

Outlook and recommendation

While Q1 contract price with the mining majors (Vale, Rio) has settled at \$110 per tonne, the current spot prices are trading at 40% higher. In view of surging Chinese and Indian demand and recovering developed economies, demand for steel and hence iron ore would pick up. Consequently, the contract price for Q2 may remain firm. Keeping its ambitious expansion plans in mind, future earnings would be driven by volume growth as well.

At the CMP of Rs 459 the stock is trading at 14.4 times its TTM earnings of Rs 31.8 and is fairly valued at current levels, we remain cautiously positive on the growth prospects of the company.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Sesa Goa Ltd.	Q4FY10	Q4FY09	% Chg.	Q4FY10	Q3FY09	% Chg.	FY201003	FY200903	% Chg.
Net Sales	2403.5	1429.9	68.1	2403.5	1866.8	28.8	5803.1	4925.7	17.8
Other operational Income	15.4	13.6	12.6	15.4	22.4	-31.3	55.2	33.4	65.4
Total Oper. Income(TOI)	2418.9	1443.5	67.6	2418.9	1889.2	28.0	5858.3	4959.1	18.1
Raw Materials Cons.-	88.1	64.3	37.0	88.1	88.3	-0.2	345.9	256.9	34.6
% to TOI	3.6%	4.5%	-	3.6%	4.7%	-	5.9%	5.2%	-
Stock adj. (-)Inc / (+)Dec-	-63.9	47.4	PL	-63.9	81.4	PL	-121.1	-26.8	351.6
% to TOI	-2.6%	3.3%	-	-2.6%	4.3%	-	-2.1%	-0.5%	-
Net Raw Mat adj. for stock	24.2	111.7	-78.3	24.2	169.7	-85.7	224.7	230.1	-2.3
% to TOI	1.0%	7.7%	-	1.0%	9.0%	-	3.8%	4.6%	-
Other expenses	847.0	553.3	53.1	847.0	631.9	34.0	2319.7	2090.3	11.0
% to TOI	35.0%	38.3%	-	35.0%	33.5%	-	39.6%	42.2%	-
Contribution Net_Sales	1547.7	778.5	98.8	1547.7	1087.5	42.3	3313.9	2638.7	25.6
Personnel	44.7	25.0	78.7	44.7	51.5	-13.2	169.1	99.9	69.2
% to TOI	1.9%	1.7%	-	1.9%	2.7%	-	2.9%	2.0%	-
Total expenditure	915.9	690.0	32.7	915.9	853.1	7.4	2713.5	2420.3	12.1
Operating Profit	1503.0	753.5	99.5	1503.0	1036.0	45.1	3144.8	2538.8	23.9
% to TOI	62.1%	52.2%	-	62.1%	54.8%	-	53.7%	51.2%	-
Non-Operating Income	129.1	56.7	127.6	129.1	132.5	-2.6	426.0	224.0	90.1
Interest	22.7	0.7	2960.8	22.7	25.1	-9.6	51.7	1.0	5124.2
Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Gross Profit	1609.4	809.5	98.8	1609.4	1143.4	40.8	3519.1	2761.8	27.4
Depreciation	16.6	15.0	10.7	16.6	22.5	-25.9	74.5	51.7	44.2
PBT before Extra-ord	1592.8	794.4	100.5	1592.8	1121.0	42.1	3444.6	2710.2	27.1
% to TOI	65.9%	55.0%	-	65.9%	59.3%	-	58.8%	54.7%	-
Extraordinary Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
PBT	1592.8	794.4	100.5	1592.8	1121.0	42.1	3444.6	2710.2	27.1
Tax Rate	23.7%	31.0%	-	23.7%	25.9%	-	23.4%	26.4%	-
Prov. for Tax	377.7	246.1	53.5	377.7	290.6	30.0	805.6	715.3	12.6
% to TOI	15.6%	17.1%	-	15.6%	15.4%	-	13.8%	14.4%	-
Profit after Tax	1215.1	548.4	121.6	1215.1	830.4	46.3	2639.0	1994.9	32.3
% to TOI	50.2%	38.0%	-	50.2%	44.0%	-	45.1%	40.2%	-
Minority Interest	-2.2	-0.7	211.1	-2.2	-2.9	-22.2	-9.9	-6.8	46.6
PAT (adj. For MI)	1212.9	547.6	121.5	1212.9	827.5	46.6	2629.1	1988.1	32.2
Face Value	1.0	1.0	0.0	1.0	1.0		1.0	1.0	0.0
Equity Share capital	83.1	78.7	5.6	83.1	82.1	1.3	83.1	78.7	5.6
EPS (Rs.)	14.6	7.0	109.9	14.6	10.1	44.5	31.8	25.3	25.3
CEPS (Rs.)	14.8	7.2	107.1	14.8	10.4	42.6	32.7	26.0	25.6

Source: ACE Equity

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