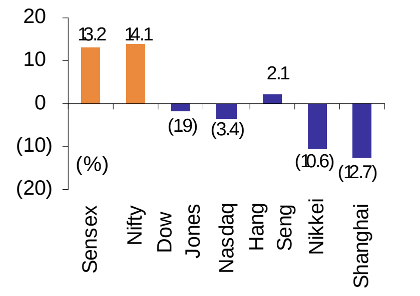
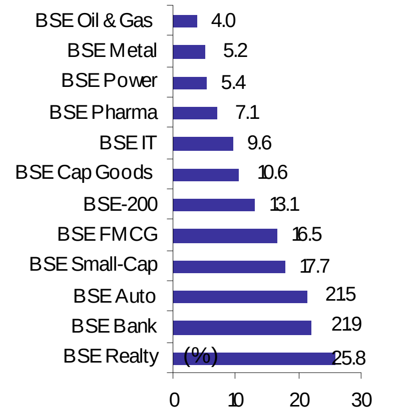
Index performance (6-month)



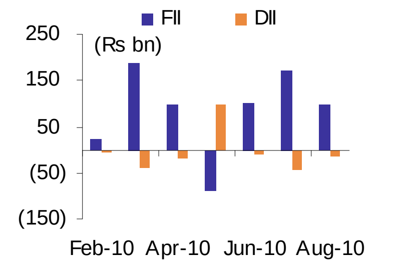
Source: Bloomberg

Sectoral performance (6-month)



Source: Bloomberg

FII & DII net activity



Source: Bloomberg

Sectoral Outlook

Sector	Outlook
Automobiles	Positive
Banks & Financial Services	Positive
Breweries	Positive
Capital goods	Positive
Cement	Negative
FMCG	Positive
Hotels	Neutral
Infrastructure	Positive
Information technology	Positive
Metals & mining	Positive
Oil & gas	Neutral
Pipes	Positive
Telecom	Neutral
Utilities	Positive

Source: India Infoline Research

House Recommendations

We introduce our top large cap picks, best midcap Buys and high conviction Sell ideas in this note. The large cap Buys and Sells are relative outperformer and underperformer bets vis-à-vis the Nifty respectively. Reduce portfolio weights in stocks with Sell rating. Midcap Buys are based on absolute return expectations.

Top Large-cap Buys

Stock	Sector	CMP (Rs)	Target (Rs)	Expected Returns (%)
Dr Reddy's	Pharmaceutical	1,329	1,803	35.6
GAIL	Oil & Gas	465	530	14.0
HCL Technology	IT Services	408	470	15.0
L&T	Infrastructure	1,878	2,134	13.6
M&M	Automobile	624	712	14.1

Source: India Infoline Research

Top Mid-cap Buys

Stock	Sector	CMP (Rs)	Target (Rs)	Expected Returns (%)
ADSL	IT Services	230	304	32.1
Escorts Ltd	Agri Equipments	187	230	21.5
Nagarjuna Construction	Infrastructure	163	199	22.1
Phillips Carbon Black	Auto-components	204	250	22.5
Usha Martin	Metals	84	102	22.2

Source: India Infoline Research

Top Sells

Stock	Sector	CMP (Rs)	Target (Rs)	Expected Downside (%)
ABB	Capital goods	778	680	12.6
ACC	Cement	875	780	11.0
NALCO	Metals	404	318	21.3

Source: India Infoline Research

Top Large Cap BUYs

Dr. Reddy's – BUY

CMP Rs1,329, Target Rs1,803

Sector: Pharmaceuticals	
Sensex:	18,409
CMP (Rs):	1,329
Target price (Rs):	1,803
Upside (%):	35.6
52 Week h/l (Rs):	1517 / 696
Market cap (Rscr) :	22,473
6m Avg vol ('000Nos):	491
No of o/s shares (mn):	169
FV (Rs):	5
Bloomberg code:	DRRD IN
Reuters code:	REDY.BO
BSE code:	500124
NSE code:	DRREDDY

Prices as on 23 Aug, 2010

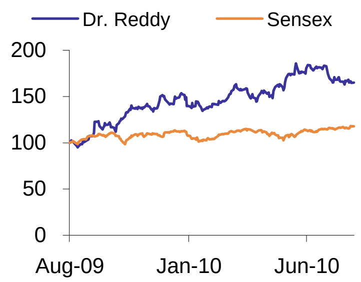
Shareholding pattern

March '10	(%)
Promoters	25.7
Institutions	44.7
Non prom corp hold	3.4
Public & others	26.2

Performance rel. to sensex

(%)	1m	3m	1yr
Dr. Reddy	(4.2)	(10.5)	44.1
Ranbaxy	7.9	4.9	34.9
Sun Pharma	0.9	2.6	27.7
Cipla	(4.1)	(11.9)	0.8

Share price trend



US markets to drive growth

FY09 revenues saw an increase of 40% yoy and a further increase of 18% in FY10. In FY10, the company filed 13 drug applications in North America, of which 12 Abbreviated New Drug Applications (ANDAs) were in the US and one in Canada. The US generic pipeline now comprises 73 ANDAs pending with the USFDA, including 11 tentative approvals. Its generic business is set to benefit from market share gain in generic Prilosec OTC and new product launches. Management has guided on 8-10 product launches in the US (FY11). Its low competition generic product 'Fondaparinux', if approved, could provide further revenue visibility.

Russian business adding momentum

Revenue growth of 25% in Russia outperformed Russian market growth of 8% in FY10. Growth was driven by strong contributions from the OTC segment as well as prescription sales. Key brands such as Nise, Cetrine, Keterol, Omez and Ciprolet played a major role. At present, it accounts for 1.4% market share in value terms (Pharmexpert MAT, March '10).

Strongly placed in Indian formulations business

Indian formulation business saw a revenue growth of 20% in FY10 to Rs10.2bn. This was mainly on account of volume growth of ~16%, new product led growth of ~6% and price de growth of 2%. New product launches constituted ~5% of the total revenue. Its top 10 brands accounted revenues of Rs3.8bn (38% of India's formulation revenue). It had launched 11 new products in Q1FY11 and expects to continue with the momentum. Going ahead, management expects to witness a CAGR of ~18% in the next two years driven by new product launches and addition of field force.

Outlook and Valuation

FY10 saw improvement in profitability and cashflows and was evident in the form of strong operational cash flows of Rs14.8bn (FY10) against Rs3.5bn (FY09) mainly led by strong profitability and reduction in working capital. Management expects to earn a ROCE 18-22%, in line with the goal of reaching 25% by 2012-13. It expects to maintain double digit growth in India and Russia. US generics continue to be a key market. In the US markets, it has been aggressive in Para IV filings in FY10. Going ahead, it is all set to tap the opportunity and benefit from the large number of drugs going off patent in US over the next 2-3 years. It currently trades at 20.3x FY 11E earnings. Our price target of Rs1,803 is 20x FY12E earnings.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	69,441	70,277	76,117	90,319
EBITDA Margins (%)	23.4	20.8	22.8	24.3
Pre – Exceptional PAT	9,824	10,167	11,161	14,948
Reported PAT	(5,168)	1,068	11,161	14,948
EPS (Rs)	(30.5)	6.3	65.6	87.7
P/E (x)	(43.5)	210.9	20.2	15.15
P/BV (x)	5.4	5.4	4.5	3.5
EV/EBITDA (x)	14.9	16	13.3	10.2
ROE (%)	(12.3)	2.6	22.0	23.2

Source: Company, India Infoline Research

GAIL (India) Ltd - BUY

CMP Rs465, Target Rs530

Sector: Oil & Gas	
Sensex:	18,409
CMP (Rs):	465
Target price (Rs):	530
Upside (%):	14.0
52 Week h/l (Rs):	517 / 324
Market cap (Rscr) :	58,953
6m Avg vol ('000Nos):	1,816
No of o/s shares (mn):	1,268
FV (Rs):	10
Bloomberg code:	GAIL IB
Reuters code:	GAIL.BO
BSE code:	532155
NSE code:	GAIL

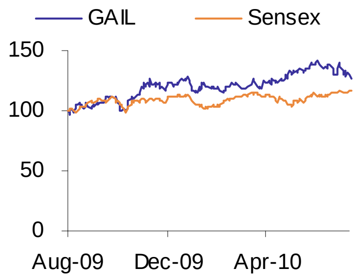
Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	57.3
Institutions	38.8
Non promoter corp hold	0.8
Public & others	3.0

Performance rel. to sensex

(%)	1m	3m	1yr
GAIL	(1.5)	(10.2)	16.7
ONGC	0.3	4.5	(11.9)
GSPL	12.0	16.0	37.4
Guj Gas	10.2	7.5	72.6

Share price trend



Core transmission business to witness robust growth

India's gas demand is expected to register a strong growth driven by current under utilization of gas-based capacities in the power, fertilizer and other industries. Additional gas-based capacities in these sectors will only shore up demand. The demand-supply gap is set to reduce with ramp-up in production from KG-D6 field. Increase in LNG capacities of Petronet LNG plants and commencement of production from fields of ONGC and GSPC would further reduce the gap. This would translate into higher demand for transmission services. GAIL, being the nodal transmission agency in the country would be the key beneficiary as its capacity would double over the next four years.

CGD and E&P businesses to be value accretive

GAIL is planning to set up city gas distribution projects in 20 cities over the next two years. Price hike of petrol and diesel will only improve the economics of using CNG vis-à-vis auto fuels. We believe, this venture would be margin accretive for GAIL. To further extend its value chain, GAIL has increased its presence in exploration and production sector. It currently has 30 E&P and three CBM blocks. Few discoveries have been made, but it will take couple of years before they achieve any scale. On a longer term perspective, this business would be value accretive for GAIL.

Best growth visibility amongst PSU oil companies

Relative to other oil sector PSUs, which are plagued by concerns over subsidy burden, GAIL is expected to see lower subsidy incidence. This coupled with robust growth in transmission business offers greater revenue and profit visibility. During FY09-12E, we expect GAIL to register a CAGR of 21% in revenues and 17.5% in PAT. Existing business garners value from strong growth in transmission business and fixed price of feedstock for petrochemicals (petrochemical prices to rise in line with economic recovery). Investments in Indraprastha Gas, ONGC, Petronet LNG and Gujarat Industrial Power are value accretive.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	237,760	251,033	320,950	369,944
yoy growth (%)	32.0	5.6	27.9	15.3
Operating profit	40,647	47,760	59,499	71,536
OPM (%)	17.1	19.0	18.5	19.3
Pre-exceptional PAT	28,037	31,398	36,907	43,369
Reported PAT	28,037	31,398	36,907	43,369
yoy growth (%)	6.9	12.0	17.5	17.5
EPS (Rs)	22.1	24.8	29.1	34.2
P/E (x)	20.8	18.6	15.8	13.5
Price/Book (x)	4.0	3.5	3.1	2.7
EV/EBITDA (x)	13.8	11.7	10.2	8.6
Debt/Equity (x)	0.1	0.1	0.2	0.2
RoE (%)	20.2	19.9	20.6	21.2
RoCE (%)	26.2	25.2	26.4	25.9

Source: Company, India Infoline Research

HCL Tech – BUY

CMP Rs408, Target Rs470

Sector: Information Technology	
Sensex:	18,409
CMP (Rs):	408
Target price (Rs):	470
Upside (%):	15.0
52 Week h/l (Rs):	449 / 277
Market cap (Rscr) :	27,699
6m Avg vol ('000Nos):	1,316
No of o/s shares (mn):	679
FV (Rs):	2
Bloomberg code:	HCLT IB
Reuters code:	HCLT.BO
BSE code:	532281
NSE code:	HCLTECH

Prices as on 23 Aug, 2010

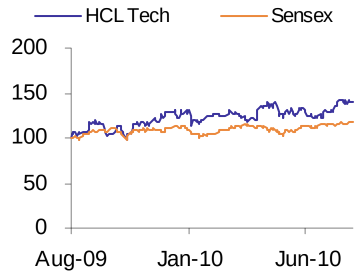
Shareholding pattern

June '10	(%)
Promoters	65.3
Institutions	26.5
Non promoter corp hold	2.9
Public & others	5.2

Performance rel. to sensex

(%)	1m	3m	1yr
HCL Tech	7.8	(2.2)	24.9
TCS	2.0	10.2	52.5
Wipro	(1.6)	(4.8)	12.9
Infosys	(1.3)	(4.3)	16.6

Share price trend



HCL Tech to outpace industry growth in next two years

We believe HCL Tech is set to register industry-best dollar revenue CAGR of 25% over FY10-12. Consistent large deal wins and highest exposure to discretionary spends should enable company to beat industry growth. In Q4 F6/10, company clocked a volume growth of 10.5% qoq, better than 7.6% of Infosys and 8%+ of TCS. It was the highest witnessed by HCL Tech in past many years and came on the back of strong 7% volume expansion in Q3 F6/10. Pricing has been stable but is likely to improve towards the end of the year with acceleration in discretionary spends.

Robust manpower addition indicates strong revenue visibility; better handle on attrition

During Q4 F6/10, HCL Tech added net 6,428 employees, highest-ever in the company's history. A bulk of the addition (4,944, 14% of Q3 F6/10-ending headcount) was in core software services and a majority of it was laterals to serve immediate growth requirements. Surprisingly, company also added significant employees (1,019, 9% of Q3 F6/10-ending headcount) in BPO which till last quarter witnessed headcount reduction due to restructuring. This only indicates that revenue growth in BPO may resume much earlier than expected. Though the attrition in core software increased, it remains lower than some large peers despite company implementing salary hike a quarter later (from June).

Strong earnings growth; valuations at significant discount to larger peers

As HCL Tech chases growth, we believe that operating margin could be sacrificed to some extent. Management intends to continuously make business investments which are likely to push-up SG&A in coming quarters. The implementation of wage hike for majority of employees in anticipated to have a ~300bps impact on Q1 F6/11 margin. However, a good portion of the margin decline would be recouped in subsequent quarters through volume growth and firm pricing. Overall, we expect stable margin for HCL Tech over FY10-12. We also believe that forex loss could come down gradually with steady appreciation of the rupee and this would be a material positive for earnings. Superior FY10-12 PAT growth and valuations at significant discount to Infosys and TCS make us bullish on HCL Tech. Expect stock to outperform in the near term.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	106,084	125,650	158,955	196,566
yoy growth (%)	38.9	18.4	26.5	23.7
Operating profit	23,238	25,730	29,177	36,767
OPM (%)	21.9	20.5	18.4	18.7
Pre-exceptional PAT	12,745	13,015	16,525	21,894
Reported PAT	11,977	12,142	15,585	20,954
yoy growth (%)	15.6	1.4	28.4	34.4
EPS (Rs)	18.9	19.3	24.5	32.4
P/E (x)	21.5	21.0	16.6	12.5
P/BV (x)	5.6	4.7	3.9	3.2
EV/EBITDA (x)	10.7	9.6	8.5	6.6
ROE (%)	28.0	24.2	26.4	28.7

Source: Company, India Infoline Research

Larsen & Toubro – BUY

CMP Rs1,878, Target Rs2,134

Sector: Infrastructure	
Sensex:	18,409
CMP (Rs):	1,878
Target price (Rs):	2,134
Upside (%):	13.6
52 Week h/l (Rs):	1951 / 1390
Market cap (Rscr) :	113,634
6m Avg vol ('000Nos):	1,438
No of o/s shares (mn):	605
FV (Rs):	2
Bloomberg code:	LT IS
Reuters code:	LART.BO
BSE code:	500510
NSE code:	LT

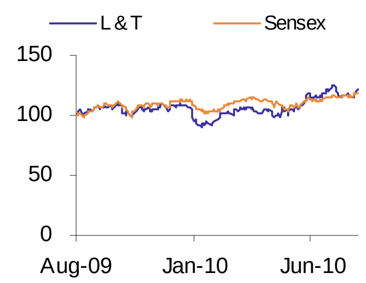
Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	0.0
Institutions	53.4
Non promoter corp hold	6.4
Public & others	40.2

Performance rel. to sensex

(%)	1m	3m	1yr
L & T	(4.0)	4.8	5.0
BHEL	0.0	(3.7)	(12.7)
HCC	(4.5)	6.8	2.3

Share price trend



Best infra play due to diversified presence

We believe L&T is best placed to benefit from reviving Government infrastructure investments and industrial capex due to its diversified presence. Business segments such as power equipment, nuclear power and railways would be key growth drivers with government emphasis on increased private participation and company's capability enhancing investments in these areas. In power equipment space, company's boiler and turbine facility has become operational and orders of 8,200MW for turbines and 6,600MW for boiler have been bagged. In nuclear power, L&T is setting up a heavy forging shop and has tied-up with NPCIL and various technology partners such as Westinghouse Electric, Atomstroy Export, GE-Hitachi and Atomic Energy of Canada.

Improving book-bill ratio; increasing revenue visibility

Current order book of L&T at Rs1,078bn, 2.9x FY10 sales, provides adequate visibility for strong revenue growth over the next 2-3 years. In FY10, the order intake growth outstripped revenue growth. This trend would continue in FY11 also with management guiding for order intake growth of 25% yoy and revenue growth of 20% yoy. Company expects the uptick in ordering activity in domestic power sector, hydrocarbon sector in India/Gulf region and revival of industrial capex would help achieve the order inflow guidance. We expect the book-bill ratio to improve to 3.4x by FY12.

Value unlocking in subsidiaries and strong growth to support higher valuations

Management is planning to unlock value in L&T Finance and L&T Infra Finance in FY11 through private equity investment, merger or public listing. L&T IDPL would be next, probably in FY12, when operations in key projects would have stabilized. We expect L&T's stand-alone revenues to witness 22.9% CAGR over FY10-12E. OPM is expected to decline marginally in FY11 and remain stable in FY12. Earnings growth is estimated at strong 20%+ over the next two years. Based on SOTP valuations, we arrive at a target price of Rs2,134 for L&T.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	339,264	370,348	446,010	559,053
yoy growth (%)	36.5	9.2	20.4	25.3
Operating profit	38,676	48,145	54,859	68,764
OPM (%)	11.4	13.0	12.3	12.3
Pre-exceptional PAT	27,091	31,847	37,016	45,479
Reported PAT	34,816	43,755	37,016	45,479
yoy growth (%)	60.2	25.7	(15.4)	22.9
EPS (Rs)	46.3	52.9	61.5	75.5
P/E (x)	40.4	35.4	30.4	24.8
Price/Book (x)	8.8	6.1	5.3	4.5
EV/EBITDA (x)	29.8	24.4	21.3	17.1
Debt/Equity (x)	0.5	0.4	0.3	0.3
RoE (%)	24.6	20.7	18.7	19.8

Source: Company, India Infoline Research

Mahindra & Mahindra - BUY

CMP Rs624, Target Rs712

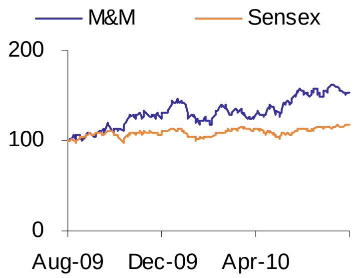
Sector: Automobiles	
Sensex:	18,409
CMP (Rs):	624
Target price (Rs):	712
Upside (%):	14.1
52 Week h/l (Rs):	670 / 400
Market cap (Rscr) :	36,123
6m Avg vol ('000Nos):	2,161
No of o/s shares (mn):	579
FV (Rs):	5
Bloomberg code:	MM IB
Reuters code:	MAHM.BO
BSE code:	500520
NSE code:	M&M

Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	26.3
Institutions	48.1
Non promoter corp hold	7.9
Public & others	17.7

Performance rel. to sensex			
(%)	**1m**	**3m**	**1yr**
M&M	(2.1)	4.6	35.5
Maruti	(10.1)	(12.7)	(32.8)
Tata Motors	21.4	32.2	115.7
Ashok Ley	(7.1)	2.4	76.3

Share price trend



Strong volume growth expected

With monsoons being close to normal during the current season (only 2% lower than the long term average) vis-à-vis a drought last year, strong revival is expected in agriculture growth. This coupled with government initiatives such as higher support prices for crops, interest subvention for farmers and rural employment schemes, will shore up rural consumer sentiment. This will translate into higher demand for tractors and UVs, directly benefitting M&M. New launches in both the segments will provide additional traction for the company. Furthermore, entry into M&HCV and LCV sales will also be earnings accretive over the medium term.

Ssangyong acquisition could be beneficial over medium term

Recently, M&M was selected as the preferred bidder for Ssangyong, a leading SUV manufacturer in Korea. We believe, the acquisition at 0.5x CY09 sales would be value accretive for M&M over the medium term. M&M will also see benefits such as 1) Ssangyong being a premium SUV player, M&M could gain from its design and technological capabilities and 2) of M&M's export product profile would widen aiding it to meet its target of increasing its exports from 10% of sales to 20% over the next three years.

Raw material sourcing strategy and stable commodity prices to support operating margins

M&M reported an OPM of 15% in Q1 FY11 despite pressure of higher commodity prices and shortage in component supplies. The resilient performance was owing to better raw material sourcing strategy and benefits of operating leverage. If current level of commodity prices continue, we believe there would be upsides from the current levels in terms of margin performance. Continued volume momentum and sorting out of component shortage issue will provide further benefits of operating leverage.

Recommend BUY with target price of Rs712

We value M&M at Rs712/share, which includes Rs511 for its automotive business (8x EV/EBIDTA for FY12E) and Rs201 for its subsidiaries. Substantial exposure to rural sector and improving product profile will keep earnings momentum intact. We have not factored in any value from its commercial vehicle JV with Navistar.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	130,937	186,021	216,978	260,325
yoy growth (%)	13.5	42.1	16.6	20.0
Operating profit	10,926	29,552	31,896	35,925
OPM (%)	8.3	15.9	14.7	13.8
Reported PAT	8,368	20,878	22,103	24,503
yoy growth (%)	(24.2)	149.5	5.9	10.9
EPS (Rs)	14.8	34.3	38.0	42.1
P/E (x)	42.6	18.4	16.6	15.0
Price/Book (x)	6.7	4.7	3.9	3.3
EV/EBITDA (x)	34.4	12.8	11.8	9.9
Debt/Equity (x)	0.8	0.4	0.1	0.1
RoE (%)	17.2	30.5	25.6	23.7
RoCE (%)	13.1	27.5	28.1	30.0

Source: Company, India Infoline Research

Top Midcap BUYs

Allied Digital Services Limited – BUY

CMP Rs230, Target Rs304

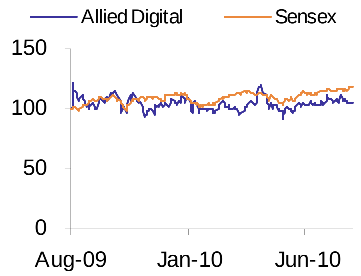
Sector: Information Technology	
Sensex:	18,409
CMP (Rs):	230
Target price (Rs):	304
Upside (%):	32
52 Week h/l (Rs):	280 / 195
Market cap (Rscr) :	1,069
6m Avg vol ('000Nos):	177
No of o/s shares (mn):	46
FV (Rs):	5
Bloomberg code:	ALDS IB
Reuters code:	ADIS.BO
BSE code:	532875
NSE code:	ADSL

Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	43.4
Institutions	34.4
Non promoter corp hold	8.4
Public & others	13.8

Performance rel. to sensex			
(%)	**1m**	**3m**	**1yr**
Allied Digital	(4.4)	(5.9)	(17.0)
Glodyne	5.1	34.8	108.8
Omnitech	23.8	43.5	141.4
KPIT Cummins	24.4	83.8	135.6

Share price trend



IMS business to drive 26% revenue CAGR over FY10-12

The experience and expertise in system integration (SI), technologicall depth, wide onsite reach and sizeable remote infrastructure make ADSL a leading IMS player in the domestic market. The company has gained a strong foothold in the US market with the acquisition of EPGS in mid-FY09. After struggling initially, EPGS is now on a sturdy growth path with FY11 revenue expected at US$55mn, a growth of 28% yoy despite offshoring. Overall IMS revenues of the company are expected to witness FY10-12 CAGR of 38% v/s 16% for SI segment. Resultantly, IMS revenue share would increase from 56% in FY10 to 64% in FY12.

EBIDTA to expand 230bps over FY10-12; to reach 22% in FY12

ADSL's margin improved significantly by 200bps in FY10 driven by implementation of hybrid delivery model in EPGS, cross-selling of value-added services to EPGS clients, revenue mix shift in the domestic business towards high-margin IMS segment and towards RIM within. As per the management, EPGS operating margin has improved to 7% from near 0% when acquired. We expect ADSL's OPM to expand by ~190bps in FY11 and ~40bps in FY12 on further expansion in EPGS OPM (to 17-18% over next two years), continued revenue mix shift towards IMS/RIM and contribution from recently entered Lenovo deal.

To turn FCF positive in FY11; growth without dilution/leverage

We estimate ADSL to have turned CFO positive in FY10 and become FCF positive in FY11. Augmentation in CFO and FCF over FY10-12 would be driven by robust revenue growth, margin expansion, reduction in working capital intensity (due to decline in SI revenue share) and no significant capex (current NOC/SOC utilization is low). This and the robust Cash balance (Rs2.2bn, 20% of m-cap) eliminate the need for equity issuance and balance sheet leverage to fund growth over the next 3-4 years. Another pleasant feature about ADSL is its pure RoE of 20%+ (driven by high RoA) as the company has negligible leverage. The utilization of significant C&E would only improve RoE in the coming years.

Robust 30% earnings CAGR; valuations cheap at 6x FY12 P/E

A strong revenue growth of 26% over FY10-12 and material margin expansion (230bps) would drive robust 30% earnings CAGR for ADSL. Given the strong earnings growth, significant improvement in cash flows and a robust/liquid balance sheet, we believe that current valuation of ADSL at 7.4/6x FY11/12 P/E is extremely attractive. Further, concerns with respect to EPGS growth/profitability may lessen considerably over the next couple of quarters through demonstrated performance. We see significant valuation re-rating to 7.5-8x FY12 P/E over the next 6 months.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	5,557	6,980	8,909	11,150
yoy growth (%)	86.9	25.6	27.6	25.2
Operating profit	996	1,387	1,937	2,469
OPM (%)	17.9	19.9	21.7	22.1
Reported PAT	774	1,060	1,449	1,782
yoy growth (%)	75.7	36.9	36.7	22.9
EPS (Rs)	20.6	22.8	31.1	38.2
P/E (x)	11.2	10.1	7.4	6.0
Price/Book (x)	2.6	1.6	1.4	1.1
Debt/Equity (x)	0.1	0.1	0.1	0.1
RoE (%)	29.8	21.9	20.2	20.5

Source: Company, India Infoline Research

IIFL
INDIA PRIVATE CLIENTS

Escorts Ltd - BUY

CMP Rs187, Target Rs230

Sector: Agri Equipments	
Sensex:	18,409
CMP (Rs):	187
Target price (Rs):	230
Upside (%):	21.5
52 Week h/l (Rs):	212 / 69
Market cap (Rscr) :	1,925
6m Avg vol ('000Nos):	1,019
No of o/s shares (mn):	101
FV (Rs):	10
Bloomberg code:	ESC IB
Reuters code:	ESCO.BO
BSE code:	500495
NSE code:	ESCORTS

Prices as on 23 Aug, 2010

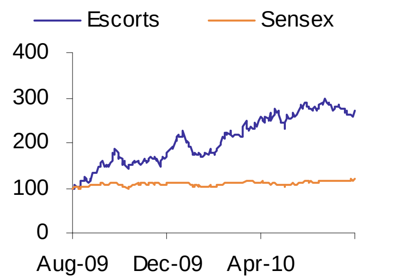
Shareholding pattern

June '10	(%)
Promoters	27.9
Institutions	42.9
Non promoter corp hold	4.5
Public & others	24.8

Performance rel. to sensex

(%)	1m	3m	1yr
Escorts	(6.0)	(1.5)	153.3
M&M	(2.1)	4.6	35.5
VST Till	(8.4)	45.8	75.5
Force Mot	7.7	24.2	227.6

Share price trend



Multiple tailwinds for rural economy advocate sustained uptrend for tractors

Escorts Ltd, a leading tractor manufacturer in India, is well poised to gain from the improving growth outlook for agriculture. Proactive steps by government such as raising MSP prices, interest subvention schemes, setting up of agricultural export zones, NREGA scheme, loan waivers; thereby improving financial health of farmers. Recent reports suggest a normal monsoon (following a drought in FY10). These factors along with lower degree of agricultural mechanization will keep the demand for tractors strong. Escorts, with a dominant share in the North India will be a major beneficiary.

Balance sheet repaired with exit from non-core businesses

Since 2004, Escorts has undergone substantial business re-structuring, whereby it exited from unrelated and non-profitable businesses of telecoms and hospitals. Proceeds from sale of investments in these businesses helped Escorts reduce its debt from Rs8.4bn in F9/07 to Rs4bn in F9/09 (current D/E of 0.3x).

Strong growth for construction and railways related segments

Spend on infrastructure and housing, both by government and private sector is on the rise. Railways have also planned an investment of Rs2.5trillion over the next five years for creating dedicated freight corridors. Escorts aims to increase revenue share from the equipment business, currently at ~30%.

Margins to improve on back of operating leverage

Utilization levels for most segments of Escorts were in the range of 40-50% during F9/09. This should improve going ahead considering strong volume traction across its product categories. We project a margin expansion of 160bps and 110bps in F9/10 and F9/11 respectively.

Valuations attractive at 8.2x F9/11E EPs of Rs22.5

Backed by robust volume growth, we expect Escorts to witness a CAGR of 13% in revenues during F6/09-F6/11E. Margin expansion and declining debt levels (lower interest costs) should result in a PAT (pre-exceptional) CAGR of 71% during the same period. Considering, strong earnings growth, we believe the valuations are attractive at 8.2x F9/11E EPS of Rs22.5.

Valuation summary

Y/e 31 Mar (Rs m)	F9/08	F9/09	F9/10E	F9/11E
Revenues	26,532	25,980	29,755	33,028
yoy growth (%)	(3.6)	(2.1)	14.5	11.0
Operating profit	220	1,472	2,180	2,772
OPM (%)	0.8	5.7	7.3	8.4
Pre-exceptional PAT	(134)	645	1,396	1,890
Reported PAT	(376)	286	1,396	1,890
yoy growth (%)	-	-	388.2	35.4
EPS (Rs)	(1.7)	8.0	16.6	22.5
P/E (x)	-	23.0	11.1	8.2
Price/Book (x)	1.6	1.0	1.0	0.9
EV/EBITDA (x)	-	11.5	7.3	5.0
Debt/Equity (x)	0.9	0.3	0.2	0.1
RoE (%)	(1.4)	5.5	9.3	11.4
RoCE (%)	4.7	9.0	11.4	14.2

Source: Company, India Infoline Research

Nagarjuna Construction Ltd – BUY

CMP Rs163, Target Rs199

Sector: Infrastructure	
Sensex:	18,409
CMP (Rs):	163
Target price (Rs):	199
Upside (%):	22.1
52 Week h/l (Rs):	197 / 132
Market cap (Rscr) :	4,181
6m Avg vol ('000Nos):	965
No of o/s shares (mn):	257
FV (Rs):	2
Bloomberg code:	NJCC IB
Reuters code:	NGCN.BO
BSE code:	500294
NSE code:	NAGARCONST

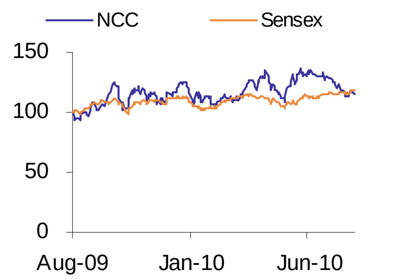
Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	20.2
Institutions	57.2
Non promoter corp hold	9.1
Public & others	13.6

Performance rel. to sensex

(%)	1m	3m	1yr
NCC	(12.4)	(9.1)	(0.0)
IVRCL	(13.4)	(8.8)	(28.2)
HCC	(4.5)	6.8	2.3
Simplex	0.5	(8.7)	2.8

Share price trend



Infrastructure spend accelerating; NCC well placed

The Government has targeted to spend US$514bn over the XIth five year plan on Infrastructure development. This implies gargantuan opportunity for the construction sector as infrastructure investment is expected to reach 9.3% of GDP by the terminal year of the plan as compared to 5.4% in 2006-07. A strong rebound in corporate capex cycle and real estate development in the country will further fuel the growth momentum for construction companies. With a well-diversified presence across key growth segments such as transportation, water and power, Nagarjuna Constructions (NCC) would be a major beneficiary of the above mentioned opportunity.

Order book stands at Rs154bn, 2.7x FY10 revenues

Current order book of NCC stands at Rs154bn, 2.7x FY10 consolidated revenues. This provides company with strong revenue visibility for the next 2-3 years. Further, NCC's order book exposure to Andhra Pradesh at 6.5% is the lowest amongst its peers.

Higher cash flows from BOT projects in FY11

NCC's infrastructure arm has a BOT portfolio of two annuity-based and thee toll-based road projects. Two of the five projects have already started generating revenues and the remaining three would become operational by the end of FY11.

International operations are gaining momentum

The current order backlog of NCC's international operation is ~Rs33bn mainly in Oman and UAE. The international exposure has doubled from 10.1% in FY07 to 21% in FY10. We expect a strong inflow of international orders for NCC as economic outlook in the Middle East region improves.

Valuations to re-rate in the medium-term

Backed by robust order inflows, we expect NCC's revenues to witness 18.6% CAGR over FY10-12E. OPM is expected to decline marginally by 30bps in FY11 to 9.8% from 10.1% in FY10. We estimate company's FY11 and FY12 EPS at Rs9.5 and Rs11.3 respectively. Currently, the stock is trading at 14.4x FY12E P/E which is attractive in the light of NCC's improving fundamentals. We recommend Buy with a target price of Rs199.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	41,514	47,778	57,485	67,257
yoy growth (%)	19.5	15.1	20.3	17.0
Operating profit	3,736	4,826	5,634	6,591
OPM (%)	9.0	10.1	9.8	9.8
Pre-exceptional PAT	1,539	1,918	2,436	2,910
Reported PAT	1,539	2,413	2,436	2,910
yoy growth (%)	(3.7)	56.8	1.0	19.5
EPS (Rs)	6.7	7.5	9.5	11.3
P/E (x)	24.3	21.7	17.2	14.4
Price/Book (x)	2.2	1.9	1.7	1.6
EV/EBITDA (x)	12.6	9.6	9.2	7.6
Debt/Equity (x)	0.7	0.3	0.5	0.4
RoE (%)	9.4	9.7	10.3	11.2

Source: Company, India Infoline Research

Phillips Carbon Black - BUY

CMP Rs204, Target Rs250

Sector: Auto components	
Sensex:	18,409
CMP (Rs):	204
Target price (Rs):	250
Upside (%):	22.5
52 Week h/l (Rs):	228 / 133
Market cap (Rscr) :	676
6m Avg vol ('000Nos):	175
No of o/s shares (mn):	33
FV (Rs):	10
Bloomberg code:	PHCB IB
Reuters code:	PHIL.BO
BSE code:	506590
NSE code:	PHILIPCARB

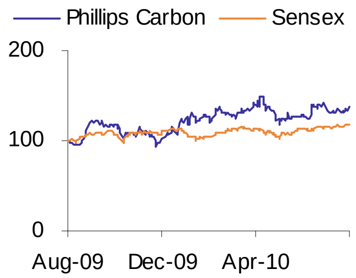
Prices as on 23 Aug, 2010

Shareholding pattern	
June '10	**(%)**
Promoters	45.8
Institutions	25.0
Non promoter corp hold	14.7
Public & others	14.4

Performance rel. to sensex

(%)	1m	3m	1yr
Phillips Carbon	(1.9)	2.5	25.1
JK Tyres	5.3	(9.1)	80.8
CEAT	15.8	14.7	(5.6)
Apollo	18.1	8.8	71.5

Share price trend



Well-poised to ride the boom in domestic tyre industry

The Indian tyre industry is back to the boom phase. Demand from both, OEM and replacement market is expected to remain strong. To meet this demand tyre manufacturers in India have embarked upon massive capacity expansion programs. Over the next three years, ~Rs120bn is expected to be invested for this purpose. This will translate into robust demand for carbon black as it accounts for ~13% of raw material cost for tyre manufacturers. To maintain its leadership position, PCB is expanding its capacity to 410,000 tons in FY11 from 360,000 tons currently (up from 270,000 tons in FY09). Additionally it is foraying into Vietnam market by setting up a plant with a capacity of 65,000 tons.

Power segment to be the money spinner

PCB currently has 60.5MW of power generating capacity (feedstock comes from off-gases emitted from its carbon black plants). While a portion of the power is used for captive consumption, the remaining is being sold on power exchanges. Power generation capacity will rise by 18MW locally and maiden 12MW new plant in Vietnam. With cost of generation being as low as 70paise/unit (offset by 60paise/unit of carbon credit income), almost all revenue generated finds its way to the bottomline.

P/E at 4.5x FY11E – low risk of downside

The automobile industry is expected to remain buoyant. 2w sales are rising, several small car launches in near future, CV demand looking strong and a supportive replacement market will ensure high utilization of future capacity. Power segment provides an added kicker. PCB is expected to report revenue CAGR of 23% during FY10-12E. Higher contribution from power segment will expand OPM by 270bps resulting in PAT CAGR of 21% during the same period. P/E of 4.5x FY11E earnings of Rs44.6 is extremely attractive. We recommend a BUY with a six-month price target of Rs250.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10	FY11E	FY12E
Revenues	11,633	12,326	16,415	18,698
yoy growth (%)	12.6	6.0	33.2	13.9
Operating profit	(54)	1,664	2,549	3,028
OPM (%)	(0.5)	13.5	15.5	16.2
Pre-exceptional PAT	(648)	1,227	1,484	1,792
yoy growth (%)	-	-	20.9	20.8
EPS (Rs)	(23.0)	43.4	44.6	53.9
P/E (x)	-	4.6	4.5	3.7
Price/Book (x)	2.6	1.7	1.2	0.9
EV/EBITDA (x)	-	6.5	4.8	4.1
Debt/Equity (x)	2.0	1.7	1.1	0.8
RoE (%)	(28.1)	45.2	33.6	28.1
RoCE (%)	(1.4)	18.0	21.6	21.0

Source: Company, India Infoline Research

Usha Martin Ltd – BUY

CMP Rs84, Target Rs102

Sector: Metals & Mining	
Sensex:	18,409
CMP (Rs):	84
Target price (Rs):	102
Upside (%):	22.2
52 Week h/l (Rs):	107 / 53
Market cap (Rscr) :	2,545
6m Avg vol ('000Nos):	609
No of o/s shares (mn):	305
FV (Re):	1
Bloomberg code:	USM IB
Reuters code:	USBL.BO
BSE code:	517146
NSE code:	USHAMART

Prices as on 23 Aug, 2010

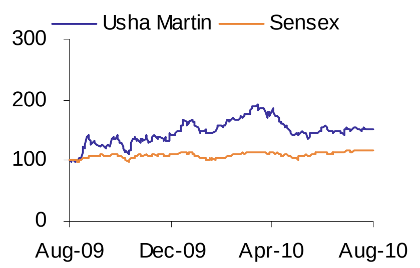
Shareholding pattern

June '10	(%)
Promoters	38.1
Institutions	49.9
Non promoter corp hold	4.0
Public & others	8.1

Performance rel. to sensex

(%)	1m	3m	1yr
Usha Martin	(2.0)	(6.3)	35.9
Godawari Power	(6.6)	(8.1)	73.7
Adhunik Metaliks	(4.0)	1.9	(3.2)
Prakash Industries	(2.0)	(1.5)	15.3

Share price trend



Usha Martin Ltd (UML) is well placed to reap the benefits of a massive capex undertaken over the last three years. Volumes are set to more than double over the next two years while increased raw material integration adds further value. Topline is expected to jump 55% yoy in FY11E and 25% in FY12E. With the increase in captive consumption of both metallic and raw materials, OPM for the company is set to increase 412bps yoy to 23.4% in FY11. UML trades at a P/E of 5.3x and EV/EBIDTA of 3.8x FY12E, which is at a huge discount to larger players. We expect the gap to reduce and recommend a BUY.

Volumes to double over the next two years

UML capex program of Rs21bn ends this year and will increase its crude steel making capacity by 2.5x and metallic capacity by 3x. Value-added products like wire ropes were the growth drivers for UML's topline in the past. This is set to change on account of the European crisis. We see volume growth coming from commodity steel products like rods and rolled products. While wire division sales volume are set to witness a CAGR of 14.7%, steel division would witness a CAGR of 85.7% over the next two years. Overall sales volume in FY11 is expected to increase 75.5% yoy and we see a further increase of 30.8% yoy in FY12E.

Dependence on external metallic sources to reduce sharply

UML commissioned its 0.2mtpa DRI in December 2009 and has been running at 95% utilization over the last three months. Pig iron production too has increased with the mini-blast furnace becoming operational after the refractory realignment in Q4 FY10. The new 0.4mtpa MBF will be commissioned by July '10. We believe the captive metallic production would be enough to meet UML's internal requirement and lead to a sharp reduction in external purchases.

Increase in captive resources to boost earnings

UML was able to meet its full iron ore requirement in FY10 and thermal coal requirement for the DRI over the last one quarter from its mines in Jharkhand. On account of the increase in captive resources, we expect OPM to expand 400bps yoy to 23.3% in FY11. The volume growth coupled with a rise in raw material integration will lead to earnings CAGR of 68.1% over the period FY10-12E.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	29,498	25,344	35,640	43,484
yoy growth (%)	27.8	(14.1)	40.6	22.0
Operating profit	5,137	4,895	8,310	10,598
OPM (%)	17.4	19.3	23.3	24.4
Pre-exceptional PAT	1,853	1,686	3,324	4,762
Reported PAT	1,853	1,686	3,324	4,762
yoy growth (%)	5.7	(9.0)	97.1	43.3
EPS (Rs)	7.4	5.5	10.9	15.6
P/E (x)	11.1	14.9	7.5	5.3
Price/Book (x)	1.8	1.4	1.2	1.0
EV/EBITDA (x)	7.0	7.5	4.8	3.8
Debt/Equity (x)	1.4	0.7	0.7	0.6
RoE (%)	17.6	11.7	17.6	21.1
RoCE (%)	16.2	12.0	18.9	21.9

Source: Company, India Infoline Research

Top SELLs

ABB - SELL

CMP Rs778, Target Rs680

Sector: Capital Goods	
Sensex:	18,409
CMP (Rs):	778
Target price (Rs):	680
Downside (%):	12.6
52 Week h/l (Rs):	887 / 669
Market cap (Rscr) :	16,478
6m Avg vol ('000Nos):	371
No of o/s shares (mn):	212
FV (Rs):	2
Bloomberg code:	ABB IB
Reuters code:	ABB.BO
BSE code:	500002
NSE code:	ABB

Prices as on 23 Aug, 2010

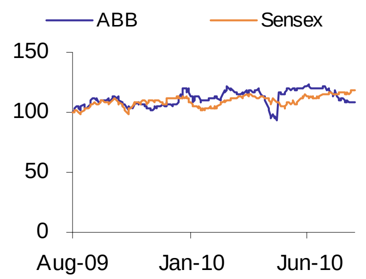
Shareholding pattern

June '10	(%)
Promoters	52.1
Institutions	33.7
Non promoter corp hold	3.5
Public & others	10.8

Performance rel. to sensex

(%)	1m	3m	1yr
ABB	(9.1)	(18.9)	(11.9)
Crompton greaves	(2.1)	13.0	53.4
Cummins	17.5	11.9	108.0
Thermax	(3.4)	0.1	61.3

Share price trend



Weakening order book; revenue growth to moderate

Company's order book declined by 3% qoq in Q2 CY10 to Rs85.3bn, 1.4x CY09 sales. Also the execution cycle has become elongated with higher share of power segment and increased complexity of the newer orders within the segment. Barring the automation products segment, ABB has been facing execution issues in other segments. Since CY08, the revenue growth rate has decelerated, and in view of the current diverse set of challenges that company faces, we expect the growth trajectory to moderate further in coming years.

Multiple headwinds to margin

Operating margin of ABB has contracted over the past few quarters. We expect the pressure on margin to continue on account of multiple factors 1) ABB is facing increasing competition from Siemens, Areva, Chinese/Korean players and domestic EPC companies putting pressure on pricing 2) Royalty payments to the parent could increase with Government recently removing ceiling on such payments with respect to foreign technology collaborations under automatic route and 3) Cost over-runs could continue in fixed price contracts.

Valuation Expensive at 32.6x CY11 P/E

We expect ABB's revenues to witness 26% CAGR over CY10-12. OPM is expected to decline by 250bps in CY10 to 6.0% from 8.5% in CY09. Currently, the stock is trading at 32.6x CY11 P/E which is expensive compared to peers. We rate ABB as SELL on concerns regarding slowing growth, increasing competition and expensive valuation and expect the stock to underperform in the medium term.

Valuation summary

Y/e 31 Mar (Rs m)	CY09	CY10E	CY11E	CY12E
Revenues	62,372	68,986	88,640	109,350
yoy growth (%)	(8.8)	10.6	28.5	23.4
Operating profit	5,302	4,139	7,978	10,170
OPM (%)	8.5	6.0	9.0	9.3
Pre-exceptional PAT	3,546	2,070	5,052	6,561
Reported PAT	3,546	2,070	5,052	6,561
yoy growth (%)	(35.2)	(41.6)	144.1	29.9
EPS (Rs)	16.7	9.8	23.9	30.9
P/E (x)	46.6	79.5	32.6	25.2
Price/Book (x)	6.8	5.9	5.0	4.0
EV/EBITDA (x)	31.5	29.8	18.9	13.2
Debt/Equity (x)	0.0	0.0	0.0	0.0
RoE (%)	15.6	15.2	19.5	22.1

Source: Company, India Infoline Research

ACC – SELL

CMP Rs875, Target Rs780

Sector: Cement	
Sensex:	18,409
CMP (Rs):	875
Target price (Rs):	780
Downside (%):	11.0
52 Week h/l (Rs):	1017 / 686
Market cap (Rscr) :	16,277
6m Avg vol ('000Nos):	461
No of o/s shares (mn):	188
FV (Rs):	10
Bloomberg code:	ACC IB
Reuters code:	ACC.BO
BSE code:	500410
NSE code:	ACC

Prices as on 23 Aug, 2010

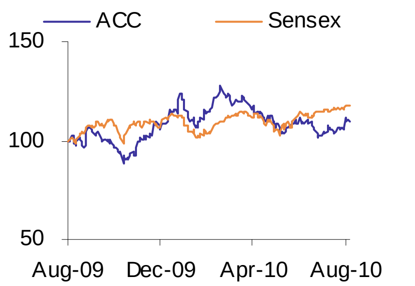
Shareholding pattern

June '10	(%)
Promoters	46.2
Institutions	33.0
Non promoter corp hold	4.7
Public & others	16.2

Performance rel. to sensex

(%)	1m	3m	1yr
ACC	6.0	(9.5)	(6.4)
Ultratech	11.0	(13.4)	9.8
Ambuja Cem	5.2	2.2	6.4
India Cem	2.8	(11.6)	(33.3)

Share price trend



Volume slowdown a cause for concern…

ACC volumes have fallen ~3% yoy so far in CY10, largely on account of 1) slowdown in cement consumption in key markets 2) delay in stabilization of new capacities and 3) shortage of railway wagons. Moreover, small acquisitions made in CY09 would not translate into any material improvement in volumes. We project CY10 volume growth of 2%, which is lower than expected industry rate of 7% on back of delay in capacity expansion and severe competition.

…even as realization comes under pressure

Cement prices have declined sharply in the Southern and Central (key markets for ACC) over the past three months. Northern region has also witnessed downtrend in consumption as commonwealth construction nears completion. We expect Q3/Q4 realization to witness a 9%/2% decline on a yoy basis as prices are unlikely to rebound in the near term.

Surplus cash to support acquisitions

ACC is well placed to leverage a strong balance sheet with C&CE amounting to Rs103/share. Surplus cash is likely to be deployed to acquire additional units coupled with organic expansion, which could sustain its ~10% share. Lower capacity utilization coupled with delay in ongoing expansion would translate into a mere 2.5% volume CAGR over CY09-11, against our earlier forecast of 9%. In addition, pricing pressure would also act as a dampener, resulting in moderate 2.8% revenue CAGR over the same period. OPM is unlikely to improve over the next two years given the pressure on realizations while PAT could post a ~8% decline in the same period. Downgrade to SELL, with a price target of Rs780.

Valuation summary

Y/e 31 Mar (Rs m)	CY08	CY09	CY10E	CY11E
Revenues	76,939	84,796	85,284	89,664
yoy growth (%)	9.1	10.2	0.6	5.1
Operating profit	16,624	24,623	21,832	21,564
OPM (%)	21.6	29.0	25.6	24.0
Pre-exceptional PAT	10,571	15,639	13,605	13,286
Reported PAT	10,997	15,639	13,605	13,286
yoy growth (%)	(23.0)	42.2	(13.0)	(2.3)
EPS (Rs)	56.3	83.2	72.4	70.7
P/E (x)	15.6	10.5	12.1	12.4
Price/Book (x)	3.4	2.8	2.4	2.2
EV/EBITDA (x)	9.6	6.6	7.3	7.1
Debt/Equity (x)	0.1	0.1	0.1	0.0
RoE (%)	23.5	29.2	21.6	18.6
RoCE (%)	31.0	37.5	27.8	24.6

Source: Company, India Infoline Research

IIFL INDIA PRIVATE CLIENTS

NALCO – SELL

CMP Rs404, Target Rs318

Sector: Metals & Mining	
Sensex:	18,409
CMP (Rs):	404
Target price (Rs):	318
Downside (%):	21.3
52 Week h/l (Rs):	526 / 327
Market cap (Rscr) :	26,049
6m Avg vol ('000Nos):	186
No of o/s shares (mn):	644
FV (Rs):	10
Bloomberg code:	NACL IB
Reuters code:	NALU.BO
BSE code:	532234
NSE code:	NATIONALUM

Prices as on 23 Aug, 2010

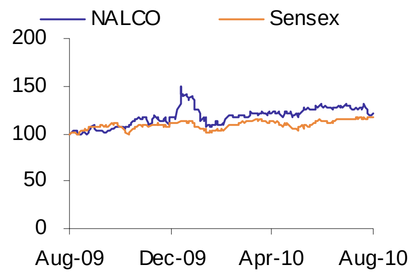
Shareholding pattern

June '10	(%)
Promoters	87.2
Institutions	9.8
Non promoter corp hold	2.4
Public & others	0.7

Performance rel. to sensex

(%)	1m	3m	1yr
NALCO	(8.3)	(12.4)	2.3
HZL	9.8	0.8	28.5
Sterlite	(11.9)	(14.6)	(22.9)
Hindalco	7.2	5.4	40.9

Share price trend



Aluminium prices to remain subdued

Aluminium prices have stabilized above US$2,000/ton level on the back of a weaker dollar and cost side pressures. While aluminium prices have declined during the year, input costs have remained high. Thermal coal prices are trading higher yoy and the Chinese govt has increased power tariff consumed by aluminium producers leading to higher power costs for most of the Chinese producers. As a result, the downside for metal prices would be limited due to higher input costs. However, we believe that aluminium prices will not rise sharply in the near term on account of idle capacities globally and huge inventory buildup. At the same time, we expect global production to outstrip demand leading to inventory buildup. We estimate average aluminium prices to increase 9.3% yoy to US$2,010/ton in FY11 and 4.4% yoy to US$2,140/ton in FY12.

Expansion plans hit by delays

NALCO completed its brownfield aluminium smelting capacity expansion to 0.46mtpa in Dec '09, but hasn't completed its alumina refinery expansion. The expansion was delayed due to disruptions from locals and is now scheduled to be completed by January '11. Since the additional smelting capacity is already operational, the company will not be able to sell excess alumina in the open market (evident in Q1 FY11). The lucrative alumina market was the driving force behind the company's profitability in FY10. Though FY11 would be a strong year for alumina due to capacity constraint, the company would not be in a position to reap any benefits.

Rich on valuations, maintain SELL

NALCO's power costs over the last 2-3 quarters have been under control on account of increase in supply of coal from Coal India and lesser purchase of power from the grid. However, with less incremental volume expansion coming from existing capacities and most of the greenfield projects coming online only after three years, we do not anticipate any positive triggers in the near term. Led by the FPO announcement by the Government, the stock has not declined sharply during the last one quarter even though aluminium prices have declined. At the CMP of Rs404, the stock is trading at 10.7x FY12 EV/EBIDTA, which is at a premium to its peers. We expect the stock to correct and maintain our SELL recommendation with a target price of Rs318.

Valuation summary

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	51,210	51,580	53,137	60,280
yoy growth (%)	2.0	0.7	3.0	13.4
Operating profit	16,939	11,462	16,547	20,225
OPM (%)	33.1	22.2	31.1	33.6
Pre-exceptional PAT	12,585	8,326	11,862	14,535
Reported PAT	12,723	8,326	11,862	14,535
yoy growth (%)	(22.0)	(34.6)	42.5	22.5
EPS (Rs)	19.5	12.9	18.4	22.6
P/E (x)	20.7	31.3	21.9	17.9
Price/Book (x)	2.7	2.5	2.2	2.0
EV/EBITDA (x)	13.7	19.9	13.6	10.7
RoE (%)	13.5	8.2	10.7	11.8
RoCE (%)	19.3	11.1	14.6	16.2

Source: Company, India Infoline Research

Recommendation parameters for fundamental reports:

Buy – Absolute return of over +10%

Market Performer – Absolute return between -10% to +10%

Sell – Absolute return below -10%

This report is for the personal information of the authorised recipient and is not for public distribution and should not be reproduced or redistributed without prior permission.

The information provided in the document is from publicly available data and other sources, which we believe, are reliable. Efforts are made to try and ensure accuracy of data however, India Infoline and/or any of its affiliates and/or employees shall not be liable for loss or damage that may arise from use of this document. India Infoline and/or any of its affiliates and/or employees may or may not hold positions in any of the securities mentioned in the document.

The report also includes analysis and views expressed by our research team. The report is purely for information purposes and does not construe to be investment recommendation/advice or an offer or solicitation of an offer to buy/sell any securities. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time without notice.

Investors should not solely rely on the information contained in this document and must make investment decisions based on their own investment objectives, risk profile and financial position. The recipients of this material should take their own professional advice before acting on this information.

India Infoline and/or its affiliate companies may deal in the securities mentioned herein as a broker or for any other transaction as a Market Maker, Investment Advisor, etc. to the issuer company or its connected persons.

This report is from IIFL India Private Clients research and is for non-institutional clients. We maintain separate set up and strict Chinese walls between the IIFL Institutional research and IIFL India Private Clients research teams. Please note that the two teams may have different opinions and /or ratings on stocks and sectors. Both teams operate independently and their ratings may differ based on their independent research methodologies and multiple considerations like time horizon, client objectives and risk profiles, among others.

IIFL, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013.

For Research related queries, write to: Amar Ambani, Head of Research at amar@indiainfoline.com or research@indiainfoline.com
For Sales and Account related information, write to customer care: info@5pmail.com or call on 91-44 4007 1000