January 30, 2008

FOR PRIVATE CIRCULATION

Equity

		% Chg		
	29 Jan 08	1 Day	1 Mth	3 Mths
Indian Indices				
Sensex	18,092	(0.3)	(10.5)	(8.6)
Nifty	5,281	0.1	(13.1)	(10.0)
Banking	11,120	(3.5)	(2.3)	5.4
IT	3,321	0.6	(15.9)	(16.8)
Healthcare	3,668	0.6	(15.5)	(5.9)
FMCG	2,206	2.7	(3.3)	2.7
PSU	8,461	(1.0)	(17.4)	(11.1)
CNX Midcap	7,610	(0.4)	(16.1)	2.9
World indices				
Nasdaq	2,358	0.3	(11.8)	(16.3)
Nikkei	13,479	3.0	(11.8)	(19.0)
Hangseng	24,292	1.0	(11.8)	(23.7)

Value traded (Rs cr)

	29 Jan 08	% Chg - 1 Day
Cash BSE	4,558	20.3
Cash NSE	12,083	7.6
Derivatives	56,020	29.1

Net inflows (Rs cr)

	28 Jan 08	% Chg	MTD	YTD
FII	(1,513)	(326)	(12,937)	(12,937)
Mutual Fund	369	67	5,145	5,145

FII open interest (Rs cr)

	28 Jan 08	% chg
FII Index Futures	22,966	4.1
FII Index Options	11,823	2.2
FII Stock Futures	37,352	0.1
FII Stock Options	249	(0.6)

Advances/Declines (BSE)

29 Jan 08	A	B1	B2	Total	% Total
Advances	111	419	313	843	56
Declines	105	239	290	634	42
Unchanged	1	5	12	18	1

Commodity

		% Chg		
	29 Jan 08	1 Day	1 Mth	3 Mths
Crude (NYMEX) (US$/BBL)	92.5	0.9	(3.7)	2.3
Gold (US$/OZ)	923.6	(0.6)	9.9	18.1
Silver (US$/OZ)	16.7	-	12.9	18.1

Debt/forex market

	29 Jan 08	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	7.54	7.49	7.82	7.86
Re/US$	39.38	39.39	39.42	39.29

Sensex

Source: Bloomberg

ECONOMY NEWS

- The Finance Ministry has suggested a drastic cut of 34% in financial resources demanded by ministries to meet the 2008-09 targets. (ET)
- Industry has expressed disappointment over the RBI's decision to keep interest rates unchanged. (BS)
- The long-term rural cooperative credit policy will be ready by March 15. (ET)
- The Finance Minister has said he will discuss with the RBI Governor what further measures could be taken to contain capital flows. (ET)
- The Government will soon ink the telecom license agreement with nine firms that have been issued LoIs earlier this month, followed by allotment of start-up spectrum in some circles. (ET)

CORPORATE NEWS

- **TCS** is effecting a small across-the-board cut in employee salaries based on the company's performance in Q3FY08. (ET)
- **Infosys Technologies** has entered into a relationship with Provenir, which specializes in real-time enterprise decision analytics and workflow software, to deliver professional services to the company. (BS)
- **Unity Infraprojects** has said it has secured a hospital construction order in Hyderabad worth Rs.1.26 bn. (BL)
- **Jindal Saw** has announced the receipt of LoA from Cairn Energy India for the supply of line pipes, tracer tube, insulation and bends for Barmer Salaya Pipe Line project of Cairn. (BS)
- **SAIL** has reported a 31.5% rise in net profit (standalone) at Rs.19.35 bn for Q3FY08, when compared with Rs.14.71 bn in Q3FY07. Total income rose 12.4% to Rs.98.48 bn for Q3FY08 from Rs.87.60 bn in Q3FY07. (BS)
- **Tata Power** has posted a 48% rise in PBT at Rs.1.96 bn in Q3FY08. Quarterly revenues have moved up 17% to Rs.14.61 bn. (ET)
- **Maruti Suzuki India** has reported a 24% rise in net profit at Rs.4.67 bn for Q3FY08 when compared with Rs.3.76 bn in Q3FY07. Total income increased to Rs.48.45 bn for Q3FY08 from Rs.38.08 bn in Q3FY07. (BS)
- **Great Eastern Shipping** has announced a 77% rise in net profit at Rs.2.93 bn for Q3FY08 when compared with Rs.1.66 bn in Q3FY07. (BS)
- **Sterlite Industries (India)** has said Q3FY08 profits have declined 34%. Net income was Rs.8.55 bn in Q3FY08, from Rs.12.9 bn a year ago. (BL)
- **Nalco** has announced a 42.46% dip in net profit at Rs.3.29 bn for Q3FY08 as against Rs.5.73 bn in Q3FY07. (BS)
- **Syndicate Bank** has announced a 20.81% rise in net profit at Rs.2.73 bn for Q3FY08 when compared with Rs.2.26 bn in Q3FY07. (BS)
- **Asian Paints** has announced a 66.5% rise in net profit at Rs.1.19 bn for Q3FY08 when compared with Rs.713.9 mn in Q3FY07. (BS)
- **Zee Entertainment** has announced an 18% rise in net profit to Rs.1.13 bn for Q3FY08, compared to Rs.958.2 mn a year earlier. (BL)
- **Alstom Projects India** has announced a net profit of Rs.301 mn for Q3FY08 as compared to Rs.303 mn shown during Q3FY07. (BL)
- **Eicher Motors** has registered an 11.2% decline in net profit at Rs.158 mn for Q3FY08 as against Rs.178 mn in Q3FY07. (BS)
- **Havells India**'s net profit jumped 44% to Rs.370 mn in Q3FY08 as against Rs.260 mn in Q3FY07. (BS)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

FROM OUR RESEARCH TEAM

ECONOMY UPDATE

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MONETARY POLICY REVIEW (THIRD QUARTER) 2007-08

RBI: Stands tall like Rock of Gibraltar

The RBI Governor, Dr YV Reddy presented the Third Quarter Review of Annual Statement on Monetary Policy for Year 2007-08, which was in line with our expectations. By leaving all key policy rates unchanged, RBI has reinforced the emphasis on price stability and anchoring inflationary expectations along with a monetary and interest rate environment conducive for continuation of the growth momentum and orderly conditions in financial markets.

On the "Growth Vs Price stability" front, RBI is comfortable with the current moderation in growth process which has come along expected lines. Dr Reddy also said a few sectors, which have witnessed some sharp moderation, need a disaggregated analysis and require a host of policy matters (not only monetary policy!!). On the inflation front, he said although apparent inflation (read headline inflation) is under control, underlying inflation (read CPI) is still higher.

He further pointed out that the central bank needs to rebalance demand and supply forces in the economy. Investment in the economy is improving, which, in turn, would improve supply side forces, whereas the RBI would continue to keep a vigil on demand side forces to tame any unwarranted increase in inflationary expectations.

The policy paper further talked about the fact that the underlying fundamentals of the economy remain strong and resilient. However, there is a need for continued vigilance to take prompt, timely and appropriate measures to mitigate any kind of financial instability spreading to our boundaries from global developments.

Key highlights

- The reverse repo rate and repo rate under LAF have been kept unchanged at 6% and 7.75%, respectively.
- The bank rate has been kept unchanged at 6%.
- Cash reserve ratio (CRR) has been kept unchanged at 7.5%.
- Overall real GDP growth projection for 2007-08 has been retained at around 8.5%.
- Target is to contain inflation close to 5.0% in 2007-08 while conditioning expectations in the range of 4.0-4.5%.
- While non-food credit has decelerated, growth in money supply and aggregate deposits of scheduled commercial banks (SCBs) continue to expand well above indicative projections.
- High growth in reserve money is driven by large accretion to RBI's net foreign exchange assets.
- Liquidity management will assume priority in the conduct of monetary policy through appropriate and timely action.

In our view, the monetary policy stance of the central bank is neutral and less hawkish than earlier policy papers. RBI has left all key policy unchanged on the back of money supply crossing 23% with a jump in growth of reserve money as against the RBI's target of 17-17.5%, higher underlying inflation (measured by CPI) and to some extent elevated asset prices.

The biggest argument put forth in favor of a cut in the policy rate is the interest rate differential between the US Fed rate and the RBI repo rate, which has already moved to 425 bps. The market is further expecting a cut in the Fed rate, when the US Federal Reserve Open Market Committee meets on January 29-30 2008. However, we believe a cut of 25 or 50 bps will not materially change the interest rate differential.

Apart from this, the recent cut in the Fed rate has come in different environment rather than the normal course of action. This does not warrant any kind of similar act by the RBI, as domestic economy is not reeling under similar kind of problem.

We believe that risk aversion by foreign investors may not lead to too much inflow of capital into emerging markets including India. We have already witnessed FII liquidation and their balance sheet unwinding (They have sold around Rs.115 bn in this month till January 25). Apart from this, foreign money does not chase Indian debt paper. In fact, equity attract majority of FII inflows.

RBI has largely restricted the inflow of foreign capital through the ECB window. However, going forward, RBI will not refrain from using the MSS window or hike in CRR for liquidity management in the economy.

After the announcement, the market reacted negatively and many banking stocks closed in the red. However, we believe the interest rate cycle has peaked in India. Interest rates will start moving southwards from the next quarters (when the slack season starts). The demand and supply will decide the future interest rate (price for money). As deposit mobilization of banks is far ahead of the credit off-take, there will be downward movement of interest rate on both deposit as well as lending side.

Deposit and advances growth

(Rs bn)	4-Jan-08	31-Mar-07	YTD (%)	5-Jan-06	YOY (%)
Aggregate Deposits	**29882**	**26083**	**14.6**	**23874.46**	**25.2**
Demand Deposits	4267	4291	-0.6	3665.24	16.4
Time Deposits	25615	21792	17.5	20209.22	26.7
BankCredit	**21465**	**19289**	**11.3**	**17661.62**	**21.5**
Non-food credit	21052	18824	11.8	17230.8	22.2
SLR Investments	**9549**	**7904**	**20.8**	**7655.3**	**24.7**
C/D Ratio (%)	71.8	74.0		74.0	
I/D Ratio (%)	32.0	30.3		32.1	

Source: RBI

Even the RBI has referred to this in one of the paragraphs of the policy document. We believe this is a kind of veiled moral suasion (A persuasion tactic used by a central bank to influence and pressure, but not force, banks into adhering to a policy) by the RBI to signal the direction of interest rates in the banking system. So, we believe that the southward movement of interest rate will be positive for the rate sensitive sectors.

RESULT UPDATE

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ZENSAR TECHNOLOGIES LTD

PRICE : RS.142 RECOMMENDATION : BUY
TARGET PRICE : RS.265 FY08E PE : 6X

Highlights

- Zensar's Q3FY08 results were above our estimates.
- While revenues grew 4% on a QoQ basis, PAT was up 8% QoQ.
- The company improved EBIDTA margins for the second consecutive quarter. Margins improved by about 134 bps despite the rupee appreciation and one-time charges amounting to about Rs.27 mn.
- This came on the back of cost rationalization, better employee utilization and improved pricing in addition to improving performance of new businesses.
- The company won several multi-million US dollar accounts during the quarter and also received a price hike from two of its largest customers.
- Deeper penetration in existing Fortune 500 relationships, new potential accounts among first-time outsourcers and leveraging on the ThoughtDigital (TD) acquisition for more EAS work are strategic levers to spur revenue growth, in addition to increased focus on the annuity business.

We maintain BUY on Zensar Technologies with a price target of Rs.265

- We forecast PAT of Rs.602 mn; an EPS of Rs.25 for FY08. The management has guided for significantly higher numbers. We revise our DCF-based price target marginally from Rs.384 to Rs.265, due to changes in growth rates for future years. The target is based on FY08E earnings estimates.
- The stock has reacted sharply over the past quarter in line with the sector and now discounts our FY08E earnings by 5.6x. We maintain **BUY** on the stock.
- An accelerated slowdown/recession in major user economies and a sharper-than-expected appreciation in the rupee v/s major currencies are pronounced risks for a smaller player like Zensar.

Q3FY08 results

(Rs mn)	Q2FY08	Q3FY08	QoQ (%)	Q3FY07	YoY (%)
Income	**1,918.4**	**1,992.0**	**3.8**	**1,480.0**	**34.6**
Expenditure	1,717.9	1,757.2		1,294.9	
EBIDTA	**200.5**	**234.8**	**17.1**	**185.1**	**26.9**
Depreciation	45.5	42.9		38.6	
EBIT	**155.0**	**191.9**	**23.8**	**146.5**	**31.0**
Interest	22.2	15.3		3.2	
Other inc	47.5	6.9		17.2	
PBT	**180.3**	**183.5**	**1.8**	**160.5**	**14.3**
Tax	40.4	29.5		29.5	
Minority Interest	-1.5	1.0		-1.2	
PAT	**141.4**	**153.0**	**8.2**	**132.2**	**15.7**
Shares (mn)	23.9	23.9		23.9	
EPS (Rs)	**5.9**	**6.4**		**5.5**	
Margins (%)					
Operating Profit	10.5	11.8		12.5	
Gross Profit	8.1	9.6		9.9	
Net Profit	7.4	7.7		8.9	

*Source : Company * - ThoughtDigital financials consolidated WEF 23/2/07*

Revenues grow 4% QoQ...

- Revenues grew about 4% on a sequential basis post the rupee appreciation during the quarter.
- According to the management, the revenue growth was brought about by a 6% rise in volumes and higher realizations. The exchange rate impacted growth in INR terms.
- The company continued to get price increases from existing as well as new clients. According to the management, it has received price increases from two of its top clients wef Q4FY08. There is a 4% increase in realizations from its largest client wef Q4FY08.
- The company is also receiving 3-7% higher realizations from other existing clients. New clients are coming in at 10% higher-than-average realizations.

Existing customers continue to grow

- Zensar continued to mine existing clients like Cisco, Home Depot and Marks & Spencer more effectively.
- Revenues from the top client of Zensar contributed about 23% to revenues as against 22% in the previous quarter.
- The company entered into a partnership with SOA Software, which is a leading provider of SOA governance solutions. It serves an array of large clients including Pfizer and Merrill Lynch.
- Zensar continued to progress well in the enterprise applications business. The business has a strong pipeline. The management is confident of closing additional $5-6 mn of business in Q4FY08.
- The integration with ThoughtDigital is complete and Oracle practices in the US have been combined. TD has won orders worth $6 mn in December.
- It incurred a marginal loss. However, it is expected to turnaround in Q4FY08.
- The company has entered into an alliance for Oracle Retail for the US and UK markets.
- It has also strengthened its relationship with SAP. The company has developed solutions for dairies in US and for pharma in the UK. SAP is expected to promote these solutions in the respective markets.

New client additions; no major impact of US economic issues, as yet

- The company added 17 new accounts during Q3FY08. With this, the total number of active customers has grown to 295.
- Zensar is focusing on the relatively untapped area of first-time outsourcers/ offshorers with a view to becoming a significant partner for these customers.
- The company is the only offshore partner for most of these clients, putting it at an advantage.
- The company has indicated that it has not faced any major issues in terms of project cancellations or deferrals from clients.
- However, one of its clients, American Home Mortgage has filed for Chapter 11 protection and Zensar has provided for receivables of Rs.12 mn from this client. The amount can be recovered at a later date.

SBP and Global Delivery Platform (GDP)

- In the non-EAS (enterprise application services) business, Zensar is finding increasing acceptance for its global delivery platform model. Initially, in SBP, the designing work was done in Pune.
- In GDP, the company does the project design work at any of the near-shore locations along with the client's staff. The development work is done at any of the remote locations with the help of SBP. SBP reduces the requirements of engineers as most of the work is automated. Zensar is also able to utilize the services of functional experts spread across the world who are not necessarily its own employees. The project testing work is done on-site.
- This allows the company to scale up its business without undue pressure of recruiting its own employees.
- Zensar's centre in Poland has been launched and employees have been posted after undergoing training.

Employee addition - below estimates

- Zensar added 105 employees on a net basis during the quarter, which was below our estimates.
- Zensar plans to add about 150 employees during Q4FY08, including freshers. We will watch the employee additions closely.
- The utilization levels including trainees are high at 84%. We think it will be difficult for the company to increase the rate beyond these levels.

EBIDTA margins

- EBDITA margins during the quarter improved by about 134 bps, sequentially, despite the Rs.27 mn impact due to one-time charges.
- The company provided Rs.15 mn towards insurance charges for on-site employees and also Rs.12 mn as provision for doubtful debts.
- The improvement came in due to the higher capacity utilization, higher realizations, cost rationalization and also because of the improved profitability in the BPO business.
- The other income component came in significantly lower than estimates. The company did not earn any income from treasury. In Q2FY08, there was a one-time write back of provisions, which had inflated the other income in Q2FY08.

Future prospects

(Rs mn)	FY07*	FY08E	YoY (%)	FY09E	YoY (%)
Income	**6,058.6**	**7,832.1**	**29.3**	**9,069.8**	**15.8**
Expenditure	5,245.2	6,954.6		8,037.5	
EBDITA	**813.4**	**877.5**	**7.9**	**1,032.3**	**17.6**
Depreciation	152.6	175.0		204.0	
EBIT	**660.8**	**702.5**	**6.3**	**828.3**	**17.9**
Interest	21.0	63.5		43.5	
Other inc	104.8	114.9		80.9	
PBT	**744.6**	**753.9**	**1.3**	**865.7**	**14.8**
Tax	166.1	151.5		186.0	
Minority Interest	4.5	0.8		4.0	
PAT	**574.0**	**601.7**	**4.8**	**675.7**	**12.3**
E.O items	-2.0	0.0		0.0	
Shares (mn)	23.6	23.9		23.9	
EPS (Rs.)	**24.3**	**25.2**		**28.3**	
Margins (%)					
EBDITA	13.4	11.2		11.4	
EBIT	10.9	9.0		9.1	
Net Profit	9.5	7.7		7.5	

*Source : Company, Kotak Securities - Private Client Research; * - Including Thought Digital's financialsWEF 23/2/07*

- We have made changes to our earnings estimates to accommodate the Q3FY08 results.
- We assume the rupee will appreciate to Rs.38 per US dollar by FY09 end.
- We expect Zensar to achieve revenues of Rs.7.83 bn in FY08 and Rs.9.07 bn in FY09.
- EBIDTA margins are expected to go down v/s FY07 because of salary increases and the rupee appreciation. Higher offshore revenues (TD clients expected to be services from offshore locations), higher revenues from value-added services and improving profitability in the BPO business are expected to restrict the impact on margins.
- Consequently, PAT is expected to grow to Rs.602 mn in FY08 and Rs.676 mn in FY09. This leads to an EPS of Rs.25 and Rs.28 for FY08 and FY09, respectively.

Concerns

- The rupee has appreciated to Rs.39.35 v/s the US dollar. A sharp acceleration from current levels may impact our earnings estimates for the company.
- A steep deceleration/recession in major global economies could impact the revenue growth of Zensar.

RESULT UPDATE

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AZTEC SOFTWARE

PRICE : RS.64 **RECOMMENDATION : REDUCE**
TARGET PRICE : RS.67 **FY09E PE : 12X**

We recommend REDUCE on Aztec Software at current levels

Aztec Software announced lower-than-expected Q3FY08 results. EBIDTA margins were impacted because of one-time expenses and fresher additions. Other income was significantly lower - the major reason for reduction in PAT QoQ. Client additions and client ramp-ups were according to expectations - five new accounts were added. We have revised our estimates. This leads to an EPS of Rs.4.5 in FY08 and Rs.5.4 in FY09. We are reducing our DCF-based price target to Rs.67. This is in line with reduced estimates. The stock has fallen post our downgrade in December 2007. We expect range bound share-price movement as long as uncertainty related to the US economy persists. We recommend REDUCE citing marginal potential upsides. A significant fall in the share price from current levels can be utilized to accumulate the stock.

Q3FY08 results

(Rs mn)	Q3FY08	Q2FY08	QoQ (%)	Q3FY07	YoY (%)
Income	**633.1**	**620.1**	**2.1**	**713.4**	**-11.3**
Expenditure	574.2	543.1		568.6	
EBDITA	**58.8**	**77.0**	**-23.6**	**144.8**	**-59.4**
Depreciation	33.5	31.0		28.3	
EBIT	**25.3**	**46.0**		**116.5**	
Other income	4.6	34.2		10.9	
PBT	**29.9**	**80.2**	**-62.7**	**127.4**	**-76.5**
Tax	8.1	10.9		15.9	
PAT	**21.8**	**69.3**	**-68.5**	**111.5**	**-80.4**
Shares (mn)	44.1	44.1		44.1	
EPS (Rs)	**0.5**	**1.6**		**2.5**	
Margins (%)					
EBDITA	9.3	12.4		20.3	
EBIT	4.0	7.4		16.3	
PAT	3.5	11.2		15.6	

Source : Company

Revenues

- Revenues grew 2% sequentially in INR terms. The rupee appreciation of about 2% impacted growth.
- Higher volumes from existing as well as a few new accounts contributed to growth.
- Revenues from Top 10 accounts grew 14% in rupee terms on a QoQ basis.
- The company added five new accounts during the quarter, which include a global leader in the communications systems, applications and services, provider of secure access to internet from anywhere, one of the world's largest media conglomerates and a leading vehicle fleet management expert.
- While the accounts have been added, we will monitor the scale up in all these accounts.
- The company has been able to get price increases from some of its top clients wef January 2008. This should allow it to protect margins in that quarter.

No impact of sub-prime, as yet

- Aztec does not have any significant exposure to companies in the BFSI segment. The company does not have any revenues coming from clients belonging to the US mortgage industry.
- Thus, we do not expect the turmoil in the US sub-prime mortgage market to directly impact Aztec.
- However, the company may be impacted indirectly in terms of reduced work flow from clients impacted by the general economic conditions in developed countries. There are no indications of these happening, as yet.
- We understand that, as of now, the US sub-prime issues have had no impact on the growth prospects of the company.

Employee additions

- Aztec added about 155 employees on a net basis in Q3FY08.
- The company had indicated plans to add on about 400 freshers out of the 650 campus offers it had made. While about 225 have already joined, we expect another 100 additions to happen in Q4FY08.
- Aztec has now commissioned its new facility at Bangalore. About 140 seats (total 700 seats) are operational.
- The EBIDTA margins were lower sequentially.
- The rupee appreciation, larger trainee force and one time expenses of about Rs.5.5 mn impacted margins. Better realizations, increased utilizations and cost leverage allowed the company to restrict the impact on margins.
- During the quarter, the company's other income fell significantly.
- The other income of Q2FY08 contained write-backs of about Rs.6 mn related to Q1FY08.
- We expect the other income to be higher in Q4FY08 because of gains on investments.
- The company provided significantly higher tax at 27% of PBT. We expect the tax in Q4FY08 to be relatively lower.

Future Prospects

(Rs mn)	FY07	FY08E	YoY (%)	FY09E	YoY (%)
Income	**2610.1**	**2509.6**	**-3.8**	**2974.4**	**18.5**
Expenditure	2097.9	2225.1		2637.0	
EBDITA	**512.2**	**284.5**	**-44.4**	**337.4**	**18.6**
Depreciation	113.6	130.8		156.0	
EBIT	**398.6**	**153.7**		**181.4**	
Other income	36.3	76.6		93.0	
PBT	**434.9**	**230.3**	**-47.0**	**274.4**	**19.1**
Tax	48.4	31.8		35.7	
PAT	**386.5**	**198.5**	**-48.6**	**238.7**	**20.2**
Shares (mn)	44.1	44.1		44.1	
EPS (Rs)	**8.8**	**4.5**		**5.4**	
Margins (%)					
EBDITA	19.6	11.3		11.3	
EBIT	15.3	6.1		6.1	
PAT	14.8	7.9		8.0	

Source : Company, Kotak Securities - Private Client Research estimates

- We expect Aztec to achieve revenues of Rs.2.51 bn in FY08E and Rs.2.97 bn in FY09.
- We expect the company to further add about 500 employees in FY09. Average realizations are expected to be marginally higher.
- We expect EBIDTA margins to improve from their Q3FY08 levels. The improvement in utilization levels, realization increases, reduction in overheads post consolidation of delivery centers in campuses, leverage on SG&A costs and higher proportion of freshers in the employee base are expected to set off the impact of the expected rupee appreciation and annual salary increases.
- Consequently, net profits are expected at Rs.199 mn (Rs.256 mn earlier) in FY08 and Rs.239 mn (Rs.293 mn earlier) in FY09. These would translate into earnings per share of Rs.4.5 in FY08E and Rs.5.4 in FY09E.
- We note that a significant part of this reduction comes from the reduced other income component.

Concerns

- Rupee appreciation beyond our assumed levels of an average of Rs.39 per US dollar by FY08 end and Rs.38.50 per US dollar by FY09 end could provide a downward bias to our earnings estimates.
- A steep deceleration/recession in major global economies could impact revenue growth of Aztec.

RESULT UPDATE

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SUBEX AZURE LIMITED (SUBEX)

PRICE : RS.278 **RECOMMENDATION : REDUCE**
TARGET PRICE : RS.313 **FY09E PE : 13X**

We recommend REDUCE on Subex at current levels

The Q3FY08 results of Subex Azure were below our expectations. Product revenues failed to match up to our estimates. There was a direct impact on net profits, resulting into a net loss for the second successive quarter. New order bookings were along expected lines. Cost rationalization is almost complete and so is the Syndesis integration. We are introducing our FY09 earnings estimates with an expected EPS of Rs.21. The DCF-based price target is Rs.313. We recommend REDUCE on Subex due to consistent disappointments, uncertainty over the US economy and limited upsides from current levels.

3QFY08 results

(Rs.mn)	3QFY08*	2QFY08*	QoQ (%)	3QFY07	YoY (%)
Revenues	**1422.2**	**1029.9**	**38.1**	**1062.4**	**33.9**
Expenditure	1381.5	1320.5		842.5	
EBDITA	**40.7**	**-290.6**	**-**	**219.9**	**-**
Depreciation	39.0	42.3		23.1	
EBIT	**1.7**	**-332.9**	**-**	**196.9**	**-**
Interest	94.2	71.5		20.4	
Other Income	68.7	144.8		29.4	
Provisions	0.0	50.0		0.0	
PBT	**-23.8**	**-309.5**	**-**	**205.9**	**-**
Tax	19.0	38.7		14.3	
PAT	**-42.7**	**-348.3**	**-**	**191.6**	**-**
Shares (mns)	35.0	35.0		34.8	
EPS (Rs.)	**-1.2**	**-9.9**		**5.5**	
OPM (%)	2.9	-28.2		20.7	
GPM (%)	0.1	-32.3		18.5	
NPM (%)	-3.0	-33.8		18.0	

*Source : Company * Including Syndesis financials*

Subex's results for 3QFY08 were below estimates.

Product revenues

- While product revenues grew about 55%, they fell below our estimates. We were expecting a higher revenue growth based on the previous quarter's order book position and expected order inflows.
- We had also expected higher revenues with several resources now focusing on core business rather than the Syndesis integration.
- According to the management, in Q2FY08, more than 200 employees were involved in integration issues and supporting Syndesis products during the transition phase.
- Support services contributed only 25% of the quarter's revenues. In our opinion, these revenues fell about 14% QoQ. Bureau revenues contributed about 10% to the quarter's revenues.
- Subex recruited about 170 employees during the quarter. The company had about 1200 employees in the products division in the previous quarter.

Order bookings & order pipeline

- In terms of order bookings and pipeline, the company had an order backlog of about $67 mn (including annuity revenues) as at Q3FY08 end ($67 mn as at Q2FY08 end).
- Also, the company had a consolidated pipeline (including Syndesis) of $340 mn. Subex normally enjoys a success rate of 40%.
- The existing order pipeline, new lines of revenues like managed services and the company's premier positioning in the area of operations are expected to lead to a reasonable revenue growth in the next fiscal.
- However, the critical factor is whether the company is able to convert this order book into revenues.

Margins

- EBIDTA margins were impacted by lower revenues and also because of a write off of redundancy expenses to the tune of about $1.5 mn associated with the integration of Syndesis.
- The company also added nearly 170 employees to its rolls during the current quarter.
- Subex earned other income of about Rs.68 mn during Q3FY08 largely due to the forex gains on FCCB proceeds.
- The interest cost also rose during the quarter as the company availed of working capital loans to fund its requirements.
- Consequently, the company incurred a net loss of Rs.43 mn for the quarter.
- EBIDTA margins are expected to improve on the back of higher expected revenues and also because of lower costs due to redundancy and cost control.

Integration with Syndesis progressing well

- Subex has almost completed the integration of all departments.
- The required redundancies are also happening along expected lines with new recruitments keeping pace with the transition. The company has made 108 positions redundant out of the total 120 expected.
- Also, cross-selling opportunities have been identified and will be pursued. Offshoring of some of the processes has also started.

Future prospects

(Rs.mn)	FY07#	FY08E$	YoY (%)	FY09E	YoY (%)
Revenues	**3409.4**	**5248.3**	**53.9**	**6536.4**	**24.5**
Expenditure	3008.3	5417.5		5379.8	
EBDITA	**401.2**	**-169.2**	**-**	**1156.6**	**-**
Depreciation	125.8	162.4		175.0	
EBIT	**275.3**	**-331.6**	**-**	**981.6**	**-**
Interest	87.3	329.2		376.6	
Other Income	389.0	644.8		225.0	
Provisions	0.0	50.0		0.0	
PBT	**577.0**	**-66.0**	**-**	**829.9**	**-**
Tax	-99.0	86.5		78.8	
PAT	**676.1**	**-152.5**	**-**	**751.2**	**-**
Shares (mns)	34.8	35.0		35.0	
EPS (Rs.)	**19.4**	**-4.4**		**21.4**	
EBIDTA (%)	11.8	-3.2		17.7	
EBIT(%)	8.1	-6.3		15.0	
Net Profit (%)	19.8	-2.9		11.5	

Source : Company, Kotak Securities - Private Client Research
 # : Azure's financials consolidated WEF 2QFY07
$: Syndesis's financials consolidated WEF 1QFY08

- We expect Subex to report revenues of Rs.5.25 bn in FY08 and Rs.6.54 bn in FY09. Product revenues are expected to increase to Rs.5.29 bn in FY09.
- EBIDTA margins are expected to improve over Q3FY08 on the back of higher product revenues and reduced costs.
- We have increased the interest charge to accommodate the $180 mn FCCBs raised by the company and also the additional working capital debt raised by the company in Q3FY08. However, in case of conversion of FCCBs, the interest cost is expected to come down.
- After considering lower tax in FY09 due to the expected set-off of FY08 operational losses, we arrive at a PAT of Rs.751 mn and an EPS of Rs.21 for FY09.

Conversion of FCCBs

- We have not assumed the conversion of FCCBs in to equity shares. In case these are converted at the conversion price of Rs.656 per share, the diluted number of shares would go up to about 47 mn and the interest cost would correspondingly reduce.

Concerns

- An accelerated slowdown/recession in major user economies may impact our projections.
- The rupee has appreciated to Rs.39.35 v/s the US dollar. A sharp acceleration from current levels may impact our earnings estimates for the company.
- Delays in receipt and execution of orders may make earnings volatile in future quarters while likely impacting the overall revenue and profit growth of the company.

RESULT UPDATE

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DECCAN CHRONICLE HOLDINGS LTD

PRICE : RS.224 **RECOMMENDATION : BUY**
TARGET PRICE : RS.270 **FY09E EV/EBIDTA : 9X; PE: 15X**

Deccan Chronicle Holdings' Q3FY08 results: In-line revenues, operating performance on the back of ad revenue growth, lower newsprint prices, appreciated rupee and cost optimization.

PAT was at Rs.1.02 bn (above estimates). This looks inflated as the company determines and provides for deferred tax only in Q4.

We have made modest changes to our estimates post Q3 numbers. We maintain BUY with a price target of Rs.270.

Summary table

(Rs mn)	FY07	FY08E	FY09E
Sales	5,528	7,881	10,447
Growth %	67.1	42.6	32.5
EBITDA	2,583	4,760	6,008
EBITDA margin %	46.7	60.4	57.5
Net profit	1,616	2,789	3,588
Net debt	1,315	(30)	(1,368)
EPS (Rs)	6.8	11.3	14.6
Growth %	-58.9	67.7	28.7
CEPS	7.5	12.5	15.9
DPS (Rs)	1.0	1.0	1.0
ROE %	29.0	29.1	28.6
ROCE %	23.7	32.1	34.6
EV/Sales (x)	10.2	7.2	5.3
EV/EBITDA (x)	21.8	11.9	9.2
P/E (x)	33.1	19.8	15.4
P/Cash Earnings	30.0	17.9	14.1
P/BV (x)	6.6	5.0	3.9

Source: Company & Kotak Securities - Private Client Research

- DCHL's Q3FY08 revenues at Rs.2.16 bn were in line with our estimates. EBITDA margins, however, expanded more than we had anticipated leading to an EBITDA of Rs.1.4 bn. Reported PAT grew 112% YoY to Rs.1.02 bn.
- Reported PAT, however, looks inflated on account of low tax outgo (16% of PBT). The company determines and provides for deferred tax only in the Q4.
- While, on a YoY basis, revenues for DCHL have grown 47%, the growth has been 15% on a sequential basis. We opine that revenue growth was positively impacted by the favorable macro scenario, demographics in its target markets and also possibly DC's better ad yields post its Chennai entry.
- EBITDA margins expanded 260 bps QoQ to 65.3% from 62.7% reported in Q2FY08. The management opines that this margin expansion has come about due to increased ad revenues, falling newsprint prices (down 15% YoY), an appreciating rupee (12% CYTD) and cost optimization.

New Initiatives - Successful IPL bid, JV with Group M (a WPP company) in sports and event management

- Deccan Chronicle has recently won the IPL bid for the Hyderabad team for 10 years and a consideration of $107.1 mn.
- According to publicly available details, revenue streams for team owners (like DC) would be:
  - Assured proportion of media rights - 80% for the first two years, scaling down to 60% over the last five years. BCCI had recently sold IPL's media rights for $1 bn (for a period of 10 years), which will be shared with the team owners (eight, currently) in the mentioned proportions. These revenues, along with sponsorship, will fall under the 'centralized' revenue stream, that is, to be shared with the BCCI.
  - Gate fees (100% of gate fees collected post sale of tickets), player uniform rights, licensing/merchandizing and franchisee title sponsorships. These are the 'local' revenue streams, 20% of which go to BCCI.
  - The eight franchisees will have the right to market their team sponsorship rights and also associated merchandising revenue streams - in stadium and otherwise. This is a significant revenue stream in the EPL and NBA. for the IPL we believe it will take some time to scale up, given the nascent concept.
- Costs that the franchisee owners will need to incur include salaries of players, transportation and lodging costs of players/support staff, insurance and stadium costs in addition to the bid costs ($107.1 mn, for DC) that needs to be paid over the period of 10 years.
- From an economic perspective, this initiative is expected to take at least two to three years to break even, in terms of profits for the team owners. Industry, though, believes the concept could lead to good value accretion to the team owners in the longer term given the concept's novelty and reasonable probability of success.

- We have also attached with this note a primer on broad revenues, costs and opportunities we envisage for franchisee owners.
- More specifically for DC, we believe the management will need to throw greater light on the economics of this initiative and its own strategies WRT team selection, licensing and merchandising of team titles etc. At this point, we have not attached any value to the initiative in our financials.

Other developments

- DCHL has also announced the formation of a JV with Group M (a WPP company) to look at growing its sports and event management business, housed in the 100% subsidiary - Sieger Solutions.
- DCHL, according to a notice posted on the BSE, has received a certificate from ABC (Audit Bureau of Circulation) for having reached average net paid sales of over 1 mn copies/day (July-December, 2007).
- DCHL plans to launch its Bangalore edition in Q4FY08. Trichy edition in H1FY09 and a financial daily in H2FY09.
- In Q2FY08, DCHL had announced plans for a buy-back at Rs.250/ share up to a maximum of Rs.2.5 bn. Also, it had announced its intention to place 24% of its wholly-owned subsidiary, Sieger Solutions, at an EV of Rs.15-18 bn. Till date, there have been no further developments on either of these plans.

Sieger and Odyssey- looking to build the franchise

- In an attempt to ramp up the subsidiaries, DCHL has inducted senior personnel who have previously worked in key roles at Bharti Tele and Sify to build the businesses in Sieger and its proposed internet/digital foray (housed in Sieger).
- Sieger proposes to ramp up its digital presence and to this effect and has recently launched an online 'school newspaper' edition-www.papyrusclubs.com. The company claims to have tied up close to 150 schools/colleges in South India and sees promising opportunities to monetize this through ad revenues.
- Sieger also outlined ambitious plans in the digital segment like internet radio, video exchange forums that it plans to grow in the coming 12 months. It essentially plans to leverage its existing dominant print presence, strong regional brand and higher internet penetration in South India to drive its online/digital foray.
- Odyssey currently has 19 operational stores, close to 110,000 sq ft of space at FY07 end. It has aggressive plans to ramp up to 240,000 sq ft by FY08 end. These are retail stores in 'regular' and 'express' format that house books, music, café areas etc.

Financials

- We have modified our estimates to account for the Q3 results; factored in modestly better margins given the company's ability to optimize costs and also lower newsprint costs. We have also accounted for higher depreciation and interest outgo.
- In financials, DCHL is expected to deliver 37% and 49% CAGR in revenues and earnings, respectively, over FY07-09E. We expect EBITDA for the company to grow at a CAGR of 53% to Rs.6 bn in FY09 over the period. This would translate into an EPS of Rs.11.3 for FY08 and Rs.14.6 in FY09.
- On the receivables front, the management has been guiding that it will look to significantly reduce its debtor-days cycle in FY08E vis-à-vis FY07. We, however, have not assumed any changes in our working capital assumptions and have maintained WC levels at similar levels to FY07. We prefer to wait for clarity and execution on this count.
- Included in our projections is also the impact of higher working capital requirements, receivables securitization charges and higher other income. We had made these changes post our earlier annual report review.

Valuation

- We have valued DCHL using an average of DCF and EV/EBITDA methodologies. This has given us a fair value of Rs.268, to this we have added Rs.2.5 per share or Rs.612 mn, which is the book value of Odyssey's acquisition for DCHL and arrive at a price target of Rs.270 (same as earlier) for the stock.
- The company eventually plans to demerge Odyssey, its retail business, through a planned capital raising at a later date. At this point, we have not ascribed a higher financial value to Odyssey due to lack of sufficient financial details. 'Odyssey' valuations at higher than assumed could provide valuation upsides to the DC shareholder as and when they materialize.
- At our target price of Rs.270, DCHL will be trade at 11x our FY09E EV/EBITDA and 19x our FY09E earnings, a blended 23% discount to our target valuations of HT Media. We maintain BUY.

Revenues:

Quarterly performance

(Rs mn)	Q3FY08	Q3FY07	% chg	2QFY08	% chg
Revenues	**2162.0**	**1463.9**	**47.7**	**1877.7**	**15.1**
Expenditure	749.1	755.6		699.9	
EBDITA	**1412.9**	**708.3**	**99.5**	**1177.7**	**20.0**
Depreciation	70.9	44.0		66.3	
EBIT	**1342.0**	**664.3**	**102.0**	**1111.4**	**20.7**
Net Interest	213.3	81.2		173.6	
Other Income	102.5	52.3		90.8	
PBT	**1231.2**	**635.4**	**93.8**	**1028.6**	**19.7**
Tax	201.8	151.0		202.7	
PAT	**1029.4**	**484.4**	**112.5**	**825.9**	**24.6**
EPS (Rs)*	**4.3**	**2.0**		**3.4**	
OPM (%)	65.35	48.4		62.7	
GPM (%)	62.07	45.38		59.19	
NPM (%)	47.61	33.09		43.99	

Source : Company, Kotak Securities - Private Client Research

- Revenue growth for DCHL in Q3FY08 was spurred by the 45% growth in advertising revenues and 22% growth in circulation revenues YoY. Circulation revenues grew on the back of circulation gains in new markets like Chennai as well as the Andhra Pradesh market. Ad revenues for the quarter stood at Rs.2 bn, up 45% YoY.

EBITDA margins: Up tick, QoQ & YoY.

- For the quarter, DCHL reported EBITDA margins of 65.3% that were up about 280 bps QoQ. The management opines that this margin expansion has come about due to increased ad revenues (up 25% YoY), falling newsprint prices (down 15% YoY), an appreciating rupee and cost optimization.
- Going forward, we have assumed newsprint prices to modestly increase from the current levels for the remainder of FY08. In our projections, we have assumed the effective landed costs of newsprint for DCHL at the levels of $600/ton over FY08, 14% lower than FY07.
- In FY09, we assumed this price would go up by 5% and have then assumed gradual up ticks of 3-4% in the landed price in our longer term assumptions post FY09. Any further softening of newsprint prices could be EBITDA positive for the company.

Key concerns

- **Higher than estimated newsprint costs:** Any sustained uptrend in newsprint prices could lead to greater expenditure for print companies like DCHL and impact their profitability negatively.
- **Increase in working capital requirements ahead of our estimates for the forecast years.** An increase in working capital ahead of estimates will impact cash flow generation and ability of the company to repay debts on the books.
- High competition in proposed editions like Bangalore and/or existing print markets, more so from aggressive new entrants could lead to price wars, slashing of ad rates and a general tepid outlook for growth and profitability for the players.
- Shift of advertising revenue momentum from the print medium to other mediums like radio, internet or television.

ANNEXURE

IPL economics for a franchisee owner- revenues, costs and opportunities. Let the games begin, wish BCCI was a listed stock.

- The IPL's basic structure is built around forming eight city-based contestants. They will be owned by their respective franchisees.
- IPL explores further the commercial possibilities of cricket - an arguable national passion and signals the introduction of the sports franchising model to India. The signing procedure of international professionals to play in the country's domestic cricket is modeled on the lines of English Premier League (EPL) and the American NBA - economically successful and lucrative models, both for team owners and also the sports' governing bodies.
- From a fast growing media and entertainment industry perspective, the popularity of cricket is likely to bring key demographic groups to both advertisers and sponsors. Economically, sports leagues across the world have led to concomitant investments in the service sector (hospitality, tourism) and urban infrastructure (stadiums etc).

The franchisee owners have to bear seven items of cost according to the details available in the media and associated news reports.

- The first one is the franchise fee, which they have committed to post the bidding process. These range from Rs.300 mn (Jaipur) to Rs.450 mn (Mumbai) per year (Rs.420 mn for DC's team).
- Next are player salaries, each team will have 16 players, which in total could cost Rs.160 mn ($4 mn approximately). Players are to be bought in an auction, which is yet to be done (expected February 2008).Top players, according to media reports will reportedly get up to Rs.15 mn each.
- The franchisees will also bear stadium costs and match-day costs. Other additional costs like travel, accommodation, expenses of support staff, training and insurance costs and promotional costs are to be borne by the franchisees totally. All these put together are expected to another $3.5-4 mn (Rs.160 mn approximately).
- All put together, total annual costs for the franchisees could be around Rs.700-750 mn ($18-18.5 mn per annum approximately), approximately.

On the revenue side, the respective franchisees will earn at two levels - central revenues, share from BCCI, and local revenues.

- BCCI will share major portions of TV rights and sponsorship rights - this is the central revenue share. A rough estimate suggests these could amount to Rs.350-400 mn ($9.5-10 mn) per annum, BCCI will share 80% of the $1 bn media rights among teams for the first two years. This share then tapers down to 60% over the last five years .These revenues are largely fixed upfront, and distributed equitably amongst teams.
- Franchisee owners have ten sources of 'local' revenues, some of which will be marginal, according to news reports. 20% of these revenue streams are to be shared with the BCCI. The two large parts of local revenues could be gate collections, and advertising in local stadia. Team shirt sponsorship, in our opinion could be a big item too. Items like sports merchandise would also accrue over the period.

Assuming a 15% cost of capital then the team has to make another Rs.400-500 mn or so to justify the investment, in our opinion. This means, total revenues will have to exceed Rs.900 mn.

This means the franchisees need around Rs.250-300 mn per annum of revenues from 'local' sources to break even, from 'local' revenues, and more to cover costs of capital, in our opinion.

Profitability will be dependent more on 'local' revenue streams ramping up

Profitability of the team may depend on quite a few variables - ticket rates, match attendance, player costs, and finally, how the team plays, in our opinion. Tickets will likely be steeply priced, and if stadiums fill up (most likely given the game's following and presence of star players), then break even seems likely, only post year two.

At the same time it is hard to see franchisees cover costs of capital in the first one or two years, in our opinion.

In our opinion, the IPL bid will likely make more sense from a longer term perspective given additional revenue opportunities arising from prize money winnings and player transfers. The BCCI has promised to share 20% of the annual media booty with the top performing teams.

It seems likely that for a team to be meaningfully profitable it is imperative to develop significantly 'local' revenue streams like merchandising, and franchisee media platforms, in our opinion. These revenue streams are significant in global sports franchises like the EPL or the NBA, but may likely take some time to pick up in the IPL context given the nascent concept.

RESULT UPDATE

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SUZLON ENERGY

PRICE : RS.341 **RECOMMENDATION : BUY**
TARGET PRICE : RS.456 **FY09E PE : 22.1X**

Highlights

- The consolidated results of Suzlon Energy are disappointing
- Sales volumes were lower on account of delays at clients end in Italy and China
- A host of operating expenses, non-recurring in nature, dampen margin expansion
- Higher tax incidence in consolidated numbers retard profit growth
- The management expects interest expenses to decline as huge cash surplus will be utilized to repay debt
- The global environment remains benign, valuations are at a discount to global peers in wind power. We maintain **BUY** with a target price of Rs.456.

Summary table

(Rs mn)	FY07	FY08E	FY09E
Sales	79,857	137,514	197,073
Growth %	107.9	72.2	43.3
EBITDA	12,958	20,308	32,752
EBITDA margin %	16.2	14.8	16.6
Net profit (Adj)	10,001	12,978	18,877
Net cash (debt)	(36,237)	(15,942)	(24,576)
EPS (Rs)	5.8	8.5	15.4
Growth %	13.7	47.4	81.4
CEPS	6.9	10.1	17.9
ROE %	28.2	32.1	30.2
ROCE %	18.9	15	18.7
EV/Sales (x)	6.8	3.8	2.7
EV/EBITDA (x)	42.2	25.9	16.3
P/E (x)	59.0	40.1	22.1
P/Cash Earnings	49.3	33.9	19.1
P/BV (x)	16.4	12.1	4.9

Source: Company & Kotak Securities - Private Client Research

Q3 FY08 Consolidated earnings

	Q3FY08	Q3FY07	% chg	9MFY08	9MFY07	% chg
Net Sales	**31,698**	**19,139**	**65.6**	**87,557**	**50697.9**	**72.7**
Other Income	725.3	254	185.4	1,686	501.7	236.1
Raw material costs	21107.2	11,269	87.3	56,814	30255.4	87.8
Staff costs	2460.3	1,803	36.5	6,960	4658.0	49.4
Other exp	4241.5	3,520	20.5	12,627	7780.0	62.3
Total Expenditure	27809.0	16,593	67.6	76,401	42693.4	79.0
PBIDT	**3888.6**	**2,546**	**52.7**	**11,156**	**8004.5**	**39.4**
Interest	1564.9	638	145.3	4,031	1551.0	159.9
PBDT	**3049.0**	**2,162**	**41.0**	**8,812**	**6955.2**	**26.7**
Depreciation	747.4	343	118.2	1,916	1118.1	71.3
PBT	**2301.6**	**1,820**	**26.5**	**6,896**	**5837.1**	**18.1**
Tax	873.2	93	844.0	1,370	778.9	75.8
Net Profit	**1,428.40**	**1,727**	**-17.3**	**5,606**	**5058.2**	**10.8**
Minority interest	6.1	17	-63.5	54	-7.9	-778.5
Share of associates	94.6	-	-	89	0.0	
NP after minority interest	1516.9	1,744	-13.0	5,642	5050.3	11.7
PBDIT (%)	12.3	13.3		12.7	15.8	
Tax rate (%)	37.9	5.1		19.9	13.3	
Raw material cost to sales (%)	66.6	58.9		64.9	59.7	
Staff costs to sales (%)	7.8	9.4		7.9	9.2	
Other expenditure to sales (%)	13.4	18.4		14.4	15.3	

Source: company

RESULT HIGHLIGHTS

In line domestic volumes but export volumes come lower

Driven by strong growth on the exports front, Suzlon reported 66% YoY growth in consolidated revenues in Q3FY08. The main driving factor has been robust export volumes, which were up 84% YoY. On a sequential basis, export volumes were down 35%. During the quarter, the company booked sales return of Rs.970 mn (21 MW) pertaining to a project in Italy, which has been cancelled due to delays at the customers end. Suzlon had booked revenues on these projects in Q4FY07 and Q1FY08 quarters. Meanwhile, the company is making efforts to utilize the turbines for other customers in Italy.

Significant one-time expenses dampen margins

EBITDA margins for the quarter, on a standalone basis, were 23.8%, a 520 bps improvement YoY. However, consolidated margins were lower due to several unforeseen expenses. The company had to take a hit of Rs.290 mn on account of two factors.

- The US government has imposed a 2.5% customs duty on import of nacelle (which houses the generator assembly). Since a bulk of the company's exports are to the US (32% in Q3FY08), Suzlon had to suffer an extra expense of Rs.150 mn.
- In addition to this, cracks were discovered on 33 generators supplied to the US. The company has provided for Rs.190 mn towards replacement/damage related expenses.
- Suzlon incurred expenses of around Rs.140 mn towards project management costs pertaining to relocation of some sites from Maharashtra to Gujarat and Tamil Nadu.
- Lower volumes due to non recognition of sales of 48 MW to China and 21 MW to Italy also resulted in margin pressure.

Volumes on the domestic front were up 42% YoY and 13% on a sequential basis. In the first quarter, the company's domestic installations were impacted due to local disputes. These issues have been largely resolved and Suzlon's domestic execution is coming on track.

Revenues (Consolidated)

	Q3 FY08	Q3 FY07	% change
Wind Generator	26,076	14,432	81
Gear Box	5,691	4,532	26
Others	271	174	56
Total	32,039	19,139	67

Source: Company

Segment margins

PBIT %	Q3 FY08	Q3 FY07
Wind Generator	11.4	13.9
Gear Box	14.2	10.8
Others	87.8	19.1
Total	12.5	13.2

Source: Company

Higher tax charges drive down consolidated numbers

During the quarter, the company had to account for several charges including

- Rs.200 mn on account of reversal of deferred tax benefits in the US
- Rs.280 mn on account of non-deductibility of hedging expenses in Denmark
- Non deductibility of interest on acquisition for calculating tax in the US

As a result of the above, tax rate was high at 37.9% in Q3FY08 on a consolidated basis. The management indicated that these expenses are of a non-recurring nature. In the coming quarter, tax rate should fall back to less than 15%.

Hansen gets listed during the quarter

Hansen Transmissions International NV, Belgium, a 100% subsidiary of Suzlon Energy Ltd raised approximately €440 mn (gross) by offering 27% stake to QIBs. These shares are listed on the LSE and trading of these shares commenced in December 2007. Hansen plans to use the net proceeds primarily to fund the expansion of its manufacturing capacity through the construction of integrated manufacturing facilities in India and China. Post listing, Hansen's share has been trading at £2.2 per share, which reflects a total market capitalization of £1.47 bn, or Rs.119.1 bn.

Suzlon raises US$560 mn (Rs.21.8 bn) in December

To fund its capex program, Suzlon completed a QIP issue of 11.38 mn shares (Rs.2 FV) at Rs.383 per share.

Healthy order book position ensures visibility

Suzlon's order book stands at Rs.171 bn consisting of 3357 MW at the end of Q3FY08. During this quarter, the company has been successful in winning a 200-MW order in Australia. Suzlon is in the process of ramping up its capacity to cater to the huge demand. The current order backlog provides a revenue visibility of 16 months based on consolidated FY08 revenues.

Order Backlog

	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08	Q3FY08
Order Backlog MW							
Domestic	207	207	372	266	315	368	441
Export	609	1238	1271	1692	2567	2882	2916
Total	**816**	**1445**	**1643**	**1958**	**2882**	**3,250.0**	**3357**
Order book (Rs mn)							
Domestic	8,000	8,190	15,443	14,080	17,100	19,888	24040
Export	29,590	58,137	61,719	80,780	117,900	143,392	147030
Total	**37,590**	**66,327**	**77,162**	**94,860**	**135,000**	**163,280**	**171,070**
Realisation (Rs mn)							
Domestic	39	40	42	53	54	54	55
Export	49	47	49	48	46	50	50
Total	**46.1**	**45.9**	**47.0**	**48.4**	**46.8**	**50.2**	**51.0**

Source: Company

Maintain profit estimates for now

We maintain our profit estimates for the company for FY09.

Our Sales volume assumption

MW	FY06	FY07	FY08E	FY09E
Domestic	882	954	1043	1251
Exports	88	621	1362	2308
Total	970	1575	2405	3559

Source: Company

What to watch out for

Ramp-up in operations of REpower: Suzlon is confident of improving the overall throughput from REpower's plants by facilitating availability of components. REpower is an assembler of wind turbines and capacity expansion can be undertaken at a nominal cost. Suzlon is targeting margin expansion of 400-500 bps in REpower over the next one or two years.

Valuation

We maintain a BUY recommendation on Suzlon Energy with a price target of Rs.456

At the current price, Suzlon is trading at 40.1x and 22.1x FY08 and FY09 earnings, respectively. We highlight that the business environment for renewable energy especially wind remains favorable for growth. Suzlon is the fifth largest player in the wind power equipment business. The company is well positioned in terms of technology, access to captive component manufacturing facility and global presence.

On the valuations front, Suzlon is trading at a discount to global peers. In view of this, we maintain **BUY** on the stock with a target price to Rs.456.

Key Risk

Given the strong order backlog, the company needs to manage its project execution and supply chain well. Given the component short-supply in wind power, delays in supply-chain could result in delayed execution, which could entail penalties.

RESULT UPDATE

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VOLTAMP TRANSFORMERS LTD

PRICE : RS.1495 **RECOMMENDATION : BUY**
TARGET PRICE : RS.1850 **FY09E PE : 14.2X**

Highlights

- Voltamp's Q3FY08 results are ahead of our expectations.
- Earnings growth has been driven by margin expansion.
- We have upgraded our earnings estimates.
- We have upgraded the stock to BUY with an enhanced price target of Rs.1850.

Summary table

(Rs mn)	FY08E	FY09E	FY10E
Sales	5,904	7,675	9,363
Growth %	45.5	30.0	22.0
EBITDA	1,192	1,521	1,707
EBITDA margin %	20	20	18
Net profit	833	1,067	1,193
Net cash (debt)	767	1,564	2,538
EPS (Rs) (consolidated)	82.4	105.6	118.1
Growth %	110.5	28.1	11.8
CEPS	86.1	109.4	122.5
DPS (Rs)	1.0	1.0	1.0
ROE %	59.0	45.0	34.0
ROCE %	90.0	69.0	52.0
EV/Sales (x)	2.4	1.8	1.3
EV/EBITDA (x)	12.0	8.9	7.4
P/E (x)	18.1	14.2	12.7
P/Cash Earnings	17.4	13.7	12.2
P/BV (x)	8.8	5.4	3.8

Source: Company & Kotak Securities - Private Client Research

Quarterly performance

	Q3FY08	Q3FY07	% change
Net Sales / Income from Operations	**1429**	**1052**	**36**
Other Income	17	13	32
Total Income	**1446**	**1065**	**36**
Consumption of Raw Materials	993	823	21
Manufacturing expenses	35	25	37
Staff Cost	38	36	7
Other Expenditure	35	22	63
Operating Expenditures	1101	905	22
PBDIT	**328**	**147**	**123**
Interest & Finance Charges	2.0	2.9	-31
Depreciation	10	5	85
Profit / (Loss) before tax	333	151.2	120
Tax provision	105	47.00	123
Profit / (Loss) after tax	228	104.22	118
PBDIT %	22.9	13.9	
Raw material costs to sales %	69.5	78.2	
Manufacturing expenses to sales %	2.4	2.4	
Other expenditure to sales %	2.5	2.1	
tax rate %	32	31	

Source: Company

Growth in revenues is in line with expectations

The demand from industrial capex for transformers remains strong.

Investments in key industrial sectors are expected to soar to Rs.6924 bn over the next five years as compared with Rs.2274 bn worth of investments made over the past five years. Over the next five years, growth in investments will be driven by strong capacity additions, led by strong growth in demand and high existing operating rates across some of the key industries.

Sectoral mix of Planned Industrial investments

	2001-06	2007-11E
Cement	5%	5%
Textiles	18%	10%
Oil and Gas	53%	35%
Auto	12%	10%
Metals	8%	37%
Others	4%	3%
Total	2,274	6,954

Source: Crisil Research

Demand for power transformer has witnessed a strong upturn due to simultaneous investments in the power generation capacity and the transmission and distribution sector. Further boost has been provided by the Government's thrust on rural electrification through Rajiv Gandhi Grameen Vidyutikaran Yojana, which aims to install one distribution transformer in every village.

Attractive margins

Operating margins expanded 800 bps to 22.9% in Q3FY08. During the quarter, material prices (copper and steel) have remained range-bound, which enabled the manufacturers to manage the material price risk. This, coupled with larger volumes resulted in attractive margins.

Revised earnings upwards

We are raising our earnings estimates by 7% and 5% in FY08 and FY09, respectively.

Order book remains strong

At the end of December 2007, the company's order backlog stood at Rs.4.0 bn, which is close to eight months of FY08 estimated net revenues. Voltamp's capacity has recently been increased to 9000 MVA. Moreover, the company is contemplating setting up another transformer making plant.

We upgrade the stock to BUY with a price target of Rs.1850

Valuation

Voltamp is currently trading at 18.1x and 14.2x FY08 and FY09 earnings, respectively. We upgrade the stock to **BUY** with a price target of Rs.1850.

RESULT UPDATE

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THERMAX LTD

PRICE : RS.670 RECOMMENDATION : HOLD
TARGET PRICE : RS.750 FY09E PE : 21.5X

Highlights

- Faster execution resulted in revenues ahead of expectations. Earnings for the third quarter were ahead of our expectations.
- The key issue is of growth in order inflows, which has slackened. Revenue growth is likely to moderate in FY09.
- Valuations have corrected and now appear attractive compared to the peer group.
- We upgrade to **HOLD** with a price target of Rs.750.

Summary table

(Rs mn)	FY07	FY08E	FY09E
Sales	23,319	35,484	42,679
Growth %	43.4	52.2	20.3
EBITDA	3,002	4,314	5,418
EBITDA margin %	12.9	12.2	12.7
Net profit	2,118	2,984	3,696
Net cash (debt)	6,693	6,480	9,495
EPS (Rs)	17.8	25.1	31.1
Growth %	68.5	40.9	23.9
CEPS	17.4	26.9	33.5
DPS (Rs)	6.0	6.0	6.0
ROE %	34.4	41.6	37.8
ROCE %	52.3	57.6	52.7
EV/Sales (x)	3.2	2.1	1.8
EV/EBITDA (x)	25.1	17.4	13.9
P/E (x)	37.6	26.7	21.6
P/Cash Earnings	38.5	24.9	20.0
P/BV (x)	13.5	9.8	7.2

Source: Company & Kotak Securities - Private Client Research

Standalone Numbers

	Q3FY08	Q3FY07	% chg	9MFY08	9MFY07	% chg
Net Sales from operations	**8,454**	**5499**	**53.7**	**22,820**	**13,548**	**68.4**
Other Income	86	83	3.6	292	236	23.9
Total Expenditure +	7,405	4739	56.3	19,995	11,648	71.7
RM costs	5,901	3659	61.3	15,639	8,539	83.2
purchase of trading goods	73			159	104	52.0
Staff costs	631	498	26.6	1,794	1,289	39.2
Other costs	801	581	37.7	2,403	1,716	40.1
PBIDT	**1,049**	**760**	**38.1**	**2,825**	**1,900**	**48.7**
Interest	3	5	-53.7	8	8	3.8
PBDT	**1,133**	**838**	**35.2**	**3,109**	**2,128**	**46.1**
Depreciation	53	47	11.4	157	135	16.4
PBT	**1,080**	**790**	**36.7**	**2,952**	**1,993**	**48.1**
Tax	330	236	39.9	950	581	63.4
Adj PAT	750	555	35.3	2,002	1,412	41.8
Extra-ordinary Items +	-	0		-	(231)	
Reported PAT	750	555	35.3	2,002	1,181	69.6
Equity						
RM costs to sales%	70	67		69	63	
Other costs to sales%	9.5	10.6		10.5	12.7	
PBIDTM (%)	12.4	13.8		12.4	14.0	
Tax rate %	31	30		32	29	

Source: Company

Quarterly results

- Standalone revenues for the quarter have grown 54% YoY to Rs.8.45 bn.
- On the back of strong demand for boilers and heaters from the steel, pharma, textiles, power and oil & gas sectors, the company's energy division continues to be the prime growth driver for the company.
- Thermax is mainly present in the industrial water and waste-water treatment business. This segment is showing healthy growth prospects.

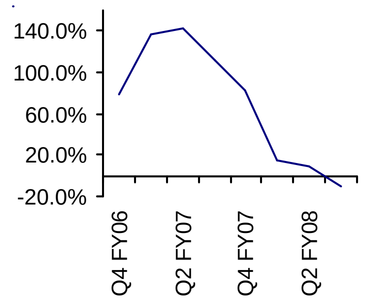
Segment revenues

Rs mn	Q3 FY08	Q3 FY07	% change
Segment- Energy	6908	4363	58
Segment - Enviro	1624	1241	31

Source: Company

- Operating margins for the quarter came at 12.4% and was down 140 bps YoY. We believe the margin decline could be on account of project mix changes and appreciation (net forex exposure of 6-7%). We do not see further downsides to margins and expect margins to stabilize at 12-13%.

Consolidated order backlog (%)



Source: Company

Segment Margins

%	Q3 FY08	Q3 FY07
Segment- Energy	12.6%	14.3%
Segment - Enviro	12.2%	12.2%

Source: Company

- Net profit (standalone) for the quarter has increased 35.3% YoY to Rs.750 mn. Consolidated profit grew 47% to Rs.801 mn.
- Order backlog (consolidated) is down 11% YoY to Rs 29.2 bn, thus imparting a revenue visibility of 10 months of sales. On a sequential basis, we assess that order inflows appear to have moderated. Thermax is looking at taking projects in the segment up to 150 MW. Order win on this front could significantly improve order backlog.

Changes in earnings estimates: Raise FY08 earnings, factor in moderation in revenue growth in FY09

- We have fine-tuned our FY08 earnings to incorporate faster execution-led revenue growth. We have reduced our margin projection to arrive at earnings growth for the year.
- Revenue visibility for the company has clearly reduced and is at the lowest in the last several quarters. We understand that rather than any slowdown in business environment, the company is facing capacity constraints, which is resulting in slower order booking. We project revenue growth to slow to 21% in FY09. We expect the company to report earnings of Rs.31.1 per share. Revenue growth could surprise us in FY09 if the Vadodara plant ramps up faster.

Outlook

- Thermax has spent Rs.800 mn in FY07 and plans a capex of Rs.1.3-1.4 bn in FY08 mainly towards the greenfield boiler manufacturing facility at Vadodara. The plant is expected to come on stream in phases beginning from Q4FY08.
- Thermax's exports to sales typically stay in the range of 17-20% and overseas sales are geographically diversified. Moreover, due to imports to the tune of close to 10% of sales, the net forex exposure is estimated at 6-9%. The management is looking at every option to hedge their forex exposure.
- Thermax's cogen division has been mainly focusing on the sub-25 MW captive power project. Over the last four years, this division has demonstrated sound project management capability in executing cogen plants on an EOC basis. Now the company has expanded its scope of work to also address the up to 150

MW market.

- The management had guided towards a 40% earnings growth in FY08 and appears well on course to surpass it.
- The balance sheet continues to be strong with liquid cash of around Rs.6.0 bn equivalent to Rs.50 per share. Working capital is also cash accretive.

Valuation

We recommend HOLD on Thermax with a price target of Rs.750

The Thermax stock has corrected 30% from its high of Rs.968.

At the current price, the stock is trading at 26.7x and 21.6x FY08 and FY09 earnings, respectively. We believe valuations are attractive compared to its peers.

Valuation

(x)	PE 09	EV/EBITDA 09
Thermax	21.6	13.9
BHEL	23.3	14.7
Blue Star	18.5	12.1
Voltas	23.1	15.9
L&T	29.7	21

Source: Company

In view of this, we upgrade the stock to **HOLD** with a price target of Rs.750.

RESULT UPDATE

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SHOPPERS' STOP

PRICE : RS.402 **RECOMMENDATION : HOLD**
TARGET PRICE : RS.480 **FY09E PE : 60.8X**

Highlights

- Shoppers' Stop reported its Q3FY08 results, which were below our expectations.
- The company reported net sales of Rs.3.08 bn as compared to Rs.2.34 bn in the corresponding quarter last year, a jump of 31%. However, PAT was down from Rs.140 mn in Q3FY07 to Rs.15.5 mn this quarter.
- EBITDA margins were also down from 10.2% to 4.9% primarily on account of lower sales growth from old stores and operating losses incurred by new stores and new formats.

With a disappointing quarter, we have reduced our estimates for FY08 and FY09 to factor in the results. We reduced our target price for the standalone business from Rs.440 earlier to Rs.430 based on the DCF methodology. We retain our Rs.50 value for the 51% stake in Hypercity that Shoppers' Stop has the option to acquire before December 31 2008.

With a recent correction in the stock price we upgrade the stock from **REDUCE** to **HOLD** with a price target of Rs.480.

Summary table

(Rs mn)	FY07	FY08E	FY09E
Sales	8,995	12,088	16,309
Growth (%)	32.8	34.4	34.9
EBITDA	674	561	952
EBITDA margin (%)	7.5	4.6	5.8
Net profit	261	101	231
Net cash (debt)	(137)	(588)	(1,811)
EPS (Rs)	7.6	2.9	6.6
Growth (%)	-3.5	-61.4	128.4
CEPS	15.0	14.1	22.1
DPS (Rs)	1.5	0.6	1.3
ROE (%)	9.2	3.4	7.5
ROCE %	11.9	4.7	10.8
EV/Sales (x)	1.7	1.3	1.0
EV/EBITDA (x)	22.3	27.0	16.7
P/E (x)	53.0	138.8	60.8
P/Cash Earnings	26.8	28.5	18.2
P/BV (x)	4.7	4.7	4.4

Source: Company & Kotak Securities - Private Client Research

Quarterly performance

(Rs mn)	Q3FY08	Q3FY07	QoQ (%)	9MFY08	9MFY07	YoY(%)
Gross Sales	3,409	2,628	29.72	8,808	6,639	32.7
Net Sales	**3,081**	**2,344**	**31.43**	**7,957**	**5,899**	**34.9**
Expenditure:						
Cost of goods sold	1,947	1,483	31.30	5,010	3,731	34.3
% to gross sales	57.1	56.4		56.9	56.2	
Employee costs	212	157	35.49	610	417	46.3
% to gross sales	6.2	6.0		6.9	6.3	
Lease rent and hire charges	265	164	61.18	718	459	56.4
% to gross sales	7.8	6.3		8.1	6.9	
Other operating expenses	326.43	205.65	58.73	864	546	58.1
% to gross sales	9.6	7.8		9.8	8.2	
Sales and distribution expenses	179.99	95.87	87.74	355	229	55.3
% to gross sales	5.3	3.6		4.0	3.4	
Total expenses	2931	2105	39.2	7,557	5,381	40.4
EBITDA	**150**	**239**	**(37)**	**401**	**518**	**(22.6)**
EBITDA Margin (%)	4.9	10.2		5.0	8.8	
Depriciation	102	31	228	287	114	
Gross Profit	48	208	(77)	114	404	(71.8)
Interest and finance cost (net)	13	(12)		29	(40)	
Other income	1	11	(89)	23	17	34.8
PBT	**36.7**	**230.3**	**(84.1)**	**107.6**	**460.5**	**(76.6)**
Tax	21.1	89.6		57	176	
PAT	**15.6**	**140.7**	**(88.93)**	**50**	**285**	**(82)**
EPS (Rs)	**0.4**	**4.0**	**(88.9)**	**1.4**	**8.2**	**(82.4)**

Source: Company

Revenues

- The company reported net sales of Rs.3.08 bn as compared to Rs.2.34 bn in Q3FY07, a jump of 31%. For 9MFY08, the company has recorded a net turnover of Rs.7.96 bn as against Rs.5.89 bn in the same quarter last year.
- Shoppers' Stop stores reported sales growth of 28%. Sales growth of 31% was recorded across all formats.
- Sales/sq ft for Shoppers' Stop declined from Rs.2539/sq ft to Rs.2528/sq ft. We feel this is because of the lower sales growth from older Shoppers' Stop stores, which reported low like-to-like growth, as well as the addition of a large 76,437 sq ft store at MGF Saket in New Delhi. The store opened in mid December, impacting the overall figure of sales/sq ft for the quarter.
- However sales/sq ft for all formats also reported a 9% decline from Rs.2508 in Q3FY07 to Rs.2290 for Q3FY08. This could be attributed again to addition of a large format store at Saket in New Delhi. This houses formats such as Home Stop, Clinique, Arcelia and Crossword.
- Like-to-like growth for Shoppers' Stop was at 13%, which we feel is low, especially as Q3 is the festive period wherein we had estimated higher like-to-like growth. The low repeat sales resulted in Shoppers' Stop stores reporting lower sales.
- The company attributes this low like-to-like growth to the fact that there were less marriage days in North India this December. Going forward, this should improve.
- Like-to-like growth across all formats stood at 17%.
- Another important factor which resulted in lower sales was the conversion ratio declining from 27% in Q3FY07 to 25% for Q3FY08.
- Sales mix comprised 57.6% apparel sales and 42.4% non apparel sales.

Disappointing EBITDA figures, margins

- At the EBITDA level, Shopper's Stop reported disappointing numbers of Rs.149.9 mn, resulting in an EBITDA margin of 4.9% as compared to EBITDA of Rs.238.59 mn and EBITDA margins of 10.2% in the corresponding quarter last year.
- EBITDA de-growth is primarily on account of new stores and new formats such as Home Stop, Arcelia, Mothercare, Clinique, Crossword and F&B outlet reporting operating losses. For the quarter, the new formats have reported operating losses of Rs.42.2 mn.
- Also, Shoppers' Stop departmental stores reported EBITDA of 6.5%. This is also on account of the company now operating three very large format stores, which were all opened this fiscal. They would take some time to ramp up sales/sq ft and other operational parameters, which impact operating margins.
- Gross margins stood at 32.5% for Shoppers' Stop departmental stores, 34.3% for new formats and 32.7% for the entire business.
- Private label mix declined from 19% in Q3FY07 to 18.4% for Q3FY08.
- In Q2FY08, energy costs in Mumbai had gone up over 300%. However, after a court ruling the company may be in a position to reverse that entire amount, which is close to Rs.25 mn. The company has made a provision for this. In case it is written back, the company's EBITDA would get a Rs.25 mn jump, which would result in higher profitability.

PAT

- At the net level, the company reported PAT of Rs.15.58 mn as compared to Rs.140.7 mn in the same quarter last year, implying an 89% de-growth.
- EPS for Q3FY08 stands at Rs.0.49 and EPS for 9MFY08 stands at Rs.1.48.

Other key highlights

- The company opened two new stores in the quarter.
- A standalone Shoppers' Stop format spanning 76,437 sq ft in New Delhi.
- A combination store with the formats of Home Stop, Arcelia, Clinique, MAC, Mothercare and Crossword spanning 63,000 sq ft.
- A new format Clinique was introduced in the quarter, which is a high end cosmetic store.
- First Citizen, the loyalty program, has 971,000 members, an increase of 30% over last year and they contribute 65% to the sales of the company.
- The company now operates a total retail area of 1.5 mn sq ft including shop-in-shops.
- Shopper's Stop has doubled the size of its four distribution centers to support its further expansion.
- The company is looking to add eight to nine stores in FY09 and one more store in FY08.
- On the Hypercity front, the company is looking to add close to 0.7 mn sq ft over the next two years.

Outlook

- We have made adjustments to our earnings estimates to factor in Q3FY08 results.
- We now estimate revenues to grow at a CAGR of 35% between FY07-09 and EPS to be at 6.6 in FY09 as compared to 7.6 in FY07.

Change in Estimates

	FY08			FY09		
(Rs mn)	Old	New	% chg	Old	New	% Chg
Sales	12,772	12,088	(5.36)	16,674	16,309	(2.19)
EBITDA	715	561	(21.58)	1,004	952	(5.18)
EBITDA %	5.6	4.6		6.0	5.8	
PAT	197.4	100.9	(48.9)	268	231	(14.0)
EPS (Rs)	5.7	2.9	(48.9)	7.7	6.6	(14.0)

Source: Kotak Securities - Private Client Research

- We expect EBITDA margins to be at 5.84% in FY09.
- The company has guided EBITDA margins to be in the range of 5.5 - 6% over the next 15 months.
- The company is looking to file its Rights Issue documents over the next few weeks to raise funds for further expansion. This could be to the tune of Rs.5000 mn. We have not considered this in our projections.

Valuation and Recommendation

We upgrade our recommendation from REDUCE to HOLD on Shoppers' Stop with a price target of Rs.480

We value the Shoppers' Stop standalone business on DCF methodology at Rs.430 and value the 51% Hypercity stake that the company has the option to acquire at Rs. 50/share. (0.72(x) FY09E sales).

We had recommended a REDUCE on Shoppers Stop at Rs.492 post which the stock is corrected by 18%.

With a recent correction in the stock price we upgrade the stock from **REDUCE** to **HOLD** with a price target of 480.

Bulk deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy / Sell	Quantity of shares	Avg. Price (Rs)
29-Jan	A V Cottex I	Niti Mehra	S	40,000	22.50
29-Jan	Axon Infotec	Sheth Enterprises Pvt Ltd	S	3,700	57.00
29-Jan	Axon Infotec	Montu C Sheth	S	8,000	57.00
29-Jan	Axon Infotec	Giriraj Estate Pvt Ltd	S	4,000	57.00
29-Jan	Baba Arts	Gifts And Novelties Impex	S	130,000	23.39
29-Jan	Comp-U-Learn	Srivenkata Ramana Tammisetty	S	57,510	16.79
29-Jan	Diamon Cable	JM Core 11	B	300,000	510.00
29-Jan	Gopala Polyp	H.R. Javeri	B	58,000	8.28
29-Jan	Gulshan Poly	Micro Management Ltd	B	32,320	491.76
29-Jan	HFCL Infotel	Anmol Associates Pvt Ltd	B	55,000	26.47
29-Jan	Khaitan Wvg	Sushil Kumar Jain	B	10,000	50.78
29-Jan	Poonam Pharm	Swarn Ganga Trading Pvt. Ltd.	B	40,100	4.00
29-Jan	Prakash Ind.	Merrill Lynch Capital Markets Espana S.A. S.V.	B	705,000	278.45
29-Jan	Rai Sh Rek M	C S Buildwell Pvt Ltd	B	30,000	68.34
29-Jan	Rama Paper	Pothen E P	S	41,046	22.56
29-Jan	SEL Manuf	Nirmal Kotecha	B	262,122	193.10
29-Jan	SEL Manuf	Kalpa Sachin Shah	S	90,500	195.10
29-Jan	Sujanatower	Live Star Marketing Pvt Ltd	B	325,000	190.65
29-Jan	Tech Ele Eng	ICICI Prudential Life Insurance	B	486,000	257.50
29-Jan	Tech Ele Eng	Citi Group Venture Capital Intl. Grwth. Part. Mau. Ltd.	S	793,460	257.50
29-Jan	Tribhvan Hsg	Snehalatha Singhi	B	25,307	28.49
29-Jan	Tribhvan Hsg	Trishla Vyapaar Pvt Ltd	S	56,000	27.60
29-Jan	Tribhvan Hsg	S L Trades and Finance I Pvt Ltd	S	83,000	27.60
29-Jan	Tribhvan Hsg	Falcon Complex Pvt Ltd	S	72,790	29.01

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
ONGC	1,020	2.0	7.3	1.0
Suzlon Energy	343	8.8	7.2	6.5
Infosys Tech	1,493	3.2	4.6	1.1
Losers				
ICICI Bank	1,220	(4.2)	(10.3)	3.7
SBI	2,231	(3.6)	(9.0)	1.0
Unitech	388	(5.6)	(6.4)	3.7

Source: Bloomberg

Forthcoming events

COMPANY / MARKET

Date	Event
30-Jan	Aditya Birla Nuvo, Gillette India, Procter & Gamble, National Fert, Shipping Corp, M&M, Tata Chemicals, Concor, Hindalco Industries, EIH, MTNL, Merck, NTPC, Sun Pharma, Mphasis, Bank of Baroda, Oriental Bank of Commerce, Aurobindo Pharma, GMDC, Gateway Distriparks earnings expected
31-Jan	BPCL, ACC, Tata Motors, Indian Oil Corp, Colgate Palmolive India, MRF, Cadila Healthcare, Alok Industries, Punj Lloyd, Gail India, Hero Honda Motors, Siemens, Reliance Communication, Ispat Industries, AIA Engg, Indraprastha Gas earnings expected

Source: Bloomberg

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