India.

Exhibit 20: Per capita consumption



Source: Company, KSBL Estimates

Profit & loss statement

Rsmn	FY07	FY08	FY09E	FY10E	FY11E
Net Sales	8,548.4	9,385.3	10,655	11,828	14,494.0
% growth	10.2	9.8	13.5	11.0	22.5
Raw material Consumed	2,518.0	2,808.6	2,948.4	3,199.2	3,894.5
Power and fuel	1,846.5	1,944.7	2,386.1	2,687.1	3,470.8
Staff Cost	637.8	681.1	735.2	792.5	869.6
Adminstrative & Selling Expenses	653.7	649.0	713.9	774.7	898.6
Operational & Other Expenses	1,025.1	984.7	1,204.5	1,356.2	1,515.1
Total Expenditure	6,681.1	7,068.1	7,988.2	8,809.7	10,648.6
EBITDA	1,867.3	2,317.2	2,666.9	3,018.2	3,845.4
% growth	17.8	24.1	15.1	13.2	27.4
EBITDA margin (%)	21.8	24.7	25.0	25.5	26.5
Other income	255.6	311.3	374.5	442.3	543.0
Interest	205.2	242.5	384.8	339.1	792.1
Gross Profit	1,917.6	2,386.0	2,656.6	3,121.4	3,596.3
% growth	16.9	24.4	11.3	17.5	15.2
Depreciation	667.3	755.4	932	1,074.4	1,185.5
Profit Before Tax	1,250.3	1,630.6	1,724.7	2,047.0	2,410.8
% growth	23.2	30.4	5.8	18.7	17.8
Tax	389.6	502.3	534.7	634.6	747.3
Effective tax rate (%)	31.2	30.8	31.0	31.0	31.0
Profit after Tax	860.6	1,128.3	1,190.1	1,412.5	1,663.4
% growth	6.9	31.1	5.5	18.7	17.8
Net Profit margin(%)	10.1	12.0	11.2	11.9	11.5
Extraordinaries	0.0	0.0	0.0	0.0	0.0
Reported Net Profit	860.6	1,128.3	1,190	1,412	1,663
% growth	6.9	31.1	5.5	18.7	17.8
EPS(Rs)	12.4	16.3	17.2	20.4	24.0
% growth	6.9	31.1	5.5	18.7	17.8
DPS (Rs)	4.0	4.5	5.0	6.0	7.0
Payout (%)	32.2	27.6	29.1	29.4	29.1

Balance sheet

Rsmn	FY07	FY08	FY09E	FY10E	FY11E
Equity	693.8	693.8	693.8	693.8	693.8
Reserves	5,070.6	5,706.3	6,491.5	7,418.1	8,514.7
Net worth	5,764.3	6,400.1	7,185.3	8,111.9	9,208.5
Share Options					
Short-term Loans	736.5	1,569.3	1,811.4	2,129.0	1,594.3
Long-term Loans	4,857.5	3,955.1	4,539.1	8,370.1	6,877.5
Total Loans	5,594.0	5,524.4	6,350.5	10,499.1	8,471.9
Deferred tax liability	1,528.4	1,883.5	2,301.6	2,666.1	2,844.0
Total Liabilities	12,886.7	13,808.0	15,837.4	21,277.1	20,524.4
Fixed Assets					
Gross Block	15,143.6	18,609.1	22,519.1	27,896.2	30,763.0
Depreciation	7,959.4	8,680.0	9,613.4	10,689.4	11,876.7
Net Block	7,184.3	9,929.1	12,905.7	17,206.8	18,886.3
Capital work-in-progress	4,595.2	2,907.0	1,291.8	2,830.2	216.5
Long-term Investments	11.4	11.4	11.4	11.4	11.4
Inventories	1,563.8	1,472.6	1,627.9	1,807.0	2,214.4
Debtors	1,053.3	985.6	1,124.7	1,248.5	1,529.9
Cash	190.0	230.4	270.9	328.8	309.5
Liquid Investments	0.0	160.1	160.1	160.1	160.1
Loans & Advances	871.9	1,216.4	1,358.5	1,419.3	1,739.3
Total Current assets	3,679.1	4,065.3	4,542.1	4,963.8	5,953.2
Total Current liabilities	2,583.2	3,104.8	2,913.6	3,735.1	4,543.0
Sundry creditors	76.4	91.2	92.3	101.2	120.2
Other current liabilities	2,009.1	2,253.9	2,276.4	2,900.2	3,554.3
Provisions	497.7	759.7	544.9	733.7	868.5
Net current assets	1,095.9	960.5	1,628.5	1,228.7	1,410.2
Total Asset	12,886.7	13,808.0	15,837.4	21,277.1	20,524.4

Ratios

Particulars	FY06	FY07	FY08	FY09E	FY10E
ROCE (%)	13.0	12.8	14.0	15.2	16.8
ROE (%)	16.3	15.7	18.6	17.5	18.5
Debt/Equity (x)	0.6	1.0	0.9	0.9	1.3
Interest cover (x)	4.7	5.8	6.4	4.5	5.7
Raw material/Sales (%)	30.5	29.5	29.9	27.7	27.0
Staff Expenses (%)	6.7	7.5	7.3	6.9	6.7
Adminstrative ansd selling exp/Sales(%)	8.4	7.6	6.9	6.7	6.6
Operating and other Exp/Sales (%)	12.3	12.0	10.5	11.3	11.5
Net margin (%)	10.4	10.1	12.0	11.2	11.9
Inventory Days	56.4	65.9	56.5	55.0	55.0
Debtor days	59.3	44.4	37.8	38.0	38.0
Creditors Days	11.2	7.8	8.7	8.0	8.0
Cash & bank/share (Rs)	2.9	2.7	3.3	3.9	4.7

Cash flow

Rsmn	FY07	FY08	FY09E	FY10E	FY11E
EBIT	1,199.9	1,561.8	1,735.0	1,943.8	2,659.8
(Inc.)/Dec in working capital	558.1	336.0	-627.6	457.7	-200.8
Cash flow from operations	1,758.0	1,897.8	1,107.5	2,401.5	2,459.0
Other income	255.6	311.3	374.5	442.3	543.0
Depreciation	667.3	755.4	931.9	1,074.4	1,185.5
Interest paid (-)	-205.2	-242.5	-384.8	-339.1	-792.1
Tax paid (-)	-389.6	-502.3	-534.7	-634.6	-747.3
Deferred Tax	-19.2	355.1	418.1	364.5	177.9
Dividends paid (-)	-321.0	-329.8	-404.9	-485.9	-566.8
Net cash from operations	1,745.9	2,244.9	1,507.6	2,823.1	2,259.3
Capital Expenditure (-)	-4,264.0	-1,777.3	-2,294.8	-6,915.5	-253.0
Net cash after capex	-2,518.1	467.6	-787.1	-4,092.4	2,006.2
Inc./(Dec.) in short-term borro	-433.8	832.7	242.1	317.7	-534.7
Inc./(dec.) in long-term borro	2,946.4	-902.4	584.0	3,831.0	-1,492.5
Inc./(dec.) in borrowings	2,512.7	-69.6	826.1	4,148.6	-2,027.2
(Inc.)/Dec. in Investments	0.0	-160.1	0.0	0.0	0.0
Inc./(Dec.) in Preference Capital	0.0	0.0	0.0	0.0	1.0
Equity issue/(Buyback)	0.0	0.0	0.0	0.0	0.0
Cash from Financial Activities	2,512.7	-229.7	826.1	4,148.6	-2,026.2
Others and Extraordinary Item	-6.6	-197.4	1.5	1.6	0.7
Opening cash	202.1	190.0	230.4	270.9	328.8
Closing cash	190.0	230.4	270.9	328.8	309.5
Change in Cash	-12.1	40.4	40.5	57.8	-19.3

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Stock Ratings		Absolute Returns	Stock Ratings		Absolute Returns
Buy	:	> 25%	Market Performer	:	0 - 15%
Out Performer	:	16 - 25%	Under Performer	:	< 0%
Sell	:	<(25%)			

Karvy Stock Broking Limited

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