

**India Strategy**  
**Q2FY11 Results Review: Superior performance**

*Emkay*®

Your success is our success

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# Surprises

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Positive	Negative
Century Ply	Dishman Pharma
Coromandel International	Emco
GSFC	H Honda
Punj Lloyd	HBL Power
Sun Pharma	Indo Tech Transformer
Tata Motors	IVRCL Infra
TCS	Jubilant Life
TNPL	Mahindra Satyam
	Orient Paper
	Shree Cement
	Tata Chemicals
	TRF
	Ultratech
	Voltamp

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# Executive Summary

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The Q2FY11 results were above expectation with a combination of a few positive while a few negative surprises. PAT growth for Emkay Universe\* (ex- Metals & Mining, Oil & Gas and Banking) was at 11.1% as against expectation of flat growth.

We expected 19.3% and 8.9% growth in Net Sales and EBITDA from Emkay Universe\*; the actual turned out to be a growth of 22.5% and 14.1% respectively. The PAT growth for Emkay Universe stood at 11.1% as against expectation of flat growth. We expected EBITDA margin to decline by 195 bps, the actual turned out to be a decline of 142 bps.

Emkay Large Cap, Emkay Mid Cap and Emkay Small Cap showed a PAT growth of 15.3%, -11.8% and -36.5% respectively.

EBITDA margins of Emkay Universe Companies declined by 142 bps YoY as against 39 bps decline in BSE 500. EBITDA margins improved amongst Emkay Universe Companies, for Offshore Oil Field Services (548 bps), Automobiles (206 bps) and Engineering & Capital Goods (71 bps). EBITDA margins declined for Cement (2028 bps), Telecommunications (530 bps), Power (395 bps), Auto Ancillaries (310 bps) and Paper (210 bps).

EBITDA of Emkay Universe Companies improved by 14.1% against 18% of BSE 500. EBITDA increased for Emkay Universe in sectors like Automobiles (56.6%), Agri Input & Chemicals (30.5%), Construction (28.3%), Engineering & Capital Goods (23.8%) and Offshore Oil Field Services (18.7%).

Interest cost decline by 1% YoY for Emkay Universe as compared to 10.6% increase in BSE 500. Interest cost increased for Emkay Universe Companies in Auto Ancillaries (58%), Engineering & Capital Goods (39%), Construction (29%), Paper (25%) and FMCG (25%).

Other Income grew by 17.8% YoY for Emkay Universe as compared to 33.7% decline in BSE 500. Other income increased for Emkay Universe Companies in IT Services (155%), Automobiles (49%), Construction (48%), FMCG (48%) and Print Media (35%).

PAT growth for Emkay Universe Companies was 11.1% YoY as against 22.7% of BSE 500\*. Top sectors with significant PAT growth in Emkay Universe Companies are Automobiles (108.9%), Agri Input & Chemicals (35.7%), Engineering & Capital Goods (19.6%), Paper (18.4%) and IT Services (17.4%). PAT declined for Cement (83.1%), Auto Ancillaries (42.6%), Telecommunications (27.9%) and Power (1.8%).

25% of Emkay Universe Companies have shown 0-15% EBITDA growth with 31% showing negative EBITDA growth. 17% of Emkay Universe Companies have shown EBITDA growth of 15-30% while 14% of Emkay Universe Companies have shown EBITDA growth of 30-50%. 17% of Emkay Universe Companies have shown EBITDA growth of >50%.

20% of Emkay Universe Companies have shown 0-15% PAT growth with 32% showing negative PAT growth. 16% of Emkay Universe Companies have shown PAT growth of 15-30% while 13% of Emkay Universe Companies have shown PAT growth of 30-50%. 19% of Emkay Universe Companies have shown PAT growth of >50%.

**Post Q2 results; we have revised earnings of 65 companies (33 upwards, 32 downwards). We have also changed recommendation for 33 companies (10 upwards, 23 downwards) and changed target prices of 73 companies (56 upwards, 17 downwards).**

**Emkay Universe companies are estimated to show 20%, 17% and 10% growth in sales, EBITDA and PAT respectively for FY11.**

**Emkay Universe is currently trading at 16.7X FY11E and 14x FY12E earnings which is at a discount of 10% and 9% respectively to consensus Sensex PE.**

# Emkay v/s Other Indices Quarterly Analysis

Parameters ---->	Net Sales Growth	Ebitda Growth	EBITDA Margin Growth	EBIT Margin Growth	Adjusted PBT Growth	Adjusted PAT Growth	Interest Cost Growth	Tax Growth
Sensex	20.5%	29.7%	134 bps	107 bps	37.4%	38.8%	0.0%	0.0%
NIFTY	18.8%	23.5%	74 bps	52 bps	28.9%	30.1%	3.9%	3.9%
BSE 500	20.6%	18.0%	-39 bps	-42 bps	21.0%	22.7%	10.6%	10.6%
BSE 200	19.5%	18.0%	-23 bps	-42 bps	20.1%	21.4%	8.1%	8.1%
BSE100	21.4%	23.0%	23 bps	13 bps	28.2%	30.2%	2.7%	2.7%
NSE Midcap	15.0%	1.9%	-193 bps	-227 bps	-4.9%	-5.3%	9.9%	9.9%
BSE 500 ex-Nifty	22.5%	11.9%	-148 bps	-134 bps	11.7%	13.8%	17.1%	17.1%
BSE 200 ex-Nifty	20.8%	7.8%	-210 bps	-224 bps	3.4%	4.8%	17.5%	17.5%
BSE 100 ex-Nifty	31.0%	21.1%	-123 bps	-104 bps	25.0%	30.9%	-6.4%	-6.4%
Emkay Small Cap	11.9%	-24.6%	-559 bps	-557 bps	-39.7%	-36.5%	2.5%	-42.7%
Emkay Mid Cap	9.6%	-3.0%	-239 bps	-261 bps	-9.4%	-11.8%	8.3%	-12.6%
Emkay Large Cap	25.2%	18.3%	-115 bps	-127 bps	18.0%	15.3%	-4.2%	28.5%
Emkay Universe	22.5%	14.1%	-142 bps	-155 bps	13.3%	11.1%	-1.0%	19.6%

*\*All numbers are Ex- oil & gas and banking*

# Actual vs Estimated Results

Company Name	Sales (Rs mn)			EBITDA (Rs mn)			APAT (Rs mn)			EBITDA Margin (%)		
	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	bps chg
Advanta India	2010	1735	16%	376	295	28%	178	56	218%	19%	17%	173
Chambal Fertilisers	15453	11203	38%	2253	1957	15%	982	805	22%	15%	17%	-289
Coromandel International	25761	23750	8%	3340	2375	41%	2226	1430	56%	13%	10%	297
Deepak Fertilisers	4141	3894	6%	800	886	-10%	448	469	-4%	19%	23%	-344
GNFC	8019	6553	22%	1153	1111	4%	639	568	12%	14%	17%	-258
GSFC	13007	10606	23%	3172	1925	65%	2070	1127	84%	24%	18%	624
Rallis India	3680	4011	-8%	883	922	-4%	587	626	-6%	24%	23%	100
Tata Chemicals	29909	28271	6%	4182	5916	-29%	1251	2423	-48%	14%	21%	-695
United Phosphorus	12569	13097	-4%	2326	2554	-9%	1307	1478	-12%	19%	20%	-99
Apollo Tyres	11756	12394	-5%	1215	1123	8%	374	384	-3%	10%	9%	127
JK Tyre	11385	12660	-10%	745	911	-18%	202	331	-39%	7%	7%	-65
Motherson Sumi	19576	20489	-4%	1919	2251	-15%	695	1078	-35%	10%	11%	-118
Ashok Leyland	27140	28348	-4%	3063	3057	0%	1671	1794	-7%	11%	11%	50
Bajaj Auto	43418	41321	5%	9122	8740	4%	6928	6504	7%	21%	21%	-14
Hero Honda	45520	45441	0%	6079	6899	-12%	5056	5676	-11%	13%	15%	-183
Mah & Mah	53635	53915	-1%	8500	7853	8%	7135	6354	12%	16%	15%	128
Maruti Suzuki India	91473	93569	-2%	9916	10305	-4%	6204	6454	-4%	11%	11%	-17
Tata Motors	287820	114722	151%	40016	12366	224%	21112	5348	295%	14%	11%	312
TVS Motor	16162	15846	2%	1075	1086	-1%	549	526	4%	7%	7%	-21
Allahabad Bank	9692	8574	13%	7815	6890	13%	4025	3542	14%	81%	80%	27
Andhra Bank	7832	7469	5%	5645	5748	-2%	3030	3314	-9%	72%	77%	-488
Axis Bank	16151	15550	4%	14864	14691	1%	7351	7024	5%	92%	94%	-244
Bank of Baroda	20381	19400	5%	16567	15482	7%	10193	7751	32%	81%	80%	148
Bank of India	17761	17153	4%	13796	13977	-1%	6167	5783	7%	78%	81%	-381
Canara Bank	20033	17929	12%	14157	15227	-7%	10078	8954	13%	71%	85%	-1426
Corporation Bank	7152	6866	4%	5735	6528	-12%	3517	3510	0%	80%	95%	-1490
HDFC Bank	25263	25554	-1%	18071	19240	-6%	9121	9351	-2%	72%	75%	-376
ICICI Bank	22044	20359	8%	22125	22091	0%	12369	10927	13%	100%	109%	-814
LIC Housing Finance	3051	3001	2%	3192	3128	2%	2341	2252	4%	105%	104%	40
Manappuram General Finance	1792	1729	4%	947	947	0%	602	607	-1%	53%	55%	-193
Punjab National Bank	29767	26712	11%	21001	22443	-6%	10746	10966	-2%	71%	84%	-1347

## Actual vs Estimated Results (Contd...)

Company Name	Sales (Rs mn)			EBITDA (Rs mn)			APAT (Rs mn)			EBITDA Margin (%)		
	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	bps chg
South Indian bank	1973	1691	17%	1248	1055	18%	770	578	33%	63%	62%	86
State Bank of India	81149	73320	11%	63570	63318	0%	25014	27215	-8%	78%	86%	-802
Union Bank of India	15358	13484	14%	11310	10160	11%	3037	5294	-43%	74%	75%	-171
United Bank Of India	5262	5212	1%	3546	3571	-1%	1097	1033	6%	67%	69%	-115
Yes Bank	3132	2877	9%	2813	2590	9%	1762	1609	9%	90%	90%	-20
ACC	16372	16807	-3%	1699	3303	-49%	900	1969	-54%	10%	20%	-928
Ambuja Cements	15640	15501	1%	2832	3395	-17%	1521	2075	-27%	18%	22%	-379
India Cements	8412	8098	4%	286	435	-34%	-449	-364	n.a	3%	5%	-197
Madras Cements	6421	6285	2%	1068	1131	-6%	185	210	-12%	17%	18%	-136
Orient Paper	3829	3230	19%	188	398	-53%	5	105	-95%	5%	12%	-740
Shree Cements	7176	7371	-3%	1427	1994	-28%	106	312	-66%	20%	27%	-717
IRB Infrastructure	4903	4558	8%	2364	2189	8%	991	784	26%	48%	48%	18
IVRCL	10502	12517	-16%	706	1152	-39%	233	433	-46%	7%	9%	-248
Jaiprakash Associates	29933	25343	18%	6811	5681	20%	1155	1143	1%	23%	22%	34
ABG Shipyard	5544	4898	13%	1442	1000	44%	637	455	40%	26%	20%	559
Bharat Bijlee	1846	1926	-4%	255	235	8%	151	129	17%	14%	12%	160
Bharati Shipyard	3434	3682	-7%	631	790	-20%	292	461	-37%	18%	21%	-307
BHEL	83284	83695	0%	14702	13500	9%	11423	10748	6%	18%	16%	152
Blue Star	6948	6604	5%	672	746	-10%	386	490	-21%	10%	11%	-161
Cummins India	10914	8227	33%	2172	1396	56%	1679	1264	33%	20%	17%	293
Elecon Engineering	2809	2704	4%	400	381	5%	142	123	15%	14%	14%	15
EMCO	2902	2662	9%	-274	214	-228%	-286	61	-569%	-9%	8%	-1748
Greaves Cotton	3784	3687	3%	599	543	10%	363	309	17%	16%	15%	109
Indo Tech	303	452	-33%	-60	37	-261%	-58	21	-378%	-20%	8%	-2802
Lakshmi Machine Works	4430	3895	14%	777	662	17%	459	351	31%	18%	17%	54
Larsen & Toubro	93308	91346	2%	10657	11199	-5%	6241	6249	0%	11%	12%	-84
Mcnally Bharat Engineering	4018	4255	-6%	219	296	-26%	97	107	-10%	5%	7%	-151
Punj Lloyd	19875	20695	-4%	1832	1628	13%	239	39	506%	9%	8%	135
Thermax	10916	9243	18%	1286	1113	16%	895	739	21%	12%	12%	-26
TRF	1925	1634	18%	-237	193	-223%	-222	108	-306%	-12%	12%	-2410
TRIL	1120	1079	4%	151	157	-4%	101	95	6%	14%	15%	-106



# Actual vs Estimated Results (Contd...)

Company Name	Sales (Rs mn)			EBITDA (Rs mn)			APAT (Rs mn)			EBITDA Margin (%)		
	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	bps chg
Voltamp Transformers	1243	1375	-10%	125	211	-41%	93	175	-47%	10%	15%	-528
Voltas	10651	11999	-11%	1075	1139	-6%	746	810	-8%	10%	9%	61
CRISIL	1591	1519	5%	562	519	8%	439	395	11%	35%	34%	115
ICRA	484	464	4%	200	172	16%	141	129	9%	41%	37%	426
Asian Paints	18108	19468	-7%	3315	3367	-2%	2147	2159	-1%	18%	17%	101
Godrej Consumer Products	9647	10080	-4%	1810	1791	1%	1302	1158	12%	19%	18%	98
Hindustan Unilever	47647	46029	4%	6469	6613	-2%	5257	5157	2%	14%	14%	-79
Marico	7788	8049	-3%	993	1075	-8%	716	712	0%	13%	13%	-60
eClerx Services	823	831	-1%	298	308	-3%	276	275	0%	36%	37%	-93
HCL Tech	36116	35115	3%	5634	5613	0%	3004	3111	-3%	16%	16%	-38
Hexaware Technologies	2817	2705	4%	240	227	6%	168	129	31%	9%	8%	13
Infosys	69470	67707	3%	23150	22673	2%	17370	17365	0%	33%	33%	-16
NIIT	3458	3364	3%	532	553	-4%	285	269	6%	15%	16%	-105
Patni Computer	7967	8004	0%	1505	1550	-3%	1281	1143	12%	19%	19%	-48
TCS	92864	87736	6%	27894	25815	8%	21065	19594	8%	30%	29%	61
Tech Mahindra	15339	12033	27%	2818	2303	22%	1873	1566	20%	18%	19%	-77
Wipro	77719	80735	-4%	14447	15111	-4%	12849	13046	-2%	19%	19%	-13
Aban Offshore	8281	7981	4%	5563	4758	17%	891	1079	-17%	67%	60%	756
Garware Offshore	493	463	6%	188	179	5%	43	43	-1%	38%	39%	-55
Great Offshore	1992	2275	-12%	1048	1083	-3%	281	292	-4%	53%	48%	503
BPCL	354348	318921	11%	24865	-4066	n.a	21422	-6777	n.a	7%	-1%	829
HPCL	308702	281154	10%	24829	-3966	n.a	20898	-7639	n.a	8%	-1%	945
Indian Oil	773357	729125	6%	68900	-3646	n.a	52939	-11385	n.a	9%	-1%	941
Century Plyboards	3410	3240	5%	688	537	28%	420	276	52%	20%	17%	360
Essel Propack	3687	3307	11%	627	577	9%	95	136	-30%	17%	17%	-43
HBL Power Systems	2581	2743	-6%	204	411	-50%	26	180	-86%	8%	15%	-709
Jubilant FoodWorks	1634	1377	19%	297	255	16%	184	156	18%	18%	19%	-36
Kajaria Ceramics	2222	2132	4%	349	341	2%	133	131	1%	16%	16%	-30
Piramal Glass	3067	3124	-2%	681	669	2%	207	156	33%	22%	21%	79
Sintex Industries	9231	8475	9%	1716	1488	15%	1001	783	28%	19%	18%	104
Sterlite Tech	5094	5973	-15%	906	1006	-10%	576	651	-12%	18%	17%	93

## Actual vs Estimated Results (Contd...)

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	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	% chg	Actual	Expected	bps chg
Titan Industries	15361	14519	6%	1736	1291	34%	1278	964	33%	11%	9%	241
Ballarpur Inds	10227	12373	-17%	2092	2700	-23%	410	782	-48%	20%	22%	-137
JK Paper	3133	2796	12%	709	635	12%	291	246	18%	23%	23%	-8
Tamilnadu Newsprint	2972	2780	7%	940	866	9%	408	301	36%	32%	31%	48
Aurobindo Pharma	11126	10314	8%	2542	2147	18%	1437	1105	30%	23%	21%	203
Cadila Healthcare	11167	11208	0%	2449	2545	-4%	1708	1715	0%	22%	23%	-78
Cipla	16154	16043	1%	3666	3902	-6%	2630	2850	-8%	23%	24%	-163
Dishman Pharma	2128	2138	0%	369	492	-25%	85	205	-58%	17%	23%	-564
Divi's Lab	2589	2915	-11%	878	1188	-26%	719	976	-26%	34%	41%	-683
Dr. Reddy's Lab	18704	18232	3%	3475	3263	7%	2912	2553	14%	19%	18%	68
Glaxosmithkline Pharma	5893	5820	1%	2160	2193	-2%	1583	1587	0%	37%	38%	-103
Glenmark Pharma	7414	7012	6%	1870	1766	6%	996	1005	-1%	25%	25%	5
Ipca Lab	5183	5139	1%	1180	1151	2%	730	762	-4%	23%	22%	37
Jubilant Life Sciences	9921	10360	-4%	1595	1931	-17%	826	1089	-24%	16%	19%	-257
Lupin	14340	13702	5%	2986	2809	6%	2150	1983	8%	21%	21%	33
Panacea Biotec	2562	2497	3%	564	580	-3%	190	258	-26%	22%	23%	-124
Ranbaxy Labs	19347	18715	3%	1386	2002	-31%	1063	1126	-6%	7%	11%	-353
Sun Pharma	13701	10726	28%	4670	3094	51%	5037	3081	63%	34%	29%	524
Torrent Pharma	5815	5497	6%	1175	1171	0%	762	817	-7%	20%	21%	-109
Gujarat Industries Power	2120	2148	-1%	418	529	-21%	155	249	-38%	20%	25%	-491
NTPC	129893	124226	5%	30101	36886	-18%	18385	21539	-15%	23%	30%	-652
DB Corp	3010	3085	-2%	951	1139	-16%	551	774	-29%	32%	37%	-531
Deccan Chronicle	2367	2626	-10%	1179	1464	-19%	826	1050	-21%	50%	56%	-592
Jagran Prakashan	2769	2864	-3%	908	980	-7%	555	599	-7%	33%	34%	-141
HT Media	4455	4256	5%	791	929	-15%	388	431	-10%	18%	22%	-407
Bharti Airtel	152150	156167	-3%	51212	55091	-7%	16616	19176	-13%	34%	35%	-162
Idea Cellular	36592	38071	-4%	8788	9242	-5%	1797	1996	-10%	24%	24%	-26
Reliance Communications	51183	52467	-2%	16595	17611	-6%	4459	2240	99%	32%	34%	-114
Tulip Telecom	5850	5615	4%	1634	1625	1%	781	826	-6%	28%	29%	-102
<b>Emkay Universe</b>	<b>3820727</b>	<b>3490912</b>	<b>9%</b>	<b>750089</b>	<b>603277</b>	<b>24%</b>	<b>435880</b>	<b>299119</b>	<b>46%</b>	<b>20%</b>	<b>17%</b>	<b>235</b>
<b>Emkay*</b>	<b>2094451</b>	<b>1892850</b>	<b>11%</b>	<b>404331</b>	<b>387177</b>	<b>4%</b>	<b>228819</b>	<b>214685</b>	<b>7%</b>	<b>19%</b>	<b>20%</b>	<b>-115</b>

# Emkay Universe Sector Analysis

	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ
Agri Input & Chemicals	114549	86841	84514	36%	32%	18485	15095	14163	31%	22%	9689	7907	7140	36%	23%	6.1	4.9	4.5	36%	23%
Auto Ancillaries	42717	41941	38009	12%	2%	3879	3799	4630	-16%	2%	1271	1237	2213	-43%	3%	1.4	1.3	2.4	-43%	3%
Automobiles	565167	523748	424426	33%	8%	77771	71941	49652	57%	8%	48654	43452	23289	109%	12%	12.8	11.4	6.2	105%	12%
Banks & Financial Services	287794	261607	202790	42%	10%	226402	219836	186273	22%	3%	111222	114597	93597	19%	-3%	13.7	14.3	12.1	13%	-4%
Cement	57849	70323	66718	-13%	-18%	7500	18099	22179	-66%	-59%	2268	9737	13455	-83%	-77%	0.9	3.9	5.5	-83%	-77%
Construction	45338	47924	34522	31%	-5%	9880	9919	7701	28%	0%	2379	2364	2349	1%	1%	0.9	0.9	0.9	1%	1%
Engineering & Capital Goods	269254	225671	229639	17%	19%	36424	28074	29426	24%	30%	23379	17938	19544	20%	30%	9.2	7.1	7.8	18%	30%
Financial Services - Others	2075	1922	1692	23%	8%	762	600	626	22%	27%	580	466	525	10%	24%	33.7	27.1	30.5	10%	24%
FMCG	83190	81286	72633	15%	2%	12586	12417	11843	6%	1%	9422	8867	9157	3%	6%	2.9	2.8	2.9	1%	6%
IT Services	306573	275488	255762	20%	11%	76518	68286	66224	16%	12%	58171	53202	49563	17%	9%	9.3	8.5	7.9	17%	9%
Offshore Oil Field Services	10765	11269	9928	8%	-4%	6799	6360	5726	19%	7%	1215	2379	1092	11%	-49%	12.3	22.8	11.1	11%	-46%
Oil & Gas	1436407	1354585	1126910	27%	6%	118595	-56054	6907	1617%		95259	-69894	-111			30.4	-22.3	-0.1		
Paper	16332	16696	13668	19%	-2%	3740	3949	3416	9%	-5%	1108	1343	936	18%	-17%	1.4	1.7	1.2	18%	-17%
Pharmaceuticals	146042	138886	128286	14%	5%	30966	32658	28225	10%	-5%	22829	25209	20473	12%	-9%	6.9	7.6	6.9	0%	-9%
Power	132013	131934	107095	23%	0%	30519	30470	28984	5%	0%	18540	18838	18880	-2%	-2%	2.2	2.2	2.2	-2%	-2%
Print Media	12600	12045	11070	14%	5%	3830	4036	3554	8%	-5%	2320	2577	2199	6%	-10%	2.4	2.7	2.3	6%	-10%
Telecommunications	245775	215189	195460	26%	14%	78229	70761	72572	8%	11%	23653	22213	32785	-28%	6%	2.5	2.4	3.6	-29%	6%
Others	46287	41537	38455	20%	11%	7205	6057	6222	16%	19%	3920	3175	2819	39%	23%	2.5	2.0	2.3	9%	23%
Small Cap*	58438	53211	52221	12%	10%	6748	7003	8952	-25%	-4%	2184	2401	3441	-37%	-9%	1.5	1.7	2.4	-37%	-9%
Mid Cap*	278569	254456	254124	10%	9%	51303	47984	52864	-3%	7%	22266	22008	25254	-12%	1%	2.9	2.9	3.5	-16%	1%
Large Cap*	1757445	1613111	1403841	25%	9%	346280	326934	292702	18%	6%	204369	196027	177198	15%	4%	5.3	5.0	4.6	13%	4%
<b>Emkay*</b>	<b>2094451</b>	<b>1920779</b>	<b>1710186</b>	<b>22%</b>	<b>9%</b>	<b>404331</b>	<b>381921</b>	<b>354517</b>	<b>14%</b>	<b>6%</b>	<b>228819</b>	<b>220437</b>	<b>205892</b>	<b>11%</b>	<b>4%</b>	<b>4.8</b>	<b>4.6</b>	<b>4.4</b>	<b>9%</b>	<b>4%</b>
<b>Emkay</b>	<b>3820727</b>	<b>3538893</b>	<b>3041578</b>	<b>26%</b>	<b>8%</b>	<b>750089</b>	<b>546303</b>	<b>548323</b>	<b>37%</b>	<b>37%</b>	<b>435880</b>	<b>265606</b>	<b>299904</b>	<b>45%</b>	<b>64%</b>	<b>7.4</b>	<b>4.5</b>	<b>5.3</b>	<b>39%</b>	<b>64%</b>

\*Excluding Banks & FS, FS - Others and Oil & Gas

# Q2FY11 Strong Results

Company Name	Sector	APAT (Rs mn)		APAT Gr
		Sep-10	Sep-09	(%)
<b>Large Caps</b>				
Ashok Leyland	Automobiles	1671	896	86.5
Bajaj Auto	Automobiles	6928	4347	59.4
Bank of Baroda	Banks & Financial Services	10193	6341	60.8
Bank of India	Banks & Financial Services	6167	3234	90.7
Coromandel International	Agri Input & Chemicals	2226	1136	96.0
Cummins India	Engineering & Capital Goods	1679	879	90.9
Indian Oil	Oil & Gas	52939	2845	1760.7
LIC Housing Finance	Banks & Financial Services	2341	1500	56.1
Tata Motors	Automobiles	21112	219	9538.8
Thermax	Engineering & Capital Goods	895	541	65.4
Titan Industries	Others	1278	776	64.7
Yes Bank	Banks & Financial Services	1762	1117	57.7
<b>Mid Caps</b>				
eClerx Services	IT Services	276	161	71.3
Greaves Cotton	Engineering & Capital Goods	363	239	51.8
GSFC	Agri Input & Chemicals	2070	772	168.3
HT Media	Print Media	388	241	61.1
Jubilant FoodWorks	Others	184	78	137.5
Manappuram General Finance	Banks & Financial Services	602	185	226.0
Sintex Industries	Others	1001	572	74.9
South Indian bank	Banks & Financial Services	770	489	57.4
TVS Motor	Automobiles	549	249	120.5
<b>Small Caps</b>				
Kajaria Ceramics	Others	133	88	51.9
Piramal Glass	Others	207	5	3727.8

## Q2FY11 Weak Results

Company Name	Sector	APAT (Rs mn)		APAT Gr
		Sep-10	Sep-09	(%)
<b>Large Caps</b>				
ACC	Cement	900	4355	-79.3
Ambuja Cements	Cement	1521	2723	-44.2
Reliance Communications	Telecommunications	4459	7432	-40.0
Union Bank of India	Banks & Financial Services	3037	5054	-39.9
<b>Mid Caps</b>				
Apollo Tyres	Auto Ancillaries	374	1021	-63.4
Dishman Pharma	Pharmaceuticals	85	191	-55.3
Hexaware Technologies	IT Services	168	414	-59.4
IVRCL	Construction	233	479	-51.4
Madras Cements	Cement	185	1699	-89.1
Punj Lloyd	Engineering & Capital Goods	239	528	-54.8
Shree Cements	Cement	106	2889	-96.3
<b>Small Caps</b>				
Garware Offshore	Offshore Oil Field Services	43	63	-32.0
HBL Power Systems	Others	26	325	-92.0
JK Tyre	Auto Ancillaries	202	595	-66.1
Orient Paper	Cement	5	407	-98.8
Voltamp Transformers	Engineering & Capital Goods	93	172	-45.7

# Surprises

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Positive	Negative
Century Ply	Dishman Pharma
Coromandel International	Emco
GSFC	H Honda
Punj Lloyd	HBL Power
Sun Pharma	Indo Tech Transformer
Tata Motors	IVRCL Infra
TCS	Jubilant Life
TNPL	Mahindra Satyam
	Orient Paper
	Shree Cement
	Tata Chemicals
	TRF
	Ultratech
	Voltamp

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# Earnings Upgrade/Downgrade

Company Name	FY11E			Company Name	FY11E			Company Name	FY12E			Company Name	FY12E		
	Previous	Current	% chg		Previous	Current	% chg		Previous	Current	% chg		Previous	Current	% chg
Aban Offshore	130.5	114.7	-12.1%	Indo Tech	11.3	11.3	0.0%	ACC	75.7	71.2	-5.9%	Lupin	22.8	23.7	4.0%
ABG Shipyard	44.4	44.4	0.0%	Infosys	124.2	122.7	-1.2%	Allahabad Bank	42.7	48.8	14.3%	Madras Cements	11.9	10.8	-9.3%
ACC	66.4	61.2	-8.0%	IRB Infrastructure	14.1	13.3	-5.7%	Ambuja Cements	9.3	9.1	-2.9%	Mah & Mah	42.6	47.8	12.3%
Advanta India	30.7	30.7	0.0%	IVRCL	8.9	7.2	-19.0%	Apollo Tyres	9.8	8.3	-15.9%	Mahindra Satyam	6.4	4.9	-23.7%
Allahabad Bank	34.5	38.0	10.0%	Jaiprakash Associates	4.4	4.4	0.0%	Ashok Leyland	6.4	6.4	0.4%	Manappuram General Finance	10.2	14.3	40.2%
Ambuja Cements	8.5	8.3	-2.5%	JK Tyre	34.7	26.9	-22.6%	Bajaj Auto	105.0	110.3	5.1%	Maruti Suzuki India	101.8	98.2	-3.5%
Andhra Bank	25.6	25.6	0.0%	Jubilant Foodworks	10.1	11.3	11.6%	Bharti Airtel	23.0	21.6	-6.3%	Motherson Sumi	13.5	13.0	-4.0%
Apollo Tyres	7.2	6.0	-16.1%	Jubilant Life Sciences	34.7	25.2	-27.4%	Canara Bank	105.3	118.7	12.7%	NTPC	12.8	11.1	-13.5%
Ashok Leyland	5.0	5.2	4.2%	Kajaria Ceramics	6.7	6.7	0.0%	Century Plyboards	9.9	9.2	-7.0%	Orient Paper	9.5	8.8	-6.8%
Axis Bank	80.8	80.8	0.0%	Lakshmi Machine Works	116.5	123.5	6.0%	Coromandel International	47.0	57.9	23.3%	Panacea Biotech	22.8	24.1	5.7%
Bajaj Auto	83.7	87.1	4.0%	Lupin	18.8	19.6	4.2%	CRISIL	284.4	325.3	14.4%	Patni Computer	37.4	35.3	-5.7%
Bank of Baroda	108.3	108.3	0.0%	Madras Cements	8.9	8.3	-6.1%	Cummins India	35.9	37.3	4.0%	Piramal Glass	18.1	18.7	3.3%
Bank of India	51.6	51.6	0.0%	Mah & Mah	39.1	43.3	10.7%	DB Corp	14.9	14.6	-2.2%	Ranbaxy Labs	29.3	27.7	-5.4%
Bharat Bijlee	96.1	96.1	0.0%	Mahindra Satyam	5.1	2.7	-48.0%	Deccan Chronicle	15.9	15.0	-5.5%	Reliance Communications	10.8	9.1	-16.3%
Bharati Shipyard	32.9	32.9	0.0%	Manappuram General Finance	6.2	7.5	21.0%	Dishman Pharma	18.7	13.9	-25.9%	Shree Cements	176.6	165.3	-6.4%
Bharti Airtel	20.0	18.3	-8.5%	Maruti Suzuki India	88.7	85.7	-3.4%	Divi's Lab	40.0	35.9	-10.2%	Sintex Industries	36.0	40.2	11.6%
BHEL	110.6	110.6	0.0%	Motherson Sumi	9.9	8.1	-17.9%	Dr. Reddy's Lab	99.8	110.0	10.2%	South Indian bank	3.2	3.5	9.3%
Blue Star	25.0	25.0	0.0%	NTPC	11.2	10.0	-10.5%	eClerx Services	43.7	48.9	11.9%	State Bank of India	229.6	243.7	6.2%
Canara Bank	88.9	99.8	12.3%	Orient Paper	7.3	6.5	-11.8%	Garware Offshore	23.1	21.1	-8.9%	Sterlite Tech	10.1	8.3	-17.1%
Century Plyboards	5.8	6.2	5.8%	Panacea Biotech	17.1	18.0	5.8%	Glenmark Pharma	19.0	19.6	3.1%	Sun Pharma	83.8	103.2	23.2%
Chambal Fertilisers	8.5	8.5	0.0%	Piramal Glass	8.4	9.3	10.5%	Godrej Consumer Products	19.0	20.3	7.0%	Tamilnadu Newsprint	23.9	24.8	3.7%
Coromandel International	38.2	44.5	16.5%	Punjab National Bank	142.6	142.6	0.0%	Great Offshore	73.4	70.0	-4.5%	Tata Motors	137.8	168.3	22.1%
Corporation Bank	103.8	103.8	0.0%	Rallis India	77.3	77.3	0.0%	GSFC	46.0	66.3	44.2%	TCS	44.5	47.5	6.7%
Cummins India	30.6	32.0	4.6%	Ranbaxy Labs	27.1	31.7	17.1%	HCL Tech	29.9	29.8	-0.6%	Tech Mahindra	77.2	77.5	0.3%
DB Corp	15.1	13.6	-9.9%	Reliance Communications	11.2	9.7	-14.0%	HDFC Bank	106.8	109.6	2.6%	Titan Industries	106.2	116.2	9.5%
Deccan Chronicle	12.9	12.1	-6.5%	Shree Cements	138.8	112.3	-19.1%	Hero Honda	137.1	122.8	-10.5%	TRF	88.7	58.4	-34.1%
Deepak Fertilisers	21.2	21.2	0.0%	Sintex Industries	28.5	31.8	11.6%	ICRA	69.0	72.7	5.3%	TVS Motor	5.6	6.0	7.4%
Dishman Pharma	14.5	10.7	-26.5%	South Indian bank	2.4	2.7	10.3%	Infosys	146.3	148.4	1.4%	Ultratech Cement	72.4	66.4	-8.3%
Divi's Lab	31.8	27.2	-14.4%	State Bank of India	182.0	191.5	5.2%	IRB Infrastructure	16.2	15.4	-4.7%	Union Bank of India	58.3	55.1	-5.5%
Dr. Reddy's Lab	71.8	76.6	6.7%	Sterlite Tech	8.0	6.3	-20.7%	IVRCL	11.1	9.2	-16.5%	Voltamp Transformers	89.4	72.1	-19.3%
eClerx Services	37.7	40.2	6.7%	Sun Pharma	71.5	86.3	20.7%	Jubilant Foodworks	12.1	15.4	27.2%	Wipro	23.4	23.1	-1.0%
Elecon Engineering	6.9	6.9	0.0%	Tamilnadu Newsprint	19.0	22.3	17.5%	Jubilant Life Sciences	40.2	33.4	-16.9%	Yes Bank	27.5	32.2	17.0%
EMCO	-5.3	-5.3	0.0%	Tata Chemicals	34.4	34.4	0.0%	Lakshmi Machine Works	128.6	143.9	12.0%				
Garware Offshore	18.1	14.7	-18.5%	Tata Motors	101.6	141.1	38.9%								
Glenmark Pharma	16.9	17.5	3.3%	TCS	41.5	42.4	2.2%								
GNFC	11.6	11.6	0.0%	Tech Mahindra	67.7	69.6	2.8%								
Godrej Consumer Products	14.5	15.5	7.0%	Titan Industries	79.2	87.0	9.8%								
Grasim Industries	201.8	201.8	0.0%	TRF	63.7	36.1	-43.2%								
Great Offshore	59.5	53.7	-9.6%	TVS Motor	4.0	4.1	4.5%								
GSFC	43.9	70.4	60.4%	Ultratech Cement	65.4	54.8	-16.2%								
Gujarat Industries Power	9.8	6.2	-36.5%	Union Bank of India	46.6	37.4	-19.7%								
HBL Power Systems	3.6	3.6	0.0%	United Bank Of India	16.4	16.4	0.0%								
HCL Tech	24.7	23.5	-5.0%	United Phosphorus	16.0	15.8	-1.5%								
HDFC Bank	84.1	87.5	4.0%	Voltamp Transformers	72.4	57.1	-21.2%								
Hero Honda	120.0	107.2	-10.7%	Wipro	21.6	21.1	-2.0%								
Himadri Chemicals	33.3	33.3	0.0%	Yes Bank	19.5	21.7	11.6%								
ICICI Bank	46.2	46.2	0.0%												
India Cements	4.5	3.6	-20.2%												

# Changes in Recommendation

Company Name	Previous	Current
ACC	Hold	Accumulate
Apollo Tyres	Buy	Hold
Bharat Bijlee	Accumulate	Buy
BPCL	Buy	Accumulate
Cadila HealthCare	Buy	Accumulate
Canara Bank	Accumulate	Reduce
Cipla	Reduce	Accumulate
CRISIL	Reduce	Accumulate
DB Corp	Accumulate	Hold
Divi's Lab	Buy	Accumulate
Glenmark Pharma	Hold	Accumulate
Great Offshore	Accumulate	Buy
GSFC	Accumulate	Buy
Gujarat Industries Power	Buy	Accumulate
HCL Tech	Accumulate	Hold
HDFC Bank	Hold	Reduce
Hero Honda	Hold	Reduce

Company Name	Previous	Current
Hindustan Unilever	Hold	Reduce
ICICI Bank	Reduce	Hold
ICRA	Reduce	Accumulate
Indian Oil	Buy	Accumulate
Manappuram General Finance	Buy	Hold
Maruti Suzuki India	Accumulate	Hold
Motherson Sumi	Buy	Accumulate
NTPC	Accumulate	Hold
Reliance Communications	Hold	Reduce
South Indian bank	Buy	Accumulate
Sterlite Tech	Buy	Hold
Tata Motors	Accumulate	Buy
TRF	Buy	Accumulate
TVS Motor	Hold	Reduce
Union Bank of India	Buy	Hold
United Bank Of India	Buy	Hold



# Changes in Target Price

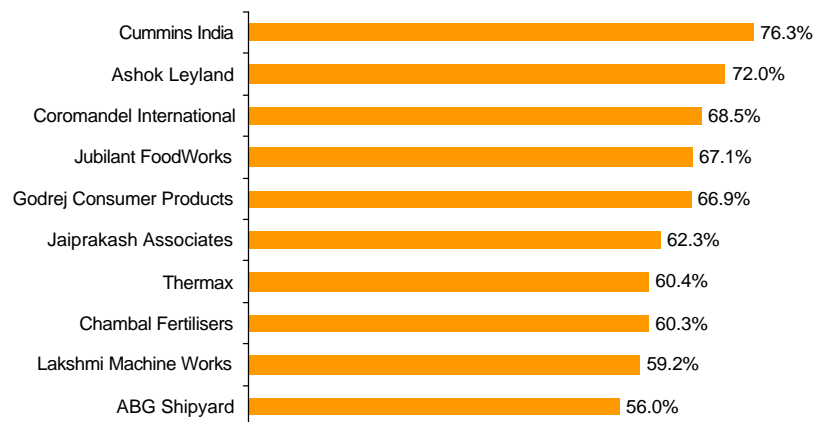
Company Name	Previous	Current	% chg
ACC	875	1035	18%
Allahabad Bank	280	300	7%
Ambuja Cements	112	130	16%
Apollo Tyres	80	70	-13%
Aurobindo Pharma	1242	1581	27%
Axis Bank	1100	1200	9%
Bajaj Auto	1630	1710	5%
Bank of Baroda	920	1160	26%
BPCL	675	805	19%
Canara Bank	600	636	6%
Coromandel International Corporation Bank	565	870	54%
CRISIL	4800	7000	46%
Cummins India	784	820	5%
Deccan Chronicle	180	175	-3%
Deepak Fertilisers	175	250	43%
Dishman Pharma	224	181	-19%
Divi's Lab	852	756	-11%
Dr. Reddy's Lab	1543	1763	14%
eClerx Services	465	670	44%
Garware Offshore	147	160	9%
Glenmark Pharma	308	381	24%
Godrej Consumer Products	371	447	20%
Grasim Industries	2340	2600	11%
GSFC	368	530	44%

Company Name	Previous	Current	% chg
HDFC Bank	1950	2100	8%
Hero Honda	1930	1720	-11%
Hindustan Unilever	271	275	1%
HT Media	159	175	10%
ICICI Bank	900	1200	33%
ICRA	1200	1550	29%
India Cements	98	114	16%
Indian Oil	392	458	17%
Infosys	3200	3300	3%
IRB Infrastructure	310	304	-2%
IVRCL	185	160	-14%
JK Tyre	205	195	-5%
Jubilant Foodworks	400	600	50%
Jubilant Life Sciences	455	390	-14%
Lakshmi Machine Works	2170	2660	23%
LIC Housing Finance	1100	1490	35%
Lupin	422	496	18%
Madras Cements	101	113	12%
Mah & Mah	775	880	14%
Mahindra Satyam	81	70	-14%
Manappuram General Finance	90	160	78%
Maruti Suzuki India	1450	1600	10%
Motherson Sumi	205	200	-2%
NTPC	220	190	-14%
Orient Paper	63	77	22%

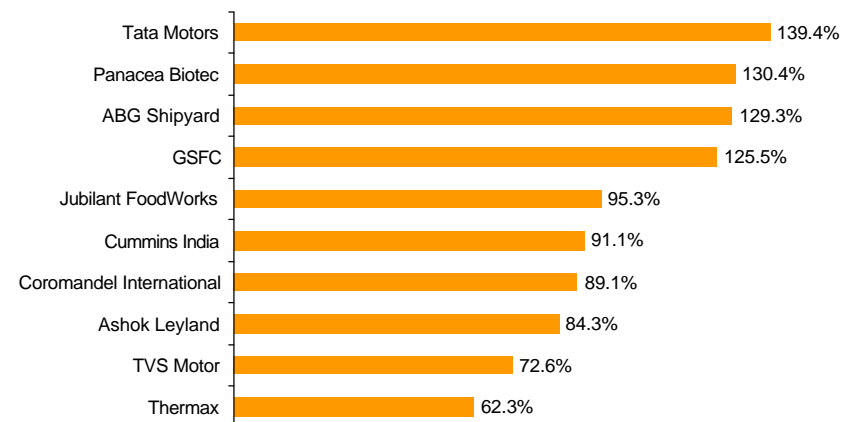
Company Name	Previous	Current	% chg
Panacea Biotec	209	241	15%
Piramal Glass	142	160	13%
Punjab National Bank	1370	1500	9%
Rallis India	1440	1800	25%
Reliance Communications	180	135	-25%
Shree Cements	2200	2330	6%
Sintex Industries	325	430	32%
South Indian bank	24	30	25%
State Bank of India	2630	3000	14%
Sterlite Tech	131	100	-24%
Sun Pharma	1866	2300	23%
Tamilnadu Newsprint	143	200	40%
Tata Motors	1235	1550	26%
TCS	890	1075	21%
Tech Mahindra	720	810	13%
Titan Industries	3074	3762	22%
TRF	1079	754	-30%
TVS Motor	67	72	7%
Ultratech Cement	880	1040	18%
Union Bank of India	440	400	-9%
United Bank Of India	110	150	36%
Voltamp Transformers	955	840	-12%
Yes Bank	260	300	15%

# Top 10 Strong Results

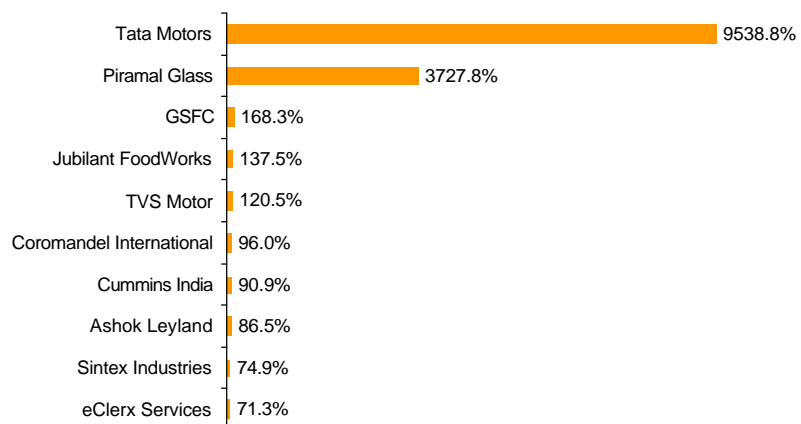
**Net Sales Growth**



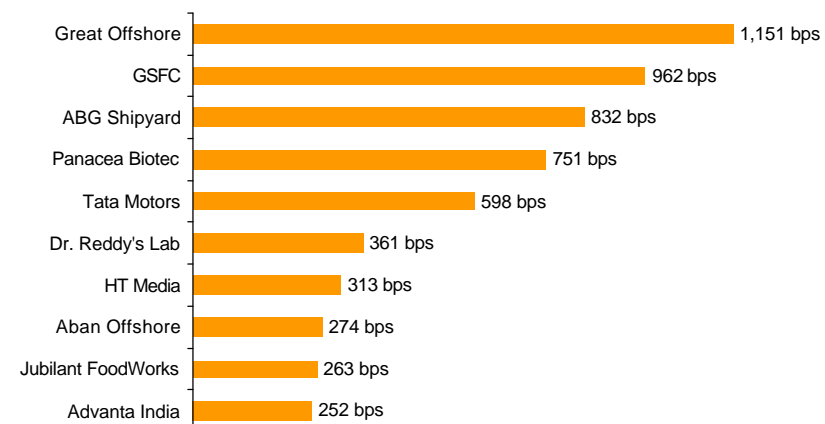
**Ebitda Growth**



**PAT Growth**

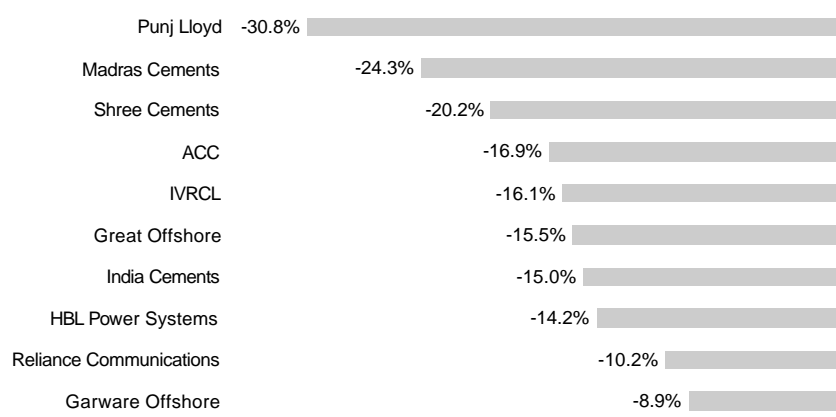


**Ebitda Margin Growth**

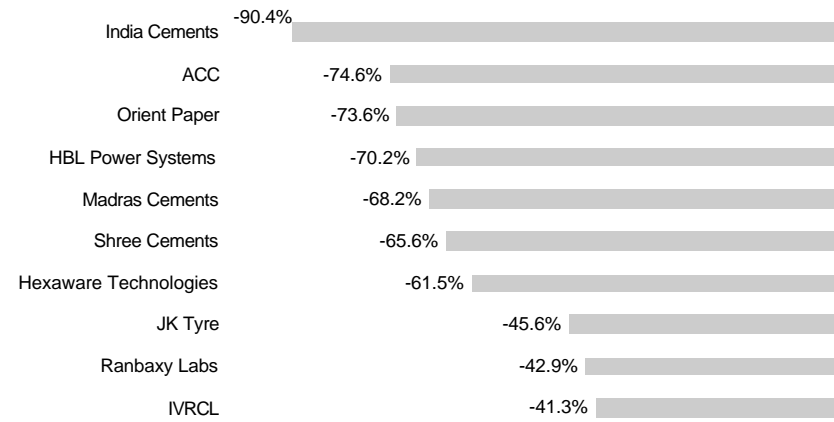


# Top 10 Weak Results

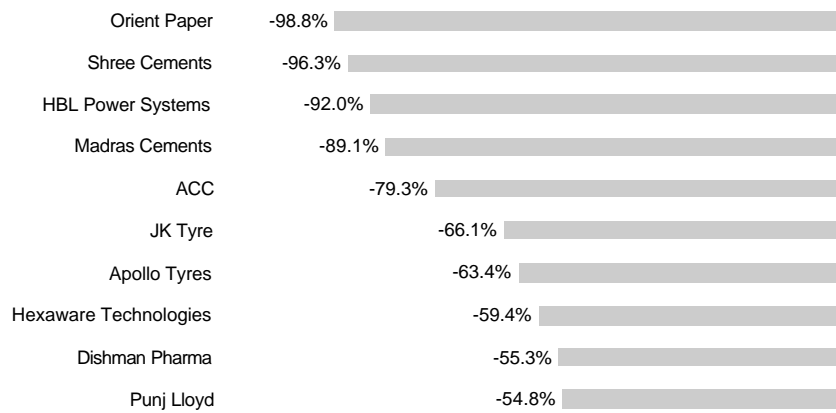
## Net Sales Growth



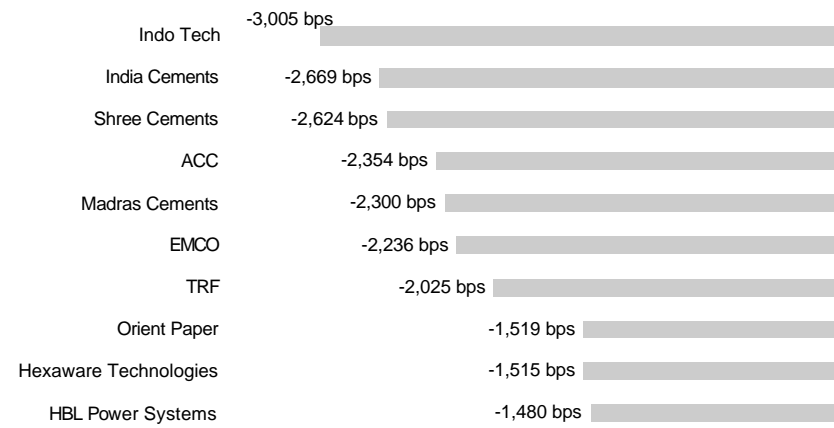
## Ebitda Growth



## PAT Growth

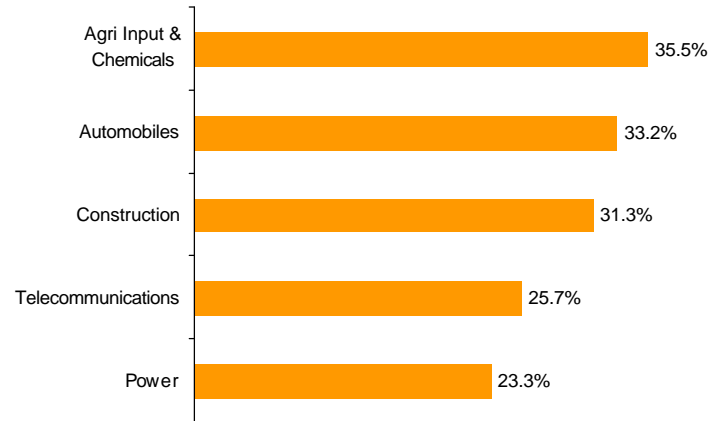


## Ebitda Margin Growth

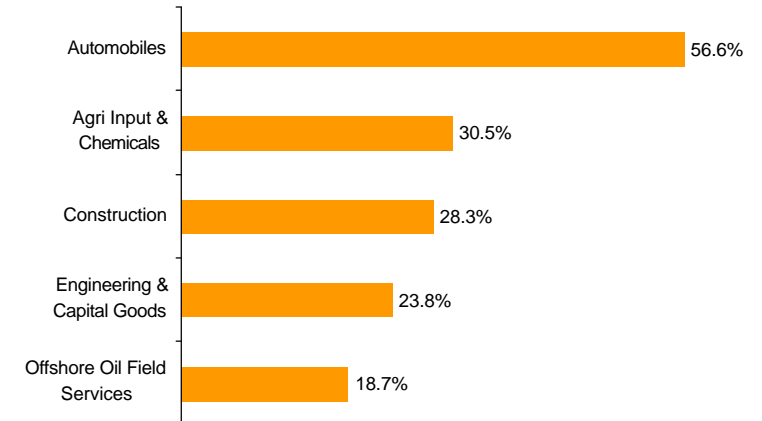


# Top 5 Strong Sectors

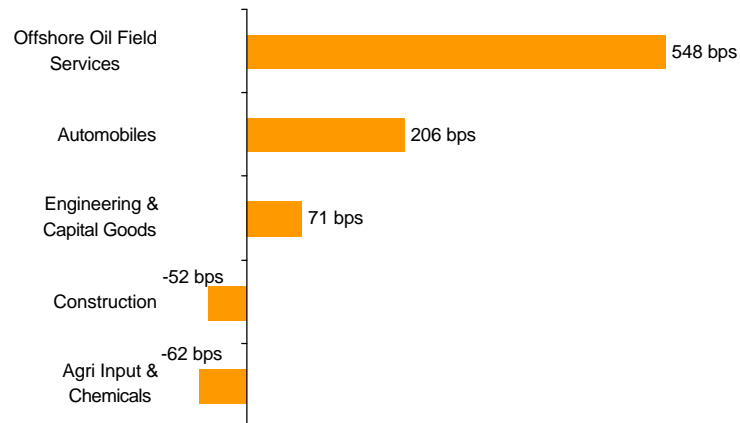
**Net Sales Growth**



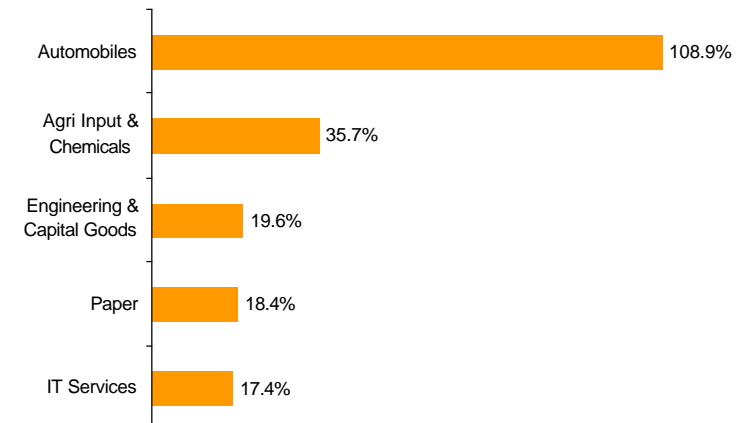
**Ebitda Growth**



**Ebitda Margin Growth**

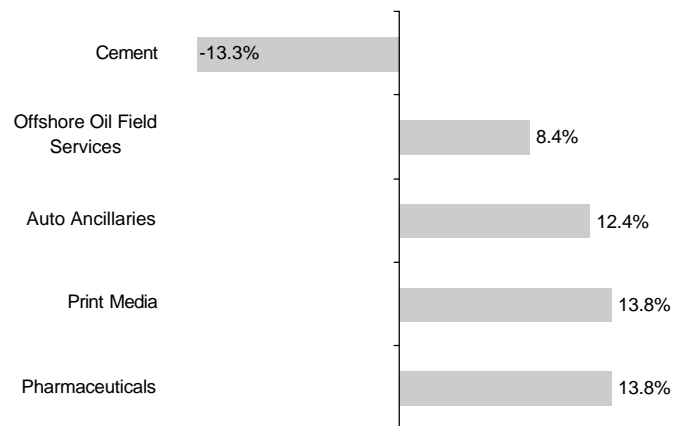


**PAT Growth**

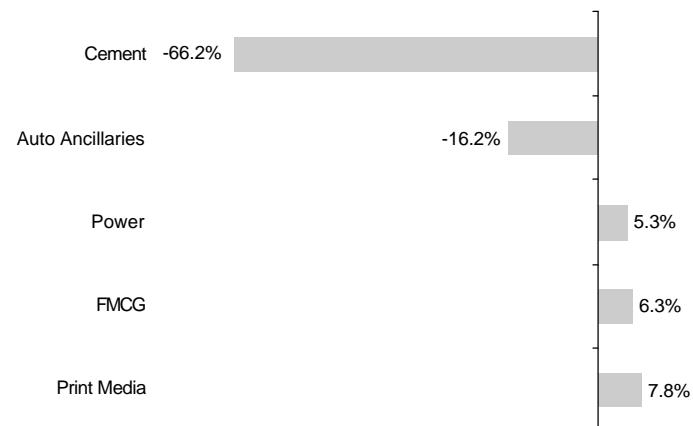


# Top 5 Weak Sectors

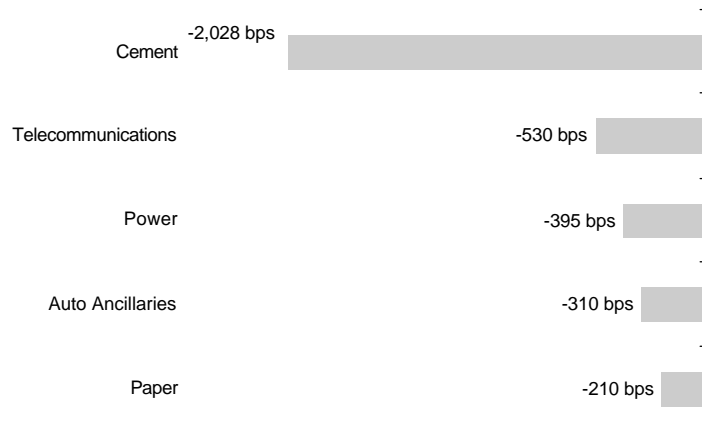
**Net Sales Growth**



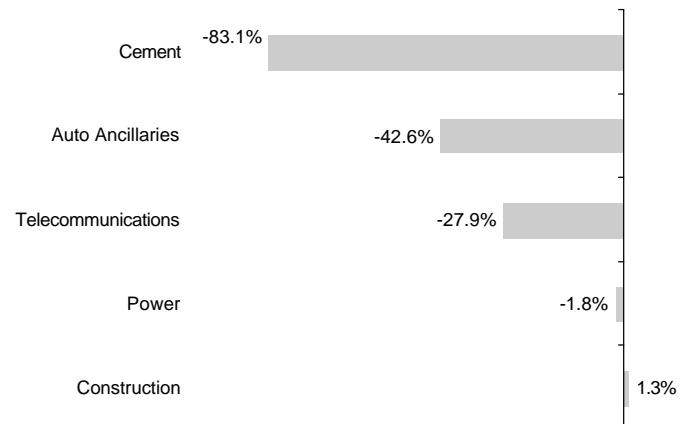
**Ebitda Growth**



**Ebitda Margin Growth**

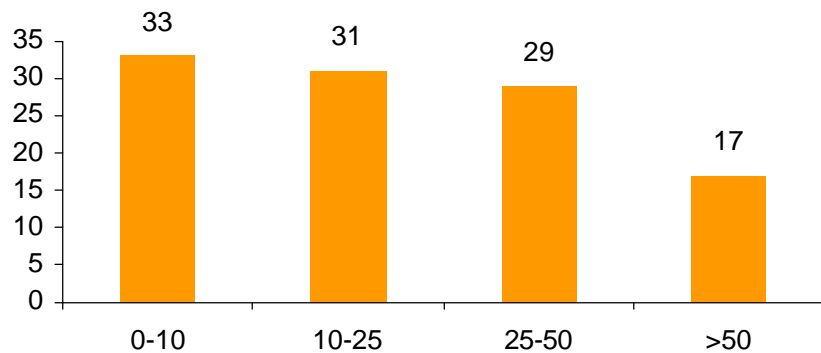


**PAT Growth**

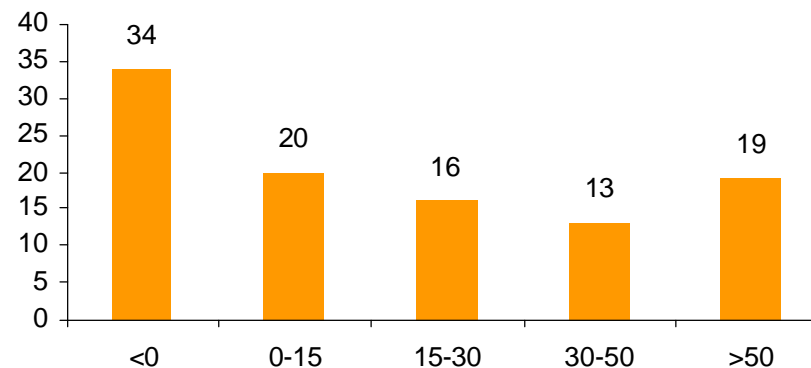


# Frequency Distribution (No. of Companies)

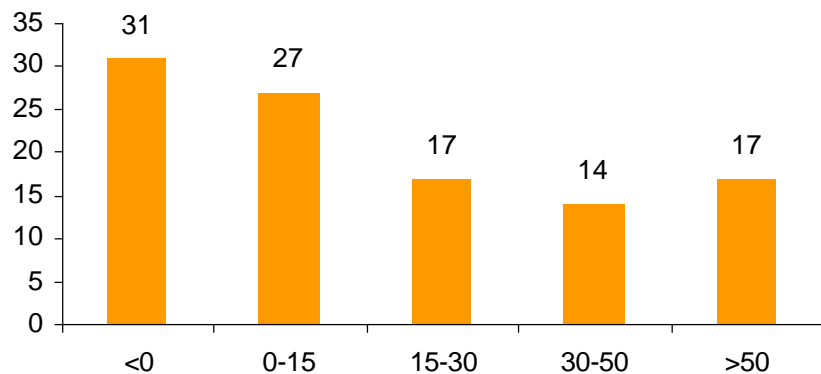
Net Sales Growth



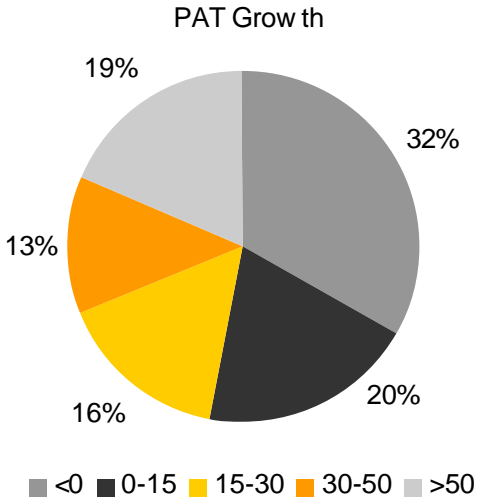
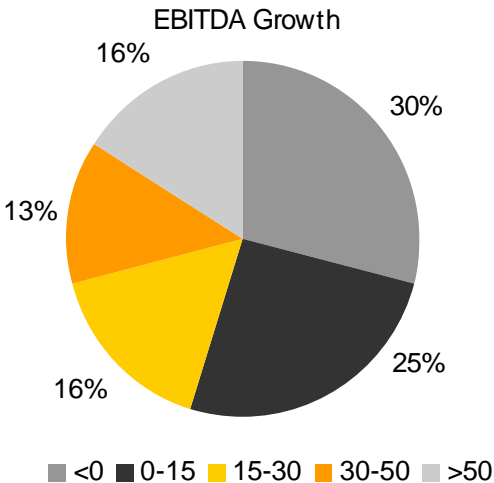
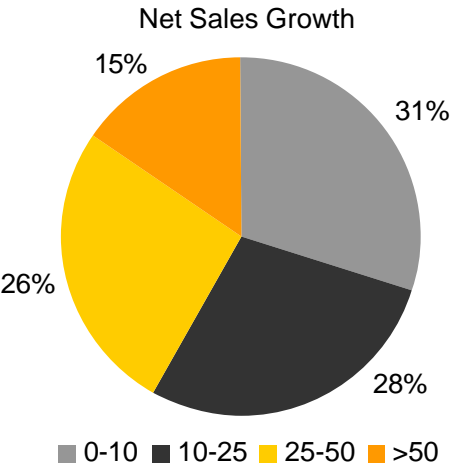
PAT Growth



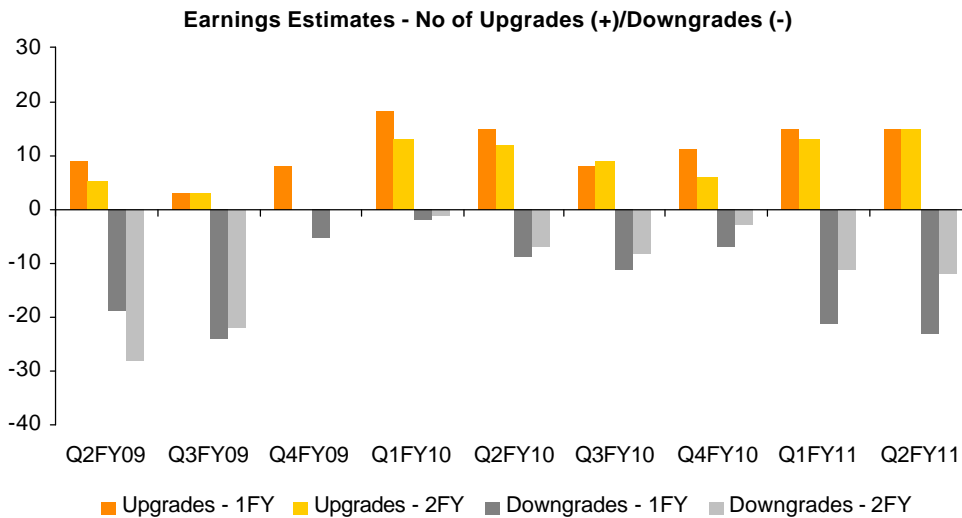
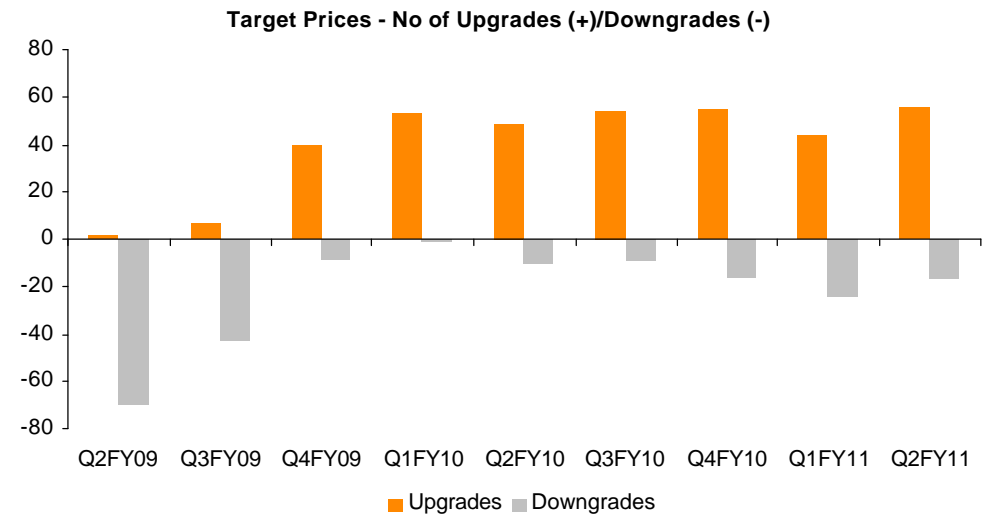
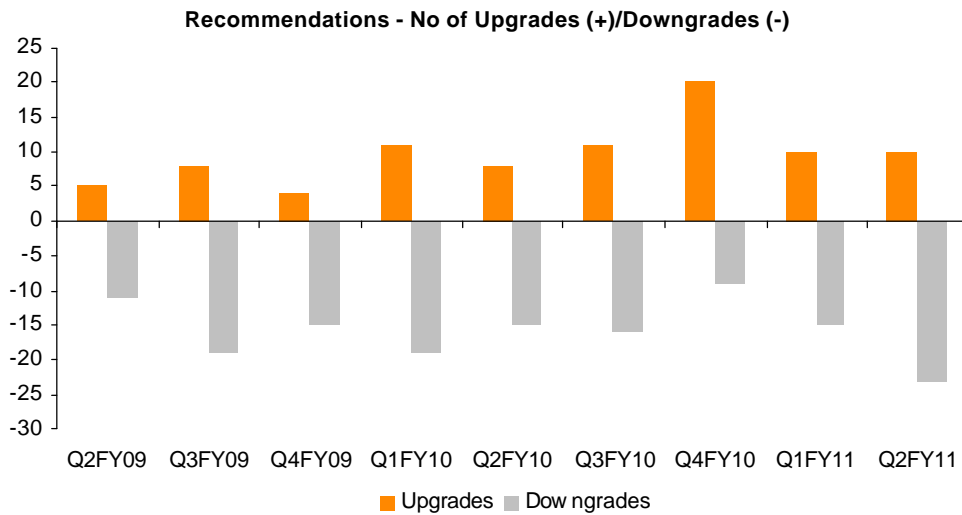
EBITDA Growth



# Frequency Distribution (Percentage)



# Quarterly Comparison: More downgrades than upgrades



Note: 1FY=FY09 & 2FY = FY10 for Q2FY09 - Q3FY09

1FY=FY10 & 2FY = FY11 for Q4FY09 - Q3FY10

1FY=FY11 & 2FY = FY12 for Q4FY10 - Q1FY11



# **Sectoral Analysis of Q2FY11 Results**

- Agri input and chemical companies' results for the quarter were a mixed bag though aggregate revenues and PAT were higher by 11% and 8%, respectively than our estimates
- Post results, we upgraded our recommendation for GSFC and upgraded target price for Coromandel, Deepak Fertilisers, GSFC and Rallis India. Results for Tata Chemicals were disappointing
- Aggregate revenues grew by 36% yoy / 32% qoq while EBITDA margins declined by 60 bps yoy / 125 bps qoq to 16.1% resulting into 36% yoy / 23% growth in APAT
- Impact of Nutrient Based Subsidies (NBS) scheme reflected on companies' fertilisers business and fertiliser EBIT margins improved by 190 bps to 11.7%. As a result fertiliser EBIT increased by 68% yoy and contributed 54% of the profit as against 44% previous year
- Chemical segment EBIT margins declined by 230 bps yoy to 20.7% (mainly due to 510bps drop in Tata Chemicals) while resulting EBIT declined by 8% yoy
- Agrochemical companies' results were marginally below estimates due to pressure in export markets and floods in domestic markets
- We expect Q3FY11 results for Agri input companies to remain robust on the back of healthy margins in fertiliser segment and strong chemicals prices. GSFC, Deepak Fertilisers, Chambal Fertilisers and Coromandel International remain our key sector picks

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Advanta India	21.6	18.7	40.6	178	NA	10.6	447	672	HOLD	↑	Improving global conditions reflected in Q3CY10 results as revenues increased by 21.6% yoy to Rs 2 bn, ahead of est led by the pick up in company's Australian business and strong performance of sorghum and canola crops. EBITDA margins at 18.7% improved by 250 bps yoy. Advanta posted APAT of Rs 178 mn vs loss of Rs 53 mn previous and AEPS of Rs 10.6. Maintain HOLD.
Chambal Fertilisers	60.3	14.6	17.5	982	17.2	2.4	90	77	ACCUMULATE	↑	Revenues at Rs 15.5 bn were better than est driven by higher trading. Fertiliser margins remained strong at 17.7% while shipping segment margins improved by 860 bps to 21.2%. EBITDA margins declined by 530bps to 14.6% due to higher trading while EBITDA increased by 17.5% yoy. Results are adjusted for M-T-M in shipping division and interest rate swap of Rs 122 mn.
Coromandel International	68.5	13.0	89.1	2226	96.0	15.9	635	870	BUY	↑	Adjusting for subsidy of Rs 1.97 bn related to previous period, revenues increased by 69% to Rs 25.8 bn due to 38% increase in fertiliser sale volumes to 1.03 mn mt. Benefitting from NBS, CIL is likely to sustain high margins and pass on increase in raw material prices to farmers. FY11 and FY12 EPS upgraded by 16% and 23% respectively and target multiple from 12x to 15x. Target price revised to Rs 870 (15x FY12E EPS). Maintain BUY.
Deepak Fertilisers	16.7	19.3	10.9	448	23.4	5.1	182	250	BUY	↓	Net revenues of Rs 4.1 bn were above est while EBITDA margins at 19.3% were below estimates of 22.8%. Margins decline is on account of lower chemical production and high gas prices. Fertiliser sales volumes increased by 38% and segment margins improved to 7.9% from 5.3%. Price target revised by 43% to Rs 250 (10x FY12E EPS). Maintain BUY.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
GNFC	4.6	14.4	-14.0	639	5.3	4.1	125	157	BUY	↔	Higher sale of complex fertilisers resulted in 3.4% increase in fertiliser revenues to Rs 4.8 bn. However, at EBIT level, the division made marginal EBIT loss of Rs 18 mn. Chemical segment revenues at Rs 3.1 bn were inline with est. GNFC's ammonia plant resumed operations in Q2FY11 as the company posted APAT of Rs 639 mn, +5% yoy after losses in previous 2 quarters.
GSFC	36.6	24.4	125.5	2070	168.3	26.0	365	530	BUY	↑	Fertiliser EBIT tripled to Rs 1.8 bn on the back of NBS policy(EBIT margins 19.8%) while chemicals EBIT doubled to Rs 1.3 bn due to favourable spread in caprolactum(EBIT margins 32.6%) resulting in 960 bps increase in EBITDA margins to 24.4%. Due to improved visibility and rising contribution from fertiliser division, FY11E EPS upgraded by 60% to Rs 70.4, target price revised upward by 43% to Rs 530. Reco changed from ACCUMULATE to BUY.
Rallis India	14.7	24.0	18.5	587	22.9	30.2	1,374	1,800	BUY	↔	Net revenues at Rs 3.7 bn were below est due to recent floods in the country which adversely affected sales. Commissioning of Dahej facility, strong CRAMS opportunity and possibility of inorganic growth can be future triggers following which we introduce FY13E EPS of Rs 120.5 and subsequently revise target price to Rs 1,800 (15x FY13E EPS). Maintain BUY.
Tata Chemicals	33.4	14.0	3.7	1251	-25.4	5.1	373	393	ACCUMULATE	↓	Q2FY11 results were below est mainly due to poor stand alone results. Loss of production due to floods and rise in raw material (coking coke) prices affected soda ash margins. Fertiliser margins remained under pressure due to disruption of ammonia plant. BMGL and Rallis results remained encouraging with PAT of Rs 70 mn and Rs 580 mn respectively while IMACID disappointed.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
United Phosphorus	8.6	18.5	18.4	1307	-1.3	3.0	184	230	BUY	↓	Revenues grew by 9% yoy to Rs 12.6 bn driven by 45% and 23% growth in India and RoW respectively. UPL reported volume growth of 13%, while forex impact of -3% affected revenues adversely. EBITDA margins at 18.5%, +150 bps yoy remained below estimates. Adjusting for forex loss of Rs 160 mn, APAT remained flat at Rs 1.3 bn. FY11 EPS downgraded by 1.5% to Rs 15.8. Maintain TP of Rs 230, BUY.

# Auto Ancillaries

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Apollo Tyres*	-3.7	10.3	-39.3	374	-63.4	0.7	62	70	HOLD	↓	ATL's 2QFY11 performance was below expectation, due to disappointment in VBBV operations. Standalone result was in line due to inventory accretion (12.5% of sales). VBBV margins at 8.2% contracted by 330 bps QoQ. Key factors to watch are (1) rubber prices (2) pricing action both in domestic as well as international markets and (3) demand in domestic replacement market.
JK Tyres	20.9	6.5	-45.6	202	-66.1	4.9	148	195	BUY	↓	JKT's 2QFY11 performance was below expectation due to lower net sales. EBIDTA was below expectation due to lower topline, margins at 6.5% were below est. of 7.2%. EBIDTA per ton witnessed sequential improvement of 11%. Key factors to watch are (1) rubber prices and (2) pricing action.
Motherson Sumi	19.4	9.8	52.3	695	16.5	1.8	182	200	ACCUMULATE	↓	MSSL's 2QFY11 performance was below expectation due to lower sales & profitability in SMR/other subsidiaries. However, standalone business reported strong performance. Key things to watch (1) demand from developed countries and 2() currency movement in H2FY11.

\* Standalone

- The revenue growth of 33% YoY to Rs565bn for our automobile universe was ahead of our est. Rs560bn.
- EBIDTA at Rs78n (YoY growth of 57%) was above our expectation of Rs 73bn. Tata Motors, M&M and Bajaj Auto were the key contributors, while Hero Honda was the biggest disappointment. Strong JLR performance more than compensated for weak performance of the standalone business for Tata Motors. It is interesting to note that all the CV players have reported EBIDTA margins lower than our expectations.
- APAT at Rs48.6bn (YoY growth of 109%), was above our expectation of Rs 45bn. Except for Maruti, other income was higher than our expectation. M&M, Bajaj Auto and Hero Honda have reported significant increase in other income. Higher than expected tax rate restricted the impact of higher other income.
- We have upgraded our FY12E EPS for Tata Motors (>30%), M&M (~11%), TVS Motor (~7%) and Bajaj Auto (~5%) where as Hero Honda (~11) and Maruti (~3%) witnessed EPS downgrade. For Maruti, marginal earnings downgrade is despite volume upgrade due to adverse currency swings/lack of price hike.
- Post the results, we have upgraded our rating on Tata Motors to BUY (from ACCUMULATE) and downgraded our rating to REDUCE (from HOLD) in case of Hero Honda and TVS Motor. For Maruti, we have downgraded our rating to HOLD from ACCUMULATE

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Ashok Leyland	72.0	11.3	84.3	1,671	86.5	1.3	74	76	HOLD	↓	ALL's 2QFY11 performance was marginally below expectation due to lower than expected net sales. EBIDTA margins at 11.3% were above expectation of 10.8% due to lower RM to sales and other expenses. Key factors to watch out for (1) M&HCV demand momentum in H2FY11 & FY12 and (2) ramp up at Pantnagar.
Bajaj Auto	50.4	21.0	43.3	6,928	59.4	23.9	1,563	1,710	ACCUMULATE	↑	BAL's 2QFY11 performance was above expectation, driven by higher topline. EBIDTA margins at 21.0% were marginally below expectation of 21.2% due to higher other expenses. Key factors to watch out for (1) traction in export market (2) capacity constraint (3) RM cost pressure.
Hero Honda	12.1	13.4	-18.3	5,056	-15.3	25.3	1,946	1,720	REDUCE	↓	HH's 2QFY11 performance was below expectation. EBIDTA margins nosedived to 13.4% vs est. of 15.2%. Margins came under pressure on account of higher RM/sales ratio and higher other expenses. Key factors to watch are (1) Capacity expansion plans and (2) pricing action.
M & M*	19.6	15.8	10.7	7,135	20.8	11.9	753	880	BUY	↑	M&M's 2QFY11 performance was above expectation, with margins at 15.8% surprising positively. Lower RM to sales resulted in margin expansion. Margin in FES segment at 17.1% declined 330bps YoY, however, automotive segment witnessed a 40bps YoY expansion to 13.5%. Major factors to watch are (1) Volume growth and (2) Details on Ssangyong bid.

\* Standalone



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Maruti	27.0	10.8	8.2	6,204	8.8	21.5	1,406	1,600	HOLD	↓	MSIL's 2QFY11 performance was marginally below expectation due to lower than expected sales & higher tax rate. Sales were lower due to lower avg. realisation per vehicle. Volume outlook remains strong. Major factors to watch going forward are (1) currency movements/ price hikes and (2) increase in capacity.
Tata Motors	36.4	13.9	139.4	21,112	-	34.5	1,190	1,550	BUY	↑	TML's 2QFY11 performance was above expectation due to strong performance by JLR (margins of 15.6% vs est.11.6%).Margin was driven by higher ASP's and lower other expenses. Standalone business margin disappoint at 9.5% (est.10.8%). Major factors to watch going forward are (1) performance of JLR and MHCV demand in H2FY11.
TVS Motor	43.0	6.7	72.6	549	120.5	1.2	78	72	REDUCE	↔	TVS' 2QFY11 performance was mixed bag. Despite strong sales & lower RM/sales ratio, EBIDTA margins were marginally below expectation due to higher staff cost and other expenses. Major factors to watch going forward are (1) Volume growth especially in motorcycle, (2) volume trajectory in export market and (3) improvement in margins.

## Banking and Financial Services

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- Advances growth during the quarter stood at 23%yoy, while deposit growth stood at 19.7%yoy, resulting in CD ratio of 76% in 2QFY11.
- NII grew by a strong 41%yoy and 10%QoQ, led by better than expected NIM's. NIM's for most of the PSU banks saw an increase of 10-30bps sequentially (Except BOI and Corp Bank), while private banks witnesses a lower 5-15bps expansion in margins sequentially.
- The fee income for public sector banks grew by a strong 30.6%yoy, while private banks reported a relatively lower growth of 18%yoy. However the strong growth in fee income was offset by lower treasury gains during the quarter, resulting in flat other income.
- Despite strong operating performance public sector banks reported 7.2%qoq decline in PAT, led by higher NPA provisioning and substantial rise in employee expenses as most of the public sector banks have started making ad-hoc provisions for retirement benefits. However private banks reported 30%yoy and 8% qoq increase in PAT during the quarter.
- Asset quality continued to deteriorate as slippages remained higher for most of the banks, especially public sector banks. GNPA and NNPA for Public sector banks increased 10.6%QoQ and 7.0%qoq respectively, while private banks witness a relatively lower increase of just 2.5%qoq at the gross level.
- Our top picks are Allahabad Bank, BOB, Andhra Bank, Corporation Bank, PNB, CRISIL and ICRA.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Allahabad Bank	60.7	3.0	20.3	4,025	20.7	9.0	251	300	BUY	↑	Superb results for Q2FY11 driven by 14% qoq growth in NII, 16% qoq growth in net profit. The growth was achieved on 8.4% qoq growth in loans and 16bps qoq expansion in NIMs . The strong growth was achieved despite providing Rs349mn higher than Q2FY10 for pension/gratuity and provisions on the agri debt relief NPAs. The slippages excluding agri NPAs were at Rs2.3bn, 1.1% annualised. The provision cover stood at 69% for Q2FY11.
Andhra Bank	52.2	3.5	24.7	3,030	10.5	6.2	171	210	BUY	↔	NII growth ahead of estimates led by 27% growth in advances and 17bps qoq expansion in NIMs. However net profit slightly below expectations. Lower employee expenses partially offset negative impact of lower other income and higher provisioning. Asset quality deteriorated as GNPA and NNPA increased 33% and 75% sequentially. Provision cover fell to 61% (70% as per RBI norms) from 70% in Q1FY11.
Axis Bank Ltd.	40.5	3.3	13.8	7,351	38.3	18.0	1,384	1,200	REDUCE	↑	Axis Bank's (AXSB) Q2FY11 NII at Rs16.2bn marginally ahead of expectations driven by 36% growth in advances and 18bps expansion in NIMs. Higher growth in NII was partially offset by lower trading gains and higher operating expenditure. Slippages continue to remain high resulting in higher credit costs. Slippages for Q2FY11 at 1.7% vis-à-vis 1.5% in FY10 and 1.6% in Q1FY1.
Bank of Baroda	46.8	2.7	60.6	10,193	60.8	27.9	938	1,160	BUY	↑	BOB's Q2FY11 net profit at Rs10.2bn was far ahead of our expectations driven by better than expected NII and lower than expected provisions. The slippages were extremely positive surprise at just Rs2.9bn (0.6% annualised). Consequently, the provision requirement was also down. No provision for pensions was the only negative surprise in the results. However, we believe that with strong revenue traction, BOB can easily provide upto Rs2bn/quarter for same.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Bank of India	26.1	2.5	14.4	6,167	90.7	11.7	468	450	REDUCE	↔	BOI's Q2FY11 NII at Rs17.8bn in line with expectations led by stable NIMs and 4.3% qoq growth in gross advances. PAT at Rs6.2bn on expected lines. Slippages remain high at Rs8.2bn for the quarter; 1.8% annualised vs. 2.5% for FY10. We estimate FY11E slippage at Rs24bn. The NPA profile still remains uncomfortable with net NPAs of 1.1% (13% NNPA/networth) and provision cover of 57.5%.
Canara Bank	52.5	2.9	-0.2	10,078	10.7	24.6	759	636	REDUCE	↑	Canara Bank's (CNBK) NII at Rs20.0bn was better than our expectations driven by 29bps qoq expansion in NIMs. Advances book was flat qoq. However lower than expected other income and higher operating expenditure resulted in flat operating profit yoy. Provisioning continues to remain low at 0.5% annualized as against an average of 0.8% for FY08-10.
Corporation Bank	42.1	2.5	7.3	3,517	21.0	24.5	710	860	BUY	↑	CRPBK's Q2FY11 NII/PAT at Rs7.2bn/Rs3.5bn better than expected driven by 33% yoy growth in advances and 38bps yoy expansion in NIMs to 2.6%.. Though slippages at 1.0% annualized higher than 0.8% in FY10, still better than industry average. The reported provision cover improved by 150bps to 63.6%, PCR as per RBI norms at 79%.
HDFC Bank Ltd.	29.2	4.2	13.5	9,121	32.7	19.7	2,305	2,100	REDUCE	↔	A strong 7.7% qoq growth in core operating profit without diluting asset quality was highlight of Q2FY11 results. The net profit grew by 32.7% yoy despite trading losses. The NII has grown by strong 5.2% qoq driven by 7.4% qoq growth in advances and stable NIMs. Other positive highlights were (1) CASA maintained at 50.6% and (2) stable NPAs and (3) 30bps improvement in tier I CAR despite strong growth in advances.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
ICICI Bank Ltd.	8.3	2.3	-9.2	12,369	18.9	10.7	1,149	1,200	HOLD	↑	ICICI Bank's Q2FY11 NII/PAT at Rs22.0/12.4bn were ahead of our estimates. The stronger performance was driven by better NIMs (+10bps qoq) and lower than expected provisions. The net addition to ICICI Bank's NPAs was almost zero during the quarter. Total/retail net slippages at Rs2.6bn/1.7bn, only due to BoR merger. Other positives: (1) 13% qoq growth in core operating profit driven by strong fees and (2) provision cover at 69%, reached 70% earlier than guided.
Punjab National Bank	49.4	3.7	30.7	10,746	16.0	34.1	1,286	1,500	BUY	↑	PNB's Q2FY11 NII at Rs29.8bn better than expectations driven by 6% qoq growth in advances and 12bps expansion in NIMs. Net profit at Rs10.7bn in line with expectations. Slippages surprise positively at Rs9.1bn lower than Rs12.1bn reported in Q1FY11. However, gross NPAs rise due to lower recoveries. Provision cover strong at 77% (RBI norms). Other positives in the result – (1) CASA at 40.6% despite strong growth in balance sheet (2) provisions done at 65% on net incremental slippages and (3) robust fee income growth.
The South Indian Bank Ltd.	39.4	3.0	13.2	770	57.4	0.7	27	30	ACCUMULATE	↑	SIB reported strong 39.4% growth in NII at Rs2.0bn and 57.4% yoy growth in PAT at Rs770mn, ahead of our expectations. The growth was driven by 36% growth in advances and 35bps qoq expansion in NIMs. The gross NPAs remained stable at Rs2.3bn. Slippages controlled at Rs260mn, 0.6% of advances. Provision cover stood strong at 71%.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
State Bank of India (SBI)	44.7	3.0	31.5	25,014	0.5	39.4	2,992	3,000	REDUCE	↓	SBI's net profit at Rs25.0bn, lower than our estimates driven by higher than expected provisions for the merger of State Bank of Indore (SBIIndore). Operating performance strong with NII growth of 45% (Rs81bn), operating profit growth of 31.5%. Other highlights (1) CASA at 47% and (2) fee income growth of 22% qoq. The slippages continue to remain high at Rs44.1bn for the quarter (Rs41.6bn excluding agri relief NPAs). Provision expenses to remain high at Rs18-19bn in coming quarters.
Union Bank of India	72.6	3.0	39.6	3,037	-39.9	6.0	371	400	HOLD	↓	UBI's Q2FY11 net profit at Rs3.0bn (-40%yoy), significantly below expectation led by higher provisioning and opex. The NII at 15.4bn inline with expectation, led by 30bps expansion in NIMs, albeit advances remaining flat qoq. The slippages during the quarter were higher at Rs11.3bn (3.6% annualised) including Rs4.2bn from agriculture NPAs, Rs760mn from restructured pool & Rs2.2bn from one big a/c.
United Bank of India	48.0	2.7	63.8	1,097	31.1	3.5	120	150	HOLD	↔	UNTDB's Q2FY11 earnings were in line with our estimates with NII at Rs5.3bn and PAT at Rs1.1bn. Other income growth strong at 26%qoq to Rs1.5bn; the bank has used robust other income for provisions. The slippages have surprised positively at Rs2bn (Rs2.5bn in Q1FY11, our exp – Rs2.5bn). The NPAs have remained largely stable during the quarter. PCR at 50%, 71.8% as per RBI norm.
YES Bank	77.9	2.7	46.7	1,762	57.7	5.1	323	300	REDUCE	↑	Yes Bank's Q2FY11 NII at Rs3.1bn and PAT at Rs1.8bn were better than our expectations driven by 15.6% qoq growth in advances and restricted pressure on NIMs. Advances grew 15.6% qoq driven by sharp growth in the agriculture and infrastructure loans; deposits grew by 32% qoq, CASA witnessed some pressure with 40bps shrinkage. Asset quality remained robust with gross NPAs at 0.2% of advances, negligible net NPAs and the provision cover of 75%.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
LICHF	63.3	2.9	59.6	2,341	56.1	24.7	1,294	1,490	ACCUMULATE	↑	LICHF reported strong 63% growth in NII at Rs3.1bn driven by 36% growth in advances and 35bps expansion in spreads. Stable spreads/NIMs are positive surprise. The growth in sanctions to individuals remained strong at 28% yoy, although the D/S ratio was lower at 67% due to as LICHF funded mostly under construction properties. The asset profile improved as the gross NPAs were down by 22% yoy and net NPAs were down 54% yoy. The gross and net NPAs stood at 0.7% and 0.1% respectively.
MAGFIL	227.8	14.6	217.4	602	226.0	1.7	166	160	HOLD	↔	MAGFIL reported robust numbers on expected lines for Q2FY11 with NII at Rs1.8bn and PAT at Rs602mn, up 26% and 30.4% qoq driven by 47% qoq growth in AUMs. Net NPAs (Gold) declined to 0.11% from 0.17% despite sharp growth in AUMs. We remain wary of the strong growth in AUMs of MAGFIL. Successful execution to QIP (Rs10bn) and ability to contain NPAs key to justify the recent run up in the stock price.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
CRISIL	19.7	35.3	13.4	439	1.8	60.7	5,903	7,000	ACCUMULATE	↑	CRISIL's Q3CY10 operating revenue grew by strong 5.2% qoq. A strong 12.5% qoq growth in research surprised positively. Stable currency means FTEs have grown strong. Despite yoy appreciation in INR, the research revenues have grown by 20% yoy. Rating business grew strong at 32% yoy. QOQ expansion in operating margins and one time gain on sale of shares in Gas strategies Group Ltd. & NCDEX and sale of office space boost earnings growth.
ICRA	33.2	41.2	52.6	141	49.4	14.1	1,312	1,550	ACCUMULATE	↑	ICRA's Q2FY11 results above expectations with operating revenue at Rs484mn and Adj. net profit at Rs141mn. The revenue growth was driven by healthy growth in rating, consulting and professional services segment. Operating margins expanded by 524bps yoy to 41.2% as the operating leverage played out partially with controlled costs.



# Cement

- The profitability this quarter was affected on account of higher costs and lower realizations due to pricing pressures experienced. Cement sector results for Q2FY11 were below estimates. Pure cement topline declined by 14.6%yoy as cement volume remained flattish yoy and realizations declined by 14.4%yoy, (Rs3189/t v/s est. Rs3234/t). South based cement players registered a topline decline of 19.7%. Aggregate topline (inclusive of non cement sales) declined 13.3%yoy.
- The quarter witnessed severe cost pressures due to increase in slag/fly ash prices impacting raw material costs, while higher imported coal/pet coke prices coupled with diesel price hike impacted power and fuel costs. Consequently overall cost/ton at Rs2802/t increased 12.1% yoy and resultant EBITDA/t at Rs 387 (our Est – Rs573/t) nosedived 68.4%yoy. Decline in EBITDA /ton for south based players was steeper at Rs129/t (down 88.4% yoy).
- Pure cement EBDITA registered decline of 68.5% yoy, with EBIDTA margins declining by 2077 bps to 12.1%. Aggregate EBIDTA declined 66.2% with EBIDTA margins at 13.0% contracting by 2028 bps.
- Depreciation (+24.6% yoy) increased on account of capex incurred by cement companies on capacity augmentations and efficiency improvements whereas interest costs (+2.9%) continued to recede. Consequently net profit for the quarter declined by 83.1% yoy (our estimate-68%).
- Though sector results were below estimates, we believe that the worst is over for the sector. Our premise is based on 1. Pace of capacity additions to recede by as much as 50% for the next 6 quarters (estimated at 5.5mnt per quarter as compared to avg 11mnt for past 6 quarters) 2. Expect demand momentum to pick up post monsoon. 3. Abysmal level of profitability has driven recent price hikes and we expect seasonal factors like logistical bottlenecks (wagon shortage) and higher demand to provide support to cement prices. Driven by these factors we believe that sector profitability is set to improve from hereon. We upgraded reco on ACC from HOLD to ACCUMULATE based on the above mentioned factors.
- We continue to like Shree cement and Grasim based on attractive valuations. (Grasim trading at 10x FY12 earnings & 3.8x EV/EBITDA, Shree cement at 4.9x EV/EBITDA & EV/ton at USD 93).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
ACC	-16.9	10.4	-74.6	900	-79.3	4.8	1,020	1,035	ACCUMULATE	↓	Revenues at Rs16.37bn have declined by 16.9% yoy led by 3.6% yoy decline in volumes (4.83 mt) and 13.8% yoy decline in realizations (Rs3390/t). ACC's EBITDA at Rs 1.7bn fell sharply by 74.6%yoy due to higher clinker purchases and increase in fly ash prices pushing up RM costs. EBITDA/t at Rs352 declined by 73.6% yoy and 66.5% qoq with EBITDA margins contracting by 2354bps yoy to 10.4%. Consequently APAT at Rs0.9bn (-79.3%yoy) were sharply below estimates. We have downgraded our earnings by 8% for CY10 and 5.9% for CY11.
ACL	-2.9	18.1	-34.2	1,521	-44.2	1.0	146	130	HOLD	↓	ACL's revenue at Rs15.6bn declined by 2.9%yoy as benefits of 6.1% yoy volume growth (to 4.35mnt) was negated by sharp fall of 8.5% yoy in realizations (Rs3595/t). EBITDA at Rs2.8bn declined 34.2%yoy due to lower realizations and higher P&F costs. ACL's EBITDA/t at Rs651 declined by 38%yoy and 42.4%qoq with EBITDA margins contracting 859bps yoy to 18.1%.Net profit at Rs1.52bn declined 44.2%yoy and 61.1%qoq. We are downgrading our earnings estimates for ACL by 2.5% for CY10 (EPS of Rs 8.3) and 2.9% for CY11 (EPS of Rs 9.1).
Grasim*	1.5	28.3	-22.1	2,796	-5.2	30.5	2,205	2,600	ACCUMULATE	↑	Standalone revenues at Rs9.33bn for the quarter registered a decline of 1.3% qoq, as VSF revenues remained flat at Rs8.55bn with realizations declining 1.2% qoq. Chemical division revenues at Rs1.2bn posted a growth a 1.1% qoq. EBITDA at Rs2.64bn declined 22.1%yoy due to higher P&F and employee costs. EBITDA margins at 28.3% declined 857 bps yoy and 359 bps qoq. Net profit at Rs2.79bn declined 5.2%yoy but was higher than our estimates of Rs2.19bn due to higher other income. We are introducing earnings for Grasim post de-merger of cement div with FY11 EPS of Rs201.8 and FY12 EPS of Rs227.4 .

\* Like to like basis

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Ultratech	NA	NA	NA	1,158	NA	9.4	1,093	1,040	REDUCE	↓	UTCL revenues (Rs32.15bn) for the quarter declined 19.4% qoq, led by severe pressure on realization (blended), which was down 8% qoq to Rs3533/ton and 12.4% qoq decline in volumes at 9.1 mt. EBITDA for the quarter at Rs4.07bn declined 59.2%qoq. EBITDA/t at Rs 448 declined 53.4%qoq due to higher RM and P&F costs. Overall EBITDA margins contracted 1237bps to 12.7%.Net profit at Rs1.16bn, declined 79.2%qoq. we are downgrading our earnings estimates for UTCL by 16.2% for FY11 (EPS of Rs54.8) and by 8.3% for FY12 (EPS of Rs66.4).
India Cement	-15.0	3.4	-90.4	-449	-132.5	-1.5	112	114	SELL	↓	Net revenues declined by 15% yoy to Rs8.4bn. Volumes declined by 2.7% yoy to 2.72mnt. EBITDA down by 90.4% yoy to Rs286mn as higher coal and fly ash prices pushed up RM and P&F costs. EBITDA margins declined by a massive 2669 bps to a meager 3.4%, while EBITDA/t declined by 93.7% yoy to just Rs63/t. Pre exceptional loss at Rs449 mn declined by 132.5% yoy. We are downgrading our earnings estimates by 20.2% for FY11E (EPS of Rs3.6).
Madras Cement	-24.3	16.6	-68.2	185	-89.1	0.78	113	113	REDUCE	↓	MCL's revenues at Rs 6.42bn down 24.3% yoy (7.9% qoq) dragged by cement revenues decline of 26.2% yoy. Windmill power revenues declined 2.8%yoy. Cement volumes declined 4.5%yoy with realizations declining 24.7% yoy at Rs2780/t. EBITDA at Rs1.07bn declined 68.2% yoy as high coal and petcoke prices pushed up P&F costs. EBITDA/t at Rs 195 nosedived 84.6% yoy. Overall EBITDA margins contracted 2300bps to 16.6%. APAT at Rs185mn declined 89.1%yoy. We are downgrading our earnings by 6.1% for FY11 ( EPS of Rs8.3 ) and by 9.3% for FY12(EPS of Rs10.8).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Shree Cement	-20.2%	19.9	-65.6	106	-96.3	3.0	2,168	2,330	ACCUMULATE	↓	Revenues at Rs7.17 bn declined 20.2%yoy, impacted by 20% and 27.6% decline in revenues from cement and power segment. Cement volumes declined by 7.6% yoy to 2.27 mnt whereas realizations of Rs3010/t were down 13.4% yoy. Power volumes (own generation) declined by 21.4% yoy. Aggregate EBIDTA at Rs1.42 bn down by 65.6% yoy due to higher flyash and limestone prices, increasing RM costs. EBITDA margins at 19.9% declined by 2624 bps yoy Net profit at Rs106 mn for the quarter declined by 96.3% yoy. We are downgrading our FY11 earnings by 19.1% (EPS of Rs112.3) and FY12 earnings by 6.4% (EPS of Rs165.3).
Orient Paper	8.0	4.9	-73.6	5	-98.8	0.0	55	77	BUY	↓	Revenues for the quarter at Rs4.25bn grew by 11.1% yoy, driven by 26% and 15% growth in electricals (Rs1.26 bn) and Paper division (Rs0.69bn) respectively. Cement revenue declined by 3.3% to Rs 1.26bn as 31% growth in volumes was negated by 26.2% decline in cement realizations. EBIDTA for the quarter at Rs188 mn, declined 73.6%yoy as higher costs of copper , aluminum and steel dragged down electricals margins. OPIL's net profit at Rs 4.98mn (-98.8%% yoy and -98%qoq) came in below estimates. we are downgrading our earnings estimates for OPIL by 11.9% for FY11 (EPS of Rs6.5) and 6.8% for FY12 estimates with a EPS of Rs8.8.

## Construction

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- **Extended monsoons impacted the execution of construction vertical, however IRB Infra & Jaiprakash Associate were able to deliver better than expected numbers and IVRCL Infra continue to face headwinds. Revenues for Emkay Infra coverage grew by 31% (est. of 25%), driven by 62% revenues growth delivered by Jaiprakash Associates (JPA) and 38% by IRB Infra. Both the companies reported a better than expected growth in construction segment at 73% & 48% respectively. Jaiprakash associates also reported significant growth in its Real estate (265% yoy) & Cement division (43%). IVRCL continued to disappoint on the execution (dragged by AP irrigation projects and own BOT projects) as company reported a 16% decline in revenues.**
- **Aggregate EBIDTA for the coverage grew by 28%, lower than the topline as EBITDA margins contracted by 52bps to 21.8%. JPA witnessed a 10% correction in cement realization which led to its overall EBIDTA margin contracting by 302 bps at 22.8%. IRB Infra's EBITDA margins contracted by 88bps to 48.2%. IVRCL reported margins were sharply below estimates at 6.7% vs our exp. of 9.2% impacted by slower execution.**
- **Aggregate APAT came in line with our expectations (flat yoy) owing to positive surprise from IRB Infra which grew 40% yoy vs our exp. of 11% and negative surprise on IVRCL infra which declined 51% vs our expectation of 11% decline. Jaiprakash Associates reported in line with flat growth.**
- **Aggregate interest expense grew in line with our expectation up 29% vs our expectation of 28%. Interest expenditure was marginally above our expectation due to significant jump in interest expense of 36% by IVRCL Infra.**
- **The companies in the infrastructure continue to trade at a attractive valuation on our Sum of the parts valuation. We maintain ACCUMULATE ratings on IRB Infrastructure & Jaiprakash Associate in our infrastructure universe. Maintain HOLD on IVRCL.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Jaiprakash Associates	62.3	22.8	43.3	1,155	-0.5	0.5	121	150	ACCUMULATE	↑	PAT stood at Rs 1.15 bn came in line due to 3x jump in deferred tax. Topline at Rs29.9 bn (above est.) up 62.3% yoy led by sharp rebound in const. & cement segment. After a grim show on the construction margin front in Q1FY11, the margins rebounded back sharply to ~21%. & Real estate also witnessed a EBITDA growth of 356% yoy. We expect strong order accretion from New HPP's like Lower Siang and installed cement capacity to reach 37 mtpa by FY12. Retain target price -Rs150 with ACCUMULATE rating.
IRB Infra	37.8	48.2	35.3	991	39.9	3.0	242	304	ACCUMULATE	↑	IRB Q1FY11 PAT at Rs 991 mn up 39.9% yoy ahead of exp. driven by construction margins (22.7%) & MAT credit Rs 83 mn. Revenue at Rs 4.9 bn grew 37.8% aided by 25.1% & 48.1% growth in BOT & construction. EBITDA at Rs2.36 bn grew 35.3% yoy driven by construction & BOT EBITDA which grew 83% & 22.9% respectively. Slower ramp up in traffic at Bharuch Surat & Surat Dahisar spoiling the party. Downgrade FY11E/12E EPS by 5.7%/4.7% & retain ACCUMULATE rating with target price of Rs304.
IVRCL Infra	-16.1	6.7	-41.3	233	-51.4	0.9	126	160	HOLD	↓	PAT at Rs233 mn sharply below estimates (Rs434 mn) led by decline in revenues of 16%. Execution impacted due to monsoons & delay in achieving financial closure (BOT). EBITDA at Rs706 mn down-41% yoy & margins contracted sharply to 6.7%. Mgmt lowered guidance by Rs250 mn to Rs65 bn implying a steep H2FY11E revenue & EBITDA growth of 42% & 47% resp. ~40% of orderbook remains slow moving. Downgrade FY11E/12E EPS by 19.5%/16.5% & retain HOLD with target price of Rs160.

## Engineering & Capital Goods (ECI)

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**Our ECI universe has reported strong performance in Q2FY11– Revenue grew 17.3% YoY & APAT grew 19.6% YoY.**

- **Led by uptick in industrial capex and improved revenue booking on current order backlog, our ECI universe witnessed healthy revenue growth at 17.3% YoY to Rs269.3 bn – marginally above estimates. Amongst large-caps, BHEL (+26%), Cummins (+76%) & Thermax (+60%) out-performed. Amongst mid/small caps, LMW (+59%), ABG Shipyard (+56%), McNally Bharat (+32%), EMCO (+44%) and Indo Tech (+34%) were the out-performers.**
- **Led by strong revenue growth, EBITDA margins improved 70 bps YoY to 13.5% (Vs our estimate of 13.4%). However, expansion in EBITDA margins was led by large caps (L&T +80 bps, BHEL +60 bps, Cummins +150 bps), while most mid/small caps experienced pressures of high input costs (contraction in margins ranged from -20 to -3000 bps). EBITDA grew by 23.8% YoY to Rs36.4 bn – marginally ahead estimates.**
- **Led by strong operational performance, APAT grew by 19.6% YoY to Rs23.4 bn – marginally ahead of estimates. BHEL (+33%), Cummins (+91%), Thermax (+65%), LMW (+42%) and Greaves Cotton (+52%) grew higher than ECI universe. Weak performance was reported by Voltas (-17%), Blue Star (-13%), Punj Lloyd (-55%), Voltamp Transformers (-46%) and Bharati Shipyard (-11%). TRF, EMCO & Indo Tech reported net loss.**
- **Order backlog grew by 23.3% YoY to Rs3378 bn – led by 31.5% YoY growth in order inflows. Order inflows in industrial (process) capex continued to garner pace during the quarter - key highlight.**

**In our report ‘Changing Gears’ we have forecasted gradual uptick in industrial capex and consequent earnings upgrades. The Q2FY11 performance is pointing at uptick in industrial capex and improvement in business conditions. Q2FY11 has brought selective earnings upgrades in Cummins (4-5%) & LMW (6-12%), whereas others like Thermax, Greaves Cotton & BHEL could follow in ensuing quarters.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Larsen & Toubro	17.8	11.4	27.1	6,241	12.9	10.3	2,046	2,129	ACCUMULATE	↔	Q2FY11 performance was in line with estimates (1) Revenues up 18% YoY to Rs93.3 bn - led E&C Seg. (+17% YoY). M&IP Seg. Grew at a robust 37% YoY, but E&E disappointed with (-)5% YoY decline (2) EBITDA margins up 80 bps YoY to 11.4% on back of favourable revenue mix (3) APAT grew at a healthy 13% YoY to Rs6.2 bn. Order inflows up 10% YoY to Rs205 bn (YTD secured 51% of FY11E target). Order book at Rs1154 bn. Retain Accumulate.
BHEL	25.7	17.7	30.2	11,423	33.2	23.3	2,257	3,030	BUY	↑	Strong operational performance driven by robust revenue booking & improvement in EBITDA margins – (1) Net revenues up by 26% YoY to Rs87.2 bn (2) EBITDA margins improve 60 bps YoY to 17.7% (3) EBITDA up 30% YoY to Rs14.7 bn (4) APAT up 33% YoY to Rs11.4 bn – ahead of estimates. Achieved 50% of FY11E target orders. Order book at Rs1537 bn. H1FY11 performance enhances probability of earnings upgrade. Retain BUY.
Cummins India	76.3	19.9	91.1	1,679	90.9	8.5	771	820	HOLD	↑	Q2FY11 performance exceeded expectation (1) Revenue up 76% YoY to Rs10.7 bn – led by both Exports (+280%) & Domestic (+45%) business (2) EBITDA up 89% YoY to Rs1.9 bn with margins of 19.9% (+150 bps YoY) (3) APAT up 91% YoY to Rs1.7 bn. Management gave positive outlook, Addressed concerns on capacity, export business and operating margins. Upgrade FY11E & FY12E earnings by 4-5%. Maintain 'HOLD' rating.
Thermax	60.4	11.8	62.3	895	65.4	7.5	874	943	BUY	↑	Stellar performance (1) Revenues up 60% YoY to Rs10.9 bn – led by both Energy (+71%) and Environment (+51%) (2) EBITDA up 62% YoY to Rs1.3 bn with stable margins at 11.8% (3) PAT up 65% YoY to Rs895 mn. Continued order inflow momentum – secured Rs14 bn orders (driven by product orders). Order backlog at Rs72.8 bn. Maintain 'BUY' rating – do not rule our upgrades in inflows and earnings.



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Voltas (Consolidated)	-2.8	10.1	-14.3	746	-17.4	2.3	247	275	BUY	↔	Results marginally below estimates (1) Revenues down 3% YoY to Rs10.7 bn – led by EMP division (-8% YoY). EMP Div. performance negatively impacted due to slow execution on export orders & one-offs (2) 140 bps YoY drop in EBITDA margins (3) 17% YoY decline in PAT to Rs746 mn. Order inflows up 76% YoY to Rs8.5 bn - YTD secured 44% of FY11E target. Order book at Rs49.7 bn. Maintain earnings estimates and Maintain 'BUY'.
Punj Lloyd (Consolidated)	-30.8	9.2	-13.6	239	-54.8	0.7	115	132	HOLD	↑	Above expectations – (1) Rs1.7 bn revenues booked on Libya project, but below estimate. Q2FY11 Revenue declined 31% YoY to Rs19.9bn (2) EBITDA margins of 9.2% (highest in last 8 quarters) - despite UKP 1.2 mn provision (3) APAT at Rs239 mn Vs estimate of Rs182 mn. Management confident on current order backlog, negates repetition of past concerns. Downgrade FY11E (-26%), retain FY12E estimates. Maintain HOLD rating.
Blue Star	23.3	9.7	3.5	386	-12.6	4.3	424	543	ACCUMULATE	↓	Despite above estimate revenue growth (up 23% YoY to Rs6.9 bn), BLSR's performance was below estimates. APAT declined by 13% YoY to Rs386 mn - due to low margins (down 190bps YoY to 9.7%) and high interest cost & taxation. Traction witnessed across segments - EMP&PAC (+13% YoY), Cooling Products (+28% YoY), PEIS (+100% YoY). Order backlog at Rs20bn (+10% YoY) with order inflows at Rs7.2bn. Maintain earning estimates. Reiterate 'BUY'
LMW	59.2	17.5	38.6	459	42.1	37.1	2,568	2,660	HOLD	↔	Led by strong revenue growth (up 59% YoY to Rs4.4 bn) LMW reported Q2FY11 profits of Rs459 mn (+42% YoY), ahead estimates. EBITDA growth was lower at 39% YoY to Rs777 mn, due to 260 bps YoY drop in EBITDA margins (due to high in-put costs). We highlight - LMW has not taken any price increases. Strong demand for yarn continues to attract capex - Order book rises to Rs36 bn. Upgrade earnings for FY11E (+6%) & FY12E (+12%). Retain HOLD rating.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Greaves Cotton	26.7	15.8	34.9	363	51.8	7.4	474	505	BUY	↑	Strong all-round performance (1) Revenues up 27% YoY to Rs3.8 bn (2) 100 bps YoY expansion in EBITDA margins to 15.8% (3) Net profits up 52% YoY to Rs363 mn. At segmental level, Engines division saw continued traction (up 25% YoY to Rs3.2 bn). Infrastructure division heading towards break-even (revenue up 46% YoY and EBIT loss at a mere Rs0.4 mn). Maintain earnings estimates Reiterate BUY
ABG Shipyard	56.0	26.0	129.3	637	38.9	12.5	402	228	SELL	↑	Led by strong revenue growth, ABGS delivered strong performance in Q2FY11 (1) Revenues up 56% YoY to Rs5.5 bn (2) EBITDA margins up 830 bps YoY to 26.0% (3) EBITDA up 129% YoY to Rs1.4 bn (4) But APAT growth lower at 39% YoY to Rs637 mn – due to low subsidy income (mere Rs12 mn). ABGS secured order for 2 rigs worth USD440 mn – scheduled delivery in Sep'10 & Mar'14. Will review our rating post re-assessment of global shipbuilding business.
Elecon Engineering	10.1	14.2	8.4	142	31.9	1.5	87	121	BUY	↑	Performance ahead estimates – revenue up 10% YoY to Rs2.8 bn (TE div. up 33%, while MHE down 3% YoY) , EBITDA up 8% YoY to Rs400 mn and APAT growth of 32% YoY to Rs142 mn. Led by low order inflows at Rs2.1 bn, order book declined marginally to Rs15.0 bn. Acquired standardized gears & gearboxes business of David Brown Gear System for Rs1.3 bn–earnings neutral in near-term Maintain Buy.
Voltamp Transformers	11.8	10.1	-37.1	93	-45.7	9.2	778	840	HOLD	↓	Numbers were significantly below expectations mainly due to much lower EBITDA margins. Revenues grew 12% YoY to Rs1.24bn The revenue growth was driven by 13% YoY volume growth. However, realizations continued there downward pressure (-1% YoY) to Rs0.53mn/MVA. and consequently, the EBITDA margins declined by 780bps YoY to 10.1%. As a result of 780bps drop in EBITDA margins, PAT declined by 46% to Rs93mn. Valuations (EV/EBITDA) not cheap at 6.7x FY12E EBITDA (30% premium to peers); Maintain Hold.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
McNally Bharat	31.7	5.4	2.9	97	9.6	3.1	236	418	BUY	↔	Revenue growth healthy at 32% YoY (Rs4 bn), but APAT growth at 10% YoY to Rs97 mn - below estimates. EBITDA margins down sharply 150 bps YoY. CMT springs positive surprise (revenues up 46% QoQ, PBT up 425% QoQ). MSE failed to deliver (revenues down 10% YoY, APAT down 24% YoY). Company reiterated FY11E revenue (Rs25 bn) & EBITDA margins (10%) guidance. Retain BUY.
Bharati Shipyard	8.6	18.4	6.0	292	-10.5	10.1	226	196	REDUCE	↓	Q2FY11 performance below estimates with net profits declining 11% YoY to Rs292 mn – (1) Sales up 9% YoY to Rs3.4 bn (2) EBITDA margin down 40 bps YoY (3) Interest costs up 169% YoY. Unexecuted order book declined 18% QoQ to Rs15.8 bn (equal to mere 1.25X FY10 revenues). Retain negative bias on core shipbuilding business amidst no revival of order inflows for BSL. Retain 'Reduce' rating. Only caveat is meaningful subsidy disbursement.
TRF (Consolidated)	3.6	-12.3	NA	-222	NA	-20.2	584	754	ACCUMULATE	↓	Q2FY11 Standalone results loaded with negative surprise (1) one-offs provision of Rs0.3 bn (2) dismal revenue booking in Projects division – down 32% YoY (3) Operating loss of Rs236 mn (4) Net loss of Rs226 mn (5) EBITDA margins guidance downgraded from 10% to 7%. Auto business net loss restricted at Rs3 mn-positive. Downgrade earnings estimates for FY11E (- 43%) & FY12E (- 34%). Downgrade to 'ACCUMULATE' with revised target of Rs754/Share.
Bharat Bijlee	8.4	13.8	20.9	151	22.1	26.8	1,009	1,350	BUY	↑	Reported of Rs1.8bn(up 8%YoY) EBITDA margin improved to 13.8% from 12.4% in Q2FY10 (+140bps YoY) - driven by (1) better transformers margins and (2) ~ 20% volume growth in motors business. Transformers volume were flat. Realizations improved by ~ 3% in both the businesses. Trading (ex investment value) at valuations of 6.7x FY12E earnings, 3.5x FY12E EBITDA and 1.5x FY12E Book Value. Valuations are cheap on relative basis at 28% discount to peers (on EV/EBITDA). Upgrade to Buy.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
TRIL	28.7	13.5	5.1	101	61.	7.8	336	448	ACCUMULATE	↔	Reported 29% YoY growth in revenues to Rs1.12bn - driven by healthy volume growth of 45% YoY 2,467MVA, indicating better execution. EBITDA margins declined by 300bps YoY to 13.5% from 16.5% in Q2FY10 - partly due to employee cost increasing significantly led by new plant in full swing. As a result of 300bps decline in EBITDA margins, EBITDA grew by just 5% YoY. Reported PAT grew in line with EBITDA by 6% YoY to Rs101mn. Strong order inflows of Rs1.3bn, increase of 185% YoY (on low base). Trading at 6.3x FY12E EPS, 1.1x FY12E Book Value and 3.5x FY12E EBITDA (discount of 15-20% to the peers), Maintain Accumulate.
EMCO	44.1	-9.4	NA	-286	NA	-46	60	60	REDUCE	↓	Revenues up by 44% to Rs2.9bn. EBITDA loss stood at f Rs274mn and net loss of Rs286mn. It was yet another qtr of huge cost overruns.. We have now built in FY11E loss of Rs5.3/Share, implying H2FY11E earnings of Rs3.2/Share. Our FY12E earnings remain unchanged of Rs4.6/Share. Emco had net debt of Rs900mn at the end of FY10 which has increased to Rs2.8bn at the end of Q2FY11. Maintain our reduce rating on the stock with a price target of Rs60/share. Trading at 13.1xFY12E earnings, 0.7xFY12E book value and 5.7xFY12E EBITDA.
Indo Tech	34.2	-19.8	NA	-58	NA	-5.5	211	205	HOLD	↓	Net loss widens QoQ with net loss at Rs58mn versus Rs27mn loss in Q1FY11, yet not in green and upto expectations. Revenues up 34.2% YoY. Assume a loss in FY11E; cut FY12E earnings by 41% to Rs14.0. Stock trades at 15.2x FY12E earnings; 1.6x FY12E P/BV (20% premium to industry average) and 8.3x FY12E EV/EBITDA. Reduce target price to Rs 205 (1.5x FY12E P/BV). Maintain Hold.

- Our Consumer universe continued its growth momentum in Q2FY11 and clocked revenue growth of 14.6% yoy with absolute revenues of Rs83.2 bn. Price-led growth remain eluded in the sector, hence revenue growth largely backed by strong volume growth – on expected lines. Most importantly, Consumer sector witnessed no remarkable change in growth momentum, remaining steady at 14-15% for last 3 quarters.
- As expected, volume growth momentum remains intact in the quarter driving revenue growth. Volume growth was healthy in the sector with average volume growth in early double digit (teens). Barring, Godrej Consumer (-1%) and Asian Paints (no volume growth), volume growth was healthy elsewhere e.g. HUL (+11%) and Marico (+15%).
- Impact of higher material costs was visible in the quarter, likely to be pronounced in ensuing quarters. Especially, materials like edible oil, polymers, rutile, petro products, etc. Consequently, selective pricing actions have been affected – 5% price increase in Parachute & Saffola, 5% price increase in Asian Paints, etc. Another round of 8% price increase in Parachute and 5% in Saffola is expected in November 2010.
- On account of (1) higher material costs and (2) extremely competitive environment driving A&P spends, Consumer universe continues to report muted operational performance. Hence, despite revenue growth of 14.6% yoy, EBIDTA growth 6.3% yoy and APAT growth at 2.9% yoy remains subdued. Godrej Consumer is only exception with APAT growth of 40% yoy owing to consolidation of Megasari, Tura and Issue.
- Muted operational performance would feature in H2FY11E as well- owing to higher A&P spends and selective price hikes trailing rise in material costs. With Q2FY11 performance meeting our expectations and absence of strong earnings catalyst, we maintain earnings estimates barring Godrej Consumer (upgrade led by consolidation). We reiterate ‘Hairpin Bend, Drive Cautiously’ - sector offers miniscule upside in best case.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Asian Paints	5.0	18.3	2.7	2,147	4.4	22.4	2,628	2,510	HOLD	↔	Asian Paints reports mixed performance (1) revenue growth at 5% yoy to Rs18.1 bn, below expectation (2) APAT growth at 4% yoy to Rs2.1 bn, meets expectation. Volume growth eludes, remains below estimates owing to robust growth in preceding quarter. Maintain earnings estimates of Rs92.2/Share & Rs104.6/Share for FY11E and FY12E & Hold rating.
Godrej Consumer	66.9	18.8	58.4	1,302	40.0	4.2	431	447	ACCUMULATE	↑	GCPL performance exceeds expectation (1) 67% yoy jump in revenues to Rs9.6 bn (2) 40% yoy jump in APAT to Rs1.3 bn. GCPL consolidates all acquisitions i.e. Megasari, Tura and Issue. 100% consolidation of Godrej Sara Lee. Upgrade continues with +7% upgrade to FY11E and FY12E earnings. Maintain BUY with price target of Rs447/Share.
HUL	11.6	13.6	-0.8	5,257	-5.2	2.4	299	275	REDUCE	↔	Strong volume growth momentum continues for HUL, key argument for positive bias until Q2FY11. Recent performance was on expected lines (1) revenue jump 12% yoy to Rs47.6 bn and (2) APAT decline 5% yoy to Rs5.3 bn. With likelihood of no earnings upgrade in absence of strong catalyst, we downgrade HUL to 'REDUCE'.
Marico	12.5	12.7	4.2	716	14.8	1.2	138	128	HOLD	↔	Volume growth momentum continues in Q2FY11 – clocks 15% yoy growth. So does inflation, leading to price increase of 13% and 10% in 'Parachute' and 'Saffola'. Q2FY11 performance remain satisfactory (1) 12% jump in revenue to Rs7.8 bn (2) 15% jump in APAT to Rs0.7 bn. No change in earnings despite price hikes, Maintain HOLD rating.

- **Robust demand momentum reflected almost across the board. Infosys and TCS reported double digit QoQ growth for the 1st time in nearly 12 quarters at 10.2% and 11.7% for Infosys and TCS respectively. Wipro has now trailed Tier 1 peers on revenue growth for almost 7 quarters now.**
- **Employee Attrition remained high in double digits for all the companies (Infosys /TCS / Wipro: 17%/14%/19%) however is in declining trend, per management commentaries.**
- **We believe that Sep'10 quarter has marked the beginning of strong revenue growth from macro demand recovery for select mid caps. For Tier II's, sequential revenue growth rates ranged between 5% to 11% QoQ, with Hexaware leading the pack.**
- **Demand for Indian techs continue to get stronger, reaffirmed both by strong revenue growth performance, rise in Infosys and Cognizant's annual revenue growth guidance (24-25% for Infy V/s 19-21% earlier and 'at least 39%' for CTSH V/s. 'at least 36%' earlier).**
- **We are positively biased on only Infosys and TCS within our IT services coverage( rated ACCUMULATE), while we see HCL Tech underperforming peers going ahead driving our ratings cut to HOLD V/s ACCUMULATE earlier.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Infosys Tech	12.1	33.3	18.0	17,370	16.6	30.4	2,966	3,300	ACCUMULATE	↑	Infosys reported strong revenue growth of +10.2% QoQ. The revenues increased to \$ 1,496 Mn led by +7.1% QoQ volume increase and +3.2% QoQ increase in pricing. EBITDA Margins expanded by ~170 bps (Vs. expectation of ~190 bps increase). Despite the strong increase in US\$ revenue guidance to US\$ 5.95-6 bn (~24-25% YoY growth V/s ~19-21% earlier), INR EPS outlook raise was limited to Rs 115-117 ( V/s 112-117 earlier) and was a tad disappointing. Maintain ACCUM with revised TP of Rs. 3,300/- (V/s Rs. 3,200 earlier).
TCS	13.0	30.0	15.8	21,065	14.2	10.8	1,018	1,075	ACCUMULATE	↑	TCS reported significantly higher than estimated revenues at \$ 2,004 Mn (11.7% QoQ). Splendid performance on margins front continued as operating margins expanded by ~70 bps to 30% now. Volume growth during the quarter at 11.2%, was helped by ~26% sequential increase in the lumpy India business and also 10.4% QoQ growth in International business. Revenues from Europe/UK were up by ~14%/13% sequentially while nearly all verticals posted a double digit sequential increase. Upped FY11E/FY12E earnings by ~2.2%/6.7% to Rs. 42.7/Rs. 47.5 with a revised TP at Rs. 1,075/- (Vs. Rs. 890 earlier).
Wipro	4.5	8.1	2.9	12,849	-2.6	5.3	402	420	REDUCE	↔	Revenues at US\$ 1,273 mn (+5.8% QoQ) missed expectations (closer to lower end of co's revenue guidance), pales in comparison to strong revenue show from Infosys and TCS. Wipro's credible margin show in the recent past also face pressure and fell by ~90 bps overall and ~240 bps QoQ for IT services, mainly on a/c of lower growth and supply strains (attrition at 23.5% is the highest amongst peers). Marginal cut in EPS FY11 E /FY12 E by ~2%/1% to Rs. 21.1/Rs. 23.1 with an unchanged TP of Rs. 420/-.

\*Growth numbers are QoQ basis except for NIIT, including forex gain / loss



NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
HCL Tech	5.4	15.6	-8.2	3,004	-5.6	4.4	377	430	HOLD	↓	HCL reported yet another good quarter on the revenues front. Revenues at \$804 Mn were up +9% QoQ. However, it disappointed on operating margins which were down by ~230 bps QoQ (~650 bps YoY) on account of wage increments, transition costs wrt to large deals and strong hiring during the quarter. Cut in the EPS FY11E by ~5% at Rs. 23.6/- and FY12 EPS E being unchanged at Rs. 29.8/- and have downgraded the ratings from ACCUM to HOLD with an unchanged TP of Rs. 430/-.
Tech M	35.3	18.4	32.5	1,873	29.7	14.3	681	810	HOLD	↔	Revenues at \$265 Mn (Excluding one time revenues of \$63 Mn) were up +5.4% QoQ, marginally above estimates. (Emkay Estimate \$ 263 Mn). EBITDA margins (ex one offs) improved by ~280 bps QoQ to 21.6%, helped by favorable currency( both cross currency tailwinds and US\$/INR depreciation on an avg), higher utilization ( at historical peak levels of ~75%, up by ~600 bps sequentially) and by lower employee count(employee total HC down by ~1,260 QoQ as co's attrition jumped up to 30% annualized V/s 27% in June'10 qtr).Upped consolidated earnings by ~2.8%/0.3% to Rs. 69.6/77.5 while retaining HOLD with revised TP of Rs. 810/- (V/s. Rs. 720/- earlier).
Patni	2.4	18.9	-4.0	1,281	-13.0	9.6	468	NA	NA	↔	Revenues at US\$ 178.8 mn (+6.7% QoQ,+6.9% YoY) were marginally ahead of the guidance (US\$ 176-177 mn) and in line with expectations( growth helped by full impact of CHCS acquisition). Patni's margins in Sep'10 quarter have slipped by ~130 bps QoQ to 18.9% (down by ~300 bps over the past 2 quarters). Tweaked CY11 EPS E by ~5.7% to Rs. 35.3/- partly on account of higher currency reset. Valuations no doubt appear inexpensive at ~13x/11.7x CY11E/CY12E earnings of Rs 35.3/Rs 39.6 however need to be weighed in the context of anemic revenue growth and margin woes ahead.

\*Growth numbers are QoQ basis except for NIIT, including forex gain / loss

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
eClerx	6.7	36.2	5.2	276	-5.9	9.3	677	670	ACCUMULATE	↔	eClerx reported Revenues at \$ 18 Mn (+7% QoQ) in line with estimates. Operating margins declined by ~50 bps QoQ to 36.2%. Profits at Rs 276 mn came in line with expectations driven by in line revenues/margin performance. Co added ~207 people on a net basis taking the total employee count to 3,331(note that headcount addition remains strong and is now up by ~42% YoY). Upped FY11/FY12 EPS E by ~7%/12% to Rs. 40.2/Rs. 48.9 and retained ACCUM with a March'12 TP of Rs 670.
Hexaware	12.1	8.5	41.2	421	192.1	2.9	84	NA	NA	↑	Hexaware reported strong revenue growth of 11.3% QoQ with revenues at \$ 61.1 Mn led by strong traction within top client accounts (top 10 client revenues grew by 15% QoQ). Margins expanded by ~180 bps. Management further guided for a strong 4.7-6.4% sequential growth for Dec 10 Qtr, in a seasonally weak quarter and remains confident of returning to double digit EBIT margins in CY11 V/s ~6.4% in Q3CY10. Valuations appear attractive in the backdrop of improving financial performance at 8.5x CY11E earnings, 1.2x P/B with Cash at ~Rs 30/share currently.
Persistent	3.3	23.0	25.2	359	3.9	9.0	391	NA	NA	↓	Persistent disappointed on revenue growth which was 3.3% QoQ (v/s expectation of 6%). Revenues stood at \$40.5 Mn (+2.6% QoQ). EBITDA Margins expanded by 400 bps QoQ to 23% driven by gross margins increasing to 42.2% as a result of reduced pension liabilities (following interest rate increases). But for this one-off item, EBITDA margins would have been 21.7%.

\*Growth numbers are QoQ basis except for NIIT, including forex gain / loss

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
NIIT	-3.9	15.4	7.5	285	9.2	1.7	60	80	ACCUMULATE	↔	NIIT results were in line with expectations with growth in retail IT training business recovering to double digit YoY growth in Q2FY11(+12.5% YoY) while improvement in US focused Corporate training segment continued. Revenues at Rs 3458 mn were down by ~4% YoY while operating profits at Rs 532 mn were up by ~7.5% YoY( margins improving by ~160 bps YoY). We maintain our FY11E/12E earnings of Rs 5.1/5.6 respectively. ACCUMULATE with a price target of Rs 80.
Mahindra Satyam	-0.4	5.9	-39.5	240	-76.1	0.2	70	70	REDUCE	↓	Mahindra Satyam's H1FY11 revenue performance at US\$ 541 mn( US\$ 268 mn, -2% QoQ on the back of revenues of US\$ 273 mn in June'10 qtr) was marginally better than expectations. EBITDA margins at 5.9% in Sep'10 quarter were down by ~380 bps sequentially on a/c of lower revenues and wage increments implemented during the quarter as company tries to retain/recruit talent in a tightening supply environment. Co has reported H1FY11 EPS at Rs 1. Tweaked FY11/12/13E earnings by ~48%/24%/19% respectively downwards to Rs 2.7/4.9/6 and Retaining REDUCE with a revised TP of Rs 70.

\*Growth numbers are QoQ basis except for NIIT, including forex gain / loss

## Offshore Oil Field Services

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- Companies in our offshore oilfield services space posted an aggregate revenue growth of 8% YoY. Aban reported revenue growth of 18% YoY. However on a QoQ basis its revenues declined sharply by 1.7% on account of idle status of drillship Aban Abraham and sinking of Semisubmersible Aban Pearl in the month of May 2010. Garware offshore posted 8.9% decline YoY and Great offshore reported 15.5% decline YoY in revenues for the quarter.
- Aggregate EBIDTA grew at a rate of 19% YoY with EBIDTA margins expanding by 548 bps to 63%. Aban offshore posted growth of 23% in EBITDA while Great offshore registered a 8%yoy growth. However, Garware Offshore registered a 17%decline in EBITDA.
- Depreciation charges for the quarter increased 26% YoY whereas interest charges posted a 6% decline. Consequently aggregate net profit for the quarter increased by 11% driven by a 25% increase in earnings growth of Aban offshore.
- We have upgraded Great offshore from ACCUMULATE to BUY led by: 1. delivery of a 350 ft jack up rig (V351) by the end of FY11 is expected to help the growth momentum in FY12. 2. Deployment of 3 rigs over next 3 quarters and 3. Valuation triggers (High discount to Aban offshore, planned IPO of Great ship India). We continue to maintain HOLD rating on both ABAN Offshore (since downward revision in rates for standalone fleet to drag down FY12EPS) and Garware Offshore (Lower day rates for vessels in Singapore subsidiary and delayed delivery of new PSV to drag down earnings).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Aban Offshore	17.8	67.2	22.8	891	24.7	23.6	773	875	HOLD	↑	Aban's consolidated revenues for the quarter stood at Rs8.28 bn (+17.8% yoy, down 1.7% sequentially). EBIDTA for the quarter stood at Rs5.56 bn grew 22.8%yoy and 6.9% qoq. EBITDA margins expanded by 274bps yoy to 67.2 driven by lower other expenditure. APAT including profit/(loss) from associates at Rs0.89 bn (+ 24.7% yoy down 56.7% qoq). On account of delayed commencement of operation by Aban Abraham and continue idle status of Deep venture, we are downgrading our FY11 estimates for Aban by 12.1% (EPS of Rs114.7).
Great Offshore	-15.5	52.6	8.1	281	-10.5	7.6	374	506	BUY	↔	Revenues declined 15.5% yoy to Rs1.99bn on account of dry docking of rig Kedarnath. Consolidated revenues at Rs2876mn grew 1.3%yoy. EBITDA atRs1.04 bn, grew 8.1% yoy (our estimate of Rs1.08bn) with aggregate EBITDA margins improved 1151 bps to 52.6%. Reported PAT for the quarter declined 10.5% yoy to Rs281mn. We are downgrading our FY11 EPS estimates by 9.6% (EPS of Rs53.7) & FY12 by 4.5 %(EPS of Rs70). In view of multiple & valuation triggers we upgrade our rating on stock to BUY (ACCUMULATE earlier).
Garware Offshore	-8.9	38.1	-17.3	43	-32.0	1.8	146	160	HOLD	↔	GOSL's consolidated revenue at Rs493 mn (our est Rs463 mn) declined 8.9% on account of lower day rates. EBIDTA for the quarter at Rs188 mn declined by 17.3% yoy with EBIDTA margins at 38.1% declined by 386 bps yoy. Net profit declined by 32% yoy to Rs43 mn against our estimate of Rs42.5mn. We are downgrading our FY11 earnings by 18.5% due to: 1. Lower day rates for vessels in Singapore subsidiary 2.Delayed delivery of large PSV.

## Oil & Gas

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- OMC's reported results which were above our estimate mainly due to Inventory gain and issuance of the Oil bond/Cash payout by the government of Rs.130bn. GRM's during the quarter were in the range of US\$3.2 – 4.7 per bbl.
- The de-regulation of the oil & gas industry, which has been in effect on paper since 2002, is finally showing some signs of actually being put to practice. While complete de-regulation is still some time away, the recent announcements and actions by the government conclusively point in that direction.
- After years of ad-hoc subsidy arrangements, a proper subsidy sharing mechanism is being worked out. The Oil secretary S Sudarshan has clarified that the 1/3rd of the under recovery would be absorbed by the upstream companies, the government would certainly absorb 50% or more, the balance 17% would be based on the companies performance over the quarter.
- OMC's are trading at 1-1.4x 1-year forward P/BV, which is below the 5-year average of 1.5x. We believe government's intention of proper sharing mechanism is getting reflected. We expect the stocks to get re-rated once more clarity emerges.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
IOCL	26.8	8.9	1022.5	52,939	1760.7	21.8	393	458	ACCUMULATE	↑	IOCL reported results which were above our estimates at EBIDTA and PAT Level, primarily due to inventory gain of Rs.24.5bn and issuance of oil bonds/cash receivables of Rs.72.2bn. Revenue for the quarter was at Rs.773bn (against our expectation of Rs.729bn), growth of 27% YoY, mainly on account of cash compensation received from the GOI. EBITDA during the quarter was at Rs.68.9bn, against Rs.6.1bn a year ago. During the quarter the company reported net profit of Rs.52.9bn, as against Rs.2.8bn YoY. Average gross refining margin was at \$6.6/bbl as compared to \$3.5/bbl (Increased by 89%, YoY).
BPCL	30.8	7.0	NA	21,422	NA	59.3	712	805	ACCUMULATE	↑	BPCL reported results which were above our estimates at EBIDTA and PAT Level, primarily due to Inventory gain of Rs.21bn and issuance of oil bonds/cash pay out of Rs.29.4bn by the government during the quarter. Revenue for the quarter was at Rs. 354bn (against our expectation of Rs.318bn), growth of 31%, mainly on account of higher throughput and cash compensation received by the government of Rs.29.4bn. EBIDTA during the quarter was at Rs.24.8bn, against EBIDTA loss of 0.9bn a year ago. During the quarter the company reported net profit of Rs.21.4bn, against net loss of 1.6bn. Average gross refining margin was at \$2.8/bbl as Compared to \$3.57/bbl (declined by 21% QoQ).

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
HPCL	25.3	8.0	1344.3	20,898	NA	61.4	445	515	BUY	↑	HPCL reported results which were above our estimates at EBIDTA and PAT Level, primarily due to inventory gain (Rs.13.6bn) and issuance of oil bonds/cash receivables (Rs.28.3bn) during the quarter. Revenue for the quarter was at Rs.308.7bn (against our expectation of Rs.281bn), growth of 25%, mainly on account of cash compensation received from the government. EBITDA during the quarter was at Rs.24.8bn as against Rs.1.7bn a year ago. During the quarter the company reported net profit of Rs.20.8bn, as against net loss of Rs.1.3bn in Q2 FY10, mainly due to inventory gain and issuance of oil bonds/cash receivables by the government. Average gross refining margin was at \$2.6/bbl as compared to \$1.9/bbl (Increase of 42% YoY).



- Q2FY11 results for paper companies were better than expectations except BILT which disappointed due to significant margin pressure
- Aggregate revenues increased by 19% yoy to Rs 16.3 bn (9% below our estimates) mainly on account of 14% increase in average realisation to Rs 48,000 / mt however sales volumes increased by 4%
- Aggregate EBITDA margins declined by 210 bps yoy / 80 bps qoq to 22.9% and were below estimates of 23.4%. Drop of 350 bps yoy in BILT's EBITDA margins to 20.5% dragged overall industry margins
- Industry EBITDA / mt at Rs 11,644 / mt continues to remain at peak level and were 4% higher than its previous peak of Rs 11,200 / mt in Q3FY09
- Driven by revenue growth, aggregate PAT increased by 18% yoy (down 17% qoq) to Rs 1.1 bn which was 17% below our estimates due to lower than expected results for BILT
- Rayon Grade Pulp (RGP) business of BILT continues to perform better (reported EBIT of Rs 246 mn against loss of Rs 10 mn previous year) due to high pulp prices
- Companies dependent on market pulp like BILT (35% pulp requirement met through market pulp) are likely to remain under pressure while fully integrated players like TNPL are expected to post strong results. TNPL is also likely to complete its paper mill expansion by Q3FY11 and continues to remain our top pick in the sector

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
BILT (Conso)	26.2	20.5	7.5	410	-2.3	0.6	36	42	BUY	↓	Net revenues increased by 26% yoy to Rs 10.2 bn below est. Revenues from paper and pulp segment increased by 25% and 36% yoy to Rs 9.1 bn and Rs 901 mn respectively. EBIT margins in paper declined by 550 bps to 11.9% however turnaround in pulp segment contributed profit of Rs 246 mn as against loss of Rs 10 mn previous year. Overall EBITDA margins at 20.5% were marginally below est.
JK Paper	9.7	22.6	11.9	291	24.1	3.7	63	84	BUY	↑	Net revenues increased by 10% yoy to Rs 3.1 bn. Though EBITDA margins expanded inline with est by 40 bps to 22.6%, overall EBITDA at Rs 709 mn, +12% yoy was ahead of est of Rs 635 mn. JK Paper reported APAT of Rs 291 mn, +24% yoy resulting in AEPS of Rs 3.7 for Q2FY11. We maintain FY11 and FY12 est at Rs 13.3 and Rs 14.0 respectively. Maintain BUY.
T N P L	9.7	31.6	12.2	408	44.6	5.9	137	200	BUY	↑	Revenues increased by 10% yoy to Rs 3.0 bn driven by 1.2% growth in volumes to 62 thousand mt and 9.1% growth in average realisations. Benefitting from low cost captive pulp EBITDA margins improved by 70 bps yoy to 31.6% while EBITDA / mt improved by 12% yoy to Rs 15,000 / mt. Upgrade FY11E and FY12E EPS by 17% and 4% to Rs 22.3 and Rs 24.8 respectively due to strong H1FY11 results, ongoing capex, ability to captively source its pulp requirement. Target price revised to Rs 200 (8x FY12E EPS). Maintain BUY.

## Pharmaceutical

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- **Emkay Pharma universe grew by 13.8% (est. of 11.2%), driven by 52% and 26% each in Panacea Biotec, Aurobindo and Sun Pharma. Most of the companies in domestic pharma market reported robust growth.**
- **OPM contracted by 80bps (EBIDTA growth of 10%) to 21.2% (est. of 21.5%). Sun Pharma (34% vs. est. of 29%) & Panacea Biotec (22% vs. est. of 17.2%) surprised positively while Divi's (33.9% vs. est. of 40.4%) & Dishman (17.4% vs. est. of 23) surprised negatively. During the quarter, most of the companies reported higher gross margins driven by improved product mix and higher contribution of domestic formulation business. However higher employee cost and SGA cost on account of ramp-up in sales force impacted operating margins.**
- **Despite higher depreciation cost (up 26%), APAT grew by 12% (est. of 6%) because of lower interest cost (down 15%).**
- **CRAMS companies again disappointed in this quarter. We expect gradual recovery in second half and strong growth in FY12E, driven by a) increased outsourcing by global players post consolidation phase and b) lower base effect**
- **Though the valuations of pharma sector has moved up (trading 8-10% premium to 5 years average multiple) but they are not yet in stretched territory**
- **While we remain positive on the sector (as fundamentals remain strong), we believe there is less room for error after the recent outperformance. Post strong outperformance, we believe that it pays to be more stock specific now rather than having a bullish stand on entire pharma space**
- **In the large cap - DRL, Lupin and Cadila are our preferred bet.**
- **In mid cap - we continue to like Torrent, Aurobindo and Ipca Labs.**
- **In the CRAMS space - we prefer Jubilant Life Sciences over other companies because of valuation comfort.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Cadila	18.1	21.9	19.1	1,708	25.2	8.3	785	720	ACCUMULATE	↔	Robust revenue growth (up 18% YoY) and strong operating performance (up by 19%) resulted in 25% growth in APAT. Management has re-iterated its revenue guidance of US\$1bn for FY11E and domestic growth to sustain at 15% level. Maintain earning estimates and target price of Rs720 (18x FY12E). Owing to limited upside opportunity on current valuations, downgrade to Accumulate.
Dishman	-2.1	17.4	-25.8	85	-55.3	1.1	153	181	HOLD	↓	Q2FY11 was significantly below our expectations with a) Revenues at Rs2.1bn (est. Rs2.2bn), EBIDTA at Rs369mn (est. Rs492mn) and APAT at Rs85mn (est. Rs205mn) Performance was largely impacted because of continued under-performance in the high margin CRAMS segment and de-growth in the Marketable Molecules business. Delay in business recovery remains an overhang; poor H1FY11 leads to downgrade of earnings by 26% each for FY11E/FY12E; revise TP to Rs181 and maintain hold.
Divi's Lab	13.8	33.9	-18.2	719	-16.0	5.4	670	756	ACCUMULATE	↓	Divi's Q211 was below expectations with a) Revenue at Rs2.6bn (est. of Rs2.9bn); b) EBIDTA at Rs878mn (est. of Rs1.2bn) & c) APAT at Rs719mn (est. of Rs976mn). Unfavorable product mix impacted operating performance; expect gradual recovery going forward. Lowering earning estimates by 14%/10% for FY11E/FY12E; Cut target price to Rs756 and downgrade the rating from Buy to Accumulate.
Glenmark	22.7	25.2	9.8	996	26.3	3.7	355	381	ACCUMULATE	↔	Adjusted PAT growth was driven by a) 23% growth in sales at Rs7.4bn (est. of Rs7bn) and b) 10% growth in EBITDA at Rs1.87bn (est. Rs1.77bn). Management's conscious effort to clean the balance sheet is a welcome move; further improvement in working capital situation can lead to expansion in valuation. Tweak earning estimates; raise TP to Rs381 (Rs308 earlier); upgrade to Accumulate from Hold.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Glaxo	13.5	36.6	10.6	1,583	12.2	18.7	2,233	2,020	HOLD	↔	Revenue growth of 14% is above estimates of 12% because of strong growth in the vaccines business. Operating margins contracted by 100bps to 36.6% due to 191bps increase in raw material cost. Maintain our earning estimates of Rs68.2 and Rs77.5 for FY11E and FY12E respectively; Maintain Hold.
IPCA	20.5	22.8	15.6	730	13.5	5.8	335	336	BUY	↔	Despite strong revenue growth operating performance was impacted due to higher staff and other expenses. Revenue growth was driven by 29% growth in domestic formulations and 27% growth in the exports formulations. Addition in the field force impacted short term profitability but long term growth visibility remains intact. Maintain earning estimates and Buy rating with a target of Rs336.
Jubilant	6.3	16.1	-13.9	826	-17.8	5.2	308	390	BUY	↓	Jubilant's numbers are below expectations with a) Revenue growth of 6% (est of 11%), b) OPM at 16.1% (est. of 18.5%) & APAT at Rs826mn (est. of Rs1.1bn). High cost inventory in Life Sciences, currency fluctuations (-ve impact of 3%) & lower realization in Pyridine (-ve impact of 4.4%) impacted the operating performance of the company. Expect gradual recovery in 2HFY11; High cost inventory has been exhausted and price hike in PP has been taken. Cut earning estimates by 27% and 17%; Maintain Buy with a revised price target of Rs390 (Rs455 earlier).
Lupin Ltd.	23.0	20.8	38.8	2,150	34.0	4.8	492	496	ACCUMULATE	↑	Strong operating performance largely driven by US, Europe, Japan and India coupled with favorable product mix. US branded business grew at 24% (adjusted for one time impact of change in accounting treatment for rebates) and India formulations at 22% (adjusted for inventory correction). On account of improved performance, revise earning estimates and raise target to Rs496; Maintain Accumulate, owing to limited upside.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Panacea	51.8	22.0	130.4	190	NA	3.1	196	241	HOLD	↔	Q2FY11 PAT was impacted by higher tax provisioning. Revenues at Rs2.56bn (est. of Rs2.47) and, b) EBITDA at Rs564mn (est. of Rs580mn) were in-line. Revenues were driven by a) 61% growth in vaccines (Easyfive contributed Rs723mn) and b) 37% growth in pharma formulation business. Earning estimates revised upward by 6% to Rs18 and Rs24 for FY11E and FY12E resp, owing to buy back of equity; Raise target price and maintain Hold rating.
Dr Reddy	1.8	18.6	26.4	2,912	20.8	17.3	1,755	1,763	ACCUMULATE	↑	Branded formulation markets of India and CIS reported strong Traction. 361 bps YoY expansion in EBITDA margins at 18.6% and 21% growth in recurring PAT led by 592bps expansion in gross margins and lower tax provisioning. Muted performance in US and decline in PSAI segment impacted top line performance in Q2FY11; significant ramp-up in niche products to drive sales from H2FY11 onwards. Revise base business earnings for FY11E, FY12E and introduce NPV for limited competition opportunities; Maintain Accumulate with a revised price target of Rs1763.
Sun Pharma	25.8	34.1	33.1	5,037	11.0	24.3	2,218	2,300	HOLD	↑	Sun Pharma's higher than expected Q2FY11 performance is driven by residual revenue booking of Eloxatin, Taro's consolidation and robust domestic formulation growth. APAT at Rs5bn was higher than our est. of Rs3.1bn driven by a) 26% growth in revenue to Rs13.7bn (est. of Rs10.7bn) & b) 33% growth in EBIDTA to Rs4.7bn (est. of Rs3bn). Management's revenue guidance revision from 20% to 35% on Taro's consolidation looks conservative. Raise estimates to incorporate Taro; upgrade TP to Rs2,300; Maintain Hold.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Ranbaxy Labs	2.6	7.2	-42.9	1,063	-9.1	2.5	555	520	HOLD	↔	Ranbaxy's Q3CY10 performance is in-line with a) Revenue at Rs19.3bn (est. of Rs18.7bn), b) AEBIDTA at Rs1.9bn (est. of Rs2bn) and APAT of Rs1.1bn. Management is confident of monetizing Aricept and Lipitor (site transfer to New Jersey) FTF opportunities. About DoJ-FDA resolution, management has indicated that discussions are in positive direction but they can not ascertain the time lines for resolution of the issue. DoJ-FDA settlement is critical to stock performance; revise EPS estimates from Rs27.1 to Rs31.7 in CY10E and from Rs29.3 to Rs27.7 in CY11E; Maintain Hold.
Torrent Pharma	21.2	20.2	-0.6	762	3.0	9.0	549	650	BUY	↓	Revenue growth is above our estimates on account of 22% increase in domestic formulations and higher than expected growth in the international business. EBITDA margins declined (as estimated) on account of 468bps contraction in gross margins, higher employee cost and other expenses. Higher than expected rise in depreciation and interest impacted PAT (Rs762mn vs. est. of Rs817mn). Maintain earnings and Buy rating with a target price of Rs650.
CIPLA	12.0	22.7	-1.8	2,630	-2.5	3.3	342	350	ACCUMULATE	↓	Cipla's Q2FY11 revenues were driven by good traction in domestic and export formulation business; however, lower licensing income dragged the overall profitability. Revenues were in-line at Rs16.1bn (estd. Rs16bn). EBITDA at Rs3.7bn (estd. Rs3.9bn) and APAT at Rs2.6bn (estd. Rs2.8bn) were below expectations. Inhalers approval in Europe, commencement of Zyprexa supplies to Teva and tie-up with Dr. Reddy's to drive earnings momentum in the longer term. Tweaking FY11E EPS marginally by 3% to Rs14.4 (earlier Rs14.7), raise target price upwards to Rs350 (earlier Rs318); Upgrade to Accumulate.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Aurobindo	26.1	22.8	22.8	1,437	34.6	24.6	1,258	1,581	BUY	↑	Aurobindo's Q2FY11 performance was above estimates with a) Revenues at Rs10.4bn (est. Rs9.9bn), b) EBITDA at Rs2.5bn (est. Rs2.1bn), and c) APAT at Rs1.4bn (est. Rs1.1bn). Strong revenue growth was driven by 38% growth in formulation business, higher dossier income (Rs699mn vs. Rs400mn) and ramp-up in SEZ facility (full impact in Q3FY11). APAT (excl forex gain of Rs546mn net of tax), was up 35% to Rs1.4bn. On account of strong performance, raise target price to Rs1,581 (earlier Rs1,242); Maintain Buy.



## Power

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- **7,020MW added during first 7 months of FY11. Expect about 7,160MW addition in remaining 5 months of FY11E. Expect quantum jump in capacity additions starting FY12E with an addition of 22,706MW (growth of 12.2%),**
- **Even after factoring in best case demand estimates (9.6% growth) including latent demand, supply is likely to outpace demand starting FY13E.**
- **Merchant prices (day ahead on exchange) have softened over last quarter. In Q2FY11, average day-ahead prices stood at Rs3.1/unit versus Rs3.4/unit in Q1FY11. Though partly a function of good monsoons (reduced residential consumption, increased hydro generation, reduced agriculture pump consumption), but we expect the declining trend (yoy) to continue going forward driven by demand supply dynamics.**
- **News flow for private power producers (especially merchant) to remain negative in the short term due to (1) unsustainable SEB losses, (3) some banks hitting their sectoral exposure limits**
- **IPP valuations remain expensive (2.5-3.5x P/BV) - factoring in high merchant prices and inflation in merchant prices, perfect execution and fuel supplies, high capacity utilizations, huge latent demand....**
- **In Q2FY11 – within our coverage list, results of both NTPC and GIPCL were below expectation. NTPC reported lower than expected numbers due to grossing up of RoE by MAT rate. While GIPCL results were below expectation due to new plant capitalization**
- **Currently, NTPC trades at 2.2xFY12E Book and FY12E core ROE of 23.6% and GIPCL trades at 1.3xFY12E Book and FY12E core ROE of 14.2%. GIPCL remains our top pick in the sector; however stabilization of Surat-II plant remains a key monitorable.**

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
NTPC	23.6	23.2	5.4	18,385	-2.0	2.2	184	190	HOLD	↓	Tax grossing up - negative surprise. PAT of Rs21.1bn (down 2% yoy), below expectations of Rs21.5bn. After adjusting for one time items (depreciation write back, previous year sales and provisions), APAT stood at Rs18.4bn (down 2% yoy). lower than expected PAT is attributed to (1) grossing up of ROE by MAT rate (hit of Rs2.2bn in Q2FY10), (2) lower PAF at Kahalgaon and Farakka (hit of Rs0.9bn) & lower other income (Rs0.3bn). Reducing our earnings by 11% and 13% for FY11E and FY12E driven by lower core ROE of 24% instead of 28% earlier. This is driven by grossing up at MAT rate (19%) instead of full tax rate earlier (33%). At CMP of Rs188, the stock is trading at 2.2x FY12E Book Value and 16.9x FY12E earnings. Downgrade to 'Hold'.
GIPCL	5.6	19.7	0.5	155	24.2	1.0	106	135	ACCUMULATE	↓	Led by new plant capitalization, numbers were below expectations – Revenues Rs2.1bn (exp – Rs2.1bn), EBITDA – Rs418mn (exp – Rs529mn) and PAT Rs155mn (exp – Rs249mn) The Surat-II was capitalized with effect from September 1st but is still running at low PLFs (60-70% - 4th unit) and 3rd unit still shut down due to technical problems. This resulted in accounting for the fixed cost (depreciation, interest and O&M) starting September, while revenue recognition from new plant remained muted due to low PLFs and shut down. This has impacted Q2FY11 PAT number by ~Rs100mn. Cut FY11E EPS by 36% to Rs6.2 but FY12E maintained at Rs12.6. At CMP of Rs107, the stock is trading at 8.5x FY12E earnings and 1.2x FY12E Book Value. Downgrade to ACCUMULATE on the back of quantum of upside.

## Print Media Sector

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- Despite strong economic tailwinds, advertisement revenue growth for the print media sector was benign, due to shift of festive season to Q3 v/s Q2 in FY10 and issues relating to monsoons & floods.
- Vernacular print registered better growth with ad-revenue growth of 17.8% yoy for DB Corp, 29.5% for HMTL and just 12.7% in case of Jagran. Jagran during the last month of the quarter was impacted by the floods in its geography and Ayodhya verdict.
- English print is yet to reflect meaningful recovery. HT Media's English ad-revenue grew by 12.5% while that of DCHL fell by 6% yoy. Volume growth in English medium is yet to recover.
- Lower than expected overall revenue growth in the sector along with increased promotional spends due to intensifying competition, led to EBIDTA margin contractions. Aggregate EBIDTA margins down 170bps yoy to 30.4%.
- Going forward, Q3FY11 results would be very strong due to full impact of festivities in the quarter.
- We have downgraded DB Corp back to HOLD and cut estimates for DB Corp and DCHL by 10%/2% and 6.5%/5.5% for FY11E/12E
- Retain BUY rating on Jagran & DCHL and HOLD rating on HT Media.
- Jagran Prakashan (TP Rs155) remains our preferred print media play.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
DB Corp	16.1	31.6	15.7	551	20.9	3.0	268	284	HOLD	↓	Q2FY11 PAT grew by 20.8% yoy to Rs550mn, below our estimate of Rs770mn impacted by sharp rise in opex towards new launches. Advertisement revenues grew by 17.8% yoy to Rs3bn equally led by volume and price growth. We have cut EPS estimate by 10% /2% to Rs13.6 /14.6 for FY11E/12E due to higher than expected opex on new launches. Downgraded rating from ACCUMULATE to HOLD with target price Rs284.
Deccan Chronicle	-5.7	49.8	-15.0	826	-17.3	3.4	121	175	BUY	↓	Q2FY11 headline profit declined by 17% yoy to Rs826mn, below our estimate of Rs1.05bn affected by 5.7% yoy decline in revenues on shift of festivities to Q3. Cut EPS estimates by 6.5% and 5.5% to Rs12.1 and Rs15 for FY11E and FY12E respectively. Buyback upto Rs180/share and IPL franchise stake sale are near term triggers. Target price cut to Rs175. Retain BUY rating on attractive valuations.
Jagran Prakashan	12.2	32.8	9.1	555	10.4	1.8	132	155	BUY	↓	PAT up 10.4% YoY to Rs555mn, below our estimate of Rs599mn due to lower than expected ad-revenue growth during the quarter. Ad-revenue growth was at just 12.7% yoy impacted by floods, Ayodhya verdict and shift of festive season to Q3 in FY11 v/s Q2 in FY10. Ad-revenue growth fully led by realization growth - mix of yield improvement and rate hike. Retain EPS estimate of Rs 7.0 and Rs 8.6 for FY11E and FY12E respectively. Retain BUY rating with target Rs 155.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
HT Media	27.3	17.8	54.5	388	61.1	1.7	141	175	HOLD	↔	Q2FY11 headline profit growth although strong at 61% yoy to Rs388mn, is slightly below our estimate of Rs431mn. Cons. ad-revenues grew by 17% yoy with Hindi ad-revenue growth of 30% yoy and English at 13% yoy. EBIDTA margins increased by 310bps yoy to 17.8% v/s our estimate of 21.8% due to higher revenue contribution from Burda, which registered EBIDTA loss. Estimates maintained. Retain HOLD rating with revised target price of Rs175 (v/s Rs159 earlier).

- Revenues for the quarter remained flat sequentially as the seasonally weak quarter Q2 was also impacted by monsoon and floods
- RPM during the quarter remained relatively stable but 5-7% sequential fall in MOU resulted in 6-8% fall ARPU.
- All three operators saw hardly any growth in mobile traffic during the quarter and hence, no mobile revenue growth led to disappointment.
- While Bharti Airtel's domestic operations were stable, African operations saw sharp margin dip of 360bps QoQ post the tariff cuts and higher SG & A.
- While domestic performance is stabilizing and is showing signs of recovery, we believe that the turnaround of African operation is still few 2-3 quarters away
- Post 2Q11 results we have cut EPS estimates for Bharti & RCOM by 6-8% & 14-16%
- We have cut rating on RCOM from HOLD to REDUCE while we maintain our HOLD rating on Bharti and SELL rating on Idea.
- We remain Neutral on the telecom sector with Bharti as our preferred play

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Bharti Airtel*	24.4	33.7	16.0	16,616	-2.5	4.4	329	345	HOLD	↓	Bharti reported Q2FY11 Cons. profit of Rs16.6bn, below our estimate of Rs19.2bn due to absence of revenue growth in domestic business and fall of 360bps in EBIDTA margins in Africa. Although RPAT of Rs16.6bn includes forex gain of Rs2.5bn, the benefit of the same is largely nullified due to higher tax provision for Africa (despite loss).
Reliance Comm*	0.2	32.4	1.7	4,459	77.7	2.2	148	135	REDUCE	↓	Revenue was flat at Rs51bn (v/s estimate of 3% growth) due to seasonally weak quarter resulting in no traffic growth. EBIDTA grew 1.7% QoQ to Rs16.6bn v/s estimate of Rs17.6bn. Interest cost of Rs2.2bn v/s estimate of Rs5.1bn gave the profit swing. We cut our rating from HOLD to REDUCE and target price from Rs180 to Rs135.
Idea Cellular*	0.2	24.0	-1.1	1,797	-10.8	0.5	74	60	SELL	↓	Idea Q2FY11 cons. PAT of Rs1.8bn was lower than our and consensus estimate of Rs2bn. The revenues remained flat sequentially at Rs36.6bn due to sharp 8.3% fall in ARPU. EBIDTA declined by 1% QoQ to Rs8.8bn v/s estimate of Rs9.2bn. Cons. PAT declined by 10.8% QoQ to Rs1.8bn. Higher leverage (3.1x net debt/ EBIDTA) and valuations (7.8x FY12E EV/EBIDTA) make stock unattractive. Retain SELL rating.
Tulip Telecom	19.1	27.9	28.5	781	49.9	5.4	175	240	BUY	↔	Q2FY11 net sales grew by 19.1% YoY to Rs 5.85bn (ahead of our estimate of Rs5.6bn) led by strong growth in fiber led data connectivity revenues. EBIDTA grew by 28.5% YoY to Rs 1.6bn (in-line with estimate) and margins expanded by 200bps yoy to 27.9%. Margin expansion boosted APAT growth of 35.3% yoy to Rs781mn, in line with estimate. Retain BUY rating on attractive valuations of 7x FY12E EPS.

\* Growth numbers are on QoQ basis

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Century Plyboards	20.2	20.2	12.0	420	33.3	2.4	64	80	BUY	↑	Revenues at Rs 3.41 bn (our est-Rs3.24 bn) have grown by 20.2%, driven by a smart 36.1% growth in P&L segment, and a stupendous growth of 262% in the ferro alloys segment. Cement segment registered revenue decline of 5% as the benefits of 3.6% improvement in cement realization (Rs5290/ton) were negated by 8.4% decline in cement volumes. EBITDA at Rs688 mn grew 12%/yoy while overall EBITDA margins at 20.2% declined 147 bps yoy. Consequently net profit after minority interest at Rs 420 mn grew by 33.2% yoy. We are revising FY11 earnings by +5.4% (EPS of Rs6.2)& FY12 by -7.0% (EPS of Rs9.2).
Essel Propack	5.1	17.0	-1.2	95	-15.7	0.6	47	76	BUY	↔	Essel is heading for target of Rs1.0 bn in APAT in FY12E. Q2FY11 performance remain satisfactory and full points to direction (1) 20% jump in revenues to Rs3.7 bn and (2) 160% jump in APAT to Rs135 mn. Overall progress on expected lines with AMESA and EAP reporting volume traction and Americas and Europe improving on their profitability.
HBL Power	-14.2	7.9	-70.2	26	-92.0	0.1	26	UR	UR	↓	Revenues decline by 14.2% yoy to Rs2.6bn slightly lower than our expectation of Rs2.7bn. EBITDA declined by 70.2% yoy to Rs204mn against our expectation of Rs315mn led by higher raw material and employee costs. APAT declined by 92.0% yoy to Rs26mn (our estimate -Rs113mn) primarily led by lower EBITDA margins and higher depreciation cost. We cut our FY11E earnings by 44.2% and 23.7% to Rs496mn and Rs848mn respectively. Our FY11E/FY12E EPS stands at Rs2.0/Rs3.4 per share. Stock trades at 7.8x FY12E earnings and 1.0x FY12E P/B. Recommendation under review.



# Others

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Jubilant FoodWorks	67.1	18.2	95.3	184	137.5	2.9	577	600	ACCUMULATE	↑	Another quarter of strong same store sales growth – clocks 43% yoy growth versus 37% in Q1FY11. Upgrade earnings by 12% and 27% for FY11E and FY12E. JFL continues to beat expectations (1) 67% yoy jump in revenues to Rs1.6 bn (2) 137% yoy jump in APAT to Rs0.2 bn. JFL added 18 new stores in Q2FY11 with total network at 320 Nos.
Kajaria Ceramics	19.9	15.7	14.9	133	51.9	1.8	78	91	BUY	↔	Higher volume growth due to commissioning of vitrified tiles facility clubbed with higher realisations due to improved product mix resulted in 20% increase in revenues to Rs 2.2 bn. EBITDA margins declined by 70 bps to 15.7% due to higher trading. Lower interest charges and lower fuel cost due to change from high cost propane to gas resulted in 130bps improvement in PAT margins to 6%. Maintain BUY.
Piramal Glass	2.6	22.2	8.6	207	3727.8	2.6	126	160	BUY	↑	Q2FY11 performance exceeds expectation on all counts – resulting in 37X jump in APAT to Rs207 mn. Full points to quality of performance as C&P business grew 15% yoy and Pharma business remain flat at Rs0.9 bn. Ebitda margins at 22% in Q2FY11, heading towards target 27% in FY12E. Upgrade earnings by 10% and 3% for FY11E and FY12E.

NAME	Sales Gr (%)	EBITDA (%)	EBITDA Growth (%)	PAT (Rs mn)	PAT Gr (%)	EPS (Rs.)	CMP (Rs.)	TP (Rs.)	RECO	Actual v/s Expect	Comments
Sintex Industries	29.0	18.6	38.7	1,001	74.9	3.7	220	215	HOLD	↑	Q2FY11 numbers were above our estimates. This was mainly because of (1) higher EBITDA margins in standalone business (23.3% versus estimate of 20.4%), (2) higher monolithic revenues Rs2.4bn versus expectations of Rs1.8bn, (3) higher revenues in Nief Rs2.3bn versus expectation of Rs1.9bn and (4) forex gain of Rs160mn (pertaining to FCCBs). However, issue on the balance sheet front remains with working capital cycle increasing to ~135 days. With the contribution of monolithic increasing going forward, working capital cycle is further likely to increase - our key concern. At CMP of Rs224, stock is trading at 11.1x FY12E earnings (Rs20.1/Share). Do not see significant upside, maintain hold.
Sterlite Tech	9.4	17.8	1.9	576	5.3	1.5	80	100	HOLD	↓	Q2FY11 profit of Rs576mn, was below our estimate of Rs651mn due to lower conductor volume growth. We have cut EPS estimates by 21% /17% to Rs6.3 /8.3 for FY11E & FY12E on delay in power conductor order in-flows and stabilization of expanded fiber capacity to hit growth. Cut Rating to HOLD from BUY with revised target price of Rs100 (from Rs131 earlier).
Titan Industries	33.9	11.3	60.5	1,278	64.7	28.8	3,668	3,762	ACCUMULATE	↑	Jewellery shines & Watches continue to tick, hence Q2FY11 performance beats expectation. Titan recorded (1) 34% jump in revenue to Rs15.4 bn (2) 65% jump in APAT to Rs1.3 bn. Jewellery grew by 37% and Watches grew by 20% in the quarter. With better Ebitda margins and volume growth, earnings upgraded by 10% for FY11E and FY12E.

# Quarterly Results

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ
<b>Agri Input &amp; Chemicals</b>																				
Advanta India	2010	1887	1653	22%	7%	376	370	268	41%	2%	178	92	-53	93%	10.6	5.5	-3.1	93%		
Chambal Fertilisers	15453	9654	9638	60%	60%	2253	1948	1918	17%	16%	982	800	838	17%	23%	2.4	1.9	2.0	17%	23%
Coromandel International	25761	15528	15293	68%	66%	3340	1894	1766	89%	76%	2226	1215	1136	96%	83%	15.9	8.7	8.1	96%	83%
Deepak Fertilisers	4141	3505	3549	17%	18%	800	924	721	11%	-13%	448	522	363	23%	-14%	5.1	5.9	4.1	23%	-14%
GNFC	8019	3678	7662	5%	118%	1153	-171	1340	-14%		639	-227	607	5%		4.1	-1.5	3.9	5%	
GSFC	13007	10668	9522	37%	22%	3172	1836	1407	125%	73%	2070	1086	772	168%	91%	26.0	13.6	9.7	168%	91%
Rallis India	3680	2028	3209	15%	81%	883	227	745	19%	290%	587	148	478	23%	296%	30.2	7.6	24.6	23%	296%
Tata Chemicals	29909	25207	22418	33%	19%	4182	5177	4034	4%	-19%	1251	2337	1677	-25%	-46%	5.1	9.6	6.9	-25%	-46%
United Phosphorus	12569	14686	11570	9%	-14%	2326	2892	1964	18%	-20%	1307	1934	1323	-1%	-32%	3.0	4.4	3.0	-1%	-32%
<b>Auto Ancillaries</b>																				
Apollo Tyres	11756	11213	12203	-4%	5%	1215	1169	2001	-39%	4%	374	406	1021	-63%	-8%	0.7	0.8	2.0	-63%	-8%
JK Tyre	11385	11680	9414	21%	-3%	745	731	1369	-46%	2%	202	195	595	-66%	3%	4.9	4.7	14.5	-66%	3%
Motherson Sumi	19576	19049	16391	19%	3%	1919	1899	1260	52%	1%	695	635	597	17%	9%	1.8	1.6	1.5	17%	9%
<b>Automobiles</b>																				
Ashok Leyland	27140	23480	15777	72%	16%	3063	2363	1662	84%	30%	1671	1235	896	86%	35%	1.3	0.9	0.7	86%	35%
Bajaj Auto	43418	38901	28875	50%	12%	9122	7769	6365	43%	17%	6928	5902	4347	59%	17%	23.9	20.4	15.0	59%	17%
Hero Honda	45520	42966	40594	12%	6%	6079	6025	7442	-18%	1%	5056	4917	5971	-15%	3%	25.3	24.6	29.9	-15%	3%
Mah & Mah	53635	51601	44853	20%	4%	8500	7756	7681	11%	10%	7135	5624	5907	21%	27%	11.9	9.4	9.8	21%	27%
Maruti Suzuki India	91473	82315	72026	27%	11%	9916	8577	9161	8%	16%	6204	5125	5700	9%	21%	21.5	17.7	19.7	9%	21%
Tata Motors	287820	270556	211002	36%	6%	40016	38554	16719	139%	4%	21112	20247	219	9539%	4%	34.5	33.1	0.4	8487%	4%
TVS Motor	16162	13930	11299	43%	16%	1075	897	623	73%	20%	549	403	249	120%	36%	1.2	0.8	0.5	120%	36%
<b>Banks</b>																				
Allahabad Bank	9692	8502	6032	61%	14%	7815	7045	6498	20%	11%	4025	3470	3336	21%	16%	9.0	7.8	7.5	21%	16%
Andhra Bank	7832	7362	5147	52%	6%	5645	5103	4528	25%	11%	3030	3204	2741	11%	-5%	6.2	6.6	5.6	11%	-5%
Axis Bank	16151	15138	11497	40%	7%	14864	14501	13058	14%	3%	7351	7419	5316	38%	-1%	18.0	18.2	13.2	36%	-1%
Bank of Baroda	20381	18580	13886	47%	10%	16567	15279	10315	61%	8%	10193	8592	6341	61%	19%	27.9	23.5	17.3	61%	19%
Bank of India	17761	17405	14089	26%	2%	13796	14107	12060	14%	-2%	6167	7252	3234	91%	-15%	11.7	13.8	6.1	91%	-15%
Canara Bank	20033	17271	13137	52%	16%	14157	14826	14191	0%	-5%	10078	10126	9106	11%	0%	24.6	24.6	22.1	11%	0%
Corporation Bank	7152	6976	5035	42%	3%	5735	6204	5346	7%	-8%	3517	3338	2907	21%	5%	24.5	23.3	20.3	21%	5%
HDFC Bank	25263	24011	19558	29%	5%	18071	17487	15928	13%	3%	9121	9291	6873	33%	-2%	19.7	20.2	16.0	23%	-2%
ICICI Bank	22044	19910	20361	8%	11%	22125	21876	24353	-9%	1%	12369	10255	10401	19%	21%	10.7	9.2	9.3	15%	17%
LIC Housing Finance	3051	2943	1868	63%	4%	3192	2983	2000	60%	7%	2341	2120	1500	56%	10%	24.7	22.3	15.8	56%	10%
Manappuram General Finance	1792	1422	547	228%	26%	947	723	299	217%	31%	602	462	185	226%	30%	1.7	1.4	1.2	36%	24%
Punjab National Bank	29767	26189	19922	49%	14%	21001	20984	16063	31%	0%	10746	10686	9266	16%	1%	34.1	33.9	29.4	16%	1%
South Indian bank	1973	1674	1416	39%	18%	1248	1044	1102	13%	20%	770	585	489	57%	32%	0.7	0.5	0.4	56%	30%
State Bank of India	81149	73037	56083	45%	11%	63570	61344	48345	31%	4%	25014	29142	24895	0%	-14%	39.4	45.9	39.2	0%	-14%
Union Bank of India	15358	13480	8897	73%	14%	11310	10437	8104	40%	8%	3037	6014	5054	-40%	-49%	6.0	11.9	10.0	-40%	-49%
United Bank Of India	5262	5086	3556	48%	3%	3546	3407	2165	64%	4%	1097	1079	837	31%	2%	3.5	3.4	3.1	10%	2%
Yes Bank	3132	2621	1760	78%	19%	2813	2490	1918	47%	13%	1762	1564	1117	58%	13%	5.1	4.6	3.7	36%	11%

# Quarterly Results (contd...)

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ
<b>Cement</b>																				
ACC	16372	20207	19694	-17%	-19%	1699	5530	6679	-75%	-69%	900	3589	4355	-79%	-75%	4.8	19.1	23.2	-79%	-75%
Ambuja Cements	15640	20476	16110	-3%	-24%	2832	6032	4300	-34%	-53%	1521	3912	2723	-44%	-61%	1.0	2.6	1.8	-44%	-61%
India Cements	8412	8807	9894	-15%	-4%	286	1001	2977	-90%	-71%	-449	108	1382			-1.5	0.4	4.9		
Madras Cements	6421	6972	8480	-24%	-8%	1068	1925	3361	-68%	-45%	185	726	1699	-89%	-75%	0.8	3.1	7.1	-89%	-75%
Orient Paper	3829	4416	3544	8%	-13%	188	718	712	-74%	-74%	5	342	407	-99%	-99%	0.0	1.8	2.1	-99%	-99%
Shree Cements	7176	9445	8996	-20%	-24%	1427	2895	4149	-66%	-51%	106	1059	2889	-96%	-90%	3.0	30.4	82.9	-96%	-90%
<b>Construction</b>																				
IRB Infrastructure	4903	5120	3559	38%	-4%	2364	2493	1747	35%	-5%	991	1025	709	40%	-3%	3.0	3.1	2.1	40%	-3%
IVRCL	10502	11062	12525	-16%	-5%	706	1005	1201	-41%	-30%	233	281	479	-51%	-17%	0.9	1.1	1.8	-51%	-17%
Jaiprakash Associates	29933	31742	18438	62%	-6%	6811	6421	4753	43%	6%	1155	1058	1161	-1%	9%	0.5	0.5	0.5	-1%	9%
<b>Engineering &amp; Capital Goods</b>																				
ABG Shipyard	5544	4278	3554	56%	30%	1442	1027	629	129%	40%	637	522	459	39%	22%	12.5	10.2	9.0	39%	22%
Bharat Bijlee	1846	1058	1702	8%	74%	255	113	211	21%	125%	151	59	124	22%	159%	26.8	10.4	21.9	22%	159%
Bharati Shipyard	3434	3331	3163	9%	3%	631	632	596	6%	0%	292	221	327	-11%	32%	10.1	7.6	11.9	-15%	32%
BHEL	83284	64797	66252	26%	29%	14702	8437	11295	30%	74%	11423	6676	8579	33%	71%	23.3	13.6	17.5	33%	71%
Blue Star	6948	6648	5635	23%	5%	672	609	650	3%	10%	386	367	442	-13%	5%	4.3	4.1	4.9	-13%	5%
Cummins India	10914	9279	6193	76%	18%	2172	1975	1137	91%	10%	1679	1402	879	91%	20%	8.5	7.1	4.4	91%	20%
Elecon Engineering	2809	2472	2551	10%	14%	400	372	369	8%	7%	142	133	108	32%	7%	1.5	1.4	1.2	32%	7%
EMCO	2902	1188	2014	44%	144%	-274	-256	260			-286	-261	94			-4.6	-4.2	1.6		
Greaves Cotton	3784	3477	2988	27%	9%	599	454	444	35%	32%	363	278	239	52%	31%	7.4	5.7	4.9	52%	31%
Indo Tech	303	256	226	34%	18%	-60	-31	23			-58	-27	12			-5.5	-2.5	1.2		
Lakshmi Machine Works	4430	3456	2782	59%	28%	777	558	560	39%	39%	459	301	323	42%	52%	37.1	24.3	26.1	42%	52%
Larsen & Toubro	93308	78853	79212	18%	18%	10657	10071	8383	27%	6%	6241	6652	5530	13%	-6%	10.3	11.0	9.4	9%	-6%
McNally Bharat Engineering	4018	2839	3052	32%	42%	219	156	213	3%	40%	97	62	88	10%	57%	3.1	2.0	2.8	10%	57%
Punj Lloyd	19875	17339	28716	-31%	15%	1832	1341	2120	-14%	37%	239	-306	528	-55%		0.7	-0.9	1.6	-55%	
Thermax	10916	7898	6804	60%	38%	1286	960	792	62%	34%	895	662	541	65%	35%	7.5	5.6	4.5	65%	35%
TRF	1925	2393	1857	4%	-20%	-237	126	147			-222	65	100			-20.2	5.9	9.1		
TRIL	1120	833	870	29%	34%	151	125	144	5%	21%	101	85	96	6%	19%	7.8	6.6	7.4	6%	19%
Voltamp Transformers	1243	1193	1112	12%	4%	125	130	199	-37%	-4%	93	107	172	-46%	-13%	9.2	10.6	17.0	-46%	-13%
Voltas	10651	14083	10956	-3%	-24%	1075	1276	1255	-14%	-16%	746	940	903	-17%	-21%	2.3	2.8	2.7	-17%	-21%
<b>Financial Services - Others</b>																				
CRISIL	1591	1512	1329	20%	5%	562	469	495	13%	20%	439	362	431	2%	21%	60.7	50.1	59.6	2%	21%
ICRA	484	410	363	33%	18%	200	131	131	53%	53%	141	104	95	49%	35%	14.1	10.4	9.5	49%	35%

# Quarterly Results (contd...)



Your success is our success

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ
<b>FMCG</b>																				
Asian Paints	18108	18302	17239	5%	-1%	3315	3471	3228	3%	-5%	2147	2222	2057	4%	-3%	22.4	23.2	21.4	4%	-3%
Godrej Consumer Products	9647	6453	5779	67%	50%	1810	1213	1143	58%	49%	1302	761	930	40%	71%	4.2	2.5	3.6	17%	71%
Hindustan Unilever	47647	48630	42692	12%	-2%	6469	6677	6520	-1%	-3%	5257	5147	5546	-5%	2%	2.4	2.4	2.5	-5%	2%
Marico	7788	7901	6922	13%	-1%	993	1055	953	4%	-6%	716	737	624	15%	-3%	1.2	1.2	1.0	15%	-3%
<b>IT Services</b>																				
eClerx Services	823	771	623	32%	7%	298	283	254	17%	5%	276	293	161	71%	-6%	9.3	9.9	5.4	71%	-6%
HCL Tech	36116	34254	30314	19%	5%	5634	6138	6687	-16%	-8%	3004	3183	3014	0%	-6%	4.4	4.7	4.5	-2%	-6%
Hexaware Technologies	2817	2512	2632	7%	12%	240	142	623	-61%	69%	168	144	414	-59%	17%	1.2	1.0	2.9	-59%	17%
Infosys	69470	61980	55850	24%	12%	23150	19620	19330	20%	18%	17370	14900	15400	13%	17%	30.3	26.0	26.9	13%	17%
NIIT	3458	2780	3597	-4%	24%	532	287	495	7%	85%	285	130	261	9%	119%	1.7	0.8	1.6	10%	119%
Patni Computer	7967	7776	8040	-1%	2%	1505	1568	1690	-11%	-4%	1281	1473	1169	10%	-13%	9.6	11.2	8.9	8%	-14%
TCS	92864	82172	74351	25%	13%	27894	24087	21342	31%	16%	21065	18443	16239	30%	14%	10.8	9.4	8.3	30%	14%
Tech Mahindra	15339	11337	11418	34%	35%	2818	2127	2925	-4%	32%	1873	1444	1690	11%	30%	14.3	11.0	12.9	11%	30%
Wipro	77719	71906	68937	13%	8%	14447	14034	12879	12%	3%	12849	13192	11215	15%	-3%	5.3	5.4	4.6	15%	-2%
<b>Offshore Oil Field Services</b>																				
Aban Offshore	8281	8425	7029	18%	-2%	5563	5202	4529	23%	7%	891	2057	714	25%	-57%	23.6	47.3	18.9	25%	-50%
Garware Offshore	493	485	542	-9%	2%	188	194	227	-17%	-4%	43	55	63	-32%	-21%	1.8	2.3	2.7	-32%	-21%
Great Offshore	1992	2359	2358	-16%	-16%	1048	964	970	8%	9%	281	267	314	-11%	5%	7.6	7.2	8.5	-11%	5%
<b>Oil &amp; Gas</b>																				
BPCL	354348	342325	270923	31%	4%	24865	-14059	-950			21422	-17181	-1588			59.3	-47.5	-4.4		
HPCL	308702	293015	246290	25%	5%	24829	-15339	1719	1344%		20898	-18829	-1368			61.4	-55.3	-4.0		
Indian Oil	773357	719245	609697	27%	8%	68900	-26657	6138	1023%		52939	-33884	2845	1761%		21.8	-14.0	2.3	830%	
<b>Paper</b>																				
Ballarpur Inds	10227	10812	8104	26%	-5%	2092	2385	1945	8%	-12%	410	653	419	-2%	-37%	0.6	1.0	0.6	-2%	-37%
JK Paper	3133	2912	2855	10%	8%	709	665	634	12%	7%	291	291	234	24%	0%	3.7	3.7	3.0	24%	0%
Tamilnadu Newsprint	2972	2972	2709	10%	0%	940	899	837	12%	5%	408	399	282	45%	2%	5.9	5.7	4.1	45%	2%
<b>Pharmaceuticals</b>																				
Aurobindo Pharma	11126	9223	8826	26%	21%	2542	1717	2070	23%	48%	1437	933	1068	35%	54%	24.6	16.0	19.9	24%	54%
Cadila Healthcare	11167	10864	9458	18%	3%	2449	2500	2057	19%	-2%	1708	2003	1365	25%	-15%	8.3	9.8	6.7	25%	-15%
Cipla	16154	15361	14429	12%	5%	3666	3724	3733	-2%	-2%	2630	2747	2696	-2%	-4%	3.3	3.4	3.4	-2%	-4%
Dishman Pharma	2128	2018	2174	-2%	5%	369	444	498	-26%	-17%	85	169	191	-55%	-50%	1.1	2.1	2.4	-55%	-50%
Divi's Lab	2589	2648	2275	14%	-2%	878	1003	1074	-18%	-12%	719	837	856	-16%	-14%	5.4	6.3	6.4	-16%	-14%
Dr. Reddy's Lab	18704	16831	18368	2%	11%	3475	2727	2749	26%	27%	2912	2286	2410	21%	27%	17.3	13.6	14.3	21%	27%
Glaxosmithkline Pharma	5893	5075	5190	14%	16%	2160	1913	1953	11%	13%	1583	1396	1411	12%	13%	18.7	16.5	16.7	12%	13%
Glenmark Pharma	7414	6068	6044	23%	22%	1870	1445	1704	10%	29%	996	1480	789	26%	-33%	3.7	5.5	2.9	26%	-33%
Ipca Lab	5183	4145	4303	20%	25%	1180	678	1021	16%	74%	730	418	643	13%	75%	5.8	3.3	5.1	13%	75%
Jubilant Life Sciences	9921	9815	9331	6%	1%	1595	1567	1851	-14%	2%	826	804	1006	-18%	3%	5.2	5.1	6.3	-18%	3%
Lupin	14340	13343	11658	23%	7%	2986	2844	2151	39%	5%	2150	1963	1604	34%	10%	4.8	4.4	18.1	-73%	10%
Panacea Biotech	2562	2584	1688	52%	-1%	564	615	245	130%	-8%	190	338	-14		-44%	3.1	5.0	-0.2		-39%
Ranbaxy Labs	19347	21505	18858	3%	-10%	1386	4168	2427	-43%	-67%	1063	3413	1170	-9%	-69%	2.5	8.1	2.6	-4%	-69%
Sun Pharma	13701	13997	10889	26%	-2%	4670	6160	3510	33%	-24%	5037	5643	4538	11%	-11%	24.3	27.2	21.9	11%	-11%
Torrent pharma	5815	5410	4796	21%	7%	1175	1156	1182	-1%	2%	762	777	740	3%	-2%	9.0	9.2	8.7	3%	-2%

# Quarterly Results (contd...)

Company Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	Q2FY11	Q1FY11	Q2FY10	YoY	QoQ	
<b>Power</b>																					
Gujarat Industries Power	2120	2489	2008	6%	-15%	418	604	416	1%	-31%	155	419	125	24%	-63%	1.0	2.8	0.8	24%	-63%	
NTPC	129893	129445	105087	24%	0%	30101	29866	28568	5%	1%	18385	18419	18755	-2%	0%	2.2	2.2	2.3	-2%	0%	
<b>Print Media</b>																					
DB Corp	3010	2987	2593	16%	1%	951	1136	822	16%	-16%	551	695	456	21%	-21%	3.0	3.8	2.5	21%	-21%	
Deccan Chronicle	2367	2318	2509	-6%	2%	1179	1199	1387	-15%	-2%	826	912	999	-17%	-9%	3.4	3.7	4.1	-17%	-9%	
HT Media	4455	4042	3500	27%	10%	791	799	512	54%	-1%	388	414	241	61%	-6%	1.7	1.8	1.0	61%	-6%	
Jagran Prakashan	2769	2698	2469	12%	3%	908	902	833	9%	1%	555	556	503	10%	0%	1.8	1.8	1.7	10%	0%	
<b>Telecommunications</b>																					
Bharti Airtel	152150	122308	103785	47%	24%	51212	44140	43007	19%	16%	16616	17049	22631	-27%	-3%	4.4	4.5	6.0	-27%	-3%	
Idea Cellular	36592	36537	29739	23%	0%	8788	8884	8095	9%	-1%	1797	2014	2202	-18%	-11%	0.5	0.6	0.7	-23%	-11%	
Reliance Communications	51183	51092	57026	-10%	0%	16595	16320	20198	-18%	2%	4459	2509	7432	-40%	78%	2.2	1.2	3.6	-40%	78%	
Tulip Telecom	5850	5252	4910	19%	11%	1634	1418	1271	28%	15%	781	642	521	50%	22%	5.4	4.4	3.6	50%	22%	
<b>Others</b>																					
Century Plyboards	3410	3113	2837	20%	10%	688	716	614	12%	-4%	420	413	315	33%	2%	1.9	1.9	1.4	33%	2%	
Essel Propack	3687	3323	3509	5%	11%	627	563	634	-1%	11%	95	104	113	-16%	-8%	0.6	0.7	0.7	-16%	-8%	
HBL Power Systems	2581	2415	3008	-14%	7%	204	269	682	-70%	-24%	26	71	325	-92%	-63%	0.1	0.3	1.3	-92%	-63%	
Jubilant FoodWorks	1634	1356	977	67%	21%	297	251	152	95%	18%	184	153	78	137%	21%	2.9	2.4	1.3	120%	19%	
Kajaria Ceramics	2222	1955	1854	20%	14%	349	313	304	15%	11%	133	113	88	52%	18%	1.8	1.5	1.2	52%	18%	
Piramal Glass	3067	2824	2990	3%	9%	681	627	628	9%	9%	207	165	5	3728%	25%	2.6	2.1	0.1	3728%	25%	
Sintex Industries	9231	9106	7154	29%	1%	1716	1374	1237	39%	25%	1001	788	572	75%	27%	3.7	2.9	2.1	75%	27%	
Sterlite Tech	5094	4918	4658	9%	4%	906	830	888	2%	9%	576	556	547	5%	4%	1.5	1.4	8.5	-83%	4%	
Titan Industries	15361	12528	11469	34%	23%	1736	1113	1082	60%	56%	1278	813	776	65%	57%	28.8	18.3	17.5	65%	57%	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
<b>Agri Input &amp; Chemicals</b>																				
Advanta India	447	8	Hold	672	7,828	9,601	1,253	1,536	516	706	30.7	42.0	14.6	10.7	1.4	1.2	11.0	12.9	10.1	12.3
Chambal Fertilisers	90	37	Accumulate	77	41,258	41,557	7,599	7,474	3,553	3,572	8.5	8.6	10.5	10.5	2.2	1.9	16.3	15.9	22.9	19.7
Coromandel International	635	89	Buy	870	72,974	80,197	9,820	12,259	6,241	8,118	44.5	57.9	14.3	11.0	4.7	3.7	29.0	37.3	36.9	38.0
Deepak Fertilisers	182	16	Buy	250	15,345	19,167	3,626	4,449	1,874	2,224	21.2	25.2	8.6	7.2	1.5	1.3	17.4	19.5	18.4	19.0
GNFC	125	19	Buy	157	26,763	29,792	3,584	6,660	1,798	3,479	11.6	22.4	10.8	5.6	0.9	0.8	9.5	16.1	8.4	14.9
GSFC	365	29	Buy	530	46,034	49,220	9,188	8,928	5,611	5,285	70.4	66.3	5.2	5.5	1.1	0.9	27.1	21.9	23.5	18.4
Rallis India	1,374	27	Buy	1,800	10,872	12,745	2,192	2,784	1,504	1,873	77.3	96.3	17.8	14.3	5.0	3.9	42.4	40.0	31.3	30.8
Tata Chemicals	373	95	Accumulate	393	103,772	109,690	20,297	21,297	8,384	8,704	34.4	35.7	10.8	10.4	1.7	1.5	17.0	16.8	16.9	15.6
United Phosphorus	184	81	Buy	230	57,674	68,945	9,796	13,235	5,603	8,833	12.7	20.1	14.4	9.2	2.3	1.9	16.1	20.2	17.1	22.5
<b>Automobiles</b>																				
Ashok Leyland	74	99	Hold	76	108,335	121,910	11,580	13,373	6,877	8,558	5.2	6.4	14.3	11.5	3.7	3.1	18.8	22.1	27.5	29.4
Bajaj Auto	1,563	452	Accumulate	1,710	163,200	199,173	34,100	41,964	25,211	31,919	87.1	110.3	17.9	14.2	10.6	7.6	72.4	70.2	70.2	62.7
Hero Honda	1,946	389	Reduce	1,720	184,778	207,615	25,276	28,843	21,399	24,517	107.2	122.8	18.2	15.8	7.8	5.9	59.7	50.9	50.7	42.4
Mah & Mah	753	449	Buy	880	223,799	249,351	35,374	39,140	26,036	28,760	43.3	47.8	17.4	15.7	4.3	3.7	28.6	27.4	28.5	25.2
Maruti Suzuki India	1,406	406	Hold	1,600	383,646	444,747	36,496	42,268	24,756	28,390	85.7	98.2	16.4	14.3	2.9	2.4	25.3	24.8	19.1	18.5
Tata Motors	1,190	613	Buy	1,550	1,191,649	1,344,196	160,235	185,421	86,244	102,846	141.1	168.3	8.4	7.1	4.0	2.8	25.1	26.1	64.5	46.1
TVS Motor	78	37	Reduce	72	60,088	70,039	4,218	5,475	1,966	2,833	4.1	6.0	18.8	13.0	3.8	3.1	16.1	20.7	21.6	26.2
<b>Auto Ancillaries</b>																				
Apollo Tyres	62	31	Hold	70	97,848	128,427	8,862	10,789	3,032	4,171	6.0	8.3	10.3	7.5	1.4	1.2	14.2	16.3	14.5	17.3
JK Tyre	148	6	Buy	195	58,099	65,848	3,748	4,697	1,105	1,623	26.9	39.5	5.5	3.7	0.6	0.6	19.6	36.6	12.3	15.9
Motherson Sumi	182	71	Accumulate	200	81,875	98,635	5,083	7,816	3,132	5,034	8.1	13.0	22.5	14.0	4.8	4.1	24.3	32.6	23.9	31.6
<b>Cement</b>																				
ACC	1,020	191	Accumulate	1,035	77,788	86,424	18,289	21,527	11,493	13,386	61.2	71.2	16.7	14.3	2.8	2.5	23.3	24.7	18.0	18.7
Ambuja Cements	146	222	Hold	130	73,395	82,196	19,117	21,156	12,703	13,824	8.3	9.1	17.5	16.0	3.0	2.7	27.1	25.8	18.5	17.8
Grasim Industries	2,205	202	Accumulate	2,600	201,178	222,465	44,542	51,292	18,502	20,849	201.8	227.4	10.9	9.7	1.4	1.3	15.5	16.1	13.9	13.9
India Cements	112	34	Sell	114	38,005	44,058	4,840	6,210	1,106	1,793	3.6	5.8	31.1	19.2	1.0	0.9	4.6	6.3	3.1	4.9
Madras Cements	113	27	Reduce	113	28,124	32,849	6,440	7,751	1,983	2,565	8.3	10.8	13.6	10.5	1.6	1.4	9.4	11.0	12.2	14.0
Orient Paper	55	11	Buy	77	19,030	22,644	2,666	3,456	1,245	1,700	6.5	8.8	8.6	6.3	1.2	1.1	16.5	20.4	15.3	18.2
Shree Cements	2,168	76	Accumulate	2,330	38,054	48,431	10,932	14,186	3,912	5,759	112.3	165.3	19.3	13.1	3.5	2.8	15.9	21.1	19.6	24.0
Ultratech Cement	1,093	300	Reduce	1,040	69,130	79,387	14,362	18,015	7,532	10,048	59.6	79.4	18.4	13.8	2.6	2.2	15.9	18.7	15.3	17.5
<b>Construction</b>																				
IRB Infrastructure	242	81	Accumulate	304	29,730	37,642	12,221	14,960	4,408	5,108	13.3	15.4	18.3	15.8	3.3	2.8	14.4	13.3	19.7	19.3
IVRCL	126	34	Hold	160	60,323	76,357	5,568	7,086	1,913	2,467	7.2	9.2	17.5	13.6	1.7	1.5	12.5	13.8	9.9	11.6
Jaiprakash Associates	121	256	Accumulate	150	104,851	129,182	34,029	44,695	4,465	8,040	2.1	3.8	57.3	31.8	3.0	2.8	7.8	11.0	5.4	9.2

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
<b>Engineering &amp; Capital Goods</b>																					
ABG Shipyard	402	20	Sell	228	23,136	24,391	4,723	4,875	2,262	2,415	44.4	47.4	9.1	8.5	1.6	1.4	14.6	15.8	19.3	17.5	
Bharat Bijlee	1,009	6	Buy	1,350	7,739	9,014	963	1,153	543	658	96.1	116.4	10.5	8.7	2.2	1.9	31.6	33.7	22.6	23.8	
Bharati Shipyard	226	7	Reduce	196	11,193	3,244	4,010	474	1,043	-1,216	32.9	-38.4	6.9	-5.9	0.7	0.9	12.1	0.4	11.5	-13.4	
BHEL	2,257	1,105	Buy	3,030	398,549	484,774	87,446	101,840	54,133	63,154	110.6	129.0	20.4	17.5	5.6	4.6	45.4	43.2	30.4	28.9	
Blue Star	424	38	Accumulate	543	29,826	35,410	3,436	4,034	2,249	2,662	25.0	29.6	17.0	14.3	6.1	4.8	53.4	50.0	40.2	37.6	
Elecon Engineering	87	8	Buy	121	11,609	14,165	1,784	2,166	641	875	6.9	9.4	12.6	9.2	2.1	1.8	16.4	19.1	18.2	21.2	
EMCO	60	3	Reduce	60	11,494	13,972	62	1,193	-348	298	-5.3	4.6	-11.2	13.1	0.7	0.7	-1.6	9.9	-6.1	5.3	
Indo Tech	211	2	Hold	205	1,569	2,585	-77	246	-66	149	-6.2	14.0	-33.9	15.0	1.7	1.5	-7.9	14.0	-4.9	10.8	
Larsen & Toubro	2,046	1,244	Accumulate	2,129	532,225	642,461	86,442	107,798	41,818	50,914	69.0	84.0	29.7	24.4	5.0	4.3	14.2	14.6	18.3	19.0	
Lakshmi Machine Works	2,568	32	Hold	2,660	16,282	18,294	2,852	3,191	1,527	1,780	123.5	143.9	20.8	17.8	3.1	2.7	22.6	23.4	15.6	16.3	
Mcnally Bharat Engineering	236	7	Buy	418	18,495	22,839	1,211	1,492	431	555	13.9	17.8	17.0	13.2	2.8	2.4	24.2	24.7	17.7	19.4	
Punj Lloyd	115	38	Hold	132	97,400	133,804	8,479	11,446	1,173	2,941	3.4	8.6	33.2	13.3	1.2	1.1	8.0	11.0	3.7	8.4	
Thermax	874	104	Buy	943	44,934	53,924	6,284	7,694	3,794	4,708	31.8	39.5	27.5	22.1	7.6	6.0	47.2	46.2	31.1	30.4	
TRF	584	6	Accumulate	754	12,342	15,470	784	1,170	398	643	36.1	58.4	16.2	10.0	3.6	2.7	16.7	23.0	24.4	31.1	
TRIL	336	4	Accumulate	448	6,154	7,360	899	1,061	579	690	44.8	53.4	7.5	6.3	1.3	1.1	22.1	23.1	18.5	18.8	
Voltamp Transformers	778	8	Hold	840	6,535	7,741	786	1,003	578	729	57.1	72.1	13.6	10.8	2.1	1.8	19.6	22.2	16.3	18.0	
Voltas	247	82	Buy	275	55,613	65,717	5,819	6,819	3,733	4,397	11.3	13.3	21.9	18.6	5.9	4.8	44.3	41.6	30.3	28.4	
<b>Engines</b>																					
Cummins India	771	153	Hold	820	40,419	48,464	8,044	9,582	6,340	7,390	32.0	37.3	24.1	20.7	7.9	6.4	50.9	48.2	36.3	34.4	
Greaves Cotton	474	23	Buy	505	15,667	18,090	2,647	3,058	1,497	1,762	30.7	36.1	15.5	13.1	4.1	3.4	35.7	37.5	28.8	28.4	
<b>Financial Services - Others</b>																					
CRISIL	5,903	42	Accumulate	7,000	6,336	8,208	2,200	3,152	1,745	2,350	241.6	325.3	24.4	18.1	11.6	10.0			47.7	59.4	
ICRA	1,312	13	Accumulate	1,550	2,014	2,470	761	964	577	727	57.7	72.7	22.7	18.1	5.3	4.3			25.0	26.2	
<b>FMCG</b>																					
Asian Paints	2,628	252	Hold	2,510	76,979	88,205	14,315	16,439	8,795	10,057	91.7	104.8	28.7	25.1	10.8	8.3	63.0	54.0	46.1	39.7	
Godrej Consumer Products	431	140	Accumulate	447	19,298	22,171	3,390	3,903	3,047	3,564	11.9	13.9	36.4	31.1	14.5	12.4	35.1	37.1	42.8	42.9	
Hindustan Unilever	299	652	Reduce	275	191,052	207,247	30,787	33,394	22,754	24,712	10.4	11.3	28.6	26.4	21.2	18.2	101.7	94.0	80.4	74.3	
Marico	138	85	Hold	128	30,683	35,448	4,472	5,206	2,985	3,509	4.9	5.8	28.2	24.0	9.5	7.3	33.5	33.3	38.7	34.3	
<b>IT Services</b>																					
eClerx Services	677	19	Accumulate	670	3,350	4,179	1,222	1,523	1,190	1,448	40.2	48.9	16.8	13.8	7.6	5.9	49.0	47.0	51.3	47.9	
HCL Tech	377	257	Hold	430	155,939	189,379	26,569	32,648	16,293	20,673	23.5	29.8	16.1	12.7	3.3	2.8	21.2	23.8	21.8	24.0	
Infosys	2,966	1,703	Accumulate	3,300	275,564	330,525	91,918	110,224	70,084	84,774	122.7	148.4	24.2	20.0	6.2	5.1	32.6	33.1	27.7	28.0	
Mahindra Satyam	70	82	Reduce	70	49,899	59,288	4,198	8,350	2,903	5,782	2.5	4.9	28.3	14.2	3.7	3.0	11.6	24.3	14.2	23.3	
Mphasis	561	118	Hold	630	50,215	59,578	12,735	14,598	10,721	10,985	51.1	52.3	11.0	10.7	3.7	2.8	40.0	34.6	38.9	30.0	
NIIT	60	10	Accumulate	80	13,097	14,028	1,792	2,152	842	952	5.1	5.8	11.7	10.3	1.7	1.5	9.2	10.2	15.5	15.5	
TCS	1,018	1,993	Accumulate	1,075	366,724	434,460	107,365	123,880	82,982	92,974	42.4	47.5	24.0	21.4	8.1	6.9	42.5	42.2	36.5	34.9	
Tech Mahindra	681	86	Hold	810	51,048	55,073	9,720	10,464	9,119	10,149	69.6	77.5	9.8	8.8	2.5	2.0	21.2	21.8	28.4	25.4	
Wipro	402	985	Reduce	420	311,282	360,392	66,286	76,064	51,880	56,775	21.1	23.1	19.0	17.4	4.8	3.7	22.4	23.2	25.8	24.2	



# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
<b>Offshore Oil Field Services</b>																					
Aban Offshore	773	34	Hold	875	35,315	35,848	21,948	20,382	4,990	4,425	114.7	101.8	6.7	7.6	1.7	1.4	10.9	10.4	25.9	20.0	
Garware Offshore	146	3	Hold	160	2,126	2,674	1,047	1,375	351	550	14.7	23.1	9.9	6.3	1.2	1.0	8.3	10.4	12.6	17.3	
Great Offshore	374	14	Buy	506	11,780	14,885	5,250	6,886	1,787	2,394	48.0	64.3	7.8	5.8	1.2	1.0	9.9	11.8	16.0	18.3	
<b>Oil &amp; Gas</b>																					
BPCL	712	257	Accumulate	805	1,440,249	1,484,655	54,341	55,575	18,854	19,642	52.1	54.3	13.6	13.1	1.5	1.4	10.7	11.4	11.9	11.1	
HPCL	445	151	Buy	515	1,183,804	1,232,503	45,805	47,853	17,436	19,628	51.4	57.9	8.6	7.7	1.1	1.0	9.9	11.0	13.6	13.8	
Indian Oil	393	953	Accumulate	458	2,981,900	3,035,380	216,287	221,139	121,071	122,834	49.9	50.6	7.9	7.8	1.5	1.3	18.3	18.4	20.7	18.3	
<b>Paper</b>																					
Ballarpur Inds	36	24	Buy	42	43,087	48,155	8,896	11,355	2,188	3,282	3.3	5.0	10.9	7.3	1.0	0.9	8.7	11.1	9.4	12.8	
JK Paper	63	5	Buy	84	11,659	11,683	2,660	2,710	1,082	1,091	13.8	14.0	4.6	4.5	0.9	0.7	16.1	15.3	20.3	17.5	
Tamilnadu Newsprint	137	9	Buy	200	12,327	15,555	3,986	5,456	1,549	1,720	22.3	24.8	6.1	5.5	13.7	13.7	15.9	20.4	223.3	248.0	
<b>Pharmaceuticals</b>																					
Aurobindo Pharma	1,258	73	Buy	1,581	39,704	47,475	7,623	9,614	5,443	6,587	93.3	112.9	13.5	11.1	3.0	2.6	17.6	19.3	25.4	25.0	
Cadila Healthcare	785	161	Accumulate	720	45,150	54,411	9,801	11,871	6,401	8,191	31.3	40.0	25.1	19.6	7.2	5.6	29.7	32.3	37.2	33.5	
Cipla	342	274	Accumulate	350	62,695	70,885	15,330	17,803	11,427	13,987	14.2	17.4	24.0	19.6	4.0	3.5	21.5	22.2	17.9	19.0	
Dishman Pharma	153	12	Hold	181	9,341	10,856	1,915	2,367	867	1,127	10.7	13.9	14.3	11.0	1.5	1.3	7.4	9.2	9.8	11.9	
Divi's Lab	670	89	Accumulate	756	11,247	13,725	4,286	5,552	3,612	4,759	27.2	35.9	24.6	18.7	5.1	4.3	24.0	27.2	22.1	24.8	
Dr. Reddy's Lab	1,755	297	Accumulate	1,763	83,022	102,422	19,722	26,346	12,930	18,564	76.6	110.0	22.9	16.0	6.0	4.5	28.8	35.5	29.8	32.3	
Glaxosmithkline Pharma	2,233	189	Hold	2,020	21,290	24,229	8,795	9,990	5,777	6,568	68.2	77.5	32.7	28.8	9.7	8.9	45.9	48.0	30.9	32.2	
Glenmark Pharma	355	96	Accumulate	381	29,553	34,553	8,538	9,540	4,712	5,286	17.5	19.6	20.3	18.1	3.5	3.0	15.9	16.5	16.6	17.6	
Ipca Lab	335	42	Buy	336	18,872	22,506	3,963	4,726	2,487	3,050	20.0	24.5	16.8	13.7	3.9	3.1	22.9	24.8	25.7	25.4	
Jubilant Life Sciences	308	49	Buy	390	41,418	46,224	7,545	9,706	3,998	5,304	25.2	33.4	12.2	9.2	1.9	1.7	11.5	14.3	16.4	19.9	
Lupin	492	219	Accumulate	496	58,003	66,103	12,525	14,807	8,694	10,542	19.6	23.7	25.2	20.8	6.4	5.0	25.8	26.3	29.9	27.7	
Panacea Biotec	196	13	Hold	241	11,780	12,697	2,611	3,235	1,128	1,507	18.0	24.1	10.9	8.2	1.7	1.4	13.3	16.0	15.7	18.7	
Piramal Healthcare	455	95	Hold	531	41,752	47,900	8,440	9,769	5,539	6,980	26.5	33.4	17.2	13.6	4.6	3.7	25.1	30.7	29.5	30.1	
Pfizer	1,115	33	Hold	1,100	8,584	9,745	2,495	2,877	1,604	1,856	53.7	62.2	20.7	17.9	3.0	2.7	22.8	23.6	15.3	15.8	
Ranbaxy Labs	555	234	Hold	520	92,853	92,369	22,366	18,440	13,337	11,628	31.7	27.7	17.5	20.1	4.2	3.8	24.0	19.9	29.8	15.2	
Sun Pharma	2,218	457	Hold	2,300	51,342	60,100	18,313	21,571	17,136	20,604	82.7	99.5	26.8	22.3	5.0	4.2	21.2	21.7	20.7	21.1	
Torrent Pharma	549	46	Buy	650	21,812	25,846	4,576	5,557	3,127	3,903	37.0	46.1	14.9	11.9	4.8	4.1	31.3	36.7	34.8	37.2	
Unichem Labs	252	23	Buy	268	8,446	10,558	1,952	2,599	1,334	1,852	14.8	20.6	17.0	12.2	3.5	2.9	27.6	33.5	22.0	26.1	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
<b>Power</b>																					
Gujarat Industries Power	106	16	Accumulate	135	9,862	12,515	2,255	4,795	932	1,904	6.2	12.6	17.2	8.4	1.2	1.2	5.6	12.6	7.4	14.2	
NTPC	184	1,520	Hold	190	523,767	602,985	132,964	163,178	82,209	91,852	10.0	11.1	18.5	16.5	2.3	2.1	9.6	9.8	12.7	13.2	
<b>Print Media</b>																					
DB Corp	268	49	Hold	284	12,278	13,918	3,788	4,389	2,467	2,642	13.6	14.6	19.7	18.4	5.7	4.5	34.5	36.1	33.2	27.3	
Deccan Chroicle	121	29	Buy	175	9,669	10,869	5,065	5,936	2,963	3,671	12.1	15.0	10.0	8.0	2.0	1.8	27.5	30.2	21.6	23.7	
HT Media	141	33	Hold	175	16,501	18,169	3,618	4,398	1,965	2,507	8.4	10.7	16.9	13.3	2.9	2.5	22.3	25.6	18.7	20.4	
Jagran Prakashan	132	40	Buy	155	10,708	12,092	3,285	4,002	2,104	2,581	7.0	8.6	19.0	15.4	5.5	4.8	38.8	43.1	31.1	33.4	
<b>Telecommunications</b>																					
Bharti Airtel	329	1,249	Hold	345	596,984	697,538	208,418	251,746	69,513	81,923	18.3	21.6	18.0	15.2	2.6	2.2	12.7	11.6	15.3	15.6	
Idea Cellular	74	244	Sell	60	155,842	177,853	37,740	44,841	7,848	9,010	3.0	3.4	24.8	21.6	1.6	1.5	6.3	6.3	6.7	7.1	
Reliance Communications	148	306	Reduce	135	211,490	221,762	68,509	71,809	20,781	19,502	10.1	9.4	14.7	15.7	0.8	0.7	4.5	4.1	5.2	4.7	
Tulip Telecom	175	25	Buy	240	24,376	28,450	6,799	8,136	3,476	4,248	21.1	25.8	8.3	6.8	2.5	1.9	26.2	29.9	33.5	31.4	
<b>Others</b>																					
Century Plyboards	64	14	Buy	80	13,684	17,764	2,716	3,865	1,368	2,048	6.2	9.2	10.4	7.0	2.4	1.8	16.9	17.7	25.1	29.6	
Essel Propack	47	7	Buy	76	14,504	16,282	1,955	2,673	122	609	0.8	3.9	60.0	12.0	1.0		8.1		2.6		
HBL Power Systems	26	7	UR	UR	11,501	13,180	1,319	1,801	496	848	2.0	3.4	13.2	7.7	1.2	1.0	11.1	15.3	9.1	14.1	
Jubilant FoodWorks	577	37	Accumulate	600	6,571	9,421	1,176	1,750	727	968	11.4	15.2	50.5	37.9	20.3	14.2	57.9	65.3	48.7	44.0	
Kajaria Ceramics	78	6	Buy	91	8,644	9,747	1,399	1,684	496	671	6.7	9.1	11.6	8.6	2.5	2.0	19.1	21.0	23.7	26.3	
Piramal Glass	126	10	Buy	160	12,174	13,267	2,653	3,585	736	1,513	9.1	18.8	13.8	6.7	3.3	2.2	13.0	19.8	30.5	41.5	
Sintex Industries	220	60	Hold	215	43,047	52,021	7,433	9,336	4,309	5,453	15.9	20.1	13.9	11.0	2.5	2.1	11.3	13.4	20.2	21.0	
Sterlite Tech	80	29	Hold	100	25,847	32,595	3,987	5,081	2,485	3,270	6.3	8.3	12.7	9.6	2.6	2.1	23.9	26.3	23.3	24.0	
Titan Industries	3,668	163	Accumulate	3,762	59,857	77,891	5,730	7,541	3,864	5,157	87.0	116.2	42.1	31.6	15.1	10.5	55.2	52.6	42.8	39.3	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Net Interest Income (Rs mn)		Pre Provision Profit (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROA (%)		ROE (%)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
<b>Banks &amp; Financial Services</b>																					
Allahabad Bank	251	112	Buy	300	37,957	44,612	32,907	38,736	16,969	20,077	38.0	44.9	6.6	5.6	1.7	1.3	1.2	1.2	22.8	22.5	
Andhra Bank	171	83	Buy	210	26,635	30,279	21,763	25,941	12,396	14,952	25.6	30.8	6.7	5.6	1.5	1.2	1.3	1.4	25.0	24.3	
Axis Bank	1,384	567	Reduce	1,200	66,152	83,356	64,398	81,792	33,036	42,033	80.8	102.0	17.1	13.6	3.1	2.6	1.5	1.5	19.0	20.6	
Bank of Baroda	938	342	Buy	1,160	77,625	89,724	65,595	77,271	39,598	46,991	108.3	128.6	8.7	7.3	2.2	1.8	1.3	1.3	23.7	23.3	
Bank of India	468	246	Reduce	450	71,656	84,121	60,140	71,828	27,121	32,955	51.6	62.7	9.1	7.5	1.8	1.5	0.9	0.9	17.7	18.5	
Canara Bank	759	311	Reduce	636	77,838	93,306	66,288	80,851	40,901	48,653	99.8	118.7	7.6	6.4	2.2	1.7	1.4	1.4	24.8	23.8	
Corporation Bank	710	102	Buy	860	28,692	35,212	26,825	32,772	14,886	18,464	103.8	128.7	6.8	5.5	1.5	1.2	1.2	1.3	23.4	23.9	
HDFC Bank	2,305	1,067	Reduce	2,100	111,893	138,802	86,076	106,600	40,605	51,525	87.5	109.6	26.3	21.0	4.3	3.6	1.7	1.8	17.3	18.4	
ICICI Bank	1,149	1,319	Hold	1,200	87,499	104,393	96,082	116,583	51,447	62,283	44.7	54.1	25.7	21.2	2.4	2.2	1.4	1.4	9.3	10.2	
LIC Housing Finance	1,294	123	Accumulate	1,490	12,580	16,100	12,692	16,013	8,820	11,445	92.8	120.5	13.9	10.7	2.9	2.4	1.9	1.9	23.3	24.6	
Manappuram General Finance	166	59	Hold	160	8,720	16,855	4,781	9,136	2,812	5,325	7.5	14.3	22.0	11.6	3.4	2.7	5.6	5.3	22.6	25.1	
Punjab National Bank	1,286	405	Buy	1,500	112,375	134,319	90,931	112,651	44,948	56,548	142.6	179.3	9.0	7.2	2.1	1.7	1.4	1.4	23.0	23.9	
South Indian Bank	27	30	Accumulate	30	7,824	9,583	5,066	6,523	3,030	3,966	2.7	3.5	9.9	7.6	1.8	1.5	1.0	1.1	18.9	21.1	
State Bank of India	2,992	1,900	Reduce	3,000	321,773	386,590	273,285	339,916	121,571	154,691	191.5	243.7	15.6	12.3	3.0	2.4	1.1	1.2	17.1	18.8	
Union Bank of India	371	187	Hold	400	58,554	69,252	44,016	55,450	18,894	27,824	37.4	55.1	9.9	6.7	2.1	1.6	0.9	1.1	16.9	21.1	
United Bank Of India	120	38	Hold	150	20,289	24,326	13,872	17,743	5,187	7,910	16.4	25.0	7.3	4.8	1.4	1.1	0.6	0.9	14.7	19.6	
Yes Bank	323	112	Reduce	300	13,219	19,696	13,476	19,785	7,472	11,209	21.7	32.2	14.9	10.0	3.0	2.4	1.5	1.5	21.8	26.2	

# Thank You

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