

Indices	Close	% Chg	% YTD
Indian Markets			
Sensex	20,016	(0.2)	14.6
Nifty	5,984	(0.3)	15.1
CNX Midcap	8,712	0.1	17.2
Global Markets			
DJIA	11,559	0.2	10.9
Nasdaq	2,671	0.1	17.7
FTSE	5,983	0.5	10.5
Emerging Markets			
IBOV	68,471	0.4	(0.2)
Shanghai Composite	2,878	0.9	(12.2)
KOSPI	2,038	0.9	21.1

Market Turnover	US\$ mn	% Chg
BSE	851	7.1
NSE	2,854	2.5
Derivatives (NSE)	24,223	13.4

Fill in F&O (US\$ mn)	Index	Stocks
Net buying	228.2	(18.2)
Open interest	17,131.9	8,127.9
Chg in open interest (%)	1.3	0.4

Fund Flows (US\$ mn)	Latest	MTD	YTD
Flls	49.8	6,923	28,639
MFs	26.3	(1,207)	(6,098)

Forex Rates	Latest	% Chg	% YTD
Rs/US\$	45.1	0.3	3.2
Euro/US\$	0.8	0.02	(8.5)
Yen/US\$	83.6	0.01	11.3

Commodities	Latest	% Chg	% YTD
Brent (US\$/bbl)	93.5	0.4	21.1
Gold (US\$/oz)	1,385.4	0.0	26.3
Copper (US\$/MT)	9,350.0	(0.2)	26.8
Alum (US\$/MT)	2,505.5	2.5	7.0
Zinc (US\$/MT)	2,330.0	0.0	(9.0)
LME Steel (US\$/MT)	455.0	(2.2)	7.1
White Sugar (US\$/t)	613.3	(3.1)	8.2*

White sugar contract Oct-11 *Month Till Date

Bond Markets

	Latest	bps Chg
10-yr GSec yield	8.0	43
Interbank call	7.0	(29)

ADR/GDR (US\$)

	Latest	% Chg	Prem
HDFC Bank	166.8	1.8	15.0
ICICI Bank	50.5	0.5	0.6
Infosys	74.2	0.2	0.4
ITC	3.7	0.0	(0.3)
Ranbaxy Labs	12.4	0.0	(2.4)
Reliance Inds	46.9	(0.5)	0.0
Mahindra Satyam	3.0	(1.3)	(1.4)
SBI	123.0	1.6	1.0
Tata Motors	30.6	(0.1)	1.2
Wipro	15.2	(0.4)	43.8

Top Gainers - BSE 100

	Latest	% Chg
RNRL	42	0.0
Tata Chem	388	3.6
Bharti Airtel	343	3.1
Aban Offshore	745	3.0
Indiabulls Fin	174	2.2

Top Losers - BSE 100

	Latest	% Chg
Bajaj Finserv	444	(2.7)
Glenmark	350	(2.6)
Mahindra Satyam Comp	67	(2.2)
Maruti Suzuki	1,394	(2.1)
Suzlon Ene	50	(2.0)

Top Research Picks

- ❖ **JSW Steel Ltd - ISPAT acquisition—needs a sharp turnaround**
- ❖ **IT Services - MacroPulse: IT spends recovering as US corporate profits continue to improve**

Corporate News

- ❖ The Oil Ministry said the "delay" in deciding on Vedanta Resources' US\$ 9.6bn acquisition of **Cairn India** will not have any impact on the 9th round of auction under NELP. (ET)
- ❖ **Idea Cellular** has commissioned Nokia Siemens Network to build and manage its 3G network in four telecom zones and supply equipment. (BS)
- ❖ **M&M** has joined hands with Hinduja Group firm Gulf Oil Corp to launch a co-branded diesel engine oil. (ET)
- ❖ The Bombay HC has refused to stay the order of the MoEF, asking **Lavasa Corp** to stop the construction at its township near Pune. (BS)
- ❖ **Radico Khaitan** is in advanced talks for marketing tie-ups with three overseas companies. (Mint)
- ❖ **NMDC** has resumed full transportation of iron ore from Chhattisgarh, after a strike called by Maoist rebels ended. (BS)
- ❖ **Tata Power** is developing a 25MW solar photovoltaic power project at Mithapur, and has signed a PPA with Gujarat Urja Vikas Nigam. (ET)





Volume Shockers - BSE 100

('000)	Latest	2mth avg	% Chg
Mahindra Satyam	15,913	11,828	134.5
Hindalco	13,993	8,650	161.8
Unitech	13,973	26,857	52.0
Suzlon Energy	11,950	15,821	75.5
IDFC	11,800	7,228	163.3

Delivery Toppers - BSE 100

	Del %	Tot Vol	Days up
Nestle India	51.0	9,217	3
Adani Enter.	48.2	193,140	3
Indiabulls Fin	74.0	5,129,581	2
Mundra Port	65.6	1,619,160	2
GAIL India	75.7	918,009	3

BSE Sectoral Indices

	Latest	% Chg	% YTD
Midcap	7,626	0.1	13.5
Smallcap	9,337	0.3	11.7
Auto	10,153	(0.1)	36.5
Banks	13,006	(0.5)	29.7
Capital Goods	15,227	(0.6)	7.9
Comm & Tech	3,930	0.2	19.9
Con. Durables	6,066	(0.5)	60.2
FMCG	3,556	0.3	27.4
Healthcare	3,556	(0.2)	28.9
IT	6,663	(0.2)	28.5
Metals	17,208	0.6	(1.1)
Oil & Gas	10,655	(0.7)	1.8
Power	2,916	0.1	(8.6)
Realty	2,769	0.0	(28.2)

Market Breadth

	Adv	Dec	A/D
NSE	754	648	1.2
Sensex	16	14	1.1
BSE 100	47	51	0.9
BSE 200	97	100	1.0
BSE 500	234	258	0.9

Sensex Intraday



- ❖ **TCS** has entered into a multi-year agreement to accelerate hospitality firm Hilton Worldwide's technology strategy. (Mint)
- ❖ South Africa's Neotel, a unit of **Tata Communications**, said it is considering restructuring as it faces tough competition in Africa's biggest economy. (BS)
- ❖ **Fortis Global Healthcare Holdings** will acquire 30% stake in Australia's Dental Corp for ~100mn Australian dollars. (ET)
- ❖ **Maruti Suzuki India** said it will reorient the production of Swift and DZiRE in its two facilities at Gurgaon and Manesar to enhance output. (BL)
- ❖ **Punjab & Sind Bank** has raised lending rates by up to 55bps, making retail products, including housing and auto loans, expensive. (BL)

Economic News

- ❖ NHAH has signed a US\$ 45mn loan agreement with the World Bank to improve operational efficiency of the body. (BS)
- ❖ The PNGRB said it favours lower tax slab for natural gas to encourage its consumption in the country. (BS)
- ❖ An Empowered Group of Ministers is likely to meet on December 30 to consider hike in diesel and domestic LPG prices. (ET)
- ❖ The government has asked its three trading companies, including MMTC, to import onion. (ET)

Global News

- ❖ The British economy expanded 0.7% in the September quarter, a tad less than expected, due to sluggish activities in services and construction sectors. (ET)
- ❖ Dubai ports operator DP World has agreed to sell 75% of its stake in DP World Australia for US\$ 1.5bn. (ET)
- ❖ South Korea's Hankook Tire said it would invest US\$ 353mn to establish a new tyre plant in Bekasi, Indonesia. (ET)
- ❖ Mitsui & Co will spend ¥ 100bn to help increase shipments of iron ore produced by a JV with Rio Tinto. (Mint)

Source: BL: Business Line, BS: Business Standard, ET: Economic Times, FE: Financial Express



JSW Steel Ltd

ISPAT acquisition—needs a sharp turnaround

We believe that JSW's acquisition of 41% stake in ISPAT for Rs21.5 bn will not be value accretive to JSW unless it is able to make a sharp turnaround in the operating performance of ISPAT. In our view, current EBITDA/ton has to improve from US\$70/ton currently to US\$120/ton to be earnings accretive. We believe that it will be a Herculean effort to do this given that ISPAT sources all its raw materials from external sources. In our view, the acquisition could at best be avoided and the cash in the balance sheet could be better used for meeting JSW's own capex requirements and for acquiring raw material assets. We maintain our SELL rating with a TP of Rs1,050/share.

ISPAT needs a sharp turnaround of operations: We believe that ISPAT's operations need to be revamped so as to increase profitability and be earnings accretive for JSW entailing large cost restructuring initiatives especially on the raw material front. ISPAT is currently operating at utilisation levels of ~80% and generates EBITDA/ton of US\$70. We believe that the deal would add value only if JSW manages to increase EBITDA/ton to US\$100-125 levels; a herculean task in our view. JSW has outlined a capex spend of Rs31 bn over the next couple of years to set up a 110MW captive power plant, implement the 3 mtpa pellet plant, expand capacity from 3.3 to 4 mtpa and set up a 1 mtpa coke plant.

JSW's action plan for turnaround could take quite a while: JSW has outlined that the equity infusion of Rs21.5 bn will be used to resume production (currently suspended due to lack of working capital and maintenance activities) and retire some portion of the existing debt of Rs80bn. Besides, JSW would also refinance the existing debt and replace it with lower cost debt—current cost of debt is ~10%. On the raw material front, JSW intends to (1) supply pellets from its Vijaynagar plant—likely to have surplus of 2 mtpa from May-2011, (2) source coking coal/coke at competitive rates compared to ISPAT and (3) supply power from its associate companies at lower costs—ISPAT currently buys power at Rs5.95/unit while JSW intends to supply power from JSW Energy at ~Rs4/unit. Besides, according to the management, there could be huge savings in logistics costs. Moreover, rationalisation of existing sales territories could result in savings on account of VAT credits. We believe that these efforts to turnaround operations, lower debt and realise synergies could take some time.

Acquisition could result in stretched cash flows: We believe that JSW would fund the acquisition through the cash raised from equity infusion by JFE. In our view, JSW's cash flows could be stretched as JSW is in midst of a large capacity expansion plan (Vijaynagar expansion to 10mtpa and JSW Bengal). Besides, it could weaken its balance sheet especially when it needs to build a war chest for acquiring raw material assets.

Financial highlights

(Rs mn)	FY10	FY11E	FY12E	FY13E
Revenue	189,572	240,274	314,904	362,703
Growth (%)	19.0	26.7	31.1	15.2
Adj net income	15,976	16,860	22,377	27,450
Growth (%)	481.1	5.5	32.7	22.7
FDEPS (Rs)	64.4	67.9	90.2	110.6
Growth (%)	4.8	0.1	0.3	0.2

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	21.5	20.0	18.4	19.1
EBIT margin	14.6	13.8	12.3	12.6
Adj PAT margin	8.4	7.0	7.1	7.6
ROE	19.4	12.8	11.8	12.6
ROIC	2.7	4.4	6.9	7.5
ROCE	9.6	8.7	8.8	9.7

What's New? Target Rating Estimates

CMP	TARGET	RATING	RISK
Rs 1,212	Rs1,050	SELL	HIGH

BSE	NSE	BLOOMBERG
500228	JSWSTEEL	JSTL IN

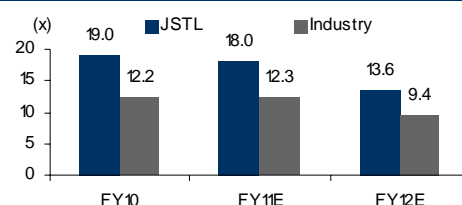
Company data

Market cap (Rs mn / US\$ mn)	275,857 / 6,137
Outstanding equity shares (mn)	237
Free float (%)	63.8
Dividend yield (%)	0.8
52-week high/low (Rs)	1,400 / 930
2-month average daily volume	863,200

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
JSTL	1,212	(1.8)	(4.5)	10.5
BSEMETL	17,097	3.9	3.0	9.7
Sensex	20,060	2.4	0.3	12.2

P/E comparison



Valuation matrix

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	19.0	18.0	13.6	11.1
P/E @ Target	16.3	15.5	11.6	9.5
EV/EBITDA @ CMP	11.4	8.9	7.3	6.0

In the interest of timeliness this report has not been edited




Fig 1 - ISPAT acquisition to be earnings accretive only in case of EBITDA/ton increase to US\$100-120 levels

	FY12			FY13		
ISPAT sales volume (tons)	3,058,667	3,058,667	3,058,667	3,256,578	3,256,578	3,256,578
EBITDA/ton (US\$)	70	100	120	70	100	125
EBITDA (US\$ mn)	214	306	367	228	326	407
EBITDA (Rs mn)	9,848.90	14,070	16,884	10,486	14,980	18,725
Less: Interest cost	6,040	6,040	6,040	4,000	4,000	4,000
Less: Depreciation	6,373	6,373	6,373	6,500	6,500	6,500
PBT	-2,564	1,657	4,471	-14	4,480	8,225
Tax	-	-	-	-	-	-
PAT	-2,564	1,657	4,471	-14	4,480	8,225
JSW's share at current 41% holding	-1,051	679	1,833	-6	1,837	3,372
Less: Cost of funding for acquisition	1,510	1,510	1,510	1,510	1,510	1,510
Accretion to EPS	-10.3	-3.3	1.3	-6.1	1.3	7.5
JSW's EPS estimate	90.2	90.2	90.2	110.6	110.6	110.6
EPS post acquisition	79.9	86.8	91.5	104.5	111.9	118.1
% change	-11.4	-3.7	1.4	-5.5	1.2	6.8

Source: Religare Research

Fig 2 - Capex plan for ISPAT

	Rs mn
Implementation of the 110 MW captive power plant	4,900
Setting up 3 mn tpa pellet plant	6,000
Setting up 1 mn tpa coke oven plant	5,000
Cost reduction initiatives	1,320
Increase in capacity from 3.3 mtpa to 4 mtpa	14,180
Total capex over the next 2 years	31,400

Source: Religare Research



Consolidated financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	189,572	240,274	314,904	362,703
<i>Growth (%)</i>	19.0	26.7	31.1	15.2
EBITDA	40,707	47,944	57,793	69,221
<i>Growth (%)</i>	36.5	17.8	20.5	19.8
Depreciation & amortisation	(12,987)	(14,757)	(19,207)	(23,509)
EBIT	27,720	33,187	38,586	45,712
<i>Growth (%)</i>	39.0	19.7	16.3	18.5
Interest	(11,080)	(10,182)	(7,490)	(7,187)
Other income	5,360	1,492	1,628	1,765
EBT	22,000	24,497	32,725	40,290
Income taxes	(6,467)	(8,084)	(10,799)	(13,296)
Effective tax rate (%)	(29.4)	(33.0)	(33.0)	(33.0)
Extraordinary items	-	-	-	-
Min into / inc from associates	443	447	451	456
Reported net income	15,533	16,413	21,926	26,994
Adjustments	-	-	-	-
Adjusted net income	15,976	16,860	22,377	27,450
<i>Growth (%)</i>	481.1	5.5	32.7	22.7
Shares outstanding (mn)	187.0	236.6	248.2	248.2
FDEPS (Rs) (adj)	64.4	67.9	90.2	110.6
<i>Growth (%)</i>	481.1%	5.5%	32.7%	22.7%
DPS (Rs)	6.6	5.2	5.0	5.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	202,558	255,030	334,111	386,212
Non-cash adjustments	(164,236)	(208,754)	(278,800)	(320,222)
Changes in working capital	(4,710)	3,179	(2,833)	(2,424)
Cash flow from operations	33,613	49,455	52,478	63,566
Capital expenditure	(27,418)	(70,500)	(50,505)	(50,510)
Change in investments	(2,206)	(126)	(128)	(131)
Other investing cash flow	300	1,492	1,628	1,765
Cash flow from investing	(29,323)	(69,133)	(49,005)	(48,876)
Issue of equity	(99)	69,182	0	-
Issue/repay debt	6,392	(10,842)	(941)	388
Dividends paid	(570)	(2,397)	(1,778)	(1,778)
Other financing cash flow	(11,485)	(10,182)	(7,490)	(7,187)
Change in cash & cash eq	(1,471)	26,083	(6,735)	6,114
Closing cash & cash eq	233.1	-	-	-

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	3,030	29,114	22,378	28,492
Accounts receivable	6,964	7,655	9,887	12,067
Inventories	28,667	31,081	42,217	52,424
Other current assets	16,038	16,404	16,608	16,787
Investments	6,282	6,408	6,536	6,667
Gross fixed assets	267,921	339,341	377,807	488,277
Net fixed assets	214,528	271,192	290,451	377,412
CWIP	69,562	68,640	80,680	20,719
Intangible assets	8,992	8,992	8,992	8,992
Deferred tax assets, net	2,802	2,802	2,802	2,802
Other assets	-	-	-	-
Total assets	356,865	442,287	480,550	526,360
Accounts payable	17,593	21,718	29,805	37,163
Other current liabilities	60,486	63,010	65,662	68,445
Provisions	2,649	2,029	2,029	2,029
Debt funds	161,730	150,889	138,891	139,279
Other liabilities	21,836	27,806	35,671	45,280
Equity capital	5,271	5,766	5,882	5,882
Reserves & surplus	87,300	171,069	202,609	228,281
Shareholder's funds	92,571	176,835	208,491	234,163
Total liabilities	356,865	442,287	480,550	526,360
BVPS (Rs)	361.8	701.4	828.9	932.4

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	21.5	20.0	18.4	19.1
EBIT margin	14.6	13.8	12.3	12.6
Net profit margin	8.4	7.0	7.1	7.6
ROE	19.4	12.8	11.8	12.6
ROCE	9.6	8.7	8.8	9.7
Working Capital & Liquidity ratios				
Receivables (days)	15	13	13	13
Inventory (days)	60	53	56	56
Payables (days)	60	60	60	60
Current ratio (x)	0.7	1.0	0.9	1.0
Quick ratio (x)	0.1	0.4	0.3	0.4
Turnover & Leverage ratios (x)				
Gross asset turnover	0.7	0.7	0.8	0.7
Total asset turnover	0.7	0.7	0.8	0.9
Interest coverage ratio	2.5	3.3	5.2	6.4
Adjusted debt/equity	1.8	0.7	0.6	0.5
Valuation ratios (x)				
EV/Sales	2.4	1.8	1.3	1.1
EV/EBITDA	11.4	8.9	7.3	6.0
P/E	19.0	18.0	13.6	11.1
P/BV	3.4	1.7	1.5	1.3



Quarterly trend

Particulars	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Revenue (Rs mn)	47,297	47,960	54,413	48,180	59,081
YoY growth (%)	1.9	46.7	52.5	20.7	24.9
QoQ growth (%)	18.5	1.4	13.5	-11.5	22.6
EBITDA (Rs mn)	7,498	7,490	9,966	7,172	6,436
EBITDA margin (%)	15.9	15.6	18.3	14.9	10.9
Adj net income (Rs mn)	3,228	4,297	6,110	2,954	3,733
YoY growth (%)	28	(329)	(1,630)	26	16
QoQ growth (%)	38	33	42	-52	26

DuPont analysis

(%)	FY09	FY10	FY11E	FY12E	FY13E
Tax burden (Net income/PBT)	21.9	70.6	67.0	67.0	67.0
Interest burden (PBT/EBIT)	55.7	79.4	73.8	84.8	88.1
EBIT margin (EBIT/Revenues)	12.5	14.6	13.8	12.3	12.6
Asset turnover (Revenues/Avg TA)	61.6	67.8	97.1	93.4	102.0
Leverage (Avg TA/Avg equity)	410.3	410.3	296.6	239.5	227.5
Return on equity	3.9	22.8	19.7	15.6	17.3

Company profile

JSW Steel is a part of the O.P. Jindal group with steel making capacity of 7.8 mn tons (including SALEM subsidiary) and is expanding its capacity to 11 mn tons by setting up a 3 mn ton BF at its Vijaynagar facility. JSW manufactures iron pellets, slabs, HR coils/ sheets, HR plates, CR coils, Galvanized coils/ sheets, Colour coated coils/ sheets JSW is the largest manufacturer and exporter of galvanized steel in India.

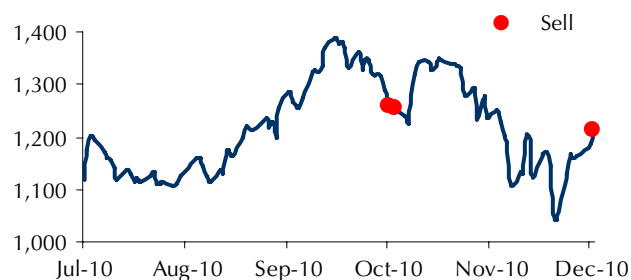
Shareholding pattern

(%)	Mar-10	Jun-10	Sep-10
Promoters	45.0	45.0	45.0
FIs	31.9	28.8	29.6
Banks & FIs	4.2	5.9	5.8
Public	18.9	20.3	19.7

Recommendation history

Date	Event	Reco price	Tgt price	Reco
22-Oct-10	Initiating Coverage	1,261	1,050	Sell
26-Oct-10	Results Review	1,226	1,050	Sell
21-Dec-10	Company Update	1,212	1,050	Sell

Stock performance





IT Services

MacroPulse: IT spends recovering as US corporate profits continue to improve

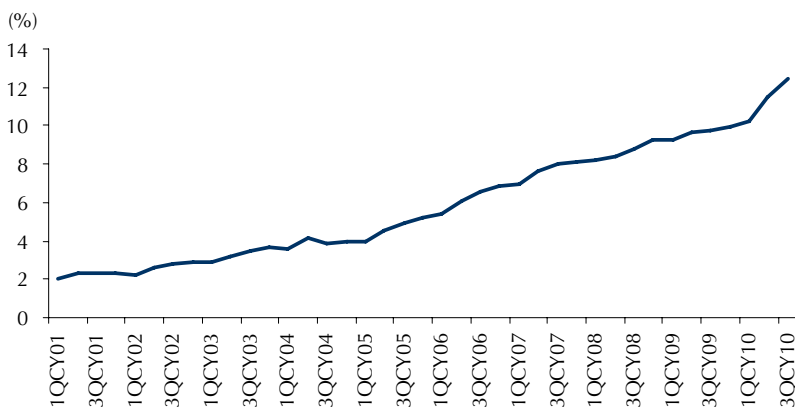
Our quarterly report, *MacroPulse*, aims to track macro indicators affecting the Indian IT industry. US corporate profits grew 28% YoY in Q3CY10 to reach 2007 levels, suggesting continued improvement in US corporate health. US IT spending increased 12.2% YoY in Q3CY10 driven by strong hardware spending (up 23% YoY). Further, a sharp jump in corporate profits and underinvestment in 2008/09 are likely to result in record technology spends in 2010. In the services space, the offshoring trend remains intact with a sustained increase in market share for Indian IT in Q3CY10. Led by a strong performance in the previous quarter, Indian top-tier names have seen a sharp rally, with TCS touching the US\$ 50bn mark in market capitalisation. With Infosys and TCS already trading at 23x/23.3x FY12E earnings, we believe most of the positives are reflected in full valuations, leading to our Neutral view on the sector.

Improving corporate profits continue to drive IT spending: Corporate profits increased by 2.8% QoQ and 28% YoY in Q3CY10 and are now back to the levels last seen in Q3CY07. Continued improvement is likely to drive technology spending to record levels in CY10 after a 3% decline in CY09. We believe that a sustained improvement in corporate profits will ensure that IT spending remains healthy in the near term.

All eyes on IT budgets: Good visibility in the near term and healthy corporate profits are likely to keep CY11 budgets flat to marginally higher in our view. Further, CY10 budgets have seen a large allocation towards hardware, driven by refresh cycles, and CY11 could see a higher budgetary allocations for software and services.

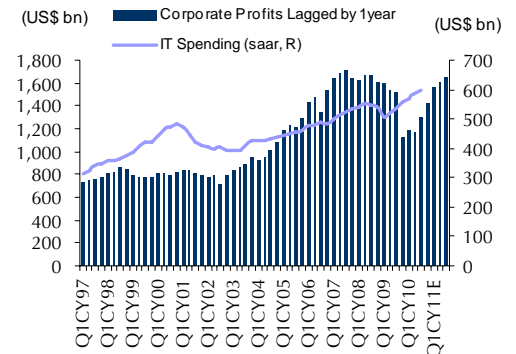
Trend towards offshoring still strong: Our global IT services sample of 26 companies saw revenue growth of 2.4% YoY and 2.1% QoQ in Q3CY10. Indian IT players continued to gain market share in the global IT services space with a 28.6% YoY revenue growth, while revenues for non-Indian IT services companies were flat YoY. Although protectionism may be a thorny issue in the near term, longer term we believe that the offshoring trend will remain strong, as seen over 2001–03.

❖ Market share of Indian IT in our sample



Source: Company, RCML Research

US corporate profits and IT spending



Source: US Census bureau, RCML Research

Top IT services companies by market capitalisation

Company (US\$ mn)	Mkt cap	Rank
IBM Global Services	73,136	1
TCS	50,098	2
Infosys	42,491	3
HP Services	34,493	4
Accenture	30,991	5
Wipro - Global IT	24,665	6
ADP	23,012	7
Cognizant	21,754	8
Computer Associates	12,802	9
CSC	7,401	10

Source: Bloomberg, RCML Research. Note: For IBM Global Services, HP Services and Wipro we have pro rated the market cap to the share of EBIT from IT services to the company's total EBIT.





Corporate profits and IT spending growth

Technology spending growth in the US declined by 3% in 2009, but as corporate profits start recovering, we expect tech spends to grow by 10% in 2010

US IT spending increased 12% YoY in Q3CY10 on the back of improving corporate profits

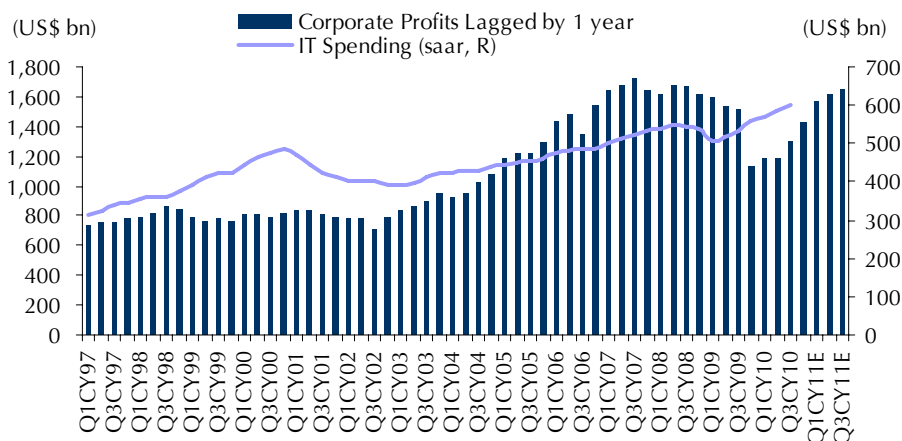
Sustained improvement in corporate profits indicates that the IT spending recovery will continue

US corporate profits and IT spending

	2002	2003	2004	2005	2006	2007	2008	2009	2010E
Corporate profits	886	993	1,231	1,448	1,669	1,642	1,441	1,269	1,612
Tech Spending	399	407	430	451	482	518	544	530	583
YoY growth (%)									
Corporate profits	16%	12%	24%	18%	15%	-2%	-12%	-12%	27%
Tech Spending	-9%	2%	6%	5%	7%	7%	5%	-3%	10%

Source: US Census bureau, RCML Research

US corporate profits and IT spending



Source: US Census bureau, RCML Research

S&P operating EPS

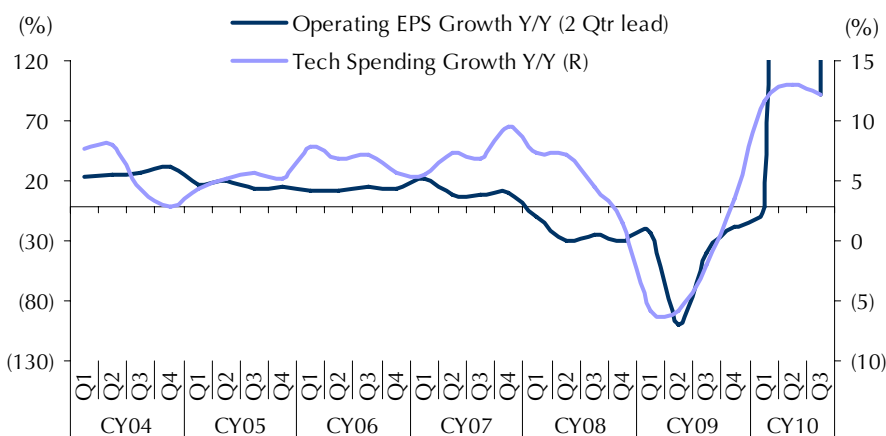
(US\$)	4QCY09	1QCY10	2QCY10	3QCY10	2005	2006	2007	2008	2009	2010E	2011E
Operating EPS (bottom-up)	17.16	19.38	20.90	21.58	76.5	87.7	82.5	49.5	56.9	83.6	94.7
Y/Y growth (%)		91.7%	51.3%	36.8%	13.0	14.7	(5.9)	(40.0)	14.8	47.0	13.2

Source: S&P (As on 21 December 2010)

Continuing improvement in S&P 500 operating EPS indicates improving tech spending going forward

Operating EPS in Q3CY10 grew to US\$ 21.58, up 37% YoY

IT spending versus S&P 500 operating EPS

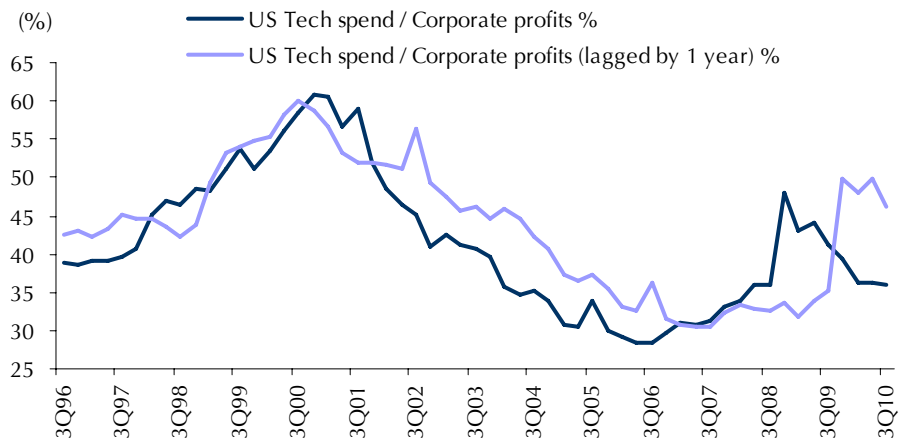


Source: US Census Bureau, S&P estimates.



US IT spending as a percentage of corporate profits is still far below the levels reached in 2000

US IT spending/corporate profits

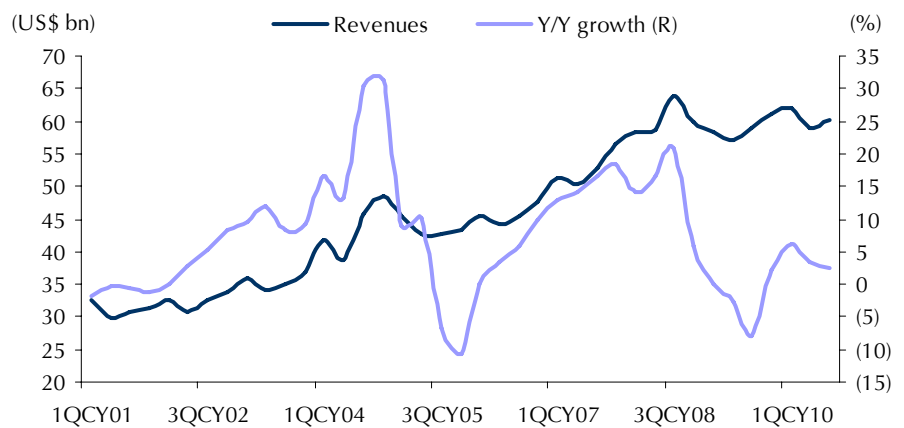


Source: US Census Bureau

Global IT services showing good recovery, Indian IT companies continue to gain share

Revenues for our sample of 26 global IT services companies grew by 2% sequentially in Q3CY10 and 2.4% YoY

Revenue and YoY growth of our sample of 26 global IT services companies

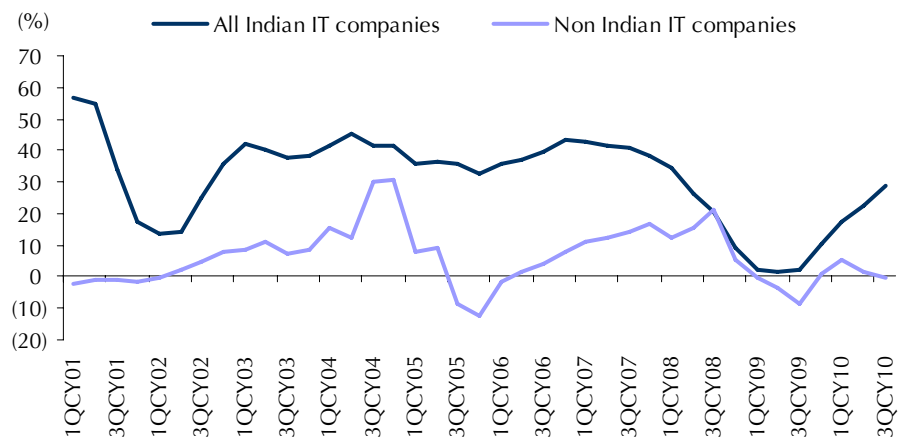


Source: Company data, RCML Research

Indian IT companies in our sample grew 28.6% YoY in Q3CY10, while larger players grew 29.6% YoY

Indian IT continued to gain market share as the trend towards offshoring continues, Non-Indian IT companies saw a flat quarter

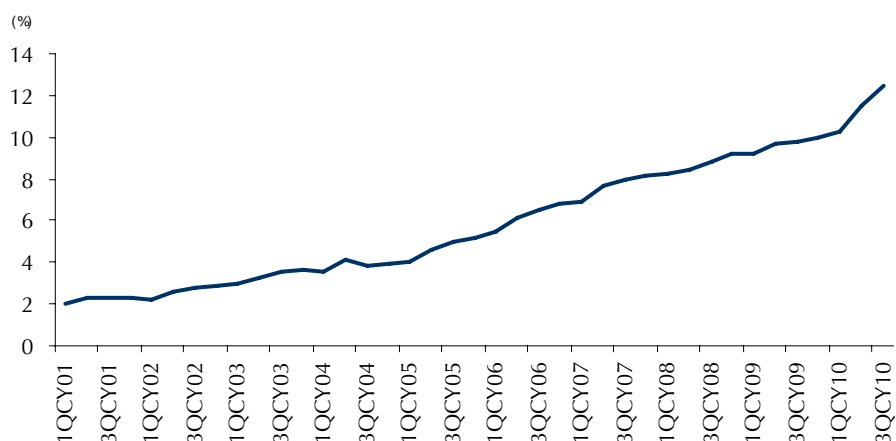
Indian IT companies and non-Indian IT companies YoY revenue growth



Source: Company, RCML Research



Market share of Indian IT in our sample



Source: Company, RCML Research

TCS and Infosys now #2 and #3 IT services companies by market cap respectively

Top IT companies by market capitalisation

Company	Mkt cap	Ranking
IBM Global Services	73,136	1
TCS	50,098	2
Infosys	42,491	3
HP Services	34,493	4
Accenture	30,991	5
Wipro - Global IT	24,665	6
ADP	23,012	7
Cognizant	21,754	8
Computer Associates	12,802	9
CSC	7,401	10

Source: Bloomberg, RCML Research. Note: For IBM Global Services, HP Services and Wipro we have pro rated the market cap to the share of EBIT from IT services to the company's total EBIT.



Events Calendar

	Dec 23	Dec 24	Dec 25
Economy	-	-	-
Board Meetings	-	-	-
	Dec 26	Dec 27	Dec 28
Economy	-	-	-
Board Meetings	-	-	-

IN – India; GE – Germany; CH – China; JN – Japan



Trade Data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Cals Ref	Merrill Lynch Capital Markets Espana Sa Sv	S	43,290,656	0.4
Coral News	Enaam Securities	B	60,600	6.7
Tgf Media Sy	Regent Finance Corporation	S	150,000	14.0
Tulip Telecom	Macquarie Bank	B	848,613	172.3
Jai Mata Glass	Industrial Development Bank Of India	S	100,000	2.2

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Alfa Transformers	Industrial Designs & Services	B	40,000	-	446,083	8.3
Anand Credit	Bhagwati R Shah	S	5,000	-	59,500	1.0
Anand Credit	Praful L Shah	S	8,900	-	26,343	0.4
Anand Credit	Praful L Shah	S	16,856	-	9,487	0.2
Archies	Anil Moolchandani	S	42,500	-	6,798,900	20.1
Bliss Gvs Pharma	Gautam R Ashra	B	7,500	-	10,087,177	9.8
Bliss Gvs Pharma	Kanji Forex	B	16,500	-	1,101,622	1.1
Bliss Gvs Pharma	Prabhavati R Ashra	B	21,000	-	71,000	0.1
Camlin	Aditi Dilip Dandekar	B	227,000	-	706,000	1.2
Camlin	Ketki Dilip Dandekar	B	227,000	-	706,000	1.2
Camlin	Rahul Dilip Dandekar	S	454,000	-	706,000	1.2
Consolidated Construction Consortium	V G Janarthanam	B	8,500	-	4,844,490	2.6
Core Projects & Technologies	Albula Investment Fund	B	550,000	0.5	7,404,807	7.1
Coromandel International	V Ravichanan	S	10,000	-	40,000	0.0
Coromandel International	V Ravichanan	S	10,000	-	40,000	0.0
Dabur India	Sunil Duggal	S	34,000	-	2,950,000	0.2
Emami Paper Mills	Shrawan Kumar Todi	B	50,000	-	50,000	0.1
Everest Kanto Cylinder	Puneet Khurana	B	5,000	-	3,283,169	3.1
Gammon Infrastructure Projects	G Sathis Chanan	S	54,039	-	47,307	0.0
Gammon Infrastructure Projects	G Sathis Chanan	B	75,000	-	122,307	-
Godfrey Phillips India	Jupiter India Fund	B	192,599	-	696,378	-
Gujarat Gas Company	Sugata Sircar & Pacs	S	245,250	-	1,702,750	1.3
Hdfc Bank	Harish Engineer	S	10,000	-	90,100	-
Hdfc Bank	Tarini Vaidya	S	300	-	62,075	-
Honda Siel Power Products	Ajay Sheth & Pac	S	2,331	0.0	817,763	8.1
Jayant Mercantile Company	Laxmi Devi Singhania	S	3,301	-	9,239,998	46.4
Karuturi Global	Karuturi Sai Ramakrishna	B	160,000	-	46,077,280	7.4
Kcp Sugar & Industries Corporation	Durgamba Investment	B	5,000	-	41,371,973	-
Kcp Sugar & Industries Corporation	Durgamba Investment	B	16,429	0.0	41,388,402	-
Kinetic Engineering	Arun H Firodia	B	4,410	-	956,079	9.2
Kiri Dyes And Chemicals	Manish Kiri	B	9,905	-	1,865,211	9.8
Kirloskar Ferrous Industries	Ravinanath V Gumaste	B	75,000	-	99,000	0.1
Lakshmi Machine Works	Sanjay Jayavarthanavelu	B	32,940	-	132,290	1.1



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Lakshmi Mills Company	Sanjay Jayavarthanelu	B	3,432	-	13,213	1.9
Lupin	Anil Kumar Mathur	B	3,750	-	-	-
Lupin	Anil Kumar Mathur	B	3,750	-	5,450	-
Maharaja Shree Umaid Mills	Lakshmi Niwas Bangur	S	10,000	-	689,740	8.0
Maharaja Shree Umaid Mills	Shreeyash Bangur	S	7,064	-	542,936	6.3
Mahina & Mahina Financial Services	Uday Y Phadke	S	1,500	-	12,665	0.0
Mindtree	Subroto Bagchi	S	1,000	-	2,078,006	5.2
Mindtree	Subroto Bagchi	S	1,000	-	2,078,006	5.2
Motor & General Finance	Grosvenor Estates (P)	B	605	-	649,595	3.4
Nava Bharat Ventures	N S Prakash Babu	S	90	-	6,970	0.0
Nava Bharat Ventures	N S Prakash Babu	S	90	-	6,970	0.0
Nectar Lifesciences	Sanjiv Goyal	B	14,000	-	76,214,000	34.0
Nelcast	P Viraja	B	8,959	-	221,644	1.3
Northgate Technologies	Albula Investment Fund	S	600,000	-	3,632,560	7.4
Oracle Financial Services Software	Joseph John	S	250	-	14,425	-
Oracle Financial Services Software	Joseph John	S	250	-	14,425	-
Oracle Financial Services Software	Joseph John	S	250	-	14,675	-
Oracle Financial Services Software	Joseph John	S	250	-	14,675	-
Oracle Financial Services Software	Joseph John	S	250	-	14,925	-
Oracle Financial Services Software	Joseph John	S	250	-	14,925	-
Oracle Financial Services Software	Joseph John	S	250	-	15,175	-
Oracle Financial Services Software	Joseph John	S	250	-	15,175	-
Polyplex Corporation	Ashok Kumar Gurnani	B	1,526	0.0	1,526	0.0
Polyplex Corporation	Ashok Kumar Gurnani	B	1,526	0.0	1,526	0.0
Rajshree Sugars & Chemicals	Rajshree Pathy	B	1,100,000	-	8,277,558	34.8
Rajshree Sugars & Chemicals	Rajshree Pathy	B	1,100,000	-	8,277,558	34.8
Resurgere Mines & Minerals India	Victory Sponge	B	9,579,247	-	38,697,418	-
S Kumars Nationwide	Morgan Stanley Mauritius Co& Morgan Stanley India Capital	B	2,203,128	0.8	14,919,235	5.6
Saraswati Industrial Syndicate	Aditya Puri	B	500	-	451,874	6.1
Saraswati Industrial Syndicate	Aditya Puri	B	500	-	451,874	6.1
Saraswati Industrial Syndicate	The Yamuna Syndicate	B	1,700	-	3,132,419	42.5
Saven Technologies	Murty Gudipati	B	2,033	-	272,104	2.5
Saven Technologies	Murty Gudipati	B	3,500	-	275,604	2.5
Saven Technologies	Murty Gudipati	B	974	-	276,578	2.5
Saven Technologies	Murty Gudipati	B	1,000	-	248,181	2.3
Saven Technologies	Murty Gudipati	B	5,900	-	254,081	2.3
Saven Technologies	Murty Gudipati	B	15,990	-	270,071	2.5
Sharp Trading & Finance	Babulal Varma	B	33,393	13.6	33,393	13.6
Sharp Trading & Finance	Bajrangbali Varma	B	16,696	6.8	16,696	6.8
Sharp Trading & Finance	Gaurav Gupta	B	11,880	4.9	20,870	8.5
Sharp Trading & Finance	Kamal Kishore Gupta	B	11,880	4.9	20,871	8.5
Sharp Trading & Finance	Rajena Varma	B	16,696	6.8	16,696	6.8
Sharp Trading & Finance	Tarachand Varma	B	16,696	6.8	16,696	6.8
Sharp Trading & Finance	Vikas Gupta	B	11,880	4.9	20,870	8.5



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Sharp Trading & Finance	Vishnu Kumar Gupta	B	11,879	4.9	20,870	8.5
Shrenuj & Company	Nihar Nitin Parikh	S	100,000	-	1,104,040	1.5
Sks Logistics	Sarvesh Kumar Shahi	B	3,377	-	663,144	4.6
Sks Microfinance	Pv K Chakrawarthy	S	250	-	840	-
Sks Microfinance	Pv K Chakrawarthy	S	150	-	690	-
Sks Microfinance	Pv K Chakrawarthy	B	1,200	-	1,889	-
Sks Microfinance	Pv K Chakrawarthy	S	1	-	689	-
Sks Microfinance	Pv K Chakrawarthy	S	700	-	1,189	-
Sks Microfinance	Pv K Chakrawarthy	S	759	-	430	-
Sks Microfinance	Pv K Chakrawarthy	S	400	-	30	-
Sks Microfinance	Pvk Chakrawarthy	S	250	-	840	-
Sks Microfinance	Pvk Chakrawarthy	S	150	-	690	-
Sks Microfinance	Pvk Chakrawarthy	B	1,200	-	1,889	-
Sks Microfinance	Pvk Chakrawarthy	S	1	-	689	-
Sks Microfinance	Pvk Chakrawarthy	S	700	-	1,189	-
Sks Microfinance	Pvk Chakrawarthy	S	759	-	430	-
Sks Microfinance	Pvk Chakrawarthy	S	400	-	30	-
Technofab Engineering	Avinash C Gupta	B	27,899	-	1,807,877	17.2
Technofab Engineering	Meera Gupta	B	30,411	-	1,094,145	10.4
Tube Investments Of India	L Ramkumar	B	55,116	-	108,356	0.1
Tube Investments Of India	L Ramkumar	B	55,116	-	108,356	0.1
Vimal Oil & Foods	Jayesh Patel	B	141,310	-	2,111,410	20.0

Source: BSE



RCML universe: Sector Valuation Snapshot

Companies	CMP (Rs)	Target (Rs)	Reco	M Cap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
ALCOHOLIC BEVERAGES																								
Radico Khaitan	157	190	Buy	20,740	5.9	8.2	59.5	39.1	16.1	16.9	7.9	9.1	12.4	15.4	9.8	12.1	0.4	0.3	26.6	19.2	15.2	12.0	3.2	2.8
United Breweries	481	400	Hold	115,391	9.0	10.9	166.9	21.8	12.9	13.7	7.5	7.6	22.4	22.8	13.6	13.7	0.7	0.6	53.5	43.9	30.4	24.0	8.2	7.1
United Spirits	1,467	1,650	Buy	184,228	34.1	54.3	70.4	59.1	16.9	19.1	6.0	8.0	10.4	14.8	8.2	10.4	1.3	1.2	43.0	27.0	19.9	15.0	4.5	3.9
Aggregate				320,359	-	-	-	-	15.7	17.4	6.6	8.0							44.1	30.5	22.0	16.8	5.2	4.5
AUTOMOBILES																								
Ashok Leyland	66	90	Buy	87,736	4.6	6.0	64.0	29.7	10.8	11.2	5.8	6.3	15.9	18.6	12.0	13.4	0.7	0.7	14.4	11.1	9.9	8.0	2.2	2.0
Bajaj Auto	1,445	1,650	Hold	418,106	92.4	103.7	47.8	12.2	20.5	19.4	15.3	15.0	68.1	49.8	50.0	40.0	0.3	0.2	15.6	13.9	9.9	9.1	8.5	5.9
Escorts	175	245	Buy	18,483	18.7	24.1	41.3	28.8	8.5	9.0	4.7	5.3	10.1	11.8	9.9	11.4	0.1	0.1	9.3	7.2	6.2	5.2	1.0	0.9
Hero Honda	1,940	1,800	Hold	387,365	109.1	115.7	(2.6)	6.0	14.0	13.0	11.8	11.1	53.2	43.1	44.0	42.6	0.0	0.0	17.8	16.8	13.0	12.5	8.2	6.5
M&M	756	820	Buy	451,139	43.0	47.8	27.4	11.3	15.0	14.5	11.1	10.6	28.6	25.8	22.1	21.0	0.3	0.3	17.6	15.8	12.7	11.3	4.6	3.8
Maruti Suzuki	1,394	1,600	Hold	402,769	79.1	95.1	(8.8)	20.1	10.1	10.5	6.2	6.3	17.8	18.2	17.2	17.9	0.0	0.0	17.6	14.7	11.0	9.0	2.9	2.5
Tata Motors	1,365	1,450	Buy	804,942	32.0	41.6	37.7	29.9	10.2	10.1	4.5	5.1	12.0	13.7	8.9	10.3	0.4	0.3	42.6	32.8	20.5	17.6	4.2	3.8
TVS Motor	72	75	Hold	34,420	4.6	5.6	82.6	20.5	8.0	8.1	3.5	3.8	23.1	22.9	13.9	14.4	1.0	0.9	15.6	13.0	8.9	7.8	3.3	2.7
Aggregate				2,604,961	-	-	-	-	12.3	12.1	7.9	7.9							20.5	17.5	13.4	11.7	4.4	3.7
AUTO ANCILLARIES																								
Amara Raja	182	260	Buy	15,544	15.7	19.5	(19.6)	24.3	14.2	14.6	7.8	8.2	22.4	23.1	19.9	21.3	0.1	0.1	11.6	9.3	6.6	5.4	2.4	2.0
Exide	164	190	Buy	139,230	7.9	9.3	24.4	18.3	23.5	23.0	14.5	14.2	26.8	25.6	26.0	25.0	0.0	0.0	20.8	17.6	12.8	10.8	5.0	4.1
Mahindra Forgings	82	130	Buy	7,245	0.5	10.8	NM	2,157.1	10.5	12.2	0.2	4.0	0.5	11.2	4.2	10.0	0.8	0.6	171.9	7.6	3.8	2.5	0.9	0.8
Aggregate				162,019	-	-	-	-	18.6	18.7	9.9	10.6							20.1	15.4	10.7	8.7	3.8	3.2
CAPITAL GOODS																								
ABB	777	750	Hold	164,631	22.4	26.3	33.8	17.2	7.9	9.2	4.9	5.6	16.2	16.4	24.5	24.8	-	-	34.7	29.6	28.2	20.6	7.8	6.8
BGR Energy	696	750	Hold	50,173	37.3	46.5	33.3	24.7	11.2	11.2	6.5	6.5	33.0	31.6	25.5	27.8	1.0	0.8	18.7	15.0	11.1	8.9	7.1	5.5
BHEL	2,324	2,400	Hold	1,137,596	107.0	135.2	21.5	26.3	19.0	19.4	12.9	13.1	29.4	29.8	40.1	41.4	0.0	0.0	21.7	17.2	13.5	10.6	7.1	5.8
Bajaj Electricals	235	275	Hold	23,209	15.7	19.5	33.8	23.7	10.0	10.0	5.6	5.7	27.8	27.7	39.7	41.7	0.2	0.2	14.9	12.1	9.1	7.4	4.7	3.8
Crompton Greaves	321	370	Buy	205,694	13.8	15.5	58.3	12.4	14.0	13.8	9.0	8.8	31.9	29.4	35.2	31.7	0.3	0.2	23.2	20.6	16.2	14.9	15.8	11.2
Cummins India	746	950	Buy	147,629	31.1	39.0	48.3	25.6	18.8	19.3	15.8	15.3	35.5	36.0	35.4	35.9	0.0	0.0	24.0	19.1	27.9	18.9	13.4	10.6
Engineers India	328	400	Buy	110,515	15.5	22.1	49.9	42.2	24.9	23.8	22.1	18.7	38.8	42.6	38.8	42.6	NA	NA	21.1	14.8	18.2	13.7	9.4	7.9
Jyoti Structures	120	165	Buy	9,884	13.1	15.2	16.5	16.1	11.5	11.5	4.5	4.6	19.6	19.0	27.6	28.1	0.6	0.6	9.2	7.9	4.6	4.0	2.0	1.7
Kalpataru Power Transmission	163	200	Hold	25,022	13.1	15.7	1.6	20.1	11.7	12.0	6.4	6.7	18.7	19.0	18.7	19.7	0.7	0.6	12.5	10.4	8.6	7.2	2.5	2.2
KEC International	438	625	Buy	22,112	42.6	51.3	15.5	20.3	10.1	10.2	4.5	4.4	23.1	21.6	22.6	22.1	1.0	0.9	10.3	8.5	5.5	4.4	2.8	2.0
Siemens	782	1,000	Buy	263,794	27.8	33.5	20.3	20.2	12.8	12.6	8.0	7.8	24.9	24.5	34.9	34.4	0.0	0.0	28.1	23.4	16.5	13.6	7.8	6.4
Suzlon Energy	50	45	Sell	88,246	(3.4)	1.7	NM	NM	5.0	8.0	-	1.1	(8.2)	4.2	2.1	6.5	2.1	2.0	-	29.5	19.4	11.0	1.3	1.4
Techno Electric	285	430	Buy	16,277	22.1	29.8	6.5	34.8	21.3	27.5	15.4	16.0	24.6	26.1	14.3	14.5	0.3	1.1	12.9	9.6	10.4	6.2	2.9	2.2



Companies	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Thermax	842	900	Hold	100,323	29.7	39.3	36.8	32.1	11.5	11.5	7.3	7.5	28.3	28.6	57.1	55.3	0.0	0.0	28.3	21.4	17.3	13.4	9.3	7.4
Voltas	222	300	Buy	73,523	11.3	14.4	3.7	26.8	9.0	9.2	6.9	7.2	30.2	30.4	23.7	22.7	(0.6)	(0.7)	19.6	15.5	14.5	11.6	6.8	5.3
Aggregate				2,438,628	-	-	-	-	13.2	14.1	7.8	8.6							25.6	19.1	15.0	11.6	6.4	5.4
CEMENT																								
ACC	1,080	1,180	Buy	202,718	59.5	70.5	(30.4)	18.4	24.8	26.8	15.1	15.8	29.4	17.7	27.8	17.0	0.1	0.1	18.1	15.3	10.7	8.7	3.4	3.1
Ambuja Cement	140	165	Buy	213,556	8.6	10.0	7.3	16.8	28.2	28.7	18.0	18.1	20.1	18.9	19.6	18.6	0.0	0.0	16.3	13.9	9.9	8.4	3.3	2.9
Birla Corp	363	520	Buy	27,987	58.4	70.2	(19.3)	20.2	25.3	27.4	19.6	19.9	36.3	22.7	28.4	17.7	0.4	0.2	6.2	5.2	4.5	3.5	1.6	1.3
Century Textiles	418	590	Buy	38,879	34.9	41.3	(26.9)	18.3	16.3	18.0	7.1	7.7	17.0	17.3	9.1	9.2	1.3	1.3	12.0	10.1	5.2	4.3	1.9	1.6
Grasim Industries	2,301	2,900	Buy	210,958	222.2	263.3	(33.7)	18.5	23.8	25.5	10.5	11.0	26.6	14.7	18.6	11.7	0.5	0.4	10.4	8.7	5.8	4.8	1.7	1.4
India Cements	105	130	Hold	32,161	3.4	6.3	(69.4)	85.5	12.4	14.9	2.8	4.5	8.0	2.5	6.9	3.5	0.4	0.5	31.1	16.7	12.2	9.0	0.8	0.8
JK Lakshmi Cement	55	75	Buy	6,754	6.0	12.4	(69.9)	108.2	15.1	21.0	5.3	9.1	26.0	6.9	15.2	5.1	0.9	1.1	9.3	4.5	8.7	5.2	0.7	0.6
Mangalam Cement	130	190	Hold	3,464	29.5	34.2	(33.7)	15.9	22.7	26.0	12.8	12.6	34.9	18.9	33.9	17.0	0.0	0.4	4.4	3.8	2.3	1.7	0.3	0.3
Orient Paper & Industries	56	75	Buy	10,792	7.3	9.5	(12.8)	30.7	17.0	18.3	8.3	9.5	22.5	16.9	16.1	12.1	0.7	0.6	7.7	5.9	5.1	4.2	1.4	1.2
Shree Cement	1,983	2,560	Buy	69,092	124.5	159.4	(44.6)	28.1	29.1	30.7	11.7	10.7	51.4	21.3	25.0	11.9	1.1	1.0	15.9	12.4	7.0	4.7	3.8	3.1
UltraTech Cement	1,064	1,260	Buy	291,475	58.4	72.7	(39.6)	24.5	21.9	23.4	10.7	11.5	28.8	16.2	21.0	12.4	0.5	0.4	18.2	14.6	9.4	7.6	3.2	2.7
Aggregate				1,107,837	-	-	-	-	22.8	24.6	11.4	12.1							14.4	11.8	7.9	6.3	2.4	2.1
CONSTRUCTION																								
Ahluwalia Contracts	147	260	Buy	9,236	16.0	18.3	22.6	14.4	11.5	11.0	5.2	4.9	33.4	28.5	25.5	23.1	0.5	0.4	9.2	8.0	4.0	3.4	2.7	2.0
Hindustan Construction Co	46	73	Hold	27,810	1.8	1.9	12.9	3.9	12.3	12.2	2.5	2.2	7.0	6.9	7.5	7.7	1.9	1.8	25.2	24.2	10.6	8.8	1.7	1.6
IRB Infraprojects	222	290	Buy	73,685	15.0	17.5	29.2	17.1	39.6	33.1	18.2	13.7	20.2	19.6	11.7	10.7	1.9	2.1	14.8	12.6	9.0	6.9	3.0	2.5
IVRCL Infrastructures	126	210	Buy	33,576	7.6	8.8	20.9	15.2	9.4	9.3	3.4	3.3	10.6	11.1	9.9	9.9	1.1	1.1	16.5	14.3	9.3	7.9	1.7	1.5
Jaiprakash Associates	103	160	Buy	219,129	4.2	5.6	12.7	32.1	23.5	24.6	7.1	7.7	10.3	12.2	6.7	8.1	1.7	1.7	24.4	18.5	7.1	5.5	2.3	2.1
L&T	1,955	2,330	Buy	1,188,380	73.2	90.3	32.6	23.3	13.5	13.2	8.3	8.3	28.4	27.6	12.9	13.6	1.6	1.3	26.7	21.7	18.0	14.9	4.9	4.1
Mundra Port and SEZ	150	175	Buy	300,409	4.5	6.3	34.7	39.5	68.5	66.7	47.0	43.5	23.6	26.3	14.4	16.7	1.1	1.0	33.1	23.7	25.9	17.7	7.0	5.6
Nagarjuna Construction Co	138	210	Buy	35,447	9.3	10.0	17.8	7.1	10.2	10.2	4.1	3.6	10.2	10.1	8.8	8.7	1.0	1.3	14.8	13.8	9.4	7.6	1.5	1.3
Patel Engineering	319	470	Buy	22,292	19.9	27.2	4.6	36.4	14.8	14.8	5.4	5.6	10.3	12.6	7.9	8.9	1.3	1.4	16.0	11.7	9.7	7.5	1.6	1.4
Punj Lloyd	108	90	Sell	35,767	2.6	7.5	NM	189.0	7.2	9.5	1.0	2.2	2.8	7.8	5.1	7.5	1.2	1.4	41.6	14.4	11.5	7.0	1.2	1.1
Reliance Infrastructure	793	1,390	Buy	194,194	60.6	65.8	6.9	8.7	10.7	13.0	10.2	9.0	7.5	7.3	6.9	6.9	0.6	0.7	13.1	12.0	13.4	9.0	0.8	0.8
Simplex Infrastructure	403	500	Sell	19,945	28.6	34.8	11.4	21.5	10.0	10.0	2.8	2.8	13.7	14.8	7.1	7.4	1.4	1.4	14.1	11.6	6.6	5.5	1.8	1.6
Aggregate				2,159,869	-	-	-	-	14.7	15.2	7.7	7.7							23.0	18.6	14.0	10.9	2.8	2.5
FMCG																								
Asian Paints	2,942	3,000	Buy	282,002	92.7	113.1	0.7	22.0	17.4	18.0	11.6	12.1	45.7	43.9	41.4	40.3	0.1	0.1	31.7	26.0	20.9	17.3	12.9	10.2
Britannia	401	450	Hold	47,911	11.0	19.8	(7.8)	79.7	4.6	6.4	2.9	4.5	43.5	66.1	16.5	25.9	2.0	1.7	36.4	20.2	26.5	16.0	14.9	12.2
Colgate	867	860	Sell	117,872	32.4	35.1	4.1	8.5	22.4	21.5	19.7	18.9	129.5	129.3	128.1	128.0	0.0	0.0	26.8	24.7	22.5	20.7	33.3	30.6
Dabur	100	115	Buy	174,508	3.2	4.1	11.0	31.6	18.9	18.9	13.9	14.3	50.1	49.1	36.6	34.0	0.6	0.4	31.8	24.2	24.3	18.9	13.9	10.4
Emami	412	450	Sell	62,318	15.7	18.4	31.0	16.6	22.9	22.5	18.8	18.4	33.9	31.9	26.2	25.7	0.3	0.3	26.2	22.4	21.6	18.4	8.0	6.5
GCPL	371	460	Hold	119,890	15.6	18.2	38.1	16.5	20.0	19.7	14.2	13.4	37.4	30.9	24.7	18.4	0.9	0.8	23.7	20.3	18.5	15.1	6.8	5.8
GSK Consumer	2,140	2,200	Sell	89,985	69.0	82.3	24.6	19.4	15.7	16.2	12.6	12.6	29.2	29.1	28.4	28.4	0.0	0.0	31.0	26.0	22.5	18.3	8.3	6.9
HUL	294	330	Hold	640,511	9.9	11.4	2.7	15.5	13.3	13.9	11.2	11.5	76.7	75.4	76.4	74.9	0.0	0.0	29.7	25.7	24.1	20.5	21.1	18.0
ITC	167	210	Buy	1,288,801	6.2	7.6	12.6	22.2	32.1	33.7	21.5	22.6	30.6	32.2	30.4	32.0	0.0	0.0	27.0	22.1	18.0	14.7	7.7	6.6



Companies	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Jyothy Labs	263	305	Hold	21,222	12.3	14.2	20.3	15.2	15.7	14.7	13.5	12.7	18.6	16.1	18.4	15.9	0.0	0.0	21.4	18.6	15.2	13.2	3.1	2.9
Marico	125	150	Buy	76,659	4.8	5.7	19.4	20.7	13.8	14.2	9.5	10.0	38.5	35.8	27.1	28.7	0.3	0.3	26.2	21.7	18.3	15.4	8.9	6.9
Nestle	3,669	3,350	Sell	353,717	80.8	98.8	17.1	22.3	19.6	20.7	12.7	13.1	115.5	101.6	115.6	97.0	0.0	0.1	45.4	37.1	29.4	23.5	46.1	31.9
Aggregate				3,275,395					20.3	21.1	14.5	15.0							29.4	24.3	20.9	17.1	11.0	9.2
MEDIA																								
Sun TV	529	625	Buy	208,530	18.6	21.7	0.0	0.0	76.3	75.2	38.8	40.0	33.2	29.2	32.1	28.5	0.0	0.0	28.4	24.4	0.0	0.9	7.9	6.1
Zee TV	141	150	Hold	137,860	5.7	6.8	-8.4	18.9	27.8	29.1	19.9	20.9	14.2	15.2	14.1	15.2	0.0	0.0	92.1	77.4	0.0	1.5	3.3	2.9
Dish TV	66	75	Hold	69,733	-2.1	-0.5	NA	NA	13.3	21.2	-15.9	-2.9	-13.4	-3.3	-6.6	-0.1	0.6	0.6	-256.8	-1045.5	0.0	3.6	4.3	4.3
Den Networks	176	240	Buy	22,901	3.4	4.0	46.9	15.0	12.5	15.5	4.3	4.3	5.9	6.4	6.7	6.7	0.0	0.0	153.5	133.5	0.0	7.8	2.9	2.8
Hathway Cables	170	225	Buy	24,264	0.1	5.1	NA	NA	21.0	24.9	0.2	7.8	0.1	5.3	0.3	5.8	0.2	0.2	4198.8	103.2	0.0	6.2	1.8	1.8
Aggregate				463,288					34.0	35.9	14.1	17.1							41.0	28.9	16.8	13.6	30.9	27.4
METALS																								
JSW Steel	1,200	1,050	Sell	262,798	67.9	90.2	5.5	32.7	20.0	18.4	7.0	7.1	12.8	11.8	8.7	8.8	0.7	0.6	17.7	13.3	8.7	7.2	1.5	1.3
Jindal Steel & Power	696	700	Hold	650,305	54.7	69.6	40.1	27.3	31.7	21.9	38.0	39.9	39.5	35.0	22.9	21.3	0.5	0.3	12.7	10.0	8.4	6.9	4.2	3.0
SAIL	195	270	Buy	806,667	21.8	25.5	33.0	17.3	27.5	29.0	18.7	18.4	24.2	23.2	17.0	16.3	0.5	0.6	9.0	7.7	5.6	4.5	2.0	1.6
Tata Steel	673	780	Buy	607,100	70.9	72.4	NM	2.1	15.1	15.3	6.1	6.0	25.8	20.2	12.5	11.3	1.6	1.2	9.5	9.3	5.9	5.6	2.0	1.6
Jai Balaji	259	400	Buy	16,513	12.1	42.2	142.4	249.5	13.6	22.3	3.2	10.0	7.5	22.2	8.6	15.7	177.7	137.1	21.4	6.1	9.7	5.2	1.7	1.3
Aggregate				2,343,383					21.4	22.4	11.3	11.8							10.3	8.8	6.6	5.7	2.2	1.8
IT SERVICES																								
Educomp	516	820	Buy	49,315	35.5	40.8	26.1	14.7	39.5	47.1	25.1	24.8	21.1	18.3	12.6	11.5	0.7	0.6	14.5	12.7	10.1	7.3	2.5	2.1
FirstSource Solutions	23	40	Buy	10,044	2.1	3.1	26.5	48.8	14.3	14.7	7.1	7.7	9.9	11.5	6.2	6.6	0.9	0.8	11.0	7.4	7.7	6.5	0.7	0.6
HCL Infosystems	106	135	Hold	23,131	11.2	12.7	(18.3)	13.9	3.1	3.3	2.1	2.2	18.6	19.9	12.7	13.8	0.4	0.4	9.5	8.3	5.8	5.0	1.7	1.6
HCL Tech	452	525	Buy	308,678	22.6	31.2	25.1	38.2	16.3	17.7	9.9	11.3	20.3	22.9	15.8	17.2	0.3	0.3	20.0	14.5	12.2	9.2	3.7	3.0
Hexaware Technologies	105	90	Hold	15,174	8.1	9.9	(13.3)	22.8	9.4	11.1	7.3	10.4	12.3	13.9	8.3	9.9	0.1	0.1	12.9	10.5	12.3	8.9	1.2	1.1
Infosys	3,333	3,200	Hold	1,912,971	121.2	145.1	11.4	19.7	33.0	32.8	24.9	24.8	26.1	26.3	51.0	53.1	0.0	0.0	27.5	23.0	20.8	17.2	6.7	5.5
Infotech Enterprises	151	250	Buy	16,760	13.0	17.4	(15.7)	33.6	16.2	17.9	12.2	12.8	13.8	16.2	19.4	22.3	0.0	0.0	11.6	8.7	7.5	5.3	1.6	1.3
MindTree	531	625	Buy	21,253	15.4	47.3	(71.9)	207.2	9.9	17.8	3.9	10.2	8.7	23.4	8.2	21.9	0.0	0.0	34.5	11.2	13.6	6.3	2.9	2.4
Mphasis	660	675	Hold	138,583	52.1	49.7	18.8	(4.6)	24.9	22.8	21.7	17.5	26.8	23.7	33.4	55.0	0.0	0.0	12.7	13.3	10.3	9.5	4.1	3.2
NIIT	55	85	Buy	9,089	6.3	8.1	47.2	29.7	15.3	16.9	8.5	9.9	18.4	20.4	10.1	12.2	0.7	0.6	8.8	6.8	6.7	5.4	1.5	1.3
NIIT Technologies	199	300	Buy	11,774	27.5	26.9	27.7	(2.1)	18.6	20.0	13.7	13.3	25.3	21.0	23.9	19.8	0.0	0.0	7.3	7.4	4.6	4.2	1.7	1.5
Oracle Financial Services	2,292	2,500	Buy	192,254	123.3	143.6	33.1	16.5	39.4	41.2	33.4	34.6	19.4	18.4	19.2	17.0	0.0	0.0	18.6	16.0	14.0	11.9	3.6	2.9
Patni Computers	480	600	Buy	62,980	43.9	45.7	(2.0)	4.1	19.4	20.6	17.8	15.1	12.8	13.5	20.8	21.8	0.0	0.0	10.9	10.5	10.2	8.5	1.6	1.4
Persistent Systems	427	500	Buy	17,098	39.7	39.5	27.4	(0.6)	21.1	22.0	20.5	16.6	22.1	18.0	34.5	33.5	0.0	0.0	10.8	10.8	7.4	5.8	2.1	1.8
Polaris Software	174	275	Buy	17,276	20.5	22.5	32.3	10.1	14.2	15.4	13.3	12.9	21.1	19.4	17.5	16.4	0.0	0.0	8.5	7.7	5.7	4.6	1.6	1.4
Satyam Computer Services	67	135	Buy	79,354	2.6	5.7	(3.3)	121.3	8.0	14.5	6.0	11.4	na	na	na	na	na	na	26.1	11.8	13.8	6.6	1.8	1.4
TCS	1,150	1,100	Hold	2,250,315	43.2	49.7	22.9	15.2	28.9	29.0	22.8	21.7	36.8	33.7	42.5	42.6	0.0	0.0	26.6	23.1	20.9	17.2	9.0	6.9



Companies	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Tech Mahindra	698	850	Hold	87,838	82.5	92.5	41.3	12.2	21.3	20.4	22.1	23.4	28.4	30.7	30.0	31.6	0.4	0.3	8.5	7.5	10.2	10.1	2.6	2.2	
Redington	82	100	Buy	32,292	5.7	7.1	22.3	23.7	2.7	2.8	1.4	1.5	19.5	20.6	12.3	13.2	1.1	1.0	14.2	11.5	8.5	7.1	2.6	2.2	
Wipro	477	475	Hold	1,170,986	21.9	24.7	16.4	12.9	21.9	22.7	17.2	16.8	25.2	24.4	21.2	20.7	0.2	0.2	21.8	19.3	16.8	13.9	5.1	4.4	
Aggregate				6,427,165	-	-	-	-	21.3	22.1	16.4	16.4							22.9	19.4	17.4	14.2	5.5	4.5	
LOGISTICS																									
Allcargo Global Logistics	151	200	Hold	19,767	14.1	16.1	16.0	14.0	11.8	12.1	6.9	7.1	14.3	13.9	13.6	13.7	0.0	0.0	10.7	9.4	6.2	5.4	1.4	1.2	
Container Corp	1,278	1,500	Buy	166,151	65.5	77.1	9.3	17.8	29.1	31.1	23.0	24.4	19.2	18.4	19.2	18.4	-	-	19.5	16.6	13.8	11.6	3.8	3.4	
Gateway Distriparks	107	135	Buy	11,576	8.1	9.8	11.0	20.2	28.5	34.4	16.8	17.6	12.3	12.4	11.8	10.9	0.3	0.2	13.2	11.0	8.8	6.3	1.7	1.2	
Aggregate				197,494	-	-	-	-	22.4	24.0	16.3	17.1							17.6	15.0	11.7	9.8	3.1	2.6	
OIL & GAS																									
BPCL	696	910	Buy	251,629	49.8	54.4	17.0	9.3	2.7	3.1	1.3	1.5	13.3	13.6	10.7	11.7	0.9	0.8	14.0	12.8	8.9	8.2	1.8	1.7	
Cairn India	332	285	Sell	630,062	25.9	44.0	378.8	69.9	75.2	77.3	52.7	61.3	3.2	14.0	2.8	16.2	0.1	(0.1)	12.8	7.5	8.5	5.6	1.9	1.7	
GAIL India	509	540	Buy	645,972	27.7	36.3	11.7	31.4	21.3	26.3	12.6	15.4	19.5	22.3	22.2	23.8	0.5	0.5	18.4	14.0	10.7	8.1	3.4	2.9	
GSPL	116	125	Hold	65,145	7.1	7.2	(3.8)	2.4	94.0	94.0	37.4	36.1	27.3	21.6	26.5	22.8	0.6	0.6	16.4	16.0	7.6	7.2	4.9	4.9	
HPCL	417	660	Buy	141,292	49.0	58.5	27.6	19.3	2.9	3.5	1.4	1.7	13.8	15.1	9.6	11.0	1.2	1.1	8.5	7.1	7.4	6.7	1.1	1.0	
IGL	330	330	Hold	46,193	18.2	21.3	18.1	17.4	28.9	27.1	15.6	13.9	28.5	27.8	41.2	37.5	2.7	14.8	18.2	15.5	9.9	8.0	5.6	4.6	
IOC	366	500	Buy	889,723	35.3	39.8	(20.1)	12.8	4.7	5.6	3.2	3.7	15.0	15.4	13.7	15.8	0.6	0.5	10.4	9.2	9.5	8.2	1.5	1.4	
Oil India	1,385	1,360	Sell	333,017	120.3	119.1	10.8	(1.0)	52.8	51.3	35.8	35.5	19.7	17.2	29.8	26.1	(0.6)	(0.7)	11.5	11.6	6.4	6.6	2.1	1.9	
ONGC	1,305	1,510	Buy	2,791,657	118.0	113.6	29.7	(3.7)	46.1	47.2	22.5	22.7	22.9	19.3	34.9	32.4	3.8	3.8	11.1	11.5	5.1	5.2	2.4	2.1	
Petronet LNG	127	165	Buy	94,988	7.7	9.8	42.2	27.7	9.7	9.9	4.6	5.0	17.0	21.4	16.5	19.8	0.7	0.9	16.5	12.9	9.2	7.7	3.8	3.3	
Reliance Industries	1,056	1,210	Buy	3,456,036	65.1	74.9	33.9	15.1	16.0	19.2	8.2	10.3	14.1	14.4	14.4	15.8	0.2	0.0	16.2	14.1	9.5	8.7	2.2	1.9	
Aggregate				9,345,714	-	-	-	-	13.9	15.7	7.4	8.7							13.1	11.7	7.6	7.0	2.1	1.9	
PHARMACEUTICALS																									
Aurobindo	1,302	1,690	Buy	75,825	74.7	107.4	4.0	43.8	18.0	21.0	12.1	14.9	23.3	23.0	12.6	15.6	0.5	0.4	17.4	12.1	10.6	7.7	3.3	2.0	
Biocon	402	550	Buy	80,470	18.3	20.3	22.5	10.7	20.0	20.2	13.2	13.0	19.3	18.4	16.1	16.5	0.2	0.1	22.0	19.8	15.4	13.6	3.9	3.4	
Cadila Healthcare	772	770	Hold	158,127	30.9	38.5	20.8	24.9	20.5	21.0	14.4	15.2	33.6	32.1	24.6	27.0	0.4	0.2	25.0	20.0	18.8	15.5	7.4	5.7	
Cipla	362	370	Hold	290,497	13.2	15.6	1.0	18.1	23.8	24.2	16.9	17.4	16.7	17.1	16.7	17.1	0.0	0.0	27.4	23.2	20.0	17.2	4.3	3.7	
Dishman Pharmaceuticals	140	192	Hold	11,310	10.6	15.2	(6.4)	43.7	21.2	24.3	9.0	11.3	10.5	13.5	8.3	9.8	1.0	0.9	13.2	9.2	9.2	7.0	1.3	1.2	
Dr Reddy's Labs	1,677	1,870	Buy	283,628	66.6	102.9	0.5	54.4	18.2	24.2	15.3	19.4	20.6	27.4	16.6	24.1	0.2	0.1	25.2	16.3	21.9	13.6	5.4	4.1	
GlaxoSmithKline Pharmaceuticals	2,201	2,160	Hold	186,465	69.8	82.0	18.1	17.6	36.6	36.7	26.8	26.8	30.6	30.5	30.5	30.4	0.0	0.0	31.6	26.8	21.1	17.9	9.0	7.5	
Glenmark Pharmaceuticals	350	390	Buy	94,441	18.0	23.4	37.2	30.1	27.6	27.7	16.2	17.6	17.7	19.2	14.2	15.9	0.5	0.4	19.5	14.9	13.3	11.1	3.3	2.7	
Jubilant Organosys	277	330	Hold	44,065	21.5	26.9	7.9	25.1	17.3	18.3	9.2	10.2	10.9	12.9	9.0	10.8	0.6	0.5	12.9	10.3	10.9	9.1	1.8	1.5	
Lupin	451	510	Buy	201,080	19.6	23.0	28.4	17.4	20.1	19.8	15.5	15.3	36.3	32.0	26.2	26.1	0.3	0.2	23.0	19.6	18.7	15.9	7.3	5.5	
Opto Circuits	264	280	Hold	48,439	18.7	22.2	24.5	18.9	32.1	30.6	25.4	23.9	29.4	28.4	24.8	24.1	0.3	0.3	14.2	11.9	13.4	11.1	3.8	3.1	
Pfizer India	1,072	1,400	Buy	31,980	54.0	64.0	9.1	18.4	17.3	18.9	18.8	18.9	15.3	16.2	15.3	16.2	0.0	0.0	19.8	16.8	27.7	21.6	2.9	2.6	
Piramal Healthcare	465	480	Sell	97,243	28.5	34.5	25.4	21.0	21.7	21.9	14.4	15.4	31.4	29.7	23.3	25.1	0.4	0.2	16.3	13.5	12.2	10.7	4.6	3.6	



Companies	CMP (Rs)	Target (Rs)	Reco	MCap (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)		
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E
Ranbaxy	571	720	Buy	240,225	34.3	53.5	NM	55.7	20.2	29.3	17.1	23.3	27.2	31.8	12.7	20.4	0.6	0.2	16.6	10.7	14.8	8.9	3.9	3.1	
Sun Pharmaceutical Industries	431	2,210	Hold	444,085	19.0	20.3	37.5	6.8	37.3	35.0	33.4	29.6	31.2	31.6	29.1	28.5	0.1	0.1	22.6	21.2	19.5	17.2	6.9	6.5	
Aggregate				2,287,879	-	-	-	-	22.9	25.1	17.3	18.8							21.6	16.9	17.1	13.3	4.9	4.0	
POWER																									
Adani Power	125	135	Sell	272,395	4.2	19.9	432.4	376.7	58.2	70.7	46.5	54.8	14.4	51.2	6.7	20.5	1.6	1.8	30.0	6.3	27.3	5.5	4.0	2.7	
Lanco Infratech	62	85	Buy	150,127	3.6	2.8	94.4	(24.3)	26.4	25.9	6.2	3.6	23.6	14.8	(72.2)	(156.9)	4.4	4.2	17.1	22.6	8.5	6.6	3.6	3.1	
NTPC	193	205	Buy	1,589,726	11.6	12.2	9.3	5.7	34.2	33.9	19.8	18.6	14.7	14.4	21.7	14.4	0.5	0.5	16.7	15.8	11.1	9.9	2.4	2.2	
Reliance Power	148	170	Hold	415,994	3.2	3.8	11.5	19.3	48.6	48.1	96.1	35.8	5.0	5.1	2.9	2.8	1.3	2.1	46.2	38.7	96.8	30.5	2.2	2.0	
Tata Power	1,296	1,250	Hold	307,526	75.5	101.0	16.2	33.7	22.5	25.0	9.0	10.2	15.0	18.3	6.8	7.6	1.1	1.2	17.2	12.8	6.8	5.2	2.2	2.2	
Jindal Steel & Power	696	700	Hold	650,305	54.7	69.6	40.1	27.3	31.7	21.9	38.0	39.9	39.5	35.0	22.9	21.3	0.5	0.3	12.7	10.0	8.4	6.9	4.2	3.0	
Power Grid	98	120	Buy	453,482	5.7	6.8	12.4	18.8	81.7	81.5	27.3	27.3	14.1	13.8	3.8	4.1	1.4	1.5	17.2	14.4	5.7	4.8	2.1	1.9	
Aggregate				3,839,554	-	-	-	-	38.7	40.6	20.1	20.8							17.7	13.7	10.2	7.8	2.6	2.3	
REAL ESTATE																									
Anant Raj Industries	109	185	Buy	32,106	7.8	9.4	(3.3)	19.6	47.5	31.8	45.2	28.5	6.4	7.3	6.0	6.5	0.1	0.1	13.9	11.6	11.5	9.1	0.9	0.8	
DLF	285	380	Buy	484,124	17.0	20.2	59.5	19.1	49.7	48.4	27.2	27.5	12.0	13.6	7.8	9.3	0.7	0.6	16.8	14.1	12.0	10.5	1.9	1.8	
Godrej Properties	591	920	Buy	41,257	22.4	57.4	27.5	155.9	45.9	48.5	39.2	39.9	17.8	35.6	9.8	21.8	0.8	0.6	26.3	10.3	25.9	9.7	4.4	3.2	
HDIL	188	315	Hold	78,166	17.9	38.3	19.3	113.3	43.9	52.3	31.6	38.2	9.2	15.9	6.9	12.7	0.4	0.3	10.5	4.9	11.3	5.2	0.8	0.7	
Indiabulls Real Estate	132	250	Buy	52,916	10.3	10.5	na	2.3	37.8	34.1	29.6	24.3	3.5	3.5	3.5	3.3	0.2	0.3	12.8	12.6	7.1	6.3	0.5	0.4	
Orbit Corp	77	170	Hold	8,356	17.1	20.9	(16.0)	22.1	32.0	32.0	13.9	15.3	10.3	11.6	8.6	9.1	1.0	0.8	4.5	3.7	7.7	6.8	0.9	0.8	
Peninsula Land	60	80	Hold	16,752	8.2	7.2	(18.4)	(11.9)	44.4	50.8	33.5	38.7	16.2	12.7	12.5	9.8	0.3	0.3	7.3	8.3	6.2	7.1	1.1	1.0	
Phoenix Mills	219	300	Buy	31,757	5.2	18.3	27.6	252.9	75.5	82.9	34.7	45.5	4.7	15.2	3.6	10.3	0.5	0.6	42.3	12.0	22.2	7.5	2.0	1.7	
Puravankara Projects	115	160	Buy	24,448	7.1	7.2	4.0	1.5	30.3	23.3	25.1	21.8	9.8	9.2	6.2	5.9	0.6	0.6	16.2	15.9	17.7	19.7	1.5	1.4	
Unitech	63	105	Buy	158,872	3.7	5.2	29.9	41.0	35.8	37.0	23.3	25.6	9.4	11.6	6.1	7.8	0.6	0.5	17.2	12.2	17.1	12.9	1.7	1.5	
Oberoi Realty	265	340	Buy	86,818	17.8	19.5	12.7	9.1	69.2	69.6	49.7	50.5	22.2	17.0	20.9	15.1	(0.2)	(0.1)	14.8	13.6	10.4	9.7	4.7	2.5	
Sobha Developers	330	450	Buy	32,351	22.9	33.9	67.6	48.0	23.0	24.4	13.5	14.1	12.5	15.5	8.4	11.1	0.6	0.4	14.4	9.7	13.5	8.9	1.9	1.7	
Sunteck Realty	561	800	Buy	35,346	10.2	94.7	937.8	832.3	57.5	63.9	39.3	41.8	62.8	49.2	42.8	38.8	0.2	0.2	55.3	5.9	39.0	4.0	5.3	2.9	
Aggregate				1,083,269	-	-	-	-	44.4	45.4	27.8	29.5							15.9	11.0	12.8	9.2	1.5	1.4	
TELECOM																									
Bharti Airtel	343	400	Buy	1,303,502	17.9	22.8	(24.3)	27.3	34.5	36.0	11.3	11.7	14.9	16.3	8.9	8.5	1.3	1.1	19.2	15.0	6.3	4.9	2.6	2.3	
Idea Cellular	68	95	Buy	225,150	2.0	2.9	(34.3)	46.3	24.4	27.0	4.3	5.2	5.7	7.8	5.2	6.4	1.0	0.9	33.9	23.2	6.0	4.4	2.0	1.7	
MTNL	53	50	Sell	33,327	(14.8)	(14.4)	NM	NM	-	-	-	-	(10.3)	(11.1)	(8.9)	(9.5)	0.3	0.3	-	-	-	-	0.3	0.4	
Onmobile Global	282	450	Buy	16,552	13.5	18.3	80.7	35.3	22.5	27.1	14.7	16.0	10.2	12.3	8.0	11.2	0.0	0.0	20.8	15.4	11.6	7.8	2.0	1.8	
Reliance Communications	128	190	Buy	264,608	7.4	11.1	(65.9)	50.6	31.9	34.1	7.3	9.7	4.0	5.8	3.5	4.5	0.8	0.7	17.4	11.6	6.7	5.5	0.7	0.6	
Tata Communications	251	400	Buy	71,478	(26.1)	(21.6)	NM	NM	11.0	12.5	-	-	(17.9)	(17.6)	3.3	3.2	2.1	2.6	-	-	11.0	8.6	1.9	2.2	
Spice Mobility	100	140	Hold	23,690	5.0	7.9	9.4	59.5	7.2	6.5	5.3	5.1	11.6	13.3	7.0	9.5	0.0	0.0	20.0	12.6	10.8	7.3	1.8	1.6	
Tata Tele (Mah)	19	18	Sell	36,047	0.7	(2.6)	NM	(444.2)	13.4	21.7	-	-	(27.9)	(19.7)	(8.1)	(2.9)	2.1	2.1	25.4	-	23.1	12.3	1.5	1.5	
Aggregate				1,974,353	-	-	-	-	28.0	30.1	5.8	7.3							28.7	19.2	6.9	5.4	1.7	1.5	



Companies	CMP (Rs)	Target (Rs)	Reco	MCAp (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		ROCE (%)		Adj. Debt/Equity Ratio (x)		P/E (x)		EV/EBITDA (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
OTHERS																								
Sintex Industries	170	270	Buy	46,531	30.2	37.4	25.2	24.1	16.4	16.8	10.1	10.4	19.0	19.3	10.1	11.6	0.4	0.3	5.6	4.6	7.0	5.6	1.9	1.6
Bharat Electronics	1,771	2,200	Buy	141,640	92.2	98.8	(2.1)	7.2	18.8	18.0	13.2	13.5	20.9	17.7	19.3	15.3	0.0	0.0	19.2	17.9	11.0	10.9	3.6	3.2
Godrej Industries	180	285	Buy	57,204	9.9	16.6	154.2	68.3	8.3	12.5	7.6	9.8	16.6	24.0	12.9	17.7	0.2	0.2	18.2	10.8	20.2	10.3	2.8	2.4
Arvind Ltd	63	96	Buy	14,874	4.4	5.8	114.5	32.3	13.5	14.0	2.9	3.3	8.2	9.9	8.3	8.4	1.7	1.7	14.52	10.97	2.90	2.38	1.07	0.97

Company	CMP (Rs)	Target (Rs)	Reco	MCAp (Rs mn)	FDEPS (Rs)		FDEPS Growth (%)		NIM (%)		Cost to income (%)		ROE (%)		ROA (%)		Credit/Deposit Ratio (%)		CAR (%)		P/E (x)		P/BV (x)	
					FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
BANKING																								
Axis Bank	1,312	1,800	BUY	537,369	78.9	101.5	27.1	28.7	3.3	3.2	43.3	43.6	20.3	21.1	1.7	1.7	76.0	76.9	14.6	14.3	16.6	12.9	2.9	2.5
Bank of Baroda	893	1,180	BUY	325,145	103.8	125.5	24.0	21.0	2.6	2.6	40.4	39.9	24.8	24.6	1.2	1.2	73.1	73.7	12.5	12.5	8.6	7.1	1.9	1.6
Bank of India	445	520	HOLD	233,939	52.8	63.7	59.6	20.6	2.5	2.5	40.7	39.9	19.9	20.3	0.9	0.9	73.0	73.0	13.3	12.8	8.4	7.0	1.5	1.3
Canara Bank	657	650	HOLD	269,534	89.6	101.3	21.5	13.0	2.6	2.6	39.7	38.6	26.1	23.9	1.3	1.2	73.6	73.6	12.6	12.0	7.3	6.5	1.7	1.4
Corporation Bank	647	775	Hold	92,791	98.6	115.6	20.8	17.3	2.5	2.4	37.2	37.1	22.3	21.9	1.1	1.1	67.9	68.4	12.6	12.2	6.6	5.6	1.3	1.1
Dena Bank	116	170	BUY	33,314	20.3	24.0	14.7	18.4	2.7	2.7	49.5	49.5	22.0	21.6	0.9	0.9	69.9	70.5	12.5	12.1	5.7	4.8	1.2	1.0
HDFC Bank	2,179	2,500	HOLD	1,010,469	83.8	108.7	30.1	29.7	4.5	4.6	46.6	46.9	16.8	18.8	1.6	1.6	75.2	75.8	16.5	15.8	26.0	20.0	4.1	3.5
ICICI Bank	1,132	1,175	HOLD	1,299,807	45.9	58.9	27.2	28.3	2.4	2.5	41.6	41.4	9.6	11.5	1.3	1.5	88.4	88.9	17.4	15.4	24.6	19.2	2.4	2.2
Oriental Bank of Commerce	407	580	BUY	102,070	61.6	75.6	35.9	22.8	2.9	2.8	37.7	38.8	19.3	20.1	1.0	1.1	69.7	71.8	12.9	12.6	6.6	5.4	1.2	1.0
Punjab National Bank	1,201	1,570	BUY	378,521	146.9	183.7	18.6	25.0	3.5	3.4	39.2	38.4	25.6	25.9	1.4	1.5	76.1	76.7	14.1	13.6	8.2	6.5	1.9	1.5
State Bank of India	2,745	3,700	BUY	1,743,038	187.4	234.6	29.8	25.1	3.0	3.0	46.8	45.9	16.8	18.3	1.1	1.1	82.4	82.3	12.7	12.1	14.6	11.7	2.3	2.0
Union Bank of India	325	437	BUY	164,365	43.1	56.8	4.8	31.9	2.8	2.7	42.3	40.6	22.4	24.3	1.0	1.1	71.0	71.6	11.7	11.2	7.6	5.7	1.5	1.3
Yes Bank	309	380	BUY	107,176	19.9	25.2	41.2	26.9	2.7	2.6	37.6	37.9	20.2	21.3	1.5	1.4	78.3	78.8	16.8	14.6	15.6	12.3	2.9	2.4
SPECIALTY FINANCE																								
HDFC	698	750	HOLD	1,020,844	23.5	28.0	19.4	19.3	3.3	3.3	7.3	7.0	21.0	22.3	2.8	2.7			13.4	12.2	29.7	24.9	6.0	5.3
LIC Housing Finance	937	1,575	BUY	88,957	96.2	115.3	37.9	19.9	2.9	2.7	15.0	14.6	24.1	23.9	2.1	1.9			13.3	11.9	9.7	8.1	2.1	1.8
Dewan Housing Finance	269	370	BUY	28,109	21.8	30.1	18.6	38.2	3.0	3.0	29.9	27.2	19.2	19.3	1.9	1.9			18.3	15.2	12.4	8.9	1.9	1.6
Aggregate				7,435,449	-	-	-	-											14.9	12.1	2.5	2.2		

Source: RCML Research * Not Rated

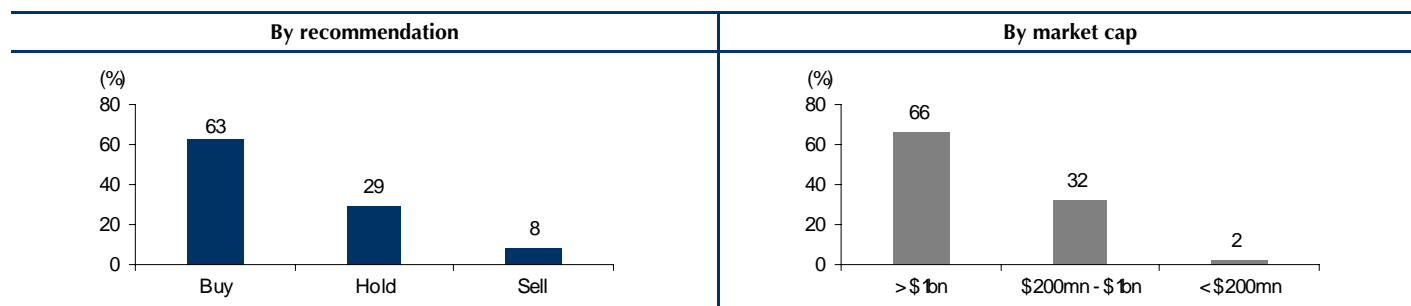


RCML Research

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Coverage Profile



Recommendation interpretation

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and -5%
Sell	Less than -5%

Recommendation structure changed with effect from March 1, 2009

Expected absolute returns are based on share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

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