Sharekhan Special: Monthly economy review

Sharekhan

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Bulls spring a surprise

Last month, even as nationwide polls began to choose the country's next government amidst increasing uncertainty over the outcome of the whole process, bulls extended the rally beyond street expectations. In fact, the market zoomed by 17.4%, recording the highest monthly gain in ten years and ignoring all negative news flow including the outbreak of "swine flu" that threatened to grow into a pandemic and the forthcoming stress test results on US banks. The benchmark index has broken out of its range of 8,000-11,000 and gained nearly 50% so far. Despite our forecast last month that the market carried the potential to surprise on the upside, we stand pleasantly surprised by the market's recent performance.

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Sharekhan Special

Monthly economy review

India's trade deficit stood at USD4.91 billion in February 2009 compared with USD6.07 billion in the previous month. The trade deficit for February 2009 declined (for the second consecutive month in FY2009) by 26.9% yoy and by 19.2% on a m-o-m basis. With this, the YTD trade deficit has widened to USD104.98 billion from USD74.89 billion in the comparable period of FY2008.

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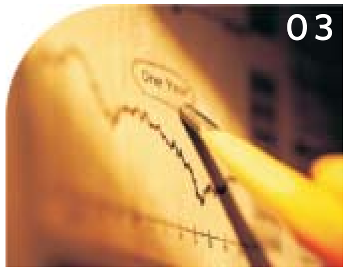
INVESTMENT INSIGHTS



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TRADER'S TECHNIQUES

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STOCK IDEAS STANDING (AS ON MAY 08, 2009)														
COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 08-MAY-09	GAIN-LOSS (%)	ABSOLUTE PERFORMANCE				RELATIVE TO SENSEX			
							1M	3M	6M	12M	1M	3M	6M	12M
EVERGREEN														
HDFC	2,700.0	1,883.0	19-Nov-07	Hold	1,736.4	-35.7	7.0	28.7	6.8	-32.7	-7.0	-1.2	-12.4	-4.9
HDFC Bank	358.0	1,200.0	23-Dec-03	Buy	1,144.1	219.6	10.5	30.9	7.9	-23.7	-3.9	0.5	-11.4	7.7
Infosys Technologies	689.1	1,620.0	30-Dec-03	Hold	1,520.7	120.7	9.8	20.5	23.0	-13.9	-4.5	-7.6	0.9	21.6
Larsen & Toubro	1,768.0	**	18-Feb-08	Hold	991.4	-43.9	28.2	54.6	13.5	-33.6	11.5	18.6	-6.9	-6.3
Reliance Industries	567.0	**	5-Feb-04	Hold	1,900.3	235.1	14.6	42.4	56.9	-28.4	-0.4	9.3	28.8	1.1
Tata Consultancy Services	852.5	652.0	6-Mar-06	Hold	631.0	-26.0	9.0	25.6	21.0	-33.3	-5.2	-3.6	-0.7	-5.8
APPLE GREEN														
Aditya Birla Nuvo	714.0	900.0	6-Dec-05	Buy	539.9	-24.4	10.9	28.2	-10.1	-63.8	-3.6	-1.6	-26.2	-48.8
Bajaj Auto	586.2	**	15-Nov-05	Buy	679.9	16.0	3.2	48.8	64.9	-	-10.2	14.1	35.3	-
Bajaj Finserv	545.0	687.0	26-May-08	Buy	245.2	-55.0	25.4	59.4	83.9	-	9.0	22.3	50.9	-
Bajaj Holdings	741.9	**	26-May-08	Buy	369.3	-50.2	21.6	58.3	-3.5	-48.6	5.7	21.5	-20.8	-27.5
Bank of Baroda	239.0	360.0	25-Aug-06	Buy	321.6	34.6	38.1	34.1	13.4	8.4	20.0	2.9	-6.9	53.1
Bank of India	135.0	281.0	25-Aug-06	Hold	233.4	72.9	2.9	-2.4	-11.8	-28.1	-10.5	-25.1	-27.6	1.5
Bharat Electronics	1,108.0	1,152.0	25-Sep-06	Buy	991.0	-10.6	8.5	19.2	54.5	-15.3	-5.7	-8.5	26.8	19.6
Bharat Heavy Electricals	602.0	**	11-Nov-05	Hold	1,646.5	173.5	11.7	26.0	22.7	-3.2	-2.9	-3.3	0.7	36.6
Bharti Airtel	625.0	781.0	8-Jan-07	Buy	768.4	22.9	18.6	20.9	20.8	-4.1	3.1	-7.2	-0.9	35.4
Corp Bank	218.0	288.0	19-Dec-03	Buy	233.2	6.9	25.2	38.9	11.8	-29.0	8.8	6.5	-8.3	0.3
Crompton Greaves	88.1	157.0	19-Aug-05	Buy	165.5	87.8	28.3	25.8	-2.1	-34.2	11.6	-3.5	-19.7	-7.1
Glenmark Pharma	599.0	270.0	17-Jul-08	Buy	180.2	-69.9	7.0	46.9	-37.6	-71.6	-6.9	12.7	-48.8	-59.9
Godrej Consumer	145.0	185.0	7-May-09	Buy	143.9	-0.8	11.1	8.3	31.9	7.5	-3.4	-16.9	8.2	51.8
Grasim	1,119.0	1,839.0	30-Aug-04	Hold	1,779.8	59.0	13.3	26.6	69.8	-22.7	-1.5	-2.9	39.4	9.2
HCL Technologies	103.0	158.0	30-Dec-03	Hold	148.7	44.3	35.3	20.5	-6.7	-45.6	17.6	-7.5	-23.4	-23.3
Hindustan Unilever	172.0	280.0	24-Nov-05	Buy	233.1	35.5	1.4	-11.5	-7.6	-7.1	-11.8	-32.1	-24.2	31.2
ICICI Bank	284.0	552.0	23-Dec-03	Buy	520.8	83.4	46.6	34.9	27.1	-39.2	27.4	3.5	4.3	-14.1
Indian Hotel Company	76.6	82.0	17-Nov-05	Buy	56.9	-25.8	24.0	46.3	16.6	-51.7	7.8	12.3	-4.4	-31.8
ITC	69.5	206.0	12-Aug-04	Buy	188.4	171.1	5.9	4.3	9.0	-14.2	-7.9	-20.0	-10.5	21.2
Lupin	403.5	840.0	6-Jan-06	Buy	791.9	96.2	19.1	26.2	10.4	38.9	3.6	-3.2	-9.4	96.1
M&M	232.0	503.0	1-Apr-04	Hold	493.4	112.7	12.4	88.1	39.7	-21.8	-2.3	44.3	14.6	10.5
Marico	7.7	80.0	22-Aug-02	Buy	66.6	764.3	15.1	14.2	33.0	1.6	0.1	-12.4	9.1	43.5
Maruti Suzuki	360.0	743.0	23-Dec-03	Reduce	828.3	130.1	5.0	45.3	40.0	9.1	-8.7	11.5	14.9	54.0
Nicholas Piramal	146.0	320.0	16-Mar-04	Buy	253.7	73.8	26.0	35.5	19.7	-21.3	9.5	4.0	-1.7	11.1
Punj Lloyd	519.0	**	12-Dec-07	Hold	126.6	-75.6	18.8	47.7	-36.2	-64.1	3.3	13.3	-47.6	-49.2
SBI	476.0	**	19-Dec-03	Hold	1,324.6	178.3	21.8	22.4	9.7	-21.4	5.9	-6.1	-10.0	10.9
Sintex Industries	286.0	284.0	26-Sep-08	Buy	156.3	-45.3	32.2	41.7	-27.2	-66.3	15.0	8.7	-40.2	-52.3
Tata Tea	789.0	853.0	12-Aug-05	Buy	722.7	-8.4	19.9	28.5	37.4	-18.9	4.2	-1.4	12.8	14.5
Wipro	418.0	344.0	9-Jun-06	Reduce	355.1	-15.0	41.4	70.0	46.7	-22.8	23.0	30.4	20.3	9.0
EMERGING STAR														
3i Infotech	66.0	59.0	6-Oct-05	Buy	51.0	-22.8	48.7	52.4	20.5	-58.5	29.3	16.9	-1.1	-41.5
Alphageo India	150.0	480.0	29-Nov-06	Buy	124.4	-17.1	10.3	25.5	-26.4	-77.8	-4.1	-3.7	-39.6	-68.7
Axis (UTI) Bank	229.4	566.0	24-Feb-05	Hold	607.3	164.8	43.5	55.0	7.4	-30.7	24.8	18.9	-11.9	-2.1
Cadila Healthcare	297.5	383.0	21-Mar-06	Buy	322.5	8.4	19.5	29.4	39.9	21.8	3.9	-0.7	14.8	72.0
Jindal Saw	635.0	312.0	20-Sep-07	Buy	262.0	-58.7	38.4	43.5	-33.4	-56.8	20.3	10.1	-45.3	-39.0
Navneet Publications	56.8	59.0	22-Aug-05	Hold	56.3	-1.0	17.2	43.8	35.1	-39.7	1.9	10.3	10.9	-14.9

STOCK IDEAS STANDING (AS ON MAY 08, 2009)

COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 08-MAY-09	GAIN/ LOSS (%)	ABSOLUTE PERFORMANCE				RELATIVE TO SENSEX			
							1M	3M	6M	12M	1M	3M	6M	12M
Network 18 Fincap	476.0	651.0	20-Jun-07	Buy	92.5	-80.6	21.7	9.6	-2.0	-62.8	5.8	-15.9	-19.6	-47.5
Opto Circuits India	199.0	216.0	13-May-08	Buy	124.3	-37.6	6.4	35.8	27.3	-40.8	-7.5	4.2	4.5	-16.4
Orchid Chemicals	254.0	117.0	16-Jan-06	Buy	109.3	-57.0	17.8	45.4	-16.8	-59.0	2.4	11.5	-31.7	-42.1
Patels Airtemp	88.2	94.0	7-Dec-07	Buy	40.1	-54.5	24.7	35.5	29.1	-29.7	8.5	4.0	5.9	-0.7
Thermax	124.2	287.0	14-Jun-05	Buy	246.7	98.6	19.8	50.5	-23.7	-50.4	4.1	15.5	-37.4	-30.0
Zee News	54.0	55.0	18-Oct-07	Buy	32.9	-39.2	-8.0	3.8	-12.9	-48.4	-20.0	-20.4	-28.5	-27.2
Ugly Duckling														
Aban Offshore	330.4	**	3-Mar-05	Hold	455.0	37.7	2.0	1.4	-56.0	-88.2	-11.3	-22.2	-63.9	-83.3
BASF	220.0	270.0	18-Sep-06	Buy	214.0	-2.7	12.2	17.3	-4.5	4.0	-2.4	-10.0	-21.6	46.8
Deepak Fert	50.6	80.0	17-Mar-05	Buy	71.9	42.0	20.5	32.1	22.4	-29.7	4.8	1.4	0.4	-0.7
Genus Power	101.0	184.0	6-Jul-05	Buy	128.9	27.6	35.2	49.4	20.0	-74.6	17.5	14.6	-1.6	-64.2
ICI India	250.0	493.0	26-May-05	Buy	484.9	94.0	8.3	21.9	18.5	-14.1	-5.9	-6.5	-2.8	21.2
India Cements	220.0	**	28-Sep-06	Hold	121.2	-44.9	10.8	15.2	36.6	-25.3	-3.7	-11.6	12.0	5.5
Ipca Laboratories	660.0	664.0	5-Nov-07	Buy	410.1	-37.9	14.9	20.6	4.0	-31.0	-0.1	-7.5	-14.6	-2.5
Jaiprakash Associates	25.0	145.0	30-Dec-03	Hold	142.1	468.4	42.3	102.0	58.5	-49.1	23.7	55.0	30.1	-28.1
Mold Tek Technologies	155.0	169.0	19-Dec-07	Buy	36.2	-76.6	14.4	38.3	-45.3	-85.8	-0.6	6.1	-55.1	-79.9
Orbit Corporation	800.0	**	17-Dec-07	**	92.5	-88.4	31.9	43.6	8.0	-84.5	14.7	10.2	-11.4	-78.1
Punjab National Bank	180.0	**	19-Dec-03	Hold	528.8	193.8	16.5	31.4	5.8	-0.2	1.3	0.8	-13.2	40.9
Ratnamani Metals	54.0	60.0	8-Dec-05	Buy	53.9	-0.3	27.0	30.7	-30.1	-70.2	10.4	0.3	-42.7	-57.9
Sanghvi Movers	53.0	126.0	5-Aug-05	Buy	98.4	85.7	26.8	60.0	-13.7	-58.6	10.2	22.7	-29.2	-41.5
Selan Exploration	58.0	224.0	20-Mar-06	Buy	151.3	160.9	4.5	17.2	-8.1	-42.1	-9.1	-10.1	-24.6	-18.3
Shiv-Vani Oil	370.0	370.0	4-Oct-07	Buy	177.8	-52.0	53.0	63.1	-41.8	-72.7	33.0	25.2	-52.3	-61.5
SEAMEC	190.0	197.0	12-Oct-06	Buy	114.6	-39.7	62.5	172.8	160.7	-31.8	41.2	109.3	114.0	-3.8
Subros	41.2	**	26-Apr-06	Hold	20.2	-51.0	17.5	41.4	9.7	-50.1	2.1	8.5	-10.0	-29.5
Sun Pharmaceutical	302.0	1,295.0	24-Dec-03	Buy	1,291.3	327.6	21.1	22.6	8.6	-9.5	5.3	-5.9	-10.9	27.7
Torrent Pharma	185.0	260.0	4-Oct-07	Buy	152.8	-17.4	13.0	24.9	16.0	-1.1	-1.8	-4.2	-4.8	39.6
UltraTech Cement	384.0	615.0	10-Aug-05	Hold	558.9	45.5	4.0	34.5	60.1	-24.0	-9.6	3.2	31.4	7.4
Union Bank of India	46.0	184.0	19-Dec-03	Hold	160.0	247.8	1.0	7.6	2.7	-5.4	-12.2	-17.4	-15.7	33.6
Zensar Technologies	342.0	380.0	18-Jun-07	Hold	98.0	-71.3	16.4	43.1	-8.1	-35.5	1.2	9.8	-24.6	-8.9
Vulture's Pick														
Esab India	60.0	356.0	21-May-04	Buy	319.0	431.7	15.2	37.9	6.3	-19.2	0.2	5.8	-12.8	14.0
KSB Pumps	399.0	348.0	3-Oct-05	Hold	242.0	-39.3	-6.2	14.4	7.5	-24.2	-18.5	-12.2	-11.8	7.0
Mahindra Lifespace	799.0	411.0	9-Jan-08	Buy	182.8	-77.1	13.0	51.5	-2.3	-71.2	-1.8	16.3	-19.9	-59.4
Orient Paper	21.4	40.0	30-Aug-05	Buy	33.1	54.4	23.9	52.3	50.6	-23.1	7.8	16.8	23.5	8.5
Tata Chemicals	411.0	**	31-Dec-07	Hold	185.6	-54.8	21.8	28.6	14.6	-43.0	5.9	-1.3	-5.9	-19.5
Unity Infraprojects	692.0	**	26-Feb-08	Buy	131.8	-81.0	18.0	16.5	-25.4	-80.5	2.5	-10.6	-38.8	-72.4
WS Industries	51.0	52.0	2-Dec-05	Hold	39.5	-22.6	28.4	45.7	17.8	-7.2	11.6	11.8	-3.4	31.0
Cannonball														
Allahabad Bank	73.0	65.0	25-Aug-06	Hold	55.5	-24.0	30.7	20.7	6.5	-33.2	13.6	-7.4	-12.6	-5.7
Andhra Bank	85.0	85.0	25-Aug-06	Buy	62.3	-26.7	24.2	16.3	21.8	-22.2	8.0	-10.8	-0.1	9.9
Madras Cement	149.8	**	17-Nov-05	Hold	87.0	-41.9	14.3	39.0	36.0	-40.7	-0.6	6.6	11.6	-16.2
Shree Cement	445.0	850.0	17-Nov-05	Buy	814.8	83.1	15.4	60.0	94.7	-12.1	0.4	22.8	59.8	24.0
TFCI	17.1	30.0	25-Jun-07	Buy	19.2	12.3	7.3	10.6	11.0	-37.2	-6.7	-15.2	-9.0	-11.3

** Under review

Bulls spring a surprise

Last month, even as nationwide polls began to choose the country's next government amidst increasing uncertainty over the outcome of the whole process, bulls extended the rally beyond street expectations. In fact, the market zoomed by 17.4%, recording the highest monthly gain in ten years and ignoring all negative news flow including the outbreak of "swine flu" that threatened to grow into a pandemic and the forthcoming stress test results on US banks. The benchmark index has broken out of its range of 8,000-11,000 and gained nearly 50% so far. Despite our forecast last month that the market carried the potential to surprise on the upside, we stand pleasantly surprised by the market's recent performance.

The surprising upsurge in equities globally has been built on the back of an equally surprising improvement in the economic data in the past few weeks. In the USA and the other developed economies, there are distinct signs of an improving trend in the lead indicators. In April 2009, the pace of contraction in service industries was the slowest in six months. The Institute for Supply Management index of non-manufacturing businesses rose to 43.7 in April 2009 from 40.8 in the previous month. The initial jobless claims have dropped to the lowest level since late January 2009. The 3.2% increase in purchases of previously owned homes in March this year indicates that the housing market may be bottoming finally.

China, the world's third largest economy, also appears to be on recovery path. Its first-quarter economic performance was also better than expected despite increasing unemployment and plunging exports. In April this year, China saw an expansion in its manufacturing output after nine long months and it has witnessed some improvement in both lending and investing as well. Since the other Asian countries meet China's needs for commodities and manufacturing components, any growth in Chinese exports is expected to benefit these economies as well.

The Indian economy also seems to be picking up in response to the government's various stimulus measures. India, many believe, will recover from the global slump faster than the other economies owing to its strong domestic market. The Reserve Bank of India estimates the country's gross domestic product (GDP) will grow at a respectable rate of 6% in the current fiscal, driven by the rise in construction activity et al. The country's chief statistician, Dr Pronab Sen, is however more optimistic and believes India could grow at even 8% in this fiscal since the current growth estimates do not take into account the fresh export orders; the new investments in the pipeline; the possibility of a rich harvest owing to a normal monsoon (as forecast by the India Meteorological Department); and the additional production from the new oil and gas fields like the Krishna-Godavari basin. A normal monsoon also augurs well for the economy because it will bring down the prices of food products, thereby keeping inflation under control.

Even though all signposts appear to be pointing to an economic revival, concerns remain on the horizon. By slashing the repo and reverse repo rates by 25 basis points each during the annual review of its monetary policy the central bank had underscored last month the need to reduce the interest rates further. However, the government is borrowing heavily to finance its stimulus measures and this might put an upward pressure on the interest rates. The government's deteriorating fiscal health is another major cause for concern. The biggest concern in the near term, however, is the outcome of the Lok Sabha election. From the market's perspective, a coalition government with the Congress Party or the Bharatiya Janata Party at the helm is the best-case scenario while a government of the Third/ Fourth Front is the worst case and could affect market sentiment drastically. The uncertainty surrounding the formation of the government could keep the market volatile in the days ahead. Moreover, there could be a technical pull-back in equities globally after the one-way upsurge in the past seven weeks.

Under the circumstances, we advise caution with a capital C. However, any correction in the market could be used to enter fundamentally sound stocks like Sharekhan's *Stock Ideas* to reap the returns in the next bull run, more so since the tide could well be turning.■

Market Outlook — May 08, 2009

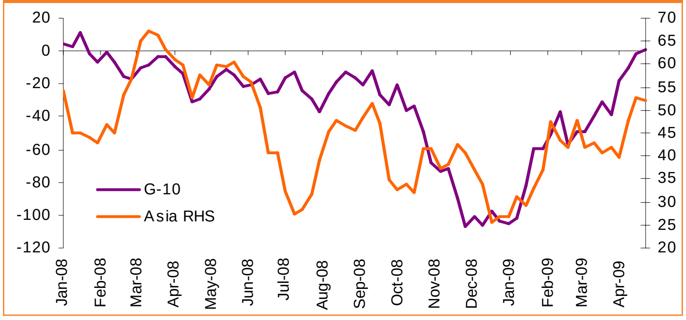
Time for a breather

- Soaked in abundant liquidity, the real economy has shown sprouts of "green shoots" in terms of distinct signs of improvement in lead indicators and business confidence globally. The credit markets have calmed down with the interest spreads cooling off to the pre-Lehman Brothers fiasco levels and the equity markets have rallied beyond street expectations.
- India too has had her fair share of positive developments. Some of the lead indicators, like the continued buoyancy in cement dispatches, revival in automobile sales and resilience in telecommunications (telecom) subscriber additions, have positively surprised the markets. However, some of the other indicators, like the Index of Industrial Production (IIP) and exports, remain weak and a conclusive recovery could still be a few months (if not a couple of quarters) away.
- In terms of valuations, after the recent steep run-up, the Sensex' multiples have reversed to the historical mean average of 14.5-15.0x one-year forward earnings. This essentially means that the better part of the multiple expansion phase is over and the next up wave would require support from earnings upgrades. The earnings upgrades will, however, depend on the sustainability of the economic revival.
- Moreover, the rally has been too fast and the market seems to have digested most of the good news in terms of the signs of economic revival and a better than expected recovery in CY2010. Consequently, the one-sided upmove appears to be nearing its end and in the days ahead the markets are likely to turn volatile, if not undergo a sharp correction as is awaited by most market participants who have remained under invested and missed the better part of the rally.
- For investors, the near-term volatility and the possible negative bias would be an ideal time to accumulate quality stocks. Especially in the mid-cap space where there still exists a lot of scope to explore value even at the current levels. Moreover, the recent strong rally in the markets globally has highlighted the fact that timing the markets is a futile exercise for those investors that have a reasonably long investment time horizon.

Economic "green shoots" spring a surprise

The equity markets have rallied across nations backed by some easing in the macro concerns. While the improvement in the macro environment has been only marginal and in all likelihood inconclusive, the reversal in trend has at least slowed down, if not put an end to the steep deterioration seen in recent months. This, in turn, has increased the visibility of economic growth to an extent, which is a stark improvement over the widespread ambiguity and uncertainty seen until recently. The fact is well borne out by the following chart that plots the Citi 'Economic Surprise Index' for the G-10 countries and Asian nations. Now, let us look at the specifics of the economic surprises.

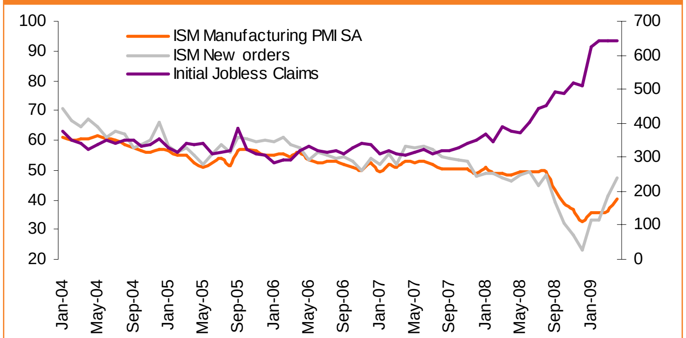
TREND IN CITI ECONOMIC SURPRISE INDEX



US economy—improving but not out of woods yet

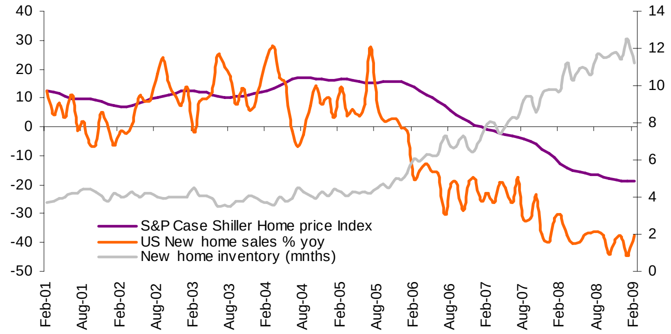
Probably the early signs of optimism in the US equity markets came with the expectations of lesser than previously expected losses by leading financial institutions. This along with the continued improvement in the Institute for Supply Management Manufacturing Purchasing Managers' Index, and a less steep decline in the home prices and new home sales among other things built up a case for sustained optimism.

ISM MANUFACTURING AND INITIAL JOBLESS CLAIMS



- The Institute for Supply Management (ISM) Manufacturing Index for April 2009 came in at 40.1 and was better than the March 2009 reading (36.3) as well as the consensus estimate and marked the highest level since September 2009.
- Also, the ISM New Orders Index has reached 47.2 for April 2009, ie double the lowest level (23.1) in December 2008.
- Along the lines, the initial jobless claims too have largely stabilised since February 2009, thereby raising hopes that further worsening is unlikely.

NEW HOME SALES AND INVENTORY

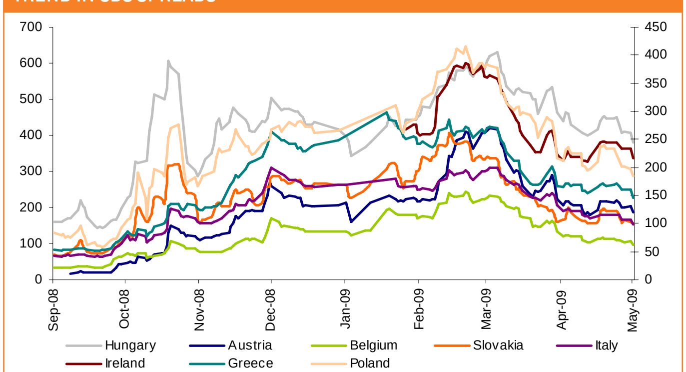


- The US housing sector, at centre of the turmoil, too saw some glimmer of hope.
- The S&P Case Shiller Home Price Index for February 2009 indicated a decline of 18.6%--a slower pace of decline compared with the 19% decline seen in the previous month. While the current decline is still significant, the slowing pace of the decline may eventually mark the reversal/bottoming of the US housing woes.
- Besides, the decline in new home sales too is showing signs of stability though the indicator is down 37.4% year on year (yoy) for February 2009.
- The marginal pick-up in new home sales is translating into some reduction in new home sales inventory, which currently stands at ff11 months (vs 12.5 months for January 2009).

East European threat stands reduced

Besides the signs of bottoming in the USA, one important development has been the reduction in threat from the eastern European nations many of which were on the verge of sovereign default. As evident in the chart below, the credit default swap spreads for the eastern European nations have eased off significantly. The easing in the risk perception towards these countries owes its roots to the G-20 summit that led to a number of positive measures. The measures/decisions include: A three-fold increase in the resources of the International Monetary Fund (from the current level of $250 billion to $750 billion); general allocation of supplementary drawing rights; support increased lending by the multilateral development banks to ~$100 billion; and pledge to make available at least $250 billion over the next two years to support financing of trade. Collectively, these figures add up to $1.1 trillion. Effectively, the summit's decisions would help ensure support to smaller nations that may not have the required resources to battle the crisis.

TREND IN CDS SPREADS



PERFORMANCE OF MAJOR EQUITY INDICES

Index	Current	52 Week low	52 Week low date	% change since 52 week low
Topix	847	698	3/12/2009	21.2%
FTSE 100	4,337	3,461	3/9/2009	25.3%
Nikkei 225	8,977	6,995	10/28/2008	28.3%
Dow Jones	8,411	6,470	3/6/2009	30.0%
Thai Index	515	380	11/26/2008	35.4%
S&P 500	904	667	3/6/2009	35.5%
Ibex 35	9,137	6,703	3/9/2009	36.3%
Nasdaq Comp	1,754	1,266	3/9/2009	38.6%
Mexico Bolsa	23,430	16,480	10/27/2008	42.2%
Straits Times	2,097	1,455	3/10/2009	44.1%
Hang Seng	16,465	10,676	10/27/2008	54.2%
Shanghai Comp	2,589	1,665	10/28/2008	55.5%
Kospi	1,393	892	10/27/2008	56.2%
BSE Sensex	**12,090**	**7,697**	**10/27/2008**	**57.1%**
Jakarta Comp	1,779	1,089	10/28/2008	63.3%
Taiwan Taiex	6,567	3,955	11/21/2008	66.0%
Brazil Bovespa	50,670	29,435	10/27/2008	72.1%

Equity markets reflect optimism

Buoyed by the encouraging developments in the US financial space, promises made in the G-20 summit and the marginal improvement in some of the macro aspects, equities across the globe witnessed a smart rally. India too has participated well in this dream run with the Sensex surging by 57.1% since touching the bottom in October 2008. That's the fourth highest gain among the leading equity indices.

Credit markets too indicate optimism

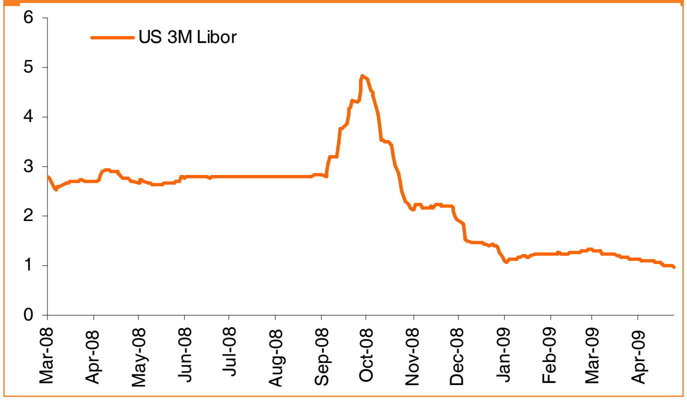
In line with the rally in the equity markets, the trends in the credit markets too reflect optimism. The slope of the yield curve has steepened in recent months as the ten-year government bond yields are now exceeding those of the two-year securities by at least 100 basis points in all the G-7 nations—the first such instance since 1991. Moreover, the US treasury yield curve has widened to ~225 basis points from 125 basis points in December 2008 as against an average of less than zero in 2006. Yield curves in the UK and Italy chart similar trends with the difference hovering at ~240 basis points, the highest levels in about 17 years.

YIELD CURVES HAVE STEEPENED

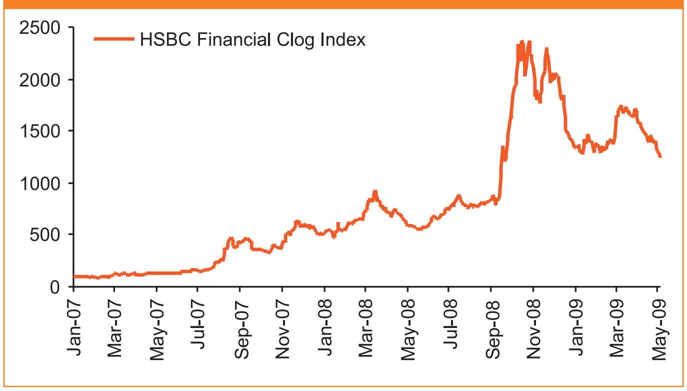
	Current slope	Slope @ Apr'09 beg	Change (bps)
India	3.20	2.43	77
China	2.35	2.52	-17
Malaysia	2.22	1.93	29
Brazil	3.59	2.79	80
Korea	3.10	3.26	-16
Taiwan	1.49	1.35	14
USA	3.13	2.68	45
UK	3.13	2.44	69
Germany	2.78	2.69	9

Slope=difference between govt bond yield with 10 year, 3 month maturities.

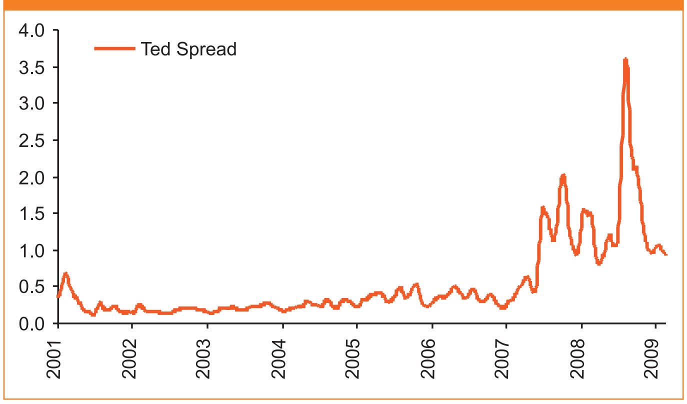
LIBOR TOUCHED LIFE-TIME LOW



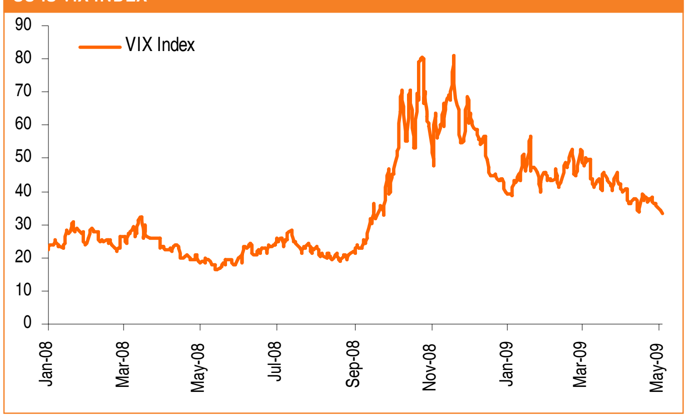
FINANCIAL CLOG LOWEST SINCE PEAK OF CRISIS



TED SPREADS NEARING PRE-CRISIS LEVELS



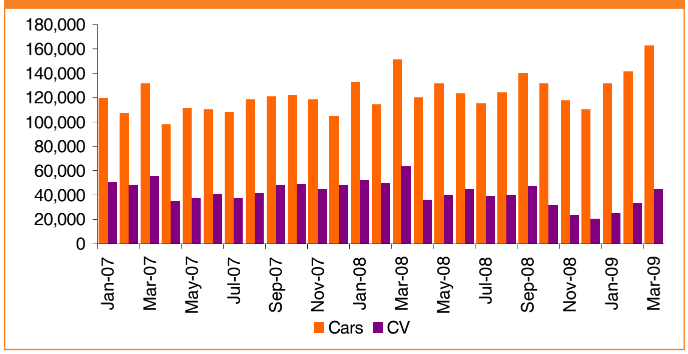
SO IS VIX INDEX



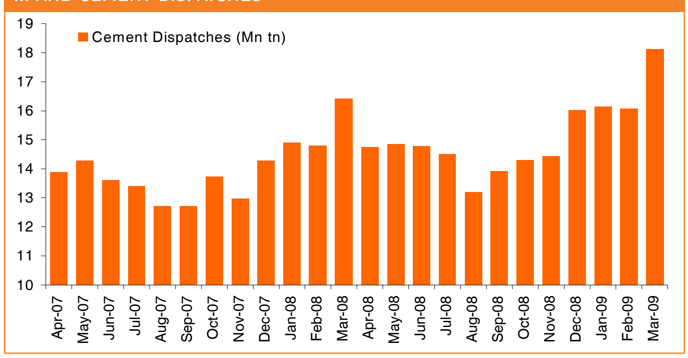
India—joins the "green shoots" party

In line with the marginal improvement in the macro situation of the developed nations, India too had her fair share of positive developments. While the incremental data remains mixed, certain sections of the Indian economy are pointing towards a gradual turn in the macro picture. Some improvement in port traffic, a healthy growth in cement dispatches and automobile sales, and resilience in the telecom subscriber additions are a few positive developments. Meanwhile, the real estate sector is witnessing a marginal revival among buyers as interest rates and property prices have eased. Moreover the India Meteorological Department (IMD)'s first monsoon forecast points to a near-normal monsoon this year. Despite the flow of these positive data points from select sectors, it may be too early to call it a trend reversal as some of the other important indicators (IIP, exports) remain weak. All in all, we believe that while the pick-up in some of the sections of the economy may not be significant to pronounce a full-fledged recovery, collectively they should drive a recovery during the second half of FY2010.

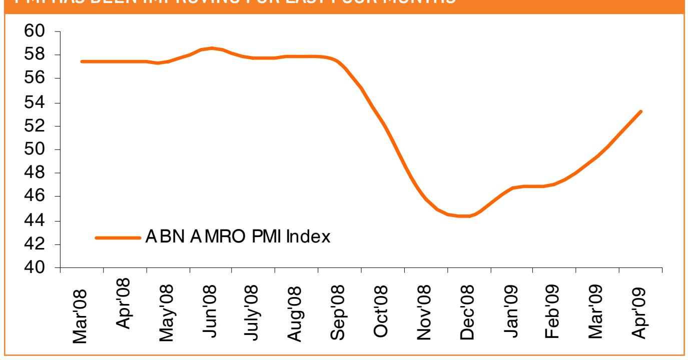
PICK UP IN AUTO SALES...



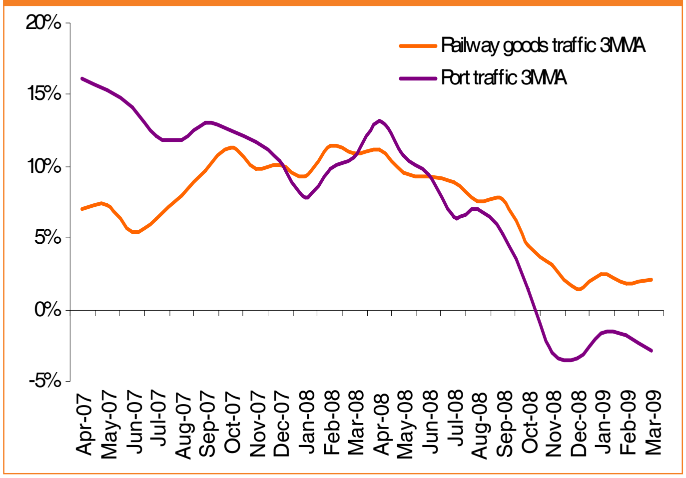
... AND CEMENT DISPATCHES



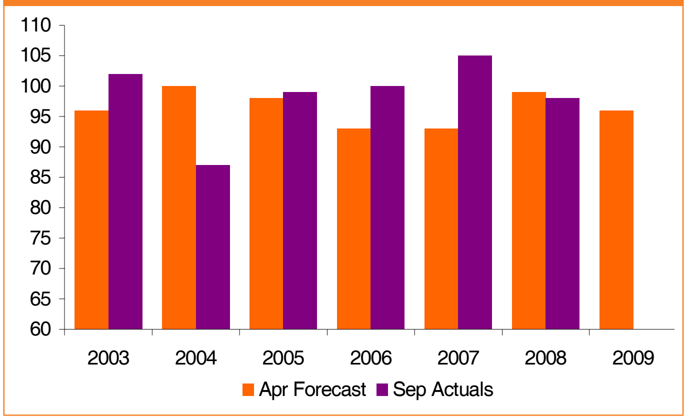
PMI HAS BEEN IMPROVING FOR LAST FOUR MONTHS



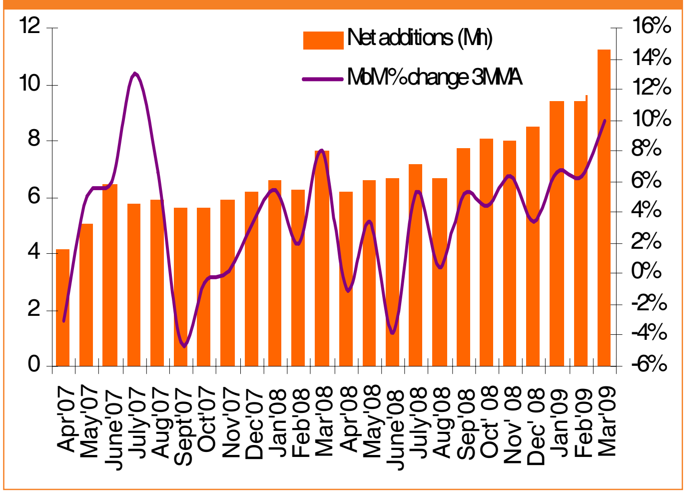
GOODS TRAFFIC (RAILWAY AND PORT) ACTIVITY STABILISING



TREND IN RAIN FALL



TELECOM SUBSCRIBER ADDITIONS REMAIN RESILIENT



Buzz in real estate activity

While there is no official data to back it up, our channel check suggests some pick-up in the residential purchase inquires as well as eventual purchases for the middle-income housing segment. The marginal revival in real estate activity owes its roots to the monetary easing in recent months and the correction in property prices. Although it is too early to conclusively pronounce a recovery in the housing space, yet the eventual recovery will go a long way in stimulating growth in the related sectors.

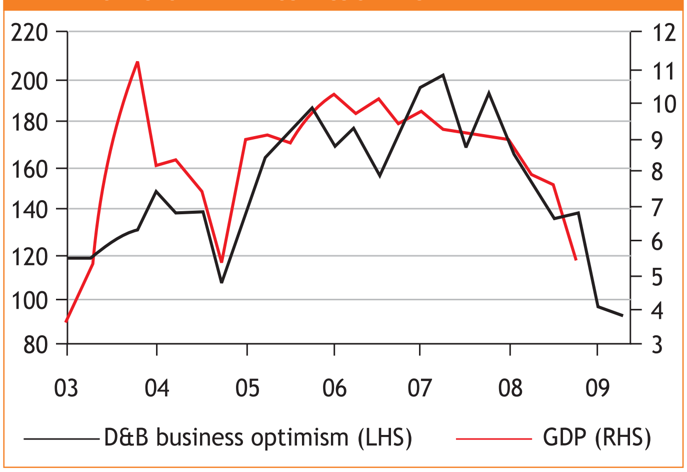
IMD expects normal monsoon

The IMD expects the rainfall during this year's southwest monsoon season (June to September 2009) to be "near normal" for the country as a whole. Quantitatively, the seasonal rainfall is likely to be 96% of the long period average (LPA) with a model error of plus/minus 5%. A normal rainfall for the forthcoming monsoon season is of utmost importance considering that food prices have remained high even as the Wholesale Price Index hovers near the zero level.

...but confidence levels remain low

While the above-mentioned positive developments in select segments of the economy are welcome, they do not necessarily imply a definitive turn in the broader economy yet. In fact, the correlations between motor vehicle sales and cement dispatched with industrial production came in at just 0.28 and 0.17 respectively—too weak to conclude an economic revival with confidence. The one effective leading indicator has been the Dun & Bradstreet's Business Optimism Index, which does not offer enough reason to cheer yet.

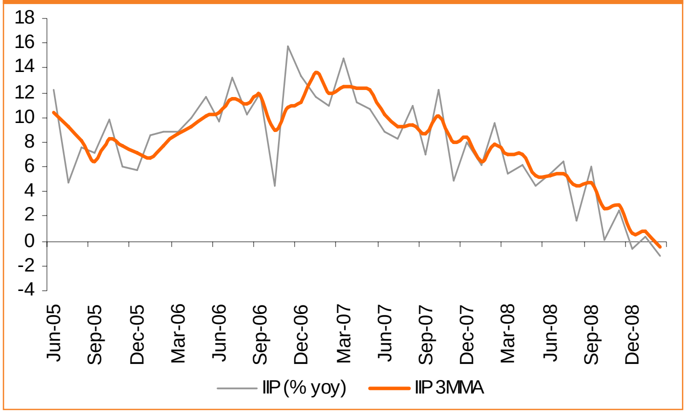
TREND IN GDP GROWTH AND BUSINESS OPTIMISM INDEX



IIP defying the above positives

Despite the above discussed positive developments, the industrial production remains weak. The IIP declined in February 2009 (the second such instance in the current fiscal) by 1.2% yoy after registering a marginal increase of 0.4% yoy (revised) in January 2009. This is in stark contrast with the healthy 9.5% year-on-year (y-o-y) increase during the year-ago period. The decline in the IIP could be attributed partially to the weaker performance of the manufacturing and consumer durable sectors. Signs of stability or uptick in industrial production would go a long way in lending confidence to the argument for economic revival.

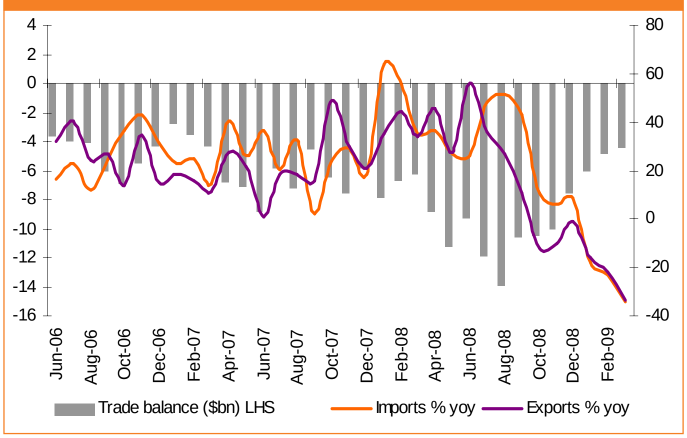
TREND IN INDUSTRIAL PRODUCTION GROWTH



External trade remains weak, trade deficit contracts

Besides industrial production, another worry is the external sector's performance. Importantly, the weakness in exports has only steepened in recent months. As evident below, the exports declined by 33.3% during March 2009, thereby marking the fifth consecutive month of declining exports. As against this, the declining trend in imports is just three months old. Importantly, the trade deficit has narrowed dramatically in recent months to under USD5 billion in February-March 2009 from over USD10 billion per month in mid 2008.

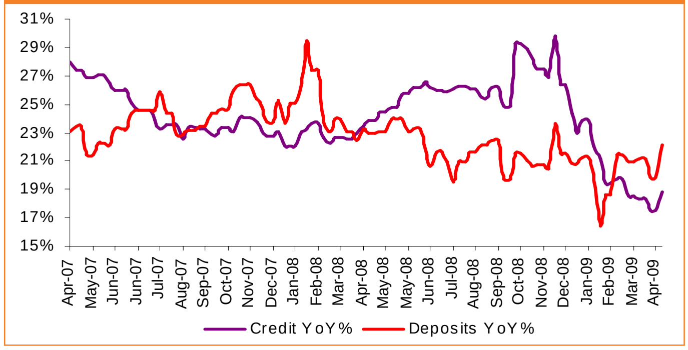
TREND IN EXTERNAL TRADE



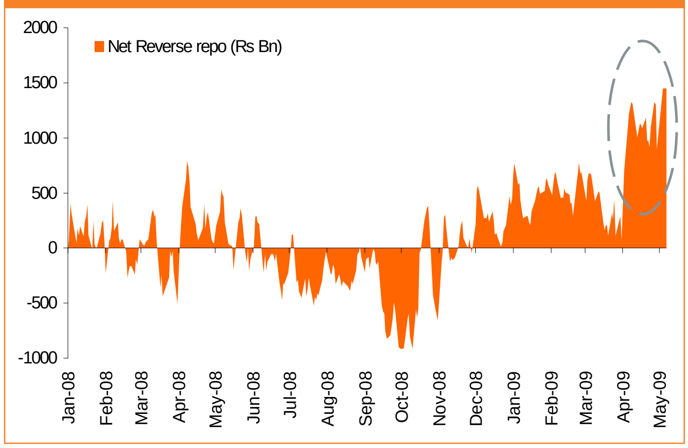
Credit growth has tapered

Another worrisome trend is the continued moderation in credit growth. As on April 4, 2009, the non-food credit growth has moderated to 18.8%—much lower compared with ~22% credit growth in mid-January 2009. Meanwhile, the deposit growth has remained healthy at 22.1% as on April 4, 2009. Consequently, the deployment pace has suffered which has, in turn, resulted in banks parking their funds under reverse repo. Our conversation with banks indicates that the moderation in credit growth is a result of both weaker credit demand and the risk aversion among lenders to certain segments. A healthy credit demand is crucial in reviving economic activity and hence will remain one of the important signals of a convincing recovery.

TREND IN CREDIT AND DEPOSIT GROWTH



TREND IN NET REVERSE REPO



Q4FY2009 earnings performance

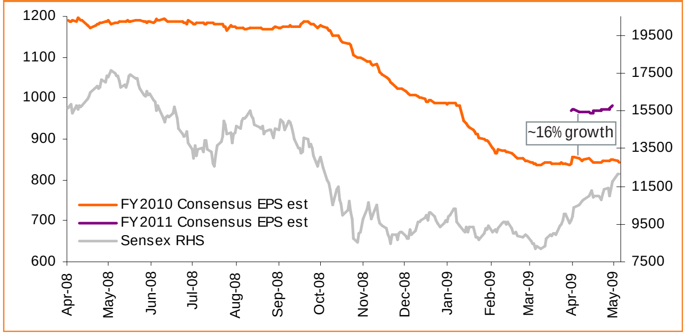
Earnings performance so far

The Q4 earnings season has been a positive surprise based on the results released so far. Of the Sensex companies, 13 companies have released their earnings. At aggregate level, the earnings of these companies indicate a decline of 8.1% as against expectation of a 12.3% decline yoy. The positive earnings surprise primarily stems from the better than expected performance of the banking and cement sector. However, we cannot extrapolate the earnings performance to the remaining sectors. Notably, metal and power sector companies, which already carry bearish expectations, are yet to report their Q4FY2009 earnings.

Earnings downgrades seem to have bottomed

Besides, the earnings downgrade cycle seems to have bottomed (refer chart below). In fact, there has not been any significant change in the Sensex' consensus earnings expectations since March 2009. The stability in the earnings expectations along with the improvement in some of the leading macro indicators has resulted in the recent rally. In fact, there has been a marked increase in instances of earnings upgrades in recent weeks (discussed below). Importantly, with FY2010 already underway, the focus is now slowly shifting to FY2011, for which the consensus earnings expectations indicate a growth of 16% yoy.

TREND IN EARNINGS OUTLOOK



Upgrades warranted for meaningful upside

While the stability in consensus earnings estimates along with the marginal improvement in the macro environment may have helped improve investor sentiments, meaningful earnings upgrades are warranted for further upside in equities. We decided to peep into the available data to gauge the trends in earnings revisions. Of the 13 Sensex companies that have reported earnings till date, six have witnessed a meaningful upward revision (+1%) in the consensus earnings estimate during the last four weeks. Notably, the upward earnings revision has been significant in case of JP Associates (~25%), ACC (~24%), Maruti Suzuki India (~5%) and Reliance Industries (~4.5%). Even in companies that have not reported their earnings, there have been small upward revisions. Meanwhile, companies such as DLF, Ranbaxy Laboratories, Infosys Technologies, Tata Consultancy Services and Oil and Natural Gas Corporation have seen earnings downgrades. If nothing else, the stability in the macro situation and the earnings estimates at least indicate that a bottom/support has been found. The optimism reflected by the equity markets amply factors in the uptick in certain segments and the resulting upward revision in the earnings. However, for further meaningful upside to materialise, further earnings upgrades are required.

Elections: The next hurdle

Lastly, the biggest hurdle facing the markets and this nascent rally is the general election result. While we are not expert on politics, there is widespread belief among political analysts that the vote count will result in one of the most fractured verdicts in recent times. Hence, the permutation, combinations and the manner in which post-poll alliances will be struck will keep the markets volatile and nervous. While corporate earnings may not be at a threat from the outcome of the general election, it surely assumes great significance from the valuation multiple perspective.

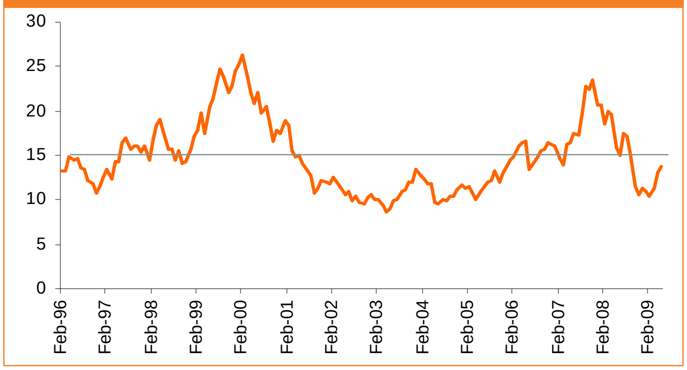
View

In terms of valuations, after the steep run-up the Sensex' multiples have reversed to the historical mean average of 14-5-15.0x one-year forward earnings. This essentially means that the better part of the multiple expansion phase is over and the next up wave would require support from earnings upgrades. The earnings upgrades will, however, depend on the sustainability of the economic revival.

Moreover, the rally has been too fast and the market seems to have digested most of the good news in terms of the signs of economic revival and a better than expected recovery in CY2010. Consequently, the one-sided upmove appears to be nearing its end and in the days ahead the markets are likely to turn volatile, if not undergo a sharp correction as is expected by most market participants who have remained under invested and missed the better part of the rally.

For investors, the near-term volatility and the possible negative bias would be an ideal time to accumulate quality stocks. Especially in the mid-cap space where there still exists a lot of scope to explore value even at the current levels. Moreover, the recent strong rally in the markets globally has highlighted the fact that timing the markets is a futile exercise for those investors that have a reasonably decent investment time horizon.■

TREND IN ONE-YEAR FORWARD SENSEX PE



SHAREKHAN TOP PICKS

Sharekhan top picks

The rally gained further momentum in April 2009, driven by better than expected economic data and easing risk aversion that resulted in sustained inflows into the emerging markets. Consequently, the Indian markets outperformed the global markets with the benchmark indices Sensex and Nifty surging by 14.8% and 12.8% respectively in the month. Our portfolio of top picks more or less performed in line with the benchmarks, registering a gain of 13.1% during the period.

We are making three changes in our portfolio of top picks this month. In the FMCG space, we are replacing ITC with Godrej Consumer Products as we expect the mid-tier FMCG companies to significantly outperform the front-line peers in terms of financial performance in the coming quarters.

We are removing Crompton Greaves as the stock has reached our price target and are adding Shiv-Vani Oil & Gas Explorations in view of its strong order book position and the firming up of oil prices. Lastly, we are removing Grasim Industries from our top picks basket, with its stock price closer to our price target, and are replacing it with 3i Infotech, as we feel that compared with the front-line technology companies the tier-2 technology companies would perform better due to the widened valuation gap.■

NAME	CMP* (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
3i Infotech	51.0	5.0	3.4	3.5	13.0	15.6	11.9	59.0	15.7%
BHEL	1,647.0	28.8	26.5	19.3	25.9	23.1	25.4	**	-
Bharti Airtel	768.0	21.8	17.2	14.8	25.3	31.8	28.4	781.0	1.6%
Godrej Consumer Products	144.0	20.3	21.5	15.8	108.5	44.6	35.3	185.0	28.6%
ICI India	485.0	25.8	14.1	12.2	8.8	14.8	13.6	493.0	1.7%
India Cement	121.0	5.1	7.2	7.3	25.6	15.9	13.6	**	-
Lupin	792.0	21.1	15.3	13.0	31.9	22.2	21.2	840.0	6.1%
Marico	67.0	25.6	20.2	16.7	63.3	51.9	43.5	80.0	20.1%
Reliance Industries	1,900.0	18.1	19.2	14.7	22.8	13.2	15.8	**	-
Shiv Vani Oil & Gas	178.0	8.5	5.1	4.2	16.2	15.3	16.4	370.0	108.1%

* CMP as on May 08, 2009 **Price target under review

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
3I INFOTECH	**51.0**	5.0	3.4	3.5	13.0	15.6	11.9	**59.0**	15.7%

Remarks:

- 3i infotech has diversified its business model very well. The company has widened its product & service offerings through acquisitions over the last few years.
- 3i infotech is focused on emerging markets such as Asia Pacific, South Asia and MEARC. It derived 43% of its revenues from these geographies in FY2009. The company's revenues from these geographies grew at a CAGR of 50.9% over the last three years.
- Though the business environment remains challenging, the company currently has a strong order book of Rs1,445 crore, which is executable over the next 12 months.
- In the recent management commentary, the management addressed the key concerns of high leverage and its ability to comfortably service its debt and the impairment of goodwill. It assured that according to its calculations, the company would not have to take any one-time charge on impairment of goodwill as most acquired companies are doing well and were acquired at reasonable valuations.
- The key concern remains the fact that most of 3i infotech's products and services are targeted at the BFSI vertical. Furthermore, the refinancing of debt aggregating Rs425 crore for Regulus and the limited availability of cash for FCCB buyback (for which the conversion price is deep out of money) remain the key challenges for the company going ahead.
- At the current market price, the stock is trading at attractive valuations of 3.5x FY2010E and 3.3x FY2011 earnings estimate respectively.

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
BHARAT HEAVY ELECTRICALS	**1,647.0**	28.8	26.5	19.3	25.9	23.1	25.4	**	-5.9%

Remarks:

- Bharat Heavy Electricals Ltd (BHEL) is a premier power generation equipment manufacturer and a leading EPC company. It has emerged as the prime beneficiary of the four-fold increase in the investments in the power sector in India.
- BHEL currently has orders worth Rs117,000 crore on hand, which provides revenue coverage for the next three to four years. With more than 85% of the orders coming from the government and state utilities, the risk of order cancellation is minimal.
- The company would also be awarded four or five sets of 800MW supercritical technology based units from National Thermal Power Corporation (NTPC) on a negotiated basis. We believe the order inflow momentum would continue to remain strong for the company.
- At the beginning of 2008, the company brought on-stream 4GW of additional manufacturing capacity, taking its total capacity to 10GW per annum. In our view, the stabilisation of the new capacity coupled with the de-bottlenecking of the supply chain would aid BHEL's revenues to grow at a CAGR of 21.4% over FY2009-11E. We estimate the profits to grow at CAGR of 29% over FY2009-11E. However, the key challenge for BHEL would be the timely execution of projects.
- We have a Hold recommendation on BHEL mainly because at the current valuation of 15.9x our FY2011 earnings per share estimate (the valuation is at a substantial premium to that of the Sensex) the stock price is closer to our fair value for the stock. However, we continue to like BHEL because of its resilient business model that is expected to provide the highest revenue and profit growth among the Sensex stocks. We, therefore, maintain BHEL amongst our Top Picks and would review our price target for the stock after the audited results of the company.

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
BHARTI AIRTEL	**768.0**	21.8	17.2	14.8	25.3	31.8	28.4	**781.0**	1.6%

Remarks:

- Bharti Airtel (Bharti) with over 24% market share is a leader in the Indian telecom space. On an average, the company has been adding around 2.7 million subscribers every month and currently has a subscriber base of 93.9 million.
- Despite the competition-led pricing pressures, Bharti has been able to sustain its operating margins at 41% on the back of strong growth in subscribers.
- We expect Bharti to maintain the momentum in the net subscriber additions despite the highly competitive environment. Moreover, a less-than-expected fall in the average revenue per user should lead to a stronger operating performance.
- With the entry of Reliance Communications in the GSM market, the competition is expected to increase, which could pressurise the margins. The uncertainty and aggressive bidding in 3G auctions are the risks, which could impact the cash flows of the company.
- At the current market price the stock trades at 17.2x FY2009 and 14.8x FY2010 estimated earnings.

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
GODREJ CONSUMER	**144.0**	20.3	21.5	15.8	108.5	44.6	35.3	**185.0**	28.6%

Remarks:

- GCPL is a major player in the Indian fast moving consumer goods (FMCG) market with presence in soap, hair dye and hair colour, liquid detergent and toiletries categories. With rural demand remaining strong and the ongoing downturn keeping the demand for FMCG products buoyant at the bottom of the pyramid, GCPL's soap portfolio, which contributes more than half of its annual revenues, will outperform the industry in terms of volume growth. Thus we expect GCPL's top line to grow at CAGR of 12.5% over FY2009-11.
- With the steep correction in the palm oil prices (the key raw material), we expect the margins of the company to substantially improve and result in a hefty growth of 35% yoy in its net profit in FY2010.
- With strong cash flows and healthy cash on books (Rs400 crore as on March 31, 2009), GCPL is well funded to make acquisitions in both domestic and international markets.
- We see two key concerns for GCPL, its overseas businesses in the UK and South Africa are likely to be affected by the recession and the hardening of palm oil prices in the past few months. Though we do not expect the prices to make a sharp upmove, the rising raw material cost remains a risk to its profitability.
- With a 23.6% CAGR over FY2009-11 it will outperform the industry and remain one of the better performing companies in the FMCG space. At the current market price the stock trades at an attractive valuation of 15.8x its FY2010E earnings.

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
ICI INDIA	**485.0**	25.8	14.1	12.2	8.8	14.8	13.6	**493.0**	1.7%

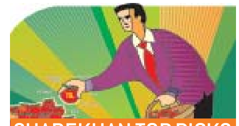
Remarks:

- ICI India is a significant player in the Indian decorative paints market owned by Akzo Nobel, one of the global majors in paints. We believe with the backing of a strong parent, the company is capable of sustaining handsome growth over the longer term.
- In the near term the paints business' sales volume is expected to remain under pressure due to slackening demand on account of slowdown in the real estate sector and repaint segment. Thus the sales growth is likely to be subdued.
- However, the sharp correction in crude oil prices and a consequential decline in crude derivative prices (key raw materials for ICI India) the margins are expected to improve significantly in the coming quarters and would drive the profitability in FY2010. Also, the ongoing buyback and cash per share of Rs260 on the books should help the company's shares to outperform its peers.
- At the current market price, the stock trades at 12.2x its FY2010E EPS while it trades at 9.7x its FY2010E earnings after adjusting for the cash. We maintain our Buy recommendation on the stock.

NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
INDIA CEMENT	**121.0**	5.1	7.2	7.3	25.6	15.9	13.6	**	-

Remarks:

- India Cement is a leading player in south India with an installed capacity of 10.7MMT. The company is expanding its capacity to 16MMT by the end of FY2010. The enhanced capacity will provide the volume growth going forward. Despite the overall slowdown in the economy, the revenue of the company is likely to grow at 7% in FY2010 compared with FY2009.
- As the company is setting up a new plant in Rajasthan (of 2MMT capacity), it will be able to expand its footprint in north India, thereby diversifying its market and reducing the risk that arises from operating in a single region.
- The company is likely to be the biggest beneficiary of the sharp correction in the price of imported coal as it imports 70-80% of its total coal requirement. So going forward significant savings in the power and fuel cost can be expected.
- As the southern region is scheduled to add 22MMT of new capacity by the end of FY2010, the current realisations are expected to come under pressure. On account of the anticipated fall in the realisations, we expect the company to post a flat growth in its bottom line during FY2010.
- As the company is highly leveraged (a total debt of Rs1,811 crore as in FY2008), its interest liability will be a major concern.
- At the current market price of Rs121 the stock trades at PE of 7.2x and 7.3x its FY2009 and FY2010 earnings estimates respectively, an EV/EBDITA of 4.7x and EV/tonne of 58$ on FY2010 estimates.



NAME	CMP (RS)	PER FY08	PER FY09E	PER FY10E	ROE (%) FY08	ROE (%) FY09E	ROE (%) FY10E	TARGET PRICE	UPSIDE (%)
LUPIN	**792.0**	21.1	15.3	13.0	31.9	22.2	21.2	**840.0**	6.1%

Remarks:

- Global dominance in certain products, focus on niche less-commoditised products, a geographically diversified presence in newer markets such as Japan and a presence in the US branded segment distinguish Lupin among the mid-cap players in the generic space.
- With a leadership position in the anti-TB and other anti-infective segments and growing exposure to the chronic therapy segments, Lupin is one of the fastest growing pharmaceutical companies in the domestic market.
- A focus on niche products like injectable cephalosporins along with presence in the branded space through a pediatric antibiotic, Suprax, has enabled Lupin's US business to grow at a staggering CAGR of 77% over FY2004-08.
- With a strong business in India and the USA, Lupin has also made inroads into the other regulated markets of the UK and France. Further, it has entered markets like Japan, Germany, Australia and South Africa through acquisitions in order to extend its global reach.
- Even though the core business remains strong, the US Food and Drug Administration issues relating to its Manindeep facility might remain a drag on the near-term performance of its stock.
- At 15.3x FY2009E and 13x FY2010E earnings, Lupin is among the cheapest front-line pharmaceutical stocks. We maintain our Buy recommendation on the stock with a price target of Rs840.

MARICO	**67.0**	25.6	20.2	16.7	63.3	51.9	43.5	**80.0**	20.1%

Remarks:

- Marico is a major player in the Indian hair care and edible oil markets. Its flagship brand *Parachute* combined with *Nihar* commands a 55% share of the branded coconut oil market in India. Its good-for-heart edible oil brand *Saffola* is also witnessing good growth.
- Marico has been growing both organically and inorganically, and follows the strategy of adding new products and territories to its portfolio. Apart from domestic operations, its international business covers countries like Bangladesh, Egypt and South Africa.
- We believe apart from the growth in the existing business through product innovations, the expanding new age businesses of Kaya Clinics and weight loss centres promise a great deal.
- Decelerating volume growth in *Saffola* and slower same-store growth in *Kaya* are the near-term concerns for the company. However the prices of key raw materials, such as copra and *safflower*, are likely to ease in the next few months, which would help in improving the margins and also help Marico to take price cut in key brands (especially *Saffola*) and boost the volumes.
- With a 20.4% earning growth expected in FY2010 it remains one of the better performing companies in the current tough macro scenario. At the current market price, the stock trades at an attractive valuation of 16.7x and 15.1x its FY2010E and FY2011E earnings.

RELIANCE INDUSTRIES	**1,900.0**	18.1	19.2	14.7	22.8	13.2	15.8	**	-0.5%

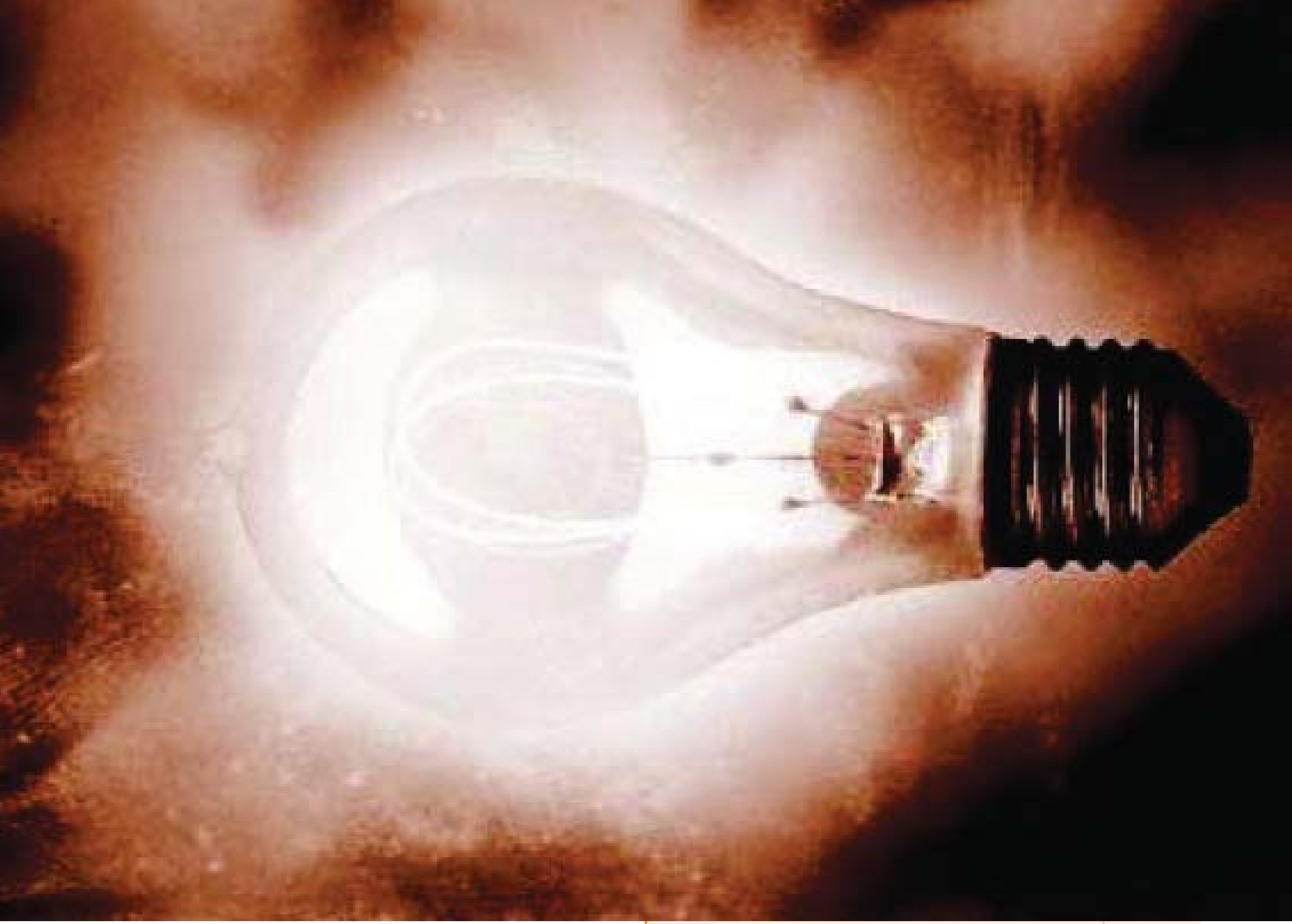
Remarks:

- With the start of commercial production of gas in April 2009 and that of crude oil in September 2008 both from KG basin , Reliance Industries Ltd (RIL) holds a great promise in the E&P business. The E&P business is expected to add significantly to the company's earnings and cash flow from FY2010 onwards with majority of the earnings coming from the less volatile natural gas business. The gas production will begin in small tranches initially and is expected to reach 40 million standard cubic metres per day (mmscmd) in a few months and to 80mmscmd by the end of 2009. At present, the company's reserves are estimated at 9 billion barrels of oil equivalents.
- We expect the gross refining margin (GRM) of RIL to contract in the near to medium term, as new refineries with total capacity of 1.5-2.0 million barrel per day (including Reliance Petroleum Ltd [RPL]) are expected to come on-stream in 2009 in the environment of weak demand. However, we expect RIL to fetch a premium over Singapore Complex' GRM due to its superior refinery complexity. The refining volumes would also double as RPL's refinery has become operational on December 25, 2008.
- We believe that the margin and the plant operating rates would remain low in the petrochemical business, as the prices of petrochemical products are likely to be remain low on the back of a weak demand outlook.
- Delay in KG D-6 gas production and adverse outcome of the court case with RPL and NTPC are the key risks to our estimates. Furthermore, the ambiguity related to likely change in the section 80IB could take away the benefit of the seven-year tax holiday from the gas production. Any further fall in the refining and petrochemical margins could result in deviation from our estimates.
- At the current market price, the stock is trading at 14.7FY2010E consolidated earnings.

SHIV VANI OIL & GAS	**178.0**	8.5	5.1	4.2	16.2	15.3	16.4	**370.0**	108.1%

Remarks:

- Shiv-Vani Oil & Gas Explorations is India's largest onshore oil and gas services provider in the private sector having a fleet of 37 rigs and ten seismic survey crews. The company offers a wide range of services including seismic, drilling, and other specialised services, such as work over, gas compression services and coal bed methane (CBM) integrated services.
- Its extremely strong order book of Rs4,250 crore, which is more than 5x its FY2009 revenues, renders strong visibility to its earnings. It has done timely expansion of its assets in the past and all its assets are already backed by contracts in hand. Its fleet size would soon be raised to 40 rigs with about three rigs in the shipment stage.
- With better fleet utilisation, the company is likely to maintain its current margins. We expect the top line to grow at CAGR of 19.7% and the bottom line at a CAGR of 15.8% over FY2009-11.
- The softening day rates, and the curtailment and deferment of worldwide E&P capex pose a risk to the company going forward. Moreover, any delay in contracts or any renegotiation of contracts going forward could potentially hamper its cash flows and remains a risk. Though any renegotiation of its contracts is unlikely since the bulk of its contracts are from public enterprises like ONGC and OIL.
- At the current market price, the stock trades at 3.8x its FY2011E earnings and is quoting at an enterprise value/earnings before interest, depreciation, tax and amortisation of 4.4x. We maintain our Buy recommendation on Shiv-Vani with a price target of Rs370.



Stock Ideas

Godrej Consumer Products

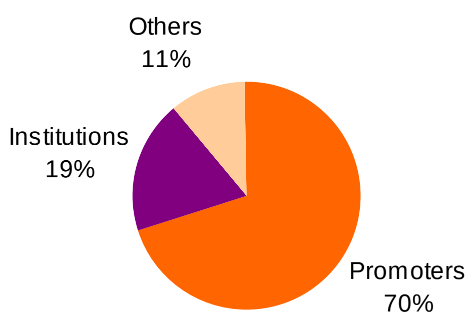
Apple Green | **Buy; CMP: Rs145** | **May 07, 2009**

The soap opera

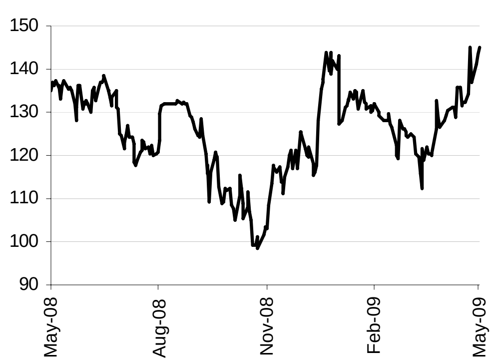
COMPANY DETAILS

Price target:	Rs185
Market cap:	Rs3,727 cr
52-week high/low:	Rs155/94
NSE volume (No of shares):	79,735
BSE code:	532424
NSE code:	GODREJCP
Sharekhan code:	GODRCON
Free float (No of shares):	7.8 cr

SHAREHOLDING PATTERN



PRICE CHART



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	12.4	9.5	39.8	10.5
Relative to Sensex	-1.0	14.8	13.6	58.4

KEY POINTS

- **Market share expansion in soaps to continue:** Godrej Consumer Products Ltd (GCPL)'s product portfolio is dominated by mass-market brands of soaps and hair colorants. With rural demand remaining strong and the ongoing downturn keeping the demand for FMCG products buoyant at the bottom of the pyramid, GCPL's soap portfolio, which contributes more than half of its annual revenues, will outperform the industry in terms of volume growth. The company will also gain from further downtrading, if any, in the soap category. GCPL, which currently enjoys a market share of 9.9% in the soap category, is targeting a 1% growth in the market share every year for the coming years, which, we believe, is achievable.

- **Margin expansion to lead to hefty growth in earnings:** In FY2009, GCPL's OPM had contracted by 471 basis points due to a sharp increase in its raw material cost led mainly by spiraling palm oil prices. As a result of a sharp correction in palm oil prices in H2FY2009, GCPL's margin is expected to expand substantially in FY2010. We, therefore, expect GCPL's consolidated OPM to grow by 284 basis points yoy, thereby leading to a hefty growth of 35% yoy in its net profit in FY2010.

- **Enough surplus cash to fund inorganic growth:** Inorganic growth remains part of GCPL's core growth strategy. In the past four years the company has acquired companies in the UK and South Africa to expand its overseas operations. As a result, the overseas business now contributes 22% of its total revenues. The strong cash flow generation and the healthy cash on books (~Rs400 crore in March 2009) leave much scope for more inorganic initiatives.

- **Valuation and view:** Even as the double-digit growth in its volume will drive its top line growth going forward, GCPL's bottom line growth will far outperform its top line growth driven by the expected healthy expansion in its margins. We, therefore, expect the company's revenues and profit to grow at a CAGR of 12.5% and of 23.6% respectively over FY2009-11E. Accordingly, we expect GCPL to outperform the industry by far in terms of profit growth. The stock is currently trading at 16x its FY2010E earnings. The valuation is attractive compared with that of its peers considering traction in its profit growth. We, therefore, re-initiate coverage on GCPL with a Buy recommendation and a one-year price target of Rs185 based on 20x its FY2010E earnings.

KEY FINANCIAL

Rs (cr)

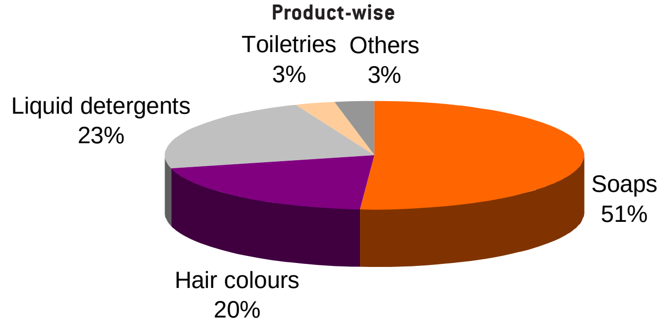
Particulars	FY2007	FY2008	FY2009	FY2010E	FY2011E
Net sales (Rs cr)	951.5	1,102.6	1,393.0	1,581.0	1,764.3
Adj. net profit (Rs cr)	139.0	159.2	173.3	233.9	264.5
No of shares (cr)	22.6	22.6	25.7	25.7	25.7
EPS (Rs)	6.2	7.1	6.7	9.1	10.3
% y-o-y change	-	*14.6*	*-4.4*	*35.0*	*13.1*
PER (x)	23.6	20.6	21.6	16.0	14.1
Price/BV (x)	26.9	19.1	6.2	5.2	4.3
EV/EBIDTA(x)	19.0	15.9	16.4	11.8	10.2
RoCE (%)	64.5	50.7	28.8	26.8	25.9
RoNW (%)	138.5	108.5	44.6	35.3	33.5
OPM (%)	18.9	19.6	14.8	17.7	17.8

COMPANY BACKGROUND

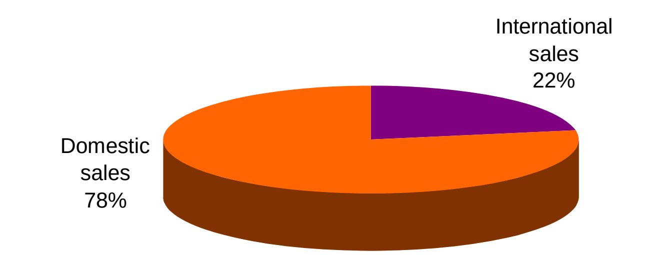
Promoted by Godrej & Boyce Manufacturing Company, GCPL was formed in November 2000 to take over the consumer products division of Godrej Soaps in keeping with a scheme of demerger. GCPL is a major player in the Indian fast moving consumer goods (FMCG) market with presence in soap, hair dye and hair colour, liquid detergent and toiletries categories. The company is the number one player in the hair dye and hair colour segment and the number two player in the toilet soap segment, and many of its brands like *Cinthol*, *Godrej No1*, *Colour Soft*, *Ezee* and *FairGlow* are household names across the country. Through acquisitions GCPL has also established presence in the hair and hair colour, personal care and toiletries markets of the UK and South Africa. It has five state-of-the-art manufacturing facilities located at Guwahati (Assam), Baddi (Himachal Pradesh), Katha (Himachal Pradesh), Sikkim and Malanpur (Madhya Pradesh). All these facilities except the one at Malanpur enjoy various tax benefits.

REVENUE MIX (CONSOLIDATED)

Product-wise



Geography-wise



PRODUCT PORTFOLIO

Categories	Brands
Domestic	
Soaps	Cinthol, FairGlow, Godrej No.1, Shikakai, Evita, Vigil
Hair care	Colour Soft, Renew, Fashion, Kesh Kala, Godrej Kali Mehendi, Nupur, Godrej Powder and Liquid Hair Dye
Liquid detergents	Ezee, Godrej Dish Wash, Glossy
Toiletries	Cinthol talc, Cinthol deo, Godrej shaving cream
International	
Hair care	Adorn hair spray, Inecto, Henara, Touch of Silver, Sofelene
Hair products	Kinky range of products
Personal care	Aapri, Nulon
Absorbents	Tena, Snuggy, Libero, Libresse
Toiletries	Cuticura talc, Erasmic, Inecto

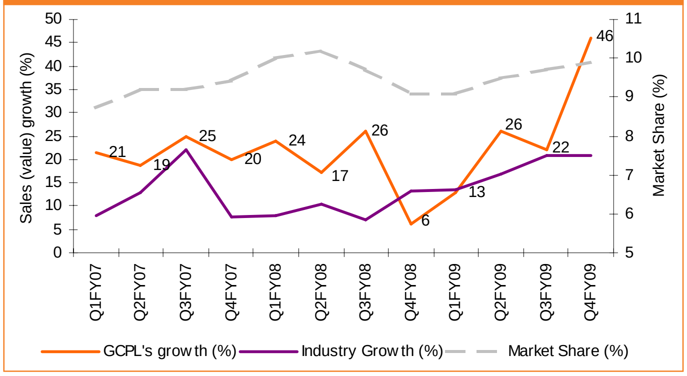
INVESTMENT ARGUMENTS

Gaining market share and volumes in soaps

With a market share of 9.9%, GCPL is the second largest player in the ~Rs7,100-crore domestic toilet soap market after HUL, which enjoys a market share of 49.6%. Toilet soaps are the largest contributor to GCPL's revenues, accounting for 65.6% of its domestic revenues and 51.2% of its consolidated sales. Although the company has brands, such as *FairGlow*, *Cinthol*, *Evita* and *Godrej No.1*, across consumer categories, yet its soap sales are skewed towards the mass brand *Godrej No.1*, which accounts for 60-70% of its total soap sales volumes.

With rural India witnessing buoyancy in demand and FMCG demand likely to remain higher at the bottom of the pyramid (mass categories) in the current economic scenario, we believe GCPL's soap portfolio will outperform the industry volume growth. GCPL will also gain from any further downtrading in the soap category. In the inflationary scenario of FY2009, GCPL's value market share in the toilet soap category had increased by 80 basis points to 9.9%. That was possible because unlike its competitor HUL (which lost 570-basis-point market share to 49.6% since March 2008) GCPL had followed the policy of sacrificing margins for volume growth with far smaller price increases (~5-8% price led growth). As a result, its sales in the soap segment had grown by 25% primarily backed by the strong growth in the volumes. The strong volume growth is expected to continue and GCPL is expected to continue to outperform the toilet soap industry in future.

TOILET SOAP SALES GROWTH AND MARKET SHARE TREND



Margins to surge on lower raw material cost

Financial year 2009 had seen relentless rise in GCPL's raw material cost because of the spiraling prices of its key inputs, such as palm oil, packaging material and crude derivatives. While its competitors had increased their product prices substantially in a bid to protect their margins, GCPL had effected only small price increases, the strategy being to enhance volume growth and market share while sacrificing profit margins. Thus, the raw material cost as a percentage of its sales had risen sharply by 830 basis points in FY2009, causing the operating profit margin (OPM) to decline by 471 basis points. However, in the second half of FY2009 palm oil prices had corrected sharply (refer chart "Palm oil prices"). GCPL's OPM is expected to expand substantially in FY2010 as a result of this correction. The benefits of the lower raw material prices were already visible in the company's Q4FY2009 performance, which showed a sequential drop of 756 basis points in its raw material cost as a percentage of sales. In FY2010, GCPL's consolidated OPM is expected to expand by 284 basis points year on year (yoy), thereby driving a hefty year-on-year (y-o-y) growth of 35% in its net profit.

Well funded for inorganic growth

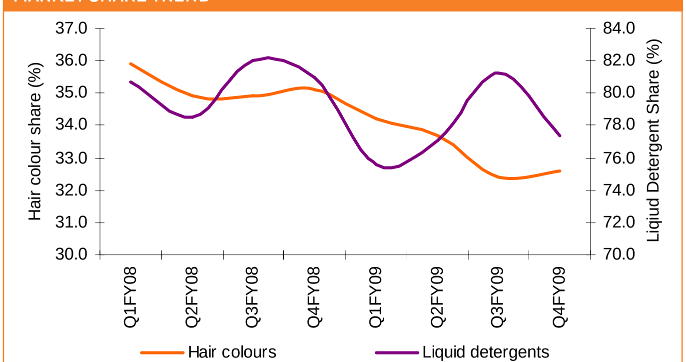
Besides pursuing organic growth, GCPL has been eyeing acquisitions as part of its overall growth strategy. It had acquired Keyline Brands (UK) in 2005-06, and Rapidol and Kinky (South Africa) in 2006-07 and April 2008 respectively. These businesses had accounted for 22% of its total revenues in FY2009. We believe with strong cash flow and healthy cash on books (~Rs400 crore as on March 31, 2009) GCPL is well funded to make more acquisitions.

RISKS AND CONCERNS

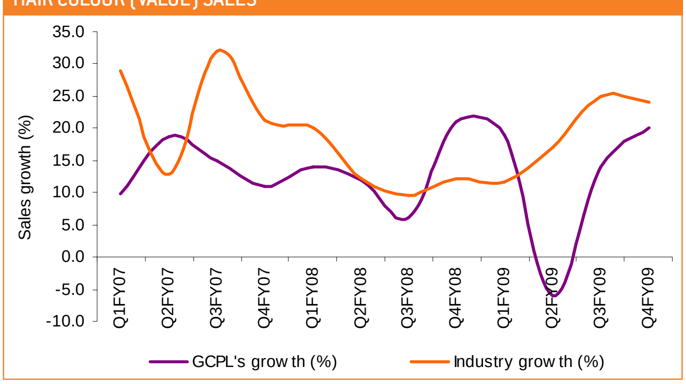
Limited product portfolio, market share loss in hair colours, liquid detergent stagnant

GCPL operates with a limited product portfolio in categories that are either highly penetrated or enjoy a high market share and are thus difficult to grow further. The toilet soap category has a high penetration of 91.5%. Hence, its growth hinges on increase in per capita usage and market share gains, and it has been witnessing mid single-digit volume growth. We believe GCPL's performance in this category will largely depend on its market share gains. GCPL is the leader in the hair colorant and liquid detergent categories in India, with market shares of 32.6% and 77.4% respectively. In the hair colorant category, GCPL continues to be strong in the mass segment products (hair dyes). However, it is facing acute competition from players like L'Oreal and Garnier at the premium end of the hair colour market. As a result, its market share in this category had declined by 250 basis points in FY2009. We believe hair colours rather than hair dyes will drive the growth in the hair colorant category in future and hence we expect GCPL to continue to lag the industry in this market. GCPL has a 77.4% value market share in the liquid detergent segment (via its brand *Ezee*) and its sales have remained almost stagnant in the past four years with the category itself stagnating. To ensure sustainable high growth GCPL needs to create new growth drivers by entering into new product categories.

MARKET SHARE TREND



HAIR COLOUR (VALUE) SALES



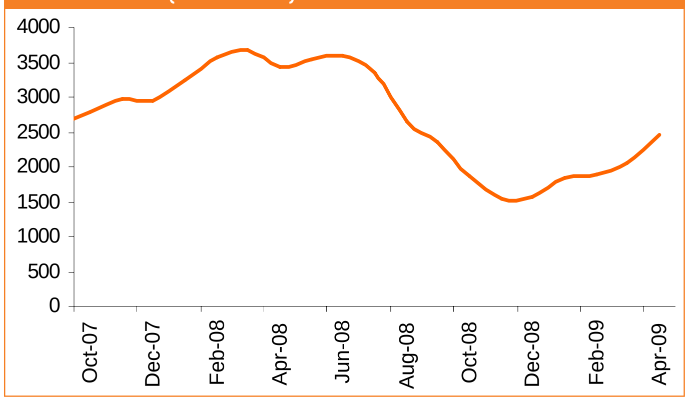
International business may slow down due to recession

Overseas, GCPL operates in the markets of the UK and South Africa. These countries are likely to have been hit hard by the global recession. A downturn in these countries is likely to affect GCPL's operations in these countries. In FY2009, the international business had contributed 22% to GCPL's total revenues; its profit contribution was much smaller at 6.7%.

Palm oil prices begin to rise

Palm oil prices started to show an upward trend from January 2009 and stood at MYR2,465 per tonne in April 2009—that is an increase of 57.9% compared with MYR1,561 per tonne in December 2008. This upward movement, if it continues, along with the depreciating rupee (the company makes payment for palm oil purchases in dollars) could substantially limit the gains expected from the drop in palm oil prices in the later part of FY2010.

PALM OIL PRICES (MYR/ TONNE)



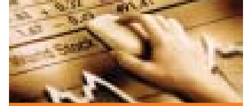
VALUATION AND VIEW

We expect the double-digit growth in GCPL's volumes to drive its top line growth. However, the growth in the bottom line will far outperform the top line growth driven by margin expansion resulting from its falling input cost. Thus, we expect the company's revenues and profit to grow at a compounded annual growth rate (CAGR) of 12.5% and of 23.6% respectively over FY2009-11. Accordingly, we expect GCPL to outperform the industry by a long margin in terms of profit growth. Currently, the stock is trading at 16x its FY2010E earnings. The valuation is attractive compared with that of its peers considering the traction in its profit growth. We, therefore, re-initiate coverage on GCPL with a Buy recommendation and a one-year price target of Rs185 based on 20x its FY2010E earnings.■

For the financials, please visit the Research section of our website, sharekhan.com

The author doesn't hold any investment in any of the companies mentioned in the article.

Stock Update



3i Infotech

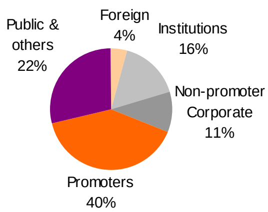
Emerging Star | Buy; CMP: Rs46 | April 29, 2009

Price target revised to Rs59

COMPANY DETAILS

Price target:	Rs59
Market cap:	Rs600 cr
52 week high/low:	Rs140/28
NSE volume (No of shares):	8.6 lakh
BSE code:	532628
NSE code:	3IINFOTECH
Sharekhan code:	3IINFOTECH
Free float (No of shares):	7.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	37.1	31.9	6.8	-62.6
Relative to Sensex	25.2	10.9	-12.8	-43.0

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- 3i Infotech's revenues declined by 0.3% sequentially to Rs606.8 crore in Q4FY2009 driven by a sequential drop of 10.6% in IT services business following the completion of some managed projects during the quarter.
- The OPM improved 150 basis points to 19.6% due to the lower expenses related to new initiatives such as Taxsmile portals and kiosks.
- The reported net income grew by 40.3% sequentially to Rs90.5 crore. 3i infotech reported an exceptional other income of Rs77.05 crore (related to the buy-back of FCCBs aggregating ~USD30 million at a discount and advisory and legal fees of Rs51 crore for financial restructuring). Adjusting for the same, the company's net income was flat sequentially at Rs64.5 crore, which was above our expectation.
- Going forward, the management is cautiously optimistic about the business environment. 3i Infotech is cautious about the product business and optimistic about the IT services business. In the product business, the company has seen pressure in the Middle East and Africa where the sales cycle has increased.
- We have fine-tuned our FY 2010 EPS to Rs14.5 per share to reflect the cautious demand environment and higher interest outgo. We have revised equity base to 16.4 crore post recent FCCB buy back. Consequently, we have revised our FY2010 EPS estimate to Rs14.5 Overall, 3i Infotech's performance during Q4FY2009 was better than expectation and the management has addressed the key concerns related to debt (a debt-equity ratio of 2x and the company's ability to comfortably service the same), and goodwill (of Rs1,700 crore on books due to a slew of acquisitions). Hence, we maintain our Buy recommendation on the stock with a revised price target of Rs59.■

For further details, please visit the Research section of our website, sharekhan.com

Aban Offshore

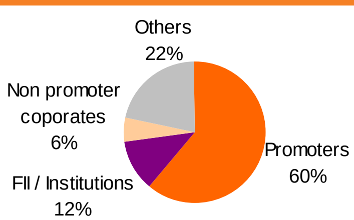
Ugly Duckling | Hold; CMP: Rs395 | April 28, 2009

Concerns remain

COMPANY DETAILS

Price target:	Under review
Market cap:	Rs1,493 cr
52 week high/low:	Rs4,292/224
NSE volume (No of shares):	15 lakh
BSE code:	523204
NSE code:	ABANLOYD
Sharekhan code:	ABANLOYD
Free float (No of shares):	1.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

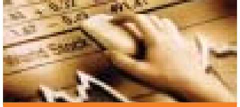
(%)	1m	3m	6m	12m
Absolute	5.2	-2.9	-32.0	-87.8
Relative to Sensex	-7.1	-23.2	-49.2	-81.9

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- The consolidated results of Aban Offshore for Q4FY2009 were below expectations. This was largely due to impairment of Rs151.4 crore. The company reported a net loss of Rs93.1 crore as against a profit of Rs33.9 crore in the same quarter of the last year.
- For FY2009, the company reported a top line growth of 57.5% to Rs3,183.5 crore, which is more or less in line with estimates. The reported profits for the year grew more than three fold to Rs554.8 crore as against Rs123 crore in the last year.
- However, rather than financial results, the two key concerns weighing down the stock are: 1) The highly leveraged position of the company; and 2) its ability to service this huge debt, when four of its assets are lying idle and another five are scheduled for renewal of contracts in the coming months.
- Given the discounting of 1.5x its FY2011E earnings and enterprise value EV/ EBIDTA of 4.1x, the stock discounts the concerns and is trading at a steep discount to its global peers. But there is more downside than the upside, if the situation does not improve. However, at the same time, the stock will get substantially re-rated if the company is able to quickly deploy at least some of its idle assets (and secure contracts for assets scheduled for contract renewals) and successfully negotiate for restructuring of debt with financial institutions. Hence, investors with high-risk appetite should only continue to hold on to the stock.■

For further details, please visit the Research section of our website, sharekhan.com



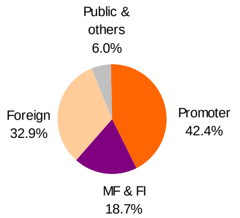
Axis Bank

Emerging Star | Hold; CMP: Rs494 | April 21, 2009

COMPANY DETAILS

Price target:	Rs566
Market cap:	Rs17,735 cr
52 week high/low:	Rs970/279
NSE volume (No of shares):	37.0 lakh
BSE code:	532215
NSE code:	AXISBANK
Sharekhan code:	AXISBANK
Free float (No of shares):	20.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	48.9	20.7	-17.5	-37.7
Relative to Sensex	21.6	-0.1	-23.4	-7.8

The author doesn't hold any investment in any of the companies mentioned in the article.

Price target revised to Rs566

RESULT HIGHLIGHTS

- For Q4FY2009 Axis Bank reported a net profit of Rs581.5 crore, up by 60.9% yoy primarily driven by a healthy top line growth coupled with robust treasury gains and a lower than expected growth in the operating expenses.
- A 56bps y-o-y contraction in the reported NIM to 3.37% restricted the NII growth at 24.6% yoy, despite a strong 36.7% y-o-y advances growth. Importantly, the reported NIM improved by 25bps sequentially as the cost of funds fell sharply on a sequential basis.
- The non-interest income grew by a robust 51.9% yoy to Rs845.5 crore on the back of a three-fold increase in the treasury gains and a healthy 41.9% y-o-y increase in the fee income.
- At Rs739.6 crore the operating expenses for the quarter grew by just 11.7% yoy. The tight leash on the operating expenses led the operating profit to grow by a strong 57.5% yoy to Rs1,138.5 crore.
- On the asset quality front, the GNPAs increased by 14.0% sequentially. The total restructured assets form about 1.74% of the gross customer assets, indicating a rise of 63bps sequentially.
- In Q4FY2009, the advances grew by a strong 36.7% yoy primarily due to a strong growth seen in the agricultural and large and mid corporate advances. Meanwhile, the deposits registered a growth of 33.9% yoy. Surprisingly, the CASA ratio jumped up sharply to 43.0% from 38.0% in Q3FY2009.
- We have revised our estimates upwards for FY2010 by 8.8% and introduced our FY2011 estimates in this note. At the CMP of Rs494, the stock trades at 1.6x 2010E ABV. In light of the persistent asset quality concerns, which could remain an overhang on the stock, we maintain our Hold recommendation on Axis Bank with a revised target price to Rs566. ■

For further details, please visit the Research section of our website, sharekhan.com

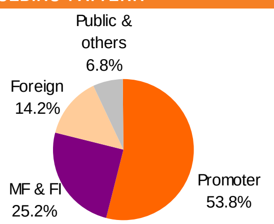
Bank of Baroda

Apple Green | Buy; CMP: Rs308 | April 28, 2009

COMPANY DETAILS

Price target:	Rs360
Market cap:	Rs11,219 cr
52 week high/low:	Rs338/181
NSE volume (No of shares):	9.9 lakh
BSE code:	532134
NSE code:	BANKBARODA
Sharekhan code:	BOB
Free float (No of shares):	16.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	26.7	28.3	38.3	5.1
Relative to Sensex	11.9	1.5	3.2	56.2

The author doesn't hold any investment in any of the companies mentioned in the article.

Price target revised to Rs360

RESULT HIGHLIGHTS

- For Q4FY2009, BoB has reported a bottom line of Rs752.7 crore vs a net profit of Rs276.4 crore in Q4FY2008. This was mainly driven by a strong growth in NII, fee-based income and robust treasury gains.
- The NII for the quarter was up 43.0% yoy primarily driven by a strong 34.9% y-o-y growth in the advances coupled with a 30bs y-o-y improvement in the calculated NIM.
- The non-interest income grew significantly by 53.9% yoy to Rs853.6 crore, mainly driven by a four-fold increase in the treasury gains. Importantly the core fee income registered a strong growth of 39.6% yoy during the quarter.
- The provisions for the quarter shrank by 35.5% yoy to Rs209.7 crore as the bank wrote back Rs34-crore investment depreciation provision coupled with lower loan loss provisions made during the quarter.
- The asset quality of the bank improved as the GNPAs declined by 7.0% yoy and 4.1% qoq to Rs1,842.9 crore, mainly due to higher recoveries from the prudentially written-off accounts. The bank has restructured loans worth Rs2,659 crore and has pending applications of loans for restructuring worth Rs1,600 crore. These together constitute ~3% of the bank's total advances.
- At the end of Q4FY2009, the advances grew by a robust 34.9% yoy, while the deposits rose by 26.5% yoy. Importantly, the CASA ratio dipped to 34.9% during the quarter as compared with 36.1% in Q3FY2009.
- We are revising our FY2010 earnings estimate upwards by 18.9% to factor in a higher growth in credit and fee-based income in the current fiscal. We are also introducing our FY2011 estimates in this note. At the CMP of Rs308, the stock trades at 1.0x FY2010E BV. We maintain our Buy recommendation with a revised price target of Rs360. ■

For further details, please visit the Research section of our website, sharekhan.com

Bank of India

Apple Green

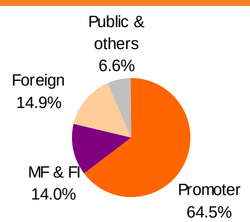
Hold; CMP: Rs235

April 29, 2009

COMPANY DETAILS

Price target:	Rs281
Market cap:	Rs12,349 cr
52 week high/low:	Rs369/178
NSE volume (No of shares):	21.3 lakh
BSE code:	532149
NSE code:	BANKINDIA
Sharekhan code:	BOI
Free float (No of shares):	18.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.7	6.0	23.6	-22.3
Relative to Sensex	-1.6	-10.9	1.0	18.5

The author doesn't hold any investment in any of the companies mentioned in the article.

Business growth moderates, asset quality under stress

RESULT HIGHLIGHTS

- BoI reported a net profit of Rs810.4 crore for Q4FY2009, indicating a growth of 7.0% yoy, on the back of robust treasury gains during the quarter.
- Despite a healthy 26.1% yoy growth in advances, the NII grew by 17.8% yoy to Rs1,433.4 crore as the reported NIM contracted by 26 basis points yoy.
- In Q4FY2009, the non-interest income grew moderately by 20.2% yoy to Rs785.4 crore. The sharp decline in the recoveries and the other income partially mitigated the significant multi-fold increase witnessed in the treasury gains during the quarter.
- The provisions and contingencies increased by 34.2% yoy, as the other provisions almost doubled during the quarter.
- The GNPAs increased by a significant 28.0% yoy and by 11.7% qoq to Rs2,470.9 crore. On a relative basis, the %GNPAs increased by 8bps qoq to 1.71%. The bank restructured loans worth Rs5,048.7 crore in Q4FY2009; these constitute 3.5% of the total outstanding loans of the bank. This clearly reflects the stress on the asset quality of the bank, which could possibly result in higher NPAs in the quarters to come.
- The advances witnessed a healthy growth of 26.1% yoy, while the global deposits grew by 26.5% yoy. Importantly, the CASA ratio continued its downward trend as it declined to 30.5% in Q4FY2009 from 31.4% in the previous quarter.
- At the current market price of Rs235, the stock trades at 3.5x FY2010E earnings per share, 1.9x FY2010E pre-provisioning profit per share and 0.9x FY2010E book value per share. We will revisit our earnings estimates and return with a detailed note soon. We maintain our Hold recommendation on the stock.■

For further details, please visit the Research section of our website, sharekhan.com

BASF India

Ugly Duckling

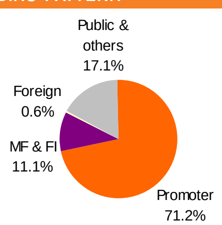
Buy; CMP: Rs220

April 16, 2009

COMPANY DETAILS

Price target:	Rs270
Market cap:	Rs620 cr
52 week high/low:	Rs280/163
NSE volume (No of shares):	3,094
BSE code:	500042
NSE code:	BASF
Sharekhan code:	BASF
Free float (No of shares):	0.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	38.9	5.5	4.5	15.8
Relative to Sensex	7.7	-15.5	-0.2	63.5

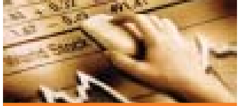
The author doesn't hold any investment in any of the companies mentioned in the article.

Price target revised to Rs270

RESULT HIGHLIGHTS

- The net profit for the quarter stood at Rs5.5 crore, up by 24.3% yoy, inline with our estimate of Rs5.6 crore. However, the net sales grew by a paltry 3.4% yoy to Rs202.2 crore, which is well below our expectation.
- From a segmental perspective, the revenues from the chemical, plastic and performance product segments fell by 24.3%, 18.4% and 2.5% respectively. However, this decline was partially mitigated by a ~65% y-o-y increase in the revenues from the agricultural solution and other segments.
- The operating profit grew by 17.8% yoy to Rs11.5 crore as the OPM improved by 70bps yoy to 5.7% during the quarter.
- During FY2009 BASF SE expressed its intent to acquire BASF India's fully owned subsidiary, BASF Polyurethanes India Ltd (BPIL), subject to certain conditions. This loss-making subsidiary of the company remains a drag on its consolidated performance. We believe the BPIL sale could act as a trigger for the stock and lead to a likely re-rating based on the company's stable stand-alone performance.
- Furthermore, the company has recommended a dividend of Rs7.0 per share for FY2009. This at the current market price translates into a dividend yield of 3.2% and provides a margin of safety to the investor.
- At the CMP of Rs220, the stock trades at 12.8x its FY2009 consolidated EPS of Rs17.2. We would revise our earnings estimates after the release of the annual report of the company and discussion with the management. Meanwhile we expect the company to continue its stable performance and record double-digit earnings growth in the current fiscal. We maintain our Buy recommendation on BASF India with a revised price target of Rs270 per share.■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Bharat Electronics

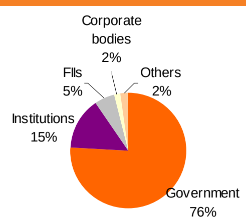
Apple Green	Buy; CMP: Rs931	April 27, 2009

Q4 net revenues up 19%

COMPANY DETAILS

Price target:	Rs1,152
Market cap:	Rs7,446 cr
52 week high/low:	Rs1,371/545
NSE volume (No of shares):	46,900
BSE code:	500049
NSE code:	BEL
Sharekhan code:	BEL
Free float (No of shares):	1.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	12.0	19.4	56.8	-21.3
Relative to Sensex	-6.4	-8.7	20.1	14.7

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Bharat Electronics Ltd's (BEL) Q4FY2009 performance was better than its flash results. The company's adjusted PAT of Rs559.4 crore implied a growth of 15.7% in Q4FY2009 on a y-o-y basis.
- BEL's Q4FY2009 net sales increased by 19.3% yoy to Rs2,735 crore, accounting for 58% of the FY2009 net sales.
- BEL reported an operating profit margin (OPM) of 30.2% in Q4FY2009. The company's operating profit grew by 15.1% to Rs825.1 crore.
- The growth in the adjusted PAT in Q4FY2009 was supported by a higher operating profit and a decline in the effective tax rate.
- BEL's net sales grew 12.5% yoy to Rs4,733.7 crore in FY2009 while its operating profit increased by 6.4% yoy Rs1,157.7 crore. The company reported an OPM of 24.5% in FY2009. The company witnessed a flat growth in its adjusted PAT to Rs815.3 crore in FY2009.
- BEL's order book stood at Rs10,000 crore as on April 01, 2009 (Rs9,500 crore as on April 01, 2008), thus providing revenue visibility for the next two years. However, lack of clarity on order execution schedule could result into lower order execution.
- We maintain FY2010 estimates and are introducing FY2011 estimates with an EPS estimate of Rs121.4. At the current market price, the stock trades at 8.1x FY2010 and 7.7x FY2011 earnings estimates. BEL is a cash rich company with its cash per share estimated at Rs361 for FY2010. On an adjusted earnings (adjusted for cash) basis, the company trades at 4.9x FY2010E and 3.8x FY2011E. We maintain our Buy recommendation on the stock with a price target of Rs1,152. ■

For further details, please visit the Research section of our website, sharekhan.com

Bharat Heavy Electricals

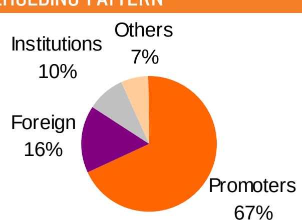
Apple Green	Hold; CMP: Rs1,536	April 02, 2009

Fairly valued, put on Hold

COMPANY DETAILS

Price target:	Rs1,550
Market cap:	Rs75,190 cr
52 week high/low:	Rs2098/981
NSE volume (No of shares):	17.4 lakh
BSE code:	500103
NSE code:	BHEL
Sharekhan code:	BHEL
Free float (No of shares):	15.8 cr

SHAREHOLDING PATTERN



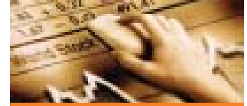
PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.7	5.5	-7.0	-21.5
Relative to Sensex	-6.0	5.4	22.2	22.2

The author doesn't hold any investment in any of the companies mentioned in the article.

- Bharat Heavy Electricals Ltd (BHEL)'s FY2008-09 provisional numbers were in line with our expectations. The company reported a 27.9% year-on-year (y-o-y) growth in its turnover to Rs27,505 crore. The top line growth continued to be robust, as the company maintained strong execution of projects.
- The profit before tax (PBT) was up 2.3% year on year (yoy) to Rs4,530 crore. The profit after tax (PAT) grew by 8.8% to Rs3,039 crore as against our expectation of Rs3,025 crore.
- For Q4FY2009 (derived from the full year numbers), the gross sales were up 32.5% yoy to Rs10,549.9 crore. The net profit for the quarter (Q4) was up 12.4% to Rs1,248.2 crore.
- It reported a total order inflow of Rs59,687 crore (+18.7% yoy) and finished the year with a total order backlog of Rs117,000 crore.
- In this report, we are introducing our FY2011E numbers for BHEL. We expect the company to post revenue at a compounded annual growth rate of 21.4% over FY2009-11E. On the back of improving operating margins, we expect the profits to increase by 29.04% over the same period. For FY2010, we have revised our numbers downwards by 2.2% to Rs85.3 crore. We estimate FY2011E earnings per share (EPS) at Rs103.4.
- At the current market price, the stock trades at 18x and 14.9x FY2010E and FY2011E respectively. While we continue to like BHEL at current valuations, we believe the stock captures the premium for the resilient business of the company. Our fair value works out to Rs1,550 (15x FY2011E). As the current market price is closer to our price target we are downgrading the stock to Hold.■

For further details, please visit the Research section of our website, sharekhan.com



Bharti Airtel

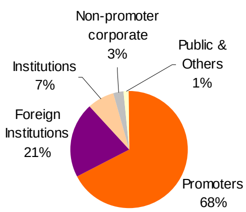
Apple Green	Buy; CMP: Rs749	April 29, 2009

Price target revised to Rs781

COMPANY DETAILS

Price target:	Rs781
Market cap:	Rs142,235 cr
52 week high/low:	Rs941/484
NSE volume (No of shares):	45.3 lakh
BSE code:	532454
NSE code:	BHARTIARTL
Sharekhan code:	BHARTI
Free float (No of shares):	62.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	16.5	11.1	28.3	-21.9
Relative to Sensex	6.4	-6.6	4.8	19.1

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Bharti Airtel's Q4FY2009 performance was marginally below our expectations.
- The consolidated revenues grew by 2% qoq to Rs9,824.5 crore in Q4FY2009.
- The OPM contracted marginally by 22 basis points qoq to 40.7% in Q4FY2009. The operating profit of the company stood at Rs4,001.4 crore in Q4FY2009, up 1.4% qoq.
- The net income increased 3.7% sequentially due decline in the effective income tax rate in Q4FY2009.
- The consolidated revenues increased by 36.8% yoy to Rs36,961.5 crore in FY2009. The operating profit increased by 33.4% yoy to Rs15,167.8 crore. The OPM declined by 104 bps yoy to 41% in FY2009. The company's net income grew by 26.4% yoy to Rs8,469.9 crore.
- In terms of operational metrics for the mobile business, the average revenue per user (ARPU) dropped by 5.9% qoq to Rs305 in Q4FY2009. The total minutes of usage grew by 5.7% qoq to 13,064 crore minutes. The revenue per minute declined to Rs0.63 as compared with Rs0.64 per minute in Q3FY2009. Consequently, the spread per minute also declined by 2% to Rs0.20. In the non-mobile business, the ARPU declined by 2.5% qoq to Rs1,071 in the broadband and telephone business.
- The company's subscriber base stood at 93.92 million with a market share of 24% in Q4FY2009 compared to 24.7% in Q3FY2009.
- We have marginally lowered our FY2010 EPS to Rs52 per share, as we have lowered our APRU assumption. We are introducing FY2011 estimate and expect an EPS of Rs58.5 for FY2011. At the current market price, the stock is trading at 14.4x its FY2010E earnings and 8x its EV/EBITDA. We maintain Buy recommendation on the stock with revised price target to Rs781.■

For further details, please visit the Research section of our website, sharekhan.com

Cadila Healthcare

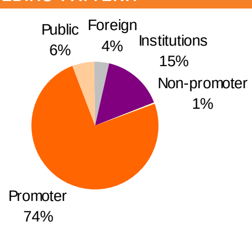
Emerging Star	Buy; CMP: Rs307	April 29, 2009

Price target revised to Rs383

COMPANY DETAILS

Price target:	Rs383
Market cap:	Rs4,189 cr
52 week high/low:	Rs347/222
NSE volume (No of shares):	11,901
BSE code:	532321
NSE code:	CADILAHC
Sharekhan code:	CADILAHEAL
Free float (No of shares):	3.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

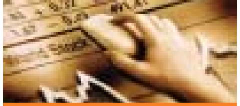
(%)	1m	3m	6m	12m
Absolute	19.9	27.5	27.2	22.6
Relative to Sensex	9.5	7.2	3.9	87.0

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Cadila's performance in Q4FY2009 and in FY2009 exceeded our expectations. However, the profit figures are not strictly comparable due to the adoption of the new AS-11 guidelines. The total operating income grew by 28.8% to Rs723.4 crore and the reported net profit rose by 11.7% to Rs58.0 crore in Q4FY2009. In FY2009, the total operating income grew by 26.0% to Rs2,927.5 crore and the reported net profit rose by 17.7% to Rs303.1 crore.
- The revenue growth in Q4FY2009 was largely driven by the Nycomed JV (up by 65.3%) and the US market (up by 68%). On the other hand, both the domestic formulation and the French business delivered a disappointing performance during the quarter.
- Cadila's reported OPM improved by 70 bps to 20.6%, causing the operating profit to grow by 33.5% to Rs149.2 crore in Q4FY2009. In FY2009, Cadila's OPM increased by 100 bps to 20.7%, resulting in an operating profit of Rs605.8 crore.
- Due to the adoption of the new AS-11 norms the company realised a total of Rs22.7 crore in forex losses in FY2009. Thus, Cadila recorded a gain of Rs12.7 crore in the Q4FY2009 results.
- Cadila's reported net profit grew by 11.7% to Rs58 crore in Q4FY2009. The net profit growth was restricted due to the four-fold increase in the interest cost to Rs44 crore and an extraordinary item of Rs22.3 crore. However, adjusting for the extraordinary items and the forex impact due to the change in the accounting policy, the adjusted net profit stood at Rs69.6 crore.
- At the current market price of Rs307, the stock is available at valuations of 11.3x FY2010E and 9.6x FY2011E earnings. We maintain Buy on Cadila with a revised price target of Rs383.■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Corporation Bank

Apple Green

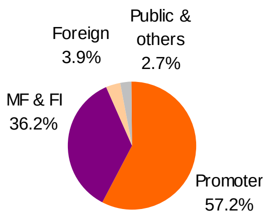
Buy; CMP: Rs227 | **April 24, 2009**

Price target revised to Rs288

COMPANY DETAILS

Price target:	Rs288
Market cap:	Rs3,252 cr
52 week high/low:	Rs358/155
NSE volume (No of shares):	1.1 lakh
BSE code:	532179
NSE code:	CORPBANK
Sharekhan code:	CORPBANK
Free float (No of shares):	6.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	31.5	31.6	0.4	-28.8
Relative to Sensex	11.3	2.4	-12.1	5.3

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- For Q4FY2009, Corporation Bank logged a net profit of Rs260.5 crore, up by 26.5% year on year (yoy), primarily driven by robust treasury gains during the quarter.
- Despite a healthy 23.8% yoy growth in the advances, the NII grew by just 14.6% yoy. The NII growth was restricted by a 28bps yoy contraction in the calculated NIM. The non-interest income more than doubled to Rs493.3 crore on account of a multi-fold increase in the treasury gains.
- During the quarter, the provisioning expenses more than doubled to Rs210.8 crore on account of higher investment depreciation provisions, which amounted to Rs153.8 crore for the quarter.
- The %GNPA came in at 1.14% vs 1.24% in Q3FY2009, while the %NNPA stood at 0.29% vs 0.33% in Q3FY2009. Importantly, the provision coverage increased sequentially to 75.8% and is one of the best among its peers. The bank restructured loans worth Rs1,043.4 crore during Q4FY2009 and has pending applications for loans worth Rs1,280.3 crore. These together constitute 4.8% of the bank's total loan book.
- The advances grew by 23.8% yoy, while the deposits grew by 33.5% yoy. Importantly, the CASA ratio of the bank improved to 31.4%, up from 25.2% during the previous quarter.
- We are fine-tuning our FY2010 earnings estimate to factor in higher delinquencies and lower loan growth. We are also introducing our FY2011 estimates in this note. At the current market price of Rs223, the stock trades at 3.6x FY2010E earnings per share (EPS), 1.8x FY2010E pre-provisioning profit (PPP) per share and 0.6x FY2010E book value (BV) per share. We maintain our Buy recommendation on the stock with a revised price target of Rs288.■

For further details, please visit the Research section of our website, sharekhan.com

ESAB India

Vulture's Pick

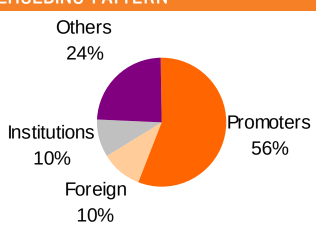
Buy; CMP: Rs302 | **April 23, 2009**

Price target revised to Rs356

COMPANY DETAILS

Price target:	Rs356
Market cap:	Rs465 cr
52 week high/low:	Rs504/195
NSE volume (No of shares):	2,591
BSE code:	500133
NSE code:	ESABINDIA
Sharekhan code:	ESAB
Free float (No of shares):	0.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

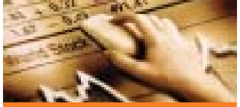
(%)	1m	3m	6m	12m
Absolute	21.9	28.0	-11.4	-27.9
Relative to Sensex	1.0	4.2	-16.9	10.4

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- ESAB India's Q1CY2009 performance was in line with our expectations on revenues side, however the profit growth was ahead of our expectation due to better-than-expected operating margins. The company reported a 4.3% growth in income from operations to Rs105.9 crore while the net profits of the company came in at Rs16.3 crore (up 6% year on year [yoy]) as against our estimates of Rs14.6 crore.
- The company's wearplate manufacturing capacity is expected to come on-stream during H1CY2009. Further, the company is looking to enhance the capacity of its Nagpur facility to 20,000 tonne per annum. The company is expanding its capacity at Taratala plant for gas equipment (for markets outside India) and Khardah plant (manufacturing electrodes and wires).
- We have increased our CY2009 estimates by 2.3% taking into account the Q1CY2009 performance and after interacting with the management at the recently held annual general meeting. We are also incorporating CY2010 estimates for ESAB India at Rs50.9 per share. We estimate ESAB India to report a CAGR of 11.7% in revenues over CY2008-10E.
- In near term, the demand for ESAB India' products has stabilised and the management expects it to remain so for the next three-four months. Further, with depreciating rupee, the threat of cheaper exports is on decline. We believe, ESAB India should be able to record a 10.9% growth in its top line in the year ahead. However, in medium to longer term, the demand would depend on the revival in infrastructure spending in the country.
- We remain positive on ESAB India and expect it to report a CAGR profit growth of 13.2% over CY2008-10E. At the current market price the stock is trading at 5.9x CY2010E EPS, which we believe is attractive given the company's strong (debt free) balance sheet and leadership position in the market. The stock provides a dividend yield of 5.1%. We maintain Buy on the stock with a price target of Rs356 (7x CY2010E EPS).■

For further details, please visit the Research section of our website, sharekhan.com



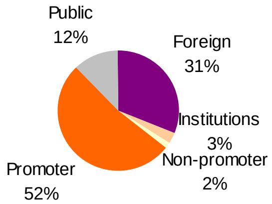
Glenmark Pharmaceuticals

Apple Green | Buy; CMP: Rs156 | April 01, 2009

COMPANY DETAILS

Price target:	Rs270
Market cap:	Rs3,916 cr
52 week high/low:	Rs730/119
NSE volume (No of shares):	11.6 lakh
BSE code:	532296
NSE code:	GLENMARK
Sharekhan code:	GLENMARK
Free float (No of shares):	12 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	8.4	-47.0	-67.9	-67.9
Relative to Sensex	-0.7	-47.4	-57.6	-49.0

The author doesn't hold any investment in any of the companies mentioned in the article.

Upgraded to Buy

- In the light of continued uncertainty in economic environment and in currency and financial markets, Glenmark has changed its near-to-medium term strategy to focus more on consolidation than pursuing aggressive growth and expansion. The strategy would involve lower capex, staying away from acquisitions, overall cost optimisation and working capital management.
- The market is ascribing zero value to Glenmark's R&D pipeline, which we believe, remains strong and holds great future potential. Glenmark continues to actively scout for partners for its key molecules. Due to the uncertainty clouding the conclusion of the deals, we have removed any outlicencing income from our consolidated estimates. Favorable data on any of these molecules is likely to fetch upsides in the form of milestone payments/outlicensing income and significantly enhance the value of the pipeline.
- We have lowered our FY2010 revenue and profit estimates for Glenmark in order to account for the near-term challenges faced by the company. Our revised EPS for FY2010 stands at Rs17.5, whereas our FY2009 estimates are unchanged.
- In our view, the management's stance of holding onto its guidance despite multiple signals to the contrary, the recent policy of not providing any guidance, and low visibility on outlicensing deals have been more than priced into the stock. At the current market price of Rs156, the stock trades at 9.9x FY2009 earnings and at 8.9x FY2010 earnings. We upgrade our recommendation on the stock to 'Buy' with a price target of Rs270 (12x FY2010 core earnings for base business plus Rs60 per share for the R&D pipeline).■

For further details, please visit the Research section of our website, sharekhan.com

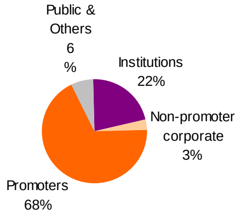
HCL Technologies

Apple Green | Hold; CMP: Rs128 | April 23, 2009

COMPANY DETAILS

Price target:	Rs149
Market cap:	Rs8,737 cr
52 week high/low:	Rs325/89
NSE volume (No of shares):	13.2 lakh
BSE code:	532281
NSE code:	HCLTECH
Sharekhan code:	HCLTECH
Free float (No of shares):	10.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	20.0	13.9	-21.6	-50.0
Relative to Sensex	-0.6	-7.3	-26.5	-23.4

The author doesn't hold any investment in any of the companies mentioned in the article.

Price target revised to Rs149

RESULT HIGHLIGHTS

- HCL Tech revenues grew by 15.9% qoq to Rs2,861.5 crore in Q3FY2009 due to Axon acquisition (contributed US$93 mn during the quarter v/s US$17.8 mn in Q2)
- The EBITDA margin contracted 48 basis points to 21.3% due to the Axon acquisition(138 basis points) partially offset by higher efficiency gains(210 basis points).
- The net income fell by 41.6% sequentially to Rs218.1 crore, significantly lower than our expectation of Rs317 crore, due to higher forex losses (Rs201.6 crore for Q3FY2009 vs Rs120.2 crore for Q2FY2009).
- HCL Tech's hedge position stood at USD1.3 billion in Q3FY2009 v/s USD1.8 billion in Q2FY2009. The unrecognised forex losses sitting increased further to USD225 million in Q3FY2009 from USD207 million in Q2FY2009.
- We have fine-tuned our earnings estimates to Rs16 per share for FY2010 & Rs14.2 per share for FY2010 to reflect the cautious demand environment and the higher than expected forex losses partially offset by the revision in the exchange rate assumption.
- Going forward, we expect HCL Tech's earnings to decline at a higher rate compared with its peers in FY2010. However, the stock is currently trading at an attractive valuation on the EV/EBITDA multiple. It is trading at 4.2x FY2009 EV/EBITDA and 3.4x FY2010 EV/EBITDA multiples. Furthermore, we highlight that HCL Tech is the only company that has bagged large deals in the current challenging environment. Hence, we maintain our Hold recommendation on the stock with a revised price target of Rs149.■

For further details, please visit the Research section of our website, sharekhan.com

HDFC BANK

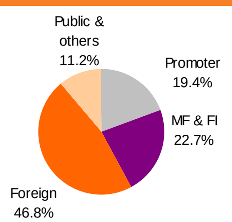
Evergreen	Buy; CMP: Rs1,110	April 24, 2009

Price target revised to Rs1,200

COMPANY DETAILS

Price target:	Rs1,200
Market cap:	Rs47,218 cr
52 week high/low:	Rs1,575/774
NSE volume (No of shares):	18.7 lakh
BSE code:	500180
NSE code:	HDFCBANK
Sharekhan code:	HDFCBANK
Free float (No of shares):	34.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	23.4	25.2	1.7	-24.0
Relative to Sensex	4.5	-2.5	-11.0	12.4

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- In Q4FY2009, HDFC Bank earned a net profit of Rs630.9 crore, up by 33.9% yoy, mainly driven by a higher than expected treasury gain and relatively lower operating expenses.
- Despite a robust 29.0% y-o-y increase in its average assets, the NII for the quarter stood at Rs1,852.0 crore, up 12.8% yoy. The 20bps y-o-y contraction in the reported NIM restricted the overall NII growth.
- The non-interest income more than doubled to Rs1,114.7 crore on account of a multi-fold increase in the treasury income to Rs243.6 crore vs Rs11.4 crore in Q4FY2008. Importantly, the core fee income grew by a strong 45.8% yoy.
- The operating expenses grew by 26.6% yoy but were lower by 4.4% sequentially led by a 13.4% q-o-q decline in the employee expenses. The provisions increased by 41.3% yoy to Rs657.4 crore; of this around Rs600 crore worth of provisions pertained to NPA provisions.
- The asset quality deterioration for HDFC Bank was under control as the GNPAs registered an increase of 4.0% sequentially. HDFC Bank restructured assets worth Rs120 crore during FY2009 and has assets worth Rs305 crore under consideration for restructuring. The total assets restructured constitute a meagre 0.1% of the total loans.
- During Q4FY2009, the net advances of the bank grew by a strong 55.9% yoy to Rs98,883 crore, while the deposits grew by 41.7% yoy to Rs142,812. Importantly, the CASA ratio improved by of over 480bps sequentially 44.4%.
- We are fine tuning our FY2010 earning estimates and are introducing our FY2011 estimates in this note. HDFC Bank has delivered a consistent performance over the past several years and we recommend the stock to those who prefer stable growth with moderate returns. At the CMP of Rs1,110, HDFC Bank trades at 2.8x 2010E P/ABV. We maintain our Buy recommendation on the stock with a revised price target of Rs1,200.■

For further details, please visit the Research section of our website, sharekhan.com

HOUSING DEVELOPMENT FINANCE CORPORATION

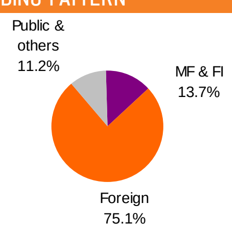
Evergreen	Hold; CMP: Rs1,793	April 17, 2009

Put on Hold

COMPANY DETAILS

Price target:	Rs1,818
Market cap:	Rs51,003 cr
52 week high/low:	Rs2950/1116
NSE volume (No of shares):	19.1 lakh
BSE code:	500010
NSE code:	HDFC
Sharekhan code:	HDFC
Free float (No of shares):	28.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	26.0	12.1	-2.8	-25.6
Relative to Sensex	2.9	-4.7	-6.3	8.9

The author doesn't hold any investment in any of the companies mentioned in the article.

Head winds have only increased for HDFC in recent months. Even as demand for housing loans was slowing down and there was a downward trend in disbursals, competition (read public sector banks) announced a special rate (8% for the first year) to stimulate the demand for housing. Recently, HDFC's rivals extended the period for the special rate offer to September 2009, thereby further weakening HDFC's ability to gain market share. In context of the near-term fundamental challenges and the recent rally in the company's stock, further upside in the near term from the current levels is unlikely. Consequently, we are revising our Buy recommendation on HDFC to Hold with a revised price target of Rs1,818.

- Bullish on the long-term potential: While the near-term outlook is definitely a concern, we remain bullish about the long-term potential of HDFC. Our bullish stance on the stock is on account of low mortgage penetration in the country and HDFC's Ability to maintain healthy margins and asset quality.
- Valuations have turned rich: After the recent rally in the benchmark indices, especially the financial stocks, the HDFC stock is trading at 3.9x FY2009E and 3.4x FY2010E book value per share. In context of the fundamental weakness in the near term, the current valuations of HDFC have turned rich. Consequently, we are revising our recommendation to Hold from Buy with a revised price target of Rs1,818.■

For further details, please visit the Research section of our website, sharekhan.com

ICICI Bank

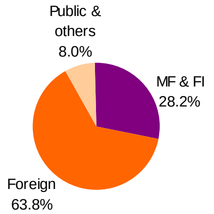
Apple Green	Buy; CMP: Rs468	April 27, 2009

Price target revised to Rs552

COMPANY DETAILS

Price target:	Rs552
Market cap:	Rs52,095 cr
52 week high/low:	Rs961/253
NSE volume (No of shares):	136.6 lakh
BSE code:	532174
NSE code:	ICICIBANK
Sharekhan code:	ICICIBANK
Free float (No of shares):	111.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	22.1	19.3	40.7	-49.7
Relative to Sensex	2.1	-8.7	7.8	-26.8

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- ICICI Bank reported a net profit of Rs744 crore, down by 35.3% yoy. The reported PAT was well above our as well as street's expectations, primarily driven by a higher than expected NII growth, healthy treasury gains and containment of operating costs.
- Despite a 3.2% y-o-y contraction in advances, the NII grew by 2.9% yoy and 7.5% qoq as the reported NIM expanded by 20bps yoy as well as sequentially to 2.6%.
- The non-interest income fell by 29.1% yoy to Rs1,674 crore due to significant weakness witnessed in the corporate fee income and third party distribution income. However, this was partially offset by a healthy 30.5% y-o-y increase in the treasury income.
- The operating expenses declined by 22.9% yoy and by 4.4% sequentially. The tight leash on the operating costs helped contain the decline in the operating profit at 5.9% yoy.
- The bank saw a 7.4% sequential increase in its GNPAs to Rs9,649.3 crore. During the quarter the bank restructured loans worth Rs1,115 crore and has Rs2,000 crore worth applications pending for restructuring. The total amount of assets restructured and to be restructured constitutes 1.42% of the bank's total outstanding advances.
- Its advances dipped by 3.2% yoy while the deposits contracted more sharply by 10.7% yoy during the quarter. Importantly, the CASA ratio improved to 28.7% from 27.4% in the previous quarter.
- We have revised our earnings estimate for FY2010 downwards by 10.7% to factor in the higher delinquencies and provisioning expenses. We are also introducing our FY2011 estimates in this note. At the CMP of Rs468, ICICI Bank trades at 1.0x its FY2010E standalone BV. We maintain our Buy recommendation on the stock with a revised price target of Rs552.■

For further details, please visit the Research section of our website, sharekhan.com

Infosys Technologies

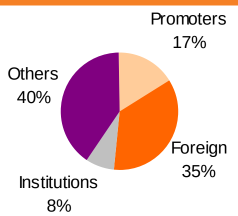
Evergreen	Hold; CMP: Rs1,371	April 15, 2009

Downgraded to Hold

COMPANY DETAILS

Price target:	Rs1,418
Market cap:	Rs78,421 cr
52 week high/low:	Rs2017/1040
NSE volume (No of shares):	18.5 lakh
BSE code:	500209
NSE code:	INFOSYSTCH
Sharekhan code:	INFOSYS
Free float (No of shares):	47.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

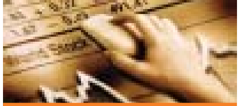
(%)	1m	3m	6m	12m
Absolute	8.7	14.8	7.7	1.3
Relative to Sensex	-13.3	-5.2	10.7	44.1

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Infosys top line declined by 2.6% sequentially to Rs5,635 crore in Q4FY2009. In US Dollar terms, the revenues declined by 4.3% due to a 2% decline in pricing and a 1.4% drop in volumes.
- The OPM declined by 150 basis points sequentially to 33.6% due to lower revenue productivity (150 bps), higher G&A expenses (60 bps) partially offset by a favourable currency impact (50 bps).
- The adjusted net income grew by 1.2% sequentially to Rs1,598 crore, which is above our expectation of Rs1,565 crore on account of lower forex losses (Rs15 crore in Q4FY2009 v/s Rs218 crore in Q3FY2009).
- In terms of guidance for FY2010, the revenues in the dollar terms are expected to decline by 3.1-6.7%. The revenues in the rupee terms are guided to grow by 1.7-5.7%, which is largely in line with the street expectation. However, the FY2010 earnings guided to decline by 3.3-7.6% to Rs96.5-Rs101.2 per share, is below the street expectation of Rs101-103 per share.
- We have revised FY 2010 earning estimates downward by 5.3% to Rs98.7 per share to incorporate challenging enviorment (a flattish volume growth and a close to 6.5% price cut) partially offset by revision in the exchange rate assumption to Rs50.5 for FY2010.
- Though Infosys is relatively better equipped vis-à-vis its peers to weather the tough environment on account of its relatively premium pricing, operating leverage and better management quality, we believe the stock has appreciated close to 20% year to date (YTD) and provides a limited upside from the current level in our view. Hence, we downgrade the stock to Hold with revised price target of Rs1,418.■

For further details, please visit the Research section of our website, sharekhan.com



Jaipraksh Associates

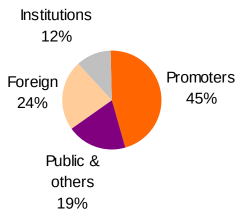
Ugly Duckling | Hold; CMP: Rs130 | April 28, 2009

Price target revised to Rs145

COMPANY DETAILS

Price target:	Rs145
Market cap:	Rs15,389 cr
52 week high/low:	Rs297/47
NSE volume (No of shares):	2 cr
BSE code:	532532
NSE code:	JPASSOCIAT
Sharekhan code:	JPASSO
Free float (No of shares):	64.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	45.4	102.0	145.2	-46.6
Relative to Sensex	28.5	59.8	83.0	-20.7

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- JAL's Q4FY2009 performance was ahead of our and street's expectations on account of an extremely strong performance of its construction business.
- The revenues grew by 62.9% year on year (yoy) to Rs2,085 crore during Q4FY2009 as the revenues from the construction business zoomed by 145.1% to Rs1,164 crore.
- The OPM improved by 267 bps to 33.8% due to a better margin in the construction business (30% in Q4FY2009 vs 25.7% in Q4FY2008) largely due to one time item associated with claim of Rs100 crore for the Baghilar power project in Jammu and Kashmir.
- The net income rose by 83.1% yoy to Rs385 crore due to the impressive performance of the construction division and a higher other income due to a dividend income of Rs42.9 crore from Jaiprakash Power Venture.
- The management has hinted at a very aggressive growth guidance for the next year. In a media interaction, the management set a target to double the top line to Rs11,000 crore At the bottom line front, the company is looking at maintaining the FY2009 bottom line growth rate. In our view, the company's target appears optimistic in the current environment.
- We have revised our earnings estimates to Rs9.1 per share in order to reflect the strong performance of the construction division. Though the results are encouraging and the growth guidance is quite aggressive, we believe that high leverage and a possible equity dilution could continue to act as a drag on the valuations. We continue to value JAL using the sum-of-the-parts (SOTP) method and revise our price target to Rs145. We maintain our Hold recommendation on the stock.

For further details, please visit the Research section of our website, sharekhan.com

KSB Pumps

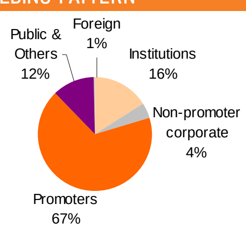
Vulture's Pick | Hold; CMP: Rs240 | April 21, 2009

Tough time ahead

COMPANY DETAILS

Price target:	Rs348
Market cap:	Rs418 cr
52 week high/low:	Rs362/175
NSE volume (No of shares):	1,636
BSE code:	500249
NSE code:	KSBPUMPS
Sharekhan code:	KSBPUMPS
Free float (No of shares):	0.58 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.7	17.9	10.6	-26.0
Relative to Sensex	-12.1	-2.3	2.7	9.6

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- KSB Pumps' Q1CY2009 net sales grew by a marginal 1.6% to Rs134.2 crore during the quarter. Led by the growth in the pump business, the overall OPM grew by 70 basis points to 16.8%. On the back of higher interest and depreciation costs due to heavy capex, the PAT for Q1CY2009 grew by 5% to Rs13.5 crore,
- The outlook for the company is pretty challenging in view of slowing order inflows and deferment and cancellation of orders. The performance in the first quarter is not expected to be repeated for the remainder of the year, both in terms of top line as well as margins.
- On account of price cuts, slowing order inflows and intensified competition, we are reducing our CY2009E estimates by 6.1% to Rs34.9 and expect a marginal earnings growth of 0.5% in CY2010.
- At the current market price, the stock is trading at 6.9x its CY2010E earnings. The valuations are close to historic lows even on the downgraded estimates, which would limit the downside risk from the current levels. However, the upside is also likely to be capped in near to medium term on account of tough environment and likely pressure on its financial performance. Consequently, we believe the stock continues to be an attractive opportunity for long-term and patient investors, and hence we are shifting the stock from Emerging Star cluster to Vulture's Pick. We maintain our Hold recommendation on the stock with an 18-month price target of Rs348.

For further details, please visit the Research section of our website, sharekhan.com

Larsen & Toubro

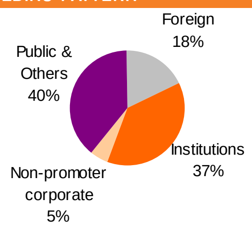
Evergreen | Hold; CMP: Rs824 | April 13, 2009

Loses the race for Satyam

COMPANY DETAILS

Price target:	Under review
Market cap:	Rs48,232 cr
52 week high/low:	Rs1,631/557
NSE volume (No of shares):	31.9 lakh
BSE code:	500510
NSE code:	LT
Sharekhan code:	L&T
Free float (No of shares):	50.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	48.1	15.5	-13.9	-36.5
Relative to Sensex	11.9	0.4	-10.0	-8.5

The author doesn't hold any investment in any of the companies mentioned in the article.

- Larsen & Toubro (L&T) has lost the bid for the troubled software company, Satyam Computer Services (Satyam). Though the company is likely to suffer a portfolio loss, many issues that were likely to have cropped up with the acquisition of Satyam have now been avoided. In the absence of any clarity on the liability side of Satyam and the non-availability of its true financials, it was extremely difficult to value the proposed acquisition. Moreover, following the disclosure of fraud by its erstwhile promoters Satyam has lost a number of its clients which is likely to be a concern going forward.
- Order inflow picked up strongly towards the end of the fourth quarter for L&T. L&T reported inflows of Rs39,104 crore in first nine months, leading to expectations of an implied order inflow of Rs15,521 crore (as per the 30% order inflow guidance for the full year) during Q4FY2009. As against this, the company already announced order wins to the tune of Rs9,580 crore during the quarter. Though the actual inflows are likely to be higher, the company is likely to miss its full year's order inflow guidance on account of delays in order disbursal from the hydrocarbon segment.
- For the fourth quarter, we expect the company to report a top line growth of 22.3%, while the adjusted profit to grow by 7.8%.
- At the current market price, the stock is trading at 12.7x its FY2010E consolidated earnings. We maintain our Hold rating on the stock with the price target under review.■

For further details, please visit the Research section of our website, sharekhan.com

Marico

Apple Green | Buy; CMP: Rs67 | April 22, 2009

Price target revised to Rs80

COMPANY DETAILS

Price target:	Rs80
Market cap:	Rs4086 cr
52 week high/low:	Rs72/46
NSE volume (No of shares):	2.1 lakh
BSE code:	531642
NSE code:	MARICO
Sharekhan code:	MARICO
Free float (No of shares):	22.2 cr

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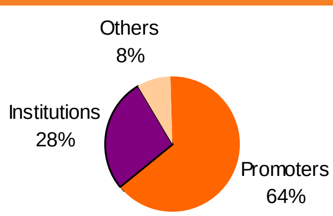


PRICE PERFORMANCE

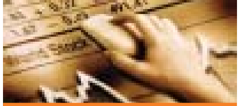
(%)	1m	3m	6m	12m
Absolute	10.1	12.7	25.3	-7.8
Relative to Sensex	-9.5	-9.3	22.6	39.7

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- For Q4FY2009 Marico's net sales grew by a robust 20.5%yoy to Rs561.2 crore. We believe a strong growth in the top line is attributable to a steady volume growth and price hikes implemented by the company across product portfolio over the last 12 months.
- The OPM improved by 328 basis points yoy to 13.1% in Q4FY2009, driven by a sharp decline of 19.4% yoy in the advertisement and sales promotion expenditure. A higher-than-expected other income and almost no tax led to a strong 83.8%yoy increase in the adjusted net profit to Rs59.4 crore in Q4FY2009
- For large FMCG companies such as HUL and ITC, volume growth is a key concern. However, Marico's volumes are on a strong pedestal and with an anticipated better volume growth in Marico's flagship brands such *Parachute* and *Saffola*, we expect the company to post a near double-digit volume growth in FY2010.
- We have revised upwards our earnings estimate for FY2010 by 7.7% mainly on account of a higher-than-expected decline in the raw material cost.
- We expect Marico to gain significantly from the decline in the key raw material prices such as copra and kardi oil prices in FY2010. Thus, we expect Marico's bottom line to grow at a CAGR of 15.3% over the period FY2009-11. At the current market price, the stock trades at 17.0x its FY2010E earnings of Rs4.0 and 15.1x its FY2011E earnings of Rs4.4. We maintain our Buy recommendation on the stock with a revised price target of Rs80 (20x FY2010E earnings, which is at 20% discount to our one-year forward target multiple of 25x for HUL).■

For further details, please visit the Research section of our website, sharekhan.com



Maruti Suzuki India

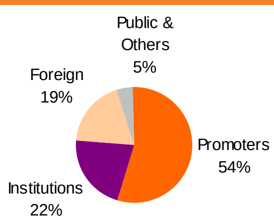
Apple Green | **Reduce; CMP: Rs808** | **April 27, 2009**

Downgraded to Reduce

COMPANY DETAILS

Price target:	Rs743
Market cap:	Rs23,337 cr
52 week high/low:	Rs873/428
NSE volume (No of shares):	12.1 lakh
BSE code:	532500
NSE code:	MARUTI
Sharekhan code:	MARUTIUD
Free float (No of shares):	13.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	9.4	55.9	49.2	8.3
Relative to Sensex	-8.5	19.2	14.3	57.7

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Maruti Suzuki India Q4FY2009 results were slightly below expectations. The total revenues for the quarter grew by a strong 32.4% yoy to Rs6, 334.4 crore, mainly driven by a robust volume growth of 17% and a realization growth of 13.2%.
- The Company incurred a forward contract loss due to exchange rate variation to the tune of Rs121 crore during the current quarter. Adjusting for the same, the OPM stood at 7.5%. The adjusted operating profit declined by 10.5% to Rs471.8 crore.
- The lower other income led to an 18.3% decline in the reported net profit to Rs243.1 crore. The adjusted profit at Rs324.2 crore compared with the profit of Rs423.4 crore post-adjustment for the impact of the change in the depreciation policy, the compensation to dealers and the provision for the forex loss, declined by 23.4% yoy.
- At the current market price, the stock is quoting at 14.6x its FY2010E earnings and 13.0x its FY2011E earnings. Though we think that the company is better placed than its peers to take advantage of any kind of revival in the passenger car industry, we find the stock expensive on valuations front (historically traded at a mean of 14.2x one-year forward earnings). We are rolling over our price target to FY2011E earnings arriving at a price target of Rs743, which is lower than the current market price. Consequently, we advise investors to book partial profit and downgrade our rating on the stock from Hold to Reduce.

For further details, please visit the Research section of our website, sharekhan.com

Piramal Healthcare

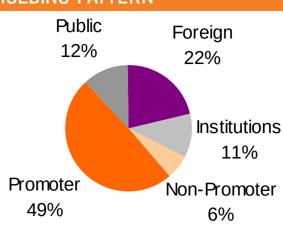
Apple Green | **Buy; CMP: Rs216** | **April 24, 2009**

Price target revised to Rs320

COMPANY DETAILS

Price target:	Rs320
Market cap:	Rs4,504 cr
52 week high/low:	Rs388/163
NSE volume (No of shares):	5.0 lakh
BSE code:	500302
NSE code:	PIRHEALTH
Sharekhan code:	NICHPI
Free float (No of shares):	10.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

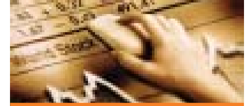
(%)	1m	3m	6m	12m
Absolute	9.6	-3.3	3.4	-36.3
Relative to Sensex	-7.2	-24.7	-9.5	-5.8

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- Piramal's performance was ahead of our estimates. The top line grew by 9.3% yoy to Rs850.9 crore in Q4FY2009 and by 14.4% to Rs3,281.1 crore in FY2009. The pre-exceptional profit de-grew by 7.7% to Rs145.9 crore in Q4FY2009 and by 1.9% to Rs360.9 crore in FY2009. However, the profit figures are not strictly comparable due to adoption of new AS-11 guidelines and write-back of NCE-related R&D spend in Q4FY2008.
- The growth was driven by an impressive performance in the branded formulation business (up by 24.2% in FY2009). On the other hand, Piramal's CMG business dipped by 2% in Q4FY2009 and grew by a subdued 6.0% in FY2009, as the challenging economic environment caused global pharmaceutical companies to continue with their inventory rationalisation efforts.
- The reported OPM contracted by 320 bps to 23.0% in Q4FY2009 and by 120 bps to 17.7% in FY2009, causing the reported operating profit to drop by 4.0% to Rs195.3 crore in Q4FY2009 and grow by 7.3% to Rs581.4 crore in FY2009.
- The company incurred exceptional charges of Rs31.0 crore in Q4FY2009 and of Rs44.6 crore in FY2009. Due to this, the reported net profit declined by 13.5% to Rs114.9 crore in Q4FY2009 and by 5.3% to Rs316.3 crore in FY2009. If the new AS-11 norms had not been implemented, the reported adjusted profit would have stood at ~Rs91.0 crore in Q4FY2009, ahead of our estimate of Rs76.9 crore.
- At the current market price of Rs216, Piramal is discounting its FY2010E earnings by 9.4x and its FY2011E earnings by 8.1x. We maintain our Buy recommendation with a revised price target of Rs320.

For further details, please visit the Research section of our website, sharekhan.com



Reliance Industries

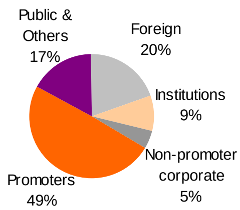
Evergreen	Hold; CMP: Rs1,785	April 24, 2009

Price target revised to Rs1,891

COMPANY DETAILS

Price target:	Rs1,891
Market cap:	Rs280,852 cr
52 week high/low:	R2706/930
NSE volume (No of shares):	62 Lakh
BSE code:	500325
NSE code:	RELIANCE
Sharekhan code:	RIL
Free float (No of shares):	74.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	22.6	52.5	44.8	-31.2
Relative to Sensex	3.8	18.7	26.8	1.7

The author doesn't hold any investment in any of the companies mentioned in the article.

- Reliance Industries Ltd (RIL)'s Q4FY2009 performance was above our and street's expectations. However, the gross refining margin (GRM) at USD9.9 per barrel was disappointing and below our and street's expectations.
- In Q4FY2009, RIL's adjusted net income declined by 1% year on year to Rs3,874 crore, which was above our estimate. The lower than expected fall in the adjusted net income was due to a rise in the other income and a decline in the company's effective tax rate.
- We have lowered our GRM assumption to USD10 per barrel for FY2010 and FY2011. Furthermore, we have also increased our income tax rate assumption for FY2010 to 18.3% as RIL has surrendered export oriented unit status of its old Jamnagar refinery. We have also revised our US Dollar (USD)/Indian Rupee (INR) exchange rate assumption to Rs49 for FY2010 and to Rs48 for FY2011. As a result, we have increased our FY2010 earnings per share (EPS) estimate to Rs129.5 and our FY2011 EPS estimate to Rs161.
- We believe that the refining and petrochemical businesses will remain under pressure due to the expected fall in the demand for the petroleum and petrochemical products. Moreover, new capacity additions in both the businesses is expected to keep refining and petrochem margins under check in the near to medium term.
- We expect the ramp-up of the gas production from the KG D-6 basin and the stabilisation of the Reliance Petroleum Ltd refinery to driver the growth of the RIL in FY2010 and FY2011. However, lower than expected refining and petrochemical margins remains key risk to our estimates and valuations. At the current market price, the stock trades at a P/E ratio of 13.8x FY2010E consolidated EV/EBIDTA of 8.6x FY2010E. Although we have increased our price target by 4% to Rs1,891 per share, yet we maintain our Hold recommendation on the stock.■

For further details, please visit the Research section of our website, sharekhan.com

SEAMEC

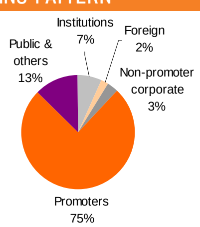
Ugly Duckling	Buy; CMP: Rs81	April 22, 2009

Outstanding performance

COMPANY DETAILS

Price target:	Rs197
Market cap:	Rs273 cr
52 week high/low:	Rs181/30
NSE volume (No of shares):	56,492
BSE code:	526807
NSE code:	SEAMECLTD
Sharekhan code:	SEAMECLTD
Free float (No of shares):	0.85 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

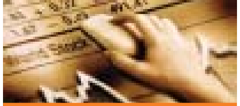
(%)	1m	3m	6m	12m
Absolute	53.1	87.6	67.4	-52.5
Relative to Sensex	25.9	51.0	63.7	-28.0

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- The Q1CY2009 results of SEAMEC were much ahead of our estimates on account of a strong top line growth and further improvement in margins. For the quarter, the adjusted profits grew from Rs4.8 crore to Rs62 crore in the current quarter.
- Currently, the contracts for all the vessels are in place and all its vessels would be operational for the first half of the fiscal. Going forward, in the wake of lowering global E&P capex, the deployment of assets would also be a challenge. We have already built in the likely softening in the rates into our estimates for CY2009 and CY2010.
- We are fine-tuning our CY2009E sales estimate due to a stronger dollar, but are raising our profit estimate by 18.2% on account of strong improvement in the margins. We are also introducing our CY2010E earnings estimate in this note. In view of the tough outlook on the industry and softening rates, we are building in a profit decline of 21% year on year (yoy) in CY2010.
- On the valuation front, the stock's trading at 2.4x CY2009E earnings and 3.1x CY2010E earnings. The valuation is particularly attractive given the company's strong return ratios and debt-free status. Moreover, at the end of CY2008, the company had cash on books to the tune of Rs63.5 crore, which works out to Rs18.7 per share. We maintain our Buy recommendation on the stock with a price target of Rs197.■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

SHREE CEMENT

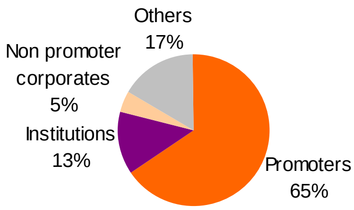
CANNONBALL | BUY; CMP: RS776 | APRIL 29, 2009

Price target revised to Rs850

COMPANY DETAILS

Price target:	Rs850
Market cap:	Rs2,703 cr
52 week high/low:	Rs1,145/330
NSE volume (No of shares):	12,010
BSE code:	500387
NSE code:	SHREECEM
Sharekhan code:	SHREECEM
Free float (No of shares):	1.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	18.2	57.3	102.5	-22.0
Relative to Sensex	7.9	32.2	65.4	19.0

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- The revenues for the quarter grew by 21.7% yoy to Rs806.2 crore. The revenue growth was driven by a 17.4% increase in the volume and an additional income of Rs44.3 crore from the sale of power. The blended realisation declined by 2% yoy but improved by Rs113 per tonne quarter on quarter (qoq) to Rs3,163 due to price hike announced by the company from mid-February 2009.
- The operating profit margin (OPM) expanded by 271 basis points yoy to 41%, largely driven by a steep decline in the raw material cost and better profitability of the power division. The raw material cost contracted by 31.8% to Rs299 per tonne yoy.
- Drop in the tax rate to 10.3% during the quarter as against 27.8% in the same quarter of the last year further fuelled the bottom line growth of the company. The profit after tax (PAT) increased by a whopping 473.7% yoy and 90.1% qoq to Rs235.6 crore.
- We have revised our earnings estimate for FY2010 upwards by 16% to factor in a higher-than-expected volume growth and much higher sales of surplus power capacity. At the current market price of Rs776, the stock trades at 8x its FY2010 earnings estimate an enterprise value (EV)/EBIDTA of 3x FY2010 and EV/tonne of just $47 on FY2010. We maintain our Buy recommendation on the stock with a revised price target Rs850 (valued at EV/tonne of $52 which is at 48% discount to the replacement cost of $100).

For further details, please visit the Research section of our website, sharekhan.com

TATA CONSULTANCY SERVICES

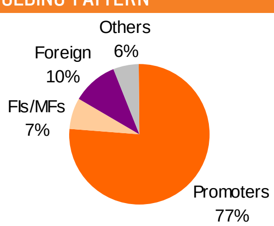
EVERGREEN | HOLD; CMP: RS552 | APRIL 21, 2009

Price target revised to Rs571

COMPANY DETAILS

Price target:	Rs571
Market cap:	Rs54,041 cr
52 week high/low:	Rs1,054/418
NSE volume (No of shares):	3.6 lakh
BSE code:	532540
NSE code:	TCS
Sharekhan code:	TCSCONS
Free float (No of shares):	23.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	10.1	13.8	15.6	-42.7
Relative to Sensex	-10.1	-5.8	7.4	-15.2

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- In Q4FY2009, TCS consolidated top line declined by 1.4% qoq to Rs7,171.8 crore. In dollar terms, the revenues dropped by 3.4% to USD1,433 million due to a decline in volumes (2.65%), a dip in pricing (1.97%) and a higher proportion of offshore revenues (2.4%) partially offset by CGSL acquisition (contributed USD71 million or 4.4% growth.
- The EBIT margin dropped by 106 bps to 23.7% due to higher SG&A expenses (159 bps) and a drop in productivity (44 basis points) offset by a higher proportion of offshore revenues (67 bps).
- The net income in Q4FY2009 dipped by 2.8% to Rs1,314.4 crore, slightly below our expectation of Rs1,327 crore. TCS reported a forex loss of Rs192 crore for Q4FY2009 v/sRs251 crore suffered in Q3FY2009.
- On the hedging front, its hedges position aggregating to USD120 million (at an average exchange rate of Rs41) are expected to mature in the next quarter. The unrecognised forex losses sitting on the balance sheet declined marginally to Rs715 crore in the fourth quarter compared with Rs738 crore seen in the previous quarter.
- We have revised our FY 2010 earning estimates downward by 5.2% to Rs53.1 per share in order to incorporate cautious demand environment partially offset by revision in exchange rate.
- Going forward, we expect TCS to continue its underperformance with relation to Infosys due to its relatively higher exposure to BFSI vertical and the huge pile of unrecognised forex losses on its balance sheet. We maintain our Hold recommendation on the stock with a revised price target of Rs571.

For further details, please visit the Research section of our website, sharekhan.com

UltraTech Cement

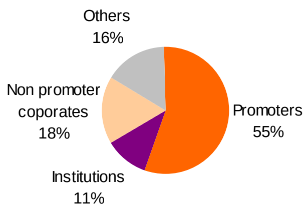
Ugly Duckling | **Hold; CMP: Rs570** | **April 22, 2009**

Robust volume growth

COMPANY DETAILS

Price target:	Rs615
Market cap:	Rs7,096 cr
52 week high/low:	Rs843/250
NSE volume (No of shares):	1.1 lakh
BSE code:	532538
NSE code:	ULTRACEMCO
Sharekhan code:	ULTRACEM
Free float (No of shares):	5.6 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	20.0	45.4	55.0	-25.8
Relative to Sensex	-1.3	17.0	51.5	12.5

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- UltraTech Cement (UltraTech) reported a revenue growth of 16.2% year on year (yoy) to Rs1,860.1 crore for Q4FY2009. The revenue growth was driven by a 12.9% increase in the volume (cement plus clinker) to 5.4MMT and an increase in the blended realisation by 2.9% yoy to Rs3,419 per tonne.
- The operating profit margin (OPM) declined by 191 basis points to 28.7% largely due to the other expenditure, which increased by 29.6% to Rs298.4 crore. Sequentially, the OPM improved by 224 basis points on the back of a decrease in the power and fuel cost (down by 35.4% to Rs745 per tonne).
- For the full year, the revenue grew by 15.9% to Rs6,383.1 crore. However, the net profit declined by 3% to Rs977 crore due to pressure on the margins. At the end of March 2009, the installed capacity of the company stood at 21.9MMT and is slated to grow to 23.1MMT by the end of Q1FY2010.
- We have upgraded our earnings estimate for FY2010 by 14.2% to factor in the recent price hikes, continued buoyancy in volume offtake and the significant easing of cost pressures (especially coal prices). Consequently, we are upgrading our price target to Rs615 (enterprise value [EV]/tonne of $75 on expanded capacities). However, we maintain our Hold recommendation on the stock since it has run up sharply in the past couple of months and our expectations of a potential upgrade in the FY2010 earnings estimate by the street has largely played out. At the current market price of Rs570 the stock trades at a price/earnings ratio of 7.6x, an EV/EBITDA of 4.5x FY2010 earnings estimate and EV/tonne of $70 on expanded capacities of 23.1 million tonne for FY2010.

For further details, please visit the Research section of our website, sharekhan.com

Zee News

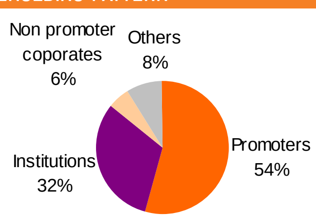
Emerging Star | **Buy; CMP: Rs38** | **April 23, 2009**

Upgraded to Buy

COMPANY DETAILS

Price target:	Rs55
Market cap:	Rs911 cr
52 week high/low:	Rs67/25
NSE volume (No of shares):	3.1 lakh
BSE code:	532794
NSE code:	ZEENEWS
Sharekhan code:	ZEENEWS
Free float (No of shares):	11.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	23.1	10.2	19.1	-36.4
Relative to Sensex	2.0	-10.3	11.7	-2.7

The author doesn't hold any investment in any of the companies mentioned in the article.

RESULT HIGHLIGHTS

- The Q4FY2009 revenues and operating profit of Zee News is in line with our expectations. However, due to a higher than expected interest cost, the net profit is below our estimate of Rs11.3 crore.
- The net operating revenues for the quarter increased by 22.4% yoy with the existing channel portfolio delivering a 4.2% y-o-y growth in revenues on a relatively higher base. The new channel portfolio continued its stupendous performance with the revenues growing by 169.5%.
- The operating profit margin (OPM) declined from 23.7% to 15% yoy primarily due to an increase in the new business loss from Rs10.1 crore to Rs16.9 crore yoy mainly on account of launch of *Zee Tamil* in October 2008. The OPM decline is in line with our estimates, thus the operating profit dropped by 22.6% yoy to Rs20.7 crore for the quarter.
- Despite a higher other income, a Rs8.9 crore interest charge led to a higher than expected decline of 42.6% in the net profit.
- We expect Zee News to outperform peers in the media sector on revenue and profit growth, as we expect it to register a strong CAGR of 20.4% and 26.5% in the revenues and net profit respectively over FY2009-11. We upgrade our call on the stock to Buy and maintain our price target of Rs55. At the current market price of Rs38.2 the stock trades at 16.8x and 12.8x its FY2010 and FY2011 expected earnings per share (EPS) of Rs2.3 and Rs3 respectively.

For further details, please visit the Research section of our website, sharekhan.com

SHAREKHAN SPECIAL APRIL 20, 2009

Monthly economy review

Economy: All eyes on RBI monetary policy review

- RBI will announce its annual policy review on April 21, 2009. The policy review is staged against the backdrop of near-zero inflation (in terms of the WPI) but near double-digit increase in the CPI and slowing economic growth. Besides, the credit growth has witnessed a sharp deceleration while the banking system is awash with liquidity. In view of this, we expect the RBI to announce a token cut of 25 basis points each in the repo and reverse repo rates in keeping with its stress on a low interest rate regime. The central bank is expected to keep the CRR and the SLR unchanged. However, we feel the business growth target for the banking system and the outlook for the economy to be given by the RBI for the current fiscal will remain a key monitorbale.
- India's trade deficit stood at USD4.91 billion in February 2009 compared with USD6.07 billion in the previous month. The trade deficit for February 2009 declined (for the second consecutive month in FY2009) by 26.9% yoy and by 19.2% on a m-o-m basis. With this, the YTD trade deficit has widened to USD104.98 billion from USD74.89 billion in the comparable period of FY2008.
- In February 2009, industrial production growth once again entered the negative zone as it declined by 1.2% yoy. The fall in the industrial output was led by a y-o-y decline of 1.4% and 1.6% in the output of the manufacturing and mining segments respectively. On a YTD basis, the IIP growth for the period April 2008-February 2009 stood at 2.8% and was significantly weaker compared with the 8.8% growth achieved during the comparable period of the previous year. Importantly, the IIP figure for January 2009 has been revised upwards to indicate an increase of 0.4% yoy against a drop of 0.5% (provisional) earlier. While there has been some improvement in automobile sales, cement dispatches and steel production during March 2009 (indicating better industrial activity), the high base effect is likely to play a spoilsport.
- Inflation continued its southward journey and stood at 0.18% for the week ended April 04, 2009 after touching a record high of 12.91% in August 2008. However, on a w-o-w basis, the inflation rate inched up by 0.4% on the back of higher food and fuel prices. The inflation rate is at near zero levels and we believe it is likely to enter the negative territory in the coming few weeks as the high base effect comes into play. Furthermore, the IMD expects the monsoon rainfall to be near normal to normal this year (96% of the long-period average). We believe a near normal to normal monsoon would help in bringing down the food inflation, which is currently at elevated levels.
- Globally, the real economies showed some early signs of revival. However, data only suggests that the pace of deterioration in global economies has slowed down and in no way does it indicate a reversal in the economic cycle. Clearly, the effects of the unprecedented measures announced by various governments are yet to be seen (read more under "Global round-up").

Banking: Credit growth decelerates further

- The non-food credit growth (as on March 27, 2009) decelerated further to 17.5% yoy vs the 18.5% y-o-y growth seen a month ago. This is significantly lower than the RBI's revised credit growth target of 24.0% for FY2009. Besides the slowing economic growth, heightened risk aversion and lower disbursements by the private and foreign banks affected the overall credit growth. The deposit growth too decelerated to 20.0% yoy as against the 21.0% y-o-y growth registered in the previous month.
- The deployment rate (ie the credit-deposit [CD] ratio) inched up marginally to 71.1% vs 70.1% in the previous month. Similarly, the incremental CD ratio too increased marginally to 63.7% after falling sharply to 63.2% in the previous month.
- The money supply (M3) growth rate moderated to 18.6% as on March 27, 2009 compared with 19.6% on February 27, 2009. Though the current M3 growth rate is well below the high of 22.5% seen in May 2008, the same is above the RBI's target of 17.0% for FY2009.
- Yields on government securities (G-Secs) cooled off a bit in April 2009. After touching a high of 7% in March 2009, the ten-year G-Sec yield stood at 6.65% as on April 15, 2009. We expect the movement in the bond market to remain volatile on the back of the recent government-borrowing plan.

Equity markets: Volumes head northwards

- Since March 2009, the markets have rallied sharply as a result of which the benchmark index (BSE Sensex) has seen an increase of 9.2% during the month, followed by another 16.2% increase during the MTD period in April 2009 (April 01-15, 2009). Consequently, during the MTD period, the average daily volumes in the F&O segment were higher by ~12% as compared with the levels seen in the previous month. Meanwhile, the average daily volumes in the cash segment spiked by 57.6% compared with that in the previous month. For April 2009, the MTD fund flows indicate the FIIs have remained net buyers while the local MFs have remained net sellers.
- After registering a sequential increase in the total AUMs for the MFindustry in the past three months, the total AUMs dipped by 1.5% mom in March 2009. On a y-o-y basis, the total AUMs for the MF industry fell for the sixth consecutive month by recording a 7.2% dip in March 2009 to reach Rs493,985 crore.

Insurance: The downfall continues

- In February 2009, the APE for the life insurance industry declined by 23.7% yoy and by 14.4% mom. The APE for the private players continued its declining trend for the fourth consecutive month as it dropped by 27.1% yoy. The APE for LIC fell by 18.5% yoy. This decline primarily stemmed from the high base effect of the previous year and the slowdown in demand for the unit-linked insurance plans.
- In the non-life insurance business, the gross premium underwritten for the industry registered a paltry growth of 2.2% yoy in February 2009; it was significantly lower compared with a 6.0% y-o-y growth seen in the previous month. The growth in the gross premium underwritten of the public sector players was much lower at 1.7% yoy vs the 2.5% y-o-y growth seen in January 2009. Meanwhile, the gross premium underwritten for the private sector players increased by 2.9% yoy in February 2009.

Outlook

Since our last issue (Sharekhan Monthly Economy Review dated March 18, 2009), the BSE Bankex has appreciated by ~35%, significantly outperforming the Sensex (which has gained ~25% in the same period). The outperformance of the BSE Bankex reflects the improvement in investor sentiments, globally and domestically, after the appearance of some signs of recovery (these signs are far from being a conclusive as yet). Following the recent rally, we believe that from the current levels further upside is limited and the risk-reward ratio unfavourable. We maintain that the near-term outlook will remain clouded until clearer signs of economic revival emerge. Despite the near-term weakness, we remain optimistic about the Indian banks from the long-term perspective.

For further details, please visit the Research section of our website, sharekhan.com

The author doesn't hold any investment in any of the companies mentioned in the article.

Sharekhan's top equity fund picks

In the past few weeks the market has rallied hard. The rally has taken the benchmark index, Sensex, well past the 10k mark once again—an upsurge of about 3,000 points from the low of around 8,100 levels in early March this year. Since January 2008, the market has given a strong rally at least four times, going up by more than 20% in each instance. But each time it has failed to sustain at the higher levels. Will it be different this time around?

The current rally has a global footprint and is driven clearly by global events. The optimism stems from the signs that the world economy is stabilising after months of a freefall. In the USA, the ISM Manufacturing Index has reported an uptick (35.8 for February 2009, up from 35.6 in the previous month), new home sales rose 4.7% in February 2009 and inventory levels at factories have fallen significantly. The rate of contraction in European manufacturing and services industries is easing out. A recent report shows that UK house prices surprisingly advanced for the first time since October 2007. The two largest Asian economies, China and India, have also witnessed improvement in economic activity in the past couple of months.

But mind you, the data only suggests that the pace of deterioration in global economies has slowed down and in no way does it indicate a reversal in the economic cycle. The unemployment rate continues to surge in developed countries. In the USA, it stood at 8.5% in March this year, the highest in the past 25 years, and consumer confidence plummeted to 27.5 in February this year (sharply down from 42.5 in the previous month). Similar is the case in Europe, with the unemployment rate jumping to 8.5% as per the recent data. What's more, the unemployment rate is estimated to cross 10% in the coming months. That will not only affect consumer confidence but also limit the much-needed consumer spending required to revive the global economy.

Nor is it clear how much impact will the recent $1-trillion rescue package of the Obama administration have on the financial system. The package is aimed at buying toxic assets and recapitalising banks. Though it is a sizeable sum, there are apprehensions about its success, given the fact that the US residential mortgage and commercial mortgage outstandings stood at $11 trillion and $3.5 trillion respectively in December 2008. The good part is that the failure or success of the current plan will become clear only after a lag of a couple of months and the markets can remain hopeful in the intermediate period.

Apart from this, the leaders of the world's big economies gathered for the recent G20 summit in London did their bid to boost sentiments by announcing an additional $1.1-trillion programme of support to restore credit, growth and jobs in global markets. This would be done through trebling resources with International Monetary Fund to $750 billion and allocating $250 billion each in special drawing rights and to support global trade finance. These measures would certainly provide the much-needed lifeline to the struggling East European economies and the other developing nations that are saddled with huge short-term debt. However, the package does not address the key issues like the huge toxic assets in the banking system and the sliding housing sector in the developed economies.

Having said this, the current rally clearly has more energy than the past few seen since January 2008 as well as the potential to surprise on the upside. However, it is equally clear that the markets are unlikely to sustain at levels significantly higher than the range of 8,000-11,000 seen in the past five months. Though the recent global actions have boosted sentiments, the mess in the global financial system and real economy is far from over.

Domestically, the general elections and muted Q4FY2009 results would continue to act as a drag on the markets. It is increasingly becoming obvious that neither of the two national parties, Bhartiya Janata Party and Congress Party, will be able to muscle a clear majority or even a narrow coalition in this election. What is very worrying is that the chances of the Third Front coming to power have increased and a government with the Left parties as its constituent members will be detrimental to the market for the anti-reform stance of the Left brigade.

We have identified the best equity-oriented schemes available in the market today based on the following three parameters: the past performance as indicated by the one and two year returns, the Sharpe ratio and Fama (net selectivity).

The past performance is measured by the one- and -two year returns generated by the scheme. Sharpe indicates risk-adjusted returns, giving the returns earned in excess of the risk-free rate for each unit of the risk taken. The Sharpe ratio is also indicative of the consistency of the returns as it takes into account the volatility in the returns as measured by the standard deviation.

FAMA measures the returns generated through selectivity, ie the returns generated because of the fund manager's ability to pick the right stocks. A higher value of net selectivity is always preferred as it reflects the stock picking ability of the fund manager.

We have selected the top 10 schemes upon ranking on each of the above four parameters and then calculated the mean value of each of the four parameters for the top 10 schemes. Thereafter, we have calculated the percentage underperformance or over performance of each scheme (relative performance) in each of the four parameters vis a vis their respective mean values.

For our final selection of schemes, we have generated a total score for each scheme giving 30% weightage each to the relative performance as indicated by the one and two year returns, 30% weightage to the relative performance as indicated by the Sharpe ratio and the remaining 10% to the relative performance as indicated by the FAMA of the scheme.

All the returns stated on next page, for less than one year are absolute and for more than one year, the returns are annualised.

AGGRESSIVE FUNDS

MID-CAP CATEGORY				
Scheme Name	**NAV**	**Returns as on Mar 31, 09 (%)**		
		3 Months	**1 Year**	**2 Years**
HDFC Capital Builder Fund	46.60	-3.04	-38.65	-12.06
IDFC Premier Equity Fund	12.88	-1.20	-35.73	-0.60
Reliance Growth	207.11	-4.33	-37.94	-10.64
Indices				
BSE Sensex	9708.50	0.63	-37.94	-13.79

OPPORTUNITIES CATEGORY				
Scheme Name	**NAV**	**Returns as on Mar 31, 09 (%)**		
		3 Months	**1 Year**	**2 Years**
DWS Investment Opp	20.20	-1.94	-38.49	-4.04
Fidelity Equity	16.28	1.33	-32.57	-11.01
IDFC Imperial Equity	10.90	2.43	-25.52	-2.22
Kotak Opportunities	22.38	-4.44	-40.66	-10.48
UTI Opportunities	12.79	5.01	-27.62	-1.60
Indices				
BSE Sensex	9708.50	0.63	-37.94	-13.79

EQUITY DIVERSIFIED/CONSERVATIVE FUNDS				
Scheme Name	NAV	Returns as on Mar 31, 09 (%)		
		3 Months	1 Year	2 Years
DSP BlackRock Top 100	52.12	1.31	-26.41	-2.83
DWS Alpha Equity	44.26	0.09	-32.48	-4.28
HDFC Top 200	92.55	-0.27	-29.64	-5.88
HSBC Equity	60.17	0.79	-31.92	-5.82
Indices				
BSE Sensex	9708.50	0.63	-37.94	-13.79

THEMATIC/EMERGING TREND FUNDS				
Scheme Name	NAV	Returns as on Mar 31, 09 (%)		
		3 Months	1 Year	2 Years
Birla Sun Life Dividend Yield Plus	35.88	-1.83	-22.42	-5.20
ICICI Prudential Infra	17.48	1.27	-35.07	-0.48
SBI Magnum COMMA	12.76	5.89	-38.21	-5.75
UTI Contra	7.73	-1.78	-25.31	-7.61
UTI Dividend Yield	15.14	2.02	-22.36	-1.54
Indices				
BSE Sensex	9708.50	0.63	-37.94	-13.79

BALANCED FUNDS				
Scheme Name	NAV	Returns as on Mar 31, 09 (%)		
		3 Months	1 Year	2 Years
Birla Sun Life Balance	26.71	1.44	-12.02	-1.14
DSP BlackRock Balanced	36.02	-0.23	-22.70	-1.53
Reliance RSF - Balanced	10.76	-2.29	-20.54	-1.70
Indices				
Crisil Balanced Fund Index	2230.55	2.04	-21.53	-3.15

TAX PLANNING FUNDS				
Scheme Name	NAV	Returns as on Mar 31, 09 (%)		
		3 Months	1 Year	2 Years
DSP BlackRock Tax Saver	7.87	-3.28	-37.71	-9.44
Fidelity Tax Advantage	9.91	1.36	-32.02	-9.70
Franklin India Taxshield	97.71	-1.91	-33.02	-9.82
Sundaram BNP Paribas Taxsaver	22.65	-7.87	-32.03	-6.94
Indices				
BSE Sensex	9708.50	0.63	-37.94	-13.79

Every individual has a different investment requirement, which depends on his financial goals and risk-taking capacities. We at Sharekhan first understand the individual's investment objectives and risk-taking capacity, and then recommend a suitable portfolio. So, we suggest that you get in touch with our Mutual Fund Advisor before investing in the best funds.

The author doesn't hold any investment in any of the companies mentioned in the article.

Hero Honda Motors

Viewpoint | CMP: Rs1,082 | April 22, 2009

Higher volumes lead to strong top line growth in Q4

Result highlights

- The Q4FY2009 results of Hero Honda Motors (Hero Honda) are slightly ahead of street expectations. The company has reported a strong top line of Rs3,422.5 crore, implying a growth of 22.2% year on year (yoy). The growth was mainly driven by a 13% increase in volumes and better realisation during the quarter.
- The operating profit for the quarter stood at Rs549 crore, indicating a surge of 30% yoy. A change in the product mix towards higher profitable bikes led to a growth in the realisation and an improvement in the margins. During the quarter, the cooling of raw material prices showed some positive signs due to which raw material consumption as a percentage of sales declined from 70.4% in Q4FY2008 to 69% in Q4FY2009. This decline in the raw material prices aided the company to post an operating profit margin (OPM) of 16% for Q4FY2009 as against 15.1% in Q4FY2008.
- The commencement of the Haridwar plant during the year led to a lower tax outgo of 26.4% as against 30.5% in Q4FY2008. Consequently, the reported profit after tax (PAT) for the quarter grew by 34.6% to Rs402.17 crore as compared with Rs298.7 crore in Q4FY2008.
- Hero Honda's penetration into rural markets has been the likely reason for its outstanding performance. For FY2009, the company has reported a top line of Rs12,356.9 crore, indicating a surge of 19.2% yoy. This topline growth has been backed by a robust volume growth of 11.5%to 3,722,000 units. Hero Honda has reported a 32.4% year-on-year (y-o-y) growth in its PAT to Rs1,281.8 crore as against Rs967.9 crore in Q4FY2008.
- We feel that its penetration into the rural markets, an improvement in the availability of finance and the benefits of the Sixth Pay Commission's recommendations have also led to an increase in the overall volumes. Looking forward, the volumes need to be maintained while a change in the product mix towards the high-end bikes will lead to a better realisation. Comparing its valuations with its arch rival Bajaj Auto, we find that currently Hero Honda is trading at a premium of 45.5% over Bajaj Auto on its one year forward price earnings multiple, much higher than the usual levels of about 20%, making it a bit expensive at current levels. At the current market price, the stock trades at 14.4x its FY2010E consensus earnings and EV/EBITDA of 7.8x.

For further details, please visit the Research section of our website, sharekhan.com

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TRADER'S TECHNIQUES

SENSEX: Head over heals

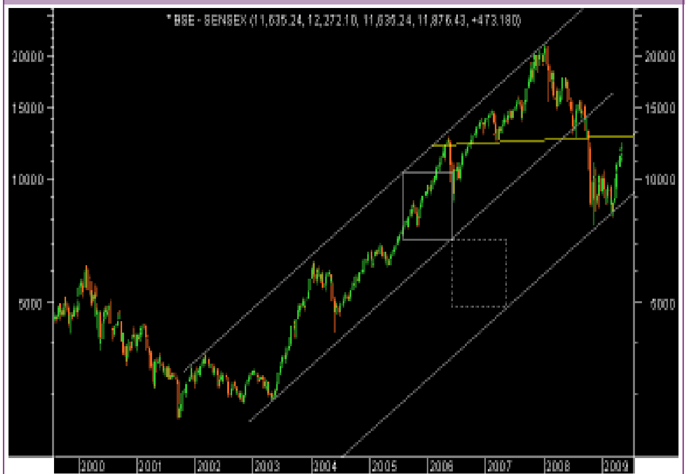
March and April have seen the Sensex laugh all the way to 12000, in what can be best described a mad rush. The index retraced 35% of the entire fall from 21000 levels, and in doing so it has gone up by a whopping 50% in two months flat. What this throws up is a couple of interesting observations along with a fresh debate about the emergence of an all-together new bull market. We believe that the new bull market theory will, sooner or later, turn out to be true over the next few months, but in the mean time a correction is long overdue, as we are in the ninth consecutive week of gains.

The index has been facing stiff resistance as it pulls back to head and shoulders pattern's neckline (shown in yellow) at around 12600 levels. The monthly charts also suggest key reversal levels at 12515, and a breach of those levels would mean one more small victory for bulls; even though the markets are not out of the woods yet. The daily indicators both momentum and the breadth remain over-stretched and trigger sell readings. The wave structure also looks complete on the index and the key heavyweights are hinting at a meaningful correction at least, if not the retest of lows.

The initial targets are pegged at 10700 levels, which is 38% retracement for this run-up. Any further weakness will see the index test 9500-10000 support range. It is critical that the index holds 9500 levels, as it would suggest that the current up-move is a part of something new and that the worst is over for the Indian markets.

On the contrary, if the index pulls back above the bearish head and shoulders pattern's neckline(shown in yellow), alternate wave counts would kick in and the Sensex would open up further upside till 14000-14500. We however stick to the first scenario with 70% probability.

SENSEX

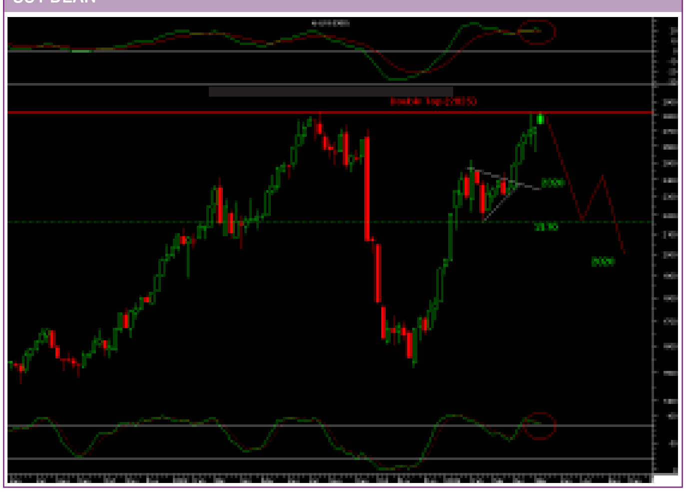


TRIANGLE

SOY BEAN: Potential double top reversal

NCDEX soy bean is in the process of forming a potential "double top" reversal pattern after a "V" shaped recovery in prices, retracing the entire fall from July 2008 to November 2008. Soy bean has tested the 2825 mark in the recent rally and reacted downwards on the daily charts. The previous month was the seventh consecutive monthly gain for soy bean and the prices are looking stretched on various indicators. The momentum oscillator KST is showing signs of negative divergence on the daily and weekly charts, and has also triggered a sell crossover of the moving average. The stochastic oscillator too has signaled a sell crossover on the weekly charts, suggesting a sell-off in the prices is round the corner. As a seasonal pattern from June-July onwards prices do witness a dip and since the prices have run up so sharply and the weight of evidence is tilting towards a bearish scenario, traders can go short at the current levels with a reversal above Rs3,000, targeting Rs2,320 and Rs2,020 in the current quarter.

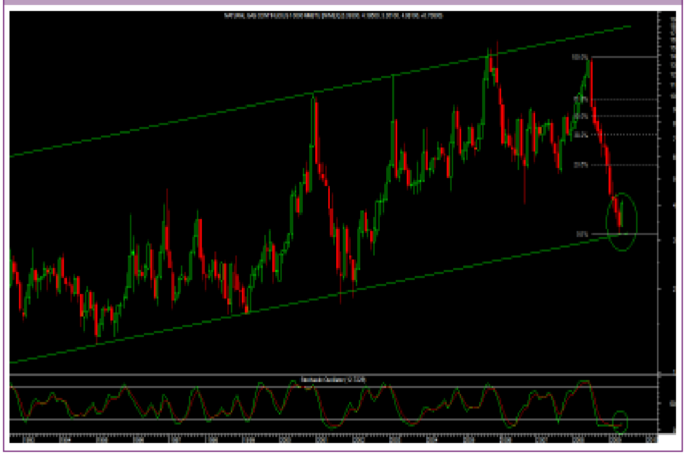
SOY BEAN



NATURAL GAS: Fired up

Natural gas (at NYMEX) has been falling for the consecutive 10 months with its value eroding more than 75% from its monthly swing high of $13.69. The fall continued till the gas got support at the crucial trend line. However after that, we have witnessed a sharp and sustained reversal. As a result natural gas gained nearly 33% from its swing low of $3.16. This is for the first time in the last 10-month period that natural gas has beached the previous month's upper price range and traded above that. Since this corrective move started, this is for the first time that the monthly momentum oscillator (stochastic) has given a positive crossover and has turned upward. On the monthly chart, it has so far been forming an engulfing bullish candlestick pattern, which usually signals a reversal. Cumulatively all this indicates that this pull back will continue till natural gas completes a minimum retracement of 23.6% of the overall fall from $13.69 to $3.16. And if this happens, it could test $5.70 on upside in the coming months. On the downside $3.55 will act as a strong support.

NATURAL GAS



DERIVATIVE VIEW

The April series continued the strong upside momentum carried from the previous month and ended with a gain of around 12.7% as compared with the previous expiry. Real estate, banking, information technology and services as well as the Reliance pack were the main contributors to the upswing. The May series started on a pretty heavy note with 17,677 crore open interest in stock futures and 12,700 crore open interest in Nifty futures. The implied volatility remained near the upper side of the band of the last few months, which indicates that the market should remain volatile. The implied volatility should remain high till May 16, 2009 on account of the Lok Sabha election and come down to around 40-42% once the event is over.

The most active strike price in the May series is 3400-3200 on the put side and 3800 on the call side. These can act as good support level and resistance level respectively.

Top five stock futures with the highest open interest in the current series are:

STOCK FUTURES	OPEN INTEREST (RS CRS)
RELIANCE	1283.5
INFOSYS TCH	941.7
ICICI BANK	911.8
DLF	559.4
BHARTI ARTL	523.1

Top five stock options with highest open interest in the current series are listed below.

STOCK OPTIONS	OPEN INTEREST (RS CRS)
RELIANCE	455.3
ICICI BANK	313.6
INFOSYS TCH	256.4
SBIN	210.7
TATA STEEL	197.0

Strategy for the Month

View: The market is likely move in a broad range of 3350-3850 with huge volatility and opening gap risk is also significantly higher. So please do not initiate aggressive leveraged position in either direction and avoid taking positional trades till the market stabilises and election results are declared. The sectors to watch out for in this month for intraday trading are metals and the Reliance pack.■

COMMODITIES CORNER

Copper: To rise further before sharp correction

Refined copper price has surged by around 75% in about four months time, from $2,817 on December 24, 2008 (its nearly five-year low) to $4,925 (its cycle high) on April 14, 2009.

The price rise has been led by following factors.

Stimulus packages announced by leading economies: Stimulus packages announced by governments of China, the US and the European Union (EU) have seems to have checked the pace of slowdown of the global economy.

Scrap tightness in China: Scotia Capital Inc. noted that China's supplies of copper scrap dropped by 80,000 metric tonne a month from an average of 139,000 tonne over 2007 and 2008 on falling imports, lower domestic output and reduced smuggling.

Stocking by China's SRB: China's State Reserve Bureau (SRB) stocked the metal to take advantage of nearly five-year low prices. It is estimated that SRB has bought around 300,000 tonne copper so far. This created supply tightness in China's spot markets, which in turn resulted in an arbitrage opportunity between Shanghai Futures Exchange (SHFE) and London Metal Exchange (LME) prices,thus LME prices moved up to catch up with SHFE prices.

Re-stocking doesn't indicate real demand.

Rallying equities: Global equities have bounced back sharply in the last six weeks on the US treasury's plan to remove toxic assets from banks' balance sheets, changes in accounting rules, the US Federal Reserve's quantitative easing, and a rebound in some of the US economic indicators like housing, ISM manufacturing and consumer confidence.

Falling LME stockpiles: Copper stockpiles increased to 5.5 lakh tonne on February 25, 2009 from 2.38 lakh tonne on November 03, 2008. However due to re-stocking by China amid a slight pick-up in China's physical demand, LME stockpiles started shrinking fast.

Presently, LME copper inventory level is just under 4 lakh tonne. Cancelled tonnage stands at 20%, which means that LME stockpiles could come down by another 80,000 tonne in the coming weeks.

Copper is likely to correct sharply once this counter-trend rally is over.

The bearish factors are -

China unlikely to chase higher prices: While it made sense China re-stocking copper below $4,000 levels, the present level of $4,700 is not attractive for re-stocking.

US economy: The state of the US economy is still a concern, as the US housing data, retail sales and industrial production numbers have been worse than expected in March. Also, US employment scenario is unlikely to improve in the next one year .The unemployment rate is likely to cross 10% soon. US housing prices are expected to fall by another 20-30% before it bottoms out.

Stockpiles to rise again: LME stockpiles are likely to resume a rising trend once China's peak demand period of March to June gets over.

Equities likely to pull back: We expect global equities will start coming down after rising by another 10% or so.

Demand outside China remains weak: International Copper Study Group (ICSG) stated that surplus in 2009 will widen to 345,000 tonne from 250,000 tonne in 2008.

As per ICSG, apparent usage in China rose by 15% in January compared with a year earlier as a result of high net imports. However, the demand declined in the US and European nations.The group adds that a significant decrease in usage in the US, the European Union and Japan resulted in an overall 9.5% decline in global consumption. The group estimates that world usage outside China decreased by 18%.

Conclusion: In short term, copper is likely to rise further, upto Rs265 levels, on the Multi commodity Exchange (MCX). However, it is unlikely to sustain at such high levels and we see it going down to Rs190 level eventually.

Pre-monsoon review

South-west monsoon (June-September) is inarguably the backbone of Indian economy, as 70% of Indian population is engaged in agriculture and allied activities, which contribute around a quarter to the country's gross domestic product. Good monsoons supported by higher minimum support prices (MSP) signifies increase in the income of farming community, which in turn increase rural consumption and help Indian economy grow.

The Indian Meteorological Department in its first stage (of its two-stage) forecast has predicted near normal south-west monsoon at 96% of long period average of 89cm for 2009. With the onset of monsoon in early June, a cluster of crops is being sown including oilseeds, fibers, pulses and cereals. So, it will be worthwhile to look at the prominent crops being sown and farmer's preference over these crops.

Cotton: A whopping 39% increase in the MSP last year (2008) could lead to a 10% higher cotton sowing in 2009 from 22.1ml bales to 25ml bales.. Acerage in 2008 stood slightly lower at about 92 lakh hectare vis-à-vis 96 lakh hectare in 2007.

Lower cotton production in 2008 has also led to rise in the prices of its by-products such as cottonseed. Thus, good price of cotton and its by-products could induce more farmers to sow the crop. The US Department of Agriculture (USDA) expects India's cotton production in 2009 at around 25 million bales.

Soybean: Soybean could turn out to be a hot choice in 2009, as prices have substantially risen during 2008 trading at their life highs around 2800 This was largely due to drought in Argentina, which brought down global soybean production by around 10%. Soybean production in 2008 is estimated at 90 lakh tonne, slightly lower than that in 2007 due to weather concerns. Soyabean acerage in 2008 stood at about 96 lakh hectares.

Rice: Rice, the cereal for millions of tellurians, could see a bit higher sowing in 2009. Rice production in 2008 is estimated at 98 million tonne, 2 million tonne higher than 96 million tonne in 2007. Rice sowing in 2008 was 38.2 million hectare, higher than that of 36.9 million hectare in 2007.

A 30% higher MSP last year, at Rs850 per quintal, with no change expected in this year could translate into farmer preference for rice in the coming season.

Tur (pigeon pea): Among pulses, tur could attract higher sowing this monsoon, as prices have risen by around 30% to Rs3,800 at present from Rs2,800-2,900 in the last few months. Production in 2008 was around 25 lakh tonne, lower than 30 lakh tonne in 2007 mainly due to lower sowing, as prices were low in 2007. Acreage in 2008 stood around 10.45 million hectare as compared with 12.33 million hectare in 2007. However, with prevailing high prices, we may see some jump in sowing this season.

With general perception of an increase in sowing in the above-mentioned crops, the spatial and temporal distribution of monsoons will decide the prospects of these crops. A good rise in the production of Kharif crop could eventually lead to a healthy correction in inflated agri commodities.■

PREMIER PORTFOLIOS

PREMIER PORTFOLIOS

April of 2009 saw a surprise global rally wherein the Nifty also gained 15%. The Smart Trades portfolio also saw a lot of action, generating 26 calls and delivering a positive return of 6.2 %. However, the portfolio underperformed the benchmark indices due to its high cash level.

PRODUCT DETAILS (FOR APRIL 2009)

Product	Initial portfolio size (Rs)	No of calls initiated	Notional profit/loss (Rs)	Portfolio returns%	Nifty returns (%)
Smart Trades Portfolio	500,000	26	30,995	6.20	15.00
Nifty Portfolio	300,000	18	-6,426	-2.14	15.00
Derivatives Portfolio	500,000	28	73,534	14.70	15.00

SMART TRADES PORTFOLIO

In this model trading portfolio ideas are generated based on the market's pulse or the flavour of the season (*the stock calls are not based on fundamental research*). This portfolio is ideal for the short-term delivery trader with a medium risk profile. The portfolio is managed actively and its performance is reported on a daily basis. In addition to the daily report, a monthly report card shall also be released.

DERIVATIVES PORTFOLIO

It's a model trading portfolio run by Sharekhan Derivatives Desk based on the analysis of open interest in the market and the other indicators. It is ideal for traders looking for aggressive returns with appropriate risk. It is a leveraged product with a super strike rate. It is actively managed.

NIFTY PORTFOLIO

It's a trading portfolio that trades short and long on indices (Nifty and Bank Nifty) based on technical study. It is meant for aggressive traders wanting to actively trade on the market indices. The portfolio calls are reported on a daily basis. A monthly report shall also be released.

If you do not have time to monitor the market tick by tick, to shift through pages of research or to pour over complex charts, then *Premier Portfolios* are what you need.

SHAREKHAN EARNINGS GUIDE

Prices as on May 08, 2009

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY10/FY08	FY08	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	(Rs)	(%)
Evergreen																				
HDFC	1,736.4	3,053.2	3,585.2	4,000.4	1,942.8	2,282.5	2,635.1	68.4	80.2	92.6	16%	25.4	21.6	18.7	-	-	18.2	18.9	30.0	1.7
HDFC Bank	1,144.1	7,511.0	10,711.8	12,957.3	1,590.2	2,245.0	2,856.4	44.9	52.8	61.1	17%	25.5	21.7	18.7	-	-	17.2	16.3	10.0	0.9
Infosys Tech	1,520.7	16,692.0	21,693.0	22,408.3	4,538.0	5,880.0	5,644.1	79.3	102.8	98.7	12%	19.2	14.8	15.4	37.8	30.6	32.8	25.7	23.5	1.5
Larsen & Toubro	991.4	29,350.4	38,117.9	46,392.1	2,167.7	3,038.8	3,775.9	37.1	52.1	64.7	32%	26.7	19.0	15.3	18.4	20.0	23.2	23.8	8.5	0.9
Reliance Ind	1,900.3	133,443.0	146,291.0	196,159.7	15,261.0	15,607.0	20,375.0	105.0	99.2	129.5	11%	18.1	19.2	14.7	10.8	13.3	13.2	15.8	13.0	0.7
TCS	631.0	22,861.5	27,812.9	28,726.3	5,019.1	5,171.9	5,198.9	51.3	52.8	53.1	2%	12.3	11.9	11.9	27.0	23.0	33.0	27.0	14.0	2.2
Apple Green																				
Aditya Birla Nuvo	539.9	12,134.0	13,643.2	16,947.3	104.6	-428.3	-138.3	11.2	-45.1	-14.6	-	48.2	NM	NM	0.4	0.9	-9.0	-2.4	5.8	1.1
Bajaj Auto	679.9	8,663.3	8,645.0	9,568.4	756.0	831.9	925.4	52.3	57.5	64.0	11%	13.0	11.8	10.6	36.0	34.4	40.5	35.4	20.0	2.9
Bajaj Finserv	245.2	106.3	-	-	44.0	-	-	3.1	-	-	-	79.1	-	-	-	-	-	-	1.0	0.4
Bajaj Holdings	369.3	355.3	-	-	307.0	-	-	30.3	-	-	-	12.2	-	-	-	-	-	-	20.0	5.4
Bank of Baroda	321.6	5,962.8	7,786.1	8,838.0	1,435.5	2,227.2	2,369.0	39.3	60.9	64.8	28%	9.4	6.1	5.0	-	-	19.9	19.3	9.0	2.8
Bank of India	233.4	6,346.2	8,550.9	9,495.6	2,009.4	3,007.5	3,112.5	38.2	57.2	59.2	24%	6.1	4.1	3.9	-	-	30.1	24.7	8.0	3.4
Bharat Electronics	991.0	4,060.3	4,570.7	5,434.6	805.5	808.5	921.5	100.7	101.1	115.2	7%	9.8	9.8	8.6	28.1	25.3	19.4	17.4	20.7	2.1
BHEL	1,646.5	19,365.5	25,485.8	31,724.6	2,792.8	3,039.0	4,177.1	57.1	62.1	85.3	22%	28.8	26.5	19.3	37.2	42.6	23.1	25.4	15.3	0.9
Bharti Airtel	768.4	27,025.0	36,961.5	44,862.5	6,700.2	8,469.9	9,887.2	35.3	44.6	52.0	21%	21.8	17.2	14.8	27.9	24.5	31.8	28.4	0.0	0.0
Corp Bank	233.2	2,143.0	2,798.2	2,865.2	734.7	892.7	889.5	51.2	62.2	62.0	10%	4.6	3.7	3.8	-	-	19.6	16.9	12.5	5.4
Crompton Greaves	165.5	6,832.3	8,569.4	9,956.5	405.0	525.9	641.1	11.1	14.3	17.5	26%	14.9	11.6	9.5	36.2	35.6	29.9	27.5	1.6	1.0
Glenmark Pharma	180.2	1978.3	2188.7	2633.8	631.3	400.0	442.6	25.4	15.8	17.5	-17%	7.1	11.4	10.3	17.9	18.5	19.1	17.6	0.7	0.4
Godrej Consumer	143.9	1102.6	1393.0	1581.0	159.2	173.3	233.9	7.1	6.7	9.1	13%	20.3	21.5	15.8	28.8	26.8	44.6	35.3	4.0	2.8
Grasim	1,779.8	10,215.0	10,948.3	10,021.7	2,016.5	1,632.5	1,460.6	220.0	178.1	159.3	-15%	8.1	10.0	11.2	12.9	10.5	17.3	13.8	30.0	1.7
HCL Tech**	148.7	7,639.4	10,439.8	11,154.4	1,036.3	1,073.4	963.5	15.2	16.0	14.2	-3%	9.8	9.3	10.4	30.6	28.7	21.3	18.0	7.0	4.7
HUL^	233.1	13,717.8	20,650.8	18,790.8	1,769.1	2,395.3	2,403.0	8.1	11.0	11.0	17%	28.7	21.2	21.1	113.6	124.1	94.3	102.6	9.0	3.9
ICICI Bank	520.8	16,114.9	15,970.3	16,696.2	4,157.7	3,758.1	4,013.7	37.4	33.8	36.1	-2%	13.9	15.4	14.4	-	-	7.8	7.9	11.0	2.1
Indian Hotel Co	56.9	1,764.5	1,676.1	1,994.8	377.5	316.0	361.2	6.3	4.4	5.0	-11%	9.0	12.9	11.4	14.2	13.9	10.4	11.1	1.9	3.3
ITC	188.4	14,182.0	16,185.3	18,344.6	3,120.1	3,325.5	3,879.9	8.3	8.8	10.3	12%	22.8	21.4	18.3	33.7	34.2	25.5	25.4	3.5	1.9
Lupin	791.9	2706.4	3575.2	4151.9	335.1	462.8	546.6	37.5	51.7	61.1	28%	21.1	15.3	13.0	20.1	20.5	22.2	21.2	10.0	1.3
M&M	493.4	10,804.6	11,189.8	11,696.7	933.1	827.0	881.8	39.0	32.8	34.9	-5%	12.7	15.0	14.1	14.1	12.9	14.8	14.4	11.5	2.3
Marico	66.6	1,905.0	2,388.4	2,724.6	160.6	203.7	241.0	2.6	3.3	4.0	24%	25.6	20.2	16.6	37.2	39.4	51.9	43.5	0.7	1.0
Maruti Suzuki	828.3	17,936.2	20,455.4	23,596.2	1,696.5	1,218.8	1,603.3	58.7	42.2	55.5	-3%	14.1	19.6	14.9	17.6	22.0	12.9	14.8	3.5	0.4
Piramal Health	253.7	2867.5	3281.1	3775.6	367.7	360.9	483.8	17.6	17.3	23.1	15%	14.4	14.7	11.0	15.2	23.1	24.3	30.7	4.2	1.7
Punj Lloyd	126.6	7,752.9	11,858.1	12,644.6	321.2	472.3	565.2	10.6	14.7	17.6	29%	11.9	8.6	7.2	16.5	17.3	16.1	16.3	0.4	0.3
SBI	1,324.6	25,716.2	32,757.4	36,648.8	6,729.1	8,429.6	8,817.3	106.6	133.6	139.7	14%	12.4	9.9	9.5	-	-	16.1	14.9	21.5	1.6
Sintex Industries	156.3	2,274.2	3,386.8	3,573.9	232.2	326.9	378.8	17.1	20.1	23.3	17%	9.1	7.8	6.7	14.0	13.6	9.9	10.4	1.0	0.6
Tata Tea	722.7	4,392.3	4,977.8	5,374.5	293.8	353.9	393.9	47.7	57.4	63.9	16%	15.2	12.6	11.3	7.6	8.1	9.3	9.1	35.0	4.8
Wipro	355.1	19,758.5	25,456.2	26,961.9	3,224.1	3,451.4	3,411.8	22.1	23.6	23.3	3%	16.1	15.0	15.2	14.8	12.4	22.3	18.1	6.0	1.7
Emerging Star																				
3i Infotech	51.0	1,205.3	2,285.6	2,518.7	169.2	248.6	238.1	10.3	15.1	14.5	19%	4.9	3.4	3.5	11.4	10.6	15.6	11.9	1.5	2.9
Alphageo India	124.4	81.6	112.0	140.0	12.6	18.7	24.7	22.9	33.4	44.1	39%	5.4	3.7	-	45.6	49.8	28.6	22.5	1.5	1.2
Axis Bank	607.3	4,380.8	6,583.1	8,098.6	1,071.0	1,815.4	2,198.3	29.9	50.6	61.2	43%	20.3	12.0	9.9	-	-	19.6	20.4	10.0	1.6
Cadila Healthcare	322.5	2,324.5	2,927.5	3,315.5	261.4	327.3	371.4	20.8	24.0	27.2	14%	15.5	13.4	11.9	18.9	18.5	25.2	23.2	4.5	1.4
Jindal Saw#	262.0	6,787.8	5,003.3	5,103.7	280.3	342.3	369.7	40.0	61.0	65.9	28%	6.5	4.3	4.0	18.0	16.3	12.4	12.0	4.6	1.8
Navneet Pub	56.3	411.1	495.8	575.1	56.6	58.2	68.3	5.9	6.1	7.2	10%	9.5	9.2	7.8	17.3	17.7	21.7	21.7	2.4	4.3
Network 18 Fincap	92.5	657.2	-	-	21.1	-	-	10.9	-	-	-	8.5	-	-	-	-	-	-	-	-
Opto Circuits India	124.3	468.1	835.1	1097.7	133.3	189.5	269.6	8.3	11.8	16.7	42%	15.0	10.5	7.4	31.6	32.6	40.7	42.1	5.0	4.0
Orchid Chemicals	109.3	1,238.9	1,279.2	1,498.3	184.5	109.4	141.6	19.1	11.3	14.7	-12%	5.7	9.7	7.4	8.7	10.8	7.0	8.4	3.0	2.7
Patels Airtemp	40.1	53.9	70.0	80.1	5.2	7.3	8.0	10.3	14.4	15.7	23%	3.9	2.8	2.6	48.5	42.4	31.3	26.0	1.5	3.7

*FY2009 is of 15 months ending March 2009 as company has changed reporting year from CY to FY

#FY2008 figures are for 15 months; EPS annualised

** June ending company

^Year CY instead of FY

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY10/FY08	FY08	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	(Rs)	(%)
Thermax	246.7	3,481.5	3,431.4	3,855.1	288.6	320.1	342.2	24.2	26.9	28.7	9%	10.2	9.2	8.6	55.1	47.3	32.8	28.3	8.0	3.2
Zee News	32.9	367.5	522.1	644.3	37.1	44.7	54.5	1.5	1.9	2.3	22%	21.3	17.3	14.3	26.1	23.7	19.9	20.8	0.4	1.2
Ugly Duckling																				
Aban Offshore	455.0	2,021.1	3,183.5	4,134.3	314.6	555.2	1,066.2	83.3	146.9	282.2	84%	5.5	3.1	1.6	9.5	13.9	37.0	46.0	0.0	0.0
BASF	214.0	1,053.6	1,217.4	1,379.9	57.5	86.0	98.5	20.4	30.5	34.6	30%	10.5	7.0	6.2	34.9	38.8	23.4	23.5	7.0	3.3
Deepak Fert	71.9	1,040.9	1,378.5	1,238.4	103.0	134.6	104.6	11.7	15.3	11.9	1%	6.2	4.7	6.1	13.0	9.5	18.0	12.6	3.5	4.9
Genus Power Infra	128.9	466.8	586.2	682.3	48.0	50.5	68.0	33.7	34.1	46.0	17%	3.8	3.8	2.8	16.1	18.1	16.8	17.5	1.5	1.2
ICI India	484.9	938.7	912.4	930.3	72.1	132.0	133.1	18.8	34.5	39.7	45%	25.8	14.1	12.2	18.3	17.5	14.8	13.6	8.0	1.6
India Cements	121.2	3,044.3	3,430.8	3,671.4	664.6	475.3	464.9	23.6	16.9	16.5	-16%	5.1	7.2	7.3	15.9	16.0	15.9	13.6	2.0	1.7
Ipca Laboratories	410.1	1,091.4	1,247.6	1,452.9	135.9	181.6	208.8	54.2	72.4	83.2	24%	7.6	5.7	4.9	18.0	23.1	19.2	27.2	8.0	2.0
Jaiprakash Asso	142.1	3,985.0	5,775.0	7,979.5	610.1	826.2	1,078.3	5.1	7.0	9.1	33%	27.7	20.4	15.7	13.0	15.1	16.8	17.9	0.6	0.4
Mold Tek Tech	36.2	102.0	134.9	169.3	10.9	17.0	22.3	9.4	14.7	19.2	43%	3.9	2.5	1.9	29.2	33.9	41.8	40.0	2.0	5.5
Orbit Corporation	92.5	705.5	283.5	-	235.8	36.6	-	51.9	8.1	-	-	1.8	11.4	-	7.2	-	6.9	-	0.0	0.0
PNB	528.8	7,531.7	9,356.7	10,207.1	2,048.8	2,711.4	2,945.8	65.0	86.0	93.4	20%	8.1	6.1	5.7	-	-	22.9	21.0	13.0	2.5
Ratnamani Metals	53.9	845.1	920.0	1,052.2	101.0	97.0	102.5	22.4	21.5	22.8	1%	2.4	2.5	2.4	37.0	32.2	36.2	28.2	1.4	2.6
Sanghvi Movers	98.4	254.3	356.7	387.1	72.8	101.2	105.3	16.6	23.1	24.0	20%	5.9	4.3	4.1	26.0	23.3	26.0	21.9	3.0	3.0
Selan Exploration	151.3	34.5	99.9	98.5	12.9	46.6	45.5	9.0	28.8	28.0	76%	16.8	5.3	5.4	58.5	36.5	36.9	25.1	1.5	1.0
Shiv-Vani Oil & Gas	177.8	574.5	817.5	1,085.1	92.3	151.9	185.7	21.0	34.6	42.3	42%	8.5	5.1	4.2	19.3	19.4	15.3	16.4	-	
SEAMEC	114.6	170.4	268.6	282.5	37.0	88.2	111.7	10.9	26.0	33.0	74%	10.5	4.4	3.5	30.1	31.0	27.4	25.8	-	-
Subros	20.2	662.7	694.7	732.5	29.0	13.2	27.0	4.8	2.2	4.5	-3%	4.2	9.2	4.5	11.7	17.7	7.0	12.4	0.4	2.0
Sun Pharma	1,291.3	3356.5	4037.1	3984	1486.9	1763.9	1578.2	71.8	85.2	76.2	3%	18.0	15.2	16.9	28.8	21.6	27.1	20.2	10.5	0.8
Torrent Pharma	152.8	1,354.8	1,605.6	1,826.0	134.7	196.6	211.5	15.9	23.2	25.0	25%	9.6	6.6	6.1	22.1	21.3	28.9	25.8	3.5	2.3
UltraTech Cement	558.9	5,509.2	6,383.1	6,623.8	1,007.6	977.0	939.0	80.9	78.5	75.4	-3%	6.9	7.1	7.4	30.4	27.1	27.2	21.2	5.0	0.9
Union Bank of India	160.0	4,173.3	5,296.1	6,185.4	1,387.0	1,726.6	1,848.1	27.5	34.2	36.6	15%	5.8	4.7	4.4	-	-	27.1	25.9	5.0	3.1
Zensar Tech	98.0	782.9	908.1	-	64.0	86.5	-	26.9	36.0	-	21%	3.6	2.7	-	25.8	-	25.1	-	3.8	3.9
Vulture's Pick																				
Esab India^	319.0	344.6	423.6	469.7	53.4	61.2	69.6	34.7	39.7	45.2	14%	9.2	8.0	7.1	77.6	68.1	44.6	39.7	15.5	4.9
KSB Pumps	242.0	465.4	596.9	598.0	45.0	63.9	60.8	25.9	36.7	34.9	16%	9.4	6.6	6.9	38.1	32.2	21.9	17.7	5.5	2.3
Mahindra Lifespace	182.8	231.1	341.8	485.0	66.4	65.6	109.2	16.2	16.1	26.7	28%	11.2	11.4	6.8	8.6	14.2	7.4	11.1	2.5	1.4
Orient Paper	33.1	1,295.8	1,443.9	1,740.5	212.2	194.9	213.8	11.1	10.2	11.2	0%	3.0	3.3	3.0	36.0	33.4	30.0	25.5	1.2	3.6
Tata Chemicals	185.6	6,023.1	13,267.0	10,405.5	476.9	951.2	662.5	19.6	39.1	27.2	18%	9.5	4.8	6.8	19.5	14.6	20.7	13.5	9.0	4.8
Unity Infrapojects	131.8	849.5	1,110.0	1,335.0	60.0	69.7	73.9	44.9	52.2	55.3	11%	2.9	2.5	2.4	19.9	19.3	17.9	16.0	4.0	3.0
WS Industries	39.5	227.0	222.5	278.4	16.7	8.1	16.6	7.9	3.8	7.9	0%	5.0	10.4	5.0	10.5	13.8	9.3	16.3	0.5	1.3
Cannonball																				
Allahabad Bank	55.5	2,637.1	3,300.6	3,597.3	974.1	768.6	915.3	21.8	17.2	20.5	-3%	2.5	3.2	2.7	-	-	14.8	17.0	2.5	4.5
Andhra Bank	62.3	2,001.2	2,254.3	2,376.0	575.6	590.1	646.8	11.9	12.2	13.3	6%	5.2	5.1	4.7	-	-	17.2	17.1	4.0	6.4
Madras Cements	87.0	2,011.9	2,526.0	2,707.6	408.3	364.6	338.9	17.2	15.3	14.2	-9%	5.1	5.7	6.1	21.1	18.5	29.0	22.0	2.0	2.3
Shree Cement	814.8	2,065.9	2,715.0	2,800.8	287.9	602.7	338.7	82.6	173.0	97.2	8%	9.9	4.7	8.4	34.7	19.2	49.6	22.3	8.0	1.0
TFCI	19.2	27.6	47.6	53.9	16.3	24.7	28.5	2.0	3.1	3.5	32%	9.5	6.3	5.4	-	-	8.9	9.5	1.0	5.2

^Year CY instead of FY

	Remarks
	Evergreen
HDFC	• HDFC provides housing loans to individuals, corporates and developers. It has interests in banking, asset management and insurance through its key subsidiaries. Three of these—HDFC Bank, HDFC Life Insurance and HDFC Mutual Fund—are valued at Rs693 per share of HDFC. As these subsidiaries are growing faster than HDFC, the value contributed by them would be significantly higher going forward.
HDFC Bank	• HDFC Bank has merged Centurion Bank of Punjab with itself and the reported numbers for FY2009 represent the financials of the merged entity. Relatively high margins (compared with its peers), strong branch network and better asset quality make HDFC Bank a safe bet.
Infosys Tech	• Infosys is India's premier IT and IT-enabled service company. It is one of the key beneficiaries of the strong trend of offshore outsourcing. It is relatively better positioned to weather the current uncertainties related to a possible slowdown in the USA and its fallout on the overall demand environment.
L&T	• Larsen & Toubro, being the largest engineering and construction company in India, is a direct beneficiary of the strong domestic infrastructure boom. Strong potential from its international business, its sound execution track record, bulging order book and strong performance of subsidiaries further reinforce our faith in it. There also lies great growth potential in some of its new initiatives.
Reliance Ind	• RIL holds a great promise in E&P business with the start of gas production from the KG basin in April 2009 and that of crude oil in September 2008. We expect the GRM to remain low due to weak demand outlook and new refinery capacity coming on stream in 2009. However, RIL is likely to fetch premium over the Singapore Complex' GRM due to its superior refinery complexity. Petrochem margins are expected to remain weak due to weak demand outlook. However, depreciation in the rupee vs USD is likely to support petrochem margins.
TCS	• TCS pioneered the IT services outsourcing business from India and is the largest IT service firm in the country. It is a leader in most service offerings and is in the process of further consolidating its leadership position through the inorganic route and large deals.
	Apple Green
Aditya Birla Nuvo	• We believe the value businesses of ABN (insulators, textiles, fertilisers, carbon black and rayon) would experience margin improvement in the coming quarters, as the steep decline in commodity prices is expected to bring down the raw material cost. We expect the company to raise fresh capital to fund its growth businesses especially life insurance. The ability to raise capital could turn out to be a key trigger in re-rating of the stock, as high leverage is a dominant concern.
Bajaj Auto	• Bajaj Auto is a leading two-wheeler automobile company. It is moving up the value chain by concentrating on the executive and premium motorcycle segments. The performance of the company would depend on the new launches planned during the year and the company's strategy to regain its lost market share in the 125cc+ segment.
Bajaj Finserve	• Bajaj Finserv is the only pure insurance play available in the market currently. It is one of the top three players in the fast growing life insurance segment and also has a sizable presence in the general insurance segment.
Bajaj Holdings	• Bajaj Holdings is the holding company of the Bajaj group, having a 30% stake each in Bajaj Auto and Bajaj Finserv. The two-wheeler sales are expected to improve going forward with new product launches. The insurance business makes it one of the largest players in the insurance space.
Bank of Baroda	• BoB, with a wide network of over 2,900 branches across the country, has a stronghold in the western and eastern parts of India. The bank has laid out aggressive plans to grow supplementary businesses including insurance and online broking, which should boost its fee income. We expect its earnings to grow at a CAGR of 11% over FY2009-11E.
Bank of India	• BoI has a wide network of branches across the country and abroad. With a diversified portfolio, better asset quality and steady asset growth, we expect a 7.2% growth (CAGR) in its earnings over FY2009-11E.
Bharti Airtel	• Bharti Airtel is leading the wireless telephony revolution and has emerged as the largest mobile operator in the country. Strong addition of subscribers by the company will mitigate the adverse effect of declining trend in the tariffs. The company maintains its market leadership and remains our top pick in the sector.
BEL	• BEL, a public sector unit involved in manufacturing electronic, communication and defence equipment, is benefiting from the enhanced capex outlay in the budget to strengthen and modernise security systems. Moreover, civilian and export orders are also expected to aid the overall growth in the revenues. Quarterly performance may fluctuate, depending on the execution of orders. However, we are positive on the full-year estimates and long-term prospects of the company.

	Remarks
BHEL	• BHEL, India's biggest power equipment manufacturer, will be the prime beneficiary of the four-fold increase in the investments being made in the Indian power sector. BHEL's order book of Rs117,000 crore stands at around 4.3x its FY2009P revenues and we expect the company to maintain this growth momentum.
Corp Bank	• Corporation Bank has one of the highest Tier-I CAR among its peers. This leaves ample scope for the bank to leverage the balance sheet without diluting the equity, quite unlike the other state-owned banks. The bank is most aggressive on technology implementation with all its branches under Core Banking Solution, covering 100% business of the bank, giving it a competitive edge over its peers.
Crompton Greaves	• The outlook is buoyant for Crompton Greaves' key business of industrial and power systems. A consolidated order book of close to Rs6,592 crore generates clear earnings visibility. The synergy from the acquisition of Pauwels, GTV and Microsol will drive Crompton Greaves' consolidated earnings.
Glenmark Pharma	• Through the successful development and outlicencing of three molecules in a short span of six years, Glenmark has become India's best play on research-led innovation. It has built a pipeline of 13 molecules and has managed to clinch four outlicencing deals worth $734 million. Its core business has seen stupendous success due to its focus on niche specialties and brand building.
GCPL	• Godrej Consumer Products is major player in the Indian FMCG market with presence in soap, hair colour, liquid detergent and toilet soap segments. The soap category (~50% of top line) is expected to outperform industry volume growth with buoyancy in rural demand and further downtrading in soaps. The margins are expected to surge in FY2010 with the correction in the palm oil prices. Thus we expect the bottom line to grow at a CAGR of 23.6% over FY2009-11 and outperform the industry.
Grasim	• Grasim Industries is in the process of augmenting its cement capacity by 4.5MMT at Kotputli and by 2.6MMT at Shambhupura in Rajasthan by Q1FY2010. Due to slowdown in demand, the company has announced production cut in its VSF division. The volume growth due to capacity addition in cement division will drive the earnings of the company.
HCL Tech	• HCL Tech is one of the leading Indian IT service vendors. It has bagged large deals in the recent quarters. However, we see risk to the company's earnings due to upfront free transition cost on the recent deals, margin dilution from Axon acquisition and huge unrecognised forex loss sitting on its balance sheet.
HUL	• HUL is India's largest fast moving consumer good (FMCG) company. HUL has demonstrated its pricing power in all the product segments to maintain profits in the current inflationary scenario. Focus on premium personal care and food segments augurs well for sustaining the growth. We expect HUL to be the biggest beneficiary of the rise in Indian consumerism.
ICICI Bank	• ICICI Bank is India's second largest bank. With strong positioning in the retail segment, it enjoys a healthy growth in both loans and fee income. However, the deteriorating asset quality is a cause for concern. Its various subsidiaries add ~Rs142 to the overall valuation. Moreover, the bank offers substantial value unlocking opportunities with the expected listing of its subsidiaries like ICICI Securities and ICICI Prudential Life Insurance.
Indian Hotels Co	• Indian Hotels is the largest hotelier in India with a vast portfolio of hotel properties around the globe. Over the long term the company would benefit from increase in tourism and corporate travels in India. Also, a turnaround in profitability of its overseas properties would boost its earnings. In the near term the after effect of 26/11 terror attacks and the gloomy macro scenario will affects ARRs and occupancies of the company.
ITC	• ITC's plan to diversify from the key business of cigarettes is paying off with the non-cigarette businesses of hotels, paper, agri-products and personal care & food reporting a strong growth in revenues. The cigarette business would nurture the growth of the businesses that are at nascent stage. As ITC gains leadership position in each of these businesses, we expect its valuations to improve further, reducing the gap between its valuation and that of HUL.
Lupin	• Leading pharma company Lupin is set to take off in the export market by targeting the US market (primarily for formulations) while maintaining its dominance in the anti-TB segment globally. Further, with an expanded field force and therapy focused marketing division, Lupin's branded formulation business in the domestic market has been performing better than the industry. Lastly, Lupin's ongoing R&D activities are expected to yield sweet fruits going forward.
M&M	• M&M is a leading maker of tractors and utility vehicles in India. Its performance has been affected in the current year due to the rising raw material prices and slowdown in the economy. In future growth will be driven by new product launches. Its investments with world majors in passenger cars and commercial vehicles have helped it diversify into various auto segments. The value of its subsidiaries adds to the sum-of-the-parts valuation.

	Remarks
Marico	• Marico is India's leading FMCG company. Its core brands, *Parachute* and *Saffola*, have a strong footing in the market. It intends to play on the broader beauty and health platform. It follows a three-pronged strategy that shall ensure its growth in the long term. The strategy hinges on expansion of existing brands, launch of new product categories and growth through acquisitions. Thus while Marico has entered new categories like health foods and Kaya clinics, it has also expanded its presence in markets such as UAE and South Africa through acquisitions.
Maruti Udyog	• Maruti Udyog is India's largest small carmaker. The company is the only pure passenger car play. With new launches, the company is expected to outperform the market growth rate. Suzuki has identified India as a manufacturing hub for small cars for its worldwide markets.
Piramal Health	• Pharma major Piramal Healthcare is ready to gain from the ramp-up in its contract manufacturing deals with MNCs. Further, the acquisition of Pfizer's Morpeth facility in the UK adds glory to its global contract manufacturing strength.
Punj Lloyd	• Punj Lloyd Ltd (PLL) is the second largest EPC player in the country with a global presence. In FY2007, PLL acquired SEC and Simon Carves, which helped it in plugging gaps in services offered by it. The average order size and execution capability of PLL has also increased significantly making it the only player capable of competing with L&T, the largest EPC player in the country.
SBI	• Despite being the largest bank of India, SBI is growing at a high rate which is commendable. Its loan growth is likely to remain healthy at ~20% with improving core operating performance and stable net interest margins. Successful merger of associate banks could provide further upside for the parent bank. The asset quality of the bank would remain a key monitorable.
Sintex Industries	• Sintex Industries, a key player in plastic specialties space, now has a diverse business model with presence in construction, prefabs, custom moulding and textiles. Being a pioneer in monolithic construction technique, we believe Sintex is all set to witness strong traction in order inflows of this division in the future, given the need for affordable housing in India. The company is present in exciting growth businesses and we expect the revenues and profits of the company to grow at a CAGR of 25.3% and 27.7% respectively over FY2008-10E.
Tata Tea	• Over the past two years, Tata Tea has transformed itself from just a commodity (tea) seller to a branded tea maker. It has recently acquired management control of Mount Everest Mineral water, owner of the Himalayan brand. This makes the company a complete beverage company having presence in the entire vertical: tea, coffee and water. However its valuation is much cheaper than that of its peers.
Wipro	• Wipro is one of the leading Indian IT service companies. The outlook for two of Wipro's key user industry (telecom OEM & technology) remains muted due to restructuring and change in management at client level and reduction in discretionary spending. Moreover, huge pile of unrecognised forex losses on the balance sheet due to its aggressive hedge position remain a cause for concern.
Emerging Star	
3i Infotech	• 3i Infotech offers software products and solutions to BFSI sector. The growth momentum is expected to continue due to healthy order book and recent acquisition of Regulus. It has relatively higher proportion of revenues from geographies other than the US and Europe. Hence, it is less likely to be the affected from the US and European slowdown.
Alphageo	• Alphageo provides seismic survey and other related support services to oil exploration & production companies in India. The recent order wins and a healthy pipeline of orders have considerably improved the company's revenue growth visibility.
Axis Bank	• Over the last few years, Axis Bank (UTI Bank) has grown its balance sheet aggressively. Notably, the bank has maintained a delicate balance between aggressive balance sheet growth and profitability. This strategy along with the capital raised last year has led to impressive growth in recent quarters despite the existing macro challenges. Besides the core banking business, the bank plans to foray into asset management business under a joint venture with Banque Privee. We expect the quality of its earnings to improve as the proportion of the fee income goes up.
Cadila	• Cadila's improving performance in the US generic and French market, along with the steady progress in the CRAMS space, enriches its growth visibility. With key subsidiaries turning profitable, Cadila is all set to harvest the fruits of its long-term investments.
Jindal Saw	• Jindal Saw, the largest pipe maker in India, is set to benefit from the huge opportunity arising out of rising global E&P activities. Its order book of $750 million will continue to drive its earnings growth this year, while its dominating status in the industry would aid it to take advantage of the recovery in order inflows.

	Remarks
Navneet Pub	• Publishing major Navneet's earnings will be flat for FY2009 due to moderate growth in its core business of publication. However some of its new initiatives like non-paper stationery products are gaining good momentum in domestic and international markets, which could be the future driver for the company. With e-learning concept gaining acceptance in Gujarat and Maharashtra, the company is planning to launch its retail product in April 2009, which could be a future revenue driver for the company.
Network 18	• Network 18, the holding company of the TV18 group, owns the best media properties through its holdings in TV18 and GBN. While TV18 owns business channels CNBC and Awaaz, and Internet properties such as moneycontrol.com, it is taking big steps to make a mark in print media. GBN controls CNN-IBN and IBN-7. GBN has successfully launched a Hindi general entertainment channel, Colors, via its tie-up with Viacom. Network 18 also operates a full-fledged home shopping network inclusive of a dedicated home shopping channel. We expect Network 18 to create value through its holdings.
Orchid Chem	• Niche product opportunities in the USA are driving the growth of Orchid. Its entry into European and Canadian markets will further boost its sales in the coming years. With UK MHRA approval for its plants and marketing tie-ups in place, Orchid is all set to make its entry into the European market, which will catapult its growth to a different trajectory.
Opto Circuits	• A leading player in manufacturing medical equipment like sensors and patient monitors, Opto has diversified into the invasive space where it supplies stents for medical use. Lower cost base and attractive pricing strategies have enabled Opto's stents to gain acceptance globally. Steady growth in the non-invasive segment and increasing acceptance of DIOR, a revolutionary cardiac balloon, in Europe would drive Opto's growth. Further, Criticare acquisition will enable Opto to diversify into gas monitoring systems and strengthen its position in the USA.
Patels Airtemp	• Patels Airtemp, a manufacturer of heat transfer technology products, would benefit immensely from the strong boom in its user industries, particularly oil and gas, refineries and power. It currently has a strong order book of Rs48 crore while the order inflow is expected to remain steady in the next two years too.
Thermax	• Continued rise in India Inc's capex will benefit Thermax' energy and environment businesses. Its order book stands at Rs4,103 crore, which is 1.2x FY2008 consolidated revenues.
Zee News	• Zee News operates a unique bouquet comprising seven regional entertainment channels and four news channels. The key revenue contributors are Zee News, Zee Marathi and Zee Bangla, with the latter two channels being the leaders in their respective genres. Zee News is making steady progress in garnering better market share in Telugu and Kannada markets, which would drive its growth going forward. Also, the flow of hefty subscription revenues in future augurs well for the company's growth.
	Ugly Duckling
Aban Offshore	• Aban Offshore, one of Asia's largest oil drilling companies, is a good play on vibrant oil exploration and production sector. Its $2.8-billion worth of committed contracts provide decent visibility while the deployment of its idle assets going forward would act as an important trigger for earnings growth.
BASF India	• BASF India is set to benefit from the changing demographics and the resulting consumption boom in India. BASF is building a 9,000 tonne per annum engineering plastics compounding plant at its existing Thane facility. The company is likely to benefit from the new capacity additions that would help it cater to the growing demand from user industries like automobiles, construction, white goods, home furnishings and paper.
Deepak Fert	• DFPCL manufactures and supplies industrial chemicals and ANP fertilisers. With Dahej-Uran pipeline into operation, the company would benefit from higher capacity utilisation and increased ammonia capacity. The company is in process of forming a JV with Yara International USA. The JV will provide DFPCL stability and flexibility in its operations through Yara International's leadership in the ammonia value chain.
Genus Power Inf	• Genus, India's leading electric meter manufacturing company, is all set to reap the benefits of APDRP's initiatives like 100% metering programme and replacement of mechanical meters by electronic meters. A healthy order book of Rs796 crore will maintain the growth in revenues and profitability.
India Cements	• Thanks to a modified capex plan, India Cements will join the league of top five cement players with a capacity of 14MMT at the end of FY2009 and of 16MMT by FY2010. Higher cement prices in the south coupled with the higher volume growth will drive the earnings. Moreover, it is likely to be the biggest beneficiary of recent correction in imported coal prices, as it imports around 60%-70% of its total coal requirement.
Ipca Lab	• A well-known name in the domestic formulation space, Ipca has successfully capitalised on its inherent strength in producing low-cost APIs to tap export markets. The company's ongoing efforts in the branded promotional business in emerging economies, revival in the UK operations, pan-European initiatives and a significant scale-up in the US business will drive its formulation exports.

Remarks		
ICI India	•	Slowdown in demand from new real estate and slackening of repaint sales would impact the sales volumes of all paint manufacturing companies including ICI India in near terms. However, the bottom-line growth will be a function of margin expansion due to sharp correction in the prices of crude oil and its derivatives. The company has Rs1,000 crore of liquid investments on its book, which translate into free cash and cash equivalents of around Rs265 per share. The ongoing buy back will keep the stock price bouyant in the near term. Moreover with ICI UK getting acquired by Akzo Nobel, the company would get access to wider portfolio of products coming from Akzo Nobel's stable.
Jaiprakash Asso	•	Jaiprakash Associates, India's leading cement and construction company, is all set to reap the benefits of India's infrastructure spending. The company has also monetised very well on the real estate properties of the Yamuna Expressway. However, higher leverage as well as possible equity dilution from proposed merger of its four arms with itself could act as drag on the valuation
Mold Tek Tech	•	Mold Tek Technologies has a steady-growing plastic packaging business and is aggressively scaling up the knowledge process outsourcing (KPO) business. The de-merger of two businesses into separate entities would unlock value in its KPO business.
Orbit Corp	•	Given its unique business model, Orbit is expected to cash in on the massive re-development opportunities in southern and central Mumbai. However, liquidity crunch in the sector is expected to keep earnings under pressure in the near term.
PNB	•	PNB has one of the best deposit mixes in the banking space with low-cost deposits constituting around 38% of its total deposits. A strong liability franchise and technology focus will help the bank boost its core lending operations and fee income related businesses.
Ratnamani Metals	•	Ratnamani is the largest maker of stainless steel tubes and pipes in the country. In view of the buoyant demand for stainless steel tubes and pipes from its clients, including BHEL and L&T, and an order book of Rs397 crore, we expect its revenues to grow at a CAGR of 11.6% over FY2008-10E.
Sanghvi Movers	•	Sanghvi Movers is the largest crane hiring company in Asia. It is a perfect asset play on the upsurge in the country's capex cycle. The usage of cranes is an essential part of investment spending for the projects being undertaken by Indian companies; this bodes well for the company. Its strong cash flows make it an attractive investment.
Selan Exploration	•	Selan is an oil exploration & production company with five oil fields in the oil rich Cambay Basin off Gujarat. The initiatives taken to develop and monetise the oil reserves in its Bakrol and Lohar oil fields are likely to significantly ramp up the production capacity and lead to re-rating of the stock.
SEAMEC	•	SEAMEC, with its fleet of four MSVs, is a key beneficiary of higher rates for MSVs due to the surge in oil exploration spends. Going forward, the operations of all the four vessels would boost the company's overall performance, while absence of any dry docking days in the current year would improve utilisation.
Shiv-vani	•	Shiv-Vani Oil & Gas Exploration has emerged as the largest onshore oil exploration service provider in the domestic market. Its strong order book of Rs4,250 crore, which is more than 5x FY2009 revenues, provides great visibility to its earnings for the next two years. The earnings are estimated to show a CAGR of over 15.8% during FY2009-11.
Subros	•	Subros, the largest integrated manufacturer of automobile air conditioning systems in India, is expected to be a prime beneficiary of buoyancy in the passenger car segment. It is a strong play on growth plans of Maruti Suzuki and Tata Motors, who are expanding their capacities.
Sun Pharma	•	With stronghold in domestic formulation market, an impressive growth in the US outfit, Caraco, Sun Pharma has recently become an aggressive participant in the Para IV patent challenge space. Having already garnered four exclusivity opportunities in the USA, further news flow on Para IV challenges and Taro acquisition would drive the stock.
Torrent Pharma	•	A well-known name in the domestic formulation market, Torrent has been investing in expanding its international presence. With the investment phase now over, Torrent should start gaining from its international operations in Russia and Brazil. The impending turnaround of its German acquisition, Heumann, will also drive the profitability of the company.
UltraTech Cement	•	Going forward, UltraTech Cement should benefit from capacity expansion and investment in captive power plants. Despite our expectation of subdued cement prices in future, its OPM is expected to improve marginally in FY2010E. A 4.9MTPA capacity expansion in Andhra Pradesh and savings accruing on account of new captive power plants will improve cost efficiency of the company. Further, synergies with Grasim Industries will reduce its freight and marketing cost, thereby improving its OPM.

	Remarks
UBI	• Union Bank has a strong branch network and an all-India presence. The net NPAs are below 1%, indicating strong asset quality along with a healthy asset growth. With strong return ratios and stable performance in terms of various operating parameters, the bank is a good investment play.
Zensar	• Zensar, promoted by the RPG group, has effectively utilised the inorganic route to gain critical mass in the fast growing enterprise solutions segment and extend its presence in newer markets.
	Vultures's Pick
Esab India	• ESAB India is a leading manufacturer of electrodes and welding equipment. A change in the positioning of its products from low-margin, high-volume products to quality and high-margin products would further boost its profitability.
KSB Pumps	• KSB Pumps, a leading maker of pumps and valves, is a beneficiary of the investments lined up in India's power and industrial sectors. The steady order inflow in the pump business and the capacity expansion would drive its growth.
Mahindra Lifespace	• Mahindra Lifespace Developers is the only private sector player to have an operational SEZ in the country—the Chennai SEZ. Leveraging its rich expertise, the company is planning to develop one more SEZ in Jaipur. We also expect significant improvement in the margins primarily due to higher revenue contribution from Chennai's non-processing area and better realisation for Jaipur SEZ processing area. Consequently, we expect the company's net income to grow at a CAGR of 53.4% over FY2009-11.
Orient Paper	• Orient Paper is in the process of increasing its capacity from 3.4 million tonne to 5 million tonne. The 50MW captive power plant at Devapur cement plant is also progressing as per schedule and is expected to be commissioned by Q1FY2010. The new capacities are expected to drive the earnings of the company.
Tata Chemicals	• Tata Chemicals, the leading soda ash producer in India, is set to benefit from a diversified business model and its global presence. With the acquisition of GCIP, the company has become the second highest soda ash producer in the world with a combined capacity of 5.5mmtpa. It is also a leading manufacturer of nitrogen and phosphate fertilisers in India. It has de-bottlenecked its urea capacity to 1.3mmtpa and is expected to benefit from regulatory changes in fertiliser industry.
Unity Infra	• Unity Infraprojects, being a leading construction company with well diversified expertise across projects, is expected to be a key beneficiary of the real estate sector's growth and the government's thrust on infrastructure spending. We expect its top line and bottom line to grow at a CAGR of 25.4% and 11% respectively on the back of a strong order book.
WS Industries	• WSI, country's leading insulator maker, is all set to benefit from the three-fold rise in investment in the power T&D segment. A strong order book of about Rs180 crore for insulators and Rs60 crore for projects coupled with a shift to higher-margin hollow insulators will drive the earnings. The company is planning to develop a 10-lakh sq ft IT park in Chennai. Taking WSI's current 59% stake in its realty venture, we arrive at a value of Rs20.3 per share for the realty venture alone.
	Cannonball
Allahabad Bank	• Allahabad Bank with a wide network of over 2,200 branches across the country has a strong hold in the northern and eastern parts of India. With an average RoE of ~17% during FY2009-11E, the bank is available at an attractive valuation.
Andhra Bank	• Andhra Bank, with a wide network of over 1,200 branches across the country, has a strong hold in south India, especially in Andhra Pradesh. With an average RoE of ~17% during FY2008-10E, the bank is available at an attractive valuation.
Madras Cement	• Strong cement consumption in the southern region would continue to drive the earnings of Madras Cement, one of the most cost efficient producers of cement in India. The 3-million-tonne expansion of the company will provide the much needed volume growth in the future.
Shree Cement	• Shree Cement's 1-million-tonne seventh clinker line has come on stream in March 2009. The cement grinding capacity of the company now stands at 9.1 million tonne and is expected to be 12.5MMT by the end of FY2010. Thus, the volume growth in the cement division and additional revenue through sale of surplus power capacity will drive the earnings of the company.
TFCI	• TFCI provides financial assistance to hotel and tourism sector. As TFCI is exposed only to this sector, its performance is inextricably linked to the prospects of this sector. This was largely responsible for TFCI's earlier financial problems. However, things are now looking very promising for TFCI with improved asset quality and strong loan demand due to significant expansion plans lined up by the hotel and tourism sector. We expect TFCI's earnings to grow at a CAGR of 32% over FY2008-10.

ProTech—Managed Futures A/c
(Investing based on price movements)

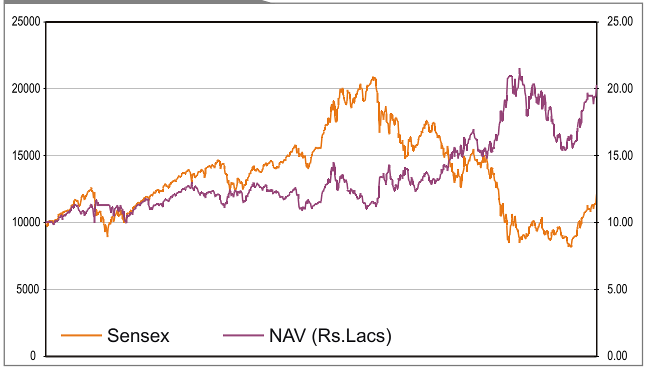
Winners and losers

Our quarterly update clearly shows two winners and two losers. The March 2009 quarter was the worst for all the four products (*Nifty Thrifty*, *Trailing Stops*, *Star Nifty* and *Beta Portfolio*) we run in a long time. However, by the end of April this year we knew that two of these products stand out for their method. In April, *Nifty Thrifty* saw its net asset value (NAV) come within kissing distance of its all-time high of 102% return since its inception. The product has thus fully recovered its losses.

Nifty Thrifty

Date	NAV	SENSEX
01-02-2006	10.00	9,859.26
04-05-2009	20.26	12,134.75
Returns (%)	**102.60**	**23.08**

Nifty Thrifty



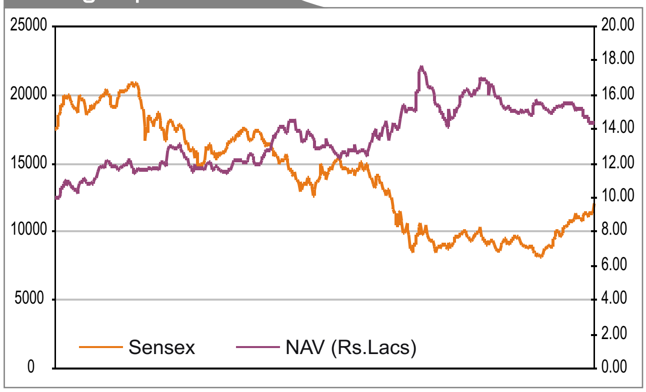
This product has shown resilience by recovering from continued thrashing and achieving our promise of long-term compounding with a 20% drawdown risk.

The second winner is *Trailing Stops*. Its claim to fame is the focus on short-term returns with low volatility. The NAV of the product saw the lowest drawdown among the four ProTech products we run. Therefore, the risk management tools made sure that losses were curtailed. We feel that in terms of its NAV behaviour *Trailing Stops* will show maturity as a product over time.

Trailing Stops

Date	NAV	SENSEX
20-10-2007	10.00	17,559.98
04-05-2009	14.36	12,134.75
Returns (%)	**43.60**	**-30.90**

Trailing Stops



Clearly, the losers are *Star Nifty* and *Beta Portfolio*. While these two were doing great till December 2008, in the fourth quarter of FY2009 they saw over 20% drawdown and little by way of returns. Our study of their NAV pattern over the year has shown that despite the last year's returns the NAV of these products has been unusually volatile. This maybe due to the aggressive nature of the trading rules being used: The risk/return/volatility profile of the products is high/high/high. Our commitment remains to a lower volatility profile and therefore in the last two weeks we have been revisiting the rules of the game with regard to these two products. The new methods being put in place take into account asset allocation and trend rules that reduce the aggressive nature of these products to an extent. The new methods also take care that returns are not jeopardised and that volatility of the NAV is reduced to acceptable limits at the same time.

We believe that these steps would enhance the experience of customers using *Star Nifty* and Beta *Portfolio* as well as ensure smoother returns.

Last but not the least, one of the issues that we have faced for a long time is the differential returns offered by the two benchmark indices, the Sensex and the Nifty, since our index-based products take a view on the Nifty. The National Stock Exchange does not offer actual opening values for its data. This skews the data by hiding the overnight gaps. However, the main reason for the differential returns is that the Nifty is a market-cap based index. From the end of this month the Nifty becomes a free-float index like the Sensex. We believe that this will bring the indices more in sync. For example, the Sensex has rallied 50% in the last two months but the Nifty has gained only 43% in the same period. That is a lag of 7%. We hope this lag will disappear and returns on our Nifty-based products will get enhanced by that amount as the Nifty becomes a free-float index.

Pro Tech - Performance Sheet

Performance for the month ended April 2009

Scheme Name	Beta Portfolio	Nifty Thrifty	Star Nifty	Trailing Stops
NAV as on 01/04/09	15.10	17.27	11.06	15.32
NAV as on 30/04/09	13.81	19.43	10.82	14.35
Returns (%)	**- 8.54**	**12.51**	**- 2.17**	**- 6.33**

Performance summary since inception (as on April 30, 2009)

Inception	03-Aug-2007 Beta (New)	01-Feb-2006 Nifty Thrifty	05-Aug-2007 Star Nifty	20-Oct-2007 Trailing Stops
Inception NAV	10.00	10.00	10.00	10.00
NAV as on 30/04/09	13.81	19.43	10.82	14.35
Returns (%)	**38.10**	**94.30**	**8.20**	**43.50**

For more details or to open an account, contact our customer service department.

Call Anuj Doshi on 098207 76014

Also refer ProTech—Managed Futures A/c performance sheet

We will be more than delighted to answer all your queries regarding Sharekhan Portfolio Management Services.

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No: 736/C, 7th Cross, 11th Main Mico Layout, BTM 2nd Stage, Bangalore-76. Tel: (080) 653952 70 to 75 / 420560 31 to 34

Bangalore - Jayanagar
#2307, Swanlines Building, 12th Main Road, Jayanagar 3rd Block East, Bangalore - 560011. Tel: (080) 42876666.

Bardoli
303/304, Millenium Mall, Opp.Sardar Vallabhbhai Patel Musium, Station Road, Bardoli-394 003. Tel: (02622) 657229.

Bareilly
148, Civil Lines, Bareilly-243 001. Tel: (0581) 2510922 / 925.

Bharuch
221-227, 2nd Floor, Dream Land Plaza, Opp Nagar Palika, Station Road, Bharuch - 392 001. Tel: (02642) 244998/99.

Bhavnagar
Gangotri Plaza, Plot No-8A 3 rd Floor , Opp Dakshinamurti School, Waghawadi Road, Bhavnagar, Gujarat - 364 001. Tel: (0278) 2573938/2573939/2571333/3201333

Bhubaneshwar
A/B-2nd Floor, 501/1741, Centre Point, Unit No.3, Kharvel Nagar, Bhubaneshwar-751 001. Tel: (0674) 6534373.

Bhilai
216, 1st Floor, Khichariya Complex, Nehru Nagar chowk, Bhilai (C.G.) 490006 Tel: (0788) 4092512 / 4092672.

Bhiwandi
Office no 1&2, Presidency Plaza, Khadipar Road, Nr Shivaji Chowk, Bhiwandi- 421 302. Tel: (02522) 645690 to 96.

Bhopal
House No 15-B, 1st Floor, Plot No 9-B, Malviya Nagar, Rajbhawan Road, Bhopal-462 003. Tel: (0755) 4291600.

Bhuj
1st Floor, RTO Relocation, Opp Fire brigade Station, Bhuj, Kutch-370 001. Tel: (02832) 229463/229473/229483

Calicut
A/B-2nd Floor, 501/1741, Centre Point, Unit No.3, Kharvel Nagar, Bhubaneshwar-751 001. Tel: (0495) 6534373/ 6534374 /6534380/6534381.

Chandigarh
SCO : 185, 1st Floor, Sector 38-C, Chandigarh-160036 (Punjab). Tel (0172) 4643000/ 4643001/ 4647024.

Chennai - Anna Nagar
New No 91 , Old No 106, D Block, Chintamani, Anna Nagar (E), Chennai-2. Tel: (044) 45501100 / 50 / 45501268 / 69.

Chennai - Chetpet
G-2, Salzburg Square, 107-Harrington Road, Chetpet, Chennai-600031. Tel: (044) 28362800 / 2900 / 28363160.

Chennai - Parrys
Begum Isphani Complex, No 44 Armenian Street, Parrys, Chennai - 600001. Tel: (044) 64552951 / 52/ 53 / 54

Chennai - Purasawalkam
F-13, Dr Rajivi Tower, 231/28 Purasawalkam High Road, Opp Gangadeeshwar Temple Tank, Chennai - 7. Tel: 42176004 to 9.

Chennai - Mylapore
Old No. 21 New No. 35, 3rd Floor, EVS Towers, Dr. Radhakrishnan Salai, Mylapore, Chennai-600004. Tel: (044) 43009001- 06.

Coimbatore
Vignesvar Cresta, 2nd Block, 3rd Flr, 1095 - Avinashi Road, P N Palayam, Coimbatore -641037. Tel: (0422) 2213434/2214282.

Dehradun
58, Rajpur Road, Opp. Hotel Madhuban, Dehradun-248001. Tel: (0135) 2740 190 to 94.

Erode
Akhil Plaza, Block No.1, T.S.No.121, Perundurai Road, Opp Padmam Restaurant, Erode - 638011. Tel: (0424) 2241000/ 2241005.

Erode - Gobichettipalayam
Chamundeswari Agencies Bldg, 279, Cutchery Street, Sathy Main Road, Gobichettipalayam-638 452. Tel: (04285) 229013/14/15.

Faizabad
Mehramat Plaza, 4099, Civil Lines, Near Pushpraj Guest House, Rly Station Road, Faizabad-224001. Tel: (05278) 222604-222519.

Faridabad
SCF 56, 1st Floor, Near Rebock Showroom, Sector 15, Main Market, Faridabad-121007. Tel: (0129) 2220825/26.

Gandhidham
Plot No.147, Sector 1 A, Near Big Byte Resturant, Gandhidham –370201. Tel: (02836) 323113 / 323114.

Gandhinagar
GF/04, Infocity-Super Mall-2, Infocity, CH-0 Circle, Gandhinagar-382 009. Tel: (079) 64512663.

Ghaziabad
J-3 II Floor, RDC, Raj Nagar, Near New Ghaziabad Railway Station, Ghaziabad - 201001.Tel: (0120) 4154003,4154358.

Goa-Mapusa
Shop No. 4, 3rd Floor, Commnunidade Ghar, Angod, Mapusa - 403 507. Tel: (0832) 2910052 / 51/53/54.

Goa-Panaji
F49/F50, 1st Floor, 'B' Block, Alfran Plaza, M.G. Road, Panaji, Goa - 403001. Tel: (0832) 2421460.

Goa-Vasco
Shop No 4, Gabmar Apt, Gr Flr Swatantra Path , Vasco, Goa -2.Tel: (0832) 2510 175 / 2511 823

Gorakhpur
Shop No. 17, M. P. Building, Above TNG Show Room, Golghar, Gorakhpur-273 001. Tel: (0551) 2202645/ 2202683

Guwahati
House No-60, Chandra Prabha Barua Lane, Pub Sarania, Guwahati-781003.

Guntur
D.No.5-87-89, 2nd Lane, Beside HDFC Bank, Lakshmipuram Main Road, Guntur - 522 007. Tel: (0863) 6452334.

Gurgoan
GF 10, JMD Regent Square, DLF Phase- II, Opp Sahara Mall, Gurgaon Road, Gurgaon-122001. Tel: (0124) 4104555 - 57.

Gurgoan-II
SCF 89, 1st Floor, Sector 14, Urban Estate, Gurgoan - 122 001. Tel: (0124) 4115431/32.

Gwalior
Portion No.3, 1st Floor, Parimal Complex, Opp Kotchar Petrol Pump, Gwalior -474 009. Tel: (0751) 4069570 to 575.

Hyderabad
7-1-22/3/1-5/C, Afzia Towers, 1st Floor, Begumpet, Hyderabad-500016 Tel: (040) 66827469-70 (D) 4020354.

Hyderabad - Himayat Nagar
Home Plaza, 2nd floor, Opp Mahindra Show Room, 3-6-384/2 Himayat Nagar Main Road, Himayatnagar, Hyderabad - 500029 Tel: (040) 42406245 to 248.

Hyderabad - Dilsukhnagar
2-41, Chaitanya Chambers, Chaitanya Puri, Dilsukhnagar, Hyderabad, A.P. - 500 060. Tel: (040) 66805615/16/17/18/19.

Indore
102-104, Darshan Mall, 15/2 Race Course Rd, Indore - 452 001. Tel: (0731) 4205520 to 24

Indore - Vijay Nagar
R 11 - 12, Metro Tower, AB Road, Vijay Nagar, Indore, M.P. - 452010. Tel: (0731) 3062469/70/71/72/73//74

Jaipur
Flat No 401/402, 4th Floor, Green House, Ashok Marg, C-scheme, Jaipur-302001. Tel: (0141) 6456098 / 6456114.

Jalgaon
Ground Floor, Ramdayal Plaza, Near Kiran Tea, Navi Peth, Jalgaon - 425001. Tel: (0257) 2239461.

Jamnagar
4/5, Avantika Commercial Complex, 2nd Floor, Limda Lane Corner, Jamnagar -361 001. Tel: (0288) 2676818/2671559.

Jamshedpur
UG, 2&3 Shreeji Arcade, 76B, Pennar Road, Sakchi, Jamshedpur-831001. Tel: (0657) 2442000 / 01 / 02 / 03 .

Jodhpur
A-3, 1st Floor, Olympic Tower, Station Road, Jodhpur-342001. Tel: (0291) 2648000 / 4 / 5

Junagadh
6/7/8, 2nd Floor, Raiji Nagar, Motibaug Raod, Junagadh-362001. Tel: (0285) 2650434.

Kanpur
515 & 516, Kan Chambers, 14/113, Civil Lines, Kanpur -1. Tel: (0512) 2333007-012.

Kalyan
Shop No. 9,10,11,Navjyoti Darshan Apt., Near Purnima Talkies, Murbad Road, Kalyan(W), Pin: 421304. Tel: (0251) 2211342.

Kannur
Ramananda Compound,1st Floor, TPN 264 A, N.H 17, Talap, Kannur - 670002, Kerala. Tel: (0497) 6451515 / 6451616.

Kochi
Chicago Plaza, 1st Floor, Rajaji Road, Ernakulam, Kochi-682 035. Tel: (0484) 2368411/12/13/17

Kolhapur
No 5, 3rd Flr, Ayodha Tower, Bldg No 1,511 / KH -1/2, Dabholkar Corner, Station Rd, Kolhapur-1. Tel: (0231) 6687063-66.

Kolkata
Kankaria Estate, 1st floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055 / 22805555.

Kolkata - Durgapur
111/95, Nachal Road, Benachity, Dist Burdwan, Durgapur, Kolkata - 713 213. Tel: (0343) 6452701 /02/03.

Kolkata - Ultadanga
Kankaria Estate, 1st Floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055/ 22805555/ 22837188/ 89 /91

Kolkata - Saltlake (Advisory)
Kankaria Estate, 1st Floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055/ 22805555/ 22837188/ 89 /91

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Kolkata - Gariahat
Kankaria Estate, 1st Floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055/ 22805555/ 22837188/ 89 /91

Kollam
First Floor, A. Narayanan Shopping Complex, Kadappakada, Kollam - 691008. Tel: (0474) 2769120 to 25.

Lucknow
2/159, Vivek Khand, Gomti Nagar, Lucknow - 226 010. Tel: (0522) 4009832 to 33.

Lucknow - Hazratganj
1st Floor, Marie Gold, 4,Shahnajaf Road, Hazaratganj, Lucknow-226 001. Tel: (0522) 4010342,4010343.

Lucknow - Rajajipuram
Neeru Enclave, Jal Sansthan Crossing, CP, 7/201, Sector - 7, Raja Ji Puram, Lucknow - 226017. Tel: (0522) 2418996 /97.

Ludhiana
SCO 145 1st Floor Feroze Gandhi Market, Near Ludhiana Stock Exchange, Ludhiana -141001. Tel: (0161) 6547349 / 459 /469.

Madurai
Saran Centre, A-2, 1st Floor, 19, Gokhale Road, Chinnachokikulam, Madurai-625 002. Tel: (0452) 436 0303.

Mangalore
C-1, 1st Floor, Presidium Commercial Complex, Anand Shetty Circle, Attavar, Mangalore - 575001. Tel: (0824) 6451503-4.

Meerut
105, Om Plaza, Begum Bridge Road, Meerut-250001 (U.P.) Tel: (0121) 4028354/55.

Mehsana
14-15, 1st Floor, Prabhu Complex, Near Rajkamal Petrol Pump, Mehsana - 384002. Tel: (02762) 248980/249012.

Mysore
Shop No.3, Mythri Arcade (Next to Saraswathi Theatre), Kantharaj Urs Road, Chamaraja Mohalla, Saraswati Puram, Mysore-570 009. Tel: (0821) 6451601 / 6451602

Nadiad
201/202, City Point Complex, Near Parash Cinema,Santram Road, Nadiad - 387001. Tel: (0268) 2550555.

Nagpur (C A)
409/412, Heera Plaza, Near Telephone Exchange Square, Central Avenue, Nagpur-440 008. Tel: (0712) 2731922/23.

Nagpur - Dharampeth
54, Park Residency, Khare Town, Dharampeth, Nagpur - 440 010. Tel: (0712) 6610752 to 56.

Navsari
1-Nirmal Complex, 1st Floor, Station Road, Sayaji Road, Navsari - 396 445. Tel: (02637) 652300/652400/248888.

Nashik - College Road
5 SK Open Mall, Yeolekar Mala, Near BYK College, College Road, Nashik-422 005. Tel: (0253) 6610975 to 978.

Nashik Road
1 st floor, Pratik Arcade, Bytco Point.Opp MSEB Office, Nashik-Pune Road, Nashik Road, Maharashtra - 422 101.

New Delhi - Bharakhamba Road
903 & 903A, Kanchenjunga Bldg., 18-Bharakhamba Road, New Delhi-110001.

New Delhi - Pusa Road
18/1 A, Ground Floor, Opposite City Hospital, Pusa Road, New Delhi -110005. Tel: (011) 45117000.

New Delhi - Lajpat Nagar
A95 B, II nd Floor, Lajpat Nagar –II, New Delhi - 110024. Tel: (011) 46590373-376.

New Delhi - Pitampura
411/412, Aagarwal Cyber Plaza, Netaji Subhash Place, Pitampura, New Delhi - 110 034. Tel: (011) 47567000.

New Delhi - Vasant Vihar
E-20, Basant Lok Community Center,Vasant Vihar, New Delhi -110057. Tel: (011) 26155086/7/9.

New Delhi - Mayur Vihar
Shri Durga Ji shooping complex, Pocket II, Mayur Vihar, Phase I New Delhi -110091. Tel: (011) 43067091- 96.

New Delhi - Rajouri Garden
A - 29, 2nd Floor, Ring Road, Rajouri Garden, New Delhi - 110027. Tel: (011) 45608923 to 27.

Noida
P-12A, 3rd Floor, BHS Liberty, Sector-18, Noida - 201 301. Tel: (0120) 4646200.

Palakkad
1st Floor, Shree Laxmi Vilas Buildings, G. B. Road, Palakkad- 678 014. Tel: (0491) 6450179 / 6450188.

Patiala
SCO- 135, Chotti Baradari, Patiala -147 001 (PUNJAB) Tel: (0175) 6622200/01/02/03/04/05.

Pulgaon
Khurana Complex, Near Balaji Hotel, Nachangoan Road, Pulgaon - 442 302.

Pune - F C Road
301, Millenium Plaza, 3rd Floor, Opp Fergusson College main Gate, Shivaji Nagar, Pune-411 004. Tel: (020) 66021301 - 06.

Pune - Bun Garden
301, Millenium Plaza, 3rd Floor, Opp Fergusson College main Gate, Shivaji Nagar, Pune-411 004. Tel: (020) 66039301-2.

Pune - Satara Road
301, Millenium Plaza, 3rd Floor, Opp Fergusson College Main Gate, Fergusson College Road, Shivaji Nagar, Pune-411 004. Tel: (020) 66021301 /02/03/04/05/06.

Pune - Nigdi
ABC Plaza (Agarwal Complex), 2nd Flr, Plot No 6, Sector No 25, Bhel Chowk, Pradhikaran, Nigdi, Pune-44. Tel: (020) 66300690-97.

Pondicherry
312/10, Vallar Salai,Vengata Nagar, Saram Revenue Village, Pondicherry - 605001. Tel: (0413) 4304904 to 09.

Raipur
"Ridhi House", 27/218, New Shanti Nagar, Raipur (Chattisgarh)-492007. Tel: (0771) 4217777, 4281172, 4001004.

Rajkot
102/103, Hem Arcade, Opp Vivekanand Statue, Dr Yagnik Road, Rajkot-360001 Tel: (0281) 2482483/84/85.

Salem
Sri Ganesh Tower, 561, 2nd Floor, Saradha College Main Road, Salem - 636 007. Tel: (0427) 6454864 / 65/ 66.

Sangli
Ranjit's Empire, Office No-36,37,38, 2nd Floor, CS No.517 , Opp. Zillaparishad, Sangli-416416.

Satara
First Floor, Shree Balaji Prestige, Powai Naka, Satara, Maharashtra – 415001. Tel: (02162) 239824.

Siliguri
2nd Floor, Ganeshayan Bldg,112,Sevoke Road, Beside Sunflower Shopping Mall, Siliguri-734001. Tel: (0353) 6453475 -79.

Secunderabad
Marrideep Bldg, 1st Floor, 12-5-4, Vijayapuri, Opp St Annes College, Tarnaka, Secunderabad-500 017. Tel: (040) 64533871 to 75.

Surat
M-1 to 6,Jolly Plaza, Mezzanine Floor, Athwa Gate, Surat - 395 001. Tel: (0261) 6560310 to 6560314.

Surat - Advisory
419, Jolly Plaza, Athwagate, Surat-1. Tel: (0261) 6646841-45.

Thrissur
Pooma Complex, M G Road, Thrissur-1. Tel: (0487) 2446971-73.

Trichy - Cantonment
F-1, Achyuta, 111-Bharatidasan Salai, Cantonment, Trichy-620001 (Tamilnadu). Tel: (0431) 4000705 / 2412810

Tirupur
Ram Arcade, No 27, Muncif Court Street, Tirupur- 641 601. Tel: (0421) 6454316 to 20.

Trivandrum
Laxmi Bldg, 1st Floor, T.C.No.26/430, Vanrose Road, Trivandrum - 695 039. Tel: (0471) 6450657 / 58 / 59.

Udaipur
17 C, Kutumb Apt, Opp. ICICI Bank, Madhuban, Udaipur-313001. Tel: (0294) 6454647

Vadodara
6-8/12, Sakar Complex, 1st Flr, Opp ABS Tower, Haribhakti Extension, Vadodara-390 015. Tel: (0265) 6649261-70.

Vadodara - Manjalpur
1st Floor, Rutukalsh Complex, Tulsidham Char Rasta, Manjalpur, Vadodara - 390 011. Tel: (0265) 2647970-71.

Vapi
Royal Fortune, D-101, E-101, 1st Floor, Vapi-Daman Road, Vapi - 396 191. Tel: (0260) 6452931 to 36

Varachha - Surat
G-18/19, Rajhans Point, Varachha Main Road, Varachha Road, Surat - 395006. Tel: (0261) 3244900.

Varanasi
2nd Floor, Banaras TVS Bldg., D-58/12, A-7, Sigra, Varanasi - 221 010 (UP). Tel: 0542 - 222 1073 / 81 / 83.

Vellore
20/B, First East Main Road, Land Mark Bldg, 2nd Floor, Gandhi Nagar, Vellore-632006 Tel: (0416) 6454306 - 310.

Vijaywada
Centurian Plaza, D. No: 40-1-129, 2nd Floor, Old Coolex Building, M. G. Road, Vijaywada - 520 010. Tel: (0866) 6619992/6629993.

Vizag
10-1-35/B, 3rd Flr, Parvathaneni House, Val Tair Uplands, Vishakhapatman - 530003. Tel: (0891) 6673000/6671744.

Wardha
Radhe Complex, 2nd Flr, Indira Mkt Road, Above Akola Urban co-op Bank, Wardha-442001. Tel: (07152) 645023 to 26.

Mumbai - Andheri
B/204, Kotia Nirman, 2nd Floor, Next to Fun Republic Cinema,New Link Road, Andheri (W), Mumbai - 400 053. Tel: 6675 0755 / 6675 0758 / 6675 0760 / 6675 0763.

Mumbai - Borivali
Shankar Ashish Bldg, 1st Floor, R.S.Marg, Chandavarkar Cross Road lane, Near ICICI Bank,Borivali (W), Mumbai-400 092. Tel: (022) 65131221/65131222.

Mumbai - Bhayander
Shop No.20 & 21, Walchand Complex, Opp. Porwal School, Bhayander (W),Mumbai- 101. Tel: (022) 2804 1083/84/85

Mumbai - Ghatkopar
202, Sai Plaza, 2nd Floor, Junction of Jawahar Road & R. B. Mehta Marg, Ghatkopar (E), Mumbai 400 077. Tel: (022) 2510 8844 / 2510 8833.

Mumbai - Goregaon
103, 1st floor, Plot No. 343, Above ICICI Bank, S.V. Road, Jawahar Nagar, Goregaon (W), Mumbai- 400 062. Tel (022) 67418570.

Mumbai - Kandivali
10, Om Sai Ratna Rajul, Corner of Patel Nagar, M G Road, Kandivali (W), Mumbai-67. Tel: (022) 28090509/589.

Mumbai - Kandivali (Thakur Village)
Shop No 37, EMP-6, Jupitar CHS Ltd,Evershine Milleniam Paradise, Thakur Village, Kandivali (E), Mumbai- 400 101.

Mumbai - Khar
703, Prem Sagar Building , 1st Flr, 3 A Linking Road, Khar (W), Mumbai - 400 052 Tel: (022) 65135333, 65133972-76.

Mumbai - Lower Parel
"C" Phoenix House, 4th Floor, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel: (022) 6618 9300.

Mumbai - Malad
502, Rishikesh Apartment, Opp to N L High School, S.V.Road, Malad (W), Mumbai- 64. Tel: (022) 6513 3969.

Mumbai - Matunga
Flat No 4B, Gr. Floor, Ashwin Villa, Telang Road, Matunga (E), Mumbai - 400019. Tel: (022) 6513 9230/31/32

Mumbai - Mulund
Shop No. 1, Hetal Building, Gr Flr, Opp.Punjab National Bank, Zaver Road, Mulund (West), Mumbai -80. Tel: (022) 2565 6805-10.

Shop No. 2, New Krishna Dham, Veena Nagar, L.B.S. Marg, Mulund (West), Mumbai - 400080. Tel: (022) 4024 1501-6

Mumbai - Opera House
Gogate Mansion, Gr Floor, 89-Jagannath Shankar Seth Road, Girgaum, Opera House, Mumbai-4. Tel: (022) 6610 5671-75.

Mumbai - Thane
2nd Floor, Gulmohar Tower, Mahatma Phule Road, Opp.A.K.Joshi High School. Naupada, Thane - 400 602. Tel: (022) 2537 2158 to 61/ 2539 7778 - 9.

Mumbai - Stock Exchange (Rotunda)
1st floor, Hamam House, Hamam Street, Fort, Mumbai 400 023. Mumbai-23. Tel: (022) 6610 5600 to 15

Mumbai - Vashi
Persipolis Bldg., 108, 1st floor, Opp. St. Lawrence School, Sector-17, Navi Mumbai-400703. Tel: (022)27882979-82.

Mumbai - Vile Parle
7-Alka CHS, Ground Floor, Dadabhai Road, Vile Parle (W), Mumbai - 400056. Tel: (022) 26253010/11/12/13

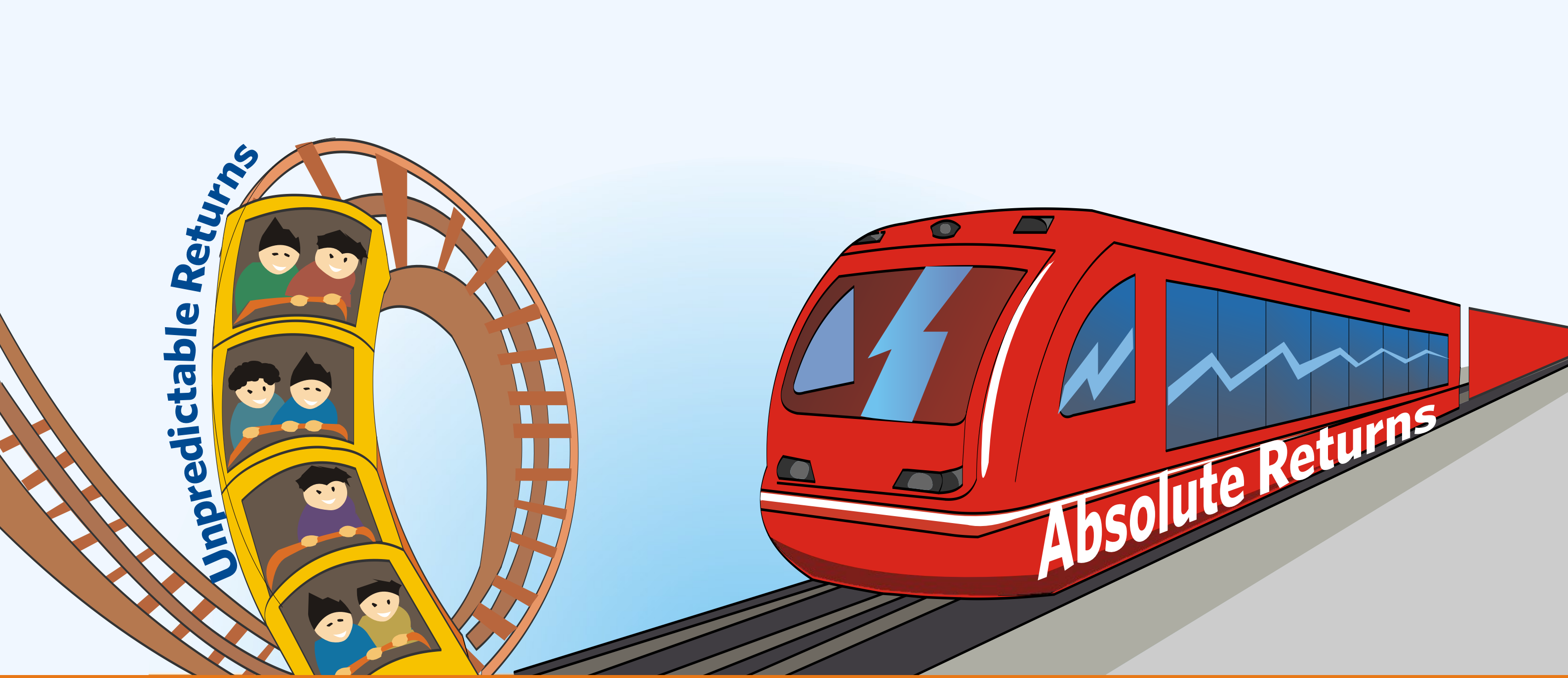
PCG Branch

PCG - Kolkata
Kankaria Estate, 2nd Floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055

Sharekhan Representative Office

Abudhabi
No:201-A Al Ain Jewellery Building (Sahara Abudhabi), Liwa Street, Abu Dhabi, UAE. Tel: 971-4-3963889.

Dubai
213, Nasir Lootah Bldg, Khalid Bin Walid Street (Bank Street), P.O. Box: 120457, Dubai, U A E. Tel: 971-4-3963889 Direct : 971-4-3963869.



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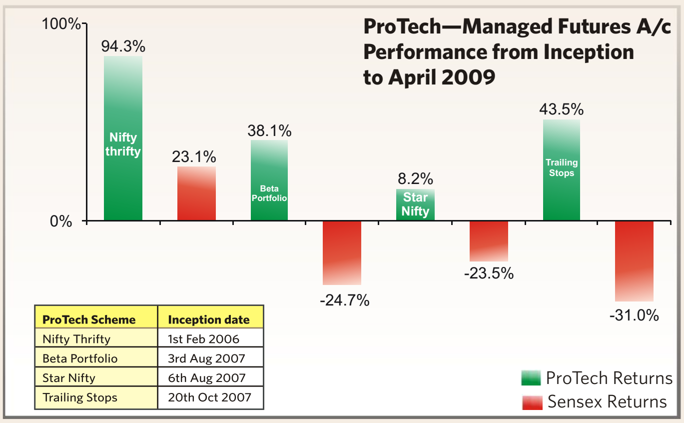

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