

Jan – Mar'11 Earnings Preview

Steady earnings growth trend continues





Contents

	Page No.
Summary	3
Automobiles	8
Auto Ancillary	16
Agri Products & Chemicals	22
Banks	28
Capital Goods	44
Cement	56
Construction & Engineering.....	62
Consumer Staples.....	71
Financial Services.....	80
Information Technology	88
Media & Entertainment.....	100
Metals & Mining.....	107
Offshore, Ports & Shipbuilding	117
Oil & Gas.....	127
Power	139
Real Estate	145
Retail.....	155
Others.....	159

(All prices as on April 5, 2010)

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Steady earnings growth trend continues

Overall growth continues to remain steady: Companies under our coverage are expected to report steady growth once again in Q4FY11. We expect revenues in Q4FY11 to grow by 23.2% YoY (23.3% ex. Oil & Gas) and PAT to grow by 18.6% YoY (12.2% ex. Oil & Gas). EBITDA Margins are expected to remain largely flat (ex. Oil & Gas); they will decline marginally by about 18bps YoY. Clearly this shows that overall as a group corporate India is not significantly impacted by higher prices of industrial commodities (except Crude Oil) and the overall pricing power remains fairly good. The lower PAT growth compared to Revenue growth is largely due to higher interest costs. Nifty companies (ex. Oil & Gas) are expected to report Revenue and PAT growth of 23.3% YoY and 10.9% YoY.

Capital Goods, Banks and Autos will deliver strong performance: We expect to see strong performance from Capital Goods companies (mainly due to the solid show by BHEL) and continuing strong growth from Banks (stable margins, strong credit growth). Autos will also deliver solid performance on the back of good volume growth and better international performance by Tata Motors.

Real Estate, Auto ancillaries, Media and Offshore services to show weak performance: The weak earnings performers are mostly the usual pack of Real Estate (poor volumes and rising costs), Auto ancillaries (rising input costs), Media (world cup impact and rising costs for Zee) and Offshore services (low rates, weak execution). One sector which has been reporting weak numbers till now, but is expected to put up a better show is Construction (mainly due to expectations of better execution).

Overall investment mood has turned somewhat better, but concerns still remain: Clearly over the past couple of weeks, the investment sentiment in India has improved as reflected in much better FII inflows. But much of the higher flows has been on the back of India's significant underperformance to regional and global peers and a feeling of much of the bad news being in the price. Core concerns of poor governance (and hence no reforms), high oil prices (and consequent impact on inflation) and high interest rates are all still real and valid. The redeeming factor for the Indian markets remains the fairly steady and strong earnings performance by Corporate India. We are moderately bullish on the markets from a 9-12 month perspective.



Top Picks

- BHEL
- Bajaj Auto
- Bank of Baroda
- Infosys Technologies
- Tata Motors
- Cummins India
- ITC
- HDFC Bank

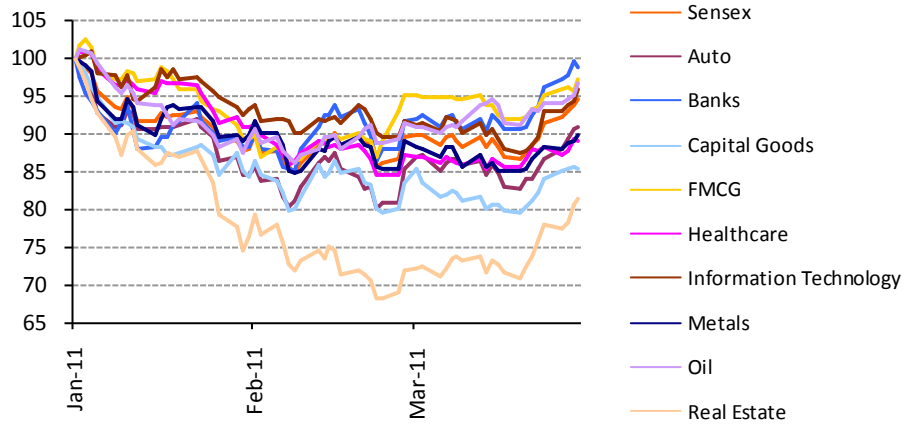
Other Mid-cap Picks

- Ashok Leyland
- Rallis India
- Shoppers Stop
- Jagran Prakashan
- Indraprastha Gas
- IndusInd Bank
- Petronet LNG

Model Portfolio

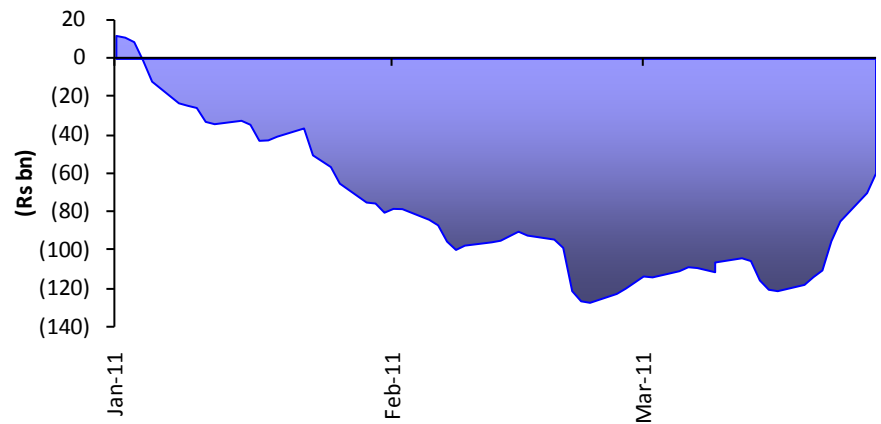
Name	CMP (Rs.)	BSE-200 Wgt (%)	PL Recc. (%)	OW/UW (%)
<u>Banking & Fin. Services</u>				
HDFC Bank	2,396	18.4%	5.0%	2.1%
Bank of Baroda	962		3.0%	
Union Bank of India	354		5.0%	
IndusInd Bank	272		4.0%	
Mahindra & Mahindra Finance	810		3.5%	
<u>Petroleum Related</u>				
Reliance Industries	1,048	16.3%	6.0%	-1.3%
Indraprastha Gas	306		3.0%	
ONGC	297		3.0%	
Petronet LNG	127		3.0%	
<u>Industrials, Engg. & Power</u>				
BHEL	2,211	16.0%	6.0%	1.5%
Thermax	668		5.0%	
KEC International	85		2.5%	
Cummins India	700		4.0%	
<u>Computer Software</u>				
Infosys Technologies	3,283	10.0%	6.0%	2.5%
HCL Technologies	487		4.0%	
Polaris Software	194		2.5%	
<u>Metals & Mining</u>				
Tata Steel	635	10.0%	5.0%	-2.0%
JSW Steel	992		3.0%	
<u>Consumers</u>				
ITC	184	6.5%	3.5%	0.0%
Titan Industries	3,955		3.0%	
<u>Vehicles & Transportation</u>				
Bajaj Auto	1,438	5.4%	2.5%	1.1%
Ashok Leyland	58		2.0%	
Tata Motors	1,280		2.0%	
<u>Pharma & Healthcare</u>				
Lupin	412	4.2%	2.5%	0.3%
Cipla	321		2.0%	
<u>Telecommunications</u>				
Bharti Airtel	360	3.5%	2.0%	-1.5%
<u>Others</u>				
Rallis India	1,420	9.7%	2.0%	-2.7%
Jagran Prakashan	124		3.0%	
Sun TV	443		2.0%	

Sectoral indices in Q4FY11



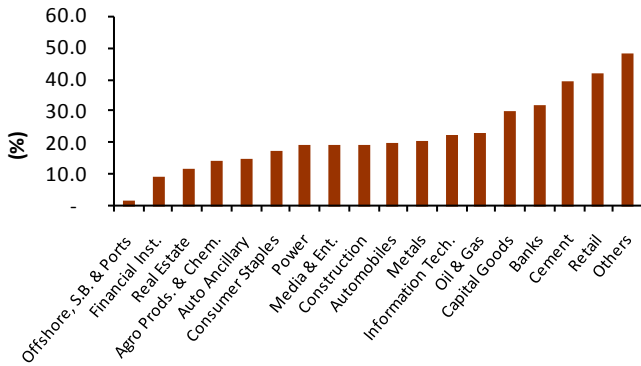
Source: Bloomberg, PL Research

Cumulative FII inflows in Q4FY11



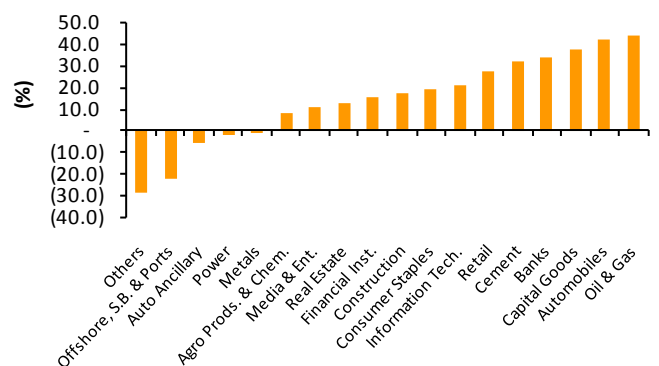
Source: SEBI, PL Research

Q4FY11 revenue growth estimate (YoY)

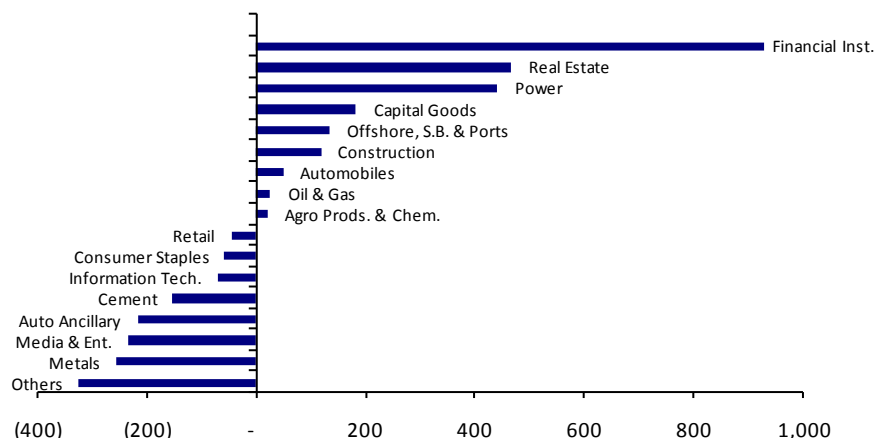


Source: PL Research

Q4FY11 profit growth estimate (YoY)



Source: PL Research

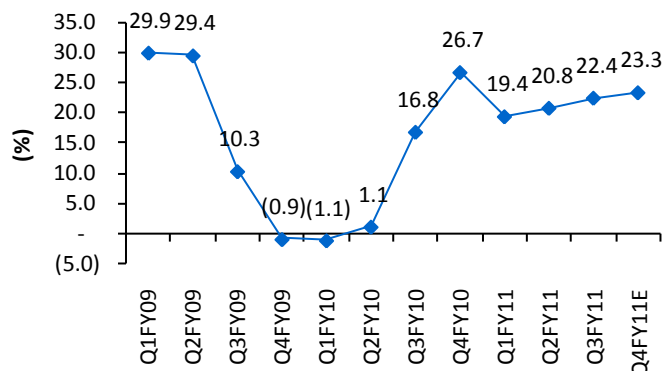
EBITDAM YoY change in Q4FY11 (bps)


Source: PL Research

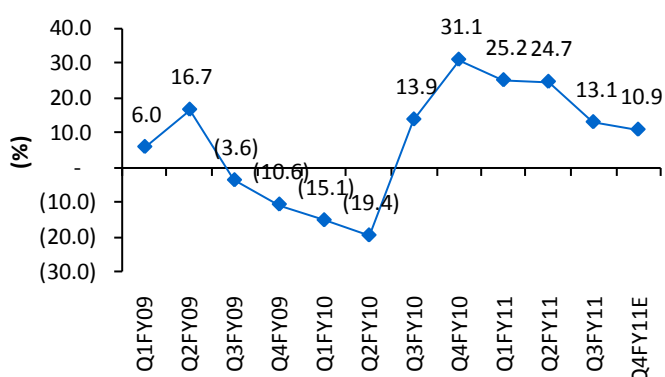
Sector-wise growth and margin expectations – Q4FY11 PL estimates

	Revenue (%)		PAT (%)		EBITDA Margin (bps)	
	YoY	QoQ	YoY	QoQ	YoY	QoQ
Automobiles	20.1	8.5	42.3	7.3	49	5
Auto Ancillary	15.2	5.2	(5.7)	(1.7)	(214)	(14)
Agro Prods. & Chem.	14.2	(0.4)	8.3	41.9	20	277
Banks	32.1	2.1	33.8	2.5		
Capital Goods	29.7	56.8	37.7	70.7	183	156
Cement	39.1	22.2	32.1	59.8	(152)	725
Construction	19.6	36.5	17.7	59.3	120	17
Consumer Staples	17.6	(2.0)	19.7	(8.8)	(57)	(116)
Financial Inst.	9.1	2.1	15.3	4.5	926	62
Information Tech.	22.7	4.2	21.4	0.7	(70)	25
Media & Ent.	19.6	(4.4)	11.2	2.8	(233)	(239)
Metals	20.6	15.5	(0.7)	51.2	(256)	333
Offshore, S.B. & Ports	2.0	11.0	(22.8)	13.9	135	77
Oil & Gas	23.0	6.8	44.1	(11.4)	26	(385)
Power	19.1	13.8	(1.9)	(12.1)	441	37
Real Estate	11.9	11.5	13.3	14.9	467	3
Retail	42.1	(0.6)	27.9	(9.1)	(45)	(35)
Others	48.1	4.7	(28.8)	28.4	(324)	240
PL Universe	23.2	11.8	18.6	9.5	(8)	(56)

Source: Company Data, PL Research

Nifty Revenue Growth (YoY) (excl. Oil & Gas)


Source: PL Research

Nifty PAT Growth (YoY) (excl. Oil & Gas)


Source: PL Research

Nifty Valuation

	Weight-age (%)	FY10	FY11E	FY12E	FY13E
Banking & Fin.	26.4%				
PER (x)		24.4	19.9	15.4	12.2
PAT Growth (%)		13.7	22.6	28.9	26.4
Technology	14.5%				
PER (x)		30.2	25.5	21.8	18.4
PAT Growth (%)		19.0	18.6	16.8	18.7
Oil & Gas	14.7%				
PER (x)		14.9	13.4	11.5	10.4
PAT Growth (%)		27.6	11.8	16.5	10.3
Eng. & Power	12.7%				
PER (x)		22.9	21.4	18.1	15.6
PAT Growth (%)		19.7	7.1	18.0	15.9
Metals	8.1%				
PER (x)		16.6	12.1	10.0	8.0
PAT Growth (%)		(19.2)	37.1	21.9	24.3
Auto	7.4%				
PER (x)		24.5	12.6	11.0	9.6
PAT Growth (%)		400.7	94.7	14.0	15.0
FMCG	7.1%				
PER (x)		32.3	28.6	24.3	21.4
PAT Growth (%)		7.8	13.1	17.4	13.9

	Weight-age (%)	FY10	FY11E	FY12E	FY13E
Pharma	3.4%				
PER (x)		28.4	24.9	19.1	15.5
PAT Growth (%)		112.8	13.9	30.5	23.6
Telecom	2.9%				
PER (x)		11.4	19.6	16.0	12.2
PAT Growth (%)		(0.6)	(41.9)	22.4	30.7
Cement	2.2%				
PER (x)		11.6	15.6	14.2	12.7
PAT Growth (%)		33.1	(25.8)	9.5	12.0
Real Estate	0.5%				
PER (x)		25.3	25.6	23.5	20.1
PAT Growth (%)		(59.4)	(1.1)	9.0	17.0
Nifty as on Apr 5	5,910				
Nifty EPS (Rs)		290.0	334.4	399.8	472.9
Growth (%)		16.3	15.3	19.6	18.3
Nifty BV (Rs)		1,674	1,956	2,295	2,635
RoE (%)		17.3	17.1	17.4	17.9
PER (x)		20.4	17.7	14.8	12.5
P/BV (x)		4.1	3.5	3.0	2.6
Nifty EPS Free Float		288.8	343.9	414.3	496.2
PER (x)		20.5	17.2	14.3	11.9
Growth (%)		19.7	19.1	20.5	19.8



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Automobiles

New launches drive 22.0% YoY growth in the two-wheeler domestic market: Strong growth of the two-wheeler sector is primarily based on several factors – new launches, including variants by the players, strong rural growth and less dependence on financing.

Quarterly trend in two-wheeler segment sales

Particulars	Q4FY10	Q3FY10	Q2FY11	Q3FY11	Q4FY11E
Two-Wheelers	2,592,169	2,725,326	2,900,980	3,064,742	3,163,024
<i>QoQ Growth (%)</i>	<i>12.3%</i>	<i>5.1%</i>	<i>6.4%</i>	<i>5.6%</i>	<i>3.2%</i>

Source: SIAM Data, PL Research

Bajaj Auto (BJA) reported ~3.6% QoQ growth in volumes in Q4FY11 as compared to a 1.8% QoQ growth reported by Hero Honda (HH) in the domestic two-wheeler market.

YTD Two-wheeler segment sales

	FY11E	FY10	% chg YoY
Domestic Two-wheelers	11,854,072	9,371,231	26.5
Hero Honda	5,402,222	4,600,594	17.4
Bajaj Auto	2,413,322	1,785,485	35.2

Source: SIAM Data, PL Research

Strong growth by Maruti Suzuki (MSIL), coupled with new launches from other players, led to 23.0% YoY growth in the passenger car segment: New launches, coupled with lower base of last year, led to a robust demand for cars in January-March 2011. Ford 'Figo' as well as GM 'Beat' found greater acceptance among the customers.

Quarterly trend in passenger car segment sales

Particulars	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11E
Passenger Cars	455,350	433,641	488,640	492,882	560,010
<i>QoQ Growth (%)</i>	<i>19.3%</i>	<i>-4.8%</i>	<i>12.7%</i>	<i>0.8%</i>	<i>13.6%</i>

Source: SIAM Data, PL Research

MSIL reported 4.9% QoQ growth in the domestic volumes for the quarter, mainly led by new products, including the new 'SX4'.

YTD Passenger car segment sales

	FY 11E	FY 10	% chg YoY
Domestic Passenger Car	1,975,173	1,526,787	29.4
Maruti Suzuki	1,125,397	866,858	29.8
Hyundai	362,706	314,967	15.2
Tata Motors	262,633	201,399	30.4
Ford	94,440	34,290	275.4
GM	87,903	70,636	24.4

Source: SIAM Data, PL Research

Medium & Heavy Commercial Vehicles (M&HCV) sales growth at 11.3% YoY
Quarterly trend in M&HCV segment sales

Particulars	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11E
M&HCVs	88,677	71,216	79,981	72,129	98,655
<i>QoQ Growth (%)</i>	<i>41.3%</i>	<i>-20.0%</i>	<i>12.3%</i>	<i>-9.8%</i>	<i>36.8%</i>

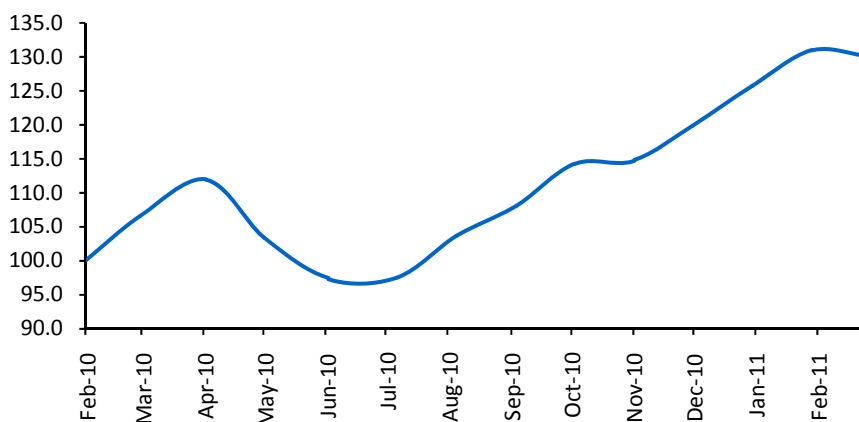
Source: SIAM Data, PL Research

Tata Motors (TAMO) reported a 25.5% QoQ growth in its M&HCV volumes, whereas Ashok Leyland (AL) almost doubled its domestic M&HCV volumes for Q4FY11 on a sequential basis. This robust QoQ growth can be attributed to a muted Q3FY11 and higher sales at the end of the quarter.

YTD M&HCV segment sales

	FY 11E	FY 10	% chg YoY
Domestic M&HCV	321,981	245,048	31.4
Tata Motors	192,127	155,137	23.8
Ashok Leyland	83,801	57,947	44.6

Source: SIAM Data, PL Research

Auto Companies - Raw Material Index


Source: PL Research



We have built a raw material index giving different weightage to different commodities. We have assign highest weight to steel (45%) followed by aluminium (20%) and plastics / polymers (15%). Our raw material index has increased by 26.3% YoY, whereas on a QoQ basis, it has increased by 10.9% QoQ in Q4FY11.

Major raw materials like copper and steel have firmed up during the last few months, thereby, translating into a margin pressure for the sector. Majority of the raw material impact would be compensated through higher volumes during the quarter. Hence, we expect flat EBITDA margins for our coverage universe.

Our universe – Volume numbers

Company	Q4FY11E	YoY gr (%)	QoQ gr (%)
Ashok Leyland	29,677	15.0	161.1
Bajaj Auto	948,168	17.2	-
Hero Honda	1,454,431	22.6	1.8
Maruti Suzuki	345,026	20.0	4.9
M&M	157,203	16.2	4.1
Tata Motors	236,389	12.5	26.5

Source: Company Data, PL Research

Auto companies under our coverage have reported a spectacular set of volumes in Q4FY11E. The raw material cost increase is likely to be offset by the double-digit volume growth reported by the companies. Auto companies are expected to post 8.5% QoQ growth in their top-line and a 7.3% QoQ growth in PAT in Q4FY11E.

Top picks: Tata Motors, Ashok Leyland and Bajaj Auto

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Tata Motors	8.9	(0.2)	12.9	63.8	2.4	2.8	16.4	54.1
Mahindra & Mahindra	8.5	(4.9)	(1.5)	33.8	2.0	(1.9)	2.1	24.0
Bajaj Auto	4.4	4.6	(9.1)	37.2	(2.0)	7.7	(5.5)	27.5
Maruti Suzuki	(0.1)	(7.2)	(12.8)	(6.2)	(6.6)	(4.2)	(9.3)	(16.0)
Hero Honda	6.9	(13.7)	(8.8)	(16.2)	0.4	(10.6)	(5.2)	(25.9)
Ashok Leyland	8.6	(10.8)	(23.6)	3.3	2.1	(7.7)	(20.1)	(6.5)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Tata Motors	Sales	342,438	289,719	18.2	316,852	8.1	1,217,665	925,193	31.6
	EBITDA	51,726	33,722	53.4	48,223	7.3	181,319	86,142	110.5
	<i>Margins (%)</i>	<i>15.1</i>	<i>11.6</i>		<i>15.2</i>		<i>14.9</i>	<i>9.3</i>	
	PAT	26,224	10,807	142.7	24,571	6.7	92,049	10,791	753.0
Mahindra & Mahindra	Sales	64,044	53,046	20.7	61,211	4.6	230,472	185,296	24.4
	EBITDA	9,685	8,492	14.1	9,238	4.8	35,160	29,962	17.3
	<i>Margins (%)</i>	<i>15.1</i>	<i>16.0</i>		<i>15.1</i>		<i>15.3</i>	<i>16.2</i>	
	PAT	6,266	5,726	9.4	6,172	1.5	25,093	20,451	22.7
Bajaj Auto	Sales	42,378	33,995	24.7	41,771	1.5	166,468	119,209	39.6
	EBITDA	8,011	7,771	3.1	8,493	(5.7)	33,246	25,926	28.2
	<i>Margins (%)</i>	<i>18.9</i>	<i>22.9</i>		<i>20.3</i>		<i>20.0</i>	<i>21.7</i>	
	PAT	6,251	5,313	17.7	6,671	(6.3)	25,626	17,028	50.5
Maruti Suzuki	Sales	100,593	84,246	19.4	94,945	5.9	370,072	296,229	24.9
	EBITDA	10,142	11,111	(8.7)	9,017	12.5	37,340	39,761	(6.1)
	<i>Margins (%)</i>	<i>10.1</i>	<i>13.2</i>		<i>9.5</i>		<i>10.1</i>	<i>13.4</i>	
	PAT	6,075	6,566	(7.5)	5,651	7.5	22,361	24,976	(10.5)
Hero Honda	Sales	52,696	41,223	27.8	51,617	2.1	192,798	158,605	21.6
	EBITDA	5,792	7,117	(18.6)	5,766	0.5	23,663	27,670	(14.5)
	<i>Margins (%)</i>	<i>11.0</i>	<i>17.3</i>		<i>11.2</i>		<i>12.3</i>	<i>17.4</i>	
	PAT	4,821	5,988	(19.5)	5,088	(5.3)	19,882	22,318	(10.9)
Ashok Leyland	Sales	36,569	29,390	24.4	22,273	64.2	109,461	72,448	51.1
	EBITDA	4,339	3,814	13.8	1,660	161.3	11,418	7,659	49.1
	<i>Margins (%)</i>	<i>11.9</i>	<i>13.0</i>		<i>7.5</i>		<i>10.4</i>	<i>10.6</i>	
	PAT	2,490	2,231	11.6	434	474.2	5,822	4,256	36.8

Source: Company Data, PL Research



Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	2,286,936	2,640,862	3,000,436
<i>Growth (%)</i>	<i>30.2</i>	<i>15.5</i>	<i>13.6</i>
EBITDA	322,146	367,877	419,514
<i>Margin (%)</i>	<i>14.1</i>	<i>13.9</i>	<i>14.0</i>
PAT	190,833	219,821	252,998
<i>Growth (%)</i>	<i>91.2</i>	<i>15.2</i>	<i>15.1</i>
PE (x)	13.0	11.3	9.8

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	638,718	531,619	20.1	588,667	8.5
EBITDA	89,696	72,027	24.5	82,397	8.9
<i>Margin (%)</i>	<i>14.0</i>	<i>13.5</i>	<i>49 bps</i>	<i>14.0</i>	<i>5 bps</i>
PAT (Excl. Ex Items)	52,127	36,630	42.3	48,587	7.3

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Tata Motors

	Accumulate
Rating	
Price	Rs1,280
Target Price	Rs1,463
Market Cap. (Rs bn)	831.2
Shares o/s (m)	649.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	1,217,665	1,402,993	1,589,880
EBITDA	181,319	207,834	234,112
<i>Margin (%)</i>	<i>14.9</i>	<i>14.8</i>	<i>14.7</i>
PAT	92,049	107,816	123,430
EPS (Rs)	141.8	166.1	190.1
<i>RoE (%)</i>	<i>62.0</i>	<i>42.2</i>	<i>40.2</i>
PE (x)	7.9	6.7	5.9
P / BV (x)	3.9	2.8	2.6
EV / E (x)	5.9	5.0	4.2

On a standalone basis, M&HCV volumes grew by 25.5%, whereas the LCV segment grew by 12.7%. The overall volumes improved by 26.5% QoQ, thereby, leading to a 30bps improvement in the standalone EBITDA margins. JLR is likely to report 3.2% QoQ improvement in volumes, with EBITDA margin at 17.2%, leading to a 5.2% QoQ growth in PAT. We expect JLR to contribute ~76% of the consolidated PAT in Q4FY11.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	342,438	289,719	18.2	316,852	1,217,665	925,193	31.6
EBITDA	51,726	33,722	53.4	48,223	181,319	86,142	110.5
<i>Margin (%)</i>	<i>15.1</i>	<i>11.6</i>	<i>347 bps</i>	<i>15.2</i>	<i>14.9</i>	<i>9.3</i>	<i>558 bps</i>
Reported PAT	26,224	22,308	17.6	24,244	91,514	25,710	255.9
PAT (Excl. Ex Items)	26,224	10,807	142.7	24,571	92,049	10,791	753.0
Operating Metrics							
Standalone Topline	141,608	115,973	22.1	115,196	474,007	355,931	33.2
Standalone EBITDAM (%)	10.7	13.2	(248)bps	10.4	10.6	11.7	(119)bps
Standalone PAT	5,964	6,548	(8.9)	4,406	18,340	13,672	34.1
JLR Topline	191,524	141,312	35.5	183,540	706,088	491,550	43.6
JLR EBITDAM (%)	17.2	11.3	594 bps	17.4	16.7	6.6	1,013bps
JLR PAT	19,980	4,968	302.2	18,992	70,442	(675)	NA

Mahindra & Mahindra

	Accumulate
Rating	
Price	Rs733
Target Price	Rs794
Market Cap. (Rs bn)	449.6
Shares o/s (m)	613.0

Key Figures (Rs m) - Standalone

	FY11E	FY12E	FY13E
Net Sales	230,472	265,266	301,807
EBITDA	35,160	40,084	46,467
Margin (%)	15.3	15.1	15.4
PAT	25,093	28,079	32,570
EPS (Rs)	40.9	45.8	53.1
RoE (%)	27.2	24.0	23.1
PE (x)	14.0	12.5	10.8
P / BV (x)	4.2	3.5	2.9
EV / E (x)	13.4	11.8	9.9

*Adj. for subs. Valuation at Rs160/share

Automotive segment reported a growth of 7.5% QoQ, whereas, Tractors reported a flat volume QoQ. Overall volumes grew by 4.1% QoQ, whereas average realization/vehicle is likely to be flat on account of unfavorable product mix (Tractors accounted for ~36.9% of the volumes in Q4FY11 compared to 38.8% of volumes in Q3FY11). EBITDA margins are likely to be maintained at 15.1% levels on account of higher volumes during the quarter and partial pass-through of raw material cost.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	64,044	53,046	20.7	61,211	230,472	185,296	24.4
EBITDA	9,685	8,492	14.1	9,238	35,160	29,962	17.3
Margin (%)	15.1	16.0	(89)bps	15.1	15.3	16.2	(91)bps
Reported PAT	6,266	5,703	9.9	7,347	26,822	20,878	28.5
PAT (Excl. Ex Items)	6,266	5,726	9.4	6,172	25,093	20,451	22.7
Operating Metrics							
Total Automotive Sales	99,289	88,051	12.8	92,374	360,964	291,280	23.9
Total Tractor sales	57,914	47,185	22.7	58,608	212,180	174,634	21.5
Total Volumes	157,203	135,236	16.2	150,982	573,144	465,914	23.0
Net Realization / Vehicle	407,397	392,251	3.9	405,419	402,119	397,136	1.3
EBITDA / Vehicle	61,609	62,793	(1.9)	61,183	61,346	64,217	(4.5)
Net Profit / Vehicle	39,858	42,344	(5.9)	40,879	43,781	41,664	5.1

Bajaj Auto

	Accumulate
Rating	
Price	Rs1,438
Target Price	Rs1,514
Market Cap. (Rs bn)	416.1
Shares o/s (m)	289.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	166,468	193,783	219,259
EBITDA	33,246	36,594	41,971
Margin (%)	20.0	18.9	19.1
PAT	25,626	29,220	33,686
EPS (Rs)	88.6	101.0	116.4
RoE (%)	74.3	63.8	56.4
PE (x)	16.2	14.2	12.4
P / BV (x)	10.5	8.0	6.2
EV / E (x)	12.5	11.1	9.4

BJA reported a flat volume QoQ in two-wheeler sales and a 2.8% QoQ de-growth in the three-wheeler segment for the quarter, including exports. Export volumes for two-wheelers declined by 8.8% QoQ on account of a delay in transit for the month of March 2011. Average realization/vehicle is expected to be higher QoQ on account of ~1.5-2% price hike undertaken. EBITDA margins are likely to decline by 140bps QoQ on account of only partial pass on of the raw material increase.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	42,378	33,995	24.7	41,771	166,468	119,209	39.6
EBITDA	8,011	7,771	3.1	8,493	33,246	25,926	28.2
Margin (%)	18.9	22.9	(396)bps	20.3	20.0	21.7	(178)bps
Reported PAT	6,251	5,313	17.7	6,671	25,626	17,028	50.5
PAT (Excl. Ex Items)	6,251	5,313	17.7	6,671	25,626	17,028	50.5
Operating Metrics							
Total Volumes	948,168	808,929	17.2	946,850	3,823,924	2,852,536	34.1
Net Realization / Vehicle	44,695	42,024	6.4	44,116	43,533	41,791	4.2
RM Cost / Vehicle	32,467	29,105	11.6	31,500	31,121	28,292	10.0
EBITDA / Vehicle	8,449	9,607	(12.0)	8,970.0	8,694	9,089	(4.3)
Net Profit / vehicle	6,592	6,567	0.4	7,045.6	6,701	5,969	12.3

Maruti Suzuki

Rating	Reduce
Price	Rs1,311
Target Price	Rs1,265
Market Cap. (Rs bn)	378.8
Shares o/s (m)	289.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	370,072	430,692	493,792
EBITDA	37,340	44,295	51,950
<i>Margin (%)</i>	<i>10.1</i>	<i>10.3</i>	<i>10.5</i>
PAT	22,361	26,256	30,457
EPS (Rs)	79.6	90.9	105.4
<i>RoE (%)</i>	<i>17.9</i>	<i>17.5</i>	<i>17.4</i>
PE (x)	16.5	14.4	12.4
P / BV (x)	2.7	2.3	2.0
EV / E (x)	10.2	8.6	7.3

MSIL reported a growth of 4.9% QoQ and 20.0% YoY growth in domestic sales. Favourable currency movement (Yen being flat QoQ and rupee depreciating by ~4% against Euro QoQ) and higher operating leverage should compensate the raw material pressure on margins on a sequential basis. Q3FY11 included a one-time 55bps impact on employee cost. Adjusting for the same, we expect the EBITDA margin to remain flat QoQ at 10.1%

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	100,593	84,246	19.4	94,945	370,072	296,229	24.9
EBITDA	10,142	11,111	(8.7)	9,017	37,340	39,761	(6.1)
<i>Margin (%)</i>	<i>10.1</i>	<i>13.2 (311)bps</i>		<i>9.5</i>	<i>10.1</i>	<i>13.4 (333)bps</i>	
Reported PAT	6,075	6,566	(7.5)	5,651	22,361	24,976	(10.5)
PAT (Excl. Ex Items)	6,075	6,566	(7.5)	5,651	22,361	24,976	(10.5)
Operating Metrics							
Total Volumes	345,026	287,422	20.0	329,001	1,271,005	1,018,365	24.8
Net Realization / Vehicle	291,552	293,107	(0.5)	288,584	291,165	290,887	0.1
RM Cost / Vehicle	228,490	223,111	2.4	216,649	226,709	220,092	3.0
EBITDA / Vehicle	29,395	38,656	(24.0)	27,408	29,378	39,044	(24.8)
Net Profit / Vehicle	23,544	23,544	0.0	17,177	17,593	24,526	(28.3)

Hero Honda

Rating	Reduce
Price	Rs1,643
Target Price	Rs1,517
Market Cap. (Rs bn)	328.2
Shares o/s (m)	199.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	192,798	218,195	247,446
EBITDA	23,663	25,397	29,274
<i>Margin (%)</i>	<i>12.3</i>	<i>11.6</i>	<i>11.8</i>
PAT	19,882	21,149	24,230
EPS (Rs)	103.6	105.9	121.3
<i>RoE (%)</i>	<i>51.7</i>	<i>42.2</i>	<i>40.3</i>
PE (x)	15.9	15.5	13.5
P / BV (x)	7.2	6.0	5.0
EV / E (x)	13.1	12.0	10.0

HH has reported 1.8% QoQ growth in volumes in Q4FY11. Average realization/vehicle is expected to remain flat QoQ on account of no major price hike taken during the quarter. EBITDA margins are expected to decline by 20bps QoQ on account of higher spend on advertising and sales promotion. As a result, we expect the company to post a de-growth of 5.3% QoQ in PAT at Rs4.8bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	52,696	41,223	27.8	51,617	192,798	158,605	21.6
EBITDA	5,792	7,117	(18.6)	5,766	23,663	27,670	(14.5)
<i>Margin (%)</i>	<i>11.0</i>	<i>17.3 (627)bps</i>		<i>11.2</i>	<i>12.3</i>	<i>17.4 (517)bps</i>	
Reported PAT	4,821	5,988	(19.5)	4,290	19,882	22,318	(10.9)
PAT (Excl. Ex Items)	4,821	5,988	(19.5)	5,088	19,882	22,318	(10.9)
Operating Metrics							
Total Volumes	1,454,431	1,186,440	22.6	1,428,030	5,402,444	4,600,594	17.4
Net Realization / Vehicle	36,231	34,745	4.3	36,145	35,687	34,475	3.5
RM Cost / Vehicle	26,919	23,334	15.4	26,714	26,098	23,337	11.8
EBITDA / vehicle	3,982.5	5,999.0	(33.6)	4,037.6	4,380	6,014	(27.2)
Net Profit / Vehicle	3,314.5	5,047.1	(34.3)	3,563.2	3,680	4,851	(24.1)



Ashok Leyland

	Accumulate
Rating	
Price	Rs58
Target Price	Rs66
Market Cap. (Rs bn)	77.8
Shares o/s (m)	1,330.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	109,461	129,933	148,252
EBITDA	11,418	13,673	15,740
Margin (%)	10.4	10.5	10.6
PAT	5,822	7,302	8,625
EPS (Rs)	4.4	5.5	6.5
RoE (%)	15.3	17.8	19.3
PE (x)	13.3	10.6	9.0
P / BV (x)	2.0	1.8	1.7
EV / E (x)	9.0	7.5	6.7

AL is expected to post a 15.0% YoY growth in the volumes. The average realization/vehicle is expected to be higher by 8.2% YoY and 2.0% QoQ on account of price hikes taken over the last couple of quarters. On account of robust volumes, we expect a 440bps QoQ improvement in EBITDA margins.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	36,569	29,390	24.4	22,273	109,461	72,448	51.1
EBITDA	4,339	3,814	13.8	1,660	11,418	7,659	49.1
Margin (%)	11.9	13.0	(111)bps	7.5	10.4	10.6	(14)bps
Reported PAT	2,490	2,231	11.6	434	5,822	4,256	36.8
PAT (Excl. Ex Items)	2,490	2,231	11.6	434	5,822	4,256	36.8
Operating Metrics							
Total Volumes	29,677	25,807	15.0	18,437	94,105	63,926	47.2
Net Realization / Vehicle	1,232,244	1,138,854	8.2	1,208,033	1,163,180	1,133,314	2.6
RM Cost / Vehicle	905,101	833,468	8.6	883,748	855,090	816,194	4.8
EBITDA / vehicle	146,195	147,787	(1.1)	90,053	121,329	119,814	1.3
Net Profit / Vehicle	83,032	85,422	(2.8)	23,523	61,865	66,243	(6.6)

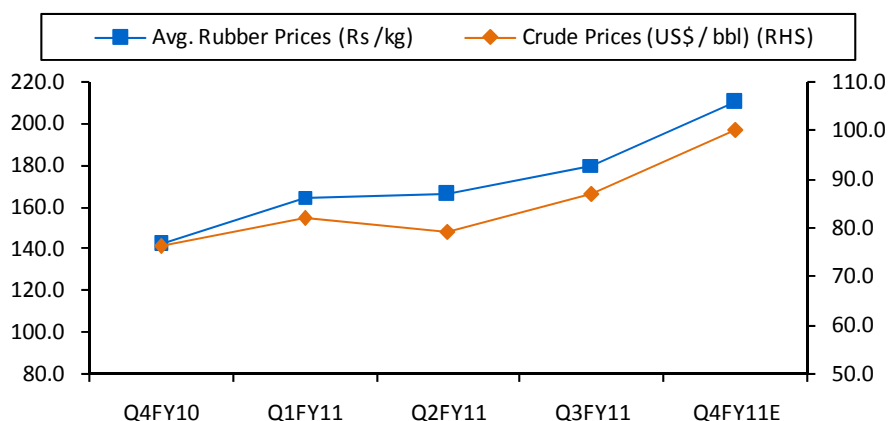
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Auto Ancillary

With better utilization in FY11E & FY12E and recovery expected in both, the domestic and export market and economies of scale will help these companies to post robust operating level performance. However, an increase in key raw materials like rubber, copper and aluminium is likely to keep the profitability of these companies under check.

Ancillary companies under our coverage are expected to post a growth of 15.2% YoY and 5.2% QoQ in their top-line, mainly attributed to likely robust growth by Bharat Forge on account of strong Commercial Vehicle sales and improvement in demand for the tyre and battery manufacturers.

Key Raw Material



Source: PL Research

PAT, for our coverage universe, is expected to be lower by 5.7% YoY and 1.7% QoQ on account of a sharp decline in profitability of the tyre companies.

Top picks: Bharat Forge and Motherson Sumi Systems

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Exide Industries	4.9	(11.9)	(11.3)	20.4	(1.6)	(8.8)	(7.7)	10.6
Bharat Forge	7.8	(5.0)	(2.5)	39.0	1.3	(2.0)	1.0	29.2
Motherson Sumi Systems	7.0	14.4	13.6	67.9	0.5	17.4	17.2	58.1
Apollo Tyres	16.5	2.7	(17.1)	(6.6)	10.0	5.7	(13.6)	(16.3)
Amara Raja Batteries	10.4	(0.5)	(13.4)	11.0	3.9	2.6	(9.9)	1.3
CEAT	13.6	(18.7)	(36.6)	(28.8)	7.1	(15.7)	(33.1)	(38.6)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Exide Industries	Sales	11,428	10,303	10.9	10,502	8.8	44,722	37,940	17.9
	EBITDA	1,870	2,175	(14.0)	1,601	16.8	8,550	8,894	(3.9)
	Margins (%)	16.4	21.1		15.2		19.1	23.4	
	PAT	1,287	1,345	(4.3)	1,244	3.5	5,837	5,371	8.7
Bharat Forge	Sales	8,462	5,624	50.5	7,770	8.9	29,720	18,564	60.1
	EBITDA	2,120	1,406	50.8	1,886	12.4	7,334	4,378	67.5
	Margins (%)	25.0	25.0		24.3		17.7	10.2	
	PAT	931	619	50.4	826	12.6	3,075	1,493	106.0
Motherson Sumi Systems	Sales	22,308	20,279	10.0	21,276	4.9	82,209	69,240	18.7
	EBITDA	2,250	2,494	(9.8)	2,216	1.5	8,284	6,301	31.5
	Margins (%)	10.1	12.3		10.4		10.1	9.1	
	PAT	910	619	50.4	1,033	(11.9)	3,429	2,429	41.2
Apollo Tyres	Sales	24,011	21,431	12.0	23,687	1.4	85,395	81,206	5.2
	EBITDA	2,530	2,979	(15.1)	2,732	(7.4)	9,100	11,747	(22.5)
	Margins (%)	10.5	13.9		11.5		10.7	14.5	
	PAT	942	1,750	(46.2)	1,208	(22.0)	3,424	5,659	(39.5)
Amara Raja Batteries	Sales	4,629	4,333	6.8	4,255	8.8	17,276	14,673	17.7
	EBITDA	710	634	12.1	665	6.9	2,564	2,894	(11.4)
	Margins (%)	15.3	14.6		15.6		14.8	19.7	
	PAT	400	337	18.9	381	5.2	1,446	1,548	(6.6)
CEAT	Sales	9,565	7,807	22.5	8,953	6.8	34,719	28,478	21.9
	EBITDA	415	391	6.1	415	0.1	1,678	2,982	(43.7)
	Margins (%)	4.3	5.0		4.6		4.8	10.5	
	PAT	85	153	(44.5)	129	(33.8)	507	1,609	(68.5)

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	310,976	382,315	442,763
<i>Growth (%)</i>	<i>17.4</i>	<i>22.9</i>	<i>15.8</i>
EBITDA	38,442	48,083	57,551
<i>Margin (%)</i>	<i>12.4</i>	<i>12.6</i>	<i>13.0</i>
PAT	17,503	22,013	27,098
<i>Growth (%)</i>	<i>4.4</i>	<i>25.8</i>	<i>23.1</i>
PE (x)	20.2	16.0	13.0

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	80,404	69,777	15.2	76,442	5.2
EBITDA	9,895	10,078	(1.8)	9,515	4.0
<i>Margin (%)</i>	<i>12.3</i>	<i>14.4</i>	<i>(214)bps</i>	<i>12.4</i>	<i>(14)bps</i>
PAT (Excl. Ex Items)	4,555	4,829	(5.7)	4,633	(1.7)

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Exide Industries

Rating	Accumulate
Price	Rs148
Target Price	Rs155
Market Cap. (Rs bn)	126.0
Shares o/s (m)	850.0

Exide is likely to post a 9.0% QoQ growth in its top-line, mainly on account of a pick-up in sales from the automotive segment and volume growth in the industrial segment, including UPS. Exide's EBITDA margins are likely to improve by 120bps QoQ to 16.4% on easing of capacity and pick-up in the industrial side of the business (mainly inverters). On account of lower other income and higher tax rate, the profit is likely to grow by 3.5% QoQ.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	44,722	54,712	62,626
EBITDA	8,550	10,747	12,707
<i>Margin (%)</i>	<i>19.1</i>	<i>19.6</i>	<i>20.3</i>
PAT	5,837	7,072	8,385
EPS (Rs)	6.9	8.3	9.9
<i>RoE (%)</i>	<i>23.8</i>	<i>23.9</i>	<i>23.4</i>
PE (x)*	19.3	15.9	13.4
P / BV (x)	4.7	3.9	3.2
EV / E (x)	14.7	11.5	9.5

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	11,428	10,303	10.9	10,502	44,722	37,940	17.9
EBITDA	1,870	2,175	(14.0)	1,601	8,550	8,894	(3.9)
<i>Margin (%)</i>	<i>16.4</i>	<i>21.1</i>	<i>(475)bps</i>	<i>15.2</i>	<i>19.1</i>	<i>23.4</i>	<i>(433)bps</i>
Reported PAT	1,287	1,345	(4.3)	1,244	5,837	5,371	8.7
PAT (Excl. Ex Items)	1,287	1,345	(4.3)	1,244	5,837	5,371	8.7

*Adj. for Subs. & insurance value of Rs16/share

Bharat Forge

Rating	Accumulate
Price	Rs361
Target Price	Rs404
Market Cap. (Rs bn)	88.8
Shares o/s (m)	246.1

We expect the top-line to grow by 9.0% QoQ, mainly led by 14% sequential improvement in the export revenues. We expect the company to pass on the raw material pressure to the end consumer. On account of better operating leverage and better product mix in favour of non-auto business, EBITDA margins are likely to expand by 70bps on a sequential basis.

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	46,655	57,681	66,735
EBITDA	8,265	10,724	12,739
<i>Margin (%)</i>	<i>17.7</i>	<i>18.6</i>	<i>19.1</i>
PAT	2,860	4,477	5,570
EPS (Rs)	11.6	18.2	22.6
<i>RoE (%)</i>	<i>15.2</i>	<i>17.7</i>	<i>18.2</i>
PE (x)	31.0	19.8	15.9
P / BV (x)	3.9	3.2	2.7
EV / E (x)	12.4	9.6	7.9

Quarterly Table (Rs m)- Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	8,462	5,624	50.5	7,770	29,720	18,564	60.1
EBITDA	2,120	1,406	50.8	1,886	7,334	4,378	67.5
<i>Margin (%)</i>	<i>25.0</i>	<i>25.0</i>	<i>5 bps</i>	<i>24.3</i>	<i>24.7</i>	<i>23.6</i>	<i>109 bps</i>
Reported PAT	931	612	52.0	826	3,033	1,279	137.2
PAT (Excl. Ex Items)	931	619	50.4	826	3,075	1,493	106.0
Operating Metrics							
Exports Revenue	3,984	2,197	81.4	3,594	13,418	7,109	88.8
Domestic Revenue	4,656	3,542	31.5	4,311	17,855	11,903	50.0

Motherson Sumi Systems

Rating	Accumulate
Price	Rs216
Target Price	Rs226
Market Cap. (Rs bn)	83.6
Shares o/s (m)	387.0

According to MSSL, there are clear indications of a demand pick-up in both, domestic as well as export market. The company is expected to post a 4.9% QoQ growth in its top-line at Rs22.3bn on account of strong growth in the passenger car sales. We expect a 30bps sequential decline in the EBITDA margins at 10.1% on account of higher raw material cost.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	82,209	100,108	118,563
EBITDA	8,284	10,563	13,122
<i>Margin (%)</i>	<i>10.1</i>	<i>10.6</i>	<i>11.1</i>
PAT	3,429	4,226	5,456
EPS (Rs)	7.1	10.9	14.1
<i>RoE (%)</i>	<i>20.2</i>	<i>24.9</i>	<i>26.5</i>
PE (x)	30.5	19.8	15.3
P / BV (x)	5.4	4.5	3.7
EV / E (x)	10.9	8.4	6.6

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	22,308	20,279	10.0	21,276	82,209	69,240	18.7
EBITDA	2,250	2,494	(9.8)	2,216	8,284	6,301	31.5
<i>Margin (%)</i>	<i>10.1</i>	<i>12.3</i>	<i>(221)bps</i>	<i>10.4</i>	<i>10.1</i>	<i>9.1</i>	<i>98 bps</i>
Reported PAT	910	1,420	(35.9)	1,065	3,083	2,210	39.5
PAT (Excl. Ex Items)	910	625	45.6	846	3,429	2,429	41.2
Operating Metrics							
SMR Sales	11,567	11,819	(2.1)	11,231	42,534	41,587	2.3
MSSL Sales exc. SMR	10,741	8,460	27.0	10,045	39,675	27,653	43.5
EBITDA - SMR (%)	6.0	8.7	(272)bps	6.0	6.7	5.7	102
EBITDA excl SMR (%)	14.5	17.3	(281)bps	15.3	13.7	14.2	(55)bps

Apollo Tyres

	Accumulate
Rating	
Price	Rs69
Target Price	Rs70
Market Cap. (Rs bn)	3.5
Shares o/s (m)	504.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	85,395	103,784	116,086
EBITDA	9,100	10,872	12,752
<i>Margin (%)</i>	<i>10.7</i>	<i>10.5</i>	<i>11.0</i>
PAT	3,424	3,949	4,806
EPS (Rs)	6.8	7.8	9.5
<i>RoE (%)</i>	<i>15.9</i>	<i>15.7</i>	<i>16.6</i>
PE (x)	10.2	8.8	7.2
P / BV (x)	1.5	1.3	1.1
EV / E (x)	6.0	5.1	4.3

We expect Apollo Tyres to post a flat top-line QoQ, despite a 5.7% sequential improvement in standalone top-line. This is mainly on account of a seasonal decline in Netherlands-Based subsidiary Vredestein (VBVV). The company has taken a price increase of ~5-6% since last few months to partially offset the sequential increase of ~10-15% in the key input cost. We expect a sequential drop of 100bps in EBITDA at 10.0% due to higher rubber cost and decline in sales at Vredestein.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	24,011	21,431	12.0	23,687	85,395	81,206	5.2
EBITDA	2,530	2,979	(15.1)	2,732	9,100	11,747	(22.5)
<i>Margin (%)</i>	<i>10.5</i>	<i>13.9</i>	<i>(336)bps</i>	<i>11.5</i>	<i>10.7</i>	<i>14.5</i>	<i>(381)bps</i>
Reported PAT	942	1,750	(46.2)	1,208	3,424	6,532	(47.6)
PAT (Excl. Ex Items)	942	1,750	(46.2)	1,208	3,424	5,659	(39.5)
Operating Metrics							
Tonnage (MT)	81,409	82,000	(0.7)	78,500	291,610	326,739	(10.8)
Realization / kg	186	160	16.2	182	180	148	21.6
Recipe cost / kg	130	109	19.5	126	145	104	39.8
Standalone - Rev.	15,141	13,129	15.3	14,320	52,430	50,366	4.1
Dunlop-Rev.	2,908	2,663	9.2	2,995	11,200	10,940	2.4
VBVV Rev.	5,650	5,642	0.2	6,492	21,764	19,901	9.4

Amara Raja Batteries

	Accumulate
Rating	
Price	Rs188
Target Price	Rs223
Market Cap. (Rs bn)	16.1
Shares o/s (m)	85.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	17,276	20,610	23,501
EBITDA	2,564	3,061	3,525
<i>Margin (%)</i>	<i>14.8</i>	<i>14.9</i>	<i>15.0</i>
PAT	1,446	1,725	2,006
EPS (Rs)	16.9	20.2	23.5
<i>RoE (%)</i>	<i>24.9</i>	<i>25.6</i>	<i>25.4</i>
PE (x)	11.1	9.3	8.0
P / BV (x)	2.6	2.2	1.9
EV / E (x)	6.4	5.1	4.2

AMRJ is likely to post 8.8% QoQ growth in the top-line, mainly on account of a pick-up in the sales from the automotive segment and volume growth in the UPS segment. A sign of recovery in the Telecom sector (which accounts for ~30% of the sales) augurs well for the margin picture of the company. On account of sequential improvement in top-line, the net profit is likely to improve by 5.0% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,629	4,333	6.8	4,255	17,276	14,673	17.7
EBITDA	710	634	12.1	665	2,564	2,894	(11.4)
<i>Margin (%)</i>	<i>15.3</i>	<i>14.6</i>	<i>71 bps</i>	<i>15.6</i>	<i>14.8</i>	<i>19.7</i>	<i>(488)bps</i>
Reported PAT	400	337	18.9	397	1,457	1,669	(12.7)
PAT (Excl. Ex Items)	400	337	18.9	381	1,446	1,548	(6.6)

**CEAT**

Rating	Reduce
Price	Rs110
Target Price	Rs111
Market Cap. (Rs bn)	3.8
Shares o/s (m)	34.3

CEAT is expected to post a growth of 6.8% QoQ in its top-line, mainly on account of the price increase in the region of 4-6% across segments, to partially offset higher input costs. On a sequential basis, with key input prices soaring up by 10-15%, we expect a sequential drop of 30bps in EBITDA at 4.3%. On account of higher interest outgo, we expect a 35.0% QoQ drop in the PAT for the quarter.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	34,719	45,420	55,252
EBITDA	1,678	2,117	2,705
<i>Margin (%)</i>	<i>4.8</i>	<i>4.7</i>	<i>4.9</i>
PAT	507	564	874
EPS (Rs)	14.8	16.5	25.5
<i>RoE (%)</i>	<i>7.7</i>	<i>8.0</i>	<i>11.3</i>
PE (x)	7.5	6.7	4.3
P / BV (x)	0.6	0.5	0.5
EV / E (x)	6.6	6.0	4.9

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	9,565	7,807	22.5	8,953	34,719	28,478	21.9
EBITDA	415	391	6.1	415	1,678	2,982	(43.7)
<i>Margin (%)</i>	<i>4.3</i>	<i>5.0</i>	<i>(67)bps</i>	<i>4.6</i>	<i>4.8</i>	<i>10.5</i>	<i>(564)bps</i>
Reported PAT	85	153	(44.5)	129	507	1,609	(68.5)
PAT (Excl. Ex Items)	85	153	(44.5)	129	507	1,609	(68.5)
Operating Metrics							
Tonnage (MT)	47,000	47,000	0.0	45,500	180,225	155,225	16.1
Realization / kg	204	166	22.5	197	190	170	11.6
Recipe cost / kg	151	119	27.5	144	131	1,036	(87.4)



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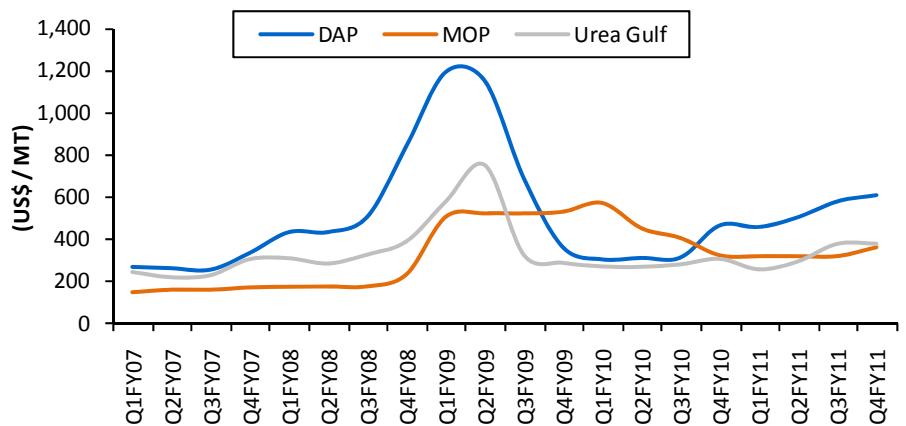
Agri Products & Chemicals

We expect moderate sales growth and lower adjusted PAT growth in Q4FY11: We expect our 'Agri product and Chemicals' universe to witness moderate sales growth of ~14% YoY, while flat growth on QoQ basis. The nature of this universe is seasonal; Q4FY11 is a pick-season for United Phosphorus (UPL) and micro irrigation companies like Jain Irrigation, while it is an off-season for fertiliser/domestic agrochemical players. Hence, sales growth of UPL and Jain Irrigation is likely to be offset by fertiliser/domestic agrochemical players. We expect all players to show decent sales growth YoY during Q4FY11, except UPL, which is expected to be impacted by adverse currency movements.

We expect EBITDA margin of our universe to be stable at ~20.8% on a YoY basis, while improve by 280bps on QoQ basis. UPL and Tata Chemicals (TCL) would be the key contributors for EBITDA margin improvement QoQ as this is a pick-season for UPL (in US and Europe), while TCL was impacted on account of several plant shut downs during Q4FY10.

We believe that adjusted PAT would grow by ~8% YoY (up by ~42% QoQ) during the quarter. Lower adjusted PAT growth v/s sales growth YoY is expected to be on the back of higher finance cost and depreciation (on incremental capacities). On QoQ basis, adjusted PAT would show growth of ~42% on the back of higher contribution from UPL, Jain Irrigation and TCL.

Fertiliser Prices...rising trend during Q4FY11



Source: Bloomberg, PL Research

Top picks: Chambal Fertilisers, Deepak Fertilisers and Rallis India

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Tata Chemicals	6.9	(11.2)	(11.0)	9.5	0.4	(8.2)	(7.4)	(0.3)
Jain Irrigation	(2.0)	(17.7)	(20.7)	(8.5)	(8.5)	(14.7)	(17.1)	(18.3)
United Phosphorus	6.8	(7.1)	(17.8)	1.0	0.3	(4.1)	(14.3)	(8.7)
Chambal Fertilizers & Chemicals	19.9	(3.0)	15.6	34.1	13.4	0.0	19.1	24.3
Rallis India	14.1	1.3	(3.3)	60.6	7.6	4.4	0.2	50.8
Deepak Fertilisers & Petrochemicals Corporation	13.2	1.8	0.4	59.6	6.7	4.8	3.9	49.9

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Tata Chemicals	Sales	26,477	22,844	15.9	29,057	(8.9)	110,409	92,026	20.0
	EBITDA	4,954	4,261	16.3	4,562	8.6	19,706	17,921	10.0
	Margins (%)	18.7	18.7		15.7		17.8	19.5	
	PAT	1,907	1,723	10.7	1,417	34.6	7,163	7,279	(1.6)
Jain Irrigation	Sales	11,320	9,635	17.5	7,366	53.7	44,126	34,397	28.3
	EBITDA	2,388	2,031	17.6	1,739	37.3	7,768	6,027	28.9
	Margins (%)	21.1	21.1		23.6		17.6	17.5	
	PAT	1,080	834	29.4	643	68.0	2,782	1,598	74.1
United Phosphorus	Sales	16,172	15,314	5.6	12,484	29.5	56,335	54,946	2.5
	EBITDA	3,439	3,159	8.9	2,477	38.8	11,558	10,334	11.8
	Margins (%)	21.3	20.6		19.8		20.5	18.8	
	PAT	1,961	2,136	(8.2)	839	133.7	5,375	5,563	(3.4)
Chambal Fertilizers & Chemicals	Sales	8,239	7,186	14.6	13,704	(39.9)	53,772	41,942	28.2
	EBITDA	2,064	1,685	22.5	2,238	(7.8)	9,207	7,567	21.7
	Margins (%)	25.1	23.4		16.3		17.1	18.0	
	PAT	809	617	31.2	898	(10.0)	3,441	2,448	40.6
Rallis India	Sales	2,511	2,047	22.7	2,735	(8.2)	10,982	9,040	21.5
	EBITDA	477	392	21.8	534	(10.6)	2,148	1,814	18.4
	Margins (%)	19.0	19.1		19.5		19.6	20.1	
	PAT	278	236	17.6	337	(17.5)	1,350	1,097	23.0
Deepak Fertilisers & Petrochemicals Corporation	Sales	4,183	3,317	26.1	3,832	9.2	16,966	13,649	24.3
	EBITDA	985	881	11.8	901	9.3	3,865	3,309	16.8
	Margins (%)	23.5	26.6		23.5		22.8	24.2	
	PAT	452	445	1.6	436	3.6	1,833	1,435	27.8

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	292,589	322,526	352,988
<i>Growth (%)</i>	<i>18.9</i>	<i>10.2</i>	<i>9.4</i>
EBITDA	54,251	61,187	68,014
<i>Margin (%)</i>	<i>18.5</i>	<i>19.0</i>	<i>19.3</i>
PAT	21,946	27,198	32,434
<i>Growth (%)</i>	<i>13.0</i>	<i>23.9</i>	<i>19.3</i>
PE (x)	14.1	11.4	9.5

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	68,903	60,344	14.2	69,177	(0.4)
EBITDA	14,307	12,409	15.3	12,452	14.9
<i>Margin (%)</i>	<i>20.8</i>	<i>20.6</i>	<i>20 bps</i>	<i>18.0</i>	<i>277 bps</i>
PAT (Excl. Ex Items)	6,487	5,991	8.3	4,570	41.9

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Tata Chemicals

Rating	Accumulate
Price	Rs354
Target Price	Rs377
Market Cap. (Rs bn)	90.2
Shares o/s (m)	254.8

Key Figures (Rs m) – Consolidated

	FY11E	FY12E	FY13E
Net Sales	110,409	113,657	119,649
EBITDA	19,706	21,475	23,057
<i>Margin (%)</i>	<i>17.8</i>	<i>18.9</i>	<i>19.3</i>
PAT	7,163	8,341	9,492
EPS (Rs)	28.1	32.7	37.2
<i>RoE (%)</i>	<i>14.0</i>	<i>14.3</i>	<i>14.7</i>
PE (x)	12.6	10.8	9.5
P / BV (x)	1.6	1.5	1.3
EV / E (x)	6.0	4.9	3.9

TCL's net sales are expected to grow by ~16% YoY to Rs26.5bn. We believe that fertiliser sales would grow by ~35% YoY due to a low base effect as company's Haldia plant was shut down for 60 days during Q4FY10. Further, inorganic chemical sales would grow by 12% YoY due to low base effect as General Chemical (GCIP) and Brunner Mond (BMGL) plants were shut down for few days during Q4FY10. Adjusted PAT is expected to grow by ~11% YoY.

Quarterly Table (Rs m) - Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	26,477	22,844	15.9	29,057	110,409	92,026	20.0
EBITDA	4,954	4,261	16.3	4,562	19,706	17,921	10.0
<i>Margin (%)</i>	<i>18.7</i>	<i>18.7</i>	<i>6 bps</i>	<i>15.7</i>	<i>17.8</i>	<i>19.5</i>	<i>(163)bps</i>
Reported PAT	1,907	1,723	10.7	1,417	7,163	7,279	(1.6)
PAT (Excl. Ex Items)	1,907	1,723	10.7	1,417	7,163	7,279	(1.6)
Operating Metrics							
Inorganic Chemical Sales	14,161	12,647	12.0	13,363	53,674	54,351	(1.2)
Fertiliser Sales	10,803	8,033	34.5	12,403	56,735	37,846	49.9
Inorganic Chemical EBIT %	15.2	13.4	187 bps	15.5	15.9	17.8	(193)bps
Fertiliser EBIT %	9.2	12.2	(300)bps	8.8	11.3	9.9	140 bps

Jain Irrigation

Rating	Accumulate
Price	Rs184
Target Price	Rs220
Market Cap. (Rs bn)	70.3
Shares o/s (m)	381.1

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	44,126	51,473	60,069
EBITDA	7,768	9,152	11,032
Margin (%)	17.6	17.8	18.4
PAT	2,782	3,678	4,906
EPS (Rs)	7.3	8.9	11.7
RoE (%)	20.1	18.0	17.2
PE (x)	25.2	20.6	15.7
P / BV (x)	4.6	3.0	2.5
EV / E (x)	12.0	9.4	7.6

We believe that Micro irrigation (MIS) would show decent YoY growth (~24%), resulting in ~18% growth in the net sales. We expect the EBITDA margin to decline on QoQ basis by 250bps but stabilize on YoY basis. Adjusted PAT is expected to show growth of ~29% YoY.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	11,320	9,635	17.5	7,366	44,126	34,397	28.3
EBITDA	2,388	2,031	17.6	1,739	7,768	6,027	28.9
Margin (%)	21.1	21.1	1 bps	23.6	17.6	17.5	8 bps
Reported PAT	1,080	834	29.4	643	2,782	1,598	74.1
PAT (Excl. Ex Items)	1,080	834	29.4	643	2,782	1,598	74.1
Operating Metrics							
MIS Sales	5,937	4,778	24.3	3,602	16,409	13,023	26.0
Piping Sales	2,775	2,640	5.1	2,095	9,094	8,420	8.0
Agro Processing Sales	1,884	1,703	10.6	905	4,612	4,310	7.0
Sheet Sales	427	420	1.6	366	1,447	1,523	(5.0)

* Consolidated

United Phosphorus

Rating	BUY
Price	Rs152
Target Price	Rs206
Market Cap. (Rs bn)	70.5
Shares o/s (m)	464.3

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	56,335	64,271	70,889
EBITDA	11,558	13,456	14,952
Margin (%)	20.5	20.9	21.1
PAT	5,375	7,353	8,623
EPS (Rs)	11.6	15.8	18.6
RoE (%)	15.9	18.0	18.2
PE (x)	13.1	9.6	8.2
P / BV (x)	1.9	1.6	1.4
EV / E (x)	6.7	5.5	4.6

We believe that UPL's sales would grow by ~6% YoY that would be majorly driven by India and rest of the world (RoW) geographies. We expect UPL's volume to grow by lower double digit YoY; however, adverse currency movement would drag the sales growth. Adjusted PAT is expected to de-grow by ~8% YoY because of higher finance cost.

Quarterly Table (Rs m) - Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	16,172	15,314	5.6	12,484	56,335	54,946	2.5
EBITDA	3,439	3,159	8.9	2,477	11,558	10,334	11.8
Margin (%)	21.3	20.6	64 bps	19.8	20.5	18.8	171 bps
Reported PAT	1,961	2,136	(8.2)	839	5,375	5,563	(3.4)
PAT (Excl. Ex Items)	1,961	2,136	(8.2)	839	5,375	5,563	(3.4)
Operating Metrics							
North America Sales	3,452	3,285	5.1	1,760	11,723	12,340	(5.0)
India Sales	2,224	2,045	8.8	3,320	14,136	11,980	18.0
Europe Sales	5,162	5,437	(5.1)	2,020	12,899	15,730	(18.0)
Rest of the World Sales	5,334	4,553	17.2	5,384	17,577	14,896	18.0

Chambal Fertilisers

Rating	Accumulate
Price	Rs84
Target Price	Rs90
Market Cap. (Rs bn)	35.0
Shares o/s (m)	416.2

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	53,772	56,978	59,166
EBITDA	9,207	9,417	9,583
Margin (%)	17.1	16.5	16.2
PAT	3,441	3,764	4,017
EPS (Rs)	8.0	9.0	9.7
RoE (%)	21.5	20.7	19.0
PE (x)	10.5	9.3	8.7
P / BV (x)	2.1	1.8	1.5
EV / E (x)	6.1	5.4	4.7

Net sales are expected to grow by ~15% YoY, mainly on account of ~15% and 1.7x YoY growth in Urea and Trading sales. Urea sales growth is contributed by ~8% volume and ~7% realization growth. We believe that the EBIT margins from the urea business would improve by 209bps YoY because the company will account for import parity price on some part of the quarterly production which is supported by higher average urea price of US\$322/MT (up ~16% YoY).

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	8,239	7,186	14.6	13,704	53,772	41,942	28.2
EBITDA	2,064	1,685	22.5	2,238	9,207	7,567	21.7
Margin (%)	25.1	23.4	161 bps	16.3	17.1	18.0	(92)bps
Reported PAT	809	617	31.2	898	3,441	2,448	40.6
PAT (Excl. Ex Items)	809	617	31.2	898	3,441	2,448	40.6
Operating Metrics							
Fertilizers Sales	6,178	5,355	15.4	6,830	24,921	22,408	11.2
Trading Sales	489	180	171.0	4,999	15,526	7,611	104.0
Shipping Sales	691	687	0.6	702	2,766	2,766	0.0
Fertilizers EBIT %	18.5	16.4	209 bps	16.2	17.3	17.0	22 bps
Trading EBIT %	6.0	(18.3)	2,425bps	6.6	5.4	2.9	250 bps
Shipping EBIT %	20.3	21.5	(116)bps	9.2	19.2	20.7	(150)bps

* Consolidated

Rallis India

Rating	BUY
Price	Rs1,420
Target Price	Rs1,850
Market Cap. (Rs bn)	27.6
Shares o/s (m)	19.4

Key Figures (Rs m) - Standalone

	FY11E	FY12E	FY13E
Net Sales	10,982	14,290	17,448
EBITDA	2,148	2,894	3,688
Margin (%)	19.6	20.3	21.1
PAT	1,350	1,827	2,399
EPS (Rs)	69.4	93.9	123.4
RoE (%)	28.7	31.2	32.0
PE (x)	20.4	15.1	11.5
P / BV (x)	5.3	4.2	3.3
EV / E (x)	12.7	9.2	6.8

We expect Rallis to report robust sales growth (~23% YoY), mainly led by strong volume growth. However, lower agrochemical prices on YoY basis would be partially offset by a strong volume growth though the prices are stable on QoQ basis. We expect the EBITDA margin to be flat on YoY basis.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,511	2,047	22.7	2,735	10,982	9,040	21.5
EBITDA	477	392	21.8	534	2,148	1,814	18.4
Margin (%)	19.0	19.1	(14)bps	19.5	19.6	20.1	(51)bps
Reported PAT	278	236	17.6	337	1,350	984	37.2
PAT (Excl. Ex Items)	278	236	17.6	337	1,350	1,097	23.0



Deepak Fertilisers

Rating	BUY
Price	Rs180
Target Price	Rs228
Market Cap. (Rs bn)	15.9
Shares o/s (m)	88.2

We expect the net sales to grow by ~26%, mainly led by higher chemical volume that would be contributed by newly commissioned ammonium nitrate plant (21K MT and ~Rs400m sales during Q4FY11E). EBITDA margin is expected to be lower by 302bps at 23.5% (flat on QoQ basis) due to higher raw material cost (essentially ammonia). Adjusted PAT is expected to grow by merely ~2% YoY owing to incremental depreciation and interest from the new ammonium nitrate plant.

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	16,966	21,857	25,768
EBITDA	3,865	4,794	5,702
Margin (%)	22.8	21.9	22.1
PAT	1,833	2,236	2,998
EPS (Rs)	20.8	25.3	34.0
RoE (%)	18.5	19.6	22.4
PE (x)	8.6	7.1	5.3
P / BV (x)	1.5	1.3	1.1
EV / E (x)	5.9	4.3	3.2

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	4,183	3,317	26.1	3,832	16,966	13,649	24.3
EBITDA	985	881	11.8	901	3,865	3,309	16.8
Margin (%)	23.5	26.6	(302)bps	23.5	22.8	24.2	(146)bps
Reported PAT	452	445	1.6	436	1,833	1,435	27.8
PAT (Excl. Ex Items)	452	445	1.6	436	1,833	1,435	27.8
Operating Metrics							
Industrial Chemicals Sales	3,069	2,537	21.0	2,630	11,013	8,655	27.3
Fertilisers Sales	1,072	734	46.0	1,203	5,454	4,392	24.2
Industrial Chemicals EBIT %	30.3	31.7	(5)bps	30.4	29.8	31.3	(5)bps
Fertilisers EBIT %	5.6	(1.9)	756 bps	3.5	6.8	3.7	309 bps

* Consolidated



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Banking

Regulatory developments – further tightening continues: The Reserve Bank of India (RBI) once again tightened the monetary noose to rein in the sticky inflation by hiking key policy rates (repo as well as reverse repo rate) by 50bps in two hikes of 25bps each during the quarter.

Liquidity scenario – remains tight: While managing inflation remains a key challenge for the Central bank, the quarter gone by proved to be yet another quarter of tight liquidity, with average LAF borrowings during the quarter at Rs834bn v/s Rs765bn in Q3FY11 and peak borrowing by banks touching a level of Rs1.45trn.

Business growth stable – credit growth outpacing deposit growth: Credit growth remained healthy at 23.0% YoY v/s 24.1% YoY at the beginning of the quarter. On the other hand, deposit growth continued to remain sluggish at 16.6% YoY similar to 16.5% YoY at the beginning of the quarter. The YoY deposit growth remains subdued, given the high base of the previous year. Banks witnessed a scramble for deposits, resulting into deposit rates rising by ~75-125bps during the quarter.

Margin Outlook – downward bias; some may surprise positively: We expect banks to report healthy YoY advances growth, while higher deposit mobilization would be a challenge. Amid high rate action, both on advances (avg. PLR hikes to the tune of 50-75bps) as well as deposits (avg. deposit rate hikes of ~75-125bps), margins are likely to predominantly have a downward bias, with few banks being able to maintain or marginally improve margins due to aggressive PLR hikes in Q3FY11, while the hike in deposit rates are likely to impact margins in Q1 / Q2 of the current fiscal.

Asset quality – no major negative surprises expected: Extension granted to banks for aligning to system-based NPL recognition method till June (for account higher than Rs5.0m) - September 2011 (for all other accounts) provides some respite. The asset quality for various banks may not surprise negatively as expected earlier. However, normal slippage trend likely to continue but with some improvement.

Other developments: Government of India infused capital in most PSU banks (taking its shareholding to 58% in most banks from the current levels) to fund their future business growth.

Pension treatment remains a joker in the pack: One of the major overhangs for PSU bank stocks has been the uncertainty towards treatment of the liability towards the second round of pension. Though the RBI has allowed banks to amortize the pension liability over a period of five years, the liability for retired employees is likely to be provided for in the first year (FY11) itself. Although bankers have sought for RBI's approval to amortize this liability over a five-year period, decision over the same is awaited. Based on our analysis, the impact of incremental provisions towards pension liability on the Q4 profit for PSU banks could be as high as ~26% of their expected post tax earnings, which is quite substantial.

Quarterly Performance: During Q4FY11, Bankex recorded a marginal decline of 0.6% as against a decline of 5.2% recorded by Sensex. For FY11, Bankex (up 24.9%) has outperformed Sensex by a wide margin (up 10.9%) after a sharp rally seen in the banking stocks recently.

Result snapshot: For banks under our coverage, we expect the Net Interest Income (NII) to grow by a healthy 32.1% YoY and 2.1% QoQ. Operating profit is likely to grow by healthy 21.4% YoY and 4.1% QoQ. Net profit is likely to grow by 33.8% YoY and 2.5% QoQ. In terms of NII growth, PSBs are likely to report 37.9% YoY growth, higher than 19.1% YoY growth expected for private banks. Meanwhile, we expect bottom-line for PSBs to grow by 38.8% YoY and 5.0% QoQ and for private banks by 25.6% YoY, but decline marginally by 1.1% QoQ.

Outlook: We expect interest rates and system liquidity to remain tight in the next couple of months. Further rate hikes by the RBI to the tune of 50-75bps cannot be ruled out. Inflation is likely to remain sticky. Against the backdrop of such a macro economic situation, we are upgrading our sector stance to **“Overweight”** and we prefer to remain selective with our top picks. We expect banks to revise base rate by ~25bps, going forward, while wholesale and retail rates largely get realigned. We prefer banks where loan book is not significantly skewed towards infrastructure sector and margin and asset quality outlook is better than peers.

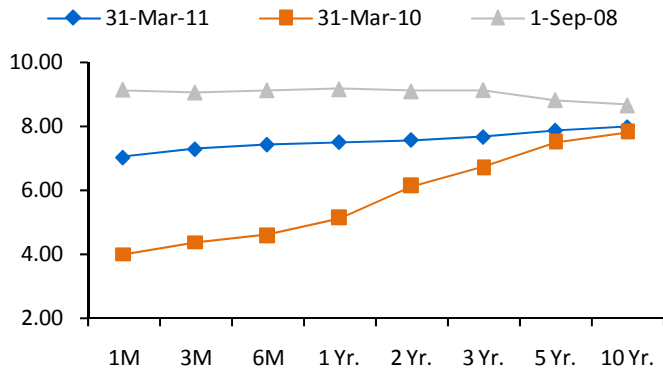
Change in estimates, rating and target prices: we have revised our earnings estimates downwards for Yes Bank and ICICI bank by ~4% each for FY12 as we expect liquidity tightness to remain prolonged than envisaged earlier, which would result in calibrated growth in the coming year. Additionally, delay in improvement in the capital market businesses has led us to revise our estimates for Kotak bank by ~10% and 8% for FY12 and FY13 respectively.

Consequently, we are downgrading our rating on Kotak Bank to Accumulate. We also downgrade our rating on Axis Bank to Accumulate on the back of recent run up (~4% return v/s -1% return by Bankex in previous quarter) and expected margin pressures higher than peers.

We have rolled over our 12-month forward target price to FY13 expected financials and have thereby revised target prices for various banks by ~2-14%. For Kotak Bank, we have revised our SOTP target price downwards by ~5% due to downward revision in earnings.

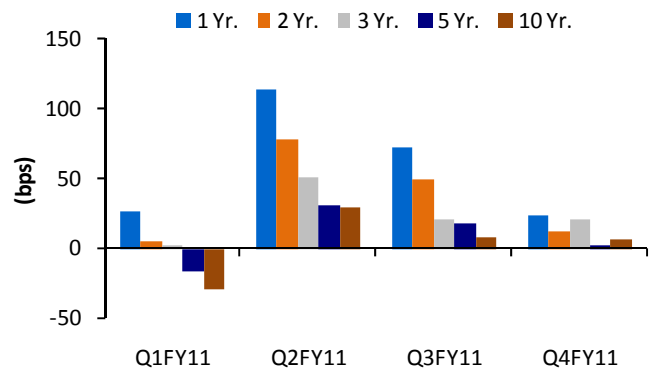
Top Picks: HDFC Bank, ICICI Bank, Bank of Baroda, Union Bank and IndusInd Bank

Trend in G-Sec Yields



Source: Bloomberg, PL Research

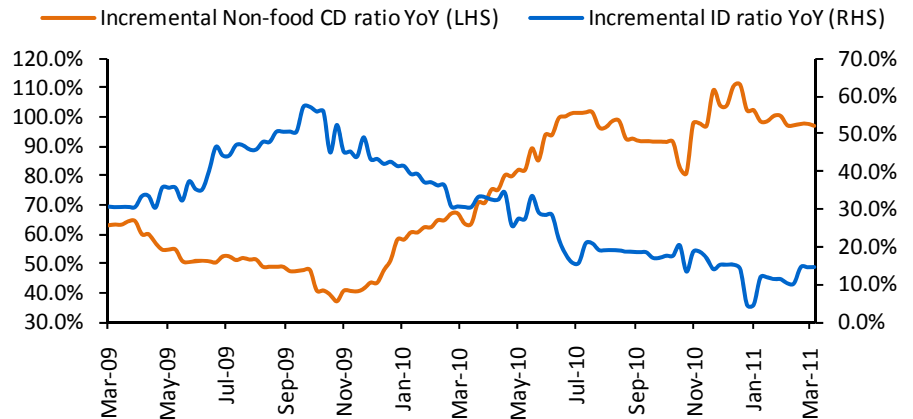
QoQ change in G-Sec Yields



Source: Bloomberg, PL Research

Yield curve movement: As on March 31, 2011, the 10-year benchmark yield rose to 7.99% from 7.92% over the quarter after touching a high of 8.25% during the quarter. However, the yields have hardened at the shorter end of the curve, with yields for three month maturity having increased by ~15bps, while for six months and one year paper, it increased by ~25bps each during the quarter, respectively. Due to the decline in 10-yr G-sec rates, we expect some treasury gains vis-à-vis Q3 numbers. MTM hits should not be significant on a portfolio basis, if any at all.

Trend in incremental CD and ID ratio (on a YoY basis)



Source: RBI, PL Research

**Trend in key banking parameters**

	11-Mar-11	31-Dec-10	8-Oct-10	9-Jul-10	9-Apr-10	8-Jan-10
Deposits (Rs trn)	5,140	4,971	4,707	4,633	4,487	4,269
Deposit Growth YoY	16.6%	16.5%	14.3%	14.9%	17.0%	17.7%
Deposit Growth QoQ	3.4%	5.6%	1.6%	3.3%	5.1%	3.6%
Non-food credit (Rs trn)	3,790	3,697	3,372	3,348	3,192	2,978
Non-food Credit Growth YoY	23.0%	24.1%	19.1%	22.3%	16.9%	14.4%
Non-food Credit Growth QoQ	2.5%	9.6%	0.7%	4.9%	7.2%	5.2%
Investments (Rs trn)	1,495	1,448	1,473	1,431	1,383	1,416
Investments Growth YoY	7.7%	2.3%	7.3%	7.1%	18.5%	23.1%
Investments Growth QoQ	3.2%	-1.6%	2.9%	3.5%	-2.3%	3.2%
CD ratio	73.7%	74.4%	71.6%	72.3%	71.1%	69.8%
Incremental CD ratio (YoY)	97.1%	102.3%	91.7%	101.4%	70.9%	58.4%
Incremental CD ratio (QoQ)	54.9%	123.1%	32.3%	106.8%	98.1%	97.2%
ID ratio	29.1%	29.1%	31.3%	30.9%	30.8%	33.2%
Incremental ID ratio (YoY)	14.6%	4.6%	17.1%	15.8%	33.1%	41.4%
Incremental ID ratio (QoQ)	27.8%	-9.2%	55.2%	33.3%	-15.2%	29.0%

Source: Bloomberg, RBI, PL Research

Business growth: Credit growth, during the quarter gone by, continued to maintain its healthy growth momentum as it stood at 23.0% YoY as on March 11, 2011 as compared to 24.1% YoY growth at the beginning of the quarter. On a quarter-to-date basis, credit growth has been 2.5%. While the credit offtake is higher than the RBI target of 20% YoY growth, it could be partially attributed to the strong credit demand in the system, given the higher economic growth and partially, the lower base of corresponding previous year (~17% YoY growth in March 2010). The situation on deposit mobilization front continues to remain sluggish, with deposit growth lagging credit growth by a wide margin (16.6% YoY as on March 11, 2011). Moreover, the high base of March 2010 (Rs1.23trn worth deposits, 18.9% of deposits in full year FY10 were mobilized in March 2010 alone), too, is affecting the deposit growth. Meanwhile, the incremental CD ratio (QoQ) stood at 55% v/s ~123% at the beginning of the quarter. For the quarter, the CD ratio stands at 73.7% and the ID ratio stands at 29.1% (as on March 11, 2011).

Margins: Amid high rate action, both on advances as well as deposit side, margins are likely to predominantly have a downward bias, with few banks being able to maintain or marginally improve margins due to aggressive PLR hikes in Q3FY11, while the hike in deposit rates are likely to impact margins in Q1 / Q2 of the current fiscal. Contrary to the trends seen in the previous quarter, the hike in the deposit rates outpaced the increase in lending rates during the quarter. Since the beginning of the last quarter, most banks have hiked their PLRs by 50-75bps. Meanwhile, the deposit rates have been increased by ~75-125bps across maturities, with larger part of the rate hikes coming in the second half of Q4FY11. Although the lending rate hikes should help overcome margin pressures, steep increase in deposit rates during the previous and current quarter could pressurize margins.

Fee income: Fee income growth is likely to remain moderate. Contribution from treasury is likely to remain subdued (but better than Q3 due to volatility in rates with a decline on a QoQ basis), thereby, affecting the overall non-interest income growth.

Provisions: Provisioning expenses for PSU banks could remain on the higher side, given the need for banks to move to system-based NPA recognition method. Although the banks are likely to get an extension for completing the whole process by September 2011, we believe that banks, that are nearing completion of migration to the new system, could see higher NPAs and thereby, higher provisions during the quarter.

Restructured Assets: As on Q3FY11, the average restructured book stood at 4.8% for PSBs v/s 1.2% for private banks. While, incremental restructuring of assets has been on a downward trend, exposures of various banks towards sectors such as Microfinance, Telecom, Commercial Real Estate and Aviation do warrant close monitoring. On the other hand, we believe that for most banks, the restructured portfolio has completed its moratorium period; slippages from this portfolio would have its bearing on the asset quality of the banks.

Pension treatment remains a joker in the pack: One of the major overhangs for PSU bank stocks has been the uncertainty towards treatment of the liability towards the second round of pension. Though the RBI has allowed banks to amortize the pension liability over a period of five years, the liability for retired employees is likely to be provided for in the first year (FY11) itself. Although bankers have sought for RBI's approval to amortize this liability over a five-year period, decision over the same is awaited. Based on our analysis, the impact of provisions towards pension liability on the Q4 profit for PSU banks could be as high as ~26% of their expected post tax earnings, which is quite substantial.

Impact of incremental pension provisions on profitability of PSU banks in Q4FY11 (Rs m)

Banks	Q4FY11E		Exp. Pension Impact in Q4		As a % of PPP		Pension Impact			
	PPP	PAT	Case 1	Case 2	Case 1	Case 2	Case 1		Case 2	
							PAT	% Chg.	PAT	% Chg.
Bank of Baroda	19,086	10,896	2,721	4,965	14.3%	26.0%	9,041	-17.0%	7,511	-31.1%
Bank of India	11,376	6,020	4,000	6,180	35.2%	54.3%	2,774	-53.9%	1,005	-83.3%
Central Bank of India	8,273	4,249	2,563	4,881	31.0%	59.0%	2,448	-42.4%	818	-80.7%
Punjab National Bank	23,835	12,306	2,098	5,577	8.8%	23.4%	10,773	-12.5%	8,231	-33.1%
Union Bank	13,057	8,320	1,644	3,167	12.6%	24.3%	7,006	-15.8%	5,789	-30.4%
Allahabad Bank	7,960	3,665	1,050	1,660	13.2%	20.8%	2,955	-19.4%	2,542	-30.6%
Total	160,467	73,537	14,076	26,430	8.8%	16.5%	63,077	-14.2%	53,978	-26.6%

Source: Company Data, PL Research

Case 1: Based on the estimated pension and gratuity liability (for retired as well as serving employees) for various banks and the provisions made towards the same during the first nine months, we have tried to work out the incremental (over and above the provisions made based on their quarterly run rate during 9MFY11) provisions required for banks to meet their pension and gratuity obligation for FY11. The liability for retired employees is based on the actual proportion of retired employees (average for PSU banks is ~20%).

Case 2: Under this scenario, in addition to the provisions estimated in case 1 above, we have also tried to analyze the impact of increase in the existing pension corpus of various banks on account of wage hike that affects existing pensioners. We have assumed 1) 20% increase in the existing corpus and 2) nearly 75% of the same would have been provided by the banks during 9MFY11. Therefore the incremental provisions include required pension and gratuity provisions in addition to the provisions required for the 25% of the expected increase in the existing corpus. The pension liability for retired and serving employees is worked out on the basis of their servicing costs, which translates into average pension liability for retired employees to the tune of ~23% (of the total) for major PSBs.

Note: However, the actual numbers may be completely different depending on changes in critical assumptions made by actuaries.

Valuation Table

Banks	CMP (Rs)	Rating		RoAE (%)		RoAA (%)		P/E (x)		P/ABV (x)		TP (Rs)	Upside
		Old	New	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E		
Public Sector Banks													
State Bank of India	2,796	Acc	Acc	16.2%	16.1%	1.1%	1.1%	11.1	8.5	1.7	1.4	3,426	22.5%
Punjab National Bank	1,198	Acc	Acc	23.7%	24.9%	1.4%	1.4%	6.7	5.2	1.6	1.2	1,538	28.4%
Union Bank of India	354	BUY	BUY	22.6%	23.8%	1.2%	1.3%	5.7	4.4	1.4	1.1	453	28.1%
Bank of Baroda	962	BUY	BUY	21.5%	22.3%	1.3%	1.4%	7.6	6.1	1.6	1.3	1,252	30.1%
Bank of India	489	Acc	Acc	19.4%	21.4%	1.0%	1.0%	7.3	5.5	1.4	1.2	629	28.5%
Central Bank of India	147	Acc	Acc	14.3%	14.7%	0.7%	0.7%	5.2	4.2	0.9	0.7	207	40.4%
Allahabad Bank	235	BUY	BUY	21.5%	22.4%	1.2%	1.2%	5.5	4.4	1.2	0.9	309	31.6%
Private Banks													
ICICI Bank	1,111	BUY	BUY	11.3%	12.6%	1.5%	1.5%	14.5	11.3	2.1	1.7	1,377	23.9%
HDFC Bank	2,396	BUY	BUY	19.7%	21.6%	1.7%	1.8%	21.5	16.4	3.9	3.2	2,675	11.7%
Axis Bank	1,425	BUY	Acc	20.2%	20.1%	1.7%	1.8%	13.9	11.4	2.6	1.9	1,645	15.5%
Kotak Mahindra Bank	456	BUY	Acc	20.2%	21.3%	2.9%	3.0%	17.3	13.4	3.0	2.6	506	10.9%
Yes Bank	312	BUY	BUY	21.9%	24.3%	1.4%	1.4%	11.7	8.6	2.3	1.9	420	34.6%
IndusInd Bank	272	BUY	BUY	17.8%	20.3%	1.5%	1.6%	16.8	12.6	3.0	2.5	312	14.8%

Source: PL Research



Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
State Bank of India	3.4	3.8	(13.9)	30.8	(3.1)	6.9	(10.4)	21.0
ICICI Bank	9.3	3.9	(3.2)	12.8	2.8	6.9	0.4	3.0
HDFC Bank	8.0	3.8	(2.1)	23.0	1.5	6.8	1.4	13.2
Axis Bank	7.3	8.7	(9.6)	21.0	0.8	11.7	(6.0)	11.3
Punjab National Bank	10.8	(0.6)	(8.4)	16.7	4.3	2.4	(4.8)	6.9
Kotak Mahindra Bank	8.8	1.6	(11.0)	19.0	2.3	4.6	(7.5)	9.3
Bank of Baroda	8.9	9.9	5.9	42.9	2.4	12.9	9.4	33.1
Bank of India	6.3	11.3	(11.7)	37.7	(0.2)	14.4	(8.1)	27.9
Union Bank of India	8.1	9.1	(11.2)	15.9	1.7	12.1	(7.6)	6.1
IndusInd Bank	13.8	9.1	(2.5)	50.3	7.3	12.2	1.0	40.6
YES Bank	13.3	7.1	(11.6)	18.1	6.9	10.2	(8.1)	8.4
Allahabad Bank	14.8	10.6	(1.9)	53.6	8.3	13.7	1.6	43.9
Central Bank of India	9.8	1.2	(12.3)	16.7	3.3	4.2	(8.8)	6.9

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011E	2010	YoY gr. (%)
State Bank of India	NII	91,646	67,214	36.3	90,498	1.3	336,329	236,714	42.1
	PPP	76,880	51,939	48.0	67,645	13.7	269,438	183,209	47.1
	<i>NIM Reported (%)</i>	-	3.0		3.6		-	2.7	
	<i>NIM Calculated (%)</i>	3.0	2.6		3.1		2.9	2.3	
	PAT	28,080	18,666	50.4	28,281	(0.7)	110,517	91,672	20.6
ICICI Bank	NII	23,217	20,349	14.1	23,117	0.4	88,288	81,144	8.8
	PPP	22,921	23,989	(4.5)	23,426	(2.2)	90,347	97,322	(7.2)
	<i>NIM Reported (%)</i>	-	2.6		2.6		-	2.5	
	<i>NIM Calculated (%)</i>	2.3	2.2		2.4		2.3	2.2	
	PAT	13,138	10,056	30.7	14,370	(8.6)	50,131	40,250	24.5
HDFC Bank	NII	28,622	23,514	21.7	27,767	3.1	105,663	83,866	26.0
	PPP	19,441	16,944	14.7	20,727	(6.2)	75,726	64,297	17.8
	<i>NIM Reported (%)</i>	-	4.4		4.2		-	4.3	
	<i>NIM Calculated (%)</i>	4.4	4.2		4.4		4.3	4.1	
	PAT	10,958	8,366	31.0	10,878	0.7	39,075	29,487	32.5
Axis Bank	NII	17,199	14,601	17.8	17,331	(0.8)	65,819	50,045	31.5
	PPP	16,395	13,838	18.5	16,585	(1.1)	62,344	52,405	19.0
	<i>NIM Reported (%)</i>	-	4.1		3.8		-	3.8	
	<i>NIM Calculated (%)</i>	3.2	3.5		3.4		3.3	3.0	
	PAT	9,203	7,649	20.3	8,914	3.2	32,886	25,145	30.8
Punjab National Bank	NII	33,896	24,980	35.7	32,033	5.8	121,881	85,229	43.0
	PPP	23,835	22,510	5.9	23,499	1.4	89,316	73,314	21.8
	<i>NIM Reported (%)</i>	-	4.0		4.1		-	3.6	
	<i>NIM Calculated (%)</i>	3.8	3.5		3.8		3.7	3.1	
	PAT	12,306	11,350	8.4	10,898	12.9	44,632	39,048	14.3
Kotak Mahindra Bank (Standalone)	NII	5,833	5,260	10.9	5,715	2.1	22,068	18,582	18.8
	PPP	3,341	4,356	(23.3)	3,147	6.1	12,909	12,544	2.9
	<i>NIM Reported (%)</i>	-	6.3		5.4		-	6.3	
	<i>NIM Calculated (%)</i>	5.3	5.8		5.5		5.3	5.6	
	PAT	2,001	2,025	(1.2)	1,879	6.5	7,696	5,185	48.4
Bank of Baroda	NII	23,865	17,450	36.8	22,923	4.1	85,749	59,395	44.4
	PPP	19,086	15,473	23.3	18,512	3.1	69,444	49,353	40.7
	<i>NIM Reported (%)</i>	-	3.0		3.2		-	2.7	
	<i>NIM Calculated (%)</i>	2.9	2.6		2.9		2.8	2.4	
	PAT	10,896	9,063	20.2	10,689	1.9	40,369	30,592	32.0
Bank of India	NII	20,367	15,517	31.3	19,869	2.5	75,401	57,560	31.0
	PPP	13,960	12,754	9.5	13,888	0.5	55,749	47,048	18.5
	<i>NIM Reported (%)</i>	-	2.6		3.1		-	2.5	
	<i>NIM Calculated (%)</i>	2.7	2.5		2.7		2.5	2.3	
	PAT	7,018	4,279	64.0	6,532	7.4	26,968	17,411	54.9

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011E	2010	YoY gr. (%)
Union Bank of India	NII	16,419	13,961	17.6	16,158	1.6	61,416	41,924	46.5
	PPP	12,388	11,475	8.0	12,611	(1.8)	46,742	36,593	27.7
	<i>NIM Reported (%)</i>	-	3.4		3.4		-	2.7	
	<i>NIM Calculated (%)</i>	2.9	3.0		3.1		2.9	2.4	
	PAT	7,505	5,935	26.5	5,796	29.5	22,349	20,749	7.7
IndusInd Bank	NII	3,885	2,728	42.4	3,630	7.0	13,769	8,864	55.3
	PPP	3,159	2,005	57.6	2,912	8.5	10,995	7,039	56.2
	<i>NIM Reported (%)</i>	-	3.2		3.6		-	2.9	
	<i>NIM Calculated (%)</i>	3.6	3.2		3.5		3.5	2.8	
	PAT	1,701	980	73.6	1,539	10.5	5,757	3,504	64.3
YES Bank	NII	3,330	2,442	36.4	3,232	3.0	12,314	7,880	56.3
	PPP	3,161	2,576	22.7	3,113	1.6	11,577	8,633	34.1
	<i>NIM Reported (%)</i>	-	3.2		2.8		-	3.1	
	<i>NIM Calculated (%)</i>	2.4	3.0		2.5		2.6	2.7	
	PAT	1,981	1,400	41.4	1,911	3.6	7,218	4,777	51.1
Allahabad Bank	NII	10,920	7,426	47.0	10,516	3.8	39,631	26,505	49.5
	PPP	8,261	6,580	25.6	7,884	4.8	31,006	25,486	21.7
	<i>NIM Reported (%)</i>	-	3.0		3.4		-	2.9	
	<i>NIM Calculated (%)</i>	3.0	2.6		3.1		2.9	2.4	
	PAT	3,844	2,245	71.2	4,158	(7.5)	15,499	12,063	28.5
Central Bank of India	NII	14,068	6,637	112.0	14,316	(1.7)	53,036	25,453	108.4
	PPP	8,273	5,940	39.3	8,149	1.5	30,876	20,585	50.0
	<i>NIM Reported (%)</i>	-	1.8		3.5		-	1.9	
	<i>NIM Calculated (%)</i>	2.8	1.5		3.0		2.7	1.5	
	PAT	4,249	1,717	147.5	4,035	5.3	15,446	10,582	46.0

Source: Company Data, PL Research

Consolidated Sectoral Data
Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	1,081,366	1,238,965	1,585,816
<i>Growth (%)</i>	38.1	14.6	28.0
PPP	856,472	1,007,038	1,313,799
<i>Growth (%)</i>	26.4	17.6	30.5
PAT	418,543	543,536	693,374
<i>Growth (%)</i>	26.7	29.9	27.6
PE (x)	15.9	12.2	9.6

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
NII	293,266	222,078	32.1	287,104	2.1
PPP	231,100	190,378	21.4	222,098	4.1
PAT	114,334	85,447	33.8	111,599	2.5

Note: NII, PPP and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

State Bank of India

Rating	Accumulate
Price	Rs2,796
Target Price	Rs3,426
Market Cap. (Rs bn)	1,775.6
Shares o/s (m)	635.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	336,329	382,230	474,728
PPP	269,438	308,766	386,791
<i>NIM (%)</i>	<i>2.93</i>	<i>2.78</i>	<i>2.85</i>
PAT	110,517	147,647	184,982
EPS (Rs)	174.0	204.5	256.2
PE (x)	13.0	11.1	8.5
P / ABV (x)	2.3	1.7	1.4

Rs106 & Rs120 per share reduced for investment in subsidiaries from Book Value & reduced Rs534 and Rs630 from the CMP for value of subsidiary for FY12 and FY13 respectively. Applied a 15% holding Co. discount.

We expect SBI to report business growth largely in line with industry. NII is likely to show strong traction on a YoY basis at 36%. However, a healthy sequential growth in advances doesn't translate into sequential NII growth on account of expected sequential decline in margins of ~10-15bps. Steep YoY decline in treasury gains is likely to result in flattish non-interest income growth. Credit costs likely to be higher QoQ. As a result, the bottom-line is likely to grow by 50.4% YoY (due to lower base) and remain flattish QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	91,646	67,214	36.3	90,498	336,329	236,714	42.1
PPP	76,880	51,939	48.0	67,645	269,438	183,209	47.1
<i>NIM Reported (%)</i>	-	<i>2.96</i>		<i>3.61</i>	-	<i>2.66</i>	
<i>NIM Calculated (%)</i>	<i>3.00</i>	<i>2.55</i>		<i>3.14</i>	<i>2.93</i>	<i>2.34</i>	
PAT	28,080	18,666	50.4	28,281	110,517	91,672	20.6
Operating Metrics (Rs bn)							
Deposits	9,408	8,041	17.0	8,790	9,408	8,041	17.0
Advances	7,643	6,319	21.0	7,266	7,643	6,319	21.0
Gross NPA	238	195	21.8	234	238	195	21.8
Net NPA	114	109	5.1	117	114	109	5.1

ICICI Bank

Rating	BUY
Price	Rs1,111
Target Price	Rs1,377
Market Cap. (Rs bn)	1,242.7
Shares o/s (m)	1,118.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	88,288	100,552	129,814
PPP	90,347	107,029	138,909
<i>NIM (%)</i>	<i>2.29</i>	<i>2.30</i>	<i>2.54</i>
PAT	50,131	65,884	81,030
EPS (Rs)	44.8	58.9	72.5
PE (x)	21.4	14.5	11.3
P / ABV (x)	2.6	2.1	1.7

Rs128 & Rs137 per share reduced for investment in subsidiaries from Book Value & Rs255 and Rs295 reduced from the CMP for value of subsidiary for FY12 and FY13 respectively. Applied a 15% holding Co. discount.

Positive YoY traction in loan book is likely to continue, with loan book expected to grow at 18% YoY. NII is expected to grow by 14.1% YoY and remain largely flattish QoQ. Margins are expected to remain largely stable QoQ. Sequentially, higher employee expenses would push up the operating expenses. Credit costs are likely to improve on a YoY basis, reflecting the stabilizing asset quality, thereby, boosting the bottom-line (up 30.7% YoY, but down 8.6% QoQ).

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	23,217	20,349	14.1	23,117	88,288	81,144	8.8
PPP	22,921	23,989	(4.5)	23,426	90,347	97,322	(7.2)
<i>NIM Reported (%)</i>	-	<i>2.60</i>		<i>2.60</i>	-	<i>2.50</i>	
<i>NIM Calculated (%)</i>	<i>2.32</i>	<i>2.24</i>		<i>2.36</i>	<i>2.29</i>	<i>2.19</i>	
PAT	13,138	10,056	30.7	14,370	50,131	40,250	24.5
Operating Metrics (Rs bn)							
Deposits	2,222	2,020	10.0	2,177	2,222	2,020	10.0
Advances	2,134	1,812	17.8	2,067	2,134	1,812	17.8
Gross NPA	99	95	4.7	102	99	95	4.7
Net NPA	28	38	(27.7)	29	28	38	(27.7)



HDFC Bank

Rating	BUY
Price	Rs2,396
Target Price	Rs2,675
Market Cap. (Rs bn)	1,096.6
Shares o/s (m)	457.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	105,663	123,882	162,256
PPP	75,726	89,537	125,960
<i>NIM (%)</i>	<i>4.33</i>	<i>4.16</i>	<i>4.38</i>
PAT	39,075	50,952	66,681
EPS (Rs)	85.4	111.3	145.7
PE (x)	28.1	21.5	16.4
P / ABV (x)	4.6	3.9	3.2

Higher-than-industry growth is likely to be maintained, as advances and deposits expected to grow by 27.4% and 19.0%, respectively on a YoY basis. Margins are likely to remain steady on a sequential basis. Employee expenses are likely to remain higher on a sequential basis, while credit costs are expected to remain lower QoQ on account of a high base. No major negative surprises are expected on the asset quality front. Consequently, bottom-line is expected to grow by 31.0% YoY and 0.7% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	28,622	23,514	21.7	27,767	105,663	83,866	26.0
PPP	19,441	16,944	14.7	20,727	75,726	64,297	17.8
<i>NIM Reported (%)</i>	-	4.40		4.20	-	4.25	
<i>NIM Calculated (%)</i>	4.45	4.23		4.44	4.33	4.13	
PAT	10,958	8,366	31.0	10,878	39,075	29,487	32.5
Operating Metrics (Rs bn)							
Deposits	1,992	1,674	19.0	1,922	1,992	1,674	19.0
Advances	1,604	1,258	27.4	1,592	1,604	1,258	27.4
Gross NPA	18	18	(2.0)	18	18	18	(2.0)
Net NPA	3	4	(31.9)	3	3	4	(31.9)

Axis Bank

Rating	Accumulate
Price	Rs1,425
Target Price	Rs1,645
Market Cap. (Rs bn)	577.3
Shares o/s (m)	405.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	65,819	77,239	108,680
PPP	62,344	73,394	99,305
<i>NIM (%)</i>	<i>3.27</i>	<i>3.11</i>	<i>3.49</i>
PAT	32,886	41,390	55,473
EPS (Rs)	81.2	102.2	124.6
PE (x)	17.6	13.9	11.4
P / ABV (x)	3.1	2.6	1.9*

Business growth is expected to remain strong, with advances and deposits likely to grow by ~25.0% YoY each. However, NII is likely to grow at a slower rate at 17.8% YoY and remain largely flattish QoQ on account of expected sequential contraction of ~15-20bps in net interest margins. Provisions are likely to remain steady QoQ. Resultantly, we expect earnings to grow by 20.3% YoY and 3.2% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	17,199	14,601	17.8	17,331	65,819	50,045	31.5
PPP	16,395	13,838	18.5	16,585	62,344	52,405	19.0
<i>NIM Reported (%)</i>	-	4.09		3.8	-	3.75	
<i>NIM Calculated (%)</i>	3.21	3.53		3.4	3.27	3.05	
PAT	9,203	7,649	20.3	8,914	32,886	25,145	30.8
Operating Metrics (Rs bn)							
Deposits	1,766	1,413	25.0	1,558	1,766	1,413	25.0
Advances	1,299	1,043	24.5	1,235	1,299	1,043	24.5
Gross NPA	15	13	14.3	15	15	13	14.3
Net NPA	4	4	(10.1)	4	4	4	(10.1)

* We have factored in equity dilution of ~10% raising ~\$1.3bn during FY13. Adjusting the market cap for the equity dilution, the P/ABV multiple stands at 2.0x.

Punjab National Bank

Rating	Accumulate
Price	Rs1,198
Target Price	Rs1,538
Market Cap. (Rs bn)	377.7
Shares o/s (m)	315.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	121,881	138,503	181,484
PPP	89,316	105,656	140,395
<i>NIM (%)</i>	<i>3.68</i>	<i>3.37</i>	<i>3.54</i>
PAT	44,632	56,260	72,940
EPS (Rs)	141.6	178.4	231.3
PE (x)	8.5	6.7	5.2
P / ABV (x)	1.9	1.6	1.2

We expect PNB to report higher-than-industry business growth, with advances and deposits growing by 26.2% YoY and 24.0% YoY, respectively. Margins are likely to remain stable as the impact of deposit rate hikes are expected to impact with a lag, while PLR hikes have been substantial (125bps in past 4 months). Asset quality needs to be monitored, especially the performance of restructured assets portfolio. We expect the bank to report 8.4% YoY (including extraordinary income of Rs815m on account of stake sale in UTI AMC in Q4FY10) and 12.9% QoQ growth in bottom-line.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	33,896	24,980	35.7	32,033	121,881	85,229	43.0
PPP	23,835	22,510	5.9	23,499	89,316	73,314	21.8
<i>NIM Reported (%)</i>	-	<i>3.99</i>		<i>4.13</i>	-	<i>3.57</i>	
<i>NIM Calculated (%)</i>	<i>3.82</i>	<i>3.48</i>		<i>3.81</i>	<i>3.68</i>	<i>3.14</i>	
PAT	12,306	11,350	8.4	10,898	44,632	39,048	14.3
Operating Metrics (Rs bn)							
Deposits	3,092	2,493	24.0	2,889	3,092	2,493	24.0
Advances	2,355	1,866	26.2	2,213	2,355	1,866	26.2
Gross NPA	48	32	48.5	45	48	32	48.5
Net NPA	15	10	56.0	16	15	10	56.0

Kotak Mahindra Bank

Rating	Accumulate
Price	Rs456
Target Price	Rs506
Market Cap. (Rs bn)	331.9
Shares o/s (m)	727.6

Key Figures (Cons; Ex-Insurance)

	FY11E	FY12E	FY13E
NII	29,431	33,587	41,984
PPP	25,992	31,120	37,677
<i>NIM (%)</i>	<i>5.32</i>	<i>5.21</i>	<i>5.36</i>
PAT	14,568	17,859	23,002
EPS (Rs)	20.0	24.5	31.6
PE (x)*	21.2	17.3	13.4
P / ABV (x)*	3.5	3.0	2.6

We expect KMB (standalone) to grow its advances by 30.5% YoY, slightly slower than Q3, due to lower growth in corporate advances, while consolidated advances are likely to grow faster, driven by marginal increase in auto loans. Margins likely to have downward bias, while asset quality is likely to improve QoQ. Earnings from insurance business should improve QoQ due to benefits of lower costs and renewal premiums. Capital market businesses could remain under pressure. Kotak Prime numbers could decline QoQ due to absence of one-time revenue of Rs320m available in Q3.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	5,833	5,260	10.9	5,715	22,068	18,582	18.8
PPP	3,341	4,356	(23.3)	3,147	12,909	12,544	2.9
<i>NIM Reported (%)</i>	-	<i>6.30</i>		<i>5.40</i>	-	<i>6.30</i>	
<i>NIM Calculated (%)</i>	<i>5.26</i>	<i>5.76</i>		<i>5.47</i>	<i>5.32</i>	<i>5.62</i>	
PAT (Standalone)	2,001	2,025	(1.2)	1,879	7,696	5,185	48.4
PAT (Consolidated)	4,006	4,186	(4.3)	3,836	14,568	13,070	11.4
Operating Metrics (Rs bn)							
Deposits	287	239	20.0	283	287	239	20.0
Advances	271	208	30.5	289	271	208	30.5
Gross NPA	7	8	(10.1)	7	7	8	(10.1)
Net NPA	2	4	(42.5)	2	2	4	(42.5)

* Valuations adjusted for investment in subsidiaries



Bank of Baroda

Rating	BUY
Price	Rs962
Target Price	Rs1,252
Market Cap. (Rs bn)	377.9
Shares o/s (m)	392.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	85,749	99,509	128,057
PPP	69,444	83,365	110,250
<i>NIM (%)</i>	<i>2.80</i>	<i>2.68</i>	<i>2.83</i>
PAT	40,369	49,554	62,203
EPS (Rs)	102.8	126.2	158.4
PE (x)	9.4	7.6	6.1
P / ABV (x)	1.9	1.6	1.3

BoB's global business is expected to grow higher-than-industry, with its advances and deposits growing by 25.6% YoY and 22.0% YoY, respectively. Margins are likely to remain flat QoQ. Credit costs are likely to decline on a YoY basis, but remain flattish sequentially. Resultantly, we expect the bottom-line to grow by 20.2% YoY (including extraordinary income of Rs815m on account of stake sale in UTI AMC in Q4FY10) and 1.9% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	23,865	17,450	36.8	22,923	85,749	59,395	44.4
PPP	19,086	15,473	23.3	18,512	69,444	49,353	40.7
<i>NIM Reported (%)</i>	-	<i>2.97</i>		<i>3.20</i>	-	<i>2.74</i>	
<i>NIM Calculated (%)</i>	<i>2.88</i>	<i>2.64</i>		<i>2.86</i>	<i>2.80</i>	<i>2.35</i>	
PAT	10,896	9,063	20.2	10,689	40,369	30,592	32.0
Operating Metrics (Rs bn)							
Deposits	2,941	2,410	22.0	2,815	2,941	2,410	22.0
Advances	2,199	1,750	25.6	2,072	2,199	1,750	25.6
Gross NPA	29	24	20.3	28	29	24	20.3
Net NPA	7	6	19.8	7	7	6	19.8

Bank of India

Rating	Accumulate
Price	Rs489
Target Price	Rs629
Market Cap. (Rs bn)	267.8
Shares o/s (m)	547.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	75,401	83,491	104,099
PPP	55,749	61,359	82,416
<i>NIM (%)</i>	<i>2.54</i>	<i>2.36</i>	<i>2.41</i>
PAT	26,968	36,480	48,252
EPS (Rs)	49.3	66.7	88.2
PE (x)	9.9	7.3	5.5
P / ABV (x)	1.7	1.4	1.2

We expect BoI to report healthy business growth, with advances growth to be largely in line or tad lower than industry, while deposits growth would be much higher. Margins are likely to see some decline on a sequential basis. Employee costs could increase due to higher pension provisions on a QoQ basis. Credit costs should improve, both on YoY as well as QoQ basis. Slippages from restructured portfolio will be monitored closely. We expect earnings to grow by 64.0% YoY (due to low base), but decline by 7.4% QoQ, mainly due to higher staff costs.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	20,367	15,517	31.3	19,869	75,401	57,560	31.0
PPP	13,960	12,754	9.5	13,888	55,749	47,048	18.5
<i>NIM Reported (%)</i>	-	<i>2.57</i>		<i>3.09</i>	-	<i>2.51</i>	
<i>NIM Calculated (%)</i>	<i>2.65</i>	<i>2.48</i>		<i>2.72</i>	<i>2.54</i>	<i>2.30</i>	
PAT	7,018	4,279	64.0	6,532	26,968	17,411	54.9
Operating Metrics (Rs bn)							
Deposits	2,757	2,298	20.0	2,525	2,757	2,298	20.0
Advances	2,037	1,685	20.9	1,928	2,037	1,685	20.9
Gross NPA	46	49	(6.8)	45	46	49	(6.8)
Net NPA	14	22	(38.1)	17	14	22	(38.1)



Union Bank of India

Rating	BUY
Price	Rs354
Target Price	Rs453
Market Cap. (Rs bn)	185.5
Shares o/s (m)	524.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	61,416	70,191	91,244
PPP	46,742	56,933	75,809
<i>NIM (%)</i>	<i>2.87</i>	<i>2.70</i>	<i>2.84</i>
PAT	22,349	32,465	42,076
EPS (Rs)	42.6	61.9	80.2
PE (x)	8.3	5.7	4.4
P / ABV (x)	1.8	1.4	1.1

We expect UBI's business growth to remain healthy, with advances and deposits growing by 22.7% and 20.0% YoY, respectively. The impact of deposit rates hikes in the earlier quarter is likely to catch up, reflecting in margin contraction of ~10-15bps. Non-interest income likely to remain flattish, both on a YoY as well as QoQ basis due to muted fee and treasury income growth. We expect bottom-line to grow by 26.5% YoY and 29.5% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	16,419	13,961	17.6	16,158	61,416	41,924	46.5
PPP	12,388	11,475	8.0	12,611	46,742	36,593	27.7
<i>NIM Reported (%)</i>	-	<i>3.39</i>		<i>3.44</i>	-	<i>2.71</i>	
<i>NIM Calculated (%)</i>	<i>2.93</i>	<i>3.03</i>		<i>3.07</i>	<i>2.87</i>	<i>2.35</i>	
PAT	7,505	5,935	26.5	5,796	22,349	20,749	7.7
Operating Metrics (Rs bn)							
Deposits	2,040	1,700	20.0	1,867	2,040	1,700	20.0
Advances	1,464	1,193	22.7	1,338	1,464	1,193	22.7
Gross NPA	36	27	33.5	36	36	27	33.5
Net NPA	14	10	43.9	16	14	10	43.9

IndusInd Bank

Rating	BUY
Price	Rs272
Target Price	Rs312
Market Cap. (Rs bn)	123.7
Shares o/s (m)	455.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	13,769	17,024	23,193
PPP	10,995	14,121	19,127
<i>NIM (%)</i>	<i>3.52</i>	<i>3.51</i>	<i>3.78</i>
PAT	5,757	7,373	9,843
EPS (Rs)	12.6	16.2	21.6
PE (x)	21.5	16.8	12.6
P / ABV (x)	3.4	3.0	2.5

We expect IIB's advances and deposits to grow by 26.6% and 20.0% YoY, respectively. Margins likely to remain stable on a sequential basis as the impact of higher deposit costs to be felt with a lag. Non-interest income should remain flat on a QoQ basis. Asset quality is expected to remain healthy. Bottom-line is expected to grow by 73.6% YoY and 10.5% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	3,885	2,728	42.4	3,630	13,769	8,864	55.3
PPP	3,159	2,005	57.6	2,912	10,995	7,039	56.2
<i>NIM Reported (%)</i>	-	<i>3.19</i>		<i>3.61</i>	-	<i>2.88</i>	
<i>NIM Calculated (%)</i>	<i>3.55</i>	<i>3.18</i>		<i>3.53</i>	<i>3.52</i>	<i>2.81</i>	
PAT	1,701	980	73.6	1,539	5,757	3,504	64.3
Operating Metrics (Rs bn)							
Deposits	321	267	20.0	307	321	267	20.0
Advances	260	206	26.6	250	260	206	26.6
Gross NPA	3	3	28.5	3	3	3	28.5
Net NPA	1	1	(3.3)	1	1	1	(3.3)



YES Bank

Rating	BUY
Price	Rs312
Target Price	Rs420
Market Cap. (Rs bn)	106.0
Shares o/s (m)	339.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	12,314	16,490	23,944
PPP	11,577	15,208	21,406
<i>NIM (%)</i>	<i>2.65</i>	<i>2.49</i>	<i>2.65</i>
PAT	7,218	9,070	12,392
EPS (Rs)	21.3	26.7	36.5
PE (x)	14.7	11.7	8.6
P / ABV (x)	2.8	2.3	1.9

Business growth momentum is likely to remain healthy, with advances and deposits growing by 57.0% and 62.0%, respectively on a YoY basis. Margins are expected to remain largely stable on a QoQ basis. Despite lower income from financial markets, non-interest income growth is likely to remain flattish. Asset quality remains monitorable as exposure to microfinance industry could pose a threat to asset quality. We expect bottom-line to grow by 41.4% YoY and 3.6% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	3,330	2,442	36.4	3,232	12,314	7,880	56.3
PPP	3,161	2,576	22.7	3,113	11,577	8,633	34.1
<i>NIM Reported (%)</i>	-	<i>3.20</i>		<i>2.80</i>	-	<i>3.10</i>	
<i>NIM Calculated (%)</i>	<i>2.45</i>	<i>2.96</i>		<i>2.48</i>	<i>2.65</i>	<i>2.66</i>	
PAT	1,981	1,400	41.4	1,911	7,218	4,777	51.1
Operating Metrics (Rs bn)							
Deposits	434	268	62.0	395	434	268	62.0
Advances	348	222	57.0	311	348	222	57.0
Gross NPA	0.9	0.6	44.9	0.7	0.9	0.6	44.9
Net NPA	0.2	0.1	68.0	0.2	0.2	0.1	68.0

Allahabad Bank

Rating	BUY
Price	Rs235
Target Price	Rs309
Market Cap. (Rs bn)	111.8
Shares o/s (m)	476.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	39,631	47,767	60,433
PPP	31,006	40,135	50,236
<i>NIM (%)</i>	<i>2.91</i>	<i>2.83</i>	<i>2.89</i>
PAT	15,499	20,339	25,529
EPS (Rs)	32.5	42.7	53.6
PE (x)	7.2	5.5	4.4
P / ABV (x)	1.4	1.2	0.9

We expect ALBK to report higher-than-industry business growth, with advances and deposits growing strongly by 31.3% and 24.0% YoY, respectively. Margins likely to witness some decline sequentially. Non-interest income is expected to decline on a YoY basis due to lower treasury gains and modest fee income growth. Credit costs are likely to remain largely stable sequentially. We expect bottom-line to grow by 71.2% YoY (on a lower base), but decline 7.5% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	10,920	7,426	47.0	10,516	39,631	26,505	49.5
PPP	8,261	6,580	25.6	7,884	31,006	25,486	21.7
<i>NIM Reported (%)</i>	-	<i>3.00</i>		<i>3.44</i>	-	<i>2.94</i>	
<i>NIM Calculated (%)</i>	<i>3.02</i>	<i>2.57</i>		<i>3.11</i>	<i>2.91</i>	<i>2.42</i>	
PAT	3,844	2,245	71.2	4,158	15,499	12,063	28.5
Operating Metrics (Rs bn)							
Deposits	1,315	1,061	24.0	1,209	1,315	1,061	24.0
Advances	940	716	31.3	868	940	716	31.3
Gross NPA	16	12	32.4	15	16	12	32.4
Net NPA	5	5	(3.7)	5	5	5	(3.7)



Central Bank of India

	Accumulate
Rating	
Price	Rs147
Target Price	Rs207
Market Cap. (Rs bn)	79.8
Shares o/s (m)	541.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
NII	53,036	56,289	64,397
PPP	30,876	35,499	41,248
<i>NIM (%)</i>	<i>2.72</i>	<i>2.50</i>	<i>2.42</i>
PAT	15,446	16,472	18,889
EPS (Rs)	26.6	28.4	34.9
PE (x)	5.5	5.2	4.2
P / ABV (x)	1.0	0.9	0.7

We expect CBOI's business growth to lag industry growth, with advances growing by 19.8% YoY (largely due to base effect) and deposits by 12.0% YoY. Margins are expected to witness pressure due to rising cost of funds. Significantly low treasury gains could affect the overall non-interest income growth. Credit costs may increase on sequential basis, but remain lower on a YoY basis. Consequently, we expect bottom-line to grow by 147.5% YoY (on a lower base) and 5.3% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
NII	14,068	6,637	112.0	14,316	53,036	25,453	108.4
PPP	8,273	5,940	39.3	8,149	30,876	20,585	50.0
<i>NIM Reported (%)</i>	<i>-</i>	<i>1.81</i>		<i>3.45</i>	<i>-</i>	<i>1.86</i>	
<i>NIM Calculated (%)</i>	<i>2.83</i>	<i>1.49</i>		<i>3.01</i>	<i>2.72</i>	<i>1.54</i>	
PAT	4,249	1,717	147.5	4,035	15,446	10,582	46.0
Operating Metrics (Rs bn)							
Deposits	1,816	1,621	12.0	1,631	1,816	1,621	12.0
Advances	1,263	1,071	19.8	1,163	1,263	1,054	19.8
Gross NPA	30	25	20.1	27	30	25	20.1
Net NPA	9	7	21.8	8	9	7	21.8

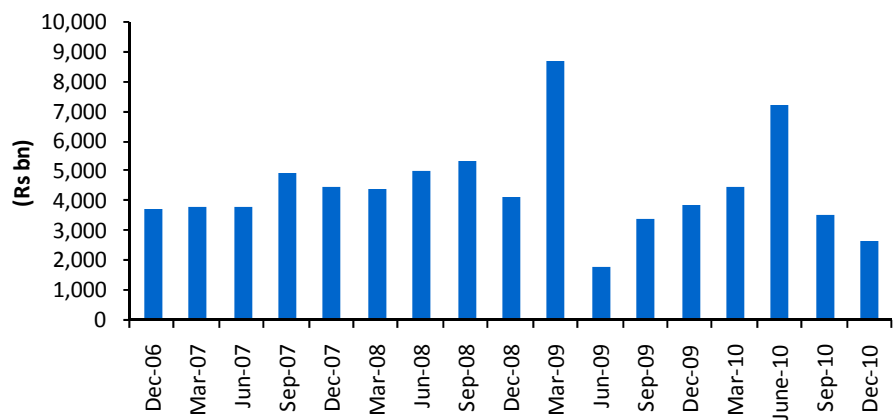
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Capital Goods

Over the last three months, the capital goods index has underperformed the broader markets by ~6%. However, we expect this underperformance to reverse as steady execution is combined with improved order flow over the course of the next few quarters. We expect our coverage universe to grow by 29.7% YoY in Q4FY11E. EBITDA margins are expected to be at 16.5% and PAT is expected to grow by 37.7% (excluding *Suzlon*) for the quarter.

Industry witnessed fresh investment announcements worth Rs13.4trn during April-December 2010. There has been a dip in new project announcements. The capex cycle, which saw multiple headwinds in the form of delay on account of land acquisitions and environment clearances, was further impacted by rising interest rate over the last two quarters. The rising food inflation has also put a question mark on demand sustainability. However, what we understand from most of the corporates is the enquiries levels are strong but conversion cycle has elongated significantly. Though we believe that the interest is near its peak, key to capex cycle revival will depend on how sticky the inflation remains.

New projects announcement



Source: Company Data, PL Research

NTPC's bulk tenders continued to be bogged by delays in awarding. The 11x660MW tender for boiler awarding was delayed further as *Ansaldo* had challenged their disqualification. We now expect the boiler order to get awarded in Q1FY12.

Power Grid is the largest spender in the country. The company has awarded orders worth ~Rs255bn (FY08-till FY10) and tendered orders worth ~Rs80bn till February 2011. March, generally being a heavy month, we expect orders worth ~Rs6-7bn to be awarded, taking the tally for FY11 to ~Rs130-140bn. However, competitive intensity across all segments (Transformers, Substations and Transmission EPC) continues to be high.

**Total Order inflow – Power Grid (in m)**

2008-2009	143,854
2009-2010	115,949
2010-2011 (Till Feb'11)	78,402

Source: Company Data, PL Research

Top picks: BHEL, Thermax, Cummins and KEC Int.

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
BHEL	6.0	(4.1)	(16.5)	(10.3)	(0.5)	(1.1)	(13.0)	(20.1)
Crompton Greaves	15.0	(6.2)	(8.7)	6.5	8.5	(3.2)	(5.2)	(3.2)
ABB	8.1	(0.9)	(14.5)	(6.7)	1.6	2.1	(10.9)	(16.5)
Cummins India	4.7	(8.3)	(5.4)	34.5	(1.8)	(5.3)	(1.8)	24.7
Thermax	11.1	(22.8)	(17.1)	(4.8)	4.6	(19.8)	(13.5)	(14.5)
Suzlon Energy	3.3	(9.8)	(14.8)	(33.0)	(3.2)	(6.8)	(11.2)	(42.8)
Areva T&D	0.0	(20.0)	(11.6)	(15.0)	(6.5)	(17.0)	(8.1)	(24.8)
Voltas	17.3	(16.4)	(23.4)	2.8	10.8	(13.4)	(19.9)	(6.9)
BGR Energy Systems	21.3	(24.8)	(33.4)	(1.8)	14.8	(21.8)	(29.9)	(11.6)
KEC International	7.7	(15.0)	(14.5)	(26.3)	1.3	(12.0)	(10.9)	(36.1)
Kalpataru Power Transmission	15.9	(18.4)	(28.0)	(33.6)	9.4	(15.3)	(24.5)	(43.4)
Jyoti Structures	6.5	(34.4)	(34.9)	(46.1)	(0.0)	(31.3)	(31.4)	(55.8)
Hindustan Dorr Oliver	6.7	(21.0)	(30.9)	(21.6)	0.2	(18.0)	(27.4)	(31.4)
Action Construction Equipments	14.2	(15.0)	(25.3)	7.5	7.7	(12.0)	(21.8)	(2.3)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
BHEL	Sales	197,943	135,591	46.0	88,493	123.7	433,516	333,549	30.0
	EBITDA	40,062	24,873	61.1	18,977	111.1	83,854	59,200	41.6
	<i>Margins (%)</i>	<i>20.2</i>	<i>18.3</i>		<i>21.4</i>		<i>19.3</i>	<i>17.7</i>	
	PAT	28,057	19,096	46.9	14,032	99.9	60,142	43,033	39.8
Crompton Greaves	Sales	27,756	25,079	10.7	23,970	15.8	98,706	91,409	8.0
	EBITDA	4,036	4,027	0.2	3,482	15.9	13,779	12,770	7.9
	<i>Margins (%)</i>	<i>14.5</i>	<i>16.1</i>		<i>14.5</i>		<i>14.0</i>	<i>14.0</i>	
	PAT	2,898	2,702	7.3	2,393	21.1	9,153	8,235	11.2
ABB	Sales	15,286	14,559	5.0	14,466	5.7	68,166	62,871	8.4
	EBITDA	858	29	2,849.2	501	71.3	4,090	838	388.2
	<i>Margins (%)</i>	<i>5.6</i>	<i>0.2</i>		<i>3.5</i>		<i>6.0</i>	<i>1.3</i>	
	PAT	662	67	888.7	384	72.7	2,667	632	21.7
Cummins India	Sales	10,377	7,861	32.0	9,925	4.6	40,492	28,449	42.3
	EBITDA	1,899	1,588	19.6	1,794	5.9	7,734	5,275	46.6
	<i>Margins (%)</i>	<i>18.3</i>	<i>20.2</i>		<i>18.1</i>		<i>19.1</i>	<i>18.5</i>	
	PAT	1,425	1,184	20.4	1,386	2.8	5,999	4,588	30.7
Thermax	Sales	15,607	12,193	28.0	12,411	25.7	47,888	33,705	42.1
	EBITDA	1,746	1,466	19.1	1,464	19.3	5,542	3,973	39.5
	<i>Margins (%)</i>	<i>11.2</i>	<i>12.0</i>		<i>11.8</i>		<i>11.6</i>	<i>11.8</i>	
	PAT	1,176	992	18.6	1,002	17.4	3,912	2,690	45.5
Suzlon Energy	Sales	75,812	61,642	23.0	44,944	68.7	180,450	207,800	(13.2)
	EBITDA	4,928	5,348	(7.9)	1,820	170.7	3,380	9,447	(64.2)
	<i>Margins (%)</i>	<i>6.5</i>	<i>8.7</i>		<i>4.0</i>		<i>1.9</i>	<i>4.5</i>	
	PAT	628	(1,818)	(134.5)	(2,523)	(124.9)	(14,063)	(9,630)	46.0
Areva T&D	Sales	8,934	7,768	15.0	8,855	0.9	47,278	40,797	15.9
	EBITDA	1,009	423	138.6	815	23.8	4,964	4,161	19.3
	<i>Margins (%)</i>	<i>11.3</i>	<i>5.4</i>		<i>9.2</i>		<i>10.5</i>	<i>10.2</i>	
	PAT	347	35	901.3	322	7.8	2,202	1,750	25.8
Voltas	Sales	15,678	14,806	5.9	10,393	50.9	51,444	48,058	7.0
	EBITDA	1,363	1,497	(9.0)	763	78.6	4,476	4,589	(2.5)
	<i>Margins (%)</i>	<i>8.7</i>	<i>10.1</i>		<i>7.3</i>		<i>8.7</i>	<i>9.5</i>	
	PAT	1,034	1,229	(15.8)	544	90.0	3,491	3,593	(2.8)
BGR Energy Systems	Sales	14,914	16,571	(10.0)	12,511	19.2	47,808	30,692	55.8
	EBITDA	1,685	1,725	(2.3)	1,414	19.2	5,376	3,435	56.5
	<i>Margins (%)</i>	<i>11.3</i>	<i>10.4</i>		<i>11.3</i>		<i>11.2</i>	<i>11.2</i>	
	PAT	955	1,083	(11.9)	876	9.0	3,104	1,997	55.5
Kalpataru Power Transmission	Sales	10,039	8,366	20.0	7,897	27.1	30,180	25,960	16.3
	EBITDA	1,156	909	27.2	893	29.5	3,621	3,034	19.3
	<i>Margins (%)</i>	<i>11.5</i>	<i>10.9</i>		<i>11.3</i>		<i>12.0</i>	<i>11.7</i>	
	PAT	662	573	15.5	508	30.4	1,907	1,706	11.7



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
KEC International	Sales	16,013	13,570	18.0	10,710	49.5	45,135	39,072	15.5
	EBITDA	1,724	1,328	29.9	1,246	38.4	4,838	4,059	19.2
	<i>Margins (%)</i>	<i>10.8</i>	<i>9.8</i>		<i>11.6</i>		<i>10.7</i>	<i>10.4</i>	
	PAT	761	628	21.1	580	31.2	2,150	1,897	13.4
Jyoti Structures	Sales	7,038	5,456	29.0	5,513	27.7	23,816	21,298	11.8
	EBITDA	772	698	10.7	629	22.7	2,665	2,287	16.5
	<i>Margins (%)</i>	<i>11.0</i>	<i>12.8</i>		<i>11.4</i>		<i>11.2</i>	<i>10.7</i>	
	PAT	312	252	23.7	247	26.3	1,049	843	24.3
Hindustan Dorr Oliver	Sales	3,369	2,695	25.0	2,531	33.1	10,889	8,712	25.0
	EBITDA	384	269	42.7	294	30.5	1,198	1,009	18.7
	<i>Margins (%)</i>	<i>11.4</i>	<i>10.0</i>		<i>11.6</i>		<i>11.0</i>	<i>11.6</i>	
	PAT	221	128	72.9	152	45.4	645	555	16.2
Action Construction Equipments	Sales	2,071	1,438	44.0	1,837	12.8	6,695	4,297	55.8
	EBITDA	176	134	31.4	166	6.3	569	364	56.5
	<i>Margins (%)</i>	<i>8.5</i>	<i>9.3</i>		<i>9.0</i>		<i>8.5</i>	<i>8.5</i>	
	PAT	137	97	41.4	105	30.2	411	271	51.7

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	1,120,686	1,379,067	1,655,802
<i>Growth (%)</i>	<i>15.4</i>	<i>23.1</i>	<i>20.1</i>
EBITDA	142,032	180,385	222,962
<i>Margin (%)</i>	<i>12.7</i>	<i>13.1</i>	<i>13.5</i>
PAT	80,281	116,287	148,830
<i>Growth (%)</i>	<i>22.9</i>	<i>44.8</i>	<i>28.0</i>
PAT*	94,344	112,861	136,686
<i>Gr. (%)*</i>	<i>25.9</i>	<i>19.6</i>	<i>21.1</i>
PE (x)*	20.8	17.4	14.4

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	345,024	265,953	29.7	220,035	56.8
EBITDA	56,870	38,964	46.0	32,834	73.2
<i>Margin (%)</i>	<i>16.5</i>	<i>14.7</i>	<i>183 bps</i>	<i>14.9</i>	<i>156 bps</i>
PAT (Excl. Ex Items)	38,648	28,065	37.7	22,644	70.7

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

* PAT, excluding Suzlon Energy

BHEL

Rating	BUY
Price	Rs2,211
Target Price	Rs2,739
Market Cap. (Rs bn)	1,082.1
Shares o/s (m)	489.5

BHEL reported strong provisional numbers, with strong revenue and PAT growth. The company surprised the street by meeting its order inflow guidance. Our calculation suggest EBITDA margin of ~20.3% for the quarter. The company has been able to report strong margins despite cost inflation as many cost-control initiatives have started bearing fruits.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	433,516	520,218	619,256
EBITDA	83,854	93,227	110,433
<i>Margin (%)</i>	<i>19.3</i>	<i>17.9</i>	<i>17.8</i>
PAT	60,142	70,579	83,910
EPS (Rs)	122.9	144.2	171.4
<i>RoE (%)</i>	<i>33.1</i>	<i>30.5</i>	<i>28.7</i>
PE (x)	18.0	15.3	12.9
P / BV (x)	5.3	4.2	3.3
EV / E (x)	11.6	10.0	7.9

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	197,943	135,591	46.0	88,493	433,516	333,549	30.0
EBITDA	40,062	24,873	61.1	18,977	83,854	59,200	41.6
<i>Margin (%)</i>	<i>20.2</i>	<i>18.3</i>	<i>190 bps</i>	<i>21.4</i>	<i>19.3</i>	<i>17.7</i>	<i>159 bps</i>
Reported PAT	28,057	19,096	46.9	14,032	60,142	43,033	39.8
PAT (Excl. Ex Items)	28,057	19,096	46.9	14,032	60,142	43,033	39.8
Operating Metrics							
RM % sales	60.0	59.2	80 bps	54.4	58.6	59.6	(104)bps
Employee Exp. % sales	6.8	12.9	(604)bps	15.2	13.1	19.3	(622)bps
% full year sales	45.6	40.7	1,955bps	26.9	-	-	-

Crompton Greaves

Rating	Accumulate
Price	Rs288
Target Price	Rs291
Market Cap. (Rs bn)	184.5
Shares o/s (m)	641.5

Key Figures (Rs m)-Consolidated

	FY11E	FY12E	FY13E
Net Sales	98,706	112,609	132,233
EBITDA	13,779	15,540	18,116
<i>Margin (%)</i>	<i>14.0</i>	<i>13.8</i>	<i>13.7</i>
PAT	9,153	10,375	12,278
EPS (Rs)	14.3	16.2	19.1
<i>RoE (%)</i>	<i>42.2</i>	<i>35.9</i>	<i>33.0</i>
PE (x)	20.2	17.8	15.0
P / BV (x)	7.4	5.6	4.4
EV / E (x)	13.3	11.7	9.8

We expect Industrial & Consumer segment to continue to show a strong revenue growth, with 17% and 24% YoY growth at Rs4.0bn and 5.7bn, respectively. However, we expect domestic power segment to disappoint as pick-up by customers continues to be slow. We expect the domestic power segment revenue to de-grow by 2% YoY to Rs8.1bn. We expect the internal subsidiaries to show sales growth of 12% YoY to Rs9.5bn.

Quarterly Table (Rs m) -Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	27,756	25,079	10.7	23,970	98,706	91,409	8.0
EBITDA	4,036	4,027	0.2	3,482	13,779	12,770	7.9
<i>Margin (%)</i>	<i>14.5</i>	<i>16.1</i>	<i>(152)bps</i>	<i>14.5</i>	<i>14.0</i>	<i>14.0</i>	<i>(1)bps</i>
Reported PAT	2,898	2,702	7.3	2,393	9,153	8,235	11.2
PAT (Excl. Ex Items)	2,898	2,702	7.3	2,393	9,153	8,235	11.2
Operating Metrics							
Power segment	17,680	16,838	5.0	15,452	62,296	62,045	0.4
Industry segment	4,066	3,476	17.0	3,809	14,852	12,552	18.3
Consumer segment	5,709	4,604	24.0	4,751	20,472	16,120	27.0

ABB

Rating	Reduce
Price	Rs789
Target Price	Rs547
Market Cap. (Rs bn)	167.2
Shares o/s (m)	211.9

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	62,871	68,166	76,939
EBITDA	838	4,090	6,155
<i>Margin (%)</i>	<i>1.3</i>	<i>6.0</i>	<i>8.0</i>
PAT	632	2,667	4,102
EPS (Rs)	3.0	12.6	19.4
<i>RoE (%)</i>	<i>2.6</i>	<i>10.5</i>	<i>14.7</i>
PE (x)	264.4	62.7	40.8
P / BV (x)	6.9	6.4	5.6
EV / E (x)	192.5	38.8	(1.9)

Though ABB started the year with a weak order backlog of Rs63bn, down 27% YoY, we expect the revenue growth to be ~5%, driven by continued recovery in the power system as seen in Q4CY10. We expect the EBITDA margins to improve substantially YoY on account of lower provisioning of exit cost of the RE business. We expect the order booking to remain weak on account of delays in ordering in both, power and industrial side.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	15,286	14,559	5.0	20,506	68,166	62,871	8.4
EBITDA	858	29	2,849.2	113	4,090	838	388.2
<i>Margin (%)</i>	<i>5.6</i>	<i>0.2</i>	<i>541 bps</i>	<i>0.6</i>	<i>6.0</i>	<i>1.3</i>	<i>467 bps</i>
Reported PAT	662	67	888.7	68	2,667	632	321.7
PAT (Excl. Ex Items)	662	67	888.7	68	2,667	632	321.7
Operating Metrics							
RM cost % sales	75.0	74.1	89 bps	81.6	75.0	77.5	(250) bps
ETR (%)	25.0	20.2	476 bps	56.5	35.0	36.9	(190) bps
% full year sales	22.4	23.2	(73)bps	32.6	-	-	-

Cummins India

Rating	BUY
Price	Rs700
Target Price	Rs855
Market Cap. (Rs bn)	138.6
Shares o/s (m)	198.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	40,492	49,066	60,367
EBITDA	7,734	9,224	11,168
Margin (%)	19.1	18.8	18.5
PAT	5,999	7,389	8,850
EPS (Rs)	30.3	37.2	44.6
RoE (%)	34.1	33.6	32.4
PE (x)	23.1	18.8	15.7
P / BV (x)	7.1	5.7	4.6
EV / E (x)	17.9	15.0	12.3

After a disappointing Q3FY11, revenue is expected to bounce back in the current quarter at Rs10bn, up 32% YoY, as company sorts out tightness in the supply chain. We expect the EBITDA margins to be down 190bps on account of significantly high margins last year and commodity price inflation.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	10,377	7,861	32.0	9,925	40,492	28,449	42.3
EBITDA	1,899	1,588	19.6	1,794	7,734	5,275	46.6
Margin (%)	18.3	20.2	(190)bps	18.1	19.1	18.5	56 bps
Reported PAT	1,425	1,184	20.4	1,386	5,999	4,588	30.7
PAT (Excl. Ex Items)	1,425	1,184	20.4	1,386	5,999	4,588	30.7
Operating Metrics							
RM % Sales	66.5	64.0	247 bps	66.0	64.0	64.5	(50) bps
% Full year Sales	32.5	27.3	711 bps	24.5	-	-	-

Thermax

Rating	BUY
Price	Rs668
Target Price	Rs809
Market Cap. (Rs bn)	79.6
Shares o/s (m)	119.2

Key Figures (Rs m) -Consolidated

	FY11E	FY12E	FY13E
Net Sales	47,888	58,443	73,192
EBITDA	5,542	6,656	8,307
Margin (%)	11.6	11.4	11.3
PAT	3,912	4,758	5,972
EPS (Rs)	32.8	39.9	50.1
RoE (%)	30.1	28.3	28.4
PE (x)	20.3	16.7	13.3
P / BV (x)	5.4	4.3	3.4
EV / E (x)	12.4	9.8	7.5

We expect the execution to remain strong, given the strong order carry of Rs71bn at the end of Q3FY11. However, we expect the fresh order intake to be flat YoY at ~Rs14bn as despite having good enquires, order finalization is taking time due to various macro concerns like high interest rate and inflation.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	15,607	12,193	28.0	12,411	47,888	33,705	42.1
EBITDA	1,746	1,466	19.1	1,464	5,542	3,973	39.5
Margin (%)	11.2	12.0	(84)bps	11.8	11.6	11.8	(22)bps
Reported PAT	1,176	992	18.6	1,002	3,912	1,541	154.0
PAT (Excl. Ex Items)	1,176	992	18.6	1,002	3,912	2,690	45.5
Operating Metrics							
Energy segment	12,700	9,072	40.0	9,904	32,755	24,082	36.0
Environment segment	4,869	3,478	40.0	2,943	10,918	8,410	29.8

Suzlon Energy

Rating	Reduce
Price	Rs49
Target Price	Rs47
Market Cap. (Rs bn)	85.7
Shares o/s (m)	1,745.0

Key Figures (Rs m) -Consolidated

	FY11E	FY12E	FY13E
Net Sales	180,450	262,280	325,103
EBITDA	3,380	19,402	29,624
Margin (%)	1.9	7.4	9.1
PAT	(14,063)	3,427	12,144
EPS (Rs)	(8.1)	2.0	7.0
RoE (%)	(19.9)	4.4	14.3
PE (x)	(6.1)	25.0	7.1
P / BV (x)	1.1	1.1	0.9
EV / E (x)	63.2	11.2	7.2

We expect domestic volumes to be up 30% YoY at 471MW, driven by strong domestic order book. However, overall volume growth will continue to weaken (down 4% YoY to 621MW) due to a weak outlook on international volumes (down 48% YoY to 150MW). Strong growth in RE Power is likely to meet its guidance of Euro1.2-1.3bn and will drive the revenue growth. We expect the company to report a small profit of Rs628m for the quarter.

Quarterly Table (Rs m) -Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	75,812	61,642	23.0	44,944	180,450	207,800	(13.2)
EBITDA	4,928	5,348	(7.9)	1,820	3,380	9,447	(64.2)
Margin (%)	6.5	8.7	(218)bps	4.0	1.9	4.5	(267)bps
Reported PAT	628	(1,818)	LTP	(2,523)	(14,063)	(7,511)	NA
PAT (Excl. Ex Items)	628	(1,818)	LTP	(2,523)	(14,063)	(9,630)	NA
Operating Metrics							
Sales Domestic (MW)	471	361	30.5	325	1236	694	78.0
Sales International (MW)	150	289	(48.1)	133	414	772	(46.1)

Areva T&D

Rating	Reduce
Price	Rs266
Target Price	Rs267
Market Cap. (Rs bn)	63.7
Shares o/s (m)	239.1

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	40,797	47,278	53,472
EBITDA	4,161	4,964	6,042
Margin (%)	10.2	10.5	11.3
PAT	1,750	2,202	3,196
EPS (Rs)	7.3	9.2	13.4
RoE (%)	18.9	20.9	26.2
PE (x)	36.4	28.9	19.9
P / BV (x)	6.5	5.7	4.8
EV / E (x)	17.4	15.0	1.9

On a low base, last year's margins are expected to recover 590bps YoY at 11.3%. Ramp-up cost of new factories and provisioning for few power system projects had led to a steep decline in margins during the same quarter last year. Order flow will continue to be muted on account of project deferral by customers and expected recovery towards the end of the calendar year.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	8,934	7,768	15.0	13,339	47,278	40,797	15.9
EBITDA	1,009	423	138.6	1,601	4,964	4,161	19.3
Margin (%)	11.3	5.4	585 bps	12.0	10.5	10.2	30 bps
Reported PAT	347	35	901.3	751	2,202	1,750	25.8
PAT (Excl. Ex Items)	347	35	901.3	751	2,202	1,750	25.8
Operating Metrics							
RM % sales	69.0	73.1	(405)bps	66.0	71.0	71.0	0 bps
ETR %	33.0	33.0	0 bps	33.0	33.0	33.0	0 bps
% Full sales	18.8	19.0	(20)bps	33.0	-	-	-

Voltas

Rating	Accumulate
Price	Rs185
Target Price	Rs218
Market Cap. (Rs bn)	61.0
Shares o/s (m)	330.7

Key Figures (Rs m) -Consolidated

	FY11E	FY12E	FY13E
Net Sales	51,444	60,533	71,078
EBITDA	4,476	5,233	6,334
Margin (%)	8.7	8.6	8.9
PAT	3,491	4,062	4,896
EPS (Rs)	10.6	12.3	14.8
RoE (%)	28.9	27.6	27.4
PE (x)	17.5	15.0	12.5
P / BV (x)	4.6	3.8	3.1
EV / E (x)	12.1	10.3	8.1

We expect the overall revenue growth to be muted 6% YoY at Rs15.6bn. We expect the Unitary Cooling products and Engineering products & services segment to deliver 25% and 20% YoY growth, respectively. However, Electro-mechanical projects & services will continue to be a drag, with 5% de-growth YoY. We expect further losses from its subsidiary, *Rohini Industries*, in the current quarter.

Quarterly Table (Rs m) -Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	15,678	14,806	5.9	10,393	51,444	48,058	7.0
EBITDA	1,363	1,497	(9.0)	763	4,476	4,589	(2.5)
Margin (%)	8.7	10.1 (142)bps		7.3	8.7	9.5 (85)bps	
Reported PAT	1,034	1,229	(15.8)	638	3,491	3,593	(2.8)
PAT (Excl. Ex Items)	1,034	1,229	(15.8)	544	3,491	3,593	(2.8)
Operating Metrics							
MEP	8,844	9,310	(5.0)	6,926	29,821	31,134	(4.2)
Eng. Product & services	1,439	1,199	20.0	1,428	5,148	4,680	10.0
UCP	5,263	4,210	25.0	1,969	16,025	11,870	35.0

BGR Energy Systems

Rating	Accumulate
Price	Rs535
Target Price	Rs613
Market Cap. (Rs bn)	38.5
Shares o/s (m)	72.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	47,808	56,993	71,927
EBITDA	5,376	6,290	7,882
Margin (%)	11.2	11.0	11.0
PAT	3,104	3,514	4,328
EPS (Rs)	42.9	48.6	60.1
RoE (%)	36.0	30.9	28.9
PE (x)	12.5	11.1	8.9
P / BV (x)	3.9	3.0	2.2
EV / E (x)	7.6	6.7	5.5

We expect the revenue to de-grow by 10% in the current quarter at Rs14.9bn. The de-growth is on account of significantly higher base in the same quarter last year. The company did 54% of FY10 revenue in Q4FY10. However, order inflow continues to be a big concern for the company, with ~Rs22bn order flow till date in the current year. The company needs to bag the much speculated Rajasthan EPC contract (Rs60bn) in order to improve visibility of earnings for FY12 & FY13.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	14,914	16,571	(10.0)	12,511	47,808	30,692	55.8
EBITDA	1,685	1,725	(2.3)	1,414	5,376	3,435	56.5
Margin (%)	11.3	10.4 89 bps		11.3	11.2	11.2	5 bps
Reported PAT	955	1,083	(11.9)	876	3,089	1,983	55.8
PAT (Excl. Ex Items)	955	1,083	(11.9)	876	3,104	1,997	55.5
Operating Metrics							
RM % Sales	80.7	83.4 (267)bps		81.8	80.5	79.2	130 bps
ETR	34.0	34.0 (4)bps		32.0	34.0	34.0	0 bps

KEC International

Rating	BUY
Price	Rs85
Target Price	Rs114
Market Cap. (Rs bn)	21.4
Shares o/s (m)	252.0

We expect steady sales growth of 18% YoY to Rs16bn. The revenue is likely to be impacted to the tune of Rs300m on account of exposure to Libya due to unrest there. KEC has reported Rs8bn worth of orders in the current quarter spread across segments like transmission (international & domestic markets, cables etc.). We expect the order inflow to be strong for the quarter due to a pick-up in order tendering activity of power grid, especially in March.

Key Figures (Rs m) -Consolidated

	FY11E	FY12E	FY13E
Net Sales	45,135	56,423	67,707
EBITDA	4,838	5,875	7,118
Margin (%)	10.7	10.4	10.5
PAT	2,150	2,401	3,042
EPS (Rs)	8.5	9.5	12.1
RoE (%)	26.0	23.4	24.2
PE (x)	9.9	8.9	7.0
P / BV (x)	2.3	1.9	1.5
EV / E (x)	6.7	5.6	4.6

Quarterly Table (Rs m) -Consolidated

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	16,013	13,570	18.0	10,710	45,135	39,072	15.5
EBITDA	1,724	1,328	29.9	1,246	4,838	4,059	19.2
Margin (%)	10.8	9.8	98 bps	11.6	10.7	10.4	33 bps
Reported PAT	761	628	21.1	580	2,150	1,897	13.4
PAT (Excl. Ex Items)	761	628	21.1	580	2,150	1,897	13.4
Operating Metrics							
RM % sales	56.1	57.6 (150)bps		48.8	50.2	51.5 (133)bps	
% full year sales	35.4	34.7	70bps	24.2	-	-	-

Kalpataru Power Transmission

Rating	Accumulate
Price	Rs138
Target Price	Rs159
Market Cap. (Rs bn)	21.2
Shares o/s (m)	153.5

We expect steady sales growth of 20% YoY to Rs10bn. KPTL has received orders worth Rs5.5bn from Power Grid in the current quarter. Order flow is likely to pick up, with a pick-up in order tendering activity of Power Grid, especially in March. It has also ventured into railways EPC by winning contracts worth Rs3.2bn in the current quarter.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	30,180	36,216	44,183
EBITDA	3,621	4,418	5,169
Margin (%)	12.0	12.2	11.7
PAT	1,907	2,264	2,761
EPS (Rs)	12.4	14.8	18.0
RoE (%)	14.4	12.5	13.4
PE (x)	11.1	9.4	7.7
P / BV (x)	1.3	1.1	1.0
EV / E (x)	7.0	6.1	5.3

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	10,039	8,366	20.0	7,897	30,180	25,960	16.3
EBITDA	1,156	909	27.2	893	3,621	3,034	19.3
Margin (%)	11.5	10.9	65 bps	11.3	12.0	11.7	31 bps
Reported PAT	662	573	15.5	508	1,907	1,706	11.7
PAT (Excl. Ex Items)	662	573	15.5	508	1,907	1,706	11.7
Operating Metrics							
RM% Sales	49.0	47.4	160 bps	48.3	46.2	44.2	200 bps
% full year sales	33.9	32.3	160bps	21.8	-	-	-

Jyoti Structures

Rating	Accumulate
Price	Rs90
Target Price	Rs105
Market Cap. (Rs bn)	7.4
Shares o/s (m)	82.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	23,816	28,327	32,962
EBITDA	2,665	3,113	3,613
Margin (%)	11.2	11.0	11.0
PAT	1,049	1,189	1,433
EPS (Rs)	12.8	14.5	17.5
RoE (%)	19.5	18.6	19.0
PE (x)	7.0	6.2	5.2
P / BV (x)	1.3	1.1	0.9
EV / E (x)	4.0	3.5	3.1

We expect a strong revenue growth of 29% YoY to Rs7bn, driven by bunching on significant revenue booking in the current quarter based on contractual commitments. Margins are expected to be down 180bps YoY to 11% on account of significantly higher margins during the same quarter last year and commodity price inflation.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	7,038	5,456	29.0	5,513	23,816	21,298	11.8
EBITDA	772	698	10.7	629	2,665	2,287	16.5
Margin (%)	11.0	12.8 (182)bps		11.4	11.2	10.7	45 bps
Reported PAT	312	252	23.7	247	1,049	843	24.3
PAT (Excl. Ex Items)	312	252	23.7	247	1,049	843	24.3
Operating Metrics							
Rm % sales	57.9	57.0	87 bps	53.8	57.2	60.6 (340)bps	
% full year sales	29.6	25.6	394 bps	23.1	-	-	-

Hindustan Dorr Oliver

Rating	Accumulate
Price	Rs89
Target Price	Rs127
Market Cap. (Rs bn)	6.4
Shares o/s (m)	72.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	10,889	13,612	16,606
EBITDA	1,198	1,497	1,827
Margin (%)	11.0	11.0	11.0
PAT	645	836	1,059
EPS (Rs)	9.0	11.6	14.7
RoE (%)	25.6	26.5	26.6
PE (x)	9.9	7.7	6.1
P / BV (x)	2.3	1.8	1.4
EV / E (x)	6.4	5.0	3.9

HDO has an order book of Rs13bn, executable over the next 12-18 months and is 1.5x its FY10 sales. We expect the growth momentum to continue, with sales growth of 25% and EBITDA margin of 11.4%. The company has already announced orders worth Rs1.9bn in the quarter, taking the total tally for the year to ~Rs9.5bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,369	2,695	25.0	2,531	10,889	8,712	25.0
EBITDA	384	269	42.7	294	1,198	1,009	18.7
Margin (%)	11.4	10.0 142 bps		11.6	11.0	11.6 (58)bps	
Reported PAT	221	128	72.9	152	645	555	16.2
PAT (Excl. Ex Items)	221	128	72.9	152	645	555	16.2
Operating Metrics (%)							
RM% Sales	82.5	82.5	4 bps	81.2	80.5	80.6 (5)bps	
% full year sales	31.2	30.9	30bps	32.1	-	-	-



Action Construction

Rating	BUY
Price	Rs48
Target Price	Rs66
Market Cap. (Rs bn)	4.5
Shares o/s (m)	92.7

We expect strong volume growth to help revenue grow by 44% YoY to Rs 2bn. We expect pressure on margin on account of surge in commodity prices.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	6,695	8,905	10,776
EBITDA	569	855	1,175
<i>Margin (%)</i>	<i>8.5</i>	<i>9.6</i>	<i>10.9</i>
PAT	411	626	860
EPS (Rs)	4.4	6.7	9.3
<i>RoE (%)</i>	<i>20.8</i>	<i>24.9</i>	<i>27.3</i>
PE (x)	10.9	7.1	5.2
P / BV (x)	2.0	1.6	1.3
EV / E (x)	8.5	5.5	4.0

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,071	1,438	44.0	1,837	6,695	4,297	55.8
EBITDA	176	134	31.4	166	569	364	56.5
<i>Margin (%)</i>	<i>8.5</i>	<i>9.3</i>	<i>(82)bps</i>	<i>9.0</i>	<i>8.5</i>	<i>8.5</i>	<i>4 bps</i>
Reported PAT	137	97	41.4	105	411	271	51.7
PAT (Excl. Ex Items)	137	97	41.4	105	411	271	51.7
Operating Metrics							
RM % sales	83.0	82.2	80bps	77.0	79.5	80.2	(70)bps
ETR	26.0	26.3	(35)bps	26.0	26.9	23.5	338 bps
% full year sales	30.7	33.5	(280)bps	27.4	-	-	-



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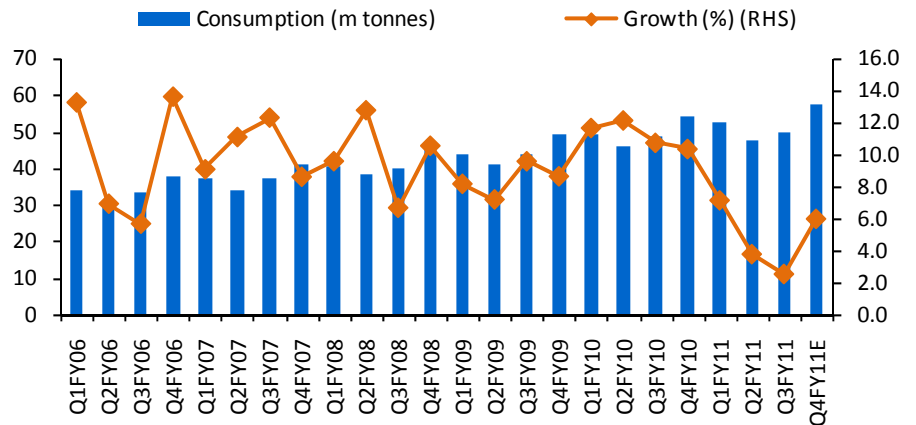
Cement

Persistent weakness in the Southern region continued to marginalise the overall growth in the all-India cement consumption. Accordingly, the all-India cement consumption grew by 5.1% during January-February 2011 against a growth of 9.4% in India, excl. South. While, for the quarter and year as a whole, we expect consumption to grow at ~6% and 5%, respectively.

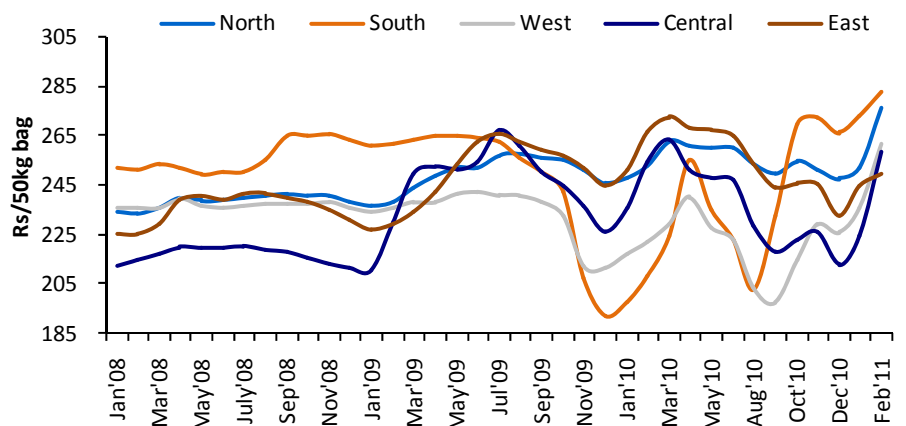
Demand in the Central region is expected to grow at 10% for the quarter on the back of increased demand from individual rural housing segment and seasonal pick-up in demand from infrastructure sector, coupled with increase in disbursement of funds. Demand in the Eastern region seems to have sobered down during the quarter, post assembly elections in Bihar, with growth of 9%. Consumption in the Northern region remained volatile, with growth of 14% in February after showing de-growth of 1% in January. Despite concerns on account of high interest cost and paucity of liquidity, the Western region continued its extraordinary expansion in consumption, with growth of 15% during the quarter, on the back of strong demand from the Housing and Infrastructure sector. Southern region is expected to witness a decline of 5% in consumption during the quarter, given the political instability in the state of AP and lack of support from other states.

Thanks to a strong industry discipline, cement manufacturers hiked the prices by an average of Rs25-30 per bag across the regions during quarter, except South, where the sizeable price hikes happened much earlier during the third quarter. These price hikes came in the wake of utilizations below 80% in the peak season, coupled with huge capacity additions in the last one year and subdued demand.

Undoubtedly, industry has shown strong resilience against a sluggish demand and huge capacity addition in the past one year. However, we continue to maintain our **Negative** rating on the top three, *ACC, Ambuja and UltraTech* cement, primarily on account of excessively expensive valuations. We continue to like *Shree Cement*, given its presence in better regions, incrementally improved prospects for power business and attractive valuations.

All India consumption and Growth


Source: CMA, PL Research

Region-wise prices


Source: CMA, PL Research

Top picks: None

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
UltraTech Cement	12.3	5.7	4.0	(1.2)	5.8	8.7	7.5	(10.9)
Ambuja Cement	23.3	7.8	6.6	27.9	16.8	10.9	10.1	18.1
ACC	14.6	6.3	9.9	19.1	8.1	9.3	13.4	9.4
Shree Cement	16.2	1.3	(3.6)	(15.7)	9.7	4.3	(0.1)	(25.5)
India Cements	11.0	(8.7)	(15.1)	(25.7)	4.5	(5.7)	(11.5)	(35.5)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Ambuja Cement	Sales	22,086	19,902	11.0	17,885	23.5	83,040	73,902	12.4
	EBITDA	6,151	6,227	(1.2)	3,140	95.9	20,186	18,230	10.7
	Margins (%)	27.8	31.3		17.6		24.3	24.7	
	PAT	3,933	4,421	(11.0)	2,510	56.7	12,999	12,630	2.9
ACC	Sales	25,324	22,404	13.0	20,924	21.0	99,020	82,588	19.9
	EBITDA	6,057	6,194	(2.2)	2,762	119.3	20,629	15,879	29.9
	Margins (%)	23.9	27.6		13.2		20.8	19.2	
	PAT	3,805	3,929	(3.2)	2,556	48.9	12,191	10,775	13.1
Shree Cement	Sales	10,308	9,440	9.2	7,796	32.2	34,128	36,321	(6.0)
	EBITDA	3,159	3,255	(3.0)	1,575	100.5	9,055	14,919	(39.3)
	Margins (%)	30.6	34.5		20.2		26.5	41.1	
	PAT	399	(165)	(341.6)	334	19.4	1,766	6,761	(73.9)
India Cements	Sales	10,021	9,643	3.9	7,810	28.3	35,954	37,743	(4.7)
	EBITDA	2,006	1,260	59.2	1,263	58.8	4,445	8,296	(46.4)
	Margins (%)	20.0	13.1		16.2		12.4	22.0	
	PAT	691	383	80.2	215	221.6	703	3,543	(80.2)
UltraTech Cement	Sales	44,199	19,094	131.5	37,152	19.0	158,196	71,791	120.4
	EBITDA	10,083	4,026	150.4	7,078	42.5	33,939	19,847	71.0
	Margins (%)	22.8	21.1		19.1		21.5	27.6	
	PAT	5,199	2,285	127.5	3,190	63.0	16,117	10,952	47.2

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	384,768	452,593	501,895
<i>Growth (%)</i>	<i>27.7</i>	<i>17.6</i>	<i>10.9</i>
EBITDA	81,548	100,362	109,111
<i>Margin (%)</i>	<i>21.2</i>	<i>22.2</i>	<i>21.7</i>
PAT	41,991	48,497	60,815
<i>Growth (%)</i>	<i>(14.4)</i>	<i>15.5</i>	<i>25.4</i>
PE (x)	20.3	17.6	14.0

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	111,938	80,482	39.1	91,567	22.2
EBITDA	27,455	20,961	31.0	15,818	73.6
<i>Margin (%)</i>	<i>24.5</i>	<i>26.0</i>	<i>(152)bps</i>	<i>17.3</i>	<i>725 bps</i>
PAT (Excl. Ex Items)	14,018	10,608	32.1	8,775	59.8

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

UltraTech Cement

Rating	Reduce
Price	Rs1,134
Target Price	Rs913
Market Cap. (Rs bn)	310.7
Shares o/s (m)	274.0

UltraTech is expected to post 19% QoQ growth in net revenue on the back of 8% rise in realizations and 11% growth in volumes. EBITDA would grow by 42% QoQ, owing to higher volumes and increase in realizations much higher against increase in costs. Accordingly, EBITDA per tonne is expected to grow by 29% QoQ to Rs917. PAT would grow by 63% to Rs5.2bn.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	158,196	180,247	190,679
EBITDA	33,939	39,505	40,719
<i>Margin (%)</i>	<i>21.5</i>	<i>21.9</i>	<i>21.4</i>
PAT	16,117	19,258	20,035
EPS (Rs)	58.8	70.3	73.1
<i>RoE (%)</i>	<i>21.1</i>	<i>16.8</i>	<i>15.1</i>
PE (x)	19.3	16.1	15.5
P / BV (x)	2.9	2.5	2.2
EV / E (x)	9.2	7.8	7.8

YoY nos not comparable

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	44,199	19,094	131.5	37,152	158,196	71,791	120.4
EBITDA	10,083	4,026	150.4	7,078	33,939	19,847	71.0
<i>Margin (%)</i>	<i>22.8</i>	<i>21.1</i>	<i>173 bps</i>	<i>19.1</i>	<i>21.5</i>	<i>27.6</i>	<i>(619)bps</i>
Reported PAT	5,199	2,285	127.5	3,190	16,117	10,952	47.2
PAT (Excl. Ex Items)	5,199	2,285	127.5	3,190	16,117	10,952	47.2
Operating Metrics							
Grey cement Vol. (m te)	9.9	4.9	101.3	9.2	39.7	17.8	123.6
Net grey cement Realisation (Rs/te)	3,683	3,389	8.7	3,342	3,409	3,529	(3.4)
Blended EBITDA/tonne (Rs)	917	706	29.8	712	804	990	(18.8)

Ambuja Cement

Rating	Reduce
Price	Rs152
Target Price	Rs121
Market Cap. (Rs bn)	231.6
Shares o/s (m)	1,524.9

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	73,902	83,040	91,840
EBITDA	18,230	20,186	21,933
<i>Margin (%)</i>	<i>24.7</i>	<i>24.3</i>	<i>23.9</i>
PAT	12,630	12,999	14,252
EPS (Rs)	8.0	8.5	9.3
<i>RoE (%)</i>	<i>17.9</i>	<i>16.8</i>	<i>16.5</i>
PE (x)	18.9	18.0	16.4
P / BV (x)	3.2	2.9	2.6
EV / E (x)	11.5	10.2	(1.5)

Net revenue is expected to grow by 11% YoY on the back of 7% growth in volumes and 4% rise in realizations. EBITDA would decline by 1% YoY to Rs6.2bn, owing to a sharp rise in energy cost and other manufacturing costs. EBITDA per tonne would decline by 8% YoY to Rs1,091. Adjusted PAT would decline by 11% YoY to Rs3.9bn. However, PAT would be up 57% QoQ on the back of a sharp rise in realizations QoQ.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	22,086	19,902	11.0	17,885	83,040	73,902	12.4
EBITDA	6,151	6,227	(1.2)	3,140	20,186	18,230	10.7
<i>Margin (%)</i>	<i>27.8</i>	<i>31.3</i>	<i>(344)bps</i>	<i>17.6</i>	<i>24.3</i>	<i>24.7</i>	<i>(36)bps</i>
Reported PAT	3,933	4,622	(14.9)	2,575	12,999	12,364	5.1
PAT (Excl. Ex Items)	3,933	4,421	(11.0)	2,510	12,999	12,630	2.9
Operating Metrics							
Volume (m te)	5.6	5.3	7.0	5.0	21.6	20.3	6.0
Net Realisations (Rs/te)	3,917	3,776	3.7	3,549	3,852	3,633	6.0
EBITDA/ te (Rs/te)	1,091	1,181	(7.7)	623	936	896	4.5

ACC

Rating	Sell
Price	Rs1,123
Target Price	Rs925
Market Cap. (Rs bn)	211.1
Shares o/s (m)	187.9

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	82,588	99,020	112,769
EBITDA	15,879	20,629	24,196
<i>Margin (%)</i>	<i>19.2</i>	<i>20.8</i>	<i>21.5</i>
PAT	10,775	12,191	14,471
EPS (Rs)	56.4	64.9	77.0
<i>RoE (%)</i>	<i>17.5</i>	<i>18.3</i>	<i>19.2</i>
PE (x)	19.9	17.3	14.6
P / BV (x)	3.4	3.0	2.6
EV / E (x)	12.1	9.3	(1.2)

Benefitted by expansion in volumes associated with commissioning of capacity additions, net revenue is expected to grow by 13% YoY despite flat realisations. EBITDA is expected to fall by 2% YoY due to higher energy cost and raw material cost. On tonnage basis, EBITDA is expected to fall by 13% YoY to Rs969. PAT would decline by 3% YoY to Rs3.8bn, while grow by 49% QoQ.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	25,324	22,404	13.0	20,924	99,020	82,588	19.9
EBITDA	6,057	6,194	(2.2)	2,762	20,629	15,879	29.9
<i>Margin (%)</i>	<i>23.9</i>	<i>27.6</i>	<i>(373)bps</i>	<i>13.2</i>	<i>20.8</i>	<i>19.2</i>	<i>161 bps</i>
Reported PAT	3,805	3,929	(3.2)	2,489	12,191	10,604	15.0
PAT (Excl. Ex Items)	3,805	3,929	(3.2)	2,556	12,191	10,775	13.1
Operating Metrics							
Volume (m te)	6.3	5.6	12.0	5.6	24.0	21.3	12.6
Net Realisation (Rs/te)	3,805	3,767	1.0	3,482	3,860	3,548	8.8
EBITDA (Rs/ te)	969	1,110	(12.7)	492	861	757	13.7

Shree Cement

Rating	Accumulate
Price	Rs1,995
Target Price	Rs2,214
Market Cap. (Rs bn)	69.5
Shares o/s (m)	34.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	34,128	46,100	54,626
EBITDA	9,055	12,512	14,080
Margin (%)	26.5	27.1	25.8
PAT	1,766	1,755	9,250
EPS (Rs)	56.1	52.0	266.2
RoE (%)	10.3	8.9	36.5
PE (x)	35.5	38.3	7.5
P / BV (x)	3.5	3.3	2.3
EV / E (x)	8.3	5.4	4.2

Fall in realizations YoY would limit the growth in cement revenues to 3% despite a 6% growth in volumes. Following the trend in cement business, despite a 39% fall in realizations (Rs4.2 v/s Rs6.9 per unit), power business revenue would almost double to Rs1.1bn on the back of 2.3x growth in volumes. EBITDA is expected to fall by 3% YoY to Rs3.2bn due to a fall in cement realizations and sharp rise in energy cost. However, QoQ, EBITDA would double on the back of sharp rise in realizations. Blended EBITDA per tonne would fall by 8% YoY to Rs1,112, while QoQ, it would be up 85%.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	10,308	9,440	9.2	7,796	34,128	36,321	(6.0)
EBITDA	3,159	3,255	(3.0)	1,575	9,055	14,919	(39.3)
Margin (%)	30.6	34.5	(384)bps	20.2	26.5	41.1	(1,454)bps
Reported PAT	399	(714)	LTP	275	1,766	6,761	(73.9)
PAT (Excl. Ex Items)	399	(165)	LTP	334	1,766	6,761	(73.9)
Operating Metrics							
Vol. (m te)-Cement	3	3	6.0	3	10	10	(1.5)
Vol. (m units)-Power	259	78	232.3	74	2,596	1,770	46.7
Net Realisations (Rs/te)	3,242	3,321	(2.4)	2,851	3,125	3,372	(7.3)
Realised rate (Rs/unit)	4.3	6.9	(38.7)	4.5	4.9	6.7	(26.4)
Cement EBITDA (Rs/te)	1,112	1,215	(8.4)	602	768	1,357	(43.4)

India Cement

Rating	Accumulate
Price	Rs100
Target Price	Rs110
Market Cap. (Rs bn)	30.8
Shares o/s (m)	307.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	35,954	44,186	51,982
EBITDA	4,445	7,530	8,182
Margin (%)	12.4	17.0	15.7
PAT	703	2,293	2,807
EPS (Rs)	1.8	7.5	9.1
RoE (%)	1.6	6.4	7.5
PE (x)	54.9	13.4	11.0
P / BV (x)	0.9	0.9	0.8
EV / E (x)	12.4	7.6	6.6

On the back of strong realisations across the markets, net revenue is expected to grow by 4% YoY despite a 16% fall in volumes. EBITDA (including EBITDA of Rs113m on account of IPL v/s Rs204m YoY) is expected to grow by 59% YoY despite higher energy cost. Cement EBITDA per tonne would grow by 114% YoY to Rs751. We expect company to report an adjusted PAT of Rs683m against Rs303m and Rs203m in Q4FY10 and Q3FY11, respectively.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	10,021	9,643	3.9	7,810	35,954	37,743	(4.7)
EBITDA	2,006	1,260	59.2	1,263	4,445	8,296	(46.4)
Margin (%)	20.0	13.1	695 bps	16.2	12.4	22.0	(962)bps
Reported PAT	691	383	80.2	215	703	3,543	(80.2)
PAT (Excl. Ex Items)	691	383	80.2	215	703	3,543	(80.2)
Operating Metrics							
Volume (m te)	2	3	(15.6)	2	10	11	(6.1)
Net Realisations (Rs/te)	3,925	3,125	25.6	3,665	3,359	3,449	(2.6)
EBITDA/ te (Rs/te)	751	350	114.4	568	405	757	(46.5)



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Construction

Construction activity in Q4FY11 is expected to move at a relatively faster pace, seasonally being the best quarter. Extended monsoons over 5-6 weeks of Q3FY11 had put some breaks on the execution, thus, QoQ growth should auger well for some companies. On the funding front, the companies continue to face some problems which will limit the execution for the next year. The BOT sector has undergone some extreme liquidity crunch which has put some assets on block for sale.

On the order booking front, some pick was experienced in NHAI projects, while other segments like irrigation and industrial capex were not active. Power and building projects continue to flow in to the system, while international projects were relatively absent.

IVRCL, HCC, Punj Lloyd and L&T announced orders aggregating to Rs46bn among our coverage companies and Madhucon was one of the major beneficiaries from our non-coverage companies.

Our universe in FY11 recorded a 20% YoY de-growth in order inflow which was on account of a substantial slowdown in NHAI and O&G capex. While in-house order inflow grew by 70% YoY for the companies under our coverage in FY11E, third-party projects was down by 30% YoY for the same period. In-house projects contributed substantially to the order book growth for IVRCL and L&T.

Some of the major orders in the construction space are listed as follows

Company	Order size Rs (bn)	Sector/Scope
HCC	3.5	Irrigation
Larsen & Toubro	11.0	Railways
Punj Lloyd	7.3	NHAI

Source: BSE

On the results front, a recovery is expected on the execution front. This would be especially for those companies where projects are nearing completion. BTB ratio still remains high mainly on account of lower revenue booking. For Q4FY11, we expect our CE universe to register a YoY growth of 19.6% in its top-line, while the EBITDA margins are expected to improve by 120bps and PAT is expected to grow by 17.7% YoY.

Top picks: Nagarjuna Construction Company



Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Larsen & Toubro	3.5	(13.5)	(18.8)	1.3	(3.0)	(10.5)	(15.3)	(8.5)
Jaiprakash Associates	16.5	(9.0)	(24.2)	(36.7)	10.0	(5.9)	(20.7)	(46.4)
GMR Infrastructure	3.7	(11.7)	(28.9)	(34.9)	(2.8)	(8.7)	(25.4)	(44.7)
Engineers India	7.9	(6.5)	(10.9)	(14.7)	1.4	(3.4)	(7.4)	(24.5)
Era Infra Engineering	(2.4)	(11.9)	(19.2)	(17.8)	(8.9)	(8.9)	(15.6)	(27.6)
Nagarjuna Construction Company	4.4	(26.3)	(33.2)	(38.0)	(2.1)	(23.2)	(29.6)	(47.7)
Punj Lloyd	16.6	(33.6)	(45.3)	(57.9)	10.1	(30.5)	(41.7)	(67.7)
IVRCL Infrastructure & Projects	19.0	(32.7)	(47.4)	(48.8)	12.5	(29.6)	(43.8)	(58.6)
Hindustan Construction Company	10.1	(19.4)	(39.2)	(44.0)	3.6	(16.4)	(35.7)	(53.8)
Patel Engineering	28.4	(37.4)	(51.1)	(59.3)	21.9	(34.4)	(47.6)	(69.1)

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Larsen & Toubro	Sales	170,245	133,749	27.3	113,217	50.4	454,420	366,752	23.9
	EBITDA	21,514	18,404	16.9	11,465	87.6	51,905	44,558	16.5
	Margins (%)	12.6	13.8		10.1		11.4	12.1	
	PAT	14,735	13,373	10.2	8,052	83.0	36,391	31,649	15.0
Jaiprakash Associates	Sales	30,197	33,452	(9.7)	28,937	4.4	120,808	100,889	19.7
	EBITDA	7,399	8,536	(13.3)	7,915	(6.5)	28,546	23,114	23.5
	Margins (%)	24.5	25.5		27.4		23.6	22.9	
	PAT	2,249	1,828	23.0	2,327	(3.3)	7,152	8,583	(16.7)
GMR Infrastructure	Sales	15,520	11,250	38.0	13,588	14.2	53,638	45,665	17.5
	EBITDA	4,353	3,146	38.4	3,813	14.2	15,500	13,643	13.6
	Margins (%)	28.0	28.0		28.1		28.9	29.9	
	PAT	(1,137)	731	-	(223)	410.9	(1,462)	1,584	(192.3)
Engineers India	Sales	8,033	6,403	25.4	6,771	18.6	26,800	20,140	33.1
	EBITDA	1,660	1,661	(0.0)	1,574	5.5	6,167	5,011	23.1
	Margins (%)	20.7	25.9		23.3		23.0	24.9	
	PAT	1,331	1,249	6.5	1,225	8.7	4,912	4,443	10.5
Era Infra Engineering	Sales	12,479	9,809	27.2	10,146	23.0	38,869	34,155	13.8
	EBITDA	2,094	1,954	7.2	1,851	13.1	7,574	6,661	13.7
	Margins (%)	16.8	19.9		18.2		19.5	19.5	
	PAT	669	622	7.6	582	15.1	2,460	2,311	6.4
Nagarjuna Construction Company	Sales	16,997	15,218	11.7	13,341	27.4	53,175	47,753	11.4
	EBITDA	1,618	1,518	6.6	1,262	28.2	5,129	4,810	6.6
	Margins (%)	9.5	10.0		9.5		9.6	10.1	
	PAT	594	531	11.9	404	47.0	1,872	1,831	2.2

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Punj Lloyd	Sales	26,228	17,001	54.3	20,936	25.3	82,802	104,478	(20.7)
	EBITDA	1,131	(5,911)	LTP	706	60.3	3,433	1,274	169.5
	<i>Margins (%)</i>	4.3	(34.8)		3.4		4.1	1.2	
	PAT	(169)	(3,652)	NA	(621)	(72.8)	(859)	(1,084)	(20.8)
IVRCL Infrastructure & Projects	Sales	24,029	18,870	27.3	14,104	70.4	59,698	54,771	9.0
	EBITDA	2,500	1,950	28.2	1,320	89.4	5,529	5,312	4.1
	<i>Margins (%)</i>	10.4	10.3		9.4		9.3	9.7	
	PAT	1,067	852	25.3	423	152.4	2,002	2,100	(4.7)
Hindustan Construction Company	Sales	12,746	10,850	17.5	10,025	27.1	41,612	36,292	14.7
	EBITDA	1,557	1,230	26.6	1,259	23.7	5,249	4,280	22.7
	<i>Margins (%)</i>	12.2	11.3		12.6		12.6	11.8	
	PAT	239	430	(44.5)	80	199.0	723	815	(11.3)
Patel Engineering	Sales	4,787	11,971	(60.0)	4,346	10.1	23,815	30,811	(22.7)
	EBITDA	711	1,510	(52.9)	1,080	(34.1)	4,137	4,894	(15.5)
	<i>Margins (%)</i>	14.9	12.6		24.9		17.4	15.9	
	PAT	59	719	(91.8)	80	(26.4)	984	1,946	(49.4)

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	955,636	1,157,320	1,424,298
<i>Growth (%)</i>	<i>13.5</i>	<i>21.1</i>	<i>23.1</i>
EBITDA	133,170	155,633	193,140
<i>Margin (%)</i>	<i>13.9</i>	<i>13.4</i>	<i>13.6</i>
PAT	54,175	63,701	78,554
<i>Growth (%)</i>	<i>(0.0)</i>	<i>17.6</i>	<i>23.3</i>
PE (x)	30.1	25.6	20.8

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	321,259	268,573	19.6	235,411	36.5
EBITDA	44,537	33,997	31.0	32,245	38.1
<i>Margin (%)</i>	<i>13.9</i>	<i>12.7</i>	<i>120 bps</i>	<i>13.7</i>	<i>17 bps</i>
PAT (Excl. Ex Items)	19,637	16,682	17.7	12,329	59.3

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Larsen & Toubro

	Accumulate
Rating	
Price	Rs1,668
Target Price	Rs1,780
Market Cap. (Rs bn)	1,008.8
Shares o/s (m)	605.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	454,420	562,612	686,286
EBITDA	51,905	61,015	72,307
<i>Margin (%)</i>	<i>11.4</i>	<i>10.8</i>	<i>10.5</i>
PAT	36,391	40,305	46,440
EPS (Rs)	60.2	66.6	76.8
<i>RoE (%)</i>	<i>18.6</i>	<i>18.0</i>	<i>18.7</i>
PE (x)*	27.7	25.0	21.7
P / BV (x)	4.8	4.2	3.9
EV / E (x)	22.5	20.3	17.6

*Adj. for Subs. Valn

L&T's order inflow was mute to the tune of Rs34bn in Q4FY11. Buildings and Power contributed majorly to the order inflow. We are expecting robust revenues and EBITDA margins QoQ. However, a growth/de-growth in other income would be a key determining factor for our expected bottom-line growth. PAT is expected to be at Rs14.7bn, a 10.2% YoY growth. The company has gone ahead with its plan to divest stake in non-core subsidiaries and has sold its stake in L&T - Case JV to its partner.

Quarterly Table (Rs m) (Standalone)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	170,245	133,749	27.3	113,217	454,420	366,752	23.9
EBITDA	21,514	18,404	16.9	11,465	51,905	44,558	16.5
<i>Margin (%)</i>	<i>12.6</i>	<i>13.8</i>	<i>(112)bps</i>	<i>10.1</i>	<i>11.4</i>	<i>12.1</i>	<i>(73)bps</i>
Reported PAT	14,735	14,380	2.5	8,405	36,391	43,754	(16.8)
PAT (Excl. Ex Items)	14,735	13,373	10.2	8,052	36,391	31,649	15.0
Operating Metrics (%)							
E&C	87.0	87.0		84.9	78.0	85.3	
E&E	7.0	7.0		7.0	8.0	7.9	
MIP	5.0	5.0		6.5	8.0	5.9	
Others	1.0	1.0		1.6	6.0	1.0	
Interest as % of Sales	1.0	1.0		1.6	1.5	1.4	
Order Book (Rs bn)	1,000	1,002	(0.2)	1,100	1,264	972	30.0

Jaiprakash Associates

	Accumulate
Rating	
Price	Rs98
Target Price	Rs99
Market Cap. (Rs bn)	208.1
Shares o/s (m)	2,125.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	120,808	142,725	175,106
EBITDA	28,546	32,626	38,111
<i>Margin (%)</i>	<i>23.6</i>	<i>22.9</i>	<i>21.8</i>
PAT	7,152	8,099	9,380
EPS (Rs)	3.4	3.6	4.2
<i>RoE (%)</i>	<i>8.2</i>	<i>8.0</i>	<i>8.1</i>
PE (x)*	29.1	26.9	23.2
P / BV (x)	2.3	1.9	1.8
EV / E (x)	12.8	11.3	9.8

*Adj. for Subs. Valn

JPA's cement dispatches for Q4FY10 was 4.6m tone (32% grt YoY). We expect the realisations to increase by Rs200/tonne on account of cartel formation among cement manufacturers to withhold prices. EBIT margins, however, would not see a drastic change on account of increase in costs. We expect sales de-growth of 10% YoY along with an EBITDA margin of 24.5%.

Quarterly Table (Rs m) (Standalone)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	30,197	33,452	(9.7)	28,937	120,808	100,889	19.7
EBITDA	7,399	8,536	(13.3)	7,915	28,546	23,114	23.5
<i>Margin (%)</i>	<i>24.5</i>	<i>25.5</i>	<i>(101)bps</i>	<i>27.4</i>	<i>23.6</i>	<i>22.9</i>	<i>72 bps</i>
Reported PAT	2,249	2,725	(17.5)	2,327	10,752	17,091	(37.1)
PAT (Excl. Ex Items)	2,249	1,828	23.0	2,327	7,152	8,583	(16.7)
Operating Metrics (%)							
Construction	39.5	0.6		42.8	45.8	52.8	
Cement/Cement Products	45.0	0.4		41.9	40.3	37.5	
Real Estate	10.0	0.0		14.7	11.0	6.2	
EBIT Margin - Cem (%)	13.0	24.3		11.5	16.0	26.0	
EBIT Margin - EPC (%)	17.0	20.0		21.4	17.0	21.0	
Interest as a % to sales	12.0	8.9		11.7	11.2	10.5	

GMR Infrastructure

	Accumulate
Rating	
Price	Rs41
Target Price	Rs45
Market Cap. (Rs bn)	159.8
Shares o/s (m)	3,892.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	53,638	58,993	84,853
EBITDA	15,500	17,872	29,269
<i>Margin (%)</i>	<i>28.9</i>	<i>30.3</i>	<i>34.5</i>
PAT	(1,462)	1,079	5,170
EPS (Rs)	(0.4)	0.3	1.3
<i>RoE (%)</i>	<i>(2.0)</i>	<i>1.4</i>	<i>6.2</i>
PE (x)	(109.3)	148.2	30.9
P / BV (x)	2.0	2.0	1.9
EV / E (x)	25.6	24.6	18.1

A build-up in traffic and stabilisation of power projects will bring a growth in the overall revenues. A major event in this quarter was the Intergen sale which will not only ease the cash flow but help focus on the domestic business. Earnings, however, will be subdued on account of capitalisation of DIAL.

Quarterly Table (Rs m) (Consolidated)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	15,520	11,250	38.0	13,588	53,638	45,665	17.5
EBITDA	4,353	3,146	38.4	3,813	15,500	13,643	13.6
<i>Margin (%)</i>	<i>28.0</i>	<i>28.0</i>	<i>9 bps</i>	<i>28.1</i>	<i>28.9</i>	<i>29.9</i>	<i>(98)bps</i>
Reported PAT	(1,137)	731	(255.6)	(223)	(1,462)	1,584	(192.3)
PAT (Excl. Ex Items)	(1,137)	731	(255.6)	(223)	(1,462)	1,584	(192.3)
Operating Metrics (%)							
Airports	44.0	38.5		46.1	34.0	30.7	
Power	37.0	38.1		37.3	45.4	46.8	
Roads	7.0	8.1		7.2	8.7	7.4	
Others	12.0	16.2		16.2	11.8	16.0	
Interest as % of Sales	12.6	19.8		21.6	18.2	15.8	

Engineers India

	Accumulate
Rating	
Price	Rs316
Target Price	Rs330
Market Cap. (Rs bn)	106.6
Shares o/s (m)	336.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	26,800	33,000	42,622
EBITDA	6,167	7,111	8,021
<i>Margin (%)</i>	<i>23.0</i>	<i>21.5</i>	<i>18.8</i>
PAT	4,912	5,577	6,112
EPS (Rs)	14.6	16.6	18.1
<i>RoE (%)</i>	<i>40.5</i>	<i>39.1</i>	<i>35.0</i>
PE (x)	21.7	19.1	17.4
P / BV (x)	8.4	6.7	5.6
EV / E (x)	14.5	12.3	10.8

We are expecting contribution from LSTK to grow and thus, EBITDA margin is expected to decrease by 562bps YoY as LSTK has lower margins. The company in FY11 has received orders mainly from LSTK segment and thus, margins in FY12 would see a contraction. Q3FY11 order intake was Rs19bn

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	8,033	6,403	25.4	6,771	26,800	20,140	33.1
EBITDA	1,660	1,661	(0.0)	1,574	6,167	5,011	23.1
<i>Margin (%)</i>	<i>20.7</i>	<i>25.9</i>	<i>(526)bps</i>	<i>23.3</i>	<i>23.0</i>	<i>24.9</i>	<i>(187)bps</i>
Reported PAT	1,331	1,249	6.5	1,225	4,912	4,443	10.5
PAT (Excl. Ex Items)	1,331	1,249	6.5	1,225	4,912	4,443	10.5
Operating Metrics (%)							
Consultancy & Engineering	41.0	48.0		42.4	55.0	52.9	
LSTK	59.0	52.0		57.6	45.0	47.1	

Era Infra Engineering

	Accumulate
Rating	
Price	Rs189
Target Price	Rs200
Market Cap. (Rs bn)	33.8
Shares o/s (m)	179.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	38,869	46,613	56,496
EBITDA	7,574	8,443	9,416
<i>Margin (%)</i>	<i>19.5</i>	<i>18.1</i>	<i>16.7</i>
PAT	2,460	2,688	2,807
EPS (Rs)	13.7	13.9	14.5
<i>RoE (%)</i>	<i>13.9</i>	<i>12.8</i>	<i>11.1</i>
PE (x)	13.7	13.6	13.0
P / BV (x)	1.8	1.6	1.3
EV / E (x)	7.7	7.2	7.1

We expect the company to report a healthy top-line growth of 27% YoY on account of faster execution of in-house orders. Despite a healthy growth in sales, higher interest cost will restrict the PAT growth. In-house order book stands at Rs30bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	12,479	9,809	27.2	10,146	38,869	34,155	13.8
EBITDA	2,094	1,954	7.2	1,851	7,574	6,661	13.7
<i>Margin (%)</i>	<i>16.8</i>	<i>19.9</i>	<i>(314)bps</i>	<i>18.2</i>	<i>19.5</i>	<i>19.5</i>	<i>(2)bps</i>
Reported PAT	669	622	7.6	582	2,460	2,311	6.4
PAT (Excl. Ex Items)	669	622	7.6	582	2,460	2,311	6.4
Operating Metrics (%)							
Infrastructure Revenues	93.0	88.9		95.0	82.9	87.0	
Equipment Leasing	5.0	4.5		3.0	4.2	3.7	
RMC & Trading	2.0	6.7		2.0	12.9	12.9	
Interest as a % to Sales	7.7	7.5		8.6	8.4	7.5	

Nagarjuna Construction Co.

Rating	Accumulate
Price	Rs109
Target Price	Rs113
Market Cap. (Rs bn)	23.5
Shares o/s (m)	256.6

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	53,175	63,830	76,612
EBITDA	5,129	6,216	7,378
Margin (%)	9.6	9.7	9.6
PAT	1,872	2,135	2,412
EPS (Rs)	7.3	8.3	9.4
RoE (%)	8.4	9.4	9.8
PE (x)*	32.3	31.0	31.8
P / BV (x)	1.7	1.6	1.6
EV / E (x)	6.2	6.1	5.7

*Adj. for Subs. Valn & Int earnings

NCC did not bag any order in Q4FY11. However, on the execution front, the company will continue to report better numbers. We expect the company's YoY revenues to grow by 11% YoY on standalone basis and international business is expected to contribute Rs4bn.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	16,997	15,218	11.7	13,341	53,175	47,753	11.4
EBITDA	1,618	1,518	6.6	1,262	5,129	4,810	6.6
Margin (%)	9.5	10.0	(46)bps	9.5	9.6	10.1	(43)bps
Reported PAT	594	531	11.9	404	1,872	1,831	2.2
PAT (Excl. Ex Items)	594	531	11.9	404	1,872	1,831	2.2
Operating Metrics (%)							
Transportation	7.0	15.0		7.0	15.0	15.0	
Water	20.0	22.0		20.0	28.0	25.0	
Power/Electrical/Metals/O&G	25.0	16.0		25.0	15.0	16.0	
Buildings	28.0	25.0		28.0	27.0	25.0	
International	20.0	19.0		20.0	15.0	19.0	
Interest as % of Sales	2.6	2.3		3.3	2.9	2.8	
Order Book (Rs bn)	156	153	2.0	173	212	153	38.8

Punj Lloyd

Rating	Reduce
Price	Rs75
Target Price	Rs60
Market Cap. (Rs bn)	25.0
Shares o/s (m)	331.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	82,802	99,362	124,203
EBITDA	3,433	4,952	7,878
Margin (%)	4.1	5.0	6.3
PAT	(859)	(289)	1,127
EPS (Rs)	(2.6)	(0.9)	3.4
RoE (%)	(2.9)	(1.0)	3.8
PE (x)	(29.1)	(87.0)	22.2
P / BV (x)	0.8	0.9	0.8
EV / E (x)	22.2	17.0	11.5

Orders continued to flow to Punj in Q4FY11 where it managed to amass projects worth Rs14bn. Hydrocarbon and road BOT have been the main contributors to the order inflows. On account of the Libyan crisis, the company has removed projects worth Rs63bn from the order book. There has also been a gradual shift to domestic markets for project bidding/winning. We are expecting a net loss of Rs169m.

Quarterly Table (Rs m) (Consolidated)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	26,228	17,001	54.3	20,936	82,802	104,478	(20.7)
EBITDA	1,131	(5,911)	(119.1)	706	3,433	1,274	169.5
Margin (%)	4.3	(34.8)	3,908bps	3.4	4.1	1.2	293bps
Reported PAT	(169)	(5,749)	NA	(621)	(859)	(3,824)	NA
PAT (Excl. Ex Items)	(169)	(3,652)	NA	(621)	(859)	(1,084)	NA
Operating Metrics (%)							
Pipeline	32.0	47.0		30.0	38.3	47.0	
Tankages	3.0	2.0		4.0	6.7	2.0	
Process	30.0	30.0		35.0	24.5	30.0	
Infrastructure	4.3	-		3.4	4.1	1.2	
Interest as % of Sales	3.0	4.3		4.0	4.1	2.9	
Order Book (Rs bn)	266	277	(4.1)	278	329	278	18.5

IVRCL Infrastructure

	Accumulate
Rating	
Price	Rs88
Target Price	Rs92
Market Cap. (Rs bn)	23.5
Shares o/s (m)	267.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	59,698	71,031	83,502
EBITDA	5,529	6,575	7,745
Margin (%)	9.3	9.3	9.3
PAT	2,002	2,205	2,405
EPS (Rs)	7.5	8.3	9.0
RoE (%)	10.5	10.7	10.6
PE (x)*	11.7	10.7	9.8
P / BV (x)	1.2	1.1	1.0
EV / E (x)	7.7	7.0	6.4

*Adj. for Subs. Valn

A major recovery is expected in the execution front, post slower execution in 9MFY11. We are expecting a 25% YoY growth in Q4FY11 at Rs1.1bn. However, on the order inflow front, the company had an order inflow of Rs6bn a de-growth of 60% YoY.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	24,029	18,870	27.3	14,104	59,698	54,771	9.0
EBITDA	2,500	1,950	28.2	1,320	5,529	5,312	4.1
Margin (%)	10.4	10.3	7 bps	9.4	9.3	9.7	(44)bps
Reported PAT	1,067	852	25.3	423	2,002	2,100	(4.7)
PAT (Excl. Ex Items)	1,067	852	25.3	423	2,002	2,100	(4.7)
Operating Metrics (%)							
Transportation	18.0	12.0		12.5	30.0	12.0	
Water	42.0	46.0		45.4	35.0	46.0	
Power	8.0	9.0		6.0	20.0	9.0	
Buildings & Oil	32.0	33.0		36.1	15.0	33.0	
Interest as % of Sales	3.0	2.8		4.2	3.7	3.0	
Order Book (Rs bn)	202	200	0.8	220	330	200	65.0

Hindustan Construction Co.

	Accumulate
Rating	
Price	Rs39
Target Price	Rs46
Market Cap. (Rs bn)	23.5
Shares o/s (m)	606.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	41,612	49,415	55,738
EBITDA	5,249	6,123	6,655
Margin (%)	12.6	12.4	11.9
PAT	723	759	739
EPS (Rs)	1.2	1.3	1.2
RoE (%)	5.0	5.3	5.0
PE (x)*	32.3	31.0	31.8
P / BV (x)	1.7	1.6	1.6
EV / E (x)	7.5	8.4	8.0

*Adj. for Subs. Valn

HCC's Lavasa project is still stalled on account of a stay from HC and environmental ministries, which is leading to a loss of Rs200m per day. The order inflow for the quarter was good. Overall, the quarter will see a 17.5% YoY growth in revenues and 44% de-growth in PAT on account of higher interest rates.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	12,746	10,850	17.5	10,025	41,612	36,292	14.7
EBITDA	1,557	1,230	26.6	1,259	5,249	4,280	22.7
Margin (%)	12.2	11.3	88 bps	12.6	12.6	11.8	82 bps
Reported PAT	239	395	(39.5)	108	729	956	(23.8)
PAT (Excl. Ex Items)	239	430	(44.5)	80	723	815	(11.3)
Operating Metrics (%)							
Transportation	39.0	15.0		38.0	30.0	15.0	
Power	40.0	52.0		38.0	40.0	52.0	
Water	8.0	29.0		15.0	25.0	29.0	
Others	12.0	4.0		9.0	5.0	4.0	
Interest as % of Sales	7.5	4.1		7.5	7.1	5.7	
Order Book (Rs bn)	178	188	(5.3)	185	207	188	10.1



Patel Engineering

Rating	Sell
Price	Rs190
Target Price	Rs135
Market Cap. (Rs bn)	13.3
Shares o/s (m)	69.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	23,815	29,740	38,880
EBITDA	4,137	4,700	6,360
<i>Margin (%)</i>	<i>17.4</i>	<i>15.8</i>	<i>16.4</i>
PAT	984	1,142	1,961
EPS (Rs)	14.1	16.4	28.1
<i>RoE (%)</i>	<i>7.0</i>	<i>7.7</i>	<i>12.0</i>
PE (x)	13.5	11.6	6.8
P / BV (x)	0.9	0.9	0.8
EV / E (x)	8.8	8.6	7.1

PEC has received an EPC order in the Roads division for Rs1.6bn. However, its core sector is expected to suffer on account of cancellation of projects. We expect PEL to report a 60% YoY de-growth in consolidated sales, with 14.9% EBITDA margins.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,787	11,971	(60.0)	4,346	23,815	30,811	(22.7)
EBITDA	711	1,510	(52.9)	1,080	4,137	4,894	(15.5)
<i>Margin (%)</i>	<i>14.9</i>	<i>12.6</i>	<i>225 bps</i>	<i>24.9</i>	<i>17.4</i>	<i>15.9</i>	<i>149 bps</i>
Reported PAT	59	719	(91.8)	80	984	1,946	(49.4)
PAT (Excl. Ex Items)	59	719	(91.8)	80	984	1,946	(49.4)
Operating Metrics (%)							
Hydro Power	55.0	51.0		57.0	50.0	51.0	
Irrigation	15.0	26.0		18.0	35.0	26.0	
Transportation	30.0	23.0		25.0	15.0	23.0	
Interest as a % to sales	7.3	1.9		19.8	7.7	5.1	
Order Book (Rs bn)	87	80	8.6	90	76	80	(5.0)



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Consumer Staples

Expect 17% revenue growth; RM pressure continues: Continued pressure from high input costs leading to selective price increases, few positive measures announced during the FY12 budget and disruption in Egypt and Middle East were the key highlights of the quarter. We expect sales growth for over Consumer coverage universe to come in at 17.3% YoY, driven by volumes as well as pricing growth. We expect operating margins to remain under pressure (HUL, Colgate, Marico, GCPL, Asian Paints) owing to input cost inflation despite companies having flexibility to play with the advertising spends. We expect strong numbers from ITC, Dabur and GCPL, while we forecast a significant margin decline (180bps decline) for HUL despite fifth consecutive quarter of expected double-digit volume growth.

Positive budget for ITC; Neutral for others: In the Union budget FY12, ITC got a positive surprise as excise duties for Cig were kept unchanged. ITC had already taken a ~4% price hike in January. Excise duties for Diapers and Sanitary Napkins were slashed, benefitting GCPL, HUL and PGHH.

Minor impact owing to disruption in Egypt and Middle East: Q4FY11 saw political protests in Egypt and Middle East leading to disruption in normal business activities (shutting of plants, dislocation of supply chain, employees returning home etc) for a month for companies like Asian Paints, Marico, Dabur and GCPL. However, on an average these geographies contribute 3-5% of overall sales and hence, are not expected to impact the number materially.

Selective price hikes; consequence of sustained input cost inflation: Though palm oil prices are down 13% from the peak, it is still up 42% YoY. Prices of key other input materials (Copra, Milk, Coffee, Safflower oil, Titanium Di-Oxide etc) have also remained firm. As a consequence, price hikes became a necessity. The quarter saw price hikes from HUL, Marico, Asian Paints, Dabur, GCPL, Colgate and ITC. Marico has been the most severely affected owing to ~80% price increase in Copra since July 2010 and hence, the 20-40% price increase in its flagship Parachute brand. HUL also took price hikes in Soaps and Detergents, while ITC took a pre-emptive price hikes in Cig portfolio ahead of budget.

New launches continue; HUL enters fruit drink segment: Quarter also witnessed slew of new launches. HUL entered the ready to drink Fruit Drink segment through its Kissan brand of fruit and Soy drinks. Cadbury/Kraft introduced Oreo cookies in India, while ITC launched Players Gold Leaf Cigarettes.

Pricing remains a challenge; prefer ITC and Asian Paints: Given the sustained input cost pressure and rising competitive headwinds (P&G recently announced new consumer offer of 15-17% in Shampoos), it will be a challenge for HPC players to maintain the balance of volume and margins. Current valuations of 22x-24x FY12e for most of the consumer stocks look fair, given the expected margin pressure owing to sustained input cost inflation. We continue to side with players where sensitivity to input inflation is lowest (ITC) or where demand robustness offers ample cushion for any margin pressures (Asian Paints).

Some of the price hikes taken during the quarter

Company	Brand/Product	Pricing action
HUL	Lux, Lifebuoy	~5-6%
	Detergents	3-8%
Marico	Parachute 200 ml	8%
	Parachute 20 ml	20%
	Saffola Tasty	6%
	Saffola Active	8%
	Saffola Gold	6%
	Odomos	8% to 10%
Dabur	Odonil Blocks	10%
	Amla Hair Oil	4% to 6%
	Vatika HO	7% to 8%
	LalDantManjan	6% to 7%
	Red Toothpaste	7.0%
	Gulabari	8 % to 10%
Asian Paints	Chyawanprash	7.0%
	Glucose	5% to 6%
	Lal Tail	6%
	Decorative Paints	1%
GCPL	Soaps	3-5%
ITC	Cigarettes	4%
Colgate	Tooth paste (Total)	~3%

Source: Industry, Company Data, PL Research

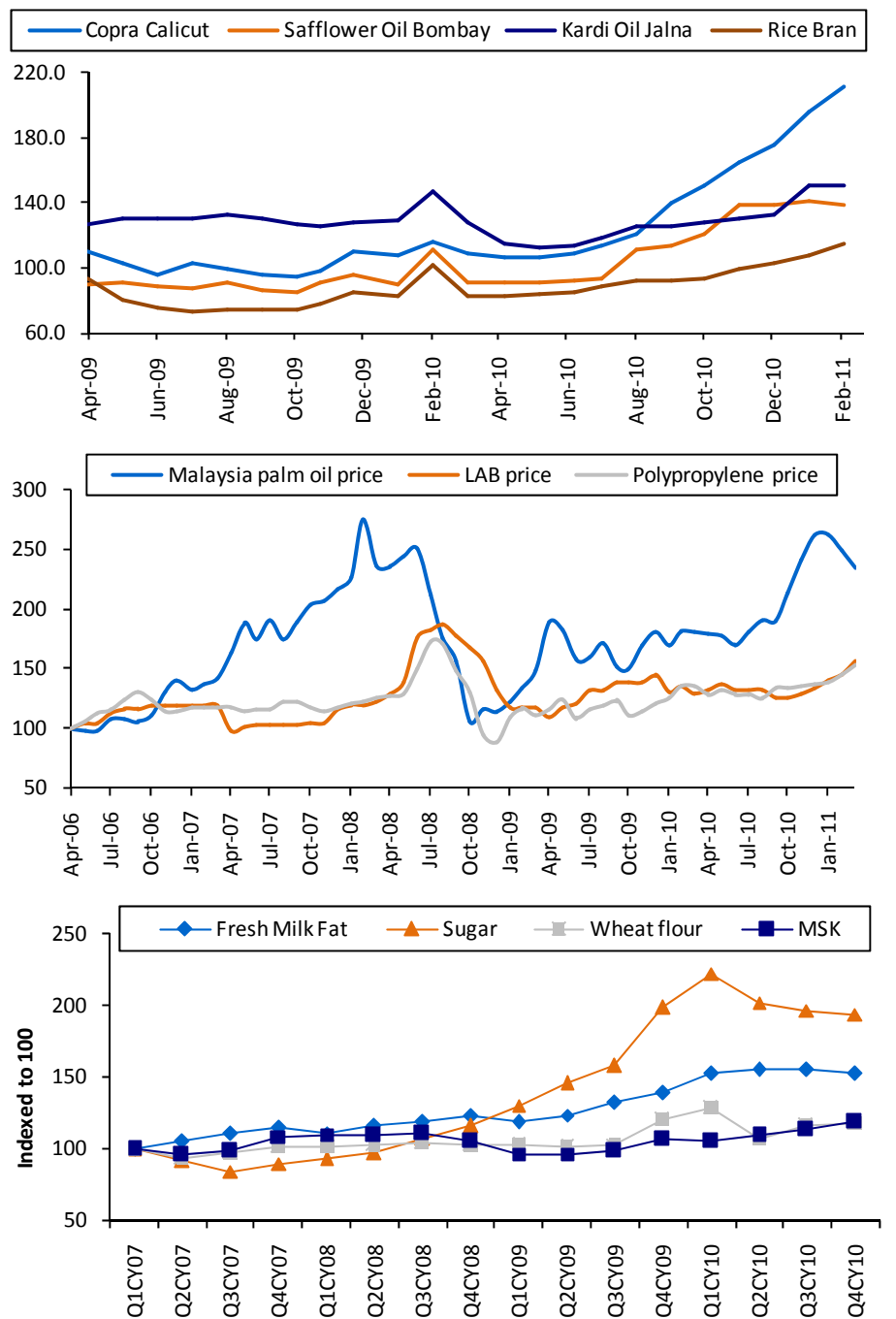
Key launches/re-launches during the quarter

Company	Launch/re-launch
HUL	Ponds, Kissan fruit drinks, Pepsodent Supersalt toothpaste
Colgate	Total Professional
Nestle	Maggi tomato Pazzta
Cadbury	Oreo
GSK Consumer	Horlicks cream biscuits
ITC	Players Gold Leaf

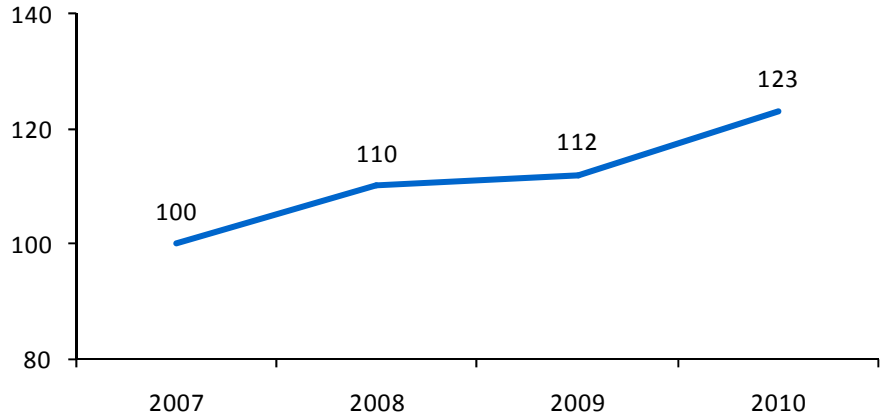
Source: Company Data, PL Research

Input costs continue to remain firm

Key RM prices rebased to 100



Source: Company Data, Bloomberg, PL Research

Nestle commodity basket price index


Source: Nestle, PL Research

Top picks: ITC, Asian Paints
Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
ITC	6.8	2.4	6.0	42.1	0.4	5.5	9.5	32.3
Hindustan Unilever	(4.4)	(15.5)	(9.4)	20.2	(10.9)	(12.4)	(5.9)	10.4
Asian Paints	2.3	(10.9)	(3.3)	24.8	(4.2)	(7.9)	0.2	15.0
Dabur India	(5.2)	(5.4)	(9.9)	19.2	(11.6)	(2.4)	(6.3)	9.5
United Spirits	0.1	(23.2)	(32.3)	(19.9)	(6.3)	(20.2)	(28.8)	(29.7)
Godrej Consumer Products	(0.7)	(4.3)	(6.1)	37.4	(7.2)	(1.3)	(2.6)	27.6
Colgate Palmolive	3.5	0.0	(2.5)	26.5	(3.0)	3.0	1.0	16.8
Marico	11.3	12.2	4.3	18.6	4.8	15.3	7.8	8.8

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
ITC	Sales	58,877	50,538	16.5	54,535	8.0	223,020	191,359	16.5
	EBITDA	18,252	15,401	18.5	19,690	(7.3)	74,069	63,241	17.1
	Margins (%)	31.0	30.5		36.1		33.2	33.0	
	PAT	12,666	10,282	23.2	13,891	(8.8)	49,655	41,619	19.3
Hindustan Unilever	Sales	49,200	43,158	14.0	50,270	(2.1)	193,704	177,643	9.0
	EBITDA	5,166	5,310	(2.7)	6,243	(17.2)	25,867	25,759	0.4
	Margins (%)	10.5	12.3		12.4		13.4	14.5	
	PAT	4,467	3,857	15.8	5,733	(22.1)	21,117	20,972	0.7
Asian Paints	Sales	20,081	18,768	7.0	20,996	(4.4)	78,773	66,809	17.9
	EBITDA	3,313	3,109	6.6	3,449	(3.9)	13,395	12,276	9.1
	Margins (%)	16.5	16.6		16.4		17.0	18.4	
	PAT	2,208	1,917	15.2	2,202	0.3	8,838	8,359	5.7



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
United Spirits	Sales	15,322	12,663	21.0	19,694	(22.2)	68,281	63,623	7.3
	EBITDA	2,329	1,955	19.1	2,854	(18.4)	10,920	11,123	(1.8)
	<i>Margins (%)</i>	<i>15.2</i>	<i>15.4</i>		<i>14.5</i>		<i>16.0</i>	<i>17.5</i>	
	PAT	703	568	23.7	931	(24.5)	3,644	(232)	NA
Dabur India	Sales	10,440	8,488	23.0	10,800	(3.3)	39,932	33,914	17.7
	EBITDA	2,005	1,620	23.8	2,095	(4.3)	7,220	6,241	15.7
	<i>Margins (%)</i>	<i>19.2</i>	<i>19.1</i>		<i>19.4</i>		<i>18.1</i>	<i>18.4</i>	
	PAT	1,509	1,331	13.4	1,544	(2.3)	5,710	5,013	13.9
Godrej Consumer Products	Sales	9,064	5,092	78.0	9,804	(7.6)	34,424	20,412	68.6
	EBITDA	1,631	1,075	51.7	1,678	(2.8)	6,481	4,073	59.1
	<i>Margins (%)</i>	<i>18.0</i>	<i>21.1</i>		<i>17.1</i>		<i>18.8</i>	<i>20.0</i>	
	PAT	1,147	918	25.0	1,188	(3.5)	4,481	3,396	32.0
Colgate Palmolive	Sales	5,993	5,166	16.0	5,582	7.4	22,733	19,625	15.8
	EBITDA	1,318	1,247	5.7	746	76.7	4,560	4,399	3.7
	<i>Margins (%)</i>	<i>22.0</i>	<i>24.1</i>		<i>13.4</i>		<i>20.1</i>	<i>22.4</i>	
	PAT	1,135	1,055	7.6	662	71.3	4,068	4,356	(6.6)
Marico	Sales	7,287	6,023	21.0	8,177	(10.9)	31,383	26,608	17.9
	EBITDA	933	849	9.8	997	(6.4)	3,854	4,045	(4.7)
	<i>Margins (%)</i>	<i>12.8</i>	<i>14.1</i>		<i>12.2</i>		<i>12.3</i>	<i>15.2</i>	
	PAT	647	520	24.4	695	(6.9)	2,736	2,317	18.1

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	692,251	794,125	901,291
<i>Growth (%)</i>	<i>15.4</i>	<i>14.7</i>	<i>13.5</i>
EBITDA	146,366	173,581	199,380
<i>Margin (%)</i>	<i>21.1</i>	<i>21.9</i>	<i>22.1</i>
PAT	100,250	118,928	137,403
<i>Growth (%)</i>	<i>16.8</i>	<i>18.6</i>	<i>15.5</i>
PE (x)	28.8	24.3	21.0

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	176,264	149,895	17.6	179,858	(2.0)
EBITDA	34,947	30,566	14.3	37,753	(7.4)
<i>Margin (%)</i>	<i>19.8</i>	<i>20.4</i>	<i>(57)bps</i>	<i>21.0</i>	<i>(116)bps</i>
PAT (Excl. Ex Items)	24,484	20,449	19.7	26,847	(8.8)

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

ITC

Rating	BUY
Price	Rs184
Target Price	Rs208
Market Cap. (Rs bn)	1,406.6
Shares o/s (m)	7,636.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	223,020	255,993	287,740
EBITDA	74,069	87,475	100,172
Margin (%)	33.2	34.2	34.8
PAT	49,655	58,756	67,298
EPS (Rs)	6.5	7.7	8.8
RoE (%)	31.3	31.7	31.6
PE (x)	28.3	23.9	20.9
P / BV (x)	8.2	7.1	6.2
EV / E (x)	18.3	15.3	13.3

We expect Cig volume to come in at ~2-3%, as consumers have now got used to higher prices. Price hikes taken during the quarter should result in Cig EBIT growth of ~18%. We expect strong 20% plus revenue growth in non-Cig FMCG business.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	58,877	50,538	16.5	54,535	223,020	191,359	16.5
EBITDA	18,252	15,401	18.5	19,690	74,069	63,241	17.1
Margin (%)	31.0	30.5	53 bps	36.1	33.2	33.0	16 bps
Reported PAT	12,666	10,282	23.2	13,891	49,655	41,619	19.3
PAT (Excl. Ex Items)	12,666	10,282	23.2	13,891	49,655	41,619	19.3
Operating Metrics							
Cigarettes	28,209	24,530	15.0	27,726	208,901	181,118	15.3
Other FMCG	13,697	11,227	22.0	11,021	44,180	36,613	20.7
Total FMCG	41,906	35,757	17.2	38,747	253,081	217,731	16.2
Hotels	2,972	2,562	16.0	2,816.3	12,032	9,780	23.0
Agri business	11,067	9,881	12.0	10,667.4	43,256	38,621	12.0

Hindustan Unilever

Rating	Sell
Price	Rs275
Target Price	Rs270
Market Cap. (Rs bn)	600.7
Shares o/s (m)	2,181.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	193,704	214,427	238,056
EBITDA	25,867	29,572	33,033
Margin (%)	13.4	13.8	13.9
PAT	21,117	24,303	27,294
EPS (Rs)	9.7	11.1	12.5
RoE (%)	72.5	75.1	80.1
PE (x)	28.4	24.7	22.0
P / BV (x)	19.0	18.1	17.2
EV / E (x)	22.5	19.5	17.2

We expect HUVR to report ~12% volume growth for the quarter owing to various new launches over the year and aggressive trade as well advertising promotion strategy. Price hikes in Soaps and Detergents taken during Q3FY11 as well as during the current quarter should aid the realization growth. However, these price hikes will be insufficient in our view to prevent the margin erosion. We expect 180bps margin decline for the quarter.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	49,200	43,158	14.0	50,270	193,704	177,643	9.0
EBITDA	5,166	5,310	(2.7)	6,243	25,867	25,759	0.4
Margin (%)	10.5	12.3	(180)bps	12.4	13.4	14.5	(115)bps
Reported PAT	4,467	5,291	(15.6)	6,376	21,117	21,566	(2.1)
PAT (Excl. Ex Items)	4,467	3,857	15.8	5,733	21,117	20,972	0.7
Operating Metrics							
Soaps and Detergents	21,170	19,785	7.0	21,929	81,441	76,365	6.6
Personal Products	14,686	12,552	17.0	16,547	58,392	51,073	14.3
Beverages	6,842	5,702	20.0	6,022	26,680	24,386	9.4
Processed Foods	2,470	1,976	25.0	2,219	9,066	7,665	18.3
Ice Creams	719	553	30.0	481	2,764	2,289	20.8

Asian Paints

Rating	BUY
Price	Rs2,567
Target Price	Rs3,000
Market Cap. (Rs bn)	246.2
Shares o/s (m)	95.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	78,773	92,279	108,076
EBITDA	13,395	15,859	18,790
<i>Margin (%)</i>	<i>17.0</i>	<i>17.2</i>	<i>17.4</i>
PAT	8,838	10,521	12,454
EPS (Rs)	92.1	109.7	129.8
<i>RoE (%)</i>	<i>45.4</i>	<i>42.7</i>	<i>41.0</i>
PE (x)	27.9	23.4	19.8
P / BV (x)	11.3	9.0	7.4
EV / E (x)	18.3	15.2	12.6

Asian Paints international revenues will be impacted owing to the political turmoil in Egypt and Middle East. Price of titanium di-oxide has remained firm and APNT took a nominal price hike of 1% during the quarter (YTD price increase of 11%). However, full impact of earlier price increases should help in sequential margin recovery.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	20,081	18,768	7.0	20,996	78,773	66,809	17.9
EBITDA	3,313	3,109	6.6	3,449	13,395	12,276	9.1
<i>Margin (%)</i>	<i>16.5</i>	<i>16.6</i>	<i>(6)bps</i>	<i>16.4</i>	<i>17.0</i>	<i>18.4</i>	<i>(137)bps</i>
Reported PAT	2,208	1,926	14.7	2,202	8,838	8,357	5.8
PAT (Excl. Ex Items)	2,208	1,917	15.2	2,202	8,838	8,359	5.7

United Spirits

Rating	BUY
Price	Rs1,102
Target Price	Rs1,190
Market Cap. (Rs bn)	144.1
Shares o/s (m)	130.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	68,281	79,373	92,311
EBITDA	10,920	13,939	16,191
<i>Margin (%)</i>	<i>16.0</i>	<i>17.6</i>	<i>17.5</i>
PAT	3,644	4,909	6,372
EPS (Rs)	27.9	37.5	48.7
<i>RoE (%)</i>	<i>9.2</i>	<i>11.3</i>	<i>13.1</i>
PE (x)	39.6	29.4	22.6
P / BV (x)	3.5	3.2	2.8
EV / E (x)	18.0	14.3	12.3

We expect UNSP to report 12-13% volume growth during the quarter, aided by World Cup. We don't expect significant margin improvement despite stable ENA costs as glass prices have gone up (consequence of crude inflation). Interest costs should come in at Rs1-1.05bn owing to re-financing of dollar-denominated loan.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	15,322	12,663	21.0	19,694	68,281	63,623	7.3
EBITDA	2,329	1,955	19.1	2,854	10,920	11,123	(1.8)
<i>Margin (%)</i>	<i>15.2</i>	<i>15.4</i>	<i>(24)bps</i>	<i>14.5</i>	<i>16.0</i>	<i>17.5</i>	<i>(149)bps</i>
Reported PAT	703	568	23.7	1,300	3,644	(232)	LTP
PAT (Excl. Ex Items)	703	568	23.7	931	3,644	(232)	LTP



Dabur India

Rating	Accumulate
Price	Rs98
Target Price	Rs115
Market Cap. (Rs bn)	169.6
Shares o/s (m)	1,738.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	39,932	47,523	55,256
EBITDA	7,220	8,710	10,226
<i>Margin (%)</i>	<i>18.1</i>	<i>18.3</i>	<i>18.5</i>
PAT	5,710	6,864	8,016
EPS (Rs)	3.3	3.9	4.6
<i>RoE (%)</i>	<i>50.5</i>	<i>45.5</i>	<i>42.1</i>
PE (x)	29.7	24.7	21.2
P / BV (x)	12.8	10.0	8.0
EV / E (x)	23.4	19.2	16.2

Current quarter will include numbers from *Hobi* and *Namaste* and hence, revenue growth will come in at strong 23% in our view. We expect another quarter of double-digit volume growth. Dabur has implemented price hikes across the portfolio to pass the impact of input cost inflation.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	10,440	8,488	23.0	10,800	39,932	33,914	17.7
EBITDA	2,005	1,620	23.8	2,095	7,220	6,241	15.7
<i>Margin (%)</i>	<i>19.2</i>	<i>19.1</i>	<i>12 bps</i>	<i>19.4</i>	<i>18.1</i>	<i>18.4</i>	<i>(32)bps</i>
Reported PAT	1,509	1,353	11.6	1,544	5,710	5,013	13.9
PAT (Excl. Ex Items)	1,509	1,331	13.4	1,544	5,710	5,013	13.9
Operating Metrics							
Consumer care business	7,418	6,395	16.0	8,668	31,234	26,247	19.0
Consumer health business	906	768	18.0	813	3,215	2,796	15.0
Foods business	1,410	1,156	22.0	1,124	5,073	4,158	22.0
Retail business	48.0	24.0	100.0	57.7	119	92	30.0
Others	198.9	209.4	(5.0)	215.9	997	867	15.0

Godrej Consumer Products

Rating	BUY
Price	Rs375
Target Price	Rs430
Market Cap. (Rs bn)	121.3
Shares o/s (m)	323.6

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	34,424	41,058	46,230
EBITDA	6,481	7,986	9,050
<i>Margin (%)</i>	<i>18.8</i>	<i>19.5</i>	<i>19.6</i>
PAT	4,481	5,693	6,621
EPS (Rs)	13.8	17.6	20.5
<i>RoE (%)</i>	<i>33.5</i>	<i>30.4</i>	<i>30.4</i>
PE (x)	27.1	21.3	18.3
P / BV (x)	7.1	6.0	5.2
EV / E (x)	21.0	16.7	14.4

Inorganic expansion will be the key growth driver, once again leading to 80% sales growth. GCPL is covered till May 2011 for Palm Oil.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	9,064	5,092	78.0	9,804	34,424	20,412	68.6
EBITDA	1,631	1,075	51.7	1,678	6,481	4,073	59.1
<i>Margin (%)</i>	<i>18.0</i>	<i>21.1</i>	<i>(312)bps</i>	<i>17.1</i>	<i>18.8</i>	<i>20.0</i>	<i>(113)bps</i>
Reported PAT	1,147	918	25.0	1,188	4,481	3,396	32.0
PAT (Excl. Ex Items)	1,147	918	25.0	1,188	4,481	3,396	32.0



Colgate Palmolive

Rating	Reduce
Price	Rs859
Target Price	Rs790
Market Cap. (Rs bn)	116.8
Shares o/s (m)	136.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	22,733	26,384	30,622
EBITDA	4,560	5,351	6,214
<i>Margin (%)</i>	<i>20.1</i>	<i>20.3</i>	<i>20.3</i>
PAT	4,068	4,591	5,366
EPS (Rs)	29.9	33.8	39.5
<i>RoE (%)</i>	<i>114.5</i>	<i>112.5</i>	<i>114.3</i>
PE (x)	28.7	25.4	21.8
P / BV (x)	30.7	26.8	23.2
EV / E (x)	24.5	20.5	17.4

Double-digit toothpaste volume growth and resilience in market shares across oral care categories should drive the expected 13% revenue growth.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	5,993	5,166	16.0	5,582	22,733	19,625	15.8
EBITDA	1,318	1,247	5.7	746	4,560	4,399	3.7
<i>Margin (%)</i>	<i>22.0</i>	<i>24.1</i>	<i>(214)bps</i>	<i>13.4</i>	<i>20.1</i>	<i>22.4</i>	<i>(236)bps</i>
Reported PAT	1,135	1,055	7.6	662	4,068	4,356	(6.6)
PAT (Excl. Ex Items)	1,135	1,055	7.6	662	4,068	4,356	(6.6)
Operating Metrics							
Toothpaste volume growth	13.0	11.0	200 bps	13.0	14.0	13.5	48 bps

Marico

Rating	BUY
Price	Rs139
Target Price	Rs150
Market Cap. (Rs bn)	84.7
Shares o/s (m)	609.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	31,383	37,088	42,999
EBITDA	3,854	4,688	5,704
<i>Margin (%)</i>	<i>12.3</i>	<i>12.6</i>	<i>13.3</i>
PAT	2,736	3,291	3,980
EPS (Rs)	5.0	5.9	7.1
<i>RoE (%)</i>	<i>39.9</i>	<i>36.5</i>	<i>34.2</i>
PE (x)	27.9	23.4	19.5
P / BV (x)	9.8	7.6	6.0
EV / E (x)	22.6	18.5	14.8

Copra and Safflower oil, key input costs for Marico witnessed 5-25% QoQ increase, some of which has been passed to consumers through price hikes across the spectrum (details in Table1). We expect Marico to witness margin pressure owing to this price increase in input costs. Marico acquired ICP in Vietnam during the quarter.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	7,287	6,023	21.0	8,177	31,383	26,608	17.9
EBITDA	933	849	9.8	997	3,854	4,045	(4.7)
<i>Margin (%)</i>	<i>12.8</i>	<i>14.1</i>	<i>(130)bps</i>	<i>12.2</i>	<i>12.3</i>	<i>15.2</i>	<i>(292)bps</i>
Reported PAT	647	520	24.4	695	2,736	2,317	18.1
PAT (Excl. Ex Items)	647	520	24.4	695	2,736	2,317	18.1
Volume Growth (%)							
Parachute	4.0	7.0	(300)bps	5.0	8.0	10.0	(200)bps
Saffola	15.0	13.0	200 bps	13.0	15.0	16.0	(100)bps
Value Add. Hair Oils	18.0	27.0	(900)bps	31.0	17.0	16.0	100 bps



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Financial Services

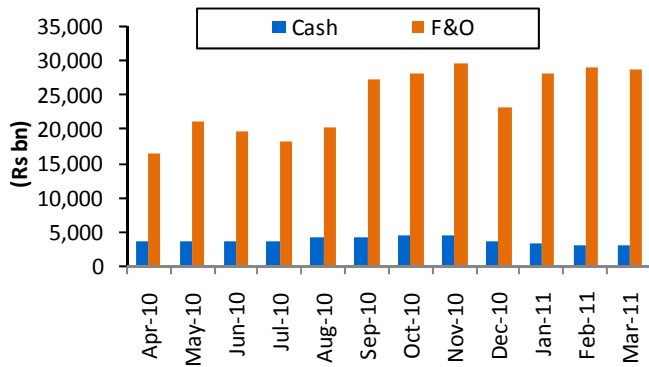
Q4FY11 is expected to be a mixed bag for NBFCs. For Capital market related NBFCs, this quarter is likely to go down as one of the worst in recent memory, with very low cash volumes, poor investment banking deal closures and high interest rates squeezing spreads. For other infrastructure and commercial lending NBFCs, it is likely to be a steady quarter.

Equity market volumes during the quarter grew by 2.1% QoQ and 66.3% YoY. F&O volumes remained strong, with growth of 6.2% QoQ and 86.9% YoY. However, cash volumes crashed steeply by 24.9% QoQ. Cash volumes were weak throughout the quarter, but improved marginally towards the end of the quarter. Brokerage commission pool for the quarter is expected to decline by approximately ~13% QoQ. AUMs for the domestic mutual fund industry are expected to increase during the quarter. For the data available till February 2011, Equity AUMs declined by about 11.9% since December 2010 levels, while Debt AUMs grew strongly by 27.7% for the same period. Liquid funds witnessed outflows from the corporate sector due to tight liquidity conditions in the system. Insurance sales remained steady but somewhat muted, with APEs expected to grow by about 12-16% YoY.

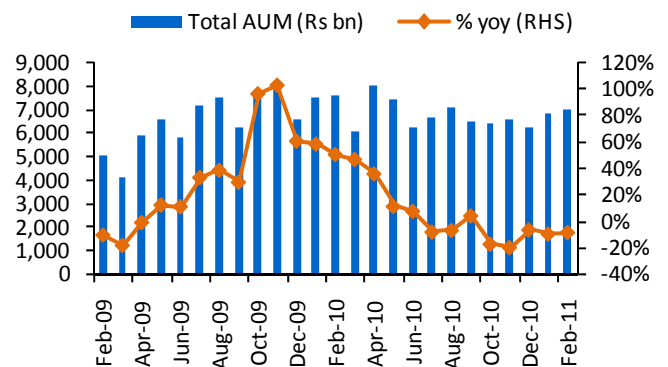
Tight liquidity conditions have kept short-term borrowing costs for NBFCs high during the quarter. As a result, several companies are expected to report slightly lower spreads. The greater impact of the higher borrowing costs is likely to be felt in the coming quarters. Many NBFCs are also reported to have slowed down their approvals and disbursements, given the relatively unattractive spreads.

Overall, the prospects for the NBFC sector are somewhat muted in the near-term. Within the space, we would prefer to stick to extreme value plays and focused niche players that have the ability to maintain margins in these conditions.

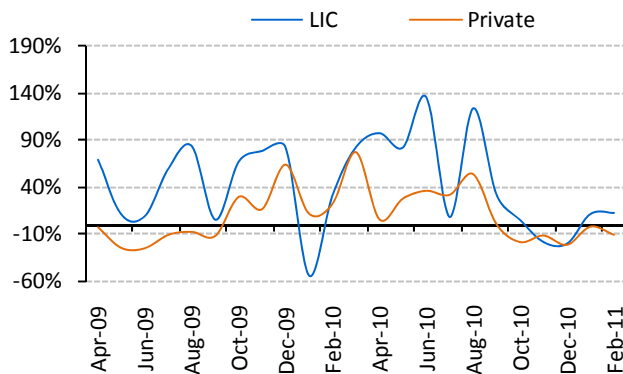
Top Picks: IDFC, Shriram Transport and Mahindra Finance

Trend in Cash and F&O Volumes


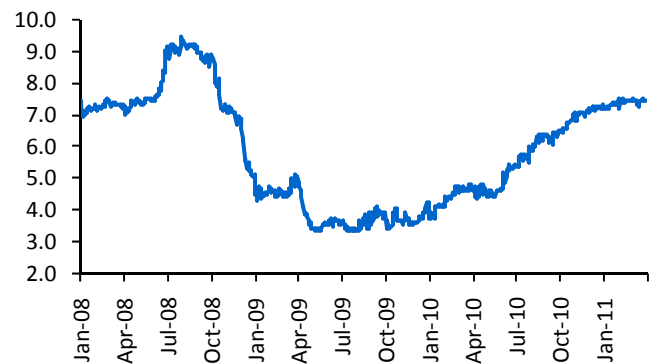
Source: BSE, NSE, PL Research

Mutual Fund AUM Growth (YoY)


Source: AMFI, PL Research

Insurance FYP Growth (private & LIC)


Source: IRDA, PL Research

Movement in the 6M T-Bill rates


Source: Bloomberg, PL Research

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
HDFC	2.5	(1.4)	(5.8)	24.9	(4.0)	1.6	(2.3)	15.2
Power Finance Corporation	(5.9)	(16.4)	(30.1)	(3.9)	(12.4)	(13.4)	(26.5)	(13.7)
Infrastructure Development Finance Corporation	10.2	(5.9)	(20.5)	(0.3)	3.7	(2.9)	(16.9)	(10.1)
Shriram Transport Finance	1.7	6.5	2.5	53.9	(4.8)	9.5	6.0	44.1
Reliance Capital	29.3	(4.6)	(27.0)	(20.1)	22.8	(1.6)	(23.5)	(29.9)
Mahindra & Mahindra Financial Services	14.7	10.4	20.4	116.3	8.2	13.4	23.9	106.5
Edelweiss Capital	10.0	(11.8)	(32.0)	(5.5)	3.5	(8.8)	(28.5)	(15.2)
India Infoline	(0.7)	(3.5)	(33.6)	(34.9)	(7.2)	(0.5)	(30.1)	(44.7)
Motilal Oswal Financial Services	(2.2)	(18.1)	(32.5)	(16.5)	(8.6)	(15.1)	(28.9)	(26.3)

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
HDFC	Net Operating Inc.	15,151	13,398	13.1	13,282	14.1	51,584	43,535	18.5
	PPP	14,271	12,872	10.9	12,334	15.7	47,600	39,514	20.5
	PAT	10,033	9,264	8.3	8,909	12.6	33,963	28,265	20.2
Power Finance Corporation	Net Operating Inc.	9,919	7,460	33.0	9,570	3.7	38,059	29,990	26.9
	PPP	9,360	7,063	32.5	9,280	0.9	36,824	28,890	27.5
	PAT	6,892	5,980	15.3	6,584	4.7	27,176	22,220	22.3
Infrastructure Development Finance Corporation	Net Operating Inc.	6,538	5,980	9.3	6,598	(0.9)	25,475	20,670	23.2
	PPP	4,967	3,712	33.8	4,964	0.1	19,800	15,188	30.4
	PAT	3,091	2,285	35.3	3,212	(3.8)	13,025	10,624	22.6
Shriram Transport Finance	Net Operating Inc.	8,525	6,661	28.0	8,550	(0.3)	32,158	22,789	41.1
	PPP	6,296	5,149	22.3	6,351	(0.9)	23,948	17,613	36.0
	PAT	3,496	2,644	32.2	3,566	(2.0)	12,941	9,067	42.7
Mahindra & Mahindra Financial Services	Net Operating Inc.	4,040	3,509	15.1	3,487	15.9	13,827	10,584	30.6
	PPP	2,730	2,507	8.9	2,278	19.9	8,470	7,276	16.4
	PAT	1,648	1,402	17.5	1,159	42.2	4,804	3,558	35.0

Source: Company Data, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Reliance Capital	Sales	14,357	17,162	(16.3)	13,523	6.2	53,547	61,406	(12.8)
	EBITDA	6,339	3,727	70.1	5,501	15.2	20,645	19,883	3.8
	<i>Margins (%)</i>	<i>44.2</i>	<i>21.7</i>		<i>40.7</i>		<i>38.6</i>	<i>32.4</i>	
	PAT	1,072	645	66.3	1,061	1.0	3,999	4,313	(7.3)
Edelweiss Capital	Sales	3,315	2,595	27.8	4,377	(24.3)	14,204	9,690	46.6
	EBITDA	1,775	1,326	33.8	2,724	(34.8)	8,352	5,305	57.4
	<i>Margins (%)</i>	<i>53.5</i>	<i>51.1</i>		<i>62.2</i>		<i>58.8</i>	<i>54.7</i>	
	PAT	408	522	(21.8)	623	(34.5)	2,273	2,291	(0.8)
India Infoline	Sales	3,723	3,095	20.3	4,596	(19.0)	14,766	11,229	31.5
	EBITDA	1,446	1,026	41.0	2,199	(34.2)	6,081	4,363	39.4
	<i>Margins (%)</i>	<i>38.8</i>	<i>33.1</i>		<i>47.8</i>		<i>41.2</i>	<i>38.9</i>	
	PAT	423	522	(18.9)	671	(36.9)	2,057	2,319	(11.3)
Motilal Oswal Financial Services	Sales	1,457	1,581	(7.8)	1,649	(11.6)	6,110	6,250	(2.2)
	EBITDA	537	676	(20.5)	688	(22.0)	2,306	2,567	(10.1)
	<i>Margins (%)</i>	<i>36.9</i>	<i>42.8</i>		<i>41.8</i>		<i>37.7</i>	<i>41.1</i>	
	PAT	328	501	(34.7)	421	(22.2)	1,454	1,703	(14.6)

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales / Net Op. Inc.	249,731	300,700	361,799
<i>Growth (%)</i>	<i>15.5</i>	<i>20.4</i>	<i>20.3</i>
EBITDA / PPP	174,026	215,937	263,563
<i>Margins (%)</i>	<i>69.7</i>	<i>71.8</i>	<i>72.8</i>
PAT	101,692	124,172	151,706
<i>Growth (%)</i>	<i>20.5</i>	<i>22.1</i>	<i>22.2</i>
PE (x)	20.0	16.4	13.4

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales / Net Op. Inc.	67,026	61,440	9.1	65,631	2.1
EBITDA / PPP	47,722	38,058	25.4	46,320	3.0
<i>EBITDA / PPP Margin (%)</i>	<i>71.2</i>	<i>61.9</i>	<i>926 bps</i>	<i>70.6</i>	<i>62 bps</i>
PAT (Excl. Ex Items)	27,390	23,766	15.3	26,207	4.5

Note: Net Sales / Net Op. Inc., EBITDA / PPP and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

HDFC

Rating	Accumulate
Price	Rs698
Target Price	Rs774
Market Cap. (Rs bn)	1,015.9
Shares o/s (m)	1,454.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Op. Inc.	51,584	61,214	74,602
NII	41,671	49,651	63,703
PPP	47,600	56,467	69,076
PAT	33,963	40,473	49,200
EPS (Rs)	23.3	27.8	32.6
<i>NIM (%)</i>	<i>3.3</i>	<i>3.2</i>	<i>3.3</i>
<i>RoE (%)</i>	<i>20.8</i>	<i>21.6</i>	<i>20.9</i>
PE (x)*	24.3	19.5	15.5
P/BV (x)*	8.0	5.9	4.1

We expect HDFC's approvals and disbursements to show healthy growth on a YoY basis as they grow by 16.6% and 24.2%, respectively. Spreads are likely to remain stable sequentially. Non-interest income likely to show strong growth on a YoY basis due to lower base and expected higher capital gains due to sale of certain investments. We expect earnings to grow by 8.3% YoY (on a high base) and 12.6% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Operating Inc.	15,151	13,398	13.1	13,282	51,584	43,535	18.5
NII	12,227	11,282	8.4	10,277	41,671	34,658	20.2
Non Interest Inc.	2,924	2,116	38.2	3,006	9,913	8,877	11.7
PPP	14,271	12,872	10.9	12,334	47,600	39,514	20.5
PAT	10,033	9,264	8.3	8,909	33,963	28,265	20.2
Operating Metrics (Rs bn)							
Disbursements	210	169	24.2	135	610	504	21.0
Approvals	227	195	16.6	164	727	606	20.0
Investments	112	107	4.3	146	112	107	4.3
Loans	1,198	980	22.3	1,091	1,198	980	22.3

* Adj. for Rs195 & Rs235 per share, reduced from CMP for value given to its subs. for FY12 & FY13, resp.



Power Finance Corporation

Rating	Accumulate
Price	Rs252
Target Price	Rs300
Market Cap. (Rs bn)	289.0
Shares o/s (m)	1,147.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Op. Inc.	38,059	47,631	59,181
NII	36,459	46,331	57,731
PPP	36,824	46,114	57,296
PAT	27,176	33,619	41,203
EPS (Rs)	23.7	29.3	30.6
<i>NIM (%)</i>	<i>4.0</i>	<i>4.1</i>	<i>4.1</i>
<i>RoE (%)</i>	<i>19.2</i>	<i>17.7</i>	<i>16.9</i>
PE (x)	10.6	9.9	8.1
P/BV (x)	1.9	1.5	1.3

We expect healthy growth momentum to be maintained in PFC's loan assets, with the loan book expanding at 26.4% YoY and 9.6% QoQ. Sanctions, although down by 35.7% YoY, are likely to remain steady on a QoQ basis. Disbursals are likely to remain flat QoQ, but down by ~23.0% on a YoY basis. We believe incremental pressure on spreads would keep NII growth sequentially lower at 4.3% QoQ. Margins are likely to remain under pressure and could witness ~10-15bps QoQ contraction due to rising cost of funds. Bottom-line is expected to grow by 15.3% YoY and 4.7% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Operating Inc.	9,919	7,460	33.0	9,570	38,059	29,990	26.9
NII	9,659	7,570	27.6	9,260	36,459	29,080	25.4
Non Interest Inc.	260	(110)	NM	310	1,600	910	75.8
PPP	9,360	7,063	32.5	9,280	36,824	28,890	27.5
PAT	6,892	5,980	15.3	6,584	27,176	22,220	22.3
Operating Metrics (Rs bn)							
Sanctions	182	283	(35.7)	178	801	675	18.7
Disbursements	80	105	(23.1)	78	330	235	40.3
Loan book	1,010	799	26.4	921	1,010	799	26.4
<i>Net Interest Margin (%)</i>	<i>3.89</i>	<i>3.93</i>	<i>(4)bps</i>	<i>4.09</i>	<i>3.99</i>	<i>3.98</i>	<i>1 bps</i>

IDFC

Rating	Accumulate
Price	Rs163
Target Price	Rs205
Market Cap. (Rs bn)	236.7
Shares o/s (m)	1,452.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Op. Inc.	25,475	33,670	44,295
NII	16,207	22,898	31,186
PPP	19,800	25,965	33,863
PAT	13,025	16,985	21,513
EPS (Rs)	9.0	11.3	14.3
<i>NIM (%)</i>	<i>3.9</i>	<i>4.0</i>	<i>4.1</i>
<i>RoE (%)</i>	<i>14.8</i>	<i>14.5</i>	<i>15.7</i>
PE (x)	18.2	14.4	11.4
P/BV (x)	2.2	1.9	1.7

We expect IDFC's assets to grow at a healthy pace. Incremental spreads are expected to remain lower due to increase in cost of funds. Capital market related businesses (broking and investment banking) are expected to remain under pressure, given the industry trends, resulting into ~33% decline in revenues both, on a YoY as well as on a QoQ basis. Income from Principal Investments and Asset management businesses is likely to gain momentum on a sequential basis. We expect bottom-line to expand 40.4% YoY and remain flat QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Operating Inc.	6,538	5,980	9.3	6,598	25,475	20,670	23.2
NII	4,497	3,160	42.3	4,600	16,207	11,170	45.1
Non Interest Inc.	2,041	2,820	(27.6)	1,998	9,268	9,501	(2.4)
PPP	4,967	3,712	33.8	4,964	19,800	15,188	30.4
PAT	3,091	2,285	35.3	3,212	13,025	10,624	22.6
Operating Metrics (Rs bn)							
Principal Investments	360	990	(63.6)	300	1,980	2,610	(24.1)
Asset Management	715	810	(11.8)	630	2,745	3,620	(24.2)
Investment Banking	340	510	(33.3)	510	1,950	1,830	6.6
Loan and Other Fees	563	380	48.2	520	2,593	1,441	80.0
Advances Book (Rs bn)	370	250	48.0	350	370	250	48.0

Shriram Transport Finance

Rating	Accumulate
Price	Rs814
Target Price	Rs869
Market Cap. (Rs bn)	183.5
Shares o/s (m)	225.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Op. Inc.	32,158	39,169	47,480
NII	31,208	37,969	45,980
PPP	23,948	30,569	37,280
PAT	12,941	16,725	19,819
EPS (Rs)	57.4	74.2	87.9
<i>NIM (%)</i>	<i>6.6</i>	<i>6.5</i>	<i>6.6</i>
<i>RoE (%)</i>	<i>29.6</i>	<i>29.9</i>	<i>28.1</i>
PE (x)	14.2	11.0	9.3
P/BV (x)	3.8	2.9	2.3

We expect SHTF's AUMs to grow strongly by 28.9% YoY on the back of strong increase in the off book AUMs. We expect a 25.0% YoY and ~22% QoQ increase in securitized assets. Spreads expected to remain largely stable on a QoQ basis at ~8.3%. Fee income is expected to remain largely stable on a sequential basis. We expect PAT to grow by 32.2% YoY, but decline marginally by 2.0% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Operating Inc.	8,525	6,661	28.0	8,550	32,158	22,789	41.1
NII	4,769	3,231	47.6	4,388	31,208	22,213	40.5
Non Interest Inc.	224	189	18.8	184	950	576	64.9
PPP	6,296	5,149	22.3	6,351	23,948	17,613	36.0
PAT	3,496	2,644	32.2	3,566	12,941	9,067	42.7
Operating Metrics							
Total AUMs	375,460	291,261	28.9	337,797	375,460	291,261	28.9
On - book AUM	235,709	179,461	31.3	224,044	235,709	179,461	31.3
Off - book AUM	139,750	111,800	25.0	113,753	139,750	111,800	25.0

Reliance Capital

Rating	Reduce
Price	Rs626
Target Price	Rs550
Market Cap. (Rs bn)	154.0
Shares o/s (m)	246.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	53,547	59,762	65,830
EBITDA	20,645	24,255	26,628
<i>Margin (%)</i>	<i>38.6</i>	<i>40.6</i>	<i>40.4</i>
PAT	3,999	4,215	4,926
EPS (Rs)	16.2	17.1	20.0
<i>RoE (%)</i>	<i>5.2</i>	<i>5.4</i>	<i>6.1</i>
PE (x)	38.5	36.6	31.3
P / BV (x)	2.0	1.9	1.9
EV / E (x)	14.4	13.0	12.7

We expect RCAPT revenue to decline by 16.3% YoY and PAT to grow by 66.3% YoY. The key contributors are expected to be asset management and financing businesses, while general insurance, broking and distribution will lag. The company's financing book is also expected to grow to Rs104bn in March 2011 compared to Rs920bn in March 2010. General Insurance revenue is expected to decline by 30.5% YoY in-line with the company's strategy of not going after unprofitable business.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	14,357	17,162	(16.3)	13,523	53,547	61,406	(12.8)
EBITDA	6,339	3,727	70.1	5,501	20,645	19,883	3.8
<i>Margin (%)</i>	<i>44.2</i>	<i>21.7</i>	<i>2,244bps</i>	<i>40.7</i>	<i>38.6</i>	<i>32.4</i>	<i>617 bps</i>
Reported PAT	1,072	645	66.3	1,061	3,999	4,313	(7.3)
PAT (Excl. Ex Items)	1,072	645	66.3	1,061	3,999	4,313	(7.3)
Operating Metrics							
Finance & Investment	2,177	2,416	(9.9)	2,750	10,400	11,813	(12.0)
Asset Management	1,945	1,824	6.7	1,857	6,930	6,460	7.3
General Insurance	3,887	5,596	(30.5)	4,181	17,991	23,862	(24.6)
Consumer Finance	758	3,670	(79.3)	1,253.0	4,750	6,018	(21.1)
Others	14,357	17,162	(16.3)	13,523	53,547	61,406	(12.8)

M&M Financial Services

Rating	BUY
Price	Rs810
Target Price	Rs889
Market Cap. (Rs bn)	82.7
Shares o/s (m)	102.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Op. Inc.	13,827	18,450	23,047
NII	13,290	17,684	21,990
PPP	8,470	11,417	14,688
PAT	4,804	6,157	8,037
EPS (Rs)	47.1	60.5	79.2
<i>NIM (%)</i>	<i>9.8</i>	<i>10.4</i>	<i>9.9</i>
<i>RoE (%)</i>	<i>22.4</i>	<i>22.3</i>	<i>24.5</i>
PE (x)	17.2	13.4	10.2
P/BV (x)	3.5	3.0	2.5

Healthy growth momentum in MMFSL's disbursements (39.1% YoY) is likely to continue in the quarter gone by. Incremental spreads likely to remain under pressure, given the increase in the cost of funds, resulting into marginal contraction in spreads on a sequential basis. Credit costs are likely to remain stable QoQ as no significant deterioration in asset quality is expected. We expect earnings to grow by 17.5% YoY and 42.2% on a QoQ basis.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Operating Inc.	4,040	3,509	15.1	3,487	13,827	10,584	30.6
NII	3,939	3,396	16.0	3,391	13,290	10,239	29.8
Non Interest Inc.	101	114	(11.4)	96	537	346	55.4
PPP	2,730	2,507	8.9	2,278	8,470	7,276	16.4
PAT	1,648	1,402	17.5	1,159	4,804	3,558	35.0
Operating Metrics							
Disbursements	38,084	27,380	39.1	42,390	142,646	89,154	60.0
AUM	153,313	103,290	48.4	134,374	153,313	103,290	48.4
Loan Book	122,651	83,788	46.4	114,817	122,651	83,788	46.4

Edelweiss Capital

Rating	Accumulate
Price	Rs41
Target Price	Rs47
Market Cap. (Rs bn)	30.9
Shares o/s (m)	750.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	14,204	16,905	19,765
EBITDA	8,352	10,755	12,710
<i>Margin (%)</i>	<i>58.8</i>	<i>63.6</i>	<i>64.3</i>
PAT	2,273	2,191	2,672
EPS (Rs)	3.0	2.9	3.5
<i>RoE (%)</i>	<i>9.6</i>	<i>8.6</i>	<i>9.8</i>
PE (x)	13.6	14.1	11.6
P / BV (x)	1.2	1.2	1.1
EV / E (x)	8.4	8.0	7.9

Edelweiss is expected to report a sharp 24.3% QoQ decline in Revenues and 34.5% QoQ decline in PAT. The decline will be led by ~33.0% QoQ decline in Equity broking, a near absence of IPO financing and over 90% QoQ decline in Investment Banking revenues. Broking revenues are expected to decline by about 12% QoQ in line with market trends. In IB, compared to 40 deals in 9MFY11, the company managed to close just two deals in Q4FY11. Interest income from IPO financing of Rs610m in Q3FY11, is expected to fall to nearly zero in Q4FY11. The steady state loan is also expected to decline by about Rs1bn QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,315	2,595	27.8	4,377	14,204	9,690	46.6
EBITDA	1,775	1,326	33.8	2,724	8,352	5,305	57.4
<i>Margin (%)</i>	<i>53.5</i>	<i>51.1</i>	<i>242 bps</i>	<i>62.2</i>	<i>58.8</i>	<i>54.7</i>	<i>405 bps</i>
Reported PAT	408	522	(21.8)	623	2,273	2,291	(0.8)
PAT (Excl. Ex Items)	408	522	(21.8)	623	2,273	2,291	(0.8)
Operating Metrics							
Fees, Brkg. & Comm. Inc.	920	1,172	(21.5)	1,353	4,624	3,504	32.0
Trading & Arbitrage Inc.	670	339	97.6	643	2,358	2,454	(3.9)
Interest Income	1,710	1,083	58.0	2,379	7,119	3,389	110.1
Invnt. & Div. Inc.	15	1	NM	2	103	343	(69.9)

India Infoline

Rating	Accumulate
Price	Rs79
Target Price	Rs90
Market Cap. (Rs bn)	23.8
Shares o/s (m)	302.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	14,766	16,991	19,727
EBITDA	6,081	7,773	9,086
Margin (%)	41.2	45.7	46.1
PAT	2,057	2,195	2,542
EPS (Rs)	6.8	7.1	8.3
RoE (%)	12.7	12.8	13.7
PE (x)	11.6	11.0	9.5
P / BV (x)	1.5	1.4	1.3
EV / E (x)	6.9	6.4	6.1

IIFL's revenues are expected to decline by 19.0% QoQ, on the back of steep decline in equity broking & related revenues and financing income (due to lumpy IPO financing income of Rs.0.7bn in Q3FY11, not available in Q4). EBITDA margins are likely to decline on a QoQ basis by ~900bps to 38.8%. Interest costs likely to decline on a sequential basis, providing some respite to bottom-line. Consequently, we expect bottom-line to de-grow by 18.9% YoY and sharply by 36.9% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,723	3,095	20.3	4,596	14,766	11,229	31.5
EBITDA	1,446	1,026	41.0	2,199	6,081	4,363	39.4
Margin (%)	38.8	33.1	570 bps	47.8	41.2	38.9	232 bps
Reported PAT	423	522	(18.9)	671	2,057	2,319	(11.3)
PAT (Excl. Ex Items)	423	522	(18.9)	671	2,057	2,319	(11.3)
Operating Metrics#							
Equity Brokerage	1,543	1,475	4.6	1,870	5,919	6,148	(3.7)
Financing Activity	1,648	969	70.1	2,253	6,251	2,918	114.2
Avg. Daily Vol. (Rs bn)	59	37	59.9	62	53	35	50.3
Advances Book (Rs. Bn)	31.2	16.3	1,490	29.7	31	16	1,490

#Op Metrics for Q4FY10 & full year FY10 not strictly comparable as co. has changed its reporting format

Motilal Oswal Fin. Services

Rating	Accumulate
Price	Rs136
Target Price	Rs155
Market Cap. (Rs bn)	19.6
Shares o/s (m)	144.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	6,154	6,924	7,907
EBITDA	2,311	2,639	2,973
Margin (%)	37.5	38.1	37.6
PAT	1,455	1,623	1,818
EPS (Rs)	10.1	11.3	12.6
RoE (%)	14.4	14.3	14.2
PE (x)	13.5	12.2	10.9
P / BV (x)	1.8	1.6	1.4
EV / E (x)	7.5	6.5	5.4

MOFS' revenue and PAT is expected to decline by 7.8% YoY and 34.7% YoY, respectively. Broking revenues are expected to decline in line with market trends. Average Daily Volumes will likely stay largely flat, but broking yields are expected to decline over 10% QoQ due to surging Index Options volume during the quarter. Given the paucity of good IPOs, the company's fund-based Income is also expected to decline by 28.6% QoQ. IB revenue is further expected to have declined during the quarter its lowest level in the last couple of years.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	1,457	1,581	(7.8)	1,649	6,110	6,250	(2.2)
EBITDA	537	676	(20.5)	688	2,306	2,567	(10.1)
Margin (%)	36.9	42.8	(589)bps	41.8	37.7	41.1	(332)bps
Reported PAT	328	546	(40.0)	421	1,454	1,703	(14.6)
PAT (Excl. Ex Items)	328	501	(34.7)	421	1,454	1,703	(14.6)
Operating Metrics							
Fund based income	197	125	57.6	276	760	649	17.1
Brokerage income	1,083	1,035	4.6	1,214	4,539	4,551	(0.3)
Asset management fees	123	191	(35.8)	108	413	401	2.8
Investment Banking	55	230	(76.2)	49.9	399	649	(38.5)



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Information Technology

We continue to remain confident on our **positive** outlook on Indian IT Services fuelled by three major factors 1) improved corporate profits 2) new technology spending and 3) gaining market share. The demand environment for Indian IT Services is robust as we culminate JFM-11 quarter, which is a seasonally weak quarter due to lower number of working days (1-2% impact) and budgeting cycle for the new IT budget. We expect demand consolidation in the US & Europe and attrition pressure to ease further in the current quarter. Our channel check and management's interactions hint at a strong deal pipeline and robust demand environment.

Infosys Guidance – factoring ahead of consensus at 20-22% for FY12 USD revenue:

We expect Infosys to guide for 20-22% YoY growth for their USD revenue guidance, touch ahead of consensus estimate of 18-20% guidance (translating 4-4.5% QoQ growth). Moreover, we expect EPS guidance to be Rs138-140 (14%-16% YoY growth). We also expect the company to change their tone to moderate bullish stance, with few words of caution on uncertainty. However, guidance above 20% would make strong statement to investors, as consensus expectation is in high teens.

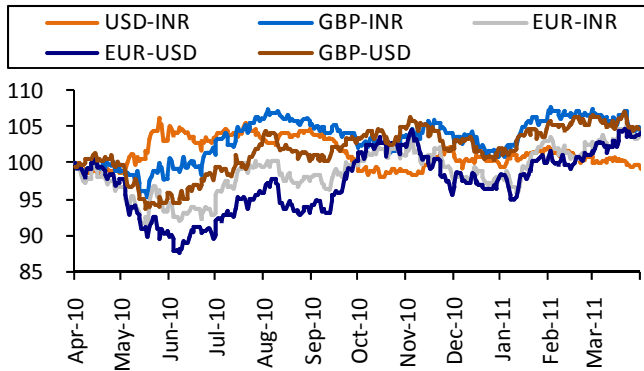
Margin tailwinds should balance headwinds: Euro/GBP appreciated against USD by ~0.7/1.3% and is likely to have a positive impact by ~0.2% in USD terms revenue. Moreover, rupee depreciated against USD, EUR and GBP by 0.9%, 1.5% and 2.3% QoQ, respectively, which would create a margin tailwind of 40-50bps QoQ. Hence, we expect EBITDA margin of Q4FY11 to be positive in the range of 0-40bps. Step-up in the hiring process, laterals hiring and lower utilization in anticipation of strong demand would absorb some of these margin tailwinds.

What to look for? 1) Commentary on discretionary and Pricing 2) Wage hike (planned) 3) Easing attrition 4) Demand environment in Europe and Continental Europe 5) Deal pipeline, (strategic & tactical deals) 6) Commentary indication of IT budget 7) Strategy to tackle protectionism.

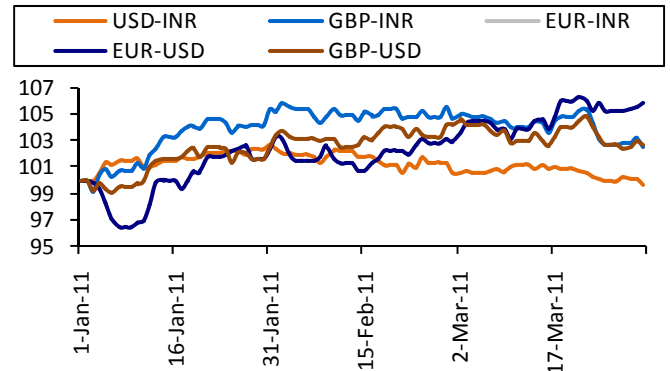
Seasonally weak quarter, respite for Tier-2 margins: We expect Tier-1 companies to deliver their 3-5% volume growth in the seasonally weak quarter, whereas Tier-2 Indian IT companies are expected to report 0-6% growth. We expect margin of Tier-2 Indian IT Services companies to breathe easy.

Expect positive commentary on discretionary spend and IT budget: We expect positive commentaries on discretionary spends and IT budgets.

HCL Tech and Infosys – our top pick in the sector: We expect Infosys to give stronger result as compared to larger cap peers, whereas HCL Tech is likely to report strong quarter in terms of volume growth, with improvement in margins.

Top picks: HCL Technologies, Infosys Technologies & Polaris Software Lab
Currency – Unfavourable movement on YoY basis


Source: Bloomberg, Company Data, PL Research

...and on QoQ basis


Source: Bloomberg, Company Data, PL Research

Guidance Analysis

	GUIDANCE GIVEN BY THE COMPANY				OUR ESTIMATES		ACTUALS	
	Q4FY11	FY2011			Q4FY11	FY2011	Q3FY11	FY2010
Infosys Technologies								
Revenue (Rs m)	71,570	72,300	274,080	274,810	74,275.4	276,785.4	71,060.0	227,420.0
EPS (Rs)	31.06	31.28	118.7	118.9	33.0	121.0	31.2	109.8
Revenue (US\$ m)	1,601	1,617	5,950	6,040	6,060.0	6,079.6	1,585.0	4,804.0
Wipro								
Revenue (US\$ m)	1,384	1,411	n/a	n/a	1,399	5,267.0	1344	4,391

Source: Company Data, PL Research

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Tata Consultancy Services	9.2	7.0	30.5	56.3	2.7	10.0	34.0	46.6
Infosys Technologies	7.2	(5.1)	7.5	23.8	0.7	(2.1)	11.0	14.1
Wipro	9.0	(1.0)	4.3	11.0	2.5	2.1	7.8	1.2
HCL Technologies	5.2	3.1	12.4	34.9	(1.3)	6.1	15.9	25.2
Mphasis	4.8	(1.5)	(6.2)	(16.6)	(1.7)	1.6	(2.6)	(26.4)
Tech Mahindra	(2.1)	(35.6)	(30.6)	(30.2)	(8.6)	(32.5)	(27.1)	(40.0)
Patni Computer	6.0	1.4	4.0	(4.3)	(0.5)	4.5	7.5	(14.0)
Rolta India	(0.1)	(7.9)	(12.6)	(18.8)	(6.6)	(4.8)	(9.1)	(28.6)
MindTree	5.1	2.2	13.9	13.4	(1.4)	5.2	17.4	3.7
eClerx Services	6.0	(1.1)	11.5	102.7	(0.5)	1.9	15.1	93.0
Polaris Software Lab	(2.6)	(10.0)	(9.0)	29.1	(9.1)	(6.9)	(5.5)	19.3
Persistent Systems	6.2	(27.4)	(22.2)	(32.4)	(0.3)	(24.4)	(18.7)	(42.2)
KPIT Cummins Infosystems	15.0	19.9	5.8	47.6	8.5	22.9	9.4	37.9
Geometric	(2.0)	(20.9)	(3.9)	(3.2)	(8.5)	(17.9)	(0.4)	(13.0)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Tata Consultancy Services	Sales	100,860	77,365	30.4	96,634	4.4	372,530	300,289	24.1
	EBITDA	30,609	23,121	32.4	29,173	4.9	111,763	86,799	28.8
	Margins (%)	30.3	29.9		30.2		30.0	28.9	
	PAT	23,481	16,844	39.4	23,301	0.8	86,290	68,729	25.6
Infosys Technologies	Sales	74,275	59,440	25.0	71,060	4.5	276,785	227,420	21.7
	EBITDA	25,659	20,220	26.9	24,340	5.4	92,769	78,610	18.0
	Margins (%)	34.5	34.0		34.3		33.5	34.6	
	PAT	18,844	15,690	20.1	17,800	5.9	69,061	62,660	10.2
Wipro	Sales	80,894	69,772	15.9	78,202	3.4	308,721	271,957	13.5
	EBITDA	16,846	15,194	10.9	16,344	3.1	65,523	60,059	9.1
	Margins (%)	20.8	21.8		20.9		21.2	22.1	
	PAT	13,834	11,739	17.8	13,297	4.0	54,042	45,993	17.5
HCL Technologies	Sales	40,646	30,757	32.2	38,884	4.5	116,611	91,396	27.6
	EBITDA	6,951	6,073	14.4	6,347	9.5	19,332	19,347	(0.1)
	Margins (%)	17.1	19.7		16.3		16.6	21.2	
	PAT	4,275	3,439	24.3	3,997	7.0	11,583	6,639	74.5
Mphasis	Sales	12,772	12,205	4.6	12,164	5.0	52,721	50,093	5.2
	EBITDA	2,615	3,089	(15.3)	2,403	8.8	455.2	754.5	
	Margins (%)	20.5	25.3		19.8		0.9	1.5	
	PAT	2,235	2,673	(16.4)	2,267	(1.4)	9,254	10,908	(15.2)
Tech Mahindra	Sales	12,485	11,833	5.5	12,111	3.1	51,273	46,254	10.9
	EBITDA	2,597	2,788	(6.9)	2,498	3.9	10,040	11,325	(11.3)
	Margins (%)	20.8	23.6		20.6		19.6	24.5	
	PAT	2,301	2,269	1.4	2,570	(10.5)	7,801	7,004	11.4
Patni Computer	Sales	8,536	7,816	9.2	8,209	4.0	31,881	31,466	1.3
	EBITDA	1,425	1,635	(12.8)	1,320	8.0	5,843	6,180	(5.5)
	Margins (%)	16.7	20.9		16.1		18.3	19.6	
	PAT	1,339	1,511	(11.3)	1,766	(24.2)	6,047	5,746	5.2
Rolta India	Sales	4,574	3,946	15.9	4,412	3.7	13,262	11,206	18.3
	EBITDA	1,795	1,492	20.3	1,739	3.2	5,231	4,169	25.5
	Margins (%)	39.2	37.8		39.4		39.4	37.2	
	PAT	755	663	13.8	1,542	(51.0)	3,044	1,852	64.4
MindTree	Sales	3,978	3,444	15.5	3,848	3.4	15,143	12,960	16.8
	EBITDA	479	633	(24.2)	449	6.7	1,801	2,456	(26.7)
	Margins (%)	12.0	18.4		11.7		11.9	18.9	
	PAT	269	545	(50.5)	304	(11.4)	950	2,149	(55.8)



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
eClerx Services	Sales	914	713	28.1	872	4.8	3,379	2,570	31.5
	EBITDA	385	261	47.6	364	5.8	1,330	1,004	32.5
	<i>Margins (%)</i>	<i>42.2</i>	<i>36.6</i>		<i>41.8</i>		<i>39.4</i>	<i>39.0</i>	
	PAT	368	242	51.8	360	2.2	1,277	735	73.6
Polaris Software Lab	Sales	4,175	3,510	18.9	3,999	4.4	15,663	13,405	16.9
	EBITDA	580	581	(0.2)	524	10.7	2,192	2,087	5.0
	<i>Margins (%)</i>	<i>13.9</i>	<i>16.6</i>		<i>13.1</i>		<i>14.0</i>	<i>15.6</i>	
	PAT	512	464	10.2	507	1.0	1,958	1,528	28.1
Persistent Systems	Sales	2,030	1,717	18.2	1,949	4.1	7,660	6,012	27.4
	EBITDA	407	458	(11.2)	428	(4.9)	1,609	1,464	9.9
	<i>Margins (%)</i>	<i>20.0</i>	<i>26.7</i>		<i>21.9</i>		<i>21.0</i>	<i>24.3</i>	
	PAT	308	397	(22.3)	362	(14.9)	1,373	825	66.3
KPIT Cummins Infosystems	Sales	2,855	1,971	44.9	2,737	4.3	10,003	7,317	36.7
	EBITDA	411	386	6.4	385	6.7	1,500	1,615	(7.1)
	<i>Margins (%)</i>	<i>14.4</i>	<i>19.6</i>		<i>14.1</i>		<i>15.0</i>	<i>22.1</i>	
	PAT	255	208	22.7	253	0.8	939	857	9.6
Geometric	Sales	1,705	1,272	34.1	1,632	4.5	6,211	5,116	21.4
	EBITDA	213	187	14.3	201	6.2	738	869	(15.1)
	<i>Margins (%)</i>	<i>12.5</i>	<i>14.7</i>		<i>12.3</i>		<i>11.9</i>	<i>17.0</i>	
	PAT	157	120	30.7	153	2.9	554	469	18.2

Source: Company Data, PL Research



Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	1,327,622	1,603,986	1,987,975
<i>Growth (%)</i>	<i>19.0</i>	<i>20.8</i>	<i>23.9</i>
EBITDA	340,391	404,596	481,054
<i>Margin (%)</i>	<i>25.6</i>	<i>25.2</i>	<i>24.2</i>
PAT	258,731	299,239	354,466
<i>Growth (%)</i>	<i>16.0</i>	<i>15.7</i>	<i>18.5</i>
PE (x)	23.8	20.5	17.3

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	QoQ gr. (%)	Q3 FY11	YoY gr. (%)
Net Sales	350,700	336,713	4.2	285,761	22.7
EBITDA	90,971	86,515	5.2	76,117	19.5
<i>Margin (%)</i>	<i>25.9</i>	<i>25.7</i>	<i>25 bps</i>	<i>26.6</i>	<i>(70)bps</i>
PAT (Excl. Ex Items)	68,933	68,479	0.7	56,804	21.4

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Tata Consultancy Services

Rating	BUY
Price	Rs1,240
Target Price	Rs1,400
Market Cap. (Rs bn)	2,426.6
Shares o/s (m)	1,957.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	372,530	455,791	579,210
EBITDA	111,763	136,711	167,394
<i>Margin (%)</i>	<i>30.0</i>	<i>30.0</i>	<i>28.9</i>
PAT	86,290	99,539	119,041
EPS (Rs)	44.1	50.9	60.8
<i>RoE (%)</i>	<i>35.2</i>	<i>30.9</i>	<i>28.9</i>
PE (x)	28.1	24.4	20.4
P / BV (x)	8.6	6.7	5.3
EV / E (x)	21.1	16.9	13.5

We expect TCS to report 3.8% volume growth, with touch positive bias of 0.1% on the pricing front. EBITDA margin is expected to expand by 16bps due to currency depreciation. Contrary to Infosys, TCS cannot manage to absorb currency depreciation due to high utilization. We expect management to give commentary on client spending and improving visibility on realization improvement.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	100,860	96,634	4.4	77,365	372,530	300,289	24.1
EBITDA	30,609	29,173	4.9	23,121	111,763	86,799	28.8
<i>Margin (%)</i>	<i>30.3</i>	<i>30.2</i>	<i>16 bps</i>	<i>29.9</i>	<i>30.0</i>	<i>28.9</i>	<i>110 bps</i>
Reported PAT	23,481	23,301	0.8	16,844	86,290	68,729	25.6
PAT (Excl. Ex Items)	23,481	23,301	0.8	16,844	86,290	68,729	25.6
Operating Metrics							
Volume	430,999	415,221	3.8	326,647	1,551,894	1,216,218	27.6
Pricing	34	34	0.1	33	34	34	1.0
Currency	45	45	0.4	46	46	47	(3.9)
SW Devp. Cost (% of Sales)	54.6	54.4	20 bps	53.2	54.2	53.8	39 bps
SG&A (% of Sales)	15.3	15.2	11 bps	16.2	15.5	17.0	(147)bps



Infosys Technologies

Rating	BUY
Price	Rs3,283
Target Price	Rs4,200
Market Cap. (Rs bn)	1,878.0
Shares o/s (m)	572.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	276,785	345,978	436,798
EBITDA	92,769	110,540	134,790
Margin (%)	33.5	32.0	30.9
PAT	69,061	84,472	106,225
EPS (Rs)	120.7	147.7	185.7
RoE (%)	26.3	25.7	26.3
PE (x)	27.2	22.2	17.7
P / BV (x)	6.4	5.2	4.2
EV / E (x)	18.6	15.2	12.0

We expect Infosys to report a strong growth of 4.5% in INR and volume growth of 3.3% for Q4FY11, beating their top-end guidance in both, USD and INR terms. We expect pricing improvement to contribute 0.2% QoQ, respectively. We expect the margins to improve by 29bps for the quarter due to currency depreciation by 1%. We expect Infosys to guide for 20-22% YoY growth of USD revenue for FY12.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	74,275	71,060	4.5	59,440	276,785	227,420	21.7
EBITDA	25,659	24,340	5.4	20,220	92,769	78,610	18.0
Margin (%)	34.5	34.3	29 bps	34.0	33.5	34.6	(105)bps
Reported PAT	18,844	17,800	5.9	15,690	69,061	62,660	10.2
PAT (Excl. Ex Items)	18,844	17,800	5.9	15,690	69,061	62,660	10.2
Operating Metrics							
Volume	266,801	258,301	3.3	218,687	1,009,297	821,903	22.8
Pricing	6,149	6,136	0.2	5,926	6,047	5,845	3.5
Currency	45	45	1.0	46	45	47	(3.8)
SW Devp.Cost (% of sales)	52.9	53.1	(20)bps	53.6	53.5	53.1	44 bps
SG&A (% of sales)	12.5	12.6	(9)bps	12.4	13.0	12.4	61 bps

Wipro

Rating	Accumulate
Price	Rs481
Target Price	Rs550
Market Cap. (Rs bn)	1,179.4
Shares o/s (m)	2,452.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	308,721	361,748	427,332
EBITDA	65,523	74,741	82,114
Margin (%)	21.2	20.7	19.2
PAT	54,042	58,526	62,388
EPS (Rs)	22.0	23.9	25.4
RoE (%)	24.5	22.1	20.3
PE (x)	21.8	20.2	18.9
P / BV (x)	4.8	4.1	3.6
EV / E (x)	17.0	14.6	13.0

We expect Wipro to report IT Services revenue growth of 4.1% in USD terms to US\$1,399m, in line with their guidance of 3-5%. We expect volumes to grow by 3.9% sequentially, with pricing improvement of 0.2%. EBITDA margin is expected to be eroded by 8bps largely due to business restructuring, just-in-time hiring and higher utilization. We are expecting management commentary on any change in strategy to perform in line with its Tier-1 competitors. We expect the company to move away from just-in-time hiring.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	80,894	78,202	3.4	69,772	308,721	271,957	13.5
EBITDA	16,846	16,344	3.1	15,194	65,523	60,059	9.1
Margin (%)	20.8	20.9	(8)bps	21.8	21.2	22.1	(86)bps
Reported PAT	13,834	13,297	4.0	11,739	54,042	45,993	17.5
PAT (Excl. Ex Items)	13,834	13,297	4.0	11,739	54,042	45,993	17.5
Operating Metrics							
Volume	156,997	151,116	3.9	133,463	596,690	508,470	17.4
Pricing	37	37	0.2	36	37	36	0.5
Currency (INRUSD)	45	45	0.2	45	45	47	(4.8)
Sw.Devp.Cost (% of Sales)	68.9	68.5	42 bps	68.5	68.4	68.5	(11)bps
SG&A (% of Sales)	10.3	10.6	(34)bps	9.8	10.4	9.4	97 bps



HCL Technologies

Rating	BUY
Price	Rs487
Target Price	Rs630
Market Cap. (Rs bn)	326.3
Shares o/s (m)	670.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	157,621	194,799	247,899
EBITDA	27,596	33,911	41,403
Margin (%)	17.5	17.4	16.7
PAT	16,379	21,195	25,524
EPS (Rs)	24.4	31.6	38.1
RoE (%)	21.4	23.3	23.2
PE (x)	19.9	15.4	12.8
P / BV (x)	4.0	3.3	2.7
EV / E (x)	12.4	9.7	(0.3)

We expect HCL to report 3.8% QoQ volume growth for Q3FY11, whereas pricing is expected to improve by 0.1% QoQ. We expect margin expansion of 78bps as volume growth absorbs employee costs along with utilization improvement and currency depreciation. We expect management commentary on improving demand scenario, tight pricing environment and road-map to improve margins.

Quarterly Table (Rs m)

Y/e June	Q3 FY11E	Q2 FY11	QoQ gr. (%)	Q3 FY10	9M FY11E	9M FY10	YoY gr. (%)
Net Sales	40,646	38,884	4.5	30,757	116,611	91,396	27.6
EBITDA	6,951	6,347	9.5	6,073	19,332	19,347	(0.1)
Margin (%)	17.1	16.3	78 bps	19.7	16.6	21.2	(459)bps
Reported PAT	4,275	3,997	7.0	3,439	11,583	9,607	20.6
PAT (Excl. Ex Items)	4,275	3,997	7.0	3,439	11,583	9,607	20.6
Operating Metrics							
Volume	101,810	98,130	3.8	77,216	291,945	220,367	32.5
Pricing	36	36	0.1	35	107	108	(0.5)
Currency (INRUSD)	45	45	0.6	45	136	140	(2.2)
SW.Devp.Cost (% of sales)	67.8	68.4	(64)bps	66.3	68.2	64.6	362 bps
SG&A (% of sales)	15.1	15.2	(14)bps	14.0	15.2	14.2	100 bps

Mphasis

Rating	Reduce
Price	Rs445
Target Price	Rs540
Market Cap. (Rs bn)	93.3
Shares o/s (m)	209.9

Key Figures (Rs m)

	FY10	FY11E	FY12E
Net Sales	50,093	52,721	61,156
EBITDA	12,162	10,826	12,968
Margin (%)	24.3	20.5	21.2
PAT	10,908	9,254	10,214
EPS (Rs)	52.0	44.1	48.7
RoE (%)	35.7	22.4	20.8
PE (x)	8.6	10.1	9.1
P / BV (x)	2.5	2.1	1.8
EV / E (x)	7.0	7.4	5.7

We expect Mphasis to report 4.9% QoQ growth for the top-line in INR terms. We are expecting no more negative surprises on realization, post Q1FY11. Revenue is to be led by 4% volume growth and 1% currency tailwind QoQ. We expect margin expansion of 72bps due to currency depreciation and better utilization. However, spillover impact of pricing negotiations in the previous quarters would have some headwinds in the current quarter as well.

Quarterly Table (Rs m)

Y/e Oct	Q2 FY11E	Q1 FY11	QoQ gr. (%)	Q2 FY10	H1 FY11E	H1 FY10	YoY gr. (%)
Net Sales	12,772	12,164	5.0	12,205	24,936	24,121	3.4
EBITDA	2,615	2,403	8.8	3,089	5,018	6,071	(17.3)
Margin (%)	20.5	19.8	72 bps	2,530.5	20.1	25.2	(505)bps
Reported PAT	2,235	2,267	(1.4)	2,673	4,502	5,356	(15.9)
PAT (Excl. Ex Items)	2,235	2,267	(1.4)	2,673	4,502	5,356	(15.9)
Operating Metrics							
Application Serv	8,177	7,795	4.9	8,402	15,973	16,498	(3.2)
BPO Serv.	1,593	1,507	5.7	1,625	3,100	3,474	(10.8)
ITO Serv.	3,002	2,862	4.9	2,177	5,864	4,147	41.4
SW Devp.Cost (% of sales)	74.3	74.8	(50)bps	69.2	74.6	69.0	552 bps
SG&A (% of sales)	8.2	8.4	(19)bps	8.3	8.3	8.5	(16)bps

Tech Mahindra

Rating	Accumulate
Price	Rs718
Target Price	Rs900
Market Cap. (Rs bn)	87.9
Shares o/s (m)	122.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	51,273	55,887	61,755
EBITDA	9,816	10,060	11,116
Margin (%)	19.1	18.0	18.0
PAT	7,613	8,518	10,365
EPS (Rs)	62.1	69.5	84.6
RoE (%)	24.4	23.6	25.1
PE (x)	11.3	10.3	8.5
P / BV (x)	2.6	2.3	2.0
EV / E (x)	8.8	8.3	7.4

Due to GBP appreciation against USD and INR, we expect a positive impact of 2.3% in USD terms revenues, since 70% of company revenues are billed in GBP. Also, we expect stability in the revenue coming from British Telecom. Management commentary on client expenditure would hold the key for the growth. We expect margin to expand by 17bps due to currency depreciation. Also, we expect positive commentary on Satyam. We expect contribution of Rs515m from Satyam.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	12,485	12,111	3.1	11,833	51,273	46,254	10.9
EBITDA	2,597	2,498	3.9	2,788	10,040	11,325	(11.3)
Margin (%)	20.8	20.6	17bps	23.6	19.6	24.5	(490)bps
Reported PAT	2,301	2,570	(10.5)	2,269	7,801	7,004	11.4
PAT (Excl. Ex Items)	2,301	2,570	(10.5)	2,269	7,801	7,004	11.4
Operating Metrics							
Rev from BT	5,370	5,329	0.8	5,443	21,169	22,401	(5.5)
Rev. from Non BT Clients	7,115	6,782	4.9	6,430	30,103	23,853	26.2
EBITDA Tel. Serv. Prov.	34.5	34.8	(25)bps	37.6	32.9	37.7	(473)bps
SW Devp. Cost (% of sales)	65.1	65.1	1 bps	62.3	66.6	62.1	457 bps
SG&A (% of sales)	15.9	14.3	161 bps	14.1	14.2	13.4	77 bps

Patni Computers

Rating	Reduce
Price	Rs473
Target Price	Rs450
Market Cap. (Rs bn)	62.3
Shares o/s (m)	131.6

Key Figures (Rs m)

	CY09	CY10E	CY11E
Net Sales	31,466	31,881	36,304
EBITDA	6,180	5,843	6,534
Margin (%)	19.6	18.3	18.0
PAT	5,746	6,047	5,551
EPS (Rs)	41.9	45.9	42.2
RoE (%)	18.8	15.2	12.2
PE (x)	11.3	10.3	11.2
P / BV (x)	1.8	1.4	1.3
EV / E (x)	6.7	6.1	5.1

We expect Patni to report revenue growth at 3% QoQ in USD terms. The growth is led by volume growth of 2.9% and pricing improvement of 0.1%, whereas currency will aid growth by 1%. We expect margin expansion of 62bps due to project ramp up. We expect management commentary on much anticipated deal pipeline. As the new management takes over, we expect the company to give commentary on the new growth engine.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q4 CY10	QoQ gr. (%)	Q1 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	8,536	8,209	4.0	7,816	36,304	31,881	13.9
EBITDA	1,425	1,320	8.0	1,635	6,534	5,843	11.8
Margin (%)	16.7	16.1	62 bps	20.9	18.0	18.3	(33)bps
Reported PAT	1,339	1,766	(24.2)	1,511	5,551	6,047	(8.2)
PAT (Excl. Ex Items)	1,339	1,766	(24.2)	1,511	5,551	6,047	(8.2)
Operating Metrics							
Volume	18,154	17,642	2.9	13,959	73,769	63,050	17.0
Realization	19	19	0.1	23	23	-	#DIV/0!
Currency	45	45	1.3	45	44	45	(3.2)
SW. Devp. Cost (% of Sales)	63.9	64.5	(65)bps	59.3	63.2	62.5	69 bps
SG&A (% of sales)	19.4	19.4	3 bps	19.7	18.8	19.1	(36)bps



Rolta India

Rating	Accumulate
Price	Rs147
Target Price	Rs170
Market Cap. (Rs bn)	23.7
Shares o/s (m)	161.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	18,030	20,515	23,759
EBITDA	6,861	6,962	7,670
Margin (%)	38.1	33.9	32.3
PAT	2,807	2,721	3,176
EPS (Rs)	17.4	15.9	18.6
RoE (%)	14.0	11.2	11.3
PE (x)	8.5	9.3	7.9
P / BV (x)	1.1	0.9	0.9
EV / E (x)	4.0	3.2	2.7

We expect a strong growth for EGIS and EICT, growing at 4.1% and 5% QoQ, respectively, whereas EDOS is likely to grow by 1.6% QoQ. We expect margins to be eroded by 19bps due to higher employee cost. Also, we expect further improvement in the order book and positive commentary from the management on the improved demand environment.

Quarterly Table (Rs m)

Y/e June	Q3 FY11E	Q2 FY11	QoQ gr. (%)	Q3 FY10	9M FY11E	9M FY10	YoY gr. (%)
Net Sales	4,574	4,412	3.7	3,946	13,262	11,206	18.3
EBITDA	1,795	1,739	3.2	1,492	5,231	4,169	25.5
Margin (%)	39.2	39.4	(19)bps	37.8	39.4	37.2	224 bps
Reported PAT	755	1,542	(51.0)	663	3,044	1,852	64.4
PAT (Excl. Ex Items)	755	1,542	(51.0)	663	3,044	1,852	64.4
Operating Metrics							
EGIS Rev.	2,341	2,250	4.1	1,967	6,744	5,545	21.6
EDOS Rev.	1,109	1,091	1.6	1,017	3,281	2,851	15.1
EICT Rev.	1,125	1,071	5.0	961	3,236	2,811	15.1
SW Devp. Cost (% of sales)	29.9	29.8	9 bps	31.5	29.8	34.1	(431)bps

MindTree

Rating	Accumulate
Price	Rs397
Target Price	Rs700
Market Cap. (Rs bn)	15.7
Shares o/s (m)	39.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	15,143	18,464	23,125
EBITDA	1,801	2,749	3,273
Margin (%)	11.9	14.9	14.2
PAT	950	1,660	2,037
EPS (Rs)	24.1	42.0	51.6
RoE (%)	13.3	20.0	20.3
PE (x)	16.5	9.4	7.7
P / BV (x)	2.1	1.7	1.4
EV / E (x)	8.2	5.1	4.0

We expect MindTree to report USD growth of 3.1% QoQ, led by a growth in volumes by 2.9%. We anticipate margin expansion of 38bps due to currency depreciation. However, at the bottom-line, we expect a decline of 11.4% QoQ due to lower other income and higher tax expense. We expect the management commentary on the changed corporate structure and how will it fuel the growth for the company.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,978	3,848	3.4	3,444	15,143	12,960	16.8
EBITDA	479	449	6.7	633	1,801	2,456	(26.7)
Margin (%)	12.0	11.7	38 bps	18.4	11.9	18.9	(705)bps
Reported PAT	269	304	(11.4)	545	950	2,149	(55.8)
PAT (Excl. Ex Items)	269	304	(11.4)	545	950	2,149	(55.8)
Operating Metrics							
Volume	3,202,791	3,111,666	2.9	2,685,232	2,303,957	10,076,951	22.1
Realization	27	27	0.2	27	26	26	(1.5)
Currency INRUSD	45	45	0.6	46	45	48	(4.7)
SW Devp. Cost (% of Sales)	66.8	67.2	(36)bps	62.9	66.5	61.6	491 bps
SG&A (% of sales)	21.1	21.1	(2)bps	18.7	21.6	19.5	215 bps

eClerx Services

Rating	Accumulate
Price	Rs691
Target Price	Rs850
Market Cap. (Rs bn)	19.7
Shares o/s (m)	28.6

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	3,385	4,494	6,110
EBITDA	1,289	1,588	2,109
Margin (%)	38.1	35.3	34.5
PAT	1,240	1,408	1,820
EPS (Rs)	43.4	49.3	63.7
RoE (%)	53.3	46.8	47.9
PE (x)	15.5	13.5	10.4
P / BV (x)	7.3	5.7	4.5
EV / E (x)	14.1	11.0	7.9

We expect a strong volume growth of 3.6% QoQ for Q4FY11. Moreover, we expect realization to remain flat. Due to higher offshoring, depreciation currency would boost the margins by 41bps. We expect the management commentary on client spend and also strategy for diversifying client base.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	914	872	4.8	713	3,379	2,570	31.5
EBITDA	385	364	5.8	261	1,330	1,004	32.5
Margin (%)	42.2	41.8	41 bps	36.6	39.4	39.0	31 bps
Reported PAT	368	360	2.2	242	1,277	735	73.6
PAT (Excl. Ex Items)	368	360	2.2	242	1,277	735	73.6
Operating Metrics							
Total Billed Man-months	9,975	9,629	3.6	6,270	35,983	21,813	65.0
Utilization	0.91	0.91	0.0	1	1	1	20.5
Re/\$ Rate	45	44	1.1	45	45	47	(3.1)
Per. Exp.(as % of sales)	42.3	42.0	22 bps	43.8	43.9	41.9	192 bps
Other OPEX (as % of sales)	15.6	16.2	(63)bps	19.6	16.8	19.0	(222)bps

Polaris Software Lab

Rating	BUY
Price	Rs194
Target Price	Rs250
Market Cap. (Rs bn)	19.2
Shares o/s (m)	99.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	15,663	18,735	22,708
EBITDA	2,192	2,689	2,796
Margin (%)	14.0	14.4	12.3
PAT	1,958	2,335	2,508
EPS (Rs)	19.8	23.6	25.3
RoE (%)	20.5	20.6	18.7
PE (x)	9.8	8.3	7.7
P / BV (x)	1.9	1.6	1.3
EV / E (x)	7.8	5.8	5.1

We expect *Intellect* and *Services* to grow at 3.0% and 4.8% QoQ, respectively, whereas *Optimus'* revenue is likely to de-grow by 0.8% QoQ. We expect margins to expand by 79bps due to currency depreciation and higher contribution coming from *Intellect*. Also, we expect further improvement in the deal pipeline for *Intellect* and positive commentary from the management on the improved demand environment.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,175	3,999	4.4	3,510	15,663	13,405	16.9
EBITDA	580	524	10.7	581	2,192	2,087	5.0
Margin (%)	13.9	13.1	79 bps	16.6	14.0	15.6	(158)bps
Reported PAT	512	507	1.0	464	1,958	1,528	28.1
PAT (Excl. Ex Items)	512	507	1.0	464	1,958	1,528	28.1
Operating Metrics							
Intellect Rev.	872	847	3.0	797	169	318	(47.0)
Optimus Rev.	37	38	(0.8)	56	12,117	10,539	15.0
Service Rev.	3,266	3,115	4.8	2,658	1	1	2.6
Soft. Devp. (as % of sales)	65.5	68.1	(261)bps	63.6	10.7	10.8	(7)bps
Sales & Mktg. Exp (as % of sales)	10.8	10.8	(3)bps	11.0	10.7	10.8	(7)bps

Persistent Systems

Rating	BUY
Price	Rs398
Target Price	Rs510
Market Cap. (Rs bn)	15.9
Shares o/s (m)	40.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	7,660	9,378	11,864
EBITDA	1,609	1,897	2,191
Margin (%)	21.0	20.2	18.5
PAT	1,373	1,242	1,491
EPS (Rs)	34.3	31.0	37.3
RoE (%)	19.4	14.9	15.5
PE (x)	11.6	12.8	10.7
P / BV (x)	2.1	1.8	1.5
EV / E (x)	8.1	6.4	5.1

We expect Persistent Systems to grow by 3.2% QoQ in USD terms. We expect margins to take a plunge due to wage hike in the current quarter, despite currency depreciation and improved utilization. We expect positive commentary from the management on the discretionary spend of its clients. We expect further clarification on tax rate of FY12 from the company.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,030	1,949	4.1	1,717	7,660	6,012	27.4
EBITDA	407	428	(4.9)	458	1,609	1,464	9.9
Margin (%)	20.0	21.9	(190)bps	26.7	21.0	24.3	(334)bps
Reported PAT	308	362	(14.9)	397	1,373	825	66.3
PAT (Excl. Ex Items)	308	362	(14.9)	397	1,373	825	66.3
Operating Metrics							
Volume	10,013	9,722	3.0	8,849	39,554	31,145	27.0
Realization	3,370	3,364	0.2	3,190	3,025	2,937	3.0
Currency	46	45	0.9	46	46	47	(3.3)
SW Devp. Cost (% of sales)	67.1	65.1	191 bps	63.3	67.0	65.8	123 bps
SG&A (% of sales)	12.9	12.9	(1)bps	10.1	12.7	13.2	(45)bps

KPIT Cummins Infosystems

Rating	Accumulate
Price	Rs174
Target Price	Rs175
Market Cap. (Rs bn)	13.6
Shares o/s (m)	78.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	10,003	13,019	16,128
EBITDA	1,500	2,124	2,230
Margin (%)	15.0	16.3	13.8
PAT	939	1,331	1,420
EPS (Rs)	12.0	16.9	18.1
RoE (%)	21.9	24.8	21.1
PE (x)	14.5	10.3	9.6
P / BV (x)	2.9	2.3	1.8
EV / E (x)	9.1	5.7	4.8

We expect a 4% QoQ growth for KPIT's USD revenue after a positive surprise in the last quarter of 19% QoQ increase, largely led by a recovery in the manufacturing sector and *Sparta*. EBITDA margins are likely to witness expansion by 32bps to 14.4% due to currency depreciation, no one-time cost and stable wages. We expect management commentary on M&A strategy, including current status of 'Revolve'.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,855	2,737	4.3	1,971	10,003	7,317	36.7
EBITDA	411	385	6.7	386	1,500	1,615	(7.1)
Margin (%)	14.4	14.1	32 bps	19.6	15.0	22.1	(708)bps
Reported PAT	255	253	0.8	208	939	857	9.6
PAT (Excl. Ex Items)	255	253	0.8	208	939	857	9.6
Operating Metrics							
US\$ Revenue	63	60	4.0	43	219	154	42.4
Manufacture Seg. Rev.	2,270	2,163	5.0	1,552	6,919	6,113	13.2
BFSI Seg. Rev.	70	81	(13.3)	102	454	502	(9.5)
Other Seg. Rev.	515	494	4.3	317	558	701	(20.4)
SW Devp. Cost (% of sales)	65.3	65.6	(27)bps	0.6	63.9	64.7	(82)bps



Geometric

Rating	Reduce
Price	Rs65
Target Price	Rs65
Market Cap. (Rs bn)	4.1
Shares o/s (m)	62.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	6,211	7,718	9,382
EBITDA	738	1,065	1,189
Margin (%)	11.9	13.8	12.7
PAT	554	465	521
EPS (Rs)	8.9	7.5	8.4
RoE (%)	17.9	13.1	13.0
PE (x)	7.3	8.8	7.8
P / BV (x)	1.2	1.1	1.0
EV / E (x)	5.3	3.0	2.0

Volumes and pricing (put together for Q4FY11) for Geometric is expected to report a growth of 3.5% QoQ. We expect almost no spillover of last quarter's ramp-downs. We expect EBITDA margin expansion of 20bps, after a sharp decline of 133bps in the last quarter due to wage hike, a strong volume growth and favorable currency movement. However, bottom-line would grow by 2.9% due to higher tax rate compared to the last quarter (Q2FY11: 2.2%, Q3FY11: 0.8%, Q4FY11E: 5%).

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q3 FY11	QoQ gr. (%)	Q4 FY10	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	1,705	1,632	4.5	1,272	6,211	5,116	21.4
EBITDA	213	201	6.2	187	738	869	(15.1)
Margin (%)	12.5	12.3	20 bps	14.7	11.9	17.0	(511)bps
Reported PAT	157	153	2.9	119	556	467	19.2
PAT (Excl. Ex Items)	157	153	2.9	120	554	469	18.2
Operating Metrics							
US\$ Rev.	38	36	3.5	28	136	108	25.6
Software Seg. Rev.	963	881	9.3	786	3,429	3,271	4.8
Engineering Seg.	571	547	4.4	382	2,074	1,474	40.8
Products Seg. Rev.	97.9	91.2	7.4	103.0	357	371	(3.8)
SW Devp. Cost (% of sales)	66.0	66.4	(39)bps	61.6	66.2	61.3	487 bps

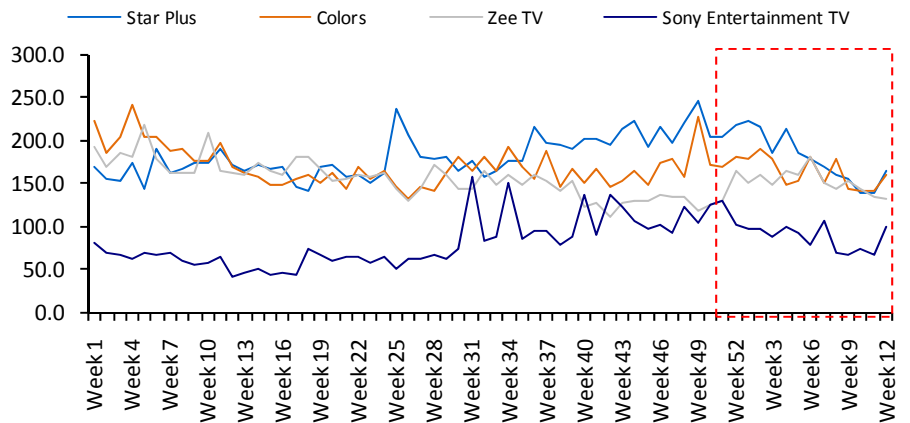


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Media & Entertainment

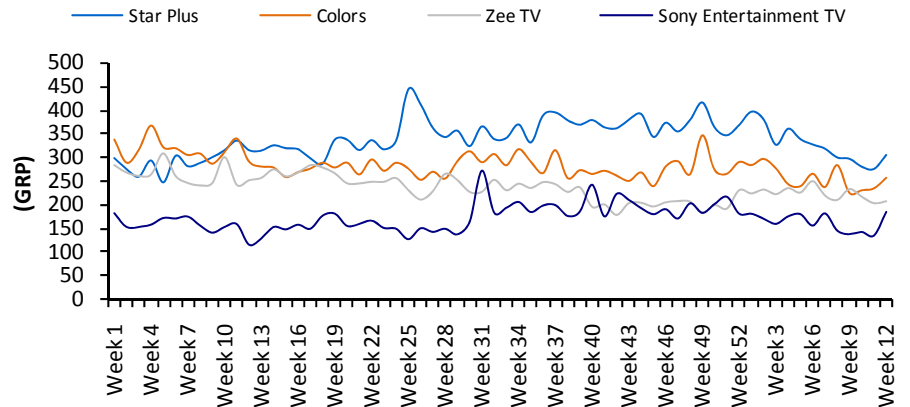
This quarter will be dominated by sports as the World Cup series garners an estimated ~Rs8bn from advertising revenues for ESPN Star Sports. In the Hindi GEC space, Zee TV has shown resilience during the ICC Cricket World Cup; even as the leaders, Star Plus and Colors, saw the ratings slip. Zee TV’s fiction properties like Pavitra Rishta and Yahan Mein Ghar Ghar Kheli helped sustain ratings in a difficult quarter. Among the top four, it was the only channel to improve its average prime time ratings by 14% QoQ, while Star Plus (-14%), Colors (-3%) and Sony (-19%) all saw their viewership decline. Q1FY12 will also be a sports-driven quarter for the broadcasting space owing to IPL-4.

Hindi GEC Prime Time GRPs



Source: TAM, PL Research

Hindi GEC All Day GRPs

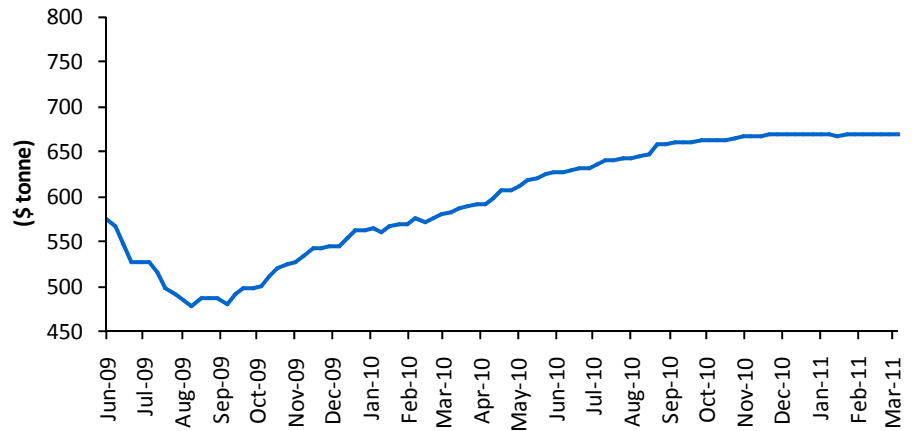


Source: TAM, PL Research



The print media space has benefited from the stability in newsprint prices, helping to mitigate the impact of consuming new inventory on profitability. This trend also augurs well for future profitability as the continued ad revenue growth will help the regional print media companies reap operating leverage benefits. With the increasing importance of education as an advertiser category, Q4 is now seasonally the weakest quarter for these companies.

Newsprint Price Trend



Source: Bloomberg

Overall, companies under our coverage are expected to report Revenue and PAT growth of 34% YoY and 55% YoY, respectively. EBITDA margins are expected to rise by ~248bps YoY. We are rolling our target prices forward based on FY13E EPS.

Top picks: Sun TV Network and Jagran Prakashan

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Sun TV Network	5.6	(18.9)	(14.4)	3.1	(0.9)	(15.8)	(10.9)	(6.6)
Zee Entertainment	2.7	(9.4)	(15.1)	(5.9)	(3.8)	(6.4)	(11.6)	(15.6)
Dish TV India	14.0	(4.3)	21.4	84.2	7.5	(1.3)	25.0	74.4
DB Corp.	5.8	(6.2)	(12.5)	(1.1)	(0.7)	(3.2)	(9.0)	(10.8)
Jagran Prakashan	6.5	(2.7)	(4.5)	4.7	0.0	0.3	(1.0)	(5.0)
HT Media	10.1	0.9	(9.6)	3.5	3.6	3.9	(6.1)	(6.2)

Source: Bloomberg, PL Research



Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Jagran Prakashan	Sales	2,703	2,363	14.4	2,860	(5.5)	11,011	9,419	16.9
	EBITDA	792	633	25.2	897	(11.8)	3,469	2,823	22.9
	Margins (%)	29.3	26.8		31.4		31.5	30.0	
	PAT	453	364	24.5	526	(14.0)	2,101	1,759	19.4
Sun TV Network	Sales	4,867	3,919	24.2	5,540	(12.2)	20,295	14,528	39.7
	EBITDA	3,835	3,309	15.9	4,578	(16.2)	15,810	10,909	44.9
	Margins (%)	78.8	84.4		82.6		77.9	75.1	
	PAT	1,819	1,651	10.2	1,815	0.2	6,916	5,199	33.0
Zee Entertainment	Sales	7,204	6,493	11.0	7,548	(4.6)	28,853	21,997	31.2
	EBITDA	1,547	1,837	(15.8)	1,541	0.4	6,818	6,134	11.1
	Margins (%)	21.5	28.3		20.4		23.6	27.9	
	PAT	1,153	1,273	(9.5)	809	42.5	4,548	6,060	(25.0)
Dish TV India	Sales	4,329	3,031	42.8	3,732	16.0	14,521	10,848	33.9
	EBITDA	736	349	110.8	667	10.3	2,199	862	155.0
	Margins (%)	17.0	11.5		17.9		15.1	7.9	
	PAT	(423)	(598)	(29.2)	(443)	(4.4)	(1,945)	(2,641)	(26.3)
DB Corp.	Sales	3,017	2,572	17.3	3,482	(13.4)	12,523	10,625	17.9
	EBITDA	849	696	22.0	1,148	(26.1)	4,114	3,425	20.1
	Margins (%)	28.1	27.0		33.0		32.9	32.2	
	PAT	469	367	27.6	659	(28.9)	2,355	1,827	28.9
HT Media	Sales	4,465	3,851	15.9	4,651	(4.0)	17,545	14,126	24.2
	EBITDA	892	929	(4.0)	883	1.0	3,344	2,531	32.1
	Margins (%)	20.0	24.1		19.0		19.1	17.9	
	PAT	482	495	(2.6)	478	0.9	1,710	1,365	25.3

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	104,748	124,025	144,006
<i>Growth (%)</i>	<i>28.5</i>	<i>18.4</i>	<i>16.1</i>
EBITDA	35,755	43,225	51,296
<i>Margin (%)</i>	<i>34.1</i>	<i>34.9</i>	<i>35.6</i>
PAT	15,685	20,888	25,475
<i>Growth (%)</i>	<i>15.6</i>	<i>33.2</i>	<i>22.0</i>
PE (x)	31.2	23.4	19.2

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	26,585	22,229	19.6	27,813	(4.4)
EBITDA	8,650	7,751	11.6	9,714	(11.0)
<i>Margin (%)</i>	<i>32.5</i>	<i>34.9</i>	<i>(233)bps</i>	<i>34.9</i>	<i>(239)bps</i>
PAT (Excl. Ex Items)	3,952	3,552	11.2	3,845	2.8

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Sun TV Network

Rating	BUY
Price	Rs443
Target Price	Rs603
Market Cap. (Rs bn)	174.6
Shares o/s (m)	394.1

We expect lower ad revenue growth of ~18% owing to 1) high base in Q4FY10 led by ad rate hikes in January 2010 and 2) this year's ad rate hikes to take effect only in April 2011. Sun TV released only one medium-budget film in the quarter v/s the mega-budget Endhiran released in Q3FY11, leading to total revenue growth of 24% YoY v/s 40% seen in Q3FY11. We expect higher amortization costs as Sun TV airs more films in an attempt to counter the viewership erosion by the ICC Cricket World Cup.

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	20,295	22,981	27,650
EBITDA	15,810	17,520	21,015
<i>Margin (%)</i>	<i>77.9</i>	<i>76.2</i>	<i>76.0</i>
PAT	6,916	8,939	10,799
EPS (Rs)	17.6	22.7	27.4
<i>RoE (%)</i>	<i>32.2</i>	<i>32.8</i>	<i>31.6</i>
PE (x)	25.2	19.5	16.2
P / BV (x)	7.3	5.7	4.6
EV / E (x)	10.6	9.3	7.5

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	4,867	3,919	24.2	5,540	20,295	14,528	39.7
EBITDA	3,835	3,309	15.9	4,578	15,810	10,909	44.9
<i>Margin (%)</i>	<i>78.8</i>	<i>84.4</i>	<i>(562)bps</i>	<i>82.6</i>	<i>77.9</i>	<i>75.1</i>	<i>282 bps</i>
Reported PAT	1,819	1,651	10.2	2,255	7,386	5,199	42.1
PAT (Excl. Ex Items)	1,819	1,651	10.2	1,815	6,916	5,199	33.0
Operating Metrics							
Advertising Revenue	2,618	2,219	18.0	2,610	10,582	8,450	25.2
Subscription Revenue	1,469	1,237	18.7	1,430	5,772	3,976	45.2

* Consolidated

Zee Entertainment

Rating	Reduce
Price	Rs127
Target Price	Rs121
Market Cap. (Rs bn)	124.4
Shares o/s (m)	978.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	28,853	33,613	38,489
EBITDA	6,818	8,136	9,322
<i>Margin (%)</i>	<i>23.6</i>	<i>24.2</i>	<i>24.2</i>
PAT	4,548	5,685	6,563
EPS (Rs)	4.6	5.8	6.7
<i>RoE (%)</i>	<i>11.4</i>	<i>13.1</i>	<i>13.7</i>
PE (x)	27.3	21.9	18.9
P / BV (x)	3.0	2.7	2.5
EV / E (x)	17.3	14.3	12.0

Ad revenue growth YoY will be normalized as Q4FY10 was the first quarter which included revenues from the regional GECs acquired from Zee News. Despite a steady performance by flagship Zee TV, we expect growth of 14% YoY as the ad-spends diverted to cricket will compound the effect of a seasonally weak quarter. The incremental hours of programming as well as the telecast of the second half of the India-SA cricket series will continue to exert pressure on margins.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	7,204	6,493	11.0	7,548	28,853	21,997	31.2
EBITDA	1,547	1,837	(15.8)	1,541	6,818	6,134	11.1
<i>Margin (%)</i>	<i>21.5</i>	<i>28.3</i>	<i>(681)bps</i>	<i>20.4</i>	<i>23.6</i>	<i>27.9</i>	<i>(426)bps</i>
Reported PAT	1,153	1,263	(8.7)	1,509	5,248	6,344	(17.3)
PAT (Excl. Ex Items)	1,153	1,273	(9.5)	809	4,548	6,060	(25.0)
Operating Metrics							
Ad Revenue	4,009	3,517	14.0	4,398	16,267	10,670	52.5
Subscription	2,862	2,513	13.9	2,818	11,080	9,869	12.3

Dish TV India

Rating	Accumulate
Price	Rs68
Target Price	Rs69
Market Cap. (Rs bn)	72.6
Shares o/s (m)	1,063.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	14,521	20,322	24,204
EBITDA	2,199	5,181	6,824
<i>Margin (%)</i>	<i>15.1</i>	<i>25.5</i>	<i>28.2</i>
PAT	(1,945)	(910)	(322)
EPS (Rs)	(1.8)	(0.9)	(0.3)
<i>RoE (%)</i>	<i>(57.6)</i>	<i>(34.7)</i>	<i>(10.1)</i>
PE (x)	—	—	—
P / BV (x)	24.3	32.1	17.7
EV / E (x)	35.8	15.9	12.2

We expect Dish TV to sustain subscriber additions of 1m+ in Q4FY10 driven by aggressive promotions around the ICC Cricket World Cup. Higher marketing spends will lead to pressure on margins and increase the subscriber acquisition cost marginally (Rs 2,142 in Q3FY11). Addition of four transponders to air the HD channels will also add to operating costs. We expect marginally higher ARPU (Rs142 in Q3FY11) during the quarter, despite aggressive new additions to the subscriber base.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,329	3,031	42.8	3,732	14,521	10,848	33.9
EBITDA	736	349	110.8	667	2,199	862	155.0
<i>Margin (%)</i>	<i>17.0</i>	<i>11.5</i>	<i>548 bps</i>	<i>17.9</i>	<i>15.1</i>	<i>7.9</i>	<i>720 bps</i>
Reported PAT	(423)	(598)	(29.2)	(443)	(1,945)	(2,641)	(26.3)
PAT (Excl. Ex Items)	(423)	(598)	(29.2)	(443)	(1,945)	(2,641)	(26.3)
Operating Metrics							
Net subscriber base (m)	9	6	53.8	8	-	-	#DIV/0!

DB Corp.

Rating	BUY
Price	Rs254
Target Price	Rs291
Market Cap. (Rs bn)	46.0
Shares o/s (m)	181.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	12,523	14,517	17,075
EBITDA	4,114	4,439	5,104
<i>Margin (%)</i>	<i>32.9</i>	<i>30.6</i>	<i>29.9</i>
PAT	2,355	2,516	2,932
EPS (Rs)	13.0	13.9	16.2
<i>RoE (%)</i>	<i>30.7</i>	<i>24.5</i>	<i>22.8</i>
PE (x)	19.3	18.1	15.5
P / BV (x)	5.1	4.0	3.2
EV / E (x)	10.9	10.2	8.7

Total revenue growth of 17% YoY is likely to be driven by 20% YoY growth in ad revenue. EBITDA margin is expected to be suppressed due to losses from new launches in Jharkhand and Jammu. Newsprint costs are also expected to increase marginally. The tax benefits of ~Rs300m from the merger of the radio subsidiary are expected to be accounted for in this quarter. We have also reduced our EPS estimates for FY12E and FY13E by 6% and 5.5%, respectively, to account for higher incubation losses in new launches.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,017	2,572	17.3	3,482	12,523	10,625	17.9
EBITDA	849	696	22.0	1,148	4,114	3,425	20.1
<i>Margin (%)</i>	<i>28.1</i>	<i>27.0</i>	<i>109 bps</i>	<i>33.0</i>	<i>32.9</i>	<i>32.2</i>	<i>62 bps</i>
Reported PAT	469	367	27.6	659	2,655	1,827	45.3
PAT (Excl. Ex Items)	469	367	27.6	659	2,355	1,827	28.9
Operating Metrics							
Ad Revenues	2,288	1,907	20.0	2,810	9,827	7,783	26.3
Circulation Revenues	556	527	5.5	540	2,189	2,218	(1.3)

Jagran Prakashan

Rating	BUY
Price	Rs124
Target Price	Rs165
Market Cap. (Rs bn)	37.2
Shares o/s (m)	301.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	11,011	12,399	13,601
EBITDA	3,469	4,002	4,402
<i>Margin (%)</i>	<i>31.5</i>	<i>32.3</i>	<i>32.4</i>
PAT	2,101	2,525	2,915
EPS (Rs)	7.0	8.4	9.7
<i>RoE (%)</i>	<i>30.8</i>	<i>30.0</i>	<i>27.9</i>
PE (x)	17.7	14.7	12.8
P / BV (x)	4.9	4.0	3.2
EV / E (x)	10.5	8.7	7.4

We expect ad revenue growth to slow down to ~16% YoY, driven by seasonally lower ad spends and the impact of the ICC Cricket World Cup. Newsprint costs are expected to increase marginally as higher cost inventory is consumed. With global newsprint prices remaining stable, management expects the newsprint cost increase in FY12E to be 7-8% YoY.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,703	2,363	14.4	2,860	11,011	9,419	16.9
EBITDA	792	633	25.2	897	3,469	2,823	22.9
<i>Margin (%)</i>	<i>29.3</i>	<i>26.8</i>	<i>253 bps</i>	<i>31.4</i>	<i>31.5</i>	<i>30.0</i>	<i>154 bps</i>
Reported PAT	453	364	24.5	526	2,101	1,759	19.4
PAT (Excl. Ex Items)	453	364	24.5	526	2,101	1,759	19.4
Operating Metrics							
Ad Revenues	1,826	1,577	15.8	1,945	7,603	6,384	19.1
Circulation Revenues	576	536	7.4	570	2,290	2,138	7.1

HT Media

	Accumulate
Rating	
Price	Rs148
Target Price	Rs166
Market Cap. (Rs bn)	34.9
Shares o/s (m)	235.0

We expect 22%+ YoY revenue growth, driven primarily by strong ad revenue growth of ~22% YoY in the Hindi segment as well 35%+ YoY growth in the Radio business. The English segment (~3/4th of total ad revenues) growth of ~14% will also contribute to revenue growth. Newsprint costs are expected to rise marginally by ~Rs500/MT. As a result of the stronger-than-expected performance in the English segment and the Radio business, we have increased our FY12E and FY13E EPS estimates by 7.7% and 6.1%, respectively.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	17,545	20,194	22,987
EBITDA	3,344	3,946	4,630
<i>Margin (%)</i>	<i>19.1</i>	<i>19.5</i>	<i>20.1</i>
PAT	1,710	2,134	2,586
EPS (Rs)	7.3	9.1	11.0
<i>RoE (%)</i>	<i>18.2</i>	<i>22.5</i>	<i>26.8</i>
PE (x)	20.4	16.3	13.5
P / BV (x)	3.7	3.6	3.6
EV / E (x)	11.2	9.5	8.0

Quarterly Table (Rs m)

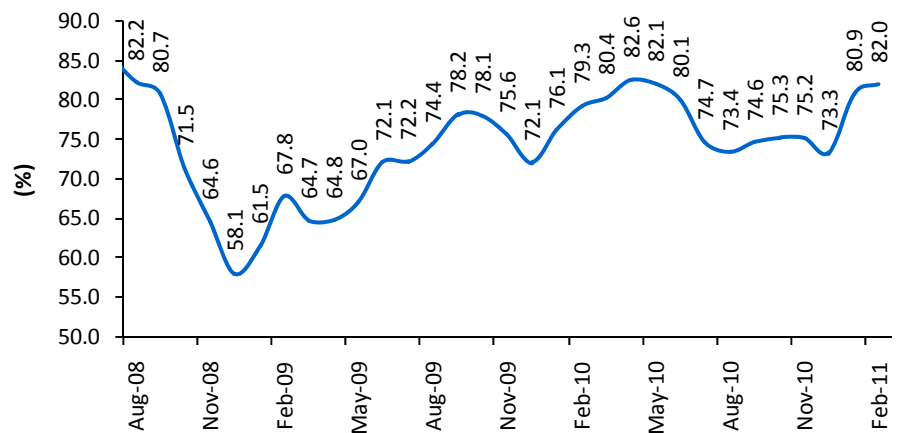
Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,465	3,851	15.9	4,651	17,545	14,126	24.2
EBITDA	892	929	(4.0)	883	3,344	2,531	32.1
<i>Margin (%)</i>	<i>20.0</i>	<i>24.1</i>	<i>(415)bps</i>	<i>19.0</i>	<i>19.1</i>	<i>17.9</i>	<i>114 bps</i>
Reported PAT	482	480	0.5	478	1,710	1,365	25.3
PAT (Excl. Ex Items)	482	495	(2.6)	478	1,710	1,365	25.3
Operating Metrics							
Print Ad Revenue	3,500	3,017	16.0	3,548	13,780	11,406	20.8
Circulation Revenue	480	429	12.0	410	1,841	1,833	0.4

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Metals & Mining

World crude steel production grew by 10% or 23m tonnes to 244m tonnes during January-February 2011 on the back of revival in China's steel production and stable growth of 9% in RoW's (ex. China) production. China's steel production grew by 12% YoY during the period on the back of relaxation in Government's stringent conditions for energy conservation, strong international prices and lower inventory levels. Production in EU, US and Japan grew at 8% during the period, primarily on account of strong exports demand. On the same lines, South Korea's production expanded by 25% during the period. Capacity utilisation surged back to pre-crisis levels on the back of wide-spread expansion in the economic activity.

Movement in World Steel capacity utilisation



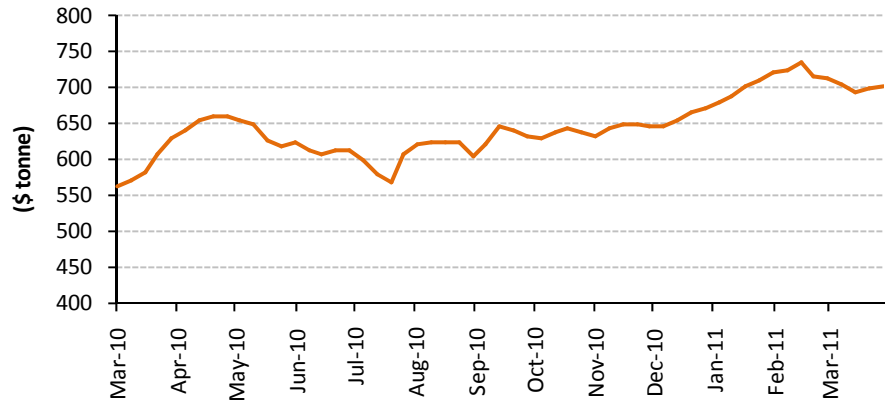
Source: World Steel, PL Research

Prices in North American and European markets rose sharply on account of higher input prices and strong exports demand. Intensity was higher in North American markets, with the prices rising by an average of ~US\$254 during the January-March period to US\$829/tonne, while prices in European markets rose by an average of US\$140 for the same period to US\$832/tonne. Prices in China rose by an average of US\$60 per tonne in the wake of higher input prices and strong demand from auto and construction sector. However, prices in China corrected by ~US\$30 from middle of February on account of weakness in demand associated with liquidity tightening measures undertaken by Central bank.

Steel prices in India rose by an average of Rs3500-4000 per tonne during the quarter. Prices in the spot market fell by around Rs1000-1200 per tonne in the latter part of February in wake of softening in international markets. This eventually followed by price cuts across the client base during the month of March either in form of reduced billing or higher discounts.

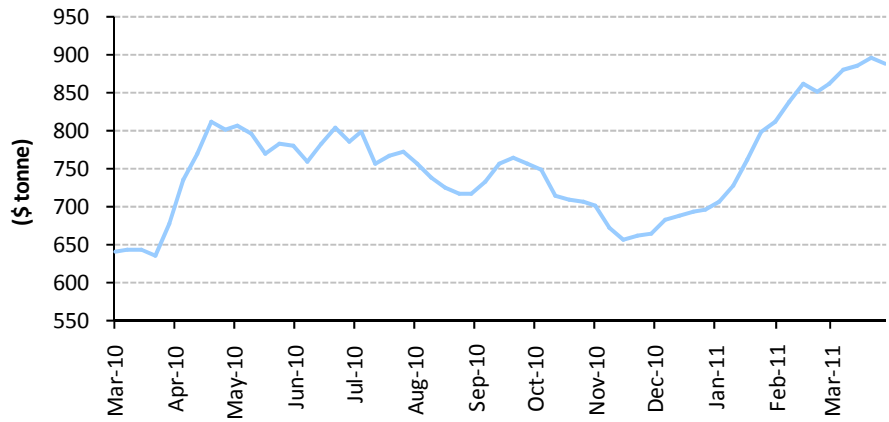


China HRC price



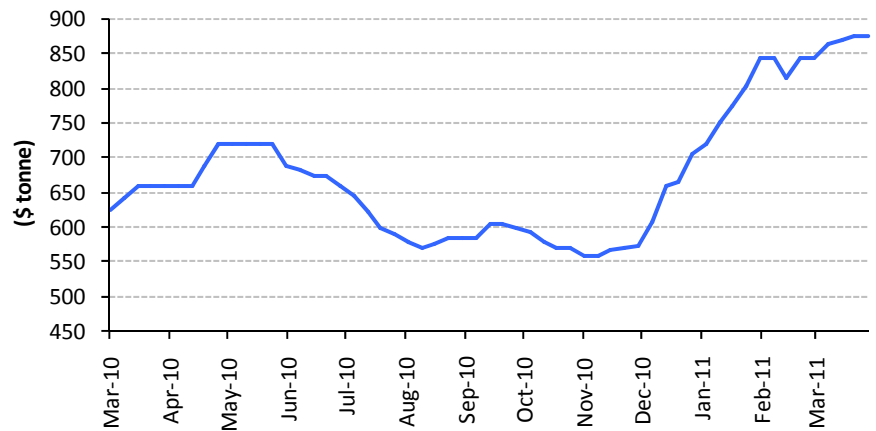
Source: SBB, PL Research

Europe HRC Price



Source: SBB, PL Research

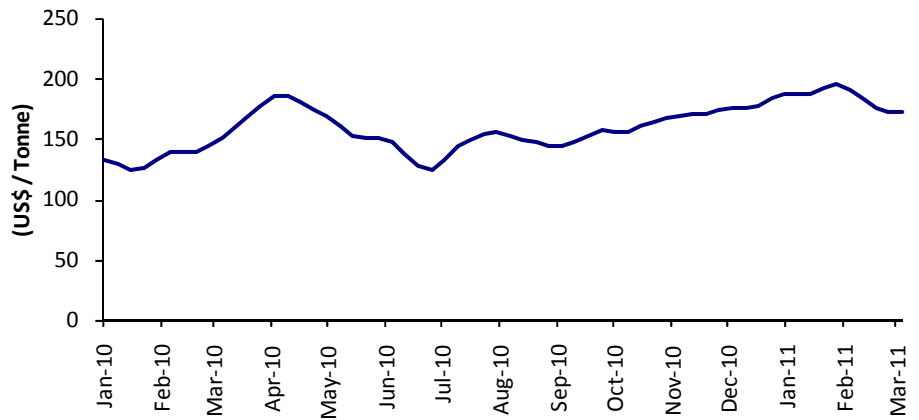
North America HRC Price



Source: SBB, PL Research

Softening Chinese steel prices post mid of February trimmed the sharp run-up in spot iron ore export prices for delivery to China. Spot iron ore prices rose by an average of US\$23 per tonne by the mid of February to US\$186 per tonne. However, spot iron prices tanked by US\$20 per tonne post mid of February, coupled with weakening of steel prices.

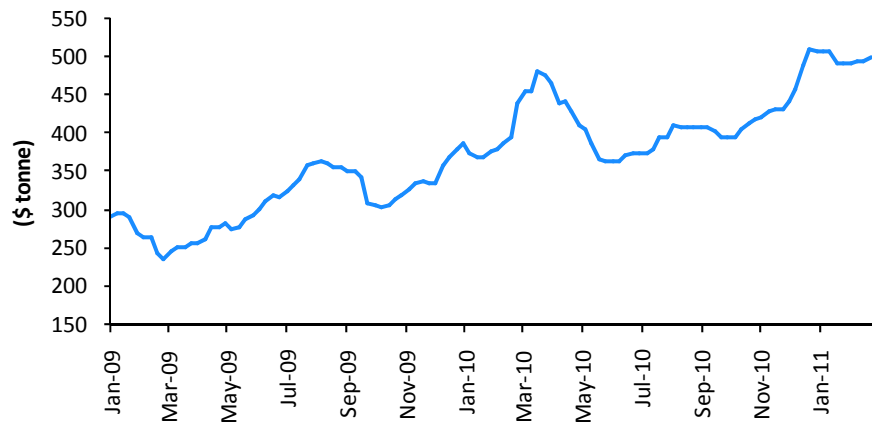
Indian origin Iron Ore (63% Fe) Export Prices (CIF) to China



Source: SBB, PL Research

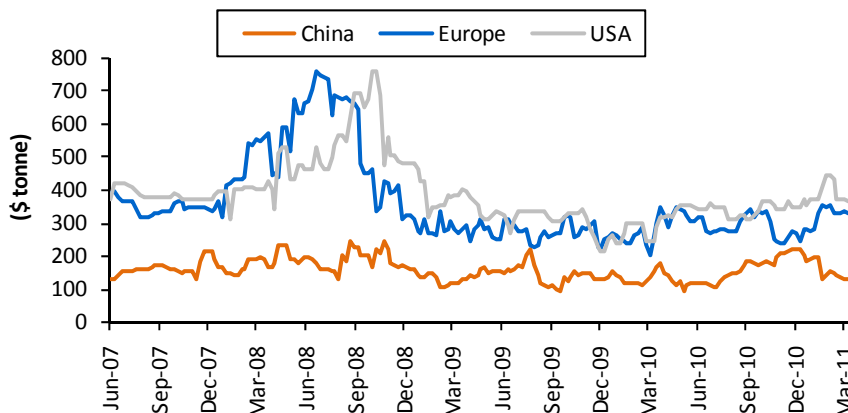
Scrap prices (Rotterdam port scrap prices) remained strong throughout the quarter owing to strong demand from European and North American steel mills and increased buying from Chinese steel producers.

Rotterdam Scrap Prices



Source: SBB, PL Research

The differential between re-bar and scrap prices contracted in both, China and US, owing to flat re-bar prices and sharp rise in scrap prices. However, the differential expanded in Europe on the back of firm re-bar prices in tune with increase in scrap prices.

Re-bar and Scrap price differential


Source: SBB, PL Research

We maintain our *Overweight* outlook on the sector on the back of better demand environment, comfortable inventory levels and attractive valuations. However, relentless increase in input prices remains the biggest concern for the sector.

Top picks: Tata Steel, JSW Steel and Adhunik Metaliks
Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Coal India	10.6	15.8	-	-	4.1	18.8	-	-
Steel Authority of India	13.2	(5.4)	(21.6)	(31.0)	6.7	(2.4)	(18.0)	(40.7)
Jindal Steel & Power	5.2	(1.6)	(3.3)	(0.3)	(1.3)	1.4	0.3	(10.1)
Sterlite industries	7.2	(6.6)	4.4	(17.8)	0.7	(3.6)	8.0	(27.6)
Tata Steel	2.7	(6.7)	(5.0)	(6.4)	(3.7)	(3.7)	(1.4)	(16.1)
Hindustan Zinc	4.3	3.2	21.0	12.0	(2.2)	6.3	24.5	2.2
JSW Steel	4.1	(13.5)	(27.9)	(22.5)	(2.4)	(10.5)	(24.4)	(32.3)
Monnet Ispat	(3.2)	(5.8)	2.2	23.5	(9.7)	(2.8)	5.8	13.7
Adhunik Metaliks	(7.6)	(13.5)	(16.8)	(28.4)	(14.1)	(10.4)	(13.3)	(38.2)

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Coal India	Sales	141,044	-	-	126,919	11.1	493,350	446,153	10.6
	EBITDA	42,218	-	-	33,804	24.9	123,933	102,632	20.8
	Margins (%)	29.9	-	-	26.6		25.1	23.0	
	PAT	32,145	-	-	26,419	21.7	99,435	96,224	3.3
Steel Authority of India	Sales	128,475	119,552	7.5	111,432	15.3	434,629	405,514	7.2
	EBITDA	27,950	28,226	(1.0)	16,261	71.9	73,031	90,799	(19.6)
	Margins (%)	21.8	23.6		14.6		16.8	22.4	
	PAT	19,055	20,850	(8.6)	11,075	72.1	50,106	67,080	(25.3)

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Jindal Steel & Power	Sales	27,550	23,888	15.3	24,044	14.6	132,697	110,915	19.6
	EBITDA	11,672	7,784	50.0	9,301	25.5	65,347	58,583	11.5
	Margins (%)	42.4	32.6		38.7		49.2	52.8	
	PAT	7,320	5,490	33.3	5,019	45.8	39,291	37,239	5.5
Sterlite industries	Sales	92,112	71,108	29.5	82,943	11.1	304,589	244,103	24.8
	EBITDA	25,347	20,685	22.5	19,406	30.6	87,878	60,718	44.7
	Margins (%)	27.5	29.1		23.4		28.9	24.9	
	PAT	15,915	13,809	15.3	11,555	37.7	56,307	37,136	51.6
Tata Steel	Sales	342,613	275,038	24.6	290,895	17.8	1,188,049	1,023,931	16.0
	EBITDA	45,215	47,502	(4.8)	34,246	32.0	156,331	80,427	94.4
	Margins (%)	13.2	17.3		11.8		13.2	7.9	
	PAT	17,562	22,115	(20.6)	8,807	99.4	70,432	(20,092)	(450.5)
Hindustan Zinc	Sales	27,712	24,985	10.9	26,015	6.5	94,798	80,170	18.2
	EBITDA	15,780	15,018	5.1	14,786	6.7	50,962	46,701	9.1
	Margins (%)	56.9	60.1		56.8		53.8	58.3	
	PAT	13,856	12,390	11.8	12,896	7.4	44,518	40,414	10.2
JSW Steel	Sales	63,556	51,671	23.0	57,714	10.1	241,752	188,970	27.9
	EBITDA	14,430	12,929	11.6	9,640	49.7	46,788	40,105	16.7
	Margins (%)	22.7	25.0		16.7		19.4	21.2	
	PAT	6,729	6,443	4.4	3,766	78.7	16,151	15,643	3.2
Monnet Ispat	Sales	4,339	4,384	(1.0)	3,471	25.0	16,246	15,322	6.0
	EBITDA	1,342	1,284	4.6	1,109	21.0	4,615	4,470	3.2
	Margins (%)	30.9	29.3		32.0		28.4	29.2	
	PAT	868	725	19.8	702	23.7	2,827	2,619	7.9
Adhunik Metaliks	Sales	4,003	3,754	6.6	3,412	17.3	18,468	14,496	27.4
	EBITDA	661	634	4.2	599	10.3	5,380	3,850	39.7
	Margins (%)	16.5	16.9		17.6		29.1	26.6	
	PAT	113	207	(45.2)	58	97.3	2,178	1,400	55.6

Source: Company Data, PL Research

Consolidated Sectoral Data
Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	2,924,577	3,500,785	3,786,554
Growth (%)	15.6	19.7	8.2
EBITDA	614,265	786,602	944,201
Margin (%)	21.0	22.5	24.9
PAT	381,246	469,057	578,306
Growth (%)	37.3	23.0	23.3
PE (x)	13.8	11.2	9.1

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	662,648	549,395	20.6	573,911	15.5
EBITDA	126,639	119,042	6.4	90,562	39.8
Margin (%)	19.1	21.7	(256)bps	15.8	333
PAT (Excl. Ex Items)	81,437	82,028	(0.7)	53,877	51.2

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Coal India

Rating	Accumulate
Price	Rs359
Target Price	Rs393
Market Cap. (Rs bn)	2,266.0
Shares o/s (m)	6,316.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	493,350	605,124	653,535
EBITDA	123,933	160,245	184,006
<i>Margin (%)</i>	<i>25.1</i>	<i>26.5</i>	<i>28.2</i>
PAT	99,435	129,342	154,207
EPS (Rs)	15.7	20.5	24.4
<i>RoE (%)</i>	<i>34.2</i>	<i>35.1</i>	<i>33.0</i>
PE (x)	22.8	17.5	14.7
P / BV (x)	7.0	5.5	4.3
EV / E (x)	15.3	11.5	9.5

Net revenue is expected to grow by 11% QoQ on the back of 4% volume growth and 7% increase in realization, coupled with upward revision in the prices announced w.e.f March. EBITDA is expected to grow by 25% on the back of higher realisations and volumes. Higher realisations and scale benefit would drive EBITDA per tonne up by 20% QoQ to Rs367. PAT is expected to grow by 22% QoQ to Rs32bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	141,044	-		126,919	493,350	446,153	10.6
EBITDA	42,218	-		33,804	123,933	102,632	20.8
<i>Margin (%)</i>	<i>29.9</i>	<i>-</i>		<i>26.6</i>	<i>25.1</i>	<i>23.0</i>	<i>21.2</i>
Reported PAT	32,145	-		26,419	99,435	96,224	3.3
PAT (Excl. Ex Items)	32,145	-		26,419	99,435	96,224	3.3
Operating Metrics							
Coal desp. (m tonnes)	115	-		111	426	415	2.5
Realisation per tonne (Rs)	1,226	-		1,148	1,148	1,070	7.3
EBITDA per tonne (Rs)	367	-		306	291	247	17.8

SAIL

Rating	Accumulate
Price	Rs176
Target Price	Rs200
Market Cap. (Rs bn)	724.9
Shares o/s (m)	4,130.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	434,629	488,960	579,933
EBITDA	73,031	93,510	126,816
<i>Margin (%)</i>	<i>16.8</i>	<i>19.1</i>	<i>21.9</i>
PAT	50,106	59,808	74,319
EPS (Rs)	12.1	14.5	18.0
<i>RoE (%)</i>	<i>14.2</i>	<i>15.1</i>	<i>16.6</i>
PE (x)	14.5	12.1	9.8
P / BV (x)	1.9	1.7	1.5
EV / E (x)	10.4	9.2	7.5

Net revenue is expected to rise by 7.5% YoY (15.3% QoQ) on the back of 0.6% volume growth (up 4.6% QoQ) and 6.8% YoY (10% QoQ) growth in realisations at 3.4m tonnes and Rs37,787 per tonne, respectively. Impacted by sharp rise in coking coal and higher employee cost, EBITDA would decline by 1% YoY to Rs28bn despite higher realisations. However, EBITDA would grow by 72% QoQ on the back of higher realizations and higher volumes. PAT would fall by 8.6% YoY to Rs19.1bn, while up 72% QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	128,475	119,552	7.5	111,432	434,629	405,514	7.2
EBITDA	27,950	28,226	(1.0)	16,261	73,031	90,799	(19.6)
<i>Margin (%)</i>	<i>21.8</i>	<i>23.6</i>	<i>(185)bps</i>	<i>14.6</i>	<i>16.8</i>	<i>22.4</i>	<i>(559)bps</i>
Reported PAT	19,055	20,850	(8.6)	11,075	50,106	67,080	(25.3)
PAT (Excl. Ex Items)	19,055	20,850	(8.6)	11,075	50,106	67,080	(25.3)
Operating Metrics							
Sales Volume (m tonnes)	3.4	3.4	0.6	3.3	12.2	12.3	(0.7)
Realisation per tonne	37,787	35,370	6.8	34,287	34,336	31,630	8.6
EBITDA per tonne	8,221	8,351	(1.6)	5,003	5,976	7,374	(19.0)

Jindal Steel & Power

Rating	Reduce
Price	Rs714
Target Price	Rs655
Market Cap. (Rs bn)	662.3
Shares o/s (m)	927.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	132,697	161,979	173,712
EBITDA	65,347	82,943	89,050
<i>Margin (%)</i>	<i>49.2</i>	<i>51.2</i>	<i>51.3</i>
PAT	39,291	51,031	55,913
EPS (Rs)	42.3	55.0	60.3
<i>RoE (%)</i>	<i>31.9</i>	<i>30.7</i>	<i>25.8</i>
PE (x)	16.9	13.0	11.8
P / BV (x)	4.7	3.5	2.7
EV / E (x)	11.9	9.3	8.7

Benefitted by strong realisations (up 17% YoY and 12% QoQ) and higher revenues from pellet sales, standalone revenue would grow by 15.3% YoY. EBITDA would grow by 50.0% YoY (25% QoQ) to Rs11.7bn, owing to better realisations and increased share of higher margin products. JSPL is expected to report PAT of Rs7.3bn, with a growth of 33% YoY (46% QoQ). Jindal Power is expected to report PAT of Rs4.8bn against Rs5.2bn and Rs4.9bn in Q4FY10 and Q3FY11, respectively, with an average realised rate of Rs4.1/unit and PLF of 100%. Consolidated PAT for the quarter would grow by 27% YoY (35% QoQ) to Rs11.9bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	27,550	23,888	15.3	24,044	132,697	110,915	19.6
EBITDA	11,672	7,784	50.0	9,301	65,347	58,583	11.5
<i>Margin (%)</i>	<i>42.4</i>	<i>32.6</i>	<i>979 bps</i>	<i>38.7</i>	<i>49.2</i>	<i>52.8</i>	<i>(357)bps</i>
Reported PAT	7,320	5,490	33.3	5,019	39,291	37,239	5.5
PAT (Excl. Ex Items)	7,320	5,490	33.3	5,019	39,291	37,239	5.5
Operating Metrics							
Metallics-Sales (Tonnes)	85,000	202,164	(58.0)	93,084	147,200	588,562	(75.0)
Steel products-Sales (Tn)	543,000	544,315	(0.2)	502,926	2,421,200	1,716,401	41.1
JPL-Units sold (m units)	1,947	1,885	3.3	2,005	7,812	7,451	4.8
Rate per Kwh	4.1	4.5	(9.2)	4.0	4.3	5.3	(18.3)
JPL-Revenue (Rs m)	7,990.0	8,519.6	(6.2)	7,965.6	33,592.3	39,219.0	(14.3)
JPL-PAT (Rs m)	4,843	5,214	(7.1)	4,871	19,850	23,188	(14.4)

Sterlite Industries

Rating	Accumulate
Price	Rs178
Target Price	Rs191
Market Cap. (Rs bn)	599.5
Shares o/s (m)	3,361.6

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	304,589	394,598	451,567
EBITDA	87,878	125,246	158,697
<i>Margin (%)</i>	<i>28.9</i>	<i>31.7</i>	<i>35.1</i>
PAT	56,307	69,196	92,109
EPS (Rs)	16.8	20.6	27.4
<i>RoE (%)</i>	<i>14.2</i>	<i>15.3</i>	<i>17.6</i>
PE (x)	10.6	8.7	6.5
P / BV (x)	1.4	1.2	1.1
EV / E (x)	5.9	3.9	2.5

Almost entire growth in EBITDA would be contributed by acquisition of Anglo American's Zinc-lead mining assets. Acquisition would contribute an EBITDA of US\$90m for the quarter, while domestic operations (incl. CMT) would grow by 3% YoY or Rs596m on the back of 2% and 12% growth in profitability of zinc and copper business, respectively. PAT is expected to grow by 15% YoY to Rs15.9bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	92,112	71,108	29.5	82,943	304,589	244,103	24.8
EBITDA	25,347	20,685	22.5	19,406	87,878	60,718	44.7
<i>Margin (%)</i>	<i>27.5</i>	<i>29.1</i>	<i>(157)bps</i>	<i>23.4</i>	<i>28.9</i>	<i>24.9</i>	<i>398 bps</i>
Reported PAT	15,915	13,809	15.3	11,555	56,307	37,136	51.6
PAT (Excl. Ex Items)	15,915	13,809	15.3	11,555	56,307	37,136	51.6
Operating Metrics							
LME Avg. Aluminium (US\$)	2,503	2,168	15.4	2,343	2,204	1,868	18.0
Aluminium volume	63,088	64,000	(1.4)	65,459	257,664	267,802	(3.8)

Tata Steel

	Accumulate
Rating	
Price	Rs635
Target Price	Rs655
Market Cap. (Rs bn)	609.0
Shares o/s (m)	958.7

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	1,188,049	1,308,421	1,352,235
EBITDA	156,331	172,206	214,644
<i>Margin (%)</i>	<i>13.2</i>	<i>13.2</i>	<i>15.9</i>
PAT	70,432	67,654	96,115
EPS (Rs)	51.0	69.7	99.0
<i>RoE (%)</i>	<i>17.4</i>	<i>18.5</i>	<i>22.0</i>
PE (x)	12.5	9.1	0.0
P / BV (x)	1.8	1.6	1.3
EV / E (x)	2.5	2.3	1.6

Standalone net revenue (incl. other operating income) is expected to grow by 12.6% YoY on the back of 14% rise in steel realisations, flat volumes and 15% growth in ferro alloy's revenue. Benefitted by strong realisations, EBITDA would grow by 13% YoY and 25% QoQ to Rs35.2bn. On tonnage basis, EBITDA would grow by 14% YoY (21% QoQ) to Rs20,248. Pre-exceptional PAT would grow by 15% YoY (35%) to Rs20.4bn.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	82,626	73,394	12.6	73,974	222,114	186,471	19.1
EBITDA	35,221	31,307	12.5	28,205	92,591	67,952	36.3
<i>Margin (%)</i>	<i>42.6</i>	<i>42.7</i>	<i>(3)bps</i>	<i>38.1</i>	<i>41.7</i>	<i>36.4</i>	<i>525 bps</i>
Reported PAT	15,135	21,623	(30.0)	15,135	46,063	38,551	19.5
PAT (Excl. Ex Items)	20,431	17,748	15.1	15,135	51,235	34,553	48.3
Operating Metrics							
Sales volume (m tonnes)	1.7	1.7	0.1	1.6	6.3	6.3	0.8
Realisation / Tonne (Rs)	36,097	31,758	13.7	32,597	36,848	33,229	10.9
EBITDA / Tonne (Rs)	20,248	17,757	14.0	16,786	18,758	14,241	31.7

Tata Steel

	Accumulate
Rating	
Price	Rs635
Target Price	Rs655
Market Cap. (Rs bn)	609.0
Shares o/s (m)	958.7

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	1,188,049	1,308,421	1,352,235
EBITDA	156,331	172,206	214,644
<i>Margin (%)</i>	<i>13.2</i>	<i>13.2</i>	<i>15.9</i>
PAT	70,432	67,654	96,115
EPS (Rs)	51.0	69.7	99.0
<i>RoE (%)</i>	<i>17.4</i>	<i>18.5</i>	<i>22.0</i>
PE (x)	12.5	9.1	0.0
P / BV (x)	1.8	1.6	1.3
EV / E (x)	2.5	2.3	1.6

On a consolidated basis, the company is expected to report adjusted PAT of Rs17.6bn against Rs8.8bn in Q3FY11 on account of strong earnings growth in Indian operations and considerable improvement in earnings of European and South East Asian operations. We expect Corus to report EBITDA of US\$133m, with EBITDA per tonne of US\$35 v/s US\$25 in the prior quarter.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	342,613	275,038	24.6	290,895	1,188,049	1,023,931	16.0
EBITDA	45,215	47,502	(4.8)	34,246	156,331	80,427	94.4
<i>Margin (%)</i>	<i>13.2</i>	<i>17.3</i>	<i>(407)bps</i>	<i>11.8</i>	<i>13.2</i>	<i>7.9</i>	<i>530 bps</i>
Reported PAT	38,794	24,341	59.4	10,030	70,432	(20,092)	(450.5)
PAT (Excl. Ex Items)	17,562	22,115	(20.6)	8,807	70,432	(20,092)	(450.5)
Operating Metrics							
Corus-Sales Vol.	3.8	3.8	0.0	3.5	14.4	14.6	(1.4)
Corus-EBITDA / Tonne (US\$)	35	93	(62.4)	25	50	(18)	(374.4)
South East – Sales Vol.	0.8	0.9	(11.1)	0.8	3.4	3.6	(6.9)
South East – EBITDA / Tonne (US\$)	20.0	15.6	28.6	(3.9)	22.0	23.5	(6.3)

Hindustan Zinc

	Accumulate
Rating	
Price	Rs140
Target Price	Rs145
Market Cap. (Rs bn)	118.4
Shares o/s (m)	845.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	94,798	117,523	120,031
EBITDA	50,962	64,764	65,006
<i>Margin (%)</i>	<i>53.8</i>	<i>55.1</i>	<i>54.2</i>
PAT	44,518	56,974	59,510
EPS (Rs)	52.7	67.4	70.4
<i>RoE (%)</i>	<i>22.0</i>	<i>22.8</i>	<i>19.5</i>
PE (x)	2.7	2.1	2.0
P / BV (x)	0.5	0.4	0.4
EV / E (x)	1.4	0.3	(0.7)

Impacted by persistent increase in the cost of production on account of higher coal cost and operational factors, EBITDA is expected to grow by 5.1% YoY to Rs15.8bn despite 13% growth in mined metal production and 3% increase in Rupee adjusted realisations. PAT is expected to grow at higher rate of 12% on the back of higher treasury income and lower tax rate.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	27,712	24,985	10.9	26,015	94,798	80,170	18.2
EBITDA	15,780	15,018	5.1	14,786	50,962	46,701	9.1
<i>Margin (%)</i>	<i>56.9</i>	<i>60.1</i>	<i>(316)bps</i>	<i>56.8</i>	<i>53.8</i>	<i>58.3</i>	<i>(449)bps</i>
Reported PAT	13,856	12,390	11.8	12,896	44,518	40,414	10.2
PAT (Excl. Ex Items)	13,856	12,390	11.8	12,896	44,518	40,414	10.2
Operating Metrics							
Refined Zinc-Volume(tonnes)	187,886	151,294	24.2	178,357	712,789	577,685	23.4
Refined Lead-Volume(tonnes)	16,650	18,450	(9.8)	12,338	52,381	64,391	(18.7)
Zinc (US\$)	2,396	2,285	4.9	2,310	2,180	1,936	12.6

JSW Steel

	Accumulate
Rating	
Price	Rs992
Target Price	Rs1,249
Market Cap. (Rs bn)	221.4
Shares o/s (m)	223.1

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	241,752	377,894	389,953
EBITDA	46,788	73,242	83,258
<i>Margin (%)</i>	<i>19.4</i>	<i>19.4</i>	<i>21.4</i>
PAT	16,151	28,333	38,660
EPS (Rs)	72.4	117.8	153.3
<i>RoE (%)</i>	<i>12.8</i>	<i>15.6</i>	<i>17.2</i>
PE (x)	13.7	8.4	6.5
P / BV (x)	1.4	1.2	1.0
EV / E (x)	8.0	5.2	4.6

Led by volume growth of 5.3% YoY and 17% rise in realisations, revenue is expected to grow by 23% YoY. We expect volumes of 1.6m tonnes and realisations of Rs39,722 for the quarter. EBITDA is expected to grow by 11.6%, primarily on account of better product mix and rise in prices higher than increase in costs. On per tonne basis, EBITDA would expand by 6.0% YoY and 49% QoQ to Rs9,019. However, growth in PAT would restrict to 4.4% on account of higher depreciation and tax rate.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	63,556	51,671	23.0	57,714	241,752	188,970	27.9
EBITDA	14,430	12,929	11.6	9,640	46,788	40,105	16.7
<i>Margin (%)</i>	<i>22.7</i>	<i>25.0</i>	<i>(232)bps</i>	<i>16.7</i>	<i>19.4</i>	<i>21.2</i>	<i>(187)bps</i>
Reported PAT	6,729	7,169	(6.1)	3,823	16,151	15,643	3.2
PAT (Excl. Ex Items)	6,729	6,443	4.4	3,766	16,151	15,643	3.2
Operating Metrics							
Sales volume (m tonnes)	1.6	1.5	5.3	1.6	6.2	5.7	9.1
Realisation per tonne	39,722	33,994	16.9	36,230	34,111	29,329	16.3
EBITDA per tonne	9,019	8,506	6.0	6,052	7,424	7,384	0.5

Monnet Ispat

Rating	Accumulate
Price	Rs531
Target Price	Rs552
Market Cap. (Rs bn)	35.6
Shares o/s (m)	67.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	13,913	16,263	26,376
EBITDA	4,044	4,678	8,798
Margin (%)	29.1	28.8	33.4
PAT	2,305	2,827	3,799
EPS (Rs)	24.7	49.6	66.7
RoE (%)	16.2	16.1	18.0
PE (x)	22.8	11.4	8.5
P / BV (x)	3.4	1.7	1.4
EV / E (x)	11.2	10.8	6.7

Impacted by weaker power realisations and reduced steel volumes, net revenue is expected to decline by 1.0% YoY despite strong sponge iron realisations. Better margins in sponge iron business would drive the growth in EBITDA. EBITDA is expected to grow by 4.6% YoY and 21% QoQ. PAT would grow by 19.8% YoY and 23.7% QoQ to Rs868m on the back of sharp reduction in interest cost associated with repayment of debt.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,339	4,384	(1.0)	3,471	16,246	15,322	6.0
EBITDA	1,342	1,284	4.6	1,109	4,615	4,470	3.2
Margin (%)	30.9	29.3	166 bps	32.0	28.4	29.2	(77)bps
Reported PAT	868	725	19.8	702	2,827	2,619	7.9
PAT (Excl. Ex Items)	868	725	19.8	702	2,827	2,619	7.9
Operating Metrics							
Sponge iron (Tonnes)	167,638	164,291	2.0	148,242	638,600	572,688	11.5
Power (M Kwh)	231	222	3.7	210	776	852	(9.0)
Sponge iron (Rs/Tonne)	19,331	15,720	23.0	17,831	17,100	13,467	27.0
Power (Rs/unit)	3.8	4.3	(10.9)	3.4	4	5	(10.2)

Adhunik Metaliks

Rating	BUY
Price	Rs93
Target Price	Rs147
Market Cap. (Rs bn)	11.5
Shares o/s (m)	123.5

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	18,468	22,898	32,181
EBITDA	5,380	7,399	11,608
Margin (%)	29.1	32.3	36.1
PAT	2,178	3,120	2,491
EPS (Rs)	17.6	25.3	20.2
RoE (%)	27.3	31.4	20.7
PE (x)	5.3	3.7	4.6
P / BV (x)	1.3	1.0	0.9
EV / E (x)	7.1	6.1	3.8

Standalone revenue would grow 7% YoY on the back of 17% rise in realisations, partially negated by flat volumes and lower trading revenues. EBITDA would grow by 8% YoY to Rs682m on the back of higher realizations, partially undone by higher cost of production associated with an increase in coking coal and iron ore prices. On tonnage basis, EBITDA would increase by 7% YoY (6% QoQ) to Rs7,320. AML's wholly-owned subsidiary, Orissa manganese and minerals (OMM), would report EBITDA of Rs804m and PAT of Rs517m, with a growth of 24% and 37% YoY, respectively on the back of higher realizations and iron ore volumes.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,003	3,754	6.6	3,412	18,468	14,496	27.4
EBITDA	661	634	4.2	599	5,380	3,850	39.7
Margin (%)	16.5	16.9	(38)bps	17.6	29.1	26.6	257 bps
Reported PAT	113	207	(45.2)	58	2,178	1,400	55.6
PAT (Excl. Ex Items)	113	207	(45.2)	58	2,178	1,400	55.6
Operating Metrics							
Sales volume (Tonnes)	98,700	99,732	(1.0)	91,864	353,714	185,060	91.1
Realisation per tonne (Rs)	35,601	30,301	17.5	32,277	34,601	-	-
EBITDA per tonne (Rs)	7,089	6,869	3.2	6,938	7,308	6,582	11.0
OMM-Revenue	1,581	1,058	49.4	1,125	4,376	2,535	72.6
OMM-EBITDA	918	646	42.0	707	2,646	1,546	71.2
OMM-PAT	602	378	59.1	430	1,709	906	88.6



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Offshore, Ports & Shipbuilding

Offshore

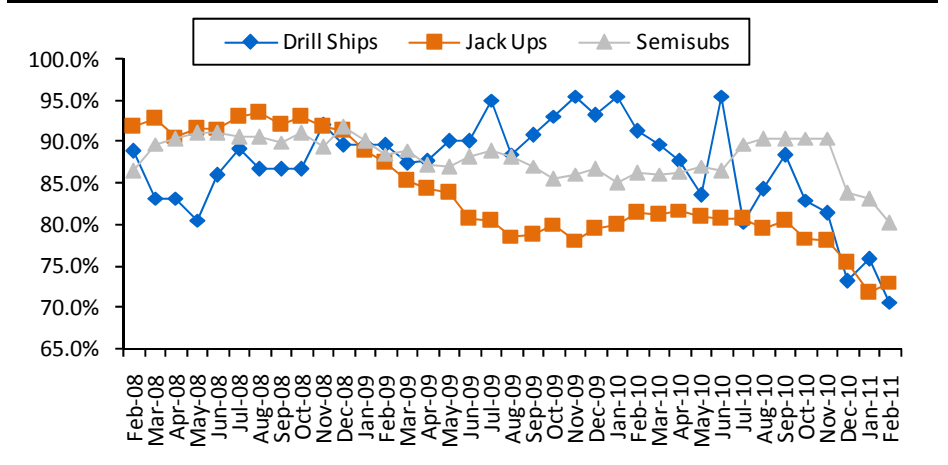
Crude at US\$100+ levels makes offshore drilling activities extremely viable; thus, leading to E&P companies increasing spends on their exploration activities. On account of the same, tendering activities for rigs and offshore vessels has picked up globally, with several short-term contracts being awarded; hence, taking some amount of supply off the market.

Order book for new drilling assets has also witnessed a sharp increase over the last six months, with US\$13bn worth of new orders being placed, out of which orders worth ~US\$10bn have been placed in the last two months.

The strong correlation that existed in the past between crude and stock prices of offshore companies has seen a divergence since the middle of 2010. Also, global offshore companies have had a pretty strong run in the last six months; they have given returns between 16 to 46%. Thus, Indian offshore stocks have underperformed their global peers substantially. Business models of these companies are similar to Indian offshore companies and hence, in essentially commodity-like businesses, such sort of divergence is unlikely to sustain over the medium-to-long term.

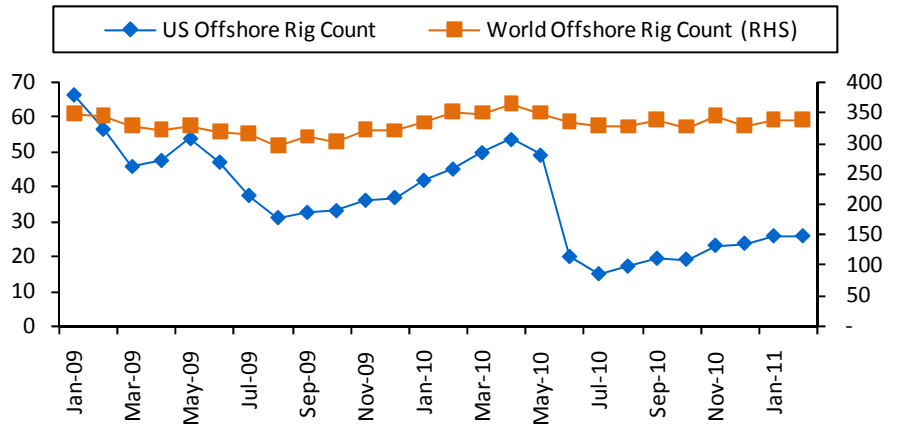
Although rig utilizations are yet to show an uptick, with an expected increase in drilling activities, going forward, utilizations are expected to inch up.

Rig Utilizations



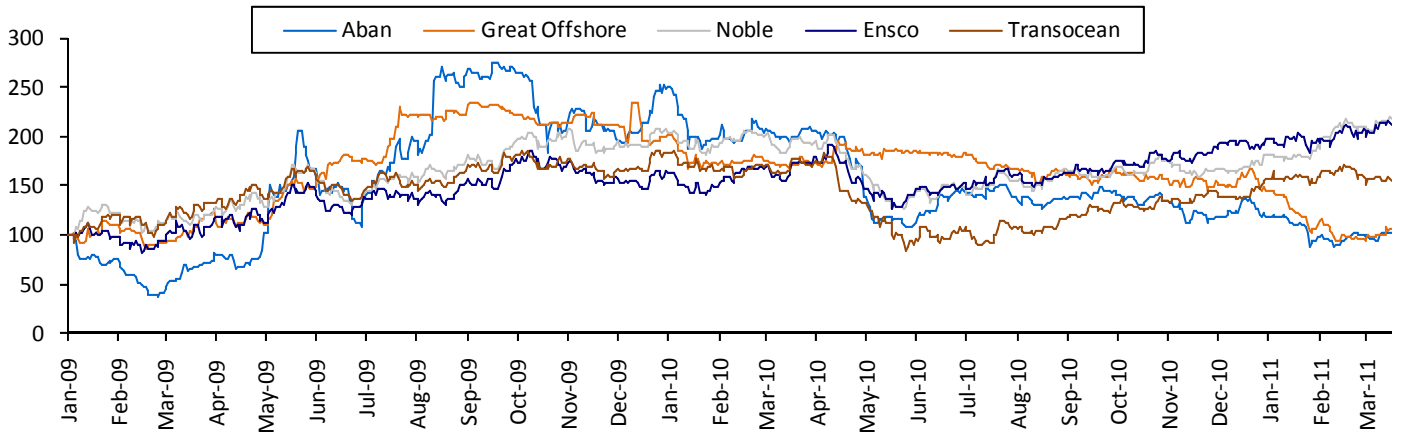
Source: Rigzone

Offshore Rig Count



Source: Baker Hughes

Relative stock performance of Global Offshore companies



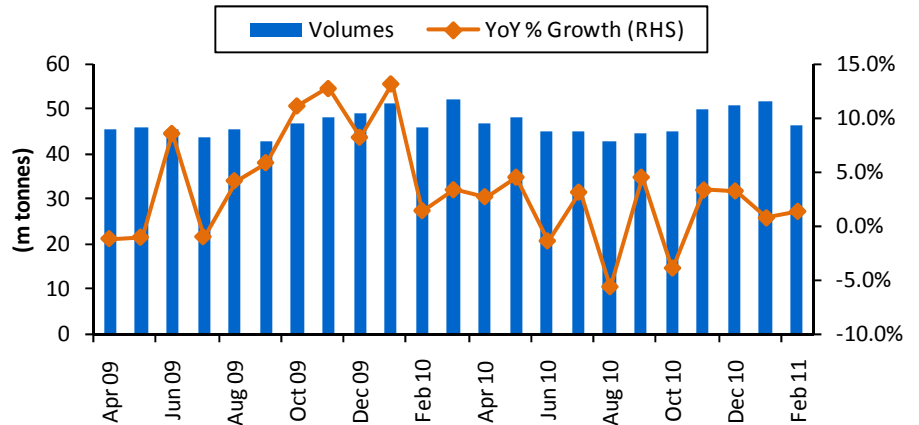
Source: Bloomberg, PL Research

Ports

Major port volumes have remained stable for the December-February period, clocking around 50mt/month on an average. Container volumes at major ports continue to trend up, rising 9% and 11% YoY for January and February, respectively. Also, iron ore volumes have shown substantial improvement recovering to 10mt in January from a low of 4.2mt last year. However, with the imposition of 20% duty on export of iron ore lumps and fines, the recovery in volumes is not expected to sustain.

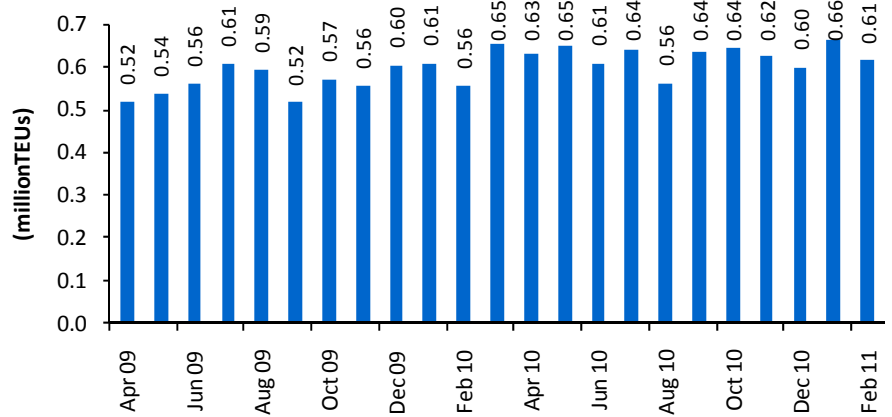
Despite a rapid increase in merchandise trade, major port volumes have remained more or less flat, indicating continuation of market share gains for non-major ports.

Major port volumes



Source: IPA

Container volumes at major ports



Source: IPA

Shipbuilding

Globally, we have seen a few positive developments in the quarter.

There has been a massive ordering in the offshore segment totaling to ~US\$13bn in the last four months, with ~US\$10bn worth orders in the last two months. Also, in February, we saw a massive 10x 18,000 TEU container ships order from AP Moller on the Korean shipbuilder DSME.

However, new build orders on the merchant side were subdued on account of depressed freight rates. Despite a strong revival in shipbuilding globally, new orders continue to evade Indian shipbuilders.



Offshore new build orders placed in the last 6 months

Date	Shipyard	Driller	Vessel Type	Contract Value (m\$)	Contract Value (m\$) per rig	No of rigs ordered	Order Options (no of vessels)	Contract Value Option vessels (m\$)
Mar-11	Samsung Heavy Industries	Pacific drilling	Drillship	1,000	500	2	2	1,000
Mar-11	Cosco corp	Sevan	Drillship	1,050	525	2		
Mar-11	Havyard	Sartor Offshore#	PSV	-		1	-	-
Mar-11	OSX (Brazil)	SBM Offshore	FPSO	775		1	-	-
Mar-11	STX OSV	NorSea Group AS#	PSV	-		1	-	-
Mar-11	Not disclosed	Swissco Offshore	OSV	21	-	3	-	-
Mar-11	Sembcorp (Jurong Shipyard)	Seadrill	Jackup	530	530	1	-	-
Mar-11	Fincantieri*	Tidewater	PSV	12	6	2	-	-
Mar-11	Samsung Heavy Industries	Not disclosed	Drillship	1,100	550	2	-	-
Mar-11	Keppel	Japan Drilling Co	Jackup	210	210	1	-	-
Mar-11	Keppel	Perforadora Central	Jackup	195	195	1	-	-
Mar-11	Hyundai Heavy	Noble	Drillship	615	615	1	-	-
Feb-11	Lamprell Energy Ltd	Greatship*	Jackup	195	195	1	-	-
Feb-11	Hyundai Heavy	Not disclosed	FPSO	1,190	-		-	-
Feb-11	DSME	Aker Drilling	Drillship	1,200	600	2	-	-
Feb-11	Keppel	TransOcean	Jackup	380	190	2	-	-
Feb-11	Keppel	SBM Inc, MTOPS	FPSO	298	-		-	-
Feb-11	Keppel	Maersk	Jackup	1,200	600	2	-	-
Feb-11	Keppel	EnSCO	Jackup	440	220	2	2	440
Jan-11	Keppel	Discovery Offshore ASA	Jackup	416	208	2	2	416
Dec-10	Keppel	Jasper	Jackup	180	180	1	-	-
Dec-10	Sembcorp Marine (Jurong)	Noble	Jackup	400	200	2	4	800
Nov-10	Keppel	Standard Drilling	Jackup	180	180	1	2	360
Nov-10	ABG	Drilling & Offshore Ltd	Jackup	440	220	2	-	-
Oct-10	Keppel	Mermaid's Asia Offshore	Jackup	360	180	2	2	360
Oct-10	Sembcorp Marine (Jurong)	Seadrill	Jackup	400	200	2	4	800
Oct-10	Sembcorp Marine (PPL)	Atwood Oceanics	Jackup	364	182	2	3	546
Total				13,151		41	21	4,722

Source: xxx

* Contract value is Approximate # Not disclosed

New orders (merchant)

m dwt	2010	Jan 11	Feb 11
Tanker	40.1	1.1	0.2
Bulk	83.5	15.6	6.5

Source: RS Platou

Top picks: None



Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Mundra Port & SEZ	18.1	(0.5)	(7.8)	4.4	11.6	2.5	(4.3)	(5.3)
Aban Offshore	15.1	(15.0)	(24.8)	(44.9)	8.6	(12.0)	(21.2)	(54.7)
Gujarat Pipavav Port	8.1	7.7	10.8	-	1.6	10.7	14.4	-
ABG Shipyard	9.6	(6.6)	45.2	48.0	3.1	(3.6)	48.8	38.2
Gateway Distriparks	6.7	9.3	2.2	(4.3)	0.3	12.3	5.8	(14.1)
Great Offshore	18.3	(30.2)	(25.0)	(32.4)	11.8	(27.1)	(21.4)	(42.2)
Bharati Shipyard	13.8	(22.4)	(26.8)	(36.7)	7.3	(19.4)	(23.3)	(46.4)
Garware Offshore	27.6	(6.5)	9.4	(19.6)	21.1	(3.5)	13.0	(29.4)

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Mundra Port & SEZ	Sales	5,050	4,205	20.1	4,508	12.0	19,400	14,955	29.7
	EBITDA	3,446	2,521	36.7	3,098	11.2	12,726	9,443	34.8
	<i>Margins (%)</i>	<i>68.2</i>	<i>60.0</i>		<i>68.7</i>		<i>65.6</i>	<i>63.1</i>	
	PAT	2,401	1,922	24.9	2,285	5.1	8,663	6,758	28.2
Aban Offshore	Sales	9,032	10,210	(11.5)	7,780	16.1	33,517	33,587	(0.2)
	EBITDA	5,547	6,592	(15.8)	5,168	7.3	21,480	21,004	2.3
	<i>Margins (%)</i>	<i>61.4</i>	<i>64.6</i>		<i>66.4</i>		<i>64.1</i>	<i>62.5</i>	
	PAT	864	2,801	(69.1)	755	14.5	4,567	5,518	(17.2)
Gujarat Pipavav Port	Sales	766	541	41.6	875	(12.5)	3,994	2,839	40.7
	EBITDA	345	160	115.1	384	(10.2)	2,037	1,174	73.5
	<i>Margins (%)</i>	<i>45.0</i>	<i>29.6</i>		<i>43.9</i>		<i>51.0</i>	<i>41.3</i>	
	PAT	76	(297)	(125.5)	111	(32.2)	600	(509)	(218.0)
ABG Shipyard	Sales	5,650	4,732	19.4	4,822	17.2	20,300	16,254	24.9
	EBITDA	1,320	642	105.6	813	62.4	4,608	2,854	61.5
	<i>Margins (%)</i>	<i>23.4</i>	<i>13.6</i>		<i>16.9</i>		<i>22.7</i>	<i>17.6</i>	
	PAT	664	580	14.6	535	24.3	2,357	1,889	24.8
Gateway Distriparks	Sales	544	396	37.3	520	4.6	5,717	5,166	10.7
	EBITDA	282	207	35.9	271	3.9	1,641	1,249	31.3
	<i>Margins (%)</i>	<i>51.8</i>	<i>52.3</i>		<i>52.2</i>		<i>28.7</i>	<i>24.2</i>	
	PAT	239	217	10.1	230	3.7	821	789	4.1
Great Offshore	Sales	2,152	2,785	(22.7)	1,978	8.8	11,238	11,656	(3.6)
	EBITDA	1,072	1,403	(23.6)	763	40.5	4,638	5,168	(10.2)
	<i>Margins (%)</i>	<i>49.8</i>	<i>50.4</i>		<i>38.6</i>		<i>41.3</i>	<i>44.3</i>	
	PAT	290	731	(60.2)	19	1,470.0	628	2,207	(71.5)
Bharati Shipyard	Sales	3,435	3,231	6.3	3,450	(0.4)	13,650	12,644	8.0
	EBITDA	627	551	13.9	635	(1.1)	2,525	2,324	8.6
	<i>Margins (%)</i>	<i>18.3</i>	<i>17.1</i>		<i>18.4</i>		<i>18.5</i>	<i>18.4</i>	
	PAT	285	356	(19.8)	232	23.2	1,031	1,301	(20.8)
Garware Offshore	Sales	585	573	2.0	577	1.2	2,140	2,124	0.8
	EBITDA	270	215	25.6	307	(12.0)	959	1,021	(6.0)
	<i>Margins (%)</i>	<i>46.2</i>	<i>37.5</i>		<i>53.2</i>		<i>44.8</i>	<i>48.0</i>	
	PAT	99	66	51.5	153	(34.9)	350	355	(1.5)

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	109,955	129,129	151,212
<i>Growth (%)</i>	<i>10.8</i>	<i>17.4</i>	<i>17.1</i>
EBITDA	50,614	58,888	67,904
<i>Margin (%)</i>	<i>46.0</i>	<i>45.6</i>	<i>44.9</i>
PAT	19,018	25,688	32,758
<i>Growth (%)</i>	<i>3.9</i>	<i>35.1</i>	<i>27.5</i>
PE (x)	22.3	16.5	12.9

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	27,213	26,672	2.0	24,509	11.0
EBITDA	12,908	12,291	5.0	11,438	12.9
<i>Margin (%)</i>	<i>47.4</i>	<i>46.1</i>	<i>135 bps</i>	<i>46.7</i>	<i>77 bps</i>
PAT (Excl. Ex Items)	4,920	6,375	(22.8)	4,318	13.9

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Aban Offshore

	Accumulate
Rating	
Price	Rs674
Target Price	Rs725
Market Cap. (Rs bn)	29.3
Shares o/s (m)	43.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	33,517	33,631	34,197
EBITDA	21,480	21,320	21,590
<i>Margin (%)</i>	<i>64.1</i>	<i>63.4</i>	<i>63.1</i>
PAT	4,567	4,963	5,737
EPS (Rs)	105.0	114.1	131.9
<i>RoE (%)</i>	<i>24.5</i>	<i>23.5</i>	<i>21.8</i>
PE (x)	6.4	5.9	5.1
P / BV (x)	1.6	1.2	1.0
EV / E (x)	7.0	6.6	6.1

QoQ earnings growth is expected in Q4FY11 with majority of the fleet being operational. Of the three rigs dry-docking in Q3, two were operational in Q4. The third, Aban Abraham, started its charter towards the end of March 2011. Besides, Aban IV, which went off-contract in January 2011, was on small contracts through the quarter. 'Deep Venture', which was owned by a JV company on a bareboat charter from a Russian company, was returned prematurely. The JV received US\$138m which will have positive cash flow implications. However, this shall result in a book loss of US\$8-10m

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	9,032	10,210	(11.5)	7,780	33,517	33,587	(0.2)
EBITDA	5,547	6,592	(15.8)	5,168	21,480	21,004	2.3
<i>Margin (%)</i>	<i>61.4</i>	<i>64.6</i>	<i>(314)bps</i>	<i>66.4</i>	<i>64.1</i>	<i>62.5</i>	<i>155 bps</i>
Reported PAT	304	393	(22.6)	620	237	3,110	(92.4)
PAT (Excl. Ex Items)	864	2,801	(69.1)	755	4,567	5,518	(17.2)
Operating Metrics							
Fleet Size	18	20	(10.0)	19	18	20	(10.0)
No. of uncontracted rigs	-	4		1	-	4	
No. of vessels under dry-docking	-	-		3	-	-	

Great Offshore

	Accumulate
Rating	
Price	Rs284
Target Price	Rs350
Market Cap. (Rs bn)	10.6
Shares o/s (m)	37.2

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	11,238	14,243	16,383
EBITDA	4,638	6,391	7,292
<i>Margin (%)</i>	<i>41.3</i>	<i>44.9</i>	<i>44.5</i>
PAT	628	2,546	2,361
EPS (Rs)	16.9	68.4	63.4
<i>RoE (%)</i>	<i>5.5</i>	<i>19.9</i>	<i>15.7</i>
PE (x)	16.8	4.2	4.5
P / BV (x)	0.9	0.8	0.7
EV / E (x)	6.9	4.7	3.7

Post the disastrous Q3 on account of low rig utilization, Q4 is expected to be much better, with both, Badrinath and Kedarnath, operating for the full quarter. Utilizations for OSVs are also likely to be stable and we expect some amount of project income this quarter. Overall, with the improvement in the sector, we expect GOFF to be on firmer ground.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	2,152	2,785	(22.7)	1,978	11,238	11,656	(3.6)
EBITDA	1,072	1,403	(23.6)	763	4,638	5,168	(10.2)
<i>Margin (%)</i>	<i>49.8</i>	<i>50.4</i>	<i>(56)bps</i>	<i>38.6</i>	<i>41.3</i>	<i>44.3</i>	<i>(306)bps</i>
Reported PAT	290	731	(60.2)	19	628	2,016	(68.8)
PAT (Excl. Ex Items)	290	731	(60.2)	19	628	2,207	(71.5)
Operating Metrics							
Fleet Size	100%	100%	0.0	43%	80%	100%	(20.0)
Drilling Rigs	98%	96%	2.1	98%	95%	84%	13.1
Harbour Tugs	85%	78%	9.0	83%	75%	59%	27.1
OSV	66	66		66	66	66	

* Consolidated

Garware Offshore

	Accumulate
Rating	
Price	Rs141
Target Price	Rs150
Market Cap. (Rs bn)	3.4
Shares o/s (m)	23.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	2,140	2,521	2,504
EBITDA	959	1,158	1,174
<i>Margin (%)</i>	<i>44.8</i>	<i>45.9</i>	<i>46.9</i>
PAT	350	514	507
EPS (Rs)	14.7	21.6	21.3
<i>RoE (%)</i>	<i>12.7</i>	<i>16.9</i>	<i>14.7</i>
PE (x)	9.6	6.5	6.6
P / BV (x)	1.2	1.0	0.9
EV / E (x)	8.6	6.8	6.2

During the quarter, three of the company's vessels were operating in the spot market, while one was un-contracted. However, towards the end of quarter, with the improvement in the offshore services market, all four have been contracted and will start their charters in Q1FY12. Three of the new contracts that have been bagged are long term, ranging between 3-4 years and are in foreign waters.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	585	573	2.0	577	2,140	2,124	0.8
EBITDA	270	215	25.6	307	959	1,021	(6.0)
<i>Margin (%)</i>	<i>46.2</i>	<i>37.5</i>	<i>866 bps</i>	<i>53.2</i>	<i>44.8</i>	<i>48.0</i>	<i>(323)bps</i>
Reported PAT	99	66	51.5	153	350	412	(15.1)
PAT (Excl. Ex Items)	99	66	51.5	153	350	355	(1.5)
Operating Metrics							
Fleet Size	12	12		12	12	12	
Number of vessels under dry-docking	1	1		-	1	1	

Mundra Port & SEZ

Rating	Accumulate
Price	Rs157
Target Price	Rs167
Market Cap. (Rs bn)	314.2
Shares o/s (m)	2,003.4

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	19,400	26,024	32,728
EBITDA	12,726	16,757	21,405
Margin (%)	65.6	64.4	65.4
PAT	8,663	12,318	17,095
EPS (Rs)	4.3	6.1	8.5
RoE (%)	23.0	27.2	30.2
PE (x)	36.3	25.5	18.4
P / BV (x)	7.7	6.3	5.0
EV / E (x)	26.7	19.9	15.1

Port volumes are likely to be higher than Q3, on account of the commencement of the coal terminal; however, lower than expectations. The port is likely to end the year at ~51m tonnes as against ~53m tonnes expected earlier. We are not expecting any offtake at the SEZ for the quarter. MPSEZ won a bid for setting up a 6.5m tonnes coal terminal at Visakhapatnam port on the east coast. The total investment will be ~Rs3bn and will be ready by 2013. This will be MPSEZ's first terminal on the East coast of India.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	5,050	4,205	20.1	4,508	19,400	14,955	29.7
EBITDA	3,446	2,521	36.7	3,098	12,726	9,443	34.8
Margin (%)	68.2	60.0	828 bps	68.7	65.6	63.1	246 bps
Reported PAT	2,401	1,922	24.9	2,285	8,663	6,760	28.1
PAT (Excl. Ex Items)	2,401	1,922	24.9	2,285	8,663	6,758	28.2
Operating Metrics							
Rev/Tonne	369	392	(5.9)	355	343	324	5.7
SEZ Land Sales (acres)	-	-	-	-	2	160	(99)
Port volumes	13	10	28.1	12	51	40	26.6

* Consolidated

Gujarat Pipavav Port

Rating	Accumulate
Price	Rs66
Target Price	Rs69
Market Cap. (Rs bn)	27.8
Shares o/s (m)	423.6

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	2,839	3,994	5,286
EBITDA	1,174	2,037	2,854
Margin (%)	41.3	51.0	54.0
PAT	(509)	600	1,262
EPS (Rs)	(1.2)	1.4	3.0
RoE (%)	(9.7)	7.9	15.1
PE (x)	(54.6)	46.3	22.0
P / BV (x)	3.8	3.5	3.1
EV / E (x)	28.8	16.0	11.1

Volumes are likely to see a strong growth on a YoY basis; however, a sequential dip for bulk cargo. Margins are likely to firm up further, while interest expenses are likely to be steady, post repayment of debt and reduction in interest cost. During the quarter, GPPV has entered into an agreement with Gulf Petrochem, whereby, they shall set up tankage facilities of 100,000KL at Pipavav which shall contribute to liquid cargo volumes.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY10	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	766	541	41.6	875	3,994	2,839	40.7
EBITDA	345	160	115.1	384	2,037	1,174	73.5
Margin (%)	45.0	29.6	1,536bps	43.9	51.0	41.3	966 bps
Reported PAT	76	(315)	-	111	600	(547)	-
PAT (Excl. Ex Items)	76	(297)	-	111	600	(509)	-
Volumes							
Container (TEUs)	142,500	105,530	35.0	142,280	630,000	466,138	35.2
Bulk (mt)	0.50	0.70	40.0	0.80	4.1	3.4	20.0



Gateway Distriparks

	Accumulate
Rating	
Price	Rs121
Target Price	Rs126
Market Cap. (Rs bn)	13.1
Shares o/s (m)	107.9

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	5,717	6,629	7,916
EBITDA	1,641	1,991	2,451
<i>Margin (%)</i>	<i>28.7</i>	<i>30.0</i>	<i>31.0</i>
PAT	821	1,098	1,416
EPS (Rs)	7.6	10.2	13.1
<i>RoE (%)</i>	<i>12.0</i>	<i>15.0</i>	<i>17.5</i>
PE (x)	15.9	11.9	9.2
P / BV (x)	1.9	1.7	1.5
EV / E (x)	9.1	7.5	5.9

CFS volumes are likely to be flat on a sequential basis, as March witnessed a slowdown at JNPT, with the NSICT terminal facing labour issues. Besides, February being a shorter month did not add volumes. Realizations, however, are likely to witness a marginal increase. For the rail business, we expect a positive quarter, with better volumes as well as marginal profits at the PAT level, post the breakeven in Q3FY11.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	544	396	37.3	520	5,717	5,166	10.7
EBITDA	282	207	35.9	271	1,641	1,249	31.3
<i>Margin (%)</i>	<i>51.8</i>	<i>52.3</i>	<i>(53)bps</i>	<i>52.2</i>	<i>28.7</i>	<i>24.2</i>	<i>452 bps</i>
Reported PAT	239	217	10.1	230	821	789	4.1
PAT (Excl. Ex Items)	239	217	10.1	230	821	789	4.1
Operating Metrics							
CFS Volumes (TEUs)	86,550	74,184	16.7	86,636	349,800	304,400	14.9
Revenue/TEU (Rs)	8,159	6,973	17.0	7,770	6,328	6,637	(4.6)

* Consolidated

ABG Shipyard

	Accumulate
Rating	
Price	Rs389
Target Price	Rs396
Market Cap. (Rs bn)	19.8
Shares o/s (m)	50.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	20,300	25,781	34,804
EBITDA	4,608	5,698	7,587
<i>Margin (%)</i>	<i>22.7</i>	<i>22.1</i>	<i>21.8</i>
PAT	2,357	2,694	3,939
EPS (Rs)	46.3	52.9	77.3
<i>RoE (%)</i>	<i>19.5</i>	<i>18.9</i>	<i>22.7</i>
PE (x)	8.4	7.4	5.0
P / BV (x)	1.5	1.3	1.0
EV / E (x)	9.0	7.2	5.2

Nos. are including Subsidy

Execution is expected to remain fairly on track, with ABG focusing on building rigs as well as bulk carriers. New orders have been absent since majority of the slots for the company are full up to FY13. However, certain defence orders are expected shortly. ABG received FIPB's approval to take up defence contracts during the quarter and awaits one more approval from the ministry which shall then enable it to take defence orders. ABG has not received any subsidy during the quarter, post the Rs650m received in H1FY11.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	5,650	4,732	19.4	4,822	20,300	16,254	24.9
EBITDA	1,320	642	105.6	813	4,608	2,854	61.5
<i>Margin (%)</i>	<i>23.4</i>	<i>13.6</i>	<i>979 bps</i>	<i>16.9</i>	<i>22.7</i>	<i>17.6</i>	<i>514 bps</i>
Reported PAT	664	529	25.7	535	2,569	1,596	61.0
PAT (Excl. Ex Items)	664	580	14.6	535	2,357	1,889	24.8
Operating Metrics							
Order Book	136,350	123,000	10.9	142,000	136,350	123,000	10.9
Unexecuted Order book	97,528	80,181	21.6	103,178	97,528	80,181	21.6
Subsidy Booked	419	470	(10.9)	580	1,220	1,823	(33.1)

Bharati Shipyard

	Accumulate
Rating	
Price	Rs169
Target Price	Rs185
Market Cap. (Rs bn)	5.3
Shares o/s (m)	31.7

Key Figures (Rs m)

	FY10	FY11E	FY12E
Net Sales	13,650	15,015	16,517
EBITDA	2,525	2,718	2,989
<i>Margin (%)</i>	<i>18.5</i>	<i>18.1</i>	<i>18.1</i>
PAT	1,031	293	50
EPS (Rs)	32.5	9.3	1.6
<i>RoE (%)</i>	<i>11.7</i>	<i>3.1</i>	<i>0.5</i>
PE (x)	5.2	18.2	107.4
P / BV (x)	0.6	0.6	0.6
EV / E (x)	9.9	9.6	8.2

Nos. are including Subsidy

We do not expect to see rising execution, despite expanded capacities, on account of the depleting order book. Bharati Shipyard has not witnessed any sort of order flow despite improving sentiment in the offshore industry, coupled with rampant orders being placed world-wide. However, the management seems confident of order inflows in the short term. However, as of now, the company has barely three quarters of order visibility.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	3,435	3,231	6.3	3,450	13,650	12,644	8.0
EBITDA	627	551	13.9	635	2,525	2,324	8.6
<i>Margin (%)</i>	<i>18.3</i>	<i>17.1</i>	<i>121 bps</i>	<i>18.4</i>	<i>18.5</i>	<i>18.4</i>	<i>12 bps</i>
Reported PAT	285	356	(19.8)	232	1,031	1,301	(20.8)
PAT (Excl. Ex Items)	285	356	(19.8)	232	1,031	1,301	(20.8)
Operating Metrics (Rs m)							
Order Book	40,318	50,760	(20.6)	50,397	40,608	50,760	(20.0)
Unexecuted Order Book	9,347	22,517	(58.5)	12,782	13,867	22,517	(38.4)
Subsidy Booked	678	250	171.4	397	1,850	836	121.2



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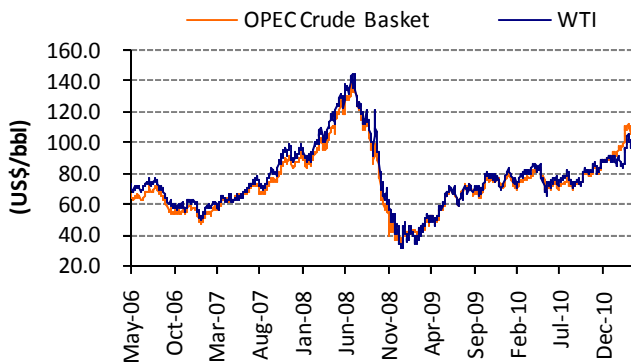
Oil & Gas

Crude oil continued its upward journey during the quarter, with Brent oil prices averaging at US\$104.9/bbl. Strong prices were a response to the disruption of crude oil exports in Libya and possibility of a spillover of the political unrest to other Middle East countries. Continuing unrest in Libya as well as other North African and Middle Eastern countries has led to highest crude oil prices since 2008. GRMs, during the quarter, witnessed an improvement on account of strong middle distillate cracks; the trend is particularly beneficial to the complex refineries. In the Petchem segment, cracker margins improved significantly, while the integrated PE margins were stable during the quarter. However, PP margins witnessed a decline during the quarter.

Crude - prices soared sequentially and averaged at US\$104.9/bbl during Q4FY11

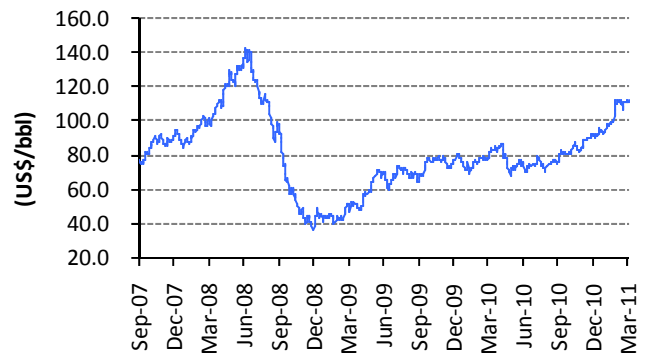
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Crude price - WTI, OPEC



Source: Bloomberg, PL Research

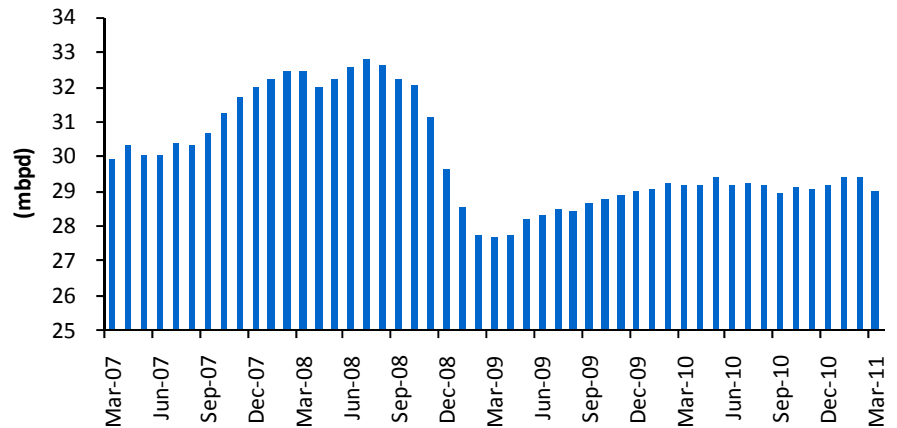
Indian crude basket



Source: Bloomberg, PL Research

OPEC is 'happy' with the current oil prices and hence, maintained a status quo with regards to production quotas. OPEC crude oil production, during the quarter, averaged at 29.26mbpd in line with production during quarter. OPEC has not formally changed its output policy since agreeing on the record cut in December 2008.

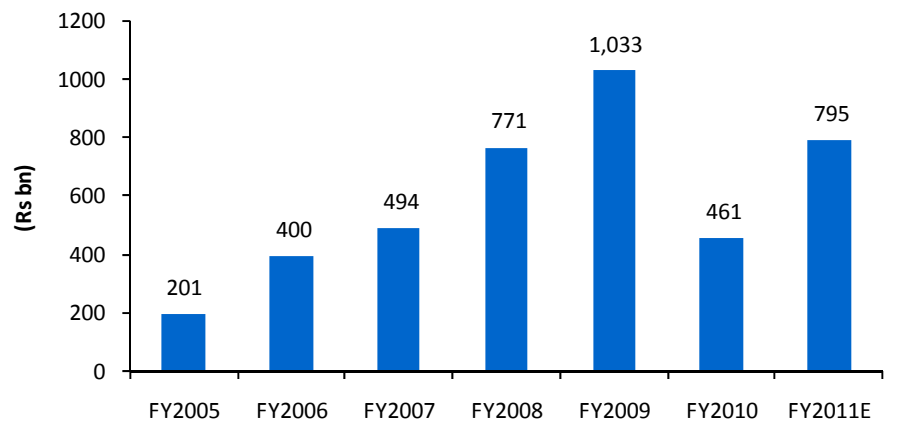
OPEC monthly crude oil production



Source: Bloomberg, PL Research

Indian crude prices averaged at US\$102.1/bbl during Q4FY11 (Q3FY11-US\$85.4/bbl). Increase in Indian crude prices, coupled with increase in the product cracks of diesel and petrol, has resulted in significant jump in the under-recoveries of the Public sector oil marketing companies. While the companies were able to increase the petrol prices, diesel prices have not been revised upwards. We expect the under recoveries during the quarter to stand at Rs305.9bn. We expect upstream companies to share 33% subsidy burden during the quarter. However, reluctance of the finance ministry to share more than 33% subsidy during the fiscal is likely to keep the subsidy-sharing mechanism unclear for the fiscal. Moreover, our recent interactions with GAIL suggest that the government is likely to change the subsidy-sharing mechanism, wherein upstream companies might be required to share around 40% of the total under-recoveries during the quarter.

Under-recoveries

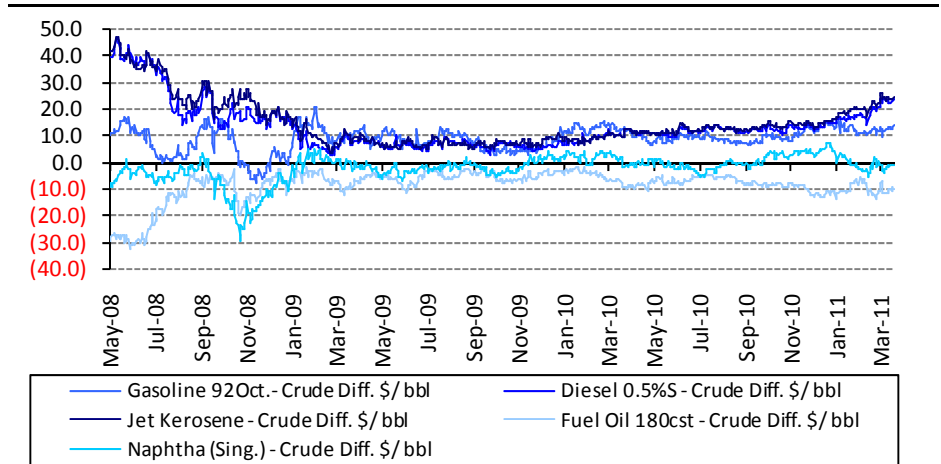


PPAC, PL Research

Key product cracks witnessed an improvement

Petroleum product crack spreads further improved during the quarter, aiding the GRM expansion. Gasoline- Crude spreads witnessed an expansion during the quarter from US\$10.7/bbl during Q3FY11 to US\$12.7/bbl during Q4FY10. Middle distillate cracks also improved during the quarter, with Jet Kerosene-Crude spread at US\$20.2/bbl up from US\$14.1/bbl. Spreads were also higher for diesel at US\$18.3/bbl as against US\$12.9/bbl. The strength in the middle distillate spreads was largely on account of higher demand from China, coupled with earthquake in Japan. Naphtha spreads declined during the quarter to US\$-0.6/bbl (3.3/bbl in Q3FY11). Similarly, LPG cracks also declined post the winter season and averaged at US\$(28.2)/bbl as against US\$(12.4)/bbl in Q3FY11. Fuel Oil-Crude spreads were stable during the quarter, averaging at US\$(10.0)/bbl from US\$(9.5)/bbl in Q3FY11.

Petroleum product spreads

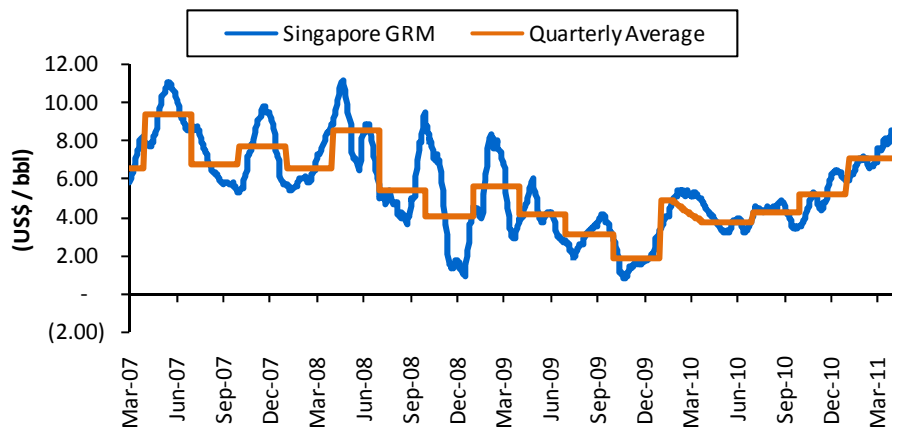


Source: Bloomberg, PL Research

GRMs – witness an expansion

Singapore complex GRMs strengthened during the quarter which is expected to aid the performance of the Indian refiners. Strength in the Singapore complex margins is largely on account of increased spreads of the key products viz. Gasoline, Gasoil and Kerosene. Singapore Complex GRMs averaged at US\$7.1/bbl in Q4FY11 from US\$5.5/bbl in Q3FY11 and US\$3.8/bbl in Q2FY11. Increased demand for the petroleum products, coupled with refinery closures, now amounts to 2.0mbpd since Q1FY09 and the earthquake in Japan has led to an improvement in the refining margins over the last year.

Reuters Singapore Complex GRMs

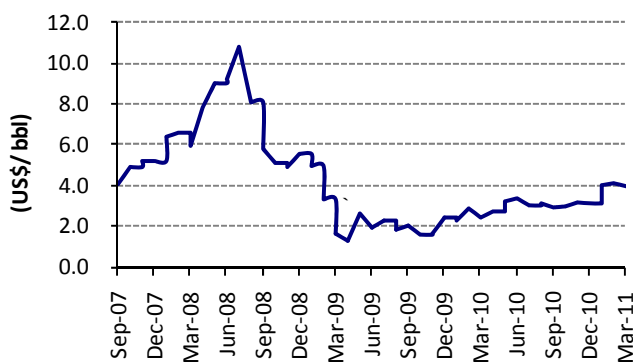


Source: Reuters, PL Research

Crude differentials – expands

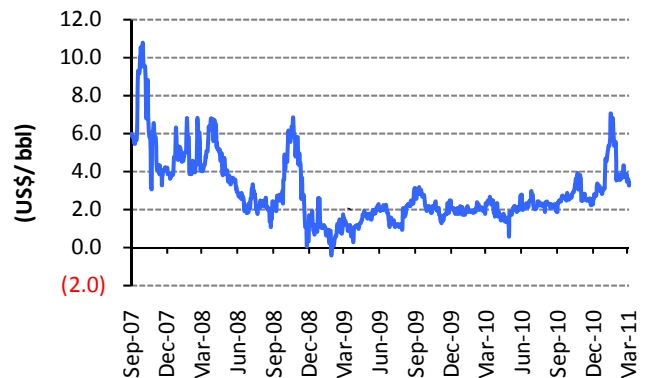
Light-heavy differentials were marginally higher during the quarter, with AH-AL spread averaging at US\$3.99/bbl as against US\$3.07/bbl. However, the spreads between Dubai Fateh-AH increased to US\$8.2/bbl as against US\$1.95/bbl in the previous quarter. Recent strength in the crude oil prices is likely to result in higher crude differentials, which in turn, is likely to benefit complex refiners over the simple refiners.

Arab light-heavy differential



Source: Bloomberg, PL Research

WTI-WTS sweet-sour differential

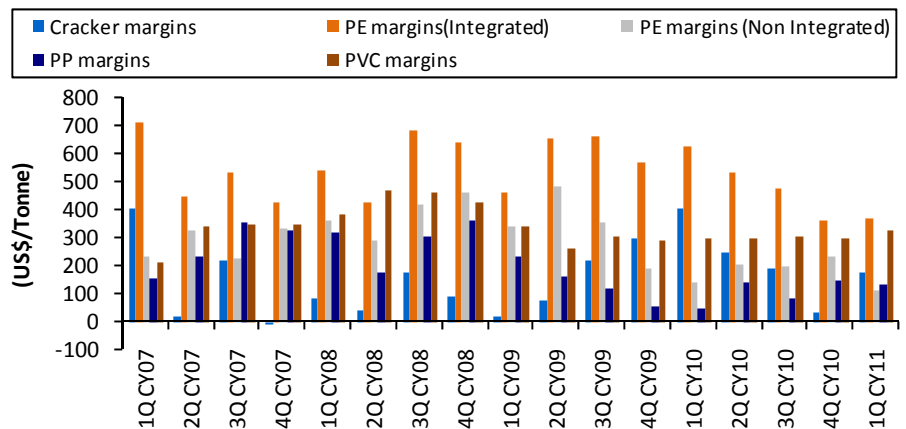


Source: Bloomberg, PL Research

Cracker margins improves, PP margins declines

In the Petchem segment, cracker margins increased significantly despite increase in the naphtha prices. Integrated PE margins were relatively stable during the quarter. However, due to increase in the input prices, non-integrated PE margins witnessed a significant decline on a sequential basis. Margins in the PP segment witnessed a contraction during the quarter. Cracker margins, during the quarter, averaged at US\$180/tonne as compared to US\$37/tonne (Q3FY10). This improvement could largely be attributed to an increase in the demand for the petrochemical products during the quarter. Integrated PE margins during the quarter were relatively stable at an average of US\$372/tonne as against US\$367/tonne. However, the non-integrated PE margins, which declined during the quarter, stood at US\$114/tonne as against US\$232/tonne. Polypropylene margins during the quarter were lower on the sequential basis, averaging at US\$137/tonne as against US\$149/tonne in the previous quarter. Margins in the PVC segment were at US\$328/tonne as against US\$299/tonne in the previous quarter. Improvement in the integrated PE margins is likely to benefit RIL.

Petrochemical Margins

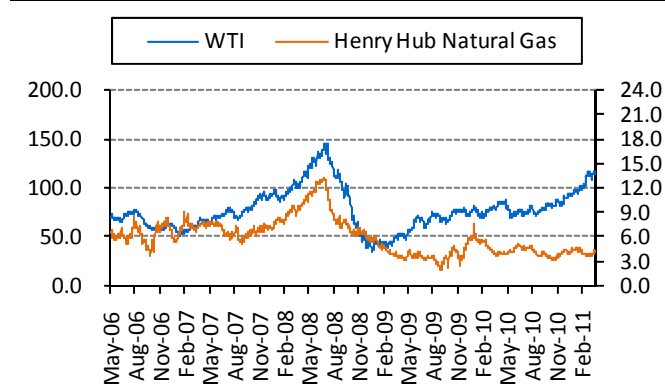


Source: Bloomberg, PL Research

Natural gas – Henry Hub prices witnessed marginal increase, ICE natural gas futures increases

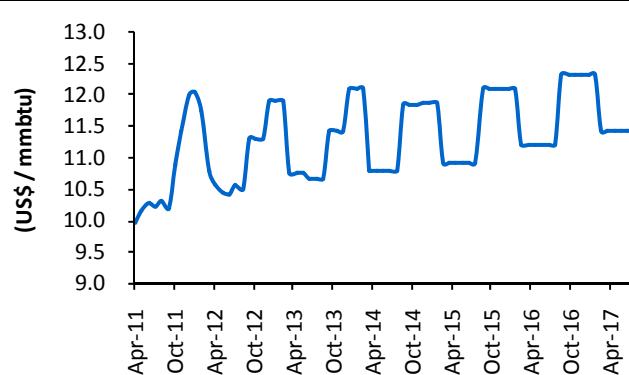
Henry Hub Natural gas prices increased marginally during the quarter, with prices averaging at US\$4.17/mmbtu as against US\$3.78/mmbtu in the previous quarter. The correlation between crude oil prices and natural gas prices further weakened during the quarter. Availability from unconventional gas like Shale gas has been improving, thereby, weakening the correlation between crude and natural gas prices. However, we believe Henry Hub natural gas prices are not the true reflection of the global gas markets and better reflection of the global natural gas prices can be gauged from the ICE natural gas futures prices. ICE natural gas futures, during the quarter, witnessed an uptick on account of varied factors such as increase in the crude oil prices and earthquake and tsunami in Japan which would boost demand. Currently, the forward ICE natural gas futures are between US\$10.5/mmbtu to US\$12.0/mmbtu over the next two years. LNG Prices also strengthened during the quarter, tracking the Brent oil prices with matters further helped by a quake in Japan. Currently, the FOB spot LNG prices for the forward delivery is trading at around US\$12.15/mmbtu.

Henry Hub natural gas price



Source: Bloomberg, PL Research

ICE Natural Gas Future Prices



Source: Bloomberg, PL Research

Top picks: Indraprastha Gas, Petronet LNG

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Reliance Industries	6.7	(2.6)	2.3	(6.9)	0.2	0.4	5.9	(16.7)
Oil & Natural Gas Corporation	10.3	(6.3)	(14.7)	8.1	3.8	(3.3)	(11.2)	(1.6)
Cairn India	4.0	6.8	8.7	17.7	(2.5)	9.8	12.2	7.9
GAIL	1.4	(12.7)	(6.1)	10.7	(5.1)	(9.6)	(2.6)	0.9
Petronet LNG	8.6	3.5	10.6	58.0	2.1	6.5	14.2	48.2
Gujarat State Petronet	10.7	(12.8)	(8.3)	14.4	4.2	(9.8)	(4.7)	4.6
Gujarat Gas Company	(2.1)	0.7	(2.9)	35.4	(8.6)	3.8	0.7	25.7
Indraprastha Gas	3.0	(10.4)	(1.2)	34.6	(3.5)	(7.4)	2.4	24.9

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Reliance Industries	Sales	695,530	575,700	20.8	597,890	16.3	2,450,490	1,924,610	27.3
	EBITDA	103,615	91,360	13.4	95,450	8.6	386,445	305,810	26.4
	<i>Margins (%)</i>	<i>14.9</i>	<i>15.9</i>		<i>16.0</i>		<i>15.8</i>	<i>15.9</i>	
	PAT	54,938	47,100	16.6	51,360	7.0	204,038	162,360	25.7
Oil & Natural Gas Corporation	Sales	167,595	160,020	4.7	208,040	(19.4)	672,051	599,876	12.0
	EBITDA	101,973	94,180	8.3	135,320	(24.6)	406,321	354,965	14.5
	<i>Margins (%)</i>	<i>60.8</i>	<i>58.9</i>		<i>65.0</i>		<i>60.5</i>	<i>59.2</i>	
	PAT	50,174	37,760	32.9	70,830	(29.2)	207,682	163,172	27.3
Cairn India	Sales	35,358	6,930	410.2	30,960	14.2	101,592	16,230	525.9
	EBITDA	29,059	3,680	689.6	25,630	13.4	82,516	9,805	741.6
	<i>Margins (%)</i>	<i>82.2</i>	<i>53.1</i>		<i>82.8</i>		<i>81.2</i>	<i>60.4</i>	
	PAT	20,333	2,450	729.9	20,100	1.2	59,101	10,511	462.3
GAIL	Sales	81,582	65,690	24.2	83,650	(2.5)	317,233	249,964	26.9
	EBITDA	12,264	13,637	(10.1)	13,145	(6.7)	54,086	46,688	15.8
	<i>Margins (%)</i>	<i>15.0</i>	<i>20.8</i>		<i>15.7</i>		<i>17.0</i>	<i>18.7</i>	
	PAT	9,678	9,108	6.3	9,676	0.0	34,925	31,398	11.2
Petronet LNG	Sales	41,824	23,855	75.3	36,276	15.3	133,968	106,491	25.8
	EBITDA	3,579	2,022	77.0	3,456	3.6	12,218	8,465	44.3
	<i>Margins (%)</i>	<i>8.6</i>	<i>8.5</i>		<i>9.5</i>		<i>9.1</i>	<i>7.9</i>	
	PAT	1,853	973	90.5	1,708	8.5	5,966	4,045	47.5
Gujarat State Petronet	Sales	2,673	2,579	3.6	2,795	(4.4)	10,531	9,920	6.2
	EBITDA	2,498	2,371	5.4	2,623	(4.8)	9,836	9,297	5.8
	<i>Margins (%)</i>	<i>93.5</i>	<i>91.9</i>		<i>93.8</i>		<i>93.4</i>	<i>93.7</i>	
	PAT	1,654	1,079	53.4	1,591	4.0	5,206	4,110	26.6
Gujarat Gas Company	Sales	5,571	4,100	35.9	5,135	8.5	18,493	14,197	30.3
	EBITDA	1,180	1,025	15.1	1,293	(8.7)	4,155	2,795	48.7
	<i>Margins (%)</i>	<i>21.2</i>	<i>25.0</i>		<i>25.2</i>		<i>22.5</i>	<i>19.7</i>	
	PAT	733	614	19.4	818	(10.4)	2,577	1,742	47.9
Indraprastha Gas	Sales	5,081	2,898	75.3	4,571	11.2	17,368	10,781	61.1
	EBITDA	1,323	944	40.2	1,293	2.4	4,868	3,808	27.8
	<i>Margins (%)</i>	<i>26.0</i>	<i>32.6</i>		<i>28.3</i>		<i>28.0</i>	<i>35.3</i>	
	PAT	693	515	34.5	672	3.1	2,591	2,155	20.2

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	4,237,758	4,879,867	5,280,873
<i>Growth (%)</i>	<i>22.4</i>	<i>15.2</i>	<i>8.2</i>
EBITDA	1,073,626	1,234,656	1,302,958
<i>Margin (%)</i>	<i>25.3</i>	<i>25.3</i>	<i>24.7</i>
PAT	578,388	669,649	705,069
<i>Growth (%)</i>	<i>42.1</i>	<i>15.8</i>	<i>5.3</i>
PE (x)	12.9	11.2	10.6

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	1,035,213	841,772	23.0	969,318	6.8
EBITDA	243,228	195,582	24.4	265,065	(8.2)
<i>Margin (%)</i>	<i>23.5</i>	<i>23.2</i>	<i>26</i>	<i>27.3</i>	<i>(385)bps</i>
PAT (Excl. Ex Items)	130,378	90,490	44.1	147,080	(11.4)

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Reliance Industries

Rating	Not Rated
Price	Rs1,048
Target Price	NA
Market Cap. (Rs bn)	3,426.6
Shares o/s (m)	3,270.4

On the back of strong macro environment, RIL is likely to report better set of numbers during the quarter. Benchmark Singapore GRMs has averaged at US\$7.1/bbls, coupled with strong middle distillate cracks and higher heavy-light spread, should auger well for RIL. However, due to shutdown of FCCU unit during the quarter, the full benefit of the same not likes to reflect in the numbers. We expect GRMS of US\$10.0/bbls for RIL during the quarter.

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	2,400,456	2,717,000	2,923,401
EBITDA	377,990	404,458	440,904
<i>Margin (%)</i>	<i>15.7</i>	<i>14.9</i>	<i>15.1</i>
PAT	208,611	231,577	264,676
EPS (Rs)	63.8	70.8	80.9
<i>RoE (%)</i>	<i>14.4</i>	<i>13.8</i>	<i>13.6</i>
PE (x)	16.4	14.8	12.9
P / BV (x)	2.2	1.9	1.7
EV / E (x)	10.1	8.7	7.7

* Consensus Estimates

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	695,530	575,700	20.8	597,890	2,450,490	1,924,610	27.3
EBITDA	103,615	91,360	13.4	95,450	386,445	305,810	26.4
<i>Margin (%)</i>	<i>14.9</i>	<i>15.9</i>	<i>(97)bps</i>	<i>16.0</i>	<i>15.8</i>	<i>15.9</i>	<i>(12)bps</i>
Reported PAT	54,938	47,100	16.6	51,360	204,038	162,360	25.7
PAT (Excl. Ex Items)	54,938	47,100	16.6	51,360	204,038	162,360	25.7
Operating Metrics							
GRMs (US\$/bbl)	10.0	7.5	33.3	9.0	8.5	6.6	28.8
Crude throughput (mmt)	16.1	16.7	(3.6)	16.1	62.0	61	1.8
Petchem. EBIT (Rs m)	26,052	22,222	17.2	24,290	89,642	85,810	4.5
Refining EBIT (Rs m)	30,648	19,860	54.3	24,360	70,898	60,110	17.9

ONGC

Rating	Not Rated
Price	Rs297
Target Price	NA
Market Cap. (Rs bn)	2,536.7
Shares o/s (m)	8,555.5

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	1,238,117	1,366,229	1,426,696
EBITDA	527,957	573,094	592,405
<i>Margin (%)</i>	<i>42.6</i>	<i>41.9</i>	<i>41.5</i>
PAT	259,413	266,063	271,011
EPS (Rs)	30.3	31.1	31.7
<i>RoE (%)</i>	<i>23.8</i>	<i>21.4</i>	<i>19.3</i>
PE (x)	9.8	9.5	9.4
P / BV (x)	2.2	1.9	1.7
EV / E (x)	5.0	4.6	4.4

ONGC crude oil and natural gas sales volumes are likely to be mute on QoQ basis at 5.76MT and 4.96BCM, respectively during the quarter. On the back of our expectation of increase in the subsidy share for upstream and consequently to ONGC, we expect the net realization for the quarter to stand at US\$57/bbl due to subsidy burden of Rs97.5bn. Thus, on account of higher subsidy burden, we expect significant reduction in the profitability on the QoQ basis.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	167,595	160,020	4.7	208,040	672,051	599,876	12.0
EBITDA	101,973	94,180	8.3	135,320	406,321	354,965	14.5
<i>Margin (%)</i>	<i>60.8</i>	<i>58.9</i>	<i>199 bps</i>	<i>65.0</i>	<i>60.5</i>	<i>59.2</i>	<i>129 bps</i>
Reported PAT	50,174	37,760	32.9	70,830	207,682	163,172	27.3
PAT (Excl. Ex Items)	50,174	37,760	32.9	70,830	207,682	163,172	27.3
Operating Metrics							
Crude Sales (MMT)	5.8	6	1.6	5.9	23	22	1.8
Gas sales (BCM)	5.0	5	(1.4)	5	20	21	(1.9)
Crude gross real. (US\$/bbl)	108.0	79	36.4	89.1	89	72	23.7
Crude net real. (US\$/ bbl)	57.0	51.4	10.9	64.8	60	56	6.7

Cairn India

Rating	Not Rated
Price	Rs365
Target Price	NA
Market Cap. (Rs bn)	692.5
Shares o/s (m)	1,896.7

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	101,592	182,140	174,876
EBITDA	82,516	159,259	150,619
<i>Margin (%)</i>	<i>81.2</i>	<i>87.4</i>	<i>86.1</i>
PAT	59,101	115,274	107,239
EPS (Rs)	31.2	60.8	56.5
<i>RoE (%)</i>	<i>16.0</i>	<i>31.0</i>	<i>28.0</i>
PE (x)	11.7	6.0	6.5
P / BV (x)	1.8	1.7	1.7
EV / E (x)	8.4	4.3	4.6

Cairn India's operating profitability is likely to get a boost due to higher crude oil prices during the quarter despite flattish production at the Mangala Fields. We expect realisation of US\$92.4/bbl from the Mangala fields during the quarter. On the production front, we expect production of 1,25,000bpd from the Mangala fields in the quarter.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	35,358	6,930	410.2	30,960	101,592	16,230	525.9
EBITDA	29,059	3,680	689.6	25,630	82,516	9,805	741.6
<i>Margin (%)</i>	<i>82.2</i>	<i>53.1</i>	<i>2,908bps</i>	<i>82.8</i>	<i>81.2</i>	<i>60.4</i>	<i>2,081bps</i>
Reported PAT	20,333	2,450	729.9	20,100	59,101	10,511	462.3
PAT (Excl. Ex Items)	20,333	2,450	729.9	20,100	59,101	10,511	462.3
Operating Metrics							
Mangala working int. vol (bopd)	87,500	12,272	613.0	87,403	71,890	10,403	591.1

GAIL

Rating	Accumulate
Price	Rs462
Target Price	Rs497
Market Cap. (Rs bn)	585.8
Shares o/s (m)	1,268.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	317,233	373,184	403,384
EBITDA	54,086	63,250	76,130
Margin (%)	17.0	16.9	18.9
PAT	34,925	38,666	41,178
EPS (Rs)	27.5	30.5	32.5
RoE (%)	19.5	19.0	17.9
PE (x)	16.8	15.1	14.2
P / BV (x)	3.1	2.7	2.4
EV / E (x)	10.9	10.1	9.5

GAIL is likely to report a weaker set of performance for the quarter on the back of subdued transmission volumes. Transmission volumes during the quarter are likely to be around 120mmcmd. Moreover, our recent interaction with GAIL management, points to higher subsidy burden in the quarter under discussion. On account of the same, we assume 40% upstream subsidy burden for the quarter.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	81,582	65,690	24.2	83,650	317,233	249,964	26.9
EBITDA	12,264	13,637	(10.1)	13,145	54,086	46,688	15.8
Margin (%)	15.0	20.8	(573)bps	15.7	17.0	18.7	(163)bps
Reported PAT	9,678	9,108	6.3	9,676	34,925	31,398	11.2
PAT (Excl. Ex Items)	9,678	9,108	6.3	9,676	34,925	31,398	11.2
Operating Metrics							
Natural Gas Trans. (mmcmd)	120	115	4.1	120	117	107	9.6
LPG Trans. (TMT)	895	871	2.8	893	3,247	3,160	2.8
Natural Gas Trans. EBITDA	7,530	5,760	30.7	7,500	30,229	24,990	21.0
LPG Trans. EBITDA	975	1,030	(5.3)	970	3,543	3,470	2.1

Petronet LNG

Rating	BUY
Price	Rs127
Target Price	Rs144
Market Cap. (Rs bn)	95.1
Shares o/s (m)	750.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	133,968	182,822	285,099
EBITDA	12,218	13,333	18,800
Margin (%)	9.1	7.3	6.6
PAT	5,966	6,861	8,249
EPS (Rs)	8.0	9.1	11.0
RoE (%)	24.3	23.4	23.5
PE (x)	15.9	13.9	11.5
P / BV (x)	3.6	3.0	2.5
EV / E (x)	10.0	9.8	6.5

Petronet LNG is likely to see an increase in volumes processed largely on account of higher tolling and spot volumes during the quarter. We expect term contract volumes during the quarter to stand at 95TBTU, spot volumes at 15TBTU and tolling volumes at 10.0TBTUs. EBITDA/TBTU is likely to increase QoQ to Rs29.83/TBTU as against Rs28.81/TBTU in Q3FY11.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	41,824	23,855	75.3	36,276	133,968	106,491	25.8
EBITDA	3,579	2,022	77.0	3,456	12,218	8,465	44.3
Margin (%)	8.6	8.5	8	9.5	9.1	7.9	117
Reported PAT	1,853	973	90.5	1,708	5,966	4,045	47.5
PAT (Excl. Ex Items)	1,853	973	90.5	1,708	5,966	4,045	47.5
Operating Metrics							
Contracted Sales (TBTUs)	95	91	4.6	100	379	281	35.0
Spot LNG (TBTUs)	15	-		11	36	104	(65.2)
EBITDA/MMBTU	30	22	35.4	29	28	21	31.2

Gujarat State Petronet

Rating	Accumulate
Price	Rs104
Target Price	Rs117
Market Cap. (Rs bn)	58.3
Shares o/s (m)	562.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	10,531	11,412	12,443
EBITDA	9,836	10,647	11,610
<i>Margin (%)</i>	<i>93.4</i>	<i>93.3</i>	<i>93.3</i>
PAT	5,206	5,411	5,887
EPS (Rs)	9.3	9.6	10.5
<i>RoE (%)</i>	<i>29.3</i>	<i>24.6</i>	<i>22.3</i>
PE (x)	11.2	10.8	9.9
P / BV (x)	2.9	2.4	2.0
EV / E (x)	7.1	6.5	5.8

On account of lack of production increase in the KG basin production volumes, GSPL's transmission volumes are slated to be largely flat during the quarter at 36mmscmd in Q4FY11 as against 36.4mmscmd in Q4FY10. Average transmission tariff is expected to increase on YoY basis.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,673	2,579	3.6	2,795	10,531	9,920	6.2
EBITDA	2,498	2,371	5.4	2,623	9,836	9,297	5.8
<i>Margin (%)</i>	<i>93.5</i>	<i>91.9</i>	<i>153 bps</i>	<i>93.8</i>	<i>93.4</i>	<i>93.7</i>	<i>(33)bps</i>
Reported PAT	1,654	1,079	53.4	1,591	5,206	4,110	26.6
PAT (Excl. Ex Items)	1,654	1,079	53.4	1,591	5,206	4,110	26.6
Operating Metrics							
Transmission volumes (mmscmd)	36	36	(1.2)	35	36	32	11.8
Avg. Transmission Tariff (Rs/000scm)	825	787	4.9	860	807	850	(5.0)

Gujarat Gas Company

Rating	Accumulate
Price	Rs384
Target Price	Rs487
Market Cap. (Rs bn)	49.3
Shares o/s (m)	128.3

Key Figures (Rs m)

	CY10	CY11E	CY12E
Net Sales	18,493	22,870	25,692
EBITDA	4,155	4,620	5,563
<i>Margin (%)</i>	<i>22.5</i>	<i>20.2</i>	<i>21.7</i>
PAT	2,577	2,841	3,463
EPS (Rs)	20.1	22.2	27.0
<i>RoE (%)</i>	<i>32.0</i>	<i>30.7</i>	<i>30.9</i>
PE (x)	19.1	17.3	14.2
P / BV (x)	5.8	4.9	4.0
EV / E (x)	11.9	10.7	8.7

GujGas' distribution volumes are expected to average at about 3.5mmscmd during Q4CY10 on the back of higher LNG imports during the quarter, coupled with restoration of supplies from PMT. Gross Gas spreads are likely to improve during the quarter on account of an increase in CNG prices during September 2010 and increase in the prices of gas supplied to retail industrial from December 2010. However, the gross spreads is likely to ease on QoQ basis. We expect gross gas spreads to average at Rs4.74/scm, up from Rs4.26/scm in Q1CY10.

Quarterly Table (Rs m)

Y/e Dec	Q1 CY11E	Q1 CY10	YoY gr. (%)	Q4 CY11	12M CY11E	12M CY10	YoY gr. (%)
Net Sales	5,571	4,100	35.9	5,135	22,870	18,493	23.7
EBITDA	1,180	1,025	15.1	1,293	4,620	4,155	11.2
<i>Margin (%)</i>	<i>21.2</i>	<i>25.0</i>	<i>(382)bps</i>	<i>25.2</i>	<i>20.2</i>	<i>22.5</i>	<i>(227)bps</i>
Reported PAT	733	614	19.4	818	2,841	2,577	10.3
PAT (Excl. Ex Items)	733	614	19.4	818	2,841	2,577	10.3
Operating Metrics							
Gas sales (mmscmd)	4	3	9.8	3	3	3	18.3
Avg dist. Rate (Rs/scm)	17	14	23.0	16	15	13	9.4



Indraprastha Gas

Rating	Accumulate
Price	Rs306
Target Price	Rs390
Market Cap. (Rs bn)	42.9
Shares o/s (m)	140.0

CNG and PNG volume growth is expected to be robust on a YoY basis, registering a growth of 16.4% and a stellar growth of 97.4% YoY, respectively. EBITDA/scm is likely to marginally decline QoQ on account of an increase in the cost of gas and stand at Rs5.1/scm against the EBITDA/scm at Rs5.19/scm in Q3FY11.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	17,368	24,211	29,280
EBITDA	4,868	5,995	6,927
<i>Margin (%)</i>	<i>28.0</i>	<i>24.8</i>	<i>23.7</i>
PAT	2,591	2,955	3,365
EPS (Rs)	18.5	21.1	24.0
<i>RoE (%)</i>	<i>28.5</i>	<i>27.1</i>	<i>26.0</i>
PE (x)	16.6	14.5	12.7
P / BV (x)	4.3	3.6	3.1
EV / E (x)	8.8	7.5	6.7

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	5,081	2,898	75.3	4,571	17,368	10,781	61.1
EBITDA	1,323	944	40.2	1,293	4,868	3,808	27.8
<i>Margin (%)</i>	<i>26.0</i>	<i>32.6</i>	<i>(653)bps</i>	<i>28.3</i>	<i>28.0</i>	<i>35.3</i>	<i>(729)bps</i>
Reported PAT	693	515	34.5	672	2,591	2,155	20.2
PAT (Excl. Ex Items)	693	515	34.5	672	2,591	2,155	20.2
Operating Metrics							
CNG (mn kgs)	158	136	16.4	155	801	695	15.2
PNG (mmscm)	210	178	18.1	206	170	87	95.3
CNG (Rs/ kg)	29	21	37.7	27	27	21	29.6
PNG (Rs/ scm)	21.7	15.6	615	19.4	19	16	247



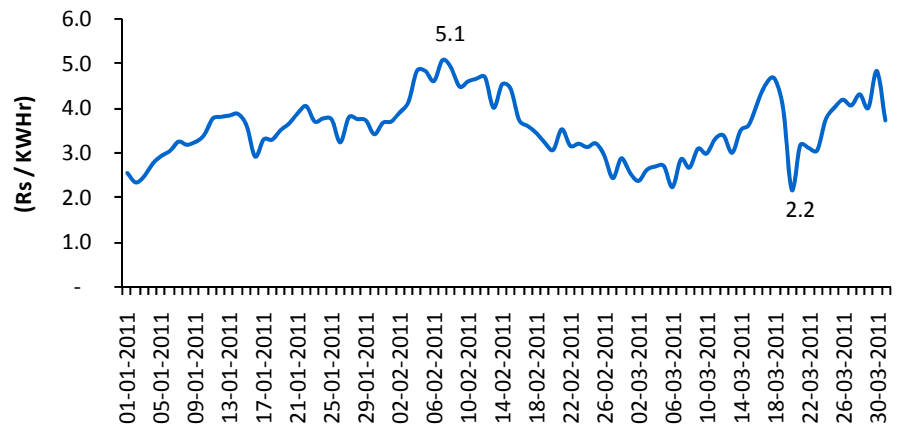
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Power

Power sector experienced merchant tariff rates which fluctuated between Rs3.5kw/hr and Rs4.0kw/hr. Capacity addition for January 2011 stood at 480MW; it missed the target by 84% for the month and the growth was flat YoY. However, during February 2011, capacity addition stood at 250MW; this was just 24% achievement for the month with a 72% YoY growth.

As far as January 2011 generation goes, units generated stood at 71.4bn (9.2% YoY growth). However, November saw a MoM dip of 8.5% at 65bn units and growth was 6.5% YoY. For March 2011, the expected generation is 72bn units. The short-term contract volume in January 2011 was 7229 MUs.

Prices remain range bound



Source: IEX

Average Prices kw/hr

Months	OTC	IEX	PXIL
Aug	4.94	3.37	3.42
Sep	4.83	2.35	2.83
Oct	4.22	3.04	2.67
Nov	4.22	1.99	2.61
Dec	3.98	2.30	3.12
Jan'11	4.50	3.00	3.50
Feb '11	4.71	3.60	4.20

Source: CERC

For Q4FY11, we expect our Utilities universe to register a YoY growth of 19.1% in its top-line and PAT is expected to de-grow YoY by 4.8%.

Top picks: Lanco Infratech

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
NTPC	5.0	(5.7)	(13.0)	(10.0)	(1.5)	(2.7)	(9.4)	(19.8)
Reliance Power	10.4	(16.2)	(20.7)	(12.6)	3.9	(13.1)	(17.2)	(22.3)
Tata Power	7.4	(6.2)	(6.0)	(5.0)	0.9	(3.1)	(2.5)	(14.8)
Reliance Infrastructure	13.0	(20.0)	(38.5)	(35.7)	6.5	(16.9)	(34.9)	(45.5)
Lanco Infratech	8.7	(35.6)	(42.7)	(27.2)	2.2	(32.5)	(39.2)	(37.0)
PTC India	(1.9)	(28.0)	(27.9)	(20.2)	(8.4)	(25.0)	(24.4)	(30.0)

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
NTPC	Sales	151,800	123,534	22.9	134,965	12.5	545,351	463,226	17.7
	EBITDA	44,650	26,657	67.5	38,330	16.5	129,568	124,204	4.3
	Margins (%)	29.4	21.6		28.4		23.8	26.8	
	PAT	19,715	20,177	(2.3)	23,715	(16.9)	82,956	87,282	(5.0)
Reliance Power	Sales	2,802	207	1,253.4	2,513	11.5	8,394	207	3,950.7
	EBITDA	660	(331)	(299.3)	617	7.0	1,650	(1,073)	(253.7)
	Margins (%)	23.5	(159.9)		24.5		19.7	(517.9)	
	PAT	1,019	924	10.2	1,436	(29.1)	3,001	6,839	(56.1)
Tata Power	Sales	16,811	17,950	(6.3)	16,519	1.8	194,878	189,858	2.6
	EBITDA	3,513	4,491	(21.8)	3,319	5.9	43,730	38,532	13.5
	Margins (%)	20.9	25.0		20.1		22.4	20.3	
	PAT	1,902	2,308	(17.6)	1,531	24.3	20,671	21,386	(3.3)
Reliance Infrastructure	Sales	35,825	26,439	35.5	26,176	36.9	151,440	146,286	3.5
	EBITDA	4,393	2,714	61.9	2,470	77.8	20,985	12,263	71.1
	Margins (%)	12.3	10.3		9.4		13.9	8.4	
	PAT	2,737	2,511	9.0	1,656	65.3	15,492	15,194	2.0
Lanco Infratech	Sales	18,384	23,296	(21.1)	15,615	17.7	76,230	80,320	(5.1)
	EBITDA	4,326	5,867	(26.3)	4,800	(9.9)	19,444	14,515	34.0
	Margins (%)	23.5	25.2		30.7		25.5	18.1	
	PAT	1,015	1,133	(10.4)	1,640	(38.1)	5,683	4,585	23.9
PTC India	Sales	17,221	12,435	38.5	17,580	(2.0)	87,079	77,723	12.0
	EBITDA	210	95	121.9	411	(48.9)	1,258	658	91.3
	Margins (%)	1.2	0.8		2.3		1.4	0.8	
	PAT	284	139	105.0	379	(25.0)	1,319	937	40.8

Source: Company Data, PL Research

Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	1,063,372	1,397,057	1,690,712
<i>Growth (%)</i>	<i>11.0</i>	<i>31.4</i>	<i>21.0</i>
EBITDA	216,635	316,487	416,008
<i>Margin (%)</i>	<i>20.4</i>	<i>22.7</i>	<i>24.6</i>
PAT	129,122	155,184	180,887
<i>Growth (%)</i>	<i>(5.2)</i>	<i>20.2</i>	<i>16.6</i>
PE (x)	19.7	16.4	14.1

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	242,843	203,861	19.1	213,368	13.8
EBITDA	57,751	39,492	46.2	49,946	15.6
<i>Margin (%)</i>	<i>23.8</i>	<i>19.4</i>	<i>441 bps</i>	<i>23.4</i>	<i>37 bps</i>
PAT (Excl. Ex Items)	26,672	27,191	(1.9)	30,356	(12.1)

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

NTPC

	Accumulate
Rating	
Price	Rs188
Target Price	Rs214
Market Cap. (Rs bn)	1,550.6
Shares o/s (m)	8,245.5

NTPC has declared 1000MWs as commissioned and 500MWs as commercially operational during this quarter. The company has been formally allowed to sell power in the open market to the extent of 15% of the upcoming 1000MWs, which will start reflecting in Q1FY12E numbers.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	545,351	637,168	744,139
EBITDA	129,568	179,547	215,037
<i>Margin (%)</i>	<i>23.8</i>	<i>28.2</i>	<i>28.9</i>
PAT	82,956	92,732	103,748
EPS (Rs)	10.1	11.2	12.6
<i>RoE (%)</i>	<i>12.7</i>	<i>12.9</i>	<i>13.3</i>
PE (x)	18.7	16.7	14.9
P / BV (x)	2.3	2.1	1.9
EV / E (x)	14.5	10.9	9.6

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	151,800	123,534	22.9	134,965	545,351	463,226	17.7
EBITDA	44,650	26,657	67.5	38,330	129,568	124,204	4.3
<i>Margin (%)</i>	<i>29.4</i>	<i>21.6</i>	<i>783 bps</i>	<i>28.4</i>	<i>23.8</i>	<i>26.8</i>	<i>(305)bps</i>
Reported PAT	19,715	20,177	(2.3)	23,192	82,956	87,282	(5.0)
PAT (Excl. Ex Items)	19,715	20,177	(2.3)	23,715	82,956	87,282	(5.0)
Operating Metrics							
Operating capacity (MWs)	31,334	28,840	8.6	29,834	31,850	28,840	10.4
Avg. Coal PLF (%)	90	92	(200)bps	88	91	91	(50)bps
Generation (Bus)	60	60	0.0	55	231	229	1.1

Reliance Power

Rating	Reduce
Price	Rs134
Target Price	Rs130
Market Cap. (Rs bn)	375.2
Shares o/s (m)	2,396.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	8,394	43,918	81,333
EBITDA	1,650	25,812	52,525
<i>Margin (%)</i>	<i>19.7</i>	<i>58.8</i>	<i>64.6</i>
PAT	3,001	13,530	20,886
EPS (Rs)	1.1	4.8	7.4
<i>RoE (%)</i>	<i>2.0</i>	<i>8.5</i>	<i>12.0</i>
PE (x)	125.0	27.7	18.0
P / BV (x)	2.5	2.3	2.0
EV / E (x)	258.4	19.8	11.8

RPower's subsidiary, *Sasan Power*, has become eligible for Carbon Credits as per accreditation accorded by the Executive Board of the Clean Development Mechanism (CDM). The project will generate 22.5m CERs in the next 10 years which will generate revenues to the tune of Rs20bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,802	207	NA	2,513	8,394	207	NA
EBITDA	660	(331)	LTP	617	1,650	(1,073)	LTP
<i>Margin (%)</i>	<i>23.5</i>	<i>(159.9)</i>	<i>NA</i>	<i>24.5</i>	<i>19.7</i>	<i>(517.9)</i>	<i>NA</i>
Reported PAT	1,019	924	10.2	1,436	3,001	6,839	(56.1)
PAT (Excl. Ex Items)	1,019	924	10.2	1,436	3,001	6,839	(56.1)
Operating Metrics							
Units Sold (Mus)	740	-		720	2,466	617	
Realisation Per unit (Rs)	3.0	-		2.5	3.4	0.3	

Tata Power

Rating	Accumulate
Price	Rs1,315
Target Price	Rs1,392
Market Cap. (Rs bn)	312.0
Shares o/s (m)	237.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	194,878	258,379	296,814
EBITDA	43,730	52,969	65,754
<i>Margin (%)</i>	<i>22.4</i>	<i>20.5</i>	<i>22.2</i>
PAT	20,671	20,365	22,285
EPS (Rs)	75.4	80.3	90.9
<i>RoE (%)</i>	<i>15.0</i>	<i>14.7</i>	<i>15.2</i>
PE (x)*	17.5	16.4	14.5
P / BV (x)*	2.5	2.3	2.1
EV / E (x)*	12.2	10.9	9.4

*Consolidated

Tata Power commissioned 120 MW Unit 5 at the Jojobera Thermal Power Station in Jamshedpur. The unit will supply power to Tata Steel at Jamshedpur through PPA. Total capacity of Jojobera is now at 547.5MWs. Tata Power has also entered into a partnership with Australian solar power company, *Sunengy*, to build a low-cost, floating on water, solar plant in India by the end of this year.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	16,811	17,950	(6.3)	16,519	194,878	189,858	2.6
EBITDA	3,513	4,491	(21.8)	3,319	43,730	38,532	13.5
<i>Margin (%)</i>	<i>20.9</i>	<i>25.0</i>	<i>(412)bps</i>	<i>20.1</i>	<i>22.4</i>	<i>20.3</i>	<i>214 bps</i>
Reported PAT	1,902	2,107	(9.7)	1,531	20,671	21,386	(3.3)
PAT (Excl. Ex Items)	1,902	2,308	(17.6)	1,531	20,671	21,386	(3.3)
Operating Metrics							
Units Sold Mus	4,088	3,745	9.2	3,824	16,371	15,574	5.1
Units Generated Mus	4,000	3,789	5.6	3,713	15,794	15,946	(1.0)
Avg Realisation Rs/pu	4.1	4.6	(10.2)	4.2	4.1	4.4	(8.5)

Reliance Infrastructure

Rating	Accumulate
Price	Rs685
Target Price	Rs732
Market Cap. (Rs bn)	184.4
Shares o/s (m)	269.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	151,440	194,630	231,776
EBITDA	20,985	25,427	33,262
<i>Margin (%)</i>	<i>13.9</i>	<i>13.1</i>	<i>14.4</i>
PAT	15,492	18,953	19,486
EPS (Rs)	57.6	70.5	72.4
<i>RoE (%)</i>	<i>7.5</i>	<i>8.9</i>	<i>8.6</i>
PE (x)	11.9	9.7	9.5
P / BV (x)	0.9	0.8	0.8
EV / E (x)	15.2	14.4	11.3

RInfra has commissioned its WRSS transmission project in the quarter. Apart from that, the EPC arm has received orders from the Samalkot project for Rs72bn. The company has decided to buyback 13m shares aggregating to 10bn.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	35,825	26,439	35.5	26,176	151,440	146,286	3.5
EBITDA	4,393	2,714	61.9	2,470	20,985	12,263	71.1
<i>Margin (%)</i>	<i>12.3</i>	<i>10.3</i>	<i>200 bps</i>	<i>9.4</i>	<i>13.9</i>	<i>8.4</i>	<i>547 bps</i>
Reported PAT	2,737	2,511	9.0	1,656	15,492	15,194	2.0
PAT (Excl. Ex Items)	2,737	2,511	9.0	1,656	15,492	15,194	2.0
Operating Metrics (%)							
Electricity	43.0	50.1		56.3	62.6	64.9	
EPC	57.0	49.9		43.7	36.9	35.1	

Lanco Infratech

Rating	Accumulate
Price	Rs40
Target Price	Rs43
Market Cap. (Rs bn)	95.5
Shares o/s (m)	2,385.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	76,230	112,150	151,994
EBITDA	19,444	31,018	46,590
<i>Margin (%)</i>	<i>25.5</i>	<i>27.7</i>	<i>30.7</i>
PAT	5,683	8,085	12,285
EPS (Rs)	2.4	3.4	5.1
<i>RoE (%)</i>	<i>15.8</i>	<i>19.1</i>	<i>23.5</i>
PE (x)	16.8	11.8	7.8
P / BV (x)	2.5	2.1	1.6
EV / E (x)	15.5	11.9	9.7

Lanco has entered into solar power generation business, whereby, it will build 141MWs for Gujarat and Rajasthan. The company has synchronised 1200MWs in the quarter. Lanco has also received environmental clearance for its 1320MWs of Vidarbha thermal power project.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	18,384	23,296	(21.1)	15,615	76,230	80,320	(5.1)
EBITDA	4,326	5,867	(26.3)	4,800	19,444	14,515	34.0
<i>Margin (%)</i>	<i>23.5</i>	<i>25.2</i>	<i>(165)bps</i>	<i>30.7</i>	<i>25.5</i>	<i>18.1</i>	<i>744 bps</i>
Reported PAT	1,015	1,133	(10.4)	1,105	5,683	4,585	23.9
PAT (Excl. Ex Items)	1,015	1,133	(10.4)	1,640	5,683	4,585	23.9
Operating Metrics (Rsm)							
Project Development	19,410	16,103	20.5	20,223	61,713	45,431	35.8
Sale of Energy	11,035	13,160	(16.1)	8,521	46,942	35,372	32.7
Others	40	713	(94.4)	38	450	530	(15.0)
Property Development	250.0	(552.5)	NA	369.5	1,322	(257)	NA

**PTC India**

	Accumulate
Rating	
Price	Rs89
Target Price	Rs106
Market Cap. (Rs bn)	26.2
Shares o/s (m)	294.5

PTC India's financial arm, PTC Financial Services (PFS), got listed at Rs24.9, 11% discount to IPO price. With this, the company raised Rs4.1bn from the markets to fund equity and debt in the upcoming power projects. Post listing, the stake of PFS has come down by 17% to 60%.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	87,079	150,812	184,656
EBITDA	1,258	1,715	2,840
<i>Margin (%)</i>	<i>1.4</i>	<i>1.1</i>	<i>1.5</i>
PAT	1,319	1,519	2,197
EPS (Rs)	4.5	5.2	7.5
<i>RoE (%)</i>	<i>6.1</i>	<i>6.8</i>	<i>9.4</i>
PE (x)	19.9	17.3	11.9
P / BV (x)	1.2	1.2	1.1
EV / E (x)	20.8	19.5	12.1

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	17,221	12,435	38.5	17,580	87,079	77,723	12.0
EBITDA	210	95	121.9	411	1,258	658	91.3
<i>Margin (%)</i>	<i>1.2</i>	<i>0.8</i>	<i>46 bps</i>	<i>2.3</i>	<i>1.4</i>	<i>0.8</i>	<i>60 bps</i>
Reported PAT	284	139	105.0	380	1,319	942	40.0
PAT (Excl. Ex Items)	284	139	105.0	379	1,319	937	40.8
Operating Metrics							
Trading Vol. (M units)	4,833	3,196	51.2	5,812	24,122	17,480	38.0
Trading margins (Rs)	0.06	0.05	8.8	0	0.06	0.06	5.3



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Real Estate

Negative news flow continued to plague the sector in Q4FY11, starting with the unravelling of the details of the 2G scam, wherein the money trail for the licenses being established in a few cases, brought to the fore corporate governance issues affecting the sector.

In addition, the parking FSI policy in Mumbai was substantially modified to end the rampant misuse of this policy by developers. This will affect projects, especially in Central Mumbai region, that were hoping to get extra FSI. In particular, we had witnessed aggressive bidding in the recent NTC's Bharat & Poddar mills auction, with developers assuming parking FSI in their calculations.

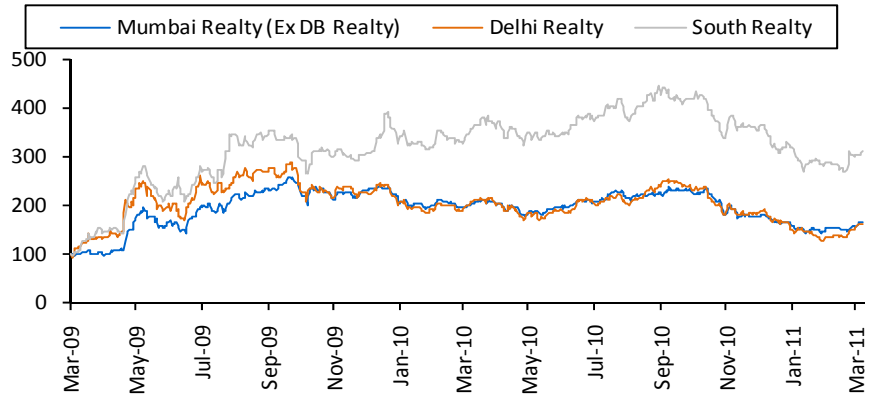
RBI continued to play spoilsport for the sector, with another 50bps rate increase during the quarter. The Union Budget also surprised negatively by bringing SEZs under MAT.

The positive developments during the quarter included new CRZ notifications, which threw up an opportunity to redevelop dilapidated building in the coastal area (in CRZ II). Slum rehab in these areas will also be allowed with the condition that the state shall hold at least 51% in the project. Besides that, RLDA is inviting bids for commercial development of its 45000 sq.m land (FSI of 4) in Bandra (E) which throws up some opportunities for Mumbai developers.

All this put together resulted in the BSE Realty Index lost 15% YTD, underperforming the Sensex by 11%.

Looking at the regional stock performance for the sector, we observe that Mumbai, NCR real estate companies have substantially underperformed developers operating in South India. Mumbai Realty Index's underperformance in particular, can be partly attributed to the sharp slowdown in sales volumes that the city has been witnessing. Outperformance of South India developers has continued as demand continues to remain strong in Southern markets, especially in Bengaluru.

Relative Regional Stock performance



Source: Bloomberg, PL Research

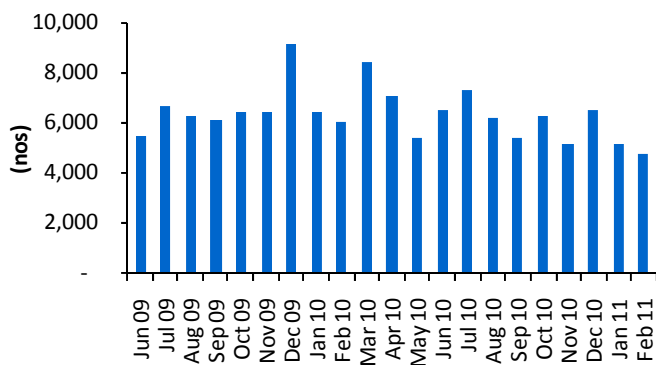
Residential

High property prices and rising interest rates are resulting in increased stress on affordability, dampening sales in the residential segment. In Mumbai and NCR, post the subdued festive season, a slowdown in sales volumes has continued.

Mumbai, in particular, continues to witness a sharp decline in volumes. Specifically the 'Sale' registrations in Mumbai for January & February are down by more than 20% YoY, clearly illustrating a continuation of the downtrend. City as well as suburb 'Sale' volumes are down ~45% from their 2010 peak. On the other hand, lease volumes have continued to trend up, up 20% YoY in February, which in our opinion is a deferment of purchases on account of increase in prices and interest rates.

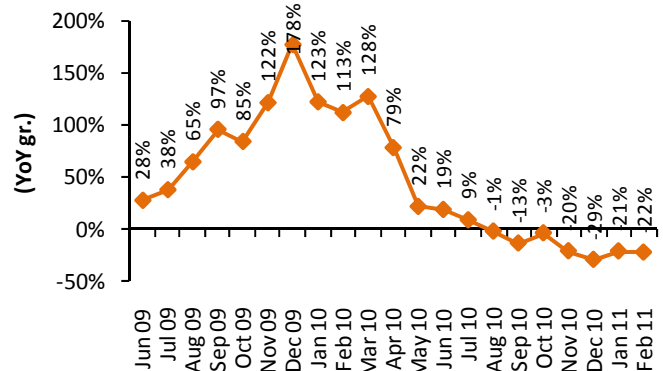
(Note: Registrations data includes residential and commercial properties)

Registration of Sale Deed agreements in Mumbai



Source: DGR Mumbai, PL Research

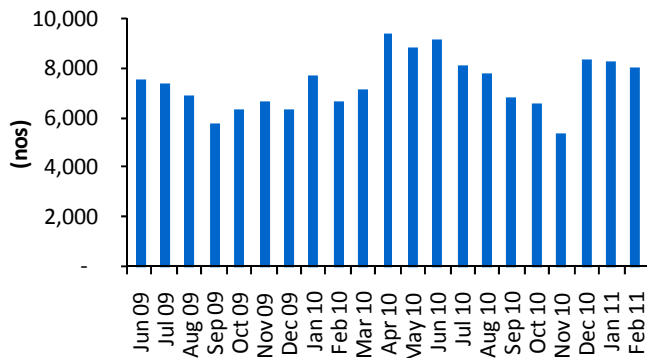
YoY% growth in Sale Deed registrations



Source: DGR Mumbai, PL Research

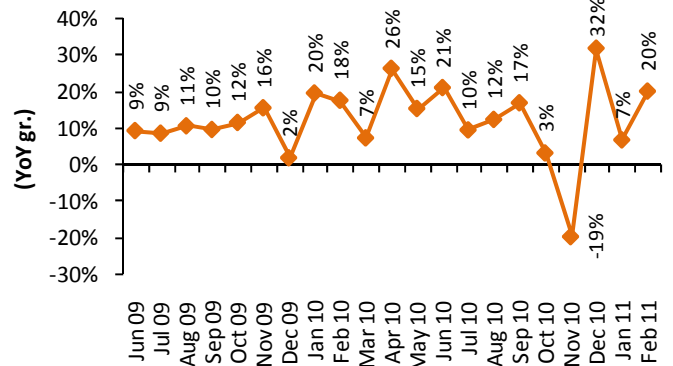


Registration of Lease Agreements in Mumbai



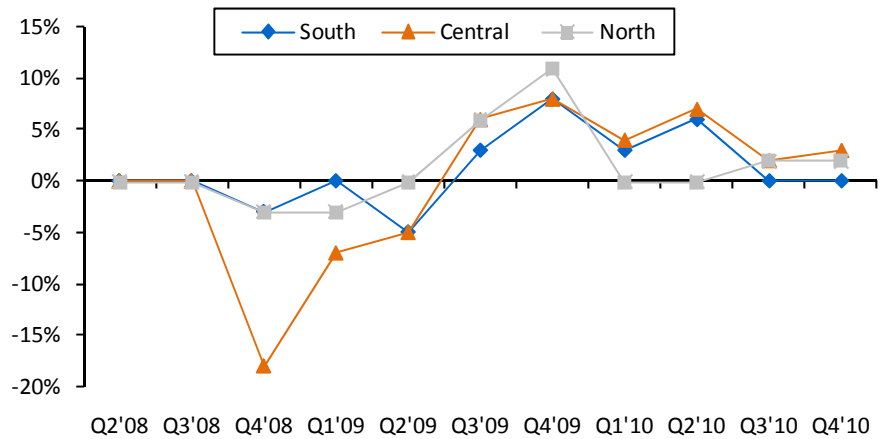
Source: DGR Mumbai, PL Research

YoY% growth in Lease Agreement registrations



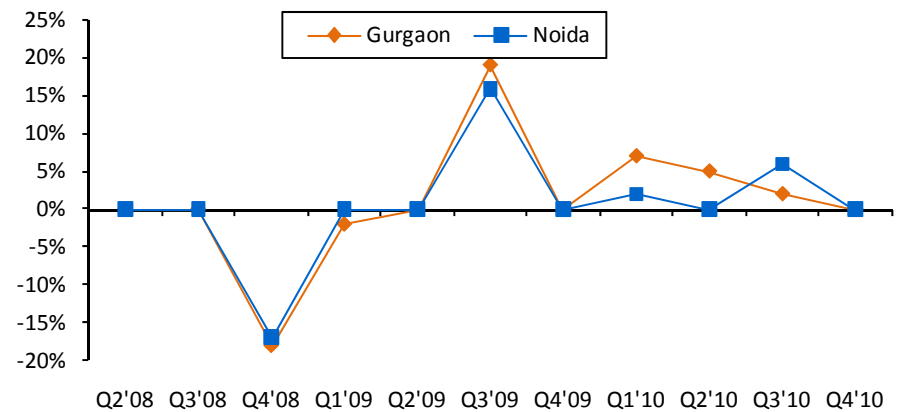
Source: DGR Mumbai, PL Research

QoQ (%) change in Mumbai mid-segment prices



Source: Cushman & Wakefield

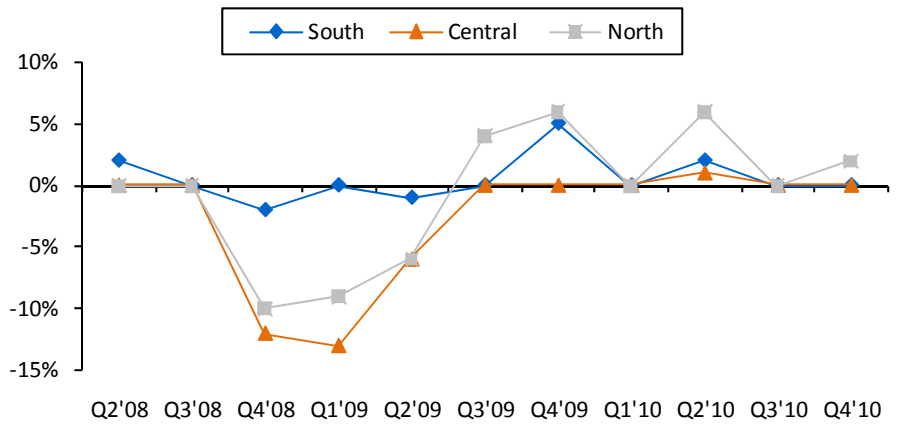
QoQ (%) change in Gurgaon and Noida mid-segment prices



Source: Cushman & Wakefield

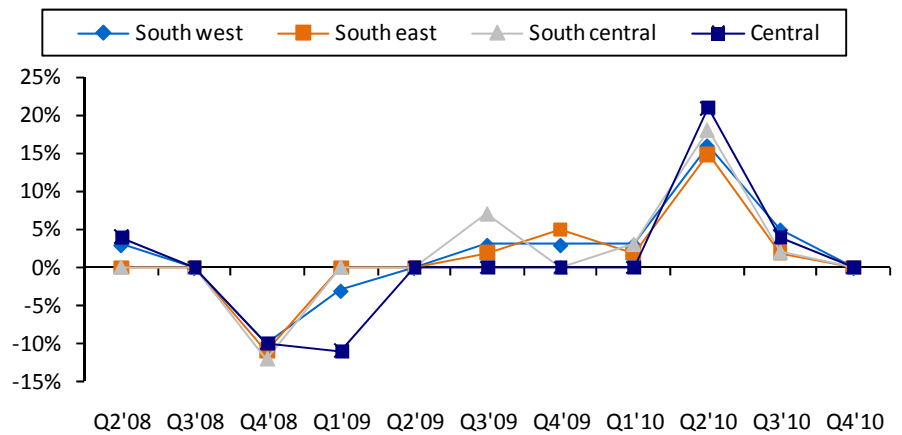


QoQ (%) change in Mumbai high-end prices



Source: Cushman & Wakefield

QoQ (%) change in NCR high-end prices

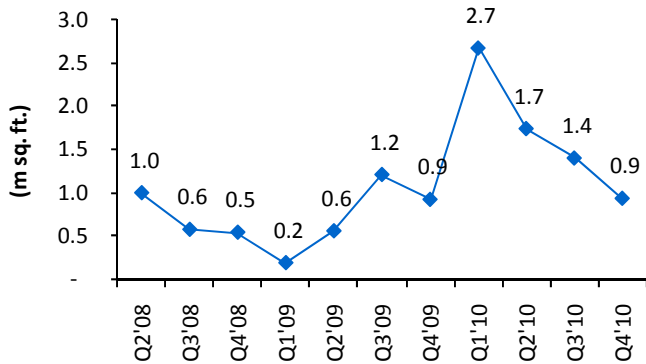


Source: Cushman & Wakefield

Commercial

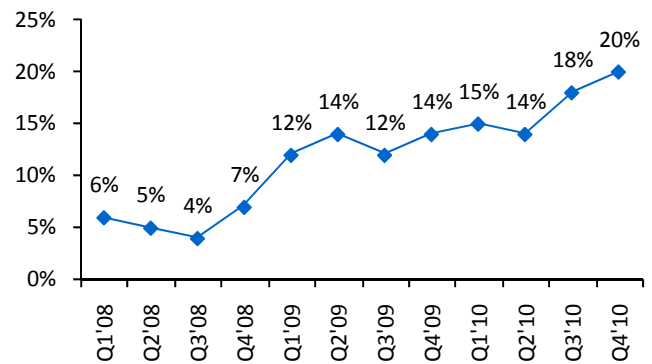
Overall, rentals have remained stable across the country, with good demand continuing from the IT/ITES sector. Bengaluru has been witnessing strong momentum in leases, with demand increasing 15% QoQ. NCR witnessed a marginal rise in rentals in certain micro markets on account of continuation of good leasing demand during the quarter. Mumbai witnessed a moderation in demand, leading to vacancy levels rising to 20%; however, rentals have remained stable.

Mumbai Rental Demand



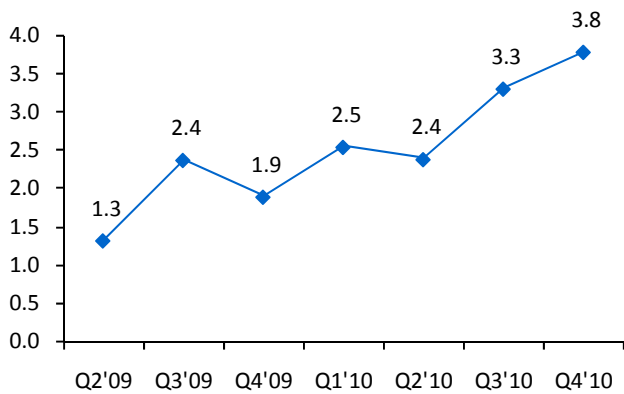
Source: Cushman & Wakefield, PL Research

Mumbai Vacancy Rate



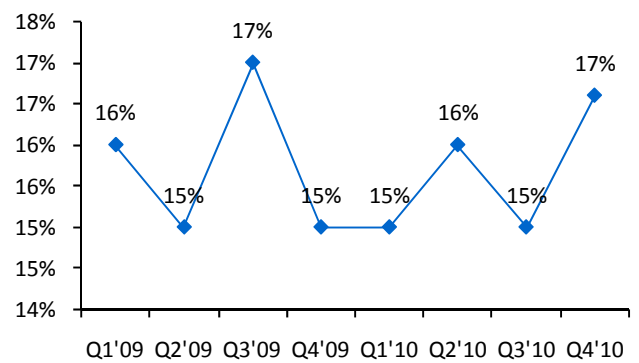
Source: Cushman & Wakefield, PL Research

Bengaluru Rental Demand



Source: Cushman & Wakefield, PL Research

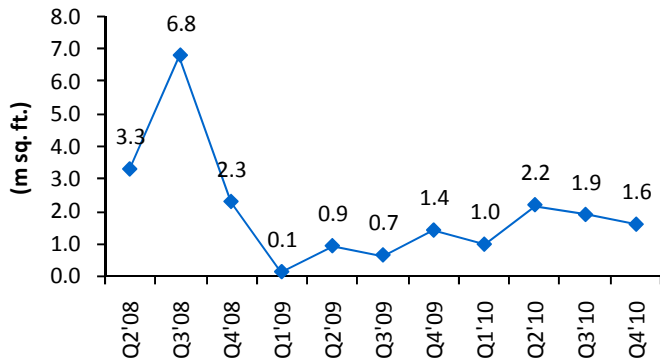
Bengaluru Vacancy Rate



Source: Cushman & Wakefield, PL Research

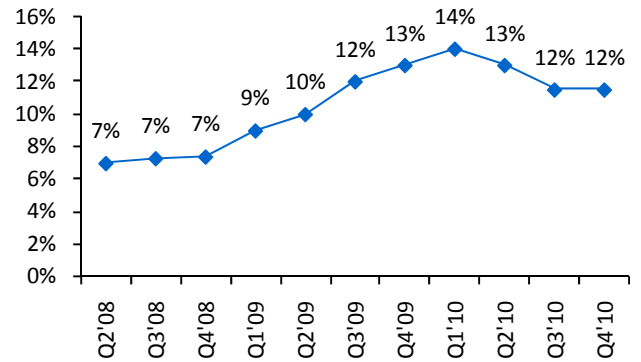


NCR Rental Demand



Source: Cushman & Wakefield, PL Research

NCR Vacancy Rate



Source: Cushman & Wakefield, PL Research

Top picks: None

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
DLF	20.8	(4.6)	(31.1)	(16.6)	14.3	(1.6)	(27.6)	(26.3)
Unitech	16.8	(34.2)	(54.3)	(44.2)	10.4	(31.2)	(50.8)	(54.0)
Housing Development & Infrastructure	13.6	(2.3)	(34.8)	(39.7)	7.1	0.7	(31.3)	(49.4)
Anant Raj Industries	12.2	(13.5)	(39.0)	(34.8)	5.7	(10.5)	(35.5)	(44.5)
Peninsula Land	(2.9)	(12.6)	(13.1)	(22.4)	(9.4)	(9.6)	(9.6)	(32.2)

Source: Bloomberg, PL Research



Summary Financials - Quarterly

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
DLF	Sales	23,786	19,944	19.3	24,799	(4.1)	92,566	74,229	24.7
	EBITDA	11,711	10,000	17.1	11,780	(0.6)	42,580	35,116	21.3
	<i>Margins (%)</i>	<i>49.2</i>	<i>50.1</i>		<i>47.5</i>		<i>46.0</i>	<i>47.3</i>	
	PAT	4,998	5,136	(2.7)	4,722	5.8	17,946	18,140	(1.1)
Unitech	Sales	7,894	11,329	(30.3)	6,598	19.7	29,223	29,313	(0.3)
	EBITDA	2,978	2,730	9.1	2,463	20.9	10,907	10,712	1.8
	<i>Margins (%)</i>	<i>37.7</i>	<i>24.1</i>		<i>37.3</i>		<i>37.3</i>	<i>36.5</i>	
	PAT	2,086	1,794	16.3	1,486	40.4	7,109	6,910	2.9
HDIL	Sales	9,186	4,341	111.6	4,554	101.7	21,975	15,021	46.3
	EBITDA	4,607	2,271	102.8	2,665	72.8	12,318	7,893	56.1
	<i>Margins (%)</i>	<i>50.2</i>	<i>52.3</i>		<i>58.5</i>		<i>56.1</i>	<i>52.5</i>	
	PAT	3,495	1,778	96.5	2,564	36.3	10,531	5,722	84.0
Anant Raj Industries	Sales	695	341	103.8	1,215	(42.8)	4,263	3,111	37.0
	EBITDA	394	271	45.5	728	(46.0)	2,323	2,585	(10.1)
	<i>Margins (%)</i>	<i>56.7</i>	<i>79.4</i>		<i>60.0</i>		<i>54.5</i>	<i>83.1</i>	
	PAT	205	293	(30.1)	468	(56.2)	1,617	2,384	(32.2)
Peninsula Land	Sales	1,192	2,248	(47.0)	1,179	1.2	5,082	7,786	(34.7)
	EBITDA	564	1,044	(45.9)	516	9.3	1,931	3,357	(42.5)
	<i>Margins (%)</i>	<i>47.3</i>	<i>46.4</i>		<i>43.8</i>		<i>38.0</i>	<i>43.1</i>	
	PAT	547	996	(45.1)	621	(12.0)	2,305	2,889	(20.2)

Source: Company Data, PL Research



Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	153,108	184,288	209,471
<i>Growth (%)</i>	<i>18.3</i>	<i>20.4</i>	<i>13.7</i>
EBITDA	70,060	85,170	94,321
<i>Margin (%)</i>	<i>45.8</i>	<i>46.2</i>	<i>45.0</i>
PAT	39,508	47,283	53,487
<i>Growth (%)</i>	<i>9.6</i>	<i>19.7</i>	<i>13.1</i>
PE (x)	17.4	14.5	12.8

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	42,753	38,203	11.9	38,344	11.5
EBITDA	20,254	16,315	24.1	18,153	11.6
<i>Margin (%)</i>	<i>47.4</i>	<i>42.7</i>	<i>467 bps</i>	<i>47.3</i>	<i>3 bps</i>
PAT (Excl. Ex Items)	11,330	9,998	13.3	9,861	14.9

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

DLF

Rating	Reduce
Price	Rs269
Target Price	Rs208
Market Cap. (Rs bn)	456.3
Shares o/s (m)	461.6

Launches during the quarter stood at ~3-3.5m sq.ft, substantially below the guidance. We expect sales of 2.5m sq.ft during the quarter and ~9m sq.ft for the financial year as against the earlier guidance of 12-15m sq.ft. Launches include 2m sq.ft at Mullanpur, Chandigarh, 0.3m sq.ft of luxury housing in Delhi and 1m sq.ft of commercial launches for sale. Further launches of 3-4m sq.ft are expected in April 2011, which includes Sector 91 New Gurgaon, Indore and Panchkula. Commercial lease momentum is expected to hold for the quarter. On the debt front, we do not expect any decrease during the quarter.

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	92,566	93,773	101,192
EBITDA	42,580	45,949	49,584
<i>Margin (%)</i>	<i>46.0</i>	<i>49.0</i>	<i>49.0</i>
PAT	17,946	19,565	22,885
EPS (Rs)	10.6	11.5	13.5
<i>RoE (%)</i>	<i>7.1</i>	<i>7.4</i>	<i>8.2</i>
PE (x)	25.4	23.3	19.9
P / BV (x)	1.8	1.7	1.6
EV / E (x)	15.9	14.5	13.3

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	23,786	19,944	19.3	24,799	92,566	74,229	24.7
EBITDA	11,711	10,000	17.1	11,780	42,580	35,116	21.3
<i>Margin (%)</i>	<i>49.2</i>	<i>50.1</i>	<i>(91)bps</i>	<i>47.5</i>	<i>46.0</i>	<i>47.3</i>	<i>(131)bps</i>
Reported PAT	4,995	4,264	17.2	4,657	17,946	17,198	4.3
PAT (Excl. Ex Items)	4,998	5,136	(2.7)	4,722	17,946	18,140	(1.1)
Operating Metrics							
Development Business							
Sales (m sq.ft)	2.5	3.6	(31.3)	2.5	9.0	12.2	(26.4)
Annuity Business							
Leases (m sq.ft)	1.1	0.7	57.1	1.6	5.3	0.8	592.1

Unitech

Rating	Accumulate
Price	Rs43
Target Price	Rs55
Market Cap. (Rs bn)	111.6
Shares o/s (m)	2,616.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	29,223	37,493	51,552
EBITDA	10,907	13,151	17,840
Margin (%)	37.3	35.1	34.6
PAT	7,109	8,453	10,826
EPS (Rs)	2.7	3.2	4.1
RoE (%)	6.5	7.2	8.6
PE (x)	15.7	13.2	10.3
P / BV (x)	1.0	0.9	0.9
EV / E (x)	15.2	12.7	9.6

Unitech has launched 8-9 projects during the quarter spread over 2.5-3m sq.ft in Gurgaon, Noida, Mohali and Chennai. We expect the response to have been moderately good and sales of ~2.4m sq.ft during the quarter. On the whole, we expect the company to end the year at 9.6m sq.ft. The company plans to launch another 6-7m sq.ft in the initial half of FY12. We expect the construction progress to be slightly better than Q3FY11 since there would be no labour shortage as the CWG have ended.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	7,894	11,329	(30.3)	6,598	29,223	29,313	(0.3)
EBITDA	2,978	2,730	9.1	2,463	10,907	10,712	1.8
Margin (%)	37.7	24.1	1,363bps	37.3	37.3	36.5	78bps
Reported PAT	2,086	1,634	27.6	1,114	6,733	6,751	(0.3)
PAT (Excl. Ex Items)	2,086	1,794	16.3	1,486	7,109	6,910	2.9
Operating Metrics							
Sale \Volumes (m sq.ft)							
Residential	2.09	2.78	(24.8)	1.76	7.90	13.50	(41.5)
Non-Residential	0.32	0.68	(52.9)	0.44	1.70	3.10	(45.2)
Avg. Real. (Rs/sq. ft.)							
Residential	4,500	3,504	28.4	4,559	4,322	3,687	17.2
Non-Residential	5,750	7,441	(22.7)	5,334	6,224	6,632	(6.2)

HDIL

Rating	Accumulate
Price	Rs181
Target Price	Rs209
Market Cap. (Rs bn)	75.1
Shares o/s (m)	415.2

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	21,975	29,243	31,756
EBITDA	12,318	15,424	15,909
Margin (%)	56.1	52.7	50.1
PAT	10,531	12,092	12,492
EPS (Rs)	25.4	29.1	30.1
RoE (%)	13.0	12.5	11.6
PE (x)	7.1	6.2	6.0
P / BV (x)	0.8	0.7	0.7
EV / E (x)	7.9	6.3	6.2

We expect the FSI sale of Popular Car Bazaar to reflect in Q4 which shall be the major earnings driver on account of which the quarter is expected to be extremely healthy. TDR sales are expected to be relatively lower at 0.8m sq.ft on account of depleting inventories, with the MIAL project facing roadblocks. However, realizations are expected to be firmer.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	9,186	4,341	111.6	4,554	21,975	15,021	46.3
EBITDA	4,607	2,271	102.8	2,665	12,318	7,893	56.1
Margin (%)	50.2	52.3	(217)bps	58.5	56.1	52.5	351 bps
Reported PAT	3,486	1,778	96.0	2,519	10,531	5,666	85.9
PAT (Excl. Ex Items)	3,495	1,778	96.5	2,564	10,531	5,722	84.0
Operating Metrics							
FSI Sales (Rs m)	6,520	-	-	654	9,164	-	-
TDR Sales (Rs m)	2,666	3,983	(33.1)	3,900	12,811	13,833	(7.4)
TDR Sales m sq.ft	0.8	1.5	(45.8)	1.3	-	6.5	-
Land development (Rs m)	-	358	-	-	-	1,088	-

* Consolidated

Anant Raj Industries

Rating	Accumulate
Price	Rs90
Target Price	Rs113
Market Cap. (Rs bn)	26.5
Shares o/s (m)	295.1

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	4,263	10,809	11,896
EBITDA	2,323	5,458	5,889
Margin (%)	54.5	50.5	49.5
PAT	1,617	3,326	3,529
EPS (Rs)	5.5	11.3	12.0
RoE (%)	4.5	8.7	8.6
PE (x)	16.4	8.0	7.5
P / BV (x)	0.7	0.7	0.6
EV / E (x)	15.3	6.1	5.1

ARIL has part launched a 1.5m sq.ft project in Sector 91 Gurgaon during the quarter. However, sales have been slow initially. Construction progress at the other projects, Kapashera and Manesar launched during the year, is largely on track. Revenues during the quarter will consist of POCM revenues at these projects as well as rental income from hotel, SEZ and commercial projects.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	695	341	103.8	1,215	4,263	3,111	37.0
EBITDA	394	271	45.5	728	2,323	2,585	(10.1)
Margin (%)	56.7	79.4	(2,274)bps	60.0	54.5	83.1	(2,860)bps
Reported PAT	206	304	(32.2)	468	1,617	2,383	(32.2)
PAT (Excl. Ex Items)	205	293	(30.1)	468	1,617	2,384	(32.2)
Operating Metrics (Rs m)							
Ceramic Tiles	-	30		2	27	90	(70.0)
Rental received	210	150	40.3	198	776	490	58.6
Project Sales	485	-		1,015	3,460	-	
Land Sales	-	166		-	-	2,608	

Peninsula Land

Rating	Accumulate
Price	Rs59
Target Price	Rs69
Market Cap. (Rs bn)	16.6
Shares o/s (m)	279.5

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	5,082	12,970	13,074
EBITDA	1,931	5,188	5,099
Margin (%)	38.0	40.0	39.0
PAT	2,305	3,847	3,754
EPS (Rs)	8.2	13.8	13.4
RoE (%)	17.0	23.7	19.3
PE (x)	7.2	4.3	4.4
P / BV (x)	1.1	0.9	0.8
EV / E (x)	7.5	3.1	2.8

On account of low levels of inventory, sales are likely to be subdued. The only two active projects are Peninsula Business Park, where we are not expecting any sales or leases as well as the Nasik project, where we expect a small quantum of sales. Revenues will largely consist of POCM revenues from Peninsula Business Park and Nashik as well revenue share from Swan Mills. The company's focus continues to be on project acquisition.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	1,192	2,248	(47.0)	1,179	5,082	7,786	(34.7)
EBITDA	564	1,044	(45.9)	516	1,931	3,357	(42.5)
Margin (%)	47.3	46.4	90 bps	43.8	38.0	43.1	(511)bps
Reported PAT	547	963	(43.2)	621	2,305	2,495	(7.6)
PAT (Excl. Ex Items)	547	996	(45.1)	621	2,305	2,889	(20.2)
Operating Metrics (Rs m)							
Ashok Towers	-	170		-	80	1,060	(92.5)
Swan Mills	250	280	(10.7)	310	850	640	32.8
Peninsula Business Park	708	1,680	(57.9)	660	3,348	5,060	(33.8)
Others	234	118	98.3	209	589	477	23.5



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Retail

Expect strong revenue growth driven by space expansion: Continued inflation in cotton prices, imposition of excise duty on branded apparel in the FY12 budget, apart from the seasonal sale/discount offers, were the key highlights of the quarter. We expect our retail coverage universe to show strong revenue traction. This is a combination of space expansion as well as healthy same-store sales (SSS) growth. Almost all retailers carried on with the 'end-of-season' sale as well as special activities to drive the footfalls during January 26 as well as other holidays. We expect retail universe sales to grow by 42.1% YoY and operating margins to decline by 45 bps.

World Cup impact will be seen on footfalls: We expect retail players to register sequentially lower footfalls owing to the impact of Cricket World Cup which was played through February and March.

Input costs pressure will impact margins: Cotton prices continued to rise and hence, majority of the apparel retailers (PF, SHOP, Trent) had to take 10-20% price increases in apparel brands. This, along with the incremental impact of excise duty at 4.5%, which was imposed in the recent budget and which became effective immediately, should restrict any margin improvement in Q4FY11e as well as in the coming quarters as consumers adjust to the rising apparel prices with reduced spending.

Speciality retail to outperform: We expect speciality retailers like Titan and Jubilant FoodWorks to continue to report strong numbers. Jewellery sales should report robust performance, driven by wedding season purchases. We expect Watches to continue the growth momentum and report 20% plus sales growth. World Cup should have positively impacted Jubilant FoodWorks as home-delivery of pizza typically goes up during such events.

We prefer Titan: Given Titan's strong expansion plans in jewellery as well as watches, we expect Titan to report strong performance in the medium term. While traditional retailers grapple with the price hikes and input cost pressure for the next couple of quarters, we expect this to impact the near-term margins. We continue to maintain *Titan* as our top pick.

Top picks: Titan Industries and Shoppers Stop

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Titan Industries	14.8	8.6	19.6	111.3	8.3	11.7	23.1	101.6
Pantaloon Retail India	10.4	(20.6)	(42.5)	(22.9)	3.9	(17.5)	(39.0)	(32.7)
Jubilant FoodWorks	9.8	(5.9)	20.1	62.4	3.3	(2.8)	23.6	52.6
Shoppers Stop	10.9	(5.3)	9.8	82.3	4.4	(2.2)	13.3	72.5

Source: Bloomberg, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Titan Industries	Sales	17,704	13,114	35.0	19,546	(9.4)	62,635	46,772	33.9
	EBITDA	1,593	1,005	58.6	1,950	(18.3)	6,420	3,960	62.1
	Margins (%)	9.0	7.7		10.0		10.2	8.5	
	PAT	1,144	512	123.3	1,408	(18.7)	4,311	2,513	71.5
Pantaloon Retail India	Sales	28,807	20,576	40.0	27,586	4.4	82,207	59,247	38.8
	EBITDA	2,449	2,156	13.6	2,383	2.7	6,959	6,035	15.3
	Margins (%)	8.5	10.5		8.6		8.5	10.2	
	PAT	498	847	(41.2)	472	5.4	1,419	1,612	(12.0)
Jubilant FoodWorks	Sales	2,027	1,241	63.4	1,857	9.1	6,871	4,239	62.1
	EBITDA	368	193	91.2	323	14.2	1,238	666	85.8
	Margins (%)	18.2	15.5		17.4		18.0	15.7	
	PAT	231	104	121.7	190	21.6	763	330	131.6
Shoppers Stop	Sales	6,897	4,074	69.3	6,772	1.8	18,797	14,998	25.3
	EBITDA	345	166	107.2	324	6.4	1,485	1,110	33.8
	Margins (%)	5.0	4.1		4.8		7.9	7.4	
	PAT	159	126	26.7	165	(3.7)	797	484	64.8

Source: Company Data, PL Research

Consolidated Sectoral Data
Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	204,226	251,899	299,615
Growth (%)	31.5	23.3	18.9
EBITDA	18,728	23,700	28,687
Margin (%)	9.2	9.4	9.6
PAT	8,383	10,934	13,795
Growth (%)	49.0	30.4	26.2
PE (x)	36.7	28.2	22.3

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	55,434	39,005	42.1	55,760	(0.6)
EBITDA	4,755	3,520	35.1	4,980	(4.5)
Margin (%)	8.6	9.0	(45)bps	8.9	(35)bps
PAT (Excl. Ex Items)	2,032	1,589	27.9	2,235	(9.1)

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Titan Industries

Rating	BUY
Price	Rs3,955
Target Price	Rs4,500
Market Cap. (Rs bn)	175.6
Shares o/s (m)	44.4

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	62,635	77,313	92,064
EBITDA	6,420	8,226	10,253
Margin (%)	10.2	10.6	11.1
PAT	4,311	5,677	7,195
EPS (Rs)	97.1	127.9	162.1
RoE (%)	48.9	46.3	43.1
PE (x)	40.7	30.9	24.4
P / BV (x)	17.0	12.3	9.1
EV / E (x)	27.4	21.0	16.6

Early wedding season demand should drive Titan's Jewellery revenues which we expect to grow by 35%. We expect Watches to report 20% plus revenue growth.

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	17,704	13,114	35.0	19,546	62,635	46,772	33.9
EBITDA	1,593	1,005	58.6	1,950	6,420	3,960	62.1
Margin (%)	9.0	7.7	134 bps	10.0	10.2	8.5	178 bps
Reported PAT	1,144	512	123.3	1,408	4,311	2,513	71.5
PAT (Excl. Ex Items)	1,144	512	123.3	1,408	4,311	2,513	71.5
Operating Metrics							
Watches Revenue	3,465	2,817	23.0	3,251	12,332	9,924	24.3
Jewellery Revenue	13,484	9,915	36.0	15,788	48,658	34,975	39.1

Pantaloon Retail India

Rating	BUY
Price	Rs297
Target Price	Rs332
Market Cap. (Rs bn)	64.5
Shares o/s (m)	217.2

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	115,922	141,359	165,353
EBITDA	9,585	11,783	13,535
Margin (%)	8.3	8.3	8.2
PAT	2,512	3,264	3,901
EPS (Rs)	11.6	14.6	17.4
RoE (%)	8.6	10.3	11.2
PE (x)	25.7	20.4	17.0
P / BV (x)	2.1	2.0	1.8
EV / E (x)	11.6	9.6	8.5

We expect 40% revenue growth for the quarter, driven by healthy same-store growth of 12-18% across value, home and life-style formats. However, we expect gross margins and operating margins to remain subdued owing to input cost inflation in cotton prices.

Quarterly Table (Rs m) - Standalone

Y/e June	Q3 FY11E	Q3 FY10	YoY gr. (%)	Q2 FY11	9M FY11E	9M FY10	YoY gr. (%)
Net Sales	28,807	20,576	40.0	27,586	82,207	59,247	38.8
EBITDA	2,449	2,156	13.6	2,383	6,959	6,035	15.3
Margin (%)	8.5	10.5	(198)bps	8.6	8.5	10.2	(172)bps
Reported PAT	498	847	(41.2)	472	1,419	1,612	(12.0)
PAT (Excl. Ex Items)	498	847	(41.2)	472	1,419	1,612	(12.0)



Jubilant FoodWorks

	Accumulate
Rating	
Price	Rs587
Target Price	Rs630
Market Cap. (Rs bn)	38.1
Shares o/s (m)	64.8

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	6,871	9,938	13,724
EBITDA	1,238	1,781	2,451
<i>Margin (%)</i>	<i>18.0</i>	<i>17.9</i>	<i>17.9</i>
PAT	763	945	1,343
EPS (Rs)	11.8	14.6	20.7
<i>RoE (%)</i>	<i>50.3</i>	<i>42.1</i>	<i>42.2</i>
PE (x)	49.9	40.3	28.3
P / BV (x)	20.4	14.5	10.2
EV / E (x)	30.5	21.0	15.0

After the spectacular performance of 9MFY11 (37% SSS growth), we expect high base to catch up with JFL despite a strong demand during the world cup seasons. We expect a 63% revenue growth, driven by mid-teens SSS as well as store expansion.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,027	1,241	63.4	1,857	6,871	4,239	62.1
EBITDA	368	193	91.2	323	1,238	666	85.8
<i>Margin (%)</i>	<i>18.2</i>	<i>15.5</i>	<i>265 bps</i>	<i>17.4</i>	<i>18.0</i>	<i>15.7</i>	<i>230 bps</i>
Reported PAT	231	104	121.7	190	763	330	131.6
PAT (Excl. Ex Items)	231	104	121.7	190	763	330	131.6

Shoppers Stop

Rating	BUY
Price	Rs363
Target Price	Rs425
Market Cap. (Rs bn)	29.8
Shares o/s (m)	82.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	18,797	23,288	28,475
EBITDA	1,485	1,910	2,449
<i>Margin (%)</i>	<i>7.9</i>	<i>8.2</i>	<i>8.6</i>
PAT	797	1,048	1,356
EPS (Rs)	9.7	12.8	16.5
<i>RoE (%)</i>	<i>26.1</i>	<i>28.2</i>	<i>28.3</i>
PE (x)	37.4	28.4	22.0
P / BV (x)	9.0	7.2	5.5
EV / E (x)	21.3	16.6	12.8

Shoppers Stop should witness ~70% revenue growth, driven by space expansion and strong growth in HyperCITY. However, we expect HyperCITY to report another quarter of loss (~Rs140m).

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	6,897	4,074	69.3	6,772	18,797	14,998	25.3
EBITDA	345	166	107.2	324	1,485	1,110	33.8
<i>Margin (%)</i>	<i>5.0</i>	<i>4.1</i>	<i>91 bps</i>	<i>4.8</i>	<i>7.9</i>	<i>7.4</i>	<i>50 bps</i>
Reported PAT	159	126	26.7	165	797	502	58.7
PAT (Excl. Ex Items)	159	126	26.7	165	797	484	64.8

Others

Stock Performance

	Absolute				Relative to Sensex			
	1M	3M	6M	12M	1M	3M	6M	12M
Bharti Airtel	10.2	3.2	1.9	14.0	3.7	6.2	5.4	4.2
Shree Renuka Sugars	2.6	(22.6)	(11.3)	7.9	(3.9)	(19.6)	(7.8)	(1.8)
Bombay Rayon Fashions	12.4	33.9	8.4	26.2	5.9	37.0	12.0	16.4
Ess Dee Aluminium	1.0	(8.2)	(15.7)	(2.0)	(5.5)	(5.1)	(12.2)	(11.8)
Phillips Carbon Black	8.7	(9.4)	(32.7)	(24.7)	2.3	(6.4)	(29.1)	(34.5)
Siyaram Silk	10.6	6.4	6.5	124.3	4.1	9.5	10.0	114.5

Source: Company Data, PL Research

Summary Financials - Quarterly (Rs m)

		Q4FY11E	Q4FY10	YoY gr. (%)	Q3FY11	QoQ gr. (%)	2011	2010	YoY gr. (%)
Bharti Airtel	Sales	163,569	107,491	52.2	157,560	3.8	593,328	418,473	41.8
	EBITDA	55,458	41,340	34.2	49,787	11.4	200,901	168,145	19.5
	Margins (%)	33.9	38.5		31.6		33.9	40.2	
	PAT	16,533	23,706	(30.3)	13,036	26.8	62,004	100,053	(38.0)
Shree Renuka Sugars	Sales	24,712	17,814	38.7	22,470	10.0	47,182	32,101	47.0
	EBITDA	4,669	3,545	31.7	3,005	55.4	7,674	7,156	7.2
	Margins (%)	18.9	19.9		13.4		16.3	22.3	
	PAT	1,420	2,242	(36.7)	664	113.9	2,084	4,851	(57.0)
Bombay Rayon Fashions	Sales	6,024	4,817	25.0	5,492	9.7	24,146	18,211	32.6
	EBITDA	1,572	1,221	28.7	1,451	8.3	5,982	3,916	52.8
	Margins (%)	26.1	25.4		26.4		24.8	21.5	
	PAT	515	504	2.3	532	(3.1)	2,095	1,634	28.3
Ess Dee Aluminium	Sales	1,953	1,588	23.0	1,869	4.5	7,545	5,883	28.2
	EBITDA	586	349	68.1	539	8.6	1,818	1,574	15.5
	Margins (%)	30.0	22.0		28.9		24.1	26.8	
	PAT	411	283	45.6	380	8.2	1,260	1,020	23.6
Phillips Carbon Black	Sales	4,682	3,625	29.2	4,321	8.3	17,199	12,326	39.5
	EBITDA	630	418	50.7	607	3.8	2,199	1,664	32.2
	Margins (%)	13.5	11.5		14.0		12.8	13.5	
	PAT	283	230	22.8	272	3.8	1,115	1,227	(9.1)
Siyaram Silk	Sales	2,265	1,886	20.1	2,280	(0.6)	8,397	6,597	27.3
	EBITDA	298	263	13.2	298	(0.1)	1,066	702	51.8
	Margins (%)	13.2	14.0		13.1		12.7	10.6	
	PAT	156	152	2.6	159	(1.9)	545	336	62.1

Source: Company Data, PL Research



Consolidated Sectoral Data

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	727,309	887,852	996,429
<i>Growth (%)</i>	<i>48.5</i>	<i>22.1</i>	<i>12.2</i>
EBITDA	223,720	290,240	335,378
<i>Margin (%)</i>	<i>30.8</i>	<i>32.7</i>	<i>33.7</i>
PAT	74,056	93,380	115,747
<i>Growth (%)</i>	<i>(30.5)</i>	<i>26.1</i>	<i>24.0</i>
PE (x)	20.0	15.8	12.8

Quarterly Table (Rs m)

	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	QoQ gr. (%)
Net Sales	203,204	137,221	48.1	193,992	4.7
EBITDA	63,213	47,136	34.1	55,688	13.5
<i>Margin (%)</i>	<i>31.1</i>	<i>34.4</i>	<i>(324)bps</i>	<i>28.7</i>	<i>240 bps</i>
PAT (Excl. Ex Items)	19,318	27,116	(28.8)	15,044	28.4

Note: Revenue, EBITDA and PAT numbers are arrived by totaling corresponding numbers of all companies under our coverage in this sector.

Bharti Airtel

Rating	Not Rated
Price	Rs360
Target Price	NA
Market Cap. (Rs bn)	1,386.2
Shares o/s (m)	3,797.9

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	593,328	715,304	798,189
EBITDA	200,901	256,128	296,072
<i>Margin (%)</i>	<i>33.9</i>	<i>35.8</i>	<i>37.1</i>
PAT	62,004	79,876	98,824
EPS (Rs)	16.3	21.0	26.0
<i>RoE (%)</i>	<i>14.0</i>	<i>15.3</i>	<i>16.7</i>
PE (x)	22.1	17.1	13.8
EV / E (x)	6.7	5.3	4.6

* Bloomberg Consensus

We expect a marginal decline in ARPM owing to competitive pressures around MNP implementation. While MOUs will remain stable, we expect strong growth in total minutes on the network driven by a ~6% QoQ growth in the sub base. Bharti's EBITDA margin is expected to recover to ~34% after the impact of the re-branding exercise in Q3FY11. In Q4FY11E, Bharti will also start amortizing the 3G licence costs as it rolls out the 3G services.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	163,569	107,491	52.2	157,560	593,328	418,473	41.8
EBITDA	55,458	41,340	34.2	49,787	200,901	168,145	19.5
<i>Margin (%)</i>	<i>33.9</i>	<i>38.5</i>	<i>(455)bps</i>	<i>31.6</i>	<i>33.9</i>	<i>40.2</i>	<i>(632)bps</i>
Reported PAT	16,533	23,706	(30.3)	13,036	62,004	100,053	(38.0)
PAT (Excl. Ex Items)	16,533	23,706	(30.3)	13,036	62,004	100,053	(38.0)
Operating Metrics							
India wireless sub base (m)	-	128		153	-	128	
ARPU (Rs/Sub/month)	-	199		178	-	223	

* Bloomberg Consensus

Shree Renuka Sugars

Rating	Not Rated
Price	Rs76
Target Price	NA
Market Cap. (Rs bn)	51.1
Shares o/s (m)	670.4

Key Figures (Rs m) - Consolidated

	FY10	FY11E	FY12E
Net Sales	76,694	100,998	114,485
EBITDA	11,753	20,167	22,482
Margin (%)	15.3	20.0	19.6
PAT	7,036	6,881	8,381
EPS (Rs)	10.5	10.3	12.5
RoE (%)	36.3	25.9	25.0
PE (x)	7.3	7.4	6.1
P / BV (x)	2.2	1.7	1.4
EV / E (x)	9.4	5.1	4.4

Shree Renuka Sugars is likely to show strong growth of ~39% YoY in consolidated sales on the back of contribution from Brazilian acquisition (The company started consolidated Brazilian operation since Q3FY10). Excluding Brazil, the company's net sales is expected to de-grow by ~12% YoY on the back of lower sugar prices (Rs27.7/kg in Q4FY11 v/s Rs33.6/Kg in Q4FY10). It also resulted in lower EBITDA margin in India business.

Quarterly Table (Rs m) - Consolidated

Y/e Sept	Q2 FY11E	Q2 FY10	YoY gr. (%)	Q1 FY11	H1 FY11E	H1 FY10	YoY gr. (%)
Net Sales	24,712	17,814	38.7	22,470	47,182	32,101	47.0
EBITDA	4,669	3,545	31.7	3,005	7,674	7,156	7.2
Margin (%)	18.9	19.9	(100)bps	13.4	16.3	22.3	(603)bps
Reported PAT	1,420	2,242	(36.7)	664	2,084	4,851	(57.0)
PAT (Excl. Ex Items)	1,420	2,242	(36.7)	664	2,084	4,851	(57.0)
Operating Metrics							
Brazil Sales	9,104	-		9,159	18,263	-	
Other Than Brazil Sales	15,608	17,814	(12.4)	13,311	28,919	32,101	(9.9)
Brazil EBITDA (%)	29.7	-		25.0	27.4	-	
Other Than Brazil EBITDA (%)	12.6	21.3	(875)bps	9.6	11.2	23.6	(1,236)bps

Bombay Rayon Fashions

Rating	Accumulate
Price	Rs277
Target Price	Rs285
Market Cap. (Rs bn)	36.6
Shares o/s (m)	132.1

Key Figures (Rs m) - Consolidated

	FY11E	FY12E	FY13E
Net Sales	24,146	30,167	35,925
EBITDA	5,982	7,200	8,756
Margin (%)	24.8	23.9	24.4
PAT	2,095	2,744	3,855
EPS (Rs)	15.9	20.8	27.1
RoE (%)	9.2	9.7	12.0
PE (x)	17.5	13.3	10.2
P / BV (x)	1.4	1.2	1.1
EV / E (x)	9.1	7.5	5.8

We believe that BRFL would show strong net sales growth of ~25% YoY (~10% QoQ) on account of robust growth in fabric volume during the quarter. Fabric growth is mainly led by higher contribution from the newly set up Tarapur fabric plant. EBITDA margin is expected to be higher by ~74bps YoY. We believe that higher depreciation (~92% YoY) due to Tarapur new plant would lower the adjusted PAT growth (~2% YoY).

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E*	12M FY10*	YoY gr. (%)
Net Sales	6,024	4,817	25.0	5,492	24,146	18,211	32.6
EBITDA	1,572	1,221	28.7	1,451	5,982	3,916	52.8
Margin (%)	26.1	25.4	74 bps	26.4	24.8	21.5	327 bps
Reported PAT	515	504	2.3	532	2,095	1,634	28.3
PAT (Excl. Ex Items)	515	504	2.3	532	2,095	1,634	28.3
Operating Metrics							
Fabric Vol. (m mtr.)	24.4	19.0	28.3	23.1	90.0	54.1	66.3
Garment Vol. (m pcs)	11.3	10.3	8.9	10.4	41.5	36.9	12.4
Fabric Sales (Rs m)	2,864	2,073	38.2	2,658	10,334	6,153	68.0
Garment Sales (Rs m)	3,075	2,667	15.3	2,784	11,305	9,956	13.6

* Consolidated

Ess Dee Aluminium

Rating	BUY
Price	Rs416
Target Price	Rs725
Market Cap. (Rs bn)	13.3
Shares o/s (m)	32.0

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	7,545	11,091	13,358
EBITDA	1,818	2,762	3,486
Margin (%)	24.1	24.9	26.1
PAT	1,260	1,984	2,494
EPS (Rs)	39.3	61.9	77.8
RoE (%)	19.7	21.2	21.9
PE (x)	10.6	6.7	5.3
P / BV (x)	1.6	1.3	1.1
EV / E (x)	7.8	5.0	3.9

We expect sequential recovery in volumes for Ess Dee as ramp up at India Foils gathers steam. We estimate a strong 45% profit growth, driven by better volumes as well as higher other income. Margin expansion is optical as base quarter had one off items in other expenses.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	1,953	1,588	23.0	1,869	7,545	5,883	28.2
EBITDA	586	349	68.1	539	1,818	1,574	15.5
Margin (%)	30.0	22.0	804 bps	28.9	24.1	26.8	(265)bps
Reported PAT	411	283	45.6	380	1,710	1,020	67.7
PAT (Excl. Ex Items)	411	283	45.6	380	1,260	1,020	23.6
Operating Metrics							
Ess Dee Sales	1,680	1,292	30.0	1,777	5,627	4,594	22.5
Operating Profit	537	328	63.7	469	1,604	1,433	11.9
EBITDA Margin (%)	32	25	26.0	26	29	31	(8.7)

Phillips Carbon Black

Rating	BUY
Price	Rs148
Target Price	Rs183
Market Cap. (Rs bn)	5.1
Shares o/s (m)	34.3

Key Figures (Rs m)

	FY11E	FY12E	FY13E
Net Sales	17,199	19,789	22,119
EBITDA	2,199	2,689	3,052
Margin (%)	12.8	13.6	13.8
PAT	1,115	1,252	1,453
EPS (Rs)	32.6	36.6	42.4
RoE (%)	26.4	21.8	21.1
PE (x)	4.5	4.0	3.5
P / BV (x)	1.0	0.8	0.7
EV / E (x)	3.7	2.9	2.3

We expect the carbon black segment to grow by 28% YoY, mainly led by 16.4% YoY volume growth. Power segment revenues are expected to grow by 60% YoY due to new capacity coming onstream. On a sequential basis, the top-line is expected to improve by 8.3% on account of better realization in both, the carbon black segment as well as the power segment. On account of higher raw material cost, we expect EBITDA margins to contract by 50bps QoQ.

Quarterly Table (Rs m)

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	4,682	3,625	29.2	4,321	17,199	12,326	39.5
EBITDA	630	418	50.7	607	2,199	1,664	32.2
Margin (%)	13.5	11.5	192 bps	14.0	12.8	13.5	(71)bps
Reported PAT	283	230	22.8	272	1,115	1,227	(9.1)
PAT (Excl. Ex Items)	283	230	22.8	272	1,115	1,227	(9.1)
Operating Metrics							
Carbon Black Sold (Tonnes)	82,300	70,700	16.4	80,874	313,000	255,777	22.4
Power sold (Rs m)	240	150	60.0	223	766	567	35.2



Siyaram Silk

Rating	BUY
Price	Rs347
Target Price	Rs480
Market Cap. (Rs bn)	3.3
Shares o/s (m)	9.4

Siyaram's net sales are expected to grow by ~20% YoY on the back of a strong volume growth. We expect that EBITDA margin would decline by 80bps YoY to 13.2% due to higher raw material prices. Adjusted PAT is expected to grow by merely ~3% to Rs156m on the back of lower EBITDA margin and other income.

Key Figures (Rs m) - Standalone

	FY11E	FY12E	FY13E
Net Sales	8,397	10,503	12,353
EBITDA	1,066	1,295	1,530
<i>Margin (%)</i>	<i>12.7</i>	<i>12.3</i>	<i>12.4</i>
PAT	545	643	741
EPS (Rs)	58.2	68.6	79.1
<i>RoE (%)</i>	<i>28.2</i>	<i>26.3</i>	<i>24.3</i>
PE (x)	6.1	5.2	4.5
P / BV (x)	1.5	1.2	1.0
EV / E (x)	5.0	4.5	4.1

Quarterly Table (Rs m) - Standalone

Y/e March	Q4 FY11E	Q4 FY10	YoY gr. (%)	Q3 FY11	12M FY11E	12M FY10	YoY gr. (%)
Net Sales	2,265	1,886	20.1	2,280	8,397	6,597	27.3
EBITDA	298	263	13.2	298	1,066	702	51.8
<i>Margin (%)</i>	<i>13.2</i>	<i>14.0</i>	<i>(80)bps</i>	<i>13.1</i>	<i>12.7</i>	<i>10.6</i>	<i>205 bps</i>
Reported PAT	156	152	2.6	159	545	336	62.1
PAT (Excl. Ex Items)	156	152	2.6	159	545	336	62.1



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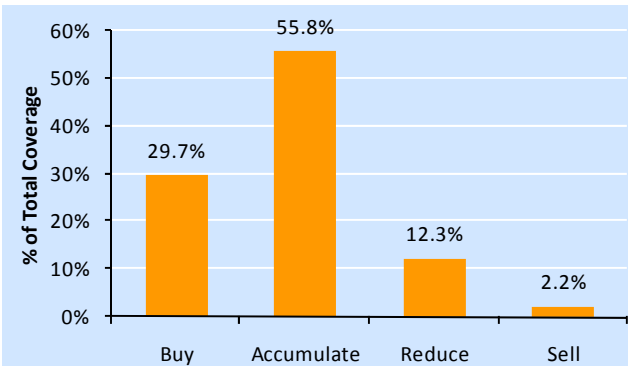
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Rating Distribution of Research Coverage



PL's Recommendation Nomenclature

BUY	: Over 15% Outperformance to Sensex over 12-months	Accumulate	: Outperformance to Sensex over 12-months
Reduce	: Underperformance to Sensex over 12-months	Sell	: Over 15% underperformance to Sensex over 12-months
Trading Buy	: Over 10% absolute upside in 1-month	Trading Sell	: Over 10% absolute decline in 1-month
Not Rated (NR)	: No specific call on the stock	Under Review (UR)	: Rating likely to change shortly

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