

Considering the recent downturn in the markets, we present to you four baskets of 11 stocks in each basket. Investors may choose any of the baskets depending upon the risk appetite:

I. Low Risk, Good return of 10%

Company name	Investment Rationale
Axis Bank	<p>Healthy asset quality with Net NPA ratio of 0.11%.</p> <p>Over the past five years, Deposits have grown at a CAGR of 36% while advances have registered a growth of 45%.</p>
SBI	<p>CASA as per industry expectations – 47.8%.</p> <p>NIM expansion - Margin expansion of 55bps taking its quarterly NIM to a multi-quarter high. Both, the domestic (3.3% to 3.9%) and international (1.3% to 1.7%) NIMs improved materially on sequential basis.</p> <p>High NIM boosting operating income and improving visibility on capital augmentation would be key triggers for the stock price.</p>
BHEL	<p>We believe the stock is available at attractive valuations post correction.</p> <p>BHEL booked new orders worth INR25b in Q1FY12 against INR108b in Q1FY11. Orders in the power segment declined significantly while the industrial and international segments posted healthy growth of 36% on yoy basis.</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. EBITDA margin expanded by 10bp on yoy basis to 15.3%, driven by improvement in industry segment margin. Profitability of the power segment declined sharply, due to change in product mix.</p>
L&T	<p>Best play in infrastructure space on account of the following factors:</p> <ol style="list-style-type: none"> Good execution track record Quality management Strong orderbook <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>
Tata Steel	<p>Cheaply valued, Domestic profitability remains good</p>



	<p>Sale of key investments and winning of arbitration settlement with the TCP consortium helped the company to raise a total of Rs. 61 bn thereby resulting in improved liquidity position.</p> <p>Continued reduction in net debt of US\$3.3bn over six months is a big positive.</p>
TCS	<p>Recent correction provides room for upside.</p> <p>Impressive performance in Q1FY12.</p>
M&M	<p>Expect strong automotive business in the ensuing quarter and expect 14% growth in FY12. The growth is expected to be primarily on the back of new compact UV, Xylo variants in July 2011 and incremental sales from Scorpio and Bolero.</p> <p>Street also expects strong growth in the pick-up segment with expected higher sales from newly launched Maximo Mini Van, Gio compact cab and gain market share in this segment.</p>
Coal India	<p>Monopoly in the coal sector</p> <p>Coal India Ltd. (CIL) Q1FY12 results were above street expectations on account of (1) higher-than expected coal realizations (2) higher-than-expected non-operating income and (3) lower-than expected tax rate.</p> <p>In Q1FY12, CIL's consolidated net sales grew 26.8% yoy to Rs. 145bn on account of (1) higher coal realizations post the February 2011 price hike, (2) higher e-auction sales and realizations and (3) higher coal dispatch at 104.7mn tones.</p>
Siemens	<p>We remain positive on Siemens because of the following factors:</p> <p>Siemens has benefited from strong order inflow in its industry segment, which should drive revenue for its short-cycle product business.</p> <p>Management is bullish on its product business (accounting for 40% of FY10 revenue), and orders for its energy division. However, it expects weakness for long-cycle projects in the industry segment, and that longer payment terms will have an impact on the company's working capital cycle.</p>
Infosys	<p>In its analyst meet, Infosys' management once again highlighted its recent re-organization, which not only improves client focus, but also aligns it with its strategic initiatives such as higher focus on platforms, M&A, training, etc.</p> <p>Though recent 'macro' concerns are increasing uncertainty, its clients have been at status quo and no project delays/cancellations were seen.</p> <p>Management reiterated its guidance for 18-20% US\$ revenue growth in FY12.</p>
Reliance Industries Ltd.	<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.</p>

Uncertainty on deployment of the cash has been an overhang, but significant cash balances do give RIL to explore inorganic opportunities.

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&P earnings will be stable even in a downturn.

II. Medium Risk, Handsome rewards of 15%

Company name	Investment Rationale
ICICI Bank	<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>
Bharti Airtel	<p>Best play in the Indian Telecom space.</p> <p>Bharti's FY11 annual report reveals that management has limited market share losses in key Africa markets after assuming control.</p> <p>Losses from new investments (Sri Lanka, Bangladesh, and India DTH) are -Rs3.5/share and prospects of turnaround are strong.</p>
Bajaj Auto	<p>The company maintained its guidance of 20% volume growth for FY12E, with higher growth in exports), to be aided by the launch of Boxer 150cc in August, 2011 and Pulsar variant in Q3FY12.</p> <p>The company recorded its highest ever quarterly volumes of 1.1 mn units in Q1FY12. (18% on yoy basis and 15% on qoq basis).</p> <p>Upcoming festive season to drive volume growth.</p>
Maruti Suzuki	<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>
Engineers India	<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 & robust financial performance.</p> <p>EIL has strong order book of Rs 67. bn as on 30th June, 2011 which provides revenue visibility for next 2 years going forward.</p>



<p>Opto Circuits</p>	<p>The company reported better-than-expected sales and operational improvement at Cardiac Science improved the margins in Q1FY12.</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>
<p>DB Corp</p>	<p>The company is India's leading print media company that publishes seven newspapers with 59 editions, 135 sub-editions in three languages (Hindi, Gujarati and English) across 13 states in India.</p> <p>Its flagship newspapers Dainik Bhaskar (in Hindi) established in 1958, Divya Bhaskar and Saurashtra Samachar (in Gujarati) have a combined average daily readership of 17.9 million, making it most widely read newspaper groups in India with presence in Madhya Pradesh, Chhattisgarh, Rajasthan, Haryana, Punjab, Chandigarh, Himachal Pradesh, Uttarakhand, Delhi, Gujarat, Maharashtra, Jharkhand and Jammu & Kashmir.</p> <p>Strong Q1FY12 results inspite of slowdown, retail keeps pace.</p>
<p>Eros International</p>	<p>EIML is one of the market leaders in the Indian film industry. Being part of the prestigious Eros group, it enjoys strong parentage. Eros group has ~three decades of experience in its domain.</p> <p>Strong content library: The group has rights of over 1,000 films, comprising of previously released films and music videos. EIML adds to the Eros India Library by regularly sourcing new and catalogue films for exploitation within India, Nepal and Bhutan as well as overseas.</p> <p>Strong Q1FY12 performance, expected to maintain the good momentum in coming quarters.</p>
<p>Jubilant Lifescience</p>	<p>It is an integrated pharmaceutical industry player and the largest Custom Research and Manufacturing Services Company in India.</p> <p>Recently, the company has entered a long term supply agreement for a new product. The total contract is valued at over US\$ 80 mn and to be supplied in 3 years from the quarter April –June 2012. This contract has a minimum volume 'take or pay' commitment and has an opportunity to go over US\$ 100 mn. This product has a huge demand in the market which is vindicated by the release of advance payment by the customer on the signing of the contract.</p> <p>We believe, this would re rate the valuation of the stock</p>



<p>Reliance Infra</p>	<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 12 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>
<p>GSFC</p>	<p>Best play in the fertilizer space.</p> <p>Attractive valuations, trading at a P/E of 4.9x at estimated FY13 EPS.</p> <p>Q1FY12 results were in line with street estimates with APAT of Rs 1.77bn, 63% yoy growth. Reported sales of Rs 12.1bn, 13% yoy excludes inventory gain of Rs. 441mn.</p> <p>Impressive margin performance in Q1FY12: Chemicals segment margins at 38.7% (1700bps yoy/400bps qoq) surprised positively. Fertilizer segment margins improved 160bps yoy to 15%.</p>

III. Best Bargain, High Rewards of 20%

Company name	Investment Rationale
<p>IFCI</p>	<p>The stock is available at attractive valuations – Price/Book of 0.61x.</p> <p>Approval of Banking license would act as key trigger to the stock.</p>
<p>Indian Hotels</p>	<p>Consolidated revenues grew 13.5% yoy after two successive years of decline.</p> <p>Standalone ARR's grew 9% yoy and occupancies also remained on an uptrend.</p> <p>Renewed operations of its Mumbai property Taj Mahal Palace aided volume growth in H2 FY11.</p> <p>Management expects Net Debt/Equity to fall to 1x in FY13.</p>
<p>BPCL</p>	<p>BPCL reported a loss of Rs25.6bn for 1QFY12, marginally lower than street estimate, with its under-recoveries at Rs33.5bn in the quarter.</p> <p>GRM stood at US\$3.02/bbl (4QFY11 US\$6.9/bbl). GRM declined due to inventory loss on crude owing to withdrawal of customs duty and an unscheduled shutdown at the Kochi refinery that reported GRM of US\$0.15/bbl (4QFY11 US\$8.5/bbl). Management indicates that problems at Kochi have been</p>



	<p>resolved now.</p> <p>We believe, the recent correction on account of Q1FY12 results and poor secondary market conditions has made the stock attractive. Any newsflow on fuel price hike will lead to rally in the stock.</p>
Punj Lloyd	<p>Revenue growth a positive surprise: Punj Lloyd (Punj) reported revenues at Rs23bn, a 40% yoy growth in Q1FY12. This was far ahead than street expectations of Rs15.6bn. Pipeline and Infrastructure (54%) contributed majorly to the revenues, while Process and Power also contributed 27% to the revenues.</p> <p>Geographically, Asia continues to contribute nearly 37% to the revenues.</p> <p>Current order book of Punj stands at Rs239.7bn from Rs228bn in Q4FY11, and the order intake stood at Rs50bn</p>
Gammon India	<p>We believe Q3FY11 results were not upto street expectations. However, we believe, given the fact it is one of the oldest infrastructure companies with quality management and strong track record, the recent price correction makes the stock attractive for investors.</p>
Kewal Kiran Clothing	<p>Play on India's consumption theme.</p> <p>High free cash flow generating company, cheaply valued to peers like Page Industries and Lovable Lingerie.</p> <p>Kewal Kiran's revenues are expected to increase at a two-year CAGR of 30% to Rs 3.9 bn by FY13. This growth is expected to be driven by growth in its accessories variant 'Addiction' coupled with robust growth in 'Killer' and 'Integrity' brands. Street expects PAT margin to be ~ 17.7% in FY13.</p> <p>The company's strategy of steady investments in brand building, its positioning and pricing strategy have helped the three brands – Killer, Lawman Pg3 and Integrity – register robust growth in the recent past.</p> <p>Volumes have grown consistently despite an increase in average realizations, which also helped the company expand margins despite a spike in raw material prices.</p>
JP Associates	<p>JP Associates is an Infrastructure conglomerate focused on Engineering and Construction of hydro power stations, cement, expressways & 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</p>



	look at the stock on NAV due to the asset based nature of its business & holding company structure.
DLF	Street estimates suggest NAV of Rs. 240. (CMP at a discount of 25%). The recent price correction on account of Competition Commission of India imposing Rs. 6.3 bn penalty on DLF for abusing its dominant position while entering into agreements with home buyers can be used for generating high rewards. We believe, the current market price has already discounted the event and is available at attractive valuations.
HDIL	Competitive pricing strategy leading to volume offtake and clearance of inventory leading to improved cashflow, strength in TDR market, trading at 58% at NAV).
Welspun Corp	<p>Welspun Corp is a one stop service provider offering complete pipe solutions with capabilities to manufacture line pipes ranging from 0.5 inch to 100 inches, along with specialized coating, double jointing and bending.</p> <p>It currently has a capacity of ~2 mn MTPA in Dahej, Anjar in Gujarat, India, Little rock in USA and Saudi Arabia. The company is a preferred supplier to most of the fortune 100 oil and gas companies.</p>
Prakash Steelage	<p>Prakash group has completed 35 years since its formation in 1976. The company has evolved from trader to manufacturer of value added stainless steel products. It has a pre eminent position in the importation, stocking and supplying flat and long stainless steel products in India.</p> <p>The company was incorporated in the year 1991 for manufacturing Stainless Steel Welded and Seamless Pipes and 'U' tubes under one umbrella in India, which commenced production at its Silvassa unit in the year 1996.</p> <p>Strong client base: It enjoys credible relationship with Bharat Heavy Electrical Ltd., Essar Heavy Engineering Services Ltd., Siemens Ltd., Profins Ltd (UK), Sole A/S (Eggedal).</p> <p>PSL's customer base includes a diverse set of industries including Oil & Gas, Power, Pharmaceutical, Petrochemical, Sugar, Dairy, Automobile etc. Its products are exported in the markets of North America, South East Asia, Africa, Middle-East and Europe.</p> <p>Impressive Q1FY12 performance.</p>

IV. High Risk, Very High Rewards of 25%

Company name	Investment Rationale
Jubilant Foodworks	Riding high on India's consumption theme, Robust and safe business model with high operating cash flows.



	<p>Strong Q1FY12 performance: The company reported sales growth of 60% yoy to Rs 2.2 bn which was driven by strong 37% same store growth. PAT growth of 52% yoy to Rs 232 mn is marginally higher than street expectations.</p> <p>Continued momentum of strong same -store sales growth (SSG) of 30%+ for last six consecutive quarters.</p>
Suzlon Energy	<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>
Pratibha Industries	<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 & 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 CCPPS 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>
Delta Corp	<p>The company has evolved from textile player to a diversified company engaged in gaming and entertainment, real estate (India and East Africa), hospitality. It was promoted by Mr. Jaydev Mody, former managing director of Peninsula Land.</p> <p>It enjoys leadership position in casino gaming business in India, offering over one thousand gaming positions) and the only listed company in this space on the Indian bourses since 1992, formerly known as Arrow Webtex Ltd.</p> <p>The company owns and operates three offshore live gaming casinos in Goa on River Mandovi – Casino Royale, Caravela and King's Casino. The company owns three out of the six offshore live gaming casino licenses issued by the</p>



	Government of Goa.
Uco Bank	<p>Strong Q1FY12 performance: The Bank's net profit rose by 29.5% qoq and 12.4% yoy to Rs. 2930 mn, above street estimates, due to lower operating expenses and tax expenses</p> <p>The bank shed ~Rs.180bn worth of bulk deposits during 1QFY2012. The bank registered lower slippages compared to Q4FY2011 and rise in reported NIM by 11bp qoq were the key highlights of the results.</p> <p>Going forward, street expects the bank's earnings to find support from increasing exposure to the SME and retail segments, improving other income and moderating asset-quality pressures, aided by increasing recoveries.</p>
BGR Energy	<p>The company has given Revenue growth guidance of ~15% yoy (based on existing Order book), implying sales of Rs. 54.62 bn.</p> <p>EBITDA margin guidance of 11-12%, PAT margin guidance of 6.5%</p> <p>The company expects the order book to improve in Q2FY12/ Q3FY12, which should contribute additionally to FY12E Revenue.</p> <p>The company has a good track record of achieving its sales and PAT guidance. For FY11, BGR had guided revenues of Rs.45-50 bn and a PAT margin guidance of 6.5%, implying PAT of Rs. 3.1 bn which were in line with the actual. However, the order inflow guidance of Rs. 150-200 bn didn't happen and it managed to win only `29.4 bn of orders during FY11.</p>
Reliance Communication	<p>In Q1FY12, Reliance Communication reported consolidated revenue of Rs49.4bn in Q1FY12. Wireless revenue grew by 3.1% on qoq basis to Rs43.3bn (in line with street estimate) led by higher paid minutes on network.</p> <p>EBITDA was up 1.6% sequentially, led by lower operating costs. Network, employee and administrative cost declined sequentially by 13.0%, 13.7% and 19.0%, respectively. EBITDA margin at 32.4% was up 285bps qoq.</p>
Bank of India	<p>The recent price correction post poor Q1FY12 results has the stock attractive on the valuation front considering its scale and size as compared to other PSU banks.</p> <p>Cheaply valued at Price /Book value of 1.09x</p>
IOB	<p>Stable asset quality: Asset quality was stable, with net NPA of 1.1% and healthy NPA coverage of 73.5% in Q1FY12.</p> <p>Business growth healthy: Advances grew 44% yoy on the lower base (and 6.5% qoq) to Rs. 1.2trn. Street expects growth in advances in FY12 to moderate to 21.5%</p>
IVRCL	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



	<p>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>
GVK Power	<p>GVK Power & 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-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>With due consideration to key triggers like, 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>

Investors with a horizon of 6-10 months can buy these stocks at current prices between Nifty levels of 4850 down to 4700 and can expect returns of 10%, 15%, 20% and 25% respectively for I, II, III and IV whichever is earlier for exit.



Disclaimer

The content in this mailer has been prepared by Ajcon Global Services Ltd. and is meant for the recipient for use as intended and not for circulation.

The content in the mailer should not be reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as decision such.

Ajcon Global Services Ltd. would not be responsible for any loss to the investors; they should verify all the fundamentals before investing.

Ajcon Global Services Ltd., its directors and employees, will not in any way be responsible for the contents of this mailer. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this mailer may not be suitable for all investors. Investors must make their own investment based on their own investment objectives, goals and financial position and based on their own analysis.

Ajcon Global Services Ltd. proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.