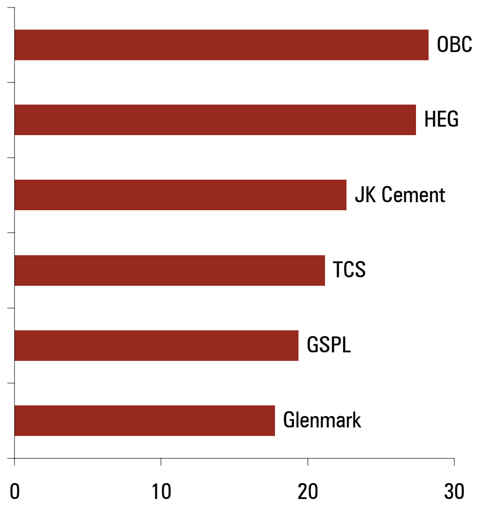
July 9, 2010

Sectoral Index performance

Index	1M	3M	6M	12M
S&P CNX NIFTY	4.1	-2.5	-0.4	24.7
SENSEX	4.1	-2.8	-0.8	23.3
Auto index	5.5	4.6	10.6	76.6
Bank index	1.8	-1.4	5.7	38.0
FMCG index	5.8	12.6	13.1	34.2
Healthcare index	4.8	6.4	12.0	58.9
IT index	2.6	0.8	5.7	65.7
Metal index	1.5	-22.4	-20.9	36.7
Midcap index	5.8	2.0	3.5	44.8
Oil & Gas	5.4	-0.1	-2.3	17.6
Power	4.8	-2.3	-3.4	12.8
PSU	4.3	1.5	-3.2	22.8
Realty index	5.2	-9.7	-20.6	-1.5
Technology	3.3	-1.4	1.7	29.0

Source: Reuters

Most preferred stock (Top 6)



Analyst

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Momentum continues, albeit at lower pace

- **Strong growth on a yearly basis**

Despite stronger YoY growth, Indian companies are likely to report a subdued performance on a QoQ basis for Q1FY11E. Both banking and non-banking companies are likely to see de-growth in both EBITDA as well as PAT QoQ. We believe this is mainly due to a sequential rise in input costs for non-banking companies and higher provisioning for banking companies. Higher base effect due to a robust performance during Q4FY10 is also likely to result in de-growth on a QoQ basis. On an absolute basis, however, the numbers are likely to be satisfactory in Q1FY11E. Indian markets, meanwhile, have maintained their strength despite a sharp downward correction in developed markets. As per three-month returns perspective, except metals and realty that saw a sharp downfall, all others sectors outperformed both indices with FMCG and healthcare remaining the best performers. We feel the negatives have already been factored into stock prices and only a bigger disappointment in this regard could be a drag for the market. While we prefer sectors like capital goods, infrastructure and oil & gas our view remains cautious on metals at this point.

Exhibit 1: Sector wise estimate for Q1FY11E (Rs Crore)

Sector	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Automobiles	33179.2	43.8	-1.9	4146.1	32.5	-7.9	2321.0	15.5	-13.6
Broking	745.6	23.4	0.9	359.3	34.9	14.2	168.2	23.4	7.1
Capital Goods	1534.5	80.8	-46.7	173.9	56.4	-45.5	112.1	68.0	21.0
Cement	9674.3	0.9	-4.3	2353.0	-25.6	-6.3	1261.6	-34.5	1.6
FMCG	3783.5	25.4	19.3	693.0	32.5	27.6	470.7	36.2	19.5
Hotels	860.4	22.6	-14.8	265.5	79.8	-22.8	100.7	184.9	-13.9
IT	27335.3	11.5	2.9	7109.3	10.8	-0.4	5282.5	10.6	-4.7
Logistics	2220.8	13.9	2.8	472.7	10.3	14.8	306.4	3.8	13.7
Media	2267.9	31.7	18.7	825.4	55.0	15.8	377.5	66.9	43.6
Metals	57669.0	27.5	-2.9	13388.7	158.0	-10.6	7465.5	461.8	-19.1
Oil and Gas	7238.1	23.7	16.5	2506.4	40.8	21.3	1534.9	38.7	47.3
Pharma	5987.3	22.7	4.7	1398.9	51.3	6.5	1010.8	56.9	4.9
Pipes	4261.7	-11.4	-2.2	757.1	2.1	-8.6	370.2	9.3	-22.2
Power	22076.5	18.0	17.5	6846.7	16.5	23.6	3074.5	-3.4	10.2
Shipping	5195.0	10.4	-3.0	1885.0	7.8	-4.2	269.7	-51.8	-53.9
Sugar	2832.2	34.8	-11.8	209.6	-55.2	-67.1	44.8	-79.2	-84.9
Tea	376.2	43.8	-24.2	75.8	16.9	-273.2	44.9	-4.4	LP
Telecom	20230.9	1.6	2.3	6740.9	-9.9	1.8	2093.4	-53.6	-41.6
Others	23893.7	25.7	-3.6	3840.4	28.3	-7.6	1002.7	27.6	-28.8
Total	**231362.0**	**20.8**	**0.4**	**54047.7**	**28.7**	**-1.5**	**27311.8**	**21.2**	**-11.9**

Banks	NII	Change (%)		PPP	Change (%)		NP	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
PSU banks	16212.2	34.9	-3.5	12594.0	25.5	-7.5	5842.8	2.1	0.2
Private Banks	4709.5	28.8	0.1	3636.5	7.5	-5.2	1801.0	26.1	-9.4
NBFCs	2308.3	22.4	-2.0	764.6	11.6	-0.2	549.3	20.7	10.5
Banks Total	**23229.9**	**32.3**	**-2.7**	**16995.1**	**20.5**	**-6.7**	**8193.1**	**7.7**	**-1.5**

Source: Company, ICICIdirect.com Research

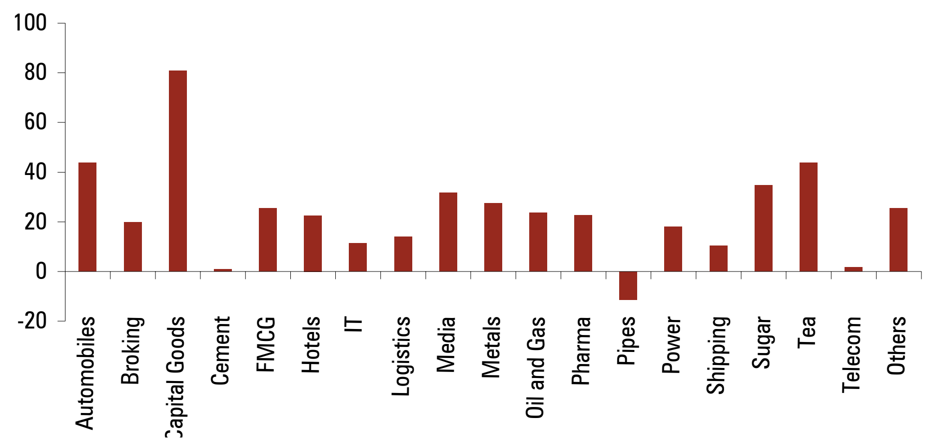
- **Performance to improve YoY**

  We expect the ICICIdirect.com universe (ex-banking and financials) to post healthy revenue growth of ~21% YoY as most sectors have witnessed healthy recovery due to robust domestic growth. Banking and NBFCs are also likely to post ~32% growth in topline primarily due to a consistent improvement in credit growth during the quarter under consideration. The better YoY show is also likely to percolate to the EBITDA and PAT level, which for ex-banking and financial companies are likely to grow by ~29% and ~21%, respectively. For banking and NBFCs the pre-provisioning profits (PPP) and NP are also are likely to grow ~21% and ~8%, respectively, YoY.

- **QoQ performance to remain subdued**

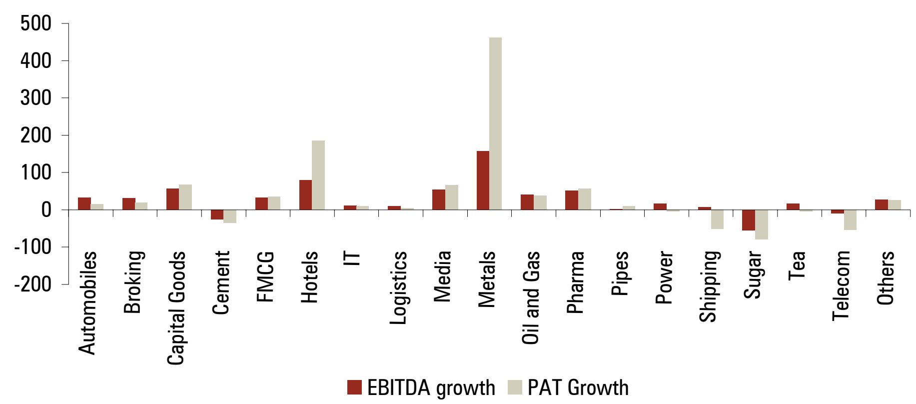
  The QoQ performance for our coverage universe is likely to show a subdued performance. Banking and NBFCs are likely to see de-growth in NII, PPP and NP by ~3%, ~7% and ~2%, respectively. Other sectors, put together, though are likely to remain flat on the topline front. However, they should see de-growth of ~2% and ~12% in EBITDA and PAT, respectively, QoQ.

Exhibit 2: Sector wise YoY revenue growth (%)



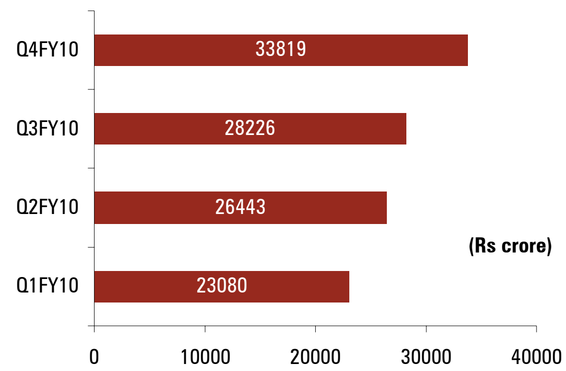
Source: Company, ICICIdirect.com Research

Exhibit 3: Sector wise YoY profitability growth (%)

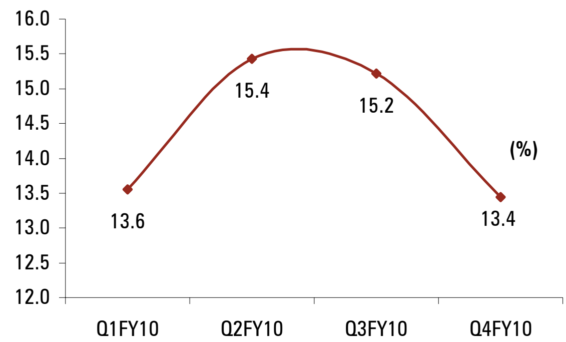


Source: Company, ICICIdirect.com Research

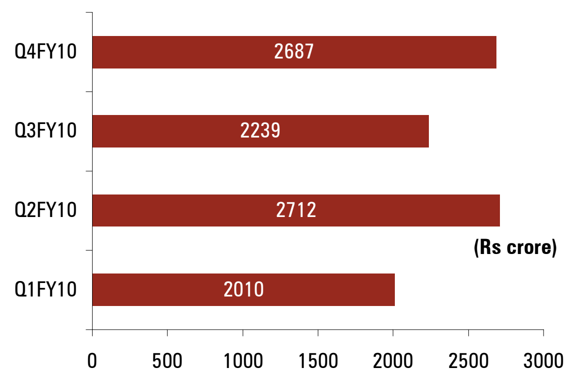
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Bajaj Auto

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Auto and auto ancillary

Demand sustenance beats seasonal trends

Q1FY11 has seen sustained volume growth of 27% YoY in a traditionally weak quarter. This was due to robust demand from the rural, urban and industrial segments on the back of higher farm incomes, easier vehicle financing, newer model launches and strong industrial production. The structural robust demand fuelled by a burgeoning middle class of ~35 million households has led to original equipment manufacturers (OEMs) running at elevated capacities though ancillary slippages have resulted in loss of sales. On the financing front, the advent of the base rate regime is expected to facilitate cheaper retail credit offtake and would moderate any nominal rise in interest rates. We expect the I-direct coverage universe to report topline growth of 44% YoY and marginal dip of 1.6% QoQ for Q1FY11.

Exhibit 4: Volume performance (%)

Companies	YoY Gr	QoQ Gr
Baja Auto	69.5	14.8
TVS Motors	31.4	10.7
Maruti Suzuki	25.0	-1.4
Tata Motors	47.6	-13.5
Hyundai Motors	10.9	-10.6
Mahindra & Mahindra	30.6	-8.5
Ashok Leyland	179.5	-16.7

Source: Company, ICICIdirect.com Research

Margin under pressure

The outlook on margins for OEMs and ancillary players has a downward bias due to a consistent rise in raw material prices like rubber, which touched a record high of Rs 181/kg with 18.3% QoQ and 70.8% YoY increase. This was even though steel prices saw a softening towards the latter part of Q1FY11. However, it is still higher by ~150 bps QoQ and ~850 bps YoY. On the flip side, suppliers as well as OEMs have seen pricing power shift towards them in the wake of high demand. Thus, they have increased prices in the range of 3-5% for OEMs and 5-10% for ancillaries in the quarter. We expect the I-direct universe to reflect a decline in EBITDA margin of 50 bps QoQ and 70 bps YoY.

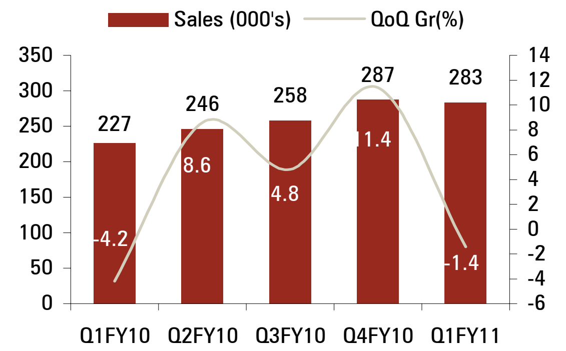
Exhibit 5: Estimates for Q1FY11E: Auto and auto ancillary (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Apollo Tyre	1,295.7	9.8	-1.3	154.2	-20.6	-16.5	62.1	-34.4	-46.5
Automotive	161.8	146.1	-4.9	22.2	198.8	-10.0	9.9	156.2	-19.8
Bajaj Auto	3,821.9	63.4	12.4	798.8	75.4	2.8	545.9	86.0	2.6
Balkrishna	579.8	91.4	30.9	110.7	24.7	0.0	52.8	0.8	-16.9
Bharat Forge	599.8	67.3	6.7	139.2	85.8	-1.0	52.3	5,289.7	-14.7
Escorts*	841.4	44.2	24.5	83.3	31.6	26.0	55.7	150.8	34.4
JK Tyre &	1,122.8	24.7	7.2	71.9	-32.6	-9.2	21.8	-46.5	-19.2
Mahindra &	5,326.8	25.6	0.4	793.2	30.2	-6.2	520.8	29.9	-8.7
Maruti Suzuki	8,805.8	35.6	4.5	1,074.3	35.4	-3.3	635.9	9.0	-3.1
Subros	225.5	7.4	-9.7	25.0	36.2	-5.2	7.9	139.3	-12.3
Tata Motors	10,397.9	62.3	-15.0	873.4	21.9	-23.2	355.8	-30.7	-40.4
Total	**33,179.2**	**43.8**	**-1.9**	**4,146.1**	**32.5**	**-7.9**	**2,321.0**	**15.5**	**-13.6**

** Year end Sept-Q1FY11E~Apr-May-June Q3FY10E*

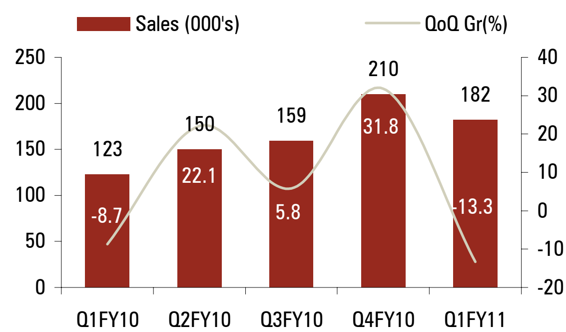
Source: Company, ICICIdirect.com Research

Maruti Suzuki's sales performance



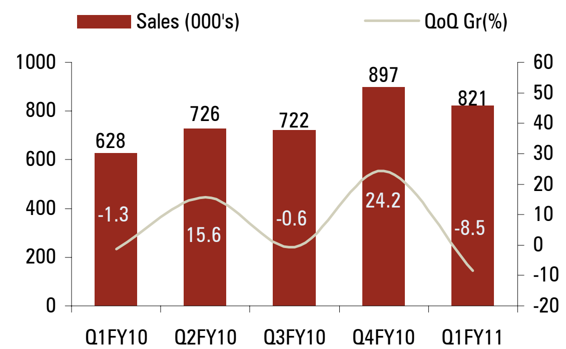
Source: Company,ICICIdirect.com Research

Tata Motors' sales performance



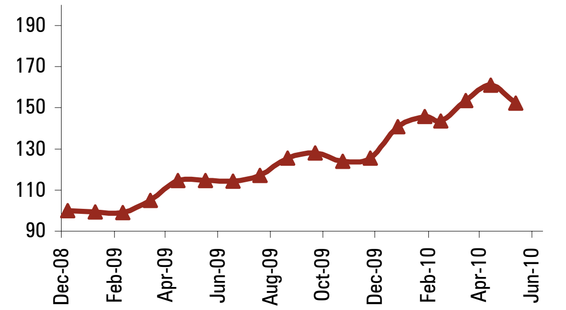
Source: Company,ICICIdirect.com Research

M&M's sales performance



Source: Company,ICICIdirect.com Research

Auto raw material Index



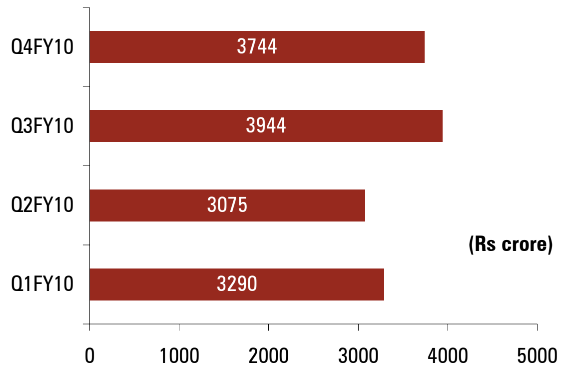
Source: ICICIdirect.com Research

Exhibit 6: Company specific view

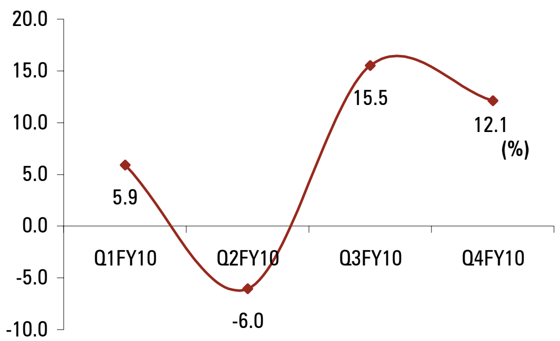
Automotive Axle	Continuance of strong demand in the commercial vehicles segment on the back of strong manufacturing recovery is expected to bring strong topline growth of 146.3% YoY and PAT growth of 228.2% YoY. EBITDA margin concerns loom large and we expect a dip of 90 bps YoY and 80 bps QoQ
Bajaj Auto	Strong volumes of Discover and Pulsar series in executive segment have led to market share of ~27%, which is expected to improve topline by 12.4% QoQ and 102.9% YoY. EBITDA margin is expected to rise by 5.7% YoYbut decline 200 bps QoQ due to higher raw material prices,PAT margins would fall 140 bps
Balkrishna Industries	Improvement in off highway radial volumes due to a moderate recovery in the construction segment in the US and Europe is expected to lead to 30.7% YoY growth in sales while higher rubber prices are expected to drag down the PAT by 8.2% YoY and EBITDA margin by 10.2% YoY
Bharat Forge	Resounding growth in the domestic M&HCV and LCV segment is expected to cushion the slowdown in the export segment. We expect a moderate 6.6% QoQ jump in topline. However, margin and bottomline are expected to decline 180 bps and 220 bps QoQ, respectively, due to higher raw material prices
Escorts	The improvement in traction of tractor sales in the 31-40 HP segment, driven by non-agricultural buying, is expected to push the topline up by 49.9% YoY and 29.5% QoQ. Margin and PAT growth are expected to be muted QoQ due to higher raw material prices
JK Tyre	Strong domestic volume growth in OEM sales of the passenger radial segment is expected to increase sales by 24.7% YoY and 7.2% QoQ. The meteoric rise of rubber prices is expected to hit the EBITDA margin and bottomline causing a 120 bps and 70 bps decline, respectively
M&M	A sterling performance by Gio and Maxximo in the three-wheeler segment and robust rural tractor demand are expected to raise the topline by 25.6% YoY. The margin is expected to improve by 50 bps YoY though sequentially it would be lower by 100 bps owing to higher raw material prices
Maruti Suzuki	MSIL broke the 1 lakh unit per month ceiling in May due to strong volumes driven mainly by the A2 and C segment growth. The topline is estimated to grow by 35.6% YoY though with higher rubber prices margins would decline due to limited headroom for price hike in the price elastic A2 segment
Subros	Strong passenger vehicle performance from Tata Motors and Maruti has led to Subros catering to ~65% market share, thereby improving topline growth by 7.5% YoY. Also, we expect EBITDA margin to be strong and improve by 50 bps QoQ and 230 bps YoY. PAT would be flat QoQ due to higher interest costs
Tata Motors	Robust IIP numbers led to high CV volumes coupled with rise of PV segment on models like Indigo Manza and Nano. The Sanand plant has started production reflecting 217% MoM rise in May volumes for Nano. Topline growth would be 62.3% YoY. Rising raw material prices would flatten margin and profit
Apollo Tyres	Labour issues at Kerala plant is expected to decrease volumes by ~5% QoQ and though their has been price hikes to counter rising input costs the topline is estimated to decline by 130 bps QoQ. The rising input costs would lead to a QoQ decline of EBITDA and PAT margins by 220 bps and 400 bps respectively

Source: Company, ICICIdirect.com Research

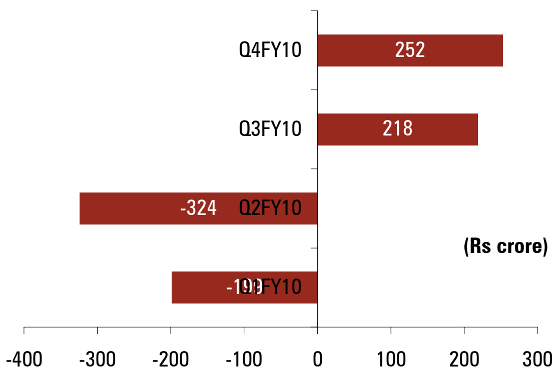
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Spicejet Ltd.

Analyst

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Aviation

- **Rise in pax traffic to drive revenue growth in Q1FY11**

  Domestic passenger traffic witnessed robust growth in Q4FY10 (growth of 27% YoY) driven by improved macroeconomic performance and lower airline fares. In Q1FY11, we expect the trend to remain positive as a healthy booking window has been observed in the past two months. We expect our I-direct aviation universe revenues to increase by 11.7% YoY.

- **Low fare carriers (LFCs) to report better performance**

  LFCs are expected to perform better than full service carries (FSCs) due to increased preference of passengers towards LFCs. With an increase in market share by LFCs, we expect Spicejet to report quarterly growth of 6.7% in total revenues while Jet Airways is expected to witness a marginal dip of 3.3% in its revenues partially due to its losing of market share to other airlines and decline in pax yields.

- **Operating margin to remain under pressure**

  Operating margins are expected to decline marginally on a quarterly basis due to a rise in operating costs especially fuel charges. We expect our I-direct aviation operating margins to decline by 590 bps QoQ to 6.2% while YoY the same is expected to improve 30 bps due to the low base effect of last year.

Exhibit 7: Company specific view

Company	Remarks
Jet Airways	Consolidated net revenues will grow by 11.3% YoY. The growth would be driven by a revival of domestic and international traffic on the back of a strong macroeconomic performance. However, operating margins are expected to decline by 380 bps QoQ to 6.5% in Q1FY11 due to a rise in fuel and other costs
SpiceJet	We expect growth of 14% YoY and 6.7% QoQ in revenues backed by a revival in the domestic pax traffic and increased preference towards low cost travel. With an improved operating performance, we expect the company to report net profit of Rs 30.7 crore for the quarter

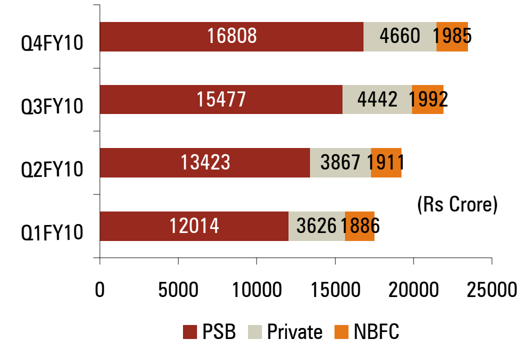
Source: Company, ICICIdirect.com Research

Exhibit 8: Estimates for Q1FY11E: Aviation (Rs Crore)

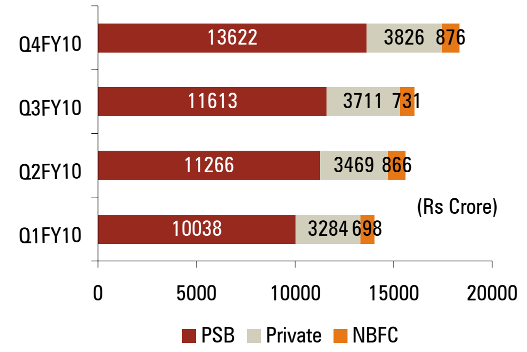
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Jet Airways	3,077.8	11.3	-3.3	194.9	12.2	-56.0	-190.3	NA	NA
SpiceJet	598.3	14.0	6.7	33.4	58.7	211.7	30.7	16.7	12.0
Total	**3,676.1**	**11.7**	**-1.8**	**228.4**	**17.2**	**-49.6**	**-159.5**	**NA**	**NA**

Source: Company, ICICIdirect.com Research

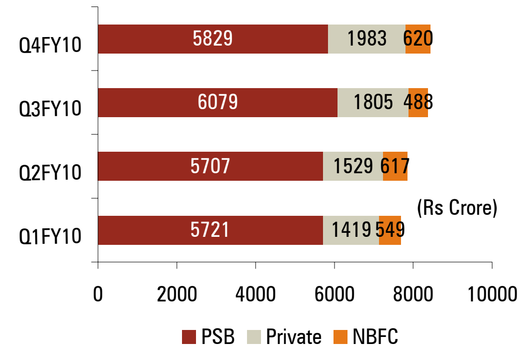
Net interest income (past 4 quarters)



PPP (past 4 quarters)



Net Profit (past 4 quarters)



Top pick of sector

Oriental Bank of Commerce (ORIBAN)
IDFC (IDFC)
IDBI Bank (IDBI)

Analyst

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Banking and Financial Institutions

- **Deposits sluggish, 3G outflow fuels credit demand this quarter**

  This quarter witnessed a one-off spurt in credit demand digressing from the general trend of Q1 being a slow quarter. Deposit growth will pick up as banks have exhausted the excess liquidity generated last year. The loan book grew 19.6% YoY while deposits posted a 14% YoY growth for the fortnight ended June 18. The system is facing a liquidity squeeze as more than Rs 1,00,000 crore funding to the telecom bids made banks net borrowers under LAF. We expect 18% credit growth and a 20% growth in deposits in FY11E.

- **Healthy NII growth to sustain NIM**

  We expect higher credit offtake to translate into strong NII growth, which would help maintain NIM for most banks in Q1FY11. This would also offset a rise in cost of deposits by 15-20 bps for high CASA banks due to daily interest calculation on savings deposits. Recent rate hike by the RBI to counter double digit inflation marks the upward trend in lending rates. Loan repricing will take place at higher rate supporting NIM.

- **High provisioning as restructured assets pressurise asset quality**

  Asset quality woes will continue this quarter. Provisioning, although lower than last quarter, would still remain high as banks need to maintain 70% coverage ratio. We have seen a 6-10% slippage from restructured accounts for the coverage universe and do not rule out further 4-5% slippage in coming quarters where it should peak out. Sequentially, we expect dull PAT growth for public sector banks and de-growth of 9% for private sector banks in our coverage universe.

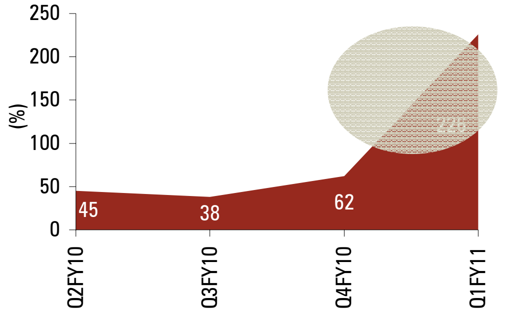
Exhibit 9: Estimates for Q1FY11E: Banking (Rs Crore)

	NII	Change (%)		PPP	Change (%)		NP	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Public Sector Banks									
Bank of India	1560.4	20.0	0.6	1335.2	22.1	4.7	544.3	-6.9	27.2
Bank of Baroda	1752.8	45.5	0.4	1455.3	44.1	-5.9	788.8	15.1	-13.0
Dena Bank	289.8	15.7	-11.1	230.2	14.3	-17.8	125.0	8.6	-8.8
IDBI Bank	815.9	157.8	7.3	773.7	2.3	11.5	271.8	58.2	-14.6
IOB	873.7	13.7	6.5	518.2	20.9	13.7	160.1	-47.0	25.6
PNB	2310.4	24.1	-7.5	1986.0	26.5	-11.8	934.0	12.3	-17.7
OBC	890.4	83.9	-10.0	667.3	29.1	-14.1	313.0	21.6	-1.3
SBI#	6390.8	27.2	-4.9	4514.8	22.9	-13.1	2149.8	-7.8	15.2
Union Bank	1328.1	65.7	-4.9	1113.4	41.4	-3.0	556.1	25.8	-6.3
Total	**16212.2**	34.9	-3.5	**12594.0**	25.5	-7.5	**5842.8**	2.1	0.2
Private Banks									
Axis Bank	1388.2	32.8	-4.9	1310.1	11.4	-5.3	642.5	14.3	-16.0
Dhanlaxmi Bank	47.4	56.1	8.0	9.8	-25.4	-16.4	6.1	-40.1	8.2
HDFC Bank	2383.8	28.5	1.4	1603.7	5.6	-5.4	791.6	30.6	-5.4
Kotak Bank#	475.4	16.2	-9.6	347.4	22.2	-20.2	159.0	76.1	-21.4
SIB	148.5	-2.6	88.2	104.9	-1.9	103.3	56.3	-6.3	45.8
Yes Bank	266.2	62.6	9.0	260.7	31.8	1.2	145.4	45.3	3.8
Total	**4709.5**	28.8	0.1	**3636.5**	7.5	-5.2	**1801.0**	26.1	-9.4
NBFCs									
IDFC	276.9	13.5	-12.5	401.7	10.0	8.6	280.9	2.4	23.8
LIC HF	273.3	56.9	-8.3	261.5	54.9	-12.3	188.3	52.0	-11.7
Rel Cap*	1758.0	19.7	1.0	101.5	-38.2	3.5	80.2	-46.9	40.5
Total	**2308.3**	22.4	-2.0	**764.6**	11.6	-0.2	**549.3**	20.7	10.5

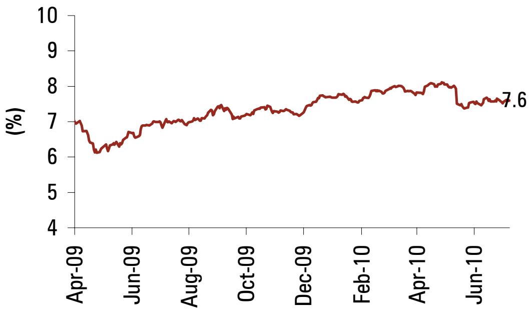
Source: Company, ICICIdirect.com Research

*# standalone figures, * NII is Total income, PPP is EBIDTA NII-Net Interest Income, PPP- Pre provisioning profits*

Incremental C/D ratio



Movement in G sec yields



Rising inflation to raise interest rates

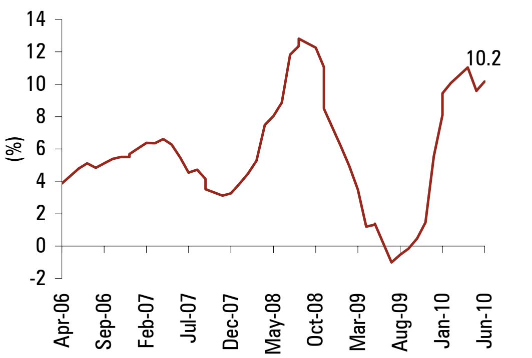
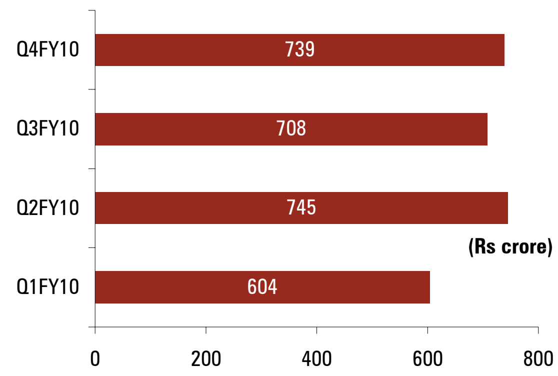


Exhibit 10: Company specific view

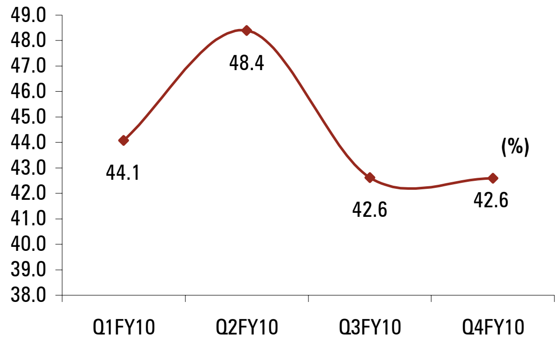
Company	
Bank of Baroda	We expect the loan book to grow 3% QoQ and 25% YoY. Asset quality is expected to stay strong. However, we still expect higher provisioning from the bank restricting PAT growth QoQ
Bank of India	We are cautious on asset quality and expect additional slippages from restructured assets. Recoveries are expected to be strong negating a rise in fresh NPL. This will boost the bottomline growth this quarter
Dena Bank	The bank is awaiting capital infusion from GoI, which is stalling near term business growth. Thus, NII growth will stay muted and NIM will be under presure QoQ
IDBI Bank	The bank has not contributed much to 3G loans. Hence, we see flattish credit growth QoQ and NIM staying around 1.2-1.3%. The cost to income ratio will remain high impacting PAT growth QoQ
Indian Overseas Bank	Business growth momentum will revive this quarter leading to NII growth. However, higher provisioning will keep PAT growth under check. We will keenly watch the asset quality where we expect some more slippage
Oriental Bank of Commerce	NIM will stabilise at 3% as strong core business growth would lead to improvement in NII QoQ as well. Core fee-based income will remain high but lower distribution income and treasury gain will be a drag
Punjab National Bank	Asset quality to stay under pressure and GNPA to inch up to 1.8-1.9%. NIM will be stable since higher loan growth will offset the rise in CoD. Business growth is seen at 19% YoY, led by higher loan growth
State Bank of India	We expect 3% QoQ growth in the loan book (in line with industry), which will support NII growth. Provisioning will remain on the higher side. Daily interest calculation to impact the bank little more than peers because of higher proportion of savings deposits
Union Bank of India	CASA ratio is expected to stay stable at 32% while CoD will inch up from 5.3% in Q4FY10 to 5.6% in Q1FY11. This would push NIM lower from 3.4% in the last quarter to 3%
Axis Bank	NIM will moderate from over 4% to 3.6% due to higher CoD (savings balance has been 24% of total FY10 deposit) and flat YoA. We expect an incremental C/D ratio of 48% and overall C/D ratio of 73% for Q1FY11
HDFC Bank	Momentum in growth will continue as high CASA levels of ~50% help maintain NIM in the range of 4-4.2%. However, we expect the cost of deposits to inch up by 20 bps due to daily interest rate calculation of savings account. Yet another quarter with ~30% YoY PAT growth
Dhanlaxmi Bank	Higher operating expense witnessed in the previous two quarters will weigh on the bottomline even in this quarter. Provisioning will remain low enabling flat PAT growth QoQ
Kotak Bank	Loan book to grow by 3% QoQ for the bank. We believe fresh slippages will be modest and see a 42% YoY rise in PAT on a standalone basis. However, we have built in higher provisioning YoY
South Indian Bank	On a normalised basis, we expect flattish NII growth QoQ. Asset quality should be maintained leading to lower provisioning requirement. NIM will slide down from 2.7% in Q1FY10 to 2.5% in this quarter
Yes Bank	NII growth will be muted. Non interest income will be lower than Q4FY10 due to low distribution income and treasury gains. However, we expect tepid PAT growth on the back of low provisioning
IDFC	We expect credit to grow at 21% YoY leading to NII growth of 13.5% with some pressure on spreads. Fee income will remain stable QoQ. Overall, the bottomline will rise marginally by 2.5% YoY
LIC Housing Finance	Credit growth will remain strong. NII will surge 56.9% YoY but a sequential dip of 8.3% is seen. With lower GNPA at 0.7%, provisions will be under control. Hence, PAT is seen growing by 52% YoY to Rs 188 crore
Reliance Capital	Consolidation in business segments to continue, leading to flat QoQ topline for Q1FY11 as well. Lower expenditure sequentially will propel bottomline growth by 40% (which would be a dip of 47% YoY)

Source: Company, ICICIdirect.com Research

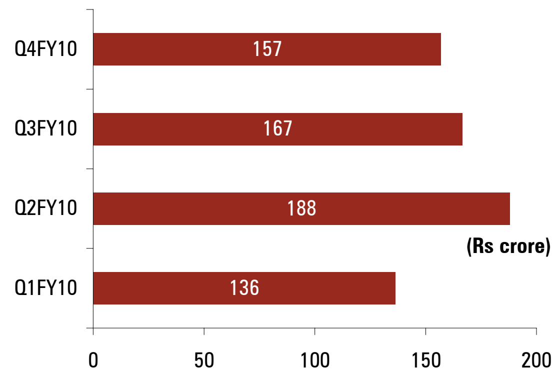
Total Revenues (Past 4 quarters)



EBIDTA margin (Past 4 quarters)



Net profit (Past 4 quarters)



Analyst

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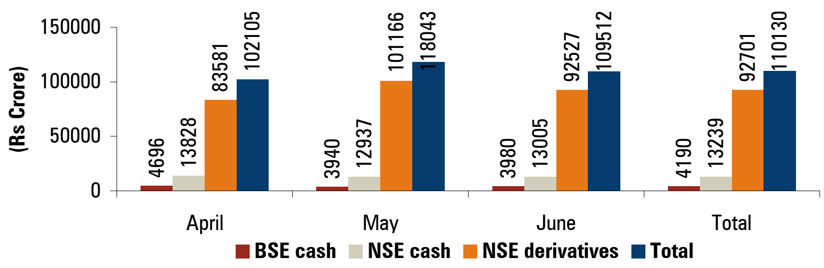
Broking

- **Broking yields to be hurt by rising F&O volume**

  Average daily turnover for Q1FY11 stood at Rs 1,10,130 crore vs. Rs 96,624 crore in Q4FY10. The sequential improvement came from higher contribution from the derivatives segment specifically the options side. This, coupled with low delivery volumes from the cash segment should drag down yields marginally QoQ and they may stay under pressure, going forward, as well.

Exhibit 11: Break-up of average daily turnover for Q1FY11



Source: Company, ICICIdirect.com Research

- **Organised brokers to maintain their market share at best**

  The organised broking industry (particularly companies under I-direct coverage universe) has been consistently losing market share to the increasing competition on the one hand and increased proprietary volumes, on the other hand. We expect India Infoline and Edelweiss to maintain their market share and Motilal Oswal to continue reporting lesser market share QoQ.

- **IB fees to remain subdued, financing income to drive profits**

  Primary market activity is drying up putting pressure on IB fees. We, therefore, see a sequential drop from this segment. On the other hand, higher interest income growth backed by rising loan book will support the topline performance.

Exhibit 12: Company specific view

Company	
Motilal Oswal	We expect a better performance from the asset management business and expect it to maintain EBIDTA margin over 45%. Market share of MOSL to be around 2.8% for Q1FY11.
India Infoline	Market share will stay stable around 3.7% with yields of 6.4 bps. Distribution fee income will moderate QoQ. The loan book is expected to grow marginally QoQ
Edelweiss capital	We project a flattish topline and bottomline performance. Lower IB fees will be compensated by higher interest income. We expect a stable market share and slight pressure on yields on the broking front

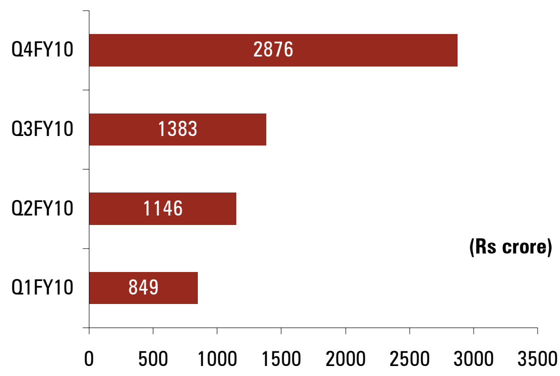
Source: Company, ICICIdirect.com Research

Exhibit 13: Estimates for Q1FY11E: Broking (Rs Crore)

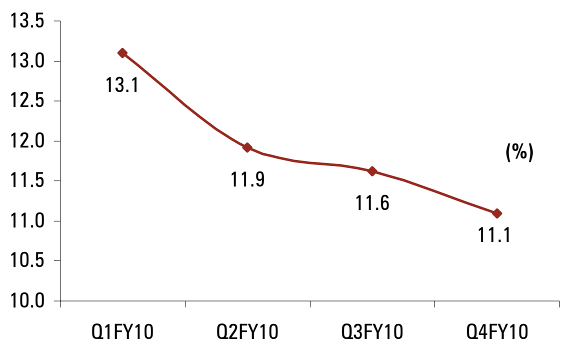
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Edelweiss	266.1	18.5	1.4	157.0	33.6	15.8	57.2	3.0	9.5
Indiainfoline	309.9	34.4	0.1	123.7	39.9	20.2	61.7	38.7	18.1
Motilal Oswal	169.6	13.7	1.8	78.6	30.1	3.2	49.3	35.8	-6.1
Total	**745.6**	**23.4**	**0.9**	**359.3**	**34.9**	**14.2**	**168.2**	**23.4**	**7.1**

Source: Company, ICICIdirect.com Research

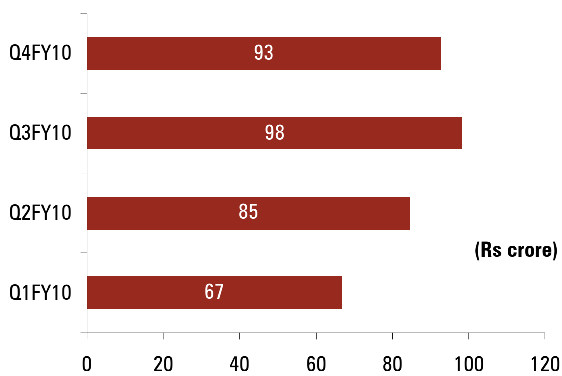
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

BGR Energy

Analyst

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Capital goods

- **High sustainable IIP growth to kick-start structural capex cycle**

  IIP exhibited robust growth in April 2010 (17.6% YoY growth) and there was robust 72% YoY growth in IIP capital goods index. Thus, we feel that, going ahead, consumption growth will open the doors for a structural upturn in industrial capex in FY11E. We believe this will lead to robust order inflows in the capital goods segment.

- **Better execution = high revenue growth, margins to decline YoY**

  Better order inflows in FY10 coupled with pick-up in execution rates will ensure that revenue growth for companies in the I-direct coverage universe will grow by 81% YoY. On the margin front, we expect it to decline YoY as the cost of high raw material prices kick in. The I-direct coverage universe is expected to report EBITDA margin of 11.4% in Q1FY11E vs. 13.1% in Q1FY10. However, on the whole, robust revenue growth due to pick-up in execution will somewhat mitigate margin pressure and help the I-direct coverage universe to report robust 68% YoY PAT growth in Q1FY11E.

- **Key things to watch out for companies under coverage**

  Apart from results we would watch out for qualitative measures:

  -We expect the companies under our coverage to provide robust order inflow guidance mainly in the power generation equipment segment.

  -We also expect companies to throw light on the recent JVs with MNCs e.g. into the supercritical equipment and their respective progress. We would also expect them to throw light on their intention to participate in the NTPC bulk order, which will be re-tendered.

Exhibit 14: Estimates for Q1FY11E: Capital goods (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
BGR	783.1	151.8	-52.7	84.7	100.6	-50.9	46.5	129.6	-57.1
Thermax Ltd	751.4	39.8	-38.4	89.2	29.4	-39.2	65.6	41.1	-518.6
Total	**1,534.5**	**80.8**	**-46.7**	**173.9**	**56.4**	**-45.5**	**112.1**	**68.0**	**21.0**

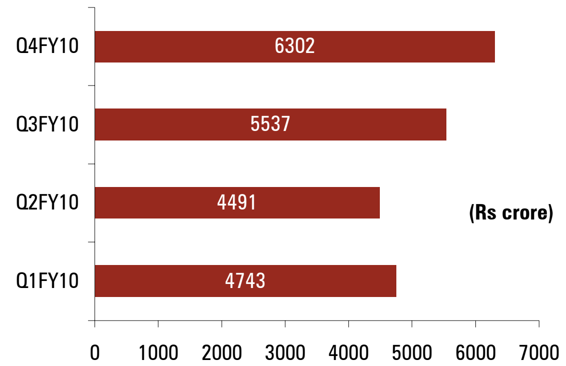
Source: Company, ICICIdirect.com Research

Exhibit 15: Company specific view

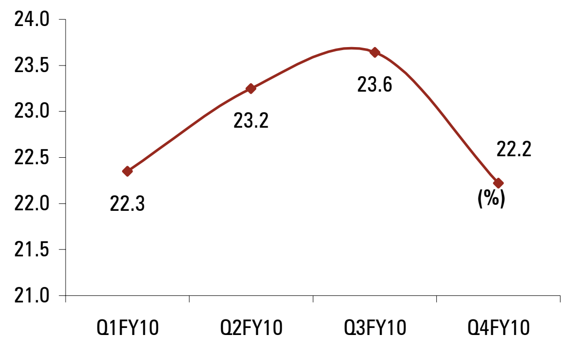
Company	Remarks
BGR Energy	With timely execution of two EPC orders in place, we expect BGR to report a 151% YoY rise in revenues for Q1FY11 to Rs 783 crore. EBITDA margins are expected to decline YoY to 10.8% as the impact of high raw material cost will kick in from Q1FY11E. We expect PAT to grow 129% YoY
Thermax	Order inflow would be relatively robust as the company has won a turnkey order worth Rs 580 crore for a gas-based plant. We expect Thermax' topline to grow by 40% YoY, driven mainly by 42.3% YoY and 35.4% YoY growth in the energy and environment segment, respectively. PAT is expected to grow by 41.1% YoY

Source: Company, ICICIdirect.com Research

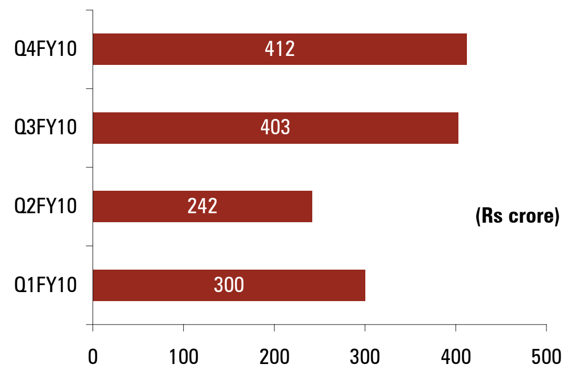
Topline performance (Coverage Universe)



Margin movement (Coverage Universe)



Bottomline performance (Coverage Universe)



Top pick of the sector

Simplex Infrastructure
Unity Infra projects

Analyst

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Construction & real estate

- **Construction — Order inflow buoyant, execution to be watched**

Order inflow for construction companies in Q1FY11 remained strong on the back of an improved economic outlook and revival in industrial capex. Construction players witnessed order inflow from the road and urban infrastructure verticals. According to our analysis, the road segment alone saw an order inflow of ~1,200 km aggregating Rs 17000 crore in Q1FY11 (against 3267 km aggregating Rs 34,000 crore in FY10) from NHAI. Additionally, we expect the momentum to continue in the coming quarters given a lot of projects are at a bidding stage.

While order inflow for construction players has remained strong and the order book to sales ratio has remained strong (2.5x-3x), the execution of projects for construction players will be a key monitorable in Q1FY11. Additionally, the management commentary on execution of projects in the Andhra Pradesh region will be critical as construction activity in the region has completely stopped and clarity on the Telangana issue is yet to emerge.

- **Real Estate — Price hike to cause volume drop**

The sales volume has moderated in key markets such as Mumbai due to price hike by developers reaching pre-slowdown level. In our view, real estate prices may not sustain in certain areas such as Central Mumbai where huge supply is expected over the next 12-24 months. Hence, developers could slash prices in these areas. On the other hand, the recent High Court decision to keep FSI to 1x is likely to keep TDR prices firm in the Mumbai Suburbs, which is beneficial for players such as HDIL and Akruti City.

On the commercial real estate front, lease rentals have stabilised and there are initial signs of recovery of demand from the IT/ITeS sector. There was also a big ticket deal such as the Axis-Wadia group deal during the quarter. While there are early signs of a revival in the commercial space, the pick-up in leasing activity and lease rates is yet to be checked due to the anticipated oversupply in the vertical.

Exhibit 1: Estimates for Q1FY11E: Construction & real estate (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Construction									
Simplex Infra	1,241.2	11.9	-0.9	130.5	16.8	1.4	38.6	50.4	-15.9
Unity Infra	341.7	22.6	-30.7	43.3	13.9	-30.5	19.4	23.0	-30.0
Real Estate									
Orbit Corporation	138.8	25.8	60.5	52.2	10.3	26.8	20.8	15.1	3.8
Diversified									
JP Associate	2,757.2	33.4	-17.6	629.0	16.1	-26.3	228.7*	4.9	-6.9
GMR Infra	1,233.2	4.7	9.6	421.4	31.2	34.0	-14.6	-	-
Total	**5,712.1**	**20.4**	**-9.4**	**1,276.5**	**20.4**	**-8.9**	**292.9**	**-2.4**	**-29.0**

Source: Company, ICICIdirect.com Research

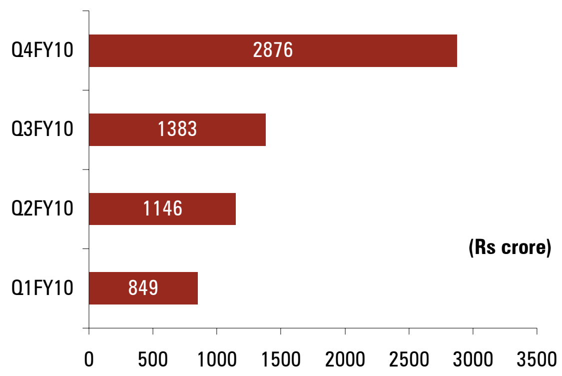
**on the reported basis, net profit would include exceptional item of Rs 590 crore (on pre-tax basis) for sale of Jaypee Infratech shares*

Exhibit 2: Company specific view

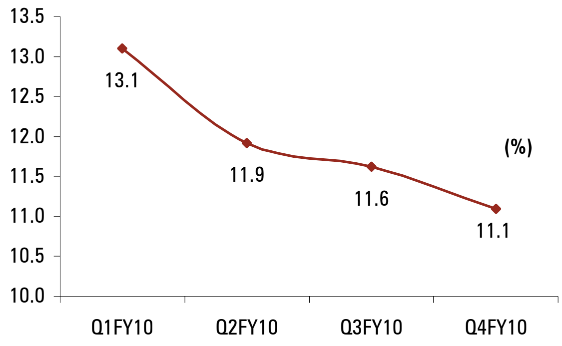
Company	Remarks
Simplex Infra	SIL has seen a revival in order inflow recently. The company saw an order inflow of over Rs 2000 crore in Q4FY10. There was also strong order inflow of Rs 1,289 crore for the first two months of Q1FY11. With the improvement in the order book, we expect the company to return to the growth trajectory
Unity Infra	During the quarter, the company bagged orders worth Rs 412 crore out of the L-1 bids of Rs 1,000 crore at the end of Q4FY10. The current order book should be at Rs 3547 crore implying an order book to bill ratio of 2.3x (on TTM basis)
Orbit Corporation	We expect pre-sales to remain sluggish since the company has not launched any new project during the quarter. Furthermore, the company is considering a QIP issue up to Rs 1000 crore and PE investment at the recently acquired Napeansea Road project, which will be a key monitorable
JP Associate	During this quarter, JAL completed the Jaypee Infratech IPO and also monetised Rs 591 crore through offer for sale. Hence, JAL could recognise extraordinary gain on sale of Jaypee Infratech shares worth Rs 591 crore (pre-tax basis)
GMR Infra	We expect GMR to report losses during this quarter due to shifting of the barge mounted gas-based plant. In the airport segment, the T-3 terminal at New Delhi was launched recently and incremental revenues should flow from Q2FY11

Source: Company, ICICIdirect.com Research

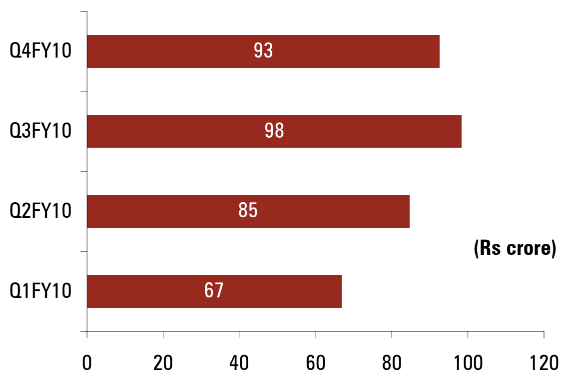
Topline performance (Coverage Universe)



Margin movement (Coverage Universe)



Bottomline performance (Coverage Universe)



Top pick of the sector

Shree Cement
JK Lakshmi Cement
Orient Paper

Analyst

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Cement

- **Cement volume to grow by 9% in Q1FY11E**

We expect cement dispatches to grow by 8.5% in Q1FY11E as against 10% in Q4FY10 and 12.2% in Q1FY10. Due to the monsoon and delay in infrastructure projects, the southern and western region showed a slowdown in dispatches. The central and northern region showed robust demand on account of a delay in monsoon and higher spending in infrastructure projects like Delhi metro and Commonwealth games in Delhi. Capacity utilisation for Q1FY11 is expected to be ~78% as against 90% in Q1FY10 and 88% in Q4FY10. This was on account of capacity surplus as the industry has added ~54 MTPA of new capacities and slowdown in demand momentum. Going further, we expect capacity utilisation to stand at 85% in FY11E on account of a further ~30 MTPA of new capacity addition by the end of FY12E.

- **Cement realisation to remain under pressure**

Cement prices declined by 3-5% QoQ in Q1FY11 as the southern region showed the highest correction. Cement prices in Andhra Pradesh have declined by Rs 40 per bag in Q1FY11 to Rs 160 per bag. This was on account of capacity surplus in the southern region as the addition of ~20 MTPA of new capacities during FY10 has been stabilising in FY11E resulting in a surplus situation and pricing weakness. The western region has also shown weakness in prices by Rs 5-15 per bag on account of inter-region transfers from the southern region. Cement prices in the northern region and central region have also declined by Rs 3-5 per bag on account of stabilisation of newly commissioned capacities. Going forward, cement prices are expected to remain under pressure over the next few quarters due to monsoon, commissioning of new capacities and stabilisation of capacities commissioned in FY10.

- **Operating margin to decline by 870 bps YoY**

Net sales of I-direct cement coverage universe are expected to remain almost flat YoY. However, it is expected to decline 4.3% QoQ. EBITDA margin of the universe is expected to decline by 870 bps YoY. On a QoQ basis, the margin is expected to remain flat. The bottomline of our cement coverage universe is expected to decline by 34.5% YoY. However, it is expected to increase by 2.4% QoQ.

Exhibit 3: Estimates for Q1FY11E: Cement (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
ACC ^	2,006.3	-3.6	-4.5	583.2	-20.5	-6.3	380.9	-21.6	-6.0
Ambuja	2,062.5	11.6	3.6	627.0	30.7	0.7	423.5	30.4	-5.3
Dalmia Cement	501.6	-9.5	-4.4	68.0	-56.2	3.9	4.0	-93.4	97.7
India Cement	893.8	-6.3	-7.3	111.4	-61.1	-11.6	18.6	-85.7	-51.4
JK Cement	530.2	23.8	-1.5	95.8	-25.3	-7.6	36.5	-48.0	-16.8
JK Laxmi	366.3	4.4	-17.0	84.0	-29.6	-17.9	31.3	-60.2	-55.4
Mangalam	143.7	-7.3	-4.4	32.6	-42.6	-9.7	20.0	-40.6	-12.6
Orient Paper	563.8	63.3	2.9	100.5	58.3	-4.1	58.5	74.8	6.6
Shree Cement	867.0	-6.0	-8.2	281.8	-33.7	-13.4	105.4	-63.8	-247.7
UltraTech	1,739.1	-10.9	-8.9	368.9	-48.5	-8.4	182.9	-56.2	-20.0
Total	**9,674.3**	**0.9**	**-4.3**	**2,353.0**	**-25.6**	**-6.3**	**1,261.6**	**-34.5**	**1.6**

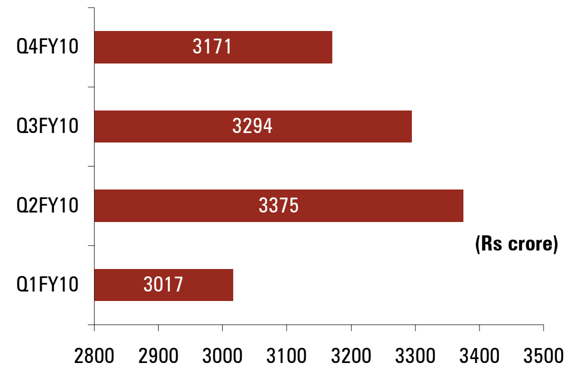
Source: Company, ICICIdirect.com Research

Exhibit 4: Company specific view

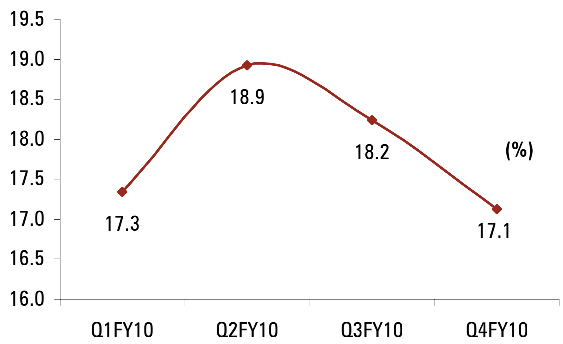
Company	Remarks
ACC	We expect the sales volume to decline by 1.3% YoY and 4.1% QoQ to 5.35 MTPA and realisation to remain flat sequentially at Rs 3750 per tonne. Total cost is expected to increase by 7% YoY (flat QoQ) to Rs 2660 per tonne. Operating margin is expected to dip marginally by 50 bps QoQ to 29.1%
Ambuja Cement	Sales volume is expected to increase by 14.6% YoY and 4.4% QoQ to 5.5 MTPA while realisation will remain flat sequentially at Rs 3750 per tonne. Total cost is expected to remain flat QoQ at Rs 2610 per tonne. The operating margin is expected to dip by 100 bps QoQ to 30.4%
UltraTech Cement	We expect the sales volume to decline 8.5% QoQ (flat YoY) to 5.27 MTPA and realisation to remain flat sequentially (10% decline YoY) at Rs 3300 per tonne. Total cost is expected to increase by 11% YoY (flat QoQ) to Rs 2600 per tonne. The operating margin is expected to remain flat QoQ at 21.1%
Shree Cement	Sales volume is expected to decline by 5.6% YoY (flat QoQ) to 2.55 MTPA and net realisation will decline by 6.1% YoY and at 2.8% QoQ to Rs 3400 per tonne. Total cost is expected to increase by 17% YoY (flat QoQ) to Rs 2295 per tonne. Operating margin is expected to dip by 200 bps QoQ to 32.5%
India Cement	We expect sales volume to increase by 11.7% YoY (6.7% decline QoQ) to 2.75 MTPA and realisation to remain flat sequentially at Rs 3250 per tonne. Total cost is expected to increase by 5% YoY (flat QoQ) to Rs 2845 per tonne. Operating margin is expected to dip marginally by 60 bps QoQ to 12.5%
JK Cement	We expect the sales volume to decline by 25.2% YoY (flat QoQ) to 1.38 MTPA and realisation to remain flat sequentially at Rs 3845 per tonne. Total cost is expected to increase by 15.7% YoY (flat QoQ) to Rs 3150 per tonne. Operating margin is expected to dip marginally by 120 bps QoQ to 18.1%
JK Lakshmi Cement	Sales volume is expected to increase by 16.3% YoY to 1.18 MTPA while realisation will decline marginally by 1.5% sequentially at Rs 3432 per tonne. Total cost is expected to increase by 5% YoY (flat QoQ) to Rs 2402 per tonne. EBITDA per tonne is expected to decline marginally by 1.7% QoQ to Rs 714 per tonne
Dalmia Cement	We expect cement sales volume to increase 9.1% YoY (flat QoQ) to 1.08 MTPA and cement realisation to remain flat QoQ (18.1% decline YoY) at Rs 3200 per tonne. Sugar volume and realisation are expected at 36,000 tonnes (flat QoQ) and Rs 35,000 per tonne, respectively. Cement OPM is expected at 11.6% (flat QoQ)
Orient Paper	Cement sales volume is expected to increase by 55.2% YoY (1.5% decline QoQ) to 1.03 MTPA while realisation will remain flat QoQ (19% decline YoY) to Rs 2610 per tonne. Cement EBIT is expected to decline by 30% YoY (flat QoQ) to Rs 715 per tonne. Operating margin is expected to dip by 130 bps QoQ to 17.8%
Mangalam Cement	We expect the sales volume to increase by 8.4% YoY (4.1% decline QoQ to 0.47 MTPA) and realisation to remain flat QoQ (14% decline YoY) at Rs 3073 per tonne. Total cost is expected to increase by 4.4% YoY (2.2% QoQ) to Rs 2377 per tonne. EBITDA per tonne is expected to decline by 47.1% YoY to Rs 697 per tonne

Source: Company, ICICIdirect.com Research

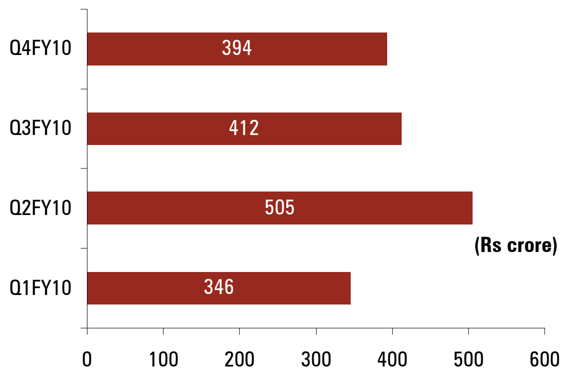
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Asian Paints Limited
Dabur India Limited

Analyst

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FMCG

Acquisitions to drive inorganic growth

Companies across segments are on a buying spree in their niche and target segments. The merger of Fem care with Dabur marks the entry of one of the largest consumer healthcare companies into the skin care segment. The recent acquisitions by Godrej Consumer Products in skincare, hair care and the healthcare segment shows that acquisitions are largely being driven to grow inorganically and boost volumes. Other FMCG companies like Jyothy Laboratories, Dabur India and Marico are also eyeing good acquisition deals in the domestic markets to expand their market share and portfolio.

Volumes to drive growth

With food inflation already rocketing, the companies' margins could be under pressure going forward. However, down trading to smaller and value based packs would drive volumes and sustain topline growth.

Rural demand outpacing its urban counterparts

Higher inflation has curbed urban spending. However, rural markets continue to deliver good sales led by better government schemes like NREGA and higher commodity prices that have put more money in the pockets of rural consumers pushing up their standard of living. Thus, with the rising prosperity of rural India, rural demand growth is expected to outpace urban demand, consequently leading to a better share in topline growth for companies.

Monsoons, higher raw material prices to remain a concern

Good monsoons and its impact on the kharif crops will be a key factor in deciding output and prices of commodities. Consequently, this will impact the demand pattern, especially for rural India that is the focal point for garnering growth of FMCG companies.
The rising prices of crude and other basic raw materials for paint and FMCG companies may drag down the margins of the companies going forward. However, passing on this entire increase in cost to the consumer may not be possible on the back of already higher inflation.

Exhibit 5: Estimates for Q1FY11E: FMCG (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Asian Paints	1,520.1	30.5	17.3	330.0	35.2	44.7	216.1	31.4	22.1
Dabur India Ltd	950.5	28.0	12.0	175.5	42.8	2.4	141.6	55.3	4.7
Kansai Nerolac	506.4	22.6	19.5	75.5	26.6	29.0	41.5	22.3	37.1
Marico Ltd	806.6	15.8	33.9	112.0	16.1	31.9	71.5	27.8	39.8
Total	**3,783.5**	**25.4**	**19.3**	**693.0**	**32.5**	**27.6**	**470.7**	**36.2**	**19.5**

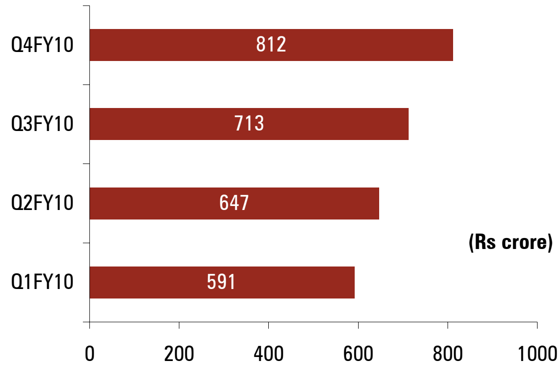
Source: Company, ICICIdirect.com Research

Exhibit 6: Company specific view

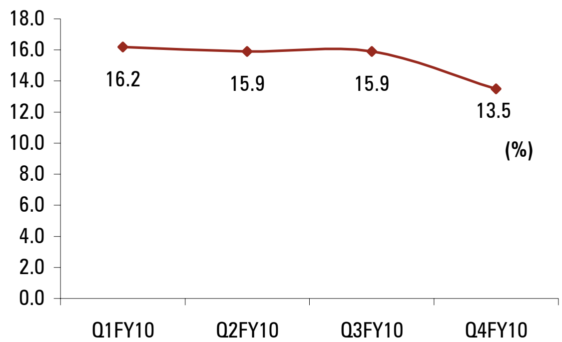
Company	Remarks
Asian Paints	Faced with rising input costs the company announced two subsequent rounds of price hikes in May and June by 4.2% and 2.8% respectively in decorative paints. Sales are expected to grow 30% YoY, thus sustaining margins at the same level as the corresponding quarter last year.
Dabur India	Volume growth of ~10% across categories with higher sales of ayurvedic & herbal products will drive growth. Despite higher raw material prices, better cost management initiatives should help to sustain margins at ~18%. Moreover, Dabur Red Toothpaste also joined the companies' Rs 100 crore brand kitty.
Kansai Nerolac	Being the leader in industrial paints we expect sales to surge by 22% YoY led by a buoyant increase in automobile demand. Further, it also plans to ramp up its Hosur plant capacity to 18,000 tonnes (up by 20%) during FY11. Margins would hence improve led by better operational management by the company.
Marico	We expect the company to witness a 16% YoY growth in sales by value and ~8.5% YoY growth by volume with edible oils growing at 7.7% and hair oil by 15%. Copra prices hovering at around Rs 36 per kg, up around 13% from previous year, may, however, pressurise margins, which we expect to be at 14%

Source: Company, ICICIdirect.com Research

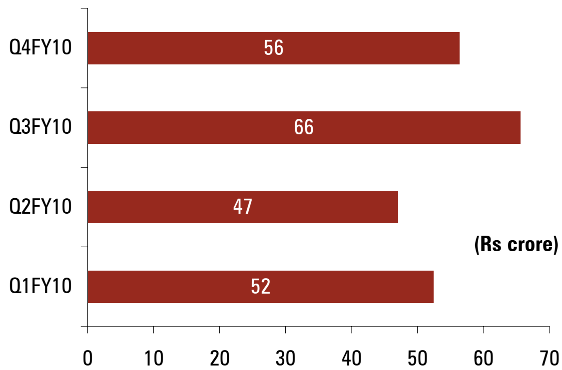
Topline performance



EBITDA Margin



Bottomline



Top pick of sector

Apollo Hospitals

Analyst

Rashesh Shah
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Hospitals

- **Hospital revenues to grow by 43.5% YoY**

  We expect our I-direct hospital universe revenues to increase by 43.5% YoY on the back of robust revenue growth by Fortis Healthcare, as there would be incremental revenue inflow of ~Rs 110 crore from 10 Wockhardt hospitals. Overall, we expect in-patient volume and average revenue per bed (ARPOB) to grow by 12.5% and 10% YoY, respectively, for the quarter.

- **Operating margin to remain under pressure**

  Operating margins of the I-direct hospital universe are likely to remain under pressure due to a rise in the cost burden. Operating margin of Apollo Hospital is likely to decline by 220 bps to 14.5% YoY due to slower turnaround in the pharmacy segment. However, QoQ we expect its margins to improve by 150 bps due to improvement in business from the Hyderabad cluster. Operating margin of Fortis Healthcare is likely to see a marginal dip of 20 bps YoY to 14.9% for Q1FY11E.

- **Profitability growth to remain muted**

  Profitability of the I-direct hospital universe will remain muted. We expect net profit of Fortis Healthcare to decline by 17% QoQ on account of a rise in the interest burden while Apollo Hospitals is likely to witness an improvement in its profitability compared to the last quarter. However, YoY we expect its net profit to decline by 14.3% due to lower operating margins.

Exhibit 7: Company specific view

Company	Remarks
Apollo Hospitals	The growth in revenues is expected to come from a rise in in-patient volume and increase in realisation (ARPOB), which we expect to grow by 12% and 9% YoY, respectively. Operating margins are expected to remain stable due to higher operating costs and slower turnaround of the pharmacy segment
Fortis Healthcare	Revenues will grow by 87.2% YoY and 5.5% QoQ, respectively, as there would be additional revenue inflow of ~Rs 110 crore from 10 Wockhardt hospitals for the quarter. Net margins are likely to get impacted due to an increase in finance costs

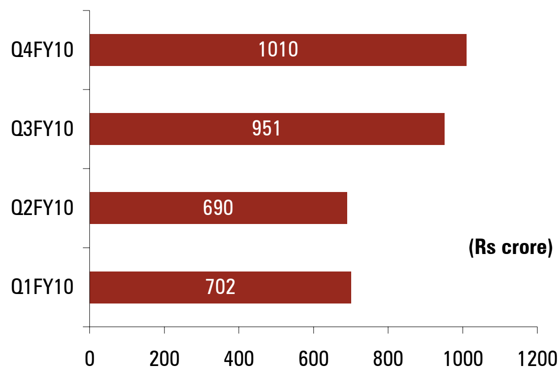
Source: Company, ICICIdirect.com Research

Exhibit 8: Estimates for Q1FY11E: Hospitals (Rs Crore)

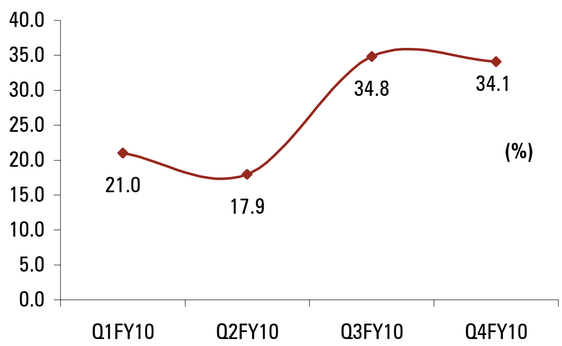
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Apollo Hospitals	501.7	23.6	3.9	72.8	7.3	15.9	38.4	-14.3	31.4
Fortis	347.1	87.2	5.5	51.7	84.7	10.7	22.6	196.9	-17.1
Total	**848.8**	**43.5**	**4.5**	**124.5**	**29.9**	**13.7**	**60.9**	**16.3**	**8.1**

Source: Company, ICICIdirect.com Research

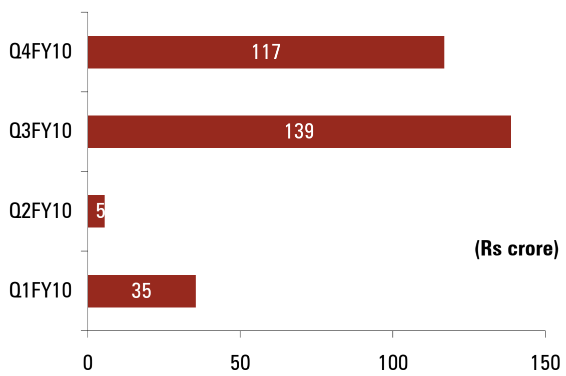
Topline performance (Coverage universe)



EBITDA Margins (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Indian Hotels
Royal Orchid Hotels
Taj GVK Hotels

Analyst

Rashesh Shah
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Hotels

- **To report average revenue growth of 22.6% YoY in Q1FY11E**

  The average revenue growth for the I-direct universe is expected to be in the range of 22-23% in Q1FY11E. The growth in revenues would be mainly driven by improvement in occupancy levels, which we expect to improve by 1250 bps YoY to 66% while average room rates (ARRs) are expected to improve marginally by 3-4% during the same period. On a QoQ basis, companies are expected to report average revenue de-growth of 14.8% (except Viceroy Hotels) due to seasonality of the hotel business.

- **Operating margin to improve led by growth in revenues**

  Due to the continuing declining trend in sales over the last few quarters, companies had resorted to various effective cost control measures. The benefits from these have started accruing from the last quarter onwards. With these measures, along with the improvement in sales, we expect the operating margin to improve by 990 bps YoY to 30.9%. However, QoQ it is expected to decline by 320 bps due to the seasonality of the business.

- **Profitability growth to remain robust**

  The average profitability growth for the I-direct universe is expected to be over 184.9% in Q1FY11E backed by growth in revenues along with improvement in operating margins. Kamat Hotels and Royal Orchid Hotels are expected to report net profit of Rs 4.3 crore and Rs 2.2 crore, respectively, as against losses in the corresponding quarter of the previous year.

- **Business destination to outperform leisure destination**

  Due to the seasonality of the business, we expect business destinations to outperform compared to leisure destinations in Q1FY11. Business destinations such as South Mumbai, Chennai, Bengaluru and Hyderabad showed sharp improvements in occupancy levels with an increase in business related travel expenditure. Among leisure destinations, Jaipur was the only leisure destination to witness an increase in occupancy levels, albeit from a low base to 52% in Q1FY11 compared to last year. Goa was the only destination to witness a marginal decline in occupancy levels compared to last year.

Exhibit 9: Estimates for Q1FY11E: Hotels (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
EIH	256.7	18.8	-7.1	76.1	16.2	-10.6	20.4	7.0	-24.2
Hotel Leela	115.4	36.2	-14.7	36.0	91.0	-8.7	16.5	1,482.3	75.2
Indian Hotel	352.1	23.6	-20.6	109.9	218.3	-32.1	48.6	195.5	-18.9
Kamat Hotels	27.6	32.5	-12.0	9.5	179.7	-30.2	4.3	-176.0	-41.7
Royal Orchid	29.6	14.1	-19.7	8.7	117.2	-22.9	2.2	-545.1	-20.4
Taj GVK Hotels	55.2	15.5	-12.9	18.5	18.8	-29.7	7.6	55.7	-37.4
Viceroy Hotels	23.9	10.4	3.1	6.8	17.2	5.4	1.1	906.7	-168.3
Total	**860.4**	**22.6**	**-14.8**	**265.5**	**79.8**	**-22.8**	**100.7**	**184.9**	**-13.9**

**LP – Loss to Profit*

Source: Company, ICICIdirect.com Research

Growth in foreign tourist arrivals (Since April 2008)

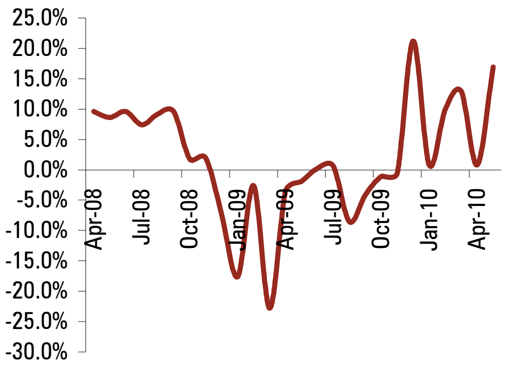
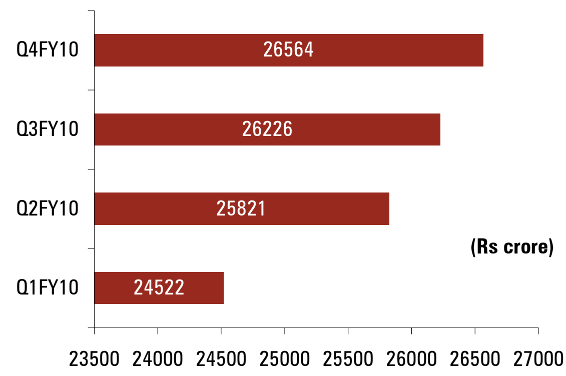


Exhibit 10: Company specific view

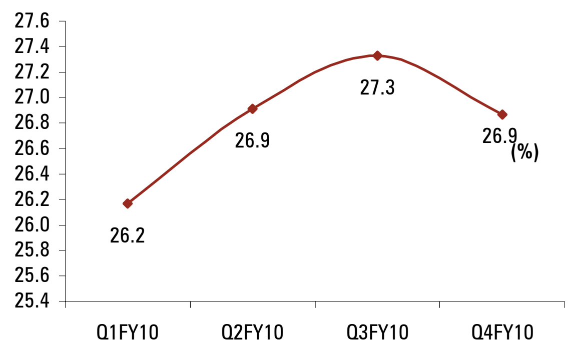
Company	Remarks
EIH	Revenue for the quarter is expected to improve by 18.8% YoY due to growth in foreign tourist arrivals (FTAs) and opening of its new five star hotel in Mumbai BKC. We expect average occupancy levels to improve by 1200 bps YoY to 65% whereas average ARRs are likely to improve marginally by 3% YoY
Hotel Leela	Hotel Leela is expected to benefit from the rebound in IT/BFSI segment as it has a strong presence in business destinations like Bangalore and Mumbai. However, QoQ we expect sales to decline by 14.7% due to seasonality of the business as the company derives nearly 35% of total revenues from leisure destinations
Indian Hotels	Revenue for the quarter is expected to improve by 23.6% YoY due to improvement in foreign tourist data. We expect average occupancy levels to improve by 1200 bps to 67% whereas average blended ARRs are likely to improve by 5% YoY to Rs 9,850
Kamat Hotel	Revenues will improve due to a pick-up in business class travellers. OPM will improve by 1820 bps YoY to 34.5%. However, QoQ it is expected to decline by 900 bps due to seasonality of the business. We expect the company to report net profit of Rs 4.3 crore as against loss of Rs 5.7 crore last year
Royal Orchid Hotel	Growth will mainly come from a rebound in the IT/BFSI segment. Apart from this, we also expect additional revenue flow of ~Rs 2.2 crore from its new hotel in Ahmedabad. Margins are also expected to improve by 1400 bps YoY to 29.5% due to efficient cost control management and growth in revenues
Taj GVK Hotel	The growth in revenues will come mainly from Hyderabad where we expect an improvement of 1200 bps YoY in average occupancy to 70% while ARRs are expected to remain stable. Operating margins will improve by 90 bps YoY to 33.5% while the same is expected to decline by 800 bps due to seasonality of the business
Viceroy Hotels	Revenues will grow 10.4% YoY. QoQ also we expect marginal growth of 3% due to lower base as revenues in Q4FY10 were impacted by the Telangana agitation. Operating margins are going to remain under pressure due to higher costs as we expect a marginal improvement of 110 bps to 28.7%

Source: Company, ICICIdirect.com Research

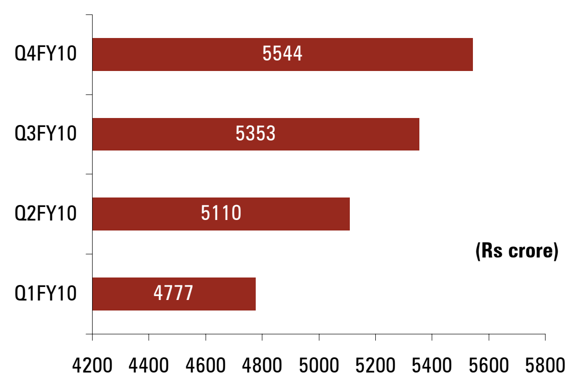
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

TCS
Wipro

Analyst

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Technology

- **Volume led robust growth**

  We expect Tier I companies to register volume growth of 4.0-6.1% QoQ on the back of a secular trend seen of stability in verticals like telecom and manufacturing over the past two quarters. We expect Infosys to outperform its peers with volume growth of 6.1% QoQ followed by TCS at 5.8% QoQ and Wipro at 4.5% QoQ. HCL Technologies will record subdued volume growth of 3.0% QoQ. Among mid-sized companies, companies like Patni Computers will fare poorly on account of supply side constraints.

- **Cross currency movements to sweep off volume gains**

  The outbreak of the Euro crisis led to steep appreciation of the US dollar by 7% and 3.5% against euro and GBP, respectively QoQ. Since the entire Tier I companies have fair portion of billing in these currencies, all of them will lose out on volume gains to the tune of 1-1.5% resulting in US dollar revenues QoQ growth settling down in the range of 3.5-5%. Companies like Tech Mahindra, HCL Tech and Mastek, with a huge exposure to UK & Europe region, will be heavily impacted due to unfavourable GBP/US$ and EUR/US$ movement.

- **Margins to be under pressure on fresh round of wage hike**

  EBITDA margins are expected to slip in this quarter on wage hikes given by various companies as well as INR appreciating against the US dollar by 0.8%. Companies have given an average wage hike of 12-14% offshore and 2-3% onsite to be competitive with an improving demand scenario. This will impact the EBITDA margin negatively to the tune of 135-155 bps for Infosys and TCS, respectively, whereas companies like Wipro and HCL Technologies will have a marginal impact on margins on unfavourable INR/US$.

- **Job market heating up: Spurt in attrition**

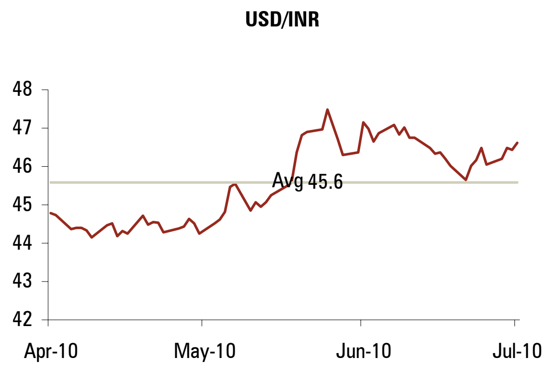
  On the back of green shoots of recovery seen in troubled sectors like telecom and manufacturing and positive client budgets last quarter companies are in a hiring mode. The companies are trying to retain talent by giving competitive wage hikes. This increase in attrition and longer induction cycle is also leading to an increase in general & administration expenses.

Exhibit 11: Estimates for Q1FY11E: IT (Rs Crore)

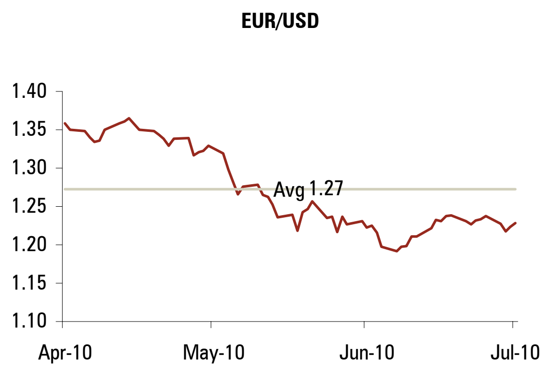
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
HCL Tech*	3,199.3	10.0	4.0	632.4	-1.8	4.1	335.1	1.5	-2.5
Infosys	6,206.0	13.4	4.4	2,027.5	8.5	0.3	1,556.5	1.9	-0.8
Mastek	159.0	-21.5	-6.6	17.5	-43.5	-35.4	10.2	-71.0	-33.0
NIIT Ltd.	281.4	7.8	-4.6	34.9	22.0	-26.5	13.9	40.2	-43.8
Patni Computers	785.2	0.7	0.5	146.8	-9.0	-12.6	129.3	-4.9	-17.7
Rolta*	421.7	26.7	6.9	159.5	41.6	6.9	70.7	-7.5	5.3
TCS	8,040.2	11.6	3.9	2,278.5	16.2	-1.4	1,786.7	17.5	-7.5
Tech Mahindra	1,177.5	5.8	-0.5	259.4	-7.5	-7.0	207.7	57.8	-8.5
Wipro	7,064.9	13.1	1.2	1,552.8	16.8	1.8	1,172.4	16.0	-3.0
Total	**27,335.3**	**11.5**	**2.9**	**7,109.3**	**10.8**	**-0.4**	**5,282.5**	**10.6**	**-4.7**

Source: Company, ICICIdirect.com Research

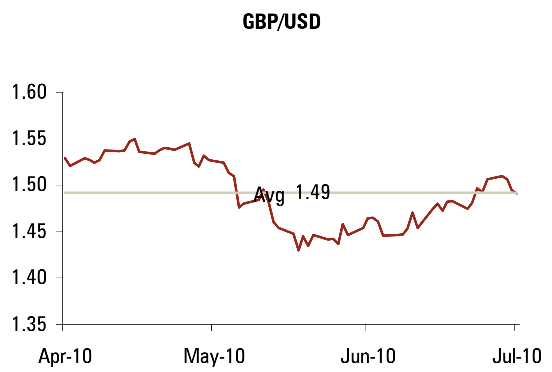
US$/INR movement



EUR/US$ movement



GBP/US$ movement



AU$/US$ movement

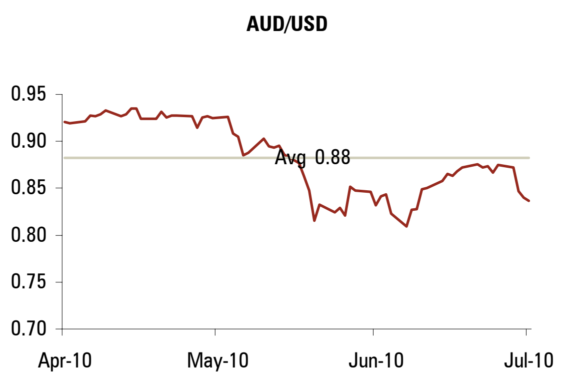
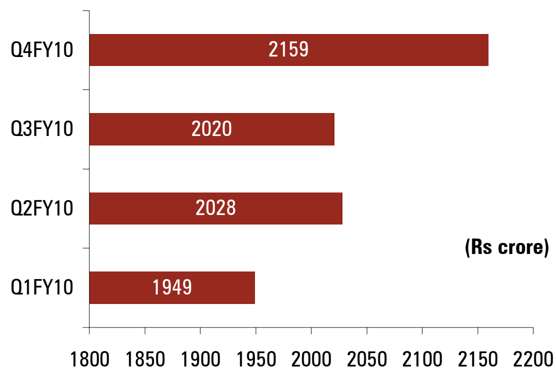


Exhibit 12: Company specific view

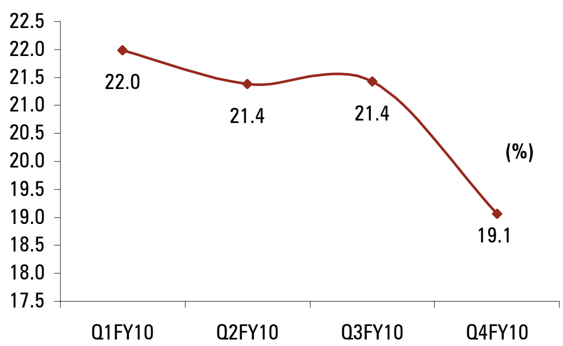
HCL Tech	We expect volume growth of 5.1% in core software services, revenue growth of 6.2% QoQ in IMS and BPO business to de-grow. Steep appreciation of US$ against GBP, euro will impact US$ revenue by -1.5%. Revenues are expected to grow by 2.8% QoQ. EBITDA margins are expected to remain flat as there was no wage hike
Infosys	We expect robust 6.1% QoQ volume growth with stable pricing. Appreciation of the US$ against GBP, euro and AU$ will impact US$ revenues by 1.1% resulting in growth of 5.0% QoQ. EBITDA margin will dip by 135 bps due to average wage hikes of 14% offshore and 2.5% onsite as well as rupee appreciation against US$
Mastek	We expect revenues to de-grow by 6.5% QoQ. Margins will be heavily impacted due to forex loss on steep appreciation of the INR against GBP, which contributes to more than 60% of their billing
NIIT Ltd	We expect the segments like ILS-IT to grow by 11% (YoY), SLS to grow by 20%(YoY), CLS business to remain subdued at 1% (YoY) and new business to ramp up at 50%(YoY). EBITDA margins will expand by 144bps (YoY) to 12.4% on the back of new business moving towards being EBITDA neutral .
Patni computers	We expect de-growth of -0.1% QoQ in revenues due to the high attrition scenario leading to supply constraint for the company. EBITDA margins will slip by 279 bps on the back of average wage hike of 11% offshore and 2% onsite as well as negative impact of INR appreciation against the US dollar
Rolta India	EGIS business will once again emerge as a growth driver with healthy order booking and execution. EDIS remains stable but a laggard whereas EICT is gaining traction. Revenues will grow by 6% QoQ with EBITDA margins flat
TCS	We expect volume growth of 5.7% QoQ and cross currency impact of 0.9% on US$ revenue with flat billing rates. EBITDA margins are expected to dip by 154 bps on account of wage hike of 13% offshore and 3% onsite as well as rupee appreciation of 0.8% QoQ against the US$
Tech Mahindra	We expect its US$ revenues to grow by -0.1% QoQ on marginal de-growth in volumes from BT due to absence of one time project revenues. Also, non-BT accounts are expected to grow at 4.4% QoQ and cross currency impact of -2%. EBITDA will dip by 150 bps on wage hike and INR appreciation against the US$
Wipro	We expect volume growth of 4.5% QoQ for IT services with flat billing and cross currency impact of -1.1% on US$ revenue resulting in 3.8% QoQ growth at $1210 million. The EBITDA margin will dip merely by 10 bps at 27.3% due to rupee appreciation against the US$ and no wage hike

Source: Company, ICICIdirect.com Research

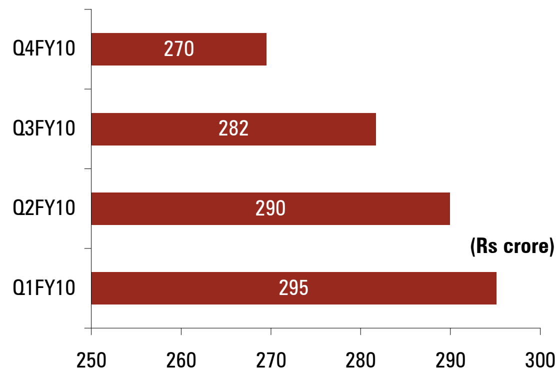
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Allcargo Global Logistics

Analyst

Rajni Mahadevan
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Logistics

- **Substantial improvement in volumes**

With the revival of containerised traffic, which started from November 2010, and higher IIP growth posted in the past few months, we believe volumes of the ICICIdirect.com coverage universe will post considerable YoY growth in the exim as well as domestic segment in Q1FY11E.

- **Realisation falters but margin improves**

Dwell time in Q1FY10 was around 12 days. This has come down to around 10 days across the industry guiding a drop in realisation per twenty feet equivalent unit (TEU). Rail freight and road freight rates have seen an up move on annual basis. However, players are expected to partially pass on the hike to their customers. This will aid in retaining their profitability margin in Q1FY11E.

Exhibit 13: Estimates for Q1FY11E: Logistics (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Allcargo Global	622.9	19.1	6.3	62.3	-0.2	8.9	35.2	-24.4	3.5
Container	998.7	10.1	5.1	279.6	12.8	27.1	219.4	9.2	27.0
Gateway	137.1	10.0	1.3	35.6	7.7	-0.1	17.4	4.8	-31.2
Sanghvi Movers	86.6	4.8	1.0	66.0	5.2	-0.3	23.2	0.2	-7.1
Transport Corp	375.7	20.7	-6.6	29.1	29.4	-10.2	11.3	42.7	-10.1
Total	**2,220.8**	**13.9**	**2.8**	**472.7**	**10.3**	**14.8**	**306.4**	**3.8**	**13.7**

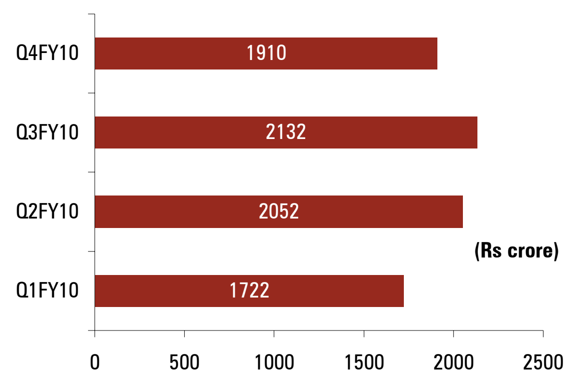
Source: Company, ICICIdirect.com research

Exhibit 14: Company specific view

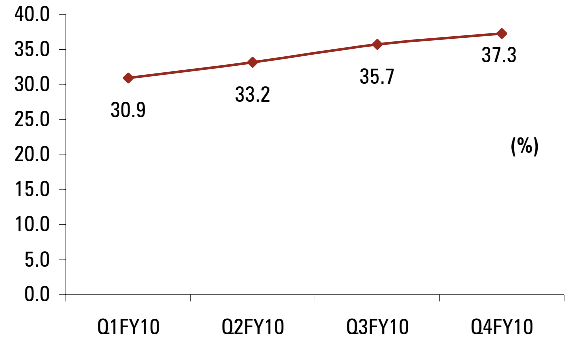
Company	Remarks
Allcargo Global Logistics	With 18.4% YoY growth in container volumes in April-May '10, we believe utilisation levels will expand substantially in CFS segment. We expect a marginal dip in CFS realisation on a fall in the dwell time. Higher contribution from project cargo will also aid in garnering higher EBITDA margin on a sequential basis
Container Corporation	We expect a growth of ~15% and ~20% YoY in exim and domestic volumes, respectively. We believe the realisation per TEU will slide ~4-5% YoY subsuming the normalisation of dwell time. We believe the EBITDA margin will improve marginally YoY due to passing on the increase in rail freight rates
Gateway Distriparks	We expect CFS volumes to drop marginally on an annual and sequential basis, due to sluggish recovery in the Mumbai CFS from the fire incident that occurred in February 2010. We believe rail volumes will grow ~33% YoY due to higher capacity handled. Considering lower MAT credit we see a slump in net profit
Sanghvi Movers	With the ramping up of competition in the crane hiring segment, utilisation rates for SML have come down to ~75% from FY10 (~88% in earlier years). The same trend may continue in Q1FY11E. EBITDA margin is expected to shrink by 95 bps QoQ due to a surge in the operating cost led by higher diesel prices
Transport Corporation	Road freight rates have expanded on an annual basis. Passing this on has led to ~20% boost in topline. However, considering the sequential dip in volumes we believe revenues will slip ~6% QoQ. With sequential expansion in average road freight rates we believe the EBITDA margin will shrink by 30 bps QoQ

Source: Company, ICICIdirect.com Research

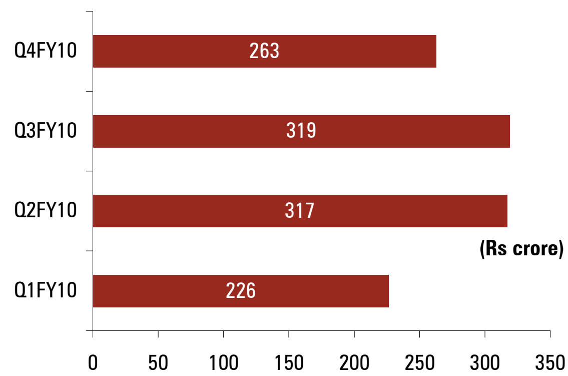
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Deccan Chronicle
PVR Limited

Analyst

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Media

- **Ad revenue to post YoY growth**

Media companies are expected to post healthy ad revenue growth. This is primarily on the back of increased ad volume and partly due to ad rate hikes taken by various companies in the recent past. Continuing the momentum, regional players are expected to post higher ad revenue growth as compared to their national counterparts.

- **Occupancy and footfalls to show improvement for multiplexes**

Post the traditionally slow Q4FY10, multiplexes are expected to report an improvement in occupancy levels. Although the initial part of the quarter was subdued due to lack of quality content and the IPL, good movies like Rajneeti, Badmash Company, etc ensured higher occupancy during the second half. We expect the average occupancy to be ~30%. A YoY comparison is not possible as Q1FY10 was a complete blackout owing to the stand-off between producers and multiplex owners.

- **Margin to remain stable**

Print media companies are expected to post healthy margins primarily on the back of lower newsprint prices and healthy ad revenue growth as compared to the same period last year. On a QoQ basis, margins are expected to remain stable. We expect print media companies to maintain margins at similar levels to that posted in Q4FY10. However, multiplexes are expected to post flat to positive improvement on margins on a QoQ basis.

- **Strong subscriber addition by Dish TV and Sun Direct**

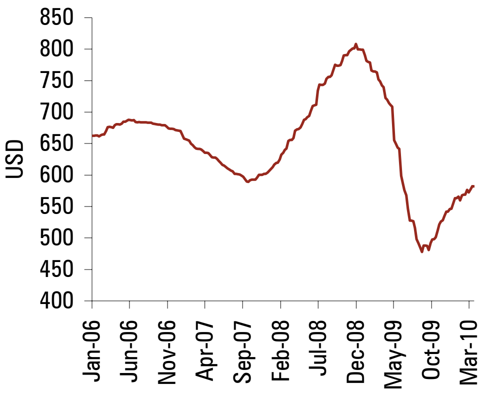
Owing to the sporting season, FIFA world cup and Wimbledon in June, DTH companies introduced attractive schemes to attract customers. Dish TV launched DTH on the HD platform as well. We expect the average revenue per user (ARPU) to remain under pressure due to intense competition owing to the sporting season and high subscriber addition. Trai has also proposed an increase in the FDI limit in DTH segment from the current 49% to 74%. This is a positive move for all DTH companies.

Exhibit 15: Estimates for Q1FY11E: Media (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Cinemax	45.8	94.7	2.1	7.5	NA	80.9	1.1	LP	-74.1
DB Corp	294.8	13.4	14.6	93.1	1.8	33.9	55.8	8.3	51.9
Deccan	240.6	11.1	25.5	120.8	14.0	48.6	71.7	-6.9	NA
DISH TV	319.0	29.3	5.2	49.9	243.5	42.9	-48.5	NA	NA
HT Media	379.6	13.3	40.1	102.9	49.1	31.8	57.8	78.1	35.7
Jagran	263.4	13.6	11.5	81.9	16.2	29.5	49.2	-0.6	35.2
PVR	93.9	172.2	7.4	14.7	LP	50.8	3.3	LP	719.7
Sun TV	413.7	43.8	5.6	319.9	43.0	-3.3	170.8	42.5	3.4
UTV Software	217.2	151.0	71.2	34.7	LP	-14.6	16.3	LP	-46.6
Total	**2,267.9**	**31.7**	**18.7**	**825.4**	**55.0**	**15.8**	**377.5**	**66.9**	**43.6**

Source: Company, ICICIdirect.com research

International newsprint prices



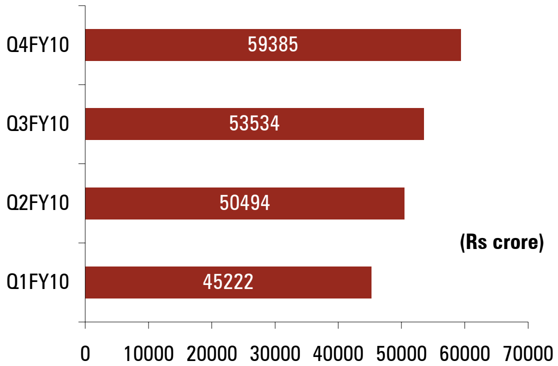
Source: Bloomberg, ICICIdirect.com Research

Exhibit 16: Company specific view

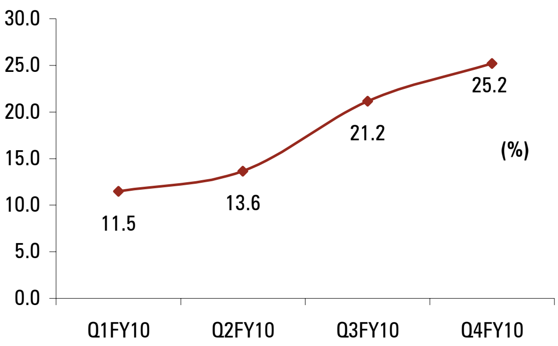
Company	Remarks
Cinemax	The company rolled out one new property in Kochi during Q1FY11E. During the first half of Q1FY11E, the exhibition business remained sluggish. However, some good content released during June led to an improvement in occupancy levels. We expect an occupancy of ~28% and ATP (Average ticket price) of 124
DB Corp	The company has initiated pre-launch activities in Bihar and Jharkhand. We expect DB Corp to post an ad revenue growth of 14.0% YoY, primarily on the back of an increase in ad volumes across markets and partly also due to an ad rate hike effective from April 1, 2010
Deccan Chronicle	We expect the company to post standalone ad revenue growth of 11.0% in Q1FY11E. The full impact of ad rate hike, which the company took in Q3FY10, and increase in ad volumes would support healthy revenue growth. EBITDA margins are expected to remain stable on the back of lower newsprint prices
Dish TV	In sync with the FIFA world cup and Wimbledon, the company launched DTH on HD definition platform, in June. We expect Dish TV to add ~0.50 million subscribers in Q1FY11E. Due to intense competition and attractive schemes, the ARPU is expected to decline to Rs 134 in Q1FY11E
HT Media	English ad volumes are expected to report some improvement in Q1FY11E resulting in English ad revenue growth of 8.0% YoY while Hindi ad revenues are expected to grow at ~18% YoY. On the back of lower raw material prices and higher revenue realisation, margins are expected to remain stable
PVR	PVR added two new properties with total seating capacity of 3,176 seats and 13 screens in Q1FY11E. We expect PVR to end this quarter at ~30% occupancy, ATP of Rs 160 and SPH (Spend per head) of Rs 39. BluO is expected to post revenue of Rs 3.2 crore
Sun TV	We expect Sun TV to post YoY ad revenue growth of 44%. Subscription revenues are expected to grow by ~58.7% YoY. Restructuring by the company to improve its distribution business would support growth of 49.4%. In the DTH segment, we expect it to add 0.48 million subscribers
UTV Software	Launch of new shows on regional channels would help boost the otherwise depleting television revenues. The company would report better than expected movie revenue on the back of higher realisation from Rajneeti. Increase in ad volumes would aid broadcasting revenues

Source: Company, ICICIdirect.com Research

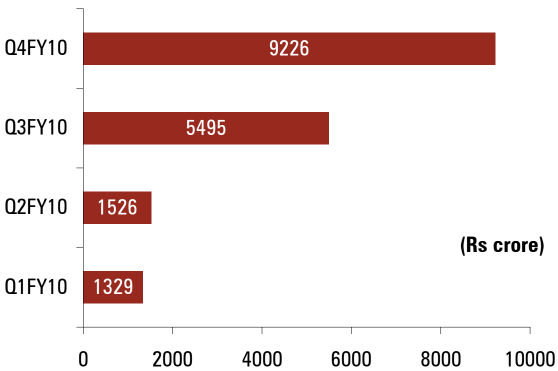
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Sterlite Industries
Adhunik Metaliks
Usha Martin

Analyst

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Metals & mining

Subdued sales volumes due to softening in domestic demand

An unexpected slowdown in domestic demand (particularly during the second half of the quarter) and surge in imports is expected to result in subdued sales volumes for steel majors with flat sales expected on a YoY basis. SAIL, Tata Steel (India) and JSW Steel are expected to record a volume drop in the range of 10-20% on a sequential basis. On the other hand, smaller players like Adhunik Metaliks, Visa Steel and Usha Martin are expected to report better sales volumes on the back of increased efficiency.

Correction in product prices despite increasing raw material costs

Globally, steel product prices have corrected by 15-25% since May on increase in supply and slowdown in inventory restocking. World steel production, on the other hand, has crossed well above 120 MT helping higher demand for raw materials. This, in turn, has resulted in an increase in raw material prices both in spot and contract markets. Iron ore and coking coal during Q1FY11 were settled at US$110 and US$200 per tonne, respectively, on a contract basis.

Sharp correction in base metal prices, iron ore prices peak off

Base metal prices have corrected in the range of 15-40% in the last two months on concerns over a slowdown in China and Euro zone. Players like Sterlite and Hindustan Zinc are expected to witness a sequential fall in profitability. Iron ore prices have also peaked off at US$180/tonne CFR and corrected ~15% recently from there during the last few months. We expect Sesa Goa to witness a strong quarter on the back of robust realisations and improved sales volume with full contribution from Dempo.

Margins to show sequential dip

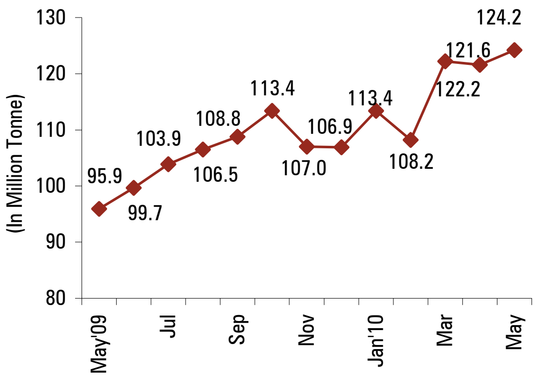
Margins across the industry (ICICIdirect.com coverage universe Q1FY11E EBITDA margin ~23%) are expected to fall by 200 bps on a sequential basis on account of subdued sales volumes and higher raw material costs. We expect PAT for the metal universe to show a significant improvement on a yearly basis due to the low base effect of last year when the industry was going through a recessionary phase.

Exhibit 17: Estimates for Q1FY11E: Metals and mining (Rs Crore)

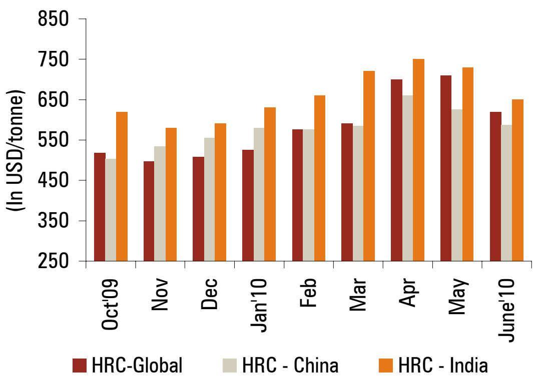
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Adhunik	440.9	64.3	-0.4	127.5	69.0	-5.2	51.4	183.3	-12.0
Godawari Ispat	251.9	16.1	5.7	53.4	68.7	14.2	27.6	91.2	18.0
Graphite India	276.1	17.8	-18.5	62.3	-8.5	-36.5	36.9	-18.3	-33.6
HEG	321.5	38.5	-4.3	95.7	13.2	29.0	44.4	6.2	16.3
Hindustan Zinc	2,046.5	35.3	-18.1	1,204.4	54.0	-22.2	1,020.3	41.9	-17.7
JSW Steel	5,860.9	46.0	6.9	1,253.4	82.1	-5.3	395.4	68.9	-35.3
SAIL	10,572.6	15.5	-13.6	2,350.7	25.3	-24.1	1,481.3	11.7	-29.0
Sesa Goa	2,685.8	165.5	11.0	1,594.0	251.8	6.1	1,269.6	199.4	4.5
Sterlite	6,518.6	43.7	-8.3	1,749.5	71.4	-19.9	1,083.6	61.1	-21.5
Tata Steel	27,573.3	19.0	1.2	4,652.5	LP	-2.1	1,973.3	LP	-18.9
Usha Martin	771.0	26.7	19.6	183.6	68.3	31.3	67.0	109.2	-3.3
Visa Steel	349.9	37.7	-14.1	61.6	99.7	-10.8	14.6	44.7	-11.7
Total	**57,669.0**	**27.5**	**-2.9**	**13,388.7**	**158.0**	**-10.6**	**7,465.5**	**461.8**	**-19.1**

Source: Company, ICICIdirect.com Research

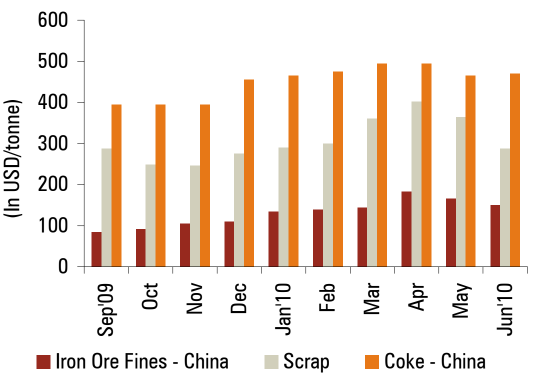
World crude steel production



Steel HRC price trend



Raw material price movement



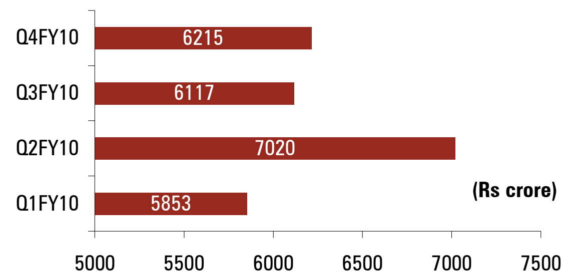
Source: Bloomberg, Worldsteel.org

Exhibit 18: Company specific view

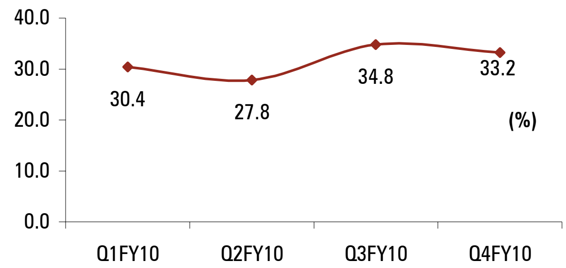
Company	Remarks
Adhunik Metalik	Steel segment is expected to show improved sales volume of ~90,300 tonne while blended realisations would improve ~5% QoQ. OMML is expected to achieve iron ore sales volume of ~3.1 lakh tonne and manganese ore sales volume of ~47,500 tonne and help lift consolidated net profits to ~Rs 51 crore
Godawari Power & Ispat	GPIL is expected to benefit from its pellet business, which kicked off during the previous quarter. We expect pellet sales of ~37,000 tonnes during Q1FY11E to help the company to see a decent improvement in revenue, EBITDA and PAT even QoQ
Graphite India	Capacity utilisation is expected to increase sequentially as graphite demand bounce-back has gathered steam globally. Softening of graphite product prices is expected to keep the topline and bottomline subdued. The company's steel and GRP pipes division is expected to show a stable performance
HEG	The company is expected to achieve higher capacity utilisation (~85%) sequentially. Graphite electrodes prices are expected to remain under pressure. The negative effect of this is expected to be mitigated by improved volumes and lower costs resulting in PAT growth of ~6% YoY
Hindustan Zinc	Capacity expansion in zinc is expected to result in zinc sales volume growth of ~10% YoY while silver sales are expected to be ~40,000 kg. Zinc and lead prices are up ~45-50% YoY but down 10-15% QoQ. This is expected to result in net profits dropping ~18% QoQ
JSW Steel	JSW Steel's crude steel production fell by 2% QoQ. The company is expected to post sales volume of ~1.45 MT during Q1FY11E. Higher average blended realisation is likely to help revenue to grow by ~7% QoQ. However, EBITDA and PAT are likely to fall ~5% and ~35%, respectively
SAIL	Sales volumes are expected to remain subdued due to lower-than-expected domestic demand and sharp fall in realisations in June. This would result in a drop in revenues of ~14% QoQ. PAT is expected to be down sequentially but grow ~12% YoY due to increased blended realisation on a YoY basis
Sesa Goa	Robust iron ore blended realisations of ~Rs 4382/tonne (up ~142% YoY and 43% QoQ) and higher sales volume of 5.8 MT (up ~22% YoY) are expected to result in bottomline growth of ~200% YoY and ~5% QoQ. Margins are expected to be ~59% due to higher realisations and lower cost structure
Sterlite Industries	Improved YoY LME prices across all base metals and better capacity utilisation in aluminium and zinc operations would result in topline growth of ~44% YoY. Zinc operations are expected to be the main profit contributor and consolidated PAT is expected to go up by ~61% YoY
Tata Steel	Consolidated sales volume is expected to be ~6 MT while blended realisations would improve by ~5% YoY. Standalone margins are expected to be ~38% while consolidated margins are expected to be ~17%. Corus is expected to perform well on the back of improved product prices
Usha Martin	We expect the company to achieve revenue growth of ~27% YoY on the back of volume growth and robust realisation. The continuation of good quality captive coal feed and captive power ramp-up would help in improving margins to ~23.6%. PAT is expected to go up by ~109% YoY
Visa Steel	The company is likely to see de-growth of 14% in topline primarily due to absence of trading income that was prominent during Q4FY10. Improvement in coke prices is likely to be mitigated, to some extent, by a fall in sponge iron prices. EBITDA and PAT are likely to fall by ~11% and ~12%, respectively, QoQ

Source: Company, ICICIdirect.com Research

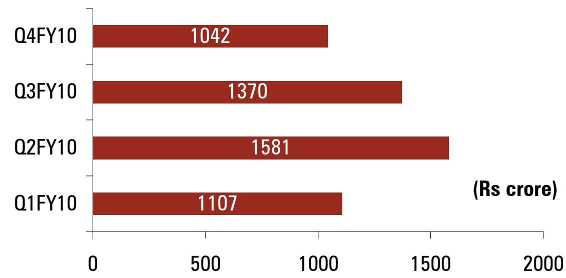
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Petronet LNG
Oil India

Analyst

Mayur Matani
mayur.matani@icicisecurities.com

Oil and Gas

- **Robust growth in volumes, increase in realisation YoY**

  Gas volumes are expected to increase YoY on account of production from Reliance KG-D6 basin and increase in contracted LNG volume. Oil production is expected to increase on commencement of production from the Rajasthan fields. The increase in crude oil prices from $59.1 per barrel to $80.5 per barrel in Q4FY11 would increase the realisations of E&P companies.

- **GRMs to decline QoQ**

  The Singapore gross refining margin (GRMs) would decline QoQ from $4.8 per barrel in Q4FY10 to $3.8 per barrel in Q1FY11 on account of lower gasoline, naphtha and fuel oil spreads.

Exhibit 19: Company specific view

Company	Remarks
Cairn India Ltd	Revenues are expected to increase 503.4% YoY due to the commencement of oil production from the Mangala field. The net oil and gas production is expected to increase 200% YoY to 47,729 boepd while oil realisation is expected to increase by 19.8% YoY to $72.1 per barrel
Gujarat Gas	Volumes are expected to increase 22.6% YoY to 3.36 mmscmd due to increase in procurement of spot LNG and Reliance KG D6 gas from markets. Realisation would improve 3.7% YoY to Rs 14.03 per scm. However, margins are expected to remain flat YoY on higher purchase price for natural gas
GSPL	Revenues are expected to exhibit robust growth of 33.3% YoY in revenues on account of a 46.1% increase in gas sales volume to 37 mmscmd. The transmission charges are expected to decline from Rs 0.91 per scm to Rs 0.78 per scm YoY
Indraprastha Gas	Revenues would increase 33.3% YoY on account of an 18.1% increase in sales volume to 2.28 mmscmd and 12.5% increase in realisation to Rs 16.8 per scm. The profitability growth is expected to be lower at 12.4% YoY mainly on account of an increase in APM gas prices
Oil India	Revenues are expected to decline YoY on lower crude oil production due to the shutdown of the NRL refinery for ~60 days. We expect oil production of 5.72 mmboe (9.8% YoY decline), subsidy of $25.35 per barrel and net realisation of $54.65 per barrel for Q1FY11E
Petronet LNG	We expect revenues to increase 8.4% YoY on additional contracted volume from RasGas. However, we do not expect any spot volumes for the quarter. PAT is expected to remain flat YoY on account of an increase in interest and depreciation charges on commissioning of the new Dahej terminal
Shiv Vani Oil	We expect revenues to increase 20.9% YoY on account of traction in execution of the order book of ~Rs 3,300 crore. The EBITDA margin is expected to increase by 250 bps to 43.5%

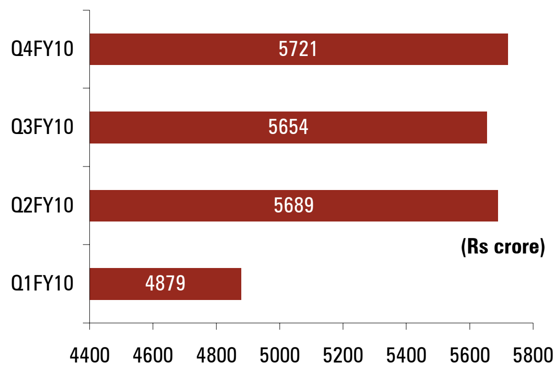
Source: Company, ICICIdirect.com Research

Exhibit 20: Estimates for Q1FY11E: Oil and Gas (Rs Crore)

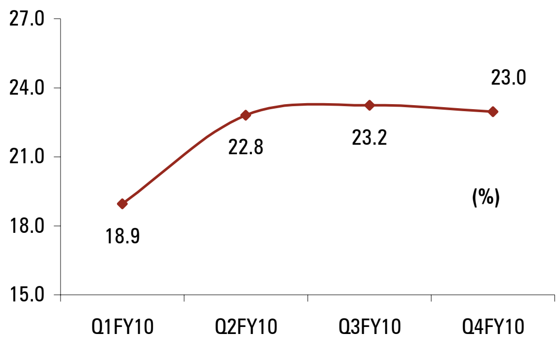
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Cairn India Ltd	1,236.7	503.4	78.5	811.1	701.1	229.8	544.6	1,098.5	122.1
Gujarat Gas	430.3	26.8	4.9	95.8	26.6	-6.5	60.1	26.3	-3.0
Gujarat State	262.6	24.6	-1.6	247.0	24.7	0.4	103.6	28.7	-3.9
Indraprastha	311.8	33.3	7.6	98.9	14.6	4.7	54.3	12.4	5.4
Oil India Limited	1,828.6	-7.4	-2.2	869.3	-15.1	-15.1	624.6	-15.6	44.9
Petronet LNG	2,832.7	8.4	18.7	238.3	31.1	17.8	103.2	-0.1	6.1
Shiv Vani Oil	335.5	20.9	12.0	146.1	28.5	-3.6	44.4	5.7	-5.4
Total	**7,238.1**	**23.7**	**16.5**	**2,506.4**	**40.8**	**21.3**	**1,534.9**	**38.7**	**47.3**

Source: Company, ICICIdirect.com Research

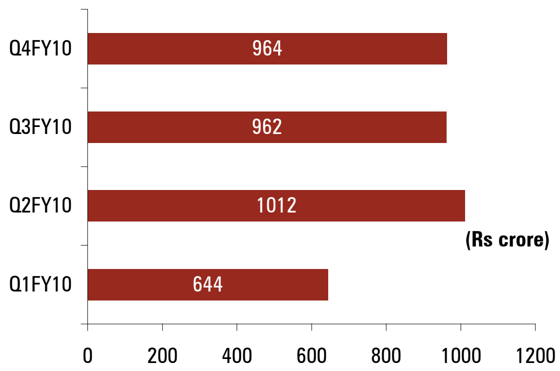
Topline performance (Coverage universe)



EBITDA Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Lupin
Glenmark Pharma

Analyst

Ashish Thavkar
ashish.thavkar@icicisecurities.com

Pharmaceuticals

- **Consolidated topline to grow at ~23% YoY**

The consolidated topline of the ICICIdirect.com pharma coverage universe is likely to grow at ~23% YoY to Rs 5987 crore. Among companies under our coverage, we expect Sun Pharma (39% YoY growth), Glenmark (34% YoY), Biocon (27% YoY) and Lupin (25% YoY) to lead the pack while Alembic (1% YoY) and Dishman Pharma (2% YoY) are likely to lag during Q1FY11E on the topline front.

The continued ban on the Caraco site will likely impact Sun Pharma's US sales. Although Sun Pharma has stopped selling Protonix we believe erosion of sales will be offset by Eloxatin sales. Dishman Pharma's Q1FY11E performance is likely to be impacted by lower sales from Carbogen-Amcis. Contribution from the US branded business and robust Indian sales will keep Lupin's sales upbeat. In the domestic market, Piramal Healthcare, Ipca and Biocon are expected to grow above industry growth rates of 12-14%.

- **EBITDA to grow at ~51% YoY**

We expect the EBITDA of the coverage universe to witness ~51% YoY growth to Rs 1399 crore. The EBITDA margin is expected to improve by 442 bps YoY and 40 bps QoQ. Sun Pharma, Glenmark, Biocon and Lupin are expected to witness robust growth in EBITDA.

- **PAT likely to witness robust YoY growth**

We expect the PAT of the coverage universe to witness ~57% YoY growth to Rs 1011 crore. The net profit margin for the coverage universe is expected to be ~17% for Q1FY11E. We believe Lupin, Glenmark, Biocon and Piramal Healthcare will lead the pack with ~1.3x, ~2.7x, ~1.4x and ~1.3x growth in bottomline YoY. Glenmark's net profit is expected to jump on account of licensing income from Sanofi Aventis (for GRC 15300) to the tune of US$20 million. Absence of forex related adjustment will likely lead Biocon to post ~42% YoY net profit growth. Margins are likely to expand by 368 bps YoY and remain flat QoQ.

Exhibit 21: Estimates for Q1FY11E: Pharmaceuticals (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Alembic	293.4	1.0	-8.1	31.0	3.2	-20.7	10.5	-14.1	-49.4
Biocon	628.6	26.8	-0.8	130.7	29.1	-2.6	82.0	42.4	-7.8
Dishman	232.5	2.1	-6.2	49.2	-7.5	-0.6	23.5	-40.0	11.0
Glenmark	731.1	34.5	3.1	238.7	96.7	33.9	145.2	174.8	42.3
Indoco	116.1	18.1	22.0	19.1	2.7	61.2	13.9	-17.5	76.9
IPCA Labs	408.1	14.1	11.1	81.7	15.5	7.2	49.1	11.7	2.7
Lupin	1,358.7	25.2	10.3	251.1	29.3	11.5	183.7	31.1	11.9
Nicholas Piramal	925.8	12.7	-1.5	180.3	12.5	-4.4	109.4	28.6	-4.6
Sunpharma	1,096.0	39.0	9.1	370.1	185.9	0.2	359.7	119.6	-0.7
Unichem	196.9	16.3	14.8	46.9	3.4	13.0	33.5	2.8	-1.0
Total	**5,987.3**	**22.7**	**4.7**	**1,398.9**	**51.3**	**6.5**	**1,010.8**	**56.9**	**4.9**

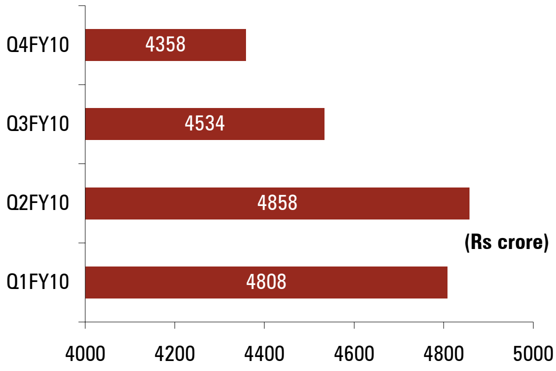
Source: Company, ICICIdirect.com Research

Exhibit 22: Company specific view

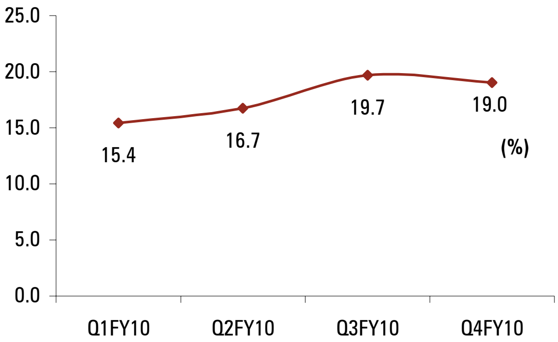
Company	Remarks
Alembic	We believe revenues will be driven by exports to regulated markets and the domestic formulations business. Domestic operations are expected to grow at a rate of 15% YoY to Rs 183 crore, contributing 62% to overall revenues. The demerger of the pharma business will unlock value, going ahead
Biocon	We expect Biocon's standalone business to grow at 25% YoY on topline to Rs 291 crore on traction in the biopharma segment. Axicorp's EBITDA margin will remain subdued at ~5%. Its higher contribution will keep overall margins low. Order execution under the BMS deal will likely keep consolidated revenues upbeat
Dishman	Dishman's quarterly performance is likely to be impacted by 30% YoY de-growth in Carbogen Amcis revenues. We expect revenue flows to improve in H2FY11E on a revamp in the CRAMS segment. The MM segment will lead growth at 26% YoY to Rs 75 crore. CRAMS is expected to witness a 6% YoY decline
Glenmark	Revival in ANDA approvals for Glenmark is expected to improve revenue flow. A 21% YoY growth in Indian market and 10% YoY growth in US led by new product launches will lead generic and specialty business to grow at ~13% and ~17% YoY, respectively. Licensing income of US$20 million from Sanofi will boost topline
Indoco Remedies	A strong foothold in the domestic market will likely lead formulation sales to grow in line with the industry. On the exports front, order execution will likely lead Indoco to perform better in regulated markets. On continued improvement in working capital management, we believe margins will improve YoY
IPCA	We expect Ipca's revenues to grow at 14% YoY on robust growth in the domestic market and better revenue contribution from the US markets. Consistent out performance in domestic and promotional markets and improving business scenario in CIS region will lead Ipca to post robust sales growth
Lupin	We expect Lupin's topline to grow at 25% YoY on account of good growth in the domestic formulation business and the advanced markets of US, Europe and Japan. Suprax and Antara will likely drive the US branded business. Higher ANDA launches will drive the US generics business
Piramal Healthcare	We expect sales to grow at a modest rate of ~13% YoY on account of good growth from the domestic market, CRAMS and the Global Criticare business. The Morepeth facility's capacity utilisation will improve on account of contract renewal with Pfizer. Revival in CRAMS order will likely contribute to better margins
Sun Pharma	Sun Pharma's performance will continue to get impacted by USFDA action on Caraco. Loss of sales from Protonix will be offset by robust sales from Eloxatin. Indian market's revenues are likely to remain healthy due to higher chronic exposure. Margins are expected to hover at ~33%
Unichem Lab	We expect Unichem's domestic formulation sales to grow at better than industry growth rates. On account of higher focus on Telsar group of products, the group is likely to grow at ~20% YoY in Q1FY11E. The company's UK subsidiary Niche Generics is also likely to contribute positively at the EBITDA level

Source: Company, ICICIdirect.com Research

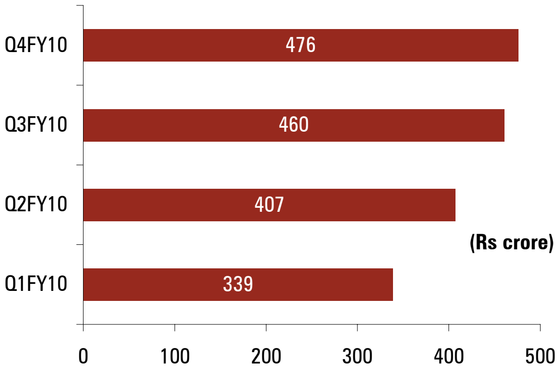
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of the sector

PSL Limited
Welspun Gujarat

Analyst

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Pipes

Industry outlook

- **Mixed bag performance expected**

The overall revenue of pipe companies under our coverage universe is likely to post de-growth of ~11% YoY mainly due to a fall in realisation. Bottomline, on the other hand, is likely to improve YoY by ~9% on the back of improvement in margins on a relatively higher fall in raw material prices. Welspun Gujarat is expected to lead the pipe universe in terms of YoY profit growth on the back of robust sales volume and order book.

- **Order inflow disappointing**

Order inflows have been disappointing with very few orders being awarded in Q1FY11 after there was a smart pick-up in order inflow in Q4FY10. Though the order inflow has slowed down, the pipe industry is expected to bag substantial orders from both domestic and overseas oil and gas majors during the next few quarters on the back of massive plans for putting up pipeline infrastructure by oil & gas companies.

Exhibit 23: Company specific view

Company	Remarks
Jindal Saw	The company is expected to see margin contraction during the quarter under consideration due to a fall in product prices and comparatively higher raw material prices QoQ. Despite QoQ growth of ~7% in revenue, the EBITDA and PAT may see de-growth of ~20% and ~31% on a sequential basis
Maharashtra Seamless	On both QoQ and YoY basis, the company is expected to see a slight improvement of pipe sales volume at ~83,000 tonne due to better utilisation. Fall in product prices and higher raw material costs, however, should lead to a contracting in margins, as EBITDA is likely to fall by ~9% QoQ
Man Industries	Pipe sales volumes are expected to increase by ~20% YoY to ~60,000 tonne. Order inflow has slowed down and margins are expected to be ~10%. We expect revenue to go down 1.4% YoY and EBITDA to increase ~13% YoY
PSL Ltd.	The company is expected to achieve pipe sales volume of ~1,06,000 tonne, up 5% YoY. Pipe EBITDA/tonne is expected to be ~Rs 7,600/tonne and revenue is expected to go up by ~12% YoY while profits would go down by ~5% YoY
Welspun Gujarat	The company's order book stands at Rs 6,400 crore and consolidated pipe sales volume are expected to be ~235,000 tonne. We expect the company to achieve EBITDA/tonne of ~Rs 11,000 in pipe sales resulting in YoY PAT growth of ~28%

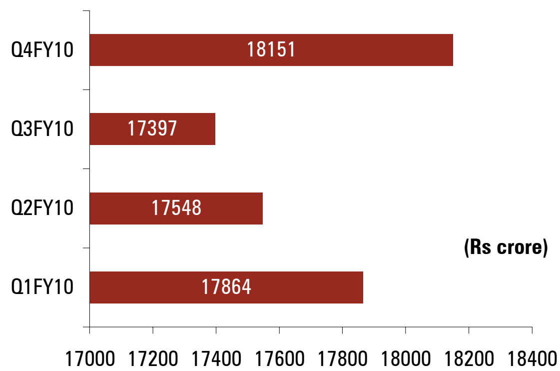
Source: Company , ICICIdirect.com Research

Exhibit 24: Estimates for Q1FY11E: Pipes (Rs Crore)

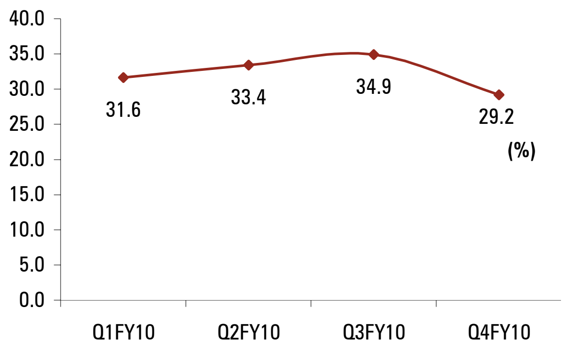
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Jindal SAW	1,161.7	-22.6	6.9	231.3	-2.9	-19.7	123.4	-9.3	-31.5
Mah. Seamless	407.6	-3.7	5.0	100.5	1.2	-8.9	70.3	7.7	-6.4
Man Industries	317.5	-1.4	-29.9	32.4	13.0	-40.6	12.0	316.9	-60.3
PSL Limited	699.2	12.3	-16.1	81.5	9.7	16.5	21.5	-4.6	-9.6
Welspun Gujarat	1,675.7	-13.6	4.9	311.4	3.4	1.8	143.0	27.7	-14.1
Total	**4,261.7**	**-11.4**	**-2.2**	**757.1**	**2.1**	**-8.6**	**370.2**	**9.3**	**-22.2**

Source: Company, ICICIdirect.com Research

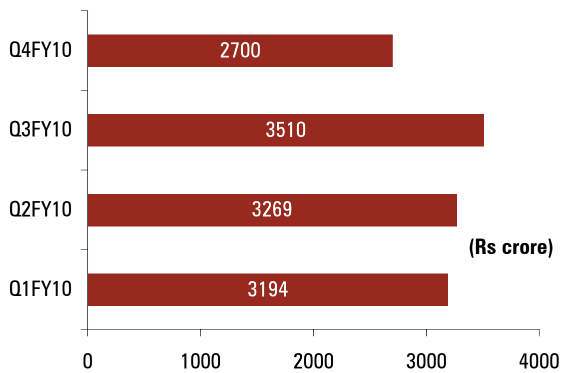
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

NTPC
PTC India Ltd

Analyst

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Power

- **Under achievement of generation and capacity addition continues:**

In 2MFY11 (April-May 2010), aggregate incremental capacity generation has been at 800 MW against a target of 2238 MW for the said period. We believe this will make it difficult for capacity addition targets for 2010-11 to be achieved, which, as of now, are pegged at 21,441 MW. As of now, India has added 23,100 MW of incremental capacity from the beginning of the 11th Plan vs. a revised target of 62,000 MW. We believe there will be under achievement of the same on account of execution challenges relating to land acquisition, obtaining fuel linkages and other legal clearances.

- **Operational highlights**

In April-May 2010, all-India generation was up 6.7% YoY to 135.1 billion units (BU). Out of these, all-India generation based on thermal was up ~7% YoY (backed by a 30% YoY rise in gas-based generation mainly on the back of improved gas availability). On the other hand, hydro-based generation was up ~14% YoY. On the PLF front, thermal based capacities, on the whole, witnessed a decline in their PLFs by 3.2 bps at 77.7% in 2MFY11.

Peak deficit and overall deficit for 2MFY11 stood at 14.3% and 13%, respectively.

- **Short-term prices down YoY but up sequentially**

Average short-term prices for Q1FY11 stood at Rs 5.1/unit, down 33% YoY (Rs 7.7/unit in Q1FY10). However, the same was up sequentially by 46%. On the volumes front, the short-term power market witnessed a rise of 60.4% YoY to 20.7 million units/day.

Exhibit 25: Estimates for Q1FY11E: Power (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
GVK Power	1,233.2	4.7	9.6	421.4	31.2	34.0	-14.6	-164.9	-120.0
JP Hydro	158.2	91.6	83.5	152.5	102.7	120.6	68.3	86.8	242.3
Lanco Infra	3,566.1	145.7	112.0	980.1	292.3	286.0	328.2	155.1	183.3
Neyveli Lignite	997.5	12.8	-9.6	369.0	12.4	64.2	299.1	4.0	-13.3
NHPC	854.0	-23.3	23.3	675.0	-27.8	-23.2	317.0	-36.9	-18.6
NTPC	12,793.0	6.6	1.7	4,233.0	7.1	11.7	2,063.2	-5.9	12.3
PTC India Ltd	2,474.5	23.9	62.7	15.8	3.3	58.0	13.3	3.7	55.7
Total	**22,076.5**	**18.0**	**17.5**	**6,846.7**	**16.5**	**23.6**	**3,074.5**	**-3.4**	**10.2**

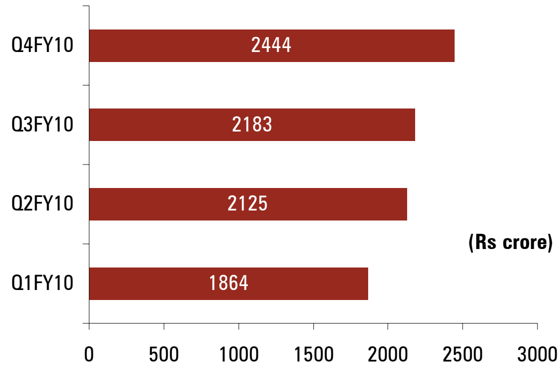
Source: Company, ICICIdirect.com Research

Exhibit 26: Company specific view

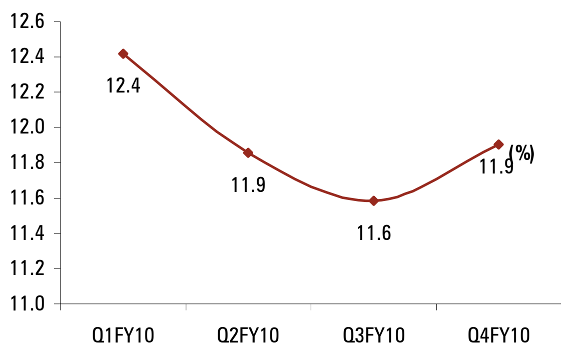
Company	Remarks
NTPC	NTPC is expected to sell ~54.9 BU in Q1FY11E. Generic realisation is expected to be Rs ~2.29 per unit. The company has commercialised 990 MW, 500 MW at the Kahalgaon unit in March 2010 and 490 MW at Dadri in January 2010. It is likely to add 3600 MW of new capacities in FY11
NHPC	The company is expected to generate 5.2 BU in Q1FY11E. The generation capacity of 3,620 MW is expected to decline by 9.5%. However, generic realisation per unit is expected to be ~Rs 2.15 per unit
Neyveli Lignite	The company is expected to report topline and bottomline growth of 12.8% and 4%, respectively, YoY. The company is expected to generate 4842 MU as compared to 4344 MU generated in Q1FY10. We have built in a generic realisation rate of Rs 1.8/unit
JP Hydro	JP Power is expected to maintain the generation capacity of 700 MW in Q1FY11 at the Baspa and Vishnuprayag plants. The overall generation is expected to be around 750 million units (MU). The company is likely to commission the 1000 MW hydro power plant in Karcham Wangtoo in 2011
Lanco Infra	TThe execution of upcoming projects is on track. We expect LITL to reach 2,000 MW of installed generating capacity from ~1,044 MW. We expect the company to generate 894 million units in Q1FY11E
PTC India	We expect PTC India to report an overall volume growth of 23.9% from 4204 MU in Q1FY10 to 5209 MU in Q1FY11E. The long-term PPAs will contribute significantly as volumes from Amarkantak Phase I and II will start contributing to volumes significantly. Average realisations are expected to be at Rs 4.75/unit
GVK Power	GVK's earnings are expected to get impacted in Q1FY11 due to a delay in merchant sale from JPII and Gautami power plants

Source: Company, ICICIdirect.com Research

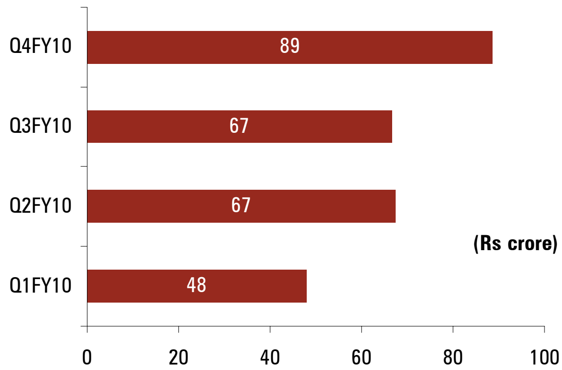
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Koutons Retail

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Retail

- **Strong YoY growth**

The I-direct retail universe is expected to record 30% YoY growth in revenues. Both retail companies under our coverage have significantly increased their retail space in the last year. The same would lead to healthy YoY revenue growth. Net profit for the universe is expected to show strong growth of 73% to Rs 83 crore. On a QoQ basis, however, revenue growth would be flat with a decline of 1% while net profit is expected to decline by 6%. The decline is mainly on account of a 28% decline in net profit of Koutons Retail as Q1 is normally a subdued quarter for Koutons while Q4 is the best quarter.

- **Space addition to be muted**

After expanding aggressively over the last few years, retail companies are looking at improving their efficiencies. The focus has shifted from 'growth' to 'profitable growth'. Companies in the retail sector are adopting a measured approach with regard to space addition. We expect retail space growth of 4% for the I-direct universe during the April-June 2010 quarter.

Exhibit 27: Estimates for Q1FY11E: Retail (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Koutons Retail	274.0	35.8	-29.0	59.5	23.2	-20.5	23.4	103.5	-28.5
Pantaloon	2,148.9	29.2	4.4	224.7	22.6	4.0	59.6	63.3	6.6
Total	**2,422.9**	**29.9**	**-0.9**	**284.2**	**22.8**	**-2.3**	**83.0**	**72.9**	**-6.4**

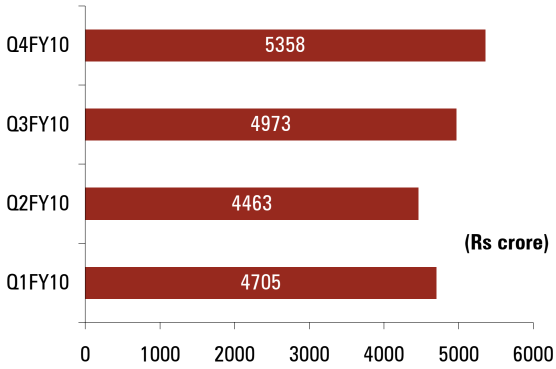
Source: Company, ICICIdirect.com Research

Exhibit 28: Company specific view

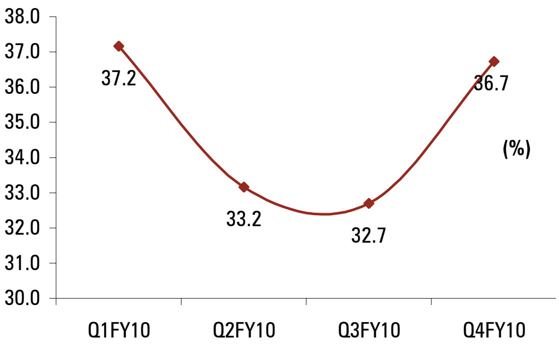
Company	Remarks
Pantaloon Retail	With 24.6% YoY growth in the retail space, Pantaloon Retail is poised to record 29% YoY growth in revenues. We expect EBITDA margin to dip by 50 bps. Big Bazaar will remain the mainstay contributing more than half the revenues while Central and Brand Factory are expected to be fastest growing formats
Koutons Retail	Koutons is expected to increase its retail space marginally as it is looking at improving the profitability of stores, rather than expanding aggressively. The growth during the quarter would be driven by improvement in revenue per square feet due to better product mix

Source: Company, ICICIdirect.com Research

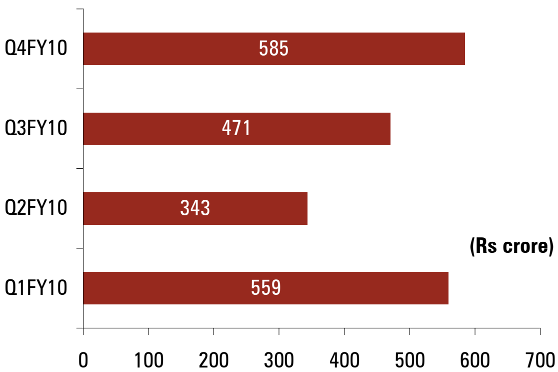
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Bharati Shipyard
Garware Offshore
Mercator Lines

Analyst

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Shipping

- **Dry bulk segment – Volatility continues**

  Dry bulk freight rates remained highly volatile in Q1FY11 and moved up from ~3000 level at the start of the quarter to ~4200 level and then corrected back to ~2400 level. Average rates QoQ were higher by ~9%. The surge in freight rates in the first half of the quarter was mainly led by the rise in iron ore shipments by China.

- **Tanker/product segment – Under pressure**

  Crude tanker freight rates posted a rise in the first half of the quarter followed by a decline in the second half resulting in an overall decline of 4% in Q1FY11. Product carrier freight rates remained subdued throughout the quarter and recorded a drop of 14% QoQ. Weakness in global recovery and sluggish demand for petroleum products in the US and Western Europe led to weakness in rates.

- **Offshore segment – Subdued utilisation levels**

  Crude oil prices strengthened considerably in Q1FY11 but this failed to translate into higher utilisation levels and higher freight rates for offshore vessels, especially jack-up rigs. Further, two unfortunate accidents of BP/Transocean rig explosion and PDVSA/Aban offshore rig sinking incident continued to cloud the sector with a temporary moratorium on deep water drilling off the coast of the US.

- **Shipbuilding segment – Steady order execution**

  Shipbuilding companies procured very few new build orders on oversupply and sluggish freight rates. Still, execution of existing orders would enable stable revenues for shipyards in Q1FY11.

- **Q1FY11E performance – Expected to be subdued**

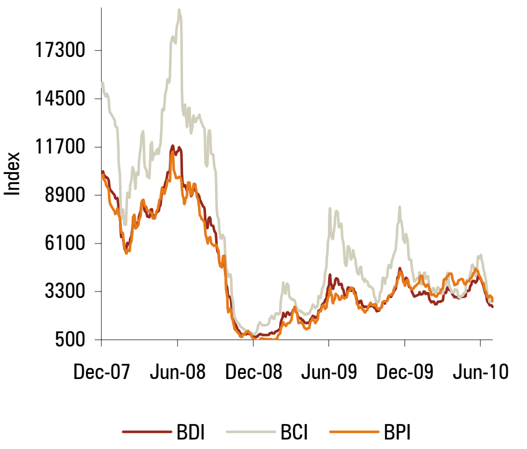
  As Indian shipping companies have a large exposure to the wet cargo segment, the QoQ performance is expected to be subdued. Revenues are expected to decline by 3.0% along with a 4.2% drop in EBITDA while PAT is expected to register a drop of 53.9% QoQ. (Excluding provision for exceptional loss of Rs 360 crore for Aban Offshore, universe PAT would have registered a rise of 7.7%).

Exhibit 29: Estimates for Q1FY11E: Shipping (Rs Crore)

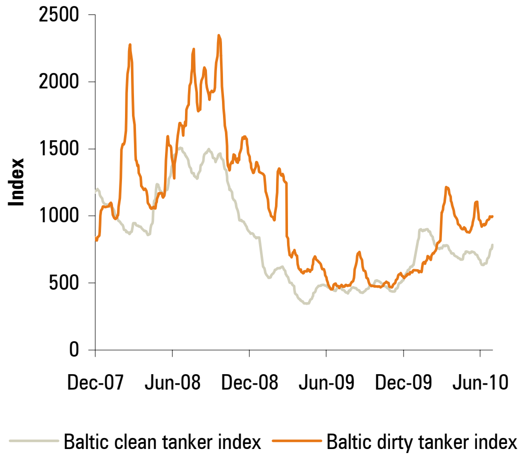
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Aban Offshore	984.0	24.0	-3.6	628.1	33.9	-4.8	-92.9	NA	NA
ABG Shipyard	546.2	38.9	5.0	114.6	7.0	3.1	55.0	16.9	4.0
Bharati Shipyard	331.6	0.7	-5.0	75.3	-7.3	-5.6	30.5	-18.0	-14.2
Garware	46.4	-18.7	24.3	21.1	-34.1	-21.8	7.4	-52.4	-60.3
GE Shipping	727.7	1.0	-5.1	270.5	5.4	-14.3	136.8	-11.3	-12.2
Great Offshore	244.5	6.7	-12.2	107.3	34.9	-23.5	43.5	96.1	-40.4
Essar Shipping	821.8	21.5	-3.6	312.6	13.4	15.5	37.8	516.3	-41.4
Mercator Lines	457.9	2.4	-5.0	141.0	-37.0	0.9	3.9	-91.3	-59.5
SCI	868.3	-1.6	-2.4	160.3	5.8	-8.4	79.1	-34.0	-41.8
Varun Shipping	166.8	-5.1	3.5	54.2	-25.0	10.4	-31.4	NA	NA
Total	**5,195.0**	**10.4**	**-3.0**	**1,885.0**	**7.8**	**-4.2**	**269.7**	**-51.8**	**-53.9**

Source: Company, ICICIdirect.com Research

Dry Bulk Freight Indices



Wet Cargo Indices



Offshore Utilisation Levels

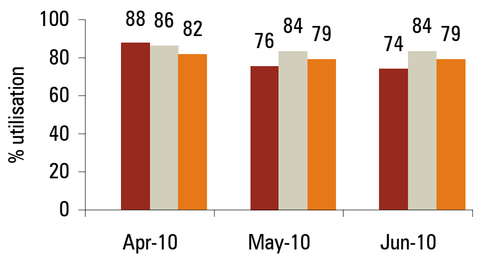
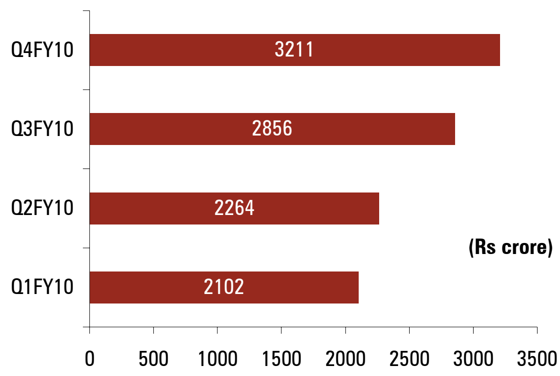


Exhibit 30: Company specific view

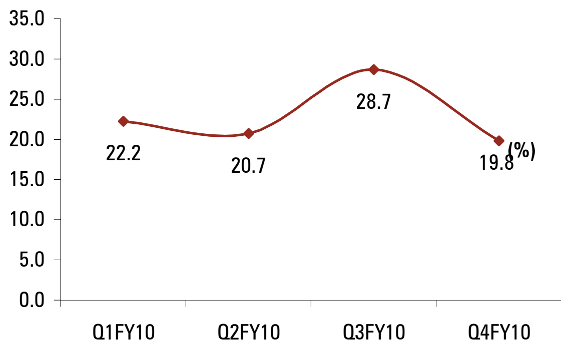
Company	Remarks
Aban Offshore	We expect a 3.6% decline in revenue QoQ. The company is expected to maintain its operating margin of ~64% but is likely to report a negative bottomline on account of provision for loss of Aban Pearl
ABG Shipyard	Steady order execution would lead to stable revenue growth for the company in Q1FY11 as the revenue is expected to grow by 5% YoY. The operating margin is likely to drop marginally to 21.0% as against 21.4% in Q4FY11. We also expect a slight improvement in the net profit in Q1FY11
Bharati Shipyard	We expect a drop in order execution leading to a 5.1% drop in revenue in Q1FY11. The company is also likely to witness a small margin contraction QoQ while PAT is likely to drop by around 14.2%
Essar Shipping	Revenues are likely to decline mainly due to a 12% drop in revenues of ocean transport business and 24.5% drop in revenues of the oilfield services business. Revenue of ports and terminals business is expected to rise post commissioning of Hazira Bulk Terminal. Bottomline is expected to be subdued in Q1FY11
Garware Offshore	Revenues are expected to rise QoQ on account of higher utilisation levels for its AHTS and PSV vessels. Operating margin for the company is likely to be under pressure resulting in a decline in PAT in Q1FY11
GE Shipping	Revenues are expected to decline by 5% QoQ on account of weakness in freight rates for crude tankers and product carriers, which constitute 50% of the company's fleet. Operating margin is likely to be under pressure and is expected to drop to 37.2% also resulting in a 12.2% drop in PAT in Q1FY11
Great Offshore	Revenues in Q1FY11 are expected to be lower by 12.2% QoQ as its drilling rig Kedarnath is undergoing refurbishment after its contract with ONGC expired in March 2010. Operating margin is likely to drop to ~ 44%. This, along with a drop in revenue, would lead to ~40% drop in bottomline for the company
Mercator Lines	Revenue is expected to decline to ~Rs 458 crore in Q1FY11 due to decline in performance of wet carriers. However, the decline would be set off to an extent by the improvement in performance of its Singapore subsidiary, which handles the dry bulk business. Net profit is likely to be subdued in Q1FY11
Shipping Corporation of India	A marginal correction in topline along with contraction in operating margin is expected in Q1FY11. Higher provisioning of depreciation combined with rise in interest outgo would lead to a substantial contraction in bottomline for the company in Q1FY11
Varun Shipping	The company is likely to post a modest recovery in revenues along with improvement in operating margin in Q1FY11. However, due to the high depreciation and interest outgo, the company is expected to post a loss in Q1FY11

Source: Company, ICICIdirect.com Research

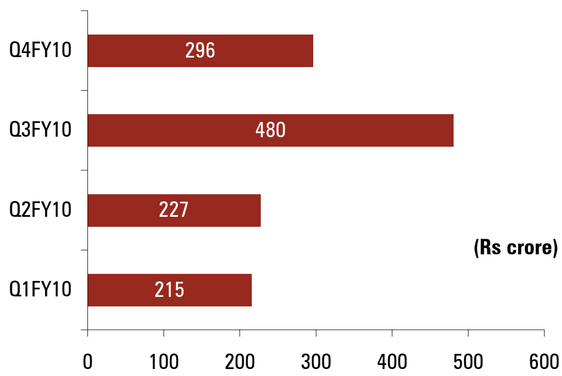
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Shree Renuka Sugars

Analyst

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Sugar

- **Recovering global prices**

Global sugar prices have recovered to 16 cents/lb from their lows of 13 cents/lb in June. We believe Brazilian production would be lower than earlier estimates of 36 million tonnes (MT) due to lower sugarcane at 580 MT compared to earlier estimates of 596 MT. Moreover, the production estimates of Thailand, the second largest exporter in the world have also been revised at 7.2 MT from 7.8 MT on the back of dry weather conditions prevailing in the region, thereby pushing up global prices.

- **Government eases restrictions**

The government has eased the restriction on sugar mills by relaxing the free sale quota from weekly to fortnightly sales. It has also increased the holding period from 10 days to 15 days for bulk consumers. The government has also announced the revised levy price from Rs 13.5 per kg to Rs 17.5 per kg for SY11. These actions have brought some relief to millers. At the same time, an import duty ranging anywhere between 15% and 40% is expected before the next crushing seasons starts. Considering these measures and festive season demand, we believe domestic sugar prices would not fall below the current levels of Rs 26 per kg.

- **Sugarcane cost to come down in SY11**

The central government has declared a fair and remunerative price (FRP) for sugarcane at Rs 139 per quintal for SY11. The companies had paid cane prices to the extent of Rs 245 per quintal during SY10. Hence, this would bring down costs for companies in SY11 and help protect margins in the face of falling sugar prices.

Exhibit 31: Estimates for Q1FY11E: Sugar (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Bajaj Hindustan	790.9	98.1	25.2	7.7	-94.3	-94.6	-55.6	PL	PL
Balrampur Chini	456.7	-15.0	-2.9	46.2	-64.3	-43.3	25.5	-61.4	-7.4
Dhampur Sugar	364.4	32.3	20.8	31.4	-32.8	-45.5	15.0	35.0	21.5
Shree Renuka	1,220.2	37.2	-32.5	124.3	-20.2	-64.9	59.9	-23.3	-73.3
Total	**2,832.2**	**34.8**	**-11.8**	**209.6**	**-55.2**	**-67.1**	**44.8**	**-79.2**	**-84.9**

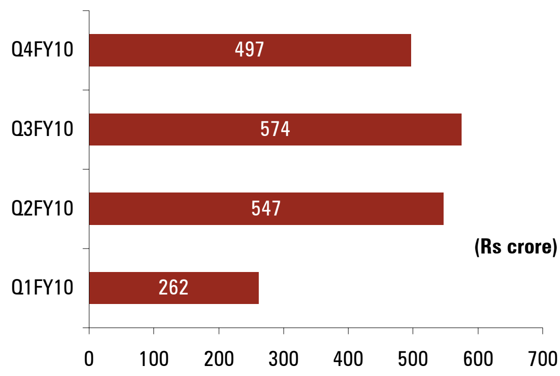
Source: Company, ICICIdirect.com research

Exhibit 32: Company specific view

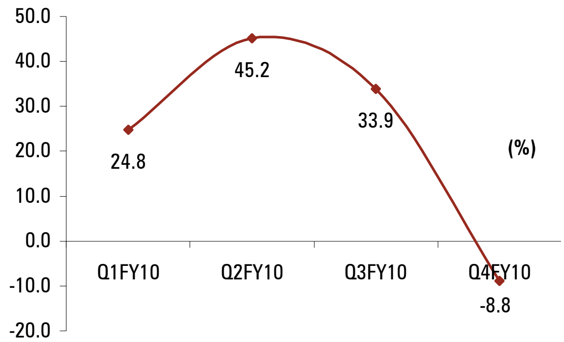
Company	Remarks
Bajaj Hindustan	We estimate sugar volume sales for the quarter to be 250,000 tonnes (a 56% increase YoY) at an average realisation of Rs 28.5 per kg. The higher sugarcane prices paid during the year could, however, result in decline in profits at the operating level, thereby denting the margins of the company in the quarter
Balrampur Chini	We expect a 26% decline in sugar volumes to 150,000 tonnes at an average realisation of Rs 28 per kg. The higher cane prices paid during the year would hurt margins. With the increase in levy prices to Rs 17.5 per kg, the company would write back losses to the extent of Rs 30 crore in the quarter
Dhampur Sugar	We estimate the company will witness 52% YoY rise in sugar volumes to 114,000 tonnes at an average realisation of Rs 28 per kg. Increase in levy prices should result in Rs 15 crore write-back of losses. Distillery realisations would moderate at Rs 23 per litre as availability of molasses has increased
Shree Renuka Sugars	We expect the company to register 5% increase in sugar volumes at 280,000 tonnes at an average realisation of Rs 26.5 per kg. With recent acquisitions the company has considerably ramped up its capacity by 44,000 TCD. Lower global sugar prices could, however, have a negative impact on operations of Vale Do Ivai.

Source: Company, ICICIdirect.com Research

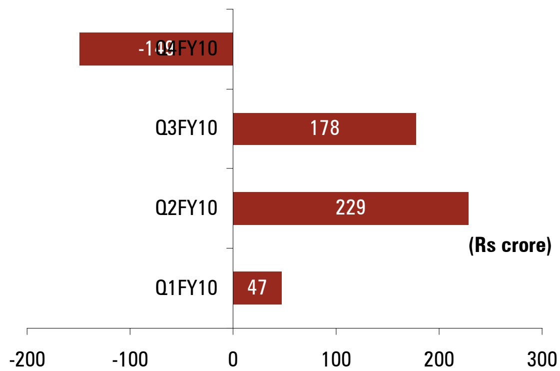
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

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Jayshree Tea

Analyst

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Tea

Global production recovers

Kenya's production rose by 69% to 111.7 million kg between January and March 2010 and their exports increased by 24% to 117.0 million kg. Sri Lanka's production in January-April was also up by 27%. Therefore, compared to the previous year, which witnessed a fall in global production due to erratic weather conditions, we expect global prices to ease out this year.

Indian production hit in May-June

Tea production in India in May-June has been severely affected due to excess rain, pest attack and low temperatures in Assam, thereby leading to an increase in tea prices. Going ahead, we believe there would be 40-45 million kg of incremental demand matched only by a 10-15 million kg of increase in production, thereby driving up prices.

Tea exports up 19% in January-May

Strong demand from the Middle East region coupled with a price increase in Sri Lanka pushed India's tea exports up by 19% to 71.2 million kg from 59.6 million kg in the corresponding quarter. We believe Indian tea exports will remain around 200 million kg. However, domestic tea prices would remain firm on the back of increasing domestic consumption and export demand.

Exhibit 33: Estimates for Q1FY11E: Tea (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Harrison	88.7	27.3	-1.8	7.5	5.6	133.1	4.6	56.2	LP
Jayshree Tea	93.6	34.4	3.5	10.0	-32.5	LP	6.7	-47.5	LP
Mcleod Russel	193.9	58.6	-38.6	58.3	35.8	LP	33.6	7.7	LP
Total	**376.2**	**43.8**	**-24.2**	**75.8**	**16.9**	**-273.2**	**44.9**	**-4.4**	**LP**

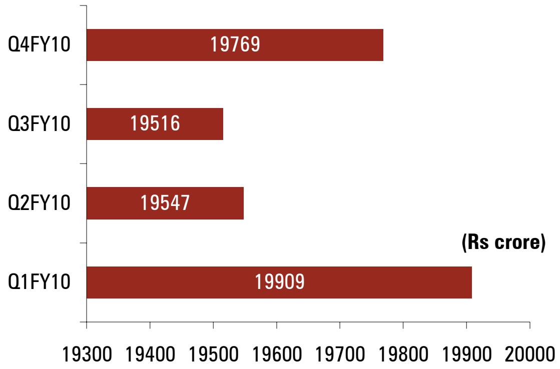
Source: Company, ICICIdirect.com Research

Exhibit 34: Company specific view

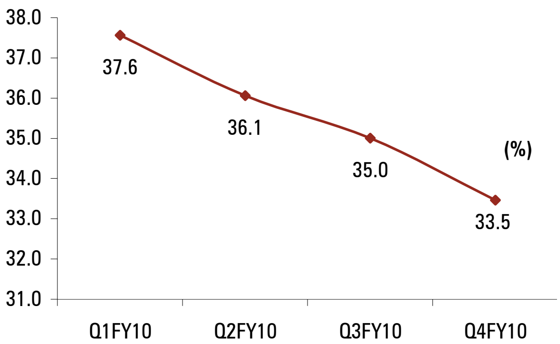
Company	Remarks
Harrison Malayalam	We estimate the sales volume of tea and rubber to be 4.5 million kg & 3100 tonnes at an average realisation of Rs 98 and Rs 140 per kg, respectively. A surge in rubber prices to Rs 180 per kg has resulted in higher margin from rubber business, which has set off the moderate realisation from tea in South India.
Jayshree Tea	The company would sell 5.1 million kg of tea at an average realisation of Rs 148 per kg. Due to lower production this year, realisation for the company rose to Rs 148 per kg from Rs 135 per kg last year, subsequently it would push up margins in Q1FY11.
McLeod Russel	We expect the company to sell 13.5 million kg of tea in Q1FY11 at an average realisation of Rs 145 per kg. Lower production in May-June due to weather disruption pushed up tea prices. Going ahead also prices should remain firm as demand (consumption & export) is expected to outpace production

Source: Company, ICICIdirect.com Research

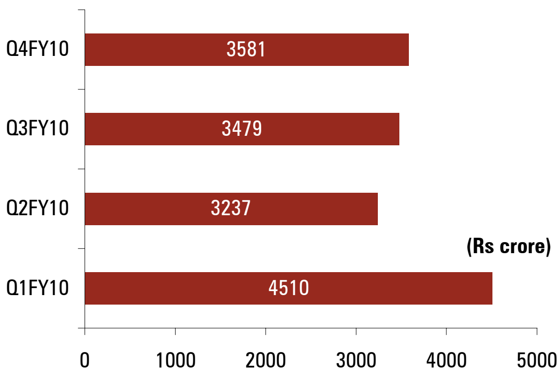
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Bharti Airtel
Tulip Telecom

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Telecom

Tariff war — the spoilsport

Two new operators launched their services in Q1FY11 further increasing the competitive activity in the Indian telecom industry. Though this has led to huge subscriber addition, it has not translated into revenue growth due to declining key metrics. We expect subscribers to increase to 577 million by the end of Q1FY11. We expect revenue growth to remain subdued in this quarter.

KPIs to remain under pressure

Both ARPU and ARPM are expected to remain under pressure in this quarter. We expect the ARPU to decline by ~3-8% across telecom service providers under the I-direct universe. Also, minutes of usage (MoU) are expected to remain flat or witness a marginal decline. The ARPM is also expected to decline to below 44 paisa for most telecom companies.

Margin to remain stable QoQ

With stabilisation in revenues, telecom companies are expected to see a softening in margins as well. TTML is expected to witness the steepest decline in EBITDA due to higher network operating cost. With reduced marketing expenditure, Bharti Airtel is expected to witness a marginal expansion in margin. The overall EBITDA margin of our telecom universe is expected to remain stable.

PAT to show mixed trend

PAT is expected to decline for most companies in our telecom universe. All telecom companies would incur higher interest cost due to debt raised to fund the recent 3G and BWA auction. We have factored an interest cost of Rs 258.0 crore in Q1FY11 as against a net interest income of Rs 813.4 crore in Q4FY10 and Rs 620.5 crore in Q1FY10 for Reliance Communication. Consequently, we expect our telecom universe PAT to decline 53.6% YoY and 41.5% QoQ. However, if the company reports net interest income in this quarter, de-growth in PAT would be far lesser.

Exhibit 35: Estimates for Q1FY11E: Telecom (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Bharti Airtel	10,182.0	2.4	1.3	3,993.4	-3.8	4.5	1,718.0	-31.7	-16.4
Idea Cellular	3,411.3	14.6	1.9	902.7	5.0	-2.3	183.8	-38.1	-31.1
OnMobile	106.0	-1.1	-16.4	19.3	-21.1	-28.8	10.6	22.6	-39.4
Reliance Comm.	5,278.9	-9.7	5.8	1,518.1	-29.4	1.2	291.7	-82.2	-76.1
Tanla Solutions	110.5	28.3	12.0	34.1	27.8	6.8	14.6	45.3	10.5
TTML	625.8	22.2	0.7	135.9	-13.1	-15.4	-188.7	NA	NA
Tulip Telecom	516.2	16.6	-2.7	137.4	26.5	-11.1	63.3	-15.7	-20.4
Total	**20,230.9**	**1.6**	**2.3**	**6,740.9**	**-9.9**	**1.8**	**2,093.4**	**-53.6**	**-41.6**

Source: Company, ICICIdirect.com Research

*** We have considered target price for Tulip Telecom post its stock split. Our target price stands at Rs 219 as compared to Rs 1085 (ex-stock split).**

ARPU expectation

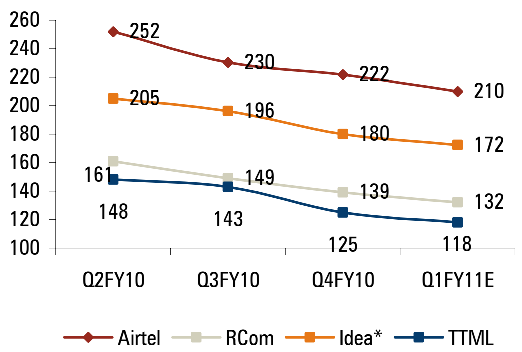
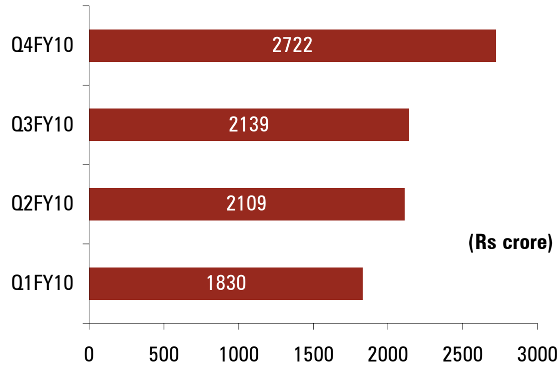


Exhibit 36: Company specific view

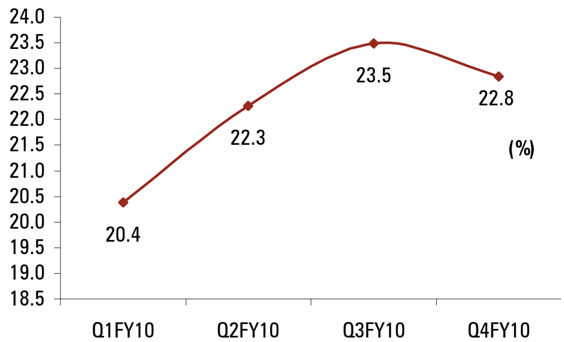
Company	Remarks
Bharti Airtel	With increasing competition, the key metrics are expected to remain under pressure. The ARPU is expected to fall by 4.4% QoQ. We expect the MOU to decline 1.5% QoQ while the ARPM is expected to decline to 46 paisa. Non-voice businesses are expected to record a modest 1.0% QoQ growth
Idea Cellular	The subscriber addition is expected to decline as compared to last quarter. The key metrics are also expected to remain under pressure. We expect ARPU to fall by 6.8%. The MOU is expected to increase 0.5% QoQ while the ARPM is expected to fall to 43 paisa
OnMobile	The company has launched services in various countries with Vodafone and Telefonica in Q1FY11, which would aid revenue growth. Margins are expected to improve marginally in this quarter
Reliance Comm.	Key metrics are declining steeply with the rapid addition of low quality subscribers. The subscriber base is expected to increase by 7.50 million in Q1FY11. The ARPU is expected to decline by 5.0% QoQ. The ARPM is expected to decline to 42 paisa. Non voice businesses are expected to grow by 3.1% QoQ
Tanla Solutions	Some improvement in the UK and European markets and the company's increasing focus on emerging markets like India, Dubai and South Africa for mobile payments would support revenue growth. The mobile payment segment has been the fastest growing segment for the company
TTML	TTML has been adding subscribers at a rapid pace since the launch of DoCoMo GSM services. However, the monthly addition has fallen considerably in the last two months. With a net addition of 0.7 million subscribers in Q1FY11, we expect the ARPU to fall 5.7% QoQ while ARPM is expected to decline to 0.49 paisa
Tulip Telecom	Revenues would report lower growth in Q1FY11E primarily due to major contract renewals and major client additions happening in Q4 of the fiscal. With the roll out of optical fibre network in major business centres, we expect the revenue realisation to be better than expected, going forward

Source: Company, ICICIdirect.com Research

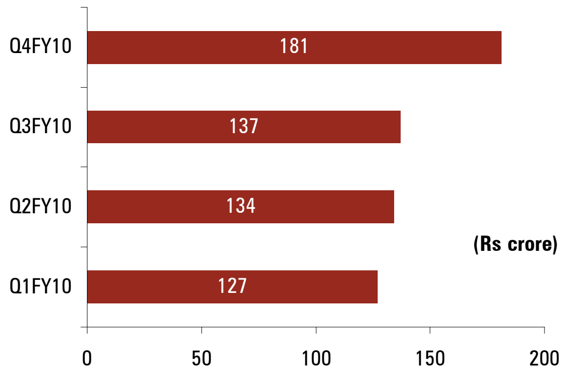
Topline performance (Coverage universe)



Margin movement (Coverage universe)



Bottomline performance (Coverage universe)



Top picks of the sector

Alok Industries

Analyst

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Textile

- ### Improved demand scenario to drive volume growth

An uptick in domestic demand and comparatively higher sense of stability in international markets would enable textile companies to increase the utilisation of existing capacities. Also, new capacities set up by major players like Alok Industries, JBF Industries and Bombay Rayon Fashions would be better absorbed in the market. We expect the I-direct universe revenues to register YoY growth of 55% on the back of 88% and 45% growth in revenues for Alok Industries and Bombay Rayon Fashions, respectively.

- ### Margin to decline QoQ

International and domestic cotton prices have increased by ~5% over the last quarter. With the gradual revival in global textile demand and declining inventory levels, cotton prices are likely to remain firm. We expect the I-direct textile universe to record an 80 bps QoQ decline in EBITDA margin to 22% on account of 110 bps decline in EBITDA margin of Alok Industries.

- ### Manmade fibre feedstock prices to ease

Manmade fibre players are expected to register an improved performance on the back of a decline in prices of PTA and MEG. Polyester prices are not expected to decline in proportion to a decline in feedstock prices due to high cotton prices. This would enable polyester manufacturers to improve their spreads.

Exhibit 37: Estimates for Q1FY11E: Textiles (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Alok Industries	1,482.0	88.5	0.7	415.0	93.0	-3.1	87.3	172.9	-8.4
Bombay Rayon	490.3	45.7	3.4	120.3	51.1	5.3	53.5	43.4	6.2
JBF Industries	819.9	21.7	12.2	77.8	11.1	17.0	33.2	-35.5	22.1
Kewal Kiran	47.3	42.0	1.9	12.8	54.2	-0.8	8.5	34.9	1.2
Total	**2,839.5**	**55.2**	**4.3**	**625.9**	**67.8**	**0.7**	**182.5**	**43.6**	**0.7**

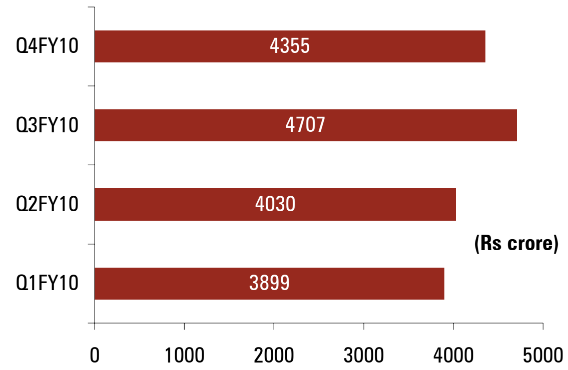
Source: Company, ICICIdirect.com Research

Exhibit 38: Company specific view

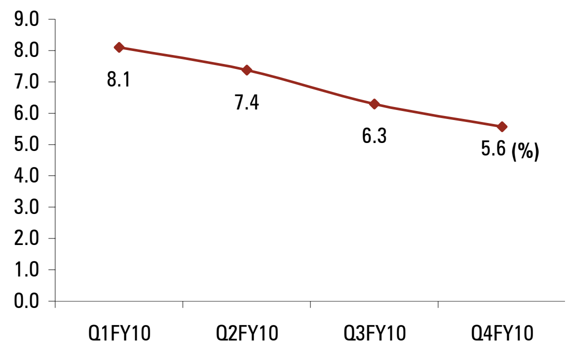
Company	Remarks
Alok Industries	Revenue growth to be driven by new capacities. Cotton yarn to start contributing significantly from Q1FY11E. We expect a 110 bps decline in EBITDA margin to 28% owing to increase in raw material cost
Bombay Rayon Fashions	Bombay Rayon is expected to report all-time high revenues and profitability on the back of increased capacity utilisation and stable EBITDA margin of 24.5%
JBF Industries	Volume growth of ~25% YoY in the polyester chips segment due to uptick in demand would lead to JBF's revenue increasing by 21%. We expect average realisation for polyester chips to decline by ~ 2%
Kewal Kiran	An improved domestic demand scenario would enable Kewal Kiran to report a 42% revenue growth on the back of increased volumes. We expect average realisation to remain stable at Rs 635

Source: Company, ICICIdirect.com Research

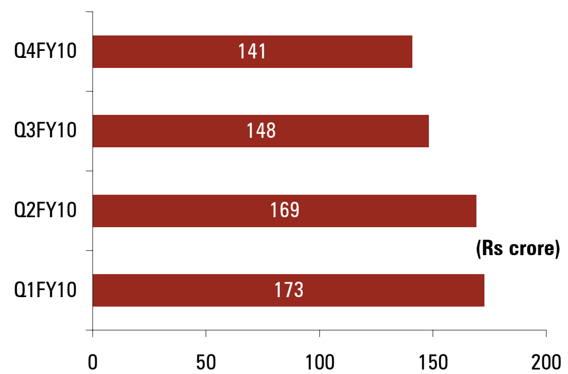
Topline performance (Coverage universe)



Margin (Coverage universe)



Bottomline (Coverage universe)



Top pick of sector

Analyst

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Nishant Vass
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Others

Exhibit 39: Company specific view

Company	Remarks
Bartronics	We expect the company to post a whopping YoY revenue growth of 93.2% in Q1FY11E. This growth can be attributed to higher growth from the solution business and higher utilisation in the smart card business. EBITDA margin would improve on the back of lower operating expenditure and higher revenue realisation
Everest Kanto	According to our estimates, the company's sales are expected to surge by 31% YoY with a 10% increase in realisation for CNG cylinders. This increase in demand can be attributed to rising crude prices leading to an upsurge in demand from China and Middle East countries
InfoEdge	With increase in hiring by corporates and improving scenario in the job market, we expect the company to post a revenue growth of 18.6% YoY. The Job index moved up by 29% YoY in May 2010. Hiring across the sectors has seen a YoY improvement led by IT/ITeS with 56% growth
Nitco Limited	With 60-70% dependence on real estate projects Nitco is expected to improve its performance in the coming quarter on a revival in the realty sector. Its recent expansion through facilities at Alibaug for Gres porcelain tiles and at Silvassa for processing marble would further help margins to improve
Nitin Fire	We expect the sales from the fire fighting and CNG business to increase by 30% and 10%, respectively, YoY in Q1FY11. Realisations are, however, expected to be the same. Hence it would see volume driven growth during the quarter on the back of rising crude prices that would increase the demand for CNG cylinders
Opto Circuits	With the slowdown in recovery in European and US markets we expect revenue rise to be a moderate 4.7% and net profit rise of 6.6% YoY. The EBITDA margin is expected to increase by 590 bps YoY on a change in the product mix towards higher margin drug eluting stents
Praj Industries	The company has witnessed a decline in its order book from Rs 800 crore in December 2009 to Rs 700 crore in March 2010. We believe subdued demand for ethanol plant equipment from overseas subsidiaries (mainly US and Europe) would continue to result in muted growth in its order book
Ruchi Soya	We expect Ruchi Soya to report a 6.8% YoY growth in revenues on the back of improvement in demand. EBITDA margin is expected to recover to 3.2% from 1.7% in Q4FY10. Net profit is expected to be back on track with a 178% QoQ rise after a subdued performance in Q4FY10.

Source: Company, ICICIdirect.com Research

Exhibit 40: Estimates for Q1FY11E: Others (Rs Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ	Q1FY11E	YoY	QoQ
Bartronics	290.8	78.5	9.8	86.1	66.6	32.3	45.2	89.1	56.6
Everest Kanto	204.6	33.3	9.6	60.1	78.1	LP	24.2	45.7	NA
InfoEdge	62.8	18.6	-4.5	18.4	42.5	-16.8	16.6	24.7	25.2
Nitco Limited	123.1	-13.1	1.4	8.1	-56.5	10.3	1.7	-71.0	-31.0
Nitin Fire	92.5	71.4	-13.3	18.4	54.7	-17.6	12.9	48.6	-16.8
Opto Circuits	142.4	44.9	5.1	69.3	65.0	3.7	51.6	80.0	18.1
Praj Industries	174.7	38.0	37.0	39.0	39.9	193.8	32.9	29.0	67.9
Ruchi Soya	3,575.8	15.0	6.8	113.7	-3.0	102.4	48.2	-3.9	178.3
Total	**4,666.7**	**19.7**	**7.2**	**413.1**	**30.7**	**70.4**	**233.3**	**35.0**	**65.4**

Source: Company, ICICIdirect.com Research

ICICIdirect.com Coverage Universe

Exhibit 41: Valuation Matrix

Sector / Company	CMP (Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS (Rs) FY10E	EPS (Rs) FY11E	EPS (Rs) FY12E	P/E (x) FY10E	P/E (x) FY11E	P/E (x) FY12E	EV/EBITDA (x) FY10E	EV/EBITDA (x) FY11E	EV/EBITDA (x) FY12E	RoCE (%) FY10E	RoCE (%) FY11E	RoCE (%) FY12E	RoE (%) FY10E	RoE (%) FY11E	RoE (%) FY12E
Auto & Auto ancillary																			
Apollo Tyre (APOTYR)	68	85	Strong Buy	3,407	8.2	8.1	8.4	8.2	8.4	8.1	4.9	4.1	3.5	30.8	24.1	21.2	26.9	21.3	18.5
Automotive Axle (AUTAXL)	416	525	Strong Buy	626	24.5	31.4		17.0	13.3		8.7	6.6		24.5	28.2		19.6	20.9	
Bajaj Auto (BAAUTO)	2,410	2,300	Reduce	34,850	117.8	121.3	143.8	20.5	19.9	16.8	13.3	12.8	10.5	68.5	54.9	55.9	19.5	19.5	19.5
Balkrishna Industries Ltd (BALIND)	581	689	Buy	1,126	107.9	122.1		5.4	4.8		4.3	4.1		28.6	24.2		37.0	30.6	
Bharat Forge (BHAFOR)	307	280	Reduce	7,144	-3.5	9.2		NA	33.3		20.5	8.7		3.8	18.6		-3.9	11.8	
Escorts (ESCORT)	193	193	Add	1,817	13.3	16.1		14.5	11.9		9.1	7.3		11.9	13.1		8.7	9.6	
JK Tyre & Industries (JKIND)	163	211	Strong Buy	669	39.9	43.7	52.8	4.1	3.7		4.8	4.8		17.9	16.5	16.7	25.2	22.1	21.6
Mahindra & Mahindra (MAHMAH)	622	675	Add	35,935	36.9	36.8	41.8	16.9	16.9	14.9	12.6	11.2	9.9	29.8	25.2	25.2	31.3	24.5	22.3
Maruti Suzuki India (MARUTI)	1,380	1,614	Buy	39,950	84.0	94.0	101.8	16.4	14.7	13.6	9.6	8.8	8.0	33.3	28.9	26.4	23.1	21.0	18.8
Subros (SUBROS)	49	61	Strong Buy	292	3.9	3.9	6.7	12.4	12.4	7.2	3.9	3.9	2.6	16.5	16.5	22.6	12.1	12.1	16.2
Tata Motors (TELCO)	751	877	Buy	40,377	39.3	51.7	57.1	19.1	14.5	13.1	15.0	13.5	12.2	12.2	11.0	11.1	15.4	16.6	16.1
Aviation																			
Jet Airways (JETAIR)	536	540	Add	4,636	-53.6	2.9	65.6	NA	184.0	8.2	17.1	13.3	7.7	0.2	1.4	4.7	-23.9	1.2	23.7
SpiceJet (MODLUF)	56	72	Strong Buy	1,839	4.4	5.9	7.8	12.8	9.5	7.2	25.9	7.4	3.9	62.6	59.6	46.1	LP	126.8	91.5
Broking																			
Edelweiss Capital (EDECAP)	479	455	Reduce	3,596	30.7	32.7	35.0	15.6	14.6	13.7	10.7	9.8	9.4	14.7	13.4	12.0	11.1	10.7	10.6
Indiainfoline (INDINF)	93	111	Buy	2,656	8.3	8.6	8.6	11.2	10.8	10.8	6.9	7.2	8.4	13.5	16.6	14.3	14.6	14.5	13.1
Motilal Oswal (MOTOSW)	176	203	Buy	2,516	11.9	13.9	15.6	14.8	12.7	11.3	6.9	5.2	6.6	17.9	18.0	17.0	19.0	18.3	17.2
Capital Goods																			
BGR (BGRENE)	741	787	Add	5,335	27.9	38.3	49.3	26.5	19.3	15.0	15.4	10.7	8.6	23.0	25.8	26.4	31.8	33.8	33.1
Thermax Ltd (THERMA)	755	732	Reduce	8,984	11.9	28.6	40.0	63.6	26.4	18.9	18.3	12.6	9.3	33.8	40.4	41.5	13.9	28.3	31.5
Construction																			
Simplex Infrastructure (SIMCON)	463	523	Buy	2,308	23.3	31.6	40.5	19.8	14.6	11.4	7.4	6.5	5.5	13.0	14.7	17.2	12.1	14.6	16.2
Unity Infraprojects (UNIINF)	112	124	Buy	826	11.7	13.6	15.5	9.6	8.2	7.2	6.2	5.3	4.6	18.8	18.7	19.2	17.6	16.5	16.2

Exhibit 42: Valuation Matrix

	CMP			M Cap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
Sector / Company	(Rs)	TP(Rs)	Ratings	(Rs Cr)	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
Cement																			
ACC ^ (ACC)	854	877	Add	16,005	85.5	60.1	57.6	10.0	14.2	14.8	5.8	8.1	7.9	37.5	24.0	21.6	29.4	17.9	15.7
Ambuja Cement ^ (GUJAMB)	113	104	Reduce	17,148	8.0	9.1	9.3	14.1	12.4	12.0	8.4	7.0	6.1	27.1	26.0	23.7	20.1	19.9	17.8
Dalmia Cement (DALCEM)	213	246	Buy	1,713	22.4	20.3	34.1	9.5	10.5	6.2	7.7	7.5	5.5	9.1	7.6	10.7	13.7	11.5	17.3
India Cement (INDCEM)	107	118	Buy	3,307	10.6	5.8	8.8	10.1	18.5	12.1	6.2	9.2	6.5	11.4	6.4	9.0	10.4	5.3	7.6
JK Cement (JKCEME)	184	225	Strong Buy	1,276	32.0	29.1	34.5	5.7	6.3	5.3	5.0	4.9	4.0	18.0	13.3	15.0	22.2	16.9	17.2
JK Laxmi Cement (JKCORP)	66	77	Buy	803	19.7	7.6	10.5	3.3	8.6	6.3	2.2	4.1	4.2	19.8	9.5	11.0	25.8	8.7	10.7
Mangalam Cement (MANCEM)	156	180	Buy	416	44.9	35.2	28.3	3.5	4.4	5.5	1.7	2.8	5.4	46.5	23.5	12.7	34.8	21.7	14.9
Orient Paper (ORIPAP)	57	64	Buy	1,098	8.2	9.2	11.2	6.9	6.2	5.1	4.9	3.5	2.5	22.5	22.4	24.2	22.5	21.1	21.5
Shree Cement (SHRCEM)	1,904	2,295	Strong Buy	6,628	194.1	206.4	257.2	9.8	9.2	7.4	4.4	4.0	3.6	30.6	23.6	24.1	44.4	33.2	30.7
UltraTech Cement (ULTCEM)	865	945	Add	10,745	87.8	60.2	63.0	9.9	14.4	13.7	5.6	4.2	3.5	28.4	26.7	20.1	26.6	21.6	15.0
Diversified																			
GMR Infrastructure Ltd (GMRINF)	59	61	Add	22,712	0.4	0.2	0.7	135.5	281.8	79.8	25.0	20.9	17.5	3.4	3.6	4.1	2.6	1.1	2.4
Jaiprakash Associate (JAIASS)	123	161	Strong Buy	26,250	4.2	5.0	5.8	29.3	24.5	21.1	14.9	13.6	12.2	10.0	9.7	10.3	12.5	13.2	13.5
FMCG																			
Asian Paints (ASIPAI)	2,337	2,384	Add	22,398	80.7	90.1	97.5	28.9	25.9	24.0	17.7	13.5	12.3	71.3	55.5	46.4	64.7	54.5	46.5
Dabur India Ltd (DABIND)	208	185	Sell	17,985	5.8	6.5	7.4	35.7	31.8	27.9	27.2	25.5	21.7	51.8	48.7	49.8	54.8	50.0	46.8
Kansai Nerolac (GOONER)	761	691	Reduce	4,076	18.3	30.7	34.0	41.6	24.8	22.4	14.8	11.2	9.7	18.4	22.8	28.0	15.1	21.3	19.5
Marico Ltd (MARIN)	130	114	Sell	7,949	3.8	4.7	6.3	34.1	27.7	20.7	21.4	17.7	13.5	35.4	42.7	52.7	44.0	41.8	44.6
Hospital																			
Apollo Hospitals (APOHOS)	741	810	Add	4,597	22.3	28.9	39.6	33.3	25.7	18.7	17.4	13.4	9.6	7.3	10.0	11.7	7.0	8.4	11.8
Fortis Healthcare (FORHEA)	153	159	Add	6,171	2.2	4.0	4.5	69.6	38.1	33.7	75.7	46.0		1.4	1.8	2.8	3.3	5.9	7.2
Hotel																			
EIH (EIH)	120	128	Add	4,710	1.7	2.5	4.2	71.1	48.5	28.5	20.6	16.8		7.2	10.1	12.2	4.8	6.7	11.9
Hotel Leela (HOTLEE)	48	51	Add	1,812	1.1	1.8	3.1	44.3	26.2	15.6	34.1	23.5		1.6	2.6	4.1	2.0	3.1	5.2
Indian Hotel (INDHOT)	104	118	Buy	7,513	-2.7	3.5	5.3	NA	30.0	19.7	30.1	14.5	10.9	2.6	7.6	10.4	-6.4	7.5	11.4
Kamat Hotels (KAMHOT)	120	128	Add	159	-6.2	4.1	10.6	NA	28.9	11.3	15.8	9.1		5.6	9.0	10.5	-5.2	3.4	8.7
Royal Orchid Hotel (ROYORC)	76	98	Strong Buy	207	2.6	3.7	5.4	29.7	20.6	14.0	13.2	12.8	10.6	2.8	4.1	5.0	3.3	4.7	6.7
Taj GVK Hotels (TAJGVK)	160	186	Buy	1,001	5.8	7.1	9.3	27.7	22.5	17.3	12.9	12.0	9.8	10.5	9.8	0.1	12.4	13.2	0.2
Viceroy Hotels (PALHEI)	50	49	Reduce	211	0.3	1.1	2.2	187.0	46.6	22.9	33.2	22.9	18.6	1.7	2.3	3.0	0.5	1.8	3.6

Exhibit 43: Valuation Matrix

Sector / Company	CMP (Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
IT																			
HCL Tech* (HCLTEC)	356	439	Strong Buy	24,165	18.8	25.1	30.7	18.9	14.2	11.6	9.6	8.6	6.5	15.5	14.4	16.5	20.1	22.7	23.0
Infosys (INFTEC)	2,782	3,136	Buy	159,581	109.5	117.6	142.6	25.4	23.7	19.5	18.5	16.3	13.5	34.2	32.9	33.7	26.9	24.7	25.3
Mastek (MASTEK)	298	303	Add	804	28.0	31.5	33.7	10.6	9.5	8.9	6.1	4.1	3.8	12.0	15.0	15.5	14.3	14.5	13.8
NIIT Ltd. (NIIT)	66	74	Buy	1,093	4.3	5.7	6.7	15.5	11.7	9.9	7.8	5.9	5.0	18.0	20.5	21.7	14.2	17.3	18.2
Patni Computers (PATCOM)	503	594	Buy	6,545	44.1	46.5	49.1	11.4	10.8	10.2	6.2	4.7	3.7	13.5	13.5	13.2	14.6	13.5	12.6
Rolta* (ROLIND)	174	225	Strong Buy	2,802	16.5	18.4	22.5	10.5	9.4	7.7	5.1	4.1	3.4	13.3	14.6	16.4	17.7	17.9	18.4
TCS (TCS)	765	926	Strong Buy	149,453	35.1	40.1	44.1	21.8	19.1	17.3	16.3	13.9	11.9	42.2	37.0	33.8	37.4	33.0	29.1
Tech Mahindra (TECMAH)	756	822	Add	9,381	53.6	65.4	62.3	14.1	11.6	12.1	8.9	9.1	7.7	27.3	24.5	24.4	25.3	26.3	20.4
Wipro (WIPRO)	393	486	Strong Buy	96,469	31.4	24.2	24.9	12.5	16.2	15.8	16.0	13.2	11.0	22.4	21.4	21.3	26.5	24.3	22.6
Logistics																			
Allcargo Global (ALLGLO)	172	207	Strong Buy	2,147	10.4	11.1	14.8	16.5	15.5	11.6	10.3	7.8	5.9	16.2	16.2	18.4	13.2	11.8	13.8
Container Corporation (CONCOR)	1,417	1,276	Reduce	18,372	59.9	66.3	73.4	23.7	21.4	19.3	16.7	15.1	13.3	22.0	21.1	20.4	17.9	17.1	16.5
Gateway Distriparks (GATDIS)	116	129	Buy	1,251	7.3	8.3	9.2	15.8	14.0	12.6	10.3	8.8	7.9	11.3	13.2	13.6	12.9	13.3	13.6
Sanghvi Movers (SANMOV)	191	197	Add	838	20.9	21.4	24.6	9.2	9.0	7.8	5.1	5.0	4.1	19.4	17.0	17.4	19.1	16.7	16.5
Transport Corp (TRACOR)	121	123	Add	882	5.9	7.1	8.2	20.4	16.9	14.7	10.3	9.5	8.3	14.5	14.4	14.5	13.3	14.0	14.0
Media																			
Cinemax (CININD)	53	60	Buy	148	6.1	3.7	4.3	8.7	14.2	12.3	10.2	9.0	7.8	6.5	6.9	7.5	10.2	5.9	6.3
DB Corp (DBCORP)	234	258	Buy	4,252	10.1	12.0	14.4	23.3	19.6	16.3	12.1	10.9	8.8	30.0	27.0	28.5	26.2	24.0	22.5
Deccan Chronicle (DECCHR)	122	179	Strong Buy	2,968	10.9	13.0	15.4	11.2	9.3	7.9	7.2	5.8	4.7	19.1	20.7	21.2	18.2	18.7	18.7
DISH TV (DISHTV)	44	50	Buy	9,471	-2.5	-1.6	-0.7	NA	NA	NA	89.0	32.7	19.2	-8.0	-4.5	-1.1	-17.2	-8.9	-4.0
HT Media (HTMED)	153	169	Buy	3,590	5.8	8.7	10.4		17.6	14.7	10.7	7.8	7.0	16.2	20.5	21.7	13.8	17.2	17.1
Jagran Prakashan (JAGPRA)	126	136	Add	3,798	5.8	6.8	7.7	21.6	18.6	16.4	11.7	9.3	8.1	30.5	32.1	30.9	26.4	25.4	24.0
PVR (PVRLIM)	157	183	Buy	403	0.6	13.1	13.0	267.7	12.0	12.0	13.8	6.1	5.5	3.1	8.9	8.5	0.3	11.1	10.0
Sun TV (SUNTV)	429	441	Add	16,912	13.2	17.4	20.0	32.5	24.6	21.4	12.6	10.2	8.5	38.1	41.5	40.2	27.0	30.2	29.0
UTV Software (UTVSOF)	396	471	Buy	1,609	13.1	16.3	26.6	30.2	24.3	14.9	33.1	16.2	13.2	2.3	5.4	7.0	3.8	4.5	6.8

Exhibit 44: Valuation Matrix

Sector / Company	CMP (Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS (Rs) FY10E	EPS (Rs) FY11E	EPS (Rs) FY12E	P/E (x) FY10E	P/E (x) FY11E	P/E (x) FY12E	EV/EBITDA (x) FY10E	EV/EBITDA (x) FY11E	EV/EBITDA (x) FY12E	RoCE (%) FY10E	RoCE (%) FY11E	RoCE (%) FY12E	RoE (%) FY10E	RoE (%) FY11E	RoE (%) FY12E
Metals & Mining																			
Adhunik Metaliks (ADHMET)	119	134	Buy	1,468	11.1	13.7	16.0	10.7	8.7	7.4	6.1	5.4	4.7	14.1	16.2	16.3	17.5	18.1	17.9
Godawari Ispat (GODPOW)	222	279	Strong Buy	622	20.8	42.5	55.8	10.7	5.2	4.0	7.1	3.8	2.7	11.3	19.0	20.4	11.7	20.3	21.9
Graphite India (CAREVE)	105	116	Buy	1,914	13.7	10.4	12.9	7.7	10.1	8.1	5.2	5.1	4.6	22.3	17.9	19.1	19.6	14.4	15.2
HEG (HEG)	332	423	Strong Buy	1,424	39.9	32.4	38.2	8.3	10.2	8.7	6.0	6.3	5.6	20.2	18.3	19.5	27.0	19.2	19.6
Hindustan Zinc (HINZIN)	942	1,312	Strong Buy	39,883	95.6	105.4	128.1	9.9	8.9	7.4	6.0	4.7	3.1	27.2	24.0	24.0	24.7	21.7	21.5
JSW Steel (JINVIJ)	1,063	1,192	Buy	19,892	85.4	84.6	123.7	12.4	12.6	8.6	9.1	7.6	6.1	11.8	12.6	14.5	17.8	15.4	18.6
SAIL (SAIL)	190	235	Strong Buy	78,519	16.4	16.3	19.6	11.6	11.7	9.7	7.1	7.2	6.2	16.9	14.5	15.5	20.4	17.6	18.2
Sesa Goa (SESGOA)	347	437	Strong Buy	29,836	31.6	55.2	57.9	11.0	6.3	6.0	7.8	3.2	2.5	30.1	39.9	30.1	32.6	33.1	26.2
Sterlite (STEIND)	159	230	Strong Buy	53,567	11.1	14.9	25.1	14.3	10.7	6.4	6.5	5.2	2.6	15.0	15.0	19.7	12.0	12.7	18.6
Tata Steel (TISCO)	475	517	Add	42,129	-22.7	42.8	62.2	NA	11.1	7.6	10.3	6.6	5.2	4.2	10.2	12.8	-7.1	12.3	15.6
Usha Martin (USHBEL)	80	105	Strong Buy	2,432	5.5	9.6	10.9	14.5	8.4	7.3	8.4	5.9	4.9	10.4	14.8	15.2	13.5	19.4	18.5
Visa Steel (VISST)	38	52	Strong Buy	424	4.3	6.7	15.4	8.9	5.7	2.5	6.8	5.7	3.8	14.3	11.4	17.8	14.5	18.4	29.6
Oil & Gas																			
Cairn India Ltd (CAIIND)	296	309	Add	56,236	5.5	24.3	46.0	53.5	12.2	6.4	73.9	8.5	4.0	1.7	14.7	23.3	3.1	12.4	20.0
Gujarat Gas (GUJGAS)	296	286	Reduce	3,830	13.5	19.0	21.7	21.9	15.6	13.6	12.2	8.4	7.1	29.8	35.4	32.1	26.2	26.2	26.2
Gujarat State Petronet Ltd (GSPL)	102	122	Buy	5,749	7.4	7.7	7.9	13.9	13.3	13.0	7.3	6.6	5.9	25.0	22.6	23.1	26.5	22.4	19.5
Indraprastha Gas Ltd (INDGAS)	277	UR	UR	3,875	15.4	17.6	18.8	18.0	15.7	14.7	9.5	8.1	7.3	37.5	35.0	31.6	26.1	24.8	22.4
Oil India Limited (OILIND)	1,396	1,526	Add	33,539	108.6	134.8	150.4	12.9	10.4	9.3	12.9	10.4	9.3	22.6	24.0	23.1	19.0	20.3	19.6
Petronet LNG (PETLNG)	78	87	Buy	5,861	5.4	6.2	6.5	14.5	12.7	12.1	8.9	8.4	8.3	14.5	14.1	13.6	18.1	18.4	17.2
Shiv Vani Oil (SHIVAN)	448	510	Buy	2,082	43.7	64.8	72.5	10.3	6.9	6.2	7.5	6.0	5.1	13.5	15.8	16.1	17.6	20.8	19.0
Pharma																			
Alembic (ALECHE)	55	46	Sell	734	3.0	4.1		18.6	13.5		9.8	8.3		9.7	11.3		11.7	14.5	
Biocon (BIOCON)	318	335	Add	6,346	14.7	17.2	20.4	21.7	18.4	15.6	13.7	11.6	9.5	15.6	16.7	17.6	12.4	13.2	13.9
Dishman Pharma (DISHPHA)	207	230	Buy	1,668	14.6	16.1	19.2	14.2	12.9	10.8	11.8	10.1	8.1	9.1	9.6	11.1	15.0	14.5	15.3
Glenmark (GLEPHA)	276	325	Buy	7,468	12.2	15.9	21.7	22.7	17.3	12.7	14.9	11.5	9.1	14.6	17.7	20.3	13.9	18.6	20.9
Indoco Remedies (INDREM)	490	403	Sell	599	34.2	42.6	49.0	14.3	11.5	10.0	11.4	8.5	7.4	11.1	13.5	13.8	13.3	14.3	14.3
IPCA Labs (IPCLAB)	292	311	Add	3,659	16.4	19.9	23.9	17.8	14.6	12.2	2.6	2.1	1.8						
Lupin (LUPIN)	1,927	2,101	Add	17,109	78.7	93.0	116.7	24.5	20.7	16.5	21.1	15.9	12.3	0.3	0.3	0.2	0.3	0.3	0.2
Nicholas Piramal (NICPIR)	501	595	Buy	10,462	23.1	25.3	30.5	21.7	19.8	16.4	15.8	13.6	11.6	24.6	24.6	22.7	28.3	25.4	25.3
Sunpharma (SUNPHA)	1,771	1,644	Reduce	36,608	65.2	71.7	82.2	27.2	24.7	21.6	24.4	21.7	18.2	28.5	19.6	18.8	25.9	17.8	16.8
Unichem Laboratories (UNILAB)	481	486	Add	1,732	36.9	42.1	51.1	13.1	11.4	9.4	9.3	7.6	6.1	25.7	26.1	26.9	23.3	22.4	23.0

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Exhibit 45: Valuation Matrix

Sector / Company	CMP (Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS (Rs) FY10E	EPS (Rs) FY11E	EPS (Rs) FY12E	P/E (x) FY10E	P/E (x) FY11E	P/E (x) FY12E	EV/EBITDA (x) FY10E	EV/EBITDA (x) FY11E	EV/EBITDA (x) FY12E	RoCE (%) FY10E	RoCE (%) FY11E	RoCE (%) FY12E	RoE (%) FY10E	RoE (%) FY11E	RoE (%) FY12E
Pipes																			
Jindal SAW (SAWPIP)	201	228	Buy	5,509	26.7	20.8		7.5	9.7		4.5	4.3		21.6	16.1		19.1	13.2	
Mah. Seamless (MAHSEA)	387	412	Add	2,735	40.2	41.3	51.5	9.6	9.4	7.5	4.7	4.7	3.8	25.7	21.1	22.8	19.1	16.4	17.7
Man Industries (MANIN)	83	76	Reduce	456	12.5	13.3		6.7	6.3		3.6	3.5		17.1	17.8		15.7	14.3	
PSL Limited (PSLHOL)	127	145	Buy	678	23.0	19.0	20.1	5.5	6.7	6.3	5.3	4.3	4.1	13.4	11.9	11.9	15.1	10.4	10.2
Welspun Gujarat (WELGUJ)	232	325	Strong Buy	4,738	29.9	27.7		7.8	8.4		4.9	4.9		23.7	19.0		29.4	20.0	
Power																			
GVK Power (GVKPOW)	43	53	Strong Buy	6,806	0.3	1.2	1.4	125.8	34.4	30.5	25.4	18.6	16.9	4.0	5.8	6.3	2.7	7.1	7.5
JP Hydro (JAIHYD)	69	73	Add	14,418	0.9	1.1	2.7	73.2	60.4	25.6	29.0	35.0	12.9	10.7	5.5	12.0	6.7	7.5	15.1
Lanco Infra (LANINF)	66	71	Add	15,904	3.2	5.6	5.8	20.5	11.9	11.5	13.8	6.6	5.9	9.5	13.7	12.1	27.3	31.9	25.6
Neyveli Lignite (NEYLIG)	160	151	Reduce	26,860	7.4	8.6	0.0	21.5	18.6		20.2	15.7		7.5	8.7	8.3	12.6	13.4	12.5
NHPC (NHPC)	32	39	Strong Buy	38,747	1.4	1.0	1.3	22.3	30.6	23.7	14.5	18.0	13.1	6.5	4.5	6.3	8.4	5.3	6.6
NTPC (NTPC)	201	241	Buy	165,445	10.5	10.8	12.3	19.1	18.5	16.3	12.4	12.5	11.4	13.3	12.2	12.2	14.5	13.8	14.3
PTC India Ltd (POWTRA)	99	136	Strong Buy	2,919	3.2	4.4	7.1	31.0	22.5	13.9	30.5	19.5	9.0	7.2	8.3	12.9	5.1	6.0	9.3
Real Estate																			
Orbit Corporation (ORBCOR)	132	167	Strong Buy	1,449	17.3	19.3	27.3	7.6	6.8	4.8	12.1	7.2	6.2	12.4	13.3	16.3	13.6	11.9	14.5
Retail																			
Koutons Retail (KOURET)	317	384	Strong Buy	970	26.9	33.6	38.4	11.7	9.4	8.2	6.1	5.4	5.0	20.5	21.1	21.3	17.7	18.6	17.8
Pantaloon (PANRET)	465	451	Reduce	9,326	14.3	14.6	19.1	32.6	31.9	24.3	14.4	11.7	9.9	12.0	13.1	14.3	9.1	8.6	10.2
Shipping																			
Aban Offshore (ABALLO)	845	884	Add	3,676	71.5	57.6	204.4	11.8	14.7	4.1	8.3	6.9	6.2	10.0	12.3	12.9	14.3	10.5	27.6
ABG Shipyard (ABGSHI)	258	239	Reduce	1,309	42.8	41.7	43.0	6.0	6.2	6.0	7.2	6.7	6.0	13.3	13.8	13.7	19.6	16.3	14.6
Bharati Shipyard (BHASHI)	239	327	Strong Buy	659	50.1	44.3	55.7	4.8	5.4	4.3	9.5	9.9	11.7	9.9	9.1	7.2	16.6	12.9	14.1
Garware Offshore (GARSHI)	135	182	Strong Buy	321	17.3	20.4	24.9	7.8	6.6	5.4	7.5	7.0	5.9	9.6	9.6	10.6	15.4	15.7	16.4
GE Shipping (GESHIP)	297	387	Strong Buy	4,531	33.7	34.0	46.8	8.8	8.7	6.3	8.7	7.2	5.3	4.7	5.7	7.5	9.1	8.7	10.9
Great Offshore (GREOFF)	437	468	Add	1,619	57.6	27.8	68.0	7.6	15.7	6.4	7.7	8.1	4.9	11.3	8.8	15.0	23.0	10.3	20.8
Essar Shipping (ESSSHI)	86	93	Add	5,304	1.5	2.9	6.7	56.1	29.7	12.8	12.7	10.7	8.0	3.7	4.5	6.1	1.2	2.4	5.3
Mercator Lines (MERLIN)	46	61	Strong Buy	1,094	2.2	2.6	4.7	21.0	17.7	9.8	4.9	4.4	3.2	5.2	5.2	6.2	2.3	2.6	4.6
Shipping Corporation of India (SCI)	159	159	Add	6,722	8.9	8.8	6.3	17.8	18.0	25.2	9.6	14.2	10.9	6.0	6.0	5.0	6.0	5.7	4.0
Varun Shipping (VARSHI)	43	36	Sell	650	0.8	-7.7	-0.5	51.7	NA	NA	12.9	11.0	8.2	0.1	1.0	3.5	1.5	-15.8	-1.0

Exhibit 46: Valuation Matrix

Sector / Company	CMP (Rs)	TP(Rs)	Ratings	M Cap (Rs Cr)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
Sugar																			
Bajaj Hindustan (BAJHIN)	115	96	Sell	2,204	1.9	6.4		59.3	17.9		12.9	9.7		3.9	6.1		1.2	3.6	
Balrampur Chini (BALCHI)	84	78	Reduce	2,176	5.8	10.2	0.0	14.5	8.2		8.5	5.1		10.9	17.8	0.0	9.5	15.9	0.0
Dhampur Sugar (DHASUG)	61	54	Sell	332	14.1	16.5		4.3	3.7		4.0	3.1		13.6	14.3		15.1	14.6	
Shree Renuka Sugars (RENSUG)	68	77	Buy	4,555	8.9	8.5	-2.2	7.7	8.0	NA	6.3	3.9		20.4	17.9	-2.6	27.3	20.8	-5.7
Tea																			
Harrison Malayalam (HARMAL)	135	122	Reduce	247	6.3	10.4	13.6	21.3	12.9	9.9	5.2	4.6	3.3	7.0	9.3	11.2	4.1	6.6	8.2
Jayshree Tea (JAYTEA)	292	366	Strong Buy	327	52.1	58.4	65.1	5.6	5.0	4.5	4.5	3.1	2.1	22.8	24.8	28.2	31.7	28.8	26.5
Mcleod Russel (MCLRUS)	211	273	Strong Buy	2,303	21.1	24.1	27.3	10.0	8.7	7.7	6.9	5.9	4.7	18.9	18.7	18.8	16.4	16.0	15.6
Telecom																			
Bharti Airtel (BHATE)	276	337	Strong Buy	104,888	24.0	18.4	20.3	11.5	15.0	13.6	6.4	5.8	5.3	20.9	14.5	15.1	22.0	14.6	13.9
Idea Cellular (IDECEL)	59	60	Add	19,455	2.9	2.0	2.6	20.4	29.7	22.8	6.0	5.6	5.0	6.2	4.8	5.6	6.6	4.3	5.3
OnMobile (ONMGLO)	273	300	Add	1,597	7.3	9.1	15.4	37.4	30.1	17.7	23.8	19.5	11.1	5.2	4.5	10.8	5.8	6.7	10.2
Reliance Comm. (RELCOM)	185	172	Reduce	38,215	22.8	6.5	9.0	8.1	28.7	20.5	7.1	9.1	7.2	4.8	2.5	3.3	10.0	2.8	3.7
Tanla Solutions (TANSOL)	36	41	Buy	363	4.9	6.4	6.8	7.3	5.6	5.3	2.1	2.2	2.1	5.6	7.2	7.4	5.5	6.9	7.0
TTML (HUGTEL)	22	19	Sell	4,088	-1.7	-4.1	-4.5	NA	NA	NA	13.7	20.7	20.3	0.0	-2.1	-2.2	-12.8	-31.3	-34.7
Tulip Telecom (TULITS)	176	219	Strong Buy	2,546	17.3	16.8	16.7	10.2	10.5	10.5	10.3	6.3	5.4	24.7	26.7	23.9	36.7	29.1	22.8
Textiles																			
Alok Industries (ALOTEX)	20	29	Strong Buy	1,576	3.1	4.6	5.0	6.5	4.4	4.0	7.0	5.4		8.0	10.4	10.8	8.9	11.9	11.8
Bombay Rayon (BOMRAY)	250	238	Reduce	2,808	15.7	20.0	26.4	15.9	12.5	9.5	11.9	9.1	8.1	7.7	9.4	10.8	9.2	10.6	12.5
JBF Industries (JBFIND)	140	145	Add	873	28.9	36.2		4.8	3.9		4.5	3.2		18.0	19.1		23.7	23.9	
Kewal Kiran (KEWKIR)	325	292	Sell	399	26.4	30.0	32.5	12.3	10.8	10.0	7.7	6.9	6.3	23.1	22.2	22.2	18.7	17.9	16.4
Others																			
Bartronics (BARLTD)	141	169	Buy	480	32.2	56.6	71.7	4.4	2.5	2.0	4.0	3.2	2.7	16.4	19.8	20.9	16.8	22.9	22.6
Everest Kanto (EVEKAN)	134	145	Add	1,357	1.3	9.6	13.2	105.5	14.0	10.1	31.4	8.2	6.6	4.9	17.0	19.3	2.0	13.2	15.5
InfoEdge (INFEDG)	886	940	Add	2,418	20.9	26.4	31.5	42.5	33.5	28.2	29.7	24.8	20.4	23.7	24.9	24.2	15.2	16.6	16.9
Nitco Limited (NITTIL)	46	40	Sell	150	-2.7	1.8	8.7	NA	25.3	5.3	1.6	1.6	0.4	-1.6	1.1	5.1	-3.5	-0.4	3.8
Nitin Fire (NITFIR)	367	406	Buy	465	34.9	40.9	47.0	10.5	9.0	7.8	7.8	7.2	5.9	20.8	20.1	20.3	23.7	21.9	20.2
Opto Circuits India (OPTCIR)	237	227	Reduce	4,335	15.1	19.6		15.6	12.1		25.3	20.7		18.0	18.5		20.3	17.8	
Praj Industries (PRAIN)	80	77	Reduce	1,474	6.2	7.5	8.6	12.9	10.6	9.3	9.5	6.3	4.6	25.3	31.3	31.4	24.1	25.2	24.7
Ruchi Soya (RUCSOY)	110	133	Strong Buy	2,888	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Exhibit 47: Valuation Matrix

	CMP			M Cap	EPS(Rs)			P/E (x)			PABV (x)			RoNA (%)			RoE (%)		
	(Rs)	TP(Rs)	Ratings	(Rs Cr)	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E
PSU Banks																			
Bank of Baroda (BANBAR)	718	765	Add	26,109	83.7	100.8	119.6	8.6	7.1	6.0	2.1	1.7	1.3	1.2	1.2	1.2	21.9	21.9	21.1
Bank of India (BANIND)	368	373	Add	19,284	33.1	54.6	55.7	11.1	6.7	6.6	1.7	1.6	1.4	0.7	1.0	0.9	12.6	18.7	18.1
Dena Bank (DENBAN)	92	107	Buy	2,626	17.8	18.2	21.8	5.1	5.0	4.2	1.3	1.1	0.9	1.0	1.0	1.0	21.4	20.3	19.5
IDBI Bank (IDBI)	119	141	Buy	8,622	8.8	12.8	15.6	13.6	9.3	7.6	1.8	1.3	1.1	0.5	0.5	0.5	13.2	11.9	11.5
Indian Overseas Bank (INDOVE)	108	105	Reduce	5,859	13.0	17.7	22.5	8.3	6.1	4.8	1.1	1.2	1.0	0.6	0.7	0.8	9.6	12.8	15.2
Oriental Bank of Commerce (ORIBAN)	331	424	Strong Buy	8,295	45.3	54.3	65.9	7.3	6.1	5.0	1.1	1.0	0.8	0.9	0.9	0.9	14.5	15.4	16.2
Punjab National Bank (PUNBAN)	1,062	1,064	Add	33,389	123.9	145.7	170.0	8.6	7.3	6.2	2.2	1.8	1.7	1.4	1.4	1.4	23.9	23.5	24.0
State Bank of India (STABAN)	2,304	2,556	Buy	146,274	144.0	152.8	202.1	16.0	15.1	11.4	2.3	1.9	1.6	0.9	1.0	1.1	14.1	13.0	14.2
Union Bank (UNIBAN)	312	343	Buy	15,767	43.0	50.3	60.1	7.3	6.2	5.2	2.0	1.6	1.3	1.2	1.2	1.2	22.6	22.2	22.0
Private Banks																			
Axis Bank (UTIBAN)	1,237	1,302	Add	50,364	62.1	78.4	100.1	19.9	15.8	12.4	3.2	2.8	2.3	1.7	1.4	1.4	19.2	18.3	19.9
Dhanlaxmi Bank (DHABAN)	184	190	Add	1,185	3.6	7.2	11.7	50.6	25.5	15.7	3.0	2.0	1.9	0.3	0.6	0.7	5.4	5.4	5.4
HDFC Bank (HDFBAN)	1,937	2,151	Buy	89,024	64.4	83.8	108.1	30.1	23.1	17.9	4.2	3.8	3.3	1.5	1.6	1.7	16.3	16.8	19.1
Kotak Bank (KOTMAH)	751	831	Buy	27,422	13.4	15.9	21.5	55.9	47.4	34.9	6.6	6.4	5.7	1.5	1.4	1.7	11.5	12.9	16.2
South Indian Bank (SOUINO)	173	179	Add	1,952	20.7	2.4	3.0	8.4	71.7	58.2	1.4	1.2	1.1	1.1	1.0	1.0	17.9	17.4	18.6
Yes Bank (YESBAN)	270	316	Buy	9,225	14.1	19.9	26.0	19.2	13.6	10.4	3.0	2.5	2.1	1.6	1.6	1.5	20.3	19.9	21.7
NBFCs																			
IDFC (IDFC)	180	200	Buy	26,241	8.2	9.1	11.8	21.9	19.7	15.2	3.3	2.4	2.2	3.2	3.4	3.7	15.9	14.7	14.9
LIC HF (LICHF)	989	981	Reduce	9,393	69.0	87.8	97.0	14.3	11.3	10.2	3.0	2.4	2.0	1.9	1.9	1.7	23.8	23.8	21.6
Reliance Capital Ltd (RELCAP)	761	800	Add	18,690	23.5	42.6	54.6	32.4	17.9	13.9	2.4	2.2	2.2	3.0	4.3	4.3	7.5	11.0	11.0

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