

Indices	Close	% Chg	% YTD
Indian Markets			
Sensex	20,932	0.4	19.9
Nifty	6,302	0.5	21.2
CNX Midcap	9,753	0.6	31.2
Global Markets			
DJIA	11,347	(0.5)	8.8
Nasdaq	2,563	(0.7)	12.9
FTSE	5,875	0.4	8.5
Emerging Markets			
IBOV	71,679	(1.3)	4.5
Shanghai Composite	3,135	0.2	(4.3)
KOSPI	1,947	0.4	15.7

Market Turnover	US\$ mn	% Chg
BSE	123	(71.5)
NSE	4,905	413.5
Derivatives (NSE)	25,920	34.8

FII in F&O (US\$ mn)	Index	Stocks
Net buying	(164.3)	56.0
Open interest	16,491.6	10,088.6
Chg in open interest (%)	2.0	1.0

Fund Flows (US\$ mn)	Latest	MTD	YTD
FII	168.9	7,043	28,811
MFs	10.2	(1,228)	(6,091)

Forex Rates	Latest	% Chg	% YTD
Rs/US\$	44.3	0.1	5.0
Euro/US\$	0.7	(1.01)	(3.8)
Yen/US\$	81.8	(0.75)	13.7

Commodities	Latest	% Chg	% YTD
Brent (US\$/bbl)	87.1	(1.1)	12.8
Gold (US\$/oz)	1,392.0	(1.2)	26.9
Silver (US\$/oz)	26.8	(3.2)	59.1
Copper (US\$/MT)	8,858.0	2.3	20.1
Alum (US\$/MT)	2,504.5	0.6	6.9
Zinc (US\$/MT)	2,580.0	4.1	0.8
LME Steel (US\$/MT)	455.0	(2.2)	7.1

Bond Markets

	Latest	bps Chg
10-yr GSec yield	8.0	34
Interbank call	7.4	337

ADR/GDR (US\$)

	Latest	% Chg	Prem
HDFC Bank	185.0	(0.2)	13.8
ICICI Bank	56.0	(1.6)	(2.3)
Infosys	67.4	(0.9)	(2.5)
ITC	3.9	0.0	(1.8)
Ranbaxy Labs	13.9	0.0	(0.2)
Reliance Inds	50.3	0.2	0.3
Mahindra Satyam	3.9	2.1	(2.7)
SBI	149.5	(0.9)	1.1
Tata Motors	30.6	0.4	6.8
Wipro	14.9	(0.4)	52.4

Top Gainers - BSE 100

	Latest	% Chg
Nestle India	4,002	7.2
Indiabulls RE	212	6.0
Power Grid	104	5.5
HUL	319	4.0
Crompton	337	3.8

Top Losers - BSE 100

	Latest	% Chg
SBI	3,273	(4.5)
IDFC	207	(3.6)
IVRCL Infra	150	(2.0)
Bank of Baroda	1,011	(2.0)
Glenmark	370	(2.0)

Research

- ❖ State Bank of India - Mixed bag
- ❖ Techno Electric & Engineering Company - Diversification into wind power boosts outlook
- ❖ Thermax - Acquisition to strengthen foothold in Europe

Corporate News

- ❖ **Thermax** has announced the acquisition of Danstoker and its German subsidiary, Omnical Kessel for €29.5mn. (BS)
- ❖ **Power Grid Corporation of India** has decided to shutdown its 50:50 joint venture power transmission consultancy business with IL&FS. (BS)
- ❖ The Andhra Pradesh government has offered full support to the **Tata group** for setting up projects ranging from Titanium refinery to steel plant. (BS)
- ❖ **Kotak Mahindra Bank** has revised its base rate upwards by 25bps to 7.75% from the earlier 7.50%. (ET)
- ❖ **GMDC** has invited Expression of Interest for setting up a slew of mineral-based projects in Gujarat, including cement plants in Kutch and Surat. (BS)
- ❖ Boeing will begin the delivery of '787 Dreamliners' to **Air India** by Q2FY11. (BS)
- ❖ **HDFC** over the next six months will infuse US\$ 11.27mn in HDFC Standard Life. (ET)
- ❖ **CIL** is learnt to have placed a bid for Colombian assets of US-based Drummond Co. (Mint)





Volume Shockers - BSE 100

('000)	Latest	2mth avg	% Chg
Power Grid	25,725	3,961	649.5
Mahindra Satyam	18,545	25,480	72.8
Unitech	16,665	26,110	63.8
JP ASSO	13,798	11,153	123.7
RNRL	13,177	5,711	230.7

BSE Sectoral Indices

	Latest	% Chg	% YTD
Midcap	8,705	0.4	29.6
Smallcap	11,148	0.9	33.4
Auto	10,301	0.1	38.5
Banks	14,899	0.1	48.5
Capital Goods	16,693	0.5	18.2
Comm & Tech	3,794	1.1	15.8
Con. Durables	6,914	0.2	82.6
FMCG	3,793	2.5	35.9
Healthcare	3,793	0.1	34.6
IT	6,170	1.1	19.0
Metals	17,762	0.8	2.1
Oil & Gas	11,107	(0.3)	6.1
Power	3,196	0.3	0.2
Realty	3,812	1.5	(1.1)

Market Breadth

	Adv	Dec	A/D
NSE	827	579	1.4
Sensex	21	9	2.3
BSE 100	42	56	0.8
BSE 200	77	118	0.7
BSE 500	236	252	0.9

Sensex Intraday



- ❖ Essar Africa Holdings, an arm of **Essar group**, has emerged as the preferred bidder for a majority stake in Zimbabwe's steel-maker ZISCO. (BS)

Economic News

- ❖ India's food subsidy has already crossed the Rs 400bn mark in the first six months of the current fiscal. (BS)
- ❖ IRDA has asked insurers to restrict outsourcing of core activities like claims, underwriting and policy servicing to guard against major financial lapses and protect policyholders.
- ❖ The Food and Consumer Affairs Ministry has turned down the requests from Punjab, Andhra Pradesh and Chhattisgarh to resume non-basmati rice exports. (BL)

Global News

- ❖ Chevron Corp will buy US natural gas producer Atlas Energy for US\$ 4.3bn. (BS)
- ❖ Thailand's PTT and global private equity firms are lining up to bid for a 15-20% stake in Vietnam's state-owned Petro Vietnam Gas Corp. (BS)
- ❖ Vodafone has announced the latest stage in its disposal programme, a £ 3.1bn sale of interests in Japanese carrier SoftBank. (ET)

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



State Bank of India Ltd

Mixed bag

State Bank of India (SBIN) reported strong revenue growth in Q2FY11; however, PAT was below our and consensus estimates due to higher operating expenses and provisions. NII grew 45% YoY supported by a 75bps YoY improvement in NIMs (up 12bps QoQ). Growth in core fee income was also strong at 40% YoY. However, PAT declined by 14% QoQ to Rs 25bn (flat YoY) primarily due to (1) higher operating costs; C/I ratio increased from 44% in Q1FY11 to 47.5% in Q2FY11, and (2) a 69% increase in provisioning expenses QoQ as slippages remained high. Incremental slippages stood at ~3% (after adjusting for NPAs added from the merger) due to higher slippages from mid-corporate/ SME segments and restructured assets. The bank also made higher provisions to increase its provision coverage ratio by ~200bps to ~63%.

We are revising our NII estimates by 6/5% for FY11/FY12 to factor in better-than-expected NIMs but scaling down our estimates for growth in advances. Our PAT estimates remain largely unchanged in FY11 due to higher operating/provisioning expenses. We believe that the stock could remain under pressure in the near term due to its disappointing results this quarter and strong performance in the last six months. We, however, remain positive on SBIN from a long-term perspective due to its strong franchise and improving core operating performance. Maintain BUY with a target price of Rs 3,700 / share.

NIMs improve to 3.3%; advances growth muted: The bank's NIMs improved by 12bps QoQ as yield on advances increased ~20bps QoQ and cost of deposits declined 2bps QoQ (due to strong traction in CASA). The management remains confident of sustaining/improving NIMs in H2FY11, driven by a hike in PLR and base rate and strong traction in CASA. Advances growth was muted at ~14-15% YoY (adj. for the SBI Indore merger) as credit offtake remained subdued.

Slippages remain high: During Q2FY11, SBIN reported an incremental addition of Rs 52.7bn to its gross NPA; however, Rs 8.6bn came in from the SBI Indore merger. Adjusted for this, slippages remained at 3% (same as last quarter) due to higher delinquencies in restructured assets and mid-corporate/SME segments. The bank reported slippages of Rs 6.6bn from restructured assets (under the RBI scheme), taking the total slippages from this segment to 14.5% at Q2FY11-end.

Robust growth in fee income; costs up: Other income grew by 14% YoY despite a sharp decline in trading profits (Rs 2bn in Q2FY11 as against Rs 5.5bn in Q2FY10) due to a strong 40% growth in core fee income. However, the increase in operating expenses (34% YoY, 19% QoQ) was higher-than-estimated due to (1) salary hikes and increase in DAs (2) provisions made towards gratuity and pensions (incremental provision of Rs 3bn made towards gratuity) (3) ATM interchange fees paid to other banks (4) addition of new employees.

Financial highlights

(Rs mn)	FY10	FY11E	FY12E	FY13E
NII	236,714	324,321	373,476	441,534
Growth (%)	13.4	37.0	15.2	18.2
PPP	183,209	260,395	306,535	364,986
Growth (%)	2.3	42.1	17.7	19.1
FDEPS (Rs)	144.4	187.4	234.6	283.5
Growth (%)	0.5	29.8	25.1	20.9

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
Net interest margin	2.5	3.0	3.0	3.0
Non-int inc/Total inc	38.7	33.8	34.1	33.5
Cost/Inc ratio	52.6	46.8	45.9	45.0
RONW	14.8	16.8	18.3	19.0
ROA	0.9	1.1	1.1	1.2
Net NPA	1.7	1.5	1.2	1.1

What's New? Target Rating Estimates

CMP	TARGET	RATING	RISK
RS 3,425	RS 3,700	BUY	MEDIUM

BSE	NSE	BLOOMBERG
500112	SBIN	SBIN IN

Company data

Market cap (Rs bn / US\$ bn)	2,175 / 48.9
Outstanding equity shares (mn)	635
Free float (%)	40.6
Dividend yield (%)	0.9
52-week high/low (Rs)	3,515 / 1,863
3-month average daily volume	1,931,237

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
SBIN	3,425	5.5	30.8	55.2
Bankex	14,891	5.0	26.3	43.3
Sensex	20,852	3.1	15.4	25.9

Valuation matrix

(x)	FY10	FY11E	FY12E	FY13E
P/BV @ CMP	3.7	3.2	2.7	2.3
P/BV @ Target	4.0	3.5	2.9	2.5
P/E @ CMP	23.7	18.3	14.6	12.1





Result highlights

Higher rise in operating expenses led to lower PAT as compared with the estimates

Fig 1 - Actual vs estimated performance

(Rs mn)	Actual	Estimate	% Variance
NII	81,149	76,367	6.3
Net revenues	121,201	115,400	5.0
PPP	63,570	66,243	(4.0)
PAT	25,014	30,690	(18.5)

Source: RCML Research

NII grew by 45% YoY on account of 19% growth in advances and 75bps YoY expansion in NIMs

Fig 2 - Quarterly performance

(Rs mn)	Q2FY11	Q2FY10	%Chg Y-o-Y	Q1FY11	%Chg Q-o-Q
Interest income	198,081	177,759	11.4	184,521	7.3
Interest expenses	116,932	121,671	(3.9)	111,484	4.9
Net interest income	81,149	56,088	44.7	73,037	11.1
Other income	40,052	35,252	13.6	36,900	8.5
- Trading profit	1,973	5,454	(63.8)	1,730	14.1
Total Income	121,201	91,340	32.7	109,937	10.2
Operating expenses	57,631	42,990	34.1	48,593	18.6
- Staff expenses	36,758	26,341	39.5	30,739	19.6
PPP	63,570	48,350	31.5	61,344	3.6
Provisions and W/off	26,215	10,161	158.0	15,514	69.0
PBT	37,355	38,190	(2.2)	45,830	(18.5)
Taxes	12,342	13,289	(7.1)	16,688	(26.0)
PAT	25,014	24,900	0.5	29,142	(14.2)
Cost to Income ratio (%)	47.5	47.1		44.2	
Tax rate (%)	33.0	34.8		36.4	
NIMs (%)	3.3	2.6		3.2	
Gross Advances (Rs bn)	6,807	5,722	19.0	6,528	4.3
Deposits (Rs bn)	8,553	7,729	10.7	8,153	4.9
Credit to deposit ratio (%)	79.6	74.0		80.1	
CASA (%)	47.8	41.0		47.5	
Gross NPA (Rs mn)	232	174	33.5	208	11.4
Gross NPA (%)	3.35	3.0		3.1	
Net NPA (Rs mn)	116	99	16.9	111	4.8
Net NPA (%)	1.70	1.7		1.70	
Provision coverage ratio (%)	50.0	42.9		46.8	

Source: Company, RCML Research

Operating expenses increased on account of 40% YoY rise in the employee expenses

Fig 3 - Revised estimates

Earnings largely remained unchanged as higher operating expenses was set off against rising NIMs

Key parameters (Rs mn)	FY11E			FY12E		
	Old	New	% Chg	Old	New	% Chg
NII	305,241	324,321	6.3	356,349	373,476	4.8
PPP	253,411	260,395	2.8	300,884	306,535	1.9
PAT	120,274	119,002	(1.1)	141,900	148,931	5.0
ROE (%)	17.0	16.8		17.5	18.3	

Source: RCML Research



While advances grew by a strong 19% YoY, this included numbers from the State Bank of Indore

NII growth strong due to improvement in NIMs, advances growth subdued

During Q2FY11, SBIN's advances grew by 19% YoY; however, this also included the advances of State Bank of Indore. Adjusted for this, growth was subdued at 14-15% only (as against 20% for the industry). Deposits grew only by 11% YoY as the bank continued to run down its excess liquidity. CASA growth remained strong at 29% YoY, maintaining the CASA proportion at ~48% in Q2FY11 (up 680bps YoY). NIMs improved by 12bps QoQ (up 75bps YoY) to 3.3% as the yield on advances increased by 20bps QoQ to 9.5% and cost of deposits dipped 2bps (due to strong CASA growth). As per the management, NIMs are likely to remain stable at 3.3% or improve marginally in H2FY11 due to an increase in the PLR and base rate. For the full year, NIMs are likely to improve by 55bps on a lower base of FY10. We are revising our advances growth estimates to 19% (from 21% earlier) to factor in the subdued growth in H1FY11; however, our NII estimates for FY11 are revised upwards due to better-than-expected NIMs.

NIMs and CASA continue to march upwards

Fig 4 - Trend in various ratios

	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
NIMs (%)	2.3	2.6	2.8	3.0	3.2	3.3
CASA (%)	38.5	41.0	42.9	46.7	47.5	47.8

Source: Company, RCML Research

Fig 5 - Loan Growth Trend

Growth	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Advances (Rs bn)	5,429	5,722	5,989	6,319	6,528	6,807
QoQ Growth (%)	0.1	5.4	4.7	5.5	3.3	4.3
YoY growth (%)	22.5	15.8	17.4	16.5	20.2	19.0

Source: Company, RCML Research

Core fee income strong at 40% YoY

SBIN's total non-interest income grew only by 14% YoY during the quarter; however, this was primarily due to a sharp decline in trading profits (Rs 2bn in Q2FY11 as against Rs 5.5bn in Q2FY10). However, growth in core fee income was strong at 40% YoY due to higher commission generated from government business, loan processing and upfront fees, LC/BG and cross selling of products.

Higher commission generated from various segment led to a 40% YoY growth in core fee income

Fig 6 - Non-interest income growth supported by strong fee income

Rs bn	Q2FY11	Q2FY10	% Chg YoY	Q1FY11	% Chg Qoq
Commission, Exc. Brokerage	29.5	21.0	40.0	24.1	22.2
Profit on sale of Investments	2.0	5.5	(63.8)	1.7	14.1
Forex Income	3.1	5.2	(41.1)	5.0	(38.6)
Dividend	2.9	1.7	71.0	3.8	(23.7)
Others Other Income	2.7	1.8	49.4	2.3	17.4
Total	40.1	35.2	13.8	36.9	8.5

Source: Company, RCML Research

Operating expenses up on higher employee expenses

SBIN's staff expenses increased by 39.5% YoY and 19.6% QoQ due to a hike in salaries (driven by increase in DAs) and higher provisions made towards leave encashment, LTC/HTC and medical benefits for retired employees. The bank made a provision of Rs 3bn towards gratuity during the quarter, taking the total provision for HiFY11 to Rs 14bn (as against a total requirement of Rs 22bn). Other operating expenses also increased by 25% YoY due to higher ATM interchange fees paid to other banks. C/I ratio increased to 47.5% in Q2FY11 from 44.2% in Q1FY11. We are increasing our estimates for operating expenses and expect C/I ratio to remain at 45-47% over FY11-FY13E.



Fig 7 - Broad break-up of operating expenses

Rs bn	Q2FY11	Q2FY10	% Chg YoY	Q1FY11	% Chg Qoq
Overheads	20.9	16.7	25.3	17.9	16.9
Salary expenses	28.6	23.6	21.0	14.5	96.8
Pension & gratuity expenses	8.2	2.7	199.6	16.2	(49.4)
Total Operating Expenses	57.6	43.0	34.1	48.6	18.6
Cost to Income Ratio	47.5	47.1		44.2	

Source: Company, RCML Research

Operating expenses was higher than expected primarily led by 40% YoY increase in staff expenses

Asset quality remains under pressure

Reported gross NPAs increased from Rs 208bn in Q1FY11 to Rs 232bn in Q2FY11; however, this included Rs 8.5bn from the State Bank of Indore. Total incremental slippages (after adjusting for gross NPA addition of the State Bank of Indore) stood at Rs 44.1bn (3% of total advances on an annualised basis) as against Rs 40.8bn in Q1FY11. Of the incremental NPA addition of Rs 15.3bn (after adjusting for the merger), mid-corporate, international and agri segments contributed Rs 9.3bn, Rs 3bn and Rs 3.4bn respectively. NPAs from the retail segment, however, declined Rs 1.5bn. As per the management, slippages could remain high for the next few quarters driven by the mid-corporate segment and restructured assets, but recoveries and upgrades should look up. The bank had a total restructured portfolio of Rs 168bn under the RBI scheme; of this, ~14.5% has already slipped till Q2FY11 (Rs 6.6bn during the quarter). Management expects incremental slippages to the tune of Rs 5bn-6bn from this portfolio.

Fig 8 - Trend in Asset Quality

	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Gross NPA (Rs bn)	153	174	189	195	208	232
Gross NPA (%)	2.8	3.0	3.1	3.1	3.1	3.4
Net NPA (Rs bn)	84	99	113	109	111	116
Net NPA (%)	1.6	1.7	1.9	1.7	1.7	1.7
Provision coverage ratio (%)	45.1	42.9	40.2	44.4	46.8	50.0

Source: Company, RCML Research

Asset quality continues to remain under pressure with incremental slippages remaining at a level of 3%

Total provisions increased by 158% YoY and 69% QoQ due to higher provisions made towards NPAs (Rs 22bn in Q2FY11 as against Rs 10bn in Q2FY10 and Rs 17bn in Q1FY11) to provide for higher slippages and a higher provisioning coverage ratio. The bank made an excess provision of Rs 4.5bn to boost its provisioning coverage ratio (including technical write-offs) to 62.8% in Q2FY11 from 60.7% in Q1FY11. SBIN will have to reach a provision coverage ratio of 70% by Sep' 11. We are currently factoring in a loan loss provisioning of ~100bps in FY11 (as against 73bps in FY10) due to higher slippages and extra provisions required to boost the coverage ratio. However, we expect the loan loss provision to contract 85bps in FY12 as asset quality is likely to improve (in line with economic recovery) and the extra provision requirement (to reach the coverage ratio of 70%) is estimated to be lower.

Fig 9 - Break-up of provisions

Rs bn	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
NPA	12	10	4	22	17	22
Std Assets	0	(0)	0	1	1	0
Depreciation in Invt.	(12)	(0)	2	0	(3)	4
Others	1	1	2	1	0	0
Total	2	10	9	23	16	26

Source: Company, RCML Research

Total Provisions increased by 158% YoY and 69% QoQ due to higher provisions made towards NPAs



We remain positive on SBIN over the long term due to its improving core operating performance and strong franchise

Consolidated profit declined due to one-offs; performance of subsidiaries satisfactory:

Consolidated net profit of the SBI group declined by 22% YoY and 30% QoQ to Rs 24.4bn. This was primarily due to the net loss of Rs 8.7bn reported by the State Bank of Indore that stemmed from provisions made towards a) increasing its provision coverage ratio to 70% and b) pensions and gratuity for its employees before merging with SBIN in Aug '10. The performance of other associate banks was healthy, with NII growing by 55.4% YoY and supported by a ~17% YoY growth in advances and an ~80bps expansion in NIMs. Associate banks also reported a strong 24% growth in CASA deposits. PAT grew by 22% YoY to Rs 8bn. SBI Life reported a net profit of Rs 1.1bn and maintained its leadership position amongst domestic private life insurance companies. SBI Capital Markets reported a PAT of Rs 1.1bn for the quarter.

Premium valuations to sustain —BUY

SBIN has outperformed the Bankex and Sensex in the last six months (stock up 55% as against 43%/ 26% for Bankex/ Sensex). While the recent disappointing results are likely to put some pressure in the near term, we remain positive on SBIN from a long term perspective as its core operating performance is improving and its franchise remains strong. While slippages could remain high in the next few quarters, we believe that asset quality would improve in FY12 as slippages trend down and recoveries improve in line with the economic growth.

We therefore maintain a BUY on the stock with a target price of Rs 3,700 that comprises Rs 2,958 for the parent and Rs 742 for associate and other ventures (after ascribing a 15% holding company discount). SBIN has been contemplating to raise its core tier I capital to tap into the strong growth in credit offtake over the next few years and partly to fund the capital requirements of associate banks and subsidiaries (not currently factored into our estimates). While we are not factoring dilution into our estimates, we note that an issuance of Rs 200bn in FY11 would cause our FY12 BV to rise to Rs 1,545/sh and ROE to drop to 17%.

Fig 10 - SOTP valuation – FY12

Businesses	Valuation method	AUM/PAT/BV (Rs mn)	Multiple (x)	Valuation of business (Rs mn)	% stake of SBI	Per share Value
Standalone	P/BV	813,446	2.3	1,877,921	100	2,958
Banking associates						517
SBBJ	P/BV	33,174	1.8	59,713	75	71
SBT	P/BV	41,082	1.8	73,948	75	87
SBH	P/BV	60,260	1.8	108,468	100	171
State Bank of Mysore	P/BV	28,852	1.8	51,934	92	76
State Bank of Patiala	P/BV	47,569	1.5	71,354	100	112
Other businesses						
SBI Life	Appraisal value			154,017	74	180
SBI MF	% of AUM	532,570	3.0	15,977	63	21
Others						65
Value of other businesses (with 15% discount)						226
Total						3,700

Source: Company



Standalone financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Interest earned	709,939	825,810	983,849	1,205,825
Interest expended	473,225	501,489	610,373	764,291
Net interest income	236,714	324,321	373,476	441,534
Non-interest income	149,682	165,556	193,221	222,639
Non-int income (ex-treasury)	128,514	157,556	185,221	214,639
Operating expenses	203,187	229,482	260,162	299,187
Pre-provisioning profits	183,209	260,395	306,535	364,986
Provision & contingencies	43,948	82,514	82,241	95,940
PBT	139,261	177,881	224,294	269,046
Income tax, interest tax	47,600	58,879	75,363	89,054
Net profit	91,661	119,002	148,931	179,992

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash in hand & bal with RBI	612,909	643,554	675,732	709,518
Bal with banks, money at call	348,930	366,376	384,695	403,930
Investments	2,857,901	2,968,920	3,550,328	4,310,399
Advances	6,319,142	7,551,374	9,087,228	10,904,674
Fixed assets (net)	44,129	48,542	53,396	58,736
Other assets	351,128	368,684	387,118	406,474
Total assets	10,534,137	11,947,450	14,138,498	16,793,731
Equity capital	6,349	6,349	6,349	6,349
Reserves & surplus	653,143	748,345	867,490	1,011,483
Net worth	659,492	754,694	873,839	1,017,832
Deposits	8,041,162	9,166,925	11,046,145	13,310,604
CASA deposits	3,800,397	4,308,455	5,191,688	6,255,984
Term deposits	4,240,765	4,858,470	5,854,457	7,054,620
Borrowings (+sub-ord bonds)	1,030,116	1,133,128	1,246,440	1,396,013
Other liabilities & provisions	803,367	883,704	972,074	1,069,282
Total liabilities	10,534,137	11,938,450	14,138,498	16,793,731

Per share data

Y/E March	FY10	FY11E	FY12E	FY13E
Shares outstanding (mn)	635	635	635	635
FDEPS (Rs)	144.4	187.4	234.6	283.5
DPS (Rs)	30.0	32.2	40.2	48.6
Book value (Rs)	1,039	1,189	1,376	1,603
Adjusted book value (Rs)	919	1,061	1,256	1,471

Key ratios

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Valuation ratios (x)				
P/E	23.7	18.3	14.6	12.1
P/BV	3.3	2.9	2.5	2.1
P/ABV	3.7	3.2	2.7	2.3
Return Ratios (%)				
Spread analysis				
Yield on advances	8.6	8.8	9.0	9.1
Yield on investments	6.3	6.7	6.5	6.7
Cost of funds	5.5	5.2	5.4	5.7
NIMs	2.5	3.0	3.0	3.0
Operating ratios				
Operating cost to income	52.6	46.8	45.9	45.0
Operating expenses/Avg. assets	2.0	2.0	2.0	1.9
Proportion of CASA deposits	47.3	47.0	47.0	47.0
Non-int Inc/ Total income	38.7	33.8	34.1	33.5
Credit-Deposit ratio	78.6	82.4	82.3	81.9
Investment/Deposit	35.5	32.4	32.1	32.4
Asset quality & Capital				
Gross NPA	3.0	3.3	3.1	2.8
Net NPA	1.7	1.5	1.2	1.1
Coverage ratio	44.4	55.0	62.3	61.4
CAR	13.4	12.7	12.1	11.5
Tier I	9.5	9.1	8.7	8.5
Growth ratios				
Net interest income	13.4	37.0	15.2	18.2
Non-interest Income (Ex-treasury)	26.9	22.6	17.6	15.9
Pre-provisioning profit	2.3	42.1	17.7	19.1
Net profit	0.5	29.8	25.1	20.9
Assets	9.2	13.4	18.3	18.8
Advances	16.5	19.5	20.3	20.0
Deposits	8.4	14.0	20.5	20.5
Du pont analysis				
Net interest income/assets	2.3	2.9	2.9	2.9
Non interest income/assets	1.5	1.5	1.5	1.4
Operating expense/Assets	2.0	2.0	2.0	1.9
Provisions/Assets	0.4	0.7	0.6	0.6
Taxes/Assets	0.5	0.5	0.6	0.6
ROA	0.9	1.1	1.1	1.2
Equity/Assets	6.1	6.3	6.2	6.1
ROAE	14.8	16.8	18.3	19.0



Quarterly trend

Particulars	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net interest income	56,088	63,163	67,216	73,037	81,149
YoY growth (%)	2.8	9.7	38.8	45.4	44.7
QoQ growth (%)	11.6	12.6	6.4	8.7	11.1
Non - interest income	35,252	33,657	45,085	36,900	40,052
Total income	91,340	96,820	112,302	109,937	121,201
Total operating expenses	42,990	50,639	60,361	48,593	57,631
- Employee expenses	26,341	31,175	35,918	30,739	36,758
Pre-provision profit	48,350	46,181	51,941	61,344	63,570
Provisions	10,161	8,566	23,490	15,514	26,215
PBT	38,190	37,615	28,451	45,830	37,355
Income taxes	13,289	12,825	9,779	16,688	12,342
PAT	24,900	24,791	18,672	29,142	25,014
YoY growth (%)	10.2	0.0	(31.9)	25.1	0.5
QoQ growth (%)	6.9	(0.4)	(24.7)	56.1	(14.2)

Company profile

SBIN is the largest commercial bank in India and can be viewed as a proxy to the Indian economy. Over the last couple of years, SBIN has focused on drawing significant synergies through an internal consolidation of its associate banks. In this regard, it has merged its 100%-owned subsidiaries, State Bank of Saurashtra and State Bank of Indore, with itself. Amongst its subsidiaries, the life insurance and asset management businesses are seeing robust growth. SBIN is a 59% government-owned bank.

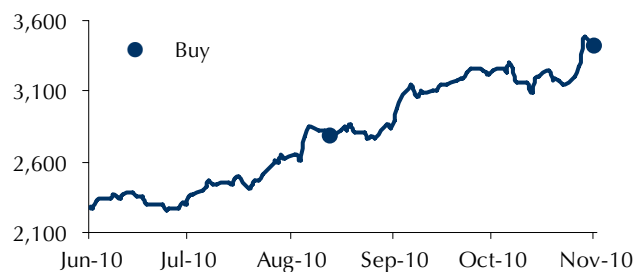
Shareholding pattern

(%)	Mar-10	Jun-10	Sep-10
Promoters	59.4	59.4	59.4
FIs	13.7	14.8	14.0
Banks & FIs	17.5	17.2	15.5
Public	9.5	8.6	11.1

Recommendation history

Date	Event	Reco price	Tgt price	Reco
24-Aug-10	Initiating Coverage	2,841	3,200	Buy
09-Nov-10	Results Review	3,425	3,700	Buy

Stock performance





Techno Electric & Engineering Company Ltd

Diversification into wind power boosts outlook

Techno Electric & Engineering Co (TEE), a leading EPC contractor in the power value chain, is estimated to have a wind power capacity of ~298 MW by FY12 (from ~100MW) currently. We believe the diversification into wind energy is positive for the company as it provides an avenue to deploy the excess capital being generated by the EPC division. We value the wind power business at Rs 145/sh, while the EPC business is valued at Rs 285/sh, leading to a March '12 SOTP target price of Rs 430 for the stock. Maintain BUY.

Change in business model to sustain value creation over long term: We believe current return ratios in the EPC business are unsustainable over the long term, due to low entry barriers. Further, in our view, higher-than-average growth in the EPC business is typically accompanied by a decline in customer profile, which can have a negative impact on cash flows. At the end of FY09 (when EPC was TEE's only business), the company had a cash balance of Rs 1.9bn and a balance sheet size of Rs 2.7bn. Diversification into wind power, which earns lower but more stable return ratios, is likely to lead to higher value creation over the long term for the company, in our view.

EPC to fund expansion in utility businesses: The company's EPC business is not capital intensive, with working capital turnover significantly higher than the industry. Hence, we believe that cash flows from EPC are likely to support the current capacity expansion and related diversification plans.

Wind power profit contribution to exceed that of EPC by FY12: We expect revenues from the wind power business to grow at a CAGR of 61.1% over FY10-FY12, aided by the company's targeted capacity expansion to ~298MW from ~100MW currently. By FY12, we expect the wind power business to contribute 17%/52% to revenues/EBIT respectively.

Debt/equity for consolidated business to peak at 1.4x: Over the years, TEE has been highly conservative on debt. Even with capacity expansion in the wind power business, we expect the debt/equity ratio to peak at 1.4x in FY12 and FY13. Note that our projections incorporate equity raising in the wind power subsidiary.

SOTP target price of Rs 430; BUY: We change our valuation methodology to SOTP, given the expected shift in TEE's business model. We value the EPC business on a P/E basis at 14.5x one-year forward earnings, implying a value of Rs 285/sh. The wind power business is valued at Rs 145/sh (FCFE/FCFF for Super Wind/Simran respectively), which takes our March '12 SOTP target price for the stock to Rs 430. Higher-than-expected order inflows in EPC and successful diversification in the utility business are likely to be key drivers for the stock in the medium to long term.

For further details, refer to our report released on 9 November 2010.

Financial highlights

(Rs mn)	FY10	FY11E	FY12E	FY13E
Revenue	7,021	8,206	10,621	14,678
Growth (%)	-	16.9	29.4	38.2
Adj net income	1,183	1,260	1,699	2,893
Growth (%)	-	6.5	34.8	70.3
FDEPS (Rs)	20.7	22.1	29.8	50.7
Growth (%)	-	6.5	34.8	70.3

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	20.3	21.3	27.5	37.6
EBIT margin	16.0	17.4	21.9	29.8
Adj PAT margin	16.9	15.4	16.0	19.7
ROE	25.6	24.6	26.1	33.9
ROIC	15.8	17.7	18.1	22.1
ROCE	13.2	14.3	14.5	16.8

What's New? Target Rating Estimates

CMP	TARGET	RATING	RISK
Rs 276	Rs 430	BUY	MEDIUM

BSE	NSE	BLOOMBERG
505397	TECHNOELEC	TEE IN

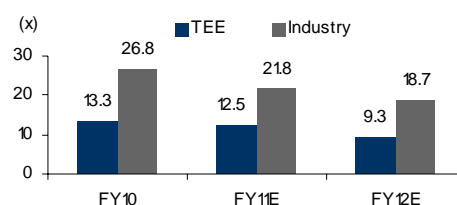
Company data

Market cap (Rs mn / US\$ mn)	15,746 / 355
Outstanding equity shares (mn)	57
Free float (%)	34.6
Dividend yield (%)	0.7
52-week high/low (Rs)	319 / 134

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
TEE	276	-	-	4.4
BSECG	16,693	2.7	13.0	26.0
Sensex	20,932	3.4	14.5	24.8

P/E comparison



Valuation matrix

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	13.3	12.5	9.3	5.4
P/E @ Target	20.7	19.5	14.4	8.5
EV/EBITDA @ CMP	12.7	10.3	6.2	3.3





Consolidated financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	7,021	8,206	10,621	14,678
<i>Growth (%)</i>		16.9	29.4	38.2
EBITDA	1,423	1,746	2,920	5,522
<i>Growth (%)</i>		22.7	67.2	89.1
Depreciation & amortisation	303	318	596	1,148
EBIT	1,120	1,428	2,324	4,374
<i>Growth (%)</i>		27.5	62.7	88.2
Interest	210	173	477	848
Other income	503	310	277	277
EBT	1,414	1,566	2,124	3,803
Income taxes	231	306	425	910
Effective tax rate (%)	16.3	19.5	20.0	23.9
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	1,183	1,260	1,699	2,893
Adjustments	-	-	-	-
Adjusted net income	1,183	1,260	1,699	2,893
<i>Growth (%)</i>		6.5	34.8	70.3
Shares outstanding (mn)	57.1	57.1	57.1	57.1
FDEPS (Rs) (adj)	20.7	22.1	29.8	50.7
<i>Growth (%)</i>		6.5	34.8	70.3
DPS (Rs)	2.0	2.0	2.0	2.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,486	1,578	2,295	4,041
Non-cash adjustments	7	-	-	-
Changes in working capital	(2,365)	1,203	(301)	(784)
Cash flow from operations	(872)	2,781	1,994	3,257
Capital expenditure	(5,833)	(3,406)	(10,097)	(8,275)
Change in investments	(500)	489	-	3
Other investing cash flow	-	-	-	-
Cash flow from investing	(6,333)	(2,917)	(10,097)	(8,272)
Issue of equity	114	-	-	-
Issue/repay debt	2,467	902	5,950	3,970
Dividends paid	114	114	114	114
Other financing cash flow	3,215	(365)	(74)	(705)
Change in cash & cash eq	(1,295)	514	(2,113)	(1,636)
Closing cash & cash eq	146	1,567	1,482	2,191

Economic Value Added (EVA) analysis

Y/E March	FY10	FY11E	FY12E	FY13E
WACC (%)	12.0	12.0	12.0	12.0
ROIC (%)	15.8	17.7	18.1	22.1
Invested capital (Rs mn)	7,093	9,004	16,692	22,964
EVA (Rs mn)	27,008	51,812	101,769	231,269
EVA spread (%)	3.81	5.75	6.10	10.07

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	146	1,567	1,482	2,191
Accounts receivable	1,352	1,371	2,004	3,023
Inventories	70	81	96	113
Other current assets	1,720	809	684	731
Investments	500	11	11	8
Gross fixed assets	6,057	5,925	16,060	26,085
Net fixed assets	5,530	5,080	14,619	23,496
CWIP	-	3,539	3,500	1,750
Intangible assets	-	-	-	-
Deferred tax assets, net	(7)	(7)	(7)	(7)
Other assets				
Total assets	9,312	12,451	22,388	31,305
Accounts payable	638	960	1,181	1,481
Other current liabilities	1,442	1,501	1,801	1,951
Provisions	139	139	139	139
Debt funds	2,467	3,369	9,318	13,288
Other liabilities				
Equity capital	114	114	114	114
Reserves & surplus	4,512	5,521	7,260	9,562
Shareholder's funds	4,626	5,635	7,374	9,676
Total liabilities	9,312	12,451	22,388	31,305
BVPS (Rs)	81.0	98.7	129.2	169.5

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	20.3	21.3	27.5	37.6
EBIT margin	16.0	17.4	21.9	29.8
Net profit margin	16.9	15.4	16.0	19.7
ROE	25.6	24.6	26.1	33.9
ROCE	13.2	14.3	14.5	16.8
Working Capital & Liquidity ratios				
Receivables (days)	74	74	74	74
Inventory (days)	4	4	4	4
Payables (days)	35	35	35	35
Current ratio (x)	1.5	1.5	1.4	1.7
Quick ratio (x)	1.4	0.8	0.9	1.1
Turnover & Leverage ratios (x)				
Gross asset turnover	1.2	1.4	1.0	0.7
Total asset turnover	0.8	0.8	0.6	0.5
Interest coverage ratio	5.3	8.3	4.9	5.2
Adjusted debt/equity	0.5	0.3	1.1	1.1
Valuation ratios (x)				
EV/Sales	2.6	2.2	1.7	1.2
EV/EBITDA	12.7	10.3	6.2	3.3
P/E	13.3	12.5	9.3	5.4
P/BV	3.4	2.8	2.1	1.6



Standalone financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	6,680	7,814	9,225	10,871
Growth (%)		17.0	18.0	17.9
EBITDA	1,119	1,360	1,541	1,761
Growth (%)		21.5	13.3	14.3
Depreciation & amortisation	147	151	153	154
EBIT	972	1,208	1,388	1,607
Growth (%)		24.3	14.9	15.8
Interest	128	98	51	17
Other income	525	310	276	276
EBT	1,369	1,420	1,613	1,866
Income taxes	230	284	323	523
Effective tax rate (%)	16.8	20.0	20.0	28.0
Extraordinary items	-	-	-	-
Min into / inc from associates	-	-	-	-
Reported net income	1,138	1,136	1,290	1,344
Adjustments		-	-	-
Adjusted net income	1,138	1,136	1,290	1,344
Growth (%)		(0.2)	13.6	4.1
Shares outstanding (mn)	57	57	57	57
FDEPS (Rs) (adj)	19.9	19.9	22.6	23.5
Growth (%)		(0.2)	13.6	4.1
DPS (Rs)	2.0	2.0	2.0	2.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	1,285	1,287	1,443	1,498
Non-cash adjustments	7	-	-	-
Changes in working capital	(2,221)	1,218	119	15
Cash flow from operations	(930)	2,506	1,562	1,513
Capital expenditure	(2,752)	(25)	(25)	(25)
Change in investments	(1,865)	(307)	(1,511)	(1,235)
Other investing cash flow	-	-	-	-
Cash flow from investing	(4,617)	(332)	(1,536)	(1,260)
Issue of equity	114	-	-	-
Issue/repay debt	1,667	(778)	(444)	(444)
Dividends paid	114	114	114	114
Other financing cash flow	2,335	(247)	(247)	(247)
Change in cash & cash eq	(1,317)	1,263	(551)	(324)
Closing cash & cash eq	125	1,447	1,196	1,021

Economic Value Added (EVA) analysis

Y/E March	FY10	FY11E	FY12E	FY13E
WACC (%)	12.0	12.0	12.0	12.0
ROIC (%)	18.1	22.0	23.3	24.0
Invested capital (Rs mn)	5,368	5,593	6,305	7,072
EVA (Rs mn)	32,857	56,258	71,507	85,155
EVA spread (%)	6.12	10.06	11.34	12.04

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	125	1,447	1,196	1,021
Accounts receivable	1,220	1,214	1,433	1,688
Inventories	70	81	96	113
Other current assets	1,701	799	618	530
Investments	1,865	2,172	3,683	4,918
Gross fixed assets	2,862	2,887	2,912	2,937
Net fixed assets	2,605	2,479	2,351	2,222
CWIP	-	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	(7)	(7)	(7)	(7)
Other assets				
Total assets	7,580	8,185	9,370	10,486
Accounts payable	631	952	1,124	1,324
Other current liabilities	1,442	1,501	1,801	1,951
Provisions	139	139	139	139
Debt funds	1,667	889	444	0
Other liabilities				
Equity capital	114	114	114	114
Reserves & surplus	3,587	4,590	5,747	6,957
Shareholder's funds	3,701	4,704	5,861	7,072
Total liabilities	7,580	8,185	9,370	10,486
BVPS (Rs)	64.8	82.4	102.7	123.9

Financial ratios

FYE March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios				
EBITDA margin (%)	16.7	17.4	16.7	16.2
EBIT margin (%)	14.6	15.5	15.0	14.8
Net profit margin (%)	17.0	14.5	14.0	12.4
ROE (%)	30.8	27.0	24.4	20.8
ROCE (%)	15.1	17.6	18.7	17.3
Working capital & Liquidity ratios				
Receivables (days)	67	57	57	57
Inventory (days)	4	4	4	4
Payables (days)	34	44	44	44
Current ratio (x)	1.4	1.4	1.1	1.0
Quick ratio (x)	1.3	0.8	0.7	0.6
Turnover & Leverage ratios				
Gross asset turnover (x)	2.3	2.7	3.2	3.7
Total asset turnover (x)	0.9	1.0	1.1	1.1
Interest coverage ratio (x)	7.6	12.3	27.0	94.0
Adjusted debt/equity (x)	0.4	(0.1)	(0.1)	(0.1)
Valuation ratios				
EV/Sales (x)	2.7	2.3	2.0	1.7
EV/EBITDA (x)	16.1	13.3	11.7	10.3
P/E (x)	13.8	13.9	12.2	11.7
P/BV (x)	4.3	3.3	2.7	2.2



DuPont analysis

(%)	FY10	FY11E	FY12E	FY13E
Tax burden (Net income/PBT)	83.2	80.0	80.0	72.0
Interest burden (PBT/EBIT)	140.8	117.5	116.2	116.1
EBIT margin (EBIT/Revenues)	14.6	15.5	15.0	14.8
Asset turnover (Revenues/Avg TA)	0.9	1.0	1.1	1.1
Leverage (Avg TA/Avg equity)	2.0	1.9	1.7	1.5
Return on equity	30.8	27.0	24.4	20.8

Company profile

TEE was incorporated in 1963 by the Mohankas of Jamshedpur to provide EPC services to core sector industries in India. The company went public in 1973. In 1995, Mr. P.P. Gupta became the sole promoter. Broadly, TEE addresses the power generation, power transmission and distribution and industrial sectors. TEE addresses roughly ~17–20% of the total project requirements of power generation plants. TEE has been involved in mechanical and electrical auxiliary systems for utilities and upto ~67MW captive power plants on turnkey basis.

Shareholding pattern

(%)	Sep-09	Dec-09	Mar-10
Promoters	55.0	55.0	55.0
FIs	1.2	0.8	0.7
Banks & FIs	6.3	6.3	6.6
Public	37.5	37.9	37.7

Recommendation history

Date	Event	Reco price	Tgt price	Reco
21-Jun-10	Initiating Coverage	289	400	Buy
9-Nov-10	Company Update	276	430	Buy

Stock performance





Thermax Ltd

Acquisition to strengthen foothold in Europe

Thermax (TMX) has acquired Danstoker A/S (Danstoker), a leading manufacturer of boilers in Europe, and its German subsidiary, Omnicel Kessel, for € 29.5mn. The FY10 revenue/EBITDA for the acquired company stood at € 40mn/€ 3.7mn. PAT for same financial year (a Sep-ending company) was € 3.2mn, which values the deal at a trailing PE of 9.2x. With this deal, TMX expects to gain foothold in Europe's growing renewable energy market and explore new opportunities in East Europe, Russia and South America. We are upgrading our estimates to incorporate the additional inflow of revenues and increasing our September' 11 target price to Rs 900 (from Rs 850 earlier). We, however, maintain a HOLD on the stock as we see limited upside from current levels.

Opportunity in growing renewable markets of Nordics and Germany: Danstoker has a strong presence in Nordics and Germany. With its facility in Europe, TMX hopes to explore opportunities in growing markets like Russia, East Europe and South America.

Impressive growth and profitable story: Danstoker reported revenues of € 40mn last fiscal (FY10), a growth of 12.6% YoY. The company clocked an EBITDA of € 3.7mn (implying a margin of 9.2%) and a PAT of € 3.2mn (implying an impressive margin of 8%) during the year. According to the management, the company has also been successful in maintaining its margin levels for the past four years. Danstoker went for a management buyout in the year 2000; the management has now opted to encash its position. However, most of the top management is expected to remain with the company.

Fair price payment: TMX has paid a consideration of € 29.5mn for a 100% stake in Danstoker, which implies a trailing PE of 9.2x. Despite enough cash on hand, the deal, as per the management, was funded through a debt of € 10mn to achieve purchasing and operating efficiency. Currently, the debt on Danstoker's balance sheet stands at € 3.2mn and is free of any unfunded pension liabilities.

Deal to enhance technological, product profile in heating business: According to the management, this deal will enable TMX to add 237 employees, of which 77 are highly experienced engineers. The management hopes to bring the high-end quality and delivery of Danstoker to the domestic market. Also, a European name under its belt will help TMX secure orders from global players entering the Indian market.

Maintain HOLD: We are upgrading our estimates to account for the additional revenue inflow and increasing our EPS estimates for FY12E/FY13E by 5%/4.4%. Our revised March '12 target price stands at Rs. 900. However, we maintain a HOLD on the stock due to the limited upside potential from current levels.

Financial highlights

(Rs mn)	FY10	FY11E	FY12E	FY13E
Revenue	33,703	48,255	62,795	73,073
Growth (%)	(2.6)	43.2	30.1	16.4
Adj net income	2,592	3,544	4,683	5,896
Growth (%)	(9.9)	36.8	32.1	25.9
FDEPS (Rs)	21.8	29.7	39.3	49.5
Growth (%)	(9.9)	36.8	32.1	25.9

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	11.7	11.5	11.5	11.5
EBIT margin	10.4	10.5	10.6	10.6
Adj PAT margin	7.7	7.3	7.5	8.1
ROE	25.0	28.3	28.6	28.5
ROIC	33.7	41.3	42.5	39.0
ROCE	43.6	57.1	55.3	48.4

What's New? Target Rating Estimates

CMP	TARGET	RATING	RISK
Rs 878	Rs 900	HOLD	LOW

BSE	NSE	BLOOMBERG
500411	THERMAX	TMX IN

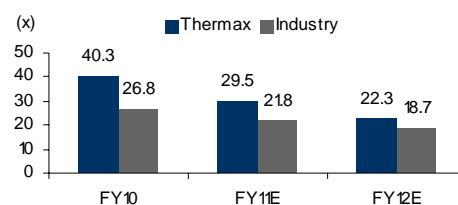
Company data

Market cap (Rs mn / US\$ mn)	104,565/2,149
Outstanding equity shares (mn)	119
Free float (%)	33.9
Dividend yield (%)	0.6
52-week high/low (Rs)	930 / 539
2-month average daily volume	106,404

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Thermax	878	9.2	16.1	28.6
BSECG	16,693	2.7	13.0	26.0
Sensex	20,932	3.4	14.5	24.8

P/E comparison



Valuation matrix

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	40.3	29.5	22.3	17.7
P/E @ Target	41.4	30.3	22.9	18.2
EV/EBITDA @ CMP	25.6	18.1	14.0	12.1



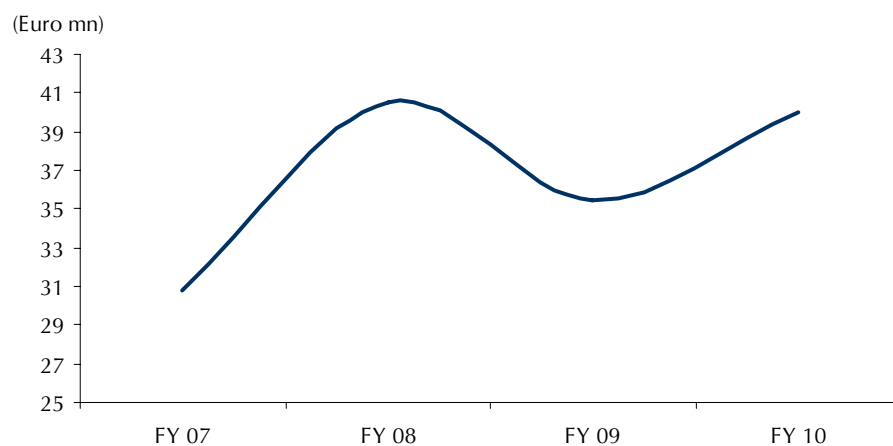


Fig 11 - Estimate changes

	2011E			2012E			2013E		
	old	New	% Chg	old	New	% Chg	old	New	% Chg
Revenue	47,155	48,255	2.3	60,001	62,795	4.7	70,000	73,073	4.4
EBITDA	5,471	5,573	1.9	6,963	7,221	3.7	8,086	8,370	3.5
PAT	3,456	3,544	2.6	4,458	4,683	5.0	5,648	5,896	4.4
EPS	29	30	2.6	37	39	5.0	47	49	4.4

Source: RCML Research

Fig 12 - Revenue profile for Danstoker, € mn



Source: Company RCML Research



Consolidated financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	33,703	48,255	62,795	73,073
Growth (%)	(2.6)	43.2	30.1	16.4
EBITDA	3,947	5,573	7,221	8,370
Growth (%)	(6.4)	41.2	29.6	15.9
Depreciation & amortisation	442	495	567	612
EBIT	3,505	5,078	6,654	7,759
Growth (%)	(9.4)	44.9	31.0	16.6
Interest	20	45	64	63
Other income	519	479	627	783
EBT	4,004	5,511	7,217	8,478
Income taxes	1,416	1,871	2,439	2,874
Effective tax rate (%)	35.4	34.0	33.8	33.9
Extraordinary items	(1,149)	-	-	-
Min into / inc from associates	(4)	96	96	(292)
Reported net income	3,740	3,544	4,683	5,896
Adjustments	1,149	-	-	-
Adjusted net income	2,592	3,544	4,683	5,896
Growth (%)	(9.9)	36.8	32.1	25.9
Shares outstanding (mn)	119.2	119.2	119.2	119.2
FDEPS (Rs) (adj)	21.8	29.7	39.3	49.5
Growth (%)	(9.9)	36.8	32.1	25.9
DPS (Rs)	5.0	5.0	5.0	5.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	3,034	4,040	5,251	6,508
Non-cash adjustments	(16)	-	-	-
Changes in working capital	4,687	(3,908)	326	218
Cash flow from operations	7,705	131	5,576	6,726
Capital expenditure	(838)	(400)	(794)	(548)
Change in investments	(2,260)	(193)	(750)	-
Other investing cash flow	-	-	-	-
Cash flow from investing	(3,098)	(593)	(1,544)	(548)
Issue of equity	-	-	-	-
Issue/repay debt	39	-	-	-
Dividends paid	(695)	(695)	(695)	(695)
Other financing cash flow	(945)	7	(129)	(540)
Change in cash & cash eq	3,006	(1,149)	3,208	4,943
Closing cash & cash eq	6,702	5,554	8,762	13,706

Economic Value Added (EVA) analysis

Y/E March	FY10	FY11E	FY12E	FY13E
WACC (%)	11.3	11.3	11.3	11.3
ROIC (%)	33.7	41.3	42.5	39.0
Invested capital (Rs mn)	10,862	13,719	17,578	22,239
EVA (Rs mn)	242,880	411,769	548,808	615,380
EVA spread (%)	22.36	30.02	31.22	27.67

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	6,702	5,554	8,762	13,706
Accounts receivable	7,984	10,800	13,797	16,125
Inventories	2,563	3,600	4,595	5,373
Other current assets	7,057	11,170	13,821	15,931
Investments	3,703	3,896	4,646	4,646
Gross fixed assets	7,418	7,921	8,687	9,204
Net fixed assets	5,369	5,389	5,615	5,551
CWIP	115	-	-	-
Intangible assets	-	-	-	-
Deferred tax assets, net	(144)	(144)	(144)	(144)
Other assets	0	-	-	-
Total assets	33,350	40,264	51,092	61,188
Accounts payable	21,409	25,066	31,642	36,772
Other current liabilities	-	-	-	-
Provisions	985	1,386	1,778	2,083
Debt funds	80	80	80	80
Other liabilities	94	94	94	94
Equity capital	238	238	238	238
Reserves & surplus	10,544	13,401	17,260	21,921
Shareholder's funds	10,782	13,639	17,498	22,160
Total liabilities	33,350	40,264	51,092	61,188
BVPS (Rs)	90.5	114.5	146.9	186.0

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	11.7	11.5	11.5	11.5
EBIT margin	10.4	10.5	10.6	10.6
Net profit margin	7.7	7.3	7.5	8.1
ROE	25.0	28.3	28.6	28.5
ROCE	43.6	57.1	55.3	48.4
Working Capital & Liquidity ratios				
Receivables (days)	74	73	75	78
Inventory (days)	48	38	39	40
Payables (days)	308	284	269	275
Current ratio (x)	1.1	1.2	1.2	1.3
Quick ratio (x)	0.7	0.8	0.8	0.8
Turnover & Leverage ratios (x)				
Gross asset turnover	4.8	6.3	7.6	8.2
Total asset turnover	3.2	3.8	3.8	3.5
Interest coverage ratio	172.7	124.1	122.5	144.5
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	3.0	2.1	1.6	1.4
EV/EBITDA	25.6	18.1	14.0	12.1
P/E	40.3	29.5	22.3	17.7
P/BV	9.7	7.7	6.0	4.7



Quarterly trend

Particulars	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Revenue (Rs mn)	6,804	7,482	12,193	7,898	10,916
YoY growth (%)	(15.4)	(5.9)	28.6	46.9	60.4
QoQ growth (%)	26.6	10.0	62.9	(35.2)	38.2
EBITDA (Rs mn)	689	790	1,365	854	1,179
EBITDA margin (%)	10.1	10.6	11.2	10.8	10.8
Adj net income (Rs mn)	541	565	992	662	894
YoY growth (%)	(5.0)	(21.8)	6.7	42.3	65.2
QoQ growth (%)	16.4	4.5	75.5	(33.3)	35.1

DuPont analysis

(%)	FY09	FY10	FY11E	FY12E	FY13E
Tax burden (Net income/PBT)	67.9	64.7	64.3	64.9	69.5
Interest burden (PBT/EBIT)	109.5	114.2	108.5	108.5	109.3
EBIT margin (EBIT/Revenues)	11.2	10.4	10.5	10.6	10.6
Asset turnover (Revenues/Avg TA)	644.0	491.4	540.6	591.7	583.3
Leverage (Avg TA/Avg equity)	102.4	101.7	101.9	102.5	102.6
Return on equity	32.9	25.0	28.3	28.6	28.5

Company profile

TMX provides solutions in the energy and environment space. The energy business contributes ~80% to revenues, whereas the environment business contributes ~20%. Further, 20% of revenues are from products and 80% of revenues are from projects. The company's market share for chillers is 90%, 35-38% for boilers and heaters, 8% for water and waste water, 35% for chemicals, and ~60% for air treatment divisions.

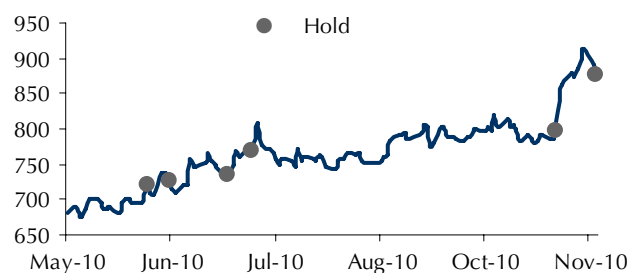
Shareholding pattern

(%)	Mar-09	Jun-09	Sep-09
Promoters	62.0	62.0	62.0
FII's	9.1	9.1	9.2
Banks & FIs	15.3	15.3	15.2
Public	13.7	13.6	13.6

Recommendation history

Date	Event	Reco price	Tgt price	Reco
21-Jun-10	Initiating Coverage	710	710	Hold
24-Jun-10	Company Update	725	710	Hold
12-Jul-10	Company Update	738	710	Hold
21-Jul-10	Results Review	784	710	Hold
27-Oct-10	Results Review	799	850	Hold
10-Nov-10	Company Update	878	900	Hold

Stock performance





Events Calendar

	Nov 10	Nov 11	Nov 12
Economy	CH – Foreign trade (Oct)	IN - Weekly WPI CH – Industrial Production (Oct)	IN - Industrial Production (Sep) EU – Industrial Production GE – 3Q GDP US – Univ. of Michigan Confidence
Quarterly Results	–	Anant Raj Industries, Andhra Cements, Jai Balaji Industries, Jubilant Life Sciences, Ranbaxy Laboratories	Gammon India, Hindustan Petroleum Corporation, India Cements, J K Lakshmi Cement, Lakshmi Energy & Foods, Oil India, Simplex Infrastructures, Spice Mobility, Sterling Biotech, Tata Power, Tata Steel, Wockhardt
	Nov 13	Nov 14	Nov 15
Economy	–	–	JN – 3Q GDP JN – BoJ Monetary Policy meet
Quarterly Results	Cox & Kings, Ganesh Housing Corporation, Indian Oil Corporation, Orient Paper & Industries, Unitech,	Pantaloon Retail	–



Trade Data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Sel Manufacturing Company	The Royal Bank Of Scotland NV	S	1,500,000	39.5
Vikas Granaries	IFCI	S	100,000	23.9

Source: BSE, NSE

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
20 Microns	Gujarat Venture Capital Fund - 1995	S	339,125	2.4	1,717,553	12.0
Aarti ugs	Priti P Patil	B	4,572	-	450,752	3.7
Aarti ugs	Priti P Patil	B	4,572	-	450,752	3.7
Ambuja Cements	Sanjay Kumar Khajanchi	B	3,000	-	3,000	-
Ambuja Cements	Sanjay Kumar Khajanchi	B	4,000	-	7,000	-
Anand Credit	Jignesh L Shah	S	5,000	-	367,700	6.1
Anand Credit	Jignesh L Shah	S	22,658	-	345,042	5.7
Apar Industries	Chaitanya N Desai	B	5,000	-	6,592,132	20.4
Apar Industries	Chaitanya N Desai	B	5,692	-	6,597,824	20.4
Apar Industries	Chaitanya N Desai	B	5,692	-	6,597,824	20.4
Apar Industries	Chaitanya N Desai	B	1,626	-	-	-
Apar Industries	N D Desai	B	5,000	-	6,748,377	20.9
Apar Industries	N D Desai	B	5,000	-	6,753,377	20.9
Apar Industries	N D Desai	B	5,000	-	6,753,377	20.9
Apar Industries	Kushal N Desai	B	5,000	-	6,677,302	20.6
Apar Industries	Kushal N Desai	B	5,485	-	6,682,787	20.7
Apar Industries	Kushal N Desai	B	5,485	-	6,682,787	20.7
Apar Industries	Kushal N Desai	B	1,356	-	6,684,143	20.7
Arihant Superstructures	Siddhi Bhagat	B	50	-	210	-
Ashco Niulab Industries	Kanchan A Kotwani	S	16,444	-	2,931,926	4.5
Ashco Niulab Industries	Kanchan A Kotwani	S	90,000	-	2,841,926	4.4
Asian Hotels (West)	Sushil Gupta	S	43,109	-	308,465	2.7
Broadcast Initiatives	Ashok Kumar Gupta	B	25,652	-	156,322	0.6
Celestial Biolabs	A N Singh	B	620,000	5.0	4,317,078	-
Century 21St Portfolio	Heaj Baid	S	8,000	-	472,000	-
Century Plyboards (India)	Prem Kumar Bhajanka	S	500,000	-	15,308,510	6.9
Consolidated Securities	Nikki Securities	S	90,000	2.3	565,530	14.5
Consolidated Securities	Nikki Securities	S	75,000	1.9	490,530	12.6
Dabur India	Sunil Duggal	S	10,000	-	2,984,000	0.2
Deccan Cements	M B Raju	B	138	-	479,191	6.8
Deccan Cements	M B Raju	B	500	-	479,691	6.8
Deccan Cements	M B Raju	B	271	-	479,962	6.9
Dharai Morarji Chemical Company	Anushakti Chemicals & ugs	B	1,231,538	-	1,231,538	-
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	70,200	1.4	-	-
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	250,000	-	579,200	11.5
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	250,000	-	329,200	6.5
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	B	1,062,000	-	-	-



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	496,800	-	565,200	11.2
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	259,000	-	70,200	1.4
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	B	249,300	-	1,079,200	21.3
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	B	230,700	-	829,900	16.4
Wellmans Homeopathic Laboratory	Gurmeet Singh Dhingra	S	250,000	-	829,200	16.4
Wellmans Homeopathic Laboratory	Kamal Kant Nagpal	B	690,500	13.6	690,500	13.6
Wellmans Homeopathic Laboratory	Madhulika Jain	B	508,000	10.0	509,000	10.0
Wellmans Homeopathic Laboratory	Renu Dhingra	B	253,000	-	-	-
Wellmans Homeopathic Laboratory	Sharad Jain	B	509,000	10.0	759,000	15.0
Wellmans Homeopathic Laboratory	Trilochan Singh	B	250,000	-	-	-
Wellmans Homeopathic Laboratory	Trilochan Singh	S	219,300	4.3	-	-
Wellmans Homeopathic Laboratory	Trilochan Singh	S	230,700	4.6	257,300	5.1
Wellmans Homeopathic Laboratory	Trilochan Singh	B	38,000	0.8	488,000	9.6
Ester Industries	Dinesh Chana Kothari	B	20,000	0.0	20,000	0.0
Ester Industries	Dinesh Chana Kothari	B	20,000	0.0	20,000	0.0
Forbes & Company	Cyrus Investments	S	354,436	2.8	-	-
Forbes & Company	Shapoorji Pallonji & Co	B	8,680,788	67.3	9,295,293	72.1
Forbes & Company	Sterling Investment Corporation	S	8,326,352	64.6	-	-
Future Capital Holdings	N Shridhar	S	1,738	-	88,000	0.1
Future Capital Holdings	N Shridhar	S	1,738	-	88,000	0.1
Future Capital Holdings	N Shridhar	S	262	-	89,738	0.1
Future Capital Holdings	N Shridhar	S	262	-	89,738	0.1
Gujarat State Fertilizers & Chemicals	Life Insurance Corporation Of India	S	1,632,891	2.0	5,692,168	7.1
Hercules Hoists	Anant Bajaj	B	400,000	2.5	832,000	5.2
Hercules Hoists	Kiran Bajaj	S	200,000	1.3	290,000	1.8
Hercules Hoists	Kumud Bajaj	B	200,000	1.3	932,000	5.8
Hercules Hoists	Shekhar Bajaj	S	200,000	1.3	370,000	2.3
Hindustan Tin Works	Gaurav Bhatia	B	4,000	-	123,520	1.2
Hindustan Tin Works	Usha Bhatia	B	1,000	-	362,451	3.5
Housing Development Finance Corp	Bimal Jalan	S	5,200	-	-	-
Indiabulls Financial Services	Indiabulls Employees Welfare Trust	B	15,703,247	5.1	15,703,247	5.1
Jaiprakash Associates	R B Singh	S	5,000	-	158,000	-
Jenburkt Pharmaceuticals	Ashish U Bhuta	B	1,626	-	241,511	5.2
Jenburkt Pharmaceuticals	Ashish U Bhuta	B	1,626	-	241,511	5.2
Jenburkt Pharmaceuticals	Bhuta Holdings	B	2,900	-	545,550	11.7
Jenburkt Pharmaceuticals	Bhuta Holdings	B	2,900	-	545,550	11.7
Jenburkt Pharmaceuticals	Uttam N Bhuta	B	2,842	-	548,925	11.8
Jenburkt Pharmaceuticals	Uttam N Bhuta	B	2,842	-	548,925	11.8
Jindal South West Holdings	Hsbc Global Investment Fund (M)	S	42,364	0.4	513,000	4.6
Jindal Steel & Power	Arun Kumar Mukherji	S	7,000	-	29,180	-
Kalindee Rail Nirman (Engineers)	L & T Capital Co	S	201,497	1.7	1,324,541	10.8
Kamat Hotels (India)	Vithal V Kamat	B	15,000	-	967,159	6.4
Kamat Hotels (India)	Vithal V Kamat	B	15,000	-	967,159	6.4
Kcp Sugar & Industries Corporation	Durgamba Investment	B	10,000	-	41,241,447	-
Kcp Sugar & Industries Corporation	Durgamba Investment	B	10,000	-	41,251,447	-
Kiri Dyes And Chemicals	Pravin Kiri	B	14,276	-	7,605,119	50.7



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Kiri Dyes And Chemicals	Pravin Kiri	B	15,724	-	7,620,843	50.8
Kotak Mahina Bank	Arvind Kathpalia	B	10,000	-	126,392	-
Kotak Mahina Bank	B S Sivakumar	B	20,000	-	38,246	-
Kotak Mahina Bank	B Sainath	B	10,000	-	11,500	-
Kotak Mahina Bank	Dipak Gupta	S	5,000	-	605,000	0.1
Kotak Mahina Bank	Himanshu V Vasa	B	11,160	-	17,400	-
Kotak Mahina Bank	Jaimin Mukund Bhatt	B	10,000	-	508,468	0.1
Kotak Mahina Bank	K N Vardarjan	B	23,580	-	28,650	-
Kotak Mahina Bank	Kamlesh Rao	B	60,000	-	72,300	-
Kotak Mahina Bank	Manish Kothari	B	60,000	-	60,000	-
Kotak Mahina Bank	Oisharya Das	S	10,000	-	115,776	-
Kotak Mahina Bank	Prakash Jani	B	23,580	-	29,900	-
Kotak Mahina Bank	Rukshana R Mahudawala	B	2,040	-	38,306	-
Kotak Mahina Bank	Smita Kapoor	B	3,544	-	-	-
Kotak Mahina Bank	Subhro Bhaduri	S	800	-	35,710	-
Kotak Mahina Bank	Subhro Bhaduri	S	5,000	-	30,710	-
Kotak Mahina Bank	Subhro Bhaduri	S	9,000	-	21,170	-
Kotak Mahina Bank	Sujata Guhathakurta	B	5,000	-	38,600	-
Kotak Mahina Bank	Venkateshwarlu B	B	3,500	-	28,730	-
Kotak Mahina Bank	Vodhisatta Chakravartty	S	2,000	-	6,442	-
Larsen & Toubro	J P Nayak	S	10,000	-	1,170,004	0.2
Lupin	Harish Narula	S	2,000	-	130,000	-
Lupin	Nitin B Vadia	S	1,710	-	19,159	-
Lupin	Shashi Narula	S	2,000	-	19,000	-
Lupin	Udayan S Ambegaokar	S	200	-	52,775	-
Lupin	Udayan S Ambegaokar	S	1,000	-	51,775	-
Madhur Industries	Vinit Parikh	S	10,000	-	799,500	19.5
Madhyadesh Papers	Nimish Maheshwari	B	53,500	-	636,630	8.9
Madhyadesh Papers	Vinod Maheshwari	B	715,000	-	1,782,400	24.8
Mayur Floorings	Mahavir N Sunawat	B	12,000	-	817,140	16.1
Nandan Exim	Chiripal Exim Llp	B	1,000,000	0.2	4,500,000	1.0
Nandan Exim	Chiripal Exim Llp	B	125,000	0.0	4,625,000	1.0
Nandan Exim	Chiripal Exim Llp	B	375,000	0.1	5,000,000	1.1
Nandan Exim	Chiripal Exim Llp	B	250,000	0.1	6,250,000	1.4
Nandan Exim	Vedprakash Devkinandan Chiripal	S	1,000,000	0.2	44,250,000	9.7
Nova Iron & Steel	Idbi Bank	S	5,270,000	5.4	-	-
Orchid Chemicals & Pharmaceuticals	I Seetharam Naidu	S	5,000	-	284,430	0.4
Orchid Chemicals & Pharmaceuticals	I Seetharam Naidu	S	1,000	-	283,430	0.4
Orchid Chemicals & Pharmaceuticals	M R Girinath	S	10,000	-	270,934	0.4
Orchid Chemicals & Pharmaceuticals	M R Girinath	S	10,000	-	270,934	0.4
Pearl Polymers	Harish Seth	B	80,000	-	406,841	2.4
Pipavav Shipyard	Smallcap World Fund Inc	B	1,115,000	0.2	34,025,000	5.1
Piramal Healthcare	Maneesh Nerurkar	B	13,750	-	39,850	0.0
Piramal Healthcare	Leonard D'Souza	B	2,175	-	3,566	-
Prism Informatics	Idhasoft	S	2,500	2.1	290,471	-
Psl	Schemes Of Sundaram Bnp Paribas MF	S	65,818	0.1	1,618,414	3.0



Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction	
			Qty	%	Qty	%
Reliance Industries	Pawan Kumar Kapil	B	4,000	-	15,076	-
Reliance Industries	Pawan Kumar Kapil	B	4,000	-	15,076	-
Reliance Industries	Vinod M Ambani	B	4,800	-	27,478	-
Reliance Industries	Vinod M Ambani	B	4,800	-	27,478	-
Rm Mohite Textiles	Shivaji Ramchana Mohite	S	30,350	-	9,483,536	-
Shoppers Stop	Govind Shrikhande	S	19,591	-	38,419	0.1
Shoppers Stop	Govind Shrikhande	S	19,591	-	38,419	0.1
Shree Ashtavinayak Cine Vision	Dahlia Traders	S	850,000	0.1	182,352,206	22.1
Sonata Software	Bhupati Investments & Finance	S	100,000	0.1	21,035,985	20.0
Sree Rayalaseema Hi-Strength Hypo	Sree Rayalaseema Galaxy & Projects	B	14,557	0.1	523,045	5.0
Sterling Holiday Resorts India	M Balasubramaniam	B	176,000	-	178,010	0.4
Sukhjit Starch & Chemicals	Bhavdeep Sardana	B	800	-	407,858	5.5
Sukhjit Starch & Chemicals	I K Sardana	B	1,000	-	495,601	6.7
Sukhjit Starch & Chemicals	Kuldip Krishan Sardana	B	400	-	530,611	7.2
Sukhjit Starch & Chemicals	Manjoo Sardana	B	1,250	-	152,661	2.1
Sukhjit Starch & Chemicals	Pankaj Sardana	B	1,030	-	354,022	4.8
Today's Writing Products	Rajesh Kumar olia	S	253,557	-	276,530	2.2
Today's Writing Products	Rajesh Kumar olia	S	253,557	-	276,530	2.2
Tube Investments Of India	N Srinivasan	B	19,355	-	45,161	0.0
Yes Bank	Sanjeev Kapoor	S	1,682	-	81,618	-
Yes Bank	Sanjeev Kapoor	S	1,682	-	81,618	-

Source: BSE



RCML universe: Sector Valuation Snapshot

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
AUTOMOBILES																									
Ashok Leyland	80	90	Buy	106,693	4.9	6.2	53.2	26.4	10.8	11.2	6.3	6.9	16.9	19.2	12.6	13.9	0.6	0.5	16.3	12.9	11.7	9.8	2.6	2.3	
Bajaj Auto	1,610	1,650	Hold	465,881	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	17.4	15.5	11.2	10.3	9.5	6.5	
Hero Honda	1,827	1,900	Hold	364,880	109.1	121.5	(2.6)	11.3	14.0	13.7	11.8	11.6	53.2	44.7	44.0	44.2	0.0	0.0	16.7	15.0	12.2	11.0	7.7	6.0	
M&M	781	820	Buy	463,157	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	18.2	16.3	13.7	12.2	4.8	3.9	
Maruti Suzuki	1,472	1,600	Hold	425,261	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	18.6	15.5	9.5	7.8	3.1	2.6	
Tata Motors	1,270	1,150	Buy	737,805	32.6	39.8	41.8	22.1	11.2	11.0	4.6	4.9	13.1	14.8	9.2	10.3	0.6	0.5	38.9	31.9	17.9	15.7	4.6	4.2	
TVS Motor	83	75	Hold	39,218	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	17.8	14.8	9.8	8.6	3.7	3.1	
Aggregate				2,602,896	-	-	-	-	12.7	12.5	8.0	8.0							20.7	17.9	13.1	11.5	4.8	4.0	
AUTO ANCILLARIES																									
Amara Raja	191	260	Buy	16,300	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	12.2	9.8	6.9	5.6	2.5	2.1	
Exide	166	190	Buy	140,675	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	21.1	17.8	12.9	10.9	5.1	4.1	
Mahindra Forgings	103	130	Buy	9,033	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	214.3	9.5	4.7	3.2	1.1	1.0	
Aggregate				156,975	-	-	-	-	21.0	20.7	12.7	12.6							19.6	16.4	11.8	9.9	4.6	3.7	
CAPITAL GOODS																									
ABB	863	750	Hold	182,961	22.4	26.3	33.8	17.2	7.9	9.2	4.9	5.6	16.2	16.4	24.5	24.8	-	-	38.6	32.9	31.5	22.9	8.6	7.5	
BGR Energy	796	750	Hold	57,386	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	21.3	17.1	12.6	10.1	8.1	6.2	
BHEL	2,524	2,400	Hold	1,235,695	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	23.6	18.7	14.7	11.6	7.8	6.3	
Bajaj Electricals	279	275	Hold	27,392	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	17.7	14.3	10.6	8.6	5.5	4.5	
Crompton Greaves	337	370	Buy	216,215	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	24.4	21.7	17.1	15.6	16.6	11.8	
Cummins India	800	950	Buy	158,351	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	25.8	20.5	29.9	20.3	14.3	11.4	
Engineers India	355	400	Buy	119,629	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	22.8	16.1	20.0	15.1	10.1	8.5	
Jyoti Structures	142	165	Buy	11,635	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	10.8	9.3	5.3	4.6	2.3	2.0	
Kalpataru Power Transmission	172	200	Hold	26,318	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	13.1	10.9	8.9	7.5	2.7	2.3	
KEC International	493	625	Buy	24,906	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	11.6	9.6	6.0	4.9	3.2	2.2	
Siemens	836	1,000		281,765	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	30.0	25.0	17.7	14.6	8.3	6.8	
Suzlon Energy	58	45	Sell	100,446	(3.4)	1.7	NM	NM	5.0	8.7	-	1.1	(7.2)	3.6	1.5	5.5	1.7	1.8	-	34.2	20.6	10.7	1.3	1.4	
Thermax	878	850	Hold	104,565	29.0	37.4	33.4	29.0	11.6	11.6	7.3	7.4	28.3	28.6	57.1	55.3	0.0	0.0	30.3	23.5	18.4	14.5	9.7	7.7	
Voltas	259	300	Buy	85,716	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)	22.9	18.0	17.0	13.6	7.9	6.2	
Aggregate	-	-	-	2,632,982	-	-	-	-	13.2	14.2	7.7	8.5							28.1	20.9	16.3	12.6	6.9	5.8	



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
CEMENT																								
ACC	1,122	1,180	Buy	210,641	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	18.9	15.9	11.1	9.1	3.5	3.2
Ambuja Cement	165	165	Buy	251,390	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	19.2	16.4	11.8	9.9	3.9	3.4
Birla Corp	425	525	Buy	32,719	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	7.3	6.1	5.3	4.1	1.8	1.5
Grasim Industries	2,456	2,900	Buy	225,146	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	11.1	9.3	6.1	5.0	1.8	1.5
India Cements	126	100	Sell	38,689	2.6	5.7	(76.6)	119.4	12.1	13.4	2.2	4.1	8.0	1.9	6.9	3.3	0.4	0.5	48.8	22.3	14.4	11.1	0.9	0.9
JK Lakshmi Cement	66	94	Buy	8,027	8.6	15.1	(56.6)	75.6	19.1	23.2	7.5	10.7	26.0	10.0	15.2	6.6	0.9	1.1	7.7	4.4	7.0	4.7	0.8	0.8
Mangalam Cement	156	190	Hold	4,164	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	5.3	4.6	2.8	2.1	0.4	0.4
Orient Paper & Industries	63	70	Buy	12,084	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	8.6	6.6	5.6	4.5	1.6	1.4
Shree Cement	2,228	2,300	Buy	77,633	152.1	226.1	(32.3)	48.6	29.9	33.5	13.5	14.2	51.4	25.5	25.0	15.1	1.1	0.9	14.6	9.9	7.1	4.5	4.2	3.3
UltraTech Cement	1,148	1,260	Buy	314,456	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	19.6	15.8	10.1	8.1	3.4	3.0
Aggregate	-	-	-	1,174,948	-	-	-	-	23.5	25.3	11.9	12.6						15.8	12.7	8.7	6.9	2.6	2.3	
CONSTRUCTION																								
Ahluwalia Contracts	189	252	Buy	11,837	16.0	19.3	23.0	20.7	11.0	10.9	5.0	4.9	33.5	29.9	25.6	24.1	0.5	0.4	11.8	9.7	5.1	4.3	3.4	2.5
Hindustan Construction Co	63	73	Hold	38,090	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	34.5	33.2	12.5	10.4	2.3	2.3
IRB Infrastructures Developers	260	287	Hold	86,464	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	17.4	14.8	10.2	7.8	3.5	2.9
IVRCL Infrastructures	150	209	Buy	40,010	8.5	10.5	34.9	23.2	9.5	9.4	3.6	3.6	11.8	13.0	10.4	10.8	1.0	1.1	17.6	14.3	10.0	8.1	1.9	1.7
Jaiprakash Associates	138	150	Buy	293,979	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	32.7	24.8	9.5	7.4	3.1	2.8
L&T	2,173	2,330	Buy	1,314,462	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	29.7	24.1	19.8	16.4	5.4	4.5
Nagarjuna Construction Co	154	206	Buy	39,514	9.2	10.1	15.9	10.2	10.2	10.2	4.0	3.7	10.1	10.2	8.8	8.9	1.0	1.2	16.8	15.2	9.7	7.9	1.6	1.5
Patel Engineering	380	469	Buy	26,552	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	19.1	14.0	10.8	8.3	1.9	1.7
Punj Lloyd	129	89	Sell	42,973	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	50.0	17.3	12.6	7.6	1.4	1.3
Reliance Infrastructure	1,047	1,390	Buy	256,306	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	17.3	15.9	17.4	11.7	1.1	1.0
Simplex Infrastructure	468	486	Sell	23,160	29.9	37.4	16.5	24.8	10.0	10.0	2.8	2.9	14.3	15.7	7.3	7.7	1.3	1.3	15.6	12.5	7.0	5.8	2.1	1.8
Aggregate	-	-	-	2,173,349	-	-	-	-	13.8	14.2	7.1	7.0						25.5	20.9	14.9	11.7	1.6	1.5	
FMCG																								
Asian Paints	2,755	3,000	Buy	264,160	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	29.7	24.4	19.6	16.2	12.1	9.6
Britannia	440	410	Sell	52,600	14.5	20.6	21.3	41.7	5.9	7.0	4.0	5.0	56.1	66.1	20.7	26.4	2.0	1.6	30.3	21.4	23.0	16.9	15.7	12.9
Colgate	946	860	Sell	128,602	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	29.2	26.9	24.7	22.7	36.3	33.4
Dabur	102	110	Hold	177,554	3.3	4.0	15.6	22.4	18.9	19.6	14.5	15.2	51.7	47.1	45.7	43.7	0.1	0.1	31.1	25.4	23.3	19.4	13.9	10.5
Emami	495	450	Sell	74,877	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	31.4	27.0	25.9	22.1	9.6	7.8
GCPL	430	460	Hold	139,144	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	27.5	23.6	21.2	17.4	7.9	6.7
GSK Consumer	2,336	2,200	Sell	98,253	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	33.9	28.4	24.8	20.2	9.1	7.6
HUL	319	330	Hold	696,160	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	32.3	27.9	26.3	22.3	22.9	19.5
ITC	178	210	Buy	1,367,521	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	28.6	23.4	19.1	15.6	8.2	7.0
Jyothy Labs	280	305	Hold	22,573	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	22.8	19.8	16.3	14.2	3.3	3.0
Marico	138	150	Buy	84,967	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	29.1	24.1	20.3	17.1	9.9	7.7
Nestle	4,002	3,500	Hold	385,891	80.6	100.7	16.9	24.9	19.6	20.7	12.7	13.4	125.4	137.4	125.7	137.6	0.0	0.0	49.6	39.7	32.2	25.7	58.6	51.1
Aggregate				3,492,301					20.4	21.3	14.6	15.1						31.2	25.9	22.1	18.3	4.0	3.3	



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
IT SERVICES																								
Educomp	567	700	Buy	54,119	36.6	41.8	29.9	14.2	41.0	48.3	26.8	25.1	24.6	22.7	14.2	13.8	0.8	0.6	15.5	13.6	10.1	7.0	3.4	2.8
FirstSource Solutions	28	40	Buy	12,042	3.6	4.6	14.5	26.7	14.5	14.8	7.2	8.0	10.4	11.8	6.9	7.5	0.9	0.8	7.7	6.1	2.7	2.3	0.8	0.7
HCL Infosystems	110	135	Hold	24,059	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	9.9	8.7	6.6	5.7	1.8	1.7
HCL Tech	405	525	Buy	276,222	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	18.0	13.0	10.0	7.6	3.3	2.7
Hexaware Technologies	92	90	Hold	13,395	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	11.4	9.3	6.2	4.5	1.1	1.0
Infosys	3,060	3,200	Hold	1,756,431	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	25.2	21.1	19.3	15.9	6.2	5.1
Infotech Enterprises	163	240	Buy	18,145	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	12.5	9.4	-	-	1.7	1.5
MindTree	520	625	Buy	20,808	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	33.8	11.0	21.7	10.0	2.9	2.3
Mphasis	593	750	Hold	124,467	51.0	55.7	16.3	9.3	25.7	26.2	21.4	19.9	30.3	27.0	40.5	74.0	0.0	0.0	11.6	10.6	9.7	8.1	3.7	2.8
NIIT	64	85	Buy	10,640	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	10.3	7.9	3.5	2.8	1.8	1.5
NIIT Technologies	217	300	Buy	12,784	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	7.9	8.1	5.8	5.4	1.8	1.6
Oracle Financial Services	2,287	2,500	Buy	191,841	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	18.5	15.9	15.7	13.3	3.6	2.9
Patni Computers	474	600	Buy	62,198	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	10.8	10.4	8.6	7.2	1.6	1.4
Persistent Systems	408	500	Buy	16,310	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	10.3	10.3	12.1	9.4	2.0	1.7
Polaris Software	167	275	Buy	16,530	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	8.1	7.4	6.9	5.6	1.6	1.3
Satyam Computer Services	89	135	Buy	104,587	7.7	10.6	470.1	38.8	18.6	20.6	15.7	16.8	22.2	24.4	19.6	21.7	0.2	0.1	11.6	8.4	7.7	5.4	2.3	1.8
TCS	1,091	1,100	Hold	2,135,524	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	25.3	21.9	19.9	16.4	8.6	6.5
Tech Mahindra	754	850	Hold	94,764	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	9.1	8.1	9.3	9.1	2.8	2.4
Wipro	432	475	Hold	1,058,508	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	19.7	17.5	15.6	13.0	4.6	3.9
Aggregate	-	-	-	6,003,376	-	-	-	-	23.6	24.3	18.2	18.2						21.1	17.8	16.1	13.1	5.2	4.2	
LOGISTICS																								
Allcargo Global Logistics	152	200	Hold	19,884	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	10.8	9.4	6.3	5.5	1.4	1.2
Container Corp	1,325	1,500	Hold	172,234	65.5	77.1	9.3	17.8	29.1	31.1	23.0	24.4	19.2	18.4	19.2	18.4	-	-	20.2	17.2	14.3	12.1	4.0	3.5
Gateway Distriparks	117	135	Buy	12,613	8.0	9.6	9.4	19.8	28.5	34.4	16.6	17.3	12.3	13.3	10.8	10.1	0.2	0.2	14.6	12.2	9.5	6.8	1.3	1.2
Aggregate	-	-	-	204,731	-	-	-	-	22.4	24.0	16.3	17.1						18.2	15.5	12.2	10.2	3.1	2.7	
OIL & GAS																								
BPCL	744	910	BUY	269,001	4.9	63.8	(94.5)	1,208.0	1.5	3.3	0.1	1.8	1.3	15.8	3.3	13.7	0.8	0.6	152.5	11.7	17.1	8.2	1.9	1.8
Cairn India	333	285	SELL	631,663	25.9	34.7	378.8	33.8	75.2	73.3	52.7	56.8	14.0	16.7	16.2	19.5	(0.1)	(0.1)	12.9	9.6	8.5	7.0	1.7	1.5
GAIL India	498	540	BUY	631,322	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	18.0	13.7	10.5	7.9	3.3	2.8
GSPL	119	125	HOLD	67,025	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	16.8	16.5	7.8	7.3	5.0	5.0
HPCL	469	660	BUY	158,748	50.3	61.8	31.0	22.9	2.9	3.5	1.4	1.8	14.1	15.8	10.2	12.7	0.8	0.7	9.3	7.6	7.9	7.1	1.3	1.1
IGL	322	330	HOLD	45,059	18.2	21.3	18.1	17.4	28.9	27.1	15.6	13.9	27.8	26.9	37.5	33.9	14.8	20.9	17.7	15.1	9.6	7.8	4.5	3.7
IOC	412	550	BUY	1,001,287	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	11.7	10.4	10.4	9.0	1.7	1.6
Oil India	1,451	1,450	SELL	348,947	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)	12.1	12.2	6.8	7.0	2.2	2.0
ONGC	1,337	1,510	BUY	2,860,636	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	11.3	11.8	5.2	5.3	2.4	2.2
Petronet LNG	127	165	BUY	95,063	7.7	9.8	42.2	27.7	9.7	9.9	4.6	5.0	21.4	23.5	19.8	20.0	0.9	0.9	16.5	12.9	9.2	7.7	3.3	2.8
Reliance Industries	1,109	1,210	HOLD	3,627,598	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	17.0	14.8	10.0	9.1	2.3	2.0
Aggregate	-	-	-	9,736,348	-	-	-	-	13.7	15.6	7.3	8.6						14.0	12.4	8.0	7.4	2.2	2.0	



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
PHARMCEUTICALS																								
Biocon	430	550	Buy	86,000	18.3	20.3	22.5	10.7	20.0	20.2	13.2	13.0	18.3	19.3	14.6	16.1	0.3	0.2	23.5	21.2	16.4	14.5	4.9	4.2
Cadila Healthcare	732	770	Hold	149,876	30.9	38.5	20.8	24.9	20.5	21.0	14.4	15.2	36.5	33.6	22.8	24.6	0.7	0.4	23.7	19.0	17.9	14.7	9.2	7.0
Cipla	350	330	Sell	280,982	13.6	16.0	4.3	17.0	24.3	24.9	17.6	18.5	17.2	17.4	17.2	17.4	0.0	0.0	25.6	21.9	19.2	16.8	4.1	3.5
Dishman Pharmaceuticals	176	192	Hold	14,162	10.6	15.2	(6.4)	43.7	21.2	24.3	9.0	11.3	12.3	10.5	8.7	8.3	1.0	1.0	16.6	11.5	10.6	8.1	1.8	1.7
Dr Reddy's Labs	1,757	1,870	Buy	297,165	66.6	102.9	0.5	54.4	18.2	24.2	15.3	19.4	23.3	20.6	17.1	16.6	0.3	0.2	26.4	17.1	22.9	14.2	6.9	5.6
GlaxoSmithKline Pharmaceuticals	2,302	2,160	Hold	194,995	69.8	82.0	18.1	17.6	36.6	36.7	26.8	26.8	29.8	30.6	29.7	30.5	0.0	0.0	33.0	28.1	22.2	18.8	10.9	9.4
Glenmark Pharmaceuticals	370	390	Buy	99,887	18.0	23.4	37.2	30.1	27.6	27.7	16.2	17.6	16.7	17.7	12.9	14.2	0.7	0.5	20.6	15.8	14.0	11.6	4.2	3.5
Jubilant Organosys	314	460	Buy	49,809	29.2	34.6	46.3	18.8	20.1	20.2	11.5	12.2	14.8	16.0	11.6	13.0	0.5	0.4	10.8	9.1	9.3	8.3	1.9	1.5
Lupin	459	510	Buy	204,453	19.6	23.0	28.4	17.4	20.1	19.8	15.5	15.3	39.4	36.3	24.6	26.2	0.6	0.3	23.4	20.0	19.0	16.2	10.1	7.4
Piramal Healthcare	472	480	Sell	98,685	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	16.6	13.7	12.4	10.9	4.6	3.6
Sun Pharmaceutical Industries	2,322	2,210	Hold	478,205	97.7	109.2	41.1	11.8	37.3	35.0	34.3	31.8	19.7	24.1	19.2	22.9	0.0	0.1	23.8	21.3	21.1	18.6	6.3	5.2
Aggregate	-	-	-	1,954,219	-	-	-	-	24.0	24.9	17.8	18.7							23.3	19.0	18.1	14.9	5.8	4.8
POWER																								
Adani Power	141	130	Sell	307,821	6.6	19.6	744.2	196.3	63.9	67.9	56.5	51.6	21.9	47.7	10.0	20.7	1.0	1.7	21.3	7.2	21.2	6.1	4.2	2.9
Lanco Infratech	65	85	Buy	156,267	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	17.8	23.6	8.7	6.7	3.8	3.2
NTPC	194	200	Sell	1,598,796	12.4	13.4	17.3	7.9	35.1	35.0	20.9	20.0	15.7	15.5	22.4	15.5	0.5	0.5	15.6	14.5	10.7	9.5	2.3	2.1
Reliance Power	171	140	Sell	409,733	5.1	4.6	78.5	(8.8)	57.2	52.1	55.4	41.3	7.7	5.9	4.9	3.2	1.3	2.0	33.5	36.8	29.5	26.5	2.1	2.0
Tata Power	1,383	1,250	Hold	328,077	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	18.3	13.7	7.3	5.6	2.3	2.3
Jindal Steel & Power	719	670	Hold	671,505	56.2	68.2	44.0	21.3	34.4	17.0	37.7	38.3	40.3	34.1	23.3	20.9	0.4	0.3	12.8	10.5	8.5	7.3	4.3	3.1
Aggregate	-	-	-	2,472,616	-	-	-	-	35.2	36.8	20.4	20.2							17.8	14.4	12.2	9.3	2.5	2.2
REAL ESTATE																								
Anant Raj Industries	132	170	Buy	39,071	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	16.9	14.1	14.4	11.3	1.1	1.0
DLF	363	335	Hold	616,436	15.1	17.1	40.6	13.7	47.3	44.9	25.7	23.3	10.7	12.6	7.0	8.6	0.7	0.7	24.1	21.2	16.3	13.7	2.4	2.2
Godrej Properties	736	520	Hold	51,378	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	32.8	12.8	31.4	11.8	5.5	3.9
HDIL	265	270	Buy	109,810	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	14.7	6.9	14.3	6.6	1.2	1.0
Indiabulls Real Estate	212	230	Buy	85,180	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	20.7	20.2	13.2	11.7	0.7	0.7
Orbit Corp	119	150	Hold	12,874	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	7.0	5.7	9.8	8.6	1.3	1.2
Peninsula Land	65	75	Sell	18,092	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	7.9	9.0	6.6	7.6	1.2	1.1
Phoenix Mills	239	250	Buy	34,669	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	46.2	13.1	24.0	8.1	2.1	1.9
Puravankara Projects	123	130	Buy	26,219	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	17.3	17.1	18.7	20.8	1.6	1.5
Unitech	91	100	Buy	229,804	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	24.8	17.6	22.1	16.6	2.5	2.1
Aggregate	-	-	-	1,223,533	-	-	-	-	43.3	43.7	26.9	27.3							21.9	15.9	16.8	12.3	1.9	1.7
SUGAR																								
Bajaj Hindusthan	140	107	Hold	26,733	15.7	5.3	400.2	(66.0)	18.8	15.4	6.7	3.0	12.1	3.6	8.3	4.2	0.8	0.4	8.9	26.1	6.2	9.9	1.0	0.9
Balrampur Chini	95	77	Hold	24,587	9.7	11.0	8.9	14.1	23.1	19.5	12.3	12.2	20.2	20.7	14.6	16.9	0.5	0.2	9.8	8.6	7.4	7.5	1.9	1.7
Dhampur Sugar	81	80	Hold	3,846	39.9	18.2	274.8	(54.5)	23.4	19.6	12.1	7.7	35.5	12.8	21.0	10.7	0.8	0.5	2.0	4.4	2.5	4.2	0.5	0.5
Aggregate	-	-	-	55,165	-	-	-	-	20.8	17.5	9.3	6.9							7.2	11.4	5.6	7.9	1.2	1.1



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
TELECOM																								
Bharti Airtel	335	400	Buy	1,270,464	18.2	23.5	(22.9)	28.8	34.9	36.5	11.3	12.0	15.3	17.0	8.7	8.6	1.3	1.1	18.3	14.2	8.5	6.7	2.6	2.2
Idea Cellular	70	95	Buy	230,589	2.9	3.4	(6.6)	19.7	25.8	28.3	6.1	6.0	8.0	8.8	5.8	7.1	1.0	0.9	24.4	20.4	7.4	5.6	2.0	1.7
MTNL	67	50	Sell	42,336	(14.8)	(14.4)	NM	NM	-	-	-	-	(10.3)	(11.1)	(8.9)	(9.5)	0.3	0.3	-	-	-	-	0.4	0.5
Onmobile Global	335	450	Buy	19,615	12.1	18.2	61.5	50.6	22.5	27.4	13.0	15.6	9.2	12.4	7.7	11.2	0.0	0.0	27.7	18.4	14.0	9.2	2.4	2.1
Reliance Communications	181	190	Buy	373,692	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	24.6	16.4	8.3	6.8	0.9	0.9
Tata Communications	318	400	Buy	90,758	(26.1)	(21.6)	NM	NM	11.0	12.5	-	-	(17.9)	(17.6)	3.3	3.2	2.1	2.6	-	-	12.4	9.8	2.4	2.9
Spice Mobility	144	130	Buy	10,740	13.1	24.0	39.1	82.8	9.9	10.4	7.0	9.6	53.5	55.7	47.1	42.1	0.0	0.0	11.0	6.0	6.8	4.9	4.6	2.6
Aggregate	-	-	-	2,038,194	-	-	-	-	29.0	31.1	6.8	8.1							25.7	18.2	8.7	6.8	1.8	1.6
OTHERS																								
Sintex Industries	225	490	Buy	61,477	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	7.5	6.0	9.2	7.4	2.6	2.1

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	1,562	1,800	Buy	639,553	78.9	101.5	27.1	28.7	3.3	3.3	42.8	43.3	18.5	20.3	1.6	1.7	74.7	76.0	15.2	14.6	19.8	15.4	3.4	2.9
Bank of Baroda	1,011	1,200	Buy	368,329	103.8	125.5	24.0	21.0	2.4	2.6	43.6	40.4	24.3	24.8	1.2	1.2	72.6	73.1	14.4	12.5	9.7	8.1	2.2	1.8
Bank of India	525	480	Buy	275,481	52.9	63.8	59.7	20.7	2.4	2.5	43.8	40.7	14.2	19.9	0.7	0.9	73.3	73.0	12.9	13.3	9.9	8.2	1.8	1.5
Canara Bank	836	650	Hold	342,904	89.6	101.3	21.5	13.0	2.4	2.6	40.7	39.7	26.8	26.1	1.3	1.3	72.2	73.6	13.4	12.6	9.3	8.3	2.2	1.8
Corporation Bank	787	775	Hold	112,887	98.6	115.6	20.8	17.3	2.3	2.5	37.1	37.2	21.9	22.3	1.2	1.1	68.2	67.9	13.3	12.6	8.0	6.8	1.6	1.4
HDFC Bank	2,399	2,500	Buy	1,109,558	83.8	108.7	30.1	29.7	4.3	4.5	47.3	46.6	16.3	16.8	1.5	1.6	75.2	75.2	17.4	16.5	28.6	22.1	4.5	3.8
ICICI Bank	1,269	1,060	Hold	1,457,193	45.9	58.9	27.2	28.3	2.4	2.4	37.6	41.6	8.0	9.6	1.1	1.3	89.7	88.4	19.4	17.4	27.6	21.5	2.7	2.5
Oriental Bank of Commerce	533	580	Buy	133,500	61.6	75.6	35.9	22.8	2.4	2.9	41.0	37.7	16.5	19.3	0.9	1.0	69.4	69.7	12.5	12.9	8.7	7.0	1.5	1.3
Punjab National Bank	1,385	1,550	Buy	436,821	146.9	183.7	18.6	25.0	3.3	3.5	39.4	39.2	26.6	25.6	1.4	1.4	74.8	76.1	14.2	14.1	9.4	7.5	2.2	1.8
State Bank of India	3,273	3,700	Buy	2,078,063	187.4	234.6	29.8	25.1	2.5	3.0	52.6	46.8	14.8	16.8	0.9	1.1	78.6	82.4	13.4	12.7	17.5	14.0	2.8	2.4
Union Bank of India	383	437	Buy	193,561	43.1	56.8	4.8	31.9	2.4	2.8	40.7	42.3	26.2	22.4	1.2	1.0	70.2	71.0	12.5	11.7	8.9	6.7	1.8	1.5
Yes Bank	368	350	Hold	127,389	19.9	25.2	41.2	26.8	2.8	2.7	36.7	37.6	20.3	20.2	1.6	1.5	82.8	78.3	20.6	16.8	18.5	14.6	3.4	2.9
SPECIALTY FINANCE																								
HDFC	725	750	HOLD	1,060,090	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	30.9	25.9	6.3	5.5
LIC Housing Finance	1,399	1,575	BUY	132,763	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	14.5	12.1	3.2	2.7
Dewan Housing Finance	309	370	BUY	32,181	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	14.2	10.3	2.2	1.8
Aggregate	-	-	-	8,500,272	-	-	-	-													17.3	13.9	2.9	2.5

Source: RCML Research * Not Rated

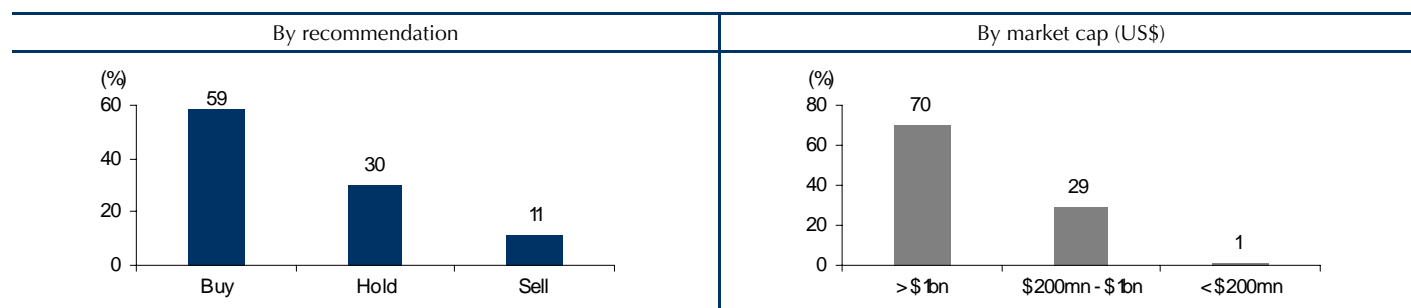


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Coverage Profile



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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