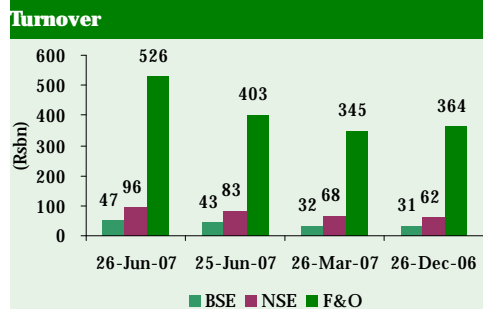




27 June 2007

Indices	%Change			
	26-Jun-07	1mth	3mth	6mth
Sensex	14,501	0.7	12.5	4.7
Nifty	4,286	0.7	13.9	7.9
CNX Midcap	5,878	4.0	23.1	2.1
Banking	7,802	3.1	19.4	9.9
Capital Goods	11,950	12.8	34.4	32.9
IT	4,800	(3.2)	(0.7)	(9.2)
Healthcare	3,794	0.0	7.0	0.1
NASDAQ	2,574	0.1	6.5	6.1
Dow Jones	13,338	(1.4)	8.4	6.7

Net Inflows				
Rsbm	25-Jun-07	22-Jun-07	MTD	YTD
FII	1	16	28.6	201.4
Mutual Fund	(1)	(0)	3.7	21.5
FII - F&O	1	(1)	0.1	107.7



Commodity & Currency	% Change			
	26-Jun-07	1mth	3mth	6mth
Crude (US\$/barrel)	67.7	4.6	5.6	12.1
Gold (US\$/Oz)	642.7	(1.9)	(3.4)	1.5
US\$	41.0	1.0	(5.1)	(7.7)
Euro	55.1	1.1	(4.3)	(5.4)

Debt				
%	26-Jun-07	1mth	3mth	6mth
RBI Repo	7.8	7.8	7.5	7.3
10 yr G-Sec yld	8.2	8.2	8.0	7.6
Spread 1 & 10 yr G-Sec	1.1	0.8	0.7	0.4
US 10 yr treasury	5.2	4.9	4.6	4.7
Surplus liquidity (Rsbm)	(30)	46.9	367.2	277.7

## ONGC (Rs943) - Q4FY2007 Results Review

Manish Joshi

### Outperformer - Price Target: Rs1,135

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ONGC's FY07 results are marginally lower than our expectations due to higher subsidy under recovery burden. Our estimate for the burden was Rs145bn, but the actual amount was higher at Rs170bn. This was the main reason for the actual EPS of Rs71 turning out to be lower than our estimate of Rs85.

Crude oil sales volume (including share in joint ventures) for FY07 was up by 8.7% to 24.2mn tonne. Gross realization for crude oil stood at US\$66 per barrel in FY07 as against US\$59 in FY06. However, net realization was much lower at US\$44 per barrel in FY07 and US\$43 in FY06 due to the subsidy burden of US\$22 per barrel in FY07 and US\$16 in FY06. Gas sales were almost flat at 20.3 bn cubic meters despite massive disruptions of operations in Hazira Plant due to flood.

Other income jumped up from Rs7,045mn to Rs21,790mn as the company received surplus of Rs11,600mn lying in the Gas pool account.

ONGC recorded reserve accretion of 80.29mn tones of oil equivalent (MTOE). While ONGC operated fields added 65.56 MTOE, its share in domestic JVs (PSCs) showed addition of 4.77 MTOE. OVL also reported reserve accretion of 9.96 MTOE.

ONGC lost Rs27bn revenue in FY2007 due to the rupee appreciation. According to the media reports, the government is considering rupee based billing, which may help the upstream company to hedge against the forex volatility.

We maintain our target price of Rs1,135, but change our rating from BUY to **Outperformer** in view of the recent appreciation in stock price.

Rs Million	Q4FY2006	Q3FY2007	Q4FY2007	YoY Growth	QoQ Growth
Revenues	118,984	155,645	123,970	4.2	(20.4)
Op expenses	51,730	66,553	79,825	54.3	19.9
Operating profit	67,254	89,093	44,145	(34.4)	(50.5)
Operating margin (%)	56.5	57.2	35.6	-	-
Other income	6,299	7,045	21,790	245.9	209.3
Interest	323.1	76.7	64.5	(80.0)	(15.9)
Depreciation	31,574	25,576	28,637	(9.3)	12.0
Pre-Tax profit	41,656	70,485	37,232	(10.6)	(47.2)
Tax provision	17,202	23,802	15,167	(11.8)	(36.3)
Tax rate (%)	41.3	33.8	40.7	-	-
Adjusted net profit	24,454	46,683	22,066	(9.8)	(52.7)
Extraordinary Income	6,405	-	4,751	(25.8)	-
Reported net profit	30,859	46,683	26,816	(13.1)	(42.6)

ONGC (stand alone)	Y/E March (Rs. Mn)	FY2005	FY2006	FY2007	FY2008E	FY2009E	
Reuters / Bloomberg code	ONGC.BO / ONGC @ IN	Revenues	463,620	479,664	566,328	596,412	625,190
Market cap (Rs. Bn)	1,925	Operating Profit	241,649	273,759	284,730	355,173	366,400
Market cap (US\$ mn)	42,777	Net Profit	129,626	140,786	151,679	182,526	183,161
Shares outstanding (mn)	2,139	EPS (Rs.)	60.6	65.8	70.9	85.3	85.6
52 - week High / Low (Rs.)	990/680	EPS growth (%)		8.6	7.7	20.3	0.3
		Operating margin (%)	52.1	57.1	50.3	59.6	58.6
Major shareholders (%)		PER (x)	14.9	13.7	10.6	10.5	10.5
Government of India	74.1	EV / EBITDA (x)	7.4	6.5	5.1	4.9	4.7
FII's / NRIs	9.2	Price / Sales (x)	2.8	2.7	3.4	3.2	3.1
Banks / MFs / Fis	4.1	Dividend yield (%)	3.0	3.3	4.3	4.3	4.3
Public	12.6	RoCE (%)	22.4	21.0	23.5	20.8	18.7
		RoE (%)	30.0	28.2	31.4	27.2	24.0

Source: Company and Karvy Estimates

**BULK DEALS ON NSE - 26 June 2007**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
DECOLIGHT	Decolight Ceramics Limite	DINAKUMAR M PATEL	BUY	126,000	43
DECOLIGHT	Decolight Ceramics Limite	MAHENDRA P RATHOD	BUY	144,615	42
DECOLIGHT	Decolight Ceramics Limite	NISSAR BROTHERS	BUY	121,230	44
DECOLIGHT	Decolight Ceramics Limite	SANDEEP SATISHKUMAR SABOO	BUY	122,513	41
DECOLIGHT	Decolight Ceramics Limite	TRANSGLOBAL SECURITIES LTD.	BUY	106,789	42
DECOLIGHT	Decolight Ceramics Limite	VIJIT ASSET MANAGEMENT PVT LTD	BUY	169,923	44
EVEREADY	Eveready Industries India	ABN AMRO BANK N.V. LONDON BRANCH	BUY	1,339,872	51
FIEMIND	Fiem Industries Limited	VEDMEHTA ANIL B	BUY	62,500	121
GLORY	Glory Polyfilms Limited	KISHORE KUMAR PATKI	BUY	3,000	52
GLORY	Glory Polyfilms Limited	SEJALBEN GOPALBHAI SHAH	BUY	100,000	52
GTOFFSHORE	Great Offshore Limited	DELTA HOUSING COMPANY PVT LTD	BUY	3,494,044	869
GTOFFSHORE	Great Offshore Limited	MALTAR TRADING AND INVESTMENT CO PVT LTD	BUY	1,589,356	869
GTOFFSHORE	Great Offshore Limited	MALTAR TRADING AND INVESTMENT CO PVT LTD	BUY	416,600	868
ICRA	ICRA Limited	PRASHANTJAYANTILAL PATEL	BUY	104,486	946
NELCO	Nelco Ltd.	KOTAK SECURITIES CLIENT PMS A/C	BUY	384,597	96
NICCO	Nicco Corporation Limited	ASTUTE COMMODITIES & DERIVATIVES Pvt Ltd	BUY	310,547	33
REGENCERAM	Regency Ceramics Ltd.	SHILPA STOCK BROKERS PVT. LTD.	BUY	65,562	22
SOLAREX	Solar Explosives Limited	HDFC MUTUAL FUND	BUY	397,000	155
TELEDATAIN	Teledata Informatics Limi	SUNIL CAPITAL AND SECURITIES PVT LTD	BUY	1,061,423	59
TIMETECHNO	Time Technoplast Limited	PRASHANTJAYANTILAL PATEL	BUY	192,145	616
DECOLIGHT	Decolight Ceramics Limite	MAHENDRA P RATHOD	SELL	144,615	44
DECOLIGHT	Decolight Ceramics Limite	NISSAR BROTHERS	SELL	121,230	44
DECOLIGHT	Decolight Ceramics Limite	SANDEEP SATISHKUMAR SABOO	SELL	115,615	43
DECOLIGHT	Decolight Ceramics Limite	TRANSGLOBAL SECURITIES LTD.	SELL	99,684	42
DECOLIGHT	Decolight Ceramics Limite	VIJIT ASSET MANAGEMENT PVT LTD	SELL	142,523	43
EVEREADY	Eveready Industries India	HDFC MUTUAL FUND	SELL	1,400,000	51
GLORY	Glory Polyfilms Limited	KISHORE KUMAR PATKI	SELL	115,281	52
GTOFFSHORE	Great Offshore Limited	BHARAT K SHETH	SELL	2,380,000	869
GTOFFSHORE	Great Offshore Limited	JYOTSNA KANAIYALAL SHETH	SELL	250,000	869
GTOFFSHORE	Great Offshore Limited	KANAIYALAL MANEKLAL SHETH	SELL	380,000	869
GTOFFSHORE	Great Offshore Limited	RAVI KANAIYALAL SHETH	SELL	2,490,000	869
ICRA	ICRA Limited	PRASHANTJAYANTILAL PATEL	SELL	104,486	946
NELCO	Nelco Ltd.	KOTAK SECURITIES CLIENT PMS A/C	SELL	505,000	96
NICCO	Nicco Corporation Limited	ASTUTE COMMODITIES & DERIVATIVES Pvt Ltd	SELL	267,557	33
REGENCERAM	Regency Ceramics Ltd.	SHILPA STOCK BROKERS PVT. LTD.	SELL	73,175	23
SB&TINTL	SB&T International Ltd	MORGAN STANLEY DEAN WITTER MAU CO LIMITED	SELL	150,000	27
SOLAREX	Solar Explosives Limited	JARDINE FLEMING INDIA FUND	SELL	398,000	155
TELEDATAIN	Teledata Informatics Limi	SUNIL CAPITAL AND SECURITIES PVT LTD	SELL	1,029,024	60
TIMETECHNO	Time Technoplast Limited	PRASHANTJAYANTILAL PATEL	SELL	193,065	615

Source: NSE

**BULK DEALS ON BSE - 26 June 2007**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
531591	BAMPSL SECUR	N C JAIN	B	296,155	1
531591	BAMPSL SECUR	N C JAIN	S	296,155	1
531591	BAMPSL SECUR	KANTILAL JAWANMALJI JAIN	S	548,788	1
590059	BIHARTUBES	BHAVNA S SETHIA	B	17,313	129
590059	BIHARTUBES	ANIL SHARMA	B	38,708	129
590059	BIHARTUBES	BHAVNA S SETHIA	S	21,402	129
590059	BIHARTUBES	ANIL SHARMA	S	20,425	130
531337	CHAN GUIDE I	BAKLIWAL FINANCIAL SER I PVT LTD	B	52,000	22
532456	COMPUAGE INF	ATUL H MEHTA	B	1,285,433	23
532456	COMPUAGE INF	FALGUNI A MEHTA	S	1,285,433	23
532858	DECOLIGHT CE	MAHENDRA P RATHAD	B	375,590	43
532858	DECOLIGHT CE	KANUBHAI PRAJAPATI	B	238,724	43
532858	DECOLIGHT CE	JMP SECURITIES PVT. LTD.	B	411,907	44
532858	DECOLIGHT CE	SILVERLINE SHARE BROKING PVT. LTD.	B	114,014	43
532858	DECOLIGHT CE	MAHENDRA P RATHAD	S	375,590	43
532858	DECOLIGHT CE	JMP SECURITIES PVT. LTD.	S	345,065	43
532858	DECOLIGHT CE	SILVERLINE SHARE BROKING PVT. LTD.	S	114,014	43
517973	DMC INTER	JA FINANCIAL AND MANAGEMENT CONSULTANT I PVT LTD	B	9,935	69
526614	EXPO GA CONT	BDS SHARE BROKERS PVT LTD	B	26,137	12
526614	EXPO GA CONT	BDS SHARE BROKERS PVT LTD	S	26,137	12
532768	FIEM INDS	ANIL BVEDMEHTA	B	62,500	121
532022	FILAT FASH	KISHORILAL AMRUTLAL BISSA	S	129,400	12
513579	FOUNDRY FUEL	INTEGRA INTERNATIONAL PVT LTD	B	64,441	8
513579	FOUNDRY FUEL	BDS SHARE BROKERS PVT LTD	S	38,408	8
532767	GAYATRI PROJ	CITIGROUP GLOBAL MARKET MAURITIUS PVT LTD	S	54,627	306
531137	GEMSTONE INV	MALA HEMANT SHETH	B	20,000	29
532857	GLORY POLY	MITBHAI GOPALBHAI SHAH	B	182,000	52
532857	GLORY POLY	RAJVEE PRAKASH SHAH	S	182,000	52
532857	GLORY POLY	AXIOM IMPEX INTERNATIONAL LIMITED	S	125,815	52
522217	GUJ APO IND	DHAYABHAI SOMABHAI PATEL	S	59,200	170
512185	IOL BROADBAN	BROADBAND INDIA LIMITED	B	154,765	494
532745	JRG SECUR	TAIB BANK E.C. SUB ACCOUNT TAIB SEC MAURITIUS LTD	B	75,872	41
524826	JUPITER BIOS	DINESH KUMAR SINGHI	B	55,902	202
504112	NELCO LIMITE	KOTAK PMS	B	239,371	96
504112	NELCO LIMITE	KOTAK PMS	B	122,500	95
504112	NELCO LIMITE	KOTAK PMS	S	573,055	96
623574	PANTAL RETAI	PASSPORT INDIA INVESTMENTS MAURITIUS LIMITED	B	912,344	560
623574	PANTAL RETAI	GOLDMAN SACHS AND CO SUB AC GOLDSACHS INV MAU	S	912,344	560
531739	PRUDEN PHARM	MERCURY FUND MANAGEMENT CO LTD	S	100,000	21
531522	RASOYA PROTN	VINAY JAIN	S	42,000	123
517500	ROTO PUMPS L	SHARMIN NASSER	B	16,700	60
514152	SHAMKE MULTI	ANUP JAIN HUF	B	100,000	5
531373	SUAVE HOTEL	SANDEEP PATEL	B	25,441	54
531373	SUAVE HOTEL	SANDEEP PATEL	S	26,816	54
530883	SUPER CROP S	HARDIK M MITHANI	S	45,350	7
531638	SURAJ STAINL	DIAMANT INVESTMENT AND FINANCE LIMITED	B	69,924	354
531638	SURAJ STAINL	DIAMANT INVESTMENT AND FINANCE LIMITED	S	69,112	362
632299	TEL EIGHTEEN	PASSPORT INDIA INVESTMENTS MAURITIUS LIMITED	B	903,225	960
532856	TIMETECHNO	MATRIX EQUITRADE PVT LTD	B	155,733	616
532856	TIMETECHNO	MATRIX EQUITRADE PVT LTD	S	155,406	616
531774	TRIPEX OVER	NARENDRA VALLABHJI BAHUVA	B	66,100	25
531774	TRIPEX OVER	SHIVKUMAR AGARWAL	B	44,442	25
531774	TRIPEX OVER	JMP SECURITIES PVT. LTD.	B	42,002	25
531774	TRIPEX OVER	NARENDRA VALLABHJI BAHUVA	S	66,100	25
531774	TRIPEX OVER	SHIVKUMAR AGARWAL	S	44,442	25
531774	TRIPEX OVER	JMP SECURITIES PVT. LTD.	S	44,000	25
512167	YASHRAJ SECR	RAJESH SHAH	B	10,000	561
512167	YASHRAJ SECR	DIAMANT INVESTMENT AND FINANCE LIMITED	B	13,316	526
512167	YASHRAJ SECR	DIAMANT INVESTMENT AND FINANCE LIMITED	S	10,000	560

Source: BSE

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<b>Stock Ratings</b>		<b>Absolute Returns</b>		<b>Stock Ratings</b>		<b>Absolute Returns</b>
Buy	:	> 25%		Market Performer	:	0 - 15%
Out Performer	:	16 - 25%		Under Performer	:	< 0%

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