



We believe the severe downturn in the markets present long term investors with bottom up fishing opportunity. We present to you basket of 16 stocks which are attractively valued and closer to levels of 2008 crisis period.

Company name	Investment Rationale
<b>SBI</b>  <b>CMP: Rs. 1,678</b>  <b>FV: Rs. 10</b>	<p>Street has been cautious on SBI for the past six months, on account of the following challenges: 1) asset quality woes with higher slippage run-rate and 2) reduction in Tier 1 making rights issue critical for the bank. Uncertainty on both counts coupled with the latest rating downgrade by Moody's has led to underperformance in the stock over the past six months. We believe the expected increase in NPAs and no clarity from the government on capital infusion have resulted in the downgrade from Moody's rating. This resulted into excessive stock price hammering on the announcement.</p> <p>We believe excessive price destruction gives an opportunity to entry for investors at attractive valuation. The stock is currently trading at P/BV of 1.4x consolidated book (FY13E) offering favorable risk reward to accumulate. We maintain BUY recommendation on the stock.</p>



<p><b>BHEL</b></p> <p><b>CMP: Rs. 262</b></p> <p><b>FV: Rs. 2</b></p>	<p>We believe the stock is available at attractive valuations post correction.</p> <p>The company has an impressive pipeline of orders (of around 9GW, including NTPC bulk order) at advanced stage of booking and another 1,500-2,000MW of orders with letter of intent.</p> <p>The management maintained its guidance of 10% growth in order intake in FY12.</p> <p>Given the pipeline of projects, we expect BHEL to meet its guidance.</p>
<p><b>L&amp;T</b></p> <p><b>CMP: Rs. 1,232</b></p> <p><b>FV: Rs. 2</b></p>	<p>Best play in infrastructure space on account of the following factors:</p> <ul style="list-style-type: none"> <li>a) Good execution track record</li> <li>b) Quality management</li> <li>c) Strong orderbook</li> </ul> <p>New order inflows of Rs. 161bn also surprised the street positively (street est of Rs120bn) sustaining the book to bill ratio at 3.0x</p>
<p><b>Reliance Industries Ltd.</b></p> <p><b>CMP: Rs. 787</b></p> <p><b>FV: Rs. 10</b></p>	<p>Recent correction provides room for upside.</p> <p>With inflow of US\$5.2bn on conclusion of BP deal, RIL will have US\$15bn of cash. Uncertainty on deployment of the cash has been an overhang, but significant cash balances do give RIL to explore inorganic opportunities.</p> <p>Potential triggers to the stock include: 1) earnings delivery aided by rupee depreciation, and 2) roadmap to ramp up KG production – with fixed gas prices, E&amp;P earnings will be stable even in a downturn.</p>
<p><b>ICICI Bank</b></p> <p><b>CMP: Rs. 732</b></p> <p><b>FV: Rs. 10</b></p>	<p>Impressive ROA of 1.4%, robust capital adequacy ratio of 19.6%, impressive CASA at 41.9%</p> <p>Consistent strength in asset quality, guidance on decent loan growth of 18%</p>
<p><b>Maruti Suzuki</b></p> <p><b>CMP: Rs. 945</b></p> <p><b>FV: Rs. 5</b></p>	<p>Maruti is India's largest passenger car company. The company primarily sells compact hatchbacks (collectively 70% of volumes) and has recently moved up to premium segments.</p> <p>Key product launches to drive growth: Over the next year, Maruti has a slew of new launches, both replacements for compact/premium hatchbacks (55% of industry) and new Utility/Multi-purpose vehicles (13%). We believe these initiatives should enable the company to regain market share. The new entries are: (1) <i>Swift</i>, which has bookings of 50,000 units, which should improve the monthly run-rate by 40-50% compared to earlier, (2) <i>R3</i> Utility vehicle, where the company has no presence so far, and (3) a compact car straddling the <i>Alto 800</i>, where competition is limited, possibly with a diesel variant.</p>
<p><b>Engineers India</b></p> <p><b>CMP: Rs. 222.7</b></p> <p><b>FV: Rs. 5</b></p>	<p>Engineers India (EIL) is debts free Co with cash and cash equivalents at Rs 21 bn in the books which translates into cash at Rs 62 per share. The co has been consistently demonstrating consistent &amp; robust financial performance.</p> <p>EIL has strong order book of Rs 67. bn as on 30th June, 2011 which provides</p>



	revenue visibility for next 2 years going forward.
<b>Opto Circuits</b>  <b>CMP: Rs. 218</b>  <b>FV: Rs. 5</b>	<p>The company reported better-than-expected sales in Q2FY12.</p> <p>In the domestic medical equipments space, the company has emerged as the largest player. This is mainly attributable to its vast product range, technological innovation. It currently has rights over 35 product patents, with 28 applications pending. The product profile of the company consists of ~ 90 products spread across the noninvasive and invasive segments of medical devices and it also provides ancillary and complementary services for its patient monitoring devices.</p> <p>Factors like a) improved product mix, b) new launches to drive revenue growth would drive stock valuations</p>
<b>Reliance Infra</b>  <b>CMP: Rs. 403</b>  <b>FV: Rs. 10</b>	<p>Reliance Infrastructure Ltd is present across the entire power chain - generation, transmission and distribution. Further, it also has a presence in EPC projects for the power sector and in Infrastructure projects (Metros, Roads and Real Estate).</p> <p>Reliance Infra has seen steep value erosion and stock price has fallen ~56% over the past 14 months. Due to the involvement of the group in litigation/regulatory inquiries and questions being raised about the accounting practices of a group company in the past, RIL has witnessed a relative de-rating over the past few months despite the fundamentals not seeing a major deterioration. On the other hand the street feels that the pendulum has swung to the other extreme and the stock is available at attractive valuations.</p>
<b>IFCI</b>  <b>CMP: Rs. 21.6</b>  <b>FV: Rs. 10</b>	<p>The stock is available at attractive valuations – Price/Book of 0.4x.</p> <p>Approval of Banking license would act as key trigger to the stock.</p>
<b>JP Associates</b>  <b>CMP: Rs. 60.9</b>  <b>FV: Rs. 2</b>	<p>JP Associates is an Infrastructure conglomerate focused on Engineering and Construction of hydro power stations, cement, expressways &amp; real estate. It owns a controlling stake in two hydro plants totaling to 700MW and has concessions of 1,3470MW to be implemented by FY16E. It is also doubling its cement capacity and has interests in hotels and hospitality sectors.</p> <p>Key potential stock triggers are a) acquisition of land for Yamuna Expressway realty land bank across all five parcels, b) development plan of Yamuna Expressway region like Greater NOIDA international airport, F1 circuit etc., c) Fund raising at JP Power and timely execution of 12GW pipeline and d) strong cement demand growth.</p> <p>While the stock appears expensive on parent valuations, we urge investors to look at the stock on NAV due to the asset based nature of its business &amp; holding company structure.</p>



<p><b>Suzlon Energy</b></p> <p><b>CMP: Rs. 21.4</b></p> <p><b>FV: Rs. 2</b></p>	<p>Strong momentum in Indian wind power market (FY11 volume growth of 71%) driven by 1) increasing presence of utilities and 2) favorable policies - GBI, RECs, CERC regulations.</p> <p>With due consideration to factors like 1) well diversified portfolio of wind sites, 2) launch of 2.1MW turbines and 3) proven end to end execution - Suzlon to sustain its competitive advantage (50% market share) in India, the stock looks attractive.</p>
<p><b>Pratibha Industries</b></p> <p><b>CMP: Rs. 32.7</b></p> <p><b>FV: Rs. 2</b></p>	<p>Established in 1982, Pratibha Industries Ltd. (PIL) is engaged in the infrastructure development business with a niche in the water management projects, road construction, airport terminals, mass housing projects, commercial complexes, railway stations and tunneling projects. It also manufactures SAW pipes for captive consumption and for Oil &amp; Gas players.</p> <p>PIL has a pan India presence and operates in 14 states across the country. The company operates in the states of the Jammu and Kashmir, Punjab, Haryana, National Capital Territory of Delhi, Rajasthan, Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Uttar Pradesh, Bihar and Assam, with Maharashtra accounting for 42% of total order book.</p> <p>Improving balance sheet, net debt/equity to improve: It has taken good efforts to improve the quality of its balance sheet. It raised Rs. 1 bn. by issuing 12.2 mn equity shares at Rs. 82 per share to qualified institutional buyers.</p> <p>In addition, it raised Rs. 500 mn by issuing 3.8 mn equity shares and 1.6 mn compulsorily convertible participatory preference shares (CCPS) for Rs. 92 each to Van Dyck which is a subsidiary of Chryscapital V, LLC. The CCPS will be convertible in 18 months at price of Rs. 92. This would enable the company to reduce its leverage levels and meet capex requirements. PIL's debt/equity is expected to improve and touch 0.61x in FY12E.</p>
<p><b>IVRCL</b></p> <p><b>CMP: Rs. 32.6</b></p> <p><b>FV: Rs. 2</b></p>	<p>With consistent execution slippages in FY11 and Q1FY12, the stock has seen a steep correction of 76% in the last 12 months. The street expects execution to remain sluggish in FY12E as their orderbook of Rs. 216bn, comprises of Rs. 106bn (~49%) worth of slow moving orders, would remain a key monitorable in the next 3 to 6 months. These includes (1) AP irrigate on ~Rs. 28bn; (2) Captive road orders ~Rs. 45bn and (3) L1 ~ Rs. 33bn.</p> <p>We believe the steep correction can be used to take a contrarian call for high rewards.</p>
<p><b>GVK Power</b></p> <p><b>CMP: Rs. 10.6</b></p> <p><b>FV: Re. 1</b></p>	<p>GVK Power &amp; Infrastructure is the holding company of the GVK group's infrastructure business and operates infrastructure assets across the energy, transportation and urban infrastructure (development of SEZ) verticals.</p> <p>Decent performance in Q1FY12: The company's results were ahead of street expectations with revenues at Rs. 6.1bn, EBITDA at Rs. 1.4bn and PAT at Rs. 0.6bn.</p> <p>Performance of the power segment was robust (PLFs of 80%, 93% and 90% at J-</p>



	<p>1, J-2 and Gautami) due to supplementing gas supply with R-LNG at the behest of APTRANSCO. Overall, the segment reported revenues of Rs. 5.6bn, EBITDA of Rs. 1.1bn and PAT of Rs. 264mn.</p> <p>Both the airports and roads segment performed largely in line with the street expectations. Airports reported revenues of Rs. 4.7bn with GVK's stake in profits at Rs. 668mn. JKEL reported revenues of Rs. 499mn and PAT of Rs. 229mn.</p> <p><b>With due consideration to key triggers like</b>, a) monetization of Mumbai airport real estate, b) clarity on gas availability for power projects, c) street estimates of revenue /PAT CAGR of 43%/20% over FY11-FY13E, the stock looks attractive</p>
<p><b>Unity Infra</b></p> <p><b>CMP: Rs. 32.5</b></p> <p><b>FV: Rs. 2</b></p>	<p>Unity Infraprojects Ltd (UIL) is one of the leading engineering and construction company based in Mumbai. The company is the flagship unit of the Mumbai based KK Group of Companies. The company is focused in areas, such as civil construction and infrastructure development. Their projects include civil construction, transportation engineering, irrigation and water supply projects. The company has two subsidiaries, namely Unity Realty and Developers Ltd &amp; Unity Infrastructure Assets Ltd.</p> <p>In terms of business vertical the share of water &amp; irrigation orders is 35%, building is 53% and transportation is 12%. In terms of geographical break up about 56% of the order book is from Western Region of India, Overseas 1.9% and balance all are accounted by rest of India."</p> <p>Diversified Healthy order book of Rs. 38,799.10 mn (excluding L1 orders of Rs. 18,472 mn) as on 7th October, 2011, which stands at ~2.3x FY11 sales, which provides the revenue visibility for next 30 months.</p> <p>Street expects the topline to grow at a CAGR of ~24% from FY11A to FY13E as compared to CAGR of 23% from FY09A to FY11A.</p>



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