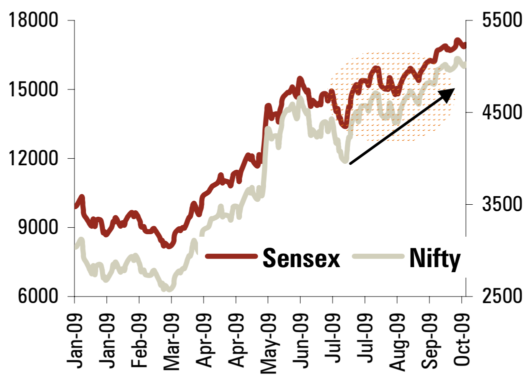
Sectoral Return matrices

Index	1M	3M	6M	12M
Sensex	7.5	13.1	63.0	34.6
Nifty	6.9	13.1	55.8	31.0
Auto index	6.7	40.6	104.8	77.5
Bank index	16.6	15.0	101.8	51.4
FMCG index	1.6	14.9	29.8	20.7
Healthcare index	12.2	18.5	51.5	18.2
IT index	7.1	37.5	86.4	47.1
Metal index	10.8	22.5	122.5	64.6
Midcap index	6.2	19.4	98.2	32.5
Oil & Gas	4.9	7.0	33.8	21.8
Power	3.4	3.5	56.9	36.2
PSU	5.9	7.0	59.9	42.6
Realty index	1.2	26.6	142.2	30.6
Technology	4.3	21.8	64.5	27.6

Preferred Picks

Company	ICICIdirect.com code
Adhunik Metaliks	ADHMET
Bharti Airtel	BHATE
Biocon	BIOCON
Garware Offshore	GARSHI
Indian Hotels	INDHOT
J K Cement	JKCEM
Oriental Bank of Commerce	ORIBAN
PTC	POWTRA
Shree Renuka Sugar	RENSUG
TCS	TCS

Index performance



Time for earnings to catch up...

- **Earnings expected to continue sequential improvement**

After showing some signs of recovery in the preceding quarter, the Q2FY10E results on a cumulative basis are set to show further improvement sequentially. This is reflecting in the ICICIdirect.com research earning estimates. There has been more evidence of global economic recovery during the quarter. The market has also factored in all such positives by recouping most of the losses of the previous year. Most of the sectors during the past three months have significantly outperformed both the Sensex and the Nifty. Auto remained on the top of the list, followed by IT, realty and metals.

We call this a classic case of a liquidity driven market. FIIs remained net buyers to the tune of Rs 60500 crore in the equity market YTD with Rs 35600 crore infused during Q2FY10 itself.

- **Sectors showing improvement on QoQ, YoY basis**

Sectors like metals, media, hotels, shipping and telecom, which are more relevant on a QoQ basis, are expected to show decent growth. On the profit front also, most of these sectors are expected to grow on a QoQ basis. When comparing the estimates YoY, except pharma, sectors like auto, BFSI, cement, power and sugar that are mainly viewed on a YoY basis are still likely to show modest growth in all parameters.

- **Positive/negative surprises to weigh on markets in the near term**

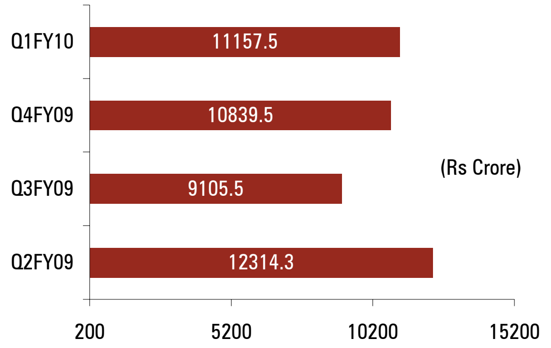
The markets at 17000 levels are fairly valued and India is trading at 20x and 16x its FY10E and FY11E consensus earnings, respectively. On the brighter side, better than expected earnings followed by earnings upgrades will justify the current market multiples. On the other hand, any shortfall in earnings can dampen sentiments and may open downside risks for the indices in the near term.

Exhibit 1: Estimates for Q2FY10E: ICICIdirect.com research coverage universe (Rs crore)

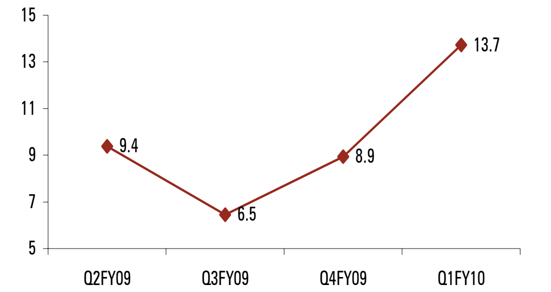
Sector	Revenue Q2FY10E	Change (%) YoY	Change (%) QoQ	EBITDA Q2FY10E	Change (%) YoY	Change (%) QoQ	PAT Q2FY10E	Change (%) YoY	Change (%) QoQ
Automobiles	11867	-3.5	6.4	1671	31.9	3.6	758	31.6	-17.3
Cements	8719	15.3	-7.6	2902	57.5	-6.7	1634	55.2	-13.6
Hotels	714	-17.9	7.1	175	-30.8	35.0	26	-50.1	297.0
IT	25241	4.0	2.1	6544	5.4	1.2	4712	2.2	-1.3
Logistics	2122	2.3	9.6	465	-1.7	8.4	303	-6.0	3.0
Media	842	8.4	21.2	336	37.5	34.3	184	7.4	41.3
Metals	43494	-33.2	8.7	7231	-48.8	81.5	2854	-66.1	416.2
Pharma	3474	0.8	16.5	738	-28.2	35.6	552	-21.0	35.5
Pipes	4557	-0.9	-4.0	660	20.9	-11.3	310	18.4	-15.1
Shipping	2226	44.2	14.1	1093	40.4	16.3	323	-4.7	73.8
Sugar	2052	21.1	4.3	467	262.4	5.3	176	LP	-11.1
Telecom	20136	14.7	3.8	7429	10.8	1.5	3696	-4.3	-18.7
Others	20846	18.4	1.9	5106	34.9	10.7	3002	3.3	-3.3
BFSI	**NII**	**Change (%)**		**PPP**	**Change (%)**		**NP**	**Change (%)**	
PSU banks	12018	12.1	18.4	10228	21.8	20.8	4976	7.2	1.8
Private Banks	3781	15.7	8.8	3108	21.5	-2.2	1403	34.6	3.2
NBFCs	2091	12.5	2.7	811	0.7	6.8	601	10.2	2.6

Source: Company, ICICIdirect.com research

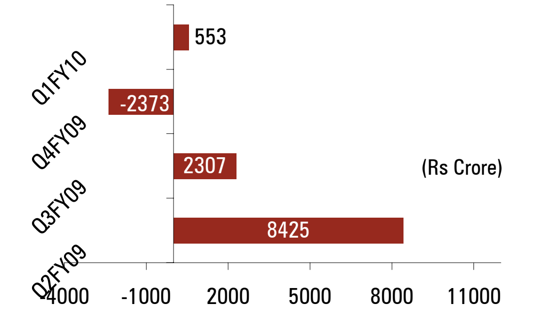
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of the sector

Analyst

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Auto and ancillary

- **Domestic–export spurt in volume**

  The quarter has witnessed remarkable sales volume growth in the domestic market along with highest ever export sales by a few companies. This would drive topline growth on a QoQ basis. However, YoY it will remain muted. We expect the ICICIdirect.com universe to report 6.4% QoQ sales growth while YoY it is likely to register 3.5% de-growth.

- **Softening of raw material prices**

  Raw material prices have fallen in Q1FY10 improving the EBITDA margin. However, the same has started rising, which would lower the EBITDA margin in Q2FY10.

- **Bottomline to grow 31.6% YoY**

  Higher interest and depreciation provision, however, kept bottomline growth muted QoQ. We expect the ICICIdirect.com universe to report 18.5% QoQ de-growth while YoY it will improve by 50.8%.

Exhibit 2: Company specific view

Company	Remarks
Automotive Axle	On the back of recovery in commercial vehicle sales (CV) and an improving global scenario, the company is expected to reverse the cycle. Hence, we expect QoQ growth of 35.5% in revenues and 125.9% growth in net profit. We would, however, revise our revenue and earning estimates on actual reporting o part of the company
Bajaj Auto	The quarter started with a muted performance and witnessed recovery from August sales, which would translate into 4.5% QoQ sales growth with 5.5% growth in net profit
Balkrishna	Recovery in global sales and softening rubber prices will help the company to report 5.6% sales growth and 7.5% net profit growth QoQ
Bharat Forge	The company will report 49.4% sales growth and splendid bottomline growth
Escorts	Pick-up in sales is expected compared on a YoY basis. However, QoQ it will remain muted, impacting revenue and profit growth
JK Tyre	Recovery in car and CV sales and softening raw material prices will aid 5.5% and splendid 70.3% QoQ growth in net sales and profit, respectively
Subros	Continuous rise in volume sales of its key clients like Maruti Suzuki and Tata Motors will improve the financial health of the company
Tata Motors	Improving car and commercial vehicles sales QoQ will bring 6% QoQ sales growth. However, higher interest and depreciation provisions will restrict bottomline growth

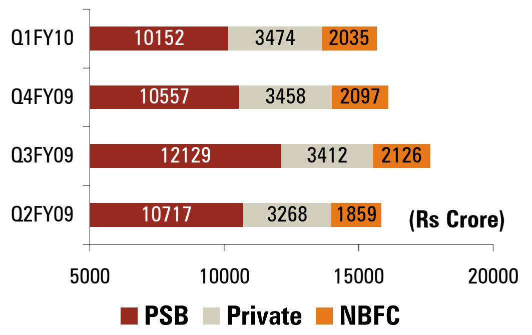
Source: Company, ICICIdirect.com Research

Exhibit 3: Estimates for Q2FY10E: Auto and ancillary (Rs crore)

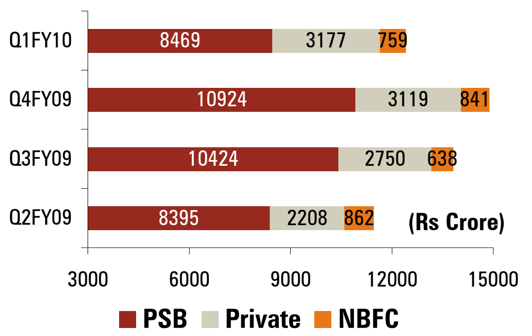
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Automotive Axle	89.3	-34.8	35.5	7.4	-60.0	-2.6	6.1	-17.6	125.9
Bajaj Auto	2,444.0	-4.1	4.5	481.5	40.0	5.7	309.5	67.4	5.5
Balkrishna	320.0	-0.4	5.6	96.5	69.3	8.7	56.2	229.1	7.5
Bharat Forge	525.3	-19.7	49.4	115.6	-26.7	54.3	46.9	318.8	NC
Escorts	520.3	2.0	-10.8	55.1	1474.3	-13.2	18.5	-151.0	-16.7
JK Tyre	950.0	8.6	5.5	111.2	NC	4.3	69.4	NC	70.3
Subros	230.0	36.7	9.6	23.5	58.8	27.7	6.0	63.0	82.9
Tata Motors	6,787.9	-4.1	6.0	780.6	38.2	8.9	245.0	-29.4	-52.3
Total	11,866.8	-3.5	6.4	1,671.4	31.9	3.6	757.6	50.8	-18.5

Source: Company, ICICIdirect.com Research

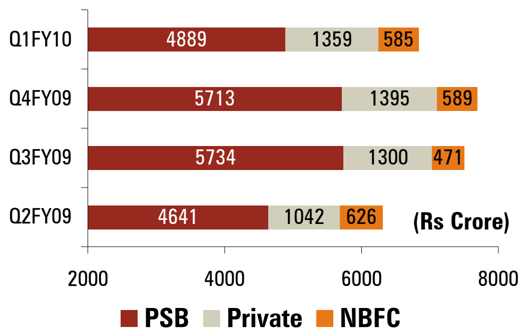
Net interest income (Coverage universe)



PPP (Coverage universe)



Net Profit (Coverage universe)



Top picks of sector

Oriental bank (ORIBAN)
IDFC (IDFC)
Bank of Baroda (BANBAR)

Analyst

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Banking and financial institutions

- **Sluggish credit growth continues**

  Overall credit growth stands at 13.2% YoY according to the latest RBI statistics. However, deposit growth continued to be higher at 20.2% thereby leading to a decline in the C/D ratio to 69%. The incremental C/D ratio was as low as 45% for the quarter. We expect incremental lending to pick up in the third and fourth quarters. However, due to the high base effect of last year, industry growth can possibly be in a 16-18% range with public sector banks outpacing the private sector in overall credit growth.

- **Lower treasury gains to keep quarter muted**

  With the 10-year G-Sec yields rising by nearly 50 bps during the quarter, we shall not see material trading gains booked by banks as in Q1. However, at the same time, with most banks protected till 7.4-7.5% yields and lower proportion of AFS books we are not anticipating any material MTM hits in bank P&Ls in Q2 or in full year.

- **Anticipate sequential improvement in NIMs, deposits repricing**

  Ample liquidity available in short-term funds has resulted in a fall in interest rates whereby deposit rates have come down and last year's high cost deposits are getting repriced at these lower rates. Therefore, sequential improvement in NIMs of 5-10 bps is expected across banks, more favourably for wholesale funded banks.

We expect a muted Q2 with ICICIdirect.com public sector bank universe PAT growing at 7.2% YoY and 1.8% QoQ, whereas private sector universe should outpace them with 34.6% YoY & 3.2% QoQ PAT growth.

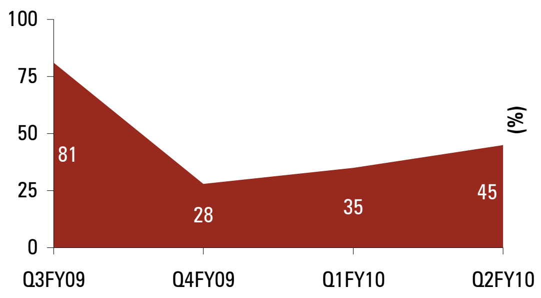
Exhibit 4: Estimates for Q2FY10E: Banks (Rs crore)

	NII	Change (%)		PPP	Change (%)		NP	Change (%)	
	Q2FY10	Y-o-Y	Q-o-Q	Q2FY10	Y-o-Y	Q-o-Q	Q2FY10	Y-o-Y	Q-o-Q
Public Sector Banks									
Bank of India	1464.7	7.5	12.6	1208.7	-0.5	10.5	678.6	-11.0	16.1
Bank of Baroda	1421.7	25.4	18.0	1237.0	46.3	22.5	579.3	46.6	-15.5
Dena Bank	285.5	12.3	14.0	199.9	33.9	-0.7	114.6	11.4	-0.4
IDBI Bank	325.0	41.9	2.7	478.2	68.1	-36.8	174.3	7.2	1.4
IOB	883.1	12.5	14.9	560.7	-6.8	30.8	338.3	-5.8	12.1
OBC	727.0	39.4	50.2	573.9	41.1	11.0	283.0	19.5	9.9
SBI#	5938.0	8.9	18.2	5125.0	22.2	39.5	2369.0	4.8	1.6
Union Bank	972.6	-0.3	21.3	844.5	20.7	7.2	439.1	21.5	-0.7
Total	**12017.5**	12.1	18.4	**10227.9**	21.8	20.8	**4976.2**	7.2	1.8
Private Banks									
Axis Bank	1181.9	29.4	13.0	1164.2	33.1	-1.0	557.8	38.5	-0.7
HDFC Bank	1992.5	6.8	7.4	1472.5	31.1	-3.0	642.1	21.6	5.9
Kotak Bank#	421.2	15.2	3.0	291.0	158.6	2.3	101.3	111.6	12.1
Yes Bank	185.6	51.4	13.4	180.0	84.0	-9.0	101.5	59.5	1.4
Total	**3781.2**	15.7	8.8	**3107.7**	21.5	-2.2	**1402.7**	34.6	3.2
NBFCs									
IDFC	230.4	16.3	-5.6	336.7	0.7	-7.8	249.5	7.5	-9.0
LIC HF	202.2	-3.3	16.1	191.4	3.7	13.4	139.7	3.4	12.8
MOSL*	161.9	16.5	8.5	67.9	23.5	12.4	39.9	47.1	9.7
Rel Cap*	1496.8	14.0	2.0	214.6	-25.4	30.6	171.7	-25.8	13.7
Total	**2091.3**	12.5	2.7	**810.6**	0.7	6.8	**600.8**	10.2	2.6

*NII is Revenue, PPP is EBIDTA,, # Standalone figures
NII: Net Interest Income, PPP: Pre provisioning profits, NP: Net Profit

Source: Company, ICICIdirect.com Research

Incremental C/D ratio (past 4 quarters)



Movement in G Sec yield

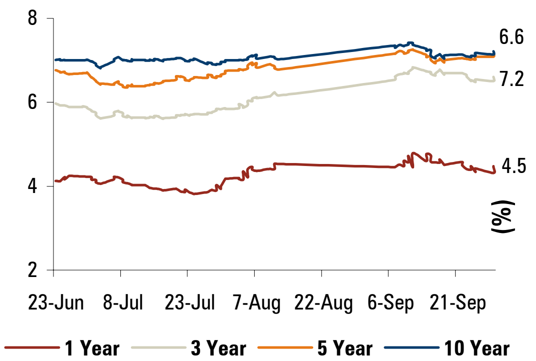
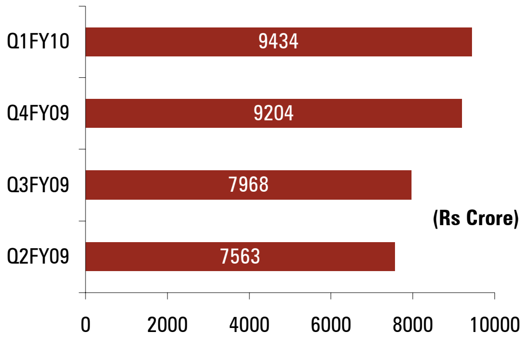


Exhibit 5: Company specific view

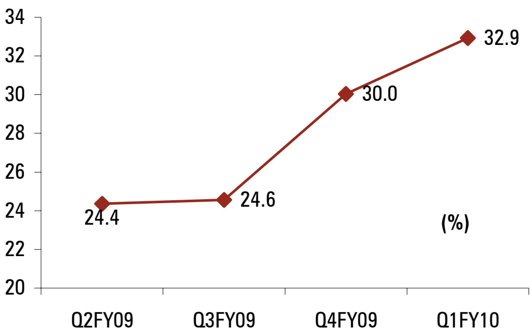
Company	Remarks
Bank of Baroda	We expect a stable performance from the bank for this quarter as well. Asset quality to remain strong with coverage ratio of over 75%
Bank of India	We expect the bank to report 21% and 26% YoY growth in advances and deposits, respectively. Shedding of high cost bulk deposit will help the bank to improve NIM on a sequential basis and expect it around 2.7%
Dena Bank	The major cause for concern for the bank in this quarter will be non-interest income. Asset quality is expected to be stable and major growth in credit should be contributed by the retail sector
IDBI Bank	The bank is shedding its legacy borrowing with deposits in each quarter because of which its cost of deposits will follow a declinig trend. We expect a moderation in deposit mobilisation for the year at 35% from more than 50% in the previous four years
Indian Overseas Bank	The merger of Suvarna Sahakari Bank will weigh on the bank's profit for the quarter to the tune of Rs 82 crore and hence will drag down profits
Oriental Bank	Moderation in treasury gain will slow down non-interest income growth. However, better show on the NII front will boost the bottomline
State Bank of India	Considering lower treasury gains in Q2, due to rising bond yields and incremental loan growth coming from loans offered under lower rate schemes, we expect quarterly earnings to grow marginally at 5% YoY and 2% QoQ to Rs.2369 crore
Union Bank	On account of a cut in deposit rates & yields stabilising, we see NII growth being strong and NIMs improving by 15-20 bps sequentially. Due to lower treasury gians, other income should dip
Axis Bank	We expect lower non-interest Income QoQ to Rs 810 crore due to fall in trading gains NIMs should see marginal rise. Provisions will remain high to increase provision coverage from 59% in Q1FY09
HDFC Bank	Strong performance from non-interest income will offset moderating NII growth. Core fee income is expected to remain strong for the quarter as well. The bank is likely to maintain CASA of 45% and NIM of over 4%
Kotak Bank	We expect the bank to grow its advances by 4.5% QoQ.On asset qualilty, we believe that fresh slippages will start moderating. However, we have built in higher provisioning. On the other business front, we expect the securities and investment banking business to report robust numbers on the back of continuous pick up in capital market activity
Yes Bank	The bank has very aggressive expansion plans for FY10E where the bank expects to double its branch network to around 250 branches. However, we feel the bank will end up with 180-190 branches. This will help it to garner more retail deposits. Hence, we see CASA inching up above 9.5% in FY10E
IDFC	We expect the loan book to grow 3-4% sequentially due to increased demand from the infra space with spreads maintained at 2.4% levels. Non-interest income should remain flat with stable AMC fees
LIC Housing Finance	We expect LICHF to exhibit a robust 31% YoY growth in the mortgage portfolio. On the margin front, we expect NIMs to remain flat sequentially as the low cost housing loan scheme will be an overhang on NIMs. We expect the asset quality to remain healthy
Motilal Oswal	We expect a healthy quarter on the back of continous volume pick up on the bourses. We expect broking yields to improve on a YoY basis but remain flat QoQ. Also, we expect it to witness a decline in market share. MOFSL will be able to mainain its EBIDTA margin on a QoQ basis. The other segments share in total revenues will be stable
Reliance Capital	With most businesses including broking, insurance & finance still not growing as of now we believe the quarterly earnings will be lackluster as Q1. As no large capital gains are expected to be booked in the current quarter, we expect PAT to dip 22% YoY to Rs 179.8 crore

Source: Company, ICICIdirect.com Research

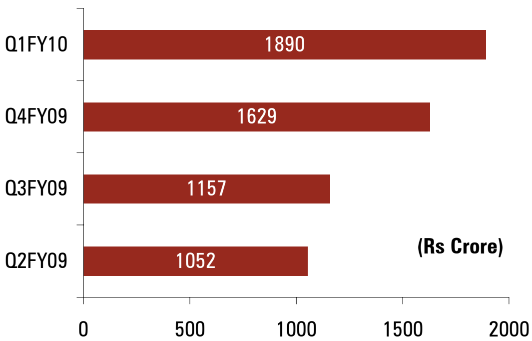
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

JK Cement (JKCEM)
JK Lakshmi Cement (JKCORP)

Analyst

Ravi Sodah
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Cement

- **Revenue to grow on the back of high volumes**

  In Q2FY10E, the cement industry is expected to report volume growth of 11.8%. The volumes of the industry have been driven by strong demand in the central, eastern and northern region due to incremental demand from major projects, namely Commonwealth Games, Sewerage line project in Punjab, national irrigation project in Haryana, Delhi Metro, flyover, Delhi airport and spending by the UP government on low-cost housing.

- **All-India cement prices up 6% YoY**

  In Q2FY10E, all-India average cement prices are expected to have increased YoY by 6% (adjusted for excise duty cement prices are up 10% YoY) and 1% QoQ to Rs 251 per bag. However, prices in the southern region are estimated to have declined by 4% due to subdued demand and capacity additions. Out of 23.7 MT of capacity added in the last one year, about 15.1 MT has been added in South India.

- **Cooled off coal/pet-coke prices to ease cost pressure**

  International coal prices in Q2FY09 were down by 60% YoY to US$62 per tonne. The correction in sea freight has further reduced the landed cost of imported coal. The benchmark index for sea freight, the Baltic Dry Index, was also down YoY by 61%. International crude oil prices have corrected by 44% YoY, which has led to a sharp decline in petcoke prices.

- **ICICIdirect.com cement universe net profit up YoY by 55.2%**

  Due to the decline in fuel prices, higher volume and realisations we expect the ICICIdirect.com cement universe to report 55.2% YoY. However, due to the sequential decline in volume on account of monsoon, profits are expected to decline by 13.6% QoQ.

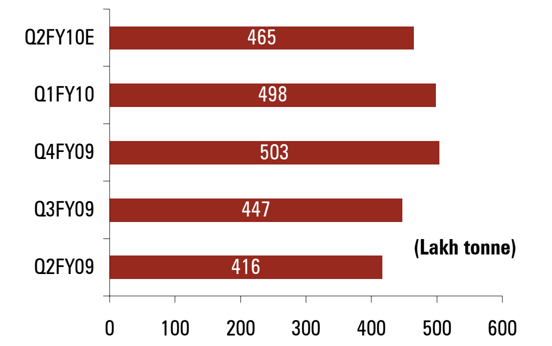
Exhibit 6: Estimates for Q2FY10E: Cement (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ
ACC*	1923.6	10.0	-1.9	620.6	62.1	-0.5	393.7	60.1	2.5
Ambuja Cement *	1,642.5	18.4	-11.1	567.9	44.0	18.4	365.1	46.0	12.5
Dalmia Cement	564.1	25.6	2.2	153.3	38.1	-0.1	52.6	30.9	-10.2
India Cement	965.9	2.2	1.3	291.2	0.4	1.7	128.1	-17.2	-1.8
JK Cement	410.9	13.9	-4.1	119.9	137.6	-6.6	64.3	262.0	-8.4
JK Lakshmi	378.3	29.0	7.8	126.9	126.8	6.4	70.5	162.2	-10.2
Orient Paper	381.1	8.1	10.4	74.0	-4.8	16.6	41.7	-7.6	24.7
Shree Cement	874.9	39.1	-5.2	390.9	113.9	-8.0	208.4	93.9	-28.4
UltraTech	1,578.2	13.0	-19.2	557.0	88.3	-22.3	309.1	88.3	-26.0
Total	**8,719.5**	**15.3**	**-7.6**	**2901.6**	**57.5**	**-6.6**	**1633.6**	**55.2**	**-13.6**

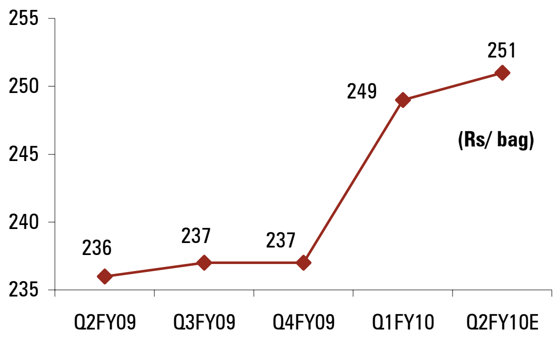
** denotes companies with calendar year ending.*

Source: Company, ICICIdirect.com Research

All-India quarterly cement dispatches



All-India cement price (Rs per bag)



Bottomline International coal prices

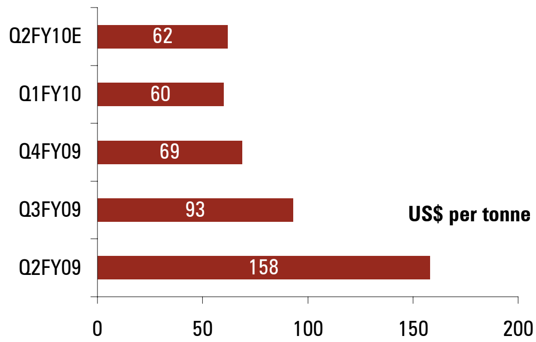
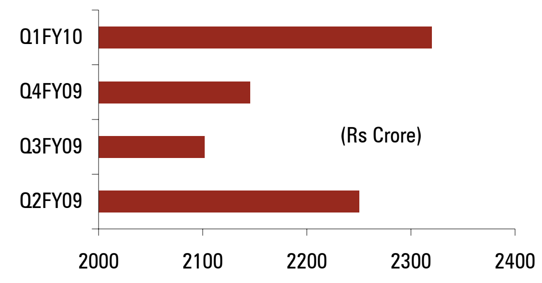


Exhibit 7: Company specific view

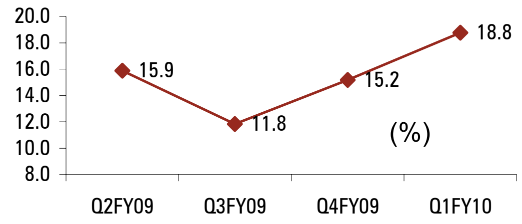
Company	Remarks
ACC	We expect ACC's net sales to grow by 10% YoY in Q3CY09 primarily due to improvement in realisations. We expect the EBITDA margin to improve by 1040 bps YoY due to decline in other expenses and improvement in realisations. We expect the adjusted PAT to increase by 60.1% YoY
Ambuja Cement	We expect the company to report 18.4% YoY topline growth in Q3CY09 on account of 7.8% YoY growth in sales volume and 9.8% increase in realisation. We expect the EBITDA margin to increase by 860 bps QoQ due to decline in power & fuel cost and clinker purchase. We expect the adjusted PAT to increase by 46% YoY and 12.5% QoQ
Dalmia Cement	With a new 2.25 million tonne (MT) cement plant at Kadapa (AP) coming on stream, the company has been able to increase its cement volume by 15.7% YoY and 8.3% QoQ. We expect net sales to grow by 25.6% YoY and 2.2% QoQ in Q2FY10. We expect the EBITDA margin to increase by 250 bps on a sharp improvement in the sugar business. We expect the PAT to increase by 30.9% YoY
India Cement	Due to the brownfield expansion carried out by the company the volumes of the company are likely to grow by 6.9%. We expect the net sales of the company to grow by 2.2% YoY. We expect the EBITDA margin to increase by 50 bps YoY on account of softening of cement prices in the south. Due to the fall in margins and increase in interest & depreciation we expect the PAT to decline by 17.2% YoY
JK Cement	With 5.1% YoY growth in sales volume and 8.4% YoY increase in blended realisation, we expect net sales to grow by 13.9% YoY. We expect the EBITDA margin to increase by 1520 bps on the back of a decline in power & fuel cost and improvement in realisation. We expect the adjusted PAT to grow by 262% YoY
JK Lakshmi Cement	We expect the company to report 29% YoY topline growth in Q3FY10. The EBITDA margin will increase by 1440 bps YoY due to decline in power & fuel cost and improvement in realisation. We expect the PAT to increase by 162.2% YoY
Orient Paper	We expect Orient Paper's net sales to grow ~8.1% YoY on account of higher revenue from the paper and electrical consumer durables division. We expect the EBITDA margin to decline by 690 bps YoY and 260 bps QoQ due to decline in cement prices in Andhra Pradesh. PAT is expected to to decline by 7.6% YoY
Shree Cement	We expect Shree Cement's net sales to grow ~39.1% YoY in Q2FY10 on the back of a 19.9% rise in volume. The company's entry into the power business would also contribute to topline growth. The margin is expected to improve by a massive 1560 bps due to YoY decline in petcoke prices and increase in realisation. We expect the PAT to rise 93.9% YoY
UltraTech Cement	We expect UltraTech Cement's net sales to grow by 13% YoY in Q2FY10 due to increase in volumes on account of capacity additions .The EBITDA margin is likely to improve by 1400 bps due to softening of coal prices and improvement in domestic cement realisations. We expect the PAT to increase by 88.3% YoY

Source: Company, ICICIdirect.com Research

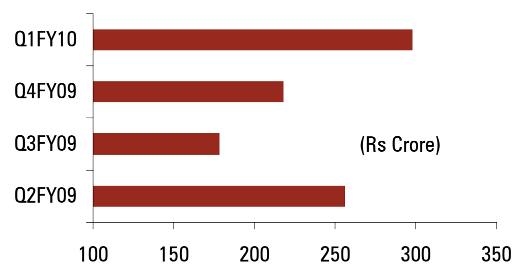
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Dabur India (DABIND)
Asian Paints (ASIPAI)

Analyst

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FMCG

- **Robust festive season demand**
  FMCG companies will witness robust sales growth in the second quarter led by festive season demand. We believe paint companies like Asian Paints and Kansai Nerolac would witness high growth due to the revival in demand for decorative as well as automotive paints.

- **High rural demand**
  With the demand for staples being fairly inelastic and rural demand far outpacing urban, we, believe FMCG companies will post robust results in second quarter of FY10E. We also believe various government initiatives like NREGA and loan waiver have resulted in high income levels for rural India. This, in turn, would benefit companies like Dabur India, which derives more than 50% of its revenues from rural India.

- **High commodity prices to pressurise margins**
  High agri commodities prices have resulted in a rise in raw material prices for most FMCG companies. Simultaneously, high crude prices have increased the packaging cost for most companies. This, in turn, would pressurise margins, going forward.

Exhibit 8: Company specific view

Company	Remarks
Asian Paints	With the increase in festive season demand for decorative paints, we expect the company to register a rise in volume growth led by a concomitant dip in prices. However, a rise in price of crude-based derivatives could pressurise the EBITDA margin
Dabur India	Rising income levels of rural India on the back of various government initiatives, like NREGA, loan waiver and increased minimum support price of wheat, paddy and sugarcane, would benefit Dabur. This is because more than 50% of the company's revenue is contributed by rural India. However, a rise in some key raw material prices like sugar and vegetable oil would pressurise margins, going forward
Kansai Nerolac	Kansai Nerolac Paints, the largest industrial paint manufacturer in the country, would benefit from the increasing demand for automative paints. With the rise in automobile sales, we believe demand for automative paints will remain robust in future. However, rising crude would, in turn, result in a rise in prices of key crude-based raw material, which would pressurise margins, going forward

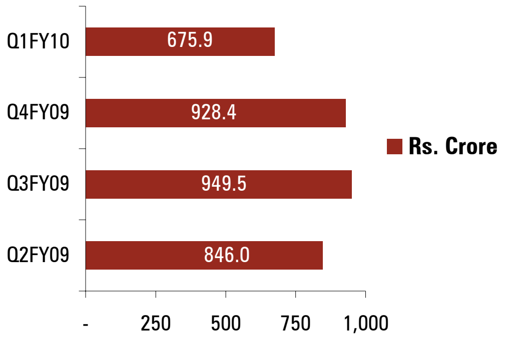
Source: Company, ICICIdirect.com Research

Exhibit 9: Estimates for Q2FY10E: FMCG (Rs crore)

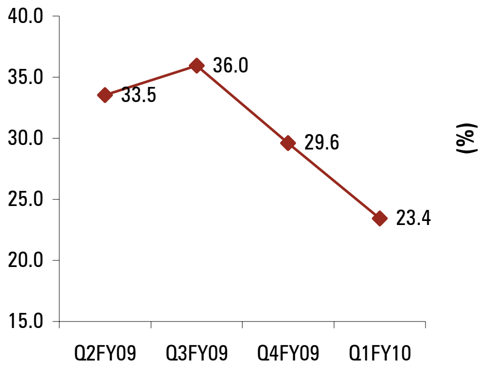
Company	Revenue	(%) change		EBITDA	(%) change		PAT	(%) change	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Asian Paints	1,189.8	1.8	2.1	185.0	3.4	-24.2	120.0	-1.4	-27.1
Dabur	834.5	20.7	12.4	146.9	10.5	19.5	121.4	13.0	33.2
Kansai	478.0	22.4	15.7	54.4	20.0	-20.4	32.4	19.7	-23.4
Total	**2,502.3**	**11.2**	**7.8**	**386.3**	**8.1**	**-11.3**	**273.8**	**6.9**	**-8.1**

Source: Company, ICICIdirect.com Research

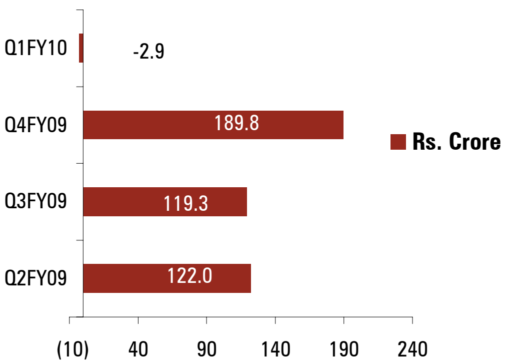
Topline performance (Coverage universe)



EBITDA Margins (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Indian Hotels (INDHOT)

Analyst

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Hotels

To report sequential revenue growth positive in Q2FY10

The sequential revenue growth for companies is expected to be in the range of 6-7% in Q2FY10E as against de-growth of 3.1% reported in Q2FY09. We expect volume additions to drive revenues coupled with marginal improvement of 75-90 bps in occupancy. However, on a yearly basis, companies are expected to report average revenue de-growth of 17.9%.

Cost cutting measures to lead to improvement in margin

Due to sharp decline in sales over the last two quarters, the companies have resorted to various effective cost control measures, the benefits of which would start accruing from this quarter onwards. With these measures along with sequential marginal improvement in sales, we expect the operating margin to improve by 120 bps QoQ to 24.6%.

Signs of revival looks visible with an improvement in FTAs data

Demand for hotel rooms, especially five star hotel rooms, is largely driven by foreign tourists arrivals (FTAs). Due to the economic slowdown and Mumbai terror attacks, FTAs had recorded consistently negative growth for six months i.e. from December 2008 to May 2009. With the passage of time coupled with an improvement in the global economic scenario, FTAs growth has again started showing positive numbers, though marginally from June 2009 onwards. However, FTAs growth for August 2009 remained negative because of the swine flu impact, which we feel is a short-term concern for the industry as a whole.

Guidance revision on the cards

With the beginning of an improvement in the macro situation and at the same time with the exclusion of the hotel industry from commercial real estate classification by the Reserve Bank of India (RBI), we expect all hotel companies, especially Indian Hotels, to benefit the most. India Hotels continues to remain our top pick despite achieving the target.

Exhibit 10: Estimates for Q2FY10E – Hotels (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Indian Hotels	302.2	-17.8	6.1	48.9	-45.6	41.7	-3.5	PL	PL
Hotel Leela	89.2	-18.5	5.3	23.1	-44.3	22.8	2.4	-90.1	130.0
EIH	224.8	-8.9	4.0	72.7	-4.7	11.0	23.9	-23.7	25.4
Kamat Hotels	23.9	-25.7	14.7	7.0	-29.1	106.8	-3.9	NA	NA
Taj GVK Hotels	50.9	-17.6	6.5	16.6	-41.3	6.6	5.9	-61.1	19.9
Viceroy Hotels	22.9	-19.1	6.0	7.1	-19.7	21.3	1.2	-25.6	1012.6
Total	**713.9**	**-17.9**	**7.1**	**175.5**	**-30.8**	**35.0**	**26.0**	**-50.1**	**297.0**

**PL – Profit to Loss*

Source: ICICIdirect.com Research

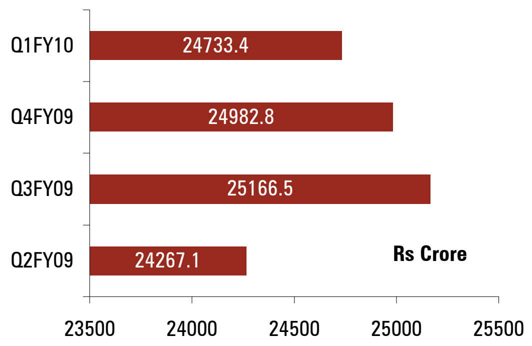
Foreign tourist arrivals (Since April 08)

Exhibit 11: Company specific view

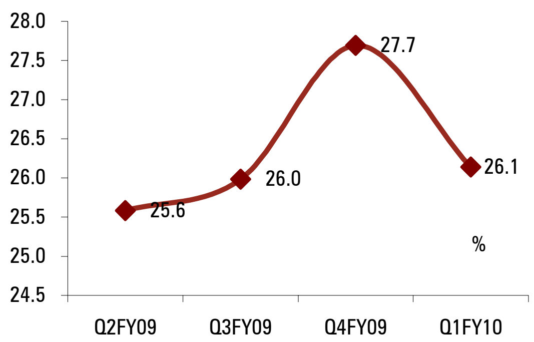
Company	Remarks
Indian Hotels	Slowdown in tourist traffic led by lean season and raising concerns over swineflu to result in de-growth in revenues . However, the same is expected to improve on QoQ due to marginal improvement in business tourist traffic on MoM. EBITDA margins to improve on QoQ due to adoption of various cost cutting measures by the company.
EIH	Revenues to improve QoQ due to marginal improvement in occupancy levels at Mumbai and Delhi. EBITDA margins to improve on the back of marginal growth in sales along with better cost control management.
Hotel Leela	Revenues to de-grow on yearly basis backed by weak demand for rooms especially at leisure destinations like Goa and Kovalam due to monsoon season and raising concerns over spreadness of swineflu. However, marginal recovery in demand at Mumbai and Bangalore, to result in overall improvement in net sales and EBITDA margins on QoQ basis.
Kamat Hotels	Revenues are expected to improve on QoQ with a marginal improvement in business class travels. However, at PAT level, we expect the company to post a loss of Rs.3.9 crore due to higher interest costs.
Taj GVK Hotels	Quarterly growth in net sales to be led by addition of a new hotel property at Chennai. Unlike other hotel companies, operating margins to remain constant on QoQ due to additional cost involved with opening of a new hotel property.
Viceroy Hotels	We expect revenues and EBITDA to de-grow on account of lower ARRs (-15% YoY) and occupancy levels (-7% YoY). However, improvement in F&B business might bring some positive surprises by the company.

Source: ICICIdirect.com Research

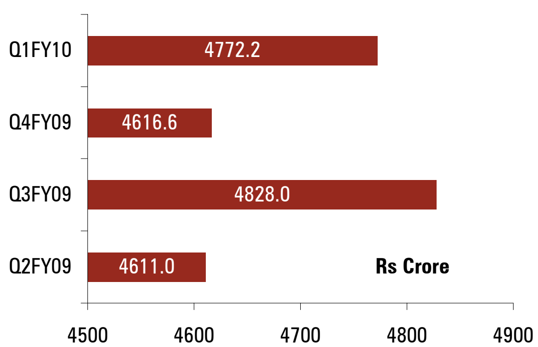
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottom-line (Coverage universe)



Top picks of sector

TCS (TCS)
Rolta India (ROLIND)
ICSA (ICSA)

Analyst

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IT

- **Cross currency a boon**

The cross-currency volatility, which turned out to be a bane a few quarters back is now proving to be a boon. The rupee depreciated steeply by 5% and 4.1% against the GBP and euro, respectively, in Q2FY10E. Thus, the negative effect of rupee appreciation against the US dollar has been overcome by favourable rupee movement against the GBP, euro, AUD and yen. Going forward, we expect the rupee to depreciate. We have revised the US dollar rate up from 47.7 INR/US dollar and 45.8 INR/US dollar to 48.2INR/US dollar and 46.3INR/US dollar for FY10 and FY11, respectively.

- **Increased deal activity and resurgence of few verticals**

Indian IT majors are engaged in a bid process for many deals. These range from verticals like BFSI (**UBS, Lloyds, AXA, RBS**), energy & utilities (**Exxon Mobil**), public sector (**UK Royal Mail Group, Transport for London, UN, UK's Child Maintenance and Enforcement Commission**), etc. They are also tapping various emerging geographies like India (**Indian government, Loop Telecom Sistema Shyam Teleservices**), Continental Europe (**Dexia Bank, Belgacom, UCB and Allianz)**, Ibero America etc. Verticals like BFSI are now resurging with various US and UK banks posting profits ahead of Street expectations. Automobile sector is also getting back on track with sales volume growth and energy utilities. Also, retail giants have now started looking out to drive cost efficiencies via IT spending on supply chain management solutions.

- **Domestic market gaining momentum**

Post elections of April 2009, the government has now become active in awarding contracts for implementation of e-governance. This is spanning across defence sectors like Indian Air Force, Indian Army as well as Indian Railways. Many top tier IT companies are betting big to tap Rs 7000 crore opportunity in the domestic market.

- **Guidance revision on the cards**

With evidence of improvement in the macro situation, we expect companies like Infosys to revise its lower end of the IFRS annual revenue guidance upwards by 3.8%.

Exhibit 12: Estimates for Q2FY10E: IT (Rs crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ
Infosys	5597.0	3.3	2.3	1854.0	3.3	-0.8	1516.0	5.9	-0.7
TCS	7208.0	3.7	0.0	1938.0	6.5	-1.2	1441.0	14.2	-5.2
Wipro	6386.8	-1.9	1.8	1373.2	6.4	2.5	1056.2	3.8	4.0
Tech Mahindra	1143.0	-1.9	2.7	290.0	-11.1	3.3	208.3	-31.1	58.3
HCL Tech*	2992.0	26.3	2.9	695.0	31.1	8.1	274.0	-23.0	-17.0
3i Infotech	617.4	2.6	3.3	120.8	5.7	1.5	59.3	-13.3	0.7
Rolta*	345.9	0.0	4.0	113.4	-4.4	0.8	65.6	-23.1	-13.9
Klg Systel	66.3	10.0	107.0	19.6	1.7	7.9	7.0	-19.3	16.6
ICSA India	341.7	22.2	11.8	65.3	-10.5	5.3	36.4	-24.2	7.1
Mastek Ltd*	202.8	-21.3	0.1	32.8	-30.1	5.8	26.0	-36.8	-26.0
NIIT Ltd.	339.9	9.8	30.3	42.3	4.2	47.9	21.9	-26.3	120.9
Total	**25240.8**	**4.0**	**2.1**	**6544.3**	**5.4**	**1.2**	**4711.7**	**2.2**	**-1.3**

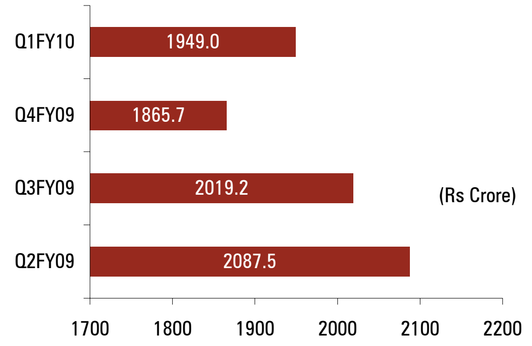
Source: Company, ICICIdirect.com Research * denotes companies with June as financial year ending.

Exhibit 13: Company specific view

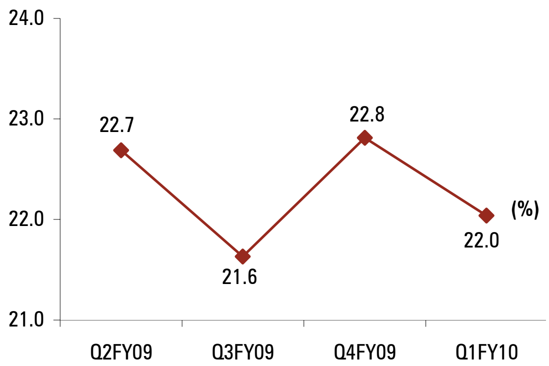
Company	Remarks
Infosys	We expect the company to report a robust growth of 4.6% (QoQ) in volume driven primarily by high offshore volume and pricing de-growth of 1.2% (QoQ.). The overall impact on margins at the EBITDA level will be a dip of 102 bps with pricing de-growth and increased investment in sales and marketing acting as draggers negating the positive effect of utilisation improvement, cross currency benefit and offshoring synergies
TCS	We expect the company to report flat sequential volume growth and marginal pricing pressure to the tune of 0.25% (QoQ.). The overall impact on the EBITDA margin will be a sequential dip of 33 bps because of pricing pressure, higher sales and marketing investment and negative effect of promotion. Hedging losses for the quarter will be to the tune of Rs 85 crore
Wipro	The company is expected to register a 3% growth in Global IT services ahead of its guidance driven by demand revival. We expect this growth to be volume driven.Points to watch out would be its view on fresher joining dates, clarity on the telecom segment and also its take on pricing
Tech Mahindra	We expect the company to report volume growth of 1.6% with marginal growth in pricing. The company has signed a few large deals during the quarter, which would futher reduce its dependence on BT. The EBITDA margin is expected to drop by 180 bps due to higher intake of fresher and lower utilisation
HCL Tech	We expect the core software business to grow by 0.9% (QoQ) while the infrastructure business will drive growth with 2.4% (QoQ). BPO will continue to drag growth yet again. We expect a steep rupee depreciation of 5% (QoQ) against the GBP and volume led improved utilisation in core software to aid the EBITDA margins by 111 bps (QoQ).We expect hedging losses to the tune of Rs 157 crore
3i Infotech	We expect all three segments to report similar growth. Also, the acqusition done by the company is likely to drive revenue growth during the quarter. Further clarity on steps taken to improve the balance sheet would be keenly watched.
Rolta	With the revival in demand we expect the GIS and EICT segment to continue doing well with GIS being the revenue driver. EDA is expected to report a flat sequential quarter. The EBITDA margin is expected to drop by 100 bps QoQ due to higher S&M costs
Klg Systel	The company has shown an improved performance especially in power solutions. In Q1FY10, we expect the improvement to continue given the thrust on power. The key points to watch out for would be the managemnt of working capital as well as progress on various deals anoounced by the company
ICSA India Ltd	We expect 70% of the revenue for the quarter to come in from infrastructure project services. Change in business mix will lead the EBIT margins to dip by 100 bps (QoQ) and 763 bps (YoY)
Mastek Ltd	We expect it to meet its upper end of the total income guidance on account of steep rupee depreciation against the GBP. We expect margins to expand by 80 bps (QoQ) on account of improved utilisation and cross currency benefit
NIIT Ltd.	We expect SLS to continue as the growth driver. ILS-IT growth will rebound in this quarter because of a pick-up in the demand environment for modular courses from August 2009. New business will continue to be EBITDA negative while CLS will continue to drag growth because of demand erosion in the US markets for custom content. We expect the EBITDA margin to post a dip of 68 bps (YoY) and PAT to de-grow

Source: Company, ICICIdirect.com Research

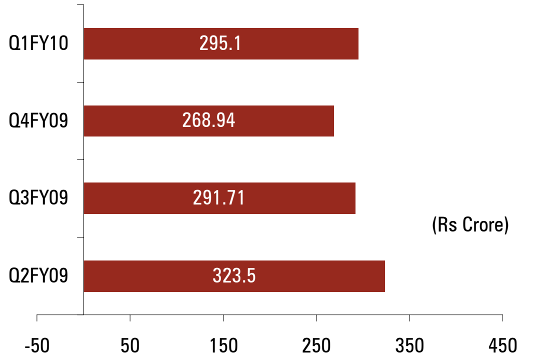
Topline performance (Coverage universe)



EBITDA Margin (Coverage universe)



Bottomline (Coverage Universe)



Top pick of sector

Sanghvi Movers (SANMOV)
Gateway Distriparks (GATDIS)

Analyst

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Logistics

- **Port volumes remain low**
  Container traffic grew 3.5% YoY and 8.4% MoM to 606,621 TEUs in July 2009. After seven consecutive months of fall, container traffic outperformed port traffic growth in July 2009. However, traffic remained flat in August and September 2009. Therefore, we believe the companies will register flat growth on the volumes front.

- **Realisations to improve**
  We expect realisations of logistics players to improve in Q2FY10E considering the revision of freight rates and shift towards higher revenue generating segments. We expect the ICICIdirect.com coverage universe topline to grow by 2.3% YoY and 9.6% QoQ on the back of improved realisation.

- **Plunging margin**
  Considering the increase in empty running expenses, fuel price hike, and breakeven to be attained in certain business segments, we expect the EBITDA and PAT margin to plunge in Q2FY10E.

Exhibit 14: Company specific view

Company	Remarks
Container Corp	Indian Railways has removed the 10% rebate on domestic container traffic from July 1 2009, which it had extended in November 2008. Concor has passed on the freight hike along with a 3% increase in import tariff during the same period. This hike in realisation will help overcome the effect of export volume degrowth in Q2FY10E. We believe the topline will grow by 9.8% YoY and 9.3% QoQ in Q2FY10E, on the back of higher realisation
Allcargo Global	We expect the EBITDA margin to improve by 148 bps YoY on account of various cost control measures introduced by the company. Revenue from ECU Line, which contributes around 70% to the consolidated income, is expected to register a growth of 8% QoQ on account of higher day rates in Q2FY10E
Gateway Distriparks	15 rakes were operational in Q2FY10E against 17 in Q1FY10. However, utilisation rates have improved from 75% to 85% during the same period, muting the impact on the topline. Increasing bent towards the higher revenue generating rail segment is expected to boost the topline YoY. However, the changing revenue mix is expected to put pressure on the EBITDA margin
Sanghvi Movers	Sanghvi added eight cranes in Q2FY10E with a capex of Rs 60 crore, taking the total fleet size to 332 cranes. However, we expect the major benefit from this capex to flow in from H2FY10E
Transport Corp	Enhanced presence in the supply chain division is expected to boost the topline and bottomline YoY. Diesel price increased by Rs 2/litre in July 2009. However, the impact has not yet been seen on road freight rates. Therefore, we expect the EBITDA margin to shink by 73 bps QoQ. However, we believe the increase in fuel cost will be passed on to customers in the coming quarters

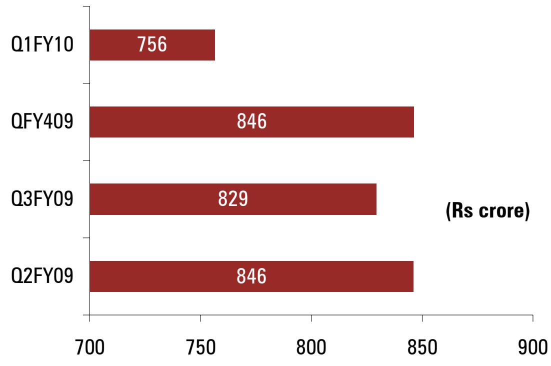
Source: Company, ICICIdirect.com Research

Exhibit 15: Estimates for Q2FY10E: Logistics (Rs Crore)

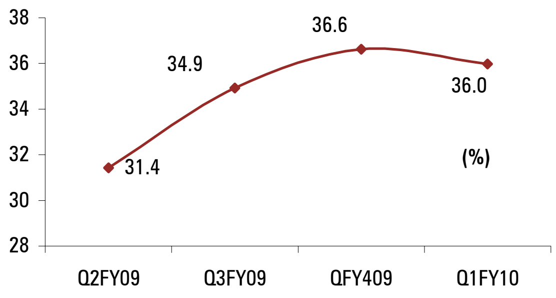
	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q
Container Corp	991.7	9.8	9.3	271.2	0.9	9.4	220.0	-1.7	9.5
Allcargo Global	575.7	-8.8	10.0	69.1	-3.5	10.7	34.4	-18.3	-26.2
Gateway Distriparks	131.8	11.4	5.8	35.6	-12.2	4.6	16.8	-28.2	1.1
Sanghvi Movers	88.4	-7.5	7.1	67.0	-8.9	6.8	25.0	-13.3	8.1
Transport Corp	334.8	-1.1	7.5	21.8	14.1	-3.3	7.3	31.6	-7.0
Total	**2122.4**	**1.7**	**8.9**	**464.7**	**-1.9**	**8.2**	**303.5**	**-6.2**	**2.8**

Source: Company, ICICIdirect.com Research

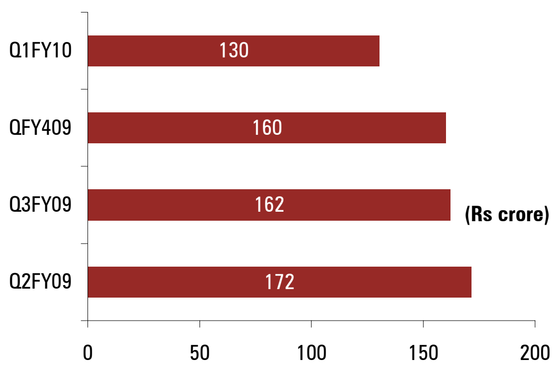
Topline performance (Coverage universe)



EBITDA Margin (Coverage universe)



Bottomline (Coverage universe)



Top picks of sector

Jagran Prakashan (JAGPRA)
PVR (PVRLIM)

Analyst

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Media

- **Rising occupancy**

  Q2FY10E would be celebration time for the multiplex industry, after an almost wash out in Q1FY10 as no movies were released during that time. We expect the occupancy level to be back on track to traditional levels of ~34%.

- **Regional players to outperform**

  Players with a regional presence are expected to outperform in Q2FY10E as well for the full fiscal. Companies like Jagran Prakashan and Sun TV are the two regional operated companies under the ICICIdirect.com coverage universe, which are expected to perform well. Jagran and Sun TV will report YoY ad revenue growth of 14% and 19%, respectively.

- **Movies back on screens**

  In Q1FY10, almost no new movie was released due to the tussle between producers and multiplex owners. Q2FY10E was the quarter of happiness for both multiplexes and producers. UTV Software, the production company in our coverage, released two new movies during Q2FY10E, which are expected to give good returns.

Exhibit 16: Company Specific View

Company	Remarks
Cinemax	It rolled out one property in Mumbai in September 2009. We expect the occupancy to improve from 20% in Q1FY10 to ~28% in Q2FY10E. ATP will remain close to Rs 126
INOX	It rolled out one new property in Q2FY10E. With this the total no. of properties stood at 27 with 100 screens and seating capacity of 29251
Jagran Prakashan	We expect the company to report 14% YoY ad revenue growth for Q2FY10E. Jagran has an edge over its peers given its pure regional presence
PVR	PVR is our top pick in the multiplex segment. All the subsidiaries are also performing reasonably well. We expect the occupancy level to be ~36% and ATP to be Rs 148 in Q210
Sun TV	We expect advertisement revenue growth of 15% QoQ. Subscription revenues would grow 54% YoY on the back of increasing DTH subscribers, which are expected to be ~5 million in number at the end of Q2FY10E
UTV Software	UTV released two new movies during Q2FY10E. Improvement in ad revenues would benefit the broadcasting segment as well. We expect the company to report profit at the net level for Q2FY10E, unlike the last quarter

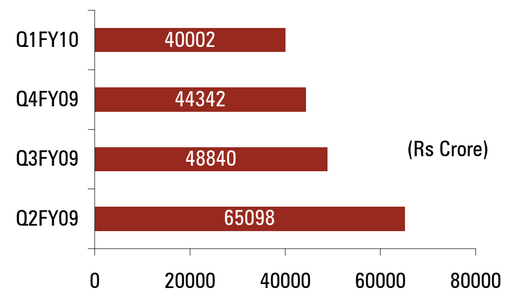
Source: Company, ICICIdirect.com Research

Exhibit 17: Estimates for Q2FY10E: Media (Rs crore)

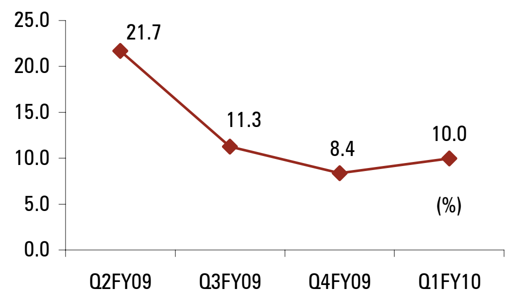
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ
Cinemax	45.6	1.6	94.0	9.1	-36.3	1612.7	2.8	-35.5	-585.6
Inox	57.1	9.5	85.7	11.4	35.5	-740.3	5.0	52.9	-224.8
Jagran	228.3	9.4	-1.5	66.5	75.0	-5.7	39.3	73.3	-20.6
PVR Limited	71.0	-10.0	105.6	11.9	-20.7	-233.5	3.7	-53.0	-134.2
Sun TV	295.1	24.0	2.6	223.1	26.5	-0.2	123.9	14.5	3.4
UTV Software	145.3	-5.9	68.0	13.7	-274.6	-140.2	9.5	-62.0	-140.9
Total	**842.4**	**8.4**	**21.2**	**335.7**	**37.5**	**34.3**	**184.3**	**7.4**	**41.3**

Source: Company, ICICIdirect.com Research

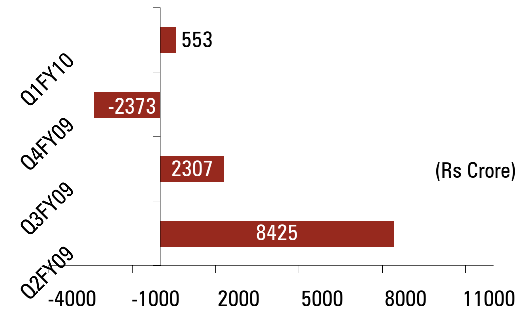
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Adhunik Metaliks (ADHMET)
Hindustan Zinc (HINZIN)

Analyst

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Metals & Mining

Continuous increase in realisation to drive revenue growth

Blended realisations during Q2FY10E for steel players across the industry are expected to be higher by 5-15% QoQ due to continuous price hikes by domestic steel makers at regular intervals during the quarter. Benchmark HR coil prices in the domestic market have remained above US$550/tonne for the whole of Q2FY10E and moved progressively above US$600/tonne towards the end of Q2FY10. This is expected to aid revenue growth for companies across the sector. Global steel prices have also shown continuous improvement during the quarter with a recovery in global steel demand and higher production.

Robust domestic demand resulting in higher volumes

Robust domestic demand during the quarter is expected to have resulted into higher capacity utilisation and sales volume for players across the industry. SAIL, Tata Steel (India) and JSW Steel have operated at above 90% capacity utilisation levels during Q2FY10E and are expected to record volume growth on both YoY and QoQ basis. Smaller players like Adhunik Metaliks, Visa Steel and Usha Martin are also expected to report better sales volume on the back of improved overall demand.

Mining companies like Hindustan Zinc and Sesa Goa are expected to be a mixed bag with higher zinc sales volume and subdued iron ore sales volume, respectively. Prices of zinc and iron ore soared significantly (up 20-40% QoQ) during Q2FY10E due to improved demand across the globe. This provided support to these companies to avoid the full effect of seasonal weakness in the concluded quarter.

Margin pressure to ease

Margins across the industry are expected to improve on account of sequential revenue growth due to increase in blended realisation and reduction in raw material and fixed operating costs. We expect EBITDA and PAT for the metal universe to show significant improvement sequentially but remain lower YoY mainly on account of expected poor consolidated results of Tata Steel.

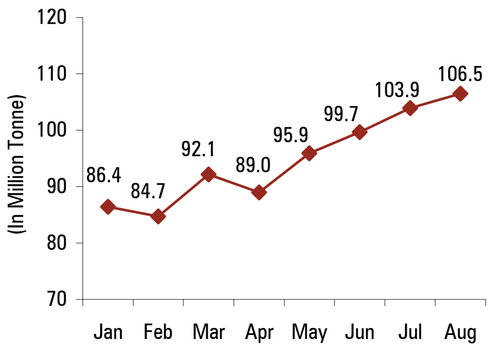
Exhibit 18: Estimates for Q2FY10E: Metals and Mining (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Adhunik -Cons	331.1	-15.5	23.4	84.8	15.8	12.4	23.9	3.1	32.1
Hindustan Zinc	1714.9	-1.7	13.4	1012.7	3.1	29.5	912.4	-4.9	26.9
JSW Steel-Cons	4566.2	0.0	0.1	961.9	-0.2	0.4	263.8	0.0	0.1
SAIL	10689.1	-11.4	16.8	2459.5	-18.3	31.1	1538.6	-23.4	16.0
Sesa Goa	1005.3	14.8	-0.6	483.2	14.9	6.6	421.8	24.1	-0.5
Tata Steel - Std	6218.9	-7.8	12.0	2326.1	-26.9	33.5	1160.8	-45.6	47.0
Tata Steel - Cons	24287.3	-45.1	4.8	2052.5	-75.1	NA	-362.8	PL	PL
Usha Martin-Cons	639.1	-20.7	5.0	129.3	-6.4	18.5	43.5	-16.9	35.8
Visa Steel	260.7	-0.2	0.0	46.8	0.0	0.5	12.5	-0.4	0.2
Total*	**43493.7**	**-33.2**	**8.7**	**7230.8**	**-48.8**	**81.5**	**2853.6**	**-66.1**	**416.2**

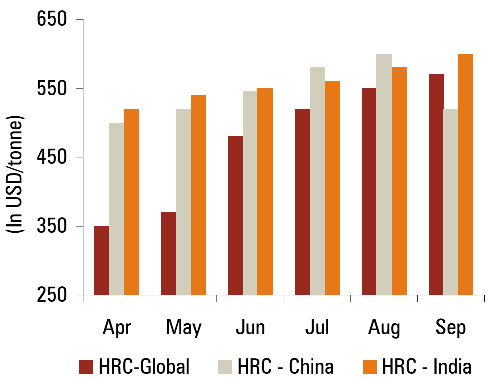
* Total figure includes Tata steel's consolidated numbers, PL – Profit to loss

Source: Company, ICICIdirect.com Research

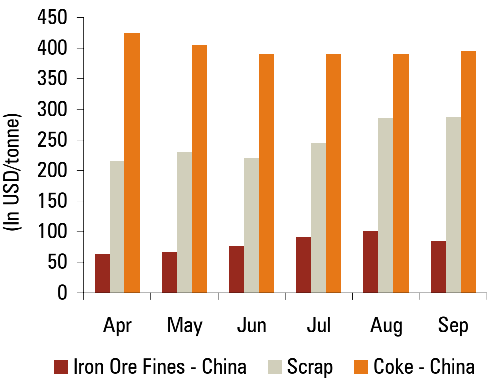
World crude steel production (2009)



Steel HRC price trend (2009)



Raw material price movement (2009)



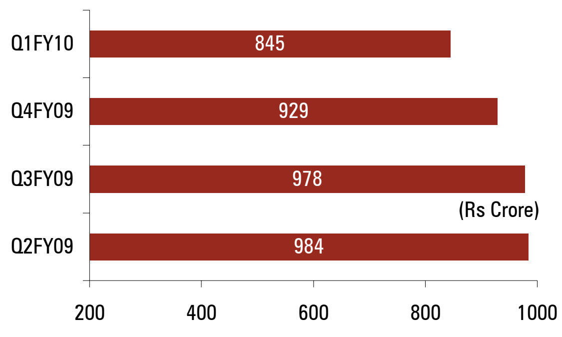
Source: Bloomberg, Worldsteel.org

Exhibit 19: Company specific view

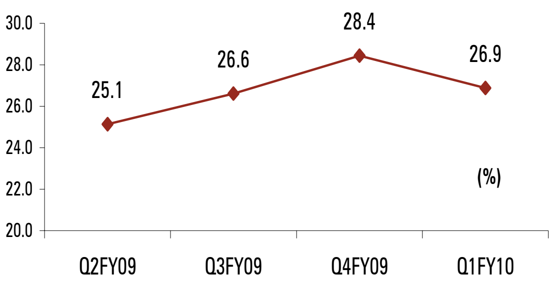
Company	Remarks
Adhunik Metaliks	We expect OMML to make a greater contribution to the consolidated numbers of AML due to higher sales volume of iron and manganese ores. This, in turn, would result in YoY and QoQ growth in EBITDA and net profits. Standalone results are expected to show sequential growth due to increase in blended realisation and improved volumes
Hindustan Zinc	Higher LME zinc prices (up~18% QoQ) during the quarter would lead to sequential revenue growth and also result in better margins. Lead sales are expected to be slack during the quarter but higher zinc sales (up ~20% YoY and 6.5% QoQ) are expected to result in bottomline growth of ~27% sequentially
JSW Steel	JSW Steel is likely to see marginal improvement in the bottomline in Q2FY10E, due to better demand, improvement in realisation and full effect of lower raw material costs. The company has been able to increase its steel production substantially during the quarter. However, it was still behind its YoY growth target of 78%. Overall blended realisation is likely to be slightly higher and rise in flat steel prices would offset fall in long steel prices
SAIL	Increase in sales volume and realisation will result in higher sales sequentially due to robust domestic steel demand during the quarter. We expect sales volume of ~3.1 MT and blended realisation of ~34500/tonne for Q2FY10E. We expect the margin to improve and higher net profits on a sequential basis despite an increase in interest and depreciation costs
Sesa Goa	Improvement in iron ore realisation (up~25% QoQ) would be a positive but lower expected sales volume due to seasonality effect (monsoon period during Q2FY10) would result in a muted topline. We expect the net profit to remain flat sequentially and EBITDA to show slight improvement both YoY and QoQ
Tata Steel	The company's India operations are expected to show sequential improvement due to increase in blended realisations (~40900/tonne) and steady sales volume (~1.5 MT) resulting from strong domestic steel demand. The EBITDA margin is expected to improve on a standalone basis due to higher realisation QoQ and lower raw material costs YoY. Corus is expected to remain in net loss for the third straight quarter resulting in an overall loss for the group on a consolidated basis. Other foreign subsidiaries like Tata Steel Thailand and Nat steel Singapore are expected to be only marginally EBITDA positive during the quarter
Usha Martin	Stable realisation in the value-added product segment and higher sales volume will help the company post higher operating profit for the quarter on a sequential basis. Net profit is also expected to improve QoQ but show a drop YoY due to lower blended realisations as compared to the same quarter last year
Visa Steel	We expect Visa Steel to report a slightly better result as compared to Q1, as prices have improved for most products except sponge iron. The company is expected to have incurred losses in its sponge iron segment. Ferrochrome, on the other hand, would be one of the key performing segments

Source: Company, ICICIdirect.com research

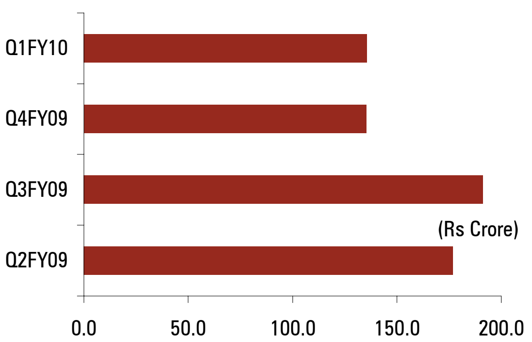
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of the sector

Batronics (BARLTD)
Praj Industries (PRAIND)
Opto Circuit (OPTCIR)

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Midcaps

- **Acquisition to aid growth prospects**
  Acquired subsidiaries along with core business would help expand Opto Circuits' topline and bottomline.

- **Rising construction activities to bring cheers to tile manufacturers, going forward**
  Q2FY10 would witness a spurt in topline but bottomline will remain in the red for Murudeshwar Ceramics.

- **High crude prices positive for EKC, Nitin Fire and Praj**
  Increasing crude prices have resulted in high demand for alternative fuel like CNG and ethanol This would have a positive impact on Everest Kanto, Nitin Fire and Praj Industries in our midcap coverage universe.

Exhibit 19: Company specific view

Company	Remarks
Bartronics	We expect the company to show reasonable topline growth driven by the solutions segment. The bottomline is expected to grow on account of lower tax outgo
Everest Kanto	With the gradual rise in crude oil prices, we expect the demand for alternative energy sources such as compressed natural gas (CNG) to remain firm. This, in turn, would drive the demand for CNG cylinders. Also, we believe the commissioning of the Chinese facility would result in a concomitant rise in volumes
InfoEdge	The job speak index is more or less flat indicating no major improvement in the job scenario. We expect this quarter to be subdued on account of reduced hiring by India Inc. Margins are also expected to remain under pressure for the quarter
Murudeshwar	We expect the concluded quarter to report QoQ 24.2% growth. The loss will be restricted at Rs 2.37 crore on account of high interest costs. Construction activities have started picking up. This would drive demand, going forward, However, we would like to review the quarter's performance before any estimate revisions
Nitin Fire	With rising crude prices, the demand for CNG and CNG cylinders would increase, going forward. We believe the growing demand for CNG cylinders emanating from Middle Eastern countries would benefit the company as its Vishakhapatnam plant, which was commissioned last year, was primarily built to cater to export driven demand. Simultaneously, the company's fire protection business will also witness significant growth
Opto Circuit	Improving subsidiaries' performance would keep the company on the growth track
Praj Industries	With crude prices steadily rising, an improvement in the demand and viability for ethanol is looming. This, in turn, would benefit Praj Industries, the largest ethanol plant manufacturer and engineering service provider in the country. Bio-fuel programmes adopted by a host of countries such as the European Union, the US and Mexico would also be beneficial

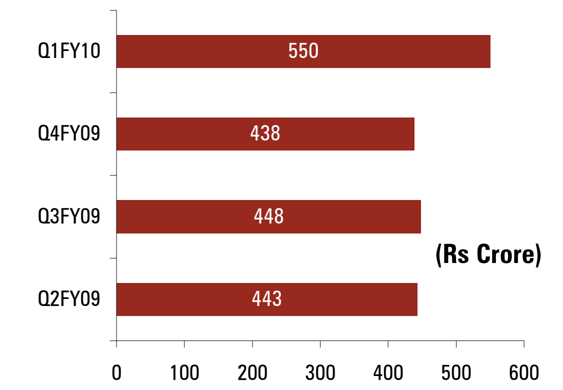
Source: ICICIdirect.com Research

Exhibit 20: Estimates for Q2FY10E: Midcap (Rs Crore)

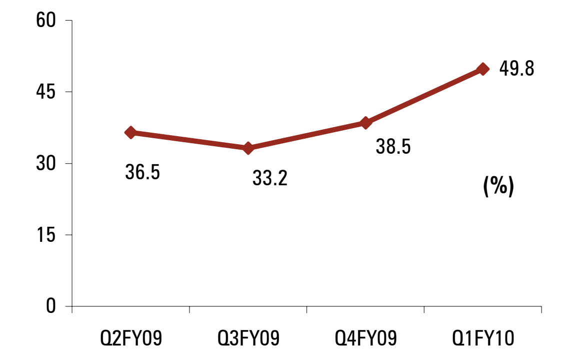
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Bartronics	207.3	29.0	27.2	56.5	81.2	9.4	31.2	53.1	30.8
Everest Kanto	212.3	-3.9	38.8	65.0	-11.1	48.7	36.3	-16.0	57.0
Info Edge	53.0	-19.0	0.1	12.5	-19.3	-2.8	13.3	-15.0	0.1
Murudeshwar	40.6	-24.3	24.2	8.7	-34.6	29.9	-2.4	PL	NC
Nitin Fire	68.7	3.3	28.1	13.8	2.4	19.7	9.7	-4.7	22.2
Opto Circuits	255.0	17.5	10.7	84.2	22.0	48.4	66.1	16.5	11.5
Praj Industries	224.7	12.5	77.8	47.9	51.4	73.2	35.1	16.5	38.8
Total	**1,061.6**	**7.9**	**30.7**	**288.7**	**16.8**	**36.9**	**189.3**	**7.1**	**28.4**

Source: Company data, ICICIdirect.com Research

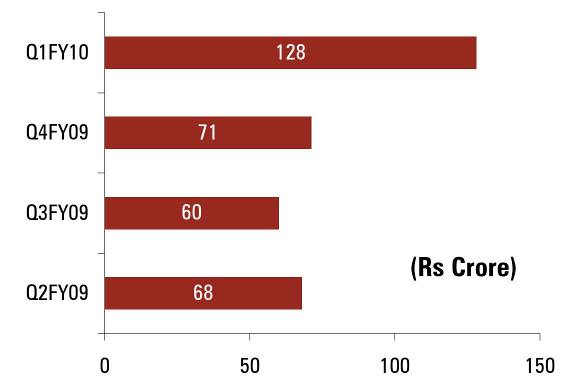
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Gujarat Gas (GUJGAS)

Analyst

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Oil and Gas

- **Robust growth in volume**

  Volumes are expected to increase YoY on account of production from Reliance KG D6 production and increase in volumes of spot LNG. The realisation and transmission tariffs are expected to improve marginally YoY for the ICICIdirect.com coverage universe.

- **EBITDA margin to decline marginally QoQ**

  The EBITDA margin is expected to decline marginally QoQ on the back of flat realisation and tariffs. However, the EBITDA margin of the ICICIdirect.com universe is expected to improve by ~1040 bps YoY to 46.92%.

- **Profitability to improve YoY**

  The ICICIdirect.com universe would report robust profit growth YoY on the back of increased volumes from the Reliance KG D6 basin.

- **Crude oil prices lower YoY**

  The revenues for exploration and production (E&P) companies would decline on the back of lower crude oil prices. Crude oil prices have declined from $122.5 per barrel in Q2FY09 to $69.5 per barrel in Q2FY10.

- **Gross refining margin (GRMs) to remain subdued**

  The GRMs would remain weak YoY on reduction in demand for the refined product prices and increase in refining capacities across the globe.

Exhibit 21: Company specific view

Company	Remarks
GSPL	There would be robust growth in revenues on the back of increased gas from Reliance KG-D6 basin and also spot LNG. The profit is expected to decline assuming 30% pre-tax profits to the Gujarat government. Without this contribution, PAT would increase to Rs 81.9 crore
Gujarat Gas	Volumes are expected to increase 7.25% YoY on account of procurement of spot LNG from markets. The realisation would improve by 7.8% YoY but would remain flat QoQ. The EBITDA margin would increase from 18.3% to 19.6% YoY

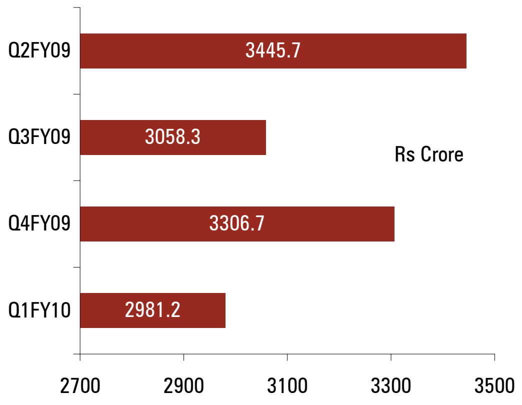
Source: Company, ICICIdirect.com Research

Exhibit 22: Estimates for Q2FY10E: Oil and Gas (Rs Crore)

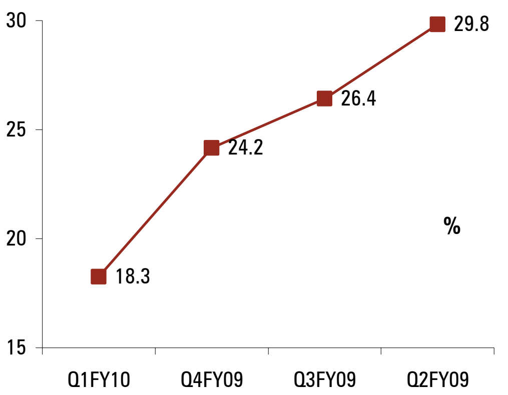
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
GSPL	230.7	94.5	9.4	212.8	107.8	7.5	57.4	102.1	-28.7
Gujarat Gas	384.1	18.3	13.2	75.3	27.0	-0.5	49.4	25.0	3.8
Total	**614.8**	**38.7**	**11.8**	**288.1**	**78.2**	**5.3**	**106.8**	**57.2**	**-16.6**

Source: Company, ICICIdirect.com Research

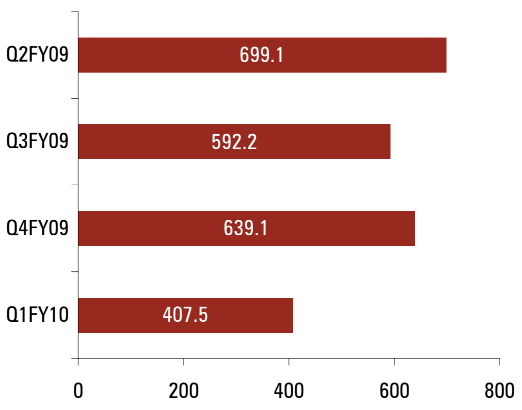
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

IPCA Labs (IPCLAB)
Biocon (BIOCON)

Analyst

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Pharma

- **OTC drugs turn money spinners**

  Increasing disposable incomes and a change in attitude towards healthcare have lead Ranbaxy's OTC drug Revital to become the top selling product for the company in-spite of fierce competition Novartis, Glaxo, Cipla and Lupin.

- **Booming business due to outbreak of swine flu**

  Although very few drugs are available in the market (Oseltamivir, NatFlu, StarFlu), this is a good opportunity for pharma companies to leverage their existing capabilities. The government has even allowed pharma companies to put up swine flu drugs for sale at retail shops. Companies that will benefit are: Ranbaxy, Cipla, Strides Arcolab, GSK Pharma, Lupin, Natco Pharma, etc.

- **Big pharma diversifying through generics route**

  Dr Reddy's deal with GSK Pharma and Aurobindo Pharma's deal with Pfizer is yet another attempt by the big innovator pharma, trying to shore up its growth prospects through the generics route. Indian companies with good drug pipeline are likely to benefit.

Exhibit 23: Company specific view

Alembic	Revenues to be driven by regulated markets, CRAMS operation and domestic formulations. Benefits are expected to accrue from the successful restructuring exercise
Biocon	Biocon has tied up with three clients towards supply of Mycomofetil (MMF), the bulk supplies for which are expected to scale up during H2FY10E. Lower margin contribution from Axicorp will keep margins under pressure
Dishman	Dishman that currently supplies Eposartum Mesylate (EM) to Solvay is expecting more contracts to be awarded as Abbott is looking to extend business relations with Dishman. With the non-Solvay business yet to attain major scale, we expect margins to remain subdued during FY09-10E. With the China facility going on-stream post Q3FY10 Dishman is expected to post good growth post FY10
Sun Pharma	Sun's aggressive ANDA filings and USFDA approval for generic tablet version of EffexorXR capsules in FY10, could potentially generate additional EPS
IPCA Labs	Consistent outperformance by domestic therapies, robust performance from regulated as well as semi-regulated markets and improving business scenario in the CIS region will lead to robust sales
Piramal Healthcare	With consistent outperformance in the domestic market, Piramal Healthcare is expected to deliver a robust performance in the fixed dosage domestic business. Growth in CRAMS operation from Indian assets is also expected to remain robust. Consolidation of operations of Minrad Inc will further add to growth

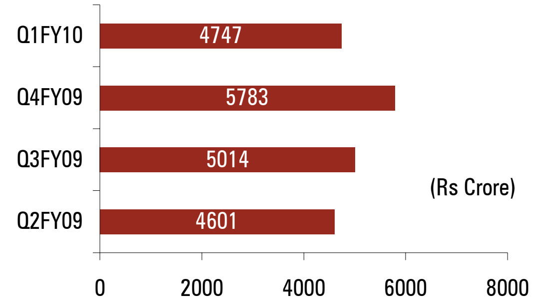
Source: Company, ICICIdirect.com Research

Exhibit 24: Estimates for Q2FY10E: Pharma (Rs crore)

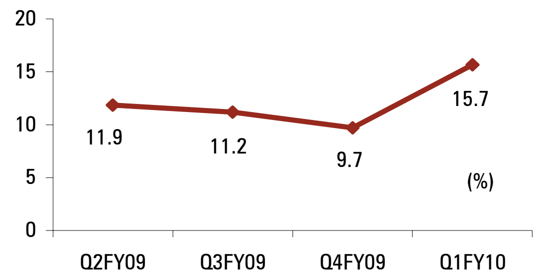
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Alembic	371.8	7.9	27.9	45.9	-22.5	52.3	22.9	52.9	272.6
Dishman	271.3	7.7	19.2	55.1	10.4	3.6	32.0	-6.1	-18.2
IPCA	423.3	21.8	18.3	89.1	7.0	26.0	60.6	65.9	21.7
Piramal	899.2	1.7	9.5	196.4	7.5	22.6	118.1	60.9	31.8
Sun Pharma	952.0	-19.2	20.9	238.0	-57.6	85.1	247.5	-51.7	51.1
Biocon	556.6	26.7	12.2	113.4	24.0	11.9	71.2	160.6	20.6
Total	**3474.2**	**0.83**	**16.5**	**737.8**	**-28.2**	**35.601**	**552.3**	**-21.0**	**35.5**

Source: Company, ICICIdirect.com Research

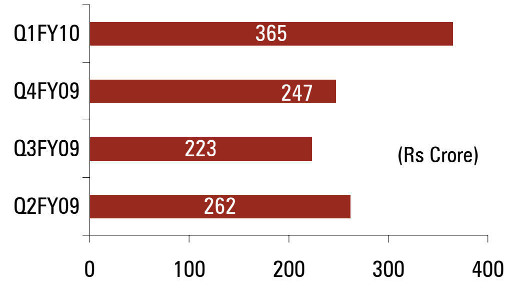
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of the sector

PSL Limited (PSLLIM)

Analyst

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Pipes

Industry outlook

- **Revenues to remain flat YoY**

  The revenues of the ICICIdirect.com coverage universe would be mixed for different companies depending on the order execution for the current quarter. Overall, we believe revenues would remain flat YoY. Going forward, order execution is expected to improve in the last two quarters of the current financial year.

- **Profitability to improve YoY**

  The profitability of the pipes sector would improve on the back of ~250 bps YoY increase in the EBITDA margin to 14.5% in the current quarter. Net profit is expected to rise YoY but fall on a sequential basis.

- **Order pick up expected in second half of FY10**

  The pipe industry is expected to bag substantial orders from both domestic and overseas oil and gas majors during the second half of FY10. This is on the back of massive plans of putting up pipeline infrastructure by oil & gas companies. GAIL and GSPL could award some major pipeline projects in H2FY10E.

Exhibit 25: Company specific view

Company	Remarks
Jindal SAW	Revenues are expected to decline QoQ as well as YoY on lower execution of orders in the current quarter. However, the EBITDA margin would increase on high margin order execution
Mah. Seamless	Slowdown in the order book of the seamless pipes segment would lead to a decline in revenues. However, margins are expected to improve YoY
Man Industries	Revenues are expected to improve sequentially but could decline YoY. Profitability is expected to increase sharply QoQ on reduction in foreign exchange losses
PSL Limited	The company is expected to show strong revenue growth YoY and QoQ on the back of execution of large orders received in the previous year
Welspun Gujarat	Revenue and net profit are expected to drop sequentially due to the slowdown in order execution as incremental orders have dried up. However, margins are expected to be maintained

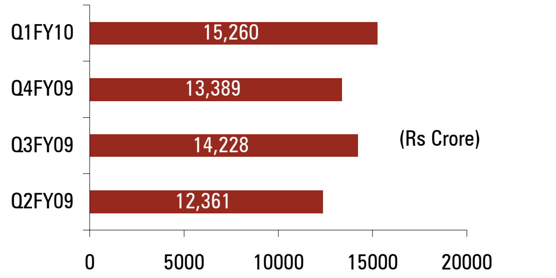
Source: Company data , ICICIdirect.com Research

Exhibit 26: Estimates for Q2FY10E: Pipes (Rs Crore)

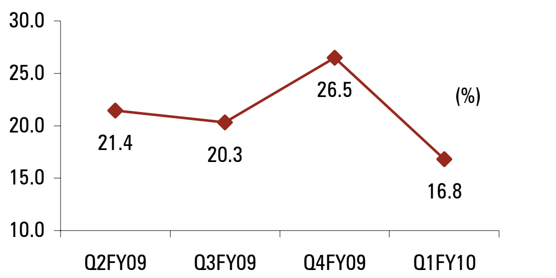
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Jindal SAW	1401.2	-5.7	-6.6	224.1	12.8	-5.9	129.1	29.0	-5.1
Mah. Seamless	372.6	-38.1	-11.8	79.7	-10.0	-19.8	55.6	-13.0	-14.8
Man Industries	337.1	-10.5	4.7	32.4	-7.3	13.2	9.4	-13.9	227.3
PSL Limited	753.7	17.1	21.0	85.3	28.8	14.8	26.7	23.8	18.6
Welspun Gujarat	1692.8	13.4	-9.9	238.0	51.7	-21.4	89.1	36.4	-35.6
Total	**4557.4**	**-0.9**	**-4.0**	**659.5**	**20.9**	**-11.3**	**309.8**	**18.4**	**-15.1**

Source: Company data, ICICIdirect.com Research

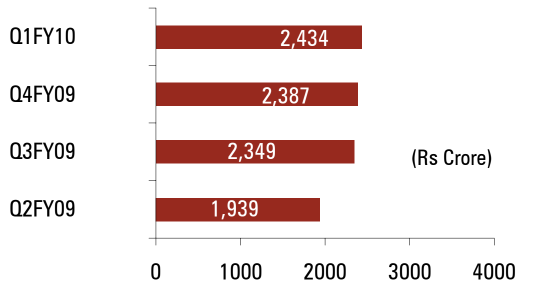
Topline performance (Coverage universe)



Margins (Coverage universe)



Bottomline (Coverage universe)



Top pick of the sector

PTC India (POWTRA)

Analyst

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Power

Industry outlook

- **Robust YoY growth in generation units**

  In Q2FY10, India witnessed robust growth of ~7% in overall electricity generation. The growth came on the back of an increase in overall installed capacity by ~6.6 GW to ~152 GW against an installed capacity of ~145 GW in September 2008. Increased availability of gas as fuel has also lead to the generation growth.

- **Buoyant demand leads to increased demand-supply mismatch**

  With hopes of recovery in economic growth, demand for power has again started picking up and started putting pressure on the tight supply situation. This has lead to the normal deficiency getting aggravated further to 10.7% in August 2009 against a cumulative deficiency of 9.9% recorded for April-August 2009. Also, the commission has capped the short-term merchant tariff at Rs 8.

- **Status check on 11th Five Year Plan**

  So far, India has added ~16,900 MW in installed capacity, which is ~51% of the targeted capacity addition. We expect the overall capacity addition to pick up in the latter half of the 11th Plan. It will be able to achieve close to 50-55 GW in the plan.

- **Evolution of new contracts on energy exchanges**

  So far, the exchanges were only trading in the day ahead market. The commission has granted access to launch new products in the term ahead market (TAM) from September 15, 2009. However, starting on a cautious note with limited permission to launch TAM contracts and further initially allowing only intra state contracts has lead to subdued volumes. The commission is likely to review the order after six months. We expect this to have a positive undertone on the development of TAM.

Exhibit 27: Company specific view

Company	Remarks
NTPC	We expect NTPC to report revenue growth of ~21% YoY primarily due to growth in generation. The company is likely to witness growth in generation of ~6.9%. We expect NTPC to report generation of ~50.3 BU compared to 47.0 BU in the same quarter last year
Neyveli Lignite	We expect Neyveli Lignite to report revenue growth of ~36% YoY primarily due to growth in generation. The company is likely to witness growth in generation of ~16%. We expect Neyveli Lignite to report generation of ~4.3 BU compared to 3.7 BU in the same quarter last year
PTC	We expect PTC India to report revenue growth of ~28% YoY primarily due to growth in the short-term trading volume. The company is likely to witness an overall growth in trading volumes to the tune of ~16%. We expect PTC India to report a trading volume of ~6.0 BU compared to ~5.2 BU in the same quarter last year

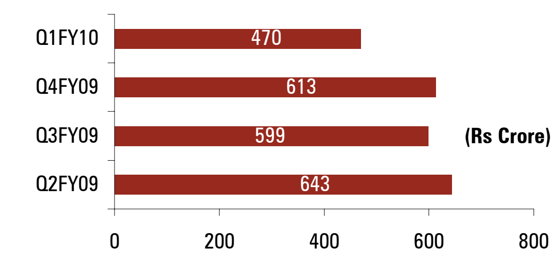
Source: Company data , ICICIdirect.com Research

Exhibit 28: Estimates for Q2FY10E : Power (Rs Crore)

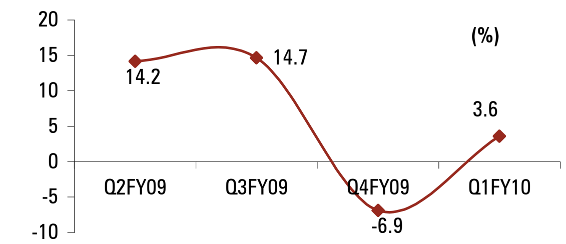
Company	Revenue	(%) change		EBITDA	(%) change		PAT	(%) change	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Power									
NTPC	11,533.1	19.4	-3.9	3,593.8	41.0	13.2	2,082.4	-0.9	-5.1
Neyveli Lig	906.7	35.7	2.5	391.6	82.3	19.3	299.2	58.8	4.0
PTC	2,604.9	28.2	9.8	17.5	24.0	12.2	34.4	4.9	3.0
Total	**15,044.7**	**21.5**	**-1.1**	**4,002.8**	**44.3**	**13.8**	**2,416.0**	**8.0**	**-3.8**

Source: Company data, ICICIdirect.com Research

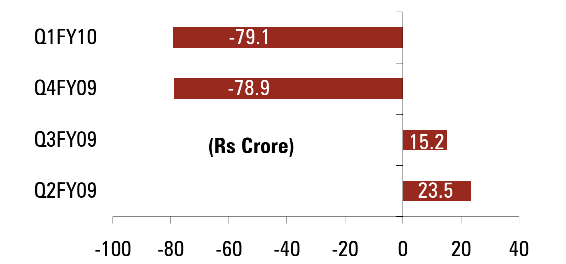
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Koutons Retail (KOURET)

Analyst

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Retail

- **Sales expected to improve**

  Consumer confidence improved during the quarter resulting in better footfall across stores. Also, retailers launched attractive schemes to lure customers, who were postponing their purchases due to the global economic slowdown. The festive season has also begun earlier in September this year instead of October. Consequently, we expect the sector to report better revenues during the quarter.

- **EBITDA margin to improve**

  The launch of attractive schemes may affect the margin of retailers. However, festive season buying, where discounts are not high, would cushion margins. Also, the cost cutting measures undertaken by various retailers would enable them to supplement the margin.

- **PAT margin under pressure**

  Retailers have started expanding on account of improving consumer sentiment. Hence, they have high debt for working capital financing and now even for their expansion purposes. Consequently, the PAT margin is expected to be under pressure.

Exhibit 29: Company Specific View

Company	Remarks
Koutons Retail	We expect the company to report better sales on account of improved consumer confidence and attractive discount schemes launched during the quarter. The profitability is expected to improve due to better product mix
Vishal Retail	We expect a revival in sales on a QoQ basis on account of attractive schemes launched. However, clearance sale (which is expected to be lower than cost) and high debt are expected to result in a huge loss for the company both at EBITDA and PAT level

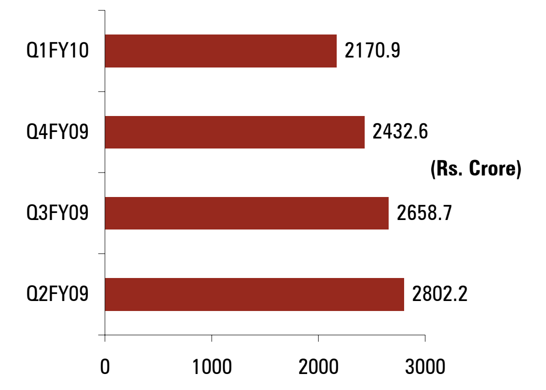
Source: Company, ICICIdirect.com Research

Exhibit 30: Estimates for Q2FY10E: Retail (Rs Crore)

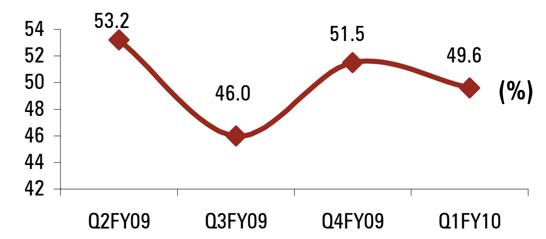
Company	Revenue	Change %		EBITDA	Change %		PAT	Change %	
	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q
Koutons	322.7	14.3	60.0	70.0	45.2	45.0	25.6	30.8	122.8
Vishal Retail	317.7	-11.9	18.5	-99.9	PL	NA	-83.4	PL	NA
Total	640.4	-0.4	36.3	-29.8	PL	PL	-57.8	PL	NA

Source: Company, ICICIdirect.com Research

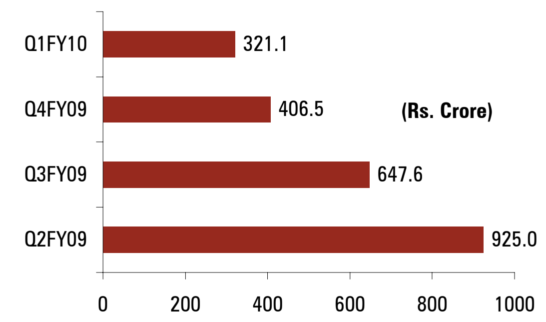
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top picks of sector

Garware Offshore (GARSHI)

Mercator Lines (MERLIN)

Analyst

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Shipping

- **Decline in tanker & dry bulk day rates**

  The quarter has seen weak day rates both for tankers as well as dry bulk carriers. Among tankers, Aframax day rates declined by more than 50% while very large crude carriers (VLCC) and Suezmax day rates declined by more than 40% and 30%, respectively. The dry bulk index, which had more than doubled from 1600 levels to 3800 in Q1FY10, declined by more than 40% in Q2FY10. We expect tanker rates to rebound from hereon with support from winter demand while the recovery in the dry bulk segment is likely to be slow owing to a slowdown in global commodity trade.

- **Margin to remain subdued**

  Q2FY10E is expected to see further margin compression with the EBITDA margin declining by 50 bps (QoQ) to 49.1%. On a YoY basis, the margin is expected to decline by 410 bps.

Exhibit 31: Company specific view

Company	Remarks
Aban Offshore	Aban secured orders worth Rs 3500 crore during Q2FY10. This would improve its low fleet utilisation, which was the prime concern earlier. The stock has run up significantly and the current market price already factors the expected growth
Garware Offshore	Garware Offshore (GOL) would see a sustained increase in its revenues and profitability due to continous fleet addition. GOL has added a construction barge and a PSV, the full impact of which will be felt in the current quarter
G.E Shipping	Gesco's revenue and earnings are expected to be lower on a YoY and QoQ basis on account of significant decline in tanker and dry bulk segment in which it has a significant presence
Great Offshore	Great Offshore is expected to perform better on a QoQ basis on account of improvement in utilisation of OSVs and absence of penalty of Rs 19 crore, which was due to non-delivery of rig in Q1FY10
Mercator Lines	Mercator Lines is expected to report subdued revenue and earnings growth on account of lower day rates in the tanker and dry bulk segment. We expect it to report a 10% increase in net profit on account of increasing contribution from offshore, mining and dredging
Varun Shipping	Varun had a dismal Q1FY10 with a significant decline in revenue and earnings owing to low utilisation of offshore fleet and dry docking of three vessels. We expect the utilisation to improve, though not significantly. However, lower expense on dry docking and rejoining of fleet of dry-docked vessels would enable Varun to improve its performance on a QoQ basis. Still, it will still be significantly lower YoY

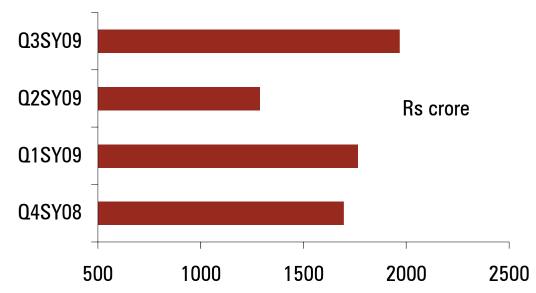
Source: Company, ICICIdirect.com Research

Exhibit 32: Estimates for Q2FY10E: Shipping (Rs crore)

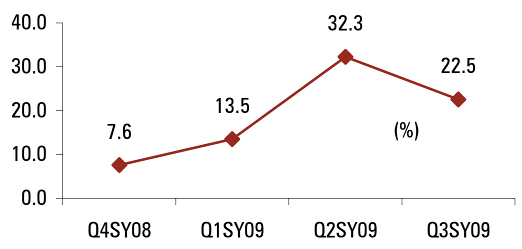
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Aban Offshore	854.1	3.7	7.6	457.0	-0.7	-2.6	111.3	-58.5	0.3
Garware Offshore	60.5	24.0	5.9	34.0	25.7	6.5	16.3	LP	6.0
GE Shipping	417.3	-51.7	-10.9	167.5	-66.4	-15.6	94.5	-81.3	-25.2
Great Offshore	252.5	58.5	10.1	112.5	136.1	41.5	36.4	115.5	63.8
Mercator Lines	422.0	-35.0	-5.7	204.0	-36.4	-8.9	49.0	-53.3	10.1
Varun Shipping	220.0	-14.3	24.4	118.0	-12.9	60.6	15.0	-66.1	734.8
Total	**2226.4**	**-20.6**	**2.5**	**1093.0**	**-26.6**	**1.5**	**322.5**	**-65.1**	**0.4**

Source: Company, ICICIdirect.com Research

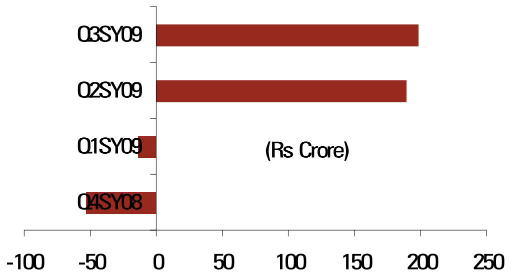
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Shree Renuka Sugars (RENSUG)

Analyst

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Sugar

- **Production in 2010 to remain low**

  Lower area under sugarcane acreage and a delayed monsoon would continue to hammer sugar production in SY10. We believe production would remain low at 16 million tonnes (MT), which would keep sugar prices firm.

- **Global supply situation remains tight**

  Excess rains coupled with soaring crude would keep Brazilian sugar production around 30 MT. This has resulted in a surge in sugar prices to a 28-year high of 24 cents per pound. We believe sugar prices would remain firm as supply remains tight until 2011.

- **Imports of 5 MT to further spike the prices**

  To meet domestic consumption, India needs to import at least 5 MT of sugar. Currently, global sugar prices are higher than domestic sugar prices, which would result in a further increase in domestic sugar prices.

Exhibit 33: Company specific view

Company	Remarks
Bajaj Hindustan	Bajaj Hindustan, the largest sugar manufacturer in India would benefit from the rise in sugar prices. However, lower availability of bagasse and molasses would result in lower sales of by-products in Q4SY09, which would result in a subdued earning this quarter
Balrampur Chini	Balrampur Chini, the most integrated sugar manufacturer in India, would continue to benefit from the rise in sugar prices. The UP governments' decision to increase power tariffs from Rs 3 per unit to Rs 4 per unit would benefit Balrampur Chini the most. However, a decline in by-products sales would hurt earnings in Q4SY09
Dhampur Sugar	With soaring sugar prices, the company would witness robust earning growth in the quarter. The company has contracted more than 70,000 tonnes of raw sugar, which would result in higher volumes in SY10
Shree Renuka Sugars	Shree Renuka Sugars remains the biggest beneficiary of raw sugar imports as the company has contracted 1.5 MT of sugar. This would make it the largest sugar manufacturer in SY10

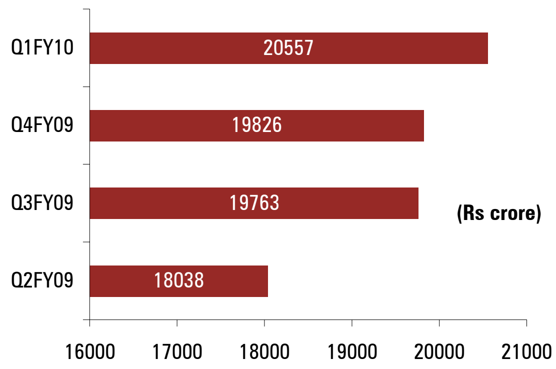
Source: Company, ICICIdirect.com Research

Exhibit 34: Estimates for Q2FY10E: Sugar (Rs crore)

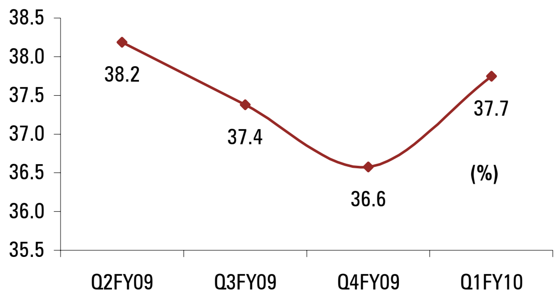
Company	Revenue	(%) change		EBITDA	(%) change		PAT	(%) change	
	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ	Q2FY10E	YoY	QoQ
Bajaj	519.6	12.2	29.8	140.3	LP	3.2	23.8	LP	-60.4
Balrampur	388.7	-5.6	-39.6	77.0	6.5	-40.4	26.2	79.5	-60.4
Dhampur	184.6	-20.5	-34.7	53.7	70.8	15.0	14.8	95.5	33.1
Shree Renuka	959.1	74.8	29.4	196.0	48.5	131.4	111.6	822.1	82.6
Total	2,052.0	21.1	4.3	466.9	262.4	5.3	176.4	LP	-11.1

Source: Company, ICICIdirect.com Research

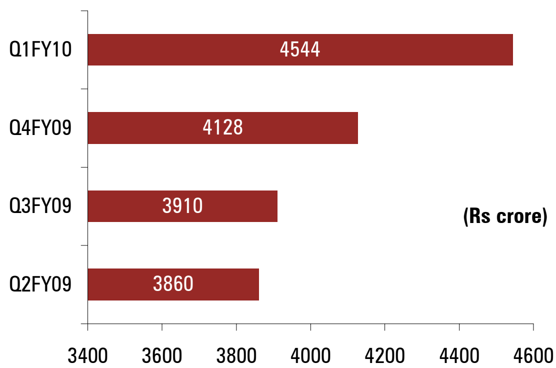
Topline performance (Coverage universe)



EBITDA Margin (Coverage universe)



Bottomline (Coverage universe)



Top picks of sector

Bharti Airtel (BHATE)
Tulip telecom (TULTIS)

Analyst

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Telecom

- **Subdued quarter with low revenue growth**

  Q2FY10 would be subdued on account of intensifying competition due to the launch of many new operators. We expect revenue growth in this quarter to be moderate as ARPUs across companies are falling. Rural markets are expected to perform below expectation on account of poor monsoons. MOU is expected to be under pressure on account of low volume growth and distribution of total minutes on network between greater number of operators.

- **Margin to be under pressure**

  Margin across players is expected to remain under pressure on account of low revenue growth and higher network operating expenditure as telcos expand further in rural markets. Revenue per minute is expected to decline with the launch of aggressively priced plans by new players and gradual shifting to pay per second plans.

- **VAS usage to decline**

  We expect a decline in VAS usage as low demand is expected from rural markets. Double verification for VAS activation had spoiled the party for VAS companies. However, moderate revenue growth is expected in VAS led by an expansion in the mobile subscriber base.

Exhibit 35: Company specific view

Company	Remarks
Bharti Airtel	We expect the ARPU to fall to Rs 262 for the quarter, while the MoU is expected to fall marginally to 470. Sequentially, we expect the EBITDA margin to be under pressure on account of low ARPU customers coming on board
Idea Cellular	ARPU expected to decline to Rs 221 on account of penetration in newer regions. Margins are expected to remain under pressure due to intensifying competition
OnMobile	We expect this to be a subdued quarter for OnMobile due to reduced uptake in CRBT. Margins are expected to improve QoQ on account of lower cost of sales
RCom	ARPU is expected to decline to Rs 198. Margins are expected to decline on account of higher network operating cost. We have not included forex gain in our estimates
Tanla Solution	Slowdown in the UK and European countries has been severely impacting the company's revenues in the last three quarters. However, it is gaining traction in the Indian market with its VAS products and bill payments technology
Tulip Telecom	We expect the optical roll out in the two major cities (Mumbai and Delhi) to be complete in Q2FY10E. The roll out in the other eight major business centres would be complete in the current fiscal (FY10E). With this the addressable market for the company would rise to 100% from current 18%.

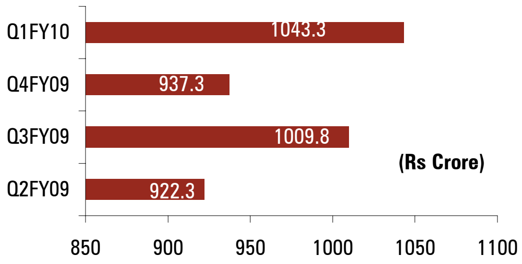
Source: Company, ICICIdirect.com Research

Exhibit 36: Q2FY10E Estimates: Telecom (Rs crore)

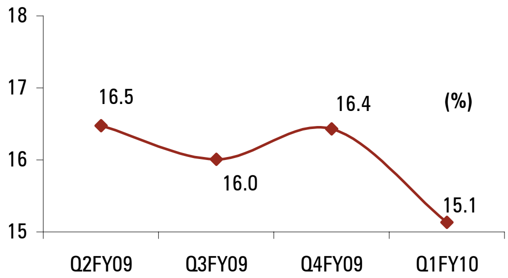
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ	Q2FY10	YoY	QoQ
Bharti Airtel	10097.6	11.9	1.6	4120.2	11.4	-0.8	2264.1	10.6	-10.0
Idea Cellular	3112.3	35.1	4.6	836.0	37.8	-2.8	269.3	86.9	-9.4
Onmobile Global	124.0	27.2	15.6	34.3	25.3	40.5	18.6	1.4	114.5
Rcom	6236.1	12.7	6.7	2300.7	5.0	7.0	1075.6	-29.7	-34.3
Tanla Solution	93.4	-55.8	8.4	29.7	-69.2	11.0	11.3	-84.0	12.4
Tulip Telecom	472.4	22.8	6.7	107.8	33.1	-0.7	56.6	12.9	-24.5
Total	**20135.8**	**14.7**	**3.8**	**7428.6**	**10.8**	**1.5**	**3695.6**	**-4.3**	**-18.7**

Source: Company, ICICIdirect.com Research

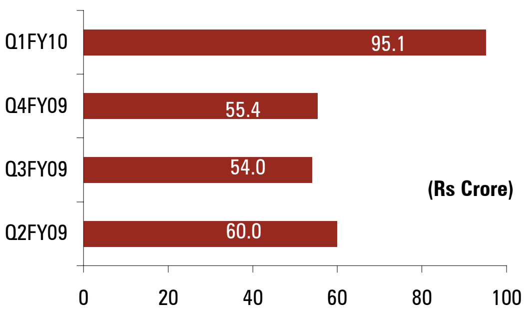
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

JBF industries (JBFIND)

Analyst

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Textile

- **Volume to drive sales growth**

  We expect our ICICIdirect.com textile universe to increase 20.7% YoY on the back of increased volumes. A rise in volumes is expected on account of increased capacities available with companies under our coverage.

- **EBITDA margin to be under pressure**

  Raw material prices increased during the quarter on expectation of improving demand and a stabilising global economy. However, due to a gradual pick-up in demand, the average realisation is not expected to increase in proportion with rise in raw material prices. Hence, margins are expected to be under pressure.

- **PAT margins expected to remain flat**

  PAT margin of the consolidated universe is expected to be flat on account of a rise in the PAT margin of JBF Industries, which offsets the decline expected in margin of Bombay Rayon Fashions.

Exhibit 37: Company Specific View

Company	Remarks
Bombay Rayon	Bombay Rayon (BRFL) is expected to report a 19% YoY increase in revenues on account of addition of new capacities. BRFL is expected to maintain its EBITDA margin but higher interest and depreciation cost will result in a flat bottomline
JBF Industries	We expect JBF Industries to report 23% growth in sales on the back of new capacity added during Q4FY09. The EBITDA margin is expected to be under pressure on account of capacity additions in the sector and less than proportionate pass-on of increase in excise duty in the quarter. PAT margin is expected to rise due to lower forex loss in the quarter as compared to the corresponding quarter in the previous year
Kewal Kiran	Kewal Kiran Clothing (KKCL) is expected to report a marginal decline in revenues in Q2FY10E. However, margin improvement will enable it to report a YoY growth in net profit

Source: Company, ICICIdirect.com Research

Exhibit 38: Estimates for Q2FY10E: Textiles (Rs Crore)

Company	Revenue	% Change		EBITDA	% Change		PAT	% Change	
	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q	Q2FY10E	Y-o-Y	Q-o-Q
Bombay Rayon	342.2	19.2	1.7	81.7	18.9	2.6	37.5	2.2	0.5
JBF Industries	725.7	23.7	7.7	77.6	4.0	11.0	29.3	64.3	-43.1
Kewal Kiran	45.0	-6.7	35.2	10.5	39.1	26.9	7.4	35.1	17.3
Total	1112.87	20.687	6.6682	169.835	12.563	7.5858	74.1578	23.638	-22.02

Source: Company, ICICIdirect.com Research

Exhibit 39: Rating Matrix

Company	Target Price Previous	Target Price Revised	Rating
Auto & Auto ancillary			
Automotive Axle (AUTAXL)	45	62	Underperformer
Bajaj Auto (BAAUTO)	832	1027	Underperformer
Balkrishna (BALIND)	165	402	Underperformer
Bharat Forge (BHAFOR)	116	180	Underperformer
Escorts (ESCORT)	31	84	Book profit
JK Tyre (JKIND)	42	84	Underperformer
Subros (SUBROS)	12	42	Outperformer
Tata Motors (TELCO)	560	560	Book profit
Banking and Financial Services			
Bank of India (BANIND)	350	350	Underperformer
Bank of baroda (BANBAR)	532	532	Performer
Dena Bank (DENBAN)	65	65	Hold
IDBI Bank (IDBI)	86	116	Hold
IOB (INDOVE)	101	144	Performer
Oriental Bank (ORIBAN)	195	255	Performer
SBI (STABAN)	1910	2217	Hold
Union Bank (UNIBAN)	250	250	Hold
Axis Bank (UTIBAN)	920	920	Hold
HDFC Bank (HDFBAN)	1470	1850	Performer
Kotak Bank (KOTMAH)	584	584	Underperformer
Yes Bank (YESBAN)	162	208	Hold
IDFC (IDFC)	162	162	Performer
LiC HF (LICHF)	600	600	Hold
Motilal Oswal (MOTOSW)	140	184	Performer
Reliance Capital (RELCAP)	720	800	Underperformer
Cement			
ACC (ACC)	775	790	Hold
Ambuja Cement (GUJAMB)	76	80	Underperformer
Dalmia Cement (DALCEM)	130	170	Hold
India Cement (INDCEM)	130	130	Hold
JK Cement (JKCEME)	155	155	Performer
JK Lakshmi Cement (JKCORP)	150	155	Performer
Orient Paper (ORIPAP)	66	65	Outperformer
Shree Cement (SHRCEM)	1707	1845	Performer
UltraTech Cement (ULTCEM)	865	900	Performer
Hotel			
Indian Hotels (INDHOT)	77	86	Performer
Hotel Leela (HOTLEE)	31	-	Under Review
EIH (EIH)	93	93	Underperformer
Kamat Hotels (KAMHOT)	64	64	Hold
Taj GVK Hotels (TAJGVK)	107	107	Underperformer
Viceroy Hotels (PALHEI)	29	44	Hold
Hospitals			
Fortis Health (FORHEA)	131	131	Outperformer
Apollo Hospitals (APOHOS)	635	635	Performer

Source, ICICIdirect.com Research

Exhibit 40: Rating Matrix Continued…

Company	Target Price Previous	Target Price Revised	Rating
IT			
Infosys (INFTEC)	1775	2208	Hold
TCS (TCS)	505	634	Hold
Wipro (WIPRO)	467	554	Hold
Tech Mahindra (TECMAH)	720	897	Hold
HCL Tech (HCLTEC)	310	344	Hold
3i Infotech (3IINFO)	84	108	Performer
Rolta (ROLIND)	200	200	Hold
Klg Systel (KLGSYS)	150	227	Underperformer
ICSA India (INNCOM)	241	241	Performer
Mastek Ltd (MASTEK)	301	301	Hold
NIIT Ltd. (NIIT)	63	76	Hold
Logistics			
Container Corp (CONCOR)	1059	1270	Hold
Allcargo Global (ALLGLO)	716	867	Hold
Gateway Distriparks (GATDIS)	109	129	Hold
Sanghvi Movers (SANMOV)	151	192	Performer
Transport Corp (TRACOR)	59	78	Hold
Media			
Cinemax (CININD)	57	67	Hold
INOX (INOX)	55	57	Hold
Jagran Prakashan (JAGPRA)	104	118	Performer
PVR (PVRLIM)	125	157	Performer
Sun TV (SUNTV)	276	297	Hold
UTV Software (UTVSOF)	378	488	Performer
Metals & Mining			
Adhunik Metaliks (ADHMET)	131	131	Outperformer
Hindustan Zinc (HINZIN)	910	910	Performer
JSW Steel (JINVIJ)	576	576	Underperformer
SAIL (SAIL)	185	185	Performer
Sesa Goa (SESGOA)	250	250	Hold
Tata Steel (TISCO)	340	340	Underperformer
Usha Martin (USHBEL)	60	60	Underperformer
Visa Steel (VISST)	25	25	Underperformer
Midcaps			
Bartronics (BARLTD)	215	TP(Rs)	Outperformer
Everest Kanto (EVEKAN)	210	210	Hold
InfoEdge (INFEDG)	567	216	Outperformer
Murudeshwar Ceramics (MURCER)	11	45	Underperformer
Nitin Fire (NITFIR)	344	344	Hold
Opto Circuits (India) (OPTCIR)	177	227	Performer
Praj Industries (PRAIN)	111	111	Perfomer
Oil & Gas			
Gujarat State Petronet (GSPL)	85	85	Hold
Gujarat Gas (GUJGAS)	186	217	Hold
Paint			
Asian Paints (ASIPAI)	1365	1365	Hold
Dabur India(DABIND)	142	142	Hold
Kansai Nerolac (GOONER)	680	854	Hold

Source, ICICIdirect.com Research

Exhibit 41: Rating Matrix Continued…

Company	Target Price Previous	Target Price Revised	Rating
Pharma			
Alembic (ALECHE)	46	46	Hold
Biocon (BIOCON)	285	285	Hold
Dishman Pharma (DISHPHA)	213	213	Underperformer
Sun Pharma (SUNPHA)	1344	1344	Hold
IPCA Labs (IPCLAB)	694	694	Underperformer
Nicholas Piramal (NICPIR)	373	373	Hold
Pipes			
Jindal SAW (SAWPIP)	518	UR	Under Review
Mah. Seamless (MAHSEA)	296	321	Hold
Man Industries (MANIN)	50	50	Hold
PSL Limited (PSLHOL)	155	205	Outperformer
Welspun Gujarat (WELGUJ)	218	240	Hold
Power			
NTPC (NTPC)	245	245	Outperformer
Retail			
Koutons Retail(KOURET)	505	505	Outperformer
Vishal Retail(VISRET)	-	-	Under Review
Shipping			
Aban Offshore (ABALLO)	1309	1309	Underperformer
Garware Offshore (GARSHI)	177	177	Hold
GE Shipping (GESHIP)	276	276	Hold
Great Offshore (GREOFF)	431	431	Underperformer
Mercator Lines (MERLIN)	65	65	Performer
Varun Shipping (VARSHI)	59	59	Hold
Sugar			
Bajaj Hindustan (BAJHIN)	230	230	Outperformer
Balrampur Chini (BALCHI)	141	145.2	Outperformer
Dhampur Sugar (DHASUG)	84	125	Outperformer
Shree Renuka Sugars (RENSUG)	184	244.8	Outperformer
Telecom			
Bharti Airtel (BHATE)	455	455	Outperformer
Idea Cellular (IDECEL)	77	68	Hold
OnMobile (ONMGLO)	606	518	Hold
Reliance Comm. (RELCOM)	256	254	Hold
Tanla Solutions (TANSOL)	51	64	Hold
Tulip Telecom (TULITS)	1102	1103	Performer
Textiles			
Bombay Rayon(BOMRAY)	155	155	Underperformer
JBF Industries(JBFIND)	98	98	Hold
Kewal Kiran(KEWKIR)	-	-	Underperformer

Source, ICICIdirect.com Research

ICICIdirect.com Coverage Universe

Exhibit 1: Valuation matrix

				M Cap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
Company	**CMP(Rs)**	**TP(Rs)**	**Ratings**	**(Rs Cr)**	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**
Auto																			
Automotive Axle (AUTAXL)	266.0	62.0	UP	220.7	51.2	1.0	10.3	5.2	266.0	25.8	3.3	16.1	8.6	52.5	3.4	12.2	52.4	0.9	8.7
Bajaj Auto (BAAUTO)	1495.0	1027.0	H	14215.0	44.0	68.8	79.0	34.0	21.7	18.9	21.2	13.4	12.9	36.8	46.0	42.0	38.9	48.0	40.8
Balkrishna (BALIND)	373.0	402.0	UP	522.0	32.7	100.7	110.4	11.4	3.7	3.4	5.6	5.1	3.0	13.5	26.8	28.8	14.5	36.0	30.7
Bharat Forge (BHAFOR)	278.0	180.0	UP	3229.2	1.1	4.4	9.0	252.7	63.2	30.9	12.5	9.9	8.6	9.6	17.3	21.7	3.6	6.4	17.8
Escorts (ESCORT)	111.0	84.0	BP	548.6	1.3	3.8	5.1	85.4	29.2	21.8	10.0	7.9	7.4	7.0	8.7	9.3	-1.6	4.8	5.8
JK Tyre (JKIND)	135.0	84.0	UP	299.7	23.7	8.9	10.5	5.7	15.2	12.9	5.6	7.6	6.7	13.1	7.7	8.6	13.3	4.4	4.9
Subros (SUBROS)	41.0	42.0	H	162.0	2.2	3.8	5.3	18.6	10.8	7.7	5.4	3.9	3.0	12.2	16.0	19.9	7.4	11.8	14.5
Tata Motors (TELCO)	577.2	560.0	BP	21979.9	19.5	51.5	59.3	29.6	11.2	9.7	39.7	13.3	11.7	7.1	13.0	11.8	10.0	19.8	19.2
Cement																			
ACC (ACC)	814	790	H	15293	62.5	84.4	71.8	13.0	9.6	11.3	8.1	5.8	6.5	32.8	38.6	28.0	25.9	29.1	21.4
Ambuja Cement (GUJAMB)	101	80	UP	15340	7.4	8.7	8.6	13.5	11.6	11.7	8.5	6.6	5.9	27.7	28.6	24.7	21.9	21.4	18.2
Dalmia Cement (DALCEM)	184	170	H	1486	19.6	26.0	28.3	9.4	7.1	6.5	6.2	4.3	3.7	12.0	12.6	13.0	13.1	15.3	14.4
India Cement (INDCEM)	131	130	H	3698	17.2	18.5	19.0	7.6	7.1	6.9	5.2	4.2	4.1	17.0	16.7	15.4	17.4	16.2	14.6
JK Cement (JKCEME)	138	155	P	968	20.4	27.7	31.7	6.8	5.0	4.4	5.8	3.7	2.8	16.9	18.0	16.1	17.0	19.5	18.8
JK Lakshmi Cement (JKCORP)	140	155	P	857	29.2	43.6	32.5	4.8	3.2	4.3	3.7	2.3	3.0	16.8	23.6	16.5	24.2	28.0	17.1
Orient Paper (ORIPAP)	54	65	OP	1036	12.0	10.6	13.4	4.5	5.1	4.0	3.7	3.5	2.4	43.1	29.3	34.9	41.3	28.0	27.6
Shree Cement (SHRCEM)	1605	1845	P	5593	165.9	194.4	203.6	9.7	8.3	7.9	6.1	3.7	3.4	33.9	33.3	28.8	61.4	44.5	32.9
UltraTech Cement (ULTCEM)	805	900	P	10155	77.4	103.9	116.6	10.4	7.7	6.9	6.5	4.3	3.6	29.2	34.0	31.7	31.0	31.1	26.7
Hotels																			
Indian Hotels (INDHOT)	77.0	77.0	H	5570.2	0.2	3.5	5.3	447.1	21.7	14.6	17.8	13.9	10.9	4.7	7.1	8.9	0.4	7.2	9.7
Hotel Leela (HOTLEE)	38.0	-	UR	1435.7	3.8	0.9	1.5	9.9	40.8	25.7	19.5	23.0	18.0	4.7	1.9	2.7	7.5	1.9	2.7
EIH (EIH)	124.0	93.0	UP	4872.6	4.3	3.4	5.5	28.5	36.2	22.7	14.6	17.3	13.9	13.2	11.4	14.3	12.1	9.3	13.4
Kamat Hotels (KAMHOT)	70.0	64.0	H	96.4	4.1	-0.3	4.5	17.1	NA	15.5	9.1	9.6	8.3	5.2	6.6	8.1	10.1	-0.2	3.7
Taj GVK Hotels (TAJGVK)	129.0	107.0	UP	802.6	8.4	5.7	7.1	15.3	22.5	18.2	9.2	11.4	10.0	14.4	9.9	9.6	19.5	11.7	12.7
Viceroy Hotels (PALHEI)	42.0	-	UR	178.1	1.6	0.4	1.7	26.3	118.2	24.5	23.7	25.3	17.5	2.3	1.8	2.7	2.7	0.6	2.8

Source: Company, ICICIdirect.com Research

Exhibit 2: Valuation matrix continued…

Company	CMP(Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS(Rs) FY09	EPS(Rs) FY10E	EPS(Rs) FY11E	P/E (x) FY09	P/E (x) FY10E	P/E (x) FY11E	EV/EBITDA (x) FY09	EV/EBITDA (x) FY10E	EV/EBITDA (x) FY11E	RoCE (%) FY09	RoCE (%) FY10E	RoCE (%) FY11E	RoE (%) FY09	RoE (%) FY10E	RoE (%) FY11E
IT																			
Infosys (INFTEC)	2320.0	2208.0	H	132704	104.4	104.8	110.4	22.2	22.1	21.0	16.9	16.6	16.1	37.9	34.1	31.1	32.8	27.3	24.4
TCS (TCS)	616.6	634.0	H	120681	26.4	31.1	35.2	23.4	19.8	17.5	16.7	15.1	14.0	39.6	34.6	30.1	33.2	30.6	27.9
Wipro (WIPRO)	608.3	554.0	H	89116.0	25.6	28.3	31.5	23.8	21.5	19.3	17.8	16.3	15.6	21.0	20.5	20.0	28.1	24.5	23.0
Tech Mahindra (TECMAH)	939.2	897.0	H	11457.6	77.4	58.9	69.0	12.1	15.9	13.6	11.2	10.8	9.9	65.6	26.4	26.9	52.2	31.1	26.9
HCL Tech (HCLTEC)*	334.3	344.0	H	22440	19.0	16.7	25.3	17.6	20.0	13.2	10.4	8.7	8.2	15.7	18.0	16.9	22.5	17.1	22.1
3i Infotech (3IINFO)	93.6	108.0	P	1301.0	17.4	13.3	13.5	5.4	7.0	6.9	7.6	6.9	6.6	10.8	10.9	10.9	29.4	17.4	15.7
Rolta (ROLIND)*	191.8	200.0	H	3088.0	17.7	18.3	18.9	10.8	10.5	10.1	8.4	7.4	6.7	15.7	14.0	13.8	22.7	19.2	18.0
KLG Systel (KLGSYS)	282.3	227.0	UP	355.6	23.0	18.8	22.7	12.3	15.0	12.5	6.6	6.0	5.4	27.1	28.7	29.5	16.0	12.0	13.1
ICSA India (INNCOM)	207.7	241.0	P	976	32.6	34.0	56.5	6.4	6.1	3.7	5.7	4.7	3.0	25.7	23.6	32.1	29.4	25.7	30.4
Mastek Ltd (MASTEK)*	293.2	301.0	H	789	52.5	46.4	55.6	5.6	6.3	5.3	3.9	4.2	3.4	24.4	20.2	22.2	31.3	22.7	23.0
NIIT Ltd. (NIIT)	73.5	76.0	H	1209	4.2	4.0	5.7	17.5	18.4	12.9	11.6	9.7	7.9	16.5	17.0	20.0	15.8	13.4	18.0
Note * denotes companies are June ending																			
Logistics																			
Container Corp (CONCOR)	1200.0	1270.0	H	15923	63.0	65.5	74.7	19.1	18.3	16.1	14.5	13.5	11.6	26.5	23.6	23.0	21.6	19.1	18.5
Allcargo Global (ALLGLO)	825.0	867.0	H	1848	48.2	55.7	61.9	17.1	14.8	13.3	9.5	8.7	7.0	19.4	17.7	16.4	17.6	15.9	15.2
Gateway Distriparks (GATDIS)	118.0	129.0	H	1293	7.5	8.5	9.9	15.8	13.8	11.9	8.8	7.4	6.5	13.6	14.1	14.1	12.6	12.8	13.3
Sanghvi Movers (SANMOV)	168.0	192.0	P	727	23.3	23.4	29.6	7.2	7.2	5.7	4.4	4.0	3.1	23.5	22.1	24.1	25.6	20.9	21.4
Transport Corp (TRACOR)	85.0	78.0	H	638	3.9	4.8	5.8	21.7	17.8	14.7	9.3	9.1	8.0	13.3	12.0	12.4	9.9	10.9	11.9
Media																			
Cinemax (CININD)	60.9	66.8	H	170.5	4.0	2.9	4.5	15.3	21.0	13.7	9.1	11.6	9.4	7.4	4.5	6.3	7.2	5.1	7.2
INOX (INOX)	60.0	56.9	H	368.8	4.0	1.7	3.8	15.2	35.4	15.8	11.4	13.2	8.2	6.7	4.8	9.2	8.8	3.7	7.9
Jagran Prakashan (JAGPRA)	102.2	118.4	P	3078.0	3.0	5.3	5.9	33.5	19.2	17.3	19.1	11.5	9.6	16.0	25.2	26.1	16.3	24.6	23.4
PVR (PVRLIM)	140.4	156.5	P	322.9	1.9	3.5	10.4	74.8	39.8	13.5	7.7	8.5	5.3	5.6	6.3	9.2	2.2	4.0	10.7
Sun TV (SUNTV)	318.6	296.9	H	12555.4	9.3	11.6	13.5	34.1	27.5	23.6	16.9	13.4	11.0	28.2	27.9	27.4	20.9	21.6	21.0
UTV Software (UTVSOF)	430.0	487.6	P	1538.8	25.1	10.7	34.2	17.9	42.2	13.2	71.0	39.9	9.2	1.0	1.7	9.3	6.2	2.9	8.4
Metals & Mining																			
Adhunik Metaliks (ADHMET)	104.9	131.0	OP	1064.5	5.1	7.0	11.0	20.5	15.0	9.6	9.2	7.2	6.2	9.9	12.1	15.0	13.3	13.2	17.7
Hindustan Zinc (HINZIN)	807.0	910.0	P	34907.3	64.6	76.5	87.3	12.8	10.8	9.5	8.8	6.7	5.1	19.8	20.4	19.7	20.8	20.4	19.3
JSW Steel (JINVIJ)	836.0	576.0	UP	13600.4	14.7	63.6	80.6	56.9	13.2	10.4	9.5	8.1	6.3	9.1	10.6	12.2	3.0	11.9	13.4
SAIL (SAIL)	162.1	185.0	P	69762.5	14.9	17.3	9.9	10.8	9.4	16.4	6.5	5.2	6.4	21.0	20.7	16.4	22.1	21.4	17.5
Sesa Goa (SESGOA)	267.2	250.0	H	21936.1	25.3	23.6	29.9	10.6	11.3	8.9	6.7	7.9	5.4	51.9	29.6	29.5	42.2	27.5	26.3
Tata Steel (TISCO)	497.5	340.0	UP	37296.4	67.8	33.2	49.1	7.3	15.0	10.1	4.4	7.4	6.2	15.0	7.8	10.5	17.0	8.9	12.0
Usha Martin (USHBEL)	66.8	60.0	UP	1736.2	7.4	7.6	12.3	9.0	8.7	5.4	6.4	6.1	4.4	14.4	13.2	18.2	16.3	15.2	20.0
Visa Steel (VISST)	42.8	25.0	UP	355.3	-6.1	6.1	8.5	NA	7.0	5.0	NA	8.0	5.9	NA	10.9	14.9	NA	19.4	21.3

Source: Company, ICICIdirect.com Research

Exhibit 3: Valuation matrix continued…

Company	CMP(Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS(Rs) FY09	FY10E	FY11E	P/E (x) FY09	FY10E	FY11E	EV/EBITDA (x) FY09	FY10E	FY11E	RoCE (%) FY09	FY10E	FY11E	RoE (%) FY09	FY10E	FY11E
Midcaps																			
Bartronics (BARLTD)	169.7	215.9	OP	491.7	21.6	41.5	61.7	7.9	4.1	2.8	4.5	2.9	2.0	16.8	18.4	19.1	13.2	20.3	23.1
Everest Kanto (EVEKAN)	204.0	210.0	H	2131.0	13.6	13.1	17.3	15.0	15.6	11.8	9.4	8.5	6.9	20.6	16.9	20.7	23.3	17.6	18.9
InfoEdge (INFEDG)	680.3	595.3	UP	1856.8	20.9	21.1	23.9	32.6	32.3	28.5	23.2	27.4	20.5	26.3	22.5	21.9	17.5	15.4	15.2
Murudeshwar Ceramics	34.8	45.0	op	60.9	0.1	-2.7	2.0	348.0	NC	17.4	4.6	4.9	3.6	5.7	3.3	4.9	0.1	-1.8	1.3
Nitin Fire (NITFIR)	332.0	344.0	H	434.0	27.3	30.6	40.3	12.1	10.8	8.2	9.4	7.9	6.9	20.8	19.1	19.2	21.3	21.4	22.1
Opto Circuits (India)	197.6	227.0	P	3189.6	12.9	12.6	15.1	15.3	15.7	13.1	12.5	13.4	7.0	31.5	18.7	18.7	35.4	21.3	19.8
Praj Industries (PRAIN)	97.5	111.0	P	1658.0	7.1	7.7	9.3	13.7	12.7	10.5	11.0	10.1	8.3	38.8	35.6	36.0	32.7	28.9	29.0
Oil & Gas																			
Gujarat State Petronet (GSPL)	79.8	85.0	H	4484.8	2.2	4.2	3.1	36.3	19.1	25.5	13.3	7.2	8.0	10.7	20.6	14.6	10.2	16.8	11.6
Gujarat Gas (GUJGAS)	202.0	217.0	H	2590.7	24.9	14.4	17.3	8.1	14.1	11.7	5.4	9.0	7.5	26.7	27.3	26.8	22.3	21.1	20.9
FMCG																			
Asian Paints (ASIPAI)	1395.0	1365.0	H	13553.0	37.8	54.7	59.5	36.9	25.5	23.4	24.2	16.8	14.9	46.6	54.2	46.0	45.5	48.9	43.5
Dabur India	143.0	142.0	H	12284.0	4.5	5.3	6.4	31.6	26.8	22.3	26.5	22.1	18.5	46.1	44.5	45.5	54.4	50.0	50.1
Kansai Nerolac (GOONER)	825.0	854.0	H	2233.0	36.6	51.8	57.0	22.5	15.9	14.5	11.1	9.2	8.1	18.3	26.6	34.2	15.2	18.2	17.1
Pharma																			
Alembic (ALECHE)	48.8	46.0	H	674.9	3.4	4.5	7.1	14.5*	10.9	6.9	9.0	6.5	4.6	11.3	11.9	15.4	14.0*	12.2	16.9
Biocon (BIOCON)	262.0	285.0	H	5240.0	4.7	17.6	20.4	18.2**	14.9	12.8	17.9	10.7	10.7	13.2	20.2	22.8	11.4	16.9	19.2
Dishman Pharma (DISHPHA)	238.0	213.0	UP	1920.6	18.2	27.1	NA	13.1	8.8	NA	9.9	7.5	NA	13.7	17.1	NA	20.9	27.3	NA
Sun Pharma (SUNPHA)	1433.0	1344.0	H	29680.0	15.1	20.9	26.6	23.9	17.2	13.6	15.1	12.0	9.8	28.2	18.9	19.3	28.1	18.5	19.0
IPCA Labs (IPCLAB)	805.0	694.0	UP	2012.5	40.3	75.4	90.5	20.0	10.7	8.9	9.6	8.1	7.0	19.6	22.1	20.8	16.0	24.1	23.3
Nicholas Piramal (NICPIR)	361.0	373.0	H	7544.9	15.1	20.9	26.6	23.9	17.2	13.6	15.1	12.0	9.8	17.7	20.2	22.5	24.0	26.3	26.2
Pipes																			
Jindal SAW (SAWPIP)	722.0	UR	UR	3763.1	62.5	82.1	67.0	11.6	8.8	10.8	7.3	6.3	6.3	15.6	16.5	13.4	15.4	16.8	12.4
Mah. Seamless (MAHSEA)	319.0	321.0	H	2250.2	35.9	33.8	31.8	8.9	9.4	10.0	5.0	4.9	4.5	29.8	23.6	19.4	19.4	15.9	13.3
Man Industries (MANIN)	53.2	50.0	H	283.4	8.9	11.7	12.5	6.0	4.6	4.3	3.6	2.9	2.7	13.0	16.7	16.0	11.7	13.7	13.2
PSL Limited (PSLHOL)	169.0	205.0	OP	901.3	22.3	24.3	28.7	7.6	7.0	5.9	5.3	5.5	5.5	14.5	14.7	14.3	15.1	15.8	15.2
Welspun Gujarat (WELGUJ)	263.0	240.0	H	4905.0	11.2	18.9	19.8	23.5	13.9	13.3	10.2	7.5	6.9	12.5	17.1	16.2	13.7	20.5	18.1
Power																			
NTPC (NTPC)	210.0	245.0	P	173154.8	9.9	9.8	10.5	21.1	21.3	19.9	13.9	10.9	9.2	12.8	13.1	12.5	14.9	13.6	13.8
Neyveli Lignite (Neylig)	129.0	146.0	P	21642.5	4.9	7.6	9.7	26.4	17.0	13.3	19.7	11.8	8.1	4.7	8.5	9.9	8.9	12.8	15.0
PTC India (Powtra)	87.0	113.0	OP	2558.6	3.9	3.6	3.4	22.1	23.9	25.9	93.5	55.3	45.8	6.0	5.9	4.7	7.5	8.0	6.7

Source: Company, ICICIdirect.com Research

Exhibit 4: Valuation matrix continued…

Company	CMP(Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS(Rs) FY09	EPS(Rs) FY10E	EPS(Rs) FY11E	P/E (x) FY09	P/E (x) FY10E	P/E (x) FY11E	EV/EBITDA (x) FY09	EV/EBITDA (x) FY10E	EV/EBITDA (x) FY11E	RoCE (%) FY09	RoCE (%) FY10E	RoCE (%) FY11E	RoE (%) FY09	RoE (%) FY10E	RoE (%) FY11E
Retail																			
Koutons Retail (KOURET)	380.0	505.0	OP	1160.9	26.0	36.8	50.6	14.6	10.3	7.5	8.3	6.1	5.0	23.1	23.4	25.3	20.5	23.4	25.4
Vishal Retail (VISRET)	72.0	-	UR	161.3	-	-	-	NA	NA	NA	-	-	-	-	-	-	-	-	-
Shipping																			
Aban Offshore (ABALLO)	1621.0	1309.0	UP	6025.3	138.7	169.7	188.5	11.5	9.4	8.5	10.7	8.3	7.6	10.5	12.8	14.3	36.7	31.3	28.1
Garware Offshore (GARSHI)	162.0	177.0	H	390.3	17.9	32.2	35.2	9.2	5.1	4.7	10.7	7.1	6.2	11.3	15.2	15.2	19.6	27.2	23.9
GE Shipping (GESHIP)	262.0	276.0	H	4142.3	93.1	41.2	64.2	2.9	6.6	4.2	4.0	6.7	4.8	16.2	9.7	12.2	27.1	10.2	14.1
Great Offshore (GREOFF)	558.0	431.0	UP	2146.2	74.1	54.6	76.3	7.6	10.3	7.4	7.0	7.5	6.1	18.1	15.9	17.6	29.3	18.3	21.1
Mercator Lines (MERLIN)	59.0	68.0	P	1463.2	16.0	8.5	10.4	3.9	7.3	5.9	4.7	6.6	5.9	16.3	12.0	13.2	16.7	9.4	10.4
Varun Shipping (VARSHI)	57.0	59.0	H	915.0	8.2	4.8	6.8	7.4	12.7	9.0	7.8	9.1	8.6	12.7	10.6	11.3	13.5	7.5	9.9
Sugar																			
Bajaj Hindustan (BAJHIN)	176.0	230.0	OP	3150.0	-14.0	6.2	14.6	-	28.8	12.4	20.0	13.8	7.4	-9.3	6.5	12.2	-10.8	3.6	8.2
Balrampur Chini (BALCHI)	120.7	145.2	OP	3207.0	3.1	7.9	12.1	38.9	15.3	10.0	14.1	9.2	6.4	0.2	5.8	13.3	6.1	13.4	19.0
Dhampur Sugar (DHASUG)	98.4	125.0	OP	538.0	0.1	10.8	25.2	-	9.1	3.9	9.6	6.6	4.3	5.8	10.6	18.0	0.8	12.0	16.0
Shree Renuka Sugars (RENSUG)	187.8	244.8	OP	5516.0	4.4	7.4	20.4	44.7	26.5	9.7	14.1	13.4	6.6	6.2	21.6	41.5	16.9	22.1	46.5
Telecom																			
Bharti Airtel (BHATE)	354.0	455.3	OP	134395.4	44.6	24.7	29.2	7.9	14.3	12.1	5.1	8.3	6.7	24.6	22.2	22.5	27.9	23.9	22.2
Idea Cellular (IDECEL)	63.5	68.1	H	20946.0	2.9	3.9	4.4	21.8	16.3	14.4	7.6	7.6	6.2	6.2	7.1	8.0	6.4	8.3	8.6
OnMobile (ONMGLO)	481.0	517.5	H	2780.2	14.7	11.8	20.4	32.6	40.8	23.6	19.6	18.6	11.4	11.9	9.8	15.0	12.2	8.9	13.3
Reliance Comm. (RELCOM)	268.0	254.0	H	55315.7	28.6	21.3	21.6	9.4	12.6	12.4	9.3	10.1	8.3	6.7	5.0	6.3	16.9	11.2	10.2
Tanla Solutions (TANSOL)	70.1	64.0	H	701.0	20.2	4.8	7.1	3.5	14.6	9.9	1.9	4.4	3.8	25.2	5.1	8.3	22.8	5.3	7.4
Tulip Telecom (TULITS)	962.0	1102.8	P	3162.1	76.2	82.2	100.3	12.6	11.7	9.6	9.0	6.8	5.9	24.7	22.1	22.8	36.7	28.7	26.3
Textiles																			
Bombay Rayon (BOMRAY)	210.0	155.0	UP	1451.1	24.5	19.4	25.8	8.6	10.8	8.1	6.7	6.3	5.2	16.0	12.5	14.8	23.0	13.9	15.8
JBF Industries (JBFIND)	95.0	98.0	H	589.6	28.7	38.0	41.0	3.3	2.5	2.3	2.4	1.8	1.0	27.8	27.9	27.2	28.2	29.3	24.7
Kewal Kiran (KEWKIR)	194.0	-	UP	238.6	11.6	18.0	19.6	16.8	10.8	9.9	13.8	10.1	8.5	10.6	13.2	14.2	9.5	13.1	12.7

Source: Company, ICICIdirect.com Research

Exhibit 5: Valuation matrix continued…

Company	CMP	TP	Ratings	M Cap	EPS (Rs)			P/E (x)			PABV (Rs)			RONA (%)			ROE (%)		
				Rs Cr.	FY09	FY10E	FY11E	FY09	FY10E	FY11E	FY09	FY10E	FY11E	FY09	FY10E	FY11E	FY09	FY10E	FY11E
Public Sector Banks																			
Bank of India (BANIND)	395	350	UP	20978	57.2	68.2	86.2	6.9	5.8	4.6	1.9	1.5	1.3	1.5	1.4	1.5	25.0	23.9	25.9
Bank of Baoda (BANBAR)	467	532	P	17485	61.1	70.6	85.3	7.6	6.6	5.5	1.4	1.2	1.0	1.1	1.1	1.1	18.7	18.4	18.7
Dena Bank (DENBAN)	63	65	H	1857	14.7	12.6	14.8	4.5	5.2	4.5	1.0	1.0	0.8	1.0	0.9	0.9	21.3	18.8	17.7
IDBI Bank (IDBI)	123	116	H	8918	7.8	12.8	14.2	15.9	9.6	8.7	1.4	1.3	1.3	0.6	0.5	0.5	12.1	11.8	12.7
IOB (INDOVE)	125	144	P	6810	24.3	23.7	34.7	5.1	5.3	3.6	1.1	1.1	0.9	1.2	1.0	1.2	22.1	17.6	22.3
Oriental Bank (ORIBAN)	230	255	P	5786	6.4	5.6	5.0	0.8	0.8	0.7	0.6	0.8	1.3	0.0	0.0	0.0	0.0	0.0	0.0
SBI (STABAN)	2130	2217	H	137493	143.7	156.5	195.0	14.8	13.6	10.9	2.6	2.4	2.0	1.1	1.0	1.0	17.1	16.2	17.5
Union Bank (UNIBAN)	236	250	H	12223	34.2	35.3	42.9	6.9	6.7	5.5	1.4	1.2	1.0	1.2	1.0	1.1	21.4	18.7	19.5
Private Banks																			
Axis Bank (UTIBAN)	970	920	H	35374	50.6	53.0	62.9	19.2	18.3	15.4	3.5	2.5	2.2	1.4	1.3	1.2	19.1	16.2	14.7
HDFC Bank (HDFBAN)	1631	1850	P	69517	52.8	60.8	81.4	30.9	26.8	20.0	4.9	3.7	3.4	1.4	1.4	1.5	17.2	15.4	16.7
Kotak Bank (KOTMAH)	740	584	UP	26319	8.0	10.2	14.4	92.7	72.8	51.4	7.1	6.6	6.4	1.0	1.2	1.5	7.5	8.8	11.8
Yes Bank (YESBAN)	192	208	H	5827	10.3	13.4	16.8	18.7	14.4	11.4	3.6	2.8	2.3	1.6	1.6	1.8	20.7	21.2	22.1
NBFCs																			
IDFC (IDFC)	147	162	P	19873	5.8	6.9	8.0	25.5	21.2	18.4	3.1	2.8	2.5	2.5	2.7	2.7	12.7	13.8	14.4
LiC HF (LICHF)	760	710	H	6495	62.6	63.4	74.9	12.1	12.0	10.1	2.8	2.3	2.0	2.0	1.8	1.8	25.3	21.8	20.5
Motilal Oswal (MOTOSW)	168	184	P	2502	6.6	10.7	13.3	26.6	16.3	13.2	3.1	2.8	2.3	8.3	8.3	8.8	11.8	17.0	17.6
Reliance Capital (RELCAP)	900	800	UP	22262	54.2	46.8	43.6	16.7	19.3	20.8	2.9	2.6	2.3	7.7	5.8	4.6	18.6	14.0	11.6

Source: Company, ICICIdirect.com Research

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