

JM Financial Research

Dishman Pharma | HIPO facility visit update

Flash Update

- HIPO facility to start contributing by FY12
- Facility to add capacity in oncology APIs
- Dishman expects recovery in India CRAMS and HPAPI to drive growth

HCC | HCC to acquire Karl Steiner AG

Flash Update

- Karl Steiner is a leading Swiss buildings contractor
- HCC to acquire 66% in KSAG for CHF35mn
- HCC to enter high-rise buildings market in India, Middle-East
- KSAG has a thin margin business, but in line with peers

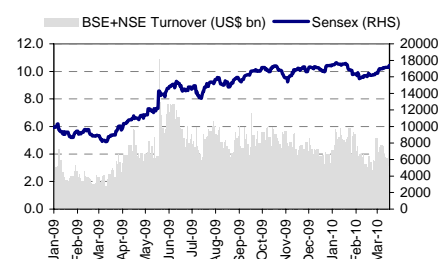
Corporate News – Industry trends

- **Reliance Industries** has lost out on its \$2bn takeover bid for Calgary-based Value Creation. (BS)
- **Nissan Motor** said it is open to tying up with yet another partner in India to develop a car positioned between the fourth-generation Micra and its proposed ultra low cost car jointly developed with Bajaj Auto. (BS)
- **Hindalco Industries** has received a loan commitment of over Rs100bn from more than 10 banks for the Rs49bn debt the company plans to raise for its Utkal Alumina Refinery - a 1.5 mtpa project in Orissa. (BS)
- **Power Finance Corp** said it is keen on picking up as much as 26% equity in power generation projects in the country. (BS)
- **Bharti Airtel** has issued a term sheet to banks to raise up to \$8.5bn in offshore loans to fund the buy of the African mobile operations of Kuwait's Zain for \$9 bn. (ET)
- **Strides Arcolab** has informally offered to buy the remaining 43% stake in its Australian venture, Ascent Pharmahealth Ltd. (BL)

World Indices

	Close	% Change	
		Daily	YTD
BSE Sensex	17,383	1.3	-0.5
NSE 50 Nifty	5,198	1.3	-0.1
CNX Mid Cap	7,519	0.6	1.2
S&P 500	1,159	0.8	4.0
FTSE 100	5,620	0.5	3.8
Nasdaq	2,378	0.7	4.8
Hang Seng	21,183	0.8	-3.1
Shanghai Comp	3,003	0.4	-8.3

Sensex and Total Turnover (US\$ bn)



Net Institutional Flows (US\$ mn)

Cash	FII	Cash	MF
3/12/2010	85.6	3/12/2010	-25.6
MTD	2277.8	MTD	-404.7
YTD	2511.5	YTD	-836.8
Derivatives			
FII	Index		Stocks
3/16/2010	-82.4		34.4
MTD			

Turnover (US\$ bn)

	BSE	% Chg	NSE	% Chg
Cash	0.7	-16.6	2.4	-13.9
F&O	NA	NA	17.5	29.8

Top Gainers/Losers*		Turnover spurt over 5 days avg.			BSE Sectoral & Broad Indices			
Gainers	% Chg	Company	Val-mn	% Chg	Sector	Close	% Chg	%YTD
Jai Corp Ltd	13.4	Jai Corp Ltd	2,158	3.9	Auto	7,632	1.5	2.6
Educomp Solut	5.5	Biocon Ltd	445	3.0	Bankex	10,263	0.3	2.3
Idea Cellular	4.9	Asian Paints	193	2.8	FMCG	2,815	0.0	0.8
Indian Hotels	4.6	Gtl Ltd	90	2.4	Cap.Goods	13,864	1.7	-0.7
Ashok Leyland	4.1	Indian Hotels	323	2.2	IT	5,470	1.1	5.5
Reliance Nat	3.9	Reliance Nat	1,097	2.1	Metal	17,544	1.7	0.8
Reliance Inds	3.8	Educomp Solut	3,444	2.0	Oil & Gas	10,083	2.8	-3.7
Losers	% Chg	5 Day Movement	Price	% Chg	Power	3,062	1.0	-4.0
Nmdc Ltd	-3.2	Chennai Petro	271	10.7	Realty	3,393	0.9	-12.0
Essar Shippin	-1.8	Educomp Solut	776	8.9	Healthcare	5,086	0.8	1.4
Power Finance	-1.8	Jai Corp Ltd	262	8.2	PSU	8,944	0.0	-6.2
Glenmark Phar	-1.7	Tata Consulta	953	-15.4	BSE100	9,203	1.2	-0.3
Neyveli Ligni	-1.6	Reliance Inds	79	-13.5	BSE200	2,176	1.1	-0.2
Bharti Airtel	-1.6	Indian Hotels	334	-11.8	BSE500	6,843	1.1	0.0

Note: *From BSE200

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- **The Indian media and entertainment industry** is slated to grow at a CAGR of 13% over the next five years to Rs1,091bn, according to a report by the Ficci and research firm KPMG. (BS)
- **The Ficci-KPMG Indian Media and Entertainment Industry** report says IPL cricket tournaments would generate 44% more broadcast revenues for SET Max, the official broadcaster for the matches. (BS)
- **Hindustan Unilever** has planned legal action against workmen at its Haldia factory, where work has stopped since March 2 due to a strike by the Hindustan Unilever Shramik Union. (BS)
- **Nissan Motor** said so far the company, along with its joint venture French partner Renault, has invested around Rs28.80bn at Oragadam, near Chennai. The car major and its JV partner have committed to invest Rs45bn in the facility. (BS)
- Deficiencies in management, non-compliance of rules, non-protection of financial interest, defective planning and inadequate monitoring of the state owned **Public Sector Enterprises** in the state resulted in a loss of about Rs2.02bn during 2008-09. (BS)
- The World Health Organisation and the UNICEF have suspended the use and purchase of Shan5 vaccine from **Sanofi Aventis-owned Shantha Biotechnics**, pending a quality investigation which threatens a three-year contract worth \$350mn. (ET)
- **Unitech Ltd**, along with its joint venture partners in Mumbai, is looking to develop 4-5 mn square feet of properties in the city from the next fiscal. (DNA)
- Seven months after a corporate debt restructuring plan for Subhiksha Trading Services Ltd hit a dead end, **ICICI Venture Funds Management Co. Ltd**, the main investor in the troubled retailer, considers its investment in the company a "write-off" and is struggling to find buyers for its stake. (Mint)
- **Gujarat HC** ordered a stay on all construction activities at **Nirma's** upcoming cement plant in Mahuva taluka of Bhavnagar district while hearing a petition by Shree Mahuva Bandhara Khetiwadi Pariyavaran Ran Bachav Samitee, where farmers opposed Nirma's cement plant contending that out of the 268 hectare allotted, 222 hectares of land belongs to a water-body. (BS)

Key Statistics

	% Change		
	Close	Daily	YTD
US\$ / Rs*	45.6	-0.3	2.1
US\$/Euro	1.4	0.0	4.0
US\$/Yen	90.4	-0.1	2.9
10 yr G-Sec (%)	8.0	0.0	5.4
Call rate (%)	3.8	17.2	7.1
Brent-spot (US\$/bbl)	80	-0.2	3.5
Gold (US\$)	1,127	-0.1	2.7
Aluminium (LME, US\$/t)	2,258	1.4	1.3
Copper (LME, US\$/t)	7,342	0.2	-0.1
Zinc (LME, US\$/t)	2,278	1.1	-11.4
Steel (US\$/t)	575	0.0	13.3

*+/- chg reflects \$ appreciation/depreciation

Bulk Deals

Company	Price	Rs mn		
		Buy	Sell	Total
Texmo Pipe & Product	152	2242	2208	4449
ARSS Infra Proj. Ltd	776	170	171	341
Zylog Systems	399	117	117	235
Well Pack Paper.	298	61	129	190
Ciba India	321	84	85	170
SEL Mfg. Co	74	55	84	139
TAMBOLI CAP	47	42	95	137
MSK Projects	127	64	42	106
KRBL	25	45	45	90
Zen Technologies	200	34	34	69
Surana Corp.	65	17	37	54
Tilaknagar Inds.	110	0	54	54
Syncom Healthcare Lt	116	27	26	53
Titagarh Wagons	327	0	42	42
Sejal Architect.	67	21	21	42

Key Stock Activity of Previous Trading Day

Top Sensex Movers					Top Turnover (NSE+BSE)			Company	Vol (mn)	%Chg	
c. 81% of Sensex wt.					% Chg			* % of total turnover,	Future OI gainers		
Company	Price	Cont.	Daily	YTD	Company	Rs. bn	%*	Lic Housing F	1.1	14.5	
Reliance Inds	1,067	84.3	3.8	-2.1	Reliance Inds	9.8	6.5	Nagarjuna Con	2.1	13.9	
Infosys Tech	2,732	20.1	1.2	4.9	Tata Steel Lt	3.6	2.4	Bharat Forge	3.4	13.5	
Icici Bank Lt	931	10.9	0.8	6.3	Educomp Solut	3.4	2.3	Triveni Engin	5.9	13.0	
Larsen & Toub	1,598	31.1	2.8	-4.9	State Bank In	3.1	2.1	Ivrcel Infrast	3.2	10.3	
Housing Dev F	2,695	6.6	0.7	0.7	Jsw Steel Ltd	2.9	1.9	Future OI losers			
Ite Ltd	260	0.2	0.0	3.5	Icici Bank Lt	2.8	1.8	Glaxosmithkli	0.0	-15.6	
Hdfc Bank Ltd	1,805	-3.1	-0.4	6.1	Tata Motors L	2.8	1.8	Indian Hotels	5.0	-7.7	
State Bank In	2,016	0.1	0.0	-11.2	Aban Offshore	2.3	1.5	Shipping Corp	1.3	-6.9	
Tata Consulta	826	8.9	1.4	10.2	Dlf Ltd	2.2	1.5	Aban Offshore	2.2	-6.5	
Oil & Natural	1,072	1.6	0.3	-9.0	Infosys Tech	2.2	1.5	Dabur India L	0.4	-6.5	
Bharat Heavy	2,380	2.8	0.5	-1.1	Jai Corp Ltd	2.2	1.4	MW Position		OI (Mn)	MWP %
Bharti Airtel	295	-8.4	-1.6	-10.4	Shree Renuka	2.0	1.3	Essar Oil Ltd	22.0	80.4	
Tata Steel Lt	627	14.1	2.8	1.5	Hdfc Bank Ltd	2.0	1.3	Gtl Infrastru	70.2	77.0	
Ntpc Ltd	203	3.0	0.7	-13.9	Larsen & Toub	1.9	1.3	Balrampur Chi	25.0	76.2	
Sterlite Indu	831	2.4	0.6	-3.5	Axis Bank Ltd	1.6	1.1	Kingfisher Ai	12.6	70.4	
Hindustan Uni	227	2.4	0.6	-14.4	Unitech Ltd	1.6	1.1	Gtl Ltd	6.2	62.5	

Contribution to change in Sensex, MWPL - Market wide position limit, ** One day prior data

Economic/Regulatory development

- A committee headed by Planning Commission member B K Chaturvedi has recommended a one-time settlement of pending cases in which contractors have claimed less than Rs10cr from the **National Highways Authority of India**. (BS)

HIPO facility visit update

- **HIPO facility to start contributing by FY12:** We recently visited Dishman's high potency API facility for oncology at Bavla (Unit-9). The facility is being developed with full support from Carbogen Amcis, a Dishman group company and is one of the state-of-the-art in conceptual design and technological standards. While the facility will take time to commence operations, the management expects contribution to start from FY12 with significant upsides from FY13 onwards.
- **Facility to add capacity in oncology APIs:** Dishman expects this facility to complement Carbogen Amcis in niche oncology APIs. Carbogen's current share of high potency APIs is c. 25% and is expected to increase with commencement of this facility. Bavla facility has been set up at cost of c. Rs1.2bn and has capacity up to c. 5 tonne. While the details of the products is not known at this time, Dishman has clearly indicated its intention to first target European customers with some of which it has existing relationship (AstraZeneca, Novartis, JNJ). In addition, the company is targeting high-end molecules (class III and IV) which are ahead of other Indian players and fetch better margins. The management clarified that the facility is in parallel with global peers in terms of handling such high potent APIs. The company expects contribution of oncology APIs to materially increase to c.10% in next 3-4 years. In absolute terms, it can add \$10m in FY12 and double thereafter.
- **Dishman expects recovery in India CRAMS and HPAPI to drive growth:** After a tough nine months in FY10, company reduced its earlier guidance of 15% growth in FY10 to no growth. In 3Q09, company guided towards lower profits at c. Rs1.25-1.35bn. However going forward, Dishman expects to double its revenue in next 3-4 years to c. Rs20bn on back of growth in CRAMS and contribution from high potency APIs. The eprosartan supplies to Solvay are ongoing at normalized rate of c. 10mT/month. Additionally, company is to supply fenofibrate and few other molecules like mebeverine, fluvoxamine to Abbott/Solvay. Among the other contracts, Dishman is supplying omeprazole to AstraZeneca and expects to add more APIs. The management has given an outlook of growth of c.25-30% in India CRAMS business over FY12. Carbogen too is expected to show better growth in FY12 on back of improvement in contract research business and support from HPAPI (high potency APIs) from new facility.
- The overall capex is guided at c. Rs1.5bn for FY11 with additional Rs500mn capex for HIPO facility (over and above Rs1.2bn spent so far on this facility). Currently, Dishman has 8 units, out of which two are dedicated to Solvay. In addition, newest Unit-9 (HIPO) will complement Carbogen. The company expects to add two more units with capex of Rs500-600mn over next two years in order to complement volume growth in the business.
- At current price, stock is trading at 11.4x FY11E EPS and 10x FY12E EPS consensus estimates.

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HIPO facility (Unit – 9, Bavla)

- The facility is fully cGMP compliant and designed to manufacture high potency APIs (APIs of less than 1 µg/m³). The facility is designed by Carbogen based on a containment concept utilizing the "split-butterfly valve" and barrier isolation technology as well as a strict zone concept with pressure cascades, airlocks and access controls. This allows the safe handling of highly-potent compounds of all categories including cytostatics / cytotoxics. Carbogen offers services starting from laboratory scale for process research and development purposes up to large scale manufacturing on 1'600 L including category IV compounds (OEL < 1 µg/m³), the highest category in the categorization system.

Exhibit 2. Facility Specifications

Dedicated stand alone facility with dedicated utilities

Category 3(OEL<10µg/m³) and 4(OEL<1µg/m³)

4'300 m² of operational floor space

Designed to hold 4 segregated High potency handling cells each with 3 reactors and filter/drying plus larger 'custom' cell

Initially 2 cells will be fitted out each having 1 x 630 L, 1 x 1000 L and 1 x 1600 L and 1.0m² pressure filter dryer

Further cells are designed for reactors up to 2500L

The 'custom' cell can take reactors up to 6300 L

Source: Company

Exhibit 3. Facility Capability

Category 3(OEL<10µg/m³) and 4(OEL<1µg/m³)

Barrier Isolation Technology

Fully cGMP compliant

Able to handle cytotoxic and cytostatic compounds

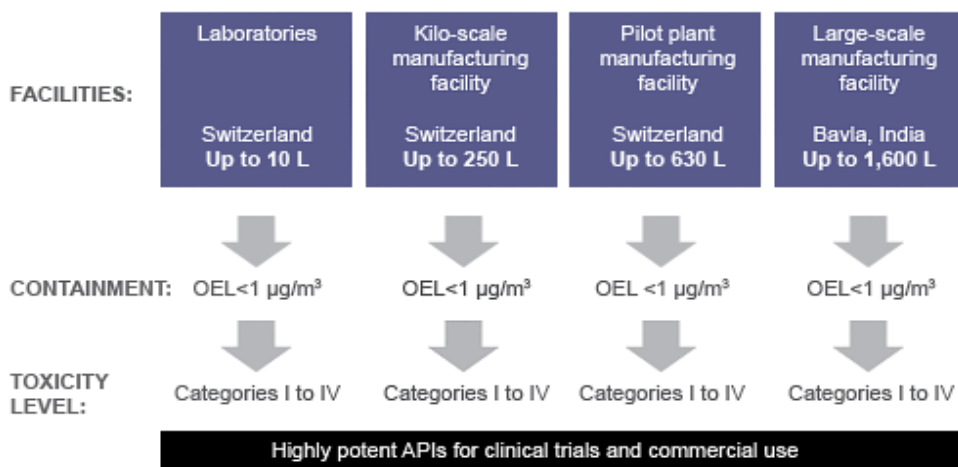
Particle size reduction capability

2 X Development labs

1 X QC/Analytical Lab

Source: Company

Exhibit 4. Dishman's high potency APIs capability



Source: Company

- The category 3 and 4 high potent APIs require containment at all stages. The facility is 60% automated and has manual intervention for few processes like handling of material and processing. This is ensured in a glove box isolation framework which works at below negative pressure and under inert nitrogen atmosphere to avoid any kind of contamination. HIPO products and substances are increased in weight, charged in the dispensing glove box, sealed and shifted by means of rapid transfer ports (RTPs) in the reactor glove box.

Exhibit 5. Glove-box – isolation technique



Source: Company

Exhibit 6. Facility at Bavla (rear end)



Source: Company

Exhibit 7. Categories of APIs based on potency

Category 1	Low potency, high dosage levels, minimal reversible acute and chronic health effects, good warning properties, no medical intervention required following exposure
Category 2	Moderate acute and chronic toxicity, reversible effects, weak sensitizer, fair warning properties, moderate absorption rate, no "genic" effects, may require medical intervention
Category 3	Elevated potency, high acute and chronic toxicity, effects may not be reversible, moderate sensitizer, poor or no warning properties, quick absorption rate, suspected or known "genic" effects, moderate to immediate medical intervention required
Category 4	High potency, extreme acute and chronic toxicity, irreversible effects, strong sensitizer, no warning properties, known "genic" effects, high degree of medical intervention required, may affect sensitive sub populations

Source: JM Financial

- The facility has three floors and capacity for three reactors. The floors are arranged on basis of gravity and ground floor is equipped with filter dryers. The production area also includes an analytical laboratory lab that characterizes raw materials, intermediates and final products. There is an energy centre equipped with back-up power. The waste disposal is through an incinerator that ensures waste is disposed with respect to local and national requirements and in accordance with safety and ecological regulations.

Exhibit 8. DMFs under AMCIS

Submit Date	DMF
7/18/1997	Tropicamide, Manufactured In Budendorf, Switzerland
6/27/2003	Anecortave Acetate As Manufactured In Bubendorf, Switzerland.
11/3/2004	Nepafenac As Manufactured In Bubendorf, Switzerland.

Source: FDA

Exhibit 9. Quarterly performance

(Rs mn)	Q1FY10	Q2FY10	Q3FY09	Q3FY10	% chg	Q4FY09	FY08	FY09	% chg
Sales	2,277	2,174	2,822	2,255	-20.1	2,923	8,031	10,624	32.3
Raw Material/FG	561	599	934	590	-36.8	861	2,932	3,241	10.6
Staff Cost	740	674	699	677	-3.2	713	2,154	2,730	26.7
Mfg & Other Expenses	444	460	420	443	5.4	663	1,416	2,037	43.9
EBITDA	532	442	768	545	-29.1	685	1529	2615	71.0
EBITDA (%)	23.4	20.3	27.2	24.2		23.4	19.0	24.6	
Other Income	4	59	-	-		-51	477	48	-90.0
Interest	104	99	101	85	-15.5	178	305	459	50.3
Depreciation	145	174	170	141	-17.2	175	472	629	33.3
PBT	287	229	497	319	-35.9	281	1,229	1,575	28.2
Tax	46	36	100	-6	-106.4	-8	13	107	704.1
Tax Rate	16.0	15.7	20.1	-2.0			1.1	6.8	
PAT (Adj.)	241	193	397	325	-18.2	288	1,215	1,467	20.8
EO items	-150	-47	2	-5		-479	18	-	
PAT (Reported)	392	240	396	331	-16.4	767	1,197	1,467	22.6
PAT (%)	10.6	8.6	14.1	14.4		10.0	14.3	13.8	

Source: JM Financial

Exhibit 10. CRAMS has largely underperformed in 9M10

(Rs mn)	1Q09	1Q10	% chg	2Q09	2Q10	% chg	3Q09	3Q10	% chg
CRAMS	1,825	1,684	-7.7	1,774	1,617	-8.9	1,904	1,607	-15.6
India	834	506	-39.3	688	658	-4.3	629	789	25.4
Carbogen	937	1,149	22.7	1,026	921	-10.2	1,129	670	-40.7
Cabogen UK	54	29	-47.4	61	38	-37.9	146	149	2.3
Market Molecules	534	594	11.2	745	558	-25.1	916	616	-32.8
Market Molecules (India)	255	322	26.4	491	193	-60.7	632	327	-48.2
Vit - D (Netherlands)	279	272	-2.7	255	365	43.4	284	289	1.6
Total	2,359	2,277	-3.5	2,519	2,175	-13.7	2,820	2,223	-21.2

Source: JM Financial

HCC to acquire Karl Steiner AG

- **Karl Steiner is a leading Swiss buildings contractor:** Karl Steiner AG (KSAG) is the second largest total services contractor (TSC) for real estate development in Switzerland. Over the last 10 yrs, it has developed 32msf of state-of-the-art real estate worth CHF10bn across residential, office, hotels and social infrastructure buildings. It undertakes complete development including design, project management, engineering, construction and final sale of properties to third parties. KSAG is a 95yr old company and is 100% privately owned by Peter Steiner.
- **HCC to acquire 66% in KSAG for CHF35mn:** Hindustan Construction (HCC) has received Board approval to acquire 66% stake in KSAG for CHF35mn (c.Rs1.5bn). The remaining 34% stake will be acquired in 2014 at a pre-agreed valuation based on KSAG's earnings performance during 2010-13. Peter Steiner will remain invested till then and function as Vice Chairman to facilitate integration of KSAG into HCC. The deal is expected to be consummated in the next 2-3 months post receipt of approvals from Swiss authorities and RBI (primarily related to real estate ownership in Switzerland by foreign entities). It will be an all-cash deal funded through internal accruals and debt at HCC. The investment will be in the company rather than HCC buying out the promoter's stake.
- **HCC to enter high-rise buildings market in India, Middle-East:** Acquisition of KSAG will help HCC get pre-qualified for TSC contracts for development of high-rise state-of-the-art office and residential buildings in India and Middle-East. According to the management, the current market opportunity in India is around Rs650bn with premium high technology building development segment comprising c.1/3rd of the total. HCC will also target iconic city development projects in Qatar, Oman and other regions in Middle-East where its presence has been marginal till date.
- **KSAG has a thin margin business, but in line with peers:** KSAG is the second largest player in the TSC segment in Switzerland. Implenia is the largest. The management did not share details about KSAG's financials but indicated that margins are in line with peers in the region (see Exhibit 1). According to the management of HCC, KSAG has revenues of c.CHF700mn with an EBIT margin in the range of 3-4%.

At current price, HCC is trading at consensus P/E of 27.2x and 21.8x FY11E and FY12E EPS respectively.

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Exhibit 1. Financial performance of peers in the region**(mn USD)**

Implenia, Switzerland	2004	2005	2006	2007	2008	2009	2010E	2011E	2012E
Revenues	1,057	1,094	1,928	1,986	2,155	2,106	2,115	2,106	2,133
Growth		3.6%	76.1%	3.0%	8.5%	-2.3%	0.4%	-0.4%	1.3%
EBITDA	36	39	40	68	79	87	99	102	107
EBITDA margin	3.4%	3.6%	2.1%	3.4%	3.7%	4.1%	4.7%	4.9%	5.0%
PAT	17	20	4	21	38	43	45	49	55
PAT margin	1.6%	1.8%	0.2%	1.0%	1.8%	2.1%	2.1%	2.3%	2.6%
Strabag, Austria									
Revenues	6,498	8,655	11,849	13,542	17,986	17,314	17,117	17,262	17,108
Growth		33.2%	36.9%	14.3%	32.8%	-3.7%	-1.1%	0.8%	-0.9%
EBITDA	349	427	589	722	955	884	873	876	838
EBITDA margin	5.4%	4.9%	5.0%	5.3%	5.3%	5.1%	5.1%	5.1%	4.9%
PAT	42	62	240	233	231	219	209	210	187
PAT margin	0.6%	0.7%	2.0%	1.7%	1.3%	1.3%	1.2%	1.2%	1.1%

Source: Bloomberg

Valuation Table

Coverage Universe	16-March-10		Price		P/E based valuation												
Company	Reco	Mkt Cap (\$ mn)	Current	% YTD	Target	(%) upside	Report Date	EPS			EPS Gr (%) 09-11	PE (x)			PEG	EV/EBITDA	P/BV
								FY09	FY10E	FY11E		FY09	FY10E	FY11E	09-11	FY10E	FY10E
Auto & Auto Ancillaries																	
Hero Honda	UR	8,368	1,910	11.5	UR		10/22/09	64.2	75.8	118.5	35.9	29.8	25.2	16.1	0.4	19.0	6.9
Mahindra & Mahindra	UR	6,785	1,135	0.5	UR		11/6/09	31.8	84.2	103.0	79.9	35.7	13.5	11.0	0.1	11.2	4.0
Maruti	UR	9,255	1,460	-5.9	UR		10/26/09	42.2	99.3	105.5	58.2	34.6	14.7	13.8	0.2	9.5	3.6
Bharat Forge	UR	1,304	267	-3.2	UR		6/12/09	2.6	3.5	0.0		102.0	75.8			15.8	3.4
Banking & Financial Services																	
ING Vysya Bank	Buy	721	275	-8.9	375	36	1/22/10	18.4	20.0	24.5	15.4	15.0	13.8	11.2	0.7	0.0	1.5
AXIS Bank	Buy	10,075	1,145	15.3	1,250	9	1/17/10	50.6	59.4	64.5	12.9	22.6	19.3	17.8	1.4	0.0	2.9
ICICI Bank	Buy	22,718	931	5.9	1,100	18	1/22/10	33.8	37.5	45.7	16.3	27.5	24.8	20.4	1.3	0.0	2.0
HDFC Bank	Buy	18,020	1,805	5.8	2,075	15	1/16/10	52.8	65.1	78.3	21.8	34.2	27.7	23.0	1.1	0.0	3.9
Yes Bank	Buy	1,595	245	-8.7	315	29	1/21/10	10.2	13.2	17.1	29.5	24.0	18.5	14.3	0.5	0.0	2.8
Karnataka Bank	Hold	322	121	-7.7	145	20	7/28/09	21.9	17.9	18.6	-7.8	5.5	6.7	6.5	-0.8	0.0	0.9
DCB (Dev. Credit Bnk)	Sell	111	34	-2.3	38	10	8/10/08	2.4	3.7	4.9	43.0	14.4	9.4	7.0	0.2	0.0	0.8
HDFC Ltd	Hold	16,815	2,695	0.8	2,725	1	1/21/10	80.2	91.3	107.2	15.6	33.6	29.5	25.1	1.6	0.0	5.3
LIC Housing Finance	Buy	1,692	812	-1.0	885	9	1/27/10	62.5	75.2	78.1	11.8	13.0	10.8	10.4	0.9	0.0	2.2
IndusInd Bank	Buy	1,490	166	16.4	205	24	1/17/10	4.2	8.4	11.0	61.8	39.5	19.7	15.1	0.2	0.0	3.1
Shriram Transport Finance	Buy	2,314	498	4.2	590	19	1/19/10	30.1	35.3	46.3	24.0	16.5	14.1	10.7	0.4	0.0	3.6
M&M Financial Services	Buy	798	375	8.8	425	13	1/22/10	22.4	29.0	33.1	21.6	16.8	12.9	11.3	0.5	0.0	2.2
SOE BANKS																	
PNB	Buy	6,393	924	-0.2	1,020	10	1/28/10	98.0	120.3	123.7	12.3	9.4	7.7	7.5	0.6	-	1.8
Bank of Baroda	Buy	4,850	607	17.9	670	10	1/28/10	60.9	78.3	83.1	16.8	10.0	7.8	7.3	0.4	-	1.6
Bank of India	Buy	3,790	329	-16.3	410	25	2/17/10	57.2	37.5	53.9	-2.9	5.8	8.8	6.1	-2.1	-	1.3
Union Bank of India	Buy	2,888	261	-2.1	320	23	1/28/10	34.2	39.4	43.5	12.8	7.6	6.6	6.0	0.5	-	1.5
Canara Bank	Hold	3,595	400	0.5	377	(6)	2/1/10	50.5	59.3	55.7	5.0	7.9	6.7	7.2	1.4	-	1.4
Indian Overseas Bank	Hold	1,076	90	-20.4	95	6	8/4/09	24.3	18.5	21.5	-5.9	3.7	4.9	4.2	-0.7	-	0.7
Oriental Bank of Commerce	Buy	1,604	292	12.5	400	37	3/5/10	36.1	44.1	50.3	18.0	8.1	6.6	5.8	0.3	-	1.0
State Bank Of India (Consol)	Buy	28,078	2,016	676.6	2,500	24	3/3/10	184.4	199.1	225.1	10.5	10.9	10.1	9.0	0.9	-	1.6
Cement																	
ACC	Buy	3,994	970	6.1	1,130	17	2/4/10	62.8	60.1	67.8	3.9	15.4	16.1	14.3	3.7	9.5	3.2
Ambuja Cement	Hold	3,893	117	9.8	115	(1)	2/19/10	7.8	8.2	8.0	1.6	15.0	14.2	14.5	8.9	9.1	2.8
J K Lakshmi	Buy	200	75	0.1	100	34	1/21/10	14.6	18.7	13.0	-5.5	5.1	4.0	5.7	-1.0	2.3	0.9
UltraTech	Buy	3,042	1,114	15.5	UR		1/18/10	78.5	75.7	74.8	-2.3	14.2	14.7	14.9	-6.4	8.3	3.1
Grasim	Hold	5,833	2,901	14.0	UR		1/25/10	238.5	284.4	246.7	1.7	12.2	10.2	11.8	6.9	5.9	1.8
India Cements	Sell	758	122	-2.7	100	(18)	1/27/10	18.5	19.4	6.2	-42.1					4.3	0.8
Shree Cements	Buy	1,777	2,325	18.4	2,480	7	1/22/10	143.3	112.3	224.4	25.1	16.2	20.7	10.4	0.4	6.7	6.7
Dalmia Cement	Buy	427	240	39.9	260	8	3/5/10	22.7	26.3	26.2	7.4	10.6	9.1	9.2	1.2	6.7	1.3
Infrastructure/Construction																	
L&T	UR	20,538	1,598	-5.5	UR		10/23/09	45.5	51.2	55.0	10.0	35.2	31.2	29.1	2.9	21.4	6.1
GMR	UR	4,638	58	-13.9	UR		10/8/09	0.6	0.9	1.4	50.5	95.4	61.4	42.1	0.8	18.6	1.9
Punj Lloyd	UR	1,289	175	-16.4	UR		10/27/09	11.6	15.9	20.1	31.8	15.1	11.0	8.7	0.3	7.5	1.6
GVK	UR	1,314	43	-9.9	UR		7/30/09	0.8	1.1	1.8	54.6	55.7	37.9	23.3	0.4	18.4	1.9
IVRCL Infrastructure	UR	982	335	-5.4	UR		11/3/09	13.4	17.2	21.2	26.0	25.1	19.5	15.8	0.6	10.7	2.4
Hindustan Const	UR	950	143	-4.7	UR		10/26/09	2.0	3.6	5.3	62.5	71.5	39.6	27.1	0.4	12.3	2.7
Nagarjuna Const	UR	804	160	-3.7	UR		1/28/10	6.7	7.5	8.3	11.2	23.8	21.5	19.3	1.7	11.9	2.0
Gammon India	UR	563	224	-0.9	UR		3/19/09	10.9	13.4	13.4	11.2	20.6	16.8	16.7	1.5	7.9	1.7
Simplex	UR	484	444	-19.7	UR		11/3/09	22.4	30.8	31.6	18.7	19.8	14.4	14.0	0.8	6.6	2.2
Consolidated Construction Consortium	UR	63	78	-5.2	UR		3/5/08	19.2	18.0	0.0		4.1	4.3			2.1	0.5
Ahluwalia Contracts (India)	UR	285	207	4.8	UR		3/5/08	9.3	10.8	0.0		22.4	19.1			8.2	5.5
BL Kashyap & Sons	UR	153	339	-26.3	UR		3/5/08	38.2	16.5	0.0		8.9	20.5			9.6	1.4

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Company	Reco	Mkt Cap (\$ mn)	Current	% YTD	Target	(%) upside	Report Date	EPS			EPS Gr (%) 09-11	PE (x)			PEG	EV/ EBITDA	P/BV
								FY09	FY10E	FY11E		FY09	FY10E	FY11E			
IT Services																	
Infosys	Buy	34,370	2,732	4.5	3,200	17	1/13/10	102.5	107.8	123.8	9.9	26.6	25.4	22.1	2.2	18.5	7.6
Wipro	Buy	23,299	728	4.9	835		3/12/10	26.7	31.8	36.8	17.4	27.2	22.9	19.8	1.1	17.8	6.3
TCS	Buy	35,470	826	9.9	975	18	1/18/10	26.4	34.7	42.0	26.1	31.3	23.8	19.6	0.8	18.1	7.7
HCL Tech	UR	5,493	374	0.8	UR		9/26/09	14.9	9.4	14.4	-1.7	25.1	39.6	26.0	-15.6	13.7	4.6
Education																	
Aptech	Hold	177	174	-9.6	UR		8/20/08	9.8	14.7	0.0		17.7	11.8			6.0	2.8
Educomp Solutions	Hold	325	776	2.5	UR		7/31/09	71.6	124.1	182.2	59.5	10.8	6.3	4.3	0.1	4.7	2.1
Everonn Systems	Hold	138	382	-10.5	UR		8/20/08	18.2	31.1	0.0		21.0	12.3			4.8	1.8
NIIT	Hold	227	63	-11.5	UR		7/29/09	3.4	2.4	4.7	17.6	18.4	26.5	13.3	0.8	12.5	2.2
Logistics																	
Container Corporation	UR	3,502	1,228	-4.2	UR		10/16/09	63.1	64.8	71.9	6.7	19.5	19.0	17.1	2.5	12.9	3.5
Gateway Distriparks	UR	304	129	-4.4	UR		5/7/09	7.4	8.3	0.0		17.4	15.6			7.9	1.6
Allcargo Global	UR	100	183	-6.6	UR		9/5/08	39.9	46.1	0.0		4.6	4.0			43.9	0.6
Oil & Gas																	
Indraprastha Gas	Sell	675	220	10.8	131	(40)	10/15/09	12.3	14.1	15.5	12.3	17.9	15.6	14.2	1.1	7.7	3.9
Gujarat Gas	Sell	766	272	15.7	181	(34)	3/10/10	12.6	13.7	15.7	11.5	21.6	19.9	17.4	1.5	11.1	8.4
Petronet LNG	Buy	1,273	77	6.2	91	18	1/28/10	6.9	5.4	6.4	-4.1	11.2	14.3	12.2	-3.0	6.7	2.4
Gujarat State Petronet	Buy	1,105	90	-9.2	116	29	1/29/10	1.2	4.1	4.5	96.7	76.7	21.8	19.8	0.2	6.5	3.3
GAIL	Hold	11,514	414	-0.3	391	(6)	1/25/10	22.1	25.4	28.1	12.8	18.7	16.3	14.7	1.1	9.9	3.2
Cairn India	Buy	11,680	281	-1.6	299	6	9/8/09	4.2	12.0	33.5	182.1	66.7	23.5	8.4	0.0	15.2	1.5
Aban Offshore	Buy	1,062	1,254	-5.8	1,555	24	8/26/09	127.8	349.7	229.1	33.9	9.8	3.6	5.5	0.2	6.5	2.2
IOC	HOLD	16,111	303	-3.8	303	0	2/11/10	24.3	42.1	0.0		12.5	7.2			5.6	1.4
HPCL	Hold	2,486	334	-16.4	432	29	12/16/09	17.0	33.6	31.7	36.8	19.7	9.9	10.5	0.3	5.7	1.0
BPCL	Sell	4,326	545	-16.2	464	(15)	1/5/10	20.4	64.9	30.5	22.4	26.8	8.4	17.9	0.8	6.9	1.5
Industrials																	
Voltamp	Buy	191	860	-7.4	1,050	22	2/1/10	113.6	82.5	88.1	-11.9	7.6	10.4	9.8	-0.8	8.1	2.4
Indotech	UR	70	301	-10.8	UR		10/30/09	33.5	29.7	0.0		9.0	10.1			4.2	1.7
Emco	Hold	109	84	-9.1	82	(3)	1/28/10	8.2	8.3	10.1	11.1	10.3	10.2	8.4	0.8	6.4	1.0
Jyoti Structures	Buy	296	165	-4.5	200	21	1/27/10	9.8	11.4	14.3	20.9	16.9	14.5	11.6	0.6	9.8	2.7
Kalpataru Power	Buy	596	1,026	-8.1	1,350	32	1/29/10	41.9	68.7	101.2	55.4	24.5	14.9	10.1	0.2	9.2	2.5
KEC	Buy	617	570	-2.6	720	26	1/28/10	23.7	44.3	52.0	48.2	24.1	12.9	11.0	0.2	12.2	4.3
BHEL	Buy	25,552	2,380	-1.8	3,000	26	1/22/10	64.1	88.1	112.1	32.3	37.1	27.0	21.2	0.7	18.9	7.2
Crompton	Buy	1,971	245	-43.5	510	108	1/29/10	14.8	15.3	24.2	28.0	16.6	16.1	10.1	0.4	8.8	3.7
ABB India	Hold	3,946	849	10.9	780	(8)	3/2/10	25.8	16.7	27.2	2.6	32.9	50.7	31.2	12.2	33.3	7.4
Areva T&D	Hold	1,437	274	1.3	280	2	2/16/10	9.5	8.0	11.3	9.0	29.0	34.1	24.4	2.7	17.2	7.0
Suzlon	Buy	2,570	75	-16.3	102	36	2/3/10	1.3	-3.6	3.2	54.5	56.6	-20.8	23.7	0.4	21.1	1.4
Utilities																	
TATA Power (Standalone)	Buy	7,185	1,380	-0.7	1,465	6	3/2/10	32.8	31.5	35.0	3.2	42.1	43.9	39.5	12.3	27.5	3.4
NTPC	Buy	36,716	203	-12.4	240	18	3/12/10	9.8	10.8	11.5	8.4	20.7	18.8	17.6	2.1	12.5	2.7
NHPC	Buy	8,472	31	-11.0	38	21	2/11/10	1.1	1.7	1.5	17.3	28.2	19.0	20.5	1.2	12.7	1.5
Pharmaceuticals																	
Cadila Healthcare	Buy	2,379	795	19.7	775	(2)	1/27/10	22.2	36.7	42.6	38.4	35.8	21.6	18.7	0.5	14.6	6.6
Cipla	Hold	5,594	318	-5.8	360	13	1/29/10	9.9	13.5	15.4	24.6	32.0	23.5	20.6	0.8	16.6	4.4
Dr Reddy's Labs	Buy	4,505	1,220	6.6	1,390	14	1/21/10	30.0	46.7	54.5	34.9	40.7	26.1	22.4	0.6	18.3	5.0
Lupin	Buy	3,062	1,579	8.2	1,660	5	2/1/10	56.7	74.2	82.5	20.6	27.8	21.3	19.1	0.9	15.3	7.2
Ranbaxy Labs	Sell	4,454	475	-8.2	350	(26)	3/10/10	1.2	-2.2	8.8	173.0	400.8		53.8	0.3	37.2	4.6
Sun Pharma	Buy	7,576	1,668	10.6	1,775	6	2/1/10	56.5	37.2	61.0	3.9	29.5	44.8	27.3	7.0	22.6	3.8
Aurobindo Pharma	Buy	1,107	938	1.3	880	(6)	10/30/09	34.2	72.2	82.1	55.1	27.5	13.0	11.4	0.2	7.6	3.1
Torrent Pharma	Buy	923	497	27.1	515	4	1/28/10	21.8	29.3	36.0	28.4	22.8	17.0	13.8	0.5	10.0	5.1
IPCA Laboratories	Buy	676	1,229	16.4	1,380	12	1/22/10	62.9	83.5	99.6	25.8	19.5	14.7	12.3	0.5	9.9	3.8

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Company	Reco	Mkt Cap (\$ mn)	Current	% YTD	Target	(%) upside	Report Date	EPS			EPS Gr (%) 09-11	PE (x)			PEG	EV/ EBITDA	P/BV
								FY09	FY10E	FY11E		FY09	FY10E	FY11E			
Consumer Goods																	
HUL	Hold	10,845	227	-14.4	253	12	2/8/10	9.5	10.0	10.6	5.3	23.8	22.7	21.5	4.0	16.8	21.0
ITC	Buy	21,668	260	2.4	273	5	3/2/10	8.8	10.6	11.8	15.9	29.5	24.4	21.9	1.4	14.7	6.1
Dabur	Buy	3,133	165	2.2	177	7	1/28/10	4.5	5.6	6.7	21.7	36.5	29.3	24.6	1.1	21.9	13.2
Asian Paints	Buy	4,007	1,904	6.4	2,051	8	1/25/10	41.3	72.9	83.4	42.2	46.2	26.1	22.8	0.5	16.1	11.3
Retail																	
Titan	Buy	1,754	1,801	26.8	1,740	(3)	2/1/10	47.4	47.6	65.4	17.5	38.0	37.8	27.5	1.6	23.1	10.8
Real Estate																	
DLF	Sell	11,628	312	-14.3	305	(2)	1/29/10	26.2	10.3	11.8	-32.9	11.9	30.3	26.5	-0.8	18.6	2.0
Unitech	Sell	3,930	75	-9.5	70	(7)	2/1/10	7.4	2.5	4.0	-26.8	10.2	29.6	19.0	-0.7	17.6	1.7
Orbit Corporation	Buy	332	286	-9.8	390	36	2/26/10	9.2	16.8	21.1	51.8	31.2	17.0	13.6	0.3	15.0	1.8
Sugar																	
Bajaj Hindustan	Sell	622	148	-35.6	147	(1)	1/29/10	-8.6	41.0	14.7		-17.2	3.6	10.1		2.9	0.9
Balarpur Chini	Hold	546	97	-30.4	129	33	1/30/10	8.2	18.4	12.9	25.9	11.9	5.3	7.5	0.3	3.1	1.5
Shree Renuka Sugars	Hold	548	79	-65.8	215	173	1/18/10	7.0	51.4	17.9	59.9	11.2	1.5	4.4	0.1	0.6	0.8
Media																	
Bajaji Telefilms	Sell	74	52	-13.6	54	4	1/18/10	7.4	5.1	3.6	-30.0	7.0	10.1	14.3	-0.5	NM	0.8
HT Media	Hold	774	150	5.3	155	3	1/21/10	0.8	5.4	6.7	182.0	177.1	27.7	22.3	0.1	14.4	3.7
Zee	Hold	2,587	272	7.5	254	(7)	1/21/10	8.1	9.0	10.4	13.4	33.5	30.3	26.0	1.9	20.8	3.1
DISH TV	Hold	870	37	-14.9	44	18	2/9/10	-6.9	-2.7	-1.8	-48.9	NA	NA	NA		65.9	8.4
SUN TV Network	Buy	3,696	428	22.8	474	11	3/15/10	9.3	12.9	16.2	31.5	45.7	33.2	26.5	0.8	18.9	8.1
Mid-Caps																	
Rain Commodities	Buy	344	221	-6.6	311	41	12/4/09	79.7	52.8	51.9	-19.3	2.8	4.2	4.3	-0.2	4.8	1.3
Jain Irrigation Systems Ltd	Hold	1,592	968	13.6	750	(23)	2/3/10	17.3	31.0	37.3	46.8	55.9	31.2	25.9	0.6	15.0	6.8
Metals & Mining																	
Hindustan Zinc	Buy	11,725	1,265	4.6	1,540	22	1/25/10	62.0	91.6	136.4	48.3	20.4	13.8	9.3	0.2	8.8	3.0
Sterlite Industries	Sell	15,321	831	-5.0	683	(18)	10/29/09	41.5	50.2	82.6	41.1	20.0	16.6	10.1	0.2	9.9	1.9
Hindalco Industries	Hold	7,134	170	4.0	144	(15)	1/28/10	1.8	9.1	13.4	176.1	96.7	18.7	12.7	0.1	8.8	1.6
SAIL	Buy	21,414	236	-4.8	242	2	1/28/10	14.8	15.1	19.5	14.8	15.9	15.7	12.1	0.8	9.9	3.0
Tata Steel	Hold	12,208	627	-1.1	637	2	3/8/10	101.9	-21.0	41.3	-36.3	6.2	NA	15.2	-0.4	15.8	2.3
Telecom																	
Bharti	Buy	24,548	295	-9.3	UR		2/26/10	22.3	22.9	23.2	2.0	13.2	12.9	12.7	6.2	7.7	3.0
Idea	Hold	4,243	62	7.1	UR		1/22/10	3.2	2.2	2.5	-11.3	19.3	28.6	24.6	-2.2	8.6	1.3
Tata Communications	Sell	1,782	285	-16.1	UR		11/24/09	3.0	-9.1	-12.6		NA	NA	NA		11.2	1.7
MTNL	Sell	1,010	73	-5.9	67	(8)	2/1/10	4.1	-3.1	-3.5		17.9	NA	NA		10.8	0.4

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