

ANTIQUE'S MORNING PRESENTATION

FROM THE RESEARCH DESK

POST CONFERENCE NOTE

EN'LIGHT'EN UP!!

Opportunities amid chaos!

MANAGEMENT MEET UPDATE

Tech Mahindra Limited

Dominance in telecom, increasing penetration levels in enterprise to drive growth

Global News

- U.S. stocks rose as data showed improvement in the job market and companies including Union Pacific Corp., Johnson Controls Inc. and Ace Ltd. said they would repurchase shares.
- Asian stocks rose, with the benchmark regional index climbing for the first time in four days, as the yen weakened against the dollar, boosting the earnings outlook for Japanese exporters.

Sector & Corporate News

- **RBI:** The Reserve Bank of India (RBI) said on Thursday it would focus on the monitoring of banks' asset quality and help improve the poor debt recovery process in the country, underlining the central bank's growing discomfort with rising bad loans.
- **Finance Minister:** India will close the special concessional swap rate offered to lenders raising funds abroad on November 30, according to the text of the speech Finance Minister P. Chidambaram gave in Singapore earlier on Thursday.
- **Cadila Pharmaceuticals:** Cadila Pharmaceuticals has launched a new drug, Mycidac-C, for lung cancer. It will be available in India by December. The company plans to sell the drug abroad, including the US, Europe and Africa
- **Essar Shipping:** A vessel owned by Essar Shipping carrying iron ore bound for China was arrested in Singapore on Sunday due to a dispute with a bunker fuel supplier, according to sources and the city-state's Supreme Court website.
- **Jai Corp:** Kai Corp Ltd, which has interests in developing special economic zones and infrastructure, said one of its promoters, Laxmi Jain, has raised stake in the firm by 3.5% for INR 366.4m.

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	16,010	0.7	22.2
NASDAQ	3,969	1.2	31.5
FTSE	6,681	0.0	13.3
CAC	4,254	(0.3)	16.8
DAX	9,196	(0.1)	20.8
Russia	1,428	0.2	(6.5)
Bovespa	52,688	(0.7)	(13.6)
Nikkei	15,490	0.5	51.1
Hang Seng	23,580	(0.5)	4.1
Shanghai Composite	2,206	(0.0)	(2.8)

Indian Indices	Closing	% Chg	% YTD
Sensex	20,229	(2.0)	4.1
Nifty	5,999	(2.0)	1.6
MSCI India	382	(2.5)	(11.3)
CNX Midcap	7,444	(1.7)	(12.5)
BSE Smallcap	5,991	(0.9)	(18.8)

Flows (USDm)	Prev. Day	MTD
FII	17	1,213
Locals	(13)	(225)

Provisional flows	(USDm)
FIIs	(10)
Locals	(103)

Volumes	USDbn	% Chg
Cash (NSE + BSE)	1.9	(10.6)
F&O (net)	34.6	28.9

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(42)	(189)
Open Int (%)	0.8	0.4

ADR/GDR Losers	Last	% Chg
SBI	55.7	(3.2)
Ranbaxy	6.5	(2.7)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	11,987	(1.0)	(0.7)	4.9
BSE Bank	12,222	(2.5)	(6.6)	(14.8)
BSE Cap Goods	8,958	(2.4)	(2.1)	(17.6)
BSE Cons dur	5,586	(1.4)	(11.4)	(27.6)
BSE FMCG	6,405	(1.9)	(6.0)	8.3
BSE IT	8,377	(1.6)	(1.2)	47.4
BSE Health	9,452	(1.3)	(1.6)	16.2
BSE Metal	9,131	(1.8)	(0.5)	(17.5)
BSE Oil	8,362	(1.7)	(6.4)	(1.8)
BSE Power	1,569	(2.1)	(2.2)	(21.2)
BSE PSU	5,590	(2.0)	(3.7)	(23.8)
BSE Realty	1,319	(2.3)	(1.8)	(37.5)
BSE TECK	4,725	(1.7)	(1.9)	37.8

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Maruti Suzuki India Ltd	1,647	(0.2)	0.7	10.5
Power Grid Corp Of India Ltd	93	(0.4)	(7.8)	(18.6)
Cairn India Ltd	317	(0.4)	0.3	(0.6)
Tata Steel Ltd	383	(0.6)	14.2	(10.7)
Dr. Reddy'S Laboratories	2,410	(0.7)	(1.9)	31.7
Tata Motors Ltd	383	(0.7)	0.5	22.5
Hero Motocorp Ltd	1,997	(0.8)	(3.9)	5.1

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Indusind Bank Ltd	403	(4.1)	(9.6)	(3.4)
Axis Bank Ltd	1,086	(4.0)	(11.2)	(19.9)
Sesa Sterlite Ltd	179	(4.0)	(11.2)	(8.3)
Punjab National Bank	518	(3.8)	(4.9)	(40.6)
Ambuja Cements Ltd	171	(3.4)	(9.2)	(14.8)
Dlf Ltd	145	(3.4)	(4.2)	(37.0)
Jaiprakash Associates Ltd	47	(3.3)	(2.3)	(52.0)

Bulk Deals

Date	Security Name	Client Name	Buy/Sell	Qty	Price
21-Nov-13	Kirloskar Oil Engines	Amansa Holdings Private Limited	SELL	2,339,995.00	163.50
21-Nov-13	Kirloskar Oil Eng Ltd	Kirloskar Industries Limited	BUY	1,219,512.00	163.46
21-Nov-13	Kirloskar Oil Engines	Nalanda India Fund Limited	BUY	892,076.00	163.35
21-Nov-13	Uttam Galva	Eriska Investment Fund Ltd	BUY	2,100,000.00	68.50
21-Nov-13	Uttam Galva	Ipro Funds Limited	SELL	2,100,000.00	68.50
21-Nov-13	Picturehouse Media	Southfield Energy Projects Private Limited	BUY	3,499,650.00	33.00

Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Adani	2,731,635	4567%	(3.31)
NMDC	2,195,624	139%	(0.80)
IT	1,372,689	138%	(2.91)
Axis Bank	1,194,834	135%	(3.99)
Ranbaxy	1,070,899	132%	(1.96)
Nestle	58,367	113%	(1.03)
Infosys	785,436	109%	(1.70)
SBI	1,040,321	102%	(1.82)
Kotak Bank	352,891	80%	(2.93)
Idea	3,835,973	71%	(0.17)

Derivatives Update

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
BANKINDIA	214	(5.5)	6.5	5,591
LICHSGFIN	210	(4.9)	5.0	9,716
SSLT	180	(4.2)	7.9	22,940
AXISBANK	1,089	(4.1)	10.5	7,093

Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
AUOPHARMA	276	0.5	(0.9)	13,568

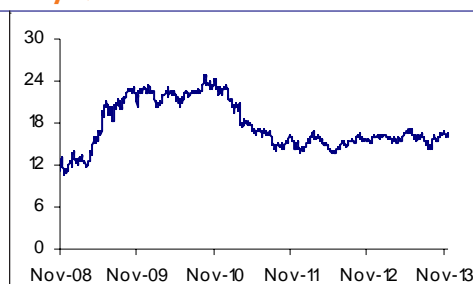
Profit Booking

Company	Last	% Chg	% Chg OI	OI (in 000)
IBREALEST	68	(4.4)	(2.5)	24,544
UCOBANK	74	(3.6)	(4.2)	15,408
YESBANK	355	(3.2)	(3.6)	14,299
RELCAPITAL	357	(3.0)	(6.2)	5,898

Nifty



Nifty P/E



Nifty P/B

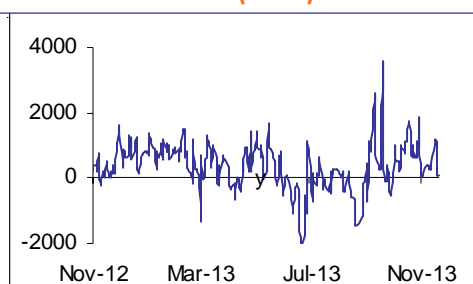


Source: Bloomberg

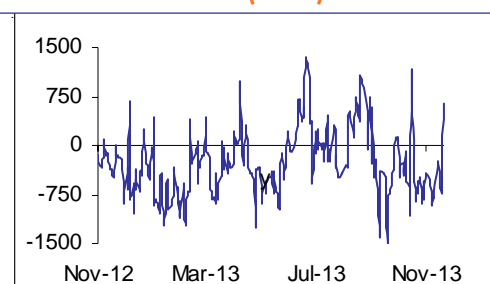
Sensex



FII Provisional Flows (INRcr)



DII Provisional Flows (INRcr)



Source: Bloomberg

Economy, Money & Banking

Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	62.9	(0.6)	(2.3)	(12.6)
INR~EUR	84.5	0.1	(0.6)	(14.2)
INR~GBP	101.4	(0.4)	(2.8)	(12.3)

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	9.1	4	45	103
Interbank call	8.7	10	-	(30)

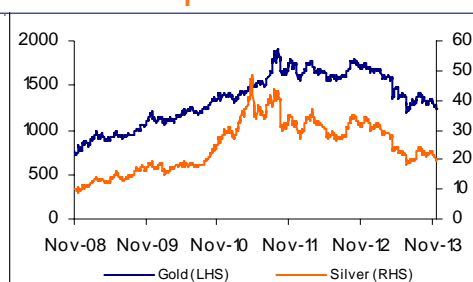
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,244	0.0	(6.0)	(25.8)
Crude Oil (\$/Bbl)	95	(0.2)	(1.4)	2.2
Aluminium (\$/t)	1,739	0.2	(4.2)	(14.8)
Copper (\$/t)	7,024	0.5	(3.0)	(11.2)
Zinc (\$/t)	1,862	0.1	(3.0)	(9.2)
Lead (\$/t)	2,068	(0.4)	(4.3)	(10.7)
Nickel (\$/t)	13,360	(0.7)	(8.2)	(21.4)

INR/USD



Gold and silver prices

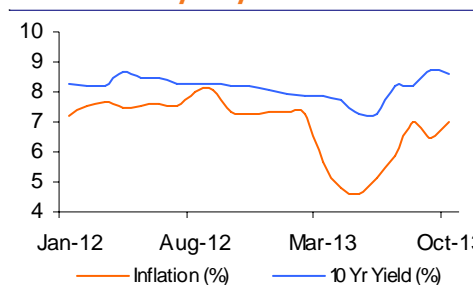


Crude prices

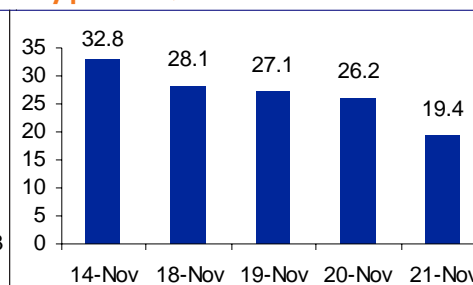


Source: Bloomberg

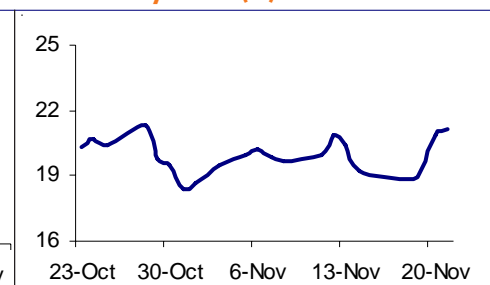
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

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EN'LIGHT'EN UP!!**INDIA POWER WEEK**

Singapore & Hong Kong
11th to 15th Nov. 2013

Participants:**Shri P. Umashankar**

Former Power Secretary

NTPC**PGCIL****Rural Electrification Corp****Avantha Power****POST CONFERENCE NOTE****EN'LIGHT'EN UP!!****Opportunities amid chaos!**

Despite the worsening economic environment - falling GDP, weakening currency, rising interest rates, the Indian market has been holding on. In fact, the Indian market, after witnessing a sharp decline in Aug-13, has been the best performing among emerging markets in the last few months. Though the market rally was largely restricted to IT, pharmaceuticals, and a few select stocks in the early part of the year, the past few months have seen performance in a few beaten down sectors like industrials and public sector undertakings. This forces us to believe that Indian equities as a class haven't lost its charm, especially for FIIs. Whenever any industrial pocket shows signs of sustained growth, it attracts meaningful investor interest.

There are reasons for this new found optimism. Despite the continuing weakness in the economy, the optimism is led by a change of guard at the Reserve Bank of India, possible stability at the Centre post general elections, and the government's concerted effort to bring about substantial reforms such as increasing diesel prices and raising foreign direct investment limits in several key sectors. However, stress in the government's fiscal situation and rising interest rates continue to remain key risk for Indian equities though.

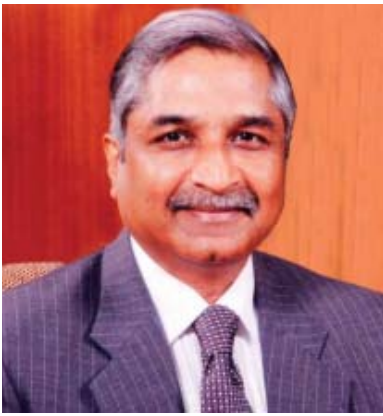
There is another significant change. At the beginning of 2013, there was a huge buzz about an industrial recovery and possibility of interest rate cuts despite clear signs of weakness in the economy. However, that was not to be. So, the bet on cyclicals, public sector banks, and high beta sectors failed. Today, as we near the end of 2013, we sense similar feelings, though towards the other extreme. The broad consensus is that India will take much longer to emerge from its prevailing gloom. There is policy paralysis and the executive and business class is dead set against the government. Since the story doesn't seem to be ending, that is where we believe opportunity exists.

A favorable political outcome (stable government sector), additional reforms and government's focus on accelerating investments (noteworthy work is being done by the Cabinet Committee of Investments), the focus will shift to investment theme-based sectors.

In this backdrop, we feel it is appropriate to showcase India's largest power utilities and financiers, who have seen a significant de-rating in the past few years, to investors. We hosted NTPC, Power Grid Corporation of India, Rural Electrification Corporation, and Avantha Power, led by former Power Secretary P Umashankar, in Hong Kong and Singapore over November 11-15, 2013 to celebrate 'India Power Week'. In a highly successful week, we met a large number of leading investors.

Though investors continue to be wary about the various issues facing India, there is growing interest in large and well-managed infrastructure companies. It is about time investors meaningfully increase exposure to these sectors.

We continue to be positive on state-run utilities like NTPC and PGCIL. We expect NTPC to post accelerated earnings growth on the back of improving plant availability factor (PAF) and fuel security. Similarly, PGCIL and REC, though facing near-term headwinds, continue to remain our preferred power plays. We have also showcased Avantha Power which ranks among the most impressive new generation power utilities.



EXPERTS SPEAK

Shri P. Uma Shankar

Former Secretary - Ministry of Power, Government of India

Key takeaways

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- The blanket term 'stranded assets' used for major projects under construction is not true as the Cabinet Committee of Investments has taken up projects worth INR17trn for quick, single-window clearance. Under this committee, fuel supply agreements for 70GW out of the 78GW under construction in the 12th Five Year Plan have been signed. He emphasised that projects, where letter of agreements are not in place, will struggle to garner fuel security. He expects Coal India to increase production at 7-8% per year to meet the country's growing coal demand even as coal imports become a reality. He mentioned that stagnation of coal production in the last two years was due to Comprehensive Environmental Pollution Index, go and no-go areas, and naxal-related issues. After the change in the go and no-go policy, things have started progressing.
- The power demand situation in India is expected to improve in the next six months as the financial restructuring package concludes and milestone-based measures to reduce losses commence. Uma Shankar said the 2013 restructuring is very different from the earlier ones as this time generating companies have not participated in loss-funding but states have been made liable for it. In the recent FRP for restructuring of state electricity boards, states have been made liable for losses incurred by SEBs. Bonds will have to be issued by state governments for 50% of short-term loans on SEB books and the remainder will have to be restructured. Tariff hikes have been undertaken by all states for FY13 and by 17 states in FY14. Also, milestone-based funding for restructuring with thrust towards achieving 100% metering and lower aggregate technical and commercial losses. The FRP being a State Cabinet approved program for the next 10 years will lead to higher fiscal and operational responsibility by states. A committee of bankers will closely monitor the operational efficiency measures undertaken by SEBs, based on which yearly funds will be disbursed.
- He expressed concern on political interference in tariff revisions and how the current FRP, which is being passed as a bill, will lead to political indifference.
- As 2003-07 saw a run up in commodity prices, resource allocation was a new concept for the India economy. As systems come into place for resource allocation, this should put to rest the recent controversies on coal and other related issues. Also, political pressures and corporate race to garner coal blocks led to misallocation of mining rights. Policy paralysis was also on account of entrepreneurs wanting to breach the legal system and reap extra profits. He expects processes to become much more prudent going forward.
- The most obvious question asked by investors was his view on the 2014 general elections. Contrary to a Modi-fied regime, he feels there could be a fractured verdict with regional parties playing a greater role in government formation with the support of the Congress Party. According to him, Narendra Modi only stands a chance if the Bharatiya Janata Party wins more than 200 seats on its own.

Current Reco	: BUY
Previous Reco	: BUY
CMP	: INR150
Target Price	: INR185
Potential Return	: 23%

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Market data

Sensex	:	20,229
Sector	:	Utilities
Market Cap (INRbn)	:	1,238.5
Market Cap (USDbn)	:	19.7
O/S Shares (m)	:	8,245
52-wk HI/LO (INR)	:	167/121
Avg Daily Vol ('000)	:	4,097
Bloomberg	:	NTPC IN

Source: Bloomberg

Valuation

	FY13	FY14e	FY15e
EPS (INR)	15.3	13.1	14.6
PE (x)	9.8	11.4	10.3
P/BV (x)	1.5	1.4	1.3
EV/EBITDA (x)	8.9	8.7	6.8
Dividend Yield (%)	3.1	3.6	4.1

Source: Bloomberg

Returns (%)

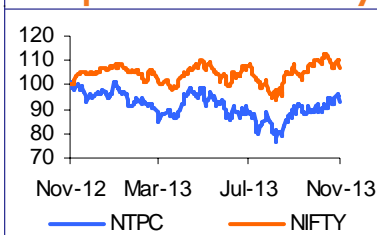
	1m	3m	6m	12m
Absolute	2	16	(0)	(6)
Relative	5	3	(1)	(15)

Source: Company, Antique

Shareholding pattern

Promoters	:	75%
FII	:	10%
DII	:	10%
Others	:	5%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg

POST CONFERENCE NOTE**NTPC Limited**

We see faster earnings growth for NTPC on the back of accelerated capacity utilisation and improved scenario for fuel availability. NTPC has achieved YTD PAF of 86.6% and expects it to improve further. New regulations to maintain the RoE approach will see NTPC continuing with 15.5% RoE as the cost of equity has increased significantly and G-Sec yields, which is a benchmark to the normative RoE, has increased 150bps over the last five years.

Improving outlook on the sector

Investors were concerned about low PLF for thermal stations due to backdowns by SEBs and coal availability issues. The company discussed some recent measures undertaken by the government to revive lost power demand: 1) FRP for SEB restructuring wherein states are made liable for losses incurred by the SEBs; issuance of bonds by state governments for 50% of short-term loans on SEBs' books and the balance to be restructured, 2) Tariff hikes undertaken by all states for FY13 and 17 states in FY14, 3) Milestone-based funding for restructuring with thrust towards achieving 100% metering and lower AT&C losses, and 4) Signing of FSAs to provide higher coal for plants constructed post 2009, leading to higher PLFs. The upcoming general elections will witness higher purchasing of electricity by SEBs, especially after bank funding resumes post the FRP.

Capacity addition scenario for NTPC

The company plans to add 14GW in the 12th Plan, of which it has added 4.7GW YTD (4.1GW in FY13 and 600MW in FY14). NTPC expects to commission 1.9GW/2.4GW/3.5GW/2.1GW in FY14/15/16/17, respectively. Commercial capacity addition target for FY14 remains 15.2GW with FY14-end target of 36.4GW. The company currently has 20GW under construction and is well placed for capacity addition in the 13th Plan as well.

Fuel availability

NTPC has long-term coal supply agreements with Coal India and Singareni Collieries Company to fuel its coal-based plants. Around 10 out of 16 coal plants (accounting for 76% of directly owned coal-fire capacity) are within 80 km of the coal mines and have their own merry-go-round rail system/belt conveyor system. Supplies for the other six plants are transported through the national railway system. In FY13, NTPC received 146mt of domestic coal and imported 9.1mt which is expected to improve going forward as it has signed pending FSAs with CIL for 9,620MW. Coal imports, which were lower in FY13, are likely to rise to 16mt in FY14. Of this, 7mt has been received in 1H, an order for 2.3mt has already been placed, and the balance is to be placed by Dec-13. NTPC is developing six coal blocks with an estimated geological reserve of over 3bn tonne. Due to change in the political guard in Jharkhand, the first coal mine Pakri-Barwadih had been delayed by a few months. The same is now on track and coal is expected to be mined in FY14 itself. Four new coal blocks has been allotted to NTPC with an estimated geological reserves of ~2bn tonne.

Plant availability and load factors

NTPC has achieved YTD PAF of 86.6% and expects it to improve further. Mouda has stabilised post restoration of the last mile rail link and has been operating at over 90% PAF. Coal availability at the new unit of Sipat has also improved as the LoA has been converted to FSA. The company expects PAF at Farakka and Kahalgaon to improve as the first consignment of imported coal through inland waterways have reached Farakka despite a small delay due to port clearance at Kolkata. For every 1% increase in PAF, NTPC earns INR1.8bn as incentives and hence higher incentive earnings are expected in FY15. The company expects PLF levels to improve from 76% in 2QFY14 due to the upcoming general elections.

New regulatory regime for FY15-19

Investors had concerns regarding any drastic changes in the new FY15-19 Central Electricity Regulatory Commission regulations which might impact earnings of central public sector undertakings. The company expects: 1) RoE-based approach to continue vs the RoCE-based approach, 2) Normative RoE to remain at current levels of 15.5% as G-Sec yields have firmed up 150bps over the comparable regime; hence, reduction seems difficult, 3) The company has pitched for retaining the tax grossing up benefit, 4) To restate operation and maintenance and water charges as current under-recovery is significant due to higher actual inflation than the normative level of 5.72%.

Valuation and View; Reiterate Buy

We expect NTPC's FY15 earnings to grow beyond the regulated equity growth of 8-9% due to:

- New regulations to maintain RoE-approach and will see NTPC continuing with 15.5% RoE as the cost of equity has increased significantly and G-Sec yields, which is a benchmark to normative RoE, has increased 150bps over the last five years
- As per our calculations, O&M under-recovery as in FY13 was INR16bn which will be restated. The new normative O&M inflation will be pegged to the Consumer Price Index/ Wholesale Price Index and not be a flat rate of 5.72%.
- We expect the tax grossing up benefit to go away for NTPC, affecting its earnings by INR8bn (2.5% of regulated equity). However, it will be more than compensated by O&M recovery of INR16bn (5% of regulated equity). Hence, the net benefit of INR8bn remains.

We expect the company to add 1.5/2GW in FY14e/FY15e. We have estimated coal-based PAF for FY14e/FY15e at 90%/92% as coal imports are set to increase with the easing of transportation bottlenecks at Farakka and Kahalgaon. Given the uncertainty of coal for most generating assets, NTPC remains one of our favoured entities to receive domestic coal. Higher coal imports will pull up earnings significantly. We maintain our Buy recommendation with a target price of INR185/share.

Financials

Profit and loss account (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Net revenues	574,911	658,933	709,835	796,231	888,077
Raw materials consumed	393,445	465,615	463,945	539,245	615,675
Cost of material and services	2,471	3,252	3,122	3,747	4,496
Staff costs	29,223	32,497	35,514	35,370	36,788
Selling and distribution expenses	29,210	38,816	45,214	47,023	36,887
Provisions	15,528	-	-	-	-
Total Expense	440,654	507,682	512,282	590,014	657,058
EBITDA	134,256	151,250	197,553	206,217	231,019
Depreciation & amortisation	27,197	31,071	38,232	51,992	58,339
EBIT	107,059	120,179	159,321	154,225	172,679
Other income	25,172	29,380	31,640	29,968	30,389
Financial expense	24,929	21,347	24,805	41,225	43,966
Exceptional items	16,621	3,161	16,021	-	-
PBT	123,924	131,373	166,155	142,969	159,103
Current tax	30,441	33,226	40,247	34,570	38,755
PAT	93,483	98,147	125,908	108,399	120,348
Attributable PAT	93,483	98,147	125,908	108,399	120,348
Basic EPS (INR)	11.3	11.9	15.3	13.1	14.6
Diluted EPS (INR)	11.3	11.9	15.3	13.1	14.6

Balance sheet (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Equity share capital	82,455	82,455	82,455	82,455	82,455
Reserves & surplus	601,981	660,303	729,955	786,729	848,229
Shareholder's funds	684,436	742,758	812,410	869,184	930,684
Minority interest	4,851	5,956	6,448	6,448	6,448
Debt	507,548	598,036	704,185	744,892	820,350
Other long term liab/prov	-	24,151	29,750	25,528	25,528
Deferred income	7,920	14,301	12,441	12,718	12,718
Deferred tax liability / (asset)	3,716	8,915	13,157	13,157	13,157
Capital employed	1,208,470	1,394,116	1,578,390	1,671,926	1,808,884
Gross fixed assets	792,095	888,815	1,138,032	1,393,279	1,527,438
Less: Accumulated depreciation	343,463	377,486	419,711	471,702	530,041
Net fixed assets	448,632	511,330	718,321	921,576	997,397
Capital work in progress	448,550	503,983	465,546	470,895	483,570
Long term loans and adv/ other assets	0	60,019	11,455	11,455	11,455
Investments	83,573	65,453	49,229	59,888	48,888
Inventory	39,108	41,779	45,758	51,242	56,952
Debtors	83,999	66,810	60,966	62,522	70,703
Cash & cash equivalent	178,598	180,917	187,381	191,032	237,596
Loans & advances and others	78,748	122,323	248,443	122,309	136,545
Current assets, loans & adv.	380,453	411,829	542,549	427,106	501,796
Creditors	124,388	124,574	135,826	136,646	151,873
Other liabilities & provisions	28,357	33,930	72,890	82,355	82,355
Current liabilities & prov.	152,744	158,504	208,716	219,001	234,227
Net current assets	227,709	253,325	333,832	208,105	267,568
Misc. expenses	6	6	6	6	6
Application of funds	1,208,470	1,394,116	1,578,390	1,671,926	1,808,884

Per share data

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Outstanding shares (m)	8,245.5	8,245.5	8,245.5	8,245.5	8,245.5
BVPS (INR)	83.0	90.1	98.5	105.4	112.9
CEPS (INR)	14.6	15.7	19.9	19.5	21.7
DPS (INR)	3.8	4.1	4.7	5.4	6.1

Source: Company, Antique

Key assumptions

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Commercialised Capacity	33,194	34,354	39,174	41,674	45,434
Coal - MW	25,875	27,035	30,855	32,355	34,425
Gas - MW	3,955	3,955	3,955	3,955	3,955
Hydro - MW					800
JV - capacity - MW	3,364	3,364	4,364	5,364	6,254
Yearly capacity addition - MW	2,060	1,160	4,820	2,500	3,760
Commissioned Capacity	34,194	37,014	40,174	42,674	46,434
Plant availability factor (%) Coal TPS	91.7	88.4	87.6	90.0	92.0
Plant availability factor (%) Gas TPS	92.6	93.8	93.1	94.0	94.0

Cash flow statement (INRm)

Year ended 31 Mar	2011	2012	2013e	2014e	2015e
PBT	123,924	131,373	166,155	142,969	159,103
Depreciation & amortisation	27,197	31,071	38,232	51,992	58,339
Interest expense	24,929	21,347	24,805	41,225	43,966
Interest / Dividend Recd	(25,172)	(29,380)	(31,640)	(29,968)	(30,389)
Other Adjustments	(7,495)	(54,651)	33,120	(7,216)	(8,542)
(Inc)/Dec in working capital	(6,568)	(23,298)	(74,043)	129,378	(12,900)
Tax paid	(30,441)	(33,226)	(40,247)	(34,570)	(38,755)
CF from operating activities	106,374	43,235	116,383	293,809	170,823
Capital expenditure	(159,517)	(149,201)	(206,787)	(260,595)	(146,835)
Net Investments	34,203	18,120	16,225	(10,660)	11,000
Income from investments	(24,929)	(21,347)	(24,805)	(41,225)	(43,966)
Other items	25,172	29,380	31,640	29,968	30,389
CF from investing activities	(125,071)	(123,048)	(183,729)	(282,511)	(149,411)
Inc/(Dec) in debt	66,063	90,488	106,149	40,707	75,458
Other items	2,061	1,105	492	-	-
Dividends & Interest paid	(31,358)	(33,612)	(38,430)	(44,131)	(50,307)
CF from financing activities	36,766	57,981	68,211	(3,425)	25,152
Net cash flow	18,068	(21,832)	865	7,873	46,563
Opening balance	160,530	178,598	180,917	187,381	191,032
Closing balance	178,598	156,766	181,782	195,255	237,596

Growth indicators (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Revenue	19.0	14.6	7.7	12.2	11.5
EBITDA	2.6	12.7	30.6	4.4	12.0
PAT	5.8	5.0	28.3	(13.9)	11.0
EPS	5.8	5.0	28.3	(13.9)	11.0

Valuation (x)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
PE	13.2	12.6	9.8	11.4	10.3
P/BV	1.8	1.7	1.5	1.4	1.3
EV/EBITDA	11.7	10.9	8.9	8.7	6.8
EV/Sales	2.7	2.5	2.5	2.2	1.8
Dividend Yield (%)	2.5	2.7	3.1	3.6	4.1

Financial ratios

Year ended 31 Mar	2011	2012	2013e	2014e	2015e
RoE (%)	13.7	13.2	15.5	12.5	12.9
RoCE (%)	8.9	8.6	10.1	9.2	9.5
Net Debt/Equity (x)	0.5	0.6	0.6	0.6	0.6
EBIT/Interest (x)	4.3	5.6	6.4	3.7	3.9

Margins (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Gross margin	26.5	24.4	29.6	27.8	26.5
EBITDA	23.4	23.0	27.8	25.9	26.0
EBIT	18.6	18.2	22.4	19.4	19.4
PAT	16.3	14.9	17.7	13.6	13.6

Source: Company Antique

Current Reco	: BUY
Previous Reco	: BUY
CMP	: INR95
Target Price	: INR127
Potential Return	: 34%

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Market data

Sensex	:	20,229
Sector	:	Utilities
Market cap (INRbn)	:	432
Market cap (USDbn)	:	7
O/S Shares (m)	:	4,630
52-wk HI/LO (INR)	:	122/87
Avg Daily Vol ('000)	:	2,690
Bloomberg	:	PWGR IN

Source: Bloomberg

Valuation

	FY13	FY14e	FY15e
EPS (INR)	9.1	9.7	11.2
PE (x)	10.2	9.6	8.3
P/BV (x)	1.6	1.4	1.2
EV/EBITDA (x)	10.4	9.1	5.2
Dividend Yield (%)	3.0	2.4	2.4

Source: Bloomberg

Returns (%)

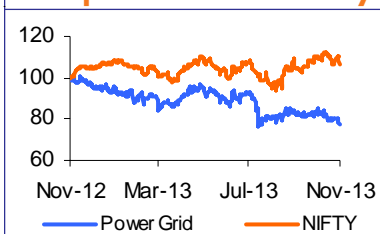
	1m	3m	6m	12m
Absolute	(6)	(4)	(17)	(22)
Relative	(3)	(15)	(18)	(29)

Source: Company, Antique

Shareholding pattern

Promoters	:	69%
FII	:	17%
DII	:	7%
Others	:	7%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg

POST CONFERENCE NOTE

Power Grid Corporation of India Ltd.

PowerGrid emphasised the need for additional transmission networks as growth in generation has outpaced transmission. As is the case with generation, we have seen increased private sector participation whereas in transmission only a few private players like Sesa Sterlite, L&T and Adani Power have been successful. The company is confident of retain its market share going forward with healthy RoEs.

Capex and capitalisation for the 12th Plan

The company has revised its 12th Plan capex target to INR1,100bn from INR1,000bn earlier of which INR200bn has been spent in FY13. This is due to an additional INR100bn on account of an increase in bidding-based projects, Gol contracts, green energy corridors, intra-state projects, and transnational interconnections. Yearly capex has been revised to INR221.5bn/224.5bn/225bn/225.5bn in FY14e/15e/16e/17e, respectively, as against an earlier INR200bn each year. To fund the increased capex, PowerGrid is in the process of a follow-on public offer of 787m equity shares of INR10 each comprising 17% of the existing paid-up capital, which comprises of: (a) Fresh issue of 601.8m shares (13% of existing paid-up capital); (b) Disinvestment of 185.2m equity shares (4% of existing paid-up capital).

New regulatory regime for FY15-19

Investors raised concerns regarding any drastic changes in the new FY15-19 CERC regulations which might impact earnings of CPSUs. The company expects: 1) The RoE-based approach to continue vs the RoCE-based approach, 2) Normative RoE to remain at the current levels of 15.5% as G-Sec yields have firmed up 150bps over the comparable regime; hence, reduction seems difficult. The recent order of CERC disallowing short-term access income for the company has left investors unconvinced as PowerGrid would forego INR4bn in profits (7% downgrade in earnings). However, the company has challenged the order in the Appellate Tribunal For Electricity.

Other key focus areas:

Due to the grid collapse in Jul-12, thrust on grid security and strengthening schemes have taken precedence. Of the capex planned, INR180bn is for grid strengthening and INR90bn for ultra mega power projects. This will help in providing long- and medium-term open access to the consumers.

Green energy corridor: Integration of ~30-40GW renewable capacity envisaged at a planned capex of INR100bn. As part of Indo-German co-operation, loans up to EUR1bn by KfW for intra- and inter-state transmission development will be received.

The company said it is confident that the 13th Plan capex target will be higher than the 12th Plan and lower RoEs in bidding-based projects would only be temporary as their competitors do not have the financial strength to survive under-cutting in bids.

It continues to focus on setting up high capacity corridors with high capacity pooling stations and does not depend on any particular generation project. Billing continues to be on point of connection charges.

The company executes most inter-state projects and is consultant to most SEBs for intra-state transmission networks. The management reiterated the technological competence of PowerGrid with the commissioning of the 1200kv AC and 800kv HVDC project.

Valuation and outlook; Reiterate Buy

At the current market price of INR95/share, the stock trades at a FY15e P/E of 7.7x and P/B of 1.2x. We reiterate our Buy recommendation with a target price of INR127/share, (target P/BV multiple of 1.7x FY15e).

Financials

Profit and loss account (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Net revenues	83,887	100,353	127,095	153,161	181,377
Staff costs	7,459	8,430	8,864	9,750	10,725
Selling and distribution expenses	5,915	8,100	9,350	9,911	10,506
Total Expense	13,374	16,530	18,214	19,662	21,232
EBITDA	70,513	83,824	108,880	133,499	160,146
Depreciation & amortisation	21,994	25,725	33,519	39,448	48,204
EBIT	48,519	58,098	75,361	94,051	111,942
Other income	7,111	7,497	6,193	6,239	7,062
Financial expense	17,339	19,433	25,352	36,642	46,087
Exceptional items	-	(187)	-	-	-
PBT	38,291	45,976	56,202	63,649	72,916
Current tax	6,846	8,885	10,521	12,730	14,583
Deferred tax	4,432	4,541	3,583	-	-
PAT	27,013	32,549	42,098	50,919	58,333
Adjusted PAT	27,056	31,519	42,345	50,919	58,333
Basic EPS (INR)	5.8	7.0	9.1	9.7	11.2
Diluted EPS (INR)	5.8	7.0	9.1	9.7	11.2

Balance sheet (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Equity share capital	46,297	46,297	46,297	52,316	52,316
Share application / warrants	-	-	-	48,149	48,149
Reserves & surplus	167,373	188,581	216,097	253,244	297,805
Shareholder's funds	213,670	234,878	262,395	353,709	398,270
Debt	432,302	556,850	719,055	841,105	960,255
Other long term liabilities	-	19,249	9,899	9,899	9,899
Deferred tax liability / (asset)	11,467	16,009	19,592	19,592	19,592
Capital employed	657,439	826,986	1,010,940	1,224,305	1,388,016
Gross fixed assets	503,518	633,873	806,001	981,001	1,181,001
Less: Accumulated depreciation	131,278	157,250	191,994	231,442	279,646
Net fixed assets	372,240	476,623	614,006	749,559	901,355
Capital work in progress	266,246	281,835	348,235	394,735	419,235
Other non current assets	-	69,314	76,797	69,117	69,117
Investments	13,651	12,845	11,475	11,475	11,475
Inventory	3,815	4,403	5,515	5,791	5,791
Debtors	31,621	23,154	14,341	18,883	24,598
Cash & cash equivalent	36,801	23,369	16,620	63,156	54,255
Loans & advances and others	32,935	30,618	24,346	19,644	19,956
Current assets, loans & adv.	105,171	81,544	60,822	107,474	104,600
Creditors	71,138	60,316	88,286	94,192	102,991
Other liabilities & provisions	28,755	34,859	12,109	13,863	14,776
Current liabilities & provisions	99,893	95,175	100,395	108,055	117,766
Net current assets	5,279	(13,632)	(39,573)	(581)	(13,166)
Misc. expenses	24	-	-	-	-
Application of funds	657,439	826,986	1,010,940	1,224,305	1,388,016

Per share data

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Outstanding shares (m)	4,629.7	4,629.7	4,629.7	5,231.6	5,231.6
BVPS (INR)	46.2	50.7	56.7	67.6	76.1
CEPS (INR)	10.6	12.6	16.3	17.3	20.4
DPS (INR)	1.3	2.1	2.8	2.3	2.3

Margins (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Gross margin	100.0	100.0	100.0	100.0	100.0
EBITDA	84.1	83.5	85.7	87.2	88.3
EBIT	57.8	57.9	59.3	61.4	61.7
PAT	32.3	31.4	33.3	33.2	32.2

Source: Company, Antique

Key assumptions

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Transmission segment					
Capex (INRbn)	120,670	170,000	200,370	221,500	224,500
Commission (INRbn)	73,621	141,000	172,000	175,000	200,000
O&M increase(%)	20	19	30	23	20
Salaries and Wages increase(%)	3	13	5	10	10
Consultancy - Rev Growth (%)	11.2	(3.1)	8.8	28.4	1.0
Telecom-rev growth (%)	19	7	15	7	7

Cash flow statement (INRm)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
PBT	38,291	45,976	56,202	63,649	72,916
Depreciation & amortisation	21,994	25,725	33,519	39,448	48,204
Interest expense	17,339	19,433	25,352	36,642	46,087
Interest / Dividend Recd	(7,111)	(7,497)	(6,193)	(6,239)	(7,062)
Other Adjustments	33,261	(47,073)	(15,099)	53,828	(2,001)
(Inc)/Dec in working capital	(5,910)	5,478	19,193	7,544	3,684
Tax paid	(11,278)	(13,426)	(14,104)	(12,730)	(14,583)
CF from operating activities	86,585	28,616	98,871	182,142	147,246
Capital expenditure	(135,645)	(145,698)	(237,303)	(221,500)	(224,500)
Net Investments	882	806	1,370	-	-
Income from investments	7,111	7,497	6,193	6,239	7,062
CF from investing activities	(127,653)	(137,395)	(229,740)	(215,261)	(217,438)
Inc/(Dec) in equity share capital	4,209	-	-	6,019	-
Inc/(Dec) in debt	64,009	124,549	162,205	122,050	119,150
Dividends & Interest paid	(23,127)	(29,202)	(38,084)	(48,413)	(57,858)
CF from financing activities	45,091	95,347	124,121	79,656	61,292
Net cash flow	4,024	(13,432)	(6,749)	46,537	(8,901)
Opening balance	32,776	36,801	23,369	16,620	63,156
Closing balance	36,800	23,369	16,620	63,156	54,255

Growth indicators (%)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
Revenue	17.7	19.6	26.6	20.5	18.4
EBITDA	20.1	18.9	29.9	22.6	20.0
PAT	32.6	20.3	30.1	20.2	14.6
EPS	32.6	20.3	30.1	20.2	14.6

Valuation (x)

Year ended 31 Mar	2011	2012	2013	2014e	2015e
PE	15.9	13.2	10.2	9.6	8.3
P/BV	2.0	1.8	1.6	1.4	1.2
EV/EBITDA	11.7	11.5	10.4	9.1	5.2
EV/Sales	9.8	9.6	8.9	7.9	4.6
Dividend Yield (%)	1.3	2.3	3.0	2.4	2.4

Financial ratios

Year ended 31 Mar	2011	2012	2013	2014e	2015e
RoE (%)	12.7	13.4	16.1	14.4	14.6
RoCE (%)	7.4	7.0	7.5	7.7	8.1
Net Debt/Equity (x)	1.9	2.3	2.7	2.2	2.3
EBIT/Interest (x)	2.8	3.0	3.0	2.6	2.4

Source: Company Antique

Current Reco	: HOLD
Previous Reco	: HOLD
CMP	: INR209
Target Price	: INR225
Potential Return	: 8%

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Market data

Sensex	:	20,229
Sector	:	NBFC
Market Cap (INRbn)	:	206.9
Market Cap (USDbn)	:	3.3
O/S Shares (m)	:	987.5
52-wk HI/LO (INR)	:	268/146
Avg Daily Vol ('000)	:	1,638
Bloomberg	:	RECLIN

Source: Bloomberg

Valuation

	FY13	FY14e	FY15e
EPS (INR)	39.4	47.8	54.1
PE (x)	5.4	4.4	3.9
BPVS (INR)	176.8	211.7	250.7
P/BV	1.2	1.0	0.8

Source: Bloomberg

Returns (%)

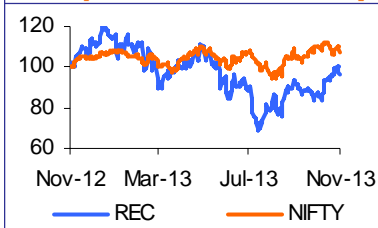
	1m	3m	6m	12m
Absolute	11	20	(11)	(4)
Relative	15	7	(12)	(12)

Source: Bloomberg

Shareholding pattern

Promoters	:	67%
FII	:	20%
DII	:	7%
Others	:	6%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg

POST CONFERENCE NOTE

Rural Electrification Corporation Ltd.

The financial restructuring plan is a Cabinet approved plan for the next 10 years and is unlikely to be de-railed. States have also shown good compliance to the conditions of FRP namely tariff hikes, unbundling and preparation of accounts. Though there is stress on private projects, most of them are nearing completion and hence don't pose a risk to REC.

Views on the financial restructuring package:

- The financial restructuring plan is a Cabinet approved plan for the next 10 years and is unlikely to be de-railed. A committee of bankers will monitor the implementation of the package very closely. The key difference as compared to the 2001-03 situations is that states have been made to bear DISCOM losses and not generators or lenders.
- States have shown good compliance to the conditions of FRP - tariff hikes, unbundling and preparation of accounts.
- Punjab SEB is expected to turnaround in three years while Uttar Pradesh will take five years.
- Tamil Nadu, Rajasthan and UP SEB have issued bonds to their respective lenders, indicating a crucial progress on the FRP front.

Issues of coal availability

- CEPI and naxal-issue are responsible for the slow improvement in coal availability.
- Issues will be resolved through higher production by CIL in the coming years.

Exposure to private sector power projects

- REC's exposure to private sector power projects stands at INR184bn or 13% of its total loan book
- Stressed projects include exposure to Lanco Group, KSK Energy Ventures, Shree Maheshwar Hydel Power Corporation, Konaseema Gas Power, Abhijit Group and Athena.
- Majority of private sector exposures are either operational or about to get operational in the next 12-18 months.

Valuation and outlook; Buy

Given the progress on the implementation of FRP, the government's efforts on the coal linkage issue and fast-tracking of infrastructure projects, we expect the outlook for REC to improve over FY14-15e. Sanctions will actually fructify into disbursements and drive loan book CAGR of ~15% over FY13-15e. Although some of its exposure to private sector projects could either be restructured or classified as NPAs, the government's measures lower the probability of this. In absence of a complete collapse of the power sector reform process, we expect earnings CAGR of 14% to drive RoEs at 22% over FY13-15e. Valuations at 1.1x FY14e book value limit the downside.

Financials

Profit and loss account (INRm)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Interest earned	83,749	103,376	135,189	163,685	183,430
Interest expended	48,510	63,788	80,063	95,071	105,138
Net interest income	35,239	39,588	55,126	68,614	78,293
Other income	350	1,715	798	918	1,010
Operating expenses	1,644	2,293	2,165	2,598	2,988
Employee costs	1,275	1,710	1,518	1,822	2,095
Pre-provisioning profit	33,946	39,010	53,759	66,934	76,314
Depreciation	30	33	38	50	50
Provision for bad & doubtful debt	2	523	1,307	3,077	4,049
Profit before tax	33,913	38,454	52,415	63,806	72,215
Income taxes	9,067	9,758	13,463	16,590	18,776
Net profit(ex-forex gains/loss)	24,846	28,696	38,951	47,217	53,439
Exchange losses (+) or gains(-)	(853)	526	775	1,200	1,200
Net profit	25,699	28,170	38,176	46,017	52,239

Balance sheet (INRm)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Share Capital	9,875	9,875	9,875	9,875	9,875
Reserves and surplus	118,012	137,575	164,669	199,199	237,654
Deferred tax liability	(128)	-	-	-	-
Borrowings	700,038	899,680	1,077,910	1,240,897	1,420,813
Total liabilities & stockholders' equity	827,797	1,047,129	1,252,454	1,449,970	1,668,342
Fixed Assets, net	652	780	801	921	1,059
Investments & Capital work-in-progress	8,352	7,580	6,606	6,936	7,283
Net current assets	(2,529)	25,509	(27,612)	(21,446)	(23,093)
Advances	821,321	1,013,260	1,272,660	1,463,559	1,683,093
Total assets	827,797	1,047,129	1,252,454	1,449,970	1,668,342

Valuation ratios (x)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
P/PPP (pre-provisioning profit)	6.2	5.4	3.9	3.1	2.7
P/E	8.4	7.3	5.4	4.4	3.9
P/BV	1.6	1.4	1.2	1.0	0.8
P/ABV	1.6	1.5	1.2	1.0	0.9
Dividend yield (%)	3.5	3.5	3.9	4.7	5.7

Source: Company Antique

Operating ratios (%)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Operating cost to income	4.6	5.6	3.9	3.7	3.8
Operating expenses/ Avg. assets	0.2	0.2	0.2	0.2	0.2

Profitability ratios (%)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Spread	3.4	3.2	3.7	3.7	3.7
Net interest margin	4.6	4.1	4.7	4.9	4.9
Return on avg. assets	3.3	3.1	3.4	3.5	3.4
Return on avg net worth	20.8	20.9	24.2	24.6	23.4

Per share data (INR)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Period end shares outstanding (mn)	987.5	987.5	987.5	987.5	987.5
Basic EPS	25.2	29.1	39.4	47.8	54.1
Book value per share	129.4	149.3	176.8	211.7	250.7
Adjusted book value per share	129.4	145.0	172.7	209.8	244.7

Growth (%)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Total assets	23.5	26.5	19.6	15.8	15.1
Advances	23.6	23.4	25.6	15.0	15.0
Borrowings	25.1	28.5	19.8	15.1	14.5
Book value	15.4	15.4	18.4	19.8	18.4
EPS	24.1	15.5	35.7	21.2	13.2

Asset quality and capital (%)

Year ended 31 Mar	2011	2012	2013p	2014e	2015e
Gross NPA	0.02	0.48	0.39	0.67	1.05
Net NPA	0.00	0.42	0.32	0.13	0.35
Total CAR	19.1	16.0	16.4	16.4	16.3

Source: Company Antique

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POST CONFERENCE NOTE

Avantha Power & Infrastructure Ltd.

Avantha Power & Infrastructure, part of the Avantha Group, is an established power generation company with 2,460MW of generating capacity under various stages of implementation and 1,320MW (in Gujarat) of generating capacity under planning. APIL being the holding company is developing two coal-based projects under special purpose vehicles in Chhattisgarh (Korba West - 1,200MW) and Madhya Pradesh (Jhabua Power - 1,260MW). Around 82% of APIL is owned by promoter group companies and 18% is held by private equity fund Kohlberg Kravis Roberts (invested USD50m in 2010 and USD75m in 2011). Its current equity stands at INR16bn. However, the company's cost of debt is as high as 14%, so it is looking to refinance is at 12%.

Phase I capacity update:

Under Phase I, APIL is setting up 600MW each at Chhattisgarh and Madhya Pradesh. The cost of the project is INR60m/MW with a debt/equity of 3:1. The cost of Phase I is higher as they have built common infrastructure for Phase I and II for both locations. The contracts have been awarded in multiple packages and not given to a single EPC contractor so as to lower the construction time. Boiler/turbine and generator have been awarded to BHEL, civil works to Shapoorji Pallonji & Co, water treatment to Thermax and cooling towers and chimney to Paharpur Cooling Towers. Unit I at Chhattisgarh has been synchronised in Oct-13 and is expected to get commissioned by Jan-13. Unit I at Madhya Pradesh is expected to get commissioned by Mar-14.

Fuel security

The total coal requirement for Phase I (1,200MW) is estimated to be 5.8mt. FSA for the same have been signed for 5mt. The company expects to receive 4mt from CIL (mines are 45 km away), 1mt from e-auction and has entered into an agreement with an Indonesian miner for 0.8mt imports (nearest port being Haldia).

PPA update

PPA for Unit I of 600MW at Chhattisgarh: 35% signed with CSEB (30% at CERC tariff and 5% at variable cost), 35% signed with Reliance Power Trading, and balance 30% is kept open. Similarly, in Unit I at Madhya Pradesh, 35% is signed with the state government, 35% with Reliance Power Trading, and balance 30% is open. However, the company is in talks with the state governments to convert the 35% PPA into 70%. The expected tariff for the power generated is expected to be INR4-4.2/unit levels and the company expects to make equity IRR of 20% if they are successful in selling the 30% open power at INR4.6/kWh (average of LT tariffs of UP, Rajasthan and Tamil Nadu).

Phase II update

Phase II of 1200MW (600MW at Chhattisgarh and 600MW at MP) is expected to be commissioned in the next four years. Expected cost of expansion is INR60bn, lower than Phase I as common infrastructure has been built along with Phase I. For the second phase, the memorandum of understanding has been signed with the state for power sale and coal linkage has been applied for with Coal India. The equity funding requirement of INR15bn for the second phase is to be raised by Mar-14.

Our view: Coal supply and signing of PPAs are the most crucial aspects for any project's viability. APIL is well covered on both fronts as it has access to domestic coal. This will help lower cost of power generation and have a favourable footing in the upcoming bids of SEBs.

Current Reco	: BUY
Previous Reco	: BUY
CMP	: INR1,650
Target Price	: INR1800
Potential Return	: 9%

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Market data

Sensex	:	20,229
Sector	:	IT
Market Cap (INRbn)	:	385.4
Market Cap (USDbn)	:	6.1
O/S Shares (m)	:	232.5
52-wk HI/LO (INR)	:	1763/865
Avg Daily Vol ('000)	:	1,019
Bloomberg	:	TECHM IN

Source: Bloomberg

Valuation

	FY13	FY14e	FY15e
EPS (INR)	91.4	114.5	134.1
PE (x)	32.3	14.4	12.3
P/BV (x)	3.9	4.2	3.3
EV/EBITDA (x)	31.9	8.7	7.0
Dividend Yield (%)	-	1.0	1.6

Source: Bloomberg

Returns (%)

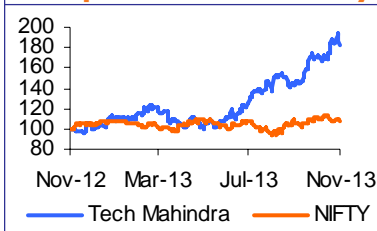
	1m	3m	6m	12m
Absolute	7	34	82	83
Relative	11	18	81	67

Source: Bloomberg

Shareholding pattern

Promoters	:	36%
FII	:	33%
DII	:	15%
Others	:	16%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg

MANAGEMENT MEET UPDATE

Tech Mahindra Limited

Dominance in telecom, increasing penetration levels in enterprise to drive growth

The management meet with Tech Mahindra strengthened our view of a likely sustained revenue growth given: 1) Growth in telecom is likely to be strong, led by recent deal wins and foray into new segments such as network management services, 2) Enterprise revenues (grew 18%) during 1HFY14, and the company is on track to report healthy 15-17% revenue growth from the enterprise segment during FY14e and FY15e, led by improving win ratios in both manufacturing and BFSI. Sustained pick up in telecom capex spends as witnessed recently may revive services spends, albeit with a lag of 12-15 months. The stock trades at 12x FY14E and 11x FY15e, excluding treasury. We reiterate our Buy recommendation with a target price of INR1,800 per share.

Telecom: Improving profile, recovery in capex to boost growth

Telecom contributes 47% to TML's revenues. It grew 26% YoY during 1H. The company continues to maintain its leadership position as reflected in its recent management network services win (USD250m deal spread over five years) from KPN. Traditionally, network management has been the forte of equipment providers and IT service providers have a presence in only a few areas of network management. The TML management said telecom companies spend nearly 3x on network management as against IT. Successful implementation of the KPN deal should help open up new opportunities for the company. As in telecom IT, deal sizes here are large and the firm intends to showcase its KPN deal to improve penetration levels in this space. Revenues from KPN is likely to increase 75% YoY over the next 12 months.

Other key highlights:

British Telecom deal renewal unlikely to be a drag: The management said its BT deal renewal is unlikely to be a drag on revenues. Even if the company loses the deal, which constitutes 3% of revenues, the same is likely to be phased out over the next 3-4 quarters. In this worst case scenario, the impact on revenues is likely to be 0.5% in our view.

See early signs of capex pick-up in telecom: Media reports indicate that capex spending from telecom service providers is finally reviving post the lull seen in the last 2-3 years. The management sees early signs of a pick-up and said service providers typically gain with a lag of 12-15 months. While revenue visibility is high, a sustained capex recovery should help sustain revenue growth rates over the next 3-4 years.

Strong deal wins in manufacturing: Manufacturing contributes 19% to revenues and grew 18% YoY during 1HFY14. The management said the deal pipeline continues to remain healthy. The company recently closed 2-3 deals over USD100m, which should help fuel growth. With annual revenues of USD600m, it has required scale and presence to improve penetration levels in deals.

BFSI a key focus area now: Though the BFSI segment remains a drag, the management stated that the recent deal closure has been strong. The focus is now towards pitching for selective deals and improving win rates in BFSI. The company signed three deals worth USD150mn and is likely to go active on M&A in this vertical.

Valuations: We forecast consolidated EPS of INR114 for FY14e and INR134 for FY15e. The stock trades at 12x FY15e. We retain our Buy rating with a target price of INR1,800 per share.

Key financials

INRm	FY11	FY12	FY13	FY14E	FY15E
Revenue	49,398	52,893	143,320	186,158	219,337
EBITDA	8,030	7,190	30,632	39,917	48,015
EBIT	6,595	5,577	26,736	34,539	41,375
PAT	5,745	4,437	21,157	26,525	31,069
EPS (INR)	44.8	29.6	91.4	114.5	134.1
EBITDA margin (%)	16.3	16.7	21.4	21.4	21.9

Source: Company, Antique

Tech Mahindra Financials (Consolidated)

Our consolidated TML earnings are lower by 4-5% as compared to reported numbers as we have adjusted revenues so that the contract restructuring fees paid by BT in FY10 is accounted as exceptional one time revenues, while company is recognizing this over 5 years ieFY10-14.

Profit and loss account (INRm)

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
Revenues	49,398	52,893	143,320	186,158	219,337
Expenses	41,368	45,703	112,688	146,241	171,322
EBITDA	8,030	7,190	30,632	39,917	48,015
Depreciation	1,435	1,613	3,896	5,378	6,640
EBIT	6,595	5,577	26,736	34,539	41,375
Other income	1,288	982	2,122	2,153	309
Interest expense	1,113	1,026	921	696	259
Profit before tax	6,770	4,854	26,336	35,996	41,425
Taxes incl deferred taxation	1,005	1,060	6,479	9,471	10,356
Minority Interest	20	36	301	-	-
Profit after tax	5,745	4,437	21,157	26,525	31,069
EPS - Basic Diluted	44.8	29.6	91.4	114.5	134.1

Balance sheet (INRm)

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
Share capital	1,260	1,275	2,316	2,316	2,316
Reserves & surplus	32,254	39,233	66,214	88,184	112,138
Networth	33,514	40,508	68,530	90,500	114,454
Minority Interest	159	0	1,344	1,344	1,344
Debt	12,227	11,266	8,526	4,526	2,526
Deferred Revenue	5,837	4,295	2,242	2,242	2,242
Capital employed	51,737	56,069	80,647	98,612	120,566
Gross fixed assets	12,783	14,505	56,743	67,743	78,743
Accumulated depreciation	6,613	7,680	34,425	39,804	46,444
Net assets	6,170	6,825	22,318	27,939	32,299
Capital work in progress	1,105	1,671	2,595	2,595	2,595
Investments	29,080	35,876	2,585	2,585	2,585
Current assets, loans & adv.	24,093	24,819	98,799	116,142	138,737
Inventory	6	2	110	110	110
Debtors	12,468	13,172	40,225	52,022	61,294
Cash & bank balances	2,666	2,418	34,629	38,314	49,443
Deffered Tax assests	638	998	3,477	3,477	3,477
Loans & advances and others	8,315	8,229	20,358	22,220	24,413
Current liabilities & prov.	8,711	13,122	45,417	50,417	55,417
Current Liabilities	5,631	9,730	29,214	34,214	39,214
Other liabilities & provisions	3,080	3,392	16,203	16,203	16,203
Net current assets	15,382	11,697	53,382	65,725	83,320
Application of funds	51,737	56,069	80,647	98,612	120,582

Per share data

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
No. of shares (m)	126	127	128	232	232
BVPS (INR)	266	318	296	391	494
CEPS (INR)	49.1	91.1	108.2	137.8	162.8
DPS (INR)	4.0	4.0	0.0	17.2	26.8

Source: Company, Antique

* including Satyam and hence YoY growth not comparable

Cash flow statement (INRm)

Year ended 31st Mar	2011	2012	2013e*	2014e	2015e
PBT	8,774	7,537	24,735	35,996	41,425
Depreciation & amortisation	(782)	(452)	3,896	5,378	6,640
Interest expense	988	1,026	-	-	-
Interest / Dividend Recd	(109)	(110)	-	-	-
Other adjustments	596	1,361	-	-	-
(Inc)/Dec in working capital	(2,701)	226	(330)	(8,822)	(6,465)
Tax paid	(2,087)	(2,471)	(6,479)	(9,471)	(10,356)
CF from operating activities	4,679	7,117	21,822	23,082	31,244
Capital expenditure	(1,534)	(2,958)	(10,250)	(11,000)	(11,000)
(Purchase)/Sale of Investments	111	(1,325)	488	-	-
Income from investments	90	79	-	-	-
CF from investing activities	(1,333)	(4,204)	(9,762)	(11,000)	(11,000)
Inc/(Dec) in share capital	260	118	-	-	-
Inc/(Dec) in debt	(1,560)	(1,790)	(2,974)	(4,000)	(2,000)
Dividends & Interest paid	(1,567)	(1,502)	(593)	(4,556)	(7,115)
CF from financing activities	(2,867)	(3,174)	(3,567)	(8,556)	(9,115)
Net cash flow	479	(261)	8,494	3,526	11,129
Opening balance	2,187	2,679	30,960	34,629	38,314
Closing balance	2,666	2,418	34,629	38,314	49,443

Growth indicators (%)

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
Revenue	8.0	7.1	nm	29.9	17.8
EBITDA	(15.3)	(10.5)	nm	30.3	20.3
PAT	9.5	(22.8)	nm	25.4	17.1
EPS	9.0	(34.0)	208.5	25.4	17.1

Valuation (x)

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
PE	36.8	55.7	32.3	14.4	12.3
P/BV	6.2	5.2	3.9	4.2	3.3
EV/EBITDA	48.0	53.6	31.9	8.7	7.0
Dividend Yield (%)	0.2	0.2	-	1.0	1.6

Financial ratios

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
RoE (%)	18.4	12.0	36.3	33.4	30.3
RoCE (%)	13.1	12.1	34.0	35.9	34.1
Debt/Equity (x)	0.36	0.28	0.12	0.05	0.02
EBIT/Interest (x)	21.6	25.9	4.0	2.4	0.7

Margins (%)

Year ended 31st Mar	2011	2012	2013*	2014e*	2015e*
EBIDTA	16.3	16.7	21.4	21.4	21.9
EBIT	13.4	14.0	18.7	18.6	18.9
PAT	9.6	15.4	14.8	14.2	14.2

Source: Company, Antique

* including Satyam and hence YoY growth not comparable

Valuation Guide

Company	Reco	CMP (INR)	TP (INR)	Return (%)	M.Cap (INRbn)	M.Cap (USDbn)	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
							FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
AUTOMOBILES																			
Ashok Leyland	HOLD	15	16	5	41	0.6	(3.5)	1.3	(1.3)	0.5	(11.6)	31.2	30.9	9.1	1.0	(8.6)	(0.7)	(10)	(40)
Bajaj Auto	HOLD	1,933	2,346	21	559	8.9	38.6	43.8	133.4	151.5	14.5	12.8	10.7	9.5	5.7	39.7	56.9	(10)	6
Bosch	HOLD	8,626	9,362	9	271	4.3	9.5	11.0	301.5	349.3	28.6	24.7	21.8	18.4	4.3	17.2	25.7	(1)	(3)
Eicher Motors	BUY	4,206	4,820	15	114	1.8	4.3	6.9	159.9	255.9	26.3	16.4	15.6	9.9	5.6	21.3	25.4	9	77
Exide Industries	SELL	116	114	(2)	99	1.6	5.6	6.6	6.6	7.8	17.7	14.9	11.0	9.4	2.6	14.7	19.2	(11)	(16)
Hero MotoCorp	HOLD	1,997	2,160	8	399	6.3	20.9	28.8	104.8	144.0	19.1	13.9	15.2	10.7	7.3	38.3	54.1	(5)	10
Mahindra & Mahindra	HOLD	934	960	3	576	9.1	38.2	44.1	58.2	67.1	16.1	13.9	10.9	9.5	3.5	21.6	26.5	5	(1)
Maruti Suzuki	BUY	1,647	1,985	21	498	7.9	26.9	35.7	89.0	118.2	18.5	13.9	10.0	7.9	2.4	12.9	19.7	8	10
Tata Motors	BUY	383	430	12	1,128	17.9	148.9	175.6	45.6	54.5	8.4	7.0	3.8	3.1	2.4	28.9	30.6	1	44
CEMENT																			
ACC	HOLD	1,030	1,108	8	193	3.1	10.4	13.1	55.6	69.9	18.5	14.7	11.9	9.6	2.5	13.8	18.2	(10)	(26)
Ambuja Cements	HOLD	171	180	5	264	4.2	13.1	16.6	8.3	10.8	20.6	15.9	12.6	9.9	2.8	14.3	15.5	(14)	(14)
Shree Cements	BUY	4,287	4,840	13	149	2.4	8.3	9.5	238.3	273.9	18.0	15.7	9.7	8.1	3.2	19.6	26.9	(4)	5
Ultratech Cements	BUY	1,845	1,833	(1)	506	8.0	24.3	30.5	88.7	111.3	20.8	16.6	12.6	10.0	2.9	14.9	14.9	(6)	(5)
FMCG & RETAIL																			
Asian Paints	HOLD	509	483	(5)	488	7.8	13.8	16.1	13.8	16.1	36.9	31.6	23.2	19.5	13.7	3,728.6	4,575.2	(1)	30
Colgate Palmolive India	HOLD	1,254	1,176	(6)	171	2.7	4.8	5.7	35.1	42.0	35.7	29.9	29.7	24.2	38.7	108.4	116.5	(1)	(6)
Dabur India	HOLD	161	176	10	281	4.5	9.3	11.0	5.3	6.3	30.3	25.6	23.7	19.9	10.7	35.4	29.1	(6)	29
Radico Khaitan	BUY	135	185	37	18	0.3	1.0	1.2	7.8	9.1	17.3	14.9	11.4	9.6	2.2	1,270.1	1,152.3	(12)	0
Godrej Consumer Products	HOLD	861	816	(5)	293	4.7	7.8	9.9	23.0	29.2	37.4	29.5	25.8	20.6	7.9	21.0	18.7	2	28
Hindustan Unilever	SELL	574	539	(6)	1,242	19.7	35.3	38.9	16.3	18.0	35.2	31.9	27.7	25.3	31.3	88.9	104.2	(6)	9
ITC	HOLD	313	333	6	2,482	39.5	86.2	103.7	10.6	12.7	29.6	24.6	20.3	16.9	9.9	33.5	42.5	(9)	9
Jyothy Laboratories	BUY	177	238	34	29	0.5	1.0	1.8	5.7	9.9	30.9	17.9	18.3	15.1	3.2	10.3	6.8	(0)	2
Marico	BUY	209	232	11	134	2.1	4.6	5.5	7.2	8.6	29.1	24.2	19.3	16.1	6.8	28.7	26.8	(3)	(1)
Nestle India	HOLD	5,491	5,436	(1)	529	8.4	12.1	14.2	125.5	147.4	43.8	37.2	25.5	21.8	21.2	48.4	47.3	(0)	19
Titan Industries	SELL	224	233	4	199	3.2	7.9	9.4	8.8	10.6	25.3	21.2	18.2	15.1	8.0	31.5	29.1	(7)	(25)
TBZ	HOLD	137	126	(8)	9	0.1	0.7	0.8	10.1	12.6	13.5	10.8	11.2	9.7	1.9	14.2	11.3	(0)	(45)
United Spirits	SELL	2,419	1,705	(30)	351	5.6	6.4	8.9	44.0	61.3	54.9	39.4	24.6	19.7	4.4	8.0	11.3	(9)	34
Tilaknagar Industries	BUY	58	91	58	7	0.1	0.7	1.2	5.7	9.5	10.1	6.1	7.8	7.0	1.2	1168.3	1108.6	(5)	(11)
V- Mart	BUY	231	281	22	4	0.1	0.3	0.4	15.6	22.1	14.8	10.5	7.9	5.7	2.4	1595.2	2093.9	5	na
INDUSTRIALS																			
ABB	SELL	595	575	(3)	126	2.0	1.9	3.0	9.1	14.4	65.2	41.4	33.2	23.2	4.6	7.0	8.5	2	(16)
BGR	HOLD	108	125	16	8	0.1	1.8	2.1	25.0	29.0	4.3	3.7	4.7	4.0	0.6	14.1	10.2	(6)	(59)
Bharat Heavy Electricals	HOLD	137	133	(3)	335	5.3	38.1	27.1	15.6	11.1	8.8	12.4	3.9	5.4	1.0	11.4	12.7	(6)	(38)
Crompton Greaves Ltd.	BUY	109	136	25	70	1.1	3.7	6.6	5.8	10.2	18.8	10.6	11.0	7.3	1.9	10.3	9.5	10	(0)
Cummins India	BUY	419	442	5	116	1.8	6.3	7.7	22.7	27.6	18.4	15.2	16.9	13.9	4.4	22.9	22.7	1	(9)
Havells India	HOLD	743	681	(8)	93	1.5	4.6	5.4	36.8	43.6	20.2	17.1	14.6	14.4	5.2	28.6	27.1	5	27
Larsen & Toubro	BUY	948	1,025	8	878	14.0	47.7	59.3	51.6	64.2	18.4	14.8	13.6	11.0	2.7	14.0	14.1	2	(9)
Siemens	HOLD	542	402	(26)	193	3.1	4.8	6.4	13.4	17.9	40.4	30.3	18.9	14.8	4.7	11.7	18.4	0	(19)
KEC	HOLD	39	40	2	10	0.2	0.7	1.0	2.8	4.0	13.9	9.9	5.6	5.1	0.9	6.3	12.4	20	(36)
Voltas	HOLD	88	96	9	29	0.5	2.2	3.2	6.5	9.6	13.5	9.1	10.1	6.5	1.6	12.0	11.4	2	(15)

UR: Under Review

contd...

Valuation Guide

Company	Reco	CMP (INR)	TP (INR)	Return (%)	M.Cap (INRbn)	M.Cap (USDbn)	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
							FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
INFRASTRUCTURE																			
Adani Port and SEZ	BUY	152	180	18	315	5.0	18.6	24.3	9.2	12.1	16.5	12.6	13.0	10.0	3.9	23.9	16.7	(3)	24
Spice Jet	BUY	18	33	87	9	0.1	(5.3)	1.0	(10.3)	1.9	(1.7)	9.2	4.1	1.9	NA	Na	Na	(17)	(53)
IRB INFRASTRUCTURE	BUY	87	144	66	29	0.5	4.6	4.9	13.8	14.9	6.3	5.8	6.2	5.9	0.8	12.9	12.5	7	(28)
IL&FS TransportationNetworks	BUY	113	177	57	22	0.3	4.3	4.7	22.0	24.1	5.1	4.7	9.2	9.2	0.6	10.8	9.4	4	(39)
INFORMATION TECHNOLOGY																			
HCL Technologies	HOLD	1,062	1110	5	742	11.8	57.0	60.3	81.2	85.7	13.1	12.4	8.5	7.8	3.7	32.8	32.8	(2)	72
Hexaware Technologies	HOLD	120	120	0	36	0.6	4.6	5.7	12.5	13.2	9.6	9.1	8.3	7.5	2.6	29.5	25.9	(9)	19
Infosys Ltd.	HOLD	3,344	3,400	2	1,920	30.5	106.9	122.7	186.6	214.2	17.9	15.6	12.2	10.3	4.0	24.4	24.1	0	42
Tata Consultancy Services	BUY	1,987	2,500	26	3,891	61.9	193.0	232.5	98.6	118.8	20.1	16.7	14.5	11.9	7.3	36.1	42.2	(4)	55
Wipro	HOLD	478	495	3	1,179	18.7	74.1	83.6	30.1	34.0	15.9	14.1	12.2	10.6	3.5	21.9	23.1	(5)	46
Mphasis	SELL	413	380	(8)	87	1.4	7.3	7.7	34.7	36.6	11.9	11.3	8.9	8.2	2.0	19.1	14.3	(8)	4
Tech Mahindra	BUY	1,658	1,800	9	385	6.1	26.5	31.1	114.5	134.1	14.5	12.4	8.8	7.0	4.2	29.9	30.3	7	83
MEDIA																			
Den Networks	BUY	139	250	80	25	0.4	0.9	2.0	4.8	11.2	29.0	12.4	6.7	3.9	1.3	4.5	6.3	(10)	(24)
Dish TV India	BUY	52	64	23	56	0.9	(0.1)	0.7	(0.1)	0.6	(444.9)	81.9	10.0	7.6	(33.0)	nm	2.5	(1)	(30)
Hathway Cable & Datacom	BUY	248	370	49	37	0.6	0.5	1.9	3.4	13.6	73.8	18.3	10.5	6.1	3.1	4.0	6.8	(9)	(5)
Sun TV Network	BUY	374	515	38	147	2.3	8.4	10.1	21.2	25.6	17.6	14.6	11.0	8.9	4.6	26.0	34.4	(11)	(2)
Zee Entertainment Enterprises	HOLD	257	265	3	246	3.9	8.7	10.1	9.1	10.6	28.1	24.2	21.4	17.7	5.4	19.1	19.3	(4)	34
OIL & GAS																			
Bharat Petroleum Corp.	BUY	331	549	66	239	3.8	26.7	25.8	40.8	39.4	8.1	8.4	5.6	5.6	1.2	14.5	8.9	(9)	1
Cairn India	BUY	317	363	14	606	9.6	103.3	101.0	53.9	52.5	5.9	6.0	4.1	3.8	1.1	16.4	16.2	(4)	(3)
Essar Oil	HOLD	52	65	26	71	1.1	(5.1)	8.2	(3.8)	6.0	(13.8)	8.6	8.4	7.6	3.7	(26.6)	9.3	(6)	(20)
GAIL India	BUY	322	384	19	408	6.5	43.5	42.9	34.3	33.9	9.4	9.5	6.9	6.7	1.5	16.0	15.4	(2)	(7)
Gujarat State Petronet	BUY	60	82	38	34	0.5	5.0	5.3	8.9	9.5	6.7	6.3	3.6	3.4	1.0	14.8	17.5	7	(17)
Hindustan Petroleum Corp	BUY	202	275	36	68	1.1	5.6	7.6	16.5	22.4	12.3	9.0	9.8	8.9	0.5	3.9	3.3	6	(29)
Indian Oil Corp	BUY	199	300	51	483	7.7	52.0	54.6	21.9	23.0	9.1	8.6	8.6	7.7	0.7	8.1	6.1	(0)	(23)
MRPL	HOLD	41	47	14	72	1.1	0.1	12.8	(0.0)	7.4	NA	5.5	14.0	5.3	1.1	(0.0)	3.1	4	(34)
Oil India	BUY	451	609	35	271	4.3	33.2	39.9	55.3	66.4	8.2	6.8	3.5	2.7	0.7	15.8	15.3	(4)	(2)
Oil & Natural Gas Corp.	BUY	270	321	19	2,314	36.8	203.9	246.5	28.2	33.7	9.6	8.0	5.1	4.4	1.7	15.1	17.7	(5)	7
Petronet LNG	HOLD	124	149	21	93	1.5	7.8	8.2	10.4	11.0	11.9	11.2	7.0	6.4	1.8	15.5	15.7	(1)	(22)
Reliance Industries	BUY	848	944	11	2,739	43.5	223.8	254.1	69.3	78.7	12.2	10.8	9.6	8.5	1.2	11.1	8.0	(7)	10
PHARMACEUTICALS																			
Cipla	HOLD	387	404	4	310	4.9	16.7	19.6	20.8	24.4	18.6	15.8	13.2	11.2	3.4	16.2	15.1	(7)	(1)
Dr Reddy's	BUY	2,410	2660	10	410	6.5	18.3	21.2	108.2	125.3	22.3	19.2	14.4	12.0	5.3	23.9	16.6	(1)	39
Lupin	BUY	846	884	5	379	6.0	15.6	18.3	34.8	40.8	24.3	20.7	13.7	11.5	5.3	21.9	18.5	(7)	50
Sun Pharma	BUY	581	646	11	1,204	19.1	45.1	54.6	21.8	26.4	26.7	22.0	17.8	14.6	7.7	29.0	25.6	(8)	66
Ranbaxy Laboratories	SELL	415	251	(39)	175	2.8	6.0	8.9	14.2	20.9	29.2	19.8	17.8	13.2	3.6	(0.6)	(0.2)	4	(20)
Cadila Health	SELL	715	648	(9)	146	2.3	7.2	8.3	34.9	40.4	20.4	17.7	13.4	11.6	4.1	20.2	10.8	8	(10)
Divis Labs	BUY	1,133	1220	8	150	2.4	7.3	8.7	55.3	65.4	20.5	17.3	15.3	12.8	5.1	24.8	23.9	10	(4)
Glenmark	HOLD	509	584	15	138	2.2	7.2	8.7	26.6	32.1	19.1	15.9	12.7	10.3	4.0	20.7	13.2	(9)	18
Ipca Labs	BUY	679	873	29	86	1.4	4.9	6.1	38.7	48.5	17.6	14.0	11.6	9.4	4.3	24.7	18.1	0	62
Biocon	BUY	366	365	(0)	73	1.2	3.8	4.5	19.5	23.0	18.7	15.9	11.1	9.1	2.3	12.4	10.2	12	33

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Valuation Guide

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		EV/EBITDA (x)		P/BV (x)	RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m
SHIPPING AND LOGISTICS																			
Container Corp. of India	HOLD	720	780	8	140	2.2	10.3	11.5	52.7	58.8	13.7	12.2	9.3	7.9	2.0	14.6	20.6	(4)	15
Essar Ports Ltd	BUY	57	120	111	24	0.4	3.7	5.9	9.1	14.4	6.2	3.9	6.6	5.0	1.0	13.3	10.9	(6)	(39)
Great Eastern Shipping Co	BUY	296	291	(2)	45	0.7	4.9	5.6	32.3	36.9	9.2	8.0	6.7	5.9	0.7	7.3	7.6	6	16
Gujarat Pipavav	BUY	52	58	12	25	0.4	1.0	1.2	2.1	2.4	24.3	21.2	13.1	12.0	2.0	8.1	9.9	10	14

SUGAR

Balrampur Chini Mills	BUY	46	50	8	11	0.2	0.5	1.3	2.2	5.5	21.2	8.4	9.3	6.7	0.8	4.0	6.7	1	(26)
Shree Renuka Sugars	BUY	20	26	27	14	0.2	(1.4)	1.9	(2.1)	(2.1)	(9.9)	(9.9)	6.3	5.3	1.1	(10.0)	7.3	5	(31)

UTILITIES

CESC	HOLD	389	345	(11)	49	0.8	6.2	6.6	39.1	45.5	10.0	8.6	8.4	6.0	0.9	8.9	5.0	14	41
NTPC	BUY	150	185	23	1,238	19.7	108.4	120.3	13.1	14.6	11.4	10.3	8.7	7.9	1.4	12.5	9.2	2	(6)
Power Grid	BUY	93	125	34	432	6.9	50.7	58.0	9.7	11.1	9.6	8.4	9.1	8.4	1.4	14.6	7.7	(6)	(22)
PTC India	BUY	57	82	44	17	0.3	2.0	2.6	4.5	5.8	12.6	9.8	4.8	2.2	0.7	5.6	6.0	3	(16)
Tata Power	HOLD	77	87	12	183	2.9	3.0	9.3	1.3	3.9	60.3	19.7	6.5	4.9	1.5	2.5	11.6	(3)	(23)
Coal India	BUY	269	334	24	1,700	27.0	183.6	208.1	29.1	33.0	9.3	8.2	5.1	3.9	0.0	31.7	29.5	(6)	(24)

Company	Reco	CMP	TP	Return	M.Cap	M.Cap	Net profit (INRbn)		EPS (INR)		PE (x)		NNPA Ratio (%)		P/AdjBV (x)	RoE (%)	RoA (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INRbn)	(USDbn)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY14	FY14	1m	12m

FINANCIALS

Axis Bank	HOLD	1,086	1,200	10	510	8.1	57	65	121	138	9.0	7.8	0.5	0.6	1.4	16.0	1.5	(8)	(12)
Bajaj Auto Finance	BUY	1,395	1,594	14	69	1.1	4	6	98	119	14.2	11.7	1.1	1.2	2.8	24.0	3.8	8	7
Bank of Baroda	HOLD	608	600	(1)	256	4.1	39	47	93	110	6.5	5.5	1.6	1.7	0.9	11.7	0.7	7	(17)
Bank of India	HOLD	213	215	1	127	2.0	30	37	51	62	4.2	3.4	3.2	3.3	0.6	12.1	0.6	22	(20)
Canara Bank	HOLD	241	285	18	107	1.7	27	37	60	83	4.0	2.9	2.6	2.9	0.5	10.3	0.6	3	(44)
HDFC	HOLD	782	840	7	1220	19.4	53	62	35	40	22.6	19.4	0.4	0.4	4.4	20.1	2.6	(5)	0
HDFC Bank	BUY	638	710	11	1528	24.3	83	107	35	45	18.4	14.1	0.2	0.2	3.6	20.9	1.9	(5)	(4)
ICICI Bank	HOLD	1,030	1,000	(3)	1189	18.9	92	104	80	90	12.9	11.5	1.0	1.1	1.7	12.5	1.6	2	(1)
IndusInd Bank	BUY	403	475	18	211	3.4	13	16	25	31	16.0	13.0	0.3	0.4	2.5	16.1	1.6	(5)	9
UIC Housing Finance	BUY	210	260	24	106	1.7	12	16	24	30	8.7	6.9	0.1	0.1	1.5	17.5	1.4	1	(14)
Power Finance Corp.	BUY	144	123	(15)	191	3.0	44	49	35	39	4.1	3.7	0.9	0.9	0.7	18.1	2.5	10	(21)
Punjab National Bank	HOLD	518	600	16	183	2.9	34	48	97	136	5.3	3.8	2.9	2.9	0.7	10.0	0.7	7	(29)
Rural Electrification Corp.	BUY	210	192	(8)	207	3.3	43	45	44	47	4.7	4.4	0.2	0.2	1.0	23.0	3.2	11	(4)
Shriram Transprt finance	BUY	561	694	24	127	2.0	15	17	67	76	8.4	7.4	2.5	3.5	1.5	18.9	3.1	1	(8)
State Bank Of India	HOLD	1,763	1,762	(0)	1206	19.2	127	160	186	235	9.5	7.5	2.3	2.2	1.4	12.2	0.7	5	(14)
Union Bank of India	HOLD	121	140	16	72	1.1	23	31	39	52	3.1	2.3	2.3	2.3	0.5	14.1	0.7	2	(47)
YES Bank	HOLD	354	400	13	128	2.0	14	14	38	40	9.3	8.9	0.0	0.0	1.8	21.4	1.3	(1)	(16)
Mahindra & Mahindra Fin.	BUY	287	270	(6)	163	2.6	9.6	11.6	17	21	16.8	13.9	1.1	1.9	3.2	19.9	3.4	2	46
Cholamandalam Invst & Fin.	HOLD	238	225	(6)	34	0.5	3.1	3.6	22	25	10.9	9.6	0.3	0.3	1.5	15.0	1.5	9	3
Gruh Finance	BUY	230	248	8	41	0.7	1.8	2.3	10.2	12.9	22.6	17.8	-	-	6.7	33.1	3.0	4	15
Repco Home Finance	BUY	293	298	2	18	0.3	1.1	1.4	17.5	22.4	16.8	13.1	1.0	1.0	2.5	16.0	2.6	10	-
Kotak Mahindra Bank	BUY	712	806	13	547	8.7	15	18	20.5	24.6	34.7	28.9	1.1	1.4	5.2	15.1	1.7	(1)	13

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