

## Dealer's Diary

The markets surged in early trades tracking higher Asian stocks. However, markets pared gains towards mid morning and were range-bound in early afternoon trades following the European stocks coming off the initial highs. Towards close with the European stocks regaining some lost ground, the Indian bourses recovered to a certain extent. The Sensex closed with gains of 0.4%, while the Nifty ended 0.5% higher. The BSE mid- and small-cap indices however, outperformed the key benchmark indices closing with gains of 0.8% and 1.3%, respectively. Among the front-liners, Tata Motors, Sterlite Industries, Reliance Communication, Reliance Infra and Tata Steel moved up 2-4%, while Bharti Airtel, Hindustan Unilever, HDFC Bank, NTPC and ACC slipped 0-2%. Among the mid caps, CMC, Chambal Fertilisers, RCF, REI Agro and Nirma added 7-18%, while Indiabulls Fin., Apollo Hospitals, Praj Industries, Binani Cement and Radico Khaitan lost 3-4%.

## Markets Today

The trend deciding level for the day is 20,350/6,143 levels. If NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally up to 20,451-20,561/6,180-6,225 levels. However, if NIFTY trades below 20,350/6,143 levels for the first half-an-hour of trade then it may correct up to 20,240-20,139/6,099-6,061 levels.

Indices	S2	S1	R1	R2
SENSEX	20,139	20,240	20,451	20,561
NIFTY	6,061	6,099	6,180	6,225

## News Analysis

- Prestige Estates Projects – IPO Review
- 2QFY2011 Result Review - Sintex Industries
- 2QFY2011 Result Preview - Exide Industries
- Tata Motors launches India's first crossover vehicle, Tata Aria

Refer detailed news analysis on the following page.

### Net Inflows (October 07, 2010)

Rs cr	Purch	Sales	Net	MTD	YTD
FII	5,098	3,397	1,701	8,839	97,161
MFs	438	1,078	(640)	(1,759)	(24,788)

### FII Derivatives (October 11, 2010)

Rs cr	Purch	Sales	Net	Open Interest
Index Futures	1,109	896	212	15,933
Stock Futures	945	1,542	(597)	43,750

### Gainers / Losers

Gainers			Losers		
Company	Price (Rs)	chg (%)	Company	Price (Rs)	chg (%)
Chambal Fert	82	10.2	Indiabulls Fin	175	(4.1)
Godrej Inds	234	5.2	Apollo Hospt	511	(3.9)
Great Offshore	404	5.0	Praj Inds	77	(3.7)
Exide Inds	178	5.0	Bharti Airtel	343	(2.5)
Vijaya Bank	95	4.8	Biocon	402	(2.4)

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	0.4%	89.6	20,340
Nifty	0.5%	32.4	6,136
MID CAP	0.8%	65.9	8,396
SMALL CAP	1.3%	136.5	10,649
BSE HC	0.3%	18.4	6,324
BSE PSU	0.5%	54.5	10,553
BANKEX	0.2%	34.5	14,220
AUTO	1.9%	186.9	9,888
METAL	1.6%	273.1	17,665
OIL & GAS	1.3%	139.8	10,945
BSE IT	-0.1%	(7.4)	6,045
Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	0.0%	3.9	11,010
NASDAQ	0.0%	0.4	2,402
FTSE	0.3%	14.8	5,662
Nikkei	-1.0%	(95.9)	9,589
Hang Seng	1.1%	263.1	23,207
Straits Times	0.3%	10.1	3,163
Shanghai Com	2.5%	68.2	2,807

Indian ADRs	Chg (%)	(Pts)	(Close)
Infosys	-1.0%	(0.7)	\$68.8
Wipro	0.0%	-	\$15.7
Satyam	1.3%	0.1	\$3.9
ICICI Bank	0.9%	0.4	\$52.0
HDFC Bank	-0.9%	(1.6)	\$185.6

Advances / Declines	BSE	NSE
Advances	1,909	919
Declines	1,082	455
Unchanged	91	50

Volumes (Rs cr)	
BSE	4,786
NSE	14,496

## Prestige Estates Projects – IPO Review

Prestige Estates Projects (PEPL) is making an IPO for Rs1,200cr through fresh issue of 6.7-6.9cr shares (20.3 - 20.9% of its post-issue paid-up capital) in the price band of Rs172-180/share. PEPL intends to utilise the IPO proceeds to fund construction of its ongoing and planned residential and commercial projects, invest in its subsidiaries, acquire land and repayment of loans.

### Diversified portfolio with proven track record in execution

PEPL has an execution track record of having completed 11.5msf of residential, 7.4msf of commercial and 1msf of retail and hospitality projects over the last five years. PEPL enjoys a strong brand in Bengaluru, which accounts for 73% of its current land bank. However, the company is now in the process of geographically diversifying and expanding its real estate development business in the other southern cities of Chennai, Cochin, Hyderabad, Mysore and Mangalore. We expect PEPL to be a key beneficiary of the recovery phase being witnessed in the IT/ITES space on account of increased job security and improving salaries leading to higher demand for housing.

**Stretched Balance Sheet:** The company has total debt of ~Rs20bn, implying gross debt of 2.6x as on June10. The company would utilise some of the IPO proceeds to repay debt. Hence, post the IPO, the company's debt/equity ratio would be 1x. The higher debt is attributable to exposure towards the non-residential segment where the cash inflow is back-ended. Further, it largely focuses on joint development model, which gives limited scope of improvement in margins.

**Premium to peers and our 1-year forward NAV:** We have assumed an eight year development period for the company's existing land bank. Also, we have assumed average realisation of Rs6,000 per sq ft on PEPL's saleable interest based on its geographical presence, which gives us a fair NAV of Rs164/share. At lower band of the issue price, the company will trade at 2.5x P/BV on FY2012E and 4% premium to our 1-yr forward NAV, which is at premium to its peer group. **Hence we recommend Avoid to the issue.**

## 2QFY2011 Results Review - Sintex Industries

Sintex Industries (Sintex) has reported its 2QFY2011 results, which is significantly above our expectation. Revenues increased 29.0% yoy to Rs923cr in line with our expectation. Growth was largely driven by the monolithic segment and international subsidiaries. The pre-fab segment grew 36.8% yoy to Rs413cr largely driven by the monolithic segment, which grew 107.7% yoy. However, the domestic custom moulding segment reported subdued set of numbers. Standalone BT Shelter and Zeppelin continued to drag performance. Nief and Wausaukee reported strong revenue growth albeit on a low base. Bright Autoplast continued to report good revenues, growing 50.3% yoy driven by increasing capacity utilisation of its new Chennai plant and addition of new customers. The textile segment reported robust revenue growth of 24.4% yoy to Rs95cr on a low base and pick up in demand in high-end fabrics. Operating margins came in at 18.6%, up 34bp yoy and 350bp qoq on the back of higher contribution from the high-margin monolithic segment. Interest cost expenses grew 69.2% yoy to Rs27cr due to the one-time settlement of Rs4cr with ONGC. Other income grew 462.1% yoy to Rs27cr, as the company booked ~Rs5.1cr of MTM loss on its FCCB in 2QFY2010. Consequently, PAT came in at Rs100.1cr, up 74.9% yoy, which was significantly above our expectations. **The stock is currently under review.**

## 2QFY2011 Result Preview - Exide Industries

Exide Industries is slated to announce its 2QFY2011 results today. We expect the company's top-line to grow by 26% yoy to Rs1,198cr backed by robust demand from the automobile and industrial battery segment. EBITDA margin is expected to decline by 416bp yoy to 21.8% due to increase in the average lead prices during the quarter on a yoy basis. However, bottom-line is expected to increase by 7.8% yoy to Rs161.4cr. **Currently, the stock is Under Review.**

## Tata Motors launches India's first crossover vehicle, Tata Aria

Tata Motors has launched the first Indian crossover four-wheeler called the Tata Aria. The crossover combines the features of a sports utility vehicle, a sedan and a multi utility vehicle in one package. Tata Aria is from the new generation Tata platform, with power provided by a 2.2 litre DICOR engine. The output is 140PS power and 320Nm torque. The vehicle is being launched in three trim levels, all with 4x4 – the Aria Pride at the top end, the Aria Prestige and the Aria Pleasure, each in eight colour options. Initially, the vehicle will be available in 25 cities through 69 dealers. Tata Aria is likely to compete with the Toyota Innova and Mahindra Xylo and is priced in the range of Rs13-16lakh. We believe that the Aria will help Tata Motors to sustain its sales momentum going forward. **We maintain an Accumulate on the stock, with a SOTP Target Price of Rs1,214.**

## Economic and Political News

- SEZ contiguity norms likely to be relaxed
- Power finance companies plan to team up for banking foray
- New Mines Act may fuel coal prices

## Corporate News

- HCC bags Rs51.4cr order from Hindalco
- Suzlon to raise up to Rs5,000cr
- Cairn India raises Rs2,250cr by selling bonds
- Bridgestone to invest Rs2,900cr in India

Source: Economic Times, Business Standard, Business Line, Financial Express, Mint

Events for the day	
Castrol India	Results
Exide Inds	Results

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### Ratings (Returns) :

 Buy (> 15%)  
 Reduce (-5% to -15%)

 Accumulate (5% to 15%)  
 Sell (< -15%)

Neutral (-5 to 5%)

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