



Indices	% Change			
Indices	19-Nov-09	1mth	3mth	6mth
Sensex	16,786	(0)	12	22
Nifty	4,989	0	12	18
CNXMidcap	7,083	3	22	40
Banking	10,057	(2)	25	31
Capital Goods	13,333	(1)	8	24
Healthcare	4,640	5	22	40
IT	4,801	6	24	71
NASDAQ	2,157	(0)	10	25
Dow Jones	10,332	3	11	25

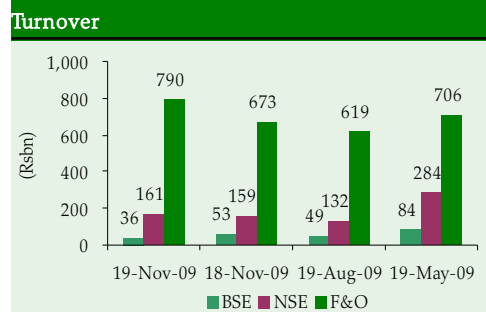
Shipping Update

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Telecom Update

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Net Inflows				
Rs bn	18-Nov-09	17-Nov-09	MTD	YTD
FII	5.94	6.793	56	733
Mutual Fund	-2.55	1.50	4	(24)
FII - F&O	(3.25)	(1.53)	64	179



Commodity & Currency % Change				
	19-Nov-09	1mth	3mth	6mth
Crude (US\$/barrel)	77.5	(3.8)	7.4	26.0
Gold (US\$/Oz)	1,141.9	9.8	21.1	21.3
US\$	46.4	(0.4)	(4.8)	(2.1)
Euro	69.3	(1.1)	0.6	6.0

Debt				
%	19-Nov-09	1mth	3mth	6mth
RBI Repo	4.8	4.8	4.8	4.8
10 yr G-Sec yld	7.6	7.6	7.2	6.4
Spread 1 & 10 yr G-Sec	4.1	4.1	3.3	2.5
US 10 yr treasury	3.3	3.5	3.5	3.2
Surplus liquidity (Rs bn)	(850)	(1,091)	(1,133)	(1,157)

Shipping Update

The sharp increase of 54% in Baltic Drybulk Index (BDI) since 1st November 2009 has improved the sentiments for shipping stocks. BDI rally is led by port congestion due to seasonal demand for coal from china. We believe the short seasonal run up will not benefit for the shipping stocks and expect freight rate in drybulk segment to decline once congestion eases in coming weeks. The weak freight rates in tanker segment where Indian shipping companies have overexposure will impact profitability significantly. The all time high orderbook in almost all the segments is expected to impact recovery in freight rates going ahead. We maintain our Underperformer rating on sector.

BDI rally is seasonal and short term: The rally in the BDI has been caused by the spurt in demand for coal from China on account of early winter in North China. China's Ministry of Housing Finance and Urban -Rural Development has started free heating in northern region and additional demand for coal supply has led to severe port congestion at China and Australian (a major raw material exporter to china). The sharp increase of 54% in freights since 1 November 2009 is mainly due to seasonal demand and bunching of vessels. The break up of Baltic Drybulk index which comprises of Capesize, Panamax and Supramax indices, reveals that the major up move has been in Capesize vessels which are used for coal transport while there is marginal recovery in small Supramax carriers. We believe the freight rates will come down to normal level once port congestion will ease and seasonal demand cool down. The weak sentiments in term contracts also signal the short term increase as short term. The long term contracts for three to five year which are more related to fundamental outlook of sectors are happening at ~70% discount to current spot earnings of ~ \$88,000 per day for Capesize vessels showing negative outlook in freight rates by market participants.

Freight rates in tanker segment continue to remain weak: Indian shipping companies are predominantly into tanker sector and continued weakness in tanker segment remains a concern. The freight rates for Very Large Crude Carriers (VLCC) are ~ \$ 16,528 per day and ~\$15,500 per day for Suezmax segment are ~80% lower from high of May 2008 and ~ 60% lower on year on year basis in spite recovery since August 2009.. The current earnings are insufficient to cover total cost of voyage and will impact the viability of leveraged shipping companies going ahead. The earnings in product carriers are unable to cover even operating cost of voyage resulting into significant erosion of profitability in tanker segment for the quarter.

Supply of new ships - a big concern: The recovery in freight rates due to demand improvement is expected to remain short due to an all time high orderbook in almost all the segments. The order book in dry bulk segment has crossed ~50% of global fleet with delivery scheduled till 2012 while the order book for capsized bulk carrier is similar in size to that of global fleet. The order book in tanker segment ~32% of overall fleet while it is ~ 39% in VLCC and ~38% in Suezmax carriers. These new ships are expected to join the existing fleet over next two years. The new delivery of vessels particularly in 2010 and 2011 is expected to extend the weak freight rate scenario in dry bulk sector.

Maintain Underperformer view on sector: We maintain our negative view on the sector considering challenging environment due to overcapacity and significant decline in profits. The current rally in BDI will not have any impact on Varun Shipping as it does not have exposure to drybulk segment. Mercator Lines has significant exposure (~ 50% of revenue) to dry bulk sector (Singapore subsidiary is pure play on dry bulk) while GE Shipping has ~28% revenue exposure to drybulk. However, we do not expect any significant benefit for Mercator Lines or GE Shipping unless freight rates remain at higher level for another two to three weeks as typical spot journey for ship takes around 35 to 45 days. We maintain our valuation based on 30% discount to Net Asset Value (NAV) and underperformer ratings.

Company	Target Price	Rating
GE Shipping	Rs 210	Under Performer
Varun Shipping	Rs 51	Under Performer
Mercator Lines	Rs 38	Sell

Telecom Update

Unitech-Telenor (Uninor) provides update on Indian operations; to scale down capex by Rs 30-35 bn

Unitech-Telenor (Uninor) has provided an update on its Indian operations, which has been notified to the Oslo Stock Exchange. The company has reduced its capex plans over the next five years by Rs 30-35 bn, from an initial guidance of Rs 155 bn to Rs 120-125 bn. As per the company, this is partly due to better terms and conditions from telecom equipment vendors owing to falling equipment costs. The company had earlier in its investor presentation in September 2009 said that it is scaling down its planned capex investments into India in CY2009 by around 30%, from Rs 46 bn to Rs 25-32 bn. We believe the scaling down of investments for CY2009 and the next five years is partly owing to the adverse impact of the global economic slowdown for Telenor, as also a sign that newer operators could be feeling the pressure from the current price wars being witnessed in the Indian telecom market.

The company has retained its initial targets of 8% market share ambitions, EBITDA break-even three years after launch and cash flow break-even around five years after launch. The Norwegian telco has also said that the Foreign Investment Promotion Board (FIPB) has formally approved its plan to increase its shareholding in its Indian venture, Uninor to 67.25%.

The company has installed around 12,000 base stations and will have a focussed roll out in a majority of the 22 telecom circles in the country, even as it intends to meet licence obligations in all the circles. This indicates that the telco will focus initially on circles that according to it, have more growth potential, which could include circles like Bihar, Orissa, West Bengal, Madhya Pradesh, UP (East and West), Andhra Pradesh, Karnataka and Tamil Nadu. The telco could also launch in circles like Mumbai and Delhi, given their importance as key business centres of the country and beneficial traffic flows. This would be the case, even as it ensures that it meets its licence obligations in other circles. Telenor has agreements in place with around 1,000 distributors and 300,000 points of sale. Uninor expects to launch operations by the end of CY2009 in the Indian market, thus further heating up an already over-crowded market.

Outlook

As we have mentioned in our 2QFY10 result updates for Bharti Airtel, Reliance Communications (RCOM) and Idea Cellular, the competitive environment in the Indian telecom sector has become significantly more challenging, with players like Tata Teleservices (TTSL) and RCOM having launched their respective GSM services and witnessed impressive traction, albeit at the cost of a cut-throat pricing environment. Pricing could fall to ridiculous levels for the next few quarters at least. This is all being seen even as operators like Uninor, Datacom Solutions, Etisalat DB Telecom and S Tel are yet to launch their services. Thus, we expect a dogfight in the sector over the next year, with ARPUs, MoUs and RPMs all likely to witness a fall from current levels. The implementation Mobile Number Portability (MNP) is also likely to prove to be a headwind for the sector and while its actual impact remains to be seen, it will be just another headwind in a sector full of them. **Thus, we maintain our negative view on the Indian telecom sector and while valuations may seem undemanding, there are no triggers in place for any sustained re-rating of stocks. We maintain 'Under performer' ratings on Bharti Airtel (target price Rs 289), RCOM (target price Rs 167) and Idea Cellular (target price Rs 45).**

Exhibit 1: Bharti, RCOM and Idea - Key operating and financial metrics

	FY2007	FY2008	FY2009	FY2010E	FY2011E
Bharti Airtel					
Sales (Rs mn)	185,196	270,249	369,616	383,670	423,931
EBITDA (Rs mn)	74,499	113,715	151,679	155,856	167,962
EBITDA margins (%)	40.2	42.1	41.0	40.6	39.6
Net Profit (Rs mn)	42,572	67,007	84,700	85,744	82,758
EPS (Rs)	11.2	17.6	22.3	22.6	21.8
EPS growth (%)	88.6	57.4	26.4	1.2	(3.5)
Mobile subscriber base (Mn)	37.1	62.0	93.9	125.2	152.4
ARPU (Rs/month)	416	366	325	227	187
PER (x)	26.1	16.6	13.1	13.0	13.4
EV/EBITDA (x)	15.5	10.1	7.8	7.4	6.4
RoE (%)	37.4	38.0	32.5	24.9	19.6
RoCE (%)	30.5	30.8	27.7	21.0	19.3
Reliance Communications					
Sales (Rs mn)	142,625	188,274	222,505	223,121	238,705
EBITDA (Rs mn)	55,148	79,749	86,070	75,861	79,966
EBITDA margins (%)	38.7	42.4	38.7	34.0	33.5
Net Profit (Rs mn)	31,676	54,011	60,449	45,276	36,240
EPS (Rs)	14.7	25.0	28.0	21.0	16.8
EPS growth (%)	613.0	70.5	11.9	(25.1)	(20.0)
Mobile subscriber base (Mn)	28.0	45.8	72.7	98.1	120.5
ARPU (Rs/month)	371	344	244	165	132
PER (x)	11.7	6.9	6.2	8.2	10.3
EV/EBITDA (x)	7.2	6.4	7.6	8.1	7.7
RoE (%)	18.3	20.8	17.0	10.2	7.6
RoCE (%)	10.5	14.0	8.3	5.5	5.2
Idea Cellular					
Sales (Rs mn)	43,664	67,375	101,544	122,444	154,796
EBITDA (Rs mn)	14,652	22,693	28,364	33,341	39,950
EBITDA margins (%)	33.6	33.7	27.9	27.2	25.8
Net Profit (Rs mn)	5,022	10,423	8,816	9,246	8,783
EPS (Rs)	1.6	3.2	2.7	2.9	2.7
EPS growth (%)	148.2	107.6	(15.4)	4.9	(5.0)
Mobile subscriber base (Mn)*	14.0	24.0	43.0	61.4	80.9
ARPU (Rs/month)**	340	295	262	196	167
PER (x)	32.3	15.6	18.4	17.6	18.5
EV/EBITDA (x)	12.3	9.7	6.8	6.8	5.5
RoE (%)	30.3	36.4	10.5	6.8	6.2
RoCE (%)	21.8	24.2	14.5	13.5	16.3

Source: Companies, KSBL Research; * Idea + Spice; ** Idea ex-Spice

BULK DEALS ON NSE - 19 Nov 2009

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
AUSTRAL	Austral Coke & Projects L	KANUDIA CAPITAL & MANAGEMENT SERVICES PVT. LTD.	BUY	1800000	9
BPL	BPL Ltd.	KALASH SHARES & SECURITIES PRIVATE LIMITED	BUY	530921	45.26
BPL	BPL Ltd.	OMINVESTMENTS	BUY	319530	44.27
BPL	BPL Ltd.	TRANSGLOBAL SECURITIES LTD.	BUY	300130	44.57
ISPATIND	Ispat Industries Limited	JAYPEE CAPITAL SERVICES LTD.	BUY	10015450	20.96
ITI	ITI Ltd.	KALASH SHARES & SECURITIES PRIVATE LIMITED	BUY	143727	47.65
ITI	ITI Ltd.	PRAGYA EQUITIES PVT. LTD.	BUY	118392	46.69
JAYSRETEA	Jayashree Tea Ltd.	ICICI PRU ASSET MGMT CO LTD A/C PMS EQ PRODUCT	BUY	114000	331.15
JAYSRETEA	Jayashree Tea Ltd.	NIKON FINLEASE PVT. LTD	BUY	67285	328.16
JSWSTEEL	JSW Steel Limited	CD INTEGRATED SERVICES LTD.	BUY	1038884	990.33
ORCHIDCHEM	Orchid Chemicals Ltd.	JAYPEE CAPITAL SERVICES LTD.	BUY	445317	176.46
SUZLON	Suzlon Energy Limited	GENUINE STOCK BROKERS PVT LTD	BUY	10103199	76.31
THINKSOFT	Thinksoft Global Ser Ltd	JITENDRA MOHANLAL LAKHANI	BUY	54952	261.91
THINKSOFT	Thinksoft Global Ser Ltd	RAMINDER KAUR DHIR	BUY	64924	260.21
VISHALRET	Vishal Retail Limited	TRANSGLOBAL SECURITIES LTD.	BUY	136055	68.85
WELGUJ	Welspun Gujarat Stahl Roh	WITHAL COMMERCIAL PVT LTD	BUY	1000000	293.46
AUSTRAL	Austral Coke & Projects L	ANARCON RESOURCES PVT LTD	SELL	2849925	9
AUSTRAL	Austral Coke & Projects L	KANUDIA CAPITAL & MANAGEMENT SERVICES PVT. LTD.	SELL	1800000	8.6
BPL	BPL Ltd.	KALASH SHARES & SECURITIES PRIVATE LIMITED	SELL	530921	45.12
BPL	BPL Ltd.	OMINVESTMENTS	SELL	319530	44.32
BPL	BPL Ltd.	TRANSGLOBAL SECURITIES LTD.	SELL	300130	44.37
ISPATIND	Ispat Industries Limited	JAYPEE CAPITAL SERVICES LTD.	SELL	10404214	20.96
ITI	ITI Ltd.	KALASH SHARES & SECURITIES PRIVATE LIMITED	SELL	143727	47.65
ITI	ITI Ltd.	PRAGYA EQUITIES PVT. LTD.	SELL	118392	46.74
JAYSRETEA	Jayashree Tea Ltd.	NIKON FINLEASE PVT. LTD	SELL	67285	328.18
JSWSTEEL	JSW Steel Limited	CD INTEGRATED SERVICES LTD.	SELL	1039384	990.77
KALINDEE	Kalindee Rail Nirman (Eng	AMIF I LTD FCCB	SELL	70000	151
ORCHIDCHEM	Orchid Chemicals Ltd.	JAYPEE CAPITAL SERVICES LTD.	SELL	445317	175.41
ORCHIDCHEM	Orchid Chemicals Ltd.	KOTAK MAHINDRA MUTUAL FUND	SELL	502485	177.64
PRATIBHA	Pratibha Industries Limit	KOTAK MAHINDRA (UK)LTD A/C PREMIER INVST FUND LTD	SELL	100000	246.55
SUZLON	Suzlon Energy Limited	GENUINE STOCK BROKERS PVT LTD	SELL	10103199	76.38
THINKSOFT	Thinksoft Global Ser Ltd	JITENDRA MOHANLAL LAKHANI	SELL	54952	262.55
THINKSOFT	Thinksoft Global Ser Ltd	RAMINDER KAUR DHIR	SELL	64924	260.49
VISHALRET	Vishal Retail Limited	IFCI FACTORS LTD	SELL	155000	66.92
VISHALRET	Vishal Retail Limited	TRANSGLOBAL SECURITIES LTD.	SELL	137322	68.94
WELGUJ	Welspun Gujarat Stahl Roh	WITHAL COMMERCIAL PVT LTD	SELL	974199	293.88

Source: NSE

BULK DEALS ON BSE - 19 Nov 2009

Symbol	Script Name	Client Name	Buy/Sell	Quantity Traded	Price
533093	Raj Oil Mills	JMP SECURITIES PVT LTD	B	224693	72.1
533093	Raj Oil Mills	JMP SECURITIES PVT LTD	S	203193	72.28
533083	RishabhdevTechnobl	ARIHANT SEC & INVESTMENT	S	91079	20
533121	Thinksoft Glob	RAMINDER KAUR DHIR	B	56954	260.36
533121	Thinksoft Glob	RAMINDER KAUR DHIR	S	56954	260.41
533016	AUSTRAL COKE	ANARCON RESOURCES PVT LTD	S	1463121	8.95
500032	BAJAJ HIND	JANUS OVERSEAS FUND	B	1607513	219.18
500074	BPL	TRANSGLOBAL SECURITIES LTD.	B	373224	44.42
500074	BPL	TRANSGLOBAL SECURITIES LTD.	S	373224	44.56
530249	BRIDGE SEC	LEENABEN NITINKUMAR SHETH	B	20000	18.15
530249	BRIDGE SEC	VARSHA BEN NAVINBHAI SONI	S	19100	18.14
531682	CATTECH	VINOD AMRATLAL NAAI	B	204860	12.45
531682	CATTECH	VINOD AMRATLAL NAAI	S	281286	11.76
532405	CCS INFOTECH	MEGHA MAHESH KHANDELWAL	S	57101	5.36
512624	CHANDRIKA TRAD	RAJIV BANSAL HUF	B	103500	4.15
512624	CHANDRIKA TRAD	GALA FINANCE & INVESTMENT	S	68500	4.13
519475	CHORDIA FOOD	JAIDEEP SAMPAT	B	22968	39.24
511543	GSB FINANCE	SUSHMA GIRDHARI BIYANI	B	50000	9
511543	GSB FINANCE	GSB SECURITIES PVT LTD	S	50000	9
509597	HARDCASTLE & WAUD	SANDEEP CHOUDHARY	B	4500	649.75
509597	HARDCASTLE & WAUD	VOCATION INV & FIN CO PVT LTD	S	4500	649.73
516078	JUMBO BAG	RUSHAB RAVJI PATEL	B	52000	42.82
516078	JUMBO BAG	CHARAK AYURMEDICA PVT LTD	B	50000	40.1
516078	JUMBO BAG	RUSHAB RAVJI PATEL	S	68000	39.42
530255	KAY POWER	KAUSHALYA GARG	B	139000	8.13
530255	KAY POWER	BAMPSL SECURITIES LTD.	B	80965	7.91
530255	KAY POWER	OMPARKASH GUPTA	B	55650	7.99
530255	KAY POWER	SATISH KUMAR GUPTA	B	101050	8.08
530255	KAY POWER	SUNIL KUMAR GUPTA	B	100000	8.09
530255	KAY POWER	KAUSHALYA GARG	S	200000	8
530255	KAY POWER	BAMPSL SECURITIES LTD.	S	68680	8.07
530255	KAY POWER	OMPARKASH GUPTA	S	55650	8.08
530255	KAY POWER	SATISH KUMAR GUPTA	S	101050	8.15
500265	MAHARASHTRA SEAM	STABLETRADING CO.LTD.	B	350000	356
500265	MAHARASHTRA SEAM	JHANJHARI HOLDINGS PVT LTD	S	350000	356
532607	ONTRACK SYS	HEMA LAKSHMAN	B	47448	8
511702	PARSHARTI INV	JAYESH KUMAR CHIMANLAL SONI	B	25000	36.9
511702	PARSHARTI INV	PRADIPBHAI RAMBHAI PATEL	S	87900	37
590077	RANKLIN SOL	NALLA SUDHAKAR	B	36970	46.8
590077	RANKLIN SOL	GLOBAL WEALTH CREATORS	B	26944	46.06
590077	RANKLIN SOL	SRIKANTH MIKKILINENI	S	30000	45.92
533017	RESURGERE MINES	OPG SECURITIES P LTD	B	330559	100.88
533017	RESURGERE MINES	OPG SECURITIES P LTD	S	330559	100.95
531952	RIBA TEXTILES	SANDIP RAJNIKANT SHAH	B	35100	19.39
531898	SANGUINE MEDIA	MAHENDERPAL RAMDATTAMAL BAHL	S	100000	3.18
531781	SAPAN CHEM	ASHOK KUMAR	B	75000	3.18
531781	SAPAN CHEM	NILESH KRUSHNA PALANDE	S	50730	3.2
532833	SPARSH BPO	SUBHKAM CAPITAL LTD	B	600000	38.05
532833	SPARSH BPO	SUBHKAM CAPITAL LIMITED	B	297629	38.05
532833	SPARSH BPO	TECK REDDY	B	300000	38.05
532833	SPARSH BPO	KAPIL PURI	S	1200000	38.05
523363	STERLING HOL RES	VIVEK LAKSHMINATH MEHROTRA	B	285000	60.52
523363	STERLING HOL RES	STAN CHART BANK (MAURITIUS) LTD A/C EMERGING IND	S	317873	60.6
522229	TANEJA AERO	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED S	S	417137	37.78
530961	VIKAS GLOBALONE	JAI GANESH CHIT FUND PVT LTD	B	15550	22.43
530961	VIKAS GLOBALONE	EKTA AGGARWAL	S	16050	22.42
532360	VINTAGE CARDS	BHASIRAJ RAJAYAN	B	3000	22.34
532867	VISHAL RETL	TRANSGLOBAL SECURITIES LTD.	B	137978	68.78
532867	VISHAL RETL	TRANSGLOBAL SECURITIES LTD.	S	137953	68.82
522259	KALINDIRAIL	AMIF I LTD FCCB A/C	S	160000	158.26

Source: BSE

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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% - (25%)
Sell	: > (25%)		

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