

# India Strategy

Can strong earnings lead to upgrades?

*Q4FY10 Results Preview*

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# Q4FY10 Strong Results



Large Caps	Mid Caps	Small Caps
Bajaj Auto	Aban Offshore	Essel Propack
Cadila Healthcare	Andhra Bank	Garware Offshore
HDFC Bank	Ashok Leyland	Godawari Power
JSW Steel	Ballarpur Inds	JK Paper
Mah & Mah	CRISIL	JK Tyre
Maruti Suzuki India	Glenmark Pharma	Mcnally Bharat Engineering
Sesa Goa	GNFC	Tamilnadu Newsprint
Tata Motors	GSFC	
Yes Bank	Himadri Chemicals	
	Jubilant Organosys	
	Lakshmi Machine Works	
	Panacea Biotec	
	Sintex Industries	
	South Indian bank	
	Sterlite Tech	
	Torrent Pharma	
	TVS Motor	

# Q4FY10 Weak Results



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<b>Large Caps</b>	<b>Mid Caps</b>	<b>Small Caps</b>
Bank of India	ABG Shipyard	Hexaware Technologies
Divi's Lab	Dishman Pharma	Kalindee Rail
Idea Cellular		
Reliance Communications		
Shree Cements		

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We expect Emkay Universe (ex- oil & gas and banking) to post earnings growth of 34.5% for Q4FY10. This is against the 30.9% growth witnessed in Q3FY10.

Yoy comparison is not the best way to judge the performance as the economic activity has expanded during Q4FY10 while Q4FY09 numbers were still under the global recessionary clouds. However, even if we compare the sequential numbers, it is still quite decent at 7.5% growth.

The process of tightening the liquidity has already started. The rising cost of interest will impact the bottomline of the corporate sector. Moreover, we will be also watching whether the corporate sector is able to pass through the rising raw material costs to the customers.

The rupee has appreciated from 46.53/\$ in end of 31st Dec to 44.92/\$. The debate on liquidity v/s valuations seems to continue with as we have witnessed an FII inflow of Rs 1103 bn (US\$ 23.4bn) in FY10.

The Consensus Sensex trades at 17.1x FY11E earnings which is not very expensive at the same it is not at attractive levels.

We believe that most of the earnings upgrades have been already factored in by analysts. Hence, a higher stock prices from this level has to be justified by a higher earnings multiple. The only other alternative could be rolling over of target price based on a far term year-end earnings which can face a criticism on the ground of visibility of earnings.

Emkay Universe\* is likely to post Sales growth of 18.3%, EBITDA growth of 39.9% and PAT growth of 34.5% for Q4FY10. Emkay Large Cap Universe is likely to show 16.8%, 39.7% and 32.6% growth in Sales, EBITDA and PAT respectively. Emkay Mid Cap Universe is likely to show 29.5%, 47.0% and 53.5% growth in Sales, EBITDA and PAT respectively.

The top performing sectors in terms of sales growth are Auto Ancilaries (58.2%), Automobiles (50.4%), Construction (43.0%), Metals & Mining (25.9%) and Paper (23.1%).

EBITDA margins are likely to improve in sectors like Metals & Mining (1448 bps), Offshore Oil Field Services (636 bps), Automobiles (475 bps), Paper (408 bps) and Pharmaceuticals (391 bps). The same are likely to contract in case of Engineering & Capital Goods (87 bps) and Cement (47 bps).

Sectors like Metals & Mining (349.5%), Automobiles (125.6%), Auto Ancilaries (79.8%), Paper (48.2%), and Construction (47.0%) are expected to witness better yoy EBITDA growth.

**Emkay Universe\* is likely to post a de-growth in other income of 16.5% with Emkay Large Cap, Midcap and Small Cap likely to post a de-growth of 11.3%, 50.3% and 4.6% in other income respectively.**

**Emkay Universe\* is likely to post de-growth in interest cost of 4%. Emkay Large Cap and Midcap are likely to post interest cost de-growth of 4.8%, 3.3% respectively while Emkay Small Cap is likely to post growth of 1.5% in Interest cost.**

**PAT growth will be contributed by sectors like Metals and Mining (9519.1%), Auto Ancillaries (339.1%), Automobiles (168.6%), Paper (165.6%) and Offshore Oil Field Services (58.5%). While Cement Sector (3.9%) will witness de-growth.**

**Emkay Universe is trading at 20.7x FY10E earnings and 16.8x FY11E earnings which is at a discount of 6% & 2% respectively to consensus Sensex PE.**

*\*All numbers are Ex- oil & gas and banking.*

# Q4FY10 Strong Results



Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Mar-10 (E)	Mar-09	
<b>Large Caps</b>				
Bajaj Auto	Automobiles	4793	1872	156.0
Cadila Healthcare	Pharmaceuticals	1342	657	104.3
HDFC Bank	Banks & Financial Services	8941	6309	41.7
JSW Steel	Metals & Mining	5607	-1176	NA
Mah & Mah	Automobiles	4578	2577	77.6
Maruti Suzuki India	Automobiles	7219	2431	196.9
Sesa Goa	Metals & Mining	11230	5476	105.1
Tata Motors	Automobiles	6603	267	2375.4
Yes Bank	Banks & Financial Services	1457	802	81.7
<b>Mid Caps</b>				
Aban Offshore	Offshore Oil Field Services	1539	583	164.1
Andhra Bank	Banks & Financial Services	2275	1996	14.0
Ashok Leyland	Automobiles	2153	322	568.1
Ballarpur Inds	Paper	524	179	192.6
CRISIL	Financial Services - Others	485	341	42.4
Glenmark Pharma	Pharmaceuticals	595	91	556.8
GNFC	Chemicals & Fertilizers	611	195	212.4
GSFC	Chemicals & Fertilizers	709	231	207.5
Himadri Chemicals	Others	423	275	54.0
Jubilant Organosys	Pharmaceuticals	1313	438	199.7
Lakshmi Machine Works	Engineering & Capital Goods	435	143	203.3
Panacea Biotec	Pharmaceuticals	509	249	104.3
Sintex Industries	Others	1238	1147	8.0
South Indian bank	Banks & Financial Services	772	503	53.6
Sterlite Tech	Others	728	459	58.8
Torrent Pharma	Pharmaceuticals	517	361	43.3
TVS Motor	Automobiles	422	163	158.8
<b>Small Caps</b>				
Essel Propack	Others	99	3	3715.4
Garware Offshore	Offshore Oil Field Services	106	73	44.3
Godawari Power	Metals & Mining	169	79	114.4
JK Paper	Paper	189	48	290.4
JK Tyre	Auto Ancillaries	507	136	272.0
Mcnally Bharat Engineering	Engineering & Capital Goods	145	23	529.3
Tamilnadu Newsprint	Paper	303	155	95.4

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# Q4FY10 Weak Results



Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Mar-10 (E)	Mar-09	
<b>Large Caps</b>				
Bank of India	Banks & Financial Services	3555	8104	-56.1
Divi's Lab	Pharmaceuticals	902	1074	-16.0
Idea Cellular	Telecommunications	1384	2743	-49.5
Reliance Communications	Telecommunications	8200	12974	-36.8
Shree Cements	Cement	1602	2439	-34.3
<b>Mid Caps</b>				
ABG Shipyard	Engineering & Capital Goods	300	527	-43.0
Dishman Pharma	Pharmaceuticals	325	337	-3.7
<b>Small Caps</b>				
Hexaware Technologies	IT Services	250	371	-32.7
Kalindee Rail	Engineering & Capital Goods	5	13	-58.4



# Emkay Universe Q4FY10 Result Preview



	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ
Auto Ancillaries	44409	39401	28080	58%	13%	4933	4703	2743	80%	5%	2021	1955	460	339%	3%	2.7	2.6	0.6	339%	3%
Automobiles	366239	310074	243469	50%	18%	52150	45925	23112	126%	14%	31303	26914	11654	169%	16%	10.3	8.9	3.9	163%	15%
Banks	230341	223831	188386	22%	3%	207238	186310	193884	7%	11%	95656	99959	98977	-3%	-4%	14.7	15.3	15.4	-5%	-4%
Cement	124290	111056	114533	9%	12%	34327	29215	32176	7%	17%	18681	16123	19447	-4%	16%	7.0	6.0	7.3	-4%	16%
Chemicals & Fertilizers	78929	93663	67878	16%	-16%	14352	16147	10054	43%	-11%	6929	7928	5498	26%	-13%	4.3	4.9	3.4	26%	-13%
Construction	56230	44670	39329	43%	26%	12751	11140	8675	47%	14%	5425	4512	4075	33%	20%	1.9	1.6	1.5	33%	20%
Engineering & Capital Goods	297858	214631	280505	6%	39%	39677	31327	39819	0%	27%	27593	19565	27758	-1%	41%	14.6	10.4	15.1	-4%	40%
Financial Services - Others	1996	1902	1662	20%	5%	796	734	644	24%	8%	623	584	491	27%	7%	36.1	33.9	28.5	27%	7%
FMCG	70257	73964	63642	10%	-5%	11645	13218	9148	27%	-12%	8710	9504	7229	20%	-8%	2.8	3.0	2.3	20%	-8%
IT Services	264845	259834	246805	7%	2%	68032	67238	57700	18%	1%	53587	52683	45658	17%	2%	9.9	9.5	8.3	19%	4%
Metals & Mining	475638	421311	377751	26%	13%	95637	76204	21274	350%	26%	38309	29884	398	9519%	28%	13.0	10.2	0.1	8682%	28%
Offshore Oil Field Services	13111	11558	10817	21%	13%	7831	6705	5773	36%	17%	2269	1476	1431	58%	54%	21.7	14.1	14.5	50%	54%
Oil & Gas	1279795	1304669	1118064	14%	-2%	28139	20460	187582	-85%	38%	12613	11071	153548	-92%	14%	5.0	4.4	61.3	-92%	14%
Paper	15421	14123	12526	23%	9%	3721	3440	2511	48%	8%	1016	933	382	166%	9%	1.3	1.2	0.5	166%	9%
Pharmaceuticals	136341	131632	120062	14%	4%	34113	29966	25344	35%	14%	23911	19919	17401	37%	20%	4.1	3.4	3.0	37%	20%
Telecommunications	186909	187323	193463	-3%	0%	63073	66690	72944	-14%	-5%	29009	35789	39223	-26%	-19%	3.3	4.0	4.4	-24%	-16%
Others	181192	153311	155146	17%	18%	41231	39367	34230	20%	5%	24384	26899	22542	8%	-9%	18.0	24.5	21.0	-14%	-27%
Small Cap*	65968	55377	60191	10%	19%	10446	9033	9087	15%	16%	4873	4258	3846	27%	14%	2.7	2.3	2.2	25%	14%
Mid Cap*	350577	323601	270621	30%	8%	63731	57452	43358	47%	11%	29375	25953	19134	54%	13%	3.6	3.3	2.4	47%	10%
Large Cap*	1895125	1687573	1623194	17%	12%	409295	374801	293057	40%	9%	238898	223875	180177	33%	7%	7.7	7.1	5.8	33%	8%
<b>Emkay *</b>	<b>2311670</b>	<b>2066550</b>	<b>1954006</b>	<b>18%</b>	<b>12%</b>	<b>483472</b>	<b>441285</b>	<b>345502</b>	<b>40%</b>	<b>10%</b>	<b>273146</b>	<b>254085</b>	<b>203157</b>	<b>34%</b>	<b>8%</b>	<b>6.7</b>	<b>6.2</b>	<b>5.0</b>	<b>33%</b>	<b>8%</b>
<b>Emkay</b>	<b>3823801</b>	<b>3596952</b>	<b>3262118</b>	<b>17%</b>	<b>6%</b>	<b>719645</b>	<b>648789</b>	<b>727612</b>	<b>-1%</b>	<b>11%</b>	<b>382037</b>	<b>365699</b>	<b>456174</b>	<b>-16%</b>	<b>4%</b>	<b>7.6</b>	<b>7.3</b>	<b>9.2</b>	<b>-17%</b>	<b>5%</b>

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

# Emkay Universe Q4FY10 Result Preview



Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ
<b>Auto Ancillaries</b>																				
Apollo Tyres	13538	13233	11106	22%	2%	1825	2050	1127	62%	-11%	859	1019	462	86%	-16%	1.7	2.0	0.9	86%	-16%
JK Tyre	11477	8020	8542	34%	43%	1248	968	718	74%	29%	507	365	136	272%	39%	12.3	8.9	3.3	272%	39%
Motherson Sumi	19395	18148	8433	130%	7%	1859	1686	898	107%	10%	655	571	-138		15%	1.7	1.5	-0.4		15%
<b>Automobiles</b>																				
Ashok Leyland	29687	18155	12181	144%	64%	3829	2062	908	321%	86%	2153	1056	322	568%	104%	1.6	0.8	0.2	568%	104%
Bajaj Auto	33573	32956	18834	78%	2%	6930	7235	2858	142%	-4%	4793	5064	1872	156%	-5%	33.1	35.0	12.9	156%	-5%
Hero Honda	41688	38270	34225	22%	9%	6955	6609	5491	27%	5%	5537	5358	4022	38%	3%	27.7	26.8	20.1	38%	3%
Mah & Mah	50802	44971	36365	40%	13%	7429	6855	4028	84%	8%	4578	4250	2577	78%	8%	16.4	15.2	9.5	73%	8%
Maruti Suzuki India	86034	75029	64329	34%	15%	11388	11189	4493	153%	2%	7219	6774	2431	197%	7%	25.0	23.4	8.4	197%	7%
Tata Motors	112352	89799	68441	64%	25%	14759	11293	4852	204%	31%	6603	4176	267	2375%	58%	11.6	7.7	0.5	2130%	51%
TVS Motor	12104	10894	9093	33%	11%	860	681	481	79%	26%	422	238	163	159%	77%	1.8	1.0	0.7	159%	77%
<b>Banks</b>																				
Allahabad Bank	7505	6756	5925	27%	11%	6857	6501	6142	12%	5%	3122	3454	2641	18%	-10%	7.0	7.7	5.9	18%	-10%
Andhra Bank	6064	5825	3953	53%	4%	4763	4818	4302	11%	-1%	2275	2754	1996	14%	-17%	4.7	5.7	4.1	14%	-17%
Axis Bank	13970	13491	10326	35%	4%	13832	13746	11384	22%	1%	6724	6560	5813	16%	2%	16.7	16.3	16.2	3%	2%
Bank of Baroda	17113	16012	14708	16%	7%	12273	12650	13049	-6%	-3%	5939	8325	7525	-21%	-29%	16.2	22.8	20.6	-21%	-29%
Bank of India	14982	14947	14331	5%	0%	10904	11298	14074	-23%	-3%	3555	4055	8104	-56%	-12%	6.8	7.7	15.4	-56%	-12%
Canara Bank	15565	14778	13053	19%	5%	13030	14702	12726	2%	-11%	6204	10528	7188	-14%	-41%	15.1	25.6	17.5	-14%	-41%
Corporation Bank	5987	5994	4289	40%	0%	6072	5517	6754	-10%	10%	3032	3051	2611	16%	-1%	21.1	21.3	18.2	16%	-1%
HDFC Bank	23717	22239	18520	28%	7%	18461	16237	15705	18%	14%	8941	8185	6309	42%	9%	19.6	18.0	14.6	34%	9%
ICICI Bank	20786	20581	21389	-3%	1%	22320	21667	21558	4%	3%	10286	9382	7441	38%	10%	9.2	8.4	6.7	38%	10%
LIC Housing Finance	2675	2280	2110	27%	17%	2771	2324	2183	27%	19%	1901	1536	1576	21%	24%	20.0	16.2	18.5	8%	24%
Punjab National Bank	25000	23291	19065	31%	7%	19685	18182	15882	24%	8%	9087	10112	8656	5%	-10%	28.8	32.1	27.5	5%	-10%
South Indian bank	1867	1718	1480	26%	9%	1273	1182	962	32%	8%	772	625	503	54%	24%	6.8	5.5	4.4	54%	24%
State Bank of India	60700	63163	48419	25%	-4%	62438	46182	58499	7%	35%	27022	24791	33152	-18%	9%	42.6	39.1	52.2	-18%	9%
Union Bank of India	11960	10646	9264	29%	12%	10026	9144	9124	10%	10%	5339	5344	4660	15%	0%	10.6	10.6	9.2	15%	0%
Yes Bank	2450	2109	1552	58%	16%	2533	2162	1540	64%	17%	1457	1259	802	82%	16%	4.9	4.2	2.7	80%	16%

# Emkay Universe Q4FY10 Result Preview



Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)			EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	
<b>Cement</b>																					
ACC	20794	19215	20551	1%	8%	5876	4907	6474	-9%	20%	3728	3410	4272	-13%	9%	19.9	18.2	22.8	-13%	9%	
Ambuja Cements	20492	17710	18476	11%	16%	5634	4325	5247	7%	30%	3409	2413	3341	2%	41%	2.2	1.6	2.2	2%	41%	
Grasim Industries	33401	30519	28870	16%	9%	9954	9860	6800	46%	1%	5643	5959	3847	47%	-5%	61.5	65.0	42.0	47%	-5%	
India Cements	9520	8641	8885	7%	10%	1823	1165	2255	-19%	56%	648	232	1088	-40%	180%	2.3	0.8	3.9	-40%	180%	
Madras Cements	6824	6071	6419	6%	12%	1516	1075	1692	-10%	41%	505	160	736	-31%	217%	2.1	0.7	3.1	-31%	217%	
Orient Paper	4826	3722	4670	3%	30%	1006	695	1073	-6%	45%	575	301	629	-9%	91%	3.0	1.6	3.3	-9%	91%	
Shree Cements	9869	8660	8062	22%	14%	3804	3353	3306	15%	13%	1602	1689	2439	-34%	-5%	46.0	48.5	70.0	-34%	-5%	
Ultratech Cement	18564	16518	18601	0%	12%	4715	3836	5331	-12%	23%	2571	1960	3094	-17%	31%	20.7	15.7	24.9	-17%	31%	
<b>Chemicals &amp; Fertilizers</b>																					
Advanta India	1682	1833	1462	15%	-8%	168	142	144	17%	19%	-32	141	-9			-1.9	8.4	-0.5			
Chambal Fertilisers	7968	11461	8576	-7%	-30%	1987	1894	989	101%	5%	822	797	560	47%	3%	2.0	1.9	1.3	47%	3%	
Coromandel International	12318	17568	8569	44%	-30%	1478	2075	1201	23%	-29%	1016	1461	921	10%	-30%	7.3	10.4	6.6	10%	-30%	
Deepak Fertilisers	3075	3668	3330	-8%	-16%	728	683	544	34%	6%	355	349	262	35%	2%	4.0	4.0	3.0	35%	2%	
GNFC	4849	7659	5286	-8%	-37%	1089	1512	549	98%	-28%	611	835	195	212%	-27%	3.9	5.4	1.3	212%	-27%	
GSFC	7505	11413	7308	3%	-34%	1235	1901	628	97%	-35%	709	1139	231	207%	-38%	8.9	14.3	2.9	207%	-38%	
Rallis India	1929	2066	1820	6%	-7%	289	428	191	52%	-32%	159	295	126	27%	-46%	12.3	22.8	10.5	17%	-46%	
Tata Chemicals	24302	26499	17611	38%	-8%	4623	5561	2878	61%	-17%	1717	2270	1606	7%	-24%	7.1	9.3	6.6	7%	-24%	
United Phosphorus	15301	11497	13917	10%	33%	2754	1952	2930	-6%	41%	1572	641	1608	-2%	145%	3.4	1.4	3.5	-2%	145%	
<b>Construction</b>																					
IRB Infrastructure	5767	4331	3211	80%	33%	2454	2271	1205	104%	8%	864	914	422	105%	-5%	2.6	2.8	1.3	105%	-5%	
IVRCL	19904	11815	16272	22%	68%	1966	1131	1420	38%	74%	821	458	799	3%	79%	3.1	1.7	6.0	-49%	79%	
Jaiprakash Associates	30560	28524	19846	54%	7%	8331	7738	6050	38%	8%	3740	3140	2854	31%	19%	1.8	1.5	1.3	31%	19%	

# Emkay Universe Q4FY10 Result Preview



Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)			EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	
<b>Engineering &amp; Capital Goods</b>																					
ABG Shipyard	4892	4278	3365	45%	14%	973	793	661	47%	23%	300	479	527	-43%	-37%	5.9	9.4	10.3	-43%	-37%	
Bharat Bijlee	1768	1616	1490	19%	9%	268	139	239	12%	93%	158	75	141	13%	111%	28.0	13.3	24.9	13%	111%	
Bharati Shipyard	3388	3195	2843	19%	6%	667	594	491	36%	12%	346	329	303	14%	5%	12.5	11.9	11.0	14%	5%	
BHEL	76950	71003	105401	-27%	8%	13735	14328	16962	-19%	-4%	10408	10726	13475	-23%	-3%	21.3	21.9	27.5	-23%	-3%	
Elecon Engineering	3439	2512	2885	19%	37%	587	387	509	15%	52%	281	121	210	34%	133%	3.0	1.3	2.3	34%	133%	
EMCO	3990	2081	3743	7%	92%	517	266	561	-8%	94%	255	101	235	8%	153%	3.9	1.5	4.0	-2%	153%	
Indo Tech	372	218	322	16%	71%	48	-28	72	-34%		40	-2	43	-7%		3.8	-0.2	4.1	-7%		
Kalindee Rail	399	376	614	-35%	6%	30	30	42	-28%	0%	5	3	13	-58%	107%	0.4	0.2	1.0	-58%	99%	
Lakshmi Machine Works	3778	3362	1871	102%	12%	773	634	39	1906%	22%	435	305	143	203%	43%	35.2	24.7	11.6	203%	43%	
Larsen & Toubro	136464	81222	106052	29%	68%	17130	10069	15870	8%	70%	12988	6103	11424	14%	113%	21.6	10.2	19.5	11%	113%	
McNally Bharat Engineering	4645	3325	4740	-2%	40%	353	230	265	33%	54%	145	70	23	529%	109%	4.3	2.2	0.7	472%	90%	
Punj Lloyd	38047	29072	32305	18%	31%	1723	2137	1583	9%	-19%	715	124	-343		474%	2.1	0.4	-1.1		462%	
Thermax	13615	7483	9483	44%	82%	2004	894	1592	26%	124%	974	565	930	5%	72%	8.2	4.7	7.8	5%	72%	
TRF	2299	2162	2395	-4%	6%	298	381	372	-20%	-22%	185	228	239	-23%	-19%	16.8	20.8	21.7	-23%	-19%	
TRIL	1716	1282	1331	29%	34%	224	146	200	12%	53%	129	97	128	1%	33%	10.0	7.5	9.9	1%	33%	
Voltamp Transformers	2096	1445	1665	26%	45%	347	328	361	-4%	6%	227	241	267	-15%	-6%	22.4	23.8	26.3	-15%	-6%	
<b>Financial Services - Others - Others</b>																					
CRISIL	1538	1481	1229	25%	4%	613	555	448	37%	10%	485	440	341	42%	10%	67.2	60.9	47.2	42%	10%	
ICRA	458	421	433	6%	9%	183	178	195	-6%	3%	137	144	150	-8%	-4%	13.7	14.4	15.0	-8%	-4%	
<b>FMCG</b>																					
Asian Paints	14024	16200	14249	-2%	-13%	2606	3181	1791	46%	-18%	1435	1985	1026	40%	-28%	14.8	20.7	10.7	38%	-28%	
Godrej Consumer Products	5190	5184	3427	51%	0%	748	1022	661	13%	-27%	818	851	587	39%	-4%	3.2	3.3	2.3	39%	-4%	
Hindustan Unilever	44908	45884	40354	11%	-2%	7535	8027	5963	26%	-6%	5938	6046	5021	18%	-2%	2.7	2.8	2.3	18%	-2%	
Marico	6134	6696	5612	9%	-8%	756	988	733	3%	-24%	518	622	594	-13%	-17%	0.9	1.0	1.0	-13%	-17%	
<b>IT Services</b>																					
eClerx Services	712	691	543	31%	3%	277	279	263	5%	-1%	240	245	141	70%	-2%	13.6	12.6	7.5	82%	8%	
HCL Tech	29901	30325	28615	4%	-1%	5000	4887	3889	29%	2%	2853	2740	1961	45%	4%	4.2	4.1	2.9	45%	4%	
Hexaware Technologies	2296	2520	2643	-13%	-9%	258	450	392	-34%	-43%	250	465	371	-33%	-46%	1.7	3.2	2.6	-33%	-46%	
Infosys	59306	57416	56350	5%	3%	21061	20586	18760	12%	2%	16169	15836	16130	0%	2%	34.0	27.6	28.1	21%	23%	
NIIT	2991	2836	3008	-1%	5%	366	311	365	0%	18%	152	94	177	-14%	61%	0.9	0.6	1.1	-14%	61%	
Patni Computer	8002	7896	7955	1%	1%	1695	1675	1427	19%	1%	1417	1363	757	87%	4%	10.8	10.4	5.9	83%	4%	
TCS	78193	76503	71718	9%	2%	22738	22362	16876	35%	2%	18445	17979	13145	40%	3%	9.4	9.2	6.7	40%	3%	
Tech Mahindra	11968	11873	10513	14%	1%	2614	2807	2842	-8%	-7%	1764	1729	2305	-23%	2%	13.5	13.2	17.6	-23%	2%	
Wipro	71477	69774	65460	9%	2%	14024	13881	12886	9%	1%	12296	12231	10672	15%	1%	8.4	8.3	7.3	14%	1%	

Can strong earnings lead to upgrades?

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# Emkay Universe Q4FY10 Result Preview

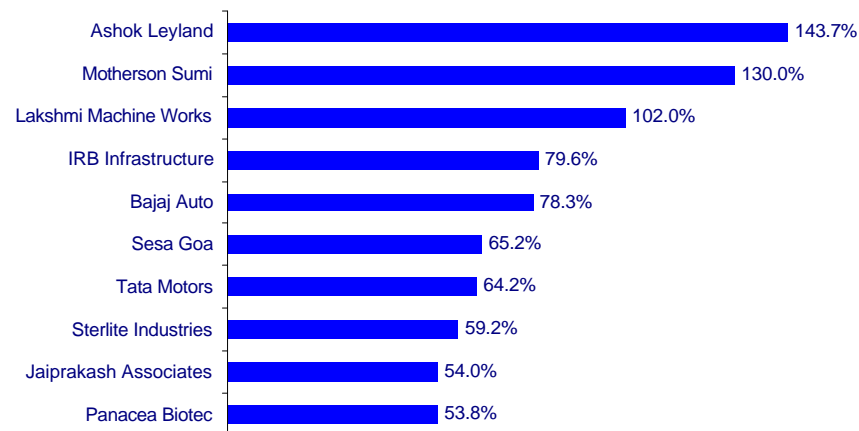
Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ
<b>Metals &amp; Mining</b>																				
Bhushan Steel	15015	14290	11200	34%	5%	5105	3903	2632	94%	31%	2155	2074	1164	85%	4%	50.7	48.8	27.4	85%	4%
Godawari Power	2387	2020	1718	39%	18%	372	317	173	115%	17%	169	136	79	114%	25%	6.0	4.8	2.8	114%	25%
HEG	3355	2903	2537	32%	16%	1035	947	925	12%	9%	495	472	528	-6%	5%	12.1	11.5	12.4	-3%	5%
JSW Steel	51747	48228	35198	47%	7%	13267	10788	1337	893%	23%	5607	3272	-1176		71%	27.8	16.2	-6.3		71%
Monnet Ispat	4350	3722	3701	18%	17%	1456	1125	787	85%	29%	745	680	502	48%	9%	13.1	12.0	8.8	48%	9%
Sesa Goa	25984	20661	15726	65%	26%	14174	10360	7399	92%	37%	11230	8275	5476	105%	36%	13.4	9.9	7.0	93%	36%
Sterlite Industries	69051	67467	43361	59%	2%	18524	17722	7693	141%	5%	9738	9119	4178	133%	7%	11.5	10.8	5.9	96%	7%
Tata Steel	303749	262020	264310	15%	16%	41704	31043	330	12526%	34%	8170	5855	-10353		40%	9.2	6.6	-12.5		40%
<b>Offshore Oil Field Services</b>																				
Aban Offshore	9563	8413	7741	24%	14%	6132	5193	4314	42%	18%	1539	894	583	164%	72%	35.4	20.6	15.4	130%	72%
Garware Offshore	598	638	503	19%	-6%	259	265	203	27%	-2%	106	86	73	44%	22%	4.4	3.6	3.1	44%	22%
Great Offshore	2950	2507	2573	15%	18%	1440	1248	1256	15%	15%	624	495	776	-20%	26%	16.8	13.3	20.9	-20%	26%
<b>Oil &amp; Gas</b>																				
BPCL	322745	321829	265050	22%	0%	10664	6444	41530	-74%	65%	6114	3791	36279	-83%	61%	16.9	10.5	100.3	-83%	61%
HPCL	280550	278742	253637	11%	1%	6350	3544	56470	-89%	79%	2211	314	51041	-96%	604%	6.5	0.9	150.7	-96%	604%
Indian Oil	676500	704098	599377	13%	-4%	11125	10473	89582	-88%	6%	4288	6966	66229	-94%	-38%	1.8	2.9	55.5	-97%	-38%
<b>Paper</b>																				
Ballarpur Inds	9638	8881	6859	41%	9%	2313	2011	1358	70%	15%	524	456	179	193%	15%	0.8	0.7	0.3	193%	15%
JK Paper	2793	2655	2682	4%	5%	559	607	421	33%	-8%	189	204	48	290%	-7%	2.4	2.6	0.6	290%	-7%
Tamilnadu Newsprint	2990	2587	2986	0%	16%	849	823	732	16%	3%	303	274	155	95%	10%	4.4	4.0	2.2	95%	10%

# Emkay Universe Q4FY10 Result Preview

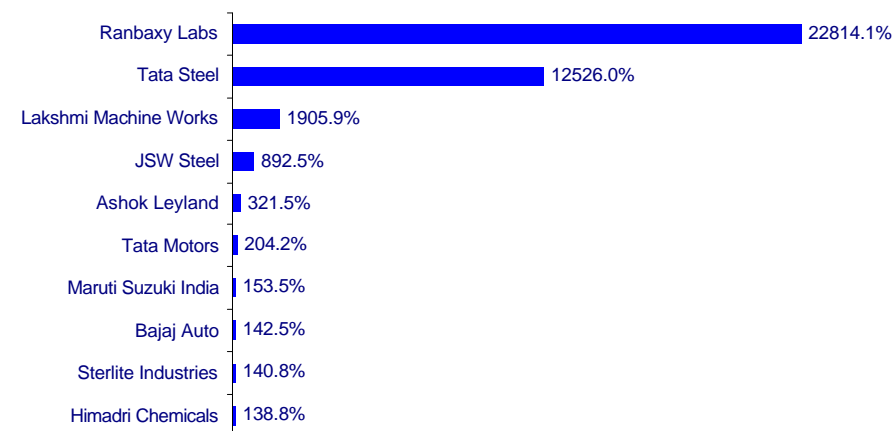
Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ	Q4FY10E	Q3FY10	Q4FY09	YoY	QoQ
<b>Pharmaceuticals</b>																				
Cadila Healthcare	9721	9654	7026	38%	1%	1872	1972	1283	46%	-5%	1342	1274	657	104%	5%	6.6	6.2	3.2	104%	5%
Cipla	14777	14385	13667	8%	3%	3842	4039	3592	7%	-5%	2888	3087	2615	10%	-6%	3.6	3.8	3.3	10%	-6%
Dishman Pharma	2450	2223	2925	-16%	10%	596	513	736	-19%	16%	325	314	337	-4%	3%	4.0	3.9	4.1	-3%	3%
Divi's Lab	2600	1963	3215	-19%	32%	1097	819	1385	-21%	34%	902	678	1074	-16%	33%	6.9	5.2	8.4	-18%	33%
Dr. Reddy's Lab	17455	17296	19851	-12%	1%	3173	2860	4684	-32%	11%	2211	2388	3446	-36%	-7%	13.1	14.2	20.4	-36%	-7%
Glaxosmithkline Pharma	5238	4499	4610	14%	16%	1928	1438	1684	14%	34%	1373	1067	1254	9%	29%	16.2	12.6	14.8	9%	29%
Glenmark Pharma	6467	6417	4911	32%	1%	1595	1524	868	84%	5%	595	840	91	557%	-29%	2.2	3.1	0.4	516%	-29%
Ipca Lab	3650	3957	3171	15%	-8%	640	903	533	20%	-29%	368	596	296	25%	-38%	2.9	4.7	2.4	25%	-38%
Jubilant Organosys	9900	9615	8412	18%	3%	2317	2251	1679	38%	3%	1313	1343	438	200%	-2%	9.0	9.2	3.0	198%	-2%
Lupin	13796	12708	10434	32%	9%	3634	2618	2271	60%	39%	2067	1606	1595	30%	29%	23.3	18.1	18.0	29%	29%
Panacea Biotec	3500	2281	2276	54%	53%	913	373	661	38%	145%	509	73	249	104%	594%	7.6	1.1	3.7	104%	594%
Piramal Healthcare	9354	9077	8509	10%	3%	2004	1774	1784	12%	13%	1229	1331	1302	-6%	-8%	5.9	6.4	6.1	-4%	-7%
Ranbaxy Labs	21537	22549	15771	37%	-4%	5270	4105	23	22814%	28%	4256	1102	-263	286%	10.1	2.6	-0.6		286%	
Sun Pharma	11506	10209	11344	1%	13%	4487	3684	3745	20%	22%	4016	3389	3949	2%	19%	19.4	16.4	19.1	2%	19%
Torrent pharma	4390	4800	3940	11%	-9%	746	1093	416	79%	-32%	517	829	361	43%	-38%	6.1	9.8	4.3	43%	-38%
<b>Telecommunications</b>																				
Bharti Airtel	95721	97722	98245	-3%	-2%	37001	39069	40014	-8%	-5%	18598	22099	22449	-17%	-16%	4.9	5.8	5.9	-17%	-16%
Idea Cellular	32337	31495	29365	10%	3%	7562	8141	8108	-7%	-7%	1384	1701	2743	-50%	-19%	0.5	0.5	0.9	-44%	-10%
Reliance Communications	53377	53098	61237	-13%	1%	16944	18127	23832	-29%	-7%	8200	11301	12974	-37%	-27%	4.0	5.5	6.3	-36%	-27%
Tulip Telecom	5475	5009	4616	19%	9%	1566	1353	990	58%	16%	826	688	1057	-22%	20%	28.5	23.7	36.5	-22%	20%
<b>Others</b>																				
Essel Propack	3302	3502	3234	2%	-6%	560	580	542	3%	-3%	99	109	3	3715%	-9%	0.6	0.7	0.0	3715%	-9%
Gujarat Industries Power	2927	2383	2823	4%	23%	789	601	711	11%	31%	312	288	293	7%	8%	2.1	1.9	1.9	7%	8%
HBL Power Systems	2729	2474	2844	-4%	10%	459	443	404	14%	4%	188	226	178	6%	-17%	0.7	0.9	0.7	1%	-17%
Himadri Chemicals	1975	1453	1309	51%	36%	775	506	324	139%	53%	423	267	275	54%	58%	13.1	8.3	8.4	57%	58%
Jubilant FoodWorks	1094	1174	739	48%	-7%	154	197	131	17%	-22%	85	114	45	89%	-26%	1.4	1.9	0.8	89%	-26%
NTPC	138456	111837	121078	14%	24%	34365	33653	28819	19%	2%	20716	23650	19516	6%	-12%	2.5	2.9	2.4	6%	-12%
Sintex Industries	10721	8478	8530	26%	26%	1962	1269	1683	17%	55%	1238	724	1147	8%	71%	9.1	5.3	8.5	8%	71%
Sterlite Tech	7161	8673	5775	24%	-17%	1144	1044	765	49%	10%	728	737	459	59%	-1%	2.3	11.4	7.1	-68%	-80%
Titan Industries	12828	13338	8814	46%	-4%	1024	1075	849	21%	-5%	594	783	627	-5%	-24%	13.4	17.7	14.1	-5%	-24%

# Top 10 Strong Stocks: Q4FY10 Result Preview

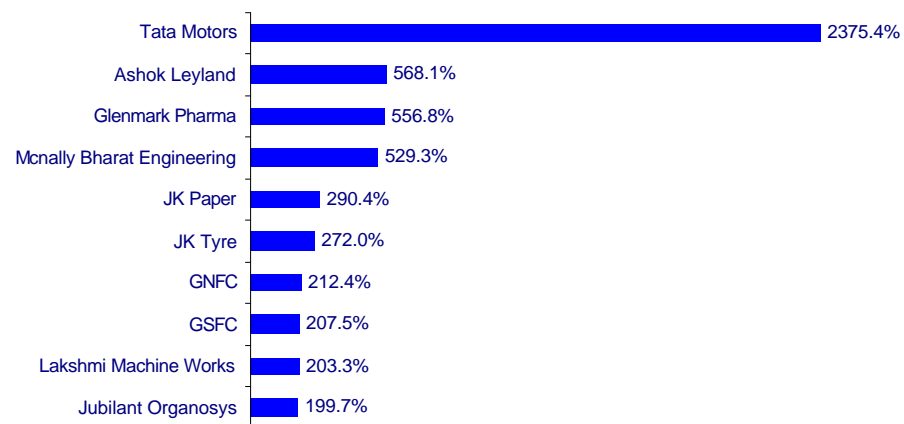
**Net Sales Growth**



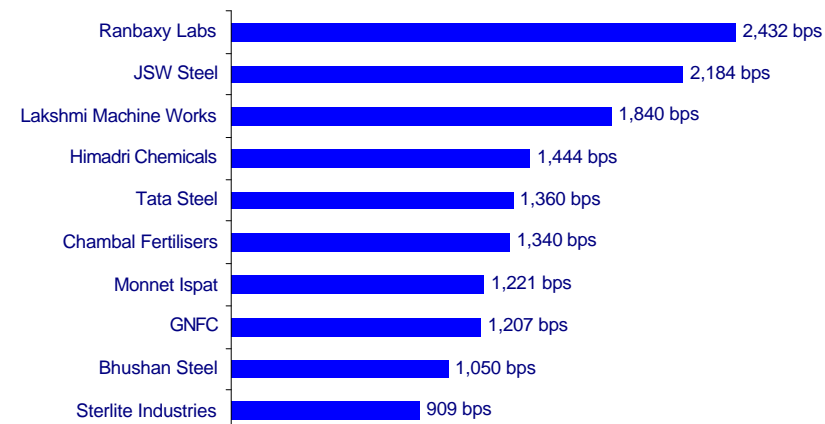
**Ebitda Growth**



**PAT Growth**

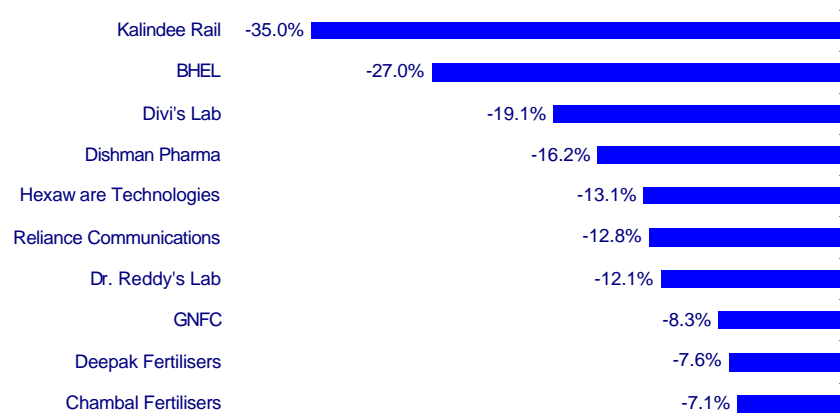


**Ebitda Margin Growth**

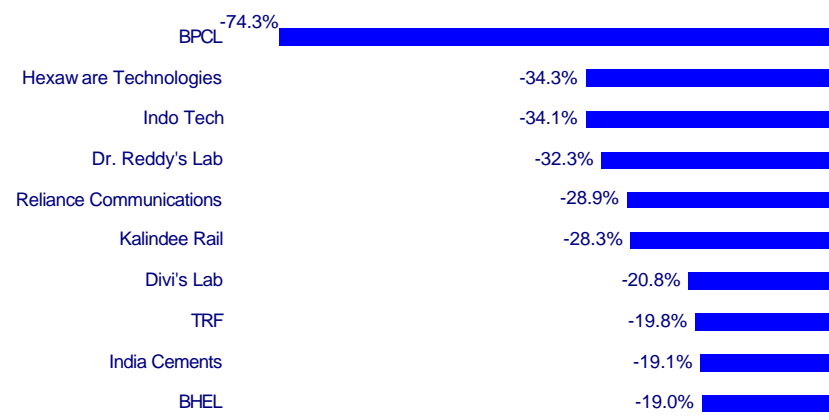


# Top 10 Weak Stocks: Q4FY10 Result Preview

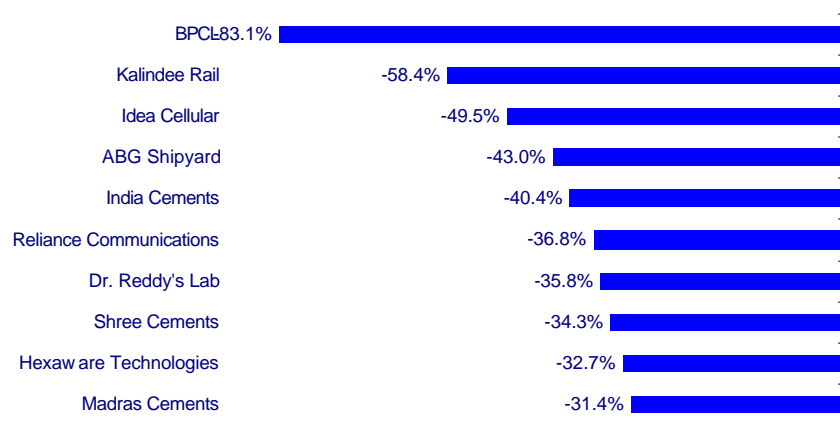
**Net Sales Growth**



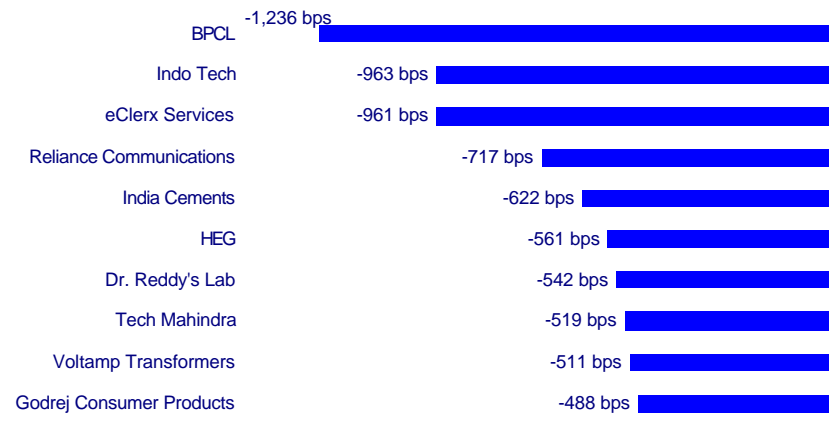
**Ebitda Growth**



**PAT Growth**



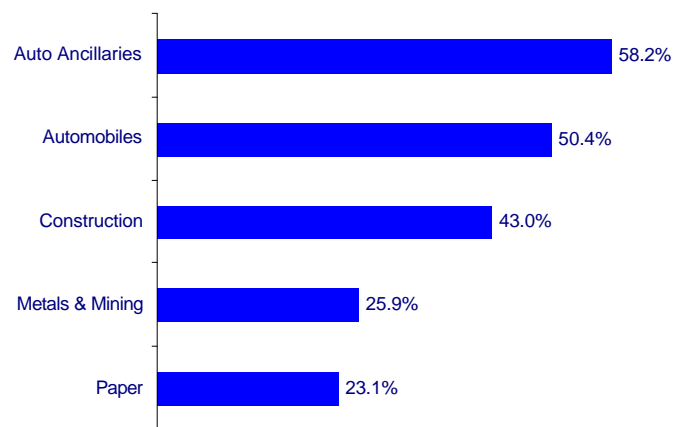
**Ebitda Margin Growth**



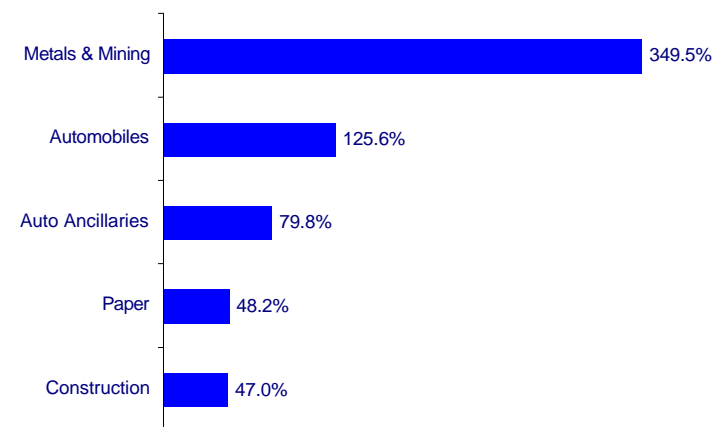


# Top 5 Strong Sectors: Q4FY10 Result Preview

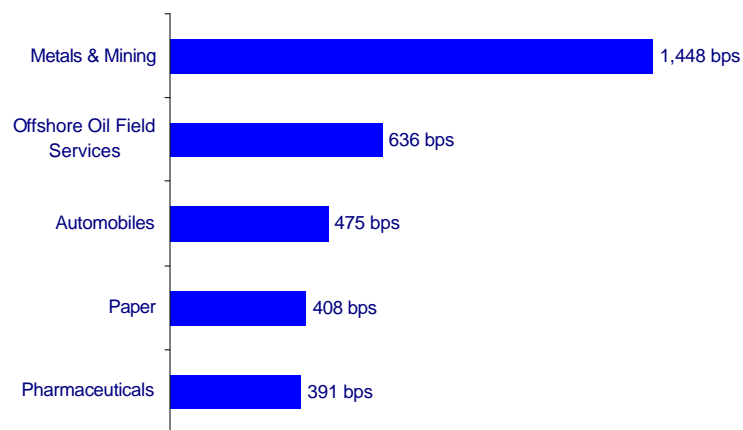
**Net Sales Growth**



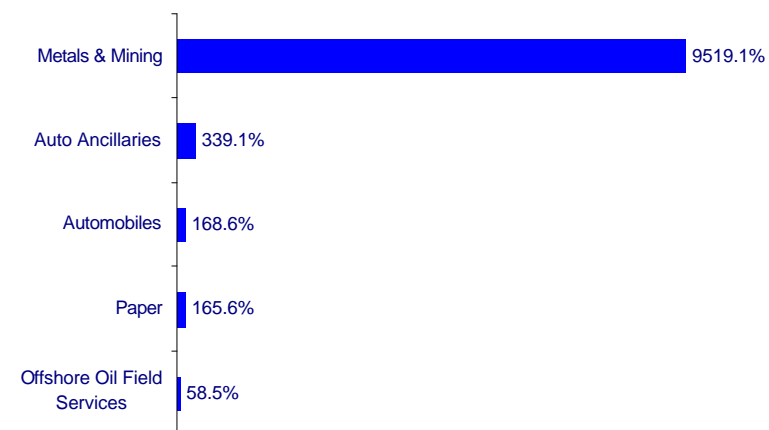
**Ebitda Growth**



**Ebitda Margin Growth**

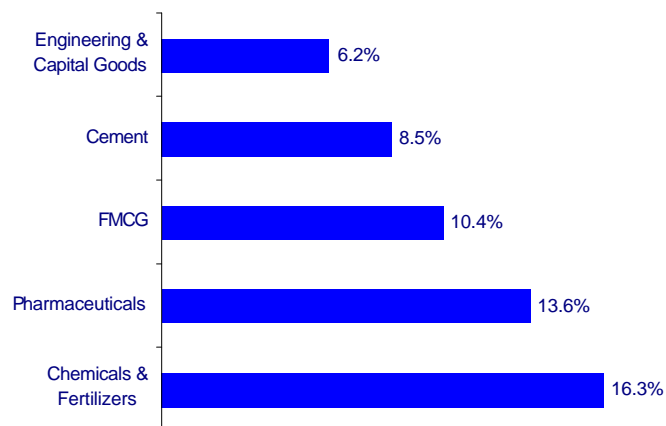


**PAT Growth**

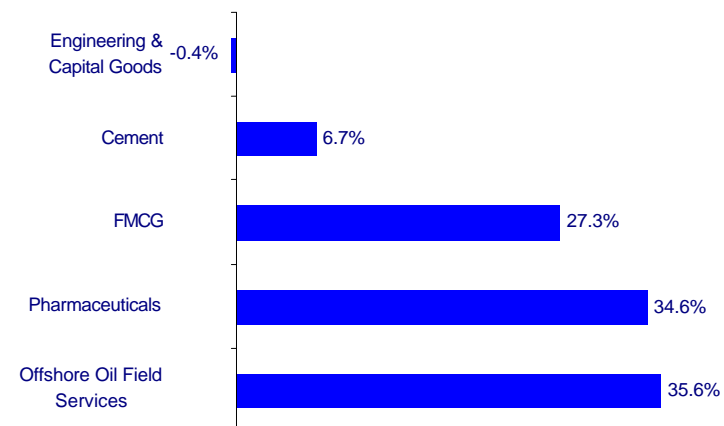


# Top 5 Weak Sectors: Q4FY10 Result Preview

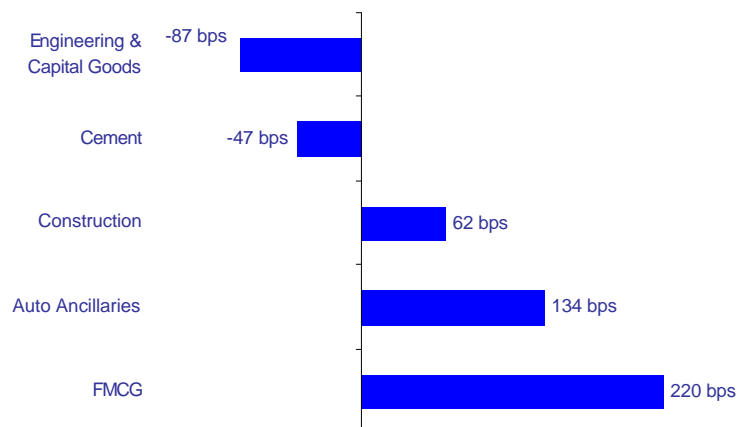
**Net Sales Growth**



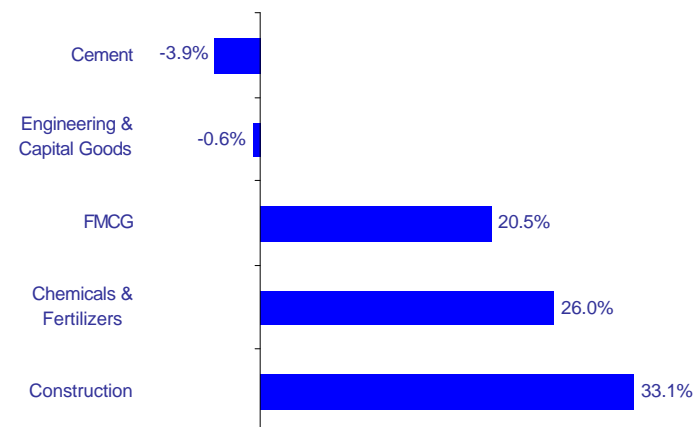
**Ebitda Growth**



**Ebitda Margin Growth**

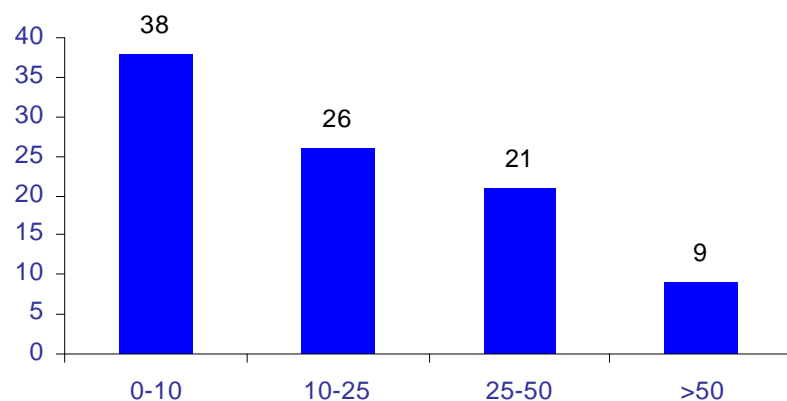


**PAT Growth**

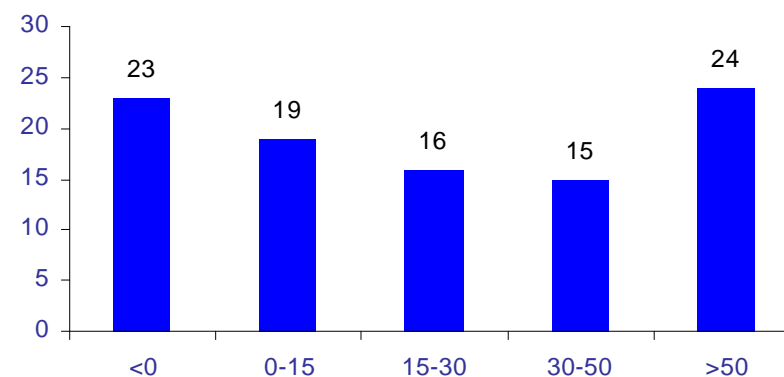


# Frequency Distribution (No. of Companies): Q4FY10 Result Preview

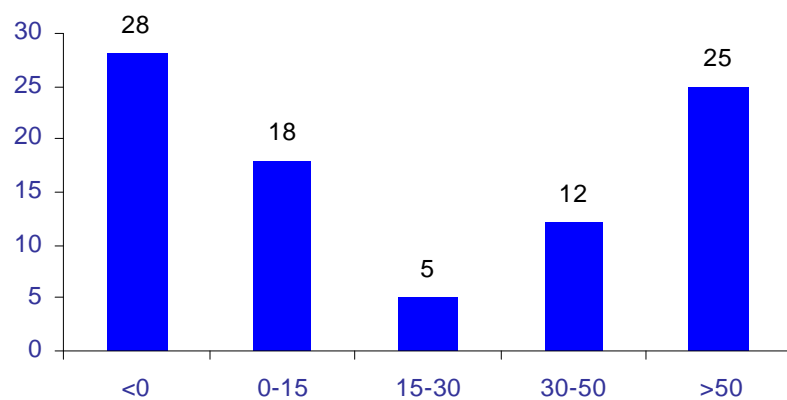
Net Sales Growth



EBITDA Growth



PAT Growth



# Sectoral Analysis of Q4FY10 Results

# Auto ancillaries



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Apollo Tyres	21.9	13.5	62.0	859	85.9	1.7	78	63	BUY	We expect strong revenue growth on account of 10% and 3% YoY growth in volumes and average realizations respectively. We expect EBITDA margins to expand by 170 bps and 40 bps YoY and QoQ respectively. Key things to watch out for (1) price hikes to pass on raw material cost pressures (2) pricing action in VBBV as well as Dunlop
JK Tyres & Industries	34.4	10.9	73.8	507	272.0	12.3	200	200	BUY	We expect JKT to report strong operating performance on account of expected growth of 34% in its topline. We expect the EBITDA margins to expand by 250 bps YoY. However, due to higher rubber prices, expect EBITDA margin to decline by 120 bps QoQ. Key things to watch out for (1) price hikes to pass on raw material cost pressures (2) pricing action in Tornel
Motherson Sumi Systems Ltd.	130.0	9.6	107.0	655	NA	1.7	146	185	BUY	We expect MSSL to report strong set of numbers due to better volumes of OEMs in India as well as Europe. Thus, resulting in higher YoY topline growth. Expect EBITDA margins to decline by 110 bps YoY due to higher RM cost. Key things to watch out for (1) ability to pass on the raw material cost pressures at SMR.

- Led by a strong volume growth we expect our automobile universe to report a 50.4% YoY (18.1% QoQ) increase in net sales to Rs 366.2 bn.
- We expect EBIDTA to increase by 125.6%YoY (13.6% QoQ) to Rs 52.1 bn. EBIDTA margins to improve by 475 bps YoY to 13.7% but decline 57 bps QoQ, despite higher QoQ volumes. We are building in a case of cost pressure QoQ. We do not rule positive surprises on margins as the full impact of increase in metal prices will be felt in 1QFY11 based on renewal date of contracts
- APAT at Rs 31.3bn will grow by 168.6% YoY and 16.3% QoQ. We expect interest cost to remain flat YoY and QoQ
- Within our universe, we expect Ashok Leyland, Tata Motors and TVS Motor to report sequential improvement in margins.
- Our top picks within the sector continue to be Bajaj Auto, Hero Honda and M&M.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Ashok Leyland	143.7	12.9	321.5	2,153	568.1	1.6	55	44	REDUCE	ALL is expected to report strong operating performance mainly driven by a volume growth of 139% YoY (60% QoQ). EBIDTA margins are expected to expand by 540bps YoY and 150bps QoQ, despite higher RM cost. Key thing to watch (1) Demand outlook (2) raw material price contracts and (3) ramp up at Uttarkhand facility that has been commissioned in March 2010
Bajaj Auto	78.3	20.6	142.5	4,793	156.0	33.1	2,074	1,915	ACCUM	Driven by strong volume growth of 84% YoY (flat on QoQ) we expect BAL to report strong set of numbers. We expect EBIDTA margins to expand by 440 bps YoY but decline 140 bps QoQ due to higher Raw material cost pressure. We do not rule out positive surprise on margins front. Key things to watch our for (1) Raw material price contracts (2) forward contracts for exports
Hero Honda	21.8	16.7	26.7	5,537	37.7	27.7	2,016	1,870	ACCUM	We expect Hero Honda to continue to show strong performance driven by a volume growth of 19% YoY (7% QoQ). EBIDTA margins are expected to expand marginally by 70 bps YoY but decline 60 bps QoQ. Key things to watch out for (1) Raw material price contracts
M&M	39.7	14.6	84.4	4,578	77.6	16.4	525	633	ACCUM	Riding on strong volume growth of 50% YoY (15% QoQ) we expect M&M's EBIDTA margins to expand by 350 bps YoY but decline 60 bps QoQ due to raw material cost pressures. We do not rule out positive surprises on margins front. Key things to watch out for (1) raw material price contracts (2) accounting treatment post the commencement of production at Chakan plant (100% subsidiary)

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Maruti Suzuki	33.7	13.2	153.5	7,219	196.9	25.0	1,383	1,480	HOLD	We expect MSIL to report robust set of numbers led by strong volume growth of 22% YoY (11% QoQ). We expect EBITDA margins to expand by 620bps YoY but decline 170 bps QoQ. Key things to watch out for (1) raw material price contracts (2) impact of currency movements and (3) capacity expansion plans.
Tata Motors	64.2	13.1	204.2	6,603	2375.4	11.6	774	606	SELL	TML is expected to report a strong set of numbers on led by volume growth of 56% YoY (32% QoQ), and improving product mix We expect the EBITDA margins to expand by 600 bps YoY and 50 bps QoQ. Key things to watch out for Demand outlook and (2) raw material price contracts
TVS Motor	33.1	7.1	78.5	422	158.8	1.8	84	67	REDUCE	We expect TVSM to report strong revenue driven by a 29% YoY (11% QoQ) growth in volumes. We expect EBITDA margins to improve by 180 bps YoY and 80 bps QoQ. Key things to watch out for (1) raw material price contracts (2) status of Indonesian business and (3) success of new product launches



- The advance growth during the quarter (till 12th march) picked up to 16.4% from low of 10% in October 2009, while Deposits growth has also moderated to 18% yoy. As a result the incremental CD ratio improved to 61% from 50% over Q4FY10.
- The banks are likely to see 05-15bps improvement in their margins sequentially, benefiting from improvement in loan deposit ratio (LDR) during Q4FY10.
- During the quarter, the 10 years and 1 year bond yield hardened by ~25bps and ~77bps to 7.83% and 5.15% respectively, led by tightening of monetary policy amid rising inflationary pressure. As a result, treasury gains likely to be muted during the quarter. We also expect the earnings to be hit by mark to market losses during Q4FY10
- We expect PSU banks to report 14% fall in earnings during Q4FY10, led by high base on account of significant treasury gains in corresponding quarter last year and MTM losses in this quarter. However private banks are likely to see 35%yoy growth in earnings on account of healthy NII and fee income.
- We expect the NII of PSU banks and private banks to grow by 24% yoy and 32% (ex- ICICI) respectively. The core operating profits are likely to grow by a higher 32% yoy for PSU banks and 37%(ex- ICICI) for private banks.
- Our top picks for the quarterly results – Andhra Bank, HDFC Bank, SIB, Yes Bank and CRISIL

NAME	NII Gr (%)	NIM (%)	OP Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Allahabad Bank	26.7	2.7	11.6	3,122	18.2	7.0	163	150	BUY	Allahabad Bank's Q4FY10 net income is likely to grow by 3.4%oy to Rs10.9bn. The operating profit is expected to grow by higher 11.6%yoy to Rs6.9bn for the quarter, due to higher OPEX in the last quarter. Consequently net profit is expected to grow by higher 18.2% to Rs3.1bn.
Andhra Bank	53.4	3.0	10.7	2,275	14.0	4.7	117	130	ACCUM	Andhra bank is expected to report 16.4%yoy growth in net income to Rs8.3bn, while operating profit is expected to grow by 10.7%yoy to Rs4.8bn. The net profit is likely to grow by a slightly higher 14.0%yoy to Rs2.3bn. as incremental provisioning will be low as gross NPAs stands at just 0.9% and net NPAs at 0.2%.
Axis Bank	35.3	3.7	21.5	6,724	15.7	16.7	1,156	800	REDUCE	Axis bank net income is expected to grow by 24.7%yoy to Rs23.4bn. The banks operating profit is likely to grow by 21.5% to Rs13.8bn. The banks net profit is expected to grow by 15.7%yoy to Rs6.7bn for the quarter. Key things to watch out for would be NPA levels- as the banks have significant exposure to SME and retail sectors.
Bank of Baroda	16.3	2.7	-5.9	5,939	-21.1	16.2	660	550	ACCUM	The bank's net income is expected to remain flat yoy at Rs23.2, due to high base on account of higher trading gains in the last quarter. As a result, the operating profit is also likely to decline by 5.9% to Rs12.3bn. The bank's net profit is expected to decline by even higher 21.1%yoy to Rs5.9bn due to higher provisioning during the quarter.

NAME	NII Gr (%)	NIM (%)	OP Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Bank of India	4.5	2.4	-22.5	3,555	-56.1	6.8	359	320	REDUCE	The BOI net income is expected to decline by 7.7% yoy to Rs20.5, due to high base on account of higher fee income and trading gains in the last quarter. As a result, operating profit is likely to decline by 22.5%yoy to Rs10.9bn for the quarter. The banks net profit is expected to decline by even higher 56.1% yoy to Rs3.6bn due to higher provisioning during the quarter.
Canara Bank	19.2	2.6	2.4	6,204	-13.7	15.1	425	280	REDUCE	The bank's net income is expected to remain flat at Rs21.5, on account of higher trading gains in the last quarter. The bank's operating profit is likely to grow by 2.4%yoy to Rs13.0bn for the period. However the bank's net profit is likely to decline by 13.7%yoy to Rs6.2bn on account of higher provisioning. Key things to watch out – movement in NPA's and provision coverage ratio.
Corp Bank	39.6	2.3	-10.1	3,032	16.1	21.1	503	430	HOLD	The bank net income is expected to decline by 5.8% yoy to Rs8.7, as the bank made significant trading gains in the last quarter. Consequently, the operating profit is likely to decline by 10.1%%yoy to Rs6.1bn for the quarter. However the net profit is expected to grow by 16.1%yoy to Rs3.0bn, due to higher tax rate in the last quarter.
HDFC Bank	28.1	4.6	17.5	8,941	41.7	19.6	1,901	1,500	REDUCE	HDFC bank's net income is likely to grow by 14.0%yoy to Rs33.8in Q4FY10. The operating prfit is expected to grow by 17.5%yoy to Rs18.5bn. The net profit is expected to grow by 41.7%yoy to Rs8.9bn for the quarter. Key things to watch out – utilization of CBOP branches and movement in NPAs

NAME	NII Gr (%)	NIM (%)	OP Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
ICICI Bank	-2.8	2.4	3.5	10,286	38.2	9.2	961	800	HOLD	ICICI bank's net income is likely to decline by 4.0% to Rs36.6bn in Q4FY10. The operating profit is expected to grow by 3.5% to Rs22.3bn for the period. The net profit is likely to grow by 38.2%yoy to Rs10.3bn for the quarter. Provisioning is likely to moderate during the quarter. Key things to watch out-Movements in NPA's and pick up in fee income
PNB	31.1	3.6	23.9	9,087	5.0	28.8	1,008	950	ACCUM	PNB's net income is likely to grow by 14.5% yoy to Rs31.6bn in Q4FY10. The operating profit is expected to grow by 23.9%yoy to Rs14.119.7bn for the period. However, the net profit is likely to grow by only 5.0%yoy to Rs9.0bn due to higher provisioning during the quarter. Key things to watch out-Movements in NPA and NIM'S
SBI	25.4	2.4	6.7	27,022	-18.5	42.6	2,094	1,800	REDUCE	SBI's net income is likely to grow by 9.0 %yoy to Rs110.4bn for Q4FY10. The operating profit is likely to grow by 6.7%yoy to Rs62.4bn for the period. However, the net profit is likely to decline by 18.5%yoy to Rs27.0bn on account of higher provisioning during the quarter. Key things to watch out-Movements in NPA and low provisioning coverage ratio.
SIB	26.1	3.2	32.4	772	53.6	6.8	177	180	BUY	SIB's net income is likely to grow by 14.8 %yoy to Rs2.2bn for Q4FY10. The operating profit is likely to grow by 32.4%yoy to Rs1.3bn for the period. The net profit is likely to grow by 53.6%yoy to Rs772bn for the quarter. Key things to watch out-Advance growth and cd ratio.

NAME	Sales Gr (%)	EBIDTA (%)	EBIDTA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
UBI	29.1	2.7	9.9	5,339	14.6	10.6	298	220	REDUCE	UBI's net income is expected to grow by 8.4%yoy to Rs16.1bn in Q4FY09. The operating profit is likely to grow by 9.9%yoy to Rs10.0bn for the quarter. The net profit is expected to grow by 14.6%yoy to Rs5.3bn. Key things to watch out-movement in NPA's and NIM's.
Yes Bank	57.9	3.3	64.5	1,457	81.7	4.9	260	200	REDUCE	Yes Bank's net income is expected to grow by 55.3%yoy to Rs3.8bn in Q4FY10 due to higher NII and fee income. The operating profit is likely to grow by 64.5%yoy to Rs2.5bn. The net profit is likely to grow by 81.7% yoy to Rs1.5bn for the quarter. Key things to watch out – Movements in NPA and traction in non interest income growth.
LIC HSG FIN	26.8	3.0	26.9	1,901	20.7	20.0	878	725	REDUCE	LICHF's net operating revenue is likely to grow by 22.3%yoy to Rs3.2bn for Q4FY10 driven by strong loan growth. The EBIDTA is expected to grow by 26.9%yoy to Rs2.8bn. The net profit is likely to grow by 20.7%yoy at to Rs1.9bn for the quarter.

NAME	NII Gr (%)	NIM (%)	OP Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
ICRA	5.6	40.0	-6.3	137	-8.5	13.7	919	800	REDUCE	ICRA's net operating revenue is expected to increase by 5.6%yoy to Rs458mn supported by bank loan rating. However EBIDTA is likely to decline by 6.3%yoy to Rs183mn for the period. The adjusted net profit is likely to decline by 8.5%yoy to Rs137mn for the quarter. Key things to watch -traction in bank loan ratings.
CRISIL	25.2	39.8	36.7	485	42.4	67.2	5,520	4,800	HOLD	CRISIL's net operating revenue is expected to increase by 25.2%yoy to Rs1.5bn for Q1CY10 supported by bank loan rating business. However EBIDTA is likely to grow by 36.7% to Rs613mn for the period. The adjusted net profit is likely to grow by 42.4%yoy to Rs485mn for the quarter. Key things to watch – Traction in bank loan ratings.

- Cement companies under EMKAY coverage are expected to post dispatches growth of 8.8% yoy. ACC (-3%), Ambuja (5%) and Ultratech (+5.5%), are expected to register muted cement dispatches growth. After the sharp fall witnessed in Q3FY10 cement prices have recovered by Rs28/bag (13%) to Rs251/bag from their December 2009 lows of Rs222/bag. However, as majority of the price hikes came mid February onwards, average prices for the quarter stood at Rs238/bag, registering an increase of Rs8/bag or 3.3% qoq. On y-o-y basis prices have remained largely flat. On a qoq basis prices in Central & Western region have seen a sharp spike of 8% and 5% respectively. On a yoy basis though western region prices are still down Rs/9bag or 4% where as prices in Southern region have suffered the most with an average decline of Rs46/bag or 18%.
- We expect cement companies under our coverage to report a top-line growth of 8.5% yoy for Q4FY10E. Pure cement sales of our coverage are expected to improve 7.9% driven by volume growth of 8.7%.
- Cement cost are clearly on uptrend. International coal/pet coke are up 60% from its July 2009 lows, domestic linkage coal price are up 11% and fly ash cost is up by ~ 20%. Further in the union budget, levy of clean energy cess, re-imposition of service tax on rail freight and the fuel price hike, has accelerate cost push further.
- The cost pressure would be clearly evident in the quarter as pure cement EBDITA is expected to register a muted growth of 0.8% yoy despite volume growth of 8.2%. Grasim is expected to deliver bumper VSF profits driven by strong VSF realisation (+29% yoy) and robust volumes (+~22% yoy). Consequently aggregate EBIDTA is expected to grow at 6.7% yoy with EBIDTA margins remaining absolutely flat at 28.1%.
- Driven by recent price hike and higher volume EBIDTA/ ton for the quarter at Rs1011 is expected to jump by Rs175/ton or by 21% qoq. However on a yoy basis EBIDTA /ton is expected to decline 7.4% (Rs1092 in Q409)
- Rising interest costs (+19.9% yoy) and higher depreciation (+43.2% yoy) is expected to drag down net profit by 3.9% yoy, even after EBIDTA growth of 6.7% yoy.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
ACC	1.2	28.3	-9.2	3,728	-12.7	19.9	962	875	REDUCE	ACC revenue for Q1CY10 is expected to grow by 1.2% yoy to Rs20.79bn on account of 3% decline in cement volumes (5.56mnt) while cement realization are expected to increase by 4.3% y-o-y to Rs3740/ton. ACC's EBIDTA at Rs5.87 bn is expected to witness a decline of 9.2% due to increasing raw material & other expenses. EBIDTA margins are expected to decline by 324 bps to 28.3%. Sequentially though margins are expected to improve 270 bps on account of better realisations. Consequently net profit for the quarter is expected to decline by 12.7% to Rs3.7 bn.
ACL	10.9	27.5	7.4	3,409	2.0	2.24	119	99	REDUCE	ACL is expected do revenue of Rs20.49bn and achieve a growth rate of nearly 10.9% yoy in Q1FY10. Revenues growth of 10.9% is expected to be driven by 5% volume growth (5.35mn tones) and 5.7% realization growth (Rs3828/ tonne). ACL's EBIDTA is expected to grow at 7.4% to Rs5.63bn registering the EBIDTA margin of 27.5%. PAT for the quarter is expected to grow at 2% to Rs3.4bn. Reported PAT will be rS4.03 bn including profit of sale of investment in ING Insurance.
Grasim	15.7	29.8	46.4	5,643	46.7	61.5	2,847	2,997	ACCUM	Grasim's standalone net revenue for the quarter is expected to grow by 15.7% yoy to Rs33.4bn driven mainly by 14.4% growth in revenues of cement division while VSF division will grow at healthy rate of 41% y-o-y. Overall EBIDTA at Rs9.95bn is expected to show growth of 46.4% yoy driven by 9.3% growth in Cement EBIDTA and 212% growth in VSF segment. Consequently, pre-exceptional net profit at Rs5.64bn is expected to grow by healthy 46.7% on y-o-y basis.
Madras Cement	6.3	22.2	-10.4	505	-31.4	2.12	124	112	REDUCE	MCL's revenues are likely to increase by 6.3% yoy to Rs6.87bn. Net realizations are expected to decline by 16% (Rs3377.8/ton) on y-o-y. On account of fall in realisation EBIDTA for the quarter us expected to decline 10.4% with EBIDTA margins at 22.2% declining by 4.1%. Consequently net profit for the quarter is seen at Rs0.5bn , a decline of 31.4% on yoy basis.



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Ultratech	-0.2	25.4	-11.5	2,571	-16.9	20.7	1,159	960	REDUCE	Revenues for the quarter are expected to decline by 0.2% to Rs18.56 bn mainly on account of fallen realization. Volumes for the quarters have registered growth of 5.5% y-o-y (5.65mtn) while realizations are expected to fall by 3.6% y-o-y. EBIDTA for the quarter is expected to decline by 11.5% y-o-y to Rs4.71bn. Also the raw material costs have increased by 37% and have further contributed to the decline in operating profit margins which is expected to be at 26.5% down 327 bps on yoy basis. The resulting net profit is expected to be at Rs 2.57 bn , a decline of 16.9% on yoy basis.
India Cement	7.1	19.2	-19.1	648	-40.4	2.3	137	100	CELL	Net revenues for the quarter will increase by 7.1% yoy to Rs9.52bn.. Cement revenue at Rs9.16 bn is up by 5.6% yoy mainly on account of volume growth of 20.5% (2.8mt for this quarter). Weighted realisations are expected to decline by 12.3% (Rs3271/ton) largely on account of fall in cement. ICL's operating profit for the quarter is expected to decline by 6.22% yoy to Rs1.82bn.EBITDA is expected to decline by 19.2 % (Rs 1.82 bn) mainly due to increase in raw material costs and transport and handling expenses. Subsequently Net profit is expected to decline by 40% on yoy basis to Rs 0.65 bn.
Shree Cement	22.4	38.5	15.1	1,602	-34.3	46.0	2,342	2,354	ACCUM	Shree's revenues for the quarter is estimated to increase by 22.4% yoy to Rs9.87bn. Cement revenues are expected to grow by promising 24% yoy to Rs9.44bn driven mainly by 22.1% volume growth (cement +18.2% yoy and clinker +66.5% yoy) while realizations are estimated to increase by 9.5% yoy to Rs3462/ton. EBITDA has shown a growth of 15.1% on yoy basis.. The depreciation cost is expected to increase by whopping rate of 189.3% y-o-y to Rs1.58bn (on account of accelerated depreciation on new grinding) which will result in net profit of Rs1.62bn down by 34% yoy.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Orient Paper	3.3	20.8	-6.2	575	-8.6	3.0	57	59	BUY	OPIL's net revenues for Q3FY10 are estimated to increase by 3.3% to Rs4.82 bn on yoy .Cement realization for the quarter are expected to decline by 17.5% y-o-y to Rs2952/tonne due to decline in cement prices. OPM's for the company are expected to decline by 620 bps to Rs 1bn. EBIT for the cement division is also expected to decline Rs668mn in Q4FY10 from Rs1011mn in Q4FY09. The EBIT margins for cement division in expected to be corrected by 1700 bps on yoy basis. Net revenue is expected to be at Rs4.82bn and the net profit stands at Rs 0.57bn down 8.6%on yoy basis.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Jaiprakash Associates	54.0	27.3	37.7	3,740	31.0	1.8	148	185	BUY	Jaiprakash Associates (JPA) is expected to report revenue of Rs30.5 bn (+54% yoy) driven by a staggering 46% growth in cement revenues (Volume growth of 65%) and a robust 55% growth in construction revenues. With lower cement realization on a yoy basis, EBIDTA at Rs8.33 bn (+38% yoy) is expected to show lower growth than the topline as EBIDTA margins are expected to decline 320 bps yoy to 27.3%. Margins on a qoq basis though are expected to improve by 30 bps, driven by sharp increase in cement prices. However with lower dividend income from its power subs and sharp 68% increase in interest charges, the net profit for the quarter is expected to grow by 31% yoy.
IRB Infrastructure	79.6	42.6	103.7	864	104.6	2.6	280	250	ACCUM	IRB is expected to report revenues of Rs5.76 bn (+81% yoy) driven by 80% growth in Construction segment and 70% growth in BOT revenues. With bigger share of high margin BOT segment, EBIDTA for the quarter at Rs2.45 bn is expected to grow a staggering 103.7% yoy with EBIDTA margins of 42.6% registering a 504 bps improvement yoy. Net profit at Rs864 mn for the quarter is expected to register a growth of 105% yoy.
IVRCL Infrastructure	22.3	9.9	38.5	821	2.8	3.1	172	200	BUY	IVRCL's is expected to report revenues of Rs19.9 bn registering a growth of 22.3% yoy. EBIDTA for the quarter at Rs2.0bn is expected to register 38% growth yoy with EBIDTA margins showing 115 bps improvement to 9.9%, driven by better revenue mix and softening commodity prices. Though the PBT is expected to grow by a handsome 26% yoy, higher tax charge on account of disallowance of section 80IA benefits to contractors), the PAT is expected to register 2.8% growth y-o-y to Rs821 mn. On account of slower execution in the state of Andhra Pradesh, which accounts for 30% of IVRCL's order backlog and also on account of the ongoing political turmoil the state (which is expected to affect IVRCL's order inflows).

- In Q4FY10, companies are likely to gain from attractive growth in fertiliser segment mainly due to low base effect and improved fertiliser margins. Seed segment is likely to remain weak due to seasonality while agrochemical segment is expected to benefit from strong rabi crop
- Fertiliser segment is likely to report 13%YoY topline growth while margins are expected to increase sharply by 850bps to 11%. Companies like GNFC and TCL reported losses in the fertiliser business in previous years however we have already witnessed significant improvement in EBIT margins in the current year
- Chemical segment continued to register growth as Emkay Chemical Index increased by ~4% QoQ indicating improving pricing scenario. Although chemical segment margins are expected to decline by 237 bps YoY to 20%, we expect margins to remain flat sequentially due to firming up of chemical prices.
- We expect aggregate revenue growth of 16% YoY, EBITDA margins expansion of 337bps YoY to 18%. Margin expansion along with reduction in interest cost by 26% is likely to drive aggregate PAT by 26% YoY
- GNFC, GSFC and Tata Chemicals are our key result picks. We expect recently introduced nutrient based fertiliser policies to drive margins in the fertiliser segment while increasing chemical prices should drive margins in the chemical segment

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Advanta	15.0	10.0	16.7	-32	NA	-1.9	634	672	HOLD	Improving weather conditions in Argentina and Australia are expected to reflect by way of 15% YoY growth in revenues to Rs 1.7 bn. We expect overall EBITDA margins to remain flat at 10% however EBITDA is expected to increase by 16.7% to Rs 168 mn. Being a weak season for the company, we expect Advanta to report net losses of Rs 32 mn for Q1CY10.
Chambal Fertilisers	-7.1	24.9	100.9	822	46.8	2.0	62	60	HOLD	Inspite of 16% decline in fertiliser sale volumes, we expect a 5% uptick in fertiliser revenues. We estimate shipping revenues to decline by 51% resulting in net sale decline of 7% to Rs 7.9 bn. Deriving benefits from the IPP linked subsidies, fertilisers segment EBIT margins are expected to expand by 780 bps to 22%. EBIT margins for shipping and trading are estimated at 24% and 4% respectively. We expect overall EBITDA margin expansion of 1340 bps to 24.9% and EBITDA of Rs 2 bn, +101% YoY.
Coromandel International	43.8	12.0	23.1	1,016	10.3	7.3	316	329	BUY	Sharp volume growth of 170% to 550,000 MT clubbed with acute increase in phos acid and DAP prices is expected to result in revenue growth of 43.8% YoY to Rs 12.3 bn. Narrowing spread between DAP and phos acid prices is expected to result in 200 bps margin contraction to 12%. Inspite of a lean quarter we expect APAT to increase by 10.3% to Rs 1 bn resulting in an EPS of Rs 7.3.
Deepak Fertilisers	-7.6	23.7	33.7	355	35.3	4.0	114	118	BUY	Improved gas availability and increasing chemical prices are expected to result in 30% increase in chemical revenues while lower fertiliser sale volumes this quarter by 54% is expected to result in 41% decline in fertiliser revenues. Net sales are expected to decline by 7.6% to Rs 3.1 bn. Driven by the chemical segment performance, EBITDA margins are expected to expand by 740 bps to 23.7%. With a 35% increase in APAT to Rs 355 mn, we expect AEPS of Rs 4.0.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
GNFC	-8.3	22.5	98.3	611	212.4	3.9	115	158	BUY	Lower sale volumes in urea should result in 32% decline in fertiliser revenues while improving demand from user industries is estimated to result in 20% increase in chemical revenues. We estimate net sales of Rs 4.9 bn, EBITDA margin expansion of 1210 bps and 98% increase in overall EBITDA to Rs 1.1 bn. Driven by strong operational performance we expect a sharp increase in APAT by 212% to Rs 611 mn resulting in an EPS of Rs 3.9 for Q4FY10.
GSFC	2.7	16.5	96.7	709	207.5	8.9	241	254	HOLD	Inspite of a weak quarter we expect strong performance from fertiliser segment to continue. Fertiliser and chemical revenues are expected to increase by 12% and 10% respectively while we estimate EBIT margins for fertiliser and chemicals at 10% and 15% respectively. Net revenues are estimated at Rs 7.5 bn, +3% followed by 97% increase in EBITDA to Rs 1.2 bn and 790 bps overall margin expansion to 16.5%.
Rallis India	6.0	15.0	51.8	159	26.8	12.3	1,332	1,153	BUY	We expect a muted 6% growth in revenues to Rs 1.9 bn. Though margins are expected to expand by 450 bps YoY to 15%, firming up of raw material prices globally is expected to narrow the raw material- finished good spread which is expected to reflect by way of margin contraction of 570 bps from 20.7% in Q3FY10. We estimate 52% increase in EBITDA to Rs 289mn, APAT of Rs 159 mn (+27% YoY) and AEPS of Rs 12.3.
Tata Chemicals	38.0	19.0	60.6	1,717	7.0	7.1	322	310	HOLD	We expect standalone revenues at Rs 12 bn, +18% YoY and APAT of Rs 929 mn. Revenues of subsidiaries BMGL and GCIP are expected to increase by 9% and 45% respectively to Rs 4.8 bn and Rs 4.7 bn while IMACID is expected to report revenue de-growth of 33% to Rs 860 mn. We expect consolidated EBITDA margin expansion of 270 bps to 19% resulting in EBITDA of Rs 4.6 bn. We expect conso APAT of Rs 1.7 bn, +7% and AEPS of Rs 7.1.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
United Phosphorus	9.9	18.0	-6.0	1572	-2.2	3.4	154	192	BUY	We expect net revenue growth of 10% YoY to Rs 15.3 bn. Decline in high cost inventory is expected to result in EBITDA margin expansion of 100 bps QoQ to 18% and lowering of interest cost by 66% QoQ to Rs 200 mn. Due to weak results of Advanta, we don't estimate any income from associate company resulting in APAT of Rs 1.6 bn, -2% and AEPS of Rs 3.4 for this quarter.

4th quarter is the best quarter for Engineering & Capital Goods industry – and Q4FY10E is likely to follow the past trend. Post muted performance in 9MFY10; expect sharp uptick in growth in Q4FY10E – led by (1) healthy revenue booking, (2) pick-up in execution in slow moving projects and (3) revival in order booking in industrial capex.

- Expect cumulative revenue growth at 24.2% YoY to Rs348.3 bn largely driven by L&T (+29%), BHEL (+21%) and Thermax (+44%) amongst large-cap companies and LMW (+102%), ABG Shipyard (+45%), TRIL (+29%) and Voltamp Transformers (+26%) in mid-cap companies. We expect Kalindee Rail to report decline in revenues.
- EBITDA margins are expected to expand by 60 bps YoY to 14.8% driven by mix change and benefits from lower material costs. Increase in EBITDA margins will be led by BHEL (+400 bps). Whereas, L&T (-240 bps), Thermax (-210 bps), Punj Lloyd (-40 bps) are estimated to report decline in EBITDA margins. EBITDA growth is expected to be healthy at 29.4% YoY to Rs51.5 bn.
- Led by good operational performance, expect APAT to grow by 29.9% YoY to Rs36.1 bn. Expect strong by BHEL (+40%), LMW (+203%), McNally (+529%) and Elecon (+34%) in our ECI universe. Expect weak performance by Voltamp Transformers (-15%) TRF (-23%), Indo Tech (-26%), ABG Shipyard (-43%) and Kalindee Rail (-58%).
- Revival in order inflows was witnessed in Q4FY10 - grew by 59.4% yoy to Rs484.3 bn. Order inflows was led by L&T (+66%), BHEL (+48%), Thermax (+288%) and McNally Bharat (+1739%). Consequently order backlog grew by 23.5% yoy to Rs2963.1 bn and revenue visibility enhanced to 3.1X.

We shall view management commentary on (1) order inflow guidance for FY11E, (2) specific indications on resumption of order inflows in ‘Cyclical’ and ‘Secular’ capex themes and (3) progressive action on new growth drivers.



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	APAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
BHEL	20.9	20.1	50.8	18,900	40.3	38.6	2,494	2,495	HOLD	BHEL has already reported flash results for FY10, which were in line with our estimates. Our Q4FY10 result estimates are (1) Revenue growth expected at 21% yoy to Rs127.4 bn (2) Strong EBITDA growth at 51% yoy to Rs25.6 bn driven by 400 bps yoy expansion in margins to 20.1% and (3) APAT growth at 40% yoy to Rs18.9 bn. BHEL recorded order inflows worth Rs590 bn for FY10E – surpassed our estimates of Rs550 bn.
Larsen & Toubro	28.7	12.6	7.9	12,988	13.7	21.6	1,624	1,810	ACCUM	After disappointment in Q3FY10, we expect strong performance in Q4FY10 – (1) Revenue growth at 29% YoY to Rs136.5 bn led by E&C division (up 18% yoy). Expect M&IP to grow by 8% yoy and E&E to decline by 8% yoy (2) Expect EBITDA growth to be subdued at 8% yoy to Rs17.1 bn due to 240 bps yoy fall in EBITDA margins to 12.6% (owing to high base in Q4FY09) (3) APAT growth at 14% YoY to Rs13.0 bn. Management commentary on FY11E order inflow will be keenly watched.
Thermax	43.6	14.7	25.9	974	4.8	8.2	717	657	HOLD	After reporting decline in revenues in 9MFY10, expect healthy growth in Q4FY10E led by strong revenue booking in both divisions – (1) Revenue growth at 44% YoY to Rs13.6 bn led by Energy (+53%) and Environment (+12%). (2) Lower EBITDA growth at 26% YoY to Rs2.0 bn due to 210 bps YoY drop in EBITDA margins to 14.7%. (3) Muted APAT growth at 5% YoY to Rs1.0 bn. Management ability to sustain order inflows momentum - especially boilers above 130+ MW - will be watched keenly.
Punj Lloyd (Consolidated)	17.8	4.5	8.9	715	NA	2.1	179	162	REDUCE	Expect Punj Lloyd's Q4FY10E performance to be impacted by provisions on ongoing projects – (1) Expect 18% yoy growth in revenues to Rs38.0 bn (2) Expect subdued growth in EBITDA at 9% yoy to Rs1.7 bn with 40 bps yoy decline in EBITDA margins to 4.5% - factored Rs 1.9 bn provisions on the ONGC & Ensus order (3) Expect APAT of Rs0.7 bn vs loss of Rs0.3 bn in Q4FY09. Management commentary on quality of order backlog will be reviewed closely.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	APAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
LMW	102.0	20.5	1905.9	435	203.3	35.2	2,052	1,710	HOLD	Expect LMW to report yet another quarter of strong performance driven by improvement in order deliveries and operating leverage. We expect revenues to double to Rs3778 mn. Expect spike in EBITDA margins to 20.5% due to benefits from lower raw material costs. Consequently expect EBITDA to increase by 19X to Rs773 mn. Expect APAT growth to be lower, but robust at 203% yoy to Rs435 mn due to lower other income.
ABG Shipyard	45.4	19.9	47.3	300	-43.0	5.9	270	228	SELL	After weak revenue booking in Q3FY10, expect robust revenue growth at 45% yoy to Rs4.9 bn (includes Rs1.0 bn from Rig order). Expect EBITDA margins to improve by 30 bps yoy to 19.9% and EBITDA to grow by 47% yoy to Rs973 mn. Despite strong operational performance, expect APAT to decline by 43% yoy to Rs300 mn – due to lower subsidy income and higher depreciation & interest charges. Key things to watch (1) Revival in order inflows (2) Receipt of payment on execution of rig order.
TRF	-4.0	13.0	-19.8	185	-22.6	16.8	942	780	HOLD	Expect TRF to report decline in revenues and APAT in Q4FY10 – tanks to high base effect in Q4FY09. We expect standalone APAT to decline by 23% yoy to Rs185 mn led by (1) 4% yoy decline in revenues to Rs2299 mn – Projects (-14%) and Products (+7%) (2) 250 bps yoy drop in EBITDA margins to 13.0% and 20% yoy decline in EBITDA to Rs298 mn. Developments in automotive business will be watched closely.
McNally Bharat	-2.0	7.6	33.0	145	529.3	4.3	323	308	BUY	Led by strong booking in earlier quarters, expect standalone revenues to decline by 2% yoy to Rs 4.6 bn in Q4FY10E. However, expect EBITDA to increase by 33% yoy to Rs353 mn led by 200 bps expansion in EBITDA margins to 7.6%. Expect sharp jump in APAT to Rs145 mn (+529% yoy) due to lower tax incidence. Management outlook on order inflows for FY11E. will be watched keenly.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	APAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Voltamp Transformers	25.9	16.5	-3.8	227	-14.9	22.4	856	955	ACCUM	Results to disappoint due to high base of margins (21.6%) in Q409. Expect volume growth of 48% and realization decline of 15.1% to result in revenue growth of 26% YoY. However, expect huge drop (510bps) in EBITDA margins to lead to EBITDA decline of 4%. Higher dep. to lead to PAT decline of 15% YoY. Key things to watch - (1) order inflow from industrial segment, (2) migration to utilities, (3) realizations/margins in order inflow.
Bharati Shipyard	19.2	19.7	35.8	346	14.0	12.5	270	235	REDUCE	We expect BSL's Q4FY10 performance to be negatively impacted by declining order book and high interest costs – (1) Expect revenues to grow by 19% yoy to Rs3388 mn (2) Expect EBITDA margins to expand by 240 bps yoy to 19.7% and EBITDA growth at 36% yoy to Rs667 mn. (3) APAT to decline by 14% yoy to Rs346 mn, due to high interest costs (attributed to acquisition of controlling stake in GOL). Will review management outlook on core ship building and growth strategy on Great Offshore.
Elecon Eng	19.2	17.1	15.3	281	34.0	3.0	79	81	UR	Expect Elecon to report improved performance in Q4FY10E on qoq basis. (1) Revenue growth at 19% YoY to Rs3439 mn led by 34% yoy growth in TE division. MHE division is expected to decline by 12% yoy. (2) EBITDA margins to decline by 60 bps yoy to 17.1% and EBITDA to grow at 15% yoy to Rs587 mn (3) APAT growth at 34% yoy to Rs281 mn. Management's guidance on order inflows and consolidation of group companies will be watched keenly..
Bharat Bijlee	18.7	15.1	11.8	158	12.7	28.0	968	1,063	ACCUM	Expect improvement (on a low base) with revenue growth of 19% YoY. The EBITDA margins to decline by 100bps YoY (+650bps QoQ) led by falling realizations. PAT is expected to grow by 13% YoY. Key things to watch - (1) performance of motors business, (2) drop in transformer realizations, (3) overall margins.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	APAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Transformers and Rectifiers	28.9	13.1	12.1	129	0.8	10.0	408	379	HOLD	Expect volume growth of 75% (led by new plant) and realization decline of 26% to result in revenue growth of 29% YoY. Expect lower EBITDA growth of 12% due to margins decline of 190bps YoY led by drop in realizations. PAT is expected to grow by meager 1% YoY attributed to increase in depreciation related to new capacity. Key things to watch - (1) order inflows especially export orders, (2) realizations/margins in order inflow & (3) overheads related to increased capacity.
Emco	6.6	13.0	-7.8	255	8.2	3.9	90	82	REDUCE	Expect revenue growth of -10%, 48% & 30% in transformers, meters & projects - resulting in overall revenue growth of 7% YoY. Expect 200bps YoY decline in the overall EBITDA margins led by (1) lower margins in transformers & (2) changing business mix in favor of projects. Led by lower interest expense, PAT is exp. to grow by 8% YoY. Key things to watch - (1) realizations & margins in transformers, (2) working capital situation, (3) execution in projects business.
Indotech Transformers	15.5	12.8	-34.1	40	-7.0	3.8	294	277	REDUCE	Expect improvement (from a low base) after three qtr of disastrous performance. Expect volume growth of 17% and realization decline of 1% to result in revenue growth of 16% YoY. Expect EBITDA margins to decline by 960bps (due to very high base) and Adj. PAT to decline by 7% YoY. Key things to watch - (1) commentary on GE PROLEC's plans for ITL, (2) order inflows & realizations and (3) margins outlook.
Kalindee Rail Nirman	-35.0	7.5	-28.3	5	-58.4	0.4	138	163	BUY	Company's revenue has been affected due to continuous delays in few key projects like Palwal – Bhuteshwar and Villupuram – Mayiladuturai, thus impacting the overall performance. We expect revenue to de-grow by 35% YoY to Rs 399 mn. EBITDA margins are estimated to expand marginally by a meager 70 bps to 7.5% resulting in EBITDA of Rs 30 mn. With interest of Rs 20 mn, APAT is expected to decline by 58% to Rs 5 mn resulting in an EPS of Rs 0.4.

- Volume growth would be key factor for operational performance in Q410E. Our Emkay universe will witness revenue growth of 10.4% to Rs70.3 bn, largely volume led growth. Overall growth is lower compared to last few quarters - (1) some change in volume growth on the downside (2) no yoy benefits from left-over pricing and (3) no benefits from base effect. GCPL (includes Sara Lee consolidation), Marico and HUL will report YoY revenue growth of 51.4%, 9.3% and 11.3% respectively in Q410E. Whereas, APL will report YoY revenue decline of 1.6%.
- The extent of margin expansion will slow down and impact of operational performance less pronounced – with no pricing benefit and base effects. We expect, Emkay universe to report mere 220 bps YoY expansion in operating margins – lesser traction versus Q310. APL expected to report highest margin expansion at 600 bps, whereas Marico would report 70 bps reduction in operating margins.
- Emkay universe will report APAT growth of 20.4% YoY to Rs8.7 bn in Q410E. APL, GCPL (includes Sara Lee consolidation), Marico and HUL will report YoY APAT growth of 39.9%, 39.4%, -12.9% and 18.3% respectively.
- We believe that, FMCG sector has already bid-adieu to favorable base period and is also bracing for tough times with rising cost index and changing volume growth. We believe that our concerns on (1) underlying volume growth (2) increasing competition and (3) absence of carry over price benefits – is likely to gain spotlight. We remain selective in playing the sector and prefer valuations over profile or growth in earnings

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Hindustan Unilever Ltd	11.3	16.8	26.4	5,938	18.3	2.7	223	276	HOLD	HUL would report 11.3% yoy growth in revenues to Rs44.9 bn benefiting from favorable base effect and strong performance from Personal Products, Beverages and Processed Foods businesses. The EBITDA would grow 26.4% YoY to Rs7.5 bn and EBITDA margins would expand 200 bps to 16.8%. The APAT is expected to grow by 18.3% YoY to Rs5.9 bn – benefiting from strong operating performance.
Asian Paints Ltd	-1.6	18.6	45.6	1,435	39.9	14.8	2,029	1,651	HOLD	APL is expected to record 1.6% YoY decline in revenues to Rs14.0 bn. Strong growth in volumes would be offset by YoY decline in realization. Nevertheless, EBITDA would grow at 45.6% YoY to Rs2.6 bn and EBITDA margins would expand 600 bps to 18.6%– led by lower raw material costs and favorable base effects. The APAT is expected to grow 39.9% YoY to Rs1.4 bn.
Godrej Consumer Ltd	51.4	14.4	13.2	818	39.4	3.2	280	246	HOLD	With consolidation of Godrej Sara Lee business – GCPL is expected to report 51.4% YoY growth in revenues to Rs5.2 bn. The company would continue to benefit from robust volume growth in both soaps and hair color business. The International business is expected to continue its growth momentum in Q410E. The EBITDA would increase 13.2% YoY to Rs0.7 bn and APAT would grow 39.4% YoY to Rs818 mn
Marico Ltd	9.3	12.3	3.1	518	-12.9	0.9	114	85	REDUCE	Marico is expected to report 9.3% YoY growth in revenues to Rs6.1 bn- largely volume-led growth. The key brands - 'Parachute', 'Saffola', 'Kaya' and International Business are expected to continue strong growth momentum. The EBITDA is expected to grow by 3.1% YoY to Rs756 mn - due unfavorable base effect. Consequently, EBITDA margin would decline 70 bps YoY to 12.3%. The APAT is expected to decline 12.9% YoY to Rs518 mn.

- We expect our IT coverage universe to deliver a 2-4.8% sequential growth in US\$ revenues. Cross currency movements are expected to play truant and impact reported growth by ~80-250 bps on a QoQ basis
- We expect Infosys to report the highest QoQ growth at ~4.8% while HCL Tech would lag Tier 1 peers on growth metrics for the 2nd quarter in a row, further impacted by cross currency pangs.
- Expect Infosys to guide for 14-15% YoY revenue growth for FY11. However expect a muted EPS guidance between Rs 112-114 (V/s street expectations at ~Rs 120+). We do not rule out near term stock price weakness.
- Key things to watch out (1) continuation of spurge in financial services, (2) recovery in manufacturing and telecom verticals and (3) margin levers ( especially in the wake of sharp currency appreciation, wage pressures etc)

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Infosys Tech	3.3	35.3	2.6	16,169	2.1	28.3	2,658	3100	ACCUM	Expect Infy to report revenues at US\$ 1292 mn(+4.8%QoQ). Mgn est to be down by ~20 bps QoQ to 35.3%. Profits est. at Rs 16.2 bn (+2.1% QoQ,+0.2% YoY).Key things to watch out for (1) Annual and June'10 qtr guidance( we anticipate a 14-15% YoY growth guidance for FY11 and EPS outlook of Rs 112-114., (2) Speical dividend of ~Rs 50/share. Remains preferred play in the large cap universe.
TCS	2.2	29.4	1.1	18,445	2.6	9.4	799	860	ACCUM	We est. TCS to report US\$ rev of US\$ 1.704 mn (+4.2% QoQ cross currency hit of ~100 bps) led by higher vols. OPM's est. to decline by ~30 bps QoQ to 29.4% on a/c of INR appreciation. Profits est. at Rs 18.4 bn (+2.6%QoQ). Watch out for (1)Outlook on spending at top clients ( who continue to drive robust growth over the past few quarters, (2) comments on margin outlook.
Wipro	2.4	19.1	1.1	12,303	2.4	2.4	716	700	REDUCE	Wipro est. to report rev at US\$ 1,170mn, in line with co's guidance of US\$ 1,161-1,183 mn. IT Services EBIT margins expected to decline by ~30 bps QoQ to 23.3%.Profits expected at Rs 12.3 bn (+2.4%QoQ). Key things to watch out for (1) Outlook on telecom and Hi Tech verticals and (2) Margin outlook in the wake of sharp currency appreciation and wage pressures
HCL Tech	-1.4	19.3	-6.2	3,064	11.8	4.4	345	400	ACCUM	HCL Tech est. to report rev at US\$ 665 mn (+2% QoQ). Op mgn est to decline by ~100 bps QoQ to19.3% driven by higher INR. Profits expected at 3.06 bn(+11.8% QoQ) driven by lower mgn however helped by lower forex losses. Watch out for (1) Hiring pick up , (2) ramp up on large contracts and (3) demand outlook from top clients/key verticals

\*Growth numbers are QoQ basis



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Tech Mahindra	0.8	21.8	-6.9	1,764	2	13.5	850	950	REDUCE	We expect Tech M to report revenues at US\$ 261mn(+2.7%QoQ). Op mgns est. at 21.8%, down 160 bps QoQ. Net profits expected at Rs 1.8 bn (+2% QoQ) helped by lower interest expenses and higher other income. Watch out for (1) Outlook on business from BT and AT&T, (2) comments on business outlook at Satyam.
Patni	1.3	21.2	1.2	1,381	1.3	10.5	545	N.A	N.A	We estimate Patni to report rev. at US\$ 174.3 mn (+2.5% QoQ), marginally higher than co guidance. Op mgns estimated to flat QoQ despite INR appreciation on a/c of absence of one off costs. Profits est at Rs 1.4 bn (+1.3% QoQ) aided by forex gains. Watch out for (1) details on the large deals as indicated by co management in recent times, (2) Margin outlook
eClerx	3.0	38.9	-0.7	263	23.3	13.6	507	540	BUY	eClerx expected to report revenues at US\$ 15.5 mn(+4% QoQ). Op mgns estimated to be down by ~140 bps driven by higher INR. Profits est. to be up by ~23% QoQ driven by forex gains. Watch out for (1) Revenue ramp ups on some recently announced wins, (2) Capacity augmentation plans at Airoli and (3) any inorganic moves.
Hexaware	-8.8	11.3	-42.5	141	-60.7	1	66	N.A	N.A	We estimates HExaware to report revenues at US\$ 50 m, meeting the upper end of co guidance. Margins estimated to decline by ~660 bps QoQ to 11.3% on a/c of higher INR and full impact of salary restoration in Dec'09. Profits expected at Rs 141 mn (-61% QoQ) on a/c of lower margins. Key things to watch out for (1) Comments on project ramp ups in recently won business and (2) Margin outlook

\*Growth numbers are QoQ basis

- The quarter has been robust quarter for steel industry, with prices increasing by 8-10%; while volumes have been flat. Raw material prices also showed major strength. Spot iron ore prices CIF China (from India) have continued upward momentum breaching the recent high of USD110-112/t with renewed demand from China. Currently they are hovering at around USD150/t
- During the quarter zinc was up by 3%, aluminium was up by 8% and copper was up by 9% on qoq basis
- Net Net, metal prices seem to be gaining upward momentum backed by the technical recovery in major economies like US and EU, strong demand from India and China and expected revival of real demand and significant increase in raw material prices.
- For the stocks under our coverage, we expect net sales at Rs475.6bn (yoy up 26%, qoq up 13%), EBITDA at Rs95.6bn (yoy up 350%, qoq up 26%) and PAT at Rs38.3bn (qoq up 28%)
- Higher prices and volumes along with reducing cost through various cost reduction programs, the bottomline of the companies are expected to show significant growth on yoy and qoq basis

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Tata Steel (Consolidated)	14.9	13.7	NA	8,170	NA	9.2	671	UR	UR	Tata Steel is expected to do better steel volumes in 4QFY10 both in Corus and Indian operations; and the steel realizations are expected to improve. The EBITDA margins are expected to grow on both yoy and qoq basis. The ferro alloys division is expected to perform better. The outlook for Corus seems to be improving
JSW Steel (Consolidated)	47.0	25.6	892.5	5,607	NA	27.8	1,224	1,521	BUY	JSW is expected to report growth of 33% in sales volume on yoy basis and flat on qoq basis. The realizations are expected to increase by 13% on yoy basis and by around 7% on qoq basis. However, the EBITDA margins are expected to increase by around 1,956bps on yoy basis and by around 474bps on qoq basis. JSW seems to be on track to achieve the volume growth guidance of 70-75 in FY10E.
Sterlite Industries (Consolidated)	59.2	26.8	140.8	9,738	133.1	11.5	867	886	ACCUM	We expect the company to report a growth of 59% in net sales on yoy basis as the base metal prices have increased by more than 50% on yoy basis. The EBITDA margins are expected to increase by around 909bps on yoy basis
Sesa Goa	65.2	54.6	91.6	11,230	105.1	13.4	491	562	BUY	We expect net sales to be increase by 65% on yoy basis due to higher volumes; the realizations are expected to increase by around 60% on yoy basis and by around 18% on sequential basis. The EBITDA margins are expected to increase by around 441bps on sequential basis.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Bhushan Steel	34.1	34.0	94.0	2,155	85.1	50.7	1,803	1,843	ACCUM	The prices are expected to increase by 6-8%; and the volumes are expected to increase by 4-5% on qoq basis. However, the EBITDA margins are expected to increase by around 1,050bps on yoy basis. The company is on track to commence backward integration facilities by 1QFY11
HEG	32.3	30.8	11.9	495	-6.3	12.1	366	458	BUY	The margins are expected to decrease by around 561bps on yoy basis due to increase in needle coke prices by around 30-40%; however, increased realizations and reduction in other raw material costs may provide cushion to the margins. The earnings from sale of surplus power will be the key thing to watch out for
Monnet Ispat	17.5	33.5	85.0	745	48.4	13.1	434	UR	UR	The steel sales volume is expected to increase by around 10-15% on qoq basis. However, the power sales is expected to decline by around 17% on sequential basis
Godawari Power	39.0	15.6	115.4	169	114.4	6.0	265	304	BUY	GPIL is expected to report good volume growth on yoy and qoq basis; realizations may increase by around 4-5% on qoq basis. The management has guided that they are slowly ramping up the billets and ferro alloys volumes. However, this will lead to reduction in power sales. Ramping up of captive iron ore mine will provide the cost savings. The billets production is being slowly ramped up with increasing demand

- Companies in our offshore oilfield services space are expected to post an aggregate revenue growth of 21% yoy. We expect Aban to report a revenue growth of 24% yoy on deployment of its rigs Aban Abraham and Aban Pearl. Similarly on account of vessel addition and higher project revenues, Great Offshore is expected to register 15% growth. Garware offshore is expected to post revenue growth of 19% yoy.
- Aggregate EBIDTA is expected to grow at a healthy rate of 36% yoy with EBIDTA margins expansion by 636 bps to 60%. Aban with its high margins contracts is expected to see its EBIDTA grow by 42% yoy and margin expansion of 840 bps. Garware offshore also is expected to see a EBIDTA growth 27% yoy. While Great offshore is expected to see EBIDTA growth of 15%.
- On back of continual asset addition, aggregate interest charges are expected to increase 16% yoy. Similarly depreciation charge are expected to increase 33% yoy. Consequently aggregate net profit for the quarter is expected to increase by 58% driven by a whopping 164% increase in earnings growth of Aban offshore. Great Offshore though is an exception, which is expected to post a net profit decline of 20% on account of forex losses.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Aban Offshore	23.5	64.1	42.2	1,539	164	35.4	1,247	1,325	ACCUM	We expect Aban Offshore's Q4FY2010 consolidated revenue to grow by 23.5% yoy to Rs9.56 bn driven by deployment of Aban Abraham & Aban pearl. EBIDTA for the quarter at Rs6.13 bn, is expected to grow by 42% on account higher margins earned by Aban Abraham & Aban Pearl. As a result EBIDTA margins for the quarter are expected to improve 840 bps yoy to 64.1%. Pre-exceptional net profit at Rs1.54 bn for the quarter is expected to register growth of 164% yoy.
Great Offshore	14.6	48.8	14.6	624	-19.5	16.8	426	528	ACCUM	GOL Q4FY10 standalone net revenues for the quarter is expected to jump 14.6% yoy driven by addition of 4 vessel, and higher project revenues. EBIDTA for the quarter is expected to grow by 14.6% yoy as EBIDTA margins are expected to be largely flat at 48.8%. However with estimated forex translation losses of Rs40 mn and 64.6% increase in depreciation charge, GOL's net profit for the quarter at Rs624 mn, is expected to register a decline of 19.5% yoy.
Garware Offshore	18.9	43.2	27.3	106	44.3	4.4	173	210	HOLD	Garware Offshore Services Ltd (GOSL) Q4FY10 revenues are expected to grow by 18.9% to Rs598 mn driven by addition of vessel and better rates for couple of vessels in long term contracts. EBIDTA for the quarter at Rs 258mn is expected to grow by 27% yoy with EBIDTA margins expanding by 287 bps to 43.2% Adjusted PAT at Rs 106 mn is expected to grow by 44% yoy.

- Crude oil prices during Q4FY10 averaged ~US\$76 per bbl as compared to ~US\$74 per bbl in Q3FY10.
- However, spreads in middle distillate remained weak during the quarter despite rise in the crude oil prices, implying lower demand for petro products. We expect OMCs GRMs to be in the range of US\$4.5-6 per bbl similar to Q3FY09.
- During the quarter, we estimate under-recovery of Rs.4.5 per ltr and Rs. 2.3 per ltr in petrol and diesel respectively. For SKO and LPG we estimate under-recovery of Rs.16 per ltr and Rs.271 per cylinder respectively.
- Though we expect OMCs to get compensated for the auto fuel under-recovery from upstream company discount, we haven't factored any oil bond receivables from the government in our estimates.
- We expect OMCs to report marginal increase in revenue compare to Q3FY10.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
IOCL	12.9	1.6	-87.6	4288	-93.5	1.8	291	392	Buy	We expects revenue to increase by 13% to Rs. 671bn. We expect under recoveries to increase marginally on q-o-q basis as crude prices averaged US\$76 per bbl in Q4FY10 as compare to US\$74 per bbl in Q3FY10. We expect IOC's GRM to be in the range of US\$4.5-5.2 per bbl during the quarter.
BPCL	21.8	3.3	-74.3	6114	-83.1	16.9	508	675	Buy	We expect revenue to increase by 22% to Rs.322bn. We expect under-recovery of Rs. 4.7 in petrol and Rs.2.3 per litre in diesel during the quarter.
HPCL	10.6	2.3	-88.8	2211	-95.7	6.5	312	515	Buy	We expect revenue to increase by 11% to Rs.278bn. We expect interest cost to reduce substantially as debt is expected to come down (y-o-y) due to lower working capital loans.



- We expect aggregate paper revenues to increase by 23% YoY / 9% QoQ on the back of strong volume growth of ~22% YoY. Volume growth is primarily driven by commissioning of Ballarpur plant under BILT's expansion.
- Overall capacity utilization for the sector remained at 98%. Lower utilization is mainly due to BILT's recently commissioned plant however JK paper and TNPL continued to operate at above 105 % utilization
- We expect EBITDA margin expansion of 410bps to 24.1% mainly on account of lower base, resulting in likely EBITDA growth of a whopping 48%
- Led by strong margin expansion, we expect aggregate PAT to grow by 166%
- Pulp prices have increased by ~45% YoY and 10% QoQ while paper prices have remained stable in this period. Hence, driven by the increase in pulp prices, we expect prices of paper to increase sharply in next 4-6 months. Increasing prices is expected to benefit the overall sector positively
- Domestic market has suffered due to increased supply and lower realisation. However we expect the same is likely to correct since higher supply, is likely to be absorbed by the increase in demand in the following quarters
- Companies are also likely to benefit from their recent capex
- BILT and TNPL remain our top picks

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
BILT (Conso)	40.5	24.0	70.4	524	192.6	0.8	32	33	BUY	Paper sale volumes are expected to increase by 37% YoY due to the commissioning of the Bhigwan plant. Increased sales of RGP on the back of improving demand scenario is likely to further drive the overall revenues. We estimate net revenues to increase by 41% to Rs 9.6 bn. Rising pulp prices globally and other input costs are expected to keep margins flat at 24% resulting in EBITDA of Rs 2.3 bn. With the commissioning of its Ballarpur and Bhigwan plants, we estimate depreciation and interest to increase by 46% and 34% YoY respectively. We expect APAT at Rs 524 mn, +193% and AEPS of Rs 0.8.
JK Paper	4.1	20.0	32.6	189	290.4	2.4	53	50	HOLD	Overall paper sale volumes are expected to increase by 6.4% YoY / 5% QoQ to 66,500 MT. As domestic paper prices stay put on current levels, we expect overall paper realisations to remain flat QoQ however the same are expected to decline by ~4% YoY. Net sales are estimated at Rs 2.8 bn, +4%. EBITDA margins are expected to improve by 430bps YoY to 20% resulting in EBITDA of Rs 559 mn. We expect APAT of Rs 189 mn, +290% resulting in AEPS of Rs 2.4 for Q4FY10.
TNPL	0.2	28.4	16.0	303	95.4	4.4	93	84	HOLD	We expect overall sale volumes to remain flat while realisations are likely to see an uptick of 2% to Rs 42,000 / mt. Consequently, we estimate net sales to remain flat at Rs 3 bn. Benefit from low cost inventory continues for the company as we expect EBITDA margins to expand by 390 bps YoY to 28.4% resulting in EBITDA of Rs 849 mn. Strong operational performance is likely to drive bottomline growth. Post depreciation and interest of Rs 270 mn and Rs 130 mn respectively, we estimate APAT to grow by 95% YoY to Rs 303 mn resulting in AEPS of Rs 4.4.

- We expect our Pharma universe to report a growth of 14% YoY in revenue driven by 54%, 38%, 37% and 32% growth in Pharma companies such as Panacea, Cadila, Ranbaxy and Lupin. Divi', Dishman and DRL is likely to report de-growth of 19%, 16% and 12%. DRL's (ex-imitrex) base business is likely to grow by 2%.
- The growth in the generic business is largely driven by higher sales in domestic, emerging and US markets. We are of the view that generic business will continue to report robust growth driven by a) strong traction in domestic market, b) drugs worth US\$235bn are likely to go off-patent in next 5 years, c) increase generic penetration in markets like Japan, France, Italy and Spain, and d) double digit growth in emerging markets
- In the CRAMS space, we are of the view that worst is behind us and we will see QoQ improvement in the performance of most of the companies. We expect Q4FY10E would be the first quarter in terms of recovery and expect next 2 years to be robust for this space because of the base effect. We also believe that CRAMS companies will catch up in the valuations.
- EBIDTA margin for our universe is expected to expand by 390 bps to 25% driven by 2400/700 and 640bps expansion in Ranbaxy/ Glenmark and Torrent Pharma. We expect DRL's operating margins to contract by 540bps (ex-imitrex; operating margins to expand by 150bps) in Q4FY10E.
- Glenmark, Jubilant, Cadila, & Panacea are expected to report a growth of 557%, 200%, 104% and 104% respectively in APAT, while DRL and Divi's are likely to report a decline of 36% (Ex-imitrex; PAT is likely to de-grow by 4%) & 16% in APAT in Q4FY10E.
- Going forward, though we are quite comfortable about the growth prospects of our universe, we expect margins to remain under pressure because of a) rise in crude oil prices which will have impact on raw material and power/fuel cost, b) 2% increase in excise duty on API, c) currency movement and D) increase in interest rate.
- We believe that our Pharma universe is fairly valued on FY11E and preferred to remain with the stocks which offer fair earnings visibility on FY12E basis with strong execution track record.
- Lupin, DRL, Cadila, Torrent and Ipca are our top picks in the pharma space.
- In CRAMS space, we prefer a basket approach with exposure to Jubilant and Piramal.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Cadila Healthcare	38.4	19.3	45.9	1,342	104.3	6.6	573	641	BUY	We expect Cadila to report a revenue growth of 38% on the back of robust growth in export. Growth in export is largely driven by regulated markets like US and EU. The EBIDTA margin is expected to expand by 100bps to 19.3%. APAT is likely to grow by 104% to Rs1341mn.
Cipla	8.1	26	7.0	2,888	10.4	3.6	334	366	ACCUM	Cipla likely to report a revenue growth of 8.1% with a contraction in EBITDA margin by 28bps to 26%. Expect a forex loss of Rs200mn vs. forex loss of Rs100mn in Q4FY09. APAT is expected to increase by 10.4% to Rs.2.9bn.
Dishman	-16.2	24.3	19.0	325	-3.7	4.0	224	208	REDUCE	Dishman expected to report a decline of 16.2% on the back of slowdown in Carbogen Amcis. EBIDTA margins are expected to contract by 83bps to 24.3%. Lower interest and depreciation cost restrict the Adj PAT decline to 3.7% YoY to Rs 325mn.
Divis Lab	-19.1	42.2	-20.8	902	-16.0	6.9	697	566	HOLD	Divis lab expected to report a decline of 19.1% in revenue due to inventory rationalization. EBIDTA margins are expected to contract by 88 bps to 42.2% in. We expect PAT to de-grow by 16% to Rs 708mn.
Dr Reddy Lab	-12.1	18.2	-32.3	2,211	-35.8	13.1	1,273	1,478	BUY	Dr Reddy expected to report a decline of 12.1% in the top-line. However excluding Imitrex in Q4FY09, the company is expected to report a growth of growth of 2% to Rs 16.8bn. On the operating front, the EBIDTA margin is expected to contract by 542 bps to 18.2% in Q4FY10. In the bottomline the company is expected to report a decline of 35.8%, however ex Imitrex, we expect PAT to decline by 4% YoY to Rs 1.87bn.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Glenmark Pharma	31.7	24.7	83.8	595	556.8	2.2	274	250	ACCUM	Glenmark expected to report a growth of 31.7% YoY to Rs 6467mn on the back of 30% and 28% growth in specialty & generic business. EBITDA margin likely to expand by 700bps to 24.7% and PAT is expected to increase by 556.8% YoY to Rs 595mn.
Glaxosmith Kline	13.6	36.8	14.5	1,373	9.4	16.2	1,766	1,540	HOLD	GSK is expected to report a growth of 13.6% in the revenue. The EBITDA margin is expected to expand by 28 bps to 36.8%. We expect the company to report a growth of 9.4% in APAT to Rs 1373mn.
IPCA Lab	15.1	17.5	20.0	368	24.6	2.9	266	288	BUY	IPCA is expected to report a growth of 15.1% in the revenue. EBITDA margin is expected to expand by 71 bps to 20%. We expect the company to report a 25% growth in the bottomline to Rs 368mn.
Jubilant Org	17.7	23.4	38.0	1,313	199.7	9.0	340	404	BUY	Jubilant expected to report a growth of 17.7% in the revenue driven by higher growth in CRAMS space. The EBITDA margin is expected to expand by 344 bps to 23.4% mainly because of higher margins on new contracts. The Adjusted PAT is expected to grow by 200% to Rs 1313mn.
Lupin	32.2	26.3	60.0	2,067	29.5	23.3	1,610	2,111	BUY	Lupin expected to report a growth of 32% in the revenue. We expect Lotrel contribution in top line to the extent of US\$10.5mn in last 45 days. The EBITDA margin is expected to improve by 189bps to 20.2% on the back of higher margins in Lotrel (base business operating margins are likely to remain at same level of 18.4%). Higher tax provision and depreciation cost restricted PAT growth to 29.6% YoY to Rs2067 mn.
Panacea Biotec	53.8	26.1	38.2	509	104.3	7.6	230	270	BUY	Panacea is expected to report a growth of 54% in the topline largely driven by higher contribution of Pentavalent vaccine. The EBITDA margin is expected to contract by 294 bps to 26.1% because of higher raw material cost due to overages. Lower depreciation and interest cost coupled with strong revenue growth will result into 104% growth in APAT to Rs509 mn.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Piramal Healthcare	9.9	21.4	12.3	1,229	-5.6	5.9	458	391	HOLD	Piramal Healthcare expected to report a growth of 9.9% in the revenue. The EBIDTA margin is expected to improve by 46 bps to 12.3%. Higher tax provision and depreciation cost will result into a PAT decline of Rs1229mn Y-O-Y.
Ranbaxy Labs	36.6	24.5	22,814.1	4,256	NA	10.1	467	329	SELL	We expect Ranbaxy labs to report a growth of 36.6% in revenue driven by Valtrex sale under exclusivity and higher other operating income because of Flomax settlement. EBITDA margin is to expand by 2432 bps to 24.5% on the back of higher margins from Valtrex and US\$25mn upfront payment from Flomax settlement. APAT likely to stand at Rs4256 mn this quarter, as compared to loss of Rs263 mn in Q4FY09.
Sun Pharma	1.4	39	19.8	4,016	1.7	19.4	1,773	1,644	HOLD	Sun Pharmais likely to report a growth of 1.4% in revenue. Mainly on the back of US\$15mn revenue from generic version of Eloxatin sales under limited competition. Ex. Eloxatin, we expect revenue to decline by 5% because of 15% decline in domestic formulation business due to bunching up of the sales in Q4FY09. EBITDA margin to expand by 598bps to 39% because of higher margins on limited completion products. Lower interest income and higher tax outgo will restrict PAT growth to 1.7% Y-O-Y to Rs.4016mn.
Torrent Pharma	11.4	17	79.3	517	43.3	6.1	541	630	BUY	Torrent Pharma is expected to report a growth of 11.4% in the revenue driven by 13% growth in the domestic formulation business. The EBIDTA margin is expected to improve by 644 bps to 17% driven by expansion in margins in the international operations. Steady revenue growth and robust operating margins will lead to 43% growth in PAT to Rs 517mn Y-O-Y.

- Post seasonally strong Q3 and complete impact of per second billing plans, we expect fall in realizations (RPM) and MOU to result in 8-10% QoQ drop in ARPU.
- While we expect sequential revenue drop of 2% for Bharti, we expect flat revenues for RCOM 2.7% growth in revenues of Idea led by strong subscriber additions.
- Expect EBIDTA margin drop of 130-240bps (240bps for RCOM & Idea and 130bps for Bharti) mainly due to fall in realizations.
- We estimate 5-7% fall in EBIDTA and 16-26% fall in PAT for the 3 large telco's. Bharti's PAT to fall by 15.8% QoQ, RCOM's PAT by 26% QoQ and that of Idea by 18.6% QoQ.
- While we expect significant impact of per second billing to reflect in Q4 results in terms of sharp ARPU drops and significant margin contraction, the failure in the same could likely re-rate the sector addressing the street wide concerns over intensified competition.
- 3G auctions, MNP implementation remain key near term concerns.
- We retain BUY on Tulip Telecom, REDUCE on Bharti & RCOM, SELL on Idea Cellular.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Bharti Airtel	-2.0	38.7	-5.3	18,598	-15.8	4.9	313	250	REDUCE	We estimate the complete impact of per second billing and normal traffic post the seasonal quarter to result in 10% fall in ARPU and hence 2% QoQo fall in revenues. Expecting EBIDTA margins to shrink by 130bps QoQ to 38.7% due to realization dip. Estimating PAT to decline by 15.8% QoQ to 18.6bn. Watch out for comments on Zain Africa and domestic tariff pressure.
Reliance Comm	0.5	31.7	-6.5	8,200	-27.4	4.0	175	152	REDUCE	Strong subscriber growth likely to offset 8% ARPU drop resulting in 0.5% revenue growth. Increased network operating expenses to reduce EBIDTA margins by 240bps QoQ to 31.7%. Assuming interest inc of Rs1.5bn, we expect QoQ PAT decline of 27.4% to Rs8.2bn. Watch out for wireless KPI's, and comments on 3G and pricing.
Idea Cellular	2.7	23.4	-7.1	1,384	-18.6	0.5	68	53	SELL	We estimate Idea's conso revenue to grow by 2.7% QoQ due to new circle launches and strong subscriber growth despite 9.5% ARPU fall to Rs181. Expect losses from new circles and higher operating costs to reduce EBIDTA margins by 245bps QoQ to 23.4%. Expect QoQ PAT decline by 18.6% to Rs1.4bn. Watch out for KPI's, new circle losses, comments on tariff war and 3G.
Tulip Telecom	18.6	28.6	58.1	826	-21.8	28.5	845	1,240	BUY	Q4 being bulky quarter should see healthy connect adds of ~25k resulting in revenue growth of 18.6% YoY led by 39% growth in data connectivity business. Expect EBIDTA growth of 58% YoY with margins expanding by 710bps YoY led by rising contribution of annuity revenues. APAT is estimated at 21.8% decline to Rs826mn. Maintain BUY.

\*Growth numbers are QoQ basis except for Tulip Telecom



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	APAT (Rs mn)	APAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Sintex Industries	25.7	18.3	16.6	1238	8.0	9.1	310	293	ACCUM	After three muted qtrs, expect good performance. Standalone operations (especially monolithic ~ + 139% yoy) to drive Q4FY10E performance. Expect revenue growth of 40% in standalone operations and revenue growth of 2% in subsidiaries to result in consolidated revenue growth of 26% YoY. Expect consolidated EBITDA margins to decline by 140bps to 18.3% and consolidated EBITDA growth of 17% YoY. Expect 8% YoY growth in consolidated APAT. Key things to watch - (1) execution in monolithic, (2) performance of subsidiaries, (3) ordering in prefabs ex-BT shelters & (4) update on further acquisition plans.
NTPC	14.4	24.8	19.2	20,716	6.1	2.5	211	204	HOLD	Led by slightly better PLF, expect 3% YoY growth in gross generation to 58,491mn Units. Revenue growth of 14% YoY and 100bps YoY improvement in EBITDA margins - to be driven by tax recovery inclusion in revenues. However, the same would be off-set below PBT & therefore APAT growth of 6.1% YoY. key things to watch - (1) treatment of deferred tax, (2) overall direction of impact of new CERC regulations, (3) commentary on status & commissioning schedule of capacity addition, (4) progress in coal mining and coal mine acquisition, (5) update on gas supplies, (6) update on NTPC-BHEL JV & (7) UI income.
GIPCL	3.7	27.0	11.0	312	6.5	2.1	118	135	BUY	Expect flattish qtr. Expect revenues to grow 4% yoy to Rs2.9bn. Expect 180bps YoY improvement in EBITDA margins to lead to EBITDA growth of 11%. APAT is expected to grow by 7% YoY to Rs312mn. Key things to watch - (1) status of 250MW expansion & likely commercial operation schedule, (2) update on further expansion of 600MW.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
HBL Power Systems	-4.0	16.8	13.6	188	5.6	0.7	37	58	BUY	Performance expected to be muted this quarter due to benefit of raw material getting normalized during this quarter. Expect revenue decline of 4% YoY. However, expect improvement (260bps) in EBITDA margins (low base) to lead to EBITDA growth of 14% yoy. However, higher interest expenses are likely to normalize the PAT, expected to grow by 6% to Rs188mn. Key things to watch - (1) revenues from the telecom segment, (2) overall margins and (3) status of defense order.
Titan Industries	45.5	8.0	20.6	594	-5.3	13.4	1,884	2,080	ACCUM	Titan is all set to enter favorable base effect – especially in the Jewellery business. The company would record 45.5% YoY growth in revenues to Rs12.8 bn driven by 67.1% YoY growth in Jewellery business. The EBITDA would increase 20.6% YoY to Rs1.0 bn – lower than revenue growth. Consequently, the EBITDA margin would decline 170 bps to 8.0%. The APAT would decline 5.3% YoY to Rs594 mn.
Himadri Chemicals	50.9	39.2	138.8	423	54.0	13.1	539	NR	NR	We expect 50.9% yoy growth in revenues to Rs2.0 bn driven by full benefits of Carbon Black capacity. We expect Carbon Black production and sales of 7000 tons with realization of Rs5000-5500/ton. The EBITDA would increase 138.8% YoY to Rs775 mn and EBITDA margins would expand 1440 bps YoY to 39.2%. APAT is expected to grow at 54.0% YoY to Rs423 mn in Q410E.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs)	CMP (Rs)	TP (Rs)	RECO	Comments
Essel Propack	2.1	16.9	3.2	99	3715.4	0.6	50	76	BUY	EPL would report 2.1% YoY growth in revenues to Rs3.3 bn in Q1CY10E. All the geographies are expected to report strong performance barring Europe – where volume off-take is slow. The EBITDA would increase 3.2% yoy to 560 mn, led by favorable base effects and lower material costs. Consequently, the EBITDA margins would expand 20 bps YoY to 16.9%. EPL is expected to record APAT of 99 mn versus Rs3.0 mn in Q1CY09.
Jubilant FoodWorks	47.9	14.1	17.3	85	88.9	1.4	389	298	BUY	JFL will continue its growth momentum. We expect 47.9% YoY growth in revenues to Rs1.1 bn driven by (1) 16% same store sales growth and (2) addition of new stores in the system. Nevertheless, APAT would grow at 88.9% YoY to Rs85 mn, led by strong revenue growth and reduction in interest expenses during the quarter
Sterlite Tech	24.0	16.0	49.4	728	58.8	2.3	88	95	BUY	We estimate revenue growth of 24% led by 47% growth in telecom segment on one-off pending revenues from BSNL SI project of Rs1.1bn. Expect record optic fiber production of 2.4mn fkms to help expand margins by 240bps yoy to 16%. Expecting APAT growth of 58.8% to Rs728mn on better operational performance and lower interest expenses. Watch out for fiber realizations, order book, Conductor's EBIDTA and status of capacity expansion.

# Valuations



Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E
<b>Automobiles</b>																					
Ashok Leyland	55	73	Reduce	44	67,658	80,033	6,693	8,844	3,316	4,903	2.5	3.7	22.0	14.9	3.2	2.8	8.2	10.4	9.3	12.9	
Bajaj Auto	2,074	300	Accumulate	1,915	117,012	128,597	23,280	24,855	16,405	18,456	113.4	127.6	18.3	16.3	11.2	8.3	43.6	38.1	75.0	58.5	
Hero Honda	2,016	403	Accumulate	1,870	158,653	176,340	27,738	30,880	21,982	24,886	110.1	124.6	18.3	16.2	7.7	5.9	46.6	40.2	48.9	41.6	
Mah & Mah	525	304	Accumulate	633	176,279	192,830	24,626	25,620	18,483	19,190	33.5	34.8	15.7	15.1	4.2	3.5	20.4	18.6	30.5	25.5	
Maruti Suzuki India	1,383	400	HOLD	1,480	293,191	329,788	37,398	39,833	24,969	26,681	86.4	92.3	16.0	15.0	3.4	2.8	22.1	19.3	23.7	20.6	
Tata Motors	774	371	Sell	606	311,633	354,908	35,529	40,510	13,981	17,591	25.7	32.3	30.1	23.9	2.7	2.5	8.8	8.3	10.0	10.8	
TVS Motor	84	20	Reduce	67	41,857	48,418	2,851	3,374	1,011	1,320	4.3	5.6	19.8	15.2	2.3	2.0	9.9	21.3	12.7	14.3	
<b>Auto Ancillaries</b>																					
Apollo Tyres	78	39	Buy	63	62,963	71,314	8,386	8,343	3,978	3,697	7.9	7.3	9.8	10.6	2.3	2.0	18.2	15.1	26.3	20.1	
JK Tyre	200	8	Buy	200	52,594	57,220	4,652	5,155	1,645	1,828	40.1	44.5	5.0	4.5	0.8	0.7	31.5	30.1	17.7	17.2	
Motherson Sumi	146	54	Buy	185	69,695	77,480	4,993	7,365	2,193	3,507	5.5	9.1	26.5	16.0	3.5	3.1	10.1	14.7	14.2	18.5	
<b>Cement</b>																					
ACC	962	181	Reduce	875	80,272	86,082	25,397	20,872	16,894	13,121	89.9	69.8	10.7	13.8	2.9	2.5	33.1	22.5	30.5	19.8	
Ambuja Cements	119	182	Reduce	99	71,234	74,687	19,134	18,817	12,187	11,197	8.0	7.3	14.9	16.3	2.8	2.5	25.3	21.0	20.1	16.4	
Grasim Industries	2,847	261	Accumulate	2,997	189,815	205,116	59,557	51,984	29,848	25,738	325.6	280.8	8.7	10.1	1.6	1.4	23.9	18.1	20.0	14.3	
India Cements	137	42	Sell	100	38,079	42,656	8,971	8,021	3,637	2,979	12.9	10.5	10.7	13.0	1.0	0.9	11.1	8.2	9.6	7.4	
Madras Cements	124	30	Reduce	112	29,917	31,976	9,091	7,798	3,910	3,012	16.4	12.7	7.6	9.8	1.9	1.6	16.9	12.7	27.5	17.4	
Orient Paper	57	11	Buy	59	14,169	15,898	3,107	3,668	1,685	1,923	8.7	10.0	6.5	5.7	1.3	1.0	21.6	22.5	21.2	20.0	
Shree Cements	2,342	82	Accumulate	2,354	36,717	39,973	14,989	12,962	9,042	6,429	259.5	184.5	9.0	12.7	4.0	3.1	33.4	20.3	55.6	27.6	
Ultratech Cement	1,159	144	Reduce	960	71,358	76,708	21,202	17,828	11,784	9,379	93.4	74.3	12.4	15.6	3.1	2.7	30.6	22.1	28.4	18.5	
<b>Chemicals &amp; Fertilizers</b>																					
Advanta India	634	11	Hold	672	7,128	8,289	1,277	1,573	450	755	26.7	44.8	23.7	14.1	2.1	1.8	14.3	16.6	9.3	13.9	
Chambal Fertilisers	62	26	Hold	60	36,766	35,364	7,639	7,961	2,967	3,225	7.1	7.7	8.7	8.0	1.7	1.5	10.4	12.0	22.0	20.4	
Coromandel International	316	44	Buy	329	51,695	58,955	6,081	7,181	3,735	4,597	26.7	32.9	11.8	9.6	2.3	2.0	21.3	18.9	24.4	22.3	
Deepak Fertilisers	114	10	Buy	118	13,018	14,535	2,904	3,115	1,551	1,681	17.6	19.1	6.5	6.0	1.1	0.9	13.5	12.5	17.6	16.8	
GNFC	115	18	Buy	158	30,447	31,269	4,963	5,300	2,617	3,094	16.8	19.9	6.8	5.8	0.8	0.7	10.3	11.3	12.4	13.2	
GSFC	241	19	Hold	254	39,872	41,983	5,066	5,638	2,886	3,093	36.2	38.8	6.7	6.2	0.9	24.1	9.0	14.6	14.8	28.8	
Rallis India	1,332	17	Buy	1,153	9,030	10,872	1,479	1,865	1,022	1,246	78.8	96.1	16.9	13.9	4.2	3.4	23.5	23.7	27.1	27.0	
Tata Chemicals	322	78	Hold	310	88,115	103,772	17,453	20,297	6,746	8,384	27.7	34.4	11.6	9.4	1.7	1.5	9.4	11.1	14.9	16.6	
United Phosphorus	154	68	Buy	192	54,744	61,231	10,000	12,110	5,457	7,418	11.7	16.0	13.1	9.7	2.1	1.8	18.7	20.1	17.8	19.9	

# Valuations



Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)	
					FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E
<b>Construction</b>																				
IRB Infrastructure	280	93	Accumulate	250	18,192	32,864	8,474	12,138	3,299	4,674	9.9	14.1	28.2	19.9	4.3	3.5	14.1	15.0	16.8	19.5
IVRCL	172	46	Buy	200	54,665	71,480	5,144	6,678	2,111	2,768	7.9	10.4	21.8	16.6	2.3	2.0	13.6	15.0	11.1	13.0
Jaiprakash Associates	148	315	Buy	185	73,434		6,788		-17,631		-8.3		-17.8		3.6		0.2		-22.1	
<b>Engineering &amp; Capital Goods</b>																				
ABG Shipyard	270	14	Sell	228	16,419	23,136	3,238	4,725	1,717	2,260	33.7	44.4	8.0	6.1	1.3	1.1	14.4	17.1	16.9	18.5
Bharat Bijlee	968	5	Accumulate	1,063	6,217	7,237	700	948	401	547	71.0	96.8	13.6	10.0	2.4	2.1	26.0	30.0	18.6	22.0
Bharati Shipyard	270	7	Reduce	235	12,791	11,154	2,420	2,049	1,359	973	49.3	35.3	5.5	7.6	0.9	0.8	17.9	14.6	17.7	11.1
BHEL	2,494	1,221	Hold	2,495	320,625	395,928	56,369	74,403	42,910	54,027	87.7	110.4	28.5	22.6	7.7	6.2	44.2	45.8	29.7	30.3
Blue Star	409	37	Buy	464	24,482	28,998	2,637	3,126	1,748	2,078	19.4	23.1	21.1	17.7	7.7	6.1	53.9	50.6	41.5	38.6
Elecon Engineering	79	7	UR	81	10,612	12,461	1,756	2,054	672	854	7.2	9.2	11.0	8.6	2.2	1.8	17.9	19.6	22.3	23.4
EMCO	90	5	Reduce	82	10,011	12,621	1,294	1,540	584	716	9.0	11.0	10.1	8.2	1.0	0.9	12.4	13.3	29.6	11.3
Indo Tech	294	3	Reduce	277	966	2,356	55	371	54	230	5.1	21.6	58.2	13.6	2.1	1.8	0.9	18.5	3.6	14.3
Kalindee Rail	138	2	Buy	163	1,394	1,875	136	225	27	82	2.2	6.4	64.0	21.4	1.4		4.6	15.1	2.2	13.0
Larsen & Toubro	1,624	978	Accumulate	1,810	449,030	532,225	66,441	82,134	34,344	41,818	56.9	69.0	28.6	23.5	4.4	3.8	14.5	14.2	18.5	17.5
Lakshmi Machine Works	2,052	25	Hold	1,710	11,785	14,950	2,115	2,798	1,116	1,437	90.2	116.2	22.8	17.7	2.8	2.5	12.0	13.9	12.7	14.8
McNally Bharat Engineering	323	10	Buy	308	13,243	17,075	971	1,333	362	472	10.6	13.8	30.5	23.4	4.1	3.5	23.9	25.2	15.5	16.2
Punj Lloyd	179	59	Reduce	162	125,564	142,647	9,075	13,191	2,771	5,485	8.2	16.2	21.9	11.1	1.7	1.5	11.4	32.7	8.9	14.0
Thermax	717	85	Hold	657	33,539	37,827	4,641	5,210	2,897	3,378	24.3	28.4	29.5	25.3	7.0	5.7	39.7	37.8	26.2	24.9
TRF	942	10	Hold	780	6,891	8,272	962	1,113	567	667	51.6	60.6	18.3	15.5	5.7	4.3	46.7	42.3	36.1	31.4
TRIL	408	5	Hold	379	4,706	5,670	638	843	409	540	31.7	41.8	12.9	9.8	1.9	1.6	18.2	21.2	16.6	18.0
Voltamp Transformers	856	9	Accumulate	955	5,695	6,809	1,036	1,227	788	928	77.9	91.7	11.0	9.3	2.6	2.1	32.4	30.5	26.4	25.0
Voltas	182	60	Buy	234	45,884	53,225	4,174	4,910	2,856	3,320	8.6	10.0	21.1	18.2	5.9	4.7	41.7	39.7	31.5	29.1
<b>Engines</b>																				
Cummins India	523	103	UR	UR	25,095	27,605	3,942	4,431	2,928	3,330	14.8	16.8	35.3	31.1	6.4	5.7	16.2	16.3	18.9	19.4
Greaves Cotton	333	16	Buy	350	12,498	14,656	1,986	2,420	1,082	1,327	22.2	27.2	15.0	12.2	3.2	2.7	18.7	17.1	24.0	23.9
<b>Financial Services - Others</b>																				
CRISIL	5,520	40	Hold	4,800	5,397	6,634	2,047	2,493	1,642	1,945	227.2	269.2	24.3	20.5	10.8	8.5			50.0	46.5
ICRA	919	9	Reduce	800	1,508	1,847	566	695	438	530	43.8	53.0	21.0	17.3	4.2	3.5			26.7	27.2

# Valuations



Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)	
					FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E
<b>Oil &amp; Gas</b>																				
BPCL	508	184	Buy	675	992,567	1,007,649	25,379	30,248	18,555	19,488	51.3	53.9	9.9	9.4	1.3	1.2	3.2	4.2	14.3	13.2
HPCL	312	106	Buy	515	953,507	975,510	26,077	32,807	15,129	16,805	44.6	49.6	7.0	6.3	0.9	0.8	3.5	5.3	13.3	13.3
Indian Oil	291	707	Buy	392	2,482,089	2,512,892	173,690	152,951	100,400	77,364	41.4	31.9	7.0	9.1	1.4	1.2	10.9	8.9	21.0	14.3
<b>Paper</b>																				
Ballarpur Inds	32	18	Buy	33	34,751	41,014	9,035	10,664	2,870	3,597	4.6	5.7	7.0	5.6	0.8	0.7	10.6	12.2	11.3	13.3
JK Paper	53	4	Hold	50	10,911	11,277	2,407	2,227	825	767	10.6	9.8	5.0	5.4	0.9	0.8	18.9	15.3	18.2	14.9
Tamilnadu Newsprint	93	6	Hold	84	10,120	10,910	3,020	3,276	931	1,131	13.4	16.3	6.9	5.7	0.8	0.8	8.6	9.2	12.5	13.9
<b>Pharmaceuticals</b>																				
Cadila Healthcare	573	117	Buy	641	36,703	44,652	7,133	8,775	5,077	6,391	24.8	31.2	23.1	18.4	7.0	5.7	21.5	24.5	35.7	33.1
Cipla	334	268	Accumulate	366	58,299	65,990	15,135	17,312	11,383	13,610	14.2	17.0	23.6	19.7	4.6	4.0	20.7	20.6	22.4	21.7
Dishman Pharma	224	18	Reduce	208	9,213	11,146	2,137	2,664	1,276	1,332	15.7	16.4	14.2	13.7	2.2	1.9	9.6	11.5	16.7	15.0
Divi's Lab	697	92	Hold	566	8,937	10,843	3,555	4,315	2,927	3,733	22.1	28.1	31.6	24.8	6.0	5.0	19.4	20.1	20.5	21.9
Dr. Reddy's Lab	1,273	215	Buy	1,478	71,185	84,356	14,052	19,214	9,481	13,505	56.3	80.2	22.6	15.9	4.9	3.9	18.4	24.2	24.1	27.4
Glaxosmithkline Pharma	1,766	150	Hold	1,540	18,668	20,793	6,665	7,465	5,138	5,714	60.7	67.5	29.1	26.2	8.7	7.9	31.0	32.1	30.7	31.6
Glenmark Pharma	274	74	Accumulate	250	24,456	28,845	6,469	7,644	2,856	4,204	10.6	15.6	25.9	17.6	3.1	2.7	12.9	14.9	15.4	16.5
Ipca Lab	266	33	Buy	288	15,367	18,554	3,227	3,896	2,034	2,439	16.3	19.6	16.3	13.6	5.3	4.9	21.8	23.5	28.5	27.2
Jubilant Organosys	340	54	Buy	404	38,039	42,627	8,102	9,293	4,393	5,318	29.8	36.0	11.4	9.4	2.8	2.3	11.1	13.3	18.4	20.2
Lupin	1,610	143	Buy	2,111	47,346	56,526	9,565	12,241	6,559	8,438	73.9	95.1	21.8	16.9	6.4	5.0	28.7	28.5	35.7	33.3
Panacea Biotech	230	15	Buy	270	9,344	11,481	1,902	2,928	675	1,467	10.1	22.0	22.7	10.5	2.3	2.1	7.3	13.7	11.2	21.5
Piramal Healthcare	458	96	Hold	391	36,646	41,277	7,142	8,487	4,482	5,451	21.4	26.1	21.4	17.6	5.9	4.8	21.2	23.6	30.9	30.4
Pfizer	1,025	31	Hold	867	7,629	8,584	1,485	1,654	1,523	1,693	51.0	56.7	20.1	18.1	3.0	2.7	13.2	13.3	15.9	15.8
Piramal Life Sciences	120	3	Buy	127	480	1,610	-644	229	-851	27	-27.9	0.9	-4.3	138.7	-13.3	-14.9	-58.0	8.7	366.5	-10.1
Ranbaxy Labs	467	197	Sell	329	75,970	84,753	9,056	13,052	4,338	8,212	10.3	19.5	45.3	23.9	4.3	3.8	6.8	11.0	7.0	17.3
Sun Pharma	1,773	365	Hold	1,644	40,515	54,841	13,465	22,358	12,701	20,958	61.3	101.2	28.9	17.5	4.4	3.6	14.4	21.3	18.0	23.3
Torrent Pharma	541	46	Buy	630	18,626	21,906	3,851	4,376	2,344	2,994	27.7	35.4	19.5	15.3	5.5	4.3	25.4	26.0	31.5	31.3
<b>Real Estate</b>																				
DLF	333	566	Reduce	300	70,306	84,367	32,341	37,965	23,720	28,505	14.0	16.8	23.9	19.9	2.2	2.0	6.4	7.0	9.6	10.4
HDIL	300	104	Accumulate	375	13,937	16,252	6,957	7,303	5,061	4,884	14.7	14.1	20.5	21.2	1.5	1.4	7.1	6.4	9.1	7.0
Orbit Corporation	291	15	Hold	285	7,270		3,849		2,138		47.1		6.2		1.2		24.4		26.1	
Phoenix Mills	204	30	Buy	220	1,344	1,859	874	1,216	770	989	5.7	7.3	36.0	28.0	1.9	1.8	5.5	7.7	4.8	6.5
Puravankara Projects	110	24	Reduce	81	4,235	1,295	1,509	479	1,109	378	5.2	1.8	21.2	62.3						
Unitech	77	183	Hold	79	29,591	45,962	15,341	22,104	9,831	12,895	4.1	5.3	18.8	14.3	1.8	1.6	5.5	7.0	12.9	12.1

# Valuations



Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E
<b>Oil &amp; Gas</b>																					
BPCL	508	184	Buy	675	992,567	1,007,649	25,379	30,248	18,555	19,488	51.3	53.9	9.9	9.4	1.3	1.2	3.2	4.2	14.3	13.2	
HPCL	312	106	Buy	515	953,507	975,510	26,077	32,807	15,129	16,805	44.6	49.6	7.0	6.3	0.9	0.8	3.5	5.3	13.3	13.3	
Indian Oil	291	707	Buy	392	2,482,089	2,512,892	173,690	152,951	100,400	77,364	41.4	31.9	7.0	9.1	1.4	1.2	10.9	8.9	21.0	14.3	
<b>Paper</b>																					
Ballarpur Inds	32	18	Buy	33	34,751	41,014	9,035	10,664	2,870	3,597	4.6	5.7	7.0	5.6	0.8	0.7	10.6	12.2	11.3	13.3	
JK Paper	53	4	Hold	50	10,911	11,277	2,407	2,227	825	767	10.6	9.8	5.0	5.4	0.9	0.8	18.9	15.3	18.2	14.9	
Tamilnadu Newsprint	93	6	Hold	84	10,120	10,910	3,020	3,276	931	1,131	13.4	16.3	6.9	5.7	0.8	0.8	8.6	9.2	12.5	13.9	
<b>Pharmaceuticals</b>																					
Cadila Healthcare	573	117	Buy	641	36,703	44,652	7,133	8,775	5,077	6,391	24.8	31.2	23.1	18.4	7.0	5.7	21.5	24.5	35.7	33.1	
Cipla	334	268	Accumulate	366	58,299	65,990	15,135	17,312	11,383	13,610	14.2	17.0	23.6	19.7	4.6	4.0	20.7	20.6	22.4	21.7	
Dishman Pharma	224	18	Reduce	208	9,213	11,146	2,137	2,664	1,276	1,332	15.7	16.4	14.2	13.7	2.2	1.9	9.6	11.5	16.7	15.0	
Divi's Lab	697	92	Hold	566	8,937	10,843	3,555	4,315	2,927	3,733	22.1	28.1	31.6	24.8	6.0	5.0	19.4	20.1	20.5	21.9	
Dr. Reddy's Lab	1,273	215	Buy	1,478	71,185	84,356	14,052	19,214	9,481	13,505	56.3	80.2	22.6	15.9	4.9	3.9	18.4	24.2	24.1	27.4	
Glaxosmithkline Pharma	1,766	150	Hold	1,540	18,668	20,793	6,665	7,465	5,138	5,714	60.7	67.5	29.1	26.2	8.7	7.9	31.0	32.1	30.7	31.6	
Glenmark Pharma	274	74	Accumulate	250	24,456	28,845	6,469	7,644	2,856	4,204	10.6	15.6	25.9	17.6	3.1	2.7	12.9	14.9	15.4	16.5	
Ipca Lab	266	33	Buy	288	15,367	18,554	3,227	3,896	2,034	2,439	16.3	19.6	16.3	13.6	5.3	4.9	21.8	23.5	28.5	27.2	
Jubilant Organosys	340	54	Buy	404	38,039	42,627	8,102	9,293	4,393	5,318	29.8	36.0	11.4	9.4	2.8	2.3	11.1	13.3	18.4	20.2	
Lupin	1,610	143	Buy	2,111	47,346	56,526	9,565	12,241	6,559	8,438	73.9	95.1	21.8	16.9	6.4	5.0	28.7	28.5	35.7	33.3	
Panacea Biotech	230	15	Buy	270	9,344	11,481	1,902	2,928	675	1,467	10.1	22.0	22.7	10.5	2.3	2.1	7.3	13.7	11.2	21.5	
Piramal Healthcare	458	96	Hold	391	36,646	41,277	7,142	8,487	4,482	5,451	21.4	26.1	21.4	17.6	5.9	4.8	21.2	23.6	30.9	30.4	
Pfizer	1,025	31	Hold	867	7,629	8,584	1,485	1,654	1,523	1,693	51.0	56.7	20.1	18.1	3.0	2.7	13.2	13.3	15.9	15.8	
Piramal Life Sciences	120	3	Buy	127	480	1,610	-644	229	-851	27	-27.9	0.9	-4.3	138.7	-13.3	-14.9	-58.0	8.7	366.5	-10.1	
Ranbaxy Labs	467	197	Sell	329	75,970	84,753	9,056	13,052	4,338	8,212	10.3	19.5	45.3	23.9	4.3	3.8	6.8	11.0	7.0	17.3	
Sun Pharma	1,773	365	Hold	1,644	40,515	54,841	13,465	22,358	12,701	20,958	61.3	101.2	28.9	17.5	4.4	3.6	14.4	21.3	18.0	23.3	
Torrent Pharma	541	46	Buy	630	18,626	21,906	3,851	4,376	2,344	2,994	27.7	35.4	19.5	15.3	5.5	4.3	25.4	26.0	31.5	31.3	
<b>Real Estate</b>																					
DLF	333	566	Reduce	300	70,306	84,367	32,341	37,965	23,720	28,505	14.0	16.8	23.9	19.9	2.2	2.0	6.4	7.0	9.6	10.4	
HDIL	300	104	Accumulate	375	13,937	16,252	6,957	7,303	5,061	4,884	14.7	14.1	20.5	21.2	1.5	1.4	7.1	6.4	9.1	7.0	
Orbit Corporation	291	15	Hold	285	7,270		3,849		2,138		47.1		6.2		1.2		24.4		26.1		
Phoenix Mills	204	30	Buy	220	1,344	1,859	874	1,216	770	989	5.7	7.3	36.0	28.0	1.9	1.8	5.5	7.7	4.8	6.5	
Puravankara Projects	110	24	Reduce	81	4,235	1,295	1,509	479	1,109	378	5.2	1.8	21.2	62.3							
Unitech	77	183	Hold	79	29,591	45,962	15,341	22,104	9,831	12,895	4.1	5.3	18.8	14.3	1.8	1.6	5.5	7.0	12.9	12.1	

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# Valuations



Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E
<b>Telecommunications</b>																					
Bharti Airtel	313	1,188	Reduce	250	386,683	370,475	158,216	142,812	84,291	64,964	22.2	17.1	14.1	18.3	3.0	2.7	20.9	13.9	23.7	15.4	
Idea Cellular	68	224	Sell	53	127,851	156,538	32,920	42,419	8,403	9,870	3.2	3.7	21.3	18.1	1.4	1.3	6.5	7.3	7.0	7.7	
Reliance Communications	175	362	Reduce	152	229,943	239,930	84,793	79,850	47,728	34,314	23.1	16.6	7.6	10.5	0.9	0.8	10.8	7.7	11.9	7.8	
Tulip Telecom	851	25	Buy	1,240	19,943	24,376	5,282	6,799	2,793	3,444	96.3	104.6	8.8	8.1	2.7	2.4	19.0	21.2	35.0	32.9	
<b>Others</b>																					
Deccan Chronicle	157	38	UR	UR	10,022		4,092		2,397		9.7	366.7	16.1	0.4	2.9		17.5		19.3		
Essel Propack	50	8	Buy	76	13,712	15,202	2,240	3,001	194	659	1.2	4.2	40.3	11.9	1.1	1.0	4.2	7.2	3.5	9.7	
GTL	412	40	Hold	225	21,173	22,406	3,278	3,458	1,590	1,717	16.8	18.2	24.5	22.7	2.9	2.6	10.2	10.0	12.3	12.0	
Gujarat Industries Power	118	18	Buy	135	9,817	13,676	2,398	4,875	1,019	1,879	6.7	12.4	17.5	9.5	1.5	1.3	6.7	12.8	8.5	14.6	
HBL Power Systems	37	9	Buy	58	10,822	13,203	2,098	2,243	1,003	1,069	4.0	4.2	9.3	8.7	1.8	1.5	22.0	19.8	22.4	19.1	
Jubilant FoodWorks	389	25	Buy	298	4,095	5,662	646	933	320	492	5.0	7.7	77.4	50.3	21.7	15.7	31.7	36.0	46.7	36.3	
NTPC	211	1,736	Hold	204	475,407	536,694	128,342	150,797	86,354	94,907	10.5	11.5	20.1	18.3	2.7	2.5	10.3	10.3	14.4	14.2	
Sintex Industries	310	42	Accumulate	293	32,977	39,211	5,409	6,594	3,208	3,835	23.7	28.3	13.1	10.9	2.1	1.8	8.6	10.0	16.8	17.5	
Sterlite Tech	88	28	Buy	95	24,216	31,282	3,847	4,623	2,319	2,854	6.5	7.3	13.5	12.1	3.6	2.8	31.8	28.3	30.9	26.8	
Titan Industries	1,884	84	Accumulate	2,080	46,463	53,747	3,674	4,524	2,314	2,894	52.1	65.2	36.1	28.9	11.0	8.4	41.0	40.2	35.3	32.9	



**Thank You**

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