Our Top Recommendations

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Emkay Global Financial Services Ltd.

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Stocks recommended

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Sectors	Outperformers	Underperformers
Agri Input & Chemicals	Coromandel International, Rallis India	
Automobiles	Bajaj Auto, Tata Motors	Hero Honda
Banking & Financial Services	Allahabad Bank, Mah & Mah Financial Services, State Bank Of India	
Cement		India Cements
Engineering, Capital Goods and Infrastructure	Greaves Cotton, IRB Infrastructure, Larsen & Toubro	
FMCG		Asian Paints
IT Services	TCS	
Metals & Mining	Sterlite Industries, Tata Steel	
Oil & Gas	BPCL	
Pharmaceuticals	Aurobindo Pharma, Cadila Healthcare	Dishman Pharma
Power	NTPC	JSW Energy
Real Estate	Phoenix Mills	
Telecommunications		Bharti Airtel, Idea Cellular
Others	Kajaria Ceramics, Piramal Glass, Jubilant FoodWorks, Sterlite Tech	

Outperformers

Allahabad Bank

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1.2x FY2012E	CMP : Rs231	RECO : BUY	TP : Rs250

Investment Rationale

- **Healthy CASA proportion to help in rising rate scenario:** The bank's CASA mix which stands at a healthy 33.3%, will help bank to get better margins than peers in the current rising rate scenario. The NIM's for the Q3FY11 stood higher at 3.4%.
- **Healthy asset quality:** The bank's asset quality is comfortable with gross and net NPAs at 1.8% and 0.6% respectively. Moreover slippage rate remain under control at 1.4% (annualised) for FY11.
- **Superior Cost/Income (C/I) ratio:** The bank C/I ratio, which reflects the operating efficiency of the bank, is 39.7%, one of the lowest among the peers.
- **Attractive return ratios:** The savings on account of lower provisions requirement on account of lower slippages and improvement in cost structure will help maintain the RoAs at 1.2%, while RoE's likely to be healthy at 23% for FY11-12.

Valuations

- At the CMP, the stock is quoting at 1.5x FY11E ABV and 1.2x FY12E ABV with a likely average RoE of 23% over FY11-12E

Aurobindo Pharma

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9.6x FY2012E	CMP : Rs196	RECO : BUY	TP : Rs265

Investment Rationale

- We maintain our positive stance on the company given its business transformation on account of favorable product mix, increase in capacity utilization, supply agreement with Pfizer and foray into high margin niche segments of oral contraceptives, controlled substances and injectables.
- Expect contribution of formulations to increase from 10% in FY05 to 54% in FY12E.
- Pfizer and other MNCs are set to drive the growth of formulation portfolio. We expect Pfizer to further expand the scope of the deal to more products. Tie-ups with other MNCs will bring fresh upside to the stock.
- Balance sheet concerns are fading away as the company is expected to generate good cash flows on account of increased profitability and peak investment cycle tapering off. The debt to equity is expected to decrease from 1.1x in FY10 to 0.8x in FY12E.

Risk & Concern

- Import alert ban imposed by USFDA on the company unit IV & unit VI will create an overhang on the stock.

Valuations

- We expect earnings to grow at 14% CAGR over FY10-12E.
- At CMP, the stock is trading at 9.6x FY12E EPS.

Bajaj Auto

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13.7x FY2012E	CMP : Rs1,460	RECO : BUY	TP : Rs1,650

Investment Rationale

- We expect company to grow at above industry rate in FY12 due to its increasing focus on semi-urban/rural market and 'discover' family.
- We expect exports to be a strong growth driver over next three years (upwards of 15% CAGR) on volumes as well as profitability due to the strategy of focusing on new markets and increasing market share in existing markets.
- Contrary to the perception, we believe that recent changes in product mix (higher share of Pulsar 135 cc and Discover 100cc/150cc) will be margin remunerative.

Valuations

- We have valued the stock at a target PER of 15.5x our FY12 estimates.
- The key trigger in the stock will be positive surprise on three wheeler business.
- While rising metal prices is a concern, given high EBITDA margin (20%) the impact of high metal prices will be lowest in our auto universe.

BPCL

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11.3x FY12E	CMP : Rs611	RECO : ACCUMULATE	TP : Rs671

Investment Rationale

- Capacity expansion, upgradation and modernisation of BPCL's Mumbai and Kochi refineries would increase its crude throughput and refining margin going forward.
  - Bina refinery 50:50JV with Oman OIL is mechanically complete and will start commercial production at end April 2011. The decision on the timing of IPO of Bina refinery would be taken based on market conditions.
  - BPCL's subsidiary BRPL has made significant oil and gas discoveries in Brazil and Mozambique, which has huge reserves potential of ~300-500mboe and 10tcf respectively (as per the news article). The success of the E&P portfolio would be the key catalyst for the revenue and profitability of the company, going forward.
- Higher product demand, especially in light distillate, has seen product spreads increasing in 2HFY11. Gross refining margin was at $4.6/bbl as compared to $2.8/bbl, growth of 64% QoQ. We expect GRM's to improve further in the coming quarters, in tandem with the improvement in the global economy, which will improve the petro product spreads.

Valuations

- If US dollar continues to remain under pressure, the commodities are likely to stay firm including crude oil, hurting the OMC's performance. Also lower contribution from the government during the Q3FY11 has raised concern for Q4 FY11 contribution as well. However at CMP of Rs.611 valuation looks attractive at 1.2x FY12 P/Bv, we maintain ACCUMULATE rating on the stock with TP of Rs.671.

Cadila Healthcare

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19.8x FY2012E	CMP : Rs791	RECO : ACCUMULATE	TP : Rs847

Investment Rationale

- Cadlila Healthcare emerges our top pick given its strong growth prospects (30% earnings CAGR over FY10-13E), wide geographical reach and foray into difficult to manufacture generics such as transdermal patches, bio-similar and vaccines.
- Expect international business to grow at a CAGR of 28% over FY10-12E
- US likely to witness 8-10 ANDA launches in FY12E and FY13E each
- 3 products slated to get introduced in US and 6 in Europe over the next 18 months (includes recently approved Taxotere (Docetaxel, US$1.2bn market))
- Clarity on niche product filings in the US generic market could provide a positive upside and lead to expansion in valuation multiple
- Hospira ramp-up to allay concerns around Nycomed JV (expect Rs2550mn contribution from Hospira in FY12E). Cadila currently has supply agreement for 6 Oncology products with Hospira.
- Aiming to attain revenue of US$3bn by 2016
- Healthy return ratios (RoE> 30%)

Valuations

- We expect earnings to grow at 30% CAGR over FY10-12E.
- At CMP, the stock is trading at 25x/ 20x/ 15x, FY11E/ FY12E/ FY13E EPS of Rs31.3/ Rs40/ Rs51.6 respectively.

Coromandel International

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9.9x FY2012E	CMP : Rs286	RECO : BUY	TP : Rs435

Investment Rationale

- CIL has presence in Di-Ammonium Phosphate (DAP) and complex fertilisers and commands approx 15% market share. It also has presence in the non fertiliser business which includes agrochemicals, specialty fertilisers, micro nutrients, compost etc and contributes approximately 10% to revenues
- CIL's presence in complex fertilisers and its raw material sourcing arrangements make it a key beneficiary of the recently announced Nutrient Based Scheme which is likely to drive its fertiliser profitability
- Its non subsidy business enjoys high margins of 20-30% compared to ~10% in fertilisers. Attractive growth of 30-40% in non-subsidy business is likely to drive the company's earnings going forward. We expect, CIL to leverage its strong brand equity and its rural retail chain of 400 own stores in Andhra Pradesh to sell its products and support growth in non subsidy based business
- Recently government has revised the NBS rates for FY12 which are ~12% higher than the previous year and is in line with global prices which should help CIL maintain its margins

Valuations

- We expect the company to report 13% CAGR (FY10-12E) in revenues and 43% in PAT. With improved profitability in fertiliser segment and rising share of high margin business, EBITDA margins are expected to improve by 600 bps to 15.3% in FY12E
- We expect CIL to generate free cash of Rs 6-7 bn every year and hold net cash of Rs 6 bn by FY11. We expect the company to report an EPS of Rs 22.2 and Rs 28.9 in FY11E and FY12E, respectively. FOSKAR listing and inorganic growth plans are future positive triggers for the stock

Greaves Cotton

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12.1x FY2012E	CMP : Rs95	RECO : BUY	TP : Rs111

Investment Rationale

- Growth drivers of Engines segment remain strong – Auto to maintain momentum, Industrial to pick-up and Agriculture to nudge along
- In Autos → Break-through with Tata Motors; Increasing penetration with M&M
  - Tata Motors → secured long-term supply contracts for Ace Zip and Ace Magic
  - M&M – single source supplier of single cylinder 3-Wheel vehicle engines
- Infrastructure segment broke-even in Q2FY11 at EBIT level – after 8 quarters of posting loss
- Expanding capacity by 160,000 units over next 2 years → To add 80,000 Units under Phase 1 by April 2011
- Strong cash generation and return rations – ROCE and ROE at +35%

Valuations

- At CMP, the stock is trading at 14.8X FY11E and 12.1X FY12E consolidated earnings of Rs6.4 per share and Rs7.9 per share respectively

IRB Infrastructure Developers

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13.6x FY2012E	CMP : Rs212	RECO : BUY	TP : Rs280

Investment Rationale

- India Premier road asset, with commendable track record - . Bagged 7 NHAI projects over last 4 years with market share of 7%- port folio set to grow at 25% CAGR over FY08-14E -Asset base to grow at 38% CAGR over FY08-14E
- BOT Revenues to grow 3X over FY10-15E at implied CAGR of 24% -6 BOT projects worth Rs63 bn are likely to commence toll collection over the next 3 years.
- Ideally Complemented by solid integrated E&C capabilities- E&C order backlog at Rs90 bn 8.8X FY10 construction revenues which provides strong visibility – E&C business to gain traction revenue CAGR of 38% over FY10-13E
- Robust Cash flows over FY11-14E, Strong balance (FY12 net D:E equity at 1.6X) to drive dilution free asset accretion - Estimate new project win potential at Rs60 bn over FY12-13E, covering ~500 km driving continued portfolio growth
- Consolidated revenues to grow at a CAGR of 32.6%, EBIDTA at 23%, Gross cash accruals at 14% over FY10-13E
- SoTP Value at Rs279 - Stock trades 23% discount to fair value, even ex the new project wins – other Implied value drivers providing significant comfort

Key Triggers

- Pick up in awarding activity by NHAI, Identified list of 100 projects covering 11500 kms
- 18% Toll hike at Mumbai – Pune project expected on 1st April 2011 which will put further traction in BOT earnings

Jubilant FoodWorks

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35.2X FY12E	CMP : Rs539	RECO : ACCUMULATE	TP : Rs600

Investment Rationale

- Jubilant FoodWorks (JFL) reported satisfactory performance in Q3FY11– APAT at Rs189 mn meets expectation. Earnings estimates were retained at Rs11.5/Share and Rs15.3/Share for FY11E and FY12E
- Same-Store-Sales growth was robust at 39% for 9MFY11 versus erstwhile expectation of 20%. With forthcoming Cricket season in India spanning 90 days, expect robust Same-Store-Sales growth. In long term, Same-Store-Sales growth should be 20% (higher then personal care products), equal to median growth
- JFL has total store network of 364 Nos with presence in 87 cities, until Q3FY11. There is room to multiply the store network atleast 2X in next 5 years. Accordingly, we have factored addition of 70 Nos every year for next 5 years, equivalent to current run-rate
- Eyeing new growth drivers in QSR segment- deploy excess cash generated from Dominos franchisee and augment overall growth. JFL is hopeful to launch new brand in next 6-8 months. The same remains un-factored in our earnings estimates
- JFL trading at premium valuations - PER of 33X FY12E earnings. Valuations to sustain until (1) JFL ventures into ROE dilutive business proposition and (2) new avenues for investment in QSR or foods service segment in listed domain

Valuations

- Remain positive on growth prospects of QSR segment in India and Dominos business model in particular. JFL should witness robust earnings growth for next 5 years, backed by strong category growth at +20% (higher then personal care products). We have ACCUMULATE rating with price target of Rs600/Share (Rating Unchanged)

Kajaria Ceramics

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7.5x FY2012E	CMP : Rs76	RECO : BUY	TP : Rs100

Investment Rationale

- Indian ceramics / tiles industry is likely to report volume growth of 14% (FY09-12E) while growth in high-end segment is likely to remain at 19%. Kajaria with its presence in only high end segment with market share of 5% will be a strong beneficiary of this growth in high end segment
- Given the healthy growth prospects of the tile industry in general and high-end segment in particular, Kajaria's brownfield expansion for manufacture of vitrified tiles comes at an opportune time. Capacity additions in high end segment to increase from 10% in FY10 to 30% by FY12E
- To leverage its well established dealers network and brands, trading of tiles in high end segment, is likely to remain a growth driver (trading revenues contribute approx 40% to company's topline) in future
- Increase in asset turnover ratio is expected to result in improved RoCE from 13.1% to 21.7% and RoIC from 13.2% to 22.5% over FY09-FY12E
- We expect the company's revenue and EBITDA to grow by 20% and 24% CAGR (FY10E-12E) to Rs 10.7 bn and Rs 1.8 bn by FY12E, respectively

Valuations

- At current price, the stock trades at 7.5x FY12 EPS, EV / EBITDA of 4.7x and P/BV of 1.9x. With higher asset turnover, RoE are expected to improve from 20% in FY10 to 28% by FY 12E

Larsen & Toubro

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18.8x FY2012E	CMP : Rs1,653	RECO : BUY	TP : Rs2,015

Investment Rationale

- Strong presence in structural sectors (Utilities and Construction – exposure at 69%) to continue to augur well during FY10-12E
- With 35% exposure to industrial sectors, L&T to be key beneficiary of likely pick up in industrial capex
  - Strong presence across the spectrum in Industrial capex
  - We prefer exposure to Industrial capex over structural - Industrial capex expected to strengthen in FY11E and broaden in FY12E
- Order backlog at Rs1.15 tn in Q3FY11 (equivalent to 2.6X FY11E revenues) – lends revenue visibility for two years
- Strong traction in subsidiary businesses – L&T Finance, L&T Infra Finance, L&T IDPL and TAMCO
- Future triggers- listing of subsidiaries like L&T Finance (DRHP filed), L&T Infotech, L&T IDPL over next 2-3 years

Valuations – Attractive risk-to-reward

- Post recent correction (down 29% from Nov'10 high of Rs2171/Share), stock is trading at 18.8X FY12E consolidated earnings of Rs88.1 → this represents a 4% premium to 15-year average 1-Yr forward PER of 18.0X and 13% discount to FY04-08 average PER
- Even based on relation between L&T market-cap and order book (observed since Apr'03), worst case downsides limited at about 3% to Rs1500 per share

M&M Financial Services

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2.5x FY2012E#	CMP : Rs780	RECO : BUY	TP : Rs870

Investment Rationale

- We expect low penetration of consumer durables, rising rural income levels and improving rural asset values to help MMFS report a 25% CAGR in AUMs to Rs232bn over FY11-13E
- Making branch level staff accountable for recoveries has helped MMFS bring down its GNPAs from 7.6% to 5.0% over FY08-11E. We expect GNPAs to reduce to 4% by FY13E
- Lower dependence on assignments and strong pricing power to give resilience to NIMs. We expect NIMs to be robust at 11.4% over FY11-13E

Valuations

- We expect 27.1% CAGR in earnings over FY11-13E. The return ratios are expected to be robust at 4% RoAs and 23% RoE. Valuations undemanding at 2.5x/2.2x FY12E/FY13E ABV.

P/ABV

NTPC

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17.3x FY2012E	CMP : Rs193	RECO : ACCUMULATE	TP : Rs204

Investment Rationale

- Has signed cumulative cost plus PPAs of 1,00,000 MW with first charge on collections- we believe is likely to emerge as the biggest winner in a scenario of consolidations/mergers two years down the line. Two years down the line, we see (1) most of the private developers rushing for PPAs (likely merchant prices Rs2.7/unit), (2) SEBs badly hit resorting to restrictions, caps, defaults, delays and (3) developers having problems in debt servicing. All this could result in addressing the key concern for NTPC, which is execution (to pick up as it is in FY12E) as it is likely to be the company sought after for (1) JVs, (2) consolidations and (3) plant buy outs.
- The company did grossing up is at MAT rate in Q3FY11 but the company has indicated possibility of full tax rate in Q4FY11E due to higher commissioning of capacities. To result in, 10% increase in FY11E EPS but no change in FY12E.
- Valuations reasonable at 2.2xFY12E Book; core ROE of 25%; Have an Accumulate rating on the stock due to (1) higher defensiveness after huge PPAs executed & (2) 10% stock correction post Q2FY11

Valuations

- Valuations are reasonable at 2.2xFY12E book. We assign a core book multiple to 2.6x 1yr fwd (25% equity IRR/ 10 yr bond yield). Target Rs204. We would like to highlight that we are valuing the company on FY12E Book as of now if we roll over to FY13E, there would be a further upside of about Rs15/Share.

Phoenix Mills Ltd

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23.8x FY12E	CMP : Rs182	RECO : BUY	TP : Rs231

Investment Rationale

- High Street Phoenix (HSP) to generate FCF of Rs1.3bn in FY12E with marginal committed cash outflows. Valuations of HSP at Rs 140 / share is 77% of CMP, largely mitigate downward price risk

- All the four Market City (MC) projects will be operational in FY12 with total leasable retail space of 4.4 msf. Pre-leased MOUs of more than 50% retail space across the Market City's projects give comfort on; 1) Debt servicing ability of the project SPVs and 2) Potential valuation upsides as occupancy picks up

- Post completion of Market City projects and The Shangri La Hotel, focus will shift to residential projects in FY12. Company aims to launch all the three projects in FY12E, aggregating 2.9 msf.

Valuations

- Our SOTP NAV of Rs231 translates into 1.9x FY12E book value. Revenue visibility and improved financials justify proximity to peak P/BV of 2.1x since mid-2008 crisis. HSP is valued at Rs.140 / share (60% of NAV), generating maximum value for PML followed by MC at Rs. 36 / share (15% of NAV)

Piramal Glass

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6x FY2012E	CMP : Rs113	RECO : BUY	TP : Rs160

Investment Rationale

- Well enriched business model - with multiple drivers
- Cosmetics and Perfumery to emerge as a strong growth driver - Expect segment revenues to grow at 15.2% CAGR (FY10-12E) to Rs6.4 bn in FY12E
- PGL to reduce focus on pharmaceutical business - Expect revenues to decline by 3.5% CAGR to Rs3.1bn during FY10-12E
- Momentum in SF&B to continue - Expect 15.5% revenue CAGR during FY10-12E
- Enrichment of Sales Mix - to improve profitability
- Restructuring exercise to bear fruit
- Already incurred capex - now in harvesting stage
- Eyeing positive cash flow - improvement in balance sheet

Valuations

- At CMP, the stock is trading at 11.4X FY11E and 6X FY12E consolidated earnings of Rs9.9 and Rs18.7 per share respectively

Rallis India

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13.7x FY2012E	CMP : Rs1,321	RECO : BUY	TP : Rs1,800

Investment Rationale

- Rallis is the 2nd largest domestic generic player in extremely regulated market of crop protection and enjoys the benefit of its well diversified distribution network and age old brand of Tata
- Its multi pronged strategy to boost revenues through product restructuring, new product launches and focus on exploring export opportunities and entry into seeds segment along with new initiatives taken like trading of pulses should help Rallis to post strong revenue growth of 20-25% p.a.
- Well positioned to tap opportunities in fast growing CRAMS space through its new upcoming facility at Dahej. Rallis has contracted with leading global players to provide its services under toll manufacturing agreement
- Growing share of high value branded products, cost reduction initiatives taken by the company and recent fall in commodities prices is expected to drive its EBITDA margins by 570 bps to 22.2% by FY13E (over FY10)

Valuations

- At EPS CAGR of 34% (FY10-13E), Rallis offers PEG of 0.4. EBITDA margin expansion of 570 bps over FY10-13E to improve RoE by 480 bps to 31% by FY13E. With a healthy balance sheet (negative net debt / equity of 0.1) in FY11, Rallis offers attractive investment opportunity. The company also has 'hidden assets' like excess land bank and a minority stake in Advinus, one of the finest pharma research organizations in India

State Bank of India

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1.7x FY2012E$	CMP : Rs2,768	RECO : ACCUMULATE	TP : Rs3,000

Investment Rationale

- **Healthy CASA keeps margin higher:** The bank's CASA mix which is among the highest in the industry at 45%, has helped the bank to maintain higher margins in the current rising rate scenario. Only back with positive dollar gap upto 6 months maturity so will benefit from rising interest rate scenario
- **Slippages likely to come down in H1CY11:** Though the slippages during M9FY11 was higher at 2.3% (annualised) as compare to 1.9% in FY10, we believe that from H1CY11 onwards the slippage number is likely to come down with NPAs in agriculture and restructured asset portfolio likely to taper off.
- **Return ratios to show improvement over FY11-12:** Earnings likely to grow by a healthy 30% over FY11-12 driven by higher margins and healthy asset growth. Consequently, the RoA and RoE of the bank likely to improve to 1.15% and 18.73% in FY12 from 0.91% and 14.8% respectively in FY10.

Valuations

- At the CMP, the stock is quoting at 2.2x FY11E ABV and 1.7x FY12E consolidated ABV with a likely average consolidated RoE of 22% over FY11-12E

$ consolidated

Sterlite Industries

8.5x FY2012E	CMP : Rs 173	RECO : Accumulate	TP : Rs 205

Investment Rationale

- Most of the negative news flows are priced in; possibility of getting alternative sourcing of bauxite for Balco and VAL
- Robust performance by Hindustan Zinc, major contributor to the bottomline with ramp up in productions and incremental jump in silver production
- Stabilization of 2x600 MW IPP and starting of commercial production along with commissioning of another 2x600 MW IPP by Q4FY12
- Sharp rise in base metals prices on LME

Valuations

- At the CMP of Rs 173, the stock is trading at 8.5xFY12E EPS and 5.5x FY12E EV/ EBITDA
- We value the stock on SOTP basis to arrive at a target price of Rs 205/ share in which contribution of Hindustan Zinc remains at Rs 110/ share

Sterlite Technologies

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8.6x FY2012E	CMP : Rs58	RECO : BUY	TP : Rs68

Investment Rationale

- Vedanta group promoted Sterlite Technologies is the largest manufacturer of power conductors in India (capacity of 160,000 MT) and only Indian manufacturer for optic fiber (capacity 12mn fkms).
- While demand environment for both power and telecom sector' remains strong, growth would be led by brown field expansion in power conductors (to 200,000 MT), optic fiber (20mn fkms) and optic cables (6mn to 10mn fkms)
- As on Dec 10, total order book stood at Rs 17bn, recently it has won orders worth Rs4bn from PGCIL. Provides adequate earning visibility in near term
- STL has won 3 UMPTP projects worth RS40bn on Build, Own, Operate and Maintain (BOOM) basis. The projects would get operational by end of FY14E, giving an additional revenue stream to the company
- We estimate Revenue, EBIDTA and PAT CAGR of 11.9%, 11.2% and 11.8% respectively over FY10-13E

Valuations

- At CMP of Rs58,stock is available at an attractive valuation of 13.3x EPS of Rs 4.4 for FY11E and 8.6x EPS of Rs 6.8 for FY12E. The stock has seen a steep price correction in recent past due to disappointing performance in Q3FY11, owing to delays in order inflow from PGCIL coupled with realization drop in optic fibre business. However, we believe the worst is behind us and considering the opportunity from the transmission segment would also increase the revenue stream for the company going forward.

Tata Motors

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7.5x FY2012E	CMP : Rs1,248	RECO : BUY	TP : Rs 1,520

Investment Rationale

- JLR continues to surprise on volumes and profitability. Increasingly Tata Motors' performance is leveraged to JLR. JLR's profitability is very sensitive to volumes. 1% swing in volumes impacts EBIDTA by 1.3%.
- JLR 3QFY11 EBIDTA margins (before product development) margins of >17% seems to have peaked. However, there are adequate lever available to ensure that margins are in the vicinity of 16%.
- We have been expecting that M&HCV demand in India to enter into a cyclical slowdown phase. However, we are positively surprised by recent (October 2010 to February 2011) strong show by M&HCV goods.
- While we maintain our FY12 volume estimates ot 7% to 8% tonnage growth, the recent set of data indicates that there could be positive surprises in store.
- While raw material cost pressures continue to be a concern, high consolidated margins will have lower impact on EBIDTA as compared to other players within the auto space
- The biggest risks arises fropm the geo political tension in the middle east as this could have an adverse impact on oil price which in turn can impact the demand for JLR

Valuations

- We have valued the stock on SOTP basis. We have valued the standalone company, JLR and other subsidiaries at a target EV/EBIDTA of 8x, 5x and 10% disc to standalone, respectively. We have valued the company at Rs 1520(based on FY12 estimates)

Tata Steel

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7.4x FY2012E	CMP : Rs 621	RECO : Accumulate	TP : Rs 684

Investment Rationale

- Robust performance by the domestic operation with Q3FY11 EBITDA/ tonne reported at US$380; Brownfield expansion of 2.9 mtpa by Q4FY12
- Adoption of cost cutting measures in the European business along with selling of non- performing assets and focus on raw material integration
- Continuous thrust on balance sheet restructuring with an aim of de-leveraging to offset near- term profitability issues in European operations

Valuations

- At the CMP of Rs 621, the stock is discounting its FY12E earnings by 7.4x and FY12E EV/ EBITDA by 5.2x
- We value the Indian operation 6x FY12E EV/ EBITDA and European operation and other subsidiaries at 4xFY12E EV/ EBITDA to arrive at a target price of Rs 684/ share

TCS

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23.1x FY12E	CMP : Rs. 1,183	RECO : ACCUMULATE	TP : Rs 1,275

Investment Rationale

- Fastest growing Offshore IT services player amongst Tier I Universe
  - Expected to end FY11 with 29% YoY Growth for US$ Revenue, second consecutive year to post the highest growth in the industry.
  - Demand for offshore services to continue growing and India's market share being <5% globally, huge opportunity persists.
  - Posed at the right position, at the right time with the right scale! Has showed tremendous resilience in slowdown.
  - Growing at ~6% CQGR since last 7 Quarters.
- Investments made in slowdown is paying well!!
  - Margin expansion by ~400 bps in last seven quarters. Large scale to further help manage wage and currency pressures.
  - The only player hiring aggressively in slowdown. Better placed to capture the flush of demand.
- Premium Valuations to continue
  - Considering huge potential, and growth rate, premium valuations to sustain.

Valuations

- At CMP of Rs 1,183, the stock is trading at a P/E of 23.1x/19.2x on FY12E/FY13E earnings of Rs 51/Rs 61.5 respectively

Underperformers

Asian Paints

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24.4X FY12E	CMP : Rs2,527	RECO : HOLD	TP : Rs2,510

Investment Rationale

- Though, Q3FY11 APAT at Rs2.2 bn meets expectation – Ebidta margins decline at 320 bps yoy was higher then expectation. It clearly signals Ebidta margin pressure on account of rising input costs (Titanium Dioxide & Crude Oil Derivatives) and inadequate pricing actions. Since, EMKAY estimates factors contraction in gross margins, earnings remains unchanged at Rs91.5/Share and Rs106.1/Share respectively
- Annual volume growth expectation at 2X GDP or 15-17% for FY11E and FY12E – despite erratic movement on quarterly basis. Expect robust volume growth in domestic business (better then long-term correlation of 1.8X GDP) and muted growth in international business (especially Caribbean & East Asia region)
- YTD price increase is 11.4%, whereas the corresponding input cost increase on weighted average basis is 15%. Input cost pressure is most likely to persist -high probability of impacting gross margins in ensuing quarters
- Since, last 8 quarters Asian Paints has recorded positive surprise – reported high volume growth and Ebidta margins- strongest in its history. Thus, Asian Paints is already facing high base – virtually not seen any earnings upgrades since last 2 quarters for the same reason

Valuations

- Asian Paints trades at rich valuations of 24X FY12E earnings. The upside is capped unless rolled to FY13E earnings. Considering, risk to earnings estimates from high input cost and unfavorable base, we maintain HOLD rating with target price of Rs2510/Share (Rating Unchanged)

Bharti Airtel

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16.5x FY2012E	CMP : Rs 358	RECO : HOLD	TP : Rs 345

Investment Rationale

- Bharti Airtel continues to maintain its leadership position with strong subscriber additions and healthy revenue market share of 32.0%
- Regulatory environment remains a concern: Re-pricing of spectrum charge, increase in spectrum fee, re-farming of spectrum has put the telecom stocks under pressure
- Rebound in traffic on network and stable KPI's to support the revenue growth going forward. As a incumbent with the hefty subscriber base, we expect Bharti is expected to benefit the most from 3G and MNP
- Improving economics of African operations, in-terms of both the incremental subscriber addition and revenue and EBITDA margins. We have estimated the margins from African business to improve 22.4% in FY11E to 26.4% in FY12E.
- Balance sheet health to improve from next fiscal year. We estimate net debt/ EBITDA to reduce from 2.7x to 1.9x in FY12E. We expect Bharti to be FCF +ve in FY12E. Unlocking of value in the tower business (either in Indus or Bharti Infratel) could give an upside trigger to the stock
- Estimating strong revenue and EBIDTA CAGR of 19.8% and 25.8% respectively over FY10-12E

Valuations

- At CMP of Rs.358, stock trades at EV/EBIDTA of 9.6x and 7.3x and PE of 21.8x and 16.5x for FY11E and FY12E respectively. Bharti remains our top pick in the sector, we recommend HOLD with target price Rs345. We maintain our cautious view on the sector till the clouds of regulatory uncertainties fade away.

Dishman Pharma

11.2x FY2012E	CMP : Rs102	RECO : HOLD	TP : Rs118

Investment Rationale

- We believe Dishman's under performance to continue for some more time until clarity emerges in CRAMS business.
- Recovery in the business is expected from FY12E onwards on the back of a) commencement of operations in China facility, b) execution of order worth US$25-30mn in FY12 for a European customer, c) commencement of HIPO facility, and d) new contract signed with an MNC pharma player (has already signed master supply agreements in CRAMS business).
- In lieu of major restructuring at Carbogen Amcis (CA), we expect revenues from CA to be flat in FY11E and expect recovery post FY12E.
- Revenue growth is expected to be flat in FY11E and 15% growth in standalone business in FY12E.

Key upside risk to our call

- Positive outcome on the drug Brilinta would trigger supplies of intermediates to Astrazeneca (peak potential of US$50mn for Dishman)
- Earlier than expected ramp up in supplies to US clients may lead to incremental revenue contribution in early FY12E from HIPO facility in Bavla.

Valuations

- We expect sales growth to remain subdued at 5% CAGR over FY10-12E.
- At CMP, the stock is trading at 11.2x FY12E EPS 9.1x FY12E EV/EBITDA.

Hero Honda Motors

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14.5x FY2011E	CMP : Rs1,587	RECO : REDUCE	TP : Rs1,540

Investment Rationale

- We believe current valuations do not leave room for negative surprises. Negative surprises can come from lower margins and market share loss
- Pressure on margins can come due to higher spend on re-branding, technological arrangement, entry in export markets. Also there is pressure on margins due to commodity cost pressures. Give low EBIDTA margins (~12.5%), the delta impact is higher vis a vis Bajaj Auto
- We believe that there is clear risk of loss of market share once Honda enters the India motorcycle market over next 18 months. We are of the view that it will be easy for Honda to take market share from Hero Honda rather than Bajaj Auto

Valuations

- We have valued the stock at a target PER of 14x, which is 10% lower than that of Bajaj Auto. We believe that the difference is justified given the strong R&D, export market and margin profile of Bajaj Auto

Idea Cellular

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28.7x FY12E	CMP : Rs 68	RECO : SELL	TP : Rs 60

Investment Rationale

- Strong rebound in revenue growth supported by significant improvement in KPI's has led to improvement in revenues in last quarter. With the reduction in price war intensity in the domestic market, we believe the Idea among one of the incumbents would benefit going forward.
- As per the TRAI data Idea has been the net gainer from MNP till now. Also, it has won 3G licenses in circle which generate ~83% of its total revenue, this could provide leverage to brand Idea for 3G expansion
- The stock is under pressure due to regulatory uncertainties. In addition, one of the government body has also recommended to impose fine of Rs30bn pertaining to Spice merger, due to which DoT has rejected the allocation of 3G airwaves in Punjab circle
- With the relaxation in M&A norms by regulator in NTP2011 could be positive for Idea as it an attractive target for acquisition
- Net debt / EBITDA to reduce from 3.5 in FY11E to 3.0x in FY12E, but it would remain at the higher levels. Estimating strong revenue and EBIDTA CAGR of 34.6% and 25.8% respectively over FY10-12E

Valuations

- At CMP of Rs68, the stock trades at 9.6x and 8.1x EV/EBIDTA and 26.9x and 28.7x EPS for FY11E and FY12E, respectively. We maintain SELL rating on the stock with target price of Rs60. Relaxation in both M&A guidelines and stringent recommendations made by TRAI in Feb, 2011, would be positive for the stock.

India Cents

17.8x FY12E	CMP : Rs96	RECO : HOLD	TP : Rs98

Investment Rationale

- Though prices in ICL's southern markets have been hiked in the recent months, the demand growth has been disappointing, led by slower execution and delay in project allocations. This along with over capacity in southern region poses higher concern for volume growth
- Though the recent hikes in cement prices cushion the increasing costs to some extent , the lower capacity utilization levels due to weak demand pick up still remains a major concern
- ICL has among the highest exposure to coal imports (65% procured from international markets). With coal prices almost doubling to USD123 levels in March2011 as compared to the lows of USD68 in April 2010, we believe these high P&F costs would continue to impact margins

Valuations

- ICL's RoCE (6.5% for FY12) and RoE (4.6% for FY12) are nowhere close to the cost of capital, clearly suggesting destruction of shareholder value. At Current Levels,ICL trades at PER of 17.8X, EV/ton of USD61 and EV/EBITDA of 7.5X for its FY12E nos. These valuations leave limited upside.

JSW Energy

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9x FY12E	CMP : Rs72	RECO : REDUCE	TP : Rs78

Investment Rationale

- One of the most experienced IPPs with execution of its under construction phase at advance stage; to add 2,010MW in FY10-FY12E
- But both side open- off take for 68% of the planned capacity not tied up and 51%-74% (excluding Barmer Lignite) of the fuel requirements (FY11E-FY17E) not tied up; Very risky strategy & consequently, very high sensitivity to fuel prices & merchant rates
- Keeping the off take open without any domestic coal linkages (except Lignite for its Barmer project) and high cost imported coal to place the company at a disadvantage as compared to its peers in terms of cost of production

Valuations

- Current valuations imply (1) long term merchant rate of Rs3.5/unit (30% premium to our long term sustainable merchant rate assumption of Rs2.7/unit) (2) EVM of Rs34mn/MW (7% premium to coverage universe). At CMP of Rs72/share, JSW Energy is trading at 1.7xFY12E Book with an FY11E-15E average ROE of 15%. We have ‘Reduce’ rating on the company with a DCF based price target of Rs78/share. Key risk to our call- (1)Significant fuel & off-take tie ups at competitive rates and (2) higher merchant rates

Valuations - Outperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Agri Input & Chemicals												
	Coromandel International												
CMP(Rs)	286	FY08	37948	4877	12.9	3250	8.6	11.6	24.6	10.1	17.6	30.8	49.7
Mkt Cap (Rs bn)	80.6	FY09	94007	7696	8.2	4780	5.1	17.1	16.7	7.1	12.0	36.4	49.8
Reco	Buy	FY10	62388	5787	9.3	3953	6.3	14.1	20.3	5.3	15.5	20.0	30.1
Target Price (Rs)	435	FY11e	72974	9820	13.5	6241	8.6	22.2	12.9	4.3	8.9	29.0	36.9
% Upside	52%	FY12e	80197	12259	15.3	8118	10.1	28.9	9.9	3.3	6.8	37.3	38.0
	Rallis India												
CMP(Rs)	1321	FY08	6711	601	9.0	356	5.3	18.3	72.1	8.4	42.4	23.9	13.8
Mkt Cap (Rs bn)	25.7	FY09	8328	1070	12.9	601	7.2	30.9	42.7	7.5	23.4	28.3	18.5
Reco	Buy	FY10	8787	1449	16.5	975	11.1	50.1	26.4	6.1	16.7	36.6	25.4
Target Price (Rs)	1800	FY11e	10980	2229	20.3	1507	13.7	77.5	17.0	4.8	11.3	41.4	31.6
% Upside	36%	FY12e	12745	2784	21.8	1873	14.7	96.3	13.7	3.8	8.6	40.4	31.2
	Automobiles												
	Bajaj Auto												
CMP(Rs)	1460	FY08	89527	12001	13.4	8583	9.6	29.7	49.2	26.6	34.7	24.4	24.1
Mkt Cap (Rs bn)	422.4	FY09	87556	11373	13.0	8616	9.8	29.8	49.0	25.0	36.8	38.2	52.6
Reco	Buy	FY10	118637	25353	21.4	18651	15.7	64.5	22.6	14.4	15.6	68.5	80.8
Target Price (Rs)	1650	FY11e	165323	33784	20.4	26170	15.8	90.4	16.1	10.1	11.4	75.0	73.7
% Upside	13%	FY12e	197243	38569	19.6	30914	15.7	106.8	13.7	7.5	9.6	69.4	63.0
	Tata Motors												
CMP(Rs)	1248	FY08	356601	41842	11.7	23335	6.5	60.5	20.6	5.5	12.8	19.4	28.5
Mkt Cap (Rs bn)	670.2	FY09	708810	18488	2.6	-36179	-5.1	-70.4	-17.7	12.3	50.9	0.4	-52.0
Reco	Buy	FY10	925193	81160	8.8	45321	4.9	79.4	15.7	8.5	11.8	14.0	66.6
Target Price (Rs)	1520	FY11e	1227070	166586	13.6	95219	7.8	144.3	8.6	3.6	5.9	26.3	60.8
% Upside	22%	FY12e	1380672	188548	13.7	109753	7.9	166.3	7.5	2.6	5.3	26.2	40.4

Valuations - Outperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Engineering, Capital Goods and Infrastructure												
	Greaves Cotton												
CMP(Rs)	95	FY08	11500	1621	14.1	1102	9.6	4.5	21.1	6.3	14.5	38.5	33.1
Mkt Cap (Rs bn)	23.3	FY09	10408	1156	11.1	560	5.4	2.3	41.6	5.8	20.4	22.3	14.4
Reco	Buy	FY10	13472	2104	15.6	1180	8.8	4.8	19.7	5.3	11.0	39.6	28.0
Target Price (Rs)	111	FY11e	16133	2636	16.3	1572	9.7	6.4	14.8	4.3	8.8	46.4	32.0
% Upside	16%	FY12e	19155	3212	16.8	1925	10.0	7.9	12.1	3.4	6.9	45.6	31.3
	IRB Infrastructure												
CMP(Rs)	212	FY08	7327	4119	56.2	1139	15.5	3.4	61.7	4.3	20.7	10.9	10.8
Mkt Cap (Rs bn)	70.3	FY09	9919	4388	44.2	1758	17.7	5.3	39.9	4.1	20.8	8.9	10.0
Reco	Buy	FY10	17049	7990	46.9	3855	22.6	11.6	18.2	3.5	11.8	14.3	19.0
Target Price (Rs)	280	FY11e	26220	10993	41.9	4714	18.0	14.2	14.9	2.7	9.8	14.9	18.0
% Upside	32%	FY12e	37426	13828	36.9	5176	13.8	15.6	13.6	2.1	9.0	13.0	15.0
	Larsen & Toubro												
CMP(Rs)	1653	FY08	294103	40153	13.7	22092	7.5	37.8	43.8	8.9	25.6	18.5	24.9
Mkt Cap (Rs bn)	1006.6	FY09	403753	55986	13.9	29988	7.4	51.2	32.3	6.9	19.4	17.0	24.2
Reco	Buy	FY10	436989	70832	16.2	33816	7.7	56.2	29.4	4.7	15.6	15.6	19.4
Target Price (Rs)	2015	FY11e	531244	88989	16.8	42653	8.0	70.3	23.5	4.1	12.8	14.7	18.7
% Upside	22%	FY12e	655163	115966	17.7	53417	8.2	88.1	18.8	3.4	10.0	15.3	19.8

Valuations - Outperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	IT Services												
	TCS												
CMP(Rs)	1183	FY08	227680	58543	25.7	53891	23.7	27.5	42.9	18.7	39.5	45.4	50.5
Mkt Cap (Rs bn)	2314.4	FY09	278129	71781	25.8	51732	18.6	26.4	44.7	14.9	31.9	43.9	37.0
Reco	Accumulate	FY10	300289	86799	28.9	68197	22.7	34.8	33.9	11.1	26.1	41.4	37.4
Target Price (Rs)	1275	FY11e	373248	111504	29.9	84362	22.6	43.1	27.4	9.3	20.2	43.8	36.8
% Upside	8%	FY12e	460077	133740	29.1	100322	21.8	51.3	23.1	7.8	16.7	44.5	36.7
	Metals & Mining												
	Sterlite Industries												
CMP(Rs)	173	FY08	247054	78682	31.8	44522	18.0	31.4	5.5	1.1	1.6	33.1	27.6
Mkt Cap (Rs bn)	582.7	FY09	211442	47041	22.2	34847	16.5	24.6	7.1	1.0	2.6	16.4	14.5
Reco	Accumulate	FY10	244103	60718	24.9	40407	16.6	24.0	7.2	0.8	5.7	15.0	12.9
Target Price (Rs)	205	FY11e	278691	70111	25.2	45402	16.3	13.5	12.8	1.4	9.2	14.3	11.6
% Upside	18%	FY12e	378352	104890	27.7	68351	18.1	20.3	8.5	1.2	5.5	17.5	15.5
	Tata Steel												
CMP(Rs)	621	FY08	1315359	179931	13.7	123500	9.4	148.7	4.2	3.1	5.6	21.9	51.0
Mkt Cap (Rs bn)	595.2	FY09	1473293	181277	12.3	49509	3.4	59.6	10.4	3.9	5.8	15.6	16.1
Reco	Accumulate	FY10	1023931	80427	7.9	-20092	-2.0	-20.6	-30.1	7.3	13.3	5.6	-8.0
Target Price (Rs)	684	FY11e	1161799	154232	13.3	64887	5.6	72.4	8.6	3.1	6.3	13.9	23.4
% Upside	10%	FY12e	1283209	180479	14.1	74656	5.8	83.3	7.4	2.3	5.2	14.2	20.8

Valuations - Outperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Oil & Gas												
	BPCL												
CMP(Rs)	611	FY08	1112431	48937	4.4	17695	1.6	48.9	12.5	1.7	7.5	12.7	14.6
Mkt Cap (Rs bn)	221.0	FY09	1365571	47737	3.5	6337	0.5	17.5	34.9	1.7	9.4	9.8	4.8
Reco	Accumulate	FY10	1239007	53413	4.3	16593	1.3	45.9	13.3	1.5	7.9	10.0	11.8
Target Price (Rs)	671	FY11e	1440249	54341	3.8	18854	1.3	52.1	11.7	1.3	6.9	10.7	11.9
% Upside	10%	FY12e	1484655	55575	3.7	19642	1.3	54.3	11.3	1.2	5.9	11.4	11.1
	Pharmaceuticals												
	Aurobindo Pharma												
CMP(Rs)	196	FY08	24359	3411	14.0	2371	9.7	8.8	22.2	4.7	20.2	8.6	23.5
Mkt Cap (Rs bn)	57.0	FY09	29349	3750	12.8	3503	11.9	13.0	15.0	4.2	19.9	12.0	29.6
Reco	Buy	FY10	33777	6255	18.5	4561	13.5	15.6	12.5	3.1	12.5	18.4	29.7
Target Price (Rs)	265	FY11e	39881	7092	17.8	5283	13.2	18.1	10.8	2.5	10.9	18.9	25.4
% Upside	35%	FY12e	46037	7842	17.0	5941	12.9	20.4	9.6	2.2	9.8	17.8	24.2
	Cadila Healthcare												
CMP(Rs)	791	FY08	23213	4564	19.7	2643	11.4	12.9	61.3	15.2	37.1	22.8	27.2
Mkt Cap (Rs bn)	162.0	FY09	29275	6058	20.7	3185	10.9	15.6	50.9	13.1	28.4	22.8	25.6
Reco	Accumulate	FY10	36580	7798	21.3	4799	13.1	23.4	33.8	9.9	21.8	25.0	37.0
Target Price (Rs)	847	FY11e	45150	9801	21.7	6408	14.2	31.3	25.3	7.3	17.1	29.8	37.2
% Upside	7%	FY12e	55383	12238	22.1	8191	14.8	40.0	19.8	5.6	13.4	33.4	34.0
	Power												
	NTPC												
CMP(Rs)	193	FY08	348149	92703	26.6	77473	22.3	9.4	20.5	3.0	18.5	9.2	14.8
Mkt Cap (Rs bn)	1591.4	FY09	412169	98239	23.8	82742	20.1	10.0	19.2	2.8	18.1	8.5	14.7
Reco	Accumulate	FY10	470426	131404	27.9	81879	17.4	9.9	19.4	2.5	13.9	10.7	14.8
Target Price (Rs)	204	FY11e	525579	134776	25.6	84022	16.0	10.2	18.9	2.4	14.7	9.8	13.4
% Upside	6%	FY12e	602985	163178	27.1	91861	15.2	11.1	17.3	2.2	13.7	9.8	13.1
	Real Estate												
	Phoenix Mills												
CMP(Rs)	182	FY08	821	501	61.0	428	52.1	2.9	61.7	2.1	49.6	3.1	3.4
Mkt Cap (Rs bn)	26.0	FY09	996	602	60.4	767	77.0	5.3	34.4	1.8	47.2	3.3	5.1
Reco	Buy	FY10	1230	775	63.0	612	49.8	4.3	42.6	1.7	37.9	3.4	4.0
Target Price (Rs)	231	FY11e	2120	1422	67.1	836	39.4	5.8	31.6	1.6	23.9	5.9	5.1
% Upside	27%	FY12e	4766	3697	56.6	1102	23.1	7.6	23.8	1.5	13.6	10.4	6.5

Valuations - Outperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Others												
	Jubilant FoodWorks												
CMP(Rs)	539	FY08	2112	268	12.7	88	4.2	1.5	355.2	195.2	118.7	27.3	72.5
Mkt Cap (Rs bn)	34.8	FY09	2806	352	12.5	79	2.8	1.4	395.8	137.5	91.4	21.5	40.8
Reco	Accumulate	FY10	4239	669	15.8	337	8.0	5.3	101.7	29.2	51.3	37.1	48.1
Target Price (Rs)	600	FY11e	6809	1226	18.0	733	10.8	11.5	46.8	19.5	27.6	62.6	49.9
% Upside	11%	FY12e	9704	1767	18.2	976	10.1	15.3	35.2	14.0	18.8	68.6	46.4
	Kajaria Ceramics												
CMP(Rs)	76	FY08	5027	819	16.3	150	3.0	2.0	37.0	3.6	10.8	11.1	10.1
Mkt Cap (Rs bn)	5.6	FY09	6649	949	14.3	89	1.3	1.2	62.5	3.4	9.2	13.1	5.6
Reco	Buy	FY10	7355	1148	15.6	359	4.9	4.9	15.5	2.9	7.1	17.0	20.4
Target Price (Rs)	100	FY11e	9262	1471	15.9	594	6.4	8.1	9.4	2.3	6.0	20.2	27.8
% Upside	32%	FY12e	10656	1758	16.5	740	6.9	10.1	7.5	1.9	4.7	21.7	27.6
	Piramal Glass												
CMP(Rs)	113	FY08	7786	1025	13.2	-222	-2.9	-12.4	-9.1	1.4	12.1	5.6	-14.3
Mkt Cap (Rs bn)	9.1	FY09	10088	1289	12.8	-1038	-10.3	-57.7	-2.0	7.7	12.0	4.3	-127.3
Reco	Buy	FY10	11039	2160	19.6	44	0.4	0.5	205.3	4.0	8.7	10.9	2.6
Target Price (Rs)	160	FY11e	12224	2804	22.9	793	6.5	9.9	11.4	2.9	6.2	14.7	32.5
% Upside	42%	FY12e	13322	3603	27.0	1506	11.3	18.7	6.0	1.9	4.4	20.3	40.8
	Sterlite Tech												
CMP(Rs)	58	FY08	16858	1929	11.4	943	5.6	2.4	24.3	4.2	14.8	14.2	19.7
Mkt Cap (Rs bn)	20.8	FY09	22892	2341	10.2	883	3.9	2.3	25.9	3.7	11.6	16.2	15.2
Reco	Buy	FY10	24316	3807	15.7	2458	10.1	6.3	9.3	2.5	6.4	28.3	32.0
Target Price (Rs)	68	FY11e	23264	3001	12.9	1727	7.4	4.4	13.3	1.8	7.8	17.7	15.9
% Upside	16%	FY12e	29541	4136	14.0	2676	9.1	6.8	8.6	1.5	5.4	21.3	19.6

Valuations - Outperformers

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	Company Name	Year End	Net Interest income (Rs mn)	Operating Profit (Rs mn)	NIM (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	Tier I CAR (x)	ROA (%)	ROE (%)
	Banking & Financial Services												
	Allahabad Bank												
CMP(Rs)	231	FY07	16723	14795	2.3	9748	58.3	21.8	10.6	2.6	7.6	1.3	20.0
Mkt Cap (Rs bn)	103.1	FY08	21587	19012	2.5	7686	35.6	17.2	13.4	2.3	7.2	0.9	13.8
Reco	Buy	FY09	26505	26510	2.5	12063	45.5	27.0	8.5	1.9	7.3	1.1	19.1
Target Price (Rs)	250	FY10e	40697	33380	3.0	16679	41.0	37.3	6.2	1.5	7.3	1.2	22.5
% Upside	8%	FY11e	45827	38127	2.8	20529	44.8	46.0	5.0	1.2	7.6	1.3	23.0
	State Bank of India												
CMP(Rs)	2768	FY07	170212	131076	2.8	67291	39.5	106.5	26.0	4.2	8.3	1.1	16.8
Mkt Cap (Rs bn)	1757.6	FY08	208731	179152	2.6	91212	43.7	143.7	19.3	3.6	7.7	1.1	17.1
Reco	Accumulate	FY09	232289	178784	2.4	87247	37.6	137.4	20.1	3.2	7.5	0.9	14.1
Target Price (Rs)	3000	FY10e	335659	268895	3.0	114974	34.3	181.1	15.3	2.8	7.4	1.0	16.3
% Upside	8%	FY11e	400470	332179	3.1	153169	38.2	241.3	11.5	2.3	7.1	1.1	18.7

	Company Name	Year End	Net Interest income	Operating Profit	NIM (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	ROA (%)	ROE (%)
	Financial Services - Others											
	Mah & Mah Financial Services											
CMP(Rs)	780	FY08	6020	5469	12.0	3775	62.7	21.1	37.0	5.0	2.7	16.9
Mkt Cap (Rs bn)	81.1	FY09	7401	7219	12.6	5220	70.5	22.5	34.6	5.1	3.0	15.4
Reco	Buy	FY10	8894	8991	13.4	6363	71.5	36.0	21.7	4.3	4.3	21.5
Target Price (Rs)	870	FY11e	13191	13343	13.1	10230	77.6	51.2	15.2	2.8	4.3	22.3
% Upside	12%	FY12e	16289	16219	12.8	9510	58.4	60.3	12.9	2.5	4.0	21.3

Valuations - Underperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Automobiles												
	Hero Honda												
CMP(Rs)	1587	FY08	103413	13491	13.0	9689	9.4	48.5	32.7	10.7	21.6	45.9	35.6
Mkt Cap (Rs bn)	316.8	FY09	123293	17097	13.9	12818	10.4	64.2	24.7	8.3	16.5	48.3	37.9
Reco	Reduce	FY10	157702	26620	16.9	22360	14.2	112.0	14.2	9.1	9.7	72.9	61.5
Target Price (Rs)	1540	FY11e	188452	23462	12.4	20211	10.7	101.2	15.7	6.5	10.9	57.3	48.7
% Upside	-3%	FY12e	211737	25547	12.1	21922	10.4	109.8	14.5	5.1	9.7	47.5	39.5
	Cement												
	India Cements												
CMP(Rs)	96	FY08	30471	10794	35.4	6756	22.2	24.0	4.0	1.0	3.7	24.5	34.1
Mkt Cap (Rs bn)	29.4	FY09	34265	9948	29.0	5116	14.9	18.1	5.3	0.9	4.5	17.1	18.5
Reco	Hold	FY10	37732	8285	22.0	3107	8.2	10.1	9.5	0.8	5.7	11.3	9.6
Target Price (Rs)	98	FY11e	35751	4686	13.1	767	2.1	2.5	38.3	0.8	10.8	4.0	2.2
% Upside	3%	FY12e	42925	6934	16.2	1649	3.8	5.4	17.8	0.8	7.5	6.5	4.6
	FMCG												
	Asian Paints												
CMP(Rs)	2527	FY08	44043	6598	15.0	4138	9.4	43.1	58.6	24.7	36.6	67.6	49.2
Mkt Cap (Rs bn)	242.3	FY09	54632	7001	12.8	3948	7.2	41.2	61.4	20.1	34.3	53.1	38.1
Reco	Hold	FY10	66809	12395	18.6	7641	11.4	79.7	31.7	14.2	19.5	76.0	55.8
Target Price (Rs)	2510	FY11e	77740	13946	17.9	8800	11.3	91.7	27.5	10.5	17.1	61.8	46.0
% Upside	-1%	FY12e	91892	16085	17.5	9939	10.8	103.6	24.4	8.1	14.9	53.4	39.1
	Pharmaceuticals												
	Dishman Pharma												
CMP(Rs)	102	FY08	8033	1531	19.1	1217	15.2	15.0	6.8	1.5	9.1	9.8	28.2
Mkt Cap (Rs bn)	8.2	FY09	10625	2616	24.6	1469	13.8	18.1	5.6	1.2	5.7	14.3	23.2
Reco	Hold	FY10	9154	2038	22.3	983	10.7	12.1	8.4	1.1	7.6	9.2	15.7
Target Price (Rs)	118	FY11e	8925	1500	16.8	625	7.0	7.7	13.3	1.0	11.1	4.6	7.7
% Upside	16%	FY12e	10162	1829	18.0	740	7.3	9.1	11.2	0.9	9.1	6.0	8.6

Valuations - Underperformers

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	Company Name	Year End	Sales (Rs mn)	EBITDA (Rs mn)	EBITDA Margin (%)	PAT (Rs mn)	PAT Margin (%)	EPS (Rs)	PE (x)	PB (x)	EV/EBitda (x)	ROCE (%)	ROE (%)
	Power												
	JSW Energy												
CMP(Rs)	72	FY08	12931	8764	67.8	6253	48.4	12.1	5.9	3.4	6.5	30.0	54.6
Mkt Cap (Rs bn)	117.6	FY09	18350	5319	29.0	2768	15.1	5.1	14.2	2.6	18.2	8.6	21.5
Reco	Reduce	FY10	23551	12136	51.5	7457	31.7	4.5	15.8	2.5	15.7	10.6	23.7
Target Price (Rs)	78	FY11e	42450	16342	38.5	7763	18.3	4.7	15.1	2.1	13.1	9.1	15.0
% Upside	9%	FY12e	72343	30652	42.4	13042	18.0	8.0	9.0	1.7	8.7	12.3	20.8
	Telecommunications												
	Bharti Airtel												
CMP(Rs)	358	FY08	270250	113398	42.0	67008	24.8	17.7	20.3	6.0	12.8	31.1	36.9
Mkt Cap (Rs bn)	1357.6	FY09	369615	151457	41.0	84699	22.9	22.3	16.0	4.4	9.7	32.3	31.6
Reco	Hold	FY10	396150	160087	40.4	91025	23.0	24.0	14.9	3.1	8.8	26.0	24.5
Target Price (Rs)	345	FY11e	595138	201081	33.8	62289	10.5	16.4	21.8	2.8	9.6	13.2	13.5
% Upside	-3%	FY12e	717624	253587	35.3	82278	11.5	21.7	16.5	2.4	7.3	13.3	15.7
	Idea Cellular												
CMP(Rs)	68	FY08	67200	22518	33.5	10420	15.5	3.2	21.4	6.3	12.6	16.8	36.4
Mkt Cap (Rs bn)	223.0	FY09	101313	28134	27.8	8811	8.7	2.7	25.3	1.7	10.0	8.8	10.5
Reco	Sell	FY10	123979	33579	27.1	9211	7.4	2.8	24.2	1.9	8.8	6.8	7.3
Target Price (Rs)	60	FY11e	154019	36633	23.8	8281	5.4	2.5	26.9	1.9	9.6	5.9	7.0
% Upside	-11%	FY12e	178035	43467	24.4	7767	4.4	2.4	28.7	1.8	8.1	6.1	6.4

Shareholding - Outperformers

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	Promotors Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10
Agri Input & Chemicals															
Coromandel International	64.1	64.2	64.3	8.9	9.8	10.1	9.8	8.6	8.3	2.3	2.2	1.8	14.9	15.2	15.5
Rallis India	50.7	50.7	50.2	21.1	20.1	21.8	3.2	3.6	2.4	4.1	4.4	4.8	20.9	21.3	20.9
Automobiles															
Bajaj Auto	49.7	49.7	49.7	6.2	5.1	6.1	18.3	18.9	19.1	8.7	8.9	8.6	17.1	17.4	16.6
Tata Motors	34.9	37.0	37.0	13.7	17.5	18.3	43.2	36.4	35.3	0.4	0.7	0.7	7.8	8.4	8.7
Banking & Financial Services															
Allahabad Bank	55.2	55.2	55.2	16.0	12.6	14.1	16.3	16.3	14.0	1.4	4.8	5.0	11.0	11.1	11.7
Mah & Mah Financial Services	60.8	60.9	61.0	6.9	7.1	6.6	27.1	26.4	28.0	1.2	0.7	0.6	4.0	4.9	3.8
State Bank Of India	59.4	59.4	59.4	15.6	15.5	17.2	16.4	17.2	14.9	2.8	2.4	2.7	5.8	5.4	5.8
Engineering, Capital Goods and Infrastructure															
Greaves Cotton	51.5	51.5	51.4	29.0	28.5	29.9	7.8	5.3	4.4	2.5	4.1	3.5	9.3	10.7	10.8
IRB Infrastructure	75.0	75.0	73.9	3.4	4.3	5.3	13.5	12.9	15.4	4.0	4.0	2.3	4.1	3.9	3.1
Larsen & Toubro	0.0	0.0	0.0	37.2	37.3	38.4	21.3	21.0	18.9	6.3	6.2	6.4	35.2	35.5	36.3
IT Services															
TCS	74.1	74.0	74.1	7.9	8.1	8.0	12.8	12.4	12.2	0.7	0.6	0.7	4.6	4.8	5.0
Metals & Mining															
Sterlite Industries	52.8	52.8	52.8	8.3	8.3	8.0	27.0	26.9	27.6	5.8	5.5	5.2	6.2	6.5	6.5
Tata Steel	30.6	32.5	32.5	25.6	26.2	26.2	18.4	17.4	17.0	3.9	3.2	3.4	21.6	20.8	20.9
Oil & Gas															
BPCL	54.9	54.9	54.9	19.2	18.6	19.5	7.7	8.3	7.4	4.3	4.6	4.6	13.9	13.7	13.6

Shareholding - Outperformers

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	Promotors Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10
Pharmaceuticals															
Aurobindo Pharma	54.4	54.4	56.2	9.4	9.3	11.7	26.8	26.8	23.0	3.1	3.4	2.1	6.3	6.1	7.0
Cadila Healthcare	74.8	74.8	74.8	13.8	13.7	13.1	5.1	5.1	5.8	1.4	1.3	1.1	5.1	5.2	5.2
Power															
NTPC	84.5	84.5	84.5	8.4	8.8	9.1	3.4	2.9	2.6	1.5	1.6	1.5	2.2	2.2	2.3
Real Estate															
Phoenix Mills	65.9	65.9	65.9	5.0	5.6	5.9	22.5	21.8	21.1	1.1	1.1	0.9	5.6	5.7	6.1
Others															
Kajaria Ceramics	51.3	51.3	51.3	7.3	4.1	5.8	5.7	3.3	2.5	10.7	14.1	18.2	25.1	27.2	22.2
Jubilant FoodWorks	61.3	61.4	61.8	9.6	7.4	10.7	21.1	20.9	17.5	3.0	4.6	4.2	5.0	5.8	5.9
Piramal Glass	72.7	72.7	76.8	2.0	2.2	0.1	3.5	3.7	0.1	9.9	9.3	11.3	12.0	12.1	11.8
Sterlite Tech	50.1	50.2	50.2	12.9	15.0	14.0	4.5	4.8	6.5	6.7	6.7	6.8	25.7	23.3	22.4

Shareholding - Underperformers

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	Promotors Holding (%)			DII (%)			FII (%)			Private Corp (%)			Public (%)		
	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10	Dec-10	Sep-10	Jun-10
Automobiles															
Hero honda	52.2	52.2	52.2	4.6	5.8	6.0	33.6	31.9	31.3	1.7	1.8	1.4	7.9	8.3	9.1
Cement															
India Cements	25.2	25.2	25.2	15.4	15.1	19.1	34.0	34.6	32.0	16.6	16.0	15.4	8.9	9.2	8.4
FMCG															
Asian Paints	52.3	52.0	50.6	11.4	11.0	12.3	16.4	16.7	17.2	6.3	6.6	5.8	13.7	13.8	14.0
Pharmaceuticals															
Dishman Pharma	60.9	60.9	60.9	9.3	11.1	12.5	9.2	9.7	9.1	14.0	13.3	13.0	6.5	5.1	4.6
Power															
JSW Energy	76.7	76.7	76.7	6.1	6.4	7.0	10.9	11.6	11.7	1.9	1.8	1.6	4.5	3.5	3.0
Telecommunications															
Bharti Airtel	68.2	67.9	67.9	8.7	9.0	8.8	17.6	17.9	17.1	3.6	3.3	3.7	1.9	2.0	2.5
Idea Cellular	47.0	47.0	47.0	7.0	7.8	7.7	42.9	40.5	40.1	0.5	2.0	1.9	2.7	2.8	3.3

Price Performance - Outperformers

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	Absolute (%)							Rel to Nifty (%)						
	1d	1w	1m	3m	6m	1yr	YTD	1d	1w	1m	3m	6m	1yr	YTD
Agri Input & Chemicals														
Coromandel International	2.1	1.3	10.5	-7.8	-6.6	81.6	-9.7	1.3	-4.1	4.6	-4.2	-3.4	63.4	-5.0
Rallis India	1.2	1.7	4.6	-7.8	-5.9	57.8	-8.3	0.4	-3.7	-1.0	-4.3	-2.7	42.0	-3.5
Automobiles														
Bajaj Auto	2.9	7.9	9.4	-1.4	-0.8	45.2	-5.3	2.1	2.1	3.5	2.4	2.5	30.6	-0.4
Tata Motors	0.0	8.0	9.4	-2.0	13.7	65.1	-4.5	-0.8	2.2	3.6	1.9	17.5	48.5	0.4
Banking & Financial Services														
Allahabad Bank	-0.8	7.8	10.4	4.9	-0.2	61.9	2.1	-1.6	2.1	4.5	8.9	3.2	45.7	7.4
Mah & Mah Financial Services	-1.0	0.6	9.4	5.7	21.4	109.1	5.3	-1.7	-4.7	3.6	9.8	25.5	88.2	10.8
State Bank Of India	-3.2	4.4	2.3	0.5	-14.4	33.1	-1.5	-4.0	-1.2	-3.2	4.5	-11.5	19.8	3.5
Engineering, Capital Goods and Infrastructure														
Greaves Cotton	3.3	10.8	11.4	-5.2	10.6	62.5	-4.7	2.4	4.9	5.4	-1.5	14.3	46.2	0.3
IRB Infrastructure	-0.4	12.3	9.0	-3.8	-18.7	-17.5	-6.2	-1.2	6.3	3.2	-0.1	-16.0	-25.7	-1.3
Larsen & Toubro	-0.2	6.7	2.6	-15.5	-19.1	1.7	-16.5	-1.0	1.0	-2.9	-12.2	-16.4	-8.5	-12.2
IT Services														
TCS	2.7	8.1	5.1	2.4	28.2	51.4	1.5	1.9	2.4	-0.5	6.4	32.5	36.3	6.7
Metals & Mining														
Sterlite Industries	0.9	3.1	1.5	-6.3	4.0	-18.2	-7.1	0.1	-2.4	-3.9	-2.7	7.5	-26.4	-2.3
Tata Steel	0.7	1.6	-2.2	-7.1	-4.8	-1.9	-8.6	-0.1	-3.8	-7.4	-3.5	-1.6	-11.7	-3.9

Price Performance - Outperformers

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	Absolute (%)							Rel to Nifty (%)						
	1d	1w	1m	3m	6m	1yr	YTD	1d	1w	1m	3m	6m	1yr	YTD
Oil & Gas														
BPCL	0.1	5.6	4.7	-8.6	-18.5	18.3	-7.1	-0.7	0.0	-0.9	-5.0	-15.8	6.5	-2.3
Pharmaceuticals														
Aurobindo Pharma	1.1	-1.9	7.2	-24.6	-5.9	2.2	-25.6	0.3	-7.1	1.4	-21.7	-2.7	-8.1	-21.8
Cadila Healthcare	1.0	3.3	6.0	4.0	20.6	43.9	1.7	0.2	-2.2	0.3	8.0	24.7	29.5	6.9
Power														
NTPC	2.1	9.9	6.7	-2.5	-11.0	-6.8	-3.8	1.3	4.1	1.0	1.3	-8.0	-16.1	1.2
Real Estate														
Phoenix Mills	-1.1	1.1	0.6	-17.6	-19.8	-2.2	-18.2	-1.9	-4.3	-4.8	-14.4	-17.1	-12.0	-14.0
Others														
Jubilant FoodWorks	-0.4	-0.7	-2.1	-13.3	14.1	72.0	-13.6	-1.2	-6.0	-7.4	-9.9	18.0	54.7	-9.2
Kajaria Ceramics	-2.2	5.4	9.4	5.4	1.3	22.8	2.0	-3.0	-0.2	3.6	9.5	4.7	10.5	7.2
Piramal Glass	6.6	17.4	18.7	3.8	-13.1	23.4	0.2	5.7	11.1	12.4	7.8	-10.2	11.0	5.3
Sterlite Tech	-1.6	23.6	17.3	-18.5	-41.0	-34.0	-23.4	-2.4	17.0	11.0	-15.3	-39.0	-40.6	-19.4

Price Performance - Underperformers

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	Absolute (%)							Rel to Nifty (%)						
	1d	1w	1m	3m	6m	1yr	YTD	1d	1w	1m	3m	6m	1yr	YTD
Automobiles														
Hero honda	2.2	7.5	6.3	-18.9	-14.3	-18.3	-20.1	1.4	1.8	0.6	-15.7	-11.4	-26.5	-16.0
Cement														
India Cements	-1.5	2.4	8.4	-10.1	-17.7	-27.5	-11.2	-2.3	-3.1	2.6	-6.6	-15.0	-34.7	-6.6
FMCG														
Asian Paints	-0.3	0.7	0.2	-10.3	-5.4	23.7	-12.1	-1.1	-4.7	-5.2	-6.8	-2.2	11.3	-7.6
Pharmaceuticals														
Dishman Pharma	1.4	5.1	5.1	-33.9	-45.7	-52.0	-34.9	0.6	-0.6	-0.5	-31.3	-43.9	-56.8	-31.6
Power														
JSW Energy	-1.0	-1.5	-5.2	-23.6	-39.5	-35.9	-28.0	-1.7	-6.8	-10.2	-20.6	-37.5	-42.3	-24.3
Telecommunications														
Bharti Airtel	-0.5	7.4	5.8	1.0	-2.3	14.6	-0.3	-1.3	1.7	0.2	4.9	1.0	3.1	4.9
Idea Cellular	2.4	9.3	13.4	-3.2	-8.3	3.1	-2.7	1.6	3.5	7.4	0.5	-5.2	-7.2	2.3

Thank You

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