

Institutional Research

Indices	Close	% Chg	% YTD
Indian Markets			
Sensex	18,439	1.5	(10.1)
Nifty	5,532	1.6	(9.8)
CNX Midcap	7,654	0.6	(13.6)
Global Markets			
DJIA	11,993	(0.4)	3.6
Nasdaq	2,701	(0.5)	1.8
FTSE	5,775	(0.9)	(2.1)
Emerging Markets			
IBOV	67,169	0.7	(3.1)
Shanghai Composite	2,938	(0.7)	4.6
KOSPI	1,971	(0.5)	(3.9)

Market Turnover		US\$ mn	% Chg
BSE		662	(25.3)
NSE		2,138	(13.4)
Derivatives (NSE)		22,384	(15.6)
FII in F&O (US\$ mn)		Index	Stocks
Net buying		361.3	(16.5)
Open interest		13,882.9	6,428.8
Chg in open interest (%)		0.5	2.4
Fund Flows (US\$ mn)	Latest	MTD	YTD
FIIs	(48.0)	377	(1,861)
MFs	(11.4)	88	537

Forex Rates	Latest	% Chg	% YTD
Rs/US\$	45.1	0.4	(0.8)
Euro/US\$	0.7	(0.01)	4.5
Yen/US\$	81.7	(0.06)	(0.7)
Commodities	Latest	% Chg	% YTD
Brent (US\$/bbl)	113.5	0.5	20.4
Gold (US\$/oz)	1,426.5	0.0	0.4
Copper (US\$/MT	9,190.0	0.0	(4.3)
Alum (US\$/MT)	2,615.5	0.0	3.8
Zinc (US\$/MT)	2,330.0	2.4	(5.1)
LME Steel (US\$/MT)	455.0	(2.2)	7.1
White Sugar (US\$/t)	646.0	(1.5)	-3.9*
White sugar contract C	Dct-11	*Month Till Date	

Bond Markets

	Latest	bps Chg
10-yr GSec yield	8.0	14
Interbank call	6.8	74

ADR/GDR (US\$)

	Latest	% Chg	Prem
HDFC Bank	155.9	0.7	5.9
ICICI Bank	44.8	(0.6)	(0.7)
Infosys	67.8	0.4	(1.3)
ITC	3.8	0.0	(1.5)
Ranbaxy Labs	10.2	0.0	(2.4)
Reliance Inds	45.0	2.6	(0.3)
Mahindra Satyam	3.0	0.3	1.4
SBI	116.7	0.5	1.2
Tata Motors	25.9	0.5	(0.7)
Wipro	13.7	1.0	35.5

Top Gainers - BSE 100

	Latest	% Chg
Reliance Capital	562	9.7
Welspun-Gujarat St	198	5.9
GAIL India	463	4.6
BPCL	570	4.5
HPCL	335	4.5

Top Losers - BSE 100

	Latest	% Chg
Suzlon Ene	46	(2.4)
Tata Chem	325	(1.2)
NMDC	274	(1.2)
Power Fin	241	(0.9)
Glenmark	270	(0.8)

Top Research Picks

India Inflation – RBI may need more than 'baby steps' to contain the core

Other Research

- Infosys Technologies What to expect from Infy's FY12 guidance
- United Breweries Amalgamation of Chennai Breweries a positive

Corporate News

- SAIL is continuing a joint feasibility study with Japan's Kobe Steel for a steel plant and a 1,000MW gas-based power plant in north India. (Mint)
- NHAI has forfeited Patel Engineering's security deposit of ~Rs 130mn after the construction firm withdrew from a project citing an error in its own estimation. (BS)
- Vishal Retail's retail and wholesale business has been sold, on a slump sale basis, to TPG Wholesale, a subsidiary of TPG VW, and Airplaza Retail Holdings, owned by Shriram Group, respectively. (Mint)
- SEBI said it has not yet cleared Vedanta group's open offer for Cairn India. (BS)
- ONGC Videsh, the overseas arm of ONGC, has lost bid to buy US energy major Exxon Mobil's 25% stake in a deep-sea oil block in Angola. (ET)
- Last week's devastating earthquake in Japan is expected to have a negative impact on India's local shipping industry, the Shipping Corporation of India said. (BS)
- NALCO's alumina refinery capacity will be augmented to 2.1mtpa by this monthend and the project is on time. (Mint)
- Essar Steel plans to ramp-up its Hypermart outlets to 650 by FY12. (ET)

Volume Shockers - BSE 100

('000)	Latest	2mth avg	% Chg
Suzlon Energy	71,403	22,994	310.5
Unitech	27,039	48,766	55.4
RCom	16,422	13,578	120.9
JP Asso	12,287	17,821	68.9
Hindalco	8,958	10,944	81.9

Delivery Toppers - BSE 100

	Del %	Tot Vol	Days up
UBI	82.9	642,916	(2)
Adani Enter.	77.4	314,773	(1)
Zee Enter.	76.7	990,614	(3)
Hero Honda	75.1	1.303.998	(2)

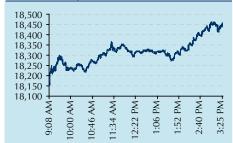
BSE Sectoral Indices

	Latest	% Chg	% YTD
Midcap	6,561	0.5	(15.9)
Smallcap	7,921	0.3	(18.1)
Auto	8,828	0.7	(13.7)
Banks	12,358	1.4	(7.6)
Capital Goods	12,647	0.7	(18.0)
Comm & Tech	3,643	1.3	(10.0)
Con. Durables	5,785	1.2	(9.0)
FMCG	3,516	0.7	(4.6)
Healthcare	3,516	0.8	(13.0)
IT	6,241	1.5	(8.6)
Metals	15,676	2.0	(10.9)
Oil & Gas	9,937	2.2	(6.3)
Power	2,587	1.3	(13.5)
Realty	2,120	0.8	(25.8)

Market Breadth

	Adv	Dec	A/D
NSE	788	624	1.3
Sensex	25	4	6.3
BSE 100	19	79	0.2
BSE 200	43	155	0.3
BSE 500	117	378	0.3

Sensex Intraday



- Fortis Healthcare said it has entered into a collaboration with US-based TotipotentRX Cell Therapy to set up stem cell therapy centres across its select hospitals. (ET)
- JSPL said it will start iron ore exports from Bolivia's El Mutun mines in next 2-3 months. (Mint)
- Educomp's ICT Division Edureach has added 540 government schools to its existing portfolio of 10,550 schools under ICT implementation across India. (FE)
- GE said it would invest ~US\$ 200mn for setting up a infrastructure equipment manufacturing facility in India and would recruit over 3,000 people for the same this year. (Mint)

Economic News

- India's WPI rose an annual 8.31% in February on higher fuel and manufactured product prices. (Mint)
- Transactions worth ~Rs 70bn were carried out in the country through credit cards in January '11, a growth of 27.82% from that in the same period last year. (BS)
- India's power output rose an annual 6.78% in February, slower than the previous month, due to coal and gas shortages at some plants. (BS)

Global News

- Berkshire Hathaway Inc has agreed to buy chemical and lubricant maker Lubrizol Corp for US\$ 9bn in cash. (BS)
- Intel Capital and IFC will invest US\$ 12mn into Irish firm Altobridge, which specialises in making telecom network equipment for remote areas of emerging countries. (ET)
- The Bank of Japan has supplied an additional US\$ 500mn to financial institutions operating in areas hit by the recent earthquake. (ET)

Source: BL: Business Line, BS: Business Standard, ET: Economic Times, FE: Financial Express



India Inflation

RBI may need more than 'baby steps' to contain the core

Inflation surprised again – unpleasantly – remaining un-obligingly above 8% in February. With food inflation having come-off significantly, the expectation was that the headline inflation would cool off to 7.7%. However, with inflation getting increasingly generalised, leading to significant rise in input cost, inflation is now being driven more by manufactured products. Indeed, the core inflation has risen very sharply in February. December headline number has also been revised up to 9.41%.

We now believe that the headline inflation number is unlikely to fall to the FY11end target of 7%. With oil price hikes yet to be factored in, our FY12 estimate for average inflation is at 7.5% (9.1% in FY11). We believe that the RBI may choose to take larger than 'baby steps' – 50bps hike on 17 March – notwithstanding recent concerns on growth. It simply cannot afford to remain 'behind-the-curve' any longer. Markets would also take keen interest in the govt's H1-borrowing calendar for the quantum and tenor of securities to be issued – also due this week.

Inflation refuses to cool off: The headline rate of inflation, based on monthly WPI, stood at 8.31% YoY (provisional) for the month of February as compared to 8.23% for the previous month. The build-up inflation in FY11 so far is 7.51% while the average inflation FYTD is at 9.2%.

Manufactured product inflation shoots up on high input prices: The manufactured products inflation has increased to 4.94% in February as against 3.8% last month. This increase can be partially attributed to high global commodity prices and increased labour costs. The basic metals inflation is at 8.6% YoY, contributing ~32% to the overall manufactured products inflation.

Food inflation tapering off: Food inflation which remained stubbornly high at 15.65% in January; cooled down to 10.6% YoY for the month of February. March continues to see a decline in most vegetable prices, which are now stabilising at lower levels. With a share of 51%, food articles (weight 14.3% in WPI), was the biggest contributor to the primary articles inflation. Our channel checks suggest that food inflation should continue to soften with rabi harvest arrivals improving supplies as well as sentiments.

Inflation outlook getting worse - across the globe: Inflation is likely to re-emerge with a vengeance as the predominant concern in policy makers' mind across the globe. Europe is already coming to terms, with the ECB surprising the markets earlier this month to indicate an imminent policy tightening in April. In India, we now believe that the headline inflation number is unlikely to fall to the FY11-end target of 7%. The coal price hike towards end-March will alone add 30bps to March inflation. The increase in cotton price in Dec last year is likely to percolate further to yarn and fabric. With oil price hikes yet to be factored in completely in the inflation numbers, our FY12 estimate for average inflation is at 7.5%, despite the high base of FY11(9.1% average).

Heating core may warrant more aggressive tightening: The core (non-food manufacturing) inflation has risen very sharply in February to 5.41% in Feb from 4.17% in Jan. This is the more stable component of WPI, and the RBI pays most attention to the core in policy formulation. The hawks in the TAC, which advices the central bank on monetary policy, may be emboldened this time around to recommend a more aggressive tightening. We believe that the RBI may choose to take larger than 'baby steps' – 50bps hike – notwithstanding recent concerns on growth. This would, however, be a much delayed response and may cost the economy more growth now. Policy impact diminishes at margin with time.

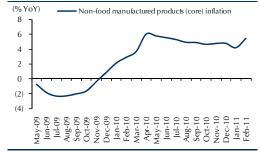
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WPI inflation by category

	Feb-10	Feb-11	Jan-11	Dec-10
		%Y	oY	
All commodities	9.70	8.31	8.23	9.41
Primary articles	21.70	14.79	17.28	16.46
Fuel, power, light	10.20	11.49	11.41	11.19
Manufactured products	5.20	4.94	3.75	4.46
		Index	level	
All commodities	134.8	146.0	145.9	145.4
Primary articles	163.6	187.8	193.4	188.9
Fuel, power, light	136.6	152.3	151.3	150.1
Manufactured products	125.4	131.6	129.9	128.9
		% M	оМ	
All commodities	0.00	0.07	0.34	2.18
Primary articles	(0.79)	(2.90)	2.38	3.45
Fuel, power, light	0.59	0.66	0.80	1.01
Manufactured products	0.16	1.31	0.78	0.39

Source: Office of the Economic Advisor - Gol, RCML Research

Non-food manufactured product (core) inflation



Source: Office of the Economic Advisor - Gol, RCML research

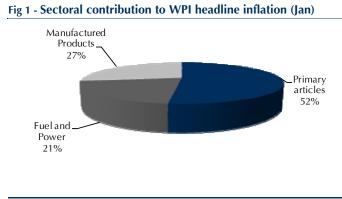
Hawkometer*: Measuring the hawkishness of RBI

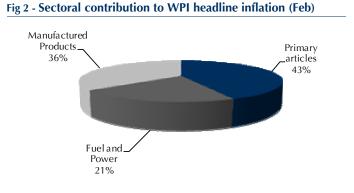


Source: RCML Research *A reading of 2.5+ implies rate action

In the interest of timeliness this report has not been edited.

Component contribution analysis





Source: Office of the Economic Advisor - Gol, RCML research

Source: Office of the Economic Advisor - Gol, RCML research

Food articles.

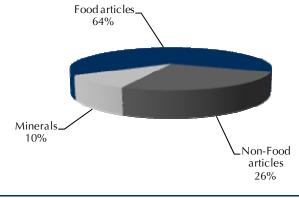
51%

Minerals

12%

Fig 4 - Contribution to primary articles inflation (Feb)

Fig 3 - Contribution to primary articles inflation (Jan)



Source: Office of the Economic Advisor - Gol, RCML research



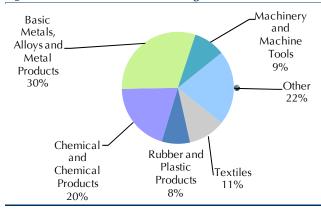


Fig 6 - Contribution to manufacturing inflation (Feb) Machinery Basic and Metals, Machine Alloysand Tools Metal 9% Products 32% Other 17% Chemical and Chemical Products Rubber and Textiles 21% Plastic 13% Products 8%

Source: Office of the Economic Advisor - Gol, RCML research

Source: Office of the Economic Advisor - Gol, RCML research

Source: Office of the Economic Advisor - Gol, RCML research

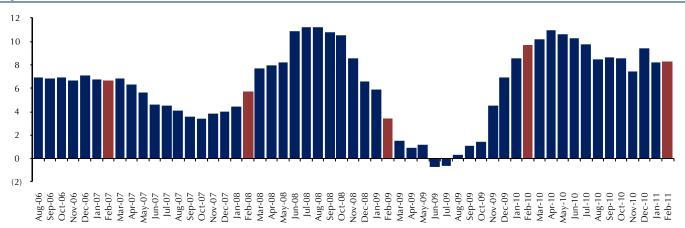


Non-Food

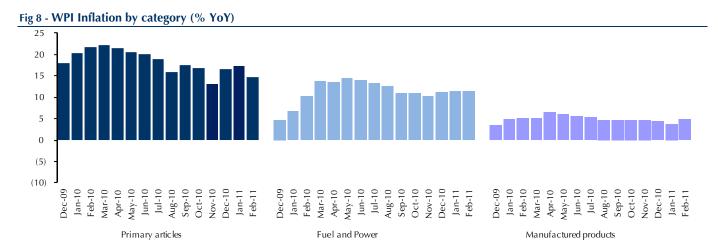
articles

37%

Fig 7 - Headline WPI inflation (% YoY)



Source: Office of Economic Advisors, RCML Research



Source: Office of Economic Advisors, RCML Research

Fig 9 - Manufactured product inflation

(% YoY)	Weight in WPI (%)	Feb'10	Feb'11	Jan'11	Dec'10
Food Products	10.0	17.7	(0.3)	(1.0)	0.4
Beverages and Tobacco	1.8	6.4	7.9	6.3	5.3
Textiles	7.3	8.3	6.1	3.9	5.2
Wood and Wood Products	0.6	7.1	2.7	3.8	3.4
Paper and Paper Products	2.0	2.6	5.9	4.7	4.5
Leather and Leather Products	0.8	0.6	(1.1)	1.7	(1.2)
Rubber and Plastic Products	3.0	3.2	8.3	6.7	5.7
Chemical and Chemical Products	12.0	3.0	5.4	4.1	4.4
Non-Metallic Mineral Products	2.6	4.5	1.8	2.0	3.6
Basic Metals, Alloys and Metal Products	10.7	1.0	8.6	6.5	7.9
Machinery and Machine Tools	8.9	0.6	3.0	2.5	2.8
Transport Equipment and Parts	5.2	1.5	2.4	1.5	2.6
Manufactured Products	65.0	5.2	4.9	3.8	4.5

Source: Office of the Economic Advisor - Gol, RCML Research





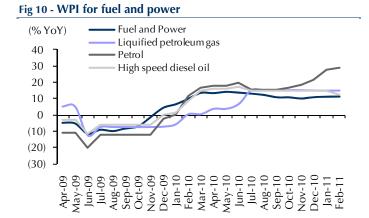
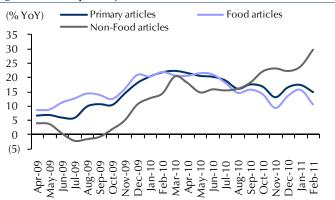


Fig 11 - WPI for primary articles



Source: Office of the Economic Advisor - Gol, RCML Research

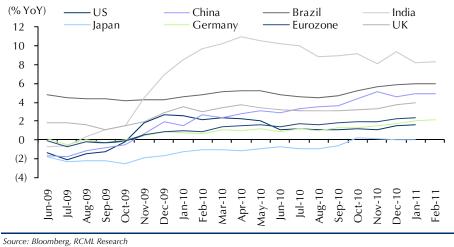
Source: Office of the Economic Advisor - Gol, RCML Research

Fig 12 - Percentage component contribution to headline WPI inflation

	wt. in WPI	Feb-10	Feb-11	Jan-11	Dec-10
WPI of All commodities	100.0	100	100	100	100
Primary articles	20.1	49.2	43.5	51.7	43.0
Food articles	14.3	35.2	22.3	33.3	25.6
Non-Food articles	4.3	6.4	16.2	13.2	10.7
Minerals	1.5	7.6	5.1	5.3	6.7
Fuel and Power	14.9	15.8	20.9	20.8	18.0
Manufactured Products	65.0	33.8	36.0	27.5	28.6
Food	10.0	18.3	(0.4)	(1.3)	0.4
Non-Food	55.0	15.5	36.4	28.9	28.2

Source: Office of the Economic Advisor - Gol, RCML Research







Infosys Technologies Ltd

What to expect from Infy's FY12 guidance

Infosys' FY12 guidance on 15 April 2011 is the key datapoint to watch out for in Indian IT. Our recent management meeting confirmed the healthy demand environment for IT spending, as has been corroborated by almost all players over the last 6–9 months. However, the extent of demand traction is the key in our view—consensus forecasts for Infosys are already building in 25%/20% earnings growth in FY12/FY13 and we believe that share price performance will be driven by beats versus consensus. This was evident in the Q3FY11 results after which Infosys has corrected ~10–12% despite a good quarter, as expectations were high.

We expect Infosys to guide towards FY12 dollar revenue growth of 18–20% with rupee EPS guidance of ~Rs 138–140, a growth of 15–17%. This would be materially below consensus estimates of Rs 150. With Infosys' enviable track record of beating guidance, we do not foresee cuts in consensus estimates, nor do we see upward revisions post guidance. On a relative basis in the sector, we like Infosys and would look to get more constructive on evidence of a stronger-than-expected demand environment.

Expect guidance of 18–20% US\$ revenue growth in FY12: We expect Infosys to guide towards growth of 18–20% in dollar terms in FY12 with revenues in the range of US\$ 7.19bn–7.28bn. This would imply a 3.5–4% dollar CQGR. In rupee terms, we expect Infosys to guide to revenues of Rs 323bn–328bn in FY12, a growth of 17–19% over FY11.

Rupee EPS to be in the range of Rs 138–140: We expect the dollar EPS guidance to be in the range of US\$ 3.07–3.13, with rupee EPS guidance (assuming Re at 45) of Rs 138–140, implying a 15–17% growth over FY11.

Consensus expectations remain ahead: We believe that the technology demand environment remains healthy and top-tier Indian IT companies should deliver 20%+ growth in FY12; however we do note that consensus estimates are already factoring in 23–25% dollar growth and FY12/FY13 EPS is at Rs 150/Rs 181. Although Infosys is expected to beat its guidance, already-elevated consensus numbers limit room for any material earnings upgrades if the company's FY12 growth guidance comes in at 18–20%.

Currency remains a key variable: In a year when expectations are high, apart from the macro environment, currency remains a key variable that could upset earnings estimates. We note that most earnings estimates are built around a USD/INR assumption of ~45; thus an appreciating rupee in FY12 could hurt our EPS estimates for large cap Indian IT players.

Financial highlights

0 0				
(US\$ mn)	FY10	FY11E	FY12E	FY13E
Revenue	4,804	6,089	7,439	8,836
Growth (%)	3.0	26.8	22.2	18.8
Adj net income	1,313	1,514	1,846	2,150
Growth (%)	4.8	15.3	21.9	16.5
FDEPS (Rs)	108.8	120.3	145.3	169.3
Growth (%)	6.6	10.5	20.8	16.5

What's New?	Target	Rating	Estimates

СМР	TARGET	RATING	RISK
Rs 3,101	Rs 3,200	HOLD	LOW

BSE	NSE	BLOOMBERG
500209	INFOSYSTCH	INFO IN

Company data

Market cap (Rs mn / US\$ mn)	1,780,261 / 39,503
Outstanding equity shares (mn)	574
Free float (%)	80.8
Dividend yield (%)	0.8
52-week high/low (Rs)	3499 / 2485
2-month average daily volume	1,080,581

Stock performance

Returns (%)	СМР	1-mth	3-mth	6-mth
Infosys	3,101	(0.1)	(1.8)	5.3
CNX IT	6,822	(0.7)	(1.6)	5.9
Sensex	18,439	1.3	(6.9)	(4.7)

Valuation matrix

(x)	FY10	FY11	FY12E	FY13E
P/E @ CMP	28.5	25.8	21.3	18.3
P/E @ Target	29.4	26.6	22.0	18.9
EV/EBITDA @ CMP	21.8	18.0	14.8	12.9

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	34.4	32.9	32.7	31.6
EBIT margin	30.4	29.8	29.9	29.0
Adj PAT margin	27.3	24.9	24.8	24.3
ROE	28.7	27.1	28.3	26.2
ROIC	51.7	50.5	49.0	46.7
ROCE	52.0	50.0	51.9	53.6

Infosys FY12 guidance

Fig 14 - Infosys FY12 guidance expectations

	FY11E	FY12E	
		Expected guidance	RCML estimates
US\$ guidance			
Revenues (mn)	6,089	7,199-7,288	7,439
Growth	27%	18%-20%	22%
EPS (US\$)	2.65	3.07-3.13	3.23
Growth	15%	16%-18%	22%
INR guidance			
Revenues (mn)	276,513	323,977-327,976	334,775
Growth	21.5%	17%-19%	21.1%
EPS	120.3	138.3-140.7	145.3
Growth	11%	15%-17%	21%

Source: RCML Research. Exchange rate assumption is 1US\$=45 Rs

Fig 15 - Upper end US\$ revenue guidance v/s performance

	Infosys initial guidance	Actual performance
FY06	30%	35%
FY07	30%	44%
FY08	32%	35%
FY09	21%	12%
FY10	-3%	3%
FY11E	18%	27%

Source: Company, RCML Research

Fig 16 - Currency movements



Source: Bloomberg



Balance sheet

Consolidated financials

Profit and Loss statement

Y/E March (US\$ mn)	FY10	FY11E	FY12E	FY13E
Revenues	4,804	6,089	7,439	8,836
Growth (%)	3.0	26.8	22.2	18.8
EBITDA	1,651	2,002	2,433	2,795
Growth (%)	7.8	21.3	21.5	14.9
Depreciation & amortisation	191	185	207	234
EBIT	1,460	1,818	2,227	2,562
Growth (%)	6.7	24.5	22.5	15.1
Interest	181	235	267	343
Other income	28	-	-	-
EBT	1,669	2,053	2,494	2,905
Income taxes	356	539	648	755
Effective tax rate (%)	21.3	26.3	26.0	26.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	1,313	1,514	1,846	2,150
Adjustments	-	-	-	-
Adjusted net income	1,313	1,514	1,846	2,150
Growth (%)	4.8	15.3	21.9	16.5
Shares outstanding (mn)	571.0	571.4	571.4	571.4
FDEPS (Rs) (adj)	108.8	120.3	145.3	169.3
Growth (%)	6.6	10.5	20.8	16.5
DPS (Rs)	23.5	23.5	23.5	25.0

Cash flow statement

Y/E March (US\$ mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,504	1,698	2,052	2,383
Non-cash adjustments	-	-	-	-
Changes in working capital	(3)	(403)	(274)	(292)
Cash flow from operations	1,501	1,296	1,779	2,091
Capital expenditure	(260)	(254)	(140)	(200)
Change in investments	-	-	-	-
Other investing cash flow	(164)	(62)	-	-
Cash flow from investing	(424)	(316)	(140)	(200)
Issue of equity	569	(315)	(65)	(22)
Issue/repay debt	-	-	-	-
Dividends paid	(305)	(746)	(381)	(127)
Other financing cash flow	-	-	-	-
Change in cash & cash eq	1,365	(89)	1,193	1,743
Closing cash & cash eq	3,532	3,443	4,636	6,379

Y/E March (US\$ mn) FY10 FY13E FY11E FY12E Cash and cash eq 3,532 3,443 4,636 6,379 Accounts receivable 778 995 1,205 1,429 Inventories Other current assets 351 440 533 632 Investments Gross fixed assets 1,077 1,194 1,334 1,534 Net fixed assets 989 1,059 992 958 CWIP -Intangible assets _ -_ Deferred tax assets, net Other assets 500 562 562 562 Total assets 6,499 7,928 9,960 6,150 Accounts payable 2 6 8 9 Other current liabilities 708 607 635 665 Provisions Debt funds _ _ _ _ Other liabilities 79 72 72 72 Equity capital 64 64 64 64 5,297 Reserves & surplus 5,749 7,149 9,151 5,813 Shareholder's funds 7,213 9,215 5,361 Total liabilities 6,150 6,499 7,928 9,960 BVPS (Rs) 421.6 457.8 568.1 725.7

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E		
Profitability & Return ratios (%	%)					
EBITDA margin	34.4	32.9	32.7	31.6		
EBIT margin	30.4	29.8	29.9	29.0		
Net profit margin	27.3	24.9	24.8	24.3		
ROE	28.7	27.1	28.3	26.2		
ROCE	52.0	50.0	51.9	53.6		
Working Capital & Liquidity ratios						
Receivables (days)	59	60	59	59		
Inventory (days)	n.m	n.m	n.m	n.m		
Payables (days)	0	0	0	0		
Current ratio (x)	6.6	8.0	9.9	12.5		
Quick ratio (x)	6.1	7.2	9.1	11.6		
Turnover & Leverage ratios (x))					
Gross asset turnover	5.0	5.9	7.3	9.1		
Total asset turnover	0.9	1.0	1.0	1.0		
Interest coverage ratio	8.1	7.7	8.3	7.5		
Adjusted debt/equity	-	-	-	-		
Valuation ratios (x)						
EV/Sales	7.5	5.9	4.8	4.1		
EV/EBITDA	21.8	18.0	14.8	12.9		
P/E	28.5	25.8	21.3	18.3		
P/BV	7.4	6.8	5.5	4.3		



United Breweries Ltd

Amalgamation of Chennai Breweries - a positive

United Breweries (UBBL) has acquired Chennai Breweries (CB), the brewery division of Balaji Distilleries, from United Spirits (USL), thus taking over 13mn of brewing capacity in the state of Tamil Nadu. UBBL has acquired the business at ~11x FY11 EBITDA, which we think is reasonable. We upgrade our FY12/FY13 earnings estimates for UBBL by 4.8%/4% on account of this deal, which is positive for the company—the acquisition strengthens UBBL's brewing capacity in Tamil Nadu, one of most significant and profitable states in the Indian beer market. In view of the earnings upgrade, our revised price target now stands at Rs 415 (as against Rs 385 earlier). Maintain HOLD.

Merger of CB strengthens UBBL's brewing capacity in Tamil Nadu: UBBL has merged CB, the erstwhile brewing division of Balaji Distilleries and currently a wholly-owned subsidiary of USL, with itself. UBBL has thus completed the last leg of consolidation with this merger. The deal is positive for UBBL as it would now own two breweries in Tamil Nadu—one of the most significant and profitable states in the Indian beer market. Moreover, through the deal, UBBL has acquired CB's 13mn cases of brewing capacity (or ~4% of India's brewing capacity) with a FY10 sales volume of 9mn cases. CB will be amalgamated into UBBL with effect from 31 March '11.

Deal size works out to ~Rs 4bn: For the stake in CB, UBBL will issue 8.5mn shares to USL. At UBBL's current price (Rs 470 per share), the stake works out to ~ Rs 4bn. CB has a debt of Rs 420mn in its books; hence, based on CB's FY11E EBITDA of Rs 390mn, the deal value stands at ~11x EV/EBITDA, which is reasonable in our view (UBBL trades at ~30x FY11 EV/EBITDA).

Deal to be earnings accretive for UBBL: The deal is earnings accretive for UBBL, given CB's higher profitability and the deal's share-swap ratio. EBITDA margins for CB are ~400bps higher than that of UBBL, and would translate into an earnings accretion of 4.8%/4% for UBBL in FY12/FY13.

Maintain HOLD with a revised price target of Rs 415: In view of the earnings upgrade, we revise our September '11 price target for UBBL from Rs 385 to Rs 415. Maintain HOLD.

What's New?	Tar	Target Rating		ng Es	stimates
СМР	TARGE	T	RATIN	G 📗 I	RISK
Rs 470	Rs 41.	5	HOLE	D ME	DIUM
BSE		NSE		BLOOM	1BERG
532478		UBL		UBBI	LIN
Outstanding equ Free float (%) Dividend yield (' 52-week high/lo 2-month average	%) w (Rs)				255.0 25.0 0.5 536 / 179 133,921
Stock perform	ance				
Returns (%)	СМР	1	-mth	3-mth	6-mth
UBBL	470		16.9	15.6	8.4
BSE FMCG	5,814		(1.7)	(10.5)	2.4
Sensex	18,174		2.5	(6.8)	(3.3)
Valuation mat	rix				
(x)		FY10	FY11E	FY12E	FY13E
P/E @ CMP		139.7	71.6	45.5	31.7

123.3

57.1

63.3

33.3

40.1

23.3

28.0

18.5

Financial highlights

Financial nignlights				
(Rs mn)	FY10	FY11E	FY12E	FY13E
Revenue	22,755	33,114	42,540	51,473
Growth (%)	17.9	45.5	28.5	21.0
Adj net income	895	1,759	2,811	3,997
Growth (%)	96.1	96.7	59.7	42.2
FDEPS (Rs)	3.4	6.6	10.3	14.8
Growth (%)	113.7	94.9	57.6	43.6

Profitability and return ratios

P/E @ Target

EV/EBITDA @ CMP

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	10.3	12.1	13.5	14.0
EBIT margin	5.7	8.1	9.5	10.2
Adj PAT margin	3.9	5.3	6.6	7.8
ROE	9.1	16.9	23.6	28.3
ROIC	4.3	8.5	11.5	15.0
ROCE	6.8	10.6	13.8	17.5

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Key highlights from the con-call

- With this deal, the simplification of UBBL's corporate structure is complete as all the entities (MAPL group and contract bottler CB) have now been merged with UBBL.
- The company has received court approvals for the MAPL merger.
- The cost to set up a 13mn-case equivalent greenfield capacity would be ~ Rs 2.5bn (vs acquisition cost of ~ Rs 4bn). However, the premium to replacement cost takes into account the time value of building a new facility and the cost of a new brewery licence which is quite difficult to obtain in Tamil Nadu.
- With this acquisition, UBBL now has a combined brewing capacity of ~20mn cases (CB and Empee) in Tamil Nadu, one of the key states for the Indian beer market. The Tamil Nadu beer market is growing at ~15% CAGR.
- Tamil Nadu is one of the more profitable markets for beer in India given the softer state regulations, which are visible in higher margins for CB than UBBL.
- CB has seen a sharp jump in profitability in FY11 due to cost synergies. UBBL expects the profitability of CB to improve further from current levels given the scope for cost rationalisation.
- Advances to erstwhile promoters of CB (Balaji Distilleries) to the extent of Rs 1.55bn would be repaid to UBBL during FY12.

Fig 17 - Revised estimates

Key parameters	FY12E			FY13E			
(Rs mn)	Old	New	% Chg	Old	New	% Chg	
Revenue	39,999	42,540	6.4	48,351	51,473	6.5	
EBITDA	5,242	5,724	9.2	6,640	7,213	8.6	
EBITDA margin (%)	13.1	13.5	35 bps	13.7	14.0	30 bps	
Net profit	2,601	2,811	8.1	3,726	3,997	7.3	
FDEPS (Rs)	9.86	10.34	4.8	14.27	14.84	4.0	

Source: RCML Research

Fig 18 - Changes in shareholding structure

Amalgamation of Chennai Breweries leads to an earnings upgrade

Shareholding (#)	Old	Post Ongoing Mergers	New	Comments
Promoter	179,989,920	189,334,670	197,834,670	UBBL has acquired CB from USL by issuing 8.5mn fresh equity shares at a swap ratio of 17 shares of Re 1 each of UBBL for every 30 shares of Rs 10 each held in CB
Public*	60,058,335	66,570,411	66,570,411	6.01mn treasury shares (whose sole beneficiary would be UBBL) have been created as per the merger scheme of Millennium Alcobev (MAPL Group) companies with UBBL
Total	240,048,255	255,905,081	264,405,181	
Shareholding (%)	Old	Post Ongoing Mergers	New	Comments
Promoter	74.98%	73.99%	74.82%	Post the entire merger exercise, the promoter group shareholding in UBBL has come down by 0.16%
Public*	25.02%	26.01%	25.18%	
Total	100.00%	100.00%	100.00%	

Source: Company, RCML Research | * Including UBL Benefit Trust





Fig 19 - Shareholding structure-pre merger

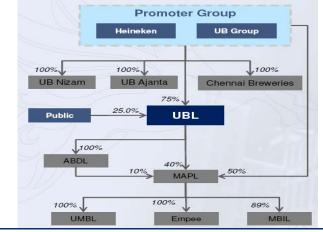
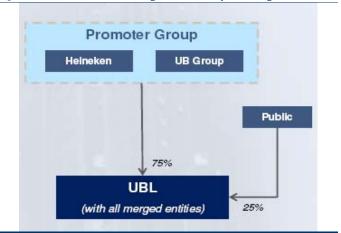


Fig 20 - Resultant shareholding structure - post mergers



Source: Company

Source: Company

Fig 21 - Financials of CB

(Rs mn)	FY10	FY11E
Net Sales	1,990	2,270
EBITDA	160	390
Net Worth	100	220
Debt	780	420

Source: Company



Consolidated financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	22,755	33,114	42,540	51,473
Growth (%)	17.9	45.5	28.5	21.0
EBITDA	2,339	4,010	5,724	7,213
Growth (%)	3.2	71.5	42.8	26.0
Depreciation & amortisation	1,037	1,323	1,699	1,971
EBIT	1,374	1,302	2,687	4,025
Growth (%)	-	(5.3)	106.4	49.8
Interest	667	843	814	729
Other income	832	795	986	1,198
EBT	1,466	2,639	4,197	5,710
Income taxes	572	879	1,386	1,713
Effective tax rate (%)	39.0	33.3	33.0	30.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	895	1,759	2,811	3,997
Adjustments	-	-	-	-
Adjusted net income	895	1,759	2,811	3,997
Growth (%)	96.1	96.7	59.7	42.2
Shares outstanding (mn)	240.0	255.0	263.5	263.5
FDEPS (Rs) (adj)	3.4	6.6	10.3	14.8
Growth (%)	113.7	94.9	57.6	43.6
DPS (Rs)	0.8	1.4	2.4	4.5

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,935	3,082	4,509	5,969
Non-cash adjustments	329	48	(171)	(468)
Changes in working capital	(531)	(14)	1,643	(467)
Cash flow from operations	1,733	3,116	5,981	5,034
Capital expenditure	(1,531)	(3,881)	(3,315)	(3,276)
Change in investments	528	-	-	-
Other investing cash flow	136	(625)	986	1,198
Cash flow from investing	(866)	(4,506)	(2,329)	(2,078)
Issue of equity	-	15	9	-
Issue/repay debt	346	2,200	(581)	(1,000)
Dividends paid	(129)	(515)	(817)	(1,475)
Other financing cash flow	(669)	(843)	(814)	(729)
Change in cash & cash eq	415	(534)	1,448	(249)
Closing cash & cash eq	927	393	1,841	1,592

Institutional Research

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	927	393	1,841	1,592
Accounts receivable	6,695	7,659	8,741	10,224
Inventories	2,204	2,649	2,987	3,438
Other current assets	3,128	3,146	2,127	2,574
Investments	491	491	491	491
Gross fixed assets	11,680	15,561	18,876	22,151
Net fixed assets	7,658	10,217	11,832	13,137
CWIP	604	604	604	604
Intangible assets	2,890	4,310	4,310	4,310
Deferred tax assets, net	(236)	(236)	(236)	(236)
Other assets	906	906	906	906
Total assets	25,266	30,138	33,604	37,039
Accounts payable	-	-	-	-
Other current liabilities	4,808	6,003	7,767	9,408
Provisions	257	475	755	1,028
Debt funds	7,962	10,162	9,581	8,581
Other liabilities	12	12	12	12
Equity capital	3,177	3,192	3,200	3,200
Reserves & surplus	9,052	10,296	12,289	14,811
Shareholder's funds	12,228	13,487	15,489	18,011
Total liabilities	25,266	30,138	33,604	37,039
BVPS (Rs)	38.7	41.4	47.6	57.2

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)			
EBITDA margin	10.3	12.1	13.5	14.0
EBIT margin	5.7	8.1	9.5	10.2
Net profit margin	3.9	5.3	6.6	7.8
ROE	9.1	16.9	23.6	28.3
ROCE	6.8	10.6	13.8	17.5
Working Capital & Liquidity ra	atios			
Receivables (days)	94	79	70	67
Inventory (days)	62	51	47	44
Payables (days)	124	114	115	119
Current ratio (x)	2.7	2.3	2.0	1.9
Quick ratio (x)	1.4	1.3	1.1	1.1
Turnover & Leverage ratios (x)			
Gross asset turnover	2.1	2.4	2.5	2.5
Total asset turnover	1.0	1.2	1.3	1.5
Interest coverage ratio	2.0	3.2	4.9	7.2
Adjusted debt/equity	0.7	0.8	0.6	0.5
Valuation ratios (x)				
EV/Sales	5.9	4.0	3.1	2.6
EV/EBITDA	57.1	33.3	23.3	18.5
P/E	139.7	71.6	45.5	31.7
P/BV	12.1	11.4	9.9	8.2



Company Update

Quarterly trend					
Particulars	Q2FY10	Q3FY10	Q1FY11	Q2FY11	Q3FY11
Revenue (Rs mn)	4,123	4,421	5,732	7,756	5,669
YoY growth (%)	12.6	17.2	23.6	37.2	37.5
QoQ growth (%)	(27.1)	7.2	29.6	35.3	(26.9)
EBITDA (Rs mn)	369	461	653	1,369	508
EBITDA margin (%)	9.0	10.4	11.4	17.6	9.0
Adj net income (Rs mn)	117	213	262	761	219
YoY growth (%)	126.9	1,346.3	(20.5)	114.5	87.1
QoQ growth (%)	(67.0)	81.6	23.0	191.1	(71.2)

DuPont analysis

(%)	FY09	FY10	FY11E	FY12E	FY13E
Tax burden (Net income/PBT)	43.3	55.1	63.4	64.9	68.5
Interest burden (PBT/EBIT)	62.1	112.6	98.2	104.3	108.9
EBIT margin (EBIT/Revenues)	7.1	5.7	8.1	9.5	10.2
Asset turnover (Revenues/Avg TA)	98.4	95.4	119.5	133.5	145.7
Leverage (Avg TA/Avg equtiy)	215.6	201.6	215.5	220.0	210.9
Return on equity	4.1	6.8	13.0	18.8	23.3

Company profile

UBBL is a strong market leader in the overall beer market in both volume and value terms. The company has a robust portfolio of brands straddling the price pyramid. With Heineken NV holding 37.5% in UBBL (following the acquisition of Scottish & Newcastle), Heineken brands, which currently have a 2% market share in India, will be sold in the country through UBBL.

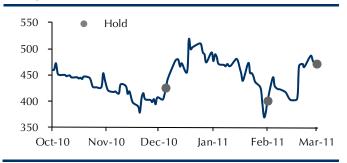
Shareholding pattern

(%)	Jun-10	Sep-10	Dec-10
Promoters	75.0	75.0	75.0
FIIs	13.4	14.4	14.7
Banks & FIs	2.2	1.6	1.5
Public	9.4	9.0	8.8

Recommendation history

Date	Event	Reco price	Tgt price	Reco
16-Dec-10	Initiating Coverage	427	400	Hold
11-Feb-11	Results Review	400	385	Hold
14-Mar-11	Company Update	470	415	Hold

Stock performance





Events Calendar

	Mar 15	Mar 16	Mar 17
Economy	US Trade balance EU,GE ZEW Survey	_	IN RBI Monetary policy meet IN Weekly food inflation US Industrial production US CPI
Quarterly Results	Akanksha Cellular	_	Engineers India
	Mar 18	Mar 19	Mar 20
Economy	JP retail sales	-	-
Quarterly Results	Mahindra Lifespace Developers	_	-



Trade Data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
B&A	National Insurance Co	S	40,309	108.7
Educomp Solutions	Oppenheimer Funds Inc A/C Oppenheimer International	S	760,000	416.9
Fineotex Ch	Welspun Realty	В	150,000	151.4
Fineotex Ch	Eureka Credit Finance	В	150,000	167.5
Suzlon Energy	Morgan Stanley Mauritius Company	В	39,192,106	44.8
Suzlon Energy	Morgan Stanley Mauritius Company	S	480,000	46.2
Tide Water	Tide Water Oil Co India Employee Welfare Trust	В	22,425	6,399.3

Source: BSE, NSE

Disclosures under insider trading regulations

ScripAcquirer/SellerBhagwati AutocastMandakini P BhagwatiBhagwati AutocastMandakini P BhagwatiBhagwati AutocastMandakini P Bhagwati		Buy/Sell ———	Shares tra	nsacted	Post-trans	action
scrip	Acquirer/Seller	Buy/Sell	Qty	%	Qty	%
Bhagwati Autocast	Mandakini P Bhagwati	В	150	34.5	253,434	8.8
Bhagwati Autocast	Mandakini P Bhagwati	В	235	34.3	253,669	8.8
Bhagwati Autocast	Mandakini P Bhagwati	В	397	34.8	254,066	8.8
Bhagwati Autocast	Mandakini P Bhagwati	В	250	34.3	253,284	8.8
Bhagwati Autocast	Reena P Bhagwati	В	200	34.5	328,348	11.4
Bhagwati Autocast	Reena P Bhagwati	В	323	34.3	328,671	11.4
Bhagwati Autocast	Reena P Bhagwati	В	466	34.8	329,137	11.4
Bhagwati Autocast	Reena P Bhagwati	В	350	34.3	328,148	11.4
Bhansali Engineering Polymers	Dhudidevi Bhansali	В	11,315	-	2,151,419	1.3
Bhansali Engineering Polymers	Dhudidevi Bhansali	В	12,198	-	2,140,104	1.3
Biocon	Kiran Mazumdar - Shaw J M M Shaw	S	64,372	-	-	-
Dabur India	Sunil Duggal	S	10,000	-	2,910,000	0.2
Dolat Investments	Pooja V Shah	В	13,373	-	568,370	0.3
Dynemic Products	Dynemic Holdings	В	300	-	137,450	1.2
Eicher Motors	K Ramesh	S	200	-	-	-
Frontline Business Solutions	Blackgold Machining Works	В	1,217,532	13.7	1,217,532	13.7
Frontline Business Solutions	Frontline Bhoomi Vistar	В	811,689	9.1	811,689	9.1
Frontline Business Solutions	Natwar Sureka	В	243,507	-	323,507	3.6
Frontline Business Solutions	Technosteel Engineering	В	1,217,532	13.7	1,217,532	13.7
Frontline Business Solutions	Violet Media	В	974,026	10.9	974,026	10.9
Gangotri Iron & Steel Company	Vip Finstock	S	25,000	0.1	3,788,007	-
Gcv Services	Prakash Dhebar	В	28,400	0.3	56,800	0.3
Gcv Services	Prakash Dhebar Huf	В	886,249	-	1,772,498	-
Godfrey Phillips India	Royal Bank Of Scotland Plc	В	217,273	2.1	729,652	7.0
Granules India	Shivangi Sharma	0	-	-	-	-
Hdfc Bank	Anil Nath	S	500	-	20,914	-
Hdfc Bank	Rajender Sehgal	S	1,500	-	14,900	-
Intellivate Capital Ventures	Vipul J Modi	S	1,651	-	975,399	33.5
Intellivate Capital Ventures	Vipul J Modi	S	1,500	-	977,050	33.6
Ivrcl Assets & Holdings	E Sudhir Reddy	В	1,000	-	96,537	0.0
Ivrcl Assets & Holdings	E Sudhir Reddy	В	3,114	-	99,651	0.1
Ivrcl Assets & Holdings	E Sudhir Reddy	В	886	-	100,537	0.1



Morning Buzz

Earin	A consistent /S eller	Buu/Call	Shares trar	Shares transacted Post-transacted Qty % Qty 15,100 - 2,857,866 4,438 - 2,862,304 ,955,018 2.0 9,680,843 2,000 - 25,400 2,500 - 49,406 25 - - 250 - 49,406 255 - - 250 - 47,325 2,000 - 248,904 30,000 0.0 248,904 30,000 0.0 248,904 25,000 - 273,904 25,573 0.0 723,031 100,000 - 738,788 96,919 - 835,707 4,550 0.1 - 500 - 25,000 500 - 349,500 22,500 0.1 1,075,072 7,500 0.0 1,075,572 1,600 1,075,572 <td< th=""></td<>				
Jai Balaji IndustriesAditya JajodiaJai Balaji IndustriesAditya JajodiaJai Mata GlassGrowmore PropertiesKotak Mahina BankHimanshu V VasaKotak Mahina BankMahesh BalasubramanianLakshmi Electrical Control SysteLakshmi Electrical ivesCoimbateLupinUdayan S AmbegaokarMahina Holidays & Resorts IndiaUday Y PhadkeMeghmani OrganicsAshishbhai N SoparkarMeghmani OrganicsAshishbhai N SoparkarMotor & General FinanceGrosvenor Estates (P)Nandan EximSavitridevi V ChirpalOmkar OverseasChampalal AgarwalOmkar OverseasChampalal AgarwalPatel EngineeringSonal PatelShiv-Vani Oil & Gas ExplorationRohan Consultancy ServicesShiv-Vani Oil & Gas ExplorationRohan Consultancy ServicesShiv-Vani Oil & Gas ExplorationShowlin Network MarketingShiv-Vani Oil & Gas ExplorationShowlin Network Marketing	Acquirer/Seller	Buy/Sell —	Qty	%	Qty	%		
Jai Balaji Industries	Aditya Jajodia	В	15,100	-	2,857,866	4.5		
Jai Balaji Industries	Aditya Jajodia	В	4,438	-	2,862,304	4.5		
Jai Mata Glass	Growmore Properties	S	1,955,018	2.0	9,680,843	-		
Kotak Mahina Bank	Himanshu V Vasa	S	2,000	-	25,400	-		
Kotak Mahina Bank	Mahesh Balasubramanian	S	2,500	-	49,406	-		
Lakshmi Electrical Control Syste	Lakshmi Electrical ivesCoimbatore	В	25	-	-	-		
Lupin	Udayan S Ambegaokar	S	250	-	47,325	-		
Mahina Holidays & Resorts India	Uday Y Phadke	S	2,000	-	24,325	0.0		
Meghmani Organics	Ashishbhai N Soparkar	В	14,702	-	218,904	0.8		
Meghmani Organics	Ashishbhai N Soparkar	В	30,000	0.0	248,904	0.1		
Meghmani Organics	Ashishbhai N Soparkar	В	25,000	-	273,904	0.0		
Motor & General FinanceGrosvenor Estates (P)Nandan EximSavitridevi V Chirpal		В	2,573	0.0	723,031	3.7		
Nandan Exim	Savitridevi V Chirpal	В	100,000	-	738,788	0.2		
Nandan Exim	Savitridevi V Chirpal	В	96,919	-	835,707	0.2		
Omkar Overseas	Champalal Agarwal	В	4,550	0.1	-	-		
Omkar Overseas	Champalal Agarwal	В	4,550	0.1	-	-		
Patel Engineering	Pravin Patel	В	500	-	25,000	0.0		
Patel Engineering	Sonal Patel	В	500	-	349,500	0.5		
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	В	22,500	0.1	1,075,072	2.3		
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	В	7,500	0.0	1,052,572	2.3		
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	В	1,600	-	1,077,172	2.3		
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	В	500	-	1,075,572	2.3		
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	В	12,150	0.0	634,743	1.4		
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	В	1,350	-	622,593	1.3		
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	В	2,850	-	638,493	1.4		
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	В	900	-	635,643	1.4		

Source: BSE

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RCML universe: Sector Valuation Snapshot

				МСар	FDE		FDEPS G		EBITDA N	0	PAT Ma		ROE		ROC		Adj. Debt		P/I		EV/EBI		P/BV	
Companies	CMP (Rs)	Target (Rs)	Reco	(Rs mn)	(Rs) FY11E	, FY12E	(% FY11E	, FY12E	(%) FY11E	FY12E	(%) FY11E	, FY12E	(%) FY11E	FY12E	(%) FY11E	FY12E	Ratio FY11E	FY12E	(x) FY11E	FY12E	(x) FY11E	FY12E	(x) FY11E	FY12E
ALCOHOLIC BEVERAGES					p.									h										
Radico Khaitan	133	190	Buy	17,690	5.9	7.4	59.6	25.3	15.9	16.5	8.0	8.3	12.4	14.1	9.3	11.5	0.4	0.3	22.7	18.1	13.4	10.7	2.7	2.4
United Breweries	485	385	Hold	116,339	6.6	10.3	94.9	57.6	12.1	13.5	5.3	6.6	16.9	23.6	10.6	13.8	0.8	0.6	73.9	46.9	31.4	22.0	8.6	7.5
United Spirits	1,080	1,550	Buy	141,246	33.3	49.0	66.5	47.0	15.0	17.0	5.3	6.7	10.2	13.5	7.9	9.5	1.5	1.3	32.4	22.0	17.5	13.2	3.4	3.0
Aggregate				275,275	-	-	-	-	14.3	15.9	5.5	6.8							41.9	28.4	20.4	15.2	4.5	4.0
AUTOMOBILES																								
Ashok Leyland	54	70	Buy	71,373	4.5	5.2	60.7	14.7	10.6	10.3	5.7	5.5	15.6	16.4	11.8	12.0	0.7	0.7	11.9	10.4	8.5	7.5	1.8	1.6
Bajaj Auto	1,383	1,500	Hold	400,281	88.3	98.3	41.3	11.3	20.1	18.0	15.3	14.3	66.1	49.6	48.4	39.4	0.3	0.2	15.7	14.1	13.1	12.3	8.3	6.0
Escorts	135	150	Buy	14,306	13.9	18.7	4.5	35.2	6.8	7.4	3.5	4.1	7.6	9.5	7.9	9.5	0.2	0.1	9.8	7.2	6.3	5.1	0.8	0.7
Hero Honda	1,531	1,460	Sell	305,742	99.8	105.6	(11.0)	5.8	12.8	11.5	10.6	9.7	49.8	41.5	41.0	41.0	0.0	0.0	15.3	14.5	10.7	10.3	6.7	5.4
M&M	661	810	Buy	406,091	43.7	47.3	29.6	8.3	15.2	14.2	11.3	10.3	28.4	24.1	23.1	21.3	0.2	0.1	10.9	10.1	8.3	7.5	3.8	3.1
Maruti Suzuki	1,257	1,550	Buy	363,160	77.5	94.1	(10.7)	21.4	10.0	10.0	6.1	6.2	17.5	18.1	16.8	17.8	0.0	0.0	15.4	12.7	12.0	10.0	2.6	2.2
Tata Motors	1,176	1,500	Buy	695,072	141.3	159.5	665.4	12.9	14.1	13.5	7.3	7.4	64.7	42.6	24.5	23.8	1.1	0.6	8.3	7.4	4.8	4.4	3.5	2.3
TVS Motor	55	62	Hold	26,201	4.5	5.1	78.2	11.7	7.5	7.2	3.4	3.3	22.5	20.9	14.2	15.3	0.6	0.5	12.2	10.9	7.0	6.2	2.5	2.1
Aggregate				2,282,226	-	-	-	-	13.4	12.8	8.1	7.9							11.7	10.3	7.5	6.7	3.8	2.9
AUTO ANCILLARIES																								
Amara Raja	172	260	Buy	14,651	15.7	19.5	(19.6)	24.3	14.2	14.6	7.8	8.2	22.4	23.1	19.9	21.3	0.1	0.1	10.9	8.8	6.2	5.1	2.2	1.9
Exide	136	190	Buy	115,260	7.9	9.3	24.4	18.3	23.5	23.0	14.5	14.2	26.8	25.6	26.0	25.0	0.0	0.0	14.1	11.9	8.7	7.3	4.2	3.4
Mahindra Forgings	61	130	Buy	5,391	0.5	10.8	NM	2,157.1	10.5	12.2	0.2	4.0	0.5	11.2	4.2	10.0	0.8	0.6	127.9	5.7	2.8	1.9	0.7	0.6
Aggregate				135,302	-	-	-	-	18.6	18.7	9.9	10.6							16.8	12.9	7.5	6.1	3.2	2.7
CAPITAL GOODS																								
ABB	746	750	Hold	158,041	22.4	26.3	33.8	17.2	7.9	9.2	4.9	5.6	16.2	16.4	24.5	24.8	-	-	33.3	28.4	27.1	19.7	7.5	6.5
BGR Energy	451	525	Hold	32,563	41.7	46.3	49.0	11.2	11.3	11.3	6.6	6.5	36.2	30.6	28.3	27.6	1.0	0.8	10.8	9.7	6.5	5.8	4.6	3.4
BHEL	1,976	2,400	Hold	967,169	107.0	135.2	21.5	26.3	19.0	19.4	12.9	13.1	29.4	29.8	40.1	41.4	0.0	0.0	18.5	14.6	11.2	8.8	6.1	4.9
Bajaj Electricals	227	250	Hold	22,403	15.7	19.5	33.8	23.7	10.0	10.0	5.6	5.7	27.8	27.7	39.7	41.7	0.2	0.2	14.4	11.6	8.8	7.1	4.5	3.7
Crompton Greaves	267	370	Buy	171,022	14.5	16.1	65.9	11.4	14.0	13.8	9.0	9.2	33.1	29.9	35.0	31.2	0.3	0.2	18.4	16.5	13.3	12.2	13.1	9.3
Cummins India	671	950	Buy	132,927	31.1	39.0	48.3	25.6	18.8	19.3	15.8	15.3	35.5	36.0	35.4	35.9	0.0	0.0	21.6	17.2	25.1	17.0	12.0	9.5
Engineers India	300	400	Buy	101,030	15.5	22.1	49.9	42.2	24.9	23.8	22.1	18.7	38.8	42.6	38.8	42.6	NA	NA	19.3	13.6	16.3	12.3	8.6	7.2
Jyoti Structures	81	135	Buy	6,614	12.6	14.0	12.3	11.0	11.5	11.4	4.5	4.8	18.8	17.6	25.2	24.7	0.8	0.4	6.4	5.8	3.6	3.1	1.3	1.1
Kalpataru Power Transmission	112	200	Buy	17,218	13.2	15.4	2.4	17.1	11.4	11.8	6.4	6.5	18.8	18.7	19.8	20.8	0.6	0.5	8.5	7.3	6.4	5.4	2.1	1.7
KEC International	76	125	Buy	19,104	42.6	51.3	15.5	20.3	10.1	10.2	4.5	4.4	23.1	21.6	22.6	22.1	1.0	0.9	1.8	1.5	4.9	3.9	2.4	1.7
Siemens	858	1,000	Buy	289,266	27.8	33.5	20.3	20.2	12.8	12.6	8.0	7.8	24.9	24.5	34.9	34.4	0.0	0.0	30.8	25.6	18.2	15.0	8.5	7.0
Suzlon Energy	46	45	Sell	82,559	(3.4)	1.7	NM	NM	5.0	8.0	-	1.1	(8.2)	4.2	2.1	6.5	2.1	2.0	-	27.6	18.9	10.7	1.3	1.3
Techno Electric	216	430	Buy	12,332	22.1	29.8	6.5	34.8	21.3	27.5	15.4	16.0	24.6	26.1	14.3	14.5	0.3	1.1	9.8	7.3	8.1	4.8	2.2	1.7
Thermax	600	875	Buy	71,506	29.5	37.8	35.5	28.3	11.6	11.5	7.4	7.4	28.1	27.7	56.7	53.6	0.0	0.0	20.4	15.9	11.7	9.3	6.6	5.3
Voltas	157	250	Buy	51,916	11.1	13.1	1.4	18.6	9.0	9.0	6.7	6.8	29.3	27.4	23.6	21.0	(0.6)	(0.7)	14.2	12.0	10.1	8.6	4.8	3.7
Aggregate				2,135,670	-	-	-	-	13.2	14.1	7.7	8.6							22.4	16.7	13.0	10.1	5.7	4.8



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<u> </u>				МСар	FDEF (Rs)		FDEPS G (%		EBITDA N (%)		PAT Ma (%)		ROI (%)		ROC (%)		Adj. Debt/ Ratio (P/E (x)		EV/EBIT (x)	DA	P/BV (x)	
Companies	CMP (Rs)	Target (KS)	Reco	(Rs mn)	FY11E	FY12E	FY11E	, FY12E		FY12E	FY11E	FY12E	FY11E	FY12E		FY12E		FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	
CEMENT																								
ACC	1,010	1,120	Buy	189,614	55.6	64.8	(35.0)	16.5	21.1	22.1	13.5	14.1	16.5	17.5	15.8	16.8	0.1	0.1	18.2	15.6	10.2	8.7	2.9	1
Ambuja Cement	128	155	Buy	195,098	7.9	9.3	(1.5)	17.8	24.7	25.9	16.2	16.5	17.4	18.1	17.5	18.0	0.0	0.0	16.2	13.8	9.7	8.0	2.7	
Birla Corp	304	490	Buy	23,390	53.1	65.5	(26.7)	23.3	23.4	25.5	18.7	18.8	20.8	21.3	16.9	18.4	0.3	0.2	5.7	4.6	4.3	3.2	1.1	
Century Textiles	319	590	Buy	29,668	34.9	41.3	(26.9)	18.3	16.3	18.0	7.1	7.7	17.0	17.3	9.1	9.2	1.3	1.3	9.1	7.7	4.0	3.3	1.4	
Grasim Industries	2,380	2,900	Buy	218,284	222.2	263.3	(33.7)	18.5	23.8	25.5	10.5	11.0	14.7	14.9	11.6	12.0	0.4	0.3	10.7	9.0	5.9	4.9	1.5	
ndia Cements	93	120	Buy	28,414	2.8	5.9	(74.5)	108.6	12.9	16.4	2.5	4.5	2.1	4.3	3.2	5.0	0.5	0.5	32.9	15.8	11.8	8.2	0.7	
K Lakshmi Cement	45	75	Buy	5,555	6.0	12.4	(69.9)	108.2	15.1	20.0	5.3	8.7	6.9	13.4	5.1	7.4	1.1	1.3	7.6	3.7	8.2	4.8	0.5	
Drient Paper & Industries	47	85	Buy	8,988	6.5	8.9	(22.3)	37.4	15.4	16.9	7.0	8.4	15.2	18.5	11.3	13.8	0.6	0.5	7.2	5.2	5.0	4.0	1.0	
Shree Cement	1,777	2,170	Buy	61,916	87.9	141.4	(60.9)	60.9	25.5	27.9	8.9	9.9	15.5	21.1	9.2	12.3	1.1	0.8	20.2	12.6	8.1	5.0	2.9	
JltraTech Cement	1,030	1,260	Buy	282,368	56.9	72.0	(41.2)	26.5	20.8	23.3	9.8	11.0	15.8	17.2	12.6	14.1	0.4	0.4	18.1	14.3	9.1	7.2	2.7	
Aggregate				1,043,294	-	-	-	-	21.5	23.5	10.7	11.5							14.6	11.7	7.8	6.2	2.0	
CONSTRUCTION																								
Ahluwalia Contracts	122	240	Buy	7,660	16.0	18.3	22.6	14.4	11.5	11.0	5.2	4.9	33.4	28.5	25.5	23.1	0.5	0.4	7.6	6.7	3.2	2.8	2.2	
Hindustan Construction Co	35	44	Hold	21,320	1.5	1.4	(2.6)	(6.1)	12.5	12.5	2.2	1.7	5.9	5.2	7.1	7.2	1.9	2.1	23.0	24.5	10.0	8.3	1.3	
RB Infraprojects	185	280	Buy	61,570	14.3	17.2	23.4	19.9	44.6	34.8	19.6	14.1	19.5	19.4	11.6	10.7	1.9	2.1	12.9	10.8	7.9	6.1	2.5	
VRCL Infrastructures	75	120	Buy	19,932	7.6	8.8	20.9	15.2	9.4	9.3	3.4	3.3	10.6	11.1	9.9	9.9	1.1	1.1	9.8	8.5	6.9	5.9	1.0	
aiprakash Associates	84	120	Buy	179,046	4.2	5.6	12.7	32.1	23.5	24.6	7.1	7.7	10.3	12.2	6.7	8.1	1.7	1.7	19.9	15.1	5.8	4.5	1.9	
.&T	1,562	2,250	Buy	951,118	73.2	90.3	32.6	23.3	13.5	13.2	8.3	8.3	28.4	27.6	12.9	13.6	1.6	1.3	21.3	17.3	14.7	12.2	3.9	
Mundra Port and SEZ	133	170	Buy	266,952	4.5	6.3	34.7	39.5	68.5	66.7	47.0	43.5	23.6	26.3	14.4	16.7	1.1	1.0	29.4	21.1	23.4	15.9	6.3	!
Nagarjuna Construction Co	100	180	Buy	25,581	9.3	10.0	17.8	7.1	10.2	10.2	4.1	3.6	10.2	10.1	8.8	8.7	1.0	1.3	10.7	10.0	7.7	6.3	1.1	
Patel Engineering	141	280	Buy	9,842	19.9	27.2	4.6	36.4	14.8	14.8	5.4	5.6	10.3	12.6	7.9	8.9	1.3	1.4	7.1	5.2	6.5	5.0	0.7	
Punj Lloyd	63	60	Sell	21,038	2.6	7.5	NM	189.0	7.2	9.5	1.0	2.2	2.8	7.8	5.1	7.5	1.2	1.4	24.5	8.5	9.2	5.6	0.7	
Reliance Infrastructure	626	960	Buy	167,298	60.6	65.8	6.9	8.7	10.7	13.0	10.2	9.0	7.5	7.3	6.9	6.9	0.6	0.7	10.3	9.5	11.8	7.9	0.7	
Simplex Infrastructure	318	440	Buy	15,744	28.6	34.8	11.4	21.5	10.0	10.0	2.8	2.8	13.7	14.8	7.1	7.4	1.4	1.4	11.1	9.1	5.8	4.9	1.4	
Aggregate				1,747,103	-	-	-	-	14.7	15.3	7.7	7.7							18.7	15.1	11.7	9.1	2.3	
FMCG																								
Asian Paints	2,528	3,000	Buy	242,374	91.0	110.8	(1.1)	21.8	16.8	17.1	11.2	11.5	44.9	43.2	40.6	39.6	0.1	0.1	27.8	22.8	18.4	15.2	11.1	ł
Bajaj Corp	444	650	Buy	13,094	30.6	37.7	(8.8)	23.2	26.9	27.1	23.8	25.3	50.3	31.9	50.4	31.9	0.0	0.0	14.5	11.8	9.6	8.2	4.0	
Britannia	356	440	Buy	42,494	11.1	19.2	(7.3)	73.6	4.6	6.3	2.9	4.2	43.7	64.4	17.9	27.0	2.0	1.7	32.1	18.5	23.3	14.2	13.2	1
Colgate	850	800	Sell	115,655	29.0	33.3	(6.9)	14.8	20.1	20.5	17.6	17.8	116.3	123.6	115.6	122.6	0.0	0.0	29.4	25.6	24.7	21.4	32.9	30
Dabur	97	115	Buy	168,937	3.3	4.2	16.0	26.7	18.5	18.8	14.1	14.2	51.9	48.8	36.9	33.9	0.6	0.4	29.5	23.3	23.3	18.2	13.3	ę
Emami	359	420	Sell	54,366	15.2	17.5	26.2	15.5	21.5	21.1	18.4	17.9	32.8	30.8	23.1	22.9	0.3	0.3	23.7	20.5	20.4	17.5	7.0	!
GCPL	355	420	Hold	114,858	13.9	16.8	23.0	20.3	17.2	17.0	12.7	12.1	33.7	29.0	22.4	17.0	0.9	0.8	25.5	21.2	20.6	16.6	6.7	
GSK Consumer	2,094	2,200	Sell	88,051	71.3	85.3	28.9	19.5	16.3	16.5	13.0	13.0	32.2	34.8	31.5	33.8	0.0	0.0	29.4	24.6	21.6	17.9	9.2	1
IUL	278	315	Buy	606,903	9.6	11.0	(0.5)	14.7	12.0	12.3	10.8	10.9	74.5	73.1	74.2	72.6	0.0	0.0	29.0	25.3	25.3	21.7	20.1	1
TC	173	210	Buy	1,339,802	6.4	7.8	16.6	21.2	32.5	34.2	22.1	23.0	31.6	32.9	31.4	32.7	0.0	0.0	27.0	22.3	18.3	14.9	8.0	
othy Labs	238	290	Hold	19,227	11.2	13.6	9.6	21.1	14.3	14.6	12.7	12.9	17.1	15.6	16.9	15.4	0.0	0.0	21.3	17.6	15.2	12.5	2.9	
larico	134	150	Buy	82,295	4.5	5.6	13.4	23.5	12.4	12.9	8.8	9.0	36.8	35.2	26.6	28.8	0.4	0.3	29.7	24.0	21.2	17.1	9.7	
Nestle	3,860	3,350	Sell	372,147	84.9	99.1	23.0	16.7	20.0	20.7	13.1	13.2	114.0	93.2	114.1	89.4	0.0	0.1	45.5	38.9	29.6	24.7	43.5	3
Aggregate				3,260,202					19.8	20.5	14.4	14.8							29.0	24.1	21.0	17.2	10.8	



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				МСар	FDEP	'S	FDEPS G				PAT Ma	0	ROE		ROC		Adj. Debt/		P/E		EV/EBI		P/BV	
Companies	CMP (Rs) Ta	arget (Rs)	Reco	(Rs mn)	(Rs) FY11E	FY12E	(%) FY11E		(%) FY11E		(%) FY11E		(%) FY11E	FY12E	(%) FY11E	FY12E	Ratio (FY11E		(x) FY11E	FY12E	(x) FY11E	FY12E	(x) FY11E	FY12
MEDIA																				'		'		
Sun TV	431	625	Buy	169,732	18.6	21.7	41.2	16.4	76.3	75.2	38.8	40.0	33.2	29.2	32.1	28.5	0.0	0.0	23.1	19.9	11.3	10.1	6.5	5.0
Zee TV	120	135	Hold	117,467	5.2	6.3	(17.9)	23.1	25.6	27.7	17.8	19.4	12.8	14.3	12.7	14.3	0.0	0.0	23.3	18.9	15.2	12.5	2.8	2.
Dish TV	62	75	Buy	66,126	(2.1)	(0.5)	NA	NA	13.3	21.2	-	-	(13.5)	(3.4)	(6.6)	(0.1)	0.6	0.6	-	-	39.4	18.0	4.0	4.
Den Networks	100	240	Buy	13,003	3.4	4.0	46.9	15.0	12.5	15.5	4.3	4.3	5.9	6.4	6.7	6.7	0.0	0.0	28.9	25.1	9.7	6.8	1.7	1.
Hathway Cables	98	225	Buy	14,050	0.6	4.8	NA	NA	19.4	22.9	0.9	7.0	0.6	5.0	2.7	5.8	0.2	0.2	NM	20.6	10.4	7.8	1.0	1.
DB Corp	243	270	Hold	44,179	13.8	14.9	37.0	7.6	33.0	31.0	20.5	19.3	33.6	28.6	27.5	27.0	0.1	0.0	17.6	16.4	11.1	10.2	5.3	4.
lagran Prakashan	116	160	Buy	36,719	7.0	8.2	19.2	18.4	30.6	30.9	18.7	19.4	28.9	26.6	26.0	25.7	0.1	0.0	16.7	14.1	10.0	8.6	4.0	3.
HT Media	135	160	Hold	31,763	7.3	8.2	33.5	12.4	18.9	19.3	10.0	10.0	16.3	15.7	14.0	13.9	0.3	0.2	18.6	16.5	10.6	9.2	2.8	2
Hindustan Media Ventures Ltd	145	215	Buy	10,634	8.6	12.2	250.5	42.4	19.8	23.0	12.1	14.7	26.1	19.8	21.5	19.8	0.0	0.0	16.9	11.8	8.9	6.5	2.6	2.
Aggregate METALS				503,674					30.4	31.8	14.1	16.0							28.3	21.4	13.0	10.7	23.6	20.3
ISW Steel	928	950	Sell	207,064	67.9	90.2	5.5	32.7	20.0	18.4	7.0	7.1	12.8	11.8	8.7	8.8	0.7	0.6	13.7	10.3	7.5	6.2	1.2	1.0
Jindal Steel & Power	664	700	Hold	620,495	43.4	56.1	11.3	29.2	49.4	50.3	32.1	34.9	32.7	31.0	22.6	20.7	0.3	0.3	15.3	11.8	10.0	8.2	4.3	3.2
SAIL	160	245	Buy	660,038	14.6	20.9	(10.5)	42.8	19.5	24.2	13.5	15.4	17.0	20.8	11.8	14.8	0.5	0.6	10.9	7.6	6.8	4.4	1.7	1.
Tata Steel	601	760	Buy	576,584	70.8	72.5	NM	2.4	14.2	15.0	6.0	5.9	25.8	20.2	12.3	11.3	1.6	1.2	8.5	8.3	6.0	5.5	1.9	1.
Jai Balaji	173	400	Buy	11,044	12.1	42.2	142.4	249.5	13.6	22.3	3.2	10.0	0.1	0.2	0.1	0.2	1.8	1.4	14.3	4.1	8.0	4.3	1.1	0.9
Sterlite Industries	163	240	Buy	547,794	13.2	22.7	12.7	71.5	25.3	33.3	16.0	21.6	11.0	16.0	7.6	11.0	0.4	0.5	12.3	7.2	4.9	2.9	1.3	1.1
Hindustan Zinc	129	1,700	Buy	546,334	105.2	137.6	10.0	30.7	55.0	58.6	45.7	49.0	19.8	20.5	19.7	20.5	0.0	0.0	1.2	0.9	7.2	5.6	2.4	1.9
Hindalco Industries	209	280	Hold	400,297	17.6	21.0	(12.0)	19.6	12.1	12.8	4.6	5.0	13.6	14.1	7.3	7.6	1.6	1.7	11.9	9.9	6.9	6.0	1.6	1
Nalco	476	275	Sell	306,756	17.7	20.0	40.0	13.1	27.9	27.2	18.4	18.3	10.6	11.1	7.6	9.8	0.0	0.0	26.9	23.8	17.8	16.0	2.7	2.
Aggregate				3,876,405					18.8	21.3	10.1	11.8							12.0	9.1	7.1	5.5	1.9	3.
IT SERVICES	422	800	D	40.266	24.4	27.2	22.1	0.4	40.5	47.0	24.7	22.2	10.7	15.0	10.5	10.0	0.7	0.6	10.0	11.0	0.0	6.0	1.0	1
Educomp FirstSource Solutions	422 17	800 40	Buy Buy	40,266 7,291	34.4 2.1	37.3 3.1	22.1 26.5	8.4 48.8	40.5 14.3	47.9 14.7	24.7 7.1	23.2 7.7	19.7 9.9	15.8 11.5	12.5 6.2	10.9 6.6	0.7 0.9	0.6 0.8	12.2 8.0	11.3 5.4	8.2 6.7	6.0 5.7	1.9 0.5	1.0 0.4
HCL Infosystems	103	115	нold	22,488	10.0	11.2	(29.0)	40.0	2.8	3.1	1.8	1.9	9.9 11.4	12.2	8.2	9.0	0.9	0.8	10.3	9.2	5.8	4.9	1.1	1.
HCL Tech	465	525	Buy	318,337	22.7	31.5	26.2	38.6	16.4	17.8	10.1	11.5	20.8	23.4	16.4	18.5	0.4	0.4	20.4	14.7	12.3	9.3	3.8	3.1
Hexaware Technologies	55	90	Hold	16,054	8.1	9.9	(13.3)	22.8	9.4	11.1	7.3	10.4	12.3	13.9	8.3	9.9	0.1	0.1	6.8	5.5	13.3	9.6	1.3	1.2
Infosys	3,101	3,200	Hold	1,780,261	120.3	145.3	10.5	20.8	32.9	32.7	24.9	24.8	27.1	28.3	50.0	51.9	0.0	0.0	25.8	21.3	19.5	16.2	6.8	5.
Infotech Enterprises	162	250	Buy	17,976	13.1	18.2	(15.4)	39.4	16.0	18.2	12.1	13.2	14.3	16.9	20.9	25.6	0.0	0.0	12.4	8.9	8.2	5.6	1.7	1.4
MindTree	382	575	Buy	15,332	26.9	48.3	(50.8)	79.6	13.1	17.5	7.1	10.4	15.0	23.0	15.2	23.3	0.0	0.0	14.2	7.9	7.5	4.5	2.0	1.0
Mphasis	430	450	Hold	90,312	52.0	39.7	18.7	(23.7)	24.9	20.2	21.7	15.7	22.9	21.4	27.4	47.9	0.0	0.0	8.3	10.8	6.5	7.5	2.7	2.3
NIIT	49	85	Buy	8,048	6.3	8.1	47.2	29.7	15.3	16.9	8.5	9.9	18.4	20.4	10.1	12.2	0.7	0.6	7.8	6.0	6.1	5.0	1.3	1.1
NIIT Technologies	183	300	Buy	10,830	30.7	28.1	42.7	(8.5)	19.6	21.5	14.8	12.6	27.9	21.3	26.5	20.6	0.0	0.0	6.0	6.5	3.8	3.2	1.5	1.3
Oracle Financial Services	2,039	2,500	Buy	171,049	124.8	127.7	34.7	2.4	36.0	39.1	35.3	30.9	19.6	16.7	17.9	14.7	0.0	0.0	16.3	16.0	14.0	11.0	3.2	2.2
Patni Computers	451	500	Hold	59,354	44.2	38.3	(1.3)	(13.3)	18.2	17.3	19.0	14.1	14.9	14.0	17.5	17.4	0.0	0.0	10.2	11.8	10.1	9.6	1.9	1.
Persistent Systems	377	440	Hold	15,096	34.7	33.8	11.4	(2.6)	20.5	21.5	18.0	13.9	20.0	16.6	28.3	23.1	0.0	0.0	10.9	11.2	7.3	5.5	2.0	1.
Polaris Software	184	250	Buy	18,265	19.3	20.8	24.5	8.1	13.9	14.7	12.2	11.6	19.9	18.3	17.0	15.2	0.0	0.0	9.6	8.8	8.4	7.0	1.8	1.
Satyam Computer Services	67	135	Buy	78,769	2.6	5.7	(3.3)	121.3	8.0	14.5	6.0	11.4	na	na	na	na	na	na	25.9	11.7	13.6	6.5	1.7	1.
TCS	1,098	1,150	Hold	2,148,148	44.2	50.4	25.8	14.2	29.3	29.5	23.3	22.0	37.5	33.9	40.2	37.9	0.0	0.0	24.8	21.8	19.7	16.2	8.6	6.
Fech Mahindra	738	850	Hold	92,950	82.5	92.5	41.3	12.2	21.3	20.4	22.1	23.4	28.4	30.7	30.0	31.6	0.4	0.3	8.9	8.0	10.8	10.6	2.7	2.
Redington	76	100	Buy	30,065	5.8	7.1	22.9	23.5	2.6	2.7	1.3	1.4	19.6	20.7	12.8	13.9	1.1	1.0	13.2	10.7	7.6	6.2	2.4	2.
Wipro	456	475	Hold	1,119,733	21.7	24.2	15.3	11.8	21.5	21.9	17.1	16.5	24.9	23.9	20.6	20.1	0.3	0.2	21.1	18.8	16.3	13.8	4.9	4.



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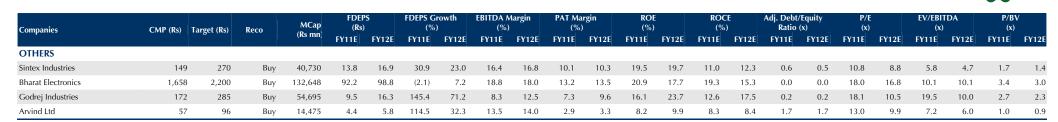
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Companies	CMP (Rs) T	arget (Rs)	Reco	МСар	FDEP (Rs)		FDEPS G (%)		EBITDA N (%)	1argin	PAT Ma (%)	0	ROE (%)		ROC (%)		Adj. Debt/ Ratio		P/E (x)		EV/EBIT (x)	DA	P/BV (x)	
				(Rs mn)	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12
LOGISTICS																								
Allcargo Global Logistics	157	170	Hold	20,486	14.1	16.1	53.3	14.0	11.8	12.1	6.9	7.1	11.0	14.3	10.7	14.1	0.0	0.0	11.1	9.7	6.6	5.8	1.5	1.
Container Corp	1,177	1,450	Buy	153,016	64.7	73.9	8.0	14.2	28.8	30.4	22.7	23.7	19.2	18.2	19.2	18.2	-	-	18.2	15.9	12.7	11.0	3.5	3
Gateway Distriparks	110	135	Buy	11,878	8.2	9.5	11.9	15.3	30.5	32.5	17.0	17.5	12.3	12.6	11.8	10.5	0.3	0.2	13.4	11.6	8.4	7.0	1.8	1.
Aggregate				185,381	-	-	-	-	22.4	23.4	16.2	16.7							16.6	14.6	11.0	9.5	2.9	2.
OIL & GAS																								
BPCL	570	755	Hold	206,238	42.4	54.6	(0.4)	28.9	2.3	2.8	1.1	1.4	11.4	13.7	8.1	10.9	1.0	0.8	13.5	10.5	9.0	7.3	1.5	1.
Cairn India	346	285	Sell	657,559	32.2	43.6	495.8	35.4	80.0	78.0	57.8	62.8	17.2	20.1	19.7	23.4	(0.1)	(0.2)	10.7	7.9	7.3	6.0	1.7	1.
GAIL India	463	575	Buy	586,861	27.1	35.4	9.4	30.8	16.1	18.7	9.8	11.1	19.2	21.9	23.0	23.3	0.5	0.5	17.1	13.1	10.3	7.6	3.1	2.
GSPL	100	109	Hold	56,230	9.2	9.6	25.1	3.8	94.0	94.0	48.7	47.6	27.2	23.5	27.2	24.4	0.6	0.6	10.9	10.5	6.7	6.3	2.7	2.
HPCL	335	535	Buy	113,576	38.8	48.2	1.0	24.4	2.9	3.1	1.1	1.3	11.1	13.0	9.4	10.2	1.2	1.2	8.7	7.0	6.8	6.2	0.9	0.
IGL	303	360	Hold	42,385	18.0	20.4	16.7	13.5	27.7	25.2	14.9	12.9	27.5	26.0	37.1	32.0	15.1	22.9	16.9	14.9	9.1	7.6	4.2	3.
IOC	310	500	Buy	752,301	34.1	43.5	(22.6)	27.5	4.2	5.6	2.8	3.7	14.6	16.8	12.5	15.0	0.8	0.7	9.1	7.1	8.7	6.6	1.3	1.
Oil India	1,285	1,280	Sell	308,876	130.4	136.2	20.1	4.4	57.4	59.0	38.8	40.6	21.3	19.7	32.3	29.9	(0.6)	(0.7)	9.8	9.4	5.4	5.2	2.0	1.
ONGC	281	1,400	Buy	2,401,526	29.9	32.3	31.2	8.1	45.6	47.9	22.1	23.6	22.7	20.9	32.7	30.5	3.7	3.6	9.4	8.7	4.3	4.0	2.0	1.
Petronet LNG	117	170	Buy	87,975	7.7	9.4	42.0	23.2	9.4	8.2	4.5	4.1	20.9	22.3	18.8	18.3	0.9	1.1	15.3	12.4	8.7	7.4	3.0	2.
Reliance Industries	1,018	1,200	Buy	3,333,439	62.6	66.5	28.9	6.1	15.0	15.0	7.9	8.9	13.6	13.0	13.8	14.1	0.2	(0.1)	16.3	15.3	10.0	10.5	2.1	1.
Aggregate				8,546,965	-	-	-	-	13.2	14.3	7.1	8.2							12.0	10.5	7.1	6.6	1.9	1.
PHARMCEUTICALS																								
Aurobindo	190	338	Buy	55,415	74.7	107.4	4.0	43.8	18.0	21.0	12.1	14.9	23.3	23.0	12.6	15.6	0.5	0.4	2.5	1.8	7.7	5.7	2.4	1.
Biocon	319	550	Buy	63,720	18.3	20.3	22.5	10.7	20.0	20.2	13.2	13.0	19.3	18.4	16.1	16.5	0.2	0.1	17.4	15.7	12.4	11.0	3.1	2.
Cadila Healthcare	772	830	Hold	158,004	30.9	38.5	20.8	24.9	20.5	21.0	14.4	15.2	33.6	32.1	24.6	27.0	0.4	0.2	25.0	20.0	18.8	15.4	7.4	5.
Cipla	300	370	Hold	240,957	13.1	15.3	0.0	16.9	23.8	24.1	16.8	17.3	16.6	16.8	16.6	16.8	0.0	0.0	22.9	19.6	16.8	14.6	3.6	3.
Dishman Pharmaceuticals	96	192	Hold	7,747	10.6	15.2	(6.4)	43.7	21.2	24.3	9.0	11.3	10.5	13.5	8.3	9.8	1.0	0.9	9.1	6.3	7.4	5.6	0.9	0.
Dr Reddy's Labs	1,597	2,030	Buy	270,208	66.6	104.7	0.5	57.2	18.2	24.4	15.3	19.8	20.6	27.6	16.6	24.3	0.2	0.1	24.0	15.3	20.9	12.8	5.1	3.
GlaxoSmithKline Pharmaceuticals	2,122	2,230	Hold	179,774	69.8	82.0	18.1	17.6	36.6	36.7	26.8	26.8	30.6	30.5	30.5	30.4	0.0	0.0	30.4	25.9	20.3	17.2	8.6	7.
Glenmark Pharmaceuticals	270	410	Buy	72,837	18.0	23.4	37.2	30.1	27.6	27.7	16.2	17.6	17.7	19.2	14.2	15.9	0.5	0.4	15.0	11.5	10.7	8.9	2.5	2.
Jubilant Organosys	160	290	Hold	25,437	17.2	22.5	(13.7)	30.9	17.7	19.0	8.7	10.0	8.6	11.0	7.6	9.5	0.6	0.5	9.3	7.1	9.5	7.7	1.0	0.
Lupin	395	510	Buy	176,362	19.6	23.0	28.4	17.4	20.1	19.8	15.5	15.3	36.3	32.0	26.2	26.1	0.3	0.2	20.2	17.2	16.5	14.1	6.4	4.
Opto Circuits	261	280	Hold	48,604	18.7	22.2	24.5	18.9	32.1	30.6	25.4	23.9	29.4	28.4	24.8	24.1	0.3	0.3	14.0	11.8	13.4	11.1	3.8	3.
Pfizer India	1,172	1,470	Buy	34,976	54.0	64.0	9.1	18.4	17.3	18.9	18.8	18.9	15.3	16.2	15.3	16.2	0.0	0.0	21.7	18.3	29.7	23.2	3.1	2.
Piramal Healthcare	466	480	Sell	97,484	28.5	34.5	25.4	21.0	21.7	21.9	14.4	15.4	31.4	29.7	23.3	25.1	0.4	0.2	16.4	13.5	12.2	10.7	4.6	3.
Ranbaxy	469	720	Buy	197,652	34.2	52.3	NM	53.0	20.2	29.1	17.1	23.1	27.1	31.2	12.6	20.0	0.4	0.2	13.7	9.0	12.2	7.6	3.2	2
Sun Pharmaceutical Industries	409	460	Hold	438,276	19.8	24.1	43.0	21.8	37.5	36.6	34.6	33.4	24.4	24.2	23.2	20.0	0.0	0.2	21.5	17.6	19.0	15.5	4.7	3.
Aggregate	420	400	riolu	436,276 2,067,453	19.0	24.1	45.0	21.0	23.0	25.4	17.4	19.3	24.4	24.2	23.2	22.0	0.1	0.1	21.5 19.5	17.0	19.0 15.6	13.5 12.0	4.7	3. 3.



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C			D	МСар	FDEP (Rs)		FDEPS G		EBITDA N (%)		PAT Ma (%)		RO (%)		ROC (%)		Adj. Debt/ Ratio		P/E (x)		EV/EBIT (x)	DA	P/BV (x)	
Companies	CMP (Rs) Ta	irget (Rs)	Reco	(Rs mn)	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E		
PIPES																								
Jindal Saw	193	330	Buy	53,174	17.3	21.2	(30.4)	22.7	17.0	16.5	9.2	8.7	12.1	12.9	11.2	12.9	0.2	0.1	11.2	9.1	5.6	4.4	1.3	
Welspun Corp	198	280	Buy	40,583	31.2	35.3	16.1	13.2	18.0	17.3	8.9	8.9	22.0	20.5	14.0	13.9	0.4	0.4	6.4	5.6	3.0	2.8	1.1	
Maharashtra Seamless	334	400	Hold	23,533	44.2	49.3	9.5	11.4	22.0	21.6	17.2	16.9	13.0	13.2	12.7	12.9	0.0	0.0	7.5	6.8	4.0	3.6	0.9	
Aggregate				117,290	-	-	-	-	18.1	17.5	10.0	9.8							7.9	6.8	4.0	3.5	10.3	
POWER																								
Adani Power	113	135	Sell	246,126	4.2	19.9	432.4	376.7	58.2	70.7	46.5	54.8	14.4	51.2	6.7	20.5	1.6	1.8	27.1	5.7	25.0	5.1	3.6	
Lanco Infratech	37	70	Buy	89,089	3.9	5.2	105.9	34.8	26.1	26.3	6.8	6.7	24.6	25.9	8.2	10.2	3.7	2.8	9.6	7.1	7.4	5.4	2.1	
NTPC	178	205	Hold	1,467,281	11.6	12.2	9.3	5.7	34.2	33.9	19.8	18.6	14.7	14.4	21.7	14.4	0.5	0.5	15.4	14.6	10.3	9.2	2.2	
Reliance Power	127	170	Hold	357,087	3.2	3.8	11.5	19.3	48.6	48.1	96.1	35.8	5.0	5.1	2.9	2.8	1.3	2.1	39.6	33.2	82.9	26.1	1.8	
Tata Power	1,251	1,250	Hold	296,788	75.5	101.0	16.2	33.7	22.5	25.0	9.0	10.2	15.0	18.3	6.8	7.6	1.1	1.2	16.6	12.4	6.6	5.0	2.1	
Jindal Steel & Power	664	700	Hold	620,495	43.4	56.1	11.3	29.2	6.4	21.0	32.1	34.9	32.7	31.0	22.6	20.7	0.3	0.3	15.3	11.8	10.0	8.2	4.3	
Power Grid	99	120	Buy	457,417	5.7	6.8	12.4	18.8	81.7	81.5	27.3	27.3	14.1	13.8	3.8	4.1	1.4	1.5	17.3	14.6	5.8	4.9	2.1	
Aggregate				3,534,283	-	-	-	-	37.6	39.7	19.3	20.5							17.1	12.9	9.9	7.5	2.4	
REAL ESTATE																								
Anant Raj Industries	77	150	Buy	22,722	7.8	9.4	(3.3)	19.6	47.5	31.8	45.2	28.5	6.4	7.3	6.0	6.5	0.1	0.1	9.8	8.2	7.7	6.0	0.6	
DLF	228	330	Buy	387,471	17.0	20.2	59.5	19.1	49.7	48.4	27.2	27.5	12.0	13.6	7.8	9.3	0.7	0.6	13.4	11.3	10.2	8.9	1.5	
Godrej Properties	604	780	Buy	42,200	22.4	57.4	27.5	155.9	45.9	48.5	39.2	39.9	17.8	35.6	9.8	21.8	0.8	0.6	26.9	10.5	26.4	9.9	4.5	
HDIL	166	315	Hold	68,932	17.9	38.3	19.3	113.3	43.9	52.3	31.6	38.2	9.2	15.9	6.9	12.7	0.4	0.3	9.3	4.3	10.4	4.8	0.7	
Indiabulls Real Estate	114	200	Buy	45,896	10.3	10.5	NA	2.3	37.8	34.1	29.6	24.3	3.5	3.5	3.5	3.3	0.2	0.3	11.1	10.9	5.7	5.1	0.4	
Peninsula Land	51	#N/A	#N/A	5,727	17.1	20.9	(16.0)	22.1	32.0	32.0	13.9	15.3	10.3	11.6	8.6	9.1	1.0	0.8	3.0	2.5	6.5	5.8	0.6	
Phoenix Mills	61	65	Sell	16,906	8.2	7.2	(18.4)	(11.9)	44.4	50.8	33.5	38.7	16.2	12.7	12.5	9.8	0.3	0.3	7.4	8.4	6.2	7.1	1.1	
Puravankara Projects	171	250	Buy	24,783	5.2	18.3	27.6	252.9	75.5	82.9	34.7	45.5	4.7	15.2	3.6	10.3	0.5	0.6	33.0	9.4	18.0	6.1	1.5	
Unitech	105	160	Buy	22,431	7.1	7.2	4.0	1.5	30.3	23.3	25.1	21.8	9.8	9.2	6.2	5.9	0.6	0.6	14.8	14.6	16.6	18.5	1.4	
Oberoi Realty	38	75	Buy	99,733	3.7	5.2	29.9	41.0	35.8	37.0	23.3	25.6	9.4	11.6	6.1	7.8	0.6	0.5	10.4	7.4	12.9	9.7	1.1	
Sobha Develpers	247	330	Buy	80,992	17.8	19.5	12.7	9.1	69.2	69.6	49.7	50.5	22.2	17.0	20.9	15.1	(0.2)	(0.1)	13.8	12.7	9.7	9.0	4.4	
Sunteck Realty	262	380	Buy	25,693	22.9	33.9	67.6	48.0	23.0	24.4	13.5	14.1	12.5	15.5	8.4	11.1	0.6	0.4	11.4	7.7	11.8	7.8	1.5	
Aggregate	331	600	Buy	20,858	10.2	94.7	937.8	832.3	57.5	63.9	39.3	41.8	62.8	49.2	42.8	38.8	0.2	0.2	32.6	3.5	23.5	2.4	3.1	
TELECOM				864,342	-	-	-	-	44.4	45.4	27.8	29.5							12.7	8.8	10.8	7.7	1.2	
Bharti Airtel																								
Idea Cellular	322	400	Buy	1,221,855	16.7	22.0	(29.5)	31.9	33.5	35.5	10.6	11.5	14.0	16.1	8.2	8.6	1.3	1.1	19.3	14.6	6.1	4.7	2.5	
MTNL	61	95	Buy	201,308	2.6	2.8	(14.7)	8.7	24.2	26.6	5.6	5.0	7.3	7.4	5.5	6.3	1.0	0.8	23.4	21.5	5.4	4.1	1.8	
Onmobile Global	45	50	Sell	28,539	(14.8)	(14.4)	NM	NM	-	-	-	-	(10.3)	(11.1)	(8.9)	(9.5)	0.3	0.3	-	-	-	-	0.3	
Reliance Communications	230	450	Buy	13,560	13.5	18.3	80.7	35.3	22.5	27.1	14.7	16.0	10.2	12.3	8.0	11.2	0.0	0.0	17.0	12.6	9.2	6.1	1.7	
Tata Communications	100	190	Buy	207,332	7.4	11.1	(65.9)	50.6	31.9	34.1	7.3	9.7	4.0	5.8	3.5	4.5	0.8	0.7	13.7	9.1	5.9	4.8	0.5	
Spice Mobility	213	400	Buy	60,563	(26.1)	(21.6)	NM	NM	11.0	12.5	-	-	(17.9)	(17.6)	3.3	3.2	2.1	2.6	-	-	10.2	8.0	1.6	
Tata Tele (Mah)	100	140	Hold	23,844	5.0	7.9	9.4	59.5	7.2	6.5	5.3	5.1	11.6	13.3	7.0	9.5	0.0	0.0	20.2	12.6	10.8	7.3	1.8	
Aggregate	15	18	Sell	28,743	0.7	(2.6)	NM	(444.2)	13.4	21.7	-	-	(27.9)	(19.7)	(8.1)	(2.9)	2.1	2.1	20.2		20.7	11.1	1.2	





Company	CMP (Rs) Ta	arget (Rs)	Reco	МСар	FDEPS	(Rs) I	DEPS Grov	wth (%)	NIM (%) (Cost to inco	me (%)	ROE (%)	ROA (%)	Credit/ D Ratio (CAR (%)	P/E (x	()	P/BV ((x)
• ,				(Rs mn)	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY1
BANKING																								
Axis Bank	1,290	1,800	BUY	529,387	81.2	103.9	30.8	28.0	3.4	3.3	43.1	43.6	20.7	21.1	1.7	1.7	79.7	80.7	14.0	13.6	15.9	12.4	2.8	2
Bank of Baroda	905	1,130	BUY	329,680	108.6	116.5	29.7	7.3	2.8	2.7	38.8	38.8	25.8	22.9	1.3	1.3	73.1	73.5	12.6	12.7	8.3	7.8	1.9	1
Bank of India	464	520	HOLD	243,708	52.6	65.5	58.9	24.4	2.6	2.5	43.6	42.1	19.8	20.8	0.9	1.0	75.2	75.2	13.2	12.8	8.8	7.1	1.6	1
Canara Bank	621	660	HOLD	254,733	96.5	98.7	30.9	2.3	2.8	2.7	42.4	39.8	27.9	23.4	1.4	1.2	73.6	74.1	12.7	13.1	6.4	6.3	1.6	1
Corporation Bank	561	745	Buy	80,412	96.8	113.9	18.6	17.7	2.5	2.4	35.3	35.6	21.9	21.9	1.1	1.1	69.3	69.9	12.8	12.7	5.8	4.9	1.2	0
Dena Bank	97	160	BUY	27,922	21.2	21.7	19.9	2.4	2.8	2.8	44.9	45.3	22.9	20.7	1.0	0.9	70.2	71.4	12.3	13.1	4.6	4.5	1.0	0
HDFC Bank	2,215	2,390	HOLD	1,029,802	84.3	108.7	30.9	28.9	4.5	4.6	47.4	47.4	16.9	18.8	1.6	1.7	78.5	79.2	16.4	15.6	26.3	20.4	4.2	3
ICICI Bank	1,019	1,175	HOLD	1,170,817	45.9	58.2	27.1	26.9	2.5	2.5	42.4	41.3	9.6	11.4	1.3	1.4	89.9	90.5	17.4	15.3	22.2	17.5	2.1	2
Oriental Bank of Commerce	362	445	BUY	90,658	60.5	61.3	33.6	1.4	2.9	2.7	37.9	38.7	19.0	17.5	1.0	1.0	69.7	72.4	12.9	13.9	6.0	5.9	1.1	0
Punjab National Bank	1,081	1,475	BUY	340,843	139.4	171.5	12.5	23.0	3.6	3.5	41.3	40.6	24.4	24.5	1.3	1.4	76.4	77.0	13.9	13.4	7.8	6.3	1.7	1
State Bank of India	2,602	3,500	BUY	1,652,299	180.6	235.6	25.1	30.5	3.1	3.0	45.8	45.5	16.3	18.4	1.0	1.1	84.1	84.0	12.3	11.7	14.4	11.0	2.2	1
Union Bank of India	337	410	BUY	170,351	41.5	52.0	1.1	25.2	2.8	2.8	43.3	42.4	21.7	22.7	1.0	1.1	71.1	72.0	12.2	12.2	8.1	6.5	1.6	1
Yes Bank	271	380	BUY	94,154	20.1	25.1	42.6	25.3	2.7	2.5	37.7	39.1	20.4	21.3	1.5	1.4	78.3	78.3	16.8	14.8	13.5	10.8	2.5	2
SPECIALTY FINANCE																								
HDFC	671	750	HOLD	984,297	23.9	28.4	21.6	18.8	3.4	3.3	7.1	6.9	21.4	22.6	2.8	2.8			13.5	12.4	28.0	23.6	5.8	5
LIC Housing Finance	198	250	BUY	93,817	15.8	21.6	13.3	36.9	2.9	2.7	14.8	15.1	20.1	23.1	1.7	1.8			13.1	11.7	12.5	9.1	2.3	1
Dewan Housing Finance	244	370	BUY	25,506	21.8	30.1	18.6	38.2	3.0	3.0	29.9	27.2	19.2	19.3	1.9	1.9			18.3	15.2	11.2	8.1	1.7	1
Shriram Transport Finance	758	900	BUY	171,362	52.9	64.2	29.3	21.2	8.4	10.5	23.0	24.3	28.4	28.0	3.4	4.1			21.4	20.3	14.3	11.8	3.6	2
Aggregate				7,289,747																	14.3	11.5	2.4	2

Source: RCML Research * Not Rated



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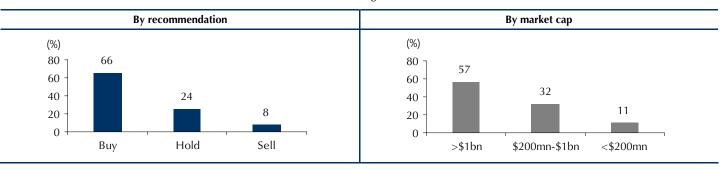
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Hold	Between 15% and -5%								
Sell	Less than -5%								

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