what to expect in 2011?

A report on the 2011 market scenario.

GLOBE

money *must* grow

GLOBE CAPITAL MARKET LIMITED

RESEARCH

INDIA ECONOMIC SCENARIO

GDP (H1 FY11) : 8.9%

Inflation (Nov'10): 7.5%

Market Cap/GDP: 1.09x

Forex Reserves: $ 294 bn

BoP: $ (72.8) bn

Exports (Apr- Nov'10): $140.3 bn

Imports (Apr-Nov'10): $ 221 bn

CRR: 6%

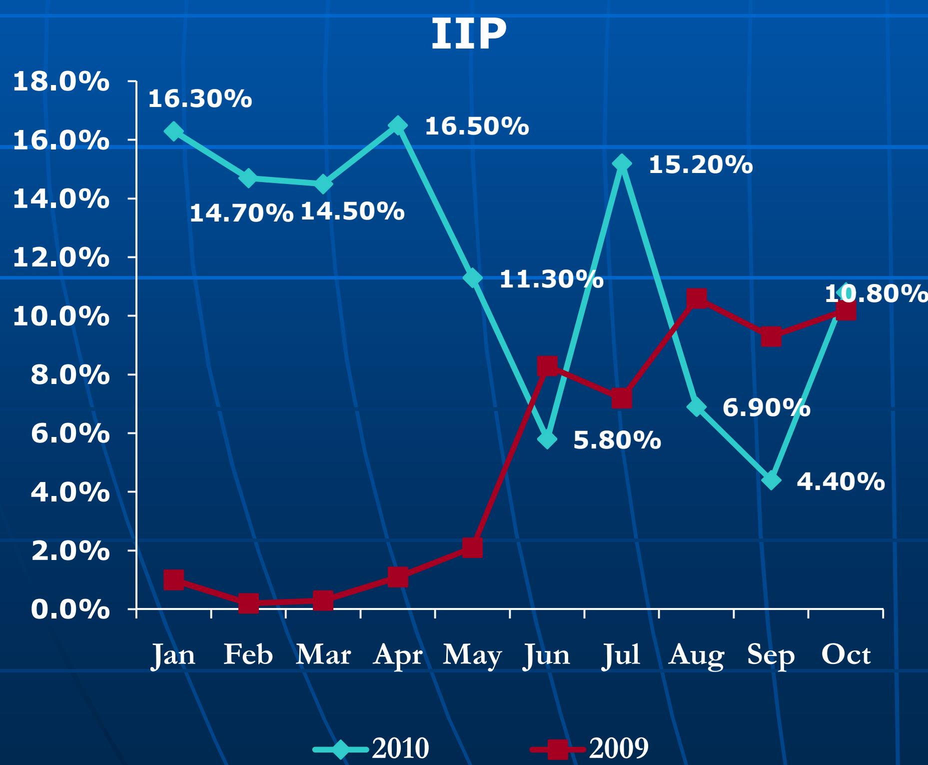
Repo rate: 6.25% (raised 6 times in 2010)

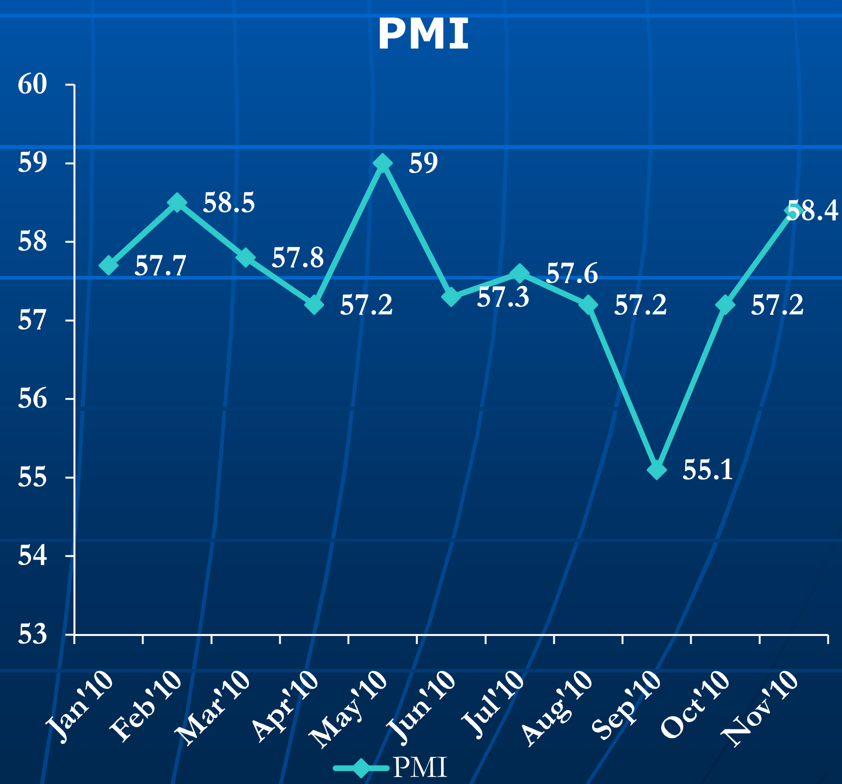
Reverse repo: 5.25%

FII inflow (Net YTD): $ 38 bn

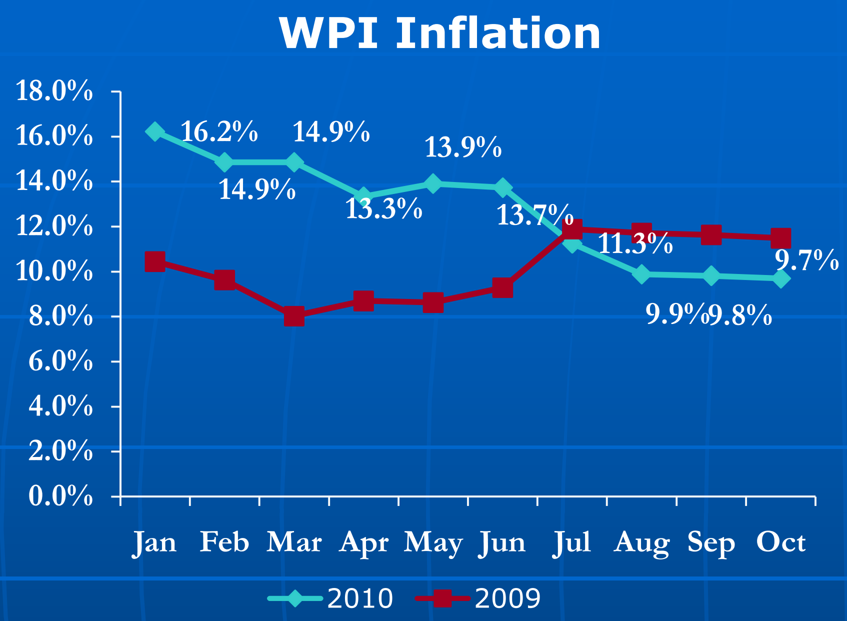
FDI inflow (Apr-Sep'10): $ 11 bn

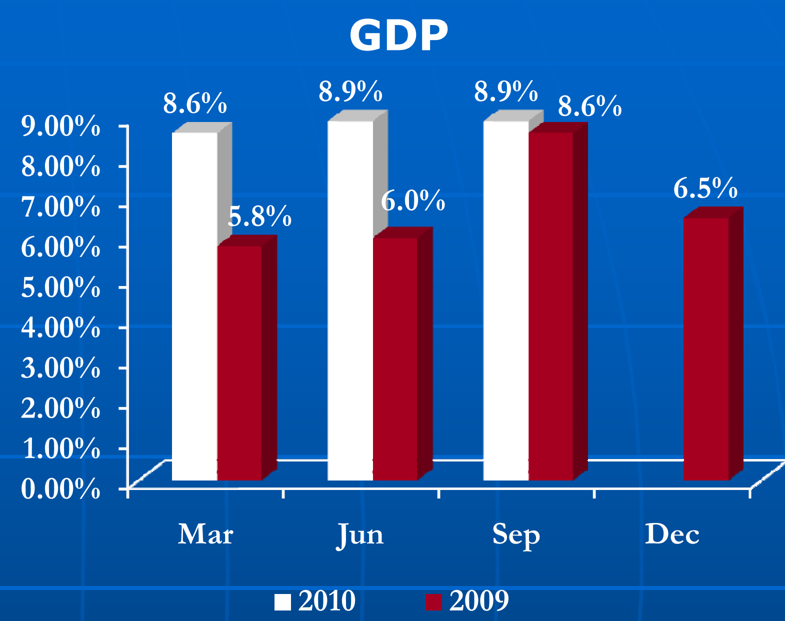
Fiscal Deficit (Targeted): 5.5%





INDIA ECONOMIC SCENARIO

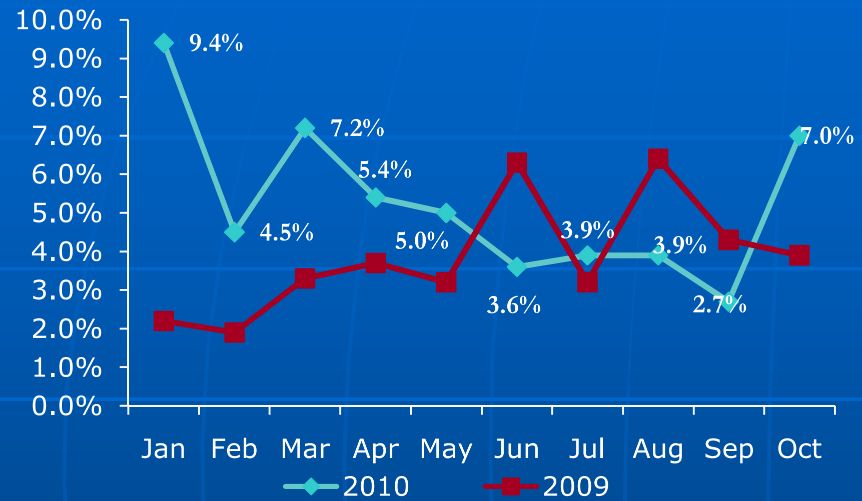




Current growth forecasts for Indian economy (in %)					
IMF		OECD		Crisil	Govt.
2010	2011	2010	2011	2010-11	2010-11
9.7*	8.4*	9.1*	8.2*	8.6#	8.75#
* GDP calculated by expenditure method. Not strictly comparable with other data.					
Indian government's forecast is for a range of 0.35%					
IMF: International Monetary Fund, OECD : Organisation for Economic Co-operation and Development					

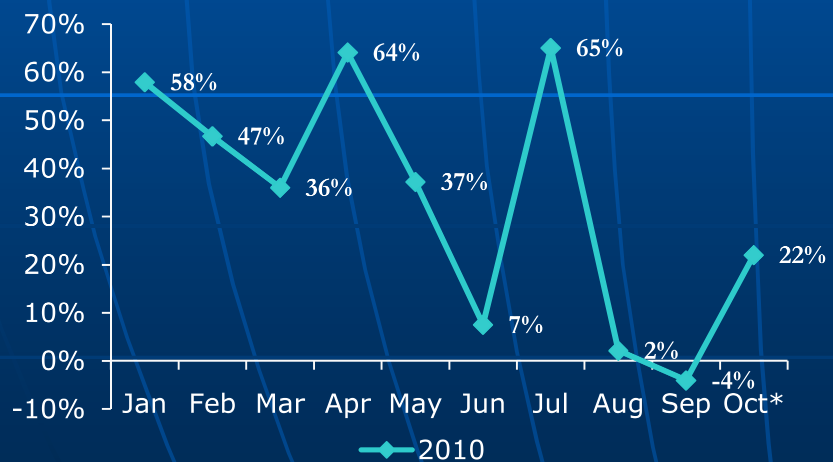
GROWTH DRIVERS

Core Sector growth %

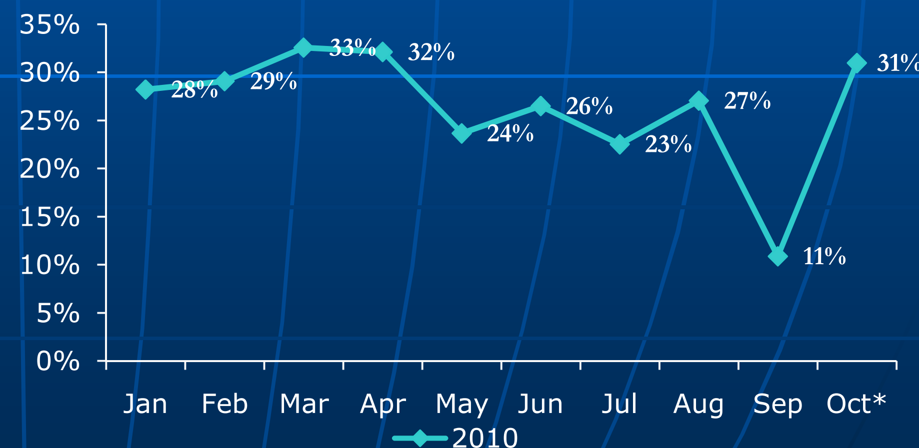


Manufacturing Growth %

Capital Goods growth %



Consumer Durables growth %

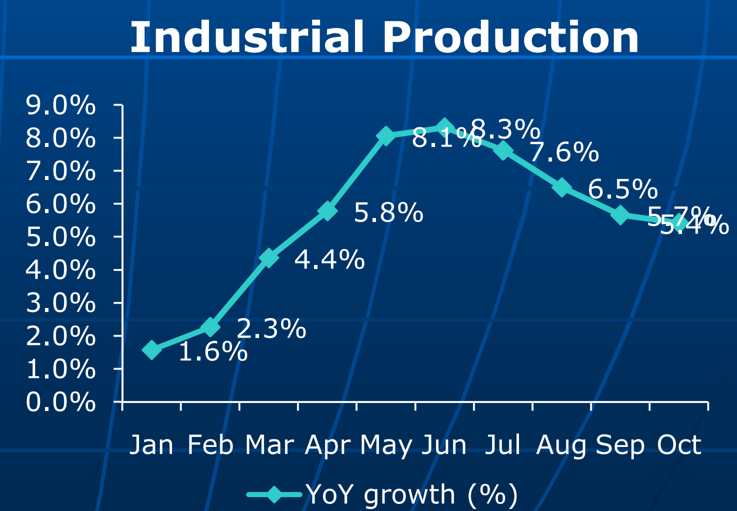


Core Sector growth which had been lack lustre for past few months, rebounded in Oct'10 with higher production of cement and finished steel along with higher crude output.

GLOBAL SCENARIO

Emerging markets going strong, asset price and CPI inflation remain key concerns

US and European recovery slow and painful with high unemployment major concern



CORPORATE PROFITABILITY

CAGR – 6 trailing quarters

INDEX	Net Sales	Operating Profit(Ex OI)	PAT
CNX100	16.18%	22.28%	11.44%
NIFTY	17.37%	21.49%	13.17%
SENSEX	20.79%	25.17%	14.33%

Net Sales in INR bln	Sep'10	Jun'10	Sep'09	%YoY	%QoQ
Nifty	2900.14	2707.84	2656.12	**9.19**	**7.10**
Sensex	2439.36	2284.04	2055.18	**18.69**	**6.80**
CNX100	3888.74	3595.03	3252.56	**19.56**	**8.17**

India Inc. on strong growth trajectory after recovering from Dec'09 lows. Some of the top performing sectors for last two quarters are given below:

	Net Sales		Net Profit	
YoY growth	**Sep'10**	**Jun'10**	**Sep'10**	**Jun'10**
Auto	32%	47%	97%	161%
Consumer Durables	25%	25%	28%	44%
Healthcare*	14%	17%	616%	11%
IT	20%	22%	14%	18%

Jun'10 numbers skewed due to one off gain in Piramal Healthcare

What lies ahead ??

MARKET OUTLOOK

Sensex EPS Growth	Forward PE Multiples 14	16	20
15%	20495	23422	29278
18%	21029	24033	30042
20%	21386	24441	30551

Source: Consensus estimates - Bloomberg

Figures in Rs. mln

Nifty	FY10	FY11	FY12
Sales	**7499**	**9336**	**10607**
Growth (%)		***24%***	***14%***
EBITDA	**1627**	**2120**	**2456**
Growth (%)		***30%***	***16%***
PAT	**947**	**1159**	**1367**
Growth (%)		***22%***	***18%***

Sensex	FY10	FY11	FY12
Sales	**6652**	**8229**	**9370**
Growth (%)		***24%***	***14%***
EBITDA	**1453**	**1895**	**2184**
Growth (%)		***30%***	***15%***
PAT	**863**	**1011**	**1201**
Growth (%)		***17%***	***19%***

History shows that market ratios (PEx, P/Bx etc.) tend to revert to the mean. Thus, assuming a 15% growth in EPS over FY12, most likely scenario at a PE multiple of 16-18x is of 23000-26000.

Key Risks

- Crude above $100 a barrel could fuel inflation and hurt profitability
- Capex cycle takes longer to rebound
- Liquidity risk if the deposit growth does not pick up as anticipated
- Slower than expected recovery in US and European economies
- Political risk going up further and hampering the reform process

SECTORAL VIEW

Industry	Weight (%)	Outlook	Overall
Auto	7.66%	Some tapering off expected in demand with rising interest rates, higher input costs for manufacturers leading to further hike in prices and higher petrol prices.	Market Performer
Banks	20.56%	Leader of the last rally has taken some beating with rising NPA's, Scam exposure and higher yields. Going forward, as liquidity pressure eases credit growth is likely to drive topline. NIM's may come little under pressure as deposit rates are rising. Banks with higher CASA and access to low rate deposits are likely to do well.	Market Performer
Capital Goods	8.84%	Capex cycle showing early signs of pick-up, huge project announcements and rising output prices give further confidence.	Outperformer
Cement	1.23%	Bullish in the long term with higher capex for FY12 but short term pressures continue with higher input prices and surplus capacity.	Underperformer
IT	13.39%	Revenues expected to grow @ 15-20% CAGR over next two years. Currency headwinds, higher wages and attrition remain some of the key concerns.	Market Performer
Construction	1.37%	Expected to see some rebound over next two quarters. Healthy order book but book to bill ratio remains low.	Neutral (To review after Q3FY11)

SECTORAL VIEW

Industry	Weight (%)	Outlook	Overall
Finance	6.68%	Financial Services players specially those in the infrastructure space are expected to do well. However, margins may come under pressure.	Neutral
FMCG	7.02%	Growth mostly volume led with some pressure on margins due to higher raw material prices and ad spends due to intense competition.	Neutral
Metal	7.76%	Metals prices are expected to rebound in FY11 with higher demand from emerging markets and QE2 money coming to the market space.	Market Performer
Oil & Gas	14.58%	Refining margins expected to pick up in FY12, higher gas output may be further boost for Reliance, OMC's may continue to suffer as diesel deregulation sometime away. Gas prices likely to see an uptick - GAIL and IGL key beneficiaries.	Select Outperformers
Pharma & Healthcare	3.76%	Couple of positives with drugs going off patent, strong R&D pipeline of Indian companies, entry into new areas like injectibles. CRAMS continues to be drag but is expected to pick up in FY12. Extremely bullish on healthcare from a long term perspective given strong demographics, changing lifestyle and tax exemptions available for next 5 years.	Outperformer
Power	4.06%	Underperforming sector with private players doing better than the PSU's. Slower capacity addition with hindrances in land acquisition and environment clearances.	Underperformer
Telecom	3.04%	Controversies to benefit leaders. New entrants to lose with higher spectrum fee. MNP and 3G to change the telecom space over next year.	Select Outperformer

TOP PICKS FROM CNX 100

Company	Market Cap (Rs. Cr.)	P/B	TTM PE	CMP	Rationale
Apollo Hospitals	6037	3.63	37.28	484	A network of 33 hospitals with 5376 owned beds & 2588 managed beds, 27 clinics and a pharmacy chain with 1100 stores. Planning to add 2600 new beds in the next 3 years, expect higher profitability & revenue growth in hospital, retail pharmacies and leased business models.
BHEL	114293	6.45	23.85	2335	BHEL is trading at the lower end of its historical valuation range. The near term triggers could be an NTPC bulk order and strong Q3 results. Order book of Rs. 1480 bln (4.5x FY10 revenues) provides good revenue visibility.
IGL	4545	4.79	19.44	324	IGL is a rare combination with strong sustainable competitive advantage being the only supplier of CNG and PNG in Delhi with low base and high conversion economics with a business model which is immune from adverse external development. Currently undergoing a huge capex cycle backed by solid balance sheet (zero net debt) to take growth to the next level.

TOP PICKS FROM CNX 100

Company	Market Cap (Rs. Cr.)	P/B	TTM PE	CMP	Rationale
L&T	121399	6.28	35.48	19975	India's leading technology, engineering, construction and manufacturing company. Current order backlog is healthy at Rs1,153 billion and provides earnings visibility over the next two years. Management has guided for 20% and 25% YoY growth in Top line and inflow growth in FY11.and the implied 2HFY11 execution rate stands at 28.2%. Listing of Infrastructure financing subsidiary expected to unlock value.
Max India	3408	1.58	0.00	146	Max India is operating in the rapidly expanding insurance, healthcare & specialty products segments in India. It is differentiated from its peers by its focus on traditional products, relatively low dependence on ULIPs. Its tie-up with Axis Bank for distribution of products will boost profitability. Max Healthcare is planning to add (set up) four hospitals to its network during June-September 2011. Plans to do IPO for Max Healthcare next year.
ONGC	284908	2.98	17.94	1332	Due to the recent deregulation of fuel prices, ONGC's subsidy burden is expected to come down and increase its net realizations. Also, recently the APM gas price was hiked which would increase ONGC blended gas price by 75% in two years. The stock is trading at attractive valuation to its global peers.

FEW INVESTMENT IDEAS FOR 2011

Company Name	Market Cap (in Rs. Cr.)	P/B	TTM PE	Recommended Price
Bajaj Holdings & Investment	8873	1.95	9.84	837
Garden Silk	389	0.85	7.15	101
Jocil Ltd.	140	1.2	7.2	315
Cox & Kings ()	3685	4.97	57.96	540
IDBI Bank	15313	1.27	11.91	155
Marg Ltd.	471	0.84	6.45	143
Onmobile Global	1650	2.16	23.77	281
Opto Circuits ()	5128	5.39	27.32	280
Rural Electrification Corpn	31277	2.55	13.96	317
Shriram Transport Finance	17568	4.01	16.13	777
Siemens	26175	7.53	31.64	776
Subex	473	1.11	4.06	73
M&M	44931	4.97	19.40	732
Wipro	112140	5.61	23.61	457
IL&FS transport	5851	3.70	18.20	299
Zylog Systems	570	0.90	4.77	347

Garden Silk Mills Ltd.

Recommended Price: Rs.101 **Target: Rs. 150**

About the Company

Garden Silk Mills Limited (GSML) operates in the textile segment with presence in fabrics, yarns (11% market share) and PET Chips (38% market share).

Investment rationale:

•Substantial earnings growth can be seen in the company over the next two years on the back of steady growth in its PET chips and yarns business , addition of new capacities and firm spreads.

•GSML's PET chip capacity has increased by 21.6% to 506,000 tpa while yarn capacities are expected to be augmented by 34% to 281,700 tpa.

•The company has further expanded its Draw Warping capacity by 35TPD to 109 TPD.

Valuation & Outlook:

At CMP of Rs 101, the stock is trading at 5x and 3.4x its FY2011E & FY2012E earnings respectively.

Technical View

Breaking past previous high of 120 touched in 2007, the stock has moved into new orbit. The rising trend line too provides strong support, offering best buying opportunity. The recent high of 150 is immediate target. On breaching, the target can extend towards 185 levels.

Jocil Limited

Recommended Price: Rs.315 **Target: Rs. 430**

About the Company

Jocil Ltd., a subsidiary of Andhra Sugars, has established a strong foothold in the Indian FMCG space, with industry majors like HUL as its clients.

Investment rationale:

•Jocil has a very strong balance sheet with improving return ratios and high dividend payout history of last 12 years (100% in FY10).

•The Company's working capital cycle has improved tremendously from 105 days in FY08 to 57 days in FY10.

•Jocil has planned a capex to the tune of Rs.45 crore. It is undergoing an expansion-cum-modernization programme, which on completion would not only expand the Company's fatty acid capacity by 75% from the current level, but also improve the quality of its products and broaden the product range. This programme is likely to be completed by March 2011

Valuation & Outlook:

At CMP of Rs 315, the stock is trading at 5.5x and 4.2x its FY2011E & FY2012E earnings respectively.

Technical view

JOCIL had a dream run over the two years period indicating strength. From the highs, it corrected exactly up to the intermediate support of 250, consolidating the strong gains. The swift bounce back from the support range indicates strong buying support at lower levels. It is likely to move up higher once again and test the recent highs of 450..

Subex Limited

Recommended Price: Rs.73 Target: Rs. 135

About the Company

Subex is the leading global provider of Operation Support System solutions (OSS) to empower communication service providers to achieve competitive advantage and deliver new service experiences to subscribers.

Investment rationale:

•Subex's typical order size is in the range of USD 2-2.5 million. Company is pushing ROC quite extensively and with the sort of pipeline it has, the average contract size is likely to go up to USD 5 million plus in the very near future.

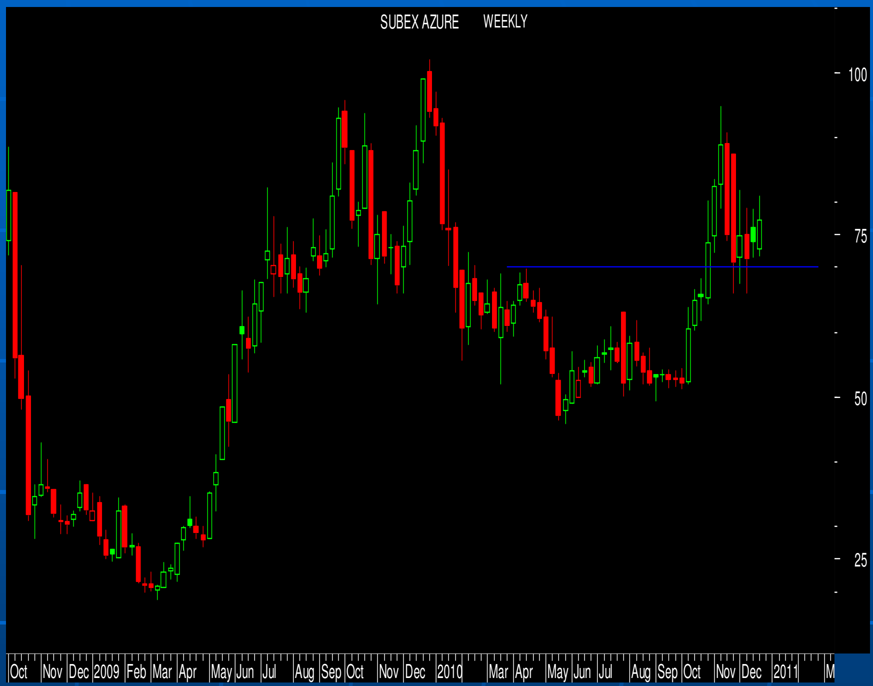
•At this point in time the average margin for the company is about 32%. With new orders that are coming through, management expects average margin to move up to 35-36% next year .

•Company's FCCBs may get converted into shares (conversion price about Rs.80), this may increase liquidity in the stock.

Valuation & Outlook:

At CMP of Rs 73, the stock is trading at 8.5x and 7.2x its FY2011E & FY2012E earnings respectively.

Technical view



Subex had formed a rounding bottom formation. After breaking past its neckline and zooming higher, it has fallen back to the neckline level, completing a return move. This is a good entry point for long term buy. On the higher side, penetration 100 would push the stock further higher towards 120 levels.

Siemens Limited

Recommended Price: Rs.776 Target: Rs. 1020

About the Company

Siemens is a diversified engineering company with exposure to the power sector (45% of its revenue), the industry segment (45% of sales) and the healthcare sector

Investment rationale:

Siemens is a strong play on infrastructure, industry and transport sector as it is. It is among the biggest beneficiaries of the capex cycle in India.

Siemens will invest Rs.1600 crore in India over three years. The company is setting up a Greenfield factory to make wind-turbine generators for the global markets.

Siemens is also a key partner in Siemens AG's global network, creating a significant exports opportunity (25% of sales) for the company. The company will continue to be Siemens AG's growth vehicle in the Middle East and North Africa due to cost advantages.

Valuation & Outlook:

At CMP of Rs.776, the stock is trading at 29x and 25.3x its FY2011E & FY2012E earnings respectively.

Technical view

The stock is rising strongly inside an intermediate channel. After a recent correction, the stock pulled back to the lower channel line support giving buying signals. Penetrating above recent high of 860, the stock is likely to zoom towards 1000 range.

Wipro Limited

Recommended Price: Rs.457 **Target: Rs. 630**

About the Company:

Wipro provides comprehensive IT solutions and services in addition to research and development services to corporations globally.

Investment rationale:

•Expectations are that there will be an increase in emphasis on spending on software (vs hardware in 2010) and offshoring in 2011.

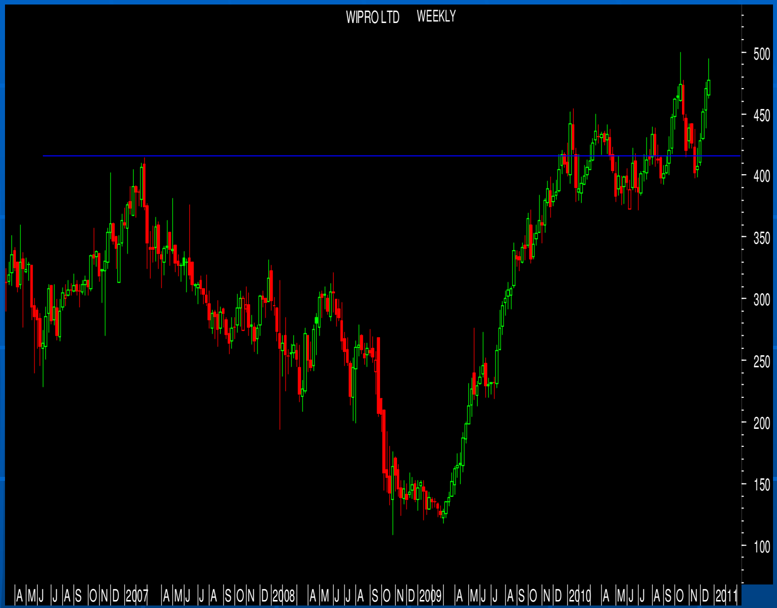
•large deal activities are returning on the discretionary side. Product Engineering (PE) business is picking up, aided further by Wipro's expanded PE presence across verticals like Aerospace, Autos, Retail, and Energy and Utilities.

•On the pricing front, the company expects a stable environment. The management has hinted at an upward bias in pricing, given the continued strength in demand.

Valuation & Outlook:

At CMP of Rs.457, the stock is trading at 28.5x and 25.1x its FY2011E & FY2012E earnings respectively.

Technical view



The stock has penetrated decisively above last four year high. It seems that multiyear consolidation that started since picking out in the year 2000 is over. The stock is set to move higher over next year with targets towards 600 and higher.

OnMobile Global Ltd.

Recommended Price: Rs.281 **Target: Rs. 380**

About the Company:

Onmobile is one of the largest data and VAS companies for Mobile, landline and media service providers.

Investment Rationale:

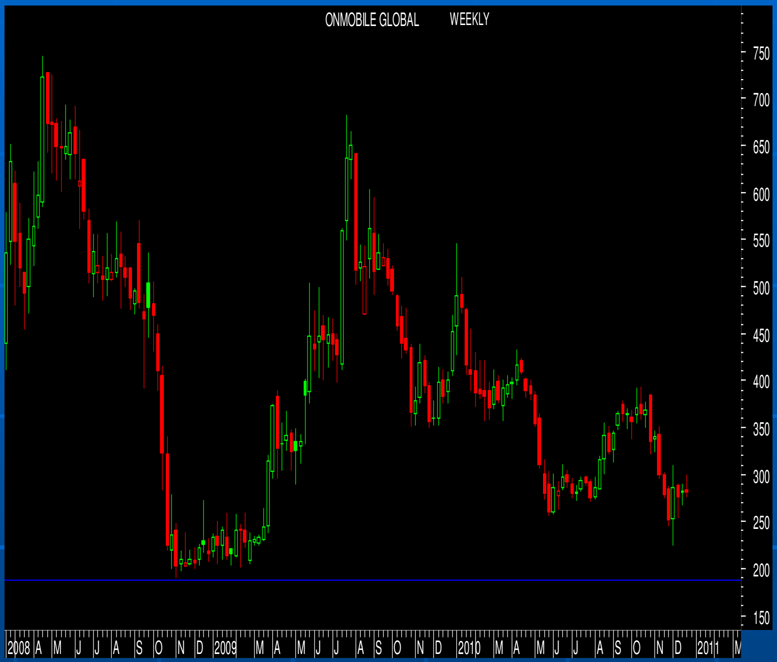
•Onmobile has proven technology and is the global leader in 3G technology which gives it an edge over other players

•Dilithium, one of the pioneers of 3G video at worldwide level with 175 patents in its kitty gives Onmobile a great platform to build on.

Valuation & Outlook:

Considering the strong growth opportunity in the domestic and the global VAS market; OnMobile's leading position in the industry, we are highly positive about the future growth potential of the company. We recommend a buy with a Target of Rs 380 in Twelve months.

Technical view

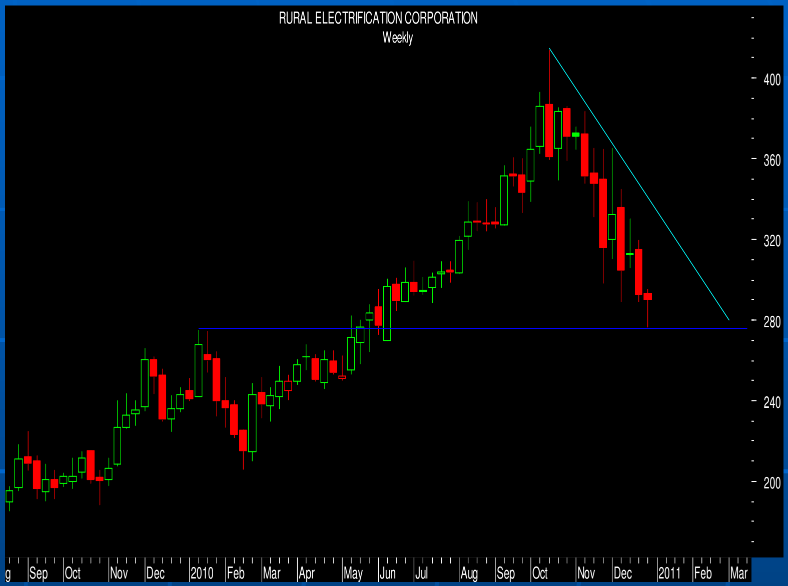


OnMobile Solution has once again fallen nearer to previous lows. As a strong base seems to have formed near the lows of 200, it seems that buying around the lower support levels would be beneficial. On the upside, 350-400 is the immediate resistance zone.

REC Ltd.

Recommended Price: Rs.317 **Target: Rs. 380**

Technical view



REC has witnessed a steep correction from the all time high of 400 to drop to a low of 270 recently. It seems that the lows have found strong support on the previous top, exactly at the same levels. The downward sloping trend line drawn from the highs is the strong resistance. A breakout of the trend line will resume the long term bullish trend.

About the Company

REC, a NAVRATNA PSU formed with the objective of rural electrification now finances 16% of the fund requirement in the power sector.

Investment Rationale:

•Rising demand supply gap with increased investment in power infrastructure (XII plan planned expenditure (Rs. 11 trn)

•With NIM's being maintained above 3.5% over past 3 years and GNPA's at just 3 bps, REC has one of the most superior portfolio's in the sector.

•Cost of funds are expected to come down as borrowing profile shifts to ECB's.

Valuation & Outlook:

Stable NIM's, strong demand from T&D segment, excellent asset quality make REC a preferred play in the financial services space.

Marg Ltd.

Recommended Price: Rs.143 Target: Rs.252

About the Company

Marg is one of the fastest growing integrated infrastructure companies in India. It has divided into four operations-port, SEZ, real estate & EPC.

Investment rationale:

•The port business is in sweet spot and to post rapid growth in next 5 years due to location and competitive advantages.

•Marg has strong EPC capability, which caters to external contracts and internal businesses. Its SEZ business is gaining ground with Swarnabhommi project is fast gaining recognition.

•Its Mall complex Marg junction is located in a major IT hub, which spells huge business opportunity. Marg expects to lease 70 % of retail space in FY11.

Valuation & Outlook:

At CMP of Rs.143, the stock is trading at a PE of 10.20x FY11Ec and at 4.75x FY12Ec. We expect its port to post significant cash flows going forward. We arrive at a target price of Rs.252 (8xFY12Ec).

Technical view

The stock has seen a deep cut in prices in the recent market mayhem. It seems that the stock would form a consolidation base around lower range. On the higher side, 180 is the strong resistance.

Cox & Kings Ltd.

Recommended Price: Rs.540 Target: Rs.650

About the Company:

Cox & Kings (C&K), a global travel operator, is well placed to capitalize on a potential inflection in travel expenditure in India and increase value through synergistic international acquisitions

Investment rationale:

•C&K is a pure play on the growing travel expenditure in India and increasing attraction of India as a tourist destination.

•The company has a cash of around Rs. 1200 cr. on its balance sheet and is on continuous look out for acquisitions.

•With a revival in the International arrivals over the last two quarters and double digit growth expected in tourist travels to India, the company is poised for growth.

Valuation & Outlook:

Stock currently trades at lower end of the PE band (TTM 56x) and the stock has commanded premium valuations given its superior business model, diversified operations across geographies and market share in organized segment.

Technical view

The above daily chart has a smooth ride forming higher tops and higher bottom formation. The recent correction upto the rising trend line near 500 offers a good long term buying opportunity. On the higher side, penetrating above immediate resistance of 600 would open up next level of 650.

Mahindra & Mahindra Ltd.

Recommended Price: Rs.732 Target: Rs.870

About the Company

Mahindra & Mahindra Limited (M&M) is a major automaker in India. It is the flagship company of the USD 6.7 billion Mahindra Group.

Investment rationale:

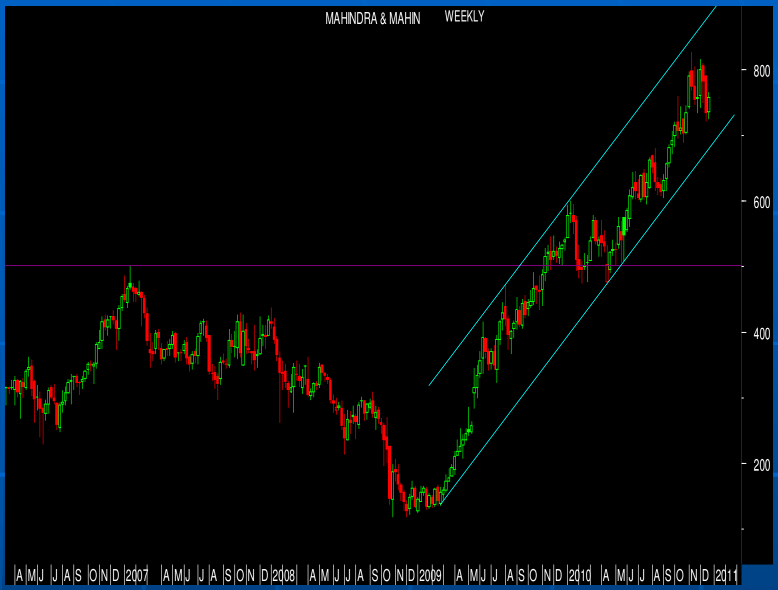
•M&M is the market leader in the tractor segment in India with a market share of 41%. Tractor unit sales have registered at 9% CAGR in the last five years, and we expect robust growth to continue for the next few years.

• M&M is soon becoming a force to reckon with in the LCV space (especially in the sub-one tonne category), kick-started by the savvy product placement and bright prospects of 'Gio' and 'Maxximo'.

Valuation & Outlook:

On sum-of-parts valuation, excluding Rs165/share assigned to its subsidiaries, the stock currently trades at 12.2x FY12E EPS, which in our view is attractive given the 18.9% CAGR in standalone earnings for FY10-FY12E. We have valued M&M on 15 X FY12 EPS to arrive at a Price Target of Rs. 870.

Technical view



M&M decisively penetrated past its previous high of 500 touched in 2007 and since then has exhibited very good strength. It seems that the stock could move further higher and test the upper channel line near 900 range. On the lower side, a break below 750 would weaken the current trend which would push the stock towards lower channel line at 700.

Shriram Transport Finance Ltd.

Recommended Price: Rs.777 Target: Rs.935

Abou the Company

Shriram Transport Finance Co Ltd is the flagship company of the Shriram group which has business units in chit funds, insurance (different types), consumer durables, property development, wind energy, etc.

Investment rationale:

•**Unique business model:** It is the largest organised player in pre-owned CV lending with ~25% market share along with 8–10% share in new CVs.

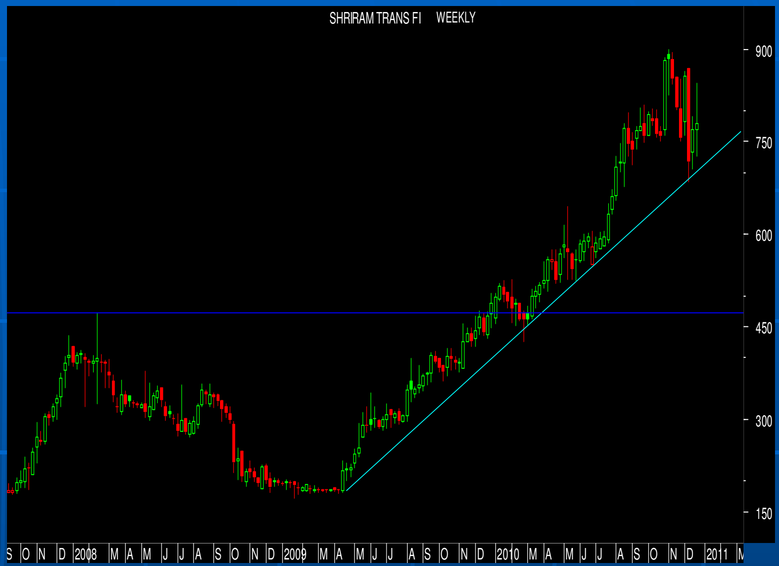
•**NIMs best-in-class at 8–9%:** SHTF enjoys high pricing power in its target segment of STOs and FTUs due to lower banking penetration.

•Its loan book growth will be strong, aided by a robust economic growth, partnering with local financiers and freight bill discounting initiatives

Valuation & Outlook:

Considering the above facts & figures we recommend this stock for buy with the target price of Rs 935 in medium to long term.

Technical view



The stock is in a strong bull run, moving along with a rising trend line. After a minor but steep deviation from the trend line support, the stock has corrected back to it, which is a good buying opportunity. On the higher side, crossing above 900 would open up higher levels up to 1000 range.

Zylog Systems Ltd.

Recommended Price: Rs.347 **Target: Rs. 450**

About the Company

Zylog Systems is a global services provider delivering technology-driven business solutions. The major focus is application development and integration including web application, web services, application integration, business Intelligence, data warehousing and mobile and wireless applications; enterprise infrastructure management and quality assurance & testing.

Investment rationale:

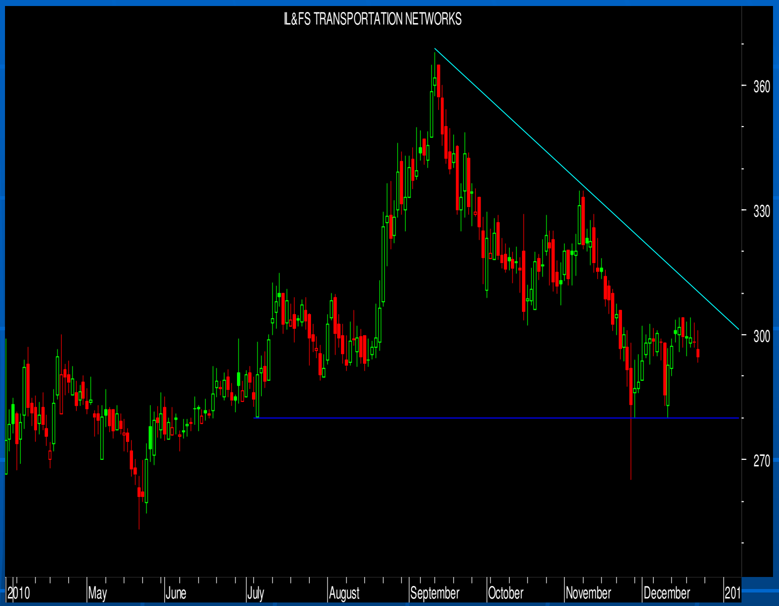
•It has adopted the inorganic route to expand its product portfolio and market reach. It has acquired five companies during the past three years. The inorganic expansion has added a new set of deliverables for Zylog, including product-based solutions, e-governance and wi-fi services.

•The management is expecting FY11 EPS of Rs 85-90.

Valuation & Outlook:

On the basis of P/BV, the stock trades at 1.01x. At the current market price of Rs.347, the stock is trading at a ttm P/E of 4.7x.

Technical view



After a strong rise, Zylog System had a vertical fall, dropping over 50% in a short time. The fall has found strong support near the long term break out level. As the stock is in a strong primary upmove, it seems that the stock would gradually bounce back from current levels and retest the previous high of 650.

Bajaj Holding & Investment Ltd.

Recommended Price: Rs.837 **Target: Rs.1090**

About the Company

Bajaj Holding & Investment is a holding company. It holds Bajaj Auto (30.7%), Bajaj Finserv (34.8%), Bajaj Electricals (31.65%), Maharastra Scooters (24%) and ICICI Bank.

Investment rationale:

•The Bajaj Group is amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two wheelers and three wheelers), home appliances, lighting, iron and steel, insurance, travel and finance.

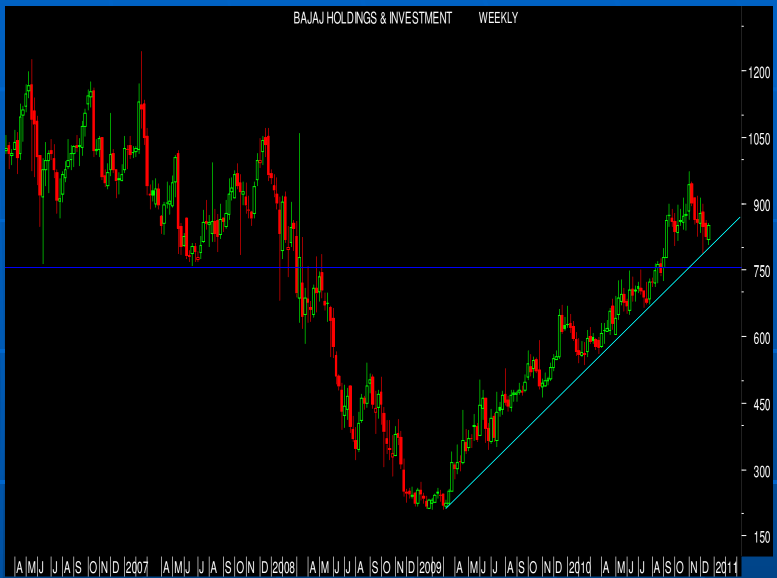
•The company has picked up 12.82% stake in National Commodity Exchange of India (NMCE) with an investment of Rs.250 million.

•The market value of the investments as on September 30, 2010 stood at Rs22,100 Crore.

Valuation & Outlook:

At the current price Rs 837, the stock is trading at TTM P/E multiple of 10.07. Thus, we recommend this stock with the price target of Rs 1090 for the 12 months horizon.

Technical view



Bajaj Holding has broken out of a crucial level of 750, which now acts as strong support. It is likely to continue its upward rise along with the lower trend line support. On the higher side, levels around 1050 form a major resistance area.

Opto Circuits Ltd.

Recommended Price: Rs.280 Target: Rs.350

About the Company

Opto Circuits (India) Ltd. (OCI), India's leading developer and manufacturer of patient monitoring systems and interventional products.

Investment rationale:

•The company strong international distribution network present in over 70 countries.

•The company has acquired Unetixs Vascular Inc, a US based company engaged in manufacturing and marketing of non invasive equipments for diagnosis of vascular diseases.

•Strong demand uptick in existing products (DIOR, Taxcor Plus, Magical, Freeway) led the growth in the invasive segment.

Valuation & Outlook:

With the company's niche business model, high margins, strong capital efficiency and high entry barriers. We recommend buy for the price target of Rs. 350 in the medium to long term.

Technical view

After a break out above 250, the stock zoomed towards previous highest levels and reacted sharply. Falling back exactly up to the break out points, the stock has given a strong buying opportunity. A bounce back could once again lead the counter towards 300-320 range.

IL&FS Transport Networks Ltd

Recommended Price: Rs.299 **Target: Rs.390**

About the Company

The company is one of the leading players in the road development space having ~24 projects comprising ~12,000 lane kms spread across India.

Investment Rationales:

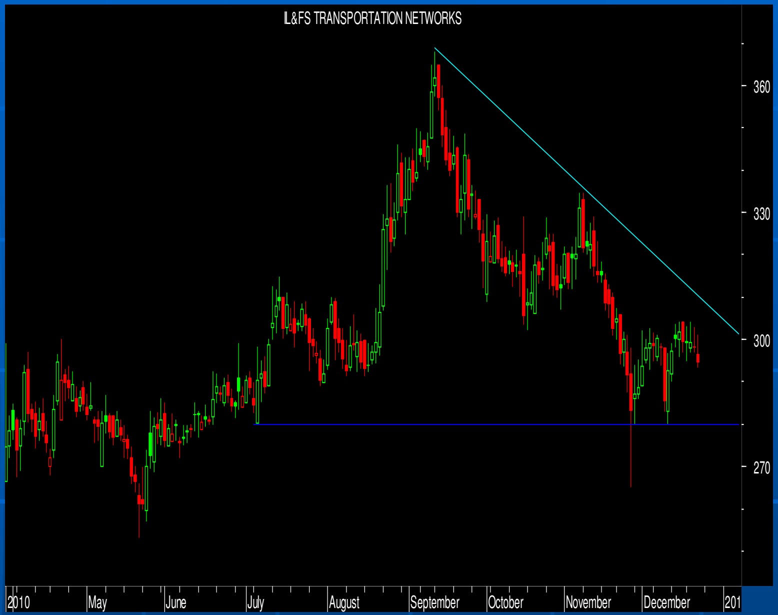
•ITNL has highest coverage among peers with ~7,500 lane km (22 projects) with a project capitalisation of ~Rs14,673cr which we believe gives it an edge in bidding for new projects in terms of technical capability and experience.

•ITNL is well poised to leverage on the growing opportunities in the road segment owing to its: 1) strong parentage, 2) experienced management; 3) favourable developments at NHAI.

Valuation & Outlook:

At CMP of Rs.299, the stock is trading at a PE of 13.36x FY11Ec and at 10.38x FY12Ec. Robust order book position coupled with execution capabilities provide good visibility in future.

Technical view



ILFST has witnessed an intermediate correction from the recent highs of 367 and has formed a support range at 280 levels. A break above the intermediate trend line resistance at 300 would once again begin a new upward move with targets at 330 and 360 on the higher side.

IDBI Bank

Recommended Price: Rs.155 Target: Rs. 210

About the Company

IDBI Bank was Development Financial Institution (DFI) when established, which transformed into a full-service commercial bank offering the entire suite of banking products.

Investment Rationales:

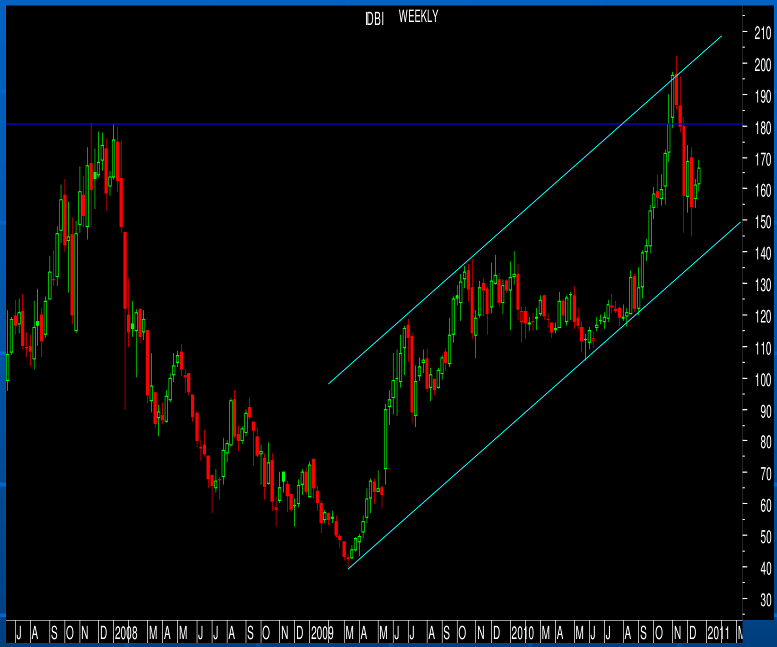
•IDBI Bank has decided to merge two of its wholly owned subsidiaries, IDBI Home Finance and IDBI Gilts. According to the bank's management, the merger is expected to get completed by the end of the FY2011.

•**Increased emphasis on CASA deposits:** The bank has been growing its concentration on mobilizing the CASA deposits as witnessed by the CASA ratio trend.

Valuation & Outlook:

Restructuring of the asset profile, improving CASA & improving asset quality are expected to help the bank in improving its financial going forward. We recommend buy rating with the target price of Rs 210 in medium to long term.

Technical view



ILFST has witnessed an intermediate correction from the recent highs of 367 and has formed a support range at 280 levels. A break above the intermediate trend line resistance at 300 would once again begin a new upward move with targets at 330 and 360 on the higher side.

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Sources: Bloomberg, Ace Equity, Government of India websites, various newspaper websites etc.