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STOCK IDEAS STANDING (AS ON JUNE 06, 2008)

COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 06-JUN-08	GAIN-LOSS (%)	ABSOLUTE PERFORMANCE 1M	3M	6M	12M	RELATIVE TO SENSEX 1M	3M	6M	12M
EVERGREEN														
HDFC	2,700.0	3,362.0	23-Dec-03	Buy	2,349.0	-13.0	-11.7	-13.5	-12.7	27.7	-2.4	-9.6	8.8	16.3
HDFC Bank	358.0	1,571.0	30-Dec-03	Buy	1,240.3	246.5	-18.3	-5.8	-27.2	8.2	-9.7	-1.6	-9.3	-1.4
Infosys Technologies	689.1	2,013.0	5-Feb-04	Buy	1,993.6	189.3	12.4	35.8	25.2	4.0	24.4	42.0	56.0	-5.2
Larsen & Toubro	3,536.0	4,044.0	18-Feb-08	Buy	2,690.9	-23.9	-13.3	-15.1	-37.1	39.9	-4.1	-11.3	-21.7	27.5
Reliance Ind	567.0	3,025.0	6-Mar-06	Buy	2,241.0	295.2	-15.4	-1.5	-22.2	29.4	-6.4	3.0	-3.0	17.9
Tata Consultancy Services	852.5	1,121.0	19-Nov-07	Buy	968.4	13.6	5.9	12.2	-4.6	-17.7	17.1	17.3	18.8	-25.0
APPLE GREEN														
Aditya Birla Nuvo	714.0	2,035.0	6-Dec-05	Buy	1,320.0	84.9	-12.8	-17.7	-19.8	-2.5	-3.6	-13.9	-0.1	-11.2
Apollo Tyres	34.4	56.0	28-Nov-06	Buy	38.2	11.0	-17.4	-12.2	-13.5	9.1	-8.7	-8.2	7.8	-0.6
Bajaj Auto	586.2	826.0	26-May-08	Hold	569.4	-2.9	-	-	-	-	-	-	-	-
Bajaj Finserv	545.0	**	26-May-08	**	631.0	15.8	-	-	-	-	-	-	-	-
Bajaj Holdings	741.9	941.0	15-Nov-05	Buy	575.8	-22.4	-22.1	24.9	-5.0	20.7	-13.8	30.5	18.3	10.0
Bank of Baroda	239.0	423.0	25-Aug-06	Buy	228.0	-4.6	-26.2	-23.7	-41.4	-15.1	-18.4	-20.2	-27.0	-22.7
Bank of India	135.0	458.0	25-Aug-06	Buy	264.8	96.1	-29.3	-10.2	-29.1	20.0	-21.7	-6.1	-11.7	9.3
Bharat Bijlee	192.3	2,907.0	29-Nov-04	Buy	1,830.5	851.9	-18.6	-29.8	-47.3	-1.9	-9.9	-26.6	-34.3	-10.6
Bharat Electronics	1,108.0	1,850.0	25-Sep-06	Hold	1,143.0	3.2	-11.3	-14.0	-37.9	-36.8	-1.8	-10.1	-22.6	-42.4
Bharat Heavy Electricals	602.0	2,381.0	11-Nov-05	Buy	1,427.4	137.1	-24.4	-30.6	-48.7	5.0	-16.4	-27.4	-36.0	-4.3
Bharti Airtel	625.0	1,100.0	8-Jan-07	Buy	798.4	27.7	-8.0	9.5	-10.6	-1.8	1.8	14.5	11.4	-10.5
Canara Bank	213.0	315.0	25-Aug-06	Buy	203.0	-4.7	-17.7	-14.1	-30.4	-18.9	-9.0	-10.2	-13.2	-26.1
Corp Bank	218.0	440.0	19-Dec-03	Buy	320.3	46.9	-11.4	6.2	-25.1	-4.8	-2.0	11.0	-6.7	-13.2
Crompton Greaves	88.1	367.0	19-Aug-05	Buy	245.0	178.0	-5.1	-20.2	-44.0	-7.3	5.0	-16.6	-30.2	-15.6
Elder Pharma	298.0	508.0	26-Apr-06	Buy	360.5	21.0	-1.4	-4.2	-8.4	-6.7	9.1	0.2	14.1	-15.0
Grasim	1,119.0	3,002.0	30-Aug-04	Buy	2,263.0	102.2	-5.6	-21.7	-40.8	-8.2	4.5	-18.1	-26.2	-16.4
HCL Technologies	103.0	324.0	30-Dec-03	Buy	311.3	202.2	6.2	10.6	-0.4	-8.0	17.4	15.6	24.1	-16.2
Hindustan Unilever	172.0	280.0	24-Nov-05	Buy	236.3	37.4	-4.2	6.8	17.0	26.9	6.0	11.7	45.8	15.6
ICICI Bank	284.0	1,204.0	23-Dec-03	Buy	768.9	170.7	-16.7	-19.0	-33.1	-16.2	-7.8	-15.3	-16.7	-23.7
Indian Hotel Company	76.6	180.0	17-Nov-05	Buy	109.2	42.5	-7.3	-6.2	-16.1	-18.1	2.6	-2.0	4.6	-25.4
ITC	69.5	247.0	12-Aug-04	Buy	212.2	205.3	0.8	14.4	15.5	40.2	11.5	19.6	43.9	27.8
Lupin	403.5	840.0	6-Jan-06	Buy	647.0	60.3	18.5	26.8	21.2	-7.4	31.1	32.6	51.0	-15.7
M&M	232.0	800.0	1-Apr-04	Buy	579.0	149.6	-17.0	-19.1	-27.3	-24.8	-8.2	-15.4	-9.4	-31.5
Marico	7.7	77.0	22-Aug-02	Buy	62.6	712.3	-7.4	0.5	-7.9	13.7	2.4	5.0	14.7	3.6
Maruti Suzuki	360.0	947.0	23-Dec-03	Buy	750.0	108.3	-2.9	-19.0	-26.4	-4.3	7.4	-15.3	-8.3	-12.8
Nicholas Piramal	146.0	434.0	16-Mar-04	Buy	367.2	151.5	5.7	33.2	34.8	58.9	16.9	39.3	68.0	44.8
Punj Lloyd	519.0	532.0	12-Dec-07	Buy	273.2	-47.4	-25.2	-14.7	-46.3	18.7	-17.2	-10.9	-33.1	8.2
Ranbaxy	533.5	625.0	24-Dec-03	Buy	511.4	-4.1	11.2	17.0	35.2	36.4	23.0	22.3	68.4	24.3
Satyam Computers	181.5	521.0	30-Dec-03	Buy	511.0	181.5	5.1	18.0	16.5	11.3	16.3	23.4	45.2	1.5
SKF India	141.0	424.0	23-Dec-04	Buy	241.2	71.1	-15.6	-31.0	-44.0	-46.6	-6.7	-27.8	-30.3	-51.3
SBI	476.0	2,315.0	19-Dec-03	Buy	1,336.0	180.7	-22.8	-25.7	-38.9	2.5	-14.6	-22.3	-23.9	-6.6
Tata Motors	473.0	680.0	29-Mar-04	Hold	541.0	14.4	-22.3	-24.3	-31.0	-25.0	-14.1	-20.9	-14.0	-31.6
Tata Tea	789.0	970.0	12-Aug-05	Buy	802.2	1.7	-10.4	0.4	-3.6	-6.9	-0.9	5.0	20.1	-15.1
Wipro	418.0	535.0	9-Jun-06	Buy	506.5	21.2	7.9	21.1	6.1	-0.6	19.4	26.6	32.2	-9.4
EMERGING STAR														
3i Infotech	66.0	180.0	6-Oct-05	Buy	115.0	74.2	-11.0	-1.5	-17.8	-24.7	-1.5	2.9	2.4	-31.4
Aban Offshore	330.4	4,829.0	3-Mar-05	Buy	3,550.0	974.5	3.9	-4.4	-27.0	33.7	14.9	-0.1	-9.0	21.8
Alphageo india	150.0	480.0	29-Nov-06	Buy	434.0	189.3	-21.7	-14.2	-46.6	18.2	-13.4	-10.3	-33.4	7.7
Axis (UTI) Bank	229.4	1,150.0	24-Feb-05	Buy	760.1	231.4	-18.0	-13.4	-17.4	34.2	-9.3	-9.5	2.9	22.3
Balaji Telefilms	231.0	299.0	9-Jul-07	Buy	191.5	-17.1	11.7	-0.3	-43.9	-7.3	23.6	4.3	-30.1	-15.5
BL Kashyap	1,095.0	1,827.0	27-Sep-07	Buy	1,261.0	15.2	-22.2	-19.7	-33.1	79.3	-14.0	-16.1	-16.6	63.3
Cadila Healthcare	297.5	381.0	21-Mar-06	Buy	297.0	-0.2	-0.7	19.2	2.8	-11.5	9.9	24.6	28.0	-19.4
Jindal Saw	635.0	910.0	20-Sep-07	Buy	552.0	-13.1	-11.6	-28.2	-40.0	-1.3	-2.3	-24.9	-25.3	-10.1
KSB Pumps	399.0	451.0	3-Oct-05	Buy	276.0	-30.8	-16.4	-18.0	-41.2	-43.8	-7.5	-14.3	-26.8	-48.8
Navneet Publications	56.8	120.0	22-Aug-05	Hold	85.3	50.1	-13.8	-16.9	-27.3	55.5	-4.7	-13.1	-9.4	41.6

REPORT CARD

STOCK IDEAS STANDING (AS ON JUNE 06, 2008)

COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 06-JUN-08	GAIN/ LOSS (%)	ABSOLUTE PERFORMANCE 1M	3M	6M	12M	RELATIVE TO SENSEX 1M	3M	6M	12M
Network 18 Fincap	476.0	651.0	20-Jun-07	Buy	195.3	-59.0	-23.5	-44.4	-61.0	-59.0	-15.4	-41.9	-51.3	-62.7
Nucleus Software	248.5	355.0	12-Dec-06	Buy	263.1	5.9	1.0	-4.9	-19.8	-48.3	11.8	-0.6	0.0	-52.9
Opto circuits	338.0	460.0	13-May-08	Buy	320.0	-5.3	-11.2	-20.2	-30.1	40.0	-1.8	-16.6	-13.0	27.6
Orchid Chemicals	254.0	375.0	16-Jan-06	Buy	230.6	-9.2	-10.5	-1.8	-7.3	-7.8	-1.0	2.7	15.5	-16.0
Patels Airtemp	88.2	135.0	7-Dec-07	Buy	61.0	-30.8	-5.5	-7.6	-37.0	76.7	4.6	-3.4	-21.5	61.0
Television Eighteen India	110.0	486.0	23-May-05	Buy	283.0	157.3	-18.8	-25.9	-39.2	-29.7	-10.2	-22.5	-24.3	-35.9
Thermax	124.2	602.0	14-Jun-05	Buy	434.0	249.4	-11.0	-30.4	-49.6	-7.4	-1.6	-27.2	-37.2	-15.6
Zee News	54.0	79.0	18-Oct-07	Buy	51.9	-4.0	-14.9	13.7	-34.7	14.8	-5.9	18.9	-18.7	4.6
Ugly Duckling														
Ashok Leyland	38.0	43.0	23-May-06	Hold	32.4	-14.7	-24.4	-11.8	-35.0	-15.2	-16.4	-7.8	-19.0	-22.7
Aurobindo Pharma	684.0	914.0	28-May-07	Buy	282.5	-58.7	-15.8	-11.8	-42.4	-60.4	-6.8	-7.8	-28.3	-63.9
BASF	220.0	330.0	18-Sep-06	Buy	253.0	15.0	18.9	15.1	-6.2	-5.7	31.5	20.3	16.8	-14.1
Ceat	91.5	196.0	28-Nov-06	Buy	96.2	5.1	-32.1	-26.0	-66.0	-60.8	-24.9	-22.7	-57.6	-64.3
Deepak Fert	50.6	169.0	17-Mar-05	Buy	101.6	100.7	-7.2	-9.3	-34.7	11.4	2.6	-5.2	-18.6	1.5
Genus Overseas	101.0	673.0	6-Jul-05	Buy	430.0	325.7	-23.3	-19.0	-37.7	55.7	-15.2	-15.3	-22.4	41.9
ICI India	250.0	622.0	26-May-05	Buy	536.1	114.4	-6.2	4.1	-3.1	10.2	3.7	8.8	20.7	0.4
India Cements	220.0	330.0	28-Sep-06	Buy	164.5	-25.3	-4.7	-20.6	-45.9	-6.6	5.4	-16.9	-32.6	-14.9
Indo Tech Transformer	199.0	591.0	28-Nov-06	Buy	399.0	100.5	-22.7	-31.2	-42.5	13.6	-14.5	-28.1	-28.3	3.5
Ipca Labs	660.0	875.0	5-Nov-07	Buy	568.0	-13.9	-8.3	-3.0	-3.8	-13.4	1.4	1.4	19.9	-21.1
Jaiprakash Associates	25.0	390.0	30-Dec-03	Buy	200.9	703.4	-28.2	-9.2	-47.6	50.7	-20.6	-5.1	-34.7	37.3
KEI Industries	39.4	125.0	30-Aug-05	Buy	54.5	38.3	-27.4	-34.5	-38.4	-40.7	-19.7	-31.5	-23.3	-46.0
Mahindra lifespace	799.0	850.0	9-Jan-08	Buy	575.0	-28.0	8.4	19.9	-17.7	-2.5	19.9	25.3	2.6	-11.1
Mold Tek	155.0	197.0	19-Dec-07	Buy	73.0	-52.9	-9.0	-25.1	-57.1	-45.6	0.6	-21.7	-46.6	-50.5
Orbit Corporation	800.0	852.0	17-Dec-07	Buy	452.4	-43.5	-17.8	-21.4	-39.1	88.9	-9.0	-17.9	-24.2	72.1
Punjab National Bank	180.0	632.0	19-Dec-03	Buy	445.6	147.5	-12.4	-11.0	-27.9	-12.5	-3.0	-6.9	-10.1	-20.3
Ratnamani Metals	270.0	1,440.0	8-Dec-05	Buy	740.0	174.1	-19.0	-19.3	-40.2	-16.3	-10.4	-15.6	-25.5	-23.8
Sanghvi Movers	53.0	298.0	5-Aug-05	Buy	224.0	322.6	-12.3	-4.1	-26.2	41.3	-3.0	0.3	-8.0	28.8
Selan Exploration	58.0	230.0	20-Mar-06	Hold	229.1	295.0	-10.8	55.8	23.6	178.7	-1.4	62.9	54.1	153.9
Shiv-Vani Oil & Gas	370.0	725.0	4-Oct-07	Buy	560.0	51.4	-6.7	-3.3	-12.9	56.5	3.2	1.1	8.5	42.6
SEAMEC	190.0	253.0	12-Oct-06	Buy	140.0	-26.3	-12.5	-5.2	-36.1	-26.9	-3.2	-0.9	-20.3	-33.4
Subros	41.2	63.0	26-Apr-06	Buy	34.6	-16.0	-23.3	-13.8	-21.9	-21.0	-15.2	-9.9	-2.7	-28.0
Sun Pharma	302.0	1,640.0	24-Dec-03	Buy	1,406.1	365.6	1.6	10.2	29.9	33.0	12.4	15.2	61.9	21.1
Surya Pharma	139.0	205.0	2-Dec-05	Buy	101.9	-26.7	-11.3	6.6	-7.0	42.6	-1.9	11.5	15.8	29.9
Tata Chemicals	411.0	535.0	31-Dec-07	Buy	355.6	-13.5	-1.3	9.1	0.0	50.0	9.2	14.1	24.6	36.7
Torrent Pharma	185.0	260.0	4-Oct-07	Buy	148.0	-20.0	-13.5	-0.7	-18.6	-40.1	-4.3	3.9	1.5	-45.5
Unity Infraprojects	692.0	970.0	26-Feb-08	Buy	455.5	-34.2	-22.2	-29.0	-46.0	-8.3	-14.0	-25.8	-32.8	-16.4
UltraTech Cement	384.0	975.0	10-Aug-05	Buy	640.1	66.7	-18.1	-29.1	-37.3	-25.9	-9.4	-25.9	-21.9	-32.5
Union Bank of India	46.0	230.0	19-Dec-03	Buy	124.0	169.6	-24.6	-16.2	-34.1	1.9	-16.6	-12.4	-17.8	-7.2
Wockhardt	248.0	505.0	24-Dec-03	Buy	264.8	6.8	-14.4	-18.4	-33.2	-35.2	-5.3	-14.6	-16.7	-40.9
Zensar Technologies	342.0	380.0	18-Jun-07	Hold	135.0	-60.5	-13.5	11.4	-21.2	-61.1	-4.4	16.5	-1.8	-64.5
Vulture's Pick														
Esab India	60.0	575.0	21-May-04	Buy	365.0	508.3	-14.9	-19.7	-15.8	-10.4	-5.9	-16.0	4.9	-18.3
Orient Paper	21.4	80.0	30-Aug-05	Buy	38.6	80.1	-15.2	-11.8	-46.8	-4.7	-6.2	-7.8	-33.7	-13.2
WS Industries	51.0	108.0	2-Dec-05	Buy	67.0	31.4	-20.4	-19.3	-36.4	-	-12.0	-15.6	-20.7	-
Cannonball														
Allahabad Bank	73.0	138.0	25-Aug-06	Buy	71.0	-2.7	-18.4	-23.6	-36.5	-10.0	-9.8	-20.1	-20.9	-18.0
Andhra Bank	85.0	117.0	25-Aug-06	Buy	71.5	-15.9	-15.2	-12.7	-31.3	-14.4	-6.2	-8.7	-14.4	-22.0
Gateway Distriparks	190.0	236.0	11-Aug-05	Buy	95.8	-49.6	-18.6	-3.2	-34.6	-29.8	-10.0	1.2	-18.6	-36.1
International Combustion	350.0	519.0	20-Sep-05	Buy	391.0	11.7	-16.4	-6.4	-28.4	25.1	-7.5	-2.2	-10.8	14.0
J K Cement	149.0	250.0	17-Nov-05	Buy	143.0	-4.0	-7.1	-14.6	-41.9	-2.0	2.8	-10.7	-27.6	-10.7
Madras Cement	1,498.0	4,800.0	17-Nov-05	Buy	2,460.0	64.2	-20.0	-27.1	-43.3	-6.0	-11.5	-23.8	-29.4	-14.3
Shree Cement	445.0	1,225.0	17-Nov-05	Buy	728.1	63.6	-27.0	-39.8	-50.5	-38.7	-19.3	-37.0	-38.3	-44.1
TFCI	17.1	47.0	25-Jun-07	Buy	21.0	22.8	-22.8	-22.7	-38.9	25.0	-14.6	-19.1	-23.8	13.9

** Price under review

Turbulent times

May is traditionally a weak month for the stock markets. It was no different this year. The Sensex lost over 5% in this May and the continued weakness in the first week of June has shaved off all the gains registered in April, taking the markets back to the sub-16,000 levels. The dangerous combination of deteriorating domestic macro-economic environment and negative global cues was potent enough to trip the markets this time.

On the domestic front, inflation has breached the 8% mark and stayed there for the past couple of weeks. What's more, it is threatening to go past 9% and even touch double-digit levels in the coming weeks. The recent hike announced in petroleum products (Rs5 per litre in petrol, Rs3 per litre in diesel and Rs50 per liquefied petroleum gas cylinder) is expected to push up inflation by 60-65 basis points. Moreover, the indirect impact of the fuel hikes in terms of higher transportation cost and other pass-throughs could be of another 30-35 basis points. In fact, it is the unprecedented rally in commodities in the past few months that pushed inflation to such uncomfortable levels. Though there was some meaningful correction in agri-commodities due to a bumper rabi crop and expectations of a near-normal monsoon, the rally in crude oil continued unabated. Crude oil was reaching new highs almost on a daily basis in May.

The soaring prices of crude oil are also taking their toll on the entire fiscal situation. The huge under-recoveries of the oil marketing companies are likely to stretch the fiscal deficit to an unsustainable level. According to official estimates, if crude oil stays at $125 per barrel level, the gross under-recoveries would balloon to Rs250,000 crore in FY2009. The quantum of oil bonds issued to the oil marketing companies is expected to increase to Rs94,500 crore in FY2009; this would be equivalent to around 1.7% of the fiscal's gross domestic product (GDP). Including the fertiliser, food and other subsidies, the total subsidy bill could inflate to 4.3% of the GDP in FY2009. If we account for the recent farm debt waivers and the implementation of the Sixth Pay Commission's proposals, the combined fiscal deficit of the centre and states (including the subsidy bill) could reach close to 10%, completely wiping out the hard work of the past few years. Mind you, a nation's fiscal deficit is a key parameter watched by the foreign investors and has an important bearing on their investments in the country.

The gap is already visible in the trade deficit figures announced for April 2008. The deficit has widened to $9.68 billion due to the bloated oil import bill. Though the exports grew by 31.5% to $14.4 billion, the imports grew by 36.6% to $24.3 billion in April. The surge in imports was largely contributed by the jump of 46.2% in the oil imports during the period.

On the other hand, the growth in the industrial sector continues to moderate. The Index of Industrial Production for March stood at 3%, marking a six-year low. The tightening of the monetary policy and the soaring inflation rate are clearly hurting consumer sentiment. What's more, the investment upcycle is also showing signs of moderation. The capital goods sector saw a growth of 8.6% in March 2008 as compared with an average growth of 17.8% seen in the previous 12 months. The rising cost of capital could further postpone investments or even make some of the projects financially unviable. The moderating growth is clearly resulting in a greater risk to corporate earnings estimates.

The Q4FY2008 earnings performance of the Sensex companies provided some relief last month. The performance of the banking and telecom sectors was above expectations. Capital goods companies reported mixed results while cement and pharma companies were the laggards. In today's uncertain environment, the strong corporate earnings growth has been the biggest silver lining for the equity markets.

Another positive development has come in form of the 9% growth in the real GDP for FY2008. The same is better than the Central Statistical Organisation's advance estimate of 8.7% for the year. However, the 9% GDP growth does reflect moderation, as it is lower than the FY2007 growth rate of

contd....

9.6%. But at the same time, it shows a certain level of resilience on the Indian economy's part, considering the rising inflation and the global uncertainties. Dissecting further, the GDP growth composition reveals that the agricultural growth has picked up on the back of a strong growth in the sector in the first three quarters of FY2008. However, the industrial growth has decelerated, reflecting the higher inflation and interest rates, a strong rupee for most part of FY2008, and a poor export demand. Notably, growth in the services sector was resilient and remained in double digits in the last fiscal though some marginal deceleration was also evident. The double-digit services growth was the primary reason for the better than expected GDP growth in FY2008. Amongst the services segments, "trade, hotels, transport and communication" and "community, social and personal services" strengthened, while financial services witnessed some weakness.

Given the situation, market sentiment would largely depend on two key factors: The Reserve Bank of India's (RBI) monetary stance at home and the movement of crude oil prices globally. Until now, the Indian central bank had resisted the temptation to increase the interest rates and largely focused on liquidity management to anchor inflationary expectations. It has raised the cash reserve ratio (CRR) by 75 basis points to 8.25% over the past few weeks. The growing demand from oil companies is sucking out excess liquidity from the banking system. What's heartening is that there seems to be a conscious effort on part of the apex bank to avoid repetition of the mistakes of the mid-1990s, when excessive monetary tightening had strangled the economic growth to below sustainable levels.

However, the political pressure could mount in favour of a more hawkish stance, given the forthcoming elections in some key states like Madhya Pradesh, Delhi, Rajasthan and Chattisgarh, and the parliamentary election in 2009. Inflation is an extremely sensitive political issue. Moreover, its recent debacle in Karnataka has only increased the pressure on the ruling party. Still, we maintain that the existing inflation is largely due to supply-side constraints and any increase in the interest rates is unlikely to anchor inflation.

Apart form the central bank's monetary stance, the movement of the crude oil prices will continue to have a strong influence on market sentiment. And rightly so, any meaningful correction in the crude oil prices will substantially moderate the inflationary expectations and also improve the overall macro-economic scenario. The increasing demand for bank credit from the oil marketing companies is currently crowding out the corporate sector. In addition to gaining from the increased availability of credit, the manufacturing sector will also benefit from lower energy costs. In fact, some relief might be on its way already if we go by Ben Bernanke's statement implying that the US Federal Reserve (Fed) would support the dollar's appreciation and take steps to guard the US currency against risks to both parts of Fed's dual mandate, the risk of an erosion and longer-term inflation expectations. The Fed's support to ensure strength and stability of the dollar might help ease the pressure on the oil prices since much of the rise in the oil prices is ascribed to a weakening US Dollar.

As far as the RBI's monetary stance goes, it will continue to be influenced by the global oil prices and the domestic inflation situation. In line with the expectation of inflation crossing 9% or even touching double digits in the coming days, the monetary stance in the near term should remain tight with additional CRR hikes. However, some relief on the inflation front can be expected going forward, as the full effect of the various fiscal and monetary steps taken by the RBI will come into play in the coming weeks. In addition, the base effect would turn a little favourable in October 2008 as the inflation rate during October 2007 had stabilised after a rapid decline. Further, from December 2007 onwards the inflation rate has picked up and risen unabated well through April 2008. This higher base effect from December 2007 onwards should also help bring down the inflation rate, which would be instrumental in bringing a pause to further monetary tightening.

Till the base effects of inflation come into play or crude oil prices do a U-turn or any other relevant positive development takes place, expect some more rough weather. So fasten your seatbelts for a turbulent ride in the market. Take the continued volatility in your stride and stay invested in the fundamentally stable stocks such as Sharekhan's *Stock Ideas*, as whenever the clouds clear (and clear they will sooner or later), it is these stocks that will find takers again.

Market Outlook — June 07, 2008

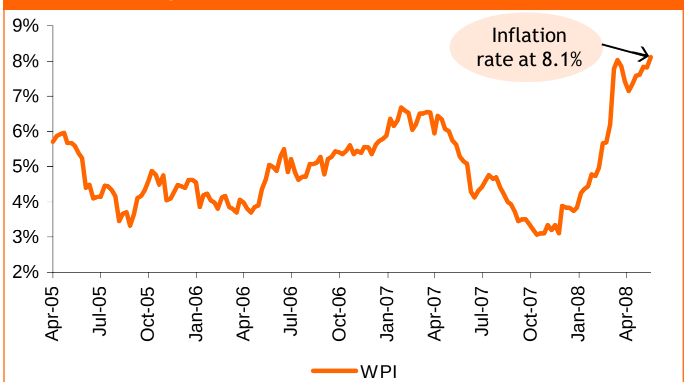
Battling against the odds

India finds itself in a difficult economic situation with the growth moderating on one hand and inflation rising on the other. Almost similar challenge is being faced by most of the major developed and emerging economies. While India tries to strike a delicate balance between the two, it should be remembered that the decisions are likely to have political undertones.

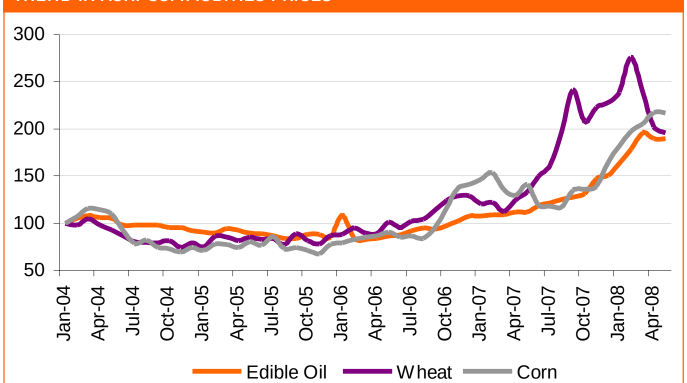
SECTION I: INFLATION AT CENTRE STAGE

The inflation rate, as represented by wholesale price index (WPI), has soared to 8.1% despite the multiple monetary and fiscal steps taken by the government. The high inflation rate has received heightened attention from the government, more so, as this is a pre-election year. In specifics, the government has put a ban on the export and trading in select commodities and has hiked the cash reserve ratio (CRR) by 75 basis points. While these steps should help contain inflation in few commodities, a large portion of the inflation is 'imported'. The government of India can exercise little control over the prices of global commodities such as oil, imported wheat/oilseeds etc, which are witnessing a rally (as evident in the charts below) thereby pushing up the inflation rate to unacceptable levels. Effectively, inflation has occupied the centre stage in many economies worldwide including India, with growth taking the backseat.

TREND IN INFLATION



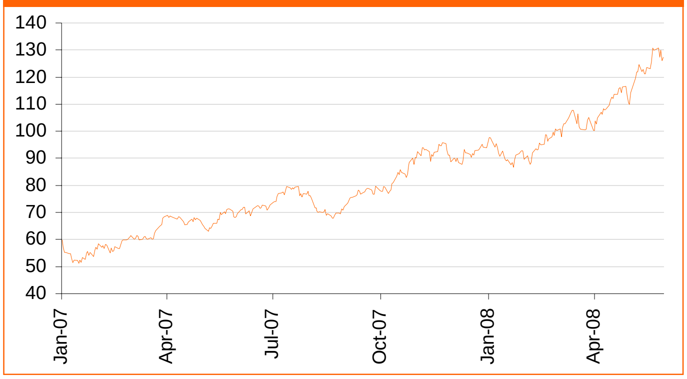
TREND IN AGRI-COMMODITIES PRICES



Oil price hike to worsen the inflation situation

The government has finally bitten the bullet by hiking petrol and diesel prices by Rs5 per litre and Rs3 per litre respectively and that of liquefied petroleum gas (LPG) by Rs50 per cylinder. Petrol, HSD and LPG have a combined weightage of 4.75% in the WPI. Considering the weightage and the increase in fuel prices, the fuel price-hike will have a direct impact of 60-65 basis points on the inflation rate. In addition, the price hike is likely to have an indirect impact of ~30 basis points on the inflation, but with a lag of two-three months as higher fuel costs get passed on after the current inventory runs-off. Consequently, the inflation rate is likely to cross 9% level in the weeks to come and may move even to double digits.

TREND IN CRUDE PRICE



DIRECT IMPACT OF INFLATION

Oil product	WPI weight (%)	Price chng (Rs)	Price chng (%)	Impact on inflation
Petrol	0.89	5	11	10
Diesel	2.02	3	9	19
Kerosene	0.69	-	-	-
LPG	1.84	50	19	34
				63

Source: Sharekhan Research

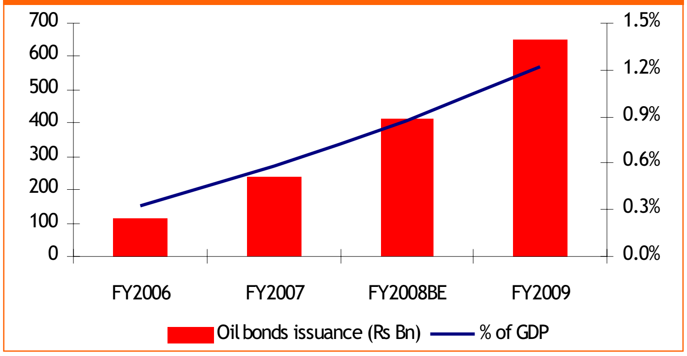
Importantly, a further increase in the inflation rate from the current 'unacceptable' levels would induce the Reserve Bank of India (RBI) to further tighten the monetary situation by a CRR or a repo rate hike. In all likelihood, RBI would prefer a CRR hike, as it a lesser evil among the tools available to the regulator.

Deficit position may worsen

Oil bonds: a ballooning off-balancesheet burden

The rising crude oil prices are likely to put pressure on India's deficit situation, as 70% of the domestic oil consumption is sourced through imports. Higher reliance on oil imports coupled with inability to pass on the higher oil prices to the consumer is giving rise to huge under-recoveries for the oil marketing companies (OMCs). Over the years, the government has been issuing oil bonds to limit the losses accruing due to under-recoveries. Earlier this week, the government indicated towards issuance of oil bonds worth Rs95,000 crore to reduce the revenue losses of the OMCs. As evident in the chart below, the oil bonds issuance has been ballooning rapidly both in absolute terms and as percentage of the gross domestic product (GDP), thereby raising concerns of fiscal stress.

TREND IN ISSUANCE OF OIL BONDS

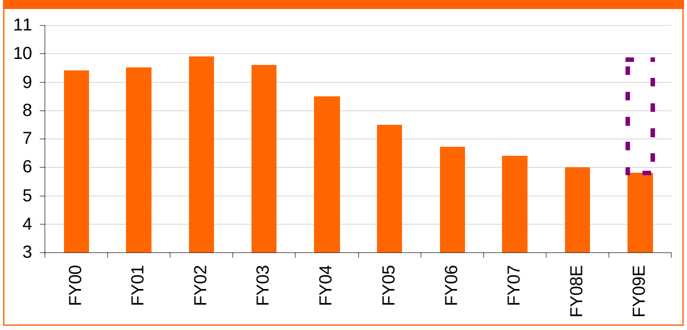


Political moves adding to burden

Besides the off-balancesheet burden of the oil bonds, there are other additional burdens threatening to worsen the deficit situation. In specifics, the other major burdens are food and fertiliser subsidies, farm loan waiver and implementation of the Sixth Pay Commission recommendations.

The aggregate burden of all these off-balancesheet items may push the combined deficit to ~10% level as seen in FY2002. Effectively this implies that the efforts made by the government to improve the deficit situation in the recent years may go down the drain. The threat of deficit returning to higher levels is likely to an have adverse impact on investor sentiment.

TREND IN COMBINED DEFICIT

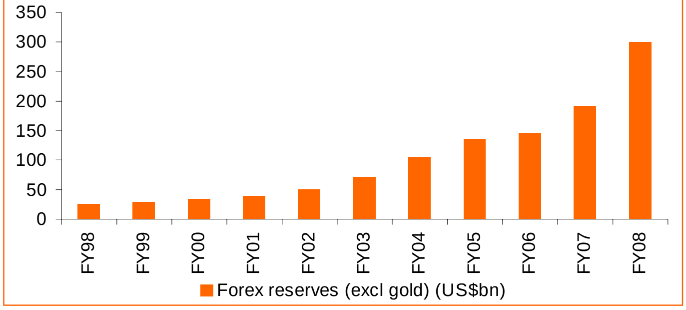


Comparatively better placed

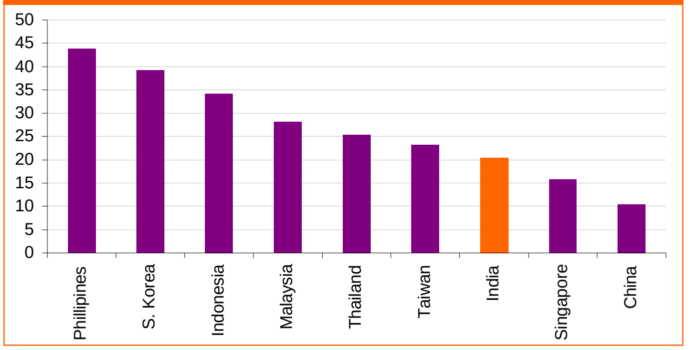
Higher forex reserves to provide cushion

On a positive note, the improved foreign exchange (forex) reserve situation should provide some cushion against the rising oil prices. India's current forex reserves stand at $300 billion, which is sufficient to meet 16-17 months of import requirements. The improved forex reserve situation should help fund the gap after accounting for the foreign direct investment (FDI) and the liquidity in the banking system. Further, a comfortable position on the external debt front compared to most of the Asian peers would provide some leeway.

TREND IN FOREX RESERVES



EXTERNAL DEBT AS % OF GDP



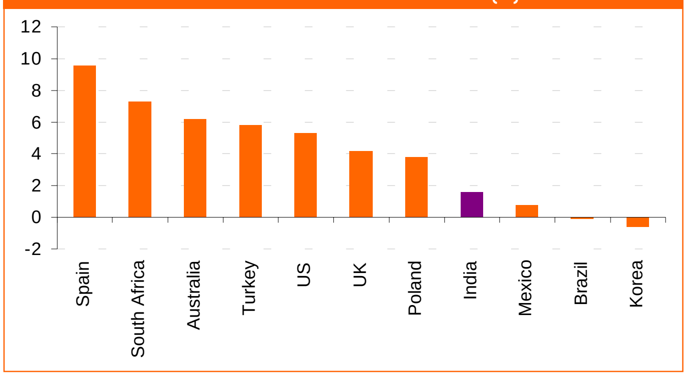
The government has relaxed the external commercial borrowing (ECB) norms recently with a view to encourage capital inflow. Notably, the new ECB norms allow infrastructure companies to borrow five times more from external markets ie $100 million now compared to an earlier limit of $20 million. Another major change was opening the overseas funding facility through ECB route to the service sector under the approval route. The easing of ECB norms is likely to increase capital flows to India.

Current account deficit comparatively better

In addition to the support offered by the improved forex reserves position, the current account deficit, which is largely at comfortable level, also lends support. As evident in the chart below, the current account deficit position is comfortable compared to many developed and emerging economies.

Despite these cushions, the rising inflation combined with the tight monetary stance and the fiscal burden could be a drag on markets in short term.

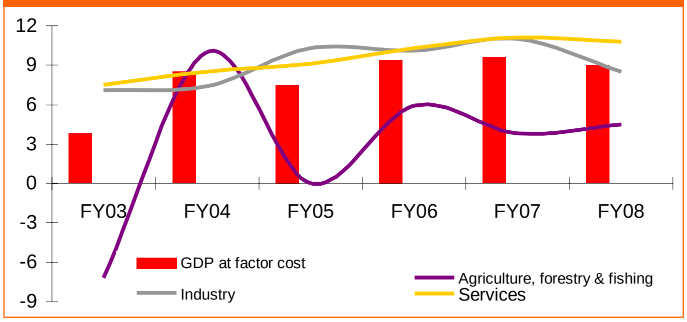
COMPARATIVE POSITION OF CURRENT ACCOUNT DEFICIT (%)



SECTION II: INCREASING POSSIBILITY OF OVER-MODERATION

The Central Statistical Organisation (CSO) has revised its advance GDP estimate for FY2008 from 8.7% to 9%. The estimates were revised primarily due to higher-than-expected agriculture growth, which was up from 3.0% to 4.5%. Meanwhile, the growth in services at 10.8% was largely in line with the estimate, while the industrial growth was revised down from 8.9% to 8.5%. Though the FY2008 GDP growth estimates were revised upwards, there are clear signs of moderation, especially in the industrial sector (refer the chart on next page). On the positive side, the service sector continues to grow at a robust double digit growth.

TREND IN GDP GROWTH

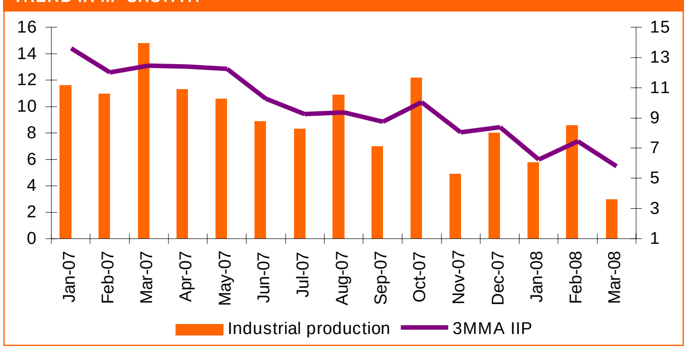


The various monetary and fiscal initiatives undertaken by the government to tame inflation is posing a serious threat of 'over-moderation' in the economic growth. In fact, there is a distinct possibility of the GDP growth moderating to sub-8% levels in FY2009. As a direct impact, the tightening monetary situation, the rising cost of capital, and the lower availability of credit might spell a further slow down in the industrial capital expenditure (capex). In addition, many sectors (such as capital goods, engineering, and cement) are battling with capacity constrains, which will only add to the threat of over-moderation.

Moderating IIP growth

The growth in industrial production has shown clear signs of moderation, as the manufacturing sector is witnessing a lower growth rate. The chart below describes the trend in the monthly industrial production index and the moving average (three month average) trend in the growth rates.

TREND IN IIP GROWTH



Corporate earnings at risk

In line with the increased risk of over-moderation, the corporate earnings growth is at risk. The risk to corporate earnings is primarily on account of weaker demand and decline in profitability.

Weaker demand outlook: The demand outlook has weakened substantially, especially in the interest-sensitive sectors such as automobiles, owing to a tighter monetary stance adopted by the RBI. The likely further slow down in the industrial capex will only add to the weaker demand outlook.

Lower profitability: The other risk to the corporate earnings stems from the anticipated decline in the profitability of corporate India. The threat to the profitability is quite widespread as multiple sectors are facing rising input costs, growing manpower costs, and slowing volumes.

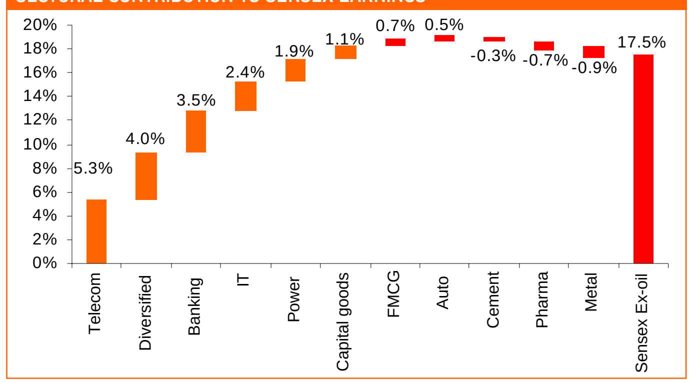
Q4FY2008 earnings: Decent but what's ahead?

Against the backdrop of anticipated moderation coupled with the surfacing of losses from forex derivatives, the Q4FY2008 earnings were eagerly watched. The earnings of Sensex ex-oil companies grew by 17.5% year on year (yoy) in Q4FY2008 (excluding ONGC and Tata Steel, which are yet to declare results & DLF). From a sectoral perspective, the performance of banking and telecom sectors were above expectations, that of the capital goods sector was a mixed bag, while cement and automobile sectors continued to be sluggish.

In banking sector, the results for most of the banks have been above the street expectations, especially in the case of private sector players. The outperformance by private banks was largely due to lower-than-expected impact from forex derivatives. Meanwhile, the outperformance by the public sector banks was driven by the lower non-performing asset (NPA) provision and the decline in wage expenses (due to write back of excess provision for employee benefits). The outlook for public sector banks remains muddled mainly due to the rising bond yields, which would hurt their treasury income. Importantly, it should be remembered that the outperformance by the banking and information technology (IT) sectors was against substantially-lowered growth expectations.

The engineering sector reported a mixed-bag performance, with BHEL reporting lower-than-expected numbers on account of execution delays and provisioning for the Sixth Pay Commission's recommendations, while Larson &Toubro's performance exceeded expectations. The outlook for the sector remains clouded on account of the delays in execution and the rising input costs, which might impact the margins, particularly as the bulk of orders do not contain price escalation clause. The IT sector reported strong numbers amidst widely expected slowdown on the back of a recession-like situation in the USA. Meanwhile, some of the sectors like Auto (sluggish volumes and high input costs) and cement (higher fuel costs) continued to face challenges.

SECTORAL CONTRIBUTION TO SENSEX EARNINGS



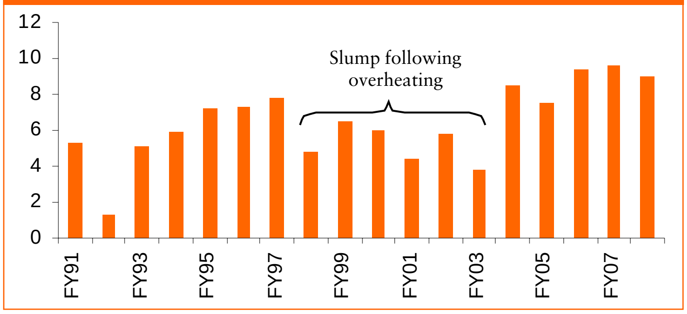
Political scenario not encouraging

The Congress-led United Progressive Alliance (UPA) government finds itself on shaky grounds after losing the Karnataka assembly elections. To add fuel to the fire, the government had to resort to an unpopulist step of raising the fuel prices, which has brought about a new wave of resistance from the opposition and the leftist coalition partners. All these developments have, in effect, paralysed the government, but the ruling party has chosen to let the things just drift by, and is viewing all the events with an eye on the impending elections in the important states of Rajasthan, Madhya Pradesh and Delhi and the national elections due next year.

Is it a repeat of the late 1990s slump?

In many respects, the country is facing a situation similar to one that prevailed in the late 1990s. During late 1990s, India witnessed a growth of around 7.5% that was followed by a slump in the growth (to ~5% levels) for the next six years. Further, the mid/late 1990s was also characterised by fears of overheating, higher interest rates, and soaring inflation. Political situation in 1996 was also largely similar with the one prevailing now. The global macro environment that time was muddied by emergence of Asian crisis and collapse of LTCM. Looking at all these similarities, a question that emerges is—Are we heading for a slump in the growth (to sub-6% levels) as seen in the late 1990s?

TREND IN REAL GDP GROWTH (% YOY)

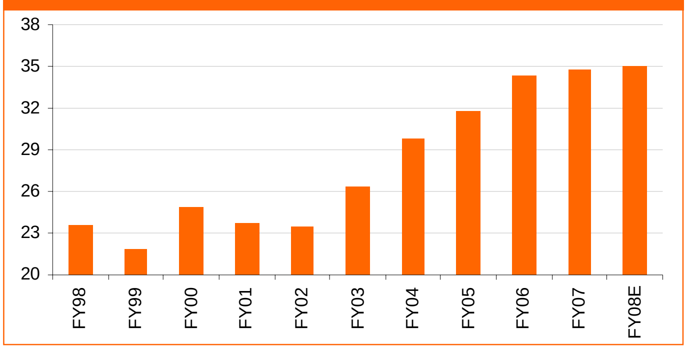


Indian economy is however unlikely to see lower-than-sustainable growth rates (sub-6% levels) as seen in the late 1990s, as India has developed strength in various areas since then. Major areas where India is better positioned at present is:

Higher savings rate

Savings rate has witnessed a robust growth in the recent years, leading to an increase in the savings' contribution to the GDP. Higher savings is one of the key drivers of the strong economic growth in the recent years. As evident in the chart below, the contribution of savings to the GDP has increased substantially since late 1990s.

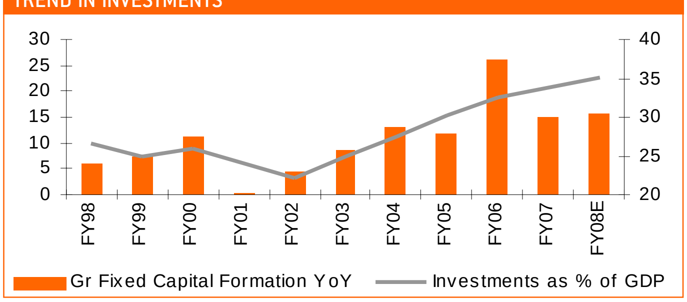
TREND IN SAVINGS AS % OF GDP



Investment upcycle largely intact

The investment upcycle that started in FY2002 remains largely intact (refer the chart below). While there are concerns due to visible moderation in investments, the capital formation in core areas like roads, power, airports and special economic zones is likely to continue. Continued investment in these core areas should keep the investment upcycle largely intact. Here again, the growth in capital formation is far better than that of late 1990s.

TREND IN INVESTMENTS



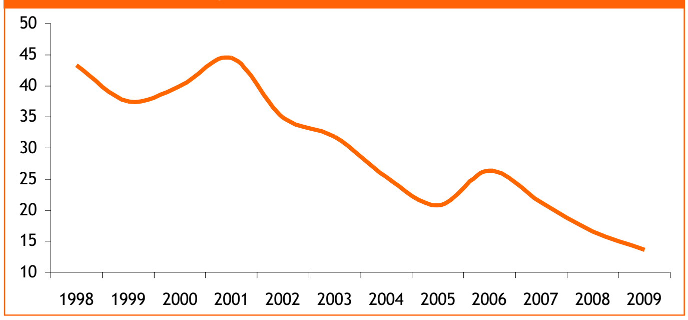
Consumption to receive boost

Consumption, the second pillar of India's growth story, has been growing at a healthy pace in the recent years. Moreover, consumption is likely to receive a major boost from the implementation of the Sixth Pay Commission's recommendations. The new tax structure proposed in the Union Budget 2008-09 that will leave people with more disposable income also augurs well for the consumption outlook.

Healthier balance sheets

The net debt/equity of corporate India has clearly been on a decline since 2001 and currently stands below 15% levels. In contract, the ratio was as high as 40% in the late 1990s (refer the chart below). The lower-leveraged balance sheet of corporate India at present implies better financial health, while leaving significant margin for funding the future growth.

TREND IN NET DEBT / EQUITY



Conclusion

Looking at the various strengths discussed above, it seems that while the growth is likely to moderate, it is unlikely to see lower-than-sustainable growth rates (sub-6% level). In the near term, we will have to live with higher inflation rate and tighter monetary policy, both of which are adversely impacting the economic growth. Effectively, the two biggest factors to watch out for in the coming months would be the crude oil prices, and the RBI's stance on the monetary policy. Until now, the central bank has resisted the temptation to increase the interest rates and has largely focused on liquidity management by hiking the CRR to anchor inflationary expectations. However, there could be increasing pressure to take a more hawkish stance now.

For equity markets, the situation implies that the upside potential is capped due to domestic and global concerns. On the downside, while the market risks have increased, the domestic markets should find support around 15x FY2009E earnings, which is the long-term average valuation multiple. All in all, it could be a tough time for equities in the immediate future. Any meaningful revival is likely only in the second half on the back of some easing in commodity rally, anticipated signs of bottoming-out of housing slump in the USA and roll over of valuations to FY2010E earnings.

SENSEX 1-YR FORWARD PER

Sharekhan top picks

Markets corrected sharply last month due to rising inflation and soaring crude oil prices. While Nifty and the Sensex depreciated by 11.5% each as on June 6, 2008, Sharekhan's recommended portfolio of top picks performed much better and declined only by 4.4%. Ranbaxy Laboratories, Satyam Computer Services and Aban Offshore were the top performers of our portfolio for the month with Satyam Computer that was newly added to our recommendation for May contributing in a big way to the outperformance. On the other hand, Zee News, Larsen & Toubro and Bharti Airtel underperformed the broader markets after a smart run up in April.

We have made one change in our recommendation for June. We have replaced Zee News with Tata Consultancy Services (TCS). TCS has underperformed its peers and the wide valuation gap makes it attractive. Moreover, this is in line with our strategy to increase exposure to tech sector. ■

NAME	CMP* (RS)	PER			ROE (%)			TARGET PRICE	UPSIDE (%)
		FY07	FY08E	FY09E	FY07	FY08E	FY09E		
Aban Offshore	3,550.0	-	36.5	9.0	-7.1	55.5	94.7	4,829.0	36.0%
Bharti Airtel	798.0	35.5	22.7	18.8	29.1	34.2	27.9	1,100.0	37.8%
Grasim	2,263.0	13.8	10.3	9.1	27.5	28.0	25.0	3,002.0	32.7%
Hindustan Unilever	236.0	33.7	29.1	25.1	61.2	85.0	112.9	280.0	18.8%
ITC	212.0	29.6	25.6	22.0	27.7	27.8	27.6	247.0	16.4%
Larsen & Toubro	2,691.0	43.5	35.3	24.4	26.1	25.8	29.0	4,044.0	50.3%
Maruti Suzuki	750.0	14.2	12.5	12.0	24.9	20.6	18.0	947.0	26.3%
Ranbaxy	511.0	37.1	24.1	23.9	19.9	26.3	24.4	625.0	22.2%
Satyam computer	511.0	23.9	20.3	16.8	26.2	25.9	25.5	521.0	2.0%
Shiv-vani oil	560.0	75.3	26.0	17.4	10.4	17.3	17.3	725.0	29.5%
Sun Pharmaceuticals	1,406.0	34.7	28.2	21.8	28.3	22.0	22.8	1,640.0	16.6%
TCS	968.0	22.9	18.9	16.2	45.2	38.2	32.5	1,121.0	15.8%

* CMP as on June 06, 2008

NAME	CMP (RS)	PER			ROE (%)			TARGET PRICE	UPSIDE (%)
		FY07	FY08E	FY09E	FY07	FY08E	FY09E		
ABAN OFFSHORE	**3,550.0**	-	36.5	9.0	-7.1	55.5	94.7	**4,829.0**	36.0%

Remarks:

- Aban Offshore, one of Asia's largest oil drilling companies, is benefiting from the increase in oil exploration and production activities globally. The robust demand environment is resulting in firm day rates for its assets.
- In addition to re-pricing of its assets at higher day rates, the company is also benefiting from the efforts taken to substantially ramp up the asset base through organic and inorganic initiatives. This would significantly improve its financial performance over the next few years.
- At the current market price the stock trades at 9x FY2009 and 6.9x FY2010 estimated earnings. We maintain the Buy call on the stock.

NAME	CMP (RS)	PER			ROE (%)			TARGET PRICE	UPSIDE (%)
		FY07	FY08E	FY09E	FY07	FY08E	FY09E		
BHARTI AIRTEL	**798.0**	35.5	22.7	18.8	29.1	34.2	27.9	**1,100.0**	37.8%

Remarks:

- Bharti Airtel with over 24% market share is a leader in the Indian telecom space. On average, the company is adding ff2 million subscribers every month and currently has a subscriber base of approximately 64 million.
- The embedded value in the company's tower business offers considerable downside support to the stock price. Bharti Infratel (with 22,000 towers in circles other than the 16 covered by Indus Towers) has raised $1 billion through placement to the leading foreign institutions. It has been valued in the range of $10-12.5 billion depending on the actual performance in FY2009. This apart, Bharti Infratel would hold 40% stake in Indus Towers (formed along with Vodafone and Idea Cellular).
- Bharti Airtel is likely to be a key beneficiary of the removal of the access deficit charge (ADC). Bharti Airtel is estimated to benefit to the extent of Rs180-200 crore from the removal of ADC. The company is likely to pass on the benefits accruing from the ADC removal to the end consumers by way of reduced tariffs or similar benefits.
- At the current market price the stock trades at 18.8x FY2009 and 14.6x FY2010 estimated earnings.

NAME	CMP (RS)	PER FY07	PER FY08E	PER FY09E	ROE (%) FY07	ROE (%) FY08E	ROE (%) FY09E	TARGET PRICE	UPSIDE (%)
GRASIM INDUSTRIES	**2,263.0**	13.8	10.3	9.1	27.5	28.0	25.0	**3,002.0**	32.7%

Remarks:

- Grasim Industries is in the process of augmenting its cement capacity by 4.5MMT at Kotputli in Rajasthan by Q3FY2009.
- The company has also commissioned a 23MW CPP at Jawad in Madhya Pradesh and will augment the CPP capacity by 144MW during FY2009.
- Apart from this, the company is also augmenting its VSF capacity at Harihar in Karnataka by 31,000 tonne by Q3FY2010.
- The volume growth due to capacity additions in cement and VSF divisions and saving through CPP will drive the earnings of the company.
- At the current market price of Rs2,263, the stock is trading at 9.1x its estimated FY2009 EPS. Based on our sum-of-the parts valuation, we maintain Buy recommendation on the stock.

HINDUSTAN UNILEVER	**236.0**	33.7	29.1	25.1	61.2	85.0	112.9	**280.0**	18.8%

Remarks:

- HUL is the largest FMCG company in India, occupying ~20% of the Indian consumer space. With dominance across categories such as soaps, detergents, personal care products, food and beverages, it stamps its presence as an FMCG giant.
- With increasing per capita income fueling consumerism and upgradation of lifestyle of the Indian consumer, HUL's revenues and profitability are expected to gain momentum.
- Further, hefty free cash flow generation has lead to huge cash reserves for HUL and rich dividends (dividend yield of ~3.6%) for its shareholders over the years.
- At the current market price, the stock trades at 25.1x its CY2008E EPS of Rs9.4. We maintain our Buy recommendation on the stock.

ITC	**212.0**	29.6	25.6	22.0	27.7	27.8	27.6	**247.0**	16.4%

Remarks:

- ITC's cigarette business that has dominance in the category continues to be a cash cow for the company. ITC has chalked out aggressive roadmap for making a mark in the Indian FMCG market. With successful brands such as *Bingo*, *Sunfeast* and *Aashirwaad* already in the reckoning among the best in the industry, ITC's non-cigarette FMCG business is on a strong footing. The company has further ventured into the personal care category with the launch of *Superia* and *Fiama Di Wills* soaps and shampoos that would compete with the likes of the products of HUL and P&G.
- Aggressive expansion plans in hotels and paper segments would ensure, inclusive growth across segments for the company.
- We believe ITC has a well-diversified business model with multiple revenue drivers that would ensure sustained growth for the company. It thus remains our top pick in the sector. At the current market price, ITC trades at 22x its FY09E earnings. We maintain our Buy recommendation on the stock.

LARSEN & TOUBRO	**2,691.0**	43.5	35.3	24.4	26.1	25.8	29.0	**4,044.0**	50.3%

Remarks:

- Larsen & Toubro, the largest engineering and construction (E&C) company in India, is a direct beneficiary of the strong domestic infrastructure development and industrial capital expenditure (capex) booms. Consequently, we estimate the order inflows to grow at a CAGR of 20.7% between FY2007 and FY2010.
- The international business is expected to emerge as one of the key drivers going forward with immense opportunities from the Gulf Corporation Council markets.
- There lies innumerable opportunities in the new verticals in which the company is entering, namely ship building, defence, railways, thermal and nuclear power.
- We believe that there is a scope for further improvement in the margins on the back of rising operational efficiencies, larger ticket-size and more complex nature of orders, better raw material sourcing and integration, and higher contribution of its new businesses which carry higher margins.
- We value the core business of L&T at 25x FY2010E earnings, or Rs3,038 per share, while we value the subsidiaries at Rs1,006 per share of L&T. At the current levels, the stock is trading at 17.9x its FY2010E consolidated earnings. We maintain our Buy recommendation.

MARUTI SUZUKI	**750.0**	14.2	12.5	12.0	24.9	20.6	18.0	**947.0**	26.3%

Remarks:

- Maruti Suzuki, the market leader in the passenger car market in India, is set to benefit from the number of new launches made by it in the recent times.
- Most of its new launches, namely *WagonR Duo*, *Zen Estilo*, *Diesel Swift* and *SX4*, have been well received by the market and are clocking strong volumes.
- Also, with the addition of the diesel vehicle and a sedan, the company has expanded its product basket, making it a full-fledged play on the country's booming passenger car market. The company also plans to launch its Swift sedan at the start of the next fiscal.
- With the expansion of its Manesar plant, its exports are also set to go on a top gear. Suzuki has identified India as a hub for manufacture of small cars for its worldwide markets and the company would be exporting about 100,000 units of the new vehicle to its parent, while another 50,000 units would be supplied to Nissan.
- At current levels, the stock is trading at 10.3x its FY2010E earnings.

NAME	CMP (RS)	PER FY07	PER FY08E	PER FY09E	ROE (%) FY07	ROE (%) FY08E	ROE (%) FY09E	TARGET PRICE	UPSIDE (%)
RANBAXY LAB	**511.0**	37.1	24.1	23.9	19.9	26.3	24.4	**625.0**	22.2%

Remarks:

- With a geographically diversified presence and a large product portfolio, Ranbaxy is one of the best plays on the global generic opportunity.
- The company has guided towards an impressive 18-20% growth in CY2008, an expansion of margins to 17.5-18%, resulting in a net profit growth of 20-25%. This guidance is excluding any one-time exclusivity opportunities in the USA.
- Ranbaxy believes the next wave of its growth to come from the branded markets in Asia, Africa and Latin America. With a product pipeline of over 100 products for these markets, revenues from emerging markets will drive the company's growth.
- Ranbaxy believes that it has FTF status on approximately 18 Para IV ANDA filings, representing a market size of about USD27 billion. It expects to monetise at least one FTF opportunity every year for the next few years and has already announced the opportunities until CY2010. The FTF opportunities announced so far are collectively valued at Rs2,716 crore, translating into a per share value of Rs68.
- Ranbaxy has decided to de-merge its new drug discovery research (NDDR) operations into a separate entity effective from January 1, 2008 and list it subsequently. This will boost the overall profitability of the core business and also unlock value in the discovery research and development (R&D) assets. The announcement of further details on the demerger scheme in February 2008 will act as a near-term trigger for the stock.
- At the current market price, Ranbaxy is trading at 23.9x its estimated CY2008E and 20.9x its estimated CY2009E earnings. We maintain our Buy recommendation on the stock with a price target of Rs625 (Rs490 for base business plus Rs135 for FTFs).

SATYAM COMPUTER	**511.0**	23.9	20.3	16.8	26.2	25.9	25.5	**521.0**	2.0%

Remarks:

- Satyam Computer Services (Satyam) has shown a consistent volume growth of over 8% sequentially over the past six quarters, which is ahead of its peers. What's more, its revenue growth guidance of 24-26% (in dollar terms) is first time much ahead of that of Infosys Technologies.
- Satyam's other operational matrices are also positive. For instance, its exposure to the troubled BFSI vertical (23% in FY2008) is the lowest among the front-line peers. The attrition level declined for the sixth consecutive quarter and stood at a comfortable level of 13.1% (on the trailing twelve-month basis).
- At the current market price the stock trades at 16.8x times FY2009 estimated earnings. We maintain our Buy recommendation on the stock. In the wake of the propasal to extend the tax sops under sections 10A/10B our earnings and price target shall be revised upwards.

SHIV- VANI OIL & GAS	**560.0**	75.3	26.0	17.4	10.4	17.3	17.3	**725.0**	29.5%

Remarks:

- With a fleet of 25 onshore drilling rigs and six seismic survey crew, Shiv-Vani Oil & Gas Exploration (SOGEL) has emerged as the largest onshore service provider catering to oil and gas exploration companies.
- Augmentation of assets by the company is well timed in the industry up-cycle as heightened exploration activity has led to a severe shortage of resources with service providers, leading to firming up of day rates (or billing rates per km in case of seismic survey) for various services. Moreover, the order backlog of over Rs3,500 crore (over 5x CY2007 revenues) provides strong revenue-growth visibility.
- The consolidated revenues and earnings are expected to grow at CAGR of 60.3% and 72.7% respectively over the three-year period CY2006-09.
- Despite the robust growth prospects, the scrip is available at attractive valuations of 17.4x FY2009 and 11.6x FY2010 earning estimates. We recommend Buy on the stock.

SUN PHARMACEUTICALS	**1,406.0**	34.7	28.2	21.8	28.3	22.0	22.8	**1,640.0**	16.6%

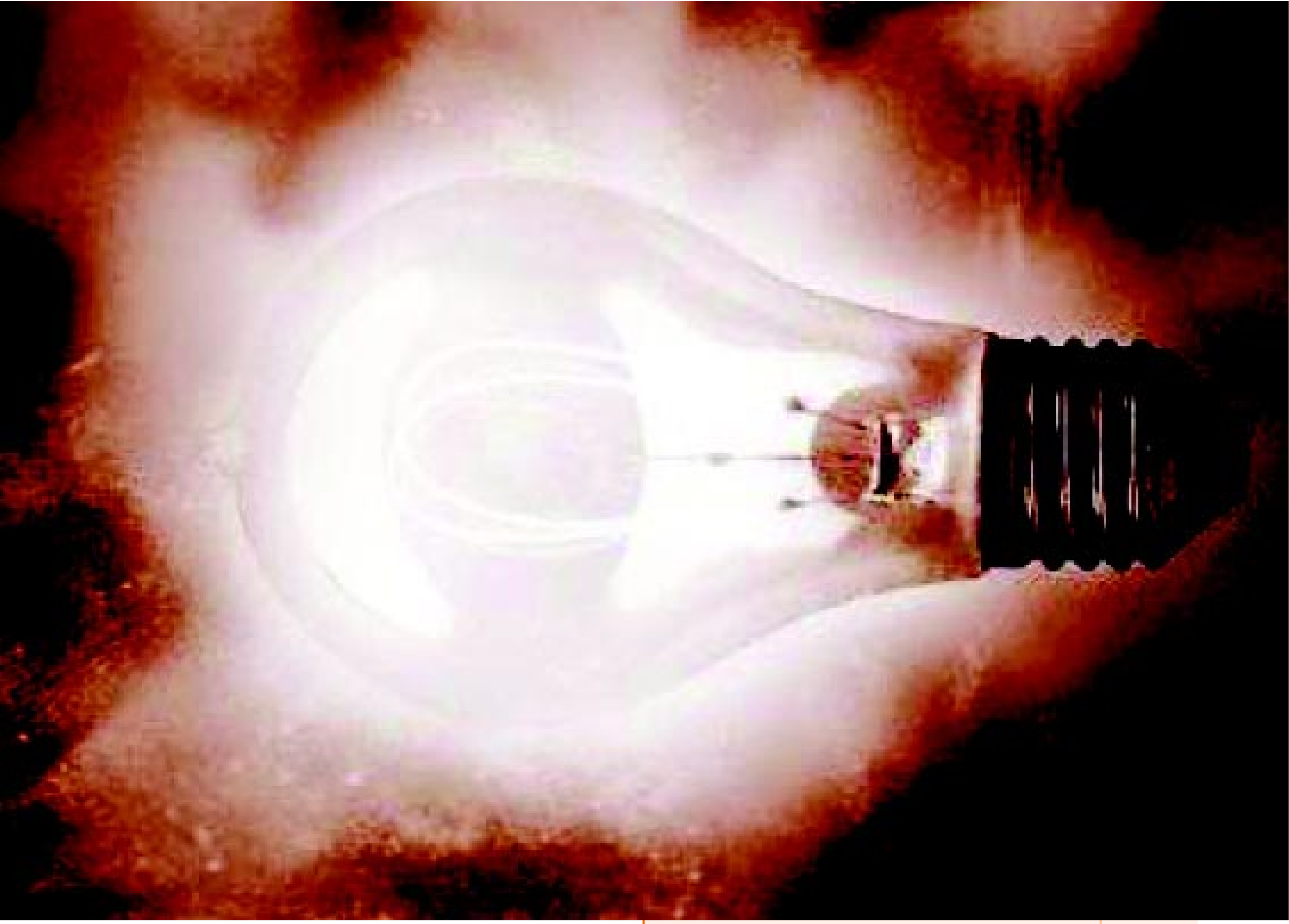
Remarks:

- Sun Pharma's track record of delivering consistent and robust growth while maintaining strong profitability and return ratios makes it the best Indian play in the generic space.
- With 98 abbreviated new drug applications (ANDAs) pending USFDA approval and a filing rate of 30+ ANDAs per year, Sun Pharma has one of the strongest product pipelines for the US market. The company is amongst the top three players in around 15 of the 25 products that it sells in the US market.
- With a strong focus on the chronic lifestyle diseases, Sun Pharma's domestic formulations business has been outperforming the industry growth by a wide margin. Sun Pharma maintains the numero uno ranking with neurologists, cardiologists, diabetologists and orthopedics.
- It is an aggressive participant in the Para IV patent challenge space. Having already monetised three of its Para IV wins (oxcarbazepine, pantoprazole and amifostine), approvals and launch of generic Gemzar and generic Effexor XR would act as triggers for the stock.
- The stock is quoting at 28.2x FY2008E earnings and at 21.8x FY2009E earnings.

TCS	**968.0**	22.9	18.9	16.2	45.2	38.2	32.5	**1,121.0**	15.8%

Remarks:

- TCS, one of the largest software services exporters from India, is expected to benefit from the increased outsourcing activities due to slow down in the USA.
- TCS has delivered decent performance during FY2008 considering the strong rupee appreciation and will continue to deliver good performance based on its strong global delivery model. Going ahead TCS's restructuring initiatives with put back the company on a strong growth trajectory.
- TCS is well poised to achieve back-ended growth on the back of strong pipeline of 25 deals of more than $50mn. Moreover the company intends to add 30,000-35,000 employees, which clearly gives the revenue visibility.
- At the current market price, TCS is trading at attractive valuation of just16.1x times FY2009 estimated earnings. We maintain our Buy recommendation on the stock with price target of Rs1,121.



Stock Idea

STOCK IDEA

Opto Circuits India

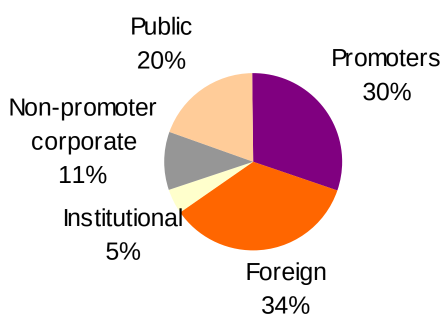
Emerging Star | Buy; CMP: Rs338 | May 13, 2008

A growth monitor

COMPANY DETAILS

Price target:	Rs460
Market cap:	Rs3,183 cr
52 week high/low:	Rs581/220
NSE volume (No of shares):	31,592
BSE code:	532391
NSE code:	OPTOCIRCU
Sharekhan code:	OPTOCIRC
Free float (No of shares):	6.55 cr

SHAREHOLDING PATTERN



PRICE CHART

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.9	-12.3	-20.0	46.5
Relative to Sensex	-2.7	-13.7	-11.3	18.6

KEY POINTS

- Opto Circuits India's (Opto) non-invasive business is expected to grow at a compounded annual growth rate (CAGR) of 39.5% over FY2007-10E to Rs550.7 crore on the back of rising demand for its sensors and patient monitoring systems, coupled with an increasing market penetration and innovative new launches.
- The invasive business would be driven by the increasing acceptance of the company's stents due to superior technology and better pricing. Further, the growing revenues from DIOR in Europe and the semi-regulated markets due to limited competition would also fuel the growth of the invasive segment. We expect the invasive segment (EuroCor) to contribute ~43% to the company's total revenues by 2010.
- Opto has recently completed its $70 million acquisition of Criticre Systems (Criticare), a US-based publicly listed company specialising in vital signs and gas monitoring instruments. We estimate the Criticare acquisition to generate incremental earnings of Rs0.60 per share in FY2009E and Rs1.80 per share in FY2010E. We will incorporate the impact of the acquisition after the announcement of Opto's FY2008 results.
- We expect Opto's fully diluted earnings (without Critcare) to grow at a CAGR of 35% over FY2007-10E on the back of a 57% CAGR in revenues. We estimate earnings of Rs20.0 per share in FY2009E and Rs29.9 per share in FY2010E.
- We have valued the stock using the dividend discount model and the P/E mutiple, arriving at price targets of Rs453 and Rs470 per share respectively. Using the average of the two, we fix our price target at Rs460 per share, an upside of 36% from the current levels.
- Opto is trading at attractive valuations of 16.9x FY2009E fully diluted earnings and 11.3x FY2010E fully diluted earnings. Hence, we initiate coverage on Opto with a Buy recommendation and a price target of Rs460. Our current estimates do not incorporate the Criticare acquisition, which could yield incremental earnings of Rs1.8 per share in FY2010E, implying an upside of Rs28-30 per share to our target price.

COMPANY BACKGROUND

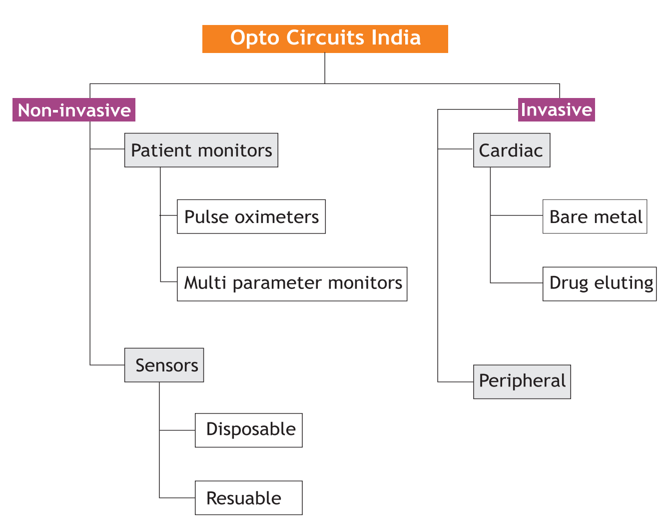
Promoted by Vinod Ramnani, Opto is engaged in the design, development, manufacture and distribution of electronic medical products.

EARNINGS TABLE

Particulars	FY2007	FY2008E	FY2009E	FY2010E
Net sales (Rs cr)	251.6	450.0	656.4	967.5
Net profit (Rs cr)	74.2	132.2	190.2	285.3
Shares in issue (cr)	6.2	9.4	9.5	9.5
EPS (Rs)	12.0	14.0	20.0	29.9
% y-o-y change	*-16.4*	*16.5*	*42.2*	*50.0*
PER (x)	28.1	24.1	16.9	11.3
EV/Ebidta (x)	25.5	22.8	15.4	10.2
P/BV (x)	9.8	8.8	6.0	4.2
Mcap/sales	8.3	7.1	4.9	3.3
RoCE (%)	29.4	32.5	32.8	34.8
RoNW (%)	34.5	36.4	35.4	37.2

Opto has emerged as a leading player in the non-invasive segment, where its product portfolio comprises of sensors, patient monitors, cholesterol monitors, digital thermometers and fluid warmers. Through the acquisition of EuroCor, Germany in 2006, Opto has also established itself in the invasive segment, where it manufactures cardiac stents used in the treatment of coronary artery blockages. The company derives 80% of its revenues from the overseas markets, with its key markets being the USA, Europe, South East Asia and the Middle East. Buoyed by the EuroCor acquisition, Opto's revenues and profits grew by a stupendous 80% and 92% respectively in FY2007.

OPTO'S PRODUCT PROFILE



INVESTMENT ARGUMENTS

Non-invasive business—Strong foundation

Opto was originally a player in the non-invasive space, manufacturing and supplying electronic medical sensors used in patient monitoring systems such as pulse oximeters, cholesterol detectors etc. Its major clients were global original equipment manufacturers (OEMs) such as Philips, Tyco-Nellcor and Epic Medical Equipment. After establishing a strong foothold in the sensor segment, the company forward integrated into the manufacture of patient monitoring systems as well. Hence, these two categories (sensors and patient monitors) form Opto's non-invasive business and contribute 75% to the company's overall revenues.

Sensors: Core business

Electronic sensors form 60% of the company's non-invasive segment revenues. Two types of sensors are used in patient monitoring systems: disposable sensors and reusable sensors. While the reusable sensors were more in use earlier, the increasing role of insurance and the awareness of sanitary issues related to the use of reusable sensors is causing the market to shift more towards the use of disposable sensors, which are more hygienic and safe against the transmission of skin infections. Opto makes both the types of sensors, with the disposable ones forming 80% of the total sensor revenues and the reusable ones constituting the remaining 20%.

The global market for sensors is worth $1.5 billion, with the USA contributing ~40% to the total market. Opto's sensors are approved by the US Food & Drug Administration (FDA) and also have the European CE mark. The patent for the electronic medical sensors was originally held by Tyco-Nellcor, which expired in 2003, opening up a huge generic market for players like Opto. Apart from supplying its sensors to Tyco-Nellcor (which controls around 85% of the market), Opto also supplies sensors in the USA under its own brand (which forms around 4-5% of the total market) and to other OEMs like Philips and General Electric (who hold the balance ~10% of the market).

Opto's sensors are sold across the world through over 200 distributors across 36 countries, with around 160 of the distributors in the USA alone. Through its strong distributor network and an increasing trend towards generic substitutes, Opto hopes to expand its market share from the current level of 4-5% to 10% over the next few years, allowing the sensor revenues to grow at 30-35% for the next two-three years. Opto makes gross margins of around 65-70% on its sensors, while the margins at the earnings before interest, tax, depreciation and amortisation (EBITDA) level are around 30-35%.

Patient monitors: New launches to fuel growth

Through the acquisition of the patient monitoring division of Palco Labs in the USA, Opto entered the patient monitors segment, which now forms 40% of its non-invasive segment revenues. Opto makes patient monitors like pulse oximeters (which measure the blood oxygen saturation), other vital sign monitors, cholesterol monitors, digital thermometers etc and sells them under its own brands in markets across the world. Tyco-Nellcor is the major player in this segment as well, controlling around 70% of the market, another Chinese player has 15% of the market, Opto controls 2%, while the balance is fragmented amongst various players. With similar margins and cost structure, Opto expects this business to grow strongly on the back of innovative new product launches and an increased market penetration.

Invasive business: Stents—the growth engine

In order to diversify its presence and leverage its global distributor network, Opto acquired EuroCor GmbH in February 2006, marking its entry into the invasive segment. Eurocor primarily manufactures cardiac and peripheral stents. Its products have the CE mark and are sold in markets across Asia (including India) and Europe, excluding the USA and Japan.

Types of stents

Cardiac stents are primarily of two types: bare metal stents (BMS), which are made of cobalt-chromium or steel and drug eluting sterns (DES), which are coated with drugs like paclitaxel and sirolimus that prevent the growth of scar-like tissue. With higher chances of restenosis of the coronary artery with the BMS, cardiologists are increasingly preferring the use of DES, which has drastically reduced the incidence of restenosis in cardiac patients. Opto manufactures both the types of stents, with the BMS forming 40% of sales in volume terms and only 20% in value terms. DES, on the other hand forms around 60% of the company's total stent volume but contributes 80% in value terms.

Competitive landscape

The global market for stents is estimated at $10 billion annually, with coronary stents contributing 80% and peripheral stents forming the remainder 20%. The market is growing at 14-15% and is estimated to reach $16 billion by 2010. While the USA is the largest market forming 50% of the total global market, Europe (30%) and the rest of world (ROW;10%) also present a huge market opportunity. The major global players are Johnson & Johnson (J&J), Boston Scientific, Abbott and Medtronic. However, only J&J and Boston Scientific have the their stents approved in the USA. While Boston Scientific controls 60% of the USA market, the balance is with J&J.

The Indian market, dominated by J&J and Medtronic reported sales of around 80,000 stents in 2006, representing a market of ~Rs400-500 crore. Apart from the afore mentioned players, Bangalore-based Vascular Concepts has a significant presence in the domestic market. Opto currently has a market share of ~5% in the domestic market and through attractive pricing discounts hopes to garner a market share of 15-20% in the next two years.

Opto's stents are of superior quality

Opto's stents are also sold in 25 European countries and other ROW markets such as the Middle East, South America, Latin America and Asia. Opto's stents are quality wise superior as compared to other stents in the market, as they are more biocompatible, less allergic and do not cause metallic bleeding and are hence gaining increasing acceptance by cardiologists. Opto has also been conducting live workshops, conferences and seminars to promote its stents. These events are also being used as launch pads for some of its new products.

DIOR: a revolutionary product

Opto Circuits has a number of products in the invasive segment. Most of these products are yet to be introduced and hold substantial potential especially in the semi-regulated markets. Notable amongst these is DIOR, a drug eluting balloon catheter used in the treatment of coronary in-stent restenosis. Restenosis is usually treated by placing a new stent within the existing one. The use of DIOR eliminates the use of the second stent, thereby improving the long-term prognosis.

Opto is the only company in the world to have obtained the CE mark for DIOR, enabling it to sell DIOR in the European countries and capture a large market. With no competition expected in the short-term, the revenue potential for DIOR is very large, as the product awareness and acceptance increases. Opto also plans to launch DIOR in the USA and has initiated clinical trials on DIOR, which are required to obtain the US FDA approval. The company plans to spend $20 million on these clinical trials and will write off the expenses over a four-year period once the product gets commercialised in the USA around 2010.

Acquisition of Criticare to widen product portfolio in non-invasive segment

Opto has recently completed the $70 million acquisition of Criticre, a US-based publicly listed company specialising in vital signs and gas monitoring instruments. The Criticare acquisition will expand Opto's product portfolio further in the non-invasive segment to include anaethesia monitors and central station systems etc. Criticare has established customer relationships with respectable OEMs such as Medrad and Cardinal health in the USA. Criticare reported sales of $31.4 million in FY2007, with a marginal loss at the operating level. However, the company has reported revenues of $19.4 million in H1FY2008 with an OPM of around 10%. Through shift of manufacturing and reduction of Criticare's distribution force, Opto hopes to bring the margins of Criticare in line with its own margins within a period of six months. Through the launch of patient monitors in the USA and through the execution of various new international orders, Opto expects Criticare to grow by atleast 30-35% for the next few years. Opto also plans to incur Rs30 crore in capital expenditure (capex) on Criticare in the first year following the acquisition.

Assuming a conservative 20% growth for the next two years, operating margins of 20% in FY2009 (against the management's estimate of 24%) and 22% in FY2010E and $70 million incremental debt burden on Opto, we estimate the Criticare acquisition to be earnings accretive in the first year itself, generating incremental earnings of Rs0.60 per share in FY2009E and Rs1.80 per share in FY2010E. We will incorporate the impact of the acquisition into our consolidated financials after the announcement of Opto's FY2008 results.

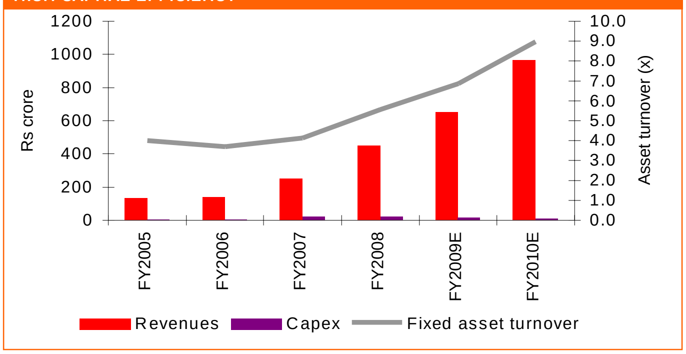
IMPACT OF CRITICARE ACQUISITION ON OPTO'S EARNINGS ($ mn)

Particulars	FY2007	FY2008E	FY2009E	FY2010E
Revenues	31.4	37.7	45.3	54.3
Operating profit	0.0	4.5	9.1	11.9
OPM (%)	-0.1	12.0	20.0	22.0
PBT	0.3	4.9	9.4	12.3
Taxes	0.0	0.0	0.0	0.0
PAT	0.3	4.9	9.4	12.3
Incremental debt			70.0	70.0
Incremental interest (@11%)			7.7	7.7
Incremental capex			7.5	5.0
Incremental depreciation			0.4	0.3
Net PAT addition			1.4	4.4
Net PAT addition (Rs cr)			5.5	17.5
No of diluted shares			9.6	9.6
Incremental EPS (Rs)			0.6	1.8

Robust business model with strong bonus and dividend history

Opto is one of the few large players in the Indian market and the only player among the Indian listed companies having a presence in the space of sensors, patient monitors and stents. Reaping the advantages of a low-cost manufacturing base in India, Opto has enjoyed high operating margins in excess of 30%. Further, Opto has created a capital efficient model, by which it has been able to increase its topline substantially without any significant capital expenditure. Opto's business is a niche business with significant entry barriers as approvals to sell medical products in the USA is a tedious and time-consuming process, requiring strong technical expertise and dedicated manufacturing facilities.

HIGH CAPITAL EFFICIENCY



Source: Sharekhan Research

Opto has also been a strong wealth creator for investors in terms of its consistent and strong track record of bonuses and dividends. Had an investor invested in Opto at the time of its initial public offering (IPO) in September 2000, his investment would have generated a compounded annual return of 105%.

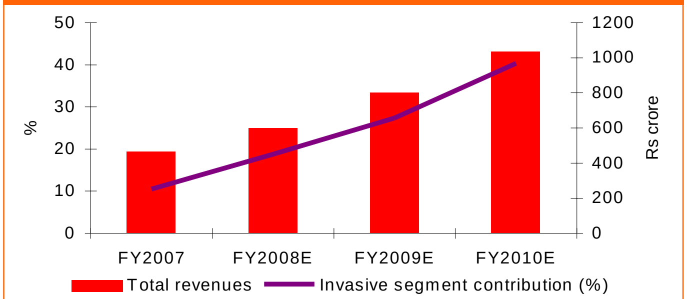
OPTO'S DIVIDEND AND BONUS HISTORY

Year	Bonus	Dividend (%)
FY2001	-	30
FY2002	1:10	30
FY2003	2:10	30
FY2004	3:10	30
FY2005	5:10	35
FY2006	1:1	40
FY2007	1:2	50

Robust financial performance

Revenues: We expect Opto's revenues to grow at a CAGR of 57% over FY2007-10E to Rs967.5 crore driven by a CAGR of 39.5% in the non-invasive business of sensors and patient monitors and a CAGR of 104.6% in the invasive segment. Increased market penetration through a strong distributor network coupled with innovative new launches will drive the non-invasive business, while increasing acceptance of Opto's stents due to superior technology and better pricing will drive Opto's invasive business. Further, the growing revenues from DIOR in Europe and the semi-regulated markets due to limited competition would also fuel the growth of the invasive segment. We expect the invasive segment (EuroCor) to contribute ~43% of Opto's total revenues by 2010.

CONTRIBUTION FROM THE INVASIVE SEGMENT ON THE RISE

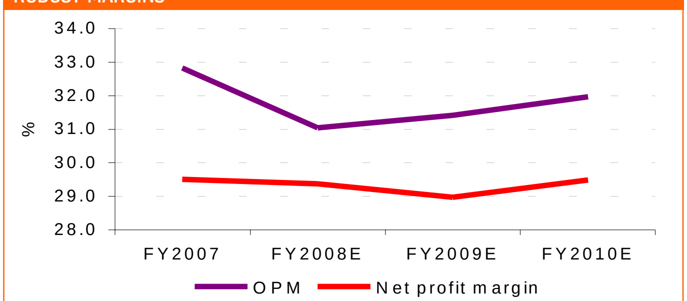


Source: Sharekhan Research

Operating margins: A low-cost manufacturing base in India, a benign competitive environment due to significant entry barriers (like US FDA approvals etc) have enabled Opto to enjoy operating margins in excess of 30%. While we expect the margins of the core business to remain strong, we have written off the entire $20 million to be incurred for the clinical trials for DIOR in the USA Our forecasts shows the margins to expand by 100 basis points over FY2007-10E to 32.0% in FY2010E.

Net profit: The strong topline growth is expected to percolate down to the bottom line as Opto's capex and additional debt requirements are nominal. Further, being a 100% export oriented unit (EOU), the company comes under the minimum alternative tax (MAT) regime, due to which tax rates are low. We expect the company's net profit to grow at by 43.9% to Rs190.2 crore in FY2009E and by 50.0% to Rs285.3 crore in FY2010E, yielding earnings of Rs20.0 and Rs29.9 per share in FY2009E and FY2010E respectively.

ROBUST MARGINS



Source: Sharekhan Research

Return ratios: Opto has delivered return ratios in the range of 28-30% due to strong operational performance, low capital requirements and hence lower financial leverage. We believe Opto will be able to maintain return ratios in the range of 30-35%, driven by its superior quality of earnings.

DUPONT ANALYSIS: DECONSTRUCTION OF OPTO'S RONW

Particulars	FY05	FY06	FY07	FY08E	FY09E	FY10E
Net profit margin (%)	14.8	27.6	29.1	29.4	29.0	29.5
Asset turnover (x)	1.4	0.8	0.9	1.0	1.0	1.1
Financial leverage (x)	1.7	2.1	1.3	1.2	1.2	1.2
RONW (%)	35.3	48.5	34.5	36.4	35.4	37.2

CONCERNS

High working capital requirement

Opto's working capital requirement has been very high, with inventory days of over 150 days, collection periods of over 170-180 days and payment periods averaging around 170-190 days. Thus, its working capital cycle stretches over 220-240 days or ~8 months. However, the working capital requirement for the healthcare industry is normally high as hospitals stock surplus inventories and usually make delayed payments. The high working capital requirement has capped Opto's operating cash flow significantly.

Product recall and delays

Product recalls and delayed approvals are common in the healthcare space due to safety, quality and efficacy issues. Thus, even though Opto has not yet had any instance of product recall, it is an inherent risk the company faces.

Failure of clinical trials on DIOR

Opto is planning to spend $20 million in conducting clinical trials on DIOR in order to get it approved by the US FDA. Though the company's commitment to invest this money indicates the confidence of the management in the product's potential and future success, failure at any stage of the clinical trials could put at risk the entire $20 million investment. However, our estimates write off the entire $20 million without incorporating any revenues from the launch of the product in the USA.

VALUATION AND VIEW

For the valuation of the stock, we have used two methods:

1. Dividend discount model: We have used a three-stage dividend discount model, in which we have assumed a five-year high growth period (from FY2009-2013), followed by a moderate growth period of three years (from FY2013-2016) and finally a perpetual growth period. For the high-growth phase, we have used our actual earnings forecasts for FY2009 and FY2010, while for the remaining three years, we have assumed the earnings to grow at 50%. For the moderate growth phase, we have assumed a growth of 25% and finally our assumption for the perpetual growth stands at 5%. For each of the three phases, we have assumed dividend payout ratios of 30%, 40% and 40% respectively. We have used a cost of equity of ~13%, by which we derive a target price of Rs453 per share.

DIVIDEND DISCOUNT MODEL: ASSUMPTIONS

Particulars	Period (yrs)	Rate (%)	Payout ratio (%)
High growth	5.0	40.0	30.0
Moderate growth	3.0	25.0	40.0
Terminal growth		5.0	40.0

2. P/E based valuation: Since there are no players in the similar line of business as Opto in the Indian listed space, we have compared Opto's valuations with global players like Boston Scientific, Tyco-Nellcor and Johnson & Johnson, which are trading at an average

P/E multiple of 15.7x two--year forward earnings. Even though Opto enjoys superior return ratios and margins compared to its global counterparts, we conservatively assign the same P/E multiple of 15.7x to Opto's FY2010E earnings, which leads us to a target price of Rs470 per share.

Assigning a 50% weightage to the price targets derived by each of the above methodologies, we fix our target price for Opto at Rs460 per share, which represents an upside of 36% from the current levels.

COMPANY	PER (X)	
	CY2008E	CY2009E
Johnson & Johnson	15.2	14.4
Boston Scientific	22.5	19.2
Medtronic	19.2	16.6
Abbott	16.4	14.6
Tyco	16.4	13.8
Average	17.9	15.7

We like Opto's niche business model with high margins, strong capital efficiency and high entry barriers. With revenues and profits having grown at a CAGR of 35% and 76% respectively over FY2004-07 and by 108% and 99% respectively in M9FY2008, we believe Opto is on a high growth trajectory and will continue to deliver a strong performance as its products continue to gain market share in the absence of significant new competition in the next two-three years. Opto is trading at attractive valuations of 16.9x FY2009E fully diluted earnings and 11.3x FY2010E fully diluted earnings. Hence, we initiate coverage on Opto with a Buy recommendation, fixing our price target at Rs460. Our current estimates do not incorporate the Criticare acquisition, which could yield incremental earnings of Rs1.8 per share in FY2010E, implying an upside of Rs28-30 per share to our target price.

FINANCIALS

PROFIT & LOSS ACCOUNT — RS (CR)

Particular	FY2007	FY2008E	FY2009E	FY2010E
Net sales	251.6	450.0	656.4	967.5
Expenditure	169.0	310.3	450.3	658.2
Operating profit	82.6	139.7	206.2	309.3
Other income	3.7	8.1	6.0	5.0
EBITDA	86.2	147.9	212.2	314.3
Interest	7.4	10.3	12.3	16.0
Depreciation	2.4	3.0	3.8	4.3
PBT	76.4	134.5	196.0	294.1
Tax	2.2	2.3	5.9	8.8
Adjusted PAT	74.2	132.2	190.2	285.3
Prior period item	1.0	0.0	0.0	0.0
Reported PAT	73.3	132.2	190.2	285.3

BALANCE SHEET — Rs (cr)

Particular	FY2007	FY2008E	FY2009E	FY2010E
Sources of funds				
Equity capital	61.6	94.2	95.3	95.3
Reserves & surplus	150.9	268.7	441.7	671.2
Total shareholder's funds	212.5	362.9	536.9	766.5
Secured loans	64.0	74.2	88.4	114.6
Unsecured loans	0.5	1.0	1.5	2.0
Total debt	64.5	75.2	89.9	116.6
Deferred tax liability	0.5	0.8	1.1	1.5
Minority interest	7.3	7.3	7.3	7.3
Total capital employed	284.8	446.2	635.2	891.9
Application of funds				
Gross block	60.7	80.7	95.7	107.7
Accumulated depreciation	14.9	17.9	21.7	26.0
Net block	45.9	62.8	74.0	81.7
Capital WIP	1.2	1.5	1.5	1.5
Goodwill	33.8	33.8	33.8	33.8
Investments	0.3	0.3	0.3	0.3
Net current assets	203.4	347.6	525.3	774.3
Miscellaneous expenses	0.2	0.2	0.2	0.2
Total capital employed	284.8	446.2	635.2	891.8

KEY RATIOS

Particular	FY2007	FY2008E	FY2009E	FY2010E
OPM (%)	32.8	31.0	31.4	32.0
EBITDA margin (%)	34.3	32.9	32.3	32.5
Net profit margin (%)	29.5	29.4	29.0	29.5
RoCE (%)	29.4	32.5	32.8	34.8
RoNW (%)	34.9	36.4	35.4	37.2
Debt/Equity ratio (x)	0.3	0.2	0.2	0.2
Interest coverage ratio (x)	11.6	14.4	17.2	19.7

VALUATION

Particular	FY2007	FY2008E	FY2009E	FY2010E
EPS (Rs)	12.0	14.0	20.0	29.9
PER (x)	28.1	24.1	16.9	11.3
Cash EPS (Rs)	12.4	14.4	20.4	30.4
Cash PER (x)	27.2	23.5	16.6	11.1
EV/Ebitda (x)	25.5	22.8	15.4	10.2
Price/book value (x)	9.8	8.8	6.0	4.2
Mcap/sales (x)	8.3	7.1	4.9	3.3

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

Stock Update

3i Infotech

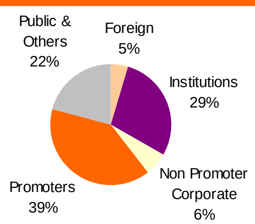
Emerging Star | Buy; CMP: Rs132 | May 02, 2008

Results below expectations

COMPANY DETAILS

Price target:	Rs180
Market cap:	Rs1,715 cr
52 week high/low:	Rs165/84
NSE volume (No of shares):	4.6 lakh
BSE code:	532628
NSE code:	3IINFOTECH
Sharekhan code:	3IINFOTECH
Free float (No of shares):	7.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	34.5	13.1	-1.9	-11.5
Relative to Sensex	21.7	15.4	12.3	-29.6

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

RESULT HIGHLIGHTS

- 3i Infotech's consolidated revenues grew by 10.3% quarter on quarter (qoq) and 66.5% year on year (yoy) to Rs349.9 crore in Q4FY2008. While, organic growth stood at 7.1% on sequential basis, acquisitions contributed 3.2% to sequential growth.
- The operating profit margin (OPM) was flat at 24.8% in Q4FY2008. The operating profit grew 9.9% qoq to Rs86.7 crore during the quarter.
- The Company's net profit grew by 0.6% to Rs48.8 crore, which was below our expectation of Rs53.7 crore. This was primarily due to lower than expected other income on account of foreign exchange mark-to-market losses in foreign currency convertible bonds (FCCBs).
- For FY2009, the company guided a top line growth of 40% to ~Rs1,700 crore and an earning growth of around 30%, leading to a fully diluted EPS of Rs13-Rs13.5. The guidance has factored in only the organic growth and the fully diluted capital including FCCBs.
- 3i Infotech acquired Regulus for $80 million. Regulus generated sales of $148 million and earnings before interest, depreciation, tax and amortisation (EBITDA) of $20 million in CY2007. The acquisition is funded through syndicated loans (Int@7%) and appear to be cash accretive. 3i acquired Regulus at an attractive valuation of enterprise value EV)/EBITDA of 4.0x CY2007.
- To fine tune our earning estimates, we have revised our FY2009 earning estimates by 3.4% and have introduced FY2010 earning estimates in this note. At the current market price, the stock is trading at 9.8x FY2009 and 8.4x FY2010 earning estimates. We maintain our Buy recommendation on the stock with price target of Rs180. ■

For further details, please visit the Research section of our website, sharekhan.com

Aditya Birla Nuvo

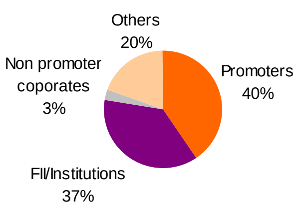
Apple Green | Buy; CMP: Rs1,507 | May 05, 2008

Insurance business ensures success

COMPANY DETAILS

Price target:	Rs2,035
Market cap:	Rs14,317 cr
52 week high/low:	Rs2502/1138
NSE volume (No of shares):	1.1 lakh
BSE code:	500303
NSE code:	ABIRLANUVO
Sharekhan code:	INDRAYON
Free float (No of shares):	5.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

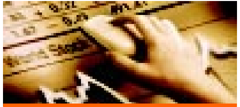
(%)	1m	3m	6m	12m
Absolute	7.8	-23.2	-3.9	30.6
Relative to Sensex	-3.5	-20.5	8.8	2.0

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

RESULT HIGHLIGHTS

- The consolidated revenues of Aditya Birla Nuvo (ABN) grew by 43.4% yoy to Rs3,804.4 crore in Q4FY2008. The growth was driven by the solid performance of the insurance business, which grew by 78.3% yoy to Rs1,477 crore. The garment, insulator, financial service, carbon black and telecom businesses also contributed well to the overall growth.
- The share of the high-growth businesses (garments, life insurance, business process outsourcing [BPO], software and telecom) in the total sales in Q4FY2008 improved to 76% as compared with 73% in the same period last year.
- However, the OPM declined by 560 basis points to 5.2% on account of margin pressure in the key business segments and increased contribution of the insurance division. Consequently, the operating profit declined by 31% to Rs197 crore. The telecom, insulator, rayon, textile and financial service businesses witnessed improvement in the PBIT margin.
- The company registered a net loss of Rs21.8 crore as against a net profit of Rs82.8 crore during the corresponding quarter last year due to higher depreciation and interest costs.
- The company continued to invest the cash generated from the value businesses into the growth businesses like life insurance and telecom. The company is also planning for aggressive retail expansion and joint venture for value-added fabrics.
- At the current market price, the stock trades at 40.2x FY2009E consolidated earnings and EV/EBIDTA of 13.0x FY2009E. We maintain a Buy recommendation on ABN with a 12-month price target of Rs2,035 based on SOTP valuation. ■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Allahabad Bank

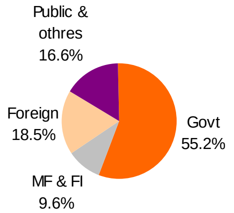
Cannonball	Buy; CMP: Rs89	May 09, 2008

Price target revised to Rs138

COMPANY DETAILS

Price target:	Rs138
Market cap:	Rs3,976 cr
52 week high/low:	Rs143/70
NSE volume (No of shares):	7.7 lakh
BSE code:	532480
NSE code:	ALBK
Sharekhan code:	ALLBANK
Free float (No of shares):	20.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	20.6	-17.8	-9.2	22.8
Relative to Sensex	9.9	-16.1	1.0	-2.1

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

RESULT HIGHLIGHTS

- Allahabad Bank reported a PAT of Rs169.5 crore for Q4FY2008, reflecting a growth of 34.8% yoy. The PAT was marginally above our estimate of Rs167 crore.
- The reported net interest income declined by 8.8% yoy primarily due to moderate credit growth coupled with a 30-basis point contraction in the reported net interest margin (NIM).
- Advances growth moderated during the quarter, however it still remains healthy at 20% yoy on the back of robust growth in small and medium enterprise (SME) segment. In line with the advances growth, deposits registered a healthy growth of 20.3% yoy.
- Non-interest income for Q4FY2008 came in at Rs260 crore, up 107.8% yoy mainly driven by a spike in treasury gains (up 528% yoy).
- Provisions and contingencies jumped up by 35.2% yoy and reached Rs176 crore as at the end of Q4FY2008, primarily due to higher investment depreciation provisions.
- Allahabad Bank's asset quality improved significantly during the quarter. The % gross non-performing assets (GNPAs) improved by 61 basis points to 2%.
- Capital adequacy ratio (CAR) of the bank stood at a comfortable 12.04% compared with 12.52% a year ago.
- At the current market price of Rs89, the stock trades at 4.3x 2009E earnings per share (EPS), 2.6x 2009E pre-provisioning profit (PPP)/share, 0.8x 2009E book value (BV)/share. We believe at the current valuation, the stock looks attractive considering the high return on equity. We maintain our Buy recommendation on the stock with a revised price target of Rs138.

For further details, please visit the Research section of our website, sharekhan.com

Andhra Bank

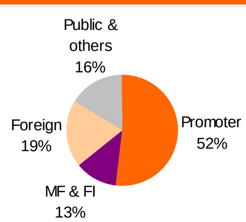
Cannonball	Buy; CMP: Rs83	May 06, 2008

Results below expectations

COMPANY DETAILS

Price target:	Rs117
Market cap:	Rs4,026 cr
52 week high/low:	Rs130/67
NSE volume (No of shares):	10.2 lakh
BSE code:	532418
NSE code:	ANDHRABANK
Sharekhan code:	ANDHBANK
Free float (No of shares):	23.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	13.8	-9.3	-4.4	7.5
Relative to Sensex	-0.2	-3.3	6.9	-15.2

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

RESULT HIGHLIGHTS

- Andhra Bank reported a disappointing set of numbers for Q4FY2008. PAT during the quarter came in at Rs124.3 crore, indicating a decline of 10.5% year on year (yoy).
- Net interest income (NII) was down 11.6% yoy to Rs342.9 crore. The decline in NII stemmed from a 90-basis point contraction in the net interest margin (NIM) owing to higher cost of funds.
- Non-interest income continued to be a major contributor to the bottom line with a 32.5% growth and stood at Rs183.3 crore.
- Operating expenses were down 7.6% yoy to Rs213.1 crore, primarily driven by a substantially lower staff expenses (down 21.1% yoy).
- Reported provisions registered a 12.8% year-on-year (y-o-y) increase and came in at Rs91.4 crore. The effective tax rate for the quarter came in high at 44%.
- Asset quality of the bank improved further as reflected by a 34-basis point y-o-y decline in %GNPA (gross non-performing assets) to 1.07%. Capital adequacy ratio (CAR) at end of the quarter stood at a comfortable 11.61%, largely in line with the year-ago level of 11.33%.
- Advances registered a growth of 22.4% yoy to Rs34,556 crore, while deposits grew by 19.3% yoy to Rs49,437 crore.
- We have fine-tuned our earnings estimates for Andhra Bank. At the current market price of Rs83, Andhra Bank trades at 5.9x 2009E earnings per share (EPS), 3.2x 2009E pre-provisioning profit (PPP)/share and 1.1x 2009E book value (BV)/share. We reiterate our price target of Rs117 and Buy recommendation on the stock.

For further details, please visit the Research section of our website, sharekhan.com

Apollo Tyres

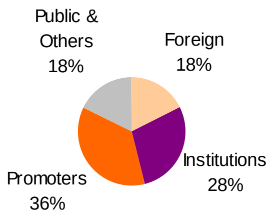
Apple Green | Buy; CMP: Rs43 | May 14, 2008

Price target revised to Rs56

COMPANY DETAILS

Price target:	Rs56
Market cap:	Rs2,101 cr
52 week high/low:	Rs62/31
NSE volume (No of shares):	14.4 lakh
BSE code:	500877
NSE code:	APOLLOTYRE
Sharekhan code:	APOLLOTYR
Free float (No of shares):	3.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	5.5	-0.9	20.9	29.3
Relative to Sensex	-0.6	0.1	37.0	5.4

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

RESULT HIGHLIGHTS

- Apollo Tyres Q4FY2008 performance was better than our expectation, as the decline in operating profit margin (OPM) was less than expected.
- Sales for the quarter grew by 10% to Rs1,001 crore, led by a volume growth of 3% and a realisation growth of 7%. OPM for the quarter improved by 140 basis points year on year (yoy), however compared to Q3FY2008 it was down by 100 basis points to 12.4% on the back of higher raw material prices. Profit after tax (PAT) for the quarter grew by 38.8% to Rs59.3 crore.
- On a consolidated basis, net revenues for FY2008 grew by 9.1% to Rs4,691 crore, while profits improved to Rs270 crore (up 130% yoy). Dunlop's PAT margin improved during FY2008 due to restructuring of debt.
- Outlook for volume growth during FY2009 would be in a single digit, with replacement sales expected to grow by double digits.
- We are revising our earning estimate for FY2009 with standalone earnings expected to decline by 14% to Rs4.2. We are also introducing our earning estimate for FY2010 at Rs4.4. Consolidated earnings per share (EPS) for FY2010 is projected at Rs5.6.
- At the current market price of Rs43, the stock discounts its FY2010E consolidated earnings by 7.6x and quotes at an enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 4.9x. We maintain our Buy recommendation on the stock with a revised price target of Rs56.■

For further details, please visit the Research section of our website, sharekhan.com

Ashok Leyland

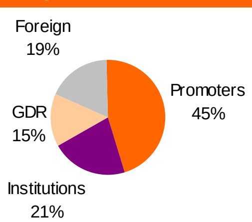
Ugly Duckling | Hold; CMP: Rs39 | May 09, 2008

High capex cost to restrict profit growth

COMPANY DETAILS

Price target:	Rs43
Market cap:	Rs5,188 cr
52 week high/low:	Rs58/26
NSE volume (No of shares):	61.7 lakh
BSE code:	500477
NSE code:	ASHOKLEY
Sharekhan code:	ASHOKLEY
Free float (No of shares):	63.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	9.2	11.1	6.6	6.2
Relative to Sensex	-0.5	13.4	18.6	-15.3

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

RESULT HIGHLIGHTS

- The Q4FY2008 results of Ashok Leyland Ltd (ALL) are ahead of our expectations, mainly on the profitability front.
- The net sales for the quarter grew by 11.8% to Rs2,562 crore. The operating profit margin (OPM) declined marginally by 10 basis points to 11.2%. Adjusted profit after tax (PAT) grew by only 2.9% to Rs173.0 crore in Q4FY2008.
- For FY2008 the sales have grown by 7.8% to Rs7,729.1 crore. The adjusted PAT for the year has risen by 4.4% to Rs466.4 crore. The reported PAT has increased by 6.4% to Rs469.3 crore.
- The commercial vehicle (CV) segment is expected to recover only in FY2009. For FY2009 the company has guided for an industry growth rate of higher single digit and aims to grow at a higher rate during the fiscal.
- ALL has huge capital expenditure (capex) plans for the next three years. These include the expansion of the existing capacity and installation of a new manufacturing facility at Uttarakhand.
- At the current market price of Rs39, the stock quotes at 9.3x its FY2010E earnings and 6.0x its FY2010E earnings before interest, depreciation, tax and amortisation (EBIDTA). We maintain our Hold call on ALL with a price target of Rs43.■

For further details, please visit the Research section of our website, sharekhan.com

Bajaj Holdings & Investment

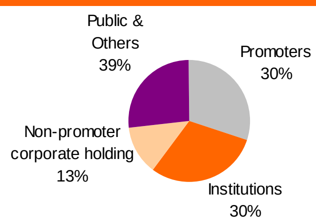
Apple Green	Buy; CMP: Rs674	May 23, 2008

Price target revised to Rs941

COMPANY DETAILS

Price target:	Rs941
Market cap:	Rs6,820 cr
52 week high/low:	Rs772/586
NSE volume (No of shares):	2.1 lakh
BSE code:	500490
NSE code:	BAJAJHLDNG
Sharekhan code:	BAJAJ
Free float (No of shares):	7.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-1.6	-	-	-
Relative to Sensex	-2.4	-	-	-

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

RESULT HIGHLIGHTS

- Bajaj Holdings & Investment Ltd (BHIL) holds a 30% stake each in the new Bajaj Auto and Bajaj Finserve. BHIL also holds cash and investments held by the erstwhile Bajaj Auto. Since the company was formed after the de-merger of the erstwhile Bajaj Auto, the previous comparable figures are not available.
- BHIL has reported a consolidated top line of Rs62.6 crore for Q4FY2008 and that of Rs3,63 crore for FY2008. The profit after tax (PAT) stands at Rs79.3 crore for Q4FY2008 and at Rs525.7 crore for FY2008.
- BHIL holds cash and investments in various companies, such as ICICI Bank, Bajaj Auto Finance and Maharashtra Scooters. It will continue to hold the cash and investments in liquid form for the next two years to be able to lend to the newly formed Bajaj Auto and Bajaj Fin Serv if and when the need arises. Only when these two companies begin to generate sufficient cash flows on their own to fund their businesses will BHIL invest the cash and investments for the long term. For instance, BHIL also has a 260-acre special economic zone in Aurangabad and part of the cash could be used to expand this business in future.
- We have valued the stakes of Bajaj Auto and Bajaj Finserve at a 50% holding company discount, which works out to Rs234 per share. Further, as on date the value of BHIL's investment portfolio is Rs692 per share. Taking the value of the company at Rs927. We recommend a Buy on the stock with a price target of Rs941.

For further details, please visit the Research section of our website, sharekhan.com

Balaji Telefilms

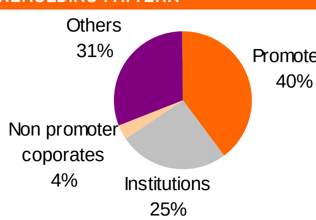
Emerging Star	Buy; CMP: Rs181	May 23, 2008

Price target revised to Rs299

COMPANY DETAILS

Price target:	Rs299
Market cap:	Rs1,182 cr
52 week high/low:	Rs388/165
NSE volume (No of shares):	79,905
BSE code:	532382
NSE code:	BALAJITELE
Sharekhan code:	BALAJITELE
Free float (No of shares):	3.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-0.9	-21.1	-47.7	-30.0
Relative to Sensex	-1.7	-19.2	-42.8	-40.8

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

RESULT HIGHLIGHTS

- Balaji Telefilms Ltd (BTL) operating performance for Q4FY2008 was above our expectation. Programming hours in the commissioned category increased to 289.5 hours from 201 hours in Q4FY2007 with the launch of four new shows in the last two quarters. Much lower realisation on these shows combined with discontinuance of one of the more popular and high-revenue yielding shows *Kasauti Zindagi kay* led to an anticipated drop in the blended realisation in the commissioned category to Rs29.7 lakh per hour.
- Overall revenues for the quarter increased by 24.7% yoy to Rs96.5 crore. The operating profit margin (OPM) for the quarter stood at 36% against 39.3% in Q4FY2007. Thus the adjusted net profit for the quarter increased by 14.7% yoy to Rs24.4 crore.
- BTL launched four new shows during the last two quarters andiIn the coming quarters, the company is looking to diversify its business by launching reality shows such as *Kaun Jeetega Bollywood ka Ticket* on 9x, *Gharwali Baharwali* on Sony and a mythological show of *Mahabharat*.
- In the film segment it is distributing Ram Gopal Verma's *Sarkar Raj* to be released on June 6, 2008 and targets releasing seven to eight movies a year.
- We remain positive on the television content and film businesses of BTL. We have revised our sum of the parts price target to Rs299 and maintain our Buy recommendation on the stock. At the current market price of Rs181.3 the stock trades at 9x its FY10E earnings per share (EPS) of Rs20.2.

For further details, please visit the Research section of our website, sharekhan.com

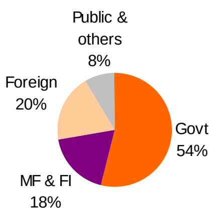
Bank of Baroda

Apple Green | Buy; CMP: Rs292 | May 20, 2008

COMPANY DETAILS

Price target:	Rs423
Market cap:	Rs10,637 cr
52 week high/low:	Rs501/245
NSE volume (No of shares):	5.5 lakh
BSE code:	532134
NSE code:	BANKBARODA
Sharekhan code:	BOB
Free float (No of shares):	16.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	1.9	-28.3	-24.2	8.0
Relative to Sensex	-5.1	-25.6	-14.6	-13.4

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

Price target revised to Rs423

RESULT HIGHLIGHTS

- Bank of Baroda (BoB) reported a bottom line of Rs276.4 crore for Q4FY2008, indicating a 12.5% growth yoy. The bottom line is below our estimate of Rs303 crore.
- At Rs1,028.5 crore the net interest income (NII) for the quarter is down 2.4% yoy, pointing towards pressure on the margins.
- The calculated NIM of the bank contracted by 62 basis points as the improvement in the yields was more than outweighed by the significant increase in the cost of funds.
- The non-interest income grew by a strong 23.6% yoy to Rs554.6 crore on the back of a spike in the treasury gains (up 195.5% yoy)
- The operating expenses were contained at Rs768.7 crore (up 1.4% yoy), largely due to a 4.7% decline in the staff expenses.
- Provisions and contingencies witnessed a jump of 36.3% yoy and stood at Rs425 crore during the quarter. This was largely due to a lower base in the year-ago period, which included a write-back of Rs46.3 crore.
- The asset quality remained healthy with the gross NPA percentage (%GNPA) at 1.84% and the net NPA percentage (%NNPA) at 0.47%. Compared with the year-ago period, the %GNPA and %NNPA indicate an improvement of 63 basis points and 13 basis points respectively.
- We believe that at current valuation, the stock looks attractive. We maintain our Buy recommendation on the stock with a revised price target of Rs423.■

For further details, please visit the Research section of our website, sharekhan.com

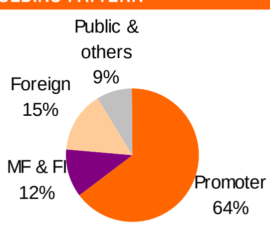
Bank of India

Apple Green | Buy; CMP: Rs361 | May 02, 2008

COMPANY DETAILS

Price target:	Rs458
Market cap:	Rs18,943 cr
52 week high/low:	Rs467/182
NSE volume (No of shares):	18.8 lakh
BSE code:	532149
NSE code:	BANKINDIA
Sharekhan code:	BOI
Free float (No of shares):	18.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	35.2	-3.0	-4.2	79.1
Relative to Sensex	22.3	-1.1	9.7	42.3

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

Results above expectations

RESULT HIGHLIGHTS

- Q4FY2008 results of Bank of India were above our expectations. The profit after tax (PAT) was Rs757 crore, indicating an impressive growth of 69.2% year on year (yoy).
- The net interest income for the quarter came in at Rs1, 216.8 crore, up 25.7% yoy on the back of continued robust growth in advances and a 10 basis points expansion in net interest margin (NIM).
- The non-interest income was up 13.3% yoy to Rs653.3 crore from Rs576.7 crore a year ago. Excluding one-time gains from the year-ago period, the non-interest income for Q4FY2008 indicated a robust 27.9% year-on-year (y-o-y) growth.
- The operating expenses growth was contained due to a 7.6% y-o-y decline in staff expenses, which helped to partly offset the 20.9% y-o-y increase in the other operating expenses.
- Provisions and contingencies were down by 6.5% yoy, which in turn boosted the bottom line.
- The asset quality of the bank improved during the quarter as evidenced by a 8.1% y-o-y decline in the gross non-performing assets (GNPAs).
- The capital adequacy ratio (CAR) moved up to 12.95% from 11.58% a year ago, helped by qualified institutional placements (QIPs).
- Advances witnessed a strong growth of 32.3% yoy and stood at Rs114,793 crore at the end of Q4FY2008. Meanwhile, the deposits grew by 25.1% yoy to Rs150,012 crore.
- At the current market price of Rs360.7, Bank of India trades at 7.4x 2009E EPS, 4.1x 2009E pre-provisioning profit (PPP) per share and 1.8x 2009E book value (BV) per share. We maintain Buy recommendation on the stock with price target of Rs458.■

For further details, please visit the Research section of our website, sharekhan.com

BASF India

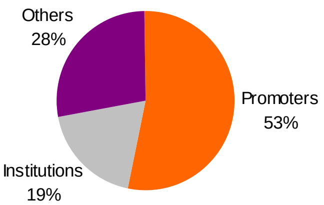
Ugly Duckling | Buy; CMP: Rs212 | May 07, 2008

Expanding offerings to automotive business

COMPANY DETAILS

Price target:	Rs330
Market cap:	Rs598 cr
52 week high/low:	Rs344/164
NSE volume (No of shares):	24,122
BSE code:	500042
NSE code:	BASF
Sharekhan code:	BASF
Free float (No of shares):	1.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	14.7	-11.2	-13.6	-4.4
Relative to Sensex	1.3	-7.3	-3.7	-24.0

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

To set up new engineering plastics factory at Thane

BASF India (BASF) plans to build a new engineering plastics compounding plant with a capacity of 9,000 tonne per annum at its existing Thane facilities in CY2009. The new plant would primarily cater to the automotive, electrical and electronics industries. The company has also planned to triple its automotive catalyst capacity at its Chennai-based facility by 2009. In addition, BASF Coatings is expanding its e-coat facility by the end of 2008.

Impact analysis: To ride on the growing automotive industry

The plans are in line with BASF's announcement in August 2007 to invest Euro2.5 billion in Asia by 2010. Increasing use of engineering plastic for weight reduction and cost cutting has become a global trend in the automotive world. However, engineering plastic currently forms only 10% of the total weight of a car in India as against 20% in Europe. This provides ample growth opportunity for the BASF's engineering plastic business.

BASF offers a catalyst that makes it possible to convert up to 96% of a vehicle's emissions into harmless end-products. In view of the tightening of the emission regulations in India, additional capacities are likely to drive the sales volume in future for catalysts.

Outlook and valuations

We remain optimistic about the prospects of the company, considering the ongoing consumption boom in the company's user sectors. The company's stock is trading at attractive valuation of 7.0x FY2009E consolidated earnings. We maintain our Buy recommendation on the stock with a price target of Rs330.

For further details, please visit the Research section of our website, sharekhan.com

Bharat Bijlee

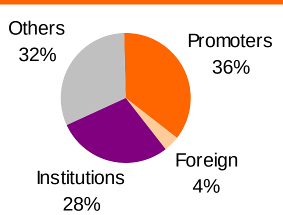
Apple Green | Buy; CMP: Rs2,221 | May 12, 2008

Price target revised to Rs2,907

COMPANY DETAILS

Price target:	Rs2,907
Market cap:	Rs1,254 cr
52 week high/low:	Rs4068/1525
NSE volume (No of shares):	5,190
BSE code:	503960
NSE code:	BBL
Sharekhan code:	BHARATBIJ
Free float (No of shares):	0.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	10.8	-20.3	-26.6	61.8
Relative to Sensex	4.4	-16.9	-17.3	31.9

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

RESULT HIGHLIGHTS

- For Q4FY2008 Bharat Bijlee Ltd's (BBL reported a growth of 11.4% in net sales to Rs199.3 crore) which was below our expectation.
- Operating profit grew by 9.9% to Rs48.9 crore. Operating profit margin (OPM) declined marginally (30 basis points). The OPM remained healthy and improved sequentially on account of improved absorption of fixed cost booked in Q3FY2008 on material lying in inventory which was cleared in the quarter under review.
- Other income declined by 44.6% to Rs1.3 crore. Interest cost declined by 58.8% to Rs0.6 crore, while depreciation charge was marginally up (7.4% yoy) to Rs1.3 crore.
- Consequently, net profit reported an increase of 7.3% to Rs31.2 crore, which was below our expectation on account of a slower revenue growth.
- Subsequent to lower-than-expected performance of the company, we have reduced our FY2009 and FY2010 estimates to Rs161 and Rs190.5 respectively. We expect BBL to report a CAGR of 20.2% and 21.9% in its revenues and profits respectively over FY2008-10E.
- With increased spending in T&D infrastructure in the country, the transformer-manufacturing industry is witnessing a surge in demand. BBL is bringing on stream an additional 3,000MVA of transformer manufacturing capacity, which in our view would help it tap the rising demand.
- We reiterate our Buy recommendation on the stock with a revised price target of Rs2,907 valuing the core business at 14x FY2010E EPS and Rs239 per share for market investments (30% discount to the current market value). At the current market price, the stock discounts its FY2009E and FY2010E earnings by 13.8x and 11.7x respectively.

For further details, please visit the Research section of our website, sharekhan.com

STOCK UPDATE

Bharat Electronics

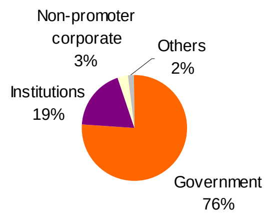
Apple Green | Buy; CMP: Rs1,228 | May 12, 2008

Strong Q4FY2008 performance

COMPANY DETAILS

Price target:	Rs1,610
Market cap:	Rs9,824 cr
52 week high/low:	Rs2180/1040
NSE volume (No of shares):	89,000
BSE code:	500049
NSE code:	BEL
Sharekhan code:	BEL
Free float (No of shares):	1.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	6.5	-12.3	-33.1	-24.8
Relative to Sensex	0.4	-8.6	-24.6	-38.7

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

RESULT HIGHLIGHTS

- Bharat Electronics Ltd (BEL) has announced its actual results for FY2008.
- For FY2008, sales grew by 4.5% to Rs4,069.3 crore. As mentioned in our earlier provisional update Q4 was very strong for the company and accounted for 56% of the sales.
- Operating profit margin (OPM) for Q4FY2008 was also strong at 30.5%.
- During Q4FY2008, the company reversed the provision made towards pension and other liabilities for FY2007 as per AS-15, which stood at Rs21.32 crore. Adjusted for the same, the net profit stood at Rs483 crore.
- Profit after tax (PAT) for FY2008 was at Rs767 crore (up 7.4% year on year [yoy]).
- Order book for FY2009 stood at Rs9,450 crore. The management has guided its plans to achieve revenues of Rs100 billion by FY2012, implying a compounded annual growth rate (CAGR) of 25%.
- At the current market price of Rs1,228, the stock trades at 11.2x FY2009E and 9.7x FY2010E earnings estimates. On an adjusted earnings (adjusted for cash) basis, the company trades at 5x FY2009E and 4.6x FY2010E, which offers strong downside support to the stock. We maintain our Buy recommendation on the stock with a price target of Rs1,610. ■

For further details, please visit the Research section of our website, sharekhan.com

Bharat Heavy Electricals

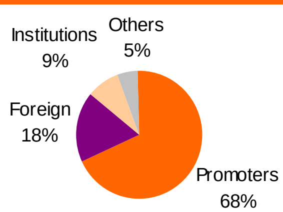
Apple Green | Buy; CMP: Rs1,660 | May 27, 2008

OPM hit by wage hike provision

COMPANY DETAILS

Price target:	Rs2,381
Market cap:	Rs81,246 cr
52 week high/low:	Rs2930/1301
NSE volume (No of shares):	11.1 lakh
BSE code:	500103
NSE code:	BHEL
Sharekhan code:	BHEL
Free float (No of shares):	15.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

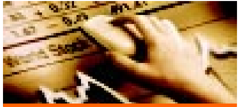
(%)	1m	3m	6m	12m
Absolute	-11.5	-24.1	-36.1	23.5
Relative to Sensex	-7.4	-17.5	-25.0	7.2

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

RESULT HIGHLIGHTS

- Bharat Heavy Electricals Ltd (BHEL) has declared its audited results for Q4FY2008 and the same are broadly in line with the provisional numbers announced by it earlier. The net sales for Q4FY2008 grew by 4.1% to Rs7,202.0 crore. Slower growth in the revenues is attributable to capacity constraints and short supply of critical equipment.
- The operating profits of the company declined by 14.1% to Rs1,363.3 crore, resulting in a contraction of 400 basis points in the operating profit margin (OPM). The primary reason for the decline in the OPM is the provisioning done by the company for increasing the wages in line with the recommendations of the Sixth Pay Commission.
- During the quarter BHEL made provision of Rs492 crore for wage hikes. The company made provision for a 45% increase in the wages vs the provision of a 25% increase in the wages made in the previous quarters of the fiscal. The provision also included Rs290 crore towards incremental leave encashment.
- The current order book of the company stands at Rs91,400 crore.
- BHEL completed the acquisition of Bharat Heavy Plates and Vessels (BHPV) during the quarter. From June 2008, BHPV is expected to produce pressure parts to the tune of 500 tonne per month which would aid BHEL to expedite its execution process and increase its execution capacity by 5%.
- We have lowered our earnings estimate for FY2009 by 3.4% Rs74.9 and that for FY2010 by 2% to Rs101.4. At the current market price the stock is discounting its FY2009 and FY2010 earnings estimates by 22.2x and 16.4x respectively. We maintain our Buy recommendation on the stock with price target of Rs2,381. ■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Bharti Airtel

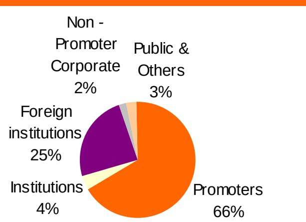
Apple Green	Buy; CMP: Rs847	May 06, 2008

Bharti in talks with MTN Group

COMPANY DETAILS

Price target:	Rs1,100
Market cap:	Rs160,752 cr
52 week high/low:	Rs1149/700
NSE volume (No of shares):	8.8 lakh
BSE code:	532454
NSE code:	BHARTIARTL
Sharekhan code:	BHARTI
Free float (No of shares):	64.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	14.0	-4.4	-5.1	9.5
Relative to Sensex	0.0	1.9	6.1	-13.6

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

- Bharti Airtel (Bharti) has informed that it has entered into exploratory discussions with the MTN Group, South Africa to acquire a majority stake in the latter.
- MTN Group is a South African telecom giant operating in 21 African countries as well as the Middle East. As at the end of March 2008, MTN Group recorded more than 68 million subscribers across its operations. For CY2008 it expects a 36% growth in its subscribers. It has an aggregate market share of 36% across regions where it is present.
- According to media reports, Bharti's proposed bid to acquire a 51% stake in MTN Group is at an indicated bid price of US$21.8 per share. The enterprise value (EV) at this price works out to US$43 billion.
- At the indicated bid price of Bharti the acquisition appears reasonable at EV/subscriber of $630 and EV/earnings before interest, depreciation, tax and amortisation (EBIDTA) (CY2007) of 10.1x. However, any substantial increase in the acquisition cost due to competitive bidding could make the deal unattractive for Bharti.
- We would keenly watch the company for further developments and announcements. At the current price of Rs847 the stock is trading at 15.5x its FY2010E. We maintain our Buy call on the stock.

For further details, please visit the Research section of our website, sharekhan.com

Canara Bank

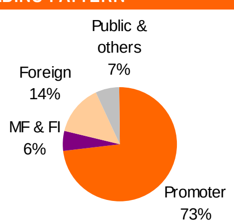
Apple Green	Buy; CMP: Rs237	May 16, 2008

Q4FY2008 PAT higher than expected

COMPANY DETAILS

Price target:	Rs315
Market cap:	Rs9,717 cr
52 week high/low:	Rs421/198
NSE volume (No of shares):	7.5 lakh
BSE code:	532483
NSE code:	CANBK
Sharekhan code:	CANBNK
Free float (No of shares):	11.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.5	-22.8	-17.5	1.9
Relative to Sensex	-2.8	-19.6	-6.1	-19.1

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

RESULT HIGHLIGHTS

- Canara Bank has reported a profit after tax (PAT) of Rs464.1 crore for Q4FY2008, reflecting a decline of 8.1% year on year (yoy). The reported PAT is marginally above our expectation of Rs451.1 crore.
- The top line performance is disappointing with the net interest income (NII) declining by 12.9% yoy to Rs922.5 crore owing to pressure on the margins and a muted advances growth.
- The non-interest income provided some relief with a 14.1% growth yoy. Despite the other income growth coupled with lower operating expenses, the pre-provisioning profit was down 10.7% yoy.
- Notably, the provisions were down 24.5% yoy to Rs375.1 crore, which helped the bank check the decline in the profitability.
- The asset quality of the bank remained healthy with an improvement on absolute and relative basis. The gross non-performing asset (GNPA) percentage was down 20 basis points yoy, while the net non-performing asset (NNPA) percentage was down 10 basis points.
- Growth in advances was muted at 8.9% as the bank focussed on rebalancing its advances book. In line, the deposit growth was muted at 8.2% yoy.
- At the current market price of Rs237, Canara Bank trades at 5.4x 2009E earnings per share, 2.9x 2009E pre-provisioning profit and 1.0x 2009E book value. The stock is trading at par with its 2009E book value making it an attractive buy. We maintain our Buy recommendation and price target of Rs315 on the stock.

For further details, please visit the Research section of our website, sharekhan.com

Ceat

Ugly Duckling

Buy; CMP: Rs119

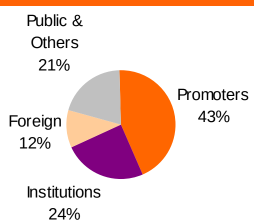
May 20, 2008

Price target revised to Rs196

COMPANY DETAILS

Price target:	Rs196
Market cap:	Rs408 cr
52 week high/low:	Rs244/92
NSE volume (No of shares):	2.3 lakh
BSE code:	500878
NSE code:	CEAT
Sharekhan code:	CEAT
Free float (No of shares):	2.6 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-5.1	-19.4	-46.4	-36.7
Relative to Sensex	-11.7	-16.4	-39.6	-49.2

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

RESULT HIGHLIGHTS

- Ceat's Q4FY2008 results are ahead of our expectations, mainly on the sales front. The net sales of the company grew by 14.8% to Rs646.2 crore in the quarter. The original equipment (OE) sales continued to decline whereas the replacement sales grew strongly by 28.2% in Q4FY2008.
- The operating profit margin (OPM) declined by 180 basis points to 6.0% as a result of a higher raw material cost. Consequently, the operating profit declined by 12.3% to Rs38.5 crore.
- The company increased prices of tyres by 5% in April 2008 due to the rising raw material prices.
- It has announced a capital expenditure (capex) of Rs1,000 crore for setting up a radial plant and relocating the Bhandup plant. Further details of this capex including the time period and the funding pattern are yet to be finalised.
- We maintain our positive view on Ceat, as the stock is trading at very cheap valuations. At the current market price of Rs119 the stock is trading at 5.2x its FY2010 earnings of Rs24.5 and enterprise value (EV/earnings before interest, tax, depreciation and amortisation (EBITDA) of 2.8x. We maintain our Buy recommendation on Ceat with a revised price target of Rs196.

For further details, please visit the Research section of our website, sharekhan.com

Crompton Greaves

Apple Green

Buy; CMP: Rs230

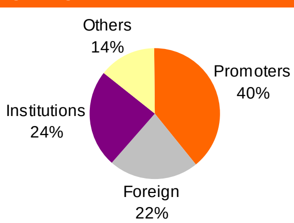
May 28, 2008

Strong operating performance

COMPANY DETAILS

Price target:	Rs367
Market cap:	Rs8,415 cr
52 week high/low:	Rs452/221
NSE volume (No of shares):	5.5 lakh
BSE code:	500093
NSE code:	CROMPGREAVE
Sharekhan code:	CROMPTON
Free float (No of shares):	22.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

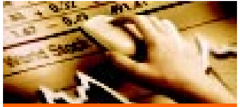
(%)	1m	3m	6m	12m
Absolute	-5.7	-25.2	-41.5	9.0
Relative to Sensex	-0.9	-18.2	-31.5	-5.0

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

RESULT HIGHLIGHTS

- In Q4FY2008, Crompton Greaves Ltd (CGL) reported a revenue growth of 17.1% in its standalone revenues on the back of a robust 27.3% growth in the revenues of the consumer products business. The operating profit of the company grew by 36.9% to Rs156.6 crore, while the operating profit margin (OPM) improved by 200 basis points year on year (yoy) to 13.5%. The net profit grew by 47.4% to Rs103.1 crore.
- On a consolidated basis, for FY2008 the CGL group reported an increase of 21.2% in the revenues, while the operating profit increased by 54.1% to Rs743.9 crore. The profit after tax (PAT) grew by 44.4% to Rs406.7 crore.
- The current order book the company stood at Rs5,120 crore of which Rs2,128 crore worth of orders are for the standalone entity.
- We expect CGL's revenue to grow a compounded annual growth rate (CAGR) of 20.4%, while the profits are expected to grow at a CAGR of 26.7% over FY2008-10E.
- The margins of the standalone entity are expected to remain under pressure during FY2009 due to the increase in the input cost, factoring in the same in our estimates and have revised out FY2009 estimates downwards by 4.1% to Rs13.8 and FY2010 by 2.1% to Rs18 per share.
- In our opinion, CGL, a key integrated player in the space with proven track record is all set to witness a robust growth, going forward. At the current market price the stock is trading at 16.6x and 12.8x FY2009E and FY2010E earnings. We recommend a Buy on the stock with a price target of Rs367.

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Deepak Fertilisers & Petrochemicals Corporation

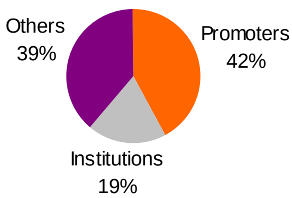
Ugly Duckling	Buy; CMP: Rs106	May 30, 2008

Q4FY2008 results: First-cut analysis

COMPANY DETAILS

Price target:	Rs169
Market cap:	Rs935 cr
52 week high/low:	Rs178/78
NSE volume (No of shares):	2.5 lakh
BSE code:	500645
NSE code:	DEEPAKFERT
Sharekhan code:	DPKFERT
Free float (No of shares):	5.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	17.4	-10.0	1.7	36.1
Relative to Sensex	10.6	-6.4	16.6	7.9

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

RESULT HIGHLIGHTS

- The net sales of Deepak Fertilisers & Petrochemicals Corporation (DFPCL) increased by 56.8% year on year (yoy) to Rs330 crore. The chemical division and the fertiliser division contributed 72% and 27% respectively to the net sales. The revenue from the chemical division increased by 48.2% yoy to Rs241.5 crore on the back of a strong contribution from isopropyl alcohol (IPA) sales, while the sales from the fertiliser division increased by 72.3% yoy to Rs90.6 crore due to an increase in the trading volume.
- The operating profit during the quarter grew by 38.7% yoy to Rs56.8 crore, while the operating profit margin (OPM) declined by 230 basis points to 17.2%. The segmental profit before interest and tax (PBIT) for the chemical division increased by 41.8% to Rs62.4 crore with the margin declining from 27% to 25.8%. The loss in the fertiliser division reduced to Rs0.3 crore from Rs1.4 crore.
- The adjusted profit after tax (PAT) increased by 13.1% yoy to Rs31.3 crore with the margin reducing by 370 basis points to 9.5%. The effective tax rate increased during the quarter as the company had carry forward losses last year.
- At the current market price of Rs106, the stock is trading at 6.8x its FY2009E earnings and at an enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 5.3x. We maintain our Buy recommendation on the stock with a revised price target of Rs169. ■

For further details, please visit the Research section of our website, sharekhan.com

Elder Pharmaceuticals

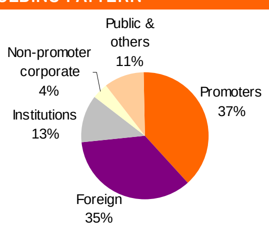
Apple Green	Buy; CMP: Rs371	May 07, 2008

Another strong performance

COMPANY DETAILS

Price target:	Rs508
Market cap:	Rs697 cr
52 week high/low:	Rs470/316
NSE volume (No of shares):	2,325
BSE code:	532322
NSE code:	ELDERPHARM
Sharekhan code:	ELDERPHARM
Free float (No of shares):	1.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.9	-7.6	-3.5	-5.5
Relative to Sensex	-14.3	-3.6	7.5	-24.9

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

RESULT HIGHLIGHTS

- Elder Pharmaceuticals (Elder) has reported a strong revenue growth of 32.3% for Q4FY2008 and of 22.0% to Rs548.1 crore for FY2008.
- Elder has reported an expansion of 20 basis points in its operating profit margin (OPM) to 20.2% for the quarter and of 280 basis points to 20.2% for FY2008. Consequently, the operating profit of the company rose by 33.0% to Rs31.5 crore in Q4FY2008 and by 41.6% to Rs110.5 crore in FY2008.
- Elder's net profit rose by 36.5% to Rs20.4 crore in Q4FY2008 and by 36.1% to Rs71.8 crore in FY2008.
- The management has provided a rosy outlook for the next two to three years and expects to maintain its revenue momentum at around 20%. We have accordingly revised our FY2009 revenue estimate upwards by 1.4% to Rs657.8 crore and the profit estimate by 12.0% to Rs90.3 crore. We are also introducing our FY2010 numbers in this report. We expect the company to register a revenue growth of 18.0% in FY2010E to Rs769.7 crore. The profits are expected to grow by 25.1% to Rs110.9 crore, resulting in earnings of Rs59.0 per share in FY2010. Our estimates do not factor in the Biomeda acquisition or any other future acquisitions the company may undertake in order to achieve its revenue target of Rs1,000 crore by FY2010E.
- At the current market price of Rs371 the stock is trading at 7.9x FY2008E earnings and at 6.3x FY2009E earnings. We maintain our Buy recommendation on Elder with a price target of Rs508. ■

For further details, please visit the Research section of our website, sharekhan.com

Gateway Distriparks

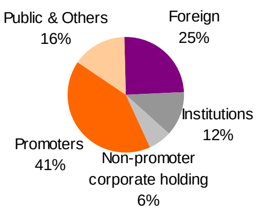
Cannonball | **Buy; CMP: Rs120** | **May 06, 2008**

Price target revised to Rs236

COMPANY DETAILS

Price target:	Rs236
Market cap:	Rs1,385 cr
52 week high/low:	Rs202/81
NSE volume (No of shares):	8.4 lakh
BSE code:	632622
NSE code:	GDL
Sharekhan code:	GATEWAY
Free float (No of shares):	6.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.2	-3.8	-23.8	-34.4
Relative to Sensex	-9.5	2.5	-14.8	-48.3

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

RESULT HIGHLIGHTS

- Gateway Distriparks Ltd's (GDL) Q4FY2008 results were below our expectation due to higher interest and depreciation charges as well as other start-up costs associated with the rail business.
- On a consolidated basis, the net sales grew by 78% year on year (yoy) to Rs83.5 crore due to a higher throughput at Jawaharlal Nehru Port Trust (JNPT).
- The operating profit margin (OPM) continued to face pressure due to losses from rail business and cold storage business, which declined by 1,420 basis points yoy to 32.8%.
- Both depreciation and interest charges rose considerably due to investment in container, rail and trucking businesses. Consequently, the net profit declined by 23% to Rs15.2 crore.
- GDL plans to add another six trains by June 2008 for its container rail business and has earmarked a capital expenditure (capex) of about Rs200 crore for the same for FY2009. However, it is currently operating only at domestic routes, as the joint venture with Concor to operate trains at more profitable export import (EXIM) routes has got delayed due to procedural hurdles.
- We are lowering our FY2009 estimates due to lower margins, delay in entering EXIM routes and lower utilisation of container rail business. We estimate earnings of Rs8.1 for FY2009 and Rs9.5 for FY2010. At the current levels, the stock is trading at 12.6x FY2010E earnings. We maintain our Buy recommendation on the stock with a revised price target of Rs236.

For further details, please visit the Research section of our website, sharekhan.com

Genus Power Infrastructures

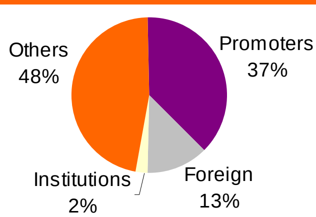
Ugly Duckling | **Buy; CMP: Rs563** | **May 02, 2008**

Price target revised to Rs673

COMPANY DETAILS

Price target:	Rs673
Market cap:	Rs793 cr
52 week high/low:	Rs950/217
NSE volume (No of shares):	34,395
BSE code:	530343
NSE code:	GENUSOVERE
Sharekhan code:	GENUSOVER
Free float (No of shares):	0.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

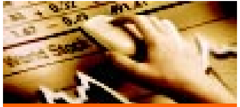
(%)	1m	3m	6m	12m
Absolute	16.9	-13.6	-10.4	134.2
Relative to Sensex	5.8	-11.8	2.7	86.2

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

RESULT HIGHLIGHTS

- Genus Power Infrastructures Ltd (GPIL) reported a 27.4% growth in the revenues. The sales were below our expectation. The meters sales continue to be robust, however the project sales were deferred due to rising input costs.
- The operating profit grew by 75.9% yoy to Rs35.1 crore, which was way above our expectation. The operating profit margin (OPM) reported a sharp 500-basis-point improvement to 18.1% on the back of a steep decline in the other expenses.
- Aided by better-than-expected operating performance the net profit of the company reported a growth of 102.1% to Rs25.5 crore. This was in line with our expectation, but higher than street expectation.
- The current order book of the company stood at Rs417 crore with close to 60% coming from the meters business. The company was also the lowest bidder for orders worth Rs450 crore.
- The full year sales were lower than our expectation. Hence we have revised our earnings and our FDEPS for FY2009 now stands at Rs48.7. We are also introducing our FY2010 estimates and expect GIPL to deliver compounded annual growth rate (CAGR) of robust 32.7% and 41.6% in its revenues and profits respectively over FY2008-10E.
- GPIL is a leading manufacturer of electronic energy meters. In our view the company is well poised to benefit from the government's plan to spend on the country's power transmission and distribution sector. We maintain our positive outlook and our Buy recommendation on the stock with an upward revision in price target to Rs673. At the current market price, the stock trades at 11.6x its FY2009E and 8.9x its FY2010E earnings.

For further details, please visit the Research section of our website, sharekhan.com



Grasim Industries

Apple Green

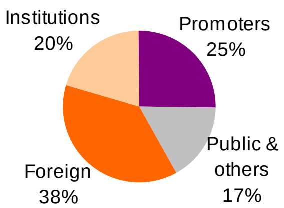
Buy; CMP: Rs2,369 | **May 02, 2008**

Price target revised to Rs3,002

COMPANY DETAILS

Price target:	Rs3,002
Market cap:	Rs21,718 cr
52 week high/low:	Rs4,074/2,335
NSE volume (No of shares):	22,645
BSE code:	500300
NSE code:	GRASIM
Sharekhan code:	GRASIM
Free float (No of shares):	6.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-6.6	-18.5	-35.2	-1.7
Relative to Sensex	-15.5	-16.9	-25.7	-21.9

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

RESULT HIGHLIGHTS

- Grasim Industries (Grasim) Q4FY2008 results were below our estimates. The company reported a top line growth of 10.8% year on year (yoy) to Rs2,742.4 crore.
- The operating profit margin (OPM) for the quarter declined by 390 basis points to 24.2% on account a substantial drop in the earning before interest, depreciation, tax and amortisation (EBIDTA) margin across all divisions. Consequently the operating profit of the company declined by 4.6% yoy to Rs662.3 crore.
- The adjusted net profit of the company increased by a meagre 1.5% to Rs455.6 crore. The growth in the net profit was mainly due to an increase of 53.1% in the other income to Rs118.7 crore and a 25.9% decline in the interest expense to Rs27.2 crore.
- During the quarter ended, the company had a profit on sale of subsidiary of Rs180.3 crore (net of tax) and a write back of provision for diminution in value of investment/ loans of Rs31.52 crore (net of tax). Thus, the reported net profit of the company increased by 40.6% to Rs667.4 crore.
- For the year ended FY2008, on a standalone basis the net sales increased by 18.9% to Rs10,278.1 crore and the adjusted PAT stood at Rs2,016.1 crore, up 33.5%. On a consolidated basis, the net sales increased by 20.5% to Rs17,036.9 crore and reported net profit stood at Rs2,891.4 crore up 47% yoy.
- At the current market price of Rs2,369, the stock is trading at 9.5x its estimated FY2009 earnings per share (EPS). Based on our sum-of-the-parts valuation, we maintain our Buy recommendation on the stock with a revised price target of Rs3,002.

For further details, please visit the Research section of our website, sharekhan.com

ICI India

Ugly Duckling

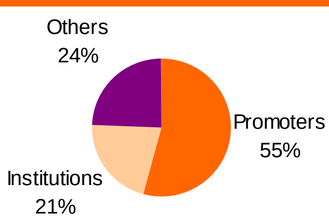
Buy; CMP: Rs542 | **May 21, 2008**

Back on the buying list

COMPANY DETAILS

Price target:	Rs622
Market cap:	Rs2,090 cr
52 week high/low:	Rs679/450
NSE volume (No of shares):	9,397
BSE code:	500710
NSE code:	ICI
Sharekhan code:	ICI
Free float (No of shares):	1.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	0.2	9.3	5.7	11.1
Relative to Sensex	-4.2	11.6	18.0	-8.7

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

RESULT HIGHLIGHTS

- For Q4FY2008 ICI India has reported a sales growth of 9% yoy to Rs220.0 crore. The paints business of the company grew by 7.9% yoy to Rs183.9 crore whereas the adhesives business (which is a "discontinuing" business) achieved a growth of 20.6% to Rs31.6 crore.
- The OPM declined by 30 basis points yoy to 8.7% during Q4FY2008. The margin declined mainly because of higher raw material and employee costs, which grew by 9.2% and 22.1% respectively. The operating profit increased by 6.1% to Rs19.2 crore.
- The lower other income and higher incidence of tax led to a decline of 24.0% in the adjusted net profit to Rs9.6 crore in Q4FY2008 as compared with Rs12.7 crore during the corresponding quarter of the previous year.
- As part of its global strategy, ICI India's adhesive business is being sold to an Indian affiliate of the Henkel group for a total consideration of Rs260 crore, subject to adjustments for actual working capital and cash balances.
- We remain positive on ICI India primarily on account of good prospects for the paint industry and the huge pile of cash at the company's disposal that opens up opportunities for organic and inorganic growth.
- At the current market price of Rs542 the stock is trading at 15.7x (net of cash on books) its FY2010E core earnings per share (EPS) of Rs17.6. We upgrade our recommendation on the stock from Hold to Buy with a price target of Rs622.

For further details, please visit the Research section of our website, sharekhan.com

Indo Tech Transformers

Ugly Duckling

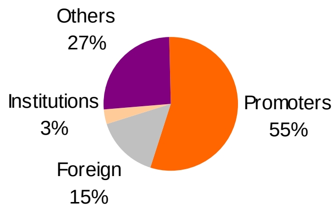
Buy; CMP: Rs491

May 30, 2008

Company details

Price target:	Rs591
Market cap:	Rs521 cr
52 week high/low:	Rs808/331
NSE volume (No of shares):	13,275
BSE code:	532717
NSE code:	INDOTECH
Sharekhan code:	INDOTECH
Free float (No of shares):	0.5 cr

Shareholding pattern



Price performance

(%)	1m	3m	6m	12m
Absolute	-3.6	-22.5	-16.7	60.3
Relative to Sensex	-9.2	-19.4	-4.4	27.1

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

Price target revised to Rs591

Result highlights

- ForQ4FY2008, the revenues reported a decline of 17.1% to Rs47 crore led by drop both in the realisations and volumes. The volumes declined by 6.8% year on year (yoy) to 688 Mega Volt Ampere (MVA), while the realisations were down by 11% to Rs6.83 lakh. The major reason cited for the decline in the volumes was the shift of man power from the existing capacity to the new plant, which led to delay in executions.
- The operating performance of the company however continued to be robust with a 390-basis point rise in the operating profit margin (OPM) to 31%. Consequently, the operating profit declined by 5.1% to Rs14.6 crore.
- Led by better than expected operating performance, the company reported a decline of 6% to Rs9.7 crore in the net profits.
- The current order book of the company stood at Rs153.3 crore, executable over the next five-six month period.
- The company has brought on stream an additional capacity of 4,000MVA during FY2008, however the first shipment was made only in May 2008.
- The revenue growth in FY2008 has been slower than our expectation mainly on account of the delay in the commercial production by the new capacity. The new plant would take couple of months to stabilise and then the capacity would be ramped up. We have therefore reduced our revenue estimates for FY2009 and our EPS to Rs46.
- We are also introducing our FY2010 estimates and our FY2010E EPS stands at Rs52.7 per share. We maintain our Buy recommendation on the stock with a revised price target of Rs591. At the current market price the stock trades at 9.3x FY2010E EPS.

For further details, please visit the Research section of our website, sharekhan.com

ITC

Apple Green

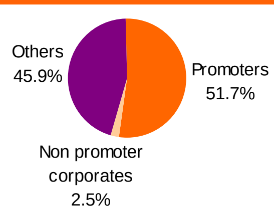
Buy; CMP: Rs206

May 26, 2008

Company details

Price target:	Rs247
Market cap:	Rs77,463 cr
52 week high/low:	Rs239/150
NSE volume (No of shares):	60.7 lakh
BSE code:	500875
NSE code:	ITC
Sharekhan code:	ITC
Free float (No of shares):	182.0 cr

Shareholding pattern



Price performance

(%)	1m	3m	6m	12m
Absolute	0.8	6.7	15.7	31.1
Relative to Sensex	1.0	11.0	30.6	11.9

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

All is well

Result highlights

- ITC registered a growth of 16.7% year on year (yoy) in its net sales to Rs3,934.4 crore during Q4FY2008. The sales growth was led by strong growth in non-cigarette FMCG and agri-business revenues.
- The operating profit margin (OPM) for the quarter declined by 104 basis points to 26.6% as against 27.6% in the corresponding quarter of the previous year. This was mainly because of the rise in the raw material cost, as the raw material cost as percentage of sales increased by 274 basis points to 46.9% during Q4 FY2008. Thus, the operating profit increased by 12.3% yoy to Rs1,044.7 crore during the quarter.
- A jump of 60.0% in other income to Rs163.7 crore (higher than our expectation), helped the net profit to grow by 13.1% to Rs735.6 crore during Q4FY2008.
- Despite a 6% increase in excise duty and imposition of a 12.5% VAT, cigarette volumes declined only by 1% as against our expectation of 2.5% for FY2008.
- The non-cigarette FMCG business continued its remarkable progress with a 48.1% revenue growth. The segment loss increased to Rs117.9 crore on account of the increase in the brand building activities on new product launches in the personal care category.
- We continue our bullish stance on the stock and maintain our Buy recommendation with a price target of Rs247. At the current market price of Rs205.7 the stock trades at 17.9x its FY2010E earnings per share (EPS) of Rs11.5.

For further details, please visit the Research section of our website, sharekhan.com

Jaiprakash Associates

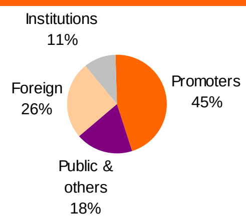
Ugly Duckling | Buy; CMP: Rs269 | May 08, 2008

Results above expectations

COMPANY DETAILS

Price target:	Rs390
Market cap:	Rs31,513 cr
52 week high/low:	Rs510/93
NSE volume (No of shares):	9.2 lakh
BSE code:	532532
NSE code:	JPASSOCIAT
Sharekhan code:	JPASSO
Free float (No of shares):	64.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	18.5	-19.5	-11.1	124.6
Relative to Sensex	7.6	-18.7	-1.2	78.1

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

RESULT HIGHLIGHTS

- Jaiprakash Associates Ltd (JAL) Q4FY2008 results were above our estimates. On a standalone basis the company reported a top line growth of 44.5% year on year (yoy) to Rs1,280 crore. This was on account of a 45.7% year-on-year (y-o-y) growth in the revenues from the construction division to Rs475 crore and revenue from the real estate division, which stood at Rs256 crore.
- The OPM on a standalone basis for the quarter improved by 140 basis points yoy to 31.1%. Consequently the operating profit jumped by 51.3% to Rs398 crore.
- On a standalone basis, the company reported a net PAT of Rs211 crore, up by 61.1% yoy mainly on account of 120% increase in the other income to Rs66 crore.
- For the year ended March 2008, on a standalone basis the net sales increased 14.6% yoy to Rs3,985 crore and the PAT stood at Rs610 crore, up 47% yoy. On a consolidated basis, the net sales increased by 6.8% to Rs4,201 crore and the adjusted PAT stood at Rs627 core, an increase of 21.2% yoy.
- We have upgraded our FY2009 earnings per share (EPS) estimate by 10.9% to Rs6 and have also introduced FY2010 estimates. The estimated PAT for FY2010 stands at Rs947.9 crore, implying a growth of 26.4% over FY2009E. At the current market price of Rs269, the stock is trading at 45x its FY2009E EPS and 35x its FY2010E EPS. We maintain a Buy on the stock with a price target of Rs390 based on our sum-of-the-parts valuation.

For further details, please visit the Research section of our website, sharekhan.com

JK Cement

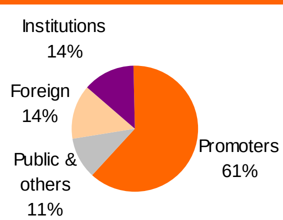
Cannonball | Buy; CMP: Rs148 | May 22, 2008

Price target revised to Rs250

COMPANY DETAILS

Price target:	Rs250
Market cap:	Rs1,035 cr
52 week high/low:	Rs265/123
NSE volume (No of shares):	1.0 lakh
BSE code:	532644
NSE code:	JKCEMENT
Sharekhan code:	JKCEMENT
Free float (No of shares):	2.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	2.1	-5.9	-19.1	-3.1
Relative to Sensex	-1.0	-3.4	-12.9	-19.8

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

RESULT HIGHLIGHTS

- For Q4FY2008 JK Cement has reported a 5.2% year-on-year (y-o-y) increase in its net sales to Rs385.6 crore. The sales growth was achieved on the back of an 8.6% rise in the y-o-y blended realisation per tonne to Rs3,888.
- There was a sharp increase of 14.6% in the total cost per tonne of cement to Rs2,853. Consequently the earnings before interest, depreciation, tax and amortisation (EBIDTA) per tonne declined by 5.2% yoy to Rs1,035 during the quarter.
- Operating profit margin (OPM) of the company witnessed a sharp decline of 390 basis points to 26.6%. Consequently, the operating profit declined by 8.1% yoy to Rs102.6 crore.
- Reported PAT also declined by 2.6% yoy to Rs59.8 crore. This was much lower than our estimate of Rs72 crore due to a lower volume growth and effective higher tax rate.
- For the year ended FY2008, JK Cement has reported an 18.2% y-o-y growth in its net sales to Rs1,485.3 crore and a 48.5% growth in its reported PAT to Rs265.2 crore.
- Factoring the cost savings arising due to the full operation of all its captive power plants, including the 13-megawatt (MW) waste heat recovery plant, we have increased our FY2009 EPS estimate by 10% to Rs30.9. We have also introduced our FY2010 estimates in this note.
- At the current market price of Rs148, the stock is trading 4.8x its FY2009E EPS, 3.4x its FY2010E EPS and an enterprise value (EV) per tonne of US$48 based on the expanded capacities. We maintain a Buy on the stock with a revised price target of Rs250.

For further details, please visit the Research section of our website, sharekhan.com

KSB PUMPS

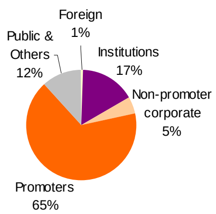
EMERGING STAR | **BUY; CMP: RS281** | **MAY 06, 2008**

Expanding capacity

COMPANY DETAILS

Price target:	Rs451
Market cap:	Rs573 cr
52 week high/low:	Rs649/260
NSE volume (No of shares):	2,573
BSE code:	500249
NSE code:	KSBPUMPS
Sharekhan code:	KSBPUMPS
Free float (No of shares):	0.6 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.2	-3.8	-23.8	-34.4
Relative to Sensex	-9.5	2.5	-14.8	-48.3

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

RESULT HIGHLIGHTS

- KSB Pumps' Q1CY2008 results were slightly below our expectation because of lower than expected margins and slightly lower other income. The net sales for the quarter rose by 20.5% to Rs132.1 crore.
- The operating profit margin (OPM) remained stable on a year-on-year (y-o-y) basis at 16.1%, but the same declined by 300 basis points on a sequential comparison. On segmental basis, the profit before interest and tax (PBIT) margin of the pump division rose by 100 basis points to 12.4%, while that of the valve division declined by 140 basis points to 24.2%.
- Low other income and stable interest and depreciation charges led to a 3% growth in the net profits to Rs12.9 crore.
- We downgrade our CY2008 earning estimate by 8% to Rs29.9 due to lower margin expectations going forward, and introduce our CY2009E earning estimate of Rs34.1.
- Considering the buoyancy in its user segments, particularly refinery and power sectors, we believe that the company would be able to take advantage of the same on account of its capacity expansion plans. Hence we maintain our positive outlook on the company. At the current market price, the stock is trading at 9.6x its CY2009E earnings and is available at an EV/EBIDTA of 5.6x. We maintain our Buy recommendation on the stock with a price target of Rs451.

For further details, please visit the Research section of our website, sharekhan.com

LARSEN & TOUBRO

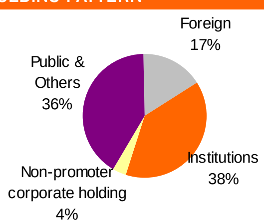
EVERGREEN | **BUY; CMP: RS2,882** | **MAY 29, 2008**

Performance beats expectations

COMPANY DETAILS

Price target:	Rs4,044
Market cap:	Rs84,118 cr
52 week high/low:	Rs4690/17141
NSE volume (No of shares):	8.5 lakh
BSE code:	500510
NSE code:	LT
Sharekhan code:	L&T
Free float (No of shares):	25.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

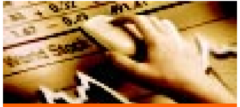
(%)	1m	3m	6m	12m
Absolute	-8.1	-25.6	-34.2	52.1
Relative to Sensex	-5.5	-19.9	-24.8	31.2

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

RESULT HIGHLIGHTS

- The Q4FY2008 results of Larsen and Toubro (L&T) are ahead of our expectations on both top line and profitability fronts.
- The stand-alone top line saw a strong growth of 35.5% to Rs8,466.9 crore, primarily driven by the stellar performance of the E&C division, which grew by 38.2%.
- The OPM improved by 20 basis points yoy and by 250 basis points sequentially to 13.2%. Consequently, the overall operating profit grew by 38.1% to Rs1,118.1 crore.
- The reported profit rose by 38% to Rs966.8 crore after taking into account an exceptional item of Rs87.23 crore relating to the gain on the sale of a stake in a group company.
- L&T has also decided to issue bonus shares in the ratio of 1:1 subject to the approval of the shareholders.
- The management maintains its bullish outlook and stands by its earlier guidance of maintaining a 30-35% top line growth in the next couple of years. The demand scenario remains bullish and the company is hopeful of maintaining its margins going forward as well.
- We have realigned our consolidated EPS for FY2009 and FY2010 to factor in the performance of the key subsidiaries and the company's (L&T) stake sale in the RMC business and in HPL Cogen. Our revised EPS for FY2009E and FY2010E stands at Rs110.5 and Rs150.1 per share respectively.
- L&T's sound execution track record and strong order book position as well as the excellent performance of its subsidiaries enforce our faith in the company.
- We recommend a Buy on the stock with our sum-of-the-parts based price target of Rs4,044.

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Lupin

Apple Green

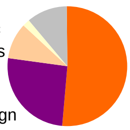
Buy; CMP: Rs644 | **May 15, 2008**

Strong business fundamentals at cheap valuations

COMPANY DETAILS

Price target:	Rs840
Market cap:	Rs5,289 cr
52 week high/low:	Rs745/430
NSE volume (No of shares):	2.6 lakh
BSE code:	500257
NSE code:	LUPIN
Sharekhan code:	LUPLTD
Free float (No of shares):	4.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	17.5	14.3	3.8	-17.1
Relative to Sensex	9.3	19.4	21.6	-32.5

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

RESULT HIGHLIGHTS

- Lupin's performance in Q4FY2008 and FY2008 was ahead of our expectations. The consolidated revenues grew by a healthy 41.1% to Rs750.4 crore in Q4FY2008 and by 34.4% to Rs2,706.4 crore in FY2008. The revenue growth was driven by a continued outperformance of the company's domestic formulation business, strong traction in the US business and the consolidation of the recent acquisitions.
- The reported net profit declined by 32.0% to Rs95.9 crore in Q4FY2008 (on account of a non-recurring income of Rs75.5 crore in Q4FY2007). Excluding this income, the adjusted profit actually grew by 46.1% to Rs95.9 crore. In FY2008, Lupin's reported net profit grew by 32.3% to Rs408.3 crore.
- We have revised our FY2009 estimates for Lupin to reflect the better-than-expected performance in FY2008 and the guidance provided by the management. We are revising our FY2009 revenue estimate upwards by 3.8% to Rs3,395.4 crore and our FY2009 profit estimate by 2.9% to Rs400.7 crore. We are also introducing our FY2010 numbers in this report. We expect the company to register a revenue growth of 17.0% in FY2010 to Rs3,971.0 crore. The profits are expected to grow by 20.0% to Rs480.9 crore, resulting in earnings of Rs54.4 per share in FY2010.
- At the current market price of Rs644, Lupin is discounting its FY2009E earnings by 14.2x and its FY2010E earnings by 11.8x. Keeping in mind the strong business fundamentals and the growth potential of the company, we reiterate our Buy recommendation on Lupin with a price target of Rs840.

For further details, please visit the Research section of our website, sharekhan.com

Mahindra & Mahindra

Apple Green

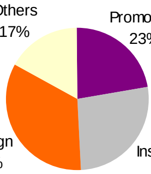
Buy; CMP: Rs606 | **May 29, 2008**

Price target revised to Rs800

COMPANY DETAILS

Price target:	Rs800
Market cap:	Rs15,324 cr
52 week high/low:	Rs872/543
NSE volume (No of shares):	6.5 lakh
BSE code:	500520
NSE code:	M&M
Sharekhan code:	M&M
Free float (No of shares):	19.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	1.0	-5.8	-9.7	-12.8
Relative to Sensex	3.8	1.4	3.2	-24.8

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

RESULT HIGHLIGHTS

- The Q4FY2008 results of Mahindra and Mahindra (M&M) are slightly below our expectations due to higher tax expenses incurred during the quarter.
- The stand-alone net sales grew by 14.6% year on year (yoy) to Rs3,148 crore in Q4FY2008. The operating profit margin (OPM) for the quarter declined by 50 basis points to 10.9% yoy. A lower other income, and higher interest cost and income tax resulted in a 16% decline in the pre-exceptional profit after tax (PAT) to Rs207 crore.
- On a consolidated basis, the net sales for FY2008 grew by 35.2% to Rs23,775 crore. The OPM declined from 15.5% in FY2007 to 13.9% in FY2008. Consequently, the operating profit grew by only 21.6% to Rs3,308 crore. The PAT after minority interest grew by 6% to Rs1,573 crore.
- We expect FY2009 to be a year of challenges for the company as during this period its sales are likely to be affected by the caution being exercised by financiers in extending credit on account of the rising delinquencies in the automotive and tractor businesses. In addition, the margins are expected to be under pressure on account of the rising commodity prices. The management hopes to cope with these challenges with its continued focus on cost control, process efficiencies and product innovations that exceed customer expectations.
- We continue to value M&M on the sum-of-the-parts (SOTP) method and at the current market price of Rs606, the stock discounts its standalone FY2010 earnings by 15.8x. We maintain our Buy recommendation on the stock with a revised price target of Rs800.

For further details, please visit the Research section of our website, sharekhan.com

Mahindra Lifespace Developers

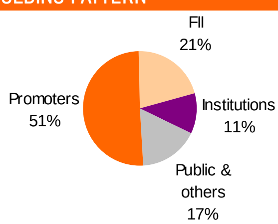
Ugly Duckling | **Buy; CMP: Rs647** | **May 16, 2008**

Price target revised to Rs850

COMPANY DETAILS

Price target:	Rs850
Market cap:	Rs2,644 cr
52 week high/low:	Rs907/336
NSE volume (No of shares):	1.8 lakh
BSE code:	532313
NSE code:	MAHLIFE
Sharekhan code:	MAHIGESCO
Free float (No of shares):	2.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	48.7	-3.5	-5.7	6.9
Relative to Sensex	38.3	0.6	7.2	-15.1

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

- Mahindra Lifespace (MLD) recently announced that it has won a joint bid with BE Billionaire & Co to develop a residential project spanning 2.74 million square feet (mn sq ft) at Multi-modal International Hub Airport (MIHAN), Nagpur. MLD is expected to hold a 70% stake in this project. The company expects a realisation of Rs2,500 per sq ft on account of the residential requirement from the employment generated at MIHAN development.

- MLD is also expanding its stand-alone property portfolio impressively. The company currently has ongoing projects of 2.2 mn sq ft and forthcoming projects of 4.8 mn sq ft. It also has better realisation than our expectation for the ongoing projects.

- To incorporate the improved realisation as well as the addition of the MIHAN projects in the stand-alone properties, we have revised MLD's net asset value (NAV) to Rs820 per share. We have also revised our earnings estimate for FY2009 by 5.9% and that for FY2010 by 0.7%. We continue to use the sum-of-the-parts valuation approach and value the stock at Rs850 per share. At the current market price, the stock is trading at 0.8x to its NAV, 22.1x FY2009 earnings estimate and 9.3x FY2010 earnings estimate. We maintain Buy on the stock with a revised price target of Rs850 per share.■

For further details, please visit the Research section of our website, sharekhan.com

Nucleus Software Exports

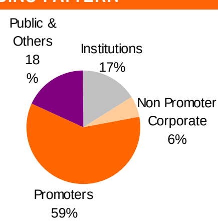
Emerging Star | **Buy; CMP: Rs255** | **May 06, 2008**

Results in line with expectations

COMPANY DETAILS

Price target:	Rs355
Market cap:	Rs826 cr
52 week high/low:	Rs542/170
NSE volume (No of shares):	42,940
BSE code:	531209
NSE code:	NUCLEUS
Sharekhan code:	NUCSEX
Free float (No of shares):	1.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

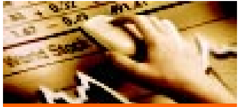
(%)	1m	3m	6m	12m
Absolute	36.0	-13.3	-12.1	-49.0
Relative to Sensex	19.2	-7.5	-1.8	-59.7

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

RESULT HIGHLIGHTS

- Nucleus Software reported a revenue growth of 6% quarter on quarter (qoq) and 29.8% year on year (yoy) to Rs78.1 crore in the fourth quarter ended March 2008. The sequential growth in the revenues was driven by a 1.2% sequential growth in the product business whereas the revenue from the projects and services business grew by 17.4%.
- The operating profit margin (OPM) increased by 162 basis points sequentially to 26.7% during the quarter. The OPM was enhanced mainly on account of a 180-basis point decline in selling, marketing, and overhead cost as percentage of sales, which was 14.1% in Q4FY2008 down from 15.8% in Q3FY2008.
- The other income declined by 15.7% qoq to Rs1.1crore. Tax as percent of profit before tax (PBT) jumped to 14.6% compared to 6.9% in Q3FY2008. Consequently, the profit after tax (PAT) grew by just 3.2% sequentially to Rs16 crore.
- In terms of order highlights, during the quarter the company won orders for implementing 18 product modules. Pending orders decreased by Rs12 crore qoq to Rs318 crore.
- On a yearly basis, the company's revenue grew by 30.5% to Rs288.7 crore, while the PAT grew by 12% to Rs61.7 crore.
- We have kept 2009 earnings unchanged and have also introduced 2010 estimates. At the current price, the stock trades at 10.7x FY2009 estimated earnings and 8.9x FY2010 estimated earnings. We maintain our Buy with a price target of Rs355.■

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Selan Exploration Technology

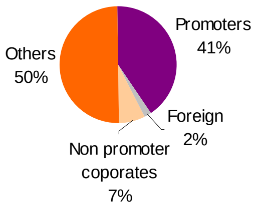
Ugly Duckling	Hold; CMP: Rs245	May 12, 2008

Price target revised to Rs230

Company details

Price target:	Rs230
Market cap:	Rs397 cr
52 week high/low:	Rs276/78
NSE volume (No of shares):	1.4 lakh
BSE code:	530075
NSE code:	SELAN
Sharekhan code:	SELAEXP
Free float (No of shares):	1.0 cr

Shareholding pattern



Price performance

(%)	1m	3m	6m	12m
Absolute	73.6	55.9	55.8	202.8
Relative to Sensex	63.6	62.4	75.5	146.8

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

Result highlights

- For Q4FY2008, Selan Exploration Technologies (Selan) has reported a growth of 38% in its gross revenues to Rs11.7 crore. However, after adjusting for Rs1.6-crore provision made for profit petroleum (for Lohar oilfield), the revenue growth stood at 19.1% to Rs10.1 crore. The growth in the net revenues was contributed by an 8.2% increase in volumes and a 10.1% improvement in average realisations.
- The operating profit margin (OPM) stood at 56% in Q4FY2008, down from 61.6% in Q4FY2007 and 62% in Q3FY2008. The OPM was dented by provision for profit petroleum. Adjusting for the same, the OPM stood at 71.4%, which is highest ever for any quarter.
- In terms of operational highlights, the company has successfully drilled two new wells and aims to invest around Rs50-60 crore in exploration activity over the next two years.
- To factor in the profit petroleum, fine tune the volumes estimates and increase in assumption for realisation, we have revised downward FY2009 earning estimates. We are also introducing FY2010 earning estimates. The net revenues and earnings are estimated to growth at CAGR of 30.9% and 34% respectively. Moreover, the possible induction of strategic investors could be a strong trigger going ahead. Hence, we maintain our Hold recommendation on the stock despite the fact that the scrip trades at a premium to our DCF-based fair value of Rs230.

For further details, please visit the Research section of our website, sharekhan.com

Shiv-Vani Oil & Gas Exploration Services

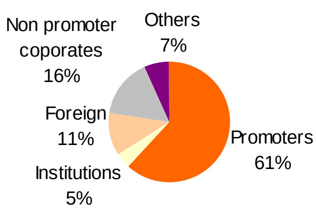
Ugly Duckling	Buy; CMP: Rs630	May 08, 2008

Price target revised to Rs725

Company details

Price target:	Rs725
Market cap:	Rs2,771 cr
52 week high/low:	Rs740/300
NSE volume (No of shares):	91,628
BSE code:	522175
NSE code:	SHIV-VANI
Sharekhan code:	SHIVVANI
Free float (No of shares):	1.7 cr

Shareholding pattern



Price performance

(%)	1m	3m	6m	12m
Absolute	18.0	4.2	64.1	87.4
Relative to Sensex	7.2	5.2	82.2	48.6

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

Result highlights

- Shiv-Vani Oil & Gas Exploration (Shiv-Vani) has reported an excellent top line growth of 63.3% in its consolidated revenues to Rs178.5 crore for Q5FY2008 on the back of strong realisation and higher revenue contribution of the coal bed methane project.
- The operating profit margin (OPM) improved by 330 basis points year on year (yoy) to 39.1% primarily due to the improvement in the realisation and more efficient fleet utilisation.
- The company plans to spend close to Rs650 crore in FY2009 as it looks to add six more rigs by July 2008, taking the total number of rigs to 32. Further, the number would be increased to 40 rigs by the end of the year.
- The company's order book remains healthy at Rs3,500 crore. We have fine-tuned our numbers a little in line with the company' s capex plan. We marginally upgrade our FY2009 profit estimate by 1.3% to Rs161 crore and upgrade our FY2010 profit estimate by 15% to Rs241.2 crore, as majority of the new rigs would start to contribute to the top line. At the current market price the stock trades at 19.5x FY2009 and 13x FY2010 estimated earnings. We maintain our Buy call on the stock with a revised price target of Rs725.

For further details, please visit the Research section of our website, sharekhan.com

Shree Cement

Cannonball

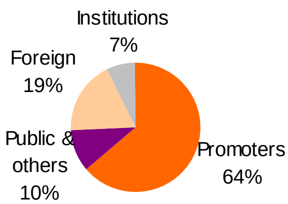
Buy; CMP: Rs916 | **May 09, 2008**

Price target revised to Rs1,225

COMPANY DETAILS

Price target:	Rs1,225
Market cap:	Rs3,191 cr
52 week high/low:	Rs1,695/910
NSE volume (No of shares):	8,065
BSE code:	500387
NSE code:	SHREECEM
Sharekhan code:	SHREECEM
Free float (No of shares):	1.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-14.5	-22.8	-33.5	-7.8
Relative to Sensex	-22.1	-21.2	-26.0	-26.4

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

RESULT HIGHLIGHTS

- Shree Cement's Q4FY2008 revenues grew by 71.9% year on year (yoy) to Rs650.1 crore on the back of a 61.1 % year-on-year growth in the volumes to 2.1 million tonne and a 6.7% year-on-year growth in the realisations to Rs3,167 per tonne. The capacity additions carried out by the company at regular intervals during FY2008 drove its volumes.
- For Q4FY2008 the operating profit margin (OPM) declined by 50 basis points yoy to 39%. The drop was mainly on account of increase in the raw material cost and freight cost per tonne. Consequently, the company's operating profit grew by 69.7% to Rs253.7 crore.
- The reported net profit increased by 71.9% to Rs 41.1 crore.
- In Q4FY2007 the company had written back some pre-operative expenses. Therefore, the adjusted net profit for Q4FY2008 increased sharply from Rs2.4 crore in Q4FY2007 to Rs41.1 crore.
- Going ahead, we expect Shree Cement's earnings growth to come under pressure due to a decline in the cement prices. Hence, we expect the company to post earnings per share (EPS) of Rs85 and Rs91.5 in FY2009 and FY2010 respectively. The stock's valuation is attractive at enterprise value (EV) per tonne of $65 on FY2010 expanded capacity. At the current market price of Rs916, the stock trades at 10.8x and 10x its FY2009 and FY2010 respectively. We maintain our Buy recommendation with a revised price target of Rs1,225 (at EV per tonne of $90).

For further details, please visit the Research section of our website, sharekhan.com

State Bank of India

Apple Green

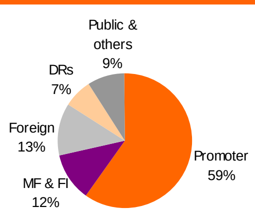
Buy; CMP: Rs1,779 | **May 05, 2008**

Price target revised to Rs2,315

COMPANY DETAILS

Price target:	Rs2,315
Market cap:	Rs112,339 cr
52 week high/low:	Rs2540/1069
NSE volume (No of shares):	11.0 lakh
BSE code:	500112
NSE code:	SBIN
Sharekhan code:	SBI
Free float (No of shares):	25.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

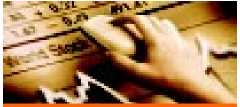
(%)	1m	3m	6m	12m
Absolute	10.0	-16.6	-14.1	77.2
Relative to Sensex	-1.6	-13.6	-2.7	38.4

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

RESULT HIGHLIGHTS

- The Q4FY2008 profit after tax (PAT) of State Bank of India (SBI) came in at Rs1,883.2 crore, indicating a growth of 26.1% year on year (yoy).
- The reported net interest income (NII) for the quarter stood at Rs4,800.6 crore, up 5.6%. However, after adjusting for the one-time items in Q4FY2008 and the year-ago period, the NII comes in at Rs4,415.6 crore, up only 1% yoy.
- The non-interest income growth was muted at 5.6% yoy, due to a higher dividend income base last year, losses in the foreign exchange segment and flattish treasury income growth.
- Notably, the operating expenses were flat at Rs3,245.4 crore, primarily due to net effects of a Rs475-crore write-back of gratuity and pension related provisions as well as a one-time provision of Rs200 crore related to wage hike.
- The provisions and contingencies for Q4FY2008 were up 14.6% yoy. Notably, the bank has not made any specific provisions for mark-to-market (MTM) losses arising from the credit-linked notes portfolio, which is estimated at ~ $800 million.
- SBI's asset quality deteriorated further on absolute and relative terms, thereby causing concern. The management stated that following the announcement of the debt-waiver scheme the agri-NPAs have increased by ~ Rs1,000 crore.
- At the current market price of Rs1,779, SBI trades at 16.3x 2009E earnings per share, 7.4x 2009E pre-provisioning profit per share and 2.1x 2009E book value per share. We maintain our Buy call with a revised price target of Rs2,315.

For further details, please visit the Research section of our website, sharekhan.com



STOCK UPDATE

Subros

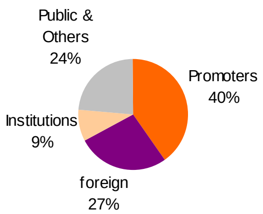
Ugly Duckling | Buy; CMP: Rs40 | May 02, 2008

Price target revised to Rs63

COMPANY DETAILS

Price target:	Rs63
Market cap:	Rs234 cr
52 week high/low:	Rs40/37
NSE volume (No of shares):	32,260
BSE code:	517168
NSE code:	SUBROS
Sharekhan code:	SUBROS
Free float (No of shares):	7.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	1.9	-25.1	-6.6	-15.5
Relative to Sensex	-7.8	-23.6	7.0	-32.8

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

RESULT HIGHLIGHTS

- The Q4FY2008 results of Subros are marginally ahead of our expectations.
- The top line for the quarter grew by 2.4% year on year (yoy) to Rs187.8 crore led by a growth of 7.6% in the volume while the realisation declined by 4.8%.
- The operating profit margin (OPM) improved by 110 basis points leading to an operating profit growth of 12.3% to Rs24.4 crore. Higher interest and depreciation charge led the profit after tax (PAT) to grow by 9.8% to Rs8.87 crore.
- The company has bagged order from Maruti Suzuki to supply compressors for the latter's new export vehicle A Star. This is expected to boost Subros' sales volumes for FY2009 and FY2010.
- We are downgrading our EPS estimate for FY2009 to Rs6.2 due to some delay in the company's exports and the substantial decline in the realisation. We are also introducing in this note our EPS estimate for FY2010—Rs9.0.
- At the current market price of Rs40 the stock is trading at compelling valuations of 4.3x FY2010E EPS and 1.9x FY2010E enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA). The stock's valuations are at a huge discount to that commanded by its peers. We maintain our Buy recommendation on the stock with a revised price target of Rs63.

For further details, please visit the Research section of our website, sharekhan.com

Surya Pharmaceuticals

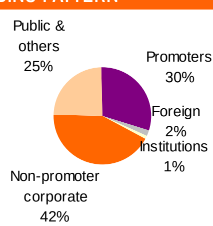
Ugly Duckling | Buy; CMP: Rs107 | May 09, 2008

Results beat expectations

COMPANY DETAILS

Price target:	Rs205
Market cap:	Rs155 cr
52 week high/low:	Rs151/65
NSE volume (No of shares):	9,519
BSE code:	532516
NSE code:	SURYAPHARM
Sharekhan code:	SURYAPHARM
Free float (No of shares):	1.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	15.0	2.5	5.7	53.4
Relative to Sensex	4.8	4.6	17.6	22.3

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

RESULT HIGHLIGHTS

- Surya Pharmaceuticals (Surya) reported an impressive 89.5% increase in revenues to Rs156.5 crore in Q4FY2008. The revenue growth in FY2008 was equally robust with a jump of 63.2% to Rs496.7 crore.
- An escalation in the raw material cost caused Surya's operating profit margin (OPM) to shrink by 420 basis points to 14.8% during Q4FY2008 and by 40 basis points to 17.0% in FY2008. Consequently, the operating profit grew by 46.8% to Rs23.1 crore in Q4FY2008 and by 59.0% to Rs84.4 crore in FY2008.
- Surya's net profit grew by an impressive 56.6% to Rs12.8 crore in Q4FY2008 and by 95.4% to Rs46.7 crore in FY2008. The profits reported by the company exceeded our expectations for both Q4FY2008 and FY2008.
- In order to factor in the higher interest and depreciation costs on account of a substantially higher planned capital expenditure in FY2009, we are downgrading our FY2009 net profit and earnings estimates by 7.3% each to Rs53.5 crore and Rs29.7 per share respectively. We have maintained our revenue estimate for FY2009 at Rs650 crore. For FY2010, we expect the company to register a top line of Rs800 crore. We expect the net profit to grow by 34% in FY2010 to Rs71.7 crore, yielding earnings of Rs32.1 per share.
- At the current market price of Rs107, Surya is trading at 3.6x its FY2009E diluted earnings of Rs29.7 and 2.7x its FY2010E diluted earnings of Rs39.9. We maintain our Buy call on the stock with a price target of Rs205.

For further details, please visit the Research section of our website, sharekhan.com

Tata Chemicals

Ugly Duckling

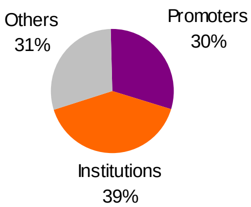
Buy; CMP: Rs400 | **May 21, 2008**

Hardening soda ash prices augur well

COMPANY DETAILS

Price target:	Rs535
Market cap:	Rs8,604 cr
52 week high/low:	Rs420/187
NSE volume (No of shares):	5.8 lakh
BSE code:	500770
NSE code:	TATACHEM
Sharekhan code:	TATACHEM
Free float (No of shares):	15.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	12.0	29.1	23.0	66.2
Relative to Sensex	7.1	31.8	37.3	36.6

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

GCIP hiked soda ash prices

Tata Chemicals' newly acquired US subsidiary, General Chemical Industrial Products Inc. (GCIP), has increased contract prices by US$50 per short tonne and spot prices by US$75 per short tonne for all bulk and packaged soda ash shipments with immediate effect. Following this, FMC Wyoming Corporation, which is the largest US soda ash producer, has also announced a US$50 hike in the prices.

Impact analysis

The jump in soda ash prices has been primarily on account of soaring energy costs and extremely high demand in Latin America and Asia. In addition, the rising domestic demand and production disruptions in some regions have led to a slower than expected growth in the Chinese exports, resulting in a steep rise in the Chinese export prices during Q1CY2008. We expect the increase in soda ash prices to spread to the other parts of the world.

Valuation and view

We would revise our earnings estimates after the announcement of the company's Q4FY2008 results. We would revise the soda ash pricing assumption and the rupee-dollar exchange rate. However, rising coke and coal prices would lead to lower profit margins. This would lead to a revision of our earnings estimates by 10-12%. The stock is trading at 13.5x its FY2009E EV/ EBIDTA of 6.6x. We maintain our Buy recommendation on the stock with a price target of Rs535.

For further details, please visit the Research section of our website, sharekhan.com

Television Eighteen India

Emerging Star

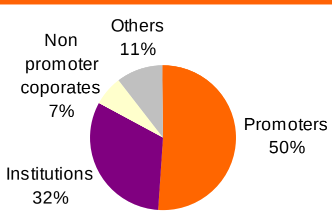
Buy; CMP: Rs355 | **May 02, 2008**

Price target revised to Rs486

COMPANY DETAILS

Price target:	Rs486
Market cap:	Rs4,245 cr
52 week high/low:	Rs600/295
NSE volume (No of shares):	99,217
BSE code:	532299
NSE code:	TV-18
Sharekhan code:	TV18
Free float (No of shares):	5.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

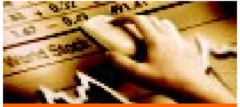
(%)	1m	3m	6m	12m
Absolute	-11.9	-21.5	-31.5	-7.4
Relative to Sensex	-20.3	-19.9	-21.6	-26.4

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

RESULT HIGHLIGHTS

- TV18 has posted robust performance across businesses for Q4FY2008. The operating revenues for the quarter grew by a healthy 64.7% year on year (yoy) to Rs132.4 crore. All the segments—news, Internet, and newswire--continued their strong growth trend.
- The news business revenues grew by 52.9% yoy to Rs109.9 crore. The operating profit margin (OPM) for the segment was up 56 basis points quarter on quarter (qoq) to 44.8%.
- Web18 continues in investment mode. Inspite of a stupendous 112.2% y-o-y growth in the revenues to Rs18 crore, the operating loss for the segment stood at Rs13.2 crore.
- Newswire18 posted a 25.6% quarter-on-quarter (q-o-q) growth in its revenues to Rs4.5 crore. The operating loss stood at Rs2.0 crore.
- The consolidated OPM of the company during the quarter stood at 25.7% against 39.4% in the corresponding quarter last year (and 28% in Q3FY2008). The overall OPM continues to be impacted by the heavy spend on augmenting Internet and newswire businesses.
- Higher depreciation, interest and substantially higher tax rate led the adjusted profit after tax (PAT) pre-ESOP charge during the quarter to be at Rs15.2 crore against Rs23.1 crore in Q4FY2007.
- Though the fundamental attributes of TV18's business model remain on a strong footing, on the back of potential increase in competition, dependence on stock market participants and unlocking of value in Web18 appearing distant we are reducing our sum-of-the-parts price target to Rs486 and maintain a Buy recommendation on the stock.

For further details, please visit the Research section of our website, sharekhan.com



Thermax

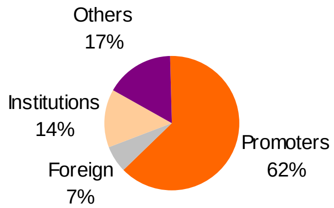
Emerging Star | Buy; CMP: Rs454 | May 23, 2008

Price target revised to Rs602

COMPANY DETAILS

Price target:	Rs602
Market cap:	Rs5,421 cr
52 week high/low:	Rs919/310
NSE volume (No of shares):	67,898
BSE code:	500411
NSE code:	THERMAX
Sharekhan code:	THERMAX
Free float (No of shares):	4.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-12.1	-27.4	-45.1	2.2
Relative to Sensex	-12.8	-25.6	-40.0	-13.5

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

RESULT HIGHLIGHTS

- For Q4FY2008, Thermax reported a growth of 18.8% in its consolidated revenues to Rs1,017.3 crore. The sales growth was in line with our expectation.
- Led by operating leverage and reduced raw material cost as a percentage of sales, the operating profit grew by 28.7% to Rs136.4 crore. The operating profit margin (OPM) reported an improvement of 100 basis points on a year-on-year (y-o-y) basis to 13.4%. Net profit before extraordinary items reported an increase of 20.9% to Rs80.9 crore. The net profit growth was lower than our expectation.
- The order book of the company stood at Rs2,637 crore of which Rs2,133 crore worth of orders are for the energy division.
- The management has cited that it has seen a slow down in order inflow, however FY2009 to date order inflow has been encouraging. Given the lower than expected order inflow, the company expects the growth rate to moderate in FY2009.
- The company has also signed a technology transfer agreement with Babcock & Wilcox for manufacturing utility boilers based on sub-critical technology with rating ranging from 100MW to 800MW. The company is in talks with perspective clients and expects major orders to accrue from private sector players.
- Against the backdrop of a slow down in the order inflow, we have revised our estimates for Thermax and expect it to deliver CAGR of 22.3% and 24.2% in its revenues and profits respectively over FY2008-10E. We are also revising our price target to Rs602 and maintain our Buy call on the stock.

For further details, please visit the Research section of our website, sharekhan.com

Union Bank of India

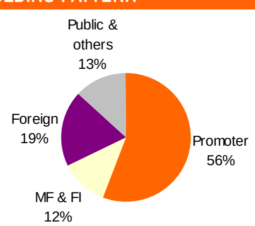
Ugly Duckling | Buy; CMP: Rs174 | May 07, 2008

Results above expectations

COMPANY DETAILS

Price target:	Rs230
Market cap:	Rs8,789 cr
52 week high/low:	Rs235/106
NSE volume (No of shares):	9.8 lakh
BSE code:	532477
NSE code:	UNIONBANK
Sharekhan code:	UBI
Free float (No of shares):	22.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	25.3	-13.4	-4.8	59.9
Relative to Sensex	10.6	-9.6	6.1	27.0

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

RESULT HIGHLIGHTS

- Union Bank of India's reported bottom line was well above our expectations. The bank reported a bottom line of Rs521.1 crore for Q4FY2008, indicating a growth of 128% yoy.
- The net interest income (NII) for the quarter came in at Rs833.9 crore, which was largely flat compared with that of Rs842.4 crore reported a year ago.
- The non-interest income registered a 28.5% y-o-y growth and reached Rs310.7 crore, thereby helping the bottom line. The growth was driven by a spike in the treasury gains.
- During Q4FY2008, the operating expenses were contained at Rs253.9 crore, down 22.1% yoy primarily due to a 61.6% y-o-y drop in the staff expenses as the bank reversed provision of Rs128 crore related to pension and AS-15.
- For Q4FY2008, the tax provisions came in at Rs4.4 crore compared with Rs214.4 crore reported for the year-ago period, thereby boosting the bottomline.
- Asset quality remained healthy with % gross non-performing assets (GNPAs) at 2.18% and % net non-performing assets (NNPAs) at 0.17%. Capital adequacy ratio (CAR) as at end of Q4FY2008 stood at a comfortable 15.51%, compared with 12.8% a year ago.
- During the quarter, advances grew by 19.2% yoy while deposits registered a strong growth of 22% yoy.
- At the current market price of Rs174, Union Bank of India trades at 6.6x 2009E EPS, 3.5x 2009E pre-provisioning profit (PPP) per share and 1.6x 2009E book value (BV) per share. We maintain our target price and buy recommendation on the stock.

For further details, please visit the Research section of our website, sharekhan.com

Wockhardt

Ugly Duckling

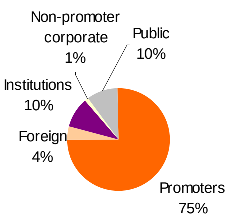
Buy; CMP: Rs303 | **May 06, 2008**

Price target revised to Rs505

COMPANY DETAILS

Price target:	Rs505
Market cap:	Rs3,315 cr
52 week high/low:	Rs448/245
NSE volume (No of shares):	90,508
BSE code:	532300
NSE code:	WOCKPHARMA
Sharekhan code:	WOCKLTD
Free float (No of shares):	2.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	14.3	-14.2	-25.7	-25.6
Relative to Sensex	0.2	-8.5	-17.0	-41.3

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

RESULT HIGHLIGHTS

- Wockhardt's Q1CY2008 performance has fallen short of expectations, with the consolidated net sales growing by 50.3% to Rs785.7 crore and the reported net profit declining by 23.2% to Rs50.9 crore.
- The top line was in line with estimates, due to strong traction in the domestic formulation business, the UK business and the consolidation of the Morton Grove and Negma acquisitions whereas the profits were dragged down by the high interest burden (due to the acquisitions) and the unexpected marked-to-market (MTM) loss of Rs27.9 crore on hedging instruments.
- Wockhardt's operating profit margin (OPM) stood flat at 22.1% in Q1CY2008. The company reported operating profit of Rs173.7 crore, a growth of 50.0% yoy.
- To factor in a higher than expected interest burden on account of higher than expected debt levels and the unexpected MTM loss of Rs27.9 crore incurred on hedging of interest costs, we are revising our earnings estimate for Wockhardt but keeping our revenue numbers intact. We are downgrading our CY2008E earnings by 15.0% to Rs33.3 per share and our CY2009E earnings by 7.8% to Rs42.2 per share.
- At the current market price of Rs303, the stock is available at 9.1x its CY2007E and 7.2x its CY2008E earnings, on a fully diluted basis. We maintain our Buy recommendation on the stock with a revised price target of Rs505.

For further details, please visit the Research section of our website, sharekhan.com

WS Industries India

Vulture's Pick

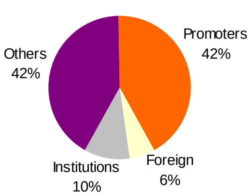
Buy; CMP: Rs82 | **May 07, 2008**

High input cost hurts bottom line

COMPANY DETAILS

Price target:	Rs108
Market cap:	Rs174 cr
52 week high/low:	Rs139/41
BSE volume (No of shares):	38,285
BSE code:	504220
Sharekhan code:	WSIND
Free float (No of shares):	1.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.1	-23.4	-9.7	97.6
Relative to Sensex	-8.1	-20.1	0.6	57.0

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

RESULT HIGHLIGHTS

- For Q4FY2008 WS Industries (WSI) has reported a 47.9% growth in its revenues to Rs66.3 crore. The revenue growth was led by a robust growth in both project and insulator sales.
- The operating performance of the company was disappointing with the operating profit margin (OPM) declining by 20 basis points yoy on account of a rising input cost. The raw material cost as a percentage of sales increased by 840 basis points to 52.2%.
- The net profit increased by 36.8% to Rs3.1 crore and was below our expectations on account of the lower than expected operating performance and a higher than expected tax rate at 44.9%.
- The order book of the company stood at Rs180 crore.
- The promoters have subscribed to 925,000 warrants of the company at Rs107 per warrant; the same on conversion would result in a 4.2% dilution of the equity. WSI is in the process of drawing up a concrete plan for the utilisation of the funds raised through this issue.
- The company's additional capacity in the Andhra special economic zone (SEZ) is expected to come on stream by mid FY2009.
- We have revised our FY2009 earnings estimate to Rs7.5 per share owing to the higher input cost. We expect WSI to report compounded annual growth rate (CAGR) of 17.8% and 26.5% in the revenues and profits respectively over FY2008-10.
- We maintain our positive outlook on the stock and maintain our Buy recommendation on it with a price target of Rs108. At the current market price the stock trades at 7.3x and 5.5x our fully diluted earnings per share (FDEPS) estimates for FY2009 and FY2010 respectively.

For further details, please visit the Research section of our website, sharekhan.com

Sharekhan's top equity fund picks

After having lost substantial ground in March, the market erased a large part of the losses by gaining 10.5% in April 2008. The BSE Mid-cap and the BSE Small-cap indices performed even better, rising by 11.1% and 11.9% respectively. April saw an increased participation from foreign institutional investors (FIIs) as well from domestic mutual funds. Whereas FIIs made net purchases worth Rs647.9 crore, selling from domestic mutual funds came down to only Rs20.6 crore (as compared with net sales of Rs1,971 crore in March).

The bounce back in the market has been driven by better than expected index of Industrial Production (IIP) numbers for February and lower-than-expected losses on foreign exchange (forex) derivatives, leading corporates to report results more or less in line with market expectations. Further, the uptrend in other global markets, especially the markets in the troubled USA, the forecast of a "near normal" south-west monsoon for this year and the news of a bumper rabi crop have all boosted market sentiment. Stable interest rates in the credit policy and upbeat comments from the Reserve Bank of India (RBI) about FY2009 gross domestic product growth rates and inflation also helped the markets close the month at high levels. Lastly, the extension of the software technology parks of India benefits for one more year to March 2010 announced towards the end of the month was the icing on the cake, causing IT stocks to rally and propel the market further up.

Despite a slew of positive signals in April, domestic situation remains cloudy due to rising inflation, (which could lead to interest rate hike in future policy announcements) rising crude oil prices and the possibility of negative developments in the USA.

Inflation has stayed above the RBI comfort zone of 5% for the past several weeks now and is the highest in three-and-half years at 7.61% for the week ended April 26, 2008. Good news is that to combat inflation the government has announced a string of fiscal measures such as reduction of import duties on steel and other metals and a ban on exports of basmati rice. The central bank has also announced certain monetary measures to contain inflation. Even though inflation has surged due to supply-side pressures largely due to the rising prices of commodities, the RBI has sought to tackle the problem of rising prices by hiking the cash reserve ratio twice in a month, collectively by 75 basis points.

However, the fiscal measures and the monetary steps announced so far by the government and the RBI respectively to tackle inflation would take effect with a lag. Owing to supply-side pressures, global food prices are also likely to remain firm for some more time. Further, with crude oil hovering around the $125 per barrel, inflationary pressures in our economy will continue for some more weeks.

Industrial production has slowed down already due to the high cost of funds. After dipping to 5.8% in January 2008 from 7.7% in December 2007, the industrial production growth rate did recover in February this year to 8.6% propelling the market to higher levels in April. However, the latest IIP numbers show that the industrial production grew by just 3% in March, pointing towards a considerable slowdown.

Fortunately, global factors appear to be favourable at the moment. There is a growing feeling that we may have seen the worst of the global credit crisis triggered by the collapse of the US sub-prime market. US corporates have reported healthy profits for the first quarter, allaying the worst of fears. The US stock market is doing brisk business-the S&P 500 gained 5.4% in April-whereas the US economy grew at a higher than expected 0.6% in the first quarter of CY2008. All these positive signals have again given rise to the speculation that the USA may not have gone into recession at all, but may have merely slowed down. A moderate rate cut of 25 basis points recently announced by the US Federal Reserve and a possible hint at a pause in further interest rate cuts also indicate that the situation has improved considerably now.

We have identified the best equity-oriented schemes available in the market today based on the following 3 parameters: the past performance as indicated by the one and two year returns, the Sharpe ratio and Fama (net selectivity).

The past performance is measured by the one and two year returns generated by the scheme. Sharpe indicates risk-adjusted returns, giving the returns earned in excess of the risk-free rate for each unit of the risk taken. The Sharpe ratio is also indicative of the consistency of the returns as it takes into account the volatility in the returns as measured by the standard deviation.

FAMA measures the returns generated through selectivity, ie the returns generated because of the fund manager's ability to pick the right stocks. A higher value of net selectivity is always preferred as it reflects the stock picking ability of the fund manager.

We have selected the top 10 schemes upon ranking on each of the above 4 parameters and then calculated the mean value of each of the 4 parameters for the top 10 schemes. Thereafter, we have calculated the percentage underperformance or over performance of each scheme (relative performance) in each of the 4 parameters vis a vis their respective mean values.

For our final selection of schemes, we have generated a total score for each scheme giving 30% weightage each to the relative performance as indicated by the one and two year returns, 30% weightage to the relative performance as indicated by the Sharpe ratio and the remaining 10% to the relative performance as indicated by the FAMA of the scheme.

All the returns stated below, for less than one year are absolute and for more than one year the returns are annualised.

All the returns stated on next page, for less than one year are absolute and for more than one year, the returns are annualised.

AGGRESSIVE FUNDS

MID-CAP CATEGORY

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
Standard Chartered Premier Equity	21.60	-9.59	50.61	29.02
Reliance Growth	369.86	-5.86	34.14	21.19
Birla Mid Cap	84.91	-12.01	30.00	19.14
Indices				
BSE Sensex	17287.31	-2.65	24.54	19.75

OPPORTUNITIES CATEGORY

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
DWS Investment Opportunity	36.36	-4.77	55.07	28.75
Kotak Opportunities	41.54	-10.51	40.50	21.74
Standard Chartered Imperial Equity	15.85	0.92	31.37	18.24
Fidelity Equity	25.95	-6.72	18.82	19.71
ING Domestic Opportunities	33.89	-7.93	23.30	16.54
Indices				
BSE Sensex	17287.31	-2.65	24.54	19.75

EQUITY DIVERSIFIED/CONSERVATIVE FUNDS

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
Birla SunLife Frontline Equity	66.87	-2.54	27.24	27.21
DSP Merrill Lynch Top 100 Equity	77.52	-1.46	29.78	23.80
HDFC Growth	66.20	-4.15	36.14	23.78
HSBC Equity	95.90	-4.87	34.01	22.75
Sundaram BNP Paribas Select Focus	83.19	-3.55	37.98	22.13
Indices				
BSE Sensex	17287.31	-2.65	24.54	19.75

THEMATIC/EMERGING TREND FUNDS

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
ICICI Prudential Infra	29.13	-2.90	51.62	34.10
Canara Robeco Infra	20.59	-6.79	46.60	22.09
Tata Equity P/E	36.69	-4.50	37.04	23.49
Tata Infrastructure	34.03	-8.06	42.92	25.00
JM Basic	28.95	-11.17	39.86	28.20
DSP Merrill Lynch India Tiger	44.39	-11.72	29.99	23.38
Indices				
BSE Sensex	17287.31	-2.65	24.54	19.75

BALANCED FUNDS

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
Birla SunLife 95	218.84	-6.75	20.00	16.73
DSP Merrill Lynch Balanced	50.23	-0.99	27.84	19.23
FT India Balanced	40.34	-4.03	19.96	16.59
HDFC Prudence	134.35	-7.70	16.34	18.22
Tata Balanced	62.34	-7.87	20.56	15.12
Indices				
Crisil Balanced Fund Index	3013.81	0.49	20.90	15.95

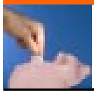
TAX PLANNING FUNDS

Scheme Name	NAV	Returns as on Apr 30, 08 (%)		
		3 Months	1 Year	2 Years
Principal Personal Taxsaver	94.31	-11.74	31.73	20.87
Fidelity Tax Advantage	15.72	-6.41	21.33	19.35
Sundaram BNP Paribas	36.16	-6.85	31.21	16.40
Taxsaver				
Franklin India Taxshield	159.61	-6.00	25.35	13.76
PRINCIPAL Tax Savings	87.33	-13.11	22.73	16.31
Indices				
BSE Sensex	17287.31	-2.65	24.54	19.75

Every individual has a different investment requirement, which depends on his financial goals and risk-taking capacities. We at Sharekhan first understand the individual's investment objectives and risk-taking capacity, and then recommend a suitable portfolio. So, we suggest that you get in touch with our Mutual Fund Advisor before investing in the best funds.

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

Banking — May 27, 2008



Liquidity crunch ahead?

State Bank of India (SBI), in an unexpected move, has raised deposit rates by 25-50 basis points (effective from June 1) on medium to long-term maturities. The hike in the deposit rates has come as a surprise, considering the ongoing slack season and raises questions about the liquidity situation in the medium term as SBI has shown willingness to pay a steep premium for the long-term deposits (the revised rate of 9% vs 10-year G-Sec yield of ~8%).

Global oil prices taking toll on liquidity?

The year-till-date (YTD) bank credit has dropped by 0.1% only compared with a 2.2% drop witnessed in the comparable period last year. The marginal YTD drop compared with the steeper drop seen in the last year seems to be due to a surge in liquidity demanded by oil companies in view of the rally in global crude prices. Effectively, the rising global crude price is taking toll on liquidity in the banking system through oil bonds and higher working capital requirement.

CRR hikes likely to keep liquidity tight

In addition to the pressure exerted by the oil bonds, the recent CRR hikes (implemented partially) will only add to the liquidity woes. As highlighted in our previous report, the cumulative hike of 75 basis points in the CRR would suck out Rs27,750 crore from the banking system.

Will other PSBs follow suit?

In our view, if the liquidity situation worsens further owing to the higher oil prices globally, we might see the other PSBs following suit. However, if the oil rally eases or the government hikes the domestic oil prices, the hike in interest rates may not be as widespread.

Negative implications for banking sector

The SBI's decision to hike the deposit rates coupled with the possibility of a tighter liquidity situation ahead bodes ill for the banking sector as a whole. The development has only added to the worsening outlook for the sector against the backdrop of peak inflation and moderating economic growth.

For further details, please visit the Research section of our website, sharekhan.com

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

Cement — May 28, 2008

Government partially eases export ban

The government has partially relaxed the ban on cement exports that was imposed on April 11, 2008. According to a notification by the Directorate General of Foreign Trade, the government has allowed 2 million metric tonne of cement to be exported from Gujarat. This is a positive development for cement manufacturers in Gujarat as the region was already experiencing a slowdown in demand. The demand slowdown would have worsened during the monsoons, forcing the manufacturers to either cut down on production or sell cement at lower prices.

Earlier, the government had also clarified that the ban on cement exports was not effective for exports to Nepal and sales to special economic zones. The ban on the exports coupled with the increasing supply of the commodity led to a drop in cement prices mainly in Gujarat. During May, the retail cement prices in Ahmedabad came down by Rs7 per 50kg bag to Rs216 per 50kg bag.

For FY2008, a total of 3.65 million metric tonne (MMT) of cement and 2.37MMT of clinker were exported; of this more than 90% was exported from Gujarat alone. During the financial year ended March 2008, UltraTech Cement exported 1.9 million tonne of clinker and 0.7 million tonne of cement, making it the largest quantity of cement exported by any company.

The government's decision to lift the export ban, though partially, will be positive for UltraTech Cement and Ambuja Cement in particular and the industry in general. UltraTech Cement exports cement mainly to the Middle East where the prices are firm and will enable the companies to get higher realisation from the exports.

However, our interactions with the dealers in Gujarat suggest that the lifting of the export ban will only arrest any further price decline expected during the monsoons and not result in any higher prices.

For further details, please visit the Research section of our website, sharekhan.com

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

INFORMATION TECHNOLOGY — MAY 08, 2008

Cognizant caps front tech stock valuation in near term

Front tech Indian IT stocks witnessed resurgence in the last couple of months on the back of the extension of STPI benefits, the stabilisation of rupee against the dollar and the guidance announcements in line with street expectations. The front tech IT stocks have grown in the range of 13%-25% from April 1, 2008.

However, the demand environment for the front tech stocks continues to remain clouded. Cognizant's results indicate the same trend. The key highlights of Q1CY2008 results of Cognizant are mentioned below.

- Cognizant out performance against its guidance is narrowing down since the last four quarters. The revenues grew by 7.2% qoq to $643.1mn against the guidance of $640mn.
- For Q2CY2008, the company guided a sequential growth of 5.7%. The guidance for CY2008 however remained unchanged. This implies that the company will have to achieve a compounded quarterly growth rate of 12.5% to 13% for the remaining two quarters. This appears to be tough task considering the demand environment spanning out in the USA.
- There has been a distinctive change in the management commentary.
  - Although the company maintained the full-year guidance at 38% year on year (yoy), the tone of the management has changed from "at least 38%" to "approximately 38%" in this quarter.
  - The management also admitted that the economic situation has worsened further especially from banking and capital market clients since the later part of Q1CY2008. The company also witnessed certain project delays and cancellations during the quarter.

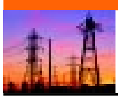
Upside capped in near term, valuation attractive

The front tech stocks witnessed resurgence after much needed relief like extension of STPI benefits for one more year and stabilisation of rupee. We have revised downward our FY2010 effective tax rate assuming that the STPI benefit extension proposal will get government clearance. This has led to an upward revision in earnings in the range of 3.5%-7.6% for the front tech IT stocks. Consequently, we have revised price targets for the same. We continue to prefer Satyam Computer Services on account of its consistent improvement in the operating matrix. We also like Tata Consultancy Services purely on a valuation basis (18% discount to Infosys at the current prices).

For further details, please visit the Research section of our website, sharekhan.com

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

POWER — MAY 22, 2008



Power to empower

Below are the highlights of the conference on "Key Inputs for Power Sector for 11th Plan & Beyond".

- The conference was buzzing with optimism regarding the power sector. In the past, the actual additions have consistently missed the planned capacity additions and that too by a long margin. In the 11th plan period, out of the total target, 9,600MW has already been commissioned, about 66,000MW is under execution and tenders for about 5,500MW have also been floated
- On the technological front, the focus was on supercritical technology, which would be used for bulk of the additions in the future.
- Majority of the fuel linkage tie-ups have already been achieved for the 11th Five-Year Plan, while the power ministry has already recommended to the coal ministry that the window to fuel linkages should be opened for the requirement of the 12th Five-Year Plan.

BHEL

BHEL would be one of the primary beneficiaries of the thrust on the power sector. Historically, BHEL has provided equipment for almost 65% of the total installed capacity in the country. It plans to raise its capacity to 15,000MW by December 2009 by investing Rs3,200 crore. In future, the capacity may be raised to 20,000MW if need be, to meet the country's capacity addition programme.

L&T

L&T has entered into a 51:49 joint venture with Mitsubishi Heavy Industries, Japan to develop indigenous supercritical technology. The company is setting up a plant at Hazira at a total investment of Rs750 crore with a capacity of 3,000MW per annum. This plant is likely to become operational by September 2009. We maintain our Buy recommendation on the stock with a price target of Rs4,044.All these steps augur well for players involved in manufacturing of inputs for T&D space, such as transformer manufacturers, power cable manufacturers and energy meter manufacturers. In this space we prefer Crompton Greaves, which is the lead player in the 765KV transformer space and provides a host of services and products for the T&D segment.

For further details, please visit the Research section of our website, sharekhan.com

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

Astral Poly Technik

Viewpoint | CMP: Rs177 | May 14, 2008

Driven by volume growth

- Astral Poly Technik (Astral) is a manufacturer and provider of CPVC and PVC piping and plumbing systems. The company has production facilities at Gujarat and Himachal Pradesh to manufacture plumbing systems with diameter ranging from ½" to 8". Astral has an extensive distribution network comprising of more than 160 distributors and 2,500 retail outlets. The company has various tie ups with international players like Noveon (USA), Specialty Process LLC (USA).
- CPVC is widely used in a variety of industrial applications where a high functional temperature and resistance to corrosive chemicals are desirable. In use as a plumbing material, CPVC exhibits comparatively high impact and tensile strength and is non-toxic, making it fit for residential as well as commercial construction.
- Currently, almost 70% of the demand for PVC pipes comes from agriculture sector. However, the demand from construction sector comprising sanitation and plumbing system is growing up rapidly with rising demand for urban housing and commercial and retail properties. Keeping this in mind, the demand for PVC/CPVC pipe is expected to increase at a CAGR of 5.4% by FY2012.
- Astral has revised its expansion plans to raise its capacity from 9,074 MT to 25,968MT instead of 18,479MT as it seems to be confident to benefit from its existing clients who are into major expansion mode. Additional capacity would augment its existing product range and new product range such as SWR piping system, and blaze master.
- Input costs are likely to increase as rising oil prices and rupee depreciation would drive PVC/CPVC resin prices up. Consequently, the company's profit margins are likely to be under pressure going forward. Also, post FY2010 the company ceases to enjoy tax benefits for its facility at Himachal Pradesh. At the current market price of Rs177, the stock is fairly valued at 11.7x its FY2008 earnings and 10.1x its FY2009 earnings.■

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Bharat Forge

Viewpoint | CMP: Rs294 | May 21, 2008

Subsidiaries drag FY2008 performance

Result highlights

- The stand-alone Q4FY2008 results of Bharat Forge Ltd (BFL) are in line with the consensus estimate. The consolidated results are below expectations due to the poor performance of the subsidiaries.
- On a stand-alone basis, the sales grew by 12.3% to Rs580 crore during the quarter. The domestic sales grew by 4.4% and the exports grew by 22.8%.
- Despite a rise in the prices of its raw materials the company's raw material cost did not rise in this quarter because it had contracted the raw materials at a lower cost. As a result, the operating profit margin (OPM) for Q4FY2008 increased by 70 basis points to 24.8%, leading to a growth of 15.6% in the operating profit to Rs144 crore.
- The stand-alone profit after tax (PAT) for Q4FY2008 grew by 6.3% to Rs68.3 crore.
- For FY2008 the stand-alone sales grew by 17.8% to Rs2,196.5 crore, the operating profit grew by 11.7% and the adjusted PAT declined by 11.4% to Rs217.2 crore.
- The consolidated FY2008 sales grew by 11.3% to Rs4,652.3 crore. The reported PAT grew by 3.7% year on year (yoy) to Rs301.5 crore against Rs290.6 crore in FY2007. The consolidated performance remains adversely affected by a lower than expected improvement in the company's Chinese operations as well as a slowdown in its US operations.
- BFL's plan to expand into the non-auto segment is on track and it is setting up two plants, one each in Baramati and Pune, which are expected to commence operations from Q4FY2009 and Q1FY2010 respectively. BFL has entered into a joint venture with National Thermal Power Corporation (NTPC) to manufacture power equipment.
- The recovery in the domestic commercial vehicle (CV) market has got delayed due to the rising prices of steel and strong interest rates. The US CV market is expected to be volatile in the current year. The de-risking strategy by diversification in the non-automotive space will bear fruits only from FY2010 onwards. At the current market price of Rs294, the stock quotes at a price/earnings ratio of 21.7x its FY2008 consolidated earnings and an enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 10.0x.■

For further details, please visit the Research section of our website, sharekhan.com

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SHAREKHAN EARNINGS GUIDE

Prices as on June 06, 2008

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY07	FY08E	FY09E	FY07	FY08E	FY09E	FY07	FY08E	FY09E	FY09/FY07	FY07	FY08E	FY09E	FY07	FY08E	FY07	FY08E	(Rs)	(%)
Evergreen																				
HDFC	2349.0	2,196.4	3,053.2	3,877.6	1,572.8	1,944.2	2,590.7	62.2	68.4	90.3	21%	37.8	34.3	26.0	-	-	31.2	21.4	25.0	1.1
HDFC Bank	1240.3	4,984.7	7,511.0	9,721.9	1,141.5	1,590.2	1,978.1	35.8	44.9	55.8	25%	34.7	27.6	22.2	-	-	19.3	17.1	8.5	0.7
Infosys Tech	1993.6	13,893.0	16,692.0	20,382.7	3,726.0	4,659.0	5,446.1	65.1	79.3	95.2	21%	30.6	25.1	20.9	37.7	38.7	34.3	33.8	33.3	1.7
Larsen & Toubro	2690.9	20,515.3	29,198.5	38,131.7	1,805.0	2,223.5	3,224.1	61.8	76.2	110.5	34%	43.5	35.3	24.4	23.0	23.6	26.1	25.8	17.0	0.6
Reliance Ind	2241.0	113,770.1	137,147.0	137,858.6	12,075.0	15,326.0	20,912.3	83.1	105.5	132.9	26%	27.0	21.2	16.9	25.1	23.0	19.4	16.7	10.0	0.4
TCS	968.4	18,633.0	22,862.0	27,956.0	4,132.0	5,019.0	5,844.0	42.2	51.3	59.7	19%	22.9	18.9	16.2	39.5	34.7	45.2	38.2	14.0	1.4
Apple Green																				
Aditya Birla Nuvo	1,320.0	8,366.8	12,134.0	16,091.9	280.4	104.6	426.3	30.0	9.2	37.5	12%	44.0	143.5	35.2	7.1	3.8	10.0	2.8	5.5	0.4
Apollo Tyres	47.2	3,292.3	3,693.9	4,173.4	110.1	219.3	203.3	2.3	4.5	4.2	36%	20.9	10.5	11.3	16.0	23.5	11.6	17.9	0.5	1.0
Bajaj Auto	569.4	9,317.5	9,046.2	9,862.6	997.9	874.3	941.4	69.0	60.4	65.1	-3%	8.3	9.4	8.7	22.3	17.1	18.0	14.4	20.0	3.5
Bajaj Finserv	631.0	-	106.3	-	-	44.0	-	-	3.1	-	-	-	203.8	-	-	-	-	-	-	-
Bajaj Holdings	575.8	-	355.3	-	-	307.0	-	-	30.3	-	-	-	19.1	-	-	-	-	-	-	-
Bank of Baroda	228.0	4,959.3	5,962.8	6,765.7	1,026.5	1,435.5	1,743.5	28.1	39.3	47.7	30%	20.5	14.7	12.1	-	-	12.4	15.8	8.0	3.5
Bank of India	264.8	5,003.0	6,346.2	7,513.5	1,123.2	2,009.4	2,565.0	23.0	38.2	48.8	46%	11.5	6.9	5.4	-	-	21.2	27.4	4.0	1.5
Bharat Bijlee	1,830.5	469.9	562.4	704.9	55.1	72.5	91.0	97.6	128.3	161.0	28%	18.8	14.3	11.4	63.4	57.1	48.8	41.6	25.0	1.4
BEL	1,143.0	3,892.5	3,921.5	4,877.3	718.2	650.4	892.0	89.8	81.3	111.5	11%	12.7	14.1	10.3	45.3	40.8	25.9	23.7	12.0	1.0
BHEL	1,427.4	17,237.5	19,365.5	24,222.6	2,414.7	2,792.8	3,666.3	49.3	57.1	74.9	23%	29.0	25.0	19.1	45.2	42.3	27.5	25.1	15.3	1.1
Bharti Airtel	798.4	18,519.6	26,702.9	34,018.1	4,257.0	6,657.9	8,072.2	22.5	35.1	42.5	37%	35.5	22.7	18.8	31.7	33.1	29.1	34.2	0.0	0.0
Canara Bank	203.0	5,477.8	6,033.4	6,546.4	1,420.8	1,565.0	1,785.4	34.7	38.2	43.5	12%	5.8	5.3	4.7	-	-	18.6	19.1	7.0	3.4
Corp Bank	320.3	1,943.6	2,143.1	2,680.1	536.2	734.8	803.9	37.4	51.2	56.0	22%	8.6	6.3	5.7	-	-	15.0	18.3	9.0	2.8
Crompton Greaves	245.0	5,639.0	6,832.3	8,200.0	281.8	406.7	507.0	7.7	11.1	13.8	34%	31.8	22.1	17.8	31.6	32.8	29.6	29.8	1.6	0.7
Elder Pharma	360.5	449.3	548.1	652.3	52.8	71.8	88.6	28.4	38.2	47.2	29%	12.7	9.4	7.6	13.1	14.3	16.3	18.4	2.5	0.7
Grasim	2,263.0	8,643.8	10,278.1	13,659.6	1,510.3	2,016.0	2,293.9	164.2	219.1	249.3	23%	13.8	10.3	9.1	33.3	36.7	27.5	28.0	30.0	1.3
HCL Tech **	311.3	6,033.7	7,505.8	9,222.4	1,258.1	1,250.9	1,484.7	18.4	18.2	21.4	8%	16.9	17.1	14.5	38.2	36.5	35.7	32.0	8.0	2.6
HUL*	236.3	12,103.4	13,717.8	15,855.7	1,539.7	1,769.1	2,038.8	7.0	8.1	9.4	16%	33.8	29.2	25.1	72.6	102.2	61.2	85.0	6.0	2.5
ICICI Bank	768.9	12,564.7	16,114.9	19,272.3	3,110.2	4,157.7	4,649.3	34.6	37.4	41.8	10%	22.2	20.6	18.4	-	-	13.3	10.9	11.0	1.4
Indian Hotel Co	109.2	1,544.0	1,813.3	2,113.2	321.8	397.3	474.1	5.3	6.6	6.0	6%	20.6	16.5	18.2	22.6	23.7	17.9	18.9	1.6	1.5
ITC	212.2	12,164.3	13,947.5	16,394.1	2,700.0	3,120.1	3,630.2	7.2	8.3	9.6	16%	29.5	25.6	22.0	34.9	34.0	27.7	27.8	3.5	1.6
Lupin	647.0	2,013.7	2706.4	3395.4	232.9	335.1	400.7	26.4	37.9	45.4	31%	24.5	17.1	14.3	24.0	24.4	34.7	34.8	10.0	1.5
M&M	579.0	10,026.3	11,503.5	13,377.5	849.9	938.2	1,040.2	35.7	39.2	37.5	2%	16.2	14.8	15.4	27.2	21.4	23.9	23.3	11.5	2.0
Marico	62.6	1,556.8	1,906.7	2,264.8	102.0	160.6	188.6	1.7	2.6	3.1	35%	36.8	24.1	20.2	32.9	39.5	53.0	49.9	0.7	1.1
Maruti Suzuki	750.0	14,611.5	17,936.2	20,509.3	1,532.9	1,730.8	1,808.1	53.0	59.9	62.6	9%	14.1	12.5	12.0	35.2	34.4	24.9	20.6	5.0	0.7
Nicholas Piramal	367.2	2471.9	2872.8	3326.1	232.6	367.7	443.1	11.0	17.6	21.2	39%	33.3	20.9	17.3	16.6	22.6	21.4	30.7	4.2	1.1
Punj Lloyd	273.2	5,126.6	7,752.9	10,459.5	196.7	358.4	560.1	7.5	11.2	17.4	52%	36.3	24.5	15.7	11.4	15.7	16.4	19.2	0.3	0.1
Ranbaxy*	511.4	6,017.0	6,590.4	7,428.4	515.4	790.1	854.7	13.8	21.2	21.4	25%	37.1	24.1	23.9	11.2	15.2	19.9	26.3	8.5	1.7
Satyam Comp	511.0	6,485.0	8,473.0	10,808.0	1,405.0	1,688.0	2,078.0	21.4	25.2	30.4	19%	23.9	20.3	16.8	31.1	31.4	26.2	25.9	3.5	0.7
SKF India*	241.2	1,342.5	1,568.3	1,775.6	99.3	160.7	168.5	18.8	30.5	32.0	30%	12.8	7.9	7.5	39.4	48.6	23.5	29.6	6.0	2.5
SBI	1,336.0	21,823.5	25,716.2	30,417.4	4,541.3	6,729.1	6,866.7	86.3	106.6	108.8	12%	15.5	12.5	12.3	-	-	15.4	15.5	21.5	1.6
Tata Motors	541.0	32,426.4	35,651.5	39,509.0	2,170.0	2,167.7	2,291.5	56.3	54.4	58.6	2%	9.6	9.9	9.2	32.8	30.8	27.8	22.7	15.0	2.8
Tata Tea	802.2	4,044.6	4,392.3	4,694.9	354.1	339.7	416.8	60.2	55.1	67.4	6%	13.3	14.6	11.9	11.7	8.4	18.9	11.6	35.0	4.4
Wipro	506.5	14,943.0	19,743.0	25,164.0	2,917.0	3,224.0	4,001.0	20.4	22.5	27.8	17%	24.8	22.5	18.2	22.4	16.2	28.7	24.9	6.0	1.2
Emerging Star																				
3i Infotech	115.0	655.3	1,205.3	1,720.3	98.0	169.4	223.8	7.3	10.2	13.5	36%	15.8	11.3	8.5	11.4	12.4	13.7	10.7	1.5	1.3
Aban Offshore	3550.0	718.7	2,449.6	4,714.2	-50.2	370.8	1,537.1	-	96.3	399.3	-	-	36.8	8.9	4.7	11.5	-7.1	55.5	3.0	0.1
Alphageo India	434.0	54.3	85.0	135.0	7.5	13.5	24.0	15.2	24.5	43.6	69%	28.6	17.7	10.0	28.1	38.2	30.1	37.0	0.0	0.0
Axis (UTI) Bank	760.1	2,478.4	4,380.8	5,886.8	659.0	1,071.0	1,417.0	23.4	29.9	39.6	30%	32.5	25.4	19.2	-	-	20.9	16.1	6.0	0.8
Balaji Telefilms	191.5	320.2	378.4	516.3	79.5	95.6	115.5	12.2	14.7	17.7	20%	15.7	13.0	10.8	41.7	40.4	28.6	28.2	3.5	1.8
BL Kashyap	1261.0	808.1	1,518.0	2,244.0	55.6	110.4	157.2	27.0	53.7	76.5	68%	46.7	23.5	16.5	27.5	38.3	20.6	31.9	1.8	0.1
Cadila Healthcare	297.0	1,828.8	2,324.5	2,779.4	207.0	264.5	322.2	16.5	21.1	25.7	25%	18.0	14.1	11.6	18.6	17.7	23.9	25.2	4.5	1.5
Jindal Saw#	552.0	3,855.7	6,787.8	4,315.8	169.1	412.6	346.1	30.1	58.9	61.7	43%	18.3	9.6	8.9	18.9	20.5	16.6	17.8	6.3	1.1
KSB Pumps	276.0	406.4	465.4	536.2	51.7	45.0	52.1	29.7	25.9	29.9	0%	9.3	10.7	9.2	45.3	32.7	25.6	18.9	5.5	2.0
Navneet Pub	85.3	326.8	405.5	476.9	42.7	49.6	59.0	4.5	5.2	6.2	17%	18.9	16.4	13.8	17.2	19.6	20.8	21.3	2.0	2.3
Network 18 Fincap	195.3	338.3	657.2		-9.5	21.1			10.9				18.0							
Nucleus Software	263.1	221.2	288.7	357.4	55.2	61.7	77.0	33.9	18.7	23.4	-17%	7.8	14.1	11.2	37.4	31.8	33.2	28.6	1.8	0.7

* Year CY instead of FY

** June ending company

#FY2008 numbers are annualised, year-end changed to December ending.

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY07	FY08E	FY09E	FY07	FY08E	FY09E	FY07	FY08E	FY09E	FY09/FY07	FY07	FY08E	FY09E	FY07	FY08E	FY07	FY08E	(Rs)	(%)
Opto Circuits India	320.0	251.6	450.0	656.4	74.2	132.2	190.2	12.0	14.0	20.0	29%	26.6	22.8	16.0	29.4	32.5	34.5	36.4	5.0	
Orchid Chemicals	230.6	912.9	1,175.6	1,458.1	96.6	158.9	226.2	14.7	17.4	23.4	26%	15.7	13.3	9.8	9.4	11.3	19.3	10.4	3.0	1.3
Patels Airtemp	61.0	40.8	63.1	90.7	2.5	5.3	7.6	5.0	10.4	15.0	73%	12.2	5.9	4.1	29.6	47.3	20.8	31.2	1.0	1.6
TV18 India	283.0	247.1	401.2	552.2	32.2	25.5	73.1	2.9	2.1	6.1	45%	97.6	134.8	46.4	10.4	11.7	11.9	8.3	2.0	0.7
Thermax	434.0	2,324.8	3,481.5	4,205.7	209.6	288.6	366.0	17.6	24.2	30.7	32%	24.7	17.9	14.1	59.7	65.6	32.8	37.7	8.0	1.8
Zee News	51.9	240.5	367.1	470.9	5.8	39.5	56.3	0.2	1.6	2.3	239%	259.3	32.4	22.5	8.4	30.3	3.2	19.4	0.0	0.0
Ugly Duckling																				
Ashok Leyland	32.4	7,168.2	7,729.1	10,446.8	441.3	466.4	495.9	3.4	3.5	3.7	5%	9.6	9.2	8.7	26.7	25.7	23.6	21.8	1.5	4.6
Aurobindo Pharma	282.5	2,057.5	2,622.9	3,143.7	203.2	277.9	348.4	38.1	45.8	57.1	22%	7.4	6.2	4.9	11.2	13.4	13.5	15.7	1.5	0.5
BASF	253.0	846.6	1,053.6	1,217.4	50.1	57.5	85.2	17.8	20.4	30.2	30%	14.2	12.4	8.4	27.0	26.8	17.3	17.9	7.0	2.8
Ceat	96.2	2,133.1	2,329.0	2,564.4	37.4	147.6	69.8	10.9	43.1	20.4	37%	8.8	2.2	4.7	13.8	22.9	9.9	15.2	1.8	1.9
Deepak Fert	101.6	833.1	1,040.9	1,133.7	94.4	103.1	137.8	10.7	11.7	15.6	21%	9.5	8.7	6.5	11.1	10.2	15.4	14.9	3.5	3.4
Genus Power Infra	430.0	357.1	483.3	677.6	27.3	51.6	80.2	21.2	36.6	48.7	52%	20.3	11.7	8.8	23.4	27.9	36.5	20.2	0.0	0.0
ICI India	536.1	1,015.0	951.2	960.4	87.4	72.3	108.8	21.4	18.8	28.4	15%	25.0	28.5	18.9	8.6	11.3	12.4	8.8	8.0	1.5
India Cements	164.5	2,255.7	3,180.8	3,693.9	488.8	840.4	769.9	18.8	29.8	27.3	21%	8.7	5.5	6.0	21.7	28.0	34.3	30.2	1.0	-
Indo Tech Trans	399.0	155.4	189.9	277.9	26.2	39.0	48.6	24.7	36.7	46.0	36%	16.2	10.9	8.7	41.2	44.1	32.3	36.3	4.5	1.1
Ipca Laboratories	568.0	917.5	1,103.6	1,326.8	120.2	149.8	182.4	48.1	59.9	73.0	23%	11.8	9.5	7.8	24.5	25.5	27.6	27.2	7.5	1.3
Jaiprakash Asso	200.9	3,473.9	3,985.0	5,518.1	415.0	610.0	749.8	3.8	4.9	6.0	26%	52.9	41.0	33.5	11.8	11.9	14.0	14.5	1.0	0.5
KEI Industries	54.5	603.9	868.9	1,173.0	40.1	53.5	81.2	5.2	6.9	10.4	42%	10.5	7.9	5.2	24.9	23.1	32.5	30.2	0.5	0.9
Mahindra Lifespace	575.0	216.3	231.1	426.5	17.9	66.4	119.5	4.4	16.2	29.2	158%	130.7	35.5	19.7	3.0	7.6	2.3	7.7	2.5	0.4
Mold Tek Tech	73.0	88.1	102.8	134.9	8.3	13.4	17.0	7.9	11.6	14.7	36%	9.2	6.3	5.0	22.4	22.0	39.2	37.8	2.0	2.7
Orbit Corporation	452.4	191.5	705.5	1,005.7	57.3	235.8	261.0	21.1	51.9	57.5	65%	21.4	8.7	7.9	25.1	39.9	28.2	51.4	5.5	1.2
PNB	445.6	6,943.6	7,531.7	8,405.7	1,540.1	2,048.8	2,347.6	48.8	65.0	74.5	24%	9.1	6.9	6.0	-	-	15.8	19.6	13.0	2.9
Ratnamani Metals	740.0	571.2	827.0	1,100.6	64.1	100.8	136.8	71.2	103.9	139.8	40%	10.4	7.1	5.3	43.7	44.2	57.7	52.6	5.0	0.7
Sanghvi Movers	224.0	178.6	254.3	352.2	47.1	72.7	83.5	11.5	16.8	19.2	29%	19.5	13.3	11.7	24.1	25.2	22.4	27.5	3.0	1.3
Selan Exploration	229.1	26.2	36.0	49.8	10.6	14.1	19.1	7.3	9.8	13.2	34%	31.4	23.4	17.4	28.5	29.3	23.8	24.1	-	-
Shiv-Vani Oil & Gas	560.0	276.8	573.9	916.8	37.1	107.5	161.0	7.4	21.5	32.3	108%	75.3	26.0	17.4	18.1	38.3	10.4	17.3		
SEAMEC	140.0	159.1	170.4	256.9	58.6	37.0	87.5	17.3	10.9	25.8	22%	8.1	12.8	5.4	29.0	15.9	24.7	13.5	-	-
Subros	34.6	647.4	662.7	743.6	27.8	29.0	37.0	4.6	4.8	6.2	16%	7.5	7.2	5.6	19.7	19.3	16.7	20.6	0.4	1.1
Sun Pharma	1452.9	2,135.9	3,356.5	4,034.7	784.2	1,486.9	1,691.6	40.5	71.8	81.7	42%	35.9	20.2	17.8	21.4	30.9	28.3	29.7	5.5	0.4
Surya Pharma	101.9	304.3	496.7	650.0	23.9	46.7	53.5	16.5	32.3	29.7	34%	6.2	3.2	3.4	12.7	13.5	23.5	29.6	-	-
Tata Chemicals	355.6	5,809.6	6,141.8	6,992.8	511.9	526.6	722.0	20.9	21.6	29.6	19%	17.0	16.5	12.0	17.5	18.6	19.8	18.4	8.0	2.2
Torrent Pharma	148.0	1,298.8	1,471.6	1,712.7	93.5	120.0	157.4	11.1	14.2	18.6	29%	13.3	10.4	8.0	17.6	19.2	24.7	26.3	3.0	2.0
Unity Infraprojects	455.5	543.2	798.6	1,117.4	44.2	55.3	79.4	33.1	41.4	59.4	34%	13.8	11.0	7.7	27.0	22.5	20.0	20.8	3.0	0.7
UltraTech Cement	640.1	4,910.8	5,509.2	6,320.2	782.2	1,007.6	1,025.0	62.8	80.9	82.3	14%	10.2	7.9	7.8	43.3	39.6	44.7	37.6	5.0	0.8
Union Bank of India	124.0	3,476.8	4,173.3	4,872.2	845.4	1,387.0	1,466.1	16.7	27.5	29.0	32%	7.4	4.5	4.3	-	-	19.2	28.1	4.0	3.2
Wockhardt*	264.8	1,729.0	2,653.2	3,462.2	301.6	385.8	398.5	27.6	35.2	33.3	10%	9.6	7.5	8.0	11.4	13.4	22.6	30.3	11.3	4.3
Zensar Tech	135.0	605.9	782.9	971.7	57.9	64.0	82.1	24.4	26.7	33.8	18%	5.5	5.1	4.0	23.7	24.5	27.8	25.2	3.8	2.9
Vulture's Pick																				
Esab India*	365.0	287.2	343.0	409.6	42.6	53.4	65.0	27.7	34.7	42.2	23%	13.2	10.5	8.6	108.1	90.6	55.5	51.5	15.5	4.2
Orient Paper	38.6	1,102.2	1,295.8	1,472.0	142.4	212.2	220.8	9.6	11.0	11.5	9%	4.0	3.5	3.4	48.1	58.3	89.4	43.6	1.2	3.1
WS Industries	67.0	165.2	218.0	294.0	6.6	14.5	18.5	3.0	6.2	7.5	58%	22.3	10.8	8.9	15.7	19.2	9.6	16.7	-	-
Cannonball																				
Allahabad Bank	71.0	2,127.1	2,637.1	2,736.2	750.2	974.7	924.5	16.8	21.8	20.7	11%	4.2	3.3	3.4	-	-	22.6	24.0	3.0	4.2
Andhra Bank	71.5	1,864.4	2,001.2	2,304.6	537.9	575.6	682.2	11.1	11.9	14.1	13%	6.4	6.0	5.1	-	-	17.8	17.9	4.0	5.6
Gateway Distri	95.8	160.9	267.8	462.8	77.0	72.7	93.2	8.4	6.3	8.1	-2%	11.4	15.2	11.9	14.8	15.1	12.4	14.5	3.0	3.0
ICIL	391.0	79.8	91.8	117.9	8.3	11.2	13.9	34.6	47.1	58.0	29%	11.3	8.3	6.7	34.7	38.9	21.3	23.0	5.0	1.3
J K Cements	143.0	1,233.0	1,458.3	1,569.0	178.9	265.2	216.3	25.6	37.9	30.9	10%	5.6	3.8	4.6	23.3	26.0	21.8	25.2	5.0	3.5
Madras Cements	2460.0	1,574.2	2,029.3	2,734.9	308.5	443.6	565.9	255.3	373.1	476.0	37%	9.6	6.6	5.2	35.6	35.6	46.2	43.1	25.0	1.0
Shree Cement	728.1	1,368.0	2,065.9	2,372.7	158.8	287.9	296.1	45.6	82.6	85.0	37%	16.0	8.8	8.6	18.5	25.0	34.9	41.9	8.0	1.1
TFCI	21.0	29.7	37.8	55.9	14.3	19.5	32.8	2.1	2.0	3.4	27%	10.0	10.5	6.2	-	-	7.6	6.5	0.5	2.4

* Year CY instead of FY

** June ending company

	Remarks
	Evergreen
HDFC	• HDFC provides housing loans to individuals, corporates and developers. It has interests in banking, asset management and insurance through its key subsidiaries. Three of these--HDFC Bank, HDFC Life Insurance and HDFC Mutual Fund--are valued at Rs883 per share of HDFC. As these subsidiaries are growing faster than HDFC, the value contributed by them would be significantly higher going forward.
HDFC Bank	• A consistent growth of 31% quarter after quarter makes HDFC Bank, India's leading private sector bank, a safe bet. The bank has low risk from interest rate volatility, as its fee income/net income ratio is the highest in the industry. Recent capital raising and approval for new branch licences would help HDFC Bank sustain the growth momentum.
Infosys Tech	• Infosys is India's premier IT and IT-enabled service company. It is one of the key beneficiaries of the strong trend of offshore outsourcing. It is relatively better positioned to weather the current uncertainties related to a possible slowdown in the USA and its fallout on the overall demand environment.
L&T	• Larsen & Toubro Larsen & Toubro, being the largest engineering and construction company in India, is a direct beneficiary of the strong domestic infrastructure boom. Strong potential from its international business, its sound execution track record, bulging order book, and strong performance of subsidiaries further reinforce our faith in it. There also lies great growth potential in some of its new initiatives.
Reliance Ind	• With nine oil and gas discoveries during the year and a portfolio of exploration blocks, Reliance Industries holds a great promise in the exploration business. The refinery business would continue good performance. This along with growing contribution from the retail business provides a well-diversified growth opportunity.
TCS	• TCS pioneered the IT service outsourcing business from India and is the largest IT service firm in the country. It is a leader in most service offerings and is in the process of further consolidating its leadership position through the inorganic route and large deals.
	Apple Green
Aditya Birla Nuvo	• Aditya Birla Nuvo participates in India's four most exciting sectors: garments, insurance, telecom and IT/IT enabled services. It has a perfect strategy: to earn cash from its cash cow businesses, such as carbon black, rayon and fertilisers, and invest in high-growth businesses, such as garments, insurance, telecom and IT/IT enabled services.
Apollo Tyres	• Apollo Tyres is the market leader in the truck and bus tyre segment with a market share of 28%. We expect that the sharp rise in CV sales in the past year will trigger the tyre-replacement cyle in a big way, and the company is likely to benefit from the strong growth opportunities and its powerful position in the market.
Bajaj Auto	• Bajaj Auto is a leading two-wheeler automobile company. It is moving up the value chain by concentrating on the executive and the premium motorcycles segment. Export growth across markets is doing well. The pick-up in three-wheeler segment should help in improving its profitability further.
Bajaj Finserve	• Bajaj Finserv is the only pure insurance play available in the market currently. It has the second largest market share in the fast growing life insurance segment and is also present in the general insurance segment.
Bajaj Holdings	• Bajaj Holdings is a holding company having a 30% stake each in Bajaj Auto and Bajaj Finserv. Two-wheeler sales are expected to improve going forward with new product launches. The insurance business makes it the second largest player in the insurance space.
Bank of Baroda	• BOB, with a wide network of over 2,700 branches across the country, has a stronghold in the western and eastern parts of India. BoB has laid out aggressive plans to grow supplementary businesses including insurance, online broking etc, which should boost its fee income. We expect a 15% growth in its net revenue and a 25.7% growth in its earnings over FY2006-09E.
Bank of India	• The bank has a wide network of branches across the country and abroad. We expect improving margins and steady asset growth to lead net revenues and earnings to grow by 23% and a 39% respectively over FY2006-09E.
Bharat Bijlee	• Bharat Bijlee, a leading transformer manufacturing company, shall benefit from huge investments in the T&D sector. Its OPM and RoCE are all set to improve substantially on transfer of the low-margin elevator business.
Bharti Airtel	• Bharti Airtel is leading the wireless telephony revolution and has emerged as the largest mobile operator in the country. In addition to the robust growth in revenues, the focus on cost efficiencies and high-margin non-voice business are more than mitigating the impact of declining trend in the tariffs.
BEL	• BEL, a public sector unit involved in manufacturing electronic, communication and defence equipment, is benefiting from the enhanced capital expenditure outlay in the budget to strengthen and modernise security systems. Moreover, civilian and export orders are also expected to aid the overall growth in the revenues. However, the performance has been below expectation in the first nine months and the stock has been downgraded to Hold recommendation.

	Remarks
BHEL	• BHEL, India's biggest power equipment manufacturer, will be the prime beneficiary of the four-fold increase in the investments being made in the Indian power sector. Its order book of Rs91,400 crore stands at around 4.25x FY2008 revenue, and we expect it to maintain the growth momentum.
Canara Bank	• Canara Bank, with a wide network of 2,513 branches across the country, has a strong hold in south India, especially in Andhra Pradesh and Karnataka. We expect the net revenues and earnings of the bank to grow by 12% and 10% respectively over FY2006-09E.
Corp Bank	• Corporation Bank has one of the lowest cost/income ratio and the highest Tier-I CAR. This leaves ample scope to leverage balance sheet without diluting equity, quite unlike the other state-owned banks. The bank is also the most aggressive on technology implementation front with all its branches under Core Banking Solution, covering 100% business of the bank. Corporation Bank has superior asset quality as well.
Crompton Greaves	• Outlook is buoyant for Crompton Greaves' key business of industrial and power systems. A consolidated order book of Rs5,210 crore generates clear earnings visibility for the company. The consolidated earnings will be driven by synergy from the acquisitions of Pauwels, GTV and Microsol.
Elder Pharma	• With leading big brands like Shelcal and Tiger Balm, pharma company Elder Pharma is set to make the most of the domestic demand with line extensions and new molecules. New in-licencing agreements will ensure good growth for the company. Elder is also looking to expand its global footprint through acquisitions. Having already made 2 acquisitions in Europe, the company is on the look out for more acquisition opportunities in markets like Latin America.
Grasim	• Going forward, the improved performance and timely capacity expansions of the VSF and cement businesses, along with the steep uptrend in the earnings of its 51% subsidiary, UltraTech, would drive Grasim's consolidated earnings.
HCL Tech	• HCL Tech is one of the leading Indian IT service vendors. It has been able to successfully ramp up the business from the large-sized deals bagged over the past few quarters, which has considerably improved its revenue growth visibility.
HUL	• HUL is India's largest fast moving consumer good (FMCG) company. The volume growth is picking up in FMCG sector and HUL is likely to be a key beneficiary. The rural demand growth will be icing on the cake. HUL has regained the pricing power in all the product segments. Turn-around of loss-making businesses and cost reduction measures should help it improve its profitability.
ICICI Bank	• ICICI Bank is India's second largest bank. With a strong positioning in the retail advance segment, it enjoys a healthy growth in both loans and fee income. Its various subsidiaries add ~Rs460 to the overall valuation. The bank has successfully raised Rs20,000 crore, which would fund its growth for the next three years. In addition, the expected listing of ICICI Securities should help the bank unlock substantial value.
Indian Hotels Co	• The tight demand-supply scenario in the hotel industry will push up the ARRs in the short term and we expect Indian Hotels Co (India's largest hotel company) with its pedigree of hotels to be the key beneficiary of this trend. We expect its earnings to grow at a strong 27.3% CAGR over FY2006-08.
ITC	• ITC's plan to diversify from the key business of cigarettes is paying off with the non-cigarette businesses of hotels, paper, agri-products and personal care & food reporting a strong growth in revenues. The cigarette business would nurture the growth of the businesses that are at nascent stage. As ITC gains leadership position in each of these businesses, we expect its valuations to improve further, reducing the gap between its valuation and that of HUL.
Lupin	• Leading pharma company Lupin is set to take off in the export market by targeting the US market (primarily for formulations) while maintaining its dominance in the anti-TB segment globally. Further, with an expanded field force and therapy focused marketing division, Lupin's branded formulation business in the domestic market has been performing better than the industry. Lastly, Lupin's ongoing R&D activities are expected to yield sweet fruits going forward.
M&M	• M&M is a leading maker of tractors and utility vehicles in India. Its utility vehicle sales continue to be strong. Its investments with world majors in passenger cars and commercial vehicles have helped the company diversify into various auto segments. The acquisitions made by its subsidiary Systech will pay off over the coming three years. The value of its subsidiaries adds to the sum-of-parts valuation.
Marico	• Marico is India's leading FMCG company. Its core brands, Parachute and Saffola, have a strong footing in the market. It intends to play on the broader beauty and health platform. Its risk appetite is rising, as is evident from the five acquisitions made in eighteen months. It is also directing its energies to the high-margin businesses, viz value-added hair oil, *Kaya* and *Sundari*.

	Remarks
Maruti Udyog	• Maruti Udyog is India's largest small car maker. This is the only pure passenger car play. With new launches, the company is expected to outperform the market growth rate. Suzuki has identified India as a manufacturing hub for small cars for its worldwide markets. Increased indigenisation and cost control measures would help improve the margins.
Nicholas Piramal	• Pharma major Nicholas Piramal is ready to gain from the ramp-up in its contract manufacturing deals with MNCs. Further, the acquisition of Pfizer's Morpeth facility in the UK adds glory to its global contract manufacturing strength. The demerger of its R&D division will unlock value of its impressive R&D pipeline.
Punj Lloyd	• Punj Lloyd Ltd (PLL) is the second largest EPC player in the country with a global presence. In FY2007, PLL acquired SEC and Simon carves, which helped PLL in plugging gaps in services offered by it. The average order size and execution capability of PLL has also increased significantly making it the only player capable of competing with L&T, the largest EPC player in the country.
Ranbaxy	• Ranbaxy, apart from adopting an inorganic growth strategy, has been maintaining an aggressive product introduction strategy as well in the domestic, regulated and other pharma markets. With such efforts, it maintains the numero uno position in the domestic market. Exclusivity opportunities in the USA, along with strong expansion in semi-regulated markets, will drive its growth. The recently announced demerger of the discovery R&D portfolio will also unlock value.
Satyam Comp	• Satyam is among the top five Indian IT service companies. In the past few quarters, it has been able to bag some large-sized deals and has further consolidated its leadership position in enterprise solutions segment.
SKF India	• SKF, a leading bearing and engineering solution provider, enjoys good visibility in high-margin replacement market. It will be the primary beneficiary of growing volumes of Indian automobile industry and the huge industrial investment lined up by India Inc. It also plans to focus on its high-margin service division.
SBI	• Despite being the largest bank of India, SBI is growing at a high rate, which is commendable. Loan growth is likely to remain healthy at 22-25% with improving core operating performance and stable net interest margin. Successful merger of associate banks could provide further upside to SBI. The asset quality of the bank has also been improving.
Tata Motors	• Tata Motors is one of the leading automobile companies of India with diverse product portfolio across commercial vehicles and cars. Both segments are witnessing a slowdown due to tight financing situation. However, with infrastructure spending, the long-term prospects continue to be positive.
Tata Tea	• Over past two years Tata Tea has transformed itself from just a commodity (tea) seller to a branded tea maker. It has recently acquired management control of Mount Everest Mineral water, owner of the Himalayan brand. This makes the company a complete beverage company, having presence in all the vertical: tea, coffee and water. However, its valuations are much cheaper than is peers.
Wipro	• Wipro is one of the leading Indian IT service companies. The revival in the BPO business, strong traction in its existing IT service business and the incremental growth from the recent inorganic initiatives have considerably improved the growth visibility in the global software service business.
	Emerging Star
3i Infotech	• 3i offers software products and solutions to the banking, financial services and insurance (BSFI) sector. The growth momentum is expected to continue due to healthy order book and recent acquisitions. It has relatively low exposure to US and European markets and consequently is largely insulated from the uncertain global environment.
Aban Offshore	• Aban Offshore, one of Asia's largest oil drilling companies, is benefiting from the increase in oil exploration and production activities globally. The re-pricing of its existing assets at significantly higher day rates and efforts taken to substantially ramp up the asset base through organic and inorganic routes would significantly improve its financial performance over the next few years.
Alphageo	• Alphageo provides seismic survey and other related support services to oil exploration & production companies in India. The recent order wins and a healthy pipeline of orders have considerably improved the company's revenue growth visibility.
Axis Bank	• Over the last few years Axis Bank (UTI Bank) has grown its balance sheet aggressively. We expect the quality of its earnings to improve as the proportion of the fee income goes up. Axis Bank has also raised capital, which would help it to maintain its growth momentum for the next three years. Its asset quality continues to remain healthy with low net NPAs despite a strong asset growth.

Remarks		
Balaji Telefilms	•	Balaji Telefilms Ltd (BTL) is a play on the fast growing demand for quality Television content in India. It is by far the leader in the TV content production space. The flurry of entertainment channels along with their willingness and ability to spend more on good content, will be add to BTL's revenues.
BL Kashyap	•	With its proven execution skills, reasonably large-scale of operations and an established customer base, BL Kashyap & Sons (BLK) is well poised to ride the construction boom in India. Unlike most of its peers, it has a de-risked business strategy of providing contractual construction services and has consciously avoided exposure to long duration infrastructure projects that are prone to delays and are much more capital intensive.
Cadila	•	Cadila's improving performance in the US generic and French market, along with the steady progress in the CRAMS space enriches its growth visibility. With key subsidiaries turning profitable, Cadila is all set to harvest the fruits of
Jindal Saw	•	Jindal Saw, the largest pipe maker in the country, is set to benefit from the huge opportunity arising out of rising global E&P activities. Its strong order book of $1.09 billion, coupled with margin expansion as a result of better product mix and selling off of the US division would continue to drive its earnings going forward.
KSB Pumps	•	KSB Pumps, a leading maker of pumps and valves, is a beneficiary of the investments lined up in India's power and industrial sectors. The strong order inflow in the pump business and the capacity expansion would drive its growth.
Navneet Pub	•	Publishing major Navneet's earnings will continue to grow in FY2008 because of change in school syllabi in Gujarat and Maharashtra. The growth in stationary business would be aided by its entry into non-paper stationary products. The entry into the e-learning business could turn out to be the growth driver for the company.
Network 18	•	Network 18, the holding company of the TV18 group, owns the best media properties through its holdings in TV18 and GBN. While, TV18 owns business channels CNBC and Awaaz, GBN controls CNN-IBN and IBN-7. GBN will soon launch a Hindi general entertainment channel via its tie-up with Viacom. Network 18 is in the process of launching a full fledged home shopping network inclusive of a dedicated home shopping channel. We expect Network 18 to create immense value through its holdings.
Nucleus Software	•	Nucleus Software offers a comprehensive suite of software products to banking and financial service companies globally. Its flagship product "FinnOne" is rated as the highest selling retail banking product in the IBS annual ranking review 2006. The niche positioning and a robust order book provide a reasonably healthy growth outlook.
Orchid Chem	•	Niche product opportunities in the USA are driving the growth of this company. Its entry into European and Canadian markets will further boost its sales in the coming years. With UK MHRA approval for its plants and marketing tie-ups in place, Orchid is all set to make its entry into the European market, which will catapult its growth to a different trajectory.
Opto Circuits	•	A leading player in manufacturing medical equipments like sensors and patient monitors, Opto has diversified into the invasive space where it supplies stents for medical use. Lower cost base and attractive pricing strategies have enabled Opto's stents to gain increased acceptance globally. Steady growth in the non-invasive segment and increasing acceptance of DIOR, a revolutionary cardiac balloon, in Europe would drive Opto's growth. Further, Criticare acquisition will enable Opto to diversify into gas monitoring systems and strengthen its position in the USA.
Patels Airtemp	•	Patels Airtemp, the manufacturer of heat transfer technology products, would benefit immensely from the strong boom in its user industries particularly oil and gas, refineries, and power. It currently has a strong order book of Rs45 crore, and the order inflow is expected to grow at 45-50% annually for the next two years. We estimate the topline and bottomline to grow at a CAGR of 49.1% and 72.7% respectively between FY2007-09.
TV18 India	•	TV18 is India's leading news media company. It owns the nation's top business news channels, CNBC TV-18 and Awaaz. It also owns a repertoire of web properties such as moneycontrol.com, poweryourtrade.com and commoditiescontrol.com. The buoyant economic fundamentals augur well for its media properties. With top-notch management it remains one of the best media companies in the country.
Thermax	•	Thermax' energy and environment businesses will benefit form continued rise in India Inc's capex. Its strong order book stands at Rs2,637 crore, which is 0.75x FY2008 revenues.
Zee News	•	Zee News Ltd operates a unique bouquet comprising six regional entertainment channels and four news channels. The key revenue contributors are Zee News, Zee Marathi and Zee Bangla, with the latter two channels are being leaders in respective genres. ZNL is making steady progress in garnering better market share in the Telugu and Kannada markets, which would drive its growth going forward. Also, the flow of hefty subscription revenues in future augur well for the companies growth.
Ugly Duckling		
Ashok Leyland	•	Ashok Leyland is the second largest CV player in the industry. Its short-term performance may get affected due to slowdown in the segment due to rising interest rates. Long-term prospects appear bright. Initiatives on value engineering and e-sourcing of materials should help in maintaining the margins going forward.
Aurobindo	•	Aurobindo, with 106 ANDAs, 117 DMFs and 11 USFDA approved facilities in hand, is well positioned to exploit the US generic opportunity going forward. Further, its expansion into Europe and other emerging markets and likely incremental revenue flow from its largest approved ARV product basket would fuel the revenue growth. Galloping Pen-G prices and higher formulation growth would expand the margin of the company going forward.

Remarks	
BASF India	• BASF India (BASF) is set to benefit from the changing demographics and the resulting consumption boom in India. BASF's products are used in industries like white goods, textiles, home furnishing, paper, construction and automobiles all of which have been growing at a fast pace in contemporary times. To capitalise on the resulting opportunity, BASF is expanding the capacity of its products. A dividend yield of over 3% provides a margin of safety to the investment.
Ceat	• Tyre maker Ceat has an overall market share of 12% across categories and ranks fourth in the industry. Exports account for 20% of its sales. It is improving its product mix with higher contribution expected from exports and specialty tyres where the profit margins are higher. Ceat has undertaken various initiatives in order to improve its productivity and this should lead to improvement in margins. We find the stock's valuations attractive.
Deepak Fert	• DFPCL manufactures and supplies industrial chemicals and ANP fertilisers. With Dahej-Uran pipeline in operation, the company would benefit from higher capacity utilisation and increased ammonia capacity. The company recently agreed to form a JV with Yara International ASA. The JV will provide DFPCL stability and flexibility in its operations through Yara International's leadership in ammonia value chain.
Genus Power Inf	• Genus, India's leading electric meter maker, is all set to benefit from APDRP initiatives like 100% metering and replacement of mechanical meters by electronic meters. A healthy order book of Rs400 crore will maintain the revenue and profitability growth.
India Cements	• With the modified capex plan, India Cements will join the league of top 5 cement players with a capacity of 14MMT at the end of FY09. Higher cement prices in the south coupled with the higher volume growth will drive the earnings.
Indo Tech	• The demand for transformers is on an upswing, thanks to high power-generation targets of the government. The annual demand for transformer is expected to be around 95,000MVA whereas the current capacity of transformer industry stands at around 75,000MVA. To cater to this opportunity transformer maker Indo Tech is tripling its capacity, which will result in a strong earnings growth.
Ipca Lab	• A well-known name in the domestic formulation space, Ipca has successfully capitalised on its inherent strength in producing low-cost APIs to tap export markets. The company's ongoing efforts in the branded promotional business in emerging economies, revival in the UK operations, pan-European initiatives and a significant scale-up in the US business will drive its formulation exports.
ICI India	• Outlook for the company is positive due to its increased focus on premium products. The top line growth may look subdued due to discontinuation of some of its businesses. The company has Rs830.7 crore of liquid investments on its book, which would translate into free cash and cash equivalents of around Rs220 per share. Moreover with ICI UK being acquired by Akzo Nobel, the company would get access to wider portfolio of products coming from Akzo Nobel's stable.
Jaiprakash Asso	• Jaiprakash Associates, India's leading cement and construction company, is all set to benefit from huge investments made to develop the country's infrastructure. Taj Expressway along with the recently-won Ganga Expressway project and the real estate business will add significant value to the stock of the company, going ahead. Listing of its power subsidiary will also unlock value for the investors. Further, the 1% stake sale in Jaypee Infratech to ICICI Bank for Rs250 crore has led Jaypee Infratech valued at Rs25,000 crore.
KEI Industries	• KEI makes stainless steel wires, cables and winding wires. It is expected to be a major beneficiary of the pick-up in investments in the power generation as well as transmission and distribution sectors. On the back of these investments we expect its revenues and earnings to grow at a CAGR of 39% and 42% respectively over FY2007-09E.
Mold Tek Tech	• Mold Tek Technologies has a steady-growing plastic packaging business and is aggressively scaling up the knowledge process outsourcing (KPO) business that is slated to grow at a CAGR of over 150% over the next three years. The de-merger of two businesses into separate entities would unlock value in its KPO business.
Mahindra Lifespace	• Mahindra Lifespace Developers is the only private sector player who has operational SEZ, the Chennai SEZ, in the country. Leveraging on this rich expertise, the company is planning to develop one more SEZ in Jaipur. We also expect significant improvement in the margins primarily due to higher revenue contribution from Chennai's non-processing area and better realization for Jaipur SEZ processing area. Consequently, we expect the company's net income to grow at CAGR of 178.5% during the period FY2007-10
Orbit Corp	• Given its unique business model, Orbit is expected to leverage on huge massive redevelopment opportunities in southern and central Mumbai, we expect Orbit's topline and bottomline to grow at a CAGR of 89.2% and 99.6% respectively during the period FY2007-10. Furthermore, we believe Orbit will enjoy positive cash flow over the next three years primarily due to its strategy to pre-sell a large part of its projects during the construction phase itself.
PNB	• PNB has one of the best deposit mix in the banking space with low-cost deposits constituting ~45% of its total deposits. A strong retail franchise and technology focus will help boost its loan and fee businesses.

Remarks	
Ratnamani Metals	• Ratnamani is the largest maker of stainless steel (SS) tubes and pipes in the country. Given the buoyant demand for SS tubes and pipes from its clients, including BHEL and L&T, and a strong order book of Rs532 crore, we expect its revenues and earnings to grow at a CAGR of 39% and 46% respectively over FY2007-09E.
Sanghvi Movers	• Sanghvi Movers is the largest crane hiring company in Asia. It is a perfect asset play on the upsurge in the country's capex cycle. The usage of cranes is an essential part of investment spending and of the projects being undertaken by Indian companies; this bodes well for the company. Its strong cash flows make it an attractive investment.
Selan Exploration	• Selan is an oil exploration & production company with five oil fields in the oil rich Cambay Basin off Gujarat. The initiatives taken to develop and monetise the oil reserves in its Bakrol and Lohar oil fields are likely to significantly ramp up the production capacity and thereby lead to re-rating of the stock.
SEAMEC	• SEAMEC, with its fleet of four MSVs, is a key beneficiary of higher rates for MSVs due to the surge in oil exploration spends. SEAMEC IV, which is upgraded into a diving support vessel, has commenced its operations since March 2008. Deployment of the same at a much higher rate would boost the company's overall performance.
Shiv-vani	• Shiv-Vani Oil & Gas Exploration has emerged as the largest onshore oil exploration service provider in the domestic market. Services offered by the company include seismic survey, drilling and workover, gas compression and coal bed methane (CBM) integrated services. The earnings are estimated to show a CAGR of over 49.8% during FY2008-10 period.
Subros	• Subros, the largest integrated manufacturer of automobile air conditioning systems in India, is expected to be a prime beneficiary of buoyancy in the passenger car segment. It is a strong play on growth plans of Maruti Udyog and Tata Motors, who are expanding their capacities. It plans to double its capacity in next two years which in turn will maintain momentum in its earnings growth.
Sun Pharma	• With a strong hold in the domestic formulation market, an impressive growth in the US outfit, Caraco, Sun Pharma has recently become an agresisve participant in the Para Iv patent challenge space. Having already garnered four exclusivity opportunities in the USA, further news flow on the Para Iv challenges would drive the stock.
Surya Pharma	• A shift to a high-margin product portfolio is the name of the game, and Surya is well aware of it. Expansion of existing capacities, entry into the high-margin injectables and earnings from menthol products would drive the fortunes of this company.
Tata Chemical	• TCL, the leading soda ash producer in India, is set to benefit from upturn in the soda ash cycle. With the recent acquisition of GCIP, the company has become the second highest soda ash producer in the world with a combined capacity of 5.5mmtpa. The company is also one of the leading manufacturers of nitrogen and phosphate fertilisers in India. The company is de-bottlenecking its urea capacity to 1.2mmtpa by September 2008 and is expected to benefit from regulatory changes in fertiliser industry.
Torrent Pharma	• A well-known name in the domestic formulation market, Torrent has been investing in expanding its international presence. With the investment phase now over, Torrent should start gaining from its international operations in Russia and Brazil. The impending turnaround of its German acquisition, Heumann will also drive the profitability of the company.
UltraTech Cement	• Going forward, UltraTech should benefit from capacity expansion and investment in captive power plants. Despite our expectation of subdued cement prices going forward, UltarTech's top line will grow by 15% in FY2009E. A 4.9MTPA capacity expansion in Andhra Pradesh and savings accruing on account of new captive power plants will improve the cost efficiencies. Further, synergies with Grasim Industries will reduce its freight & marketing cost, thereby boosting its operating margin.
Unity Infra	• Unity Infraprojects (Unity), being the leading construction company with well diversified expertise across projects, is expected to be a key beneficiary of the real estate sector's growth and the government's thrust on infrastructure spending. We expect Unity's top line and bottom line to grow at CAGR of 37.1% and 31.8% during the period FY2007-10 on the back of a strong order book and healthy order inflows.
UBI	• Union Bank has a strong branch network and an all-India presence. The net NPAs are below 1%, indicating strong asset quality while maintaining healthy asset growth. With an average return on equity of 20% over FY2006-09E, the bank is available at attractive valuations.
Wockhardt	• A stream of new launches in the USA and sustained momentum in the domestic business will ensure good growth for Wockhardt. The recent acquisitions of Negma Laboratories and Morton Grove will propel the company to a new growth trajectory as synergistic benefits start flowing in. Further, the likely approval of bio-similars in USA, EU and other geographies would drive Wockhardt in medium to long term.
Zensar	• Zensar, promoted by the RPG group, has effectively utilised the inorganic route to gain critical mass in the fast growing enterprise solutions segment and extend its presence in newer markets.

Remarks	
Vultures's Pick	
Esab India	• Change in positioning from low margin, high volume products to quality and high margin products. Double-digit manufacturing sector growth to help business of electrodes and welding equipment.
Orient Paper	• Orient Paper commissioned the first phase of its expansion project to raise capacity to 2.7 million tonne from 2.4 million tonne in Sep'07. The company is in the process of increasing its total capacity to 5 million tonne by Q1FY10. The 50MW captive power plant at Devapur cement plant is also progressing as per schedule and is expected to be commissioned by Q4FY09. The new capacities are expected to drive the earnings of the company.
WS Industries	• WSI, country's leading insulator maker, is all set to benefit from the three-fold rise in investment in the power T&D segment. A strong order book of about Rs180 crore and a shift to higher-margin hollow insulators will drive the earnings. The company is planning to develop a 10 lakh sq ft IT park at Chennai. Taking WSI's current 59% stake in its realty venture, we arrive at a value of Rs29.1 per share for the realty venture alone.
Cannonball	
Allahabad Bank	• Allahabad Bank, with a wide network of 1,933 branches across the country, has a stronghold in the northern and eastern parts of India. With an average RoE of 19% over FY2006-09E, the bank is available at attractive valuations.
Andhra Bank	• Andhra Bank, with a wide network of over 1,200 branches across the country, has a stronghold in the southern parts of India, especially in Andhra Pradesh. We expect a 17% growth in its net revenues and a 13% growth in its earnings over FY06-09E.
Gateway Dist	• Gateway Distriparks, a port-based logistic facilitator, has strong presence at JNPT, the country's biggest port. It has a market share of 25%. The recently won contract from the Punjab state government to operate a CFS near JNPT for a period of 15 years will provide the much-needed trigger for the volume growth going ahead. The company's foray into the rail operation business will be a trigger for its earnings in the long term.
ICIL	• International Combustion, which makes gear motors & boxes, polymers, heavy engineering equipment etc, is a good play on India Inc's current capex plans, especially in the sugar and steel industries. The emerging outsourcing trend in the gear motor space should lead to an earnings surprise.
J K Cements	• Delay in capacity expansion and subdued cement prices has led to a weak outlook for the stock in the near term. However, once the entire capex comes onstream (by FY2009-end), the company will be in a position to deliver an improved performance for FY2010. The company has also announced setting up a grey cement plant in Fujairah (UAE) at an estimated investment of Rs1,400 crore.
Madras Cements	• Strong cement consumption in the southern region would continue to drive the earnings of Madras Cement, one of the most cost efficient producers of cement. The 3-million-tonne expansion of the company will provide the much needed volume growth in the future.
Shree Cement	• Shree Cement's 1-million-tonne sixth clinker line has come on stream in Mar'08. The cement capacity of the company now stands at 9.1 million tonne. Thus, going ahead we expect the volumes will drive the earnings of the company.
TFCI	• Tourism Finance Corporation of India TFCI provides financial assistance to the hotel and tourism sector. Given its exposure to only this sector, its performance is inextricably linked to the prospects of the tourism sector. This was largely responsible for TFCI's earlier financial problems. However, things are now looking very promising for TFCI with improved asset quality and strong loan demand due to significant expansion plans lined up by the hotel and tourism sector. We expect TFCI's earnings to grow at a 32% CAGR over FY2006-09.

PMS Pro-Tech (Investing based on price movements)

Back nearer to origin

Sensex Today: 16415.57				30/05/2008
SCHEME	Start date	Start Sensex	Scheme return	Sensex return
Beta [New]	03/08/2007	15138	**45.56**	8.44
Nifty Thrifty	01/02/2006	9859.26	**32.6**	66.50
Star Nifty	05/08/2007	15138	**22.6**	8.44
Trailing Stops	20/10/2007	17559.98	**28.1**	-6.52

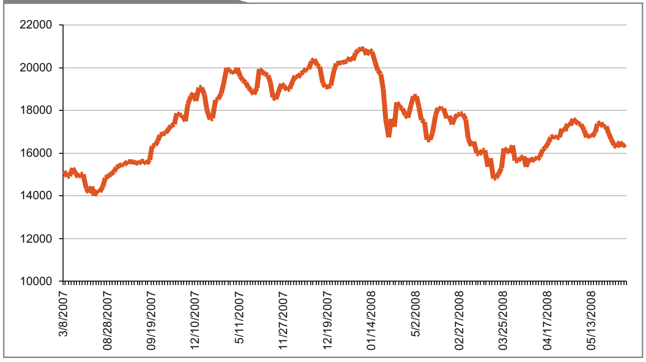
The Sensex was at 15,138.40 on August 5, 2007. On January 10, 2008, it was at 21,206.77, its all-time high. During this five-and-a-half month long bull-run, the index rose by around 40%. But, it started to fall thereafter and closed at 16,415.57 on May 31, 2008, losing around 22.60% from its all-time high . **Thus, it finally managed to give absolute returns of around 17.4% during the August 5, 2007--May 31, 2008 period (refer chart).**

Pro-Tech is designed to generate absolute returns from the market irrespective of where the market heads. In one-sided trending market we may not appear to beat the market, but as we trade in both the long and short sides of the market, over a period of time we can offer consistent returns come bulls or bears.

So far, we are the first PMS in the market to offer absolute return products. To have a better understanding of the performance of our various schemes, refer the charts below.

The table above makes a comparison of the performance of the Sensex and our schemes. Below we have explained how each scheme has performed in the last few months in spite of the weak markets. So while we did not outperform the index in the initial months, we made money in the last quarter despite a falling market, and three out of our four products have already outperformed the index. And this is what we call absolute returns. We believe that if we focus on absolute returns, we will eventually beat the market over a long period of time, even though it is not our objective.

Sensex



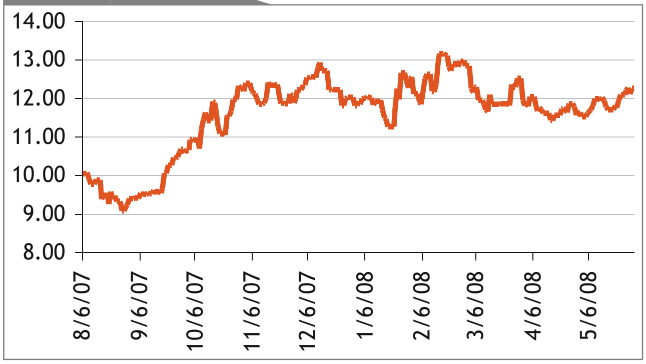
Star Nifty

We started this scheme in Pro-Tech PMS on August 5, 2007. The Sensex at this time was at 15,138 levels. It witnessed a bull run and made an all-time high of 21,206.77 on Janurary 10, 2008, rising by around 40% during the period. But, thereafter is started to fall and lost around 22.60% till May 31, 2008. Thus the Sensex managed absolute returns of around 17.4% during the period (August 5, 2007 to May 31, 2008).

However the scheme managed higher absolute returns of 22.60% till May 31, 2008 for our inception clients (refer chart) and thereby out performed the index.

The scheme made the highest return of 31.60% on February 17, 2008. Though the Sensex fell around 22.6% from the all-time high of the bull run as mentioned earlier, the scheme managed to give absolute returns of 22.60% with a draw down of 8.68% from its all-time high returns.

Star Nifty (NAV)



PMS Pro-Tech (Investing based on price movements)

Trailing stops

We started this scheme on October 20, 2007, when the Sensex was at 17,559.98. The index made an all-time high and rose around 20.76% during this time. But thereafter it stated falling and corrected sharply losing around 22.60% till May 31, 2008. Thus, the index lost more than what it gained during the period. However, this scheme managed to earn absolute returns of 28.10% till May 31, 2008 for our inception clients (refer chart below). So the scheme beat the Sensex in terms of absolute returns, as it managed absolute returns of +28% as against the Sensex' –1.84% during the same period (October 20, 2007-May 31, 2008).

The scheme made the highest return of 30.9% on February 26, 2008. Though the Sensex fell around 22.6% from its all-time high of the bull run as mentioned earlier, the scheme managed absolute returns of 28.10%, which is a draw down of 2.8% from its all-time high returns.

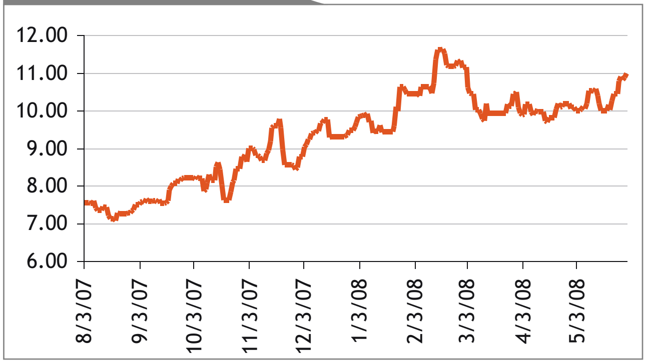
Trailing stops (NAV)

Beta portfolio

We relaunched this scheme in Pro-Tech PMS on August 3, 2007 after making certain strategic changes. The Sensex was at 15,138.40 then. The index made an all-time high on January 10, 2008, rising around 40% for the period. Thereafter, it lost around 22.60% till May 31, 2008. So the Sensex made absolute returns of around 17.4% during the period August 5, 2007-May 31, 2008. But this scheme still managed absolute returns of 45.56% till May 31, 2008 for our inception client (see chart below). Thus, the scheme outperformed the index in terms of absolute returns and managed absolute returns of 45% versus that of 17.4% for the Sensex during the period August 3, 2007-May 31, 2008.

The scheme made the highest absolute returns of 54% on February 18, 2008. Though the Sensex fell around 22.6% from its all-time high of the bull run as mentioned earlier, the scheme managed absolute returns of 45%, which is a draw down of 9 % from its all-time high returns.

Beta Porfolio (NAV)



Such products have been outperforming the Sensex in long to medium term. This is what we have already shown for three of our products. In short term however our focus is to maximise absolute returns. Trading in the market carries risks, but discipline allows us to generate a linear return graph over the years, even though the market might not do so. The risk brings in short-term volatility to the NAV, which is beyond our control.

The protection and healing of a patient is much dependent on the doctor's capability and efforts. At Pro-Tech, we leave no stone unturned to protect our clients irrespective of the market direction and volatility. Our expertise in technical analysis and power of derivatives for timing the market correctly enable us to protect our customers even in worst of times.

A good batsman has the ability to time his shots to score maximum runs irrespective of pressure. In the same way at Pro-Tech, we try to time the market correctly to earn maximum absolute returns for our clients and to out perform the Sensex over long to medium term irrespective of the market momentum.

For more details or to open an account, contact our customer service department.

Also refer Pro-Tech PMS performance sheet

We will be more than delighted to answer all your queries regarding Sharekhan Portfolio Management Services.

Call Hema on 9223342426

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Pro Tech - Performance Sheet

Performance For The Month Ended May 2008

Scheme Name	Beta Portfolio	Nifty Thrifty	Star Nifty	Trailing Stops
NAV as on 01/05/08	10.08	13.61	11.62	12.17
NAV as on 31/05/08	10.99	13.26	12.26	12.81
RETURNS (%)	**9.00%**	**-2.51%**	**5.50%**	**5.24%**

Performance Summary Since Inception (as on May 31, 2008)

Inception	03-Aug-2007 Beta [New]	01-Feb-2006 Nifty Thrifty	05-Aug-2007 Star Nifty	20-Oct-2007 Trailing Stops
INCEPTION NAV	7.55	10	10	10
NAV as on 31/05/08	10.99	13.26	12.26	12.81
RETURNS (%)	**45.56%**	**32.60%**	**22.60%**	**28.10%**

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Mr Tarun Bansal
Tel: (011) 23288539 / 23243131

Mr Rajiv Mehta
Tel: (011) 30888835 / 36 / 37 / 38

Mr Balender Singh Negi
Tel: (011) 40590739 to 743

Orai
Mr Sanjay Agarwal
Tel: (05162) 252569 / 257485

Padra
Mr Mukesh Nandlal Thakkar
Tel: (02662) 224664 / 224665

Patan
Mr Shripal D Shah
Tel: (02766) 325759 / 329873

Patna
Mr Krishna Rungta
Tel: (0612) 2213112 / 16

Mr Mohammed Ata Ashaf
Tel: (0612) 2226495 / 2232432 / 2205334

Mr Ajay Kumar
Tel: (0612) 2222649 / 5582761

Mr Vivek Anand
Tel: (0612) 2266230

Ms Renu Bairoliya
Tel: (0612) 2238428

Mr Alok Kumar
Tel: (0612) 222953/4/5

Mr Rajesh Choudhary
Tel: (0612) 2616104 / 3954835 / 2623797

Pavaratty
Mr Abhilash Ramanathan
Tel: (0487) 2645372 / 3209047 / 2645374

Pali
Mr Amar Chand Sancheti
Tel: (02932) 510050 / 227729

Patna
Mr Vidyanand Singh
Tel: (0612) 2207887 / 3252643

Perinthalmanna
Mr Narayanan Purayannur
Tel: (04933) 396839

Pudukkottai
Mr Venkatachalm
Tel: (04322) 232843

Pune
Mr Vashu Balani
Tel: (020) 27414751/ 27415293/ 27413657

Mr Nilesh Shah
Tel: (020) 24454477 / 24458839

Mr Gopal Harsule
Tel: (020) 25656573

Mr M Ramachandran
Tel: (020) 27030823 / 32519655/ 32908149

Mr Amit Ashok Ghatol
Tel: (020) 25533598/ 25510838/ 65239348

Mr Kalera Sanjay Vashulal
Tel: (020) 26452442

Mr Suhas Bhalchandra Chatane
Tel: (020) 26990406

Mr Ketan Ashok Shah
Tel: (020) 26331485

Raipur
Mr Premchand Jain / Mr Pukhraj R Bardia
Tel: (0771) 4033229 / 4049451 / 2292632

Mr Vipul Kothari
Tel: (0771) 4001004 / 4017773

Rajamundry
Mr P Satyanarayan
Tel: (0883) 5575561 / 62 / 92

Rajkot
Mr Ketan Masrani / Mr Mihir
Tel: (0281) 2227687/ 3044777

Ramgarh
Mr Rajeev Murarka
Tel: (06553) 230710

Ranchi
Mr Pravin Murarka /Mr Rajiv Murarka
Tel: (0651) 2208205 / 2312715/ 2207979

Mr Subinoy Banerjee
Tel: (0651) 3295162

Raxual
Mr Vikash Agarwal
Tel: (06252) 221275

Sagar
Mr H V Ramamurthy
Tel: (08183)220055 / 44

Mr Raja Jain
Tel: (07582) 403931

Sahada
Mr Naresh Lalchand Jain
Tel: (02565) 223529 / 227207

Sarni
Mr Vaibhav Agrawal
Tel: (07146) 278488 / 277499

Sitamarhi
Mr Shiv Kumar Sarawagi / Mr Nikhil Goenka
Tel: (06226)252400 / 256384

Sri Ganganagar
Mr Dinesh Singal
Tel: (0154) 2475510 / 2471881-882

Srinagar
Mr Irshad Mushtaq Kashoo
Tel: (0194) 2485730 / 2452836/ 2457078

Sumerpur
Mr Bharat Kumar
Tel: (02933) 252971/ 254392

Surat
Mr Biren Chhatrapati
Tel: (0261) 5537174-73 / 2772114

Mr Shreyas Shroff
Tel: (0261) 2474400 / 3215800

Thiruvalla
Mr Jacob Varkey / Mr Vijayakumar K K
Tel: (0469) 2631046 / 2631048

Thrissur
Mr T R Gangadharan
Tel: (0487) 2605877/ 2607055

Mr K Venugopal
Tel: (0487) 2402475 / 2399501
Tel: (0487) 2425098 / 3950724

Tirunelveli
Mr N Kameswaron
Tel: (0462) 2320544 / 545 / 549

Tirupur
Mr B Jagan
Tel: (0421) 4322356/ 4243656

Trichy
Mr. Mothi Padmanaban
Tel: (0431) 2700997 / 4011131

Udaipur
Mr Ananth Acharya
Tel: (0294) 2426945/6/ 3292512/ 2005079

Mr Narendra Harkawat
Tel: (0294) 5121322/2567667

Udumalpet
Mr R Sampath
Tel: (04252) 225323

Utraulla
Mr Phoolchand Dwivedi
Tel: (05265) 253277 / 253278

Vadodara
Mr Viresh Chandrakant Thakkar
Tel: (0265) 2233457 / 2233460

Mr Tejas Shah
Tel: (0265) 2783040 / 3013040

Mr Mohit Sadarangani
Tel: (0265) 3084223/ 26

Mr Bharatbhai Patel
Tel: (0265) 2711647/2713648/5539684

Mr Mittal Naik
Tel: (0265) 5545557 / 5505001

Valsad
Mr Kaushal C Gandhi
Tel: (02632) 243636

Varanasi
Mr Lalji Choube
Tel: (0542) 2507621 / 2507619

Vasco
Mr Parag Mehta
Tel: (0832) 2512361

Vijaywada
Mr Shaym / Mr Nagendra Kumar
Tel: (0866) 2550713 / 2554811

Visakhapatnam
Mr. V. Vankatram
Tel: (0891) 2505642/2505643

Mumbai

Mr Manoj Lalwani (Andheri)
Tel: (022) 26351629 / 26351653

Mr Abhijit Periwal (Andheri)
Tel: (022) 26733643-44/ 55021968/ 69

Mr Dipen Shah / Mr Ashish Shah
Tel: (022) 23610772 / 23610773 / 361 1073

Mrs Chhaya Bheda / Mr Vipul Bheda (Dadar)
Tel: (022) 24180562 / 24180563 / 24172444

Mr Jagdish V. Gada (Dahisar)
Tel: (022) 28282306 / 28281308/ 28281490

Mr Prakash V Gor / Mr Dilesh (Dombivli)
Tel: (0251) 5617530 / 2862890 / 895

Mr Sachin Morakhia (Fort—Horniman Circle)
Tel: (022) 2265 9327/ 22659734

Ms Salome A. Shah (Fort—Ali Chambers)
Tel: (022) 2270 3909/11

Mr Somen Sangani
(Fort—Jeevan Udyog Bldg)
Tel: (022) 2207 7566 / 2207 0427

Mr Premal Sanghvi
(Fort—Mahendra Chamber)
Tel: (022) 66632921 / 22 / 23

Mr Nikhil Shah (Fort)
Tel: (022) 22871500 / 22041050/ 70/90

Mr Rajiv Sheth (Fort)
Tel: (022) 22722781 / 82

Ms Monisha Mehta / Mr Gaurav Shah
(Ghatkopar)
Tel: (022) 25100068/ 65768801/ 2/21

Mr Hemant Kumar Garg (Mahim)
Tel: (022) 24456715 / 24466291

Ms Indu Mahendra Purohit (Malad)
Tel: (022) 28806704 / 28823510

Mr Chetan Miyani/Mrs Naina Miyani
(Mira Road)
Tel: (022) 2813 1522 / 28130220

Mr Kishor Shah (Prabhadevi)
Tel: (022) 66662444

Mr Sanjay Yewale (Thane)
Tel: (022) 25379061 / 25375135

Mrs Latika S Dudani (Ulhasnagar)
Tel: (0251) 2570700 /2563535

Sharekhan Branches

Agra
F-3, First Floor, Friends Trade Center, Nehru Nagar, Opp.Anjana Cinema, M.G.Marg, Agra-282 002. Tel: (0562) 4032053/54/57/60

Ahmedabad - Maninagar
208, Rajvi Complex, Opp Rambaug Police Station, Maninagar, Ahmedabad-380 008. Tel: (079) 65410102 / 65410829

Ahmedabad - Navrangpura
201/202, Dynamic House, Near Vijay Cross Road, Navrangpura, Ahmedabad-380009. Tel: (079) 66060141to 52

Ahmedabad - Sattelite
406, Shivalik Corporate Park, B/H IOC Petrol Pump Near., Shyamal Cross Road Sattelite, Ahmedabad-380 015. Tel: (079) 6525 48 08 / 09/10/11/12 /13

Ahmedabad - Paldi
302, Gangandeep Towers, Opp Bank of India, Paldi Cross Road, Paldi, Ahmedabad-380 007.

Ahmednagar
Shop No 1 & 2, Kaware Complex, Vasant Talkies Road, Ahmednagar-414 001. Tel: 0241-6611011 to 20.

Ajmer
195/11, Rajhonda, Kutchery Road, Ajmer-305 001. Tel: (0145) 6100919 / 6100920 / 2422665.

Allahabad
1st Floor, Shop No.14 & 15, Vashishti Vinayak Tower, Nr Yatrik Hotel, Tashkant Marg, Civil Lines, Allahabad-211 003. Tel: (0532) 6452910.

Aligarh
5, Vaishno Compound, Samad Road, Aligarh (UP). Tel: (0571) 2506637 / 2503859.

Ambala
167/18, 1st Floor, Adjoining Airtel Office, Rai Market, Ambala Cantt - 133001. Tel: (0171) 6450284to 87.

Amravati
Jagdamba Arcade, 2nd Floor, Near Amba Gate, Gandhi Chowk, Amravati-444601. Tel: (0721) 2564673, 6451282/83.

Amritsar
5 Deep Complex, 1st floor , Opp Doaba Automobiles , Court Road, Amritsar - 143001. Tel: (0183) 6451903 / 904 / 905.

Anand
F/5, Prarthana Vihar Complex, 1st Floor, Near Panchal Hall, Vidyanagar Road, Anand, Gujarat - 388 001. Tel: (02692) 655020 to 23.

Anand - Vidyanagar
1st Floor, P.M.Chamber, Mota Bazar, Vallabh Vidyanagar, Anand, Gujarat - 388120. Tel: (02692) 655015 to 17.

Angamaly
1st Floor, Kachappilly Towers(Uco), Aluva Road, Angamaly, Pin-683572 (Kerala).

Ankleshwar
F-1, F-2 & F-3, 1st Floor, Shree Narmada Arcade, Opp HDFC Bank, Ankleshwar - 393002. Tel: (02646) 227120/21.

Bangalore - Jayanagar
442, "Vasavi Plaza" 3rd Floor, 11th Main, Opp Global Trust Bank, IV Block, Jayanagar, Bangalore - 560011. Tel: (080) 64527428 to 31.

Bangalore - Gandhinagar
Brigade Majestic, 201 A Block, 2nd Floor, 25 Kalidasa Marg, 1st Main Road, Gandhinagar, Bangalore - 560009. Tel: (080) 64527413 to 15.

Bangalore - Koramangala
Emerald Towers, No 147, KHB Colony, 5th Main, 5th Block, Koramangala, Bangalore-560 095. Tel: (080) 64527477 to 79.

Bangalore - Indiranagar
1132, Anand Embassy, 3rd Floor, Above Food World, 100 Feet Road, Indiranagar, Bangalore - 560 038. Tel: (080) 64527465 to 67.

Bangalore - Malleshwaram
No 311, 2nd Floor, 2nd Main, Between 15th and 16th Cross, Sampige Road, Malleshwaram, Bangalore-3. Tel: (080) 64527401-03.

Bardoli
303/304, Millenium Mall, Opp.Sardar Vallabhbhai Patel Musium, Station Road, Bardoli-394 003. Tel: (02622) 657229.

Bareilly
148, Civil Lines, Bareilly-243 001. Tel: (0581) 2511581 to 85.

Bharuch
221-227, 2nd Floor, Dream Land Plaza, Opp Nagar Palika, Station Road, Bharuch - 392 001. Tel: (02642) 244998/99.

Bhavnagar
Gangotri Plaza, Plot No-8A 3 rd Floor , Opp Dakshinamurti School, Waghawadi Road, Bhavnagar, Gujarat - 364 001. Tel: (0278) 2573938/2573939/2571333/3201333

Bhubaneshwar
A/B-2nd Floor, 501/1741, Centre Point, Unit No.3, Kharvel Nagar, Bhubaneshwar-751 001. Tel: (0674) 6534373.

Bhilai
216, 1st Floor, Khichariya Complex, Nehru Nagar chowk, Bhilai (C.G.) 490006 Tel: (0788) 4092512 / 4092672.

Bhiwandi
Office no 1&2, Presidency Plaza, Khadipar Road, Nr Shivaji Chowk, Bhiwandi- 421 302. Tel: (02522) 645690 to 96.

Bhopal
House No 15-B, 1st Floor, Plot No 9-B, Malviya Nagar, Rajbhawan Road, Bhopal-462 003. Tel: (0755) 4291600.

Bhuj
1st Floor, RTO Relocation, Opp Fire brigade Station, Bhuj, Kutch-370 001. Tel: (02832) 229463/229473/229483

Bikaner
102, Nagpal Complex, First Floor, Opp DRM Office, Bikaner, Rajasthan-334 001. Tel: (0151) 6450803 / 6450804.

Borsad
G-1 / 2 , Krishna Hospital Bulding , Suryamandir Rd , Nr. Panch Nala , Borsad -388 540. Tel: (02696) 224212/13/14

Calicut
1st Floor, 6/1002 F, City Mall, Opp YMCA, Kannur Road, Calicut-673001. Tel: (0495) 6450307/308/312/314/316/317

Chandigarh
SCO 489-490, 2nd Floor, Sector-35C, Chandigarh, Punjab - 160035. Tel (0172) 6540233 /6540183 / 6540158

Chengannur
Door NO.XIV/263(7 & 8), 1st Floor, Bin Towers, Hospital Junction, Chengannur- 689121.

Chennai - Alwarpeth
68, C P Ramasamy Road, 3rd Floor, Alwarpet, Chennai - 600 018. Tel: (044) 43009001/02/03/04/05

Chennai - Chetpet
G-2, Salzburg Square, 107-Harrington Road, Chetpet, Chennai-600031. Tel: (044) 28362800 / 2900 / 28363160.

Chennai - Parrys
Begum Isphani Complex, No 44 Armenian Street, Parrys, Chennai - 600001. Tel: (044) 64552951 / 52/ 53 / 54

Chennai - Purasawalkam
F-13, Dr Rajivi Tower, 231/28 Purasawalkam High Road, Opp Gangadeeshwar Temple Tank, Chennai - 7. Tel: (044) 42176004 to 9.

Coimbatore
Vignesvar Cresta, 2nd Block, 3rd Floor, 1095 - Avinashi Road, P N Palayam, Coimbatore -641037. Tel: (0422) 2213434/2214282/2218252.

Cuttack
Gajanan Complex, 2nd Floor, Haripur Road, Dolamundai, Cuttack- 753001 Tel: (0671) 2432340 to 45.

Dehradun
58, Rajpur Road, Opp. Hotel Madhuban, Dehradun-248001.
Tel: (0135) 2740 190 to 94.

Erode
Akhil Plaza, Block No.1, T.S.No.121, Perundurai Road, Opp Padmam Restaurant, Erode - 638011. Tel: (0424) 2241000/ 2241005.

Erode - Gobichettipalayam
Chamundeswari Agencies Bldg, 279, Cutchery Street, Sathy Main Road, Gobichettipalayam-638 452. Tel: (04285) 229013/14/15.

Faizabad
Mehramat Plaza, 4099, Civil Lines, Near Pushpraj Guest House, Rly Station Road, Faizabad-224001. Tel: (05278) 320720 /220740.

Faridabad
SCF 16, 1st Floor, Near ICICI Bank, Sector 15 Market, Faridabad-121003, Haryana. Tel: (0129) 2220825 /26/27.

Gandhidham
Plot No.147, Sector 1 A, Near Big Byte Resturant, Gandhidham –370201. Tel: (02836) 323113 / 323114.

Gandhinagar
GF/04, Infocity-Super Mall-2, Infocity, CH-0 Circle, Gandhinagar-382 009. Tel: (079) 64512663.

Ghaziabad
J-3, 2nd Floor, RDC Raj Nagar, Ghaziabad-201001. Tel: (0120) 4154358

Goa-Mapusa
St. Anthony Apartment, Ground Floor, Shop No B/17, Feira Alta, Mapusa, Goa - 403507. Tel: (0832) 6453383 - 86 / 6521513.

Goa-Panaji
Hotel Manoshanti Building, Ground Floor, Dr D V Road, Panaji, Goa-403001 Tel: (0832) 6453407 to 412.

Gorakhpur
Shop No 17, 1st Floor, M.P. Building, Golghar, Gorakhpur - 273001. Tel: (0551) 2202645 / 2202683.

Guntur
D.No.5-87-89, 2nd Lane, 2nd Floor, Beside HDFC Bank, Lakshmipuram Main Road, Guntur - 522 007. Tel: (0863) 6452334.

Gurgoan
GF 10, JMD Regent Square, DLF Phase- II, Opp Sahara Mall, Main Mehrauli, Gurgaon Road, Gurgaon-122001, Tel: (0124) 4104555.

Gurgoan-II
SCF 89, 1st Floor, Sector 14, Urban Estate, Gurgoan - 122 001. Tel: (0124) 4115431/32.

Gwalior
Portion No.3, 1st Floor, Parimal Complex, Opp Kotchar Petrol Pump, Chetakpuri Square, Gwalior -474 009. Tel: (0751) 4069570 to 575.

Hyderabad
7-1-22/3/1-5/C, Afzia Towers, 1st Floor, Begumpet, Hyderabad-500016 Tel: (040) 66827469-70 (D) 4020354.

Hyderabad-Begum Bazar
14-7-21, 14-7-21A, Ground Floor, Opp AP Mahesh Bank, Begum Bazar, Hyderabad-12. Tel: (040) 66742880 - 99.

Indore
102-104, Darshan Mall, 15/2 Race Course Rd, Indore - 452 001. Tel: (0731) 4205520 to 24

Jaipur
Flat No 401/402, 4th Floor, Green House, Ashok Marg, C-scheme, Jaipur-302001. Tel: (0141) 6456098 / 6456114.

Jalgaon
Ground Floor, Ramdayal Plaza, Near Kiran Tea, Navi Peth, Jalgaon - 425001. Tel: (0257) 2239461.

Jamnagar - K. P. House
K. P. House, 2nd Floor, Opp Dhanvantri College Ground, Pandit Nehru Marg, Jamnagar- 361 008. Tel: (0288) 2541861-63.

Jamshedpur
UG, 2&3 Shreeji Arcade, 76B, Pennar Road, Sakchi, Jamshedpur-831001. Tel: (0657) 2442000 / 01 / 02 / 03 .

Jodhpur
A-3, 1st Floor, Olympic Tower, Station Road, Jodhpur-342001. Tel: (0291) 2648000 / 4 / 5

Junagadh
6/7/8, 2nd Floor, Raiji Nagar, Motibaug Raod, Junagadh-362001. Tel: (0285) 2650434.

Kanpur
515 & 516, Kan Chambers, 14/113, Civil Lines, Kanpur -1.

Kalyan
Shop No. 9,10,11.Gr.Floor, Navjyoti Darshan Apt., Near Purnima Talkies, Murbad Road, Kalyan(W), Pin: 421304. Tel: (0251) 2211342/41/43.

Kochi
Chicago Plaza, 1st Floor, Rajaji Road, Ernakulam, Kochi-682 035. Tel: (0484) 2368411/12/13/17

Kochi - Vyttila
Thondiyil Plaza, 31/757-D, Thammanam Road, Vyttila Junction, Kochi, Kerala - 682019. Tel: (0484) 6460120 / 6460121.

Kodungallur
1st Floor, Thoppil Tower, Near Pvt Busstand, Chanthapura, Kodungallur - 680664. Tel: (0480) 2810147/157/167

Kolhapur
No 5, 3rd Floor, Ayodha Tower, Bldg No 1,511 / KH -1/2, E-Ward, Dabholkar Corner, Station Road, Kolhapur - 416 001. Tel: (0231) 6687063 -66

Kolkata
Kankaria Estate, 1st floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055 / 22805555.

Kolkata - Dalhousie
2nd Floor, Jardine Henderson Bldg. 4, Dr Rajendra Prasad Sarani (Clive Row), Kolkatta-1. Tel: (033) 22317691; 22317692.

Kolkata - Durgapur
111/95, Nachal Road, Benachity, Dist Burdwan, Durgapur, Kolkata - 713 213. Tel: (0343) 6452701 /02/03

Kolkata - Howrah
42, Dobson Road, Prakash Mansion, Near A.C.Market, Howrah, Kolkata-711 101. Tel: (033) 64523471 to 80.

Kolkata - Howrah (Advisory)
Prakash Mansion; 1st Floor; 42 Dobson Road; Howrah; Kolkata -711 101. Tel: (033) 2666 1279 to 86

Kolkata - Saltlake
DL-78, Sector - 2, Saltlake City, Kolkata 700 091. Tel: (033) 23581826 to 29.

Kollam
First Floor, A. Narayanan Shopping Complex, Kadappakada, Kollam - 691008. Tel: (0474) 2769120 to 25.

Lucknow
2/159, Vivek Khand, Gomti Nagar, Lucknow - 226 010. Tel: (0522) 4009832 to 33.

Lucknow (Hazratganj)
1st Floor, Marie Gold, 4,Shahnajaf Road, Hazaratganj, Lucknow-226 001. Tel: (0522) 4010342 / 43.

Sharekhan Branches

Ludhiana
SCO 145 1st Floor Feroze Gandhi Market, Near Ludhiana Stock Exchange, Ludhiana -141001. Tel: (0161) 6547349 / 459 /469.

Madurai
Saran Centre, A-2, 1st Floor, 19, Gokhale Road, Chinnachokikulam, Madurai-625 002. Tel: (0452) 436 0303.

Mangalore
C-1, 1st Floor, Presidium Commercial Complex, Anand Shetty Circle, Attavar, Mangalore - 575001. Tel: (0824) 6451503 / 6451504.

Meerut
201, 2nd Floor, Abulan, Meerut-250 001 (U.P.)

Mehsana
14-15, First Floor, Prabhu Complex, Above HDFC Bank, Near Rajkamal Petrol Pump, Mehsana - 384002. Tel: (02762) 248980/249012.

Muradabad
Shankar Datta Sharma Marg, Opposite Police Station, Civil Lines , Muradabad-244 001. (UP)

Mysore
Shop No.3, Mythri Arcade (Next to Saraswathi Theatre), Kantharaj Urs Road, Chamaraja Mohalla, Saraswati Puram, Mysore-570 009. Tel: (0821) 6451601 / 6451602

Nadiad
201/202, City Point Complex, Near Parash Cinema,Santram Road, Nadiad - 387001. Tel: (0268) 2550555.

Nagpur (C A)
409/412, Heera Plaza, Near Telephone Exchange Square, Central Avenue, Nagpur-440 008. Tel: (0712) 2731922/23.

Nagpur - Dharampeth
54, Park Residency, Khare Town, Dharampeth, Nagpur - 440 010. Tel: (0712) 6610752 to 56.

Navsari
1-Nirmal Complex, 1st Floor, Station Road, Sayaji Road, Navsari - 396 445. Tel: (02637) 652300/652400/248888.

Nashik - Ashok Stambh
6-Sancheti Tower, Opp Circle Cinema, Ashok Stambh, Nashik-422 002. Tel: (0253) 6610990-999.

New Delhi - Bharakhamba Road
903 & 903A, Kanchenjunga Bldg., 18-Bharakhamba Road, New Delhi-110001.

Nashik - College Road
5 SK Open Mall, Yeolekar Mala, Near BYK College, College Road, Nashik-422 005. Tel: (0253) 6610975 to 978.

New Delhi - Pusa Road
5, Pusa Road, Opp. Bal Bharti Public School, New Delhi-110005. Tel: (011) 45064908 / 28750726/27.

E-4, 2nd Floor, Inner Circle, Above Pizza Hut, Connaught Place, New Delhi-110 001. Tel: (011) 66095731 / 66095705.

New Delhi - Greater Kailash
M-43, 2nd floor, M-Block, Main Market, GK-1, New Delhil -110 048. Tel: (011) 64580204 to 64580211.

New Delhi - Pitampura
411/412, Agarwal Cyber Plaza,Netaji Subhash Palace, Pitampura, New Delhi - 110034. Tel: (011) 6458 0310.

New Delhi - Karkardooma
Unit No.504, 5th Floor, V4 Tower, Community Center, Karkardooma, New Delhi- 110092.Tel. (011) 43014280/281.

New Delhi - Vasant Vihar
E-20, Basant Lok Community Center,Vasant Vihar, New Delhi -110057. Tel: (011) 46095712-16.

Noida
P-12A, 3rd Floor, BHS Liberty, Sector-18, Noida - 201 301. Tel: (0120) 6472 476 to 87.

Ottapalam
1st Floor, KVM Plaza, Main Road, Ottappalam, Kerala - 679 101. Tel: (0466) 2344145/46/47.

Palakkad
1st Floor, Shree Laxmi Vilas Buildings, G. B. Road, Palakkad- 678 014. Tel: (0491) 6450179 / 6450188.

Patiala
SCO- 135, Chotti Baradari, Patiala -147 001 (PUNJAB)
Tel: (0175) 6622200 /01/02/03/04/05.

Pulgaon
Khurana Complex, Near Balaji Hotel, Nachangoan Road, Pulgaon - 442 302.

Pune - F C Road
301, Millenium Plaza, 3rd Floor, Opp Fergusson College main Gate, Shivaji Nagar, Pune-411 004. Tel: (020) 66021301 - 06.

Pune - Bun Garden
285, Tara Baug, Opp ICICI Bank - Bund Garden Road, Koregaon Park Road, Pune - 411 001. Tel: (020) 66039301 / 66039302.

Pune - Satara Road
404, Landmark Centre, S No 46/1B+2B, Plot No. 2, Opp City Pride Theatre, Pune-9. Tel: (020) 66206341 to 66206350.

Pune - Nigdi
ABC Plaza (Agarwal Complex), 2nd Flr, Plot No 6, Sector No 25, Bhel Chowk, Pradhikaran, Nigdi, Pune-44. Tel: (020) 66300690-97.

Raipur
"Ridhi House", 27/218, New Shanti Nagar, Raipur (Chattisgarh)-492007. Tel: (0771) 4217777, 4281172, 4001004.

Rajkot
102/103, Hem Arcade, Opp Vivekanand Statue, Dr Yagnik Road, Rajkot-360001 Tel: (0281) 2482483/84/85.

Rajkot - Ring Road
Nanamava Survey No. 70/71, A Type Unit No. 14 , Opp. Solitire Buidling, 150ft Ring Road, Bhaktidham, Rajkot - 360005.

Salem
Sri Ganesh Tower, 561, 2nd Floor, Saradha College Main Road, Salem - 636 007. Tel: (0427) 6454864 / 65/ 66.

Salem (Cherry Road)
No. 80 / 7 & 8,K. P. R Complex, Cherry Road, Salem – 636007.

Sangli
Ranjit's Empire, Office No-36,37,38, 2nd Floor, CS No.517 , Opp. Zillaparishad, Sangli-416416.

Siliguri
2nd Floor, Ganeshayan Building,112,Sevoke Road, Beside Sunflower Shopping Mall, Siliguri-734001. Tel: (0353) 6453475 -79 / 2530253 / 2777662.

Secunderabad
Marrideep Bldg, 1st Floor, 12-5-4, Vijayapuri, Opp St Annes College, Tarnaka, Secunderabad-500 017. Tel: (040) 64533871 to 75.

Surat
M-1 to 6,Jolly Plaza, Mezzanine Floor, Athwa Gate, Surat - 395 001. Tel: (0261) 6560310 to 6560314.

Thrissur
Pooma Complex, M G Road, Thrissur - 680 001. Tel: (0487) 2446971 to 73.

Thodupuza
II Floor - Magalam North end, Idukki Road, Near KSRTC Bus Stand, Thodupuzha-685584.

Trichy - Cantonment
F-1, Achyuta, 111-Bharatidasan Salai, Cantonment, Trichy-620001 (Tamilnadu). Tel: (0431) 4000705 / 2412810

Tirupur
Ram Arcade, No 27, Muncif Court Street, Tirupur- 641 601. Tel: (0421) 6454316 to 20.

Trivandrum
Laxmi Bldg, 1st Floor, T.C.No.26/430, Vanrose Road, Trivandrum - 695 039. Tel: (0471) 6450657 / 58 / 59.

Tirur
Kayal Madathil Arcade, Ground Floor, Nauvilangadi, Pookkayil Bazar, Tirur - 676 107. Tel: (0494) 6451601 to 05.

Udaipur
C/o Omprakash Chaplot & Co,1st Floor, 66, Panchsheel Marg, Near Town Hall, Udaipur-313 001.

Vadodara
6-8/12, Sakar Complex, 1st Floor, Opp ABS Tower, Haribhakti Extension, Old Padra Road, Vadodara-390 015. Tel: (0265) 6649261 to 70.

Vadodara - Manjalpur
1st Floor, Rutukalsh Complex, Tulsidham Char Rasta, Near Deep Chambers, Manjalpur, Vadodara - 390 011. Tel: (0265) 2647970-71.

Vapi
Royal Fortune, D-101, E-101, 1st Floor, Vapi-Daman Road, Vapi - 396 191. Tel: (0260) 6452931 to 36

Varachha - Surat
G-18/19, Rajhans Point, Varachha Main Road, Varachha Road, Surat - 395006. Tel: (0261) 3244900.

Varanasi
2nd Floor, Banaras TVS Bldg., D-58/12, A-7, Sigra, Varanasi - 221 010 (UP). Tel: 0542 - 222 1073 / 75 /81 / 83

Vellore
20/B, First East Main Road, Land Mark Building, 2nd Floor, Gandhi Nagar, Vellore - 632006 Tel: (0416) 6454306 to 310.

Vijaywada
Centurian Plaza, D. No: 40-1-129, 2nd Floor, Old Coolex Building, M. G. Road, Vijaywada - 520 010. Tel: (0866) 6619992/6629993.

Vizag
10-1-35/B, Third Floor, Parvathaneni House, Val Tair Uplands, CBM Compounds, Vishakhapatman - 530003. Tel: (0891) 6673000/6671744.

Wardha
Radhe Complex, 2nd Flr, Indira Mkt Road, Above Akola Urban co-op Bank, Wardha-442001. Tel: (07152) 645023 to 26.

Mumbai - Andheri
Samarth Vaibhav, Office No 114, 1st Floor, Off Link Road, Oshiwara, Andheri (W), Mumbai-400 053. Tel: (022) 66750755 to 58.

Mumbai - Borivali
Shop No 105 / 106, Kapoor Apartment, Punjabi Lane Corner, Borivali (W), Mumbai-400092. Tel: (022) 65131221 to 24.

Mumbai - Ghatkopar
202, Sai Plaza, 2nd Floor, Junction of Jawahar Road & R. B. Mehta Marg, Ghatkopar (E), Mumbai 400 077. Tel: (022) 65133960.

Mumbai - Goregaon
Shop # 3, 29-C, Anamika, Road No-7, Near Sudama Restaurant, Jawahar Nagar, Goregaon (W), Mumbai-400062. Tel: (022) 6515 3123 to 28

Mumbai - Kandivali
Om Sai Ratna Rajul CHS, Corner of Patel Nagar, M G Road, Kandivali (W), Mumbai-400 067. Tel: (022) 6725 0491 to 5.

Mumbai - Kandivali (Thakur Village)
Shop No 37, EMP-6, Jupitar CHS Ltd,Evershine Milleniam Paradise, Thakur Village, Kandivali (E), Mumbai- 400 101.

Mumbai - Khar
1st Floor, Matru Smruti, Plot No.326, Linking Road, Khar (W), Mumbai 400 052. Tel: (022) 65135333 - 65133972 to 76.

Mumbai - Lower Parel
"C" Phoenix House, 4th Floor, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel: (022) 6618 9300.

Mumbai - Malad
502, Rishikesh Apartment, Opp to N L High School, S.V.Road, Malad (West), Mumbai- 64. Tel: (022) 6513 3969.

Mumbai - Matunga
Flat No 4B, Ground Floor, Ashwin Villa, Telang Road, Matunga (E), Mumbai - 400019. Tel: (022) 6513 9230/31/32

Mumbai - Mulund
Shop No.7-10, Runwal Towers, Opp Goverdhan Nagar, L B S Marg, Mulund (W), Mumbai-400 080. Tel: (022) 67251240 to 54.

Mumbai - Opera House
Gogate Mansion, Gr Floor, 89- Jagannath Shankar Seth Road, Girgaum, Opera House, Mumbai -4. Tel: (022) 6610 5671-75.

Mumbai - Powai
A-Wing, Unit No A 201/203/204, 2nd floor, Galleria Building, Hiranandani Garden, Powai, Mumbai- 400 076. Tel: (022) 67024772 - 73.

Mumbai - Raghuvanshi
Raghuvanshi Mills Compound, Krishna House, 3rd Floor, S B Marg, Lower Parel, Mumbai – 400 013. Tel: (022) 6699 7163.

Mumbai - Thane
Gaurangi Chambers , 1 st Floor, Opp Damani Estate, L B S Marg , Thane - 400 602. Tel: (022) 67913961/62.

Mumbai - Stock Exchange (Rotunda)
PG -1, Gr Floor, Rotunda Building, Mumbai Samachar Marg, Fort, Mumbai - 23. Tel : (022) 6610 5600 to 15 (23rd Floor).

Mumbai - Vashi
Arenja Corner, 227, B - Wing, Second Floor, Sector 17, Vashi, New Mumbai 400 705. Tel: (022) 67122122 / 67913840.

Shop No 32, Welfare Chambers, Sector-17, Vashi, New Mumbai - 400705. Tel: (022) 67124657 - 58

Mumbai - Vile Parle
7-Alka CHS, Ground Floor, Dadabhai Road, Vile Parle (W), Mumbai - 400056. Tel: (022) 26253010/11/12/13

Mumbai - Vashi APMC Mareket
C/35, APMC Market 1,Phase 2, Vashi, Navi Mumbai 400 705. Tel: (022) 27657353 / 27650556 /57/58

PCG Branch

PCG - Kolkata
Kankaria Estate, 2nd Floor, 6-Little Russell Street, Kolkata - 700 071. Tel: (033) 22830055

PCG - Mumbai
"C" Phoenix House, 4th Floor, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. Tel: (022) 6618 9300.

International Branch

Dubai
213, Nasir Lootah Bldg, Khalid Bin Walid Street (Bank Street), P.O. Box: 120457, Dubai, U A E. Tel: 971-4-3963889
Direct : 971-4-3963869.