



# Q4

## FY09 Result Preview

Squeeze on short sellers and the announcement of another trillion dollars in spending by G-20 caused stock markets across the world to rally further.

In the ensuing quarterly season we are likely to see better numbers from the Auto, Cement and Metal sectors. Much of this buoyancy could be laid at the government's door steps, which took economy boosting measures like duty cuts and accelerated depreciation and the quick spending of the residual grants. Construction and capital goods results will bring out a story of robust execution in the quarter gone by, but now the worries are emerging on how to accrete their fast depleting order books? Chinks should be visible in the consumer discretionary armour when they present their quarterly report card.

Even after recent economic stimulus packages, growth continues to sputter and it is possible that corporate earnings deteriorate going forward. Further growth in the economy would be a function of what kind of a Government do we get in the centre, how much stimulus does it give and how the world trade shapes up. The markets have rallied in anticipation of improving economic prospects and better quarterly numbers.

Next quarterly results will tell whether equity markets foretold the better economy ahead or it was just tail wagging the dog!

Company	Recommendation	Price	Net Sales				Net Profit				EPS	P/E		
			FY09 E	YoY	Mar-09	YoY	FY09 E	YoY	Mar-09	YoY				
			QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY				
<b>Auto Sector</b>														
Bajaj Auto	Neutral	642.0	8835.8	-2%	1873.5	-10%	-11%	1002.0	-9%	180.8	5%	10%	69.2	9.3
Hero Honda	Neutral	1029.0	12290.2	19%	3382.9	21%	18%	1260.2	30%	380.6	27%	27%	63.1	16.3
Maruti Suzuki	Neutral	795.0	20421.3	14%	6300.9	32%	39%	1453.8	-16%	477.8	60%	124%	50.3	15.8
<b>Banking Sector</b>														
Axis Bank	Outperformer	436.4	13803.0	56%	3955.0	53%	6%	1730.0	61%	496.0	37%	-1.1%	48.2	9.05
HDFC Bank	Outperformer	1062.95	19998.0	61%	5741.0	63%	6%	2263.0	42%	627.0	33%	1%	52.8	20.1
Punjab National Bank	Outperformer	448.9	22593.0	38%	6445.0	45%	3%	3164.0	54%	939.0	72%	-6%	100.4	4.4
State Bank of India	Neutral	1128.95	78054.0	33%	22685.0	38%	6%	8670.0	28%	2291.0	21%	-7.1%	136.5	8.2
<b>Cement Sector</b>														
Birla Corporation	Neutral	182.0	1719.8	-1%	500.0	2.0%	11.0%	319.7	-19.0%	86.8	0.0%	7.0%	41.5	4.4
Prism Cement	Outperformer	24.2	--	--	235.0	3.0%	9.0%	--	--	37.2	-42.0%	20.0%	4.8	5.0
Shree Cement	Outperformer	735.0	2693.8	28%	785.0	21.0%	18.0%	518.2	88.0%	169.3	312.0%	33.0%	149.1	4.9
Ulratech Cement	Outperformer	550.0	6348.0	15%	1825.0	0.1	0.1	948.2	-6.0%	280.7	-1.0%	18.0%	76.2	7.2
<b>Construction Sector</b>														
HCC	Neutral	43.7	3511.6	14%	1177.1	12%	44%	90.9	-7%	36.3	37%	21%	3.5	12.3
IVRCL	Neutral	146.8	4872.8	32%	1580.1	19%	31%	221.5	5%	74.4	1%	60%	16.6	8.8
NCC	Neutral	70.7	4508.0	30%	1454.6	16%	42%	171.6	6%	56.0	6%	54%	7.5	9.4
Sadbhav	Neutral	320.1	1093.0	25%	429.2	19%	55%	57.4	5%	23.8	-3%	66%	45.9	7.0
Simplex	Neutral	170.3	4642.3	65%	1347.2	42%	6%	125.0	39%	33.3	15%	32%	25.2	6.8
<b>Consumer</b>														
HUL	Neutral	231.0	16996.0	19%	4445.0	17%	3%	2353.0	27%	631.2	66%	3%	10.8	21.4
Voltas	Outperformer	52.3	3722.1	22%	934.8	11%	8%	245.7	31%	55.9	1%	32%	7.4	7.0
<b>Engineering</b>														
ABB	Neutral	439.0	7418.2	9%	1734.9	13%	14%	570.8	4%	138.4	18%	32%	26.9	16.3
BHEL (Prov)	Neutral	1531.0	27505.0	29%	11811.0	64%	121%	3039.0	6%	1248.8	12%	103%	62.1	24.7
BEML	Neutral	425.0	2766.6	10%	1265.0	21%	100%	199.0	31%	1021.2	-14%	74%	47.8	8.9
Crompton Greaves	Buy	130.0	8535.0	25%	2257.8	12%	5%	518.5	28%	172.6	20%	40%	14.2	9.2
L&T	Neutral	717.0	38834.0	33%	10414.0	23%	21%	3167.7	38%	966.8	7%	60%	54.1	13.2
Punj Lloyd	Neutral	106.0	11306.0	46%	2611.9	11%	-16%	142.5	-57%	84.3	-28%	138%	4.7	22.6
Reliance Infra	Neutral	575.0	10116.8	60%	2798.3	70%	6%	1044.3	-4%	311.4	24%	24%	45.8	12.5

Company	Recommendation	Price	Net Sales				Net Profit				EPS	P/E		
			FY09 E	YoY	Mar-09	YoY	QoQ	FY09 E	YoY	Mar-09			YoY	QoQ
Siemens	Neutral	271.0	9776.6	1%	2399.5	12%	47%	770.7	29%	186.6	--	22.9	11.8	
Suzlon	Buy	51.0	15371.0	12%	4877.0	34%	47%	-39.0	PL	251.9	-36%	0.0	--	
Thermax	Neutral	198.0	3360.2	6%	1051.2	14%	33%	288.3	4%	95.4	19%	24.2	8.2	
<b>Fertilizer</b>														
Tata chem	Neutral	150.0	12168.0	103%	1828.0	25%	48%	990.0	59.0%	106.0	-32%	42.1	3.6	
<b>Metals</b>														
Tata Steel														
(Standalone)	Neutral	225.0	24370.1	24%	6552.2	14%	36%	5028.2	11%	1087.2	-18%	140.0	1.6	
SAIL	MarketPerformer	107.0	42263.0	5%	10075.0	-25%	13%	5886.8	-20%	1198.6	-45%	14.3	7.5	
JSW Steel	Neutral	304.0	14606.2	28%	3879.9	-7%	39%	14606.2	28%	3879.9	-7%	59.1	5.1	
Visa Steel	Buy	20.3	1042.9	-29%	294.0	12%	81%	1042.9	53%	294.0	12%	8.3	2.4	
Hindustan Zinc	OutPerformer	472.0	5616.1	-29%	1197.2	-47%	16%	5616.1	-29%	1197.2	-47%	60.7	7.8	
Hindalco	Neutral	56.4	18459.8	-4%	4012.0	-20%	-3%	2411.7	-16%	450.3	-58%	14.2	4.0	
Nalco	Underperformer	230.6	4935.9	-1%	916.3	-35%	-10%	1281.8	-21%	92.6	-77%	19.9	11.6	
<b>Pharma</b>														
Jubilant Organosys	Outperformer	99.7	2491.0	26%	606.1	13%	3%	360.1	-8%	68.2	3%	24.4	3.7	
Piramal Healthcare	Neutral	201.8	2337.7	22%	627.2	21%	7%	348.1	15%	92.7	-17%	14.9	14.8	
<b>Retail Sector</b>														
Pantaloon	Neutral	167.9	--	0%	1498.2	11%	-2%	--	0%	31.4	-2%	8.0	21.0	
Vishal	Underperformer	38.4	1397.5	39%	307.1	2%	-14%	22.0	-46%	1.7	-84%	9.8	3.9	
<b>Telecom</b>														
R Com	Neutral	196.0	22774.1	19%	5956.7	12%	2%	5832.1	8%	1378.7	-8%	256.0	0.8	
<b>Utility</b>														
NTPC	Neutral	184.0	42643.4	15%	12165.5	13%	8%	8465.4	12%	2386.0	10%	10.3	17.9	
GSPL	Neutral	42.0	499.5	20%	144.0	24%	23%	133.8	34%	45.2	11%	2.4	17.8	

Note: EPS is for FY09E were year ending is March otherwise it is on trailing twelve month basis

**A U T O S E C T O R**
**INDUSTRY REVIEW**

Good demand seen during the quarter in two wheeler and passenger vehicle space due to reduction in excise duty (by 4%), depreciation benefit (for commercial vehicles) and interest rate easing (SBI offering loans at 10%). We expect good growth on export segment of auto OEMs while slack to continue in commercial vehicle space.

Two wheelers to maintain good growth momentum while we anticipate growth in passenger vehicle to come down as consumer will shift to two wheelers and low cost cars. Nano's launch wont have a significant impact in FY10 as only 50000 cars are scheduled to come out.

Margins picture to improve further as steel contracts gets renewed at lower prices. Hero Honda and Maruti will not benefit on margin front as higher revenue expense (by way of rupee depreciation) will be offset fall in commodity prices.

Recco : **Neutral**  
 CMP : **642**  
 P/E : **9.3**

**BAJAJ AUTO**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1873.5	2074.4	-10%	2103.1	-11%	8835.8	9047.5	-2%
EBITDA	277.3	261.5	6%	303.9	-9%	1191.7	1219.6	-2%
Net Profit	180.8	171.6	5%	164.3	10%	1002.0	1105.4	-9%
OPM	14.8%	12.6%		14.5%		13.5%	13.5%	
NPM	9.7%	8.3%		7.8%		11.3%	12.2%	
EPS	--	--		--		69.2	76.4	

- We expect sales to decrease by 10% YoY in Q4 FY09 due to fall in volumes by 20%. Higher share of 3 wheeler segment will improve realisations.
- Result of full year not comparable YoY due to demerger in Feb 08.

Recco : **Neutral**  
 CMP : **1029**  
 P/E : **16.3**

**HERO HONDA**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	3382.9	2788.7	21%	2874	18%	12290.2	10331.8	19%
EBITDA	507.4	411.8	23%	409.8	24%	1680.8	1349.4	25%
Net Profit	380.6	298.7	27%	300.4	27%	1260.2	967.9	30%
OPM	15.0%	14.8%		14.3%		13.7%	13.1%	
NPM	11.3%	10.7%		10.5%		10.3%	9.4%	
EPS	--	--		--		63.1	48.5	

- We expect sales to increase by 21% YoY in Q4 FY09 due to rise in volumes by 13%. Margins to remain flat YoY at 15%. We downgrade from Outperformer to Neutral.

Recco : **Neutral**  
 CMP : **795**  
 P/E : **15.8**
**MARUTI SUZUKI**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	6300.9	4783.9	32%	4537.1	39%	20421.3	17936.2	14%
EBITDA	639.6	476.6	34%	208.1	207%	1663.7	2262.4	-26%
Net Profit	477.8	297.7	60%	213.6	124%	1453.8	1730.8	-16%
OPM	10.2%	10.0%		4.6%		8.1%	12.6%	
NPM	7.6%	6.2%		5.0%		7.1%	9.6%	
EPS	--	--		--		50.3	59.9	

- Volumes increased by 17% during the quarter while we expect average realisation to increase by 6% YoY mainly due to rise in share of A3 segment.
- Net profit not comparable YoY due to change in depreciation policy in Q4 Fy09.

**BANKING SECTOR**
**INDUSTRY REVIEW**

Credit growth of scheduled commercial banks (SCB) that had touched the level of 29.13% in the first week of October, slipped to 18% in mid March. Incremental C/D ratio fell below 65% in March from the high of 97% of October, while incremental Investment/Deposit ratio rushed to 30% in march from 5% of early October. Another safe avenue chosen by the banks was the reverse repo window, where the banks put their surplus money with RBI and get an interest in return.

Daily average volume in the reverse repo window in February 09 jumped to over Rs 35000 cr from Rs 150 cr of September 08 where the reverse repo rate was below 6%. By this way the money infused by RBI went back to RBI instead of passing it to the industries. RBI intervened twice to discourage this route by cutting reverse repo rate by 200 bps during this period but in vain. Signalling the last move of fiscal year 2008-09, RBI in early march further cut repo and reverse repo by 50 bps at 5% and 3.5% respectively.

However march month came with a reminder of year end targets, compelling the banks to switch from lazy business to real business but the concern would be there whether it would persist after march or not. Restructuring norms announced by RBI in Dec that allowed banks to retain the same asset classification of restructured accounts would facilitate banks to report less NPAs in this year, at the same time alarming of more deterioration in asset quality in the coming year. Furthermore banks with high floating provisions such as PNB, UBI would experience rise in NPA due to the recent change of floating provisions norms.

 Recco : **Outperformer**  
 CMP : **436**  
 P/E : **9.1**
**AXIS BANK**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Total Income	3955	2572	54%	3717	6%	13803	8816	57%
Net Interest Income	943	828	14%	930	1%	3597	2585	39%
Net Profit	496	361	37%	501	-1%	1730	1071	62%
NPM	13%	14%		13%		13%	12%	
EPS						48.2	29.9	

- Net interest income of the bank has grown at a pace of 35% CAGR over last 5 years. In 2008-09, it is expected to grow by 39%. Compared to its peers bank has a lower provision coverage ratio at a time where it has the second highest exposure in real estate sector after ICICI bank. Still with prudent risk management, strong capital base and rich business network bank would surpass the tough time ahead. At CMP of Rs 436, stock is trading at 1.56 P/BV.

Recco : **Outperformer**  
 CMP : **1062**  
 P/E : **20.1**
**H D F C B A N K**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Total Income	5741	3506	64%	5408	6%	19998	12398	61%
Net Interest								
Income	2033	1642	24%	1979	3%	7602	5228	45%
Net Profit	627	471	33%	622	1%	2263	1590	42%
NPM	11%	13%		12%		11%	13%	
EPS						52.8	44.9	

- Beating ICICI bank in market capitalisation in late March, HDFC bank crowned as the most valued private sector bank of India. Though the asset quality has been impaired due to the merger with CBoP, the bank has sufficient amount of provisions in case of slippages. With the utmost level of low cost deposit in the industry, net profit of bank is expected to rise by 42% in FY2008-09. At CMP of Rs 1063, stock is trading at 3.91 P/BV.

 Recco : **Outperformer**  
 CMP : **448**  
 P/E : **4.5**
**P U N J A B N A T I O N A L B A N K**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Total Income	6445	4417	46%	6240	3%	22593	16291	39%
Net Interest								
Income	1989	1517	31%	1967	1%	7113	5534	29%
Net Profit	939	544	73%	1006	-7%	3164	2049	54%
NPM	15%	12%		16%		14%	13%	
EPS						100.4	65.0	

- Strong financials of the bank in form of retaining consistent level of margin, low cost deposit and asset slippage level are the key indicators reflecting bank's ability to grow and sustain the business in any time. Being among the stronger players in the industry, bank has adequately provided for the delinquencies coupled with well built capital base would put the bank on a safer side in this downturn. At CMP of Rs 449, stock is trading at 1.31 P/BV.

 Recco : **Neutral**  
 CMP : **1128**  
 P/E : **8.3**
**S T A T E B A N K O F I N D I A**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Total Income	22685	16340	39%	21256	7%	78054	58437	34%
Net Interest								
Income	5970	4801	24%	5758	4%	22001	17021	29%
Net Profit	2291	1883	22%	2478	-8%	8670	6729	29%
NPM	10%	12%		12%		11%	12%	
EPS						136.6	106.6	

- Current economic scenario has favoured bank's deposit base where cash rich PSUs are being forced by the Government to park at least 60% of its excess fund with Public banks for one more year. But on a risk of default, bank have put that money in reverse repo and G-sec, impairing margins. With a high level of NPA and low coverage ratio compared to its peers, bank's net profit is expected to grow by 29% in 2008-09. At CMP of Rs 1129, stock is trading at 1.30 P/BV.

**C E M E N T S E C T O R**
**INDUSTRY REVIEW**

As general elections are nearing, Government is likely to show urgency in implementing promised infrastructure projects where financial closure are already in pace. The demand for cement will continue to remain buoyant till May.

Dispatches growth, which fell to as low as 4 per cent in October, saw a reversal in December and now growing at a steady clip of about 12 % YoY.

UltraTech, Grasim (North India), India Cement and Madras Cement are likely to add capacities to the tune of 13 million tonnes in the next three months, which is a major concern for the sector.

On an average, prices in north India saw a rise of Rs5-8 per bag (50 kg), whereas the East and central region witnessed a jump of Rs5-7. The lowest price increase of Rs1-2 per bag was seen in the southern and western market. The current average price is ruling around Rs230-235 per bag.

Given the significant correction in international coal prices, major beneficiaries will be those manufacturers who primarily rely on imported coal as a raw material in production process. Major players like Ambuja cement, Ultratech cement, Grasim cement, Madras cement and India cement currently import more than 30% of their requirement stand to gain from fall in international coal prices.

Recco : **Neutral**  
 CMP : **182**  
 P/E : **4.4**

**BIRLA CORPORATION**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	500.0	488.7	2.3%	452.1	10.6%	1719.8	1724.8	-0.3%
EBITDA	117.7	131.1	-10.3%	101.9	15.5%	411.5	575.4	-28.5%
Net Profit	86.8	86.6	0.2%	81.4	6.6%	319.7	393.6	-18.8%
OPM	23.5%	26.8%		22.5%		23.9%	33.4%	
NPM	17.4%	17.7%		18.0%		18.6%	22.8%	
EPS						41.5	51.1	

- We expect OPM to nudge slightly higher due to significant decline in raw material prices and decrease in freight cost.
- At FY09 E EBIDTA of Rs. 411 cr stock is trading at EV/EBIDTA of 2.7.

Recco : **Outperformer**  
 CMP : **24**  
 P/E : **5.0**

**P R I S M C E M E N T**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	235.0	228.7	2.8%	214.8	9.4%	--	--	--
EBITDA	66.7	88.3	-24.5%	56.1	19.0%	--	--	--
Net Profit	37.2	64.4	-42.3%	31.0	19.8%	--	--	--
OPM	28.4%	38.6%		26.1%				
NPM	15.8%	28.1%		14.4%				
EPS	4.8	8.2						

- During 3QFY09E, Prism cement's revenue is expected to grow by 2.8% YoY.
- We expect OPM to recover compared to previous quarter on significant decline in raw material prices and decrease in freight cost.
- At TTM EBIDTA of Rs. 235 cr stock is trading at EV/EBIDTA of 1.9.



Recco : **Outperformer**  
 CMP : **735**  
 P/E : **4.9**

## S H R E E C E M E N T

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	785.0	650.1	20.8%	665.3	18.0%	2693.8	2109.1	27.7%
EBITDA	279.8	253.7	10.3%	221.6	26.3%	877.4	823.5	6.5%
Net Profit	169.3	41.1	312.2%	127.8	32.5%	518.8	275.7	88.2%
OPM	35.6%	39.0%		33.3%		32.6%	39.0%	
NPM	21.6%	6.3%		19.2%		19.3%	13.1%	
EPS						149.1	74.7	

- During FY09E, Shree cement's revenue is expected to grow by 27.7% YoY. A key player in the northern market, Shree Cements would benefit from the steep fall in pet coke prices. We expect OPM to recover compared to previous quarter on significant decline in raw material prices, power & fuel prices and decrease in freight cost. At FY09 E EBIDTA of Rs. 877 cr stock is trading at EV/EBIDTA of 3.3.

Recco : **Outperformer**  
 CMP : **550**  
 P/E : **7.2**

## U L T R A T E C H C E M E N T

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1825.0	1601.7	14%	1630.8	12%	6348.0	5508.8	15%
EBITDA	493.2	488.5	1%	430.8	14%	1666.5	1724.9	-3%
Net Profit	280.7	282.9	-1%	238.4	18%	948.2	1007.6	-6%
OPM	27%	30%		26%		26%	31%	
NPM	15%	18%		15%		15%	18%	
EPS	--	--		--		76.2	80.9	

- During FY09E, Ultratech's revenue is expected to grow by 15% YoY. The company would also benefit significantly from the fall in international coal prices. We expect OPM to recover compared to previous quarter on significant decline in raw material prices, power & fuel prices and decrease in freight cost. At FY09 E EBIDTA of Rs. 1666 cr stock is trading at EV/EBIDTA of 4.9.

## C O N S T R U C T I O N S E C T O R

### INDUSTRY REVIEW

We expect companies in our construction universe to deliver strong top line numbers backed by the strong order books of around 3 times their sales. For the Q4FY09E, the top line for the construction companies is expected to witness growth of 21% whereas the bottom line growth will be subdued at around 8% mainly due to higher borrowing costs.

During Q4FY09, order intakes have moderated due to upcoming general elections and we expect this trend to persist for Q1FY10. The construction companies in our universe have average order backlog of around 3 times FY09 sales which gives strong revenue visibility. The high interest rate sensitivity of the sector augurs well with the softer interest outlook going forward.



Recco : **Neutral**  
 CMP : **43**  
 P/E : **12.3**

**H C C**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1177.1	1055.0	12%	819.4	44%	3511.6	3082.8	14%
EBITDA	152.6	121.1	26%	106.0	44%	433.3	356.7	21%
Net Profit	36.3	26.4	37%	30.0	21%	90.9	98.1	-7%
OPM	13.0%	11.5%		12.9%		12.3%	11.6%	
NPM	3.1%	2.5%		3.7%		2.6%	3.2%	
EPS						3.5	3.8	

- HCC is expected to report a 13.9% rise in the topline to Rs 3083 Cr. The company has won orders worth Rs 3540 Cr during the Q4FY09. At the end of the Q3FY09, company's debt had grown to Rs 2500 Cr from Rs 1844 Cr at the beginning of FY09 which is expected to result in 45% rise in interest cost in Q4FY09.

Recco : **Neutral**  
 CMP : **146**  
 P/E : **8.8**

**I V R C L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1580.1	1325.8	19%	1205.4	31%	4872.8	3685.8	32%
EBITDA	147.7	138.8	6%	108.5	36%	429.5	361.5	19%
Net Profit	74.4	73.3	1%	46.5	60%	221.5	210.5	5%
OPM	9.4%	10.5%		9.0%		8.8%	9.8%	
NPM	4.7%	5.5%		3.9%		4.5%	5.7%	
EPS						16.6	15.8	

- We expect IVRCL Infra to post a strong topline growth of 32.2% for the FY09E whereas bottom line growth will be subdued at 5.2% mainly due to higher financing cost. Operating margins for Q4FY09 are expected to expand by 35 bps whereas we see the operating margins for FY09E at 8.8%. The stock has rallied by almost 50% after we rated 'Outperformer' in our Q3FY09 results review. We recommend fresh buying only below Rs 110.

Recco : **Neutral**  
 CMP : **70**  
 P/E : **9.4**

**N C C**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1454.6	1254.1	16%	1026.6	42%	4508.0	3472.9	30%
EBITDA	130.9	109.4	20%	89.9	46%	420.8	359.8	17%
Net Profit	56.0	52.6	6%	36.3	54%	171.6	162.0	6%
OPM	9.0%	8.7%		8.8%		9.3%	10.4%	
NPM	3.8%	4.2%		3.5%		3.8%	4.7%	
EPS						7.5	7.1	

- Nagarjuna Construction is likely to report 29.8% and 17% growth in topline and bottom line respectively for the FY09E. While the operating margins for the FY09E are expected to contract by 110 bps, we expect them to expand by 25 bps from the Q3FY09. The company has bagged various orders during the Q4FY09 amounting to Rs 975 Cr.

Recco : **Neutral**  
 CMP : **320**  
 P/E : **6.9**
**S A D B H A V**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	429.2	360.7	19%	276.7	55%	1093.0	872.1	25%
EBITDA	45.2	37.5	21%	28.7	58%	117.6	98.9	19%
Net Profit	23.8	24.5	-3%	14.4	66%	57.4	54.9	5%
OPM	10.5%	10.4%		10.4%		10.8%	11.3%	
NPM	5.6%	6.8%		5.2%		5.2%	6.3%	
EPS						45.9	43.9	

- We expect SADBHAV Engineering to report a 19% rise in topline and a degrowth of 2.8% in the bottomline for the Q4FY09. For the FY09, company is expected to report a 25% and 4.5% growth in topline and bottomline respectively. During the quarter, the company bagged a BOT project worth Rs 1571 Cr (SEL's share Rs 800 Cr) which improves the revenue visibility. The company has announced a rights issue of Rs 125 Cr to finance the recent BOT wins. The issue may imply dilution of about 35% in the existing equity base if rights issue is done at a 10% discount to the CMP.

 Recco : **Neutral**  
 CMP : **170**  
 P/E : **6.7**
**S I M P L E X**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1347.2	949.0	42%	1270.3	6%	4642.3	2818.5	65%
EBITDA	126.0	81.4	55%	115.6	9%	425.6	267.5	59%
Net Profit	33.3	29.0	15%	25.3	32%	125.0	89.8	39%
OPM	9.4%	8.6%		9.1%		9.2%	9.5%	
NPM	2.5%	3.1%		2.0%		2.7%	3.2%	
EPS						25.2	18.1	

- We expect Simplex to report highest topline and bottom line growth of 64.7% and 39.2% for the FY09 in our construction company universe. On qoq basis, company's operating margins are likely to expand by 25 bps. After making heavy capex in FY08 together with capex of Rs 425 Cr for FY09E, the company estimates minimal capex for the FY10 to execute the current order book. The stock has rallied about 24% since we rated it 'Outperformer' in our Q3FY09 result review. We advise fresh buying below Rs 135.

**E N G I N E E R I N G & C A P I T A L G O O D S**
**INDUSTRY REVIEW**

Pressure on Margin easing on account of easing of interest rate and decline in commodity prices

Companies which has taken foreign exchange loan, are likely to take benefit of suspension of AS-11 for two years. Companies like Suzlon, Punj Lloyd, L&T etc. will be able to report better numbers.

We continue to remain positive on business momentum for the capital goods sector due to investment in infrastructure especially by government. We believe this is right time to invest in these companies as Order book for most the companies give revenue visibility for next 2-3 years.

Recco : **Neutral**  
 CMP : **439**  
 P/E : **16.3**

**A B B**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1734.9	1535.3	13%	1519.1	14%	7418.2	6837.0	9%
EBITDA	197.5	172.7	14%	134.8	46%	890.7	772.0	15%
Net Profit	138.4	117.7	18%	104.7	32%	570.8	547.4	4%
OPM	11%	11%		9%		12%	11%	
NPM	8%	8%		7%		8%	8%	
EPS						26.9	25.8	

- ABB is expected to grow at 13% in top line & 18% in net Profit.
- Operating Margin is expected at 11%.
- Order Backlog at the end of Dec-2008 stands at Rs. 6160 Crore.
- At CMP stock trades at 16.3x FY09E earnings with an EPS of Rs. 26.94.

Recco : **Neutral**  
 CMP : **1531**  
 P/E : **24.6**

**B H E L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	11811	7202	64%	534	121%	27505	21401	29%
EBITDA	1431	1364	5%	710.7	101%	3536	3366	5%
Net Profit	1248.8	1110.8	12%	615.7	103%	3039	2859	6%
OPM	12%	19%		13%		13%	16%	
NPM	11%	15%		12%		11%	13%	
EPS						62.1	58.4	

- BHEL has obtained a record order inflow of Rs. 59687 Crore during the FY08-09, which has taken order backlog to Rs. 117000 Crore.
- At CMP stock trades at 24.6x FY09 (Prov)

Recco : **Neutral**  
 CMP : **425**  
 P/E : **8.8**

**B E M L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1265	1049.0	21%	632.8	100%	2799.6	2539.6	10%
EBITDA	126.5	151.9	-17%	58.1	118%	215.1	293.9	-27%
Net Profit	102.2	118.5	-14%	58.7	74%	199.0	152.4	31%
OPM	10%	14%		9%		8%	12%	
NPM	8%	11%		9%		7%	6%	
EPS						47.8	36.6	

- Current Order books stands at Rs. 5000 crore.
- Likely to benefit from Rail & Defense budget allocation
- At, CMP stock trades at 8.89x FY09E earnings with an EPS of Rs. 47.8

Recco : **Buy**  
 CMP : **130**  
 P/E : **9.1**

## C R O M P T O N G R E A V E S

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	2257.7	2020.7	12%	2149.8	5%	8535	6832	25%
EBITDA	304.5	275.5	11%	225.5	35%	932	746	25%
Net Profit	172.6	144	20%	123.2	40%	518.5	406	28%
OPM	13%	14%		10%		11%	11%	
NPM	8%	7%		6%		6%	6%	
EPS						14.1	11.0	

- Order book stands at Rs. 6500 Crore.
- CGL board has given approval to buy a stake of 41% for Rs. 230 Crore at book value in Avantha Power & Infrastructure, a promoter group company.
- Board of Crompton greaves had approved buy back of shares of Rs. 220 Crore up to price Rs. 170.
- At CMP, stock trades at 9.1x FY09E earnings with an EPS of Rs. 14.15.

Recco : **Neutral**  
 CMP : **717**  
 P/E : **13.2**

## L & T

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	10414.3	8466.8	23%	8615.5	21%	38834.0	29198.5	33%
EBITDA	1015	1118.1	-9%	779.8	30%	3922.0	3447.1	14%
Net Profit	966.8	901.1	7%	604.1	60%	3167.7	2301.3	38%
OPM	10%	13%		9%		10%	12%	
NPM	9%	11%		7%		8%	8%	
EPS						54.1	39.1	

- Order book as on dec-08 stands at Rs. 69000 crore.
- L&T is one of the prefer bidder for Satyam.
- At CMP, stock trades at 13.2x FY09E earnings with an EPS of Rs. 54.12.

Recco : **Neutral**  
 CMP : **106**  
 P/E : **22.5**

## P U N J L L O Y E D

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	2611.9	2346.7	11%	3119.97	-16%	11306.7	7752	46%
EBITDA	206.9	228.5	-9%	-103.4	-300%	705.7	638.1	11%
Net Profit	84.2	117.7	-28%	-224.3	138%	142.4	331.8	-57%
OPM	8%	10%		-3%		6%	8%	
NPM	3%	5%		-7%		1%	4%	
EPS						4.7	10.8	

- Order book as on Dec-08 stands at Rs. 21500 crore.
- Current account surplus (for 2008) regions, Qatar (18%), Libya (48%), and Abu Dhabi, contributed about 55% to Punj Lloyd's new order inflows for 9MFY09.
- At CMP, stock trades at 22.5 x FY09E earnings with an EPS of Rs. 4.7

Recco : **Neutral**  
 CMP : **575**  
 P/E : **12.54**
**R E L I A N C E I N F R A**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	2798.2	1641.9	70%	2647.2	6%	10116.8	6313.1	60%
EBITDA	247.6	89.7	176%	241.6	2%	742.2	627.5	18%
Net Profit	311.3	251.1	24%	251.1	24%	1044.2	1084.6	-4%
OPM	9%	5%		9%		7%	10%	
NPM	11%	15%		9%		10%	17%	
EPS						45.8	47.6	

- Order book stands at Rs.21500 Crore. Company has Rs. 4638 Crore Cash in hand as on Dec-08. Reliance Infra is Sole/ L1 bidder in three projects Costing Rs. 9436 Crore.
- At CMP, stock trades at 12.5x FY09E earnings.

 Recco : **Neutral**  
 CMP : **271**  
 P/E : **11.83**
**S I E M E N S**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	2399.5	2142	12%	1628.9	47%	9776.6	9679	1%
EBITDA	263.9	3	--	159.2	66%	1075	860	25%
Net Profit	186.6	1.7	--	330.5	-44%	770.7	599.6	29%
OPM	11%	0%		10%		11%	9%	
NPM	8%	0%		20%		8%	6%	
EPS						22.9	17.8	

- Order book of around Rs. 9678 crore.
- Company will transfer its wholly own IT subsidiary, Siemens Information Systems, to its parent company- Siemens AG for the consideration of Rs. 449 Crore.
- At CMP, stock trades at 11.8x FY09E earnings.

 Recco : **Buy**  
 CMP : **51**  
 P/E : **-**
**S U Z L O N**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	4877.0	3641.3	34%	2760.4	77%	15371.0	13679.4	12%
EBITDA	560.9	587.0	-4%	260.0	116%	1851.4	1694.7	9%
Net Profit	251.9	394.7	-36%	1.3	--	-39.0	1181.3	-103%
OPM	12%	16%		9%		12%	12%	
NPM	5%	11%		0%		0%	9%	
EPS						--	7.6	

- We Expects Sales of 886MW in Q4FY09E.
- Re-Power has bagged mega orders of Euro-2 billion from RWE energy.
- At CMP stock trades at 11.1x FY10 earnings with EPS of 4.50

Recco : **Neutral**  
 CMP : **198**  
 P/E : **8.1**
**T H E R M A X**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1051.2	922.1	14%	788.0	33%	3360.2	3156.0	6%
EBITDA	134.6	127.0	6%	89.7	50%	408.6	361.4	13%
Net Profit	95.4	80.5	19%	72.3	32%	288.3	277.9	4%
OPM	13%	14%		11%		12%	11%	
NPM	9%	9%		9%		9%	9%	
EPS						24.2	23.5	

- Total order book of the group as on Dec- 2008 stood at Rs 4100 Crore.
- At CMP stock trades at 8.1x FY09E earnings with an EPS of Rs. 24.2

**C O N S U M E R**
**INDUSTRY REVIEW**

FMCG companies have shown a robust growth in volumes in this trying global environment. But the companies now might witness a reduction in market share due to the rural consumers shifting to cheaper products of the unorganized companies.

On account of the falling commodity prices the input costs have reduced significantly. This will have a positive impact on the margins of the companies.

Most of the FMCG companies have made significant volume growth and maintaining or gaining market share their main goal in this economic environment.

 Recco : **Neutral**  
 CMP : **231**  
 P/E : **20.0**
**H U L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	4445.0	3793.9	17%	4307.7	3%	16996.0	14327.4	19%
EBITDA	711.2	407.8	74%	693.1	3%	2432.1	1931.6	26%
Net Profit	631.2	381.0	66%	615.7	3%	2353.0	1858.2	27%
OPM	16.0%	10.7%		16.1%		14.3%	13.5%	
NPM	14.2%	10.0%		14.3%		13.8%	13.0%	
EPS	11.6	7.0		11.3		10.8	8.5	

- We expect the company to report a sales growth of 17 % YoY and 3% QoQ. The Operating margins are likely to expand to 16% due to the sharp fall in the key raw material prices. The net profit of the company is seen at Rs. 631 cr. The Sales growth to remain under pressure due to the significant downtrading by consumers.

Recco : **Outperformer**  
 CMP : **52**  
 P/E : **7.0**
**V O L T A S**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	934.8	842.1	11%	862.5	8%	3722.1	3044.5	22%
EBITDA	69.6	58.4	19%	46.1	51%	263.7	250.3	5%
Net Profit	55.9	55.4	1%	42.4	32%	245.7	187.8	31%
OPM	7.4%	6.9%		5.3%		7.1%	8.2%	
NPM	6.0%	6.6%		4.9%		6.6%	6.2%	
EPS	--	--		--		7.4	6.3	

- Voltas' EAS and UCP segment revenues expected to remain under pressure however, large projects execution part to boost revenues this quarter with expected rise of 11% YoY.
- Compared to previous quarter margins are likely to improve as previous quarter was marked by exceptional items as employee cost provisioning, exchange losses and others.
- The inventory pileup in mining & construction division to impact the profits.

**F E R T I L I Z E R**
**INDUSTRY REVIEW**

KG Basin Gas would be critical factor to look out for fertilizer sector as it will help fertilizer companies access to cheaper source of feedstock. Fertilizer Plant operates on cost plus mechanism; government will be the major beneficiary, as it will lead to decline in subsidy in near term. Fertilizer companies which is planning for Greenfield expansion or de-bottlenecking will get benefit of new gas in long-term as establishment of new plant takes 36 months.

It is expected that 15 urea plants will get gas supply of 15.3 mmscmd by the middle of April. Nagarjuna's fertilizer complex at Kakinada will get gas in next 4 or 5 days.

Falling interest rate scenario will help companies holding bonds issued by government of India. The prices of fertilizers and chemical is expected to get stable during this quarter after sharp correction in the prices will lead companies to curb inventory losses.

 Recco : **Neutral**  
 CMP : **150**  
 P/E : **3.7**
**T A T A C H E M I C A L S**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1828.0	1460.0	25%	3510.1	-48%	12168.0	5983.0	103%
EBITDA	292.4	178.2	64%	411.5	-29%	1963.0	1012.0	94%
Net Profit	106.0	155.2	-32%	131.1	-19%	990.0	622.2	59%
OPM	16%	12%		12%		16%	17%	
NPM	6%	11%		4%		8%	10%	
EPS	--	--		--		42.1	39.6	

- The company is expected to register 25% YoY growth in sales and 64% YoY growth at EBIDTA level. Net profit decline by 32% on YoY basis (Mar 08 net profit excluding income of investment sales of 497 Crs) De-bottlenecking of Urea plant will increase the production capacity to 1.15 mill tonnes from 0.86 mill tonnes. The plant is expected to get natural gas in mid of April at USD6/mmbtu. which will generate strong cash flow as the floor price for urea is USD 250/ton.



**M E T A L**
**INDUSTRY REVIEW**

Rapid decline in commodity prices and lack of demand visibility triggered desperate selling/ de-stocking during Q3FY09. Despite monetary easing and huge fiscal stimulus packages announced globally, confidence of players is yet to return. Governments world-over are sponsoring hefty stimulus packages, amounting to an estimated US\$5 trillion, with a third of the announced packages allocated to infrastructure projects. These policy actions would stimulate metal demand, though with a considerable lag of two quarters.

Steel prices were highest near \$1200 levels in July 2008 and fell by 50% to sub \$600 by November 2008. Then after, prices started consolidating for 2 months till Jan 2009. In March 2009, International prices plunged back to lows of November 2008, but Indian steel prices were much above their November lows due to revival in demand from Indian consumers.

Major steel producers are expected to post impressive sales volume growth this quarter due to end of de-stocking at userend, expansion projects coming on-stream and better seasonal demand. Reported PAT of companies under coverage is expected to be impacted by mark-to-market translation losses on foreign currency loans. Revision in prices for key inputs like Iron ore and coking coal by 30% to 50% lower than previous years is expected to help the producers going forward.

Recco : **Outperformer**  
 CMP : **225**  
 P/E : **1.6**

**T A T A S T E E L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	6552.2	5736.7	14%	4802.1	36%	24370.1	19693.2	23%
EBITDA	1899.8	2285.6	-16%	1478.0	28%	9281.9	7847.4	18%
Net Profit	1087.2	1332.4	-18%	466.2	133%	5028.2	4540.4	10%
OPM	29.0%	39.8%		30.8%		38.1%	39.8%	
NPM	16.6%	23.2%		9.7%		20.6%	23.1%	
EPS						140.0	67.0	

- Net sales is expected to increase by 14% YoY and 36% QoQ due to higher volumes and revival in the rural construction & infrastructure, mainly benefiting long products sales. Management had guided to sell 1.6 mn ton of steel during Q4FY09 in comparison to 1.07 mn tonnes in previous quarter. The 1.8mn MT crude steel expansion project at Jamshedpur was completed during October 2008, taking the present capacity of Tata Steel India to 6.8mn MT, and this will be reflected in current quarter.

Recco : **Marketperformer**  
 CMP : **107**  
 P/E : **7.5**

**S A I L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	10075.0	13477.9	-25%	8920.6	129%	42263.0	40214.2	5%
EBITDA	2196.7	3343.7	-34%	1128.7	94%	9110.5	11339.0	-19%
Net Profit	1198.6	2172.5	-44%	843.3	42%	5886.8	7330.0	-19%
OPM	21.8%	24.8%		12.7%		21.6%	28.2%	
NPM	11.9%	16.1%		9.5%		13.9%	18.2%	
EPS						14.3	17.8	

- Sales volume is expected to grow by 10% QoQ, but realisations to come down by 15%. Management has guided that this quarter sales may exceed 3 mn tonnes vs 2.4 MT of steel sold in Q3FY09 as demand is picking up. Overall bottomline is expected to degrow by 20% YoY due to sharp fall in Steel prices from July 2008. We estimate the company's saleable steel volumes to decline in FY09 to 10.8 MT vs 12.33 MT in FY08 and expect 10% growth in Fy10.

Recco : **Marketperformer**  
 CMP : **304**  
 P/E : **5.1**
**J S W S T E E L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	3879.9	4189.8	-7%	2785.5	39%	14606.2	11391.1	28%
EBITDA	951.0	772.1	23%	214.6	343%	2819.7	3354.3	-15%
Net Profit	320.3	193.9	65%	49.3	549%	1104.9	1729.4	-36%
OPM	24.5%	18.4%		7.7%		19.3%	29.4%	
NPM	8.3%	4.6%		1.8%		7.6%	15.2%	
EPS						59.1	69.7	

Higher production and sales volumes is likely to catapult JSW's Q4 EBITDA and PAT on QoQ basis. JSW's steel output in the Jan-March quarter rose 11 per cent to 1.1 million tonnes as company has commissioned India's largest Blast Furnance at Vijaynagar, Karnataka. JSW agreed to new contracts of Coking Coal at 10% lower prices at \$175 for Q4FY09. FY09 numbers are going to reflect sharp fall of steel prices in last year, despite higher volumes.

 Recco : **Outperformer**  
 CMP : **20**  
 P/E : **2.4**
**V I S A S T E E L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	294.0	261.9	12%	162.3	81%	1042.9	680.8	53%
EBITDA	88.6	44.3	100%	19.6	353%	266.8	95.9	178%
Net Profit	47.1	21.0	124%	-24.8	290%	91.0	43.2	110%
OPM	30.1%	16.9%		12.1%		25.6%	14.1%	
NPM	16.0%	8.0%		-15.2%		8.7%	6.3%	
EPS						8.3	3.9	

- Visa Steel is expected to declare very good results for this quarter and for full year due to higher production and sales of Pig Iron, Ferro Chrome and Sponge iron. New Raw material Contracts from April at lower prices coupled with captive power plant and higher volumes from its sponge iron plant should boost profitability. Visa Steel's Waste Recovery Plant is likely to earn 3.4 lakh tonnes of Carbon Credits every year from FY10 for next 10 years. This would contribute 20% more in revenue from Fy10.

 Recco : **Outperformer**  
 CMP : **472**  
 P/E : **7.7**
**H I N D U S T A N Z I N C**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1197.2	2266.0	-47%	1031.4	16%	5616.1	7895.5	-28%
EBITDA	447.2	1481.0	-69%	267.3	67%	3494.0	6230.0	-43%
Net Profit	389.0	1278.0	-69%	368.8	5%	2565.2	4272.1	-40%
OPM	37.4%	65.4%		25.9%		62.2%	78.9%	
NPM	32.5%	56.4%		35.8%		45.7%	54.1%	
EPS						60.7	101.1	

- Zinc prices have risen 15% and Lead by 30% in this Q4FY09 but prices are still down by 55% and 60% respectively on YoY basis and therefore YoY numbers are unlikely to enthruse investors. Zinc and Lead prices seemed to have bottomed out in last quarter and prices have started moving upwards from 3 months of consolidation. Company's margins was under pressure due to fall in realization, but this is likely to recover by Fy10.

Recco : **Neutral**  
 CMP : **56**  
 P/E : **3.9**
**H I N D A L C O**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	4012.0	5010.2	-20%	4117.2	-3%	18459.8	19201.03	-4%
EBITDA	691.0	796.7	-13%	779.2	-11%	3412.6	3401.1	0%
Net Profit	450.3	1077.0	-58%	544.8	-17%	2411.7	2860.94	-16%
OPM	17.2%	15.9%		18.9%		18.5%	17.7%	
NPM	11.2%	21.5%		13.2%		13.1%	14.9%	
EPS	--	--		--		14.2	23.3	

- We expect Hindalco to report 20% YoY lower revenues due to lower sales volume in aluminium and lower realisations due to falling LME aluminium and copper prices.
- Margins to shrink further on a QoQ basis as cost of production remain high compared to prevailing metals prices. High interest cost on account of further debt taken to refinance Novelis acquisition will pressurize bottomline by 58% YoY.

 Recco : **Underperformer**  
 CMP : **230**  
 P/E : **11.5**
**N A L C O**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	916.3	1405.7	-35%	1015.7	-10%	4935.9	4988.8	-1%
EBITDA	86.5	567.1	-85%	245.3	-65%	1709.4	2166.69	-21%
Net Profit	92.6	409.1	-77%	219.5	-58%	1281.8	1631.52	-21%
OPM	9.4%	40.3%		24.2%		34.6%	43.4%	
NPM	10.1%	29.1%		21.6%		26.0%	32.7%	
EPS	--	--		--		19.9	25.3	

- Lower sales volume and realisations expected to hit revenues down by 35% YoY in Q4 FY09. Nalco is operating at cost of production which is higher than the prevailing aluminium prices which will impact margins drastically. Some respite is offered by the long term contracts fixed around \$2000/tonne.

**P H A R M A S E C T O R**
**INDUSTRY REVIEW**

Pharmaceutical companies to benefit as currency have depreciated by 6% during the Quarter.

The bottom line would be marred by large MTM translation forex losses on outstanding FCCB's and foreign currency loans.

Globally MNC pharmaceuticals companies inventory rationalization would have a negative impact on the earnings of CRAMS players.

Recco : **Outperformer**  
 CMP : **99**  
 P/E : **3.7**
**JUBILANT ORGANOSYS**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	606.1	534.3	13%	589.6	3%	2490.9	1976.7	26%
EBITDA	111.1	116.3	-4%	105.0	6%	515.9	444.1	16%
Net Profit	68.1	66.4	3%	49.9	37%	360.0	392.2	-8%
OPM	18%	22%		18%		21%	22%	
NPM	11%	12%		8%		14%	20%	
EPS	4.6	4.5		3.3		24.4	26.6	

- Net Sales are expected to grow by 13% YoY even as revenues from IPP are expected to take a hit, as rupee depreciation would help matters.
- OPM is expected to be 18% down from 22% a year ago, on higher input and staff cost.

 Recco : **Neutral**  
 CMP : **201**  
 P/E : **14.7**
**PIRAMAL HEALTHCARE**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	627.2	516.9	21%	584.4	7%	2337.7	1913.8	22%
EBITDA	136.1	140.7	-3%	129.6	5%	493.5	398.6	24%
Net Profit	92.7	112.3	-17%	93.5	-1%	348.0	301.4	15%
OPM	22%	27%		22%		21%	21%	
NPM	15%	22%		16%		15%	16%	
EPS	4.4	5.3		1.8		14.8	13.6	

- Piramal has discontinued its operations at Huddersfield plant in UK, is likely to incur a one time cost of Rs. 70 cr for closing the plant. Revenues of around Rs. 130 crs would be affected by this action in Fy10.

**RETAIL SECTOR**
**INDUSTRY REVIEW**

Major retailers extended the discount period on backdrop of slowing economy, though faced with falling footfalls and declining Same Store sales growth especially in case of discretionary spend like apparels and Consumer electronics.

Retailers have put their expansion plans on backburner on the face of tight liquidity and funding constraints. While growing focus can be seen on consolidation and cost rationalizing.

We believe the environment to remain restraining in near term for retailers demanding focus on sustainability given the challenging environment. Moreover aggressive ramp up by other unlisted identities as Reliance Retail, Bharti Wal-mart, Aditya Birla Retail to see the share in pie shrinking

Recco : **Neutral**  
 CMP : **167**  
 P/E : **20.9**
**PANTALOON**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	1498.2	1354.3	11%	1525.7	-2%	--	--	
EBITDA	156.9	114.1	38%	157.3	0%	--	--	
Net Profit	31.4	32.1	-2%	33.5	-6%	--	--	
OPM	10.5%	8.4%		10.3%				
NPM	2.1%	2.4%		2.2%				
EPS	8.0	7.4		8.3		--	--	

- Slowdown hitting consumption in India has hit the revenues of many retailers. Pantaloon though continue to grow at comparative satisfactory rate. Revenues for March quarter ending are expected to grow by 11% YoY. Marginal recovery in SSS growth and cost realignment to benefit with improved operating margins. Rising interest cost continue dent the profitability

 Recco : **Underperformer**  
 CMP : **38**  
 P/E : **3.9**
**VISHAL**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	307.1	302.3	2%	355.5	-14%	1397.5	1005.3	39%
EBITDA	40.4	34.6	17%	43.8	-8%	175.3	119.4	47%
Net Profit	1.7	10.4	-84%	2.2	-23%	22.0	40.6	-46%
OPM	13.2%	11.4%		12.3%		12.5%	11.9%	
NPM	0.6%	3.4%		0.6%		1.6%	4.0%	
EPS	--	--		--		9.8	18.1	

- Vishal retail's revenues are among the worst hit by the overall slowdown witnessed by the sector. We expect marginal growth of 2% YoY.
- Declining same store sales, stores shut down, high inventory to shrug off operational margins. Company has not been able to generate positive cash flows from operations.
- Huge debt and interest costs to sharply affect bottomline.

**TELECOM SECTOR**
**INDUSTRY REVIEW**

The telecom sector saw a significant increase in the subscriber additions this quarter mainly because of the GSM service launch of several operators. RCOM launched its GSM services in 14 circles and witnessed record subscriber additions.

The TRAI announced a cut in termination charges on all domestic calls from Rs. 0.3/min to Rs. 0.2/min effective from 1<sup>st</sup> April 2009. The TRAI also imposed an ILD termination hike from Rs 0.3/min to Rs 0.4/min. which was much lower than the increase demanded by the Indian operators. This increase will translate in an increase in the revenue for the domestic players.

Due to the significant increase in competition in this sector, going forward the companies will find it difficult to maintain their market share and ARPU's.

Recco : **Neutral**  
 CMP : **196**  
 P/E : **7.4**
**R C O M**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	5956.7	5311.4	12%	5850.2	1%	22774.1	19067.8	19%
EBITDA	2375.7	2316.4	2%	2352.5	1%	9280.0	8198.9	13%
Net Profit	1378.7	1503.2	-8%	1410	-2%	5832.1	5401.5	8%
OPM	39.9%	43.6%		40.2%		40.7%	43.0%	
NPM	23.1%	64.9%		24.1%		25.6%	28.3%	
EPS	26.5	29.2		26.5		28.3	26.2	
ARPU	221.0	317.0		251.0		256.0	341.0	

- We expect the company to report a 2% revenue growth on a QoQ basis. The wireless subscriber base of the company to see a subscriber growth of 20% QoQ mainly on account of the recent GSM launch. The ARPU's of the company expected to decline by 11.5% mainly because of the aggressive promotional schemes offered in the GSM service.

**U T I L I T Y S E C T O R**

 Recco : **Neutral**  
 CMP : **184**  
 P/E : **17.9**
**N T P C**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	12165.5	10743.6	13%	11277.1	8%	42643.4	37061.0	15%
EBITDA	2980.5	2822.2	6%	3208.6	-7%	11158.5	11234.8	-1%
Net Profit	2386	2176.6	10%	1967.5	21%	8465.4	7558.2	12%
OPM	24.5%	26.3%		28.5%		26.2%	30.3%	
NPM	19.6%	20.3%		17.4%		19.9%	20.4%	
EPS	--	--		--		10.3	9.2	

- We expect coal plants to operate at PLF of 98% and company will sell 57 BU during the quarter.
- Gas based plants of 3500 MW to gain higher PLF as gas will be available from KG D-6 block.
- We recommend investors to buy stock at Rs 160/share.

 Recco : **Neutral**  
 CMP : **42**  
 P/E : **17.8**
**G S P L**

Rs crores	Mar-09	Mar-08	YoY	Dec-08	QoQ	FY09 E	FY08	YoY
Net Sales	144.0	116.1	24%	117.4	23%	499.5	417.9	20%
EBITDA	127.8	103.0	24%	101.6	26%	439.4	364.5	21%
Net Profit	45.2	40.6	11%	27.6	64%	133.8	99.9	34%
OPM	88.8%	88.7%		86.5%		88.0%	87.2%	
NPM	31.4%	35.0%		23.5%		26.8%	23.9%	
EPS	--	--		--		2.4	1.8	

- RIL gas to flow in from April 09 and we expect company to transport 11 MMSCMD at peak levels.
- During the quarter volumes will improve as compared to Q3 FY09 as Naptha prices have recovered from lows that will lead user industry to switch from Naptha to Natural Gas.

**DISCLAIMER**

This document has been prepared by Anagram Capital Ltd. (Anagram), for use by the recipient only and not for circulation. The information and opinions contained in the document have been compiled from sources believed to be reliable. Anagram does not warrant its accuracy, completeness and correctness. This document is not, and should not be construed as, an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from us. Anagram and the analyst(s), including his dependant family members may have an interest in the securities recommended above.

To unsubscribe, send a mail to [unsubscribechinta@gmail.com](mailto:unsubscribechinta@gmail.com)

**RATING INTERPRETATION**

**Buy** Expected to appreciate more than 20% over a 12-month period

**Outperformer** Expected to appreciate more than 10% relative to index

**Neutral** Expected to remain in a narrow range

**Underperformer** Expected to depreciate more than 10% relative to index

**Sell** Expected to depreciate more than 10% over a 12-month period

Copyright in this document vests exclusively with Anagram Capital Limited

Anagram Research is also available on Bloomberg <Code ANGM> and ISI Emerging Markets

**Anagram Capital Ltd:**

Bandra Kurla Complex, Bandra(E), Mumbai 400 051.

Regd. Office: Anagram House, H.L. Commerce Collage - Stadium Road, Navrangpura, Ahmedabad – 380 009.