



5th Annual
Global Investor
Conference
August 3 - 5, 2009



GATEWAY TO BLUE SKY OPPORTUNITIES



80 top Indian companies participating



16 CEO presentations



3 thematic sessions



2 panel discussions



The Winning Way: A unique workshop

Participating Companies



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Welcome



Dear Guest,

We at Motilal Oswal are pleased to welcome you to the 5th Annual Global Investor Conference from August 3-5, 2009 in Mumbai.

The last few months have been eventful, during which India has emerged as a preferred investment destination. Over and above the decisive political mandate, India has proved to be one of the most resilient economies in the current global turmoil, with GDP growth of 5.8% in 2HFY09. It is noteworthy that for the June 2009 quarter, corporate earnings (excluding global cyclicals) are at their peak, a testimony to India's robustness, led by strong domestic demand. We are already back in the cycle of earnings upgrades.

Over the next 6-7 years, India is on its way to the 'Next Trillion Dollar GDP'. What we created as a nation in the last 50 years will be recreated in the next few years. This will provide significant non-linear growth opportunities across sectors. Our conference will provide a platform for top managements of over 80 companies to share how they plan to position, grow and benefit from this Next Trillion Dollar (NTD) opportunity.

Our conference has a unique feature - CEO Track - the first of its kind in an investor conference. Over two days, 16 CEOs of India's top-notch companies will share their views on the key factors behind their success, their business models and growth opportunities. Of these, the two keynote speakers are leaders of companies that are role models in driving significant consumption boom in India. Three thematic presentations on the Economy, Agriculture and Capital Markets will provide several macro perspectives. Two panel discussions will enable corporates and investors to share their views on the NTD opportunity.

We hope this conference opens up blue sky opportunities for you and leaves you with several thought-provoking ideas, winning themes, greater conviction, and the best investment ideas.

At all times during the event, the Motilal Oswal team will be on call for any kind of assistance that you may need.

We welcome you once again, and hope you have a very productive and enjoyable week.

Navin Agarwal
CEO - Institutional Equities

Rajat Rajgarhia
Director - Research

Agenda (Monday, August 3)



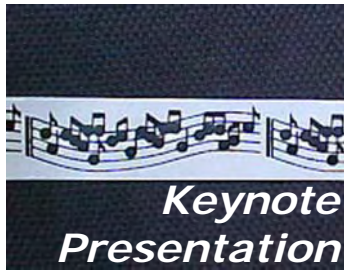
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|-------------|--|
| 09:30-09:40 | Introduction and Welcome Address
Mr Motilal Oswal
Chairman & Managing Director, Motilal Oswal Financial Services |
| 09:45-10:25 | Keynote Presentation
Mr Akhil Gupta
Dy Group CEO & Managing Director, Bharti Enterprises |
| 10:45-11:25 | CEO Track
Mr Aditya Puri
Managing Director, HDFC Bank |
| 11:30-12:10 | CEO Track
Mr R S Sharma
Chairman & Managing Director, ONGC |
| 12:15-12:55 | CEO Track
Mr Punit Goenka
Chief Executive Officer, Zee Entertainment |
| 13:00-13:55 | Luncheon Panel Discussion
India: The Next Trillion Dollar Opportunity |
| 14:00-14:40 | CEO Track
Mr Sushil Maroo
Dy Managing Director - Jindal Power, Jindal Steel & Power |
| 14:45-15:25 | CEO Track
Mr M V Nair
Chairman & Managing Director, Union Bank Of India |
| 15:45-16:25 | CEO Track
Mr Ashok Sinha
Chairman & Managing Director, BPCL |
| 16:30-17:10 | CEO Track
Mr G V Prasad
Vice Chairman & Chief Executive Officer, Dr Reddy's |
| 17:15-17:55 | Thematic Presentation: <i>Future of Indian Capital Markets</i>
Mr Raamdeo Agrawal
Managing Director, Motilal Oswal Financial Services |
| 18:30-19:30 | The Winning Way
An evening with Anita and Harsha Bhogle |

Agenda (Tuesday, August 4)



09:00-09:40	Thematic Presentation: <i>Prospects of Indian Agrarian Economy</i> Mr Narendra Murkumbi Vice Chairman & Managing Director, Shree Renuka Sugars
09:45-10:25	CEO Track Mr Kishore Biyani Founder & Group Chief Executive Officer, Future Group
10:45-11:25	CEO Track Ms Chanda Kochhar Managing Director & Chief Executive Officer, ICICI Bank
11:30-12.10	CEO Track Mr Sanjay Reddy Vice Chairman, GVK Power & Infra
12:15-12:55	Keynote Presentation Mr Brijmohan Munjal Chairman, Hero Honda
13:00-13:55	Luncheon Panel Discussion India Investment Outlook
14:00-14:40	CEO Track Mr R S Sharma Chairman & Managing Director, NTPC
14:45-15:25	CEO Track Mr GBS Raju Chairman - Corporate and International Business, GMR Infrastructure
15:45-16:25	CEO Track Mr Girish Paranjpe Joint Chief Executive Officer, Wipro
16:30-17:10	Thematic Presentation: <i>India Opportunities</i> Mr R Ravimohan MD & Region Head, South Asia, Standard & Poor's
17:15-17:55	CEO Track Mr Tulsi Tanti Chairman & Managing Director, Suzlon Energy

CEO Profiles (in order of appearance)



Mr Akhil Gupta
Dy Group CEO & Managing Director, Bharti Enterprises
Director, Bharti Airtel

Date: Monday, August 3
Time: 09:45 - 10:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Akhil Gupta is the Deputy Group CEO & Managing Director of Bharti Enterprises and a Director of Bharti Airtel Limited. He oversees investor relations and corporate governance at Airtel, and has also been representing the Indian Telecom Industry and Bharti regularly at various forums and important seminars in India and abroad.

He has been closely involved from the very beginning in Bharti's growth in the telecommunication services sector – both organically and by way of various acquisitions. He has led the formation of various partnerships for Bharti with leading international operators like British Telecom, Singapore Telecom and most recently Vodafone in addition to induction of financial investors like Warburg Pincus, Asia Infrastructure Fund and New York Life.

Mr Gupta is a Chartered Accountant and has over 27 years of experience in industry. He has also done an Advanced Management Program at the Harvard Business School. In January 2009, he was conferred the 'CA Business Achiever Award'. In 2006, he won three awards at the first 'CNBC TV18 CFO Awards for India' – 'Best CFO of the Year', 'Best Performing CFO in the Telecommunications Sector', and 'Best CFO of the Year - People's Choice Award'.



Mr Aditya Puri
Managing Director, HDFC Bank

Date: Monday, August 3
Time: 10:45 - 11:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Aditya Puri is the Managing Director of HDFC Bank. Mr Puri is also Deputy Chairman of the Indian Banks Association.

He joined the bank in September 1994, with a mandate to set up from scratch, a "World Class Indian Bank". Prior to taking over as Managing Director of HDFC Bank, Mr Puri was Chief Executive with CitiBank, Malaysia with over 19 years experience in both local and international banking with CitiBank NA. Mr Puri is a Chartered Accountant.

Mr Puri has received many awards, some of them being:

- Fe INDIA's Best Banks Awards 2009 – *Best Innovative Banker*
- Voted *Best CEO in India 2009*: Finance Asia annual poll of Investors and Analysts
- CNN-IBN *Indian Businessman of the Year 2008*
- Business Standard *Banker of the Year Award 2008*
- Award for Institution Building at the HR Global Excellence awards 2007
- Conferred 'The Management Man of the Year 2003-04 Award' by the Bombay Management Association (BMA) in recognition of his role in the Banking sector and the Indian industry

CEO Profiles (in order of appearance)



Mr RS Sharma
Chairman & Managing Director, ONGC

Date: Monday, August 3
Time: 11:30 - 12:10
Location: Ballroom, The Grand Hyatt, Mumbai

Mr RS Sharma is Chairman and Managing Director of ONGC. He is also the Chairman of ONGC Videsh, Mangalore Refineries and Petrochemicals, and other ONGC group of companies.

Mr Sharma has varied experience in Project Management, Finance and Corporate Affairs. He joined ONGC Board as Director (Finance) in March, 2002. Before joining ONGC Board, he was appointed as Director (Finance) of ONGC Videsh Limited – a wholly owned subsidiary of ONGC in January 2002, the position he concurrently held till November 2002. He is the Chairman and Managing Director of the company since May 2006.

Mr Sharma is a Fellow Member of the Institute of Cost & Works Accountants of India and an Associate Member of the Indian Institute of Bankers. He has participated in various management programs in India and overseas.



Mr Punit Goenka
CEO, Zee Entertainment Enterprises

Date: Monday, August 3
Time: 12:15 - 12:55
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Punit Goenka is the Chief Executive Officer of Zee Entertainment Enterprises. He also serves as a Director of other Essel group companies such as: Essel Infraprojects, Essel Telecom Holdings, Rochan (India), Zee Sports, Agrani Wireless Services, Agrani Satellite Services, ASC Mobile Communication, and Diligent Media Corporation.

Mr Goenka started his career with ZEE TV in 1995 as head of the Music division. In 2004, he took charge as the Business Head of Zee TV and then as Chief Executive Officer in July 2008. Under his leadership, Zee TV has made rapid progress into a leadership position among General Entertainment Channels (GEC) in India.

Mr Goenka has participated in various intensive Management Education Programs – Young Managers Program at INSEAD, France and a program on “Birthing of Giants” hosted by Young Entrepreneurs’ Organization and MIT Enterprise Forum, Boston, USA.

CEO Profiles (in order of appearance)



Mr Sushil Maroo
Dy Managing Director, Jindal Power
Director, Jindal Steel and Power

Date: Monday, August 3
Time: 14:00 - 14:40
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Sushil Maroo is the Deputy Managing Director of Jindal Power Limited. He is also a Director on the Board of Jindal Steel & Power (JSPL). He has been fundamental in JSPL's breakthrough of a US\$2.1 billion project in South America apart from a US\$6 billion expansion in Orissa and a US\$3 billion expansion in Jharkhand in India.

Mr Maroo's proficiency in project finance, dealing with national and international finance institutions, managing large public issues and overseas acquisitions along with strategic planning expertise has been crucial in shaping JSPL's expansive plans. He has been with the Jindal group since January 2001. Before joining JSPL, Mr Maroo worked with Hindustan Lever, Voltas, Nippon Dendro I spat, Chambal Fertilizers, and RPG Dholpur Power Company.

Mr Maroo is a Chartered Accountant by profession and has work experience of over two decades in the field of financial management, accounts and corporate affairs.



Mr MV Nair
Chairman & Managing Director, Union Bank of India

Date: Monday, August 3
Time: 14:45 - 15:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr MV Nair is the Chairman and Managing Director of Union Bank of India. He also holds several other responsible positions, some of which are: Chairman of Indian Banks' Association (IBA), Director on the Board of Agricultural Finance Corporation, Member of the Governing Board of Institute of Banking Personnel Selection (IBPS), and Chairman of the Executive Committee of the Indian Institute of Banking & Finance (IIBF).

In Union Bank of India, Mr Nair has introduced a change process called "Project Nav Nirman" which aims at transforming the bank into a customer-centric marketing organization. Under his stewardship, Union Bank has brought all its branches under the CBS network, the first large public sector bank to do so and has opened representative offices in Shanghai, Abu Dhabi, and Sydney, and the bank's first full fledged overseas branch in Hong Kong.

Mr Nair was a member of the sub-group on financial services under the High Level Group on Services Sector constituted by the Planning Commission. He is presently a member of the High Powered Committee set up by the RBI and headed by Smt Usha Thorat, Dy Governor, RBI to review the Lead Bank Scheme.

CEO Profiles (in order of appearance)



Mr Ashok Sinha
Chairman & Managing Director, Bharat Petroleum Corporation

Date: Monday, August 3
Time: 15:45 - 16:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Ashok Sinha is the Chairman and Managing Director of Bharat Petroleum Corporation.

He joined the company in 1977 and has 32 years of experience in all aspects of the oil business. As General Manager (Finance) in 1991, he played a key role in the development of guidelines for the first ever disinvestment by the Government of India of their holding in public sector undertakings. At the helm of the Corporate Affairs function, his role as a key member of the Sundararajan Committee, which formulated the 'Hydrocarbon Perspectives - 2010' Report, has been lauded. Assuming the position of Director (Finance) in 1996, Mr Sinha has been responsible for the Finance Function, Information Technology and Strategy Development in the Corporation. He has been the driving force behind pioneering IT initiatives like the smart card based loyalty-cum-payment programs and B2B and B2C initiatives for customers.

Mr Sinha has been conferred with the India CFO Award-2001 for Information and Knowledge Management by the Economist Intelligence Unit (EIU) India and American Express. Mr Sinha is a BTech in Electrical Engineering from IIT, Kanpur, and an MBA from IIM, Bangalore, with specialization in Finance.



Mr GV Prasad
Vice Chairman & CEO, Dr Reddy's Laboratories

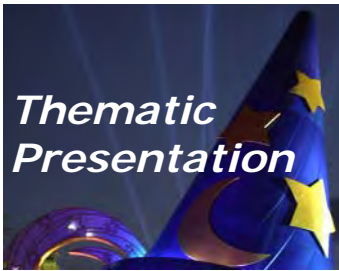
Date: Monday, August 3
Time: 16:30 - 17:10
Location: Ballroom, The Grand Hyatt, Mumbai

Mr GV Prasad is the Vice Chairman and CEO of Dr Reddy's Laboratories. He is widely credited as the architect of Dr Reddy's successful global generics strategy.

An entrepreneur with interests in the construction and pharmaceuticals businesses, Mr Prasad began his career in his father's construction business, immersing himself in various projects in Karnataka. In 1985, he co-founded Benzex Labs, an API manufacturing company, which was later acquired by Dr Reddy's. He briefly returned to the construction business before reappearing on the pharma landscape in 1990 as Managing Director of Cheminor Drugs, which merged with Dr Reddy's in 2001. Mr Prasad took over as the Vice-Chairman and CEO of the merged entity.

Mr Prasad studied Chemical Engineering at the AC College of Technology, Guindy in Chennai for five semesters before he left for the US to complete his degree at the Illinois Institute of Technology in Chicago. He earned his Masters in Industrial Administration from Purdue University.

CEO Profiles (in order of appearance)



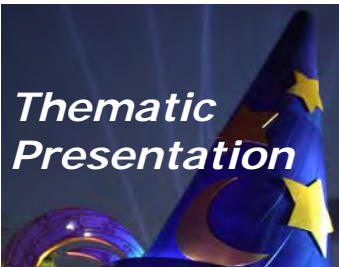
Mr Raamdeo Agrawal
Managing Director, Motilal Oswal Securities

Date: Monday, August 3
Time: 17:15 - 17:55
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Raamdeo Agrawal is the co-promoter and Managing Director of Motilal Oswal Securities. He is also a Director on the Board of Motilal Oswal Financial Services, the listed arm of the group. Mr Agrawal is the key driving force behind the organization's strong and widely acknowledged equity research capabilities.

Mr Agrawal is an Associate of Institute of Chartered Accountant of India. He is a member of the National Committee on Capital Markets of the Confederation of Indian Industry. He has been authoring the annual Motilal Oswal Wealth Creation Study since its inception in 1996. He has also featured on 'Wizards of Dalal Street on CNBC TV 18'. He has written the book '*Corporate Numbers Game*', along with co-author Mr Ram K Piparia.

Mr Agrawal was awarded the Rashtriya Samman Patra by Central Board of Direct Taxes for a consistent track record of highest integrity in tax payments for a period of five years from FY95-FY99.



Mr Narendra Murkumbi
Vice Chairman & Managing Director, Shree Renuka Sugars

Date: Tuesday, August 4
Time: 09:00 - 09:40
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Narendra Murkumbi is the Managing Director of Shree Renuka Sugars. Co-founded by him in 1998, Shree Renuka Sugars is one of the largest sugar / ethanol producers in India with eight integrated sugar mills in the South and the West and a sugar refinery on the East coast. It also controls an ethanol technology and engineering company based in Pune, India.

Mr Murkumbi trained as an Electronics Engineer and then completed his MBA from the Indian Institute of Management, Ahmedabad in 1994, with specialization in Entrepreneurship and New Venture Management.

Mr Murkumbi is an Independent Board Member of ICICI Bank. He has also been a member of Government of India's Committee for Promotion of Sugar Exports.

CEO Profiles (in order of appearance)



Mr Kishore Biyani
Group CEO, Future Group
Managing Director, Pantaloon Retail

Date: Tuesday, August 4
Time: 09:45 - 10:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Kishore Biyani is the Group CEO of Future Group and Managing Director of Pantaloon Retail. He also serves as the Chairman of the CII National Council on Retail. He recently authored the book, *'It Happened In India.'*

While retail continues to form the core business of Future Group, Mr Biyani has led the group's foray into allied businesses spanning the consumption space. Future Group's businesses now include, investment advisory and capital services, financial services retailing, insurance, brand development, retail media and logistics.

Under his leadership, Pantaloon Retail was awarded the International Retailer of the Year 2007 by the US-based National Retail Federation and Emerging Market Retailer of the Year 2007 at the World Retail Congress in Barcelona.



Ms Chanda Kochhar
Managing Director & CEO, ICICI Bank

Date: Tuesday, August 4
Time: 10:45 - 11:25
Location: Ballroom, The Grand Hyatt, Mumbai

Ms Chanda Kochhar is the Managing Director and Chief Executive Officer of ICICI Bank.

She began her career with ICICI as a Management Trainee in 1984. In 1993, when ICICI decided to enter commercial banking, she was deputed to ICICI Bank as a part of the core team to set up the bank. In April 2001, she was promoted as an Executive Director, heading the retail business in the Bank. In April 2006, she was appointed as the Deputy Managing Director, with responsibility for both Corporate and Retail banking. From October 2006 to October 2007, she handled the International and Corporate businesses. In October 2007, she was appointed as the Joint Managing Director & CFO.

Ms Kochhar, a qualified Cost Accountant and an MBA, has won several awards and accolades including the following:

- Ranked 25th in Fortune's List of Most Powerful Women in Business, 2008
- Featured in the list of 25 most powerful women leaders in Business Today, 2008
- 'Rising Star Award' for Global Awards 2006 by Retail Banker International
- Awarded Business Woman of the Year 2005 by The Economic Times of India

CEO Profiles (in order of appearance)



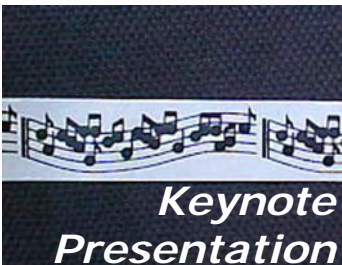
Mr GV Sanjay Reddy
Vice Chairman, GVK Power and Infrastructure

Date: Tuesday, August 4
Time: 11:30 - 12:10
Location: Ballroom, The Grand Hyatt, Mumbai

Mr GV Sanjay Reddy is Vice Chairman of GVK Power and Infrastructure, and is directly in charge of Mumbai Airport as the Managing Director. Mumbai airport is one of the largest infrastructure projects under implementation in India. He is also the Vice Chairman of GVK EMRI, Managing Director of GVK Biosciences, and Director of TajGVK Hotels.

Apart from his professional responsibilities, Mr Reddy is also the Chairman of CII National Committee on Transport Infrastructure, Founder National Chairman of CII Young Indians and was nominated as a Young Global Leader for 2007 by the World Economic Forum. He is a Member of the Board of Trustees of the Jagdish and Kamla Mittal Museum of Indian Art

Mr Reddy holds a Bachelor of Industrial Engineering from Purdue University, USA and an MBA (Finance & Corporate Strategy) from University of Michigan, USA.



Mr Brijmohan Lall Munjal
Chairman, Hero Group

Date: Tuesday, August 4
Time: 12:15 - 12:55
Location: Ballroom, The Grand Hyatt, Mumbai

Mr Brijmohan Lall Munjal is the Chairman of the Hero Group. The prominent companies of the Group are Hero Honda Motors, Hero Cycles, and Munjal Showa, among others. Mr Munjal has been on the Board of Punjab National Bank and also the country's Central Bank (Reserve Bank of India - Northern Region). He has also been on the Board of several other companies and institutions besides contributing to state and national level policy formulation by being designated to various government committees.

A first generation entrepreneur, who along with his three brothers started a bicycle manufacturing unit in Ludhiana in the mid forties, Mr Munjal has come a long way in his corporate journey with distinct qualities of leadership, entrepreneurship and vision.

Some of the awards bestowed upon Mr Munjal are:

- 'Padma Bhushan' conferred by Government of India in recognition of his immense contribution to the nation in the field of trade and industry (2005)
- Entrepreneur of the Year (2001) - Ernst & Young
- Lifetime Achievement Award by DAKS London Awards for Brand Excellence (2006)

CEO Profiles (in order of appearance)



Mr RS Sharma
Chairman & Managing Director, NTPC

Date: Tuesday, August 4
Time: 14:00 - 14:40
Location: Ballroom, The Grand Hyatt, Mumbai

Mr RS Sharma is the Chairman and Managing Director of NTPC.

A graduate in Mechanical Engineering, Mr Sharma began his career in 1971 as Engineer in Madhya Pradesh Electricity Board. He joined NTPC in 1980 and has served in various capacities. He headed the Operations & Maintenance functions at Vindhyachal Station, was the Head of NTPC-Rihand, the General Manager of NTPC-Sipat, the Head of NTPC's Southern Region, Executive Director (Corporate Planning), and Executive Director (Commercial).

Mr Sharma led the New Business Development Group, which culminated in the setting up of a power exchange and NTPC's diversification into equipment manufacturing. He also initiated the process for acquisition of coal mines abroad and charted the roadmap for nuclear power development. As CMD, he has ushered in several strategic and business process changes.

Mr Sharma has been honored with several prestigious awards and recognitions including Honorary Fellowship Award from International Project Management Association, Fellowship of World Academy of Productivity Science, and Leadership Award for Sectoral Excellence from Amity School of Business.



Mr GBS Raju
Chairman - Corporate & International Business, GMR Infrastructure

Date: Tuesday, August 4
Time: 14:45 - 15:25
Location: Ballroom, The Grand Hyatt, Mumbai

Mr GBS Raju is the Chairman - Corporate and International Business of GMR Infrastructure (GIL). He heads the International Businesses of GIL and the Group's corporate functions - Finance, Human Resources, Corporate & Strategic Planning, Central Procurement, Legal, IT and Corporate Communications. He is also the Managing Director of GIL.

Just out of university in 1996, Mr Raju entered the family business at a young age of 22, when GMR Group was on the threshold of the infrastructure business. Through the years, he significantly contributed to the Group's growth in infrastructure business and to its premier position in the sector today.

Mr Raju strengthened the Group's Energy business by implementing India's first and the world's largest floating barge mounted power plant near Mangalore. He headed the Group's foray into the Highways sector. He also led GMR's entry into International Business. In his earlier responsibility as the Group CFO, he steered GIL's IPO and QIP, and financing of various projects including Delhi Airport and Hyderabad Airport projects.

CEO Profiles (in order of appearance)



Mr Girish S Paranjpe
Joint CEO, IT Business, Wipro

Date: Tuesday, August 4

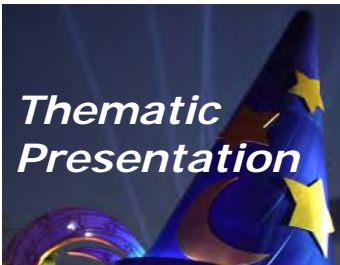
Time: 15:45 - 16:25

Location: Ballroom, The Grand Hyatt, Mumbai

Mr Girish S Paranjpe is the Joint Chief Executive Officer of Wipro's IT Business alongside Mr Suresh Vaswani and is an Executive Director on the Board of Wipro. He jointly carries the overall responsibility for the strategy and operations of Wipro's IT Business.

Mr Paranjpe joined Wipro in 1990 and has held a broad range of leadership positions in critical portfolios across the Wipro Corporation during his 17+ years' tenure. In his last role over the period 2000 - March 2008, he was the President of Wipro Technologies Financial Solutions and a member of Wipro's Corporate Executive Council. He became the head for the consulting practice from the year 2007 and this continues to be part of his direct responsibility.

Mr Paranjpe has represented Wipro and the IT Industry in various public forums including the Prime Minister's Task Force on Information Technology and at the Nasscom 2000.



Mr R Ravimohan
Managing Director & Region Head, South & South East Asia,
Standard & Poor's
Chairman, CRISIL

Date: Tuesday, August 4

Time: 16:30 - 17:10

Location: Ballroom, The Grand Hyatt, Mumbai

Mr R Ravimohan is Managing Director and Region Head, South and South East Asia, Standard & Poor's, a provider of financial market intelligence. He is also the Chairman of CRISIL, India's leading rating, research, risk and policy advisory company, and a subsidiary of Standard & Poor's.

Featured among India's 50 most powerful people in 'India Today' a leading magazine, Mr Ravimohan also serves as a Member of the Advisory Committee of the Securities and Exchange Board of India, India's capital markets regulator.

He started his career with ICICI, where he worked in project appraisal, systems designing, credit administration and merchant banking. He is a Chemical Engineer and has completed the Advanced Management Program from Harvard Business School.

CEO Profiles (in order of appearance)



Mr Tulsi Tanti
Chairman & Managing Director, Suzlon Energy

Date: Tuesday, August 4

Time: 17:15 - 17:55

Location: Ballroom, The Grand Hyatt, Mumbai

Mr Tulsi Tanti is the Founder, and also the Chairman and Managing Director of Suzlon Energy.

A Mechanical Engineer by training, Mr Tanti founded Suzlon Energy in 1995 and has led from the helm to transform the company into the world's fifth and India's leading wind turbine maker, commanding over 10.5% of global market share. He has played a pioneering role in transforming India's wind industry into the world's fourth largest.

Mr Tanti drives Suzlon not as a business, but as a cause - contributing to the world by creating sustainable social, economic and ecological development, and using technology to help mitigate the global climate crisis. The United Nations has recognized Mr Tanti as 'Champion of the Earth 2009'. Amongst the several awards that he was won are:

- Global Indian Award 2009' by Canada India Foundation
- Hero of the Environment' by TIME Magazine
- Ernst & Young Entrepreneur of the Year 2006' award by Ernst & Young



Corporate Profiles

Corporate Profiles



ACC	Larsen & Toubro
Ambuja Cements	Lupin
Anantraj Industries	Mahindra & Mahindra Ltd
Axis Bank	Mahindra Lifespaces
Bajaj Auto Ltd	Marico
Bajaj Finserv	Maruti Suzuki India
Bank of Baroda	Max India
Bank of India	NTPC
Bharat Forge	ONGC
Bharti Airtel	Pantaloon
Biocon Ltd	Piramal Healthcare Ltd
BPCL	Reliance Capital
Central Bank of India	Reliance Communication
Dabur India	Reliance Industries
Dish TV	Reliance Infrastructure
DLF	Reliance Power
Dr Reddy's Laboratories	Rural Electrification Corporation
Everest Kanto	SBI Life
Financial Technologies	Sesa Goa
Future Capital	Shree Renuka Sugars
GE Shipping	Shriram Transport Finance
Glenmark Pharmaceuticals	Simplex Infrastructure
GMR Infrastructure	Sintex Industries
Godrej Consumer Products	State Bank of India
Grasim Industries	Sterlite Industries
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HDFC Bank	Suzlon Energy
HDFC Standard Life	Tata Consultancy Services
Hero Honda Motors	Tata Steel
HPCL	Time Technoplast
Hindustan Zinc	Titan Industries
ICICI Bank	Union Bank of India
Idea Cellular	Unitech
Indiabulls Financial Services	Vardhman Textiles
Info Edge	Voltas
Infosys Technologies	Wipro
Jaiprakash Associates	Yes Bank
Jet Airways	Zee Entertainment
Jindal Steel & Power	Zee News
JSW Steel	

ACC

Company description

ACC, part of Holcim group, is the oldest and the largest standalone cement company in India with total capacity of 23m tons. It has pan-India presence with 16 plants.

Key investment arguments

- Market leader with strong national presence and overall market share of 13%.
- Volumes to grow 8% driven by 8m ton capacity addition, to be commissioned in phases from 3QCY09 through 2QCY10.
- ACC is focused on enhancing productivity and efficiency in order to manage cost inflation, by reducing operating costs, augmenting blending, improving the efficiency of factory equipment and lowering power consumption.
- Based on Holcim's global expertise, ACC is focused on higher use of alternate fuels/renewable energy. In CY08, it saved Rs228m by using alternate fuels.
- ACC's balance sheet continues to be strong with net cash of Rs14.7b in CY10E, despite capex program of Rs35b over CY08-10.

Key investment risks

- Very limited scope to increase production through blending, as 85% of cement sold is blended.
- Limited scope to save costs as multiple locations restrict use of imported coal to ~15%.
- We believe ACC's RMC business would continue to drag consolidated financials in CY09.

Recent developments

- ACC has been allotted four coal blocks with approximate reserves of 200m tons, through a JV with Madhya Pradesh State Mining Corporation, a Government of Madhya Pradesh undertaking. The mines are expected to become operational in 4-5 years, and would meet requirements of ACC's plants in North India.

Valuation and view

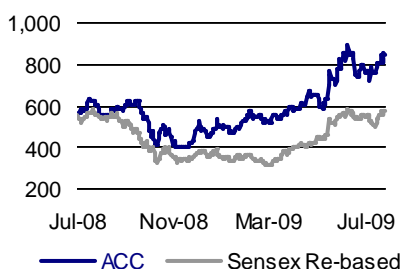
- Valuations at 9x CY09E EPS, 5x CY09E EV/EBITDA and US\$109/ton (~26m tons capacity) are fair reflection of the underlying fundamentals.
- We have a **Neutral** rating with a price target of Rs857 (6x CY10E EV/EBITDA+).

Bloomberg	ACC IN
Equity Shares (m)	187.9
CMP (Rs)	845
Mcap (US\$ b)	3.3
52 W Range	907 / 365
1, 6, 12 Rel Per	3 / 1 / 47

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	46.4	46.4	43.2
Domestic Inst	21.6	22.1	22.4
Foreign	11.1	11.1	10.3
Others	21.0	20.3	24.1

Stock Performance (1 year)

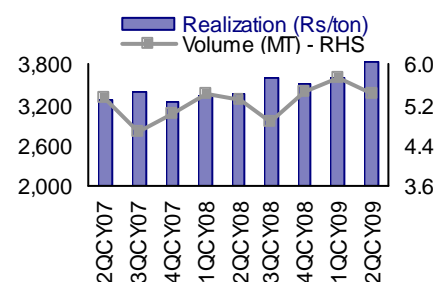


Quarterly Performance (Standalone)

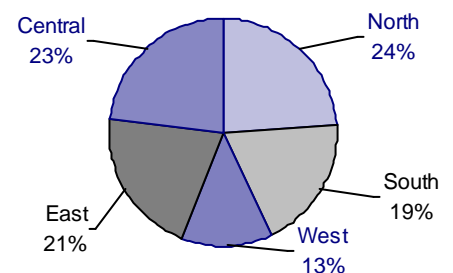
Y/E	December	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Cement Sales (m tons)	5.29	4.86	5.46	5.73	5.42	5.42	21.0	22.3
Realization (Rs/ton)	3,375	3,599	3,522	3,587	3,840	3,840	3,479	3,748
YoY Change (%)		3.4	5.9	8.8	7.9	13.8	6.7	7.7
Net Sales		17,857	18,046	19,226	20,551	20,813	73,086	83,474
YoY Change (%)		-3.1	7.5	11.5	14.4	16.5	6.2	14.2
EBITDA		4,136	4,382	4,455	6,474	7,337	17,332	27,514
EBITDA Margin (%)		23.2	24.3	23.2	31.5	35.3	23.7	33.0
Adjusted PAT		2,629	2,834	3,345	4,203	4,856	11,787	18,138
YoY Change (%)		-24.4	0.9	8.5	26.9	84.7	-7.9	53.9

E: MOSL Estimates

Trend in Realizations and Volumes



Trend in CY08 Market Mix



Source: Company/MOSL

ACC: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E DECEMBER	CY07	CY08	CY09E	CY10E	
Net Sales	68,807	73,086	83,474	85,341	
Change (%)	20.4	6.2	14.2	2.2	
Total Expenditure	49,620	55,755	55,960	62,142	
EBITDA	19,186	17,332	27,514	23,199	
Change (%)	18.2	-9.7	58.8	-15.7	
Margin (%)	27.9	23.7	33.0	27.2	
Depreciation	-3,051	-2,942	-3,384	-4,318	
Int. and Fin. Charges	-739	-400	-614	-625	
Other Income - Rec.	1,775	2,887	2,450	2,250	
PBT Before EO Item	17,172	16,877	25,967	20,506	
EO Income/(Expense)	2,131	489	0	0	
PBT After EO Item	19,303	17,366	25,967	20,506	
Tax	4,917	5,238	7,829	6,152	
Tax Rate (%)	25.5	30.2	30.2	30.0	
Reported PAT	14,386	12,128	18,138	14,355	
Adjusted PAT	12,798	11,787	18,138	14,355	
Change (%)	15.4	-7.9	53.9	-20.9	
Margin (%)	18.6	16.1	21.7	16.8	

BALANCE SHEET		(RS MILLION)			
Y/E DECEMBER	CY07	CY08	CY09E	CY10E	
Share Capital	1,879	1,879	1,879	1,879	
Fully Diluted Capital	1,879	1,879	1,879	1,879	
Reserves	39,648	47,399	61,140	72,197	
Net Worth	41,527	49,277	63,019	74,076	
Loans	3,064	4,820	5,000	5,000	
Deferred Tax Liability	3,315	3,358	3,747	4,055	
Capital Employed	47,906	57,456	71,766	83,131	
Gross Block	54,641	58,357	78,357	94,357	
Less: Accum. Deprn.	21,494	23,660	27,043	31,361	
Net Fixed Assets	33,147	34,697	51,313	62,996	
Capital WIP	6,492	16,029	3,000	1,500	
Investments	8,448	6,791	18,756	18,630	
Curr.Assets, L&A	22,030	27,352	28,930	29,577	
Inventory	7,309	7,933	9,148	9,352	
Account Receivables	2,893	3,102	3,430	3,507	
Cash and Bank Balance	7,435	9,842	8,004	8,183	
Others	4,394	6,475	8,347	8,534	
Curr. Liab. and Prov.	22,212	27,413	30,234	29,572	
Account Payables	12,852	14,340	14,565	16,174	
Other Liabilities	2,697	3,434	3,833	4,256	
Provisions	6,663	9,639	11,836	9,142	
Net Current Assets	-182	-61	-1,304	5	
Application of Funds	47,905	57,456	71,766	83,131	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E DECEMBER	CY07	CY08	CY09E	CY10E	
Basic (Rs)					
EPS	68.1	62.7	96.5	76.4	
Consolidated EPS	68.1	57.9	93.6	74.1	
Cash EPS	84.3	78.4	114.5	99.4	
BV/Share	221.0	262.2	335.3	394.2	
DPS	20.0	20.0	20.0	15.0	
Payout (%)	34.3	37.3	24.2	23.0	
Valuation (x)					
P/E	12.4	14.6	9.0	11.4	
Cash P/E	10.0	10.8	7.4	8.5	
EV/Sales	2.1	2.0	1.6	1.6	
EV/EBITDA	7.6	8.5	5.0	5.9	
P/BV	3.8	3.2	2.5	2.1	
Dividend Yield	2.4	2.4	2.4	1.8	
EV/ton (US\$-Cap)	134.4	130.6	109.1	92.9	
Return Ratios (%)					
RoE	30.8	23.9	28.8	19.4	
RoCE	33.7	25.0	33.6	22.7	
Working Capital Ratios					
Debtor (Days)	15	15	15	15	
Asset Turnover (x)	1.4	1.3	1.2	1.0	
Leverage Ratio					
Debt/Equity (x)	0.1	0.1	0.1	0.1	

* EPS numbers are annualized.

CASH FLOW STATEMENT		(RS MILLION)			
Y/E DECEMBER	CY07	CY08	CY09E	CY10E	
OP/(Loss) before Tax	20,236	19,021	27,514	23,199	
Interest/Dividends Recd.	891	1,164	2,450	2,250	
Direct Taxes Paid	-1,865	-3,184	-7,440	-5,844	
(Inc)/Dec in WC	1,857	758	-595	-1,130	
CF from Operations	21,118	17,759	21,929	18,475	
EO Income/(Expense)	0	489	0	0	
CF from Op. incl EO Exp.	21,118	18,247	21,929	18,475	
(inc)/dec in FA	-6,213	-13,762	-6,971	-14,500	
(Pur)/Sale of Investments	-2,921	894	-11,966	126	
CF from Investments	-9,134	-12,868	-18,937	-14,374	
Issue of Shares	40	14	0	0	
(Inc)/Dec in Debt	-4,588	1,756	180	0	
Interest Paid	-857	-403	-614	-625	
Dividend Paid	-5,348	-4,339	-4,396	-3,297	
CF from Fin. Activity	-10,752	-2,971	-4,830	-3,922	
Inc/Dec of Cash	1,233	2,408	-1,838	179	
Add: Beginning Balance	6,202	7,435	9,842	8,004	
Closing Balance	7,435	9,842	8,004	8,183	

Ambuja Cements

Company description

Ambuja Cement, a part of Holcim group, is the third largest cement company in India with total capacity of 18m tons under its control. It is one of the lowest cost producers of cement with focus on structurally sound markets of North, West and East. It is also the largest exporter of cement from India.

Key investment arguments

- New 6m tons of capacity to be commissioned from 3QCY09, driving CY09-11E volume CAGR of 10%.
- Ambuja will save Rs160-180/ton from 3QCY09 on its imported coal (~35% of total coal), due to lower coal prices. Further, CY09 will reflect full benefit of CPP commissioned during CY08.
- RM cost savings in CY10 driven by commissioning of new capacities, as CY09 had significant (est ~Rs244/ton) of purchased clinker to support volume growth.
- Ambuja is focused on deepening its reach in existing markets by leveraging its brand in smaller towns and villages, which have been key growth drivers in last 6-9 months. Further, it is leveraging coastal location of its Gujarat plant to enable its entry into Southern market once its bulk cement terminal at Kochi commissions operations.

Key investment risks

- Limited focus on South and Central India, due to presence of ACC, thereby limiting pan-India footprint.
- Any downturn in the export market would result in oversupply in the domestic market, resulting in pressure on prices in the key market of Gujarat.

Recent developments

- Mr Onne Van der Weijde of Holcim has been appointed as CEO designate w.e.f May 1, 2009, upon retirement of current CEO Mr Kapur.
- Cement prices in India have gone up by ~Rs20/bag since January 2009, driven by 10.7% growth in 1HCY09.

Valuation and view

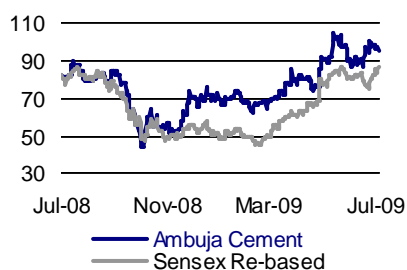
- The stock trades at P/E of 10.4x CY09E EPS, 6x CY09E EV/EBITDA and US\$105/ton (~25m tons capacity).
- Dilution in superior profitability to result in dilution in premium valuations. We have a **Neutral** rating with target price of Rs89 (~6x CY09E EV/EBITDA).

Bloomberg	ACEM IN
Equity Shares (m)	1522.4
CMP (Rs)	95
Mcap (US\$ b)	3.0
52 W Range	107 / 43
1, 6, 12 Rel Per	-1 / -34 / 10

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	46.5	46.5	46.5
Domestic Inst	16.8	17.1	15.8
Foreign	25.8	25.6	26.3
Others	11.0	10.9	11.4

Stock Performance (1 year)

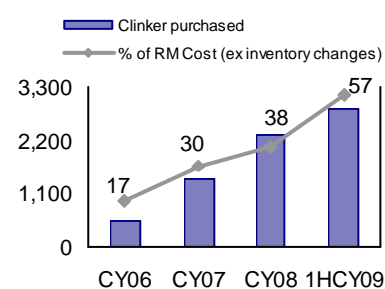


Quarterly Performance

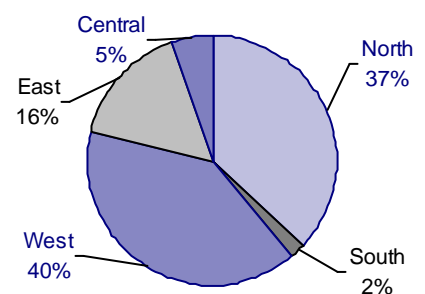
Y/E	December	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales Volume (m tons)	4.38	3.92	4.50	5.10	4.83	17.60	18.97	
Realization (Rs/ton)	3,573	3,576	3,584	3,623	3,828	3,542	3,747	
YoY Change (%)	8.1	4.3	4.0	5.1	7.1	5.4	5.8	
Net Sales	15,635	14,019	16,143	18,476	18,474	62,347	71,080	
YoY Change (%)	7.8	8.5	9.9	11.6	18.2	259.3	261.2	
EBITDA	4,622	4,091	3,920	5,247	4,797	17,779	21,231	
EBITDA Margin (%)	29.6	29.2	24.3	28.4	26.0	28.5	29.9	
Adjusted PAT	3,043	2,501	2,490	3,341	3,247	11,335	13,862	
YoY Change (%)	-20.1	-14.0	-11.0	1.2	6.7	-13.3	22.3	

E: MOSL Estimates

Higher proportion of clinker purchased impacting profitability



Trend in CY08 Market Mix



Source: Company/MOSL

Ambuja Cements: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E DECEMBER	2007	2008	2009E	2010E	Y/E DECEMBER	2007	2008	2009E	2010E
Net Sales	56,314	62,347	71,080	74,015	Basic (Rs)				
Change (%)	16.2	10.7	14.0	4.1	EPS	8.6	7.4	9.1	7.7
EBITDA	20,451	17,779	21,231	18,771	Cash EPS	10.1	9.2	11.1	10.3
Margin (%)	36.3	28.5	29.9	25.4	BV/Share	30.4	37.1	43.6	48.7
Depreciation	2,363	2,598	3,097	3,997	DPS	3.5	2.2	2.2	2.2
EBIT	18,088	15,182	18,134	14,774	Payout (%)	35.2	27.9	28.3	33.5
Int. and Finance Charges	759	321	294	300	Valuation (x)				
Other Income - Rec.	1,935	1,754	2,250	2,500	P/E	11.1	12.8	10.4	12.4
PBT before EO Exp.	19,265	16,615	20,089	16,974	Cash P/E	9.4	10.4	8.5	9.2
EO Expense/(Income)	-7,859	-3,083	0	0	P/BV	3.1	2.6	2.2	1.9
PBT after EO Exp.	27,124	19,698	20,089	16,974	EV/Sales	2.2	2.2	1.8	1.6
Current Tax	9,442	5,676	5,424	4,583	EV/EBITDA	6.1	7.6	6.0	6.4
Deferred Tax	-9	0	804	679	EV/Ton (Cap) - US\$	138	149	105	93
Tax Rate (%)	34.8	28.8	31.0	31.0	Dividend Yield (%)	3.7	2.3	2.3	2.3
Reported PAT	17,691	14,023	13,862	11,712	Return Ratios (%)				
PAT Adj for EO Items	13,078	11,335	13,862	11,712	RoE	32.2	22.1	22.6	16.7
Change (%)	-6.1	-13.3	22.3	-15.5	RoCE	43.0	31.1	31.7	23.6
					Working Capital Ratios				
					Asset Turnover (x)	1.0	1.0	1.0	0.9
					Debtor (Days)	9	13	10	8
					Working Capital Turnover (Days)	27	51	17	28
					Leverage Ratio (x)				
					Current Ratio	1.4	1.6	1.3	1.5
					Debt/Equity	0.1	0.1	0.0	0.0
					CASH FLOW STATEMENT (INCL ACEL)				
					(RS MILLION)				
					Y/E DECEMBER	2007	2008	2009E	2010E
					Op. Profit/(Loss) before Tax	21,185	17,779	21,231	18,771
					Interest/Dividends Recd.	1,000	1,754	2,250	2,500
					Direct Taxes Paid	-4,489	-5,676	-6,228	-5,262
					(Inc)/Dec in WC	-1,110	-2,382	-918	-2,233
					CF from Operations	16,587	11,476	16,336	13,776
					EO Income	0	3,083	0	0
					CF from Op. incl EO Exp	16,587	14,559	16,336	13,776
					(inc)/dec in FA	-5,284	-17,431	-4,028	-4,500
					(Pur)/Sale of Investments	2,668	9,566	-15,181	-5,639
					CF from Investments	-2,616	-7,865	-19,208	-10,139
					Issue of Shares	323	12	-12	0
					(Inc)/Dec in Debt	-5,253	-374	917	679
					Interest Paid	-483	-321	-294	-300
					Dividend Paid	-5,832	-3,919	-3,919	-3,919
					CF from Fin. Activity	-11,244	-4,602	-3,309	-3,540
					Inc/Dec of Cash	2,726	2,093	-6,182	96
					Add: Beginning Balance	3,782	6,426	8,518	2,337
					Closing Balance	6,508	8,518	2,337	2,433

E: MOSL Estimates

Anantraj Industries



Company description

Anant Raj Industries (ARIL) is among the largest development and construction companies in the National Capital Region (NCR) and has developed ~11.5msf till date. ARIL has a fully-paid land bank of 982 acres, with development potential of 77msf, 525 acres of which are within Delhi itself. IT SEZs (37%) and IT Parks (25%) dominate its project portfolio.

Key investment arguments

- ARIL has two IT SEZs under construction at Manesar ~1.8msf, 40% pre-leased and Rai ~1.8msf. As per the management, the IT SEZ at Manesar is likely to start contributing to revenues from 2HFY10.
- ARIL is likely to launch three residential projects in prime areas in Delhi – Hauzkhas, Kapasera and Bhagwandas – totaling ~1msf. ARIL currently has rental income of Rs240m. According to the management, six hotel projects would be operational from FY10 onwards – of these, two properties have already been leased out to Park Lane and Hilton.
- ARIL expects strong lease rentals in the forthcoming years. As a majority of its projects are on lease basis, securitization of rentals is a likely possibility.

Key investment risks

- Concentration in the NCR region and high dependence on the IT vertical. It has a high portion of land bank in tier-II and tier-III cities.
- Any weaker-than-expected growth for the economy could negatively impact demand, which could affect our sales and earnings estimates for ARIL.

Recent developments

- ARIL has taken board approval to raise up to Rs20b, which is likely to be utilized for distressed land acquisition at suitable locations.
- JV with Reliance ADA Group to develop two hotels and an IT SEZ
- Sold 26% stake in Anant Raj Projects, which is developing a 50,000 square meters of retail space in Kirtinagar, Delhi, to TAIB for Rs2.16b
- JV with Monsoon Capital to develop a 1.8msf commercial project in Panchkula, Haryana

Valuation and view

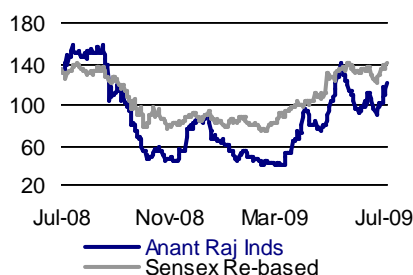
- We believe ARIL is well placed to combat RE industry challenges owing to its high net cash of Rs6b and high cash flow visibility. **Not Rated.**

Bloomberg	ARCP IN
Equity Shares (m)	294.6
CMP (Rs)	121
Mcap (US\$ b)	0.7
52 W Range	170 / 36
1, 6, 12 Rel Per	26 / 20 / -14

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	61.4	61.4	61.2
Domestic Inst	0.2	0.0	0.1
Foreign	27.2	29.4	30.3
Others	11.3	9.3	8.4

Stock Performance (1 year)

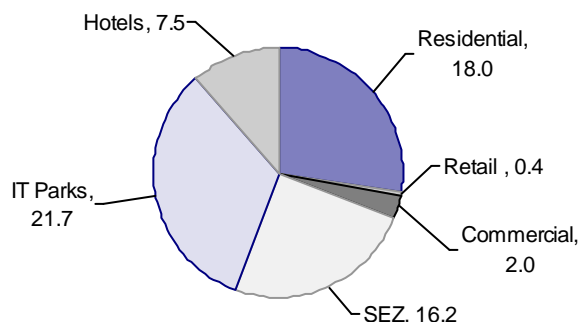


Quarterly Performance (Standalone)

Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY09	FY10E
Operating Income	1,170	105	1,565	706	131	2,508	2,618
Change (%)	1345.6	-92.9	0.2	-61.5	-88.8	-58.5	4.4
EBITDA	1,022	9	1,496	652	51	2,207	2,244
Change (%)	2123.3	-99.4	0.3	-62.5	-95.0	-61.1	2.7
EBITDA Margin (%)	87.3	8.1	95.6	92.3	38.6	88.0	85.7
Reported PAT	1,069	78	1,273	662	58	2,071	2,208
Adjusted PAT	1,071	75	1,273	662	63	2,073	2,208
Change (%)	306.1	-92.6	21.6	-46.0	-94.1	-52.5	6.5
PAT Margin (%)	91.5	72.0	81.3	93.8	47.9	82.7	84.4

E: MOSL Estimates

Vertical-wise Development Plans (MSF)



Source: Company/MOSL

Anantraj Industries: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Gross Revenues	6,038	2,508	2,618	3,556	Basic (Rs)				
Net Sales	6,038	2,508	2,618	3,556	Adjusted EPS	74.0	35.2	37.5	48.0
Change (%)	190.2	-58.5	4.4	35.8	Growth (%)	182.3	-52.5	6.5	28.1
Construction expenses	415	59	123	131	Cash EPS	75.4	36.6	40.4	51.4
Staff Cost	0	75	114	148	Book Value	97.6	112.0	119.4	128.8
Selling & Administrative exp	0	187	137	184	DPS	2.0	0.6	0.6	0.6
					Payout (incl. Div. Tax.)	3.0	1.9	1.8	1.4
EBITDA	5,622	2,186	2,244	3,092	Valuation (x)				
% of Net Sales	93.1	87.2	85.7	87.0	P/E	1.6	3.4	3.2	2.5
Depreciation	82	86	171	202	Cash P/E	1.6	3.3	3.0	2.4
Interest	33	5	26	24	EV/EBITDA	0.3	0.4	-0.3	-0.3
Other Income	293	701	784	760	EV/Sales	0.3	0.3	-0.2	-0.3
					Price/Book Value	1.2	1.1	1.0	0.9
PBT	5,800	2,796	2,831	3,627	Dividend Yield (%)	109.6	32.9	32.9	32.9
Tax	1,438	733	623	798	Profitability Ratios (%)				
Rate (%)	24.8	26.2	22.0	22.0	RoE	15.2	6.3	6.3	7.5
Reported PAT	4,362	2,071	2,208	2,829	RoCE	26.2	8.9	8.1	9.7
EO Income (net of expenses)	-2	-2	0	0	Turnover Ratios				
Adjusted PAT	4,364	2,073	2,208	2,829	Debtors (Days)	187	349	468	310
Change (%)	247.8	-52.5	6.5	28.1	Creditors. (Days)	971	1,879	1,588	1,344
					Leverage Ratio				
					Debt/Equity (x)	0.0	0.0	0.0	0.0
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Share Capital	589	589	589	589	PBT before EO Items	5,800	2,804	2,831	3,627
Reserves	28,170	32,400	34,577	37,375	Add : Depreciation	82	86	171	202
Net Worth	28,759	32,989	35,167	37,965	Interest	33	5	26	24
Loans	580	1,100	1,500	850	Less : Direct Taxes Paid	1,438	0	0	0
Deferred Tax Liability	19	0	0	0	(Inc)/Dec in WC	4,605	393	-167	-1,822
Capital Employed	29,358	34,089	36,667	38,815	CF from Operations	9,082	3,288	2,861	2,030
Gross Fixed Assets	12,772	16,000	18,255	22,192	(Inc)/Dec in FA	3,796	1,457	2,212	4,781
Less: Depreciation	420	506	1,045	1,247	(Pur)/Sale of Investments	362	1,445	-1,465	-733
Net Fixed Assets	12,352	15,494	17,211	20,945	CF from Investments	4,158	2,902	746	4,048
Capital WIP	4,228	2,631	3,297	4,545	(Inc)/Dec in Net Worth	12,266	1,595	-583	-580
Investments	1,486	2,931	1,465	733	(Inc)/Dec in Debt	-2,823	520	400	-650
Curr. Assets	13,746	15,022	18,537	18,315	Less : Interest Paid	33	5	26	24
Inventory	99	188	230	276	Dividend Paid	133	40	40	40
Debtors	3,098	2,400	3,360	3,024	CF from Fin. Activity	9,277	2,071	-248	-1,294
Cash & Bank Balance	6,048	7,400	9,225	8,945	Inc/Dec of Cash	14,202	2,456	1,866	-3,312
Loans & Advances	4,501	5,034	5,537	5,648	Add: Beginning Balance	626	6,048	7,400	9,225
Working in progress	0	0	185	422	Closing Balance	14,827	8,504	9,266	5,913
Current Liab. & Prov.	2,455	1,986	3,843	5,724					
Creditors	1,105	1,548	1,625	1,707					
Advance received	0	0	1,621	3,420					
Other Liabilities	0	0	0	0					
Provisions	1,350	438	597	597					
Net Current Assets	11,291	13,036	14,694	12,591					
Misc. Expenses	6	0	0	0					
Application of Funds	29,364	34,091	36,667	38,815					

E: MOSL Estimates

Axis Bank

Company description

Axis Bank is the third largest private sector bank with a balance sheet size of ~Rs1.5t. Promoted by UTI in 1994, the bank has a countrywide presence through a network of 861 branches, 3,723 ATMs and extension counters across 534 locations. With an asset CAGR of 44% and PAT CAGR of 50% over last 10 years, Axis Bank has emerged as one of the best run banks in India.

Key investment arguments

- Axis Bank's key strengths have been its ability to grow CASA deposits (CAGR of 45% over FY04-09) and diversified fee income (CAGR of 54% over FY04-09). We expect CASA ratio to sustain at 40%+ and provide stability to margins. Repricing of bulk deposits (~40% of total deposits) will also provide cushion to margins.
- Asset quality is robust with Gross NPA ratio of 1% and Net NPA of 0.4%. Coverage including write-offs and provisions stands at 86%.
- We estimate core operating profit CAGR of 24% over FY09-11 driven by similar loan growth, stable margins and realization of operating efficiencies.

Key investment risks

- Asset quality risks are high considering 54% loans CAGR over last five years.
- Restructured loans stand at 3.23% of the loans book as of June 2009.

Recent developments

- Ms Shikha Sharma has been appointed as the new MD and CEO of the bank for term of 5 years.
- Bank raised Rs20b unsecured subordinated debt for Tier II capital.

Valuation and view

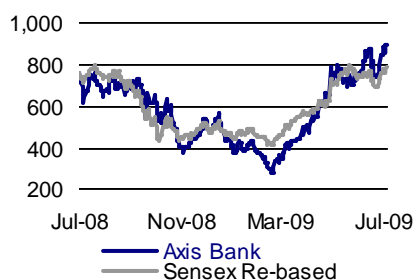
- Over the last few years, Axis Bank has demonstrated its ability to grow at a strong pace across all parameters. We are impressed by its CASA growth, strong traction in fee income and clean asset quality.
- We estimate BV at Rs333/share for FY10 and Rs392/share for FY11. We expect EPS to be Rs60 in FY10 and Rs73 in FY11.
- The stock trades at 12.3x FY11E EPS and 2.3x FY11E BV. We recommend **Buy** with a target price of Rs980 (2.5x FY11E BV).

Bloomberg	AXSB IN
Equity Shares (m)	357.7
CMP (Rs)	893
Mcap (US\$ b)	6.6
52 W Range	919 / 278
1, 6, 12 Rel Per	9 / 55 / 13

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	42.2	42.4	42.4
Domestic Inst	8.9	11.3	9.2
Foreign	36.1	32.9	36.6
Others	12.8	13.5	11.8

Stock Performance (1 year)

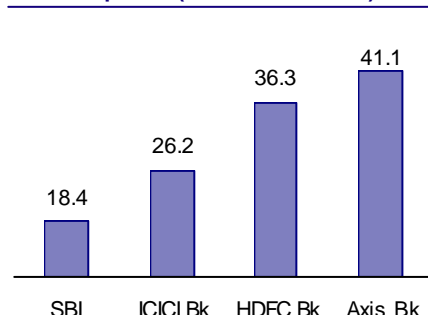


Quarterly Performance

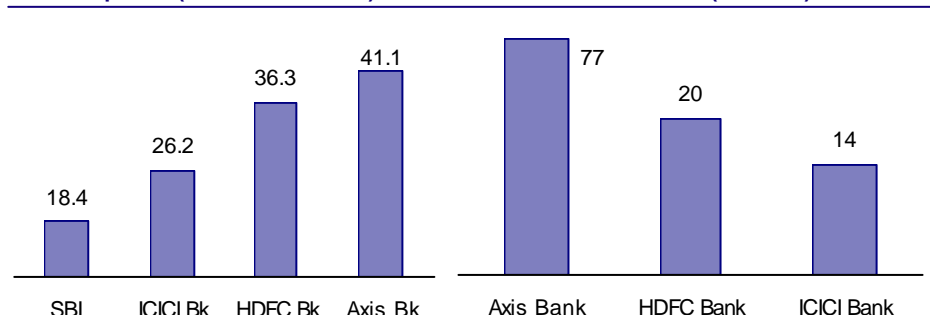
	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Net Int. Income	8,105	9,134	9,297	10,326	10,456	36,862	46,496	
YoY Change (%)	92.5	55.2	24.4	24.6	29.0	42.6	26.1	
Operating Profit	8,023	8,744	9,096	11,385	11,764	37,249	46,712	
YoY Change (%)	118.1	88.9	35.3	57.5	46.6	67.3	25.4	
Net Profit	3,302	4,029	5,009	5,815	5,620	18,154	21,554	
YoY Change (%)	88.7	76.8	63.2	60.9	70.2	69.5	18.7	
Cost/Income Ratio (%)	44.1	45.6	45.3	39.4	41.3	43.4	42.7	
Prov./Oper. Profits (%)	37.0	29.3	14.5	22.4	26.8	25.2	29.0	

E: MOSL Estimates

CASA Deposits (CAGR % FY04-09)



Fee income CAGR (FY07-09)



Source: Company/MOSL

Axis Bank: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	70,053	108,355	127,590	157,304	
Interest Expended	44,200	71,493	81,094	98,960	
Net Interest Income	25,854	36,862	46,496	58,343	
Change (%)	76.1	42.6	26.1	25.5	
Other Income	17,955	28,969	35,010	38,916	
Net Income	43,808	65,831	81,507	97,259	
Change (%)	76.8	50.3	23.8	19.3	
Operating Expenses	21,549	28,582	34,795	39,957	
Operating Income	22,259	37,249	46,712	57,302	
Change (%)	76.1	67.3	25.4	22.7	
Other Provisions	5,796	9,397	13,551	17,176	
PBT	16,463	27,852	33,161	40,126	
Tax	5,753	9,698	11,606	14,044	
Tax Rate %	34.9	34.8	35.0	35.0	
PAT	10,710	18,154	21,554	26,082	
Change (%)	62.5	69.5	18.7	21.0	
Proposed Dividend	2,146	3,590	4,129	5,026	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	3,577	3,590	3,590	3,590	
Reserves & Surplus	84,108	98,546	115,972	137,028	
Net Worth	87,685	102,136	119,562	140,618	
Deposits	876,262	1,173,741	1,431,964	1,761,316	
Change (%)	49.1	33.9	22.0	23.0	
CASA Deposits	400,270	506,437	587,105	695,720	
Borrowings	56,241	101,855	122,801	148,532	
Other Liab & Provisions	75,569	99,477	109,849	122,814	
Total Liabilities	1,095,779	1,477,220	1,784,188	2,173,291	
Current Assets	125,042	150,169	176,895	192,899	
Investments	337,051	463,304	555,964	678,276	
Change (%)	25.3	37.5	20.0	22.0	
Loans	596,611	815,568	1,003,148	1,253,935	
Change (%)	61.8	36.7	23.0	25.0	
Net Fixed Assets	9,229	10,729	10,729	10,729	
Other Assets	27,846	37,451	37,451	37,451	
Total Assets	1,095,779	1,477,220	1,784,188	2,173,291	

KEY ASSUMPTIONS	(%)			
Deposit Growth	49.1	33.9	22.0	23.0
Loans Growth	61.8	36.7	23.0	25.0
Investments Growth	25.3	37.5	20.0	22.0
Provision Coverage	49.8	63.6	62.0	60.0
Dividend	60.0	100.0	115.0	140.0

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Spreads Analysis (%)					
Avg. Yield-Earning Assets		8.0	8.8	8.2	8.3
Avg. Cost - Int. Bear. Liab.		5.6	6.5	5.7	5.7
Interest Spread		2.4	2.3	2.4	2.5
Net Interest Margin		3.0	3.0	3.0	3.1
Profitability Ratios (%)					
RoE		17.6	19.1	19.4	20.0
RoA		1.2	1.4	1.3	1.3
Int. Expended/Int. Earned		63.1	66.0	63.6	62.9
Other Income/Net Income		41.0	44.0	43.0	40.0
Efficiency Ratios (%)					
Op Exp/Net Income*		51.8	45.4	45.2	42.4
Employee Cost/Op.Exps		31.1	34.9	36.1	36.3
Business per Empl. (Rs m)		82.4	83.9	94.1	109.0
Net Profit per Empl. (Rs m)		0.7	0.9	0.9	1.0
* Ex treasury					

Asset Liability Profile (%)		2008	2009	2010E	2011E
Advances/Deposit Ratio		68.1	69.5	70.1	71.2
CASA Ratio		45.7	43.1	41.0	39.5
Invest/Deposit Ratio		38.5	39.5	38.8	38.5
G-Sec/Investment Ratio		59.9	59.8	69.5	70.1
Gross NPAs to Advances		0.8	1.1	2.1	2.3
Net NPAs to Advances		0.4	0.4	0.8	0.9
CAR		13.7	13.7	12.4	11.4
Tier 1		10.2	9.3	8.6	8.0

VALUATION		2008	2009	2010E	2011E
Book Value (Rs)		245	284	333	392
Price-BV (x)		3.6	3.1	2.7	2.3
Adjusted BV (Rs)		241	279	318	370
Price-ABV (x)		3.7	3.2	2.8	2.4
EPS (Rs)		29.9	50.6	60.0	72.7
EPS Growth		28.0	68.9	18.7	21.0
Price Earnings (x)		29.8	17.7	14.9	12.3
OPS (Rs)		62.2	103.8	130.1	159.6
Price-OP (x)		14.4	8.6	6.9	5.6

Bajaj Auto

Company description

Bajaj Auto, the flagship of the Bajaj group, is a leading manufacturer of two- and three wheelers. It is a market leader in three wheelers and is the second largest player in motorcycles. The company has product offerings across all segments of motorcycles.

Key investment arguments

- New product launches to drive volume growth; in two wheelers, Bajaj Auto has launched two new models and upgraded three, and in three-wheelers, it has planned one model each in goods and passenger segment. We estimate volume growth of 5.5% in FY10 and 8% in FY11, driven by new product launches and recovery in domestic market.
- Easing of auto finance would also support volume growth; volumes were impacted in FY09 (down 10%) and in 1QFY10 (down 12%) due to dependence on finance and focus on premium bikes.
- Hedged FY10 exports revenue for US\$535m at Rs47-55 (collar option), driving export realizations and EBITDA for FY10. (In FY09, it had hedged exports at Rs41, resulting in loss of profit of Rs3b.)

- Higher export realizations and RM cost savings would drive margin improvement of 500bp to 18.5% in FY10E, resulting in 50% EPS growth.

Key investment risks

- Higher dependence on financing for volume growth in two wheelers due to urban centric product mix.
- Decline in market share in three wheelers segment would hurt profitability.

Recent developments

- Launched new 100cc executive segment bike Discover 100, which is positioned against Hero Honda's Splendor and Passion.
- Commenced production of Boxer motorcycle in China, for sale in global markets beginning with Nigeria.

Valuation and view

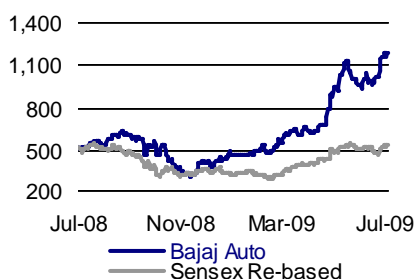
- The stock trades at 14.3x FY10E EPS and 13.4x FY11E EPS.
- We recommend **Buy** with target price of Rs1,241 (~14x FY11E EPS).

Bloomberg	BJAUT IN
Equity Shares (m)	144.7
CMP (Rs)	1,184
Mcap (US\$ b)	3.5
52 W Range	1230 / 262
1, 6, 12 Rel Per	17 / 80 / 122

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	49.6	49.6	50.3
Domestic Inst	7.4	9.9	8.4
Foreign	17.0	14.4	14.2
Others	26.1	26.1	27.1

Stock Performance (1 year)



Quarterly Performance

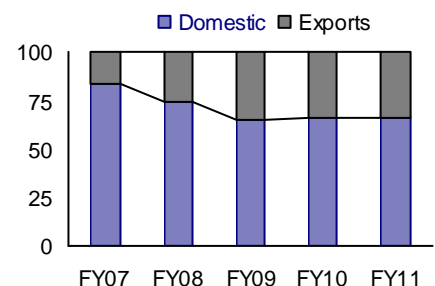
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Volumes ('000 nos)	620.1	640.0	493.7	440.3	547.7	2,194.2	2,315.3
YoY Change (%)	8.5	4.2	-30.8	-20.3	-11.7	(10.5)	5.5
Net Sales	23,108	25,484	21,031	18,834	23,385	88,104	97,963
YoY Change (%)	9.6	7.9	-15.9	-9.2	1.2	-2.6	11.2
EBITDA Margin (%)	11.5	13.5	14.5	15.2	19.5	13.6	18.5
Reported PAT	1,751	1,849	1,662	1,302	2,935	6,545	10,888
Adjusted PAT	1,751	2,274	2,082	1,873	3,105	7,963	11,994
YoY Change (%)	-4.3	(6.7)	(16.2)	21.9	77.3	-4.6	50.6

E: MOSL Estimates

Trend in Market Share (%)

	1Q	YoY	QoQ
	FY10	CH.(BP)	CH. (BP)
75cc-125cc MC	14.9	-650	230
125c -250cc MC	50.4	-860	440
Motorcycles	25.2	-710	280
Scooters	0.5	-70	0
Total 2W	20.4	-610	240
Three Wh.	53.4	290	-190

Increasing share of Exports



Source: Company/MOSL

Bajaj Auto: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Volumes	2,451,407	2,194,154	2,315,334	2,500,755	
Change (%)	-9.9	-10.5	5.5	8.0	
Net Sales	90,462	88,104	97,963	105,177	
Change (%)	-5.0	-2.6	11.2	7.4	
Total Expenditure	77,526	76,183	79,804	86,092	
EBITDA	12,935	11,921	18,159	19,086	
EBITDA Margins (%)	14.3	13.5	18.5	18.1	
Depreciation	1,740	1,298	1,404	1,538	
EBIT	11,196	10,623	16,755	17,548	
Interest & Finance Charges	52	210	236	141	
Other Income	1,227	1,219	990	1,320	
Non-recurring Expense	1,024	2,071	1,615	0	
PBT	11,347	9,561	15,895	18,726	
Tax	3,788	3,016	5,007	5,899	
Effective Rate (%)	33.4	31.5	31.5	31.5	
PAT	7,560	6,545	10,888	12,828	
Change (%)	-37.2	-13.4	66.4	17.8	
Adj. PAT	8,241	7,963	11,994	12,828	
Change (%)	(33.5)	(3.4)	50.6	6.9	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	1,447	1,447	1,447	1,447	
Reserves	14,429	15,417	23,582	32,178	
Net Worth	15,876	16,864	25,029	33,625	
Deferred Tax	110	42	-117	-304	
Loans	13,343	15,700	15,700	15,700	
Capital Employed	29,329	32,606	40,612	49,021	
Gross Fixed Assets	29,947	33,502	35,723	38,723	
Less: Depreciation	17,261	18,079	19,483	21,021	
Net Fixed Assets	12,686	15,423	16,240	17,702	
Capital WIP	347	221	2,000	1,000	
Investments	18,571	18,085	18,085	18,085	
Current Assets	16,497	23,253	27,787	36,567	
Inventory	3,496	3,388	3,686	3,932	
Sundry Debtors	2,753	3,587	3,902	4,161	
Cash & Bank Balances	561	1,369	5,290	13,565	
Loans & Advances	8,888	13,652	13,652	13,652	
Others	800	1,257	1,257	1,257	
Current Liab. & Prov.	18,773	24,376	23,500	24,333	
Sundry Creditors	9,445	8,000	8,703	9,282	
Other Liabilities	988	4,134	4,134	4,134	
Provisions	8,340	12,242	10,663	10,916	
Net Current Assets	-2,276	-1,123	4,287	12,234	
Application of Funds	29,329	32,606	40,612	49,021	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	57.0	55.0	82.9	88.7	
EPS growth (%)	-52.1	-3.4	50.6	6.9	
Core EPS	50.2	47.2	78.5	81.4	
EPS growth (%)	-	-6.0	66.3	3.7	
Cash EPS	64.3	54.2	85.0	99.3	
Book Value per Share	109.7	116.6	173.0	232.4	
DPS	20.0	22.0	23.5	25.0	
Payout (Incl. Div. Tax) %	44.8	56.9	36.5	33.0	
Valuation (x)					
P/E	20.8	21.5	14.3	13.4	
Cash P/E	18.4	21.8	13.9	11.9	
EV/EBITDA	12.8	14.1	9.0	8.1	
EV/Sales	1.8	1.9	1.7	1.5	
Price to Book Value	10.8	10.2	6.8	5.1	
Dividend Yield (%)	1.7	1.9	2.0	2.1	
Profitability Ratios (%)					
RoE	51.9	47.2	47.9	38.1	
RoCE	42.4	36.3	43.7	38.5	

Leverage Ratio

Debt/Equity (x)	0.8	0.9	0.6	0.5
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CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
OP/(Loss) before Tax	11,196	10,623	16,755	17,548	
Interest/Div. Received	1,227	1,219	990	1,320	
Depreciation & Amort.	1,740	1,298	1,404	1,538	
Direct Taxes Paid	-4,420	-3,084	-5,166	-6,086	
(Inc)/Dec in Working Capital	-3,140	-345	-1,489	328	
CF from Oper. Activity	6,603	9,711	12,494	14,648	
Extra-ordinary Items	-1,024	-2,071	-1,615	0	
CF after EO Items	5,579	7,640	10,879	14,648	
(Inc)/Dec in FA+CWIP	-1,984	-3,908	-4,000	-2,000	
(Pur)/Sale of Invest.	45,904	486	0	0	
CF from Inv. Activity	43,920	-3,422	-4,000	-2,000	
Inc. / Dec.in Net Worth	-43,641	-1,833	-359	0	
Inc/(Dec) in Debt	-2,911	2,357	0	0	
Interest Paid	-52	-210	-236	-141	
Dividends Paid	-3,386	-3,724	-3,978	-4,232	
CF from Fin. Activity	-49,989	-3,411	-4,573	-4,373	
Inc/(Dec) in Cash	533	2,879	3,921	8,274	
Add: Beginning Balance	835	561	1,369	5,290	
Closing Balance	1,368	3,439	5,290	13,565	

Bajaj Finserv



Company description

As part of the demerger of Bajaj Auto, the financial services and wind energy businesses were transferred to Bajaj FinServ (BFL) w.e.f. 1 April 2007. The portfolio of the company includes 74% in the two insurance companies namely Bajaj Allianz Life Insurance Company and Bajaj Allianz General Insurance Company, 50% holding in Bajaj Allianz Financial Distributors, 42% in Bajaj Auto Finance and 100% holding in Bajaj Financial Solutions Ltd. The wind-energy project of BFL operates 138 windmills in Maharashtra with an installed capacity of 65.2 MW.

Key investment arguments

- Huge opportunity in insurance business: Bajaj Allianz is No.3 among private life insurance players in terms of new business premium (FY09).
- Synergies with parent Bajaj Auto - much of BFL's wind power is sold to Bajaj Auto; Bajaj Auto Finance can leverage the customers and market reach of Bajaj Auto for financing two- and three-wheelers.
- As of March 2009, cash and cash equivalents stood at Rs8b.

Key investment risks

- Insurance business is getting increasingly competitive with steady entry of newer players e.g. Future Generali.
- Slowdown in auto industry affects share of profits from Bajaj Auto Finance.
- In FY09, Bajaj Auto Finance increased exposure to personal and small business loans to offset slowdown in two- and three-wheeler loans. This could increase risk of non-performing assets.

Recent developments

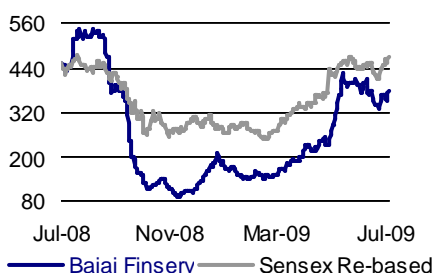
- BFL has entered into a 49:51 JV with Allianz Global Investor to set up an asset management company.
- BFL reportedly has plans to evolve as a full-service financial services company including equity broking company, portfolio management and wealth management.
- Bajaj Allianz Life Insurance has investments aggregating Rs170b, and Bajaj Allianz General Insurance Rs40b. BFL's proprietary investments amount to Rs40b.

Bloomberg	BJFIN IN
Equity Shares (m)	144.7
CMP (Rs)	377
Mcap (US\$ b)	1.1
52 W Range	593 / 88
1, 6, 12 Rel Per	-5 / 51 / -21

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.4	54.4	50.3
Domestic Inst	6.6	7.0	6.5
Foreign	12.1	11.6	16.5
Others	27.0	27.1	26.8

Stock Performance (1 year)



Quarterly Performance (Consolidated)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Total Revenue	9,518	26,560	11,393	51,252	73,038	98,724	122,254
Insurance	9,243	26,222	11,021	50,873	72,612	97,360	121,224
Windmill	118	144	92	62	106	416	348
Investments & Others	157	194	280	317	321	948	683
EBIT	-429	7	212	1,753	733	1,544	224
Insurance	-583	-201	21	1,552	523	789	-460
Windmill	20	53	-42	-25	-37	7	-27
Investment & Others	134	155	233	226	247	748	711
PAT	-362	-119	123	1,071	421	-328	713

E: MOSL Estimates

Bajaj Finserv: Segmental Analysis (Rs m)

	Revenue		PBT	
	FY09	FY08	FY09	FY08
Life Insurance	75,941	105,068	-707	-2,139
General Insurance	21,419	16,156	1,496	1,679
Windmill	416	348	7	-27
Investment & Others	948	682	748	711
Total	98,724	122,254	1,544	224

Bajaj Finserv: Financials and valuation

INCOME STATEMENT			BALANCE SHEET		
(RS MILLION)			(RS MILLION)		
Y/E MARCH	2008	2009	Y/E MARCH	2008	2009
Operating Income	3,552	3,823	Share Capital	723	723
Operating & Adm Exp.	85	100	Reserves	34,109	43,184
Employee Cost	31	275	Net Worth	34,832	43,908
Other Expenses	3,018	1,776	Loans	3,108	3,108
EBITDA	418	1,672	Deferred Tax Liabilities	191	235
<i>% of Net Sales</i>	<i>11.8</i>	<i>43.7</i>	Minority Interest	3,369	3,439
Depreciation	297	298	Capital Employed	41,117	50,219
EBIT	121	1,374	Gross Fixed Assets	115,830	147,779
Interest	-	0	Less : Depreciation	3,645	4,642
Other Income	103	169	Net Fixed Assets	112,185	143,136
PBT	224	1,544	Capital WIP	603	1,192
Tax	833	767	Investment	56,983	65,955
<i>Rate (%)</i>	<i>371.5</i>	<i>49.7</i>	Net Current Assets	(128,654)	(160,065)
Reported PAT	(609)	777	Application of Funds	41,117	50,219
<i>Change (%)</i>	<i>N.A.</i>	<i>N.A.</i>			

Bank of Baroda



Company description

Bank of Baroda is the fourth largest state-owned bank (GoI holding at 53.8%) with a balance sheet size of Rs2.3t and a large network of 2,900+ domestic branches, 1,150+ ATMs and customer base of 36.6m. Its overseas branch network extends over 25 countries with 75 overseas branches/offices which help to generate ~20% of total business. More than 1,950 branches of the bank are on CBS platform.

Key investment arguments

- ✦ Asset quality comfort is the highest with provision coverage at 82% and Net NPA at 0.3%. Restructured loans at 2.8% remain the lowest in peer banks.
- ✦ Loan growth has picked up momentum with FY06-09 CAGR of 34% vs 19% in FY03-06. We expect the growth to remain higher than industry.
- ✦ Domestic CASA ratio is one of the best in the industry at 35%. CASA growth of 20% in FY09 (second best among PSU banks) despite higher term deposits rates is commendable
- ✦ RoA and RoE have improved convincingly to 1% and 18%+ from 0.8% and 13% during FY05-07.

Key investment risks

- ✦ While near term CAR is comfortable at 14.6% (Tier I at 8.8%), aggressive growth will need higher GoI support for raising CAR (given holding in the bank is near 51%).
- ✦ Lower than expected NPA recoveries and higher delinquencies can significantly affect earnings growth as well as balance sheet quality for the bank.

Recent developments

- ✦ In April 2009, BoB reduced PLR by 50bp to 12%
- ✦ Planning to set up a bank in Malaysia in JV with IOB and Andhra Bank. BoB will have 40% stake.

Valuation and view

- ✦ We like management's strategic focus on (a) core deposits growth, (b) margin stability, (c) fees growth, and (d) NPA management. Execution on each of these parameters has been satisfactory. We expect RoE to sustain at 18%+ and model in 12% EPS CAGR over FY09-11E. Valuations at 1x FY11E BV and 5.7x FY11E EPS are attractive.
- ✦ We recommend **Buy** with a price target of Rs507 (1.2x FY11E BV).

Bloomberg	BOB IN
Equity Shares (m)	365.5
CMP (Rs)	433
Mcap (US\$ b)	3.3
52 W Range	485 / 170
1, 6, 12 Rel Per	-10 / 9 / 68

Shareholding Pattern (%)

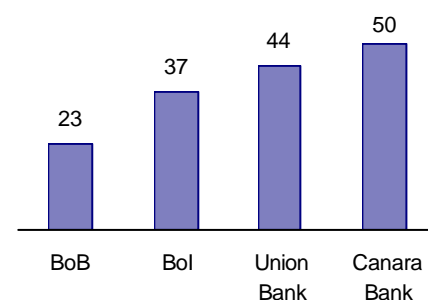
	Jun-09	Mar-09	Jun-08
Promoter	53.8	53.8	53.8
Domestic Inst	18.3	22.1	17.7
Foreign	18.3	14.2	20.2
Others	9.6	9.9	8.3

Quarterly Performance

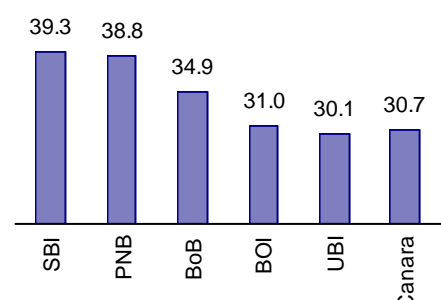
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	10,570	11,338	14,618	14,708	12,047	51,234	54,039
% Change (Y-o-Y)	16.9	15.5	46.6	43.0	14.0	31.0	5.5
Operating Profit	8,602	8,456	14,147	13,045	10,099	43,050	40,646
% Change (Y-o-Y)	33.5	32.7	51.7	60.2	17.4	47.0	-5.6
Net Profit	3,709	3,953	7,084	7,527	6,854	22,272	22,382
% Change (Y-o-Y)	12.1	20.8	41.4	172.3	84.8	55.1	0.5
Cost/Income Ratio (%)	45.2	47.5	40.5	43.9	47.1	45.4	48.7
Prov./Oper. Profits (%)	32.6	28.6	24.7	16.1	-3.9	22.3	17.2

E: MOSL Estimates

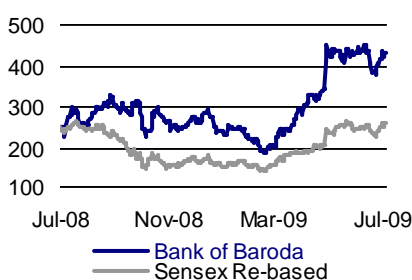
Net Stress Assets to Net Worth Ratio: the Lowest Among Peers



CASA Ratio (%) FY09 Amongst the Top 3 in PSU Banks



Stock Performance (1 year)



Source: Company/MOSL

Bank of Baroda: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	118,135	150,916	174,397	203,857	
Interest Expended	79,017	99,682	120,358	138,193	
Net Int. Income	39,118	51,234	54,039	65,664	
Change (%)	9.3	31.0	5.5	21.5	
Other Income	20,510	27,577	25,202	28,008	
Net Income	59,628	78,811	79,242	93,671	
Change (%)	20.2	32.2	0.5	18.2	
Operating Expenses	30,343	35,761	38,596	41,676	
Operating Income	29,286	43,050	40,646	51,995	
Change (%)	21.3	47.0	-5.6	27.9	
Other Provisions	7,214	9,621	6,989	10,074	
PBT	22,072	33,429	33,657	41,922	
Tax	7,716	11,157	11,275	14,044	
Tax Rate (%)	35.0	33.4	33.5	33.5	
PAT	14,355	22,272	22,382	27,878	
Change (%)	39.8	55.1	0.5	24.6	
Proposed Dividend	2,924	3,290	4,476	5,576	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	3,655	3,655	3,655	3,655	
Reserves & Surplus	106,784	124,700	141,845	163,199	
Net Worth	110,439	128,355	145,500	166,854	
Deposits	1,520,351	1,923,970	2,251,044	2,633,722	
Change (%)	21.7	26.5	17.0	17.0	
CASA Deposits	474,720	569,385	658,430	770,364	
Borrowings	39,270	56,361	61,997	68,197	
Other Liab. & Prov.	125,944	165,381	190,189	209,208	
Total Liabilities	1,796,005	2,274,067	2,648,730	3,077,980	
Current Assets	223,003	240,871	299,635	360,883	
Investments	438,701	524,459	576,905	634,595	
Change (%)	25.5	19.5	10.0	10.0	
Loans	1,067,013	1,439,859	1,699,034	2,004,860	
Change (%)	27.6	34.9	18.0	18.0	
Net Fixed Assets	24,270	23,097	22,797	22,247	
Other Assets	43,018	45,781	50,359	55,395	
Total Assets	1,796,005	2,274,067	2,648,730	3,077,980	

ASSUMPTIONS	(%)			
Deposit Growth	21.7	26.5	17.0	17.0
Loans Growth	27.6	34.9	18.0	18.0
Investments Growth	25.5	19.5	10.0	10.0
Provisions Coverage Ratio	75.1	75.5	75.0	78.0
Dividend	80.0	90.0	122.5	152.5

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Spreads Analysis (%)					
Avg. Yield-Earn.Assets		8.0	8.1	7.7	7.8
Avg. Cost-Int. Bear. Liab.		5.6	5.6	5.6	5.5
Interest Spread		2.4	2.5	2.1	2.2
Net Interest Margin		2.7	2.7	2.4	2.5
Profitability Ratios (%)					
RoE		15.8	20.9	18.0	19.4
RoA		0.9	1.1	0.9	1.0
Int. Expended/Int.Earned		66.9	66.1	69.0	67.8
Other Inc./Net Income		34.4	35.0	31.8	29.9
Efficiency Ratios (%)					
Op. Exps./Net Income*		55.9	51.2	51.6	46.7
Empl. Cost/Op. Exps.		62.7	65.7	64.1	62.5
Busi. per Empl.(Rs m)		63.5	80.8	94.2	107.8
NP per Empl. (Rs mln)		0.4	0.6	0.6	0.7
*ex treasury					

Asset-Liability Profile (%)		2008	2009	2010E	2011E
Adv./Deposit Ratio		70.2	74.8	75.5	76.1
CASA Ratio		31.2	29.6	29.3	29.3
Invest./Deposit Ratio		28.9	27.3	25.6	24.1
G-Sec/Invest. Ratio		79.1	78.4	82.9	84.9
Gross NPAs to Adv.		1.8	1.3	1.5	1.9
Net NPAs to Adv.		0.5	0.3	0.4	0.4
CAR		12.9	14.1	13.5	12.9
Tier 1		7.6	8.5	8.6	8.3

VALUATION		2008	2009	2010E	2011E
Book Value (Rs)		266.5	317.5	364.4	422.8
Price-BV (x)		1.6	1.4	1.2	1.0
Adjusted BV (Rs)		257.7	309.5	352.9	407.7
Price-ABV (x)		1.7	1.4	1.2	1.1
EPS (Rs)		39.3	60.9	61.2	76.3
EPS Growth (%)		39.8	55.1	0.5	24.6
Price-Earnings (x)		11.0	7.1	7.1	5.7
OPS (Rs)		80.1	117.8	111.2	142.2
OPS Growth (%)		21.3	47.0	-5.6	27.9
Price-OP (x)		5.4	3.7	3.9	3.0

Bank of India

Company description

Bank of India (BoI) is India's third largest state-owned bank with a pan India presence through 3,000+ branches and balance sheet of Rs2.3t. Overseas network extends to 28 branches/offices which accounts ~18% of total business. Management's timely adoption of strategies such as creating SBUs to grow as a universal bank, faster implementation of CBS, roll out of dedicated marketing sales force, etc are leading to strong growth across the business parameters.

Key investment arguments

- ✦ The bank is growing its loan book faster than industry (27% CAGR over FY05-09). During the same period PAT CAGR was 72%. BoI delivered one of the highest RoA of 1.5% and RoE of ~30% in FY09.
- ✦ BoI is among the most efficient banks with cost to core income at ~40%.
- ✦ BoI has effectively utilized its large franchise and customer base to grow fee-based income at rapid pace of 33% CAGR over FY05-09.
- ✦ GNPA has been brought down to 1.9% (vs 8.7% in FY03) with a coverage ratio of 68%.

Key investment risks

- ✦ In FY09, ~30% of operating profits came from recoveries and trading profits (incl forex), which we expect to decline in FY10 and impact profitability.
- ✦ CASA ratio is down from 36% (FY08) to 31% (FY09); further decline will hit margins.
- ✦ Total restructured loans stands at 3.5% of loan book (facility wise) and 5% borrower wise. Net stress assets of the bank stands at 37% of the net worth as of 1QFY10.

Recent developments

- ✦ Planning to raise Rs130b via Tier I bonds of Rs63b and Tier II bonds of Rs67b.
- ✦ 100% CBS achieved in 1QFY10
- ✦ Mr Naryanswami, CMD, retired in May 2009. Since then the post is vacant.

Valuation and view

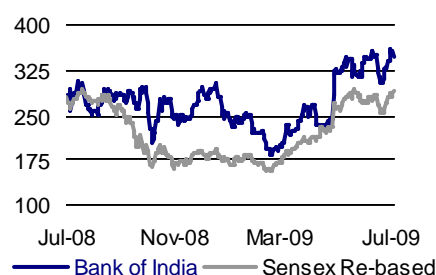
- ✦ We believe BOI will maintain healthy RoA of 1.3%+ over FY09-11 and RoE of 23%+ over next couple of years.
- ✦ BoI trades at P/BV of 1x and P/E 5x of FY11E BV of Rs332 and EPS of Rs70. **Neutral.**

Bloomberg	BOI IN
Equity Shares (m)	525.9
CMP (Rs)	348
Mcap (US\$ b)	3.8
52 W Range	369 / 179
1, 6, 12 Rel Per	-6 / -26 / 20

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	64.5	64.5	64.5
Domestic Inst	13.3	12.8	11.0
Foreign	14.6	14.9	16.9
Others	7.6	7.8	7.7

Stock Performance (1 year)

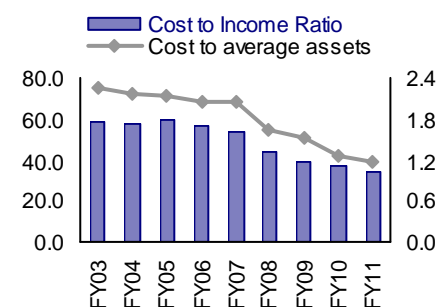


Quarterly Performance

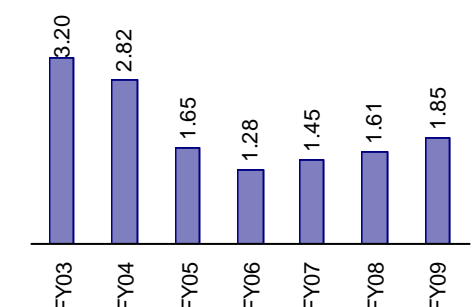
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	11,808	13,631	15,217	14,334	13,006	54,989	58,739
% Change (Y-o-Y)	24.7	38.3	41.0	17.8	10.1	30.0	6.8
Operating Profit	10,724	12,147	17,616	14,081	10,936	54,568	56,313
% Change (Y-o-Y)	58.2	44.6	81.4	16.2	2.0	47.4	3.2
Net Profit	5,620	7,629	8,722	8,104	5,843	30,077	31,161
% Change (Y-o-Y)	78.3	79.4	70.4	7.1	4.0	49.7	3.6
Cost/Income Ratio (%)	38.6	39.6	31.5	36.5	43.8	36.2	35.6
Prov./Oper. Profits (%)	32.5	23.6	15.4	27.3	20.4	23.7	22.1

E: MOSL Estimates

Operating Leverage Will Help to Maintain Strong Return Ratios



Slippage Ratio (%) Increased in Past 4 Years



Source: Company/MOSL

Bank of India: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	123,552	163,474	185,625	217,849	
Interest Expended	81,260	108,485	126,886	145,444	
Net Interest Income	42,292	54,989	58,739	72,405	
Change (%)	22.9	30.0	6.8	23.3	
Other Income	21,169	30,519	28,658	30,871	
Net Income	63,461	85,508	87,397	103,276	
Change (%)	26.8	34.7	2.2	18.2	
Operating Expenses	26,450	30,940	31,084	33,127	
Operating Income	37,012	54,568	56,313	70,149	
Change (%)	54.5	47.4	3.2	24.6	
Other Provisions	10,165	12,920	12,424	18,468	
PBT	26,847	41,648	43,888	51,681	
Tax	6,753	11,571	12,728	14,987	
Tax Rate (%)	25.2	27.8	29.0	29.0	
PAT	20,094	30,077	31,161	36,693	
Change (%)	78.9	49.7	3.6	17.8	
Proposed Dividend	2,104	4,915	5,297	4,403	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Capital	5,259	5,259	5,259	5,259	
Reserves & Surplus	100,635	129,690	154,653	186,195	
Net Worth	105,894	134,949	159,912	191,454	
Deposits	1,500,120	1,897,085	2,200,618	2,552,717	
Change (%)	25.1	26.5	16.0	16.0	
Borrowings	71,725	94,870	94,870	94,870	
Other Liabilities & Prov.	110,562	128,114	153,737	184,484	
Total Liabilities	1,788,300	2,255,018	2,609,137	3,023,525	
Current Assets	177,174	217,613	256,446	303,440	
Investments	418,029	526,072	578,679	636,547	
Change (%)	17.8	25.8	10.0	10.0	
Loans	1,134,763	1,429,094	1,686,331	1,989,870	
Change (%)	33.6	25.9	18.0	18.0	
Net Fixed Assets	24,261	25,319	25,069	24,794	
Other Assets	34,073	56,920	62,612	68,873	
Total Assets	1,788,300	2,255,018	2,609,137	3,023,525	

ASSUMPTIONS	(%)			
Deposit Growth	25.1	26.5	16.0	16.0
Loans Growth	33.6	25.9	18.0	18.0
Investments Growth	17.8	25.8	10.0	10.0
Provisions Coverage Ratio	69.3	74.6	60.0	60.0
Dividend	40.0	80.0	100.7	83.7

E: MOSL Estimates

RATIOS		2008	2009E	2010E	2011E
Spreads Analysis (%)					
Avg. Yield-Earn. Assets		8.5	8.8	8.3	8.4
Avg. Cost-Int. Bear. Liab.		5.7	6.1	5.9	5.9
Interest Spread		2.7	2.8	2.3	2.5
Net Interest Margin		2.9	3.0	2.6	2.8
Profitability Ratios (%)					
RoE		27.6	29.2	23.9	23.1
RoA		1.3	1.5	1.3	1.3
Int. Expended/Int. Earned		65.8	66.4	68.4	66.8
Other Inc./Net Income		33.4	35.7	32.8	29.9
Efficiency Ratios (%)					
Op. Exps./Net Income*		44.2	39.6	37.3	33.4
Empl. Cost/Op. Exps.		62.6	62.6	60.8	57.6
Busi. per Empl. (Rs m)		57.7	74.2	93.3	113.4
NP per Empl. (Rs lac)		4.9	7.5	8.1	9.9
* ex treasury					

Asset-Liability Profile (%)		2008	2009E	2010E	2011E
Adv./Deposit Ratio		75.6	75.3	76.6	78.0
CASA Ratio		30.6	26.8	29.5	29.5
Invest./Deposit Ratio		27.9	27.7	26.3	24.9
G-Sec/Invest. Ratio		80.8	82.1	86.3	91.0
Gross NPAs to Adv.		1.7	1.7	2.3	2.6
Net NPAs to Adv.		0.5	0.4	0.9	1.1
CAR		12.0	13.0	12.7	12.7
Tier 1		7.7	8.9	9.1	9.5

VALUATION		2008	2009E	2010E	2011E
Book Value (Rs)		167.8	224.1	271.7	331.9
Price-BV (x)		2.1	1.6	1.3	1.0
Adjusted BV (Rs)		160.5	216.3	252.6	305.8
Price-ABV (x)		2.2	1.6	1.4	1.1
EPS (Rs)		38.2	57.2	59.3	69.8
EPS Growth (%)		66.0	49.7	3.6	17.8
Price-Earnings (x)		9.1	6.1	5.9	5.0
OPS (Rs)		70.4	103.8	107.1	133.4
OPS Growth (%)		43.4	47.4	3.2	24.6
Price-OP (x)		4.9	3.4	3.3	2.6

Bharat Forge



Company description

Bharat Forge is a leading manufacturer of forged steel and the largest exporter of auto components from India. It has emerged as the second largest forging player globally with operations in six countries. It is diversifying into capital goods, with forays in power, windmill, aerospace, defense, etc.

Key investment arguments

- Initial signs of recovery, as volumes in its key CV segment have witnessed improvement in all geographies. It has taken initiatives to bring down breakeven capacity utilization to ~50% in US & EU and ~35% in India.
- Significant opportunity arising from structural shift in the industry, due to bankruptcy of its global competitors providing opportunity to move up the value chain, as well as shift in demand towards smaller fuel efficient car resulting in higher outsourcing.
- Focus to double share of non-auto business to 40% by FY13, would drive improvement in EBITDA margins and RoCE, and reduce cyclicalty.

Key investment risks

- Continued lower demand for CVs in developed market would delay recovery process.
- Appreciation of the rupee vis-à-vis the dollar would result in lower export realization.
- Delay in ramp-up in non-auto business would affect sales and profits.

Recent developments

- Bharat Forge and Areva have signed an MoU to set up a JV to build a manufacturing facility for heavy forgings in India. This is in addition to JVs with (1) NTPC for balance of plant, and (2) Alstom to manufacture turbines and generators for thermal plants.
- Seven out of 12 overseas subsidiaries made a loss last financial year.

Valuation and view

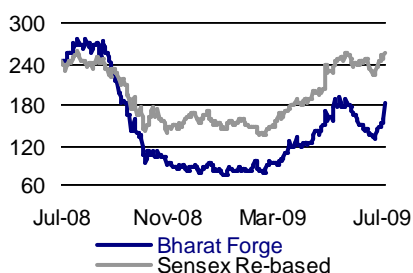
- The stock currently trades at 26.8x FY10E consolidated consensus EPS of Rs6.8 and 18x FY11E consolidated consensus EPS of Rs10.1.
- We have no rating on the stock.

Bloomberg	BHFC IN
Equity Shares (m)	237.3
CMP (Rs)	182
Mcap (US\$ b)	0.9
52 W Range	283 / 69
1, 6, 12 Rel Per	13 / 62 / -30

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	44.0	44.0	40.6
Domestic Inst	15.0	15.2	14.2
Foreign	7.7	8.7	14.2
Others	33.4	32.1	31.0

Stock Performance (1 year)

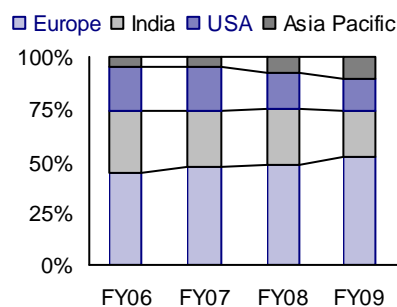


Quarterly Performance

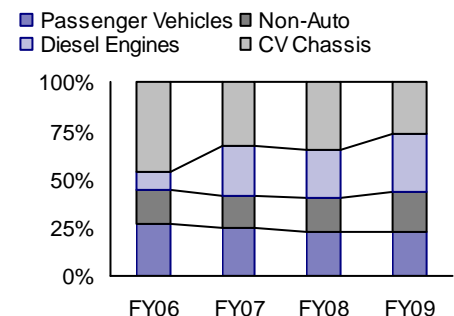
	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09	
Net Sales	6,198	6,545	4,364	2,834	3,516	21,379	19,941	
YoY Change (%)	24.7	19.4	-19.0	-50.0	-43.3	16.5	-6.7	
EBITDA (incl. OI)	987	804	716	1,567	652	6,409	4,075	
YoY Change (%)	-36.1	-50.8	-52.9	-8.2	-33.9	18.4	-36.4	
EBITDA Margin (%)	15.9	12.3	16.4	55.3	18.5	30.0	20.4	
Reported PAT	266	113	44	611	10	2,736	1,033	
Adjusted PAT	810	920	326	-24	153	2,525	1,020	
YoY Change (%)	89.1	52.2	-45.5	N.A.	-81.1	-0.7	-59.6	

E: MOSL Estimates

Trend in Market mix



Trend in Business Mix



Source: Company/MOSL

Bharat Forge: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Net Sales	29,715	41,489	45,976	47,112	
Change (%)	53.1	39.6	10.8	2.5	
Raw Materials	13,659	19,563	21,287	23,071	
Employee Cost	4,165	6,164	6,780	7,092	
Other Mfg. Expenses	7,139	9,721	11,413	13,353	
EBITDA	4,751	6,041	6,495	3,596	
% of Net Sales	16.0	14.6	14.1	7.6	
Change (%)	28.0	27.1	7.5	-44.6	
Depreciation	1,281	1,881	2,271	2,517	
EBIT	3,471	4,160	4,225	1,079	
Interest	684	1,067	1,269	1,291	
Other Income	1,133	1,265	1,540	1,317	
PBT	3,920	4,358	4,496	1,105	
Tax	1,415	1,524	1,587	694	
Tax Rate (%)	36.1	35.0	35.3	62.8	
Reported PAT	2,505	2,835	2,908	411	
Change (%)	24.6	13.1	2.6	-85.9	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Share Capital	545	545	445	445	
Reserves	12,110	14,353	16,096	15,989	
Net Worth	12,655	14,898	16,541	16,435	
Loans	11,593	17,896	16,544	21,908	
Deferred Tax Liabilities	(965)	(1,107)	(1,369)	(1,843)	
Minority Interest	-	315	702	954	
Capital Employed	25,212	34,216	35,155	41,140	
Gross Fixed Asstes	19,631	26,720	30,998	40,277	
Less : Depreciation	8,592	10,809	13,228	15,595	
Net Fixed Assets	11,039	15,912	17,770	24,683	
Capital WIP	3,775	3,537	5,842	3,219	
Investment	2,535	2,073	2,988	2	
Curr. Assets	20,849	27,686	24,781	25,317	
Inventory	4,733	6,142	7,271	7,917	
Debtors	4,142	6,567	6,718	5,313	
Cash & Bank Balance	5,932	9,389	3,184	4,883	
Loans & Advances	6,041	5,587	7,609	7,204	
Curr. Liab. & Provisions	12,999	14,995	16,226	12,081	
Creditors	8,785	11,103	11,274	8,277	
Other Liabilities	289	144	87	261	
Provisions	3,925	3,748	4,865	3,543	
Net Current Assets	7,850	12,692	8,556	13,236	
Misc Exp not written off	13	2	-	-	
Application of Funds	25,212	34,216	35,155	41,140	

RATIOS					
Y/E MARCH	2006	2007	2008	2009	
Basic (Rs)					
EPS	10.8	12.1	12.4	1.7	
Growth (%)	-77.7	12.0	2.8	-86.5	
Cash EPS	16.6	20.5	22.6	13.0	
Growth (%)	-75.6	24.1	10.2	-42.6	
Book Value	56.5	66.5	74.3	73.8	
DPS	3.0	3.5	3.5	1.0	
Payout (%)	27.9	28.9	28.2	59.7	
Valuation (X)					
P/E				108.2	
Cash P/E				14.0	
EV/EBIDTA				16.0	
EV/Sales				1.2	
Price/ Book Value				2.5	
Profitability Ratios (%)					
RoE	28.2	20.6	18.5	2.5	
RoCE	18.8	14.0	12.2	2.8	
Turnover Ratios (x)					
Fixed Assets	2.0	1.9	1.7	1.4	
Inventory	8.0	7.9	7.1	6.4	
Debtors	9.4	8.0	7.2	8.0	
Leverage Ratio (x)					
Debt/Equity	1.0	1.1	1.1	1.2	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Profit before Tax	3,920	4,358	4,496	1,105	
Add : Depn & Amort.	1,311	1,891	2,273	2,517	
Interest	684	1,067	1,269	1,291	
Less : Direct Taxes Paid	-1,415	-1,524	-1,587	-694	
(Inc)/Dec in WC	-327	-1,385	-2,070	-2,980	
CF from Operations	4,173	4,408	4,381	1,240	
(Inc)/Dec in FA	-6,463	-6,516	-6,433	-6,808	
(Pur)/Sale of Investments	-2,535	462	-915	2,986	
CF from Investments	-8,998	-6,053	-7,348	-3,822	
Inc/(Dec) in Networth	5,808	320	-353	-257	
Inc/(Dec) in Debt	5,946	6,760	-704	6,091	
Less : Interest Paid	-684	-1,067	-1,269	-1,291	
Dividend Paid	-763	-912	-912	-261	
CF from Fin. Activity	10,307	5,102	-3,238	4,282	
Inc/Dec of Cash	5,481	3,457	-6,206	1,700	
Add: Beginning Balance	451	5,932	9,389	3,184	
Closing Balance	5,932	9,389	3,184	4,883	

Bharti Airtel

Company description

Bharti Airtel is an integrated telecom operator with presence in wireless, fixed-line and broadband, long distance, enterprise, and passive infrastructure services. Bharti is the largest Indian wireless operator with a subscriber market share of ~24% and population coverage of 82%.

Key investment arguments

- Largest Indian telecom operator with a wireless subscriber base of 102m and total subscriber base of 105m. Bharti continues to consolidate its wireless leadership with a wireless subscriber share of 24% and adjusted gross revenue share of 31%.
- Bharti is well positioned to capture rural growth by leveraging its deep coverage and favorable frequency allocation - a significant competitive advantage in low-density regions. A strong balance sheet makes Bharti best placed to win 3G spectrum bids which will support voice decongestion as well as development of new revenue streams from data services in the maturing urban market.

Key investment risks

- Increased bid for the MTN deal leading to higher debt/equity dilution for Bharti shareholders.
- Higher-than-expected tariff pressures from irrational pricing by new GSM entrants.
- Aggressive bidding in 3G spectrum auctions.
- Increase in one-time/revenue sharing fee for 2G spectrum allocation.

Recent developments

- During May 2009, Bharti and MTN Group agreed to discuss exclusively a potential transaction until July 31, 2009.
- Bharti launched its DTH services in India and mobile services in Sri-Lanka during 3QFY09.

Valuation and view

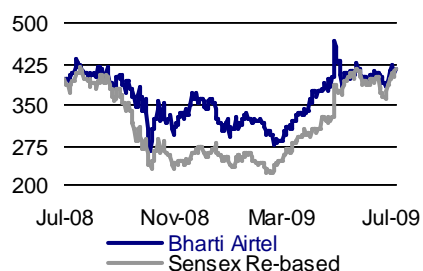
- We expect 17% earnings CAGR over FY09-11, led by 32% CAGR in average wireless subscribers.
- We maintain **Buy**, given strong incumbency advantage and attractive valuations.
- Our price target of Rs492 is based on core business (ex towers) DCF valuation of Rs411/share (11.8% WACC, 4% terminal growth; implied EV/EBITDA of 8.3x FY11E) and tower business valuation of Rs81/share (Rs3.5m-4.5m per tower).

Bloomberg	BHARTI IN
Equity Shares (m)	3795.2
CMP (Rs)	416
Mcap (US\$ b)	32.7
52 W Range	518 / 242
1, 6, 12 Rel Per	-2 / -42 / 0

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	45.3	45.3	45.3
Domestic Inst	7.9	7.4	5.7
Foreign	42.1	43.1	45.4
Others	4.7	4.2	3.6

Stock Performance (1 year)

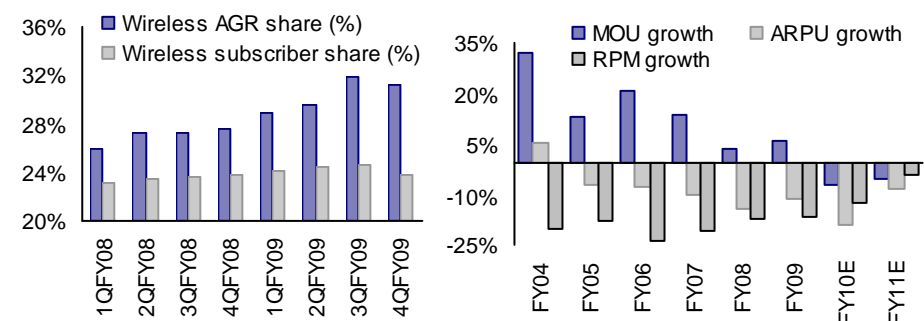


Quarterly Performance (Consolidated)

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Gross Revenue	84,833	90,203	96,334	98,245	99,416	369,615	420,025
YoY Change (%)	43.7	42.3	38.3	25.6	17.2	36.8	13.6
EBITDA	35,221	36,993	39,450	40,014	41,518	151,678	178,659
YoY Change (%)	44.0	36.5	33.1	23.1	17.9	33.4	17.8
EBITDA Margin (%)	41.5	41.0	41.0	40.7	41.8	41.0	42.5
Rep. PAT/(Loss)	20,251	20,463	21,592	22,393	25,167	84,699	104,393
YoY Change (%)	34.0	26.8	25.4	20.9	24.3	26.4	23.3
Mobile ARPU (Rs/month)	350	331	324	305	278	325	263
Mobile MOU/sub/month	534	526	505	485	478	508	472

E: MOSL Estimates

Wireless subscriber and AGR share KPI trend (%)



Source: Company/MOSL

Bharti Airtel : Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Revenues	270,250	369,615	420,025	468,526	
Change (%)	45.9	36.8	13.6	11.5	
Total Expenses	156,535	217,937	241,366	267,160	
EBITDA	113,715	151,678	178,659	201,366	
% of Gross Sales	42.1	41.0	42.5	43.0	
Depn. & Amortization	37,260	47,581	60,572	59,575	
EBIT	76,455	104,097	118,086	141,791	
Net Interest	2,341	11,613	-4,250	-2,586	
Other Income	2,423	588	1,628	1,971	
PBT	76,537	93,073	123,960	146,344	
Tax	8,378	6,615	17,585	26,341	
Rate (%)	10.9	7.1	14.2	18.0	
Minority Interest	1,151	1,759	1,987	2,241	
Adjusted PAT	67,008	84,699	104,388	117,761	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	18,979	18,982	18,982	18,982	
Additional Paid up Capital	77,757	74,106	74,106	74,106	
Reserves	125,849	210,857	275,160	381,144	
Net Worth	222,585	303,945	368,248	474,232	
Loans	97,063	118,800	114,626	85,933	
Minority Interest	3,013	10,704	12,691	14,932	
Other Liabilities	9,894	10,564	10,787	10,787	
Deferred Tax Liability	5,301	7,556	7,993	13,847	
Capital Employed	337,856	451,570	514,345	599,732	
Gross Block	414,638	558,053	649,325	758,078	
Less : Depreciation	101,231	148,917	205,256	263,718	
Net Block	313,407	409,136	444,068	494,360	
Intangible Fixed Assets	13,204	13,310	12,076	10,963	
Investments	108	128	121	121	
Goodwill	27,043	27,054	27,054	27,054	
Other Non-Current Assets	5,099	10,242	11,175	11,175	
Curr. Assets	113,782	144,079	169,528	208,675	
Inventories	1,142	963	1,038	1,158	
Debtors	28,062	28,528	28,378	31,655	
Cash & Bank Balance	6,862	11,229	27,206	60,083	
Other Current Assets	77,716	103,359	112,906	115,779	
Curr. Liab. & Prov.	134,787	152,377	149,678	152,616	
Sundry Liabilities	127,961	144,230	136,450	137,860	
Other Current Liabilities	6,826	8,148	13,229	14,756	
Net Curr. Assets	-21,005	-8,299	19,850	56,059	
Appl. of Funds	337,856	451,570	514,345	599,732	

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Basic (Rs)					
EPS		17.7	22.3	27.5	31.1
Cash EPS		27.5	34.9	43.5	46.8
Book Value		59.5	83.0	100.4	129.0
DPS		0.0	2.0	2.8	3.1
Payout %(Incl.Div.Taxes)		0.0	9.0	10.0	10.0
Valuation (x)					
P/E		23.5	18.6	15.1	13.4
Cash P/E		15.1	11.9	9.6	8.9
EV/EBITDA		14.2	10.9	9.0	7.7
EV/Sales		6.0	4.5	3.8	3.3
Price/Book Value		7.0	5.0	4.1	3.2
Dividend Yield (%)		0.0	0.5	0.7	0.7
Profitability Ratios (%)					
RoE		36.9	31.4	30.0	27.1
RoCE		25.8	23.8	21.5	21.2

Turnover Ratios		2008	2009	2010E	2011E
Debtors (Days)		38	28	25	25
Asset Turnover (x)		1.21	1.14	1.07	1.08
Leverage Ratio					
Debt/Equity Ratio (x)		0.4	0.4	0.3	0.2

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Op.Profit/(Loss) bef Tax	113,715	151,678	178,659	201,366	
Other Income	2,423	588	1,628	1,971	
Interest Paid	-2,341	-11,613	4,250	2,586	
Direct Taxes Paid	-6,693	-4,359	-17,147	-20,487	
(Inc)/Dec in Wkg. Cap.	14,364	-15,087	-22,006	-3,337	
CF from Op.Activity	121,468	121,207	145,383	182,099	
(inc)/Dec in FA + CWIP	-142,510	-143,426	-94,272	-108,754	
(Pur)/Sale of Investments	-45,533	10,141	-20,520	0	
CF from Inv.Activity	-188,043	-133,285	-114,792	-108,754	
Issue of Shares	21,176	-3,640	0	0	
Inc/(Dec) in Debt	44,602	21,737	-4,175	-28,693	
Other Financing Activities	61	-1,652	-10,439	-11,776	
CF from Fin.Activity	65,839	16,446	-14,612	-40,467	
Inc/(Dec) in Cash	-736	4,367	15,977	32,877	
Add: Opening Balance	7,598	6,862	11,229	27,206	
Closing Balance	6,862	11,229	27,206	60,083	

Biocon

Company description

From an Enzymes manufacturer, Biocon has progressed up the value chain into pharmaceutical APIs like Statins, Immunosuppressants, Insulin, etc. It has also entered the domestic formulations market through launch of Insulin and oncology formulations and expanding the therapeutic reach to other segments. Biocon has simultaneously commenced building its NCE pipeline and is currently working on developing an oral form of Insulin.

Key investment arguments

- Expect 26% revenue CAGR for the contract research business led by the commencement of the BMS contract.
- Insulin & Immunosuppressant revenues likely to ramp-up gradually over the next two years resulting in 20% revenue CAGR led mainly by increasing revenues from emerging markets including India.
- The company is developing an oral form of Insulin as a part of its NCE research thus offering the potential for an "option value" (if successful) over the core business.

- Converting of forex hedges into pure cash-flow hedges will ensure significant lower forex volatility in earnings unlike FY09 wherein reported earnings were adversely impacted due to large forex losses.
- Revenue and earnings CAGR of 21% and 80% (albeit on low base) during FY09-FY11 respectively.

Key investment risks

- The US FDA has, of late, become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Any slippages could impact Biocon's US supplies.
- Higher than expected currency appreciation could adversely impact future earnings.

Recent developments

- Biocon has recently entered into an exclusive development-cum-distribution agreement with Mylan for a range of bio-generics in regulated markets.

Valuation and view

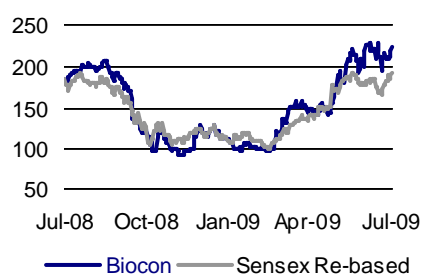
- Expect 80% EPS CAGR for FY09-FY11E; valuations at 17.2x FY10E EPS of Rs12.9.
- We maintain **Buy** with a target price of Rs250 (16x FY11E earnings)

Bloomberg	BIOS IN
Equity Shares (m)	200.0
CMP (Rs)	222
Mcap (US\$ b)	0.9
52 W Range	237 / 85
1, 6, 12 Rel Per	-4 / 28 / 17

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	60.9	60.9	60.9
Domestic Inst	12.0	11.0	10.3
Foreign	5.7	6.9	7.0
Others	21.4	21.2	21.8

Stock Performance (1 year)



Quarterly Performance (Consolidated)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	2,639	4,427	4,362	4,663	4,959	16,091	21,269
YoY Change (%)	-2.6	58.7	84.1	74.6	87.9	52.7	32.2
EBITDA	576	830	943	898	1,013	3,234	4,453
EBITDA Margin (%)	21.8	18.7	21.6	19.2	20.4	20.1	20.9
PAT	150	254	281	249	576	1,002	2,587
YoY Change (%)	-71.7	-52.9	-47.0	-61.7	284.0	-55.4	158.1
PAT Margin (%)	5.7	5.7	6.4	5.3	11.6	6.2	12.2

E: MOSL Estimates

EBITDA Margins (%)

	FY09	FY10E	FY11E
Biopharma	27.2	30.5	29.7
Contract Research	30.0	30.3	33.0
Axicornp	1.4	3.0	3.0
Overall EBITDA Mar.	20.1	20.9	20.7

Source: Company/MOSL

Revenue Break-up (% of Sales)

	FY09	FY10E	FY11E
Statins	23	19	18
Insulin & Immunosuppressant	14	13	14
Formulations	7	7	8
Licensing Income	1	2	2
Others	12	9	7
Total Biopharma Rev.	57	50	49
Contract Research	14	14	15
Axicornp (Germany)	29	36	36
Total Cons. Rev.	100	100	100

Source: Company/MOSL

BPCL

Company description

A Fortune-500 company, BPCL is a state-owned oil refining and marketing company (RMC). It also has interests upstream. It is India's third largest refiner, with a refining capacity of 12mmtpa in Mumbai and 7.5mmtpa in Kochi. BPCL has majority stake (63%) in Numaligarh Refineries, a 3mmtpa refinery in the North East. It also has investments in IGL (22.5% stake) and Petronet LNG (12.5% stake).

Key investment arguments

- **GoI indication to compensate under-recoveries positive for RMCs:** Profitability continues to be determined by the quantum and sharing of under-recoveries, rather than fundamentals. The recent indications by GoI to take care of under-recoveries is positive. However, we would await a final decision before incorporating this in our estimates.
- BPCL currently has 50% stake (likely to reduce to ~48% post planned IPO) in the Rs104b, 6mmtpa Bina Refinery, which is likely to be completed by December 2009.
- **E&P - New Frontier for BPCL:** BPCL has stakes in ~26 E&P blocks in India and abroad. It has made a significant discovery in its BM-C-30 block in Brazil

and would enter into a development phase soon. With planned investments of Rs15-20b in FY10-11, E&P has opened up a new growth frontier for BPCL.

Key investment risks

- Government policy of controlling fuel prices remains a concern for the stock.
- Fuel under-recoveries and ad-hoc sharing continues to be a concern.

Recent developments

- Petrol and diesel prices were raised by Rs4/ltr (10%) and Rs2/ltr (6.5%), respectively on 2 July 2009.
- In his budget speech, the Finance Minister indicated that GoI will set up an expert group to find a viable and sustainable system of pricing petroleum products.

Valuation and view

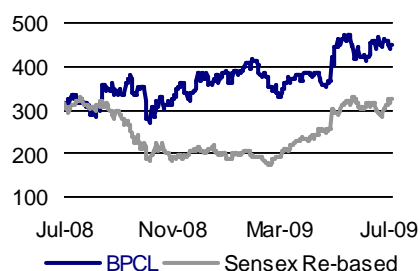
- The stock trades at 10.8x FY10E EPS of Rs42 and 1.1x FY10E BV of Rs403. Maintain **Buy**.
- Refining outlook is not very encouraging. While global demand remains weak, 1.4mmbbl/d of new capacity (including RPET) is likely to start in the next few months.

Bloomberg	BPCL IN
Equity Shares (m)	361.5
CMP (Rs)	452
Mcap (US\$ b)	3.4
52 W Range	516 / 226
1, 6, 12 Rel Per	-1 / -54 / 39

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.9	54.9	54.9
Domestic Inst	20.1	20.5	18.5
Foreign	8.4	8.5	10.8
Others	16.6	16.1	15.8

Stock Performance (1 year)



Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	390,220	378,262	318,845	265,050	254,928	1,352,377	1,073,521
YoY Change (%)	63.5	50.3	10.2	-18.6	-34.7	22.4	-20.6
EBITDA	-7,693	-21,674	15,209	41,531	7,454	27,373	30,104
YoY Change (%)	nm	nm	247.9	382.9	nm	-10.8	10.0
EBITDA Margin (%)	-2.0	-5.7	4.8	15.7	2.9	2.0	2.8
PAT	-10,667	-26,253	7,998	36,280	6,141	7,359	12,840
YoY Change (%)	nm	nm	174.5	nm	nm	-53.4	74.5
Adj. PAT	-10,667	-26,253	7,998	36,280	6,141	7,359	12,840

E: MOSL Estimates

Key Operational Parameters

	FY07	FY08	FY09	FY10E	FY11E
Throughput (mmt)	19.8	20.9	20.4	20.8	21.2
GRM (US\$/bbl)	3.6	5.7	5.4	4.1	3.8

Under recovery and its sharing

Gross under recovery	107.5	180.0	237.7	30.2	34.1
Upstream sharing	44.6	59.8	75.6	10.0	11.3
Oil Bonds	52.5	85.9	162.2	14.2	16.0
Net Under recovery	10.4	34.4	0.0	6.0	6.8
Net Sharing (%)	9.6	19.1	0.0	20.0	20.0

Source: Company/MOSL

BPCL: Financials and valuation

INCOME STATEMENT (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	1,112,431	1,365,571	1,088,649	1,132,165	
Change (%)	13.3	22.8	-20.3	4.0	
Finished Gds Purchase	447,583	601,199	461,099	474,006	
RM & Other Exp	567,540	634,443	519,893	560,452	
Other Operating Exp.	60,271	96,281	69,859	53,163	
EBITDA	37,037	33,648	37,798	44,545	
% of Net Sales	3.3	2.5	3.5	3.9	
Depreciation	12,921	12,617	14,107	15,704	
Interest	7,149	24,043	10,817	10,379	
Other Income	11,673	14,358	11,371	8,030	
Extraordinary Items (net)	1,560	0	0	0	
PBT	30,200	11,346	24,245	26,491	
Tax	11,075	4,104	7,604	8,415	
Rate (%)	30.0	30.0	31.4	31.8	
Minority Interest	1,430	904	1,457	1,457	
PAT	17,695	6,338	15,184	16,619	
Adj. PAT	15,143	6,338	15,184	16,619	
Change (%)	-28.3	-58.1	139.6	9.5	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	3,615	3,615	3,615	3,615	
Reserves	125,454	128,881	141,986	156,110	
Net Worth	129,069	132,496	145,601	159,726	
Minority interest	8,606	9,510	10,967	12,424	
Loans	160,658	214,482	127,770	112,774	
Deferred Tax	18,108	18,108	18,023	18,289	
Capital Employed	316,441	374,595	302,361	303,212	
Gross Fixed Assets	251,944	289,554	324,121	362,184	
Less: Depreciation	108,390	121,007	135,114	150,819	
Net Fixed Assets	143,554	168,547	189,007	211,365	
Capital WIP	24,414	24,414	24,414	24,414	
Investments	92,810	166,873	89,551	75,260	
Curr. Assets, L & A	215,138	194,322	160,506	164,973	
Inventory	115,250	118,481	96,146	99,322	
Debtors	16,679	19,804	14,936	14,646	
Cash & Bank Balance	15,889	9,414	23,454	25,036	
Loans & Advances	67,320	46,623	25,969	25,969	
Current Liab. & Prov.	159,525	179,611	161,166	172,849	
Liabilities	148,340	168,726	149,012	159,402	
Provisions	11,185	10,885	12,154	13,447	
Net Current Assets	55,613	14,711	-660	-7,877	
Less: Miscellaneous Exp.	51	51	51	51	
Application of Funds	316,441	374,595	302,361	303,212	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
EPS	41.9	17.5	42.0	46.0	
Cash EPS	77.6	52.4	81.0	89.4	
Book Value	357.0	366.5	402.7	441.8	
Dividend	4.0	7.0	5.0	6.0	
Payout (incl. Div. Tax.)	25.0	19.2	32.8	16.4	
Valuation (x)					
P/E	10.8	25.8	10.8	9.8	
Cash P/E	5.8	8.6	5.6	5.1	
EV / EBITDA	8.8	11.5	7.6	6.0	
EV / Sales	0.3	0.3	0.3	0.2	
Price / Book Value	1.3	1.2	1.1	1.0	
Dividend Yield (%)	0.9	1.5	1.1	1.3	
Profitability Ratios (%)					
RoE	12.5	4.8	10.9	10.9	
RoCE	8.5	6.1	7.0	9.5	
Turnover Ratios					
Debtors (No. of Days)	5	5	6	5	
Asset Turnover (x)	4.6	2.6	2.6	3.6	
Leverage Ratio					
Debt / Equity (x)	1.2	1.6	0.9	0.7	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
OP/(Loss) before Tax	28,867	11,346	24,245	26,491	
Depreciation	12,921	12,617	14,107	15,704	
Interest Paid	6,980	24,043	10,817	10,379	
Direct Taxes Paid	-9,566	-4,104	-7,689	-8,149	
Other operating items	-4,080	0	0	0	
(Inc)/Dec in Wkg. Capital	-21,793	34,427	29,411	8,798	
CF from Op. Activity	13,329	78,329	70,891	53,223	
(Inc)/Dec in FA & CWIP	-33,450	-37,610	-34,567	-38,063	
(Pur)/Sale of Invest.	-16,908	-74,064	77,323	14,291	
Other Investing	96				
CF from Inv. Activity	-50,262	-111,673	42,756	-23,772	
Net Inc / (Dec) in Debt	14,105	53,823	-86,711	-14,996	
Interest paid	-6,584	-24,043	-10,817	-10,379	
Dividends Paid	-5,285	-2,910	-2,079	-2,495	
Other Fi. Activities	99	0	0	0	
CF from Fin. Activity	2,334	26,870	-99,607	-27,870	
Inc / (Dec) in Cash	-34,599	-6,475	14,040	1,582	
Cash in hand and bank	50,488	15,889	9,414	23,454	
Closing Balance	15,889	9,414	23,454	25,036	

Central Bank of India



Company description

Central Bank of India (CBI) is India's third largest PSU bank in terms of branch network with 3,500+ branches and 25m customers (well spread across India). It has a balance sheet size of over Rs1.48t and GoI holding of ~80%. CBI has ~90% of business and ~60% branches under CBS. With legacy issues behind it, and new management at the helm of affairs, CBI is set for healthy growth in key focus areas of SME, retail loans and generating retail liability. Higher recoveries from written off portfolio (~Rs40b) will keep earnings traction strong coupled with improving core operations.

Key investment arguments

- Large corporate lending forms ~68% of loan book, leading to lower yields. We believe yields will improve as: 1) management aims to grow high yielding SME and retail loans (16.2% of book) and 2) pricing of corporate loans improves.
- Management focus on leveraging its strong corporate relationship and its pan India presence (~64% of branches in rural and semi urban areas) to grow CASA ratio will help reduce cost of deposits. Bulk deposits repricing will also help to improve average cost of funds.

- Margins will improve with improvement in yields, expected fall in cost of funds and improving CD ratio (64% as on 1QFY10).
- Opex growth is likely to be moderate as 2,500-3,000 employees are expected to retire every year and benefit of CBS rollout will help to rationalize cost. C/I ratio (ex trading) is as high at 65%; hence, there is a lot of scope for improvement.

Key investment risks

- Delay in execution of new strategy will impact core profitability in near to medium term.
- CBI has restructured ~4% of loans (facility wise).

Recent developments

- GoI has recently infused Rs7b into the bank, which took CAR above 13% and it is expected to infuse Rs7b more in FY10.
- Recently launched 'Operation Nav Chetana' to rejuvenate its staff, branches and client coverage.

Valuation and view

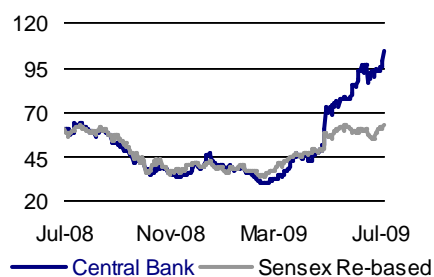
- We like the bank's strategy of improving quality of earnings rather than chasing balance sheet growth.
- We do not have a rating on the stock.

Bloomberg	CBOI IN
Equity Shares (m)	404.1
CMP (Rs)	104
Mcap (US\$ b)	0.9
52 W Range	106 / 30
1, 6, 12 Rel Per	11 / 104 / 67

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	80.2	80.2	80.2
Domestic Inst	8.0	6.9	6.7
Foreign	3.3	1.9	4.3
Others	8.6	10.9	8.8

Stock Performance (1 year)

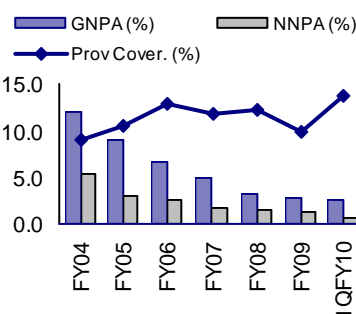


Quarterly Performance (Standalone)

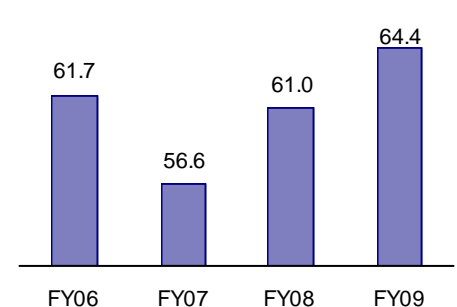
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Net Int. Income	4,768	6,462	6,719	4,334	5,772	21,138	22,285
YoY Change (%)	-15.5	24.1	30.3	-15.0	21.1	-14.6	5.4
Operating Profit	2,216	2,941	4,665	4,546	3,609	12,703	14,367
YoY Change (%)	-16.2	18.9	66.5	-4.6	62.9	-11.1	13.1
PAT	593	961	3,533	625	2,668	5,522	5,712
YoY Change (%)	-39.8	-22.3	75.7	-50.9	349.8	10.9	3.5
Cost to Income	65.3	60.3	52.6	51.5	62.8	57.9	56.4
Prov./Oper. Profit (%)	70.0	36.2	(20.8)	76.4	(7.3)	32.8	35.6

E: MOSL Estimates

Significant improvement in asset quality



Lot of Scope to Improve Efficiency (C/I Ratio %)



Source: Company/MOSL

Central Bank of India: Financials and valuation

INCOME STATEMENT (RS MILLION)

Y/E MARCH	2006	2007	2008	2009
Interest Income	53,856	62,342	78,863	104,552
Interest Expended	30,055	37,598	57,725	82,267
Net Interest Income	23,801	24,744	21,138	22,285
Change (%)	0.2	4.0	-14.6	5.4
Other Income	5,848	6,390	9,023	10,700
Net Income	29,649	31,134	30,161	32,984
Change (%)	-13.1	5.0	-3.1	9.4
Operating Expenses	17,162	16,844	17,458	18,617
Operating Income	12,487	14,290	12,703	14,367
Change (%)	-27.7	14.4	-11.1	13.1
Other Provisions	8,727	7,337	4,164	5,118
PBT	3,759	6,953	8,539	9,250
Tax	1,185	1,973	3,018	3,537
Tax Rate (%)	31.5	28.4	35.3	38.2
PAT	2,574	4,980	5,522	5,712
Change (%)	-28.0	93.5	10.9	3.5

BALANCE SHEET (RS MILLION)

Y/E MARCH	2006	2007	2008	2009
Capital	11,241	11,241	12,041	13,211
Equity Share Capital	11,241	3,241	4,041	4,041
Reserves & Surplus	23,178	26,657	47,386	50,909
Net Worth	34,420	37,898	59,428	64,121
Equity Net Worth	34,420	29,898	51,428	54,951
Deposits	664,827	827,763	1,103,197	1,312,718
Change (%)	9.4	24.5	33.3	19.0
CASA Deposits	311,110	348,378	398,667	437,930
Borrowings	3,108	7,820	4,491	8,043
Other Liabilities & Prov.	48,334	56,600	72,443	91,671
Total Liabilities	750,688	930,081	1,239,558	1,476,552
Current Assets	47,941	88,129	128,392	122,512
Investments	286,391	277,419	314,552	430,607
Change (%)	-7.1	-3.1	13.4	36.9
Advances	374,835	517,955	729,974	854,832
Change (%)	37.4	38.2	40.9	17.1
Net Fixed Assets	7,248	7,673	23,203	22,780
Other Assets	34,273	38,906	43,436	45,821
Total Assets	750,688	930,081	1,239,558	1,476,552

ASSUMPTIONS (%)

Deposit Growth	9.4	24.5	33.3	19.0
Advances Growth	37.4	38.2	40.9	17.1
Investments Growth	-7.1	-3.1	13.4	36.9
Provisions coverage Ratio	63.8	65.8	54.9	54.1
Dividend	0.0	0.0	25.0	30.0

RATIOS

Y/E MARCH	2006	2007	2008	2009
Spreads Analysis (%)				
Avg. Yield - Earning Assets	8.0	7.9	7.7	8.2
Avg. Cost-Int. Bear. Liab.	4.7	5.0	5.9	6.8
Interest Spread	3.3	2.9	1.8	1.4
Net Interest Margin	3.5	3.1	2.1	1.7
Profitability Ratios (%)				
RoE	12.6	21.5	16.8	14.4
RoA	0.4	0.6	0.5	0.4
Int. Expended/Int.Earned	55.8	60.3	73.2	78.7
Other Inc./Net Income	19.7	20.5	29.9	32.4
Efficiency Ratios (%)				
Op. Exps./Net Income	57.9	54.1	57.9	56.4
Empl. Cost/Op. Exps.	74.3	69.8	69.6	68.4
Busi. per Empl. (Rs m)	25.8	32.9	42.4	53.7
NP per Empl. (Rs lac)	0.7	1.4	1.5	1.5
Asset-Liability Profile (%)				
Adv./Deposit Ratio	56.4	62.6	66.2	65.1
CASA Ratio	46.8	42.1	36.1	33.4
Invest./Deposit Ratio	43.1	33.5	28.5	32.8
G-Sec/Invest. Ratio	81.4	80.7	84.5	88.9
Gross NPAs to Adv.	6.9	4.8	3.2	2.7
Net NPAs	9,723.0	8,785.0	10,600.0	10,630.0
Net NPAs to Adv.	2.6	1.7	1.5	1.2
CAR	11.0	10.4	10.4	13.1
Tier 1	7.2	6.3	5.4	7.0
VALUATION				
Book Value (Rs)	65.8	77.2	76.8	86.3
Price-BV (x)	1.2	1.0	1.0	0.9
Adjusted BV (Rs)	60.2	58.3	58.4	67.8
Price-ABV (x)	1.3	1.3	1.3	1.1
EPS (Rs)	7.9	15.4	13.7	14.1
EPS Growth (%)	-28.0	93.5	10.9	3.5
Price-Earnings (x)	9.8	5.1	5.7	5.5
OPS (Rs)	11.1	12.7	10.5	10.9
OPS Growth (%)	-27.7	14.4	-11.1	13.1
Price-OP (x)	7.0	6.1	7.4	7.2

Dabur India

Company description

Dabur India is herbal-product-centric FMCG player; the size of its product portfolio is second only to HUL. It is the market leader in key product categories like hair oil (17% market share), health supplements (~60% market share) and fruit juices (50% market share). Dabur derives ~20% of its revenues from international business and has a strong presence in GCC countries. It has recently acquired Fem Care Pharma to strengthen its skin care portfolio.

Key investment arguments

- ✦ Dabur India is displaying strong momentum in large categories like hair care, oral care and fruit juices. We expect Dabur to report volume growth of 12% in FY10 (13% in FY09).
- ✦ We expect gross margin to expand 70bp on account of fall in input costs (packaging material) and judicious price increases (5%) in 2HFY09.
- ✦ Business restructuring will reduce retail venture (NewU) loss significantly; turnaround seems unlikely in the medium term.
- ✦ International Business is likely to report strong sales growth in the coming two years on account of entry into new geographies and new categories.

Key investment risks

- ✦ Dabur has acquired Fem Care and plans to launch a new range in the high growth skin care category, an area where Dabur has not been a success in the past.
- ✦ Homecare division (toilet cleaners, floor cleaners, and air fresheners) is likely to face price-based competition from private labels of retailers.
- ✦ Investment phase of the retail division (NewU), could last longer than expected.

Recent developments

- ✦ Dabur acquired 92% stake in skin care player, Fem Care, thereby attaining market leadership and distribution (parlors) in niche segments of fairness bleach and hair removal. We estimate the acquisition to add 2% to EPS in FY10.
- ✦ The tax rate for Dabur post Budget is likely to increase from 12.1% in FY09 to ~17% on account of increase in MAT rate from 10% to 15%.

Valuation and view

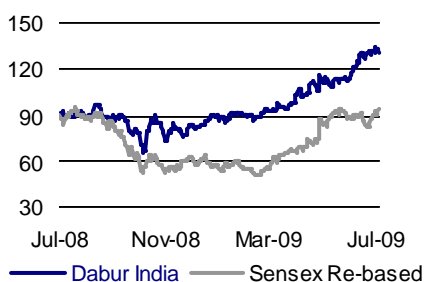
- ✦ We estimate 18% EPS CAGR over FY09-FY11.
- ✦ The stock trades at 24.3x FY10E EPS of Rs5.3. **Buy** with a target price of Rs126 (20x FY11E EPS).

Bloomberg	DABUR IN
Equity Shares (m)	864.0
CMP (Rs)	130
Mcap (US\$ b)	2.3
52 W Range	139 / 60
1, 6, 12 Rel Per	3 / -32 / 39

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	70.6	70.7	70.7
Domestic Inst	12.0	13.9	10.8
Foreign	10.9	9.1	11.5
Others	6.6	6.3	7.0

Stock Performance (1 year)

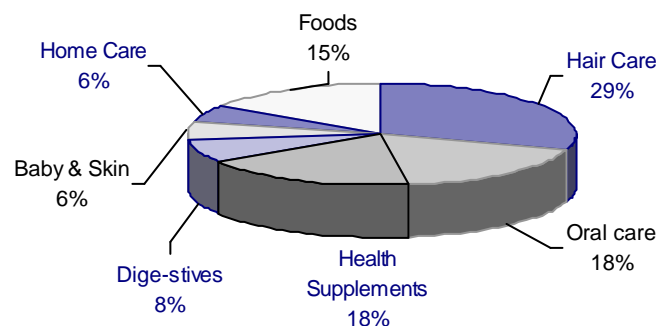


Quarterly Performance

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	6,040	6,912	7,787	7,317	7,427	28,054	34,074
YoY Change (%)	16.0	18.3	19.9	20.6	23.0	18.8	21.5
EBITDA	871	1,248	1,290	1,296	1,182	4,705	6,028
YoY Change (%)	10.0	7.6	10.9	32.4	35.7	14.9	6,028.3
Margins (%)	14.4	18.1	16.6	17.7	15.9	16.8	17.7
PAT	707	1,078	1,085	1,042	907	3,912	4,620
YoY Change (%)	13.5	11.6	14.8	29.7	28.3	17.2	18.6

E: MOSL Estimates

FY09 Sales Mix



Source: Company/MOSL

Dabur India: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Net Sales	23,610	28,054	34,074	39,761	Basic (Rs)				
Change (%)	15.6	18.8	21.5	16.7	EPS	3.9	4.5	5.3	6.4
Total Expenditure	19,517	23,350	28,046	32,685	Cash EPS	4.3	5.1	6.0	7.2
EBITDA	4,093	4,705	6,028	7,076	BV/Share	7.1	9.5	12.4	16.0
Change (%)	17.0	14.9	28.1	17.4	DPS	1.8	2.0	2.4	2.9
Margin (%)	17.3	16.8	17.7	17.8	Payout %	45.4	44.8	44.7	45.5
Depreciation	-421	-492	-605	-684	Valuation (x)				
Int. and Fin. Charges	-168	-232	-265	-198	P/E	33.7	28.7	24.3	20.4
Other Income - Recurring	340	468	399	510	Cash P/E	30.0	25.5	21.5	18.1
Profit before Taxes	3,844	4,448	5,558	6,704	EV/Sales	4.7	3.9	3.3	2.7
Change (%)	20.3	15.7	24.9	20.6	EV/EBITDA	27.0	23.3	18.6	15.4
Margin (%)	16.3	15.9	16.3	16.9	P/BV	18.2	13.8	10.5	8.1
Tax	-435	-498	-870	-1,082	Dividend Yield (%)	1.3	1.6	1.8	2.2
Deferred Tax	-71	-43	-54	-67	Return Ratios (%)				
Tax Rate (%)	-13.2	-12.1	-16.6	-17.1	RoE	54.0	47.8	43.1	40.1
Profit after Taxes	3,338	3,908	4,634	5,555	RoCE	55.6	44.6	44.3	45.3
Change (%)	18.3	17.1	18.6	19.9	Working Capital Ratios				
Margin (%)	14.1	13.9	13.6	14.0	Debtor (Days)	27	23	24	24
Minority Interest	-1	-4	14	37	Asset Turnover (x)	3.3	2.7	2.6	2.6
Adjusted PAT	3,337	3,912	4,620	5,518	Leverage Ratio				
Exceptional Items	-10		0	0	Debt/Equity (x)	0.2	0.3	0.2	0.1
Reported PAT	3,327	3,912	4,620	5,518					
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Share Capital	864	865	864	864	OP/(loss) before Tax	3,672	4,212	5,423	6,392
Reserves	5,312	7,310	9,881	12,986	Int./Div. Received	340	468	399	510
Net Worth	6,176	8,175	10,745	13,850	Depreciation and Amort.	421	492	605	684
Minority Interest	48	46	60	97	Interest Paid	-168	-232	-265	-198
Loans	992	2,275	2,325	1,275	Direct Taxes Paid	-435	-498	-870	-1,082
Capital Employed	7,215	10,496	13,130	15,222	(Incr)/Decr in WC	1,628	-294	-332	131
Gross Block	7,297	8,585	11,135	12,135	CF from Oper.	5,458	4,149	4,961	6,436
Less: Accum. Deprn.	-2,644	-2,993	-3,545	-4,197	Extraordinary Items	-10	0	-2,661	0
Net Fixed Assets	4,653	5,592	7,590	7,938	(Incr)/Decr in FA	-1,124	-1,289	-2,551	-1,000
Capital WIP	0	1	2	2	(Pur)/Sale of Investments	-1,230	-1,433	1,865	-1,390
Goodwill	0	0	2,661	2,661	CF from Invest.	-2,364	-2,722	-3,347	-2,390
Investments	2,037	3,470	1,605	2,995	Issue of Shares	0	0	1	1
Curr. Assets, L&A	7,739	9,506	11,214	13,293	(Incr)/Decr in Debt	-607	1,283	50	-1,050
Inventory	3,025	3,755	4,314	4,881	Dividend Paid	-1,514	-1,751	-2,066	-2,509
Account Receivables	1,723	1,779	2,280	2,625	Others	-813	-241	-38	-20
Cash and Bank Balance	766	1,484	1,045	1,514	CF from Fin. Act.	-2,934	-709	-2,053	-3,578
Others	2,225	2,489	3,575	4,274	Incr/Decr of Cash	159	718	-438	468
Curr. Liab. and Prov.	7,320	8,076	9,891	11,631	Add: Opening Balance	607	766	1,484	1,045
Current Liabilities	4,580	4,878	5,761	6,649	Closing Balance	766	1,484	1,045	1,513
Provisions	2,741	3,197	4,129	4,982					
Net Current Assets	419	1,431	1,324	1,661					
Miscellaneous Expense	140	86	33	1					
Deferred Tax Liability	-33	-84	-84	-84					
Application of Funds	7,215	10,496	13,130	15,175					

E: MOSL Estimates

Dish TV

Company description

Dish TV (earlier part of pre-demerger Zee Entertainment), is the largest and first private DTH service provider in India. Having started operations in 2005, the company now has a subscriber base of 5.07m, with 42% market share.

Key investment arguments

- Dish TV is the only listed proxy on the huge potential offered by DTH in digitizing broadcasting services. The company has a strong presence not only in the large cities but also in small towns and interiors.
- A booming rural economy will increase TV penetration (major entertainment source); DTH growth will increase as it can provide C&S services in remote areas.
- Dish TV turned EBITDA positive in 4QFY09 due to change in the content distribution agreement with broadcasters and cost control initiatives.
- We believe increase in ARPU and cost rationalization would enable the company to achieve cash breakeven by FY11.

Key investment risks

- Rising competition from new entrants with deep pockets could increase subscriber acquisition cost and will also impact ARPU growth.
- Dish TV could require frequent equity dilution to fund subscriber acquisition cost.

Recent developments

- The company has entered into an arrangement with broadcasters, whereby it has moved from subscriber linked content cost to a fixed cost model.
- Dish TV has completed a rights issue of Rs11b (95% subscribed by promoters). It issued 518m shares for Rs22/share, payable in three installments – Rs6/share on application, Rs8/share in June 2009, and Rs8/share between September 2009 and June 2010. It plans to raise up to an additional Rs10b via FCCBs.

Valuation and view

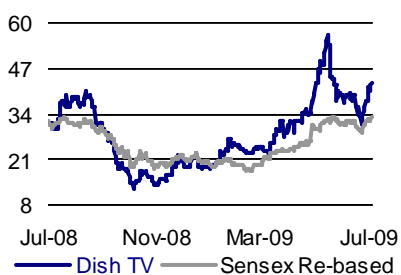
- We expect the company to break even at the PAT level in FY12.
- Our recommendation on the stock is **Neutral**.

Bloomberg	DITV IN
Equity Shares (m)	946.0
CMP (Rs)	43
Mcap (US\$ b)	0.8
52 W Range	60 / 12
1, 6, 12 Rel Per	4 / 48 / 30

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	72.8	80.2	57.9
Domestic Inst	6.3	3.5	6.1
Foreign	5.4	5.8	13.3
Others	15.5	10.6	22.7

Stock Performance (1 year)



Quarterly Performance

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY09	FY10E
Y/E March							
Sales	1,359	1,645	1,733	1,927	2,071	7,377	12,016
YoY Change (%)		84.2	129.5	72.0	52.4	78.7	62.9
EBITDA	-592	-666	-874	-389	42	-1,887	1,211
EBITDA Margin (%)	-43.6	-40.5	-50.4	-20.2	2.0	-25.6	10.1
Depreciation	416	446	495	570	644	2,154	3,194
Interest	145	143	171	221	192	727	987
PAT	-1,151	-1,254	-1,541	-1,180	-787	-4,763	-2,934

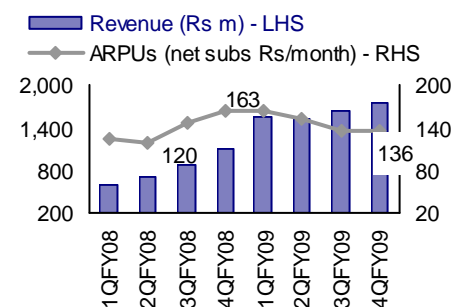
E: MOSL Estimates

Dish TV Debt Details (Rs m)

	1Q FY09	2Q FY09	3Q FY09	4Q FY09
Debt	1,750	3,400	4,100	9,041
Associates	3,500	3,500	3,250	2,450
Total Debt	5,250	6,900	7,350	11,491

Source: Company/MOSL

Qtlly trend in Sub revenue and ARPU



Dish TV: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	20010E	2011E	Y/E MARCH	2008	2009E	20010E	2011E
Subscriber base (m)	3.0	5.1	6.6	7.8	Basic (Rs)				
Net Sales	4,127	7,377	12,016	15,483	Adjusted EPS	-9.6	-8.3	-3.9	-0.5
Change (%)	116.2	78.7	62.9	28.8	Growth (%)	-64.4	14.4	53.1	87.9
Operating Cost	3,635	5,378	7,673	8,449	Cash EPS	-6.2	-4.5	0.3	3.4
Staff Cost	295	398	458	527	Book Value	-10.6	-10.8	-6.5	-1.3
Selling & Distrib. exp	2,350	3,488	2,674	2,615	DPS	0.0	0.0	0.0	0.0
					Payout (incl. Div. Tax.)				
EBITDA	-2,152	-1,887	1,211	3,891	Valuation (x)				
% of Net Sales	-52.1	-25.6	10.1	25.1	P/E (standalone)	-	-	-	-
Depreciation	1,490	2,154	3,194	3,665	Cash P/E	-	-	190.1	19.1
Interest	513	727	987	703	EV/EBITDA	-	-	29.8	8.3
Other Income	30	12	35	35	EV/Sales	8.0	5.1	3.0	2.1
					Price/Book Value	-	-	-	-
PBT	-4,126	-4,756	-2,934	-442	Dividend Yield (%)	0.0	0.0	0.0	0.0
Tax	6	7	0	0					
Rate (%)	-0.1	-0.1	0.0	0.0	Profitability Ratios (%)				
Reported PAT	-4,132	-4,763	-2,934	-442	RoE	-	-	-	36.4
Adjusted PAT	-4,132	-4,763	-2,934	-442	RoCE	-	-	-	7.0
Change (%)	64.4	15.3	-38.4	84.9					
					Turnover Ratios				
					Debtors (Days)	34	30	29	30
					Creditors. (Days)	250	138	125	119
					Asset Turnover (x)	5.6	1.7	3.5	4.8
BALANCE SHEET									
(RS MILLION)									
Y/E MARCH	2008	2009E	20010E	2011E					
Share Capital	428	570	758	946	Leverage Ratio				
Reserves	-4,955	-9,659	-12,593	-13,035	Debt/Equity (x)	-	-	-	-
Net Worth	-4,527	-9,089	-11,835	-12,089					
Loans	5,266	10,450	8,343	4,437					
Capital Employed	739	1,361	-3,492	-7,652					
Gross Fixed Assets	8,480	13,523	17,198	19,939	CASH FLOW STATEMENT				
Less: Depreciation	2,164	4,318	7,512	11,177	(RS MILLION)				
Net Fixed Assets	6,316	9,205	9,686	8,762	Y/E MARCH	2008	2009E	2010E	2011E
Capital WIP	1,380	1,896	1,200	1,000	PBT before EO Items	-4,126	-4,704	-2,934	-442
Investments	945	945	945	945	Add : Depreciation	1,490	2,154	3,194	3,665
					Interest	513	786	987	703
Curr. Assets	3,475	5,821	6,374	7,460	Less : Direct Taxes Paid	6	0	0	0
Inventory	47	500	25	25	(Inc)/Dec in WC	1,776	-232	683	-919
Debtors	384	620	965	1,266	CF from Operations	-352	-1,996	1,929	3,007
Cash & Bank Balance	199	150	150	150	(Inc)/Dec in FA	-2,563	-5,559	-2,979	-2,541
Loans & Advances	2,844	4,551	5,233	6,018	CF from Investments	-2,563	-5,559	-2,979	-2,541
					(Inc)/Dec in Net Worth	0	3,108	4,143	4,143
Current Liab. & Prov.	11,376	13,539	14,775	14,942	(Inc)/Dec in Debt	3,515	5,184	-2,107	-3,906
Creditors	4,320	3,513	3,688	3,773	Less : Interest Paid	513	786	987	703
Advance/Deposit	7,020	10,026	11,088	11,170	CF from Fin. Activity	3,002	7,506	1,050	-466
Provisions	35	0	0	0	Inc/Dec of Cash	86	-49	0	0
Net Current Assets	-7,901	-7,718	-8,402	-7,482	Add: Beginning Balance	113	199	150	150
Application of Funds	739	4,327	3,429	3,224	Closing Balance	200	150	150	150

E: MOSL Estimates

DLF



Company description

DLF is one of the largest and most respected real estate companies in India. It has developed several well-known urban colonies in Delhi, including South Extension, Greater Kailash, Kailash Colony and Hauz Khas. Since inception, it has developed ~224msf, including 22 urban colonies as well as an integrated 3,000-acre township in Gurgaon, DLF City.

Key investment arguments

- DLF is not only well placed to benefit from the recovery in the residential vertical, but also from the likely recovery in the commercial and retail verticals over the next 3-4 quarters.
- In the last few months, DLF has taken proactive steps to aid business recovery: (1) 20% price reduction in Chennai and Bangalore, (2) new project launches at 30-35% discount to boost cash flows, and (3) asset sales to lower debt.
- Recent promoter stake sale to infuse cash into DLF Asset Limited (DAL) could lower concerns of high receivables from DAL.
- The management is hopeful of trimming its debt to ~Rs70b within FY10 from ~Rs150b in FY09.

Key investment risks

- We have assumed substantial scale-up of operations for DLF over FY11-15, which carries associated execution risks.
- Any weaker-than-expected growth for the economy could negatively impact demand, which could affect our sales and earnings estimates for DLF.

Recent developments

- During 1QFY10, DLF's promoters sold 9.9% of outstanding equity and raised ~US\$769m at ~Rs229/share, which would be utilized to (1) infuse capital in DAL by subscription to an appropriate instrument, and utilized by DAL to meet its contractual obligations to DLF (~Rs49b as on 4QFY09) and its subsidiaries, and (2) purchase DE Shaw's interest in DAL.

Valuation and view

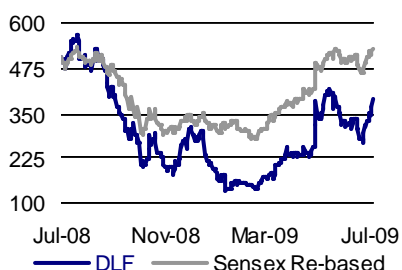
- Our NAV estimate for DLF is Rs360/share. The stock currently trades at 2.6x FY11E adj. BV of Rs154/share. Progress on debt leveraging and subsequent business revival in the commercial and retail verticals could lead to higher valuations. **Buy.**

Bloomberg	DLFU IN
Equity Shares (m)	1722.0
CMP (Rs)	394
Mcap (US\$ b)	14.0
52 W Range	580 / 124
1, 6, 12 Rel Per	16 / 67 / -26

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	78.7	88.6	88.2
Domestic Inst	0.6	0.4	0.6
Foreign	15.5	6.4	6.7
Others	5.2	4.8	4.6

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Sales	38,106	37,444	13,667	11,223	14,062	100,440	58,593	
YoY Change (%)	24.0	15.2	(62.0)	(73.9)	-63.1	-30.4	-41.7	
EBITDA	23,445	22,170	7,720	1,546	8,777	54,881	33,253	
YoY Change (%)	6.4	-2.1	-69.1	-94.4	-62.6	-43.5	-39.4	
EBITDA Margin (%)	61.5	59.2	56.5	13.8	62.4	54.6	56.8	
Reported PAT	18,949	19,341	6,818	1,697	6,415	46,804	23,246	
Adj. PAT	18,640	19,354	6,708	1,591	6,415	46,292	23,246	
YoY Change (%)	(14.4)	(4.1)	(68.7)	(92.7)	(65.6)	(40.7)	-49.8	

E: MOSL Estimates

Robust Balance Sheet (Rs M)

	FY09			
	1Q	2Q	3Q	4Q
Networth	217,321	241,130	247,520	248,200
Debt	142,209	146,731	155,250	163,580
Cash	10,015	13,326	6,970	11,980
Sundry Debtors	76,052	97,535	101,900	96,570
Net Current Assets	217,582	232,651	233,020	243,520
Net Debt	132,194	133,405	148,280	151,600

Source: Company/MOSL

DLF: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	144,329	100,440	58,593	74,404	
Change (%)	447.2	-30.4	-41.7	27.0	
EBITDA	97,092	54,881	33,253	45,737	
% of Net Sales	67.3	54.6	56.8	61.5	
Depreciation	901	2,355	2,846	3,127	
Interest	3,100	3,574	3,451	3,631	
Other Income	2,510	4,967	1,195	1,437	
PBT	95,602	53,919	28,151	40,416	
Tax	17,391	7,115	4,905	7,545	
Rate (%)	18.2	13.2	17.4	18.7	
Reported PAT	78,120	46,292	23,246	32,871	
Adjusted PAT	78,120	46,292	23,246	32,871	
Change (%)	304.4	-40.7	-49.8	41.4	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Equity Capital	3,410	3,444	3,444	3,444	
Reserves	183,977	230,850	252,771	283,768	
Net Worth	196,883	248,200	270,121	301,118	
Loans	122,771	163,580	112,500	95,000	
Capital Employed	323,907	416,620	387,461	400,958	
Goodwill	20,931	22,120	22,120	22,120	
Gross Fixed Assets	51,626	73,550	85,594	100,859	
Less: Depreciation	3,435	5,950	8,796	11,923	
Net Fixed Assets	48,191	67,600	76,798	88,937	
Capital WIP	51,840	69,560	57,071	52,766	
Investments	9,102	13,830	13,830	13,830	
Curr. Assets	360,545	434,170	423,817	445,714	
Debtors	76,106	96,570	73,984	52,833	
Cash & Bank Balance	21,421	11,980	7,967	14,369	
Inventory	94,544	113,370	122,643	132,490	
Loans and Advances	73,686	97,400	95,100	112,053	
Current Liab. & Prov.	72,157	77,280	83,532	89,919	
Creditors	59,686	44,190	68,160	72,943	
Provisions	29,518	33,090	15,372	16,976	
Net Current Assets	193,843	243,520	217,641	223,305	
Application of Funds	323,907	416,630	387,461	400,958	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
Adjusted EPS	45.8	26.9	13.5	19.1	
Growth (%)	262.8	-41.3	-49.8	41.4	
Cash EPS	46.4	28.5	15.2	20.9	
Book Value	103.2	131.3	144.0	162.0	
DPS	4.0	1.4	0.7	1.0	
Payout (incl. Div. Tax.)	10.0	5.8	5.7	5.7	
Valuation (x)					
P/E	8.6	14.7	29.2	20.6	
Cash P/E	8.5	13.8	26.0	18.8	
EV/EBITDA	8.0	15.0	23.3	16.4	
EV/Sales	5.4	8.2	13.2	10.1	
Price/Book Value	3.8	3.0	2.7	2.4	
Dividend Yield (%)	1.0	0.3	0.2	0.2	
Profitability Ratios (%)					
RoE	39.7	18.7	8.6	10.9	
RoCE	43.0	15.5	7.9	11.2	
Leverage Ratio					
Debt/Equity (x)	0.6	0.7	0.4	0.3	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
PBT before EO Items	95,602	53,919	28,151	40,416	
Add : Depreciation	901	2,355	2,846	3,127	
Interest	3,100	3,574	3,451	3,631	
Less : Direct Taxes Paid	17,391	7,115	4,905	7,545	
(Inc)/Dec in WC	94,306	59,118	-21,865	-738	
CF from Operations	-20,377	-6,792	51,399	40,367	
(Inc)/Dec in FA	-59,081	-39,484	444	-10,960	
(Pur)/Sale of Investments	-6,995	-4,728	0	0	
CF from Investments	-66,076	-44,212	444	-10,960	
(Inc)/Dec in Networth	91,149	6,994	0	0	
(Inc)/Dec in Debt	23,444	40,809	-51,080	-17,500	
Less : Interest Paid	3,100	3,574	3,451	3,631	
Dividend Paid	7,774	2,668	1,325	1,874	
CF from Fin. Activity	103,719	41,562	-55,856	-23,005	
Inc/Dec of Cash	17,267	-9,442	-4,013	6,402	
Add: Beginning Balance	4,155	21,421	11,980	7,967	
Closing Balance	21,422	11,980	7,967	14,369	

Dr Reddy's Laboratories

Company description

Dr. Reddy's is a vertically integrated company with presence across the pharmaceutical value chain through its core businesses of Global Generics, Pharmaceutical Services & Active Ingredients (PSAI), and Proprietary Products. The company is currently developing bio-generics and NCEs. Key focus markets include India, US, Europe and Russia.

Key investment arguments

- Company targeting to improve profitability over the next two years led by strategic prioritization in generic markets, contribution from low-competition opportunities in the US, restructuring of German operations, ramp-up in the biologics business and double-digit growth in emerging markets.
- Core top-line growth to be led by double-digit growth for API exports & the branded formulations business.
- Company is targeting launch of at least one low-competition/Para-IV product in the US every year till FY13. Visible opportunities include generic Arixtra (FY11 launch) & Prilosec OTC (2QFY10 launch).

- Long-term revenue target of US\$3b by FY13 (implied CAGR of 21% for FY09-FY13) and RoCE of 25%.
- Revenue and earnings CAGR of 15% and 22% during FY08-FY11 respectively. FY09 EPS impacted due to Germany write-offs

Key investment risks

- The US FDA has, of late, become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Any slippages could impact Dr. Reddy's US supplies.
- Higher than expected currency appreciation could adversely impact future earnings.

Recent developments

- Received US FDA approval for generic Prilosec OTC - a low-competition opportunity - for the US market.

Valuation and view

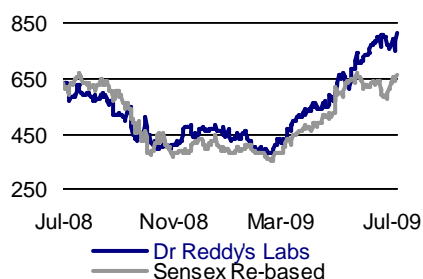
- Expect 22% EPS CAGR for FY08-FY11E; valuations at 18.8x FY10E EPS of Rs43.3 (excl one-offs).
- We maintain **Buy** with a target price of Rs860 (17x FY11E earnings)

Bloomberg	DRRD IN
Equity Shares (m)	168.4
CMP (Rs)	815
Mcap (US\$ b)	2.8
52 W Range	829 / 355
1, 6, 12 Rel Per	3 / 11 / 24

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	25.8	26.4	25.1
Domestic Inst	19.8	20.2	20.9
Foreign	41.4	39.8	41.9
Others	13.0	13.7	12.1

Stock Performance (1 year)



Quarterly Performance (US GAAP)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Gross Sales	15,038	16,152	18,401	19,850	18,189	69,441	70,832
YoY Change (%)	25.1	27.5	49.3	52.7	21.0	38.9	2.0
EBITDA	1,815	2,326	4,202	4,614	3,767	12,946	12,075
EBITDA Margin (%)	12.1	14.4	22.8	23.2	20.7	18.6	17.0
Reported PAT	1,348	1,213	1,924	-9,807	2,445	-5,169	8,019
Adjusted PAT	1,348	1,213	897	-11,049	1,711	-7,438	7,285
YoY Change (%)	-26.3	0.3	-	-	26.9	-	-
Margin (%)	9.0	7.5	4.9	-55.7	9.4	-10.7	10.3

Note-DRL commenced IFRS reporting wef 2QFY09. Past financials are as per US GAAP.

Estimates do not include

E: MOSL Estimates

Gross Margins (%)

	FY09	FY10E	FY11E
PSAI	29.8	30.0	30.0
Generics	**61.0	58.0	57.6
Overall GPM	53.0	49.5	49.0

** Includes contribution from Imitrex AzG;

PSAI - includes API & CCS

Generics - includes Branded & Pure Generics

Source: Company/MOSL

Revenue Break-up (% of Sales)

	FY09	FY10E	FY11E
APIs	21	23	25
Branded Dosages	26	29	31
Generics	**46	40	35
CCS	6	7	7
Others	1	2	2
Total	100	100	100

** Includes contribution from Imitrex AzG

Source: Company/MOSL

Dr Reddy's: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	50,007	69,441	70,832	76,031	
Change (%)	-23.2	38.9	2.0	7.3	
Other Income	409	160	-300	-350	
EBITDA	6,808	12,692	12,075	12,485	
Change (%)	-52.8	86.4	-4.9	3.4	
Margin (%)	13.6	18.3	17.0	16.4	
Amortization	4,194	15,526	2,028	1,825	
EBIT	2,614	-2,834	10,047	10,660	
Net Interest Exp	328	688	0	0	
Forex (Gains)/Losses	-745	634	84	0	
PBT & EO Expense	3,439	-3,996	9,663	10,310	
Change (%)	-67.2	-216.2	-341.8	6.7	
PBT after EO Expense	3,439	-3,996	9,663	10,310	
Tax	-1,229	1,173	1,643	1,753	
Tax Rate (%)	-35.7	-29.4	17.0	17.0	
Minority Interest	-10	0	0	0	
Reported PAT	4,679	-5,169	8,020	8,557	
PAT adj for EO Items	4,669	-5,169	8,020	8,557	
Add: BetaPharm's profit	0	0	0	0	
Adjusted Net Profit	4,669	-5,169	8,020	8,557	
Change (%)	-49.9	-210.7	-255.2	6.7	
Margin (%)	9.3	-7.4	11.3	11.3	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Equity Share Capital *	841	842	842	842	
Reserves	46,226	41,203	46,965	53,028	
Net Worth	47,067	42,045	47,807	53,870	
Loans	19,542	19,701	19,701	19,701	
Deferred Liabilities/Tax	5,055	3,411	3,411	3,411	
Capital Employed	71,663	65,157	70,919	76,982	
Net Fixed Assets	16,979	21,144	24,344	27,544	
Investments	4,993	730	730	730	
Goodwill/Intangible Assets	33,602	22,179	22,179	22,179	
Curr. Assets	29,284	38,480	42,083	46,297	
Inventory	11,133	13,226	16,291	17,487	
Account Receivables	6,901	14,592	13,458	14,446	
Cash and Bank Balance	7,398	5,596	7,375	9,042	
Others	3,852	5,066	4,958	5,322	
Curr. Liability & Prov.	13,194	17,376	18,416	19,768	
Account Payables	5,427	5,987	7,792	8,363	
Other Current Liabilities	7,768	11,389	10,625	11,405	
Net Current Assets	16,089	21,104	23,666	26,529	
Appl. of Funds	71,663	65,157	70,919	76,982	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	27.8	-30.7	47.6	50.8	
Cash EPS	52.7	61.5	59.7	61.7	
BV/Share	279.9	249.7	283.9	319.9	
DPS	3.4	3.1	5.7	6.3	
Payout (%)	28.2	0.0	28.2	29.2	
Valuation (x)					
P/E	29.4	-26.6	17.1	16.0	
Cash P/E	15.5	13.3	13.7	13.2	
P/BV	2.9	3.3	2.9	2.5	
EV/Sales	2.9	2.2	2.1	1.9	
EV/EBITDA	21.2	11.9	12.3	11.8	
Dividend Yield (%)	0.4	0.4	0.7	0.8	
Return Ratios (%)					
RoE	9.9	-12.3	16.8	15.9	
RoCE	4.1	-3.3	14.2	13.8	
Working Capital Ratios					
Fixed Asset Turnover (x)	3.4	3.6	3.1	2.9	
Debtor (Days)	50	77	69	69	
Inventory (Days)	81	70	84	84	
Working Capital (Days)	63	82	84	84	
Leverage Ratio					
Current Ratio (x)	2.2	2.2	2.3	2.3	
Debt/Equity (x)	0.4	0.5	0.4	0.4	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Op. Profit/(Loss) before Tax	6,808	12,692	12,075	12,485	
Interest/Dividends Recd.	825	-1,162	-384	-350	
Direct Taxes Paid	1,229	-1,173	-1,643	-1,753	
(Inc)/Dec in WC	-1,708	-6,817	-783	-1,196	
CF from Operations	7,155	3,540	9,265	9,186	
EO Expense	0	0	0	0	
CF from Oper. incl EO Exp.	7,155	3,540	9,265	9,186	
(inc)/dec in FA	-7,643	-8,268	-5,228	-5,025	
(Pur)/Sale of Investments	-3,662	4,263	0	0	
CF from Investments	-11,305	-4,005	-5,228	-5,025	
(Inc)/Dec in Debt	-5,223	159	0	0	
Other Items	104	-265	0	0	
Dividend Paid	-1,314	-1,232	-2,258	-2,494	
CF from Fin. Activity	-6,433	-1,338	-2,258	-2,494	
Inc/Dec of Cash	-10,583	-1,802	1,779	1,667	
Add: Beginning Balance	17,981	7,398	5,596	7,375	
Closing Balance	7,399	5,596	7,375	9,042	

Financials include one-off upsides already booked by the company

Everest Kanto Cylinders



Company description

Everest Kanto Cylinders (EKC) is among the world's top 10 players in the high-pressure cylinders business with a current capacity of one million cylinders (including 200,000 each in Dubai and China). It makes four major products: (1) industrial cylinders, (2) CNG cylinders for automotive OEM fitment and replacement, (3) gas cascades, used for storing gas in fuel stations, and (4) jumbo cylinders for storage and transportation of large quantities of gas. In March 2008, EKC acquired a jumbo cylinders unit in the US for US\$64m.

Key investment arguments

- ✦ EKC is an excellent play on global thrust on CNG, which is emerging as the preferred fuel both on grounds of cost and environment friendliness.
- ✦ EKC plans to expand capacity in India by 0.5m cylinders. Its 200,000 billet-pierced industrial cylinders unit at Gandhidham will be commissioned in 2QFY10, and its 300,000 plate-based cylinders unit at Kandla SEZ is scheduled for 4QFY10. Both projects are broadly on schedule.
- ✦ Healthy EPS CAGR of 22% FY09-11E and RoE of over 20% merit premium valuation.

Key investment risks

- ✦ Persistent global and domestic slowdown is hurting near-term revenue and profit growth.
- ✦ High dependence on Tenaris (company registered in Luxembourg) for raw material (seamless tubes).
- ✦ 1QFY10 was exceptionally weak, both in terms of topline and bottomline. EKC claims this to be one-off due to spill-over of deliveries to 2QFY10.

Recent developments

- ✦ **April 2009:** Everest Kanto acquired 72.65% stake in Calcutta Compressions and Liquefaction Engineering Pvt Ltd (CC&L) for Rs24m. CC&L has an existing gas purchase agreement with ONGC for sourcing 5,000-50,000 standard cubic metre of gas per day from ONGC's coal bed methane (CBM) project in Jharkhand. CC&L will initially supply gas to industrial customers in and around Dhanbad and Bokaro in Jharkhand.

Valuation and view

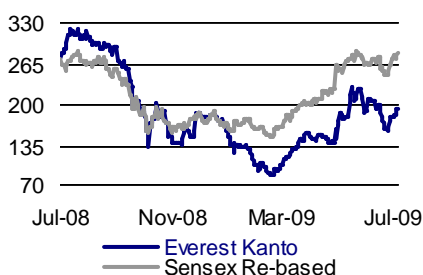
- ✦ 22% EPS CAGR FY09-11E; valuations at 12.6x FY10E EPS of Rs15.3, 9.2x FY11E EPS of Rs21.
- ✦ We recommend **Buy** with a price target of Rs231 (15x FY10E EPS).

Bloomberg	EKCL IN
Equity Shares (m)	101.2
CMP (Rs)	192
Mcap (US\$ b)	0.4
52 W Range	327 / 84
1, 6, 12 Rel Per	-13 / -37 / -33

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	59.8	59.8	59.7
Domestic Inst	4.1	3.7	3.9
Foreign	27.8	27.2	26.3
Others	8.3	9.4	10.2

Stock Performance (1 year)

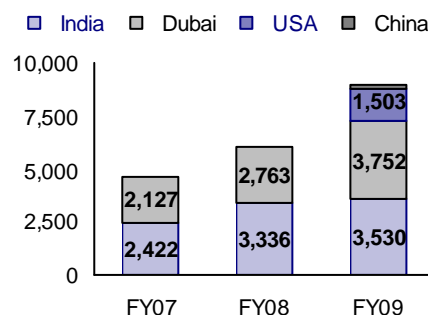


Quarterly Performance (Consolidated)

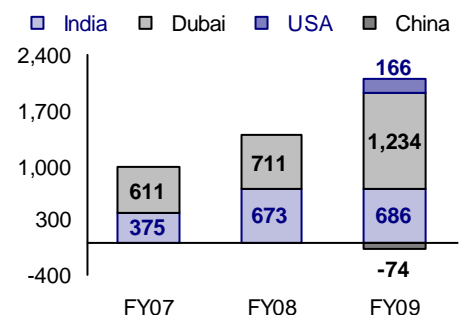
	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Income	1,892	2,210	2,503	1,961	1,530	8,566	9,349
YoY Change (%)	69.9	73.0	99.4	19.5	-19.1	62.0	9.1
EBITDA	646	808	811	440	338	2,705	2,676
YoY Change (%)	105.8	96.7	76.5	20.2	-47.7	74.5	-1.1
EBITDA Margin (%)	34.1	36.6	32.4	22.4	22.1	31.6	28.6
PAT	350	432	382	212	166	1,375	1,717
Adjusted PAT	377	520	468	141	71	1,505	1,622
YoY Change (%)	69.6	91.2	60.4	-49.4	-81.3	46.3	7.8
PAT Margin (%)	19.9	23.5	18.7	7.2	4.6	17.6	17.4

E: MOSL Estimates

Sales-mix Trend (Rs m)



EBIT-mix Trend (Rs m)



Source: Company/MOSL

Everest Kanto: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Net Sales	5,287	8,564	9,349	11,776	
Change (%)	24.4	62.0	9.2	26.0	
EBITDA	1,527	2,704	2,676	3,442	
Change (%)	31.7	77.1	-1.0	28.6	
EBITDA Margin (%)	28.9	31.6	28.6	29.2	
Depreciation	215	693	743	822	
EBIT	1,312	2,011	1,933	2,620	
Interest	71	272	178	198	
Other inc. (incl forex & adj.)	31	-79	60	70	
PBT & EO items	1,271	1,659	1,815	2,492	
Extra-ordinary items	14	-130	95	0	
PBT	1,285	1,529	1,910	2,492	
Tax	243	156	193	264	
Tax/PBT (%)	18.9	10.2	10.1	10.6	
PAT	1,043	1,373	1,718	2,228	
Adjusted PAT	1,029	1,503	1,622	2,228	
Change (%)	43.4	46.1	7.9	37.3	
PAT Margin (%)	19.5	17.6	17.4	18.9	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Equity Share Capital	202	213	213	213	
Reserves	4,594	7,306	8,841	10,867	
Net Worth	4,796	7,519	9,054	11,079	
Loans	2,386	3,637	2,502	2,640	
Net Deferred Tax	45	0	0	0	
Capital Employed	7,227	11,156	11,556	13,720	
Gross Fixed Assets	2,413	6,842	8,886	9,321	
Less: Depreciation	870	1,563	2,301	3,123	
Net Fixed Assets	1,543	5,279	6,585	6,198	
Capital WIP	1,113	1,155	125	500	
Investments	122	111	932	2,068	
Net Current Assets	4,448	4,611	3,914	4,953	
Total Assets	7,227	11,156	11,556	13,720	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009E	2010E	2011E	
Basic Ratios (Rs)					
EPS	10.2	14.1	15.3	21.0	
Growth (%)	38.4	39.1	7.9	37.3	
Cash EPS	12.3	20.7	22.3	28.7	
Book Value	47.4	70.7	85.2	104.2	
Dividend per share	1.2	1.2	1.2	1.6	
Payout (incl. Div. Tax.) (%)	13.8	9.9	9.2	8.9	
Valuation (x)					
P/E		13.6	12.6	9.2	
Cash P/E		9.3	8.6	6.7	
Price/Book Value		2.7	2.3	1.8	
EV/Sales		2.8	2.4	1.9	
EV/EBITDA		9.1	8.3	6.5	
Dividend Yield (%)		0.6	0.6	0.8	
Profitability Ratios (%)					
RoE	26.3	24.4	19.6	22.1	
RoCE	24.1	21.9	17.0	20.7	
Leverage Ratio					
Debt/Equity (x)	0.5	0.5	0.3	0.2	

CASH FLOW STATEMENT		(RS MILLION)		
Y/E MARCH	2009E	2010E	2011E	
PBT before EO items	1,659	1,815	2,492	
Add : Depreciation	693	743	822	
Interest	272	178	198	
Less : Direct Taxes	-156	-193	-264	
(Inc)/Dec in WC	-357	746	-984	
CF from Operations	2,112	3,289	2,264	
Extraordinary Items	-130	95	0	
CF from Oper. incl. EO	1,982	3,385	2,264	
(Inc)/Dec in Fixed Assets	-4,470	-1,020	-810	
(Pur)/Sale of Investments	11	-820	-1,137	
CF from Investments	-4,460	-1,840	-1,947	
Inc/(Dec) in Net Worth/FCCB	1,499	0	0	
Inc/(Dec) in Debt	1,206	-1,135	138	
Less : Interest Paid	-272	-178	-198	
Dividend Paid	-149	-149	-199	
CF from Fin. Activity	2,283	-1,462	-259	
Inc/(Dec) in Cash	-194	83	58	
Add: Opening Balance	644	450	532	
Closing Balance	450	532	590	

Financial Technologies



Company description

Financial Technologies is Asia's largest exchange conglomerate with 10 exchanges and 6 ecosystem ventures. Five of the exchanges cater to the domestic market across different classes of securities. With a well balanced mix, FTIL has a footprint across classes of assets like commodities (MCX), currency (MCX-SX), energy, agriculture and potentially in equities. The other five exchanges are international, multi-asset derivative exchanges in various geographies across Asia and Africa.

Key investment arguments

- Annuity-based brokerage and exchange solutions offer revenue stability with growth. FT's flagship brokerage product ODIN is present across more than 850 brokerages in India with an 85% market share.
- Five exchanges already run live with FTIL software and four more are in pipeline, assuring sustainable revenues for FTIL
- MCX dominates the Indian commodities trading market with 87% market share.
- MCX-SX, with 49% market share in currency trading, is awaiting approvals to enter the Indian equities trading space.

Key investment risks

- NSE has accused FT of having bugs in its software solutions. However, the impact on FT's revenues is lowered as the case does not prohibit FT from being a vendor to NSE.
- FT's proximity to trading markets makes its growth vulnerable to market cyclicality.

Recent developments

- MCX initiated its divestment process by announcing 6.48% equity to Union Bank and Bank of India through primary offering at Rs100 per share, involving total investment of Rs845m in the company. The exchange is also expected to divest further 11.52% equity to other Indian Banks. In the first round of divestment, total 18% equity of MCX will be divested with top Indian private and public banks, in line with the regulatory requirements of SEBI.

Valuation and view

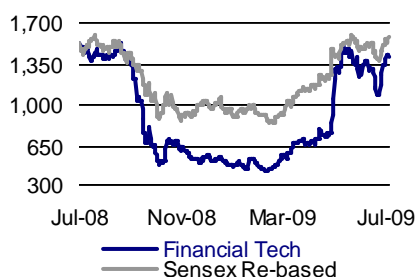
- A large portion of Financial Technologies' profits are derived from non-recurring items such as stake sale in subsidiary exchanges. Hence, it is difficult to normalize earnings.

Bloomberg	FTECH IN
Equity Shares (m)	45.9
CMP (Rs)	1,418
Mcap (US\$ b)	1.3
52 W Range	1643 / 382
1, 6, 12 Rel Per	-1 / 128 / -11

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	45.6	45.6	45.6
Domestic Inst	8.2	6.8	1.3
Foreign	26.6	27.2	36.4
Others	19.7	20.4	16.7

Stock Performance (1 year)

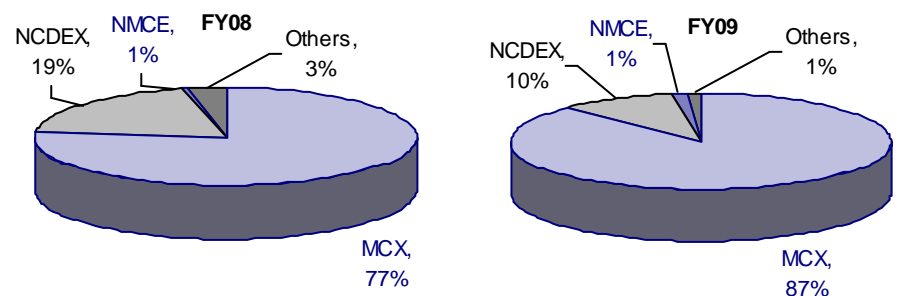


Quarterly Performance

Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09
Net Sales	393	440	1,195	624	1,085	1,376	3,343
Other Income	187	2,100	48	430	496	12,037	3,074
Total Income	580	2,540	1,242	1,054	1,581	13,413	6,418
PBIDT	334	2,191	859	597	1,075	12,548	4,722
Interest	26	0	0	0	1	109	1
Depreciation	8	15	16	19	22	24	72
Tax	52	477	72	146	267	2,803	962
Reported PAT	249	1,699	771	432	785	9,613	3,686

E: MOSL Estimates

MCX'S Market Share



Source: Company/MOSL

Financial Technologies: Financials and valuation

INCOME STATEMENT					BALANCE SHEET				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2005	2006	2007	2008	Y/E MARCH	2005	2006	2007	2008
Net Sales	574	1,820	2,645	2,669	Share Capital	88	88	88	92
Change (%)	166.4	217.1	45.3	0.9	Reserves	1,321	2,999	3,045	14,921
Cost of Traded Software Pkg.	-	0	79	30	Net Worth	1,409	3,087	3,133	15,012
Employee Cost	91	222	588	945	Loans	1	-	4,344	4,243
Other Expenses	199	568	950	1,451	Deferred Tax Liabilities	(26)	(23)	(26)	39
EBITDA	284	1,030	1,028	244	Minority Interest	96	1,109	1,089	118
% of Net Sales	49.4	56.6	38.9	9.1	Capital Employed	1,531	4,219	8,593	19,334
Depreciation	32	56	89	98	Gross Fixed Assets	289	472	1,201	504
EBIT	252	974	939	146	Less : Depreciation	76	130	212	-
Interest	0	1	9	123	Net Fixed Assets	213	342	989	504
Other Income	53	193	622	11,775	Capital WIP	5	20	884	1,709
PBT	305	1,165	1,553	11,798	Investment	1,518	6,310	4,387	11,842
Tax	79	326	517	2,940	Curr. Assets	859	1,473	7,209	7,208
Rate (%)	25.9	28.0	33.3	24.9	Inventory	-	-	18	592
Reported PAT	226	839	1,036	8,857	Debtors	53	161	269	390
Change (%)	386.6	271.5	23.5	755.4	Cash & Bank Balance	673	1,052	6,563	5,543
					Loans & Advances	133	259	359	683
					Curr. Liab. & Provisions	1,063	3,926	4,875	1,929
					Creditors	74	226	365	-
					Other Liabilities	895	3,386	4,204	1,231
					Provisions	94	314	306	698
					Net Current Assets	(204)	(2,453)	2,334	5,279
					Application of Funds	1,531	4,219	8,593	19,334

Future Capital Holdings

Company description

Future Capital Holdings (FCH) is one of India's premier listed investment advisors with ~US\$1.25 billion under advice. It offers investment advice in three domains - (1) Private equity (to Indivision India Partners, a private equity fund), (2) Real estate (mainly to Kshitij Venture Capital Fund and Horizon Realty Fund), and (3) Logistics (through a JV Realterm FCH Logistics Advisors). FCH also has a 100% subsidiary, Future Capital Credit, through which it undertakes wholesale and retail credit activities. All its businesses are supported by a full-fledged research division.

Key investment arguments

- ✎ Huge scope for investments in private equity and real estate into India - potential advisory business for FCH.
- ✎ Over 200msf of warehousing space is estimated to be required over the next five years. This is a huge opportunity for FCH's logistics advisory JV.
- ✎ Future Capital Credit leverages the national presence and consumer insights of the Future Group to achieve scale in retail credit (e.g. Future credit card launched in tie-up with ICICI Bank).
- ✎ Opportunity to scale up non fund-based business e.g. distribution of Future-Generali insurance.

Key investment risks

- ✎ Low entry barriers to the investment advisory business and other businesses such as third party mutual fund distribution.
- ✎ Risk of disintermediation, especially with revival in secondary capital markets.
- ✎ Rising share of fund-based income increases risk of non-performing assets - in FY09, income from retail and wholesale credit operations was 64.5% of total, compared to 34.5% in FY08.

Recent developments

- ✎ In FY09, FCH demerged its retail and whole credit business into a 100% subsidiary Future Capital Credit and also merged with it an NBFC, Black Diamond Finance.
- ✎ As of March 2009, Future Capital Credit has built a credit book of Rs6b through proprietary balance-sheet capital.
- ✎ FCH reportedly has plans to set up a mall development and management company. Some of the group's existing properties could also be transferred to this new entity.

Valuation and view

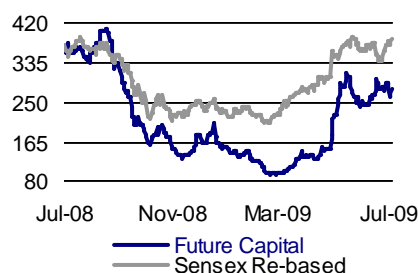
- ✎ The stock trades at FY09 Price/Book of 2.7x.
- ✎ We have no rating on the stock.

Bloomberg	FCHL IN
Equity Shares (m)	63.5
CMP (Rs)	279
Mcap (US\$ b)	0.4
52 W Range	428 / 92
1, 6, 12 Rel Per	7 / 23 / -29

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	75.1	75.1	75.4
Domestic Inst	0.7	0.5	0.6
Foreign	12.2	12.1	14.3
Others	12.1	12.3	9.7

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09	
Total Income	193.4	367.2	379.3	420.5	421.6	813.7	1358	
YoY Change (%)	-	671.4	459.4	-30.6	118.0	777.8	66.9	
EBITDA	25.3	97.4	147.5	141.7	214.2	116	411.9	
YoY Change (%)	-	-210.8	-238.1	-59.8	746.6	-	255.1	
EBITDA Margin (%)	13.1	26.5	38.9	33.7	50.8	14.3	30.3	
PAT	-13.6	35.5	62.6	8.7	56.9	88.9	93.1	
YoY Change (%)	-	-139.1	-156.5	-97.4	-	-	4.7	
PAT Margin (%)	-7.0	9.7	16.5	2.1	13.5	10.9	6.9	

E: MOSL Estimates

Future Capital Holdings: Revenue Analysis

	FY09		FY08	
	Rs m	% of Total	Rs m	% of Total
Investment advisory fees	577	31	585	59
Income from wholesale credit / treasury	503	27	174	18
Income from retail financial services	704	38	169	17
Others	85	5	65	7
Total Income	1,869	100	993	100

Source: Company/MOSL

Future Capital: Financials and valuation

INCOME STATEMENT		(RS MILLION)		
	FY07	FY08	FY09	
Segment Revenue	414	1,051	2,062	
Investment Advisory Services	341	585	578	
Treasury & Wholesale Credit	47	192	544	
Retail Financial Services	0	174	808	
Property Management & Leasing	26	97	0	
Others	0	3	133	
Segment EBIT	45	-270	-300	
Investment Advisory Services	19	111	96	
Treasury & Wholesale Credit	47	64	105	
Retail Financial Services	-1	-391	-449	
Property Management & Leasing	-21	-54	0	
Others	0	1	-51	
Other Inc / (Exp) (net)	4	8	19	
EBIT	49	-262	-281	
Interest	0	1	0	
PBT	49	-263	-281	
Tax	3	20	40	
PAT	47	-282	-321	

BALANCE SHEET		(RS MILLION)		
	FY07	FY08	FY09	
Share Capital	444	632	635	
Reserves Total	509	6,265	6,041	
Net Worth	953	6,898	6,676	
Minority Interest	18	629	0	
Total Loan Funds	555	2,082	4,732	
Total Liabilities	1,526	9,609	11,408	
Gross Block	883	1,568	1,143	
Less: Acc. Depreciation	9	64	108	
Net Block	874	1,504	1,035	
Capital Work in Progress	8	15	4	
Investments	536	5,020	5,470	
Net Current Assets	100	3,072	4,888	
Net Deferred Tax	8	-3	12	
Total Assets	1,526	9,609	11,408	

KEY RATIOS		FY07	FY08	FY09
Debt-Equity (x)		0.6	0.3	0.7
Book Value (Rs)		21.5	109.1	105.1
Price/BV (x)				2.7

CASH FLOW STATEMENT		FY07	FY08	FY09
PBT and EO Items		37	-268	-281
Add: Depreciation		8	35	67
Interest (Net)		25	78	347
Less: Tax		-22	-9	-163
(Inc)/Dec in Working Capital		-153	-1,494	-3,225
Cash Flow From Ops before EO		-106	-1,658	-3,256
Extraordinary items		8	3	117
Cash Flow From Operations		-98	-1,654	-3,140
(Inc)/Dec in Fixed Assets		-815	-294	-88
(Inc)/Dec in Investments		-249	-2,560	5
Cash Used in Inv. Activities		-1,064	-2,854	-83
Inc/(Dec) in Capital		1,032	6,409	113
Inc/(Dec) in Debt		530	1,282	3,167
Interest Paid		0	-78	-347
Cash Used in Fin. Activities		1,562	7,613	2,933
Inc/(Dec) in Cash		400	3,105	-290
Cash at Beginning of the year		0	400	3,376
Cash at End of the year		400	3,505	3,086

GE Shipping

Company description

Great Eastern Shipping Co Ltd (GESCO) is the largest private-sector shipping company in India. At the end of FY09, GESCO had a fleet of 31 tankers with aggregate capacity of 2.38m dwt and a dry bulk fleet of eight vessels with aggregate capacity of 0.5m dwt. GESCO also has a presence in offshore services through its subsidiary Greatship India Ltd (GIL). It owns 10 offshore vessels and operates two in-chartered vessels, including a jack-up rig.

Key investment arguments

- ✦ With quicker-than-expected recovery in global trade we resurrect demand for shipping-company assets leading to better utilization and realization.
- ✦ Healthy cash balance (Rs18b) and lower debt exposure (0.6x) will enable GESCO to sustain operations and pursue profitable acquisition opportunities.
- ✦ GIL's proposed capex of US\$719m to acquire 16 more assets (including a 350-foot jack-up rig and four MSSVs) will raise the contribution of high margin offshore services to overall results.

Key investment risks

- ✦ Excess supply of vessels in the global shipping industry will lower revenue from existing vessels.
- ✦ Weaker-than-expected growth of the economy could hurt demand, affecting GESCO's utilization and realization.

Recent developments

- ✦ The company has taken delivery of five assets in FY10 including three AHTSV.
- ✦ GIL allotted 42m equity warrants (4.67% of expanded equity base) to promoter directors of GESCO convertible at Rs140 per share, valuing the subsidiary at Rs12b.
- ✦ Formed a joint venture with DOF Subsea ASA, Norway to explore and capitalize on subsea project opportunities in India.

Valuation and view

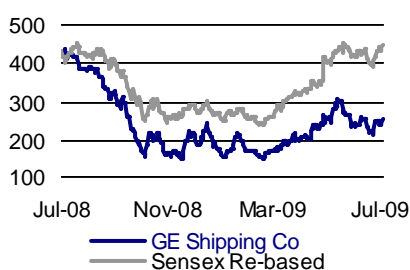
- ✦ Based on FY09 consolidated results (audited) the stock is trading at a P/E multiple of 2.8x and EV/EBITDA multiple of 3.8x. **Not rated.**

Bloomberg	GESCO IN
Equity Shares (m)	152.3
CMP (Rs)	255
Mcap (US\$ b)	0.8
52 W Range	445 / 137
1, 6, 12 Rel Per	0 / -8 / -45

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	30.2	30.2	30.2
Domestic Inst	17.2	15.4	14.0
Foreign	17.0	20.0	21.6
Others	35.7	34.4	34.3

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)							
Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09	
Net Sales	7,380	7,024	8,641	7,017	5,608	25,807	28,290	
YoY Change (%)	35.8	10.3	43.7	16.1	-24.0	29.2	9.6	
EBITDA (incl OI)	4,350	5,347	6,271	3,647	3,952	18,932	19,218	
YoY Change (%)	25.1	-1.9	29.9	-15.2	-9.1	47.6	1.5	
EBITDA Margin (%)	58.9	76.1	72.6	52.0	70.5	73.4	67.9	
Interest	452	383	361	444	349	1,493	1,536	
Depreciation	830	780	797	823	1,085	3,410	3,485	
Reported PAT	2,994	3,876	5,062	2,410	2,501	13,568	13,848	
YoY Change (%)	24.3	-7.9	47.7	-17.9	-16.5	54.6	2.1	

E: MOSL Estimates

Snapshot of GESCO's Fleet as of March 2009

Vessel Category	No. of vessels	Average age (years)	Total tonnage (MT)	% of total tonnage
Shipping Fleet				
Crude Carriers	12	9.5	1,567,786	54.4
Product Carriers	18	10.5	795,791	27.6
Gas Carriers	1	18.0	17,577	0.6
Dry Bulk Carriers	8	13.3	500,470	17.4
Total Shipping Fleet (A)	39	10.5	2,881,624	100.0
Offshore Support Vessels*				
PSVs	5	4.4	16,386	
AHTSVs	4	0.6	8,045	
Total OSVs (B)	9	2.7	24,431	
Total Fleet (A+B)	48	9.0	2,906,055	

* Under Greatship (India), a subsidiary of GE Shipping

Source: Company/MOSL

GE Shipping: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Operating Income	20,361	21,660	31,308	38,008	
Change (%)	-4.5	6.4	44.5	21.4	
Raw Materials	92	0	0	0	
Employee Cost	1,606	1,843	2,465	3,031	
Other Expenses	10,182	9,142	14,989	20,181	
EBITDA	8,481	10,675	13,854	14,796	
Change (%)	-24.6	25.9	29.8	6.8	
% of Operating Income	41.7	49.3	44.3	38.9	
Depreciation	2,831	2,684	3,551	3,840	
EBIT	5,650	7,991	10,304	10,957	
Interest	976	1,110	1,616	1,847	
Other Income	4,234	2,518	6,320	5,522	
PBT	8,908	9,399	15,007	14,632	
Tax	346	325	474	454	
Rate (%)	3.9	3.5	3.2	3.1	
Reported PAT	8,562	9,074	14,534	14,178	
Change (%)	1.2	6.0	60.2	-2.4	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Share Capital	1,523	1,523	1,523	1,523	
Reserves	22,681	29,737	41,567	50,679	
Net Worth	24,204	31,260	43,090	52,202	
Loans	18,767	22,620	27,469	42,659	
Deferred Tax Liabilities	2	0	0	0	
Minority Interest	13	0	0	0	
Capital Employed	42,983	53,880	70,559	94,861	
Gross Fixed Assets	43,454	54,505	65,897	75,148	
Less : Depreciation	15,895	17,299	17,470	18,529	
Net Fixed Assets	27,559	37,206	48,427	56,619	
Ship under acquisition/CWIP	1,097	3,181	8,378	19,181	
Investment	1,674	1,595	3,175	3,023	
Curr. Assets	16,245	15,378	15,794	27,134	
Inventory	368	370	612	731	
Debtors	883	1,747	1,497	2,284	
Cash & Bank Balance	14,179	11,736	12,362	22,177	
Loans & Advances	815	1,525	1,323	1,942	
Curr. Liab. & Provisions	3,593	3,481	5,215	11,096	
Creditors	1,816	1,434	2,499	3,458	
Other Liabilities	1,560	1,096	2,373	6,327	
Provisions	217	951	343	1,311	
Net Current Assets	12,652	11,898	10,580	16,038	
Application of Funds	42,983	53,880	70,559	94,861	

RATIOS		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Basic (Rs)					
EPS	54.7	57.8	92.9	91.7	
Growth (%)	26.9	5.8	60.6	-1.3	
Cash EPS	73.2	75.5	116.2	117.0	
Growth (%)	25.8	3.0	54.0	0.6	
Book Value	159.0	205.3	283.0	342.8	
DPS	9.0	11.5	15.0	8.0	
Payout (%)	20.5	19.9	16.2	8.7	
Valuation (X)					
P/E				2.8	
Cash P/E				2.2	
EV/EBITDA				3.8	
EV/Sales				1.5	
Price/ Book Value				0.7	
Profitability Ratios (%)					
RoE	37.2	32.7	39.1	29.8	
RoCE	13.1	16.5	16.6	13.2	
Turnover Ratios (x)					
Fixed Assets	0.5	0.4	0.5	0.5	
Inventory	59.5	58.7	63.8	56.6	
Debtors	15.1	16.5	19.3	20.1	
Leverage Ratio (x)					
Debt/Equity	0.9	0.8	0.7	0.7	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Profit Before Tax	8,908	9,399	15,007	14,632	
Add : Depn. & Amort.	2,850	2,684	3,551	3,840	
Interest	976	1,110	1,616	1,847	
Less : Direct Taxes Paid	-346	-325	-474	-454	
(Inc)/Dec in WC	1,258	-1,689	1,945	4,356	
CF from Operations	13,645	11,179	21,645	24,221	
(Inc)/Dec in FA	602	-14,414	-19,969	-22,834	
(Pur)/Sale of Investments	-1,303	80	-1,580	151	
CF from Investments	-701	-14,335	-21,549	-22,683	
Inc/(Dec) in Net Worth	-6,137	-1,216	-2,510	-4,989	
Inc/(Dec) in Debt	-2,298	3,841	4,850	15,190	
Less : Interest Paid	-976	-1,110	-1,616	-1,847	
Dividend Paid	-93	-802	-194	-78	
CF from Fin. Activity	-9,504	713	530	8,277	
Inc/Dec of Cash	3,440	-2,443	626	9,814	
Add: Beginning Balance	10,739	14,179	11,736	12,362	
Closing Balance	14,179	11,736	12,362	22,177	

Glenmark Pharmaceuticals



Company description

Glenmark has presence in the branded formulations and pure generic segments of the pharmaceutical industry. It is also the leading NCE research company from India, with a pipeline of 13 NCEs, of which 5 are undergoing clinical trials. NCE focus areas include inflammation (asthma/COPD) and metabolic disorders. Its geographical presence spreads across India, US, Europe and a few emerging markets.

Key investment arguments

- Glenmark has differentiated itself through its significant success in NCE research. It has emerged as the most successful NCE research company by out-licensing three molecules and receiving US\$117m in upfront and milestone payments till date.
- Core top-line growth (excluding NCE upsides) would be led by double-digit growth for India, emerging markets and API exports. US revenue growth will continue to be muted given the slow pace of US FDA approvals.
- The company is actively evaluating out-licensing opportunities for its NCEs (especially Melogliptin), pending which higher R&D expenses will continue to pressurize margins and PAT growth.

- Revenue and earnings CAGR of 18.5% and 77%, respectively during FY09-FY11, albeit on a low base.

Key investment risks

- The US FDA has of late become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Any slippages could impact Glenmark's US supplies.
- NCE research is a high-risk, high-return business and will need increased funding as NCEs progress in the development pipeline. Hence, striking out-licensing deals is a must to relieve the pressure of higher R&D costs.

Recent developments

- Recently published favorable results from Phase-IIb clinical trials for Melogliptin (DPPIV Inhibitor).

Valuation and view

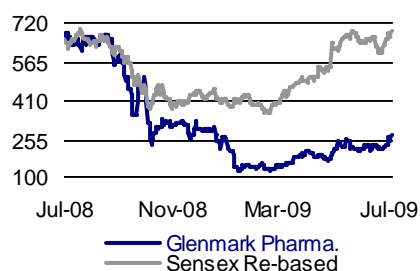
- Expect 77% EPS CAGR for FY09-11 on a low base; valuations at 17.7x FY10E EPS of Rs11.3 (excluding NCE valuation).
- We maintain **Neutral** with a target price of Rs205 (15x FY11E earnings).

Bloomberg	GNP IN
Equity Shares (m)	248.7
CMP (Rs)	271
Mcap (US\$ b)	1.4
52 W Range	697 / 119
1, 6, 12 Rel Per	9 / -44 / -63

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	52.1	52.1	52.1
Domestic Inst	2.7	3.4	4.0
Foreign	27.5	29.0	29.7
Others	17.7	15.6	14.2

Stock Performance (1 year)



Quarterly Performance

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Y/E March							
Net Income	4,608	5,609	5,814	4,688	5,437	20,930	25,153
YoY Change (%)	31.2	49.6	-14.4	-18.1	18.0	5.8	20.2
EBITDA	1,410	1,694	1,891	-1,824	1,214	3,380	5,998
Margins (%)	30.6	30.2	32.5	-38.9	22.3	16.1	23.8
Reported PAT	1,154	1,174	814	-1,417	535	1,935	2,968
Adj PAT	923	943	584	-1,648	535	1,143	2,968
YoY Change (%)	61.5	25.5	-52.9	N.A.	-42.1	-81.9	159.6
Margins (%)	20.0	16.8	10.0	-35.1	9.8	5.5	11.8

E: MOSL Estimates

NCE Pipeline

Phase	No. of NCEs	Out-licensed
III	NA	0
II	2	1**
I	3	0
Preclinical	8	0

** Total 3 NCEs out-licensed, of which, two have been returned by partners

Revenue Break-up (%)

Business	FY08	FY09	FY10E	FY11E
Branded Generics	48.7	52.9	54.6	55.0
Pure Generics & APIs	39.3	47.1	45.4	45.0
NCE Licensing	12.0	0.0	0.0	0.0
Income				
Total	100.0	100.0	100.0	100.0

Source: Company/MOSL

Glenmark Pharma: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Net Sales	19,757	20,930	25,153	29,389	Basic (Rs)				
Change (%)	61.7	5.9	20.2	16.8	EPS (Fully diluted)*	12.0	4.3	11.3	13.7
Total Expenditure	11,752	17,550	19,156	22,612	Cash EPS	14.7	8.2	15.9	19.1
EBITDA	8,005	3,380	5,998	6,777	BV/Share	61.0	68.3	79.3	97.1
Margin (%)	40.5	16.1	23.8	23.1	DPS	3.4	2.0	4.0	4.0
NCE Milestones	2,403	0	0	0	Payout (%)	3.2	6.0	7.9	6.5
R&D Adjustment	1,223	1,100	0	0	Valuation (x)				
Adjusted EBITDA	4,380	2,280	5,998	6,777	P/E (Fully diluted)	22.7	62.5	24.1	19.8
Margin (%)	25.2	10.9	23.8	23.1	PEG (x)	0.1	-1.0	0.2	0.9
Depreciation	717	1,027	1,227	1,435	Cash P/E	18.5	32.9	17.0	14.2
Interest	632	1,405	1,562	1,402	P/BV	4.4	4.0	3.4	2.8
OI & forex gains/losses	458	1,740	456	525	EV/Sales	3.8	3.8	3.2	2.7
PBT	7,115	2,689	3,665	4,464	EV/EBITDA	9.5	23.3	13.5	11.7
Change (%)	96.9	-62.2	36.3	21.8	Dividend Yield (%)	1.3	0.7	1.5	1.5
Tax	794	754	696	857	Return Ratios (%)				
Tax Rate (%)	11.2	28.0	19.0	19.2	RoE	20.8	6.7	15.0	14.9
Reported PAT	6,321	1,935	2,968	3,607	RoCE	15.8	8.2	14.6	14.5
Adj PAT**	3,154	1,143	2,968	3,607	Working Capital Ratios				
Change (%)	166.1	-63.8	159.6	21.5	Fixed Asset Turnover (x)	2.6	2.1	2.2	2.3
Margin (%)	18.2	5.5	11.8	12.3	Debtor (Days)	149	150	150	150
** - Excl NCE upsides & incl adjustment for R&D exp capitalization					Inventory (Days)	74	90	90	90
BALANCE SHEET					(RS MILLION)				
Y/E MARCH	2008	2009E	2010E	2011E	Working Capital (Days)	217	246	240	236
Equity Share Capital	249	249	249	249	Leverage Ratio (x)				
Fully Diluted Eq Cap	264	264	264	264	Current Ratio	5.1	8.0	5.9	6.2
Reserves	14,930	16,748	19,482	23,894	Debt/Equity	0.7	1.1	0.8	0.7
Net Worth	15,179	16,997	19,731	24,142	CASH FLOW STATEMENT	(RS MILLION)			
Minority Interest	15	15	15	15	Y/E MARCH	2008	2009E	2010E	2011E
Loans	9,909	18,961	15,461	15,761	Op. Profit/(Loss) before Tax	8,005	3,380	5,998	6,777
Deferred liabilities	946	562	562	562	Interest/Dividends Recd.	458	1,740	456	525
Capital Employed	26,048	36,535	35,769	40,481	Direct Taxes Paid	-568	-1,137	-696	-857
Gross Block	11,241	13,741	16,941	18,941	(Inc)/Dec in WC	-4,136	-2,348	-2,448	-2,440
Less: Accum. Deprn.	2,056	3,083	4,310	5,745	CF from Operations	3,758	1,635	3,309	4,004
Net Fixed Assets	9,185	10,658	12,631	13,196	CF frm Op.incl EO Exp.	3,758	1,635	3,309	4,004
Capital WIP	3,372	4,000	4,500	4,500	(Inc)/Dec in FA	-5,170	-3,128	-3,700	-2,000
Investments	188	188	188	188	CF from Investments	-5,170	-3,128	-3,700	-2,000
Curr. Assets	16,510	24,806	22,246	26,973	Change in Networth	2,195	0	0	1,038
Inventory	4,007	5,161	6,202	7,247	Inc/(Dec) in Debt	557	9,052	-3,500	300
Account Receivables	8,069	8,601	10,337	12,078	Interest Paid	-632	-1,405	-1,562	-1,402
Cash and Bank Balance	1,565	7,603	1,916	3,623	Dividend Paid	-201	-117	-234	-234
Others	2,869	3,441	3,790	4,026	CF from Fin. Activity	1,920	7,530	-5,296	-298
Curr. Liability & Prov.	3,207	3,117	3,796	4,376	Inc/Dec of Cash	508	6,038	-5,687	1,706
Account Payables	3,030	2,867	3,446	4,026	Add: Beginning Balance	1,058	1,565	7,603	1,916
Provisions	178	250	350	350	Closing Balance	1,566	7,603	1,916	3,623
Net Current Assets	13,303	21,689	18,450	22,597					
Appl. of Funds	26,048	36,535	35,769	40,481					

E: MOSL Estimates

GMR Infrastructure



Company description

GMR Infrastructure's business portfolio spans across key verticals Viz. Airports, Power, Roads and urban infrastructure. It manages Delhi, Hyderabad and Sabiha Gokken (Turkey) airport. Road portfolio includes 6 projects, of which 5 are already operational. Power portfolio comprises of operational power projects of 807MW and projects pipeline of 5.3GW. GMR has 50% controlling stake in InterGen, which has operational power project capacity of 7.7GW, while additional ~5GW is under development. The company also has acquired interest in coal reserves abroad.

Key investment arguments

- GMR's aviation portfolio comprising of Delhi and Hyderabad airports together represent 28% of India's passenger traffic.
- Prime real estate at both airports (Delhi - 250 acres and Hyderabad - 1,500 acres). Large tracts of land at airport sites provide interesting value maximization opportunities.
- Higher earnings contribution from Airports, Power and Roads segment from FY 10 onwards, as large projects enter operations phase.

Key investment risks

- Value of Real Estate accounts for 35% of SOTP based target price, exposing to the pace of monetization.
- Equity commitment towards projects under development and project pipeline both in India and Overseas is estimated at Rs50b+.

Recent developments

- Emerged as L1 for the Hyderabad-Vijaywada road project of NHAI valued at Rs9b.
- Achieved financial closure for 1.3GW Kamalanga project in Orissa. The project has fuel linkages as well as captive coal blocks.
- Acquired mines in Indonesia at an investment of US\$100m with reserves of 104m tons.
- Real estate monetization at Delhi airport has begun with initial parcel of 22acres, to raise ~Rs650m/acres (pre-tax).

Valuation and view

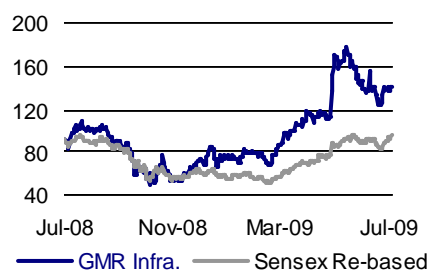
- SOTP based target price of Rs105/share.

Bloomberg	GMRI IN
Equity Shares (m)	1820.7
CMP (Rs)	141
Mcap (US\$ b)	5.3
52 W Range	184 / 46
1, 6, 12 Rel Per	-5 / 17 / 49

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	74.4	74.9	73.3
Domestic Inst	8.6	8.5	7.5
Foreign	8.5	9.4	9.3
Others	8.5	7.1	10.0

Stock Performance (1 year)

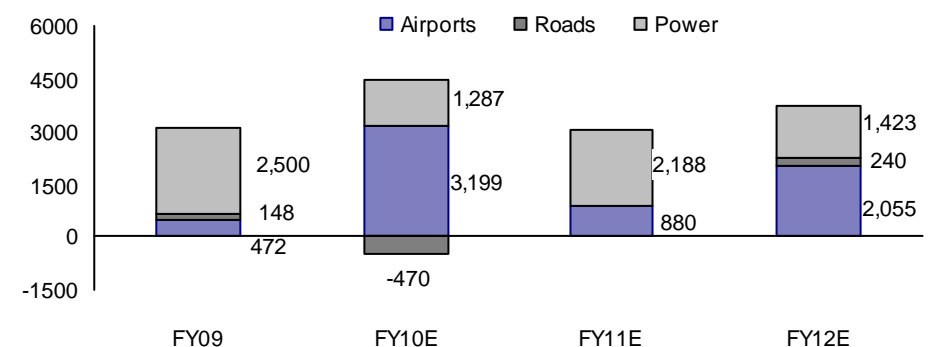


Quarterly Performance

Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY09	FY10E
Sales	8,853	8,855	8,468	9,592	13,278	40,192	41,303
YoY Change (%)	42.9	85.8	114.2	79.3	50.0	75.1	2.8
EBITDA	1,517	2,388	2,471	2,878	2,862	10,670	20,781
YoY Change (%)	9.9	72.3	58.7	92.0	88.7	78.3	94.8
EBITDA Margin (%)	17.1	27.0	29.2	30.0	21.6	26.5	50.3
Reported PAT	413	407	328	245	1,710	2,772	8,543
YoY Change (%)	4.5	7.1	22.5	-37.8	-0.3	5.5	208.2
Adj PAT (after MI)	500	744	880	571	929	2,795	4,017

E: MOSL Estimates

Break-up of consolidated PAT (Rs m)



Source: Company/MOSL

GMR Infrastructure: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2007	2008	2009	2010E	
Net Sales	16,967	22,948	40,192	41,303	
Change (%)	59.8	35.2	75.1	2.8	
Operating Expenses	11,531	16,963	29,522	20,522	
EBITDA	5,436	5,985	10,670	20,781	
% of Net Sales	32.0	26.1	26.5	50.3	
Depreciation	1,345	1,784	3,898	4,954	
Interest	1,441	1,687	3,682	5,596	
Other Income	183	698	212	944	
PBT	2,833	3,211	3,302	11,175	
Tax	415	584	530	2,632	
Rate (%)	14.7	18.2	16.1	23.6	
PAT before Min. Int.	2,418	2,627	2,772	8,543	
Minority Interest	674	526	-23	4,527	
Reported PAT	1,744	2,101	2,795	4,017	
Change (%)	13.9	20.5	33.0	43.7	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2007	2008	2009E	2010E	
Share Capital	3,311	3,641	3,641	3,667	
Reserves	16,612	57,529	59,853	63,191	
Net Worth	19,923	61,170	63,494	66,859	
Minority Interest	5,261	11,128	11,104	15,631	
Loans	37,057	79,769	97,613	161,319	
Deferred Tax Liability	145	425	425	425	
Capital Employed	62,385	152,493	172,637	244,234	
Net Fixed Assets	48,059	97,925	150,308	199,087	
Investments	2,625	48,998	6,957	6,957	
Curr. Assets	11,701	5,571	15,372	38,190	
Application of Funds	62,385	152,493	172,637	244,234	

E: MOSL Estimates

RATIOS		2007	2008	2009E	2010E
Y/E MARCH					
Basic (Rs)					
Adjusted EPS		1.1	1.2	1.5	2.2
Growth (%)			9.5	32.1	43.7
Cash EPS		1.9	2.1	3.7	4.9
Book Value		12.0	33.6	34.9	36.5
DPS		0.2	0.0	0.2	0.3
Payout (incl. Div. Tax.)		15.0	0.0	15.0	15.0
Valuation (x)					
P/E		133.8	122.2	92.5	64.4
Cash P/E		75.6	66.1	38.4	28.8
EV/EBITDA		46.9	50.5	30.0	17.4
EV/Sales		15.0	13.2	8.0	8.8
Price/Book Value		11.7	4.2	4.0	3.9
Dividend Yield (%)		0.1	0.0	0.2	0.2
Profitability Ratios (%)					
RoE		8.8	3.4	4.4	6.0
RoCE		6.9	3.2	4.0	6.9
Leverage Ratio					
Debt/Equity (x)		1.9	1.3	1.5	2.4

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2007	2008	2009E	2010E	
PBT before EO Items	2,833	3,211	3,302	11,175	
Add : Depreciation	1,345	1,784	3,898	4,954	
Interest	1,441	1,687	3,682	5,596	
Less : Direct Taxes Paid	415	584	530	2,632	
(Inc)/Dec in WC	1,328	2,075	-10,583	-199	
CF from Operations	6,533	8,173	-231	18,894	
(Inc)/Dec in FA	-19,578	-51,650	-56,281	-53,733	
(Pur)/Sale of Investments	-67	-46,373	42,040	0	
CF from Investments	-19,646	-98,022	-14,241	-53,733	
(Inc)/Dec in Network	12,769	39,147	0	26	
(Inc)/Dec in Debt	8,183	48,054	17,844	63,706	
(Inc)/Dec in Diff.Tax Liability	143	281	0	0	
Less : Interest Paid	1,441	1,687	3,682	5,596	
Dividend Paid	294	1	472	678	
CF from Fin. Activity	19,359	85,793	13,690	57,458	
Inc/Dec of Cash	6,246	-4,055	-782	22,619	
Add: Beginning Balance	6,754	13,000	8,945	8,163	
Closing Balance	13,000	8,945	8,163	30,782	

Godrej Consumer Products

Company description

GCPL is the second largest player in the Rs75b toilet soaps category (~10% market share). It is the market leader in hair dye/colors (33% market share) and liquid detergents (80% market share). It also has presence in toiletries (shaving cream, deodorants and talcum powder). GCPL derives ~20% of its revenues from its overseas acquisitions - Keyline, Rapidol and Kinky.

Key investment arguments

- Value for money positioning of No1 brand and successful re-launch of Cinthol would help sustain above market volume growth (16.4% in FY09).
- Hair color business (~40% PBIT margin) is witnessing strong traction post re-launch of Godrej Expert and increase in dealer margin by 5%.
- Gross margin is likely to expand, as the company has forward cover for palmoil fatty acid (key ingredient in toilet soaps) at low prices (decline of 60% from the peak) up to 1HFY10.
- International operations are likely to report improved performance post the integration of Kinky and the likely stability in currency rates.

Key investment risks

- Sharp increase in palmoil prices and aggressive pricing strategy by HUL in mass market brand Breeze could pose risk to high growth of No1 brand.
- Continued pressure on profitability in international operations on account of slowdown in UK (Keyline), longer than expected consolidation phase in Kinky and currency fluctuations (GBP and ZAR)

Recent developments

- GCPL announced amalgamation of Godrej Consumer Biz and Godrej Hygiene Care with itself. These companies hold 29% and 20% stake in Godrej Saralee (49% JV with Sara Lee Inc), which has market leadership in mosquito repellants and household insecticides in India. The JV reported net sales of ~Rs7.7b and adj. PAT of Rs1.04b for FY09.

Valuation and view

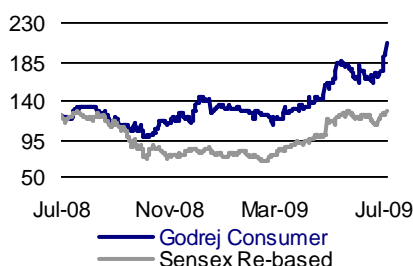
- Expect 25.8% EPS CAGR over FY09-11E.
- Valuations at 22.1x FY10E EPS of Rs9.4 and 18.9x FY11E EPS of Rs10.9. Maintain **Buy**

Bloomberg	GCPL IN
Equity Shares (m)	258.1
CMP (Rs)	207
Mcap (US\$ b)	1.1
52 W Range	234 / 90
1, 6, 12 Rel Per	11 / -19 / 64

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	69.8	69.7	69.3
Domestic Inst	1.3	1.7	1.4
Foreign	18.5	17.4	18.5
Others	10.4	11.2	10.8

Stock Performance (1 year)



Quarterly Performance

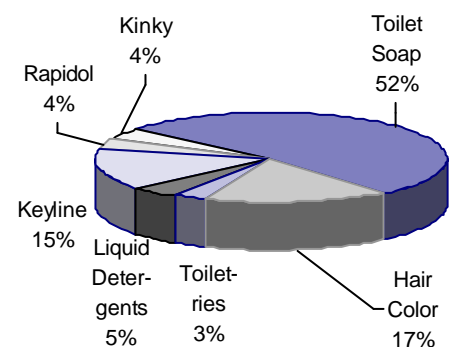
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	3,616	3,465	3,421	3,427	4,389	13,930	16,344
YoY Change (%)	26.3	26.4	25.4	26.1	21.4	26.3	17.3
EBITDA	496	397	483	661	864	2,037	3,035
YoY Change (%)	-3.1	-20.9	-15.0	16.7	74.3	-5.1	49.0
Margins (%)	13.7	11.5	14.1	19.3	19.7	14.6	18.6
PAT	391	347	401	594	697	1,726	2,414
YoY Change (%)	1.2	-6.3	-6.9	45.4	78.2	8.4	39.9

E: MOSL Estimates

Subsidiaries Margin Mix

		FY08	FY09	FY10E
Keyline	Sales	1,680	2,006	2,249
	EBITDA	181	222	278
	PAT	93	141	171
Rapidol	Sales	471	488	537
	EBITDA	79	95	91
	PAT	53	63	58
Kinky	Sales		512	640
	EBITDA		86	122
	PAT		-27	56
Total Subs.	Sales	2,151	3,006	3,427
	EBITDA	260	403	491
	PAT	146	177	285
Cont. to EPS		0.6	0.7	1.1

FY09 Sales Mix



Source: Company/MOSL

Godrej Consumer: Financials and valuation

INCOME STATEMENT - CONSOLIDATED		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	11,040	13,930	16,344	18,748	
Change (%)	16.0	26.2	17.3	14.7	
Total Expenditure	8,881	11,893	13,308	15,191	
EBITDA	2,159	2,037	3,035	3,557	
Change (%)	20.2	-5.7	49.0	17.2	
Margin (%)	19.6	14.6	18.6	19.0	
Depreciation	182	192	223	229	
Int. and Fin. Charges	129	-160	-143	-170	
Other Income-rec.	26	87	68	64	
PBT	1,875	2,091	3,023	3,563	
Change (%)	18.2	11.5	44.5	17.9	
Margin (%)	17.0	15.0	18.5	19.0	
Tax	273	332	585	709	
Deferred Tax	-9	-34	-24	-33	
Tax Rate (%)	15.1	17.5	20.1	20.8	
PAT	1,592	1,726	2,414	2,820	
Change (%)	18.6	8.4	39.9	16.8	
Margin (%)	14.4	12.4	14.8	15.0	
Non-rec. (Exp.)/Income	0	6	0	0	
Reported PAT	1,592	1,732	2,414	2,820	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	226	258	258	258	
Reserves	1,490	5,691	6,519	7,528	
Net Worth	1,716	5,949	6,777	7,786	
Loans	1,871	2,271	2,271	2,271	
Deferred Liability	89	123	147	180	
Capital Employed	3,676	8,343	9,195	10,237	
Gross Block	2,937	3,620	3,910	4,104	
Less: Accum. Deprn.	-1,253	-1,446	-1,669	-1,898	
Net Fixed Assets	1,683	2,174	2,241	2,207	
Capital WIP	716	100	50	50	
Goodwill	956	2,165	2,550	2,550	
Investments	0	3,676	3,899	5,012	
Currents Assets	3,519	4,116	4,745	5,240	
Inventory	1,916	2,177	2,403	2,841	
Account Receivables	510	611	716	822	
Cash and Bank Balance	426	595	818	690	
Loans and Advances	668	734	807	888	
Curr. Liab. & Prov.	3,227	3,889	4,290	4,822	
Account Payables	1,491	2,095	2,241	2,542	
Other Liabilities	1,464	1,423	1,565	1,721	
Provisions	271	371	484	559	
Net Current Assets	292	227	456	418	
Miscellaneous	29				
Net Assets	3,676	8,343	9,196	10,237	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	7.1	6.7	9.4	10.9	
Cash EPS	6.2	5.9	8.5	10.0	
BV/Share	6.6	23.1	26.3	30.2	
DPS	4.1	4.3	5.3	6.0	
Payout (%)	58.2	63.5	56.1	54.9	
Valuation (x)					
P/E	29.4	30.9	22.1	18.9	
Cash P/E	33.1	34.8	24.4	20.6	
EV/Sales	4.4	3.7	3.1	2.7	
EV/EBITDA	22.3	25.2	16.8	14.1	
P/BV	31.1	9.0	7.9	6.9	
Dividend Yield	2.0	2.1	2.5	2.9	
Return Ratios (%)					
RoE	92.8	29.0	35.6	36.2	
RoCE	64.4	27.8	36.2	37.6	
Working Capital Ratios					
Debtor (Days)	17	16	16	16	
Asset Turnover (x)	4.6	6.1	7.1	8.3	

Leverage Ratio					
Y/E MARCH	2008	2009	2010E	2011E	
Debt/Equity (x)	109.1	38.2	33.5	29.2	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
OP/(Loss) before Tax	2,159	2,037	3,035	3,557	
Int./Div. Received	26	87	68	64	
Interest Paid	-129	160	143	170	
Direct Taxes Paid	-273	-332	-585	-709	
(Inc)/Dec in WC	183	-234	5	91	
CF from Operations	1,966	1,718	2,667	3,172	
Extraordinary Items	0	6	0	0	
(Inc)/Dec in FA	-555	-67	-240	-194	
(Pur.)/Sale of Investments	0	-3,676	-223	-1,113	
Goodwill	-70	-1,209	-385	0	
CF from Investments	-626	-4,946	-848	-1,308	
Issue of Shares	0	3,903	0	0	
Inc in Debt	135	400	0	0	
Dividend Paid	-1,085	-1,283	-1,585	-1,812	
Other Item	-439	378	-10	-181	
CF from Fin. Activity	-1,389	3,397	-1,595	-1,993	
Inc/Dec of Cash	-49	169	224	-128	
Add: Beginning Balance	474	426	595	818	
Closing Balance	426	595	819	690	

Grasim Industries

Company description

Grasim is a diversified company with cement and VSF being core businesses, accounting for 75% and 20% of FY09 revenue. Its other businesses include chemicals and textiles. Including UltraTech Cement (~54% stake), it controls ~48m tons of capacity.

Key investment arguments

- Biggest cement group, with ~48m tons capacity (incl UltraTech), with pan-India presence
- Focus on core business of cement and VSF, post sale of sponge iron business and divestment of textiles into 100% subsidiary
- Strong volume CAGR of 14% (FY09-11E), driven by combined capacity addition of ~15m tons between Grasim and UltraTech
- Several cost saving triggers in cement business in form of: (a) lower imported coal/pet-coke prices, (b) higher share of CPP, and (c) higher blending.
- Global leader in VSF business, with backward integration in pulp. VSF business outlook improving, driven by higher volumes and prices, coupled with cost savings.

- Grasim is nearing the end of its capex cycle, and hence, it would start generating free cash flows, translating into strong balance sheet with net cash of Rs21b.

Key investment risks

- Concentration of capacity addition in North (~9m tons) and South (~5m tons) exposes it to adverse demand-supply dynamics of those regions.
- Slower recovery in developed economies would delay recovery in VSF business.

Recent developments

- Cement prices in India have gone up by ~Rs20/bag since Jan-09, driven by 10.7% growth in 1HCY09.
- With onset of monsoon, it has restored production at its VSF plant at Nagda from July 9, 2009 (operations were suspended from May 28, 2009).

Valuation and view

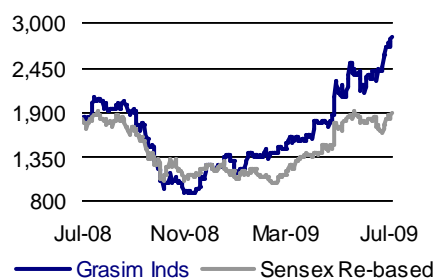
- The stock is valued at 9x FY10E consolidated EPS, 4.8x EV/EBITDA and US\$106/ton (on fully expanded capacity).
- We recommend **Buy** with target price of Rs3,296 (SOTP based).

Bloomberg	GRASIMIN
Equity Shares (m)	91.7
CMP (Rs)	2,840
Mcap (US\$ b)	5.4
52 W Range	2937 / 824
1, 6, 12 Rel Per	16 / 73 / 51

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	25.2	25.2	25.2
Domestic Inst	20.5	20.9	21.0
Foreign	37.5	37.6	37.4
Others	16.8	16.3	16.4

Stock Performance (1 year)

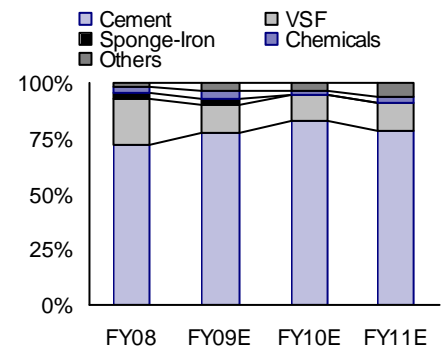
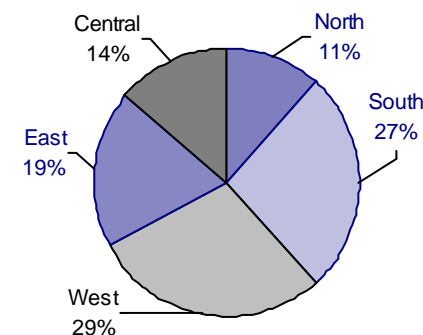


Quarterly Performance (Standalone)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	25,782	26,853	26,536	28,870	30,453	108,040	116,076
YoY Change (%)	5.5	8.4	2.3	5.9	18.1	5.8	7.4
EBITDA	7,376	5,792	4,995	6,800	8,853	24,965	33,393
EBITDA Margin (%)	28.6	21.6	18.8	23.6	29.1	23.1	28.8
Reported PAT	5,142	4,195	3,296	3,847	8,752	16,480	23,346
Adj. PAT	5,142	4,195	3,296	3,847	5,392	16,480	19,986
YoY Change (%)	0.5	-16.1	-40.0	-7.1	4.9	-16.6	21.3

E: MOSL Estimates

Trend in FY09 Consolidated Market Mix Trend in Consolidated EBITDA mix



Source: Company/MOSL

Grasim: Financials and valuation

CONSOLIDATED INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	169,739	184,039	202,243	210,694	
Change (%)	20.6	8.4	9.9	4.2	
Total Expenditure	120,142	140,743	140,131	153,593	
EBITDA	49,598	43,296	62,111	57,101	
Margin (%)	29.2	23.5	30.7	27.1	
Depreciation	6,703	8,658	11,092	12,029	
EBIT	42,895	34,638	51,019	45,072	
Int. and Finance Charges	2,221	3,105	3,726	3,480	
Other Income - Rec.	4,623	4,532	4,190	4,590	
PBT before EO items	45,296	36,066	51,483	46,182	
Change (%)	31.2	-20.4	42.7	-10.3	
EO Exp	-2,824	0	-3,447	0	
PBT after EO items	48,120	36,066	54,930	46,182	
Tax	14,658	9,914	15,060	13,309	
Tax Rate (%)	30.5	27.5	27.4	28.8	
Reported PAT	33,462	26,152	39,870	32,874	
PAT Adj for EO items	31,499	26,152	36,423	32,874	
Change (%)	33.5	-17.0	39.3	-9.7	
Margin (%)	18.6	14.2	18.0	15.6	
Less: Minority Interest	4,548	4,286	7,577	6,399	
Consolidated PAT	26,951	21,867	28,846	26,475	
Change (%)	37.0	-18.9	31.9	-8.2	

CONSOLIDATED BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Equity Share Capital	917	917	917	917	
Reserves	90,521	114,783	143,590	166,310	
Net Worth	91,438	115,700	144,506	167,227	
Loans	55,771	59,162	48,500	38,500	
Deferred liabilities	11,575	15,919	19,670	20,372	
Minority Interest	12,760	16,704	24,281	30,680	
Capital Employed	171,544	207,484	236,957	256,778	
Gross Block	137,285	190,622	204,376	219,376	
Less: Accum. Deprn.	63,397	68,254	79,347	91,375	
Net Fixed Assets	73,888	122,368	125,029	128,001	
Capital WIP	55,335	19,822	15,000	5,000	
Investments	16,607	35,626	62,761	89,020	
Goodwill	19,913	20,010	20,010	20,010	
Curr. Assets	42,585	45,343	51,572	53,727	
Inventory	17,443	22,210	24,269	25,283	
Account Receivables	10,185	8,249	10,112	10,535	
Cash and Bank Balance	2,903	2,270	3,034	3,160	
Others	12,054	12,615	14,157	14,749	
Curr. Liability & Prov.	36,783	35,685	37,415	38,978	
Account Payables	23,435	24,374	26,292	27,390	
Other Liabilities	6,914	4,749	6,067	6,321	
Provisions	6,433	6,562	5,056	5,267	
Net Current Assets	5,802	9,659	14,157	14,749	
Appl. of Funds	171,544	207,484	236,957	256,778	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	293.9	238.5	314.6	288.7	
Cash EPS	368.1	336.0	431.9	340.3	
BV/Share	997.3	1,261.9	1,576.0	1,823.8	
DPS	30.0	30.0	32.5	35.0	
Payout (%)	13.2	14.7	12.1	14.2	
Valuation (x)					
P/E	9.7	11.9	9.0	9.8	
Cash P/E	7.7	8.5	6.6	8.3	
P/BV	2.8	2.3	1.8	1.6	
EV/Sales	2.0	1.8	1.4	1.2	
EV/EBITDA	6.8	7.7	4.8	4.6	
Dividend Yield (%)	1.1	1.1	1.1	1.2	
Return Ratios (%)					
RoE	34.3	21.1	22.2	15.8	
RoCE	31.1	20.7	24.8	24.1	
Working Capital Ratios					
Debtor (Days)	22	16	18	18	
Asset Turnover (x)	1.0	0.9	0.9	0.8	
Leverage Ratio					
Debt/Equity (x)	0.6	0.5	0.3	0.2	

CONSOLIDATED CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
OP/(Loss) before Tax	51,617	44,791	62,111	57,101	
Interest/Dividends Recd.	1,616	1,700	4,190	4,590	
Direct Taxes Paid	-14,072	-5,509	-11,309	-12,607	
(Inc)/Dec in WC	-574	-4,657	-3,735	-465	
CF from Operations	38,588	36,325	51,257	48,619	
EO Items	2,980	0	3,447	0	
CF frm Op. incl EO	41,568	36,325	54,704	48,619	
(inc)/dec in FA	-51,181	-26,468	-8,932	-5,000	
(Pur)/Sale of Investments	4,269	-11,882	-27,135	-26,258	
CF from Investments	-46,912	-38,350	-36,067	-31,258	
Issue of Shares	634	438	0	0	
(Inc)/Dec in Debt	7,201	7,991	-10,662	-10,000	
Interest Paid	-2,935	-3,160	-3,726	-3,480	
Dividend Paid	-185	-3,553	-3,487	-3,755	
CF from Fin. Activity	4,715	1,715	-17,874	-17,234	
Inc/Dec of Cash	-789	-633	763	127	
Add: Beginning Balance	3,692	2,903	2,270	3,034	
Closing Balance	2,903	2,270	3,034	3,160	

GVK Power & Infrastructure

Company description

GVK Power and Infrastructure (GVKPIL) is one of India's largest diversified infrastructure players with presence in airports (Mumbai Airport), power (2.2GW portfolio) and roads. The company is also developing an SEZ over 3,184 acres of land at Perambalur district in Tamil Nadu (2,882 acres of land already acquired).

Key investment arguments

- During FY09-11E, we expect earnings CAGR of 73% driven by commissioning of JP-II and Gautami power projects and superior profitability at Mumbai Airport.
- 20% capacity of JP-II and Gautami power project are on merchant basis (140MW), to be fully operational from FY10.
- GVK has first right of refusal over the development of proposed greenfield airport at Navi Mumbai, which allows it to get the contract if its bid is within 10% of L1 bidder.
- Equity funding requirement over FY10-12E across projects stands at Rs15b, which is manageable with cash of Rs10.2b (post QIP), internal accruals of Rs14b and proposed QIP/warrants issue.

Key investment risks

- Merchant power profit is likely to account for 41% and 34% of total profit for FY10E and FY11E. Any adverse movement in tariff rates and/or lower operations can impact near term earnings growth.
- Pace of real estate monetization at MIAL (Mumbai International Airport) and is key to valuations. Real estate at MIAL accounts for ~27% of our target valuations.

Recent developments

- Raised Rs7b through a QIP post dilution of 12.3% at a rate of Rs41.35/share.
- GVKPIL has signed gas supply agreement with RIL for its JP II and Gautami power project. Landed cost of gas is estimated at US\$5.2/mmbtu.
- Merchant power sale is not yet allowed as the approval from APSEB is awaited.

Valuation and view

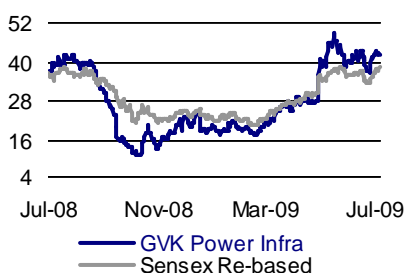
- 73% EPS CAGR over FY09-11E. The stock trades at a P/E of 28x FY10E and 19x FY11E.

Bloomberg	GVKP IN
Equity Shares (m)	1,579.2
CMP (Rs)	42
Mcap (US\$ b)	1.4
52 W Range	51 / 10
1, 6, 12 Rel Per	-6 / 46 / 10

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	60.9	60.9	60.9
Domestic Inst	8.8	8.2	4.6
Foreign	17.7	20.9	30.3
Others	12.2	9.5	4.2

Stock Performance (1 year)



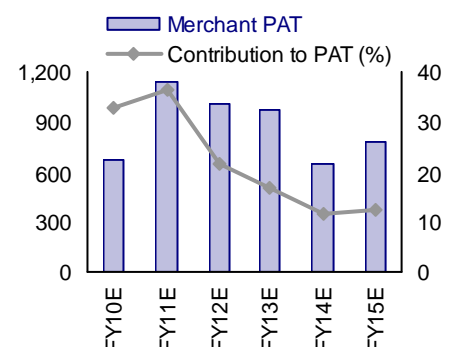
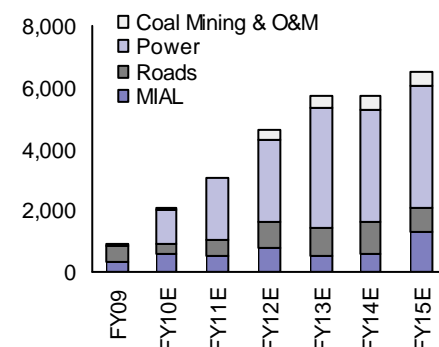
Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales	1,330	1,095	1,043	1,670	3,322	5,138	23,736
Change (%)	40.5	14.0	-6.0	-0.8	149.8	9.3	362.0
EBITDA	503	468	432	361	944	1,763	7,838
Change (%)	81.4	-6.5	-22.6	-33.9	87.8	-6.3	344.6
As of % Sales	37.8	42.7	41.4	21.6	28.4	34.3	33.0
PAT *	284	220	163	96	236	763	2,957
Minority Interest	1	1	1	0	22	3	906
Share of Associates	123	85	61	47	113	316	522
PAT	406	305	223	143	348	1,076	2,572

* Before MI, Share of Associates

E: MOSL Estimates

Segmentwise contribution to PAT, Merchant Power



GVK Power: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	4,700	5,138	23,736	25,030	
Change (%)	76.1	9.3	362.0	5.5	
Roads	1,369	1,459	1,603	1,778	
Power	3,205	3,556	21,823	22,387	
Other Segements	73	12	311	865	
Operating Expenses	2,819	3,375	15,898	16,889	
EBITDA	1,881	1,763	7,838	8,142	
% of Net Sales	40.0	34.3	33.0	32.5	
Roads	1,076	1,056	854	991	
Power	839	630	6,845	6,782	
Other Segements	35	140	139	368	
Depreciation	776	780	2,535	2,673	
Interest	431	334	2,250	2,387	
Other Income	619	214	598	935	
PBT	1,293	864	3,652	4,017	
Tax	239	100	695	722	
Rate (%)	18.4	11.6	19.0	18.0	
PAT before Min. Interest	1,055	763	2,957	3,295	
Roads	434	534	341	478	
Power	296	72	2,530	2,876	
Other Segements	15	0	86	-58	
Minority Interest	101	3	906	761	
Share of Associate Profit	407	316	522	671	
Reported PAT	1,361	1,076	2,572	3,205	
Change (%)	288.9	-20.9	139.2	24.6	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	1,406	1,406	1,579	1,579	
Share Application Money	3	290			
Reserves	20,457	21,533	30,666	33,331	
Net Worth	21,866	23,229	32,246	34,910	
Minority Interest	6	2,644	3,550	4,311	
Loans	12,910	29,798	49,316	59,823	
Deferred Tax Liability	891	885	885	885	
Deferred Income	1,758	1,641	1,641	1,641	
Capital Employed	37,431	58,197	87,638	101,570	
Gross Fixed Assets	19,044	21,269	42,218	45,656	
Less: Acc Dep	6,769	7,680	6,351	9,023	
Net Fixed Assets	12,275	13,590	35,867	36,632	
Capital WIP	13,501	38,502	36,790	48,524	
Investments	7,068	3,214	2,220	2,960	
Net Curr. Assets	4,582	2,887	12,761	13,453	
Misc. Expenses	5	5	0	0	
Application of Funds	37,431	58,197	87,638	101,570	

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Basic (Rs)					
Adjusted EPS		1.0	0.8	1.6	2.0
Growth (%)		-34.6	-20.9	112.9	24.6
Cash EPS		3.0	2.6	6.5	7.4
Book Value		15.6	16.3	20.4	22.1
DPS		0.0	0.0	0.5	0.6
Payout (incl. Div. Tax.)		0.0	0.0	15.0	15.0
Valuation (x)					
P/E		44.3	56.1	26.3	21.1
Cash P/E		14.1	16.3	6.6	5.8
EV/EBITDA		9.2	19.4	6.3	7.3
EV/Sales		3.7	6.7	2.1	2.4
Price/Book Value		2.8	2.6	2.1	1.9
Dividend Yield (%)		0.0	0.0	1.1	1.4
Profitability Ratios (%)					
RoE		6.2	4.7	8.0	9.2
RoCE		4.6	2.1	6.7	6.3
Leverage Ratio					
Debt/Equity (x)		0.6	1.3	1.5	1.7

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
PBT before EO Items	1,293	864	3,652	4,017	
Add : Depreciation	776	780	2,535	2,673	
Interest	431	334	2,250	2,387	
Less : Direct Taxes Paid	239	100	695	722	
(Inc)/Dec in WC	-874	1,614	-4,795	-334	
CF from Operations	1,387	3,491	2,946	8,021	
(Inc)/Dec in FA	-5,324	-27,095	-23,101	-15,172	
(Pur)/Sale of Investments	-4,095	3,854	994	-740	
CF from Investments	-9,419	-23,241	-22,107	-15,912	
(Inc)/Dec in Networth	15,492	0	7,168	0	
(Inc)/Dec in Pref. Capital	-846	287	-290	0	
(Inc)/Dec in Debt	-4,954	19,839	20,040	11,177	
(Inc)/Dec in Diff. Tax Liability	-1	-6	0	0	
Less : Interest Paid	431	334	2,250	2,387	
Dividend Paid	96	0	434	541	
CF from Fin. Activity	9,161	19,786	24,240	8,249	
Inc/Dec of Cash	1,012	-81	5,079	359	
Add: Beginning Balance	631	1,643	1,562	6,642	
Closing Balance	1,643	1,562	6,642	7,000	

HDFC Bank

Company description

HDFC Bank is India's second largest private sector bank with a balance sheet size of Rs1.8t. Post merger with Centurion Bank of Punjab (CBoP) it has a strong franchise of 1,412 branches. The bank has been consistently growing its earnings at over 30% for the last several quarters. As complete integration of CBoP technology and manpower is over now, we expect synergy of the merger to be realized over FY10-11.

Key investment arguments

- Strong focus on retail loans (now 60% of loans) and high proportion of CASA deposits (44% of total deposits) enable superior margins of 4%+.
- Net NPAs of 0.6%, despite being an aggressive lender, indicates superior risk management skills. Restructured standard loans are virtually nil.
- Cost to income ratio at 54% in FY09 is one of the highest among peers due to acquisition of CBoP. As revenues and efficiencies kick in from CBoP branches, it would decline to ~50%.
- We estimate 26% earnings CAGR over FY09-11 driven by 20% balance sheet growth, margin expansion and operating cost efficiencies.

Key investment risks

- Unsecured retail loan exposure could hurt HDFC Bank's profitability if NPA levels continue to increase.
- In the last 2 quarters credit charge is on higher side at 240-250bp on annualized basis. Bank has booked treasury gains to offset the increased NPA charges.
- In our view, the acquisition of CBoP was expensive and integration risks prevail.

Recent developments

- HDFC Bank has started buying housing loans from HDFC to meet its priority sector requirements. During last two quarters, loans worth Rs56b have been bought which include loans that were not sourced by HDFC Bank as well.
- HDFC Bank has recently cut PLR by 25bp to 15.75%.

Valuation and view

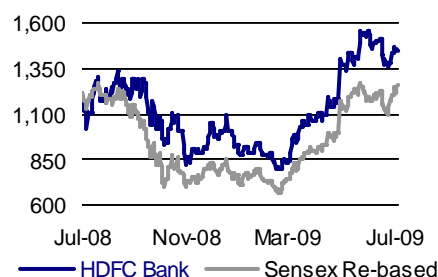
- We estimate 26% EPS CAGR over FY09-11E. Valuations at 2.8x FY11E BV and 17.3x FY11E EPS are rich.
- Maintain **Neutral** with a price target of Rs1,450 (2.75x FY11E BV).

Bloomberg	HDFCB IN
Equity Shares (m)	451.6
CMP (Rs)	1,452
Mcap (US\$ b)	13.6
52 W Range	1584 / 774
1, 6, 12 Rel Per	-7 / -11 / 15

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	19.4	19.4	21.6
Domestic Inst	12.6	13.9	5.6
Foreign	48.5	46.8	50.9
Others	19.5	20.0	21.9

Stock Performance (1 year)

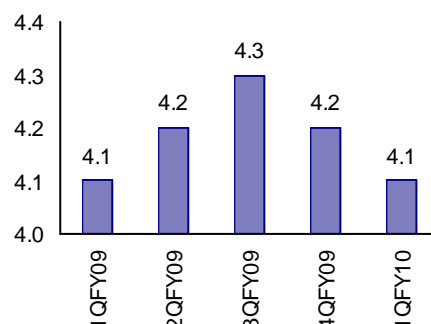


Quarterly Performance

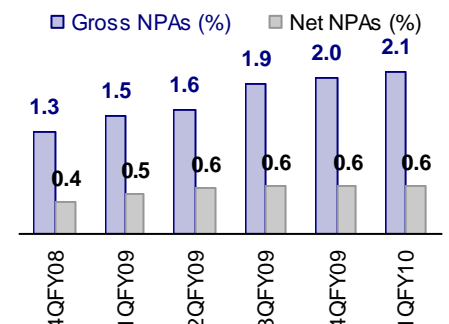
	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	17,234	18,665	19,793	18,520	18,556	74,212	89,093
YoY Change (%)	74.9	60.5	37.7	12.8	7.7	42.0	20.1
Operating Profit	10,275	11,229	14,581	15,705	15,187	51,790	67,145
YoY Change (%)	31.1	35.8	36.7	44.3	47.8	37.6	29.6
Net Profit	4,643	5,280	6,217	6,309	6,061	22,449	28,494
YoY Change (%)	44.5	43.3	44.8	33.9	30.5	41.2	26.9
Cost/Income Ratio (%)	55.7	55.3	50.0	47.1	47.6	51.7	48.1
Prov./Oper. Profits (%)	33.5	30.8	36.5	41.9	43.4	36.3	37.6

E: MOSL Estimates

Consistent Margins of Over 4%+



Net NPAs Contained at 0.6% by Aggressive Provisions



Source: Company/MOSL

August 3 - 5, 2009

HDFC Bank: Financials and valuation

INCOME STATEMENT (PROFORMA MERGED WITH CBOP) (RS MILLION)

Y/E MARCH	2008	2009	2010E	2011E
Interest Income	123,000	163,323	182,676	218,810
Interest Expended	63,791	89,111	93,584	106,950
Net Interest Income	59,209	74,212	89,093	111,860
Change (%)	47.9	25.3	20.1	25.6
Other Income	29,195	32,906	40,380	45,632
Net Income	88,403	107,118	129,473	157,492
Change (%)	48.3	21.2	20.9	21.6
Operating Expenses	47,226	55,328	62,328	71,612
Operating Income	41,177	51,790	67,145	85,880
Change (%)	45.3	25.8	29.6	27.9
Other Provisions	16,043	18,791	25,242	30,083
PBT	25,134	32,999	41,903	55,797
Tax	7,604	10,549	13,409	17,855
Tax Rate %	30	32	32	32
PAT	17,530	22,449	28,494	37,942
Change (%)	38.7	28.1	26.9	33.2
Proposed Dividend	3,606	4,254	5,414	7,209
PPP	37,989	47,964	63,145	82,880
Change (%)	31.3	26.3	31.6	31.3

BALANCE SHEET

(RS MILLION)

Y/E MARCH	2008	2009	2010E	2011E
Capital	4,243	4,254	4,516	4,516
Reserves & Surplus	133,649	146,328	204,197	233,705
Net Worth	137,892	150,582	208,713	238,221
Deposits	1,225,776	1,428,116	1,685,177	1,988,508
Change (%)	47.4	16.5	18.0	18.0
CASA Deposits	601,478	633,597	758,329	934,599
Borrowings	91,845	89,636	88,108	87,183
Other Liab & Provisions	146,480	227,206	249,927	274,920
Total Liabilities	1,569,502	1,832,708	2,231,924	2,588,832
Current Assets	141,111	175,066	230,614	171,565
Investments	563,385	588,175	705,811	846,973
Change (%)	60.1	4.4	20.0	20.0
Loans	796,089	988,831	1,206,373	1,471,775
Change (%)	36.9	24.2	22.0	22.0
Net Fixed Assets	15,462	17,067	19,201	21,601
Other Assets	53,455	63,568	69,925	76,918
Total Assets	1,569,502	1,832,708	2,231,924	2,588,832

KEY ASSUMPTIONS

(%)

Deposit Growth	47.4	16.5	18.0	18.0
Loans Growth	36.9	24.2	22.0	22.0
Investments Growth	60.1	4.4	20.0	20.0
Provision Coverage	60.9	68.4	68.0	70.0
Dividend	85.0	100.0	119.9	159.6

E: MOSL Estimates

RATIOS (PRO FORMA MERGED WITH CBOP)

Y/E MARCH	2008	2009	2010E	2011E
Spreads Analysis (%)				
Avg. Yield-Earn Assets	10.4	10.9	10.2	10.1
Avg. Cost-Int. Bear. Liab.	5.9	6.5	5.9	5.8
Interest Spread	4.5	4.4	4.3	4.3
Net Interest Margin	5.0	4.9	5.0	5.2
Profitability Ratios (%)				
RoE	16.2	15.6	15.9	17.0
RoA	1.3	1.3	1.4	1.6
Int. Exp./Int. Earned	51.9	54.6	51.2	48.9
Other Income/Net Inc.	33.0	30.7	31.2	29.0
Efficiency Ratios (%)				
Op Exp/Net Income*	55.4	53.6	49.7	46.4
Employee Cost/Op.Exps	34.3	40.5	41.3	41.3
Business per Emp. (Rs m)	37.4	42.1	42.0	41.9
Net Profit per Empl. (Rs m)	0.4	0.4	0.5	0.5
* Ex treasury				
Asset Liability Profile (%)				
Loans/Deposit Ratio	64.9	69.2	71.6	74.0
CASA Ratio %	49.1	44.4	45.0	47.0
Invest./Deposit Ratio	46.0	41.2	41.9	42.6
G-Sec/Investment Ratio	66.1	88.7	78.8	70.4
Gross NPAs to Advances	1.8	2.0	2.3	2.0
Net NPAs to Advances	0.7	0.6	0.7	0.6
CAR	13.6	15.7	15.2	14.1
Tier 1	10.3	10.6	11.3	10.6

VALUATION

Book Value (Rs)	325.0	354.0	462.2	527.5
Price-BV (x)	4.5	4.1	3.1	2.8
Adjusted BV (Rs)	316.3	344.3	449.6	515.1
Price-ABV (x)	4.6	4.2	3.2	2.8
EPS (Rs)	41.3	52.8	63.1	84.0
EPS Growth	22.1	27.7	19.6	33.2
Price Earnings (x)	35.1	27.5	23.0	17.3
OPS (Rs)	97.1	121.7	148.7	190.2
OPS Growth	27.9	25.4	22.1	27.9
Price-OP (x)	15.0	11.9	9.8	7.6

Hero Honda Motors

Company description

Hero Honda is the market leader in the Indian motorcycle market with ~60% market share (~3.7m units in FY09). Strong brand equity, wide marketing network and good penetration in the rural areas have key strengths of the company.

Key investment arguments

- Momentum in volumes to remain strong in FY10 with estimated growth of 13% (~25% in 1QFY10). Channel checks indicate better than estimated FY10 volumes.
- Active focus on building presence in rural market is helping the company to build a sustainable competitive advantage. This coupled with strong brand equity, strong distribution network and apt product portfolio has enabled it to grow faster than the industry (~25% growth in 1QFY10 v/s 12% for the industry).
- Higher contribution from Haridwar plant (estimated 1.2m units), would result in EPS upgrades due to lower incidence of excise duty and income tax.
- Strong balance sheet (~Rs50b net cash in FY10E) and significant free cash flow generation (~Rs17.4b in FY10E) - best in the auto industry.

- FY09-11E revenue CAGR of 16% and earnings CAGR of 31%; this is on the back of 220bp margin expansion over FY09 to 16.1% in FY11E.

Key investment risks

- Strengthening commodity prices would put pressure on profitability of the company.
- Intensifying competition in 100cc segment, with expected launches from Bajaj Auto and Honda Motors.

Recent developments

- Plans to launch 9 new models (incl 1 new motorcycle) in coming two quarters, which should aid volume growth in FY10
- Increase in localization at Haridwar to ~65% by Oct'09 from current 45%, which would result in savings of excise paid on RM imported out of Uttrakhand state

Valuation and view

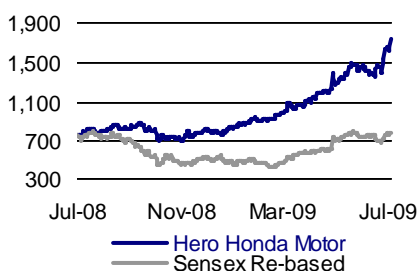
- The stock trades at 17.4x FY10E EPS and 15.8x FY11E EPS.
- We recommend **Buy** with target price of Rs1,762 (~16x FY11E EPS).

Bloomberg	HHN
Equity Shares (m)	199.7
CMP (Rs)	1,736
Mcap (US\$ b)	7.2
52 W Range	1780 / 661
1, 6, 12 Rel Per	13 / 28 / 124

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	55.0	55.0	55.0
Domestic Inst	8.2	9.6	12.0
Foreign	28.7	27.1	24.3
Others	8.2	8.4	8.7

Stock Performance (1 year)



Quarterly Performance

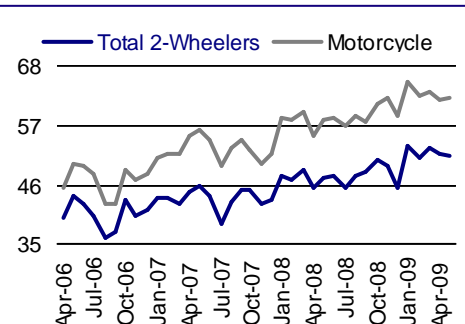
	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Volumes ('000 nos)	894.2	972.1	857.8	997.9	1,119.0	3,722.0	4,399.6	
YoY Change (%)	11.4	28.5	-4.0	12.9	25.1	11.5	18.2	
Net Sales	28,435	31,897	28,740	34,118	38,111	123,191	149,946	
YoY Change (%)	16.2	35.6	4.8	22.3	34.0	19.2	21.7	
EBITDA	3,410	4,226	4,098	5,384	6,387	17,118	24,752	
EBITDA Margin (%)	12.0	13.2	14.3	15.8	16.8	13.9	16.5	
PAT	2,729	3,063	3,004	4,022	5,001	12,818	19,968	
YoY Change (%)	43.7	49.9	9.2	34.7	83.3	32.4	55.8	

E: MOSL Estimates

FY11E Earnings sensitivity

Volume Gr. (%)	Ramp-up at Haridwar ('000)			
	1,250	1,500	1,750	2,000
4%	92.2	97.0	101.7	106.6
8%	94.8	99.6	104.4	109.2
12%	97.5	102.2	107.0	111.8
16%	100.1	104.9	109.6	114.4
20%	102.7	107.5	112.3	117.1

Trend in market share



Source: Company/MOSL

Hero Honda: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	103,318	123,191	149,946	166,289	
Change (%)	4.4	19.2	21.7	10.9	
Total Expenditure	89,824	106,074	125,195	139,651	
EBITDA	13,494	17,118	24,752	26,752	
EBITDA Margin (%)	13.1	13.9	16.5	16.1	
Change (%)	15.0	26.9	44.6	8.1	
Depreciation	1,603	1,807	1,947	2,151	
EBIT	11,891	15,311	22,805	24,602	
Interest & Finance Charges	-358	-317	-275	-275	
Other Income	1,854	2,187	2,795	3,450	
PBT	14,103	17,815	25,875	28,327	
Tax	4,424	4,997	5,907	6,328	
Effective Rate (%)	31.4	28.1	22.8	22.3	
PAT	9,679	12,818	19,968	21,998	
% of Net Sales	9.4	10.4	13.3	13.2	
Change (%)	12.8	32.4	55.8	10.2	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	399	399	399	399	
Reserves	29,463	37,608	51,734	67,307	
Net Worth	29,862	38,007	52,134	67,706	
Deferred Tax	1,306	1,306	1,306	1,306	
Loans	1,320	1,320	1,320	1,320	
Capital Employed	32,488	40,633	54,760	70,332	
Gross Fixed Assets	19,388	22,138	25,638	27,138	
Less: Depreciation	7,825	9,632	11,579	13,729	
Net Fixed Assets	11,563	12,506	14,059	13,409	
Capital WIP	4,085	0	0	0	
Investments	25,668	25,668	25,668	25,668	
Curr.Assets, L & Adv.	9,368	22,410	37,984	55,911	
Inventory	3,171	3,713	4,519	5,011	
Sundry Debtors	2,974	3,713	4,519	5,011	
Cash & Bank Balances	1,311	13,073	27,035	43,977	
Loans & Advances	1,855	1,855	1,855	1,855	
Current Liab. & Prov.	18,247	20,003	23,004	24,708	
Sundry Creditors	7,561	8,438	10,270	11,390	
Other Liabilities	5,689	5,689	5,689	5,689	
Provisions	4,998	5,876	7,045	7,629	
Net Current Assets	-8,880	2,407	14,980	31,203	
Application of Funds	32,488	40,633	54,760	70,332	

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Basic (Rs)					
EPS		48.5	64.2	100.0	110.2
EPS Growth (%)		12.8	32.4	55.8	10.2
Cash EPS		56.5	73.2	109.7	120.9
Book Value per Share		149.5	190.3	261.1	339.0
DPS		19.0	20.0	25.0	27.5
Payout (Incl. Div. Tax) %		45.9	36.5	29.3	28.7
Valuation (x)					
P/E		33.8	25.5	16.4	14.9
Cash P/E		29.0	22.4	14.9	13.6
EV/EBITDA		22.4	16.9	11.2	9.7
EV/Sales		2.9	2.4	1.8	1.6
Price to Book Value		11.0	8.6	6.3	4.8
Dividend Yield (%)		1.2	1.2	1.5	1.7
Profitability Ratios (%)					
RoE		35.5	37.8	44.3	36.7
RoCE		45.7	47.9	53.7	44.8
Turnover Ratios					
Debtors (Days)		11	11	11	11
Asset Turnover (x)		3.2	3.0	2.7	2.4
Leverage Ratio					
Debt/Equity (x)		0.0	0.0	0.0	0.0
CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Profit Before Tax	14,103	17,815	25,875	28,327	
Other Items	-1,226	879	1,168	584	
Depreciation & Amort.	1,603	1,807	1,947	2,151	
Direct Taxes Paid	-4,420	-4,997	-5,907	-6,328	
(Inc)/Dec in Working Capital	2,612	-403	220	134	
CF from Oper. Activity	12,673	15,100	23,303	24,867	
(Inc)/Dec in FA+CWIP	-3,739	-2,750	-3,500	-1,500	
(Pur)/Sale of Invest.	-4,625	5,244	0	0	
CF from Inv. Activity	-8,364	2,494	-3,500	-1,500	
Inc/(Dec) in Debt	-332	0	0	0	
Interest Paid	-20	0	0	0	
Dividends Paid	-3,972	-4,673	-5,841	-6,425	
CF from Fin. Activity	-4,323	-4,673	-5,841	-6,425	
Inc/(Dec) in Cash	-15	12,921	13,962	16,942	
Add: Beginning Balance	167	152	13,073	27,035	
Closing Balance	152	13,073	27,035	43,977	

HPCL

Company description

A Fortune-500 company, HPCL is a state-owned oil refining and marketing company (RMC). It also has interests upstream. It owns 13.5mmt of refining capacity (5.5mt in Mumbai and 7.5mmt in Visakh). It has a crude and product pipeline network of ~2,100km and sells ~25mmt of petroleum products. HPCL also holds 16.9% stake in MRPL. It is setting up a 9mmta grassroots refinery at Bhatinda in Punjab, jointly with LN Mittal group's Mittal Energy.

Key investment arguments

- ✎ **GoI indication to compensate under-recoveries positive for RMCs:** Profitability continues to be determined by the quantum and sharing of under-recoveries, rather than fundamentals. The recent indications by GoI to take care of under-recoveries is positive. However, we would await a final decision before incorporating this in our estimates.
- ✎ **Improving Balance Sheet position:** Debt levels have reduced significantly for all the three OMC's helped by lower oil prices and issuance of oil bonds. Further, HPLC due to its higher 'marketing sales' to 'refinery capacity' ratio is benefited most in a positive marketing margin scenario.

- ✎ **Capacity expansion by 2011:** Medium to long-term growth would come from its 9mmta, Rs172b grassroots refinery being setup in JV with Mittal Energy. This refinery is expected to be completed in 1H CY11.

Key investment risks

- ✎ Government policy of controlling fuel prices remains a concern for the stock.
- ✎ Fuel under-recoveries and their ad-hoc sharing remains a concern.

Recent developments

- ✎ Petrol and diesel prices were raised by Rs4/ltr (10%) and Rs2/ltr (6.5%), respectively on 2 July 2009.
- ✎ In his budget speech, the Finance Minister indicated that GoI will set up an expert group to find a viable and sustainable system of pricing petroleum products.

Valuation and view

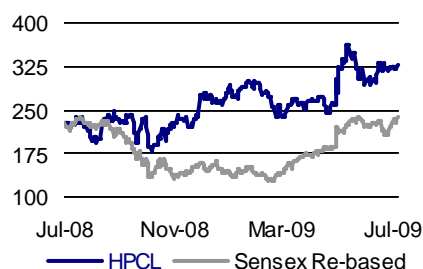
- ✎ The stock trades at 8.5x FY10E EPS of Rs38.6 and 0.9x FY10E BV of Rs356. Maintain **Buy**.
- ✎ Refining outlook is not very encouraging. While global demand remains weak, 1.4mmbbl/d of new capacity (including RPET) is likely to start in the next few months.

Bloomberg	HPCL IN
Equity Shares (m)	339.0
CMP (Rs)	327
Mcap (US\$ b)	2.3
52 W Range	398 / 163
1, 6, 12 Rel Per	1 / -58 / 38

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	51.1	51.1	51.1
Domestic Inst	28.7	28.3	24.7
Foreign	9.3	10.1	13.6
Others	11.0	10.5	10.6

Stock Performance (1 year)



Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	346,920	354,622	293,858	251,542	241,976	1,246,943	1,026,284
Change (%)	59	46	8	-20	-30.3	19.1	-17.7
EBITDA	-4,110	-26,036	4,715	54,374	10,876	28,943	33,704
% of Net Sales	-1.2	-7.3	1.6	21.6	4.5	2.3	3.3
Change (%)	nm	nm	218	2,407	-365	86.2	16
PAT	-8,881	-32,189	-4,229	51,040	6,491	5,741	13,084
Change (%)	nm	nm	nm	nm	nm	-49.4	127.9

E: MOSL Estimates

Key Operational Parameters

	FY07	FY08	FY09	FY10E	FY11E
Throughput (mmt)	16.7	16.8	15.8	16.0	17.0
GRM (US\$/bbl)	4.1	6.6	4.0	3.7	3.8
Under recovery and its sharing					
Gross under recovery	100.6	162.5	220.2	27.5	31.0
Upstream sharing	41.6	54.1	71.8	9.1	10.2
Oil Bonds	49.3	77.0	146.9	12.9	14.6
Net Under recovery	9.7	31.3	1.5	5.5	6.2
Net Sharing (%)	9.6	19.3	0.7	20.0	20.0

Source: Company/MOSL

HPCL: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	1,047,038	1,246,943	1,026,284	1,116,015	
Change (%)	17.6	19.1	-17.7	8.7	
Finished Gds Purchase	622,059	733,373	613,429	649,661	
Raw Materials Cons	356,688	428,320	333,250	393,034	
Employee Costs	8,677	11,372	13,831	15,214	
Other Exp	43,857	44,935	32,070	28,000	
EBITDA	15,757	28,943	33,704	30,107	
% of Net Sales	1.5	2.3	3.3	2.7	
Growth (%)	-34.4	83.7	16.5	-10.7	
Depreciation	8,508	9,813	11,411	13,215	
Interest	7,925	21,073	10,727	8,450	
Other Income	11,980	9,057	8,368	7,048	
Extraordinary Items (net)	217				
PBT	11,087	7,114	19,935	15,490	
Tax	-262	1,373	6,852	5,268	
Total Rate (%)	-2.4	19.3	34.4	34.0	
PAT	11,349	5,741	13,084	10,222	
Adjusted PAT	7,263	4,355	13,084	10,222	
Change (%)	-49.6	-40.0	200.5	-21.9	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	3,390	3,390	3,390	3,390	
Reserves	102,243	105,927	117,443	126,098	
Net Worth	105,633	109,317	120,833	129,488	
Loans	167,867	227,550	130,000	130,000	
Deferred Tax	15,960	16,303	16,303	16,304	
Capital Employed	289,460	353,169	267,136	275,791	
Gross Fixed Assets	195,701	219,201	266,360	295,960	
Less: Depreciation	76,408	86,221	97,631	110,846	
Net Fixed Assets	119,293	132,980	168,729	185,114	
Capital WIP	33,160	33,160	10,000	5,400	
Investments	68,371	138,523	104,910	86,142	
Curr. Assets, L & A	192,973	170,686	124,155	147,886	
Inventory	120,203	105,461	85,079	93,394	
Debtors	17,107	18,619	15,324	19,997	
Cash & Bank Balance	2,940	7,643	5,508	16,252	
Loans & Advances	52,230	38,468	17,750	17,750	
Other Current Assets	495	495	495	495	
Current Liab. & Prov.	124,337	122,179	140,658	148,751	
Liabilities	118,934	114,826	130,716	137,728	
Provisions	5,403	7,352	9,942	11,022	
Net Current Assets	68,636	48,507	-16,503	-864	
Application of Funds	289,460	353,169	267,136	275,791	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	21.4	12.8	38.6	30.2	
Cash EPS	67.9	98.2	138.0	119.0	
Book Value	311.6	322.5	356.4	382.0	
DPS	3.0	5.3	4.0	4.0	
Payout (incl. Div. Tax.)	66.5	47.2	12.0	15.3	
Valuation (x)					
P/E	15.3	25.5	8.5	10.8	
Cash P/E	4.8	3.3	2.4	2.7	
EV / EBITDA	14.2	7.2	4.4	5.1	
EV / Sales	0.2	0.2	0.1	0.1	
Price / Book Value	1.0	1.0	0.9	0.9	
Dividend Yield (%)	0.9	1.6	1.2	1.2	
Profitability Ratios (%)					
RoE	7.2	4.1	11.4	8.2	
RoCE	7.6	8.8	9.9	8.8	
Turnover Ratios					
Debtors (No. of Days)	5.7	5.2	6.0	5.8	
Asset Turnover (x)	5.9	6.0	4.2	4.0	
Leverage Ratio					
Debt / Equity (x)	1.6	2.1	1.1	1.0	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
OP/(Loss) before Tax	11,087	7,114	19,935	15,490	
Depreciation	8,564	9,813	11,411	13,215	
Other op	-36,910	-146,928	-13,668	-1,232	
Interest Paid	7,925	21,073	10,727	8,450	
Direct Taxes Paid	-1,198	-1,030	-6,852	-5,267	
(Inc)/Dec in Wkg. Capital	-6,504	11,072	42,155	-4,894	
CF from Op. Activity	-17,035	-98,885	63,708	25,762	
(Inc)/Dec in FA & CWIP	-31,638	-23,500	-24,000	-25,000	
(Pur)/Sale of Invest.	-1,646	90,537	68,000	20,000	
Inc from Invst	4,692	0	0	0	
CF from Inv. Activity	-28,592	67,037	44,000	-5,000	
Issue of Shares	21	0	0	0	
Inc / (Dec) in Debt	60,977	59,683	-97,550	0	
Interest paid & other Inv	-8,148	-21,073	-10,727	-8,450	
Dividends Paid	-4,831	-2,058	-1,568	-1,568	
CF from Fin. Activity	48,020	36,552	-109,844	-10,018	
Inc / (Dec) in Cash	2,392	4,704	-2,136	10,744	
Add: Op. Balance	175	2,940	7,643	5,508	
Closing Balance	2,940	7,643	5,508	16,252	

Hindustan Zinc



Company description

Hindustan Zinc is a fully integrated zinc smelter with one of the best mining assets in the world. Rampur Agucha mine has high-grade ore and cost of mining is lowest due to open cast operations in Rajasthan. Rajpura Dariba and Zawar have underground operations and are located close to the smelter in Rajasthan. Sindesar Khurd mine is under major expansion, which has richer silver content. Smelters are located in Chanderiya, Debari and Vizag.

Key investment arguments

- ✦ Cost of production of zinc (US\$594/ton in March) and lead is in the lowest decile of global cost curve.
- ✦ US\$900m capex will expand the capacity of zinc and lead from 660,000tpa to 1mtpa by middle of 2010, ensuring volume growth for next 2-3 years.
- ✦ Hindustan Zinc has a very strong balance sheet with zero debt and cash surplus of over US\$2b.
- ✦ Captive coal mine will reduce cost of production further.

Key investment risks

- ✦ Earnings have high sensitivity to metal prices.

Recent developments

- ✦ US\$900m capex planned to expand capacity to 1mtpa.
- ✦ The company has announced that ongoing exploration activities have yielded significant success with an increase of 46.3m tons to its reserves, prior to a depletion of 6.7 mt in FY09. Total reserves and resources as on March 31, 2009 were 272m tons including 31.5m tons of zinc-lead metal.
- ✦ A public interest suit has been dropped against further disinvestment of Hindustan Zinc, which may ease the path for Sterlite to exercise call option on remaining 29.5% government stake.

Valuation and view

- ✦ Valuations at 10.9x FY10E EPS of Rs63.
- ✦ Maintain **Buy** with a price target of Rs 590 (6.5x FY10 EV/EBITDA).

Bloomberg	HZ IN
Equity Shares (m)	422.5
CMP (Rs)	688
Mcap (US\$ b)	6.0
52 W Range	772 / 215
1, 6, 12 Rel Per	7 / 37 / 25

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	64.9	64.9	64.9
Domestic Inst	1.8	2.0	1.4
Foreign	1.6	1.5	2.4
Others	31.6	31.6	31.4

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Net Sales	16,437	17,905	10,692	12,627	15,122	57,660	56,899	
YoY Change (%)	-16.6	-9.8	-35.5	-44.3	-8.0	-26.8	-1.3	
EBITDA	9,777	9,821	3,051	5,551	7,679	28,199	25,896	
YoY Change (%)	-31.9	-30.8	-70.8	-62.5	-21.5	-47.6	-8.2	
EBITDA Margin (%)	59.5	54.8	28.5	44.0	50.8	48.9	45.5	
Adjusted PAT	8,478	9,595	3,688	5,515	7,188	27,276	26,636	
YoY Change (%)	-28.5	-16.4	-53.0	-56.8	-15.2	-38.0	-2.3	

E: MOSL Estimates

Capex of US\$900M

Mining

Rampur Agucha from 5 to 6mtpa by 2010 mid

Sindesar Khurd from 0.3 to 1.5mtpa by 2012 (This will ramp up the production of Silver to 500tons)

Kayar (New mine of 0.3mtpa) by 2012

Smelting - 2010 mid

Zinc 210ktpa hydro smelter at Rajpura Dariba

Lead 100ktpa smelter at Rajpura Dariba

Silver capacity will increase to 500tpa

Captive Power - 2010 mid

2 x80MW thermal power plant at Dariba

Source: Company/MOSL

Hindustan Zinc: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	78,778	57,660	56,899	62,027	
Change (%)	-8.0	-26.8	-1.3	9.0	
Total Expenses	24,994	29,461	31,003	33,211	
EBITDA	53,784	28,199	25,896	28,816	
% of Net Sales	68.3	48.9	45.5	46.5	
Deprn. & Amortization	2,205	2,853	2,992	4,035	
EBIT	51,579	25,346	22,904	24,781	
Net Interest	242	232	179	196	
Other Income	8,516	8,468	10,129	12,458	
PBT	59,853	33,583	32,854	37,042	
Current tax	15,470	5,405	5,330	6,033	
Deffered tax	423	901	888	1,005	
Tax	15,893	6,306	6,218	7,038	
Rate (%)	26.6	18.8	18.9	19.0	
Reported PAT	43,961	27,276	26,636	30,004	
Adjusted PAT	43,961	27,276	26,636	30,004	
Change (%)	-1.0	-38.0	-2.3	12.6	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	4,225	4,225	4,225	4,225	
Reserves	114,257	139,555	164,214	192,236	
Net Worth	118,482	143,781	168,439	196,461	
Total Loans	4	4	4	4	
Deferred Tax Liability	4,597	6,489	8,354	10,466	
Capital Employed	123,083	150,273	176,797	206,931	
Gross Block	51,818	64,143	64,143	93,357	
Less: Accum. Deprn.	14,846	17,699	20,409	24,444	
Net Fixed Assets	36,972	46,444	43,734	68,913	
Capital WIP	4,655	4,655	21,719	4,655	
Investments	63,325	83,849	96,071	117,739	
Curr. Assets	27,116	23,846	23,762	24,327	
Inventory	5,181	3,419	3,374	3,678	
Account Receivables	4,437	2,928	2,889	3,150	
Cash and Bank Balance	13,628	13,628	13,628	13,628	
Others	3,871	3,871	3,871	3,871	
Curr. Liability & Prov.	8,984	8,520	8,489	8,702	
Account Payables	3,547	2,341	2,310	2,518	
Provisions & Others	5,438	6,179	6,179	6,184	
Net Current Assets	18,132	15,326	15,273	15,625	
Appl. of Funds	123,083	150,273	176,797	206,931	

E: MOSL Estimates

RATIOS					
Y/E MARCH	FY08	FY09	FY10E	FY11E	
Basic (Rs)					
EPS	104.0	64.6	63.0	71.0	
Cash EPS	109.3	71.3	70.1	80.6	
BV/Share	280.4	340.3	398.6	465.0	
DPS	5.0	4.0	4.0	4.0	
Payout (%)	5.6	7.2	7.4	6.6	
Valuation (x)					
P/E	6.6	10.7	10.9	9.7	
Cash P/E	6.3	9.6	9.8	8.5	
P/BV	2.5	2.0	1.7	1.5	
EV/Sales	2.7	3.4	3.2	2.6	
EV/EBITDA	4.0	6.9	7.0	5.5	
Dividend Yield (%)	0.7	0.6	0.6	0.6	
Return Ratios (%)					
EBITDA Margins (%)	68.3	48.9	45.5	46.5	
Net Profit Margins (%)	55.8	47.3	46.8	48.4	
RoE	37.1	19.0	15.8	15.3	
RoCE	41.9	16.9	13.0	12.0	
RoC	91.3	42.8	40.9	28.3	
Growth (%)					
Sales	-8.0	-26.8	-1.3	9.0	
EBITDA	-16.1	-47.6	-8.2	11.3	
PAT	-1.0	-38.0	-2.3	12.6	
Leverage Ratio (x)					
Current Ratio	3.0	2.8	2.8	2.8	
Interest Cover Ratio	213.4	109.3	128.0	126.4	
Debt/Equity	0.0	0.0	0.0	0.0	

CASHFLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Pre-tax profit	59,853	33,583	32,854	37,042	
Depreciation	2,205	2,853	2,992	4,035	
(Inc)/Dec in Wkg. Cap.	841	2,806	53	-352	
Tax paid	-15,470	-5,405	-5,330	-6,033	
Other operating activities	1,267	249	696	1,101	
CF from Op. Activity	48,697	34,085	31,265	35,794	
(Inc)/Dec in FA + CWIP	-15,125	-12,325	-17,064	-12,150	
(Pur)/Sale of Investments	-19,292	-20,524	-12,223	-21,667	
CF from Inv. Activity	-34,416	-32,849	-29,287	-33,817	
Dividend (incl. tax)	-1,850	-1,236	-1,977	-1,977	
CF from Fin. Activity	-1,850	-1,236	-1,977	-1,977	
(Inc)/Dec in Cash	12,431	0	0	0	
Add: Opening Balance	1,197	13,628	13,628	13,628	
Closing Balance	13,628	13,627	13,628	13,627	

ICICI Bank

Company description

ICICI Bank is the second largest bank in India with balance sheet size of Rs4t and a wide geographical reach with 1,438 branches and 4,500+ ATMs across the country. It aims to scale up its network by further 550 branches in FY10. ICICI Bank, through its subsidiaries, is a leading player in the businesses of insurance and asset management. Strategic focus has changed from balance sheet growth and market share to improving profitability and return ratios

Key investment arguments

- Modest loan growth (we expect 6% CAGR over FY0-11), improvement in CASA ratio (we expect it to touch 35%) and reduction in bulk deposits would lead to improvement in margins. We expect margins to increase by 30bp over FY09-11.
- Reduced exposure to unsecured retail loans (down to 7.6% of loan book from 10% in FY08) could lead to lower NPAs in future, driving earnings.
- Life insurance venture holds significant value. Increase in FDI limit in insurance would lead to potential unlocking of value for the company.

Key investment risks

- Despite the management's increased focus on asset quality for last 2 years, NPAs have been increasing consistently at a run rate of Rs10-12b/quarter. Reversal of this trend is not visible in near term.
- Restructured loans stood at ~Rs42b or 2.1% of loans as of June 2009 and could go higher.
- With ~60% of liabilities (deposits and borrowing) falling due in <1 year against ~30% of assets and <10% of liabilities maturing in >3 years vs 34% assets, ALM mismatches remain large.

Recent developments

- Ms Chanda Kochhar has been appointed as the new MD and CEO of the bank w.e.f. 1st May 2009
- The bank recently reduced lending rates by 50bp.

Valuation and view

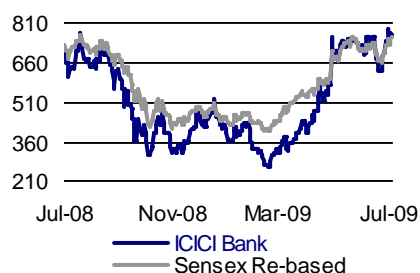
- We expect 16% EPS CAGR over FY09-11E. While RoA should improve to 1.2% by FY11, core RoE would be muted at 12-13% due to lower leverage. We expect Tier I to remain at 10%+ in FY11.
- The stock trades at 1.6x FY11E AP/ABV and 12.4x FY11E AP/EPS. **Buy** at lower levels. Our SOTP FY11E target price is Rs777.

Bloomberg	ICICIB IN
Equity Shares (m)	294.6
CMP (Rs)	767
Mcap (US\$ b)	4.7
52 W Range	808 / 252
1, 6, 12 Rel Per	5 / 33 / 1

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	0.0	0.0	0.0
Domestic Inst	23.5	22.5	17.5
Foreign	66.3	63.8	68.3
Others	10.3	13.8	14.2

Stock Performance (1 year)

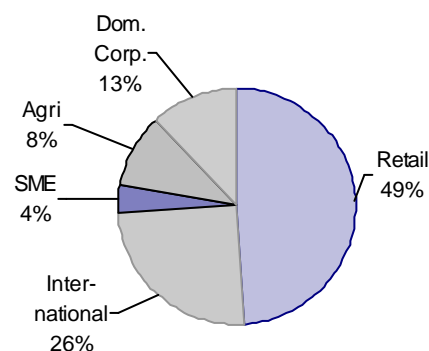


Quarterly Performance

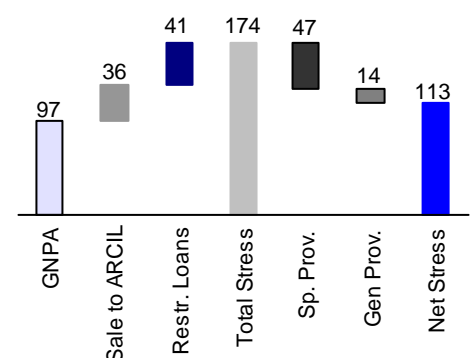
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	20,898	21,476	19,904	21,388	19,853	83,666	86,929
% Change (Y-o-Y)	41.3	20.2	1.6	2.9	-5.0	14.5	3.9
Operating Profit	17,144	22,849	27,708	21,555	25,291	89,253	89,675
% Change (Y-o-Y)	12.5	21.1	22.7	-5.9	47.5	12.1	0.5
Net Profit	7,283	10,142	12,722	7,438	8,782	37,582	38,933
% Change (Y-o-Y)	-6.0	1.2	3.4	-35.3	20.6	-9.6	3.6
Cost/Income Ratio (%)	52.7	43.2	38.5	43.5	37.9	44.1	44.9
Prov./Oper. Profits (%)	46.2	40.4	36.4	50.3	52.3	42.7	40.5

E: MOSL Estimates

Stand alone loan book composition



ICICI Bank's Net Stress Assets (Rs b)



ICICI Bank: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	307,883	310,926	287,437	307,999	
Interest Expended	234,842	227,259	200,508	209,519	
Net Interest Income	73,041	83,666	86,929	98,479	
Change (%)	29.6	14.5	3.9	13.3	
Other Income	88,108	76,038	75,736	79,543	
Net Income	161,149	159,704	162,665	178,023	
Change (%)	28.3	-0.9	1.9	9.4	
Operating Exp.	81,542	70,451	72,990	80,709	
Operating Income	79,607	89,253	89,675	97,313	
Change (%)	35.5	12.1	0.5	8.5	
Provisions & Cont.	29,046	38,083	36,342	28,492	
PBT	50,561	51,171	53,333	68,822	
Tax	8,984	13,588	14,400	18,582	
Tax Rate (%)	17.8	26.6	27.0	27.0	
PAT	41,577	37,582	38,933	50,240	
Change (%)	33.7	-9.6	3.6	29.0	
Proposed Dividend	12,239	12,246	13,359	13,359	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	11,127	11,133	11,133	11,133	
Preference Capital	3,500	3,500	3,500	3,500	
Reserves & Surplus	453,575	484,197	507,500	542,109	
Net Worth	468,202	498,830	522,133	556,742	
Deposits	2,444,311	2,183,478	2,268,710	2,618,605	
Change (%)	6.0	-10.7	3.9	15.4	
Borrowings	863,986	928,055	924,969	898,721	
Other Liabilities & Prov.	221,452	182,644	231,961	294,591	
Total Liabilities	3,997,951	3,793,007	3,947,773	4,368,659	
Current Assets	380,411	299,666	321,767	393,348	
Investments	1,114,543	1,030,580	1,102,721	1,212,993	
Change (%)	22.1	-7.5	7.0	10.0	
Loans	2,256,161	2,183,108	2,193,806	2,373,346	
Change (%)	15.2	-3.2	0.5	8.2	
Net Fixed Assets	41,089	38,016	39,516	41,016	
Other Assets	205,746	241,636	289,963	347,956	
Total Assets	3,997,951	3,793,007	3,947,773	4,368,659	

ASSUMPTIONS	(%)			
Deposit Growth	6.0	-10.7	3.9	15.4
Loans Growth	15.2	-3.2	0.5	8.2
Investments Growth	22.1	-7.5	7.0	10.0
Provisions Coverage Ratio	53.9	52.8	56.0	56.0
Dividend	110.0	110.0	120.0	120.0

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Spreads Analysis (%)					
Avg. Yield - Earning Assets		8.9	8.6	8.1	8.2
Avg. Cost-Int. Bear. Liab.		7.4	7.1	6.4	6.2
Interest Spread		1.4	1.5	1.8	1.9
Net Interest Margin		2.1	2.3	2.5	2.6
Profitability Ratios (%)					
RoE		11.7	7.8	7.7	9.4
Adjusted RoE		14.3	10.0	10.2	12.4
RoA		1.1	1.0	1.0	1.2
Int. Expended/Int.Earned		76.3	73.1	69.8	68.0
Other Inc./Net Income		54.7	47.6	46.6	44.7
Efficiency Ratios (%)					
Op. Exps./Net Income*		53.3	45.4	48.1	46.9
Empl. Cost/Op. Exps.		25.5	28.0	28.1	28.5
Busi. per Empl. (Rs m)		110.2	131.0	115.6	117.6
NP per Empl. (Rs lac)		10.2	10.9	10.2	12.5
* ex treasury					

Asset-Liability Profile (%)		2008	2009	2010E	2011E
Adv./Deposit Ratio		92.3	100.0	96.7	90.6
CASA Ratio %		26.1	28.7	33.0	35.0
Invest./Deposit Ratio		45.6	47.2	48.6	46.3
G-Sec/Invest. Ratio		67.6	61.5	60.1	64.9
Gross NPAs to Adv.		3.3	4.3	4.3	4.2
Net NPAs to Adv.		1.5	2.1	2.0	1.9
CAR		14.0	16.0	15.7	15.7
Tier 1		11.8	11.8	11.3	11.1

VALUATION		2008	2009	2010E	2011E
Book Value (Rs)		418	445	466	497
Price-BV (x)		1.8	1.7	1.6	1.5
ABV (for NPAs) (Rs)		397	418	441	471
Price-ABV (x)		1.9	1.8	1.7	1.6
ABV (for Subs Inv.&NPA) (Rs)		321	310	324	353
Adjusted Price-ABV (x)		2.0	2.1	1.8	1.6
EPS (Rs)		37.4	33.8	35.0	45.1
EPS Growth (%)		8.0	-9.7	3.6	29.0
Price-Earnings (x)		20.5	22.7	21.9	17.0
Adj. Price-Earnings (x)		17.1	19.0	16.5	12.4

Idea Cellular

Company description

Idea Cellular, an Aditya Birla Group company, is India's fifth largest wireless operator with ~11% (incl. Spice) of the wireless sub-base. Idea operates in 17 of 22 telecom circles in India and has licence and spectrum to operate in all 22 circles. Idea is expanding rapidly and has increased its cell-site base by 74% in the past one year.

Key investment arguments

- Idea's strong execution and new circle launches will drive 38% average subscriber growth p.a. during FY09-11. However, EPS CAGR will remain muted at 9%, due to full consolidation of Spice and 'new circle' losses. We expect consolidated EBITDA CAGR of 27% over FY09-11.
- Idea will expand its footprint pan-India post the new circle launches in FY10; EBITDA losses from new operations will drag overall margins.
- Net debt/EBITDA is expected to increase from 1.3x in FY09 to 1.8x in FY11; net debt/ equity likely to increase from 0.3x to 0.4x. Lower margins and high capex intensity would keep return ratios depressed in FY10 and FY11 (RoE and RoIC of 7-10%).

Key investment risks

- Higher-than-expected tariff pressures form irrational pricing by new GSM entrants.
- Aggressive bidding in 3G spectrum auctions.
- Increase in one-time/revenue sharing fee for 2G spectrum allocation.

Recent developments

- Idea recently launched operations in the Tamil Nadu circle.
- Idea received shareholders' approval for the de-merger of tower business.

Valuation and view

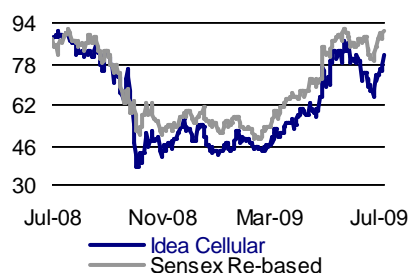
- We maintain Neutral due to lower visibility on new circle losses/NPV and fair valuations - any potential M&A is an upside risk.
- We value Idea's core business at Rs71/share based on 7.5x FY11E EV/EBITDA (10% discount to implied target multiple for Bharti) and stake in Indus at Rs17/share based on a valuation on Rs4.5m/tower.

Bloomberg	IDEAIN
Equity Shares (m)	3100.1
CMP (Rs)	82
Mcap (US\$ b)	5.2
52 W Range	94 / 34
1, 6, 12 Rel Per	-7 / 13 / -11

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	49.1	49.1	57.7
Domestic Inst	8.8	7.8	5.4
Foreign	37.4	38.9	32.0
Others	4.7	4.2	4.9

Stock Performance (1 year)

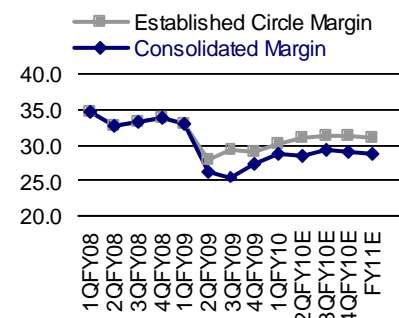


Quarterly Performance (Consolidated)

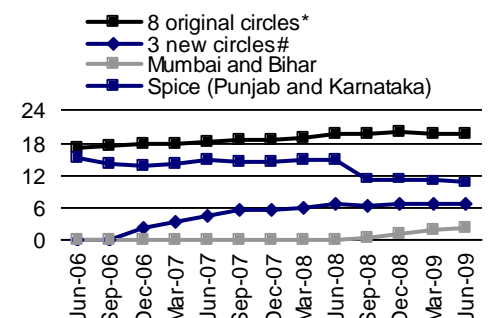
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Gross Revenue	21,781	23,037	27,311	29,356	29,759	101,485	127,429
YoY Change (%)	47.4	47.3	59.7	47.9	36.6	50.6	25.6
EBITDA	7,203	6,068	6,974	8,108	8,599	28,353	36,911
YoY Change (%)	40.2	18.3	22.5	20.4	19.4	24.9	30.2
EBITDA Margin (%)	33.1	26.3	25.5	27.6	28.9	27.9	29.0
Adj. PAT/(Loss)	2,631	1,441	2,194	2,743	2,971	9,008	10,808
YoY Change (%)	-14.7	-34.6	-7.3	-0.9	12.9	-13.6	20.0
Mobile ARPU (Rs/month)	278	261	266	254	232	264	220
Mobile MOU/sub/month	431	421	416	402	399	418	388

E: MOSL Estimates

Margin trend (%)



Subscriber share trend (%)



Source: Company/MOSL

Idea Cellular: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Revenues	67,374	101,485	127,429	163,865	
Change (%)	53.6	50.6	25.6	28.6	
Total Expenses	44,681	73,131	90,518	117,982	
EBITDA	22,693	28,353	36,911	45,882	
% of Gross Sales	33.7	27.9	29.0	28.0	
Depn. & Amortization	8,768	14,039	20,057	25,456	
EBIT	13,925	14,314	16,854	20,426	
Net Interest	2,776	4,943	5,244	7,662	
PBT	11,149	9,371	11,611	12,764	
Tax	725	363	803	1,021	
Rate (%)	6.5	3.9	6.9	8.0	
Adjusted PAT	10,424	9,008	10,808	11,743	
Change (%)	107.5	-13.6	20.0	8.7	
PAT after EO	10,424	9,008	10,808	11,743	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	26,354	31,020	31,020	33,012	
Additional Paid up Capital	21,076	110,338	110,338	139,614	
Reserves	-11,983	-3,072	7,874	19,617	
Net Worth	35,446	138,286	149,232	192,243	
Loans	65,154	89,165	88,337	108,016	
Other Liabilities	661	917	1,116	1,116	
Capital Employed	101,261	228,368	238,685	301,375	
Gross Block	149,443	248,880	303,414	396,446	
Less : Depreciation	42,219	59,982	80,035	105,491	
Net Block	107,224	188,898	223,380	290,956	
Other Non-Current Assets	0	5,440	5,440	5,440	
Curr. Assets	21,060	66,304	46,780	52,450	
Inventories	276	410	480	617	
Debtors	1,986	2,951	3,450	4,437	
Cash & Bank Balance	4,975	51,316	26,952	26,952	
Other Current Assets	13,823	11,627	15,898	20,444	
Curr. Liab. & Prov.	27,022	32,274	36,915	47,470	
Net Curr. Assets	-5,963	34,030	9,865	4,980	
Appl. of Funds	101,261	228,368	238,685	301,375	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	4.0	3.0	3.5	3.6	
Cash EPS	7.3	7.7	10.0	11.3	
Book Value	13.4	46.3	48.1	58.2	
DPS	0.0	0.0	0.0	0.0	
Payout %(Incl.Div.Taxes)	0.0	0.0	0.0	0.0	
Valuation (x)					
P/E	20.7	27.2	23.5	23.1	
Cash P/E	11.3	10.6	8.2	7.3	
EV/EBITDA	11.9	10.3	8.6	7.7	
EV/Sales	4.0	2.9	2.5	2.1	
Price/Book Value	6.1	1.8	1.7	1.4	
Dividend Yield (%)	0.0	0.0	0.0	0.0	
Profitability Ratios (%)					
RoE	36.4	10.4	7.5	6.9	
RoCE	14.7	7.4	6.1	6.2	

Turnover Ratios		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Debtors (Days)	11	11	10	10	
Asset Turnover (x)	0.98	0.77	0.67	0.69	
Leverage Ratio					
Debt/Equity Ratio (x)	1.8	0.6	0.6	0.6	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Op.Profit/(Loss) bef Tax	22,693	28,353	36,911	45,882	
Interest Paid	-2,776	-4,943	-5,244	-7,662	
Direct Taxes Paid	-75	-107	-604	-1,021	
(Inc)/Dec in Wkg. Cap.	1,438	-4,716	-84	4,886	
CF from Op.Activity	21,281	18,587	30,979	42,085	
(inc)/Dec in FA + CWIP	-54,831	-95,713	-54,538	-93,032	
(Pur)/Sale of Investments	-5,548	5,560	0	0	
CF from Inv.Activity	-60,379	-90,153	-54,538	-93,032	
Issue of Shares	3,225	94,073	23	31,268	
Inc/(Dec) in Debt	22,649	24,011	-828	19,679	
Other Financing Activities	-1	-178	-2	-2	
CF from Fin.Activity	25,873	117,907	-805	50,947	
Inc/(Dec) in Cash	-13,225	46,341	-24,364	0	
Add: Opening Balance	18,199	4,975	51,316	26,952	
Closing Balance	4,975	51,316	26,952	26,952	

Indiabulls Financial Services



Company description

Indiabulls Financial Services (IBFSL) a non-banking finance company, with a focus on financing SME, mortgages and property related loans. Its loan book rose from Rs31b (incl securitized) as of March 2007 to Rs104b as of March 2008. However, on back of global financial crisis, IBFSL has consciously slowed down its assets growth and maintained higher cash balance in balance sheet. In FY09, AUM declined to Rs89.3b. Going forward, volume growth, leverage benefits and lower provisions would be key catalysts for earnings.

Key investment arguments

- Strong liquidity in the system and improvement in liability profile augurs well for large players like IBFSL. Incremental costs of borrowing for IBFSL have already come down to 6.75% in 1QFY10 vs 12.5% in FY09.
- Revival of growth (targeting 30% YoY growth or Rs60b in disbursement), attractive yield on niche area of operations and absence of negative carry on excess cash will also help to improve margins.
- Risk of delinquencies expected to be lower than FY09 (and in turn lower credit cost), due to: 1) Improving macro economic situation, 2) Significant fall in STPL and 3) Seasoned loan book .

Key investment risks

- Moderation in economic growth will lead to higher delinquencies and in turn credit cost for the company.

Recent developments

- IBFSL has recently raised US\$200m (12% dilution) for investment in life insurance business (US\$100m), in AMC (US\$20m), and the rest for funding growth.
- IBFSL has signed a JV agreement with Societe Generale for its life insurance foray. The venture is expected to start by the end of CY09.
- The company has also signed an MoU with MMTC for establishing a commodity exchange in which it will own 40% stake.
- IBFSL has received license from SEBI to start its AMC business.

Valuation and view

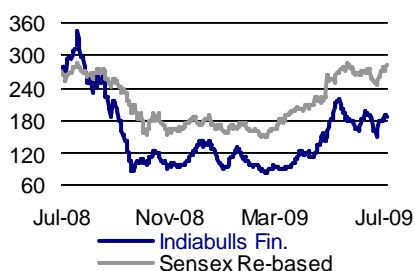
- RoA is likely to improve significantly as business growth starts gaining momentum. However, RoE is expected to come under pressure due to large dilution in FY10.
- The stock trades at P/BV of 1.4x of its FY09 book value of Rs139.

Bloomberg	IBULL IN
Equity Shares (m)	294.6
CMP (Rs)	189
Mcap (US\$ b)	1.2
52 W Range	351 / 77
1, 6, 12 Rel Per	5 / 29 / -35

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	29.7	29.7	29.7
Domestic Inst	0.3	0.9	0.7
Foreign	60.0	60.1	60.2
Others	10.0	9.3	9.4

Stock Performance (1 year)



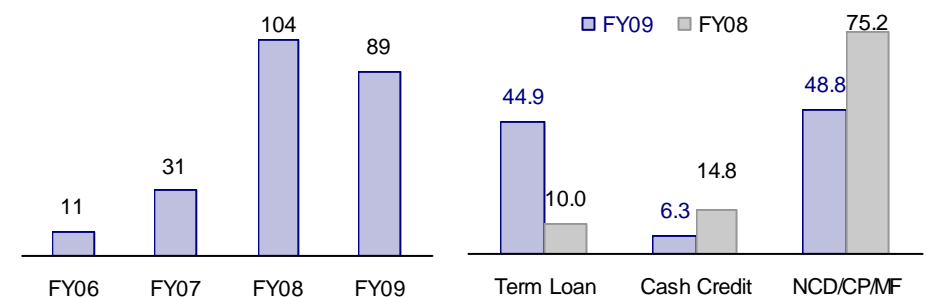
Quarterly Performance

	Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09
Operating Income	5,818	5,637	6,410	5,448	2,536	16,862	20,031	
Change (%)	-	27.3	30.1	25.9	-56.4	-	18.8	
Net Oper. Income	3,735	3,309	3,836	2,543	84	12,965	9,771	
Change (%)	-	-19.2	-13.3	-23.2	-97.8	-	-24.6	
PAT	1,887	1,468	1,336	681	-2,490	5,744	994	
Change (%)	-	-4.1	-28.0	-58.0	-232.0	-	-82.7	
Cost to Inc Ratio (%)	30.5	39.3	54.6	65.6	NA	35.9	81.8	

E: MOSL Estimates

Management Consciously Decided to Consolidate BS in FY09

Dependence on Bank Funding Increased in FY09 (Positive in Long Term)



Source: Company/MOSL

Indiabulls Financial: Financials and valuation

INCOME STATEMENT (CONSOLIDATED)				(RS MILLION)			
Y/E MARCH	2007	2008	2009E	RATIOS			
Operating Income	12,409	16,862	20,031	Ratio Analysis (%)			
Other Income	35	25	27	Cost to Income Ratio	43.6	35.9	81.8
Total Income	12,444	16,888	20,058	PAT Margin	35.6	34.4	5.3
Change (%)		35.7	18.8	Profitability Ratios (%)			
Interest	680	3,923	10,287	RoE	28.0	24.1	2.6
Net Income	11,764	12,965	9,771	Closing D/E (x)	0.7	3.5	1.9
Change (%)		10.2	-24.6	RoA	12.1	5.7	0.6
Operating Expenses	5,134	4,655	7,997	VALUATION			
PBT	6,631	8,310	1,775	Book Value (Rs)	82.6	128.2	138.6
Tax	2,197	2,504	715	Price-BV (x)	2.3	1.5	1.4
Tax Rate (%)	33.1	30.1	40.3	Adjusted BV (Rs)	81.8	128.2	138.6
PAT	4,434	5,806	1,060	Price-ABV (x)	2.3	1.5	1.4
Change (%)		31.0	-81.8	EPS (Rs)	21.5	22.7	3.2
Minority Interest	495	62	65	EPS Growth (%)		5.5	-85.8
PAT	3,939	5,744	995	Price-Earnings (x)	8.8	8.3	58.9
Change (%)		45.8	-82.7				
Proposed Dividend	554	2,660	914				

BALANCE SHEET				(RS MILLION)		
Y/E MARCH	2007	2008	2009E			
Share Capital	3,844	2,076	2,234			
Equity Capital	367	507	620			
Preference Capital	3,478	1,569	1,615			
Share Warrants	135	0	0			
Reserves & Surplus	14,630	31,982	42,310			
Net Worth	18,609	34,058	44,544			
Borrowings	10,659	112,216	80,490			
Change (%)		952.8	-28.3			
Secured Loans	3,358	38,836	29,127			
Unsecured Loans	7,301	73,380	51,363			
Minority Interest	3,460	950	1,070			
Other Liabilities & Prov.	7,883	14,547	28,524			
Total Liabilities	40,611	161,771	154,628			
Cash and Bank Balance	8,054	72,095	73,865			
Investments	5,846	5,127	4,615			
Change (%)		-12.3	-10.0			
Advances	23,872	83,039	75,051			
Change (%)		247.9	-9.6			
Net Fixed Assets	1,541	498	871			
Other Assets	1,298	1,012	227			
Total Assets	40,611	161,771	154,628			

E: MOSL Estimates

Info Edge

Company description

Info Edge operates India's leading online recruitment and classifieds portal (www.naukri.com). In addition, the company derives revenues from its matrimonial portal (www.jeevansathi.com), real estate portal (www.99acres.com) and executive search division (www.quadranglesearch.com).

Key investment arguments

- Expected beneficiary of increase in internet and PC penetration and India's changing demographic profile, with 60% of e-commerce transactions done by people in 20-40 year age-group.
- Well placed to tap the recruitment market in case of an upturn, on account of it being the market leader in online recruitment through naukri.com.
- Diversification of growth through offerings across matrimonial, real estate and education helped post higher growth of 46% in FY09 v/s 11% growth in recruitment business.
- FY07-FY09 revenue and earnings CAGR of 33% and 37%, respectively, with stability in EBITDA margins at ~26% levels, in spite of economic pressures in FY09.

- Strong balance sheet, with Rs3,413m in cash and cash equivalents (Rs125 per share) and no debt.

Key investment risks

- Slowdown in the Indian economy and recruitment market could adversely affect naukri.com (86% of revenues in FY09).
- Continued losses in businesses other than recruitment could put pressure on margins.

Recent developments

- Launched fresher hiring site FirstNaukri.com in January 2009.
- Launched shiksha.com, an educational information website in May 2008.

Valuation and view

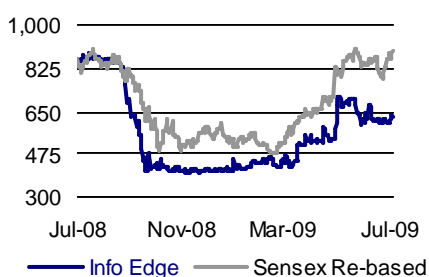
- Stock trading at a P/E of 29.6x FY09 earnings. Commands a premium on account of its web properties being No.1 in recruitments (naukri.com) and online real estate (99acres.com) and No.3 in matrimonials (jeevansathi.com)

Bloomberg	INFOE IN
Equity Shares (m)	27.3
CMP (Rs)	628
Mcap (US\$ b)	0.4
52 W Range	952 / 376
1, 6, 12 Rel Per	-6 / -30 / -31

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.2	54.2	54.2
Domestic Inst	1.8	1.8	2.7
Foreign	30.4	30.4	28.6
Others	13.7	13.7	14.6

Stock Performance (1 year)

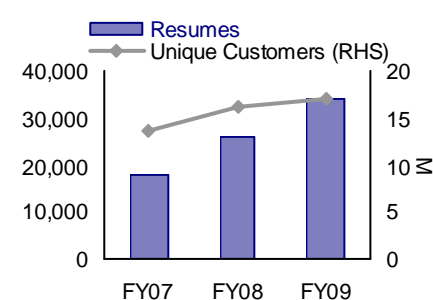


Quarterly Performance

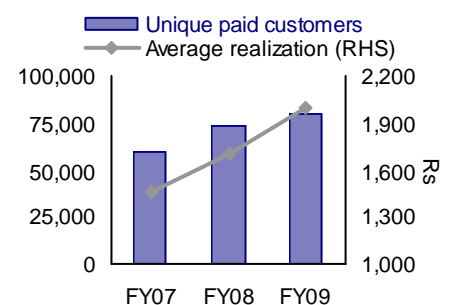
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Net Sales	631	654	589	577	529	2,189	2,452
YoY Change (%)	-	24.4	7.5	-11.2	-16.2	39.0	12.0
EBITDA	167	155	149	181	129	635	652
YoY Change (%)	-	-4.8	-3.7	-8.7	-23.0	70.6	2.8
EBITDA Margin (%)	26.5	23.7	25.4	31.3	24.3	29.0	26.6
Reported PAT	130	157	172	138	133	555	597
YoY Change (%)	-	3.5	31.5	-11.4	2.5	105.0	7.6
PAT Margin (%)	20.5	24.0	29.2	24.0	25.1	25.3	24.3

E: MOSL Estimates

Resume repository continues to grow in Naukri.com



Jeevansathi.com - Growth in customers and realization



Source: Company/MOSL

Info Edge: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Net Sales	915	1,575	2,189	2,458	
Changes (%)		72.1	39.0	12.3	
Raw Materials	0	0	0	0	
Employee Cost	280	457	709	899	
Other Mfg. Expenses	409	746	835	897	
EBITDA	226	372	645	662	
% of Net Sales	24.7	23.6	29.5	26.9	
Depreciation	28	46	56	71	
EBIT	198	326	590	591	
Interest	4	7	11	17	
Other Income	17	76	207	279	
PBT	210	395	786	853	
Tax	77	124	231	270	
Rate (%)	36.8	31.5	29.4	31.7	
Reported PAT	133	271	555	582	
Changes (%)		103.8	104.8	5.0	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Share Capital	218	273	273	273	
Reserves	29	1,857	2,391	2,951	
Net Worth	247	2,130	2,664	3,224	
Loans	2	4	4	4	
Deferred Tax Liabilities	2	(7)	(11)	(19)	
Capital Employed	251	2,127	2,657	3,209	
Gross Fixed Assets	152	204	474	528	
Less : Depreciation	57	102	156	226	
Net Fixed Assets	95	102	318	302	
Capital WIP	-	2	63	83	
Investment	126	2,180	2,654	183	
Curr. Assets	527	797	660	3,436	
Debtors	12	23	36	35	
Cash & Bank Balance	321	416	485	3,221	
Loans & Advances	194	359	139	180	
Curr. Liab. & Provisions	497	954	1,038	795	
Creditors	74	142	248	158	
Other Liabilities	284	527	746	576	
Provisions	139	285	45	61	
Net Current Assets	30	(157)	(378)	2,641	
Application of Funds	252	2,127	2,657	3,209	

RATIOS		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Basic (Rs)					
EPS	6.0	9.8	20.2	21.2	
Growth (%)		63.7	106.1	5.1	
Cash EPS	7.2	11.5	22.2	23.8	
Growth (%)		58.6	93.6	7.1	
Book Value	11.3	78.0	97.6	118.1	
DPS	0.6	0.7	0.8	0.8	
Payout (%)	12.6	7.6	3.7	3.5	
Valuation (X)					
P/E	105.0	64.1	31.1	29.6	
Cash P/E	86.7	54.7	28.3	26.4	
EV/EBITdA	74.0	39.1	21.7	20.8	
EV/Sales	18.2	9.2	6.4	5.6	
Price/ Book Value	55.5	8.0	6.4	5.3	
Profitability Ratios (%)					
RoE	53.7	22.8	23.1	19.8	
RoCE	78.9	27.4	24.7	20.1	
Turnover Ratios (x)					
Fixed Assets	6.0	8.9	7.0	4.9	
Inventory	0.0	0.0	0.0	0.0	
Debtors	75.0	90.5	81.3	70.0	
Leverage Ratio (x)					
Debt/Equity	0.0	0.0	0.0	0.0	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009	
Profit before Tax		395	786	853	
Add : Deprn. & Amort.		47	56	71	
Interest		7	11	17	
Less : Direct Taxes Paid		-124	-231	-270	
(Inc)/Dec in WC		281	291	-284	
CF from Operations		606	913	387	
(Inc)/Dec in FA		-55	-334	-75	
(Pur)/Sale of Investments		-2,068	-482	2,455	
CF from Investments		-2,123	-815	2,381	
Inc/(Dec) in Net Worth		1,636	3	2	
Inc/(Dec) in Debt		7	5	7	
Less : Interest Paid		-7	-11	-17	
Dividend Paid		-24	-24	-24	
CF from Fin. Activity		1,612	-27	-32	
Inc/Dec of Cash		94	70	2,736	
Add: Beginning Balance		321	416	485	
Closing Balance		416	485	3,221	

Infosys Technologies



Company description

Infosys is the second largest IT Services company in India with revenues of US \$4.7b and employing over 103,000 people. Infosys has a global footprint in 23 countries and development centers in India, China, Australia, the UK, Canada and Japan. Infosys' service offerings span Business and Technology consulting, ADM, SI, Product engineering, IT infrastructure services and BPO.

Key investment arguments

- ✎ We expect Infosys to post US\$ revenue growth at 12.3% in FY11 after a de-growth of 2.6% in FY10. Our expectations of a rebound in FY11 hinge upon stability in BFSI and Telecom, which contribute ~50% of Infosys revenues, and continued growth in manufacturing and retail.
- ✎ We also expect large service lines like ADM & ES to resume growth after sluggishness in FY09. Within service lines IMS, engineering services and BPO (together 15% of revenue) are the only service lines showing secular positive growth YoY.
- ✎ Infosys has shown impressive cost management in 1QFY10, by staff cost rationalization and has reduced guidance for EBITDA margin decline to 150bp from 300bp earlier. We believe the company can keep the

margin damage to ~50bp in FY10, unless currency appreciates further. We expect an EBITDA margin decline of 120bp over FY09-FY11E.

Key investment risks

- ✎ We believe the expected induction of freshers from 2QFY10 onwards would put pressure on utilization, we are building in a 170bp decline in utilization in FY10 over FY09 levels.
- ✎ Infosys has in FY09 and 1QFY10 been hit hard by declining trend of revenues from its top client BT. Further decline in BT revenues will absorb growth from other accounts, thus hindering hints of recovery.

Recent developments

- ✎ Won 3 large outsourcing and 3 large transformational deals in 1QFY10
- ✎ Telstra, Australia's leading telecommunications and information services company, selected Infosys as one of its key strategy partners to support its five-year AUD450 million contracts for application development and maintenance.

Valuation and view

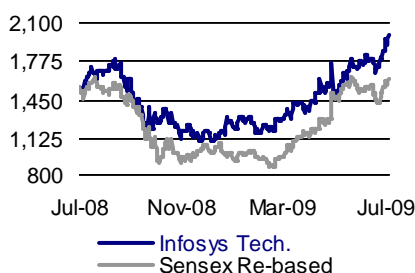
- ✎ Valuations at 20.2x FY10 and 19.8x FY11.
- ✎ Maintain **Neutral** with a price target of Rs1,615.

Bloomberg	INFO IN
Equity Shares (m)	573.7
CMP (Rs)	2,003
Mcap (US\$ b)	23.8
52 W Range	2070 / 1040
1, 6, 12 Rel Per	7 / -11 / 24

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	16.5	16.5	16.5
Domestic Inst	8.3	7.7	7.9
Foreign	54.8	54.9	53.3
Others	20.4	20.9	22.3

Stock Performance (1 year)



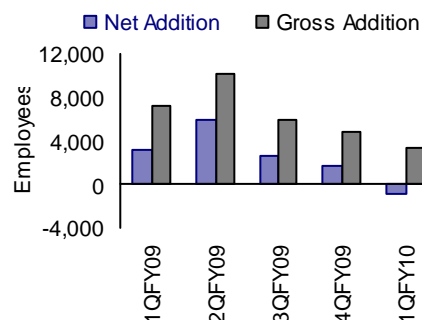
Quarterly Performance (Indian GAAP)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
USD\$ Revenues	1,155	1,216	1,171	1,121	1,122	4,663	4,540
YoY Change (%)	24.5	19.0	8.0	-1.9	-2.8	11.6	-5.5
Revenues	48,540	54,180	57,860	56,350	54,720	216,930	217,093
QoQ Change (%)	6.9	11.6	6.8	-2.6	-2.9	30.0	0.1
Operating Profit	14,790	17,940	20,310	18,910	18,680	71,950	71,229
Margin (%)	30.5	33.1	35.1	33.6	34.1	33.2	32.8
Adjusted PAT	13,020	14,320	16,430	16,130	15,270	59,880	56,922
QoQ Change (%)	4.2	10.0	14.7	-1.8	-5.3	28.5	-4.9

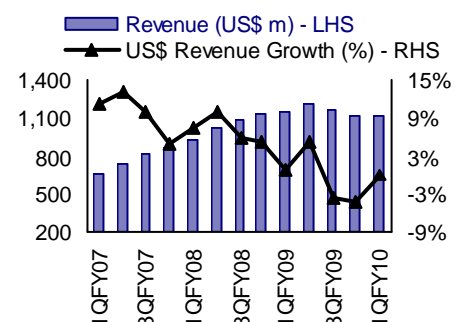
E: MOSL Estimates

Staff Cost Rationalization Boosts

EBITDA Margins



Stability in Revenues in 1QFY10



Source: Company/MOSL

Infosys: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Sales	166,920	216,930	217,093	234,477	
Change (%)	20.1	30.0	0.1	8.0	
Software Develop. Exp.	92,070	117,650	117,160	128,712	
Selling and Mktg. Exp.	9,160	11,040	11,434	13,042	
Administration Exp.	13,310	16,290	17,270	17,732	
EBITDA	52,380	71,950	71,229	74,991	
% of Net Sales	31.4	33.2	32.8	32.0	
Depreciation	5,980	7,610	8,703	8,466	
Other Income	7,040	4,730	8,690	9,827	
PBT	53,440	69,070	71,215	76,353	
Tax	8,060	10,270	14,293	18,325	
Rate (%)	15.1	14.9	20.1	24.0	
Adjusted PAT	45,380	58,800	56,922	58,028	
Extraordinary Items	-1,210	-1,080	0	0	
Reported PAT	46,590	59,880	56,922	58,028	
Change (%)	20.8	28.5	-4.9	1.9	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	2,860	2,860	2,860	2,860	
Reserves	135,090	179,680	218,383	256,302	
Net Worth	137,950	182,540	221,243	259,162	
Loans	-	-	-	-	
Capital Employed	137,950	182,540	221,243	259,162	
Gross Block	54,390	70,930	78,120	87,120	
Less : Depreciation	19,860	24,160	32,853	41,319	
Net Block	34,530	46,770	45,267	45,801	
CWIP	13,240	6,770	5,570	5,570	
Investments	720	0	11,520	11,520	
Curr. Assets	131,370	167,720	194,018	234,568	
Debtors	32,970	36,720	35,687	38,544	
Cash & Bank Balance	69,500	96,950	121,583	153,207	
Loans & Advances	27,710	32,790	35,399	41,466	
Other Current Assets	1,190	1,260	1,350	1,350	
Current Liab. & Prov	41,910	38,720	35,131	38,296	
Current Liabilities	19,120	20,040	19,908	21,767	
Provisions	22,790	18,680	15,223	16,529	
Net Current Assets	89,460	129,000	158,887	196,271	
Application of Funds	137,950	182,540	221,243	259,162	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	79.2	102.5	99.2	101.2	
Cash EPS	89.8	116.1	114.7	116.2	
Book Value	241.2	319.1	386.8	453.1	
DPS	33.2	23.5	28.0	30.0	
Payout % (excl.div.taxes)	42.0	22.9	28.3	29.7	
Valuation (x)					
P/E	25.3	19.5	20.2	19.8	
Cash P/E	22.3	17.3	17.5	17.2	
EV/EBITDA	20.5	14.6	14.2	13.1	
EV/Sales	6.4	4.8	4.7	4.2	
Price/Book Value	8.3	6.3	5.2	4.4	
Dividend Yield (%)	1.7	1.2	1.4	1.5	
Profitability Ratios (%)					
RoE	36.2	36.7	28.2	24.2	
RoCE	37.0	40.2	31.0	27.7	
Turnover Ratios					
Debtors (Days)	63	59	61	58	
Fixed Asset Turnover (x)	5.6	5.5	4.9	5.4	
Leverage Ratio (x)					
Debt/Equity Ratio(x)	0.0	0.0	0.0	0.0	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
CF from Operations	52,300	67,420	65,536	66,494	
Cash for Working Capital	-3,770	-12,020	-5,164	-5,760	
Net Operating CF	48,530	55,400	60,372	60,734	
Net Purchase of FA	-16,040	-13,380	-6,000	-9,000	
Net Purchase of Invest.	-470	720	-11,520	0	
Net Cash from Invest.	-16,510	-12,660	-17,520	-9,000	
Proceeds from Equity	1,010	440	550	0	
Dividend Payments	-22,240	-15,730	-18,769	-20,110	
Cash Flow from Fin.	-21,230	-15,290	-18,219	-20,110	
Net Cash Flow	10,790	27,450	24,633	31,625	
Opening Cash Bal.	58,710	69,500	96,950	121,582	
Add: Net Cash	10,790	27,450	24,633	31,625	
Closing Cash Bal.	69,500	96,950	121,582	153,207	

Jaiprakash Associates



Company description

Jaiprakash Associates (JPA) is diversified infrastructure player with presence in Cement, Power, Roads, Real Estate and Hospitality. The company is set to become third largest cement player by FY11 with target capacity of 33.5m tons, is amongst the top 10 private sector power project developer currently in terms of project under development/pipeline (13GW) and has access to ~3.7bsf of land bank in and around NOIDA.

Key investment arguments

- Jaiprakash targets to add 9.3m ton of cement capacity in FY10, vs FY09 capacity of 13.5m ton. Cement volumes expected at 11m ton+ in FY10E, vs 7.6m ton in FY09.
- EPC order book position of Rs410b provides strong revenue visibility, as well as the project pipeline for group. Earnings for EPC division expected to grow by 13% over FY09-11E
- Real estate monetization at Jaypee Greens NOIDA project has been encouraging. It has pre-sold 9.96msf of land at an average realization of Rs3,815/sq.ft. Advances received towards project stands at Rs12.6b on pre-sales of Rs38b.

Key investment risks

- Equity funding of ~Rs20b Taj Expressway project is contingent on monetization of real estate.
- Equity funding for power projects over FY10-11E is expected at Rs40-45b, of which company has raised Rs16-17b through securitization of VishnuPrayag cashflows, while it plans to raise Rs15b in consolidated entity.

Recent developments

- JPA has sold 2.5m shares (of the total 203m shares) as part of the treasury stock at ~Rs200/sh, and raised ~Rs5b.
- Recently, the Jaiprakash group approved the merger of JPVL with the JHPL wef April 2009. The proposed merger values JPVL at Rs125b+, this will also facilitated possible fund raising for power projects

Valuation and view

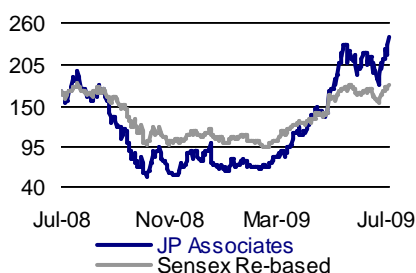
- Trades at a PER of 28x FY11E and P/BV of 4.3x.
- SOTP based target price of Rs227/share, comprising of E&C and Cement business at Rs55/sh (net off debt), Power business Rs49/sh, Real Estate at Rs91/sh (of which Taj Expressway Rs80/sh) and Treasury stock at Rs32/sh. **Buy.**

Bloomberg	JPA IN
Equity Shares (m)	1404.6
CMP (Rs)	242
Mcap (US\$ b)	7.0
52 W Range	251 / 47
1, 6, 12 Rel Per	7 / 215 / 37

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	50.1	45.2	44.5
Domestic Inst	10.4	11.8	11.6
Foreign	24.5	25.0	26.8
Others	15.1	18.0	17.2

Stock Performance (1 year)

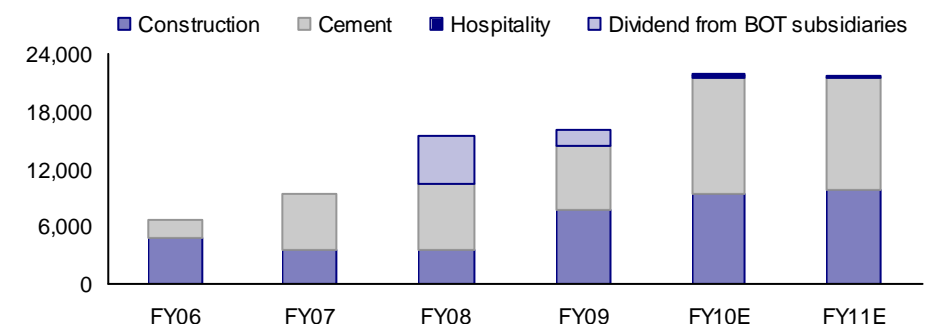


Quarterly Performance (Standalone)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales	11,487	11,825	13,217	20,846	20,671	57,750	93,447
YoY Change (%)	23.9	37.2	46.9	63.1	79.9	45.6	61.8
EBITDA	3,123	3,477	2,473	7,050	5,417	16,123	33,179
YoY Change (%)	30.6	57.3	10.9	78.2	73.5	49.5	105.8
EBITDA Margin (%)	27.2	29.4	18.7	33.8	26.2	27.9	35.5
Reported PAT	1,273	2,030	1,655	3,853	4,912	8,812	17,124
Adjusted PAT	1,273	2,030	2,105	3,153	2,181	8,562	14,393
YoY Change (%)	-9.1	95.2	34.9	50.3	71.4	40.4	68.1

E: MOSL Estimates

Segmental EBIT composition (Rs m)



Source: Company/MOSL

Jaiprakash Associates: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Net Sales	39,670	57,703	87,283	95,160	Basic (Rs)				
Change (%)	14.5	45.5	51.3	9.0	Adjusted EPS	5.2	7.2	8.4	8.2
Cons. & Mfg. Expen.	19,562	31,334	48,341	53,913	Growth (%)	31.8	38.6	16.1	-2.0
Employee Cost	2,553	3,319	3,817	4,580	Consolidated EPS	7.3	9.5	10.2	10.0
Selling & Dist. Expenses	3,689	4,058	4,464	4,910	Growth (%)	45.5	29.9	6.6	-1.6
Other Expenses	3,080	2,869	3,250	3,397	Cash EPS	6.9	9.7	11.5	12.5
Total Expenses	28,884	41,580	59,871	66,800	Book Value	39.2	47.3	46.7	53.1
					DPS	1.0	1.4	1.7	1.6
					Payout (incl. Div. Tax.)	22.0	22.2	22.8	22.8
EBITDA	10,786	16,123	27,412	28,360	Valuation (x)				
% of Net Sales	27.2	27.9	31.4	29.8	P/E (standalone)	43.3	31.3	26.9	27.5
Depreciation	2,030	2,958	4,395	6,011	P/E (consolidated)	30.7	23.6	22.2	22.6
Interest	3,392	5,024	8,199	7,672	Cash P/E	32.5	23.2	19.6	18.0
Other Income	3,069	4,147	2,586	2,644	EV/EBITDA	30.5	22.6	15.8	15.4
					EV/Sales	8.3	6.3	5.0	4.6
PBT	8,433	12,289	17,404	17,321	Price/Book Value	5.7	4.8	4.8	4.2
Tax	2,336	3,477	5,634	5,783	Dividend Yield (%)	0.4	0.6	0.7	0.7
Rate (%)	27.7	28.3	32.4	33.4	Profitability Ratios (%)				
Reported PAT	6,097	8,812	11,770	11,538	RoE	16.3	16.8	19.3	16.5
Extra-ord. Inc. (net of exp.)	0	250	0	0	RoCE	10.6	11.2	13.6	12.3
Adjusted PAT	6,097	8,562	11,770	11,538	Turnover Ratios				
Change (%)	40.8	40.4	37.5	-2.0	Debtors (Days)	54	54	52	50
					Asset Turnover (x)	0.4	0.4	0.5	0.5
					Leverage Ratio				
					Debt/Equity (x)	1.8	2.0	2.0	1.6
					CASH FLOW STATEMENT				
					(RS MILLION)				
					Y/E MARCH	2008	2009E	2010E	2011E
					PBT before EO Items	8,433	12,289	17,404	17,321
					Add : Depreciation	2,030	2,958	4,395	6,011
					Interest	3,392	5,024	8,199	7,672
					Less : Direct Taxes Paid	2,336	3,477	5,634	5,783
					(Inc)/Dec in WC	369	-9,726	-4,857	-1,583
					CF from Operations	11,889	7,068	19,507	23,638
					(Inc)/Dec in FA	-29,835	-23,725	-14,500	-7,000
					(Pur)/Sale of Investments	-14,461	-12,297	-12,863	-10,478
					CF from Investments	-44,295	-36,022	-27,363	-17,478
					(Inc)/Dec in Networth	13,097	3,298	936	500
					(Inc)/Dec in Debt	27,898	29,327	18,303	-8,559
					Less : Interest Paid	3,392	5,024	8,199	7,672
					Dividend Paid	1,341	1,952	2,684	2,631
					CF from Fin. Activity	36,262	25,650	8,356	-18,361
					Inc/Dec of Cash	3,856	-3,304	501	-12,201
					Add: Beginning Balance	14,298	18,154	14,850	15,351
					Closing Balance	18,154	14,850	15,351	3,150

E: MOSL Estimates

Jet Airways

Company description

Jet Airways (JAL) commenced operations in May 1993 and has established itself as a market leader in India's domestic airlines business. It has ~22% market share and ~31% including Jet Lite. It has scaled-up its international operations, flying to several destinations in the Asia Pacific, the US, Europe and the Middle East. JAL plans to increase its fleet size to 89 aircraft in FY10 from 81 in FY08.

Key investment arguments

- ✎ The company is focusing on cost cutting especially in its domestic operations and has consequently launched a low-cost service, Jet Konnect. It operates 12 aircraft and is likely to increase that number to 24 by the end of FY10.
- ✎ The management has undertaken various steps to cut costs in Jet Lite such as renewing its ageing fleet and rationalizing manpower costs. The company is likely to renew leases of its old aircraft with new ones, which will reduce the age of its fleet from eight years to four in FY11.

Key investment risks

- ✎ High fuel costs
- ✎ Slowing passenger demand and intense competition
- ✎ Poor aviation infrastructure, a possible roadblock

Recent developments

- ✎ The management has outlined a US\$600m cost reduction program, which includes (i) rationalization of its network and (ii) reducing staff costs and administrative and S&GA expenses.
- ✎ JAL's international operations have stabilized after it reduced capacity. Nine out of 22 wide-body aircraft have been leased out.

Valuation and view

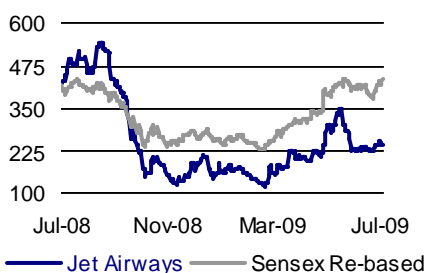
- ✎ We believe JAL is a good proxy for the Indian aviation industry with ~31% market share. JAL's international operations are likely to fare better than domestic operations due to less competition and lower fuel prices. The domestic operations will continue to face significant pressure on profitability due to (i) slowing passenger demand (ii) sharp depreciation of the rupee against the US dollar and (iii) intense competition. Not rated.

Bloomberg	JETIN IN
Equity Shares (m)	86.3
CMP (Rs)	247
Mcap (US\$ b)	0.4
52 W Range	567 / 115
1, 6, 12 Rel Per	2 / -23 / -45

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	80.0	80.0	80.0
Domestic Inst	7.3	6.6	6.1
Foreign	5.1	3.9	10.4
Others	7.6	9.6	3.5

Stock Performance (1 year)



Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09*
Operating Income	28,672	30,804	29,089	22,634	20,850	126,559
YoY Change (%)	58.7	69.4	19.9	-18.0	-27.3	23.5
EBITDA	-3,951	-3,505	1,647	3,073	-1,044	-8,587
EBITDA Margin (%)	-13.8	-11.4	5.7	13.6	-5.0	-6.8
Reported PAT	1,434	-3,845	-2,142	530	-2,253	-9,614
PAT Margin (%)	5.0	-12.5	-7.4	2.3	-10.8	-7.6

* Consolidated

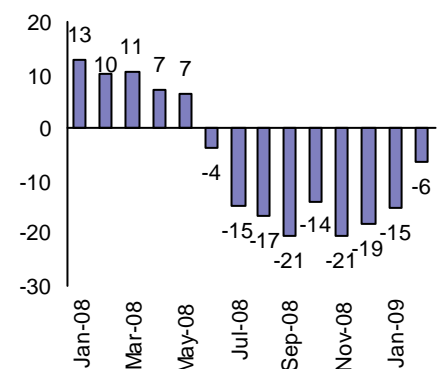
E: MOSL Estimates

Indian Aviation Sector - Fleet Expansion Additions

	FY08	FY09E	FY10E
Jet Airways	58	58	55
IA + Alliance Air	55	57	59
Go Air	6	6	8
Indigo	18	23	29
Air Sahara	24	23	21
Paramount	5	15	25
Spice Jet	15	15	15
Kingfisher Red	41	37	36
Kingfisher	41	37	36
Jagson Airlines	6	6	6
Total	269	277	290
YoY Growth (%)	14	3	5

Source: DGCA/Company/Media Reports

Monthly Domestic Passenger Traffic Growth - YoY Change (%)



Source: DGCA/Press Reports

Jet Airways: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2006	2007	2008*	2009*	Y/E MARCH	2006	2007	2008*	2009*
Net Sales	56,458	70,578	102,456	130,779	Basic (Rs)				
Change (%)	30.1	25.0	45.2	27.6	EPS	52.4	3.2	-75.7	-111.4
Total Operating Expenses	47,173	66,957	104,085	139,366	Cash EPS	99.4	51.2	25.2	-141.8
Fuel	16,789	24,276	40,700	58,536	Book Value per Share	267.1	259.2	493.0	396.0
Rentals	4,340	6,458	8,216	10,429	DPS	6.0	6.0	0.0	0.0
Employee Cost	5,672	9,381	8,018	9,021	Valuation (x)				
Selling & Distribution Cost	7,261	8,009	11,137	12,040	P/E				N.A
Other Operating Expenses	13,111	18,833	36,015	49,341	Cash P/E				N.A
EBITDAR	13,625	10,079	6,586	1,842	EV/EBITDAR				93.9
% of Net Sales	24	14	6	1	EV/EBITDA				N.A
EBITDA	9,285	3,621	-1,630	-8,587	EV/Sales				1.3
Change (%)	-23.3	-61.0	-145.0	426.9	Price to Book Value				0.6
% of Net Sales	16.4	5.1	-1.6	-6.6	Dividend Yield (%)				0.0
Depreciation	4,064	4,141	8,018	9,021	Profitability Ratios (%)				
EBIT	5,221	-520	-9,648	-17,608	RoE	20.9	1.2	-20.1	-25.1
Interest & Finance Charges	2,416	2,402	5,225	8,023	RoCE	8.2	-0.6	-7.5	-9.4
Other Income	4,417	3,435	7,452	3,710	Turnover Ratios				
Exceptional Items	0	0	-695	11,651	Debtors (Days)	28	31	50	23
PBT	7,223	514	-7,421	-21,921	Inventory (Days)	26	23	22	19
Tax	2,702	234	-1,577	-656	Creditors (Days)	69	96	153	109
Effective Rate (%)	37.4	45.6	21.2	3.0	Working Capital (Days)	165	65	-13	5
Reported PAT	4,520	279	-6,539	-9,614	Asset Turnover (x)	0.8	0.8	0.6	0.6
Change (%)	15.3	-93.8	-2,440.3	47.0	Fixed Asset Turnover (x)	1.3	1.2	0.6	0.7
Adjusted PAT	4,520	279	-5,844	-21,265	Leverage Ratio				
					Debt/Equity (x)	2.1	2.7	2.9	4.9
BALANCE SHEET									
(RS MILLION)									
Y/E MARCH	2006	2007	2008*	2009*					
Equity Capital	863	863	863	863					
Share Capital	863	863	863	863					
Reserves	22,196	21,509	41,697	33,321					
Net Worth	23,059	22,373	42,560	34,184					
Loans	48,956	60,563	122,053	166,340					
Deferred Tax Liability	3,207	3,311	5,727	2,750					
Capital Employed	75,221	86,246	170,340	203,274					
Goodwill	0	0	18,724	18,724					
Gross Fixed Assets	43,721	57,138	166,687	188,450					
Less: Depreciation	22,496	24,163	25,560	25,502					
Net Fixed Assets	21,225	32,975	141,127	162,948					
Capital WIP	26,657	39,945	13,026	6,571					
Investments	1,872	689	104	1,000					
Curr. Assets	38,754	33,645	41,538	42,943					
Inventory	4,053	4,390	6,044	6,963					
Sundry Debtors	4,332	6,039	13,990	8,075					
Cash & Bank Balances	21,043	10,966	9,584	14,662					
Loans & Advances, etc	9,327	12,249	11,921	13,243					
Current Liab. & Prov.	13,286	21,008	45,230	41,125					
Creditors, etc	10,656	18,526	43,005	38,917					
Provisions	2,630	2,482	2,225	2,208					
Net Current Assets	25,468	12,637	-3,692	1,818					
Profit and Loss Account			1,052	12,213					
Application of Funds	75,221	86,246	170,340	203,274					

Note: * Consolidated

Jindal Steel & Power

Company description

Jindal Steel & Power (JSPL) has set up 3mtpa steel plant, 340MW of captive power and developed captive coal mines at Raigarh in Chhattisgarh. Captive iron ore mines are located in Orissa. Jindal Power (wholly owned subsidiary) has set up a 1,000MW thermal power plant at Raigarh in Chhattisgarh.

Key investment arguments

- ✦ JPL has unique advantage because it can sell most of its power at lucrative short-term merchant rates.
- ✦ Cost of power generation is lowest because plant is located on captive mine pit head.
- ✦ Steel production is expected to double in 2-3 years from existing plant on ramp up.
- ✦ Several earnings growth drivers over the next decade:
 - (1) Greenfield steel projects in Orissa and Jharkhand,
 - (2) Iron ore mining in Bolivia,
 - (3) Oil & gas exploration in India & Georgia, and
 - (4) At JPL, 2,400MW expansion, 1,350MW CPP and 4,500MW hydro project.

Key investment risks

- ✦ Steel business is exposed to volatility of steel prices and input price risk of coking coal.
- ✦ JPL has not signed long-term power purchase agreements (PPA), which exposes its cash flows to volatility of spot power rates.

Recent developments

- ✦ Order for boiler, turbine and generator (BTG) for 2,400MW expansion has been placed with BHEL in December 2008.
- ✦ 1,350MW of CPP was ordered in 2008.

Valuation and view

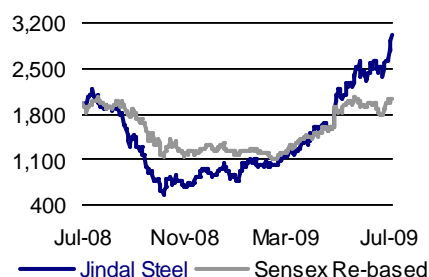
- ✦ We expect consolidated entity earnings CAGR of 20-30% during FY09-14, in which both steel and power segments will contribute equally.
- ✦ JSPL has rich coal and iron ore resources. We believe high RoE projects will get most of capital allocation, like in past.
- ✦ We have a **Buy** rating on the stock.

Bloomberg	JSP IN
Equity Shares (m)	154.0
CMP (Rs)	3,004
Mcap (US\$ b)	9.6
52 W Range	3124 / 517
1, 6, 12 Rel Per	22 / 209 / 48

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	58.7	58.8	58.6
Domestic Inst	4.5	5.3	4.9
Foreign	21.8	19.9	24.0
Others	15.0	16.1	12.5

Stock Performance (1 year)

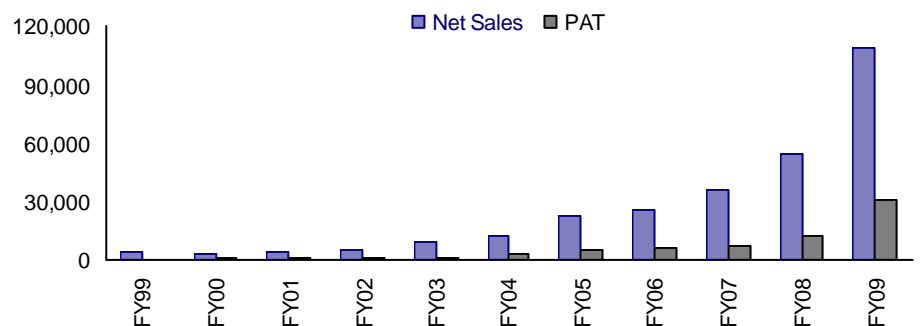


Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	18,953	22,161	17,811	17,607	15,761	76,532	75,268
YoY Change (%)	55.0	74.6	27.6	15.6	-16.8	41.4	-1.7
EBITDA	7,825	8,551	6,846	4,307	5,587	27,029	27,254
YoY Change (%)	63.3	58.2	28.6	-36.6	-28.6	18.7	0.8
EBITDA Margin (%)	41.3	38.6	38.4	24.5	35.4	35.3	36.2
Adjusted PAT	4,576	5,336	3,792	3,153	3,001	16,978	16,229
YoY Change (%)	97.5	92.3	18.8	-34.2	-34.4	23.7	-4.4
Consolidated PAT	4,989	8,483	9,538	8,798	9,885	30,572	36,461
YoY Change (%)	115.3	205.7	198.9	83.6	98.1	144.3	19.2

E: MOSL Estimates

Net Sales and PAT CAGR of 40% and 52% Respectively in 10 Years (Rs m)



Source: Company/MOSL

Jindal Steel: Financials and valuation

INCOME STATEMENT (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	54,890	108,443	113,248	126,419	
Change (%)	55.9	97.6	4.4	11.6	
Total Expenses	31,217	56,248	54,641	61,125	
EBITDA	23,673	52,195	58,607	65,293	
% of Net Sales	43.1	48.1	51.8	51.6	
Deprn. & Amortization	4,793	9,641	9,321	10,442	
EBIT	18,880	42,554	49,286	54,852	
Net Interest	2,545	4,567	5,196	4,116	
Other income	498	624	1,663	1,734	
PBT before EO	16,833	38,611	45,752	52,469	
EO income	-1,640				
PBT after EO	15,193	38,611	45,752	52,469	
Current tax	1,885	3,804	7,975	7,560	
Deferred tax	796	4,059	1,316	6,162	
Tax	2,681	8,040	9,291	13,722	
Rate (%)	17.6	20.8	20.3	26.2	
Reported PAT	12,512	30,572	36,461	38,747	
Share of Associates	225				
Adjusted PAT	13,634	30,572	36,461	38,747	
Change (%)	97.0	124.2	19.3	6.3	

BALANCE SHEET (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	154	154	154	154	
Reserves	38,394	67,562	103,033	140,789	
Net Worth	38,548	67,716	103,187	140,943	
Minority Interest	62				
Total Loans	69,971	75,782	111,957	171,957	
Deferred Tax Liability	4,947	9,006	10,321	16,484	
Capital Employed	113,528	152,503	225,465	329,384	
Gross Block	79,246	104,189	104,189	104,189	
Less: Accum. Deprn.	12,160	21,522	30,843	41,284	
Net Fixed Assets	67,086	82,668	73,347	62,905	
Capital WIP	27,798	29,016	105,590	199,251	
Investments	2,709	6,094	10,094	14,094	
Curr. Assets	34,551	55,493	57,018	77,064	
Inventory	9,961	16,095	16,537	20,987	
Account Receivables	3,550	8,656	9,059	11,258	
Cash and Bank Balance	6,207	16,205	16,884	30,282	
Others	14,833	14,537	14,537	14,537	
Curr. Liability & Prov.	19,584	20,766	20,583	23,930	
Account Payables	13,716	10,484	10,311	13,469	
Provisions & Others	5,868	10,283	10,272	10,462	
Net Current Assets	14,967	34,726	36,435	53,134	
Misc Expenses	969				
Appl. of Funds	113,528	152,503	225,465	329,384	

E: MOSL Estimates

RATIOS (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
EPS	88.6	198.6	236.8	251.7	
Cash EPS	112.4	261.2	297.4	319.5	
BV/Share	250.4	439.8	670.2	915.4	
DPS	4.0	5.5	5.5	5.5	
Payout (%)	3.6	3.2	2.7	2.6	
Valuation (x)					
P/E	33.9	15.1	12.7	11.9	
Cash P/E	26.7	11.5	10.1	9.4	
P/BV	12.0	6.8	4.5	3.3	
EV/Sales	9.6	4.8	4.9	4.8	
EV/EBITDA	22.2	10.0	9.5	9.3	
Dividend Yield (%)	0.1	0.2	0.2	0.2	
Return Ratios (%)					
RoE	35.4	45.1	35.3	27.5	
RoCE	16.6	27.9	21.9	16.7	
RoC	20.5	33.3	42.3	47.2	
Working Capital Ratios					
Asset Turnover (x)	0.5	0.7	0.5	0.4	
Debtor (Days)	23.6	29.1	29.2	32.5	
Inventory (Days)	18.1	14.8	14.6	16.6	
Work.Cap.Turnover (Days)	16.0	17.1	17.3	18.1	
Growth (%)					
Sales	55.9	97.6	4.4	11.6	
EBITDA	69.3	120.5	12.3	11.4	
PAT	97.0	124.2	19.3	6.3	
Leverage Ratio (x)					
Debt/Equity	1.7	0.9	0.9	1.0	

CASHFLOW STATEMENT (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Pre-tax Profit	15,193	38,611	45,752	52,469	
Depreciation	4,793	9,641	9,321	10,442	
(Inc)/Dec in Wkg. Cap.	-5,825	-9,762	-1,029	-3,301	
Tax paid	-1,885	-3,804	-7,975	-7,560	
Other operating activities	-448	37			
CF from Op. Activity	11,827	34,723	46,069	52,050	
(Inc)/Dec in FA + CWIP	-20,090	-26,161	-76,574	-93,661	
(Pur)/Sale of Investments	-1,622	-3,385	-4,000	-4,000	
CF from Inv. Activity	-21,711	-29,546	-80,574	-97,661	
Debt raised/(repaid)	15,601	5,811	36,175	60,000	
Dividend (incl. tax)	-495	-991	-991	-991	
CF from Fin. Activity	15,106	4,821	35,184	59,009	
(Inc)/Dec in Cash	5,221	9,998	679	13,398	
Add: Opening Balance	986	6,207	16,205	16,884	
Closing Balance	6,207	16,205	16,884	30,282	

JSW Steel



Company description

JSW Steel is India's second largest steel producer. Its production facilities are located in Karnataka, Tamil Nadu and Maharashtra. It has investments in iron ore mining in Karnataka and Chile. Besides, it has plate and pipe mill operations in USA.

Key investment arguments

- ✦ Crude steel production is expected to increase 67% YoY to 5.8m tons in FY10 – best volume growth in Indian metal space.
- ✦ JSW Steel has lowest conversion cost of US\$115/ton due to its operational efficiencies.
- ✦ Strategic location of its furnaces in iron ore rich Bellary-Hospet belt helps in keeping iron ore purchase costs low because miners primarily export ore due to absence of significant steel capacities in the region.
- ✦ Steel prices have been moving up, while input costs have eased.
- ✦ Earnings have high sensitivity to steel prices due to high financial and operating leverage.

Key investment risks

- ✦ High financial leverage and aggressive capex ahead would need further equity infusion.
- ✦ USA operations are highly exposed to economic condition of US in general, and investments in oil and gas pipelines, in particular.

Recent developments

- ✦ In 1QFY10, JSW Steel posted 45% growth in crude steel production. Growth in rolled flat and long products was 47% and 103%, respectively.
- ✦ 3mtpa blast furnace was commissioned in February 2009.
- ✦ The first block of coke ovens (56 ovens) was commissioned in June 2008.

Valuation and view

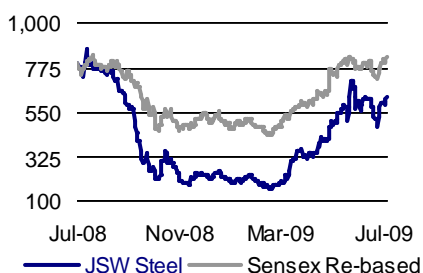
- ✦ 29% EPS CAGR FY09-11E
- ✦ The stock trades at 9.3x FY10E EPS of Rs67.5.
- ✦ We recommend **Buy**.

Bloomberg	JSTL IN
Equity Shares (m)	187.1
CMP (Rs)	629
Mcap (US\$ b)	2.4
52 W Range	882 / 160
1, 6, 12 Rel Per	0 / 160 / -25

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	45.7	45.7	47.7
Domestic Inst	5.7	6.1	4.7
Foreign	35.8	35.3	35.5
Others	12.8	12.9	12.1

Stock Performance (1 year)

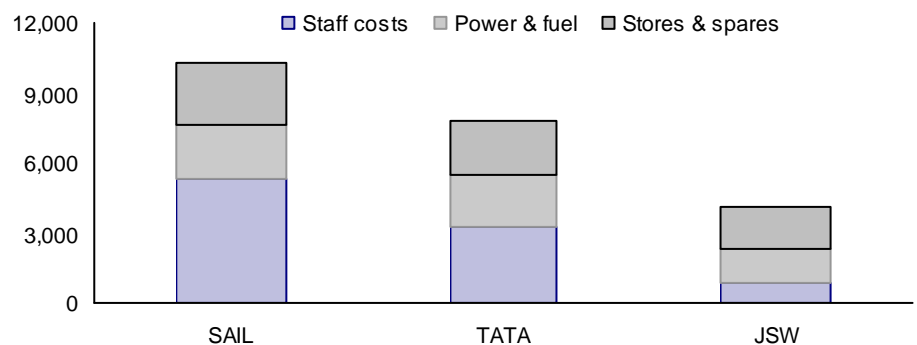


Quarterly Performance (Standalone)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales ('000 tons)	817	837	711	1,062	1,321	3,427	5,821
Realization (Rs/ton)	44,938	51,006	39,178	31,345	29,650	41,012	28,396
Net Sales	36,714	42,692	27,855	33,288	39,168	140,549	165,293
YoY Change (%)	53.9	58.5	-0.6	-6.7	6.7	22.7	17.6
EBITDA	8,593	10,904	3,915	4,061	7,467	27,472	44,389
EBITDA Per Ton (Rs)	10,518	13,027	5,506	3,824	5,652	8,016	7,626
Reported PAT	2,193	3,175	-1,275	492	3,400	4,584	17,838
Adjusted PAT	3,665	4,911	-165	304	1,696	8,720	15,941
YoY Change (%)	-4.0	3.6	-104.9	-92.6	-53.7	-45.6	82.8

E: MOSL Estimates

JSW Steel enjoys the lowest conversion costs in the industry



Source: Company/MOSL

JSW Steel: Financials and valuation

INCOME STATEMENT (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net sales	123,455	164,558	167,853	191,328	
Change (%)	43.6	33.3	2.0	14.0	
Total Expenses	91,253.0	130,646	123,085	140,810	
EBITDA	32,202	33,912	44,768	50,518	
% of Net Sales	26.1	20.6	26.7	26.4	
Deprn. & Amortization	7,419	10,468	14,040	16,166	
EBIT	24,783	23,444	30,728	34,351	
Net Interest	5,730	9,879	12,719	14,656	
Other income	3,723	2,092	1,029	1,250	
PBT before EO	22,776	15,657	19,039	20,945	
EO income	1,384	-6,540	2,360		
PBT after EO	24,160	9,117	21,399	20,945	
Tax	7,658	3,261	7,487	7,662	
Rate (%)	31.7	35.8	35.0	36.6	
Reported PAT	16,502	5,856	13,911	13,283	
Preference dividend	291	289	289	289	
Adjusted PAT	15,367	9,729	12,624	13,379	
Change (%)	24.5	-36.7	29.7	6.0	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	1,871	1,871	1,871	1,871	
Reserves	74,129	79,104	81,128	93,477	
Net Worth	75,999	80,974	82,998	95,347	
Minority Interest	1,919	2,100	1,707	1,465	
Total Loans	124,252	166,385	174,385	212,386	
Deferred Tax Liability	12,517	13,923	19,566	24,943	
Capital Employed	214,687	263,382	278,656	334,141	
Gross Block	188,883	227,172	262,510	336,803	
Less: Accum. Deprn.	30,743	41,210	56,075	72,242	
Net Fixed Assets	158,140	185,961	206,435	264,561	
Capital WIP	57,708	58,708	58,708	58,708	
Investments	4,696	4,696	4,696	4,696	
Curr. Assets	41,207	61,584	48,463	56,399	
Inventory	21,817	38,106	27,132	32,768	
Account Receivables	5,391	9,486	7,382	10,140	
Cash and Bank Balance	4,715	3,503	2,221	238	
Others	9,284	10,489	11,728	13,253	
Curr. Liability & Prov.	47,064	47,567	39,646	50,223	
Account Payables	42,679	45,985	36,521	46,662	
Provisions & Others	4,385	1,583	3,124	3,561	
Net Current Assets	-5,857	14,017	8,817	6,176	
Appl. of Funds	214,687	263,382	278,656	334,141	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	82.2	52.0	67.5	71.5	
Cash EPS	127.9	87.3	149.4	157.4	
BV/Share	406.3	432.9	443.7	509.7	
DPS	14.0	1.0	1.0	1.0	
Payout (%)	20.6	9.5	4.0	7.8	
Valuation (x)					
P/E	7.7	12.1	9.3	8.8	
Cash P/E	4.9	7.2	4.2	4.0	
P/BV	1.5	1.5	1.4	1.2	
EV/Sales	1.9	1.7	1.7	1.7	
EV/EBITDA	7.4	8.3	6.5	6.5	
Dividend Yield (%)	2.2	0.2	0.2	0.2	
EV/ton	62,419	41,255	42,620	48,500	
Return Ratios (%)					
RoE	20.2	12.0	15.2	14.0	
RoCE	11.5	8.9	11.0	10.3	
Working Capital Ratios					
Fixed Asset Turnover (x)	0.7	0.7	0.6	0.6	
Asset Turnover (x)	0.6	0.6	0.6	0.6	
Debtor (Days)	16	21	16	19	
Inventory (Days)	65	85	59	63	
Creditors (Days)	126	102	79	89	
Working Capital (Days)	-31.3	23.3	14.3	11.3	
Leverage Ratio (x)					
Current Ratio	0.9	1.3	1.2	1.1	
Interest Cover Ratio	4.3	2.4	2.4	2.3	
Debt/Equity	1.6	2.0	2.1	2.2	

CASHFLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Pre-tax Profit	24,243	9,117	21,399	20,945	
Depreciation	7,419	10,468	14,040	16,166	
(Inc)/Dec in Wkg. Cap.	9,193	-21,086	3,918	658	
Tax Paid	713	-1,855	-3,217	-2,286	
Other operating activities	3,547	-324	-9,133	99	
CF from Op. Activity	45,115	-3,681	27,006	35,583	
(Inc)/Dec in FA + CWIP	-121,434	-39,289	-35,338	-74,293	
(Pur)/Sale of Invest.	-2,766				
CF fr. Inv. Activity	-124,200	-39,289	-35,338	-74,293	
Equity raised/(repaid)	2,176				
Chg in minorities	1,919	181	-393	-242	
Debt raised/(repaid)	79,731	42,133	8,000	38,001	
Dividend (incl. tax)	-3,404	-557	-557	-1,033	
CF fr. Fin. Activity	80,422	41,757	7,050	36,726	
(Inc)/Dec in Cash	1,337	-1,212	-1,282	-1,983	
Add: Opening Balance	3,378	4,715	3,503	2,221	
Closing Balance	4,715	3,502	2,221	238	

Larsen & Toubro

Company description

L&T is India's largest Infrastructure player with leadership in both EPC and cash contract businesses. Besides, L&T has meaningful presence in non-engineering businesses like IT/ITES, vendor / equipment / Infrastructure finance etc. L&T derives ~20% of revenues and order intake from overseas markets, majority of which is from Middle East.

Key investment arguments

- Strong revenue visibility through the existing order book and FY10 order intake guidance. L&T's current order book is Rs717b (+23% YoY), book to bill ratio of 2.1xTTM revenues. L&T has indicated 25-35% YoY, (Rs650-703b) order intake growth during FY10.
- L&T would be prime beneficiary of public spending in roads (during FY10), power, water, urban infra, hydrocarbons (through ONGC) etc. L&T is consistently increasing its opportunity pie through its entry into new areas like power generation equipments, nuclear forging, ship-building, newer geographies in ME/Africa etc.
- Well position to benefit due to strong financial position (net DER at just less than 1%) and net worth of Rs142b.

Key investment risks

- Increased competition has resulted in L&T losing on few projects in ME (airport project)/India to peers. Intense competition in large orders (assumed for FY10) could result in lower than expected order intake.
- Higher proportion of order intake from government (v/s private players) during FY10 could impact EBITDA margins, working capital in FY11/FY12.

Recent developments

- L&T has signed MoU's with four major players in nuclear space viz. Westinghouse, Atomic energy of Canada, GE Hitachi and Atomstroyexport. These players have ~40% global market share in nuclear reactors.
- L&T Finance has plans of raising Rs5b through NCDs.

Valuation and view

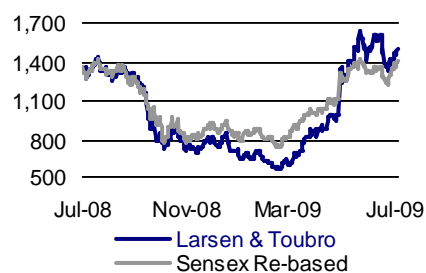
- 13% EPS CAGR FY09-FY11E; valuations at PER of 30.9x FY10 (Cons. EPS of Rs58.8) and 28.4x FY11 (Cons. EPS of Rs65.3).
- Maintain **Neutral** with a price target of Rs1,229 (18x FY11 earnings for core business and other subsidiaries at Rs260).

Bloomberg	LTIN
Equity Shares (m)	584.7
CMP (Rs)	1,499
Mcap (US\$ b)	18.2
52 W Range	1800 / 556
1, 6, 12 Rel Per	-7 / 57 / 6

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	0.0	0.0	0.0
Domestic Inst	36.6	38.4	38.7
Foreign	19.7	15.8	19.2
Others	43.8	45.8	42.2

Stock Performance (1 year)



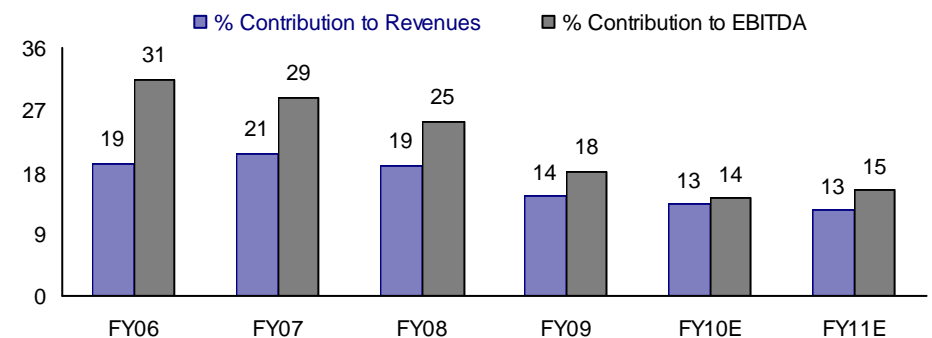
Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	69,014	76,864	85,940	104,648	73,627	336,465	388,631
YoY Change (%)	53.2	39.8	34.6	23.6	6.7	35.4	15.5
EBITDA*	6,609	6,809	7,799	14,845	7,863	36,061	40,770
YoY Change (%)	55.9	15.8	12.1	31.3	19.0	27.1	13.1
EBITDA Margin (%)	9.6	8.9	9.1	14.2	10.7	10.7	10.5
Reported PAT	5,025	4,602	15,204	9,984	15,982	34,814	38,605
Adjusted PAT	4,906	5,004	6,406	10,646	5,783	26,967	28,406
YoY Change (%)	67.8	30.4	24.4	17.0	17.9	28.4	5.3

*Excluding other income/other operating income

E: MOSL Estimates

Contribution of MIP and EBG segments to revenues and EBITDA



Source: Company/MOSL

Larsen & Toubro: Financials and valuation

INCOME STATEMENT					RATIO				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Total Revenues	252,715	343,248	396,773	454,946	Basic (Rs)				
Growth Rate (%)	40.3	35.8	15.6	14.7	Adjusted EPS	35.3	46.1	48.6	52.7
Excise Duty	3,328	3,985	4,606	5,281	Con. EPS (Fully Diluted)	39.3	51.5	58.8	65.3
Net Revenues	249,387	339,264	392,167	449,665	Growth (%)	25.1	31.1	14.2	11.1
Growth Rate (%)	41.0	36.0	15.6	14.7	Cash Earning per Share	39.0	51.4	55.6	61.6
Manufacturing Expenses	191,305	262,322	299,079	339,009	Book Value	163.4	213.2	262.8	300.3
Staff Cost	15,354	19,980	24,975	31,219	Dividend Per Share	8.5	10.5	12.1	13.2
S G & A Expenses	13,856	18,395	23,806	28,662	Div. Payout (Incl. Div Tax) %	26.3	26.2	28.9	28.9
EBITDA	28,872	38,567	44,306	50,775	Valuation (x)				
Change (%)	56.1	33.6	14.9	14.6	P/E (Standalone)	42.4	32.5	30.9	28.4
EBITDA Margin (%)	13.1	13.3	12.8	12.4	P/E (Consolidated)	38.3	29.2	25.5	23.0
Depreciation	2,022	3,059	4,111	5,182	P/E (Cons.) (Fully Diluted)	38.2	29.1	25.5	22.9
EBIT	26,850	35,508	40,195	45,593	Price / CEPS	38.4	29.2	27.0	24.3
Net Interest	1,227	3,503	5,479	6,385	EV/EBITDA	30.9	23.9	21.1	18.5
Profit before Tax	31,555	39,403	41,469	44,984	EV/ Sales	3.5	2.7	2.4	2.1
Tax	9,821	12,312	13,063	14,170	Price / Book Value	9.2	7.0	5.7	5.0
Effective Tax Rate (%)	31.1	31.2	31.5	31.5	Dividend Yield	0.6	0.7	0.8	0.9
Reported Profit	21,734	27,091	38,605	30,814	Return Ratio (%)				
Extra-ordinary Adjustments	1,640	7,910	10,199	0	RoE	27.0	24.5	20.4	18.7
Adjusted Profit	20,668	26,967	28,406	30,814	RoCE	29.5	26.0	21.8	20.3
Growth (%)	52.4	30.5	5.3	8.5	Turnover Ratios				
Consolidated Profit	22,910	30,046	34,310	38,131	Debtors (Days)	106.4	95.0	110.0	117.0
Growth (%)	25.1	31.1	14.2	11.1	Inventory (Days)	62.2	60.0	60.0	60.0
					Asset Turnover (x)	1.9	1.8	1.7	1.7
					Leverage Ratio				
					Current Ratio (x)	1.2	1.2	1.4	1.4
					D/E (x)	0.4	0.5	0.6	0.5
					CASHFLOW STATEMENT				
					(RS MILLION)				
					Y/E MARCH	2008	2009	2010E	2011E
					PBT before EO Items	31,555	39,403	41,469	44,984
					Add : Depreciation	2,136	3,059	4,111	5,182
					Interest	1,227	3,503	5,479	6,385
					Less : Direct Taxes Paid	9,821	12,312	13,063	14,170
					(Inc)/Dec in WC	-2,053	-16,148	-30,253	-16,181
					CF from Operations	23,044	17,505	7,743	26,200
					(Inc)/Dec in FA	-16,344	-19,800	-20,000	-15,000
					(Pur)/Sale of Investments	-38,178	-25,197	3,944	-1,606
					CF from Investments	-54,522	-44,997	-16,056	-16,606
					(Inc)/Dec in Networth	22,128	9,032	8,799	0
					(Inc)/Dec in Debt	15,062	29,729	20,000	5,000
					Less : Interest Paid	1,227	3,503	5,479	6,385
					Dividend Paid	5,716	7,088	8,199	8,894
					CF from Fin. Activity	30,248	28,170	15,121	-10,279
					Inc/Dec of Cash	-1,231	677	6,808	-685
					Add: Beginning Balance	10,944	9,645	10,321	17,129
					Closing Balance	9,645	10,321	17,129	16,444

E: MOSL Estimates

Lupin

Company description

Lupin is a vertically integrated company with presence across the value chain through its core businesses of Global Generics and APIs. Key focus markets include India, US, Europe and Japan. Over the past 5 years, it has gradually transitioned from an API company to predominantly formulations player and from a domestic company to having presence in many global generic markets. Core therapeutic strengths include cephalosporins, CVS and anti-TB.

Key investment arguments

- Lupin has differentiated itself from other 2nd tier generic companies through launch of at least one low-competition product in the US every year for last 3 years. Another differentiator is presence in the US branded market through its US\$75m "Suprax" brand.
- We expect a gradual improvement in the underlying fundamentals led by an expanding US generics pipeline, niche / Para-IV opportunities in the US, strong performance from Suprax and formulations ramp-up in Europe.
- It is one of few Indian companies which is well-positioned to exploit the Japanese generic opportunity.

- Targeting long-term revenue CAGR of 30% for FY09-13E including some small acquisitions.
- FY09-11 revenue and earnings CAGR of 17% each on a high base.

Key investment risks

- The US FDA has, of late, become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Lupin has already been issued a warning letter by the US FDA for its Mandideep facility. Any aggravation of these issues will adversely impact Lupin's financial performance.

Recent Developments

- Received US FDA warning letter for its Mandideep facility for non-compliance of cGMP norms.

Valuation and view

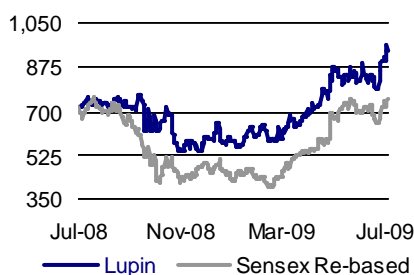
- Expect 17% EPS CAGR for FY09-11E; valuations at 13.7x FY10E EPS of Rs68.7.
- We recommend **Buy** with a target price of Rs1,030 (13x FY11E earnings)

Bloomberg	LPC IN
Equity Shares (m)	82.1
CMP (Rs)	944
Mcap (US\$ b)	1.6
52 W Range	992 / 518
1, 6, 12 Rel Per	2 / -16 / 27

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoters	42.6	39.8	39.2
Domestic Inst	26.7	24.3	24.3
Foreign	12.7	19.3	22.8
Others	18.1	16.7	13.7

Stock Performance (1 year)



Quarterly Performance (Consolidated)

(Rs Million)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	8,624	9,343	9,618	10,174	10,856	37,759	45,053
YoY Change (%)	49.8	41.8	33.3	35.6	25.9	39.5	19.3
EBITDA	1,527	1,788	1,540	1,630	1,942	6,485	7,964
EBITDA Margin (%)	17.7	19.1	16.0	16.0	17.9	17.2	17.7
Reported PAT	1,120	1,162	1,178	1,618	1,451	5,077	6,107
Minority Interest	-1	5	13	44	50	62	50
PAT after MI	1,121	1,156	1,165	1,574	1,401	5,015	6,057
YoY Change (%)	100.6	52.9	9.9	64.2	25.0	50.4	20.8

E: MOSL Estimates

Revenue Break-up (%)

	FY09	FY10E	FY11E
APIs			
Regulated Markets	1.8	1.4	1.2
Unregulated Markets	11.1	9.8	8.9
Domestic Market	5.8	4.2	3.2
Formulations			
Regulated Markets	32.8	35.7	38.4
Unregulated Markets	3.5	3.7	3.9
Domestic Market	30.2	30.4	30.3
Pharma Dynamics-SA	1.2	2.5	2.4
Kyowa Japan	11.7	11.3	10.8
Others	1.9	1.7	1.6

Consol. Sales	101.3	100.7	100.7
Less: Excise Duty	1.3	0.7	0.7
Net Consol. Sales	100.0	100.0	100.0

EBITDA Margins (%)

	FY09	FY10E	FY11E
APIs			
Regulated Markets	25	25	25
Unregulated Markets	15	15	15
Domestic Market	15	15	15
Formulations			
Regulated Markets	27	26	25
Unregulated Markets	16	16	16
Domestic Market	17	17	17
Pharma Dynamics-SA	11	12	12
Kyowa Japan	16	16	16
Others	15	15	15

Overall EBITDA Mar.	17.2	17.7	17.6
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Note - All figures for EBITDA margins are MOSL estimates.

Lupin: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Net Sales	27,064	37,759	45,053	51,950	Basic (Rs)				
Change (%)	34.9	39.5	19.3	15.3	EPS (Fully Diluted)	37.8	56.9	68.7	78.3
Total Expenditure	22,705	31,274	37,088	42,825	Cash EPS (Fully Diluted)	45.1	66.8	80.6	91.4
					BV/Share	155.8	172.0	225.9	284.9
EBITDA	4,358	6,485	7,964	9,125	DPS	10.0	12.5	16.5	20.8
Margin (%)	16.1	17.2	17.7	17.6	Payout (%)	23.7	24.3	26.1	29.0
Depreciation	647	880	1,056	1,152	Valuation (x)				
Int. and Finance Charges	374	499	579	649	P/E (Fully Diluted)	25.0	16.6	13.7	12.1
Other Income - Rec.	937	954	978	1,019	Cash P/E (Fully Diluted)	20.9	14.1	11.7	10.3
					P/BV	6.1	5.5	4.2	3.3
PBT before EO item	4,275	6,060	7,307	8,343	EV/Sales	3.2	2.4	2.0	1.8
EO Expense/(Income)	-1,127	0	0	0	EV/EBITDA	20.1	13.8	11.5	10.0
PBT after EO item	5,402	6,060	7,307	8,343	Dividend Yield (%)	1.1	1.3	1.7	2.2
Tax	1,318	983	1,200	1,386	Return Ratios (%)				
Tax Rate (%)	24.4	16.2	16.4	16.6	RoE	31.0	37.1	36.8	32.7
Reported PAT	4,084	5,077	6,107	6,957	RoCE	22.0	25.6	27.0	25.8
PAT Adj for EO items	3,336	5,077	6,107	6,957	Working Capital Ratios				
Change (%)	43.3	52.2	20.3	13.9	Fixed Asset Turnover (x)	2.2	2.3	2.3	2.5
Less: Minority Interest	2	62	50	50	Debtor (Days)	98	99	98	109
Adj Net Profit	3,334	5,015	6,057	6,907	Inventory (Days)	106	93	88	91
					Wkg. Capital Turnover (Days)	175	98	135	156
CONSOLIDATED BALANCE SHEET	(RS MILLION)				Leverage Ratio				
Y/E MARCH	2008	2009	2010E	2011E	Debt/Equity (x)	0.9	0.9	0.7	0.6
Equity Share Capital	821	828	828	828	CASH FLOW STATEMENT	(RS MILLION)			
Fully Diluted Equity Capital	882	882	882	882	Y/E MARCH	2008	2009	2010E	2011E
Total Reserves	11,976	13,420	17,883	22,770	Op. Profit/(Loss) before Tax	4,358	6,485	7,964	9,125
Net Worth	12,797	14,248	18,711	23,598	Interest/Dividends Recd.	937	954	978	1,019
Minority Interest	95	143	205	205	Direct Taxes Paid	-1,238	-925	-1,200	-1,386
Deferred Liabilities	1,107	1,164	1,164	1,164	(Inc)/Dec in WC	-3,667	860	-7,169	-4,417
Total Loans	12,029	12,233	13,233	14,233	EO expense	-1,127	0	0	0
Capital Employed	26,027	27,788	33,313	39,199	CF from Op. incl EO Exp.	1,518	7,374	574	4,341
Gross Block	14,859	18,200	20,200	21,700	(inc)/dec in FA	-5,674	-4,007	-10	-1,500
Less: Accum. Deprn.	4,698	6,188	7,244	8,397	(Pur)/Sale of Investments	-30	-1,520	-50	-50
Net Fixed Assets	10,161	12,012	12,956	13,304	CF from Investments	-5,704	-5,527	-60	-1,550
Capital WIP	964	2,240	250	250	Change in Net Worth	1,043	-2,282	62	0
Investments	58	216	216	216	Inc/(Dec) in Debt	3,381	204	1,000	1,000
Goodwill	1,872	3,174	3,174	3,174	Interest Paid	-374	-499	-579	-649
					Dividend Paid	-967	-1,234	-1,595	-2,020
Curr. Assets	20,441	23,478	27,662	35,069	CF from Fin. Activity	3,083	-3,811	-1,112	-1,669
Inventory	7,893	9,572	10,813	12,988	Inc/Dec of Cash	-1,103	-1,964	-598	1,122
Account Receivables	7,439	10,349	12,164	15,585	Add: Beginning Balance	3,845	2,742	778	180
Cash and Bank Balance	2,742	778	180	1,301	Closing Balance	2,742	778	180	1,301
Others	2,367	2,780	4,505	5,195					
Curr. Liability & Prov.	7,470	13,331	10,944	12,812					
Account Payables	6,019	11,504	9,012	10,392					
Provisions	1,451	1,827	1,932	2,421					
Net Current Assets	12,971	10,147	16,717	22,256					
Appl. of Funds	26,027	27,788	33,313	39,199					

E: MOSL Estimates

Mahindra & Mahindra



Company description

M&M is the market leader in UVs and tractors, with market share of 50% and 40%, respectively. It has recently entered the 3-wheelers and LCV segments. Apart from core auto business, it has subsidiaries/associates in various businesses like IT, NBFC, Auto ancillaries, hospitality, infrastructure etc.

Key investment arguments

- ✎ Play on rural demand, as it will benefit from higher demand for tractors, UVs/Pick-ups and LCVs. Further limited competition in key segment of UVs and tractors augurs well for M&M.
- ✎ Strong volume growth to drive earnings upgrade; in 1QFY10, volumes have witnessed significant recovery: 25% YoY in UVs and 44% YoY (~4.6% organic) in tractors. We currently factor in FY10 growth of 8% in UVs and 24% (~5% organic) in tractors.
- ✎ Increasing dominance in UVs, as limited competition coupled with success of Xylo, with market share of 47.2% (+500bp) in FY09 and 57.5% in 1QFY10 (+16.5pp YoY).
- ✎ Margin expansion of 90bp to 11.1% in FY10E, driven by RM cost savings (~210bp) and higher operating leverage.

Key investment risks

- ✎ Increasing contribution of non-core business from 62% in FY09 to 53% to FY11E
- ✎ Slower than estimated recovery in Mahindra Systech, and lower than estimated profits from other key subsidiaries.

Recent developments

- ✎ Tech Mahindra, its 49% associate, acquired 42.7% stake in Satyam Computers for Rs29b
- ✎ Mahindra Holidays (M&M's 83% subsidiary) IPO of 9.3m shares at Rs300/share got oversubscribed 9.8 times
- ✎ Mah. Renault, which reported Rs4.9b losses in FY09 due to Rs3.1b impairment of fixed assets

Valuation and view

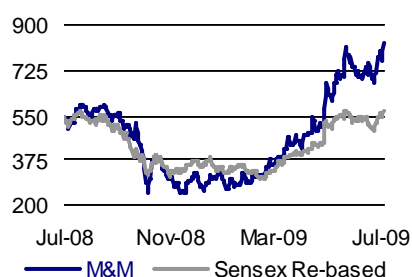
- ✎ Valuation at 10.7x FY10E and 9.4x FY11E consolidated EPS at significant discount to peers.
- ✎ Maintain **Buy** with a price target of Rs1,105 (SOTP based).

Bloomberg	MMIN
Equity Shares (m)	283.8
CMP (Rs)	831
Mcap (US\$ b)	4.9
52 W Range	836 / 235
1, 6, 12 Rel Per	8 / 137 / 48

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	29.0	29.3	22.7
Domestic Inst	26.6	25.4	28.0
Foreign	29.2	31.5	32.9
Others	15.2	13.8	16.4

Stock Performance (1 year)



Quarterly Performance

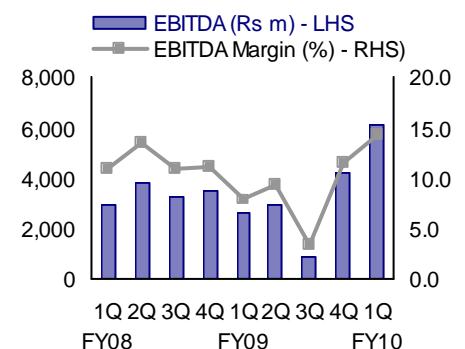
	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Total Volumes (nos)	81,433	78,892	61,130	88,860	102,280	326,890	385,914
YoY Change (%)	21.1	13.7	-20.7	12.4	25.6	11.3	18.1
Net Sales	32,873	30,930	25,063	36,192	42,295	129,853	161,944
YoY Change (%)	25.8	14.4	-14.6	15.2	28.7	14.0	24.7
EBITDA	2,559	2,929	847	4,208	6,090	13,298	21,875
EBITDA Margin (%)	7.7	9.3	3.4	11.5	14.4	10.2	13.5
Reported PAT	1,593	2,268	12	4,181	4,009	8,368	14,289
Adj PAT	1,593	2,804	384	2,795	4,009	9,297	14,289
YoY Change (%)	-22.4	1.1	-85.8	33.8	151.6	-4.5	53.7

E: MOSL Estimates

M&M: SOTP Value (Rs/Share)

	FY10E	FY11E
Value of core business		
Core EPS (excl. subs div.)	47.4	51.7
P/E attributable (x)	15	15
Value of standalone	710	776
Value of listed subs. (@ 20% discount)		
1. Tech Mahindra	142	142
2. M&M Financial Services	42	42
3. Mahindra Lifespaces	13	13
4. Mahindra Holidays	76	76
5. Others	48	55
Target Price	1,033	1,105

Trend in EBITDA (Rs b)



Mahindra & Mahindra: Financials and valuation

INCOME STATEMENT					RATIO				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Gross Sales	129,770	147,130	178,780	194,098	Basic (Rs)				
Less: Excise	15,664	16,194	16,835	18,955	EPS	42.5	34.1	52.4	57.2
Net Sales	114,106	130,937	161,944	175,142	Fully Diluted EPS	36.4	32.8	50.3	55.0
Change (%)	14.3	14.8	23.7	8.1	Consolidated EPS	54.5	53.0	77.7	88.5
Total Income	114,106	130,937	161,944	175,142	Cash EPS	52.3	44.8	67.0	74.2
Change (%)	14.3	14.8	23.7	8.1	Book Value per Share	179.0	192.4	229.5	271.6
Total Expenditure	101,672	117,639	140,069	151,977	DPS	12.5	10.0	15.0	15.0
					Payout (Incl. Div. Tax) %	28.0	38.7	34.0	31.1
EBITDA	12,434	13,298	21,875	23,166	Valuation (x)				
Change (%)	3.6	6.9	64.5	5.9	P/E	22.8	25.4	16.5	15.1
% of Net Sales	10.9	10.2	13.5	13.2	Consolidated P/E	15.3	15.7	10.7	9.4
Depreciation	2,387	2,915	3,965	4,613	Cash P/E	15.9	18.6	12.4	11.2
EBIT	10,048	10,383	17,910	18,553	EV/EBITDA	14.2	14.5	8.7	8.1
Interest & Finance Charges	242	453	609	896	EV/Sales	1.6	1.5	1.2	1.1
Other Income	1,682	1,871	1,789	2,477	Price to Book Value	4.6	4.3	3.6	3.1
Non-recurring Expense	75	4,888	0	0	Dividend Yield (%)	1.5	1.2	1.8	1.8
Non-recurring Income	2,656	3,452	0	0	Profitability Ratios (%)				
Profit before Tax	14,068	10,365	19,090	20,134	RoE	23.8	17.7	22.8	21.1
Tax	3,034	1,997	4,801	4,530	RoCE	16.8	13.2	19.1	18.4
Effective Rate (%)	21.6	19.3	25.2	22.5	Leverage Ratio				
Profit after Tax	11,034	8,368	14,289	15,604	Debt/Equity (x)	0.6	0.8	0.7	0.6
Change (%)	3.3	-24.2	70.8	9.2					
Adj. Profit after Tax	10,332	9,297	14,289	15,604					
Change (%)	12.3	(10.0)	53.7	9.2					
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Share Capital	2,431	2,726	2,726	2,726	OP/(Loss) before Tax	11,120	8,483	17,910	18,553
Reserves	41,070	49,714	59,851	71,305	Int./Dividends Received	1,346	2,170	1,789	2,477
Net Worth	43,501	52,440	62,578	74,031	Depreciation & Amort.	2,387	2,915	3,965	4,613
Deferred tax	567	-183	-183	-183	Direct Taxes Paid	-2,777	-1,003	-4,801	-4,530
Loans	25,871	40,528	40,718	40,718	(Inc)/Dec in Wkg. Capital	-2,472	5,918	4,007	245
Capital Employed	69,939	92,785	103,113	114,566	CF from Oper. Activity	9,604	18,483	22,870	21,358
					(Inc)/Dec in FA+CWIP	-7,171	-9,152	-16,033	-12,500
Gross Fixed Assets	36,561	48,939	58,939	73,939	(Pur)/Sale of Invest.	-14,926	-12,428	-6,309	0
Less: Depreciation	18,417	23,263	27,227	31,840	CF from Inv. Activity	-22,096	-21,580	-22,342	-12,500
Net Fixed Assets	18,145	25,676	31,711	42,098	Change in Net Worth	0	0	0	0
Capital WIP	5,465	6,467	12,500	10,000	Inc/(Dec) in Debt	10,095	11,123	190	0
Investments	42,151	57,864	64,173	64,173	Interest Paid	-801	-952	-609	-896
Curr.Assets, L & Adv.	36,554	50,629	44,564	50,972	Dividends Paid	-1,180	-3,203	-4,151	-4,151
Inventory	10,841	10,607	17,653	19,153	CF from Fin. Activity	8,113	6,969	-4,570	-5,046
Sundry Debtors	10,049	10,437	12,682	13,768	Inc/(Dec) in Cash	-4,381	3,872	-4,042	3,811
Cash & Bank Balances	8,612	15,744	11,702	15,513	Add: Beginning Balance	13,618	11,746	15,744	11,702
Loans & Advances	6,919	13,826	2,502	2,502	Closing Balance	9,237	15,618	11,702	15,513
Others	133	16	26	36					
Current Liab. & Prov.	32,510	47,978	49,962	52,803					
Sundry Creditors	21,613	33,368	39,126	42,189					
Other Liabilities	1,463	1,834	1,884	1,934					
Provisions	9,435	12,776	8,952	8,681					
Net Current Assets	4,044	2,652	-5,398	-1,831					
Misc. Expenditures	135	126	126	126					
Application of Funds	69,939	92,785	103,113	114,566					

E: MOSL Estimates

Mahindra Lifespaces



Company description

Mahindra Lifespaces (MLL) was constituted by the merger of Great Eastern Shipping's real estate arm, Gesco and Mahindra Realty & Infrastructure Developers (MRIDL). MLL is a leading real estate developer in India, focused on residential projects and integrated infrastructure development in SEZs. It has till date developed over 3.5msf of premium residential and commercial space (excluding SEZs).

Key investment arguments

- ✦ Having pioneered development of SEZs in the private sector, MLL enjoys the first mover advantage. MLL has a healthy balance sheet, with low leverage and no major outstandings or debtors.
- ✦ MLL's 1,400-acre multi-product SEZ in Chennai is the first and only successful operational private sector SEZ in India. The management is in advanced stages of acquiring additional ~300 acres of land at Chennai SEZ.
- ✦ Of the total area of 3,000 acres at the Jaipur SEZ, ~2,700 acres have been acquired and the management expects the balance to be acquired by 1Q/2QFY10. MLL has received commitments for ~600 acres in the processing area.

Key investment risks

- ✦ Land aggregation solely by developers – a daunting task. Land acquisition constraints, lower non-processing area remain as hurdles for SEZs.
- ✦ Any weaker-than-expected growth for the economy could negatively impact demand, which could affect our sales and earnings estimates for MLL.

Recent developments

- ✦ MLL is in the process of acquiring additional 300 acres of land at the Chennai SEZ, which would be an extension of the current processing area.
- ✦ Inauguration of the Light Engineering and the Handicrafts SEZs at the Jaipur SEZ
- ✦ MLL has entered into a tie-up with SBI for setting up SBI's North India hub in the DTA part of its Jaipur SEZ.

Valuation and view

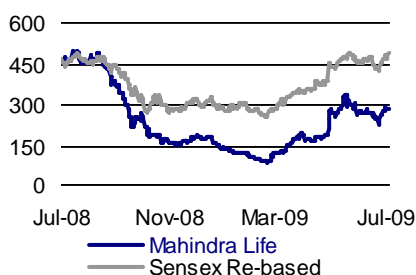
- ✦ Our SOTP value for MLL is Rs518/share: (1) Chennai SEZ at Rs96/share, (2) Jaipur SEZ at Rs174/share, (3) residential vertical at Rs171/share, and (4) cash/other rental assets at Rs76/share. The stock trades at 1x FY11E BV of Rs281. **Buy.**

Bloomberg	MLIFE IN
Equity Shares (m)	40.8
CMP (Rs)	283
Mcap (US\$ b)	0.2
52 W Range	580 / 83
1, 6, 12 Rel Per	-2 / 32 / -44

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	51.1	51.1	51.1
Domestic Inst	13.6	7.8	11.5
Foreign	19.2	26.5	22.5
Others	16.1	14.6	14.9

Stock Performance (1 year)



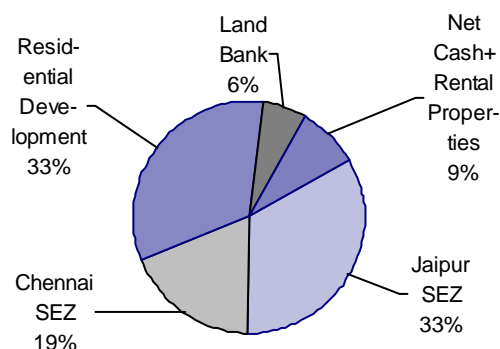
Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09*	FY10E*
Sales	482	303	557	312	473	3,418	3,870
YoY Change (%)	38.4	-11.6	28.3	-47.6	-2	47.9	13.2
EBITDA	70	35	82	-4	104	725	1,450
EBITDA Margin (%)	14.6	11.7	14.8	-1.1	22	21.2	37.5
Reported PAT	98	112	113	141	104	656	881
YoY Change (%)	33	-43.8	1	-36.3	6.9	-1.1	34.2
Adj. PAT	98	112	113	136	104	641	865
YoY Change (%)	33	112.8	1	-38.7	6.9	42.6	35

* Consolidated

E: MOSL Estimates

Vertical-wise GAV Analysis



Source: Company/MOSL

Mahindra Lifespaces: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	2,311	3,418	3,870	5,454	
Change (%)	6.8	47.9	13.2	40.9	
Total Expenses	1,657	2,692	2,420	3,002	
EBITDA	654	725	1,450	2,453	
% of Net Sales	28.3	21.2	37.5	45.0	
Depreciation	42	-39	58	64	
Interest	21	38	166	130	
Other Income	335	294	178	101	
PBT	926	1,021	1,405	2,360	
Tax	204	299	459	391	
Rate (%)	22.0	29.3	32.6	16.6	
Reported PAT	664	641	876	1,622	
Adjusted PAT	449	641	875	1,622	
Change (%)	271.2	-3.5	36.7	85.3	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Equity Capital	408	408	408	408	
Preference Capital	100	100	0	0	
Reserves	8,049	8,841	9,601	11,363	
Net Worth	8,557	9,349	10,009	11,771	
Loans	2,855	3,321	2,080	750	
Minority Interest	449	856	927	1,277	
Capital Employed	11,934	13,651	13,016	13,798	
Goodwill	290	290	290	290	
Gross Fixed Assets	990	1,708	1,588	1,723	
Less: Depreciation	244	205	319	383	
Net Fixed Assets	746	1,503	1,270	1,340	
Investments	3,304	1,083	3,000	3,000	
Curr. Assets	8,927	12,140	10,355	11,334	
Inventory	6,626	7,677	5,000	4,591	
Debtors	447	733	570	409	
Cash & Bank Balance	461	1,449	2,529	3,514	
Loans & Advances	1,135	1,993	1,525	1,419	
Other Current Assets	258	288	731	1,400	
Curr. Liab. & Prov.	1,666	1,821	1,899	2,166	
Net Current Assets	7,262	10,319	8,456	9,168	
Appl. of Funds	11,934	13,651	13,016	13,798	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)	17.5	17.7	23.2	48.3	
Adjusted EPS	16.0	15.7	21.5	39.8	
Growth (%)	279.9	-2.0	36.7	85.3	
Cash EPS	18.7	16.7	24.6	49.8	
Book Value	207.2	226.7	245.3	288.5	
DPS	2.5	4.0	3.0	3.0	
Payout (incl. Div. Tax.)	17.0	22.3	19.4	10.5	
Valuation (x)					
P/E (consolidated)	17.4	18.0	13.2	7.1	
Cash P/E	15.1	16.9	11.5	5.7	
EV/EBITDA	21.3	18.5	7.7	3.6	
EV/Sales	6.0	3.9	2.9	1.6	
Price/Book Value	1.4	1.2	1.2	1.0	
Dividend Yield (%)	0.9	1.7	2.6	1.6	
Profitability Ratios (%)					
RoE	7.8	6.9	8.7	13.8	
RoCE	8.0	7.8	12.1	18.0	
Leverage Ratio					
Debt/Equity (x)	0.3	0.4	0.2	0.1	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
PBT before EO Items	926	1,021	1,405	2,360	
Add : Depreciation	42	-39	58	64	
Interest	21	38	166	130	
Less: Dir. Taxes Paid	173	299	459	391	
(Inc)/Dec in WC	-2,679	-2,070	2,943	274	
CF from Oper.	-1,098	-2,264	4,732	2,689	
(Inc)/Dec in FA	-802	518	-198	-383	
(Pur)/Sale of Investments	-1,546	2,221	-1,917	0	
CF from Invest.	-2,823	2,686	-2,030	-383	
(Inc)/Dec in Net Worth	612	312	-31	346	
(Inc)/Dec in Debt	2,374	466	-1,241	-1,330	
Less : Interest Paid	21	38	166	130	
Dividend Paid	121	161	184	207	
CF from Fin. Activity	2,843	579	-1,622	-1,320	
Inc/Dec of Cash	-1,044	1,002	1,080	986	
Add: Beginning Balance	1,505	461	1,449	2,529	
Closing Balance	461	1,463	2,529	3,514	

Marico

Company description

Marico has a strong presence in pure coconut oil (~55% market share), hair oil (22% market share), and refined edible oil. The company has identified the 'beauty and wellness' platform as the next key driver under its *Kaya* and *Saffola* brands. Marico derives 16% of its revenues from overseas operations, with strong position in Bangladesh (pure coconut oil), Middle East (hair cream), South Africa and Egypt (hair care).

Key investment arguments

- Marico has strong pricing power in the Rs25b pure coconut oil market, with *Parachute* (8-9% volume growth) as its key brand. Expected decline of 20% in copra prices will help increase profits in FY10.
- Kaya* (skin care) is expected to turn profitable as new clinic additions are lower and existing properties stabilize. Management expects 20% EBITDA margin in another couple of years.
- We expect profits from international operations to increase due to (1) sale of loss-making Sundari, (2) success of changes in distribution in Egypt, (3) and entry into new geographies in the Middle East and Africa, (4) higher margins in Marico Bangladesh.

Key investment risks

- Sharp increase in prices of safflower oil, a key input for *Saffola* could impact profitability.
- Poor consumer sentiment could hurt same store sales growth in *Kaya*.
- Currency fluctuations in Taka, Dirham, Rand and Zara could impact profitability.

Recent developments

- Marico has launched *Saffola GI* rice and *Saffola Zest* low fat snacks, extending the brand *Saffola* on the wellness platform.
- The company has filed for listing of its 100% subsidiary, Marico Bangladesh, on the Dhaka and Chittagong stock exchanges.

Valuation and view

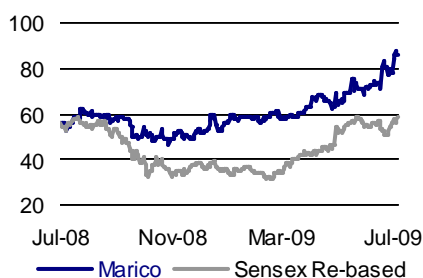
- We estimate 26.5% EPS CAGR over FY09-FY11E.
- The stock trades at 21.9x FY10E EPS of Rs3.9 and 17.8x FY11E EPS of Rs4.8.
- Buy** with a target price of Rs96 (20x FY11E EPS).

Bloomberg	MRCO IN
Equity Shares (m)	609.0
CMP (Rs)	86
Mcap (US\$ b)	1.1
52 W Range	92 / 46
1, 6, 12 Rel Per	13 / -34 / 48

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	63.5	63.5	63.5
Domestic Inst	8.3	11.0	10.5
Foreign	19.5	17.2	16.8
Others	8.6	8.4	9.2

Stock Performance (1 year)

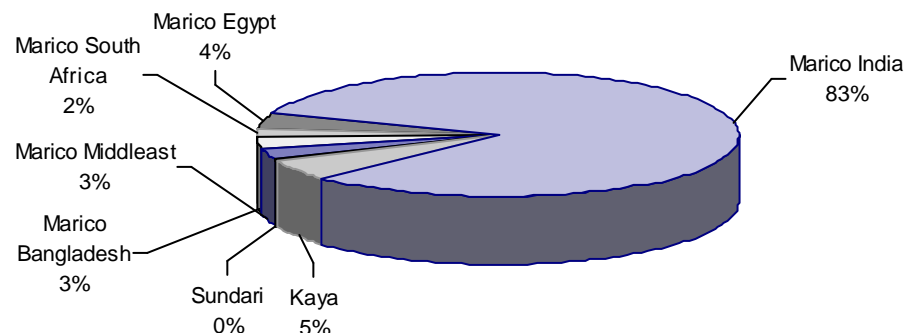


Quarterly Performance

	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Volume Growth (%)	15.0	11.0	7.0	15.4	14.0	12.0	13.0	
Net Sales	5,966	6,035	6,228	5,612	6,967	23,884	27,467	
YoY Change (%)	27.2	30.1	23.0	20.5	16.8	25.3	15.0	
EBITDA	757	739	791	733	965	3,040	3,740	
EBITDA Margin (%)	12.7	12.2	12.7	13.1	13.8	12.7	13.6	
Reported PAT	463	471	509	444	560	1,887	2,352	
Adjusted PAT	463	471	509	594	600	2,037	2,393	
YoY Change (%)	15.1	11.6	19.0	96.9	29.6	28.5	17.5	

E: MOSL Estimates

Consolidated Sales Break-Up (%)



Maruti Suzuki

Company description

Maruti Suzuki is the largest passenger vehicle manufacturer in India, with 0.8m units. It dominates the small cars segment with ~60% market share. It is also emerging as the global export hub of small cars for Suzuki, with world strategic model A-Star exclusively produced in India.

Key investment arguments

- Strong volumes momentum to continue in FY10, driven by estimated 9% growth in domestic volumes (improvement in consumer confidence and availability of finance) and 70% growth in exports (driven by scrappage incentives in EU).
- Volume growth in domestic market driven by focus on tier-II cities and rural market, as indicated by increase in contribution of rural market to 12% in 1QFY10 as against negligible in 1QFY09 (~9% in FY09).
- EBITDA margin to improve by 270bp to 11.7%, driven by lower commodity prices and improving product mix.
- Improving product mix driven by new product launches (Ritz, A-Star, etc), resulting in higher contribution of A2 & A3 segment to ~77% in 1QFY10 (74% in FY09 and ~72% in FY08).
- FY09-11E revenue CAGR of 19% and earnings CAGR of 33%.

Key investment risks

- Intense competition in the key A2 segment.
- Appreciating yen (for unhedged portion) may impact margins negatively due to imported raw materials.
- Higher R&D spend, increasing exports and higher share of diesel vehicles could impact margins.

Recent developments

- SBI cuts auto loan rate to 8% for year 1 (10% in Year 2 & 3) - positive for car demand in general.
- Maruti launched Celerio (A-Star) in non-European markets of Australia, New Zealand, Philippines, Chile, Saudi Arabia.
- Recently launched Ritz has received encouraging response with ~16,000 units sold since launch in May 2009.

Valuation and view

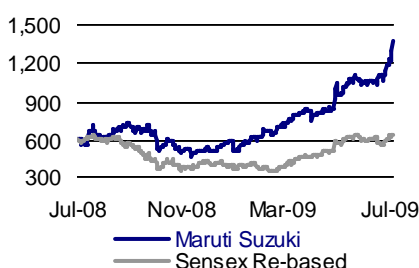
- Valuations at 20.8x FY10E and 18.6x FY11E EPS
- We recommend **Buy** with a price target of Rs1,480 (20x FY11E earnings)

Bloomberg	MSIL IN
Equity Shares (m)	289.0
CMP (Rs)	1,378
Mcap (US\$ b)	8.2
52 W Range	1,399 / 428
1, 6, 12 Rel Per	23 / 90 / 119

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.2	54.2	54.2
Domestic Inst	18.6	21.7	24.0
Foreign	20.8	19.4	14.9
Others	6.4	4.7	6.8

Stock Performance (1 year)

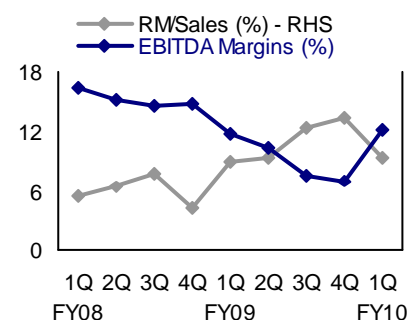


Quarterly Performance

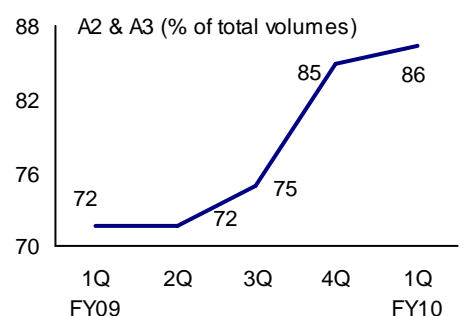
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Total Volumes (nos)	192,584	189,451	173,494	236,638	226,729	792,167	913,778
YoY Change (%)	13.5	-1.0	-14.0	17.0	17.7	3.6	15.4
Net Op. Revenues	48,588	49,936	46,808	64,329	64,930	209,075	259,204
YoY Change (%)	21.0	6.7	-1.7	28.7	33.6	13.4	24.0
EBITDA	5,689	5,157	3,518	4,493	7,932	18,871	30,346
EBITDA Margin (%)	11.7	10.3	7.5	7.0	12.2	9.0	11.7
YoY Change (%)	-13.6	-27.1	-49.6	-39.4	39.4	-33.5	60.8
Adjusted PAT	4,659	2,961	2,122	2,431	5,835	12,174	19,173
YoY Change (%)	-6.8	-36.5	-54.6	-49.4	25.3	-32.5	57.5

E: MOSL Estimates

Trend in RM cost and EBITDA Margins



Improving product mix



Source: Company/MOSL

Maruti Suzuki: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Net Sales	178,603	204,133	253,695	290,679	Basic (Rs)				
Change (%)	22.4	14.3	24.3	14.6	Adjusted EPS	59.2	42.1	66.3	74.0
Operating Other Income	3,996	4,942	5,508	6,112	EPS Growth (%)	9.1	-28.8	57.5	11.5
Total Income	182,599	209,075	259,204	296,791	Cash EPS	78.8	67.3	95.5	106.7
EBITDA	25,977	18,871	30,346	33,605	Book Value per Share	291.2	329.3	390.3	457.9
Change (%)	16.2	-27.4	60.8	10.7	DPS	5.0	3.5	4.5	5.5
% of Net Sales	14.2	9.0	11.7	11.3	Payout (Incl. Div. Tax) %	9.8	9.7	7.9	8.7
Depreciation	5,682	7,263	8,439	9,457	Valuation (x)				
EBIT	20,295	11,607	21,907	24,147	P/E	23.3	32.7	20.8	18.6
Def Revenue Exp. / Others	-198	-198	-198	-198	EV/EBITDA	13.6	18.8	11.5	10.0
Interest & Finance Charges	596	510	350	350	EV/Sales	2.0	1.7	1.4	1.2
Other Income	4,829	5,445	4,875	5,700	Price to Book Value	4.7	4.2	3.5	3.0
Non-recurring Expense	-305	-18	0	0	Dividend Yield (%)	0.4	0.3	0.3	0.4
PBT	25,030	16,759	26,630	29,695	Profitability Ratios (%)				
Tax	7,722	4,571	7,456	8,315	RoE	20.6	12.8	17.0	16.2
Effective Rate (%)	30.9	27.3	28.0	28.0	RoCE	26.7	16.9	22.6	21.6
PAT	17,308	12,187	19,173	21,381	Leverage Ratio				
Change (%)	10.8	-29.6	57.3	11.5	Debt/Equity (x)	0.1	0.1	0.0	0.0
% of Net Sales	9.7	6.0	7.6	7.4					
Adj. PAT	17,100	12,175	19,173	21,381					
Change (%)	9.1	-28.8	57.5	11.5					
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Share Capital	1,445	1,445	1,445	1,445	OP/(Loss) before Tax	20,493	11,805	22,105	24,345
Reserves	82,709	93,713	111,365	130,886	Int./Dividends Received	4,829	5,445	4,875	5,700
Net Worth	84,154	95,158	112,810	132,331	Depreciation & Amort.	5,682	7,263	8,439	9,457
Loans	9,002	5,002	5,002	5,002	Direct Taxes Paid	-7,696	-4,571	-7,456	-8,315
Deferred Tax Liability	1,701	1,701	1,701	1,701	(Inc)/Dec in Wkg. Capital	-384	-2,497	-3,466	-1,957
Capital Employed	94,857	101,861	119,513	139,034	CF from Oper. Activity	22,924	17,445	24,497	29,231
Gross Fixed Assets	72,853	90,216	110,716	125,716	Extra-ordinary Items	305	18	0	0
Less: Depreciation	39,888	47,151	55,591	65,048	Other Items	0	0	0	0
Net Fixed Assets	32,965	43,065	55,125	60,668	CF after EO Items	23,229	17,463	24,497	29,231
Capital WIP	7,363	7,500	5,000	3,000	(Inc)/Dec in FA+CWIP	-16,906	-17,500	-18,000	-13,000
Investments	51,807	46,807	41,807	49,307	(Pur)/Sale of Invest.	-17,715	5,000	5,000	-7,500
Curr.Assets, Loans	30,909	33,865	48,435	58,663	CF from Inv. Activity	-34,621	-12,500	-13,000	-20,500
Inventory	10,380	12,029	14,913	17,076	Change in Networth	-249	-172	-221	-270
Sundry Debtors	6,555	8,592	10,652	12,197	Inc/(Dec) in Debt	2,694	-4,000	0	0
Cash & Bank Balances	3,240	2,510	12,135	18,657	Interest Paid	-596	-510	-350	-350
Loans & Advances	10,403	10,403	10,403	10,403	Dividends Paid	-1,445	-1,012	-1,301	-1,590
Others	331	331	331	331	CF from Fin. Activity	404	-5,693	-1,872	-2,210
Current Liab. & Prov.	28,187	29,376	30,854	32,605	Inc/(Dec) in Cash	-10,988	-730	9,625	6,521
Sundry Creditors	24,492	25,681	28,015	29,766	Add: Beginning Balance	14,228	3,240	2,510	12,135
Provisions	3,695	3,695	2,839	2,839	Closing Balance	3,240	2,510	12,135	18,657
Net Current Assets	2,722	4,489	17,580	26,058					
Appl. of Funds	94,857	101,861	119,513	139,034					

E: MOSL Estimates

Max India



Company description

Max India is mainly into four businesses: (1) Life insurance: Max New York Life (MNYL, 76:24 JV with New York Life), (2) Healthcare (70% stake in Max Healthcare which has 8 healthcare facilities with 800 beds), (3) Clinical research through 100% subsidiary, Max Neeman Medical International, and (4) Speciality packaging products, mainly BOPP film and leather finishing foil. In mid-2008, it ventured into general insurance, Max BUPA, a 76:24 JV with British United Provident Association.

Key investment arguments

- ⚡ High growth opportunities for private sector in the life insurance business; MNYL improved its market share from 5% in FY08 to 6% in FY09.
- ⚡ Aggressive growth plans - MNYL is up to No.3 in terms of individual new business premium for Apr-May 2009, up from No.7 in FY09.
- ⚡ In healthcare, plans to add 1,000 beds through FY11/12, taking the total to 1,800.
- ⚡ Plans to expand BOPP capacity from 29,000 tpa to 49,000 tpa by end 2010.
- ⚡ Health insurance business to be scaled up.

Key investment risks

- ⚡ Both life and health insurance businesses are extremely competitive in India. They will also not be profitable in the medium term (MNYL reported FY09 loss of Rs4b vs Rs1b in FY08).
- ⚡ Construction of hospitals, is capital-intensive; there could also be execution delays.
- ⚡ Max India may frequently need equity capital. In June 2009, it raised Rs1.5b by issuing 10.3m shares to IFC Washington @ Rs143. The company is already considering a QIP to raise further Rs4.5b.

Recent developments

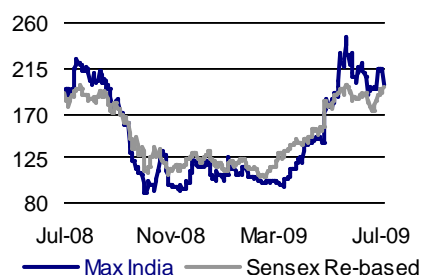
- ⚡ In FY09, life insurance AUM crossed US\$1b mark, up 51% YoY.
- ⚡ Max invested Rs7.5b in FY09, taking the total capitalization in MNYL to Rs17.8b. The peak capital requirement is estimated at Rs36b by FY11/12.
- ⚡ Clinical research order book is about Rs400m, with Rs270m order inflow in FY09.
- ⚡ Max India plans to infuse Rs1b as initial capital into its general insurance JV, Max BUPA. Operations are expected to commence before mid-CY10.

Bloomberg	MAX IN
Equity Shares (m)	222.1
CMP (Rs)	199
Mcap (US\$ b)	0.9
52 W Range	254 / 80
1, 6, 12 Rel Per	-14 / 6 / 1

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	33.3	34.8	34.2
Domestic Inst	4.2	2.5	2.6
Foreign	53.8	53.8	53.5
Others	8.8	8.9	9.7

Stock Performance (1 year)



Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09
Net Sales	864	915	1,023	782	817	2,843	3,538
YoY Change (%)	96.4	89.6	41.0	0.9	-5.5	83.5	24.4
EBITDA	43	-56	6	-21	-228	2	-275
EBITDA Margin (%)	5.0	-6.1	0.6	-2.6	-27.9	0.1	-7.8
Interest	41	40	40	39	44	146	163
Depreciation	30	30	30	31	30	114	121
PAT	202	136	117	33	-68	619	218
YoY Change (%)	L to P	257.2	-30.7	-84.4	P to L	491.2	-64.7

E: MOSL Estimates

Max India: Segment Analysis (Rs m)

	Revenue		EBIT	
	FY09	FY08	FY09	FY08
Life Insurance	41,031	29,541	-4,025	-1,017
Healthcare	3,802	2,887	475	268
Speciality Plastic Products	3,703	3,060	400	391
Business Investments	471	691	442	688
Others	263	228	20	-10
Total	49,269	36,406	-2,687	320

Source: Company/MOSL

Max India: Financials and valuation

INCOME STATEMENT					BALANCE SHEET				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2005	2006	2007	2008	Y/E MARCH	2005	2006	2007	2008
Net Sales	6,434	10,078	18,185	32,414	Share Capital	273	349	360	2,944
Change (%)	41.6	56.6	80.4	78.2	Reserves	1,459	6,042	5,666	14,994
Raw Materials	779	777	1,044	1,860	Net Worth	1,732	6,391	6,026	17,938
Employee Cost	1,436	1,921	3,068	4,665	Loans	7,746	11,315	21,320	38,227
Other Expenses	5,654	8,651	15,630	29,223	Deferred Tax Liabilities	(176)	(159)	(265)	(342)
EBITDA	(1,434)	(1,271)	(1,558)	(3,334)	Minority Interest	340	936	1,189	1,726
% of Net Sales	-22.3	-12.6	-8.6	-10.3	Capital Employed	9,993	18,801	28,800	58,233
Depreciation	343	360	462	663	Gross Fixed Assets	4,089	4,771	7,848	9,172
EBIT	(1,777)	(1,631)	(2,020)	(3,998)	Less : Depreciation	1,137	1,485	1,887	2,446
Interest	362	325	298	473	Net Fixed Assets	2,952	3,286	5,961	6,726
Other Income	572	5,308	1,750	3,668	Capital WIP	400	1,183	323	456
PBT	(1,566)	3,352	(568)	(802)	Investment	6,164	13,726	21,235	48,403
Tax	32	396	157	166	Net Current Assets	393	560	1,166	2,583
Rate (%)	-2.1	11.8	-27.6	-20.7	Misc. Exp not written off	84	46	115	65
Reported PAT	(1,599)	2,956	(725)	(969)	Application of Funds	9,993	18,801	28,800	58,233
Change (%)	N.A.	N.A.	N.A.	N.A.					

NTPC

Company description

NTPC is India's largest power generation company with total installed capacity of 30.6GW as of FY09. In the Eleventh Plan (FY08-12), NTPC targets to add ~22GW of capacity (2.7GW already commissioned). Further, it has been allocated coal mines with total reserves of 3.2b tons.

Key investment arguments

- We estimate NTPC to report core profit CAGR of 25.7% over FY10-13E, driven by back-ended capacity addition (6.5GW in FY12). We however expect company to report PAT growth of 18% over the same period due to de-growth in other income, as cash gets converted into CWIP.
- NTPC's standalone budgeted capex for FY10E stands at Rs177b, up 30% YoY, indicating traction in project execution. Also, NTPC's FCFE is likely to be negative for the first time in FY10E.
- Equity funding for the projects in the development/planning stage is not an issue given cash and cash equivalent of Rs320b as of FY10E, coupled with cash flows over FY10-13E.

Key investment risks

- Of the 17.4GW capacity under construction, cumulative capex spent (as of March 2009) is less than 20% for 7.2GW of capacity and less than 50% for additional 6GW.

Recent developments

- Signed MoU with the Government of Chhattisgarh to establish 4,000MW (5x800MW) coal-based thermal power project.
- NTPC in JV with NHPC, PFC and TCS has received in-principle approval to set up National Power Exchange.
- NTPC has entered into a JV with BHEL to establish a Rs60b power equipment manufacturing base in Chittoor district of Andhra Pradesh.

Valuation and view

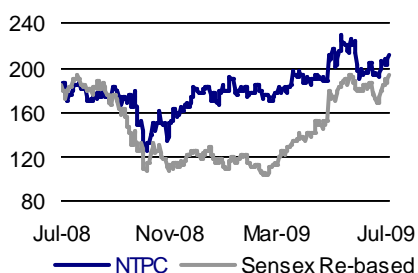
- 18% EPS CAGR FY10-13E. Trades at a PER of 20.3x FY10E and 18.1x FY11E, P/BV of 2.8x FY10E and 2.5x FY11E.
- We are **Neutral** with a target price of Rs208 (average of DCF-based and SOTP-based valuation).

Bloomberg	NATP IN
Equity Shares (m)	8245.5
CMP (Rs)	211
Mcap (US\$ b)	36.0
52 W Range	233 / 113
1, 6, 12 Rel Per	0 / -60 / 10

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	89.5	89.5	89.5
Domestic Inst	4.2	3.4	2.5
Foreign	3.1	3.7	4.2
Others	3.3	3.4	3.8

Stock Performance (1 year)



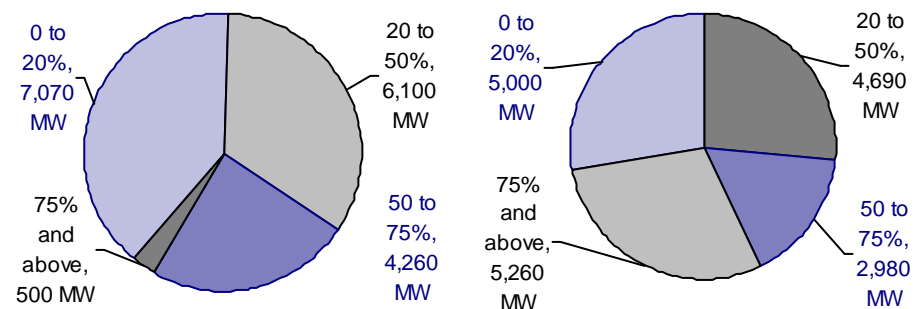
Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales	95,395	96,614	112,771	114,458	120,027	419,237	498,924
YoY Change (%)	6.4	20.5	20.9	6.5	25.8	8.5	19.0
EBITDA	24,218	25,476	32,086	22,199	31,757	103,978	151,394
YoY Change (%)	-10.1	-7.3	8.1	-21.3	31.1	-8.9	45.6
EBITDA Margin (%)	28.0	26.4	28.5	19.4	26.5	24.8	30.3
Reported PAT	17,265	21,105	22,509	21,134	21,936	82,013	98,120
Adj.PAT (Pre Exc.)	18,973	18,272	20,378	23,885	21,961	81,507	85,620
YoY Change (%)	7.5	12.3	2.4	9.7	15.7	7.7	5.0

E: MOSL Estimates

17.9GW of capacity under implementation: Actual capex as % of total capex

End-FY09: 73% to cross 50% spending End-FY10E: 29% to cross 75% spending



Source: Company

August 3 - 5, 2009

NTPC: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Net Sales	370,910	419,237	498,924	562,844	Basic (Rs)				
Change (%)	13.7	13.0	19.0	12.8	EPS (Adjusted)	9.0	9.9	10.4	11.7
EBITDA	115,457	103,978	151,394	167,969	Cash EPS	11.8	12.8	13.5	15.3
Margin (%)	31.1	24.8	30.3	29.8	BV/Share	63.8	69.4	76.0	83.1
Depreciation	21,385	23,645	25,338	29,546	DPS	3.5	3.8	4.6	4.8
EBIT	94,072	80,333	126,056	138,423	Payout (%)	45.5	44.2	44.2	44.2
Interest	17,981	20,229	23,008	28,418	Valuation (x)				
Other Income - Rec.	26,458	33,490	28,480	30,378	P/E	23.5	21.3	20.3	18.1
Profit before Tax	102,549	93,595	131,528	140,383	Cash P/E	17.9	16.5	15.7	13.8
Current Tax	28,401	11,582	33,408	36,618	P/BV	3.3	3.0	2.8	2.5
Tax Rate (%)	27.7	12.4	25.4	26.1	EV/Sales	4.6	4.2	3.6	3.4
Reported PAT	74,148	82,013	98,120	103,764	EV/EBITDA	14.8	16.8	11.9	11.5
EO Expense / (Income)	-1,540	506	12,500	7,500	Dividend Yield (%)	1.7	1.8	2.2	2.3
Adjusted PAT	75,688	81,507	85,620	96,264	Return Ratios (%)				
Change (%)	4.7	7.7	5.0	12.4	EBITDA Margins (%)	31.1	24.8	30.3	29.8
Margin (%)	20.4	19.4	17.2	17.1	Net Profit Margins (%)	20.4	19.4	17.2	17.1
					RoE	15.0	14.8	14.3	14.7
					RoCE	19.6	18.6	23.3	22.7
					Working Capital Ratios				
					Fixed Asset Turnover (x)	0.7	0.7	0.7	0.7
					Asset Turnover (x)	0.5	0.5	0.5	0.5
					Debtor (Days)	29	30	30	30
					Inventory (Days)	26	25	25	25
					Working Cap. Turnover (Days)	26	26	5	-3
					Leverage Ratio (x)				
					Current Ratio	3.2	1.9	1.7	1.4
					Interest Cover Ratio	5.2	4.0	5.5	4.9
					Debt/Equity	0.5	0.5	0.6	0.7
					CASH FLOW STATEMENT				
					(RS MILLION)				
					Y/E MARCH	2008	2009	2010E	2011E
					Profit Before Tax	102,549	93,595	131,528	140,383
					Add: Depreciation	21,385	23,645	25,338	29,546
					Interest	17,981	20,229	23,008	28,418
					Direct Taxes Paid	-28,401	-11,582	-33,408	-36,618
					(Inc)/Dec in WC	-8,439	-2,632	22,407	11,567
					CF from Operations	105,075	123,255	168,873	173,296
					(inc)/dec in FA	-82,232	-91,386	-172,336	-224,788
					(Pur)/Sale of Investments	8,271	-89,309	3,635	2,846
					CF from Investments	-73,961	-180,695	-168,701	-221,942
					Issue of Shares	34	0	0	0
					Inc/(Dec) in Debt	36,783	19,351	93,650	109,327
					Interest	-17,981	-20,229	-23,008	-28,418
					Dividend Paid	-33,764	-36,217	-43,329	-45,822
					CF from Fin. Activity	-14,928	-37,095	27,312	35,087
					Inc/Dec of Cash	16,186	-94,535	27,485	-13,559
					Add: Beginning Balance	133,146	149,332	54,797	82,282
					Closing Balance	149,332	54,797	82,282	68,723

ONGC

Company description

ONGC, a Fortune 500 company, is an eminent exploration and production (E&P) company in India. With over 340 discoveries, it has established in-place reserves of 6.9b ton of oil equivalent (btoe), with ultimate reserves of 2.4btoe. It currently accounts for ~80% of India's domestic oil & gas production. Through its 100% subsidiary, ONGC Videsh Ltd (OVL), it has equity investments in E&P blocks in 16 countries. Downstream presence is marked through its subsidiary (71.6% stake), MRPL.

Key investment arguments

- ✎ **Subsidy Sharing could be rationalized in near term:** GoI has indicated that upstream (ONGC, OIL GAIL) will share only auto fuel losses, however its sharing is yet unknown. Further, GoI is also working towards subsidy rationalization. Lower share in auto fuel subsidy and subsidy rationalization would provide upsides for ONGC and could also lead to re-rating.
- ✎ **APM price hike likely:** Despite Tariff Commission's recommendation, APM gas price is not yet increased, pending final notification. Media reports indicate likely price hike (~18%) in the near future (equivalent to EPS increase of ~4%).

- ✎ **Large NELP acreage to provide long-term growth:** It has more than 50% of allotted NELP acreage. Of this, ~66% is in high potential deep water. As bulk of this acreage is yet to be explored, we believe there is huge potential for discoveries. It has met with initial success in the KG block, with India's first ultra-deep water discovery, UD-1. With increased efforts towards E&P, we expect ONGC to report more hydrocarbon finds in future.

Key investment risks

- ✎ Slowdown in E&P activity due to rig shortage.
- ✎ Large and non-transparent subsidy burden.

Recent developments

- ✎ OVL has acquired 7 new properties in FY09.
- ✎ ONGC made 28 oil & gas discoveries in FY09 and four in FY10 till date.

Valuation and view

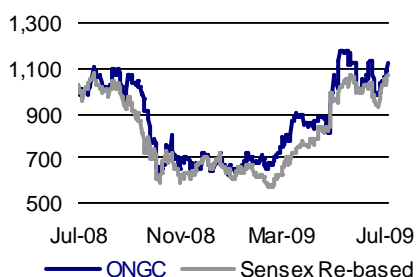
- ✎ ONGC trades at 11x FY10E consolidated EPS of Rs103.
- ✎ Our SOTP-based price target is Rs1,086. **Neutral.**

Bloomberg	ONGC IN
Equity Shares (m)	2138.9
CMP (Rs)	1,126
Mcap (US\$ b)	49.9
52 W Range	1220 / 538
1, 6, 12 Rel Per	1 / -3 / 6

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	74.1	74.1	74.1
Domestic Inst	6.7	6.6	5.7
Foreign	5.7	5.5	7.0
Others	13.5	13.8	13.2

Stock Performance (1 year)



Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	200.5	174.1	124.4	137.0	148.8	636.0	642.5
YoY Change (%)	46.5	12.9	-17.8	-12.3	-25.8	6.3	1.0
EBITDA	117.6	84.1	50.0	57.8	95.0	309.5	372.2
EBITDA Margin (%)	58.6	48.3	40.2	42.2	63.9	48.7	57.9
YoY Change (%)	48.4	0.0	-37.7	0.1	-19.2	2.7	20.3
D,D & A	28.0	21.8	28.6	42.4	31.8	120.8	118.7
Other Income	10.5	14.9	12.2	14.1	10.4	51.7	51.1
PAT	65.9	48.1	21.9	22.1	48.5	158.0	200.5
YoY Change (%)	43.0	-5.7	-49.8	-16.0	-26.5	-5.4	26.9

E: MOSL Estimates

Subsidy Sharing and Net Realization (US\$/bbl)

	FY06	FY07	FY08	FY09	FY10E	FY11E
Discounts (Rs b)	119.6	170.2	220.0	282.3	32.1	44.0
Gross Realization	59.7	66.3	85.5	88.0	63.1	68.0
Upstream Discount	17.3	22.1	32.6	39.7	4.1	5.7
Net Realization	42.3	44.2	52.9	48.3	58.9	62.3
Discount / Gross Price (%)	29	33	38	45	7	8

Source: Company/MOSL

ONGC: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	967,822	1,045,694	1,007,564	1,067,527	
Growth (%)	17.7	8.0	-3.6	6.0	
Government Levies	185,486	184,193	205,044	242,469	
Other Operating Costs	368,767	442,836	349,716	360,941	
Operating Costs	554,253	627,028	554,760	603,410	
EBITDA	413,569	418,666	452,804	464,117	
% of Net Sales	42.7	40.0	44.9	43.5	
Debt Chges. (incl Exch Loss)	2,153	2,386	14,744	13,440	
Exploration Write-offs	59,753	75,028	70,855	66,921	
Deprn, Depl., Amrt. & W/off	79,125	80,677	85,048	88,603	
Other Income	45,411	50,462	54,936	51,691	
Prov, writie-offs prior period	8,739	-434	0	0	
PBT	309,211	311,471	337,093	346,844	
Tax	100,500	106,369	104,166	107,047	
Rate (%)	-32.5	-34.2	-30.9	-30.9	
Profit after current tax	208,711	205,103	232,927	239,796	
Deferred tax	6,499	3,501	10,668	10,934	
PAT	202,211	201,602	222,260	228,862	
Growth (%)	13.0	-0.3	10.2	3.0	
Net Profit (Adj.)	210,020	201,602	222,260	228,862	
Growth (%)	17.3	-4.0	10.2	3.0	
Associate profits	21	99	99	99	
MI, assoc profits	3,509	3,747	3,066	2,427	
Net Profit post MI	206,531	197,953	219,293	226,534	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	21,389	21,389	21,389	21,389	
Reserves	752,738	870,181	1,009,397	1,155,854	
Net Worth	774,127	891,570	1,030,786	1,177,243	
Debt	9,445	48,146	13,546	15,946	
Deferred Tax	87,376	90,877	101,544	112,479	
Liability for Abandonment	129,325	132,075	134,925	137,875	
Minority Interest	11,448	15,195	18,261	20,688	
Capital Employed	1,011,720	1,177,863	1,299,062	1,464,231	
Gross Fixed Assets	736,385	801,529	870,365	946,892	
Less: Depreciation	542,424	591,713	646,527	707,258	
Capital WIP	86,351	130,104	172,276	203,723	
Net Fixed Assets	280,312	339,921	396,113	443,356	
Producing Properties	362,714	378,124	400,956	430,868	
Pre-producing Properties	57,877	170,316	172,126	180,556	
Investments (incl. mkt. sec.)	44,821	44,052	44,052	44,052	
Goodwill	25,777	23,471	21,164	18,857	
Cash & Bank Balances	250,558	202,722	245,593	323,463	
Inventories	72,985	70,258	61,066	71,038	
Sundry debtors	70,469	54,104	46,941	56,130	
Loans & Advances	70,680	143,776	148,486	153,897	
Other Current Assets	10,652	10,652	10,652	10,652	
Total Curr. Assets	475,345	481,513	512,738	615,180	
Current Liabilities	167,214	190,620	179,175	199,724	
Provisions	67,913	68,914	68,914	68,914	
Total current liabilities	235,126	259,534	248,088	268,638	
Net Curr. Assets	240,219	221,979	264,650	346,542	
Total assets	1,011,720	1,177,862	1,299,062	1,464,231	

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	92.9	92.3	102.5	105.9	
Cash EPS	160.9	166.8	180.4	183.7	
Book Value	361.9	416.8	481.9	550.4	
DPS	32.0	32.0	32.0	32.0	
Payout (incl. div tax)	39.4	40.5	36.5	35.3	
Valuation (x)					
P/E	12.1	12.2	11.0	10.6	
Cash P/E	7.0	6.8	6.2	6.1	
EV / EBITDA	5.1	5.3	5.4	5.4	
EV / Sales	2.2	2.1	2.1	1.9	
Price / Book Value	3.1	2.7	2.3	2.0	
Dividend Yield (%)	2.8	2.8	2.8	2.8	
Profitability Ratios (%)					
RoE	27.7	23.7	22.8	20.5	
RoCE	27.5	23.2	23.6	21.4	
Turnover Ratios					
Debtors (No. of Days)	22	22	18	18	
Fixed Asset Turnover (x)	3.7	3.4	2.7	2.5	
Leverage Ratio					
Net Debt / Equity (x)	-0.4	-0.2	-0.3	-0.3	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
OP/(Loss) before Tax	310,141	311,136	337,191	346,943	
DD & A	90,776	111,593	120,211	128,342	
Other op. expenses	-1,620	0	0	0	
Direct Taxes Paid	-105,083	-106,369	-104,166	-107,047	
(Inc)/Dec in Wkg. Capital	-3,904	-29,596	199	-4,021	
CF from Op. Activity	290,311	286,764	353,436	364,216	
(Inc)/Dec in FA & CWIP	-168,144	-293,994	-195,889	-208,669	
(Pur)/Sale of Investments	-15,493	769	0	0	
Inc from Invst	20,781	0	0	0	
CF from Inv. Activity	-162,856	-293,225	-195,889	-208,669	
Issue of Shares	1,665	0	0	0	
Inc / (Dec) in Debt	-7,100	38,702	-34,600	2,400	
Dividends Paid (incl. tax)	-78,218	-80,077	-80,077	-80,077	
Interest paid	0	0	0	0	
CF from Fin. Activity	-83,652	-41,375	-114,677	-77,677	
Inc / (Dec) in Cash	43,802	-47,836	42,870	77,870	
Add: Opening Balance	206,756	250,558	202,722	245,593	
Closing Balance	250,558	202,722	245,593	323,463	

E: MOSL Estimates

Pantaloon

Company description

Pantaloon Retail is the largest organized retailer in India, with 350 stores (10.5msf) and presence across formats and categories. It operates in value retailing under *Big Bazaar* (hypermarkets) and *Food Bazaar* (convenience stores) and in lifestyle retailing under *Central* (seamless mall) and *Pantaloons*. The company has 74% stake in *Home Solutions*, which has a presence in home retailing.

Key investment arguments

- Pantaloon Retail is the only large format retailer (Area >10.5mn sqft) which is profitable. It has created competitive advantage in product sourcing, merchandising, real estate renting and well established formats.
- Pantaloon has emerged stronger in the downturn with increase in Gross margins by 30bp and EBIDTA margins by 210bp backed by aggressive cost containment measures. Same store sales growth has stabilized at high single digits post decline in 4QCY08.
- Pantaloon has built strong private labels in apparel, FMCG, Electronics and General merchandise through brands like Clean Mate, Care Mate and Tasty Treat and Fresh and Pure. As Pantaloon scales up its operation, this will improve profitability.

Key investment risks

- Balance sheet with D/E ratio of ~1.4x is stretched. This is more so as the business is unlikely to generate any free cash flows in the medium term.
- Inability to raise funds would stall expansion plans, thus reducing the topline and bottom-line growth, significantly.

Recent developments

- Pantaloon management has infused Rs3.8b and has announced plans to raise cash (Rs10b) from financial investors (preferential issue of equity/equity-linked instruments) to fund growth.
- The company has announced plans to merge its home retailing subsidiary *Home Solutions* with itself.

Valuation and view

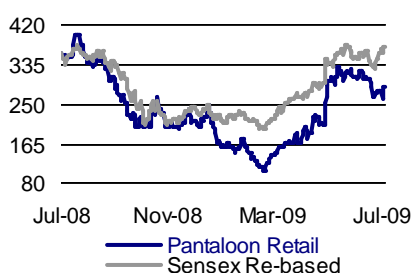
- We estimate 25.6% EPS CAGR over FY09-FY11.
- The stock trades at 29.9x FY10E EPS of Rs9.7 and 23.6x FY11E EPS of Rs12.3. Maintain **Buy**.

Bloomberg	PFIN
Equity Shares (m)	175.2
CMP (Rs)	289
Mcap (US\$ b)	1.0
52 W Range	417 / 105
1, 6, 12 Rel Per	-13 / 2 / -24

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	48.6	46.5	46.5
Domestic Inst	12.3	11.3	12.6
Foreign	20.3	22.7	24.0
Others	18.8	19.5	16.9

Stock Performance (1 year)

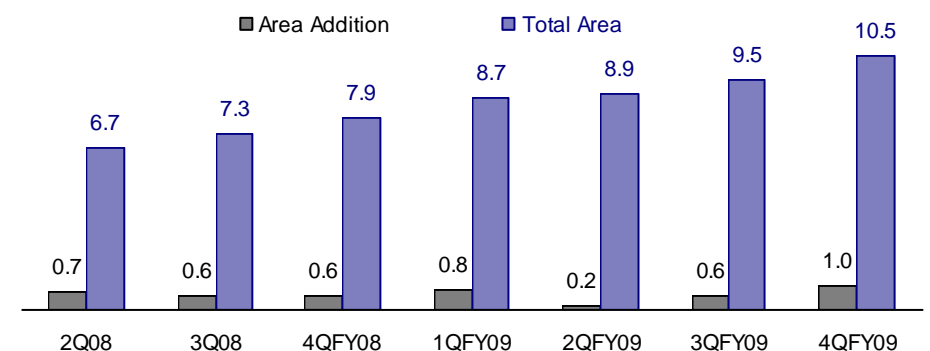


Quarterly Performance

	(Rs Million)						
Y/E June	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09E	FY08	FY09E
Net Sales	13,814	15,112	15,257	16,421	17,055	50,489	63,845
YoY Change (%)	35.5	39.1	24.4	21.2	23.5	56.0	26.5
EBITDA	1,412	1,549	1,573	1,730	1,708	4,605	6,560
Growth %	149	62	44	51.6	21	114	42
Margins (%)	10.2	10.2	10.3	10.5	10.0	9.1	10.3
PAT	325	362	335	344	322	1,259	1,362
YoY Change (%)	369.1	21.8	6.0	7.1	-1.2	106.2	8.2

E: MOSL Estimates

Retail Space Addition (msf)



Source: Company/MOSL

Pantaloon: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E JUNE	2008	2009E	2010E	2011E	Y/E JUNE	2008	2009E	2010E	2011E
Net Sales	50,489	63,845	74,154	87,242	Basic (Rs)				
Change (%)	56.0	26.5	16.1	17.6	EPS	7.9	7.8	9.7	12.3
Total Expenditure	-45,884	-57,285	-66,964	-79,190	Cash EPS	13.1	15.7	17.4	20.9
EBITDA	4,605	6,560	7,191	8,051	BV/Share	115.9	111.9	125.7	137.6
Change (%)	113.6	42.4	9.6	12.0	DPS	0.7	1.0	1.3	1.5
Margin (%)	9.1	10.3	9.7	9.2	Payout %	8.5	12.9	12.9	12.2
Depreciation	-834	-1,387	-1,465	-1,691	Valuation (x)				
Int. and Fin. Charges	-1,853	-3,132	-2,952	-2,742	P/E	36.6	37.2	29.9	23.6
Other Income - Recurring	38	55	61	67	Cash P/E	22.0	18.4	16.6	13.8
Profit before Taxes	1,956	2,096	2,835	3,685	EV/Sales	1.3	1.0	0.9	0.7
Change (%)	112.3	7.1	35.2	30.0	EV/EBITDA	14.2	9.9	8.9	8.0
Margin (%)	3.9	3.3	3.8	4.2	P/BV	2.5	2.6	2.3	2.1
Tax	-697	-734	-992	-1,290	Dividend Yield (%)	0.2	0.3	0.4	0.5
Tax Rate (%)	-35.6	-35.0	-35.0	-35.0	Return Ratios (%)				
Profit after Taxes	1,259	1,362	1,842	2,395	RoE	6.8	6.9	7.7	8.9
Change (%)	106.2	8.2	35.2	30.0	RoCE	9.3	11.4	11.6	11.7
Margin (%)	2.5	2.1	2.5	2.7	Working Capital Ratios				
Reported PAT	1,259	1,362	1,842	2,395	Debtor (Days)	8	8	8	8
					Asset Turnover (x)	1.2	1.4	1.5	1.6
					Leverage Ratio				
					Debt/Equity (x)	1.2	1.3	1.0	1.0
					CASH FLOW STATEMENT				
					(RS MILLION)				
					Y/E JUNE	2008	2009E	2010E	2011E
					OP/(loss) before Tax	3,771	5,173	5,726	6,360
					Int./Div. Received	38	55	61	67
					Depreciation and Amort.	834	1,387	1,465	1,691
					Interest Paid	-1,853	-3,132	-2,952	-2,742
					Direct Taxes Paid	-697	-734	-992	-1,290
					(Incr)/Decr in WC	-6,429	-1,168	-2,922	-3,058
					CF from Operations	-4,336	1,582	385	1,028
					(Incr)/Decr in FA	-8,012	-1,102	-2,900	-2,755
					(Pur)/Sale of Investments	-3,345	-2,750	-500	-500
					CF from Invest.	-11,357	-3,852	-3,400	-3,255
					Issue of Shares	6,901	601	3,396	1,548
					(Incr)/Decr in Debt	8,922	3,027	-556	1,213
					Dividend Paid	-125	-191	-260	-321
					Others	180	641	1,075	1,076
					CF from Fin. Activity	15,878	4,078	3,654	3,515
					Incr/Decr of Cash	185	1,808	640	1,288
					Add: Opening Balance	1,630	1,211	2,192	1,657
					Closing Balance	1,814	3,019	2,832	2,945

E: MOSL Estimates

Piramal Healthcare

Company description

Piramal Healthcare (PHL) ranks among the top 5 domestic formulation players in India. Over the last six years, it has established its presence in the CRAMS segment through both organic and inorganic initiatives. It enjoys good relationships with many leading global innovator pharmaceutical companies. It currently services its CRAMS customers through its facilities in India, UK and Canada. It has also become one of the leading players globally in the inhalation anesthetics business by acquiring Minrad in the US.

Key investment arguments

- We believe PHL will be a key beneficiary of: (1) increased outsourcing from India, given its strong MNC relations, and (2) improving profitability in the CRAMS business.
- A steady double-digit growth for the domestic formulations business (49% of total revenues for FY09) with good profitability and potential debt reduction should also augur well over the next two years.
- We expect a challenging 1HFY10 for PHL given the inventory correction undertaken by CRAMS customers.

- We expect 30%+ RoE for FY10E and FY11E.
- FY09-11E core revenue CAGR of 15.8% and earnings CAGR of 30%, albeit on a low base.

Key investment risks

- The US FDA has, of late, become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Any slippages could impact PHL's US supplies.
- PHL could be adversely impacted if government of India brings more products under price control.

Recent developments

- Announced closure of Huddersfield (UK) facility to rationalize its UK-based CRAMS business.

Valuation and view

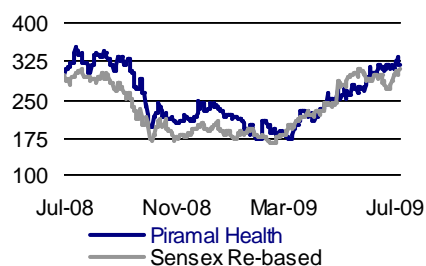
- Expect 30% EPS CAGR for FY09-11E on low base; valuations at 13.9x FY10E EPS of Rs22.9.
- We recommend Buy with a target price of Rs350 (12x FY11E earnings)

Bloomberg	PIHC IN
Equity Shares (m)	209.0
CMP (Rs)	319
Mcap (US\$ b)	1.4
52 W Range	367 / 164
1, 6, 12 Rel Per	-2 / -29 / 3

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	49.6	49.6	49.3
Domestic Inst	10.4	10.6	8.0
Foreign	23.4	21.8	24.6
Others	16.7	18.0	18.2

Stock Performance (1 year)



Quarterly Performance

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	7,083	8,893	8,283	8,189	8,215	32,448	37,753
YoY Change (%)	16.5	17.5	13.1	5.5	16.0	12.9	16.3
EBITDA	1,403	1,827	1,555	1,487	1,557	6,272	7,930
EBITDA Margin (%)	19.8	20.5	18.8	18.2	19.0	19.3	21.0
Reported PAT	681	733	599	1,150	851	3,163	4,781
Adjusted PAT	717	816	599	1,078	851	3,580	4,781
YoY Change (%)	19.8	-21.0	-36.3	13.8	18.7	-1.7	33.5

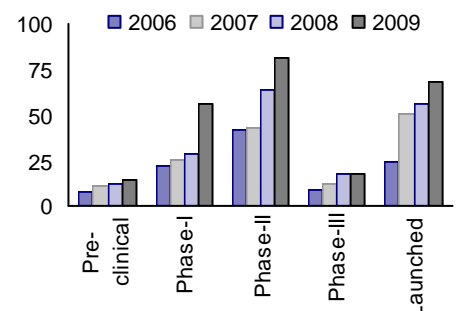
E: MOSL Estimates

Revenue Break-up (%)

	FY09	FY10E	FY11E
Healthcare Solutions	49.5	47.9	47.1
Pharma Solutions	32.7	26.6	28.6
India	12.1	10.5	12.5
International	20.6	16.1	16.1
Pathlabs	5.2	5.4	5.6
Global Critical Care	4.1	11.9	11.4
Others	8.6	8.2	7.3
Total	100.0	100.0	100.0

Source: Company/MOSL

CRAMS Pipeline



Source: Company/MOSL

Piramal Healthcare: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Net Sales	28,728	32,448	37,753	43,492	
Change (%)	18.7	12.9	16.3	15.2	
Total Expenditure	23,311	26,176	29,824	33,758	
EBITDA	5,418	6,272	7,930	9,733	
Margin (%)	18.9	19.3	21.0	22.4	
Depreciation	947	1,196	1,643	2,034	
Int. and Finance Charges	463	838	879	845	
Other Income - Rec.	61	-384	180	250	
PBT before EO Expense	4,068	3,854	5,587	7,104	
EO (Inc)/Exp	339	446	0	0	
PBT after EO Expense	3,729	3,408	5,587	7,104	
Tax	377	219	726	917	
Tax Rate (%)	10.1	6.4	13.0	12.9	
Reported PAT	3,352	3,188	4,861	6,187	
PAT Adj for EO Items	3,657	3,605	4,861	6,187	
Change (%)	57.6	-1.4	34.8	27.3	
Margin (%)	12.7	11.1	12.9	14.2	
Less: Minority Int. & Others	14	26	80	100	
Adj Net Profit	3,643	3,580	4,781	6,087	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Equity Share Capital	418	418	418	418	
Reserves	10,508	12,753	16,494	21,066	
Net Worth	10,926	13,171	16,912	21,484	
Minority Interest	49	74	154	254	
Deferred Liabilities	897	726	726	726	
Total Loans	7,163	13,391	10,060	11,060	
Capital Employed	19,035	27,361	27,852	33,524	
Gross Block	16,987	26,059	27,809	30,309	
Less: Accum. Deprn.	4,983	6,595	7,416	8,433	
Net Fixed Assets	12,005	19,464	20,393	21,876	
Capital WIP	581	927	500	500	
Investments	653	278	278	278	
Curr. Assets	11,695	14,908	15,081	20,110	
Inventory	4,033	4,834	5,034	5,430	
Account Receivables	4,457	4,866	5,381	7,041	
Cash and Bank Balance	551	946	375	2,277	
Others	2,654	4,262	4,292	5,361	
Curr. Liability & Prov.	5,898	8,215	8,400	9,240	
Account Payables	4,676	6,307	6,000	6,600	
Provisions	1,222	1,909	2,400	2,640	
Net Current Assets	5,797	6,692	6,681	10,870	
Appl. of Funds	19,035	27,362	27,853	33,524	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
EPS	17.4	17.1	22.9	29.1	
Cash EPS	22.0	22.8	30.7	38.9	
BV/Share	52.3	63.0	80.9	102.8	
DPS	4.2	4.2	5.0	6.0	
Payout (%)	31.2	32.2	25.2	23.7	
Valuation (x)					
P/E	18.3	18.6	13.9	11.0	
Cash P/E	14.5	14.0	10.4	8.2	
P/BV	6.1	5.1	3.9	3.1	
EV/Sales	2.6	2.4	2.0	1.7	
EV/EBITDA	13.5	12.6	9.6	7.8	
Dividend Yield (%)	1.3	1.3	1.6	1.9	
Return Ratios (%)					
RoE	34.0	29.7	31.8	31.7	
RoCE	25.6	21.0	24.2	26.7	
Working Capital Ratios					
Fixed Asset Turnover (x)	2.4	2.1	1.9	2.1	
Debtor (Days)	57	55	52	59	
Inventory (Days)	51	54	49	46	
Working Capital (Days)	74	75	65	91	
Leverage Ratio (x)					
Current Ratio	2.0	1.8	1.8	2.2	
Debt/Equity	0.7	1.0	0.6	0.5	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Oper. Profit/(Loss) before Tax	5,418	6,272	7,930	9,733	
Interest/Dividends Recd.	61	-384	180	250	
Direct Taxes Paid	-373	-391	-726	-917	
(Inc)/Dec in WC	-125	-501	-559	-2,286	
CF from Operations	4,981	4,996	6,824	6,780	
EO Expense/(income)	339	446	0	0	
CF frm Op. incl EO Exp.	4,641	4,550	6,824	6,780	
(Inc)/Dec in FA	-1,295	-9,001	-2,145	-3,517	
(Pur)/Sale of Investments	-365	374	0	0	
CF from Investments	-1,660	-8,627	-2,145	-3,517	
Issue of Shares	-384	0	183	-48	
Inc/(Dec) in Debt	-1,045	6,337	-3,331	1,000	
Interest Paid	-463	-838	-879	-845	
Dividend Paid	-1,045	-1,027	-1,223	-1,467	
CF from Fin. Activity	-2,936	4,472	-5,250	-1,360	
Inc/Dec of Cash	45	395	-571	1,902	
Add: Beginning Balance	506	551	946	375	
Closing Balance	550	946	375	2,278	

Reliance Capital

Company description

Reliance Capital (RCL) has interests in asset management, mutual funds, life and general insurance, private equity and proprietary investments, stock broking, depository services, distribution of financial products, consumer finance, and other activities in financial services. It had a net worth of Rs75b and total assets of Rs243b as of March 31, 2009. Reliance MF is the largest MF in the country while life and general insurance companies are in top 5 private players within 3 years of their full fledged operations.

Key investment arguments

- ✦ RCL is a proxy to India's fast growing financial services space (excluding banks).
- ✦ Key strengths are its vast distribution reach (over 12,000 outlets in 5,000 cities/towns in India) and customer reach (15m customers as of now).
- ✦ Management execution history is commendable in ramping up businesses and creating large size in each of the businesses.
- ✦ RCL is strongly capitalized with a consolidated net worth of Rs75b. Value unlocking from insurance business is being actively considered.

Key investment risks

- ✦ Consumer finance business is suffering from heavy delinquencies on back of deteriorating macro environment. 45% of loan exposure is to riskier segments like personal loans, CVs, SMEs.
- ✦ General insurance business is incurring losses due to intense competition and undercutting.

Recent developments

- ✦ RCL is actively considering value unlocking from its 100% owned Reliance Life Insurance Company through stake divestment or IPO .

Valuation and view

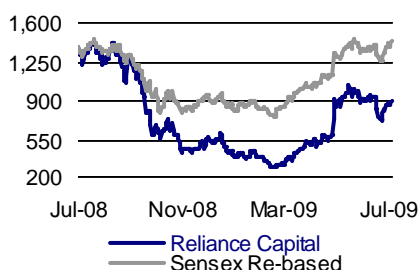
- ✦ FY09 earnings were dominated by capital gains from proprietary investments (80%+ of consol profit) as other businesses remains in investment mode. Life insurance business is not consolidated in financial numbers as it is incurring losses. As we expect capital gains to decline, we estimate negative earnings CAGR of 15% over FY09-11.
- ✦ The stock trades at 2.6x FY11E BV and 30x FY11E EPS.
- ✦ We are **Neutral** with a target price of Rs786.

Bloomberg	RCFT IN
Equity Shares (m)	246.2
CMP (Rs)	900
Mcap (US\$ b)	4.6
52 W Range	1475 / 274
1, 6, 12 Rel Per	-8 / 60 / -39

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	53.5	53.5	53.4
Domestic Inst	4.3	4.1	4.0
Foreign	23.8	21.6	24.2
Others	18.5	20.8	18.4

Stock Performance (1 year)



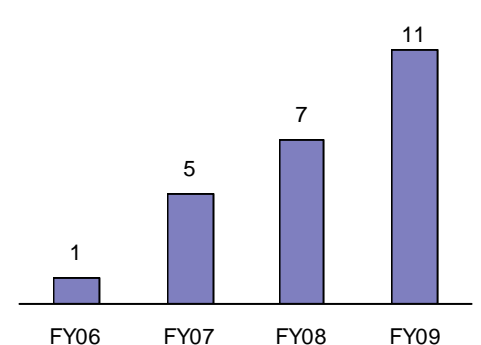
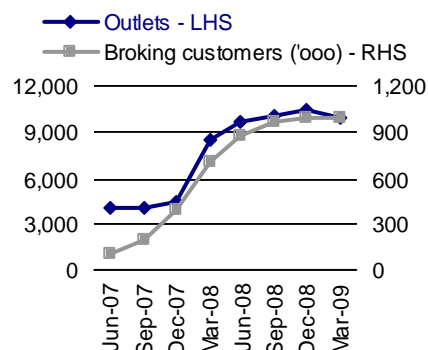
Quarterly Performance

	(Rs Million)						
Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09
Operating Income	16,347	15,375	13,039	15,698	15,374	47,927	59,487
Other Income	0	71	186	35	416	1,265	708
Total income	16,347	15,446	13,225	15,733	15,790	49,192	60,194
Y-o-Y Growth (%)	97.3	31.3	38.8	36.2	-3.4	128.0	22.4
EBITDA	6,534	6,414	5,927	5,405	7,502	16,669	25,247
EBITDA Margin %	40.0	41.7	45.5	34.4	48.8	34.8	42.4
PAT (pre Minority Int. adj.)	3,735	3,453	2,315	1,343	3,120	10,102	10,231
Y-o-Y Growth (%)	22.1	6.3	18.2	15.7	-16.5	44.4	1.3
EBIT Margin	28.7	26.5	23.1	10.7	25.1	7.6	2.8

E: MOSL Estimates

R-Money Expanding at a Faster Pace

R-Life Gaining Mkt Sh. (%) in Pvt. Players



Reliance Capital: Financials and valuation

PROFIT AND LOSS ACCOUNT (CONSOLIDATED)					BALANCE SHEET				
(RS MILLION)					(RS MILLION)				
	FY08	FY09	FY10E	FY11E	CONSOLIDATED	FY08	FY09	FY10E	FY11E
Revenue					Liabilities				
Finance and Investments	16,864	18,752	11,986	12,827	Net Worth	66,097	74,534	78,860	85,086
Asset Management	4,729	3,925	5,108	6,628	Equity	2,462	2,462	2,462	2,462
General Insurance	23,461	23,149	23,064	26,646	Reserves and Surplus	63,636	72,072	76,398	82,623
Financing Business	3,946	12,052	13,874	16,977	Minority Interest	507	833	999	1,199
Total Revenue	49,191	60,191	54,032	63,079	Loan Funds	93,262	141,087	128,087	138,236
Operating Profit					Secured Funds	24,550	49,545	44,980	48,544
Finance and Investments	12,314	9,620	4,097	4,485	Unsecured Funds	68,712	91,542	83,107	89,692
Asset Management	2,052	1,686	2,039	3,038	Deferred Tax Liability	194	45	45	45
General Insur. Oper. Profit	-2,061	-966	-506	57	Total Liabilities	160,061	216,498	207,991	224,565
Fina. Business Oper. Profit	-144	2,884	3,166	3,850	Assets				
Operating profit	12,161	13,223	8,796	11,429	Fixed Assets	2,020	3,018	2,026	2,189
PBT					Investments	60,564	98,742	113,554	130,587
Finance and Investments	11,595	10,375	3,642	3,979	Current Assets	120,834	139,084	125,702	137,335
Asset Management	1,931	1,147	2,039	3,038	Cash and Bank	10,563	11,675	2,121	5,934
General Insurance	-1,628	-502	77	698	Sundry Debtors	4,375	2,962	3,555	4,266
Financing Business	361	922	1,253	1,727	Loan and Advances	102,803	119,324	113,955	119,925
PBT	12,159	12,042	7,010	9,442	Stock for Trade	328	377	377	377
PAT					Other Current Assets	2,766	4,745	5,694	6,833
Finance and Investments	10,255	9,680	3,370	3,750	Current Liabilities	24,377	25,477	34,196	46,269
Asset Management	1,495	1,257	1,509	2,248	Current Liabilities	15,321	16,079	20,098	25,123
General Insurance	-1,656	-523	77	698	Provisions	9,056	9,398	14,097	21,146
Financing Business	242	617	839	1,157	Miscellaneous Expenditure	1,018	1,131	904	724
Misc Adjustements	-279	-874	-500	-500	Total Assets	160,061	216,498	207,991	224,565
Total PAT	10,057	10,157	5,295	7,354	VALUATION RATIOS				
<i>Growth (%)</i>	<i>43.7</i>	<i>1.0</i>	<i>-47.9</i>	<i>38.9</i>	Book Value (Rs)	268.5	302.8	320.4	345.7
<i>E: MOSL Estimates</i>					EPS (Rs)	40.9	41.3	21.5	29.9
					P/E (x)	22.0	21.8	41.8	30.1
					P/BV (x)	3.4	3.0	2.8	2.6
					RoA (%)	8.9	5.4	2.7	3.8
					RoE (%)	16.9	14.4	6.9	9.0

Reliance Communications



Company description

RCom is an integrated telecom operator with presence in wireless (CDMA+GSM), long-distance (wholesale voice and data), and broadband segments. RCom has ~19% subscriber share of the Indian wireless market (second highest). 'Global' segment includes wholesale voice services, retail ILD calling cards, and network infrastructure based services. Broadband segment caters to voice, data, video, internet, and IT infrastructure requirements of enterprises.

Key investment arguments

- RCom's GSM expansion has increased its addressable market, driving higher subscriber momentum. Revenue traction should build progressively on increased visibility and availability of the GSM service.
- Wireless EBITDA remained largely flat over the last five quarters due to significant GSM expansion led network cost push. Wireless margins to stabilize at ~36%, driving wireless EBITDA CAGR of 26% over FY09-11.
- Consolidated EBITDA CAGR of 25% over FY09-11 driven by average subscriber CAGR of 40%.

Key investment risks

- Significant cost increase led by aggressive expansion, downward pressure on wireless RPM, upward risk to finance costs given significant net debt, and aggressive bidding for 3G auctions.
- Leverage remains one of the highest among listed telecom majors with an estimated FY09 net debt/EBITDA of 2.0x and net debt/equity of 0.6x.

Recent developments

- Received shareholders' approval to raise funds through equity/equity-linked instruments which could result in potential dilution of up to 25%.
- In July 2009, RCom announced an agreement with Etisalat DB telecom (previously Swan telecom) which will accrue revenue of ~Rs100b to RCOM for providing passive infrastructure and transmission services over a period of 10 years.

Valuation and view

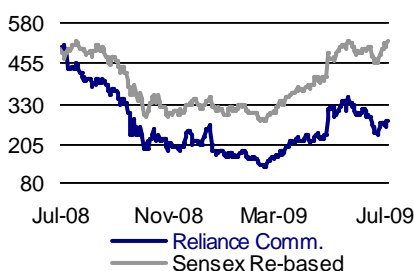
- Maintain **Buy** on likely operational turnaround led by GSM expansion and cheap valuations.
- Our price target of Rs400 is based on DCF valuation of Rs351/share (12.6% WACC, 4% terminal growth; implied EV/EBITDA of 6.5x FY11E) and incremental tower upside of Rs47/share (Rs2m/tower).

Bloomberg	RCOMIN
Equity Shares (m)	2063.0
CMP (Rs)	276
Mcap (US\$ b)	11.8
52 W Range	541 / 131
1, 6, 12 Rel Per	-15 / -5 / -49

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	67.3	66.2	66.2
Domestic Inst	9.2	9.5	8.9
Foreign	10.8	10.2	13.2
Others	12.8	14.1	11.8

Stock Performance (1 year)

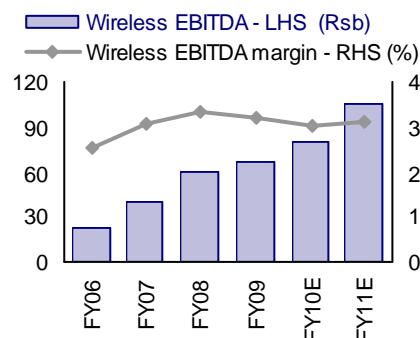


Quarterly Performance (Consolidated)

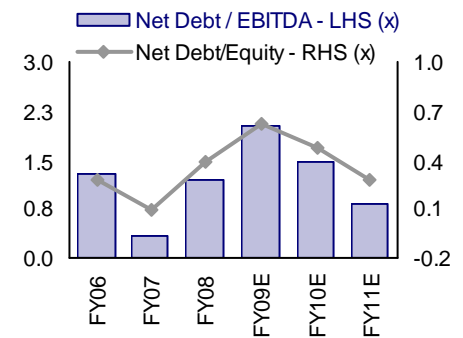
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09E	FY09	FY10E
Gross Revenue	53,223	56,449	58,502	61,237	64,298	229,411	283,783
YoY Growth (%)	23.7	23.3	20.0	15.3	20.8	20.3	23.7
EBITDA	22,501	23,016	23,525	23,832	25,892	92,875	114,740
YoY Growth (%)	24.0	17.3	11.7	2.9	15.1	13.3	23.5
Margin (%)	42.3	40.8	40.2	38.9	40.3	40.5	40.4
Adj. PAT/(Loss)	16,397	16,756	14,799	13,599	11,536	61,552	53,513
YoY Growth (%)	34.5	26.1	6.1	-13.2	-29.6	11.7	-13.1
Wireless ARPU(Rs/mon)	282	271	251	224	212	244	209
Wireless MOU/sub/mon	424	423	410	372	379	389	396

E: MOSL Estimates

Wireless EBITDA and Margin Trend



Leverage Trend



Source: Company/MOSL

Reliance Communications: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Revenues	190,679	229,410	283,783	348,107	
Change (%)	31.8	20.3	23.7	22.7	
Total Expenses	-108,692	-136,535	-169,042	-202,874	
EBITDA	81,987	92,875	114,740	145,233	
% of Gross Sales	43.0	40.5	40.4	41.7	
Depn. & Amortization	28,054	39,313	52,895	59,079	
EBIT	53,933	53,562	61,846	86,155	
Net Interest and others	3,998	7,867	-7,132	-8,739	
PBT	57,931	61,429	54,714	77,415	
Tax	2,836	-123	1,200	5,573	
Rate (%)	4.9	-0.2	2.2	7.2	
Adjusted PAT	55,095	61,552	53,513	71,842	
Change (%)	72.5	11.7	-13.1	34.3	
PAT after EO	54,013	59,077	52,296	70,351	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	10,320	10,320	10,320	10,320	
Additional Paid up Capital	90,306	90,306	90,306	90,306	
Reserves	155,801	201,613	253,910	320,743	
Net Worth	256,427	302,239	354,536	421,369	
Loans	215,681	269,356	252,084	200,724	
Minority Interest	24,311	11,014	11,014	11,014	
Capital Employed	496,419	582,609	617,634	633,107	
Gross Block	611,967	806,864	908,805	990,091	
Less : Depreciation	89,814	140,060	192,955	252,033	
Net Block	522,153	666,804	715,850	738,058	
Investments	2,797	2,818	2,818	2,818	
Curr. Assets	213,156	237,372	280,112	325,302	
Inventories	4,059	5,350	6,810	8,353	
Debtors	27,224	49,659	63,210	77,538	
Cash & Bank Balance	115,981	80,747	80,747	80,747	
Other Current Assets	65,892	101,616	129,346	158,664	
Curr. Liab. & Prov.	241,687	324,385	381,147	433,071	
Net Curr. Assets	-28,531	-87,013	-101,034	-107,769	
Appl. of Funds	496,419	582,609	617,634	633,107	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
EPS	26.7	29.8	25.9	34.8	
Cash EPS	40.3	48.9	51.6	63.5	
Book Value	136.1	151.8	177.2	209.6	
DPS	0.0	1.4	1.3	1.7	
Payout %(Incl.Div.Taxes)	0.0	5.0	5.0	5.0	
Valuation (x)					
P/E	10.3	9.3	10.6	7.9	
Cash P/E	6.8	5.6	5.4	4.3	
EV/EBITDA	8.1	8.1	6.4	4.7	
EV/Sales	3.5	3.3	2.6	2.0	
Price/Book Value	2.0	1.8	1.6	1.3	
Dividend Yield (%)	0.0	0.5	0.5	0.6	
Profitability Ratios (%)					
RoE	22.7	20.7	15.8	18.0	
RoCE	12.0	10.0	9.5	12.1	

Turnover Ratios					
Debtors (Days)	52	79	81	81	
Asset Turnover (x)	0.65	0.52	0.55	0.64	
Leverage Ratio					
Debt/Equity Ratio(x)	0.8	0.9	0.7	0.5	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Op.Profit/(Loss) bef Tax	80,905	90,401	113,525	143,743	
Interest Paid	3,998	7,867	-7,132	-8,739	
Direct Taxes Paid	-2,836	123	-1,200	-5,573	
(Inc)/Dec in Wkg. Cap.	22,775	12,936	16,626	6,734	
CF from Op.Activity	104,842	111,327	121,818	136,164	
(inc)/Dec in FA + CWIP	-219,784	-183,964	-101,941	-81,286	
(Pur)/Sale of Investments	9,128	-21	0	0	
CF from Inv.Activity	-210,656	-183,985	-101,941	-81,286	
Issue of Shares	100	0	0	0	
Inc/(Dec) in Debt	60,243	53,675	-17,272	-51,360	
Other Financing Activities	24,252	-16,251	-2,615	-3,518	
CF from Fin.Activity	84,595	37,425	-19,885	-54,875	
Inc/(Dec) in Cash	-21,219	-35,234	-10	0	
Add: Opening Balance	137,200	115,981	80,747	80,747	
Closing Balance	115,981	80,747	80,737	80,747	

Reliance Industries

Company description

Reliance Industries (RIL), a Fortune 500 company, is India's largest private-sector entity, with FY09 turnover of US\$30b and net profit of US\$3.1b. It reported historically high topline and bottomline CAGRs of over 25% through backward integration in the energy chain. It is also involved in textiles, petchem, refining and E&P and is moving into high growth areas like retail and SEZs.

Key investment arguments

- ✦ **E&P - the new growth engine:** Exploration and Production (E&P) is the next frontier in RIL's strategy of backward integration in its core business. RIL holds the largest exploration acreage in India's private sector. After its gas discovery in 2002 in KG-D6, it reported more than 44 discoveries. As KG-D6 production ramps up, E&P will become its key growth driver.
- ✦ **Refining - high complexity to help RIL:** We expect subdued refining margins in the medium term as 1.4mmbbl/d of new capacity (including RPET's) will start in the backdrop of weak global demand. But complexity will help RIL to outperform regional benchmarks.

- ✦ **Petrochemicals – delayed ME capacities to help in near-term:** Imminent new capacities in the Middle East and China will put pressure on petchem margins, but RIL will sustain margins in the short term due to delays in new capacity commissioning.

Key investment risks

- ✦ Uncertainty in outcome of a court battle with RNRL is a concern. Ramp-up in KG-D6 to be watched.
- ✦ Our estimates could be adversely affected by lower-than-expected refining and petchem margins.

Recent developments

- ✦ Commenced oil production in KG-D6 in September 2008 and gas production in April 2009. 1QFY10 volumes were at 19mmscmd (currently 30mmscmd). RIL has guided for 80mmscmd by March 2010.
- ✦ RPET refinery started on December 25, 2008. It is currently operating at ~90% capacity utilization.

Valuation and view

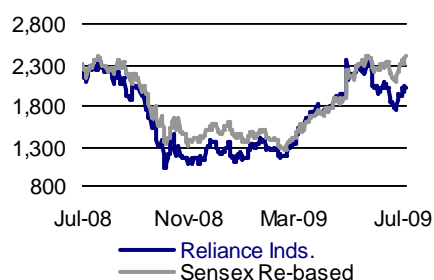
- ✦ Our SOTP-based price target is Rs1,638. Further, we believe there's a potential E&P upside of Rs516/share.
- ✦ We remain positive on RIL due to its large E&P potential. We maintain a **Buy** rating.

Bloomberg	RIL IN
Equity Shares (m)	1573.4
CMP (Rs)	2,014
Mcap (US\$ b)	65.6
52 W Range	2535 / 930
1, 6, 12 Rel Per	-6 / -3 / -17

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	49.2	49.2	51.6
Domestic Inst	9.1	9.0	8.9
Foreign	20.3	20.1	21.8
Others	21.3	21.6	17.7

Stock Performance (1 year)



Quarterly Performance

	(Rs Billion)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Operating Income	415.8	447.9	315.6	283.6	320.6	1,462.9	1,208.1
Change (%)	40.8	39.8	-8.8	-23.9	-22.9	9.6	-17.4
EBITDA	61.2	64.7	53.6	54.4	59.2	234.0	282.3
Change (%)	7.9	12.0	-8.1	-9.7	-3.3	0.4	20.7
EBITDA Margin (%)	14.7	14.5	17.0	19.2	18.5	16.0	23.4
Reported PAT	41.1	41.2	35.0	39.2	36.4	156.5	173.4
Adjusted PAT	41.1	41.2	35.0	39.2	36.4	156.5	173.4
Change (%)	13.2	7.4	-9.8	0.1	-11.5	2.5	10.8
PAT Margin (%)	9.9	9.2	11.1	13.8	11.3	10.7	14.4

E: MOSL Estimates

Key Operational Parameters

	FY07	FY08	FY09	FY10E	FY11E
Refining					
Capacity Utilization (%)	96.1	96.3	97.4	88.6	94.1
GRM - RIL (US\$/bbl)	11.7	15.0	12.3	7.0	8.0
GRM - RPET (US\$/bbl)				8.0	9.0
E&P					
Gas Production (mmscmd)				44.0	80.0
Oil Production (kbd)				20.0	40.0
Pricing					
Brent Oil (US\$/bbl)	64.5	82.8	85.0	60.0	65.0
Wellhead Gas Price (US\$/mmbtu)				4.2	4.2

* RPET included from FY10

Source: Company/MOSL

Reliance Industries: Financials and valuation

INCOME STATEMENT		(RS BILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	1,334	1,463	1,771	1,985	
Change (%)	19.5	9.6	21.1	12.1	
RM Cons & Purchases	963	1,073	1,263	1,386	
Sales and Distribution Exp	32	33	35	35	
Employee Costs	21	24	25	25	
Other Expenditure	66	81	103	120	
Change in Stocks	19	18	0	0	
EBITDA	233	234	345	419	
% of Net Sales	17.5	16.0	19.5	21.1	
Depreciation	48	51	84	92	
Interest	11	17	40	37	
Other Income	-1	20	35	36	
Extraordinary Items (net)	42	4	0	0	
PBT	215	183	256	326	
Tax	30	30	48	63	
Rate (%)	14.1	16.5	18.9	19.3	
PAT	185	153	207	263	
Adj. PAT	153	156	207	263	
Change (%)	27.8	2.5	32.5	46.8	

* Includes consolidation for RPL

BALANCE SHEET		(RS BILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Cap. (incl sh. suspense)	15	16	17	17	
Reserves	800	1084	1,421	1,662	
Net Worth	814	1,100	1,437	1,679	
Total Loans	365	535	717	535	
Deferred Tax	79	88	97	113	
Capital Employed	1,258	1,723	2,252	2,327	
Gross Fixed Assets	1,042	1,170	1,603	1,761	
Less: Depreciation	423	474	562	653	
Net Fixed Assets	619	696	1,041	1,107	
Capital WIP	230	272	304	355	
Investments	221	275	354	414	
Curr. Assets, L & Adv.					
Inventory	142	139	154	168	
Debtors	62	58	81	92	
Cash & Bank Balance	43	280	364	289	
Loans & Adv. and Other CA	181	261	261	244	
Current Liab. & Prov.					
Liabilities	210	198	223	245	
Provisions	30	61	85	98	
Net Current Assets	188	479	553	450	
Application of Funds	1,258	1,723	2,252	2,327	

E: MOSL Estimates

RATIOS		(RS BILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Basic (Rs)					
EPS (Adj)	98.2	103.1	125.5	158.5	
Cash EPS	131.5	134.4	176.2	213.8	
Book Value	560.4	726.6	870.1	1,011.0	
DPS	13.0	15.0	17.0	18.0	
Payout (incl. Div. Tax.)	12.5	18.1	15.6	13.1	
Valuation (x)					
P/E	20.5	19.5	16.0	12.7	
Cash P/E	15.3	15.0	11.4	9.4	
EV / EBITDA	13.9	14.1	9.7	7.8	
EV / Sales	2.4	2.3	1.9	1.6	
Price / Book Value	3.6	2.8	2.3	2.0	
Dividend Yield (%)	0.6	0.7	0.8	0.9	
Profitability Ratios (%)					
RoE	20.1	16.1	16.3	17.9	
RoCE	16.6	13.7	14.9	17.3	
Turnover Ratios					
Debtors (No. of Days)	14	15	14	13	
Fixed Asset Turnover (x)	1.3	1.3	1.3	1.3	

Leverage Ratio		(RS BILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Net Debt / Equity (x)	0.4	0.2	0.2	0.1	

CASH FLOW STATEMENT		(RS BILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
OP/(Loss) before Tax	230	183	482	602	
Depreciation	66	51	84	92	
Interest /Other Income	4	0	0	0	
Direct Taxes Paid	-25	-21	-39	-47	
(Inc)/Dec in Wkg. Capital	-31	26	16	27	
Other op activities	-70	0	0	0	
CF from Op. Activity	174	238	315	394	
(Inc)/Dec in FA & CWIP	-191	-170	-168	-209	
(Pur)/Sale of Investments	-10	-135	-43	-60	
Loans and Advances	0	0	0	0	
Other In activities	-39	0	2	3	
CF from Inv. Activity	-240	-304	-209	-266	
Change in Equity	17	151	12	11	
Inc / (Dec) in Debt	73	171	-7	-182	
Dividends Paid	0	-19	-28	-33	
CF from Fin. Activity	90	303	-23	-204	
Inc / (Dec) in Cash	24	237	82	-75	
Add: Opening Balance	18	43	280	364	
Closing Balance	43	280	364	289	

Reliance Infrastructure



Company description

Reliance Infrastructure (RELI) is India's leading infrastructure conglomerate with presence in power (through R Power), roads, real estate and urban infrastructure (MRTS). It also has inhouse EPC capabilities developed over a period of time. Its current operations include distribution of power in Mumbai, Delhi and Orissa, while focus is towards building a large infrastructure portfolio.

Key investment arguments

- ✦ EPC order book stands at Rs206b (as of March 2009) vs FY09 revenue of Rs25b, providing strong earnings visibility.
- ✦ RELI has infrastructure asset portfolio of Rs120b, including L1 projects of Rs71b. Two road projects are in the final stages of completion, while three road projects and two metro projects will be operational by 2QFY11.
- ✦ As of March 2009, net cash and cash equivalents stands at Rs17.2b (Rs76/sh), vs outstanding equity commitment of Rs9b in infrastructure projects excluding real estate projects.

Key investment risks

- ✦ Delay in execution of power and infrastructure projects may impact near term earnings.
- ✦ RELI has receivables from SEBs worth Rs10b (Rs46/share) in the Mumbai Tariff Area. Further deferment the same may put strain on cash flows.
- ✦ Embedded value of holding in Reliance Power accounts for ~60% of the current valuation for the company.

Recent developments

- ✦ Financial closure for WRSS (Western Region System Strengthening Scheme) and Delhi metro rail project has been achieved recently.
- ✦ RELI has proposed a scheme of arrangement of various businesses into subsidiaries through demerger to create a transparent structure and enhance shareholder value (through stake sale).

Valuation and view

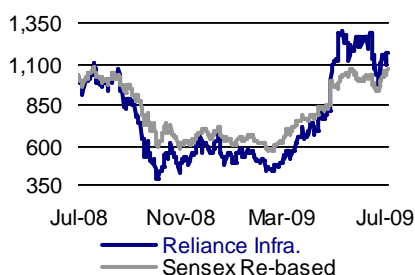
- ✦ The stock trades at a P/E of 19x FY11E EPS of Rs63/share.
- ✦ We recommend **Buy** with an SOTP-based target price of Rs1,278/share.

Bloomberg	RELI IN
Equity Shares (m)	224.3
CMP (Rs)	1,171
Mcap (US\$ b)	5.4
52 W Range	1374 / 353
1, 6, 12 Rel Per	-14 / 64 / 10

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	37.8	37.6	36.7
Domestic Inst	26.2	27.4	23.8
Foreign	20.1	17.1	20.3
Others	15.9	17.9	19.3

Stock Performance (1 year)

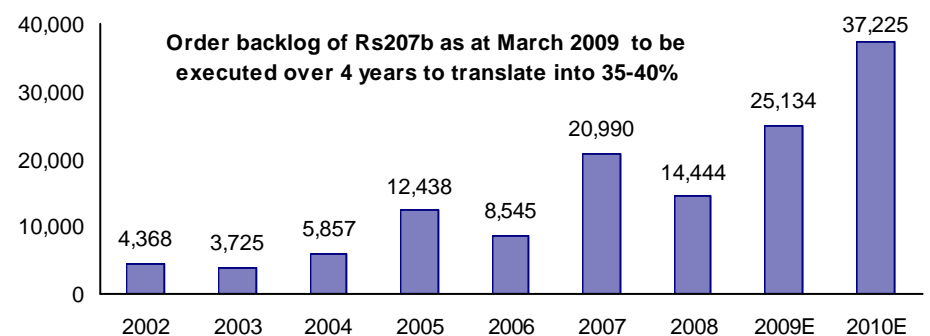


Quarterly Performance

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales	22,903	24,732	27,176	23,875	22,445	98,686	74,949
YoY Change (%)	39.8	58.2	77.5	39.2	-2.0	53.0	-24.1
EBITDA	2,858	2,772	3,120	1,559	2,469	10,309	9,842
YoY Change (%)	80.3	19.2	211.6	-22.9	-13.6	51.0	-4.5
EBITDA Margin (%)	12.5	11.2	11.5	6.5	11.0	10.4	13.1
Reported PAT	2,525	2,890	2,512	3,462	2,690	11,389	12,301
PAT (Pre Except.)	2,502	2,122	2,823	2,958	2,690	10,405	12,301
YoY Change (%)	12.9	-5.2	100.4	-19.1	7.5	39.8	18.2

E: MOSL Estimates

Higher Visibility on EPC Revenues (Rs m)



Source: Company/MOSL

Reliance Infra: Financials and valuation

INCOME STATEMENT					(RS MILLION)				
Y/E MARCH	2008	2009	2010E	2011E	RATIOS				
Y/E MARCH	2008	2009	2010E	2011E	Basic (Rs)				
Sales	49,198	71,831	74,949	69,375	EPS	31.6	40.2	54.8	62.5
Other Operating Income	14,444	25,134	41,350	59,038	CEPS (Rs)	56.7	56.9	56.7	45.7
Total Revenues	63,642	96,965	116,299	128,413	Book Value	435.5	466.0	507.4	562.8
Change (%)	11.8	52.4	19.9	10.4	DPS	6.3	6.9	6.0	6.0
Cost of Electricity	26,193	42,540	46,858	39,983	Payout (incl. Div. Tax.)	23.2	20.1	12.3	10.8
Cost of fuel	10,155	13,402	12,481	13,253	Valuation (x)				
Other Manufacturing Exp.	1,981	2,142	3,351	3,035	P/E	37.1	29.2	21.4	18.7
Employee Expenses	3,232	3,676	3,859	4,052	EV/EBITDA	38.4	26.4	23.4	18.8
SG&A Expenses	3,261	6,953	1,726	1,872	EV/Sales	3.3	2.3	2.0	1.7
Cost of Contracts	13,357	19,665	38,182	54,373	Price/Book Value	2.7	2.5	2.3	2.1
EBITDA	5,463	8,588	9,842	11,843	Dividend Yield (%)	0.5	0.6	0.5	0.5
% of Total Revenues	8.6	8.9	8.5	9.2	Profitability Ratios (%)				
Depreciation	2,229	2,449	2,824	3,128	RoE	11.0	10.2	10.4	10.9
Interest	3,088	3,305	4,944	5,469	RoCE	9.7	9.0	10.1	10.5
Other Income	11,370	7,379	12,229	13,070	Turnover Ratios				
PBT	11,516	10,213	14,303	16,316	Debtors (Days)	78	57	49	46
Tax	1,604	546	2,002	2,284	Inventory (Days)	17	17	8	8
Rate (%)	13.9	5.3	14.0	14.0	Asset Turnover (x)	0.4	0.5	0.6	0.6
Provisions for Contingencies	-933	0	0	0	Leverage Ratio				
Reported PAT	10,846	9,668	12,301	14,032	Debt/Equity (x)	0.7	0.5	0.6	0.6
Change (%)	35.3	-10.9	27.2	14.1					
Adj. PAT	7,442	9,081	12,301	14,032					
Change (%)	-7.2	22.0	35.5	14.1					
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009	2010E	2011E	2008	2009	2010E	2011E	
Share Capital	2,356	2,261	2,243	2,243	PBT before EO Items	11,516	11,934	14,303	16,316
Reserves	108,077	110,916	120,300	132,818	Add : Depreciation	2,229	2,449	2,824	3,128
Net Worth	110,433	113,177	122,544	135,061	Less : Direct Taxes Pd	439	1,034	1,552	1,834
Loans	49,889	73,322	78,292	84,067	(Inc)/Dec in WC	71,684	40,445	37,960	5,331
Consumer's Security Deposits	202	0	-45	-90	CF from Operations	84,991	53,794	53,535	22,941
Deferred Tax Liability	2,485	1,940	2,390	2,840	(Inc)/dec in FA	-8,324	-5,760	-7,100	-8,250
Capital Employed	163,008	188,438	203,180	221,878	(Pur)/Sale of Investments	-102,156	-61,021	-21,268	-8,433
Gross Fixed Assets	63,961	69,227	76,327	84,577	Others	2,478	2,400	0	0
Less: Dep and Reval. Res.	-39,723	-41,723	-44,547	-47,675	CF from Investments	-108,002	-64,381	-28,368	-16,683
Net Fixed Assets	24,238	27,504	31,780	36,902	(Inc)/Dec in Sh. Cap.&Res	12,631	-9,183	-1,420	0
Capital WIP	5,689	5,644	5,644	5,644	(Inc)/Dec in Debt	-8,695	23,433	4,970	5,775
Investments	76,644	121,471	142,739	151,172	(Inc)/Dec in Cust. Sec. Dep.	-45	-202	-45	-45
Curr. Assets	90,215	88,036	87,377	98,553	Dividend Paid	-1,763	-1,826	-1,514	-1,514
Inventory	3,003	4,407	2,700	2,700	CF from Fin. Activity	2,128	12,222	1,991	4,216
Debtors	13,514	15,233	15,690	16,161	Inc/Dec of Cash	-20,882	1,634	27,158	10,474
Cash & Bank Balance	877	2,510	29,668	40,143	Add: Beginning Balance	21,759	877	2,510	29,668
Loans & Advances	66,365	55,766	27,240	22,295	Closing Balance	877	2,510	29,668	40,143
Other Current Assets	6,456	10,121	12,078	17,254					
Current Liab. & Prov.	33,778	54,218	64,360	70,393					
Other Liabilities	25,994	46,555	56,850	63,034					
Provisions	7,784	7,663	7,509	7,359					
Net Current Assets	56,437	33,819	23,017	28,160					
Application of Funds	163,009	188,440	203,182	221,880					

E: MOSL Estimates

Reliance Power



Company description

Reliance Power (R Power) is India's largest private sector power generation utility with project pipeline of 33.5GW (45% stake held by Reliance Infrastructure). The company plans to add 2.8GW of capacity in the Eleventh Plan. R Power is developing three out of the four UMPPs (ultra mega power projects) awarded so far in India.

Key investment arguments

- During 1QFY10, R Power achieved financial closure for three projects (costing Rs244b) with total capacity of 5.5GW. These are: 1.2GW Rosa power project, 300MW Butibori project and 4GW Sasan UMPP. This provides strong visibility on project execution and capacity addition ramp-up.
- Structuring of tariff for Sasan UMPP with higher variable charge recovery will improve project IRR, as project will operate at a higher PLF, owing to lower tariff (in merit order dispatch).
- Lucrative blend of regulated, competitively bid and market linked returns in project portfolio. Of the current 5.4GW under development, 4.3GW is under CBT, 900MW under regulated return and 300MW on merchant basis.

Key investment risks

- Timely project execution is a key concern area. Also, the entire EPC work is handled by group company, Reliance Infrastructure, implying higher dependence on single EPC contractor.
- Project returns are sensitive to key variables like currency fluctuations, merchant power prices, interest rates, etc.
- Litigation pertaining to gas allocation, price and use of excess coal from mines allocated for Sasan UMPP may impact company adversely.

Recent developments

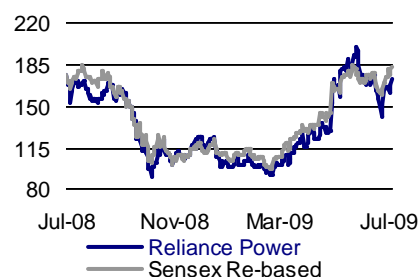
- For Krishnapatnam UMPP, in-principle sanction is received from various lenders for debt up to ~Rs50b (total debt of Rs120b). Management expects to achieve financial closure by 2QFY10.
- Reliance Industries (RIL) has recently moved the Supreme Court to contest the High Court ruling directing RIL to meet its gas supply obligation to Reliance Natural Resources, an R Power group company.

Bloomberg	RPWR IN
Equity Shares (m)	2,395.6
CMP (Rs)	173
Mcap (US\$ b)	8.6
52 W Range	210 / 81
1, 6, 12 Rel Per	-8 / 0 / -6

Shareholding Pattern (%)

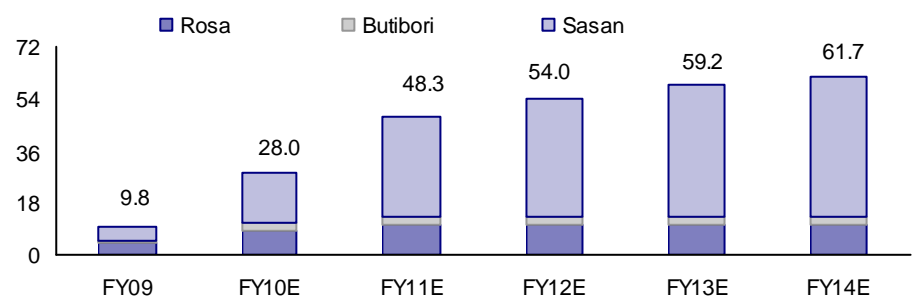
	Jun-09	Mar-09	Jun-08
Promoter	84.8	84.8	84.8
Domestic Inst	1.9	1.6	1.1
Foreign	4.0	3.9	4.8
Others	9.4	9.7	9.3

Stock Performance (1 year)

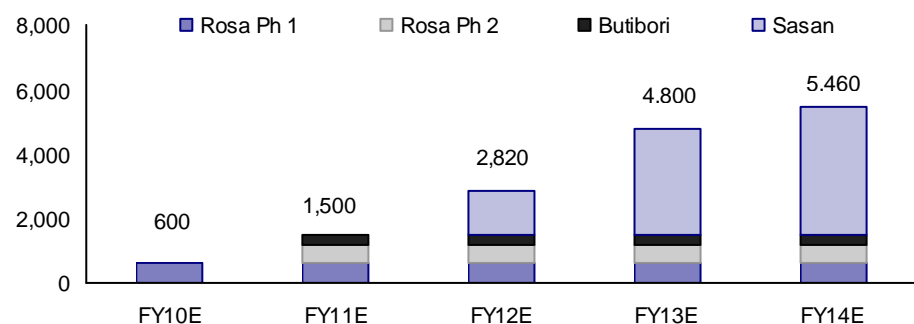


Equity Investment for Projects

(Rs Billion)



Expected ramp-up in capacity addition (MW)



Source: Company/MOSL

Reliance Power: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Total Revenues	0	0	1,106	23,513	
Change (%)				2,026.5	
Operating Expenses	0	0	608	9,986	
EBITDA	0	0	497	13,526	
% of Total Revenues			45.0	57.5	
Interest	0	0	297	4,611	
Depreciation	0	0	116	1,952	
PBT	0	0	85	6,963	
Tax	0	0	28	766	
Rate (%)			33.0	11.0	
Reported PAT	0	0	57	6,197	
Change (%)				10,817.0	
Adj. PAT	0	0	57	6,197	
Change (%)				10,817.0	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	20,000	23,956	23,956	23,956	
Reserves	0	113,044	113,101	119,298	
Net Worth	20,000	137,000	137,057	143,254	
Debts	11,617	50,793	164,553	338,636	
Capital Employed	31,617	187,793	301,610	481,890	
Gross Block	0	0	3,226	94,235	
Less: Depreciation	0	0	116	2,069	
Net Fixed Assets	0	0	3,110	92,166	
Capital WIP	12,021	62,178	204,249	333,455	
Curr. Assets	19,596	125,615	94,251	56,268	
Application of Funds	31,617	187,793	301,610	481,890	

E: MOSL Estimates

RATIOS		2008	2009E	2010E	2011E
Basic (Rs)					
EPS		0.0	0.0	0.0	2.6
CEPS (Rs)		0.0	0.0	0.1	3.4
Book Value		10.0	57.2	57.2	59.8
DPS		0.0	0.0	0.0	0.0
Payout (incl. Div. Tax.)				0.0	0.0
Valuation (x)					
P/E				7,301.1	66.9
EV/EBITDA				974.4	51.5
EV/Sales				438.4	29.6
Price/Book Value			3.0	3.0	2.9
Dividend Yield (%)				0.0	0.0
Profitability Ratios (%)					
RoE		0.0	0.0	0.0	4.4
RoCE		0.0	0.0	0.2	3.0

Leverage Ratio

Debt/Equity (x)	0.6	0.4	1.2	2.4
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CASH FLOW STATEMENT		(RS MILLION)			
	2008	2009E	2010E	2011E	
PBT before EO Items	0	0	85	6,963	
Add : Depreciation	0	0	116	1,952	
: Interest	0	0	297	4,611	
Less : Direct Taxes Paid	0	0	28	766	
(Inc)/Dec in WC	0	0	0	0	
CF from Operations	0	0	470	12,761	
(Inc)/dec in FA	-10,521	-50,158	-145,413	-222,167	
(Pur)/Sale of Investments	0	0	0	0	
CF from Investments	-10,521	-50,158	-145,413	-222,167	
(Inc)/Dec in Sh Cap. & Res.	19,400	117,000	0	0	
(Inc)/Dec in Debt	10,417	39,176	113,760	174,083	
Interest paid	0	0	-297	-4,611	
Dividend Paid	0	0	0	0	
CF from Fin. Activity	29,817	156,176	113,463	169,472	
Inc/Dec of Cash	19,296	106,019	-31,480	-39,935	
Add: Beginning Balance	300	19,596	125,615	94,251	
Closing Balance	19,596	125,615	94,135	54,316	

Rural Electrification Corporation

Company description

REC is one of the leading public financial institutions in Indian power financing. REC currently administers grants and provides loans as the nodal agency for the Rajiv Gandhi Gramin Vidyut Yojana (RGGVY) which is primarily aimed at electrification of all villages in India. REC was recently accorded the "Navaratna" status. REC's balance sheet size was Rs559b as of March 2009 with RoA of 2.7% for FY09. REC's loan book CAGR is 24% over last five years. 58% of REC's loans are to T & D segment and 35% to Generation segment.

Key investment arguments

- Power financing sector provides huge opportunities given large investment pipeline. REC has over decades of experience in power financing especially for SEBs.
- REC being a government-promoted AAA entity and having benefit of issuing tax saver bonds under Sec 54EC enjoys the best cost of funds.
- So long as Sec54EC benefit remains, REC would make superior margins over Power Finance Corporation.
- REC has potential to deliver 20-25% earnings growth with 18-20% sustainable RoE over next 4-5 years.

Key investment risks

- REC's key customers, SEBs (85% of loans), still remain financially weak and continue to incur losses. Failure to improve their performance on a sustainable basis, may pose an ultimate threat to REC's asset quality.
- Currently, REC is enjoying exceptional spreads of 3.4% due to favorable duration mismatches. As these spreads come down to more sustainable levels of 2.5-3% earnings growth could be impacted.
- Higher leverage of 6.2x and delay in capital raising may impact balance sheet growth prospects.

Recent developments

- REC has sought permission from MoF for its equity fund raising plans via QIP or follow on offering.

Valuation and view

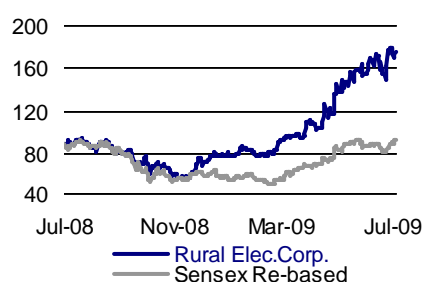
- RoE in FY09 was 21%. Stock trades at 2.1x FY09 BV and 10.6x FY09 EPS.
- We do not have rating on the stock.

Bloomberg	RECL IN
Equity Shares (m)	858.7
CMP (Rs)	175
Mcap (US\$ b)	3.1
52 W Range	185 / 53
1, 6, 12 Rel Per	0 / 57 / 93

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	81.8	81.8	81.8
Domestic Inst	8.0	8.3	3.2
Foreign	4.6	3.5	8.5
Others	5.6	6.4	6.5

Stock Performance (1 year)



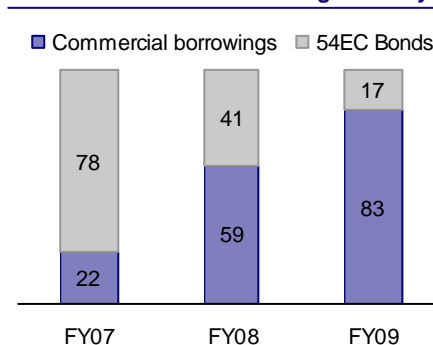
Quarterly Performance

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Operating Income	9,958	11,180	12,465	13,982	14,609	33,782	47,571
Change (%)	35.5	35.3	48.0	43.4	47.0	-	40.8
Net Oper. Income	4,388	4,839	4,877	5,919	6,354	13,055	18,624
Change (%)	37.8	27.0	47.2	36.4	45	-	42.7
Reported PAT	2,726	3,088	3,187	3,880	4,718	8,602	12,720
Adjusted PAT	2,726	3,088	3,187	3,880	4,718	8,602	12,720
Change (%)	57.8	35.9	41.6	64.9	73	-	49.5

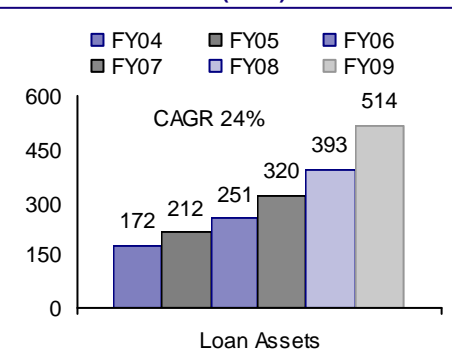
E: MOSL Estimates

REC's Increm. Dependence on Low-cost

54EC Bonds has Declined Significantly



REC's Loan Asset (Rs b) Growth



Source: Company/MOSL

REC: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009E	
Financing Income	22,412	28,383	35,306	48,949	
Int. exp and other charges	13,396	17,427	20,624	28,961	
Net Financing Income	9,016	10,956	14,681	19,988	
Change (%)	63.9	21.5	34.0	36.1	
Other Income	38	157	71	35	
Net Income	9,055	11,113	14,753	20,023	
Change (%)	64.4	22.7	32.8	35.7	
Operating Expenses	750	874	1,222	1,131	
Operating Income	8,305	10,239	13,530	18,892	
Change (%)	69.5	23.3	32.1	39.6	
Provisions	7	177	406	-318	
PBT Pre exceptionals	7,075	9,184	13,125	19,210	
Change (%)	44.4	29.8	42.9	46.4	
PBT Reported	8,298	10,062	13,125	19,210	
Tax	1,923	3,459	4,523	6,487	
Current Tax and FBT	2,062	2,296	3,749	5,083	
Deferred Tax Liability (DTL)	-139	1,163	774	1,404	
Tax Rate (%)	23.2	34.4	34.5	33.8	
PAT Pre DTL Provision	5,013	6,888	9,376	14,127	
Change (%)	113.6	37.4	36.1	50.7	
PAT Post DTL Provision	6,375	6,603	8,602	12,723	
Change (%)	-18.4	3.6	30.3	47.9	
Extraordinary Items	-101.3	14.4	0.0	0.0	
Reported PAT	6,476	6,588	8,602	12,723	
Proposed Dividend	2,181	2,071	3,014	3,864	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009E	
Capital	7,806	7,806	8,587	8,587	
Reserves & Surplus	34,177	32,321	45,090	53,313	
Net Worth ex DTL	41,983	40,127	53,677	61,900	
Net deferred tax liab.	-154	7,397	8,171	9,570	
Net Worth incl. DTL	41,829	47,524	61,848	71,470	
Borrowings	240,392	302,810	342,828	449,360	
Change (%)	24.1	26.0	13.2	31.1	
Current Liabilities	17,096	11,700	24,468	38,740	
Total Liabilities	299,317	362,034	429,144	559,570	
Cash and bank balance	19,136	22,973	12,530	23,165	
Investments	13,250	11,945	11,474	10,060	
Change (%)	-6.5	-9.8	-3.9	-12.3	
Advances	253,256	320,991	393,165	513,810	
Change (%)	19.2	26.7	22.5	30.7	
Net Fixed Assets	644	636	779	780	
Other current assets	13,030	5,488	11,195	11,755	
Total Assets	299,317	362,034	429,144	559,570	

ASSUMPTIONS	(%)			
Borrowings Growth	24.1	26.0	13.2	31.1
Advances Growth	19.2	26.7	22.5	30.7
Investments Growth	-6.5	-9.8	-3.9	-12.3
Dividend	35.1	24.1	30.0	45.0

E: MOSL Estimates

RATIOS		2006	2007	2008	2009E
Spreads Analysis (%)					
Avg. Yield - Earning Assets		8.4	8.7	9.0	10.1
Avg. Cost-Int. Bear. Liab.		6.2	6.4	6.4	7.3
Interest Spread		2.2	2.3	2.6	2.8
Net Interest Margin		3.4	3.4	3.8	4.1
Profitability Ratios (%)					
RoE *		18.6	16.0	18.3	22.0
RoA (PAT post DTL Provision)		2.5	2.1	2.3	2.7
RoE #		13.4	15.4	17.1	21.2
RoA (PAT Pre DTL Provisions)		2.0	2.2	2.5	3.1
Int. Expended/Int.Earned		59.8	61.4	58.4	59.2
Other Inc./Net Income		0.4	1.4	0.5	0.2
Asset-Liability Profile (%)					
Loans /Borrowings Ratio		105.4	106.0	114.7	114.3
D/E Ratio (NW incl. DTL)		5.7	6.4	5.5	6.3
D/E Ratio (NW excl. DTL)		5.7	7.5	6.4	7.3
Gross NPAs to Adv.		1.7	2.4	1.2	1.2
Net NPAs to Adv.		0.8	1.9	0.7	0.9

VALUATION		2006	2007	2008	2009E
Book Value (inc. DTL) (Rs)		53.6	60.9	72.0	83.2
Price-BV (x)					2.1
Reported BV (Ex DTL) (Rs)		53.8	51.4	62.5	72.1
Price-ABV (x)					2.4
Rep. EPS (Post DTL Prov) (Rs)		8.3	8.4	10.0	14.8
EPS Growth (%)		-18.0	1.7	18.7	47.9
Price-Earnings (x)					11.8
EPS (Ex-DTL Prov) (Rs)		8.1	9.9	10.9	16.5
EPS Growth (%)		-19.7	22.3	10.0	50.7
Price-Earnings (x)					10.6
OPS (Rs)		10.6	13.1	15.8	22.0
OPS Growth (%)		69.5	23.3	20.1	39.6
Price-OP (x)					8.0

* (PAT post DTL Prov./Avg. NW Ex DTL)

(PAT pre DTL Prov./Avg. NW Cum DTL)

Sesa Goa



Company description

Sesa Goa has rich iron ore reserves of 240m tons in the states of Goa, Karnataka and Orissa. The ore in Goa is medium grade and is easy to extract. The iron ore from Karnataka and Orissa is of high grade but needs blasting and crushing. The company has recently acquired Dempo's mines in Goa, which has increased its total reserves to 310m tons.

Key investment arguments

- ✦ Sesa is determined to grow both organically and inorganically. Iron ore production is likely to increase from 15m tons in FY09 to 25m tons in FY10.
- ✦ Cost of mining & delivering to export ships is lowest for its 70-80% of capacity because of proximity to ports in Goa and is viable at even very low prices.
- ✦ Sesa's iron ore reserves have increased to 310m tons post acquisition of Dempo's mining assets. There are opportunities of further accumulation of reserves, synergies of operations, logistics. Dempo's mine is situated adjoining one of Sesa's mines in Goa.

Key investment risks

- ✦ Earnings have high sensitivity to iron ore prices.
- ✦ Export duty on iron ore can be reviewed by government.
- ✦ Government is working on revising the royalty on iron ore mining.

Recent developments

- ✦ Acquired Dempo's mining assets for ~US\$350m (Rs17.5b). Dempo has iron ore reserves of 70m tons and an annual capacity of 4mtpa. It is one of the largest iron ore miners in Goa after Sesa Goa.
- ✦ To fund the acquisition, Sesa Goa will be raising about Rs6b by issuing 33.2m shares to the promoter group, increasing its stake from 53% to 55%.

Valuation and view

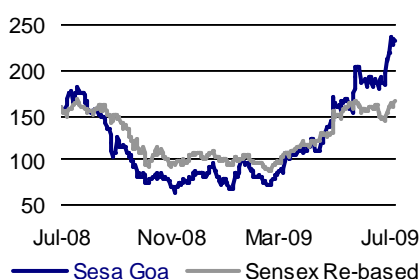
- ✦ Valuations at 11.5x FY10E EPS of Rs20.2.
- ✦ We recommend **Buy** with a price target of Rs280 (6.5x FY11 EV/EBITDA).

Bloomberg	SESAIN
Equity Shares (m)	820.5
CMP (Rs)	233
Mcap (US\$ b)	4.0
52 W Range	247 / 60
1, 6, 12 Rel Per	19 / 165 / 42

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	53.1	51.2	51.2
Domestic Inst	6.4	5.1	7.1
Foreign	22.6	20.0	23.4
Others	17.9	23.7	18.3

Stock Performance (1 year)



Quarterly Performance (Consolidated)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	12,920	8,637	13,599	14,435	10,115	49,591	63,470
Change (YoY %)	149.6	126.3	11.6	-15.3	-21.7	29.7	28.0
EBITDA	8,171	4,085	5,597	7,535	4,531	25,388	22,855
Change (YoY %)	311.4	221.4	-26.0	-38.1	-44.5	10.4	-10.0
As % of Net Sales	63.2	47.3	41.2	52.2	44.8	51.2	36.0
PAT before MI	6,480	3,278	4,707	5,484	4,241	19,949	16,635
PAT after MI	6,451	3,246	4,707	5,476	4,223	19,880	16,604
Change (YoY %)	378.0	270.8	-7.3	-32.5	-34.5	29.0	-16.5

E: MOSL Estimates

Iron Ore costs and price trends

Y/E March	FY09				FY07	FY08	FY09
	1Q	2Q	3Q	4Q			
Realization (Rs/ton)	3,474	4,666	2,296	2,560	1,652	2,655	2,855
Change (QoQ %)	12.6	34.3	-50.8	11.5	7.0	60.7	7.5
Tonnage	3,250	1,389	5,438	5,010	10,871	12,391	15,087
Change (YoY %)	47.1	12.7	37.4	0.2	13.7	14.0	21.8
Costs (Rs/ton)	1,289	2,880	1,320	1,128	851	978	1,393

Source: Company/MOSL

Sesa Goa: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	35,797	49,591	63,470	68,991	
Change (%)	74.6	38.5	28.0	8.7	
Total Expenses	12,764	24,203	40,616	41,957	
EBITDA	23,033	25,388	22,855	27,034	
% of Net Sales	64.3	51.2	36.0	39.2	
Deprn. & Amortization	500	517	716	740	
EBIT	22,533	24,871	22,139	26,293	
Net Interest	28	10	21	23	
Other income	744	2,240	2,938	2,869	
PBT	23,250	27,102	25,056	29,139	
Tax	7,760	7,153	8,421	9,788	
Rate (%)	33.4	26.4	33.6	33.6	
Reported PAT	15,490	19,949	16,635	19,351	
Minority Interests	74	69	32	39	
Adjusted PAT	15,416	19,880	16,604	19,313	
Change (%)	140.2	29.0	-16.5	16.3	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	394	787	820	820	
Reserves	29,041	42,722	60,467	75,632	
Net Worth	29,435	43,509	61,287	76,452	
Minority Interest	266	311	342	381	
Deferred Tax Liability	664	664	664	664	
Capital Employed	30,365	44,484	62,293	77,497	
Gross Block	7,696	9,295	27,095	28,834	
Less: Accum. Deprn.	2,936	3,464	4,180	4,921	
Net Fixed Assets	4,760	5,831	22,915	23,913	
Capital WIP	215	215	215	215	
Investments	925	925	925	947	
Curr. Assets	28,228	46,244	46,762	61,170	
Inventory	3,118	2,054	2,462	2,544	
Account Receivables	4,725	3,675	4,229	4,377	
Cash and Bank Balance	19,796	39,925	39,481	53,659	
Others	590	590	590	590	
Curr. Liability & Prov.	3,763	8,731	8,523	8,748	
Account Payables	1,688	6,674	6,466	6,691	
Provisions & Others	2,076	2,057	2,057	2,057	
Net Current Assets	24,465	37,513	38,239	52,422	
Appl. of Funds	30,365	44,484	62,293	77,497	

E: MOSL Estimates

RATIOS		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	19.6	25.3	20.2	23.5	
Cash EPS	20.3	26.0	21.1	24.5	
BV/Share	37.4	55.3	74.7	93.2	
DPS	2.3	4.5	4.7	4.7	
Payout (%)	13.4	20.8	26.0	22.4	
Valuation (x)					
P/E	11.9	9.2	11.5	9.9	
Cash P/E	11.5	9.0	11.0	9.5	
P/BV	6.2	4.2	3.1	2.5	
EV/Sales	4.6	2.9	2.4	2.0	
EV/EBITDA	7.1	5.7	6.6	5.1	
Dividend Yield (%)	1.0	1.9	2.0	2.0	
EV/ton	13,205	9,511	8,043	6,629	
Return Ratios (%)					
EBITDA Margins (%)	64.3	51.2	36.0	39.2	
Net Profit Margins (%)	43.1	40.1	26.2	28.0	
RoE	52.4	45.7	27.1	25.3	
RoCE	74.2	55.9	35.5	33.9	
RoC	159.2	535.5	67.8	77.0	
Working Capital Ratios					
Fixed Asset Turnover (x)	4.7	5.3	2.3	2.4	
Asset Turnover (x)	1.2	1.1	1.0	0.9	
Debtor (Days)	48.2	27.0	24.3	23.2	
Inventory (Days)	8.7	4.1	3.9	3.7	
Working Cap. Turnover (Days)	13.0	-4.9	-2.0	-1.8	
Creditors	38.4	64.3	49.0	46.3	
Leverage Ratio (x)					
Current Ratio	7.5	5.3	5.5	7.0	
CASHFLOW STATEMENT	(RS MILLION)				
Y/E MARCH	2008	2009	2010E	2011E	
Pre-tax profit	23,250	27,102	25,056	29,139	
Depreciation	500	517	716	740	
(Inc)/Dec in Wkg. Cap.	-1,202	7,081	-1,169	-5	
Tax Paid	-7,745	-8,775	-6,469	-7,619	
Other Operating Activities	-569	-490	3,477	-2,035	
CF from Op. Activity	14,233	25,435	21,611	20,220	
(Inc)/Dec in FA + CWIP	-490	-1,599	-17,800	-1,739	
(Pur)/Sale of Investments	-730		0	-22	
CF from Inv. Activity	-1,219	-1,599	-17,800	-1,761	
Chg in Minorities	74	45	32	39	
Debt Raised/(Repaid)					
Dividend (incl. Tax)	-2,072	-4,145	-4,320	-4,320	
CF from Fin. Activity	-1,999	-3,706	-4,255	-4,281	
(Inc)/Dec in Cash	11,015	20,130	-444	14,179	
Add: Opening Balance	8,471	19,796	39,925	39,481	
Closing Balance	19,796	39,925	39,481	53,659	

Shree Renuka Sugars



Company description

Shree Renuka Sugars (SRSL) has a distinct business model compared with other sugar companies in India. Its cane crushing capacity comprises a mix of leased and owned sugar mills. It has manufacturing bases in Maharashtra and Karnataka. SRSL is also the largest manufacturer of ethanol. Recently, it has extended its presence into setting up of ethanol plants with the acquisition of KBK Engineering.

Key investment arguments

- South-based sugar mills enjoy benefits of higher operational efficiencies compared with the rest of India. Recovery rates are an average 15-20% higher v/s that in UP, while the crushing season also is longer by 20-30 days. Moreover, the price at which cane is sold is based on the Central-administered statutory minimum price (SMP) rather than on the state administered price (SAP). Post expansion (see Recent developments section), SRSL would emerge as the largest south-based coastal mill in India.
- SRSL has the largest raw sugar refining capacity and is best placed over next two years as India needs to import raw sugar to tide over domestic shortage.

Key investment risks

- SRSL has a trading arm in Dubai with the sole purpose of executing marketing and trading activity. In our opinion, trading profits are likely to remain volatile and may even cause losses in a bad year.
- Sugar is a highly politicized commodity in India and is subject to several government regulations.

Recent developments

- SRSL has announced its plans: (i) expansion of its capacity at Athani, Karnataka, from 1,000tpd to 2,000tpd and (ii) setting up sugar refining capacity of 1000tpd at Havalga, Karnataka. It expects both these plants to be commissioned by December, 2009. Post this expansion, SRSL's sugar refining capacity will increase to 6,000tpd.
- SRSL raised Rs5b through QIP of 37m shares at Rs137/share, largely aimed to fund the aforementioned capacity expansions.

Valuation and view

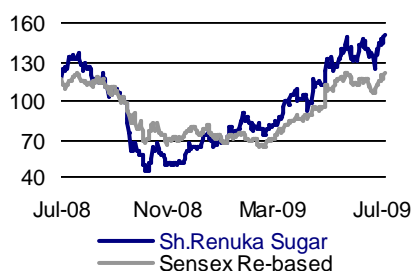
- SRSL is relatively better placed compared to its peers due to: i) presence in the southern region, ii) low leverage, and iii) high contribution from value added business.
- We have no rating on the stock.

Bloomberg	SHRS IN
Equity Shares (m)	294.6
CMP (Rs)	150
Mcap (US\$ b)	0.9
52 W Range	154 / 41
1, 6, 12 Rel Per	2 / 46 / 25

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	39.0	41.2	40.5
Domestic Inst	14.2	13.3	7.5
Foreign	27.4	24.5	31.0
Others	19.4	21.0	21.0

Stock Performance (1 year)



Quarterly Performance (Consolidated)

							(Rs Million)	
Y/E September	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY07	FY08	
Net Sales	6,991	6,319	4,002	4,290	8,935	9,506	21,080	
Change (%)	173.7	147.9	77.7	-22.3	27.8	-13.9	121.8	
EBITDA	766	745	608	796	1,557	1,320	2,526	
Change (%)	95.9	91.0	65.7	22.8	103.3	-15.2	91.4	
Margin %	11.0	11.8	15.2	18.6	17.4	13.9	12.0	
Reputed PAT	365	385	125	338	776	830	1,156	
Adj. PAT	365	368	110	332	781	830	1,339	
Change (%)	-0.5	187.5	-61.5	3.8	114.0	-30.7	61.3	

E: MOSL Estimates

Shree Renuka Sugars Growth Plans - Production Capacity

	SY2008	SY2009	SY2010
Crushing Capacity (TCD)	27,750	35,000	35,000
Refining Capacity (TPD)	2,000 Haldia 2,000 Plants	2,000 Haldia 2,000 Plants	2,000 Haldia 2,000 Plants 2,000 Mundra
Sugar Production Capacity	1.4m tonnes	1.6m tonnes	2.3m tonnes
Ethanol Production Capacity (KLPD)	450 Integrated 100 Secondary	900 Integrated 300 Secondary	900 Integrated 300 Secondary
Ethanol Production Capacity	140 m litres	330 m litres	330 m litres
Power Capacity	103.5MW 55MW Surplus	129 MW 70 MW Surplus	164 MW 90 MW Surplus

Source: Company

Shree Renuka Sugars: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E SEPTEMBER	FY05	FY06	FY07	FY08	Y/E SEPTEMBER	FY05	FY06	FY07	FY08
Net Sales	7,955	11,047	9,506	21,143	Basic (Rs)				
Change (%)	-	38.9	-13.9	122.4	EPS	2.3	4.9	3.3	5.5
Total Expenditure	7,105	9,447	8,187	18,617	Cash EPS	3.2	5.4	4.3	3.1
EBITDA	850	1,599	1,319	2,526	Book Value per Share	4.0	12.7	17.6	16.4
Change (%)	-	88.2	-17.5	91.4	DPS	23.9	20.0	20.0	11.8
EBITDA Margin (%)	10.7	14.5	13.9	11.9	Payout (Incl. Div. Tax) %	0.0	4.0	4.3	0.0
Depreciation	80	88	249	369	Valuation (x)				
EBIT	770	1,511	1,070	2,156	P/E				27.3
EBIT Margin (%)	10	14	11	10	Cash P/E				49.0
Interest & Finance Charges	149	188	180	701	EV/EBITDA				33.4
Other Income	23	64	176	152	EV/Sales				4.0
PBT	645	1,388	1,065	1,608	Price to Book Value				9.1
Tax	83	183	236	427	Dividend Yield (%)				7.8
Effective Rate (%)	12.9	13.2	22.1	26.5	Profitability Ratios (%)				
PAT after MI	561	1,205	830	1,363	RoE	142.0	63.2	22.4	21.4
Change (%)	-	114.6	-31.1	64.3	RoCE	93.1	36.0	12.1	15.2
Adjusted PAT	561	1,205	830	1,181	Turnover Ratios				
BALANCE SHEET	(RS MILLION)				Debtors (Days)	15	20	33	40
Y/E SEPTEMBER	FY05	FY06	FY07	FY08	Inventory (Days)	58	43	45	55
Equity Capital	200	238	248	507	Creditors (Days)	91	40	44	30
Share Capital	200	238	248	507	Working Capital (Days)	26	73	124	84
Reserves	591	2,782	4,128	7,829	Asset Turnover (x)	4.8	1.6	0.9	1.2
Net Worth	791	3,020	4,376	8,336	Fixed Asset Turnover (x)	5.7	6.8	1.5	2.5
Loans	864	3,711	6,470	8,595	Leverage Ratio				
Deferred Tax Liability	-40	-57	-202	-467	Debt/Equity (x)	1.1	1.2	1.5	1.0
Capital Employed	1,655	6,731	10,909	17,464	CASH FLOW STATEMENT	(RS MILLION)			
Gross Fixed Assets	1,403	1,630	6,314	8,401	Y/E SEPTEMBER	FY05	FY06	FY07	FY08
Less: Depreciation	348	436	691	884	PBT before EO Items	621	1,324	890	1,456
Net Fixed Assets	1,055	1,194	5,623	7,516	Add : Depreciation	80	88	249	369
Capital WIP	82	3,323	2,087	5,212	Interest /Div Rec	23	64	176	152
Investments	1	1	161	310	Less: Direct Taxes Paid	83	183	236	427
Curr. Assets	2,339	3,444	4,436	7,663	(Inc)/Dec in WC	-102	1,398	1,005	2,349
Inventory	1,123	1,122	1,002	2,252	CF from Operations	743	-105	74	-799
Sundry Debtors	320	615	861	1,603	CF from Op. incl. EO Items	1,135	876	954	-799
Cash & Bank Balances	659	899	917	227	(Inc)/dec in FA	1,403	226	4,684	2,087
L & A and Other Curr. Assets	118	775	1,334	2,727	(Inc)/dec in CWP	82	3,241	-1,236	3,125
Current Liab. & Prov.	1,782	1,249	1,218	2,786	(Pur)/Sale of Investments	1	0	160	149
Sundry Creditors	1,624	929	828	2,213	CF from Investments	-1,486	-3,468	-3,608	-5,360
Other Liabilities	1,467	610	439	1,641	(Inc)/Dec in Shares	200	38	10	259
Provisions	157	319	390	572	(Inc)/Dec in Debt	864	2,847	2,759	2,125
Net Current Assets	557	2,195	3,218	4,877	Less: Dividend Paid	55	54	100	70
Misc Exp	1	76	22	16	CF from Fin. Activity	1,010	2,832	2,671	2,317
Application of Funds	1,655	6,731	10,909	17,464	Inc/Dec of Cash	659	240	17	-3,843
					Add: Beginning Balance	0	659	899	917
					Closing Balance	659	899	916	227

Shriram Transport Finance



Company description

Shriram Transport Finance is the largest asset financing company with expertise in providing truck finance. As of FY09, it had an AUM base of Rs233b which grew from Rs29b in FY05. The company has a rich experience of 30 years in loan origination, disbursement and recovery. It has market share of ~25% in used truck and ~10% in new truck financing. Shriram's key strength is its niche business model and customer franchise built over last 3 decades. Shriram's PAT CAGR is 88% over FY05-09.

Key investment arguments

- Shriram's business model is unique and difficult to replicate enabling it to sustain superior gross spreads of 6-7% and RoE of 25%+.
- We expect margins to improve from FY09 level of 7.2% due to: 1) lower cost of funds (being wholesale borrower), 2) possibility of uptick in loan growth (linked to economic revival), and 3) lower elasticity of yield on loans (given niche area of operation).
- Risk of NPA has come down due to improving macro economic situation, in turn, improving financial health of the borrowers. Nevertheless, Gross NPAs as of June 2009 were 2.24%, up from 1.65% a year ago.

Key investment risks

- AUM CAGR of 68% over FY05-09 would slow down as new CV sales are expected to remain sluggish and further market share gains in used CV financing could be difficult.
- Slower than expected economic revival could lead to higher delinquencies.

Recent developments

- Shriram has floated a new subsidiary to undertake construction equipment finance business.
- Shriram has come up with NCD issue of Rs5b with an option of retaining oversubscription of Rs5b. NCD will have interest rate of 10.75-11.25%

Valuation and view

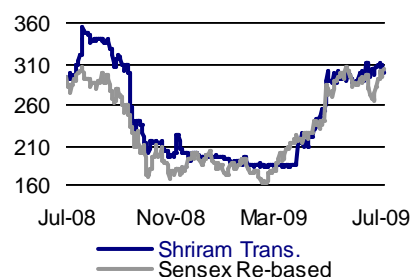
- We expect the company to report EPS of Rs34 and Rs42 in FY10 and FY11. BV will be Rs145 and Rs179 in FY10 and FY11.
- Return ratios would remain superior of 2.7%+ and 26%+ over FY10-11.
- The stock trades at P/E of 8.9x FY10E and P/E of 7.1x FY11E and P/BV of 2.1x FY10E and P/BV of 1.7x FY11E.
- Buy** with a target price of Rs358 (2x FY11E BV).

Bloomberg	SHTF IN
Equity Shares (m)	203.5
CMP (Rs)	298
Mcap (US\$ b)	1.3
52 W Range	357 / 150
1, 6, 12 Rel Per	-2 / -22 / -2

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	44.1	42.0	42.0
Domestic Inst	5.2	2.7	3.7
Foreign	29.1	33.5	35.8
Others	21.6	21.9	18.6

Stock Performance (1 year)

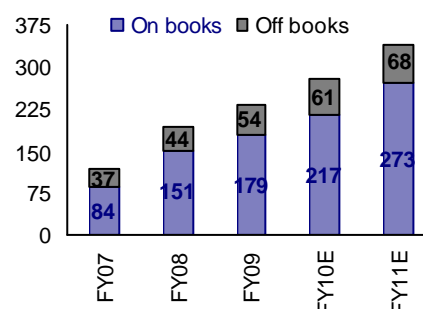


Quarterly Performance

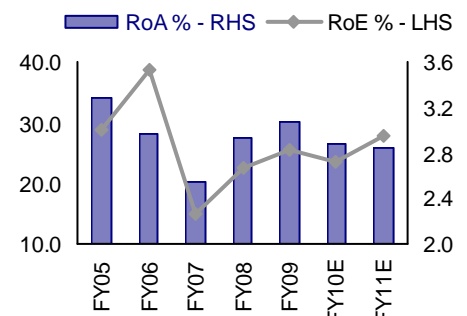
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Income	4,131	4,374	4,314	4,778	4,822	17,535	21,354
Operating Expenses	1,229	1,314	1,293	1,434	1,404	5,271	6,544
Operating Profit	2,902	3,060	3,021	3,344	3,418	12,264	14,810
YoY Change (%)	65.7	52.3	38.8	37.1	17.8	43.9	20.8
Net Profit	1,436	1,656	1,493	1,539	1,644	6,124	7,078
YoY Change (%)	91.6	79.4	34.9	37.6	14.5	57.1	15.6
Int Exp/Int Earned (%)	51.4	52.3	57.0	52.9	54.2	59.6	55.5
OI / Net Income (%)	1.8	2.2	2.9	1.9	3.0	23.4	19.5
Cost to Inc. Ratio (%)	29.8	30.0	30.0	30.0	29.1	30.1	30.6

E: MOSL Estimates

AUMs Growing at a Faster Pace (Rs b)



Return Ratio to Remain Strong



Source: Company/MOSL

Shriram Transport: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Financing Income	22,874	33,208	38,622	46,825	
Financing charges	12,966	19,777	21,435	24,267	
Net Financing income	9,908	13,432	17,188	22,559	
Change (%)	50.9	35.6	28.0	31.2	
Income from securitization	1,658	3,390	3,390	3,390	
Other Income	557	713	777	845	
Net Income	12,124	17,535	21,354	26,793	
Change (%)	75.3	44.6	21.8	25.5	
Employee Cost	1,255	2,005	2,607	3,389	
Brokerage & Commission	653	867	1,127	1,409	
Other Operating Exp.	1,691	2,399	2,811	3,313	
Operating Income	8,525	12,264	14,810	18,683	
Change (%)	87.1	43.9	20.8	26.2	
Total Provisions	2,467	3,057	4,245	5,408	
% to operating income	28.9	24.9	28.7	28.9	
PBT	6,058	9,206	10,565	13,274	
Tax	2,160	3,082	3,486	4,381	
Tax Rate (%)	35.7	33.5	33.0	33.0	
PAT	3,898	6,124	7,078	8,894	
Change (%)	104.7	57.1	15.6	25.6	
Proposed Dividend	1,030	1,019	1,269	1,481	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	2,032	2,035	2,115	2,115	
Reserves & Surplus	15,707	20,676	28,589	35,750	
Net Worth	17,739	22,711	30,704	37,866	
Borrowings	147,730	201,213	205,940	258,799	
Change (%)	69.1	36.2	2.3	25.7	
Current liab and Prov	16,433	25,518	30,621	36,746	
Other Liabilities & Prov.	784	455	215	215	
Total Liabilities	182,686	249,897	267,481	333,626	
Cash and bank balance	13,742	57,849	35,156	43,374	
Investments	13,851	6,548	7,857	9,429	
Change (%)	516.8	-52.7	20.0	20.0	
Loans	150,727	179,031	217,254	273,017	
Change (%)	83.7	18.8	21.3	25.7	
Net Fixed Assets	1,426	1,343	1,400	1,440	
Other Assets	2,940	5,127	5,814	6,366	
Total Assets	182,686	249,897	267,481	333,626	

ASSUMPTIONS	(%)			
Borrowings Growth	69.1	36.2	2.3	25.7
Advances Growth	83.7	18.8	21.3	25.7
Investments Growth	516.8	-52.7	20.0	20.0
Dividend	5.0	5.0	6.0	7.0

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Y/E MARCH					
Spreads Analysis (%)					
Avg. Yield - on Fin. portfolio		18.8	19.3	18.6	18.3
Avg Cost of funds		11.0	11.3	10.5	10.4
Interest Spread		7.7	7.9	8.1	7.9
Profitability Ratios (%)					
RoE		27.4	30.3	26.5	25.9
RoA		2.7	2.8	2.7	3.0
Int. Expended/Int.Earned		56.7	59.6	55.5	51.8
Other Inc./Net Income		18.3	23.4	19.5	15.8
Efficiency Ratios (%)					
Op. Exps./Net Income		29.7	30.1	30.6	30.3
Empl. Cost/Op. Exps.		34.9	38.0	39.8	41.8
Asset-Liability Profile (%)					
Loans/Borrowings Ratio		102.0	89.0	105.5	105.5
Invest./Deposit Ratio		9.4	3.3	3.8	3.6
Net NPAs to Adv.		0.9	0.8	1.0	1.2
CAR		13.6	19.2	15.3	15.0

VALUATIONS		2008	2009	2010E	2011E
Y/E MARCH					
Book Value (Rs)		87.3	111.6	145.2	179.0
Price-BV (x)		3.4	2.7	2.1	1.7
Adjusted BV (Rs)		85.0	109.1	141.4	173.7
Price-ABV (x)		3.5	2.7	2.1	1.7
EPS (Rs)		19.2	30.1	33.5	42.0
EPS Growth (%)		85.6	56.8	11.2	25.6
Price-Earnings (x)		15.5	9.9	8.9	7.1
OPS (Rs)		42.0	60.3	70.0	88.3
OPS Growth (%)		69.6	43.6	16.2	26.2
Price-OP (x)		7.1	4.9	4.3	3.4

Simplex Infrastructure



Company description

Simplex Infrastructure Limited (SIL) began operations with a focus on piling contracts and power projects, and later diversified into all the infrastructure segments. Unlike peers, ~60% of its business is from private clients/PPP. It has presence in India and the Middle East. Its current order book break-down is as follows: 74% domestic and 26% overseas orders.

Key investment arguments

- Reported order backlog at the end of March 2009 is Rs101b, book-to-bill ratio of 2.1x FY09 revenues, providing strong revenue visibility for FY10/11.
- Simplex has one of the most diversified businesses, with presence across the infrastructure sector. It derives 26% of its order book from the Middle East, reducing the risk of over dependence on India. Its order book from the government has increased to 40% from 30% in 1HFY09.
- Simplex has the lowest net working capital (NWC) cycle in our construction universe at 81 days. With further improvement in the WC cycle coupled with limited capex requirements, we could expect free cash generation in FY10/FY11.

Key investment risks

- ~60% of Simplex's order book is from private clients (private/overseas private and PPPs). These segments might witness longer than anticipated slowdown, impacting order intake.
- Proportion of public sector / government projects is likely to increase in the order intake during FY10, given the weak scenario in the private sector. This could mean aggressive project bidding (and thus EBITDA margin pressure from FY11) as well as higher working capital requirements.

Recent developments

- Outstanding debt declined from Rs13.2b as at December 2008 to Rs12.2b as at March 2009, and has further reduced to Rs11.8b as at May 2009 due to working capital improvement. Also, average cost of borrowings has declined from 10% in FY09 to 9.5% during 1QFY09.

Valuation and view

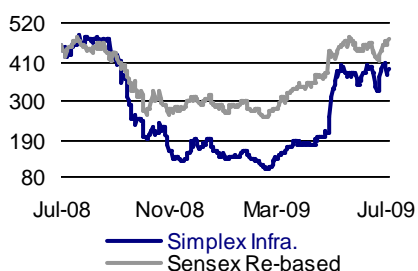
- We estimate earnings CAGR of 29% during FY09-FY11. The stock trades at 10.6x FY10E EPS of Rs36.5.
- We maintain **Buy**, with a price target of Rs438 (12x FY10E earnings).

Bloomberg	SINF IN
Equity Shares (m)	49.5
CMP (Rs)	387
Mcap (US\$ b)	0.4
52 W Range	490 / 102
1, 6, 12 Rel Per	-1 / 123 / -19

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.1	54.1	49.4
Domestic Inst	17.3	14.6	14.2
Foreign	13.2	13.7	17.2
Others	15.5	17.6	19.2

Stock Performance (1 year)

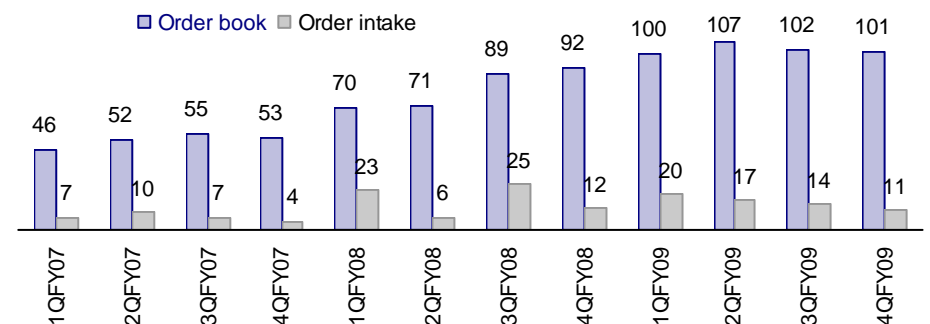


Quarterly Performance

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09E	FY09	FY10E
Net Income	10,167	10,050	12,703	13,876	12,637	46,888	55,123
YoY Change (%)	74.7	76.0	80.4	45.3	24.3	66.7	17.6
EBITDA	1,101	988	1,156	1,123	1,302	4,277	5,374
YoY Change (%)	89.2	72.8	63.9	37.7	18.2	59.9	25.7
EBITDA Margin (%)	11.0	10.2	9.4	8.3	10.5	9.5	10.1
PAT	383	280	253	299	459	1,208	1,728
Adjusted PAT	421	303	303	299	459	1,324	1,808
PAT Margin (%)	4.1	3.0	2.4	2.2	3.6	2.8	3.3
YoY Change (%)	114.7	59.2	37.3	(28.0)	9.1	29.7	36.5

E: MOSL Estimates

Stagnant Order Book and Order Intake (Rs b)



Source: Company/MOSL

Simplex Infrastructure: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	28,121	46,888	55,123	61,963	
Change (%)	64.4	66.7	17.6	12.4	
Materials Consumed	24,318	36,220	47,682	53,598	
Other Admin. Exp.	1,128	6,391	2,067	2,324	
EBITDA	2,675	4,277	5,375	6,041	
% of Net Sales	9.5	9.1	9.7	9.8	
Depreciation	643	1,299	1,555	1,653	
Interest	1,007	1,418	1,370	1,348	
Other Income	246	186	189	236	
PBT	1,270	1,746	2,639	3,277	
Tax	370	477	871	1,081	
Rate (%)	29.1	27.3	33.0	33.0	
Reported PAT	901	1,208	1,768	2,196	
Adjusted PAT	1,021	1,324	1,808	2,195	
Change (%)	90.0	29.7	36.5	21.4	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	99	99	99	99	
Reserves	7,432	8,489	10,055	12,001	
Net Worth	7,531	9,309	10,154	12,100	
Loans	7,493	12,200	12,000	13,000	
Deferred Tax Liability	371	371	371	371	
Capital Employed	15,396	21,880	22,525	25,471	
Gross Fixed Assets	7,567	12,330	13,067	15,067	
Less: Depreciation	1,272	2,090	4,127	5,780	
Net Fixed Assets	6,295	10,240	8,940	9,287	
Capital WIP	243	0	243	243	
Investments	99	20	20	20	
Curr. Assets	21,143	30,160	38,051	43,732	
Inventory	4,741	6,480	8,306	9,337	
Debtors	11,497	16,820	21,898	24,616	
Cash & Bank Balance	1,232	1,190	749	1,801	
Loans & Advances	2,839	5,670	5,588	6,281	
Other Current Assets	834	0	1,510	1,698	
Current Liab. & Prov.	12,383	18,540	24,729	27,811	
Creditors	12,267	19,700	24,729	27,811	
Provisions	116	0	0	0	
Net Current Assets	8,760	11,620	13,322	15,921	
Application of Funds	15,396	21,880	22,525	25,471	

E: MOSL Estimates

RATIOS					
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
Adjusted EPS	20.6	26.8	36.5	44.4	
Growth (%)	65.5	29.7	36.5	21.4	
Cash EPS	59.3	84.6	112.9	133.1	
Book Value	152.2	188.2	205.3	244.6	
DPS	2.0	2.6	3.5	4.3	
Payout (incl. Div. Tax.)	0.1	0.1	0.1	0.1	
Valuation (x)					
P/E (standalone)	18.8	14.5	10.6	8.7	
Cash P/E	6.5	4.6	3.4	2.9	
EV/EBITDA	9.5	7.1	5.7	5.0	
EV/Sales	0.9	0.6	0.6	0.5	
Price/Book Value	2.5	2.1	1.9	1.6	
Dividend Yield (%)	0.5	0.7	0.9	1.1	
Profitability Ratios (%)					
RoE	19.8	15.7	18.6	19.7	
RoCE	18.1	17.0	18.1	19.3	

Turnover Ratios

Debtors (Days)	149	140	145	145
Inventory (Days)	62	62	55	55
Creditors. (Days)	91	95	97	97
Asset Turnover (x)	2.2	2.5	2.5	2.6

Leverage Ratio

Debt/Equity (x)	1.0	1.3	1.2	1.1
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CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
PBT before EO Items	1,391	1,685	2,679	3,277	
Add : Depreciation	643	1,299	1,555	1,653	
Interest	1,007	1,418	1,370	1,348	
Less : Direct Taxes Paid	370	477	871	1,081	
(Inc)/Dec in WC	-1,807	-2,902	-2,143	-1,547	
CF from Operations	744	1,023	2,549	3,649	
(Inc)/Dec in FA	-3,561	-5,002	-498	-2,000	
(Pur)/Sale of Investments	-46	79	0	0	
CF from Investments	-3,608	-4,923	-498	-2,000	
(Inc)/Dec in Networth	4,178	720	-720	0	
(Inc)/Dec in Debt	617	4,707	-200	1,000	
Less : Interest Paid	1,007	1,418	1,370	1,348	
Dividend Paid	116	150	203	249	
CF from Fin. Activity	3,671	3,858	-2,493	-597	
Inc/Dec of Cash	807	-42	-441	1,052	
Add: Beginning Balance	425	1,232	1,190	749	
Closing Balance	1,232	1,190	749	1,801	

Sintex Industries

Company description

Sintex has a diversified business presence in (1) Textiles, (2) Building materials such as pre-fabricated structures, monolithic construction and water tanks, and (3) Plastic and composite parts for industries such as autos, electricals, aerospace, etc. In FY07 and FY08, Sintex embarked on a series of global acquisitions including: (1) Zeppelin Mobile Systems in India, which makes telecom base stations, (2) Wausaukee Composites in US, which makes composite plastic and fiberglass composites, (3) Nief in France which makes a wide range of plastic products, and (4) Bright Autoplast in India which makes auto components.

Key investment arguments

- Significant Rs15b order book in monolithics; high growth prospects due to need for low cost mass housing.
- Healthy growth in pre-fabricated structures due to rising allocation to government programs such as Sarva Shiksha Abhiyan (for classrooms) and National Rural Health Mission (for pre-fab toilets, clinics).
- Investment into overseas plastic composite subsidiaries will pay-off over the medium term by way of outsourcing and access to global customers.
- Near-zero net debt company; well-placed to weather current downturn.

Key investment risks

- Persistent global slowdown may hurt revenue and profits of overseas subsidiaries (Nief, France and Wausaukee, US).
- Slowdown in domestic auto sector may hurt revenue and profit of subsidiary, Bright Autoplast.

Recent developments

- Acquisition of Geiger, Germany has run into rough weather with one of its divisions filing for bankruptcy. The fate of Sintex's initial payment of US\$10m depends on the liquidator's ruling.
- Bright and Nief are jointly setting up a Rs600m unit to manufacture electrical components for Schneider of Germany (commissioning by December 2009).
- Bright and Wausaukee plan to set up a composites unit for ABB's coaches and subway systems (planned commissioning by July-August 2010).

Valuation and view

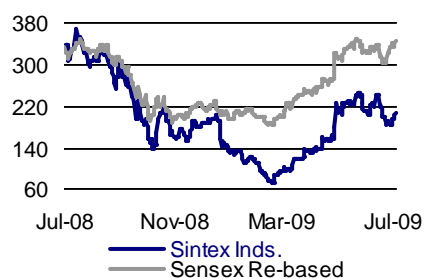
- 20% EPS CAGR FY09-11E; valuations at 8.5x FY10E EPS of Rs23.2, 7x FY11E EPS of Rs31.1.
- We have a **Buy** rating with a price target of Rs232 (10x FY10 earnings).

Bloomberg	SINT IN
Equity Shares (m)	135.5
CMP (Rs)	210
Mcap (US\$ b)	0.6
52 W Range	386 / 70
1, 6, 12 Rel Per	-7 / -18 / -41

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	30.1	29.2	29.2
Domestic Inst	18.7	18.3	16.3
Foreign	35.3	37.0	43.7
Others	15.9	15.6	10.8

Stock Performance (1 year)

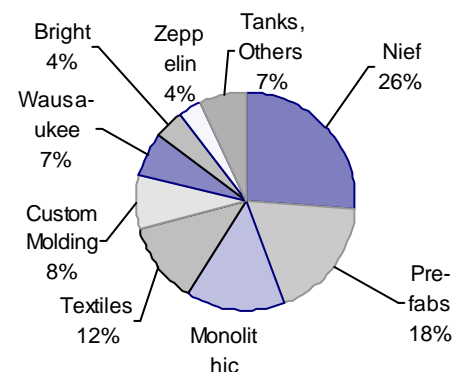


Quarterly Performance

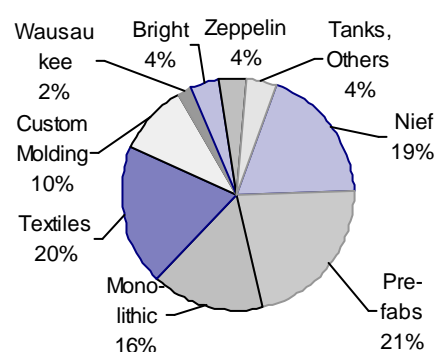
	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Y/E March							
Operating Income	7,286	7,340	8,202	8,528	6,624	31,356	35,398
YoY Change (%)	109.4	87.8	33.3	-9.6	-9.1	36.5	12.9
EBITDA	923	1,340	1,273	1,681	874	5,217	5,533
EBITDA Margin (%)	12.7	18.3	15.5	19.7	13.2	16.6	15.6
YoY Change (%)	47.7	67.9	22.3	5.1	-5.3	28.4	6.1
Consolidated PAT	565	838	708	1,140	606	3,251	3,341
Adj. Cons. PAT	565	838	708	1,140	406	3,251	3,141
YoY Change (%)	71.4	89.2	21.1	40.4	-28.1	49.9	-3.4

E: MOSL Estimates

Sales mix (FY09 Sales: Rs31.3b)



EBITDA mix (FY09 EBITDA: Rs5.2b)



Sintex Industries: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Operating income	22,978	31,356	35,398	41,058	Basic (Rs)				
Change (%)	96.4	36.5	12.9	16.0	EPS	16.0	24.0	23.2	31.1
EBITDA	4,063	5,217	5,533	6,719	Growth (%)	35.5	49.9	-3.4	34.1
EBITDA Margin (%)	17.7	16.6	15.6	16.4	Cash EPS	22.6	32.4	34.9	42.1
Change (%)	78.8	28.4	6.1	21.4	Book value	110.1	132.8	152.6	181.9
Depreciation	765	1,144	1,398	1,500	Divd. Per Share	1.0	1.1	1.2	1.5
EBIT	3,298	4,073	4,135	5,219	Payout incl. Div. Tax (%)	7.0	5.4	5.7	5.7
Interest	643	820	488	188	Valuation (x)				
Other income	231	846	468	407	P/E	12.4	8.8	8.5	6.8
Extraordinary items	134	0	200	0	Cash P/E	9.3	6.5	6.0	5.0
PBT	3,019	4,100	4,315	5,438	Price/Book value	1.9	1.6	1.4	1.2
Tax	698	826	949	1,196	EV/Sales	1.3	1.1	0.9	0.7
Tax / PBT (%)	23.1	20.1	22.0	22.0	EV/EBITDA	7.6	6.7	6.0	4.6
PAT before MI	2,322	3,274	3,366	4,242	Dividend yield (%)	0.5	0.5	0.6	0.7
PAT margin (%)	10.1	10.4	9.5	10.3	Profitability ratios (%)				
Change (%)	74.0	41.0	2.8	26.0	Average RoE	21.5	19.8	17.3	18.6
Less: Minority Interest	19	23	25	30	Average RoCE	14.7	12.3	14.0	15.8
Consolidated PAT	2,303	3,251	3,341	4,212	Turnover ratios				
Adj. Con. PAT	2,170	3,251	3,141	4,212	Debtors (days sales)	126	120	120	120
Change (%)	65.4	49.9	-3.4	34.1	Inventory (days sales)	48	46	48	48
					Creditor (days total exp)	112	90	90	90
					Asset turnover (x)	0.7	0.9	1.0	1.1
					Leverage ratio				
					Debt/Equity (x)	1.3	1.0	0.7	0.5
					CASH FLOW STATEMENT				
					(RS MILLION)				
					Y/E MARCH	2008	2009E	2010E	2011E
					PBT before EO items	2,886	4,100	4,115	5,438
					Add : Depreciation & Amort.	775	1,149	1,404	1,500
					Interest	643	820	488	188
					Less : Direct taxes	698	826	949	1,196
					(Inc)/Dec in WC	-571	-4,077	-1,561	-1,456
					CF from operations	3,035	1,166	3,497	4,474
					Extraordinary items	134	0	200	0
					CF from op. incl. EO items	3,169	1,166	3,697	4,474
					(Inc)/Dec in FA	-10,290	-3,878	-1,800	-1,600
					(Pur)/Sale of investments	-1,367	-7,486	2,239	656
					CF from investments	-11,656	-11,364	439	-944
					Inc/(Dec) in Net Worth	6,223	-23	-481	-30
					Inc/(Dec) in Debt	12,372	-1,744	-3,000	-3,000
					Inc/(Dec) in Minority Interest	163	47	25	28
					Inc/(Dec) in deferred tax liab.	346	200	200	200
					Less : Interest paid	643	820	488	188
					Dividend & Dividend Tax	161	176	192	240
					CF from fin. activity	18,299	-2,515	-3,936	-3,230
					Inc/Dec in cash	9,812	-12,713	200	300
					Add: Beginning balance	3,901	13,713	1,000	1,200
					Closing balance	13,713	1,000	1,200	1,500

E: MOSL Estimates

State Bank of India



Company description

State Bank of India (SBI) is India's largest commercial bank, with a balance sheet size of over Rs9.6t and GoI ownership of 57%. The bank, along with associate banks, has a network of over 15,000 branches across India and controls over 20% of the banking business. SBI has improved itself through technological upgradation, manpower skill honing and business process re-engineering to be competitive and efficient for next growth opportunity. SBI has been focusing on drawing significant synergies through internal consolidation of its associate banks.

Key investment arguments

- ✦ SBI is proxy to India's economic growth. It would be the biggest beneficiary of revival in economic growth in terms of expansion of its net interest margins and allaying concerns on asset quality.
- ✦ Despite 33% domestic deposit growth in FY09, CASA ratio stood at 39% as of March 2009, second to HDFC Bank, highlighting the strength of its deposit franchise.
- ✦ We expect operating expenses growth of ~12% vs balance sheet growth of ~17%. Cost of average assets is expected to decline ~20bp over FY09-11.
- ✦ Merger with associate banks will lead to significant operating leverage and will pull down C/I ratio.

Key investment risks

- ✦ Significant build of liquidity and lower loan growth will impact margins in near term. In 1HFY10, we expect core operating profits to be under pressure
- ✦ Management's focus on increasing market share may come at the cost of profitability.
- ✦ NPAs have been rising over few quarters and coverage ratio continues to be below industry average at 45%.

Recent developments

- ✦ SBI has initiated the process of merging associate banks. SBI merged State Bank of Saurashtra in FY09 and is in the process of merging State Bank of Indore.
- ✦ Received approval to start general insurance business.
- ✦ Floated India Infrastructure Fund in association with Macquarie.

Valuation and view

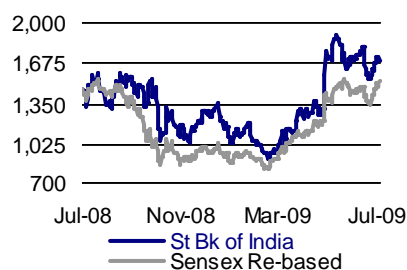
- ✦ SBI would command valuation premium for its size and for being proxy to Indian economy. Considering the consolidated RoE of 17% over FY09-11, we value SBI at 1.5x FY11E consolidated BV. Our target price is Rs2,190 (1.5x FY11E consolidated ABV + Rs100 per share for SBI Life).

Bloomberg	SBIN IN
Equity Shares (m)	634.9
CMP (Rs)	1,699
Mcap (US\$ b)	22.3
52 W Range	2040 / 892
1, 6, 12 Rel Per	-8 / -14 / 11

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	59.4	59.4	59.4
Domestic Inst	15.7	16.2	11.5
Foreign	13.2	12.3	19.2
Others	11.6	12.0	9.9

Stock Performance (1 year)

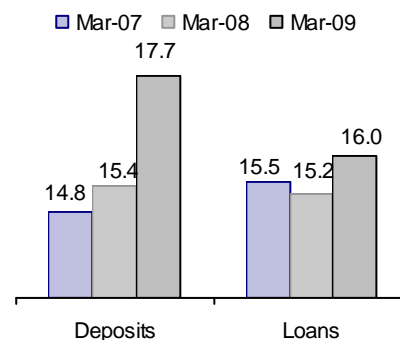


Quarterly Performance

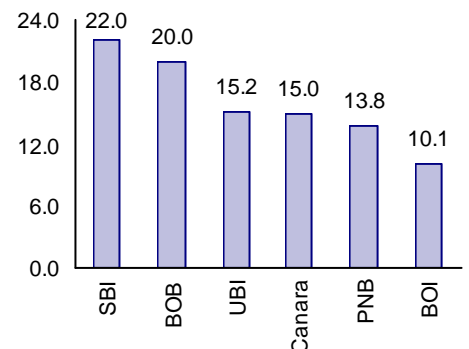
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	48,177	54,554	57,582	48,419	50,249	208,731	239,255
% Change (Y-o-Y)	14.7	45.0	35.3	0.9	4.3	22.6	14.6
Operating Profit	39,623	41,932	44,826	52,771	36,739	179,152	188,431
% Change (Y-o-Y)	67.8	54.5	22.5	20.7	-7.3	36.7	5.2
Net Profit	16,408	22,597	24,784	27,423	23,304	91,212	101,013
% Change (Y-o-Y)	15.1	40.2	37.0	45.6	42.0	35.5	10.7
Cost/Income Ratio (%)	45.1	46.2	50.1	44.8	57.2	46.6	49.4
Prov./Oper. Profits (%)	39.1	14.6	4.4	26.1	4.7	20.8	17.5

E: MOSL Estimates

SBI is Gaining Market Share (%)



Growth in CASA Deposits v/s Peer Banks



State Bank: Financials and valuation

INCOME STATEMENT (STANDALONE)		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	489,503	637,884	756,642	917,069	
Interest Expended	319,291	429,153	517,386	613,824	
Net Interest Income	170,212	208,731	239,255	303,245	
Change (%)	13.0	22.6	14.6	26.7	
Other Income	86,949	126,908	133,233	154,494	
Net Income	257,162	335,639	372,488	457,739	
Change (%)	17.8	30.5	11.0	22.9	
Operating Expenses	126,086	156,487	184,057	214,196	
Operating Income	131,076	179,152	188,431	243,543	
Change (%)	31.1	36.7	5.2	29.2	
Prov. & Contingencies	26,687	37,346	33,026	60,750	
PBT	104,389	141,807	155,405	182,793	
Tax	37,098	50,594	54,392	63,978	
Tax Rate (%)	35.5	35.7	35.0	35.0	
PAT	67,291	91,212	101,013	118,815	
Change (%)	48.2	35.5	10.7	17.6	
Proposed Dividend	13,577	18,412	20,316	22,221	
PPP	114,577	153,479	176,431	231,043	
Change (%)	21.5	34.0	15.0	31.0	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	6,315	6,349	6,349	6,349	
Reserves & Surplus	484,012	573,128	650,371	743,188	
Net Worth	490,327	579,477	656,720	749,537	
Deposits	5,374,050	7,420,731	8,756,463	10,157,497	
Change (%)	23.4	38.1	18.0	16.0	
CASA Deposits	2,523,628	3,089,778	3,721,497	4,469,299	
Borrowings	730,168	840,581	974,581	1,102,512	
Other Liabilities & Prov.	620,731	803,533	1,004,416	1,255,519	
Total Liabilities	7,215,274	9,644,321	11,392,178	13,265,065	
Current Assets	674,663	1,044,038	876,659	977,711	
Investments	1,895,013	2,759,540	3,587,401	4,017,890	
Change (%)	27.1	45.6	30.0	12.0	
Loans	4,167,682	5,425,032	6,510,038	7,812,046	
Change (%)	23.5	30.2	20.0	20.0	
Net Fixed Assets	33,735	38,378	40,747	42,353	
Other Assets	444,181	377,333	377,333	415,066	
Total Assets	7,215,274	9,644,321	11,392,178	13,265,065	

ASSUMPTIONS	(%)			
Deposit Growth	23.4	38.1	18.0	16.0
Loans Growth	23.5	30.2	20.0	20.0
Investments Growth	27.1	45.6	30.0	12.0
Provisions Coverage Ratio	42.2	38.7	46.0	50.0
Dividend	215.0	290.0	320.0	350.0

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Spreads Analysis (%)					
Avg. Yield - Earning Assets		8.1	8.0	7.6	7.8
Avg. Cost-Int. Bear. Liab.		5.8	6.0	5.8	5.8
Interest Spread		2.3	2.1	1.8	2.0
Net Interest Margin		2.8	2.6	2.4	2.6
Profitability Ratios (%)					
RoE		16.8	17.1	16.3	16.9
RoA		1.0	1.1	1.0	1.0
Int. Expended/Int.Earned		65.2	67.3	68.4	66.9
Other Inc./Net Income		33.8	37.8	35.8	33.8
Efficiency Ratios (%)					
Op. Exps./Net Income*		52.4	50.5	51.1	48.1
Empl. Cost/Op. Exps.		61.8	62.3	62.4	61.5
Busi. per Empl. (Rs m)		48.2	54.4	66.6	75.2
NP per Empl. (Rs lac)		3.8	4.4	4.8	5.4
* ex treasury income					
Asset-Liability Profile (%)					
Adv./Deposit Ratio		77.6	73.1	74.3	76.9
CASA Ratio		47.0	41.6	42.5	44.0
Invest./Deposit Ratio		35.3	37.2	41.0	39.6
G-Sec/Invest. Ratio		75.7	82.7	70.3	68.0
Gross NPAs to Adv.		3.0	2.8	2.7	3.0
Net NPAs to Adv.		1.8	1.8	1.5	1.5
CAR		13.0	14.3	12.6	12.5
Tier 1		8.5	9.4	8.3	8.1

VALUATION		2008	2009	2010E	2011E
Book Value (Rs)		776	913	1,034	1,181
Price-BV (x)		2.2	1.9	1.6	1.4
Concol BV Rs		970	1,140	1,316	1,527
Price-Consol BV (x)		1.8	1.5	1.3	1.1
Adjusted BV (Rs)		700	815	936	1,059
Price-ABV (x)		2.4	2.1	1.8	1.6
Adjusted Consol BV		880	1,026	1,205	1,391
Price-Consol ABV (x)		1.8	1.6	1.3	1.2
EPS (Rs)		106.6	143.7	159.1	187.1
EPS Growth (%)		23.5	34.8	10.7	17.6
Price-Earnings (x)		15.9	11.8	10.7	9.1
Consol EPS (Rs)		141.9	178.4	211.2	255.4
Con. EPS Growth (%)		17.3	25.7	18.4	20.9
Price-Concol EPS (x)		12.0	9.5	8.0	6.7

Sterlite Industries



Company description

Sterlite Industries is a diversified play on zinc, aluminium, energy and copper TcRc. It has 64.9% stake in Hindustan Zinc, 51% stake in Balco, 100% stake in Sterlite Energy and owns a 400,00tpa copper custom smelter. Wholly owned copper mines in Australia meet ~10% of its concentrate requirement. Sterlite also has 29.5% stake in Vedanta Aluminium.

Key investment arguments

- ✦ Sterlite has planned aggressive capex, which will provide strong volume growth in zinc, lead, silver, aluminium and power over next four years.
- ✦ Cost of production of zinc and copper smelting falls under lowest decile of global cost curve.
- ✦ Captive coal mines in Balco and Hindustan Zinc will bring down costs further and insulate from input price risk.
- ✦ Sterlite Energy is setting up a 2,400MW power project in coal rich state of Orissa. It has secured linkage for 600MW, which is expected to start in 3QFY10. Ultimately, captive coal mines will feed the power plant.

Key investment risks

- ✦ The earnings have high level of sensitivity to commodity prices.
- ✦ Coal and bauxite mine development is subject to regularity approvals.

Recent developments

- ✦ A public interest suit has been dropped against further disinvestment of Hindustan Zinc, which may ease the path for Sterlite to exercise call option on remaining 29.5% government stake.
- ✦ Sterlite has raised US\$1.5b through issue of 123.5m new shares (ADS) at US\$12.15 per share. The proceeds will be used for: (1) Potential acquisitions e.g. Asarco, (2) Equity investments in Sterlite Energy for second 1,980MW power project, and (3) Further equity investment in Vedanta Aluminium.

Valuation and view

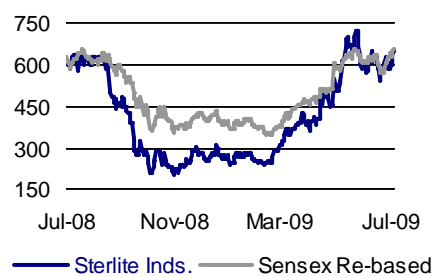
- ✦ Valuations at 15.9x FY11E EPS of Rs41.
- ✦ We recommend **Buy** with a price target of Rs847 (2x FY10E book value).

Bloomberg	STLT IN
Equity Shares (m)	708.5
CMP (Rs)	653
Mcap (US\$ b)	9.6
52 W Range	740 / 165
1, 6, 12 Rel Per	8 / 95 / 0

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	61.7	61.2	62.5
Domestic Inst	7.4	8.3	5.7
Foreign	20.0	19.6	24.6
Others	10.9	10.9	7.2

Stock Performance (1 year)



Quarterly Performance (Consolidated)

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Y/E March							
Net Sales	57,701	68,110	45,362	44,060	45,789	215,233	174,334
YoY Change (%)	-6.0	3.0	-14.2	-35.5	-20.6	-13.5	-19.0
EBITDA	18,266	18,522	5,653	8,392	10,209	50,832	36,943
YoY Change (%)	-15.3	-7.9	-65.2	-62.6	-44.1	-36.7	-27.3
EBITDA Margin (%)	31.7	27.2	12.5	19.0	22.3	23.6	21.2
Reported PAT	15,953	17,208	7,323	9,122	9,239	49,607	36,949
Minority interest	4,470	4,425	1,720	2,057	3,219	12,671	10,123
Loss/(profit) of Associates-27		14	466	1,082	-707	1,536	458
Adjusted PAT	11,510	12,869	4,855	3,907	6,727	33,141	26,368
YoY Change (%)	0.7	18.9	-43.2	-71.5	-41.6	-24.0	-20.4

E: MOSL Estimates

Strong Volume Growth ('000 TPA)

Y/E March	Sh. (%)	FY09	FY10	FY11	FY12	FY13
Zinc & Lead	65	754	754	1,064	1,064	1,064
Power (MW)	100	971	1,730	3,939	4,245	4,245
HZL - Wind	65	141	141	141	141	141
HZL - CPP	65	343	343	503	503	503
Balco	51	810	810	1410	2010	2010
Sterlite Energy	100		600	2400	2400	2400
VAL	30	675	1215	1215	1215	1215
Aluminium	100	256	275	357	733	831
Balco	51	355	245	405	570	570
VAL	30	250	500	500	1475	1800
Copper	100	400	400	400	400	400

Source: Company/MOSL

Sterlite Industries: Financials and valuation

INCOME STATEMENT (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	FY08	FY09	FY10E	FY11E	
Net Sales	247,243	215,233	174,334	203,201	
Change (%)	1.4	-12.9	-19.0	16.6	
Total Expenses	168,561	164,401	137,292	149,453	
EBITDA	78,682	50,832	37,042	53,748	
Change (YoY %)	-16.8	-35.4	-27.1	45.1	
As % of Net Sales	31.8	23.6	21.2	26.5	
Depn. & Amortization	5,950	7,007	8,260	15,634	
EBIT	72,732	43,826	28,782	38,114	
Net Interest	3,186	3,986	4,761	10,512	
Other income	15,661	17,764	24,485	26,612	
PBT	85,207	57,604	48,506	54,215	
Tax	21,935	10,255	9,609	10,504	
Rate (%)	25.7	17.8	19.8	19.4	
PAT	63,272	47,349	38,896	43,710	
EO Income	528	-2,258	0	0	
Adj. PAT	62,744	49,607	38,896	43,710	
Minority interests	19,734	12,671	10,425	9,968	
Share in Asso.	-42	1,536	-1,665	-1,012	
Attrib. PAT	43,581	33,141	26,806	32,730	
Change (YoY %)	-2.8	-24.0	-19.1	22.1	

BALANCE SHEET (CONSOLIDATED)		(RS MILLION)			
Y/E MARCH	FY08	FY09E	FY10E	FY11E	
Share Capital	1,417	1,417	1,680	1,680	
Reserves	221,609	253,999	355,428	385,125	
Net Worth	223,026	255,416	357,108	386,805	
Minority Interest	56,233	68,054	77,193	85,871	
Total Loans	50,745	95,745	146,745	173,245	
Deferred Tax Liability	13,537	15,726	17,752	20,001	
Capital Employed	343,541	434,942	598,798	665,923	
Gross Block	145,637	158,862	202,804	328,046	
Less: Accum. Deprn.	45,883	52,648	60,270	75,547	
Net Fixed Assets	99,754	106,214	142,534	252,499	
Capital WIP	24,613	86,125	117,974	33,983	
Investments	162,941	197,369	297,673	336,390	
Liquid invest.(of above)	144,016	173,039	265,528	296,257	
Curr. Assets	106,634	98,242	90,507	95,683	
Inventory	33,341	24,448	18,865	19,866	
Account Receivables	15,623	14,998	12,144	13,597	
Cash and Bank Balance	24,536	25,661	26,311	28,280	
Loans and advances	33,135	33,135	33,187	33,940	
Curr. Liability & Prov.	50,401	53,009	49,891	52,632	
Account Payables	13,554	15,420	12,231	13,936	
Provisions & Others	36,847	37,589	37,660	38,695	
Net Curr. Assets	56,233	45,233	40,617	43,051	
Appl. of Funds	343,541	434,942	598,798	665,923	

E: MOSL Estimates

RATIOS					
Y/E MARCH	FY08	FY09	FY10E	FY11E	
Basic (Rs)					
EPS	61.5	46.8	31.9	41.0	
Cash EPS	69.9	56.7	41.7	57.6	
BV/Share	314.8	360.5	425.0	460.4	
DPS	4.0	3.5	3.5	3.5	
Payout (%)	6.5	7.5	11.0	8.5	
Valuation (x)					
P/E	10.6	14.0	20.5	15.9	
Cash P/E	9.3	11.5	15.6	11.3	
P/BV	2.1	1.8	1.5	1.4	
EV/Sales	1.6	1.9	2.5	2.1	
EV/EBITDA	7.3	11.3	15.9	9.8	
Dividend Yield (%)	0.6	0.5	0.5	0.5	
Return Ratios (%)					
EBITDA Margins	31.8	23.6	21.2	26.5	
Net Profit Margins	25.4	23.0	22.3	21.5	
RoE	19.5	13.0	7.5	8.9	
RoCE	21.2	10.1	4.8	5.7	
RoIC	46.6	28.9	15.7	12.9	
Working Capital Ratios					
Fixed Asset Turnover (x)	1.7	1.4	0.9	0.6	
Asset Turnover (x)	0.7	0.5	0.3	0.3	
Debtor (Days)	23	25	25	24	
Inventory (Days)	49	41	39	36	
Working Capital (Days)	83	77	85	77	
Leverage Ratio (x)					
Current Ratio	2.1	1.9	1.8	1.8	
Interest Cover Ratio	22.8	11.0	6.0	3.6	
Debt/Equity	-0.3	-0.2	-0.3	-0.3	

CASHFLOW STATEMENT		(RS MILLION)			
Y/E MARCH	FY08	FY09	FY10E	FY11E	
Pre-tax profit	85,207	57,604	48,506	54,215	
Depreciation	5,950	7,007	8,260	15,634	
(Inc)/Dec in Wkg. Cap.	-874	12,125	5,268	-466	
Tax paid	-19,599	-8,204	-8,560	-9,361	
Other operating activities	-20,095	-12,161	-11,344	-9,823	
CF from Op. Activity	50,590	56,370	42,128	50,198	
(Inc)/Dec in FA + CWIP	-29,839	-74,736	-75,792	-41,250	
(Pur)/Sale of Investments	-110,721	-34,429	-100,304	-38,717	
CF from Inv. Activity	-140,561	-109,165	-176,095	-79,967	
Equity raised/(repaid)	82,071	0	77,920	0	
Chg in minorities	19,975	11,821	9,138	8,678	
Debt raised/(repaid)	4,642	45,000	51,000	26,500	
Dividend (incl. tax)	-3,316	-2,901	-3,441	-3,441	
CF from Fin. Activity	103,372	53,920	134,618	31,738	
(Inc)/Dec in Cash	13,401	1,125	651	1,969	
Add: opening Balance	11,134	24,536	25,661	26,311	
Closing Balance	24,536	25,661	26,311	28,280	

Sun Pharmaceuticals

Company description

Sun Pharma has gradually expanded from being an India-centric company to the US and 30 other emerging markets across the globe. It continues to enjoy leadership position in the lifestyle segment in India. It entered the US market in late 90's through the acquisition of Caraco and has expanded its presence in the US through a few smaller acquisitions. It is currently engaged in a legal litigation for the acquisition of Taro Pharma (Israel) with Taro's existing promoters and a few institutional investors.

Key investment arguments

- ☞ Sun continues to be one of the most profitable and consistently growing companies in the domestic market given its strong brand equity in the lifestyle segment. Its ability to sustain reasonable growth rates at superior margins even on a high base is a strong positive.
- ☞ Despite the ongoing cGMP issues at Caraco, we expect strong traction in US supplies from Sun's other facilities. These are likely to include a combination of normal, low-competition and Para-IV products.
- ☞ We expect core topline CAGR of 5% for FY09-11 to be led by 29% growth for formulation exports (non-US) and 13% growth for domestic formulations business, but impacted by USFDA issues.

- ☞ Earnings during FY09-11E, will be impacted by Caraco's on-going US FDA compliance issues. We believe earnings growth will revert to normalcy once these are resolved.

Key investment risks

- ☞ The US FDA has, of late, become very stringent in evaluating cGMP compliance and has issued warning letters to many leading Indian players. Any slippages could impact Sun Pharma's US supplies. Caraco has already been impacted by the severity of the US FDA action.

Recent developments

- ☞ US FDA recently seized all products at Caraco's US facility for non-compliance with cGMP.

Valuation and view

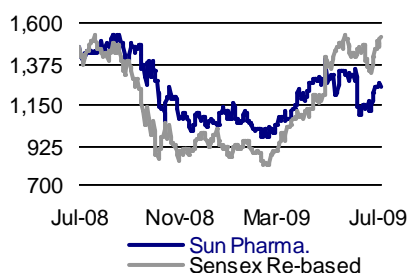
- ☞ Expect flat core EPS CAGR over FY09-11E; valuations at 21.7x FY10E EPS of Rs57.4 (excluding one-offs).
- ☞ Stock price to remain muted till Caraco's US FDA issues are resolved.
- ☞ We recommend **Buy** with a target price of Rs1,190 (18x FY11E earnings) plus DCF value of Rs19/share for Para-IV products.

Bloomberg	SUNP IN
Equity Shares (m)	207.1
CMP (Rs)	1,246
Mcap (US\$ b)	5.4
52 W Range	1600 / 953
1, 6, 12 Rel Per	-14 / -61 / -19

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	63.7	63.7	63.7
Domestic Inst	5.8	7.4	4.9
Foreign	18.4	17.4	21.1
Others	12.1	11.6	10.3

Stock Performance (1 year)



Quarterly Performance (Consolidated)

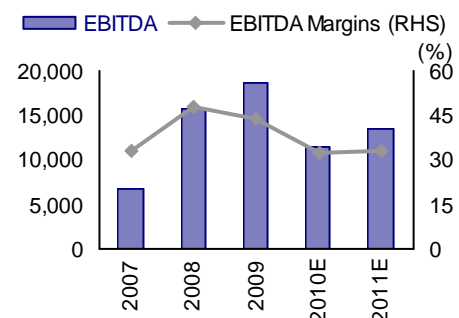
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Revenues	10,239	11,778	9,183	11,523	7,876	42,723	35,394
YoY Change (%)	66.4	82.2	16.2	-7.0	-23.1	29.8	-17.2
EBITDA	5,379	5,379	4,134	3,745	1,286	18,638	11,268
EBITDA Margin (%)	52.5	45.7	45.0	32.5	16.3	43.6	31.8
Profit after Tax	5,255	5,329	4,097	4,100	1,482	18,780	11,643
Share of Min. Partner	261	223	10	109	-156	603	-245
Adj Net Profit	4,994	5,106	4,086	3,991	1,638	18,177	11,889
YoY Change (%)	119.8	133.6	28.4	-44.8	-67.2	22.2	-34.6
PAT Margin (%)	48.8	43.4	44.5	34.6	20.8	42.5	33.6

E: MOSL Estimates

Revenue Break-up (%)

	FY09	FY10E	FY11E
Domestic Revenues			
Formulations	45.9	55.4	55.9
API	2.4	3.1	2.8
Total Dom. Sales	48.3	58.5	58.8
Exports Revenues			
Form.-Caraco	36.1	17.5	15.5
Form.-Others	9.0	14.2	16.0
API	8.9	11.9	11.8
Others	0.1	0.1	0.1
Total Export Sales	54.1	43.8	43.5
Total Gross Sales	102.4	102.2	102.3
E.Duty/Indirect Taxes	2.4	2.2	2.3
Total Net Sales	100.0	100.0	100.0

Trend in EBITDA (Rs M)



2008, 2009 includes Para-IV upsides

Source: Company/MOSL

August 3 - 5, 2009

Sun Pharma: Financials and valuation

CONSOLIDATED INCOME STATEMENT				(RS MILLION)
Y/E MARCH	2008	2009	2010E	2011E
Net Sales	32,909	42,723	35,394	40,295
Change (%)	58.3	29.8	-17.2	13.8
Total Expenditure	17,398	24,084	24,126	27,072
EBITDA	15,511	18,638	11,268	13,223
Margin (%)	47.1	43.6	31.8	32.8
Depreciation	969	1,233	1,505	1,612
EBIT	14,543	17,405	9,762	11,611
Int. and Finance Charges	88	0	0	0
Other Income - Rec.	1,539	2,086	2,167	2,273
PBT	15,994	19,491	11,930	13,885
Tax	485	712	286	336
Tax Rate (%)	3.0	3.7	2.4	2.4
Profit after Tax	15,509	18,780	11,643	13,549
Change (%)	84.6	21.1	-38.0	16.4
Margin (%)	47	44	33	34
Less: Minority Interest	640	603	-245	-98
Net Profit	14,869	18,177	11,889	13,647

CONSOLIDATED BALANCE SHEET				(RS MILLION)
Y/E MARCH	2008	2009	2010E	2011E
Equity Share Capital	1,036	1,036	1,036	1,036
Total Reserves	48,879	63,729	73,466	84,384
Net Worth	49,915	64,765	74,502	85,420
Minority Interest	1,886	2,489	2,243	2,145
Deferred Liabilities	92	92	92	92
Total Loans	1,436	1,500	1,500	1,500
Capital Employed	53,328	68,845	78,337	89,156
Gross Block	15,960	17,210	18,210	19,710
Less: Accum. Deprn.	5,607	6,840	8,345	9,957
Net Fixed Assets	10,354	10,371	9,865	9,754
Capital WIP	686	686	686	686
Goodwill	1,729	1,729	1,729	1,729
Investments	6,565	6,565	6,565	6,565
Curr. Assets	40,368	57,234	66,565	78,652
Inventory	7,728	9,156	10,211	11,410
Account Receivables	14,177	18,728	15,515	17,664
Cash and Bank Balance	13,382	22,796	35,409	43,396
Curr. Liability & Prov.	6,373	7,740	7,074	8,229
Account Payables	3,722	4,414	4,922	5,500
Provisions	2,651	3,326	2,152	2,729
Net Current Assets	33,995	49,494	59,491	70,422
Appl. of Funds	53,328	68,845	78,337	89,156

E: MOSL Estimates

RATIOS				
Y/E MARCH	2008	2009	2010E	2011E
Basic (Rs)				
EPS	71.8	87.8	57.4	65.9
Fully Diluted EPS	71.8	87.8	57.4	65.9
Cash EPS	76.5	93.7	64.7	73.7
BV/Share	241.0	312.7	359.7	412.4
DPS	10.5	13.7	8.9	11.3
Payout (%)	16.4	17.7	18.5	20.1
Valuation (x)				
P/E	17.4	14.2	21.7	18.9
Cash P/E	16.3	13.3	19.3	16.9
P/BV	5.2	4.0	3.5	3.0
EV/Sales	7.3	5.4	6.1	5.2
EV/EBITDA	15.4	12.4	19.3	15.9
Dividend Yield (%)	0.8	1.1	0.7	0.9
Return Ratios (%)				
RoE	38.3	31.7	17.1	17.1
RoCE	35.6	33.1	16.8	17.0
Working Capital Ratios				
Fixed Asset Turnover (x)	3.3	4.1	3.5	4.1
Debtor (Days)	157	160	160	160
Inventory (Days)	86	78	105	103
Working Capital T/O (Days)	377	423	614	638
Leverage Ratio				
Debt/Equity (x)	0.0	0.0	0.0	0.0

CASH FLOW STATEMENT				(RS MILLION)
Y/E MARCH	2008	2009	2010E	2011E
Oper. Profit/(Loss) before Tax	15,511	18,638	11,268	13,223
Interest/Dividends Recd.	1,539	2,086	2,167	2,273
Direct Taxes Paid	-1,288	-712	-286	-336
(Inc)/Dec in WC	-7,572	-6,086	2,616	-2,944
CF from Operations	8,190	13,927	15,765	12,217
(inc)/dec in FA	-2,919	-1,250	-1,000	-1,500
(Pur)/Sale of Investments	-4,022	0	0	0
CF from Investments	-6,940	-1,250	-1,000	-1,500
Issue of Shares	10,672	0	0	0
(Inc)/Dec in Debt	-9,708	64	0	0
Interest Paid	-88	0	0	0
Dividend Paid	-2,547	-3,326	-2,152	-2,729
CF from Fin. Activity	-1,670	-3,263	-2,152	-2,729
Inc/Dec of Cash	-420	9,414	12,613	7,987
Add: Beginning Balance	13,802	13,382	22,796	35,409
Closing Balance	13,382	22,796	35,409	43,396

Suzlon Energy



Company description

Suzlon is 5th largest WTG manufacturer globally. It is leader in India with ~50% market share. Through its acquisition of Hansen (current stake at 61.3%) it has integrated an important component in the supply chain. Besides, it has also acquired REpower, a German WTG player with presence in higher MW turbines. Thus, Suzlon has unique vertically integrated business model.

Key investment arguments

- Suzlon's current order book barely provides visibility for FY10. FY09 order book is at 1,463MW (-58% YoY). Thus, the management's revenue guidance of 2400-2600MW appears aggressive.
- With recent FCCB restructuring (savings of US\$59m), GDR issue (Rs5.2b), working capital reduction (savings of Rs7b), internal cash accruals (Rs11.9b) etc. will help company to reduce net DER to 1.2 in FY10 from 1.4 in FY09.
- During past 2 quarters, Suzlon had witnessed improved order intake of ~450MW; further improvement on order intake could lead to FY11 earnings upgrades.

Key investment risks

- Continued below assured turbine performance; resulting in continued liquidity damages, availability charges as experienced in FY09.
- Continuity of difficult credit environment globally which can impact the order flow for Suzlon during FY10.

Recent developments

- Suzlon raised USD202m through combination of GDR (USD108m) and FCCB (USD94m) resulting in 7.2% equity dilution.
- Suzlon recently restructured its FCCB resulting in reduced liability (and relaxed debt covenants) from US\$500 to US\$389m. Net reduction in liabilities is at US\$59(excluding cash payments of US\$52m).
- With ~91% stake in REpower as on June 2009, Suzlon will have full access to REpower's technologies post the domination agreement.

Valuation and view

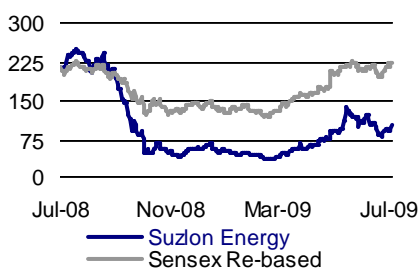
- At CMP, the stock trades at 40.8x FY10 and 23.9x FY11 earnings of Rs2.5 and Rs4.3 respectively.
- Maintain **Neutral** with a price target of Rs78 (18x FY11 earnings).

Bloomberg	SUEL IN
Equity Shares (m)	1,497.0
CMP (Rs)	103
Mcap (US\$ b)	3.2
52 W Range	254 / 33
1, 6, 12 Rel Per	-18 / 35 / -56

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	59.8	65.8	65.9
Domestic Inst	6.1	5.0	3.6
Foreign	17.4	9.7	22.4
Others	16.7	19.5	8.1

Stock Performance (1 year)



Quarterly Performance (WTG Business)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09E	FY09	FY10E
Sales	20,866	41,818	39,320	57,030	18,741	158,970	128,462
YoY Change (%)	38.9	33.3	49.3	36.0	-10.2	38.6	-19.2
EBITDA	3,022	4,126	5,063	3,080	2,913	15,730	10,696
YoY Change (%)	137.0	-23.6	53.5	-57.0	-3.6	-8.2	-32.0
EBITDA Margin (%)	14.5	9.9	12.9	5.4	15.5	9.9	8.3
Reported PAT	-629	-1,305	-1,575	2,440	293	-1,036	-715
Adjusted PAT	1,669	1,473	2,914	190	293	6,329	-715
YoY Change (%)	24.0	-74.0	116.4	-96.6	-79.2	-44.0	0.0

E: MOSL Estimates

Order Intake key for FY10 Guidance (MW)

Existing order book (4QFY09 end)	1,463
Orders to be delivered in FY11	200
Available for FY10 (A), excl domestic OB 75MW	1,188
Management guidance	2,400-2,600
Likely domestic execution with current OB	650-750
Expected delivery through international OB (B)	1,650-1,950
Orders to be secured in next 2-4 months(A-B)	462-762

Source: Company/MOSL

Suzlon Energy: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Net Sales	136,794	260,817	263,745	302,467	
Change (%)	71.3	90.7	1.1	14.7	
Cost of Goods Sold	88,702	168,568	180,176	205,716	
Staff Cost	10,430	21,658	22,025	24,728	
Other Mfg. Expenses	16,974	44,204	38,629	43,476	
EBITDA	20,688	26,388	22,915	28,546	
% of Net Sales	15.1	10.1	8.7	9.4	
Depreciation	2,894	5,731	7,380	8,271	
Interest	5,969	9,012	9,698	10,406	
Other Income	2,646	4,488	1,867	1,712	
PBT	14,470	16,133	7,705	11,581	
Tax	1,993	2,881	2,489	3,183	
Rate (%)	13.8	17.9	32.3	27.5	
Reported Con. PAT	12,477	13,252	5,216	8,398	
Share of Profit of Associate	558	23	0	0	
Minority Interest	428	1,947	945	1,097	
Adj. Cons. PAT	12,607	9,728	4,271	7,301	
Change (%)	45.9	-22.8	-56.1	71.0	

Note: Consolidated financials

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Equity Share Capital	2,994	3,000	3,117	3,117	
Share Application Money	102	1,080	1,080	1,080	
Reserves	77,917	82,220	90,976	97,576	
Net Worth	81,013	86,300	95,172	101,772	
Loans	99,346	148,700	141,047	141,792	
Capital Employed	180,359	235,000	236,219	243,564	
Gross Fixed Assets	55,998	151,020	165,490	172,707	
Less: Depreciation	10,318	18,210	20,609	28,840	
Net Fixed Assets	45,680	132,810	144,881	143,867	
Capital WIP	11,197	19,840	1,000	1,000	
Investments	31,418	50	50	50	
Deffered Tax Asset	-218	-218	-218	-218	
Curr. Assets	175,606	218,840	197,222	216,173	
Inventory	40,848	71,740	61,113	66,096	
Debtors	32,013	87,390	69,532	74,377	
Cash & Bank Balance	69,602	30,700	24,580	27,536	
Loans & Advances	33,143	29,010	41,997	48,164	
Current Liab. & Prov.	73,055	115,520	108,071	118,321	
Net Current Assets	102,551	103,320	89,151	97,852	
Application of Funds	180,359	236,870	236,089	243,434	

E: MOSL Estimates

RATIOS		2008	2009E	2010E	2011E
Y/E MARCH					
Basic (Rs)					
Consolidated EPS	8.4	6.5	2.5	4.3	
Growth (%)	39.9	-22.7	-60.9	71.0	
Fully Diluted EPS	8.0	6.2	2.5	4.3	
Growth (%)	33.0	-22.8	-58.9	71.0	
Cash EPS	10.4	10.3	7.5	10.0	
Book Value	54.1	57.4	61.0	65.2	
DPS	1.0	0.5	0.4	0.4	
Eq. Div.Payout (incl. Div. Tax.)	14.1	6.4	13.4	8.4	
Valuation (x)					
P/E (consolidated)	12.9	16.8	40.8	23.9	
Cash P/E	10.0	10.0	13.8	10.3	
EV/EBITDA	8.9	10.3	12.1	9.6	
EV/Sales	1.3	1.0	1.1	0.9	
Price/Book Value	1.9	1.8	1.7	1.6	
Dividend Yield (%)	1.0	0.5	0.4	0.4	
Profitability Ratios (%)					
RoE	21.7	11.6	4.7	7.4	
RoCE	15.3	12.1	7.4	9.2	
Turnover Ratios					
Debtors (Days)	85	160	140	140	
Asset Turnover (x)	3.3	2.9	1.9	2.1	
Leverage Ratio					
Debt/Equity (x)	1.2	1.7	1.5	1.4	

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
PBT before EO Items	14,470	16,133	7,705	11,581	
Add : Depreciation	2,894	5,731	7,380	8,271	
Interest	5,969	9,012	9,698	10,406	
Less : Direct Taxes Paid	1,993	2,881	2,489	3,183	
(Inc)/Dec in WC	7,957	-49,940	8,049	-5,746	
CF from Operations	29,297	-21,944	30,343	21,330	
CF from Oper. incl. EO Items	29,297	-21,944	30,343	21,330	
(Inc)/Dec in FA	-19,039	-101,505	-610	-7,258	
(Pur)/Sale of Investments	-31,262	31,368	0	0	
CF from Investments	-50,301	-70,137	-610	-7,258	
(Inc)/Dec in Net Worth	35,247	-7,121	4,228	-1,097	
(Inc)/Dec in Debt	47,725	49,354	-7,653	745	
Less : Interest Paid	5,969	9,012	9,698	10,406	
Dividend Paid	1,781	844	701	701	
CF from Fin. Activity	75,222	32,378	-13,825	-11,459	
Inc/Dec of Cash	54,219	-59,704	15,908	2,613	
Add: Beginning Balance	15,383	69,602	30,700	24,580	
Closing Balance	69,602	9,898	46,608	27,193	

Tata Consultancy Services

Company description

TCS is the largest IT services company in India, with revenue of US\$6b. It employs over 140,000 people, and provides IT as well as BPO services to over 930 clients globally. It is one of the preferred IT vendors for a majority of the Fortune 500/Global 1,000 companies.

Key investment arguments

- TCS 1QFY10 results were the best among top tier IT universe on better than expected revenue growth of 3.3% QoQ and positive surprises on cost management with an EBITA margin improvement of 100bp to 27.2%. The management indicated further scope for cost curtailment.
- TCS has shown positive progression across key operating parameters like fixed price contribution (460bps increase YoY), offshoring (950bp increase YoY), reduction in SGA as % of sales (90bp QoQ) and reduction in absolute cost of revenue through aggressive headcount management. EBITDA margin is expected to improve by 100bp in FY10.
- We expect a volume growth rebound of 12.5% for TCS in FY11, expecting growth contribution from large verticals like BFSI and Telecom and continued growth from IMS and Retail.

- TCS signing 25 large deals over the last 4 quarters and reduction of concerns on revenue leakages at existing clients is expected to aid this rebound in FY11.

Key investment risks

- TCS' high auto exposure, (40% of manufacturing revenues), is a concern with the stress in auto industry.
- Non repeatability of 1QFY10 growth on high dependence on BFSI at 77% of incremental revenues in 1QFY10.
- Lower than expected volume growth in FY11 could put pressure on utilization due to large additions (24,885 offers) in 2HFY10.

Recent developments

- TCS expanded its presence in Mexico with the Global Delivery Center opening in Queretaro.
- TCS launched Provider performance Insight, a SAP based business intelligent solution for Hospitals and Healthcare Providers

Valuation and view

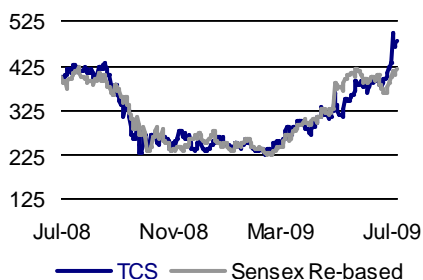
- We expect a US\$ revenue CAGR of 5% and EPS CAGR of 8.8% over FY09-FY11.
- Valuations at 16.2x FY10E earnings and 15.5x FY11E, Maintain **Neutral** with a target price of Rs465.

Bloomberg	TCS IN
Equity Shares (m)	1,957.2
CMP (Rs)	482
Mcap (US\$ b)	19.5
52 W Range	540 / 208
1, 6, 12 Rel Per	19 / 21 / 16

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	75.1	76.2	76.4
Domestic Inst	7.5	7.9	6.4
Foreign	11.2	10.0	11.2
Others	6.2	5.9	6.1

Stock Performance (1 year)

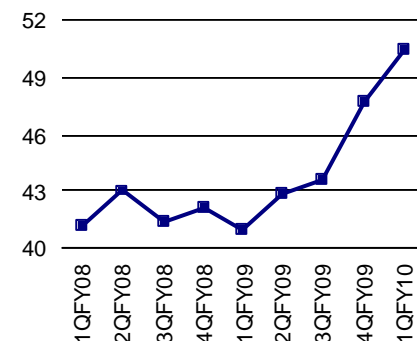


Quarterly Performance (US GAAP)

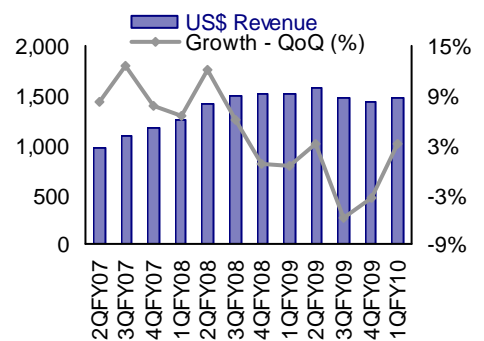
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
US\$ Revenue (m)	1,525	1,574	1,483	1,433	1,480	6,015	5,971
QoQ Change (%)	0.4	3.2	-5.8	-3.4	3.3	5.2	-0.7
Revenues	64,107	69,534	72,770	71,717	72,070	278,129	285,408
QoQ Change (%)	6.0	8.5	4.7	-1.4	0.5	21.7	2.6
Operating Profit	15,314	18,197	19,474	18,795	19,619	71,781	76,516
EBITDA Margin (%)	23.9	26.2	26.8	26.2	27.2	25.8	26.8
Adjusted PAT	12,086	12,615	13,525	13,143	15,203	51,369	58,250
QoQ Change (%)	-3.8	4.4	7.2	-2.8	15.7	3.0	13.4

E: MOSL Estimates

Higher Offshoring Helps Margins (%)



Rebound in Revenues in 1QFY10



Source: Company/MOSL

TCS: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Sales	228,614	278,129	285,408	304,783	
Change (%)	22.7	21.7	2.6	6.8	
Cost of Services	122,344	150,774	152,178	163,618	
SG&A Expenses	46,873	55,574	56,714	61,975	
EBITDA	59,397	71,781	76,516	79,190	
% of Net Sales	26.0	25.8	26.8	26.0	
Depreciation	5,746	5,766	6,938	7,466	
Other Income	4,451	-4,673	1,196	3,478	
PBT	58,101	61,342	70,774	75,202	
Tax	7,794	9,362	11,612	13,536	
Rate (%)	13.4	15.3	16.4	18.0	
Eq. in net earnings of affiliates	8	-7	-8	-8	
Minority Interest	424	604	904	904	
PAT	49,892	51,369	58,250	60,754	
Extraordinary	300	350	0	0	
Net Income	50,191	51,719	58,250	60,754	
Change (%)	21.5	3.0	12.6	4.3	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	979	979	1,957	1,957	
Reserves	122,841	155,567	202,372	245,953	
Net Worth	123,820	156,545	204,330	247,910	
Preference shares	1,000	1,000	1,000	1,000	
Minority Interest	2,300	3,098	3,274	3,274	
Loans	6,483	4,505	5,943	6,390	
Capital Employed	133,602	165,149	214,547	258,574	
Gross Block	44,913	57,960	66,431	79,001	
Less: Depreciation	14,699	20,465	27,402	34,868	
Net Block	30,214	37,495	39,029	44,133	
Other LT Assets	25,165	62,353	67,226	72,692	
Investments	26,475	17,257	28,124	28,124	
Curr. Assets	93,170	109,753	141,935	181,666	
Debtors	67,428	75,276	74,222	82,577	
Cash & Bank Balance	10,352	13,440	34,493	62,170	
Other Current Assets	15,390	21,037	33,219	36,919	
Current Liab. & Prov	41,421	61,709	61,767	68,041	
Current Liabilities	41,421	61,709	61,767	68,041	
Net Current Assets	51,748	48,044	80,168	113,625	
Application of Funds	133,602	165,149	214,547	258,574	

E: MOSL Estimates

RATIOS *					
Y/E MARCH	2008	2009	2010E	2011E	
Basic (Rs)					
EPS	25.5	26.2	29.8	31.0	
Cash EPS	28.4	29.2	33.3	34.9	
Book Value	63.8	80.5	104.9	127.2	
DPS	3.5	3.5	7.5	7.5	
Payout %	13.7	13.3	25.2	24.2	
Valuation (x)					
P/E	18.9	18.4	16.2	15.5	
Cash P/E	17.0	16.5	14.5	13.8	
EV/EBITDA	15.4	12.8	11.6	10.9	
EV/Sales	4.0	3.3	3.1	2.8	
Price/Book Value	7.6	6.0	4.6	3.8	
Dividend Yield (%)	0.7	0.7	1.6	1.6	
Profitability Ratios (%)					
RoE	46.5	36.4	32.1	26.7	
RoCE	46.2	44.2	36.6	30.3	
Turnover Ratios					
Debtors (Days)	94	94	96	94	
Fixed Asset Turnover (x)	8.6	8.2	7.5	7.3	
Leverage Ratio					
Debt/Equity Ratio(x)	0.1	0.0	0.0	0.0	
* 1:1 bonus in FY07, accordingly ratios are adjusted					
CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
CF from Operations	55,637	57,135	65,188	68,220	
Cash for Working Capital	-10,795	6,792	-11,071	-5,780	
Net Operating CF	44,842	63,928	54,117	62,440	
Net Purchase of FA	-17,990	-50,235	-13,344	-18,036	
Net Purchase of Invest.	-13,515	9,568	-10,867	0	
Net Cash from Invest.	-31,505	-40,667	-24,212	-18,036	
Proceeds from eq. issues	-6,839	-10,181	6,884	0	
Proceeds from LTB/STB	-423	-1,978	1,437	447	
Dividend Payments	-8,014	-8,014	-17,174	-17,174	
Cash Flow from Fin.	-15,277	-20,173	-8,853	-16,726	
Free Cash Flow	26,852	13,693	40,773	44,404	
Net Cash Flow	-1,939	3,088	21,053	27,677	
Opening Cash Bal.	12,291	10,352	13,440	34,493	
Add: Net Cash	-1,939	3,088	21,053	27,677	
Closing Cash Bal.	10,352	13,440	34,493	62,170	

Tata Steel



Company description

Tata Steel has become the sixth largest steel producer in the world post its acquisition of the UK-based Corus, with a total capacity of 26mtpa. The combined entity (Tata-Corus) currently has its business spread over Europe (37%), UK (22%), Asia (24%) and North America (8%). Tata-Corus now has 17% raw material security and plans to increase it to 50-60%.

Key investment arguments

- ✦ Tata Steel's high margin Indian operations will deliver more than 25% volume growth in FY10.
- ✦ Corus is undertaking extensive measures to cut fixed costs, which will make it fit for future. It has already reduced manpower by 15% so far.
- ✦ Investments in iron ore mines and coal assets abroad will increase raw material security and improve margins.
- ✦ Steel prices have been moving up, while input costs have eased.
- ✦ Earnings have high sensitivity to steel prices due to high financial and operating leverage.

Key investment risks

- ✦ Earnings have high sensitivity to steel prices.
- ✦ Though the covenants on Corus debt have been waived for FY10, margins need to improve in FY11 to meet the covenants.

Recent developments

- ✦ Announced reduction of manpower at its Scunthrope site in North East England.
- ✦ FY09 consolidated results included restructuring and impairment cost of Rs41b arising out of the 'Fit for the future' program at Tata Steel Europe.
- ✦ Pension fund surplus has increased from US\$337 to US\$879m.
- ✦ Issued GDR US\$500m issuing 65,410,589 GDRs equivalent to one share each at Rs370/share.

Valuation and view

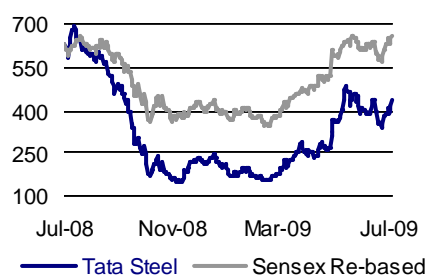
- ✦ Valuations at 10x FY10E EPS of Rs44.
- ✦ Maintain **Neutral** with a price target of Rs 407 (6.5x FY10 EV/EBITDA).

Bloomberg	TATA IN
Equity Shares (m)	822.0
CMP (Rs)	440
Mcap (US\$ b)	7.5
52 W Range	700 / 138
1, 6, 12 Rel Per	2 / 87 / -34

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	34.0	34.0	34.0
Domestic Inst	23.5	24.8	22.1
Foreign	14.5	13.2	19.8
Others	28.1	28.1	24.2

Stock Performance (1 year)

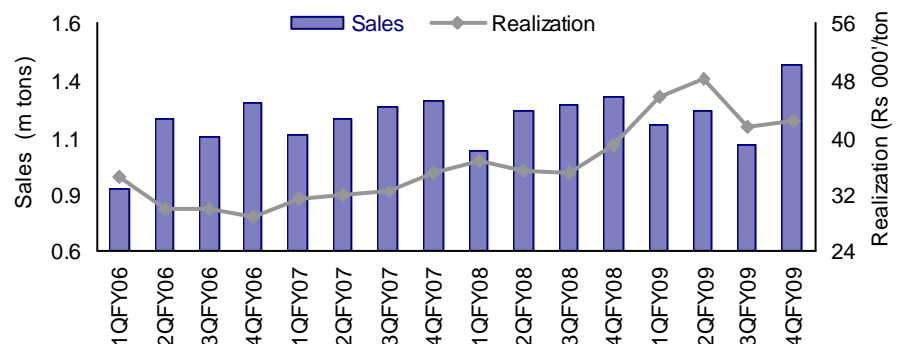


Quarterly Performance (Standalone)

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales ('000 tons)	1,159	1,220	1,072	1,791	1,418	4,869	6,800
Realization (Rs per ton)	45,737	48,286	41,666	33,537	36,717	44,284	35,063
Net Sales	61,650	68,507	48,021	65,004	56,156	243,183	260,590
YoY Change (%)	46.9	43.2	-3.5	13.3	-8.9	23.5	7.2
EBITDA	30,246	31,830	14,780	14,504	17,422	91,359	89,699
EBITDA Margin (%)	49.1	46.5	30.8	22.3	31.0	37.6	34.4
Reported PAT	14,884	17,878	4,662	14,593	7,898	52,017	46,407
Adjusted PAT	17,918	21,332	5,930	6,836	7,898	52,017	46,407
YoY Change (%)	79.5	82.7	-45.1	-47.4	-55.9	16.5	-10.8

E: MOSL Estimates

Indian operations (Quarterly trends)



Source: Company/MOSL

Tata Steel: Financials and valuation
INCOME STATEMENT (CONSOLIDATED) (RS MILLION)

Y/E MARCH	2008	2009	2010E	2011E
Net Sales	1,315,359	1,473,130	1,021,186	1,117,851
Change (%)	421.7	12.0	-30.7	9.5
Total Expenses	1,135,428	1,291,798	891,009	958,213
EBITDA	179,931	181,332	130,177	159,639
% of Net Sales	13.7	12.3	12.7	14.3
Depn. & Amortization	41,370	42,654	41,258	39,373
EBIT	138,562	138,678	88,919	120,265
Net Interest	41,838	32,902	32,305	28,359
Other income	5,742	2,757	3,872	2,085
PBT before EO	102,466	108,534	60,486	93,991
EO income	61,244	-41,101	-18,632	-22,705
PBT after EO	163,711	67,432	41,854	71,287
Current tax	33,747		20,886	21,435
Deffered tax	6,746		4,055	5,415
Tax	40,493	18,940	24,942	26,849
Rate (%)	24.7	28.1	59.6	37.7
Reported PAT	123,218	48,492	16,912	44,437
Minority interests	1,399	-409	-1,525	-2,282
Share of asso. PAT	1,682	607	2,011	1,440
Attributable PAT	123,500	49,508	20,447	48,160
Adjusted PAT	77,404	90,610	39,079	70,864
Change (%)	81.0	17.1	-56.9	81.3

BALANCE SHEET (CONSOLIDATED) (RS MILLION)

Y/E MARCH	2008	2009	2010E	2011E
Share Capital	7,301	7,301	-7,090	-7,090
Reserves	333,057	321,586	358,036	389,350
Net Worth	340,358	328,887	350,946	382,260
Minority Interest	8,327	11,497	14,973	18,521
Total Loans	535,928	573,327	555,024	520,368
Deferred Tax Liability	35,345	34,726	36,982	40,743
Capital Employed	919,957	948,437	957,925	961,893
Gross Block	962,294	1,099,049	1,172,041	1,212,041
Less: Accum. Deprn.	631,624	724,824	772,298	819,962
Net Fixed Assets	330,669	374,225	399,743	392,079
Capital WIP	88,962	91,401	91,401	91,401
Investments	22,557	23,151	23,151	23,151
Goodwill on Consol.	180,500	195,950	195,950	195,950
Curr. Assets	625,784	643,077	549,102	611,124
Inventory	230,643	247,139	185,117	221,859
Account Receivables	186,963	202,511	144,885	179,249
Cash and Bank Balance	53,433	30,929	54,695	45,773
Others	154,744	162,498	164,405	164,242
Curr. Liability & Prov.	328,515	379,368	301,422	351,813
Account Payables	263,939	318,080	237,008	287,452
Provisions & Others	64,576	61,287	64,413	64,360
Net Current Assets	297,269	263,709	247,680	259,311
Appl. of Funds	919,957	948,437	957,925	961,892

E: MOSL Estimates

RATIOS (CONSOLIDATED)

Y/E MARCH	2008	2009	2010E	2011E
Basic (Rs)				
EPS	87.2	102.1	44.0	79.9
Cash EPS	225.2	124.7	65.6	94.4
BV/Share	180.1	149.8	174.7	210.0
DPS	16.0	16.0	16.0	16.0
Payout (%)	18.0	15.1	42.5	23.4
Valuation (x)				
P/E	5.0	4.3	10.0	5.5
Cash P/E	2.0	3.5	6.7	4.7
P/BV	2.4	2.9	2.5	2.1
EV/Sales	0.6	0.6	0.9	0.8
EV/EBITDA	4.5	4.8	6.8	5.4
Dividend Yield (%)	3.6	3.6	3.6	3.6
Return Ratios (%)				
EBITDA Margins (%)	13.7	12.3	12.7	14.3
Net Profit Margins (%)	5.9	6.2	3.8	6.3
RoE	48.4	68.2	25.2	38.0
RoCE	15.1	14.6	9.3	12.5
RoC	18.2	16.4	6.1	12.4
Growth (%)				
Sales	421.7	12.0	-30.7	9.5
EBITDA	141.5	0.8	-28.2	22.6
PAT	81.0	17.1	-56.9	81.3
Leverage Ratio (x)				
Current Ratio	1.9	1.7	1.8	1.7
Interest Cover Ratio	3.3	4.2	2.8	4.2
Debt/Equity	3.0	4.1	3.2	2.5

CASHFLOW STATEMENT (CONSOLIDATED) (RS MILLION)

Y/E MARCH	2008	2009	2010E	2011E
Pre-tax Profit	163,711	67,432	41,854	71,287
Depreciation	41,370	42,654	41,258	39,373
(Inc)/Dec in Wkg. Cap.	-243,512	11,056	39,794	-20,553
Tax Paid	-33,747		-20,886	-21,435
Other Oper. Activities	348,429	-30,747	26,177	10,125
CF from Op. Activity	276,250	90,395	128,197	78,798
(Inc)/Dec in FA + CWIP	-817,154	-139,195	-72,992	-40,000
(Pur)/Sale of Invest.	104,417	-593		
CF from Inv. Activity	-712,737	-139,788	-72,992	-40,000
Equity raised/(repaid)	67,961			
Chg in minorities	2,343	3,170	3,476	3,549
Debt raised/(repaid)	286,672	37,400	-18,303	-34,656
Dividend (incl. tax)	-13,936	-13,680	-16,612	-16,612
CF from Fin. Activity	343,040	26,889	-31,439	-47,719
(Inc)/Dec in Cash	-93,447	-22,504	23,765	-8,922
Add: opening Balance	146,881	53,433	30,929	54,695
Closing Balance	53,434	30,929	54,695	45,773

Time Technoplast



Company description

Time Technoplast (TTL) enjoys a 75% market share in plastic containers (drums, barrels, pails, etc) used for packaging industrial products such as chemicals, inks, paints, lube oils, etc. It has a tie-up with world leader Mauser of Germany. Besides containers, TTL also makes other plastic products such as auto components, artificial lawns, industrial safety nets, etc. In October 2007, it acquired 71% stake in NED Energy, which makes telecom batteries.

Key investment arguments

- ⚡ **Key strengths:** 22 manufacturing facilities in India, four abroad, eleven regional/area marketing offices and distribution/dealer network spread over 350 cities and towns, 500+ institutional/retail clients.
- ⚡ **Several growth drivers:** (1) Capacity expansion in plastic businesses, (2) Expansion of batteries business including acquisition of unit in Bahrain, (3) JV with Schoeller Arca Systems (SAS) for plastic-based material handling systems, (4) planned unit in China, and (5) entry into newer areas like pre-fabricated structures (e.g. telecom shelters) and high-pressure pipes.

Key investment risks

- ⚡ TTL's current agreement with Mauser is valid till December 2010. If Mauser chooses not to renew the agreement, it could have an adverse impact on TTL's revenue and profitability.
- ⚡ TTL's major raw material is HM/HDPE for its plastic containers. Sharp hikes in prices can have an impact on profits.

Recent developments

- ⚡ TTL plans to manufacture drums and IBCs (intermediate bulk containers) in Tianjin Region in China with an initial investment of US\$10m. Operations are expected to commence in 1QFY10.
- ⚡ In June 2009, it formed a 49.9:50.1 JV with Dutch group Schoeller Arca Systems (SAS) for a wide range of plastic-based material handling solutions and systems (large foldable containers, pallets, crates, etc). The end users are sectors like FMCG, retail, processed food, pharma, consumer durables.

Valuation and view

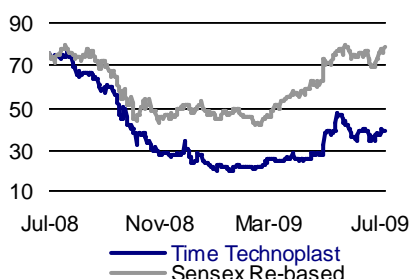
- ⚡ The stock is trading at a P/E of 12x FY09 EPS.
- ⚡ We have no rating on the stock.

Bloomberg	TIME IN
Equity Shares (m)	209.3
CMP (Rs)	39
Mcap (US\$ b)	0.2
52 W Range	84 / 18
1, 6, 12 Rel Per	2 / 0 / -52

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	62.3	62.3	62.4
Domestic Inst	2.8	4.7	5.9
Foreign	30.1	28.9	28.2
Others	4.9	4.1	3.5

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)							
Y/E March	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09	
Net Sales	2,228	1,888	2,050	1,818	2,142	6,812	7,898	
YoY Change (%)	-	77.2	26.0	-3.9	-3.9	70.8	15.9	
EBITDA	464	393	422	361	383	1,444	1,558	
YoY Change (%)	-	81.6	16.4	-10.1	-17.5	89.2	7.9	
EBITDA Margin (%)	20.8	20.8	20.6	19.9	17.9	21.2	19.7	
PAT before MI	254	195	209	159	198	954	762	
Minority Interest	31	23	25	14	10	84	72	
PAT	224	172	185	145	188	871	690	
YoY Change (%)	-	48.1	-41.6	-32.3	-16.0	111.8	-20.7	

E: MOSL Estimates

Time Technoplast Group

Company	Country	TTL stake (%)	Key products
TPL Plastech	India	75	Plastic drums and containers
Time Mauser Industries	India	49	Steel drums, IBCs
Pack Delta Public Co.	Thailand	*99.65	Plastic drums and containers
Elan Incorporated	Sharjah	100	Lifestyle products
Nowo Tech	Poland	100	Anti-spray flaps for auto sector
NED Energy	India	71	Telecom batteries
Gulf Powerbeat	Bahrain	**100	Battery components, assembly

* Stake held by Mauser Holding Singapore (TTL's 49:51 JV with Mauser)

** Stake held by NED Energy

Source: Company

Time Technoplast: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2006	2007	2008	2009	Y/E MARCH	2006	2007	2008	2009
Net Sales	2,624	3,987	6,816	7,898	Basic (Rs)				
Change (%)		52.0	70.9	15.9	Adjusted EPS	3.1	2.4	3.5	3.3
Raw Materials	1,694	2,649	4,433	5,126	Growth (%)		-24.0	48.5	-6.3
Employee Cost	73	101	158	238	Cash EPS	4.4	3.3	5.6	4.9
Other Expenses	348	474	782	975	Book Value	17.1	12.4	19.1	22.1
					DPS	0.4	0.2	0.3	0.3
					Payout (incl. Div. Tax.)	8.4	6.3	7.9	9.6
EBITDA	510	763	1,444	1,558	Valuation (x)				
% of Net Sales	19.4	19.1	21.2	19.7	P/E (consolidated)				11.8
Depreciation	101	144	209	260	Cash P/E				8.6
Interest	111	134	183	271	EV/EBITDA				6.7
Other Income	0	4	137	4	EV/Sales				1.3
					Price/Book Value				1.8
PBT	298	490	1,189	1,031	Dividend Yield (%)				0.8%
Tax	53	77	235	269	Profitability Ratios (%)				
Rate (%)	17.7	15.8	19.8	26.1	RoE	18.3	23.9	31.2	17.7
					RoCE	14.7	18.9	24.7	18.8
Reported PAT	245	412	954	762	Turnover Ratios				
Minority Interest	0	7	84	72	Debtors (Days)	99	94	85	N.A.
Extraord. Items (net)	0	3	134	0	Inventory (Days)	101	77	67	N.A.
Adjusted PAT	245	403	737	690	Creditors. (Days)	33	38	35	N.A.
Change (%)		64.6	82.7	-6.3	Asset Turnover (x)	0.9	1.0	1.1	N.A.
					Leverage Ratio				
					Debt/Equity (x)	1.1	0.8	0.5	0.6
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2006	2007	2008	2009	Y/E MARCH	2007	2008	2009	
Share Capital	79	170	209	209	PBT (net of Minority Int.)	483	1,106	959	
Reserves	1,260	1,938	3,793	4,410	Add : Depn. & Amort.	147	210	260	
Net Worth	1,339	2,108	4,002	4,619	Interest	134	183	271	
Minority Interest	0	30	150	221	Less : Direct Taxes Paid	-77	-235	-269	
Loans	1,449	1,627	2,096	2,702	(Inc)/Dec in WC	-401	-769	-840	
Deferred Tax Liability	94	114	149	149	CF from Operations	285	495	381	
Capital Employed	2,881	3,880	6,397	7,690	(Inc)/Dec in FA	-944	-1,910	-620	
					(Pur)/Sale of Investments	-24	63	0	
Gross Fixed Assets	1,674	3,051	3,206	4,372	CF from Investments	-969	-1,847	-620	
Less: Depreciation	831	1,400	1,301	1,561	Inc/(Dec) in Net Worth	390	1,099	0	
Net Fixed Assets	843	1,651	1,904	2,812	Inc/(Dec) in Debt	229	623	677	
Goodwill on consol.	0	0	723	728	Less : Interest Paid	-134	-183	-271	
Capital WIP	334	326	1,051	500	Dividend Paid	-26	-75	-73	
Investments	41	66	3	3	CF from Fin. Activity	460	1,463	333	
					Inc/Dec of Cash	-224	111	93	
Curr. Assets	1,936	2,306	3,688	362	Add: Beginning Balance	382	158	269	
Inventory	725	845	1,255	0	Closing Balance	158	269	362	
Debtors	709	1,029	1,588	0					
Cash & Bank Balance	382	158	269	362					
Loans & Advances	120	274	575	0					
Other Current Assets									
Current Liab. & Prov.	278	470	972	0					
Creditors	235	420	662	0					
Other Liabilities	0	0	76	0					
Provisions	43	50	234	0					
Net Current Assets	1,658	1,836	2,716	3,648					
Misc. Expenses	4	1	0	0					
Application of Funds	2,881	3,880	6,397	7,690					

Titan Industries

Company description

Titan Industries is India's largest specialty retailer (over 650 exclusive retail stores), with annual sales exceeding Rs38b. It has market leadership in watches (with brands like *Titan*, *Fastrack*, *Xylus* and *Sonata*) and branded jewelry (with brands like *Tanishq*, *Zoya* and *Gold Plus*). The company has recently ventured into the high potential eyewear retailing segment, with Titan Eye+ stores.

Key investment arguments

- Increasing organized watch penetration (currently at 40%), rising trend of dual ownership, faster replacements and consumer uptrading is likely to boost watch sales. We expect watch volumes to grow 7.7% CAGR over FY10-11.
- *Tanishq* is a trusted name in the branded jewelry space and enjoys a huge first mover advantage. It is likely to benefit from the rising penetration of branded jewelry. 1QFY10 jewelry volumes have declined 15%; 2QFY10 volumes are also likely to be under pressure.
- Titan has identified eyewear as the next growth driver. Branded eyewear is highly under-penetrated, and absence of a major retailer provides ample scope for Titan to reap first-mover advantage.

Key investment risks

- Growing use of mobile phones for time-keeping is a risk in the medium term. Watch volume growth could decline due to poor consumer sentiment.
- Jewelry business volumes run the risk of getting impacted by volatility in gold prices.
- Precision Engineering sales could get impacted by slowdown in global economy, as it supplies to global automotive and aerospace companies.
- Titan Eye+ model is in the gestation stage, with low probability of a turnaround in medium term.

Recent developments

- The company has closed down two Tanishq stores by making a provision of Rs290m in FY09, as economic slowdown in the US will result in continuing losses for the next 2-3 years.
- The company has moved to FIFO method of inventory valuation. Management believes this method better reflects current profitability as hedge accounting will become compulsory from next year.

Valuation and view

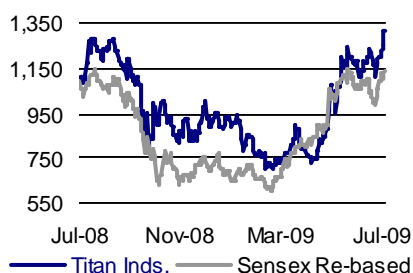
- We estimate 18% EPS CAGR over FY09-FY11
- Stock trades at 22.8x FY11E EPS of Rs57.6. **Neutral.**

Bloomberg	TTAN IN
Equity Shares (m)	42.3
CMP (Rs)	1,314
Mcap (US\$ b)	1.2
52 W Range	1375 / 665
1, 6, 12 Rel Per	10 / -33 / 16

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	53.1	53.1	53.1
Domestic Inst	9.0	7.1	5.9
Foreign	10.2	12.3	11.5
Others	27.8	27.5	29.6

Stock Performance (1 year)

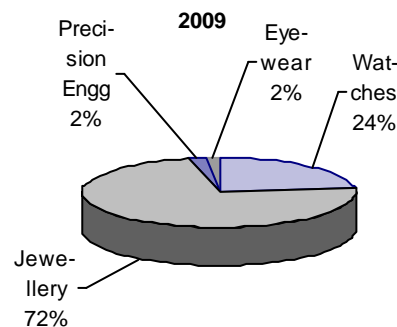


Quarterly Performance

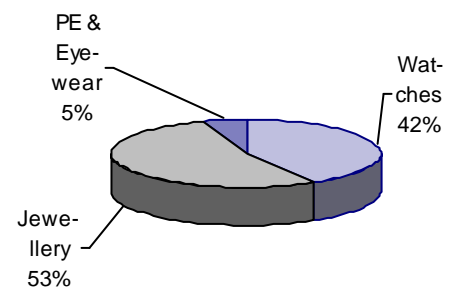
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Sales	8,103	10,886	10,238	8,807	8,830	38,034	43,553
YoY Change (%)	23.2	53.0	27.6	7.1	9.0	27.0	14.5
EBITDA	561	1,261	719	622	493	3,165	3,473
YoY Change (%)	52.1	58.3	43.6	-15.7	-12.1	31.6	9.7
Margins (%)	6.9	11.6	7.0	7.1	5.6	8.3	8.0
Adjusted PAT	329	872	421	441	241	2,056	2,005
YoY Change (%)	82.8	78.0	36.6	-12.7	-26.8	38.6	-2.5
Reported PAT	329	872	245	150	457	1,590	2,221

E: MOSL Estimates

Sales Mix



EBIT Mix



Source: Company/MOSL

Titan Industries: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Net Sales	29,937	38,034	43,553	50,904	Basic (Rs)				
Change (%)	43.2	27.0	14.5	16.9	EPS	33.4	46.3	45.2	57.6
Total Expenditure	-27,411	-34,878	-40,081	-46,661	Cash EPS	42.5	54.9	54.8	68.7
EBITDA	2,526	3,156	3,473	4,243	BV/Share	103.2	129.8	170.4	215.0
Change (%)	21.1	24.9	10.0	22.2	DPS	9.2	13.0	8.8	12.9
Margin (%)	8.4	8.3	8.0	8.3	Payout %	27.6	28.0	19.4	22.4
Depreciation	-297	-327	-375	-411	Valuation (x)				
Int. and Fin. Charges	-201	-228	-370	-334	P/E	39.3	28.4	29.1	22.8
Other Income - Recurring	18	62	28	77	Cash P/E	30.9	23.9	24.0	19.1
Deferred Revenue Expenditure	-42	0	0	0	EV/Sales	1.9	1.5	1.3	1.1
Profit before Taxes	2,003	2,662	2,755	3,574	EV/EBITDA	22.8	18.3	16.4	13.3
Change (%)	28.7	32.9	3.5	29.7	P/BV	12.7	10.1	7.7	6.1
Margin (%)	6.7	7.0	6.3	7.0	Dividend Yield (%)	0.7	1.0	0.7	1.0
Tax	-448	-672	-811	-1,100	Return Ratios (%)				
Deferred Tax	-73	65	60	81	RoE	34.0	37.5	27.8	28.1
Tax Rate (%)	-26.0	-22.8	-27.3	-28.5	RoCE	30.7	34.2	32.3	33.9
Profit after Taxes	1,483	2,056	2,005	2,556	Working Capital Ratios				
Change (%)	25.5	38.6	-2.5	27.5	Debtor (Days)	12	12	12	12
Margin (%)	5.0	5.4	4.6	5.0	Asset Turnover (x)	4.2	4.5	4.5	4.4
Extraordinary Items	-60	-466	216	0	Leverage Ratio				
Reported PAT	1,423	1,590	2,221	2,556	Debt/Equity (x)	0.6	0.5	0.3	0.2
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009E	2010E	2011E	Y/E MARCH	2008	2009E	2010E	2011E
Share Capital	444	444	444	444	OP/(loss) before Tax	2,229	2,829	3,098	3,832
Reserves	3,918	5,045	6,762	8,647	Int./Div. Received	18	62	28	77
Net Worth	4,362	5,489	7,205	9,091	Depreciation and Amort.	297	327	375	411
Loans	2,579	2,776	2,228	2,128	Interest Paid	-201	-228	-370	-334
Deferred Tax	247	182	242	323	Direct Taxes Paid	-448	-672	-811	-1,100
Capital Employed	7,188	8,447	9,676	11,543	(Incr)/Decr in WC	-942	-769	-461	-178
Gross Block	5,581	6,104	6,896	7,599	CF from Operations	953	1,548	1,859	2,707
Less: Accum. Deprn.	-2,856	-3,121	-3,433	-3,780	Extraordinary Items	-60	-466	216	0
Net Fixed Assets	2,725	2,984	3,463	3,819	(Incr)/Decr in FA	-366	-454	-792	-703
Intangibles	525	462	399	336	(Pur)/Sale of Investments	-204	274	-200	-1,050
Capital WIP	100	30	30	30	CF from Invest.	-630	-646	-776	-1,753
Investments	474	200	400	1,450	Issue of Shares	0	0	0	0
Curr. Assets, L&A	12,686	14,684	16,567	19,026	Incr/(Decr) in Debt	109	198	-548	-100
Inventory	10,211	11,703	13,001	14,544	Dividend Paid	-390	-548	-370	-545
Account Receivables	965	1,265	1,443	1,686	Others	-29	-439	-14	38
Cash and Bank Balance	519	632	783	1,130	CF from Fin. Activity	-311	-790	-932	-607
Others	992	1,084	1,340	1,666	Incr/Decr of Cash	12	113	151	346
Curr. Liab. and Prov.	8,797	9,912	11,183	13,117	Add: Opening Balance	507	519	632	783
Account Payables	6,577	8,433	9,617	11,238	Closing Balance	520	632	783	1,130
Other Liabilities	1,561	541	550	570					
Provisions	659	938	1,016	1,309					
Net Current Assets	3,889	4,772	5,384	5,908					
Application of Funds	7,188	8,447	9,676	11,543					

E: MOSL Estimates

Union Bank of India



Company description

Union Bank is a large PSU bank, with balance sheet size of over Rs1.6t. The bank has a nationwide network of 2,600+ branches (all under CBS) and ~2,000 ATMs. Union Bank has created the necessary infrastructure (technology, trained manpower and risk management systems) to grow its business at 5-7% above the industry average. Significant improvement in risk management system, diversified loan portfolio and focus of the management led to strong improvement in asset quality for bank.

Key investment arguments

- Focus on liability profile by adding new branches is yielding strong results. In 1QFY10, core retail deposits grew 44% YoY and share of bulk deposits has reduced to 9% from 22% in FY07.
- Strong focus on increasing share of fee income has yielded impressive results. In FY09, fees grew 32% YoY and momentum continues in FY10 as well. On a conservative basis we expect 22% CAGR in fee income through FY11E.
- GNPA ratio of 1.95% (vs 9% in FY03) with provision coverage ratio of 93% is one of the best among PSU banks. The bank has restructured ~4.5% of its portfolio based on facility wise.

Key investment risks

- Significant build of liquidity and lower loan growth will hit near-term margins. In 1HFY10, we expect core operating profitability to remain under pressure
- Rapidly increasing MSME exposure may lead to higher delinquencies going forward
- We believe rapid loans growth will require capital infusion either through rights issue or infusion of capital by GoI. Tier I ratio is at 8.2%.

Recent developments

- The bank has launched wealth management services for its HNI clients jointly with Wealth Advisors (North and South India) and Edelweiss (East and West India).
- Opened representative offices in Sydney and Australia in 1QFY10.

Valuation and view

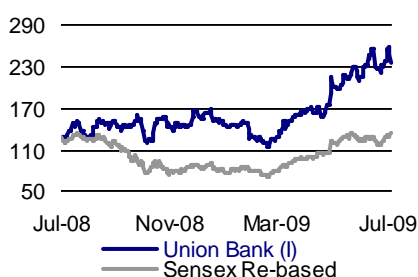
- We like the bank's strategy of growing its loan book without compromising on asset quality and funding growth with core retail deposits.
- We expect return ratio to remain strong with RoA of 1.2% and RoE of 25%+ in FY10-11.
- UBI trades at FY11E P/BV of 1.1x and P/E of 4.9x. We recommend **Buy** with a target price of Rs274 (1.3x FY11E BV).

Bloomberg	UNBK IN
Equity Shares (m)	505.1
CMP (Rs)	234
Mcap (US\$ b)	2.5
52 W Range	266 / 113
1, 6, 12 Rel Per	-4 / -14 / 77

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	55.4	55.4	55.4
Domestic Inst	13.1	15.9	11.3
Foreign	17.4	14.1	18.7
Others	14.1	14.5	14.5

Stock Performance (1 year)

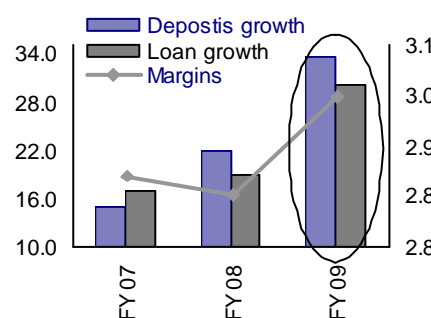


Quarterly Performance

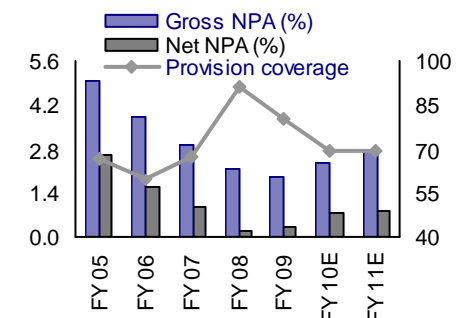
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Net Int. Income	7,891	9,753	11,284	9,264	8,016	38,136	41,495
YoY Change (%)	7.5	48.6	63.1	20.1	1.6	33.6	8.8
Operating Profit	6,160	6,997	8,548	9,115	7,875	30,820	35,721
YoY Change (%)	17.3	32.4	34.4	2.3	27.8	19.4	15.9
Net Profit	2,283	3,615	6,717	4,651	4,422	17,266	20,160
YoY Change (%)	1.6	31.1	83.8	-10.8	93.7	24.5	16.8
Cost/Income Ratio (%)	40.3	44.4	43.8	38.6	40.8	41.8	39.5
Prov./Oper. Profits (%)	48.0	29.0	-5.3	31.1	24.2	23.9	21.6

E: MOSL Estimates

Business Process Re-engineering Yielding Results



Asset Quality Improved Significantly



Source: Company/MOSL

Union Bank: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Interest Income	92,146	118,894	139,110	165,848	
Interest Expended	63,609	80,758	97,615	114,455	
Net Interest Income	28,537	38,136	41,495	51,394	
Change (%)	8.3	33.6	8.8	23.9	
Other Income	13,196	14,826	17,555	19,888	
Net Income	41,733	52,961	59,050	71,282	
Change (%)	20.0	26.9	11.5	20.7	
Operating Expenses	15,930	22,141	23,328	24,656	
Operating Income	25,803	30,820	35,721	46,626	
Change (%)	29.0	19.4	15.9	30.5	
Other Provisions	7,289	7,375	7,721	12,947	
PBT	18,514	23,446	28,001	33,679	
Tax	4,644	6,180	7,840	9,430	
Tax Rate (%)	25.1	26.4	28.0	28.0	
PAT	13,870	17,266	20,160	24,249	
Change (%)	64.1	24.5	16.8	20.3	
Proposed Dividend	2,020	2,526	3,226	3,880	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Capital	5,051	5,051	5,051	5,051	
Reserves & Surplus	68,426	82,352	98,739	118,448	
Net Worth	73,477	87,404	103,790	123,499	
Deposits	1,038,586	1,387,028	1,636,693	1,931,298	
Change (%)	21.9	33.5	18.0	18.0	
Borrowings	47,605	38,849	36,907	42,442	
Other Liabilities & Prov.	80,250	96,474	106,122	122,040	
Total Liabilities	1,239,919	1,609,755	1,883,512	2,219,280	
Current Assets	100,978	159,849	168,164	218,176	
Investments	338,226	429,970	515,964	567,560	
Change (%)	20.9	27.1	20.0	10.0	
Loans	742,669	965,342	1,139,104	1,366,925	
Change (%)	19.0	30.0	18.0	20.0	
Net Fixed Assets	22,004	23,352	24,352	25,302	
Other Assets	36,041	31,242	35,929	41,318	
Total Assets	1,239,919	1,609,755	1,883,512	2,219,280	

ASSUMPTIONS	(%)			
Deposit Growth	21.9	33.5	18.0	18.0
Loans Growth	19.0	30.0	18.0	20.0
Investments Growth	20.9	27.1	20.0	10.0
Provisions Coverage Ratio	92.3	83.1	75.0	75.0
Dividend	40.0	50.0	63.9	76.8

RATIOS		2008	2009	2010E	2011E
Spreads Analysis (%)					
Avg. Yield - Earning Assets		9.1	9.3	8.7	8.8
Avg. Cost-Int. Bear. Liab.		6.4	6.4	6.3	6.3
Interest Spread		2.7	2.9	2.4	2.5
Net Interest Margin		2.8	3.0	2.6	2.7
Profitability Ratios (%)					
RoE		26.8	27.2	25.6	25.1
RoA		1.2	1.2	1.2	1.2
Int. Expended/Int.Earned		69.0	67.9	70.2	69.0
Other Inc./Net Income		31.6	28.0	29.7	27.9
Efficiency Ratios (%)					
Op. Exps./Net Income*		42.0	44.5	41.6	36.1
Empl. Cost/Op. Exps.		53.1	52.0	52.0	52.0
Busi. per Empl. (Rs m)		63.3	75.1	89.9	103.8
NP per Empl. (Rs lac)		5.4	6.3	7.1	8.3
* Ex Treasury					

Asset-Liability Profile (%)		2008	2009	2010E	2011E
Adv./Deposit Ratio		71.5	69.6	69.6	70.8
CASA Ratio		34.9	30.1	30.5	31.0
Invest./Deposit Ratio		32.6	31.0	31.5	29.4
G-Sec/Invest. Ratio		83.4	81.7	85.6	91.9
Gross NPAs to Adv.		2.2	2.0	2.3	2.7
Net NPAs to Adv.		0.2	0.3	0.6	0.7
CAR		12.5	13.3	12.6	12.1
Tier 1		7.5	8.2	8.1	8.0

VALUATION		2008	2009	2010E	2011E
Book Value (Rs)		111.3	139.7	172.1	211.1
Price-BV (x)		2.1	1.7	1.4	1.1
Adjusted BV (Rs)		109.7	135.5	163.7	199.1
Price-ABV (x)		2.1	1.7	1.4	1.2
EPS (Rs)		27.5	34.2	39.9	48.0
EPS Growth (%)		64.1	24.5	16.8	20.3
Price-Earnings (x)		8.5	6.8	5.9	4.9
OPS (Rs)		51.1	61.0	70.7	92.3
OPS Growth (%)		29.0	19.4	15.9	30.5
Price-OP (x)		4.6	3.8	3.3	2.5

Unitech



Company description

Unitech is the second-largest listed real estate developer in India by market capitalization. It was incorporated in February 1971 and converted to a public limited company in October 1985. In 1986, it launched its real estate development business, with its first project in Gurgaon. Unitech Group also has a construction business, which undertakes both civil construction and infrastructure projects.

Key investment arguments

- Unitech has recapitalized its balance sheet in the last few months by: (1) successfully raising US\$900m equity through two QIP issues, and (2) asset sale of ~Rs10b. This has significantly lowered solvency risk for the company and lowered its net debt-equity from ~2.1x to 0.4x.
- After a gap of 6-8 months, Unitech made a slew of residential launches, largely in the affordable housing segment. Since March 2009, it has launched ~18msf of residential projects in Gurgaon, Chennai, Mohali, Kolkata and Mumbai and has sold ~4,250 flats, ~5msf. It plans to launch ~30msf of new projects, across 15 cities and is confident of selling ~20msf in FY10 itself.

Key investment risks

- Concentration in the NCR region and high concentration in the residential vertical. Unitech has high portion of land bank in tier-II and tier-III cities.
- Any weaker-than-expected growth for the economy could negatively impact demand, which could affect our sales and earnings estimates for Unitech.

Recent developments

- Unitech has launched ~18msf of residential projects in Gurgaon, Chennai, Mohali, Kolkata and Mumbai, and has sold ~4,250 flats comprising ~5msf across key cities like Gurgaon (~1,800 flats), Noida (~1,000 flats), Chennai (~1,300 flats) and others (~150 flats).
- Unitech plans to raise another ~Rs10b through asset sales and project sales to PE investors, during FY10 itself.

Valuation and view

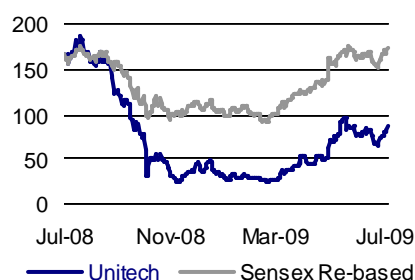
- Our FY11E NAV is Rs82/share. The stock trades at 1.9x FY11E adjusted BV of Rs44/share and at 1.1x FY11E NAV of Rs83/share. Further upside would depend on successful NAV monetization and recovery in the RE cycle. **Neutral**.

Bloomberg	UTIN
Equity Shares (m)	2385.6
CMP (Rs)	87
Mcap (US\$ b)	4.3
52 W Range	192 / 22
1, 6, 12 Rel Per	5 / 146 / -52

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	51.2	64.5	74.6
Domestic Inst	4.8	1.9	2.0
Foreign	23.1	8.6	5.6
Others	20.8	25.0	17.9

Stock Performance (1 year)



Quarterly Performance

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
Sales	10,317	9,831	4,894	3,903	5,408	28,945	33,799
Change (%)	19.2	-3.0	-57.1	-66.4	-47.6	-29.7	16.8
EBITDA	6,084	6,092	2,443	1,316	2,623	15,935	17,129
Change (%)	21.5	20.2	-66.7	-72.7	-56.9	-27.7	7.5
As of % Sales	59.0	62.0	49.9	33.7	48.5	55.1	50.7
Reported PAT	4,233	3,597	1,361	2,754	1,366	11,968	10,657
Change (%)	15.3	-12.3	-74.0	-25.4	-67.7	-29.6	-11.0
Adj PAT	4,233	3,589	1,380	486	1,366	9,689	10,657
Change (%)	15.3	-12.5	-73.6	-86.5	-67.7	-42.7	10.0

E: MOSL Estimates

Unitech: Debt-Equity Trend (Rs Million)

	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10E
Gross Debt	70,000	85,500	86,000	100,000	109,067	90,558	84,000
Cash	20,000	14,082	15,000	12,000	13,111	6,448	48,750
Net Debt	50,000	71,418	71,000	88,000	95,956	84,110	35,250
Networth	30,773	36,005	28,565	32,155	44,909	51,695	95,395
Net DER (x)	1.6	2.0	2.5	2.7	2.1	1.6	0.4

Source: Company/MOSL

Unitech: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Net Sales	41,152	28,945	33,799	30,224	
Change (%)	25.1	-29.7	16.8	-10.6	
Construction Expenses	2,672	11,891	14,147	13,709	
Office & Site Est. Exps	16,442	1,118	1,514	1,466	
EBITDA	22,038	15,935	17,129	14,193	
% of Net Sales	53.6	55.1	50.7	47.0	
Depreciation	205	209	244	254	
Interest	2,804	5,546	5,153	4,410	
Other Income	1,649	4,212	1,659	1,976	
PBT	20,677	14,392	13,391	11,505	
Tax	3,986	2,424	2,734	1,707	
Rate (%)	19.3	16.8	20.4	14.8	
Reported PAT	16,692	11,968	10,657	9,798	
Adjusted PAT	16,686	9,680	10,657	9,798	
Change (%)	27.2	-42.0	10.1	-8.1	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
Share Capital	3,247	3,247	4,771	4,771	
Reserves	32,758	48,448	101,439	111,126	
Net Worth	36,005	51,695	106,210	115,897	
Loans	85,524	90,558	72,000	68,000	
Deferred Tax Liability	60	14	287	458	
Deferred Liab. for Land	19,136	17,922	15,422	15,422	
Capital Employed	141,883	160,803	194,534	200,391	
Goodwill	1,126	11,673	11,673	11,673	
Gross Fixed Assets	11,120	22,502	22,740	26,872	
Less: Depreciation	661	1,003	1,247	1,501	
Net Fixed Assets	10,459	21,500	21,493	25,371	
Capital WIP	20,982	11,758	14,419	15,951	
Investments	14,165	15,808	7,904	7,351	
Curr. Assets	187,062	202,189	237,620	241,368	
Projects in Progress	157,810	154,103	153,270	126,911	
Debtors	7,460	9,310	11,393	11,572	
Cash & Bank Balance	14,083	6,448	36,067	39,529	
Loans & Advances	29,295	28,566	36,425	36,996	
Curr. Liab. & Prov.	91,912	102,124	98,574	101,322	
Creditors	82,562	101,827	97,967	101,211	
Provisions	9,350	297	607	112	
Net Curr. Assets	95,150	100,065	139,046	140,046	
Appl. of Funds	141,883	160,803	194,534	200,391	

E: MOSL Estimates

RATIOS		2008	2009E	2010E	2011E
Basic (Rs)					
Adjusted EPS		10.2	6.0	4.5	4.1
Growth (%)		-36.4	-41.7	-25.2	-8.1
Cash EPS		10.4	7.5	4.6	4.2
Book Value		22.2	31.8	44.5	48.6
DPS		0.3	0.1	0.0	0.0
Payout (incl. Div. Tax.)		2.4	1.4	1.0	1.0
Valuation (x)					
P/E		8.5	14.6	19.5	21.2
Cash P/E		8.4	11.6	19.0	20.6
EV/EBITDA		12.7	18.3	14.2	16.6
EV/Sales		6.8	10.1	7.2	7.8
Price/Book Value		3.9	2.7	2.0	1.8
Dividend Yield (%)		0.3	0.1	0.1	0.0
Profitability Ratios (%)					
RoE		46.1	18.7	10.0	8.5
RoCE		21.5	13.2	10.4	8.1
Leverage Ratio					
Debt/Equity (x)		2.4	1.8	0.7	0.6

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009E	2010E	2011E	
PBT before EO Items	20,677	14,392	13,391	11,505	
Add : Depreciation	205	209	244	254	
Interest	2,804	5,546	5,153	4,410	
Less : Direct Taxes Paid	3,986	2,424	2,734	1,707	
(Inc)/Dec in WC	-27,665	-12,549	-9,363	2,463	
CF from Operations	-4,834	-6,910	6,691	16,925	
(Inc)/Dec in FA	-23,499	-2,025	-2,898	-5,664	
(Pur)/Sale of Invest.	-9,617	-1,643	7,904	553	
CF from Invest.	-33,116	-3,669	5,006	-5,111	
(Inc)/Dec in Net Worth	-49	6,140	44,254	171	
(Inc)/Dec in Debt	45,126	5,035	-18,558	-4,000	
Less : Interest Paid	2,804	8,046	7,653	4,410	
Dividend Paid	463	185	121	112	
CF from Fin. Act.	41,811	2,944	17,921	-8,351	
Inc/Dec of Cash	3,855	-7,634	29,618	3,463	
Add: Opening Balance	10,227	14,083	6,448	36,067	
Closing Balance	14,083	6,448	36,066	39,529	

Vardhman Textiles

Company description

Vardhman Textiles (VTL) has a large spindlage capacity and is the second largest sewing thread player in India. The company stands to gain substantially from the strong increase in demand from the domestic downstream sector and the robust export market. In our opinion, VTL is all set to emerge as one of the most cost competitive textile companies globally by virtue of its large-scale capacities, world-class facilities and diversified product mix.

Key investment arguments

- VTL is confident of completing its capex program of Rs25b by 1QFY10 and the management expects FY11 to be the first full year of utilization of the entire expansion. At full capacity utilization, its stated capacities could help achieve net sales of Rs35b-40b and EBITDA margins of 14-16%.
- VTL enjoys a rating of 'AA-' and 'P1+' from Credit Rating Information Services of India (CRISIL) for long-term and short-term borrowings, respectively. The management believes that VTL's liquidity and capital resources should be sufficient to meet its expected working capital needs and other cash requirements.

Key investment risks

- Commodity nature of its business
- Steel contribution to decline
- New capacities to go on stream only from mid-FY10

Recent developments

- VTL has hived off its sewing thread business to a separate JV.
- VTL's Rs26b capex plans have been largely completed in FY09, full utilization will start only towards the end of FY10. Post the capacity expansion, VTL's spinning capacity has increased from ~0.5m spindles to around 0.75m spindles, while its processing fabric plant capacity has increased from 40m meters to ~80m meters.

Valuation and view

- Although in the near-term due to multiple margin pressures, we remain bullish on the stock over the medium to long term due to healthy growth opportunities in the upstream textile sector. The stock trades at 8.9x FY10E EPS of Rs15.7 and 6x FY11E EPS of Rs23.5.

Buy.

Bloomberg	VTEX IN
Equity Shares (m)	57.8
CMP (Rs)	140
Mcap (US\$ b)	0.2
52 W Range	151 / 39
1, 6, 12 Rel Per	14 / 61 / 39

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	67.2	67.2	62.2
Domestic Inst	10.7	11.8	17.5
Foreign	0.7	0.6	1.4
Others	21.4	20.3	18.9

Stock Performance (1 year)

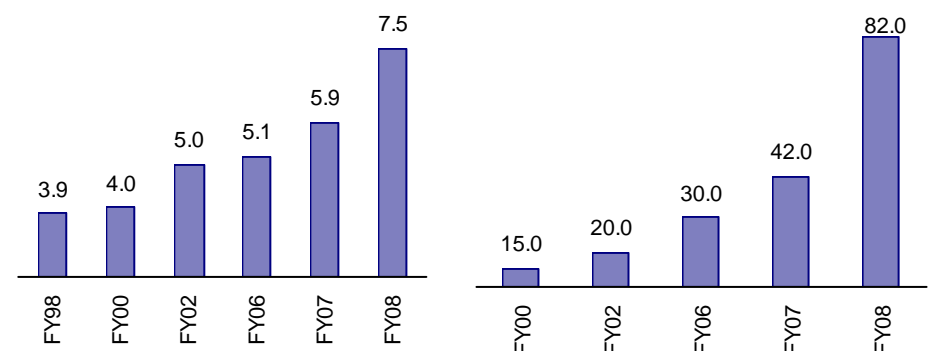


Quarterly Performance (Standalone)

Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Sales	5,662	6,507	6,451	5,917	6,201	22,947	24,537
YoY Change (%)	7.3	14.9	4.7	2.1	-4.7	9.9	6.9
EBITDA	858	1,111	933	836	1,096	3,546	3,738
YoY Change (%)	-4.3	25.9	-0.9	8.6	27.7	1.6	5.4
As % of Sales	12.2	17.1	14.5	14.1	13.9	15.5	15.2
Reported PAT	1,097	194	92	25	399	1,225	1,408
Adj. PAT	314	129	166	154	399	1,225	633
YoY Change (%)	4.2	-65.5	-58.6	9.8	27.2	-28.6	-48.4

E: MOSL Estimates

Capacity Expansion: Spinning (m spindles) Fabric (Million Metres)



Source: Company/MOSL

Vardhman Textiles: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2006	2007	2008	2009	Y/E MARCH	2006	2007	2008	2009
Net Sales	18,892	20,876	22,947	24,536	Basic (Rs)				
Change (%)	2.1	10.5	9.9	6.9	EPS	34.0	29.7	21.2	21.4
Raw Material	7,855	9,778	11,472	13,819	Cash EPS	46.9	50.4	48.0	46.8
Total Expenditure	15,461	17,388	19,401	20,799	Book Value per Share	166.5	191.6	202.9	220.3
EBITDA	3,430	3,488	3,546	3,737	DPS	4.5	4.0	4.0	2.0
Change (%)	18.9	1.7	1.6	5.4	Payout (Incl. Div. Tax) %	15.1	15.3	21.5	10.6
% of Net Sales	18.2	16.7	15.5	15.2	Valuation (x)				
Depreciation	1,013	1,194	1,546	2,073	P/E				6.5
EBIT	2,417	2,294	2,000	1,664	Cash P/E				3.0
Interest & Finance Charges	395	377	540	1,023	EV/EBITDA				7.9
Other Income	214	340	230	335	EV/Sales				1.2
Non-recurring Items/ Inc.	270	0	0	1,134	Price to Book Value				0.6
PBT	2,506	2,257	1,690	976	Dividend Yield (%)				1.4
Tax	543	541	464	513	Profitability Ratios (%)				
Effective Rate (%)	21.7	24.0	27.5	52.6	RoE	22.3	16.6	10.8	10.1
Reported PAT	1,964	1,717	1,225	1,238	RoCE	12.7	9.3	6.2	4.4
Change (%)	62.6	-12.6	-28.6	1.0	Turnover Ratios				
Adjusted PAT	1,694	1,717	1,225	633	Debtors (Days)	43	41	40	38
BALANCE SHEET	(RS MILLION)				Inventory (Days)	134	123	120	120
Y/E MARCH	2,006	2007	2008	2009	Creditors (Days)	23	20	20	20
Equity Capital	578	578	578	578	Working Capital (Days)	203	170	203	204
Share Capital	578	578	578	578	Asset Turnover (x)	0.9	0.8	0.6	0.6
Reserves	9,039	10,492	11,144	12,150	Fixed Asset Turnover (x)	1.1	0.8	0.7	0.7
Net Worth	9,617	11,070	11,721	12,727	Leverage Ratio				
Loans	11,022	15,464	23,912	24,933	Debt/Equity (x)	1.15	1.40	2.04	1.96
Deferred Tax Liability	922	1,030	1,400	1,799	CASH FLOW STATEMENT	(RS MILLION)			
Capital Employed	21,560	27,563	37,033	39,459	Y/E MARCH	2006	2007	2008	2009
Gross Fixed Assets	17,599	25,599	30,965	33,555	PBT before E.O. Items	2,506	2,257	1,690	976
Less: Depreciation	8,188	9,382	10,743	11,736	Add : Depreciation	1,013	1,194	1,546	2,073
Net Fixed Assets	9,411	16,217	20,222	21,819	Less : Direct taxes paid	581	433	371	0
Capital WIP	965	965	3,276	588	Inc/Dec in WC	670	1,117	3,213	-1,984
Investments	684	684	793	3,350	CF from operations	2,269	1,902	4,037	1,499
Curr. Assets	12,458	11,682	15,363	16,117	CF from Op. incl. EO Items	2,269	1,902	4,037	1,499
Inventory	5,690	5,875	8,704	6,201	(Inc)/Dec in FA	-4,680	-8,000	-12,500	-2,000
Sundry Debtors	2,220	2,354	2,747	2,757	(Pur)/Sale of Investments	-273	0	109	2,557
Cash & Bank Balances	2,715	796	627	3,572	CF from investments	-4,953	-8,000	-12,391	557
Loans & Advances, etc	1,832	2,656	3,285	3,587	Inc/Dec in Net Worth	1,942	0	0	0
Current Liab. & Prov.	1,957	1,983	2,620	2,414	Inc/Dec in Debt	3,526	4,442	8,449	1,021
Sundry Creditors	1,636	537	2,466	2,390	Less: Dividend Paid	296	263	263	132
Other Liabilities	1,148	1,183	0	0	CF from Fin. Activity	5,172	4,178	8,185	889
Provisions	321	263	155	24	Inc/Dec of Cash	2,488	-1,919	-169	2,945
Net Current Assets	10,501	9,698	12,742	13,703	Add: Beginning Balance	227	2,715	796	627
Application of Funds	21,560	27,563	37,033	39,459	Closing Balance	2,715	796	627	3,572

Voltas

Company description

Voltas is a leading player in electro-mechanical and public health (EMP) projects including heating, ventilation and air-conditioning. Voltas' unitary cooling-products arm produces room air-conditioners and commercial refrigeration products and its engineering products & services division is involved in areas like mining, construction, material-handling equipment and textile machinery agency business. In August 2008, Voltas paid Rs620m to acquire 51% stake in Rohini Industrial Electricals, a company based in Mumbai, India which undertakes turnkey electrical and instrumentation projects for industrial and commercial sectors.

Key investment arguments

- ✦ Voltas has an order backlog of Rs47b (Rs37b international), 1x FY09 total sales and 1.8x FY09 EMP sales.
- ✦ International business is mainly from government or quasi-government bodies in Saudi Arabia, Qatar and Abu Dhabi, which are relatively less affected by the global slowdown.
- ✦ Strong financials: As of March 2009, Voltas is a zero net debt company. Its RoE and RoCE are well over 30% and it has a dividend payout level of about 20%.

Key investment risks

- ✦ Persistent global and domestic slowdown.
- ✦ Sharp hike in metal-prices affecting margins.

Recent developments

- ✦ **May 2009:** Voltas bagged EMP orders worth Rs3b for Kolkata and Chennai airports.
- ✦ **March 2009:** Voltas sold its chemicals-trading business to DKSH India Private Limited for a lump-sum consideration of Rs158m.
- ✦ **March 2009:** Voltas' textile machinery division signed an agreement with Germany's Thies to provide project solutions and technology support to Indian textile firms. Thies' product range includes fabric-dyeing and yarn-dyeing machines and pressure driers.
- ✦ Voltas' domestic EMP business ended FY09 with the highest ever level of order book (Rs10b). Orders secured include 65% of the stadium projects for Commonwealth Games 2010.

Valuation and view

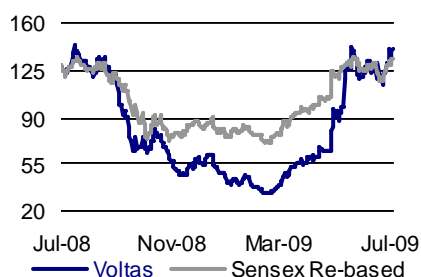
- ✦ The stock trades at a P/E of 21x FY09 consolidated EPS of Rs68.
- ✦ We have no rating on Voltas.

Bloomberg	VOLT IN
Equity Shares (m)	330.6
CMP (Rs)	141
Mcap (US\$ b)	1.0
52 W Range	150 / 31
1, 6, 12 Rel Per	4 / 166 / 6

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	27.7	27.7	27.6
Domestic Inst	29.9	27.2	24.1
Foreign	11.7	12.7	21.2
Others	30.7	32.4	27.2

Stock Performance (1 year)

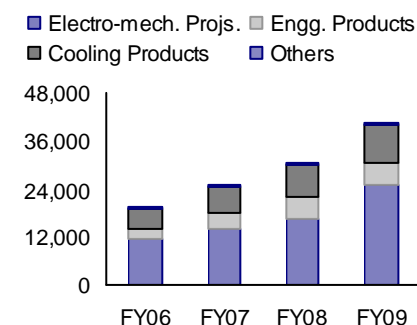


Quarterly Performance

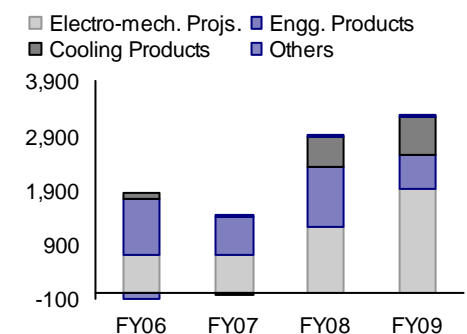
	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	FY08	FY09
Operating income	8,469	10,163	9,285	8,660	12,531	30,558	40,639
YoY Change (%)	17.4	22.9	29.7	30.0	48.0	27.3	33.0
EBITDA	651	872	808	495	774	2,621	2,949
EBITDA Margin	7.7	8.6	8.7	5.7	6.2	8.6	7.3
YoY Change (%)	87.8	15.6	21.4	-10.0	18.9	141.2	12.5
Net Profit	554	947	622	424	533	2,084	2,526
Adjusted Profit	490	785	601	426	493	1,881	2,304
PAT Margin	5.8	7.7	6.5	4.9	3.9	6.2	5.7
YoY Change (%)	17.5	52.0	29.7	3.4	0.6	76.9	22.5

E: MOSL Estimates

Sales-mix Trend (Rs m)



EBIT-mix Trend (Rs m)



Source: Company/MOSL

Voltas: Financials and valuation

INCOME STATEMENT					(RS MILLION)					
Y/E MARCH	2006	2007	2008	2009	RATIOS					
Y/E MARCH	2006	2007	2008	2009						
Net Sales	19,544	25,267	32,029	43,259	Basic (Rs)					
Change (%)	32.3	29.3	26.8	35.1	EPS	2.0	3.4	5.3	6.8	
Raw Materials	14,571	18,782	23,384	31,685	Cash EPS	2.4	3.8	5.8	7.4	
% of Net Sales	74.6	74.3	73.0	73.2	Book Value	8.2	12.8	17.5	23.9	
Staff Cost	1,925	2,597	2,991	4,656	Dividend per share	0.6	1.0	1.4	1.6	
Admin. & Other Exp.	2,070	2,609	3,117	4,087	Payout (%)	27.0	16.4	21.5	21.1	
EBITDA	978	1,280	2,537	2,831	Valuation (x)					
Change (%)	49.9	34.9	100.6	17.5	P/E					20.7
EBITDA Margin (%)	5.0	5.1	7.9	6.5	Cash P/E					18.9
Depreciation	141	156	167	210	Price/Book Value					5.9
EBIT	837	1,124	2,370	2,622	EV/Sales					1.0
Interest	65	99	90	110	EV/EBITDA					14.9
Other Income	312	494	475	945	Dividend Yield (%)					1.1
Non Recurring Income	-127	905	317	261	Profitability (%)					
PBT	957	2,425	3,073	3,718	RoE	29.9	58.0	41.5	36.8	
Total tax	224	407	997	1,173	RoCE	23.7	25.0	39.9	32.0	
Tax/PBT (%)	23.4	16.8	32.4	31.5	Turnover Ratios					
Reported PAT (incl MI)	734	2,016	2,077	2,514	Debtors (days of sales)	80	69	64	79	
Adjusted PAT	646	1,110	1,760	2,252	Inventory (days of sales)	57	72	72	93	
Change (%)	61.4	71.8	58.5	28.0	Creditors (days of exp.)	111	96	91	113	
PAT Margin (%)	3.3	4.4	5.5	5.2	Asset Turnover (x)	5.4	4.7	4.9	4.4	
BALANCE SHEET					(RS MILLION)					
Y/E MARCH	2006	2007	2008	2009	Leverage Ratio					
Share Capital	331	331	331	331	Debt/Equity (x)	0.3	0.3	0.1	0.2	
Reserves	2,383	3,907	5,442	7,567	CASH FLOW STATEMENT					
Net Worth	2,714	4,237	5,772	7,897	(RS MILLION)					
Minority interest	3	4	5	159	Y/E MARCH	2006	2007	2008	2009	
Total debt	901	1,116	737	1,814	PBT excl. EO items	1,085	1,518	2,753	3,430	
Net Deferred Tax	-256	-279	-189	-224	Add: Depn & amortisation	141	156	167	210	
Capital Employed	3,361	5,079	6,326	9,647	Interest paid	65	99	90	110	
Gross Fixed Assets	3,163	2,851	3,163	4,662	Less: Direct Taxes Paid	-224	-407	-997	-1,173	
Less: Acc. Depreciation	1,365	1,371	1,462	1,839	(Incr)/Decr in WC	248	-586	1,713	-1,719	
Less: Impairment of Assets	277	8	0	0	CF from Operations	1,314	778	3,726	858	
Net Fixed Assets	1,521	1,473	1,701	2,823	Extraordinary Items	-127	905	317	261	
Capital WIP	114	128	198	132	CF including EO items	1,187	1,683	4,043	1,120	
Investments	462	1,248	2,585	1,562	(Incr)/Decr in FA	-663	-122	-465	-1,266	
Curr. Assets	10,165	13,482	16,630	27,489	(Pur)/Sale of Investments	-156	-786	-1,337	1,023	
Inventory	3,170	5,123	6,398	11,194	CF from Inv. activity	-819	-908	-1,802	-243	
Debtors	4,427	4,919	5,703	9,521	Incr/(Decr) in Net worth	11	-105	-15	226	
Cash & Bank	1,298	1,677	3,002	4,571	Incr/(Decr) in Debt	-409	194	-288	1,196	
Loans, Adv. & Others	1,271	1,763	1,527	2,203	Interest Paid	-65	-99	-90	-110	
Curr. Liabilities	8,901	11,252	14,788	22,360	Dividend Paid (incl. div. tax)	-226	-387	-523	-619	
Creditors	5,648	6,304	7,334	12,499	CF from Fin. activity	-688	-396	-915	693	
Other Liabilities	2,047	3,093	5,285	7,215	Incr/(Decr) of Cash	-320	379	1,325	1,569	
Provisions	1,206	1,855	2,169	2,645	Add: Opening Balance	1,618	1,298	1,677	3,002	
Net Curr. Assets	1,264	2,230	1,842	5,129	Closing Balance	1,298	1,676	3,002	4,570	
Total Assets	3,361	5,079	6,326	9,647						

Wipro

Company description

Wipro has the third largest Indian IT services operations and among the largest third-party BPO operation in India. It is the largest third-party R&D services provider globally. It employs over 98,000 employees. It has one of widest range of services offerings in IT and ITeS coupled with highest level of corporate governance and overall transparency.

Key investment arguments

- Wipro has been able to witness higher than peer growth rates in FY09, on account of its better performance even in sluggish segments like BFSI, Telecom/Media and Technology (TMT), which contribute 53% to revenues. We expect inline with peer group revenue performance in FY10 and a rebound in volumes to 12.7% in FY11.
- Wipro has managed operations better than its peers on better demand forecasting, through hiring postponements, increased involuntary attrition and higher fixed bid contribution to counter pricing pressure. We believe this will lead to better margin management in the near future as compared to peers. We expect a 90bp improvement in EBIT margins YoY at Wipro in FY10.

- We believe the outlook at Wipro continues to be more positive than peers with better US\$ growth guidance of 0.2-2.1% in 2QFY10 compared to Infosys, much more broad based growth expectations across verticals and service lines and commentary indicating stable to improving trajectory.

Key investment risks

- Risk pricing in FPP projects could go wrong.
- Higher dependence on technology and telecom verticals (19% of revenues), could be a concern, if IT spending in these segments is curtailed.

Recent developments

- Unitech Wireless awarded a multi hundred million dollar long term outsourcing contract to Wipro.
- Wipro won a outsourcing contract worth Rs11.8b from Employees State Insurance Corporation spanning a duration of 6.5 years.

Valuation and view

- We expect a US\$ revenue CAGR of 4.7% and EPS CAGR of 10.1% over FY09-FY11.
- At the CMP, Wipro trades at P/E multiple of 16.6x FY10 and 16x FY11
- Maintain **Neutral** with target price of Rs430.

Bloomberg	WPRO IN
Equity Shares (m)	1459.1
CMP (Rs)	459
Mcap (US\$ b)	13.9
52 W Range	485 / 180
1, 6, 12 Rel Per	14 / 38 / 9

Shareholding Pattern (%)

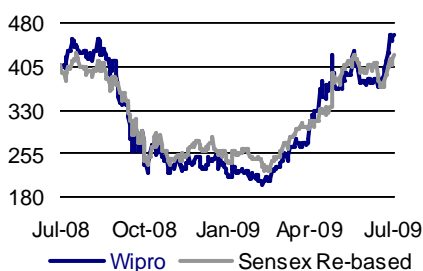
	Jun-09	Mar-09	Jun-08
Promoter	79.2	79.3	79.4
Domestic Inst	2.2	2.0	0.5
Foreign	8.9	8.6	10.2
Others	9.7	10.1	9.9

Quarterly Performance (US GAAP)

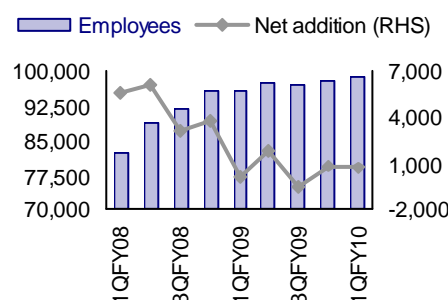
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E
US\$ Revenue (m)	1,068	1,110	1,100	1,046	1,033	4,324	4,263
IT Serv. & Products	51,573	56,779	58,572	59,230	56,503	226,154	234,542
Other Businesses	8,049	7,316	6,815	6,230	6,685	28,410	28,762
Revenues	59,622	64,095	65,387	65,460	63,188	254,564	263,304
YoY Change (%)	42.5	35.6	24.9	17.0	6.0	28.9	223.6
EBIT	10,308	10,373	10,318	11,443	12,162	42,442	46,236
EBIT Margin (%)	17.3	16.2	15.8	17.5	19.2	16.7	17.6
Net Income	8,138	8,225	8,979	9,073	10,676	34,415	40,357
YoY Change (%)	-7.0	1.1	9.2	1.0	17.7	6.7	17.3

E: MOSL Estimates

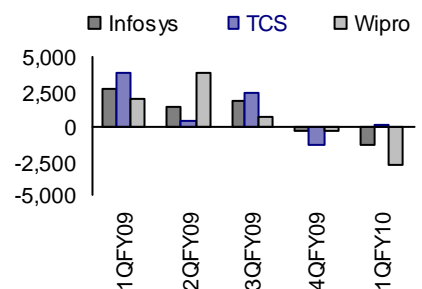
Stock Performance (1 year)



Efficient Headcount Management Has Helped Margins (%)



Highest Reduction in Absolute Cost of Revenue



Source: Company/MOSL

Wipro: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Sales	197,428	254,564	263,304	285,193	
Change (%)	32.1	28.9	3.4	8.3	
Operating Costs	134,271	171,809	175,243	190,037	
SG&A	24,234	31,961	32,452	36,503	
EBITDA	38,923	50,794	55,609	58,652	
% of Net Sales	19.7	20.0	21.1	20.6	
Depreciation & Amort.	5,975	8,352	9,373	10,110	
EBIT	32,948	42,442	46,236	48,541	
Margins	16.7	16.7	17.6	17.0	
Other Income	2,932	-2,868	1,053	1,978	
Income from equity investees	257	362	324	320	
PBT	36,137	39,936	47,613	50,839	
Tax	3,873	5,422	7,060	8,841	
Rate (%)	10.7	13.6	14.8	17.4	
PAT	32,264	34,514	40,553	41,998	
Minority Interest	-24	-99	-196	-196	
PAT bef extraordinary	32,240	34,415	40,357	41,802	
Net Income	32,240	34,415	40,357	41,802	
Change (%)	8.5	6.7	17.3	3.6	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Share Capital	2,923	2,930	2,931	2,931	
Reserves	126,431	147,252	184,954	219,917	
Net Worth	129,354	150,182	187,885	222,848	
Minority Interest & others	5,223	8,203	5,283	5,283	
Loans	44,027	56,067	47,030	46,460	
Capital Employed	178,604	214,452	240,198	274,591	
Gross Block	61,381	79,773	90,346	104,457	
Less : Depreciation	21,559	29,911	39,284	49,395	
Net Block	39,822	49,862	51,062	55,062	
Investments	15,163	16,518	16,514	16,514	
Intangible Assets	51,423	67,106	63,072	61,300	
Other non current assets	4,557	8,520	9,209	10,135	
Curr. Assets	113,537	148,542	178,788	215,223	
Debtors	47,213	60,060	69,988	75,806	
Inventories	7,172	8,686	7,935	8,595	
Cash & Bank Balance	39,270	49,117	69,040	95,042	
Adv., Other Current Assets	19,882	30,679	31,825	35,780	
Current Liab. & Prov	45,898	76,096	78,447	83,643	
Net Current Assets	67,639	72,446	100,341	131,580	
Application of Funds	178,604	214,452	240,198	274,591	

E: MOSL Estimates

RATIOS		2008	2009	2010E	2011E
Y/E MARCH					
Basic (Rs)					
EPS*		22.2	23.6	27.7	28.7
Cash EPS*		26.3	29.4	34.1	35.6
Book Value		89.2	103.3	129.0	153.0
DPS		6.0	4.0	4.0	4.0
Payout %		27.1	16.9	14.5	14.0
Valuation (x)					
P/E		20.7	19.4	16.6	16.0
Cash P/E		17.5	15.6	13.5	12.9
EV/EBITDA		16.8	13.0	11.3	10.3
EV/Sales		3.3	2.6	2.4	2.1
Price/Book Value		5.1	4.4	3.6	3.0
Dividend Yield (%)		1.3	0.9	0.9	0.9
Profitability Ratios (%)					
RoE		27.9	24.6	23.9	20.4
RoCE		23.1	21.6	20.3	18.9
Turnover Ratios					
Debtors (Days)		75	77	90	93
Asset Turnover (x)		6.9	6.0	5.6	5.2
Leverage Ratio					
Debt/Equity Ratio(x)		0.2	0.4	0.3	0.2

CASH FLOW STATEMENT		(RS MILLION)			
Y/E MARCH	2008	2009	2010E	2011E	
Cash Flow from Operations	38,215	42,767	49,730	51,913	
Cash for Working Capital	-18,961	5,040	-7,972	-5,236	
Net Operating CF	19,254	47,807	41,758	46,677	
Net Purchase of FA	-19,256	-15,904	-8,801	-12,338	
Net Purchase of Invest.	-20,270	-23,489	1,577	-927	
Net Cash from Invest.	-39,526	-39,393	-7,224	-13,265	
Issue of Shares	6,013	-6,627	4,216	0	
Proceeds from LTB/STB	44,132	14,899	-11,988	-570	
Dividend Payments	-10,254	-6,839	-6,839	-6,839	
Net CF from Financing	39,891	1,433	-14,611	-7,409	
Free Cash Flow	-2	31,903	32,957	34,338	
Net Cash Flow	19,619	9,847	19,923	26,003	
Opening Cash Balance	19,651	39,270	49,117	69,039	
Add: Net Cash	19,619	9,847	19,923	26,003	
Closing Cash Balance	39,270	49,117	69,039	95,042	

Yes Bank

Company description

Yes Bank started operations in Nov 2004. It has grown its balance sheet to Rs229b and 127 operational branches currently. It has built up a strong management team with experience from foreign banks for each of its business unit. It has fructified into a “full service” commercial Bank that has steadily built Corporate and Institutional Banking, Financial Markets, Investment Banking, Corporate Finance, Business and Transaction Banking, Retail and Wealth Management business lines across the country. It targets to scale up its branch network to 250 by and CASA ratio of ~25% by FY12 (currently ~9%).

Key investment arguments

- Current environment of surplus liquidity augurs well for wholesale funded model of Yes Bank (80% of deposits are wholesale) to improve margins.
- Asset quality is robust with GNPA ratio of 0.48% and NNPA ratio of 0.24%. Total restructuring amount (cumulative) is just 96bp of outstanding loan book as on 1QFY10.
- Yes Bank's efficiency is amongst the best in private sector banking with core cost to income at ~45%.

- RoA remains superior at 1.4%+ due to large dependence on fees. Mgmt believes its business model can sustain high RoA of 1.5% and RoE of 22-24% going forward.

Key investment risks

- Inability to improve CASA ratio given high asset growth aspirations would make the bank vulnerable to liquidity risk.
- While the bank is adequately capitalised with Tier I ratio at 9.5%; fast asset growth will require dilution and inability to raise capital will hamper growth

Recent developments

- Board has passed the enabling resolution to empower the capital raising committee to raise US\$250m.
- Entered into strategic alliance with First Data to expand its ATM network to 500 by FY10.

Valuation and view

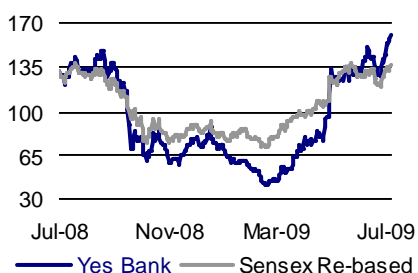
- Stock trades at 2.6x FY09 BV and 14x FY09 EPS. FY09 RoA was 1.6% and RoE was 21%.

Bloomberg	YES IN
Equity Shares (m)	297.0
CMP (Rs)	161
Mcap (US\$ b)	1.0
52 W Range	162 / 41
1, 6, 12 Rel Per	8 / 75 / 18

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	30.9	32.6	33.6
Domestic Inst	8.2	2.9	1.9
Foreign	46.4	50.5	52.8
Others	14.5	14.0	11.8

Stock Performance (1 year)

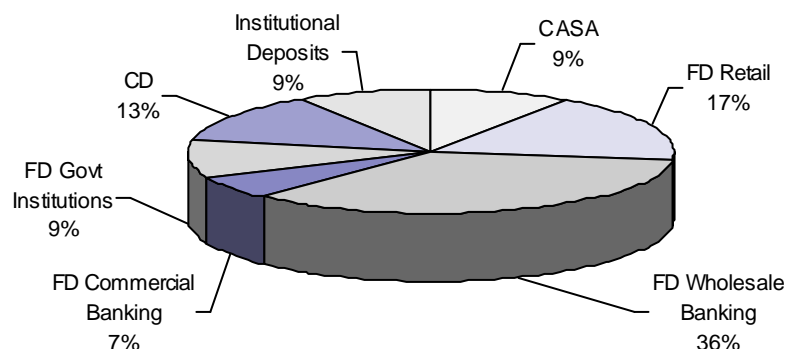


Quarterly Performance

	(Rs Million)						
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Net Int. Income	1,130	1,226	1,204	1,552	1,637	3,306	5,112
YoY Change (%)	122.0	50.0	32.0	45.4	44.9	94.4	54.6
Operating Profit	914	980	1,844	1,539	1,978	3,501	5,277
YoY Change (%)	50.3	45.3	82.6	27.3	116.4	103.1	50.7
Net Profit	544	636	1,058	801	1,001	2,000	3,039
YoY Change (%)	51.1	40.4	95.0	24.2	84.0	112.0	51.9
Cost to Inc. Ratio (%)	50.5	51.7	41.3	37.2	36.0	49.4	44.2
Prov./Oper. Profits (%)	9.2	0.7	11.1	20.9	23.0	12.5	11.7

E: MOSL Estimates

About 80% of Deposits are Bulk Deposits



Source: Company/MOSL

Yes Bank: Financials and valuation

INCOME STATEMENT		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009E	
Interest Income	1,902	5,876	13,047	20,033	
Interest Expended	1,047	4,163	9,741	14,921	
Net Interest Income	855	1,714	3,306	5,112	
Change (%)	371.4	100.5	92.9	54.6	
Other Income	971	1,946	3,607	4,350	
Net Income	1,826	3,659	6,912	9,462	
Change (%)	403.1	100.4	88.9	36.9	
Operating Expenses	861	1,935	3,412	4,185	
Operating Income	965	1,724	3,501	5,277	
Change (%)	n.a.	78.7	103.0	50.7	
Other Provisions	148	288	436	617	
PBT	817	1,436	3,065	4,659	
Tax	291	493	1,065	1,621	
Tax Rate (%)	35.6	34.3	34.7	34.8	
PAT	527	944	2,000	3,039	
Change (%)	n.a.	79.1	111.9	51.9	
Proposed Dividend	0	0	0	0	

BALANCE SHEET		(RS MILLION)			
Y/E MARCH	2006	2007	2008	2009E	
Capital	2,700	2,800	2,958	2,970	
Reserves & Surplus	3,027	5,071	10,231	13,272	
Net Worth	5,727	7,871	13,189	16,242	
Deposits	29,104	82,204	132,732	161,694	
Change (%)	338.9	182.5	61.5	21.8	
Borrowings	5,648	13,459	17,137	28,276	
Other Liabilities & Prov.	1,147	7,501	6,766	11,841	
Total Liabilities	41,625	111,034	169,825	218,053	
Current Assets	2,156	12,928	16,276	11,391	
Investments	13,501	30,731	50,937	71,710	
Change (%)	241.9	127.6	65.8	40.8	
Advances	24,071	62,897	94,303	124,031	
Change (%)	216.3	161.3	49.9	31.5	
Net Fixed Assets	347	709	1,012	2,165	
Other Assets	1,550	3,769	7,297	8,756	
Total Assets	41,625	111,034	169,825	218,053	

ASSUMPTIONS	(%)			
Deposit Growth	338.9	182.5	61.5	21.8
Advances Growth	216.3	161.3	49.9	31.5
Investments Growth	241.9	127.6	65.8	40.8
Dividend	0	0	0	0

E: MOSL Estimates

RATIOS		2006	2007	2008	2009E
Spreads Analysis (%)					
Avg. Yield - Earning Assets		7.3	8.0	9.7	10.9
Avg. Cost-Int. Bear. Liab.		4.6	6.4	7.9	8.8
Interest Spread		2.7	1.7	1.8	2.1
Net Interest Margin		3.3	2.3	2.5	2.8
Profitability Ratios (%)					
RoE		13.3	13.9	19.0	20.6
RoA		1.94	1.24	1.42	1.57
Int. Expended/Int.Earned		55.1	70.8	74.7	74.5
Other Inc./Net Income		53.2	53.2	52.2	46.0
Efficiency Ratios (%)					
Op. Exps./Net Income		47.1	52.9	49.4	44.2
Empl. Cost/Op. Exps.		58.2	60.7	59.3	52.1
Busi. per Empl. (Rs m)		53.8	40.6	59.1	57.0
NP per Empl. (Rs lac)		8.4	3.9	6.3	6.8

Asset-Liability Profile (%)		2006	2007	2008	2009E
Adv./Deposit Ratio		82.7	76.5	71.0	76.7
Invest./Deposit Ratio		46.4	37.4	38.4	44.3
G-Sec/Invest. Ratio		60.1	70.0	70.6	58.6
Gross NPAs to Adv.		0.0	0.0	0.1	0.7
Net NPAs to Adv.		0.0	0.0	0.1	0.3
CAR		16.4	13.6	13.6	16.6
Tier 1		13.7	8.2	8.5	9.5

VALUATION		2006	2007	2008	2009E
Book Value (Rs)		21.2	28.0	44.1	54.7
Price-BV (x)		7.6	5.8	3.6	2.9
Adjusted BV (Rs)		21.2	28.0	43.9	53.8
Price-ABV (x)		7.6	5.8	3.7	3.0
EPS (Rs)		2.0	3.4	6.8	10.2
EPS Growth (%)		n.a.	72.7	100.7	51.3
Price-Earnings (x)		82.5	47.8	23.8	15.7
OPS (Rs)		3.6	6.2	11.8	17.8

Zee Entertainment



Company description

ZEE is the leading player in television broadcasting and syndication of content overseas, with well established brands such as Zee TV, Zee Cinema, Zee Music, Zee Sports and Zee Studio. It has well-established reach both in India and overseas.

Key investment arguments

- Zee TV ratings have bounced back strongly due to new content. The channel figures amongst the top-3 in the Hindi GEC segment and has successfully narrowed the GRP gap vi-a-vis the leaders. We expect ZEE's advertising revenue growth to bounce back from 3QFY09.
- Strong traction in DTH-led subscription revenue continues. We expect DTH revenue to post 41% CAGR during FY09-11; this will enable 16% CAGR in total subscription revenue.
- Improvement in the operating performance of Dish TV would ward off concerns relating to loans and advances to group companies. Recovery of advances and increase in payout ratio could be key triggers for the stock price.

Key investment risks

- Significant slowdown in the economy could shatter hopes of a recovery in advertising from 3QFY09.
- Lower than expected traction in DTH revenue would impact subscription revenue growth.
- Incremental funding to group companies.

Recent developments

- The company has increased its stake in Asia Business Broadcasting (owns Zee Studio) by 40% for US\$56m, valuing the entity at US\$140m (FY09 revenue of US\$14.3m and EBITDA of US\$7.3m).
- ZEE has entered into an arrangement with Dish TV, whereby the DTH subscription revenue for the company would move from a subscriber-based model to a fixed-sum model.

Valuation and view

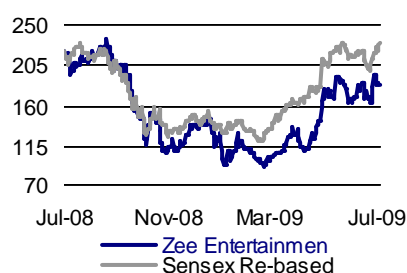
- We estimate 11% EPS CAGR over FY09-FY11.
- The stock trades at 20x FY10E EPS of Rs9.2 and 16.2x FY11E EPS of Rs11.4.
- Our recommendation on the stock is **Neutral**.

Bloomberg	Z IN
Equity Shares (m)	433.6
CMP (Rs)	184
Mcap (US\$ b)	1.7
52 W Range	255 / 88
1, 6, 12 Rel Per	2 / 23 / -21

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	41.5	41.5	41.5
Domestic Inst	22.6	20.8	21.0
Foreign	27.9	30.0	27.9
Others	7.9	7.7	9.6

Stock Performance (1 year)

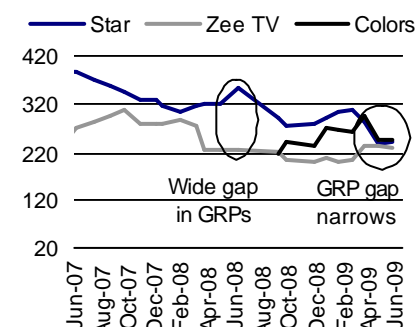


Quarterly Performance

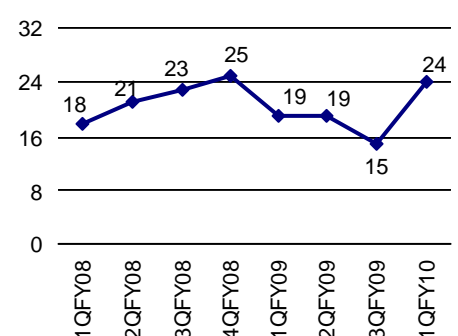
	(Rs Million)							
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY09	FY10E	
Advert. Revenue	2,798	2,851	2,684	2,284	1,980	10,618	9,711	
Subscrip. Revenue	2,150	2,244	2,274	2,345	2,410	9,014	9,928	
Other Sales & Services	471	621	497	508	370	2,098	2,467	
Net Sales	5,420	5,717	5,456	5,137	4,759	21,730	22,106	
YoY Change (%)	38.4	43.4	5.3	-2.3	-12.2	18.4	1.7	
EBITDA	1,443	1,488	1,201	1,202	1,170	5,332	5,709	
EBITDA Margin (%)	26.6	26.0	22.0	23.4	24.6	24.5	25.8	
Adj PAT after MI	1,136	1,118	917	822	1,019	3,994	3,981	
YoY Change (%)	47.2	20.9	-16.4	-11.0	-10.3	4.4	-0.3	

E: MOSL Estimates

GRP gap narrows down



DTH revenue CAGR of 41% FY09-11E



Source: Company/MOSL

Zee Entertainment: Financials and valuation

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Advertisement Revenues	9,307	10,618	9,711	10,773	Basic (Rs)				
Subscription Revenues	7,436	9,014	9,928	11,163	EPS	8.9	9.2	9.2	11.4
Other Sales & Sevices	1,611	2,098	2,467	2,914	Cash EPS	9.4	9.9	10.0	12.3
Net Sales	18,354	21,730	22,106	24,850	Book Value per Share	66.0	73.2	79.1	85.2
Change (%)	21.1	18.4	1.7	12.4	DPS	2.0	2.0	2.8	4.6
Total Income	18,354	21,730	22,106	24,850	Payout (Incl. Div. Tax) %	20.9	22.0	30.0	40.0
Total Expenses	12,931	16,398	16,397	17,844					
					Valuation (x)				
EBITDA	5,423	5,332	5,709	7,007	P/E	20.7	20.0	20.0	16.2
Change (%)	69.3	-1.7	7.1	22.7	Cash P/E	19.5	18.6	18.5	15.0
% of Net Sales	29.5	24.5	25.8	28.2	EV/EBITDA	15.1	15.9	14.1	11.0
Depreciation	232	304	342	381	EV/Sales	4.5	3.9	3.6	3.1
EBIT	5,191	5,028	5,367	6,626	Price/Book Value	2.8	2.5	2.4	2.2
Other Income	1,138	1,403	1,145	1,221	Dividend Yield (%)	1.1	1.1	1.5	2.5
Interest & Finance Charges	335	861	617	428					
Extraordinary Expenses	208	1181	0	0	Profitability Ratios (%)				
					RoE	13.5	12.6	11.6	13.4
PBT	5,786	6,751	5,895	7,420	RoCE	19.6	17.3	16.9	20.4
Tax	1,634	1,552	1,886	2,449					
Effective Rate (%)	28.2	23.0	32.0	33.0	Turnover Ratios				
					Debtors (No. of Days)	117	120	120	120
PAT	4,152	5,199	4,008	4,971	Inventory (No. of Days)	96	120	135	135
Minority Interest	-328	23	-28	-33	Creditors (No. of Days)	91	95	95	95
Extraordinary Expenses	26	1,181	0	0	Asset Turnover (x)	0.6	0.6	0.6	0.6
Adj. PAT	3,850	3,995	3,981	4,938					
Change (%)	58.7	3.7	-0.3	24.1	Leverage Ratio				
					Debt/Equity (x)	0.1	0.2	0.1	0.1
BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	2008	2009	2010E	2011E	Y/E MARCH	2008	2009	2010E	2011E
Share Capital	434	434	434	434	OP/(Loss) before Tax	5,191	5,028	5,367	6,626
Reserves	28,177	31,293	33,873	36,494	Interest/Div. Received	1,138	1,403	1,145	1,221
Net Worth	28,611	31,727	34,307	36,928	Interest paid	-335	-861	-617	-428
Minority Interest	1,117	1,140	1,168	1,201	Depreciation & Amort.	232	304	342	381
Loans	3,866	5,765	4,551	2,000	Direct Taxes Paid	-1,634	-1,552	-1,886	-2,449
Deferred tax liability	-243	-243	-302	-376	(Inc)/Dec in Wkg. Capital	-1,655	-3,055	1,721	993
Capital Employed	33,351	38,389	39,723	39,752	CF from Oper. Activity	2,938	1,267	6,071	6,345
					Extraordinary Items	26	1,181	0	0
Net Fixed Assets	14,986	17,915	18,076	18,199	CF after EO Items	26	1,181	0	0
Capital WIP	619	400	300	300	(Inc)/Dec in FA + CWIP	-893	-3,014	-403	-503
Investments	2,515	2,515	2,500	2,500	(Pur)/Sale of Invest.	-190	0	15	0
					CF from Invest. Activity	-1,083	-3,013	-388	-503
Curr. Assets, L&A	21,508	24,687	26,510	28,117	Issue of Shares	-722	-1,181	-266	-416
Program Films	2,442	3,491	3,592	3,985	Inc/(Dec) in Debt	640	1,899	-1,214	-2,551
Inventory	32	29	27	30	Dividends Paid	-868	-879	-1,194	-1,975
Sundry Debtors	5,907	7,144	7,268	8,170	Others	-233			
Cash & Bank Balances	1,652	926	3,936	4,836	CF from Finan. Activity	-1,183	-161	-2,674	-4,942
Loans & Advances	11,475	13,097	11,689	11,098	Inc/(Dec) in Cash	698	-726	3,010	900
Current Liab. & Prov.	6,279	7,129	7,664	9,364	Add: Beginning Balance	955	1,652	926	3,936
Sundry Creditors	3,213	4,268	4,268	4,644	Closing Balance	1,653	926	3,936	4,836
Other Liabilities	939	899	898	978					
Provisions	2,127	1,962	2,497	3,742					
Net Current Assets	15,230	17,558	18,847	18,754					
Appl. of Funds	33,351	38,389	39,723	39,752					

E: MOSL Estimates

Zee News

Company description

Zee News, a part of the Essel group, has presence in regional and news broadcasting. It has a large bouquet of channels, with presence in key regional markets like West Bengal, Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu.

Key investment arguments

- Small towns and rural India would account for a big share of the incremental demand. This should result in sustained buoyancy in the regional advertising market. With a strong bouquet of 13 regional channels (5 news channels), Zee News is well placed to take advantage of this opportunity.
- Zee News covers 95% of the regional market post the launch of Zee Tamil GEC. It has resolved distribution related issues in the Bangla and South markets, which would enhance GRP.
- Being part of the Essel-Zee group, Zee News can leverage the group's distribution reach to increase its subscription revenue. In FY09, its subscription revenue grew 45%.

Key investment risks

- Star's aggression would result in more intense competition in the Marathi and Bangla markets. These markets are cash-cows for Zee News.
- The Tamil market, which Zee News has entered, could involve long gestation. Zee News has to compete with Sun TV, which has a strong movie library and deep pockets.
- Incremental funding to group companies

Recent developments

- Zee News has entered UP, with the launch of its news channel. It has also launched a news channel in the Telugu market. Both these channels were launched in April 2009.
- Zee News would be handling the ad slot sales for its channels. This was earlier carried out by ZEE.

Valuation and view

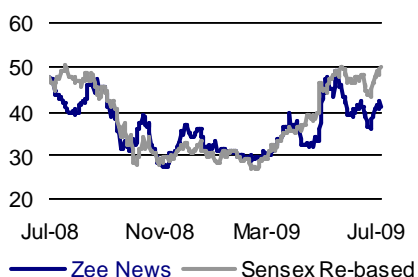
- The stock trades at 18.9x FY09 EPS of Rs1.9.
- Not Rated**

Bloomberg	ZEEN IN
Equity Shares (m)	239.8
CMP (Rs)	41
Mcap (US\$ b)	0.2
52 W Range	52 / 24
1, 6, 12 Rel Per	-5 / -44 / -18

Shareholding Pattern (%)

	Jun-09	Mar-09	Jun-08
Promoter	54.1	54.1	54.1
Domestic Inst	25.7	24.1	20.6
Foreign	4.1	7.7	12.6
Others	16.1	14.1	12.6

Stock Performance (1 year)

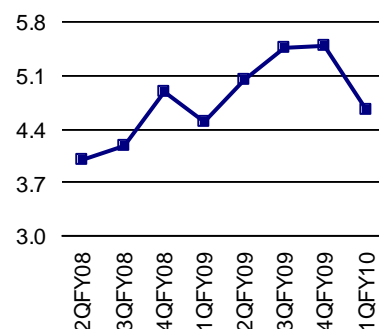


Quarterly Performance

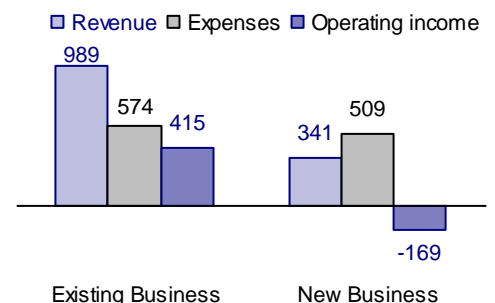
Y/E March	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	FY08	FY09
Sales	1,096	1,277	1,429	1,384	1,374	3,671	5,221
YoY Change (%)	47.2	60.1	45.4	22.4	25.3		42.2
EBITDA	175	212	299	207	248	704	836
EBITDA Margin (%)	16.0	16.6	20.9	14.9	18.0	19.2	16.0
Depreciation	19	22	23	29	31	76	95
Interest	3	11	56	89	77	6	211
PAT	96	115	151	88	119	395	447

E: MOSL Estimates

ZNL's channel share in C&S



1QFY10 - Existing and New channels



Source: Company/MOSL

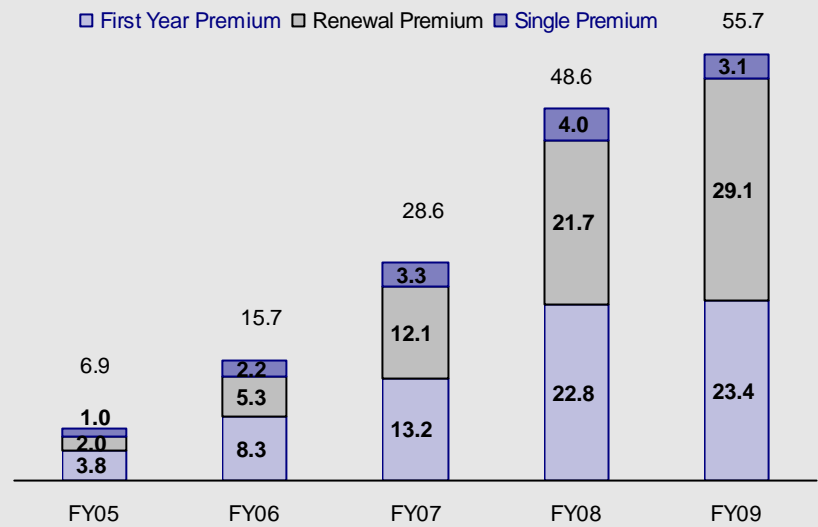
Zee News: Financials and valuation

INCOME STATEMENT				RATIOS			
(RS MILLION)							
Y/E MARCH	2007	2008	2009	Y/E MARCH	2007	2008	2009
Advertising rev	1,730	2,929	4,089	Basic (Rs)			
Subscription rev	563	668	968	Adjusted EPS	0.3	1.6	1.9
Others	112	74	164	<i>Growth (%)</i>	77	401	13
Net Sales	2,405	3,671	5,221	Cash EPS	0.5	2.0	2.3
<i>Change (%)</i>	570.6	52.6	42.2	Book Value	7.6	8.6	10.5
Production	1,188	1,505	2,133	DPS	0.0	0.4	0.4
Staff Cost	368	451	660	Payout (incl. Div. Tax.)	0.0	24.3	21.5
Administrative exp	769	1,012	1,591				
				Valuation (x)			
EBITDA	80	704	836	P/E	107.1	21.4	18.9
<i>% of Net Sales</i>	3.3	19.2	16.0	Cash P/E	65.0	17.9	15.6
Depreciation	51	76	95	EV/EBITDA	104.8	12.1	11.9
Interest	51	6	211	EV/Sales	3.5	2.3	1.9
Other Income	131	11	176	Price/Book Value	4.7	4.1	3.4
				Dividend Yield (%)	0.0	1.1	1.1
PBT before EOI	109	633	706				
PBT after EOI	109	633	706	Profitability Ratios (%)			
Tax	46	243	259	RoE	3.4	18.8	17.7
<i>Rate (%)</i>	42.5	38.3	36.7	RoCE	8.6	28.8	20.1
Reported PAT	62	390	447				
Minority Interest	-16	-5	1	Turnover Ratios			
Adjusted PAT	79	395	446	Debtors (Days)	155	141	131
<i>Change (%)</i>	406.5	400.8	12.9	Creditors. (Days)	136	115	108
				Asset Turnover (x)	1.3	1.7	1.1
				Leverage Ratio			
				Debt/Equity (x)	0.0	0.1	0.8
BALANCE SHEET				CASH FLOW STATEMENT			
(RS MILLION)				(RS MILLION)			
Y/E MARCH	2007	2008	2009	Y/E MARCH	2007	2008	2009
Share Capital	240	240	240	PBT before Extraordinary Items	109	633	706
Reserves	1,573	1,832	2,278	Add : Depreciation	51	76	95
Net Worth	1,813	2,071	2,518	Interest	51	6	211
Minority Interest	36	51	50	Less : Direct Taxes Paid	46	243	259
Loans	13	117	2,000	(Inc)/Dec in WC	711	-356	-1,330
Deferred Tax Liability	1	-18	-18	CF from Operations	876	116	-577
Capital Employed	1,862	2,221	4,549	(Inc)/Dec in FA	-291	-80	-644
				(Pur)/Sale of Investments	0	0	0
Gross Fixed Assets	864	971	1,642	CF from Investments	-291	-80	-644
Less: Depreciation	80	163	282	(Inc)/Dec in Networth	33	-23	111
Net Fixed Assets	784	808	1,360	(Inc)/Dec in Debt	-538	104	1,883
Capital WIP	24	4	0	Less : Interest Paid	51	6	211
				Dividend Paid	0	112	112
				Others			
Curr. Assets	2,027	2,816	4,925	CF from Fin. Activity	-556	-38	1,671
Progam and Film rights	484	764	1,826	Inc/Dec of Cash	29	-2	451
Inventory	2	5	5	Add: Beginning Balance	12	41	39
Sundry debtors	1,019	1,421	1,876	Closing Balance	41	39	490
Cash & Bank Balance	41	39	490				
Loans & Advance	481	586	728				
Current Liab. & Prov.	973	1,407	1,736				
Creditors	869	931	1,302				
Other current liabilities	18	17	16				
Provisions	86	459	418				
Net Current Assets	1,054	1,409	3,189				
Application of Funds	1,862	2,221	4,549				

HDFC Standard Life

- HDFC Standard Life is India's 6th largest private life insurance company, based on new business premiums in FY09. It is a joint venture between HDFC Limited and a Group Company of the Standard Life Plc, UK. HDFC holds 72.43% and Standard Life (Mauritius Holding) holds 26%, while the rest is held by others.
- The key strengths of the company are: (a) strong brand value given the HDFC parentage, and (b) huge cross-selling opportunities to HDFC group customers.
- HDFC Standard Life's total premium has grown at CAGR of 69% over FY05-09 to Rs55.6b. New business premium CAGR has been 53% during the same period. Total capital infusion as of March 2009 stands at ~Rs18b. AUMs stood at Rs106b.

Composition of Premium Income (Rs b)

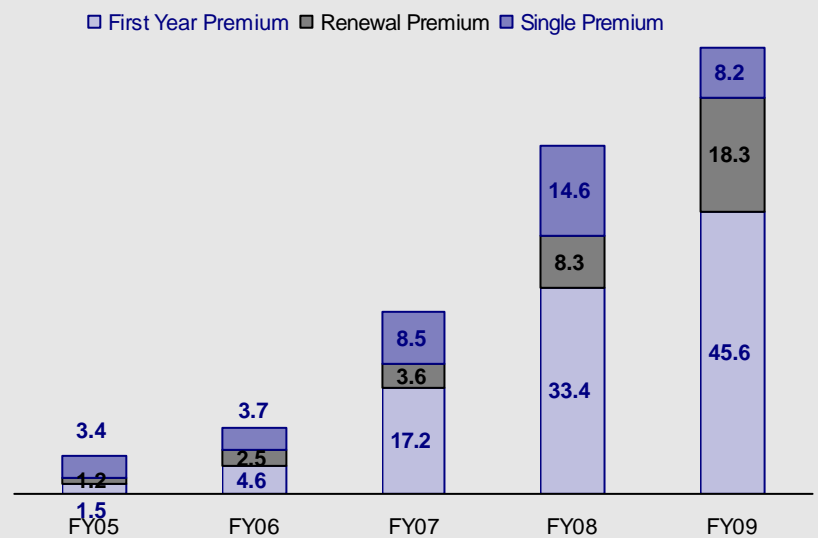


Source: Company/MOSL

SBI Life

- SBI Life was the third largest private life insurance company, based on new business premiums in FY09. It has emerged as the largest private life insurance company in YTD FY10. It is a JV between SBI and BNP Paribas Assurance. SBI owns 74% of the total capital and BNP Paribas Assurance the remaining 26%.
- The key strengths of the company are: (a) SBI parentage and associated brand value, (b) unparalleled customer reach through SBI group's network of 15,000+ branches.
- SBI Life's total premium has grown at CAGR of 86% over FY05-09 to Rs72b. New business premium CAGR has been 83% during the same period. Total capital infusion as of March 2009 stands at ~Rs10b. AUMs as of March 2009 stood at Rs145b.

Composition of Premium Income (Rs b)



Source: Company/MOSL



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