

India Strategy
Q3FY11 Results Preview: Strong numbers

Emkay®

Your success is our success

Emkay Global Financial Services Ltd.

Q3FY11 Strong Results

Large Caps	Mid Caps	Small Caps
Bank of India	Arshiya International	Bharat Bijlee
Dr. Reddy's Lab	eClerx Services	Infinite Computer
Godrej Consumer Products	GSFC	Kajaria Ceramics
Infosys	India Cements	Piramal Glass
LIC Housing Finance	Jubilant FoodWorks	
Mah & Mah	Lakshmi Machine Works	
Ranbaxy Labs	Madras Cements	
Sesa Goa	Manappuram General Finance	
Tata Motors	Panacea Biotec	
Tata Steel	Punj Lloyd	
Thermax	South Indian bank	
	TVS Motor	

Q3FY11 Weak Results

Large Caps	Mid Caps	Small Caps
Reliance Communications	Apollo Tyres	Dishman Pharma
Tata Chemicals	Gujarat Industries Power	EMCO
	Jubilant Life Sciences	Garware Offshore
	Shree Cements	HBL Power Systems
		JK Tyre
		TRF

Executive Summary

We expect Emkay Universe's (ex-Oil & Gas and Banking) earnings to grow by 12.8% for Q3FY11. However, excluding RCom & Bharti (decline of 46% yoy), the growth is expected at 22%.

Ebitda margins for Emkay Universe are expected to contract by 22 bps to 20.1%. The Same are likely to contract by 11 bps to 20.5%, by 61 bps to 18.2% and by 229 bps to 13.8% for Emkay Large Cap, Mid Cap and Small Cap Universe respectively.

Emkay Universe is likely to post Sales growth of 17.7%, EBITDA growth of 16.4% and PAT growth of 12.8% for Q3FY11. Emkay Large Cap Universe is likely to show 18.5%, 17.8% and 13.8% growth in Sales, EBITDA and PAT respectively. Emkay Mid Cap Universe is likely to show 11.9%, 8.2% and 5.4% growth in Sales, EBITDA and PAT respectively.

The top performing sectors in terms of sales growth are Telecom (36.1%), Auto Ancillaries (31.7%), Construction (24.9%), Automobiles (22%) and IT Services (21.5%).

EBITDA margins are likely to improve in sectors like Metals and Mining (295 bps), Offshore Oil Field Services (147 bps) and Agri Input & Chemicals (94 bps). The same are likely to contract in case of Telecom (394 bps), Auto Ancillaries (383 bps), Construction (286 bps), Cement (277 bps) and Power (199 bps).

Sectors like Metals & Mining (27%), Telecom (21%), Automobiles (20.9%), IT Services (17%) and Pharma (16%) are expected to witness better yoy EBITDA growth while sectors like Auto Ancillaries (10.5%) and Cement (8.3%) are likely to post yoy decline in EBITDA.

Emkay Universe is likely to post a 12.2% decline in other income with 14.3% decline and 10% growth in other income of Emkay Large Cap and Mid Cap Universe respectively.

Executive Summary *(Cont'd...)*

Emkay Universe is likely to post 39.7% growth in interest cost with 50.5%, 15.1% and 0.6% growth in interest cost of Emkay Large Cap, Mid Cap and Small Cap respectively.

PAT growth will be contributed by sectors like Metals & Mining (56.2%), Automobiles (51%), Pharma (24.4%), Paper (22.5%) and Engineering & Capital Goods (19.4%). While sectors like Telecom (42.1%), Auto Ancillaries (26.3%), Cement (16.5%), Power (13.3%) and Construction (2.3%) will witness de-growth in PAT.

Emkay Universe is trading at 16.7x FY11E earnings and 13.9x FY12E earnings which is at a discount of 11% & 10% respectively to consensus Sensex PE.

Q3FY11 Strong Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Dec-10 (E)	Dec-09	
Large Caps				
Bank of India	Banks & Financial Services	6500	4055	60.3
Dr. Reddy's Lab	Pharmaceuticals	3879	2389	62.4
Godrej Consumer Products	FMCG	1425	851	67.4
Infosys	IT Services	18403	15836	16.2
LIC Housing Finance	Banks & Financial Services	2378	1536	54.8
Mah & Mah	Automobiles	6531	4250	53.7
Ranbaxy Labs	Pharmaceuticals	3199	1093	192.8
Sesa Goa	Metals & Mining	13824	8275	67.0
Tata Motors	Automobiles	21620	8205	163.5
Tata Steel	Metals & Mining	13524	6684	102.3
Thermax	Engineering & Capital Goods	880	565	55.6
Mid Caps				
Arshiya International	Others	192	128	50.4
eClerx Services	IT Services	296	213	38.8
GSFC	Agri Input & Chemicals	1837	1139	61.2
India Cements	Cement	433	232	86.9
Jubilant FoodWorks	Others	189	114	66.1
Lakshmi Machine Works	Engineering & Capital Goods	473	305	55.2
Madras Cements	Cement	379	160	137.9
Manappuram General Finance	Banks & Financial Services	762	350	117.8
Panacea Biotech	Pharmaceuticals	267	73	264.0
Punj Lloyd	Engineering & Capital Goods	275	124	121.1
South Indian bank	Banks & Financial Services	803	388	106.9
TVS Motor	Automobiles	524	239	119.8
Small Caps				
Bharat Bijlee	Engineering & Capital Goods	137	74	85.3
Infinite Computer	IT Services	277	205	35.4
Kajaria Ceramics	Others	150	83	80.9
Piramal Glass	Others	194	113	72.1

Q3FY11 Weak Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Dec-10 (E)	Dec-09	
Large Caps				
Reliance Communications	Telecommunications	3247	12686	-74.4
Tata Chemicals	Agri Input & Chemicals	1551	2270	-31.7
Mid Caps				
Apollo Tyres	Auto Ancillaries	416	1019	-59.2
Gujarat Industries Power	Power	146	288	-49.3
Jubilant Life Sciences	Pharmaceuticals	898	1344	-33.2
Shree Cements	Cement	588	1674	-64.9
Small Caps				
Dishman Pharma	Pharmaceuticals	203	314	-35.2
EMCO	Engineering & Capital Goods	60	101	-40.2
Garware Offshore	Offshore Oil Field Services	54	86	-37.4
HBL Power Systems	Others	49	226	-78.4
JK Tyre	Auto Ancillaries	212	365	-41.8
TRF	Engineering & Capital Goods	92	243	-62.2

Emkay Universe Q3FY11 Result Preview

	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
Agri Input & Chemicals	95415	114549	93663	2%	-17%	17345	18485	16147	7%	-6%	8516	9689	8258	3%	-12%	4.9	5.6	4.7	3%	-12%
Auto Ancillaries	51889	42717	39401	32%	21%	4209	3879	4703	-11%	8%	1441	1271	1955	-26%	13%	1.5	1.4	2.1	-26%	13%
Automobiles	586518	565167	480718	22%	4%	77978	77771	64500	21%	0%	46878	48654	31046	51%	-4%	12.4	12.8	8.3	48%	-4%
Banks & Financial Services	294380	287794	228050	29%	2%	233029	226402	188595	24%	3%	114764	111222	101296	13%	3%	13.5	13.1	12.6	8%	3%
Cement	66319	57849	64038	4%	15%	14246	7500	15532	-8%	90%	6840	2268	8188	-16%	202%	2.8	0.9	3.3	-17%	202%
Construction	55776	45338	44670	25%	23%	12316	9880	11140	11%	25%	4407	2379	4512	-2%	85%	1.6	0.9	1.7	-2%	85%
Engineering & Capital Goods	276860	260277	234986	18%	6%	39221	34351	33826	16%	14%	25700	22450	21530	19%	14%	9.7	8.4	8.1	19%	15%
Financial Services - Others	2233	2075	1902	17%	8%	894	762	734	22%	17%	680	580	593	15%	17%	39.5	33.7	34.4	15%	17%
FMCG	87063	83190	73812	18%	5%	14901	12586	13066	14%	18%	10807	9422	9352	16%	15%	3.4	2.9	3.0	13%	15%
IT Services	317179	308766	261045	22%	3%	79815	76881	68192	17%	4%	62090	58426	52552	18%	6%	9.8	9.3	8.3	18%	6%
Metals & Mining	432311	417689	398627	8%	4%	87268	65941	68692	27%	32%	44389	31780	28415	56%	40%	16.8	12.0	10.2	66%	40%
Offshore Oil Field Services	11774	10765	11558	2%	9%	7004	6799	6705	4%	3%	1453	1215	1476	-2%	20%	13.9	11.6	14.1	-2%	20%
Paper	16658	16332	14123	18%	2%	3779	3740	3440	10%	1%	1144	1108	933	23%	3%	1.4	1.4	1.2	23%	3%
Pharmaceuticals	158010	148023	133738	18%	7%	36507	31980	31476	16%	14%	25488	23629	20495	24%	8%	6.0	5.6	4.9	24%	8%
Power	123941	132013	114220	9%	-6%	34707	30519	34254	1%	14%	20748	18540	23939	-13%	12%	2.5	2.2	2.9	-13%	12%
Print Media	13075	12601	11056	18%	4%	4067	3829	3588	13%	6%	2404	2320	2038	18%	4%	2.5	2.4	2.1	18%	4%
Telecommunications	254616	244825	187060	36%	4%	80442	77275	66467	21%	4%	21564	23652	37213	-42%	-9%	2.3	2.5	4.0	-42%	-9%
Others	51867	48238	46484	12%	8%	7521	7593	6257	20%	-1%	3958	4158	3331	19%	-5%	2.4	2.6	2.6	-6%	-5%
Small Cap*	65046	60804	54029	20%	7%	8958	7210	8678	3%	24%	3503	2361	3549	-1%	48%	2.3	1.5	2.3	-1%	48%
Mid Cap*	326034	305839	291432	12%	7%	59353	54672	54832	8%	9%	26879	24839	25494	5%	8%	2.9	2.7	2.9	1%	8%
Large Cap*	2208189	2141694	1863738	18%	3%	453015	407127	384474	18%	11%	257442	233760	226192	14%	10%	6.3	5.7	5.5	14%	10%
Emkay*	2599269	2508337	2209199	18%	4%	521326	469009	447984	16%	11%	287824	260960	255235	13%	10%	5.5	5.0	4.9	12%	10%
Emkay	2895882	2798206	2439150	19%	3%	755249	696173	637313	19%	8%	403268	372762	357124	13%	8%	6.7	6.2	6.0	11%	8%

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

Emkay Universe Q3FY11 Result Preview

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
Agri Input & Chemicals																				
Advanta India	2199	2010	1833	20%	9%	374	376	142	164%	-1%	136	178	141	-3%	-24%	8.1	10.6	8.4	-3%	-24%
Chambal Fertilisers	11600	15453	11461	1%	-25%	2187	2253	1894	15%	-3%	898	982	797	13%	-9%	2.2	2.4	1.9	13%	-9%
Coromandel International	17250	25761	17568	-2%	-33%	2208	3340	2075	6%	-34%	1421	2226	1461	-3%	-36%	5.1	7.9	5.2	-3%	-36%
Deepak Fertilisers	3530	4141	3668	-4%	-15%	852	800	683	25%	7%	456	448	349	31%	2%	5.2	5.1	4.0	31%	2%
GNFC	7548	8019	7659	-1%	-6%	1410	1153	1512	-7%	22%	764	639	835	-9%	20%	4.9	4.1	5.4	-9%	20%
GSFC	12157	13007	11413	7%	-7%	2999	3172	1901	58%	-5%	1837	2070	1139	61%	-11%	23.0	26.0	14.3	61%	-11%
Rallis India	2437	3680	2066	18%	-34%	585	883	428	37%	-34%	388	587	295	31%	-34%	20.0	30.2	15.2	31%	-34%
Tata Chemicals	26616	29909	26499	0%	-11%	4489	4182	5561	-19%	7%	1551	1251	2270	-32%	24%	6.4	5.1	9.3	-32%	24%
United Phosphorus	12076	12569	11497	5%	-4%	2242	2326	1952	15%	-4%	1065	1307	971	10%	-18%	2.4	3.0	2.2	10%	-18%
Auto Ancillaries																				
Apollo Tyres	17954	11756	13233	36%	53%	1325	1215	2050	-35%	9%	416	374	1019	-59%	11%	0.8	0.7	2.0	-59%	11%
JK Tyre	12157	11385	8020	52%	7%	753	745	968	-22%	1%	212	202	365	-42%	5%	5.2	4.9	8.9	-42%	5%
Motherson Sumi	21778	19576	18148	20%	11%	2131	1919	1686	26%	11%	812	695	571	42%	17%	2.1	1.8	1.5	42%	17%
Automobiles																				
Ashok Leyland	21792	27140	18155	20%	-20%	2141	3063	2062	4%	-30%	965	1671	1056	-9%	-42%	0.7	1.3	0.8	-9%	-42%
Bajaj Auto	39211	43418	32956	19%	-10%	7775	9122	7235	7%	-15%	5556	6928	5064	10%	-20%	19.2	23.9	17.5	10%	-20%
Hero Honda	49911	45520	38270	30%	10%	7084	6079	6609	7%	17%	5895	5056	5358	10%	17%	29.5	25.3	26.8	10%	17%
Mah & Mah	61560	53635	44971	37%	15%	9320	8500	6855	36%	10%	6531	7135	4250	54%	-8%	10.9	11.9	7.1	54%	-8%
Maruti Suzuki India	97298	91473	75029	30%	6%	9387	9916	11339	-17%	-5%	5786	6204	6875	-16%	-7%	20.0	21.5	23.8	-16%	-7%
Tata Motors	300558	287820	260443	15%	4%	41157	40016	29718	38%	3%	21620	21112	8205	164%	2%	35.4	34.5	15.1	135%	2%
TVS Motor	16188	16162	10894	49%	0%	1113	1075	682	63%	3%	524	549	239	120%	-4%	1.1	1.2	0.5	120%	-4%

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

Emkay Universe Q3FY11 Result Preview

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
Banks																				
Allahabad Bank	10046	9692	6756	49%	4%	8136	7815	6501	25%	4%	3766	4025	3454	9%	-6%	8.4	9.0	7.7	9%	-6%
Andhra Bank	7973	7832	5825	37%	2%	5739	5645	4818	19%	2%	2896	3030	2753	5%	-4%	6.0	6.2	5.7	5%	-4%
Axis Bank	16674	16151	13491	24%	3%	15532	14864	13746	13%	4%	7855	7351	6560	20%	7%	19.2	18.0	16.3	18%	7%
Bank of Baroda	21005	20381	16012	31%	3%	14418	16567	12650	14%	-13%	8405	10193	8325	1%	-18%	23.0	27.9	22.8	1%	-18%
Bank of India	17636	17761	14947	18%	-1%	13717	13796	11298	21%	-1%	6500	6167	4055	60%	5%	12.4	11.7	7.7	60%	5%
Canara Bank	20523	20033	14778	39%	2%	15167	14157	14702	3%	7%	10030	10078	10528	-5%	0%	24.5	24.6	25.6	-4%	0%
Corporation Bank	7297	7152	5994	22%	2%	6210	5735	5388	15%	8%	3514	3517	3059	15%	0%	24.5	24.5	21.3	15%	0%
HDFC Bank	27173	25263	22239	22%	8%	20393	18071	16237	26%	13%	10659	9121	8185	30%	17%	23.0	19.7	18.0	28%	17%
ICICI Bank	21647	22044	20581	5%	-2%	24169	22125	21667	12%	9%	12040	12369	9382	28%	-3%	10.5	10.7	8.4	24%	-3%
LIC Housing Finance	3292	3051	2280	44%	8%	3303	3192	2324	42%	3%	2378	2341	1536	55%	2%	5.0	4.9	3.2	55%	2%
Manappuram General Finance	2103	1792	950	121%	17%	1199	947	558	115%	27%	762	602	350	118%	27%	2.1	1.7	4.1	-47%	27%
Punjab National Bank	31747	29767	23291	36%	7%	23171	21001	18182	27%	10%	12131	10746	10112	20%	13%	38.5	34.1	32.1	20%	13%
South Indian bank	2075	1973	1482	40%	5%	1382	1248	946	46%	11%	803	770	388	107%	4%	0.7	0.7	0.3	104%	4%
State Bank of India	81655	81149	63163	29%	1%	63274	63570	46182	37%	0%	24796	25014	24791	0%	-1%	39.0	39.4	39.1	0%	-1%
Union Bank of India	15013	15358	10646	41%	-2%	10677	11310	9144	17%	-6%	5028	3037	5344	-6%	66%	10.0	6.0	10.6	-6%	66%
United Bank Of India	5355	5262	3505	53%	2%	3356	3546	2092	60%	-5%	1332	1097	1215	10%	21%	4.2	3.5	4.6	-8%	21%
Yes Bank	3168	3132	2109	50%	1%	3186	2813	2162	47%	13%	1869	1762	1259	48%	6%	5.4	5.1	4.2	29%	6%
Cement																				
ACC	20219	16372	19215	5%	23%	4172	1699	4900	-15%	146%	2591	900	3410	-24%	188%	13.8	4.8	18.2	-24%	188%
Ambuja Cements	18960	15640	17729	7%	21%	4218	2832	4344	-3%	49%	2519	1521	2412	4%	66%	1.7	1.0	1.6	4%	66%
India Cements	7976	8412	8641	-8%	-5%	1367	286	1165	17%	377%	433	-449	232	87%		1.4	-1.5	0.8	72%	
Madras Cements	5808	6421	6071	-4%	-10%	1466	1068	1075	36%	37%	379	185	160	138%	105%	1.6	0.8	0.7	138%	105%
Orient Paper	4500	3829	3722	21%	18%	711	188	695	2%	279%	329	5	301	9%	6506%	1.7	0.0	1.6	9%	6506%
Shree Cements	8856	7176	8660	2%	23%	2311	1427	3353	-31%	62%	588	106	1674	-65%	457%	16.9	3.0	48.1	-65%	457%
Construction																				
IRB Infrastructure	7371	4903	4331	70%	50%	2708	2364	2271	19%	15%	1099	991	914	20%	11%	3.3	3.0	2.8	20%	11%
IVRCL	14478	10502	11815	23%	38%	1339	706	1131	18%	90%	482	233	458	5%	107%	1.8	0.9	1.7	5%	107%
Jaiprakash Associates	33927	29933	28524	19%	13%	8269	6811	7738	7%	21%	2825	1155	3140	-10%	145%	1.3	0.5	1.5	-10%	145%

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

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Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
Engineering & Capital Goods																				
Bharat Bijlee	2100	1846	1616	30%	14%	256	255	139	84%	0%	137	151	74	85%	-9%	24.3	26.8	13.1	85%	-9%
BHEL	86077	83284	71003	21%	3%	16576	14702	14328	16%	13%	13095	11423	10726	22%	15%	26.8	23.3	21.9	22%	15%
Blue Star	6769	6948	5956	14%	-3%	678	672	564	20%	1%	389	386	336	16%	1%	4.3	4.3	3.7	16%	1%
Cummins India	10383	10914	8279	25%	-5%	2015	2172	1898	6%	-7%	1631	1679	1482	10%	-3%	8.2	8.5	7.5	10%	-3%
Elecon Engineering	2704	2809	2512	8%	-4%	408	400	387	6%	2%	140	142	121	16%	-1%	1.5	1.5	1.3	16%	-1%
EMCO	2635	2902	2081	27%	-9%	211	-274	266	-21%		60	-286	101	-40%		1.0	-4.4	1.5	-38%	
Greaves Cotton	4143	3784	3428	21%	9%	664	599	583	14%	11%	394	363	327	20%	8%	1.6	1.5	1.3	20%	8%
Indo Tech	364	303	218	67%	20%	5	-60	-28			-3	-58	-2			-0.3	-5.5	-0.2		
Lakshmi Machine Works	4524	4430	3362	35%	2%	789	777	634	24%	2%	473	459	305	55%	3%	38.3	37.1	24.7	55%	3%
Larsen & Toubro	99004	93308	81222	22%	6%	12284	10657	10069	22%	15%	7063	6241	6103	16%	13%	11.7	10.3	10.2	15%	13%
Mcnally Bharat Engineering	4254	4018	3325	28%	6%	272	219	230	18%	24%	83	97	70	20%	-14%	2.7	3.1	2.2	20%	-14%
Punjab Lloyd	25259	19875	29072	-13%	27%	2018	1832	2137	-6%	10%	275	239	124	121%	15%	0.8	0.7	0.4	121%	15%
Thermax	10824	10916	7483	45%	-1%	1375	1286	894	54%	7%	880	895	565	56%	-2%	7.4	7.5	4.7	56%	-2%
TRF	3077	1925	2822	9%	60%	195	-237	401	-51%		92	-222	243	-62%		8.3	-20.2	22.0	-62%	
TRIL	1575	1120	1282	23%	41%	234	151	146	60%	55%	146	101	97	50%	44%	11.3	7.8	7.5	50%	44%
Voltamp Transformers	1789	1243	1400	28%	44%	232	125	283	-18%	85%	166	93	196	-15%	78%	16.4	9.2	19.4	-15%	78%
Voltas	11382	10651	9928	15%	7%	1010	1075	898	12%	-6%	678	746	663	2%	-9%	2.1	2.3	2.0	2%	-9%
Financial Services - Others - Others																				
CRISIL	1693	1591	1481	14%	6%	647	562	555	17%	15%	502	439	450	12%	15%	69.5	60.7	62.2	12%	15%
ICRA	541	484	421	28%	12%	247	200	178	38%	24%	178	141	144	24%	26%	17.8	14.1	14.4	24%	26%
FMCG																				
Asian Paints	19468	18108	16200	20%	8%	3620	3315	3181	14%	9%	2239	2147	1985	13%	4%	23.3	22.4	20.7	13%	4%
Godrej Consumer Products	10277	9647	5184	98%	7%	1985	1810	1022	94%	10%	1425	1302	851	67%	9%	4.4	4.0	3.3	34%	9%
Hindustan Unilever	49530	47647	45732	8%	4%	8281	6469	7875	5%	28%	6476	5257	5894	10%	23%	3.0	2.4	2.7	10%	23%
Marico	7788	7788	6696	16%	0%	1015	993	988	3%	2%	667	716	622	7%	-7%	1.1	1.2	1.0	7%	-7%

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

Emkay Universe Q3FY11 Result Preview

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
IT Services																				
eClerx Services	871	823	691	26%	6%	315	298	279	13%	6%	296	276	213	39%	7%	10.0	9.3	7.2	39%	7%
HCL Tech	38280	36116	30325	26%	6%	6139	5634	6144	0%	9%	3736	3004	2740	36%	24%	5.5	4.4	4.1	35%	24%
Infinite Computer	2190	2194	1605	36%	0%	369	364	281	31%	1%	277	256	205	35%	8%	6.3	5.8	4.6	35%	8%
Hexaware Technologies	2968	2817	2520	18%	5%	314	240	450	-30%	31%	284	168	360	-21%	69%	2.0	1.2	2.5	-21%	69%
Infosys	71884	69470	57416	25%	3%	24058	23150	20386	18%	4%	18403	17370	15836	16%	6%	32.1	30.3	27.6	16%	6%
Mahindra Satyam	12640	12424	0		2%	1021	735	0		39%	853	240	0		255%	0.7	0.2			255%
NIIT	3124	3458	2836	10%	-10%	384	532	311	24%	-28%	139	285	94	48%	-51%	0.8	1.7	0.6	49%	-51%
Patni Computer	8224	7967	7896	4%	3%	1569	1505	1675	-6%	4%	1222	1281	1363	-10%	-5%	9.1	9.6	10.4	-12%	-5%
TCS	95388	92864	76503	25%	3%	28328	27894	22717	25%	2%	21947	21065	17979	22%	4%	11.2	10.8	9.2	22%	4%
Tech Mahindra	12345	15339	11873	4%	-20%	2622	2818	2807	-7%	-7%	1822	1873	1729	5%	-3%	13.9	14.3	13.2	5%	-3%
Wipro	81905	77718	69380	18%	5%	15717	14446	13142	20%	9%	13964	12848	12033	16%	9%	5.7	5.3	4.9	16%	8%
Metals & Mining																				
Godawari Power	2305	1478	2020	14%	56%	396	304	317	25%	30%	160	72	136	18%	121%	6.0	2.7	5.0	18%	121%
JSW Steel	59977	59722	48228	24%	0%	12303	10227	10788	14%	20%	4514	3733	3272	38%	21%	24.1	20.0	16.2	49%	21%
Sesa Goa	28137	9183	18892	49%	206%	15800	3398	10360	53%	365%	13824	3849	8275	67%	259%	16.6	4.6	9.9	68%	259%
Sterlite Industries	69817	60844	67467	3%	15%	19971	15289	17722	13%	31%	12367	10292	10049	23%	20%	17.5	14.5	11.9	47%	20%
Tata Steel	272075	286462	262020	4%	-5%	38799	36723	29506	31%	6%	13524	13834	6684	102%	-2%	15.3	15.6	7.5	102%	-2%
Offshore Oil Field Services																				
Aban Offshore	8630	8281	8413	3%	4%	5551	5563	5193	7%	0%	1022	891	894	14%	15%	23.5	20.5	20.6	14%	15%
Garware Offshore	512	493	638	-20%	4%	189	188	265	-28%	1%	54	43	86	-37%	25%	2.3	1.8	3.6	-37%	25%
Great Offshore	2632	1992	2507	5%	32%	1263	1048	1248	1%	20%	377	281	495	-24%	34%	10.1	7.6	13.3	-24%	34%
Paper																				
Ballarpur Inds	10727	10227	8881	21%	5%	2234	2092	2011	11%	7%	528	410	456	16%	29%	0.8	0.6	0.7	16%	29%
JK Paper	3052	3133	2655	15%	-3%	656	709	607	8%	-7%	250	291	204	23%	-14%	3.2	3.7	2.6	23%	-14%
Tamilnadu Newsprint	2879	2972	2587	11%	-3%	889	940	823	8%	-5%	365	408	274	33%	-10%	5.3	5.9	4.0	33%	-10%

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

Emkay Universe Q3FY11 Result Preview

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ
Pharmaceuticals																				
Aurobindo Pharma	11552	11126	9153	26%	4%	2597	2542	2489	4%	2%	1521	1437	1468	4%	6%	26.1	24.7	27.3	-4%	6%
Cadila Healthcare	11537	11167	9910	16%	3%	2441	2449	2099	16%	0%	1680	1708	1274	32%	-2%	8.2	8.3	6.2	32%	-2%
Cipla	16075	16154	14385	12%	0%	3959	3666	4039	-2%	8%	2875	2630	3087	-7%	9%	3.6	3.3	3.8	-7%	9%
Dishman Pharma	2323	2128	2223	4%	9%	488	369	513	-5%	32%	203	85	314	-35%	138%	2.5	1.1	3.9	-35%	138%
Divi's Lab	2795	2589	1963	42%	8%	1032	878	819	26%	17%	855	719	678	26%	19%	6.4	5.4	5.1	26%	19%
Dr. Reddy's Lab	20812	18704	17296	20%	11%	4683	3475	2904	61%	35%	3879	2912	2389	62%	33%	23.0	17.3	14.2	62%	33%
Glaxosmithkline Pharma	5143	5893	4499	14%	-13%	1594	2160	1438	11%	-26%	1199	1583	1067	12%	-24%	14.2	18.7	12.6	12%	-24%
Glenmark Pharma	7704	7414	6430	20%	4%	1925	1870	1649	17%	3%	1110	996	1042	7%	11%	4.1	3.7	3.9	7%	11%
Ipca Lab	4762	5143	3957	20%	-7%	1014	1140	903	12%	-11%	684	730	596	15%	-6%	5.4	5.8	4.7	15%	-6%
Jubilant Life Sciences	10143	9921	9615	5%	2%	1745	1595	2251	-22%	9%	898	826	1344	-33%	9%	5.7	5.2	8.5	-33%	9%
Lupin	15159	14340	12708	19%	6%	3153	2986	2618	20%	6%	2085	2150	1606	30%	-3%	4.7	4.8	3.6	30%	-3%
Panacea Biotech	2878	2562	2314	24%	12%	628	564	406	55%	11%	267	190	73	264%	41%	4.4	3.1	1.1	298%	41%
Ranbaxy Labs	23613	19347	22549	5%	22%	5242	1945	4105	28%	170%	3199	1516	1093	193%	111%	7.6	3.6	2.6	193%	111%
Sun Pharma	15859	13701	10209	55%	16%	4446	4670	3684	21%	-5%	3942	5037	3293	20%	-22%	3.8	4.9	3.2	20%	-22%
Torrent pharma	5725	5815	4800	19%	-2%	1157	1175	1093	6%	-2%	823	762	829	-1%	8%	9.7	9.0	9.8	-1%	8%
Unichem Labs	1929	2020	1728	12%	-5%	405	496	465	-13%	-18%	269	347	342	-21%	-22%	3.0	3.9	3.8	-21%	-22%
Power																				
Gujarat Industries Power	2562	2120	2383	8%	21%	601	418	601	0%	44%	146	155	288	-49%	-6%	1.0	1.0	1.9	-49%	-6%
NTPC	121378	129893	111837	9%	-7%	34105	30101	33653	1%	13%	20602	18385	23650	-13%	12%	2.5	2.2	2.9	-13%	12%
Print Media																				
DB Corp	3254	3010	2792	17%	8%	1079	951	937	15%	13%	685	551	506	35%	24%	3.8	3.0	2.8	35%	24%
Deccan Chronicle	2572	2367	2334	10%	9%	1371	1179	1266	8%	16%	848	826	777	9%	3%	3.5	3.4	3.2	9%	3%
HT Media	4535	4455	3661	24%	2%	808	791	731	11%	2%	383	388	358	7%	-1%	1.6	1.7	1.5	7%	-1%
Jagran Prakashan	2713	2769	2269	20%	-2%	810	908	653	24%	-11%	488	555	397	23%	-12%	1.6	1.8	1.3	23%	-12%

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

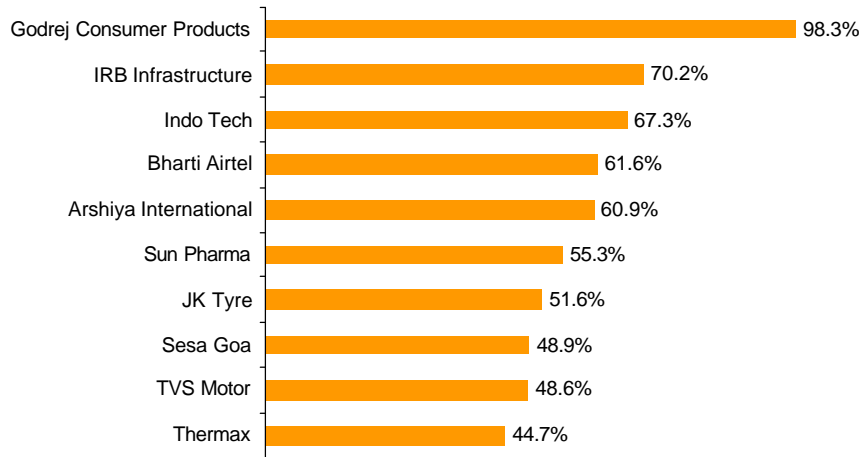
Emkay Universe Q3FY11 Result Preview

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	Q3FY11e	Q2FY11	Q3FY10	YoY	QoQ	
Telecommunications																					
Bharti Airtel	157952	152150	97722	62%	4%	52806	51212	39112	35%	3%	15663	16615	22140	-29%	-6%	4.1	4.4	5.8	-29%	-6%	
Idea Cellular	38051	36592	31495	21%	4%	9081	8788	8141	12%	3%	1805	1797	1701	6%	0%	0.5	0.5	0.5	6%	0%	
Reliance Communications	52644	50230	52835	0%	5%	16856	15642	17864	-6%	8%	3247	4459	12686	-74%	-27%	1.6	2.2	6.1	-74%	-27%	
Tulip Telecom	5969	5853	5009	19%	2%	1699	1633	1350	26%	4%	850	780	686	24%	9%	5.1	4.7	4.1	24%	9%	
Others																					
Arshiya International	2150	1951	1336	61%	10%	373	332	217	72%	12%	192	181	128	50%	6%	3.3	3.1	2.2	51%	6%	
Century Plyboards	3297	3410	2851	16%	-3%	556	688	519	7%	-19%	275	420	314	-12%	-35%	1.2	1.9	1.4	-12%	-35%	
Essel Propack	3576	3687	3502	2%	-3%	668	683	580	15%	-2%	162	152	109	49%	7%	1.0	1.0	0.7	49%	7%	
HBL Power Systems	2204	2581	2474	-11%	-15%	209	204	443	-53%	3%	49	26	226	-78%	88%	0.2	0.1	0.9	-78%	88%	
Jubilant FoodWorks	1680	1634	1174	43%	3%	301	297	197	53%	1%	189	184	114	66%	2%	2.9	2.9	1.9	54%	2%	
Kajaria Ceramics	2372	2222	1797	32%	7%	372	349	288	29%	7%	150	133	83	81%	12%	2.0	1.8	1.1	81%	12%	
Piramal Glass	3157	3067	2862	10%	3%	688	681	625	10%	1%	194	207	113	72%	-6%	2.4	2.6	1.4	72%	-6%	
Sintex Industries	10799	9231	8478	27%	17%	1779	1716	1269	40%	4%	1008	1001	724	39%	1%	3.7	3.7	2.7	39%	1%	
Sterlite Tech	5841	5094	8673	-33%	15%	974	906	1044	-7%	8%	606	576	737	-18%	5%	1.5	1.5	11.4	-86%	5%	
Titan Industries	16792	15361	13338	26%	9%	1600	1736	1075	49%	-8%	1133	1278	783	45%	-11%	25.5	28.8	17.7	45%	-11%	

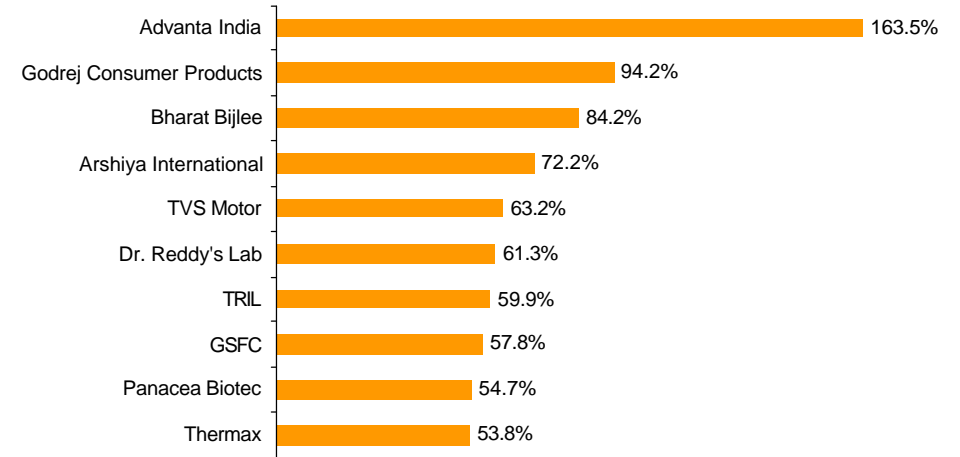
* **Note:** ex Banks & FS, FS - Others and Oil & Gas

Top 10 Strong Stocks: Q3FY11 Result Preview

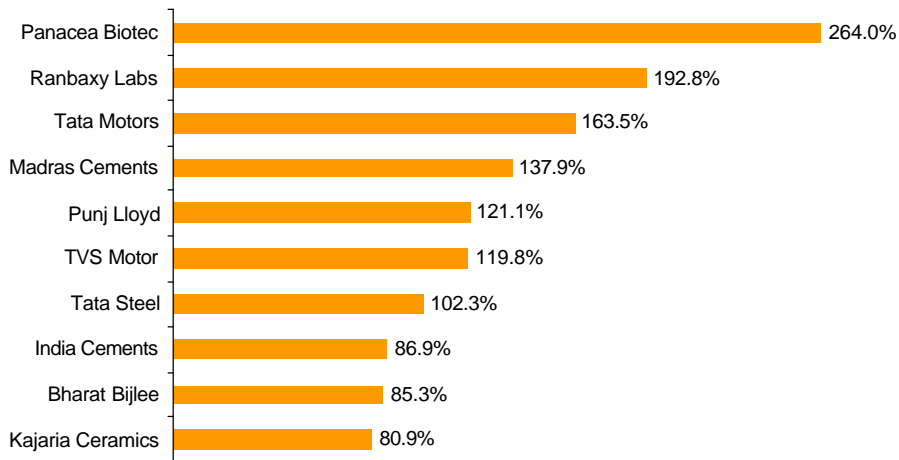
Net Sales Growth



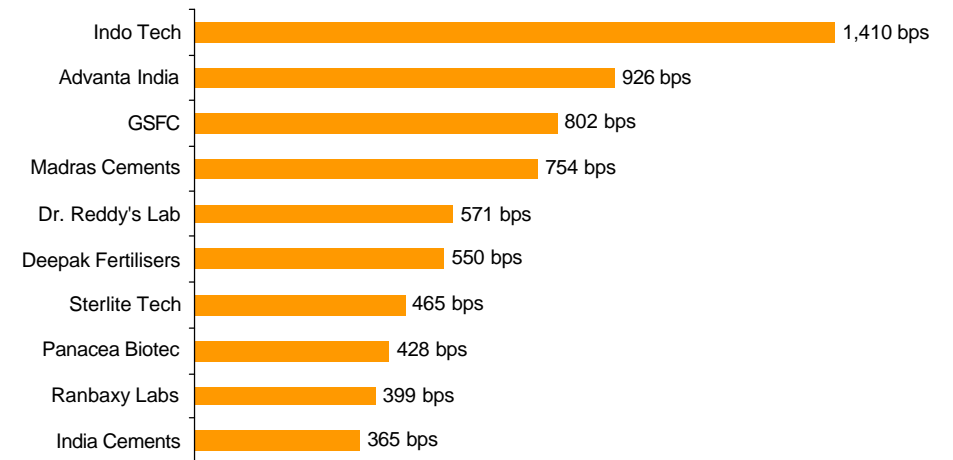
Ebitda Growth



PAT Growth

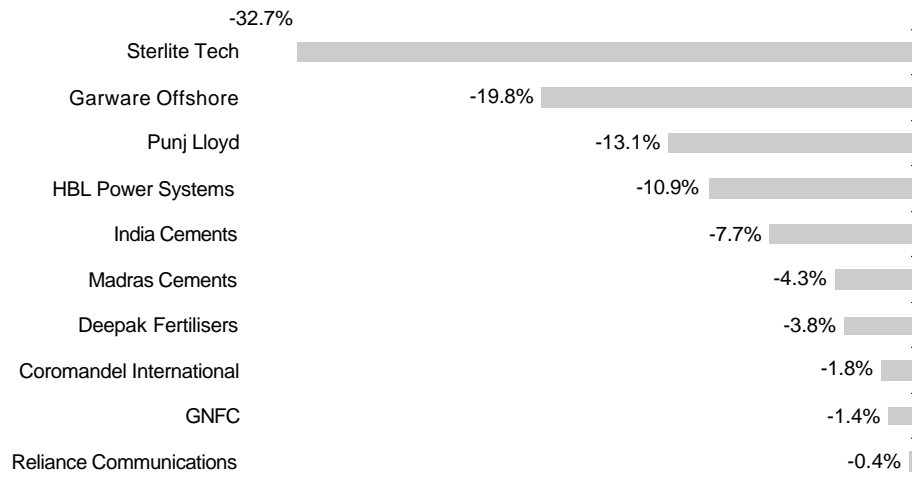


Ebitda Margin Growth

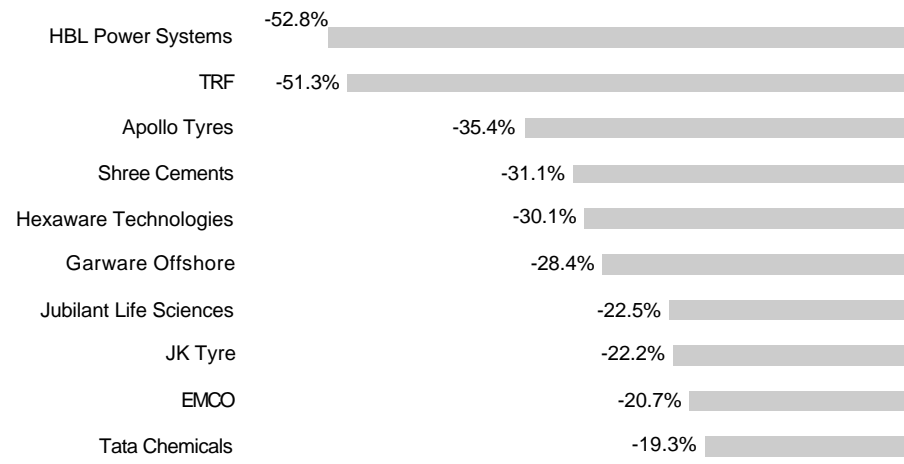


Top 10 Weak Stocks: Q3FY11 Result Preview

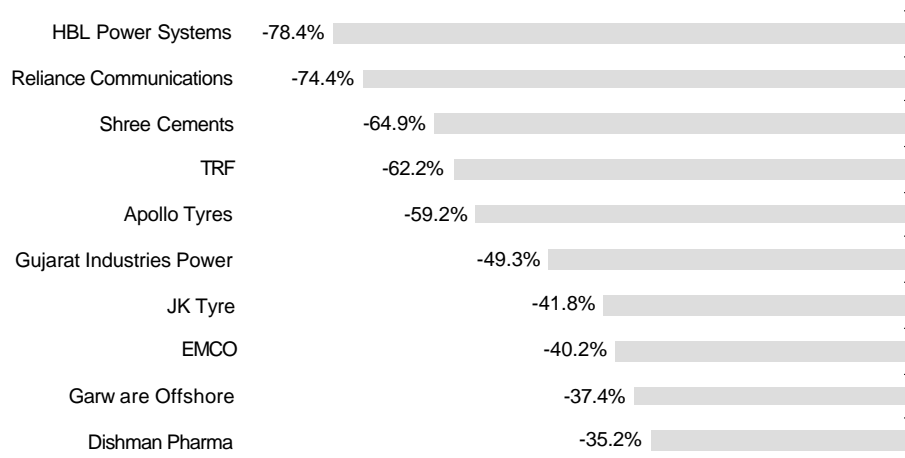
Net Sales Growth



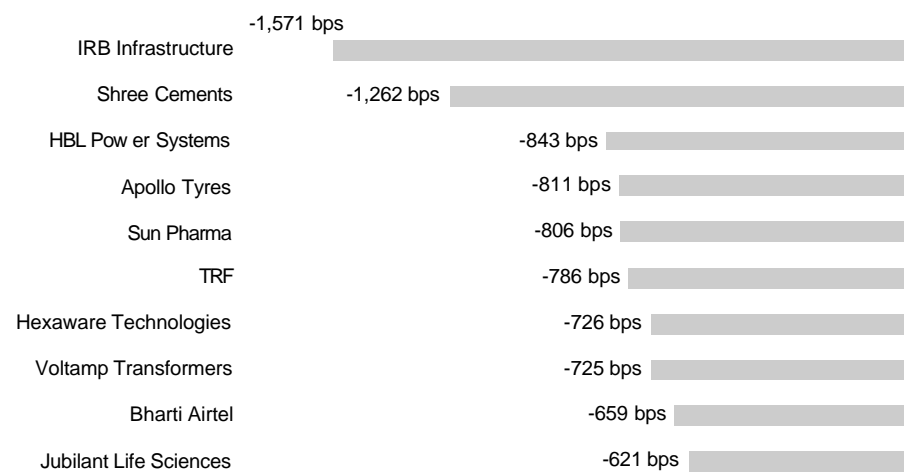
Ebitda Growth



PAT Growth

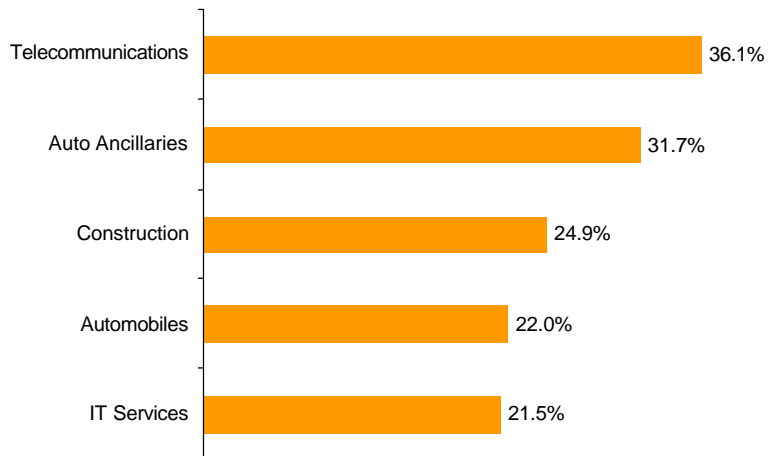


Ebitda Margin Growth

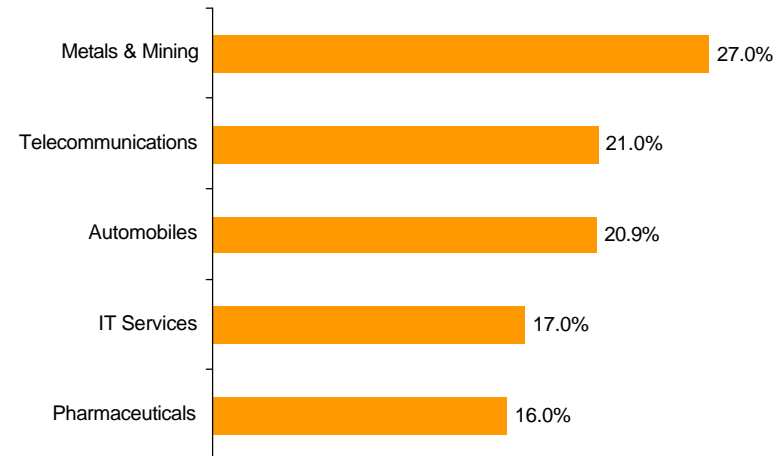


Top 5 Strong Sectors: Q3FY11 Result Preview

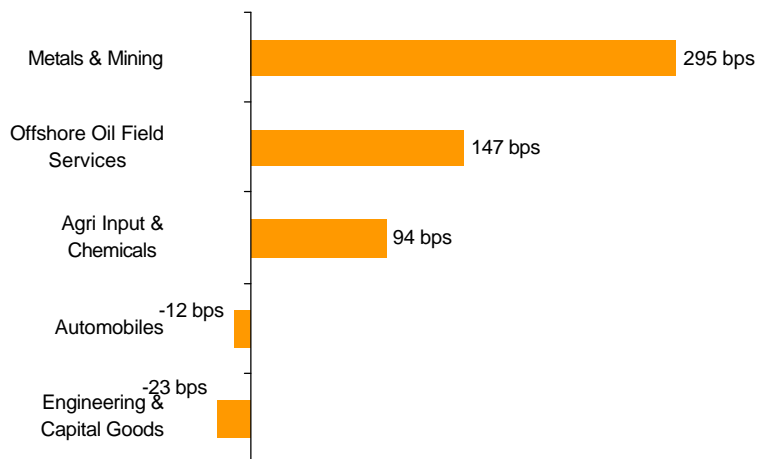
Net Sales Growth



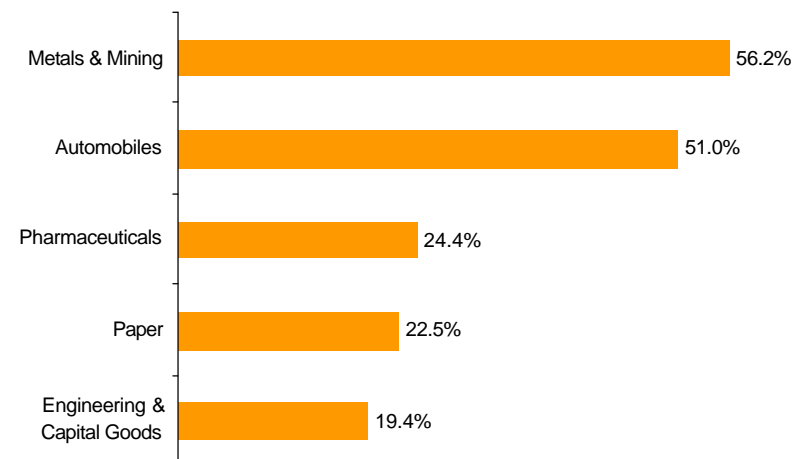
Ebitda Growth



Ebitda Margin Growth

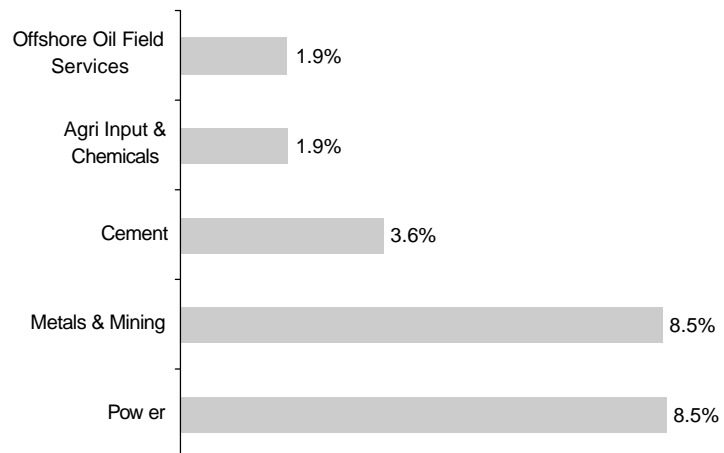


PAT Growth

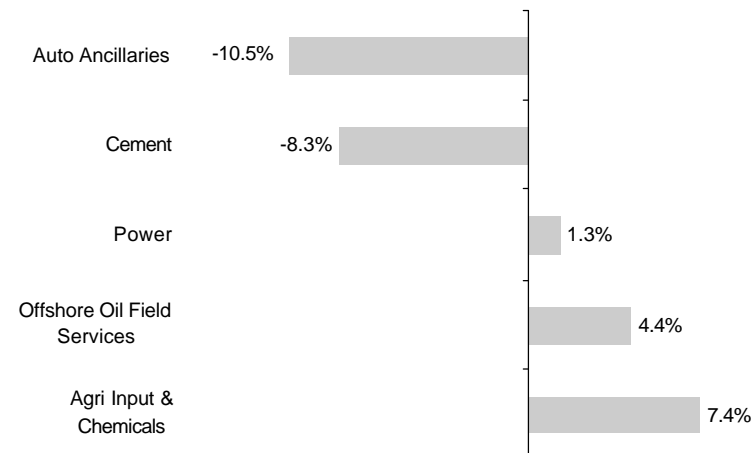


Top 5 Weak Sectors: Q3FY11 Result Preview

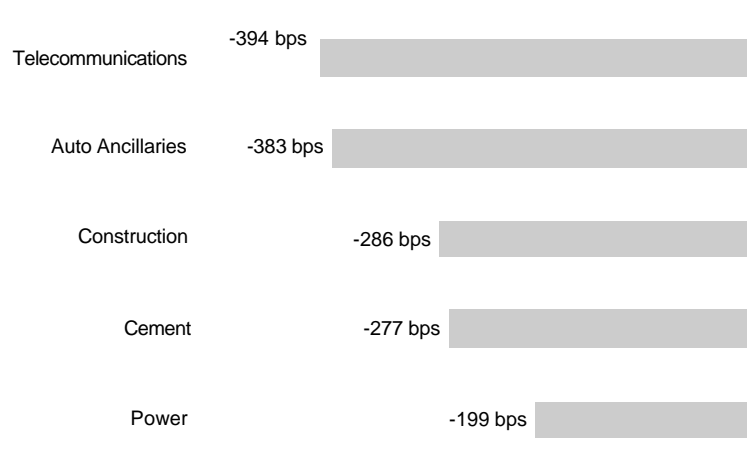
Net Sales Growth



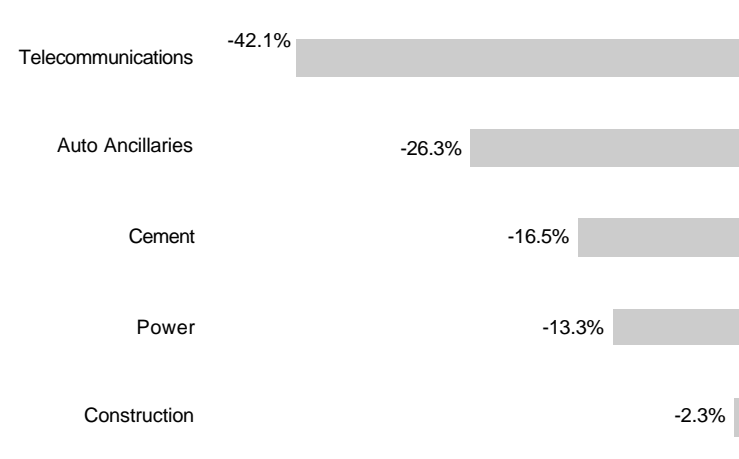
Ebitda Growth



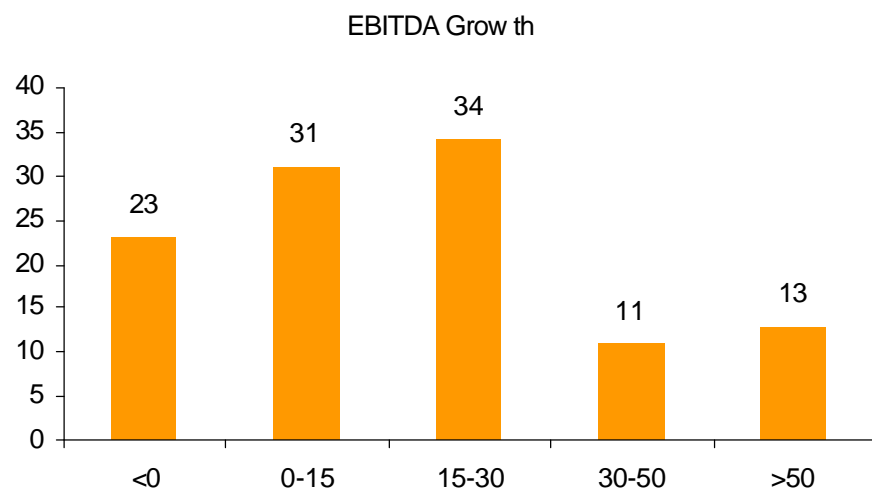
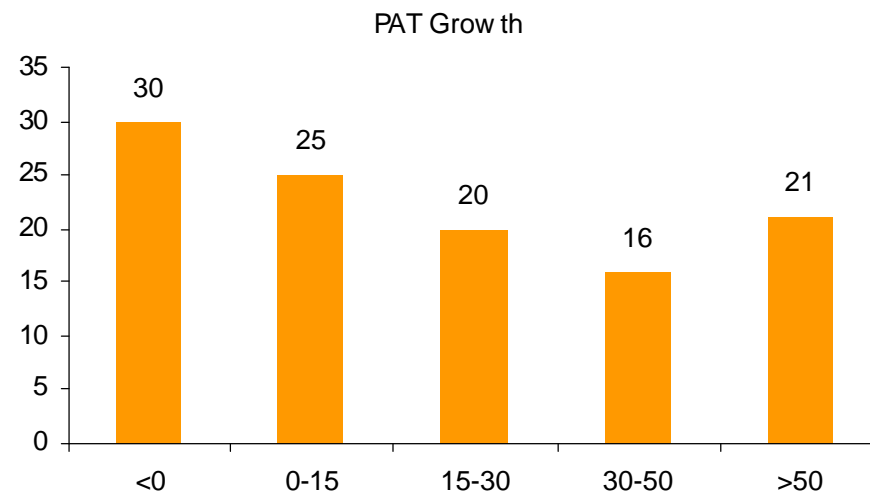
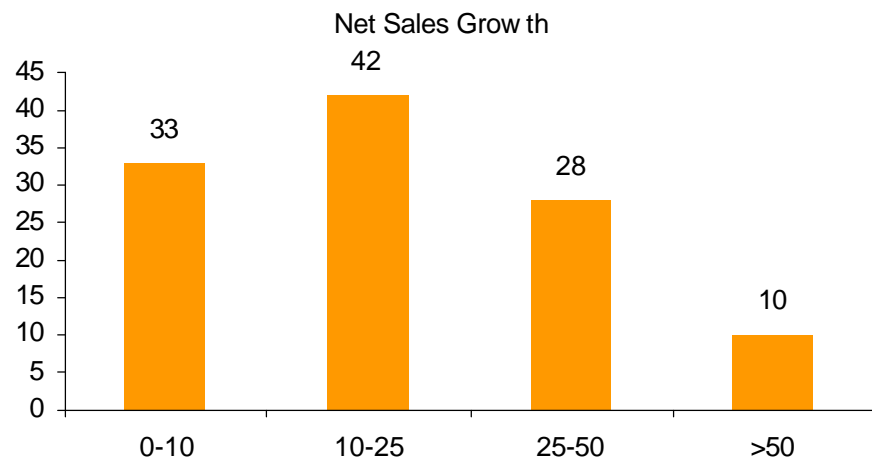
Ebitda Margin Growth



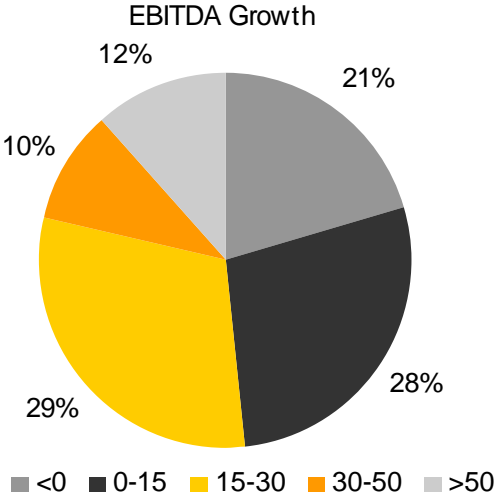
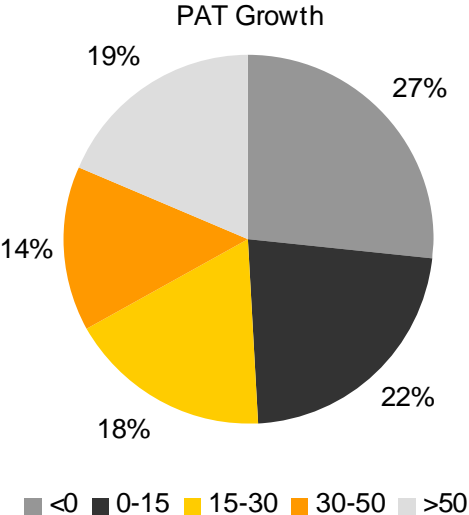
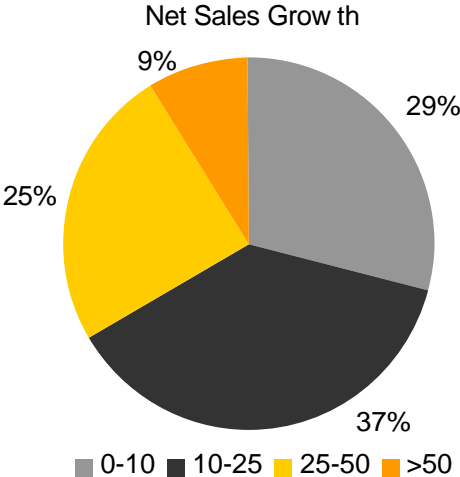
PAT Growth



Frequency Distribution (No. of Companies)



Frequency Distribution (Percentage)



Sectoral Analysis of Q3FY11 Results

- We expect our agri – input and chemical universe to report flat revenue growth due to drop in fertiliser revenues by 4%. Fertiliser sales volumes are likely to remain sluggish due to recent floods in the country.
- Chemical segment is expected to post strong results (revenue growth of 5%) on account of higher realisations. Emkay chemical index increased by 7% with sharp jump in few chemical prices like caprolactam, methanol, IPA etc which is positive for companies like GSFC, Deepak Fertilisers and GNFC.
- We expect aggregate EBITDA margins to expand by 90 bps YoY to 18.2% with chemical segment reporting 140 bps increase in EBIT margins to 21.7% while fertiliser segment margins are expected to decline by 160 bps yoy to 11.4%.
- Domestic market for fertilisers and agrochemicals remained sluggish due to unseasonal rains and floods in various parts of the country. Global agrochemical markets were also adversely affected due to extended winters in Europe which may have unfavourable impact on United Phosphorus's results.
- We expect that rising prices of crude oil and petrochemical based raw materials are likely to have some adverse impact on agrochemical and other chemicals companies in near future.
- We expect aggregate PAT growth of 3% for our universe. GSFC and Deepak Fertilisers (with estimated PAT growth of 61% and 31% yoy respectively) are likely to post strong Q3FY11E results, which may trigger earnings upgrade in our estimates. Tata Chemicals (PAT expected to de-grow by 32% yoy) and UPL (likely PAT growth of 10%) may surprise on the negative side with subsequent earnings down grade, post results.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Advanta India	20.0	17.0	163.5	136	-3.5	8.1	380	672	HOLD	Fourth quarter being the key season for the company; we estimate revenue growth of 20% resulting in revenues of Rs 2.2 bn. We estimate EBITDA margins of 17% (+930 bps expansion over Q4CY09 resulting in overall EBITDA of Rs 374 mn. Despite improved operational performance, 14% increase in depreciation is likely to result in marginal 3.5% drop in APAT to Rs 136 mn leading to AEPS of Rs 8.1 for the quarter
Chambal Fertilisers	1.2	18.9	15.4	898	12.6	2.2	79	77	ACCUMULATE	We expect flat revenue growth to Rs 11.6 bn. Fertiliser trading revenues are likely to remain weak (-14% yoy) to Rs 3.5 bn while revenues from shipping (+16% yoy) and textiles (+3% yoy) segments are likely to remain stable. We expect overall EBITDA margins to expand by 240 bps yoy to 18.9% on account of lower trading while aggregate EBITDA is estimated to grow by 15% yoy to Rs 2.2 bn. With higher interest cost (+21% yoy) we estimate APAT to increase by 13% yoy to Rs 898 mn
Coromandel International	-1.8	12.8	6.4	1,421	-2.7	5.1	289	435	BUY	Due to recent floods witnessed in southern India (key market for Coromandel) we expect fertiliser sale volumes to decline by 11.5% yoy resulting in a marginal 2% drop in revenues to Rs 17.3 bn. With EBITDA / MT at Rs 3200 (+20% yoy), we expect EBITDA margins to expand by 100 bps to 12.8% resulting in 6% growth in overall EBITDA to Rs 2.2 bn. The company is likely to report APAT of Rs 1.4 bn and AEPS of Rs 5.1 in Q3FY11
Deepak Fertilisers	-3.8	24.1	24.6	456	30.8	5.2	176	250	BUY	Due to lower trading and decline in fertiliser sale volumes, we expect 26% yoy decline in fertiliser segment revenues while chemical revenues are expected increase by 13% to Rs 2.4 bn. While chemical segment margins are expected to remain flat at 29%, 300bps expansion in fertiliser margins to 6% is likely to result in expansion in overall EBITDA margins by 550 bps to 24.1%. Consequently we estimate APAT of Rs 456 mn and AEPS of Rs 5.2

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
GNFC	-1.4	18.7	-6.7	764	-8.6	4.9	119	157	BUY	We estimate net revenues to decline marginally by 1% to Rs 7.5 bn. 12% decline in fertiliser volumes is likely to result in 6% decline in fertiliser segment revenues to Rs 4.06 bn. We expect chemical segment revenues to increase by 5% yoy to Rs 3.4 bn. With likely decline of 170 bps in fertiliser EBIT margins to 1%, we expect aggregate margins to decline by 100 bps to 18.7% resulting in aggregate EBITDA of Rs 1.4 bn
GSFC	6.5	24.7	57.8	1,837	61.2	23.0	334	530	BUY	We expect GSFC to benefit from rising caprolactam prices likely to result in revenue growth of 7% yoy to Rs 12.2 bn. EBITDA margins are estimated to surge by 800 bps yoy to 24.7% driven by favourable spread in chemicals (finished product - Caprolactam vs Raw material - Benzene). As a result, chemical segment EBIT is estimated to increase by 4.5x to Rs 1.4 bn with EBIT margins of 34% vs 10 % previous year. We expect PAT to increase by 61% over Q3FY10 to Rs 1.8 bn resulting in AEPS of Rs 23.0
Rallis India	18.0	24.0	36.8	388	31.5	20.0	1,399	1,800	BUY	Despite recent floods and late monsoon in various regions of the country, we do not foresee and significant drop in Q3FY11 revenues, although we expect some spillover of sales from Q3FY11 to Q4FY11. We estimate revenue growth of 18% yoy to Rs 2.4 bn, strong EBITDA margins of 24% (+330 bps yoy) resulting in 37% growth in EBITDA to Rs 585 mn. APAT is likely at Rs 388 mn resulting in AEPS of Rs 20
Tata Chemicals	0.4	16.9	-19.3	1,551	-31.7	6.4	377	393	ACCUMULATE	We expect standalone revenues at Rs 14.4 bn, -7% yoy and APAT of Rs 697 mn. We expect decline in revenues for BMGL by 17% yoy to Rs 4.1 bn. IMACID is likely to report 30% growth in revenues to Rs 1.1 bn while revenues for GCIP are likely to remain flat at Rs 4.6 mn. With continuing problems in domestic business we estimate consolidated revenues to remain flat at Rs 26.6 bn, EBITDA margins to decline by 410 bps to 16.9%, APAT of Rs 1.6 bn, -32% yoy, AEPS of Rs 6.4

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
United Phosphorus	5.0	18.6	14.9	1,065	9.7	2.4	161	230	BUY	We expect strong demand from India and Rest of the World which are likely to grow by 15% and 20% yoy respectively. Europe and North America are expected to remain weak with de-growth of 25% and 5% yoy respectively. Consequently overall revenue growth is likely to remain muted at 5% to Rs 12.1 bn. We estimate EBITDA margin expansion of 160 bps to 18.6% along with 15% yoy growth in overall EBITDA to Rs 2.2 bn. We estimate APAT of Rs 1.07 bn, +10% yoy with AEPS of Rs 2.4

Auto Ancillaries

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Apollo Tyres*	35.7	7.4	-35.4	416	-59.2	0.8	64	70	HOLD	Despite a strong volumes growth (13% YoY/44% QoQ), we expect ATL to report disappointing standalone operating performance due to high rubber prices and lack of pricing action to pass on the cost. We expect EBIDTA margins to decline by 810 bps YoY and 290 bps QoQ to 7.4%. Key things to watch out for is the pricing action to pass on the cost pressures.
JK Tyres & Industries	51.6	6.2	-22.2	212	-41.8	5.2	129	195	BUY	Despite a strong volumes growth (30% YoY/5% QoQ), we expect JKT to report disappointing operating performance due to high rubber prices and lack of pricing action to pass on the cost. We expect EBIDTA margins to decline by 590 bps YoY and 30 bps QoQ to 6.2%. Key things to watch out for is the pricing action to pass on the cost pressures.
Motherson Sumi Systems Ltd.	20.0	9.8	26.4	812	42.3	2.1	184	200	ACCUMULATE	We expect MSSL to report strong 20% YOY and 11% QoQ growth in sales due to better car volumes. Expect EBIDTA margins to improve by 50bps YoY but stay put. Key things to watch out for growth outlook and margins for SMR.

*standalone performance

- Led by a strong volume growth, we expect our automobile universe to report 22% YoY/4% QoQ growth in sales to Rs 587bn. Ex Tata Motors' subsidiaries (TML subs), the universe will report 28% YoY/1% QoQ growth to Rs 397bn.
- EBIDTA margins to decline by 10bpsYoY/50bps QoQ to 13.3%. Excluding TML subs, margins to register sharp decline of 270bps YoY/30bps QoQ to 12.1% due to RM cost pressures and higher royalty charge.
- APAT at Rs 47bn will grow by 51% YoY/-4 QoQ. Ex TML subs, APAT will grow by 11% YoY/-6% QoQ to Rs 30bn. APAT is growing faster than EBIDTA due to stable depreciation/ interest cost and higher other income.
- TML (due to JLR) and TVS will report YoY margin expansion. Rest of the companies to report drop in margins led by MSIL (550 bps) and HH (310 bps). M&M to report marginal drop of 10 bps YoY. QoQ only HH and TVS to report margin expansion.
- We maintain a positive view on BAL, M&M and TML. We like Tata Motors for potential volume surprise at JLR. We are also turning positive on MSIL and ALL post the correction in the stock prices.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ashok Leyland	20.0	9.8	3.8	965	-8.6	0.7	62	76	HOLD	3QFY11 will be subdued for ALL as compared to 1HFY11 due to slower volume growth (14% YoY/-25% QoQ). 3QFY11 will be featured by margin pressure with EBITDA margins declining 70 bps YoY and 150 bps QoQ to 9.8%. Key things to watch out for (1) Ramup in volume at Pantnagar and (2) raw material cost pressure.
Bajaj Auto	19.0	19.8	7.5	5,556	9.7	19.2	1,317	1,710	ACCMULATE	3QFY11 will be subdued for BAL as compared to 1HFY11 due to slower volume growth (18% YoY/-5% QoQ). 3QFY11 will be featured by margin pressure with EBITDA margins declining 220 bps YoY and 120 bps QoQ to 19.8%. Key things to watch out for (1) Volume guidance as volumes for last two months have been tab below expectation and (2) raw material cost pressure.
Hero Honda	30.4	14.2	7.2	5,895	10.4	29.5	1,874	1,720	HOLD	3QFY11 will be subdued for HH despite strong volume growth (28% YoY/11% QoQ). 3QFY11 will be featured by margin pressure with EBITDA margins declining 310 bps YoY to 14.2%. However, margins to improve QoQ by 80 bps. Key things to watch out for (1) Capacity expansion plans and (2) raw material cost pressure.
M&M*	36.9	15.1	36.0	6,531	53.7	10.9	739	880	BUY	We expect M&M to report strong numbers for 3QFY11 driven by strong volumes and favorable mix. EBITDA margins to improve 20 bps YoY to 15.1%. However, margins to decline by 70 bps QoQ. Key things to watch out for (1) raw material price contracts and (2) update on production constraints.

*standalone performance

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Maruti Suzuki	29.7	9.6	-17.2	5,786	-15.8	20.0	1,344	1,600	HOLD	3QFY11 will be subdued for MSIL despite strong volume growth (28% YoY/5% QoQ). 3QFY11 will be featured by margin pressure with EBIDTA margins declining 530 bps YoY and 120 bps QoQ to 9.6%. Key things to watch out for (1) Capacity expansion plans (2) raw material cost pressure and (3) currency risks.
Tata Motors	15.4	13.7	38.5	21,620	163.5	35.4	1,190	1,550	BUY	TML to report strong 3QFY11 driven by JLR. Consolidated margins to improve 580 bps YoY to 13.7% but decline by 20 bps QoQ. While JLR will report strong set of numbers YoY (90% growth in EBIDTA). Standalone business should report improvement in margins QoQ due to favorable product mix. Key things to watch for (1) JLR – raw material cost pressure and currency risk (2) Ramp up of Nano production.
TVS Motor	48.6	6.9	63.2	524	119.8	1.1	63	72	REDUCE	We expect TVS to report strong numbers for 3QFY11 driven by strong volumes (40% growth YoY). EBIDTA margins to improve 50 bps YoY to 6.9%. However, sequentially there is no improvement in margins. Key things to watch out for (1) raw material price contracts and (2) Indonesia business as volumes have nosedived in Indonesia.

Banking and Financial Services

- We expect growth in the overall as well core earnings of the banks to slow down during Q3FY11. However, the growth in core earnings to be still strong at 37% for PSU compared with 60% in H1FY11
- Q3FY11 witnessed liquidity crunch for large part of the quarter and consequently the costs have risen. However, driven by banks' agility to pass on the costs and 300bps expansion in CDR to restrict the compression in NIMs to just 5-10bps
- The wholesale funded banks like Yes Bank to see higher contraction in margins as bulk deposit rates increased significantly resulting in higher cost of funds
- The advance growth picked up during the quarter to 23.5%, while deposit growth remain stable at 14.8%, resulting in 300bps expansion in CD ratio
- The bond yields have hardened by 8bps and 50bps to towards the long and the short end respectively. As a result, treasury gains likely to be muted during the quarter. PSU banks to report mark to market losses
- We expect the PSU banks to report 32.5%yoy growth in NII (46.5% for H1FY11), while Private banks to report 18.1% growth led by strong growth in advance.
- However the earnings growth for PSU banks likely to be subdued at 6.9% led by lower treasury gains, investment depreciation and on account of pension provisions
- Our top picks for the quarterly results – Allahabad Bank, Bank of Baroda, Punjab National Bank and HDFC Bank

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Allahabad Bank	48.7	3.0	25.1	3,766	9.1	8.4	210	300	BUY	Allahabad Bank may report strong 48.7 % yoy growth in NII led by stable NIM's and strong growth in advances. But high trading gains of Rs1.3bn and lower tax rate of 14.5% in Q3FY10 to result in relatively lower growth of in operating profit and in PAT. Lower slippage rate and CDR of Ramsarup Industries can help better asset quality
Andhra Bank	36.9	3.3	19.1	2,896	5.2	6.0	141	210	BUY	Andhra Bank expected to report 36.9 % yoy growth in NII We expect ALM mismatch and lower increase in PLR to result in 14bps contraction in NIMs. We expect the provisions for NPAs (driven by low base) and MTM losses to rise sharply resulting in modest 5.2% increase in PAT
Axis Bank Ltd.	23.6	3.2	13.0	7,855	19.7	19.2	1,280	1,200	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 Q3FY10 to hurt. Credit costs or provisions to be key thing to watch out as the bank has significant exposure to the troubled sectors like real estate, Telecom and MFI
Bank of Baroda	31.2	2.6	14.0	8,405	1.0	23.0	846	1,160	BUY	Net interest income likely to be strong led by robust advance growth and swift increase in lending rates. The slippages to remain under check with minimal exposure to sectors recently in news for wrong reasons. BOB to start providing pension liability from this quarter. We expect the provisions in range of Rs2-3bn for Q3FY11
Bank of India	18.0	2.4	21.4	6,500	60.3	12.4	450	450	REDUCE	The Bank is expected to report moderate growth in NII led by 11bps contraction in NIM's and moderate growth in advances. Ascertainment of Pension liability to be the key things to watch out for. The pressure on asset quality is likely to alleviate with significant recoveries and up gradation expected during the quarter.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Canara Bank	38.9	2.9	3.2	10,030	-4.7	24.5	607	636	REDUCE	The bank's NII growth likely to be strong led by healthy growth in advances and stable NIM's. However hefty trading gains and MTM gains in Q3FY10 to hurt PAT growth.
Corporation Bank	21.7	2.4	15.3	3,514	14.9	24.5	575	860	BUY	The NII is likely to grow by 22% led by strong growth in advances and stable NIM's. However operating profit likely to be relatively lower as the bank has not yet started providing for pension liabilities, hence higher provision for the same during the quarter
HDFC Bank Ltd.	22.2	4.2	25.6	10,659	30.2	23.0	2,268	2,100	REDUCE	HDFC bank's NII is expected to grow by 22.2%yoy to Rs27.2bn driven by strong growth in advances and stable NIM's. Fee income also likely to grow strong in tandem with growth in advances. Key things to watch – provisioning and Cost ratios.
ICICI Bank Ltd.	5.2	2.2	11.5	12,040	28.3	10.5	1,048	1,200	HOLD	ICICI bank's NII is likely to grow by 5.2% to Rs21.6bn in Q3FY11 driven by moderate growth in advances and 15bps contraction in margins. However operating profit to grow by 11.5% helped by robust growth in fee income. Key thing to watch – movement in NIMs as the bank has started growing its balance sheet and also due to ALM mismatch
Punjab National Bank	36.3	3.8	27.4	12,131	20.0	38.5	1,169	1,500	BUY	We expect PNB's NII to grow by 36.3%yoy driven by a healthy growth in advances and stable NIM's. Key thing to watch out will be slippage in various sectors which were in news recently, as the bank's exposure to these sectors is on the higher side as compared to its peers. Although pension liabilities remain unascertained as of now, PNB already provides Rs1.25bn/quarter.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
State Bank of India (SBI)	29.3	2.9	37.0	24,796	0.0	39.0	2,600	3,000	REDUCE	Though NII would continue to benefit from the base effect, few things to hurt during the quarter namely (1) pension costs based on the new wage agreement (2) provisions on teaser rate loans (3) need to improve provision cover to 70% and (4) high duration of AFS portfolio at 3.5 years
South Indian Bank	40.0	3.0	46.1	803	106.9	0.7	23	30	ACCUMULATE	We expect SIB's NII to grow by 39.4% driven by robust advances growth and stable NIM's . Driven by strong NII growth, the operating profit growth to be at 46% despite provisions for pensions. A very high tax rate of 48% in Q3FY10 will help SIB show 106.9% growth in profits. Delinquencies to remain in line with H1FY11 trends
Union Bank of India	41.0	2.9	16.8	5,028	-5.9	10.0	321	400	HOLD	The bank is likely to report strong 41% growth in NII, benefiting from low base and also as the deposit profile has higher maturity. However the benefit will partially offset by lower trading gains and higher provisioning. Provisioning costs to remain high as PCR has fallen to 58%
United Bank of India	52.8	2.6	60.5	1,332	9.6	4.2	91	150	HOLD	The bank NII is likely to grow by a strong 52.8% benefiting from low base. But lower trading gains vs Q3FY10 and accelerated provisioning will moderate Net profit growth. Low provision cover and slippages would be the key things to watch out
YES Bank	50.2	2.3	47.4	1,869	48.4	5.4	271	300	REDUCE	Robust advances growth to result in 50.2% yoy growth in NII for Yes Bank. We expect NIMs to decline by 40bps qoq driven by significant increase in cost of funds. Other income likely to remain strong underpinned by strong capital markets and healthy advance growth. Key things to watch out- Slippage in MFI segment and other sectors hit be negative news flow.

NAME	NII (%)	NIM (%)	OP Growth (%)	PAT	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
LIC HSG FIN	44.4	2.9	42.1	2,378	54.8	5.0	180	300	ACCUMULATE	LICHF's net operating revenue is likely to grow by 39.6%yoy to Rs3.8bn for Q3FY11 driven by strong loan growth. Disbursement likely to grow by 30% during the quarter. With very negligible NPAs and provisions, the net profit would grow by 54.8%.
MAGFIL	129.3	14.6	128.3	812	132.0	2.3	133	160	HOLD	We expect MAGFIL to report a robust 129% 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
ICRA	28.5	45.7	38.4	178	23.9	17.8	1,192	1,550	ACCUMULATE	We expect ICRA to report a 28.5% growth in revenues led by rating, consulting and BPO business. The operating leverage and very low base will help ICRA expand OPM by 180bps yoy to 44.2%. Reported PAT to increase by 22% yoy.
CRISIL	22.2	39.3	28.2	462	2.9	64.0	6,039	7,000	ACCUMULATE	We expect CRISIL's revenues to grow by 22.2% yoy. The OPMs are likely to increase by 180bps over last year. Traction in IREVNA, Pipal Research and advisory business will be the key things to watch out.

- Though on a yoy basis our cement coverage universe is expected to see a 16.5% earnings decline in Q3FY11, sequentially the performance is expected to improve sharply led by cement price hikes taken in Sept-Oct 2010. All India cement dispatches for the first 2 months of Q3FY11 have grown at meager 2.3% yoy as demand continued to remain sluggish. After a sharp decline in Q2FY11, cement price bounced back and averaged Rs240/bag for the quarter up 4% yoy and 5.3% qoq led by pricing discipline seen across regions.
- We expect cement companies under our coverage to report topline growth of 3.6% yoy. Pure cement sales are expected to grow just 1.2% yoy as 4.5% increase in realizations is negated by a 2.2% decline in volumes. South based cement companies have registered sharp decline in dispatches (India Cement dispatches down 24% yoy, Madras cement dispatches down 14.3% yoy) clearly reflecting production cuts exercised to maintain prices. ACC Ambuja Cement (+3.3%) and Shree cement (+6.2% yoy) have delivered better volume numbers.
- With cost pressure from increasing coal & fly ash prices total cost per tonne is expected to increase by 11.7% yoy and 5.1% qoq. Pure cement EBDITA is expected to register a decline of 5.1% yoy with EBIDTA/t at Rs732 (-16.8% yoy). Consequently aggregate EBIDTA is expected to decline by 8.3% yoy with margins shrinking 280 bps to 21.5%. Rising interest costs (+22.1% yoy) and higher depreciation (+21.9% yoy) are expected to drag down net profit by 16.5% yoy.
- Sustainability of cement prices remains uncertain as the cement demand growth FY11YTD ~5% has now emerged as a bigger concern than the overcapacity in the system. If cement demand growth remains muted over the next 6-9 months we see cement prices softening and thereby posing a downward risk to our earnings estimate. International coal prices have averaged USD 104 for Q3FY11 (+55% yoy) this will fully reflect only in Q4FY11. With coal prices remaining on an uptrend and other cost pressures reluctant to recede, we see a downward risk to earnings. Maintain our NEUTRAL stance on the sector. Maintain negative stance on Ultratech, Ambuja Cement, India cements and Madras Cement, remain positive on ACC & Grasim.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
ACC	5.2	20.6	-14.9	2,591	-24.0	13.8	1,000	1,035	ACCUMULATE	ACC revenue for Q4CY10 is expected to grow by 5.2% yoy to Rs20.22bn on account of 1.1% growth in cement realization yoy to Rs3623/ton and 4.1% growth in cement volumes at 5.58 mnt. ACC's EBITDA at Rs4.17 bn is expected to witness a decline of 14.9% due to increasing P&F & raw material costs. EBITDA margins are expected to shrink by 487 bps to 20.6%. Consequently APAT for the quarter is expected to decline by 24.0% to Rs2.59 bn.
ACL	6.9	22.2	-2.9	2,519	4.4	1.7	128	130	HOLD	ACL is expected do revenue of Rs18.9bn, growth of 6.9% yoy. On account of volume growth of 3.3% yoy (4.99 mnt) and cement realizations which grew by 3.5% yoy to Rs 3800/t.However EBITDA/t is expected to drop by 6% yoy to Rs845/t though sequentially it is expected to grow by 30%. ACL's EBITDA is expected to decline by 2.9% yoy to Rs4.22bn with EBITDA margin shrinking 230 bps yoy but improving 410 bps qoq to 22.2%. PAT for the quarter is expected to grow by 4.4%yoy to Rs 2.52 bn.
Grasim*	-61.0	31.0	-62.6	2,639	-55.7	28.8	2,387	2,730	ACCUMULATE	Grasim's like to like standalone net revenue for the quarter is expected to grow sequentially by 27.7% to Rs11.9bn with VSF segment reporting growth of 3% yoy and 24.1%qoq at Rs8.37bn whereas the chemical business segment revenues declining 3.6% yoy but improving 14.6%qoq. VSF realizations are expected to improve this quarter by 10.8% yoy. Overall EBITDA at Rs3.69bn is expected to grow by 40% qoq. Consequently, pre-exceptional net profit at Rs2.64bn is expected to decline by 5.6% qoq.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ultratech*	125.3	18.8	82.2	3,243	65.4	26.3	990	1040	REDUCE	Revenues for the quarter are expected to grow by 15.8%qoq to Rs37.22 bn. Cement volumes for the quarter are expected to improve by 7.5% qoq at 9.8 mnt . Realizations for the quarter at Rs3804/tonne are set to improve by 7.7% qoq while EBITDA/t is expected to grow 59.4% qoq to Rs714/tonne. EBITDA margins are expected to expand 610bps sequentially to 18.8% on account of better realizations and volume growth qoq. Consequently EBITDA at Rs6.98bn is expected to grow by 71.4%qoq. Consequently, net profit is expected to be at Rs 3.24 bn , a growth of 180.1% on qoq basis.
India Cement	-7.7	17.1	17.3	433	86.9	1.4	103	114	SELL	Net revenues for the quarter are expected to decline by 7.7% yoy to Rs7.97bn. Cement revenue at Rs7.53bn are expected to decline by 9.8% yoy mainly on account of 24% decline in volumes at 2.1mnt .Net realizations are expected to improve 18.8%yoy and 23.3%qoq to Rs3586/t. EBITDA is expected to grow by 17.3% (Rs1.36bn). EBITDA/t is expected to improve by 30.6% to Rs549/tonne with overall EBITDA margins expanding 370bps to 17.1%. Subsequently net profit at Rs433 mn is expected to grow 86.9% yoy.
Madras Cement	-4.3	25.2	36.4	379	137.9	1.59	104	113	REDUCE	MCL's revenues are expected to decline by 4.3% yoy to Rs5.8bn. Net realizations are expected to improve by 12.1% yoy (Rs3642 /ton). However volumes are set to fall 14.3%yoy to 1.55mnt. EBITDA/t is expected to grow 72.2% to Rs841/tonne with EBIDTA margins expanding 754bps to 25.2%. Consequently net profit for the quarter is expected to be at Rs0.38 bn, a growth of 138% on yoy basis.

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

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Shree Cement	2.3	26.1	-31.1	588	-64.9	16.9	1,928	2,330	ACCUMULATE	Shree's revenues for the quarter are estimated to grow by 2.3% yoy to Rs8.8bn. Cement revenues at Rs8.3bn are expected to remain flattish. Cement Volumes are expected to grow 3.1% to 2.35 mnt. However realizations at Rs3208/t are expected to decline 4.7%yoy. Revenues from Power segment are expected to register a decline of 66.2% yoy at Rs 0.54bn. EBITDA/t at Rs827/t is expected to decline by 30.8% with overall EBITDA margins shrinking 1262bps to 26.1%. The net profit for the quarter is expected to decline by 65% yoy to Rs0.58bn. We are downgrading our FY11 earnings estimate by 14.5% and FY12 earnings by 14% (FY11 EPS to Rs96.9 & FY12 EPS to Rs143) on account of lower than expected power sales and rising petcoke prices..
Orient Paper	20.9	15.8	2.3	329	9.2	1.7	53	77	BUY	OPIL's net revenues for Q3FY11 are estimated to grow 20.9% yoy to Rs4.5 bn. Cement volumes are expected to decline by 4.9% yoy. However, realizations are set to improve 24.4%yoy at Rs2962/t. Resultant revenues from cement are expected to grow 18.3% at Rs2.5bn. Revenues from paper segment are expected to grow 19.7% to Rs0.87bn while electrical segment is expected to register growth of 30% in revenues at Rs1.1bn. Overall OPM for the quarter is expected to shrink by 287bps to 15.8% but improve 1090bps qoq. Consequently net profit is expected to be at Rs0.32bn, growth of 9.2%yoy.

Construction

Infrastructure companies under EMKAY coverage are expected to post a growth of 25% on the top line recovering from the lull after a lackluster Q2 due to heavy monsoons. Margins are likely to be under pressure as major traction is visible on the low margins construction segment which will help the sector post healthy topline growth along with pick up in cement volumes. Extended monsoons in several parts and inordinate delays in few states will continue to hamper over all execution in the infrastructure sector.

We expect the infrastructure universe to report a topline growth of 25% yoy and a subdued EBITDA growth of 11% yoy due to significant traction in the low margin construction segment. Operational delay in execution activity and extended monsoon season continue to mar the overall recovery process.

Expected to witness a decline of 2% yoy in earnings due to significant increase in interest outgo & increasing depreciation charges are dragging the overall EBITDA growth of 11%.

JP Associates

- Cement segment is expected to witness volume growth of 39% yoy to 3.9mt and the cement realization are expected to rise by 7% yoy to Rs 3628/ton, however the 13.9% jump in input cost per ton is expected to drag the overall operating profit per ton by 14.2%. Cement segment EBIT margins are expected to contract 486 bps to 20.1% for Q3FY11E
- Jaiprakash Associates (JPA) is expected to report revenue of Rs33.93bn (+18.9% yoy) driven by a staggering 49% growth in cement revenues (Volume growth of 39%), a meager 10% growth in construction revenues and decline of 35% in real estate revenues.
- With mounting pressure on input cost for the cement vertical and subdued topline growth in other verticals, we expect overall EBIDTA to Rs 8.27 bn growth of 6.9% yoy, lower than the 18.9% top line growth.
- EBIDTA margins are expected to decline 275 bps yoy to 24.4%. We expect significant increase in depreciation & interest expense by 48% and 22% yoy respectively which will negate the 6.6% EBIDTA growth to negative adjusted PAT growth of (-10%) to Rs 2.82 bn.

Construction (Cont'd...)

IRB infrastructure

- IRB's construction vertical is expected to witness robust growth of 122.8% yoy led by number of projects to commence contribution to the overall construction top line. BOT vertical is expected to sustain the revenue witnessing a marginal 3% yoy top line growth. Also temporary traffic diversions from Surat Dahisar to Kaman Paygaon has resulted in slower growth at the BOT vertical.
- IRB is expected to report overall revenues of Rs7.37 bn (+70.2% yoy) driven by 122.8% growth in Construction segment and 3% growth in BOT revenues. EBIDTA for the quarter at Rs2.71 bn is expected to grow 19.2% yoy with EBIDTA margins of 36.7% registering a fall of 1571 bps yoy mainly on account of giant growth coming from relatively lower margin construction business. With Surat Dahisar continue to face pressure on the traffic growth, the BOT segment will continue to demonstrate weak growth.
- IRB's construction order book of Rs 95 bn offers significant visibility and the expected pick up of execution activity in Jaipur-Deoli & Amritsar-Pathankot from Q3FY11 onwards will drive the traction in construction vertical. The traction is expected to gather further momentum with 4 new project wins of FY10 entering the 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 Rs14.48bn registering a growth of 22.5% yoy. EBIDTA for the quarter at Rs1.34bn is expected to register 18.4% growth yoy with EBIDTA margins showing 32 bps correction to 9.3%, driven by lower than expected execution activity. Net profit for the quarter at Rs 482 mn is expected to grow at 5.3% 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.
- Again delays in raising money through QIP route at subsidiary level is hampering the pace at which equity was likely to be committed to the new projects. The company requires another Rs 9.5 bn of equity commitments in all the BOT projects under IVRCL assets.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Jaiprakash Associates	18.9	24.4	6.9	2,825	-10.0	1.3	102	150	ACCUMULATE	Jaiprakash Associates (JPA) is expected to report revenue of Rs33.93 bn (+18.9% yoy) driven by a staggering 49% growth in cement revenues (Volume growth of 39%) and a meager 10% growth in construction revenues. With mounting input cost pressures on cement vertical, we expect EBIDTA of Rs 8.27 bn (+6.9% yoy) relatively lower the top line growth. EBIDTA margins are expected to decline 275 bps yoy to 24.4%. The adjusted net profit is expected to decline to Rs 2.82 bn (-10% yoy). Significant growth in depreciation & interest expense which are expected to be higher by 48% and 22% yoy respectively dragging the net profit margins by 271 bps to 8.3%.
IRB Infrastructure	70.2	36.7	19.2	1099	20.2	3.3	222	304	ACCUMULATE	IRB is expected to report revenues of Rs 7.37 bn grew 70.2% aided by 122.8% growth in Construction & 3% growth in BOT. With larger share of high margin BOT segment acting as laggard, EBIDTA is expected for the quarter at Rs2.71 bn, a growth of 19.2% yoy with EBIDTA margins of 36.7% registering a fall of 1571 bps yoy. Net profit is expected at Rs1,099 mn for the quarter witnessing a growth of 20.2% yoy.
IVRCL Infrastructure	22.5	9.3	18.4	482	5.3	1.8	122	160	HOLD	IVRCL Q2FY11 PAT is expected at Rs 482 mn a 5.3% yoy growth led by bounce back in the execution activity. Ramp up of overall execution is again expected at a slower pace due to extended monsoons & inordinate delays in achieving financial closure of own BOT. EBIDTA is expected at Rs 1,339 mn 18.4% yoy & with a EBITDA margin of 9.3%. We believe the mgmt will further lower the yearly guidance as ~Rs 65 bn implies a steep H2FY11E revenue & EBITDA growth of 42% & 47% respectively which seems unlikely as we approach Q4. ~40% of the order book still remains in the slow moving trajectory.

Engineering, Capital Goods & Infrastructure (ECI)

- Led by a healthy order backlog, expect our ECI universe to witness healthy revenue growth at 17.8% yoy to Rs276.9 bn. Expect strong growth → amongst large caps, by BHEL (+21%), L&T (+22%), Cummins India (+25%) and Thermax (+45%) while that amongst mid caps by LMW (+35%), Bharat Bijlee (+30%) and Indo Tech (+67%).
- Expect EBITDA growth at 15.9% yoy to Rs39.2 bn and EBITDA margins to decline by 20 bps yoy to 14.4%. Drop in EBITDA margins will be led by BHEL (-90 bps yoy). Thermax, Blue Star and Punj Lloyd are expected to report 60-80 bps improvement in margins amongst large caps. Ex-BHEL, we expect stable EBITDA margins for our ECI universe.
- Led by healthy operational performance, expect APAT to grow by 19.4% yoy to Rs25.7 bn. Expect BHEL (+22%), Thermax (+56%), Punj Lloyd (+121%), LMW (+55%), Bharat Bijlee (+85%) and TRIL (+50%) to outperform our universe.
- Our ECI universe order book growth was lower at 19% yoy to Rs3221.5 bn due to 32% yoy decline in order inflows (Rs266.9 bn). This was due to delay and deferment in order finalizations (especially in infrastructure). Low traction in order inflows in Q3FY11E has led to high implied order inflow in Q4FY11E at Rs716.1 bn (41% of target FY11E).

We would closely scrutinize (1) trend in investment spends (2) confidence on order execution and project ramp-up (3) pressure on operating margins and (4) traction in order inflows – especially in infrastructure and cyclical capex – which would be centrifugal to far-term earning estimates.

For near-term earnings (i.e. Q3FY11E alone), we expect positive surprises in earnings performance of Cummins India, Punj Lloyd, Greaves Cotton and McNally Bharat.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Larsen & Toubro	21.9	12.4	22.0	7,063	15.7	11.7	1,848	2,129	ACCUMULATE	Expect L&T to report strong operational performance in Q3FY11E with revenues of Rs99.0 bn (+22% yoy) and EBITDA at Rs12.3 bn (+22% yoy) with EBITDA a margins of 12.4%. However, APAT growth at 16% yoy to Rs7.1 bn, due to lower other income. On the segmental front expect E&C segment to continue to report strong growth at 20% yoy and E&E to revive with 8% growth. Comment on order execution risk, if any, will be watched closely.
BHEL	21.2	19.3	15.7	13,095	22.1	26.8	2,291	3,030	BUY	Expect BHEL to continue to report strong performance on back of robust order backlog – (1) Revenue at Rs86.1 bn (+21% yoy) (2) EBITDA at Rs16.6 bn (+16% yoy) (3) EBITDA margin at 19.3% yoy (-90 bps yoy) (4) APAT at Rs13.1 bn (+22% yoy) – led by high other income (up 38% yoy to Rs4.5 bn). Given the subdued order inflows in Q3FY11E, we will watch out for management reiteration of order inflow guidance for FY11E.
Cummins India	25.4	19.4	6.2	1,631	10.1	8.2	745	820	HOLD	Post a strong H1FY11, expect Cummins to report muted operational performance in Q3FY11 – partially attributed to high base of Q3FY10. Expect healthy revenue growth at 25% yoy to Rs10.4 bn – led by continued traction in exports. Despite healthy revenue growth, expect EBITDA growth to be muted at 6% yoy to Rs2.0 bn – due to 350 bps yoy drop in EBITDA margins. Expect APAT growth to be subdued at 10% yoy to Rs1.6 bn.
Thermax	44.7	12.7	53.8	880	55.6	7.4	828	943	BUY	Expect yet another quarter of robust performance – (1) Revenues of Rs10.8 bn (+45% yoy) – led by Energy at Rs8.2 bn (+47% yoy). Environment at Rs2.6 bn (+27% yoy). (2) EBITDA margins at 12.7% (+80 bps yoy) (3) EBITDA at Rs1.4 bn (+54% yoy). (4) Led by strong operational performance, expect APAT growth at 57% yoy to Rs880 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	14.6	8.9	12.5	678	2.3	2.1	214	275	BUY	Post a muted, H1FY11, we expect Voltas to witness improved performance in Q3FY11 – led by improved execution of order backlog. (1) Revenues at Rs11.4 bn (+15% yoy) – led by all 3 divisions EMP (+15%), UCP (+15%) and EPS (+17%) (2) EBITDA margins to decline marginally by 20 bps yoy to 8.9% (3) APAT growth to be muted at 2% yoy to Rs678 mn – due to lower other income. We will keenly await management outlook on (1) the international business and (2) order inflows.
Blue Star	13.6	10.0	20.3	389	15.7	4.3	413	513	ACCUMULATE	After disappointing in Q2FY11, we expect BLSR to report improved performance in Q3FY11. Healthy revenues at Rs6.8 bn (up 14% yoy) – led by EMP&PAC segment (up15% yoy to Rs5.3 bn). Cooling Products to post muted lower growth at 9% yoy to Rs1.0 bn. EBITDA to grow by 20% yoy to Rs0.7 bn led by 60 bps yoy improvement in margins. But high interest costs to result in lower APAT growth at 16% yoy to Rs389 mn. Traction in order book and execution of ongoing projects will be tracked closely.
Punj Lloyd	-13.1	8.0	-5.5	275	121.1	0.8	105	132	HOLD	Expect continued improvement in performance on qoq basis – led by uptick in revenue booking in Libya orders. (1) Revenues Rs25.3 bn (+27% qoq) (2) EBITDA Rs2.0 bn (+10% qoq) (3) EBITDA margins at 8.0% - down 120 bps qoq – on high base in Q2FY11 (4) APAT at Rs275 mn (up 15% qoq and 121% yoy – yoy improvement in performance is due to benefit of high tax incidence in Q3FY10). Progress in Libya orders will be closely tracked
LMW	34.6	17.4	24.5	473	55.2	38.3	2,355	2,660	HOLD	Expect continued strong performance in Q3FY11 – (1) Revenue growth at 35% yoy to Rs4.5 bn. (2) EBITDA growth at 25% yoy to Rs789 mn – due to 140 bps yoy drop in EBITDA margins. (3) Strong APAT growth of 55% yoy to Rs478 mn – led by high other income and low depreciation charges. We will closely watch increase in order book – currently at about Rs38 bn.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Greaves Cotton	20.9	16.0	13.9	394	20.4	1.6	96	101	BUY	Expect Q2FY11E operational performance to be impacted by extremely high margins in Q2FY10 – (1) Healthy revenue growth of 21% yoy to Rs4.1 bn – led by both Engines (up 20% yoy to Rs3.5 bn) and Infrastructure (up 26% yoy to Rs447 mn) (2) Lower EBITDA growth at 14% yoy to Rs664 mn – led by 100 bps yoy decline in margins to 16% (3) APAT growth at 20% yoy to Rs394 mn. We will closely watch traction in Infrastructure Division and ramp-up with Tata Motors.
Voltamp Transformers	27.8	13.0	-18.1	166	-15.1	16.4	762	840	HOLD	Same story to be repeated as was the case in last two quarters - revenue growth of 28% YoY (volumes 15%, realization 12%) but significant EBITDA margin decline of 725bps. Consequently EBITDA & PAT to decline by 18% & 15% yoy. Key things to watch - (1) order inflow from industrial segment, (2) realizations/margins in order inflows and (3) update on enquiries and order pipeline.
Elecon Engineering	7.6	15.1	5.5	140	16.0	1.5	74	121	BUY	After a strong Q2FY11, expect muted operational performance in Q3FY11 (1) Revenue at Rs2.7 bn (up 8% yoy) - led by TE division (up 18% yoy to Rs1.2 bn). MHE division to decline by 2% yoy to Rs1.5 bn – due to low order backlog. (2) 30 bps yoy drop in EBITDA margins (3) Muted EBITDA growth at 6% yoy to Rs408 mn (4) Healthy APAT growth at 16% yoy to Rs140 mn – aided by lower taxation. Management outlook on (1) Fresh order inflows (2) pressure on EBITDAM (3) Progress in Bramhani order.
McNally Bharat	27.9	6.4	18.5	83	19.7	2.7	226	418	BUY	Expect MBE to report healthy performance in Q3FY11E – on back of robust order backlog. (1) Standalone revenue at Rs4.3 bn (+28% yoy) (2) 50 bps yoy drop in EBITDA margins (3) APAT growth at 20% yoy to Rs83 mn. Expect McNally Sayaji and CHD Humboldt to continue to report healthy performance, Management outlook on BOP orders inflows, pressure on operating margin and guidance for FY11E will be watched keenly.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
TRF	9.0	6.3	-51.3	92	-62.2	8.3	539	754	ACCUMULATE	Post a disappointing Q2FY11; expect standalone performance to improve sequentially. Although, yoy performance to be negatively impacted by high base in Q3FY10 and subsequent downward revision in EBITDAM. (1) Revenue Rs2.0 bn (+87% qoq), (2) EBITDA Rs149 mn (Vs loss in Q2FY11) (3) APAT Rs80 mn. York - Post a subdued H1FY11, expect sharp jump in revenues Rs1.1 bn(+60% yoy). But APAT to decline 13% yoy due to high interest and depreciation charges.
Bharat Bijlee	29.9	12.2	84.2	137	85.3	24.3	994	1,350	BUY	Healthy volume growth across segments - transformers, projects and motors to drive revenue growth of 30% yoy. EBITDA margins to improve on yoy basis by 360 bps to 12.2% due to very low base. PAT is expected to grow 85% YoY to Rs137mn. 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.
TRIL	22.8	14.8	59.9	146	49.6	11.3	347	448	ACCUMULATE	Expect volume growth of 13% and realization increase of 9% to result in revenue growth of 23% YoY. Expect EBITDA margins to improve by 344 bps yoy (led by low base) to result in EBITDA growth of 60% yoy to 234mn. Led by higher depreciation, interest and tax rate, Reported PAT growth to be slightly lower at 30% yoy. Adjusting for Q3FY10 extraordinary income of Rs15mn, PAT to grow at 50% yoy. Key things to watch - (1) order inflows especially export orders, (2) realizations/margins in order inflow and (3) order pipeline.
EMCO	26.6	8.0	-20.7	60	-40.2	1.0	63	60	REDUCE	Might end the period of reporting losses assuming mgmt guidance. Expect rev gr. of 21%, 20% & 35% in transformers, meters & projects - overall revenue gr. of 27% YoY. EBITDA margins to venture in (+) territory with 8% margins, a decline of 480bps yoy. Positive PAT of Rs60mn (-40% yoy). Key factors - (1) execution & profitability in projects, (2) realizations & margins in transformers order flows, & (3) update on coal business.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Indo Tech	67.3	1.3	NA	-3	NA	-0.3	215	245	HOLD	Expect breakeven after 4 qtrs of disastrous performance. Expect volume growth of 63% (pick up in order inflow & low base) and 3% growth in realizations to result in revenue growth of 67% YoY. Expect break even at EBITDA level with margins of 1.3%. Key things to watch - (1) commentary on GE PROLEC's plans for ITL, (2) order inflows & realizations and (3) margins & its outlook.

- For EMKAY universe, there are no surprises on volume performance but higher material prices will take the limelight. Selective price increases and mix change would do the trick, but not sufficient enough to offset total impact of higher material prices. Hence, we forecast EBIDTA margin pressures and operating performance being lower than revenue growth for Q3FY11E. Our EMKAY universe covering Asian Paints (APL), Godrej Consumer (GCPL), Hindustan Unilever (HUL) and Marico would report YoY drop in EBIDTA margins.
- EMKAY universe would register improvement in growth momentum – forecast 18.0% YoY growth in revenues to Rs87.1 bn owing to seasonally strong quarter for HUL and APL coupled with gains from consolidation in GCPL. We have built a case for healthy volume growth, largely continuation of growth momentum. Our volume growth assumptions for APL and Marico at 14%, HUL at 11% and GCPL at 10% (domestic business).
- Operating performance would be lower than revenue growth – 14.0% YoY growth in EBIDTA to Rs14.9 bn and 15.6% YoY growth in APAT to Rs10.8 bn. Infact, adjusting for GCPL, our universe would register weaker operational performance. We have factored 60 bps reductions in EBIDTA margin for EMKAY universe – Marico would report highest decline at 170 bps, followed by APL at 100 bps, GCPL at 40 bps and HUL at 50 bps.
- 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) unfavorable 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	8.3	16.7	5.1	6,476	9.9	3.0	312	275	REDUCE	Favorable base effects continue, HUL expected to deliver 11% growth in volumes. Also, benefit from seasonally strong quarter for Personal Products. HUL expected to deliver (1) 8.3% YoY growth in revenues to Rs49.5 bn (2) 5.1% YoY growth in EBIDTA to Rs8.3 bn and (3) 9.9% YoY growth in APAT to Rs6.5 bn. But, would stumble against high EBIDTA margins in Q3FY10.
Asian Paints	20.2	18.6	13.8	2,239	12.8	23.3	2,774	2,510	HOLD	Volume growth back in fore (expect 14% volume growth) combined with benefits from price increases taken in Q1FY11. But, APL is facing extremely high base i.e. EBIDTA margins at 19.6% in Q3FY10. Thus, we have forecasted aggressive revenue growth at 20.2% YoY to Rs19.5 bn, but muted operational performance at 13.8% YoY to Rs3.6 bn and APAT growth at 12.8% YoY to Rs2.2 bn.
Godrej Consumer	98.3	19.3	94.2	1,425	67.4	4.4	396	447	ACCUMULATE	Headwinds in Soaps business and African business would be offset by better performance in Godrej Household Care and Megasari. Further, impact of vegetable oil prices would be offset by benign material prices in household insecticide business. Consequently, we have forecasted (1) revenue growth of 98.3% YoY to Rs10.3 bn (2) EBIDTA growth of 94.2% YoY to Rs2.0 bn and (3) APAT growth of 67.4% YoY to Rs1.4 bn.
Marico	16.3	13.0	2.7	667	7.2	1.1	125	128	HOLD	Higher material prices and restrictive price increases would trigger moderation in operating performance on qoq and yoy basis. Our expectations are as under (1) revenue growth of 16.3% YoY to Rs7.8 bn (2) EBIDTA growth of 2.7% YoY to Rs1.0 bn and (3) APAT growth of 7.2% YoY to Rs667 mn. We have assumed volume growth of 14% in Q3FY11E.

IT Services

- We expect solid revenue momentum to continue for techs in an otherwise ‘seasonally weak’ Dec qtr. Dec’10 qtr will be another reflection of secular demand for Indian IT as they gain from (1) pick up spreading to verticals other than fin svcs, (2) renewal cycle with larger deals getting broken into smaller sizes of US\$ 200-300 mn, sweet spot for offshore techs and (3) resumption of offshore IT shift trend after the pause in late CY08/early CY09.
- We expect Tier1 co’s to meet/beat ‘stiff’ market/consensus expectations driven by 6-7% QoQ growth aided by ~80-100 bps QoQ cross currency gains, nearly stable margins (despite supply side headwinds and currency appreciation) . While we expect both Infosys and TCS to report a 7% QoQ growth in revenues following up on the stellar Sep’10 qtr show, we expect Wipro also to beat upper end of it’s Dec’10 qtr guidance with a 6.2% QoQ growth in revenues for the 1st time after 3 quarters. We expect QoQ rev growth to pick up for Tier II universe as well as we build in a 2.2-8% QoQ growth in US\$ terms (Hexaware and eClerx expected to post highest sequential growth at the upper end and Mahindra Satyam at the lower end).
- We expect Infosys and Wipro to guide for a 4-5% sequential growth in US\$ revenues for March’10 qtr. For FY11, we expect Infosys to raise it annual rev guidance to US\$ 6.05-6.1 bn (+26-27% YoY growth) V/s 24-25% YoY growth earlier translating into an increase in EPS outlook to Rs 119-121 (V/s 115-117 earlier). Key things to monitor – Campus hiring numbers, attrition trends, CY11 IT budgets outlook (interactions with companies in the recent past have indicated a 2-3% Increase in IT budgets) and pricing commentary.
- Given the strong demand momentum in the sector, we would back a 5-6% upgrade in earnings estimates for our Tier I coverage backed by revenue upgrades (akin to our upgrade for TCS). With ~15%+ run up in stock prices ahead of the results, we would not rule out a correction in the stock prices as stocks nearly price in a perfect show. We continue to retain ACCUMULATE on Infosys and TCS within our coverage universe. Amongst mid caps ,we retain BUY on Infinite Solutions and ACCUMULATE on eClerx.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Infosys Tech	3.5	33.5	3.9	18,403	5.9	32.2	3,367	3,300	ACCUMULATE	We expect Infy to report rev at \$1,601 mn(+7% QoQ) aided by ~90 bps cross currency gains. OPM's to expand by ~20 bps QoQ to 33.5% despite INR appreciation V/s US\$. Expect Infy to guide for a 4-5% QoQ revenue growth for March'10 qtr and raise its FY11 rev guidance to US\$ 6.05-6.1 bn (+26-27% YoY gwth) V/s 24-25% YoY gwth earlier translating into an increase in EPS outlook to Rs 119-121 (V/s 115-117 earlier). Key thins to monitor- Campus hiring, attrition trends and outlook on discretionary spending/client budgets
TCS	2.7	29.8	2.0	21,947	4.2	11.2	1,142	1,250	ACCUMULATE	We expect TCS to report revenues at US\$ 2,143 mn (+7% QoQ, ~80 bps benefit from cross currency). Op mgns estimated to decline marginally by ~20 bps QoQ to 29.8% lead by higher rental costs. Profits est to be at Rs. 21.9 bn (+4.2% QoQ). Key things to monitor- Campus hiring, outlook on client IT budgets/discretionary spends.
Wipro	4.1	18.5	3.8	13,104	2.0	5.3	478	420	REDUCE	We expect Wipro to report revenues at US\$ 1,351 mn(+6.2% QoQ) aided by ~100 bps cross currency gains , driving a beat at the upper end of it's Dec'10 guidance (+5.5% QoQ) for the 1st time after 3 qtrs. EBIT Mgns in IT svcs est to expand by ~50 bps QoQ to 22.7% helped by SG&A leverage .PAT est. to grow by 2% QoQ to Rs. 13 bn. Key investor focus- Revenue growth differential to other Tier 1 peers, outlook on client spending, attrition and campus hiring plans
HCL Tech	6.0	16.0	9.0	3,736	24.4	5.4	465	430	HOLD	HCL Tech est to report 6.8% QoQ growth at US\$858 mn, helped by ~90 bps cross currency gains. EBITDA Mgns estimated to expand by ~40 bps QoQ to 16% V/s co guidance of sequential decline in margins. Profits at Rs. 3.7 bn to grow by +24% QoQ helped by lower forex losses. Key investor focus- outlook on client spending, deal pipeline and margin trajectory

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Tech M	0.0	21.2	-2.2	1,828	-2.1	13.9	708	810	HOLD	Tech M est to report 4.8% QoQ Growth (excluding pass through revenues in Q2 FY11) at US\$ 277 Mn, helped by ~80 bps cross currency gains. EBITDA Margins estimated at 21.2% , down by ~50 bps sequentially. Profits estimated at Rs.1.8bn (-2.1% QoQ) helped by higher forex gains and absence of one off costs related to Mahindra Satyam. Key things to monitor- demand outlook within the top 2 clients BT and AT&T and integration plans with Mahindra Satyam
Patni	3.2	19.1	4.3	1,222	-4.6	9.4	460	NA	NA	Patni estimated to report 2.2% QoQ growth in revenues at US\$ 183 mn V/s co's Guidance of US\$ 180-181 mn. Margins are expected to expand marginally by ~20 bps sequentially to 19.1%.Profits estimated at Rs. 1.2 bn (-4.6% QoQ) driven by lower other income. Key things to monitor- progress on promoter stake sale, revenue outlook
eClerx	5.9	36.2	5.8	296	7.3	10.0	686	670	ACCUMULATE	We expect eClerx to report 8% sequential growth in revenues at US\$19.4 mn, aided by ~ 140 bps QoQ cross currency gains. Opmgns expected to remain flat QoQ at 36.2% despite INR appreciation helped by SG&A leverage. Profits expected at Rs. 296 mn (+7.3% QoQ). Key things to monitor- growth within top 5 clients, outlook for demand in Banking and Capital markets and inorganic growth plans
Hexaware	5.4	10.6	31.0	326	-22.6	2.2	118	NA	NA	Hexaware expected to report revenues at US\$ 66 mn (+7.9% QoQ) helped by ~150 bps cross currency gains. We build in ~210 bps improvement in margins to 10.6% driven by operating leverage. Profits expected at Rs 326 mn (-23% QoQ) on a/c of absence of one off income and aided by forex gains (V/s forex losses in the last quarter).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Persistent	4.4	22.7	3.1	419	16.7	10.5	435	NA	NA	Persistent expected to report 7.4% sequential increase in revenues to US\$ 43.5 mn. Margins expected to decline marginally by ~30 bps QoQ to 22.7% , impacted by currency appreciation despite help from SG&A leverage. Profits estimated at Rs. 419 mn (+16.7% QoQ) , helped by higher forex hedging gains. Key things to monitor-demand from the Hi Tech/ISV segment, margin outlook
NIIT	10.1	12.3	23.6	139	47.7	0.8	57	80	ACCUMULATE	NIIT expected to report a 10.1% YoY growth in revenues to Rs 3124 mn helped by ~12% YoY growth in retail training and corporate training business. Co wide margins expected to improve by ~130 bps YoY to 12.3% driven by further improvement in ILS margins. Profits expected at Rs 139 mn(+48% YoY) helped by higher operating profits/margins. Key things to monitor-performance in the Individual Learning Solutions /New businesses and outlook on School Learning Solutions and Corporate training business
Mahindra Satyam	1.7	8.1	39.0	846	263.0	0.7	70	70	REDUCE	Mahindra Satyam expected to report a 3.5% sequential growth in revenues to US\$ 281.5 mn. EBITDA margins estimated to expand by ~220 bps QoQ to 8.1% on a/c of absorption of wage increments during Q2FY11. Profits expected at Rs. 845 mn (+263% QoQ) helped by higher operating profits, higher other income and lower taxes (Q2 FY11 saw effective tax rate of 53% which includes some one time tax payments and is est to come down to 20%)
Infinite Computers	-0.2	16.8	1.2	277	8.4	6.3	193	250	BUY	We expect Infinite to report a 5.5% QoQ growth in revenues to US\$50 mn. Margins expected to be up by ~20 bps sequentially to 16.8% despite adverse currency appreciation helped by SG&A leverage. Profits expected at Rs 277 mn (+8.4% QoQ), helped by forex gains(V/s forex losses in Q2FY11).

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

Metals and Mining

- Higher realizations and improved volumes are expected to help our Metals and Mining universe to see a revenue growth of 8.5% YoY. We expect strong topline performances for Sesa Goa (+48%) and JSW Steel (+24%) on a YoY basis. The QoQ performance is likely to be muted (+3.5%) for our universe due to expected revenue de-growth for Tata Steel (-5%) and flat performance by JSW Steel (+0.4%), which offset strong QoQ revenue growth in Sesa Goa (+206%), Godawari Power and Ispat (+56%) and Sterlite Industries (+15%)
- We expect YoY EBITDA growth for our coverage universe at 27% aided mainly by Sesa Goa (+53%) and Tata Steel (+32%). On QoQ basis the EBITDA is likely to grow at 32% with robust improvement likely to be seen for Sesa Goa (+365%) on 3-fold jump in sales volume. Strong improvement also is likely to be witnessed in JSW Steel (+20%), GPIL (+30%) and Sterlite (+31%). On a consolidated basis EBITDA for Tata Steel is likely to remain flat (+6%)
- On YoY basis adjusted PAT for our coverage universe is expected to grow at 56% again mainly supported by Sesa Goa (+67%) and Tata Steel (+102%). Strong growth is also likely to be seen in JSW Steel (+38%). On QoQ basis the universe is likely to grow by 40% aided by Sesa Goa (+259%) and GPIL (+121%). Reported PAT for Tata Steel would be lower (33%) due to one off sale of investment in Q2FY11, otherwise flat performance is expected
- The expectation of higher margins for steel companies on account of price hike taken at the end of Q2FY11 did not fructify fully because of higher raw material (coking coal and iron ore) prices and subdued demand
- Non ferrous metals on the other side saw a big jump in prices during the quarter led mainly by copper on incremental demand from to be launched ETFs, global recovery hopes and fall in inventories
- Increased activity in the metals sector seen and expected going forward- consolidation, JVs and M&As

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Tata Steel	3.8	14.3	31.5	13,524	102.3	15.3	661	712	ACCUMULATE	We expect Tata Steel to show a marginal revenue growth of 3.8% YoY on higher sales volume and better realizations in the domestic operation. We estimate sales volume of 1.68 mn tonnes and 3.5 mn tonnes for Indian and European operations respectively. EBITDA margins are likely to improve both on YoY and QoQ by 300 bps and 150 bps respectively. Standalone EBITDA margin is likely to improve by 560 bps and 280 bps respectively on YoY and QoQ basis. The standalone adjusted PAT is likely to grow by 32% and 9% on YoY and QoQ respectively.
JSW Steel	24.4	20.5	14.0	4,514	38.0	24.1	1,033	UR	UR	JSW Steel is expected to show modest improvement in the performance due to rise in realization both on QoQ and YoY basis. Comparatively lower raw material costs for Q3FY11 are likely to result into an EBITDA margin expansion by 340 bps on QoQ. On YoY basis however, there would be fall in margin by 190 bps. Adjusted PAT however is likely to grow by 38% YoY.
Sterlite Industries	3.5	28.6	12.7	12,367	23.1	17.5	176	UR	UR	Backed by robust prices for all the base metals we expect Sterlite Industries to post strong performance for Q3FY11. Revenue growth is likely to be stronger QoQ (~15%) than on YoY (3.5%) basis. EBITDA margin is also expected to grow by 230 bps and 350 bps on YoY and QoQ respectively. While, revenue growth would be contributed by all the verticals viz. copper, aluminium and zinc, the margin improvement would mainly be aided by zinc and aluminium.
Sesa Goa	48.9	56.2	52.5	13,824	67.0	16.6	332	UR	UR	We expect a robust performance by Sesa Goa in Q3FY11. While, higher realizations due to strong iron ore prices would drive the YoY growth, rise in volume would be the key for the strong QoQ performance. Our estimated iron ore sales volume remains at 6.4 mln tonnes for the quarter. We expect EBITDA margin to improve by 140 bps and 1920 bps on YoY and QoQ basis respectively.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
GPIL	14.2	17.2	25.0	160	18.0	6.0	197	UR	UR	Godawari Power and Ispat is likely to post strong numbers for the Q3FY11 backed by higher realizations in steel and iron ore businesses and ramping up of its pellet production and sales. The company focused on its billet and ferro alloy businesses on lower power realizations. We expect EBITDA margins to grow by 150 bps YoY to 17.2% , however, on QoQ it is likely to fall by 340 bps.

Offshore Oil Field Services

- Companies in our offshore oilfield services space are expected to post an aggregate revenue growth of 2% yoy. We expect Aban to report a revenue growth of 3% yoy. Garware offshore is expected to post 20% yoy decline in revenues for the quarter on account of sale of its vessel PSV Everest. Great offshore is expected to report decline of 5% yoy on account of dry docking of its rig Kedarnath.
- Aggregate EBIDTA is expected to grow at 4% yoy with EBIDTA margins expanding 147 bps yoy to 59.5%. We expect Aban offshore to post yoy EBIDTA growth of 7% and Great Offshore to post 1% growth in EBITDA yoy, while Garware Offshore is expected to register decline of 28.4% yoy in EBITDA.
- Depreciation charges for the quarter are expected to increase 2% yoy whereas interest charges are expected to decline by 4% yoy. Consequently aggregate net profit for the quarter is expected to decline by 1.6% as Garware Offshore and Great Offshore earnings are expected to decline by 37% and 24% yoy respectively.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Aban Offshore	2.6	64.3	6.9	1,022	14.2	23.5	766	875	HOLD	We expect Aban Offshore's Q3FY2011 consolidated revenue to grow by 2.6% yoy to Rs8.6 bn. EBIDTA for the quarter at Rs5.55 bn, is expected to post a growth of 6.9% whereas EBITDA margins are expected to expand 260bps yoy to 64.3%. Pre-exceptional net profit at Rs1.02 bn for the quarter is expected to register growth of 14.2% yoy and 14.7% qoq.
Great Offshore	5.0	48.0	1.2	377	-24.0	10.1	380	506	BUY	GOL Q3FY11 standalone net revenues for the quarter is expected to grow 5% yoy to Rs 2.6bn. EBITDA for the quarter is expected to grow by 1.2% yoy to Rs1.26 bn. EBIDTA margins are expected to shrink by 181bps to 48%. GOL's net profit for the quarter at Rs376.6 mn is expected to decline 24%yoy.
Garware Offshore	-19.8	37.0	-28.4	52.9	-38.7	2.22	138	160	HOLD	Garware Offshore Services Ltd (GOSL) Q3FY11 revenues are expected to decline by 19.8% to Rs512 mn. EBIDTA for the quarter at Rs 189.5mn is expected to decline by 28.4% yoy with EBIDTA margins shrinking by 447 bps yoy to 37% Adjusted PAT at Rs52.9 mn is expected to decline by 38.7% yoy.

Paper

- We expect aggregate revenues for our paper universe to increase by 18% yoy driven by 7% increase in sale volumes, 11% realisation growth and aggregate capacity utilization of 91%. All players are likely to contribute to the estimated volume growth on the back of low base effect and capacity additions
- Due to increasing dependency of all players on imported pulp (except TNPL) aggregate EBITDA margins are expected to decline by 170 bps to 22.7% however overall EBITDA is estimated to increase by 10% for the sector
- We expect aggregate PAT to increase by 23% with TNPL reporting growth of 33% followed by JK Paper (23%) and BILT (16%)
- Profitability of Rayon Grade Pulp (RGP) segment is expected to remain strong (favourable for BILT) with EBIT margins of 28% (13% previous year) since RGP prices are up by 28% yoy to Rs 48,000 / MT
- Though paper prices remain strong (+11% yoy) - we expect few cost increases like rising chemical prices – which may have some adverse impact on companies' profitability in the near future. Companies dependent on imported pulp (BILT and JK Paper) are expected to benefit marginally from softening pulp prices
- Sector valuations at FY12 estimated EV/EBITDA of 4.8x, P/E of 6.3x and P/BV of 0.9x for our universe remain favourable and we maintain our BUY recommendation on the sector

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
BILT (Conso)	20.8	20.8	11.1	528	15.9	0.8	37	42	BUY	We estimate 6% and 16% yoy increase in paper sale volumes and paper realisations respectively to result in paper segment revenues of Rs 9.5 bn. Sharp jump in RGP realisations by 28% yoy are expected to improve pulp EBIT margins from 13% to 28%. However high pulp prices are expected to keep paper segment margins under pressure at 13% vs 15.3% previous year. As a result overall EBITDA margins are expected to decline by 180 bps yoy. We estimate APAT of Rs 528 mn and AEPS of Rs 0.8.
JK Paper	15.0	21.5	8.2	250	22.8	3.2	56	84	BUY	We estimate 15% yoy increase in overall revenues for Q3FY11 to Rs 3 bn for JK Paper. We estimate paper sale volumes to increase by 5% yoy to 66,500 MT while paper realisations are expected to grow by 10% yoy to Rs 45,895 / MT. While we expect contraction in EBITDA margins by 130 bps yoy to 21.5%, overall EBITDA is likely to increase by 8% yoy to Rs 656 mn. We estimate APAT of Rs 250 mn, +23% yoy with AEPS of Rs 3.2.
TNPL	11.3	30.9	8.1	365	33.3	5.3	137	200	BUY	We estimate 10% growth in sale volumes to 62,000 MT and ~6% growth in paper realisations to Rs 44,500 / MT resulting in 11.3% yoy increase in revenues to Rs 2.9 bn. We expect TNPL to continue to report high EBITDA margins of 30.9% resulting in overall EBITDA of Rs 889 mn, +8.1% yoy. We estimate 46% decline in interest to Rs 70 mn and 7% yoy increase in depreciation to Rs 300 mn. For Q3FY11, we expect APAT of Rs 365 mn, +33% yoy resulting in AEPS of Rs 5.3

Pharmaceutical

- We expect our Pharma universe to report a growth of 18% YoY (6.5% QoQ) in revenues, driven by 55% and 42% YoY growth in Sun Pharma and Divi's Labs. Pharma Universe (ex-CRAMS) is likely to grow by 19%, while CRAMS space is likely to grow at 11%.
- Strong momentum in domestic market coupled with limited competition product opportunities in the US will continue to drive growth in the generic space. In the CRAMS space, we expect gradual recovery starting this quarter onwards.
- EBIDTA is likely to grow by 16% (OPM flat at 23%) driven by 61% and 28% growth in DRL and Ranbaxy. The expansion in EBIDTA in Ranbaxy and DRL is mainly because of launch of limited competition products in the US market and higher contribution of domestic formulation business. OPM for CRAMS companies are likely to contract by 460bps because of lower capacity utilization.
- APAT of Pharma universe is likely to grow by 25% YoY (8% QoQ) driven by 264% growth in Panacea, 193% growth in Ranbaxy and 62% growth in DRL. Growth in APAT will be on account of steady operating performance, lower interest and tax outgo. Though QoQ, CRAMS companies are likely to report 20% growth, however on YoY basis, APAT is likely to decline by 16% on account of 35% and 33% de-growth in Dishman and Jubilant.
- Torrent, Ipca and Aurobindo continuous to remain our top picks in the pharma space.
- With an investment horizon of 6-9 months, we prefer a basket approach in the CRAMS space.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Aurobindo	23.0	22.2	0.6	1,569	6.9	27.0	1,312	1,581	BUY	We expect Aurobindo Pharma to record 23% revenue growth driven by 45% growth in the US business, 80% growth in the Europe business and 50% growth in the ARV portfolio. The EBITDA margin is expected to decline by 496 bps to 22% as Q3FY10 had higher dossier income of Rs900mn (expect Rs500mn dossier income in Q3FY11E). We expect the APAT to grow at 7% to Rs 1.6bn. Post Q3FY11E, we expect upwards revision in street estimates for the stock.
Cadila	16.4	21.2	16.3	1,680	31.8	8.2	772	720	ACCUMULATE	We expect Cadila to report a revenue growth of 16% YoY driven by 24% growth in exports, good ramp-up in Hospira and 15% growth in domestic formulation business. Growth in export will largely be driven by regulated markets like US (35%) and Brazil (20%). We expect operating margins to remain flat at 21.2% and APAT to grow by 32% to Rs1680mn (led by lower depreciation charge).
Cipla	11.8	24.6	-2.0	2,875	-6.9	3.6	357	350	ACCUMULATE	Cipla is expected to report a revenue growth of 12% driven by 14% growth in export formulation and 15% growth in domestic formulation business. We expect technology fees of Rs400mn in Q3FY11E. Operating margins are likely to decline by 178bps to 24.6% due to lower technology income APAT is expected to decrease by 7% to Rs.2875mn.
Dishman	4.5	21.0	-4.9	203	-35.2	2.5	145	181	HOLD	Dishman is expected to report marginal growth of 4.5% in revenues led by 8% growth in CRAMS and 5% decline in the Quats business. EBITDA margins are expected to decline by 208bps at 21% on account of lower revenue contribution from high margin contract research business at Carbogen. PAT is expected to de-grow by 35% YoY to Rs 203mn on account of higher interest and depreciation charges.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Divi's	42.4	36.9	26.0	855	26.1	6.4	636	756	ACCUMULATE	We expect Divi's Labs to report a revenue growth of 42% driven by recovery in CCS business and improved take-of of generic drugs. We expect operating margins to contract by 482bps to 36.9% due to change in product mix. APAT is likely to grow by 26% to Rs855mn.
Dr. Reddy	20.3	22.5	61.3	3,879	62.4	23.0	1,678	1,763	ACCUMULATE	DRL is expected to register 20% growth in revenues on account of presence of one-offs such as Accolate and limited competition Lansoprazole.. EBIDTA margin is expected to increase by 571bps to 22.5% (on account of contribution from one-offs) in Q3FY11. Betapharm is expected to report 17% YoY decline in revenues which will have a negative impact on margins. APAT is expected to increase by 62% to Rs3.9bn, clocking an EPS of Rs23.
Glenmark	19.8	25.0	16.7	1,110	6.6	4.1	359	381	ACCUMULATE	Glenmark Pharma is expected to report 20% growth in recurring revenue driven by 11% growth in GGL and 12% growth in GPL. Q3FY10 had US\$5mn of licensing income. The US business will be driven by US\$5-7mn of sales from Tarka (launched in Q1FY11) and limited competition and new launches in the OC and the dermatology space. Operating margins are likely to remain at healthy levels of 25%. APAT at Rs1.1bn is expected to grow by 7% YoY.
GlaxoSmithkline	14.3	31.0	10.8	1,199	12.3	14.2	2,376	2,020	HOLD	GSK is expected to report a growth of 14% growth in revenues driven by higher contribution from the vaccine business and increased contribution of key focus products. The EBIDTA margin is expected to contract marginally by 97bps to 31%. We expect APAT to grow at 12.3% to Rs1.2bn driven by interest income.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
IPCA	20.3	21.3	12.3	683.8	14.8	5.5	322	336	BUY	IPCA is expected to report a growth of 20% in the revenue driven by 20% growth in domestic formulation business and 32% growth in export formulations (led by aggressive dossier filings, higher contribution from institutional sales and entry into new markets). EBIDTA margins are likely to decline by 152bps to 21% on the back of cost associated with recent addition to the field force. We expect PAT to grow by 14.8% to Rs684mn.
Jubilant Life *	5.5	17.2	-22.5	898	-33.2	5.7	279	390	BUY	Jubilant is expected to report a growth of 5% in revenues driven by higher contribution from PLSPS business. EBIDTA margins are expected to contract by 621bps to 17% on the back of lower contribution of high margin CRAMS business in this quarter and presence of high margin products in Q3FY10. We expect 33% decline in APAT to Rs898mn. *Jubilant Life Sciences: expect revenues of Rs8.7bn, EBITDA at Rs1.5bn (EBITDA margin 17.6 %) and APAT of Rs781mn for Q3FY11E.
Lupin	19.3	20.8	20.5	2,085	29.8	4.7	474	496	ACCUMULATE	We expect Lupin to report revenue growth of 19% driven by 19% growth in the domestic formulations and 16% growth in the US. We expect operating margins to remain flat at 21%. Lower tax outgo coupled with strong operating performance will lead to 30% growth in APAT to Rs2.1bn.
Panacea	24.4	21.8	54.7	267	264.0	4.4	203	241	HOLD	Panacea Biotec is expected to report revenue growth of 24% driven by higher sales from the Pentavalent and BOPV vaccines. The EBIDTA margin is expected to increase by 428bps to 21.8%. We expect the company to report a profit of Rs267mn clocking an EPS of Rs4.4 in Q3FY11E.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Ranbaxy	4.7	22.2	27.7	3,199	193.0	7.6	590	520	HOLD	Ranbaxy is likely to report 5% growth in revenues to Rs22.5bn on account of modest growth in India, Russia, CIS and African markets and presence of Aricept exclusivity (approx. 1.5 months). We expect Aricept to rake in Rs4.5bn in Q3FY11E leading to 400bps expansion in EBITDA margins (EBITDA margin 22.2%) and 193% increase in APAT to Rs3.2bn. The EPS for the quarter is estimated at Rs7.6
Sun Pharma	55.3	28.0	20.7	3,942	19.7	3.8	492	460	HOLD	Sun Pharma is likely to report strong revenue growth, led by 17% growth in domestic formulations and first full quarter of Taro consolidation. We expect Taro to contribute Rs4.3bn to the top-line (27% of Q3FY11E total sales). Operating margins are likely to contract by 806bps to 28% on account of Taro consolidation. APAT is expected to grow by 20% to Rs3.9bn.
Torrent	19.3	20.2	5.8	823	-0.7	9.7	588	650	BUY	Torrent Pharma is expected to report revenue growth of 19% driven by 20% growth in domestic formulation business. The EBIDTA margin is however expected to contract by 257bps to 20% on account of field force expansion in India and commencement of operations in Mexico. The company's PAT is expected to remain flat at Rs823mn. We expect increased traction in numbers from Q1FY12E for Torrent Pharma.
Unichem	11.7	21.0	-12.9	269	-21.4	3.0	236	268	BUY	We expect Unichem to report a lower growth of 12% to Rs1.9bn on account of slower traction in the domestic formulation business (expected to grow by 14%). The EBIDTA margin is expected to decline by 592bps due to adverse product mix and higher SGA cost. We expect the company to report a profit of Rs269mn (decline of 21%) clocking an EPS of Rs3.0 in Q3FY11E.

Power

- 10,576MW added during nine months of FY11. Expect about 3,604MW addition in remaining three months of FY11E. Expect quantum jump in capacity additions starting FY12E with an addition of 22,706MW (growth of 12.2%),
- Even after factoring in best case demand estimates (9.6% growth) including latent demand, supply is likely to outpace demand starting FY13E.
- Merchant prices (day ahead on exchange) have softened over last two quarters. In Q2/Q3FY11, average day-ahead prices stood at Rs3.1/unit/Rs2.35/unit. 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.
- Unsustainable SEB losses to trigger panic situation soon and SEBs to resort to price caps, power cuts....
- IPP valuations remain expensive (2.0-3.0x P/BV) - factoring in high merchant prices and inflation in merchant prices, perfect execution and fuel supplies, high capacity utilizations, huge latent demand....
- In Q3FY11E – within our coverage list, we expect both NTPC and GICPL to report weak set of numbers. NTPC results to be weak yoy mainly due to (1) low PLFs (assuming low PAF also) at some of its plants due to coal shortage and outages and (2) grossing up at MAT vs full tax. While GIPCL Q3FY11E to be weak due to under recoveries in new plant (effectively run for 2 months at 65% PLF as per our estimate).
- GIPCL remains our top pick in the sector; however stabilization of Surat-II plant remains a key consideration.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
NTPC	8.5	28.1	1.3	20,602	-12.9	2.5	197	190	HOLD	Numbers to be weak yoy mainly due to (1) low PLFs (assuming low PAF also) at some of its plants due to coal shortage and outages and (2) grossing up at MAT vs full tax. Expect muted 0.4% YoY growth in gross generation to 54,726mn Units despite commercialization of 1980mw after September 30th 2009. Expect under-recovery of around Rs1.5bn due to low PAFs. Revenue growth of 9% YoY and 200bps YoY decline in EBITDA margins to drive APAT (Rs20.6bn) decline of 13% 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 and (6) guidance for FY11E tax rate.
GIPCL	7.6	23.5	0.1	146	-49.3	1.0	101	135	ACCUMULATE	Q3FY11E to be weak due to under recoveries in new plant (effectively run for 2 months at 65% PLF as per our estimate). Expect revenues to grow 8% yoy to Rs2.6bn. Expect 170bps YoY decline in EBITDA margins (under recovery) to lead to flat EBITDA yoy. PAT is expected to decline by 49% YoY to Rs146mn led by depreciation and interest from new plant. Key things to watch - PLF of the plants especially new plant.

Print Media Sector

- Rebound in economic growth coupled with shift in festive season to third quarter (v/s 2nd quarter last year) would drive the ad revenue growth for the print media companies.
- Given the festive season, we expect the print media companies to post better than expected numbers.
- We remain bullish on the regional print media companies; nevertheless, with the improving macro outlook, national players are also expected to post healthy returns.
- We expect our coverage universe to report ad revenue of Rs 10.3bn, growing 17.8% YoY.
- Regional companies (DB Corp, Jagran Prakshan, Hindustan) are expected to post growth of 23.2% YoY to Rs 5.47 bn while, their national counterparts (HT Media and Deccan Chronicle) would grow at 12.2% YoY to Rs 4.84 bn.
- We expect the action to continue in Jharkhand market post the launch of DB Corp.
- The newsprint prices have risen from \$643/tonne in Q2FY11 to \$664/tonne in Q3FY11. The impact of rising newsprint prices should get mitigated by the robust advertisement growth.
- Due to price cut taken by the companies in Jharkhand market, circulation revenue is expected to remain under pressure in the near term.
- In the light of intensifying competition and rising newsprint prices, the print media companies have been underperforming on the bourses. However, we believe the robust ad revenue growth would mitigate the concerns.
- We maintain our BUY rating on Deccan, ACCUMALATE on HT Media & Jagran Prakashan and HOLD rating on DB Corp.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
DB Corp.	16.5	33.1	15.1	685	35.4	3.8	257	284	HOLD	DB Corp is expected register revenue growth of 16.5% YoY, driven by the robust print ad revenue growth of 20.8%. EBITDA margins are likely to remain flat due to 17.3% YoY increase in the operating expenditure. PAT margins are expected to improve 292 bps on the back of lower interest outgo and higher other income.
Deccan Chronicle	10.2	53.3	8.2	848	9.2	3.5	104	175	BUY	The company has been struggling for ad volumes from last couple of quarters. We expect the festive season to be a silver lining for the company. We expect DCHL to report ad revenue growth of 11.0% YoY to Rs 2.4bn. EBITDA margins are expected to decline on the back of higher newsprint and employee cost.
HT Media	23.9	17.8	8.5	383	7.1	1.6	150	175	HOLD	With the improving macro economic conditions, HT Media's English segment is expected to report robust ad revenue growth. We estimate print ad revenues for HT media to grow by 18.4% YoY on the back of English ad growth of 19% and Hindi ad growth of 33.0%. EBITDA margin is expected to decline YoY due to higher newsprint prices coupled with competition in Jharkhand market and losses from other businesses. We expect the competition to stabilize and the Jharkhand market with highly untapped areas leave ample scope for the companies to grow.
Jagran Prakashan	19.6	29.8	24.0	488	22.7	1.6	126	155	BUY	Jagran Prakshan is expected to post ad revenue growth of 22.0% YoY to Rs 2.7bn. Circulation revenue is expected to remain flat due to price cut taken in Jharkhand market, post DB Corp's launch in August. EBITDA margin is expected to improve on the back of strong revenue growth coupled with better performance from other business segments (OOH, event and Mobile solution).

Telecom Industry

- Post the subdued quarter, we expect our Telecom universe to register QoQ revenue growth in the range of 3-5% for Q3FY11E, on the back of easing of price war in the industry.
- With the stabilization in the macro environment we expect APRU and ARPM decline to be in a narrow range of 3% and 2.5%, respectively, as compared to a steep decline of ~6% (APRU) in Q2FY11.
- Nevertheless, the traffic on network across the companies is expected to grow in the range of 3-6% QoQ.
- Led by continued robust subscriber addition, we expect the revenue for Bharti, Idea and Rcom to grow by 3.8%, 4.0% and 4.8%, respectively.
- EBITDA margin of our coverage universe is expected to remain flat QoQ at 31.7%.
- MNP launched at the end of Nov' 2010 is still at its nascent stage and has not proved as a game changer for the telecom sector, as anticipated earlier. We expect the impact would be visible post pan India launch (as per Trai, by 25th January, 2011).
- Couple of private companies (Tata Teleservices and Rcom) has launched 3G services during Q3FY11E; however, others are expected to follow and would launch their services by end of current fiscal.
- Telecom Industry has been under a continuous watch due to couple events that were highlighted in last two months, 2G spectrum allocation pricing scam, Rcom involved in allegation for more than prescribed holding in the erstwhile Swan telecom and delayed roll out by the new entrants.
- Any kind of positive re-formation of telecom policy (100 day agenda as proposed by Kapil Sibal, telecom Minister) could a positive trigger for the industry.
- We rate BUY on Tulip Telecom, HOLD on Bharti and RCOM and SELL on Idea Cellular. Bharti Airtel remains our top pick in the sector.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Bharti Airtel	3.8	33.4	3.1	15,663	-5.7	4.1	339	345	HOLD	Bharti Airtel is expected to report 3.5% revenue growth QoQ, led by 4.0% growth in mobility revenues. ARPU is expected to fall to Rs 198. Traffic on network is expected to grow by 5.8% to 201.8bn minutes. EBITDA margins are likely to remain flat as the higher expense would get offset by revenue growth. The watch out factor for Bharti would remain the performance of African operations.
Idea Cellular	4.0	23.9	3.3	1,805	0.4	0.5	67	60	SELL	The Company is expected to report mobility revenue growth of 4.0% QoQ. ARPU and MoU is expected to be at Rs 165 and 390, respectively. EBITDA margin at 23.9% is expected to remain flat QoQ. PAT is expected to be at Rs 1.8bn.
Reliance communication	4.8	32.0	7.8	3,247	-0.3	1.6	139	135	REDUCE	The lesser free minutes on the network would aid the falling ARPM for Rcom. We expect the mobility revenue to grow by 1.7% QoQ. ARPU for Q3FY11E stands at Rs 117.8. EBITDA margin is likely to improve by 90 bps, led by higher revenue realization. Strategic stake sale or the deal pertaining infratel business remains key triggers for Rcom.
Tulip Telecom	19.2	28.5	25.9	850	23.8	5.1	174	240	BUY	Tulip is expected to post YoY revenue growth of 19.2%, on the back of higher revenue realization from fiber optic segment. EBITDA margin expected to improve by 151 bps YoY, led by EBITDA growth of 25.9%.

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

Others

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Arshiya International	60.9	17.4	72.2	192	50.4	3.3	261	UR	UR	Expect revenue growth of 60.9% YoY at Rs2.15bn led by its Logistics and Rail Haulage segments. We expect the FTWZ business to generate revenue from this quarter. EBITDA likely to grow 72.2% YoY to Rs373mn with expansion in margins by 113bps YoY to 17.4% . APAT expected to increase by 50.4% YoY to Rs192mn.
Century Plyboards	15.6	16.9	7.1	275	-12.5	1.2	57	80	BUY	Revenues for the quarter are expected to grow by 15.6% to Rs 3.29 bn driven mainly by growth in revenues in the plywood & laminates and ferro alloys segment. Cement volumes are expected to grow by 11.3% yoy to 0.22 mnt but realizations decline 3.7%yoy. BITDA for the quarter is expected to grow by 7.1%yoy to Rs 556mn with overall EBITDA margins shrinking 130bps to 16.9%. Consequently, net profit after minority interest for the quarter at Rs275mn is expected to decline by 12.5%.
Essel Propack	2.1	18.7	15.2	162	48.5	1.0	56	76	BUY	Q3FY11E results will not be comparable owing to sale of Medical Devices. Hence, Q3FY11E performance would be mixed bag - revenue growth of 2.1% YoY to Rs3.6 bn, but EBIDTA growth at 15.2% YoY to Rs0.7 bn and APAT growth at 48.5% YoY to Rs162 mn, owing to improved profitability in Tubes business and lower profitability in ousted Medical devices business.
HBL Power Systems	-10.9	9.5	-52.8	49	-78.4	0.2	27	UR	BUY	Results to be weak due to continued pressure in telecom segment. Expect revenues to decline by 11% YoY. Expect decline (843bps yoy) in EBITDA margins (very high base, fixed expenses) to lead to EBITDA decline of 53% yoy. Consequently, PAT is expected to decline by 78% to Rs49mn. Key things to watch - (1) revenue traction in various segments esp. telecom and auto batteries, (2) overall margins and (3) funding of the acquisition.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Jubilant FoodWorks	43.1	17.9	52.6	189	66.1	2.9	605	600	ACCUMULATE	JFL will remain surprise package – especially on Same-Store-Sales growth. We have factored Same-Store-Sales growth of 25% for Q3FY11E. Consequently, we expect 43.1% YoY growth in revenues to Rs1.7 bn, EBITDA growth of 52.6% YoY to Rs3.0 bn and APAT growth of 66.1% YoY to Rs189 mn. We expect EBITDA margins of 17.9% v/s 16.8% in Q3FY10 and 18.2% in Q2FY10.
Kajaria Ceramics	32.0	15.7	29.1	150	80.9	2.0	69	100	BUY	With key revenue drivers of - encouraging industry demand, strong growth from upper end vitrified tiles and higher trading revenues – we expect aggregate revenues of Rs 2.4 bn, +32% yoy. We estimate EBITDA margins to remain stable at 15.7% resulting in PAT growth of 81% yoy to Rs 150 mn. We have recently revised our FY11E and FY12E earnings by 10% to Rs 7.5 and Rs 10, respectively on account of higher trading revenues and subsequently revised our target price by 10% to Rs 100
Piramal Glass	10.3	21.8	10.1	194	72.1	2.4	113	160	BUY	Expect some moderation in operating performance on qoq and yoy basis, but revenue traction to remain strong. Our expectations are as under (1) revenue growth of 10.3% YoY to Rs3.1 bn (2) EBITDA growth of 10.1% YoY to Rs0.7 bn and (3) APAT growth of 72.1% YoY to Rs194 mn. Expect C&P segment and F&B segment to drive revenues and increase share in revenue mix.
Sterlite Tech	-32.7	16.7	-6.7	606	-17.8	1.5	73	100	HOLD	Revenue is expected to decline 32.7% YoY, led by 61.9% revenue decline in telecom segment. Both decline in realization and rupee appreciation would dent the topline. EBITDA margin at 16.7% is expected to decline 129 bps YoY. PAT is expected decline 17.8% YoY, due to high interest outgo coupled with lower other income.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Comments
Titan Industries	25.9	9.5	48.9	1,133	44.6	25.5	3,415	3,762	ACCUMULATE	Jewellery would take the limelight in Q3FY11E, since its seasonally weak quarter for other segments. Jewellery business would register revenue growth of 28.5% YoY, buoyed by combination of price increase and volume growth. Consequently, Titan is expected to register (1) 25.9% YoY growth in revenues to Rs16.8 bn, (2) EBITDA to grow 48.9% YoY to Rs1.6 bn and (3) APAT would grow 44.6% YoY to Rs1.1 bn.

Valuations



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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	380	6	Hold	672	7,828	9,601	1,253	1,536	516	706	30.7	42.0	12.4	9.1	1.2	1.1	11.0	12.9	10.1	12.3	
Chambal Fertilisers	79	33	Accumulate	77	41,258	41,557	7,599	7,474	3,553	3,572	8.5	8.6	9.3	9.2	2.0	1.7	16.3	15.9	22.9	19.7	
Coromandel International	289	81	Buy	435	72,974	80,197	9,820	12,259	6,241	8,118	22.2	28.9	13.0	10.0	4.3	3.4	29.0	37.3	36.9	38.0	
Deepak Fertilisers	176	16	Buy	250	15,345	19,167	3,626	4,449	1,874	2,224	21.2	25.2	8.3	7.0	1.4	1.2	17.4	19.5	18.4	19.0	
GNFC	119	18	Buy	157	26,763	29,792	3,584	6,660	1,798	3,479	11.6	22.4	10.3	5.3	0.8	0.7	9.5	16.1	8.4	14.9	
GSFC	334	27	Buy	530	46,034	47,710	9,188	8,777	5,611	5,184	70.4	65.0	4.8	5.1	1.0	0.9	27.1	21.5	23.5	18.1	
Rallis India	1,399	27	Buy	1,800	10,872	12,745	2,192	2,784	1,504	1,873	77.3	96.3	18.1	14.5	5.1	4.0	42.4	40.0	31.3	30.8	
Tata Chemicals	377	96	Accumulate	393	103,772	109,690	20,297	21,297	8,384	8,704	34.4	35.7	10.9	10.5	1.7	1.6	17.0	16.8	16.9	15.6	
United Phosphorus	161	74	Buy	230	56,506	68,945	11,069	13,235	6,723	8,833	14.6	19.1	11.0	8.4	1.9	1.6	18.0	19.4	19.8	21.2	
Automobiles																					
Ashok Leyland	62	82	Hold	76	108,335	121,910	11,580	13,373	6,877	8,558	5.2	6.4	12.0	9.6	3.1	2.6	18.8	22.1	27.5	29.4	
Bajaj Auto	1,317	381	Accumulate	1,710	163,200	199,173	34,100	41,964	25,211	31,919	87.1	110.3	15.1	11.9	9.0	6.4	72.4	70.2	70.2	62.7	
Hero Honda	1,874	374	Hold	1,720	184,778	207,615	25,276	28,843	21,399	24,517	107.2	122.8	17.5	15.3	7.5	5.7	59.7	50.9	50.7	42.4	
Mah & Mah	739	441	Buy	880	223,799	249,351	35,422	39,194	26,070	28,798	43.4	47.9	17.0	15.4	4.3	3.6	28.7	27.4	28.5	25.3	
Maruti Suzuki India	1,344	388	Hold	1,600	383,646	444,747	36,496	42,268	24,756	28,390	85.7	98.2	15.7	13.7	2.8	2.3	25.3	24.8	19.1	18.5	
Tata Motors	1,190	638	Buy	1,550	1,191,649	1,344,196	160,235	185,421	86,244	102,846	141.1	168.3	8.4	7.1	4.0	2.8	25.1	26.1	64.5	46.1	
TVS Motor	63	30	Reduce	72	60,088	70,039	4,217	5,466	1,965	2,824	4.1	5.9	15.3	10.7	3.1	2.5	16.1	20.7	21.6	26.1	
Auto Ancillaries																					
Apollo Tyres	64	32	Hold	70	97,848	128,427	8,862	10,789	3,032	4,171	6.0	8.3	10.7	7.8	1.5	1.3	14.2	16.3	14.5	17.3	
JK Tyre	129	5	Buy	195	58,099	65,848	3,748	4,697	1,105	1,623	26.9	39.5	4.8	3.3	0.6	0.5	19.6	36.6	12.3	15.9	
Motherson Sumi	184	71	Accumulate	200	81,875	98,635	5,083	7,816	3,132	5,034	8.1	13.0	22.7	14.1	4.9	4.1	24.3	32.6	23.9	31.6	
Cement																					
ACC	1,000	188	Accumulate	1,035	77,611	86,424	18,268	21,538	11,478	13,394	61.1	71.3	16.4	14.0	2.8	2.5	23.2	24.7	18.0	18.7	
Ambuja Cements	128	196	Hold	130	73,395	82,196	19,117	21,156	12,703	13,824	8.3	9.1	15.4	14.1	2.7	2.4	27.1	25.8	18.5	17.8	
Grasim Industries	2,387	219	Accumulate	2,730	195,198	220,233	44,728	52,950	18,539	21,518	202.2	234.7	11.8	10.2	1.5	1.4	15.7	16.6	13.9	14.3	
India Cements	103	32	Sell	114	38,005	44,058	4,840	6,210	1,106	1,793	3.6	5.8	28.5	17.6	0.9	0.9	4.6	6.3	3.1	4.9	
Madras Cements	104	25	Reduce	113	28,124	32,849	6,440	7,751	1,983	2,565	8.3	10.8	12.4	9.6	1.4	1.3	9.4	11.0	12.2	14.0	
Orient Paper	53	10	Buy	77	19,030	22,644	2,666	3,456	1,245	1,700	6.5	8.8	8.3	6.1	1.2	1.0	16.5	20.4	15.3	18.2	
Shree Cements	1,928	67	Accumulate	2,330	37,003	46,465	10,103	12,762	3,374	4,982	96.9	143.0	19.9	13.5	3.2	2.7	14.1	18.6	17.2	21.6	
Ultratech Cement	990	271	Reduce	1,040	68,822	80,364	14,216	18,034	7,465	10,020	59.0	79.2	16.8	12.5	2.4	2.0	15.8	18.7	15.1	17.5	
Construction																					
IRB Infrastructure	222	74	Accumulate	304	27,317	39,128	10,646	13,552	4,335	5,334	13.0	16.0	17.0	13.8	3.0	2.5	13.8	12.8	18.8	19.5	
IVRCL	122	33	Hold	160	60,323	76,357	5,568	7,086	1,913	2,467	7.2	9.2	17.1	13.2	1.6	1.5	12.5	13.8	9.9	11.6	
Jaiprakash Associates	102	216	Accumulate	150	136,853	154,524	30,618	34,234	8,538	10,284	4.0	4.8	25.3	21.0	2.3	2.1	9.6	10.2	9.8	10.6	

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	384	20	Sell	228	23,136	24,391	4,723	4,875	2,262	2,415	44.4	47.4	8.6	8.1	1.5	1.3	14.6	15.8	19.3	17.5	
Bharati Bijlee	994	6	Buy	1,350	7,739	9,014	963	1,153	543	658	96.1	116.4	10.3	8.5	2.2	1.9	31.6	33.7	22.6	23.8	
Bharati Shipyard	206	6	Reduce	196	11,193	3,244	4,010	474	1,043	-1,216	32.9	-38.4	6.3	-5.4	0.7	0.8	12.1	0.4	11.5	-13.4	
BHEL	2,291	1,121	Buy	3,030	398,549	484,774	87,446	101,840	54,133	63,154	110.6	129.0	20.7	17.8	5.7	4.7	45.4	43.2	30.4	28.9	
Blue Star	413	37	Accumulate	513	30,781	37,468	3,365	4,167	1,992	2,562	22.2	28.5	18.6	14.5	6.2	4.9	42.0	39.7	36.4	37.8	
Elecon Engineering	74	7	Buy	121	11,609	14,165	1,784	2,166	641	875	6.9	9.4	10.8	7.9	1.8	1.5	16.4	19.1	18.2	21.2	
EMCO	63	4	Reduce	60	11,494	13,972	62	1,193	-348	298	-5.3	4.6	-11.8	13.7	0.7	0.7	-1.6	9.9	-6.1	5.3	
Indo Tech	215	2	Hold	245	1,569	2,585	-77	246	-65	149	-6.2	14.0	-34.9	15.3	1.7	1.6	-7.9	14.0	-4.8	10.7	
Larsen & Toubro	1,848	1,123	Accumulate	2,129	532,225	642,461	82,134	99,536	41,818	50,914	69.0	84.0	26.8	22.0	4.7	4.0	14.2	14.6	17.5	18.2	
Lakshmi Machine Works	2,355	29	Hold	2,660	16,282	18,294	2,852	3,191	1,527	1,780	123.5	143.9	19.1	16.4	2.8	2.5	22.6	23.4	15.6	16.3	
Mcnally Bharat Engineering	226	7	Buy	418	18,495	22,839	1,211	1,492	426	549	13.7	17.7	16.5	12.8	2.7	2.3	24.1	24.6	17.5	19.2	
Punj Lloyd	105	35	Hold	132	97,400	133,804	8,479	11,446	1,173	2,941	3.4	8.6	30.4	12.1	1.1	1.0	8.0	11.0	3.7	8.4	
Thermax	828	99	Buy	943	44,861	53,754	6,261	7,567	3,804	4,655	31.9	39.1	25.9	21.2	7.3	5.8	46.4	45.5	31.3	30.6	
TRF	539	6	Accumulate	754	12,342	15,470	784	1,170	398	645	36.1	58.6	14.9	9.2	3.3	2.5	16.7	22.9	24.4	31.2	
TRIL	347	4	Accumulate	448	6,154	7,360	899	1,061	579	690	44.8	53.4	7.8	6.5	1.3	1.1	22.1	23.1	18.5	18.8	
Voltamp Transformers	762	8	Hold	840	6,535	7,741	786	1,003	578	729	57.1	72.1	13.3	10.6	2.1	1.8	19.6	22.2	16.3	18.0	
Voltas	214	71	Buy	275	55,613	65,717	5,819	6,819	3,733	4,397	11.3	13.3	19.0	16.1	5.1	4.1	44.3	41.6	30.3	28.4	
Engines																					
Cummins India	745	148	Hold	820	40,419	48,464	8,044	9,582	6,340	7,390	32.0	37.3	23.3	20.0	7.6	6.2	50.9	48.2	36.3	34.4	
Greaves Cotton	96	23	Buy	101	15,649	18,121	2,508	2,969	1,474	1,747	6.0	7.2	15.9	13.4	4.3	3.5	43.9	42.4	30.2	29.1	
Financial Services - Others																					
CRISIL	6,039	43	Accumulate	7,000	6,336	8,208	2,200	2,920	1,720	2,119	242.3	298.5	24.9	20.2	14.9	10.6			52.7	61.1	
ICRA	1,192	12	Accumulate	1,550	2,014	2,470	761	964	577	727	57.7	72.7	20.7	16.4	4.8	3.9			25.0	26.2	
FMCG																					
Asian Paints	2,774	266	Hold	2,510	76,979	88,205	14,315	16,439	8,795	10,057	91.7	104.8	30.3	26.5	11.4	8.8	63.0	54.0	46.1	39.7	
Godrej Consumer Products	396	128	Accumulate	447	37,389	45,534	7,165	8,785	5,328	6,669	16.5	20.6	24.0	19.2	6.4	5.2	32.4	25.3	36.1	29.8	
Hindustan Unilever	312	681	Reduce	275	191,640	207,923	30,783	33,398	22,751	24,716	10.4	11.3	29.9	27.6	22.1	19.1	101.7	94.0	80.3	74.3	
Marico	125	77	Hold	128	31,225	36,141	4,362	5,195	2,982	3,607	4.9	5.9	25.6	21.1	8.5	6.4	33.1	34.6	38.4	34.5	
IT Services																					
eClerx Services	686	20	Accumulate	670	3,368	4,179	1,226	1,523	1,184	1,428	40.0	48.3	17.1	14.2	7.7	6.0	49.2	47.1	51.1	47.4	
HCL Tech	465	318	Hold	430	156,028	189,379	26,061	32,648	15,804	20,673	22.8	29.8	20.4	15.6	4.1	3.5	20.8	23.9	21.2	24.1	
Infinite Computer	193	8	Buy	250	8,670	10,698	1,406	1,769	1,045	1,252	23.7	28.5	8.1	6.8	2.2	1.8	27.9	29.2	28.9	28.5	
Infosys	3,367	1,933	Accumulate	3,300	277,468	330,525	91,752	110,224	69,842	84,752	122.2	148.3	27.5	22.7	7.0	5.8	32.6	33.1	27.6	28.0	
Mahindra Satyam	70	82	Reduce	70	50,365	59,288	4,216	8,357	2,890	5,787	2.4	4.9	28.5	14.2	3.8	3.0	11.5	24.4	14.2	23.3	
Mphasis	671	141	Hold	600	50,366	59,669	12,652	13,692	10,911	10,489	52.0	49.9	12.9	13.4	4.3	3.3	38.7	31.6	38.7	27.9	
NIIT	57	9	Accumulate	80	12,803	13,689	1,714	2,084	786	902	4.8	5.5	12.0	10.4	1.6	1.5	8.4	9.7	14.6	14.9	
TCS	1,142	2,234	Accumulate	1,250	371,732	457,695	110,813	133,269	85,360	99,972	43.6	51.1	26.2	22.3	9.0	7.5	43.7	44.5	37.3	36.7	
Tech Mahindra	708	89	Hold	810	51,375	55,073	9,971	10,464	6,753	6,908	51.5	52.7	13.7	13.4	2.8	2.4	22.5	24.2	21.9	19.2	
Wipro	478	1,172	Reduce	420	313,720	363,644	67,446	76,403	52,793	56,976	21.5	23.2	22.2	20.6	5.7	4.4	22.8	23.2	26.2	24.2	

Valuations

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
Logistics																					
	1,083	189																			
Arshiya International	261	15	UR	UR	7,693		1,803		1,143		19.5		13.4		2.0		12.8		16.0		
Container Corporation	1,244	162	UR	UR	39,299		11,200		9,224		71.0		17.5		3.1		23.9		19.1		
Gateway Distriparks	108	12	UR	UR	4,792		2,124		1,049		9.7		11.0		1.7		14.8		17.6		
Metals & Mining																					
	1,545	1,841																			
Bhushan Steel	433	92	Accumulate	369	67,070	76,617	25,183	30,094	10,382	12,626	244.4	297.2	1.8	1.5	0.4	0.3	14.4	13.7	28.1	26.2	
Godawari Power	197	6	Buy	304	12,824	15,527	3,192	3,946	1,760	2,332	63.0	83.5	3.1	2.4	0.9	0.6	26.2	27.9	31.4	31.1	
HEG	247	11	Hold	368	13,543	15,075	3,904	4,087	1,842	1,959	43.2	46.0	5.7	5.4	1.2	1.0	22.5	21.7	22.9	20.8	
JSW Steel	1,033	230	Buy	1,578	226,218	353,512	54,810	81,084	17,630	30,130	87.4	149.3	11.8	6.9	2.0	1.6	13.8	19.6	18.1	25.2	
Monnet Ispat	563	30	UR	UR	23,508		5,797		2,753		48.4		11.6		1.7		14.8		15.5		
Sesa Goa	332	285	Buy	550	106,756	120,314	62,464	68,090	50,099	53,746	56.5	60.6	5.9	5.5	2.4	1.5	51.4	40.1	50.7	33.7	
Sterilite Industries	176	592	Accumulate	234	311,966	396,462	93,576	146,425	55,898	97,435	66.2	115.4	2.7	1.5	0.4	0.3	16.2	20.6	14.4	21.3	
Tata Steel	661	596	Accumulate	712	1,069,807	1,191,322	156,117	178,385	53,847	72,046	60.1	80.4	11.0	8.2	4.5	3.1	11.7	13.1	21.1	23.4	
Offshore Oil Field Services																					
Aban Offshore	766	33	Hold	875	34,832	35,925	21,872	20,460	4,953	4,496	113.9	103.4	6.7	7.4	1.4	1.2	10.7	10.2	23.7	17.7	
Garware Offshore	138	3	Hold	160	2,126	2,674	1,047	1,375	351	550	14.7	23.1	9.4	6.0	1.1	1.0	8.3	10.4	12.6	17.3	
Great Offshore	380	14	Buy	506	11,403	14,518	5,013	6,660	1,693	2,271	45.5	61.0	8.3	6.2	1.2	1.0	9.4	11.4	15.3	17.5	
Oil & Gas																					
BPCL	617	223	Accumulate	805	1,440,249	1,484,655	54,341	55,575	18,854	19,642	52.1	54.3	11.8	11.4	1.3	1.2	10.7	11.4	11.9	11.1	
GAIL	524	665	Accumulate	565	342,281	380,790	65,956	75,259	35,794	39,877	28.2	31.4	18.6	16.7	3.3	2.9	20.9	19.3	18.8	18.3	
Gujarat Gas	388	50	Buy	481	18,171	20,196	4,168	4,976	2,434	2,880	19.0	22.5	20.4	17.3	5.1	4.0	38.2	36.5	27.9	26.0	
Gujarat State Petronet	116	65	Buy	151	10,491	11,698	9,972	11,154	4,046	4,396	7.2	7.8	16.1	14.8	3.4	2.9	21.5	20.7	23.3	21.0	
HPCL	390	132	Buy	515	1,183,804	1,232,503	45,805	47,853	17,436	19,628	51.4	57.9	7.6	6.7	1.0	0.9	9.9	11.0	13.6	13.8	
Indian Oil	343	834	Accumulate	458	2,981,900	3,035,380	216,287	221,139	121,071	122,834	49.9	50.6	6.9	6.8	1.3	1.2	18.3	18.4	20.7	18.3	
Indraprastha Gas	338	47	Accumulate	382	17,289	19,783	4,961	5,644	2,600	2,935	18.6	21.0	18.2	16.1	4.7	3.9	39.4	34.9	28.4	26.6	
Petronet LNG	122	92	Buy	156	118,833	135,766	11,444	13,602	5,071	6,086	6.8	8.1	18.1	15.0	3.5	3.0	17.3	18.1	21.0	21.7	
Paper																					
Ballarpur Inds	37	24	Buy	42	42,831	48,155	8,795	11,355	2,091	3,282	3.2	5.0	11.6	7.4	1.0	0.9	8.6	11.1	9.0	12.8	
JK Paper	56	4	Buy	84	11,659	11,683	2,422	2,710	606	1,091	7.8	14.0	7.2	4.0	0.8	0.7	14.1	15.3	11.4	17.5	
Tamilnadu Newsprint	137	10	Buy	200	12,327	15,555	3,986	5,456	1,549	1,720	22.3	24.8	6.2	5.5	1.0	0.9	10.8	13.3	17.9	17.4	

Valuations

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
Pharmaceuticals																					
Aurobindo Pharma	1,312	76	Buy	1,581	39,704	47,475	7,623	9,614	5,443	6,587	93.3	112.9	14.1	11.6	3.1	2.7	17.6	19.3	25.4	25.0	
Cadila Healthcare	772	158	Accumulate	720	45,150	54,411	9,801	11,871	6,401	8,191	31.3	40.0	24.7	19.3	7.1	5.5	29.7	32.3	37.2	33.5	
Cipla	357	287	Accumulate	350	62,695	70,885	15,330	17,803	11,427	13,987	14.2	17.4	25.1	20.5	4.2	3.6	21.5	22.2	17.9	19.0	
Dishman Pharma	145	12	Hold	181	9,341	10,856	1,915	2,367	867	1,127	10.7	13.9	13.6	10.5	1.4	1.3	7.4	9.2	9.8	11.9	
Divi's Lab	636	84	Accumulate	756	11,247	13,725	4,286	5,552	3,612	4,759	27.2	35.9	23.4	17.7	4.8	4.1	24.0	27.2	22.1	24.8	
Dr. Reddy's Lab	1,678	284	Accumulate	1,763	83,338	102,718	19,841	26,461	13,028	18,661	77.2	110.5	21.7	15.2	5.8	4.3	29.0	35.6	30.0	32.4	
Glaxosmithkline Pharma	2,376	201	Hold	2,020	21,290	24,229	8,795	9,990	5,777	6,568	68.2	77.5	34.8	30.6	10.3	9.5	45.9	48.0	30.9	32.2	
Glenmark Pharma	359	97	Accumulate	381	29,553	34,553	8,538	9,540	4,712	5,286	17.5	19.6	20.6	18.3	3.5	3.0	15.9	16.5	16.6	17.6	
Ipca Lab	322	40	Buy	336	18,852	22,572	3,959	4,740	2,484	3,061	20.0	24.6	16.1	13.1	3.7	3.0	22.9	24.9	25.7	25.5	
Jubilant Life Sciences	279	44	Buy	390	41,418	46,224	7,545	9,706	3,998	5,277	25.2	33.2	11.1	8.4	1.8	1.6	11.5	14.3	16.4	19.9	
Lupin	474	211	Accumulate	496	58,003	66,103	12,525	14,807	8,694	10,542	19.6	23.7	24.2	20.0	6.0	4.7	25.5	25.7	29.4	27.0	
Panacea Biotec	203	14	Hold	241	11,780	12,697	2,611	3,235	1,128	1,507	18.0	24.1	11.3	8.4	1.7	1.4	13.3	16.0	15.7	18.7	
Piramal Healthcare	475	99	Hold	531	41,752	47,900	8,440	9,769	5,539	6,980	26.5	33.4	17.9	14.2	4.8	3.9	25.1	30.7	29.5	30.1	
Pfizer	1,130	34	Hold	1,100	8,584	9,745	2,495	2,877	1,604	1,856	53.7	62.2	21.0	18.2	3.0	2.7	22.8	23.6	15.3	15.8	
Ranbaxy Labs	590	248	Hold	520	92,853	92,369	22,366	18,440	13,337	11,628	31.7	27.7	18.6	21.3	4.5	4.1	24.0	19.9	29.8	15.2	
Sun Pharma	492	507	Hold	460	51,342	60,100	18,313	21,571	17,136	20,604	16.5	19.9	29.7	24.7	5.5	4.7	21.2	21.7	20.7	21.1	
Torrent Pharma	588	50	Buy	650	21,812	25,846	4,576	5,557	3,127	3,903	37.0	46.1	15.9	12.8	5.2	4.4	31.3	36.7	34.8	37.2	
Unichem Labs	236	21	Buy	268	8,446	10,558	1,952	2,599	1,334	1,852	14.8	20.6	15.9	11.5	3.3	2.8	27.6	33.5	22.0	26.1	
Power																					
Gujarat Industries Power	101	15	Accumulate	135	9,862	12,515	2,255	4,795	932	1,904	6.2	12.6	16.4	8.0	1.2	1.1	5.6	12.6	7.4	14.2	
NTPC	197	1,624	Hold	190	525,579	602,985	134,776	163,178	85,128	91,852	10.3	11.1	19.1	17.7	2.4	2.2	9.8	9.8	13.7	13.2	
Print Media																					
DB Corp	257	47	Hold	284	12,130	13,620	3,897	4,516	2,362	2,808	13.0	15.5	19.8	16.6	5.4	4.1	34.5	35.6	31.5	28.2	
Deccan Chronicle	104	25	Buy	175	11,818	13,201	5,227	6,286	2,899	3,596	12.0	14.8	8.7	7.0	1.8	1.5	27.4	29.5	22.1	23.3	
HT Media	150	35	Hold	175	17,062	19,122	2,724	3,782	1,098	1,989	4.7	8.5	32.1	17.7	2.5	1.8	14.5	17.3	9.1	11.6	
Jagran Prakashan	126	38	Buy	155	10,822	12,145	3,360	3,905	2,037	2,421	6.8	8.0	18.6	15.7	5.1	4.1	36.5	37.5	30.0	29.0	
Telecommunications																					
Bharti Airtel	339	1,286	Hold	345	596,031	720,040	202,877	250,039	65,903	92,309	17.4	24.3	19.5	13.9	2.5	2.1	13.5	12.8	13.9	16.6	
Idea Cellular	67	222	Sell	60	149,904	176,633	35,895	43,327	6,614	6,611	2.0	2.0	33.6	33.6	1.9	1.8	5.4	6.2	5.6	5.6	
Reliance Communications	139	287	Reduce	135	206,872	223,905	65,275	73,531	13,364	18,816	6.5	9.1	21.5	15.3	0.6	0.6	5.6	6.3	2.9	3.9	
Tulip Telecom	174	25	Buy	240	23,515	26,574	6,449	7,520	3,096	3,709	18.7	22.4	9.3	7.8	2.4	1.8	27.8	26.5	28.8	26.4	

Valuations

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
Others																					
Century Plyboards	57	13	Buy	80	13,684	17,764	2,716	3,865	1,368	2,048	6.2	9.2	9.3	6.2	2.1	1.6	16.9	17.7	25.1	29.6	
Essel Propack	56	9	Buy	76	14,030	15,717	2,702	3,312	596	970	3.8	6.2	14.8	9.1	1.1	1.0	13.4	17.7	8.7	12.5	
HBL Power Systems	27	7	Buy	UR	9,871	11,845	935	1,441	226	595	0.9	2.4	29.7	11.3	1.2	1.1	7.2	12.1	4.3	10.5	
Jubilant FoodWorks	605	39	Accumulate	600	6,571	9,421	1,176	1,750	727	968	11.4	15.2	52.9	39.7	21.3	14.8	57.9	65.3	48.7	44.0	
Kajaria Ceramics	69	5	Buy	100	9,055	10,663	1,432	1,754	549	737	7.5	10.0	9.3	6.9	2.2	1.7	19.6	21.8	25.9	27.9	
Piramal Glass	113	9	Buy	160	12,174	13,267	2,653	3,585	736	1,513	9.1	18.8	12.3	6.0	3.0	1.9	13.0	19.8	30.5	41.5	
Sintex Industries	178	49	Hold	215	43,047	52,021	7,433	9,336	4,309	5,453	15.9	20.1	11.2	8.9	2.1	1.7	11.3	13.4	20.2	21.0	
Sterlite Tech	73	26	Hold	100	25,847	32,595	3,987	5,081	2,485	3,270	6.3	8.3	11.5	8.8	2.4	1.9	23.9	26.3	23.3	24.0	
Titan Industries	3,415	152	Accumulate	3,762	59,857	77,891	5,730	7,541	3,864	5,157	87.0	116.2	39.2	29.4	14.0	9.8	55.2	52.6	42.8	39.3	

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
Banks & Financial Services	1,166	6,292			1,141,282	1,380,528	978,195	1,209,592	489,692	616,852	57.6	72.5	12.8	10.2	2.1	1.8	1.2	1.3	14.7	16.0
Allahabad Bank	210	94	Buy	300	37,957	44,612	32,907	38,736	16,969	20,077	38.0	44.9	5.5	4.7	1.4	1.1	1.2	1.2	22.8	22.5
Andhra Bank	141	69	Buy	210	26,635	30,279	21,763	25,941	12,396	14,952	25.6	30.8	5.5	4.6	1.3	1.0	1.3	1.4	25.0	24.3
Axis Bank	1,280	525	Reduce	1,200	66,152	83,356	64,398	81,792	33,036	42,033	80.8	102.0	15.8	12.6	2.9	2.4	1.5	1.5	19.0	20.6
Bank of Baroda	846	308	Buy	1,160	77,625	89,724	65,595	77,271	39,598	46,991	108.3	128.6	7.8	6.6	1.8	1.5	1.3	1.3	23.7	23.3
Bank of India	450	236	Reduce	450	71,656	84,121	60,140	71,828	27,121	32,955	51.6	62.7	8.7	7.2	1.8	1.4	0.9	0.9	17.7	18.5
Canara Bank	607	249	Reduce	636	77,838	93,306	66,288	80,851	40,901	48,653	99.8	118.7	6.1	5.1	1.7	1.3	1.4	1.4	24.8	23.8
Corporation Bank	575	82	Buy	860	28,692	35,212	26,825	32,772	14,886	18,464	103.8	128.7	5.5	4.5	1.2	1.0	1.2	1.3	23.4	23.9
HDFC Bank	2,268	1,053	Reduce	2,100	111,893	138,802	86,076	106,600	40,605	51,525	87.5	109.6	25.9	20.7	4.2	3.5	1.7	1.8	17.3	18.4
ICICI Bank	1,048	1,204	Hold	1,200	87,499	104,393	96,082	116,583	51,447	62,283	44.7	54.1	23.4	19.4	2.2	2.0	1.4	1.4	9.3	10.2
LIC Housing Finance	180	86	Accumulate	300	12,580	16,100	12,692	16,013	8,820	11,445	18.6	24.1	9.7	7.5	2.0	1.7	1.9	1.9	23.3	24.6
Manappuram General Finance	133	55	Hold	160	8,720	16,855	4,781	9,136	2,812	5,325	7.5	14.3	17.7	9.3	2.7	2.2	5.6	5.3	22.6	25.1
Punjab National Bank	1,169	369	Buy	1,500	112,375	134,319	90,931	112,651	44,948	56,548	142.6	179.3	8.2	6.5	1.9	1.5	1.4	1.4	23.0	23.9
South Indian Bank	23	26	Accumulate	30	7,824	9,583	5,066	6,523	3,030	3,966	2.7	3.5	8.6	6.6	1.6	1.3	1.0	1.1	18.9	21.1
State Bank of India	2,600	1,651	Reduce	3,000	321,773	386,590	273,285	339,916	121,571	154,691	191.5	243.7	13.6	10.7	2.6	2.1	1.1	1.2	17.1	18.8
Union Bank of India	321	162	Hold	400	58,554	69,252	44,016	55,450	18,894	27,824	37.4	55.1	8.6	5.8	1.8	1.4	0.9	1.1	16.9	21.1
United Bank Of India	91	29	Hold	150	20,289	24,326	13,872	17,743	5,187	7,910	16.4	25.0	5.6	3.7	1.1	0.8	0.6	0.9	14.7	19.6
Yes Bank	271	94	Reduce	300	13,219	19,696	13,476	19,785	7,472	11,209	21.7	32.2	12.5	8.4	2.5	2.0	1.5	1.5	21.8	26.2

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