investor's eye

Index

Sharekhan — Your guide to the financial jungle

Sharekhan Ltd, Regd Add: 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400 042, Maharashtra. Tel: 022 - 61150000. BSE Cash-INB011073351; F&O-INF011073351; NSE – INB/INF231073330; CD - INE231073330; MCX Stock Exchange: CD - INE261073330 DP: NSDL-IN-DP-NSDL-233-2003; CDSL-IN-DP-CDSL-271-2004; PMS INP000000662; Mutual Fund: ARN 20669. Sharekhan Commodities Pvt. Ltd.: MCX-10080; (MCX/TCM/CORP/0425); NCDEX -00132; (NCDEX/TCM/CORP/0142)

HDFC Bank

Evergreen

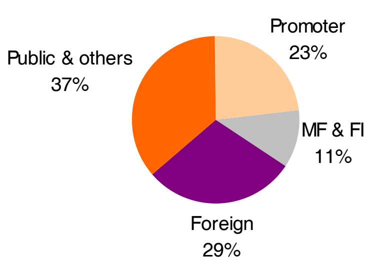
Stock Update

Robust growth in earnings, margins take a dip

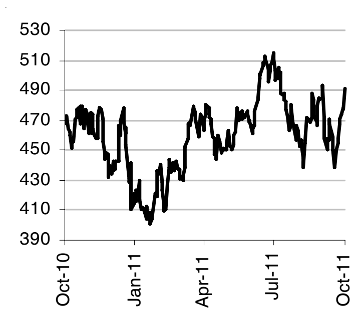
Hold; CMP: Rs491

Company details	
Price target:	Rs518
Market cap:	Rs119,114 cr
52 week high/low:	Rs519/396
NSE volume: (No of shares)	20.9 lakh
BSE code:	500180
NSE code:	HDFCBANK
Sharekhan code:	HDFCBANK
Free float: (No of shares)	179.5 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-1.1	-7.2	4.1	0.4
Relative to Sensex	-0.1	2.3	17.3	19.1

Result highlights

- HDFC Bank's earnings for Q2FY2012 grew by 31.5% year on year (YoY) and 10.5% quarter on quarter (QoQ) to Rs1,199 crore. The earnings were slightly ahead of our estimates majorly led by a strong growth in the net interest income (NII; 16.6% YoY and 3.4% QoQ) and non interest income coupled with lower than expected provision expenses. The business growth remained strong with advances growing by 25.6% YoY (after adjusting for one off short term loans in Q1FY2012) leading to a strong growth in core income. However, the net interest margin (NIM) declined by 10 basis points (bps) sequentially to 4.1% due to increased intake of term deposits. The asset quality of the bank also remained stable with the gross and net non performing assets (NPAs) at 1% and 0.2% respectively, in line with that of the previous quarter. The provision coverage ratio (PCR) of the bank however declined to 81.3% from 83% in Q1FY2012. HDFC Bank remains among the safer bets within the banking space due to its consistent growth and impeccable asset quality. However the stock trades at 3.5x FY2013E book value (BV), which is at a significant premium to peer banks, leaving little room for an upside. We maintain our Hold rating with a price target of Rs518 for the stock.
- **Strong growth in advances fuels NII growth:** The NII of the bank grew by 16.6% YoY and 3.4% sequentially to Rs2,944 crore. This was majorly led by a strong growth in advances which grew by 25.6% YoY (after adjusting for one off short term loans in Q2FY2011). The growth in advances was driven by the retail segment which grew 34% YoY and constituted approximately 50% of the advances. The deposits of the bank grew by 18.1% YoY and 9.2% sequentially.
- **Sharp increase in term deposits impacts margins:** The NIM of the bank declined by 10bps QoQ to 4.1% as a sharp increase in term deposits raised the funding cost. During Q2FY2012 the term deposits increased by 26% YoY and 13% QoQ

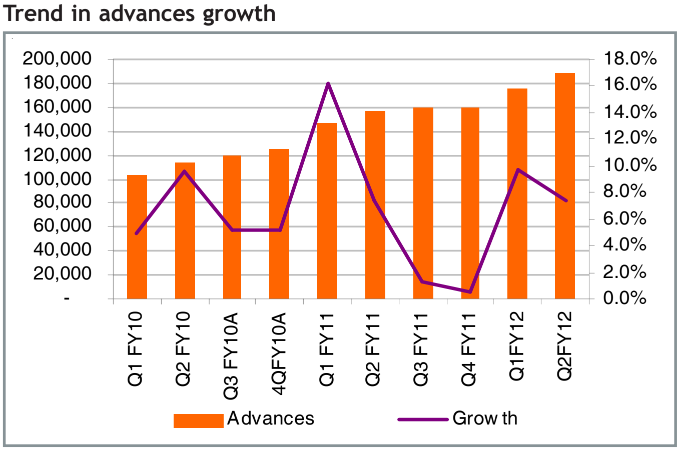
Result table (Rs cr)

Particulars	Q2FY12	Q2FY11	% YoY	Q1FY12	% QoQ
Interest earned	6,717.7	4,810.0	39.7	5,978.0	12.4
Interest expense	3,773.2	2,283.7	65.2	3,130.0	20.5
Net Interest income	2,944.5	2,526.3	16.6	2,848.0	3.4
Other income	1,211.7	960.7	26.1	1,120.0	8.2
Net operating income (NOI)	4,156.2	3,487.0	19.2	3,968.0	4.7
Operating expenses	2,030.4	1,679.9	20.9	1,934.6	4.9
- Employee cost	823.1	710.6	15.8	781.0	5.4
- Other costs	1,207.3	969.3	24.6	1,153.6	4.7
Operating Profit	2,125.8	1,807.1	17.6	2,033.4	4.5
Prov for contingencies	366.1	454.5	-19.5	443.7	-17.5
PBT	1,759.8	1,352.6	30.1	1,589.7	10.7
TAX	560.4	440.5	27.2	504.7	11.0
PAT	1,199.4	912.1	31.5	1,085.0	10.5

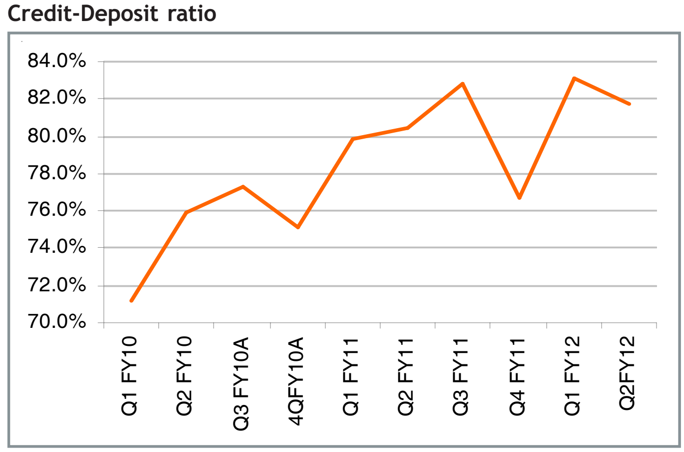
compared to an 18% YoY growth in overall deposits (9.2% growth Q-o-Q). Consequently, the current account-savings account (CASA) ratio declined by 173bps QoQ to 47.3% as compared to 49.1% in Q1FY2012.

- **Non-interest income up 26% QoQ:** The non-interest income of the bank grew by 26.1% YoY and 8.2% QoQ to Rs1,212 crore. The foreign exchange (forex) and trading income grew by a robust 43.1% YoY while fee income registered a moderate growth of 15.2% YoY due to sluggishness in distribution income. The loss on sale of investments was also lower at Rs1.3 crore in Q2FY2012 as compared to a loss of Rs52 crore in Q1FY2012.
- **Asset quality remains stable, provisions decline:** The asset quality of the bank remained stable with gross and net NPAs at 1% and 0.2% respectively. The proportion of restructured advances stood at 0.4% of the total advances (in line with that of the previous quarter) of which the standard restructured advances stood at 0.1%. The provision expenses declined by 19.5% YoY as the bank adjusted for a surplus provision (Rs135 crore) during the quarter. The bank continues to make floating provisions and has an outstanding balance of around Rs1,000 crore. The provision coverage ratio declined to 81.3% in Q2FY2012 as compared to 83% in Q1FY2012.
- **Cost- Income ratio remains stable:** The cost to income ratio of the bank was maintained at 48.9% as compared to 48.8% in Q1FY2012 and 48.2% in Q2FY2011. During the quarter the bank opened 39 branches, taking the total branch network to 2,150.
- **Outlook:** HDFC Bank continues to report strong profits; this time the profits were led by a strong growth in advances. The margins witnessed some pressure due to an increase in term deposits while the asset quality remained stable. We expect the bank's earnings to grow at a compounded annual growth rate (CAGR) of 24% over FY2011-13, led by a 25% CAGR growth in advances. HDFC Bank remains among the safer bets within the banking space due to its consistent growth and impeccable asset quality. However the stock trades at 3.5x FY2013E BV, which is at a significant premium to peer banks, leaving little room for an upside. We maintain our Hold rating with a price target of Rs518 for the stock.

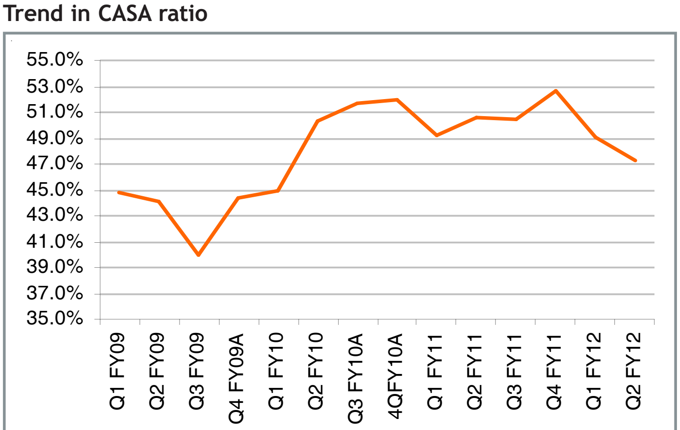
Trend in advances growth



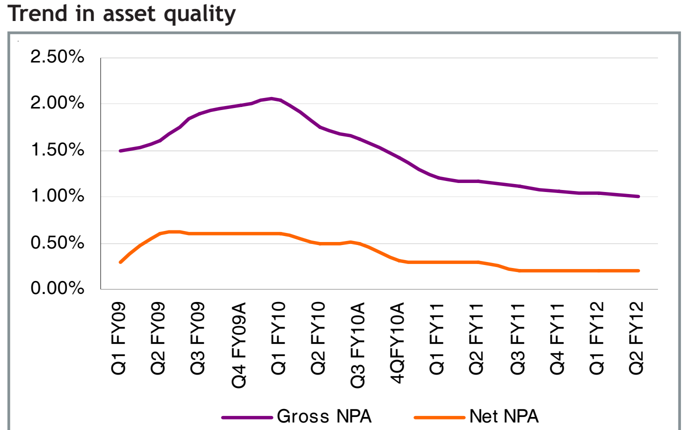
Credit-Deposit ratio



Trend in CASA ratio



Trend in asset quality



Financials

Profit & Loss statement

(Rs cr)

Particulars	FY09	FY10	FY11	FY12E	FY13E
Net interest income	7,421	8,387	10,543	12,703	15,326
Non-interest income	3,291	3,983	4,335	5,338	6,258
Net total income	10,712	12,370	14,878	18,041	21,584
Operating expenses	5,533	5,940	7,153	8,401	9,987
Pre-provisioning profit	5,179	6,430	7,725	9,640	11,597
Provision & contingency	1,879	2,140	1,906	2,239	2,631
PBT	3,300	4,290	5,819	7,401	8,967
Tax	1,055	1,341	1,893	2,294	2,780
PAT	2,245	2,949	3,926	5,107	6,187

Balance sheet

(Rs cr)

Particulars	FY09	FY10	FY11	FY12E	FY13E
Liabilities					
Networth	14,652	21,524	25,380	29,310	34,043
Deposits	142,812	167,405	208,586	256,561	319,419
Borrowings	3,519	5,389	7,447	8,980	9,583
Other liabilities & provisions	21,888	28,142	35,940	34,063	33,513
Total liabilities	183,271	222,460	277,354	328,915	396,557
Assets					
Cash & balances with RBI	13,527	15,483	25,101	17,959	22,359
Balances with banks & money at call	3,979	14,459	4,568	12,828	14,374
Investments	58,818	58,608	70,929	80,889	90,594
Advances	98,883	125,831	159,983	199,178	247,977
Fixed assets	1,707	2,123	2,171	2,496	2,995
Other assets	6,357	5,950	14,601	15,563	18,258
Total assets	183,271	222,453	277,353	328,915	396,557

Key ratios

Particulars	FY09	FY10	FY11	FY12E	FY13E
Per share Data					
EPS (Fully diluted)	10.6	12.9	16.9	20.8	25.2
DPS	2.0	2.4	3.3	4.2	5.0
BV	68.8	94.0	108.9	119.1	138.4
ABV	65.8	92.3	107.7	116.7	135.8
Spreads (%)					
Yield on advances	15.0	10.8	10.6	11.0	11.1
Cost of deposits	6.6	4.5	4.3	4.8	5.0
Net interest margins	4.2	3.8	4.0	3.9	3.9
Operating ratios (%)					
Credit to deposit	69.2	75.2	76.7	77.6	77.6
Cost to income	51.7	48.0	48.1	46.6	46.3
CASA	44.4	52.0	52.7	50.7	48.7
Non interest income/ Total income	30.7	32.2	29.1	29.6	29.0
Return ratios (%)					
RoE	17.2	16.3	16.7	18.7	19.5
RoA	1.2	1.3	1.4	1.6	1.6
Assets/Equity	12.1	11.2	10.7	11.1	11.5
Asset Quality ratios (%)					
Gross NPA	2.0	1.4	1.0	1.2	1.2
Net NPA	0.6	0.3	0.2	0.3	0.3
Provision coverage	68.4	78.4	82.5	74.5	78.1
Growth Ratios (%)					
Net interest income	42.0	13.0	25.7	20.5	20.7
PPP	37.5	24.2	20.1	24.8	20.3
PAT	41.2	31.4	33.2	30.1	21.2
Advances	55.9	27.3	27.1	24.5	24.5
Deposits	41.7	17.2	24.6	23.0	24.5
Valuation ratios (%)					
P/E	46.4	38.0	29.0	23.6	19.5
P/BV	7.1	5.2	4.5	4.1	3.5
P/ABV	7.4	5.3	4.6	4.2	3.6

The author doesn't hold any investment in any of the companies mentioned in the article.

Bajaj FinServ

Apple Green

Stock Update

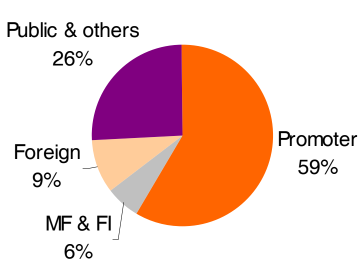
Growth in lending and insurance businesses propels earnings

Buy; CMP: Rs543

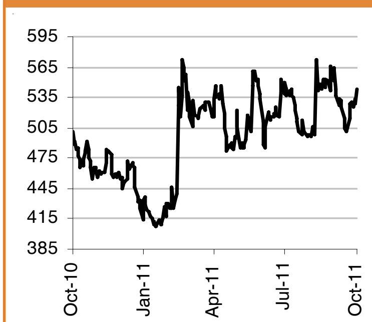
Company details

Price target:	Rs600
Market cap:	Rs7,811 cr
52 week high/low:	Rs625/395
NSE volume: (No of shares)	2.0 lakh
BSE code:	532978
NSE code:	BAJAJFINSV
Sharekhan code:	BAJAJFINSV
Free float: (No of shares)	6.0 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-6.8	-2.2	2.4	4.4
Relative to Sensex	-5.8	7.8	15.4	24.0

Result highlights

- During Q2FY2012, Bajaj Finserv reported a strong 128% year-on-year (Y-o-Y) growth in its consolidated net profits to Rs158 crore. The income from operations showed a 52% Y-o-Y growth to Rs714 crore while expenses remained flat on a Y-o-Y basis which contributed to an around 96% Y-o-Y growth in the operating profits.
- **Life insurance—top line contracts:** The life insurance business reported a policyholder's surplus of Rs238 crore in Q2FY2012, a growth of 24.6% YoY. However, the gross written premium declined by 27.2% year on year (YoY) with renewal premiums declining by 20.2% YoY. The assets under management also declined by 5.8% quarter on quarter (QoQ) to Rs36,946 crore.
- **General insurance—steady growth:** The general insurance business registered a growth of 82.9% YoY in its net profit to Rs64 crore as against Rs35 crore in Q2FY2011. This was despite making higher provisions (Rs42 crore vs Rs11 crore) for the motor pool. A strong growth in underwriting profits and a higher investment income were the key drivers for profitability. The gross premiums also increased by 15.5% YoY during the quarter while the combined ratio improved to 99.45% (including motor pool losses).
- **Bajaj Finance—robust growth in core income drives profits:** The earnings of Bajaj Finance Ltd (BFL) for Q2FY2012 grew by 64.2% YoY to Rs87 crore as against Rs53 crore during Q2FY2011. The core income grew by 34% YoY while provisions declined by 28% YoY which contributed to a strong growth in profits. The deployments of the company grew by 58% YoY to Rs3,352 crore during the quarter while the assets under management (AUM) grew by 11.6% QoQ to Rs10,071 crore.

Results table (Rs cr)

Particulars	Q2FY12	Q2FY11	% YoY	Q1FY12	% QoQ
Income from operations	713.7	470.6	51.7	612.6	16.5
other income	0.5	0.4	25.6	0.4	45.9
Total income	714.2	471.0	51.6	613.0	16.5
Expenses	227.9	222.8	2.3	200.7	13.5
Operating profit	486.4	248.2	95.9	412.3	17.9
Interest	166.1	83.3	99.4	142.4	16.6
PBT	320.3	164.9	94.2	270.0	18.6
Tax	92.1	59.1	55.9	77.5	18.8
Profit from ordinary activities	228.2	105.9	115.5	192.4	18.6
Less minority interest	70.0	36.5	91.9	63.7	9.9
Net profit	158.2	69.4	127.9	128.7	22.9

- **Valuation:** Bajaj FinServ has reported a strong set of numbers for Q2FY2012 aided by a strong growth in the financing and insurance businesses. However the life insurance business showed moderation in line with the industry as the management works on rationalising the cost structure as per the new regulatory environment. The management expects the life insurance business to start witnessing revenue growth from Q3FY2012 onwards as by then the company wouldn't face a higher base of the previous year.

  Due to continued ambiguity relating to the Reserve Bank of India (RBI)'s circular on transfer of shares from Indian residents to non residents, we continue to value Bajaj FinServ on the average of the two target prices ie the one arising out of factoring in the potential upside from the RBI circular and the other arrived at by excluding the impact of the circular on the company's valuation. We maintain our sum of the parts (SOTP) based target price of Rs600. We maintain our Buy recommendation on the stock.

Life insurance—premium growth dips in line with the industry

In line with the regulatory changes by the Insurance Regulatory and Development Authority (IRDA), the gross written premium (GWP) of Bajaj Allianz Life Insurance Company (BALIC) declined by 27.2% YoY to Rs1,679 crore during Q2FY2012 as against Rs2,306 crore in Q2FY2011. The new business premium and the renewal premium declined by 37.9% YoY and 20.2% YoY respectively. The management expects the life insurance business to start witnessing revenue growth from Q3FY2012 onwards as by then the company wouldn't face a higher base of the previous year.

During Q2FY2012, the company has reported a total surplus of Rs295 crore (including Rs238 crore of policyholders surplus) showing a growth of 48.2% YoY. The solvency ratio of the life insurance company stands at 447% as against the regulatory requirement of 150%.

General insurance—profit grows by 82.9%

The GWP of Bajaj Allianz General Insurance Company (BAGIC) grew by 15.5% to Rs811 crore for Q2FY2012 as against Rs702 crore for Q2FY2011. The general insurance business of the company has shown a profit growth of 82.9% YoY to Rs64 crore as against Rs35 crore in Q2FY2011. This was mainly due to the underwriting profits of the company during the quarter of Rs45 crore as against a loss of Rs2 crore in the earlier year and an increase in interest and dividend income by 45.2% YoY to Rs90 crore. Due to an increase in the motor pool provisions by the IRDA, the provisions have increased to Rs42 crore in Q2FY2012 as against a provision of Rs11 crore in Q2FY2011. The combined ratio (excluding pool losses) improved to 91.6%. Including the motor pool loss the ratio stands at 99.45%.

Strong performance by Bajaj Finance

BFL has reported a strong growth in its Q2FY2012 earnings. Led by a strong growth in the core income and a decline in provisions, the earnings have grown by a robust 64.2% to Rs87 crore as compared to Rs53 crore in Q2FY2011. The net interest income (NII) of the company has grown by 34.2% YoY to Rs326 crore. The deployments of the company grew by 58% YoY to Rs3,352 crore during Q2FY2012 whereas the AUM grew by 11.6% QoQ to Rs10,071 crore. The capital adequacy ratio (CAR) of BFL stood at 18.9% as on September 30, 2011.

Bajaj Finance Ltd Rs (cr)

Particulars	Q2FY12	Q2FY11	% YoY	FY11	FY10	% YoY
Total income	493	326	51.2	1406	916	-34.9
Interest and finance charges	167	83	101.2	378	202	-46.6
Net interest income	326	243	34.2	1028	714	-30.5
Expenses	197	165	19.4	658	580	-11.9
Profit before tax (PBT)	129	78	65.4	370	134	-63.8
Profit after tax (PAT)	87	53	64.2	247	89	-64.0
Earnings per share (EPS), basic and diluted	23.8	14.4	65.3	67.5	24.4	-63.9

Bajaj Allianz Life Insurance Rs (cr)

Particulars	Q2FY12	Q2FY11	% YoY	FY11	FY10	% YoY
Gross written premium	1679	2306	-27.2	9610	11420	-15.8
New business premium	564	908	-37.9	3466	4451	-22.1
Renewal premium	1115	1398	-20.2	6144	6969	-11.8
Policyholders Surplus	238	191	24.6	962	427	125.3
Shareholders surplus**	57	8	612.5	95	-427	-122.2
Profit / (Loss) for the year	295	199	48.2	1057	542	95.0

Bajaj Allainz General Insurance Rs (cr)

Particulars	Q2FY12	Q2FY11	% YoY	FY11	FY10	% YoY
Gross written remium	811	702	15.5	2905	2516	15.5
Net earned premium *	540	475	13.7	1931	1671	15.6
Underwriting profit/(loss)	45	2	2150.0	27	6	350.0
Provision for motor pool	-42	-11	281.8	-246	-56	339.3
Interest and dividend income/	90	62	45.2	279	221	26.2
Profit before tax	93	53	75.5	62	180	-65.6
Profit after tax	64	35	82.9	43	121	-64.5

Stand-alone performance

On a stand-alone basis, the company recorded a profit of Rs42.1 crore in Q2FY2012 as against a profit of Rs23.9 crore in Q2FY2011.

Outlook

Bajaj FinServ has reported a strong set of numbers for Q2FY2012 aided by a strong growth in the financing and insurance businesses. However the life insurance business showed moderation in line with the industry as the management works on rationalising the cost structure as per the new regulatory environment. The management expects the life insurance business to start witnessing revenue growth from Q3FY2012 onwards as by then the company wouldn't face a higher base of the previous year.

Due to continued ambiguity relating to the Reserve Bank of India (RBI)'s circular on transfer of shares from Indian residents to non residents, we continue to value Bajaj FinServ on the average of the two target prices ie the one arising out of factoring in the potential upside from the RBI circular and the other arrived at by excluding the impact of the circular on the company's valuation. We maintain our SOTP based target price of Rs600. We maintain our Buy recommendation on the stock.

Valuation matrix

Particulars	Including upside from RBI circular FY2013	Excluding upside from RBI circular FY2013
Life Insurance (26% stake)	185	185
General Insurance (26% stake)	35	35
Bajaj Finance (55.98% stake - 2x BV)	131	131
Investments (30% discount)	47	47
Value per share	397	397
Adding upside from RBI circular (scenario 2)	**405.8**	
Total value per share	803	397
Price target (average of the two scenarios)	**600**	

The author doesn't hold any investment in any of the companies mentioned in the article.

Torrent Pharmaceuticals

Ugly Duckling

Stock Update

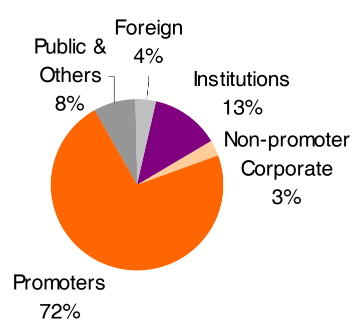
Upgraded to Buy

Buy; CMP: Rs578

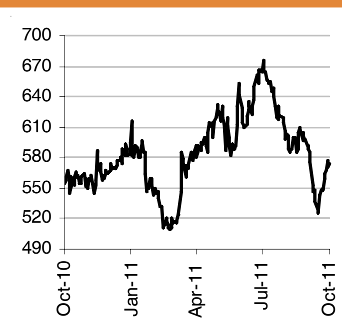
Company details

Price target:	Rs680
Market cap:	Rs4,891 cr
52 week high/low:	Rs687/499
NSE volume: (No of shares)	42,836
BSE code:	500420
NSE code:	TORNTPHARM
Sharekhan code:	TORNTPHARM
Free float: (No of shares)	1.3 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-4.7	-14.0	-1.6	4.4
Relative to Sensex	-3.7	-5.2	10.9	23.9

Result highlights

- **Q2FY2012 results exceed expectations:** The consolidated net sales of Torrent Pharmaceuticals (Torrent) for Q2FY2012 grew by 19.2% year on year (YoY) and 7.2% quarter on quarter (QoQ) to Rs657.8 crore as against our estimates of Rs619 crore. While the international business (up 32% YoY to Rs386 crore) reported 10% higher sales than our estimate, the Indian business (up 8% YoY to Rs295 crore) fell short of our expectation by 6%, largely due to weaker revenue from contract research and manufacturing services (CRAMS; down 2% YoY) and a stiff competition in the acute therapy segment (contributes approximately 29% of Indian branded formulations). However, due to a 156 basis point (bps) expansion in operating margins to 17.5% and foreign exchange (forex) gains of Rs18.9 crore, the reported profit after tax (PAT) grew by 31.2% to Rs100 crore. The adjusted PAT (adjusted for forex gains and extra-ordinary items) rose by 22.5% to Rs81.1 crore which is slightly lower than our estimates.

- **H2FY2012 revenue from India to grow by approximately 15%:** The revenue from India business grew just 6% to Rs295 crore mainly due to (1) a 2% Y-o-Y de-growth in the CRAMs business and (2) just an 8% Y-o-Y rise in branded formulations due to weaker sales in gastro-intestinal segments. In H1FY2012, the revenue from India grew 10% YoY to Rs603.6 crore. The gastro-intestinal segment is facing a stiff competition in the market. However, the management has indicated a 15% Y-o-Y rise in revenue from India during H2FY2012 on better contribution from the newly added field force.

Result table (Rs cr)

Particulars	Q2FY12	Q2FY11	% change	H1FY12	H1FY11	% change
Net sales	**657.8**	**551.9**	**19.2**	**1271.2**	**1077.3**	**18.0**
Expenditure	542.7	464.0	17.0	1037.0	892.9	16.1
Operating profit	115.1	87.9	30.9	234.1	184.5	26.9
Other income	4.3	2.5	71.4	6.7	4.7	42.0
Other operating income	6.6	19.6	-66.1	38.6	35.2	9.9
EBIDTA	**126.0**	**110.0**	**14.5**	**279.5**	**224.4**	**24.6**
Interest	2.9	3.4	-13.3	7.0	5.8	19.9
Depreciation	20.1	15.5	29.7	40.3	29.7	35.6
PBT	103.0	91.2	13.0	232.2	188.9	23.0
Tax	21.2	25.0	-15.3	49.9	48.5	3.0
Adjusted PAT	**81.1**	**66.2**	**22.5**	**181.5**	**142.4**	**27.4**
Extra-ordinary items	18.9	-10.0		21.0	-10.0	
Net profit (reported)	100.0	76.2	31.2	202.5	152.4	32.9
EPS (Rs)	9.7	7.8		21.5	16.6	
OPM (%)	17.5	15.9		18.4	17.1	
EBIDTA margin (%)	19.2	19.9		22.0	20.8	
Net profit margin (%)	12.3	12.4		14.3	13.2	

- **International business jumps 32% YoY; momentum to continue in H2FY2012:** During the quarter, the revenue from international business grew by 32% YoY to Rs376 crore. The growth is primarily attributed to (1) 2 new product launches in the US leading to a 57% Y-o-Y rise in revenue to Rs51.5 crore (2) rationalisation of inventory channels (stock clearance by distributors in Q1FY2012) in Brazil helping to record a 31% Y-o-Y rise to Rs120 crore, (3) depreciation of rupee against major international currencies (at constant currency international business grew at 24% YoY). Going forward, we expect the growth momentum to continue in H2FY2012 with 4 new launches in the US, 3-4 launches in Brazil and an approximately 20% growth in the rest of world (RoW) business.

- **Margin to remain stable in H2FY2012:** During Q2FY2012 the operating margin (excluding other operating income) jumped by 156bps to 17.5%. The improvement in margin is mainly attributable to lower employee expenses (down 30bps to 16.6% of net sales), lower other expenses (down 70bps to 26.3%) and lower research and development (R&D) expenses (down 114bps to 31.7%) during the quarter. We expect the margin to remain stable at this level during H2FY2012.

  Other operating income, which mainly constitutes exports incentives and forex gains, grew by 30.5% YoY to Rs25.6 crore. The net forex gain for the quarter stood at Rs18.93 crore.

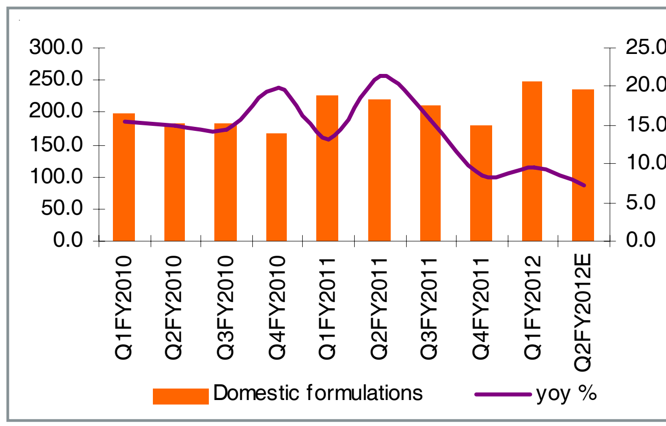
- **We revise revenue and profit estimates:** A better than expected performance in international business and firm operating margins during H1FY2012 prompt us to revise revenue and profit estimates for FY2012 and FY2013. We have increased our revenue estimates for international business by 2% and 4% for FY2012 and FY2013 respectively. However, we have revised our estimate for revenue from Indian business downward by 4% and 3% for FY2012 and FY2013 respectively.

- **Upgrade to Buy, revise price target to Rs680:** With the new capacity at Sikkim contributing higher revenues and as the newly added field force starts contributing incremental revenues, the revenue growth momentum is likely to continue in H2FY2012. We expect a compounded annual growth rate (CAGR) of 17% and 23% for revenue and PAT respectively over FY2011-13. At the current market price of Rs574, the scrip trades at 14.5x and 12x FY2012E and FY2013E earning per share (EPS) respectively. We upgrade our rating on the stock to Buy with a price target of Rs680 (14x FY2013 estimated earnings).

Downward trend in Indian branded business:

The Indian formulation market is witnessing stiff competition in acute segments like anti-biotics, gastro-intestinal etc. The competition is being fueled by new entrants in the generic market and relatively lesser number of new introductions of products in the Indian market. In Q2FY2012 Torrent witnessed a 7% Y-o-Y rise in sales from the branded formulation business as compared to a 9.5% Y-o-Y growth recorded in Q1FY2012. However, we expect the growth to pick up in H2FY2012 (by approximately 15% YoY) on a better contribution from the newly added field force, a general pick up in the market and incremental contribution from newly added capacities. Torrent added about 400 medical representatives (MRs) to its new anti-diabetic division in Q3FY2011 who will gradually start contributing to sales. We expect a 15% CAGR in revenue during FY2011-13 from the Indian branded formulations.

Downward trend in Indian branded business



Given the weak performance in H1FY2012 and the management's guidance of a 15% revenue growth in H2FY2012, we have revised our revenue estimates for the Indian branded formulation business downward by 5% and 3% for FY2012 and FY2013 respectively.

CRAMS business slows, we expect better performance in H2FY2012

Torrent's CRAMS business de-grew by 2% during the quarter, mainly due to inventory rationalisation by clients. We expect this segment to post a 12% CAGR growth in revenue over FY2011-13E.

New product launches to boost international business; we revise our revenue estimates upwards

USA: In Q2FY2012 revenue from the US business grew by 64% to Rs51.5 crore on 2 product launches. The management has indicated at about 4 new launches in H2FY2012, which should drive the growth in the US business. It filed 2 abbreviated new drug applications

(ANDA) during the quarter taking the cumulative filings to 32 ANDAs. We expect a 32% CAGR growth in revenues from the US over FY2011-13.

Brazil: Revenues from Brazil jumped by 35% to Rs124 crore in Q2FY2012 and contributed approximately 19% to total sales and 35% to international sales. In H2FY2012, 3 to 4 products are expected to be launched in the Brazilian market, which will drive the growth during this period. We expect a 19% CAGR growth in revenue over FY2011-13 from this market.

Heumann Pharma Generics (Heumann): Heumann reported a 28% Y-o-Y rise in sales to Rs92.7 crore during Q1FY2012, which is better than our expectation. However, due to its tender based business, we do not expect high growth to continue for long. We have revised our revenue estimates for FY2012 and FY2013 from this segment by 6.5% and 14.4% respectively which leads to a 15% CAGR growth in revenue over FY2011-13E.

Revenue break-up Rs (cr)

Particulars	Q2 FY12	Q2 FY11	% change	H1 FY12	H1 FY11	% change
India	292.8	276.7	5.8	600.1	546.7	9.8
Domestic formulations	236.0	219.9	7.3	482.0	444.5	8.4
Contract manufacturing	55.1	55.8	-1.3	116.1	99.9	16.3
Others	1.7	1.0	70.0	2.0	2.3	-13.8
International	376.0	275.2	36.6	682.1	539.5	26.4
Heumann (Germany)	92.7	72.4	28.0	175.2	141.4	23.9
Russia, EU, ROW	107.8	79.9	34.9	181.0	153.2	18.1
US	51.5	31.3	64.5	93.7	58.3	60.7
Brazil	124.0	91.6	35.4	232.2	186.6	24.4
Total sales	**668.8**	**551.9**	**21.2**	**1282.2**	**1086.2**	**18.0**

Revised revenue break-up Rs (cr)

	New		Old		Change (%)	
Particulars	**FY12E**	**FY13E**	**FY12E**	**FY13E**	**FY12E**	**FY13E**
India	1186.1	1384.9	1236.6	1424.6	-4.1	-2.8
Domestic formulations	942.6	1112.3	993.1	1152.0	-5.1	-3.4
Contract manufacturing	239.5	268.3	239.5	268.3		
Others	3.9	4.3	3.9	4.3		
International	1289.2	1530.9	1266.0	1475.3	1.8	3.8
Heumann (Germany)	341.6	392.8	320.8	343.2	6.5%	14.4
Russia, EU, ROW	378.6	453.1	376.1	447.1	0.7	1.4
US	147.0	191.1	147.0	191.1		
Brazil	422.1	493.9	422.1	493.9		
Total sales	**2475.3**	**2915.8**	**2502.5**	**2899.9**	**-1.1**	**0.5**

Q2FY2012 OPM jumped by 156bps; exceeds expectation

The core-operating profit margin (OPM) jumped by 156bps YoY to 17.5% in Q2FY2012 (vs our estimate of 16%). The rise in the margin can be mainly attributed to the higher proportion of international business (53% of sales vs 49% in Q2FY2011), which commands a better margin.

Cost analysis Rs (cr)

Particulars	Q2 FY12	Q2 FY11	% change	H1 FY12	H1 FY11	% change
Adjusted RM cost	222.1	183.2	21.2	418.0	347.3	20.4
% of sales	*33.8*	*33.2*		*32.9*	*32.2*	
Employee expenses	116.1	99.1	17.1	227.6	191.3	18.9
% of sales	*17.6*	*18.0*		*17.9*	*17.8*	
Other expenses	172.8	148.8	16.1	326.8	289.9	12.7
% of sales	*26.3*	*27.0*		*25.7*	*26.9*	
R&D expenses	31.7	32.9	-3.6	64.7	64.4	0.5
% of sales	*4.8*	*6.0*		*5.1*	*6.0*	

We revise our estimates for operating profits: A better than expected performance from international business during H1FY2012 has prompted us to revise our operating profit estimates for FY2012 and FY2013. We revise our OPM estimates to 17.7% and 18.1% for FY2012 and FY2013 respectively from 15% and 15.4%.

Revised income statement Rs (cr)

	New		Old		Change (%)	
Particulars	**FY12E**	**FY13E**	**FY12E**	**FY13E**	**FY12E**	**FY13E**
Net sales	2475.3	2915.8	2502.5	2899.9	-1.1	0.5
Expenditure	2054.5	2402.6	2127.1	2453.3	-3.4	-2.1
Operating profit	420.8	513.2	375.4	446.6	12.1	14.9
Other income	9.7	11.6	9.7	11.6		
Other operating income	107.5	132.5	107.5	132.5		
EBIDTA	538.0	657.3	492.6	590.7	9.2	11.3
Interest	14.9	17.5	14.9	17.5		
Depreciation	79.1	97.9	79.1	97.9		
PBT	444.0	541.9	398.5	475.3	11.4	14.0
Tax	106.6	130.1	83.7	99.8	27.3	30.3
Adjusted PAT	337.4	411.9	314.9	375.5	7.2	9.7
Net profit (reported)	337.4	411.9	314.9	375.5	7.2	9.7
EPS (Rs)	39.9	48.7	37.2	44.4	7.2	9.7
OPM (%)	17.0	17.6	15.0	15.4	13.3	14.3
EBIDTA margin (%)	21.7	22.5	19.7	20.4	10.4	10.7
Net profit margin (%)	13.6	14.1	12.6	12.9	8.3	9.1

Effective tax rate to decline in H2FY2012: The management has indicated at an effective tax rate of 18% for FY2012 and 17% for FY2013. The effective tax rate in H1FY2012 stood at 19%, which infers that H2FY2012 would record a lower effective tax rate. We expect an effective tax rate of 18% for FY2012 and 17% for FY2013 on a higher contribution from the Sikkim plants.

Adjusted PAT jumped by 19%: Adjusting for forex gains and other extraordinary items the PAT jumped by 19% to Rs81.1 crore in Q2FY2012.

Valuation

We expect the company's strong performance in the international market to continue with increased pace of product launches in the US and Brazil. The performance in the Indian market would strengthen on increased contribution from the newly added field force and higher capacity utilisation of the Sikkim plants. The company has given a 15% growth guidance for H2FY2012 and 18% for FY2013 in the Indian market, which infers a pick up in domestic sales in the coming quarters. We expect a 17% and 23% revenue and PAT CAGR respectively over FY2011-13. We believe the major capital expenditure (capex) cycle is over for Torrent and the company could be expected to give better returns on investments.

Upgrade to Buy; revise price target to Rs680: With the new capacity at Sikkim contributing higher revenues and as the newly added field force starts contributing incremental revenues, the revenue growth momentum is likely to continue in H2FY2012. We expect a 17% and 23% revenue and PAT CAGR respectively over FY2011-13. At the current market price of Rs574, the scrip trades at 14.5x and 12x FY2012E and FY2013E EPS respectively. We upgrade our rating on the stock to Buy with a price target of Rs680 (14x FY2013 estimated earnings).

Valuation table (consolidated)

Valuation Ratios	FY09	FY10	FY11	FY12E	FY13E
EPS (Rs.)	27.7	25.9	29.3	39.9	48.7
Cash EPS	32.7	33.7	36.7	49.2	60.2
Book value (Rs/share)	76.9	98.2	120.8	154.7	196.3
Mcap (Rs crore)	4890.9	4890.9	4891.0	4891.0	4891.0
EV (Rs crore)	5023.1	4902.9	4984.3	4965.1	4829.8
PER (x)	20.9	22.3	19.7	14.5	11.9
Cash PER (x)	17.7	17.1	15.7	11.7	9.6
P/BV (x)	7.5	5.9	4.8	3.7	2.9
EV/EBITDA (x)	19.6	14.5	16.4	11.8	9.4
EV/ Sales (x)	3.2	2.7	2.3	2.0	1.7
Mcap/Sales	3.1	2.7	2.3	2.0	1.7

The author doesn't hold any investment in any of the companies mentioned in the article.

Telecommunications

Sector Update

Led by strong performance from Uninor; Net adds up 22.5% MoM

For September 2011, the all-India GSM operators (excluding Reliance Communications [RCom] and Tata Telecommunications [Tata Tele]) added 6.54 million SIM cards, taking the overall base to approximately 618.3 million. That is approximately an increase of 1.1% over the August figure.

Incumbents' net additions continue to drift southwards

The aggregate subscriber net additions by the incumbents declined by 18.3% month on month (MoM) to 4.62 million subscribers in September from 5.66 million subscribers in August this year. This was the ninth consecutive month of lower net additions for the incumbent players (we consider Bharti Airtel; Idea Cellular, Vodafone Essar, Aircel, Loop and Bharat Sanchar Nigam Ltd [BSNL] as incumbents).

Amongst new players Uninor shines bright

The aggregate subscriber base of the new players increased to 40.9 million in September from 39 million in August, primarily driven by the robust net additions of Uninor. For the month Uninor added around 1.92 million SIMs to its kitty taking its overall subscriber base to 29.7 million as against 27.7 million in August this year. The other players like Etisalat as well as STel posted decent net additions during the month.

GSM subscriber base (million)

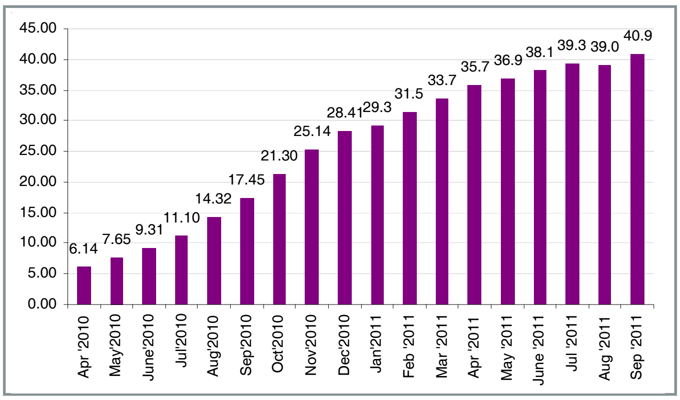
Particulars	May 2011	June 2011	Jul 2011	Aug 2011	Sep 2011	MoM chg
New players						
Uninor	25.4	26.3	27.4	27.7	29.7	1.9
STel	3.2	3.3	3.5	3.4	3.5	0.1
Etisalat DB	1.3	1.4	1.4	1.5	1.5	0
Videocon	7.1	7.1	7	6.4	6.3	-0.1
New players' sub base	36.9	38.1	39.3	39	40.9	1.9
— MoM net additions	**1.22**	**1.23**	**1.2**	**-0.32**	**1.92**	
% MoM net addion growth	*-39.30*	*1.20*	*-2.50*	*-39.30*	*1.20*	
Incumbents						
Bharti	167.1	169.2	170.7	171.8	172.8	0.9
Vodafone	139.4	141.5	143	144.1	145	0.8
Idea (including Spice)	93.8	95.1	96.1	98.4	100.2	1.7
MTNL	5.2	5.2	5.3	5.3	5.3	0
BSNL	87.6	88.5	90.2	90.6	91.1	0.5
Aircel	57.1	58	58.6	59.2	59.8	0.6
BPL	3.1	3.1	3.2	3.2	3.2	0
Incumbent base	553.3	560.6	567.1	572.7	577.3	4.6
— MoM net additions	**8.3**	**7.4**	**6.43**	**5.66**	**4.62**	
% MoM net addition growth	*-8.60*	*-11.60*	*-12.60*	*-12.00*	*-18.30*	
On overall subscriber base (excluding RCom and Tata Tele)	590.2	598.8	606.4	611.7	618.3	6.5
— MoM net additions	**9.53**	**8.58**	**7.63**	**5.34**	**6.54**	
% MoM net addition growth	*-14.20*	*-10.00*	*-11.10*	*-30.00*	*22.50*	

Bharti, Vodafone continue to drift—net additions lowest

Bharti Airtel and Vodafone Essar added 0.94 million and 0.84 million SIM cards each to their subscriber tally—that is 18.6% and 25.1% lower respectively compared to the monthly net additions reported by them for August 2011.

The growth in Bharti Airtel's overall subscriber base fell below 1% for the second consecutive month and the same stood at 0.54% MoM, the lowest growth historically from 171.8 million to 172.8 millions. The fall in the net additions was broad based. Barring Circle B all the other circles posted a decline in the monthly net additions but the sharpest decline was seen in Circle C (down 48% MoM).

New players' subscriber base (Rs mn)



Idea net additions drift too—a result of high base in August

Amongst all the incumbent operators, Idea Cellular's monthly net additions for September 2011 were the highest at 1.74 million; but comparing the same on a month-on-month (M-o-M) basis, the same showed a sharp 25% drop. This was largely on account of the very strong net additions reported by the company in August this year (2.32 million). The strong net additions of Idea Cellular with its average active subscriber levels of over 90% is a very positive trend and displays the strong brand equity enjoyed by the company.

Net additions moderate; focus turns to quality

We believe that seasonality impact (the July-September being the soft quarter) coupled with the players' focus on revenue earning customers, the decline of the double SIM phenomenon, the cutback/rationalisation of dealers' commission and freebies, and an overall moderation in the telecommunications ecosystem contributed to this slowdown in net additions. More so now it is the quality of subscribers that matters more than the mere SIM addition numbers. Idea Cellular continues to lead in quality with 93.3% of its subscribers falling in the visitor location register (VLR), followed by Bharti Airtel (about 90%) and Vodafone Essar (81.5%).

GSM subscriber base

(in million)	Total subscribers			Net additions		MoM % change in net adds	% share in net adds
	Sep 2011	Aug 2011	% Growth	Sep 2011	Aug 2011	Sep 2011	Sep 2011
Bharti	172.8	171.8	0.5	0.9	1.2	-18.6	14.3
Vodafone	145.0	144.1	0.6	0.9	1.1	-25.1	13.0
Loop Mobile	3.2	3.2	0.5	0.0	0.0	-23.7	0.2
BSNL	91.1	90.6	0.5	0.5	0.4	16.1	6.9
Idea	100.2	98.4	1.8	1.7	2.3	-25.4	26.6
MTNL	5.3	5.3	0.6	0.0	0.0	-6.7	0.5
Reliance*	26.9	25.9	3.9				0.0
Aircel	59.8	59.2	1.0	0.6	0.6	0.2	9.2
Uninor	29.7	27.7	6.9	1.9	0.4	448.2	29.3
Stel	3.5	3.4	1.8	0.1	-0.1	-192.8	1.0
Etisalat	1.5	1.5	2.6	0.0	0.1	-27.6	0.6
Videocon	6.3	6.4	-1.6	-0.1	-0.7	-84.7	-1.5
Others	100.7	98.2	2.6	2.5	0.3	784.4	38.5
TOTAL	645.2	637.6	1.2	6.5	5.3	22.5	
Total Ex Rcom and Tata Tele	618.3	611.7	1.1	6.5	5.3	22.5	

VLR % to total sub	July 2011
Aircel/Dishnet	54.5
Bharti	89.9
BSNL-GSM	53.0
Vodafone	81.5
IDEA	93.3
Tata GSM	48.7
Unninor	61.3
Total	**70.7**

What is VLR? VLR is a temporary database of the subscribers who have roamed into the particular area that it serves. Each base station in the network is served by exactly one VLR; hence a subscriber cannot be present in more than one VLR at a time. If a subscriber is in active stage, ie he is able to send/ receive calls/SMSs, only then he is registered in VLR. The VLR data is calculated on the basis of active subscribers in VLR on the date of peak VLR of the particular month for which the data is being collected.

The author doesn't hold any investment in any of the companies mentioned in the article.

Hero MotoCorp

Viewpoint

An impulsive ride turns compulsive

CMP: Rs2,067

Q2FY2012 was the first quarter when the rejuvenated "Hero" proved its mettle by initiating the most successful corporate rebranding exercise in recent times. The new Hero MotoCorp not only emerged stronger and vibrant, but also appeared more prepared to meet the global challenges. The management tone was confident and firm which was also reflected in the company's Q2FY2012 operating profit margin (OPM) that was the best in last five quarters. Hero MotoCorp is one of the few companies that skipped slowdown last time (2008) and in all probability may do the same this time too.

Q2FY2012 result highlights

- Q2FY2012 results came in line with the expectations but with an improved quality of earnings.
- During the quarter the revenues of Hero MotoCorp grew by 28% year on year (YoY) driven by a 20% year-on-year (Y-o-Y) growth in the volumes and a 7% increase in the realisation. The revenue growth was in line with our expectations.
- The OPM at 15.8% came in 80 basis points above our expectation of 15% primarily on account of lower than expected raw material cost.
- On account of a higher depreciation and lower other income, the profit after tax (PAT) came marginally higher than our estimate at Rs603 crore, indicating a growth of 19.4% YoY.

Positive surprises

- The raw material cost as a percentage of sales at 72.5% declined 220 basis points quarter on quarter (QoQ) and by 20 basis points YoY.
- The contribution per vehicle increased by Rs992 QoQ to Rs10,397 (the best in last five quarters).
- We view the contribution per vehicle as the single most important barometer and a great influencer on the stock price. While the growth in contribution was expected as the full effect of price hikes was not reflected in Q1FY2012 but the company reported the best contribution margin in last five quarters.

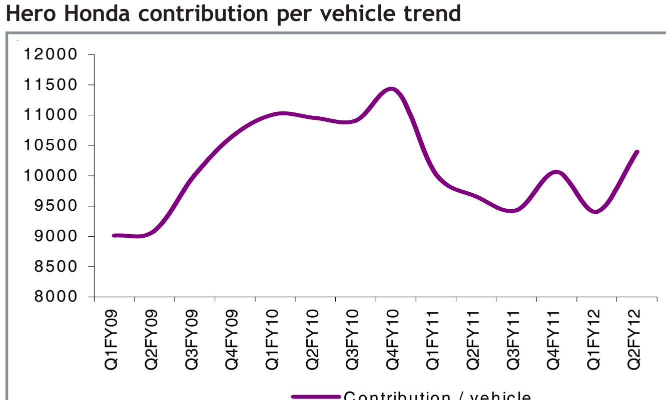
Negative surprises

- The depreciation charge came in at Rs279 crore, showing an increase of Rs50 crore (or 16.1%) sequentially. This item was inflated by the effect of the yen's appreciation and the rupee's depreciation. During the quarter the yen appreciated against the rupee by over 20%. This has a significant bearing on royalty pay-out as most of the positions are open. Impact on depreciation due to currency was Rs27 crores in Q2FY2012.The company will pay a fixed sum of royalty to Honda till 2014 but will bear the currency risk.
- The other income at Rs80 crore was also below our estimate of Rs91 crore. We had anticipated the benefit of higher yield, given the overall increase in the interest rates, but the same did not happen.

Result highlights (Rs cr)

Particulars	Q2 FY12	Q2 FY11	% YoY	Q1 FY12	% QoQ
Revenues	5829.3	4552.0	28.1	5683.3	2.6
EBIDTA	918.7	607.9	51.1	817.8	12.3
EBIDTA margins (%)	15.8	13.4		14.4	
Depreciation	278.5	60.8	358.4	239.8	16.1
Interest (income)	-4.5	-2.1	116.9	-3.2	40.8
Other income	79.8	78.4	1.8	88.4	-9.8
PBT	724.5	627.6	15.4	669.6	8.2
Tax	120.8	122.0	-1.0	111.7	8.2
PAT	603.6	505.6	19.4	557.9	8.2
EPS (Rs)	30.2	25.3		27.9	

Hero Honda contribution per vehicle trend



Not even a thought of slowdown!

Hero MotoCorp will be one of the few companies that would not talk about slowdown this year. Sustaining volumes above 5 lakh per month is almost given. The company is benefiting from the huge growth in "Bharat" led by the inclusive schemes of the government. The company expressed that even the "India" part (urban India) of the country is reviving.

The need for personal mobility remains intact but the attractiveness of two-wheeler mobility vis-à-vis four-wheeler mobility has significantly increased in a rising fuel price scenario.

The company aims at expanding its distribution channel in the country by another 10% taking the total touch points to 5,000.

Only one year of a marginal decline in last two decades

The management expressed optimism of sustaining the demand euphoria. We also observed that Hero MotoCorp's volumes saw only one year of a marginal decline in last two decades.

The company's new initiatives in motorcycles include the launch of *Impulse*, a category-defining bike for on-road and off-road combo experience.

Scooters to outgrow bikes; slowly attaining the critical mass

The management has guided to reach 50,000 units of Pleasure, the gearless entry segment scooter. It competes with TVS Scooty. The management aims to augment its capacity and introduce new offerings. Plans are also afoot to launch a new scooter named *Mastero* in the next two to three months.

Exports targeted at 1mn units in next five years

Africa, Latin America, Middle East and South East Asia are the targeted markets for exports . The management has finalised the export strategy and is targeting a 10% export mix in the next five years in the overall business. Based on the success of the Hero brand in India, several enthusiastic channel partners have expressed confidence in the company's plan for exports.

Going forward: What to expect from Hero MotoCorp

- The EBIDTA is expected to improve from the current levels on account of the softening of commodity prices.
- The rebranding cost is about Rs100 crore. The majority of this (about Rs65-70 crore) has been accounted for in Q2FY2012 and the balance will be charged in Q3FY2012. This will be a one-time cost. The long-term advertisement cost is guided at 2.0-2.4% of the net sales.
- The research and development cost has been guided at 1.0-1.2% of the net sales. No major surprise here.
- The margin is expected to improve in the coming quarters. Our FY2012 EBIDTA expectation is 15.4% against 15.1% achieved in H1FY2012.
- The Uttaranchal plant is expected to contribute 2.28 million units. This is 36% of the volume mix. This will keep the tax rate lower at 16.7% in FY2012.
- The total current capacity is pegged at 6.15 million units. Expansion and de-bottlenecking of the existing capacities can stretch the total capacity to 6.4 million units. Further expansion at the Haridwar plant will increase the capacity by another 0.5 million units. The total capacity can be stretched to 7 million units per annum by the end of FY2012.
- The company is expected to announce a greenfield capacity in the short term. The total investment for the capacity expansion is pegged at Rs500-700 crore.
- The rural mix has increased from 38% two years ago to 46% currently on the back of a very strong demand as the penetration of two-wheelers is under 10%.

Valuation

Based on better guidance on volumes as well as costs we are raising our earnings per share (EPS) estimate for FY2012 by 6.8% to Rs120.7. The stock is trading at over 17x current year's earnings. The current valuation are closer to the higher end of the historical one-year forward price/earnings (P/E) band, and largely capture the long term sustainable growth of the business.

Valuation

Particulars	FY09	FY10	FY11	FY12E
Net sales (Rs cr)	12356.9	15831.2	19401.2	23629.4
Growth (%)	19.2	28.1	22.5	21.8
EBIDTA (Rs cr)	1749.5	2767.0	2617.0	3628.5
Growth (%)	26.6	58.2	-5.4	38.7
OPM (%)	14.2	17.5	13.5	15.4
PAT (Rs cr)	1281.8	2231.8	1983.8	2411.0
Growth (%)	32.4	74.1	-11.1	21.5
EPS (Rs)	64.2	111.8	99.3	120.7
PE	32.2	18.5	20.8	17.1

Evergreen

- Housing Development Finance Corporation
- HDFC Bank
- Infosys
- Larsen & Toubro
- Reliance Industries
- Tata Consultancy Services

Apple Green

- Apollo Tyres
- Bajaj Auto
- Bajaj FinServ
- Bajaj Holdings & Investment
- Bank of Baroda
- Bank of India
- Bharat Electronics
- Bharat Heavy Electricals
- Bharti Airtel
- Corporation Bank
- Crompton Greaves
- Divi's Laboratories
- GAIL India
- Glenmark Pharmaceuticals
- Godrej Consumer Products
- Grasim Industries
- HCL Technologies
- Hindustan Unilever
- ICICI Bank
- Indian Hotels Company
- ITC
- Mahindra & Mahindra
- Marico
- Maruti Suzuki India
- Lupin
- Piramal Healthcare (Nicholas Piramal India)
- PTC India
- Punj Lloyd
- Sintex Industries
- State Bank of India
- Tata Global Beverages (Tata Tea)
- Wipro

Cannonball

- Allahabad Bank
- Andhra Bank
- IDBI Bank
- Madras Cements
- Phillips Carbon Black
- Shree Cement

Emerging Star

- Axis Bank (UTI Bank)
- Cadila Healthcare
- Eros International Media
- Greaves Cotton
- IL&FS Transportation Networks
- IRB Infrastructure Developers
- Max India
- Opto Circuits India
- Patels Airtemp India
- Thermax
- Yes Bank
- Zydus Wellness

Ugly Duckling

- Ashok Leyland
- Bajaj Corp
- CESC
- Deepak Fertilisers & Petrochemicals Corporation
- Federal Bank
- Gayatri Projects
- Genus Power Infrastructures
- India Cements
- Ipca Laboratories
- ISMT
- Jaiprakash Associates
- Kewal Kiran Clothing
- NIIT Technologies
- Orbit Corporation
- Polaris Software Lab
- Pratibha Industries
- Provogue India
- Punjab National Bank
- Ratnamani Metals and Tubes
- Selan Exploration Technology
- Shiv-Vani Oil & Gas Exploration Services
- Subros
- Sun Pharmaceutical Industries
- Torrent Pharmaceuticals
- UltraTech Cement
- Union Bank of India
- United Phosphorus
- V-Guard Industries

Vulture's Pick

- Mahindra Lifespace Developers
- Orient Paper and Industries
- Tata Chemicals
- Unity Infraprojects