

Equity	% Chg			
	23-Jan	1-day	1-mth	3-mth
India				
Sensex	17,594	5.2	(11.4)	(5.0)
Nifty	5,203	6.2	(13.1)	(5.3)
Global/Regional markets				
Dow Jones	12,270	2.5	(9.4)	(10.3)
Nasdaq	2,316	1.1	(14.6)	(16.5)
FTSE	5,609	(2.3)	(13.4)	(13.5)
Nikkei	13,014	1.4	(14.7)	(20.4)
Hang Seng	24,075	(0.1)	(14.4)	(17.9)

Value traded (Rs bn)	BSE	NSE
Cash	71.3	192.6
Derivatives	2.3	360.7
Total	73.6	553.3

Net inflows	Recent trends (days)			
	(Rs bn)	22-Jan	-7d	-15d
FII	(24.3)	(77.3)	(59.9)	(31.3)
MF	20.0	6.8	21.6	50.1

Forex / Crude	% Chg			
	23-Jan	1-day	1-mth	3-mth
Rs/US\$	39.6	0.0	(0.3)	0.1
Euro/US\$	1.5	(0.1)	1.5	2.5
Crude(\$/bbl)	87.7	0.9	(6.8)	0.7

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Sterlite Optical	224.1	158.0	41.9
Peninsula Land	101.7	72.1	41.1
Ispat Industries	44.0	33.7	30.6
Top losers			
Hindustan Motors	53.1	58.7	(9.6)
Reliance Industrial	1,947.6	2,050.0	(5.0)
Taneja Aerospace	176.9	186.2	(5.0)

In focus

Bank of India – Results Update

Non-interest income drives performance **CMP: Rs 390 Target: Rs 457 BUY**

Binani Cement – Results Update

Consistent margin expansion **CMP: Rs 91 Target: Rs 148 BUY**

HDFC Bank – Results Update

Sterling quarter **CMP: Rs 1,470 Target: Rs 1,879 BUY**

EMCO – Results Update

Projects division ramping up **CMP: Rs 1,194 Target: Rs 1,631 BUY**

Today's top buys

Reliance Industries, Reliance Energy

News track

- ❖ L&T has bagged orders aggregating Rs 10.6bn in the Gulf region, which include three EPC contracts worth Rs 4.6bn in Oman and an EPC order worth Rs 4.1bn in Abu Dhabi, among others. (BL)
- ❖ SBI is likely to put the merger of associate banks with itself on hold due to resistance from workers unions. (ET)
- ❖ Elecon Engineering has secured orders aggregating Rs 475.4mn for material handling and other equipment. These include a Rs 310mn order from BGR Energy and a Rs 108.5mn contract from Andhra Cement. among others. (BL)
- ❖ Pyramid Saimira is close to acquiring UK-based gaming company Auroa Games. (BS)
- ❖ Rolta has acquired Chicago-based software services firm TUSC for US\$ 45mn. The firm specialises in enterprise resource planning (ERP) applications as well as database and business intelligence solutions based on Oracle technology. (BS)
- ❖ Leading foreign funds, Citi Venture Capital and AIG, are picking up a 16% stake in Akruiti City (formerly Akruiti Nirman), a Mumbai-based real estate developer, for ~Rs 15 bn through preferential allotments. (ET)

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

Volume shockers

Delivery toppers

(No of shares)	23-Jan	2-mth avg	Chg (x)	Company	Del (%)	Tot. vol	Cons days
Tele Data Info	1,556,293	48,397	32.2	Aban Offshore	70.6	130,811	1
Kansai Nerolac	234,895	12,617	18.6	ABB India	72.9	689,766	1
Swan Mills	3,238,031	204,172	15.9	Alstom Projects	62.4	131,118	1

Bank of India

Results Update

CMP: Rs 390

Target: Rs 457

BUY

Abhishek Agarwal **Dinesh Shukla**
 (91-22) 6612 4753 (91-22) 6612 4739
 abhishek.a@religare.in dinesh.shukla@religare.in

BSE code 532149
 NSE code BANKINDIA

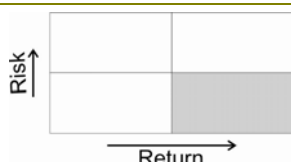
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	190.4/ 4.9
Outstanding equity shares (mn)	488.1
52-week high/low (Rs)	466/ 132
Quarterly average daily volume	510932

Financial snapshot

Particulars	FY07	FY08E	FY09E
NII (Rs bn)	34.4	41.5	51.0
Growth (%)	30.7	20.7	22.7
Adj net profit (Rs mn)	11.2	17.0	22.0
Growth (%)	60.1	51.3	29.7
FDEPS (Rs)	23.0	32.3	41.9
Growth (%)	60.1	40.4	29.7
P/ABV (x)	3.7	2.4	1.9
ROE (%)	20.6	21.7	20.6

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Govt	69.5	69.5
FIIIs	16.4	16.4
Banks & FIs	5.5	5.4
Public	8.6	8.7

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
BOI	390	8.9	21.7	47.6
Sensex	16,730	(12.5)	(4.8)	7.7
BSE Bankex	10,186	(5.0)	12.9	21.5

Company website www.bankofindia.com

Non-interest income drives performance

Bank of India (BOI) has bettered our expectations for Q3FY08 on the back of a sharp growth in non-interest income. Higher treasury gains together with a substantial quantum of recoveries fuelled a 72% YoY rise in non-interest income to Rs 5.5bn. NII expanded at a steady pace of 26% YoY during the quarter to Rs 10.8bn.

The management expects the growth momentum to continue with stable margins and strong recoveries. BOI was expected to announce the pricing of its QIP issue along with its results, but the issue has now been delayed with a tentative completion timeframe of end-February. Based on the bank's robust performance over the past nine months, we have raised our earnings estimates for FY08 and FY09 by 22% and 31% respectively. We maintain our target price of Rs 457 and reiterate our Buy recommendation on the stock.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
NII	10.8	10.1	7.2
PPP	9.7	7.2	34.0
PAT	5.1	3.1	62.6
EPS (Rs)	10.5	6.4	62.6

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Int on advances	23.6	16.1	46.9	22.7	3.9
Inc on investments	7.2	5.8	24.1	6.1	17.2
Int on balance with RBI	0.8	0.8	1.5	0.9	(18.6)
Interest income	31.5	22.6	39.6	29.8	5.9
Interest expenses	(20.7)	(14.0)	48.1	(19.9)	4.1
Net interest income	10.8	8.6	25.7	9.9	9.5
Other income	5.5	3.2	71.9	5.3	4.9
Total income	16.3	11.8	38.3	15.1	7.9
Operating expenses	(6.6)	(6.3)	5.5	(6.7)	(1.8)
PPP	9.7	5.5	75.6	8.4	15.7
Provisions and W/off	(2.3)	(2.3)	1.2	(3.0)	(22.7)
PBT	7.4	3.2	128.0	5.4	36.9
Taxes	(2.3)	(0.7)	227.4	(1.2)	97.9
PAT	5.1	2.5	100.8	4.3	20.4
Cost/Income ratio (%)	40.5	53.2	-	44.5	-
NIM (%)	3.1	3.0	-	3.1	-

Source: Company, Religare Research

Result highlights

NIM improved by 17bps YoY to 3.14%

NII up 26% YoY to Rs 10.8bn

BOI has reported a growth of 25.7% YoY in net interest income (NII) to Rs 10.8bn. The growth was led by higher business growth and improving margins. Business expanded 28.5% YoY to Rs 2,395bn with deposits increasing 27.4% to Rs 1,358.4bn and advances up 29.9% to Rs 1,036.6bn. The net interest margin (NIM) improved by 17bps YoY and 5bps sequentially to 3.14%, leading to higher NII growth.

CASA deposits constituted only 29% of the total funds as compared to 33% a year ago. However, a lower proportion of bulk deposits (10% of the total) contained the cost of funds to 5.29% at the end of December 2007 as compared to 5.19% at the end of September 2007.

Treasury gains and recoveries push up non-interest income

Non-interest income ahead of estimates

Non-interest income grew 72% YoY to Rs 5.5bn aided by higher treasury gains and robust recoveries. Treasury gains doubled to Rs 1.2bn largely due to profits from the equity portfolio, while recoveries quadrupled to Rs 0.8bn. We expect recoveries to continue as the bank has a written-off portfolio totalling Rs 11bn.

Break up of non-interest income

Particulars (Rs bn)	Dec 2007	Dec 2006	% Chg
Commission / Exchange / Brokerage	1.9	1.3	42.0
Profit from exchange transactions	0.9	0.6	55.4
Profit from sale of securities	1.2	0.6	110.9
Recovery from written-off accounts	0.8	0.2	400.0
Others	0.9	0.7	38.5
Total non-interest income	5.5	3.2	72.0

Source: Company, Religare Research

PAT doubles to Rs 5.1bn as operating expenses & provisioning remain flat

Operating expenses were flat during the quarter, resulting in an improved cost-income ratio of 40.5% as compared to 53.2% a year ago. The transitional liability towards AS-15 norms is estimated at Rs 5bn. Of this, BOI has already provided for Rs 970mn this year. Provisioning expenses also remained flat, resulting in a doubling of net profit to Rs 5.1bn.

QIP issue delayed to end of February

QIP issue delayed

BOI is coming out with a QIP issue to raise capital and the EGM to decide upon the allotment and pricing of the issue was scheduled for January 23. The base price has been fixed at Rs 359/share; however, the issue has been delayed and the management now expects to complete it tentatively by the end of February 2008.

Estimates revised to build in strong 9mFY08 performance

BOI has targeted business growth of 20% for FY08 and expects its credit portfolio to increase by 25%. Going by the performance for the first nine months of the fiscal, we believe the bank would comfortably surpass its growth targets. Non-interest income is also expected to grow robustly on the back of sustained expansion in fee income and robust recoveries. We are raising our FY08E and FY09E estimates to incorporate the strong 9mFY08 performance, besides introducing FY10 projections for the bank.

Revision of estimates

(Rs bn)	FY08E			FY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
NII	40.7	41.5	2.0	48.2	51.0	5.7
Net profit	13.9	17.0	22.3	16.8	22.0	31.2
FDEPS (Rs)	26.5	32.3	22.3	31.9	41.9	31.2

Source: Religare Research

Valuation

Growth prospects remain intact; Buy

Maintain target of Rs 457; Buy

At the current price, the stock is trading at a P/E of 9.3x and P/ABV of 1.9x on FY09E. We believe BOI's growth prospects remain intact and expect the QIP issue to be completed by the end of the current fiscal, thus providing adequate funds to sustain business growth targets.

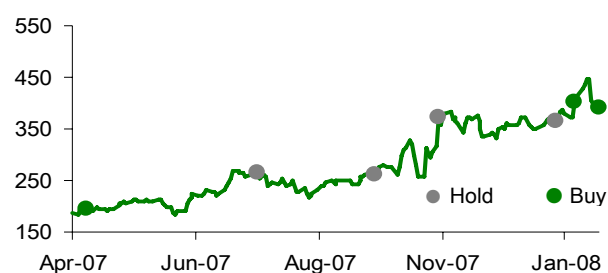
We maintain our Buy recommendation on the stock with a target price of Rs 457. At this price the stock would trade at a P/ABV of 2.2x on FY09E which is a premium to peers. We believe the premium is justified in view of BOI's above-industry business growth, consistent profitability and strong asset quality.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
30-Apr-07	Results Update	195	236	Buy
26-Jul-07	Results Update	263	300	Hold
27-Sept-07	Company Update	262	300	Hold
31-Oct-07	Results Update	373	391	Hold
31-Dec-07	Company Update	365	400	Hold
10-Jan-08	Company Update	400	457	Buy
23-Jan-08	Results Update	390	457	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Standalone financials

Profit and Loss statement

(Rs bn)	FY07	FY08E	FY09E	FY10E
Interest earned	91.8	122.0	151.5	186.6
Interest expended	57.4	80.5	100.5	125.4
Net interest income	34.4	41.5	51.0	61.2
Growth (%)	30.7	20.7	22.7	20.1
Non-interest income	15.6	20.2	22.1	24.7
Comm, Exchange & Brokerage	8.2	10.5	12.2	14.5
Growth (%)	32.0	29.0	9.5	11.9
Operating expenses	26.1	28.0	31.5	34.8
Pre-provisioning profits	23.9	33.7	41.5	51.1
Growth (%)	40.8	40.8	23.2	23.0
Provisions & contingencies	8.6	10.0	10.1	12.3
PBT	15.3	23.8	31.5	38.9
Income tax, Interest tax	4.1	6.8	9.4	11.7
Net profit	11.2	17.0	22.0	27.2
Growth (%)	60.1	51.3	29.7	23.5

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY07	FY08E	FY09E	FY10E
Cash in hand & bal with RBI	72.0	118.0	148.9	174.6
Balance with banks, Money at call	102.1	45.7	62.4	60.2
Investments	354.9	473.7	572.3	736.2
Advances	849.4	1,089.3	1,378.0	1,722.5
Fixed assets (net)	7.9	8.7	9.6	10.5
Other assets	30.1	31.3	34.6	41.3
Total assets	1,416.4	1,766.7	2,205.8	2,745.3
Equity capital	4.9	5.3	5.3	5.3
Reserves & surplus	54.1	92.4	111.2	134.3
Net worth	59.0	97.7	116.5	139.5
Deposits	1,198.8	1,522.6	1,921.2	2,408.1
Current deposits (a)	93.7	117.1	143.4	179.3
Savings bank deposits (b)	292.5	361.3	451.6	564.5
Term deposits (c)	812.6	1,044.2	1,326.1	1,664.3
Borrowings (incl sub-ord bonds)	113.8	98.9	122.5	147.1
Other liabilities & provisions	44.8	47.5	45.6	50.5
Total liabilities	1,416.4	1,766.7	2,205.8	2,745.3

Source: Company, Religare Research

Key ratios

Year-end March	FY07	FY08E	FY09E	FY10E
Per share data				
Shares outstanding (mn)	488.1	525.9	525.9	525.9
FDEPS (Rs)	23.0	32.3	41.9	51.7
DPS (Rs)	3.5	4.5	5.5	7.0
Book value (Rs)	120.8	185.8	221.5	265.3
Adjusted book value (Rs)	104.8	162.7	203.8	247.8

Valuation ratios

P/E (x)	16.9	12.1	9.3	7.5
P/BV (x)	3.2	2.1	1.8	1.5
P/ABV (x)	3.7	2.4	1.9	1.6

Earnings quality (%)

Net interest margin	2.8	2.7	2.6	2.5
Yield on advances	8.5	9.5	9.5	9.3
Yield on investments	7.3	6.5	6.3	6.4
Cost of funds	4.9	5.5	5.5	5.5
Cost/Income	52.1	45.3	43.1	40.5
Return on average net worth	20.6	21.7	20.6	21.3
Return on average assets	0.9	1.1	1.1	1.1

Growth ratios (%)

Net interest income	30.7	20.7	22.7	20.1
Other income	32.0	29.0	9.5	11.9
Total income	31.1	23.3	18.4	17.6
Pre-provisioning profit	40.8	40.8	23.2	23.0
Net profit	60.1	51.3	29.7	23.5
Advances	30.3	28.3	26.5	25.0
Deposits	27.6	27.0	26.2	25.3

Asset quality

Proportion of low-cost deposits (%)	32.2	31.4	31.0	30.9
Credit-Deposit ratio (x)	70.8	71.5	71.7	71.5
Investment/Deposit (%)	29.6	31.1	29.8	30.6
Net NPA ratio	0.7	0.3	0.2	0.2
CAR	11.6	13.4	13.7	13.0
Tier-I ratio	6.5	8.6	8.6	8.8

Source: Company, Religare Research

Binani Cement

Results Update

CMP: Rs 91

Target: Rs 148

BUY

Dalpat Mehta

(91-22) 6612 4696

dalpat.mehta@religare.in

BSE code: 532849
NSE code: BINANICEM

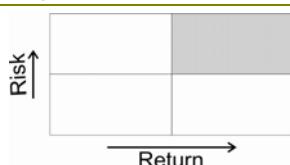
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	18.4/465.8
Outstanding equity shares (mn)	203.1
52-week high/low (Rs)	130/59
2-month average daily volume	195,414

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	6,798.3	12,000.0	16,740.0
Growth (%)	39.2	76.5	39.5
Adj net profit (Rs mn)	956.1	2,500.0	3,800.0
Growth (%)	80.5	161.5	52.0
FDEPS (Rs)	4.7	12.3	18.7
Growth (%)	80.5	161.5	52.0
P/E (x)	19.3	7.4	4.9
ROE (%)	34.5	62.1	56.7

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	64.9	64.9
FIs	27.8	28.0
Banks & FIs	1.3	0.1
Public	6.0	7.0

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Binani Cem	91	(18.7)	(15.3)	35.5
Sensex	16,730	(12.7)	(5.0)	7.5

Company website: www.binani.com

Consistent margin expansion

In line with our expectations, Binani Cement (BCL) has reported robust third quarter results, with net sales rising 41% YoY to Rs 2.3bn accompanied by a 77% increase in EBITDA to Rs 884mn. The company has recorded an improvement in margins at all levels, surpassing peer performance. Net profit has increased substantially by 210% YoY to Rs 540mn mainly on account of higher other income and lower tax provisioning.

During the quarter, the 3MnT clinker unit and 1.5MnT split grinding unit at Sirohi commenced production. The second split grinding plant is likely to come onstream this month, taking the company's total cement production capacity to 6MnT. The increase in capacity comes at an opportune time when prices are ruling firm, with strong demand and continued supply constraints.

Apart from organic growth, BCL is also looking to expand via overseas acquisitions. It has already acquired a 70% stake in Chinese cement manufacturer Shandong Binani Rongan Cement, which is licensed to produce 2.2MnT of cement. BCL now proposes to raise US\$ 125mn to fund further overseas acquisitions. Considering the well defined growth plans and strong operational performance, we believe the company holds strong growth potential. We reiterate our Buy rating on the stock with a target price of Rs 148.

Actual versus estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,333.1	2,430.0	(4.0)
EBITDA	883.9	880.0	0.4
PAT	539.5	560.0	(3.7)
EPS (Rs)	2.7	2.8	(3.7)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Net sales	2,333.1	1,654.1	41.0	2,137.4	9.2
EBITDA	883.9	500.4	76.6	693.4	27.5
Depreciation	155.6	108.5	43.4	113.5	37.1
EBIT	728.3	391.9	85.8	579.9	25.6
Interest	138.2	82.0	68.5	98.3	40.6
Other income	20.0	12.1	65.3	59.6	(66.4)
PBT	610.1	322.0	89.5	541.2	12.7
Tax	70.6	147.9	(52.3)	62.5	13.0
PAT	539.5	174.1	209.9	478.7	12.7
EPS (Rs)	2.7	0.9	209.9	2.4	12.7

Margins (%)

EBITDA	37.9	30.3	-	32.4	-
EBIT	31.2	23.7	-	27.1	-
PBT	26.1	19.5	-	25.3	-
PAT	23.1	10.5	-	22.4	-

Source: Company, Religare Research

Result highlights

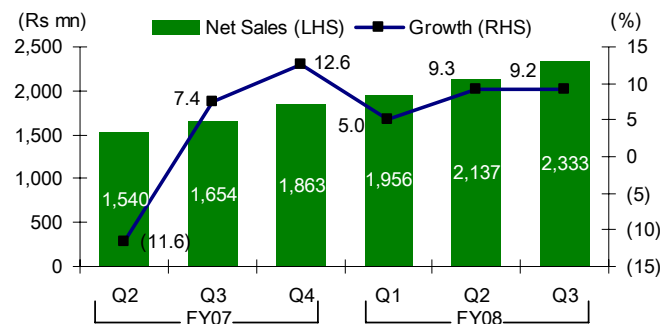
Sale volumes up 14% with a 9.5% rise in net realisation

Higher volumes bolster net sales growth

Net sales for the third quarter have increased by 41% YoY to Rs 2.3bn as against Rs 1.7bn for the corresponding year-ago period. The growth was supported by a 13.7% expansion in cement sale volumes from 587,187MT to 667,8735MT as well as the sale of 88,295MT of clinker from the new facility that commenced production in October. The split grinding unit of 1.5MnT commenced production from the first week of December and hence did not contribute materially in the quarter.

BCL's performance far outstrips the industry average volume growth of 5.5% YoY for Q3FY08. For the nine month period, the company's volume growth stands at 11.8% against the industry average of 7.4%. The quarter also witnessed a 9.5% increase in net realisations for cement and clinker.

Sales growth trend



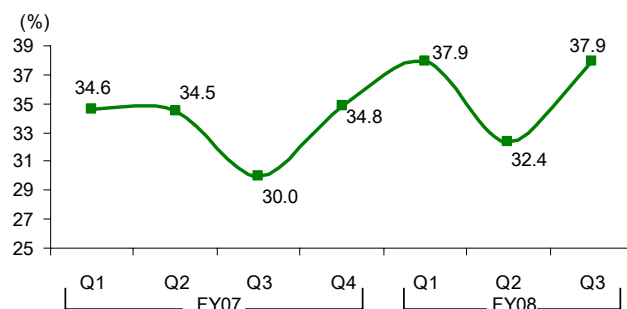
Source: Company, Religare Research

EBITDA margin comparable with industry peers

EBITDA margin improves 760bps YoY

BCL has reported a substantial 760bps rise in EBITDA margin to 37.9% on account of improved realisations and lower operating costs. This resulted in a 76.6% YoY growth in operating profit to Rs 884mn as against Rs 500.4mn in Q3FY07.

EBITDA margin trend



Source: Company, Religare Research

PAT rises substantially on higher other income and lower tax provisioning

Net profit for the quarter has increased by 210% YoY to Rs 539.5mn from Rs 174mn in Q3FY07. The growth is mainly on account of higher other income (up 65%) and lower tax provisioning, which more than offset the rise in depreciation and interest charges (stemming from newly commissioned capacities). Consequently, the PAT margin has risen sharply from 10.5% to 23% during the quarter.

9mFY08 results

(Rs mn)	9MFY08	9MFY07	% Chg	FY07
Net sales	6,426.7	4,935.0	30.2	6,798.3
EBITDA	2,318.3	1,633.6	41.9	2,280.7
Depreciation	380.1	323.6	17.5	434.6
EBIT	1,938.2	1,310.0	48.0	1,846.2
Interest	312.0	241.2	29.4	326.2
Other income	97.5	28.7	239.7	45.8
PBT	1,723.7	1,097.5	57.1	1,565.7
Tax	198.8	396.1	(49.8)	609.6
PAT	1,524.9	701.4	117.4	956.1
EPS (Rs)	7.5	3.5	117.4	4.7
Margins (%)				
EBITDA	36.1	33.1	-	33.5
EBIT	30.2	26.5	-	27.2
PBT	26.8	22.2	-	23.0
PAT	23.7	14.2	-	14.1

Source: Company, Religare Research

Strong growth in 9mFY08

Net sales for the first nine months of FY08 have come in at Rs 6.4bn as against Rs 4.9bn in 9mFY07, a growth of 30.2%. EBITDA has risen 41.9% to Rs 2.3bn from Rs 1.6bn. With depreciation and interest charges up by 17.5% and 29.4% respectively, substantially higher other income and lower tax provisions, PAT increased by 117% to Rs 1.5bn against Rs 701mn in 9mFY07.

Improvement in margins at all levels

BCL has recorded a consistent improvement in margins. For the first nine months of the fiscal, the EBITDA margin stands at 36.1%, EBIT margin at 30.2% and PAT margin at 23.7%.

Other highlights

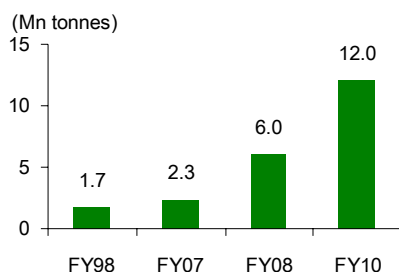
Clinker and grinding unit commence production

BCL's cement plant near Sirohi in Rajasthan has an installed clinker capacity of ~2mn MT (MnT) and an overall cement capacity of 2.3MnT. The unit also has a 25MW coal/lignite-based captive power plant which fulfils 75% of its power requirement. During the quarter, the company's cement capacity has risen to 4.5MnT following de-bottlenecking efforts and the commissioning of capacities for clinker (3MnT in October 2007) and grinding (1.5MnT in December). This will further go up to 6MnT with the commissioning of a second 1.5MnT grinding unit at Neem ka Thana in Q4FY08.

Targeting ramp up to ~12mn tonnes over next 3-4 years

The company plans to further expand its capacity to ~12MnT over the next three to four years. The plan is to put up two more greenfield projects, one in Gujarat and another in the eastern region. The new plant in Gujarat would have a capacity of 3MnT with a captive jetty. The company may look at exporting 50% of the output from this unit to the Gulf and East African countries.

Planned capacity ramp-up



Source: Company, Religare Research

BCL is also looking at inorganic growth and has already acquired a controlling interest in Chinese cement company, Shandong Binani Rongan Cement, for US\$ 11mn. This company has an annual clinker producing capacity of 400,000MT and is licensed to produce 2.2MnT of cement. BCL is now scouting for another overseas acquisition for which it is raising US\$ 125mn through the FCCB route, which may entail equity dilution of 12-15%.

Capacity augmentation to drive volume growth and profitability

The *Binani* brand enjoys an established position in Rajasthan and Gujarat, pointing to strong demand traction. The expansion of capacity to 6MnT per annum is well-timed considering that demand growth, at 11%, continues to outstrip supply and a bulk of fresh capacity adds are expected only by end-FY09. With the Commonwealth Games due in 2010 and other housing, SEZ's and infrastructure-related projects on the uptrend, demand will remain firm.

Capacity augmentation to support a 57% revenue CAGR over FY07-FY09 to Rs 16.7bn

Since cement prices are at a current high, the chances of further substantial price hikes seem remote. This implies that volume growth will drive profits for the next 18–24 months. We expect BCL's enhanced capacity and cash-and-carry sale policy to support a 56.9% CAGR in revenues over FY07-FY09 to Rs 16.7bn with a 99.4% CAGR in PAT to Rs 3.8bn.

Further, the proposed doubling of capacity to 12MnT over the next three to four years via greenfield projects in India and the acquisition of existing units overseas will not only give BCL a pan-India presence, but also enable the company to cater to international markets.

Valuation

Target price of Rs 148 gives upside potential of 63%; Buy

At the current price, the stock is trading at a P/E of 7.4x and 4.9x, EV/EBIDTA of 6.1x and 4.2x and EV/tonne of US\$ 106 on FY08E and FY09E respectively. Considering the continuous improvement in margins and aggressive capacity expansion through both organic and inorganic initiatives, we believe the company is set for strong growth. We reiterate our Buy rating with a target price of Rs 148, which is 12x FY08E EPS.

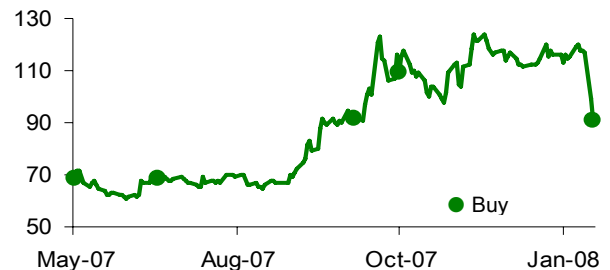
Growing scale of operations to bolster performance; Buy

Recommendation history

Date	Event	Reco price	Tgt price	Reco
10-May-07	IPO Note	75-85	NA	Subscribe
10-Jul-07	Quarterly Preview	68	90	Buy
5-Oct-07	Quarterly Preview	92	123	Buy
25-Oct-07	Results Update	109	148	Buy
23-Jan-07	Result Update	91	148	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	4,884.6	6,798.3	12,000.0	16,740.0
Growth (%)	11.5	39.2	76.5	39.5
EBITDA	1,303.6	2,280.7	4,140.0	6,000.0
Growth (%)	31.1	75.0	81.5	44.9
Depreciation	429.1	434.6	550.0	750.0
EBIT	874.6	1,846.2	3,590.0	5,250.0
Growth (%)	52.3	111.1	94.5	46.2
Interest	341.7	326.2	500.0	570.0
Other income	47.9	45.8	50.0	100.0
EBT	580.7	1,565.7	3,140.0	4,780.0
Growth (%)	730.2	169.6	100.5	52.2
Tax	51.2	609.6	640.0	980.0
Effective tax rate	8.8	38.9	20.4	20.5
Adj net income	529.6	956.1	2,500.0	3,800.0
Growth (%)	721.4	80.5	161.5	52.0
Shares outstanding (mn)	203.1	203.1	203.1	203.1
FDEPS (Rs)	2.6	4.7	12.3	18.7
DPS (Rs)	0.0	2.0	2.0	2.0
CEPS (Rs)	4.7	9.0	15.0	22.4

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	529.6	956.1	2,500.0	3,800.0
Depreciation	429.1	434.6	550.0	750.0
Other adjustments	108.5	431.2		
Changes in WC	811.6	1,082.9	(741.2)	(260.0)
Operating cash flow	1,878.7	2,904.8	2,308.8	4,290.0
Capital expenditure	(1,068.6)	(4,533.9)	(1,226.5)	(2,500.0)
Investments	231.6		(300.0)	(200.0)
Other investing inc/(exp)	(206.6)	(45.0)		
Investing cash flow	(1,043.6)	(4,578.9)	(1,526.5)	(2,700.0)
Free cash flow	835.1	(1,674.1)	782.3	1,590.0
Issue of equity	(139.7)			
Issue/repay debt	370.8	1,598.7	(515.5)	(1,100.0)
Dividends paid	(114.7)	(475.2)	(475.2)	(475.2)
Others	(12.0)			
Financing cash flow	104.4	1,123.5	(990.7)	(1,575.2)
Beg. cash & cash eq	88.1	1,027.6	477.0	268.6
Chg in cash & cash eq	939.5	(550.6)	(208.4)	14.8
Closing cash & cash eq	1,027.6	477.0	268.6	283.4

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	1,027.6	477.0	268.5	283.3
Accounts receivable	2.3	2.4	5.0	5.0
Inventories	335.5	572.5	1,000.0	1,400.0
Others current assets	1,521.3	1,391.2	1,500.0	1,600.0
Current assets	2,886.7	2,443.1	2,773.5	3,288.3
LT investments	-	-	300.0	500.0
Net fixed assets	4,958.8	4,929.6	10,479.7	10,229.7
CWIP	1,000.2	5,173.7	300.0	2,300.0
Total assets	8,845.7	12,546.3	13,853.2	16,318.0
Payables	461.8	1,120.0	800.0	600.0
Others	390.6	922.4	1,040.0	1,480.0
Current liabilities	852.4	2,042.3	1,840.0	2,080.0
LT debt	5,461.9	7,060.5	6,545.0	5,445.0
Other liabilities	-	431.2	431.2	431.2
Equity capital	2,031.0	2,031.0	2,031.0	2,031.0
Reserves	500.4	981.2	3,006.0	6,330.8
Net worth	2,531.4	3,012.3	5,037.0	8,361.8
Total liabilities	8,845.7	12,546.3	13,853.2	16,318.0
BVPS (Rs)	12.5	14.8	24.8	41.2

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	26.7	33.5	34.5	35.8
EBIT margin (%)	17.9	27.2	29.9	31.4
Net profit margin (%)	10.8	14.1	20.8	22.7
FDEPS growth (%)	721.4	80.5	161.5	52.0
Receivables (days)	0.2	0.1	0.2	0.1
Inventory (days)	25	31	30	31
Payables (days)	35	60	24	13
Current ratio (x)	3.4	1.2	1.5	1.6
Interest coverage (x)	2.6	5.7	7.2	9.2
Debt/equity ratio (x)	1.8	2.2	1.2	0.6
ROE (%)	21.7	34.5	62.1	56.7
ROCE (%)	11.5	20.0	32.3	41.3
ROAE (%)	10.4	17.3	27.5	35.7
EV/Sales (x)	5.1	3.7	2.1	1.5
EV/EBITDA (x)	19.2	11.0	6.1	4.2
P/E (x)	34.9	19.3	7.4	4.9
P/BV (x)	7.3	6.1	3.7	2.2
P/CEPS (x)	19.2	10.1	6.0	4.0

Source: Company, Religare Research

HDFC Bank

Results Update

CMP: Rs 1,470

Target: Rs 1,879

BUY

Abhishek Agarwal **Dinesh Shukla**
 (91-22) 6612 4753 (91-22) 6612 4739
 abhishek.a@religare.in dinesh.shukla@religare.in

BSE code 500180
 NSE code HDFCBANK

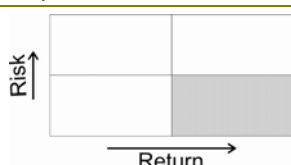
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	523.3/13.3
Outstanding equity shares (mn)	356
52-week high/low (Rs)	1,825/890
Quarterly average daily volume	96,764

Financial snapshot

Particulars	FY07	FY08E	FY09E
NII (Rs bn)	37.1	52.9	72.0
Growth (%)	45.7	42.7	36.1
Adj net profit (Rs bn)	11.4	15.8	21.3
Growth (%)	31.1	38.6	34.9
FDEPS (Rs)	35.7	44.4	60.0
Growth (%)	28.5	24.4	34.9
P/ABV (x)	7.5	4.6	4.0
ROE (%)	19.5	17.5	17.1

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	23.3	23.3
FIs	48.6	48.2
Banks & FIs	7.3	7.5
Public	20.8	21.0

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
HDFC Bank	1,470	(12.6)	(2.4)	(17.9)
Sensex	16,730	(12.5)	(4.8)	7.7
BSE Bankex	10,186	(5.0)	12.9	21.5

Company website www.hdfcbank.com

Sterling quarter

HDFC Bank has recorded an impressive performance in Q3FY08, with an NII of Rs 14.4bn, 16% ahead of our estimate. The strong results were supported by the deployment of equity proceeds during the quarter, a stable cost of funds and an enlarged balance sheet. Non-interest income continued to post robust growth led by higher inflows from fee-based products. PAT came in at Rs 4.3bn, registering a growth of 45% YoY.

HDFC Bank has been able to maintain profit growth in excess of 30% over the last seven to eight years. NII too has been consistently higher than peers over this period and this out-performance has been reflected in valuations. We believe the premium to peers is sustainable given the bank's steady business growth, superior NIMs and robust asset quality. We are raising our NII and PAT estimates to incorporate the better-than-expected growth during the quarter. Consequently our earnings estimates move up by 2.7% for FY08 and 4.6% for FY09. We maintain our Buy recommendation on the stock with a target price of Rs 1,879.

Actual vs estimated performance

(Rs bn)	Actual	Estimated	% Variance
NII	14.4	12.4	15.9
PPP	10.7	8.6	23.7
PAT	4.3	3.9	10.5
EPS (Rs)	12.1	10.9	10.5

Source: Company, Religare Research

Quarterly results

(Rs bn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Int on advances	18.7	11.4	64.2	16.4	14.1
Inc on investments	7.7	5.2	46.9	6.6	16.0
Int on balance with RBI	0.9	0.4	140.5	0.6	44.1
Interest income	27.3	17.0	60.5	23.6	15.4
Interest expenses	12.9	8.3	55.2	12.0	7.4
Net interest income	14.4	8.7	65.6	11.6	23.6
Other income	6.8	3.7	81.9	4.8	40.7
Total income	21.2	12.4	70.5	16.5	28.7
Operating exp	10.5	6.1	73.6	8.2	28.3
PPP	10.7	6.4	67.5	8.3	29.0
Provisions & write-offs	4.2	2.1	105.4	2.9	46.2
PBT	6.4	4.3	49.4	5.4	19.7
Taxes	2.1	1.3	58.6	1.7	26.7
PAT	4.3	3.0	45.2	3.7	16.5
Cost-Income ratio (%)	49.6	48.7	-	49.7	-

Source: Company, Religare Research

Result highlights

NII expands 66% fuelled by deployment of ADS proceeds

During Q3FY08, HDFC Bank's net interest income (NII) increased 65.6% YoY to Rs 14.4bn, much ahead of our estimated figure of Rs 12.4bn. The growth was aided by the full utilisation of proceeds from the June 2007 ADS issue, an increase in business and a stable cost of funds.

Business grew 48.8% YoY to Rs 1,707.7bn at the end of December 2007 with deposits expanding 48.9% and advances up 48.7%. The proportion of CASA deposits increased to 50.9% at the end of Q3FY08 from 49.2% at the end of September 2007.

NIM at 4.3% versus 4% at the end of September 2007

The net interest margin (NIM) for the quarter improved to 4.3% as compared to 4% at the end of September 2007. Going forward, we expect NII growth to remain healthy though sequential growth may register a dip as the equity proceeds have been exhausted, leading to higher deposit intake and increased interest expenses.

Non-interest income up 82% YoY to Rs 6.8bn

Non-interest income ex-treasury grew at 38.8% to Rs 5.5bn. Treasury income for the quarter stood at Rs 1.3bn compared to a loss of Rs 200mn a year ago. Going forward, the bank expects growth from this account to remain robust.

Break-up of non-interest income

Segments (Rs bn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Fee & Commission income	4.6	3.3	38.8	3.9	17.4
Forex	0.7	0.6	17.8	0.4	91.7
Treasury Income	1.3	(0.2)	-	0.5	184.6
Others	0.1	(0.0)	-	0.1	134.6
Total	6.8	3.7	81.9	4.8	40.7

Source: Company, Religare Research

Operating expenses increase 74% YoY

Operating expenses continue to grow in line with the growth in business. The cost-income ratio has remained stable at ~50% on a sequential basis. Provision and contingency expenses during the quarter doubled to Rs 4.2bn, largely due to specific and general loan loss provisions. PAT came in at Rs 4.3bn, registering a growth of 45% YoY.

Asset quality healthy; CAR at 13.8%

Asset quality continues to remain healthy with net NPAs at 0.4% of customer assets at the end of December 2007 and gross NPAs at 1.2%. The bank's capital adequacy ratio (CAR) stood at 13.8% at the end of Q3FY08 with a tier I ratio of 10.5%.

Estimates upgraded to factor in quarterly out-performance

We are raising our estimates to incorporate the better-than-expected growth in NII and non-interest income. We believe that as the CASA deposit base expands, the cost of funds would be contained, leading to higher NII growth.

Increasing base of CASA deposits to contain cost of funds and boost NII

Revision of estimates

(Rs bn)	FY08E			FY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
NII	50.4	52.9	5.0	65.9	72.0	9.3
Net profit	15.4	15.8	2.7	20.4	21.3	4.6
FDEPS (Rs)	43.3	44.4	2.7	57.3	60.0	4.6

Source: Religare Research

Valuation

An integral part of core portfolios; Buy

Sustained pace of growth justifies premium valuations

HDFC Bank has been able to sustain profit growth in excess of 30% for close to a decade now, led by healthy NII growth. The consistent growth rate, superior margins and stable asset quality have translated to premium valuations for the bank vis-à-vis peers. We believe the higher valuations are sustainable and expect the bank to maintain its ROE at ~18%.

We maintain target of Rs 1,879; Buy

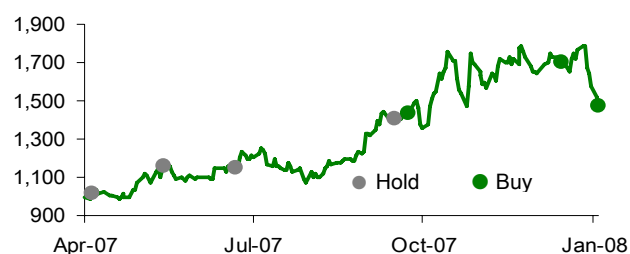
We maintain our Buy recommendation on the stock with a target price of Rs 1,879. At our target price, the stock would trade at a P/ABV of 4.4x on FY10E. We reiterate our view that HDFC Bank should be a part of one's core investment portfolio.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
25-Apr-07	Results Update	1,014	1,132	Hold
4-Jun-07	Company Update	1,159	1,287	Hold
11-Jul-07	Results Update	1,148	1,287	Hold
5-Oct-07	Quarterly Preview	1,404	1,510	Hold
15-Oct-07	Results Update	1,430	1,585	Buy
7-Jan-08	Quarterly Preview	1,697	1,879	Buy
23-Jan-08	Results Update	1,470	1,879	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Standalone financials

Profit and Loss statement

(Rs bn)	FY07	FY08E	FY09E	FY10E
Interest earned	68.9	98.0	133.1	179.6
Interest expended	31.8	45.1	61.1	82.3
Net interest income	37.1	52.9	72.0	97.3
Growth (%)	45.7	42.7	36.1	35.1
Non-interest income	15.2	22.6	27.7	34.6
Comm, Exchange & Brokerage	15.9	20.7	26.2	32.8
Growth (%)	38.5	30.8	26.5	25.0
Operating expenses	24.2	36.8	51.7	71.1
Pre-provisioning profits	28.1	38.7	48.1	60.8
Growth (%)	41.8	37.9	24.3	26.5
Provisions & contingencies	11.7	15.1	16.2	18.7
PBT	16.4	23.6	31.9	42.1
Income tax, Interest tax	5.0	7.8	10.5	13.9
Net profit	11.4	15.8	21.3	28.2
Growth (%)	31.1	38.6	34.9	32.1

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY07	FY08E	FY09E	FY10E
Cash in hand & bal with RBI	51.8	83.7	114.8	155.6
Balance with banks, Money at call	39.7	43.7	52.4	65.5
Investments	305.6	425.2	533.8	673.5
Advances	469.4	693.1	961.7	1,298.3
Fixed assets (net)	9.7	10.4	11.2	12.0
Other assets	36.1	39.6	42.5	39.5
Total assets	912.4	1,295.7	1,716.5	2,244.4
Equity capital	3.2	3.6	3.6	3.6
Reserves & surplus	61.1	113.0	129.7	152.5
Net worth	64.3	116.5	133.3	156.0
Deposits	683.0	1,008.1	1,383.6	1,874.8
Current deposits (a)	198.1	257.6	338.7	435.2
Savings bank deposits (b)	195.9	257.5	341.2	448.7
Term deposits (c)	289.0	493.0	703.7	990.8
Borrowings (incl sub-ord bonds)	75.2	76.8	95.9	115.1
Other liabilities & provisions	89.8	94.3	103.7	98.5
Total liabilities	912.4	1,295.7	1,716.5	2,244.4

Source: Company, Religare Research

Key ratios

Year-end March	FY07	FY08E	FY09E	FY10E
Per share data				
Shares outstanding (mn)	319.4	356.0	356.0	356.0
FDEPS (Rs)	35.7	44.4	60.0	79.2
DPS (Rs)	7.0	9.0	11.5	13.5
Book value (Rs)	201.4	327.4	374.4	438.3
Adjusted book value (Rs)	197.0	321.6	366.3	427.4

Valuation ratios

P/E (x)	41.1	33.1	24.5	18.6
P/BV (x)	7.3	4.5	3.9	3.4
P/ABV (x)	7.5	4.6	4.0	3.4

Earnings quality (%)

Net interest margin	4.5	4.8	4.8	4.9
Yield on advances	10.6	11.8	11.3	11.3
Yield on investments	7.8	7.3	7.5	7.8
Cost of funds	4.7	4.9	4.6	4.7
Cost/Income	46.3	48.8	51.8	53.9
Return on average net worth	19.5	17.5	17.1	19.5
Return on average assets	1.4	1.4	1.4	1.4

Growth ratios (%)

Net interest income	45.7	42.7	36.1	35.1
Other income	34.9	48.8	22.9	24.8
Total income	42.4	44.5	32.1	32.2
Pre-provisioning profit	41.8	37.9	24.3	26.5
Net profit	31.1	38.6	34.9	32.1
Advances	33.9	47.7	38.8	35.0
Deposits	22.4	47.6	37.3	35.5

Asset quality

Proportion of low-cost deposits (%)	57.7	51.1	49.1	47.1
Credit-Deposit ratio (x)	68.7	68.8	69.5	69.3
Investment/Deposit (%)	44.8	42.2	38.6	35.9
Net NPA ratio	0.3	0.3	0.3	0.3
CAR	13.1	13.9	13.2	12.4
Tier-I ratio	8.6	10.1	9.2	8.1

Source: Company, Religare Research

EMCO

Results Update

CMP: Rs 1,194

Target: Rs 1,631

BUY

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

BSE code	504008
NSE code	EMCO

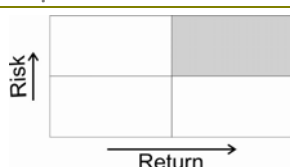
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	14.0/352.8
Outstanding equity shares (mn)	11.7
52-week high/low (Rs)	1,650/715
2-month average daily volume	6,705

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	6,558.9	9,408.0	13,440.0
Growth (%)	61.8	43.4	42.9
Adj net inc (Rs mn)	406.0	565.1	861.6
Growth (%)	112.9	39.2	52.5
FDEPS (Rs)	39.8	48.2	73.5
Growth (%)	59.3	21.2	52.5
P/E (x)	25.9	17.0	12.4
ROE (%)	17.0	15.8	21.1

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	34.4	32.6
FIs	4.8	13.8
Banks & FIs	36.8	30.5
Public	24.0	23.1

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
EMCO	1,250	(13.3)	3.8	36.9
Sensex	17,594	(8.2)	(4.9)	11.8

Company website	www.emcoindia.com
------------------------	--------------------------

Projects division ramping up

EMCO's Q3FY08 results have been largely in line with our estimates, recording a healthy 49% YoY growth in sales accompanied by a 53% growth in PAT. A key highlight of the quarter was the increased revenue share from the projects division following the merger of T&D player, Urja Engineers.

We expect the projects division to play an important role in aiding EMCO's transformation to an integrated player in the T&D space. With a well established substation installation division and a stronghold in the transformer segment, EMCO has extended and added value to its business model. The management is also looking at acquiring transformer capacity overseas, while focusing on exports. Plans to set up generation capacities could provide business diversification going ahead; we have not factored in the benefit or dilution arising from this proposed initiative as yet.

We have marginally reduced our sales and profit estimates for FY08 and FY09 to factor in the slightly lower-than-expected topline growth and EBITDA margins for the quarter. We are also introducing our FY10 numbers for EMCO. We expect the company to post healthy growth going ahead on the back of well-timed capacity expansion and the government's thrust on strengthening India's T&D system. We maintain our target price of Rs 1,631, which is based on 16x FY10E EPS, a 45% discount to ABB.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,433.6	2,464.0	(1.2)
EBITDA	327.9	336.3	(2.5)
Adj net income	151.1	159.3	(5.1)
FDEPS (Rs)	14.4	15.2	(5.3)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Net sales	2,433.6	1,631.6	49.2	1,841.7	32.1
Expenditure	2,105.7	1,409.9	49.3	1,590.9	32.4
EBITDA	327.9	221.7	47.9	250.8	30.7
EBITDA margin (%)	13.5	13.6	-	13.6	-
Depreciation	22.9	15.3	49.1	18.3	24.8
Interest	69.2	44.3	56.1	73.7	(6.2)
PBT	235.8	162.0	45.6	158.8	48.5
Tax	84.7	63.0	34.5	55.2	53.4
PAT	151.1	99.0	52.6	103.6	45.9
EPS (Rs)	12.9	9.7	32.8	8.8	45.9

Source: Company, Religare Research

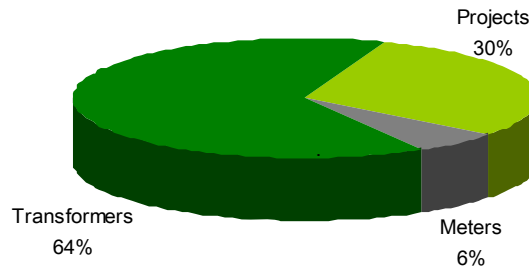
Result highlights

Urja Engineers contributed Rs 202mn to the topline

Sales growth of 49% YoY led by higher contribution from projects

EMCO achieved a healthy sales growth of 49% YoY to Rs 2.4bn for Q3FY08, marginally lower than our estimate of 51% growth. The expanded transformer capacity of 20,000mva and revenues accruing from Urja Engineers supported the healthy sales growth. Transformers comprised the majority revenue share for the quarter at 64%, followed by projects with 30%. Urja Engineers contributed Rs 202mn (8.3%) to the topline.

Turnover mix – Q3FY08



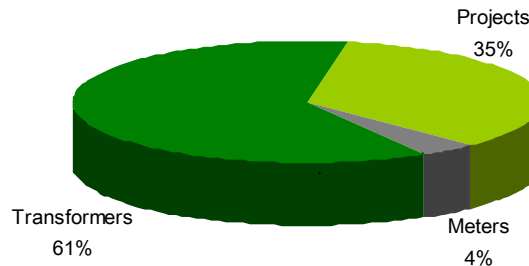
Source: Company, Religare Research

Orders worth Rs 4bn received during the quarter

Order book of Rs 12.3bn provides clear revenue visibility for next two years

The company's current order book stands at Rs 12.3bn which is 1.9x FY07 sales and includes contracts worth Rs 4bn bagged during the quarter. Transformer orders comprise 61%, followed by projects at 35%. The company's healthy order book with an average execution period of 12 months provides strong revenue visibility for the next couple of years. The management expects orders to the tune of Rs 7bn–8bn during Q4FY08 with transformer orders worth Rs 1bn–1.25bn.

Order book composition



Source: Company, Religare Research

EBITDA margin stable at 13.5% during the quarter

The EBITDA margin remained stable at 13.5% as stronger volume growth in the high-margin transformer division offset the lower margins of Urja Engineers (12.5%). EMCO has been able to achieve an EBITDA margin of 13.4% for the nine months ended December 2007. The management expects margins to be maintained at 13.5% for FY08.

PAT rises 53% YoY to Rs 151mn

PAT growth for Q3FY08 was marginally lower than our expectation at 53% YoY. Depreciation and interest cost increased by 49% and 56% YoY respectively, impacting PAT growth.

Other highlights

Capacity utilisation to improve going ahead

The company's transformer capacity has been expanded to 20,000mva during the quarter, while its capacity for meters totals 1,200,000 units. EMCO has achieved capacity utilisation of 6,980mva in the transformer segment in 9mFY08 and is targeting ~12,000–13,000mva utilisation for FY08. In the meters segment, it expects to produce 550,000–600,000 units for the year.

Pursing inorganic growth outside India

Exports account for 10% of the overall turnover at present and 15–20% of transformer sales. EMCO aims to derive 30% of its revenues from exports and is therefore on the lookout for a €40mn–50mn acquisition in the transformer space outside India.

270MW power project to be delayed

The 2x135MW power plant near Nagpur in Maharashtra has been delayed and the first phase is likely to exceed the scheduled timeline of December 2008. The company has been unable to close the contract with Chinese players for equipment supply, hampering the progress of this project.

Scouting for a €40mn–50mn acquisition in transformer space

Revision of estimates

We have revised our EBITDA margin estimates for FY08 and FY09 considering the lower margins recorded during Q3FY08. Consequently, our net income estimates for these two years reduce by 11.6% and 9.6% respectively. Our EPS projections for both years have also been lowered to factor in the equity dilution towards the Urja Engineers acquisition.

We have not considered the equity dilution that will arise from the 1.7mn warrants issued to promoters nor the benefits accruing from deployment of these funds. This is because we believe these funds would be used towards the execution of the power plant which is currently excluded from our valuation. If we were to factor in the resultant equity dilution in FY09, our EPS estimate for the fiscal would stand revised to Rs 64 from Rs 73.5.

Revised estimates

(Rs mn)	FY08E			FY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
Net sales	9,856.0	9,408.0	(4.5)	13,440.0	13,440.0	0.0
Adj net income	639.6	565.1	(11.6)	952.7	861.6	(9.6)
FDEPS (Rs)	60.9	48.2	(20.9)	90.6	73.5	(18.9)

Source: Religare Research

Valuation

Maintain Buy with target of Rs 1,631 based on P/E of 16x FY10E

EMCO has already geared up its manufacturing capacity for transformers and meters to 20,000mva and 1,200,000 meters respectively. Considering the huge investments in the power sector (specifically in T&D), improving capacity utilisation and revenues accruing from Urja Engineers, we anticipate a healthy sales CAGR of 39% for the company over FY07–FY10.

With EBITDA margins expected to stabilise at ~13.4% and the absence of major capex plans, we project a 36% CAGR in earnings over this period. We maintain our price target of Rs 1,631 which is 16x FY10E earnings – a 45% discount to ABB – and continue with our Buy recommendation.

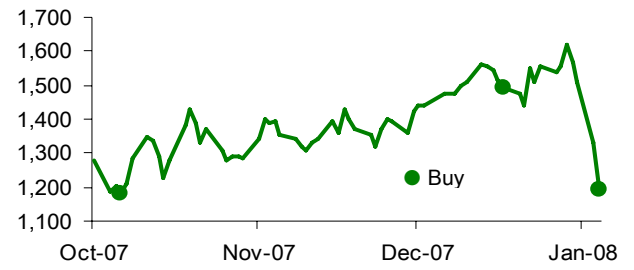
Well timed capacity expansion; maintain Buy

Recommendation history

Date	Event	Reco price	Tgt price	Reco
24-Oct-07	Company Update	1,170	1,450	Buy
7-Jan-08	Quarterly Preview	1,494	1,631	Buy
23-Jan-08	Results Update	1,194	1,631	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Revenues	6,558.9	9,408.0	13,440.0	17,472.0
Growth (%)	61.8	43.4	42.9	30.0
EBITDA	865.7	1241.9	1801.0	2341.2
Growth (%)	89.1	43.5	45.0	30.0
Depreciation	59.8	84.0	95.0	104.0
EBIT	805.9	1157.9	1706.0	2237.2
Growth (%)	100.8	43.7	47.3	31.1
Interest	198.1	300.0	400.0	450.0
Other income	1.3	2.0	5.0	5.0
EBT	609.1	859.9	1311.0	1792.2
Income taxes	203.2	294.7	449.4	613.0
Effective tax rate (%)	33.4	34.3	34.3	34.2
Adjusted net income	406.0	565.1	861.6	1179.3
Growth (%)	112.9	39.2	52.5	36.9
Extra-ordinary items	-	-	-	-
Min. int / inc. from associates	-	-	-	-
Reported net income	406.0	565.1	861.6	1179.3
Growth (%)	60.5	39.2	52.5	36.9
Shares outstanding (mn)	10.2	11.7	11.7	11.7
Basic EPS (Rs) (adj)	39.8	55.4	84.4	115.5
FDEPS (Rs) (adj)	39.8	48.2	73.5	100.5
DPS (Rs)	5.0	5.0	5.0	5.0

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Net income	406.0	565.1	861.6	1179.3
Depreciation	59.8	84.0	95.0	104.0
Other adjustments, net	(38.0)	27.2	41.9	59.7
Changes in working capital	(956.7)	(1,602.6)	(2,005.8)	(1,927.4)
Cash flow from operations	(528.9)	(926.3)	(1,007.3)	(584.4)
Capital expenditure	(301.0)	(270.4)	(275.4)	(280.4)
Change in investments	(286.2)	-	-	-
Other investing inc/(exp)	1.3	2.0	5.0	5.0
Cash flow from investing	(585.8)	(268.4)	(270.4)	(275.4)
Free cash flow	(1,114.7)	(1,194.6)	(1,277.7)	(859.8)
Issue of equity	1,254.2	208.0	-	-
Issue/repay debt	790.0	1,147.2	1,000.0	800.0
Dividends paid	(59.7)	(68.6)	(68.6)	(68.6)
Other financing cash flow	-	-	-	-
Cash flow from financing	1,984.4	1,286.6	931.4	731.4
Change in cash & cash eq	82.2	1,000.0	1,092.0	744.7
Opening cash & cash eq	917.8	91.9	(347.3)	(130.4)
Closing cash & cash eq	1,000.0	1,092.0	744.7	614.3

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY07	FY08E	FY09E	FY10E
Cash and cash eq	1,000.0	1,092.0	744.7	614.3
Accounts receivable	3,634.8	5,278.9	7,653.3	9,949.3
Inventories	1,571.1	2,482.7	3,546.7	4,610.7
Others current assets	544.5	836.3	1,194.7	1,553.1
Current assets	6,750.4	9,689.8	13,139.3	16,727.4
Long-term investments	295.9	295.9	295.9	295.9
Net fixed assets	687.7	974.8	1,155.1	1,331.5
CWIP	150.8	50.0	50.0	50.0
Intangible assets	65.35	70.35	75.35	80.35
Deferred tax assets, net	-	-	-	-
Other assets	-	-	-	-
Total assets	7,884.8	11,010.6	14,640.4	18,404.8
Accounts payable	2,935.6	4,181.3	5,973.3	7,765.3
Others	69.5	68.6	68.6	68.6
Current liabilities	3,005.1	4,250.0	6,042.0	7,834.0
Debt funds	1,852.8	3,000.0	4,000.0	4,800.0
Other liabilities	34.6	63.8	109.7	172.5
Equity capital	102.1	117.3	117.3	117.3
Reserves	2,890.2	3,579.5	4,371.5	5,481.1
Shareholder's funds	2,992.3	3,696.8	4,488.7	5,598.4
Total liabilities	7,884.8	11,010.6	14,640.4	18,404.8
BVPS (Rs)	293.1	315.2	382.7	477.3

Source: Company, Religare Research

Financial ratios

	FY07	FY08E	FY09E	FY10E
EBITDA margin (%)	13.2	13.2	13.4	13.4
EBIT margin (%)	12.3	12.3	12.7	12.8
Net profit margin (%)	6.2	6.0	6.4	6.7
FDEPS growth (%)	59.3	21.2	52.5	36.9
Receivables (days)	199.5	202.0	205.0	205.0
Inventory (days)	86.2	95.0	95.0	95.0
Payables (days)	161.1	160.0	160.0	160.0
Current ratio (x)	2.2	2.3	2.2	2.1
Quick ratio (x)	1.7	1.7	1.6	1.5
Interest coverage ratio (x)	4.1	3.9	4.3	5.0
Debt / equity (x)	0.6	0.8	0.9	0.9
ROE (%)	17.0	15.8	21.1	23.4
ROA (%)	7.7	7.9	8.6	8.9
ROCE (%)	16.7	15.0	16.6	17.3
EV/Sales (x)	2.2	1.9	1.3	1.1
EV/EBITDA (x)	16.9	14.2	14.2	10.4
P/E (x)	31.4	25.9	17.0	12.4
P/BV (x)	4.3	4.0	3.3	2.6

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
14-Dec-07	Adhunik Metaliks	Company Update	215	246	BUY
17-Dec-07	Jindal Drilling & Industries	Company Update	1,317	1,305	HOLD
18-Dec-07	Hero Honda	Company Update	702	745	HOLD
19-Dec-07	PVR	Company Update	313	391	BUY
24-Dec-07	Vishal Retail	Company Update	777	1,018	BUY
24-Dec-07	Mercator Lines	Initiating Coverage	115	177	BUY
24-Dec-07	K P R Mill	Initiating Coverage	165	212	BUY
26-Dec-07	Tata Metaliks	Initiating Coverage	163	234	BUY
27-Dec-07	Apar Industries	Initiating Coverage	347	458	BUY
27-Dec-07	REI Agro	Initiating Coverage	728	1,007	BUY
28-Dec-07	Gulf Oil Corp	Initiating Coverage	291	477	BUY
31-Dec-07	Bank of India	Company Update	365	400	HOLD
1-Jan-08	Indoco Remedies	Company Update	313	383	BUY
1-Jan-08	Gremach Infrastructure Equipments	Initiating Coverage	360	529	BUY
2-Jan-08	Venus Remedies	Company Update	565	708	BUY
3-Jan-08	Ganesh Housing Corp	Initiating Coverage	751	1,201	BUY
4-Jan-08	Tulip IT	Company Update	1,118	1,015	HOLD
4-Jan-08	Indian Bank	Initiating Coverage	212	257	BUY
4-Jan-08	Indian Overseas Bank	Initiating Coverage	201	241	BUY
4-Jan-08	Allahabad Bank	Initiating Coverage	138	167	BUY
8-Jan-08	Information Technology	Quarterly Preview	NA	NA	NA
9-Jan-08	Mahindra & Mahindra	Company Update	830	940	BUY
10-Jan-08	Axis Bank	Results Update	1,095	1,272	BUY
10-Jan-08	Prism Cement	Results Update	67	91	BUY
10-Jan-08	Bank of India	Company Update	400	457	BUY
11-Jan-08	South Indian Bank	Results Update	237	271	BUY
14-Jan-08	Infosys Technologies	Results Update	1,580	1,935	HOLD
14-Jan-08	Reliance Power	IPO Note	405 - 450	NA	SUBSCRIBE
14-Jan-08	Future Capital Holdings	IPO Note	700 - 765	NA	SUBSCRIBE
15-Jan-08	Elecon Engineering	Initiating Coverage	306	424	BUY
16-Jan-08	Indian Bank	Results Update	219	257	BUY
17-Jan-08	Apollo Tyres	Results Update	54	70	BUY
17-Jan-08	Tata Consultancy Services	Results Update	945	1,095	HOLD
17-Jan-08	J K Lakshmi Cement	Results Update	171	324	BUY
18-Jan-08	Shri Lakshmi Cotsyn	Results Update	151	300	BUY
21-Jan-08	Wipro	Results Update	461	455	SELL
21-Jan-08	Biocon	Results Update	539	654	BUY
21-Jan-08	Nicholas Piramal India	Results Update	331	369	HOLD
21-Jan-08	KPIT Cummins Infosystems	Results Update	115	107	SELL
22-Jan-08	Hindustan Construction Company	Results Update	196	333	BUY
22-Jan-08	Sasken Communication Tech	Results Update	276	235	SELL
23-Jan-08	ICICI Bank	Results Update	1,125	1,478	BUY
23-Jan-08	HDFC Bank	Results Update	1,470	1,879	BUY
23-Jan-08	EMCO	Results Update	1,194	1,631	BUY
24-Jan-08	Bank of India	Results Update	390	457	BUY
24-Jan-08	Binani Cement	Results Update	91	148	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	23-Jan	1-day	1-mth	3-mth	
Automobiles	4,675	4.5	(16.3)	(13.5)	
Banks	10,731	5.6	(3.3)	11.0	
Capital Goods	17,221	4.7	(10.4)	0.6	
Comm. & Tech.	3,249	4.8	(18.0)	(17.3)	
Consumer Durables	5,182	5.2	(15.6)	1.1	
FMCG	2,100	5.0	(5.3)	(1.6)	
Healthcare	3,627	4.3	(15.5)	(5.9)	
IT	3,631	5.5	(20.7)	(20.7)	
Metal	15,081	6.9	(19.9)	(4.4)	
Oil & Gas	10,846	8.7	(14.5)	1.0	
Mid-caps	7,789	8.2	(15.4)	1.8	
Small-caps	10,425	4.0	(13.0)	12.8	

Number of companies: 

Emerging markets

Country	% Chg				
	23-Jan	1-day	1-mth	3-mth	6-mth
Brazil	54,235	(3.3)	(14.0)	(13.4)	(2.8)
Shanghai	4,698	(0.1)	(10.2)	(19.6)	11.6
Hong Kong	24,075	(0.1)	(14.4)	(17.9)	2.6
India	17,594	5.2	(11.4)	(5.0)	11.4
South Korea	1,660	1.9	(13.5)	(14.1)	(16.7)
Taiwan	7,464	0.7	(8.3)	(21.0)	(23.4)

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	(559.3)	(1,160.6)	(2,043.1)	(2,043.1)
South Korea	(604.6)	(1,969.0)	(7,929.0)	(7,929.0)
Taiwan	15.5	(818.9)	(1,862.5)	(1,862.5)
Thailand	(1,911.3)	(288.3)	(1,225.9)	(1,225.9)

Events calendar

Quarterly results

January 24, 2008		25	26
3i Infotech		Dr. Reddy's Laboratories	Century Enka
South Asian Petrochem		GIPCL	
Honeywell Automation India		Ashok Leyland	
Sun Pharma Advanced		ICRA	
Mysore Paper Mills		Tvs Motor	
GMR Infrastructure		Century Textiles & Industries	
Gemini Communication		Zee News	
27		28	29
Mangalam Cement		Hindustan Motors	Tata Power
		Mahindra & Mahindra Financial Services	Asian Paints
		Remsons Industries	Dabur India
		Sundaram Brake Linings	Eicher Motors
		Andhra Pradesh Paper Mills	Maruti Suzuki India
		Apar Industries	Subex Azure
30		31	February 1
Bajaj Auto		ACC	-
City Union Bank		Ganesh Housing Corporation	
Hanung Toys And Textiles		IVRCL Infrastructures & Projects	
Karuturi Networks		MRF	
Power Grid		Nagarjuna Construction Co.	
NTPC		Finolex Cables	

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Advani Hot R	Peninsular South Asia Invt Co South	B	290,693	74.4
Ahmednagar Forgings	Copthall Mauritius Investment	B	225,000	201.5
Aptech	Merrill Lynch Capital Markets Espana Sa Sv	S	234,114	236.2
Bihar Tubes	Mavi Investment Fund	S	100,000	150.0
Development Credit Bank	Merrill Lynch India Equities Fund Mauritius	S	897,310	102.3
IFCI	Simplicity Ab A/C Simplicity Indien	S	7,110,000	58.2
Lupin	HSBC Global Investment Funds	S	451,723	518.1
Lupin	HSBC Global Investment Fund Mauritius	S	420,000	518.1
Prakash Industries	Merrill Lynch Capital Markets Espana SA Svb	B	538,220	261.3
PTC India	Rel Cap Trustee Co A/C Rel Eq Opp Fund	B	5,216,176	120.0
PTC India	Quantum M	S	5,220,000	120.0
Sarda Enmin	M S Sundaram Mf Capex Oppo Div	B	84,801	450.0
Sarda Enmin	Winstar India Inv Co A/C Winstar Technolo Gy Cell	S	84,007	450.0
Sel Manuf	Mavi Investment Fund	S	200,000	180.0
Sel Manufacturing Company	Mavi Investment Fund Deutsche Bank	S	98,221	180.0
Sujana Towers	JM Mutual Fund	B	486,725	174.0
Swan Mills	Swiss Finance Corp	S	3,149,672	110.0
Usher Agro	Mavi Investment Fund	B	400,000	201.2
Videocon Industries	Merrill Lynch Capital Markets Espana SA Svb	B	1,322,400	540.0

Source: BSE

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Adf Foods	Bhavesh Ramesh Thakkar	S	44,956	-	1,371,074	7.8
Arshiya International	Jaiprakash Bairagra Dhanukar	B	830	-	1,500	-
Arshiya International	Shobha Jaiprakash Bairagra	B	900	-	1,500	-
Bilpower	Rajendra Kumar Choudhary	B	10,000	0.1	369,452	4.1
Clutch Auto	Bsma	S	6,300	-	974,385	6.0
Cosmo Films	Urvashi Agarwal	B	1,900	-	1,900	-
Cosmo Films	Urvashi Agarwal	S	200	-	1,700	-
Cosmo Films	Urvashi Agarwal	B	3,300	-	5,000	-
Cosmo Films	Urvashi Agarwal	B	5,000	-	10,000	0.1
Cosmo Films	Nidhi Agarwal	B	5,000	-	5,000	-
DCW	SCJain J/W Neera Jain	B	300,000	-	3,257,862	1.7
DCW	SCJain-Huf	S	12,000	-	229,400	0.1
DCW	Neera Jain J/W SCJain	B	74,000	-	3,331,862	1.7
Dolat Investments	Pankaj D Shah	S	513,296	0.3	15,150,731	8.6
Dolat Investments	Purvag S Shah	S	200,001	0.1	4,819,999	2.7
Dolat Investments	Purvag S Shah	S	104,905	0.1	4,715,094	2.7
Gujarat Lease Financing	Gujarat Industrial Invest Corpn	S	2,240	-	2,447,328	9.0
Gujarat Lease Financing	Gujarat Indutrial Invest Corpn	S	101,408	0.4	2,449,568	9.0
Gujarat Nre Coke	Vartika Traders	B	300,000	0.1	16,958,791	-
ICICI Bank	Radhakrishnan TC	B	3,300	-	5,088	-
ICICI Bank	Harshil Mehta	B	1,700	-	15,400	-
Indradeco	Jignesh P Rokadia	S	200,000	-	3,100,000	2.0
Ispat Industries	Ispat Steel Holdings	S	31,400,000	2.6	240,793,401	19.7
ITL Industries	Smt Rekha Jain	B	8,000	-	-	-

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
ITL Industries	Raish Jain	B	8,000	-	-	-
ITL Industries	Manish Jain	B	8,000	-	-	-
ITL Industries	Meena Jain	B	10,000	-	-	-
ITL Industries	Kanchan Bai Jain	B	20,000	-	-	-
ITL Industries	Prakhar Jain	B	10,000	-	-	-
ITL Industries	Shekhar Jain	B	20,000	-	-	-
ITL Industries	Mahendra Singh Jain	B	5,000	-	-	-
KS Oils	Ramesh Chand Garg	B	664,153	-	25,523,305	8.1
KS Oils	Ramesh Chand Garg	B	650,000	-	26,173,305	8.3
Motor & General Finance (MGF)	Rajiv Gupta & Smt Arti Gupta	B	13,387	0.1	1,933,683	10.0
Nirlon	Citigroup Global Mkts(M)	B	370,761	0.6	3,145,426	5.4
Oriental Trimex	Rajesh Punia	B	10,000	-	1,987,647	13.4
PVR	UTI Mutual Fund	B	440,110	-	-	-
PVR	UTI Mutual Fund	S	917,357	-	670,000	2.9
Simmonds-Marshall	Clover Technologies	B	150	-	121,033	5.8

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
---------------------	---------------------------------	-------------------

Derivatives Research

Samir Badami	samir.badami@religare.in	(91-22) 6612 4637
Somendra Agarwal	somendra.agarwal@religare.in	(91-22) 6612 4767

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
-------------------	-------------------------------	-------------------

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.

Disclaimer

Religare Securities Limited (Religare) has two independent equity research groups: Institutional Equities (Institutional Equity Research) and Priority Client Group (Religare Research). Religare Institutional Equity Research is aimed to service the institutional clients of Religare Securities Limited including the Portfolio Management Services of Religare whereas Religare Research is published with a view to service all segments of clients including Retail, HNIs and Institutional clients and PMS.

This document has been prepared by Religare Securities Limited – Priority Client Group. Affiliates of Religare-PCG may have issued other reports that are contrary with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Institutional Equities Research Group of Religare Securities Limited.

We are not soliciting any action based upon this material. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Religare-PCG. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Religare-PCG will not treat recipients as customers by virtue of their receiving this report. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable. It should be noted that the information contained herein is from publicly available data or other sources believed to be reliable. Neither Religare, nor any person connected with it, accepts any liability arising from the use of this document.

This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The investment discussed or views expressed may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Religare, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Religare and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Religare and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Religare and its affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall Religare, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Copyright in this document vests exclusively with Religare. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from Religare. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Analyst's holding in the stocks mentioned in the report: NIL.