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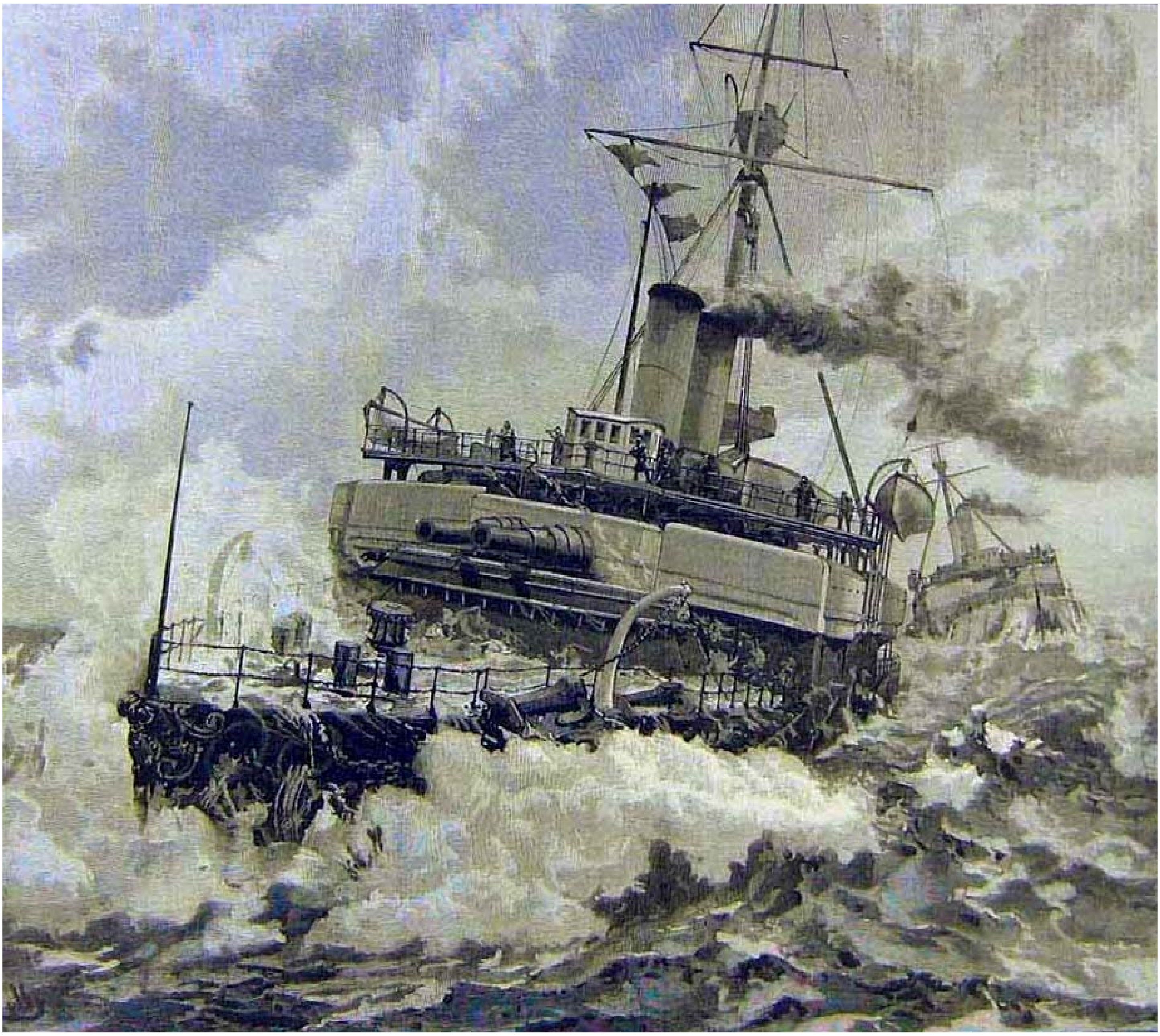
POST CONFERENCE NOTES

December 12, 2011
Ambit House, Mumbai



Source: Battle-Ship Admiral Heavy-Weather Storm Print 1890 Page from An Issue 1890. The Illustrated London News

Participating Corporates

Corporate	Representative	Designation
Arvind Ltd	Mr. Resham Jain	Manager – Finance
Ashoka Buildcon	Mr. Paresh Mehta	Chief Financial Officer
Entertainment Network	Mr. N Subramanian,	Chief Financial Officer
	Mr. Dalpat Jain	AVP Strategic Finance & Investor Relations
Gateway Distriparks	Mr. R Kumar	Deputy Chief Executive Officer
ITNL	Mr. Danny Samuel	Sr. Manager Finance & Investor Relations
Sadbhav Engineering	Mr. Nitin Patel	Director Finance
Sobha Developers	Mr. J C Sharma	Managing Director
	Mr. Baaskaran Subramanian	Chief Financial Officer
SRF	Mr. Rajendra Prasad	President & Chief Financial Officer

Participating Experts

Experts	Background
Mr. Sunil Alagh	**Chairman, SKA Advisors** <u>Background</u> As the Chariman of SKA Advisors, a leading consumer focused consultancy, Mr Alagh advises India's leading FMCG firms. Previously, he served as the MD and CEO at Britannia Industries Ltd. from 1989 to 2003. In addition, Mr. Alagh has also worked with ITC Limited and Jagatjit Industries Limited. Mr. Alagh serves as an Independent Non-Executive Director of Gati Limited. Mr. Alagh serves as a Director of Tamara Capital Advisors Pvt. Mr. Sunil Kumar Alagh is an Advisor at Warburg Pincus LLC. As the Indian consumption story grows from strength to strength, Mr Alagh would help answer questions around the sustainability of this demand, what new categories are emerging as yet to be discovered pockets of demand, premiumisation trends, and which firms brand and distribution strengths tower over others to capitalise on this booming story.

NOT RATED

Arvind Ltd

Arvind is the largest textile manufacturer in the country with presence across denim, shirtings, voiles, khakis and knits. After incurring a loss in FY09, it turned around in FY10 with a net profit of ₹530mn. In FY11 its earnings tripled to ₹1.6bn on the back of strong growth in domestic sales driven by rising consumer spending.

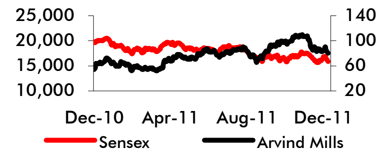
Stock Information

Bloomberg Code:	ARVND IN
CMP (₹):	90
TP (₹):	NA
Mcap (₹ bn/US$ mn):	23/446
52-wk H/L (₹):	111/46
3M ADV (₹ mn/US$mn):	410/8
Free Float (%):	47

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-16	9	64	26
Rel. to Sensex	-12	9	80	44

Performance



Source: Bloomberg, Ambit Capital research

Company Background

Arvind, established in 1931 is the largest denim manufacturer in the country with an installed capacity of ~108mn mtrs. It is a preferred supplier to internationally renowned brands like Polo, Armani exchange, Diesel, GAP, Banana Republic, Zara etc. Besides this it also has a strong brand portfolio comprising of licensed brands like Lee, Wrangler, New Port, Arrow, Tommy Hilfiger etc. It also manufactures shirtings, khakis and knits (with an installed capacity of 66mn mtrs) and knits (with an installed capacity of 38mn mtrs).

Recent Financial Performance

Arvind posted a stellar performance in 2QFY12 with an earnings growth of 60% on a YoY basis. This was driven by 23% growth in revenues (led by 21% and 6% growth in denim and shirting/khaki fabrics respectively) and 174bps improvement in margins (driven primarily by lower other expenses). The earnings growth of 60% was despite Arvind booking a forex loss (mark to market loss on account of revaluation of forex liabilities) of ₹189mn.

Outlook

Consumer's rising focus towards premium brands augurs well for Arvind given its strategy of focusing towards premium and luxury brand. Arvind is also planning to introduce new brands (launching "ELLE" in FY12) and brand extensions (planning to venture into technical textiles). Also it is planning to change its business model from B2B to B2C. The share of B2C is likely to increase to 41% in FY2013E from 32% in FY2011 and 28% in FY2010. The stock is currently trading at 9x FY12 consensus eps. Compared to BRFL, the stock is trading at a discount of 25%, which we think is unjustified despite higher RoE for FY12 (13% v/s 9% for BRFL) and higher FY11-13 earnings CAGR (59% v/s 14% for BRFL).

Balance Sheet

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	2320	2544	2388
Reserves Total	10431	14404	8064
Total Shareholders Funds	12826	16948	10665
Total Debt / Loan Funds	22025	22111	23096
Total Liabilities	34992	39220	33871
Net Block	24312	25275	23881
Investments	437	440	83
Cash and Bank Balance	597	588	397
Current Liabilities	6861	10489	4365
Provisions	107	157	1368
Total Current Liabilities	6969	10646	5733
Net Current Assets	9798	12145	9207
CFO	4578	3064	3288
CFI	-1274	-1378	-639

Source: Company, Ambit Capital research

Income statement

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	32612	40897	27448
Operating Profit	4537	6111	3787
Interest	2340	2627	3211
Depreciation	1727	1725	1606
Profit Before Tax	470	1759	-1030
Tax	61	16	33
Reported Net Profit	500	1649	-994
Adjusted Net Profit	433	1420	-1269

Source: Company, Ambit Capital research

Ratios

Year to March (₹ mn)	FY09	FY10	FY11
Debt-Equity Ratio	2.0	1.7	1.9
Current Ratio	1.0	1.1	1.2
PBDTM (%)	8.3	9.9	6.9
ROCE (%)	8.0	11.6	5.5
RONW (%)	4.1	10.9	-11.6

Source: Company, Ambit Capital research

Conference Meeting Notes

Arvind Mills represented by Mr Resham Jain, Manager – Finance

Analyst:
Bhargav Buddhadev, bhargavbuddhadev@ambitcapital.com, +91 22 3043 3252

1. **Structural shift in the export market:** China is losing its share of the export pie given: (a) rising labour cost, (b) reducing cotton acreage, (c) rupee depreciation, and (d) subsidy rollback. This augurs well for Indian textile manufacturers. Note that the global textile export market is US$300bn, of which China's share is 50% compared with India's 10%.

2. **Structural changes in the domestic market:** Rising demand for branded apparels on the back of rising share of disposable income (CAGR of 14.7% from 2005-2010), higher consumption levels and changing consumption patterns augur well for Indian branded apparel manufacturers.

3. **Diversified product portfolio and reducing share of denim:** Arvind's dependence on denim has consistently been coming down to 54% in FY2011 from 61% in FY2010. Management is guiding to further reduce this to 42% in FY2012 and to 33% in FY2013 on the back of rising share of branded retail, real estate and technical textiles. The share of these businesses is likely to increase from 23%, 1% and 0% in FY2011 to 33%, 4% and 7% respectively in FY2015.

4. **Deleveraging through sale of land bank:** Arvind is sitting on a land bank of 500 acres, which is likely to generate cash in excess of ₹10bn in a span of four years. This is sizeable given that Arvind is sitting on a debt of ₹22bn (which includes ₹11bn of long term debt). Arvind has already realized cash flow of ₹800mn in FY2011 and expects ₹2bn in FY2012.

5. **Rising share of B2C sales:** Arvind is focusing on ramping up its B2C business model, and thereby its profitability, given the better pricing power with consumers. After increasing its B2C revenue share from 22% in FY2010 to 32% in FY2011, management has an objective to increase this further to 43% in FY2015.

6. **Reducing forex risk:** With rising share of domestic sales (up from 58% in FY2009 to 62% in FY2010), Arvind's exposure to foreign exchange risk has been reducing. Management has guided to increase this to 68% in FY2012.

NOT RATED

Ashoka Buildcon

A large number of operational assets, relatively low debt:equity and a mix of operational highways (national/state) make Ashoka Buildcon a strong player compared to its peers. Operational roads experience along with its in-house road project execution capabilities (from traffic estimation to concrete manufacturing to road construction) are key the levers of its strategy to expand into larger NHAI projects. However, currently it lacks the adequate equity capital to fund its recent project wins and bid for new projects.

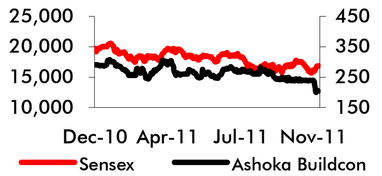
Stock Information

Bloomberg Code:	ASBL IN
CMP (₹):	204
TP (₹):	NA
Mcap (₹ bn/US$ mn):	11/209
52-wk H/L (₹):	313/186
3M ADV (₹ mn/US$mn):	1/0
Free Float (%):	27

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-14	-25	-30	-34
Rel. to Sensex	-11	-26	-15	-16

Performance



Source: Bloomberg, Ambit Capital research

Company Background

Ashoka Buildcon is an infrastructure company engaged in constructing and operating roads and power T&D projects in India. The company entered the road BOT space in 1997, has completed 21 road BOT projects and currently has 6 BOT projects under execution. It also has 15 ready-mix Concrete (RMC) facilities and own construction equipment bank which supports its EPC division. The company also undertakes toll collection for self-owned and Government roads/bridges.

Recent Financial Performance

In 1HFY12, whilst the overall revenues grew 44% (YoY) driven by high growth in both the EPC (45% growth YoY) and the BOT (42% growth YoY) segments, overall EBITDA margin declined by 447bps (YoY) as higher direct expenses impacted profitability in both the segments. Further, in 1HFY12, higher interest (79% YoY increase) and depreciation expenses (58% YoY increase due to change in method of amortizing intangibles) resulted in overall PAT margin of 6.7% (10.5% in 1HFY11). Debt: equity increased to 1.6x at end of Sept-11 (1.4x at end of Mar-11).

Outlook

Ashoka's scale and operational experience should be considered alongside its balance sheet requirements and past financial re-leveraging knowledge before forming any investment decision. Lack of meaningful consensus estimates for Ashoka limit availability of any forward looking valuation multiples. On FY11 basis, Ashoka is trading at 1.2x P/B, which is at a discount of 25% to peers (ITNL IRB and Sadbhav); lack of equity could be one of the reasons for such a discount.

Balance Sheet (Consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	587	581	628
Reserves Total	2,886	4,042	8,302
Total Shareholders Funds	**3,473**	**4,623**	**8,930**
Total Debt / Loan Funds	7,226	11,221	12,830
Total Liabilities	**10,955**	**16,688**	**22,890**
Net Block	8,636	12,750	16,937
Investments	911	1,487	1,394
Current Assets	3,061	6,383	8,264
Cash and Bank Balance	692	845	602
Current Liabilities	1,417	3,932	3,498
Provisions	236	0	209
Total Current Liabilities	**1,653**	**3,932**	**3,707**
Net Current Assets	**1,408**	**2,451**	**4,557**
CFO	**2,093**	**1,553**	**4,133**
CFI	**(3,818)**	**(4,887)**	**(4,093)**

Source: Company, Ambit Capital research

Income statement (Consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	5,184	8,142	13,360
Operating Profit	1,640	2,329	2,860
Interest	646	490	715
Depreciation	119	661	690
Profit Before Tax	499	1,178	1,455
Tax	116	318	424
Reported Net Profit	348	805	2,079
Adjusted Net Profit	348	805	1,007

Source: Company, Ambit Capital research

Ratios (Consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Debt-Equity Ratio	2.1	2.4	1.4
Current Ratio	1.9	1.6	2.2
PBDTM (%)	31.6%	28.6%	21.4%
ROCE (%)	11.5%	13.3%	11.7%
RONW (%)	11.0%	18.8%	13.3%

Source: Company, Ambit Capital research

Conference Meeting Notes

Ashoka Buildcon represented by Mr Paresh Mehta, CFO

Analyst:
Nitin Bhasin, nitinbhasin@ambitcapital.com, Tel: +91 22 3043 3241

1. **Competition has marginally moderated in the roads segment:** Management highlighted that over the last six months competition has moderated, as the number of bidders for a road BOT project has reduced to 14-15 players from 20-25 players. In the current scenario of rising interest rates, it is difficult for the very small developers to continuously bid at lower IRRs, therefore, they have reduced their number of new bids. Management highlighted that the company expects competition to further reduce in the next 6-8 months.

2. **Equity dilution in the infrastructure subsidiary is in advanced stages**: In order to generate ~₹5.5bn to meet its equity requirements in the existing BOT assets, Ashoka Buildcon has been looking at diluting its stake in its infrastructure subsidiary (which has a portfolio of road BOT assets) for the last 6-8 months. Management highlighted that they are in advanced stages of discussion with private equity investors and are hopeful of closing the deal by end of March 2012. Management expects an attractive valuation of ~1.5x (of equity invested) as most of the projects under its infrastructure subsidiary are operational.

3. **Selective bidding strategy:** Management highlighted that they will be very selective while bidding for new road projects and will maintain equity IRRs at ~16% for the BOT road projects. Ashoka Buildcon is targeting an order flow of ~₹15bn-₹16bn every 12 months, which it can easily achieve by wining one-two large BOT projects. However, the company is not looking at bidding for large projects in the next 6-8 months as it has recently received a BOT project worth ₹15bn. Moreover, the management also highlighted that the recently won project is on the NH-6 and that it is a strategic project wherein they believe that they have an edge over the others given their existing presence on multiple sections of NH-6. Due to selective bidding, the management believes that their success ratio is 25%.

4. **NHAI's project cost estimation could be very conservative:** The management highlighted that the wide difference between the expectations of NHAI and the bids of developers should not be construed as aggressive biddings by the developers. It could be the case that these bids are dated and the estimates of NHAI are too conservative in terms of traffic thus leading to premiums by developers instead of negative grant expectations highlighted by NHAI.

NOT RATED

Entertainment Network

ENIL is a leading radio company in India with over 35% revenue market share and is one of the few profitable radio players in the industry. We expect strong revenue growth based on higher advertising rates and inventory utilization. This coupled with lower cost structure (royalty structure at 2% of net revenues) would enable margin expansion. ENIL's strong cash position would enable it to participate aggressively in the upcoming phase 3 auction.

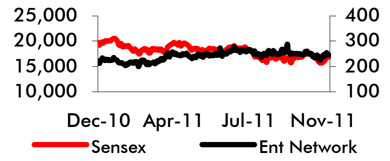
Stock Information

Bloomberg Code:	ENIL IN
CMP (₹):	246
TP (₹):	NA
Mcap (₹ bn/US$ mn):	12/228
52-wk H/L (₹):	298/195
3M ADV (₹ mn/US$mn):	12/0.2
Free Float (%):	27

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-2	-1	8	5
Rel. to Sensex	2	-1	24	23

Performance



Source: Bloomberg, Ambit Capital research

Company Background

ENIL operates FM radio broadcasting stations through the brand Radio Mirchi in 32 Indian cities and is headquartered in Mumbai. The company also provides event management services through its subsidiary Alternate Brand Solutions (India) Limited. Its promoter, BCCL, is the flagship company of The Times Group, which has a heritage of over 150 years and is one of India's leading media groups.

Recent Financial Performance

During 1HFY11, ENIL reported 38% YoY decline in revenues and 2% QoQ growth. Despite this, due to lower costs the group reported an EBIT of ₹237mn in 1HFY12 vs ₹74m in 1HFY11. At end-March 2011, the company had net cash of over ₹1.5bn.

Outlook

Increasing demand and growing acceptance of Radio as an advertising medium would result in a further increases in inventory utilization levels and higher ad rates. Going forward, improving advertising spend, lower cost structure and announcement of the phase 3 policy would benefit the company.

Balance Sheet

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	477	477	477
Reserves Total	3,166	3,175	3,347
Total Shareholders Funds	**3,643**	**3,652**	**3,823**
Total Debt / Loan Funds	1,480	574	-
Total Liabilities	**5,854**	**4,675**	**3,912**
Net Block	3,182	2,717	1,814
Investments	-	17	873
Cash and Bank Balance	162	281	233
Current Liabilities	864	1,086	765
Provisions	35	36	35
Total Current Liabilities	**899**	**1,122**	**800**
Net Current Assets	**2,210**	**1,557**	**1,224**
CFO	1,103	1,265	134
CFI	(457)	(71)	(642)

Source: Company, Ambit Capital research

Income statement

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	4,262	4,221	4,541
Operating Profit	(61)	452	1,032
Interest	144	121	22
Depreciation	526	526	423
Profit Before Tax	(731)	(195)	409
Tax	3	(23)	(232)
Reported Net Profit	(729)	(218)	177
Adjusted Net Profit	(603)	(153)	172

Source: Company, Ambit Capital research

Ratios

Year to March (₹ mn)	FY09	FY10	FY11
Debt-Equity Ratio	0.4	0.2	-
Current Ratio	3.5	2.4	2.5
EBITDA Margin (%)	-1.4%	10.7%	22.7%
Net Profit Margin (%)	-14.1%	-3.6%	3.8%
ROE (%)	-16.5%	-4.2%	4.5%

Source: Company, Ambit Capital research

Conference Meeting Notes

Entertainment Network (India) Limited represented by Mr Dalpat Jain, AVP Strategy, Finance & IR

Analyst:
Rakshit Ranjan, CFA, rakshitranjan@ambitcapital.com, +91 22 3043 3201

1. **Revenue guidance**: Whilst 1HFY12 has seen 11.5% YoY increase in revenues, the second half of the year is likely to experience a marginal decline given shrinking advertising spends. Advertising spend is declining because of reduced spending by large advertisers such as consumer durable companies, automotive companies and telecom players, as these companies are witnessing reduced demand momentum. Management believes that 14% YoY decline in revenues witnessed in 3QFY09 was an all-time low, which is not likely to repeated in the near future.

2. **Phase-3 FM rollout**: The company is prepared to benefit from the phase 3 bidding process for FM radio stations, which is likely to occur in Mar-Apr 2012. The group plans to spend ₹2.5-₹3.0bn in capex for its phase 3 expansion to acquire licenses for around 90-100 stations. Three quarters of this capex is likely to be funded from the balance sheet surplus cash and ongoing cash flows whilst the balance is likely to be funded from debt which will be repaid within two years.

3. **Competitive advantages**: Management remains confident of its competitive advantages around: a) first mover status; b) access to *Times of India*'s clientele and brand reach; and c) ability to attract good quality personnel through its leadership in the media market.

NOT RATED

Gateway Distriparks

Synergies, capability of business segments to be interlinked and monopoly in India as logistics facilitator provide Gateway with significant competitive advantages over its peers. Expanding capacities and presence in new locations will help the company further strengthen its position in India. However, the adverse macro environment and deficiency of adequate enabling railway infrastructure pose a threat for the company.

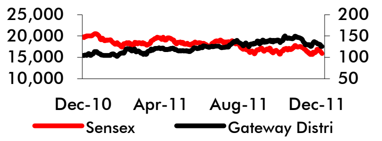
Stock Information

Bloomberg Code:	GDPL IN
CMP (₹):	131
TP (₹):	NA
Mcap (₹ bn/US$ mn):	14/275
52-wk H/L (₹):	154/97
3M ADV (₹ mn/US$mn):	26/0.5
Free Float (%):	42.9

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-10.2	-4.8	26.6	15.9
Rel. to Sensex	-6.3	-4.9	42.1	33.6

Performance



Source: Bloomberg, Ambit Capital research

Company Background

Gateway Distriparks' business is broadly divided into three business segments namely (a) Container Freight Station (CFS) business (600,000 TEU capacity and 46% of FY11 revenues), (b) container rail (300,000 TEU capacity and 41% of FY11 revenues) and (c) cold chain storage and logistics (16,000 pallets capacity and 13% of FY11 revenues). Gateway through its subsidiaries Snowman Logistics and Gateway Rail Freight Ltd provides cold chain logistics solutions and handles rail operations respectively.

Recent Financial Performance

2QFY12 standalone revenues of ₹601mn saw a 43% YoY growth on account of sharp increase in realisations in the CFS business which led to improvement in EBITDA margins. On consolidated basis, the revenues increased by 37% YoY to ₹1.9bn with maximum YoY growth witnessed in CFS segment inspite of 1% QoQ decline. The rail segment showed an improved performance with PAT of ₹51 mn and CFS business reported profit of ₹276mn registering 19% YoY growth.

Outlook

Having already incurred a consolidated capex of ₹400mn in 1HFY12, the company further plans to spend ₹750mn in the rail business in 2HFY12. Apart from this it plans to ramp up Snowman capacity to 29,000 pallets by 4QFY12. GDL is looking to expand into new territories like Gujarat and Kolkata for setting up CFS. It is also on the prowl to aggressively expand operations in Chennai. Any addition in CFS capacity can act as a positive trigger alongside start of Kochi and Faridabad facilities. However the adverse macro environment might pose a threat to the growth.

Balance Sheet - consolidated

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	1,077	1,079	4,038
Total Reserves	5,160	5,563	5,799
Total Shareholders Funds	**6,238**	**6,643**	**9,837**
Loan Funds	2,,045	2,099	1,154
Total Liabilities	**8,888**	**9,367**	**11,601**
Net Block	7,926	8,186	9,329
Investments	230	150	130
Cash and Bank Balance	593	795	1,506
Current Liabilities	376	1,019	673
Provisions	317	287	433
Total Current Liabilities	**693**	**1,306**	**1,105**
Net Current Assets	**704**	**697**	**1,776**
CFO	1,112	1,628	1,091
CFI	(2,037)	(883)	(1,602)

Source: Company, Ambit Capital research

Income statement - consolidated

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	4,520	5,166	5,991
Operating Profit	**1,590**	**1,385**	**1,737**
Interest	212	206	194
Depreciation	445	455	502
Profit Before Tax	934	724	1,041
Tax	136	(82)	92
Reported Net Profit	**796**	**791**	**968**
Adjusted Net Profit	790	791	978

Source: Company, Ambit Capital research

Ratios

Year to March	FY09	FY10	FY11
Debt-Equity Ratio (x)	0.2	0.3	0.2
Current Ratio (x)	1.6	1.4	1.6
EBITDA margin (%)	25.3	18	20.6
ROCE (%)	14.2	10.2	11.8
RONW (%)	11.1	11.4	13.5

Source: Company, Ambit Capital research

Conference Meeting Notes

Gateway Distriparks Represented by Mr R Kumar, Deputy CEO

Analyst:
Nitin Bhasin, nitinbhasin@ambitcapital.com, Tel: +91 22 3043 3241

1. **Faridabad expansions might delay but Kochi CFS as per schedule:** The company plans to increase terminal capacity from 500,000TEU to 600,000TEU by starting operations in Faridabad. However, holdup in regulatory approvals and the setting up of a railway siding could delay this until Jun-Jul 2012. Since the Kochi CFS does not require clearances from the Land Acquisition Act (land was acquired earlier), operations are likely to start in January 2012
2. **More growth in Chennai CFS:** Management expects Chennai to overtake Mumbai in terms of CFS capacity. Ennore port has better depth compared with Mumbai, hence making it accessible for the bigger ships. Whilst the new CFS will take Chennai's CFS capacity from 90,000 TEUs to 180,000TEUs, the set up period would be 12-18 months.
3. **Share terminals and earn terminal income:** Instead of increasing rakes, the company plans to share terminals with private operators. Apart from earning rail haulage income, by sharing terminals, the company would also be earning terminal income and access charges. This reduces the risk and in turn conforms to the company's intention of improving productivity.
4. **FDI in retail to drive growth:** Whilst the management is not optimistic on FDI in retail being passed, they believe that if it were to happen then their cold storage, just-in-time delivery and retail inventory management services would benefit from the increased demand coming in from the organized retail channel.

NOT RATED

ITNL

ITNL is the only management-driven company in the road BOT space and has more than 10 years of experience in developing and constructing highways and bridges in India. ITNL has diversified geographical presence and balanced revenue mix with about 48% of revenue contribution of about ₹6.7bn from annuity projects, offering high visibility and stability to earnings. Strong in-house project management team, financial support from parent for funding BOT projects and strong cost structure place ITNL ahead of the other road developers.

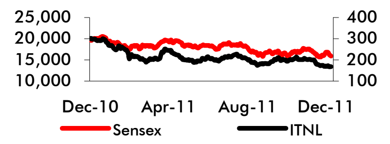
Stock Information

Bloomberg Code:	ILFT IN
CMP (₹):	169
TP (₹):	NA
Mcap (₹ bn/US$ mn):	33/637
52-wk H/L (₹):	306/163
3M ADV (₹ mn/US$mn):	24/0.5
Free Float (%):	20

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-17	-8	-43	-42
Rel. to Sensex	-11	-4	-27	-23

Performance



Source: Bloomberg, Ambit Capital research

Company Background

IL&FS Transportation Networks Ltd. (ITNL) is a surface transportation infrastructure company, and is one of the largest private sector BOT road operators in India (9,500 lane kms). ITNL was incorporated in 2000 by IL&FS (an infrastructure development and finance company) for consolidating their existing road infrastructure projects and for pursuing various new projects. In March 2008, ITNL also commenced international operations by acquiring Elsamex S.A. ("Elsamex"), a provider of roads maintenance services in Spain and other countries.

Recent Financial Performance

In 1HFY12, consolidated revenues grew by 42% YoY mainly driven by growth in the construction income (71% YoY revenue growth) and in the Toll/Annuity income (55% YoY revenue growth). Decline in the EBITDA margin (222bps YoY decline) due to higher raw material expenses in construction segment coupled with high interest costs (53% YoY increase) resulted in a PAT margin of 9.9% in 1HFY12 (12.8% in 1HFY11). Consolidated debt:equity marginally increased to 2.7x at end of Sept -11 from 2.4x at the end of Mar-11.

Outlook

Experience of constructing and operating more than 20 road projects, well funded financial positioning (from the parent IL&FS which is a financing company), balanced mix of national/state road projects and limited additional equity commitments will help ITNL in capturing the Indian road BOT opportunity. On FY13 basis, ITNL is trading at 1x P/B, which is at a discount of 35% to IRB. As per the company, incremental equity commitment for projects is around ₹2bn, which we believe can be managed by internal accruals.

Balance Sheet (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	2,064	2,293	2,293
Reserves Total	7,148	14,744	20,450
Total Shareholders Funds	9,212	17,036	22,742
Total Debt / Loan Funds	18,542	33,215	54,670
Total Liabilities	**29,175**	**52,149**	**80,048**
Net Block	11,469	18,947	32,600
Investments	2,010	4,331	1,944
Current Assets	23,399	37,189	59,523
Cash and Bank Balance	1,601	5,502	5,276
Current Liabilities	7,019	6,968	12,472
Provisions	685	1,350	1,587
Total Current Liabilities	7,704	8,318	14,059
Net Current Assets	**15,696**	**28,871**	**45,464**
CFO	175	3,189	7,832
CFI	(184)	(14,455)	(26,432)

Source: Company, Ambit Capital research

Income statement (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	12,254	24,079	40,482
Operating Profit	1,906	8,145	11,642
Interest	1,816	3,094	5,079
Depreciation	353	603	614
Profit Before Tax	804	5,241	6,740
Tax	483	1,858	2,243
Reported Net Profit	321	3,383	4,497
Adjusted Net Profit	72	3,351	4,333

Source: Company, Ambit Capital research

Ratios (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Debt-Equity Ratio	2.0	1.9	2.4
Current Ratio	3.3	5.3	4.8
PBDTM (%)	15.6%	33.8%	28.8%
ROCE (%)	3.8%	10.7%	10.2%
RONW (%)	3.4%	25.8%	22.6%

Source: Company, Ambit Capital research

Conference Meeting Notes

IL&FS Transportation Networks represented by Mr Danny Samuel, Senior Manager, Investor Relations

Analyst:
Nitin Bhasin, nitinbhasin@ambitcapital.com, Tel: +91 22 3043 3241

1. **Developers bid very aggressively for road projects:** Management highlighted most of the road developers are not bidding in a sensible manner and considering the bids and present high interest rates, the most likely equity IRRs on recently announced projects could be less than ~15%. Given that the minimum equity IRR expected by ITNL on its BOT projects is ~18%-19%, the company has not won a single BOT project in FY12. Management further mentioned that at the time of bidding, road developers take highly optimistic assumptions for base traffic, traffic growth etc. For most of the projects actual base traffic (in the first year of operations) is significantly lower than the base traffic estimates (at the time of bidding). ITNL highlighted the example of their own Beawar Gomati project (which became operational in FY11) on which the actual traffic was 60% lower than their projected estimates at the time of bidding.

2. **Lending norms are becoming more stringent in the roads sector**: Management highlighted that banks have become more cautious and are tightening their lending norms for the roads sector by: (a) demanding higher guarantees from the companies/promoters, (b) refusing to finance the premium that developers have promised to pay NHAI, (c) willing to finance only ~60%-70% of the total project cost compared to earlier 80%-90% of the finance provided, and (d) considering toll collection as one of the sources of financing, if the toll was to be collected during construction. Management further highlighted that whilst the road developers have not yet started defaulting, a large number of small developers are facing challenges in servicing their existing debts. In another meeting, Sadbhav highlighted that there is already a road asset approaching substitution wherein a bank may be taking over the asset.

3. **China highway project is not a strategic investment, but an opportunistic investment:** Management highlighted that going forward, ITNL plans to make secondary acquisitions both in India and in the international markets. Whilst in the long run ITNL will always prefer to acquire assets in India, international markets are offering better opportunities. In the recently won China highway project, ITNL is expecting equity IRR of ~20% which is significantly higher than equity IRRs in the Indian projects. Moreover, in India, sellers (road developers) are demanding significantly higher premium to the equity investments for their poor-performing assets.

4. **Elsamex exploring other regions such as Middle East:** Management highlighted that with the acquisition of Elsamex, ITNL has gained additional technological strength and capabilities in operation and maintenance utility assets. Whilst the current economic scenario in Spain will keep operations in Spain under pressure, the company is exploring operations and maintenance options in Middle East, where a lot of new infrastructure has been created. The main purpose of Elsamex acquisition was to utilise its technology for winning road operation and maintenance contracts in India as the company had expected NHAI to award large road OMT (operation, maintenance and tolling contracts). However, contrary to ITNL's expectations, NHAI has not yet awarded large OMT contracts. Therefore, presently ITNL is considering utilising Elsamex capacities to enter new markets.

NOT RATED

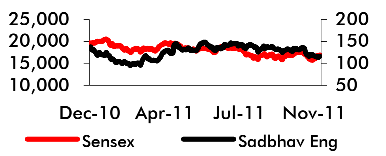
Stock Information

Bloomberg Code:	SADE IN
CMP (₹):	116
TP (₹):	NA
Mcap (₹ bn/US$ mn):	17/339
52-wk H/L (₹):	155/91
3M ADV (₹ mn/US$mn):	9/0.2
Free Float (%):	49

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-15	-17	-16	-2
Rel. to Sensex	-11	-17	0	16

Performance



Source: Bloomberg, Ambit Capital research

Sadbhav Engineering

Sadbhav's stock price has risen 26% over the last two years whilst all other infrastructure/construction company's stock prices have fallen 25-80%. This superlative performance can be attributed to Sadbhav's: (a) superior accounting quality; (b) continuing strength in cost competitiveness; and (c) well funded infra BOT assets. Industry leading 44% CAGR in revenues and steady net margins over FY09-11 signify the importance of well-managed balance sheet for delivering profitable growth.

Company Background

Incorporated in 1988, Sadbhav Engineering (SEL) is an Engineering, Procurement and Construction (EPC) company catering to the roads/highways, mining and irrigation sectors. SEL also has an infrastructure asset portfolio of four operational road projects and five under construction road projects under its subsidiary Sadbhav Infrastructure Pvt Ltd (SIPL). Sadbhav Engineering holds 78% stake in its BOT asset portfolio subsidiary.

Recent Financial Performance

SEL posted strong performance in 1HFY12, as stand-alone revenues grew by 52% (YoY) and stand-alone PAT grew by 32% (YoY). However, due to decline in EBITDA margin (114bps YoY decline) in 1HFY12, PAT growth was lower than the revenue growth. We highlight that SEL has a strong balance sheet, as unlike other construction companies which are suffering from high debt:equity, Sadbhav's stand-alone debt:equity is 0.6x at the end of Sept-11 (industry average ~1.0x) .

Outlook

Sadbhav's superior cost competitiveness coupled with relatively low debt: equity should enable it to bid competitively against peers who are capital starved and are reeling under rising financial cost pressures as visible from their highly leveraged balance sheets consuming large proportion of EBITDA for debt servicing. The stock (including embedded value) is presently trading at 11.5X FY13 one year-forward earnings which are a 36% premium to its construction peers. This premium is clearly warranted given Sadbhav's superior cash flow generation profile, no immediate equity dilution risks and a strong balance sheet.

Balance Sheet (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	125	125	150
Reserves Total	**3,397**	**3,421**	**8,552**
Total Shareholders Funds	3,522	3,546	8,701
Total Debt / Loan Funds	9,383	14,551	20,028
Total Liabilities	**13,692**	**18,821**	**30,929**
Net Block	10,118	13,001	24,385
Investments	1,246	1,441	3,264
Current Assets	6,174	9,658	12,304
Cash and Bank Balance	324	507	1,365
Current Liabilities	2,388	4,579	4,746
Provisions	479	67	1,269
Total Current Liabilities	2,867	4,646	6,014
Net Current Assets	**13,692**	**18,821**	**30,929**
CFO	311	674	2,464
CFI	(2,814)	(4,607)	(11,609)

Source: Company, Ambit Capital research

Income statement (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	10,974	13,340	23,294
Operating Profit	1,425	2,072	3,342
Interest	673	1,412	1,574
Depreciation	378	565	789
Profit Before Tax	574	726	1,409
Tax	197	459	638
Reported Net Profit	429	363	928
Adjusted Net Profit	433	353	919

Source: Company, Ambit Capital research

Ratios (consolidated)

Year to March (₹ mn)	FY09	FY10	FY11
Debt-Equity Ratio	2.2	3.5	1.9
Current Ratio	2.2	2.1	2.0
PBDTM (%)	13.0%	15.5%	14.3%
ROCE (%)	7.1%	4.1%	6.6%
RONW (%)	13.0%	10.0%	15.0%

Source: Company, Ambit Capital research

Conference Meeting Notes

Sadbhav Engineering represented by Mr Nitin Patel, Exec. Director

Analyst:
Nitin Bhasin, nitinbhasin@ambitcapital.com, Tel: +91 22 3043 3241

1. **Consolidation likely in the roads segment**: Management highlighted that few road developers plan to dilute their stakes in the existing road projects for either lowering their existing debt levels or for generating funds for new projects. Sadbhav plans to utilise its strong balance sheet/surplus cash to acquire road BOT assets either operational or under construction at distress valuations. Management highlighted that whilst the road developers are demanding a valuation multiple of ~1.5x (of the equity invested) for their assets, the true valuation of these projects is ~0.6x-0.7x as these projects are suffering from execution delays, cost overruns and poor traffic growth. Management expects that in the next 6-8months, road developers (sellers) will realise the true valuations of their projects and will be willing to sell their projects at valuations lower than equity invested.

2. **Debt servicing is becoming a challenge for most of players:** Management highlighted that at the current high interest rates and debt levels, debt servicing is becoming a challenge for most road developers. Presently, most of its peers are capital starved and the existing projects are not generating any cash flow (as actual traffic is significantly lower than earlier projected estimates). Therefore, interest payments and part principal payments are becoming a difficult task for these companies. Whilst road developers have not yet defaulted on their interest payments, management expects that some of the companies have very poor financial position and start defaulting in the next 6-8 months.

3. **Prefer strong balance sheet over revenue growth:** Sadbhav Engineering will remain selective and will continue to bid for road BOT projects at 16%-17% equity IRR. Management mentioned that unlike some of its peers, Sadbhav will neither risk its balance sheet nor compromise its cash flow profile by taking up unprofitable BOT projects (equity IRR < 15%). Sadbhav expects competition to moderate post March 2012 and will bid for new BOT projects in FY13. Sadbhav's current order book is ₹63bn and considering revenues of ₹26bn-₹27bn in FY12 (as per company's guidance), the order book in March 2012 will be ~₹50bn, which provides revenue visibility for 20-22 months. Even if the company was not going to book any new orders, the management expects FY13 revenues in line with FY12.

4. **Cash contracts can drive order flow in the near term**: In the current environment of intense competition in the roads BOT segment, Sadbhav is targeting cash EPC contracts in the roads (centre/state) segment. Management highlighted that along with the BOT projects, NHAI and state Governments (such as Karnataka, Madhya Pradesh, West Bengal etc.) are planning to award a large number of EPC contracts over the next two years. Moreover, due to high demands from the power sector, opportunities are increasing in the mining segment, which offers higher margins and has low competition.

NOT RATED

Sobha Developers

Sobha's balance sheet holds ₹2bn of advances from customers (over 10% of net worth). As collections are made on units already sold, we expect cash flows to remain strong in the coming quarters. Through a combination of operational cash flows and land sales, the group targets to reduce its debt to equity ratio from 0.7x to 0.5x over the next six months. The stock is currently trading at 1.1x September 2011 P/B multiple.

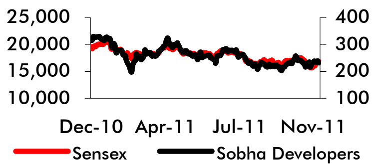
Stock Information

Bloomberg Code:	SOBHA IN
CMP (₹):	232
TP (₹):	NA
Mcap (₹ bn/US$ mn):	23/443
52-wk H/L (₹):	338/185
3M ADV (₹ mn/US$mn):	31/0.6
Free Float (%):	26

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-4	1	-28	-28
Rel. to Sensex	-0.2	1	-12	-11

Performance



Source: Bloomberg, Ambit Capital research

Company Background

Sobha is a real estate developer with around 95% of its land bank based in South India, primarily in Bengaluru. The group is also in the contractual business executing civil contracts for third parties. Infosys is Sobha's key client contributing to 88% of the group's total contractual revenues.

Recent Financial Performance

For 2QFY12, the group reported a sales volume growth rate of 41% QoQ and 26% YoY and a sales value growth rate of 61% QoQ and 77% YoY. Average realisation rates increased to ₹5,196 per sq ft in 2QFY12 v/s ₹4,547 per sq ft in 1QFY12 helped by the launch of plotted developments in Gurgaon. Net cash generated from operating activities stood at ₹1.3bn for the quarter. Net debt/equity ratio was at 0.7x with the weighted average cost of debt during the quarter being 13.98%. Contractual projects order book is of about 12msf and an unbilled value on contractual sales of ₹9.8bn.

Outlook

With 49% of Sobha's customers over the past 15 months self financing their purchase, buyer sentiment on the customer base is likely to be relatively less exposed to the current interest rate environment. As collections are made on units already sold, we expect cash flows to remain strong in the coming quarters. Management has reiterated its targets for: a) achieving sales of 3msf worth ₹1.5bn in FY12; b) reducing the amount of debt on the balance sheet to around ₹10bn, thereby reducing the group's debt/equity ratio to 0.5 by March 31, 2012.

Balance Sheet

Year to March (₹ mn)	FY10	FY11
Share Capital	981	981
Total Shareholders Funds	17,085	18,566
Total Debt / Loan Funds	14,540	12,110
Total Liabilities	**31,625**	**30,676**
Fixed Assets (Net)	1,429	1,373
Investments	429	516
Cash and Bank Balance	800	275
Loans and Advances	20,093	21,517
Sundry Debtors	4,166	3,914
Total Current Liabilities	6,150	7,387
Net Current Assets	**29,083**	**28,045**
CFO	3,278	4,144
CFI	(124)	(219)

Source: Company, Ambit Capital research

Income statement

Year to March (₹ mn)	FY10	FY11
Total Income	10,887	14,177
Cost of construction	6,191	8,142
Total expenditure	8,462	11,034
EBITDA	2,425	3,143
Depreciation	323	278
Interest	499	429
PBT	1,603	2,436
PAT	1,367	1,825

Source: Company, Ambit Capital research

Ratios

Year to March (₹ mn)	FY10	FY11
Net Debt-Equity (%)	80.4	63.7
Interest cover (x)	4.2	6.7
EBITDA margin (%)	21.3	21.0
ROCE (%)	6.6	9.3
ROE (%)	8.0	9.8

Source: Company, Ambit Capital research

Conference Meeting Notes

Sobha Developers represented by Mr Baaskaran, CFO

Analyst:
Rakshit Ranjan, CFA, rakshitranjan@ambitcapital.com, +91 22 3043 3201

1. **Balance sheet de-leveraging:** Management remains focused on meeting its 4-6 month targets around reduction in (a) debt/equity ratio to below 0.5x and (b) quantum of debt on the balance sheet to less than ₹10bn from ₹13bn currently. The ongoing run-rate of operating cash flows is expected to provide for ₹1.5-₹2.0bn of the targeted ₹3bn reduction in overall debt. The balance ₹1.0-₹1.5bn of debt reduction will come from land bank sales. Operating cash flows in 2QFY12 stood at ₹1.3bn.

2. **Ongoing sales run rate** in projects already launched has continued to remain high. With 49% of Sobha's customers over the past 15 months self financing their purchase, buyer sentiment on the group's customer base is likely to be relatively less exposed to the current interest rate environment. In 2QFY12, the group reported sales volume growth rate of 41% QoQ and 26% YoY and a sales value growth rate of 61% QoQ and 77% YoY. Infosys, the group's largest contractual revenue client, is planning to launch construction of a 500-acre complex in Bangalore. Phase 1 of this project is expected to commence construction in 1QFY13.

3. **Run rate of collections:** The group collects 30% of the unit cost from customers as booking amount usually within one month of the sale of unit. Consequently, ru -rate of collections on the group's portfolio remains strong.

NOT RATED

SRF

Consistent build up in operational efficiencies across verticals has enabled SRF's market leadership both domestically as well as internationally. With capex of ₹13 bn over the last four years and their ongoing capex, SRF is well positioned to take advantage of the growth coming in from the automobiles, textiles and mining sectors.

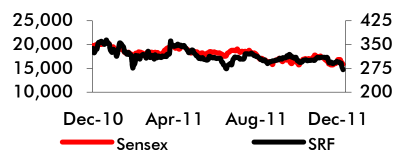
Stock Information

Bloomberg Code:	SRF IN
CMP (₹):	292
TP (₹):	NA
Mcap (₹ bn/US$ mn):	18/343
52-wk H/L (₹):	384/269
3M ADV (₹ mn/US$mn):	21/0.4
Free Float (%):	50.0

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	-5	-4	-13	-17
Rel. to Sensex	-2	-4	2	0

Performance



Source: Bloomberg, Ambit Capital research

Company Background

SRF is a multi-business entity engaged in the manufacturing of chemical based industrial intermediates with three main lines of business viz, technical textiles (54% of FY11 revenues), chemicals and polymers (21% of FY11 revenues) and packaging films (25% of FY11 revenues). It is world second largest producer of Nylon 6 tyre cord fabrics and belting fabrics and exports its products to over 60 countries. As part of its growth strategy SRF in the recent past has acquired two foreign entities, one in Thailand (Thai Baroda Industries Ltd – manufacturers of tyre cord), and the other one in South Africa (Industex Technical Textiles (Pty) Ltd – manufacturer of belting fabrics).

Recent Financial Performance

2QFY12 revenues of ₹9.1bn (22.2% YoY and 9% QoQ growth) were driven by strong growth in chemicals business revenues (85% YoY and 42% QoQ growth) which made up 36% of the total revenues but held back by a 24% YoY drop in packaging film revenues (33% of total revenues). As a result, SRF's chemicals business has grown 84% YoY in 1HFY12 although total revenues grew only 28% YoY due to the 2QFY12 decline in packaging film. Whilst 2QFY12 EBITDA grew marginally by 2% YoY, PAT declined by ₹14 crores registering a 12% reduction impacted by rupee depreciation.

Outlook

Whilst the company has been making investments to augment and upgrade production facilities mainly in the BOPET film line (packaging), that segment is witnessing a slowdown since 2QFY12. On the other hand, the chemicals business accounting for 37% of profits has ensured strong performance by the company. However, in the recent earnings release, management have highlighted that the effects of slowdown is likely to adversely impact both volumes and margins of the chemical segment in the near future.

Balance Sheet - consolidated

Year to March (₹ mn)	FY09	FY10	FY11
Share Capital	617	615	615
Total Reserves	9,136	12,123	16,365
Total Shareholders Funds	**9,753**	**12,739**	**16,980**
Loan Funds	10,542	10,318	9,731
Total Liabilities	**20,294**	**23,056**	**26,711**
Net Block	15,763	19,435	20,358
Investments	425	71	1,162
Cash and Bank Balance	90	904	903
Current Liabilities	3,449	4,966	6,523
Provisions	187	302	307
Total Current Liabilities	**3,636**	**5,268**	**6,830**
Net Current Assets	**2,793**	**4,137**	**5,765**
CFO	3,521	5,712	6,165
CFI	(5,584)	(3,072)	(3,196)

Source: Company, Ambit Capital research

Income statement - consolidated

Year to March (₹ mn)	FY09	FY10	FY11
Net Sales	20,274	24,987	33,914
Operating Profit	**3,929**	**6,993**	**9,530**
Interest	598	777	960
Depreciation	1,154	1,448	1,701
Profit Before Tax	2,177	4,768	6,870
Tax	563	1,202	1,868
Reported Net Profit	**1,398**	**3,244**	**4,842**
Adjusted Net Profit	1,940	3,240	4,842

Source: Company, Ambit Capital research

Ratios

Year to March	FY09	FY10	FY11
Debt-Equity Ratio (x)	0.9	1.0	0.7
Current Ratio (x)	0.9	0.9	1.0
EBITDA margin (%)	16.5	20.8	21.3
ROCE (%)	21.9	27.1	33.3
RONW (%)	22.6	32.2	35.8

Source: Company, Ambit Capital research

Conference Meeting Notes

SRF represented by Mr Rajendra Prasad, President & CFO

Analyst:
Dayanand Mittal, dayanandmittal@ambitcapital.com, Tel: +91 22 3043 3202

1. **Expansion plans:** The Company is looking to de-risk its business model by diversifying from its TTB (Technical textile business) business as this segment currently contributes more than 50% of its revenues. The Company is expanding its chemical complex in Dahej from current capacity of 4,500tons to ~20,000tons at a capex of ₹8bn and is expected to be operational in next 2-3 years. The company expects to take advantage of the growth coming in from the automobiles, textiles and mining sectors.

2. **Buy back and dividend plans to continue:** The Company plans to continue with its buyback and dividend plan because they are generating significant cashflows in its existing business and their current capex plans are well funded.

3. **No impact from Kyoto protocol extension:** The Company doesn't foresee any impact from extension of Kyoto Protocol deadline from Dec 2012 to 2017 as UNFCCC doesn't recognize their methodology of booking Carbon credits; hence they would not get any extension. Thus SRF will only be able to monetize the carbon credits earned till Dec 2012 and sold by May 2013. The company said that it earned carbon credit of ₹1.8bn during 1HFY12 (reported PAT for 1HFY12 was ₹1.9bn).

Ambit Coverage Valuation Summary

	Reco	CMP	TP	Mcap		EPS (₹)			P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)		
		₹	₹	₹ bn	US$mn	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
AUTOMOBILES																				
Tata Motors	SELL	177	170	521	9,867	29.3	22.6	23.8	6.1	7.9	7.5	0.6	2.1	1.7	4.2	4.5	4.1	69.6	32.4	25.6
Bajaj Auto	BUY	1,631	1,600	472	8,933	90.4	102.1	115.9	18.1	16.0	14.1	9.6	7.6	6.0	12.8	11.5	10.4	66.7	53.3	47.8
Hero Motocorp	SELL	1,977	1,850	395	7,470	100.5	113.5	129.6	19.7	17.4	15.2	13.4	9.5	6.9	14.2	12.7	10.9	62.5	63.6	52.4
Maruti Suzuki	SELL	958	1,150	277	5,240	81.5	80.3	89.1	11.8	11.9	10.8	2.0	1.7	1.5	6.0	6.0	5.1	18.3	15.6	15.1
Exide Industries	BUY	119	164	101	1,921	7.1	7.9	9.5	16.8	15.2	12.6	3.7	3.1	2.6	11.0	10.2	8.6	24.4	22.3	22.7
Ashok Leyland	BUY	25	30	67	1,267	2.4	2.2	2.5	10.6	11.4	9.9	0.8	1.6	1.5	7.5	7.3	6.6	16.5	14.3	15.5
Apollo Tyres	SELL	61	60	31	581	8.7	7.5	8.6	7.0	8.1	7.1	1.3	1.1	1.0	5.5	5.0	4.4	20.1	14.6	14.6
BANKS/FINANCIAL SERVICES																				
SBI	SELL	1,773	UR	1,126	21,306	130.2	165.3	217.5	13.6	10.7	8.1	2.1	1.8	1.5	-	-	-	12.6	15.2	17.6
HDFC Bank	SELL	432	483	1,011	19,139	16.9	20.7	25.6	25.6	20.8	16.9	4.3	3.8	3.3	-	-	-	17.0	18.5	19.9
HDFC	UR	647	UR	953	18,045	23.7	28.1	-	27.3	23.1		5.5	4.7		-	-	-	21.0	21.7	-
ICICI Bank	SELL	707	974	815	15,424	44.7	51.6	59.8	15.8	13.7	11.8	1.5	1.4	1.3	-	-	-	9.6	10.4	11.1
Axis Bank	SELL	970	UR	400	7,576	77.8	80.5	112.2	12.5	12.1	8.7	2.2	1.9	1.6	-	-	-	18.3	16.4	19.7
PNB	BUY	893	1,130	283	5,354	139.9	156.9	201.3	6.4	5.7	4.4	1.6	1.3	1.0	-	-	-	22.6	21.1	22.4
Bank of Baroda	BUY	713	1,000	279	5,285	108.0	119.5	139.7	6.6	6.0	5.1	1.4	1.2	1.0	-	-	-	23.5	20.4	20.2
Bank of India	UR	332	UR	181	3,432	45.5	64.4	75.4	7.3	5.2	4.4	1.3	1.1	0.9	-	-	-	15.8	18.8	18.8
IDFC	SELL	105	117	153	2,894	8.7	8.9	10.9	12.0	11.8	9.6	1.4	1.3	1.2	-	-	-	13.3	12.1	13.6
Shriram Transport	SELL	526	528	119	2,250	54.3	58.3	68.3	9.7	9.0	7.7	2.4	2.0	1.6	-	-	-	27.9	23.8	23.3
Union Bank of India	UR	206	UR	108	2,045	39.7	49.7	65.1	5.2	4.1	3.2	0.9	0.7	0.6	-	-	-	18.1	18.7	20.0
LIC HFC	SELL	221	184	105	1,985	20.5	19.6	24.1	10.8	11.3	9.2	2.5	2.1	1.8	-	-	-	25.9	20.4	21.3
M&M Financial	SELL	667	549	69	1,314	44.5	52.0	62.8	15.0	12.8	10.6	2.7	2.4	2.1	-	-	-	22.0	20.1	20.8
Andhra Bank	BUY	95	150	53	1,002	22.6	24.2	30.7	4.2	3.9	3.1	0.9	0.8	0.6	-	-	-	23.2	19.4	21.2
Manappuram	BUY	55	72	46	876	3.8	6.0	7.5	14.6	9.1	7.3	2.4	1.9	1.6	-	-	-	22.3	23.7	24.0
South Indian Bank	BUY	22	29	24	463	2.6	3.2	3.9	8.3	6.8	5.6	1.4	1.3	1.2	-	-	-	16.7	17.0	17.3
Edelweiss	BUY	24	UR	18	344	3.0	1.8	2.9	8.0	13.4	8.4	0.8	0.7	0.7	-	-	-	10.2	5.9	8.7
City Union Bank	BUY	43	60	18	332	5.3	6.4	8.1	8.1	6.7	5.3	1.8	1.5	1.2	-	-	-	23.5	23.5	24.3
Motilal Oswal	BUY	80	UR	12	219	9.5	6.4	9.2	8.4	12.4	8.7	1.1	1.0	0.9	-	-	-	12.9	8.7	12.0
Magma	BUY	54	91	10	193	8.4	4.0	11.7	6.4	13.5	4.6	1.2	0.9	0.8	-	-	-	23.3	7.8	17.4

*Source: Bloomberg, Ambit Capital research, Note: UR - Under Review; * December ended companies*

	Reco	CMP	TP	Mcap		EPS (₹)			P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)		
		₹	₹	₹ bn	US$mn	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
CAPITAL GOODS																				
BHEL	SELL	258	290	631	11,950	24.7	26.8	28.8	10.4	9.6	9.0	3.1	2.5	2.1	6.2	5.6	5.2	33.5	29.2	25.8
Cummins	BUY	337	417	94	1,770	21.3	18.1	16.7	15.8	18.7	20.2	5.2	5.3	5.7	14.0	14.3	14.0	35.1	28.1	27.3
Crompton	SELL	121	143	78	1,471	13.9	10.6	12.7	8.7	11.5	9.5	2.4	2.0	1.7	5.9	7.8	6.4	32.1	18.9	19.3
Thermax	SELL	456	UR	54	1,028	32.0	33.8	39.4	14.2	13.5	11.6	4.1	3.4	2.8	8.5	8.0	6.9	31.6	27.3	26.3
Suzlon Energy	BUY	22	57	39	730	(6.0)	2.3	2.8	(3.6)	9.4	7.8	0.5	0.5	0.5	16.1	6.3	6.3	(15.3)	5.6	6.4
BGR Energy	SELL	221	UR	16	301	44.8	43.5	42.6	4.9	5.1	5.2	1.7	1.3	1.1	3.5	3.3	3.3	39.0	29.4	23.8
Greaves Cotton	BUY	77	99	19	358	5.2	6.8	7.0	15.0	11.4	11.1	3.7	3.0	2.6	9.3	6.7	6.4	27.3	29.4	25.2
CEMENT																				
Ultra Tech	UR	1,148	1,000	315	5,956	51.2	54.3	58.6	22.4	21.1	19.6	3.0	2.6	2.4	11.9	10.2	9.5	18.4	13.2	12.7
Ambuja Cement*	UR	153	121	234	4,436	8.3	6.7	7.1	18.5	22.7	21.5	3.2	2.9	2.7	10.9	11.9	11.0	18.3	13.4	13.0
ACC*	UR	1,121	1,035	210	3,983	59.5	43.6	51.9	18.8	25.7	21.6	3.3	3.1	3.0	10.6	12.1	10.4	17.9	12.4	14.0
CONSUMER																				
ITC Ltd	BUY	196	239	1,527	28,896	6.4	8.0	9.9	30.4	24.5	19.8	9.5	8.1	6.8	21.0	17.0	13.9	33.2	35.7	37.4
Hind. Unilever	UR	383	UR	828	15,678	10.0	11.0	12.4	38.5	34.8	30.9	32.7	25.8	21.0	28.9	25.6	22.6	84.1	83.0	74.9
Nestle India*	BUY	4,213	4,500	406	7,688	84.9	107.6	129.2	49.6	39.2	32.6	47.5	31.2	22.1	32.2	26.0	21.0	96.2	79.4	72.1
Dabur India	UR	96	UR	168	3,174	3.4	4.5	5.5	28.4	21.6	17.6	13.1	9.6	7.2	21.1	16.4	13.8	53.2	51.2	46.6
Titan Inds	UR	180	UR	160	3,025	5.3	7.4	9.3	33.8	24.3	19.3	14.5	9.8	7.0	23.8	17.1	13.3	51.6	48.1	42.2
Colgate Palmolive	SELL	1,009	925	137	2,597	30.0	35.0	41.3	33.6	28.8	24.4	33.4	27.1	23.5	24.3	21.1	17.7	110.1	103.8	103.1
Godrej Consumer	UR	391	UR	127	2,395	14.5	16.9	20.0	27.0	23.2	19.5	7.2	5.7	4.9	21.5	18.1	16.2	44.6	34.6	27.4
Pidilite Inds Ltd	BUY	142	181	72	1,360	6.1	6.8	8.1	23.1	20.9	17.5	6.6	5.5	4.6	16.5	14.9	12.2	31.7	28.7	29.0
Pantaloon Retail	SELL	170	UR	37	699	8.9	11.7	15.5	19.0	14.5	10.9	1.2	1.1	1.0	7.7	6.3	5.3	6.6	8.2	9.6
TTK Prestige Ltd	BUY	2,685	3,397	30	575	74.5	104.5	141.9	36.0	25.7	18.9	15.9	10.5	7.2	24.6	17.3	12.7	53.4	49.2	45.1
VST Inds Ltd	BUY	1,144	1,505	18	334	61.5	85.2	96.9	18.6	13.4	11.8	6.7	6.2	5.9	12.7	9.0	7.6	37.1	47.9	51.2
ENGINEERING & CONSTRUCTION																				
Voltas	BUY	85	135	28	531	9.6	7.6	9.0	8.9	11.2	9.4	2.1	1.8	1.5	5.6	7.0	5.8	25.9	17.0	17.6
Blue Star	SELL	171	200	15	292	17.8	12.8	15.8	9.6	13.4	10.9	2.9	2.9	2.9	7.6	9.1	7.5	32.0	21.6	24.4
NCC	SELL	38	61	10	186	7.0	3.7	4.5	5.5	10.2	8.6	0.4	0.4	0.4	6.8	6.7	5.9	7.7	4.0	4.6
IVRCL Infrastructure	BUY	33	43	9	169	5.8	3.6	3.7	5.7	9.2	9.1	0.4	0.4	0.4	5.5	5.7	5.1	8.2	4.8	4.7
VA Tech	BUY	336	635	9	168	26.1	26.7	33.9	12.9	12.6	9.9	1.6	1.5	1.3	2.2	4.5	3.6	13.5	12.0	14.1
CCCL	SELL	18	24	3	62	2.5	0.2	1.0	7.0	90.3	18.0	0.5	0.5	0.5	4.1	6.4	4.8	9.7	1.3	2.9
KNR Construction	BUY	93	170	3	49	23.8	19.9	18.2	3.9	4.6	5.1	0.7	0.6	0.6	2.2	2.3	2.2	25.2	14.7	12.0

*Source: Bloomberg, Ambit Capital research, Note: UR - Under Review; * December ended companies*

	Reco	CMP	TP	Mcap		EPS (₹)			P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)		
		₹	₹	₹ bn	US$mn	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
OIL & GAS																				
ONGC Ltd	BUY	257	339	2,202	41,680	26.2	28.1	30.6	9.8	9.2	8.4	1.9	1.8	1.6	4.1	3.7	3.4	20.7	20.1	20.0
GAIL Ltd	BUY	392	450	497	9,399	28.1	29.7	32.3	13.9	13.2	12.1	2.6	2.3	2.1	9.2	8.3	7.1	19.8	18.4	18.0
PLNG Ltd	BUY	153	190	115	2,173	8.3	13.2	13.9	18.5	11.6	11.0	4.3	3.4	2.8	12.0	8.1	7.5	25.2	32.8	28.3
GSPL Ltd	SELL	83	95	46	879	9.0	8.4	8.6	9.2	9.9	9.6	2.3	1.9	1.6	6.1	6.3	6.2	28.4	21.3	18.5
REAL ESTATE																				
Oberoi	BUY	220	271	72	1,366	15.8	18.3	23.9	14.0	12.0	9.2	2.2	1.9	1.6	9.1	7.8	5.9	15.0	16.0	17.0
Prestige	BUY	76	128	25	471	5.1	6.7	10.1	14.9	11.3	7.5	1.2	1.1	1.0	8.2	7.3	5.7	8.0	10.0	13.0
TECHNOLOGY																				
TCS	BUY	1,180	1,174	2,310	43,725	44.4	52.9	59.1	26.6	22.3	20.0	9.2	6.7	5.3	20.3	17.3	15.8	37.6	34.8	29.7
Infosys	SELL	2,740	2,298	1,573	29,781	119	131	143	22.9	20.9	19.2	5.7	5.0	4.2	15.7	14.8	14.3	27.1	25.5	23.8
Wipro	SELL	415	273	1,019	19,295	21.6	20.9	22.1	19.2	19.8	18.7	4.2	3.7	3.3	16.1	16.8	15.4	24.3	20.0	18.7
HCL	BUY	414	550	286	5,405	24.4	31.0	40.7	16.9	13.3	10.2	3.3	2.8	2.3	11.0	8.9	7.1	22.0	23.2	25.1
Redington	BUY	78	112	31	590	5.7	7.2	9.0	13.8	10.9	8.6	2.6	2.2	1.8	9.3	6.1	5.0	20.0	22.0	23.2
Eclerx	SELL	735	775	21	404	44.1	45.0	53.5	16.7	16.3	13.7	8.9	6.8	5.3	14.5	11.7	9.8	60.6	49.3	45.6
Educomp	SELL	197	UR	19	358	32.7	35.7	36.8	6.0	5.5	5.3	0.9	0.7	0.6	5.1	5.0	4.0	18.0	11.5	13.9
Polaris	BUY	126	211	13	237	20.3	19.6	19.3	6.2	6.4	6.5	1.2	1.1	0.9	3.5	2.7	2.7	23.2	17.7	15.4
Persistent	BUY	301	408	12	228	34.9	28.6	35.7	8.6	10.5	8.4	1.6	1.4	1.2	5.4	4.7	3.7	18.0	14.0	15.8
UTILITIES																				
Adani Power	BUY	73	116	159	3,012	2.4	5.5	12.3	31.0	13.4	5.9	2.5	2.1	1.6	32.1	14.0	5.7	8.5	17.3	30.4
Torrent Power	BUY	198	322	94	1,772	22.5	26.5	28.0	8.8	7.5	7.1	1.9	1.5	1.3	6.0	5.3	5.2	24.2	23.1	19.7
JSW Energy	SELL	42	UR	69	1,313	5.1	3.3	5.3	8.2	12.9	8.0	1.2	1.1	1.0	10.0	7.0	5.8	16.0	9.0	12.8

*Source: Bloomberg, Ambit Capital research, Note: UR - Under Review; * December ended companies*

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