investor's eye

Index

Take Five

Scrip	Reco Date	Reco Price	CMP	Target
HLL	24-Nov-05	172	**214**	280
ICICI Bank	23-Dec-03	284	**888**	1,240
JP Associates	30-Dec-03	125	**584**	850
Maruti	23-Dec-03	360	**777**	1,050
Sun Pharma	24-Dec-03	302	**1,099**	1,341

Sharekhan Special

Q4FY2007 Pharma earnings preview

Key points

- We remain positive on the Indian pharmaceutical sector on account of the continued domestic growth, steady contributions from exports and synergies arising out of integration of acquisitions. Further, the increased focus on drug discovery and collaborative research with the global players enhances the medium-term earnings visibility for the sector.
- In line with the business trend, the growth of the domestic market moderated to around 9% in Q4FY2007 from over 15% in the previous couple of quarters. But the ramp-up in the formulation export segment continues to be robust and the successful integration of acquisitions (viz Ranbaxy Laboratories' Terapia, Wockhardt's Pinewood and Nicholas Piramal's Morpeth) would drive the revenue growth for the sector. Further, Dr Reddy's Laboratories' 180-day exclusivity for Ondansetron would also boost the overall industry growth. We expect the pharmaceutical companies under our coverage to report a revenue growth of 20.3% in Q4FY2007.
- With a greater number of players entering the generic space in the USA and the European Union, pricing pressures are likely to continue. But thanks to the cost-cutting efforts, improvement in the product mix and larger thrust on branded formulation business by the local players, stable margins are likely to be ensured. The pharmaceutical companies under our coverage are expected to report a 420-basis-point expansion in the operating profit margin (OPM), leading to a 30% growth in their net profit in Q4FY2007.
- Research and development (R&D) was the highlight of the fourth quarter as Indian pharma space witnessed impressive developments on the R&D front. Sun Pharmaceuticals de-merged its R&D unit into a separate entity called Sun Pharma Advance Research Company and unveiled its new chemical entity (NCE)/novel drug delivery system (NDDS) pipeline (comprising four NCEs and four NDDS). Alongside, Ranbaxy Laboratories has expanded its collaborative research partnership with GlaxoSmithKline Plc (GSK), as per which the Indian company would identify the new chemical leads and take them up to Phase-II proof of concept study. The Ranbaxy Laboratories-GSK alliance would focus on therapies like anti-infectives, metabolic disorders, respiratory and oncology. As per the deal, Ranbaxy Laboratories could receive over $100 million in potential milestone payments for a single product. We expect further positive news flow on the innovative R&D front from Lupin, Dr Reddy's Laboratories and Glenmark Pharmaceuticals in the coming quarters, which would act as a strong growth trigger in the medium to long term.

Quarterly estimates: January-March 2007

Company	Net sales (Rs cr)			Operating margin (%)		Net profit (Rs cr)		
	Jan-Mar 07	Jan-Mar 06	% yoy growth	Jan-Mar 07	Chg(bps)	Jan-Mar 07	Jan-Mar 06	% yoy growth
Ranbaxy Labs	1,437.2	1,263.1	13.8	12.0	304.0	131.5	71.40	84.2
Cipla	961.7	870.6	10.5	26.0	534.0	199.6	190.8	4.6
Sun Pharma	557.9	405.4	37.6	31.6	766.0	184.4	142.9	29.1
Wockhardt	505.3	351.0	44.0	20.8	113.0	67.1	56.7	18.3
Lupin	486.6	422.0	15.3	17.9	750.0	57.5	50.2	14.6
Nicholas Piramal	602.6	425.4	41.7	15.6	691.0	50.5	15.2	230.8
Orchid Chemicals	242.2	239.8	1.0	30.7	189.0	25.7	19.4	32.4
Cadila Healthcare	411.2	346.0	18.9	19.4	42.0	44.4	34.2	29.7
Elder Pharmaceuticals	121.5	93.4	30.1	17.9	-234.0	15.2	12.7	19.5
Unichem Laboratories	124.2	105.8	17.5	17.5	-57.0	15.5	15.6	-0.4
Total	**5,326.4**	**4,416.8**	**20.6**	**20.3**	**420.0**	**775.9**	**593.5**	**30.7**

Ranbaxy Laboratories

Ranbaxy Laboratories is expected to report a 13.8% increase in its net sales to Rs1,437 crore for Q4FY2007, driven largely by the integration of the Terapia acquisition. The cost-cutting efforts by the company would result in a 300-basis-point expansion in the OPM to 12% on a lower base. The rupee appreciation vis-à-vis the dollar would also result in foreign exchange gains on its outstanding $440 million foreign currency convertible bonds. We expect Ranbaxy Laboratories to deliver an 84% jump in its net profit to Rs131.5 crore.

Cipla

We expect Cipla to deliver a lacklustre revenue growth of 10.5% in Q4FY2007 mainly due to the high base effect of Q4FY2006. The revenue growth would be led by a 12% rise in the domestic business and a modest 6% growth in the exports (as active pharmaceutical ingredient [API] exports in Q4FY2006 were inflated by the supply of Sertraline API to Teva). With the improving product and market mixes, Cipla's OPM will expand by 480 basis points to 25.5% during Q4FY2007. With higher both depreciation cost and tax incidence, the net profit before extraordinary items is expected to grow by 16.7% to Rs199.6 crore in Q4FY2007. In Q4FY2006, Cipla had an extraordinary income of Rs19.7 crore; including the same the bottom line growth will be restricted to 4.6% at Rs199.6 crore.

Sun Pharmaceuticals

Sun Pharmaceuticals is likely to report a 37.6% revenue growth on the back of a 16.6% improvement in its domestic business and an impressive 46.7% jump in its exports. Despite pricing concerns, Caraco (the US outfit of the company) is expected to maintain its momentum primarily supported by new product launches (like Glipizide, Baclofen, Gabapentin and Phenytoin) and progressive improvement in its share of the US market. With vertical integration in some of its products, cost-cutting efforts and increasing revenues flowing in from the regulated markets, the OPM is likely to expand by 770 basis points (on a lower base) to 31.6%. This would lead to an impressive growth of 29.1% in the net profit to Rs184.4 crore in Q4FY2007.

Nicholas Piramal

Nicholas Piramal is expected to deliver a top line growth of over 41.7% to Rs602.6 crore, driven mainly by the acquisition of Pfizer's manufacturing facility at Morpeth, UK and the increased momentum in the contract research and manufacturing service (CRAMS) business. Also the strong revival of its largest brand, *Phensedyl*, is likely to fuel the revenue growth in Q4FY2007 (Phensedyl sales were hit by the unfortunate controversy caused by the Narcotic Control Bureau in the corresponding quarter of the previous year). Despite margin pressure from the integration of the loss-making Avecia, Nicholas Piramal (supported by the increasing CRAMS revenue, improved product mix and progressive shifting of manufacturing to excise-exempt facilities) would expand its OPM by 690 basis points to 15.6%. With the rising top line and expanding OPM, we expect Nicholas Piramal to deliver a whopping 230.8% jump in its net profit to Rs50.5 crore in Q4FY2007.

Wockhardt

Wockhardt is expected to show a strong growth of 44% in its sales to Rs505.3 crore, driven by the consolidation of the Pinewood and Dumex businesses, a ramp-up in its US business on account of new launches such as Ondansetron and Darvocet, and the steady growth in its domestic and UK businesses. The earnings before interest, tax, depreciation and amortisation margin is likely to expand by 113 basis points to 20.8%, aided partly by the capitalisation of abbreviated new drug application (ANDA) development costs. However, the increase in depreciation (due to the commissioning of the new biotech facility at Aurangabad) along with the higher interest expenses (due to the acquisitions) and the higher tax rate (due to an increase in the minimum alternative tax) will restrict Wockhardt's net profit growth to 18.3% to Rs67.1 crore.

Lupin

We expect Lupin's sales to grow by 15.3% year on year (yoy) to Rs486.6 crore in Q4FY007, driven by the continued momentum in its domestic formulation business and formulation exports to the semi-regulated markets and the USA. The sales in the USA are likely to be boosted by the recently launched Sertraline tablets and the strong sales of Lupin's branded formulation, Suprax. Lupin's OPM is expected to jump by 750 basis points due to a sharp improvement in the gross margin as the company's product and geographical mixes improve. A substantially lower other income coupled with higher tax provisioning is likely to cause the net profit to grow by 14.6% to Rs57.5 crore. Our profit estimate does not include the 20 million euros received from the sale of Perindopril intellectual property right to Laboratories Servier of France.

Cadila Healthcare

An improvement in the branded domestic formulation business post-restructuring, a strong growth in the consumer product business off a low base in Q4FY2006 and steady contributions from the export markets are likely to drive up Cadila Healthcare's revenues by 18.9% to Rs411.2 crore in Q4FY2007. On the export front, we expect the growth to be driven largely by the growing revenues from the French and US businesses. The US revenues are likely to witness a substantial jump due to a full quarter impact of the revenues from Simvastatin tablets, which were launched on December 24, 2006. Revenues from the company's joint venture with Altana which had dipped due to the closure of the facilities in Q3FY2007 are expected to bounce back. Despite the sharp improvement in the gross margin, as the product and market mixes of the company improve we expect the margin to remain flat with the significant rise in the R&D cost due to an increase in the number of ANDA filings for the US market. We expect the company to report a 29.7% rise in its net profit to Rs44.4 crore in Q3FY2007.

Orchid Chemicals

We expect Orchid Chemicals' revenues to grow by a meagre 1% in Q4FY2007, as the company has had no major launches in the US market during the quarter. The US market is the main growth driver for the company. However, with the flu season having set in the USA, we expect the contributions from the other antibiotics like Cefozitin and Cefazolin (where Orchid Chemicals has already captured a dominant share of the market) to improve. An improving product mix, with a higher share of formulations, is expected to improve the OPM by 190 basis points yoy to 30.7%. Orchid Chemicals' net profit growth on a year-on-year basis is likely to be strong at 32.4% to Rs25.7 crore due to the relatively lower base of Q4FY2006.

Elder Pharmaceuticals

Elder Pharmaceuticals is expected to show a strong growth of 30.1% yoy in its revenues, led by the continued momentum in its key brands, such as *Shelcal*, *Chymoral* and *Eldervit*, growing sales of the *Fair One* brand and rising revenues from its in-licenced portfolio. We expect the company's OPM to decline by 230 basis points yoy to 17.9% on account of the higher selling and marketing expenses incurred during the quarter on account of the sponsorship of the Filmfare awards and the increased marketing spend to promote new in-licenced products such as *Bonviva*. Higher interest and depreciation costs (as the company has just commissioned its Paonta Sahib plant) along with a lower tax outgo (as the company continues to derive an increasing proportion of its income from tax-free areas) will cause Elder Pharmaceuticals' net profit to grow by 19.5% yoy to Rs15.2 crore.

Unichem Laboratories

We expect Unichem Laboratories' top line to report a growth of 17.5% to Rs124.2 crore, driven by a 19% rise in its domestic business and an 11.6% surge in its exports. A steady growth in the company's power brands coupled with a stream of new launches will drive the domestic business while the increase in the number of product registrations in the semi-regulated markets will boost the exports. The increase in the R&D costs due to a ramp-up in the ANDA filings for the USA is likely to exert pressure on the margin, which is likely to decline by 60 basis points yoy to 17.5%. An increase in the depreciation charge (due to the commissioning of the expanded capacity at Baddi) and a substantially higher tax provisioning (at 18% of the profit before tax [PBT] versus 7.5% of PBT in Q4FY2006) will cause the net profit before extraordinary items to decline by 0.4% to Rs15.5 crore.

Valuation table: Sharekhan pharma universe

Company	CMP (Rs)	EPS FY06	EPS FY07E	EPS FY08E	P/E multiple FY06	P/E multiple FY07E	P/E multiple FY08E
Ranbaxy Labs **	353	7.0	13.8	20.8	50.2	25.5	17.0
Cipla	236	7.8	9.8	12.0	30.2	24.2	19.6
Sun Pharma	1,095	30.9	38.3	47.9	35.5	28.6	22.8
Wockhardt **	407	23.5	27.6	30.2	17.3	14.8	13.5
Lupin	622	20.7	26.8	37.2	30.0	23.2	16.7
Nicholas Piramal	250	6.0	11.0	16.4	41.9	22.7	15.2
Orchid Chemicals	275	12.8	13.3	26.1	21.4	20.7	10.5
Cadila Healthcare	350	13.1	17.8	22.0	26.7	19.7	15.9
Elder Pharmaceuticals	416	21.0	29.9	40.2	19.8	13.9	10.3
Unichem Laboratories	256	19.5	23.8	28.5	13.2	10.8	9.0

** EPS and P/E multiple are for CY06, CY07 and CY08

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

Sharekhan Special

Q4FY2007 Banking earnings preview

We expect the interest income on advances in the last quarter to show a strong growth on the back of above 28% year-on-year (y-o-y) credit growth and the full impact of the hike in the prime lending rates (PLRs) effected by the banks in the fag end of December 2006 or early January as well as in mid-February 2007.

However, the cost of funds may have an upward bias, thereby putting some pressure on the margins of the banks with lower current and savings deposit account (CASA) balances as the deposit costs, especially the bulk deposit rates, have moved up sharply. However, the one-time cash reserve ratio (CRR) income that banks are expected to get in this quarter with retrospective effect should help them to tide over the increased deposit costs. Hence we do not expect any significant pressure on the margins of the banks on a quarter-on-quarter (q-o-q) basis.

The other income growth too is expected to be strong for the fourth quarter, with the fee income reporting a good growth. The trading income component could be a surprise though with bond yields firming up by 37 basis points and the equity market also remaining extremely volatile. However, some banks like ICICI Bank and State Bank of India (SBI) would also book their gains on the National Stock Exchange stake sale, which should keep the other income component buoyant and provide some comfort for the increased provisioning requirements during the quarter on certain categories of loans.

As mentioned above, increased provisioning requirements on certain categories of standard assets along with the marked-to-market (MTM) provisions on the "available for sale" (AFS) investment book would keep the provision levels high for the banks during the quarter.

For all the banking stocks under our coverage we expect a 20.9% y-o-y and a 5.8% q-o-q increase in the net interest income (NII), a 26.8% y-o-y and a 13.0% q-o-q rise in the operating profit and a 25.8% y-o-y and a 3.8% q-o-q growth in the profit after tax (PAT). The public sector banks (PSBs) are expected to report a y-o-y growth of 17.0% and 25.5% in the NII and the PAT respectively while the private banks (PVBs) are expected to report a y-o-y growth of 35.7% and 26.6% in the NII and the PAT respectively.

Quarterly estimates (Rs crore)

Banks	NII Q4FY07E	(%) yoy chg	(%) qoq chg	PPP Q4FY07E	(%) yoy chg	(%) qoq chg	PAT Q4FY07E	(%) yoy chg	(%) qoq chg
Allahabad Bank	463.0	0.9	-4.5	338.6	1.2	17.1	143.8	-4.7	-49.8
Andhra Bank	372.0	19.9	2.3	254.9	24.0	-2.2	123.0	-11.3	-9.8
Bank of Baroda	1001.7	15.0	4.3	640.9	23.1	-2.4	256.7	23.0	-22.0
Bank of India	973.9	11.0	5.9	731.1	9.3	19.0	288.9	13.7	13.4
Canara Bank	1082.7	10.1	4.2	1038.9	34.6	48.2	444.2	-10.1	22.4
Corp Bank	353.3	13.6	6.0	296.5	10.2	1.2	116.1	15.8	-20.7
PNB	1513.0	27.0	4.6	1194.0	16.0	15.7	459.8	58.5	7.0
SBI	4248.9	19.5	7.5	3131.2	23.8	9.7	1259.8	47.6	18.3
UBI	704.4	17.8	2.7	485.0	5.8	-3.9	254.7	76.1	-0.2
Total public	**10712.9**	**17.0**	**5.1**	**8018.8**	**18.2**	**11.3**	**3305.4**	**25.5**	**1.2**
HDFC Bank	1008.6	36.4	8.6	790.3	40.8	13.4	336.0	27.4	13.7
ICICI Bank	1848.1	34.5	8.2	2355.0	59.0	19.2	1004.1	27.1	10.3
UTI Bank	435.9	39.3	4.8	407.1	36.6	13.5	186.2	22.8	0.9
Total private	**3292.6**	**35.7**	**7.8**	**3552.4**	**51.8**	**17.2**	**1526.3**	**26.6**	**9.8**
Grand total	**14005.5**	**20.9**	**5.8**	**11571.2**	**26.8**	**13.0**	**4831.7**	**25.8**	**3.8**

What happened in the January-March period?

- The Reserve Bank of India (RBI) further tightened its policy stance during the quarter with another 100-basis-point CRR hike in two phases and a 50-basis-point increase in the repo rate also in two phases to 7.75% to control the credit growth and the galloping money supply in the economy which is fuelling the current high inflation.
- Liquidity started drying up in the system with almost Rs45,000 crore sucked out with three CRR hikes of 50 basis points each in a span of three months. However the loan growth did not slow down and banks started to offer bulk deposit rates in the vicinity of 10-12% for short-term deposits to show business growth and fund credit. This made deposit rates move up by 1-2% across tenures for most banks at the shorter end.
- The CRR hikes and increased borrowing costs forced the banks to hike their PLR by 50-75 basis points. The PVBs were the first to make a move to hike their lending rates but surprisingly the PSBs also kept hiking their PLRs.
- The RBI's tightening measures also saw the 10-year benchmark yield firming up by 37 basis points from its end-December 2006 levels which should force the banks with higher duration and a larger AFS investment book, like Canara Bank and Punjab National Bank (PNB), to charge higher MTM provisions.

Company	NII		PAT	
	Implied Q4FY07	Expected Q4FY07	Implied Q4FY07	Expected Q4FY07
Allahabad Bank	514.3	463.0	145.8	143.8
Andhra Bank	374.9	390.9	147.7	138.0
Bank of Baroda	1031.6	1001.7	234.8	256.7
Bank of India	986.0	973.9	302.6	288.9
Canara Bank	1156.2	1082.7	508.6	444.2
Corp Bank	317.4	353.3	106.5	116.1
PNB	1481.2	1513.0	434.8	459.8
SBI	3982.6	4248.9	1546.7	1259.8
UBI	736.3	704.4	303.2	254.7
HDFC Bank	1021.6	1008.6	343.0	336.0
ICICI Bank	1934.9	1848.1	1090.6	1004.1
UTI Bank	430.2	435.9	198.4	186.2

Implied and expected numbers: The implied numbers have been derived by subtracting the actual numbers for the nine months ended December 2006 from our FY2007 annual expectations after the announcement of the Q3FY2007 results. Our implied and expected NII and PAT numbers differ mainly on account of the developments post-Q3FY2007 numbers, like the one-time CRR interest income and increased provisioning, which needed to be incorporated in our annual and quarterly estimates. For example, the expected PAT numbers of ICICI Bank and SBI are lower than our implied numbers mainly due to higher standard provisioning requirements that needed to be provided during this quarter and also an MTM hit for SBI on its AFS portfolio.

What to expect in Q4FY2007 banking numbers

For all the banking stocks under our coverage we expect a 20.9% y-o-y and a 5.8% q-o-q increase in the NII, a 26.8% y-o-y and a 13.0% q-o-q rise in the operating profit and a 25.8% y-o-y and a 3.8% q-o-q growth in the PAT.

PSB performance: PSBs are expected to report a y-o-y increase of 17.0% and 25.5% in the NII and PAT respectively. Some of the PSBs (SBI, PNB, Union Bank of India) are expected to report a high y-o-y PAT growth, as the base in Q4FY2006 was lower on account of higher provisions.

PVB performance: The PVBs are expected to report a robust growth in their NII and fee income with the PAT growing at 26.6% year on year (yoy). For PVBs the q-o-q operating profit growth remains encouraging at 17.2% but the increased provisions requirement will keep their q-o-q PAT growth at 9.8%.

Bankex under-performs Sensex: The Bankex continued to under-perform the broader market as it declined by 8% compared with the Sensex' decline of 5% for the period December 29, 2006 to March 30,2007. Except UTI Bank all banks reported a decline.

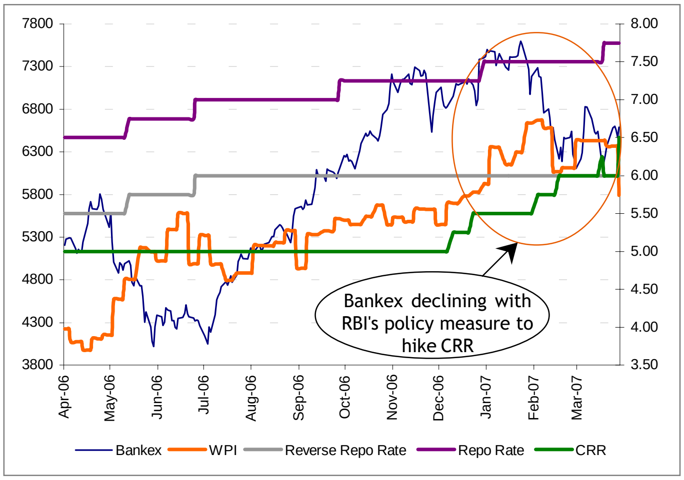
Factors to influence Q4FY2007 numbers

We expect the interest on advances to show a strong growth on the back of above 28% y-o-y credit growth and the full impact of the hike in the PLRs effected by banks in the fag end of December 2006 or early January as well as in mid-February.

The banks have been facing serious concerns over deposit mobilisation, as the deposit growth at 24% continues to lag the credit growth at above 28%. The 150-basis-point CRR hike within a span of three months has further reduced the available lending funds for the banks. The deposit costs have moved up significantly which could prove to be a concern for the net interest margin (NIM); however the PLR hikes would help in mitigating the pressure on the NIMs going forward. We feel the NIM for banks would largely be spared in the current quarter as the one-time interest on CRR balances with retrospective effect and the PLR hikes would help in mitigating the rising interest costs on deposits. However, the spill-over effect of the high deposit costs in Q1FY2008 should be more pronounced and in the absence of the CRR income the NIM could be affected on a sequential basis.

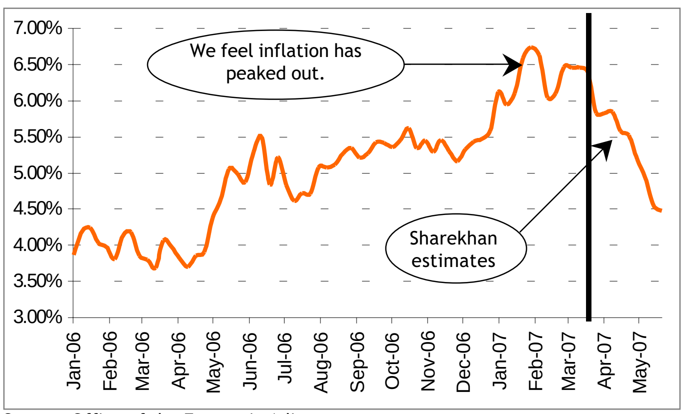
Banking stocks look attractive from the medium- to long-term perspective: We have mentioned below certain factors that we feel are currently causing the banking stocks to under-perform the broader market. Almost all the banking stocks have under-performed the market in the last three months, however things have started to look bright once again as inflation rates have peaked out and interest rates are also expected to peak out soon.

Influence of CRR hikes on Bankex



Source: RBI, Bloomberg

Wholesale Price Index expected to moderate going forward



Source: Office of the Economic Adivsor

Current factors influencing the performance of bank stocks

- Tightening monetary policy stance of the RBI due to inflation concerns.
- Margin concerns due to faster repricing of deposit rates compared with lending rates; also the spreads on the incremental statutory liquidity ratio (SLR) book are marginal, even negative, in some cases.
- No improvement is expected in the NIM under the current circumstances because of a lower incremental NIM and negative to stable spreads on the SLR book.
- There are concerns over asset quality as the lending rates have sharply jumped up in the last six months with three to four PLR hikes from August 2006 onwards.
- Higher provisioning norms on certain categories of standard assets to hurt profitability.
- Slowing down of credit growth as demand moderates with such increased rates.

Positive factors that could see bank stocks gain substantially

- We have seen a sharp rise in the deposit rates so far but banks, especially PSBs, have also hiked their lending rates. The PSBs have raised the PLR with each CRR hike that the RBI has announced. Hence the concern over the margins may be visible in the next two quarters but the impact may not be very significant.
- Any cut in the SLR requirements is going to be a strong fillip for the banks' earnings. Our estimates suggests that a 1% cut in the SLR could improve the PAT by 1.5%.
- After three years of ~30% credit growth banks can expect some moderation in credit demand to 20-22% but no significant slowdown is expected.

Recent correction in bank stocks provides the opportunity

- We have seen significant correction in the bank stocks in recent times; the correction was mainly fuelled by the RBI's strong-handed policy measures, which created concerns over the banks' earnings. High inflation numbers giving rise to uncertainty over the RBI's monetary tightening policy made the market uncertain with regard to the performance of the bank stocks.
- We have been saying that inflation would moderate from March 31, 2007 onwards and go down below 6%; we have indeed witnessed the latest inflation number at 5.74%.
- New *rabi* harvest should help moderate the galloping food article prices, and the RBI's current measures of a 150-basis-point CRR hike and a 50-basis-point repo rate hike to 7.75% have started affecting the credit demand. The non-food credit growth on a y-o-y basis has already come down to 28% levels from the 30% levels recorded in the recent past. Some demand side pressures are still visible on the manufacturing side with the Index of Industrial Production growing by a strong 11% plus. Due to a high base effect and the impact of the above stated facts we feel inflation would moderate within the RBI's comfort zone by end May 2007.

- The correction in banking stocks has been more than warranted and we feel that as the inflation rate moderates and the uncertainty over the RBI's monetary policy stance clears up, the banking stocks would again outperform the market. Currently, the downside risk to the banking stocks from the current levels looks limited, as the period of high inflation and tight monetary stance appears to be behind us.
- Banks that are able to manage their cost of funds and asset quality better than their peers are expected to get better valuations. Hence, banks with higher CASA having better control over the cost of funds and low non-performing assets will stand out with their performance going forward. Prices of bank stocks have fallen sharply and are factoring in most of the concerns mentioned so far. Hence the downside looks limited from the current level and this provides a buying opportunity.

Interest rate outlook

We expect inflation to moderate from the current levels of 5.74% going forward as the high base effect kicks in and inflation settles within the RBI's comfort zone by end May 2007. The non-food credit and money supply are slowing down (non-food credit and money supply growth at 27.6% and 20.7% respectively for FY2007 compared with above 29% and 22% respectively a few months back) but whether the same would also enter the RBI's comfort zone remains to be seen. The FY2008 annual policy statement due later this month thus assumes greater significance in terms of how the RBI perceives the three factors—inflation, credit growth and money supply—in FY2008. The upward bias on interest rates may get checked once the above mentioned three parameters (inflation, credit growth and money supply) start converging within the RBI's comfort zone.

From a medium- to long-term perspective we feel we are almost at the peak of the interest rate cycle as the macro-economic factors like high inflation, credit and money supply growth that are driving the RBI's tightening policy measures are looking to moderate in the next two months. With moderation of growth in these three factors we may expect the tightening of the monetary policy to end. Inflation is expected to moderate mainly due to a high base effect, credit growth is likely to track deposit growth from here on as excess SLR holdings of banks have declined steadily and reached the threshold level. Three CRR hikes of 50 basis points each should help moderate the money supply growth; however the foreign inflows should keep the money supply growth at slightly higher levels.

Revisions of FY2008 earnings estimates and price targets

Based on the recent developments in the economy and the banking sector we have revised our numbers for all banks under our coverage. Almost all banks have seen a downward revision in their FY2008 earnings estimate. The likely pressure on the NIMs going forward and the increased provisioning requirement have resulted in the downward revision of the earnings estimates. But as mentioned earlier, most of these concerns are already factored in the stock prices, hence even after the downgrade in our FY2008 earnings estimates, bank stocks provide significant upside from the current levels. The downgrade in the earnings estimate and price target for Canara Bank has been the sharpest, mainly due to the bank's lacklustre performance over the last few quarters and also concerns over the NIM and the overall performance going forward.

Banks trading at attractive multiples

As a result of the fall in the bank stock prices over the last three weeks, the banks are available at very attractive price/earnings ratio and price/book value multiples with most PSBs trading at or below their FY2008 book value. We continue to like ICICI Bank, UTI Bank, Bank of India, Punjab National Bank and State Bank of India as our preffered picks. With interest rates peaking off and the current prices capturing most of the earnings disappointments, we reinforce our positive view on the sector as the long-term growth prospects remain intact.

Company	Revised PAT				New price target	Old price target	% change
	FY07E	FY08E	% change	% change			
Allahabad Bank	768.3	839.5	-0.3	-1.8	101	106	-4.46
Andhra Bank	522.1	611.3	-4.5	-5.1	101	109	-7.16
Bank of Baroda	1037.5	1307.2	2.2	-4.5	310	327	-5.15
Bank of India	964.6	1175.5	-1.4	-0.2	210	220	-4.54
Canara Bank	1359.9	1552.0	-4.5	-17.5	268	320	-16.33
Corp Bank	533.8	631.2	1.8	0.4	374	380	-1.56
PNB	1762.3	2110.7	1.4	1.6	578	600	-3.74
SBI	4307.9	5519.3	-6.2	-6.1	1325	1380	-3.96
UBI	870.9	1079.0	-5.3	-4.7	141	150	-5.99
HDFC Bank	1133.9	1475.1	-0.6	-1.6	1174	1200	-2.21
ICICI Bank	3289.2	3951.3	-2.6	-2.2	1227	1240	-1.01
UTI Bank	633.3	811.6	-1.9	-2.1	572	580	-1.41

Valuation table

Company	CMP (Rs)	PER (x) FY06	PER (x) FY07E	PER (x) FY08E	P/BV (x) FY06	P/BV (x) FY07E	P/BV (x) FY08E	P/PPP (x) FY06	P/PPP (x) FY07E	P/PPP (x) FY08E	Potential upside (%)
Allahabad Bank	73.3	4.6	4.3	3.9	1.1	0.9	0.8	3.2	2.8	2.8	38.0
Andhra Bank	75.7	7.6	7.0	6.0	1.3	1.1	1.0	4.8	3.9	3.5	34.0
Bank of Baroda	226.9	10.0	8.0	6.3	1.1	1.1	1.1	4.1	3.4	2.9	37.0
Bank of India	180.3	12.5	9.1	7.5	1.8	1.6	1.3	4.5	3.7	3.0	17.0
Canara Bank	196.3	6.0	5.9	5.2	1.1	1.0	0.9	3.1	3.1	2.6	36.0
Corp Bank	281.5	9.1	7.6	6.4	1.2	1.1	1.0	3.8	3.5	3.2	33.0
PNB	456.8	10.0	8.2	6.8	1.5	1.3	1.1	4.6	3.6	3.2	26.0
SBI*	999.3	11.9	12.2	10.3	1.4	1.2	1.0	4.7	4.7	4.8	33.0
UBI	103.9	7.8	6.0	4.9	1.2	1.0	0.9	3.3	2.9	2.5	36.0
HDFC Bank	979.4	35.2	27.0	21.8	5.8	5.0	3.6	15.5	11.1	9.1	20.0
ICICI Bank	872.6	30.6	23.6	19.7	3.5	3.2	2.8	16.6	10.8	8.8	41.0
UTI Bank	469.1	26.9	20.6	18.2	4.6	3.9	2.6	8.2	7.9	7.2	22.0

*Based on consolidated book value

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

Tata Consultancy Services

Evergreen

Stock Update

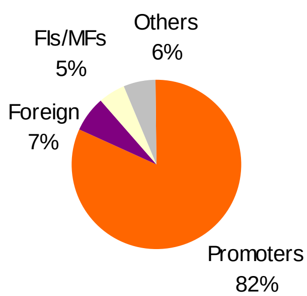
Q4FY2007—fist cut analysis

Buy; CMP: Rs1,285

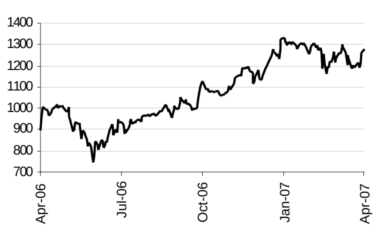
Company details

Price target:	Rs1,508
Market cap:	Rs125,750 cr
52 week high/low:	Rs1,370/900
NSE volume: (No of shares)	7.6 lakh
BSE code:	532540
NSE code:	TCS
Sharekhan code:	TCSCONS
Free float: (No of shares)	18.0 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-0.1	-4.5	14.9	41.9
Relative to Sensex	-3.4	0.0	8.8	17.2

Result highlight

- Tata Consultancy Services (TCS) has reported a growth of 5.9% quarter on quarter (qoq) and 38.2% year on year (yoy) in its consolidated revenues to Rs5,146.4 crore. The sequential revenue growth was largely driven by a 6.42% growth in the volumes and a 1.33% improvement in the billing rates and productivity. On the other hand, the appreciation of the rupee adversely impacted the revenue growth by 1.87% sequentially.
- The earnings before interest and tax (EBIT) margins declined by 47 basis points to 25.6% sequentially, largely due to the adverse impact of the appreciation in the rupee.
- The other income stood at Rs89.8 crore and included one-time extraordinary income of Rs66.3 crore from the sale of stake in Sitel. Excluding the one-time income (adjusted for tax), the consolidated earnings have grown at a disappointing rate of 1.1% qoq to Rs1,116.8 crore, which is much lower than the consensus estimates of around Rs1,185 crore.
- In terms of the outlook, the company reiterated that the demand environment continues to be robust and it expects to maintain the margins in FY2008 (at the level of 24.9% reported in FY2007). The company doesn't give any specific growth guidance. However, it has indicated that the gross employee addition would be higher than 32,500 reported in FY2007.

Result table (consolidated US GAAP) Rs (cr)

Particulars	Q4FY07	Q4FY06	Q3FY07	% yoy chg	% qoq chg
Revenue	5146.4	4860.5	3723.0	5.9	38.2
Development cost	2717.7	2575.8	2044.4	5.5	32.9
Gross profit	2428.8	2284.7	1678.6	6.3	44.7
SG&A expenses	972.0	909.4	695.6	6.9	39.7
Operating profit	1456.8	1375.3	982.9	5.9	48.2
Depreciation	139.5	108.0	86.5	29.2	61.3
EBIT	1317.3	1267.3	896.4	3.9	46.9
Other income	89.8	30.0	(4.0)	199.5	-
Profit before tax	1407.1	1297.3	892.4	8.5	57.7
Tax	218.8	182.8	89.6	19.7	144.2
PAT	1188.3	1114.5	802.8	6.6	48.0
Affiliates earnings	0.4	1.7	3.3	(79.0)	(89.1)
Minority interest	15.8	11.5	10.3	37.8	53.3
RPAT	1172.8	1104.7	795.8	6.2	47.4
Adj. PAT*	1116.8	1104.7	795.8	1.1	40.3
Equity capital	97.9	97.9	97.9		
EPS(Rs)	12.0	11.3	8.1		
Margins(%)					
GPM	47.2	47.0	45.1		
OPM	28.3	28.3	26.4		
EBIT	25.6	26.1	24.1		
NPM	22.4	22.6	21.4		

* Adjusted for one-time items

- The key operational highlights for Q4 are: addition of 43 clients; healthy growth of 9.3% qoq in the Top 10 clients; closing of two large deals worth over $50 million each and one deal worth $35 million; attrition rate at a comfortable level of 10.6% and a slowdown in banking, financial services and insurance (BFSI) and manufacturing industry verticals.
- Given the lower-than-expected performance and the steep appreciation in the rupee, we would review our FY2008 estimates and introduce the FY2009 estimates in the detailed report. We maintain our Buy call on the stock with a price target of Rs1,508.

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

Mutual Gains

Mutual Fund

Sharekhan's top equity fund picks

Even though the market has recovered some of the lost ground in the past few trading sessions, it yet lacks a clear direction and is characterised by intense volatility. In addition to the global uncertainties the market now has to deal with certain local risks as well. Till yesterday, every time the market stumbled and fell on global concerns, such as the possibility of recession in the USA, higher crude prices or unwinding of yen carry trades, it was the promise of India's long-term growth story that helped it get back on its feet. However, with the recent volatility, investors are questioning the basic fundamentals of India's growth story. Foreign investors, the main drivers of the market so far, were net sellers to the tune of Rs1,082 crore in March, while the domestic mutual funds were buyers to the extent of Rs5.8 crore.

Inflation has raised its ugly head again. After stubbornly remaining well above 6% for four weeks in a row it has relented and dropped to 5.7% levels. This inflation is driven by supply-side constraints and abundance of liquidity. The government is trying its best to increase the supply of the items that are driving inflation, viz food articles like wheat and pulses. It has also taken some forced measures as in the case of cement. Notwithstanding its unsuccessful attempts to tame inflation, the government is likely to attempt some more, drastic, measures to curb inflation.

Alongside the Reserve Bank of India (RBI) has been using every conventional trick in its bag to control money supply, which has been growing at a healthy rate of 22%. The RBI has raised the repo rate six times since January 2006 and increased the cash reserve ratio (CRR) three times in the past three months. Most of these measures have been unscheduled and hence have caught the market on the wrong foot. We feel the aggressive stance of the RBI is likely to continue for some more time due to political exigencies. The central bank is slated to announce its annual monetary policy statement for FY2008 on April 24 and another rate hike could be in the offing.

As a result of the CRR hike, liquidity conditions are expected to tighten further, resulting in higher deposit and lending rates. The rising interest rates can make retail credit and, in the process, working capital finance that much costlier. The hardening of interest rates has already begun to hurt rate-sensitive sectors like housing and automobiles.

The rupee too may grow stronger because of the persisting liquidity crunch. The local currency has already appreciated by 9.5% in the past eight months, it touched its eight-year high at 42.925/935 against the dollar on April 4, 2007. A rising rupee could be bad news for our export industry. Besides adversely affecting the financial performance of the software companies, the unexpected sharp rise in the rupee is feared to influence their annual growth guidance for FY2008.

In its war against inflation the government may find an ally in the monsoon. It was initially feared that *El Nino* conditions might affect the south-west monsoon in 2007. However the latest NOAA estimate suggests that *El Nino* indicators have visibly weakened in recent weeks, implying that the 2006-07 *El Nino* events have ended. Thus we may have a normal monsoon this year, which may help moderate inflation in the economy.

To add to the market's woes, the spectre of recession still hovers over the world's largest economy, which is currently reeling under a housing slump. The US gross domestic product expanded at an annual rate of 2.5% in the last quarter and at 2% in the previous quarter. But even as the US economy is slowing down, inflation remains at 2.4%, above the US Federal Reserve's (Fed) comfort zone of 1% to 2%. Hence it is still uncertain whether the Fed's next move would be a rate hike or a rate cut.

In the medium term, India Inc's fourth quarter results, the outcome of the state elections, the RBI's monetary policy announcement and the initial monsoon forecast will act as triggers for the market. The early results are likely to be a fair indicator of the shape of things to come with respect to the financial performances of the corporate sector as a whole. Reports of good earnings growth would no doubt boost market sentiment; on the other hand, any lower than expected guidance for FY2008 may dampen mood and result in more volatility.

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

We have identified the best equity-oriented schemes available in the market today based on the following 3 parameters: the past performance as indicated by the returns, the Sharpe ratio and Fama (net selectivity).

The past performance is measured by the 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 3 parameters and then calculated the mean value of each of the 3 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 3 parameters vis a vis their respective mean values.

For our final selection of schemes, we have generated a total score for each scheme giving 50% weightage to the relative performance as indicated by the returns, 25% weightage to the relative performance as indicated by the Sharpe ratio and the remaining 25% to the relative performance as indicated by the FAMA of the scheme.

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

We present below our recommendations in the equity-oriented mutual fund category.

Aggressive Funds

Mid-cap Category

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
Sundaram BNP Paribas Select Midcap	86.16	-6.92	15.10	52.04
Reliance Growth	259.54	-2.70	14.11	49.25
Prudential ICICI Emerging STAR	26.61	-6.34	7.86	51.72
Kotak Midcap	19.25	-2.22	-1.63	38.85
Birla Mid Cap	60.03	-6.80	7.25	37.22
HDFC Capital Builder	60.30	-4.54	1.35	30.85
Indices				
BSE Sensex	13072.10	-5.18	15.61	43.12

Opportunities category

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
Prudential ICICI Dynamic Plan	63.02	-4.24	18.75	54.51
Reliance Equity Opportunities	20.35	-6.20	11.51	43.15
Franklin India Opportunity	24.10	-8.75	14.65	49.52
ING Vysya Domestic Opportunities	25.99	-5.04	11.74	42.49
HSBC India Opportunities	26.74	-8.95	17.57	44.52
Birla India Opportunities	50.06	-4.10	11.89	36.19
Indices				
BSE Sensex	13072.10	-5.18	15.61	43.12

Equity diversified/conservative funds

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
SBI Magnum Global Fund 94	41.21	-6.93	17.76	55.93
SBI Magnum Multiplier Plus 93	50.68	-6.20	10.38	53.68
HDFC Equity Fund	142.60	-1.91	12.24	47.69
Birla SunLife Frontline Equity	49.42	-1.42	22.94	45.42
Birla SunLife Equity	174.25	-3.58	13.06	48.95
Prudential ICICI Power	77.49	-5.12	12.63	47.33
Franklin India Prima Plus	132.81	-3.43	18.03	46.31
DSP ML Top 100 Equity	55.21	-3.61	14.93	45.16
DSP ML Equity	37.38	-4.81	13.27	45.71
Indices				
BSE Sensex	13072.10	-5.18	15.61	43.12

Thematic/emerging trend funds

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
Prudential ICICI Service Industries	14.96	-3.11	27.43	--
Prudential ICICI Infrastructure	17.65	-4.59	19.82	--
Kotak Lifestyle	11.64	1.85	13.17	--
DSP ML India Tiger	31.54	-3.76	16.17	52.45
Birla India GenNext	15.54	1.30	12.12	--
SBI Magnum Sector Umbrella	35.55	-5.20	12.39	50.91
Tata Infrastructure	22.02	-8.27	10.58	44.88
Indices				
BSE Sensex	13072.10	-5.18	15.61	43.12

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.

Balanced funds

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
HDFC Prudence	110.13	-3.19	15.82	37.33
FT India Balanced	32.12	-1.57	15.26	30.48
Franklin India Balanced	34.69	-1.59	15.24	30.47
Birla SunLife 95	172.56	-0.84	12.42	32.04
JM Balanced	22.18	-4.81	11.57	32.31
Prudential ICICI Balanced	33.56	-3.09	10.00	31.12
Birla Balance	27.33	-2.25	10.11	25.40
Indices				
Crisil Balanced Fund Index	2377.77	-2.41	10.37	23.83

Tax planning funds

Scheme Name	NAV	Returns as on Mar 31, 07(%)		
		3 Months	1 Year	2 Years
SBI Magnum Tax Gain Scheme 93	42.42	-4.07	17.20	55.45
Birla SunLife Tax Relief 96	87.96	-4.29	11.64	42.71
HDFC Taxsaver	133.88	-8.62	3.55	41.70
PRINCIPAL Tax Savings	72.75	-4.13	8.25	42.45
Sundaram BNP Paribas Taxsaver	26.16	-6.05	5.41	41.65
Principal Personal Taxsaver	122.34	-2.86	8.21	34.15
Indices				
BSE Sensex	13072.10	-5.18	15.61	43.12

Risk-return analysis

The charts on the following pages give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. We have used the bubble analysis method to measure their performances on three parameters viz risk, return and fund size. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns. We have tried to explain the same with the help of a diagram, which is divided into four quadrants, with each quadrant containing funds of a particular risk-return profile. The size of the bubble indicates the size of the fund.

The funds in the **high-risk high returns** quadrant follow a very aggressive approach and deliver high absolute returns compared to its peers albeit at a higher risk.

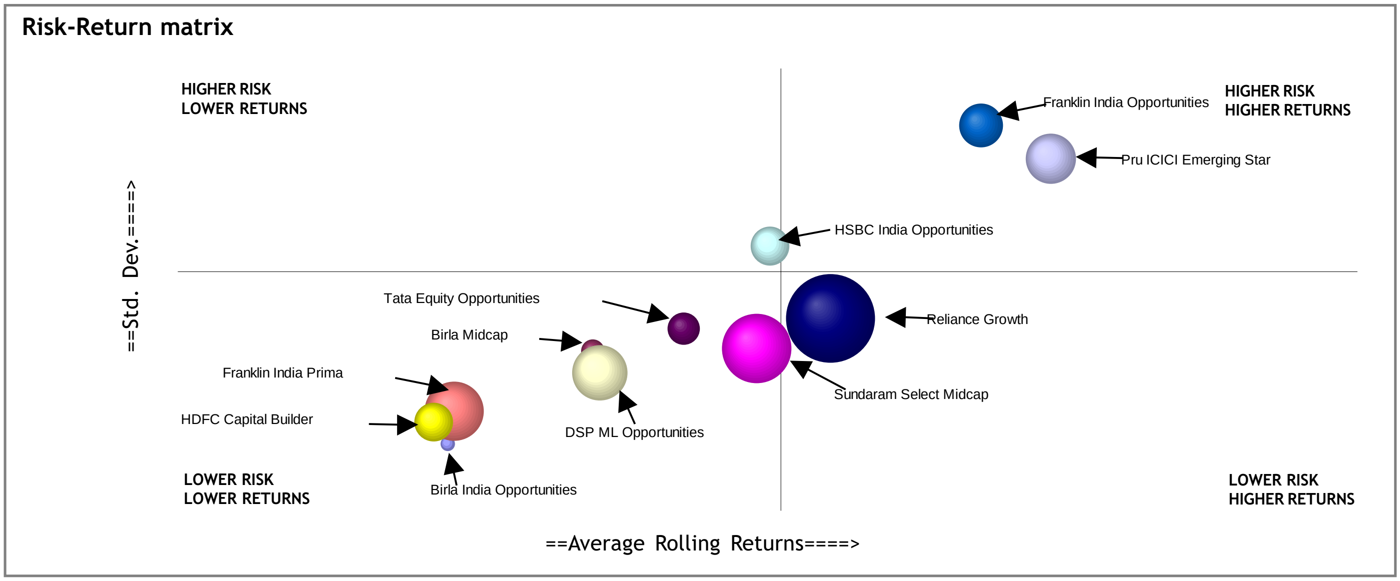
The funds in the **low-risk high returns** quadrant outperform the peer group on the risk-adjusted returns basis as they deliver higher returns compared to its peers without exposing the portfolio to very high risk.

The funds in the **low-risk low returns** quadrant are not very aggressive and provide lower absolute returns, taking lower risks.

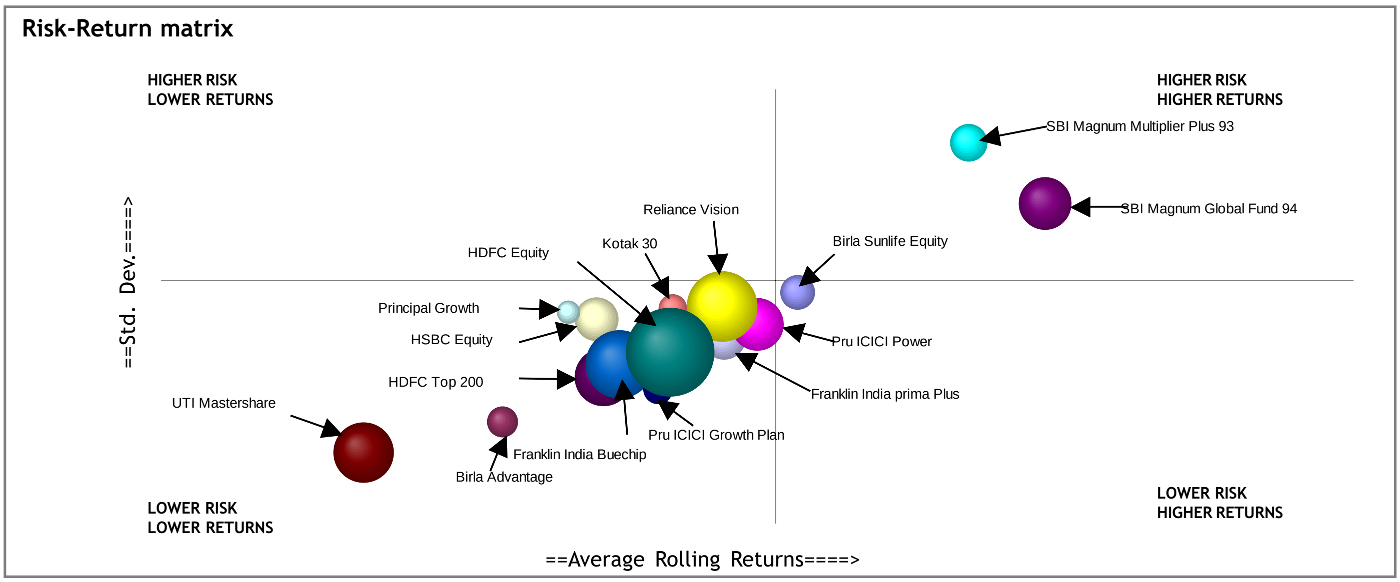
The funds in the **high-risk low returns** quadrant underperform the peers on the risk adjusted returns basis as they adopt a high-risk strategy but the returns fail to compensate the risk taken by the fund.

For aggressive, conservative and tax planning funds, risk is measured in terms of two years' volatility while returns are measured as two years' average rolling returns as on March 31, 2007. For thematic and balanced funds, risk is measured in terms of one year's volatility while returns are measured as one year's average rolling returns as on March 31, 2007.

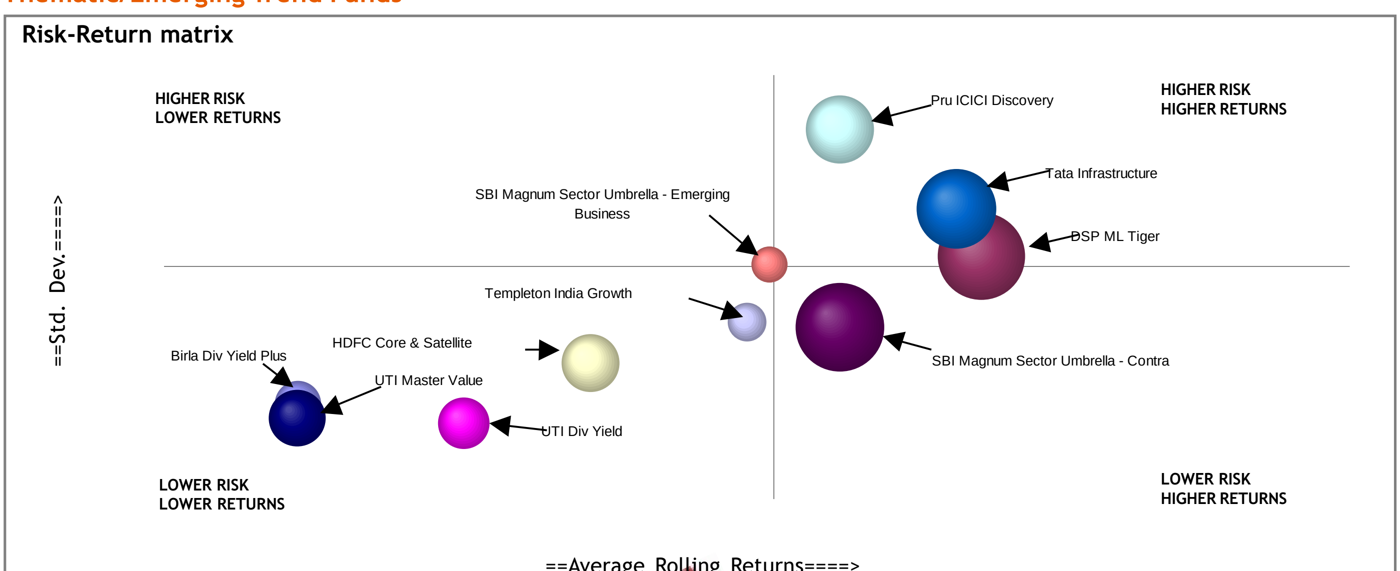
Aggressive Funds



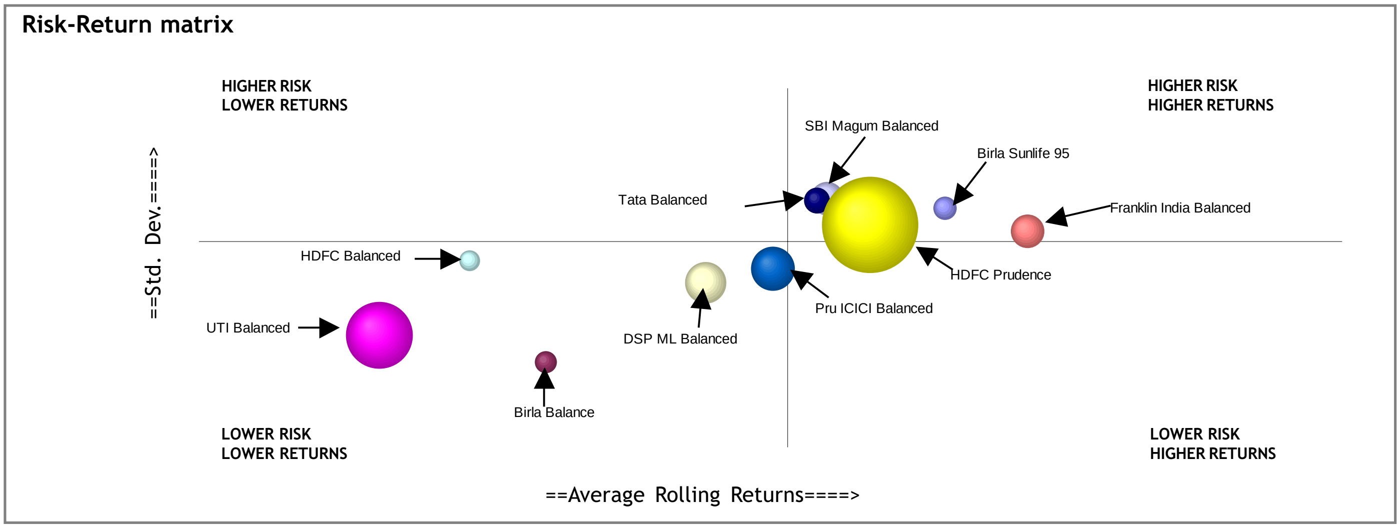
Equity Diversified/Conservative Funds



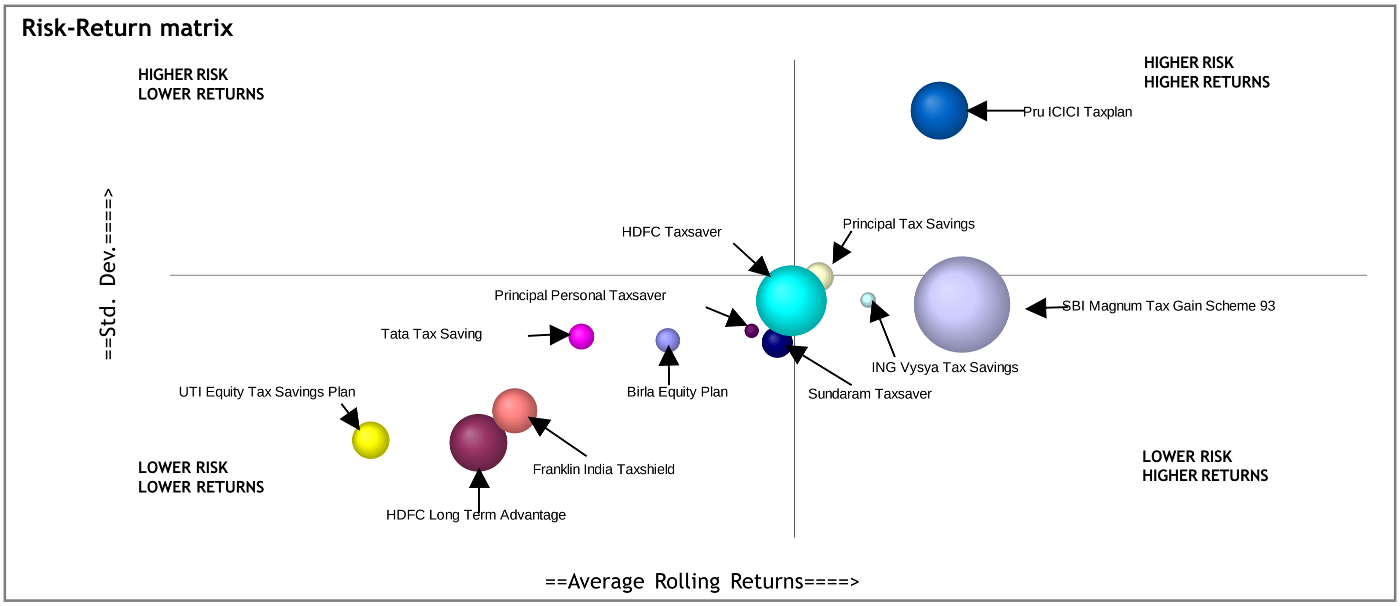
Thematic/Emerging Trend Funds



Balanced Funds



Tax Planning Funds



Disclaimer: mutual fund investments are subject to market risk. Please read the offer document carefully before investing. Past performance may or may not be sustained in the future.

What's In—What's Out

Mutual Fund

Fund Analysis: April 2007

Favourite stock picks in the portfolios of equity and mid-cap funds

An analysis has been undertaken on equity and mid-cap funds' portfolios, indicating the favourite picks of fund managers for the month of March 2007. Equity funds comprise of all diversified, index, sector and tax planning funds, whereas mid-cap funds include a universe of 18 funds such as Reliance Growth, Franklin India Prima Fund, HDFC Capital Builder, Birla Mid-cap Fund etc.

What's in

Top new stocks added to the equity funds' portfolios.

Company name	No of shares	Mkt value (Rs cr)
Ador Welding	4009807	14.54
Century Plyboards (India)	--	10.71
DCM	1496437	7.36
DCM Shriram Industries	--	6.63
Govind Rubber	--	5.14
Grabal Alok Impex	--	13.67
HTMT Global Solutions	--	71.76
Idea Cellular	14510401	203.09
Jindal South West Holding	--	15.43
Lakshmi Precision Screws	900064	6.44
Munjal Auto Industries	--	10.17
Page Industries	259679	18.55
R System International	1215043	16.12
Raipur Alloys & Steel	--	19.42
Raj Television Network	328500	6.79
Saksoft	394545	6.35
Shri Ramrupai Balaji Steel	--	8.20
Subhash Projects & Marketing	741702	13.73
Sunflag Iron & Steel Company	--	7.74
Themis Medicare	--	8.22

Top new stocks in the mid-cap funds' portfolios.

Company name	No of shares	Mkt value (Rs cr)
Aztec Software & Technology	1643975	20.88
Gabriel India	4488718	13.44
Ganesh Housing Corpn	802737	27.46
Gujarat Ambuja Exports	5262194	13.68
Gwalior Chemical Industries	2390907	13.52
HTMT Global Solutions	--	16.98
ICICI BANK	100000	8.53
Idea Cellular	157276	8.65
Jet Airways India	140000	8.86
Mahanagar Telephone Nigam	2307870	33.87
Mahindra Forgings	--	21.60
Maruti Udyog	343206	28.15
Munjal Auto Industries	--	10.17
Oil & Natural Gas Corpn	150000	13.21
Oswal Chemicals & Fertilisers	10034218	32.21
Reliance Communications	1003422	42.23
Solectron Centum Elec	955097	21.97
Tata Motors	769658	56.05
Themis Medicare	--	8.22
Welspun India	3187513	22.70

What's out

Complete exits in the equity funds' portfolios.

Company name	
IL&FS Investsmart	Mahavir Spinning Mills
Rajesh Exports	Gayatri Projects
Venus Remedies	Astra Microwave Products
Suven Life Science	Gujarat NRE Coke
Ess Dee Aluminium	Shree Renuka Sugars
Marksans Pharma	Allahabad Bank
Andhra Sugars	Samtel Color

Complete exits in the mid-cap funds' portfolios.

Company name
Binani Industries
Reliance Petroleum
Gayatri Projects
Ess Dee Aluminium
First Source Solutions
Evinix Accessories

Favourite picks for the month

Top additions to the existing holdings of equity funds' portfolios.

Company name	No of shares added	Mkt value added (Rs cr)
Tata Steel	5634443	253.32
Steel Authority of India	14357242	163.82
Hindustan Lever	7969321	163.57
Idea Cellular	14510401	137.20
Tata Power Company	2185243	111.33
Vardhman Spinning	4307263	109.62
Ador Welding	4009807	73.80
Gammon India	2279494	68.62
Bank of Baroda	2684058	57.81
Federal Bank	2377782	51.25
Oswal Chemicals & Fertilizers	10033548	32.21
EID Parry (India)	2255034	28.92
TV Today Network	2218572	27.39
Welspun India	3031896	21.62
Rico Auto Industries	4235527	19.89
Navneet Publications (India)	3441237	18.57
Zee News	4560214	17.69
Gwalior Chemical Industries	2604506	14.68
Gujarat Ambuja Exports	5265785	13.69
Gabriel India	4424694	13.16

Top additions to the existing holdings of mid-cap funds' portfolios.

Company name	No of shares added	Mkt value added (Rs cr)
Tata Motors	769658	56.01
Reliance Communications	1003422	42.14
Mahanagar Telephone Nigam	2307870	33.86
Oswal Chemicals & Fertilisers	10034218	32.32
Hexaware Technologies	1916680	32.22
Gammon India	949771	28.59
Vardhman Spinning	1093811	27.84
Ganesh Housing Corpn	802737	27.39
EID Parry (India)	2101752	26.95
Avaya Global Connect	878795	24.28
Welspun India	3187513	22.73
Solectron Centum Elec	955097	21.97
Tata Chemicals	1044422	21.61
Aztec Software & Technology	1643975	20.89
Union Bank Of India	1630798	16.94
Gujarat Ambuja Exports	5262194	13.68
Gwalior Chemical Industries	2390907	13.47
Zee News	3463370	13.44

Popular stocks in mid-cap funds

Company name	No of shares	Mkt value (Rs cr)
Aditya Birla Nuvo	1076946	114.43
Bharat Earth Movers	1823234	197.4
Crompton Greaves	4851799	96.82
Deccan Chronicle Holdings	6242218	100.9
Divis Laboratories	283701	87.23
India Cements	5779984	93.63
IPCA Laboratories	1643806	99.09
Jain Irrigation Systems	3101145	130.4
JaiPrakash Associates	4004301	215.84
Jindal Saw	4219552	213.21
Jindal Steel and Power	375422	89.25
JSW Steel	3171340	156.35
Kesoram Industries	2492483	85.44
Lupin	1731321	104.95
Maharashtra Seamless	2660457	143.72
MICO	299136	97.55
Mphasis BFL	3403994	105.11
NIIT Technologies	3049164	133.92
Reliance Industries	1243582	170.41
Sintex Industries	4112474	86.42

Exclusive stocks

Some stocks held by only one fund.

Scrip Name	Fund House
3M India	Kotak Mahindra Mutual Fund
Balmer Lawrie Investments	PRINCIPAL Mutual Fund
Bharat Seats	UTI Mutual Fund
Birla Advantage Fund	Kotak Mahindra Mutual Fund
Gujarat Pipavav Port	UTI Mutual Fund
HDFC Top 200	Kotak Mahindra Mutual Fund
Hitkari Fibers	UTI Mutual Fund
JBF Industries	Tata Mutual Fund
Mahendra Petrochemicals	UTI Mutual Fund
SBI Mutual Fund	SBI Mutual Fund
SICOM	UTI Mutual Fund
State Bank of Bikaner and Jaipur	UTI Mutual Fund
Tata Pure Equity Fund	Kotak Mahindra Mutual Fund
Tezpore Tea Company	UTI Mutual Fund

Cash rich funds: Top 10 funds having more cash compared to the others

Birla Index Fund, Standard Chartered Taxsaver Fund, JM Equity Tax Saver Fund, Reliance Long term Equity Fund, Principal PNB Long Term Equity Fund and DSP Merrill Lynch Tax Saver Fund are some of the cash rich equity diversified funds waiting for right valuations to invest.

Scheme	Equity (%)	Debt (%)	Cash & equivalent (%)
Birla Index Fund	1.02	0	98.98
LIC MF Index Fund - Nifty Plan	10.95	0	89.05
Standard Chartered Tax Saver (ELSS) Fund	11.45	16.93	71.62
JM Equity Tax Saver Fund - Series I	28.63	0	71.37
Reliance Long Term Equity Fund	56.14	0	43.86
UTI Capital Protection Oriented Scheme- Series I -3 years	10.02	54.39	35.59
Principal PNB Long Term Equity Fund - 3 Year - Series I	67.89	0	32.11
DSP Merrill Lynch Tax Saver Fund	70.84	0	29.16
Sundaram BNP Paribas Select Midcap	71.15	0	28.85
Reliance Media & Entet Fund	71.25	0	28.75

Sharekhan Stock Ideas

Evergreen

HDFC Bank
Infosys Technologies
Reliance Industries
Tata Consultancy Services

Apple Green

Aditya Birla Nuvo
ACC
Apollo Tyres
Bajaj Auto
Balrampur Chini Mills
Bank of Baroda
Bank of India
Bharat Bijlee
Bharat Electronics
Bharat Heavy Electricals
Bharti Airtel
Canara Bank
Corporation Bank
Crompton Greaves
Elder Pharmaceuticals
Grasim Industries
Hindustan Lever
ICICI Bank
Indian Hotels Company
ITC
Mahindra & Mahindra
Marico
Maruti Udyog
Lupin
Nicholas Piramal India
Omax Autos
Ranbaxy Laboratories
Satyam Computer Services
SKF India
State Bank of India
Sundaram Clayton
Tata Motors
Tata Tea
Unichem Laboratories
Wipro

Cannonball

Allahabad Bank
Andhra Bank
Cipla
Gateway Distriparks
International Combustion (India)
JK Cement
Madras Cement
Shree Cement
Transport Corporation of India

Emerging Star

3i Infotech
Aban Offshore
Alphageo India
Cadila Healthcare
Federal-Mogul Goetze (India)
KSB Pumps
Marksans Pharma
Navneet Publications (India)
New Delhi Television
Nucleus Software Exports
Orchid Chemicals & Pharmaceuticals
ORG Informatics
Tata Elxsi
Television Eighteen India
Thermax
UTI Bank

Ugly Duckling

Ahmednagar Forgings
Ashok Leyland
BASF India
Ceat
Deepak Fertilisers & Petrochemicals Corporation
Fem Care Pharma
Genus Overseas Electronics
HCL Technologies
Hexaware Technologies
ICI India
India Cements
Indo Tech Transformers
Jaiprakash Associates
JM Financial
KEI Industries
NIIT Technologies
Punjab National Bank
Ratnamani Metals and Tubes
Sanghvi Movers
Saregama India
Selan Exploration Technology
South East Asia Marine Engineering & Construction
Subros
Sun Pharmaceutical Industries
Surya Pharmaceuticals
UltraTech Cement
Union Bank of India
Universal Cables
Wockhardt

Vulture's Pick

Esab India
Orient Paper and Industries
WS Industries India

Home