

India Strategy

Not yet in bubble territory

The logo for Emkay, featuring the word "Emkay" in a stylized, orange, cursive font with a registered trademark symbol (©) to the upper right.

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08th October, 2010

Our Top Recommendations

Large Cap	Mid Cap	Small Cap
Allahabad Bank	Aurobindo Pharma	HBL Power Systems
Andhra Bank	Blue Star	Kajaria Ceramics
Bajaj Auto	Greaves Cotton	McNally Bharat Engineering
Cadila Healthcare	GSFC	Piramal Glass
Cummins India	Jagran Prakashan	TRF
Infosys	Motherson Sumi	
Larsen & Toubro	Rallis India	
Mah & Mah	Sterlite Tech	
Tata Motors	Torrent Pharma	
United Phosphorus	Tulip Telecom	

Valuations

Consensus valuations : Peak V/s current

Valuation comfort: Previous peak valuations were at 24.5x/20.4x 1FY/ 2FY EPS respectively; while current valuations are at 19.3x/16.1x 1FY/ 2FY EPS respectively

Nifty

	Nifty	Estimated EPS (Rs)					Estimated PE (x)	
		FY08	FY09	FY10	FY11	FY12	1FY	2FY
8-Jan-08	6357	270	319				23.5	19.9
27-Oct-08	2253		303	350			7.4	6.4
5-Oct-09	5003			255	312		19.6	16.0
5-Apr-10	5368				319	383	16.8	14.0
5-Jul-10	5236				315	381	16.6	13.8
6-Sep-10	5577				316	384	17.7	14.5
5-Oct-10	6146				321	389	19.1	15.8

Sensex

	Sensex	Estimated EPS (Rs)					Estimated PE (x)	
		FY08	FY09	FY10	FY11	FY12	1FY	2FY
10-Jan-08	21207	865	1041				24.5	20.4
27-Oct-08	7697		972	1127			7.9	6.8
5-Oct-09	16866			856	1047		19.7	16.1
5-Apr-10	17936				1066	1269	16.8	14.1
5-Jul-10	17441				1050	1263	16.6	13.8
6-Sep-10	18560				1055	1273	17.6	14.6
5-Oct-10	20408				1056	1271	19.3	16.1

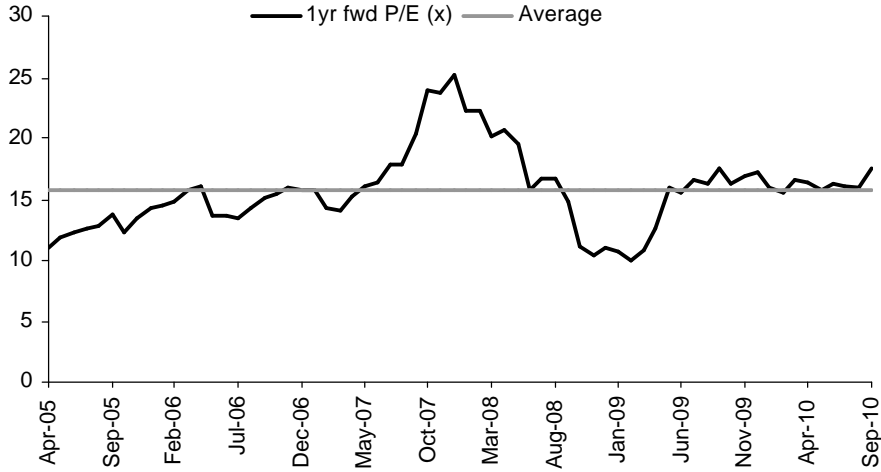
Source: Bloomberg

Sensex V/s Emkay Midcap Universe: Midcap has potential to appreciate

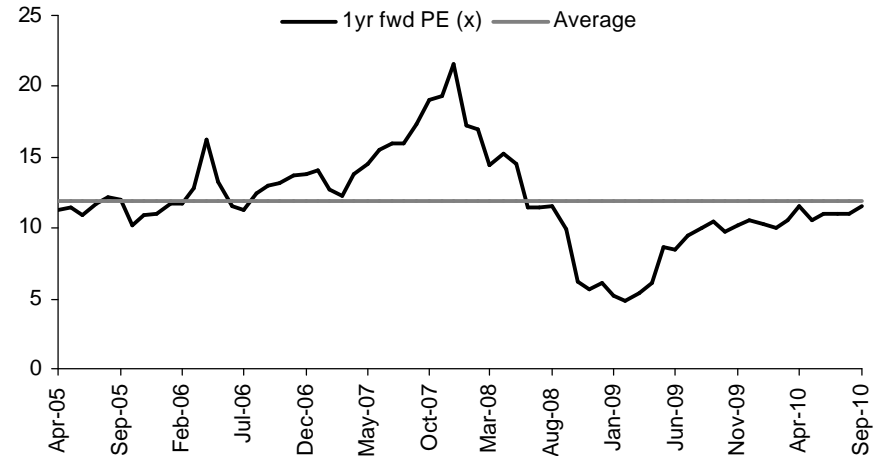


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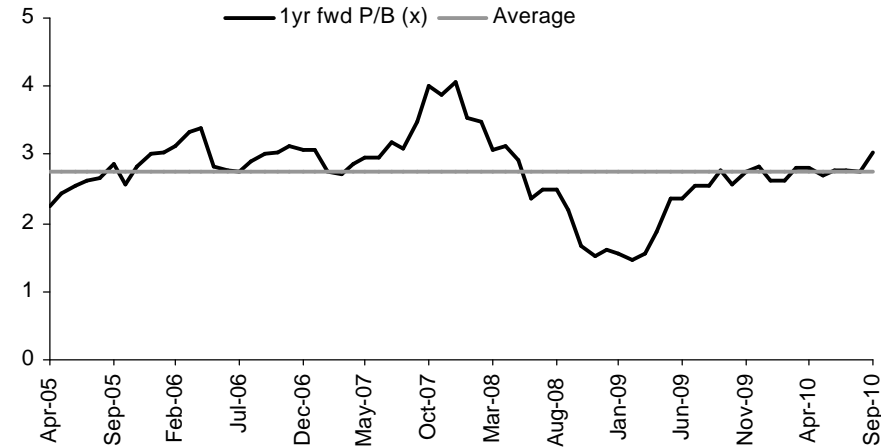
Sensex – 1Yr fwd P/E (x)



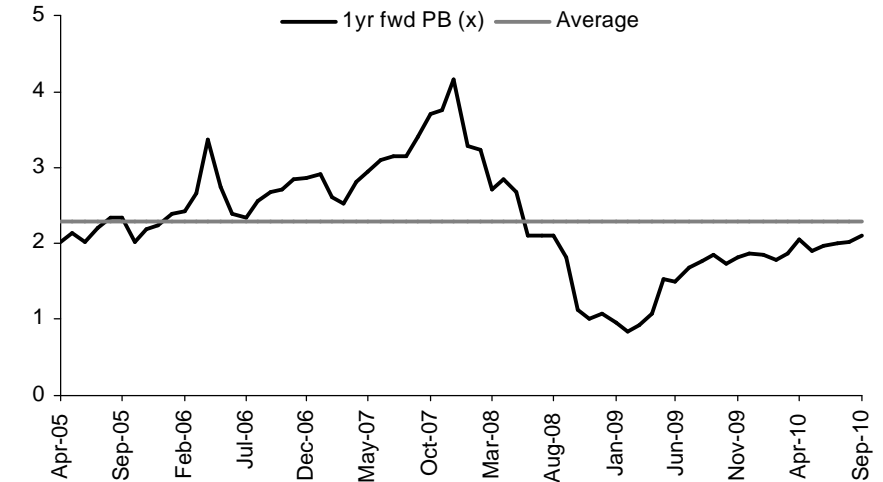
Emkay Midcap Universe – 1Yr fwd P/E (x)



Sensex – 1Yr fwd P/B (x)



Emkay Midcap Universe – 1Yr fwd P/B (x)



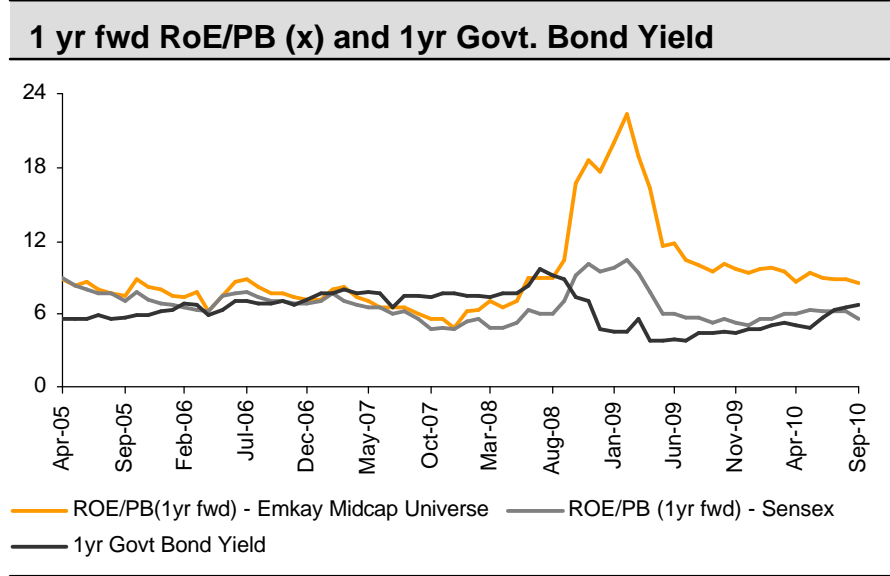
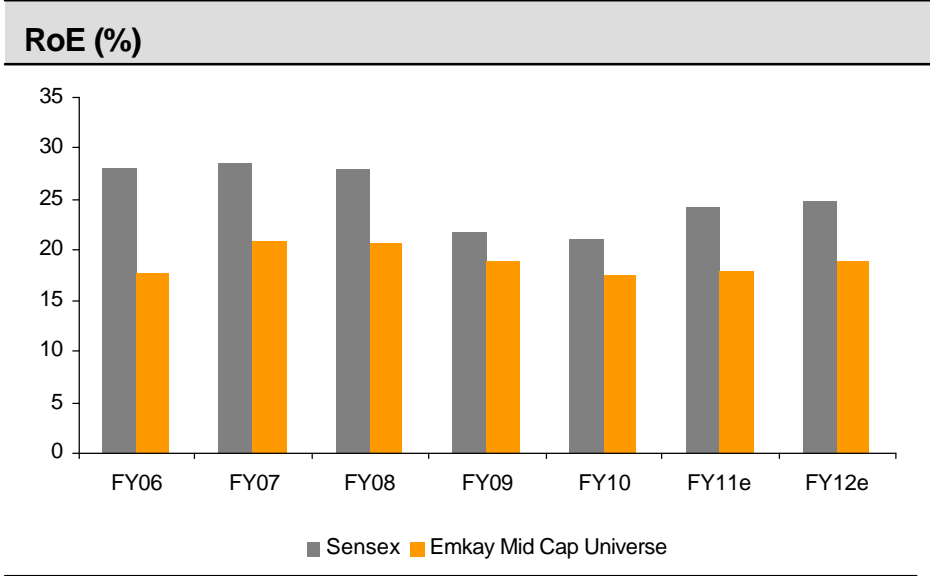
Source: Bloomberg, Capitaline, Emkay Research

Sensex V/s Emkay Midcap Universe: Midcap has potential to appreciate



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RoEs not reached FY08 level.



Source: Bloomberg, Capitaline, Emkay Research

Large caps v/s Mid caps: Mid caps have potential to appreciate

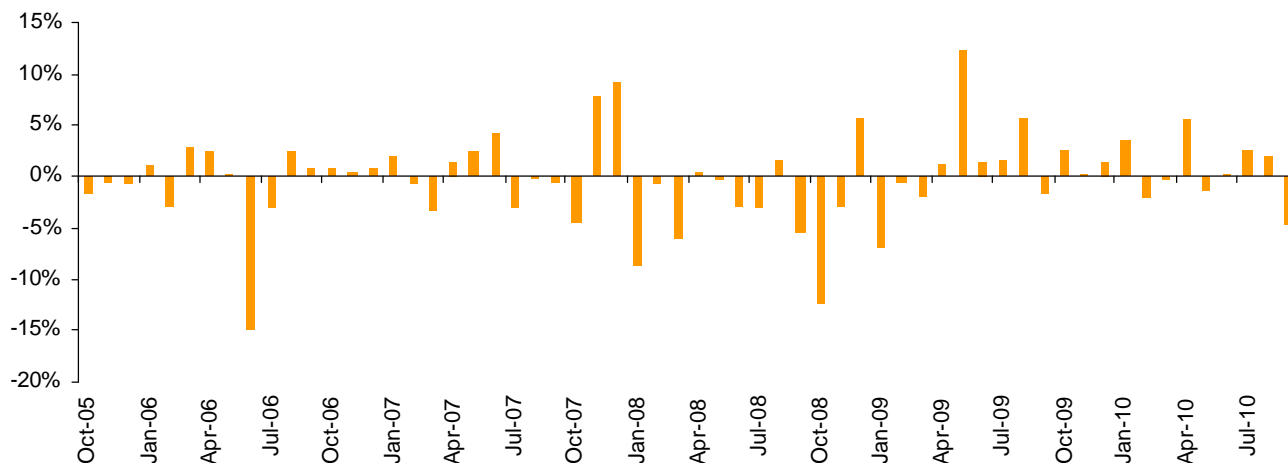
Emkay Universe excluding Banking & Financial Services, Oil & Gas

	FY12E			Price Performance			
	PE (x)	PB (x)	EV/EBITDA (x)	1m	3m	6m	12m
Emkay Large Cap	18.7	3.6	11.2	10.0	16.0	12.0	24.7
Emkay Mid Cap	11.1	2.1	6.7	4.2	10.9	8.5	30.2
Emkay Small Cap	10.2	1.4	5.7	1.4	4.6	0.4	24.2
Emkay Universe	17.8	3.4	10.5	9.7	15.5	11.3	24.5

Emkay Universe Including Banking & Financial Services, Oil & Gas

	Price Performance			
	1m	3m	6m	12m
Emkay Large Cap	10.0	19.3	18.4	30.2
Emkay Mid Cap	5.3	14.0	12.2	35.9
Emkay Small Cap	1.4	4.6	0.4	24.2
Emkay Universe	9.8	19.0	17.8	30.2

Performance of BSE MidCap Relative To Sensex (MOM%)



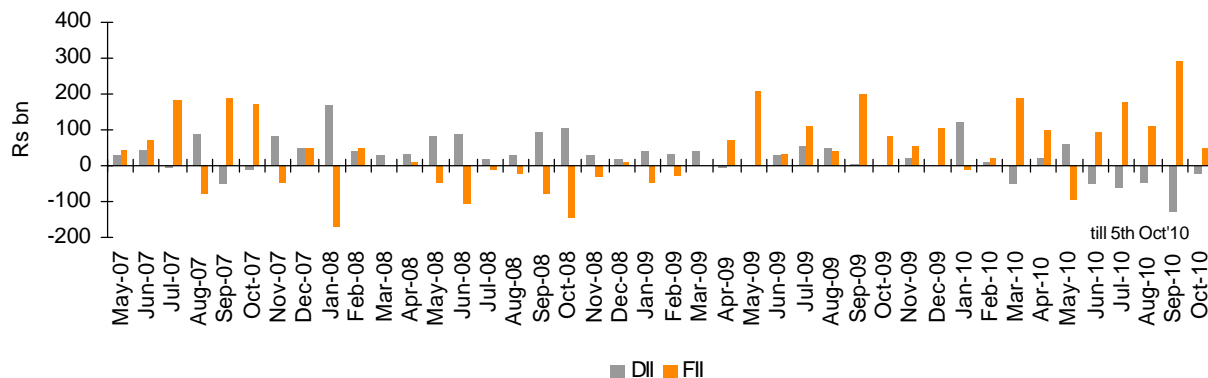
During the last one year mid cap companies had outperformed the Sensex.

Markets

Money flow: FIIs flow will dominate the market

- Strong FII inflow continues. YTD net inflow of Rs 733bn v/s Rs675bn in FY10. (Rs1103bn for full year FY10)
- September 2010 witnessed an FII inflow of Rs292 bn (highest since January 1999)
- FII inflow - the single largest determining factor for buoyancy in the Indian capital market

DII and FII Flow



Source: SEBI, Bloomberg

Rs. bn	FII		MF		Insurance		Total	
	Monthly	Cummulative	Monthly	Cummulative	Monthly	Cummulative	Monthly	Cummulative
Apr-10	99	99	-14	-14	36	36	121	121
May-10	-92	7	1	-13	63	99	-28	93
Jun-10	97	104	-11	-24	-37	62	49	142
Jul-10	177	281	-44	-68	-19	43	113	255
Aug-10	112	393	-32	-100	-13	29	67	322
Sep-10	292	685	-72	-172	-57	-28	163	485
Oct-10*	49	733	-7	-179	-16	-43	26	511

Source: SEBI
* Till 5th Oct'10

Sectoral weightage chart (Nifty)

Change in landscape. Oil and gas, Power and Telecom witnessed massive reduction in weightages. Financial services is the biggest gainer.

	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08
Automobiles & Parts	5.8	5.8	5.2	5.2	5.0	4.1	3.3	2.5
Cement	1.2	1.2	2.5	2.3	2.5	2.6	1.9	1.7
Engineering & Capital Goods	9.4	10.0	10.2	10.3	10.9	12.2	6.9	7.2
Financial Services	23.1	20.0	19.2	18.2	18.3	18.3	9.7	10.4
FMCG	7.2	7.0	6.1	6.1	6.3	6.6	6.4	6.5
IT Services	12.9	13.0	12.7	12.6	11.9	10.2	9.1	9.0
Metals & Mining	7.5	7.2	9.1	8.8	7.5	6.2	5.4	4.8
Oil & Gas	14.8	17.7	16.9	17.9	16.6	17.9	28.0	24.5
Pharmaceuticals	2.3	2.4	2.5	2.4	2.1	2.0	2.5	2.6
Power	4.6	5.2	4.7	5.1	5.4	5.9	13.1	13.7
Real Estate	6.9	6.2	5.9	6.0	7.2	6.7	3.9	5.3
Telecom	3.5	3.3	3.9	4.0	6.3	7.2	9.8	11.6

Source: Bloomberg

All Time Highs



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Index	Previous highs/ ATH (2006-2008)	52 week high	% Diff. from PH/ATH	CMP	% Diff. from PH/ATH	Breakout Month	1st monthly swing high after breaking ATH	% move from ATH	1st monthly swing low after breakout	Corr.	Jun-July 2010 high	Jun-July 2010 low	% Diff.
Sensex	21206	20699	-2%	20520	-3%		NA		NA		17919	17373	-3%
Nifty	6357	6223	-2%	6181	-3%		NA		NA		5366	5210	-3%
BSE 500	8991	8271	-8%	8241	-8%		NA		NA				
Mid Cap	10245	8458	-17%	8427	-18%		NA		NA				
Small Cap	14239	10694	-25%	10636	-25%		NA		NA				
BSE Auto	5881	10013	70%	9931	69%	Aug-09	6757	15%	6139	-9%	8333	8132	-2%
BSE FMCG	2569	3787	47%	3660	42%	Jul-09	2748	7%	2436	-11%	3246	3156	-3%
BSE Healthcare	4602	6293	37%	6236	36%	Nov-09	5201	13%	4633	-11%			
BSE IT	5611	6147	10%	6070	8%	Aug-10	NA		NA				
BSE Bankex	12678	14474	14%	14336	13%	Sep-10	NA		NA		11127	10600	-5%
Bank Nifty	10774	12738	18%	12625	17%	Aug-10	NA		NA		9793	9300	-5%
BSE Oil & Gas	14268	10899	-24%	10826	-24%		NA		NA				
BSE Metal	20494	18736	-9%	17967	-12%		NA		NA				
BSE Cap Goods	20410	16583	-19%	16539	-19%		NA		NA				
BSE Realty	13848	4846	-65%	4016	-71%		NA		NA				
BSE Con Dur	7119	6729	-5%	6632	-7%		NA		NA				
BSE Power	4929	3371	-32%	3356	-32%		NA		NA				
BSE PSU	11205	10688	-5%	10638	-5%		NA		NA				

Source: Emkay Research

Note: Data updated on 21st September 2010

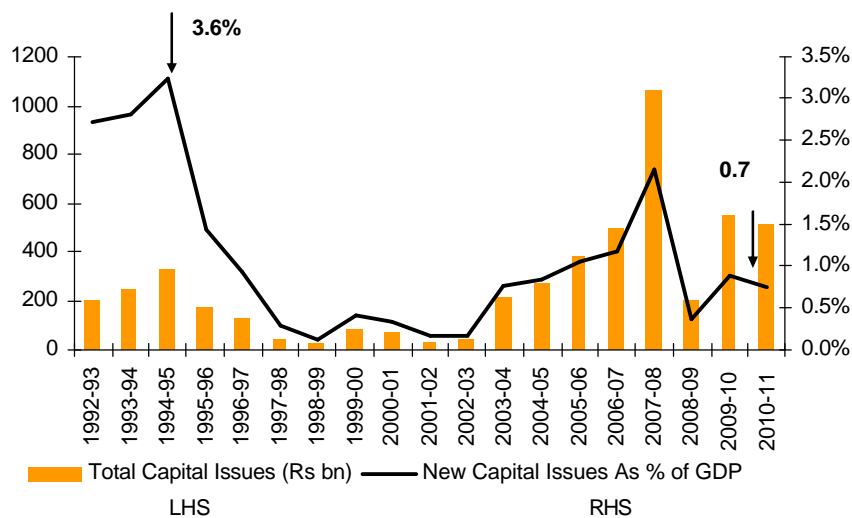
All Time Highs: Even in sectors that underperformed

NAME	Chg Pct 1yr		
	Absolute	Rel to Sector	Rel to Nifty
BHARAT PETROLEUM CORP LTD	38.0	30.8	12.0
BOC INDIA LTD	78.6	69.3	45.0
CASTROL INDIA LTD	97.7	87.4	60.5
GAIL INDIA LTD	33.9	27.0	8.7
GUJARAT GAS CO LTD	104.5	93.8	66.0
INDIAN OIL CORPORATION LTD	25.7	19.1	2.0
INDRAPRASTHA GAS LTD	98.9	88.5	61.4
BSE OIL & GAS INDEX	5.5		-14.4
TORRENT POWER LTD	12.1	2.4	-9.0
BSE POWER INDEX	9.5		-11.2
AIA ENGINEERING LTD	38.1	15.5	12.1
ALFA LAVAL INDIA LTD	35.5	13.3	10.0
CARBORUNDUM UNIVERSAL LTD	65.3	38.2	34.1
ENGINEERS INDIA LTD	98.6	66.1	61.2
MCNALLY BHARAT ENGINEERING	72.5	44.2	40.0
BSE CAPITAL GOODS INDEX	19.6		-2.9
NSE S&P CNX NIFTY INDEX	23.2		

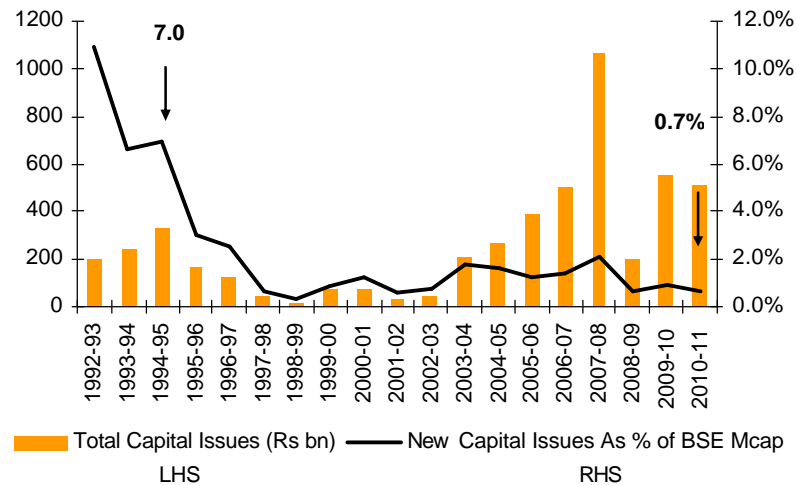
Source: Bloomberg, Emkay Research

New Issuance: Can be absorbed by the market

New capital issues as % of GDP



New capital issues as % of BSE Market Capitalisation



	1994-95	2007-08	2010-11 (New Issues till date)	2010-11 (New Issues in pipeline)	2010-11 (Total New Issues)
New Capital Issues (Rs bn)	329	1064	511	221	732
as % of GDP	3.6	2.2	0.7	0.3	1.0
as % of BSE Mcap	7.0	2.1	0.7	0.3	1.0

Source: SEBI, Bloomberg, CMIE

New issuance

New Equity Issues

Company	Rs Bn
Adani Ent.	40.0
Allcargo Global	1.0
Aksh Optifibre	0.2
Ashoka Buildcon Ltd	2.3
Aster Silicates Limited	0.5
Bajaj Corp Limited	3.0
Bharat Forge	2.7
C & C Constructions	7.7
Cantabil Retail India Ltd	1.1
Career Point Infosystems Ltd	1.2
Dewan Housing Finance Corporation	3.8
Dhanalakshmi Bank	3.8
Diamond Power	1.1
Electrosteel Steels Ltd	2.5
Engineers India Limited	9.8
Eros International Media Ltd	3.5
Ess Dee Aluminium	0.9
Fatpipe Networks India Limited	0.5
GMR Infra	14.0
Godrej Consumer Products Ltd.	5.3
Gujarat NRE*	2.6
Gujarat Pipavav Port	5.0
Hindustan Media Ventures Limited	2.7
Housing Development & Infrastructure Ltd	11.6
IDFC	26.5
Indosolar Ltd	3.6
IndusInd Bank Ltd	11.7
Jaypee Infratech Limited	22.6
Total	511.0

Source: SEBI, Bloomberg

New Equity Issues

Company	Rs Bn
Jyothy Lab	2.3
Kalpataru Power Transmission	4.5
Magma Fincorp	1.2
Mandhana Industries Limited	1.1
Microsec Financial Services Ltd	1.5
Midfield Industries Limited	0.6
Nilkamal	0.6
Nitesh Estates Limited	4.1
Orient Green Power Ltd	9.0
Parabolic Drugs Limited	2.0
Phillips Carbon Black Limited	1.0
Prakash Steelage Limited	6.9
Ramky Infrastructure Ltd	5.3
SEA TV Networks	0.5
Sjvn Limited	10.8
S Kumars Nationwide Ltd	2.3
Sks Microfinance Limited	4.9
Standard Chartered Plc	24.9
Talwalkars Better Value Fitness Limited	7.7
Tara Health Foods Limited	1.9
Tarapur Transformers Limited	6.4
Technofab Engineering Limited	0.7
Tecpro Systems Ltd	2.7
Tirupati Inks Ltd	3.6
VA Tech Wabag Ltd	4.8
Veer Energy	207.3
Welspun India	1.6
Total	511.0

Issues in pipeline

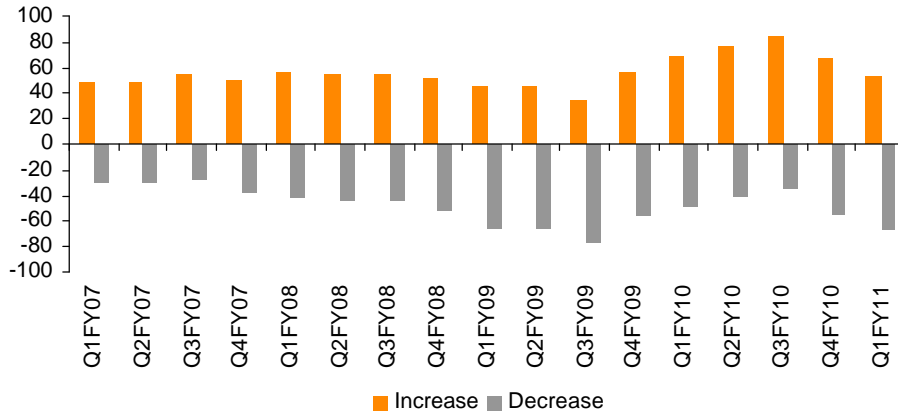
Company	Rs Bn
3i Infotech Ltd	1.8
Bedmutha Industries Ltd	0.9
Birla Pacific Med Spa Ltd	0.7
Claris Lifesciences Ltd	3.0
Coal India Ltd	140.0
Embassy Group	0.5
Embassy Property Developments Ltd	24.0
Future Ventures	7.5
Gallantt Ispat Ltd	0.4
GSS America Infotech Ltd	0.5
HCL Technologies Ltd	5.8
Hindustan Copper Ltd	0.4
Jain Infraprojects Ltd	3.0
Kotak Mahindra Bank Ltd	8.0
Marg Ltd	1.1
NKG Infrastructure Ltd	2.8
One97 Communications Ltd	1.2
Rajputana Stainless Ltd	1.1
Servalakshmi Paper Ltd	0.6
Shekhawati Poly-Yarn Ltd	0.4
Shilpi Cable Technologies Ltd	0.6
Tech Mahindra Ltd	6.6
Tunip Agro Ltd	0.5
VMS Industries Ltd	0.2
Yes Bank Ltd	9.8
Total	221.1

* Note: Excluding PSU divestments

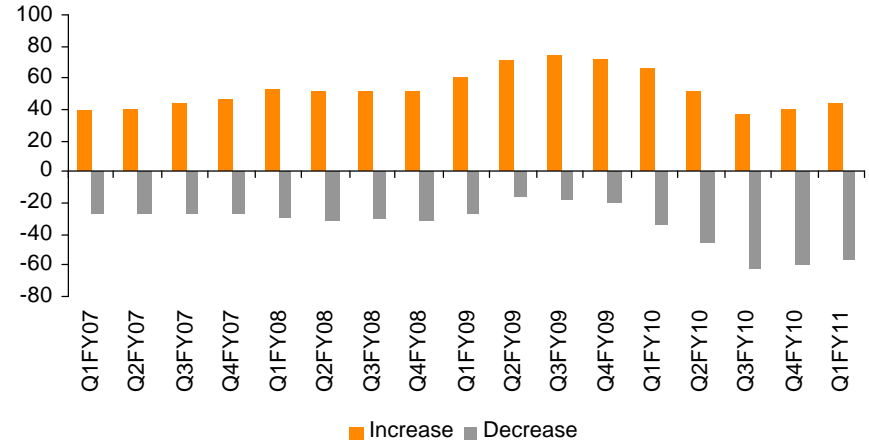
Fundamentals

Quarterly Ups/Downs – Emkay Universe (No of companies)

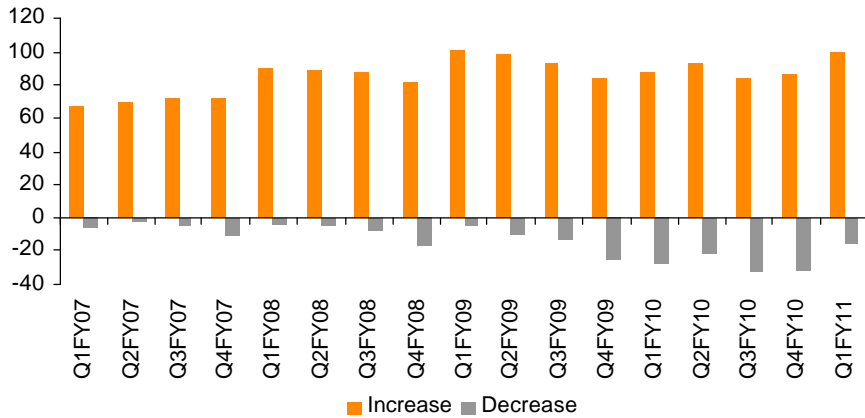
Ebitda Margin (%)



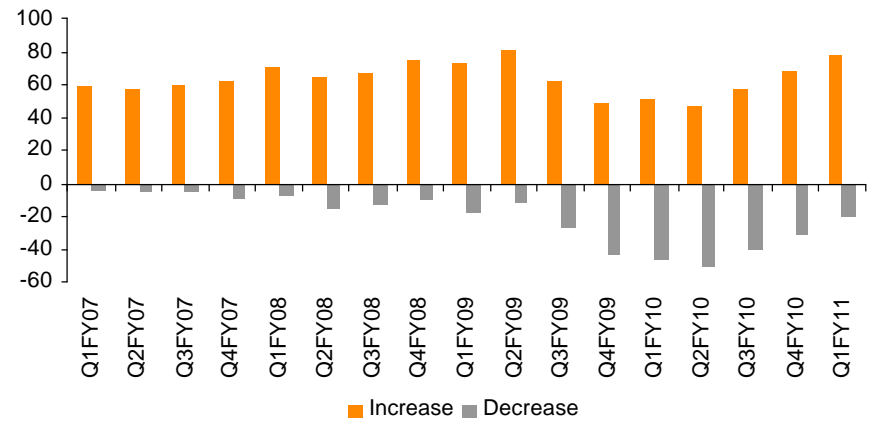
Change in Interest cost



Change in Employee Cost

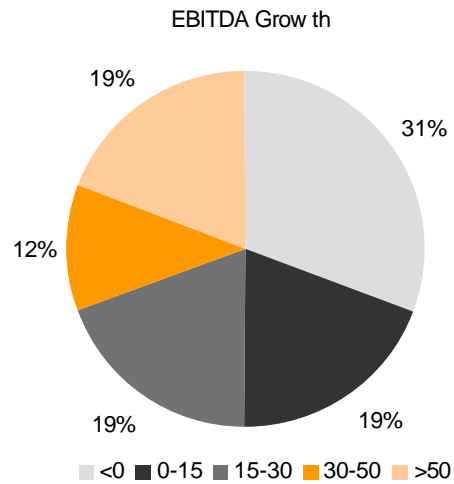


Change in Raw Material Cost

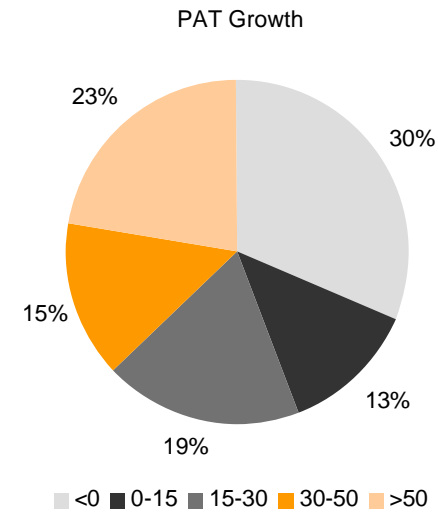


Q1FY11 Analysis: Bird's eye view

EBITDA Growth (Frequency distribution)



PAT Growth (Frequency distribution)

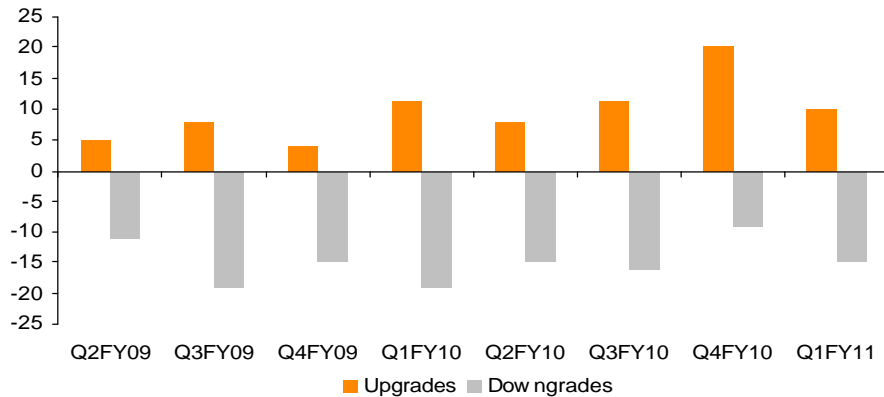


Source: Emkay Research

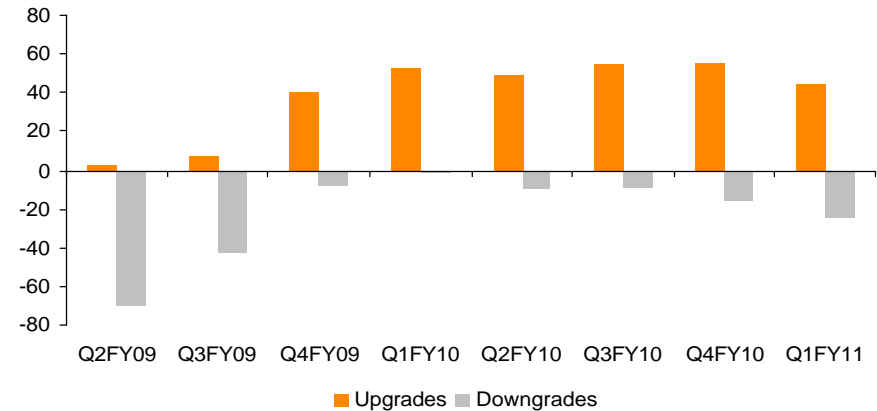
Quarterly Comparison: More downgrades than upgrades

Q1FY11 result season: Impact of the rally: target prices raised for majority of companies but witnessed more downgrades in recommendations.

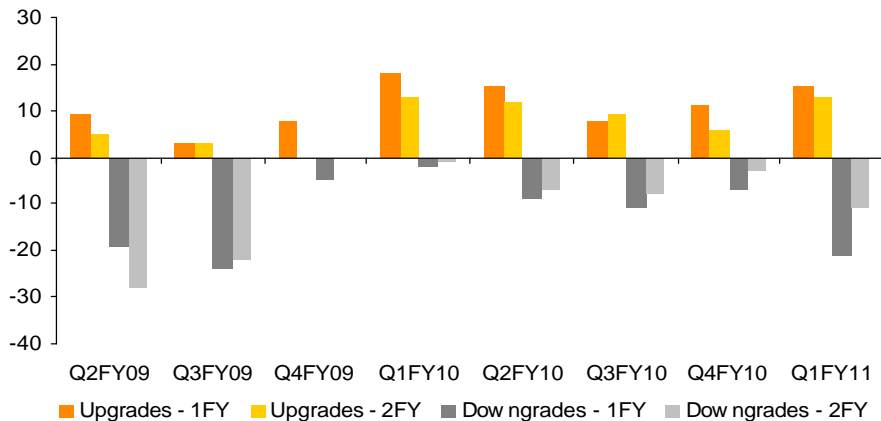
Recommendations - No of Upgrades (+)/Downgrades (-)



Target Prices - No of Upgrades (+)/Downgrades (-)



Earnings Estimates -No of Upgrades(+)/Downgrades (-)



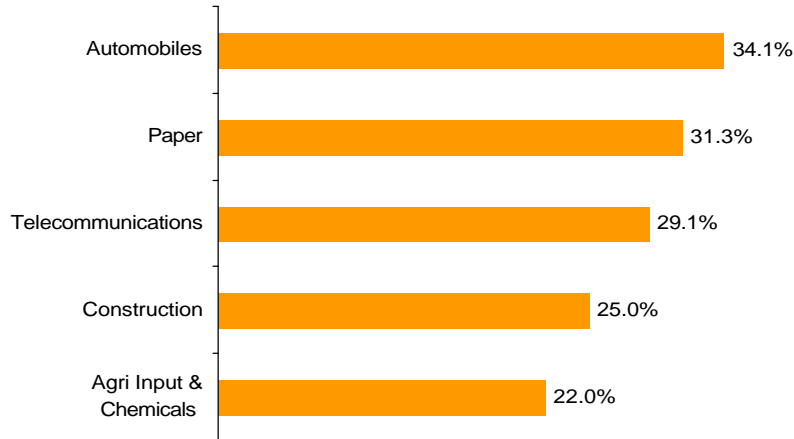
Q2FY11 Preview: Flat growth



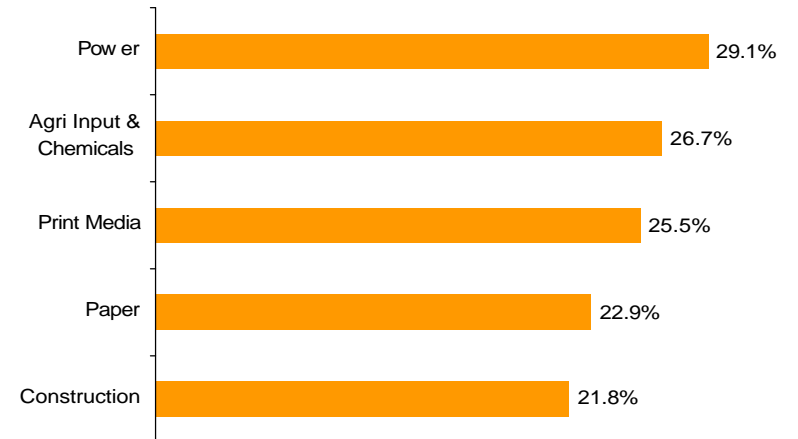
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Top 5 Strong Sectors

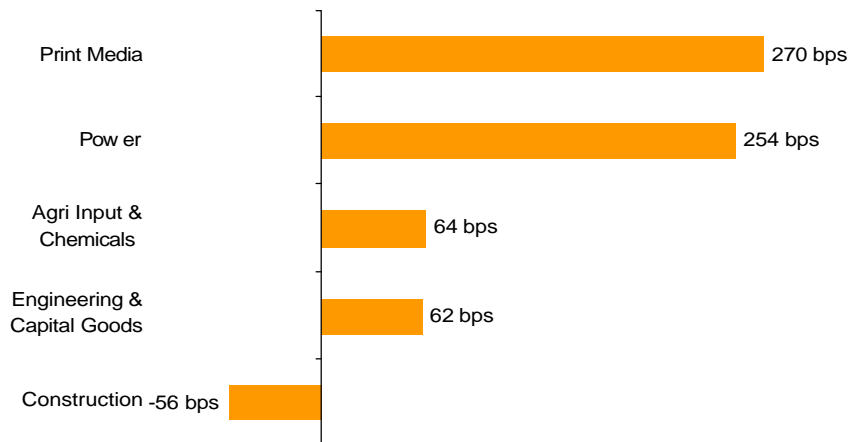
Net Sales Growth



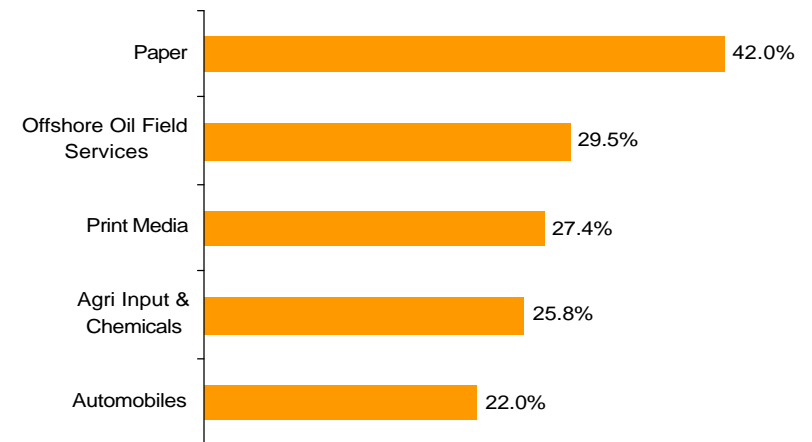
Ebitda Growth



Ebitda Margin Growth



PAT Growth



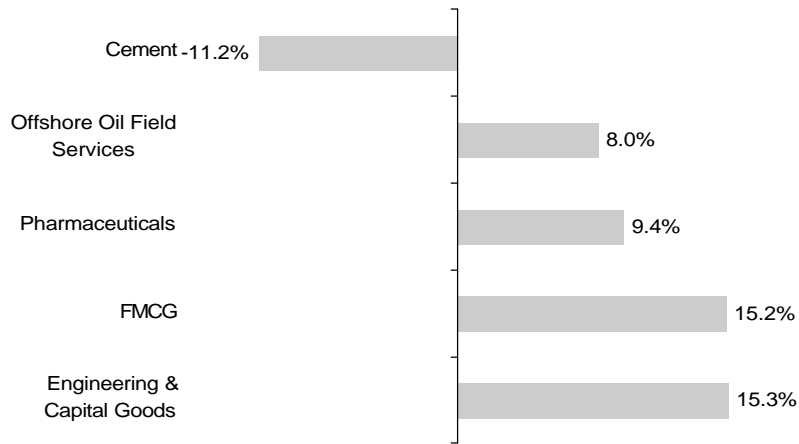
Q2FY11 Preview: Flat growth



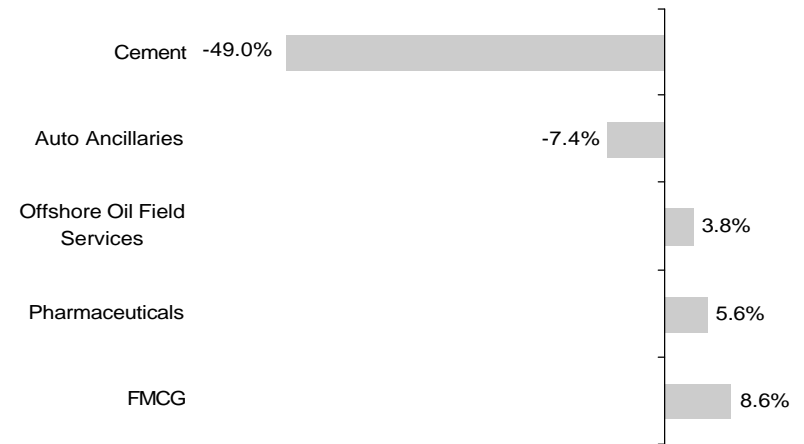
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Top 5 Weak Sectors

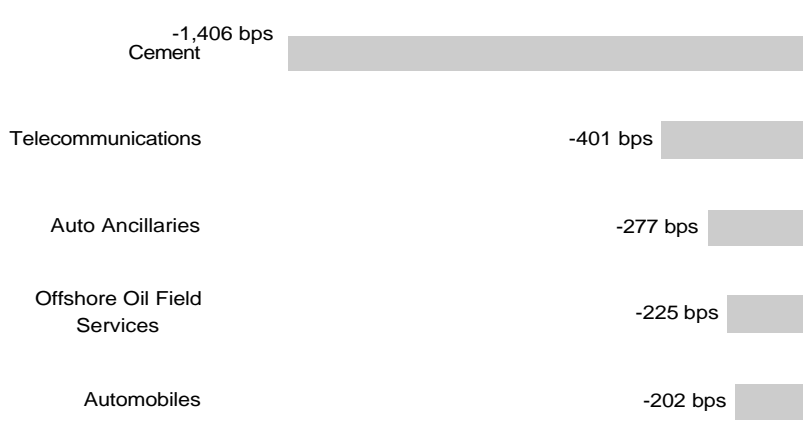
Net Sales Growth



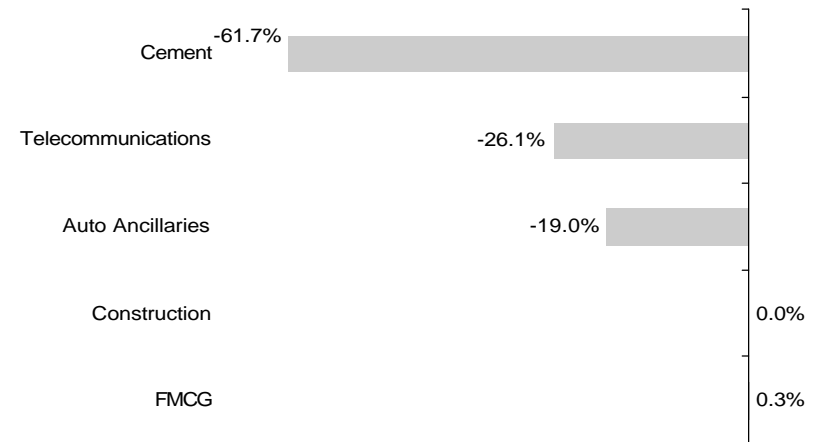
Ebitda Growth



Ebitda Margin Growth



PAT Growth



Macro

Interest rates may not move up too fast or too hard

- The satisfactory progress of southwest monsoon with the acreage across crops moving up should bring down the food prices
- The government borrowing program by the year end may be lower than expected by at least 5% or Rs200bn

Kharif crop sowing

Mn Hectare	9-Sept-10	9-Sept-09	% yoy chg
Rice	33.7	31.4	7.4
Coarse cereals	21	20.4	2.8
Oilseeds	17.1	16.8	2.2
Pulses	11	9.1	21.5
Sugarcane	4.8	4.2	15.3
Jute	0.8	0.7	9.4
Cotton	10.6	9.8	8.1
Total	99.1	92.3	7.3

Source: Ministry of agriculture

Government accounts

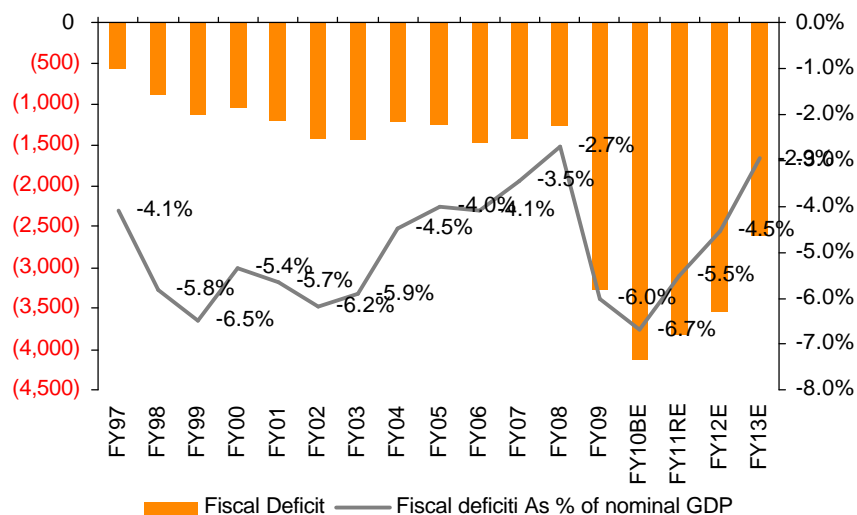
Rs bn	FY2011E	FY2010RE
Revenue receipt	7,522	5,773
Capital receipt	451	302
Total receipt	7,273	6,075
Non-plan expenditure	7,361	7,064
Plan expenditure	3,731	3,152
Total expenditure	11,092	10,216
Fiscal surplus/(deficit)	-3,819	-4,140
As % of GDP	-5.5	
Excess money on 3G/BWA auction	700	
Additional demand for grants	-580	
Likely fiscal deficit	-3,699	
As % of GDP	-5.3	

Source: Controller General of Accounts, Emkay Research

Fiscal deficit under control

- We expect downward revision to FY11 BE driven by better revenue expectation
- Government borrowing may be lower than expected with 3G revenue and underestimated tax revenue
- We expect fiscal deficit @ 5.3% as compared to BE of 5.5% of GDP for FY11

Fiscal Deficit



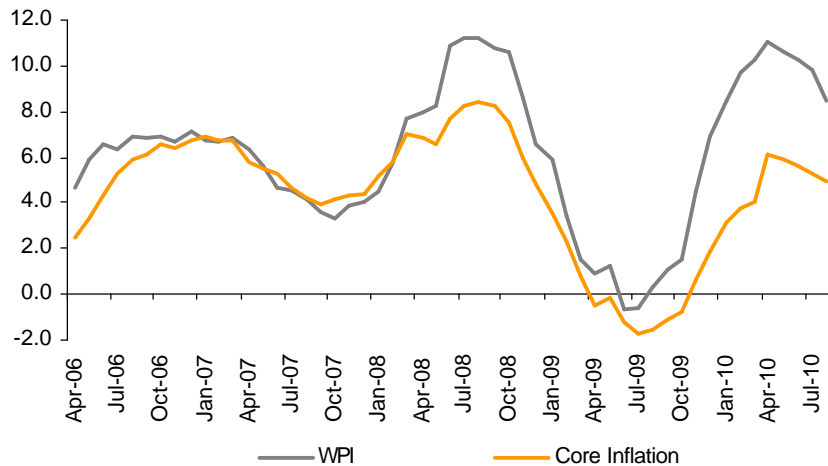
US \$ bn	FY08	FY09	FY10	FY11E
Current account	-17.4	-28.7	-38.4	-49.3
Trade surplus	-90.1	-118.7	-117.3	-146.5
Export of goods	158.5	189.0	182.2	216.2
Import of goods	248.5	307.7	299.5	362.7
Oil	74.6	93.5	75.3	86.3
Non-oil	163.5	210.2	195.7	254.4
Invisibles	72.7	89.9	78.9	97.2
Services	37.6	49.6	34.2	45.5
Income	-5.9	-4.5	-7.4	-9.4
Remittances	41.0	44.8	52.1	61.1
Capital account	108.0	7.2	53.6	61.4
Loans inflows	42.0	8.7	12.2	14.4
Banking capital	11.8	-3.2	2.1	2.5
Foreign investments	44.8	3.5	52.1	46.0
FDI	15.5	17.5	19.7	25.9
Portfolio	29.3	-14.0	32.4	20.0
Rupee debt servicing	-0.1	-0.1	-0.1	-0.1
IMF loans	0.0	0.0	0.0	0.0
Other foreign capital	9.6	-1.5	-12.7	-1.3
Net surplus/deficit	90.6	-21.5	15.2	12.1

Source: NIC, Emkay Research

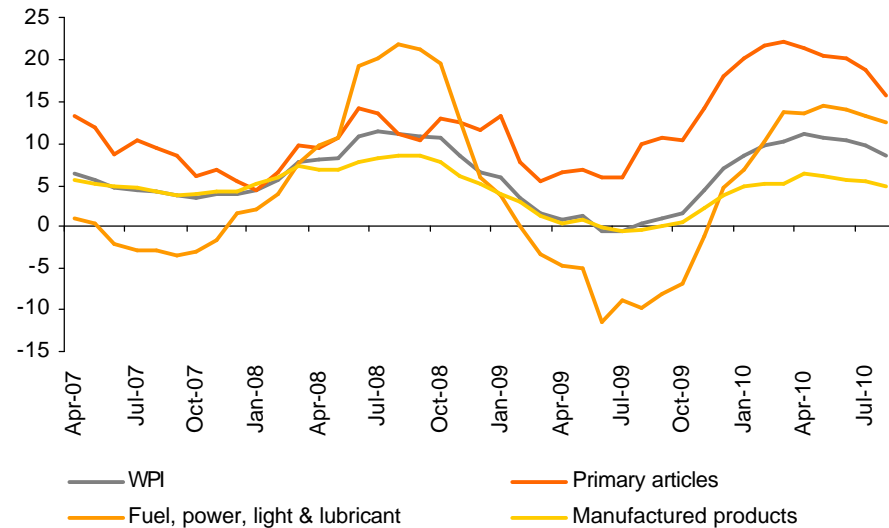
Inflation likely to fall

- Had moved in both food and non-food inflation
- Good monsoon would help bring food inflation down
- Our view is inflation @ 6% by FY11 end.
- On flip side, non-food inflation can show spike as the food grains production will be higher; may cause transportation constraints

WPI and Core Inflation



WPI - Components

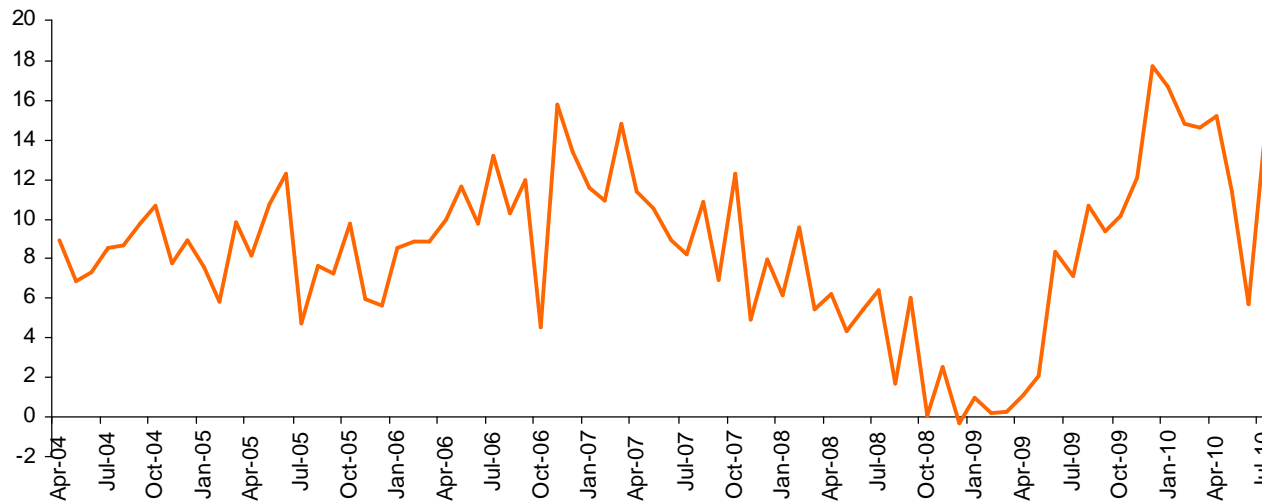


Source: Office of the Economic Adviser

IIP growth - The base has shifted upwards

- IIP numbers trending down- inventory build up of last year and base effect
- Growth to look up from Aug-10 as inventory gets cleared and favourable base effect
- Growth in metals, capital goods show investments picking up

Index of Industrial Production



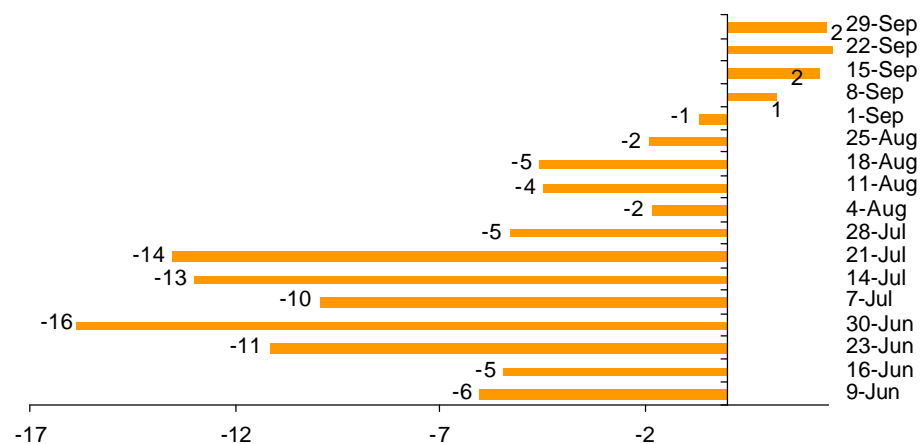
Source: CSO

Monsoon data very encouraging

Name of Basin	FRL BCM	This year		Last year		LPA		% dev from LPA
		BCM	% of FRL	BCM	% of FRL	BCM	% of FRL	
Ganga	28.1	12.4	44.0	11.1	39.5	13.7	48.8	-9.9
Indus	14.7	14.2	96.2	7.3	49.7	10.5	71.4	34.9
Narmada	14.9	12.5	83.8	11.3	76.3	8.7	58.5	43.3
Tapi	7.4	6.2	84.1	4.0	53.9	5.6	76.2	10.3
Mahi	4.0	2.5	62.2	2.3	56.5	2.5	63.3	-1.8
Sabarmati	0.7	0.5	63.3	0.2	31.4	0.3	46.8	35.2
Rivers of Kutch	0.9	0.6	65.5	0.3	28.5	0.4	46.8	40.0
Godavari	14.5	11.4	78.4	4.1	28.0	8.9	61.0	28.5
Krishna	31.5	29.8	94.3	25.2	79.8	24.0	76.0	24.1
Mahanadi	13.2	9.7	73.7	8.9	67.5	10.9	82.7	-10.9
Cauvery	8.2	5.0	60.8	5.2	63.6	4.5	55.5	9.5
West flowing rivers	13.6	9.9	72.6	10.6	77.8	9.8	72.3	0.4
TOTAL	151.8	114.5	75.4	90.4	59.6	100.0	65.9	14.5

Mn Hectare	24-Sep-10	24-Sep-09	% yoy chg
Rice	34.8	32.4	7.2
Coarse cereals	21.1	20.6	2.3
Oilseeds	17.3	17.2	0.5
Pulses	11.0	9.1	21.7
Sugarcane	4.9	4.2	17.4
Jute	0.8	0.7	9.5
Cotton	10.8	9.9	8.9
Total	100.6	94.1	6.9

Advancement of southwest monsoon (% deviation)



Sector Notes

Sectoral View

Sector	Performance	Top Picks
Agri-Input	Outperformer	GSFC, Rallis India, United Phosphorus
Auto	Outperformer	Bajaj Auto, M&M, Tata Motors
Banks	Outperformer	Allahabad Bank, Andhra Bank
Cement	Underperformer	
Engineering & Capital Goods	Outperformer	Blue Star, Cummins India, Greaves Cotton, McNally Bharat Engineering, L&T, TRF
FMCG	Underperformer	
IT Services	Outperformer	Infosys
Oil & Gas	Market Performer	
Pharma	Outperformer	Aurobindo Pharma, Cadila Healthcare, Torrent Pharma
Power	Underperformer	
Print-media	Outperformer	Jagran Prakashan
Telecom	Underperformer	Tulip Telecom

Investment Rationale

- Agri input sector has benefited from the increase in MSP and global foodgrain prices which has improved farmers' affordability
- Fertiliser sector has been beneficiary of favourable policy changes in complex fertiliser like introduction of Nutrient Based Subsidy (NBS) which has propelled companies' profitability based on their efficiency
- New policies expected in urea to attract greenfield investment is likely to drive profitability of existing players which has room to grow through debottlenecking and brownfield
- Agrochemical segment has posted revenue growth of 20%+ in previous two years and momentum is likely to continue driven by consumption growth of 15-20% in domestic markets and opportunities in CRAMS
- Seeds business is likely to offer growth of ~20% for domestic players on back of consolidation in the domestic markets and organised players gaining market share over other players

Valuations

- Despite the sector offering earnings growth opportunity of 20%+ and return ratios (RoE) are 18-25%, the sector trades at P/E multiple of 8-15x. We believe that current valuations do not discount the growth opportunities in these companies.

Top picks

- Rallis India
- Coromandel International
- Chambal Fertiliser
- United Phosphorous

Investment Rationale

- Implied volume growth for FY12 seems to be around 12-14% for two wheelers and passenger vehicles. We expect 20% upgrades in volumes, if capacity constraint issues are addressed.
- We are concerned with volume expectations for commercial vehicles in FY12, especially M&HCVs. We expect concerns over growth momentum to set in from 4QFY11.
- Industry showing signs of focusing on margins and not just volumes. Currently, FY12 margins for the industry are higher by 30 to 50 bps for FY12. Expect margin upgrades due to operating leverage and price increases
- We expect exports being a big demand driver for players who have exposure to developing markets in FY12. Bajaj Auto and TVS Motor will be the key beneficiaries, given exports are more profitable than domestic business
- We prefer two wheelers and passenger vehicle over commercial vehicles

Valuations

- Valuations are not cheap on absolute basis. However valuations are reasonable given the expectation of volume upgrades across stocks in two wheelers and passenger vehicle space. Addressing the capacity constraints issues is the key for strong volumes in FY12.

Top picks

- Bajaj Auto
- M&M
- Tata Motors (due to JLR)

Investment Rationale

- PSU banks swift in passing on funding cost increase. Stability of NIMs and RoAs of 1%+ suggest that PSU banks' fair valuations (P/BV- RoE/CoE) may become mean valuations
- PSU banks have crossed their life time highs but are still below their fair values. Expected consistency of RoAs suggest continued outperformance
- Near term pressure on NIMs and slippages (in Q2FY11) could act as an attractive opportunity for entry
- Asset quality continues to deteriorate, however moderation in the slippage rate has been a consoling factor.
- Accelerated provisioning and moderation in slippage rate over the last couple of quarters led to 470bps improvement in provision coverage ratio.

Valuations

- PSU bank's quoting in the range of 1.2-2.6x FY12 ABV, while private banks quoting in the range of 1.7-3.8x FY12E ABV.

Top picks

- PNB
- BOB
- UBI
- Allahabad Bank
- Andhra Bank
- Corporation Bank
- United Bank of India

Investment Rationale

- Cement demand showing short term sluggishness. However post monsoon expect construction activity to pick up & thereby increase demand.
- 50 mtpa of new capacity additions lined up over FY11-12E. However major capacity additions expected to be over by Q4FY11 and FY12 expected to see minimal additions.
- Though pricing pressure will be visible in Q2 and Q3 of FY11, we expect this pressure to peak out by end of Q3FY11.
- Recent price hikes could be sustainable due to logistical bottlenecks. However we expect H2FY12 to see sustainable cement price upticks.
- Sector remains under owned.

Valuations

- Sector valuations on FY12 basis- PER 12.5X - 5 year average ~ 12X & USD 92/ton 5 year average~USD132/ton.

Top picks

- ACC- Play on under ownership, Grasim & Shree Cement play on non cement earnings & attractive valuations

Investment Rationale

- Structural capex did not surprise negatively, promises continued growth momentum in FY10-12E period - estimated nominal growth at 18% in FY11E and 19% in FY12E
- All indicators (like GDP, GCF, IIP, credit growth) pointing at traction in industrial capex from H2FY11E
- Industrial capex to take centre stage - momentum to improve from 12% in FY10P to 16% and 18% in FY11E and FY12E respectively
- Currently retain our forecasts on capital spends. But there exists upward bias of about 200 bps - led by industrial capex
- Maintain earnings growth forecasts for Emkay ECI Universe at 24% in FY11E and 23% in FY12E- with strong probability of earnings upgrade

Valuations

- ECI-Structural trading at 46% premium to long-term average PER of 16.2X while ECI-Industrial trading at 22% premium to long-term average PER of 19.6X
- Roll-over valuations to average PER of FY06-08 period Vs erstwhile FY04-08 period
- Advocate changing gears - Prefer 'Industrial' over 'Structurals'

Top picks

- Prefer L&T, Thermax, Cummins in large-caps and Greaves Cotton, Bluestar and McNally Bharat amongst mid-caps
- Continue to like Punj Lloyd and TRF owing to underperformance and attractive valuations

Investment Rationale

- Volume growth is expected to remain a key growth driver – but expect marginal reduction in volume growth momentum due to unfavorable base effect
- Increasing raw material prices are likely to erode gross margins
- Calculative price hikes are expected in the coming quarters – especially to mitigate some increase in raw material costs
- A&P spends are likely to remain high; competition is expected to continue in select categories
- Earning growth momentum is expected to be muted, valuations to be preferred over earnings profile and growth in earnings

Valuations

- Consumer companies are trading higher than their long term historical valuation. Hence, we expect consumer sector to remain an underperformer. Instead prefer proxy consumer ideas.

Top picks

- HUL
- GCPL
- Titan
- Jubilant Foodworks

Investment Rationale

- Sector benefiting out of strong volume led growth (20-25% YoY) led by upswing in client spending on both discretionary as well as non discretionary projects.
- CY11 IT budgets keenly awaited (to be finalized around Nov/Dec'10 months)
- While Tier 1's seeing strong revenue growth (YoY revenue growth rates running at ~20%+), Tier II's continue to lag Tier 1's on growth (<10% YoY revenue growth) even 4-5 quarters into the recovery
- Margin headwinds getting stiffer for Tier II's. Tier 1's much better placed to combat margin pressures Tier 1 EBITDA margins decline was ~60-240 bps QoQ, Tier II EBITDA margin fall was ~150-650 bps QoQ)

Valuations

- Valuations for Tier 1's at ~16-24x FY11E earnings while Tier II's at ~10-14xFY11E earnings however valuation discount justified given both growth pangs and margin headwinds

Top picks

- Infosys
- HCL Tech
- TCS

Investment Rationale

- Recent deregulation and price hike is the positive trigger for OMC's and Upstream companies like ONGC, GAIL, and OIL.
- Subsidy would be lower from Q2 FY11, due to recent hike in Major products, Both Upstream and Refining and Marketing companies would benefit from lower subsidy (Total Subsidy for the FY11 ~Rs.600bn)
- Clarity on transmission tariff have reduced the concern over transmission companies like GAIL and GSPL
- Full impact of increase in APM gas price will come from Q2FY11, positives for ONGC and OIL , Addition in the ONGC's net revenue for FY11 of ~Rs55bn
- Proper clarity over subsidy sharing mechanism is yet to come

Valuations

- OMC's are trading at 1.2-1.5x 1-year forward P/BV, which is below the 7-year average of 2x. We believe government's intention of proper sharing mechanism is getting reflected. We have maintained our 'Buy' recommendation on the OMC's. We expect the stocks to get re-rated once more clarity emerges.

Top picks

- IOCL
- BPCL

Investment Rationale

- Growth drivers for both generic industry (CAGR of 9% over CY09-13E) as well as domestic pharma market (14% CAGR over CY09-15E) continue to remain intact.
- Indian Pharma industry, currently stands at US\$16bn, is likely to be a US\$50bn market by 2015 and domestic market is likely to reach US\$30bn by 2020
- In order to capture the penetration driven growth opportunity, most of the Indian pharma companies have expanded their field force aggressively (25-35% over last year) which will have cost pressure in terms of employee cost and SGA cost in FY11E. However, the revenue accretion from the same will come from FY12E onwards
- CRAMS industry in India is at a nascent stage and set for multi year secular growth trend (25% CAGR over CY09-13E)
- We prefer formulation play over API, branded generic over generic-generics. Within branded generic, our preference is more towards companies having dominance in chronic segment
- With the emergence of Innovator-generic partnerships model, we believe Indian generic companies will continue to trade at premium valuations

Valuations

- Emkay Pharma universe is currently trading 5% premium to its 5 year average one year forward PE and EV/EBIDTA multiple. Though the valuations of pharma sector have moved up but they are not yet in stretched territory.
- While we remain positive on the sector (as fundamentals remain strong), we believe there is less room for error after the recent outperformance. Post strong outperformance, we believe that it pays to be more stock specific now rather than having a bullish stand on entire pharma space.

Top picks

- Cadila and Lupin in the large cap, Torrent, Aurobindo and Ipca in the mid-cap space.

Investment Rationale

- Supply (estimated growth of 12.4% over next four years) to outpace demand from now on, even after factoring in best case demand estimates (estimated growth of 9.6% over next four years) including latent demand
- SEB losses have increased 3x in past 4 years to Rs746bn in FY10, mainly due to merchant power
- Merchant prices to decline much earlier than expected (our estimate of long term merchant rate – Rs3.5/unit and no inflation) and we do not rule out prices lower than our estimates
- If average merchant prices remain at Rs4.5-5.0/unit, SEB losses not sustainable by any means, likely policy actions ahead
- News flow for private power producers (especially merchant) to remain negative in the short term due to (1) unsustainable SEB losses, (2) coal India IPO, (3) some banks hitting their sectoral exposure limits

Valuations

- IPPs remain expensive (2.5-3.5x P/BV) - factoring in high merchant prices and inflation in merchant prices, perfect execution and fuel supplies, high capacity utilizations, huge latent demand....

Top picks

- Remain with regulated utilities - NTPC (reasonable valuations at 2.1x FY12 BV and assured 27%+ ROE), GIPCL (cheapest stock with comparable ROEs)

Investment Rationale

- Economic revival and increase in consumer spends is resulting in healthy increase in the advertisement spends – lifeline of print media sector
- Volume growth has revived and players have begun taking ad-rate hikes. Majority hikes (8-10%) in Q1FY11, full impact of rate increase yet to be seen
- Vernacular print players expanding to new geographies to gain readership, become national player and sustain growth
- Newsprint prices continue rising to US\$600/MT. Stable crude and declining pulp prices indicate newsprint prices cooling-off over medium term.

Valuations

Jagran 16.6x FY12 EPS of Rs8.5, DCHL 8x FY12 EPS Rs15.9

Top picks

- Jagran Prakashan
- Deccan Chronicle

Investment Rationale

- New competition already in-place, incumbent's strong competitiveness has resulted in gaining back healthy traffic growth of >10% QoQ
- Industry wide pricing has been stable with no major tariff cuts. Operators talking about tariffs bottoming out
- 3G & BWA auction over, operators balance sheets have stretched to their peak. But the rise in gearing, already in price
- MNP implementation key near-term risk. Sector consolidation to be key long-term positive trigger
- Revenue growth (3-4% QoQ) returning to the sector after 4 quarters of instability.

Valuations

Bharti – 15x FY12E EPS Rs23. Tulip – 7x FY12E EPS Rs26

Top picks

- Bharti Airtel
- Tulip Telecom

Our Top Picks

Our Top Recommendations

Large Cap	Mid Cap	Small Cap
Allahabad Bank	Aurobindo Pharma	HBL Power Systems
Andhra Bank	Blue Star	Kajaria Ceramics
Bajaj Auto	Greaves Cotton	McNally Bharat Engineering
Cadila Healthcare	GSFC	Piramal Glass
Cummins India	Jagran Prakashan	TRF
Infosys	Motherson Sumi	
Larsen & Toubro	Rallis India	
Mah & Mah	Sterlite Tech	
Tata Motors	Torrent Pharma	
United Phosphorus	Tulip Telecom	

Large Cap

Company Name	Year End	Net Interest income (Rs mn)	Operating Profit (Rs mn)	NIM (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	Tier I CAR (x)	ROA (%)	ROE (%)	
Allahabad Bank													
CMP(Rs)	242	FY07	16723	14795	2.3	9748	58.3	21.8	11.1	2.7	7.6	1.3	20.0
Mkt Cap (Rs bn)	108.3	FY08	21587	19012	2.5	7686	35.6	17.2	14.1	2.4	7.2	0.9	13.8
Reco	Buy	FY09	26505	26510	2.5	12063	45.5	27.0	9.0	2.0	7.3	1.1	19.1
Target Price (Rs)	280	FY10e	33463	30332	2.6	15422	46.1	34.5	7.0	1.6	7.4	1.2	21.0
% Upside	15%	FY11e	38740	34686	2.5	17562	45.3	39.3	6.2	1.3	8.9	1.1	20.3
Andhra Bank													
CMP(Rs)	171	FY07	14199	11372	2.8	5756	40.5	11.9	14.4	2.6	8.4	1.1	18.0
Mkt Cap (Rs bn)	83.1	FY08	16269	12880	2.7	6531	40.1	13.5	12.7	2.3	7.4	1.0	18.9
Reco	Buy	FY09	21947	18098	2.8	10459	47.7	21.6	7.9	1.9	7.2	1.3	26.0
Target Price (Rs)	210	FY10e	26635	21763	2.9	12396	46.5	25.6	6.7	1.5	7.7	1.3	25.0
% Upside	23%	FY11e	30279	25941	2.9	14952	49.4	30.8	5.6	1.2	8.9	1.4	24.3

Large Cap

Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)	
Bajaj Auto													
CMP(Rs)	1594	FY08	89527	12001	13.4	8583	9.6	29.7	53.7	29.0	37.9	24.4	24.1
Mkt Cap (Rs bn)	461.2	FY09	87556	11373	13.0	8616	9.8	29.8	53.5	27.3	40.2	38.2	52.6
Reco	Accumulate	FY10	118637	25353	21.4	18651	15.7	64.5	24.7	15.7	17.1	68.5	80.8
Target Price (Rs)	1630	FY11e	158401	32739	20.7	24233	15.3	83.7	19.0	11.0	13.0	70.0	67.9
% Upside	2%	FY12e	191076	39843	20.9	30378	15.9	105.0	15.2	8.0	10.3	67.9	60.8
Cadila Healthcare													
CMP(Rs)	693	FY08	23213	4564	19.7	2643	11.4	12.9	53.7	13.4	32.7	22.8	27.2
Mkt Cap (Rs bn)	142.0	FY09	29275	6058	20.7	3185	10.9	15.6	44.6	11.5	25.1	22.8	25.6
Reco	Buy	FY10	36580	7798	21.3	4799	13.1	23.4	29.6	8.7	19.3	25.0	37.0
Target Price (Rs)	720	FY11e	45150	9801	21.7	6401	14.2	31.3	22.2	6.4	15.0	29.7	37.2
% Upside	4%	FY12e	54411	11871	21.8	8191	15.1	40.0	17.3	4.9	12.1	32.3	33.5
Cummins India													
CMP(Rs)	738	FY08	26917	3744	13.9	2996	11.1	15.1	48.8	11.8	39.0	38.4	26.5
Mkt Cap (Rs bn)	146.1	FY09	35588	5301	14.9	4266	12.0	21.5	34.2	9.8	27.5	44.0	31.3
Reco	Hold	FY10	28449	5278	18.6	4439	15.6	22.4	32.9	9.4	27.6	40.3	29.1
Target Price (Rs)	784	FY11e	38430	7714	20.1	6060	15.8	30.6	24.1	7.6	18.9	49.3	34.8
% Upside	6%	FY12e	46097	9202	20.0	7106	15.4	35.9	20.6	6.3	15.6	47.0	33.4
Infosys													
CMP(Rs)	3102	FY08	166920	52380	31.4	46590	27.9	81.3	38.2	12.9	32.6	37.0	37.2
Mkt Cap (Rs bn)	1780.5	FY09	216930	71950	33.2	59900	27.6	104.4	29.7	9.7	23.4	40.2	37.4
Reco	Accumulate	FY10p	227426	78616	34.6	62666	27.6	109.3	28.4	7.7	21.3	33.5	30.3
Target Price (Rs)	3200	FY11e	274244	90947	33.2	69921	25.5	121.9	25.4	6.5	18.0	32.3	27.6
% Upside	3%	FY12e	331081	109082	32.9	83988	25.4	146.4	21.2	5.4	14.6	32.8	27.8

Large Cap

Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)	
Larsen & Toubro													
CMP(Rs)	2072	FY08	294104	40496	13.8	22435	7.6	38.4	54.0	11.2	31.4	18.7	25.3
Mkt Cap (Rs bn)	1253.3	FY09	403757	55325	13.7	29988	7.4	51.2	40.5	8.7	24.1	16.8	24.2
Reco	Accumulate	FY10p	449030	68587	15.3	34344	7.6	56.9	36.4	6.0	19.6	14.5	19.6
Target Price (Rs)	2129	FY11e	532225	86442	16.2	41818	7.9	69.0	30.0	5.1	16.0	14.2	18.3
% Upside	3%	FY12e	642461	107798	16.8	50914	7.9	84.0	24.7	4.3	13.2	14.6	19.0
Mah & Mah													
CMP(Rs)	740	FY08	114484	12737	11.1	8806	7.7	18.1	40.8	8.3	29.2	19.1	22.4
Mkt Cap (Rs bn)	428.1	FY09	130488	10477	8.0	7933	6.1	14.2	52.1	7.9	40.9	12.6	16.6
Reco	Buy	FY10	185296	28828	15.6	19459	10.5	33.4	22.1	5.5	14.9	26.8	29.8
Target Price (Rs)	775	FY11e	212024	31822	15.0	23525	11.1	39.1	18.9	4.3	13.7	25.4	26.0
% Upside	5%	FY12e	230063	34850	15.1	25618	11.1	42.6	17.4	3.7	12.2	24.3	23.1
Tata Motors													
CMP(Rs)	1137	FY08	285614	28586	10.0	17040	6.0	44.2	25.7	5.6	16.4	20.9	23.2
Mkt Cap (Rs bn)	575.8	FY09	254712	15770	6.2	4490	1.8	8.7	130.2	4.7	44.0	7.4	4.4
Reco	Accumulate	FY10p	355931	40343	11.3	13588	3.8	23.8	47.7	4.4	19.6	11.6	10.0
Target Price (Rs)	1235	FY11e	449424	46448	10.3	17754	4.0	31.1	36.5	4.2	18.6	11.7	11.7
% Upside	9%	FY12e	509035	53941	10.6	21801	4.3	38.2	29.8	3.9	15.7	12.6	13.6
United Phosphorus													
CMP(Rs)	188	FY08	37306	7055	18.9	3944	10.6	9.0	20.9	3.7	12.1	15.8	21.1
Mkt Cap (Rs bn)	82.6	FY09	49317	9449	19.2	6085	12.3	13.8	13.5	3.1	9.9	18.4	24.8
Reco	Buy	FY10	54603	9991	18.3	5563	10.2	12.7	14.8	2.7	9.2	16.0	19.4
Target Price (Rs)	230	FY11e	61231	11700	19.1	6934	11.3	15.8	11.9	2.3	7.7	17.5	20.7
% Upside	23%	FY12e	68945	13189	19.1	8545	12.4	19.4	9.6	1.9	6.5	19.9	21.5

Mid Cap

Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)	
Aurobindo Pharma													
CMP(Rs)	1101	FY08	24359	3411	14.0	2371	9.7	44.1	25.0	5.3	22.1	8.6	23.5
Mkt Cap (Rs bn)	64.1	FY09	29349	3750	12.8	3503	11.9	65.1	16.9	4.8	21.7	12.0	29.6
Reco	Buy	FY10e	33777	6255	18.5	4561	13.5	78.2	14.1	3.5	13.6	18.4	29.7
Target Price (Rs)	1242	FY11e	39704	7623	19.2	5443	13.7	93.3	11.8	2.6	10.7	17.6	25.4
% Upside	13%	FY12e	47475	9614	20.3	6587	13.9	112.9	9.7	2.3	8.5	19.3	25.0
Blue Star													
CMP(Rs)	490	FY08	22216	2369	10.7	1413	6.4	15.7	31.2	16.7	18.7	70.2	59.3
Mkt Cap (Rs bn)	44.1	FY09	25026	2840	11.3	1829	7.3	20.3	24.1	12.0	15.6	73.9	58.0
Reco	Accumulate	FY10e	25250	3082	12.2	1999	7.9	22.2	22.1	9.0	14.3	61.2	46.5
Target Price (Rs)	543	FY11e	29826	3436	11.5	2249	7.5	25.0	19.6	7.0	12.1	53.4	40.2
% Upside	11%	FY12e	35410	4034	11.4	2662	7.5	29.6	16.6	5.6	10.1	50.0	37.6
Greaves Cotton													
CMP(Rs)	459	FY08	11898	1588	13.3	833	7.0	17.0	26.9	6.2	14.3	36.6	25.3
Mkt Cap (Rs bn)	22.4	FY09	10609	1069	10.1	445	4.2	9.1	50.4	5.8	21.3	18.9	11.9
Reco	Buy	FY10p	13446	2083	15.5	1180	8.8	24.2	19.0	4.7	11.3	33.9	27.5
Target Price (Rs)	505	FY11e	15667	2647	16.9	1497	9.6	30.7	15.0	4.0	8.6	35.7	28.8
% Upside	10%	FY12e	18090	3058	16.9	1762	9.7	36.1	12.7	3.3	7.2	37.5	28.4
GSFC													
CMP(Rs)	312	FY08	35559	4744	13.3	2332	6.6	29.3	10.7	1.7	5.8	16.3	16.4
Mkt Cap (Rs bn)	24.9	FY09	58808	8509	14.5	4994	8.5	62.7	5.0	1.3	2.5	32.4	29.3
Reco	Accumulate	FY10	40192	4477	11.1	2545	6.3	31.9	9.8	1.2	4.3	16.1	12.5
Target Price (Rs)	368	FY11e	40867	6173	15.1	3502	8.6	43.9	7.1	1.0	2.4	19.3	15.2
% Upside	18%	FY12e	42102	6576	15.6	3709	8.8	46.5	6.7	0.9	1.9	18.1	14.2
Jagran Prakashan													
CMP(Rs)	131	FY08	7496	1638	21.8	981	13.1	3.3	40.2	7.3	24.4	24.6	18.7
Mkt Cap (Rs bn)	39.5	FY09	8234	1568	19.0	917	11.1	3.0	43.1	7.1	25.6	21.4	16.7
Reco	Buy	FY10	9419	2822	30.0	1759	18.7	5.8	22.5	6.2	14.2	36.5	29.5
Target Price (Rs)	155	FY11e	10708	3285	30.7	2104	19.6	7.0	18.8	5.5	12.2	38.8	31.1
% Upside	18%	FY12e	12092	4002	33.1	2581	21.3	8.6	15.3	4.8	9.8	43.1	33.4

Mid Cap

Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)	
Motherson Sumi													
CMP(Rs)	195	FY08	20281	2842	14.0	1781	8.8	5.0	38.8	11.9	25.7	25.5	36.2
Mkt Cap (Rs bn)	75.4	FY09	25956	2395	9.2	1767	6.8	5.0	39.2	8.1	31.5	19.2	24.7
Reco	Buy	FY10	67022	4104	6.1	3193	4.8	8.5	22.8	6.3	18.9	23.6	31.7
Target Price (Rs)	205	FY11e	84049	5976	7.1	3822	4.5	9.9	19.7	5.0	13.4	28.6	28.7
% Upside	5%	FY12e	94581	8189	8.7	5245	5.5	13.5	14.4	4.2	9.6	33.3	32.0
Rallis India													
CMP(Rs)	1471	FY08	6711	601	9.0	356	5.3	29.7	49.5	5.7	29.0	23.9	13.8
Mkt Cap (Rs bn)	28.6	FY09	8328	1159	13.9	758	9.1	63.3	23.2	5.2	14.7	32.4	23.4
Reco	Buy	FY10	8970	1745	19.4	1085	12.1	55.8	26.4	6.7	15.6	39.5	28.3
Target Price (Rs)	1440	FY11e	10872	2192	20.2	1504	13.8	77.3	19.0	5.3	12.6	42.4	31.3
% Upside	-2%	FY12e	12745	2745	21.5	1870	14.7	96.2	15.3	4.2	9.7	39.9	30.8
Sterlite Tech													
CMP(Rs)	95	FY08	16858	2072	12.3	1007	6.0	2.6	37.2	6.9	20.8	15.4	21.1
Mkt Cap (Rs bn)	34.0	FY09	22892	2342	10.2	880	3.8	2.2	42.5	6.0	17.8	16.2	15.2
Reco	Buy	FY10	24316	4202	17.3	2853	11.7	7.3	13.1	4.1	9.3	31.5	37.1
Target Price (Rs)	131	FY11e	30750	4887	15.9	3146	10.2	8.0	11.9	2.9	7.4	29.2	28.6
% Upside	37%	FY12e	36845	5964	16.2	3955	10.7	10.1	9.5	2.3	5.6	29.7	27.1
Torrent Pharma													
CMP(Rs)	583	FY08	13552	2091	15.4	1409	10.4	16.7	35.0	9.7	24.8	22.6	29.3
Mkt Cap (Rs bn)	49.4	FY09	16302	2999	18.4	2344	14.4	27.7	21.1	7.6	17.3	28.1	31.8
Reco	Buy	FY10	18890	3938	20.8	2666	14.1	31.5	18.5	5.9	12.9	28.5	31.2
Target Price (Rs)	650	FY11e	21812	4576	21.0	3127	14.3	37.0	15.8	5.1	10.9	31.3	34.8
% Upside	11%	FY12e	25846	5557	21.5	3903	15.1	46.1	12.6	4.4	9.0	36.7	37.2
Tulip Telecom													
CMP(Rs)	191	FY08	12190	2456	20.2	1873	15.4	12.9	14.8	6.2	12.5	25.8	51.7
Mkt Cap (Rs bn)	27.7	FY09	16144	3367	20.9	2505	15.5	17.3	11.0	4.1	10.5	21.1	45.0
Reco	Buy	FY10	19664	5255	26.7	2755	14.0	19.0	10.0	3.0	6.9	22.4	34.7
Target Price (Rs)	240	FY11e	24376	6799	27.9	3476	14.3	21.1	9.0	2.7	5.5	26.2	33.5
% Upside	26%	FY12e	28450	8136	28.6	4248	14.9	25.8	7.4	2.0	4.3	29.9	31.4

Small Cap

Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
HBL Power Systems												
CMP(Rs)	27	FY08	9728	1548	15.9	675	6.9	2.8	9.8	2.2	6.2	24.8
Mkt Cap (Rs bn)	6.9	FY09	12439	1998	16.1	910	7.3	3.7	7.3	1.7	4.7	26.5
Reco	Buy	FY10	11091	2060	18.6	1025	9.2	4.1	6.7	1.3	5.2	22.7
Target Price (Rs)	43	FY11e	12643	1893	15.0	899	7.1	3.6	7.7	1.1	5.8	16.7
% Upside	58%	FY12e	14540	2177	15.0	1112	7.6	4.4	6.2	1.0	4.7	18.2
Kajaria Ceramics												
CMP(Rs)	78	FY08	5027	819	16.3	150	3.0	2.0	38.1	3.7	11.0	10.1
Mkt Cap (Rs bn)	5.7	FY09	6649	949	14.3	89	1.3	1.2	64.3	3.5	9.3	5.6
Reco	Buy	FY10	7201	1128	15.7	337	4.7	4.6	17.0	3.0	7.5	19.2
Target Price (Rs)	91	FY11e	8644	1399	16.2	496	5.7	6.7	11.6	2.5	6.5	23.8
% Upside	17%	FY12e	9747	1684	17.3	671	6.9	9.1	8.5	2.0	5.1	26.3
Mcnally Bharat Engineering												
CMP(Rs)	278	FY08	5536	423	7.6	223	4.0	7.8	35.7	5.0	18.8	28.3
Mkt Cap (Rs bn)	8.7	FY09	11132	1028	9.2	301	2.7	6.6	42.2	3.9	10.1	9.3
Reco	Buy	FY10p	20193	1636	8.1	811	4.0	21.4	13.0	2.6	6.4	24.1
Target Price (Rs)	418	FY11e	25477	2162	8.5	987	3.9	24.3	11.5	2.0	5.6	20.7
% Upside	50%	FY12e	31256	2654	8.5	1232	3.9	30.3	9.2	1.6	4.9	19.7
Piramal Glass												
CMP(Rs)	137	FY08	7786	1025	13.2	-222	-2.9	-12.4	-11.1	1.7	12.5	-14.3
Mkt Cap (Rs bn)	11.0	FY09	10088	1289	12.8	-1038	-10.3	-57.7	-2.4	9.3	12.3	-127.3
Reco	Buy	FY10p	11039	2160	19.6	44	0.4	0.5	249.1	4.9	9.6	2.6
Target Price (Rs)	142	FY11e	12034	2646	22.0	677	5.6	8.4	16.3	3.7	7.4	28.4
% Upside	4%	FY12e	13116	3558	27.1	1456	11.1	18.1	7.6	2.4	5.1	40.8
TRF												
CMP(Rs)	925	FY08	3628	600	16.5	322	8.9	29.2	31.6	10.8	17.2	42.9
Mkt Cap (Rs bn)	10.2	FY09	5317	725	13.6	456	8.6	41.4	22.3	7.7	14.6	40.2
Reco	Buy	FY10p	6499	905	13.9	500	7.7	45.4	20.4	6.0	12.6	33.1
Target Price (Rs)	1079	FY11e	8146	1041	12.8	624	7.7	56.7	16.3	4.6	10.6	31.9
% Upside	17%	FY12e	9876	1275	12.9	757	7.7	68.8	13.5	3.6	8.6	29.8

Price Performance



Your success is our success

Large Cap

	Absolute (%)							Rel to Sensex (%)						
	1d	1w	1m	3m	6m	1yr	YTD	1d	1w	1m	3m	6m	1yr	YTD
Allahabad Bank	1.2	6.6	8.4	49.9	44.6	121.1	92.3	0.5	3.5	-2.1	28.5	26.5	82.5	63.5
Andhra Bank	1.0	7.0	10.0	29.5	44.0	69.1	64.3	0.3	3.9	-0.6	11.0	25.9	39.6	39.6
Bajaj Auto	0.7	7.0	6.1	30.7	53.5	112.5	80.9	0.1	4.0	-4.2	12.0	34.3	75.4	53.8
Cadila Healthcare	-0.1	4.9	9.6	6.0	20.4	105.2	60.4	-0.7	1.9	-1.0	-9.1	5.3	69.4	36.4
Cummins India	-0.1	-1.3	0.5	24.0	40.4	110.4	72.2	-0.8	-4.1	-9.2	6.3	22.8	73.7	46.4
Infosys	0.6	2.4	9.5	11.3	17.3	34.2	19.1	-0.1	-0.5	-1.0	-4.6	2.6	10.8	1.2
Larsen & Toubro	0.9	1.8	13.0	15.2	26.1	23.3	23.4	0.2	-1.1	2.1	-1.2	10.3	1.8	4.9
Mah & Mah	-0.8	5.9	16.8	18.0	39.6	62.7	36.9	-1.4	2.9	5.5	1.2	22.1	34.3	16.4
Tata Motors	0.2	2.7	9.9	48.1	43.4	103.6	43.5	-0.4	-0.2	-0.7	27.0	25.4	68.1	22.0
United Phosphorus	1.9	2.8	0.3	6.3	22.0	12.2	7.8	1.2	-0.2	-9.3	-8.9	6.7	-7.4	-8.3

Price Performance

Mid Cap

	Absolute (%)							Rel to Sensex (%)						
	1d	1w	1m	3m	6m	1yr	1yr	1d	1w	1m	3m	6m	1yr	YTD
Aurobindo Pharma	1.6	6.3	3.5	19.5	15.9	39.9	20.5	1.0	3.2	-6.5	2.5	1.4	15.5	2.4
Blue Star	-0.1	0.2	10.2	13.1	28.9	35.6	26.6	-0.7	-2.6	-0.5	-3.0	12.8	11.9	7.6
Greaves Cotton	3.0	6.1	10.5	30.8	37.2	147.1	61.4	2.3	3.1	-0.2	12.2	20.0	104.0	37.2
GSFC	4.3	6.2	3.9	10.6	34.8	86.9	63.5	3.6	3.2	-6.1	-5.2	17.9	54.3	39.0
Jagran Prakashan	1.6	1.8	-0.7	4.4	7.5	26.8	-4.4	1.0	-1.1	-10.3	-10.5	-5.9	4.7	-18.7
Motherson Sumi	2.7	7.5	-0.3	27.1	38.4	78.3	48.0	2.1	4.4	-10.0	9.0	21.0	47.2	25.8
Rallis India	0.2	6.7	2.4	34.0	65.9	143.9	132.5	-0.4	3.7	-7.5	14.9	45.1	101.3	97.6
Sterlite Tech	-1.2	-3.9	-4.3	-16.7	9.8	75.4	29.1	-1.8	-6.7	-13.5	-28.6	-3.9	44.8	9.7
Torrent Pharma	-2.4	4.5	8.6	2.3	8.0	91.9	47.9	-3.0	1.5	-1.9	-12.3	-5.5	58.4	25.7
Tulip Telecom	2.0	12.3	7.9	7.8	11.7	1.4	-0.3	1.4	9.1	-2.5	-7.5	-2.3	-16.3	-15.2

Small Cap

	Absolute (%)							Rel to Sensex (%)						
	1d	1w	1m	3m	6m	1yr	1yr	1d	1w	1m	3m	6m	1yr	YTD
HBL Power Systems	0.9	1.9	-0.4	-14.3	-28.8	-14.0	-29.0	0.3	-1.0	-10.0	-26.5	-37.7	-29.0	-39.7
Kajaria Ceramics	1.2	6.4	11.0	25.8	23.6	96.7	48.0	0.6	3.3	0.3	7.9	8.1	62.4	25.9
McNally Bharat Engineering	-1.6	-2.7	-2.0	-1.9	-12.2	71.3	20.3	-2.3	-5.5	-11.5	-15.9	-23.2	41.4	2.2
Piramal Glass	4.4	11.0	4.3	41.2	48.2	267.5	77.0	3.7	7.9	-5.8	21.1	29.7	203.4	50.5
TRF	0.0	5.0	11.2	7.4	-3.5	83.0	37.8	-0.7	2.0	0.4	-7.9	-15.6	51.1	17.2

Shareholding

Large Cap

	Promoters Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09
Allahabad Bank	55.2	55.2	55.2	14.1	15.6	15.1	14.0	13.1	13.3	5.0	4.0	3.5	11.7	12.1	12.9
Andhra Bank	51.6	51.6	51.6	19.0	18.7	17.6	14.4	13.1	15.2	2.5	3.0	2.6	12.6	13.7	13.1
Bajaj Auto	49.7	49.6	49.6	6.1	6.5	8.0	19.1	18.3	16.5	8.6	8.6	8.7	16.6	17.0	17.3
Cadila Healthcare	74.8	74.8	74.8	13.1	13.5	13.9	5.8	5.5	5.3	1.1	0.9	0.8	5.2	5.2	5.3
Cummins India	51.0	51.0	51.0	21.0	22.3	22.6	11.8	11.1	10.9	6.3	5.9	5.7	9.9	9.7	9.8
Infosys	16.1	16.1	16.1	8.2	7.9	8.6	55.3	55.8	56.1	6.0	5.4	4.3	14.5	14.8	15.0
Larsen & Toubro	0.0	0.0	0.0	38.4	38.6	37.2	18.9	18.0	20.1	6.4	6.3	5.8	36.3	37.1	36.9
Mah & Mah	26.3	26.3	27.2	25.0	24.9	27.1	32.1	32.4	29.1	7.9	7.7	7.6	8.7	8.8	8.9
Tata Motors	37.0	37.0	38.1	18.3	17.9	17.3	35.3	35.2	34.9	0.7	0.6	0.6	8.7	9.3	9.1
United Phosphorus	27.9	28.0	28.0	19.7	19.1	20.0	35.8	37.4	37.3	9.7	8.5	7.5	7.0	7.1	7.2

Shareholding

Mid Cap

	Promoters Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09
Aurobindo Pharma	56.2	56.9	58.7	11.7	10.2	10.7	23.0	24.2	22.1	2.1	2.0	1.7	7.0	6.7	6.9
Blue Star	40.1	40.1	40.1	10.0	7.6	7.5	9.0	9.0	7.7	6.7	8.7	9.3	34.3	34.6	35.4
Greaves Cotton	51.4	51.4	51.4	29.9	31.4	32.1	4.4	2.1	2.2	3.5	3.6	3.3	10.8	11.5	11.1
GSFC	37.8	37.8	37.8	27.9	25.1	24.7	6.5	7.0	5.6	10.6	11.4	13.1	17.1	18.7	18.9
Jagran Prakashan	55.3	55.3	55.3	15.6	15.6	14.1	8.6	8.7	4.5	3.1	3.0	2.8	17.4	17.4	23.3
Motherson Sumi	65.2	67.5	71.1	10.2	7.7	7.9	8.7	10.2	6.4	7.4	5.9	5.8	8.5	8.7	8.9
Rallis India	50.2	50.2	50.2	21.8	23.1	22.8	2.4	1.6	1.2	4.8	4.2	3.9	20.9	20.9	22.0
Sterlite Tech	50.2	48.6	43.5	14.0	12.6	17.4	6.5	5.8	4.2	6.8	8.9	9.7	22.4	24.1	25.2
Torrent Pharma	71.5	71.5	71.5	10.0	7.2	7.0	3.2	6.6	6.7	7.0	6.5	6.2	8.2	8.2	8.7
Tulip Telecom	69.0	69.0	69.0	1.4	1.6	1.6	25.1	24.8	24.8	1.5	1.6	1.6	3.1	3.0	3.0

Small Cap

	Promoters Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09	Jun-10	Mar-10	Dec-09
HBL Power Systems	70.2	70.1	70.1	1.9	1.9	1.6	10.2	9.9	10.0	8.0	9.2	11.4	9.7	8.9	6.9
Kajaria Ceramics	51.3	51.3	52.5	5.8	6.5	1.6	2.5	3.5	1.7	18.2	17.6	20.7	22.2	21.2	23.5
McNally Bharat Engineering	30.6	30.6	32.3	22.3	18.7	17.9	19.7	18.9	20.3	6.5	9.8	9.5	21.0	22.1	20.1
Piramal Glass	76.8	76.8	76.8	0.1	0.1	0.0	0.1	0.1	0.1	11.3	10.6	11.0	11.8	12.4	12.1
TRF	39.6	41.8	41.8	13.7	12.3	13.8	1.2	1.2	1.3	7.2	7.7	7.7	38.3	37.0	35.4

Thank You

The logo for Emkay, featuring the word "Emkay" in a stylized, orange, cursive font with a registered trademark symbol (®) to the upper right.

Your success is our success

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