

Equity indices	% Chg			
	22-Feb	1-day	1-mth	3-mth
India				
Sensex	17,349	(2.2)	(5.5)	(8.0)
Nifty	5,111	(1.6)	(5.1)	(8.9)
Global/Regional markets				
Dow Jones	12,381	0.8	1.4	(4.6)
Nasdaq	2,303	0.2	(1.0)	(11.3)
FTSE	5,889	(0.7)	0.3	(6.0)
Nikkei	13,780	2.1	1.1	(7.4)
Hang Seng	23,432	0.5	(6.7)	(11.7)

Value traded (Rs bn)	BSE	NSE
Cash	47.7	101.2
Derivatives	10.2	363.9
Total	57.9	465.1

Net inflows	Recent trends (days)			
	(Rs bn)	21-Feb	-7d	-15d
FII	2.9	21.2	15.0	(147.2)
MF	(2.3)	(3.2)	(10.9)	50.2

Forex / Crude	% Chg			
	22-Feb	1-day	1-mth	3-mth
Rs/US\$	40.1	0.0	(1.7)	(0.6)
Euro/US\$	1.5	(0.1)	0.9	(0.4)
Crude (\$/bbl)	99.5	0.7	9.7	1.4

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Himatsingka Seide	87.1	77.8	11.9
GTC Industries	475.2	427.4	11.2
Info Edge India	962.8	870.5	10.6
Top losers			
Monnet Ispat	423.2	448.4	(5.6)
KSB Pumps	335.6	354.9	(5.4)
TV 18 India	396.8	419.5	(5.4)

In focus

Aventis Pharma – Results Update

Below-par performance CMP: Rs 910 Target: Rs 1,092 BUY

ABB – Results Update

Positive surprise on margins; orders ramp up CMP: Rs 1,191 Target: Rs 1,526 BUY

News track

- ❖ The boards of HDFC Bank and Centurion Bank of Punjab have given their in-principle nod for a merger, with the swap ratio being decided today. (ET)
- ❖ The board of Reliance Power has approved the issue of bonus shares in the ratio of 3:5 (three shares for every five held). (FE)
- ❖ Tata Motors has launched its *Magic* and *Winger* LCV variants in Tamil Nadu available at Rs 502,000 and Rs 270,000 respectively. In a separate development, the company has mandated banks to raise US\$ 2.5bn towards its move to acquire the Land Rover and Jaguar brands from Ford. (BS)
- ❖ Ambuja Cements is expanding its cargo fleet by adding three ships next year for Rs 1.5bn for the internal movement of construction material. (BS)
- ❖ Reliance is eyeing a 50:50 retail joint venture with Marks and Spencer. (ET)
- ❖ UCO Bank may opt for the QIP route to raise capital if the government delays approval for a follow-on issue. (BL)
- ❖ Nalco has received in-principle rights for bauxite mining from the Andhra Pradesh government. The company plans to set up a greenfield aluminium project in the state. (BL)

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

Volume shockers

(No of shares)	22-Feb	2-mth avg	Chg (x)
Info Edge India	145,769	8,240	17.7
Allcargo Global	775,769	43,924	17.7
GTC Industries	650,655	39,561	16.4

Delivery toppers

Company	Del (%)	Tot. vol	Cons days up
Kirloskar Brothers	97.1	188,141	3
Sintex Industries	96.9	656,369	3
Jyoti Structures	81.5	313,827	3

Aventis Pharma

Results Update

CMP: Rs 910

Target: Rs 1,092 ↓

BUY

Alok Dalal

(91-22) 6612 4750

alok.dalal@religare.in

BSE code	500674
NSE code	AVENTIS

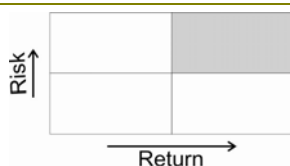
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	21.0/524.0
Outstanding equity shares (mn)	23.0
52-week high/low (Rs)	1,475/850
3-month average daily volume	6,835

Financial snapshot

Particulars	CY07	CY08E	CY09E
Sales (Rs mn)	8,735.0	9,331.6	10,177.8
Growth (%)	(1.2)	6.8	9.1
Adj net inc (Rs mn)	1,444.0	1,595.3	1,795.8
Growth (%)	(14.7)	10.5	12.6
FDEPS (Rs)	62.7	69.3	78.0
Growth (%)	(14.7)	10.5	12.6
P/E (x)	14.5	13.1	11.7
ROE (%)	21.9	20.9	20.3

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	60.4	60.4
FIs	7.7	9.9
Banks & FIs	20.8	19.1
Public	11.1	10.6

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Aventis Pharma	910	(4.8)	(5.4)	(24.5)
Sensex	17,349	(5.5)	(8.0)	20.3
BSE HC	3,745	1.4	(1.7)	9.4

Company website www.aventispharmaindia.com

Below-par performance

Aventis Pharma's Q4CY07 results were below expectations primarily due to lower supplies of its key product Rabipur (owing to production issues at the manufacturer's end) and the negative impact of an appreciating rupee on export sales. Consequently, the company's EBITDA margin declined by 540bps YoY to 14.2%, amongst the lowest over the past few quarters, while PAT dropped 22% to Rs 270mn.

CY07 has been a tough year for Aventis with both sales and profitability recording a decline as compared to the previous year. Prolonged supply disruptions in key products like Rabipur have pulled CY07 domestic sales growth below the industry average, whereas a decline in outsourcing by its parent company coupled with a stronger rupee has snapped the growth momentum in exports. This in turn has led to significant margin erosion. Limited management-analyst interaction means that projecting a turnaround in operations is also very difficult.

We have reduced our CY08 and CY09 EPS estimates by 10.5% and 11.4% respectively. Our target price has thus been revised downwards from Rs 1,345 to Rs 1,092. However, we continue to believe that Aventis is one of the best placed pharma companies in the post-patent regime given its focus on branded products, locally relevant pricing and strong support from the parent. We thus maintain our Buy rating on the stock.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,040	2,153	(5.2)
EBITDA	290	409	(29.1)
Adj net income	270	344	(21.5)
FDEPS (Rs)	11.7	15.0	(21.5)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q4CY07	Q4CY06	Growth (%)	CY07	CY06	Growth (%)
Net sales	2,040	2,176	(6.3)	8,735	8,840	(1.2)
Expenditure	(1,750)	(1,749)	0.1	(7,060)	(6,633)	6.4
Operating profit	290	427	(32.1)	1,675	2,207	(24.1)
Other income	182	111	64.0	740	471	57.1
Interest	(46)	(51)	(9.8)	(185)	(179)	3.4
Depreciation	0	(1)	-	(2)	(2)	-
PBT	426	486	(12.3)	2,228	2,497	(10.8)
Tax	(156)	(139)	12.2	(784)	(804)	(2.5)
PAT	270	347	(22.2)	1,444	1,693	(14.7)
OPM (%)	14.2	19.6	(540bps)	19.2	25.0	(580bps)
EPS (Rs)	11.7	15.1	(22.2)	62.8	73.6	(14.7)

Source: Company, Religare Research

Result highlights

Continued disruption in Rabipur supplies dampens sales growth

Sales dip as supplies of Rabipur shrink and exports decline

Aventis's Q4CY07 sales growth was below our estimates mainly due to lower supplies of its key product *Rabipur* (an anti-rabies vaccine) and the appreciating rupee which had a negative impact on export sales. The company has faced prolonged disruptions in Rabipur supplies during CY07 due to production issues at the manufacturer's plant. Consequently, the growth anticipated in the Rabipur distribution business could not be achieved.

Exports for the quarter and for CY07 were hit by rupee appreciation and the preference given by some importing countries to locally manufactured products. Also, a slowdown in the markets of some importing countries has led to slower inventory build up.

Revenue break-up

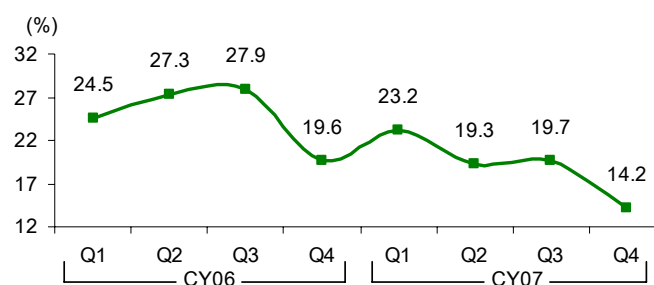
(Rs mn)	Q4CY07	Q4CY06	% Chg	CY07	CY06	% Chg
Domestic	1,709	1,540	11.0	7,031	6582	6.8
Exports	331	636	(48.0)	1,704	2258	(24.5)
Total	2,040	2,176	(6.3)	8,735	8840	(1.2)

Source: Company

EBITDA margin drops 540bps due to weak operational performance

The company's EBITDA margin has declined by 540bps to 14.2% due to a weak operational performance. The margin is amongst the lowest in the last few quarters.

EBITDA margin trend



Source: Company, Religare Research

Other income contributed 67% of PAT

Substantial rise in other income stems decline in PAT

Other income increased by 64% to Rs 182mn driven by interest and dividend income from surplus cash parked in liquid mutual funds and other instruments. Aventis holds cash and cash equivalents of over Rs 4bn in its books. Other income has been a major contributor to PAT over the past few quarters, accounting for as much as 67% of the profit for Q4CY07.

Valuation

CY07 has been a tough year for Aventis with both sales and profitability recording a decline as compared to the previous year. Continued supply disruptions in key products like Rabipur have pulled CY07 domestic sales growth below the industry average, whereas a decline in outsourcing by its parent company coupled with a stronger rupee has snapped the growth momentum in exports. This in turn has led to significant margin erosion. Limited management-analyst interaction means that projecting a turnaround in operations is also very difficult.

Aventis remains one of the best MNC pharma plays; Maintain Buy

Target price revised downwards to Rs 1,092, maintain Buy

We have reduced our CY08 and CY09 EPS estimates by 10.5% and 11.4% respectively. Our target price has thus been revised downwards to Rs 1,092, based on 14x CY09E earnings. However, we continue to believe that Aventis is one of the best placed MNC pharma companies in the post-patent regime given its focus on branded products, locally relevant pricing and strong support from the parent. We thus maintain our Buy rating on the stock.

Revised estimates

(Rs mn)	CY08E			CY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
Net sales	9821.9	9,331.6	(5.0)	11136.0	10,177.8	(8.6)
Adj net income	1620.6	1,450.8	(10.5)	2026.8	1,795.8	(11.4)
FDEPS (Rs)	70.5	63.1	(10.5)	88.1	78.1	(11.4)

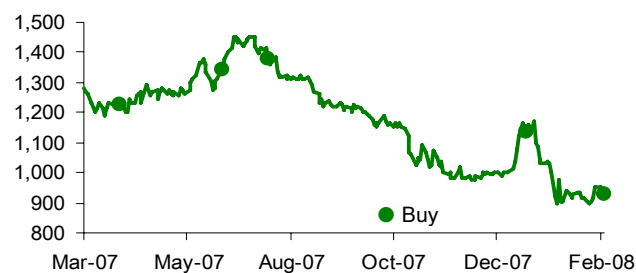
Source: Religare Research

Recommendation history

Date	Event	Reco price	Tgt price	Reco
18-Apr-07	Initiating Coverage	1,226	1,670	Buy
19-Jun-07	Company Update	1,360	1,670	Buy
19-Jul-07	Results Update	1,381	1,491	Hold
7-Jan-08	Quarterly Preview	1,132	1,345	Buy
25-Feb-08	Results Update	910	1,092	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Standalone financials

Profit and Loss statement

(Rs mn)	CY06	CY07E	CY08E	CY09E
Revenues	8,839.3	8,735.0	9,331.6	10,177.8
Growth (%)	9.4	(1.2)	6.8	9.1
EBITDA	2,206.0	1,675.0	1,838.3	2,076.3
Growth (%)	0.0	(24.1)	9.8	12.9
Depreciation	178.5	185.0	193.1	198.1
EBIT	2,027.5	1,490.0	1,645.3	1,878.2
Growth (%)	(0.3)	(26.5)	10.4	14.2
Interest	1.8	2.0	-	-
Other income	471.4	740.0	746.5	814.2
EBT	2,497.1	2,228.0	2,391.8	2,692.4
Income taxes	804.1	784.0	796.5	896.6
Effective tax rate (%)	32.2	35.2	33.3	33.3
Adjusted net income	1,693.0	1,444.0	1,595.3	1,795.8
Growth (%)	16.7	(14.7)	10.5	12.6
Reported net income	1,693.0	1,444.0	1,595.3	1,795.8
Growth (%)	16.7	(14.7)	10.5	12.6
Shares outstanding (mn)	23.0	23.0	23.0	23.0
Basic EPS (Rs) (adj)	73.5	62.7	69.3	78.0
FDEPS (Rs) (adj)	73.5	62.7	69.3	78.0
DPS (Rs)	32.0	16.0	18.0	20.0

Source: Company, Religare Research

Cash flow statement

(Rs mn)	CY06	CY07E	CY08E	CY09E
Net income	1,693.0	1,444.0	1,595.3	1,795.8
Depreciation	178.5	185.0	193.1	198.1
Other adjustments, net	(73.9)	(8.9)	21.0	-
Changes in working capital	184.7	(476.9)	(216.1)	(159.5)
Cash flow from operations	1,982.2	1,143.2	1,593.3	1,834.4
Capital expenditure	(216.2)	(64.8)	(171.4)	(142.3)
Change in investments	-	-	-	-
Other investing inc/(exp)	-	-	-	-
Cash flow from investing	(216.2)	(64.8)	(171.4)	(142.3)
Free cash flow	1,766.0	1,078.3	1,422.0	1,692.1
Issue of equity	-	-	-	-
Issue/repay debt	-	-	-	-
Dividends paid	(840.1)	(423.8)	(476.7)	(529.7)
Other financing cash flow	(8.6)	(8.4)	(8.4)	(8.4)
Cash flow from financing	(848.7)	(432.1)	(485.1)	(538.0)
Change in cash & cash eq	917.3	646.2	936.9	1,154.1
Opening cash & cash eq	2,943.9	3,861.2	4,507.4	5,444.2
Closing cash & cash eq	3,861.2	4,507.4	5,444.2	6,598.3

Source: Company, Religare Research

Balance sheet

(Rs mn)	CY06	CY07E	CY08E	CY09E
Cash and cash eq	3,861.2	4,507.4	5,444.2	6,598.3
Accounts receivable	684.9	607.8	788.1	864.2
Inventories	1,588.0	1,460.8	1,888.6	1,834.4
Others current assets	807.7	899.8	985.7	1,082.9
Current assets	6,941.8	7,475.8	9,106.6	10,379.8
Long-term investments	53.1	53.1	53.1	53.1
Net fixed assets	1,324.3	1,322.0	1,292.7	1,231.2
CWIP	132.0	14.0	21.6	27.3
Intangible assets	-	-	-	-
Deferred tax assets, net	131.1	140.0	119.0	119.0
Other assets	-	-	-	-
Total assets	8,582.2	9,004.9	10,593.0	11,810.5
Accounts payable	1,104.2	870.7	1,212.7	1,032.0
Others	1,395.9	1,040.3	1,176.1	1,316.6
Current liabilities	2,500.1	1,911.0	2,388.9	2,348.5
Equity capital	230.3	230.3	230.3	230.3
Reserves	5,851.7	6,863.6	7,973.9	9,231.6
Shareholder's funds	6,082.0	7,093.9	8,204.2	9,461.9
Total liabilities	8,582.2	9,004.9	10,593.0	11,810.5
BVPS (Rs)	264.1	308.0	356.2	410.9

Source: Company, Religare Research

Financial ratios

	CY06	CY07E	CY08E	CY09E
EBITDA margin (%)	25.0	19.2	19.7	20.4
EBIT margin (%)	22.9	17.1	17.6	18.5
Net profit margin (%)	19.2	16.5	17.1	17.6
FDEPS growth (%)	16.7	-14.7	10.5	12.6
Receivables (days)	24.7	27.0	27.3	29.6
Inventory (days)	81.2	78.8	81.6	83.9
Payables (days)	53.6	51.0	50.7	50.6
Current ratio (x)	2.8	3.9	3.8	4.4
Quick ratio (x)	2.1	3.1	3.0	3.6
Interest coverage ratio (x)	932.2	723.0	-	-
Debt / equity (x)	0.0	0.0	0.0	0.0
ROE (%)	29.9	21.9	20.9	20.3
ROA (%)	21.8	16.4	16.3	16.0
ROCE (%)	35.8	22.6	21.5	21.3
EV/Sales (x)	1.9	1.9	1.8	1.6
EV/EBITDA (x)	7.5	9.8	8.9	7.9
P/E (x)	12.4	14.5	13.1	11.7
P/BV (x)	3.4	3.0	2.6	2.2

Source: Company, Religare Research

ABB**Results Update****CMP: Rs 1,191****Target: Rs 1,526** ↓**BUY**

Vinod Nair	Ronald Siyoni
(91-22) 6612 4731	(91-22) 6612 4615
nair.vinod@religare.in	ronald.siyoni@religare.in

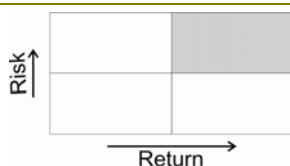
BSE code:	500002
NSE code:	ABB

Company data

Particulars	
Market cap (Rs bn / US\$ bn)	252.4/6.3
Outstanding equity shares (mn)	211.9
52-week high/low (Rs)	4,845/955
2-month average daily volume	73,912

Financial snapshot

Particulars	CY07	CY08E	CY09E
Sales (Rs mn)	59,303.1	81,503.8	110,255.5
Growth (%)	38.8	37.4	35.3
Adj net inc (Rs mn)	4,916.7	6,950.2	9,824.5
Growth (%)	44.5	41.4	41.4
FDEPS (Rs)	23.2	32.8	46.4
Growth (%)	44.5	41.4	41.4
P/E (x)	51.3	36.3	25.7
ROE (%)	34.7	35.6	36.4

Risk-return profile**Shareholding pattern**

(%)	Dec-07	Sep-07
Promoters	52.1	52.1
FIIIs	17.4	17.8
Banks & FIs	16.4	16.2
Public	14.1	13.9

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
ABB	1,191	(5.2)	(23.1)	13.7
Sensex	17,349	(5.5)	(8.0)	20.3

Company website	www.abb.co.in
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Positive surprise on margins; order book ramps up

ABB's Q4CY07 results are fairly in line with our estimates as far as PAT is concerned. Sales were below our expectations, though we do not view this as a cause for concern considering the company's project driven business. The surprise factor during the quarter has been the strong EBITDA margin at 14.1% as against 13.6% last year as well as the surge in order booking (up 42% YoY to Rs 20bn).

Considering the lower-than-expected sales during Q4CY07, we have reduced our sales estimates for CY08 and CY09, but maintained our EBITDA margin estimates at 12.7% and 13.4% respectively. We have also increased our working capital projection considering the company's bulging order book and raised our WACC assumption to 15.6% in view of the heightened risk aversion in the equity market. Our target price thus stands revised from Rs 1,809 to Rs 1,526, at which ABB will trade at a P/E of 32x on CY09E. We maintain a Buy on the stock.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	18,394.5	19,816.2	(7.2)
EBITDA	2,602.4	2,643.0	(1.5)
Adj net income	1,807.9	1,892.1	(4.5)
FDEPS (Rs)	8.5	8.9	(4.5)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q4CY07	Q4CY06	% Chg YoY	Q3CY07	% Chg QoQ
Net sales	18,394.5	14,263.2	29.0	13,775.5	33.5
Expenditure	15,792.1	12,316.4	28.2	12,051.4	31.0
EBITDA	2,602.4	1,946.7	33.7	1,724.0	50.9
EBITDA (%)	14.1	13.6	-	12.5	-
Depreciation	81.6	71.2	14.7	79.3	2.9
Interest	19.7	1.1	1,710.1	15.6	26.9
Other Income	253.6	174.1	45.7	157.7	60.8
PBT	2,754.6	2,048.5	34.5	1,786.9	54.2
Tax	946.7	699.0	35.4	630.0	50.3
PAT	1,807.9	1,349.5	34.0	1,156.9	56.3
EPS (Rs)	8.5	6.4	34.0	5.5	56.3

Source: Company, Religare Research

Result highlights

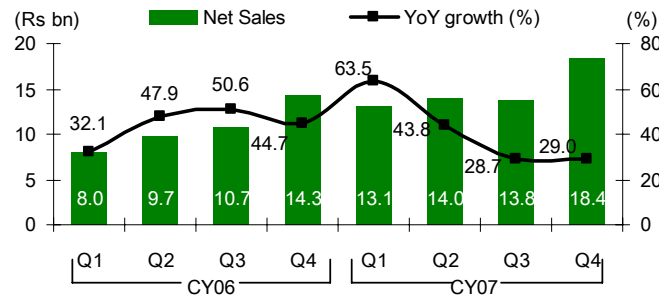
Power contributed 62% of sales as power products saw highest growth in two years

Power segment fuels net sales growth of 29% YoY to Rs 18.4bn

ABB's net sales have increased by 29% YoY to Rs 18.4bn, lower than our estimated growth rate of 39%. Power contributed 62% of the total income while the rest came from automation & other services. Power products accounted for 60% of the power division's revenues, logging its highest growth in the past two years at 91% YoY. Power system sales dipped 2% during the quarter.

In the automation division, process automation accounted for 59% of the segment's revenues, growing at 19% YoY (the lowest in the past two years). Automation products grew at 9% YoY. We expect the company to register a sales CAGR of 36% over CY07-CY09 based on an execution ratio of 0.53x of the order book as against 0.54x for CY07.

Net sales growth

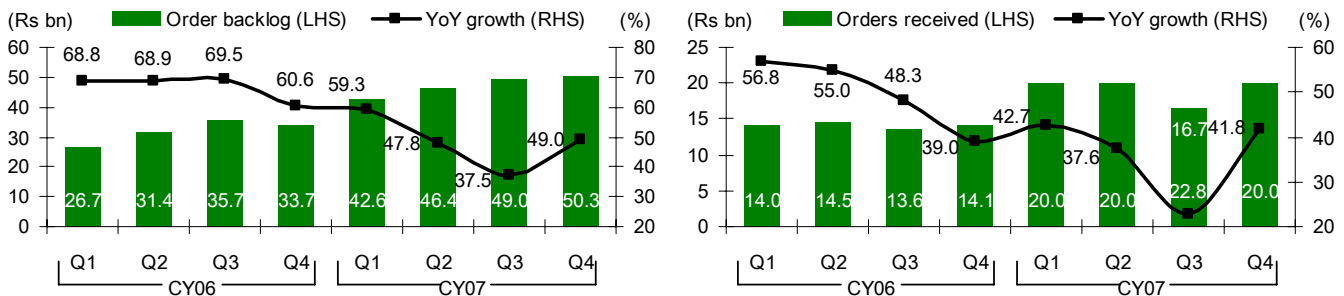


Source: Company, Religare Research

Order inflow and backlog remain robust

ABB maintained a healthy momentum in order intake during the quarter at Rs 20bn, a growth of 42% YoY. The record growth in order intake during CY07 has propelled the order backlog to Rs 50.3bn, which is 0.8x CY07 sales. Considering the increasing investment in power infrastructure and the upcoming ultra mega power projects (UMPP) where ABB enjoys better technical standing, we expect a 42% CAGR in order backlog over CY07-CY09.

Order backlog and order inflows

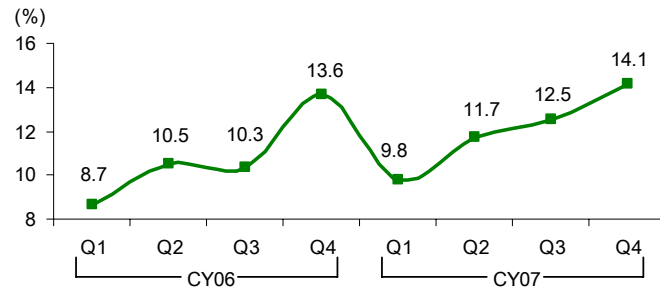


Source: Company, Religare Research

EBITDA margin improves 50bps to 14.1% for Q4CY07

ABB has been able to increase its operational efficiencies along with capacity additions, which has resulted in improving EBITDA margins during CY07. The company has achieved a healthy 50bps and 100bps improvement during Q4CY07 and CY07 to 14.1% and 12.2% respectively. We expect margins to expand steadily to 13.4% in CY09.

EBITDA margin trend



Source: Company, Religare Research

PAT margin at 9.8% led by healthy operational performance

Net profit rose by 34% to Rs 1.8bn

Depreciation for Q4CY07 increased 15% YoY to Rs 81.6mn. Interest has risen substantially to Rs 19.7mn, though on a very low base. Despite higher costs, the strong operational performance has led to a higher PAT margin of 9.8% with net profit rising 34% YoY to Rs 1.8bn. For CY07, PAT has increased 45% to Rs 4.9bn. We expect net profit to grow at a 41% CAGR over CY07-CY09.

Dividend of 110%

ABB has recommended dividend of 110%, i.e., Rs 2.2/share, which is in line with our estimate of a 10% payout.

Valuation

Estimates revised downwards

Considering the lower-than-expected growth in topline during Q4CY07, we have revised our estimates for CY08 and CY09. Taking into account lower project execution going forward, we have reduced our net sales estimates by 6% for each of these two years. We have maintained our EBITDA margin projections at 12.7% and 13.4% for CY08 and CY09 respectively. Our PAT projections have thus declined by 7% and 6% respectively.

Revised estimates

(Rs mn)	CY08E			CY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
Net sales	86,603.3	81,503.8	(5.9)	116,837.4	110,255.5	(5.6)
Adj net income	7,443.2	6,950.2	(6.6)	10,474.2	9,824.5	(6.2)
FDEPS (Rs)	35.1	32.8	(6.6)	49.4	46.4	(6.2)

Source: Religare Research

Target of Rs 1,526 represents 25% upside; Buy

Price target reduced to Rs 1,526

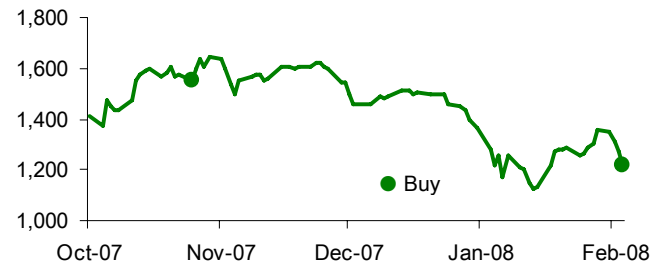
Our DCF-based target price has been revised downward to Rs 1,526 from Rs 1,809 on account of our increased working capital assumptions (due to the bulging order book), the downward revision in estimates, and a higher market risk rate factored into our WACC assumptions. We now project a WACC of 15.6% as against 14.5% earlier and have raised the stock's beta to 1.1. At Rs 1,526, ABB will trade at a P/E of 32x and EV/EBITDA of 21x on CY09E. Our valuation provides an upside potential of 25% from the current level; we maintain Buy.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
13-Nov-07	Company Update	1,548	1,809	Buy
22-Feb-08	Results Update	1,191	1,526	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	CY07	CY08E	CY09E	CY10E
Revenues	59,303.1	81,503.8	110,255.5	148,124.8
Growth (%)	38.8	37.4	35.3	34.3
EBITDA	7,246.3	10,351.0	14,774.2	20,589.3
Growth (%)	52.0	42.8	42.7	39.4
Depreciation	324.1	390.0	450.0	500.0
EBIT	6,922.2	9,961.0	14,324.2	20,089.3
Growth (%)	53.7	43.9	43.8	40.2
Interest	68.1	100.0	125.0	150.0
Other income	710.5	750.0	800.0	850.0
EBT	7,564.6	10,611.0	14,999.2	20,789.3
Income taxes	2,647.9	3,660.8	5,174.7	7,172.3
Effective tax rate (%)	35.0	34.5	34.5	34.5
Adjusted net income	4,916.7	6,950.2	9,824.5	13,617.0
Growth (%)	44.5	41.4	41.4	38.6
Reported net income	4916.7	6950.2	9824.5	13617.0
Growth (%)	44.5	41.4	41.4	38.6
Shares outstanding (mn)	211.9	211.9	211.9	211.9
Basic EPS (Rs) (adj)	23.2	32.8	46.4	64.3
FDEPS (Rs) (adj)	23.2	32.8	46.4	64.3
DPS (Rs)	2.2	2.5	2.8	3.0

Source: Company, Religare Research

Cash flow statement

(Rs mn)	CY07	CY08E	CY09E	CY10E
Net income	4,916.7	6,950.2	9,824.5	13,617.0
Depreciation	324.1	390.0	450.0	500.0
Other adjustments, net	(721.5)	(803.1)	(875.0)	(953.9)
Changes in working capital	(1,553.1)	(1,923.1)	(2,366.0)	(2,206.2)
Cash flow from operations	2,966.2	4,614.1	7,033.5	10,956.8
Capital expenditure	(1,350.0)	(1,100.0)	(1,100.0)	(1,100.0)
Change in investments	(500.0)	(500.0)	(500.0)	(500.0)
Other investing inc/(exp)	710.5	750.0	800.0	850.0
Cash flow from investing	(1,139.5)	(850.0)	(800.0)	(750.0)
Free cash flow	1,826.7	3,764.1	6,233.5	10,206.8
Issue of equity	-	-	-	-
Issue/repay debt	384.5	100.0	0.0	0.0
Dividends paid	(525.9)	(597.6)	(1,240.1)	(1,988.5)
Other financing cash flow	-	-	-	-
Cash flow from financing	(141.3)	(497.6)	(1,240.1)	(1,988.5)
Change in cash & cash eq	5,464.4	7,149.8	10,416.2	15,409.6
Opening cash & cash eq	1,685.3	3,266.5	4,993.4	8,218.3
Closing cash & cash eq	7,149.8	10,416.2	15,409.6	23,627.9

Source: Company, Religare Research

Balance sheet

(Rs mn)	CY07	CY08E	CY09E	CY10E
Cash and cash eq	7,149.8	10,416.2	15,409.6	23,627.9
Accounts receivable	22,238.7	31,016.7	42,264.6	57,604.1
Inventories	5,271.4	7,244.8	9,800.5	13,166.7
Others current assets	2,471.0	3,396.0	4,594.0	6,171.9
Current assets	39,107.5	54,790.5	75,743.9	105,508.0
Long-term investments	1,273.5	1,773.5	2,273.5	2,773.5
Net fixed assets	3,993.9	4,703.9	5,353.9	5,953.9
CWIP	350.0	350.0	350.0	350.0
Deferred tax asset	-	-	-	77.7
Total assets	44,725.0	61,617.9	83,721.4	114,663.2
Accounts payable	27,180.6	37,582.3	50,533.8	69,124.9
Others	640.9	732.6	1,375.1	2,123.5
Current liabilities	27,821.5	38,314.9	51,908.9	71,248.5
Debt funds	400.0	500.0	500.0	500.0
Other liabilities	154.3	101.2	26.2	0
Equity capital	423.8	423.8	423.8	423.8
Reserves	15,925.4	22,278.0	30,862.4	42,490.9
Shareholder's funds	16,349.2	22,701.8	31,286.3	42,914.7
Total liabilities	44,725.0	61,617.9	83,721.4	114,663.2
BVPS (Rs)	77.2	107.1	147.6	202.5

Source: Company, Religare Research

Financial ratios

	CY07	CY08E	CY09E	CY10E
EBITDA margin (%)	12.2	12.7	13.4	13.9
EBIT margin (%)	11.7	12.2	13.0	13.6
Net profit margin (%)	8.3	8.5	8.9	9.2
FDEPS growth (%)	44.5	41.4	41.4	38.6
Receivables (days)	135.0	137.0	138.0	140.0
Inventory (days)	29.9	32.0	32.0	32.0
Payables (days)	165.0	166.0	165.0	168.0
Current ratio (x)	1.3	1.4	1.5	1.5
Quick ratio (x)	1.2	1.2	1.3	1.3
Interest coverage ratio (x)	101.6	99.6	114.6	133.9
Debt / equity (x)	-	-	-	-
ROE (%)	34.7	35.6	36.4	36.7
ROA (%)	12.0	12.5	13.7	13.9
ROCE (%)	34.7	35.3	36.2	36.6
EV/Sales (x)	4.3	3.1	2.3	1.7
EV/EBITDA (x)	34.9	24.4	17.1	12.3
P/E (x)	51.3	36.3	25.7	18.5
P/BV (x)	15.4	11.1	8.1	5.9

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
29-Jan-08	HDIL	Results Update	1,002	1,445	BUY
29-Jan-08	Allahabad Bank	Results Update	113	167	BUY
29-Jan-08	Ashok Leyland	Results Update	37	65	BUY
29-Jan-08	Divi's Laboratories	Results Update	1,543	1,825	BUY
29-Jan-08	Garware Offshore Services	Results Update	214	364	BUY
29-Jan-08	Venus Remedies	Results Update	424	708	BUY
29-Jan-08	Dena Bank	Results Update	74	109	BUY
30-Jan-08	Garware Wall Ropes	Results Update	152	301	BUY
31-Jan-08	TVS Motor	Results Update	42	41	SELL
31-Jan-08	Punjab National Bank	Results Update	667	795	BUY
31-Jan-08	Bharti Airtel	Results Update	852	1,150	BUY
31-Jan-08	PVR	Results Update	260	416	BUY
1-Feb-08	Jagran Prakashan	Results Update	124	158	BUY
1-Feb-08	C & C Constructions	Results Update	214	376	BUY
1-Feb-08	Federal Bank	Results Update	309	397	BUY
4-Feb-08	Cadila Healthcare	Results Update	257	381	BUY
4-Feb-08	Maruti Suzuki	Results Update	849	1,225	BUY
4-Feb-08	KPR Mill	Results Update	126	212	BUY
4-Feb-08	Hero Honda	Results Update	725	771	HOLD
5-Feb-08	Ganesh Housing Corp	Results Update	601	1,201	BUY
5-Feb-08	Dewan Housing Finance	Results Update	199	302	BUY
6-Feb-08	Elecon Engineering	Results Update	224	383	BUY
6-Feb-08	Bajaj Auto	Results Update	2,404	2,942	BUY
6-Feb-08	Jubilant Organosys	Results Update	351	405	BUY
6-Feb-08	Bihar Tubes	Results Update	154	242	BUY
7-Feb-08	Indian Overseas Bank	Results Update	178	204	HOLD
7-Feb-08	UTV Software	Results Update	857	892	BUY
8-Feb-08	Mercator Lines	Results Update	107	177	BUY
8-Feb-08	Parsvnath Developers	Results Update	274	512	BUY
11-Feb-08	Opto Circuits (India)	Results Update	400	568	BUY
11-Feb-08	Balaji Telefilms	Results Update	217	375	BUY
11-Feb-08	Nava Bharat Ventures	Results Update	238	355	BUY
11-Feb-08	Indus Fila	Results Update	255	561	BUY
11-Feb-08	GSS America Infotech	Results Update	400-440	NA	NA
13-Feb-08	Mahindra & Mahindra	Results Update	580	834	BUY
14-Feb-08	Apar Industries	Company Update	250	390	BUY
15-Feb-08	Tata Metaliks	Company Update	164	219	BUY
18-Feb-08	Rural Electrification Corporation	IPO Note	90-104	NA	SUBSCRIBE
18-Feb-08	Bihar Tubes	Company Update	135	242	BUY
20-Feb-08	Great Offshore	Company Update	846	1,152	BUY
21-Feb-08	Bajaj Auto	Company Update	2,323	2,942	BUY
21-Feb-08	K S Oils	Company Update	85	122	BUY
22-Feb-08	Deepak Fertilisers and Petrochemicals Corp	Company Update	132	184	BUY
22-Feb-08	HDIL	Company Update	825	1,445	BUY
25-Feb-08	Aventis Pharma	Results Update	910	1,092	BUY
25-Feb-08	ABB	Results Update	1,191	1,526	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	22-Feb	1-day	1-mth	3-mth	
Automobiles	4,708	(1.9)	(2.8)	(10.4)	
Banks	10,150	(3.1)	(10.8)	(2.5)	
Capital Goods	15,656	(1.1)	(10.3)	(18.9)	
Comm. & Tech.	3,316	(2.4)	(3.2)	(6.7)	
Consumer Durables	4,890	0.2	(7.6)	(4.2)	
FMCG	2,231	(0.3)	3.3	5.7	
Healthcare	3,745	0.3	1.4	(1.7)	
IT	3,918	(3.1)	3.1	(2.5)	
Metal	16,369	(0.4)	4.9	(1.4)	
Oil & Gas	10,673	(2.2)	(4.7)	(11.0)	
Mid-caps	7,594	(1.0)	(5.3)	(7.7)	
Small-caps	9,595	(1.0)	(7.9)	(5.7)	

Number of companies: 

Emerging markets

Country	% Chg				
	22-Feb	1-day	1-mth	3-mth	6-mth
Brazil	64,609	1.3	12.4	6.0	21.9
Shanghai	4,279	(2.1)	(10.1)	(15.0)	(16.2)
Hong Kong	23,432	0.5	(6.7)	(11.7)	2.2
India	17,349	(2.2)	(5.5)	(8.0)	20.3
South Korea	1,706	1.2	0.8	(3.8)	(4.8)
Taiwan	8,268	2.0	6.8	(0.9)	(4.9)

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	70.8	449.1	1,212.1	(3,058.5)
South Korea	(266.0)	(853.1)	(2,132.6)	(11,607.2)
Taiwan	36.0	628.6	581.5	(822.7)
Thailand	(202.4)	60.2	881.7	(289.6)

Events calendar

Board meetings

February 25	26	27
<p>Astra Zeneca - Results & Dividend</p> <p>B&A Multiwall - Audited Results</p> <p>Fulford (India) - Results & Dividend</p> <p>Vatsa Music – Results</p> <p>Trend Electronics - Audited Results & Dividend</p> <p>Videocon Appliances - Audited Results & Dividend</p>	<p>Hit Kit Global Solutions - Results</p> <p>Jindal Saw - Audited Results & Dividend</p>	<p>Coromandel Fertilizers - Allotment of equity shares</p> <p>Dhanuka Agritech - Audited Results</p> <p>Vatsa Educations - Results</p> <p>Henkel India – Results</p> <p>3M India - Audited Results</p> <p>Shriram Asset Management - Results</p>
28	29	March 1
<p>Areva T&D India – Results</p> <p>Database Finance - Results</p> <p>Landmarc Leisure Corporation - Audited Results</p> <p>Krone Communications - Results</p>	<p>Elque Polyesters - Audited Results</p> <p>Goodricke Group - Audited Results & Dividend</p> <p>Kaashyap Technologies - Issue of Dividend, Bonus or Rights</p>	-
2	3	4
-	<p>Gulshan Chemfill - Allotment of convertible warrants</p>	<p>Esab India - Audited Results & Dividend</p>

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Allcargo Glo	Blackstone GPV Capital Partners Mauritius	B	730,731	824.9
Allcargo Glo	Reliance Capital Trustee Co A/c Reliance Growth	S	321,177	825.0
Allcargo Glo	New Vernon Equity	S	242,000	825.0
Birla Power	Lionhart Investments Ac Photon Mauritius	B	541,883	36.8
Birla Power	BNP Paribas Arbitrage	S	547,920	36.8
Genesys International	India Max Investment Fund	B	169,461	59.5
Gujarat NRE Coke	Morgan Stanley Dean Witter Mauritius	B	2,680,000	159.4
Gujarat NRE Coke	Morgan Stanley Dean Witter Mauritius	S	993,617	158.8
Hexaware Technologies	Morgan Stanley Dean Witter Mauritius	B	741,736	79.5

Source: BSE

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
BAG Films & Media	FID Funds (Mauritius)	B	9,400,000	9.1	9,400,000	9.1
GTL Infrastructure	Charudatta Naik	B	350,000	-	491,900	0.1
GTL Infrastructure	Charudatta Naik	S	6,000	-	485,900	0.1
GTL Infrastructure	DS Gunasingh	B	11,000	-	16,200	-
Indo-City Infotech	Indo-Castle Multimedia	S	95,000	0.9	565,000	5.4
ITC	SSH Rehman	S	15,000	-	41,455	-
IVRCL Infrastructures & Projects	Citigroup Global Mkts(M)	S	200,000	0.2	6,835,303	5.1
Polaris Software Lab	Polaris Holdings	B	200,000	-	19,880,938	20.2
Ranbaxy Laboratories	Life Insurance Coporation Of India	B	7,596,278	2.0	58,358,876	15.6
Simplex Infrastructures	Franklin India Opportunities Fund	S	91,898	0.2	900,000	1.8
Su-Raj Diamonds And Jewellery	Su-Raj Diamonds Industries	B	1,810,000	4.1	6,930,016	15.8
Su-Raj Diamonds And Jewellery	JR Diamond	B	1,810,000	4.1	1,810,000	4.1
United Spirits	Deutsche Bank Aktiengesellschaft	B	19,450	0.0	4,960,155	5.0
UT	Vandana Khaitan	B	3,000	-	105,109	1.7
UT	Vandana Khaitan	B	310	-	102,109	1.7
UTV Software Communications	Rohinton Screwvalla	B	519,500	2.2	1,742,487	7.4
Venlon Enterprises	Chandru Daulat Datwani	S	27,000	-	651,165	3.0

Source: BSE

RELIGARE RESEARCH

Fundamental Research

Amitabh Chakraborty, CFA, FRM	President - Equity	amitabh.chakraborty@religare.in	(91-22) 6612 4602
Piyush Parag	Automobiles, Shipping	piyush.parag@religare.in	(91-22) 6612 4730
Abhishek Banerjee	Automobiles, Shipping	abhishek.banerjee@religare.in	(91-22) 6612 4764
Abhishek Agarwal	Banking, Sugar	abhishek.a@religare.in	(91-22) 6612 4753
Dinesh Shukla	Banking, Sugar	dinesh.shukla@religare.in	(91-22) 6612 4739
Vinod Nair	Capital Goods, Engineering, Power	nair.vinod@religare.in	(91-22) 6612 4731
Ronald Siyoni	Capital Goods, Engineering	ronald.siyoni@religare.in	(91-22) 6612 4615
Dalpat Mehta	Cement, Textiles	dalpat.mehta@religare.in	(91-22) 6612 4696
Suman Memani	Construction, Realty, Mid-caps	suman.memani@religare.in	(91-22) 6612 4736
Anurag Purohit	IT, Telecom, Power	anurag.purohit@religare.in	(91-22) 6612 4795
Hitesh Punjabi	IT, Telecom	hitesh.punjabi@religare.in	(91-22) 6612 4769
Ram Patnaik	Media, FMCG	ram.patnaik@religare.in	(91-22) 6612 4752
Rahul Singhvi	Metals	rahul.singhvi@religare.in	(91-22) 6612 4749
Sudeep Anand	Oil & Gas, Chemicals	sudeep.anand@religare.in	(91-22) 6612 4670
Alok Dalal	Pharmaceuticals	alok.dalal@religare.in	(91-22) 6612 4750
Rahul Gajare	Power	rahul.gajare@religare.in	(91-22) 6612 4749

Technical Research

Birendrakumar Singh	birendrakumar.singh@religare.in	(91-22) 6612 4657
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Derivatives Research

Somendra Agarwal	somendra.agarwal@religare.in	(91-22) 6612 4767
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Production

Anisha deSa	anisha.desa@religare.in	(91-22) 6612 4729
Rajesh Mhatre	rajesh.mhatre@religare.in	(91-22) 6612 4728
R Murali	r.murali@religare.in	(91-22) 6612 4674

Administration

Shraddha Hosalkar	shraddha.hosalkar@religare.in	(91-22) 6612 4680
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Recommendation parameters

Large-caps*	> 10%	< - 5%	Returns	Absolute
	BUY	SELL		
Mid-caps**	> 25%	< 10%		

**Market cap over US\$ 1bn **Market cap less than US\$ 1bn*

Religare Securities

Mumbai: 3rd Floor, Dheeraj Arma, Anant Kanekar Marg, Bandra (East), Mumbai-400 051. Phone: +91 22 66124600 Fax- 66124781

New Delhi: 19, Nehru Place, New Delhi - 110019, Phone: +91 11 30815100.

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