

India Strategy

Q2FY11 Results Preview: Flat growth



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Q2FY11 Strong Results

Large Caps	Mid Caps	Small Caps
Ashok Leyland	Aban Offshore	Indo Tech
Bank of India	Ballarpur Inds	Piramal Glass
LIC Housing Finance	DB Corp	
	eClerx Services	
	Gujarat Industries Power	
	HT Media	
	Manappuram General Finance	
	Motherson Sumi	
	Panacea Biotec	
	Tulip Telecom	
	TVS Motor	

Q2FY11 Weak Results

Large Caps	Mid Caps	Small Caps
ACC	Apollo Tyres	EMCO
Reliance Communications	Jubilant Organosys	Garware Offshore
Sun Pharma	Madras Cements	HBL Power Systems
	Orient Paper	Hexaware Technologies
	Punj Lloyd	JK Tyre
	Shree Cements	

Executive Summary

We expect Emkay Universe's (ex- Metals & Mining, Oil & Gas and Banking) earnings growth to be flat for Q2FY11. This is against the 0.1% growth witnessed in Q1FY11. However if one excludes the results of Reliance Communication and Bharti Airtel, the PAT growth of Emkay Universe in Q2FY11 is expected at 4.6%. (While it was 12.8% in Q1FY11).

Ebitda margins for Emkay Universe are expected to contract by 195 bps to 20.4%. The Same are likely to contract by 190bps to 21%, by 229 bps to 18.2% and by 328 bps to 14.2% for Emkay Large Cap, Mid Cap and Small Cap Universe respectively.

We do not expect any major upgrades during this earnings season.

Emkay Universe is likely to post Sales growth of 19.3% and EBITDA growth of 8.9% for Q2FY11. While PAT growth for Emkay Universe is expected to remain flat for Q2FY11. Emkay Large Cap Universe is likely to show 21.7%, 11.6% and 1.7% growth in Sales, EBITDA and PAT respectively. Emkay Mid Cap Universe is likely to show 7.6%, -4.4% and -12.1% growth in Sales, EBITDA and PAT respectively.

The top performing sectors in terms of sales growth are Automobiles (34.1%), Paper (31.3%), Telecom (29.1%), Construction (25%) and Agri Input & Chemicals (22%).

EBITDA margins are likely to improve in sectors like Print Media (270 bps), Power (254 bps), Agri Input & Chemicals (64 bps) and Engineering & Capital Goods (62 bps). The same are likely to contract in case of Cement (1406 bps), Telecom (401 bps), Auto Ancillaries (277 bps), Offshore Oil Field Services (225 bps) and Automobiles (202 bps).

Executive Summary

Sectors like Power (29.1%), Agri Input & Chemicals (26.7%), Print Media (25.5%), Paper (22.9%) and Construction (21.8%) are expected to witness better yoy EBITDA growth while sectors like Cement (49%) and Auto Ancillaries (7.4%) are likely to post yoy decline in EBITDA.

Emkay Universe is likely to post a 1.8% growth in other income with 0.4% and 7.5% growth in other income of Emkay Large Cap and Mid Cap Universe respectively.

Emkay Universe is likely to post 12.4% growth in interest cost with 17.8% and 2.2% growth in interest cost of Emkay Large Cap and Midcap respectively. Emkay Small Cap is likely to post de-growth of 15.9% in Interest cost.

PAT growth will be contributed by sectors like Paper (42%), Offshore Oil Field Services (29.5%), Print Media (27.4%), Agri Input & Chemicals (25.8%) and Automobiles (22%). While sectors like Cement (61.7%), Telecom (26.1%) and Auto Ancillaries (19%) will witness de-growth in PAT.

Nifty has given a return of 14.8% over the last quarter and has outperformed against other markets (Nikkei 1.9%, Shanghai 11.9%, Kospi 11.1%, FTSE 11.8%, Dow 10.8% and Nasdaq 12.7%).

Emkay Universe is trading at 17.7x FY11E earnings and 15.2x FY12E earnings which is at a discount of 8% & 5% respectively to consensus Sensex PE.

Q2FY11 Strong Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Sep-10 (E)	Sep-09	
Large Caps				
Ashok Leyland	Automobiles	1794	896	100.2
Bank of India	Banks & Financial Services	5783	3234	78.8
LIC Housing Finance	Banks & Financial Services	2252	1500	50.2
Mid Caps				
Aban Offshore	Offshore Oil Field Services	1079	714	51.0
Ballarpur Inds	Paper	782	419	86.5
DB Corp	Print Media	774	456	69.9
eClerx Services	IT Services	275	161	71.0
Gujarat Industries Power	Power	249	125	99.6
HT Media	Print Media	431	282	53.0
Manappuram General Finance	Banks & Financial Services	607	185	229.1
Motherson Sumi	Auto Ancillaries	1078	597	80.6
Panacea Biotec	Pharmaceuticals	258	21	1110.3
Tulip Telecom	Telecommunications	826	521	58.7
TVS Motor	Automobiles	526	249	111.3
Small Caps				
Indo Tech	Engineering & Capital Goods	21	12	69.0
Piramal Glass	Others	156	6	2628.5

Q2FY11 Weak Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Sep-10 (E)	Sep-09	
Large Caps				
ACC	Cement	1969	4355	-54.8
Reliance Communications	Telecommunications	2240	7432	-69.9
Sun Pharma	Pharmaceuticals	3081	4538	-32.1
Mid Caps				
Apollo Tyres	Auto Ancillaries	384	1021	-62.4
Jubilant Organosys	Pharmaceuticals	1089	1006	8.2
Madras Cements	Cement	210	1699	-87.7
Orient Paper	Cement	105	405	-74.1
Punj Lloyd	Engineering & Capital Goods	39	528	-92.5
Shree Cements	Cement	312	2889	-89.2
Small Caps				
EMCO	Engineering & Capital Goods	61	94	-34.9
Garware Offshore	Offshore Oil Field Services	43	63	-31.7
HBL Power Systems	Others	180	325	-44.5
Hexaware Technologies	IT Services	129	414	-68.9
JK Tyre	Auto Ancillaries	331	595	-44.4

Emkay Universe Q2FY11 Result Preview

	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ
Agri Input & Chemicals	103120	86841	84514	22%	19%	17942	15095	14163	27%	19%	8982	7907	7140	26%	14%	5.6	4.9	4.5	26%	14%
Auto Ancillaries	45543	41941	38009	20%	9%	4286	3799	4630	-7%	13%	1792	1237	2213	-19%	45%	1.9	1.3	2.4	-19%	45%
Automobiles	393163	357355	293212	34%	10%	50306	44926	43436	16%	12%	32655	27648	26764	22%	18%	8.7	7.4	7.2	21%	18%
Banks & Financial Services	266879	261607	203393	31%	2%	227088	219836	186280	22%	3%	109710	114597	93752	17%	-4%	13.1	13.7	12.4	6%	-4%
Cement	99375	119671	111952	-11%	-17%	18852	31108	36972	-49%	-39%	8691	17553	22685	-62%	-50%	3.2	6.5	8.5	-62%	-50%
Construction	42418	47924	33940	25%	-11%	9022	9919	7410	22%	-9%	2360	2364	2360	0%	0%	0.9	0.9	0.9	0%	0%
Engineering & Capital Goods	264059	224546	229017	15%	18%	35440	27873	29319	21%	27%	22737	17948	19532	16%	27%	8.9	7.1	7.7	15%	27%
Financial Services - Others	1983	1922	1692	17%	3%	691	600	626	10%	15%	524	474	525	0%	11%	30.4	27.5	30.5	0%	11%
FMCG	83626	81286	72619	15%	3%	12847	12417	11826	9%	3%	9186	8867	9157	0%	4%	2.9	2.8	2.9	-1%	4%
IT Services	298230	275488	255762	17%	8%	74154	68266	66294	12%	9%	56498	53182	50055	13%	6%	9.0	8.5	8.0	13%	6%
Offshore Oil Field Services	10719	11269	9928	8%	-5%	6020	6360	5799	4%	-5%	1414	2379	1092	30%	-41%	13.5	22.8	11.1	22%	-41%
Oil & Gas	1329200	1354585	1126910	18%	-2%	-11678	-56054	6907			-25801	-69894	-111			-8.2	-22.3	-0.1		
Paper	17948	16696	13668	31%	7%	4200	3949	3416	23%	6%	1329	1343	936	42%	-1%	1.7	1.7	1.2	42%	-1%
Pharmaceuticals	140318	138886	128299	9%	1%	30234	32658	28637	6%	-7%	21111	25209	20493	3%	-16%	6.4	7.6	6.9	-7%	-16%
Power	126374	131934	107095	18%	-4%	37416	30470	28984	29%	23%	21788	18750	18880	15%	16%	2.6	2.2	2.2	15%	16%
Print Media	12831	12045	11071	16%	7%	4512	4036	3594	26%	12%	2854	2577	2239	27%	11%	3.0	2.7	2.3	27%	11%
Telecommunications	252320	215189	195460	29%	17%	83569	70528	72569	15%	18%	24239	21980	32782	-26%	10%	2.6	2.4	3.6	-28%	10%
Others	48346	44847	40890	18%	8%	7339	6786	6857	7%	8%	3832	3522	3148	22%	9%	2.5	2.3	2.7	-5%	9%
Small Cap*	57578	50361	50784	13%	14%	8177	6406	8876	-8%	28%	3260	2213	3436	-5%	47%	2.4	1.6	2.5	-5%	47%
Mid Cap*	272800	254550	253526	8%	7%	49539	46796	51836	-4%	6%	21923	21441	24949	-12%	2%	3.0	2.9	3.6	-17%	2%
Large Cap*	1608013	1501006	1321125	22%	7%	338421	314988	303194	12%	7%	194286	188811	191090	2%	3%	4.9	4.8	4.9	0%	3%
Emkay*	1938391	1805918	1625436	19%	7%	396136	368190	363906	9%	8%	219469	212465	219475	0%	3%	4.6	4.4	4.7	-2%	3%
Emkay	3536453	3424033	2957431	20%	3%	612237	532572	557720	10%	15%	303902	257642	313641	-3%	18%	5.1	4.3	5.5	-8%	18%

* Note: ex Banks & FS, FS - Others and Oil & Gas

Emkay Universe Q2FY11 Result Preview

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ
Agri Input & Chemicals																				
Advanta India	1735	1887	1653	5%	-8%	295	370	268	10%	-20%	56	92	-53	-39%		3.3	5.5	-3.1	-39%	
Chambal Fertilisers	11203	9654	9638	16%	16%	1957	1948	1918	2%	0%	805	800	838	-4%	1%	1.9	1.9	2.0	-4%	1%
Coromandel International	23750	15528	15293	55%	53%	2375	1894	1766	34%	25%	1430	1215	1136	26%	18%	10.2	8.7	8.1	26%	18%
Deepak Fertilisers	3894	3505	3549	10%	11%	886	924	721	23%	-4%	469	522	363	29%	-10%	5.3	5.9	4.1	29%	-10%
GNFC	6553	3678	7662	-14%	78%	1111	-171	1340	-17%		568	-227	607	-6%		3.7	-1.5	3.9	-6%	
GSFC	10606	10668	9522	11%	-1%	1925	1836	1407	37%	5%	1127	1086	772	46%	4%	14.1	13.6	9.7	46%	4%
Rallis India	4011	2028	3209	25%	98%	922	227	745	24%	307%	626	148	478	31%	322%	32.2	7.6	24.6	31%	322%
Tata Chemicals	28271	25207	22418	26%	12%	5916	5177	4034	47%	14%	2423	2337	1677	45%	4%	10.0	9.6	6.9	45%	4%
United Phosphorus	13097	14686	11570	13%	-11%	2554	2892	1964	30%	-12%	1478	1934	1323	12%	-24%	3.4	4.4	3.0	12%	-24%
Auto Ancillaries																				
Apollo Tyres	12394	11213	12203	2%	11%	1123	1169	2001	-44%	-4%	384	406	1021	-62%	-6%	0.8	0.8	2.0	-62%	-6%
JK Tyre	12660	11680	9414	34%	8%	911	731	1369	-33%	25%	331	195	595	-44%	69%	8.0	4.7	14.5	-44%	69%
Motherson Sumi	20489	19049	16391	25%	8%	2251	1899	1260	79%	19%	1078	635	597	81%	70%	2.8	1.6	1.5	81%	70%
Automobiles																				
Ashok Leyland	28348	23480	15777	80%	21%	3057	2363	1662	84%	29%	1794	1235	896	100%	45%	1.3	0.9	0.7	100%	45%
Bajaj Auto	41321	38901	28875	43%	6%	8740	7769	6365	37%	12%	6504	5902	4347	50%	10%	22.5	20.4	15.0	50%	10%
Hero Honda	45441	42966	40594	12%	6%	6899	6025	7442	-7%	14%	5676	4917	5971	-5%	15%	28.4	24.6	29.9	-5%	15%
Mah & Mah	53915	51601	44853	20%	4%	7853	7756	7681	2%	1%	6354	5624	5907	8%	13%	10.6	9.4	9.8	8%	13%
Maruti Suzuki India	93569	82315	72026	30%	14%	10305	8577	9161	12%	20%	6454	5125	5700	13%	26%	22.3	17.7	19.7	13%	26%
Tata Motors	114722	104163	79788	44%	10%	12366	11538	10503	18%	7%	5348	4443	3694	45%	20%	9.4	7.8	6.8	38%	20%
TVS Motor	15846	13930	11299	40%	14%	1086	897	623	74%	21%	526	403	249	111%	31%	1.1	0.8	0.5	111%	31%

* **Note:** ex Banks & FS, FS - Others and Oil & Gas

Emkay Universe Q2FY11 Result Preview

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ
Banks																				
Allahabad Bank	8574	8502	6032	42%	1%	6890	7045	6498	6%	-2%	3542	3470	3336	6%	2%	7.9	7.8	7.5	6%	2%
Andhra Bank	7469	7362	5147	45%	1%	5748	5103	4528	27%	13%	3314	3204	2740	21%	3%	6.8	6.6	5.6	21%	3%
Axis Bank	15550	15138	11497	35%	3%	14691	14501	13058	13%	1%	7024	7419	5316	32%	-5%	17.2	18.2	13.2	30%	-5%
Bank of Baroda	19400	18580	13886	40%	4%	15482	15279	10315	50%	1%	7751	8592	6341	22%	-10%	21.2	23.5	17.3	22%	-10%
Bank of India	17153	17405	14089	22%	-1%	13977	14107	12060	16%	-1%	5783	7252	3234	79%	-20%	11.0	13.8	6.1	79%	-20%
Canara Bank	17929	17271	13137	36%	4%	15227	14826	14191	7%	3%	8954	10126	9106	-2%	-12%	21.8	24.6	22.1	-2%	-12%
Corporation Bank	6866	6976	5035	36%	-2%	6528	6204	5357	22%	5%	3510	3338	2917	20%	5%	24.5	23.3	20.3	20%	5%
HDFC Bank	25554	24011	19558	31%	6%	19240	17487	15928	21%	10%	9351	9291	6873	36%	1%	20.3	20.2	16.0	27%	1%
ICICI Bank	20359	19910	20361	0%	2%	22091	21876	24353	-9%	1%	10927	10255	10401	5%	7%	9.8	9.2	9.3	5%	7%
LIC Housing Finance	3001	2943	1868	61%	2%	3128	2983	2000	56%	5%	2252	2120	1500	50%	6%	23.7	22.3	15.8	50%	6%
Manappuram General Finance	1729	1422	547	216%	22%	947	723	299	217%	31%	607	462	185	229%	32%	0.9	0.7	10.7	-92%	32%
Punjab National Bank	26712	26189	20949	28%	2%	22443	20984	16063	40%	7%	10966	10686	9266	18%	3%	34.8	33.9	29.4	18%	3%
South Indian bank	1691	1674	1416	19%	1%	1055	1044	1102	-4%	1%	578	585	489	18%	-1%	0.5	0.5	0.4	18%	-1%
State Bank of India	73320	73037	56083	31%	0%	63318	61344	48345	31%	3%	27215	29142	24895	9%	-7%	42.9	45.9	39.2	9%	-7%
Union Bank of India	13484	13480	8634	56%	0%	10160	10437	8101	25%	-3%	5294	6014	5051	5%	-12%	10.5	11.9	10.0	5%	-12%
United Bank Of India	5212	5086	3556	47%	2%	3571	3407	2165	65%	5%	1033	1079	985	5%	-4%	3.3	3.4	3.7	-12%	-4%
Yes Bank	2877	2621	1600	80%	10%	2590	2490	1918	35%	4%	1609	1564	1117	44%	3%	4.7	4.6	3.7	26%	3%
Cement																				
ACC	16807	20207	19694	-15%	-17%	3303	5530	6679	-51%	-40%	1969	3589	4355	-55%	-45%	10.5	19.1	23.2	-55%	-45%
Ambuja Cements	15501	20476	16110	-4%	-24%	3395	6032	4300	-21%	-44%	2075	3912	2723	-24%	-47%	1.4	2.6	1.8	-24%	-47%
Grasim Industries	9369	31449	29838	-69%	-70%	3043	8952	10162	-70%	-66%	2191	5388	6723	-67%	-59%	23.9	58.8	73.3	-67%	-59%
India Cements	8098	8807	9894	-18%	-8%	435	1001	2977	-85%	-57%	-364	108	1382			-1.2	0.4	4.9		
Madras Cements	6285	6972	8480	-26%	-10%	1131	1925	3361	-66%	-41%	210	726	1699	-88%	-71%	0.9	3.1	7.1	-88%	-71%
Orient Paper	3230	4416	3532	-9%	-27%	398	718	711	-44%	-45%	105	342	405	-74%	-69%	0.5	1.8	2.1	-74%	-69%
Shree Cements	7371	9445	8996	-18%	-22%	1994	2895	4082	-51%	-31%	312	1059	2889	-89%	-71%	8.9	30.4	82.9	-89%	-71%
Ultratech Cement	32715	17898	15408	112%	83%	5153	4057	4700	10%	27%	2193	2427	2509	-13%	-10%	17.8	19.7	20.2	-12%	-10%

* **Note:** ex Banks & FS, FS - Others and Oil & Gas

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	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	
Construction																					
IRB Infrastructure	4558	5120	3559	28%	-11%	2189	2493	1747	25%	-12%	784	1025	709	11%	-24%	2.4	3.1	2.1	11%	-24%	
IVRCL	12517	11062	12138	3%	13%	1152	1005	1105	4%	15%	433	281	488	-11%	54%	1.6	1.1	1.8	-11%	54%	
Jaiprakash Associates	25343	31742	18243	39%	-20%	5681	6421	4558	25%	-12%	1143	1058	1164	-2%	8%	0.5	0.5	0.5	-2%	8%	
Engineering & Capital Goods																					
ABG Shipyard	4898	4278	3554	38%	14%	1000	1027	629	59%	-3%	455	522	459	-1%	-13%	8.9	10.2	9.0	-1%	-13%	
Bharat Bijlee	1926	1058	1702	13%	82%	235	113	211	12%	108%	129	59	124	4%	121%	22.9	10.4	21.9	4%	121%	
Bharati Shipyard	3682	3331	3163	16%	11%	790	632	596	33%	25%	461	221	327	41%	109%	15.9	7.6	11.9	35%	109%	
BHEL	83695	64797	66252	26%	29%	13500	8437	11295	20%	60%	10748	6676	8579	25%	61%	22.0	13.6	17.5	25%	61%	
Blue Star	6604	6648	5635	17%	-1%	746	609	650	15%	22%	490	367	442	11%	33%	5.4	4.1	4.9	11%	33%	
Cummins India	8227	9100	6079	35%	-10%	1396	1796	1023	37%	-22%	1264	1402	879	44%	-10%	6.4	7.1	4.4	44%	-10%	
Elecon Engineering	2704	2472	2551	6%	9%	381	372	369	3%	2%	123	133	108	14%	-8%	1.3	1.4	1.2	14%	-8%	
EMCO	2662	1188	2014	32%	124%	214	-256	260	-18%		61	-261	94	-35%		0.9	-4.0	1.4	-35%		
Greaves Cotton	3687	3477	2988	23%	6%	543	454	444	22%	20%	309	278	239	29%	11%	6.3	5.7	4.9	29%	11%	
Indo Tech	452	256	226	100%	77%	37	-31	23	60%		21	-27	12	69%		2.0	-2.5	1.2	69%		
Lakshmi Machine Works	3895	3456	2782	40%	13%	662	558	560	18%	19%	351	301	323	9%	17%	28.4	24.3	26.1	9%	17%	
Larsen & Toubro	91346	78853	79188	15%	16%	11199	10071	8372	34%	11%	6249	6652	5530	13%	-6%	10.3	11.0	9.4	9%	-7%	
McNally Bharat Engineering	4255	2839	3052	39%	50%	296	156	213	39%	90%	107	62	88	22%	74%	3.4	2.0	2.8	22%	74%	
Punj Lloyd	20695	17339	28716	-28%	19%	1628	1341	2120	-23%	21%	39	-306	528	-93%		0.1	-0.9	1.6	-93%		
Thermax	9243	7898	6804	36%	17%	1113	960	792	40%	16%	739	662	541	37%	12%	6.2	5.6	4.5	37%	12%	
TRF	1634	1447	1333	23%	13%	193	104	161	20%	84%	108	75	88	22%	43%	9.8	6.8	8.0	22%	43%	
TRIL	1079	833	870	24%	30%	157	125	144	9%	26%	95	85	96	0%	12%	7.4	6.6	7.4	0%	12%	
Voltamp Transformers	1375	1193	1112	24%	15%	211	130	199	6%	62%	175	107	172	2%	63%	17.3	10.6	17.0	2%	63%	
Voltas	11999	14083	10996	9%	-15%	1139	1276	1259	-10%	-11%	810	940	904	-10%	-14%	2.4	2.8	2.7	-10%	-14%	
Financial Services - Others - Others																					
CRISIL	1519	1512	1329	14%	0%	519	469	495	5%	11%	395	370	431	-8%	7%	54.7	51.2	59.6	-8%	7%	
ICRA	464	410	363	28%	13%	172	131	131	31%	31%	129	104	95	37%	24%	12.9	10.4	9.5	37%	24%	

* Note: ex Banks & FS, FS - Others and Oil & Gas

Emkay Universe Q2FY11 Result Preview

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ
FMCG																				
Asian Paints	19468	18302	17239	13%	6%	3367	3471	3228	4%	-3%	2159	2222	2057	5%	-3%	22.5	23.2	21.4	5%	-3%
Godrej Consumer Products	10080	6453	5765	75%	56%	1791	1213	1129	59%	48%	1158	761	930	24%	52%	3.8	2.5	3.6	4%	52%
Hindustan Unilever	46029	48630	42692	8%	-5%	6613	6677	6520	1%	-1%	5157	5147	5546	-7%	0%	2.4	2.4	2.5	-7%	0%
Marico	8049	7901	6922	16%	2%	1075	1055	950	13%	2%	712	737	624	14%	-3%	1.2	1.2	1.0	14%	-3%
IT Services																				
eClerx Services	831	771	623	33%	8%	308	283	254	22%	9%	275	293	161	71%	-6%	9.3	9.9	5.4	71%	-6%
HCL Tech	35115	34254	30314	16%	3%	5613	6138	6687	-16%	-9%	3111	3183	3014	3%	-2%	4.6	4.7	4.5	2%	-2%
Hexaware Technologies	2705	2512	2632	3%	8%	227	142	623	-64%	60%	129	144	414	-69%	-11%	0.9	1.0	2.9	-69%	-11%
Infosys	67707	61980	55850	21%	9%	22673	19600	19330	17%	16%	17365	14880	15400	13%	17%	30.3	25.9	26.9	13%	17%
NIIT	3364	2780	3597	-6%	21%	553	287	495	12%	93%	269	130	261	3%	107%	1.6	0.8	1.6	4%	107%
Patni Computer	8004	7776	8040	0%	3%	1550	1568	1690	-8%	-1%	1143	1473	1169	-2%	-22%	8.6	11.2	8.9	-4%	-24%
TCS	87736	82172	74351	18%	7%	25815	24087	21342	21%	7%	19594	18443	16239	21%	6%	10.0	9.4	8.3	21%	6%
Tech Mahindra	12033	11337	11418	5%	6%	2303	2127	2925	-21%	8%	1566	1444	1690	-7%	8%	12.0	11.0	12.9	-7%	8%
Wipro	80735	71906	68937	17%	12%	15111	14034	12949	17%	8%	13046	13192	11707	11%	-1%	5.3	5.4	4.8	11%	-1%
Offshore Oil Field Services																				
Aban Offshore	7981	8425	7029	14%	-5%	4758	5202	4529	5%	-9%	1079	2057	714	51%	-48%	24.8	47.3	18.9	31%	-48%
Garware Offshore	463	485	542	-14%	-5%	179	194	227	-21%	-8%	43	55	63	-32%	-21%	1.8	2.3	2.7	-32%	-21%
Great Offshore	2275	2359	2358	-4%	-4%	1083	964	1042	4%	12%	292	267	314	-7%	9%	7.9	7.2	8.5	-7%	9%
Oil & Gas																				
BPCL	318921	342325	270923	18%	-7%	-4066	-14059	-950			-6777	-17181	-1588			-18.7	-47.5	-4.4		
HPCL	281154	293015	246290	14%	-4%	-3966	-15339	1719			-7639	-18829	-1368			-22.4	-55.3	-4.0		
Indian Oil	729125	719245	609697	20%	1%	-3646	-26657	6138			-11385	-33884	2845			-4.7	-14.0	2.3		
Paper																				
Ballarpur Inds	12373	10812	8104	53%	14%	2700	2385	1945	39%	13%	782	653	419	87%	20%	1.2	1.0	0.6	87%	20%
JK Paper	2796	2912	2855	-2%	-4%	635	665	634	0%	-5%	246	291	234	5%	-15%	3.2	3.7	3.0	5%	-15%
Tamilnadu Newsprint	2780	2972	2709	3%	-6%	866	899	837	3%	-4%	301	399	282	7%	-25%	4.3	5.7	4.1	7%	-25%

* Note: ex Banks & FS, FS - Others and Oil & Gas

Emkay Universe Q2FY11 Result Preview

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ
Pharmaceuticals																				
Aurobindo Pharma	10314	9223	8826	17%	12%	2147	1717	2070	4%	25%	1105	933	1068	3%	18%	18.9	16.0	19.9	-5%	18%
Cadila Healthcare	11208	10864	9458	19%	3%	2545	2500	2057	24%	2%	1715	2003	1365	26%	-14%	8.4	9.8	6.7	26%	-14%
Cipla	16043	15361	14429	11%	4%	3902	3724	3733	5%	5%	2850	2747	2696	6%	4%	3.5	3.4	3.4	6%	4%
Dishman Pharma	2138	2018	2174	-2%	6%	492	444	498	-1%	11%	205	169	191	7%	21%	2.5	2.1	2.4	7%	21%
Divi's Lab	2915	2648	2275	28%	10%	1188	1003	1074	11%	18%	976	837	856	14%	17%	7.4	6.3	6.4	14%	17%
Dr. Reddy's Lab	18232	16831	18368	-1%	8%	3263	2727	3114	5%	20%	2553	2286	2395	7%	12%	15.1	13.6	14.2	7%	12%
Glaxosmithkline Pharma	5820	5075	5190	12%	15%	2193	1913	1953	12%	15%	1587	1396	1411	12%	14%	18.7	16.5	16.7	12%	14%
Glenmark Pharma	7012	6068	6044	16%	16%	1766	1445	1704	4%	22%	1005	1480	789	27%	-32%	3.7	5.5	2.9	27%	-32%
Ipca Lab	5139	4145	4303	19%	24%	1151	678	1021	13%	70%	762	418	643	18%	82%	6.1	3.3	5.1	18%	82%
Jubilant Organosys	10360	9815	9331	11%	6%	1931	1567	1851	4%	23%	1089	804	1006	8%	35%	6.9	5.1	6.3	8%	35%
Lupin	13702	13343	11658	18%	3%	2809	2844	2151	31%	-1%	1983	1963	1604	24%	1%	4.5	4.4	18.1	-75%	1%
Panacea Biotec	2497	2584	1701	47%	-3%	580	615	292	99%	-6%	258	338	21	1110%	-24%	3.8	5.0	0.3	1110%	-24%
Ranbaxy Labs	18715	21505	18858	-1%	-13%	2002	4168	2427	-18%	-52%	1126	3413	1170	-4%	-67%	2.7	8.1	2.6	2%	-67%
Sun Pharma	10726	13997	10889	-1%	-23%	3094	6160	3510	-12%	-50%	3081	5643	4538	-32%	-45%	14.9	27.2	21.9	-32%	-45%
Torrent Pharma	5497	5410	4796	15%	2%	1171	1156	1182	-1%	1%	817	777	740	10%	5%	9.7	9.2	8.7	10%	5%
Power																				
Gujarat Industries Power	2148	2489	2008	7%	-14%	529	604	416	27%	-12%	249	331	125	100%	-25%	1.6	2.2	0.8	100%	-25%
NTPC	124226	129445	105087	18%	-4%	36886	29866	28568	29%	24%	21539	18419	18755	15%	17%	2.6	2.2	2.3	15%	17%
Print Media																				
DB Corp	3085	2987	2593	19%	3%	1139	1136	822	38%	0%	774	695	456	70%	11%	4.3	3.8	2.5	70%	11%
Deccan Chronicle	2626	2318	2509	5%	13%	1464	1199	1387	6%	22%	1050	912	999	5%	15%	4.3	3.7	4.1	5%	15%
HT Media	4256	4042	3501	22%	5%	929	799	552	68%	16%	431	414	282	53%	4%	1.8	1.8	1.2	53%	4%
Jagran Prakashan	2864	2698	2469	16%	6%	980	902	833	18%	9%	599	556	503	19%	8%	2.0	1.8	1.7	19%	8%
Telecommunications																				
Bharti Airtel	156167	122308	103785	50%	28%	55091	43907	43004	28%	25%	19176	16816	22628	-15%	14%	5.1	4.4	6.0	-15%	14%
Idea Cellular	38071	36537	29739	28%	4%	9242	8884	8095	14%	4%	1996	2014	2202	-9%	-1%	0.6	0.6	0.7	-15%	-1%
Reliance Communications	52467	51092	57026	-8%	3%	17611	16320	20198	-13%	8%	2240	2509	7432	-70%	-11%	1.1	1.2	3.6	-70%	-11%
Tulip Telecom	5615	5252	4910	14%	7%	1625	1418	1271	28%	15%	826	642	521	59%	29%	5.7	4.4	3.6	59%	29%

* **Note:** ex Banks & FS, FS - Others and Oil & Gas

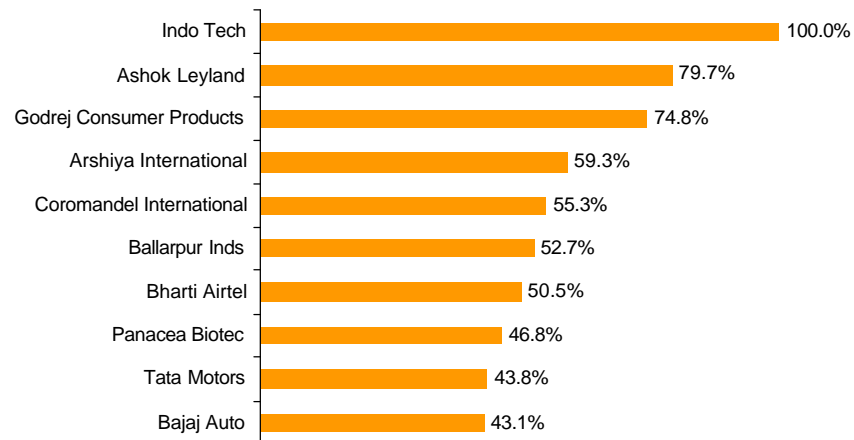
Emkay Universe Q2FY11 Result Preview

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11E	Q1FY11	Q2FY10	YoY	QoQ	
Others																					
Arshiya International	1887	1769	1184	59%	7%	299	274	197	52%	9%	163	164	131	24%	-1%	2.8	2.8	2.2	24%	-1%	
Century Plyboards	3240	3113	2837	14%	4%	537	716	614	-13%	-25%	276	413	315	-12%	-33%	1.2	1.9	1.4	-12%	-33%	
Essel Propack	3307	3323	3509	-6%	0%	577	563	634	-9%	2%	136	104	113	21%	32%	0.9	0.7	0.7	21%	32%	
HBL Power Systems	2743	2415	3008	-9%	14%	411	269	682	-40%	53%	180	71	325	-44%	156%	0.7	0.3	1.3	-44%	156%	
Himadri Chemicals	1570	1541	1250	26%	2%	465	456	506	-8%	2%	236	183	278	-15%	29%	6.1	4.7	8.6	-29%	29%	
Jubilant FoodWorks	1377	1356	977	41%	2%	255	251	85	202%	2%	156	153	-3		2%	2.5	2.4	0.0		2%	
Kajaria Ceramics	2132	1955	1854	15%	9%	341	313	304	12%	9%	131	113	88	50%	16%	1.8	1.5	1.2	50%	16%	
Piramal Glass	3124	2824	2990	5%	11%	669	627	628	7%	7%	156	165	6	2629%	-6%	1.9	2.1	0.1	2625%	-6%	
Sintex Industries	8475	9106	7154	18%	-7%	1488	1374	1237	20%	8%	783	788	572	37%	-1%	5.8	5.8	4.2	37%	-1%	
Sterlite Tech	5973	4918	4658	28%	21%	1006	830	888	13%	21%	651	556	547	19%	17%	1.7	1.4	8.5	-80%	17%	
Titan Industries	14519	12528	11469	27%	16%	1291	1113	1082	19%	16%	964	813	776	24%	19%	21.7	18.3	17.5	24%	19%	

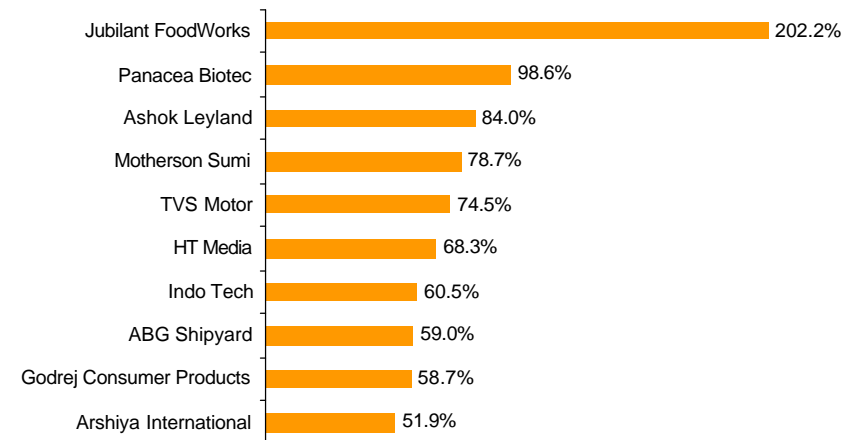
* **Note:** ex Banks & FS, FS - Others and Oil & Gas

Top 10 Strong Stocks: Q2FY11 Result Preview

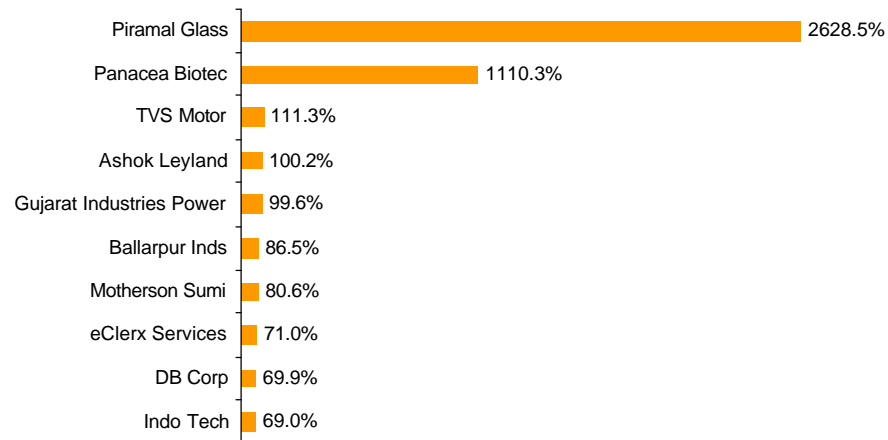
Net Sales Growth



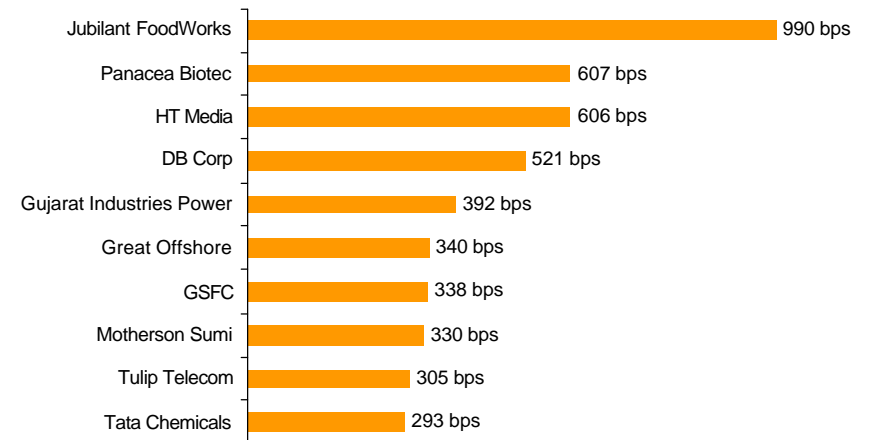
Ebitda Growth



PAT Growth

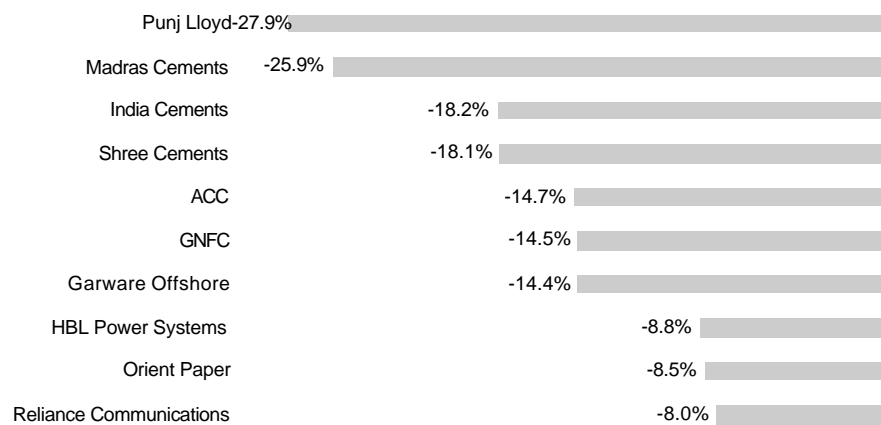


Ebitda Margin Growth

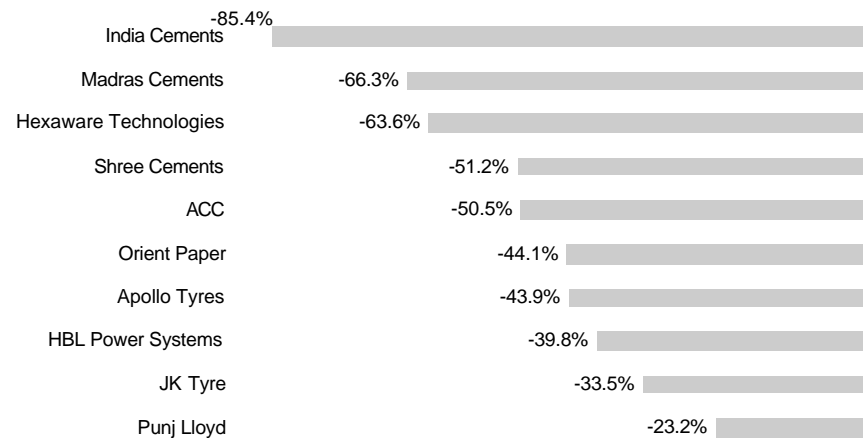


Top 10 Weak Stocks: Q2FY11 Result Preview

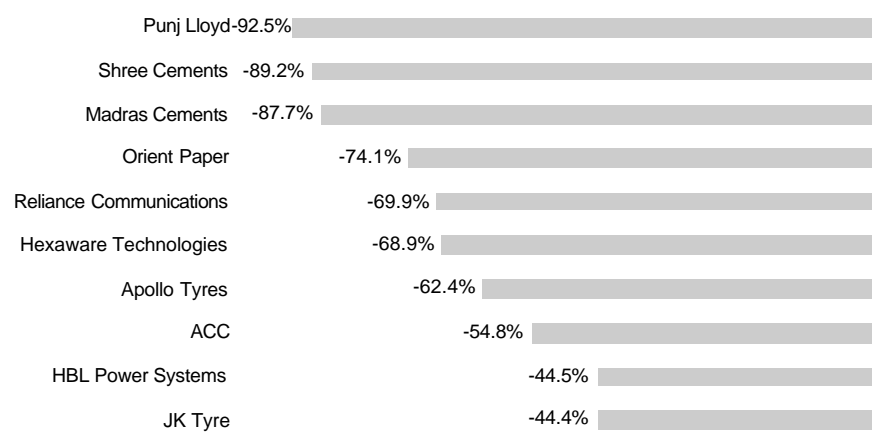
Net Sales Growth



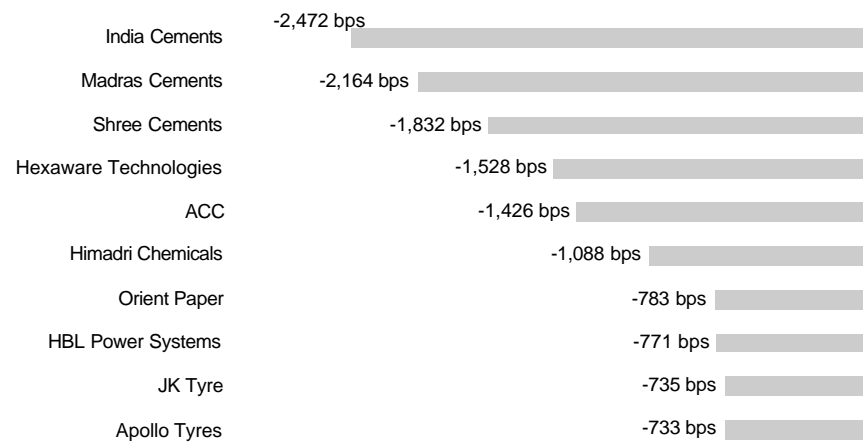
Ebitda Growth



PAT Growth

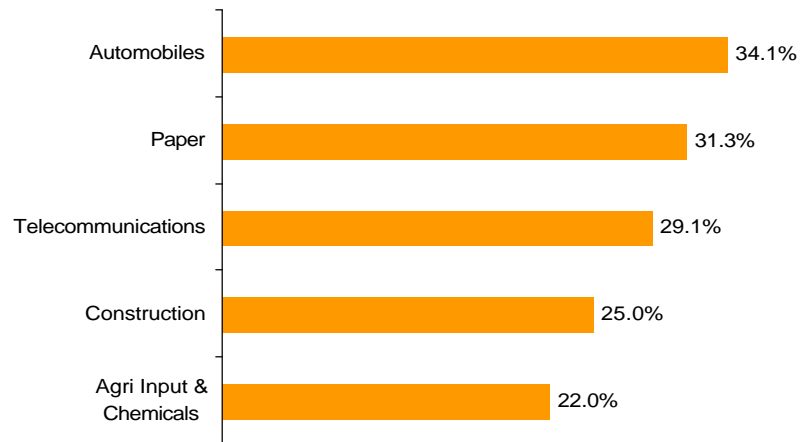


Ebitda Margin Growth

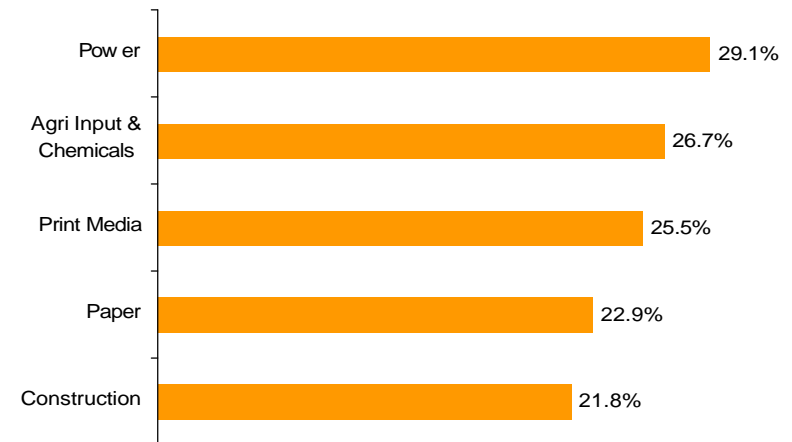


Top 5 Strong Sectors: Q2FY11 Result Preview

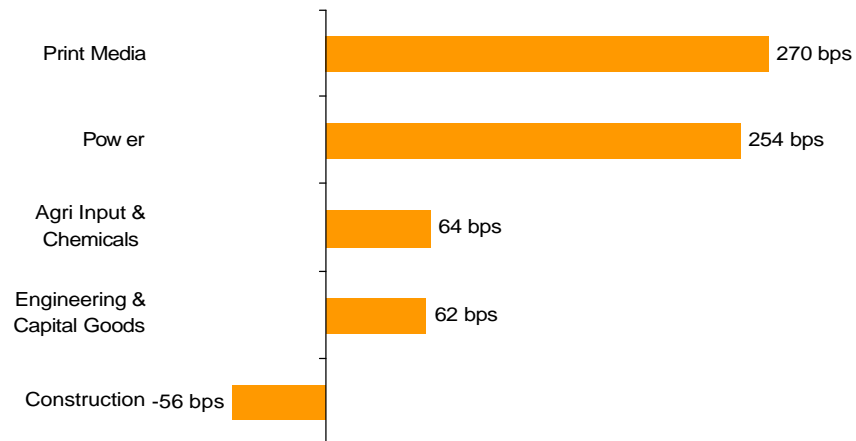
Net Sales Growth



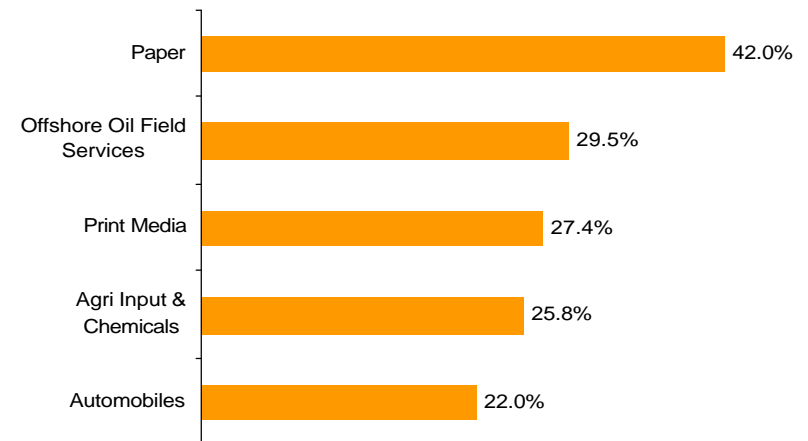
Ebitda Growth



Ebitda Margin Growth

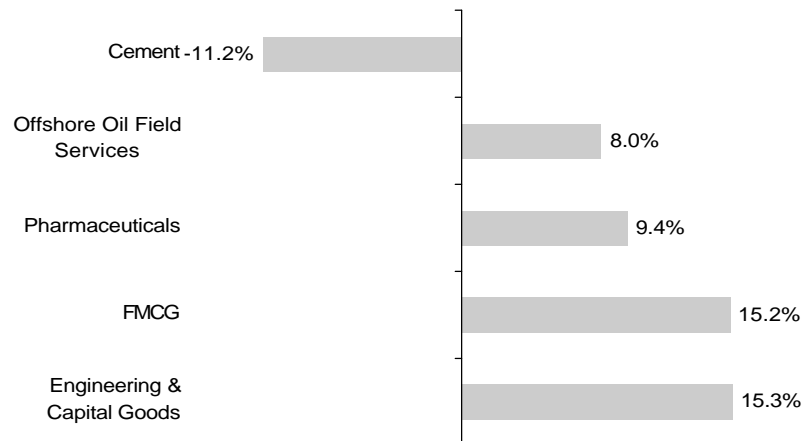


PAT Growth

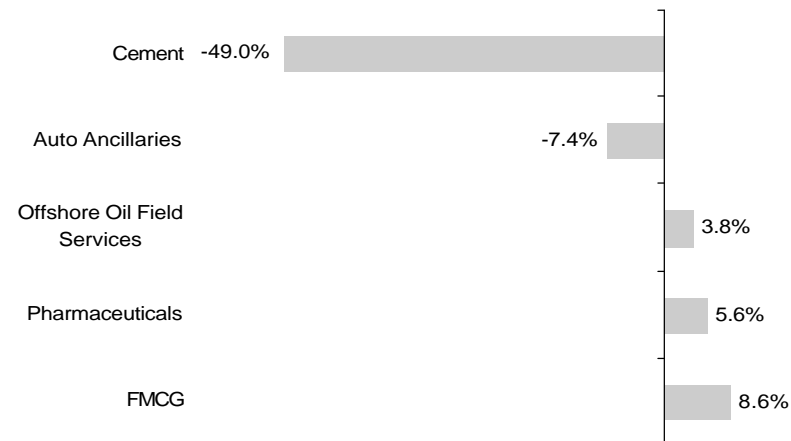


Top 5 Weak Sectors: Q2FY11 Result Preview

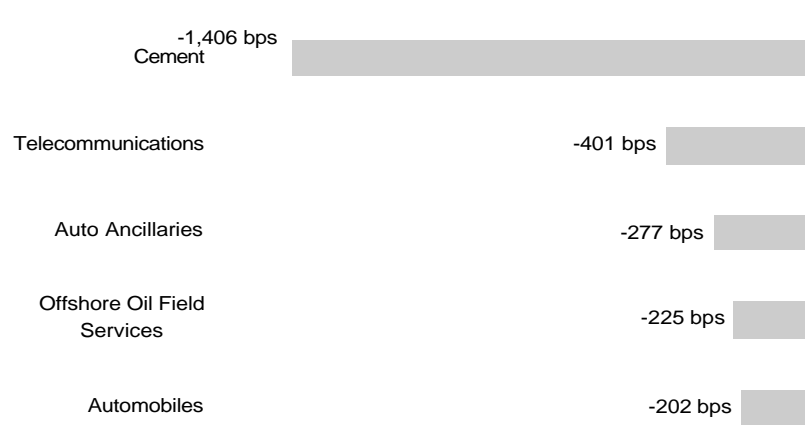
Net Sales Growth



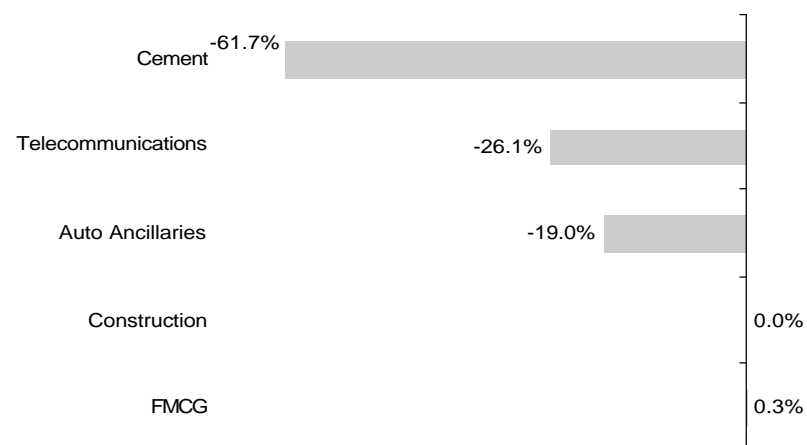
Ebitda Growth



Ebitda Margin Growth

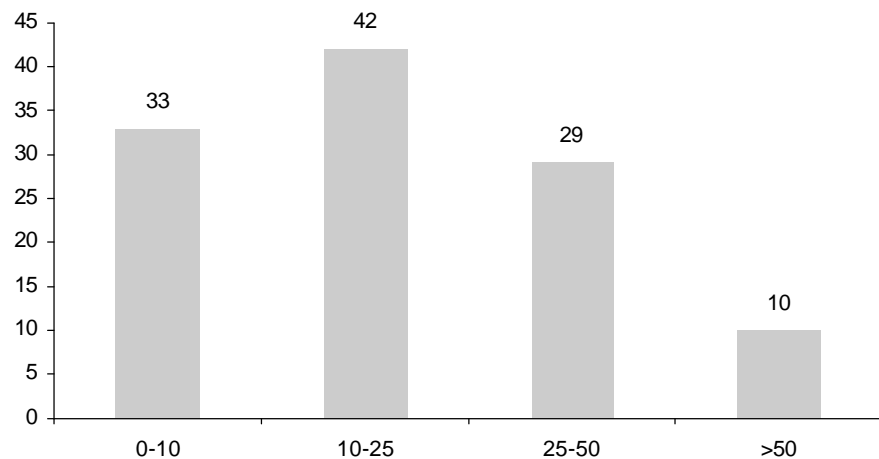


PAT Growth

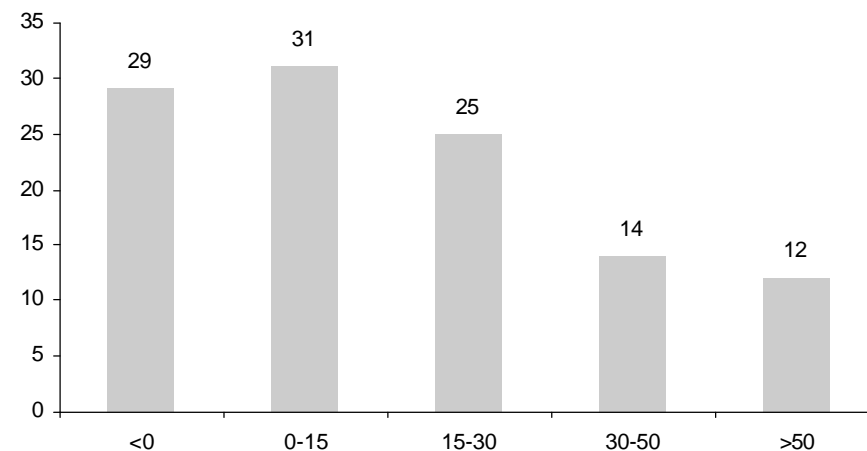


Frequency Distribution (No. of Companies)

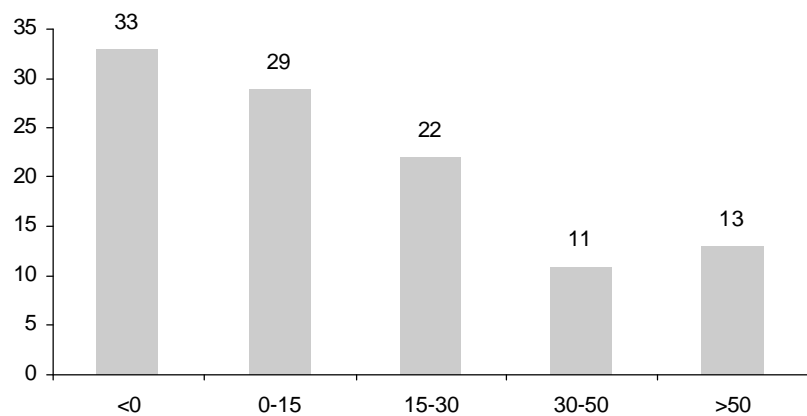
Net Sales Growth



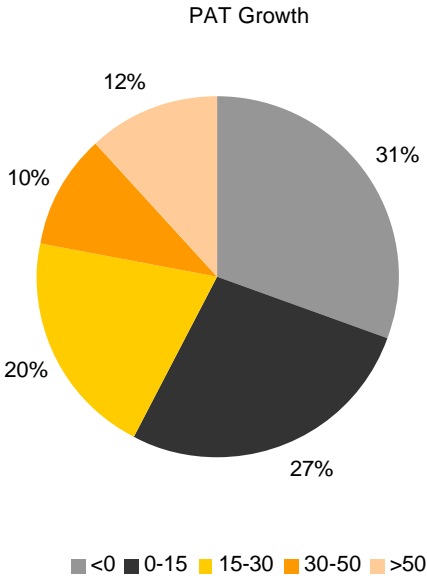
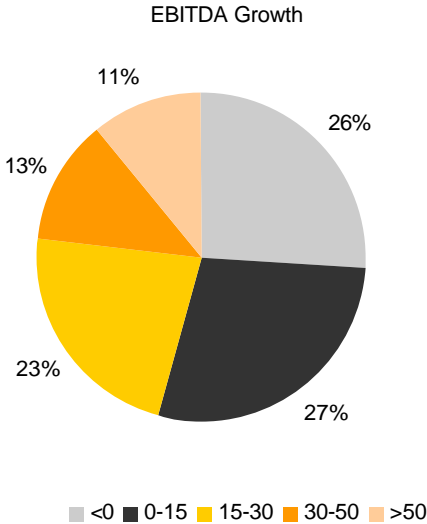
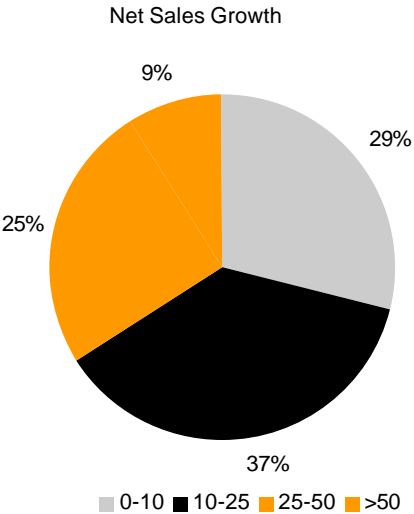
EBITDA Growth



PAT Growth



Frequency Distribution (Percentage)



Sectoral Analysis of Q2FY11 Results

- On aggregate basis we expect our Agri – Input and Chemicals universe to report revenue growth of 22% YoY mainly driven by growth in fertiliser revenues
- We expect aggregate EBITDA margins to expand by 64 bps YoY to 17.4% while PAT to increase by 26%
- Despite recent increase in fertiliser prices by 6-8%, complex fertiliser sales increased by ~50% YoY on the back of 120% growth in imported DAP. Urea sales in the quarter are however likely to decline by 18% YoY. Companies like Coromandel International, Zuari Industries and Chambal Fertilisers are likely to benefit from higher trading
- We expect fertiliser segment revenues to increase by 20% YoY and fertiliser EBIT margins to improve by ~80bps to 10.3%
- Chemical segment revenues are expected to remain flat while EBIT margins and segment EBIT are likely to decline by 183 bps YoY to 21.2% and 8% respectively. Chemical prices across the segment remained flat
- Domestic market for agrochemicals picked up during the quarter and we expect Rallis India to benefit from this while UPL is likely to witness weak results on account of forex fluctuations (appreciation of INR vs US\$ and Euro)
- We recommend Coromandel International, Rallis India and Tata Chemicals as our best results picks

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Advanta India	5.0	17.0	10.2	56	N.A.	3.3	475	672	HOLD	Following improved weather conditions, we estimate 5% YoY growth in revenues to Rs1.7 bn. EBITDA margins are likely to expand by 80 bps YoY to 17% leading to a 10% increase in aggregate EBITDA to Rs 295 mn. Healthy revenue growth, strong EBITDA margins and decline in depreciation and interest outgo are expected to result in APAT of Rs 56 mn versus loss of Rs 53 mn last year. We estimate adjusted EPS of Rs 3.3 for Q3CY10
Chambal Fertilisers	16.2	17.5	2.0	805	-3.9	1.9	74	77	ACCUM	We expect a decline of 32.5% in urea sale volumes leading to 33% YoY drop in fertiliser revenues. Revenues from trading and textiles are expected to increase by ~3x and 10% respectively while shipping revenues are expected to decline by 15% YoY. We estimate EBIT margins of 17%, 5% and 25% in fertilisers, trading and shipping respectively. Overall EBITDA margins are expected to decline by 240 bps YoY to 17.5% resulting in a marginal drop of 4% in APAT to Rs 805 mn
Coromandel International	55.3	10.0	34.5	1,430	25.9	10.2	625	565	BUY	We expect fertiliser volumes to increase by 40% YoY to 950,000 MT which along with ~3% increase in realisations is likely to lead to a 55% YoY increase in net revenues to Rs 23.8 bn. As the company is likely to do higher trading this quarter we estimate EBITDA margins to fall by 160 bps YoY to 10% as implied EBITDA / mt is likely to decline by 3% to Rs 2,500. We estimate overall EBITDA to increase by 34% to Rs 2.4 bn followed by 26% increase in APAT to Rs 1.4 bn
Deepak Fertilisers	9.7	22.8	22.9	469	29.1	5.3	179	175	BUY	Higher sale volumes for complex fertilisers are likely to result in 16% YoY increase in fertiliser revenues to Rs 1.7 bn. Chemical revenues are expected to increase by 7% to Rs 2.2 bn. Overall revenues are expected to increase by 10% YoY to Rs 3.9 bn. We estimate fertiliser and chemical segment margins to increase by 300 bps each to 8% and 30% respectively resulting in 250 bps expansion in overall margins to 22.8% and a consequent 23% increase in EBITDA to Rs 886 mn

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
GNFC	-14.5	16.9	-17.1	568	-6.3	3.7	123	157	BUY	Net revenues are expected to decline by 29% YoY to Rs 4.1 bn due to lower fertiliser and trading volumes. Lower sale volumes are expected to result in 27% decline in fertiliser revenues to Rs 3.4 bn while chemical revenues are likely to show a marginal uptick of 5% to Rs 3.1 bn. EBITDA margins are expected to decline by 60 bps to 16.9% due to lower chemical margins this quarter resulting in 17% decline in EBITDA to Rs 1.1 bn
GSFC	11.4	18.2	36.9	1,127	46.0	14.1	312	368	ACCUM	Estimated 12% and 10% increase in fertiliser and chemical segment revenues to Rs 7.3 bn and Rs 3.3 bn respectively is likely to lead to 11% increase in overall revenues to Rs 10.6 bn. We expect an increase of 80bps and 410 bps in fertilisers and chemicals to 10% and 26% respectively. Overall EBITDA is likely to increase 37% YoY to Rs 1.9 bn resulting in aggregate margins of 18.2%, +340bps YoY
Rallis India	25.0	23.0	23.8	626	30.9	32.2	1,469	1,440	BUY	Higher sale volumes driven by a strong monsoon this quarter is expected to result in 25% YoY growth in revenues to Rs 4.0 bn. We estimate EBITDA margins to remain flat at 23% while overall EBITDA is likely to expand by 24% YoY to Rs 922 mn. Strong operational performance is expected to result in a 31% growth in APAT to Rs 626 mn resulting in adjusted EPS of Rs 32.2 as against Rs 23.6 in Q2FY10
Tata Chemicals	26.1	20.9	46.7	2,423	44.5	10.0	412	393	ACCUM	We expect standalone revenues at Rs 14.6 bn, +16% YoY and APAT of Rs 1.4 bn. Revenues of subsidiaries BMGL and GCIP are expected to decline by 18% and 6% YoY respectively to Rs 3.9 bn and Rs 4.4 bn while IMACID is expected to report revenue growth of 40% to Rs 1.4 bn. We expect consolidated EBITDA margin expansion of 290 bps YoY to 20.9% resulting in EBITDA of Rs 5.9 bn. We expect conso APAT of Rs 2.4 bn, +45% YoY and AEPS of Rs 10.0

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
United Phosphorus	13.2	19.5	30.0	1,478	11.7	3.4	184	230	BUY	We estimate global recovery in demand and improved weather conditions to reflect by way of 13% YoY growth in revenues to Rs 13.1 bn. We expect India and North America to grow by 20% each followed by 15% growth in Rest of the World while Europe is likely to remain weak with 5% decline in revenues. EBITDA margins are expected to expand by 250 bps YoY to 19.5% leading to a 30% growth in EBITDA to Rs 2.6 bn. We estimate APAT at Rs 1.5 bn, +12% YoY with an EPS of Rs 3.4

Auto Ancillaries

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Apollo Tyres*	1.6	9.1	-43.9	384	-62.4	0.8	82	80	BUY	We expect ATL to report disappointing operating performance, due to loss of production at Perambara as well as South Africa in Q2FY11 and higher rubber prices. Topline is expected to remain flat YoY but increase 10% QoQ due to higher avg. realizations.. Expect EBITDA margins to decline by 730bps YoY and 130bps QoQ. Key things to watch out for (1) Rubber price movement and (2) price hikes
JK Tyres & Industries	34.5	7.2	-33.5	331	-44.4	8.1	186	205	BUY	We expect raw material cost pressure to impact the operating performance of JKT. Despite of 35% YoY and 8% QoQ growth in topline, we expect EBITDA margins to decline 730bps YoY but expand by 90 bps QoQ. Key things to watch out for (1) Rubber price movement and (2) price hikes and performance of Ternel
Motherson Sumi Systems Ltd.	25.0	11.0	78.7	1,078	80.6	2.8	193	205	BUY	We expect MSSL to report strong 25% YOY and 8% QoQ growth in sales due to better car volumes. Expect EBITDA margins to improve by 330bps YoY and 100 bps mainly due to topline growth as well as favorable currency mix. Key things to watch out for growth outlook for SMR

*standalone performance

- Led by a strong volume growth, we expect our automobile universe to report 34% YoY and 10% QoQ growth in sales to Rs 393bn.
- EBIDTA margins in 2QFY11 to decline by 200 bps YoY due to raw materials cost pressures. However, margins to improve by 20 bps QoQ. EBIDTA to grow at slower pace of 16% YoY and 12% QoQ to Rs 50bn.
- APAT at Rs 33bn will grow by 22% YoY and 18% QoQ. APAT is growing faster than EBIDTA despite lower other income due to lower interest expense and tax rate.
- We expect QoQ EBIDTA margin expansion in ALL, BAL, HH, Maruti and TVS while others to report decline. The YoY decline in margins in MSIL is due to change in royalty rates.
- We maintain our positive view on the demand for two wheelers and passenger vehicles. We are cautious for M&HCVs given the high expectations.
- We have a positive bias on Bajaj Auto, M&M, Maruti and Tata Motors. We like Tata Motors for potential volume surprise at JLR.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ashok Leyland	79.7	10.8	84.0	1,794	100.2	1.3	76	76	HOLD	Strong volume growth 72% YoY/ 15% QoQ) coupled with improvement in avg. realizations (4.5% YoY/ 5.1% QoQ) to result in EBIDTA margin expansion by 30 bps YoY, despite higher RM to sales YoY. QoQ margins to improve by 70 bps due to higher volumes. Key thing to watch (1) Demand outlook post Q2FY11 (2) emission norms cost pass on (3) RM price contracts
Bajaj Auto	43.1	21.2	37.3	6,504	49.6	22.5	1,568	1,630	ACCM	Driven by strong volume growth (46% YoY and 8% QoQ), expect EBIDTA margins to expand by 120bps QoQ. Margins to decline 80 bps YoY despite strong volume growth, due to higher RM to sales YoY. Key things to watch our for (1) capacity ramp up (2) export targets and (3) currency hedges for FY12.
Hero Honda	11.9	15.2	-7.3	5,676	-4.9	28.4	1,841	1,930	HOLD	We expect Hero Honda to report improved operating performance QoQ, although poor on YoY. EBIDTA margins to expand by 120bps QoQ but decline 310 bps YoY. Sequential improvements in margin to be driven by price hikes in the quarter and lower other expense. Key things to watch out for (1) Capacity constraints (2) announcement of new plant
M&M*	20.2	14.6	2.2	6,354	7.6	10.6	726	775	BUY	We expect a sharp YoY drop of 250 bps in EBIDTA margins despite 20% YoY (flat QoQ) volumes growth. The drop in margins is due to exceptionally high margins last year driven by lower RM cost. Key things to watch out for (1) raw material price contracts (2) update on production constraints.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Maruti Suzuki	29.9	11.0	12.5	6,454	13.2	22.3	1,490	1,450	ACCM	We expect MSIL to report strong QoQ performance driven by volume growth of 27% YoY/10% QoQ. Expect EBDITA margins to expand by 60 bps QoQ but decline 170 bps YoY (due to higher royalty). Expect other expenses to put some pressure on margins due to higher sales promotion and marketing costs. Key things to watch out for (1) raw material price contracts (2) impact of currency movements and (3) capacity expansion plans.
Tata Motors*	43.8	10.8	17.7	5,348	44.8	9.4	1,126	1,235	ACCM	Despite 31% YoY/9% QoQ volume growth, we expect standalone margins to decline by 240 bps YoY/30 bps QoQ, due to higher RM cost. For JLR we expect 340 bps QoQ decline in margins to 11.6% due to currency swings. We do not rule out positive surprise from JLR. Key things to watch out for (1) M&HCV demand (2) metal price contracts – domestic and JLR and (3) sustainable margins for JLR
TVS Motor	40.2	6.9	74.5	526	111.3	1.1	76	67	HOLD	We expect TVSM to report strong performance driven by a 33% YoY (13% QoQ) growth in volumes. We expect EBDITA margins to improve by 140 bps YoY and 50 bps QoQ. Key things to watch out for (1) demand for new products – Wego and Jive (2) export targets and (3) status of Indonesian business

*standalone performance

Banking and Financial Services

- The advance growth during the quarter (till 10th September) remained stable at 20% (3.2% qoq). However, deposit growth decelerated to 14.7% (-4% qoq)
- We expect the NII of PSU banks and private banks to grow by 33.7% yoy and 21.3% respectively. The core operating profits for PSU banks are likely to grow by a higher 44.3% yoy
- The banks are likely to see 05-10bps contraction in their margins sequentially, due to rise in deposit cost and flat yield on advances
- We expect PSU banks to report 14%yoy growth in earnings, however sequentially they are likely to report 6.8% decline, due to accelerated provisioning during the quarter. However private banks will be a tad better with 21.9%yoy growth and 1.3%qoq growth in earnings
- During the quarter, the 10 years and 5 year bond yield hardened by ~29bps to 7.84% and 7.68% respectively, led by tightening of monetary policy amid inflationary pressure. As a result, treasury gains likely to be muted during the quarter
- Asset quality likely to see further deterioration during the quarter as 1) banks factor in NPA's under agri debt waiver scheme and 2) with more clarity emerging in restructured portfolio as 12-15 month moratorium periods would have ended last quarter and NPAs (if any) will be recognised in Q2FY11 on 90 dpd basis
- Our top picks for the quarterly results –Allahabad Bank, Andhra bank, Bank of Baroda, HDFC bank, Yes bank, LIC Housing Finance, and Manappuram General Finance

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Allahabad Bank	42.1	2.8	6.0	3,542	6.2	7.9	241	280	BUY	Allahabad Bank will report strong 42.1% yoy growth in NII. But high trading gains of Rs1.7bn in Q2FY10 are likely to result in moderate 6% yoy growth in operating profit. Accelerated provisioning during the quarter on account of higher slippage will further put pressure on the net profit growth.
Andhra Bank	45.1	3.3	26.9	3,314	21.0	6.8	168	210	BUY	Andhra bank is expected to report strong growth in NII led by healthy advance growth and stable NIM's, however lower trading gains as compare to last year will moderate Net income growth. The bank could see significant recoveries and upgradations during the quarter.
Axis Bank	35.3	3.2	12.5	7,024	32.1	17.2	1,566	1,100	REDUCE	Expect strong growth in NII driven by high advances growth. The impact of higher cost of funds to be offset by improving CDR. High trading gains of Q1FY10 to hurt. Credit costs or provisions to be key thing to watch out as the slippages have risen over last two years.
Bank of Baroda	39.7	2.6	50.1	7,751	22.2	21.2	917	920	BUY	Net interest income likely to be strong led by robust advance growth. However higher employee expense on account of gratuity, pension liabilities and investment depreciation will result in moderate growth at the operating level. Behaviour of restructured asset key thing to watch out.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Bank of India	21.7	2.4	15.9	5,783	78.8	11.0	574	450	REDUCE	The Bank is expected to report strong growth helped by low base. The net profit is likely to grow by 78% helped by higher tax rate in the same quarter last year. The pressure on asset quality is likely to elevate with significant recoveries and upgradation expected during the quarter.
Canara Bank	36.5	2.6	7.3	8,954	-1.7	21.8	624	600	ACCUM	The bank's net income will show a moderate growth, on account of hefty trading gains in the last quarter. Moreover higher provisioning will further put pressure on Net profit. Key things to watch out – movement in NPA's and provision coverage ratio.
Corp Bank	36.4	2.4	21.9	3,510	20.3	24.5	720	760	BUY	The bank is likely to report healthy growth in NII led by healthy advance growth. However the gains will get partially offset by higher MTM loss during the quarter. However lower slippages in past will keep the NPA provision requirements at low levels.
HDFC Bank	30.7	4.3	20.8	9,351	36.1	20.3	2,432	1,950	ACCUM	HDFC bank's NII is expected to grow by 30.7%yoy to Rs25.6bn driven by strong growth in advances. High trading gains of Q2FY10 to slightly hurt the operating performance. However Core operating performance to remain strong with 32% yoy growth. Key things to watch – fee income growth and cost ratios

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
ICICI Bank	0.0	2.2	-9.3	10,927	5.0	9.8	1,134	900	REDUCE	ICICI bank's net income is likely to decline by 2.4% to Rs37.7bn in Q2FY11 driven by higher treasury gains of in Q2FY10. Key things to watch out- 1) moderation if any in credit cost to be further positive. 2) Impact of BOR merger
PNB	27.5	3.3	39.7	10,966	18.3	34.8	1,448	1,370	BUY	We expect PNB's NII to grow by 27.5%yoy driven by a healthy growth in advances albeit NIM's to contract by 15bps sequentially on account of higher cost of funds. Key thing to watch out will be behaviour of the restructured asset which was on higher side for PNB amongst PSBs. Strong growth in income to help provide higher for NPAs too.
SBI	30.7	2.7	31.0	27,215	9.3	42.9	3,217	2,630	Reduce	While SBI will benefit the most amongst PSBs from a favourable base effect with NII growing by 30.7% and OP by 31%, necessity of raising PCR to 70%, and higher MTM losses will impact the net profit. Key things to watch out- Movements in NPA and low provisioning coverage ratio.
SIB	19.4	2.6	-4.3	578	18.1	0.5	27	24	BUY	We expect SIB's NII to grow by 20% driven by robust advances growth. However, the same will be partially offset by lower trading gains this year. We expect the provisions to remain high. However, a very high tax rate of 47% in Q2FY10 will help SIB show 18% growth in profits.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
UBI	56.2	2.7	25.4	5,294	4.8	10.5	394	440	BUY	The bank is likely to report strong 56% growth in NII, benefiting from low base. However the benefit will offset by lower trading gains and higher provisioning. Provisioning costs to remain high as PCR has fallen to 58% now. Restructured assets are key thing to watch out for.
Yes Bank	79.9	2.6	35.0	1,609	44.0	4.7	346	260	REDUCE	Robust advances growth to result in 80% yoy growth in NII for Yes Bank. We expect NIMs to remain relatively flat over last year. Revival in the capital market will help the bank to report stronger growth in fee revenues than was in Q2FY10.
LIC HSG FIN	60.6	2.9	56.4	2,252	50.2	23.7	1,448	1,100	ACCUM	LICHF's net operating revenue is likely to grow by 47%yoy to Rs3.6bn for Q2FY10 driven by strong loan growth. Disbursement likely to grow by 30% during the quarter. With very negligible NPAs and provisions, the net profit would also grow by 50%.
MAGFIL	216.3	18.6	217.4	607	229.1	0.9	148	90	BUY	We expect MAGFIL to report a robust 216% yoy growth in NII driven by healthy growth in balance sheet aided by significant addition to the branch network. Key things to watch out – expansion of the branch network and outlook and movement in the NPAs
United bank of India	46.6	2.7	65.0	1,033	4.8	3.3	125	110	Buy	The bank NII is likely to grow by a strong 46.6% benefiting from low base. However lower trading gains as compare to last year and accelerated provisioning will moderate Net profit growth. Low provision cover and slippages would be the key things to watch out.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
ICRA	27.7	37.0	31.2	129	36.7	12.9	1,235	800	REDUCE	We expect ICRA to report a 28% growth in revenues led by rating, consulting and BPO business. The operating leverage and very low base will help ICRA expand OPM by 100bps yoy 37%. Reported PAT to increase by 21% yoy.
CRISIL	14.3	34.2	4.7	395	-8.3	54.7	5,983	4,800	REDUCE	We expect CRISIL's revenues to grow by moderate 14%. The OPMs are likely to decline by 312bps over last year. Traction in IREVNA and advisory will be key things to watch out.

Cement

- Q2FY11 is expected to be a disastrous quarter for the cement sector, with disappointing earnings performance. All India cement dispatches for the first 2 months of this quarter have grown at 2.2% yoy. Cement price averaged Rs229/bag for the quarter, registering decline of 9.5% yoy and 6.7% qoq. Prices came down on account of lower demand due to monsoons and the continued oversupply scenario.
- We expect cement companies under our coverage to report decline of 11.2% yoy in revenues for Q2FY11E. Pure cement sales are expected to decline 12.4%yoy due to flat volume growth of 0.2% yoy and lower realizations which declined 12.5% yoy & 8.2% qoq.
- Cement companies under our coverage are expected to post muted dispatches growth of 0.2% yoy (ex-JPA) (4.9% yoy considering JPA). Dispatches growth of ACC (-6%), Madras cement (-4.5%) and Shree Cement (-7.3%) are disappointing, where as Ambuja Cement (+6.1%) has delivered better volume numbers.
- International coal prices average USD 88 for Q2FY11 registered an increase of 42% yoy. Increasing cost of fly ash and the fuel price hike (up close to 13% yoy), have accelerated cost push further. Total cost per tonne is expected to increase by 7.5% yoy and 3% qoq. However with recent correction in international coal prices, we expect cost pressures to peak out in Q3FY11.
- With decline in cement realisation and increasing cost pressure, pure cement EBDITA is expected to register a decline of 54.3% yoy .EBIDTA/ton at Rs571/ton is expected to decline 54.3% yoy. Consequently aggregate EBIDTA is expected to decline by 49% yoy with EBIDTA margins shrinking 1406 bps to 19%.
- Rising interest costs (+11.2% yoy) and higher depreciation (+23.4% yoy) are expected to drag down net profit by 61.7% yoy.
- With recent price hikes led by pricing discipline , pick up in construction activities post monsoon and correction in international coal prices, we expect EBITDA/t to bottom out and earnings to show improvement from coming quarters.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
ACC	-14.7	19.7	-50.5	1,969	-54.8	10.5	1,029	875	HOLD	ACC revenue for Q3CY10 is expected to decline by 14.7% yoy to Rs16.81bn on account of 9.2% decline in cement realization yoy to Rs3568/ton. Cement volumes declined by 6% to 4.71 mn tones. ACC's EBIDTA at Rs3.3 bn is expected to witness a decline of 49% due to increasing P&F costs & other expenses. EBIDTA margins are expected to shrink by 1426 bps to 19.7%. Consequently net profit for the quarter is expected to decline by 54.8% to Rs1.97 bn.
ACL	-3.8	21.9	-21.1	2,075	-23.8	1.4	142	112	HOLD	ACL is expected do revenue of Rs15.5bn, decline of 3.8% yoy. Volume growth of 6.1% yoy (4.35 mnt) is muted by decline in cement realizations by 9.3% yoy to Rs 3563/t. Similarly EBIDTA/t is expected to drop by a steep 25.6% yoy and 31% qoq to Rs780/t. ACL's EBIDTA is expected to decline by 21.1% yoy to Rs3.4bn with EBIDTA margin shrinking 480 bps to 21.9%. PAT for the quarter is expected to decline by 23.8%yoy to Rs 2.07 bn.
Grasim*	-68.6	32.5	-70.1	2,191	-67.4	23.9	2,345	2,340	ACCUM	Grasim's like to like standalone net revenue for the quarter is expected to remain flattish sequentially with a decline of 1% to Rs9.37bn with VSF segment reporting flat growth of -0.4% yoy and 1.2%qoq at Rs8.46bn and the chemical business segment revenues declining 15.2% yoy and 6.2%qoq. VSF realizations are expected to improve this quarter by 14.3% yoy. Overall EBIDTA at Rs3.04bn is expected to remain flat with growth of 1% qoq. Consequently, pre-exceptional net profit at Rs2.19bn is expected to decline by 2% qoq.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ultratech*	112.3	15.7	9.6	2,193	-12.6	17.8	1,102	880	REDUCE	Revenues for the quarter are expected to decline by 18% to Rs32.7 bn. Cement volumes for the quarter are expected to decline by 12.7% qoq at 9.07 mnt . Realizations for the quarter at Rs3604/tonne have declined 6.1% qoq while EBITDA/t is expected to decline 41% qoq to Rs568/tonne. EBITDA margins are expected to shrink 930bps sequentially to 15.7% on account of lower realizations and increasing cost pressures with total cost/t increasing 5%qoq. Consequently EBITDA at Rs5.15bn is expected to decline by 48.5%qoq. Consequently, net profit is expected to be at Rs 2.19 bn , a decline of 60.7% on qoq basis.
India Cement	-18.2	5.4	-85.4	-364	NA	-1.2	120	98	SELL	Net revenues for the quarter are expected to decline by 18.2% yoy to Rs8.1bn. Cement revenue at Rs7.69bn is expected to decline by 19.9% yoy mainly on account of flat volume growth at 2.77mnt coupled with decline in net realizations by 22.1 %(Rs2779/t this quarter). EBITDA is expected to decline by 85.4 % (Rs 0.44 bn) mainly due to increase in raw material costs and transport and handling expenses. EBITDA/t is expected to decline by a massive 93.2% to Rs68/tonne with EBITDA margins shrinking 2470bps to 5.4%. Subsequently company is expected to register net loss of Rs0.36 bn. We are downgrading our FY11 earnings estimate by 16.2% and FY12 earnings by 10.7% (FY11 EPS at Rs4.5 & FY12 EPS at Rs5.8)
Madras Cement	-25.9	18.0	-66.3	210	-87.7	0.9	118	101	REDUCE	MCL's revenues are expected to decline by 25.9% yoy to Rs6.3bn. Net realizations are expected to decline by 23.7% y-o-y (Rs2841 /ton). On account of fall in realization EBITDA for the quarter is expected to decline 66.3% yoy. EBITDA/t is expected to drastically fall by 79.3% to Rs264/tonne with EBITDA margins shrinking 2164bps to 18% . Consequently net profit for the quarter is expected to be at Rs0.21 bn , a decline of 87.7% on yoy basis. We are downgrading our FY11 earnings estimate by 7.5% to EPS of Rs8.9.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Shree Cement	-18.1	27.1	-51.2	312	-89.2	8.9	2,053	2,200	ACCUM	Shree's revenues for the quarter are estimated to decline by 18.1% yoy to Rs7.37bn. Cement revenues at Rs7.07bn are expected to decline by 17.4% yoy mainly due to flat volume growth of 0.8%(2.18mnt) and lower cement realizations (Rs 3133/t , down 11.7% yoy). Similarly 62.4% decline in clinker volumes with 28.2% decline in clinker realizations at Rs2000/t are expected to result in lower revenues. Revenues from Power segment are expected to register a decline of 81.1% yoy at Rs 0.3bn. EBITDA/t at Rs824/t is expected to decline by 45.6% with overall EBITDA margins shrinking 1832bps to 27.1%. The net profit for the quarter is expected to decline by 89.2% yoy to Rs0.31bn. We are downgrading our FY11 earnings estimate by 16% and FY12 earnings by 11.2% (FY11 EPS to Rs138.8 & FY12 EPS to Rs176.6).
Orient Paper	-8.5	12.3	-44.1	105	-74.1	0.5	61	63	BUY	OPIL's net revenues for Q1FY11 are estimated to decline by 8.5% to Rs3.23 bn on yoy. Cement volume growth of 25.8% yoy to 0.77mnt is negated by decline of 20% y-o-y in realizations to Rs2495/t and resultant revenues from cement are expected to remain flat at Rs1.94bn. revenues from paper segment are expected to decline by 24.4% to Rs0.45bn while electrical segment is expected to register growth of 20% in revenues at Rs1.2bn. Overall OPM for the quarter is expected to shrink by 783bps to 12.3%. Consequently net profit is expected to be at Rs0.11bn down 74.1%on yoy basis. We are downgrading our FY11 earnings estimate by 8.4% and FY12 earnings by 7.8% (FY11 EPS to Rs7.3 & FY12 EPS at Rs9.5)

* yoy figures are not comparable post demerger of cement business from Grasim and consequent merger of Samruddhi into Ultratech.

Infrastructure companies under EMKAY coverage are expected to post muted growth in the quarter led by a heavy monsoon season impacting execution.

We expect the infrastructure universe to report a muted topline growth of 25% yoy and an EBITDA growth of 22% yoy. Delay in pick up of execution activity led by extended monsoon season has hampered the growth rates for the sector.

Earnings growth of our universe is expected to be a mere 0.2% as higher interest & depreciation charges is expected to negate 22% EBITDA growth.

IRB infrastructure

- During the quarter, heavy monsoons have impacted IRB's construction vertical. Also temporary traffic diversions from Surat Dahisar to Kaman Paygaon, is expected to will lead to slower growth in the BOT vertical.
- IRB is expected to report revenues of Rs4.55 bn (+28.1% yoy) driven by 25% growth in Construction segment and 26% growth in BOT revenues. EBITDA for the quarter at Rs2.26 bn is expected to grow 24% yoy with EBITDA margins of 49.7% registering a fall of 43 bps yoy mainly on account of higher share of relatively lower margin construction business. With commissioning of Bharuch-Surat BOT project in Q3FY10, net profit at Rs784 mn for the quarter is expected to register a muted growth of 10.7% yoy due to significant increase in depreciation & interest expense of 35% and 42% yoy respectively.
- IRB's construction order book of Rs 97 bn offers significant visibility, and we expect pick up of execution activity in Jaipur-Deoli & Amritsar-Pathankot from Q3FY11 onwards to result drive traction in the construction vertical. The traction is expected to gather further momentum as all the 4 new project wins of FY10 enter peak execution and start contributing to the overall construction revenues. Awarding of new road projects by NHAI is expected to gather momentum from Q3FY11E onwards and any further new wins shall improve growth visibility.

IVRCL Infrastructure

- IVRCL's is expected to report revenues of Rs12.57 bn registering a growth of 3.1% yoy. EBIDTA for the quarter at Rs1.15bn is expected to register 4.2% growth yoy with EBIDTA margins showing 10 bps improvement to 9.2%, driven by better revenue mix. Net profit for the quarter at Rs 433 mn is expected to decline at 11.2% yoy.
- We expect downside risk to our FY11 number on account of no sign of pick up in the Andhra Projects and the delays in achieving financial closure in the road vertical. Delays in raising money through the QIP route will hamper the pace of equity commitments to the new projects. The company requires an equity commitment of Rs 14 bn in all the BOT projects under IVRCL assets.

JP Associates

- Cement segment is expected to be a mixed bag for the quarter on one end the company continued to witness volume growth and on the other side decline in cement realization and input cost pressures have impacted the operating margins for the cement segment (EBIT margins are expected to contract 892 bps to 17.1% for Q2FY11E)
- Execution in the two main projects Sri Sailem & Baglihar are not expected to witness any pick in the current quarter coupled with delays in execution at the Yamuna Expressway due to floods in Yamuna river and the farmer agitation at Tappal is expected to impact the growth in the construction vertical.
- Jaiprakash Associates (JPA) is expected to report revenue of Rs25.34 bn (+38.9% yoy) driven by a staggering 42% growth in cement revenues (Volume growth of 62%), a robust 126% growth in real estate revenues and a 25% growth in construction revenues.
- With lower cement realization and lower construction margins, EBIDTA at Rs 5.68 bn is expected to grow by 24.7% yoy, lower than the 38.9% topline growth. EBIDTA margins are expected to decline 256 bps yoy to 22.4%. Significant increase in depreciation & interest expense of 37% and 27% yoy respectively is expected to negate 24.7% EBIDTA growth with adjusted net profit expected to remain flat at Rs 1.14 bn (-1.6% yoy).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Jaiprakash Associates	38.9	22.4	43.7	1,148	-1.2	0.5	135	150	ACCUM	Jaiprakash Associates (JPA) is expected to report revenue of Rs25.34 bn (+38.9% yoy) driven by a staggering 42% growth in cement revenues (Volume growth of 62%), a robust 126% growth in real estate revenues and a 25% growth in construction revenues. With lower cement realization on a yoy basis, EBIDTA is expected at Rs 5.68 bn (+24.7% yoy) showing lower growth compared to topline. EBIDTA margins are expected to decline 256 bps yoy to 22.4%. The adjusted net profit is expected to remain flat at Rs 1.14 bn (-1.6% yoy). Significant growth in depreciation and interest expense which are expected to be higher by 37% and 27% yoy respectively dragging the net profit margins by 185 bps to 4.5%.
IRB Infrastructure	28.1	48.0	25.3	784	10.7	2.4	268	310	ACCUM	IRB is expected to report revenues of Rs4.55 bn (+28.1% yoy) driven by 25% growth in Construction segment and 26% growth in BOT revenues. With larger share of high margin BOT segment, EBIDTA for the quarter at Rs2.26 bn is expected to grow 24% yoy with EBIDTA margins of 49.7% registering a fall of 43 bps yoy. Net profit at Rs784 mn for the quarter is expected to register a growth of 10.7% yoy.
IVRCL Infrastructure	3.1	9.2	4.2	433.0	-11.2	1.6	163	185	HOLD	IVRCL's is expected to report revenues of Rs12.57 bn registering a growth of 3.1% yoy. EBIDTA for the quarter at Rs1.15bn is expected to register 4.2% growth yoy with EBIDTA margins showing 10 bps improvement to 9.2%, driven by better revenue mix. Net profit for the quarter at Rs 433 mn is expected to degrow at 11.2% yoy.

Engineering & Capital Goods

In Q2FY11E, we expect our ECI universe to witness improvement in operational performance – led by (1) Uptick in revenue booking post a Q1FY11 (6.2%) amidst healthy carry-forward order backlog and (2) sustained improvement in operating margins.

- Expect our ECI universe to witness healthy revenue growth at 15.3% YoY to Rs252.1 bn - driven by BHEL (+26%), L&T (+15%), Cummins (+35%) and Thermax (+36%) in large-cap companies. In mid-cap companies, we expect LMW (+40%), Indo Tech (+100%), ABG Shipyard (+38%), McNally Bharat (+39%) and EMCO (+32%) to report strong revenue growth. Punj Lloyd expected to report YoY decline in revenues, but QoQ improvement.
- EBITDA margins expected to improve (for the 6th straight quarter) by 60 bps YoY to 13.4% due to benefits from operating leverage. In large-caps, L&T's margins to improve (+170 bps) while BHEL's margins expected to decline (90 bps). In mid-caps, ABG Shipyard (+270 bps) and Bharati Shipyard (+260 bps) margins to expand. Voltas, LMW, EMCO, Indo Tech, TRIL and Voltamp transformers margins to contract in the range of 200-500bps. Emkay universe EBITDA growth is expected to be robust at 20.9% YoY to Rs35.4 bn.
- APAT growth expected to be healthy at 16.4% YoY to Rs22.7 bn. Strong performance is forecasted for BHEL (+25%), Cummins (+44%), Thermax (+37%), Greaves Cotton (+29%), Bharati Shipyard (+41%) and Indo Tech (+69%).
- Order backlog growth was lower at 22% YoY to Rs3348.7 bn – on the back of mere 3% growth in order inflows to Rs346 bn. However, order book cover remains healthy at 2.6X (ex-BHEL).

We shall review (1) confidence on order execution and project ramp-up, (2) specific direction on resumption of order inflows in 'Cyclical' capex – key for upcoming upgrades in earnings after initiating upgrade in rating in 'Changing Gears'.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
BHEL	26.3	16.1	19.5	10,748	25.3	22.0	2,603	3,030	BUY	Expect BHEL to report healthy revenue growth at 26% YoY to Rs83.7 bn on back of strong order book. However, expect EBITDA margins to drop by 90 bps YoY to 16.1% due to exhaustion of low cost raw material inventory. Expect EBITDA growth to be lower at 20% YoY to R13.5 bn. But, APAT growth to be healthy at 25% YoY to Rs10.7 bn – attributed to high other income (+41% YoY).
Larsen & Toubro	15.4	12.3	33.8	6,249	13.0	10.3	2,038	2,129	ACCUM	Post a subdued Q1FY11, we expect revenue growth to pick-up at 15% YoY to Rs90.8 bn – led by E&C (+12% YoY). Both M&IP and E&E to witness healthy growth of 8.0% YoY each. Expect strong EBITDA growth at 34% YoY to Rs11.2 bn on back of 170 bps YoY expansion in EBITDA margins to 12.3%. But, APAT growth to be lower at 13% YoY to Rs6.2 bn due to 77% YoY decline in other income. Order traction likely to continue in the current quarter.
Cummins India	35.3	17.0	36.5	1,264	43.7	6.4	733	784	HOLD	Expect revenue growth of 35% YoY to Rs8.2bn driven by sharp spurt in exports and strong growth in Industrial divisions. EBITDA growth at 37% YoY to Rs1.4bn with 20 bps expansion in margins at 17.0%. Led by strong operational performance and high other income, APAT is likely to grow by 43.7% YoY to Rs1.3bn.
Thermax	35.9	12.0	40.5	739	36.6	6.2	819	943	BUY	Expect 2 nd consecutive quarter of strong performance on the back of robust order backlog and pick up in industrial capex - (1) Revenue growth at 36% YoY to Rs9.2 bn led by Energy (+40% YoY) and Environment (+28% YoY). (2) EBITDA growth at 40% YoY to Rs1.1 bn with 40 bps YoY improvement in EBITDA margins to 12.0% (3) Expect APAT growth at 37% YoY to Rs739 mn. Ability to sustain order inflows momentum and progress in boilers venture will be watched keenly.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Voltas (Consolidated)	9.1	9.5	-9.5	810	-10.3	2.4	241	275	BUY	After a strong Q1FY11, expect a subdued quarter – attributed to low order inflow in 9MFY10. Expect 9% YoY revenue growth to Rs12 bn – due to mere 7% YoY growth in EMP division. EPS and UCP division growth to be healthy at 17% and 20% YoY resp. Expect EBITDA to decline by 10% YoY to Rs1.1 bn due to 200 bps YoY drop in EBITDA margins to 9.5%. APAT growth to be muted at 6% YoY – primarily due to lower tax incidence. Management outlook on international order inflows will be tracked closely.
Blue Star	17.2	11.3	14.8	490	10.8	5.4	489	543	ACCUM	Expect BLSR to report healthy performance in Q2FY11E – (1) Revenue growth at 17% YoY to Rs6.6bn led by EMP&PAC (+17%). Cooling products & PEIS to witness growth at 19% and 18% YoY resp. (2) EBITDA growth at 15% YoY to Rs746 mn with 20 bps YoY drop in EBITDA margins to 11.3% (3) APAT growth at 11% YoY to Rs490 mn. Key things to watch (1) ability to secure MEP orders (2) revival in commercial real estate.
Punj Lloyd (Consolidated)	-27.9	7.9	-23.2	39	-92.5	0.1	136	132	HOLD	Do not expect negative surprise in Q2FY11E. Performance to improve on QoQ basis (But, YoY performance to be impacted due to low revenue booking on Libya orders – Rs95 bn) (1) Revenue growth at 19% QoQ (-28% YoY) to Rs20.7 bn (2) EBITDA margins at 7.9% and EBITDA at Rs1.6 bn (+21% QoQ & -23% YoY) (3) APAT of 40 mn vs loss of Rs306 mn in Q1FY11. Management comment on profitable execution of order book (incl. Libya orders) is paramount to rating and earnings upgrade.
LMW	40.0	17.0	18.2	351	8.9	28.4	2,482	2,170	HOLD	Expect LMW to continue to witness healthy revenue growth at 40% YoY to Rs3.9 bn – on back of healthy order book and uptick by customers. However APAT growth to be muted at 9% YoY to Rs351 mn. This is due to (1) 310 bps YoY decline in EBITDA margins to 17.0% – due to higher raw material costs. Consequently EBITDA growth to be lower at 18% YoY to Rs662 mn (2) Decline in other income and (3) High depreciation charges.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Greaves Cotton	23.4	14.7	22.3	309	29.5	6.3	454	505	BUY	Expect GCL to report 23% YoY growth in revenue to Rs3.7 bn – led by Engines segment (+20% YoY) and Infrastructure segment (+40% YoY). Expect EBITDA growth at 22.3% YoY to Rs543 mn, with stable EBITDA margins at 14.7%. APAT growth at 30% YoY to Rs309 mn, led by strong operational performance. Progress in automotive engines business will be watched closely along with the Infrastructure business.
ABG Shipyard	37.8	20.4	59.0	455	-0.7	8.9	279	228	SELL	Expect strong operational performance – (1) Robust revenue growth at 38% YoY to Rs4.9 bn. (2) EBITDA margins to improve by 270 bps YoY due to lower input costs (3) Strong EBITDA growth at 59% YoY to Rs1.0 bn. But, expect APAT to decline marginally by 1% YoY to Rs456 mn due to decline in subsidy income and high depreciation charges. Key things to watch (1) revival in order inflows (2) receipt of payment on execution of rig order and (3) outlook on Western India Shipyard.
Voltamp Transformers	23.7	15.3	6.0	175	2.0	17.3	908	955	HOLD	Results to show improvement QoQ after reporting 10.9% EBITDA margins in Q1FY11E. Expect volume growth of 14% and realization improvement of 8.4% to result in revenue growth of 24% YoY. Expect decline of 260bps YoY in EBITDA margins (up 440bps QoQ). Consequently EBITDA to grow by 6% YoY. Higher dep. to lead to muted PAT growth of 2% YoY. Key things to watch - (1) order inflow from industrial segment, (2) migration to utilities and (3) realizations/margins in order inflow.
TRF	22.6	11.8	19.7	108	22.1	9.8	897	1,079	BUY	Expect TRF (Standalone) revenues to grow by 23% YoY to Rs1.6 bn – led by Products (+20%) and Projects (12%). Expect EBITDA growth at 20% YoY to Rs193 mn with 30 bps YoY drop in margins to 11.8%. APAT growth at 22% YoY to Rs108 mn. On consolidated basis, expect revenues of Rs2.6 bn (+39% YoY), EBITDA at Rs214 mn (+45% YoY) and APAT at Rs97 mn (-3% YoY). We will keenly await Management guidance & outlook on automotive business.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
McNally Bharat	39.4	7.0	39.1	107	21.7	3.4	277	418	BUY	Post a subdued Q1FY11, expect MBE to deliver healthy operational performance in Q2FY11 – (1) Revenue growth at 39% YoY to Rs4.3 bn (2) Stable EBITDA margins at 7.0% (3) EBITDA growth at 39% YoY to Rs296 mn. However, APAT growth to be lower at 22% YoY to Rs107 mn due to sharp jump in depreciation charges and high tax incidence. Management outlook on BOP orders inflows and guidance for FY11E will be watched keenly.
Elecon Engineering	6.0	14.1	3.2	123	14.2	1.3	93	121	BUY	Expect EEL to report 14% YoY growth in APAT to Rs123 mn despite muted operational performance – (1) Revenue growth at 6% YoY to Rs2703 mn led by 18% YoY growth in TE division. MHE division to decline by 4% YoY on back of low order book cover (2) EBITDA margins to decline by 40 bps YoY to 14.1% (3) Consequently, lower EBITDA growth at 3% YoY to Rs381 mn. Key thing to watch out will be management outlook for FY11E and developments on Bramhani Steel order.
Bharati Shipyard	16.4	21.5	32.6	461	41.2	15.9	242	196	REDUCE	We expect BSL to report healthy performance in Q2FY11E (1) Revenues growth at 16% YoY to Rs3682 mn (2) EBITDA margins to improve by 260 bps YoY to 21.5% due to lower input costs (3) Led by strong margin expansion, expect robust EBITDA growth at 33% YoY to Rs790 mn. (4) Subsidy income to rise sharply by 46% YoY to Rs246 mn (5) APAT growth at 41% YoY to Rs462 mn. Outlook on core ship building, resumption of order inflows and growth strategy for Great Offshore would be watched keenly.
Bharat Bijlee	13.2	12.2	11.6	129	4.4	22.9	1,169	1350	ACCUM	Healthy volume growth across segments - transformers, projects and motors to drive revenue growth of 13% YoY. The EBITDA margins are expected to remain flat YoY at 12.2% (20bps decline). PAT is expected to grow 4% YoY to Rs129mn (up 121% QoQ). Key things to watch - (1) performance of motors business, (2) order inflows and realizations trend in transformers, (3) pick up in projects business and (4) overall margins.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
TRIL	24.0	14.6	9.2	95	-0.3	7.4	391	448	ACCUM	Results to be muted YoY. Expect volume growth of 18% and realization increase of 5% to result in revenue growth of 24% YoY. Expect EBITDA margins to decline by 190 bps YoY to 14.6% (higher base) to result in lower EBITDA growth of 9% YoY to 157mn. PAT is expected to be flat YoY due to higher depreciation and interest. Key things to watch - (1) order inflows especially export orders and (2) realizations/margins in order inflow.
EMCO	32.1	8.0	-18.0	61	-34.9	0.9	69	60	REDUCE	Expect numbers in green assuming positive margins in projects business. Revenue growth of 38%, 31% & 23% in transformers, meters & projects - resulting in overall revenue growth of 32% YoY. Expect 490bps YoY decline in the overall EBITDA margins led by (1) lower margins in transformers and (2) cost overruns in few projects. Consequently expect PAT to decline by 35% YoY to Rs61mn. Key things to watch - (1) realizations & margins in transformers, (2) working capital situation and (3) execution and profitability in projects business.
Indo Tech	100.0	8.2	60.5	21	69.0	2.0	248	245	HOLD	Expect improvement QoQ after 5 qtrs of disastrous performance. Expect volume growth of 100% led by pick up in order inflow and flat realizations to result in revenue growth of 100% YoY. Expect positive EBITDA margins of 8.2% and PAT of Rs21mn. Key things to watch - (1) commentary on GE PROLEC's plans for ITL, (2) order inflows & realizations and (3) margins outlook.

- **Emkay universe is expected to maintain growth momentum - record 15.2% YoY growth in revenues to Rs83.6 bn. However, excluding Godrej Consumer, revenue growth for Emkay universe would be lower at 10.0% YoY. This can be attributed to lower volume growth (assumption of downtick versus strong volume growth in Q2FY10) and lack of price-led growth in absence of price increases. In Emkay universe, GCPL would record highest revenue growth at 74.8% YoY followed by Asian Paints, Marico and Hindustan Unilever at 12.9%, 16.3% and 7.8% YoY respectively.**
- **EBIDTA growth would remain lower (just like Q1FY11) – owing to (1) absence of price-led growth (2) continued rise in advertising spends and (3) inflation in material costs. EBIDTA growth expected at 8.6% YoY and EBIDTA margins would contract 90 bps YoY. In Emkay universe, Asian Paints is expected to report highest decline in EBIDTA margins at 140 bps followed by HUL 90 bps and Marico 40 bps.**
- **Expect near-flattish growth in APAT at 0.3% YoY to Rs9.2 bn for our Emkay universe. Wherein, APAT growth of Godrej Consumer (factoring acquisitions), Marico and Asian Paints is forecasted at 24.5%, 14.2% and 4.9% respectively.**
- **Though, selective price actions have taken limelight in near term, consumer sector continues to face risks (1) higher material costs (2) selective pricing power (3) intensified competition and (4) impact from base effects. There is temporary disconnect in the valuations of consumer companies and strength of near-term earnings growth. We remain selective in playing the sector and prefer valuations over profile or growth in earnings.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Hindustan Unilever	7.8	14.4	1.4	5,157	-7.0	2.4	297	271	HOLD	Forecast HUL to post revenue growth of 7.8% YoY to Rs46.0 bn. Expect strong volume growth at 8.3% YoY, on back of favorable base effect and contribution from all business segments. Expect EBITDA margins to decline by 90 bps YoY to 14.4% due to high input prices and A&P spends. Consequently, EBITDA growth to be muted at 1.4% YoY to Rs6.6 bn. Led by sharp drop in EBITDA margins, expect APAT to decline by 7.0% YoY to Rs5.2 bn.
Asian Paints	12.9	17.3	4.3	2,159	4.9	22.5	2,698	2,510	HOLD	Forecast APL to report muted performance in Q2FY11 (1) APL expected to report 12.9% YoY growth in revenues to Rs19.5 bn – expect volume-led growth at 10.7% YoY and price-led growth at 4.6% YoY. (2) Expect EBITDA margins to decline by 140 bps YoY to 17.3% due to higher A&P spends. (3) EBITDA growth to be muted at 4.3% YoY to Rs3.4 bn (4) APAT is expected to grow 4.9% YoY to Rs2.2 bn.
Godrej Consumer	74.8	17.8	58.7	1,158	24.5	3.8	405	371	ACCUM	With consolidation of Godrej Sara Lee, Megasari, Tura and Issue Group – GCPL is expected to report (1) 74.8% YoY growth in revenues to Rs10.1 bn (2) 58.7% YoY growth in EBITDA to Rs1.8 bn (3) 180 bps YoY decline in EBITDA margins to 17.8% and (4) But, APAT growth to be lower at 24.5% YoY to Rs1.2bn due to higher depreciation and interest charges. The domestic business would continue to report lower revenue growth.
Marico	16.3	13.3	13.1	712	14.2	1.2	297	128	HOLD	Marico expected to report strong revenue growth at 16.3% YoY growth to Rs8.0 bn – primarily due to price-led growth of 3.8% YoY (expect price increase after 4 quarters of decline). Expect lower volume growth at 12.0% YoY. Key brands - 'Parachute' and 'Saffola', expected to grow lower than Q1FY11. Expect to grow at 13.1% YoY to Rs1.1 bn with marginal decline in EBITDA margins to 13.3% (down 40 bps YoY). The APAT is expected to grow 14.2% YoY to Rs712 mn.

IT Services

- **US\$ revenue growth for Tier I universe is expected to be impressive at 6.3%-7.9% QoQ with ~70-110 bps cross currency gains Infosys is expected to lead on the sequential growth metric amongst the Top 4 while Wipro is expected to clock the lowest growth at 6.3%QoQ. We expect continued out performance by Tier 1's over Tier II's both on revenue and EBITDA growth**
- **EBITDA margins performance to vary across Tier I's on account of impact of promotions (for TCS, Wipro), wage increments(for HCL Tech, Tech M) and one off provisions/reversals. We expect ~190 bps QoQ increase in margins for Infy and near flat margins sequentially for TCS and Wipro.**
- **We expect Tech M also to see uplift in revenue growth with US\$ revenues growing by ~4.7%QoQ(~230 bps benefit from cross currency gains) with margins expected to be flat QoQ on account of wage impact spread across quarters**
- **We expect Infosys to raise it's full year revenue guidance to 22.5%-24.5% (V/s 19%-21% earlier) and EPS growth guidance by ~7-10% to Rs 117-120 driven by Q2 beat.**
- **Key things to focus on (1) continuation of strong demand for Indian techs (as they gain from increased offshore adoption in newer service lines, verticals), (2) comments on CY11 budgets (given the weak macro points in the recent past) and metrics like attrition, utilization and employee addition numbers.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Infosys Tech	9.2	33.5	15.7	17,365	16.7	30.3	3,055	3,200	ACCUM	We expect Infy to report a 7.9% QoQ growth to US\$ 1,466 mn (~70 bps QoQ cross currency gains). OPM's expected to be up by ~190 bps QoQ to 33.5% helped by favorable currency and strong revenue growth. Profits est at Rs 17.4 bn (+17% QoQ) helped by strong revenue and margin performance. Key things to watch out for (1) increase in FY11 revenue and earnings guidance, (2) outlook on discretionary spending, CY11 IT budgets and (2) attrition and hiring trends
TCS	6.8	29.4	7.2	19,594	6.2	10.0	949	890	ACCUM	TCS est to report a 6.8% QoQ revenue growth to US\$ 1,916 mn (~90 bps QoQ cross currency gains). EBITDA margins are expected to increase by ~10 bps QoQ to 29.4% driven by strong revenue show. Profits est. at Rs 19.6 bn (+6.2% QoQ). Key things to watch out for (1) spending trends at fin svcs clients, (2) outlook on discretionary spending, CY11 IT budgets and (3) vol growth during the quarter and (4) hiring, attrition trends
Wipro	12.3	18.7	7.7	13,046	-1.1	5.3	458	420	REDUCE	IT Svcs Revenues est at US\$ 1,280 mn (+6.3% QoQ, ~80 bps cross currency gains). IT Svcs EBIT margins expected to decline by ~50 bps QoQ to 24% driven by impact from promotions and RSU charges. Profits est flat QoQ at Rs 13 bn. Key things to watch out for (1) guidance for Dec'10 qtr (expect ~4-5% QoQ growth), (2) outlook for key verticals and (3) hiring, attrition trends
HCL Tech	2.5	16.0	-8.6	3,111	-2.3	4.6	430	430	ACCUM	HCLT estimated to report strong revenue growth at US\$ 789 mn (+7% QoQ, ~110 bps cross currency gains). EBITDA margins expected to decline by ~190 bps QoQ to 16% on a/c of wage increments and transition costs wrt large deals. Key things to watch out for (1) large deal wins, (2) hiring and attrition trends, (2) stability in the BPO business

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Tech M	6.1	19.1	8.3	1,566	8.4	12.0	766	720	HOLD	Tech M expected to report a 4.7% Qoq growth to US\$ 263 mn (~230 bps cross currency gains). EBITDA margins expected to increase sequentially to 19.1% driven by spread of wage increments over two quarters and currency benefits. Key things to watch out for (1) outlook on business at the top client, (2) revival in spending in the telecom space and (3) hiring, attrition trends
Patni	2.9	19.4	-1.1	1,143	-22.4	8.6	447	NA	NA	We expect a 6.3% QoQ growth in revenues to US\$ 178.6 mn driven by full impact of acquisitions. EBITDA margins expected to decline by ~80 bps QoQ driven by lower utilization and full consolidation of US acquisition. Key things to watch out for (1) stake sale plans, (2) spending trends at existing top clients and (3) new deal wins
eClerx	7.8	37.1	9.0	275	-6.1	9.3	605	465	ACCUM	We estimate eClerx to report revenues of US\$ 18 mn (+7.1% QoQ, ~70 bps cross currency gains). EBITDA margins expected to improve sequentially by ~40 bps driven by strong revenue show. Profits expected to decline by ~6.1% QoQ on a/c of lower forex losses. Key things to watch out for (1) large deal ramp ups, (2) traction within top 5-20 client lists and (3) hiring during the quarter
Hexaware	7.7	8.4	33.5	129	-10.5	0.9	78	NA	NA	Hexaware is expected to report a 9.5% sequential growth in revenues to US\$ 60.1 mn. EBITDA mgns estimated to improve by ~160 bps QoQ to 8.4% driven by strong revenue performance. Profits est at Rs 129 mn (-10.5% QoQ) driven by lower other income. Key things to watch out for (1) demand trends within top 10 clients, (2) outlook on margins and (3) hiring, attrition trends

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Persistent	6.0	20.5	14.3	351	1.8	8.8	436	NA	NA	We expect a 5.7% QoQ growth in revenues to US\$ 41.7 mn. EBITDA margins expected to improve by ~150 bps sequentially to 20.5% driven by strong revenue leverage. Profits expected at Rs 351 mn (+1.8% QoQ) driven by higher taxes and lower other income. Key things to watch out for (1) increase in FY11 revenue, earnings outlook, (2) hiring and attrition trends and (3) spending in the Hi Tech and top clients
NIIT	-6.5	16.4	11.7	269	3.2	1.6	68	80	ACCUM	We expect NIIT to report a 6.5% YoY decline in co wide revenues due to one off revenues in Q2FY10. EBITDA margins expected to improve by ~260 bps YoY to 16.4% on a/c of absence of one off H/W sales in Q2FY10. Key things to watch out for (1) improvement in prospects for ILS and New businesses, (3) new deal wins and margin outlook for Corporate training business

Growth numbers are QoQ basis except for NIIT, including forex gain / loss

Offshore Oil Field Services

- Companies in our offshore oilfield services space are expected to post an aggregate revenue growth of 8% yoy. We expect Aban to report a revenue growth of 13.5% yoy. However on a qoq basis its revenues are estimated to decline by 5.3% on account of idle status of drillship Aban Abraham. Garware offshore is expected to post 14.4% yoy decline in revenues for the quarter on account of sale of its vessel PSV Everest. Great offshore is expected to report decline of 3.5% yoy on account of dry docking of its rig Kedarnath.
- Aggregate EBIDTA is expected to grow at 4% yoy with EBIDTA margins contracting 225 bps yoy to 56.2%. We expect Aban offshore to post yoy EBIDTA growth of 5% and Great Offshore to post 4% growth in EBITDA yoy, while Garware Offshore is expected to register decline of 21.2% yoy in EBITDA.
- Depreciation charges for the quarter are expected to increase 29% yoy whereas interest charges are expected to post a 12% decline. Consequently aggregate net profit for the quarter is expected to grow by 30% driven by a 51% yoy earnings growth for Aban offshore.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Aban Offshore	13.5	59.6	5.0	1,079	51.0	24.8	876	875	HOLD	We expect Aban Offshore's Q2FY2011 consolidated revenue to grow by 13.5% yoy to Rs7.98 bn. However on a qoq basis revenues are estimated to decline by 5.3% on account of idle status of drillship Aban Abraham. EBITDA for the quarter at Rs4.76 bn, though up by 5% yoy is expected to decline by 8.5% qoq. EBITDA margins for the quarter are expected to shrink 482bps yoy to 59.6%. Pre-exceptional net profit at Rs1.08 bn for the quarter is expected to register growth of 51% yoy, while sequentially the same will take a sharp decline of 47.5%.
Great Offshore	-3.5	47.6	3.9	292	-7.1	7.9	387	506	ACCUM	GOL Q2FY11 standalone net revenues for the quarter is expected to decline 3.5% yoy to Rs 2.3bn. EBITDA for the quarter is expected to grow by 0.7% yoy as EBITDA margins are expected to grow by 114bps to 47.6%. GOL's net profit for the quarter at Rs291.6 mn is expected to decline 7.1%yoy.
Garware Offshore	-14.4	38.6	-21.2	43.0	-31.7	1.78	138	147	HOLD	Garware Offshore Services Ltd (GOSL) Q2FY11 revenues are expected to decline by 14.4% to Rs463.4 mn. EBITDA for the quarter at Rs 178.9mn is expected to decline by 21.2% yoy with EBITDA margins shrinking by 331 bps to 38.6% Adjusted PAT at Rs 42.5 mn is expected to decline by 32% yoy.

Oil & Gas

- Crude Oil prices during the Q2FY11 averaged ~\$74 per bbl as compared to ~\$78 per bbl in Q1FY11.
- However, spreads in light distillate remained weak during the quarter, implying lower demand for petro products. We expect OMC's GRM in the range of US\$3.5-4 per bbl similar to Q1FY11.
- The de-regulation of the oil & gas industry, which has been in effect on paper since 2002, is finally showing some signs of actually being put to practice. While complete de-regulation is still some time away, the recent announcements and actions by the government conclusively point in that direction.
- During the quarter, we estimate under recovery of Rs.1.6 per ltr in Diesel. For SKO and LPG, we estimate under recovery of Rs.18.3 per ltr and Rs.206 Per cylinder respectively. However, we have not considered the under recovery on petrol, due to deregulation of the petrol prices. We haven't factored any Oil bond/Cash receivables from the government in our estimates.
- We expect OMC's to report revenue growth of 18% in Q2FY11E compared to Q2FY10. We expect OMC's to report net loss during the quarter due to non-issuance of oil bond/cash receivables from the government.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
IOCL	20.0	-0.5	NA	-11,385	NA	-4.69	423	392	Buy	We expect revenue to increase by 20% to Rs. 729bn. We expect under recoveries to reduce on q-o-q basis due to partial deregulation in major products and lower crude prices at US\$74 per bbl in Q2 FY11 as compared to US\$68 per bbl in Q2FY10. We expect IOC's GRM to be in the range of US\$3-3.5 per bbl during the quarter.
BPCL	17.7	-1.3	NA	-6,777	NA	-18.7	753	675	Buy	We expect revenue to increase by 17.7% to Rs.318bn. We expect under recoveries to reduce on q-o-q basis due to partial deregulation in major products and lower crude prices at US\$74 per bbl in Q2 FY11 as compared to US\$68 per bbl in Q2 FY10. We expect BPCL's GRM to be in the range of US\$3.5-3.7 per bbl during the quarter.
HPCL	14.2	-1.4	NA	-7,639	NA	-22.4	515	515	Buy	We expect revenue to increase by 14.2% to Rs.281.1bn. We expect under recoveries to reduce on q-o-q basis due to partial deregulation in major products and lower crude prices at US\$74 per bbl in Q2 FY11 as compared to US\$68 per bbl in Q2 FY10. We expect HPCL's GRM to be in the range of US\$3.7-4 per bbl during the quarter.

Paper

- We expect aggregate revenues to increase by 31% yoy on the back of volume growth of 13% and increase in realisations of ~16%. BILT is expected to report volume growth of 22% due to capacity expansion. We expect aggregate capacity utilization for our universe at 95%
- We expect aggregate EBITDA margins to decline by 160bps to 23.4% owing to drop in BILT's EBITDA margins. Driven by strong topline growth, aggregate PAT is expected to increase by 42%
- Paper prices for the quarter remained stable and were up by 16% yoy / 4% qoq. Pulp prices have started softening which is likely to drive profitability of the companies dependent on imported pulp like BILT and JK Paper in near future
- Rayon Grade Pulp (RGP) segment is expected to turn profitable due to increase in RGP prices (up by ~34%). We expect BILT to benefit since the company's RGP segment reported losses in the previous year
- Domestic demand for paper has increased significantly and the recent increase in paper prices has been absorbed by the market.
- We remain positive on BILT and TNPL and recommend BUY

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
BILT (Conso)	52.7	21.8	38.8	782	86.5	1.2	36	42	BUY	We estimate YoY increase of 22% and 12% in paper and pulp sale volumes respectively. Clubbed with 14% increase in paper realisations and 34% increase in pulp realisations, net revenues are likely to go up by 53% YoY to Rs 12.4 bn. With overall margins of 21.8% we expect aggregate EBITDA to rise by 39% over Q1FY10. BILT is likely to see a sharp jump of 35% in interest and 9% in depreciation. Strong topline is likely to lead to 87% YoY growth in APAT to Rs 782 mn with AEPS of Rs 1.2
JK Paper	-2.1	22.7	0.2	246	5.1	3.2	68	84	BUY	We estimate muted Q2FY11 results for JK Paper as we expect net revenues to decline by 2% YoY to Rs 2.8 bn. Paper sale volumes are expected to decline by 6% to 63,500 MT while we estimate a 4% uptick in realisations to Rs 44,000 / MT. EBITDA and EBITDA margins are likely to remain flat at Rs 635 mn and 22.7% respectively despite falling pulp prices, benefit of which is likely to impact positively in H2FY11 only.
TNPL	2.6	31.1	3.4	301	6.6	4.3	141	143	BUY	We estimate a 5% growth in sale volumes to 65,000 MT and a muted 2.3% growth in realisations at Rs 42,000 / MT leading to a marginal 3% increase in net sales to Rs 2.8. Benefits of commissioning its pulp plant are likely to reflect by way of high margin levels of 31.1% resulting in overall EBITDA of Rs 866 mn, +3.4% YoY. We estimate 32% decline in interest to Rs 100 mn but a 12% YoY increase in depreciation. Consequently, APAT is likely to grow at 7% YoY to Rs 301 mn resulting in AEPS of Rs 4.3

Pharmaceutical

- We expect our Pharma universe to report a growth of 9% YoY (flat QoQ) in revenues, driven by 47%, 28% and 18% YoY growth in companies such as Panacea, Divi's and Lupin. YoY performance will be impacted because of 1.7% and 1.5% decline in Dishman and Sun Pharma. QoQ performance is mainly impacted because of 23% and 13% decline in Sun Pharma (Eloxatin; US\$90mn) and Ranbaxy (Valtrex; US\$60mn) due to one-off contribution in Q1FY11.
- EBIDTA margin are likely to contract by 80 bps to 21.5% because of 650bps/ 340bps and 300 bps reduction in Divi's, Sun Pharma and Glenmark. We expect Panacea Biotec's and Lupin's operating margins to expand by 607bps and 205bps in Q2FY11E.
- We expect APAT of Pharma universe to grow by 3% driven by 27% growth in Glenmark, 26% growth in Cadila and 24% growth in Lupin. The lower YoY growth is attributable to one-offs in Q2FY10 and Q1FY11 (Eloxatin in case of Sun Pharma).
- Cadila, Torrent, Ipca and Aurobindo are our top picks in the pharma space.
- In CRAMS space, we prefer Jubilant.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Cadila Healthcare	18.5	22.7	23.8	1,715	25.7	8.4	685	720	BUY	We expect Cadila to report a revenue growth of 18.5% YoY driven by 26% growth in export formulation, good ramp-up in Hospira and 15% growth in domestic formulation business. Growth in export will largely be driven by regulated markets like US (30%), France (15%) and Brazil (10%). We expect operating margins to expand by 96bps to 22.7%. APAT is likely to grow by 26% to Rs1715mn.
Cipla	11.2	24.3	4.5	2,850	5.7	3.5	331	313	REDUCE	Cipla is expected to report a revenue growth of 11% driven by 12% growth in export formulation and 11% growth in domestic formulation business. We expect technology fees of Rs400mn in Q2FY11E. We expect operating margins to remain suppressed at 24% due to higher operating expenses and rupee appreciation against the US dollar. APAT is expected to increase by 6% to Rs.2850mn.
Dishman	-1.7	23.0	-1.2	205	7.4	2.5	184	224	HOLD	Dishman is expected to report marginal de-growth of 2% in revenues on account of flat growth in MM & the Vitamin business and 3% de-growth in the CRAMS business. EBIDTA margins are expected to remain flat at 23% on account of lower revenues from high margin contract research business at Carbogen. PAT is expected to grow by 7% YoY to Rs 205mn.
Divi's Lab	28.1	40.8	10.6	976	14.1	7.4	717	852	BUY	We expect Divi's Labs to report a revenue growth of 28% driven by recovery in CCS business and improved take-of of generic drugs. We expect operating margins to contract by 648bps to 41% due to higher operating expenses. APAT is likely to grow by 14% to Rs976mn.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Dr Reddy Lab	-0.7	17.9	4.8	2,553	6.6	15.1	1,555	1,543	ACCUM	DRL is expected to report flat revenue for the quarter on account of lower contribution from Betapharm and absence of one-off imitrex. Rupee appreciation against US dollar and Euro, would also impact revenue and EBITDA. Betapharm is expected to report 20% YoY decline in revenues which will continue to drag down margins. EBITDA margin is expected to increase by 95bps to 17.9% (on account of contribution from Tacrolimus and Lotrel) in Q2FY11. APAT is expected to increase by 7% to Rs2.5bn.
Glenmark Pharma	16.0	25.2	3.7	1,005	27.4	3.7	313	308	HOLD	Glenmark Pharma is expected to report 16% growth in recurring revenue driven by 24% growth in GGL and 17% growth in GPL. The US business will be driven by US\$5-7mn of sales from Tarka (launched in Q1FY11) and Rs164mn from limited competition and new launches in the OC and the dermatology space Operating margins are likely to remain at healthy levels of 25%. Robust revenues and good margins will result into 27% growth in APAT to Rs1.0bn.
GlaxoSmithKline Kline	12.1	37.7	12.3	1,587	12.5	18.7	2,274	2,020	HOLD	GSK is expected to report a growth of 12% in the revenue driven by higher contribution from the vaccine business and increased contribution of key focus products. The EBITDA margin is expected to expand marginally by 6bps to 38%. We expect interest income to increase by 21% to Rs204mn. We expect APAT to grow at 12.5% to Rs1.59bn.
IPCA Lab	19.5	22.4	12.7	762	18.5	6.1	309	336	BUY	IPCA is expected to report a growth of 20% in the revenue driven by 22% growth in domestic formulation business and 20% growth in export formulations. EBITDA margins are likely to decline by 133bps to 22% on the back of cost associated with recent addition to the field force. We expect PAT to grow by 18.5% to Rs762mn.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Jubilant Org	11.0	18.6	4.3	1,089	8.2	6.9	329	455	BUY	Jubilant is expected to report a growth of 11% in the revenue driven by higher contribution from PLSPS business. We expect EBIDTA margins to contract by 120bps to 19% on the back of lower contribution of high margin CRAMS business. We expect APAT to grow 8% to Rs 1.1bn.
Lupin	17.5	20.5	30.6	1,983	23.6	4.5	407	422	ACCUM	We expect Lupin to report revenue growth of 18% driven by 24% growth in the US. Lotrel is expected to contribute ~Rs473mn revenue in Q2FY11E. We expect operating margins to expand by 205bps to 20.5%. Robust topline growth coupled with strong operating performance will lead to 24% growth in APAT to Rs1.98bn.
Panacea Biotec	46.8	23.2	98.6	258	1,110.3	3.8	199	209	HOLD	Panacea Biotec is expected to report revenue growth of 47% driven by higher sales from the Vaccine business. The EBIDTA margin is expected to increase by 607 bps to 23.2%. We expect the company to report a profit of Rs258mn.
Aurobindo Pharma	16.9	20.8	3.7	1,105	3.5	18.9	1,101	1,242	BUY	We expect Aurobindo Pharma to record 17% revenue growth driven by 22% growth in the US business and 25% growth in the ARV portfolio. The EBIDTA margin is expected to decline by 264 bps to 21% on account of increase in material cost and staff cost. We expect the APAT to grow at 3% to Rs 1.1bn. We expect the company's H2FY11 to be robust than H1FY11.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ranbaxy Labs	-0.8	10.7	-17.5	1,126	-3.7	2.7	578	520	HOLD	Ranbaxy is likely to report flat growth to Rs18.2bn on account of modest growth in India, Russia, CIS and African markets and presence of one-time licensing income from GSK in Q3CY09. EBITDA margin is likely to contract by 217bps to 11%. APAT likely to stand at Rs1.13bn.
Sun Pharma	-1.5	28.8	-11.8	3,081	-32.1	14.9	2,041	1,886	HOLD	Sun Pharma is likely to report flat revenue growth, however, 23% growth in domestic formulation business and 10% growth in semi-regulated markets will add to the base business momentum. Q2FY10 had US\$60mn from Pantaprazole and US\$20mn one time settlement income due to which Q2FY11 will appear subdued. Operating margins are likely to contract by 339 bps to 29%. This coupled with lower interest income (down by 31%) will lead PAT de-growth of 32% to Rs3.1bn.
Torrent Pharma	14.6	21.3	-1.0	817	10.4	9.7	573	650	BUY	Torrent Pharma is expected to report revenue growth of 15% driven by 30% growth in domestic formulation business. The EBIDTA margin is however expected to contract by 335bps to 21% on account of field force expansion in Brazil and Mexico. The company's PAT is expected to grow by 10% to Rs817mn YoY.

Power

- **4,193MW added during first 5 months of FY11. Expect about 9,900MW addition in remaining 7 months of FY11E. Expect quantum jump in capacity additions starting FY12E with an addition of 23,915MW (growth of 13%),**
- **Even after factoring in best case demand estimates (9.6% growth) including latent demand, supply is likely to outpace demand starting FY12E.**
- **Merchant prices (day ahead on exchange) have softened over past two- three months after remaining strong in March-May 10. In September 2010, average day-ahead prices stood at Rs2.5/unit versus Rs4.0/unit in September 2009. Though partly a function of good monsoons (reduced residential consumption, increased hydro generation, reduced agriculture pump consumption), but we expect the declining trend (yoy) to continue going forward driven by demand supply dynamics.**
- **News flow for private power producers (especially merchant) to remain negative in the short term due to (1) unsustainable SEB losses, (2) coal India IPO, (3) some banks hitting their sectoral exposure limits**
- **IPP valuations remain expensive (2.5-3.5x P/BV) - factoring in high merchant prices and inflation in merchant prices, perfect execution and fuel supplies, high capacity utilizations, huge latent demand....**
- **In Q2FY11E - from our coverage list we expect both NTPC (1480MW of commercial capacity addition since 30th September 2009) and GIPCL (low base) to report strong numbers.**
- **We advise investing in regulated utilities and our top picks remain NTPC (2.1x FY12E Book and core ROE of 28%) and GIPCL (1.2x FY12E Book and core ROE of 20%).**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
NTPC	18.2	29.7	29.1	21,539	14.8	2.6	215	220	ACCUM	Numbers to be strong yoy mainly due to 1480MW of projects becoming commercially operational since 30 th Sep 2009. Expect 3.4% YoY growth in gross generation to 52,110mn Units mainly driven by increase in generation from new plants. Revenue growth of 18% YoY and 250bps YoY improvement in EBITDA margins - to be driven by higher interest and depreciation recovery in revenues. However, the same would be off-set below EBITDA & therefore APAT (Rs21.5bn) to grow at 15% YoY. Key things to watch - (1) commentary on status & commissioning schedule of capacity addition, (2) progress in coal mining and coal mine acquisitions, (3) update on gas supplies, (4) update on NTPC-BHEL JV & (5) UI income.
GIPCL	7.0	24.6	27.2	249	99.6	1.6	115	135	BUY	Q2FY11E to be strong on the back of very low base in Q2FY10 due to plant maintenance in that quarter. Expect revenues to grow 7% yoy to Rs2.1bn. Expect 390bps YoY improvement low base) in EBITDA margins to lead to EBITDA growth of 27% yoy. APAT is expected to grow by 100% YoY to Rs249mn. Reported PAT to be higher due to Rs88mn income tax refund received last quarter. Key things to watch - (1) PLF of the plants, (2) update on new plant commercialization and (3) update on further expansion of 600MW.

- Strong economic growth continues to augur well for good ad-spends resulting in healthy advertisement revenue growth.
- Expect strong advertisement revenue growth of 18-20% for vernacular segment, led by reflection of full impact of ad-rate hikes affected in Q1FY11 and healthy volume growth.
- Although newsprint prices have increased slightly during the quarter, the outlook for the same appears bearish due to stable crude price and sharp fall in pulp prices from US\$920/MT to sub US\$800/MT.
- Our Print media universe is expected to report 16% YoY growth in revenue and 26% yoy growth in EBIDTA, with industry EBIDTA margin expansion of 270bps.
- Improved ad-spends and stable input costs would expand margins and provide strong earnings growth in the sector going forward.
- BUY - Deccan & Jagran, ACCUMULATE - DB Corp, HOLD - HT Media.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
DB Corp Ltd	19.0	36.9	38.5	774	70.0	4.3	275	284	ACCUM	<p>Expect benefit of ad-rate hike to result in 19% YoY revenue growth. Relatively stable newsprint prices should keep costs in control, leading to EBIDTA margin expansion of 520bps yoy to 36.9%. Net profit to grow by 70% yoy led by margin expansion and lower tax rate (25%).</p> <p>Key things to watch in results: (1) Impact of ad-rate hike on volume growth (2) Circulation revenues and rise in newsprint cost considering new launches</p>
Deccan Chronicle Holdings Ltd	4.7	55.7	5.6	1,050	5.1	4.3	136	180	BUY	<p>Deccan Chronicle is likely to report moderate growth of 5% due to very high base effect. Relatively stable newsprint cost to improve margins by 50bps. PAT expected to grow by 5% after assuming 20% tax rate, at par with Q2FY10. Ad-volume growth recovery remains key trigger for the re-rating of the stock.</p> <p>Key things to watch: (1) ad volumes (2) update on IPL</p>
HT Media Ltd	21.6	21.8	68.3	431	53.0	1.8	166	159	HOLD	<p>Expect healthy revenue growth of 21.6% due to lower base effect. Ad-revenues are expected to grow by 22% led by strong growth in Hindi and revival in English ads. EBIDTA margins to expand by 600bps yoy to 21.8% primarily on ad-revenue growth. Higher minority interest on Hindi business consolidation post IPO to result in PAT growth of 53% yoy v/s EBIDTA growth of 68.3%. Key things to watch – Hindi ad-revenue, newsprint prices, internet losses.</p>
Jagran Prakashan Ltd	16.0	34.2	17.7	599	19.1	2.0	139	155	BUY	<p>Jagran is expected to continue to report healthy revenue growth of 16% yoy led by 22% growth in ad-revenues. EBIDTA margins to expand by 50bps to 34.2% on operating leverage. PAT to grow by 19% yoy. Guidance of ad-revenue growth of 17-18% likely to be up-graded to 20%.</p> <p>Key things to watch: Volume v/s rate growth, Impact of cover price cut, newsprint price and outlook.</p>

- **Mobile subscriber net-adds have begun showing early signs of moderation, with incumbent operators' incremental net-additions slowing down.**
- **With stable pricing environment except for few teaser schemes, expect QoQ RPM fall to drop from 4-5% QoQ previously to 2-3% for Q2FY11.**
- **Expect continued flow-back of traffic to incumbents to limit ARPU drop (~2%) and result in revenue growth of 3-4% QoQ (excl African ops for Bharti).**
- **Expect EBIDTA margins to decline by 60bps for Bharti (due to Zain), stable for Idea and improvement of 160bps for RCOM. Expect PAT to grow by 14% for Bharti (incl. Zain), stable for Idea and an 11% decline in case of RCOM.**
- **We remain Neutral on the sector as the valuations have caught-up and few negatives like MNP and TRAI's final reco on spectrum charges, yet to pan out.**
- **We believe that upgrade post Q2 results is likely in Bharti subject to positive surprise in African performance (Q2 is 1st full quarter of African performance).**
- **We rate BUY on Tulip Telecom, HOLD on Bharti, HOLD on RCOM and SELL on Idea Cellular. Continue to prefer Bharti Airtel over others.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Bharti Airtel	27.7	35.3	25.5	19,176	14.0	5.1	354	345	HOLD	With no major tariff action during the quarter we expect moderate ARPU fall of 2.5% QoQ to help result in 3.4% revenue growth for India operations. All eyes remain on first full quarter of African operations with which we expect sequential revenue and PAT to grow 27.7% and 14.8% respectively. Despite lower net-adds over last 2 months, we expect India revenue growth at 3.4% and PAT growth at 9.4% QoQ. India revenue and Zain performance remain key focus.
Reliance Communication	2.7	33.6	7.9	2,240	-10.7	1.1	178	180	HOLD	We expect 2.5% drop in ARPU along with healthy 7% subscriber growth to result in 2.7% QoQ revenue growth. Significant cost controls implemented in Q1FY11 to help expand margins by 160bps QoQ to 33.6%. Factoring interest exp of Rs5.1bn, we expect QoQ PAT decline of 10.7% to Rs2.2bn. Watch out for debt and fund raising initiative along with KPI trend.
Idea Cellular	4.2	24.3	4.0	1,996	-0.9	0.6	72	60	SELL	Healthy subscriber growth of 8.3% to result in revenue growth of 4.2% QoQ. EBIDTA margins are expected to remain stable due to aggressive promotional spends resulting in 4% QoQ EBIDTA growth. Higher tax rate of 12% in Q2FY11E v/s <4% in 1QFY11 to result in 1% PAT decline to 2bn. Watch out for revenue growth, debt and new circle losses.
Tulip Telecom Ltd	14.4	28.9	27.8	826	58.7	5.7	183	240	BUY	Expect healthy growth in data connectivity led by fiber business growth to result in revenue growth of 14.4% yoy. EBIDTA margins to expand by 300bps yoy to 28.9% on increased mix of annuity revenues. Expect PAT growth at 58.7% to Rs826mn. Key things to watch are Margins, fiber business contribution capex during the quarter

Note: Growth numbers are on YoY basis except for Tulip Telecom

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Arshiya International	59.3	15.9	51.9	163	24.3	2.8	274	UR	UR	Expect revenue growth of 59.3% YoY at Rs1.9bn led by its Logistics and Rail Haulage segments. EBITDA likely to grow 51.9% YoY to Rs299mn with contraction in margins by 100bps YoY to 15.9%. APAT expected to increase to 24.3% YoY to Rs163mn, factoring in high interest cost towards debt raised for Railway capex.
Sintex Industries	18.5	17.6	20.2	783	36.7	5.8	431	325	Hold	Expect strong yoy growth in quarter mainly led by lower base in Q2FY10 (PAT decline of 18%). Expect revenue growth of 27% in standalone operations and 6% in subsidiaries to result in consolidated revenue growth of 19% YoY. In the standalone business monolithic construction (+50% yoy) and prefabs (+33% yoy) will lead the charge. Expect consolidated EBITDA margins to improve marginally by 30bps yoy and consolidated EBITDA growth of 20% YoY. Expect 37% YoY growth in consolidated APAT (Q2FY10 other income very low at Rs48mn due to Forex loss). Key things to watch - (1) orders and execution in monolithic, (2) performance of subsidiaries especially European, (3) ordering in prefabs ex-BT shelters, 4) update on further acquisition plans & 5) working capital and net debt situation.
HBL Power Systems	-8.8	15.0	-39.8	180	-44.5	0.7	27	43	BUY	Performance expected to improve significantly qoq driven by higher volumes (revenue growth of 14% qoq) and operating leverage (EBITDA margins +390bps qoq). However, it would still be muted yoy due to very high base in Q2FY10. Expect revenue decline of 9% YoY. Expect decline (770bps yoy) in EBITDA margins (very high base) to lead to EBITDA decline of 40% yoy. Consequently, PAT is expected to decline by 45% to Rs180mn. Key things to watch - (1) revenues traction in various segments esp. telecom segment, (2) impact of operating leverage, (3) overall margins and (4) status of defense order.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Essel Propack	-5.8	17.4	-9.1	136	20.7	0.9	49	76	BUY	EPL would report 5.8% YoY decline in revenues to Rs3.3 bn attributed to divestment of medical devices in Q4FY10. Led by sharp rise in raw material costs and divestment of non-core business, expect EBITDA margins to decline by 60 bps YoY to 17.4%. The EBITDA is expected to decline by 9.1% YoY to 577 mn. Despite subdued operational performance, expect APAT to grow by 20.7% YoY to Rs136 mn – attributed to low interest costs and tax incidence.
Himadri Chemicals	25.6	29.6	-8.2	236	-14.9	6.1	482	NR	NR	We expect revenue growth of 25.6% YoY to Rs1.6 bn driven by improved utilization of Carbon Black plant and commercialization of coal tar capacity (in Q1FY11). However expect EBITDA margins to decline by 1090 bps YoY to 29.5% - due to unfavourable base effect. Hence expect EBITDA growth to be subdued at 8.2% YoY to Rs465 mn. Led by dismal operational performance, expect APAT to decline by 14.9% YoY to Rs236 mn.
Jubilant FoodWorks	40.9	18.5	202.2	156	NA	2.5	491	400	ACCUM	JFL will continue its growth momentum. We expect 40.9% YoY growth in revenues to Rs1.4 bn driven by (1) 16% same store sales growth and (2) addition of 65 new stores in FY10. The EBITDA would grow at 202.2% YoY to Rs255 mn and EBITDA margins would expand 990 bps to 18.5% - gaining from operating leverage. APAT expected to be at Rs156 mn versus a loss of Rs3mn in Q2FY10.
Piramal Glass	4.5	21.4	6.6	156	2628.5	1.9	134	142	BUY	We expect revenue growth of 4.5% YoY to Rs3.1 bn driven by (1) 11.1% YoY growth in C&P segment to Rs1.4 bn and (2) 12.2% YoY growth in SF&B segment to Rs856 mn, partially offset by 4.1% YoY decline in Pharmaceutical segment to Rs867 mn. The EBITDA is expected to increase 21.4% YoY to Rs669 mn with 40 bps YoY improvement in EBITDA margins to 21.4%. PGL would record APAT of Rs156mn in Q1FY11E compare to a profit of Rs6 mn in Q2FY10

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Titan Industries	26.6	8.9	19.3	964	24.2	21.7	3,363	3074	ACCUM	Growth momentum in Jewellery, Watches and Eyewear is expected to continue. Jewellery business would benefit from the favorable base effect of lower gold prices in Q2FY10. Expect Titan to record 26.6% YoY growth in revenues to Rs14.5 bn. EBITDA growth forecasted to be lower at 19.3% YoY to Rs1.3 bn due to 50 bps YoY decline in EBITDA margin. Expect APAT to increase by 24.2% YoY to Rs964 mn.
Kajaria Ceramics	15.0	16.0	12.3	131	49.6	1.8	76	91	BUY	Increased volumes due to commissioning of a vitrified tiles facility along with improved realisations are expected to result in 15% YoY growth in revenues to Rs 2.1 bn. Marginal decline of 40 bps is expected in EBITDA margins to 16% resulting in EBITDA of Rs 341 mn. Increased topline and lower interest cost is expected to result in 50% growth in PAT to Rs 131 mn resulting in AEPS of Rs 1.8.
Sterlite Tech	28.2	16.9	13.3	651	19.0	1.7	99	131	BUY	Expect benefit of capacity expansion in fiber business along with 17% conductor volume growth to result in 28% revenue growth. Lower margins in conductors segment to result in EBITDA margin contraction of 270bps to 16.9%. Expect PAT growth of 19% yoy as capacity benefit would occur from 2H11. Watch - status of new capacity, fiber realizations, order book, conductor order inflows and power EBITDA.
Century Plyboards	14.2	16.6	-12.6	277	-12.3	1.5	67	80	BUY	Revenues for the quarter are expected to grow by 14.2% to Rs 3.24 bn driven mainly by growth in revenues in the plywood & laminates and ferro alloys segment. Cement volumes are expected to decline by 8.36% yoy to 0.19 mnt. EBITDA for the quarter is expected to decline by 12.6%yoy to Rs 552mn with overall EBITDA margins shrinking 507bps to 16.6%. Consequently, net profit after minority interest for the quarter at Rs276.5mn is expected to decline by 12.3%.

Valuations



Your success is our success

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Agri Input & Chemicals																					
Advanta India	475	8	Hold	672	7,828	9,601	1,253	1,536	516	706	30.7	42.0	15.5	11.3	1.5	1.3	11.0	12.9	10.1	12.3	
Chambal Fertilisers	74	31	Accumulate	77	41,258	41,557	7,599	7,474	3,553	3,572	8.5	8.6	8.7	8.6	1.8	1.6	16.3	15.9	22.9	19.7	
Coromandel International	625	88	Buy	565	58,955	67,841	8,144	9,565	5,346	6,570	38.2	47.0	16.4	13.3	4.9	3.9	37.0	39.5	33.4	32.8	
Deepak Fertilisers	179	16	Buy	175	15,345	19,167	3,626	4,449	1,874	2,224	21.2	25.2	8.4	7.1	1.4	1.3	17.4	19.5	18.4	19.0	
GNFC	123	19	Buy	157	23,257	26,880	3,635	6,665	1,800	3,482	11.6	22.4	10.6	5.5	0.9	0.8	9.8	16.2	8.4	14.9	
GSFC	312	25	Accumulate	368	40,867	42,102	6,173	6,576	3,502	3,709	43.9	46.5	7.1	6.7	1.0	0.9	19.3	18.1	15.2	14.2	
Rallis India	1,469	29	Buy	1,440	10,872	12,745	2,192	2,745	1,504	1,870	77.3	96.2	19.0	15.3	5.3	4.2	42.4	39.9	31.3	30.8	
Tata Chemicals	412	105	Accumulate	393	103,772	109,690	20,297	21,297	8,384	8,704	34.4	35.7	12.0	11.5	1.9	1.7	17.0	16.8	16.9	15.6	
United Phosphorus	184	81	Buy	230	61,231	68,945	11,700	13,189	6,934	8,545	15.8	19.4	11.6	9.4	2.2	1.9	17.5	19.9	20.7	21.5	
Automobiles																					
Ashok Leyland	76	101	Hold	76	104,479	117,582	11,248	13,337	6,597	8,520	5.0	6.4	15.3	11.9	3.8	3.2	18.2	22.1	26.5	29.4	
Bajaj Auto	1,568	454	Accumulate	1,630	158,401	191,076	32,739	39,843	24,233	30,378	83.7	105.0	18.7	14.9	10.8	7.8	70.0	67.9	67.9	60.8	
Hero Honda	1,841	368	Hold	1,930	186,448	209,488	28,489	32,448	23,957	27,386	120.0	137.1	15.3	13.4	7.1	5.3	65.7	54.4	55.5	45.3	
Mah & Mah	726	420	Buy	775	212,024	230,063	31,822	34,850	23,525	25,618	39.1	42.6	18.5	17.0	4.3	3.7	25.4	24.3	26.0	23.1	
Maruti Suzuki India	1,490	431	Accumulate	1,450	374,150	433,572	37,765	43,770	25,624	29,415	88.7	101.8	16.8	14.6	3.0	2.6	26.1	25.4	19.7	19.0	
Tata Motors	1,126	570	Accumulate	1,235	449,424	509,035	46,448	53,941	17,754	21,801	31.1	38.2	36.2	29.5	4.1	3.9	11.7	12.6	11.7	13.6	
TVS Motor	76	36	Hold	67	56,542	64,451	4,082	5,187	1,881	2,637	4.0	5.6	19.1	13.6	3.7	3.1	15.6	19.7	20.8	24.6	
Auto Ancillaries																					
Apollo Tyres	82	42	Buy	80	94,541	114,501	9,658	11,915	3,722	4,960	7.4	9.8	11.2	8.4	1.8	1.5	15.9	18.3	17.5	19.8	
JK Tyre	186	8	Buy	205	59,447	64,237	4,130	4,632	1,427	1,671	34.7	40.7	5.3	4.6	0.8	0.7	21.7	34.6	15.6	15.8	
Motherson Sumi	193	75	Buy	205	84,049	94,581	5,976	8,189	3,822	5,245	9.9	13.5	19.6	14.3	5.0	4.2	28.6	33.3	28.7	32.0	
Cement																					
ACC	1,029	193	Hold	875	81,084	90,406	19,660	22,660	12,488	14,233	66.4	75.7	15.5	13.6	2.8	2.5	25.0	25.7	19.4	19.5	
Ambuja Cements	142	217	Hold	112	74,331	82,929	19,579	21,673	13,035	14,238	8.6	9.3	16.6	15.2	3.0	2.6	27.7	26.4	18.9	18.3	
Grasim Industries	2,345	215	Accumulate	2,340	199,026	216,674	48,360	50,028	24,467	25,083	266.9	273.6	8.8	8.6	1.3	1.2	17.7	16.9	16.1	14.5	
India Cements	120	37	Sell	98	37,481	42,610	5,049	5,979	1,386	1,788	4.5	5.8	26.6	20.7	1.0	1.0	5.2	6.3	3.9	4.9	
Madras Cements	118	28	Reduce	101	29,714	34,855	7,008	8,265	2,113	2,828	8.9	11.9	13.3	10.0	1.6	1.4	10.0	11.3	12.9	15.3	
Orient Paper	61	12	Buy	63	18,309	21,112	3,164	3,831	1,413	1,825	7.3	9.5	8.4	6.5	1.4	1.1	18.6	21.1	17.2	19.1	
Shree Cements	2,053	72	Accumulate	2,200	39,279	48,218	12,174	14,200	4,834	6,154	138.8	176.6	14.8	11.6	3.2	2.6	18.0	20.6	23.7	24.5	
Ultratech Cement	1,102	302	Reduce	880	71,957	80,150	15,471	17,956	8,572	10,134	67.8	80.1	16.3	13.8	2.6	2.2	17.5	18.4	17.2	17.4	
Construction																					
IRB Infrastructure	268	89	Accumulate	310	29,730	37,642	12,014	14,813	4,263	5,005	12.8	15.1	20.9	17.8	3.7	3.1	14.1	13.1	19.1	19.0	
IVRCL	163	44	Hold	185	62,586	77,663	5,889	7,192	2,277	2,761	8.5	10.3	19.1	15.8	2.0	1.8	12.7	13.4	10.8	11.8	
Jaiprakash Associates	135	287	Accumulate	150	103,080	126,737	36,616	46,936	7,790	11,030	3.7	5.2	36.8	26.0	3.3	3.0	9.7	11.7	9.2	12.0	

Valuations



Your success is our success

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Engineering & Capital Goods																					
ABG Shipyard	279	14	Sell	228	23,136	24,391	4,725	4,872	2,260	2,420	44.4	47.5	6.3	5.9	1.1	0.9	17.4	18.6	19.3	17.4	
Bharat Bijlee	1,169	7	Accumulate	1,350	7,739	9,014	963	1,153	543	658	96.1	116.4	12.2	10.0	2.6	2.2	31.6	33.7	22.6	23.8	
Bharati Shipyard	242	7	Reduce	196	11,154	3,205	3,011	-61	1,073	-1,210	35.3	-39.8	6.9	-6.1	0.6	0.6	12.6	-2.4	9.7	-9.8	
BHEL	2,603	1,274	Buy	3,030	398,549	484,774	87,446	101,840	54,133	63,154	110.6	129.0	23.5	20.2	6.5	5.3	45.4	43.2	30.4	28.9	
Blue Star	489	44	Accumulate	543	29,826	35,410	3,436	4,034	2,249	2,662	25.0	29.6	19.6	16.5	7.0	5.6	53.4	50.0	40.2	37.6	
Elecon Engineering	93	9	Buy	121	11,591	14,094	1,773	2,148	642	871	6.9	9.4	13.5	9.9	2.3	1.9	16.4	19.0	18.2	21.0	
EMCO	69	4	Reduce	60	11,575	13,749	580	1,097	14	309	0.2	4.7	321.1	14.5	0.8	0.7	4.2	9.1	0.2	5.2	
Indo Tech	248	3	Hold	245	2,549	3,020	204	447	120	282	11.3	26.6	22.0	9.3	1.8	1.5	10.8	24.0	8.4	17.6	
Larsen & Toubro	2,038	1,233	Accumulate	2,129	532,225	642,461	86,442	107,798	41,818	50,914	69.0	84.0	29.5	24.3	5.0	4.3	14.2	14.6	18.3	19.0	
Lakshmi Machine Works	2,482	31	Hold	2,170	14,950	16,366	2,799	3,060	1,441	1,591	116.5	128.6	21.3	19.3	3.0	2.7	21.4	21.2	14.8	14.7	
Mcnally Bharat Engineering	277	9	Buy	418	18,498	22,992	1,317	1,636	497	642	14.5	18.8	19.1	14.8	2.6	2.3	23.0	23.0	15.8	16.6	
Punj Lloyd	136	45	Hold	132	114,900	141,304	9,238	11,598	1,564	2,909	4.6	8.6	29.6	15.9	1.4	1.3	9.1	11.2	4.9	8.2	
Thermax	819	98	Buy	943	44,934	53,924	6,284	7,694	3,794	4,708	31.8	39.5	25.7	20.7	7.1	5.7	47.2	46.2	31.1	30.4	
TRF	897	10	Buy	1,079	8,146	9,876	1,041	1,275	624	757	56.7	68.8	15.8	13.0	4.5	3.4	30.0	31.1	31.9	29.8	
TRIL	391	5	Accumulate	448	6,154	7,360	899	1,061	579	690	44.8	53.4	8.7	7.3	1.5	1.3	22.1	23.1	18.5	18.8	
Voltamp Transformers	908	9	Hold	955	6,535	7,741	949	1,158	733	904	72.4	89.4	12.5	10.2	2.4	2.0	23.7	24.5	20.3	21.1	
Voltas	241	80	Buy	275	55,614	65,719	5,889	6,886	3,731	4,393	11.3	13.3	21.4	18.2	5.7	4.6	38.9	37.4	29.9	28.1	
Engines																					
Cummins India	733	145	Hold	784	38,430	46,097	7,714	9,202	6,060	7,106	30.6	35.9	24.0	20.4	7.6	6.2	49.3	47.0	34.8	33.4	
Greaves Cotton	454	22	Buy	505	15,667	18,090	2,647	3,058	1,497	1,762	30.7	36.1	14.8	12.6	3.9	3.3	35.7	37.5	28.8	28.4	
Financial Services - Others																					
CRISIL	5,983	43	Reduce	4,800	6,338	7,757	2,201	2,811	1,673	2,055	231.6	284.4	25.8	21.0	11.8	9.1			45.9	48.8	
ICRA	1,235	12	Reduce	800	2,014	2,403	761	909	577	690	57.7	69.0	21.4	17.9	5.0	4.1			25.0	25.1	
FMCG																					
Asian Paints	2,698	259	Hold	2,510	77,099	87,841	14,420	16,445	8,840	10,035	92.2	104.6	29.3	25.8	11.1	8.5	63.2	53.8	46.2	39.5	
Godrej Consumer Products	405	131	Accumulate	371	19,298	22,171	3,390	3,903	3,047	3,564	11.9	13.9	34.1	29.2	13.6	11.6	35.1	37.1	42.8	42.9	
Hindustan Unilever	297	647	Hold	271	191,052	207,247	30,787	33,394	22,754	24,712	10.4	11.3	28.4	26.2	21.0	18.1	101.7	94.0	80.4	74.3	
Marico	134	82	Hold	128	30,683	35,448	4,472	5,206	2,985	3,509	4.9	5.8	27.3	23.2	9.2	7.0	33.5	33.3	38.7	34.3	
IT Services																					
eClerx Services	605	17	Accumulate	465	3,398	4,204	1,246	1,507	1,135	1,294	38.3	43.7	15.8	13.8	6.9	5.4	50.7	47.6	49.3	43.8	
HCL Tech	430	293	Accumulate	430	152,218	183,395	27,268	33,560	16,816	20,721	24.3	29.9	17.7	14.4	3.8	3.2	22.0	24.4	22.5	23.9	
Infosys	3,055	1,754	Accumulate	3,200	274,244	331,081	90,947	109,082	69,921	83,988	121.9	146.4	25.1	20.9	6.4	5.3	32.3	32.8	27.6	27.8	
Mphasis	653	137	Hold	630	50,225	59,578	12,725	14,598	10,711	10,985	51.0	52.3	12.8	12.5	4.3	3.3	40.0	34.6	38.8	30.0	
NIIT	68	11	Accumulate	80	12,830	14,046	1,806	2,102	821	904	5.0	5.5	13.6	12.4	1.9	1.7	9.3	9.7	15.2	14.8	
TCS	949	1,858	Accumulate	890	357,858	420,908	105,341	116,949	81,557	87,122	41.7	44.5	22.8	21.3	7.6	7.2	41.8	42.2	36.0	34.8	
Tech Mahindra	766	96	Hold	720	47,840	53,527	9,066	9,849	6,138	6,341	46.9	48.4	16.3	15.8	3.1	2.6	20.2	23.1	20.1	18.1	
Wipro	458	1,122	Reduce	420	316,876	364,202	68,917	76,865	52,918	57,373	21.6	23.4	21.2	19.6	5.4	4.2	23.0	22.7	26.1	24.2	

Valuations



Your success is our success

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Offshore Oil Field Services																					
Aban Offshore	876	38	Hold	875	35,008	35,848	21,508	20,228	5,368	4,592	123.4	105.6	7.1	8.3	1.9	1.5	10.6	10.3	27.6	20.3	
Garware Offshore	138	3	Hold	147	2,126	2,619	1,047	1,320	351	501	14.7	21.1	9.4	6.5	1.1	1.0	8.3	9.9	12.6	15.9	
Great Offshore	387	14	Accumulate	506	11,738	14,163	5,270	6,776	1,822	2,437	48.9	65.5	7.9	5.9	1.2	1.0	10.1	12.3	16.3	18.5	
Oil & Gas																					
BPCL	753	272	Buy	675	1,440,249	1,484,655	54,341	55,575	18,854	19,642	52.1	54.3	14.4	13.9	1.6	1.5	10.7	11.4	11.9	11.1	
HPCL	515	174	Buy	515	1,183,804	1,232,503	45,805	47,853	17,436	19,628	51.4	57.9	10.0	8.9	1.3	1.2	9.9	11.0	13.6	13.8	
Indian Oil	423	1,026	Buy	392	2,981,900	3,035,380	216,287	221,139	121,071	122,834	49.9	50.6	8.5	8.4	1.6	1.4	18.3	18.4	20.7	18.3	
Paper																					
Ballarpur Inds	36	24	Buy	42	50,292	50,875	11,202	11,596	3,491	3,783	5.3	5.8	6.8	6.3	0.9	0.8	12.2	12.0	14.6	13.9	
JK Paper	68	5	Buy	84	11,321	11,683	2,585	2,710	1,040	1,091	13.3	14.0	5.1	4.9	0.9	0.8	15.9	15.6	19.6	17.7	
Tamilnadu Newsprint	141	10	Buy	143	12,590	17,056	3,981	5,159	1,319	1,659	19.0	23.9	7.4	5.9	1.1	1.0	11.6	14.4	15.6	17.3	
Pharmaceuticals																					
Aurobindo Pharma	1,101	64	Buy	1,242	39,704	47,475	7,623	9,614	5,443	6,587	93.3	112.9	11.8	9.8	2.6	2.3	17.6	19.3	25.4	25.0	
Cadila Healthcare	685	140	Buy	720	45,150	54,411	9,801	11,871	6,401	8,191	31.3	40.0	21.9	17.1	6.3	4.8	29.7	32.3	37.2	33.5	
Cipla	331	266	Hold	313	62,295	70,101	15,726	17,993	11,875	14,338	14.8	17.9	22.4	18.5	3.9	3.3	22.6	22.7	18.6	19.3	
Dishman Pharma	184	15	Hold	224	10,363	12,056	2,342	2,797	1,123	1,370	13.8	16.8	13.4	10.9	1.7	1.5	9.6	10.8	12.8	14.0	
Divi's Lab	717	95	Buy	852	11,874	14,585	5,038	6,253	4,218	5,306	31.8	40.0	22.6	17.9	5.2	4.3	27.5	29.1	25.3	26.5	
Dr. Reddy's Lab	1,555	263	Accumulate	1,543	81,840	98,894	18,745	24,061	12,119	16,844	71.8	99.8	21.7	15.6	5.4	4.2	27.3	32.8	28.2	30.2	
Glaxosmithkline Pharma	2,274	193	Hold	2,020	21,290	24,229	8,795	9,990	5,777	6,568	68.2	77.5	33.3	29.3	9.8	9.1	45.9	48.0	30.9	32.2	
Glenmark Pharma	313	84	Hold	308	29,553	34,322	8,529	9,487	4,476	5,135	16.6	19.0	18.9	16.4	3.1	2.6	15.8	16.5	15.8	17.3	
Ipca Lab	309	39	Buy	336	18,872	22,506	3,963	4,726	2,487	3,050	20.0	24.5	15.5	12.6	3.6	2.9	22.9	24.8	25.7	25.4	
Jubilant Organosys	329	52	Buy	455	42,639	47,638	9,386	10,445	5,507	6,380	34.7	40.2	9.5	8.2	1.9	1.6	16.0	16.2	21.7	21.2	
Lupin	407	181	Accumulate	422	56,460	64,961	12,168	14,314	8,427	10,122	19.0	22.8	21.5	17.9	5.4	4.2	25.2	28.0	28.4	26.4	
Panacea Biotech	199	13	Hold	209	11,780	12,697	2,611	3,235	1,129	1,505	16.9	22.5	11.8	8.8	1.9	1.5	14.1	16.9	16.2	19.1	
Piramal Healthcare	520	109	Hold	531	41,752	47,900	8,440	9,769	5,539	6,980	26.5	33.4	19.6	15.6	5.3	4.2	25.1	30.7	29.5	30.1	
Pfizer	1,093	33	Buy	1,040	8,584	9,745	2,495	2,877	1,604	1,856	53.7	62.2	20.3	17.6	2.9	2.6	22.8	23.6	15.3	15.8	
Ranbaxy Labs	578	243	Reduce	520	88,113	94,006	18,605	19,679	11,409	12,330	27.1	29.3	21.3	19.7	4.6	4.1	20.5	21.7	23.7	17.1	
Sun Pharma	2,041	420	Hold	1,866	47,067	54,908	15,756	18,033	14,819	17,359	71.5	83.8	28.5	24.3	4.7	4.0	18.6	18.9	18.1	18.3	
Torrent Pharma	573	48	Buy	650	21,812	25,846	4,576	5,557	3,127	3,903	37.0	46.1	15.5	12.4	5.0	4.3	31.3	36.7	34.8	37.2	

Valuations



Your success is our success

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Print Media																					
DB Corp	275	50	Accumulate	284	12,034	13,334	4,158	4,480	2,737	2,702	15.1	14.9	18.3	18.5	5.7	4.5	37.7	36.1	36.2	27.1	
Deccan Chronicle	136	33	Buy	180	9,935	11,229	5,281	6,258	3,170	3,883	12.9	15.9	10.5	8.6	2.3	2.0	28.8	31.3	22.9	24.6	
HT Media	166	39	Hold	159	16,501	18,169	3,618	4,398	1,965	2,507	8.4	10.7	19.9	15.6	3.5	2.9	22.3	25.6	18.7	20.4	
Jagran Prakashan	139	42	Buy	155	10,708	12,092	3,285	4,002	2,104	2,581	7.0	8.6	19.9	16.2	5.8	5.1	38.8	43.1	31.1	33.4	
Telecommunications																					
Bharti Airtel	354	1,345	Hold	345	605,956	702,807	215,877	254,559	75,933	87,462	20.0	23.0	17.7	15.4	2.7	2.3	13.4	11.8	16.6	16.4	
Idea Cellular	72	239	Sell	60	155,842	177,853	37,740	44,841	7,848	9,010	3.0	3.4	24.3	21.2	1.6	1.5	6.3	6.3	6.7	7.1	
Reliance Communications	178	368	Hold	180	216,390	230,773	69,791	74,384	24,165	23,307	11.7	11.3	15.2	15.8	0.9	0.9	4.7	4.5	6.1	5.5	
Tulip Telecom	183	27	Buy	240	24,376	28,450	6,799	8,136	3,476	4,248	21.1	25.8	8.7	7.1	2.6	1.9	26.2	29.9	33.5	31.4	
Others																					
Century Plyboards	67	15	Buy	80	13,426	19,334	2,742	5,004	1,304	2,244	5.9	10.1	11.5	6.7	2.5	1.9	17.2	21.9	24.1	32.2	
Essel Propack	49	8	Buy	76	13,866	15,464	2,597	3,253	601	992	3.8	6.3	12.7	7.7	1.0	0.9	9.5	13.4	9.2	13.6	
Gujarat Industries Power	115	17	Buy	135	9,862	12,515	3,305	4,795	1,511	1,904	10.0	12.6	11.5	9.1	1.3	1.2	9.9	12.3	14.1	13.5	
HBL Power Systems	27	7	Buy	43	12,643	14,540	1,893	2,177	899	1,112	3.6	4.4	7.6	6.1	1.1	1.0	16.7	18.2	16.0	17.0	
Jubilant FoodWorks	491	32	Accumulate	400	5,936	8,004	1,081	1,491	644	770	10.1	12.1	48.5	40.6	18.0	13.2	52.7	55.9	44.3	37.6	
Kajaria Ceramics	76	6	Buy	91	8,644	9,747	1,399	1,684	496	671	6.7	9.1	11.3	8.4	2.5	2.0	18.5	20.8	23.8	26.3	
NTPC	215	1,772	Accumulate	220	543,662	630,985	152,859	191,178	92,104	105,852	11.2	12.8	19.2	16.7	2.6	2.4	11.0	11.3	13.8	14.7	
Piramal Glass	134	11	Buy	142	12,034	13,116	2,646	3,558	677	1,456	8.4	18.1	15.9	7.4	3.6	2.4	13.0	19.8	28.4	40.8	
Sintex Industries	431	59	Hold	325	40,829	48,030	7,045	8,631	3,862	4,883	28.5	36.0	15.1	12.0	2.5	2.1	10.5	12.2	18.3	19.3	
Sterlite Tech	99	35	Buy	131	30,750	36,845	4,887	5,964	3,146	3,955	8.0	10.1	12.3	9.8	3.0	2.4	29.2	29.7	28.6	27.1	
Titan Industries	3,363	149	Accumulate	3,074	57,477	74,357	5,252	6,937	3,518	4,718	79.2	106.3	42.4	31.6	14.3	10.2	51.2	50.2	39.7	37.6	

Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Net Interest Income (Rs mn)		Pre Provision Profit (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROA (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Banks & Financial Services																					
Allahabad Bank	241	107	Buy	280	33,463	38,740	30,332	34,686	15,422	17,562	34.5	39.3	7.0	6.1	1.6	1.3	1.2	1.1	21.0	20.3	
Andhra Bank	168	82	Buy	210	26,635	30,279	21,763	25,941	12,396	14,952	25.6	30.8	6.6	5.5	1.5	1.2	1.3	1.4	25.0	24.3	
Axis Bank	1,566	640	Reduce	1,100	66,152	83,356	64,398	81,792	33,036	42,033	80.8	102.0	19.4	15.4	3.5	3.0	1.5	1.5	19.0	20.6	
Bank of Baroda	917	334	Buy	920	77,625	89,724	65,595	77,271	39,598	46,991	108.3	128.6	8.5	7.1	2.2	1.8	1.3	1.3	23.7	23.3	
Bank of India	574	302	Reduce	450	71,656	84,121	60,140	71,828	27,121	32,955	51.6	62.7	11.1	9.2	2.2	1.9	0.9	0.9	17.7	18.5	
Canara Bank	624	256	Accumulate	600	72,209	86,411	60,649	73,923	36,441	43,173	88.9	105.3	7.0	5.9	1.8	1.4	1.2	1.2	22.4	21.9	
Corporation Bank	720	103	Buy	760	28,692	35,212	26,825	32,772	14,886	18,464	103.8	128.7	6.9	5.6	1.5	1.2	1.2	1.3	23.4	23.9	
HDFC Bank	2,432	1,125	Accumulate	1,950	111,797	138,504	85,192	105,358	38,500	48,901	84.1	106.8	28.9	22.8	4.5	3.8	1.6	1.7	16.5	17.9	
ICICI Bank	1,134	1,302	Reduce	900	78,058	90,629	97,709	120,024	51,434	63,317	46.1	56.8	24.6	20.0	2.4	2.2	1.5	1.7	9.6	10.9	
LIC Housing Finance	1,448	137	Accumulate	1,100	12,553	16,042	12,665	15,955	9,067	11,402	95.4	120.0	15.2	12.1	3.3	2.7	2.0	1.9	24.2	24.9	
Manappuram General Finance	148	50	Buy	90	7,900	14,238	4,286	7,443	2,513	4,291	6.7	11.5	22.0	12.9	3.1	2.5	5.4	4.8	20.4	21.0	
Punjab National Bank	1,316	415	Buy	1,370	105,808	124,963	91,715	110,471	46,012	55,637	145.9	176.5	9.0	7.5	2.2	1.7	1.4	1.4	23.5	23.4	
South Indian Bank	27	31	Buy	24	7,319	9,068	4,929	6,367	2,750	3,633	2.4	3.2	11.2	8.5	1.9	1.7	0.9	1.0	17.3	19.8	
State Bank of India	3,217	2,043	Reduce	2,630	277,295	333,011	249,180	308,739	115,548	145,861	182.0	229.7	17.7	14.0	3.1	2.6	1.0	1.1	16.4	17.9	
Union Bank of India	394	199	Buy	440	53,980	65,065	45,655	54,987	23,529	29,437	46.6	58.3	8.4	6.8	2.0	1.6	1.1	1.2	20.6	21.5	
United Bank Of India	125	39	Buy	110	20,289	24,326	13,872	17,743	5,187	7,910	16.4	25.0	7.6	5.0	1.5	1.1	0.6	0.9	14.7	19.6	
Yes Bank	346	119	Reduce	260	11,663	16,981	12,638	17,872	6,696	9,579	19.5	27.5	17.8	12.6	3.3	2.7	1.5	1.5	19.9	23.4	

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