

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
FIs	(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 Oct-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 month-end 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 FY11-end 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 gov't'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).

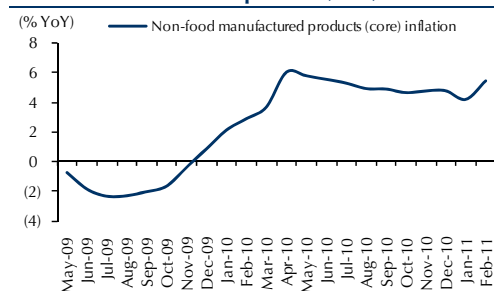
Heating core may warrant more aggressive tightening: The core (non-food manufacturing) inflation has risen very sharply in February to 5.41% in Feb from 4.17% in Jan. This is the more stable component of WPI, and the RBI pays most attention to the core in policy formulation. The hawks in the TAC, which advises 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.

WPI inflation by category

	Feb-10	Feb-11	Jan-11	Dec-10
%YoY				
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
% MoM				
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 - Govt, RCML Research

Non-food manufactured product (core) inflation



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

Hawkometer*: Measuring the hawkishness of RBI



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

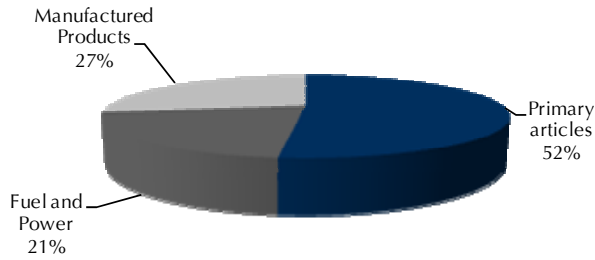
In the interest of timeliness this report has not been edited.





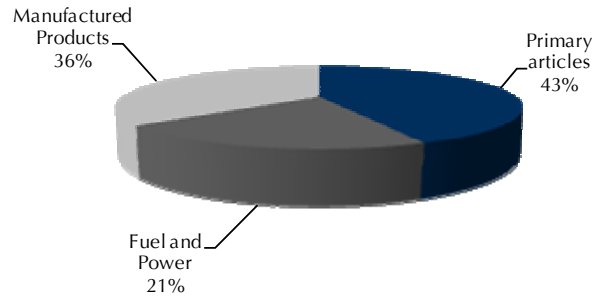
Component contribution analysis

Fig 1 - Sectoral contribution to WPI headline inflation (Jan)



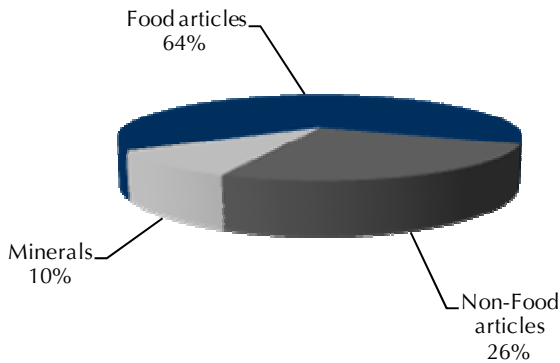
Source: Office of the Economic Advisor - GoI, RCML research

Fig 2 - Sectoral contribution to WPI headline inflation (Feb)



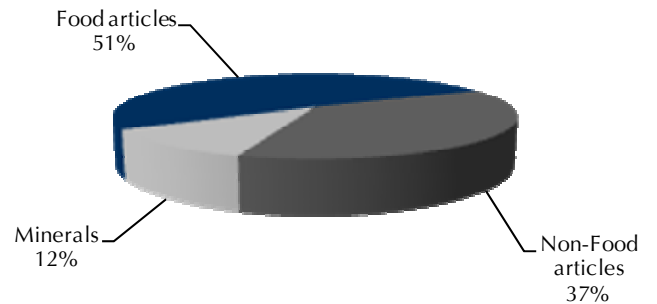
Source: Office of the Economic Advisor - GoI, RCML research

Fig 3 - Contribution to primary articles inflation (Jan)



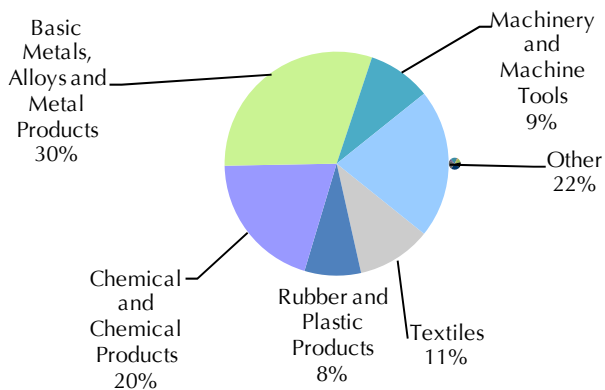
Source: Office of the Economic Advisor - GoI, RCML research

Fig 4 - Contribution to primary articles inflation (Feb)



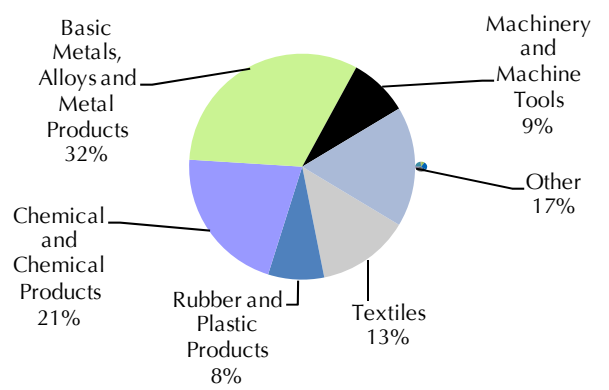
Source: Office of the Economic Advisor - GoI, RCML research

Fig 5 - Contribution to manufacturing inflation (Jan)



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

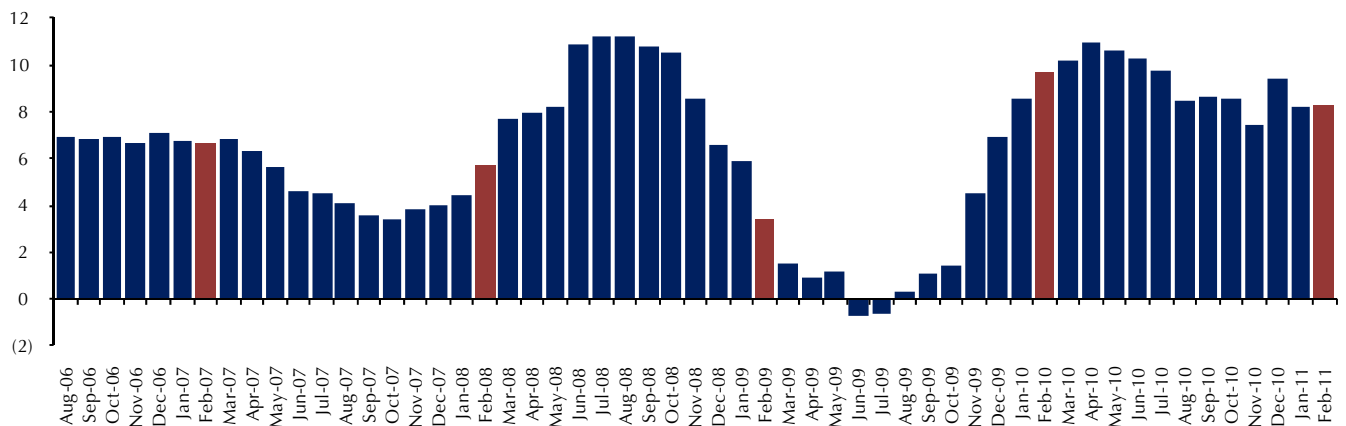
Fig 6 - Contribution to manufacturing inflation (Feb)



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

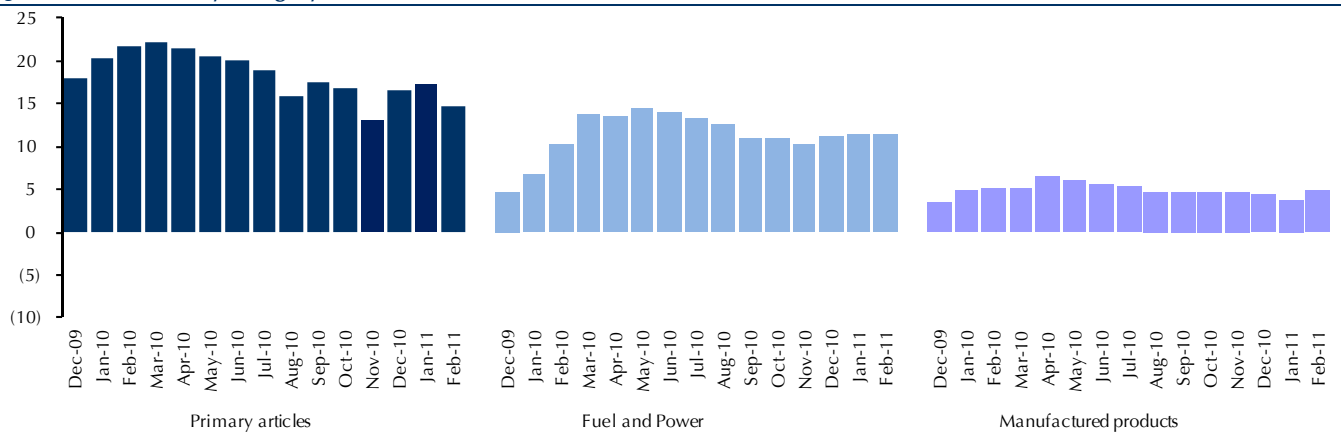


Fig 7 - Headline WPI inflation (% YoY)



Source: Office of Economic Advisors, RCML Research

Fig 8 - WPI Inflation by category (% YoY)



Source: Office of Economic Advisors, RCML Research

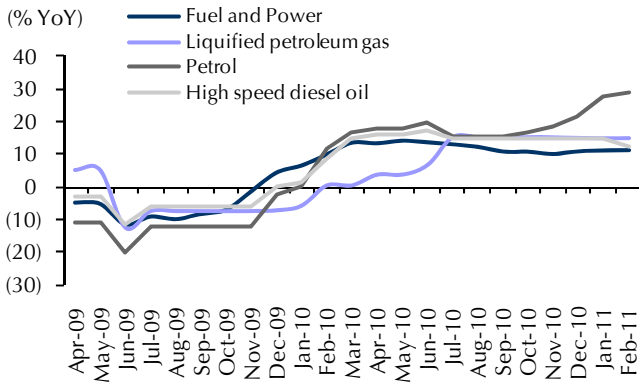
Fig 9 - Manufactured product inflation

(% 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 - GoI, RCML Research

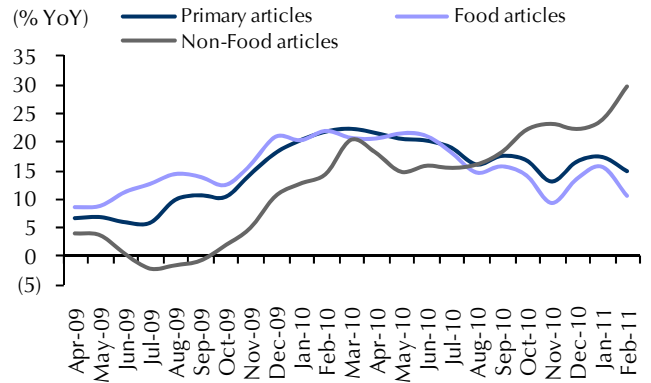


Fig 10 - WPI for fuel and power



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

Fig 11 - WPI for primary articles



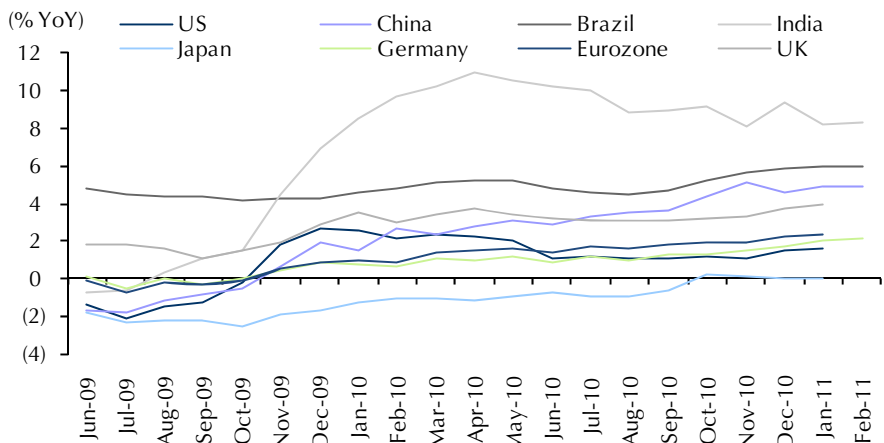
Source: Office of the Economic Advisor - GoI, RCML Research

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 - GoI, RCML Research

Fig 13 - Consumer price inflation across different economies



Source: Bloomberg, 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.

What's New? Target Rating Estimates

CMP	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 (%)	CMP	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

Financial highlights

(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

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



Consolidated financials

Profit and Loss statement

Y/E March (US\$ mn)	FY10	FY11E	FY12E	FY13E
Revenues	4,804	6,089	7,439	8,836
<i>Growth (%)</i>	3.0	26.8	22.2	18.8
EBITDA	1,651	2,002	2,433	2,795
<i>Growth (%)</i>	7.8	21.3	21.5	14.9
Depreciation & amortisation	191	185	207	234
EBIT	1,460	1,818	2,227	2,562
<i>Growth (%)</i>	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
<i>Growth (%)</i>	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
<i>Growth (%)</i>	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

Balance sheet

Y/E March (US\$ mn)	FY10	FY11E	FY12E	FY13E
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	6,150	6,499	7,928	9,960
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
Reserves & surplus	5,297	5,749	7,149	9,151
Shareholder's funds	5,361	5,813	7,213	9,215
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 FY11 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? Target Rating Estimates

CMP	TARGET	RATING	RISK
Rs 470	Rs 415	HOLD	MEDIUM

BSE	NSE	BLOOMBERG
532478	UBL	UBBL IN

Company data

Market cap (Rs mn / US\$ mn)	109,155 / 2,413
Outstanding equity shares (mn)	255.0
Free float (%)	25.0
Dividend yield (%)	0.5
52-week high/low (Rs)	536 / 179
2-month average daily volume	133,921

Stock performance

Returns (%)	CMP	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 matrix

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	139.7	71.6	45.5	31.7
P/E @ Target	123.3	63.3	40.1	28.0
EV/EBITDA @ CMP	57.1	33.3	23.3	18.5

Financial highlights

(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

(%)	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





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 (Rs mn)	FY12E			FY13E		
	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

Amalgamation of Chennai Breweries
leads to an earnings upgrade

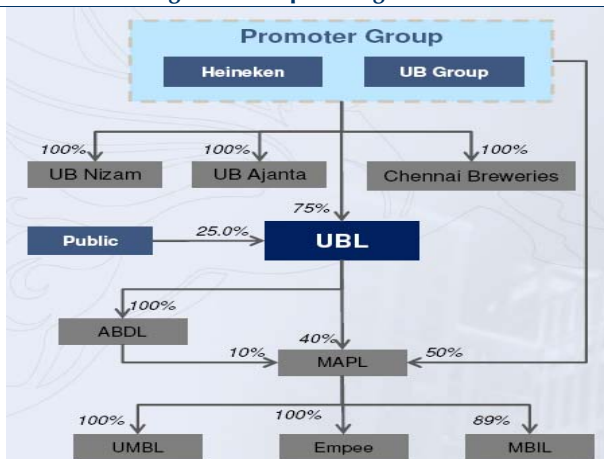
Fig 18 - Changes in shareholding structure

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

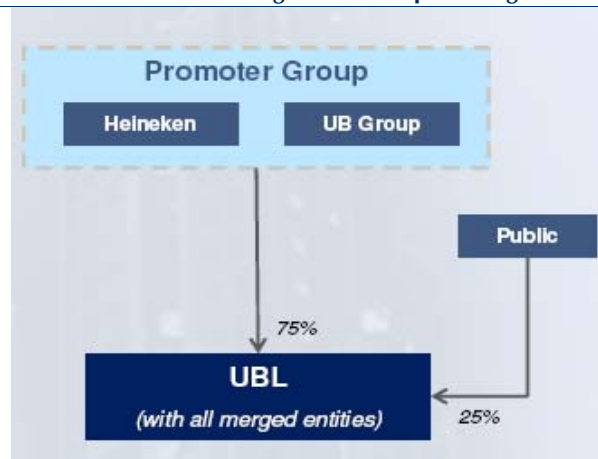


Fig 19 - Shareholding structure-pre merger



Source: Company

Fig 20 - Resultant shareholding structure - post mergers



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
<i>Growth (%)</i>	17.9	45.5	28.5	21.0
EBITDA	2,339	4,010	5,724	7,213
<i>Growth (%)</i>	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
<i>Growth (%)</i>	-	(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
<i>Growth (%)</i>	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
<i>Growth (%)</i>	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

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 ratios				
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



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 equity)	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
FIs	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	B	150,000	151.4
Fineotex Ch	Eureka Credit Finance	B	150,000	167.5
Suzlon Energy	Morgan Stanley Mauritius Company	B	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	B	22,425	6,399.3

Source: BSE, NSE

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Bhagwati Autocast	Mandakini P Bhagwati	B	150	34.5	253,434	8.8
Bhagwati Autocast	Mandakini P Bhagwati	B	235	34.3	253,669	8.8
Bhagwati Autocast	Mandakini P Bhagwati	B	397	34.8	254,066	8.8
Bhagwati Autocast	Mandakini P Bhagwati	B	250	34.3	253,284	8.8
Bhagwati Autocast	Reena P Bhagwati	B	200	34.5	328,348	11.4
Bhagwati Autocast	Reena P Bhagwati	B	323	34.3	328,671	11.4
Bhagwati Autocast	Reena P Bhagwati	B	466	34.8	329,137	11.4
Bhagwati Autocast	Reena P Bhagwati	B	350	34.3	328,148	11.4
Bhansali Engineering Polymers	Dhudidevi Bhansali	B	11,315	-	2,151,419	1.3
Bhansali Engineering Polymers	Dhudidevi Bhansali	B	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	B	13,373	-	568,370	0.3
Dynemic Products	Dynemic Holdings	B	300	-	137,450	1.2
Eicher Motors	K Ramesh	S	200	-	-	-
Frontline Business Solutions	Blackgold Machining Works	B	1,217,532	13.7	1,217,532	13.7
Frontline Business Solutions	Frontline Bhoomi Vistar	B	811,689	9.1	811,689	9.1
Frontline Business Solutions	Natwar Sureka	B	243,507	-	323,507	3.6
Frontline Business Solutions	Technosteel Engineering	B	1,217,532	13.7	1,217,532	13.7
Frontline Business Solutions	Violet Media	B	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	B	28,400	0.3	56,800	0.3
Gcv Services	Prakash Dhebar Huf	B	886,249	-	1,772,498	-
Godfrey Phillips India	Royal Bank Of Scotland Plc	B	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
IvrcI Assets & Holdings	E Sudhir Reddy	B	1,000	-	96,537	0.0
IvrcI Assets & Holdings	E Sudhir Reddy	B	3,114	-	99,651	0.1
IvrcI Assets & Holdings	E Sudhir Reddy	B	886	-	100,537	0.1



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Jai Balaji Industries	Aditya Jajodia	B	15,100	-	2,857,866	4.5
Jai Balaji Industries	Aditya Jajodia	B	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	B	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	B	14,702	-	218,904	0.8
Meghmani Organics	Ashishbhai N Soparkar	B	30,000	0.0	248,904	0.1
Meghmani Organics	Ashishbhai N Soparkar	B	25,000	-	273,904	0.0
Motor & General Finance	Grosvenor Estates (P)	B	2,573	0.0	723,031	3.7
Nandan Exim	Savitridevi V Chirpal	B	100,000	-	738,788	0.2
Nandan Exim	Savitridevi V Chirpal	B	96,919	-	835,707	0.2
Omkar Overseas	Champalal Agarwal	B	4,550	0.1	-	-
Omkar Overseas	Champalal Agarwal	B	4,550	0.1	-	-
Patel Engineering	Pravin Patel	B	500	-	25,000	0.0
Patel Engineering	Sonal Patel	B	500	-	349,500	0.5
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	B	22,500	0.1	1,075,072	2.3
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	B	7,500	0.0	1,052,572	2.3
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	B	1,600	-	1,077,172	2.3
Shiv-Vani Oil & Gas Exploration	Rohan Consultancy Services	B	500	-	1,075,572	2.3
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	B	12,150	0.0	634,743	1.4
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	B	1,350	-	622,593	1.3
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	B	2,850	-	638,493	1.4
Shiv-Vani Oil & Gas Exploration	Showlin Network Marketing	B	900	-	635,643	1.4

Source: BSE

E



Companies	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
OTHERS																								
Sintex Industries	149	270	Buy	40,730	13.8	16.9	30.9	23.0	16.4	16.8	10.1	10.3	19.5	19.7	11.0	12.3	0.6	0.5	10.8	8.8	5.8	4.7	1.7	1.4
Bharat Electronics	1,658	2,200	Buy	132,648	92.2	98.8	(2.1)	7.2	18.8	18.0	13.2	13.5	20.9	17.7	19.3	15.3	0.0	0.0	18.0	16.8	10.1	10.1	3.4	3.0
Godrej Industries	172	285	Buy	54,695	9.5	16.3	145.4	71.2	8.3	12.5	7.3	9.6	16.1	23.7	12.6	17.5	0.2	0.2	18.1	10.5	19.5	10.0	2.7	2.3
Arvind Ltd	57	96	Buy	14,475	4.4	5.8	114.5	32.3	13.5	14.0	2.9	3.3	8.2	9.9	8.3	8.4	1.7	1.7	13.0	9.9	7.2	6.0	1.0	0.9

Company	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		NIM (%)		Cost to income (%)		ROE (%)		ROA (%)		Credit/Deposit Ratio (%)		CAR (%)		P/E (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
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	2.4
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	1.4
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	1.4
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	1.2
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	0.9
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	0.7
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	3.6
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	2.0
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	0.8
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	1.4
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	1.9
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	1.2
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	2.1
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	5.1
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	1.9
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	1.5
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	2.9
Aggregate				7,289,747															14.3	11.5	2.4	2.0		

Source: RCML Research * Not Rated



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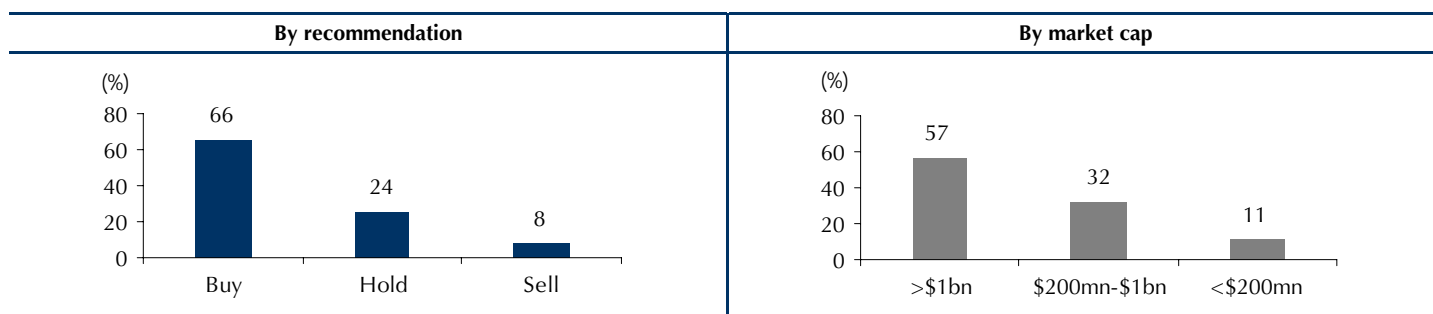
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Recommendation structure changed with effect from March 1, 2009

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