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- Aban Offshore
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- Infosys Technologies
- Larsen & Toubro
- Reliance Industries
- Shiv-Vani Oil & Gas
- State Bank of India
- Tata Tea

REGULAR Features

- Report Card
- Earnings Guide

Market Outlook
Only half the battle won

Mutual Funds: Sharekhan's top equity fund picks

CONTENTS

STOCK IDEAS STANDING (AS ON AUGUST 08, 2008)														
COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 08-AUG-08	GAIN-LOSS (%)	ABSOLUTE PERFORMANCE				RELATIVE TO SENSEX			
							1M	3M	6M	12M	1M	3M	6M	12M
Evergreen														
HDFC	2,700.0	2,912.0	19-Nov-07	Buy	2,510.0	-7.0	20.3	-8.2	-14.9	27.1	7.2	4.4	-2.3	24.0
HDFC Bank	358.0	1,482.0	30-Dec-03	Buy	1,273.0	255.6	24.6	-18.8	-15.6	10.3	11.0	-7.6	-3.0	7.7
Infosys Technologies	689.1	2,130.0	30-Dec-03	Buy	1,673.6	142.9	-4.1	-5.0	18.1	-6.5	-14.5	8.0	35.7	-8.7
Larsen & Toubro	3,536.0	4,044.0	18-Feb-08	Buy	2,843.0	-19.6	16.8	-7.8	-24.1	12.5	4.1	4.8	-12.8	9.8
Reliance Ind	567.0	3,025.0	5-Feb-04	Buy	2,245.0	295.9	12.1	-15.1	-5.8	26.2	-0.1	-3.4	8.2	23.1
Tata Consultancy Services	852.5	1,121.0	6-Mar-06	Buy	842.1	-1.2	0.5	-10.9	-2.0	-21.9	-10.4	1.3	12.5	-23.8
Apple Green														
Aditya Birla Nuvo	714.0	2,035.0	6-Dec-05	Buy	1,325.0	85.6	17.1	-9.5	-28.9	-6.9	4.4	2.9	-18.4	-9.2
Apollo Tyres	34.4	50.0	28-Nov-06	Buy	33.9	-1.6	4.6	-27.9	-29.1	-11.2	-6.8	-18.0	-18.5	-13.3
Bajaj Auto	586.2	719.0	15-Nov-05	Buy	548.0	-6.5	28.6				14.6			
Bajaj Finserv	545.0	687.0	26-May-08	Buy	520.0	-4.6	-1.2				-12.0			
Bajaj Holdings	741.9	**	26-May-08	Buy	401.9	-45.8	-9.4	-42.5	-13.4	-13.4	-19.3	-34.6	-0.5	-15.5
Bank of Baroda	239.0	361.0	25-Aug-06	Buy	287.0	20.1	39.2	-7.3	-25.2	-2.9	24.0	5.4	-14.1	-5.3
Bank of India	135.0	365.0	25-Aug-06	Buy	290.0	114.8	23.7	-11.4	-16.9	22.2	10.2	0.8	-4.5	19.2
Bharat Bijlee	192.3	1,747.0	29-Nov-04	Hold	1,295.0	573.4	-6.4	-43.3	-57.6	-41.8	-16.6	-35.5	-51.3	-43.2
Bharat Electronics	1,108.0	1,610.0	25-Sep-06	Buy	972.2	-12.3	-0.1	-20.5	-32.1	-41.2	-11.0	-9.5	-22.0	-42.6
Bharat Heavy Electricals	602.0	2,230.0	11-Nov-05	Buy	1,779.0	195.5	20.7	-0.8	-11.9	6.7	7.6	12.9	1.2	4.2
Bharti Airtel	625.0	1,100.0	8-Jan-07	Buy	840.2	34.4	16.7	4.1	-1.8	-3.1	4.0	18.4	12.9	-5.4
Canara Bank	213.0	234.0	25-Aug-06	Buy	215.3	1.1	28.2	-8.1	-27.2	-16.1	14.3	4.5	-16.4	-18.1
Corp Bank	218.0	321.0	19-Dec-03	Buy	274.1	25.7	5.6	-18.5	-15.1	-20.8	-5.9	-7.3	-2.4	-22.7
Crompton Greaves	88.1	367.0	19-Aug-05	Buy	265.0	200.6	7.0	2.6	-7.8	-11.8	-4.7	16.6	5.9	-13.9
Elder Pharma	298.0	508.0	26-Apr-06	Buy	334.3	12.2	9.0	-7.7	-15.3	-13.7	-2.9	5.0	-2.8	-15.8
Glenmark Pharma†	599.0	754.0	17-Jul-08	Buy	637.5	6.4	9.2	-2.2	36.7	97.8	-2.7	11.3	57.0	93.1
Grasim	1,119.0	2,252.0	30-Aug-04	Buy	2,033.8	81.8	22.5	-9.1	-24.7	-27.3	9.2	3.4	-13.5	-29.0
HCL Technologies	103.0	266.0	30-Dec-03	Hold	225.0	118.4	-8.2	-23.9	-7.8	-23.0	-18.2	-13.4	5.9	-24.9
Hindustan Unilever	172.0	280.0	24-Nov-05	Buy	243.0	41.3	17.2	-2.4	24.6	26.5	4.5	11.0	43.1	23.4
ICICI Bank	284.0	965.0	23-Dec-03	Buy	728.4	156.5	19.1	-21.6	-34.9	-17.2	6.1	-10.8	-25.2	-19.2
Indian Hotel Company	76.6	146.0	17-Nov-05	Buy	81.9	6.9	-1.4	-27.7	-32.8	-31.0	-12.2	-17.8	-22.8	-32.7
ITC	69.5	247.0	12-Aug-04	Buy	190.5	174.1	10.3	-13.5	2.1	17.5	-1.7	-1.6	17.3	14.6
Lupin	403.5	840.0	6-Jan-06	Buy	727.0	80.2	11.9	33.9	41.2	18.3	-0.3	52.3	62.2	15.4
M&M	232.0	708.0	1-Apr-04	Buy	572.1	146.6	16.4	-12.9	-10.6	-13.1	3.7	-0.9	2.7	-15.2
Marico	7.7	77.0	22-Aug-02	Buy	59.4	671.4	7.2	-11.8	-8.6	3.8	-4.4	0.3	4.9	1.3
Maruti Suzuki	360.0	865.0	23-Dec-03	Buy	679.3	88.7	17.2	-13.4	-16.0	-18.1	4.4	-1.5	-3.5	-20.1
Nicholas Piramal	146.0	434.0	16-Mar-04	Buy	340.8	133.4	16.9	3.7	35.5	60.6	4.2	17.9	55.6	56.8
Punj Lloyd	519.0	532.0	12-Dec-07	Buy	289.0	-44.3	22.9	-19.9	-26.8	-2.1	9.5	-8.9	-15.9	-4.5
Ranbaxy	533.5	575.0	24-Dec-03	Buy	503.3	-5.7	-6.0	9.3	36.4	38.8	-16.2	24.3	56.7	35.4
Satyam Computers	181.5	521.0	30-Dec-03	Buy	408.1	124.8	-13.5	-14.8	6.7	-9.3	-22.9	-3.1	22.5	-11.5
SBI	476.0	1,801.0	19-Dec-03	Buy	1,523.0	220.0	30.0	-12.6	-28.3	-2.6	15.8	-0.6	-17.6	-5.0
Tata Motors	473.0	545.0	29-Mar-04	Hold	443.3	-6.3	13.7	-32.4	-35.8	-30.2	1.4	-23.1	-26.2	-31.8
Tata Tea	789.0	970.0	12-Aug-05	Buy	723.9	-8.3	3.6	-17.5	-6.1	5.1	-7.7	-6.2	7.8	2.6
Wipro	418.0	**	9-Jun-06	Hold	436.5	4.4	1.5	-9.0	10.6	-0.9	-9.5	3.6	27.0	-3.3
Emerging Star														
3i Infotech	66.0	180.0	6-Oct-05	Buy	115.0	74.2	14.1	-8.7	-3.2	-18.8	1.7	3.9	11.2	-20.7
Aban Offshore	330.4	4,829.0	3-Mar-05	Buy	2,493.7	654.8	-3.9	-29.9	-31.2	-13.7	-14.4	-20.2	-20.9	-15.7
Alphageo India	150.0	480.0	29-Nov-06	Buy	411.6	174.4	15.7	-25.4	-39.8	8.6	3.1	-15.2	-30.8	6.0
Axis (UTI) Bank	229.4	901.0	24-Feb-05	Buy	736.0	220.9	23.6	-17.1	-27.3	22.5	10.2	-5.8	-16.5	19.6
Balaji Telefilms	231.0	268.0	9-Jul-07	Buy	183.4	-20.6	7.4	5.7	-14.9	-25.5	-4.3	20.2	-2.2	-27.3
BL Kashyap	1,095.0	1,356.0	27-Sep-07	Buy	1,020.0	-6.8	0.5	-32.9	-39.5	15.9	-10.4	-23.7	-30.5	13.1
Cadila Healthcare	297.5	372.0	21-Mar-06	Buy	338.0	13.6	6.4	10.8	35.3	-7.1	-5.1	26.0	55.4	-9.3
Jindal Saw	635.0	910.0	20-Sep-07	Buy	550.0	-13.4	9.0	-11.6	-35.7	-16.4	-2.9	0.5	-26.2	-18.4
KSB Pumps	399.0	451.0	3-Oct-05	Buy	348.0	-12.8	30.1	4.0	-0.3	-34.5	16.0	18.3	14.5	-36.0
Navneet Publications	56.8	80.0	22-Aug-05	Buy	70.1	23.3	2.3	-26.6	-36.5	19.1	-8.8	-16.5	-27.0	16.3
Network 18 Fincap	476.0	651.0	20-Jun-07	Buy	180.1	-62.2	13.6	-26.5	-47.1	-55.4	1.2	-16.4	-39.2	-56.5
Nucleus Software	248.5	272.0	12-Dec-06	Hold	179.0	-28.0	-12.1	-30.6	-33.7	-55.8	-21.7	-21.0	-23.8	-56.9

STOCK IDEAS STANDING (AS ON AUGUST 08, 2008)

COMPANY	RECO PRICE	PRICE TARGET	RECO DATE	CURRENT RECO	PRICE AS ON 08-AUG-08	GAIN/ LOSS (%)	ABSOLUTE PERFORMANCE				RELATIVE TO SENSEX			
							1M	3M	6M	12M	1M	3M	6M	12M
Opto Circuits India	338.0	460.0	13-May-08	Buy	349.0	3.3	14.1	-4.6	-20.2	14.8	1.7	8.6	-8.3	12.1
Orchid Chemicals	254.0	300.0	16-Jan-06	Buy	255.0	0.4	-1.8	3.5	-1.5	22.6	-12.5	17.7	13.2	19.6
Patels Airtemp	88.2	135.0	7-Dec-07	Buy	58.8	-33.4	27.8	-0.9	-27.8	66.6	13.9	12.7	-17.0	62.6
Television Eighteen India	110.0	355.0	23-May-05	Buy	240.2	118.3	13.3	-27.4	-41.3	-38.2	0.9	-17.4	-32.6	-39.7
Thermax	124.2	564.0	14-Jun-05	Buy	471.1	279.3	24.0	-1.5	-22.1	-22.5	10.5	12.1	-10.6	-24.4
Zee News	54.0	79.0	18-Oct-07	Buy	41.9	-22.5	-11.1	-30.9	-30.2	-33.7	-20.8	-21.4	-19.9	-35.3
UGLY DUCKLING														
Ashok Leyland	38.0	39.0	23-May-06	Hold	33.2	-12.8	17.7	-16.1	-5.6	-2.2	4.9	-4.6	8.4	-4.5
Aurobindo Pharma	684.0	914.0	28-May-07	Buy	300.1	-56.1	4.0	-9.8	1.0	-52.0	-7.3	2.6	16.0	-53.1
BASF	220.0	330.0	18-Sep-06	Buy	279.0	26.8	7.1	35.1	20.2	1.7	-4.5	53.6	38.0	-0.7
Deepak Fert	50.6	169.0	17-Mar-05	Buy	110.0	117.4	22.0	-0.7	-17.3	4.2	8.8	13.0	-5.0	1.7
Genus Overseas	101.0	502.0	6-Jul-05	Buy	316.8	213.7	0.9	-40.3	-53.4	-27.9	-10.1	-32.1	-46.5	-29.6
ICI India	250.0	622.0	26-May-05	Buy	500.0	100.0	-4.9	-8.9	0.5	-2.4	-15.2	3.6	15.4	-4.7
India Cements	220.0	260.0	28-Sep-06	Buy	162.5	-26.2	23.0	0.1	-19.0	-26.1	9.7	13.8	-6.9	-27.8
Indo Tech Transformer	199.0	460.0	28-Nov-06	Buy	355.0	78.4	7.0	-29.0	-46.0	-25.8	-4.6	-19.3	-38.0	-27.6
Ipca Laboratories	660.0	875.0	5-Nov-07	Buy	560.0	-15.2	2.8	-9.6	-11.3	-19.5	-8.4	2.8	1.9	-21.5
Jaiprakash Associates	25.0	289.0	30-Dec-03	Buy	183.8	635.2	17.2	-31.7	-45.0	11.5	4.4	-22.3	-36.8	8.9
KEI Industries	39.4	84.0	30-Aug-05	Buy	42.2	7.1	3.5	-40.6	-52.4	-50.0	-7.8	-32.4	-45.3	-51.2
Mahindra Lifespace	799.0	828.0	9-Jan-08	Buy	481.5	-39.7	9.9	-23.5	-19.8	-10.5	-2.0	-13.0	-7.8	-12.6
Mold Tek Technologies	155.0	169.0	19-Dec-07	Buy	71.8	-53.7	14.1	-4.4	-40.5	-44.8	1.7	8.7	-31.7	-46.1
Orbit Corporation	800.0	808.0	17-Dec-07	Buy	290.0	-63.8	11.3	-44.5	-60.5	-26.0	-0.8	-36.9	-54.6	-27.8
Punjab National Bank	180.0	587.0	19-Dec-03	Buy	496.0	175.6	30.0	-4.5	-18.3	2.3	15.9	8.6	-6.2	-0.2
Ratnamani Metals	270.0	1,110.0	8-Dec-05	Buy	770.0	185.2	21.6	-8.3	-22.0	-17.5	8.4	4.3	-10.3	-19.4
Sanghvi Movers	53.0	298.0	5-Aug-05	Buy	220.0	315.1	15.3	-10.9	-15.1	18.0	2.7	1.4	-2.4	15.2
Selan Exploration	58.0	345.0	20-Mar-06	Hold	290.0	399.9	64.7	13.4	84.1	137.4	46.8	29.0	111.5	131.7
Shiv-Vani Oil & Gas	370.0	725.0	4-Oct-07	Buy	553.0	49.5	3.8	-6.4	-2.5	71.2	-7.5	6.5	12.0	67.1
SEAMEC	190.0	253.0	12-Oct-06	Buy	126.0	-33.7	7.4	-18.2	-34.5	-39.2	-4.3	-6.9	-24.8	-40.7
Subros	41.2	50.0	26-Apr-06	Buy	33.7	-18.2	18.1	-22.2	-28.1	-23.2	5.2	-11.5	-17.4	-25.0
Sun Pharmaceutical	302.0	1,640.0	24-Dec-03	Buy	1,445.0	378.5	9.9	0.4	32.7	57.8	-2.1	14.1	52.5	54.0
Surya Pharma	139.0	205.0	2-Dec-05	Buy	106.8	-23.2	15.9	-2.9	-1.2	26.1	3.3	10.4	13.5	23.0
Tata Chemicals	411.0	515.0	31-Dec-07	Buy	350.0	-14.8	22.8	-1.1	12.7	30.9	9.4	12.5	29.4	27.8
Torrent Pharma	185.0	260.0	4-Oct-07	Buy	188.8	2.0	19.8	16.2	20.1	-12.5	6.7	32.2	38.0	-14.6
Unity Infraprojects	692.0	871.0	26-Feb-08	Buy	452.0	-34.7	23.0	-24.4	-45.4	-21.6	9.6	-14.1	-37.2	-23.5
UltraTech Cement	384.0	735.0	10-Aug-05	Buy	636.6	65.8	15.9	-13.7	-25.0	-28.1	3.3	-1.8	-13.9	-29.8
Union Bank of India	46.0	180.0	19-Dec-03	Buy	149.4	224.8	30.7	-13.5	-22.2	0.7	16.5	-1.7	-10.6	-1.7
Wockhardt*	248.0	505.0	24-Dec-03	Buy	195.5	-21.2	8.2	-34.0	-41.1	-44.8	-3.5	-24.9	-32.3	-46.1
Zensar Technologies	342.0	380.0	18-Jun-07	Hold	142.0	-58.5	28.7	-7.8	2.1	-39.4	14.7	4.8	17.3	-40.8
VULTURE'S PICK														
Esab India	60.0	575.0	21-May-04	Buy	395.0	558.3	12.7	-5.9	-15.0	-12.4	0.4	7.1	-2.3	-14.5
Orient Paper	21.4	57.0	30-Aug-05	Buy	40.0	86.9	28.2	-10.6	-30.0	-12.2	14.2	1.7	-19.6	-14.3
WS Industries	51.0	86.0	2-Dec-05	Buy	49.5	-2.9	-5.9	-40.1	-51.7	-7.2	-16.2	-31.9	-44.5	-9.5
CANNONBALL														
Allahabad Bank	73.0	95.0	25-Aug-06	Buy	65.3	-10.6	15.6	-25.3	-41.4	-27.1	3.0	-15.0	-32.6	-28.9
Andhra Bank	85.0	90.0	25-Aug-06	Buy	60.0	-29.4	16.0	-24.7	-30.0	-26.2	3.4	-14.4	-19.6	-27.9
Gateway Distriparks	190.0	236.0	11-Aug-05	Buy	96.5	-49.2	30.5	-21.6	-9.3	-27.9	16.3	-10.8	4.2	-29.7
International Combustion	350.0	519.0	20-Sep-05	Buy	342.8	-2.1	3.3	-20.3	-34.3	-16.7	-7.9	-9.4	-24.5	-18.7
J K Cements	149.0	250.0	17-Nov-05	Buy	128.1	-14.0	-2.6	-12.2	-24.1	-20.0	-13.2	-0.1	-12.8	-21.9
Madras Cements	1,498.0	4,000.0	17-Nov-05	Buy	2,698.0	80.1	2.2	-11.5	-26.7	-19.1	-8.9	0.7	-15.8	-21.1
Shree Cement	445.0	950.0	17-Nov-05	Buy	638.0	43.4	24.2	-31.8	-49.9	-50.9	10.7	-22.4	-42.4	-52.1
TFCI	17.1	30.0	25-Jun-07	Buy	18.8	9.9	19.1	-31.0	-45.7	-7.2	6.1	-21.5	-37.6	-9.4

** Price under review

REPORT CARD: STOCK IDEAS BOOKED

COMPANY	RECOMMENDED AT (Rs)	RECOMMENDED ON	BOOKED AT (Rs)	BOOKED ON	APPRECIATION (%)
Ceat	91.5	28-Nov-06	72.0	29-Jul-08	-21.3
SKF India	141.0	23-Dec-04	208.0	18-Jul-08	47.5

Evenly poised now

To say that July of 2008 was eventful would be an understatement. Besides the disturbing weekly inflation data, the month was witness to the good, bad and ugly first quarter results of Indian companies; a high-decibel political drama over the 123 nuke deal; some unexpected rate hike by the Reserve Bank of India (RBI); more turmoil in global financial markets; shocking serial blasts in Ahmedabad and Bangalore; and then some. Needless to say that the market was kept on its toes throughout the month and it swung wildly in both directions, depending on the nature of its cues. That volatility was at its extreme in this July is clear from the fact that overall the market traversed nearly 7,750 points during the course of the month!

Fortunately, despite its wild gyrations the market closed up nearly 1,400 points, all thanks to crude oil, which at last climbed down from its high perch. Market sentiments were also aided by the easing of the political uncertainties. The United Progressive Alliance government managed to not only overcome the hurdle of trust vote but also get rid of the support from the anti-reformist Left parties. The recent uptrend clearly indicates that the Hope-to-Despair pendulum is swinging away from the extreme end of despair. But can it beat the lingering concerns to reach the other extreme of hope? Well, it seems to be an uphill task, given the macro head winds.

Take, crude oil, for instance. After touching a record high of $147.27 a barrel on July 11, crude oil prices have fallen to a three-month low of $117.42 but still continue to be high enough to keep the central government's finances under strain. Moreover, even though crude oil has corrected significantly in the past one month, opinion is still divided on whether crude oil has entered a bear phase after the nearly 20% correction in its price since early July this year. Especially in the backdrop of the recent missile test-firing by Iran despite the threat of more sanctions from the United Nations.

Another global concern that is still alive and causes pain from time to time pertains to the global financial crisis triggered by the collapse of the US subprime market some time back. The writedowns and credit market losses of global banks due to their exposure to US subprime market continue and have risen to $480 billion. Last month, even the US government-sponsored mortgage giants Fannie Mae and Freddie Mac came close to bankruptcy. The news of the near insolvency of these two government-backed mortgage enterprises created quite a turmoil in global financial markets. The two beleaguered lenders were, however, bailed out by the US Federal Reserve (Fed), which threw open the discount window to them, and by Treasury Secretary Hank Paulson, who promised an expanded government credit line and equity purchases by the government. Another big US mortgage lender, IndyMac, was not so lucky and collapsed in the same month after having lent to risky borrowers over the years. Such is the pervading gloom that even the strong second quarter profits of JP Morgan Chase & Co and Wells Fargo &Co were overshadowed by the disappointing second quarter results of Citigroup, the largest US bank in terms of assets, and Merrill Lynch, one of the world's largest investment banks. Merrill Lynch is writing off almost $6 billion in bad debts associated with the US mortgage meltdown. These developments have added to the despair and indicate that the global credit crisis may not be over yet.

In the USA, the place of the origin of the credit crisis, the economy continues to stagnate. The nation's gross domestic product (GDP) grew at an average rate of 1.4% in the first six months of 2008. On the other hand, inflation continues to rise. The Consumer Price Index rose by 5% for the year ending June 2008. The other indicators of the economy also continue to point to a downturn. The employment rate went up to 5.7% in July, the highest in more than four years. To help revive the economy, the Fed kept the benchmark rate unchanged at 2% at its August 5, 2008 meeting. According to the Fed, the downside risks to growth remain, and "tight" borrowing conditions, the housing slump and "elevated energy prices" will probably restrain growth for a few quarters.

At home, inflation in the domestic economy has been another of the market's persistent concern. Though inflation has remained stable in the past few weeks, it has crossed the 12% mark. Inflation, as measured by the Wholesale Price Index, for the week ended July 26, 2008 increased marginally to 12.01% from 11.98% in the previous week and 11.89% in the week before that. Inflation has remained stable largely because of the higher base of the last year and is expected to remain in double digits till the base effect wears off by the year end. The RBI hopes to bring down inflation to around 7% by March 2009 and contain it at 13% in the

contd....

medium term. Earlier, due to inadequate rainfall in the first half of July this year, fears had built up that a below normal monsoon could adversely affect the *kharif* crop, thereby fuelling inflationary expectations further. Though the rainfall has revived in certain areas since then, much damage has already been done to the *kharif* harvest due to the erratic nature of the rainfall and that is bad news.

Controlling inflation remains the top priority of the central bank, which has tightened its monetary screw further with a view to fighting inflation by capping the aggregate domestic demand. Though there are some signs of moderation in money supply, credit offtake and deposit growth in response to the RBI's ongoing monetary tightening, the same remain well above the RBI's target levels. Money supply is growing at 20.5% year on year against the RBI's target growth rate of 16.5-17.0% whereas credit is growing at +25% year on year against the RBI's comfort zone of 20%. Hence on July 29, 2008, while reviewing the monetary and credit policy for FY2009, the RBI raised the repo rate by 50 basis points and the cash reserve ratio (CRR) by 25 basis points. We were expecting a 25-basis-point hike in each. Since inflation is likely to remain in double digits in the coming months, we expect some more monetary tightening from the central bank. It may be recalled here that in FY2008, the RBI had hiked the CRR by 125 basis points and the repo rate by 75 basis points.

As a result of the RBI's monetary tightening, growth has visibly slowed down and business confidence has taken a dip. The Index of Industrial Production rose by just 5% during April-May 2008 compared with 10.9% in April-May 2007. The fact that higher interest rates are beginning to hurt both production and consumption in certain segments is evident from the latest data on the automobile sector. In the April-June quarter, while vehicle production grew by 9.45%, domestic sales grew at a slower pace of 8.19%. Automobile sales were weak across segments in July as well. Plant shutdowns are also becoming common in the absence of demand and the outlook for the second quarter is bleak, with car production expected to drop by 10-15% in the period.

India Inc's earnings growth too has slowed down in the past couple of quarters because of contracting margins due to the rising cost of capital and raw materials. In the first quarter of FY2009, the Sensex' adjusted earnings excluding oil grew by 12.5% year on year vs expectations of an 11.6% growth. Since interest rates are likely to go higher, growth will remain under pressure. The coming quarters are expected to fully reflect the impact of the rising capital cost and the other macro-economic challenges. Most are expecting corporate earnings to grow at the rate of 10-18% in the next few quarters. Since the Indian stock market was attracting a high premium during its recent multi-year bull run because of the strong earnings growth prospects of India Inc, it is worried by the significant slowdown in the corporate earnings growth.

However, despite all these signs, the RBI has only marginally lowered its GDP growth forecast for FY2009 from the range of 8.0-8.5% to around 8.0% (barring domestic or external shocks). The RBI's optimism stems from the fact that domestic consumption and investments still remain relatively strong. An analysis of the top 50 consumer goods and services companies, conducted by a leading pink daily, shows that in Q1FY2009 revenues in this space grew by 24% over last year. The quarter's growth was the highest in a year. The demand for consumer goods like fast moving consumer goods, textiles, footwear, telecom services, liquor, consumer durables and retail products remain healthy despite the rising cost of credit. Thus, though higher interest rates may have dampened the demand for automobiles, high inflation has failed to curb consumption of the other consumer goods. As for investment, India's investment to GDP ratio stands at a high 36%, among the highest in the world.

There are some positive developments too that give the market hope. For one, the political uncertainty over the nuclear deal has ended for now. After much theatrics that lasted for days, the Congress party won the "No Trust" vote on July 22, 2008, taking the market up by over 800 points the following day. As per the deal signed with the USA, India would separate its civilian nuclear programme from its military nuclear programme and designate 14 of its 22 nuclear facilities as civilian, which would be always be open to international inspections and safeguards. In return, India would get the much needed access to US civilian nuclear technology and materials. The deal is beneficial to the Indian economy, which is growing at a healthy rate but is deficient in power.

Now that the Left parties are out of the government, the government shall press for the operationalisation of the deal that promises a guaranteed supply of fuel for India's nuclear reactors by the USA. The International

contd....

Atomic Energy Agency has already approved the India-specific agreement for nuclear safeguards and the pact shall now have to be cleared by the Nuclear Suppliers Group that regulates global trade in nuclear materials and technology. Incidentally, even as the 123 nuclear deal with the USA is being operationalised, France has signed a treaty with India to promote nuclear cooperation between the two countries. These developments are positive in the sense that nuclear energy is essential for India to sustain its healthy growth rate and ease the pressure on fossil fuels, more so considering the runaway prices of crude oil in recent times.

The win of the no trust vote on July 22 is a positive development also because the government can now be expected to press ahead with the financial sector reforms aggressively in the absence of any interference from the Left parties. In the pension fund sector, the draft bill to allow statutory status to Pension Fund Regulatory and Development Authority (PFRDA) has been pending approval for a long time. If this bill is approved, private fund managers under the PFRDA will become eligible to invest in the equity market the pension funds collected from the government employees. Currently, only three fund managers, UTI Asset Management Company, Life Insurance Corporation of India and State Bank of India, are allowed to manage this humungous corpus. The government also proposes to amend the Indian Trust Act, 1882 to allow all trusts to invest in shares and bonds of listed companies. These reforms if carried out will free a huge amount of long-term funds for the equity market which will not only provide depth but also greater stability to the market.

These reforms assume more significance in view of the recent selling in the domestic stock market by the financial institutional investors (FIIs) over concerns of spiralling inflation and a slowdown in the domestic economy, and weak global cues, such as surging crude oil prices, slowing global economy et al. In July, the FIIs sold equities to the tune of Rs1,837.10 crore at the net level compared with net purchases of Rs1,412.40 crore made by the domestic mutual funds in the month. Their net sales figure for 2008 stands at Rs26,702.90 crore compared with Rs10,912.30 crore of net purchases made by the domestic mutual funds in the year so far. The exceptional bull run in the Indian stock market that had lifted the Sensex from 2,900 levels in April 2003 to 21,000 levels in the January of 2008 was driven by the strong foreign fund flows into India due to the country's bright growth prospects. If the government presses ahead with the financial sector reforms, it will definitely send a positive signal to the FIIs not all of whom have give up on India yet.

As many as 244 new FIIs are believed to have registered with the Securities and Exchange Board of India in the past few weeks. This shows that even if some of the worried foreign investors are pulling out of the Indian stock market, there are many other FIIs who are still eager to pump funds into Indian equities. Heartening in this context is the finding of a recent survey of American corporate executives that considers India as the second best country for business investment among the world's 25 largest countries in terms of GDP.

In a nutshell, many of the market's concerns have been allayed in the past few weeks. At home, the political uncertainty has ended and monsoon has revived whereas globally, commodities including crude oil have corrected significantly and sentiments in global stock markets have improved. However, our market is not out of the woods yet. The concerns over rising inflation and slowing growth in the domestic economy persist. The market will take time to recover from the pain inflicted by the RBI's relentless rate hikes that may have caused structural damage to the country's economy, thereby affecting its long-term growth prospects. Globally also, high crude oil prices have slowed down economies worldwide, the tremors of the credit crisis are still being felt far and wide, and the USA is not out of harm's way yet. Moreover, though it has softened but crude oil is still expensive at $117 a barrel levels and could even become dearer if tensions between Iran and the USA erupt again over the former's nuclear programme.

One thing is clear though, the market has already put up with the worst of everything—the global credit crisis, the bull run in crude oil and other commodities, heightened political uncertainty at home, a sudden spike in the domestic inflation to double digits and the RBI's relentless monetary tightening—and lived to tell the tale. The market is swinging away from the extreme end of despair and is evenly poised now. This could essentially result in a consolidation phase. However, stock-specific activities would continue and investors should build their portfolios selectively. We have some of India's best companies under our coverage. Refer to our *Stock Ideas* in order to take informed decisions in the market.■

Market Outlook — August 08, 2008

Only half the battle won

Amidst intensifying macro head winds, the Sensex has recovered after touching a low of 12,676 in mid-July 2008. More than anything else, the recovery stems largely from the recent correction in commodities (especially crude oil) globally and the easing out of political uncertainties at home. With the anti-reformist Left parties out of the way, the United Progressive Alliance (UPA) government is also expected to pursue more vigorously its reform agenda and it has already given the right kind of signals in that direction.

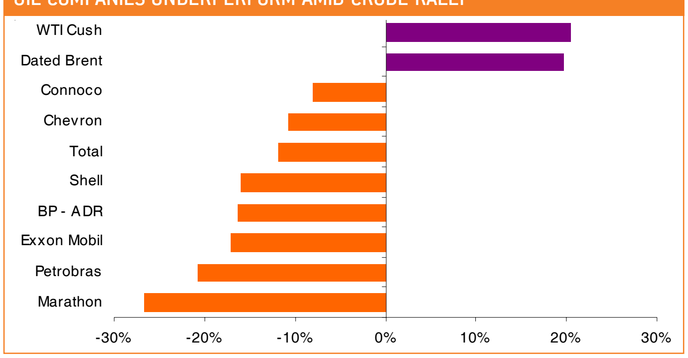
Though market sentiment has improved considerably, this improvement in sentiment is unlikely to translate into a runaway rally due to the lingering concerns, such as monetary tightening, moderation in economic growth, risk to corporate earnings, erratic monsoon and worsening credit squeeze globally. However, we expect the situation to improve from Q3FY2009 onwards as the base effect shall turn positive for inflation as well as industrial production by then. Moreover, the monetary tightening cycle would have peaked out by the third quarter. The effect of the recent monetary tightening measures of the central bank too would have played out by that time, in terms of moderation of credit growth and easing out of the momentum in the aggregate demand. Finally, by the end of the third quarter, the street would roll over the market's valuation on the FY2010 earnings estimates with the better part of FY2009 already behind us.

POSITIVE DRIVERS OF SENTIMENTS

Oil prices cool off

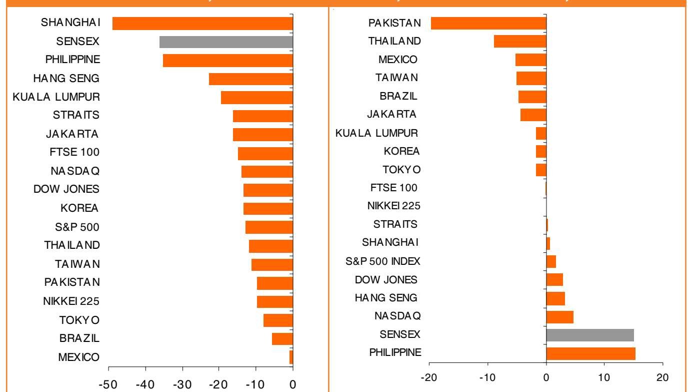
After touching a high of $145.7 a barrel (Brent), crude oil prices have cooled off by 19.6% to $117 a barrel, providing the much needed respite to economies worldwide. The lack of confidence in the oil rally among global financial community is clearly visible in the dismal stock performance of major oil companies. As seen in the chart below, while the Brent crude price is up 22.2% in the year till date (after a 19.6% correction), the stock prices of major integrated oil companies have declined by varied extent in the year so far.

OIL COMPANIES UNDERPERFORM AMID CRUDE RALLY

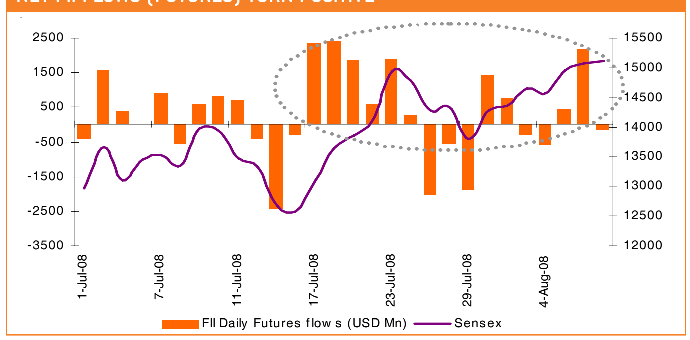


When crude oil and the other commodities were rallying, investor sentiment towards commodity-importing countries (such as India and China) was the worst hit. In line with the decline in crude oil prices, money has flown back to the commodity-importing countries in the past few weeks. The charts below represent market/index performance in the major economies of the world.

PERFORMANCE BETWEEN JAN 2008 AND JULY 3, 2008 | PERFORMANCE BETWEEN JULY 3, 2008 AND AUG 06, 2008

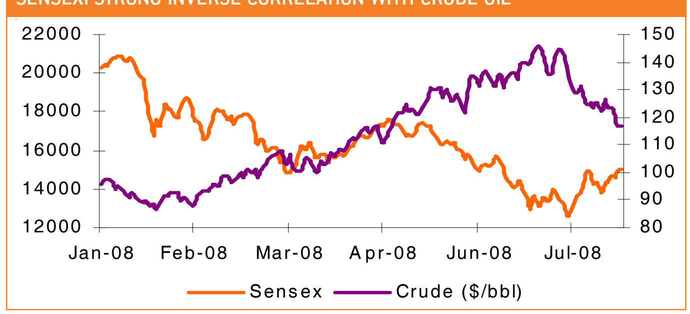


NET FII FLOWS (FUTURES) TURN POSITIVE



Since about 70% of India's oil needs is met by imports, the movement in crude oil prices has a strong bearing on investor sentiment towards India. As evident in the chart below, the Sensex has inversely mimicked the trend in crude oil prices over the January-July 2008 period. Domestically, the cooling off of crude oil prices means lesser threat of a further spike in inflation and worsening fiscal deficit, and a lesser extent of moderation in economic growth. However, even at the current levels, crude oil prices are high and can have a far reaching impact on the Indian economy.

SENSEXí STRONG INVERSE CORRELATION WITH CRUDE OIL

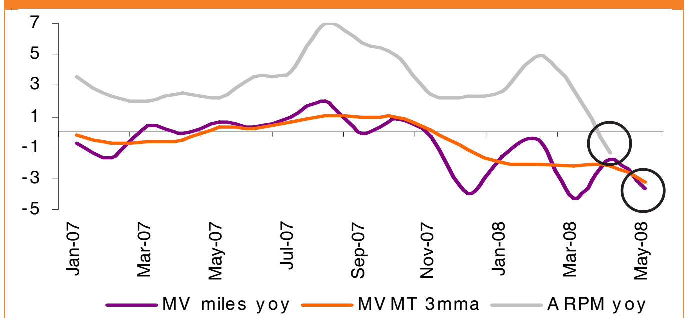


Demand destruction likely to contain crude oil prices

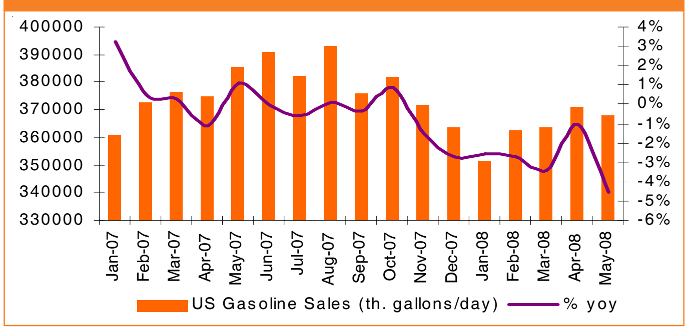
At the current juncture, crude oil prices remain at the centre stage of economic policies across the globe. Hence a pertinent question is: *At what level will crude oil prices stabilise?* Going by the recent signs of demand destruction in the USA and growing concerns of a slowdown in the other developed economies like Europe and Japan, the crude oil prices could remain under pressure and are likely to stabilise at lower levels.

USA: As seen in the chart below, demand destruction is quite evident. The motor vehicle miles traveled for May 2008 has declined by a significant 3.6% year on year (yoy), marking the seventh consecutive month of deceleration. A similar trend can be seen in the airline revenue passenger miles, which is down 1.3% yoy for April 2008. Consequently, the gasoline sales have shown significant weakness (down by 4.6% yoy in May 2008). Since the condition of the US economy is likely to worsen, the demand destruction would only accelerate. With the USA consuming about 23% of the world crude oil supply, the rapid destruction of demand in the country will have a major impact on crude oil prices globally.

TREND IN US ROAD AND AIR TRAVELING

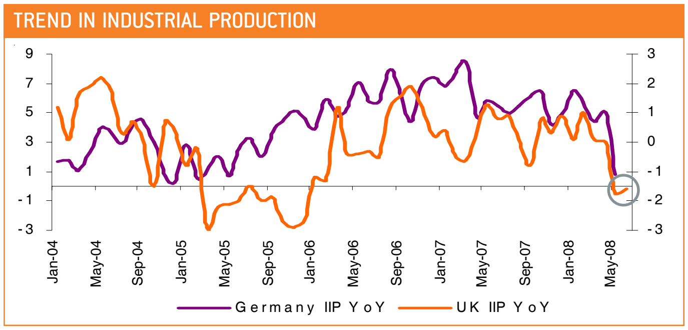


TREND IN US GASOLINE SUPPLY



Other economies: Besides the USA, the other major economies too are facing an economic slowdown that would contribute to a reduction in global crude oil demand. There has been a notable decline in industrial production growth in Germany and the UK. Also, Japan seems to be on the verge of slipping back into recession.

TREND IN INDUSTRIAL PRODUCTION



Political uncertainty behind us

Domestically, the positive development came in the form of the Congress party of the UPA government winning the no trust vote on July 22, 2008 (275 votes for the government, 256 against). Importantly, the trust vote-led political churning resulted in the exit of the Left parties from the ruling coalition. This has revived the hopes of reform announcements in multiple areas, where Left parties were acting as a major roadblock. Some of the important reforms that might get a relook are: Pension reforms, a hike in the foreign direct investment limit for the insurance sector and divestment of government stake in public sector undertakings. While there has been a marked change in investor sentiment following the trust vote win by the Congress party, we should remember that the ruling government has limited time on hand before the forthcoming general elections in May 2009.

Efforts to contain deficit

Various international rating agencies have expressed concerns over India's worsening fiscal deficit due to the burden of the farm loan waiver scheme, oil & fertiliser subsidies and wage hike expenses in keeping with the recommendations of the Sixth Pay Commission. In fact, there is an increasing threat of a downward revision in the country's sovereign rating if the combined fiscal deficit moves to double-digit levels.

On its part, the government is showing the right urgency to push through revenue generating initiatives and policy measures to contain the overall fiscal deficit level. The recent announcement of the 3G spectrum norms has the potential to raise Rs25,000-35,000 crore. The proposed initial offers of the public sector behemoths (eg Bharat Sanchar Nigam) and the anticipated push to the divestment exercise may also help contain the deficit level. Lastly, some recent media reports also indicate that the government could defer the payment of arrears to the central government employees under the implementation of the proposals of the Sixth Pay Commission. Collectively, all these developments may result in the accrual/savings of about Rs60,000-70,000 crore, which would reduce the fiscal deficit by 1.1-1.2% of the gross domestic product (GDP) estimate for FY2009.

RS '00 CRORE	OIL @ $118/BBL		OIL @ $150/BBL	
	AMT	% OF GDP	AMT	% OF GDP
Centre (a=i+ii+iii+iv)	3393	6.2	4393	8.1
- Budgeted (i)	1333	2.5	1333	2.5
- Subsidies (ii)	1550	2.8	2550	4.7
- Farm waiver (iii)	250	0.5	250	0.5
- 6th Pay Commission (iv)	260	0.5	260	0.5
State (b)	1350	2.5	1350	2.5
Combined fiscal deficit (a+b)	**4743**	**8.7**	**5743**	**10.6**
Less: 3G auction	350	0.6	350	0.6
Less: Divestments	100	0.2	100	0.2
Less: Deferred arrears	180	0.3	180	0.3
Adj combined fiscal deficit		**7.6**		**9.4**

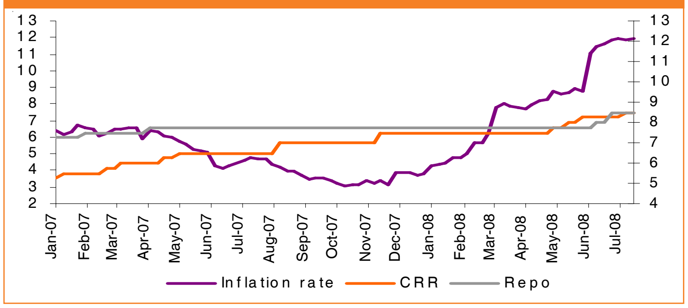
MACRO CONCERNS TO REMAIN A DRAG ON THE MARKETS

RBI at its hawkish best

The inflation rate, as represented by the Wholesale Price Index (WPI), remains high at 12.01%. While the inflation rate has shown some stability for the past three weeks, the stability is largely due to the higher base of inflation during the corresponding period of the last year. Effectively, the inflation rate is likely to remain in double digits (at around 12%) for a few months to come, ie until the high base effect comes to the rescue.

Already, the finance ministry has indicated towards an inflation rate of 13% in the near term. The prospects of inflation remaining high for months to come have attracted some stringent monetary tightening measures from the Reserve Bank of India (RBI), but to no avail. Despite accepting that the worsening inflation is largely a supply-side problem, the government has maintained that monetary measures would remain the first line of defence in the fight against higher prices through moderation of the aggregate demand. Since the start of the current fiscal, the central bank has hiked the repo rate by 100 basis points and the cash reserve ratio by 75 basis points. Clearly, the extent of the monetary tightening indicates that inflation concerns have won hands down over worries of slowing economic growth, ie inflation will remain the first priority of the government at the cost of moderation in economic growth.

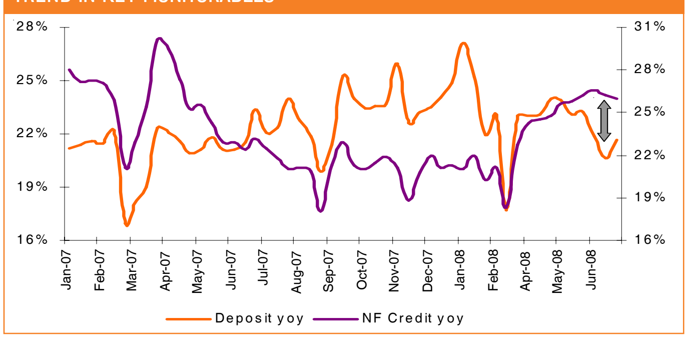
TREND IN INFLATION AND KEY RATES



Risk of further tightening

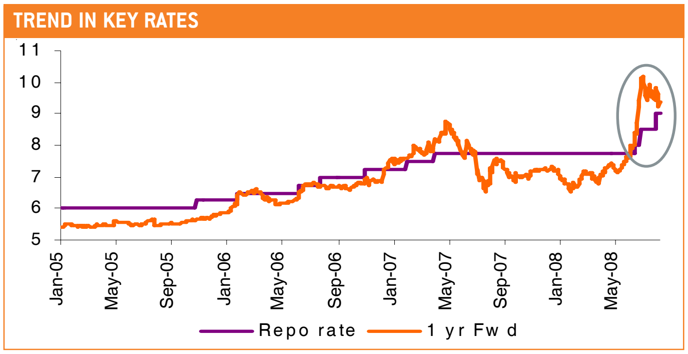
Importantly, the risk of additional policy rate hike remains, considering the double-digit inflation and the RBI's discomfort over the higher than targeted growth in non-food credit, money supply and deposits. Notably, the credit growth remained buoyant (+25% yoy) during Q1FY2009, which is well above the RBI's target of 20% growth. Also, the deposit growth of ~21% yoy is above the targeted growth of 17%. Importantly, there has been a divergence in growth trend of credit and deposits, implying a very high deployment rate (the credit/deposit ratio) of ~85%, which is adding to the RBI's discomfort.

TREND IN KEY MONITORABLES



The widely anticipated monetary tightening is further evidenced by the 50-basis-point gap between the repo rate and the INR Swap rate (representing the one-year forward repo rate).

TREND IN KEY RATES



Erratic monsoon a concern

The rainfall data released by the India Meteorological Department (IMD) is only adding to the inflation woes. As seen in the table below, the seasonal rainfall till July 23, 2008 has been at both extreme ends in the major agricultural regions (north-west, south peninsula and central India). While the rainfall in the last week has improved the situation optically, much of the damage to the *kharif* crops has been done due to the erratic rainfall. While the IMD has not revisited its initial forecast of a "normal" monsoon, the erratic nature of the rainfall is likely to adversely affect the *kharif* output. This, in turn, will add to inflation and inflationary expectations for food articles (grains, edible oil etc). Such a prospect is likely to have a strong bearing on the extent of the RBI's monetary tightening going forward.

TREND IN CUMULATIVE RAINFALL

Regions	Actual rainfall (mm) up to		% Departure from LPA up to	
	23-Jul	30-Jul	23-Jul	30-Jul
India	370.0	436.7	-2	-2
Northwest India	320.3	352.1	43	27
Central India	348.1	442.6	-15	-9
South peninsula	219.3	298.8	-32	-20
Northeast India	697.7	757.2	3	-3

RBI lowers GDP growth estimate

In line with the moderation in industrial production seen so far and considering the potential impact of its monetary tightening going forward, the RBI has lowered its GDP growth estimate for FY2009 to 8% from the 8-8.5% range forecast earlier. Also, the RBI's survey of manufacturing companies indicates some moderation in business optimism with the business expectations (for July-September 2008) indices declining by 0.9% compared with the previous round of survey. Business confidence surveys conducted by the other agencies convey a similar picture.

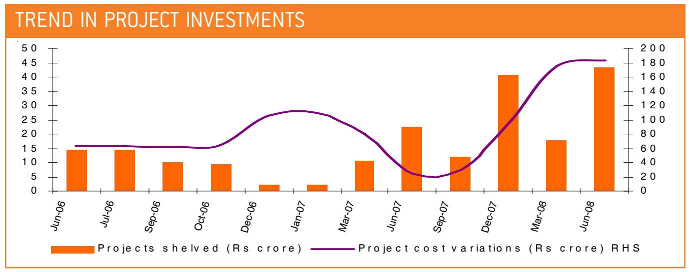
ORGANISATION	PERIOD	INDEX	YOY (%)	% CHG SINCE PREVIOUS SURVEY
NCAER	Apr-Sep'08	Business confidence	-1.7	-3.4
CII	Apr-Sep'08	Business confidence	-2.9	-5.3
RBI	Jul-Sep'08	Business expectations	0.8	-0.9
Dun & Bradstreet	Jul-Sep'08	Business optimism	-18	-11.2

Corporate earnings at risk

Considering the heightened fears of over-moderation, the corporate earnings growth is at risk. The risk to corporate earnings is primarily on account of weaker demand and the anticipated decline in the profitability.

Weaker demand outlook: The demand outlook has weakened substantially, especially in the interest sensitive sectors such as automobiles, owing to the tighter monetary stance adopted by the RBI. The rising cost of capital and inputs has forced companies to shelve their capital expenditure plans. As evident in the chart below, there has been a notable increase in projects getting shelved (in value terms), which coincides with the reported variations in project investment costs (including financing costs).

TREND IN PROJECT INVESTMENTS



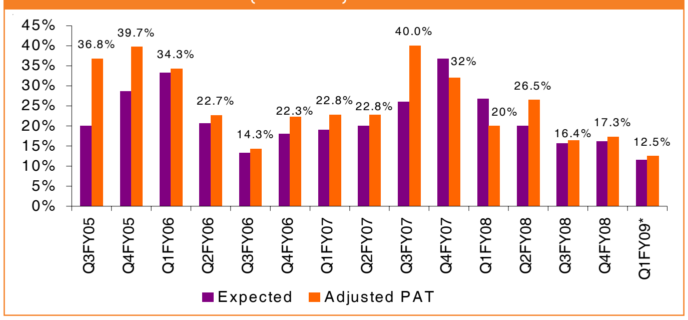
Lower profitability: The other risk to corporate earnings stems from the anticipated decline in the profitability of corporate India. The threat to profitability is quite widespread as multiple sectors are facing rising input costs, increasing manpower costs and slowing volumes.

Q1FY09 earnings ó a head of expectations, but concerns remain

In the backdrop of the anticipated moderation, the Q1FY2009 earnings were eagerly watched. The earnings of the Sensex (excluding the oil companies) saw a growth of 12.5% yoy during the quarter and the same is slightly above our estimate of an 11.6% earnings growth for the quarter. From the sectoral perspective, the capital goods companies (earnings up 33% yoy), telecom companies (earnings up 29.5% yoy) and oil & gas companies (namely, Oil and Natural Gas Corporation) witnessed a strong growth during the quarter.

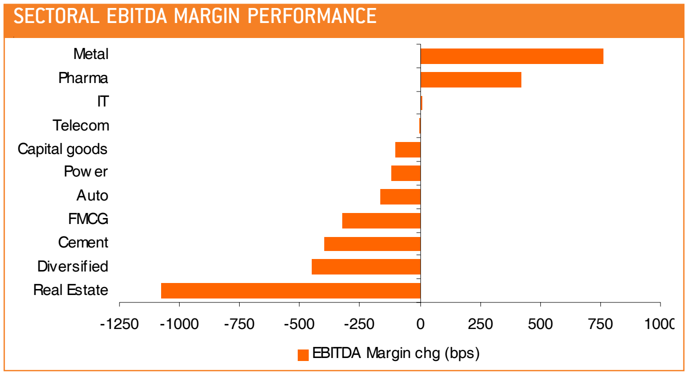
While the first quarter's earnings growth is ahead of expectations, the signs of moderation became more evident during this quarter. Moreover, constant challenges at the macro level (hardening interest rates, double-digit inflation etc) will continue to have a strong bearing on the earnings momentum of India Inc going forward. Importantly, the coming quarters would reflect the fuller impact of the rising capital cost and the other myriad macro challenges.

TREND IN SENSEXí EARNINGS (ADJUSTED) GROWTH VS EXPECTATIONS



Notably, the revenue growth for the Sensex companies (ex-oil and banking companies) was healthy at 29.1% yoy. However, the same could not translate into an equally good operating performance largely due to a 181-basis-point contraction in the earnings before interest, tax, depreciation and amortisation (EBITDA) margin of the Sensex. The margins in most sectors were affected by the rising input and capital costs. The margin contraction was more pronounced in case of cement, automobile, real estate (read DLF) and fast moving consumer goods (namely, ITC) sectors. On the other hand, metal and pharmaceutical companies registered an impressive expansion in their EBITDA margin on an annual comparison basis. The margin expansion in the metal sector was largely aided by the strong commodity prices whereas pharmaceutical companies benefited from the weakness in the rupee.

SECTORAL EBITDA MARGIN PERFORMANCE

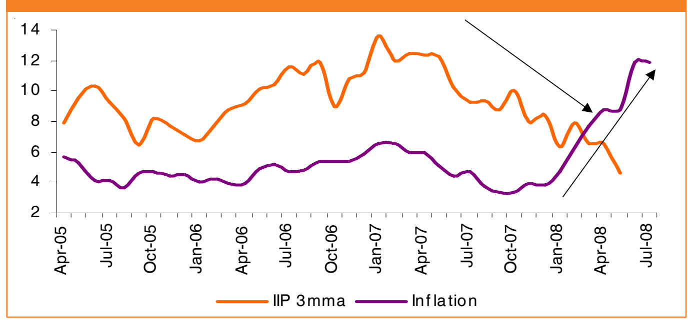


Negatives balance out positives

To summarise, the market seems to be evenly poised. Though sentiments have improved considerably, this improvement in sentiments is unlikely to translate into a runaway rally due to the lingering concerns, such as monetary tightening, moderation in economic growth, risk to corporate earnings, erratic monsoon and worsening credit squeeze globally. However, we expect the situation to improve from Q3FY2009 onwards as the base effect shall turn positive for inflation and industrial production by then. Moreover, the monetary tightening cycle would have also peaked out by that time. The recent monetary tightening measures of the RBI too would have played out by the third quarter, in terms of moderation of credit growth and easing out of the momentum in the aggregate demand. Finally, in the third quarter, the street would roll over the market's valuation on the FY2010 earnings estimates with the better part of FY2009 already behind us.

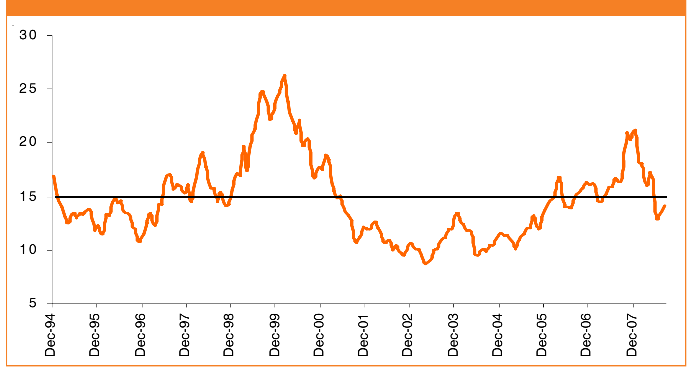
1. **Base effect to turn positive:** The base effect is expected to turn positive for inflation as well as industrial production from Q3FY2008 onwards. As evident in the chart below, the inflation rate should moderate from December 2008, driven by the higher base seen last year. Industrial production growth too would benefit from the declining trend (a lower base) seen in the year-ago period.

TREND IN IIP AND INFLATION



2. **Interest rate environment:** In line with the expected easing in the inflation rate from December 2008 onwards, we expect the interest rate environment to turn soft in Q4FY2009 or early Q1FY2010. Any easing in the interest rates or even in the RBI's monetary stance would help limit the moderation in the economic growth and improve investor sentiment. Notably, the market would start discounting the likely softening well in advance.

3. **Valuations roll over to 2010:** As we move closer to the end of FY2009, the market would start discounting the FY2010 earnings estimates. The roll-over of valuations to the FY2010 estimates would provide support and boost the market.■



SHAREKHAN TOP PICKS

Sharekhan top picks

After witnessing continuous slide in the last couple of months, the markets recovered smartly in July on the back of easing crude and other commodities, and political stability. The Nifty and the Sensex were up by 12.8% and 12.7% respectively as on August 8, 2008. Sharekhan's recommended portfolio of top picks appreciated by 7.3% during the month. The performance of the portfolio was dented by lacklustre performance of tech stocks and the unexpected negative news related to USFDA probe in Ranbaxy Laboratories.

Some of the stocks in the portfolio such as Maruti Suzuki, Hindustan Unilever and Larsen & Toubro have provided close to 20% returns in the last month.

We have made two changes in our recommendations for August. We have replaced Maruti Suzuki with Punj Lloyd in order to increase our weightage on capital goods/infrastructure sector. In the pharmaceutical space, we have replaced Ranbaxy Laboratories with Glenmark Pharmaceuticals.■

NAME	CMP*		PER			ROE (%)		TARGET	UPSIDE
	(RS)	FY08	FY09E	FY10E	FY08	FY09E	FY10E	PRICE	(%)
Aban Offshore	2,494	-	7.1	5.2	34.5	91.7	60.6	4,829	93.6
Bharti Airtel	840	23.8	18.6	15.4	26.6	29.4	28.4	1,100	30.9
Glenmark Pharma	638	25.1	22.3	16.2	37.3	30.1	29.4	754	18.3
Hindustan Unilever	243	30.0	25.6	22.1	85.0	121.2	98.9	280	15.2
ITC	191	23.0	20.1	16.7	27.7	27.2	27.3	247	29.7
Larsen & Toubro	2,843	37.3	25.7	18.9	25.8	29.0	30.2	4,044	42.2
Punj Lloyd	289	25.9	16.6	12.5	19.2	20.5	22.0	532	84.1
Reliance Industries	2,245	21.3	16.9	12.5	22.8	19.6	20.0	3,025	34.7
Satyam Computer	408	16.2	12.7	11.0	25.9	26.6	24.6	521	27.7
Shiv-Vani Oil	553	25.7	17.1	11.4	17.3	17.3	19.0	725	31.1
Sun Pharmaceuticals	1,445	20.1	17.7	17.6	29.7	26.3	21.6	1,640	13.5
TCS	842	16.4	14.4	12.5	40.5	35.6	32.3	1,121	33.1

* CMP as on August 08, 2008

NAME	CMP		PER			ROE (%)		TARGET	UPSIDE
	(RS)	FY08	FY09E	FY10E	FY08	FY09E	FY10E	PRICE	(%)
ABAN OFFSHORE	**2,494**	-	7.1	5.2	34.5	91.7	60.6	**4,829**	93.6

Remarks:

- Aban Offshore, one of the largest oil drilling companies in Asia, is benefiting from increased oil exploration and production activities globally. The resulting robust demand environment is leading to firm day rates for the companyís assets.
- In addition to re-pricing of its assets at higher day rates, the company is also benefiting from the efforts taken to substantially ramp up the asset base through organic and inorganic initiatives. We expect the company to receive three jack-up rigs in the next couple of quarters, which would significantly improve its financial performance going forward.
- The company is also looking to raise capital, which we view as a positive, as it would result in reducing the high debt levels of the company.
- At the current market price the stock trades at 7.1x FY2009 and 5.2x FY2010 estimated earnings. We maintain our Buy call on the stock.

NAME	CMP		PER			ROE (%)		TARGET	UPSIDE
BHARTI AIRTEL	**840**	23.8	18.6	15.4	26.6	29.4	28.4	**1,100**	30.9

Remarks:

- Bharti Airtel with over 24% market share is a leader in the Indian telecom space. On average, the company has been adding more than 2 million subscribers every month and currently has a subscriber base of approximately 69 million.
- The embedded value in the company's tower business offers considerable downside support to the stock price. Bharti Infratel (with 22,000 towers in circles other than the 16 covered by Indus Towers) has raised $1 billion through placement to the leading foreign institutions. It has been valued in the range of $10-12.5 billion depending on the actual performance in FY2009. This apart, Bharti Infratel would hold 40% stake in Indus Towers (formed along with Vodafone and Idea Cellular).
- Despite the competition led pricing pressures, Bharti has been able to sustain its operating margins at 41-42%
- At the current market price the stock trades at 18.6x FY2009 and 15.4x FY2010 estimated earnings.

<table>
<tr><th rowspan="2">NAME</th><th rowspan="2">CMP (RS)</th><th colspan="3">PER</th><th colspan="3">ROE (%)</th><th rowspan="2">TARGET PRICE</th><th rowspan="2">UPSIDE (%)</th></tr>
<tr><th>FY08</th><th>FY09E</th><th>FY10E</th><th>FY08</th><th>FY09E</th><th>FY10E</th></tr>
<tr><td>GLENMARK PHARMA</td><td>638</td><td>25.1</td><td>22.3</td><td>16.2</td><td>37.3</td><td>30.1</td><td>29.4</td><td>754</td><td>18.3</td></tr>
<tr><td>Remarks:</td><td colspan="9">
Through the successful development and outlicencing of three molecules in a short span of six years, Glenmark has proved itself as India's best play on research-led innovation. In a short span of six years and with a cumulative investment of a meagre $50 million, Glenmark has built a pipeline of 13 molecules.
The company has managed to clinch four outlicencing deals for its developmental molecules collectively worth $734 million and has already received $117 million in initial milestone payments for the same.
Glenmark's core business comprising generics in the USA and branded formulations in Latin America, other semi-regulated markets and India, has seen stupendous success due to its focus on niche specialties and brand building. We expect the core business to grow at a CAGR of 34% over FY2008-10 driven by a CAGR of 40% in the generic segment and a CAGR of 29% in the branded formulation business.
Glenmark has recently decided to restructure its business into two separate entities: Glenmark Pharmaceuticals (comprising branded formulations and discovery research) and Glenmark Generics (comprising the generic formulation business). The realignment will not only allow the company to sharpen focus and align management bandwidth but also enable the two entities to shift to the next level of growth. GGL would be a 100% subsidiary of GPL and would be listed on the Indian bourses.
At the current market price, Glenmark is discounting its consolidated FY2009 earnings by 22.3x and its consolidated FY2010 earnings by 16.2x. We maintain our Buy recommendation on Glenmark with a SOTP-based price target of Rs754 (Rs550 for the base business of branded and generic formulations & APIs, and Rs204 for the discovery R&D business).
</td></tr>
<tr><td>HINDUSTAN UNILEVER</td><td>243</td><td>30.0</td><td>25.6</td><td>22.1</td><td>85.0</td><td>121.2</td><td>98.9</td><td>280</td><td>15.2</td></tr>
<tr><td>Remarks:</td><td colspan="9">
HUL is the largest FMCG company in India, occupying ~20% of the Indian consumer space. With dominance across categories such as soaps, detergents, personal care products, food and beverages, it stamps its presence as an FMCG giant.
With increasing per capita income fueling consumerism and upgradation of lifestyle of the Indian consumer, HUL's revenues and profitability are expected to gain momentum.
Further, hefty free cash flow generation has led to huge cash reserves for HUL and rich dividends (dividend yield of ~3.7%) for its shareholders over the years.
At the current market price, the stock trades at 22.1x its CY2009E EPS of Rs11. We maintain our Buy recommendation on the stock.
</td></tr>
<tr><td>ITC</td><td>191</td><td>23.0</td><td>20.1</td><td>16.7</td><td>27.7</td><td>27.2</td><td>27.3</td><td>247</td><td>29.7</td></tr>
<tr><td>Remarks:</td><td colspan="9">
ITC's cigarette business that has dominance in the category continues to be a cash cow for the company. ITC has chalked out aggressive roadmap for making a mark in the Indian FMCG market. With successful brands such as Bingo, Sunfeast and Aashirwaad already in the reckoning among the best in the industry, ITC's non-cigarette FMCG business is on a strong footing. The company has further ventured into the personal care category with the launch of Superia and Fiama Di Wills soaps and shampoos that would compete with the likes of the products of HUL and P&G.
Aggressive expansion plans in hotels and paper segments would ensure inclusive growth across segments for the company.
We believe ITC has a well-diversified business model with multiple revenue drivers that would ensure sustained growth for the company. It thus remains our top pick in the sector. At the current market price, ITC trades at 16.7x its FY10E earnings. We maintain our Buy recommendation on the stock.
</td></tr>
<tr><td>LARSEN & TOUBRO</td><td>2,843</td><td>37.3</td><td>25.7</td><td>18.9</td><td>25.8</td><td>29.0</td><td>30.2</td><td>4,044</td><td>42.2</td></tr>
<tr><td>Remarks:</td><td colspan="9">
Larsen & Toubro (L&T), the largest engineering and construction (E&C) company in India, is a direct beneficiary of the strong domestic infrastructure development and industrial capital expenditure (capex) booms.
The international business is expected to emerge as one of the key drivers going forward with immense opportunities from the Gulf Corporation Council markets.
There lies innumerable opportunities in the new verticals in which the company is entering, namely ship building, defence, railways, thermal and nuclear power.
The company is likely to maintain its margins going forward despite rising costs on the back of rising operational efficiencies, larger ticket-size and more complex nature of orders, better raw material sourcing and integration, and higher contribution of its new businesses which carry higher margins.
L&T's current order book of Rs58,200 crore provides strong visibility to its future earnings. We value the core business of L&T at 25x FY2010E earnings, or Rs3,038 per share, while we value the subsidiaries at Rs1,006 per share of L&T. At the current levels, the stock is trading at 18.9x its FY2010E consolidated earnings. We maintain our Buy recommendation.
</td></tr>
<tr><td>PUNJ LLOYD</td><td>289</td><td>25.9</td><td>16.6</td><td>12.5</td><td>19.2</td><td>20.5</td><td>22.0</td><td>532</td><td>84.1</td></tr>
<tr><td>Remarks:</td><td colspan="9">
Punj Lloyd Ltd (PLL) is the second largest EPC player in the country with a global presence. We believe PLL with SEC and Simon Carves is well integrated and poised to tap the global opportunity available in hydrocarbons and infrastructure sectors.
PLL has witnessed a five-fold increase in its average order size from $30 million to about $130-140 million. This move-up on the value chain has made PLL more competitive in executing larger and complex orders.
We expect the spectacular order flow to continue for PLL. The current order book of Rs20,162 crore is 2.6x its FY2008 sales and imparts strong visibility. We expect PLL's consolidated revenues and profits to grow at a CAGR of 30.5% and 44.1% respectively over FY2008-10E.
We recommend a Buy on the stock with a price target of Rs532. At the current market price the stock trades at 16.6x and 12.5x its FY2009E and FY2010E fully diluted EPS respectively.
</td></tr>
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<table>
<tr><th>NAME</th><th>CMP
(RS)</th><th>PER
FY08</th><th>
FY09E</th><th>
FY10E</th><th>ROE (%)
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FY09E</th><th>
FY10E</th><th>TARGET
PRICE</th><th>UPSIDE
(%)</th></tr>
<tr><td>RELIANCE INDUSTRIES</td><td>2,245</td><td>21.3</td><td>16.9</td><td>12.5</td><td>22.8</td><td>19.6</td><td>20.0</td><td>3,025</td><td>34.7</td></tr>
<tr><td colspan="10">Remarks:
■ With nine oil and gas discoveries during the year and a portfolio of 34 exploration blocks, the company holds a great promise in the E&P business. At present, the companyís reserves are estimated at 9 billion barrels of oil equivalents.
■ On the back of complex configurations of the existing and upcoming refineries of RPL, the company is likely to continue to earn strong gross refining margins. Refining volumes would double as the RPL refinery becomes operational during the third quarter.
■ At the current market price, the stock is trading at 16.9x FY2009E and 12.5x FY2010E consolidated earnings. We maintain our Buy recommendation on the stock with a price target of Rs3,025.</td></tr>
<tr><td>SATYAM COMPUTER</td><td>408</td><td>16.2</td><td>12.7</td><td>11.0</td><td>25.9</td><td>26.6</td><td>24.6</td><td>521</td><td>27.7</td></tr>
<tr><td colspan="10">Remarks:
■ Satyam Computer Services (Satyam) has shown a consistent volume growth of over 8% sequentially over the past six quarters, which is ahead of its peers. Whatís more, its revenue growth guidance of 24-26% (in dollar terms) is first time much ahead of that of Infosys Technologies.
■ Satyamís other operational matrices are also positive. For instance, its exposure to the troubled BFSI vertical (23% in FY2008) is the lowest among the front-line peers. The attrition level declined for the sixth consecutive quarter and stood at a comfortable level of 13.1% (on the trailing twelve-month basis).
■ At the current market price the stock trades at 11x FY2010 estimated earnings. We maintain our Buy recommendation on the stock. In the wake of the propasal to extend the tax sops under sections 10A/10B our earnings and price target shall be revised upwards.</td></tr>
<tr><td>SHIV- VANI OIL & GAS</td><td>553</td><td>25.7</td><td>17.1</td><td>11.4</td><td>17.3</td><td>17.3</td><td>19.0</td><td>725</td><td>31.1</td></tr>
<tr><td colspan="10">Remarks:
■ With a fleet of 29 onshore drilling rigs and six seismic survey crew, Shiv-Vani Oil & Gas Exploration (SOGEL) has emerged as the largest onshore service provider catering to oil and gas exploration companies.
■ Augmentation of assets by the company is well timed in the industry up-cycle as heightened exploration activity has led to a severe shortage of resources with service providers, leading to firming up of day rates (or billing rates per km in case of seismic survey) for various services. Moreover, the order backlog of over Rs5,300 crore (over 9x FY2008 revenues) provides strong revenue-growth visibility.
■ The consolidated revenues and earnings are expected to grow at CAGR of 47.3% and 49.8% respectively over the three-year period FY2008-10.
■ Despite the robust growth prospects, the scrip is available at attractive valuations of 17.1x FY2009 and 11.4x FY2010 earning estimates. We recommend Buy on the stock.</td></tr>
<tr><td>SUN PHARMACEUTICALS</td><td>1,445</td><td>20.1</td><td>17.7</td><td>17.6</td><td>29.7</td><td>26.3</td><td>21.6</td><td>1,640</td><td>13.5</td></tr>
<tr><td colspan="10">Remarks:
■ Sun Pharma's track record of delivering consistent and robust growth while maintaining strong profitability and return ratios makes it the best Indian play in the generic space.
■ With 98 abbreviated new drug applications (ANDAs) pending USFDA approval and a filing rate of 30+ ANDAs per year, Sun Pharma has one of the strongest product pipelines for the US market. The company is amongst the top three players in around 15 of the 25 products that it sells in the US market.
■ With a strong focus on the chronic lifestyle diseases, Sun Pharma's domestic formulations business has been outperforming the industry growth by a wide margin. Sun Pharma maintains the numero uno ranking with neurologists, cardiologists, diabetologists and orthopedics.
■ It is an aggressive participant in the Para IV patent challenge space. Having already monetised three of its Para IV wins (oxcarbazepine, pantoprazole and amifostine), approvals and launch of generic Effexor XR and clarity on Taro acquisition would act as triggers for the stock.
■ The stock is quoting at 17.7x FY2009E earnings and at 17.6x FY2010E earnings.</td></tr>
<tr><td>TCS</td><td>842</td><td>16.4</td><td>14.4</td><td>12.5</td><td>40.5</td><td>35.6</td><td>32.3</td><td>1,121</td><td>33.1</td></tr>
<tr><td colspan="10">Remarks:
■ TCS, one of the largest software services exporters from India, is expected to benefit from the increased outsourcing activities due to slowdown in the USA.
■ TCS has delivered decent performance during FY2008 considering the strong rupee appreciation and will continue to deliver good performance based on its strong global delivery model. Going ahead TCSís restructuring initiatives with put back the company on a strong growth trajectory.
■ TCS is well poised to achieve back-ended growth on the back of strong pipeline of 25 deals of more than $50 million. Moreover the company intends to add 30,000-35,000 employees, which clearly gives the revenue visibility.
■ At the current market price, TCS is trading at attractive valuation of just 12.5x FY2010 estimated earnings. We maintain our Buy recommendation on the stock with price target of Rs1,121.</td></tr>
</table>

Stock Idea

Glenmark Pharmaceuticals

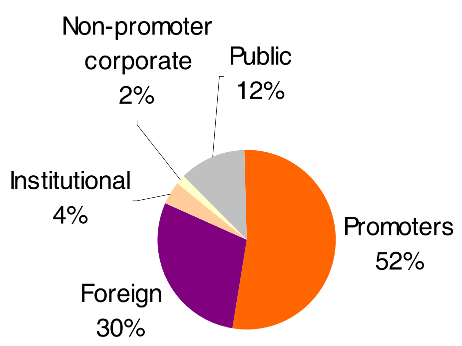
Apple Green	Buy; CMP: Rs599	July 17, 2008

Creating innovative value

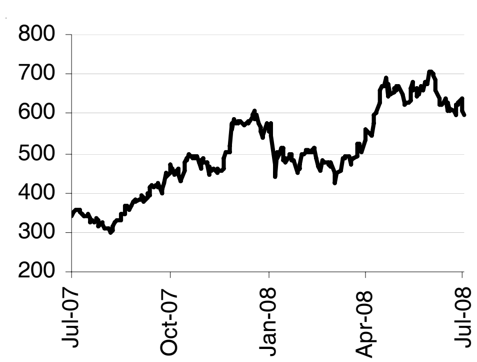
COMPANY DETAILS

Price target:	Rs754
Market cap:	Rs14,892 cr
52 week high/low:	Rs730/293
NSE volume (No of shares):	2 lakh
BSE code:	532296
NSE code:	GLENMARK
Sharekhan code:	GLENMARK
Free float (No of shares):	11.9 cr

SHAREHOLDING PATTERN



PRICE CHART



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-14.1	13.9	7.4	71.6
Relative to Sensex	2.1	44.3	70.4	104.6

KEY POINTS

- **Best play on R&D-led innovation:** Glenmark Pharmaceuticals (Glenmark) has proved itself as India's best play on research-led innovation. Of its pipeline of 13 molecules, five molecules are undergoing clinical trials. The company has managed to clinch four outlicencing deals for its developmental molecules collectively worth $734 million and has already received $117 million in initial milestone payments for the same.
- **Re-organisation of business to enhance focus:** Glenmark has recently decided to restructure its business into two separate entities: GPL and GGL. GGL would be a 100% subsidiary of GPL and would be listed on the Indian bourses.
- **Core business has strong potential:** Glenmark's core business comprising generics in the USA and branded formulations in Latin America, the other semi-regulated markets and in India has seen stupendous success, due to its focus on niche specialties and brand building. We expect the core business to grow at a 34% CAGR over FY2008-10, driven by a CAGR of 40% in the generic segment and a 29% CAGR in the branded formulation business.
- **Strong earnings growth:** We expect Glenmark's consolidated revenues to grow at a 31% CAGR over FY2008-10 to Rs3,377.7 crore, driven by a 34% CAGR in the core business and a $60-million milestone income in each of the two years. A robust growth in the top line would lead to a 26% CAGR in the consolidated profits over FY2008-10 to Rs994.8 crore. We expect the core net profit to expand at a higher rate of 37% over the same period to Rs774.0 crore in FY2010.
- **Valuations:** We have used the sum-of-the-parts methodology to value Glenmark's core business and discovery R&D business. Assigning a PE multiple of 18x to Glenmark's fully diluted core earnings of Rs30.6 per share in FY2010E, we value Glenmark's core business at Rs550 per share. Using a probability-based DCF approach, we value Glenmark's three lead molecules at Rs204 per share, which takes our total fair value for the company to Rs754. We initiate coverage on Glenmark, with a Buy rating and a sum-of-the-parts based price target of Rs754; that is an upside of 26% from the current levels.

COMPANY BACKGROUND

Glenmark is a research-led, global, fully integrated pharmaceutical company. It is a leader in India in the discovery of new molecules and is focused in the areas of inflammation and metabolic disorders.

KEY FINANCIALS

Particulars	FY2006	FY2007	FY2008	FY2009E	FY2010E
Revenues (Rs cr)	695.2	1,216.5	1,978.3	2,524.8	3,377.7
Net profit (Rs cr)	88.0	310.1	631.3	723.1	994.8
Shares in issue (cr)	23.7	24.0	24.9	25.3	25.3
EPS (Rs)	3.6	12.9	25.4	28.6	39.3
PER (x)	164.4	46.5	23.6	21.0	15.2
EV/Ebidta (x)	108.1	35.7	19.2	16.1	11.9
P/BV (x)	36.1	20.9	8.8	6.3	4.5
Mcap/sales (x)	20.4	11.8	7.5	6.0	4.5
RoCE (%)	10.8	23.6	29.6	29.1	29.8
RoNW (%)	22.4	45.2	37.3	30.1	29.4

The company has generic formulation and active pharmaceutical ingredient (API) business interests in over 80 countries across the world including the highly regulated markets of the USA and Europe.

Business model

Glenmark's business model is fully integrated, spanning the entire pharmaceutical value chain from API and formulation development to drug discovery. In order to sharpen focus and align management skills, the company has recently re-organised its business model into two distinct segments: specialty and generic. The specialty business, comprising the branded generic business in India and the rest of the world (ROW) markets, along with the new drug development (including new chemical entities [NCEs] and biologics) would be part of Glenmark whereas the generic business in the USA and Europe, along with the global API business and the oncology business in Argentina would be transferred to a newly formed 100% subsidiary, Glenmark Generics Ltd (GGL).

INVESTMENT ARGUMENTS

Strong business fundamentals as witnessed in stellar stock performance

Glenmark has been one of the fastest growing companies in the Indian pharmaceutical space. Driven by strong performance across geographies and cumulative milestone receipts totaling $117 million, the company's profits have expanded at a scorching compounded annual growth rate (CAGR) of 79% over FY2003-08 on the back of a 40% compounded annual growth in revenues over the same period. Glenmark has also transformed itself from being a small India-focused player to a leader in discovery research and a competitive international generic player. The performance is even more impressive in light of the fact that the growth is entirely organic and has come during an apparently extremely challenging phase for the Indian pharmaceutical industry. The company's stupendous success is largely attributed to its strong management team, led by Glen Saldanha, that has undertaken high quality strategic planning and superb execution. The company's strong financial performance has led to an equally stellar performance in its stock price: The stock has delivered a spectacular 4000% return over the last four years (adjusted for the stock splits), as compared with only 240% for the Sensex and 194% for the BSE Healthcare Index over the same period.

Re-organisation of business to enhance focus

Glenmark has recently decided to restructure its business into two separate entities: Glenmark Pharmaceuticals Ltd (GPL) and GGL. We believe this split is a strategically sound move as these two businesses carry different dynamics, drivers and challenges. The realignment will not only allow the company to sharpen focus and align management bandwidth but also enable the two entities to shift to the next level of growth.

The focus of GPL would be to establish itself as a research-driven global specialty company whereas the objective of GGL would be to become a global integrated generic company. To achieve its goals, GPL would strive to focus on bringing two proprietary drugs in the market by 2015 by developing and licencing NCEs and biologics and building or acquiring specialty front-ends in the markets of the USA, Europe and the ROW countries to market its portfolio of differentiated branded generics. On the other hand, GGL would focus on building scale in its existing operations by continually developing and launching new products in the USA and Europe; expanding its footprints into newer generic markets like Japan, Europe and South Africa; and strongly focusing on niche/differentiated generics.

GGL would be a 100% subsidiary of GPL and be listed on the Indian bourses when market conditions are favourable. Up to 30% of GGL would be diluted through a fresh issue of shares, which would be used for increasing the capacity for generics, expanding into other niche segments, building or acquiring a specialty front end in the USA and expanding into newer global markets through acquisitions.

We expect GPL's profits to expand at a CAGR of 21% over FY2008-10 on the back of a 24% compounded annual growth in revenues over the same period. The revenues would be driven by a 29% compounded annual growth in the branded formulation business and a $60-million income for NCEs in each of the two years. Based on the sum-of-the-parts valuation of the base branded formulation business (at 18x earnings) and the NCE income (using a probability-adjusted discounted cash flow [DCF] method), we value GPL at $2.6 billion or a per share value of Rs406.

We expect the earnings to grow at a 36% CAGR on the back of a 40% compounded annual growth in the revenues for GGL. Using the price/earnings (PE) based valuation method, we assign an 18x multiple to the earnings of GGL, thereby arriving at a value of $2.2 billion or Rs348 per share.

Best play on R&D-led innovation

Glenmark is clearly the leader in the Indian pharmaceutical space in terms of capabilities and achievements in the discovery research space. Through the successful development and outlicencing of three molecules in a short span of six years, Glenmark has proved itself as India's best play on research-led innovation. In a short span of six years and with a cumulative investment of a meagre $50 million, Glenmark has built a pipeline of 13 molecules comprising eight NCEs and five biologics.

Further the company has managed to clinch four outlicencing deals worth $734 million for its developmental molecules; besides, there will be royalties on sales. Glenmark has already received $117 million in initial milestone payments for the same.

Glenmark's research focuses on the therapeutic segments of asthma, diabetes and inflammation. Of its pipeline of 13 molecules (eight NCEs and five biologics), five molecules are undergoing clinical trials whereas the remaining are in various stages of preclinical development. This is probably the strongest research pipeline in the Indian pharmaceutical industry. Additionally, the company plans to bring two of its preclinical candidates into the clinics every year. Glenmark's proven research and development (R&D) capabilities to extract value out of its intellectual property assets give it a cut above the rest of the Indian pharmaceutical companies.

We discuss below the details of the four deals clinched so far.

GRC 3886 (Oglemilast): Oglemilast is Glenmark's key molecule for asthma and chronic obstructive pulmonary disease (COPD). Glenmark outlicenced Oglemilast to Forest Laboratories (Forest) in the USA for further development and for marketing in North America for a total consideration of $190 million in milestones, along with royalty on sales and some income from supplying the API to Forest. Forest has already paid Glenmark $35 million in milestone payments till date. Oglemilast has completed phase IIA trials and we expect Forest to initiate phase IIb clinical trials shortly.

Further, Glenmark entered into a similar arrangement for Oglemilast for the Japanese market with Tejin Pharma for a total consideration of $53 million. Of this about $6 million has already been received by Glenmark from Tejin Pharma till date.

GLENMARK'S R&D PIPELINE

Molecule	Target	Indications	Status	Target launch	Remarks
GRC 3886 (Oglelimast)	PDE 4	Asthma, COPD	Phase IIa completed,	2011	Outlicenced to Forest Laboratories for the USA and Phase IIb to start shortly to Tejin Pharma for Japan. Likely to finalise deal for Europe soon.
GRC 8200 (Megaloplitin)	DPP IV	Type II Diabetes	Phase II	2012	Was outlicenced to Merck KgA. Recently received rights back from Merck, after it decided to move out of diabetes research. Likely to outliccence again by December 2008.
GRC 6211	VR 1	Osteoarthritis, incontinence, dental pain, neuropathic pain	Phase IIa	2012	Outlicenced to Eli Lilly for $260 million
GRC 10693	CB 2	Osteoarthritis, neuropathic pain and other inflammations	Preclinical completed	2014	Phase I to start shortly
GRC 4039	PDE 4	Rheumatoid arthritis, inflammation, multiple sclerosis	Early phase I	2012	May outlicence within 12-15 months
GRC 9332	SCD 1	Obesity, dyslipidemia, metabolic disorders	Preclinical	2013	
GRC 17173	TRPV3	Osteoarthritis, neuropathic pain, dental pain	Preclinical	2013	
GBR 500	SAMI	Acute multiple sclerosis	Preclinical		Phase I planned in Q1FY09
GBR 600	VWF	Acute stroke	Preclinical		Phase I planned in Q4FY09
Three biologic compounds		Inflammation, oncology	Early preclinical		

Source: Company, Sharekhan Research

Glenmark is scouting for an outlicencing partner for Oglemilast for the European markets and is expected to announce a deal shortly. We estimate the value of the milestone payments to be at least $150 million. Assuming peak global revenues of $2 billion and a 40% probability of launch in 2013, we value Oglemilast at $788 million. That translates into a per share value of Rs103.

GRC 8200 (Melogliptin): Glenmark had outlicenced GRC 8200, its dipeptidyl peptidase (DPP) IV inhibitor for type II diabetes to Merck KgA of Darmstadt, Germany for the North American, European and Japanese territories for potential milestone payments of 190 million euros ($231 million). As per the agreement with Merck KgA, Glenmark would retain the commercialisation rights for India and share the marketing rights with Merck KgA for the other markets in the rest of the world. Glenmark has already received an upfront payment of 25 million euros ($31 million) from its German partner in FY2007.

Melogliptin is currently undergoing phase IIb clinical trials, which are expected to be completed by mid-2009. Glenmark plans to initiate phase III trials on Melogliptin by the end of 2009. Recently, Merck KgA returned GRC 8200 to Glenmark following the former's decision to move out of the diabetes segment. The Glenmark management is confident that this would not affect the long-term development of the molecule and is actively looking for another outlicencing partner for GRC 8200. We expect the company to announce a deal with a new partner at a better price within the next 12 months.

Assuming peak global revenues of $1 billion and a 30% probability of launch in 2013, we value GRC 8200 at $302 million. That translates into a per share value of Rs40.

GRC 6211: GRC 6211, Glenmark's molecule for osteoarthritis, dental and neuropathic pain, was recently outlicenced to Eli Lilly for further clinical development and commercialisation for a total consideration of $260 million in milestone payments (of which $45 million has already been received in FY2008). There could be additional milestone payments of $90 million, if the molecule is developed for other indications as well.

Eli Lilly will have the marketing rights for North America, Europe and Japan whereas Glenmark will retain the rights for India and the ROW countries. Glenmark will also have co-promotion rights in the USA. Eli Lilly will pay Glenmark royalties on its sale. The molecule is currently in early phase II trials and we estimate a 25% probability of launch in 2013. Assuming peak global revenues of $2 billion, we estimate the fair value of the molecule at $463 million or Rs61 per share.

Thus, we estimate the total value of Glenmark's three lead molecules collectively at Rs204 per share. Further, Glenmark also has additional five NCEs in its pipeline, one of which is in early phase I (GRC 4039); another has recently completed preclinical development and is scheduled to enter phase I trials shortly (GRC 10693); while the remaining three are scheduled to enter the clinics shortly. We have not valued these molecules as we feel it is yet too early to assign a value to them.

ASSUMPTIONS FOR NCE VALUATION

Particulars	Oglemilast	GRC 8200	GRC 6211
Potential launch	2013	2013	2013
Peak revenues ($bn)	2	1	2
Royalty (%)	15	15	15
Probability of success (%)	40	30	25
Discount rate (%)	11	11	11
Tax rate (%)	15	15	15
Total value ($mn)	788	302	463
Value per share (Rs)	103	40	61

The re-negotiation of an outlicencing deal for GRC 8200, the announcement of a deal for Oglemilast for the European markets, clarity on the outcome of the phase II trials for Oglemilast and the announcement of an outlicencing deal for one more molecule (possibly GRC 4039) would act as triggers for Glenmark's R&D division in the short to medium term.

Biologics researchóa future value driver

Biologic products are expected to fuel the next growth wave of the global pharmaceutical industry. Taking note of this trend, Glenmark started investing in research on the biologics side in 2004 by setting up a dedicated research centre in Switzerland, which employs 50+ scientists and conducts research on biologic molecules. The company has developed a pipeline of five biologics, of which three molecules (in the areas of inflammation and oncology) are part of its tie-up with Dyax Corporation and two monoclonal antibodies have been acquired from Chromos Molecular Systems Inc. Glenmark expects the first biologic lead to enter the clinics in FY2009 and the other two to enter the clinics in FY2010. We believe this strategic investment will position the company amongst the top league in the industry and create long-term value.

US businessódifferentiated, niche generics

Glenmark has had a swift ramp-up in the USA. In a short span of five years, the company has crossed the $140 million revenue mark. This has been accomplished by a combination of launching its own products as well as developing and launching products through various partnerships. Its partnerships are for 58 products, representing a combined market opportunity of $12 billion.

Further, Glenmark has been very prudent in its product selection strategy, focusing on niche areas such as dermatology, controlled substances and novel drug delivery system-based products, where the competition is limited and the margins are high. By focusing on these niche areas, Glenmark has been able to garner a sizeable market share in the range of 20-25% in each of its products as well as maintain its profitability at high levels, despite increasing pricing pressures.

Glenmark has a portfolio of 33 products in the USA and a pipeline of 35 abbreviated new drug applications (ANDAs; between Glenmark and its partners) awaiting the approval of the US Food and Drug Administration. The company plans to develop and launch over 20 products annually and is targeting to file 76 ANDAs (between Glenmark and its partners) over the next two years. The promising part is that most of the planned filings (approximately 90%) are for niche opportunities like dermatology, controlled substances, hormones, oncology and extended release products.

PLANNED ANDA FILINGS (INCLUDING PARTNERS FILINGS)

Product category	Till FY08	FY09	FY10	Total
FTF (Para IVs)	6	3	3	12
Modified release	6	10	10	26
Dermatology	10	8	8	26
Controlled substances	4	4	4	12
Hormones	3	4	5	12
Oncology	0	4	5	9
Immediate release	32	4	4	40
Total	**61**	**37**	**39**	**137**

Additionally, the company has also embarked on the Para IV bandwagon, having launched generic Trileptal (market size: $643 million) under shared exclusivity along with Sun Pharmaceuticals which has significantly boosted revenues in FY2008. Further, the company has in its kitty five more Para IV opportunities with a total addressable market of $4.0 billion. This could yield exclusivity opportunities in the future.

Having grown by a whopping 155% to Rs564 crore ($140 million) in FY2008, we expect Glenmark's US business to expand at a CAGR of 41% to $280 million by FY2010, driven by the consolidation of its market shares in the existing product portfolio and commercialisation of the ANDA pipeline. Our estimates for the US business are 7-8% lower than the guidance provided by the management.

Europe ó nascent now, offers huge potential

Through the Medicamenta a.s. acquisition in 2007, Glenmark gained an entry into the branded generic market of the Czech Republic and Eastern Europe. In 2008, Glenmark expanded its European presence into Romania and Bulgaria. With revenues of $9 million in FY2008 Medicamenta a.s. has a portfolio of 29 products in the solid and semi-solid dosage forms. Driven by the launches of Medicamenta a.s.' products into the other European markets and the launch of certain niche products in the branded generic space, we believe the revenues from the branded business in Europe will expand at a CAGR of 80% to $30 million by FY2010.

Glenmark has recently acquired a portfolio of seven brands with combined revenues of $15 million from Actavis Pharmaceuticals in Poland. The company also plans to enter the other large branded markets in Europe such as Hungary and Turkey and is on the lookout for acquiring generic companies in Western Europe with marketing front ends.

Further, Glenmark also has plans to cater to the generic space in the European market. The generic business in Europe will be part of the company's new subsidiary, GGL. Presently, the revenue model is largely based on licencing out dossiers to the other generic players. In 2006, Glenmark signed a deal with Mylan Pharmaceuticals (Merck Generics) for the development and manufacture of three dermatology products addressing a market opportunity of $225 million in Europe. Further, the company has also signed six supply deals with leading European companies. It has till date filed for five marketing authorisation approvals for the European market and has a portfolio of more than 30 solid and semi-solid dossiers in various stages of development. Glenmark also intends to market its own generic products in the Western European markets and plans to acquire front ends in these markets for this purpose.

We believe that Glenmark is well poised to replicate its US success story in Europe and estimate revenues from the European generic business to scale up to $8 million by FY2010.

Strong presence in the ROW markets

With a portfolio of over 100 products and 500 approvals across 50 countries spread across Commonwealth of Independent States, Russia, Asia and Africa, Glenmark's business in the ROW markets grew by 8.6% in FY2008. The growth was subdued due to the steep appreciation in the Indian Rupee against the US Dollar during FY2008; the growth in dollar terms was more robust at 19%. Glenmark's focus in these ROW countries is on the branded

GLENMARK'S US PARTNERSHIPS

Partner	No of products	Product category	Partner's role	Glenmark's role	Market size ($mn)
Lehigh Valley Technologies (LVT)	20	Controlled substances	Develop & manufacture	Market in the USA	2,800
Shasun & Invagen	7	Oral solid dosages	Develop & manufacture	Market in the USA	8,000
Paul Capital Partners	16	Dermatology	Fund product development	Develop, manufacture and market in the USA	1,000
Aspen/LVT	5	Controlled substances	Develop & manufacture	Market in the USA	90

Source: Company, Sharekhan Research

formulation segment, where the margins are relatively higher. The company also has a field force of around 700 people spread across various geographies to market its products. The company has decided to focus on the key markets of Australia, Russia and Africa by launching new products and building power brands in these markets. Glenmark has recently entered Indonesia and China, and intends to enter new markets like Algeria (either organically or through acquisitions). We have modeled a 56% CAGR over FY2008-10 in the ROW business.

Argentinaóan oncology hub

Glenmark entered the Argentine market in October 2005 by acquiring Servycal, with a view to expanding into the Latin American markets. Servycal's focus is on the oncology segment and Glenmark now intends to use its Argentine base as a hub for expanding its oncology business. Under the new structure, the Argentine business would now become a part of GGL. The company has filed for registration and received approvals for its oncology products in over 15 countries including Brazil, Venezuela, India and Pakistan during the last two years. From the Argentine site, Glenmark also plans to initiate oncology filings for the regulated markets, file for around 90 product approvals across countries and enter three to four new countries with its oncology products. With the approval of additional dossiers and consequent launch of oncology products in the various global markets, we believe Glenmark's Argentine business will grow at a two-year CAGR of 61% to $20 million in FY2010.

Domestic formulationsósteady growth driver

Over the past few years, Glenmark has built a respectable presence in the domestic formulation space. The company is amongst the top three companies in the dermatology segment and also has a significant presence in the female healthcare, paediatrics, respiratory and anti-infective segments. Through an entry into the chronic lifestyle segments, a spate of new launches and increased productivity of the field force, Glenmark's domestic formulation business has grown by an impressive 27.1% in FY2008 as against the 12-13% growth of the Indian pharmaceutical industry in the same period. The company currently has a field force of 2,000 people segregated into nine divisions. Going forward, Glenmark plans to strengthen its presence in the domestic market by launching 20+ differentiated branded generics and in-licencing niche products to market them exclusively in the Indian market. It is planning to launch two new specialty divisions to strengthen its presence in the chronic segment. With all the above initiatives, we expect Glenmark's domestic formulation business to grow by 12% over the next two years to Rs684.1 crore in FY2010E.

Latin America ó to grow at a 45% CAGR

Glenmark entered the Latin American region via acquisition of Brazil's Klinger Laboratories (Klinger). From there, it has expanded organically and succeeded in building a strong base for itself across the Latin American countries. This is evident in the company's performance in Latin America, where revenues have grown by 82% to $48 million in FY2008. Glenmark launched 25 new products across the Latin American countries and has filed 100 dossiers in FY2008. The company employs a field force of around 200 people in the region. Going forward, the company plans to consolidate its presence in its major Latin American markets by building brands. Glenmark also intends to file for over 80 product approvals and launch 60 new products across countries. Further, Glenmark is also planning to enter Mexico during FY2009. We expect the Latin American business to expand at a CAGR of 30% to $80 million by FY2010, in line with the guidance provided by the management. Being a branded business, a growing contribution from this business will also augur well for the company's margins.

API ó exports offer huge potential

Under the new structure, Glenmark's API business will be part of the new de-merged entity, GGL. Through its three bulk drug plants, Glenmark supplies its APIs both in the domestic market and overseas. Currently, the major focus is on the exports, which form around 53% of the total API business. With over 30 drug master files (DMFs) in its kitty for the USA and several more for Europe and Canada, Glenmark aims to be a preferred API supplier to the global generic industry, apart from using its APIs captively. Through new filings and subsequent launches of new APIs in the regulated markets, Glenmark's API business has grown by 49% in FY2008. Glenmark has filed 10-12 DMFs during FY2008 and plans to develop 15 new APIs annually. Though we expect the domestic API business to grow by around 10%, we expect the exports to ramp up at a faster rate, driven by a ramp-up in the commercial supplies to the regulated markets and entry into five to six new markets. Overall, we expect the API business to grow at a CAGR of 29% over FY2008-10E to $81 million. Our estimates are below the management's guidance of $90 million in API revenues for FY2010.

FINANCIALS

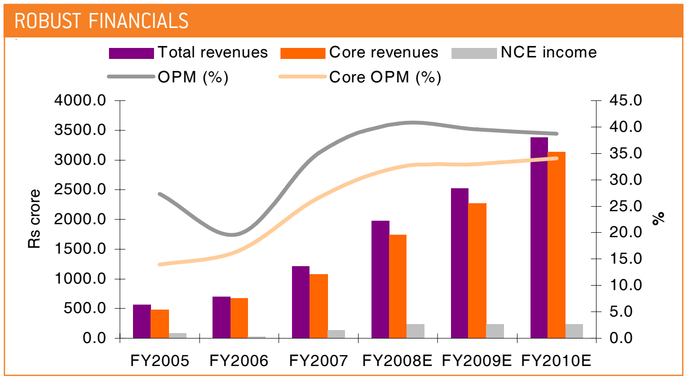
Revenues: We expect Glenmark's consolidated revenues to grow at a 31% CAGR over FY2008-10 to Rs3,377.7 crore. The core business (excluding the NCE income) will grow at a 34% CAGR over FY2008-10, driven by a 40% compounded annual growth in the generic segment and a 29% compounded annual growth in the branded formulation business. We have modeled $60 million annually in outlicencing revenues for the next three years (which is a 15% discount to the guidance provided by the management).

The 40% compounded annual growth in the generic business will be achieved on the back of a strong momentum in the US business as the ANDA pipeline gets commercialised; a scale-up in the European generic segment; and a 60% CAGR in the Argentine oncology business. The base specialty business, comprising branded formulations (excluding the NCE income), will grow at a 29% CAGR, largely due to a strong growth in Latin America and the ROW markets (due to brand building and expansion into newer markets) and a steady growth in the domestic formulation business.

(Our consolidated revenue forecasts are 5% and 8% lower than the guidance provided by the management for FY2009 and FY2010 respectively, while our core revenue forecasts are 4% and 8% lower than the management guidance for FY2009 and FY2010 respectively).

Operating margins: We have modeled a 150-basis-point expansion in the core operating profit margins (excluding the NCE income) to 33.9% in FY2010, largely driven by the improving margins in the US business, as the company launches a greater number of niche products (where it will make higher margins), and the expanding margins in the branded formulation business, due largely to the build-up of scale and the resultant benefits of operating leverage.

ROBUST FINANCIALS



Source: Sharekhan Research

Net profit: A robust growth in the top line, along with sharp expansion of the margins and the receipt of the milestone income would lead to a 26% compounded annual growth in the consolidated profits over FY2008-10 to Rs994.8 crore. (Our profit estimates are ~11-14% lower than the guidance provided by the management for FY2009 and FY2010). We expect the core net profit to expand at a higher rate of 37% over the same period to Rs774.0 crore in FY2010, with the core net profit margin expanding by 110 basis points. This will yield fully diluted core earnings per share of Rs19.6 in FY2009 and that of Rs30.6 in FY2010.

Cash flow: Despite strong operating cash flows, Glenmark's overall cash flow has been in the negative, largely due to high capital expenditure (capex; ~Rs1000 crore over FY2005-08) and a high working capital cycle (200+ days, largely due to a longer collection period). With a large part of the capex already over, we expect the cash flow to turn positive from FY2009 onwards.

Return ratios: Glenmark has been generating strong return ratios due to the strong top line growth and expanding margins. While we expect the return ratios to remain strong, we expect a slight drop due to the 5.3% dilution of equity resulting from the full conversion of the outstanding foreign currency convertible bonds.

CONCERNS

Failure of NCEs: Glenmark's business model is largely research-focused and thus risky as the compounds under development could be abandoned at any stage of development if they fail to prove efficacy and safety. The NCE pipeline, valued at Rs204 per share, forms 27% of our price target and a combined failure of all the three NCEs (Oglemilast, GRC 8200 and GRC 6211) could lead to a downside of Rs204 from our price target.

Execution risks in the core business: Delay in making filings and receiving approvals, quality issues with products, pricing pressures in various markets and regulatory changes could present risks to Glenmark's core business operations.

Currency risks: We have assumed the Indian Rupee/US Dollar exchange rate at Rs41 for FY2008 and at Rs40 for FY2010. Any fluctuation in the Indian Rupee/US Dollar exchange rate could lead to variations in our estimates.

OUTLOOK

A small player till the early 2000s, Glenmark is now the fourth most valuable company in the Indian pharmaceutical space. Driven by strong management capabilities, superior strategic planning and meticulous execution, Glenmark, as it stands today, is truly a globally competitive pharmaceutical company.

Glenmark has been one of the best plays on innovative research within the Indian pharmaceutical industry. With a history of three successful outlicencing deals over the past three years, it has proved its superior R&D capabilities. Further, the company's base business has also seen supernormal growth, with a focus on niche specialty areas and a brand building approach. The company has consistently surpassed its guidance. We remain confident about Glenmark's future prospects, both in relation to the scale-up potential of its core generic and branded formulation businesses, and its ability to monetise and extract value out of its R&D assets.

Further, Glenmark's future roadmap of becoming an innovative global pharmaceutical company through buy-outs of marketing front ends for its proprietary molecules and securing co-promotion rights for the regulated markets while diligently pursuing the global generic opportunity seems very sound and exciting.

The re-negotiation of an outlicencing deal for GRC 8200, the announcement of a deal for Oglemilast for the European markets, clarity on the outcome of the phase II trials for Oglemilast, the announcement of an outlicencing deal for one more molecule and the listing of GGL on the bourses would act as triggers for the stock in the short to medium term.

VALUATION

We have used the sum-of-the-parts methodology to value Glenmark's two distinct business segments: the core business (comprising GGL and the branded formulation business of GPL) and the discovery R&D business.

We have valued Glenmark's core business using a PE based approach, assigning a PE multiple of 18x to FY2010E core earnings per share (which is the average two-year forward PE multiple commanded by most front-line pharmaceutical stocks). We believe it is fair to value Glenmark in line with the front-line companies in view of the strong earnings growth, robust operating profit margins (which are amongst the highest in the industry) and the healthy return ratios of the company. As per our fully diluted core earnings estimate of Rs30.6 per share in FY2010, Glenmark's core business is valued at Rs550 per share.

For the discovery R&D business, we have used a probability-based DCF approach to value the three molecules for which the company has announced outlicencing deals. Assuming peak global revenues of $1-2 billion and a success probability of 25-40%, we arrive at a combined value of Rs204 per share for the three molecules.

SUM-OF-THE-PARTS VALUATION	
Core business	
Core FY2010 EPS (Rs)	30.6
Target multiple (x)	18
Core business value (Rs/share)	550
R&D business	
Oglemilast	103
GRC 8200	40
GRC 6211	61
R&D business value (Rs/share)	204
Total company value (Rs/share)	**754**

Thus, we arrive at our sum-of-the-parts price target of Rs754 for Glenmark. At the current market price of Rs599, Glenmark is discounting its consolidated FY2009E earnings by 21.0x and its consolidated FY2010E earnings by 15.2x while it is quoting at 30.5x its core FY2009E earnings and at 19.6x its core FY2010E earnings. We recommend a Buy on Glenmark, with a sum-of-the-parts based price target of Rs754. The price target represents a 26% upside from the current levels.

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

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

Stock Update

3I INFOTECH

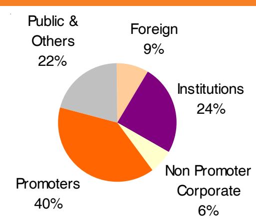
EMERGING STAR	BUY; CMP: RS107	JULY 25, 2008

Result ahead of expectation

COMPANY DETAILS

Price target:	Rs180
Market cap:	Rs1,397 cr
52 week high/low:	Rs160/84
NSE volume (No of shares):	1.6 lakh
BSE code:	532628
NSE code:	3IINFOTECH
Sharekhan code:	3IINFOTECH
Free float (No of shares):	7.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-3.9	-13.3	-22.0	-30.0
Relative to Sensex	-8.6	-2.7	-9.9	-26.1

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

RESULT HIGHLIGHTS

- 3i Infotech's top line grew by 33.9% quarter on quarter (qoq) to Rs468.5 crore in Q1FY2009. While, the acquisitions contributed 19.9% to the sequential growth, the organic growth contributed 14.1% to the same.
- The operating profit margin (OPM) declined by 299 basis points to 21.8% during the quarter on account of unfavorable sales mix (higher revenues contribution from the low-margin business). Consequently, the company's operating profit grew by 17.7% qoq to Rs102 crore during the quarter.
- The net income grew by 20.1% qoq to Rs58.7 crore, above our expectation of Rs52.1 crore.
- In terms of operational highlights, the company's order book grew by 6.1% qoq to Rs917.8 crore driven by healthy sequential growth of 9.7% in the product order book. The revenues from the top five clients and top 10 clients (excluding ICICI group) grew by 148.7% and 78.5% respectively on a sequential basis.
- We have revised our FY2009 earning estimates upward by 1.8% on account of higher-than-expected contribution from the acquisitions. At the current market price, the stock is trading at attractive valuation of 7.3x FY2009 earning estimates and 6.0x FY2010 earning estimates. We maintain our Buy recommendation with price target of Rs180.■

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

ABAN OFFSHORE

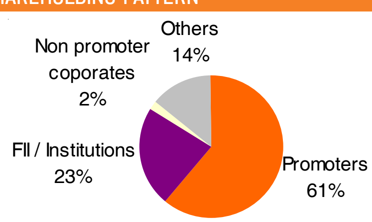
EMERGING STAR	BUY; CMP: RS2,625	JULY 22, 2008

Results in line with expectations

COMPANY DETAILS

Price target:	Rs4,829
Market cap:	Rs9,695 cr
52 week high/low:	Rs5555/2387
NSE volume (No of shares):	1.5 lakh
BSE code:	523204
NSE code:	ABANLOYD
Sharekhan code:	ABANLOYD
Free float (No of shares):	1.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-21.8	-26.8	-28.2	-11.0
Relative to Sensex	-18.1	-12.2	-9.5	-1.2

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

RESULT HIGHLIGHTS

- Aban Offshore's Q1FY2009 results are ahead of our estimates. During the quarter, the top line grew by 93.5% to Rs247 crore, which is in line with our estimate. The operating profit margin increased by 310 basis points to 56.5% on the back of greater operating efficiencies and improved realisations. Consequently, it reported a whopping growth of 152.3% in the net profit to Rs71.5 crore.
- The company has declared its consolidated numbers for FY2008. The top line grew to Rs2,021.1 crore in FY2008 from Rs718.7 crore in FY2007. The company has also shown a net translation loss of Rs194.4 crore for FY2008 on account of adverse exchange rate movements in the Norwegian Krone against the US Dollar. Adjusting for the same, the net profit of the company stood at Rs317.4 crore in FY2008, in line with our and street's expectations.
- Aban Offshore would also be raising capital, which we believe would be a positive since it would bring down the high debt levels of the company.
- We are slightly tweaking our numbers after the availability of the FY2008 balance sheet numbers—we are reducing our FY2009E earnings by 2.8% to Rs349.6 and FY2010E earnings by 1.1% to Rs477.6. At the current levels, the stock is trading at 5.4x our FY2010E earnings and at an EV/ EBIDTA of 4.5x. We maintain our Buy recommendation on the stock with a price target of Rs4,829.■

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

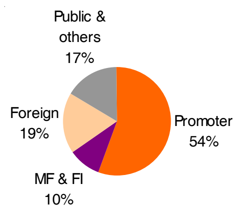
Allahabad Bank

Cannonball | Buy; CMP: Rs58 | July 18, 2008

COMPANY DETAILS

Price target:	Rs95
Market cap:	Rs2,584 cr
52 week high/low:	Rs143/53
NSE volume (No of shares):	7.0 lakh
BSE code:	532480
NSE code:	ALBK
Sharekhan code:	ALLBANK
Free float (No of shares):	20.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-19.7	-26.1	-55.1	-41.1
Relative to Sensex	-4.2	-7.8	-33.0	-32.0

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

Price target revised to Rs95

RESULT HIGHLIGHTS

- Allahabad Bank reported a profit after tax (PAT) of Rs93.4 crore for Q1FY2009, indicating a decline of 53.4% year on year (yoy). The decline in the PAT was on the back of higher investment depreciation provisions (Rs264.1 crore).
- The reported net interest income for the quarter stood at Rs495.5 crore, up by 9.8% yoy. On the margin front, while the margins remained largely stable sequentially, the net interest margin (NIM) declined by 22 basis points yoy to 2.75% from 2.97%.
- The growth in advances was slightly below the industry growth during the quarter. However, it still remains healthy at 23.9% yoy, which may be due to higher demand from the oil marketing companies. Meanwhile, the deposits registered a growth of 16.5% yoy.
- The non-interest income for Q1FY2009 stood at Rs117 crore, up 23.6% yoy on the back of higher treasury gains. The core fee income increased 6% yoy to Rs107.3 crore.
- The asset quality of the bank remained healthy during the quarter. The gross non-performing assets (GNPAs) in percent terms improved by 59 basis points to 1.87%. However, the net non-performing assets (NNPAs) in percent terms remained flat at 0.75%.
- The capital adequacy ratio (CAR) of the bank stood at 11.68% in Q1FY2009 compared with 12.71% a year ago.
- We are lowering our earning estimate for FY2009 by 5.1% primarily to factor in the higher-than-expected provisions made for depreciation on investment. Importantly, we are raising our cost of equity assumptions in line with the increase in the 10-year g-sec yields. We maintain our Buy recommendation with a revised price target of Rs95.

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

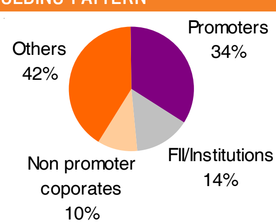
Alphageo India

Emerging Star | Buy; CMP: Rs430 | July 30, 2008

COMPANY DETAILS

Price target:	Rs480
Market cap:	Rs220 cr
52 week high/low:	Rs1,078/293
NSE volume (No of shares):	3,363
BSE code:	526397
NSE code:	ALPHAGEO
Sharekhan code:	ALPHAGEO
Free float (No of shares):	0.34 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	8.6	-26.9	-35.8	15.4
Relative to Sensex	8.3	-8.6	-16.5	25.9

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

Out with flying colours

RESULT HIGHLIGHTS

- Alphageo India (Alphageo) has reported an exceptionally strong performance for Q1FY2009 as four out of the five of its seismic survey crews were fully operational during the quarter.
- In Q1FY2009, the company's revenues grew by 118.1% to Rs45.1 crore whereas its earnings jumped four-fold to Rs12.2 crore. However, the first quarter's performance is not indicative of the full year's results as the company has a seasonal business with extremely lean period during the monsoon season.
- The pending order book at around Rs20 crore is one of the smallest at any given point of time in the past couple of years. Though the extremely low order backlog is a cause for concern, the management has indicated that it expects to bid for Rs500-600 crore of tenders over the next few months.
- The expansion of its crew base would depend on the success rate in the forthcoming tenders and the progress on the proposed acquisition. The company is in the final stages of making an overseas acquisition that could potentially double its crew base.
- Despite the robust Q1 results, we have downgraded the full year estimates due to delay in its organic expansion and exceptionally low order backlog as at end of June 2008. We have also introduced our FY2010 earnings estimate.
- At the current market price the stock trades at 11.5x FY2009 and 9.8x FY2010 estimated earnings. We maintain our Buy call on the stock with a price target of Rs480.

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

Apollo Tyres

Apple Green

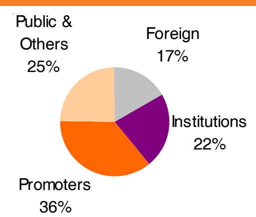
Buy; CMP: Rs30 | **July 21, 2008**

Price target revised to Rs50

COMPANY DETAILS

Price target:	Rs50
Market cap:	Rs1,466 cr
52 week high/low:	Rs62/28
NSE volume (No of shares) :	10.5 lakh
BSE code:	500877
NSE code:	APOLLOTYRE
Sharekhan code:	APOLLOTYRE
Free float (No of shares) :	3.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-19.9	-26.9	-40.5	-15.1
Relative to Sensex	-9.8	-12.4	-17.8	-5.8

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

RESULT HIGHLIGHTS

- Apollo Tyres' results for Q1FY2009 are in line with our expectations.
- Sales for the quarter grew by 23% to Rs1,075.8 crore. The growth, higher than our expectations and was backed by a higher than expected volume growth of 14%.
- The OPM declined by 130 basis points yoy to 10.2% due to a sharp rise in the raw material cost. The PAT for the quarter grew by 3.8% yoy to Rs48.6 crore.
- On a consolidated basis, the net sales for the quarter grew by 15% to Rs1,322 crore whereas the PAT grew by 7.4% to Rs58.6 crore. Its subsidiary, Dunlop South Africa, has reported sales of Rs246 crore for the quarter, a decline of 10.7% yoy. The subsidiary's PAT increased by 28.2% to Rs10.1 crore during the quarter.
- The company's outlook for volume growth for FY2009 has been revised to a double-digit growth, mainly driven by the replacement sales. The cost of raw materials are expected to rise further and despite price hikes expected in the replacement and OE segments, the margins are expected to remain at similar levels as seen in the current quarter.
- Considering the decline in the profit margin and the weak market conditions, we are reducing the PE multiple allotted to the company from 10x to 9x.
- At the current market price of Rs30, the stock discounts its FY2010E consolidated earnings by 5.9x. We maintain our Buy recommendation on the stock with a revised price target of Rs50.■

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

Axis Bank

Emerging Star

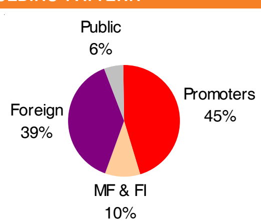
Buy; CMP: Rs636 | **July 14, 2008**

Price target revised to Rs901

COMPANY DETAILS

Price target:	Rs901
Market cap:	Rs22,797 cr
52 week high/low:	Rs1,291/534
NSE volume (No of shares) :	12.9 lakh
BSE code:	532215
NSE code:	AXISBANK
Sharekhan code:	AXISBANK
Free float (No of shares) :	18.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-5.7	-11.8	-42.7	6.0
Relative to Sensex	5.9	2.9	-12.0	16.1

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

RESULT HIGHLIGHTS

- Axis Bank reported a bottom line of Rs330.1 crore for Q1FY2009. The same grew by a whopping 88.6% on a year-on-year (y-o-y) basis and was well above our estimate of Rs234 crore.
- The net interest income (NII) for the quarter came in at Rs810.5 crore, up 81.4% year on year (yoy). The impressive NII growth was due to continued growth momentum in the advances coupled with healthy margins.
- The non-interest income too recorded a strong growth of 82.5% yoy and reached Rs624.8 crore on the back of a robust growth in the fee income (up 80%) and the forex income.
- Importantly, the provisions spiked up by 194% yoy to Rs296.7 crore during the quarter. The spike was primarily due to a provision of Rs225.2 crore made towards depreciation (mark-to-market losses) in the value of investment portfolio.
- On the asset quality front, the bank witnessed a substantial increase of Rs144 crore on a sequential basis in its gross non-performing assets (GNPA). Importantly, the incremental GNPA as percent of incremental advances jumped significantly to 9.5% compared with 0.4% in the previous quarter. This increase indicates rising defaults for the bank and is a cuase of concern.
- We have lowered our 2009 estimates by 3.2% and 2010 estimates by 7.9% to factor in the various concerns that have emerged over the past few months including MTM losses on investments, higher loan loss provisioning and moderation in fee income growth. We maintain our Buy recommendation with revised price target of Rs901.■

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

Bajaj Auto

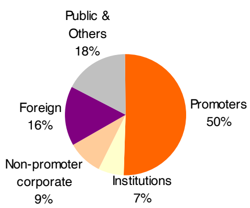
Apple Green | Buy; CMP: Rs494 | July 10, 2008

Upgraded to BUY

COMPANY DETAILS

Price target:	Rs719
Market cap:	Rs7,147 cr
52 week high/low:	Rs945/345
NSE volume (No of shares):	1.4 lakh
BSE code:	532977
NSE code:	BAJAJ-AUTO
Sharekhan code:	BAJAJ
Free float (No of shares):	7.01 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-13.1	-26.1	-12.8	5.2
Relative to Sensex	-6.4	-16.9	29.6	12.3

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

RESULT HIGHLIGHTS

- Bajaj Auto's Q1FY2009 results are lower than our expectations, mainly due to a higher than expected decline in its operating profit margin (OPM) during the quarter.
- The net sales of the company grew by 9.6% to Rs2,310.7 crore in Q1FY2009, as the volumes grew by 8% and the average realisation improved by only 1%.
- The OPM took a hit during the quarter on account of a higher raw material cost, lower profitability of the export business and a lower contribution from the more profitable business of three-wheelers in Q1FY2009. The OPM for the quarter declined by 180 basis points to 11.5%, causing the operating profit to decrease by 5.5% to Rs266.8 crore in the same quarter.
- A lower other income and depreciation charge, and a higher interest cost led to a 4.3% drop in the company's net profit to Rs175 crore.
- Bajaj Auto plans to launch the new Bajaj Discover DTS-i in July 2008. This launch shall be followed by the roll-out of four new models in the 125cc+ segment during the rest of the year. The onset of the festive season from October coupled with the successful launch of the new products would drive the domestic growth of the company in the coming quarters. The company's exports are expected to grow by 40% in the current year.
- As per the management, the profit margin should improve going forward.
- At the current market price of Rs494, the stock discounts its FY2010E earnings by 7.5x and quotes at an enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 3.4x. The stock has corrected substantially after its listing, so we are upgrading the stock to a BUY with a revised sum-of-the-parts price target of Rs719. ■

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

Bajaj Finserv

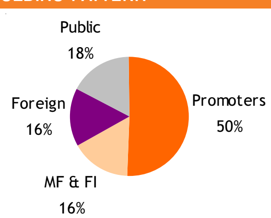
Apple Green | Buy; CMP: Rs480 | July 11, 2008

Results below expectation

COMPANY DETAILS

Price target:	Rs687
Market cap:	Rs6,952 cr
52 week high/low:	Rs999/450
NSE volume (No of shares):	12.0 lakh
BSE code:	532978
NSE code:	BAJAJFINSV
Sharekhan code:	BAJAJFINSV
Free float (No of shares):	7.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-24.1	NA	NA	NA
Relative to Sensex	-19.1	NA	NA	NA

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

RESULT HIGHLIGHTS

- Consolidated top line of Bajaj Finserv declined by 7.7% to Rs67.1 crore in Q1FY2009. The company posted a net loss of Rs36.2 crore in Q1FY2009 compared to a net loss of Rs4.8 crore in Q1FY2008. High upfront costs, decline in value of investments and lower volume growth affected profitability.
- In Q1FY2009, the gross written premiums for Bajaj Allianz Life increased by 74.0% to Rs1,847 crore. However, the new business premiums grew by just 16% to Rs764 crore, mainly due to falling demand for ULIP products.
- Bajaj Allianz General Insurance reported a steady increase of 28% in its gross written premium to Rs734 crore. However, the net profit declined by 46% to Rs7 crore in Q1FY2009.
- For Q1FY2009, BAFL has reported a 21.9% increase in its total income to Rs128.23 crore and a 26.7% decline in its net profit to Rs3.01 crore due to decline in disbursements and higher provisioning.
- We value the life insurance business based on its new business-achieved profits and general insurance business based on its net worth. The growth in the life insurance business is expected to decelerate because of the slowdown in demand for ULIP products. The margins are expected to remain under pressure due to increasing costs and declining volumes. Bajaj Finserv also holds a 40.53% stake in BAFL. At current market price, the stock is a good value buy. We put a Buy recommendation on the stock with a price target of Rs687 based on our sum-of-the-parts valuation. ■

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

Balaji Telefilms

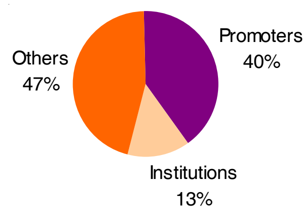
Emerging Star | Buy; CMP: Rs178 | July 30, 2008

Price target revised to Rs268

COMPANY DETAILS

Price target:	Rs268
Market cap:	Rs1,161 cr
52 week high/low:	Rs388/146
NSE volume (No of shares):	1.4 lakh
BSE code:	532382
NSE code:	BALAJITELE
Sharekhan code:	BALAJITELE
Free float (No of shares):	3.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-6.7	1.9	-27.5	-29.4
Relative to Sensex	-7.0	27.3	-5.7	-23.0

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

RESULT HIGHLIGHTS

- Balaji Telefilms Ltd's (BTL) operating performance in Q1FY2009 was marginally above our expectations. The programming hours in the commissioned category increased to 276.5 hours from 204.5 hours. An increase in the proportion of new shows and *Kasauti Zindagi Kay* going off air in Q4FY2008 led to an anticipated drop in the blended realisations in the commissioned category to Rs30.7 lakh per hour.
- The overall revenues for the quarter increased by 22.9%yoy to Rs91.6 crore. The operating profit margin stood at 34.7% in Q1FY2009 against 39.6% in Q1FY2008 due to an increase in the overall cost and an anticipated lower realisations in the commissioned segment. Thus, the operating profit grew by 7.6% yoy. Aided by a higher other income and a lower tax rate, the adjusted net profit for the quarter increased by 20.7% yoy to Rs22.3 crore.
- BTL has launched three new shows over the past three quarters and has further ramped up programming hours by launching *Kahaani Hamare Mahabharat ki*, *Kaun Jeetega Bollywood ka Ticket* and *Kabhie Kabhie Pyaar Kabhie Kabhie Yaar* in July 2008.
- Though we remain positive on the broader outlook for television content business of BTL as the company is a scalable player in a non-scalable business, the profitability going forward is highly dependent on the success of new shows. At the current market price of Rs178 the stock trades at 8.9x FY2010E EPS of Rs19.9. we maintain our Buy recommendation on the stock with a revised price target of Rs268.■

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

Bank of Baroda

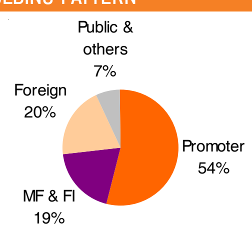
Apple Green | Buy; CMP: Rs248 | July 30, 2008

Price target revised to Rs361

COMPANY DETAILS

Price target:	Rs361
Market cap:	Rs9,034 cr
52 week high/low:	Rs501/188
NSE volume (No of shares):	5.1 lakh
BSE code:	532134
NSE code:	BANKBARODA
Sharekhan code:	BOB
Free float (No of shares):	16.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	15.4	-25.2	-42.1	-18.2
Relative to Sensex	15.0	-6.5	-24.7	-10.7

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

RESULT HIGHLIGHTS

- Bank of Baroda (BoB) reported PAT of Rs370.9 crore for Q1FY2009, up 12.1% yoy, which was above our expectations.
- The NII for the quarter stood at Rs1,057 crore, up 16.9% yoy on the back of robust 42.1% growth in advances.
- The reported NIM (global) stood at 2.76%, indicating a decline of 26 basis points yoy. The contraction in the NIM was largely driven by 43bps yoy decline in the yields on advances (due to PLR cut done in Q4FY2008). Further, the cost of deposits increased by 13bps yoy.
- The non-interest income was up 20.8% yoy to Rs512.6 crore on the back of higher growth in the forex income (up by 49.8%) and core fee income (up by 44.5%).
- Provisions were up by 98.2% yoy mainly due to a significant spike in the MTM provisions to Rs218.6 crore as compared to Rs29.5 crore in Q1FY08.
- Asset quality improved at gross levels during the quarter. The GNPAs declined by 5.3% yoy to Rs2091.1 crore, however the NNPAs increased by 10.8% yoy to Rs575.5 crore.
- The advances witnessed a robust growth of 42.1% yoy to Rs111,214 crore, while the deposits grew by 26.5% yoy to Rs154,908 crore. However, the CASA ratio declined by 150bps to 36.86% in Q1FY2009.
- We are lowering our earnings estimate for FY2009 by 4.1% to account for higher than expected MTM losses. Further, we are raising our cost of equity assumptions to factor in the higher 10-year g-sec yields. At the current market price of Rs248, the stock trades at 5.4x 2009E EPS, 2.7x 2009E PPP and 0.8x 2009E BV. We maintain our Buy recommendation with a revised price target of Rs361.■

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

Bank of India

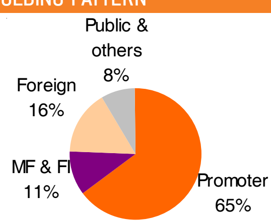
Apple Green | Buy; CMP: Rs258 | July 29, 2008

Price target revised to Rs365

COMPANY DETAILS

Price target:	Rs365
Market cap:	Rs13,550 cr
52 week high/low:	Rs466/189
NSE volume (No of shares):	21.9 lakh
BSE code:	532149
NSE code:	BANKINDIA
Sharekhan code:	BOI
Free float (No of shares):	18.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	33.4	-10.0	-26.8	18.4
Relative to Sensex	27.8	5.9	-8.3	24.2

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

RESULT HIGHLIGHTS

- Bank of India (BOI) reported a PAT of Rs562 crore for Q1FY2009, up 78.3% yoy.
- The NII grew by 24.7% yoy to Rs1,180.8 crore on the back of robust growth in advances.
- The reported NIM (global) stood at 2.89%, down 7bps yoy, largely driven by an 11bps increase in the cost of funds while the yield remaining largely stable.
- The non-interest income rose by 48.6% yoy to Rs566.4 crore on the back of a significant jump in recoveries, followed by substantial growth in forex and the core fee income.
- The operating expenses increased marginally by 3.7% yoy to Rs674.8 crore due to a 9.4% decline yoy in the other operating expenses.
- The provisions increased by 75.2% yoy, mainly due to a significant spike (up by 249% yoy) in the MTM provisions to Rs129 crore. The NPA provisions rose by 56.2% yoy to Rs144 crore.
- The asset quality improved during the quarter. The GNPAs remained largely flat, whereas the NNPAs declined by 19.3% yoy.
- The advances grew by robust 38.8% yoy to Rs122,889 crore, while the deposits grew by a healthy 30.1% yoy to Rs159,234 crore. Importantly, the CASA ratio declined to 34.1% yoy from 37.8%.
- While we maintain our estimates, we are lowering our price target Rs365 to factor in the higher cost of equity, in line with the rise in the 10-year G-Sec yields. At the current market price of Rs295, BOI trades at 7.6x 2009E EPS, 4.2x 2009E PPP per share and 1.8x 2009E BV per share.

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

Bharat Heavy Electricals

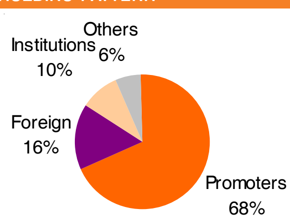
Apple Green | Buy; CMP: Rs1,597 | July 22, 2008

Price target revised to Rs2,230

COMPANY DETAILS

Price target:	Rs2,230
Market cap:	Rs78,196 cr
52 week high/low:	Rs2930/1327
NSE volume (No of shares):	1.4 lakh
BSE code:	500103
NSE code:	BHEL
Sharekhan code:	BHEL
Free float (No of shares):	15.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.2	-15.0	-28.1	-8.0
Relative to Sensex	12.3	2.0	-9.4	2.2

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

RESULT HIGHLIGHTS

- Bharat Heavy Electricals Ltd's (BHEL) performance during Q1FY2009 was a mixed bag. The revenue growth during the quarter was higher than estimates, while the operating performance was lower than expected. Boosted by higher other income, the net profit was in line with our expectations.
- The net sales growth of 33.9% to Rs4,329.2 crore led by strong execution in both the divisions of the business.
- The operating profit margin (OPM) of the company declined by 265 basis points to 8.6% mainly on account of higher employee expenses, as the company provided for the potential wage hike recommended by the second PSU pay revision committee. The provision is to the tune of Rs328 crore this quarter and an equal amount would be provided in the subsequent three quarters of FY2009. Consequently, the operating profits grew by only 2.5% yoy to Rs373.7 crore.
- The reported net profit grew by 33.1% to Rs384.4 crore against our estimates of Rs385.3 crore.
- The order backlog stood at Rs95,000 crore (up 52% yoy) as against Rs85,400 crore at the end of FY2008.
- We have revised our estimates for FY2009 by 1.8% largely to take into account the increased provisioning in the wage cost. Our FY2009E earnings per share (EPS) now stands at Rs73.5. However, we maintain our FY2010 estimates. We are revising our price target to Rs2,230.We maintain our bullish stance on the company and reiterate our Buy call.
- At the current market price the stock discounts its FY2010E earnings by 15.8x and is trading at an EV/EBIDTA of 10.4x.

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

Bharti Airtel

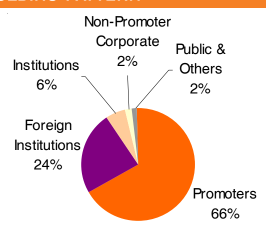
Apple Green | Buy; CMP: Rs798 | July 24, 2008

Traffic volume drive growth

COMPANY DETAILS

Price target:	Rs1,100
Market cap:	Rs151,452 cr
52 week high/low:	Rs1,184/673
NSE volume (No of shares):	35.1 lakh
BSE code:	532454
NSE code:	BHARTIARTL
Sharekhan code:	BHARTI
Free float (No of shares):	63.6 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	1.6	-9.1	-7.6	-15.8
Relative to Sensex	4.5	7.3	8.6	-8.2

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

RESULT HIGHLIGHTS

- The consolidated revenues of Bharti Airtel grew by 8.5% quarter on quarter (qoq) and by 43.7% year on year (yoy) to Rs8,483.3 crore during Q1FY2009. The revenues of the mobile business grew by 7.7% qoq and that of non-mobile business surged by 18.4% qoq.
- The operating profit margin (OPM) at 41.4% in Q1FY2009 is marginally down from 41.6% in Q4FY2008. The operating profit at Rs3,522 crore grew by 8.3% qoq.
- The net profit growth of 9.3% qoq and 34% yoy to Rs2,025 crore was ahead of expectations due to a lower-than-expected foreign exchange (forex) related loss of Rs148 crore during the quarter.
- In terms of operational highlights of the mobile business, the average realisation per unit (ARPU) declined by 2% qoq in spite of the steep tariff cuts in Q1FY2009. The healthy growth of 5% qoq in the minutes of usage (MOU) however mitigated the adverse impact of tariff rationalisation on ARPUs. The management indicated that the elasticity of traffic growth in rural regions has been surprising robust.
- Bharti Airtel partnered 15 global telecom majors to build Europe India Gateway (EIG), a cable system from India to United Kingdom. Airtel is the only Indian service provider to be a part of this consortium and would be operating the cable landing station in Mumbai.
- We maintain our earnings estimate at Rs45.1 for FY2009 and Rs54.7 for FY2010. At the current market price, the stock trades at 14.6x FY2010 estimated earnings and 9x enterprise value (EV)/earnings before interest, tax, depreciation, and amortisation (EBITDA). We maintain our Buy call on the stock with a price target of Rs1,100.■

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

Cadila Healthcare

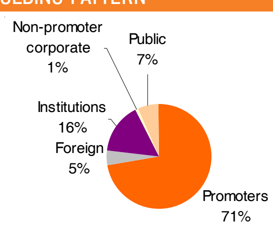
Emerging Star | Buy; CMP: Rs310 | July 31, 2008

Q1 net profit higher than estimated

COMPANY DETAILS

Price target:	Rs372
Market cap:	Rs3,893 cr
52 week high/low:	Rs367/202
NSE volume (No of shares):	19,538
BSE code:	532321
NSE code:	CADILAHC
Sharekhan code:	CADILAHEAL
Free float (No of shares):	3.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.1	7.4	20.8	-12.5
Relative to Sensex	-3.2	28.9	48.8	-7.6

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

RESULT HIGHLIGHTS

- Cadila Healthcare's (Cadila) total operating income grew by 24.8% to Rs714.0 crore in Q1FY2009. Its net profit rose by 21.4% to Rs89.7 crore (against our estimate of Rs67 crore) in the same quarter.
- The top line growth is above our estimate. It was driven by strong traction in the US generic, Brazilian and French businesses, and the higher than expected contribution from the Nycomed joint venture (JV).
- The domestic formulation business grew by a tepid 5.1%, well below the industry growth rate, due to a shortage of raw materials imported from China.
- Cadila's revenues from its JV with Nycomed (formerly Altana) increased by an impressive 32.7% to Rs27.6 crore, while the profits grew by 38.6% to Rs21.2 crore. This was contrary to our expectation of a decline in the business.
- A higher contribution from the high-margin Nycomed JV and an improved profitability of the French business caused Cadila's margins to expand by 320 basis points to 22.6%, which is ahead of our estimate of 19.3%. Consequently, the operating profit rose by 45.4% to Rs161.7 crore in Q1FY2009.
- At the current market price of Rs310, the stock is available at attractive valuations of 13.2x our FY2009 and at 11.0x our FY2009 estimated earnings. We reiterate our Buy recommendation on Cadila with a sum-of-the-parts based price target of Rs372.■

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

Ceat

Ugly Duckling | Book Out; CMP: Rs72 | July 29, 2008

COMPANY DETAILS

Market cap:	Rs247 cr
52 week high/low:	Rs245/67
NSE volume (No of shares) :	94,452
BSE code:	500878
NSE code:	CEAT
Sharekhan code:	CEAT
Free float (No of shares) :	1.9 cr

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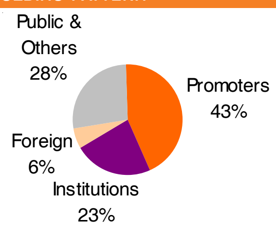


PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-3.1	-43.0	NA	-69.0
Relative to Sensex	-7.2	-33.0	NA	-67.4

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

Book out

RESULT HIGHLIGHTS

- Ceat's Q1FY2009 results are lower than our expectations due to declining profitability during the quarter. The sales for the quarter grew by 20.8% led by a volume growth of 13% year on year (yoy) and price increases. Rise in raw material costs has led the company to report an operating loss during the quarter.
- The raw material cost remains a cause for concern and is expected to increase further in the second and third quarters. The price hikes effected may not be adequate to offset the increase in the raw material cost. Hence, the going is expected to be tough for the company in the next two quarters.
- Ceat is expected to make an operating profit in the next quarter as the price increases undertaken in Q1FY2009 will be available for the full second quarter and the company has effected another price hike of 6.5% with effect from July 2008. Going ahead, the management plans to focus on cost reduction measures.
- However, the outlook for the next two quarters appears gloomy. In view of the Q1FY2009 performance we are revising our earnings estimate for FY2009 and expect a decline of 54% in the company's adjusted net profit to Rs31.4 crore in this fiscal. At the current market price of Rs72, the stock is trading at 6.2x its FY2010E earnings and an EV/ EBIDTA of 3.2x. We advise investors to book out of the stock at the current levels.■

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

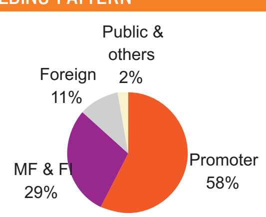
Corporation Bank

Apple Green | Buy; CMP: Rs258 | July 31, 2008

COMPANY DETAILS

Price target:	Rs321
Market cap:	Rs3,699 cr
52 week high/low:	Rs490/230
NSE volume (No of shares) :	0.8 lakh
BSE code:	532179
NSE code:	CORPBANK
Sharekhan code:	CORPBANK
Free float (No of shares) :	6.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	0.3	-21.1	-25.4	-25.0
Relative to Sensex	-5.8	-5.3	-8.1	-20.9

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

Price target revised to Rs321

RESULT HIGHLIGHTS

- For Q1FY2009 Corporation Bank reported a PAT of Rs184.3 crore, indicating a growth of 4.1% yoy.
- The NII for the quarter increased by a muted 7.2% yoy to Rs378.0 crore despite a healthy growth in the advances (up 28.3% yoy) because the reported margin contracted by 58 basis points yoy to 2.43%.
- The non-interest income increased by 13.8% yoy to Rs157.6 crore on the back of a 77.0% yoy decline in the treasury income.
- The operating expenses were flat at Rs214.6 crore during the quarter. The expenses were contained primarily due to a 13.0% decline in the staff expenses while other operating expenses grew by 12.4% yoy.
- Notably, the provisions witnessed a five-fold jump and stood at Rs100.8 crore due to a significant (Rs63.8 crore) MTM loss on the bank's investment book.
- The asset quality remained healthy with an improvement in absolute and relative terms. The %GNPAs came in at 1.46%, down 61 basis points yoy; the %NNPAs declined 10 basis points to 0.36%.
- The growth in the advances was healthy at 28.3% yoy, while the deposits registered a growth of 26.6% yoy.
- We are lowering our earnings estimate for FY2009 by 5.0% to account for the higher than expected MTM losses. Further, we are raising our cost of equity assumptions to factor in the higher 10-year G-Sec yields. At the current market price of Rs258, the stock trades at 4.8x 2009E EPS, 2.8x 2009E PPP and 0.8x 2009E BV. We maintain our Buy recommendation on the stock with a revised price target of Rs321.■

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

Crompton Greaves

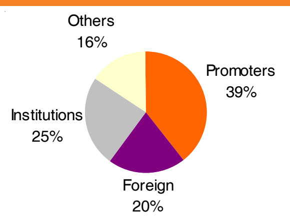
Apple Green | **Buy; CMP: Rs229** | **July 29, 2008**

Stupendous performance

COMPANY DETAILS

Price target:	Rs367
Market cap:	Rs8,382 cr
52 week high/low:	Rs452/195
NSE volume (No of shares):	5.4 lakh
BSE code:	500093
NSE code:	CROMPGREAVE
Sharekhan code:	CROMPTON
Free float (No of shares):	22.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.0	-7.4	-35.1	-15.6
Relative to Sensex	-1.3	8.9	-18.7	-11.5

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

RESULT HIGHLIGHTS

- Crompton Greaves Ltd (CGL) reported a stunning 33.6% growth in the revenues to Rs2,034.6 crore, led by strong growth in the international businesses of the company. Coupled with the volume growth, the favorable currency movement also aided the growth in the international revenues.
- The operating profit of the consolidated entity grew by 70.2% to Rs208.3 crore resulting in a 220-basis-point improvement in the operating profit margin (OPM) to 10.2%. The OPM improved on the back of a 195-basis-point decline in the raw material cost as percentage of sales. The net profits after minority interest grew by 36.4% to Rs122.6 crore.
- The current order book of the stand-alone entity stands at Rs2,424 crore, while that of the consolidated entity is at Rs6,004 crore.
- In the conference call, the management has guided that the consolidated revenues are expected to grow by a robust 20-22% with stable operating performance going forward.
- Factoring in the same, we have revised our estimates for FY2009 by 2.5% to Rs14.2 per share, while the FY2010 earnings per share (EPS) stands at Rs18 per share. We expect CGL to report compounded annual growth rate (CAGR) of 20.9% and 27.3% for its revenues and profits over FY2008-10E.
- CGL, which is one of the leading players in the power transmission and distribution (T&D) space in the country, is expected to witness strong order inflows going forward. We remain bullish on the stock and reiterate our Buy recommendation with a price target of Rs367.
- At the current market price, the stock trades at 16.1x and 12.7x its FY2009 and FY2010E earnings respectively. ■

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

Esab India

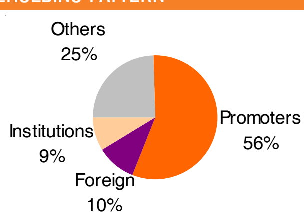
VultureÍs Pick | **Buy; CMP: Rs385** | **July 25, 2008**

Q2 performance beats expectations

COMPANY DETAILS

Price target:	Rs575
Market cap:	Rs592 cr
52 week high/low:	Rs548/318
NSE volume (No of shares):	5,049
BSE code:	500133
NSE code:	ESABINDIA
Sharekhan code:	ESAB
Free float (No of shares):	0.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-1.8	-16.2	-14.7	-19.6
Relative to Sensex	-6.7	-6.0	-1.5	-15.1

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

RESULT HIGHLIGHTS

- Esab India's (Esab) Q2CY2008 performance is ahead of our expectations on fronts of revenue growth and profitability both.
- The revenues for the quarter grew by 31% to Rs114.4 crore led by the stellar performance of the consumable division whose revenues grew by 39.8% to Rs86.6 crore during the quarter. The equipment division's revenues grew by 9.6% to Rs27.8 crore in the same quarter.
- The operating performance of the company remained stable with the operating profit margin (OPM) at 24.6% (down 24 basis points) in Q2CY2008. Consequently, the operating profit of the company grew by 29.8% to Rs28.1 crore in the same period.
- The company's interest cost increased by 26.1% to Rs0.3 crore whereas its depreciation charge rose by 21.8% to Rs1.6 crore during the quarter. Consequently, its net profit grew by 30.9% to Rs18.5 crore, which is ahead of our expectations.
- For H1CY2008 the company has reported growth of 27.9% and 28.4% in its revenues and profits respectively. The H1CY2008 performance is marginally above our expectations. However, we are maintaining our CY2008 estimates for Esab.
- Esab would remain one of the major beneficiaries of the continued buoyancy in its user industries, such as pipes, shipbuilding and steel. Furthermore, a greater level of component indigenisation is likely to protect its margins against any adverse impact of the rising steel prices. We maintain our Buy recommendation on the stock with a price target of Rs575. At the current market price the stock discounts our CY2008 and CY2009 earnings estimates by 9.1x and 7.7x respectively. ■

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

STOCK UPDATE

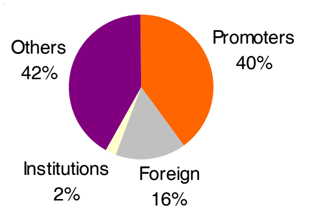
Genus Power Infrastructures

Ugly Duckling | Buy; CMP: Rs280 | July 29, 2008

COMPANY DETAILS

Price target:	Rs502
Market cap:	Rs395 cr
52 week high/low:	Rs950/240
NSE volume (No of shares):	13,512
BSE code:	530343
NSE code:	GENUSOVERE
Sharekhan code:	GENUSOVER
Free float (No of shares):	0.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-15.4	-37.5	-57.8	-21.9
Relative to Sensex	-18.9	-26.5	-47.1	-18.1

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

Price target revised to Rs502

RESULT HIGHLIGHTS

- The Q1FY2009 results of Genus Power Infrastructure Ltd (GPIL) are in line with our expectations on both revenue growth and profitability fronts.
- In Q1FY2009, the company's revenues grew by 20% to Rs100.2 crore against our estimate of Rs95.9 crore. The revenue growth was higher because the performance of both the businesses, meters and projects, was stable during the period.
- The operating profit of the company grew by 19.9% to Rs100.2 crore, implying an operating profit margin (OPM) of 16.4%. The OPM improved by 52 basis points yoy to 16.4%. The employee cost as a percentage of sales increased by 263 basis points to 73.3%.
- The other income increased by 40.9% while the interest cost rose by 32.6% to Rs5.5 crore. Consequently, the net profit of the company grew by 23.4% to Rs8.5 crore vis-à-vis our estimate of Rs8 crore.
- Currently, the executed order book of the company stands at Rs645 crore.
- We have revised our earnings estimates for FY2009 and FY2010 downwards by 5.8% and 6.4% to Rs45.6 and Rs59.8 respectively. The earnings estimates have been revised to factor in the increase in the input cost that is expected to exert pressure on the company's OPM going forward.
- GPIL is a leading manufacturer of electronic energy meters (EEMs). In our view, the company is well poised to benefit from the government's plan to spend on the country's power transmission and distribution sector. We maintain our positive outlook for the company's business and recommend Buy on the stock with a revised price target of Rs502.
- At the current market price the stock trades at 6.2x and 4.7x its FY2009E and FY2010E earnings respectively. ■

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

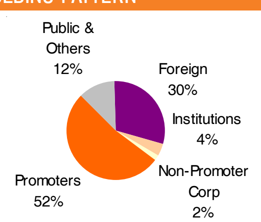
Glenmark Pharmaceuticals

Apple Green | Buy; CMP: Rs662 | July 30, 2008

COMPANY DETAILS

Price target:	Rs754
Market cap:	Rs16,557 cr
52 week high/low:	Rs792/350
NSE volume (No of shares):	3.2 lakh
BSE code:	500359
NSE code:	GLENMARK
Sharekhan code:	GLENMARK
Free float (No of shares):	12.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.8	-0.7	26.9	91.5
Relative to Sensex	4.5	24.1	65.0	108.9

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

Mixed bag

RESULT HIGHLIGHTS

- Glenmark Pharmaceuticals reported a mixed performance in Q1FY2009 with lower-than-expected revenues, but higher-than-expected profits. While the company witnessed strong momentum in the domestic formulations and the US generics business, the performance in Latin America and the semi-regulated markets was disappointing.
- Revenues grew by 31.2% to Rs460.8 crore driven by 87.4% growth in the generics segment. Whereas, the specialty business declined by 2.2% due to poor performance in the SRMs and in Latin America.
- Despite a rise in the staff costs, the operating margin was up by 170 bps yoy at 30.2%. Margin growth led the operating profit to grow by 37.5% to Rs141.0 crore.
- The net profit of Rs115.4 crore was aided by a deferred tax of Rs68.4 crore on account of business restructuring into specialty and generics segments. The generics business registered a net profit of Rs68.2 crore, while the specialty business delivered a net profit of Rs47.2 crore.
- Although the company has not received any outlicensing income during Q1FY2009, it expects to conclude ~2 outlicensing deals during FY2009 and achieving its guidance of $69 million in outlicensing income for FY2009.
- The renegotiation of an outlicensing deal for Melogliptin, the announcement of an outlicensing deal for Oglemilast for Europe, the listing of Glenmark Generics on the bourses in the next 6-9 months and the clarity on the outcome of the Phase II trials on Oglemilast would act as short to medium term triggers for the stock.
- At the current market price of Rs662, Glenmark is discounting its consolidated FY2009 earnings by 23.2x and FY2010 earnings by 16.9x. We maintain our Buy recommendation with a price target of Rs754. ■

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

Grasim Industries

Apple Green

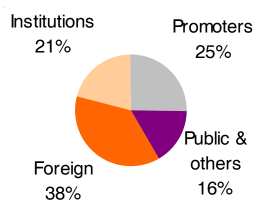
Buy; CMP: Rs1,817 | **July 28, 2008**

Price target revised to Rs2,252

COMPANY DETAILS

Price target:	Rs2,252
Market cap:	Rs16,662 cr
52 week high/low:	Rs4074/1625
NSE volume (No of shares) :	96,407
BSE code:	500300
NSE code:	GRASIM
Sharekhan code:	GRASIM
Free float (No of shares) :	6.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-8.8	-29.5	-38.3	-37.0
Relative to Sensex	-9.6	-16.1	-21.3	-31.6

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

RESULT HIGHLIGHTS

- Grasim Industries' (Grasim) Q1FY2009 standalone revenues grew by 6.4% year on year (yoy) to Rs2,592.3 crore.
- The operating profit margin (OPM) declined by 350 basis points to 29%. Consequently, the operating profit reported a fall of 5.1% to Rs752 crore. The drop in the OPM was due to a drop in the margins of the cement and VSF divisions.
- The interest expense increased by 7% to Rs30.5 crore and the depreciation rose by 23.5% to Rs105 crore. The increase in the interest and the depreciation was on account of capacity additions carried out by the company. Apart from this, the company has also revised the estimated useful life of some of the assets. On account of which, the depreciation during the quarter was higher by Rs9 crore.
- Due to a 21.4% increase in the other income to Rs82.2 crore and a decline in the tax by 21.4% to Rs184.6 crore, the net profit of the company reported a marginal growth of 0.5% to Rs514.2 crore.
- We expect the company to post an earnings per share (EPS) of Rs187.5 in FY2009 and Rs236.8 in FY2010. At the current market price of Rs1,817, the share is trading at 9.7X its FY2009 and 7.7X FY2010 earnings. We maintain Buy recommendation on the stock with a revised price target of Rs2,252.■

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

HDFC Bank

Evergreen

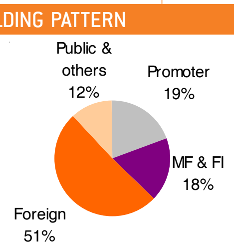
Buy; CMP: Rs1,095 | **July 31, 2008**

Price target revised to Rs1,482

COMPANY DETAILS

Price target:	Rs1,482
Market cap:	Rs46,506 cr
52 week high/low:	Rs1,825/890
NSE volume (No of shares) :	8.0 lakh
BSE code:	500180
NSE code:	HDFCBANK
Sharekhan code:	HDFCBANK
Free float (No of shares) :	34.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	8.6	-28.2	-28.2	-5.9
Relative to Sensex	1.9	-13.8	-11.6	-0.7

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

RESULT HIGHLIGHTS

- HDFC Bank reported PAT of Rs464.4 crore, up 44.6% yoy. The Q1FY2009 financials include the effect of the merger of Centurion Bank of Punjab (CBoP) with HDFC Bank and hence are not strictly comparable with prior periods.
- The NII for Q1FY2009 stood at Rs1,723.5 crore, up 74.9% yoy buoyed by acquisition-led balance sheet expansion. The reported NIM stood at a healthy 4.1% though down by 30 basis points sequentially.
- The non-interest income came in at Rs593.4 crore, up 3.6% yoy, on the back of a treasury loss of Rs77.6 crore (includes MTM loss of Rs72 crore).
- The operating expenses grew by 66.5% yoy to Rs1,289.4 crore. The merger resulted in a 590-basis-point increase in the cost-income ratio to 55.7%.
- Provisions were up 12.2% yoy to Rs344.5 crore. During the quarter, the bank provided for CBoP's NPAs through reserves, while the MTM loss provisions were reported under non-interest income, resulting in a moderate growth in provisions.
- The asset quality of the merged entity indicated deterioration but remains healthy. While the increase looks substantial on absolute basis (GNPA up 111.6% yoy and NNPA up 131.5% yoy), it is misleading due to the merger effect.
- In Q1FY2009, the net advances grew by 79.8% yoy to Rs96,797 crore, while the deposits grew by 60.4% yoy to Rs130,918 crore.
- We have revised our earnings estimates to factor in the effect of CBoP merger. At the current market price of Rs1,127, HDFC Bank trades at 20.2x FY2009E earnings per share (EPS), 8.1x FY2009E pre provisioning profit (PPP) and 3.1x FY2009E book value (BV). We maintain our Buy recommendation on the stock with a revised price target of Rs1,482.■

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

STOCK UPDATE

HINDUSTAN UNILEVER

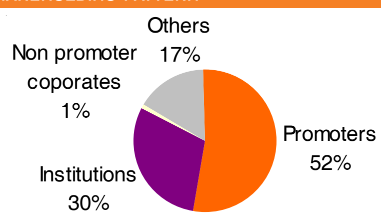
APPLE GREEN | **BUY; CMP: RS231** | **JULY 28, 2008**

Robust sales growth, margins under pressure

COMPANY DETAILS

Price target:	Rs280
Market cap:	Rs50,298 cr
52 week high/low:	Rs256/170
NSE volume (No of shares):	21.6 lakh
BSE code:	500696
NSE code:	HINDUNILVR
Sharekhan code:	HLL
Free float (No of shares):	104.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.9	-6.8	18.1	20.6
Relative to Sensex	7.0	10.9	50.5	31.1

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

RESULT HIGHLIGHTS

- The Q2CY2008 results of Hindustan Unilever Ltd (HUL) are a mixed bag. The company's net sales grew by 21.1%yoy to Rs4,215.7 crore in the quarter mainly on account of a 19.1% year-y-o-y growth in its FMCG business during the same period. The growth in the FMCG business was driven by an 8.3% volume growth and a 10.8% price-led growth.
- The HPC segment continued to perform well. In Q2CY2008, the sales in the soap and detergent category grew by 21.1% yoy to Rs2,020.5 crore whereas the sales of the personal product category grew by a strong 19% yoy to Rs1,068 crore.
- The performance of the foods segment was satisfactory during the quarter. The sales of the segment grew by 14.7% to Rs643.4 crore, its PBIT margin improved by 53 basis points to 12.3% and its PBIT rose by 19.9% yoy to Rs79 crore.
- On an overall basis, the raw material and advertising & promotion costs as percentages of sales increased by 43 basis points and 75 basis points respectively. Thus the OPM decline by 132 basis points to 13.1% in Q2CY2008. A 55.7% jump in the other income to Rs164.7 crore helped the adjusted PAT to increase by 18.2% yoy to Rs543.9 crore.
- At the current market price of Rs231, the stock trades at 24.2x and 21.0x its CY2008E and CY2009E EPS of Rs9.5 and Rs11.0 respectively. We maintain our Buy recommendation on the stock with a price target of Rs280.

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

HOUSING DEVELOPMENT FINANCE CORPORATION

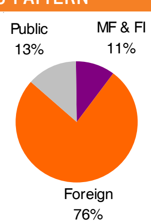
EVERGREEN | **BUY; CMP: RS1,721** | **JULY 16, 2008**

Price target revised to Rs2,912

COMPANY DETAILS

Price target:	Rs2,912
Market cap:	Rs48,913 cr
52 week high/low:	Rs3257/1690
NSE volume (No of shares):	12.1 lakh
BSE code:	500010
NSE code:	HDFC
Sharekhan code:	HDFC
Free float (No of shares):	28.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-14.5	-23.4	-37.6	-8.4
Relative to Sensex	2.2	-2.9	-1.0	9.2

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

RESULT HIGHLIGHTS

- Housing Development and Finance Corporation (HDFC) reported a bottom line of Rs468.1 crore in Q1FY2009, indicating a growth of 25.6% on a y-o-y basis and a decline of 23.4% on a quarter-on-quarter (q-o-q) basis. The PAT was below our estimate of Rs529 crore.
- The top line (net interest income) for the quarter came in at Rs651.6 crore, up 36% year on year (yoy) buoyed by a 27.6% growth in loan disbursals and a healthy improvement in the net interest margin (NIM).
- The healthy top line growth could not trickle down fully to the net total income due to the moderate growth (16.4% yoy) in the other operating income. Besides this the company did not report any capital gains during the quarter. The net total income stood at Rs750.3 crore, up 28.2% yoy.
- The operating expenses were up by 26.6% yoy to Rs86.7 crore, primarily driven by a significant increase in the other expenses (up 44.8% yoy) and the staff expenses (up 35.8% yoy).
- Loan approvals during the quarter stood at Rs9,996 crore, up 29.6% yoy from Rs7,713 crore in the corresponding period of the last year. In line, the disbursements during the quarter rose to Rs7,204 crore from Rs5,645 crore in the corresponding quarter of the last year, indicating a 27.6% y-o-y growth.
- We have fine-tuned our numbers to factor in the additional information. Importantly, we have raised our cost of equity assumptions in line with higher 10-year G-Sec yields. At the current market price of Rs1,721, the stock trades at 19.8x FY2009E earnings per share (EPS) and 3.6x FY2009E book value/share. We maintain our Buy recommendation with a revised price target of Rs2,912.

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

ICICI Bank

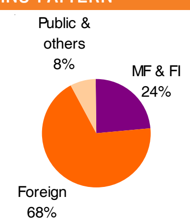
Apple Green | Buy; CMP: Rs663 | July 28, 2008

Price target revised to Rs965

COMPANY DETAILS

Price target:	Rs965
Market cap:	Rs73,848 cr
52 week high/low:	Rs1,465/515
NSE volume (No of shares):	46.9 lakh
BSE code:	532174
NSE code:	ICICIBANK
Sharekhan code:	ICICIBANK
Free float (No of shares):	111.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-4.3	-27.0	-47.0	-30.3
Relative to Sensex	-5.1	-13.1	-32.4	-24.2

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

RESULT HIGHLIGHTS

- ICICI Bank reported a PAT of Rs728 crore for Q1FY2009, down by 6% yoy, is below our estimate.
- The NII has come in at Rs2,090 crore, up 41.3% y-o-y, on the back of expansion in the NIM of the bank.
- The NIM for Q1FY2009 came in at 2.1% (calculated), indicating an improvement of 32 basis points yoy. The expansion in the NIM was primarily driven by a 73-basis-point decline in the cost of funds.
- Though the overall deposit growth was muted at 1.6% (due to retirement of bulk deposits), the CASA balances grew by 28.9% yoy resulting in a significant improvement in its CASA ratio to 27.6%.
- The fee income registered a robust growth of 37.1% yoy. However, this growth was offset by a treasury loss of Rs594 crore (includes both realised (~Rs300 crore) and unrealised losses on the bank's investment book) and a 47% y-o-y decline in the lease and other incomes.
- The asset quality continued to deteriorate further with the GNPAs rising by 53.6% yoy to Rs9,282 crore. Consequently, %GNPAs and %NNPAs stood at 3.7% and 1.8% respectively.
- Though we are maintaining our estimates for ICICI Bank, we are lowering our price target to Rs965 to factor in the higher cost of equity on account of an increase in the 10-year G-Sec yields. At the current market price of Rs664, the stock trades at 15.9x 2009E earnings per share (EPS), 8x 2009E PPP and 1.5x 2009E book value (BV). We reiterate our Buy recommendation on ICICI Bank with a revised price target of Rs965.■

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

Indo Tech Transformers

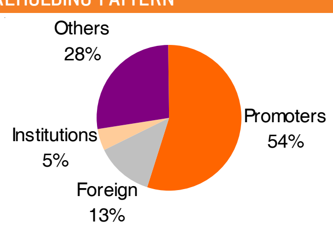
Ugly Duckling | Buy; CMP: Rs300 | July 31, 2008

Price target revised to Rs460

COMPANY DETAILS

Price target:	Rs460
Market cap:	Rs319 cr
52 week high/low:	Rs865/265
NSE volume (No of shares):	12,776
BSE code:	532717
NSE code:	INDOTECH
Sharekhan code:	INDOTECH
Free float (No of shares):	0.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.9	-40.4	-52.1	-31.7
Relative to Sensex	-8.9	-28.5	-40.9	-27.9

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

RESULT HIGHLIGHTS

- The Q1FY2009 results of Indo Tech Transformers Ltd (ITTL) are better than our expectations on both revenue growth and profitability fronts.
- The company's revenues increased by 37.1% to Rs54 crore on the back of a strong growth of 44.6% yoy in the volumes to 875 mega volt ampere (MVA). The realisation was, however, down by 5.2% to Rs6.17 lakh/MVA. The realisation declined mainly due to a change in the company's product mix as ITTL has now started selling larger transformers.
- The operating performance of the company continues to surprise on the positive side. In Q1FY2009, the company's operating profit margin (OPM) improved by 385 basis points to 28.9% on the back of a decline in its other expenses. Consequently, the operating profit grew by 58.2% to Rs15.6 crore.
- The other income shot up by 57.5% to Rs1.37 crore as the company received Rs0.43 crore on account of insurance claims during the quarter. The net profit grew by 51.2% to Rs10.4 crore.
- Currently, the order book of the company stands at Rs123 crore as against Rs153 crore in Q4FY2008. The slowdown in the company's order inflows remains our prime concern.
- The new 4,000MVA plant of the company is now in commercial operation and shipped 350MVA of transformers during the current quarter. Going forward, we expect the company to ramp up production in this plant and aggressively look at opportunities in the large transformer space.
- We maintain our estimates for ITTL and Buy recommendation on its stock with a revised price target of Rs460.■

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

STOCK UPDATE

Infosys Technologies

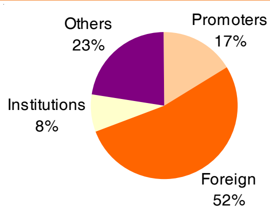
Evergreen | **Buy; CMP: Rs1,676** | **July 11, 2008**

Price target revised to Rs2,130

COMPANY DETAILS

Price target:	Rs2,130
Market cap:	Rs95,867 cr
52 week high/low:	Rs2,140/1,212
NSE volume (No of shares):	17.2 lakh
BSE code:	500209
NSE code:	INFOSYSTCH
Sharekhan code:	INFOSYS
Free float (No of shares):	47.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.6	26.1	14.3	-9.1
Relative to Sensex	3.8	41.2	67.7	-3.1

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

RESULT HIGHLIGHTS

- The revenues for the quarter grew by 6.9% quarter on quarter (qoq) and 28.7% year on year (yoy) to Rs4,854 crore. The revenue growth was boosted by the depreciation of the rupee, which contributed ~5.7% to the sequential growth. In the dollar terms, the revenues grew at a muted rate of 1.1% qoq, driven by a 0.5% growth in the volumes and a 0.2% rise in pricing.
- The operating profit margin (OPM) decreased by 207 basis point to 30.5% primarily due to wage hike (220 basis points), rise in visa cost (70 basis points) and decrease in the utilisation rate (150 basis points). Rupee depreciation (250 bps) partially offseted the complete cost pressure.
- The reported net income grew by 4.2% qoq to Rs1,302 crore while adjusted net income by 3.4% qoq to Rs1,271 crore, largely in line with our estimate of Rs1,254 crore.
- The company has upgraded the guidance for FY2009 in the rupee terms to Rs99.3-101.1per share. However, the earning guidance in the dollar terms has been kept unchanged at 14.3%-16.3%, which is below the street expectation and a concerning factor.
- For Q2FY2009, the company has guided for a revenue growth of 6.1% in the dollar terms, implies CQGR of 6.0% for the next two quarters, which reduces concern of back ended growth
- Given the steep depreciation of the rupee, we have revised upwards our earning estimates for FY2009 and FY2010 by 6.4% and 5.3% respectively.■

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

Ipca Laboratories

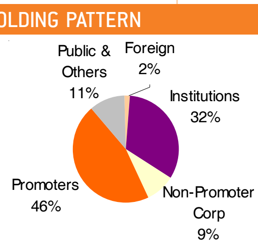
Ugly Duckling | **Buy; CMP: Rs545** | **July 30, 2008**

Strong core business; forex losses drag down profitability

COMPANY DETAILS

Price target:	Rs875
Market cap:	Rs1,368 cr
52 week high/low:	Rs760/451
NSE volume (No of shares):	12,840
BSE code:	524494
NSE code:	IPCALAB
Sharekhan code:	IPCA
Free float (No of shares):	1.4 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-6.6	-13.6	-16.6	-23.0
Relative to Sensex	-6.9	8.1	8.5	-15.9

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

RESULT HIGHLIGHTS

- Ipca Laboratories (Ipca) reported a 19.7% year-on-year (y-o-y) increase in its net sales to Rs295.1 crore in Q1FY2009. The sales growth was higher than our expectations.
- The domestic formulation business grew by a muted 2% to Rs142 crore in the quarter. The growth was subdued to the absence of tender sales and the lower sales of anti-malarials.
- Ipca's exports grew by 4% yoy to Rs152.5 crore in Q1FY2009 driven by strong performance in the UK and above 25% growth in the CIS region.
- Ipca's reported operating margins stood at 20.2%, down by 230 basis points yoy, largely due to mark-to-market foreign exchange (forex) losses of around Rs17.7 crore (against forex gains of Rs13.6 crore in Q1FY2008). Excluding the forex impact, the operating profit margin (OPM) improved by a healthy 320 basis points yoy due to a 450-basis-point reduction in the raw material costs. Consequently, the operating profit grew by 7.3% to Rs59.7 crore in Q1FY2009.
- Ipca's reported net profit declined by 32% to Rs23.6 crore owing to the mark-to-market forex losses. The net profit was marginally below our estimates of ~Rs26 crore. On adjusting for the forex impact, the adjusted profit after tax (PAT) actually grew by 113% to Rs41.3 crore.
- At the current market price of Rs545, Ipca is discounting its FY2009E earnings by 7.9x and its FY2010E earnings by 6.5x.. We retain our positive stance on the stock and maintain our Buy call with a price target of Rs875.■

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

ITC

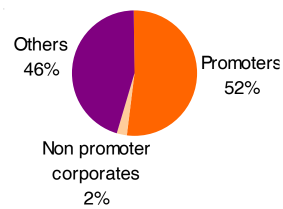
Apple Green | Buy; CMP: Rs188 | July 31, 2008

Non-cigarette FMCG disappoints

COMPANY DETAILS

Price target:	Rs247
Market cap:	Rs70,763 cr
52 week high/low:	Rs239/152
NSE volume (No of shares) :	55.6 lakh
BSE code:	500875
NSE code:	ITC
Sharekhan code:	ITC
Free float (No of shares) :	182.2 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	2.4	-12.5	-3.5	14.9
Relative to Sensex	-3.9	5.0	18.9	21.2

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

RESULT HIGHLIGHTS

- ITC's Q1FY2009 results are below our expectations as its profitability was hurt by increase in the raw material cost and the continued brand building expenditure on new launches.
- The company registered a growth of 17.3%yoy in its net sales to Rs3,899.7 crore during Q1FY2009 led by more than expected growth in cigarettes and strong performance by agri-commodities and paperboards, paper & packaging businesses.
- The raw material cost as a percentage of sales increased by 311 basis points to 46.2% and the other expenses as a percentage of sales increased by 161 basis points leading to a hefty 500.6-basis-point decline in the OPM to 28.9% for the quarter. Thus a higher raw material cost coupled with an increase in the other expenses resulted in y-o-y flat operating profit to Rs1,127.2 crore.
- Consequently no growth at operating level coupled with higher incidence of tax led to decline of 4.4% in the bottom line to Rs748.7.
- We believe the cigarette business continues to be a cash cow for ITC and remains a key cash generator to plough in new businesses, which would ensure sustained growth for the company. In near term as ITC ramps up its food and personal care businesses, consequent gestation costs would lead to significant cash losses. However hefty marketing and brand building exercise undertaken by ITC specifically on the personal care products would lead to creation of strong brands in the medium to long term. At the current market price of Rs188 the stock trades at 19.5x FY2009 earnings per share (EPS) of Rs9.6 and 16.3x FY2010E EPS of Rs11.5. We maintain our Buy recommendation on the stock with a price target of Rs247. ■

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

Jaiprakash Associates

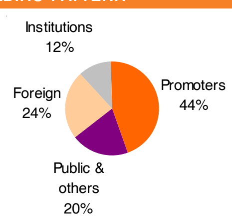
Ugly Duckling | Buy; CMP: Rs167 | July 21, 2008

Price target revised to Rs289

COMPANY DETAILS

Price target:	Rs289
Market cap:	Rs19,564 cr
52 week high/low:	Rs510/93
NSE volume (No of shares):	37.1 lakh
BSE code:	532532
NSE code:	JPASSOCIAT
Sharekhan code:	JPASSO
Free float (No of shares):	65.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-11.9	-26.1	-61.7	-2.2
Relative to Sensex	-0.7	-11.4	-47.1	8.4

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

RESULT HIGHLIGHTS

- Jaiprakash Associates Ltd's (JAL) top line grew by 21.9% year on year (yoy) to Rs1,148.7 crore in Q1FY2009. The company has restated Q1FY2009 revenues from Rs927 crore to Rs942 crore. On the other hand, it has lowered the other income for the quarter to Rs62.1 crore from Rs78 crore earlier.
- The operating profit margin (OPM) improved by 18 basis points to 27.2% during the quarter on account of revenue contribution from the higher-margin real estate business.
- The net income declined by 9% yoy to Rs127.3 crore, below the street expectation of Rs163 crore, largely on account of a lower other income. In Q1FY2008, the company received a dividend of Rs30 crore from its subsidiary (Jaiprakash Power Ventures).
- The board of directors also decided to allot 12 crore warrants convertible into equity to a promoter group company on a preferential basis. This is however subject to approval from shareholders. This is in addition to the 5 crore warrants already allotted to the promoters group.
- We have revised our price target to Rs289. We value Taj Expressway Project and Jaypee Greens based on the NPV method. Under our NPV method, we have considered the discount rate of 16% due to higher debt and equity cost and higher gestation period for both these projects.
- Notably, we have not considered the conversion of the recently announced warrants in our valuation. These warrants, if approved by the shareholders, would lead to about 10% equity dilution.■

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

Larsen & Toubro

Evergreen | Buy; CMP: Rs2,728 | July 28, 2008

COMPANY DETAILS

Price target:	Rs4,044
Market cap:	Rs79,486 cr
52 week high/low:	Rs4670/2100
NSE volume (No of shares):	10.7 lakh
BSE code:	500510
NSE code:	LT
Sharekhan code:	L&T
Free float (No of shares):	25.2 cr

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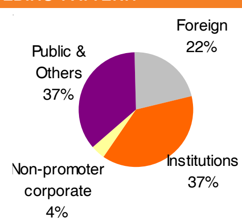


PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	13.5	-12.0	-32.6	2.3
Relative to Sensex	12.6	4.8	-14.0	11.1

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

Excellent performance

RESULT HIGHLIGHTS

- Larsen and Toubro (L&T) results were much ahead of our expectations, mainly on the back of an excellent top line growth, backed by a strong growth witnessed in its engineering and construction (E&C) division.
- The standalone top line saw an excellent growth of 53.2% to Rs6901.4 crore, much ahead of our expectations. The growth was primarily driven by the brilliant performance of the E&C division, which grew by 58.7%.
- The operating profit margin (OPM) improved by 10 basis points year on year (yoy) to 9.5%. All the divisions reported a handsome margin improvement save Electricals & Electronics division, whose profit before interest and tax (PBIT) margin fell by 300 basis points because of high raw material prices and sluggish demand. Consequently, the operating profit grew by 55.4% to Rs657.4 crore for the quarter. Adjusting for the foreign exchange (forex) gain of Rs17.7 crore during the quarter, the net profit for the quarter marked a growth of 69.5%.
- The strong growth in the order book continued for L&T in Q1FY2009, as the E&C division witnessed a 28% growth in its order inflows to Rs10,516 crore. The segment's order book at the end of the quarter stood at Rs56,336 crore.
- At the current market price, the stock is trading at 18.1x its FY2010E consolidated earnings. We recommend a Buy on the stock with our sum-of-the-parts based price target of Rs4,044.

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

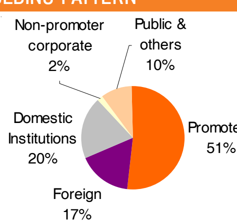
Lupin

Apple Green | Buy; CMP: Rs736 | July 23, 2008

COMPANY DETAILS

Price target:	Rs840
Market cap:	Rs6,042 cr
52 week high/low:	Rs745/430
NSE volume (No of shares):	26,452
BSE code:	500257
NSE code:	LUPIN
Sharekhan code:	LUPLTD
Free float (No of shares):	4.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.0	35.9	47.4	6.6
Relative to Sensex	10.0	60.4	73.3	16.2

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

Brilliant quarter; Results beat expectations

RESULT HIGHLIGHTS

- Lupin's Q1FY2009 performance beat our expectations. The revenues grew by 49.8% to Rs862.3 crore, driven by the domestic formulation business, strong traction in the US business and consolidation of the recent acquisitions. Excluding the impact of the acquisitions, the like-to-like growth stood at ~32% yoy.
- The domestic formulation business grew by 15.7%, witnessing a slowdown in the growth due to a lower contribution from the anti-infective segment and the lowering of the excise duty in the Union Budget 2008-09.
- The US business delivered an impressive performance, driven by growing revenues from the existing generic products, a ~20% growth in the Suprax franchise and an incremental ~$4-5 million contribution from the recently launched Ramipril.
- Despite an increase in the raw material and staff costs, Lupin's OPM expanded by 340 bps to 17.7%. The margin expansion was driven by a drop in the other expenses due to greater proportion of in-house manufacturing. The expanding margins caused the operating profit to grow by 85.9% to Rs152.7 crore.
- The strong top-line growth and the robust margin expansion caused net profit to double to Rs112.0 crore. The EPS stood at Rs13.6.
- At the current market price of Rs736, Lupin is discounting its FY2009E earnings by 16.1x and its FY2010E earnings by 13.5x. We reiterate our Buy recommendation with a price target of Rs840.

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

Mahindra Lifespace Developers

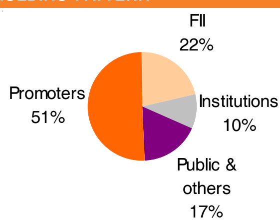
Ugly Duckling	Buy; CMP: Rs445	July 29, 2008

Price target revised to Rs828

COMPANY DETAILS

Price target:	Rs828
Market cap:	Rs1,818 cr
52 week high/low:	Rs907/336
NSE volume (No of shares):	49,431
BSE code:	532313
NSE code:	MAHLIFE
Sharekhan code:	MAHIGESCO
Free float (No of shares):	2.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	7.0	-0.5	-32.9	-16.5
Relative to Sensex	2.5	17.0	-15.8	-12.4

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

RESULT HIGHLIGHTS

- The stand-alone revenues of Mahindra Lifespace Developers (MLD) grew by 38.4% year on year (yoy) to Rs48.2 crore in Q1FY2009. During the quarter, the company booked revenues from the following properties: Slyvan County (Chennai), Mahindra Eminente (Goregaon), Mahindra Royale (Pune) and Mahindra Splendour (Bhandup).
- The operating profit margin (OPM) of the company declined by 134 basis points yoy to 14.6% in the quarter. The OPM declined primarily due to a higher revenue contribution from the low-margin Sylvan County projects and operational inefficiencies. Consequently, the company's operating profit grew by 26.7% yoy to Rs7 crore during the quarter.
- Its reported net income declined by 20.1% yoy to Rs9.8 crore during the quarter. In Q1FY2008 the company had reported a gain of Rs4.87 crore on its investments. Adjusting for this, the company's net income grew by 33% yoy to Rs9.8 crore in Q1FY2009 and the same is lower than our estimate of Rs15.6 crore. The company's results are below our expectations primarily due to the lower than expected OPM.
- We have factored in our estimate the delay in the launch of the stand-alone properties. This has led to a downward revision of 7.6% and 13.8% in our FY2009 and FY2010 earnings estimates. We maintain our Buy recommendation on the stock with a revised price target of Rs828. At the current market price, the stock is trading at 0.6x its net asset value, 16.5x FY2009 earnings estimate and 7.4x FY2010 earnings estimate.■

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

Marico

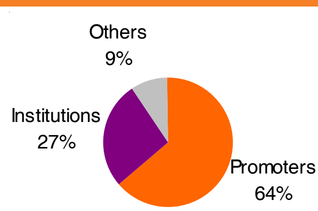
Apple Green	Buy; CMP: Rs56	July 25, 2008

Profits driven by impressive volume growth

COMPANY DETAILS

Price target:	Rs77
Market cap:	Rs3447 cr
52 week high/low:	Rs83/47
NSE volume (No of shares):	5.9 lakh
BSE code:	531642
NSE code:	MARICO
Sharekhan code:	MARICO
Free float (No of shares):	22.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.7	-17.4	-4.7	4.4
Relative to Sensex	-7.6	-7.3	10.1	10.3

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

RESULT HIGHLIGHTS

- The company's net sales grew by a robust 28.1% yoy to Rs600.9 crore during the quarter against our expectation of Rs558.3 crore. The hefty growth in the top line was achieved, thanks to a strong 15% volume growth, a 3% inorganic growth and a price-led growth of 10% yoy.
- The increase in the input cost coupled with the 39.3% increase in the advertisement and sales promotion expenditure led to a 148-basis-point decline in the OPM to 12.6% in Q1FY2009. As a result, the operating profit grew by 14.6% to Rs75.7 crore during the quarter.
- The outstanding growth in the top line led to a 15.1% year-on-year growth in the net profit to Rs46.3 crore in Q1FY2009. The profit growth is ahead of our expectation of Rs42.2 crore.
- Despite a steep hike in the prices of its key brands, the growth in the volumes continues to be impressive. Marico's strategy of innovating within its existing product brands, introducing products in health-based, newer and premium categories, and acquiring from time to time businesses would ensure a steady and profitable growth in the long term. However, in the near term, the company's profitability is expected to remain under pressure primarily on account of the increase in the company's input cost.
- At the current market price, the stock trades at 18.7x and 14.8x FY2009E and FY2010E earnings. We maintain our Buy recommendation on the stock with a one-year price target of Rs77.■

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

Maruti Suzuki India

Apple Green | Buy; CMP: Rs588 | July 22, 2008

Price target revised to Rs865

COMPANY DETAILS

Price target:	Rs865
Market cap:	Rs16,993 cr
52 week high/low:	Rs1,248/520
NSE volume (No of shares):	6.6 lakh
BSE code:	532500
NSE code:	MARUTI
Sharekhan code:	MARUTIUD
Free float (No of shares):	10.3 cr

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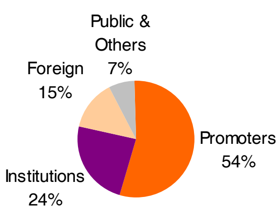

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-11.1	-15.8	-19.4	-21.3
Relative to Sensex	-6.9	1.0	1.5	-12.6

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

RESULT HIGHLIGHTS

- Maruti Suzuki India's Q1FY2009 results are ahead of our estimates on account of a higher than expected other income.
- The net sales for the quarter grew by 20.9% to Rs4731 crore driven by a volume growth of 13.5% and a realisation improvement of 6.5%.
- The OPM excluding Rs17.9 crore of mark-to-market foreign exchange loss, declined by 449 basis points yoy and improved by 120 basis points qoq to 10.13%. The margin declined due to an increase in all the input costs. The operating profit dropped by 16.2% to Rs481.5 crore during the quarter.
- The other income saved the day for the company by growing by 47.3% to Rs328.8 crore, mainly due to a 41% increase in the non-operational income and a 55% rise in scrap sales.
- The depreciation charge increased by 102% to Rs166 crore, in line with the change in the company's new depreciation policy. The reported PAT fell by 6.7% to Rs465.9 crore.
- Looking at the weak demand situations, the management plans to focus on cost reductions and improve efficiencies. Our earnings estimate for FY2009 remains unchanged at Rs62.6 whereas that for FY2010 has been revised to Rs72.1. However, considering the decline in the profit margin and the prevailing weak market conditions, we have reduced the PE multiple to 12x from 13x.
- At the current market price of Rs588, the stock is quoting at 8.2x its FY2010E earnings and an EV/EBIDTA of 3.8x. We maintain our Buy recommendation on the stock with a revised price target of Rs865.

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

Orient Paper and Industries

Vultureís Pick | Buy; CMP: Rs37 | July 29, 2008

Price target revised to Rs57

COMPANY DETAILS

Price target:	Rs57
Market cap:	Rs703 cr
52 week high/low:	Rs85/29
NSE volume (No of shares):	1.6 lakh
BSE code:	502420
NSE code:	ORIENTPPR
Sharekhan code:	ORIENTPAP
Free float (No of shares):	12.2 cr

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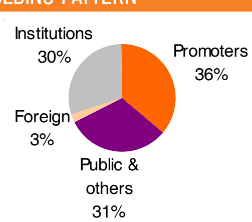


PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	12.0	-19.3	-37.7	-16.3
Relative to Sensex	7.3	-5.1	-21.9	-12.2

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

RESULT HIGHLIGHTS

- The revenues of Orient Paper and Industries (Orient Paper) grew by 9.8% year on year (yoy) to Rs312.8 crore in Q1FY2009. The revenue growth was mainly driven by the cement and electric consumer durable divisions. The revenues of the paper division declined during the quarter due to a plant shutdown.
- The operating profit margin (OPM) of the company declined by 280 basis points to 23.8% during the quarter. Consequently, its operating profit dropped by 1.7% to Rs76.4 crore. The OPM declined mainly due to the loss in the paper division.
- The company's interest expense decreased by 30.4% to Rs3.9 crore due to the repayment of debt while its depreciation charge increased by 20.4% to Rs7.7 crore due to capacity additions carried out in the cement division.
- The profit before tax (PBT) fell by 1.7% to Rs66.7 crore. The provision for tax declined by 11.4% to Rs20.5 crore. The decline in the provision for tax was on account of a credit of Rs2.14 crore pertaining to the earlier years. The net profit of the company grew by 3.4% to Rs46.1 crore during the quarter.
- We expect the company to record earnings per share (EPS) of Rs11.5 and Rs14.6 in FY2009 and FY2010 respectively. High volumes from the capacity additions in the cement and paper divisions will be the primary drivers of its earnings growth in FY2010. At the current market price of Rs37, the stock trades at 3.2x and 2.5x FY2009 and FY2010 earnings estimates and enterprise value (EV)/earnings before interest, depreciation, tax and amortisation (EBIDTA) of 2.8x and 1.6x for FY2009E and FY2010E respectively. We maintain our Buy recommendation on the stock with a revised price target of Rs57.

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

Piramal Healthcare

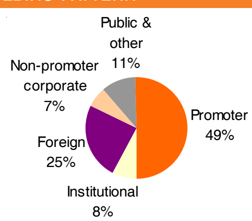
Apple Green | Buy; CMP: Rs298 | July 24, 2008

Results in line with expectations

COMPANY DETAILS

Price target:	Rs434
Market cap:	Rs6,221 cr
52 week high/low:	Rs389/230
NSE volume (No of shares):	1.3 lakh
BSE code:	500302
NSE code:	PIRHEALTH
Sharekhan code:	NICHPI
Free float (No of shares):	10.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-9.8	-8.7	26.9	26.5
Relative to Sensex	-14.1	1.2	48.1	31.6

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

RESULT HIGHLIGHTS

- Piramal Healthcare's performance in Q1FY2009 has been in line with our expectations. The top-line grew by 16.5% yoy to Rs708.3 crore.
- The top-line was driven by 20.4% growth in the domestic formulation business, a 14.2% jump in the custom manufacturing business and a 60.7% growth in the path-labs business. The custom manufacturing business from India doubled to Rs58.9 crore.
- Despite forex losses of ~Rs23 crore, the OPM improved by 310 bps yoy to 16.9%. Excluding the forex losses, the margins would have stood at 19.8%, up by 600 bps yoy primarily due to a drop in the staff costs, other expenses and the savings arising from the NCE R&D de-merger. On a like-to-like basis, the OPM improved by 330 bps. Consequently, the operating profit grew by 42.2% to Rs119.5 crore.
- The company's pre-exceptional net profit grew by 64.4% to Rs71.8 crore. The company incurred a one-time charge of Rs4.1 crore related to the restructuring of its international operations, on account of which the net profit of the company showed an increase of 57.6% to Rs67.8 crore.
- The management has maintained its guidance of a 16% like-to like growth with continued improvement in the OPM to 20.5%. We expect the custom manufacturing revenues from the Indian assets to ramp up significantly in the coming quarters, resulting in stronger margins.
- At the current market price of Rs298, Piramal Healthcare is discounting its FY2009E earnings by 14.0x and its FY2009E earnings by 11.7x. We maintain our Buy recommendation on the stock with a price target of Rs434.

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

Punj Lloyd

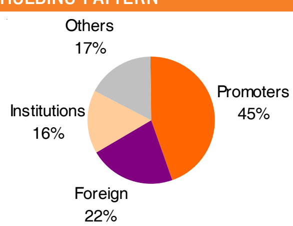
Apple Green | Buy; CMP: Rs272 | July 30, 2008

Blockbuster show

COMPANY DETAILS

Price target:	Rs532
Market cap:	Rs8,242 cr
52 week high/low:	Rs589/183
NSE volume (No of shares):	25.8 lakh
BSE code:	532693
NSE code:	PUNJLLOYD
Sharekhan code:	PUNJLLOYD
Free float (No of shares):	16.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	9.3	-34.2	-45.2	-8.4
Relative to Sensex	9.0	-17.8	-28.8	0.0

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

RESULT HIGHLIGHTS

- Punj Lloyd Ltd's (PLL) performance during Q1FY2009 was well above our and street's expectations due to a robust revenue growth led by strong execution of projects.
- The stand-alone entity reported a 120.9% growth in the revenues to Rs1,558.58 crore. The operating profit margin (OPM) declined by 20 basis points to 10.1% and the net profit grew by 237.2% to Rs71.5 crore.
- On a consolidated basis, the company reported a 89.9% growth in the revenues to Rs2,648.8 crore, while the OPM improved by 110 basis points to 9.8% on the back of lower raw material costs. The company has provided for Rs48 crore on mark-to-market basis on its foreign exchange (forex) losses. Adjusting for the same, the adjusted net profit grew by 119.1% to Rs130.3 crore. The reported net profit were up 88% to Rs111.9 crore.
- At the end of FY2008, the auditors had made a qualification on the project that could potentially incur a loss of Rs305.3 crore. The auditors have now reduced the aforesaid amount to Rs194.8 crore and the management continues to believe it will achieve a break even on the project.
- As the company booked orders worth Rs2,640 crore during the quarter, the consolidated order book now stands at Rs20,162 crore (2.6x FY2008 revenues), imparting strong visibility to the revenues going forward.
- We maintain our estimates and Buy rating with a 18 month price target of Rs532 on the stock. At the current market price, the stock is trading at 11.7x FY2010E earnings.

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

Punjab National Bank

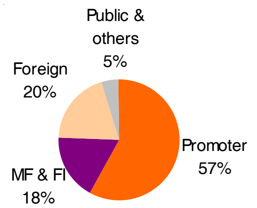
Ugly Duckling | Buy; CMP: Rs451 | July 31, 2008

Price target revised to Rs587

COMPANY DETAILS

Price target:	Rs587
Market cap:	Rs14,228 cr
52 week high/low:	Rs721/332
NSE volume (No of shares):	6.3 lakh
BSE code:	532461
NSE code:	PNB
Sharekhan code:	PUNBNK
Free float (No of shares):	13.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	24.6	-13.3	-28.9	-5.4
Relative to Sensex	16.9	4.1	-12.4	-0.2

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

RESULT HIGHLIGHTS

- Punjab National Bank (PNB) reported a PAT of Rs512.4 crore in Q1FY2009, up 20.5% yoy.
- The NII for the quarter stood at Rs1,444.7 crore, up 11% yoy,. The moderate growth was primarily due to sub-industry advances growth coupled with margin contraction.
- The calculated NIM contracted by 33 basis points to 2.85% due to a ~50-basis point increase in the cost of funds.
- The non-interest income registered a 10.4% decline yoy to Rs456.1 crore, which primarily stems from a 90.2% decline in the treasury income.
- The operating expenses growth was contained at 4.7% yoy to Rs918.5 crore primarily due to a higher base last year when the bank provided for AS-15 transitional liability.
- The provisions and contingencies were down by 31.5% yoy to Rs210.5 crore. The decline in provisions was primarily due to a higher base last year due to surge in NPAs.
- The advances grew by 19.6% yoy to Rs95,640 crore, while deposits grew by 21.4% yoy to Rs173,074 crore. The CASA ratio declined by ~300 basis points to 41.3%. The asset quality continued to improve further.
- We have maintained our estimates for FY2009 and revised FY2010 estimates downwards by 1.5%. We are raising our cost of equity assumptions to factor in the increase in the 10-year G-sec yields and consequently we are revising our price target downwards to Rs587. At the current market price of Rs451, the stock trades at 6.1x 2009E earnings per share (EPS), 3.1x 2009E pre-provisioning price (PPP) per share and 1.1x 2009E book value (BV) per share. We maintain our Buy recommendation on the stock.■

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

Reliance Industries

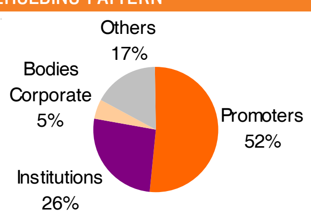
Evergreen | Buy; CMP: Rs2,308 | July 24, 2008

Refining margins under pressure

COMPANY DETAILS

Price target:	Rs3,025
Market cap:	Rs321,792 cr
52 week high/low:	Rs3252/1700
NSE volume (No of shares):	35.6 lakh
BSE code:	500325
NSE code:	RELIANCE
Sharekhan code:	RIL
Free float (No of shares):	67.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	2.5	-17.1	-8.3	14.3
Relative to Sensex	5.4	-2.1	7.8	24.6

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

RESULT HIGHLIGHTS

- RIL reported standalone revenue grew by 40.8% yoy to Rs41,579 crore for Q1FY2009. In terms of segments:
  - The refining division grew by 45.9% yoy to Rs32,587 crore mainly due to high product prices driven by high crude oil prices
  - The petrochemical division grew by 12.5% yoy to Rs14,871 crore supported by 4% growth in volumes.
  - The exploration and production (E&P) division grew by 51.9% to Rs787 crore.
- The OPM declined by 450 basis points yoy and 140 basis points qoq to 14.7% in Q1FY2009. In terms of segments:
  - The segmental margin for the petrochemical division declined by 340 basis points to 10.6% due to higher crude oil prices.
  - GRM improved marginally on q-o-q basis from US$15.5/bbl to US$15.7/bbl
  - E&P division witnessed margin improvement by 790 basis points to 63.9%.
- RIL made two new discoveries in its offshore E&P blocks. It achieved 94% overall progress in the implementation of RPL refinery. Reliance Retail operates over 735 stores in 70 cities with over 3.5 million square feet of trading space.
- In view of portfolio of exploration blocks, higher complexity of its own refinery as well as RPL's new refinery and growing contribution from the retail business, the company provides a well-diversified growth opportunity. Currently, the stock is trading at 12.9x FY2010E consolidated earnings and an EV/EBIDTA of 10.2x. We maintain our Buy recommendation on the stock with a price target of Rs3,025.■

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

STOCK UPDATE

Satyam Computer Services

Apple Green

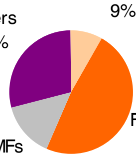
Buy; CMP: Rs383 | **July 18, 2008**

Muted guidance for Q2FY2009

COMPANY DETAILS

Price target:	Rs521
Market cap:	Rs25,696 cr
52 week high/low:	Rs544/305
NSE volume (No of shares):	35.8 lakh
BSE code:	500376
NSE code:	SATYAMCOMP
Sharekhan code:	SATYAM
Free float (No of shares):	30.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-14.3	-11.5	11.2	-14.6
Relative to Sensex	2.2	10.4	65.8	-1.5

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

RESULT HIGHLIGHTS

- The consolidated revenues of Satyam Computer Services (Satyam) grew by 8.5% quarter on quarter (qoq) and 43.2% year on year (yoy) to Rs2,620.18 crore in Q1FY2009. In dollar terms, the revenues grew by 3.9% qoq to $637 million. The revenues in dollar terms were inflated by $13.5 million due to accounting difference in the US GAAP and the Indian GAAP. Adjusting for this, the company's revenues grew 1.7% qoq to $624 million, which were below its guidance range of $631.7-634.8 million.
- The operating profit margin (OPM) improved by 134 basis points qoq to 24.1%, despite the negative impact of the rise in the visa cost (80 basis points),
- The net income grew by 17.3% qoq to Rs547.7crore, above our expectation of Rs519 crore. due to higher-that-expected OPM and other income.
- Management has guided for muted dollar terms sequential growth of 2.3%. The earning for Q2FY08 are guided to decline sequentially by 7.9% due to the wage hike(Effective July). Mangement also sees stable pricing with cautious stance on demand environment in the retail and the banking, financial services and insurance (BFSI) verticals
- we have revised our FY2009 earning estimates by 5.8% and FY2010 earning estimates by 6.8%. We maintain our Buy recommendation with price target of Rs521. At the current market price, the stock is trading at attractive valuation of 11.9x FY2009 earning estimates and 10.3x FY2010 earning estimates.■

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

Shiv-Vani Oil & Gas Exploration Services

Ugly Duckling

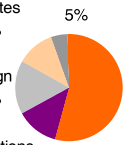
Buy; CMP: Rs552 | **July 31, 2008**

Good results; order book zooms

COMPANY DETAILS

Price target:	Rs725
Market cap:	Rs2,430 cr
52 week high/low:	Rs740/300
NSE volume (No of shares):	44,387
BSE code:	522175
NSE code:	SHIV-VANI
Sharekhan code:	SHIVVANI
Free float (No of shares):	2.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	15.8	-1.8	0.6	63.3
Relative to Sensex	8.7	17.9	23.9	72.4

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

RESULT HIGHLIGHTS

- Shiv-Vani Oil and Gas Exploration Services' (Shiv-Vani) Q1FY2008 results were ahead of our expectations on the back of improved profitability. The consolidated top line grew by 104% to Rs188.5 crore in line with our estimates. The top line growth was on the back of incremental revenues from the coal bed methane (CBM) project and firm realisations.
- Higher realisations and increased efficiency led to a 280-basis-point year-on-year improvement in the operating margins to 40.2%. Consequently, the operating profits grew by 119.2% to Rs75.7 crore while the consolidated net profits rose by 110.2% to Rs36.3 crore.
- The company plans to spend close to Rs700 crore in FY2009. It has already taken up its fleet size to 29 rigs at present and plans to take the same to 40 rigs by the end of the fiscal.
- Shiv-Vani's order book has soared to Rs4,800 crore currently, as compared to Rs3,500 crore at the end of FY2008. The order book growth has mainly been driven by an excellent growth in the onshore drilling segment. Its strong order book executable over the next three years imparts great visibility to company's future earnings.
- At the current market price, the stock trades at 15.2x FY2009 and 11.6x FY2010 estimated earnings. We maintain our Buy call on the stock with a price target of Rs725.■

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

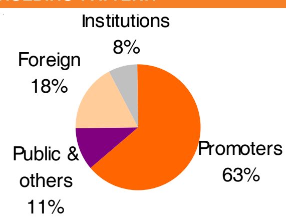
Shree Cement

Cannonball | Buy; CMP: Rs513 | July 21, 2008

COMPANY DETAILS

Price target:	Rs950
Market cap:	Rs1,787 cr
52 week high/low:	Rs1695/491
NSE volume (No of shares):	9,711
BSE code:	500387
NSE code:	SHREECEM
Sharekhan code:	SHREECEM
Free float (No of shares):	1.3 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-30.8	-52.0	-58.7	-64.0
Relative to Sensex	-22.1	-42.5	-42.9	-60.1

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

Price target revised to Rs950

RESULT HIGHLIGHTS

- Shree Cement's Q1FY2009 revenues grew by 39.3% year on year (yoy) to Rs614.3 crore. The volumes of the company increased by 33.6 % to 1.9 million tonne while blended realisation per tonne increased by 4.2% to Rs3,201.
- The operating profit margin (OPM) declined by 700 basis points to 34.3%. The drop in the OPM was mainly on account of a sharp increase in the power & fuel and employee costs. Consequently, the operating profit grew by 15.5% to Rs210 crore.
- The interest expenses increased by 334.3% to Rs17.1 crore while the depreciation increased by 28.7% to Rs46.1 crore. The increase in the interest and depreciation was on account of capacity additions.
- Thus, the reported net profit declined by 5.1% to Rs110.9 crore. In Q1FY2009 the company had written off an asset of Rs7.6 crore. Therefore, the adjusted net profit for Q1FY2009 shows a decline of 0.4% Rs116.4 crore.
- We have revised our earnings estimates to factor in the lower depreciation charge and the higher input cost. We now expect the company to post earnings per share (EPS) of Rs88.9 and Rs78.9 in FY2009 and FY2010 respectively. At the current market price of Rs513, the stock trades at 5.8x and 6.5x its FY2009E and FY2010E. We maintain our Buy recommendation on the stock with a revised price target of Rs950.■

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

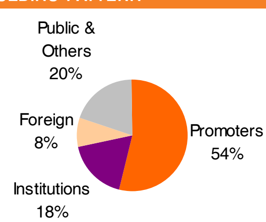
SKF India

Apple Green | Book Profit; CMP: Rs208 | July 18, 2008

COMPANY DETAILS

Market cap:	Rs1,097 cr
52 week high/low:	Rs499/202
NSE volume (No of shares):	39,515
BSE code:	500472
NSE code:	SKFINDIA
Sharekhan code:	SKFBEAR
Free float (No of shares):	2.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-12.5	-31.8	-48.4	-49.9
Relative to Sensex	4.4	-14.9	-23.1	-42.2

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

Book profit

RESULT HIGHLIGHTS

- SKF India's Q2CY2008 results are below our expectations due to lower both sales and profits.
- The company's sales growth slowed down in Q2CY2008 to 7.4% year on year (yoy) to Rs431.2 crore.
- During the quarter, the operating profit margin (OPM) declined by 300 basis points yoy to 13.2%. The OPM dropped due to an increase in the raw material cost. The operating profit declined by 12.4% to Rs56.8 crore.
- Despite a higher other income and interest income, the net profit declined by 10% to Rs36.7 crore.
- SKF India has deferred its plan to expand its operations at Haridwar, Uttarkhand. The project involved capital expenditure (capex) of Rs150 crore and was expected to be operational by the end of 2008. The expansion plan has been put on hold because of a slowdown in two-wheeler sales.
- On account of the slower growth in its main user industries, the pressure on its profit margins due to the rising raw material prices and the deferral of its expansion plan, the company's earnings are expected to remain flat this year. The earnings are forecast to grow by only 5% in CY2009. Despite its low valuations, the poor growth in the earnings of the company will act as a drag on the stock. Hence, we advise investors to book profit.■

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

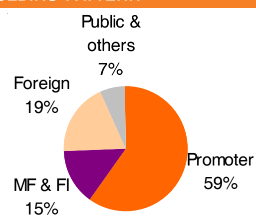
State Bank of India

Apple Green | Buy; CMP: Rs1,418 | July 28, 2008

COMPANY DETAILS

Price target:	Rs1,801
Market cap:	Rs90,029 cr
52 week high/low:	Rs2,540/1,007
NSE volume (No of shares):	10.5 lakh
BSE code:	500112
NSE code:	SBIN
Sharekhan code:	SBI
Free float (No of shares):	25.8 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	20.9	-16.2	-35.5	-1.1
Relative to Sensex	19.9	-0.3	-17.8	7.5

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

Price target revised to Rs1,801

RESULT HIGHLIGHTS

- State Bank of India (SBI) reported a PAT of Rs1,640.8 crore for the quarter, indicating a growth of 15.1% year on year (yoy), which was above our estimates.
- The NII for the quarter stood at Rs4,817.7 crore, up 14.7% yoy, mainly due to a robust 30.8% advances growth, which mitigated the impact of a 24-basis-point decline in the NIM to some extent.
- The non-interest income came in at Rs2,403.9 crore compared with Rs1,138.6 crore in Q1FY2008 on the back of 45.1% yoy growth in the core fee income and change in accounting policy for the dividend income.
- The operating expenses grew by just 9.4% yoy in spite of taking into account a Rs345-crore provision for wage revision and Rs82 crore provision towards AS-15 for the quarter.
- The provisions for Q1FY2009 increased almost ten fold to Rs1,549.5 crore on account of a significant increase in the MTM losses (Rs1,656.6 crore) on bank's bond portfolio.
- In Q1FY2009, advances grew by robust 30.8% yoy to Rs443,217 crore, while deposits grew by 25.0% yoy to Rs561,857 crore.
- Asset quality deteriorated further during the quarter, thereby causing concern. The GNPAs increased by 6.0% yoy to Rs11,408 crore, while the NNPAs jumped up by 14.4% yoy to Rs6,298 crore.
- While we have maintained our estimates, we have factored in the higher cost of equity on account of increase in 10-year G-sec yields. Consequently, we are lowering our price target to Rs1,801 and reiterating our Buy recommendation on the stock. At the current market price of Rs1,418, the stock trades at 13.0x 2009E EPS, 6.3x 2009E PPP, 1.6x 2009E BV and 1.3x 2009E CBV.■

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

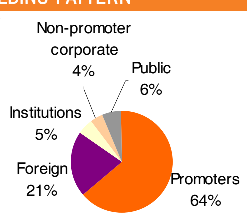
Sun Pharmaceutical Industries

Ugly Duckling | Buy; CMP: Rs1,410 | July 31, 2008

COMPANY DETAILS

Price target:	Rs1,640
Market cap:	Rs29,228 cr
52 week high/low:	Rs1,515/886
NSE volume (No of shares):	3.0 lakh
BSE code:	524715
NSE code:	SUNPHARMA
Sharekhan code:	SUNPHARM
Free float (No of shares):	7.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	2.5	-0.8	24.4	55.0
Relative to Sensex	-3.7	19.1	53.2	63.6

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

Results beat expectations

RESULT HIGHLIGHTS

- Sun Pharmaceuticals' (Sun Pharma) Q1FY2009 revenues grew by 66% to Rs1,041.8 crore. The revenues were in line with our estimates and were driven by strong growth in the base business and continued contribution from the generic Pantoprazole and the generic Ethyol exclusivities.
- Sun Pharma has been awarded a 180-day exclusivity for generic Effexor XR, a blockbuster anti-depressant, with $2.6 billion in annual revenues. The launch has been delayed due to a pending citizen petition filed by Osmotica with the US FDA. The US FDA ruling on the citizen petition and the subsequent launch of generic Effexor XR by Sun Pharma in the USA would be a trigger for an upgrade.
- Driven by substantial high-margin revenues from exclusivities and scale benefits, Sun Pharma's margins expanded by 1,740 basis points to 51.6% in Q1FY2009. The margin expansion caused the operating profit to increase by a whopping 150.4% to Rs537.9 crore.
- Sun Pharma remains confident on closing the acquisition of Taro Pharmaceuticals (Taro Pharma), however it does expect to undergo a protracted legal battle with Taro Pharma, which could result in a delay in closing the acquisition. The uncertainty around the acquisition of Taro Pharma could act as a sentimental overhang on the stock in the near term, while positive news flow on the acquisition would catalyse the stock's upward movement.
- At the current market price of Rs1,410, the stock is valued at 17.3x FY2009E and 17.2x FY2010E fully diluted earnings. We reiterate our Buy recommendation with a revised price target of Rs1,640.■

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

STOCK UPDATE

Tata Consultancy Services

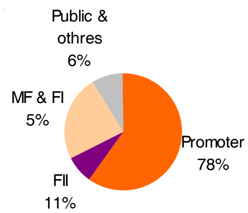
Evergreen | Buy; CMP: Rs727 | July 16, 2008

Results in line with expectations

COMPANY DETAILS

Price target:	Rs1,121
Market cap:	Rs71,152 cr
52 week high/low:	Rs1,200/719
NSE volume (No of shares) :	11.6 lakh
BSE code:	532540
NSE code:	TCS
Sharekhan code:	TCSCONS
Free float (No of shares) :	23.1 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-17.0	-22.5	-19.4	-33.0
Relative to Sensex	-0.9	-1.8	27.8	-20.1

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

RESULT HIGHLIGHTS

- The revenues grew by 6.0% quarter on quarter (qoq) to Rs6,410.7 crore in Q1FY2009, boosted by the depreciation of the rupee (5.1%). In the dollar terms, the revenues during the quarter grew at a muted 0.4% qoq, driven by a volume growth of 1.3% and a favorable service mix (50 basis points). However, the revenue growth was partially mitigated by a 90-basis point decline in the pricing during the quarter.
- The earnings before interest and tax (EBIT) margin declined by 26 basis points to 23.9%.
- The reported net income during the quarter declined by 1.0% qoq to Rs1,243.6 crore. The company mentioned that there was a tax reversal of Rs33.5 crore during the quarter. Adjusting for this, the company's net income declined by 3.6% qoq to Rs1,210.1 crore, which is in line with our expectation of Rs1,212 crore.
- TCS also highlighted that the pricing scenario has remained stable during the quarter and it has not seen any cut in the price re-negotiation even for the large clients. However, the company did mention that it is cautiously optimistic due to the deteriorating macro environment.
- At the current market price, the stock is trading at attractive valuation of 12.4x FY2009 and 10.8x FY2010 earning estimates. We maintain our Buy recommendation with price target of Rs1,121.■

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

Tata Tea

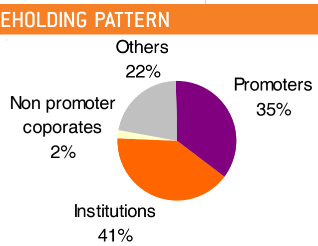
Apple Green | Buy; CMP: Rs756 | July 29, 2008

Margin pressure to continue

COMPANY DETAILS

Price target:	Rs970
Market cap:	Rs46,721 cr
52 week high/low:	Rs1,014/586
NSE volume (No of shares) :	1.2 lakh
BSE code:	500800
NSE code:	TATATEA
Sharekhan code:	TATATEA
Free float (No of shares) :	40.0 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.5	-10.0	-0.6	3.7
Relative to Sensex	0.1	5.8	24.6	8.7

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

RESULT HIGHLIGHTS

- Tata Tea's Q1FY2009 results were below expectations. Though the top line growth was more than expectations, a significant dip in the margins dented the growth at operating level.
- The consolidated sales were up by 12.3%yoy to Rs1,134.7 crore. However, the operating profitability was affected by the increase in the commodity prices and other input costs. Thus, the operating profit was down by 4.2% yoy to Rs153.8 crore.
- The interest cost fell by 88.1% to Rs10.9 crore on account of the repayment of the loans taken for acquisitions. This led the adjusted net profit grow by 101% yoy to Rs74.8 crore.
- The stand-alone sales (domestic operations) were up 12.2% yoy to Rs315 crore. The OPM declined by 256 basis points yoy to 17% consequent to a 371-basis point increase in the raw material cost as percentage to sales. Thus, the operating profit was down by 2.5% yoy to Rs53.4 crore. Consequently, the adjusted PAT was down 5.3% yoy to Rs38.4 crore.
- We expect Tata Tea's earnings to grow at a compounded annual growth rate (CAGR) of 13.5% from FY2008 to FY2010, which is line with the growth for the other FMCG majors. Considering this fact and possibility of inorganic growth through acquisitions, the valuations look inexpensive. At the current market price of Rs756, the stock trades at 12.2x FY2009 and 10.7x FY2010 earning estimates. We maintain our Buy recommendation on the stock with the price target of Rs970.■

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

Television Eighteen India

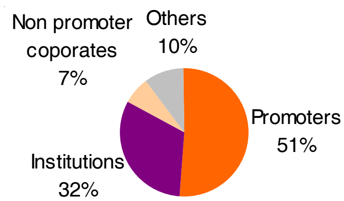
Emerging Star | Buy; CMP: Rs220 | July 31, 2008

Price target revised to Rs355

COMPANY DETAILS

Price target:	Rs355
Market cap:	Rs2,633 cr
52 week high/low:	Rs600/184
NSE volume (No of shares):	1.1 lakh
BSE code:	532299
NSE code:	TV-18
Sharekhan code:	TV18
Free float (No of shares):	5.9 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-1.8	-38.2	-53.5	-47.4
Relative to Sensex	-7.8	-25.8	-42.7	-44.5

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

RESULT HIGHLIGHTS

- TV18's Q1FY2009 results were below our expectations with the revenues of the news and the internet businesses below estimates. The operating revenue for the quarter grew by 36.5% year on year (yoy) to Rs93 crore, which was below our and street's expectations.
- The news business' revenues grew by only 30.1% yoy to Rs75.3 crore (as against our estimate of 48% revenue growth).
- The revenue growth of Web18 was disappointing at 41.3% yoy to Rs13.2 crore. The revenues declined by 27.1% quarter on quarter and points towards the impact of the stock market on the revenues as ~70% of Web 18's revenues come from www.moneycontrol.com.
- The consolidated OPM of the company during the quarter stood at 18% against 15.2% in the corresponding quarter of the last year. Thus the operating profit grew by 61.8% yoy to Rs16.7 crore on a low base of Q1FY2008.
- Consequent to a higher interest charge and an extraordinary of Rs6.48 crore, the company reported a net loss of Rs9 crore for the quarter.
- We have revised downwards our revenue and profit estimates for FY2009 and FY2010 to factor in the lower revenue growth for the web business, increased losses for the web and newswire businesses and the increase in the interest cost as a result of a higher debt. Consequently we are downgrading our price target on the stock to Rs355 based on our sum-of-the-parts valuation.

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

Thermax

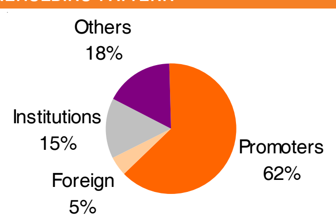
Emerging Star | Buy; CMP: Rs418 | July 23, 2008

Price target revised to Rs564

COMPANY DETAILS

Price target:	Rs564
Market cap:	Rs4,980 cr
52 week high/low:	Rs945/332
NSE volume (No of shares):	96,639
BSE code:	500411
NSE code:	THERMAX
Sharekhan code:	THERMAX
Free float (No of shares):	4.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-0.2	-21.4	-41.0	-34.1
Relative to Sensex	2.6	-7.2	-30.6	-28.2

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

RESULT HIGHLIGHTS

- Thermax' revenues in Q1FY2009 grew slower than our estimates mainly on account of marginal decline (-3% year on year) in the revenues of the energy business. The consolidated revenues of the group grew by 8.2% to Rs772.5 crore during the quarter.
- The operating profit of the company grew by 40.7% to Rs107.5 crore translating into an operating profit margin (OPM) of 13.9%. The OPM improved by 320 basis points mainly on account of reduction in the raw material cost as percentage of sales.
- Adjusting for the provision for mark-to-market (MTM) forex loss of Rs15.6 crore and a charge of pre-operative expenses of Rs5.5 crore with respect to the Chinese subsidiary, the adjusted net profit grew by 33.7% to Rs74.4 crore.
- The order book of Thermax group stands at Rs2,803 crore of which Rs2,338 crore worth of orders are for the energy division. The company has recently bagged its first order for large utility boilers segment valued at Rs820 crore.
- The new capacity at Baroda has completed its first phase of the boiler plant and has begun its commercial production. The China facility has started trial runs at the plant and would begin commercial production during Q2FY2009.
- Thermax' stock price corrected sharply from its peak over concerns of a slow down in the order inflow, as the deteriorating macro environment has led its clients to delay the finalisation of their orders. However, we believe at the current valuations of 13.6x FY2009E earnings, the stock largely factors in the concerns as we expect the order flow to pick up gradually. Hence, we reiterate our Buy call with a revised price target of Rs564.

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

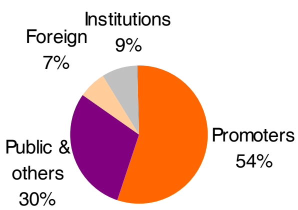
UltraTech Cement

Ugly Duckling | Buy; CMP: Rs540 | July 18, 2008

COMPANY DETAILS

Price target:	Rs735
Market cap:	Rs6,762 cr
52 week high/low:	Rs1,165/510
NSE volume (No of shares):	64,599
BSE code:	532538
NSE code:	ULTRACEMCO
Sharekhan code:	ULTRACEM
Free float (No of shares):	5.7 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-16.9	-33.3	-41.2	-45.5
Relative to Sensex	-0.9	-16.7	-12.4	-37.1

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

Price target revised to Rs735

RESULT HIGHLIGHTS

- The Q1FY2009 revenues of UltraTech Cement (UltraTech) grew by 10% year on year (yoy) to Rs1,496 crore. The volumes of the company during the quarter declined by 3.6 % to 4.3 million tonne due to ban imposed by the government on cement export. The blended realisation per tonne increased by 14.1% to Rs3,504.
- The operating profit margin (OPM) declined by 240 basis points to 29.8%. The drop in the OPM was mainly on account of a sharp increase in the power & fuel and employee cost. Due to a fall in the OPM, the operating profit reported a marginal growth of 1.8% to Rs445.8 crore.
- The interest expenses increased by 11.3% to Rs24.7 crore, while the depreciation rose by 27.3% to Rs71.13 crore. The increase in the interest and the depreciation was due to capacity additions.
- The net profit has reported growth of 2.2% to Rs265 crore.
- We have revised downwards our estimates to factor in the higher input cost. We now expect the company to post earnings per share (EPS) of Rs80 and Rs67.6 in FY2009 and FY2010 respectively. At the current market price of Rs 540, the stock trades at 6.7X and 8X its FY2009 and FY2010 earnings respectively. We maintain our Buy recommendation on the stock with a with revised price target of Rs735.■

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

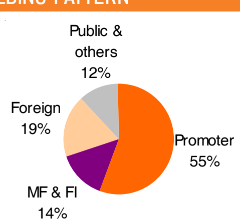
Union Bank of India

Ugly Duckling | Buy; CMP: Rs129 | July 25, 2008

COMPANY DETAILS

Price target:	Rs180
Market cap:	Rs6,496 cr
52 week high/low:	Rs235/96
NSE volume (No of shares):	8.1 lakh
BSE code:	532477
NSE code:	UNIONBANK
Sharekhan code:	UBI
Free float (No of shares):	22.5 cr

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	10.9	-16.1	-32.6	-13.9
Relative to Sensex	5.4	-5.8	-22.2	-9.1

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

Price target revised to Rs180

RESULT HIGHLIGHTS

- Union Bank of India's (UBI) reported a net profit of Rs228.3 crore, up 1.4% yoy in Q1FY2009, which was below our estimates due to a higher than expected MTM losses.
- The NII for the quarter came in at Rs810.0 crore, up 10.3% yoy, mainly due to a 19.0% growth in the advances during the quarter.
- The non-interest income for the quarter remained largely flat at Rs221.7 crore as compared to Rs215.4 crore in Q1FY2008 on account of a 76.5% decline in the treasury income.
- The operating expenses were contained at Rs415.7 crore, down 2.0% yoy, on account of a 11.6% decline in the employee expenses, due to higher base last year (owing to the AS-15 provisions).
- The provisions registered a significant spike (up 90.3% yoy) to Rs295.7 crore, which primarily stems from a MTM provision of Rs339 crore on the bond portfolio of the bank.
- During the quarter, the advances grew by 19% yoy, while the deposits registered a strong growth of 23% yoy.
- The asset quality improved significantly with %GNPA at 2.08% and %NNPA at 0.15%.
- We are lowering our earning estimate for FY2009 by 1.4% to account for the higher-than-expected MTM losses on the investment portfolio. Further, we are raising our cost of equity assumptions to factor in the higher 10-year g-sec yield. At the current market price of Rs129, the stock trades at 4.5x 2009E earnings per share (EPS), 2.4x 2009E pre provisioning profit (PPP) and 0.9x 2009E book value (BV). We maintain our Buy recommendation with a revised price target of Rs180.■

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

Unity Infraprojects

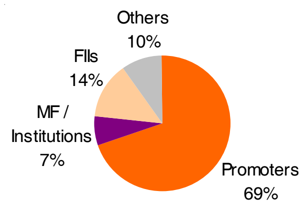
Ugly Duckling | Buy; CMP: Rs412 | July 31, 2008

Results above expectations

COMPANY DETAILS

Price target:	Rs871
Market cap:	Rs551 cr
52 week high/low:	Rs1,120/348
NSE volume (No of shares):	26,318
BSE code:	532746
NSE code:	UNITY
Sharekhan code:	UNITYINFRA
Free float (No of shares):	40.8 lakh

SHAREHOLDING PATTERN



PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.0	-29.0	-53.0	-35.9
Relative to Sensex	-3.3	-14.8	-42.2	-32.3

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

RESULT HIGHLIGHTS

- Unity Infraprojects' (Unity) top line grew by 50.9% year on year (yoy) to Rs223.7 crore on account of better execution. The top line growth was above our expectation of Rs197.2 crore.
- The operating profit margin (OPM) remained flat at 12.6% inspite of a significant rise in the raw material cost.
- The company's interest and tax expenses also grew by 42.7% and 55.7% respectively. Consequently the company's net income grew by 43.5% yoy to Rs15.6 crore, which is above our expectation of Rs13.4 crore. The results were above our expectations primarily on account of better than expected sales and OPM during the quarter.
- The order inflow remained healthy during the quarter. The company's order book grew by 22.9% quarter on quarter (qoq) to Rs2,963 crore. On the back of a healthy order book, we expect the company's top line and bottom line to grow at a compounded annual growth rate (CAGR) of 29.2% and 26.7% respectively during the period FY2008-2010.
- We maintain our earnings estimates for FY2009 and FY2010. In terms of valuation, we are now removing UMC project valuation as the company is facing delay in terms of land hand over from UMC.
- We continue to value the stock with sum-of-the-parts (SOTP) methodology and maintain our Buy recommendation on the stock with revised price target of Rs871. At the current market price, the stock is trading at attractive valuation of 7.2x FY2009 and 5.7x FY2010 earnings estimates.■

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

Zee News

Emerging Star | Buy; CMP: Rs47 | July 25, 2008

Stellar performance continues

COMPANY DETAILS

Price target:	Rs79
Market cap:	Rs1,135 cr
52 week high/low:	Rs92/38
NSE volume (No of shares):	6.1 lakh
BSE code:	532794
NSE code:	ZEENEWS
Sharekhan code:	ZEENEWS
Free float (No of shares):	11.0 cr

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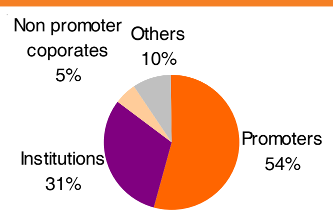

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	5.3	-20.4	-11.6	-31.5
Relative to Sensex	0.1	-10.7	2.1	-27.7

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

RESULT HIGHLIGHTS

- Zee News Ltd's (ZNL) Q1FY2009 results are broadly in line with our estimates. The company continues its stupendous performance with the overall revenues for the quarter growing by a smashing 48.6% to Rs112.7 crore.
- The advertising revenues grew by 44.8% to Rs85.8 crore and the subscription revenues rose by 55.1% to Rs21.2 crore during the quarter.
- The operating profit margin improved by 82 basis points year on year to 15.3%. Thus, the operating profit grew by a handsome 57% to Rs17.3 crore. The increase in the losses of the new business led to lower-than-expected margins. Thus, the net profit for the quarter grew by 59.7% yoy to Rs9.3 crore.
- While the breakeven of Zee Telugu and Zee Kannada (expected by FY2009 end) augurs well for the overall profitability, the company is already in the process of launching Zee Tamil and a 24 hour news channel Zee Telugu News by Q2FY2009, which would increase the losses from the new business on account of start up losses of these new ventures. Thus, while we have revised upwards our revenue estimates for FY2009 and FY2010 by 4.5% each, our earnings estimates remain unchanged.
- We maintain our Buy recommendation on the stock with a price target of Rs79. At the current market price of Rs47.4, the stock trades at 21.4x and 15.2x its FY2009E and FY2010E earnings per share of Rs2.2 and Rs3.1 respectively.■

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

SHAREKHAN SPECIAL — JULY 29, 2008

Monetary policy review

In line with its objective of controlling inflation, the RBI has raised the repo rate by 50bps and the CRR by 25bps as against our expectations of a 25bps hike in each.

Key policy highlights

- The repo rate has been hiked by 50bps to 9% from 8.5% earlier.
- The CRR has been increased by 25bps to 9% (effective from August 30, 2008).
- The GDP growth forecast for FY2009 has been revised downwards from 8-8.5% to around 8.0%, barring domestic or global shocks.
- Inflation to be contained around 7% by March 2009, with a medium-term objective of a 3% inflation rate.
- Though the growth in money supply, credit offtake and deposits has moderated, the same remains well above the central bank's target levels.
- "Price stability" (anchoring inflation) remains the top priority of the RBI.

Concerns expressed by RBI

Soaring domestic inflation: The concerns related to inflation in the domestic economy are:

- Strong evidence of pressure on the domestic aggregate demand, which coupled with the slack in the supply response, is exacerbating the inflation situation. Rising crude oil prices and international prices of key commodities pose significant upside pressures for the domestic commodity prices.
- Besides commodity prices, the higher than targeted growth in credit, deposits, money supply are adding to inflation problem and remains a source of discomfort for RBI.

Slowdown in economic growth: Though financial turmoil globally has intensified, its impact on the emerging economies has been limited due to a strong local demand. The slowing of the import demand from the developed economies poses further downside risk. For India, despite the growing concerns of a slowdown, RBI is confident of achieving an 8% growth in the GDP during FY2009.

RBIís action to prompt banks to raise rates

Though the Q1FY2009 credit growth for major banks has been encouraging, the outlook for their future profitability and business growth remains under cloud. The higher than expected repo rate hike coupled with the continued "hawkishness" in the RBI's monetary stance bodes ill for the banking sector.

Higher capital costs to hurt corporate India

Considering the recent rate hikes and anticipations of more hikes in lending rates, funding capex is likely to become more expensive for corporates. There has been a notable increase in projects getting shelved due to higher capital costs. Considering these factors, the Sensex earnings growth in FY2009 is likely to be lower than the widely expected 20% and in line with our estimate of around an 18% growth.

Conclusion

RBI's policy will continue to put emphasis on price stability (read inflation control) while ensuring an interest rate environment conducive to the maintenance of the economy's growth momentum. RBI expects the inflation to remain high at around 12% well through Nov 2008 and later taper off towards the targeted 7% level by Mar 2009. This is in line with our expectations of inflation moving down from Dec 2008 onwards, primarily due to the high base effect of last year. Though the current real interest rates indicate expectations of around 100 to 125bps hike in the repo rate, we anticipate additional hike of around 50-75 bps in a phased manner by the end of CY2008.■

SHAREKHAN SPECIAL — AUGUST 05, 2008

Q1FY2009 earnings review

Key points

- The Sensex' earnings (adjusted for the one-time items) grew by nearly 17% in Q1FY2009 on the back of the strong performance from capital goods companies (earnings up 33% yoy), telecom companies (earnings up 29.5% yoy) and oil & gas companies (namely ONGC). However, the Sensex (excluding oil companies) saw an earnings growth of 12.5% yoy during the quarter and the same is largely in line with our estimate of an 11.6% earnings growth.
- Notably, the revenue growth for the Sensex companies (ex-oil and banking companies) was healthy at 29.1% yoy. However the same could not translate into an equally good operating performance largely due to a 181-basis-point contraction in the EBITDA margin. The margins in most sectors were affected by rising input and capital costs. The margin contraction was more pronounced in case of cement, automobile, real estate (read DLF) and FMCG (namely ITC) sectors. On the other hand, metal and pharma companies registered an impressive expansion in their EBITDA margin on a yoy basis. The margin expansion in the metal sector was largely aided by strong commodity prices whereas pharma companies benefited from the weakness in rupee.
- In terms of company-specific performance, L&T, Bharti Airtel, Grasim, ONGC and HDFC Bank have surprised positively by reporting a better than expected performance. On the other hand, Reliance Communications, NTPC, ITC and DLF have surprised on the negative side.
- While the Q1FY2009 earnings growth is ahead of expectations, the signs of moderation became more evident during the quarter. Moreover, continued challenges at the macro level (hardening interest rates, double-digit inflation etc) will continue to have a strong bearing on the earnings momentum of India Inc going forward. Importantly, the coming quarters would reflect the fuller impact of the rising capital cost and the other myriad macro challenges. The business sentiment survey conducted by the Reserve Bank of India (RBI) prior to its quarterly monetary policy review clearly indicated a distinct moderation in the business optimism.
- On the brighter side, the recent easing of the rally in the prices of commodities (especially crude oil) could partially mitigate the cost pressures and limit the downside risk to our estimate of around an 18% growth in the Sensex' earnings during FY2009. Our top investment ideas in the large-cap space are: Bharti Airtel, L&T, Reliance Industries, TCS and Sun Pharma. In the mid-cap space we prefer Crompton Greaves (CG), Tata Chemicals, Shiv-Vani Oil & Gas, Glenmark Pharmac and Opto Circuits.■

Sharekhaní's top equity fund picks

The market has tanked by over 35% from its January 2008 peak, wiping out most of the gains made during its steep rally in 2007. After touching its all-time high of 21,207 in January this year, the market has sunk to 13,000 levels in a matter of just six months. In June alone it shed almost 2,000 points, with FIIs in a heavy selling mode. FIIs sold Indian equities to the tune of $2.5 billion at net level in June alone and have taken out $6.6 billion from our stock market in the calendar year so far. Investors have taken a massive hit on their portfolios in probably the worst stock market downturn in recent times. There is a general sense of pessimism and the dawn of each day brings fears of new lows.

The macro-economic environment has deteriorated in the past six months due to the rally in the prices of crude oil and the other raw commodities in the global markets. Most importantly, the unprecedented rally in crude oil is not only pushing inflation to unsustainable levels but also putting immense pressure on government finances in terms of bloating the fiscal deficit. To deal with the situation the government and the central bank have taken a series of fiscal and monetary measures including the sucking out of excess liquidity and pushing up of the overall interest rates in the economy. As a result, the earnings estimates of interest sensitive sectors such as banks, automobiles and real estate are being downgraded considerably and the risk of a downward revision in the earnings of companies in several other sectors is also growing.

The downside risk in the earnings is also mirrored in the continuous contraction of the price/earnings (PE) multiples and has resulted in the de-rating of the Indian markets itself. For instance, the Sensex, which commanded a one-year forward PE multiple of around 19-20x over the December 2007-January 2008 period, is now trading at close to 13-14x one-year forward earnings multiple. The current valuation largely factors in the change in the fundamentals.

Throwing all projections awry, inflation in Indian economy has skyrocketed to a 13-year high of 11.89% for the week ended June 28, 2008. Inflation has now stayed above the Reserve Bank of India's (RBI) comfort zone of 5% for 21 weeks in a row. This inflation is being caused by the rising prices of crude oil and the other commodities, especially raw foods and metals, in the global markets. To tame inflation the RBI has tightened the monetary screws further. It has hiked the repo rate twice in a month, by 25 basis points to 8% on June 11 and by 50 basis points to 8.5% on June 24. The cash reserve ratio has also been increased in two stages to 8.75%, starting from July 5 and July 19. Given the low base of inflation in the same period of last year and the fact that global commodity prices are not showing any signs of softening, we expect inflation to stay at high levels for some time.

Meanwhile, due to the RBI's monetary tightening measures, the economy's growth has moderated. The industrial growth stood at a modest 3.8% in May 2008, far lower than the 10.6% growth recorded in April last year. The performance of the manufacturing sector, which is plagued with the high costs of input and working capital, continues to drag the Index of Industrial Production down. Growth in the manufacturing sector slowed down to 3.9% in May 2008 from 11.3% in last May and 9% in FY2008. As for the GDP, while the annual GDP growth estimate for FY2008 has been revised upward to 9% by the Central Statistical Organisation, the consensus forecast for GDP growth in FY2009 has been revised downwards from 8.0-8.5% to about 7.5%. If crude oil continues its northward march, the GDP growth could slow down further.

Crude oil is expected to continue its relentless rise for some time, what with the Organisation of Petroleum Exporting Countries (OPEC) refusing to increase oil production. Any escalation of geopolitical tensions or supply shortage could also push up crude oil prices higher. Though all kinds of forecasts are flying around, the consensus is that crude oil will see another spike from here and then come down, as demand will be unable to sustain at very high levels. Any appreciation in the dollar or any regulatory action against the speculators could hasten the softening process.

Even though the outlook is bleak for the near term, the economy is expected to grow at a respectable rate in the medium term since its fundamentals remain strong and it is in a better shape to cope with inflationary pressures today than it was in the past. In face of the rising interest rates, the corporate sector too has shown remarkable resilience so far. The same is evident from the 32.6% surge in corporate tax collections in the first quarter of FY2009. Direct tax collections have also gone up by 38.6% in the first quarter of FY2009 to Rs57,373 crore from Rs41,391 crore in Q1FY2008, pointing to continued buoyancy in the economy. If going ahead crude oil prices do a U-turn as expected, our fiscal situation would get better, inflation would come down, interest rates would soften, corporate earnings would improve and economic growth would pick up.

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

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

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

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

For our final selection of schemes, we have generated a total score

for each scheme giving 30% weightage each to the relative performance as indicated by the one and two year returns, 30% weightage to the relative performance as indicated by the Sharpe ratio and the remaining 10% to the relative performance as indicated by the FAMA of the scheme.

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

AGGRESSIVE FUNDS

MID-CAP CATEGORY				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
Birla Sun Life Mid Cap	66.02	-17.72	-11.24	17.64
HDFC Capital Builder	64.17	-16.58	-12.36	12.81
IDFC Premier Equity	18.11	-11.09	3.65	36.32
Reliance Growth	301.71	-11.84	-1.86	22.94
Indices				
BSE Sensex	13461.60	-17.77	-8.07	12.63

OPPORTUNITIES CATEGORY				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
DWS Investment Opportunity	29.19	-13.97	11.01	28.41
IDFC Imperial Equity	12.87	-14.94	0.70	15.88
Kotak Opportunities	32.30	-17.32	0.29	19.47
PRINCIPAL Global Opportunities	17.54	6.88	8.81	15.58
UTI Opportunities	15.38	-14.56	-1.65	11.40
Indices				
BSE Sensex	13461.60	-17.77	-8.07	12.63

EQUITY DIVERSIFIED/CONSERVATIVE FUNDS				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
DSP Merrill Lynch Top 100	63.86	-12.87	-1.99	21.05
DWS Alpha Equity	57.91	-14.54	3.47	18.30
HDFC Growth	53.47	-15.98	-2.22	21.78
HSBC Equity	79.99	-12.02	4.39	20.90
Kotak 30	74.18	-16.42	-1.26	17.48
Sundaram BNP Paribas Select Focus	68.98	-12.12	7.36	21.39
Indices				
BSE Sensex	13461.60	-17.77	-8.07	12.63

THEMATIC/EMERGING TREND FUNDS				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
ICICI Prudential Infra	22.27	-20.52	4.72	31.14
SBI Magnum COMMA	18.37	-13.35	4.06	21.54
Tata Infrastructure	26.83	-18.20	-1.18	23.14
Templeton India Equity Income	14.05	-5.47	4.25	21.45
Templeton India Growth	77.04	-10.05	4.00	21.68
Tata Equity P/E	29.90	-11.62	-1.62	23.29
Indices				
BSE Sensex	13461.60	-17.77	-8.07	12.63

BALANCED FUNDS				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
DSP Merrill Lynch Balanced	43.30	-9.08	-0.86	17.35
SBI Magnum Balanced	35.52	-14.08	-7.00	11.10
Tata Balanced	52.08	-13.84	-6.77	13.76
Indices				
Crisil Balanced Fund Index	2558.52	-14.51	-1.34	10.76

TAX PLANNING FUNDS				
Scheme Name†	**NAV**	**Returns as on Jun30, 08 (%)**		
		3 Months	**1 Year**	**2 Years**
Fidelity Tax Advantage	12.68	-15.29	-11.36	16.25
Principal Personal Taxsaver	74.53	-14.60	-10.20	21.32
Sundaram BNP Paribas Taxsaver	29.95	-12.11	2.46	19.51
Indices				
BSE Sensex	13461.60	-17.77	-8.07	12.63

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

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

INFORMATION TECHNOLOGY — JULY 22, 2008

Good for now, outlook cautious

The quarterly performance of tech majors was largely in line with street's expectations. However, the markets seem to be disappointed by the lack of confidence in the management commentaries that have essentially dashed the hopes of a steep recovery in the demand environment in the second half of the fiscal. The cues from the operational metrices were also disheartening, with exceptionally weak recruitment by Satyam Computer Services (Satyam) and Wipro and muted performance by a top client of Infosys Technologies (Infosys).

Some of the key takeaways from the first quarter results are:

- The growth in volume for most of the tech companies was muted and lower than street expectations. In fact, Satyam missed its revenue growth guidance in the dollar terms.
- Infosys and Satyam have kept their guidance (in the dollar terms) unchanged. However, the guidance upgrade in the rupee terms by 6-7% was in line with expectations and purely led by the change in the exchange rate assumption. Both the companies should be able to meet their guidance. However, the continued deterioration in the business environment in the USA would not only limit any upgrade, but also increase the downside risk. Most of the companies see uncertainty in the business from the BFSI vertical.
- The guidance for Q2 is indicated in the range of 4-6% sequential growth in the rupee terms except Wipro, which has surprised with a muted guidance of 2% sequential growth in Q2 for its IT services business.
- On the foreign exchange (forex) front, most of the companies were able to limit their forex related losses to manageable levels, except HCL Technologies. Moreover, most of the players have considerably reduced the quantum of forward cover on a sequential basis, with the exception of Wipro. In fact, Wipro has indicated that it is carrying notional forex losses to the tune of Rs934 crore in its balance sheet (as per the cash flow hedge method).

Valuation

After the recent steep correction, the tech stocks are trading at reasonably attractive valuations; this could limit the downside. In fact, the correction in some of the stocks (especially Satyam) seems to be overdone. We continue to prefer Satyam and Tata Consultancy Services (TCS) among the frontline IT stocks. ■

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

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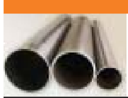
PIPES — JULY 04, 2008



Prices slashed!

Outcome of steel manufacturers' meeting with ministry

- Steel pipe and tube manufacturers have agreed to reduce prices of their products and fix a ceiling of Rs48,000 a tonne after a meeting of steel manufacturers with the officials of the steel ministry.
- However, the price reductions are only in the retail or over-the-counter (OTC) segment for ERW and seamless pipes. Prices will not be lowered for the industrial segment or tender-based contracts. Since, the exposure of the top pipe companies to the retail or OTC segment is minimal, the development will not have any meaningful impact on the earnings of the top pipe makers.
- Furthermore, major steel producers like Steel Authority of India, Rashtriya Ispat, Tata Steel, JSW Steel, JSPL and Ispat have also assured the government that they would discourage direct and indirect exports of hot rolled coils to begin with and subsequently that of cold rolled and galvanised products to increase their availability in the domestic market.
- Steel companies have now agreed to not only check hoarding and price hikes at the retail level but also introduce a new system of maximum retail price-based pricing to prevent consumers from getting cheated by retailers.

Quarterly estimates for Q1FY2009

We also present our quarterly earnings estimates for two companies under our coverage-Jindal Saw and Ratnamani Metals & Tubes.

Jindal Saw

The results would not be comparable on a year-on-year basis on account of the hive-off of the US division. The export duty of 10% implemented on pipe makers in May 2008 would affect the quarterly performance of the company as about 65% of its order book comprises exports. Consequently, we estimate the operating profit margin will come down by 220 basis points on a sequential basis to 13.2%.

Ratnamani Metals

For Q1FY2009, we expect Ratnamani Metals & Tubes to maintain its steady growth momentum and estimate a 22% growth in its revenue to Rs231.8 crore. The net profit is expected to grow at a slower 11.2% mainly on account of a marginally lower operating profit margin and increased tax liability.

We maintain our positive outlook on the pipe makers, considering the huge demand for their products both locally and internationally, particularly owing to the rising oil exploration and production activities across the globe. We maintain our Buy call on Jindal Saw and Ratnamani Metals & Tubes with price targets of Rs910 and Rs1,110 respectively.■

Cipla

Viewpoint | CMP: Rs226 | July 21, 2008

Strong revenue growth driven by buoyant exports

Result highlights

- On a year-on-year basis, Cipla's net revenues grew by 33.9% to Rs1,207.1 crore and net profit increased by 17.1% to Rs140 crore in Q1FY2009.
- The domestic business grew by 16% and formulation exports rose sharply by 50% during the quarter. The sharp rise in the exports was primarily due to a 117% increase in the active pharmaceutical ingredient (API) exports and a 32% surge in the formulation exports. The sharp growth in the API exports was possibly driven by the supply of Alendronate API to Teva under exclusivity as well as the supplies of Omeprazole over-the-counter (OTC) API to Dexcel.
- The operating profit margin (OPM) improved by 460 basis points to 22.4% and the operating profit increased by 68.1% to Rs270.1 crore during the quarter on account of favourable currency and product mix. However, with the waning off of the Alendronate exclusivity revenues from Q2FY2009 onwards and the rising cost of key raw materials imported from China, we expect Cipla to witness some margin pressure in the coming quarters.
- The company has provided Rs75 crore for mark-to-market (MTM) losses on account of losses on forward contracts, foreign exchange (forex) loans and receivables.
- At the current market price of Rs226, Cipla is trading at 21.8x its consensus FY2009E earnings and at 18.8x its consensus FY2010 earnings. We feel that the stock is richly valued at these levels, considering the limited near-term visibility of the company's future growth opportunities. ■

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

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

Edelweiss Capital

Viewpoint | CMP: Rs482 | July 15, 2008

Focus on diversification

Q1FY2009 result highlights

- Edelweiss Capital (Edelweiss) reported a top line of Rs268.9 crore in Q1FY2009, indicating a growth of 87.1% on a year-on-year (y-o-y) basis, but a decline of 33% on a quarter-on-quarter (q-o-q) basis. The sequential decline of 33% reflects the changed dynamics for the industry and the company, as it is in stark contrast with a 25% q-o-q growth seen by the company in the previous quarter.
- From the revenue stream perspective, the sequential decline in the revenue stems from weakness in fee and commission segment (down 38.7%) and 'treasury, arbitrage and trading' income (down 47.7%). The weakness in these segments outweighed the strong growth in investment and dividends, which nearly doubled on a sequential basis.
- The operating expenses, in line with the decline in the top line, too registered a decline owing to semi-variable nature of certain expenses. The operating expenses stood at Rs115.5 crore, up 88% on a y-o-y basis, but down 33% on a q-o-q basis.
- Consequently, the bottom line came in at Rs63.8 crore, indicating a 23% sequential decline. The sequential decline in the bottom line, though disappointing reflects the industry dynamics characterised by declining brokerage volumes and weaker investor interest.

Valuation

At the current market price, the stock trades at 11.9x FY2009 consensus earnings pre share (EPS) estimate and 8.8x 2010 consensus EPS estimate. ■

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

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SHAREKHAN EARNINGS GUIDE

Prices as on August 08, 2008

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY10/FY08	FY08	FY09E	FY10E	FY08	FY09E	FY08	FY09E	(Rs)	(%)
Evergreen																				
HDFC	2510.0	3,053.2	3,540.4	4,131.1	2,436.2	2,475.0	2,898.9	68.4	87.1	102.1	22%	36.7	28.8	24.6	-	-	21.4	19.4	25.0	1.0
HDFC Bank	1273.0	7,511.0	13,020.6	16,051.8	1,589.7	2,252.2	3,136.6	44.9	53.1	67.1	22%	28.4	24.0	19.0	-	-	17.1	15.6	8.5	0.7
Infosys Tech	1673.6	16,692.0	21,560.0	24,965.0	4,659.0	5,794.0	6,392.0	79.3	101.3	111.7	19%	21.1	16.5	15.0	38.7	37.8	33.8	32.5	33.3	2.0
Larsen & Toubro	2843.0	29,198.5	38,131.7	47,394.0	2,223.5	3,224.1	4,379.7	76.2	110.5	150.1	40%	37.3	25.7	18.9	23.6	26.4	25.8	29.0	17.0	0.6
Reliance Ind	2245.0	137,147.0	137,858.6	168,722.0	15,326.0	20,912.3	28,237.2	105.5	132.9	179.5	30%	21.3	16.9	12.5	13.4	-	22.8	19.6	13.0	0.6
TCS	842.1	22,862.0	28,533.0	32,832.0	5,019.0	5,732.0	6,589.0	51.3	58.6	67.3	15%	16.4	14.4	12.5	33.0	30.4	40.5	35.6	14.0	1.7
Apple Green																				
Aditya Birla Nuvo	1325.0	12,134.0	16,108.9	20,582.1	104.6	428.5	637.8	9.2	37.7	56.0	147%	144.0	35.1	23.7	3.8	4.0	2.8	7.3	5.8	0.4
Apollo Tyres	33.9	3,693.9	4,458.1	5,019.9	219.2	206.5	219.1	4.5	4.2	4.5	0%	7.5	8.1	7.5	23.6	19.1	18.0	14.7	0.5	1.3
Bajaj Auto	548.0	8,663.3	9,851.4	10,799.4	756.0	839.1	953.7	52.3	58.0	65.9	12%	10.5	9.4	8.3	24.2	37.6	52.7	40.7	20.0	3.6
Bajaj Finserv	520.0	106.3	-	-	44.0	-	-	3.1	-	-	-	167.7	-	-	-	-	-	-	-	-
Bajaj Holdings	401.9	355.3	-	-	307.0	-	-	30.3	-	-	-	13.3	-	-	-	-	-	-	20.0	5.0
Bank of Baroda	287.0	5,962.8	6,485.5	7,602.5	1,435.6	1,672.9	1,986.9	39.3	45.8	54.4	18%	10.2	8.8	5.3	-	-	15.8	16.4	8.0	2.0
Bank of India	290.0	6,369.6	7,531.3	8,809.5	2,032.9	2,565.0	2,996.7	38.7	48.8	57.0	21%	7.5	5.9	5.1	-	-	24.2	22.2	4.0	1.4
Bharat Bijlee	1295.0	562.4	658.3	772.1	72.6	80.4	94.7	128.5	142.3	167.5	14%	10.1	9.1	7.7	61.3	50.0	43.1	35.1	30.0	2.3
BEL	972.2	4,060.3	4,801.5	5,624.0	805.5	879.5	1,009.2	100.7	109.9	126.2	12%	9.7	8.8	-	32.6	30.9	23.1	21.5	18.0	1.9
BHEL	1779.0	19,365.5	24,222.6	31,516.5	2,792.8	3,600.3	4,964.3	57.1	73.5	101.4	33%	31.2	24.2	17.5	42.3	43.3	25.1	25.8	15.3	0.9
Bharti Airtel	840.2	27,025.0	35,618.0	42,466.0	6,700.8	8,563.8	10,409.2	35.3	45.1	54.7	24%	23.8	18.6	15.4	33.1	29.7	26.6	29.4	0.0	0.0
Canara Bank	215.3	5,750.7	5,740.2	6,211.1	1,565.0	1,704.3	1,887.5	38.2	41.6	46.0	10%	5.6	5.2	4.7	-	-	19.1	18.9	8.0	3.7
Corp Bank	274.1	2,143.0	2,333.9	2,580.0	734.9	763.9	845.6	51.2	53.3	58.9	7%	5.4	5.1	4.6	-	-	18.4	16.9	10.5	3.8
Crompton Greaves	265.0	6,832.3	8,315.3	9,995.9	406.7	520.0	659.5	11.2	14.2	18.0	27%	23.7	18.7	14.7	28.8	28.7	31.5	29.8	1.6	0.6
Elder Pharma	334.3	548.1	652.3	769.7	71.8	88.6	110.9	38.2	47.2	59.0	24%	8.7	7.1	5.7	14.3	15.0	18.4	18.7	2.5	0.7
Glenmark Pharma	637.5	1978.3	2524.8	3377.7	631.3	723.1	994.8	25.4	28.6	39.3	24%	25.1	22.3	16.2	29.6	29.1	37.3	30.1	0.7	0.1
Grasim	2033.8	10,278.1	10,612.4	12,260.2	2,016.0	1,725.3	2,170.6	219.1	187.5	236.8	4%	9.3	10.8	8.6	35.7	-	27.2	-	30.0	1.5
HCL Tech**	225.0	7,639.4	9,537.4	11,574.5	1,036.3	1,442.6	1,654.1	15.1	20.8	23.6	25%	14.9	10.8	9.5	29.3	35.0	24.4	27.3	9.0	4.0
HUL *	243.0	13,717.8	16,147.8	18,270.6	1,769.1	2,076.2	2,391.5	8.1	9.5	11.0	17%	30.0	25.6	22.1	102.2	143.8	85.0	121.2	9.0	3.7
ICICI Bank	728.4	16,114.9	17,862.1	23,168.8	4,157.7	4,649.3	5,994.8	37.4	41.8	53.9	20%	19.5	17.4	13.5	-	-	10.9	9.7	11.0	1.5
Indian Hotel Co	81.9	1,764.5	1,998.9	2,356.8	377.4	433.9	551.4	6.3	6.0	7.0	5%	13.0	13.6	11.7	22.2	19.6	18.5	13.7	1.9	2.3
ITC	190.5	13,947.5	16,394.1	19,708.6	3,120.1	3,576.6	4,303.8	8.3	9.5	11.4	17%	23.0	20.1	16.7	33.1	33.8	27.7	27.2	3.5	1.8
Lupin	727.0	2706.4	3395.4	3971.0	335.1	400.7	481.0	37.9	45.4	54.4	20%	19.2	16.0	13.4	22.2	17.8	31.9	20.2	10.0	1.4
M&M	572.1	10,804.6	13,704.2	15,218.8	933.1	1,041.2	1,123.7	39.0	37.6	40.5	2%	14.7	15.2	14.1	21.8	17.3	21.5	18.1	11.5	2.0
Marico	59.4	1,906.7	2,264.8	2,678.2	166.0	183.2	231.1	2.6	3.0	3.8	21%	22.8	19.8	15.6	39.8	34.8	63.3	45.1	0.7	1.1
Maruti Suzuki	679.3	17,936.2	20,513.0	25,277.7	1,730.8	1,810.1	2,082.4	59.9	62.6	72.1	10%	11.3	10.9	9.4	34.4	25.1	20.6	18.0	5.0	0.7
Nicholas Piramal	340.8	2872.8	3326.1	3825.4	367.7	443.1	533.3	17.6	21.2	25.5	20%	19.4	16.1	13.4	22.6	23.6	30.7	28.8	4.2	1.2
Punj Lloyd	289.0	7,752.9	10,459.5	13,201.5	358.4	560.1	743.8	11.2	17.4	23.2	44%	25.9	16.6	12.5	15.7	19.3	19.2	20.5	0.4	0.1
Ranbaxy*	503.3	6,648.0	7,996.8	9,207.4	774.5	679.3	1,143.6	15.9	14.0	23.5	22%	31.7	35.9	21.4	15.7	7.8	27.6	7.5	8.5	1.7
Satyam Com	408.1	8,473.0	11,278.0	13,316.0	1,688.0	2,201.0	2,568.0	25.2	32.2	37.2	21%	16.2	12.7	11.0	31.4	32.8	25.9	26.6	3.5	0.9
SBI	1523.0	25,716.2	27,829.4	33,063.9	6,729.1	6,866.7	8,265.0	106.6	108.8	131.0	11%	14.3	14.0	11.6	-	-	15.5	13.3	21.5	1.4
Tata Motors	443.3	35,651.5	41,185.9	46,945.0	2,167.7	2,166.8	2,433.6	54.4	54.6	60.8	6%	8.1	8.1	7.3	30.8	28.9	22.7	20.3	15.0	3.4
Tata Tea	723.9	4,392.3	4,831.5	5,306.5	339.7	383.4	437.7	55.1	62.0	70.8	13%	13.1	11.7	10.2	8.4	9.5	11.6	10.0	35.0	4.8
Wipro	436.5	19,743.0	25,164.0	29,899.0	3,224.0	4,001.0	4,570.0	22.5	27.8	31.6	19%	19.4	15.7	13.8	16.2	16.9	24.9	25.5	6.0	1.4
Emerging Star																				
3i Infotech	115.0	1,205.3	2,320.3	2,933.9	169.4	253.2	304.2	9.8	14.7	17.7	34%	11.7	7.8	6.5	12.1	14.0	13.0	11.9	1.5	1.3
Aban Offshore	2493.7	2,021.1	4,436.8	5,103.7	317.4	1,320.9	1,804.5	84.0	349.6	477.6	138%	29.7	7.1	5.2	9.8	19.3	34.5	91.7	3.0	0.1
Alphageo India	411.6	81.6	112.0	140.0	12.6	18.7	24.7	22.9	33.4	44.1	39%	18.0	12.3	-	39.8	45.6	35.1	28.6	1.5	0.4
Axis (UTI) Bank	736.0	4,380.8	5,788.6	7,463.6	1,071.0	1,371.7	1,768.6	29.9	38.3	49.4	29%	24.6	19.2	14.9	-	-	16.4	14.8	6.0	0.8
Balaji Telefilms	183.4	378.4	497.5	558.4	96.1	112.0	129.8	14.7	17.2	19.9	16%	12.5	10.7	9.2	40.6	39.1	28.4	26.9	3.5	1.9
BL Kashyap	1020.0	1,542.7	2,142.0	3,036.0	115.4	150.1	211.5	56.2	73.1	103.0	35%	18.2	14.0	9.9	42.4	38.5	32.9	31.4	4.0	0.4
Cadila Healthcare	338.0	2,324.5	2,779.4	3,188.8	261.4	321.0	384.2	20.8	23.5	28.1	16%	16.3	14.4	12.0	17.8	19.4	24.6	24.7	4.5	1.3
Jindal Saw #	550.0	6,787.8	4,293.3	5,474.5	280.3	330.6	500.8	40.0	58.9	89.3	49%	13.8	9.3	6.2	22.2	16.7	11.3	12.1	6.3	1.1
KSB Pumps	348.0	465.4	551.8	613.5	45.0	56.5	60.7	25.9	32.4	34.9	16%	13.5	10.7	10.0	32.7	35.9	18.9	20.0	5.5	1.6
Navneet Pub	70.1	411.1	478.2	552.4	56.6	60.0	72.1	5.9	6.3	7.6	13%	11.9	11.1	9.2	19.2	18.5	24.5	22.2	2.4	3.4
Network 18 Fincap	180.1	657.2	-	-	21.1	-	-	10.9	-	-	-	16.6	-	-	-	-	-	-	-	-
Nucleus Software	179.0	288.7	352.4	432.0	61.7	58.6	81.3	18.7	17.8	24.7	15%	9.6	10.1	7.2	31.8	22.7	28.6	20.2	3.0	1.7

* Year CY instead of FY

** June ending company

FY2008 figures are for 15 months; EPS annualised.

Company	Price (Rs)	Sales			Net Profit			EPS			(%) EPS Growth	PE (x)			ROCE (%)		RONW (%)		DPS	Div Yield
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY10/FY08	FY08	FY09E	FY10E	FY08	FY09E	FY08	FY09E	(Rs)	(%)
Opto Circuits India	349.0	468.1	835.1	1148.6	133.3	189.4	282.6	14.2	19.9	29.7	45%	24.6	17.5	11.8	33.1	26.3	36.5	35.3	5.0	1.4
Orchid Chemicals	255.0	1,238.9	1,492.7	1,756.0	143.3	157.7	207.6	14.8	16.3	21.5	21%	17.2	15.6	11.9	10.2	11.0	22.0	9.3	3.0	1.2
Patels Airtemp	58.8	54.3	75.0	87.1	5.2	7.6	8.9	10.4	15.0	17.5	30%	5.6	3.9	3.4	47.4	51.4	30.9	31.9	1.5	2.6
Thermax	471.1	3,481.5	4,205.7	5,211.0	288.6	366.0	448.4	24.2	30.7	37.6	25%	19.5	15.3	12.5	66.2	61.4	38.3	35.9	8.0	1.7
TV18 India	240.2	401.2	524.2	670.6	25.5	53.5	98.8	2.1	4.5	8.3	99%	114.4	53.4	28.9	11.7	15.7	8.3	16.4	2.0	0.8
Zee News	41.9	367.1	492.3	594.1	37.1	53.0	74.6	1.5	2.2	3.1	44%	27.9	19.0	13.5	29.7	30.1	19.0	22.7	0.4	1.0
Ugly Duckling																				
Ashok Leyland	33.2	7,729.1	8,743.0	9,704.0	466.5	428.7	514.3	3.5	3.2	3.9	5%	9.5	10.4	8.5	24.7	16.3	21.7	18.2	1.5	4.5
Aurobindo Pharma	300.1	2,622.9	3,143.7		277.9	348.4	-	45.8	57.1	-	22%	6.6	5.3	-	13.4	-	15.7	-	3.3	1.1
BASF	279.0	1,053.6	1,217.4	1,379.9	57.5	86.0	98.5	20.4	30.5	34.6	30%	13.7	9.1	8.1	26.4	34.9	17.9	23.4	7.0	2.5
Deepak Fert	110.0	1,040.9	1,178.6	1,328.8	103.1	116.5	156.3	11.7	13.2	17.5	22%	9.4	8.3	6.3	10.3	10.9	14.9	15.5	3.5	3.2
Genus Power Infra	316.8	483.3	677.6	839.5	51.6	75.1	97.5	36.6	45.6	59.8	28%	8.7	6.9	5.3	27.9	22.4	20.2	22.9	0.0	0.0
ICI India	500.0	938.7	960.4	1,130.0	72.1	111.8	126.7	18.8	29.2	33.1	33%	26.6	17.1	15.1	13.2	18.0	8.8	12.7	8.0	1.6
India Cements	162.5	3,044.3	3,814.0	4,327.1	664.6	712.1	723.4	23.6	25.3	25.7	4%	6.9	6.4	6.3	24.0	25.3	25.5	21.9	2.0	1.2
Indo Tech Trans	355.0	189.9	277.9	335.6	39.0	48.8	56.0	36.7	46.0	52.7	20%	9.7	7.7	6.7	44.1	42.0	36.3	33.5	6.0	1.7
Ipca Laboratories	560.0	1,091.4	1,283.2	1,487.3	135.9	171.3	208.4	54.4	68.5	83.3	24%	10.3	8.2	6.7	23.7	25.2	25.6	25.8	8.0	1.4
Jaiprakash Asso	183.8	3,985.0	5,903.0	8,031.1	610.0	749.3	981.9	4.9	6.0	7.9	27%	37.5	30.4	23.3	19.7	12.4	15.0	15.8	1.0	0.5
KEI Industries	42.2	874.7	1,180.3	1,498.7	43.5	65.2	93.7	5.6	8.4	12.0	46%	7.5	5.0	3.5	20.2	24.2	25.3	29.3	0.5	1.2
Mahindra Lifespace	481.5	231.1	349.8	722.6	66.4	110.4	244.9	16.2	27.0	59.9	92%	29.7	17.8	8.0	7.6	8.8	7.7	11.4	2.5	0.5
Mold Tek Tech	71.8	102.0	134.9	169.3	10.9	17.0	22.3	9.4	14.7	19.2	29%	6.2	4.9	3.7	22.5	29.2	35.6	41.8	2.0	2.8
Orbit Corporation	290.0	705.5	1,025.3	1,204.6	235.8	260.0	366.7	51.9	57.3	80.8	25%	5.6	5.1	3.6	51.8	30.9	44.8	20.8	5.5	1.9
PNB	496.0	7,531.7	8,542.0	9,324.5	2,048.8	2,347.5	2,764.2	65.0	74.5	87.7	16%	7.6	6.7	5.7	-	-	19.6	20.1	13.0	2.6
Ratnamani Metals	770.0	845.1	1,104.5	1,393.7	90.0	122.1	150.7	100.0	126.2	152.3	23%	7.7	6.1	5.1	44.1	45.8	49.5	40.0	7.0	0.9
Sanghavi Movers	220.0	254.3	338.1	403.8	72.7	85.8	106.9	16.8	19.8	24.7	21%	13.1	11.1	8.9	25.2	24.4	24.0	22.8	3.0	1.4
Selan Exploration	290.0	34.5	106.5	127.2	13.1	53.6	62.7	9.1	33.1	38.6	106%	31.9	8.8	7.5	28.1	66.3	22.8	38.1	-	-
Shiv-Vani Oil & Gas	553.0	573.9	916.8	1,245.6	107.5	161.0	241.2	21.5	32.3	48.3	50%	25.7	17.1	11.4	38.3	26.0	17.3	17.3		
SEAMEC	126.0	170.4	243.3	278.8	37.0	71.5	107.2	10.9	21.1	31.6	70%	11.6	6.0	4.0	15.9	24.3	13.5	20.7	-	-
Subros	33.7	662.7	720.7	873.3	29.0	33.4	46.9	4.8	5.6	7.8	27%	7.0	6.0	4.3	18.8	19.3	15.8	15.2	0.4	1.2
SunPharma	1445	3356.5	4034.7	4316.9	1486.9	1691.6	1700.9	71.8	81.7	82.1	7%	20.1	17.7	17.6	30.9	28	29.7	26.3	10.5	0.7
Surya Pharma	106.8	496.7	650.0	800.0	46.7	53.5	71.7	32.3	29.7	39.9	11%	3.3	3.6	2.7	13.5	12.8	21.7	19.9	-	-
Tata Chemicals	350.0	6,023.1	9,183.4	10,155.1	476.9	651.1	872.0	19.6	26.7	35.8	35%	17.9	13.1	9.8	9.2	15.8	12.8	15.1	9.0	2.6
Torrent Pharma	188.8	1,354.8	1,550.9	1,737.2	134.7	166.3	185.4	15.9	19.7	21.9	17%	11.9	9.6	-	19.9	22.1	29.3	28.9	3.5	1.9
Unity Infraprojects	452.0	849.5	1,127.0	1,417.8	60.0	76.7	96.2	44.9	57.3	72.0	27%	10.1	7.9	6.3	23.6	23.8	18.1	19.2	4.0	0.9
UltraTech Cement	636.6	5,509.2	6,602.4	6,823.3	1,007.6	1,002.5	846.3	80.4	80.0	67.6	-8%	7.9	8.0	9.4	40.7	34.5	37.4	27.7	5.0	0.8
Union Bank of India	149.4	4,173.3	4,649.1	5,503.6	1,387.1	1,445.7	1,725.0	27.5	28.6	34.1	12%	5.4	5.2	4.4	-	-	26.8	23.2	4.0	2.7
Wockhardt*	195.5	2,653.1	3,462.2	3,876.8	385.7	398.5	504.5	35.2	33.3	42.2	9%	5.6	5.9	4.6	13.4	13.4	30.3	16.9	11.3	5.8
Zensar Tech	142.0	782.9	971.7		64.0	82.1		28.0	33.8		18%	5.1	4.2	-	24.5	24.1	25.2	24.1	3.8	2.7
Vulture's Pick																				
Esab India*	395.0	343.0	409.6	483.3	53.4	65.0	77.1	34.7	42.2	50.1	20%	11.4	9.4	7.9	90.6	82.8	51.5	47.7	15.5	3.9
Orient Paper	40.0	1,295.8	1,472.0	1,892.5	212.2	220.8	281.1	11.0	11.5	14.6	15%	3.6	3.5	2.7	58.3	42.3	43.6	32.4	1.2	3.0
WS Industries	49.5	227.0	273.4	315.2	13.7	15.6	21.4	6.2	7.1	9.7	25%	8.0	7.0	5.1	19.2	15.2	16.7	14.9	0.5	1.0
Cannonball																				
Allahabad Bank	65.3	2,642.2	2,597.1	2,987.0	974.7	876.9	1,009.5	21.8	19.6	22.6	2%	3.0	3.3	2.9	-	-	23.6	18.1	3.5	5.4
Andhra Bank	60.0	2,001.2	2,073.9	2,208.1	575.6	570.5	644.4	11.9	11.8	13.3	6%	5.1	5.1	4.5	-	-	18.0	16.7	4.0	6.7
Gateway Distri	96.5	267.8	462.8	649.8	72.7	93.2	109.4	6.3	8.1	9.5	23%	15.3	12.0	10.2	15.1	14.3	14.5	21.6	3.5	3.6
ICIL	342.8	95.2	117.9	132.9	11.7	14.6	16.9	49.0	61.3	70.7	20%	7.0	5.6	4.8	41.0	40.5	23.8	23.3	8.0	2.3
J K Cements	128.1	1,458.3	1,569.0	2,358.0	265.2	216.3	304.0	37.9	30.9	43.5	7%	3.4	4.1	2.9	26.0	17.2	25.2	17.3	5.0	3.9
Madras Cements	2698.0	2,011.9	2,654.9	3,156.0	408.3	429.8	501.1	343.4	361.4	421.4	11%	7.9	7.5	6.4	30.4	22.4	42.4	31.5	40.0	1.5
Shree Cement	638.0	2,065.9	2,399.0	2,509.8	287.9	309.6	274.8	82.6	88.9	78.9	-2%	7.7	7.2	8.1	24.3	26.2	42.8	32.7	8.0	1.3
TFCI	18.8	27.6	32.6	37.4	21.7	24.0	28.6	2.0	2.3	2.7	16%	9.4	8.2	7.0	-	-	6.6	6.8	1.0	5.3

* Year CY instead of FY

** June ending company

Remarks	
Evergreen	
HDFC	• HDFC provides housing loans to individuals, corporates and developers. It has interests in banking, asset management and insurance through its key subsidiaries. Three of these--HDFC Bank, HDFC Life Insurance and HDFC Mutual Fund--are valued at Rs871 per share of HDFC. As these subsidiaries are growing faster than HDFC, the value contributed by them would be significantly higher going forward.
HDFC Bank	• HDFC Bank has merged Centurion Bank of Punjab with itself and the reported numbers for Q1FY2009 represent the financials of the merged entity. Relatively high margins (compared to its peers), strong branch network and better asset quality makes HDFC Bank a safe bet.
Infosys Tech	• Infosys is India's premier IT and IT-enabled service company. It is one of the key beneficiaries of the strong trend of offshore outsourcing. It is relatively better positioned to weather the current uncertainties related to a possible slowdown in the USA and its fallout on the overall demand environment.
L&T	• Larsen & Toubro Larsen & Toubro, being the largest engineering and construction company in India, is a direct beneficiary of the strong domestic infrastructure boom. Strong potential from its international business, its sound execution track record, bulging order book, and strong performance of subsidiaries further reinforce our faith in it. There also lies great growth potential in some of its new initiatives.
Reliance Ind	• With nine oil and gas discoveries during the year and a portfolio of exploration blocks, Reliance Industries holds a great promise in the exploration business. The refinery business would continue good performance. This along with growing contribution from the retail business provides a well-diversified growth opportunity.
TCS	• TCS pioneered the IT service outsourcing business from India and is the largest IT service firm in the country. It is a leader in most service offerings and is in the process of further consolidating its leadership position through the inorganic route and large deals.
Apple Green	
Aditya Birla Nuvo	• Aditya Birla Nuvo participates in India's four most exciting sectors: garments, insurance, telecom and IT/IT enabled services. It has a perfect strategy: to earn cash from its cash cow businesses, such as carbon black, rayon and fertilisers, and invest in high-growth businesses, such as garments, insurance, telecom and IT/IT enabled services.
Apollo Tyres	• Apollo Tyres is the market leader in the truck and bus tyre segment with a market share of 28%. We expect that the sharp rise in CV sales in the past year will trigger the tyre-replacement cyle in a big way, and the company is likely to benefit from the strong growth opportunities and its powerful position in the market.
Bajaj Auto	• Bajaj Auto is a leading two-wheeler automobile company. It is moving up the value chain by concentrating on the executive and the premium motorcycles segment. Export growth across markets is doing well. The pick-up in three-wheeler segment should help in improving its profitability further.
Bajaj Finserve	• Bajaj Finserv is the only pure insurance play available in the market currently. It has the second largest market share in the fast growing life insurance segment and is also present in the general insurance segment.
Bajaj Holdings	• Bajaj Holdings is the holding company having a 30% stake each in Bajaj Auto and Bajaj Finserv. The two-wheeler sales are expected to improve going forward with new product launches. The insurance business makes it the second largest player in the insurance space.
Bank of Baroda	• BoB, with a wide network of over 2,800 branches across the country, has a stronghold in the western and eastern parts of India. BoB has laid out aggressive plans to grow supplementary businesses including insurance, online broking etc, which should boost its fee income. We expect its earnings to grow at a CAGR of 18% over FY2008-10E.
Bank of India	• BOI has a wide network of branches across the country and abroad. With diversified portfolio, better asset quality and steady asset growth, we expect a strong 21% growth (CAGR) in its earnings over FY2008-10E.
Bharat Bijlee	• Bharat Bijlee, a leading transformer manufacturing company, shall benefit from the huge investments in the T&D sector. The company is increasing its capacity to 11,000MVA from 8,000MVA at present. This will enable it to capture the demand in the transformer business space.
Bharti Airtel	• Bharti Airtel is leading the wireless telephony revolution and has emerged as the largest mobile operator in the country. In addition to the robust growth in revenues, the focus on cost efficiencies and high-margin non-voice business are more than mitigating the impact of declining trend in the tariffs.
BEL	• BEL, a public sector unit involved in manufacturing electronic, communication and defence equipment, is benefiting from the enhanced capital expenditure outlay in the budget to strengthen and modernise security systems. Moreover, civilian and export orders are also expected to aid the overall growth in the revenues. However, the performance has been below expectation in the first nine months and the stock has been downgraded to Hold recommendation.

	Remarks
BHEL	• BHEL, India's biggest power equipment manufacturer, will be the prime beneficiary of the four-fold increase in the investments being made in the Indian power sector. Its order book of Rs95,000 crore stands at around 4.4x FY2008 revenue and we expect BHEL to maintain the growth momentum.
Canara Bank	• Canara Bank, with a wide network of 2,513 branches across the country, has a stronghold in the southern parts of India, especially in the states of Andhra Pradesh and Karnataka. We expect its earnings to grow at a CAGR of 10% over FY2008-10E.
Corp Bank	• Corporation Bank has one of the lowest cost/income ratio and the highest Tier-I CAR. This leaves ample scope to leverage the balance sheet without diluting the equity, quite unlike other state-owned banks. The bank is most aggressive on technology implementation with all its branches under Core Banking Solution, covering 100% business of the bank. It has superior asset quality as well.
Crompton Greaves	• The outlook is buoyant for Crompton Greaves' key business of industrial and power systems. A consolidated order book of Rs6,004 crore generates clear earnings visibility. The synergy from the acquisitions of Pauwels, GTV and Microsol will drive its consolidated earnings.
Elder Pharma	• With leading big brands like Shelcal and Tiger Balm, pharma company Elder Pharma is set to make the most of the domestic demand with line extensions and new molecules. New in-licencing agreements will ensure good growth for the company. Elder is also looking to expand its global footprint through acquisitions. Having already made 2 acquisitions in Europe, the company is on the look out for more acquisition opportunities in markets like Latin America.
Glenmark Pharma	• Through the successful development and outlicencing of three molecules in a short span of six years, Glenmark is India's best play on research-led innovation. Glenmark has built a pipeline of 13 molecules and has managed to clinch four outlicencing deals worth $734 million. Glenmark's core business has seen stupendous success due to its focus on niche specialties and brand building.
Grasim	• Grasim Industries is in the process of augmenting its cement capacity by 4.5MMT at Kotputli in Rajasthan by Q3FY2009. Apart from this, the company is also augmenting its VSF capacity at Harihar in Karnataka by 31,000 tonne by Q3FY2010. The volume growth due to capacity additions in cement and VSF divisions will drive the earnings of the company.
HCL Tech	• HCL Tech is one of the leading Indian IT service vendors. It has been able to successfully ramp up the business from the large-sized deals bagged over the past few quarters, which has considerably improved its revenue growth visibility.
HUL	• HUL is India's largest fast moving consumer good (FMCG) company. The volume growth is picking up in FMCG sector and HUL is likely to be a key beneficiary. The rural demand growth will be icing on the cake. HUL has regained the pricing power in all the product segments. Turn-around of loss-making businesses and cost reduction measures should help it improve its profitability.
ICICI Bank	• ICICI Bank is India's second largest bank. With strong positioning in the retail advance segment, it enjoys a healthy growth in both loans and fee income. However, the deteriorating asset quality is a cause for concern. Its various subsidiaries add ~Rs382 to the overall valuation. The bank has successfully raised Rs20,000 crore, which would fund its growth for the next three years. In addition, the expected listing of ICICI Securities should help the bank unlock substantial value.
Indian Hotels Co	• The tight demand-supply scenario in the hotel industry will push up the ARRs in the short term and we expect Indian Hotels Co (India's largest hotel company) with its pedigree of hotels to be the key beneficiary of this trend. We expect its earnings to grow at a strong 27.3% CAGR over FY2006-08.
ITC	• ITC's plan to diversify from the key business of cigarettes is paying off with the non-cigarette businesses of hotels, paper, agri-products and personal care & food reporting a strong growth in revenues. The cigarette business would nurture the growth of the businesses that are at nascent stage. As ITC gains leadership position in each of these businesses, we expect its valuations to improve further, reducing the gap between its valuation and that of HUL.
Lupin	• Leading pharma company Lupin is set to take off in the export market by targeting the US market (primarily for formulations) while maintaining its dominance in the anti-TB segment globally. Further, with an expanded field force and therapy focused marketing division, Lupin's branded formulation business in the domestic market has been performing better than the industry. Lastly, Lupin's ongoing R&D activities are expected to yield sweet fruits going forward.
M&M	• M&M is a leading maker of tractors and utility vehicles in India. Its utility vehicle sales continue to be strong. Its investments with world majors in passenger cars and commercial vehicles have helped the company diversify into various auto segments. The acquisitions made by its subsidiary Systech will pay off over the coming three years. The value of its subsidiaries adds to the sum-of-parts valuation.

Remarks	
Marico	• Marico is India's leading FMCG company. Its core brands, Parachute and Saffola, have a strong footing in the market. It intends to play on the broader beauty and health platform. Its risk appetite is rising, as is evident from the five acquisitions made in eighteen months. It is also directing its energies to the high-margin businesses, viz value-added hair oil, *Kaya* and *Sundari*.
Maruti Udyog	• Maruti Udyog is India's largest small car maker. This is the only pure passenger car play. With new launches, the company is expected to outperform the market growth rate. Suzuki has identified India as a manufacturing hub for small cars for its worldwide markets. Increased indigenisation and cost control measures would help improve the margins.
Nicholas Piramal	• Pharma major Nicholas Piramal is ready to gain from the ramp-up in its contract manufacturing deals with MNCs. Further, the acquisition of Pfizer's Morpeth facility in the UK adds glory to its global contract manufacturing strength. The demerger of its R&D division will unlock value of its impressive R&D pipeline.
Punj Lloyd	• Punj Lloyd Ltd (PLL) is the second largest EPC player in the country with a global presence. In FY2007, PLL acquired SEC and Simon carves, which helped PLL in plugging gaps in services offered by it. The average order size and execution capability of PLL has also increased significantly making it the only player capable of competing with L&T, the largest EPC player in the country.
Ranbaxy	• Ranbaxy, India's largest pharmaceutical company, is the best play on global generics with its geographically-diversified product portfolio and aggressive product introduction strategy. Exclusivity opportunities in the USA, along with strong expansion in semi-regulated markets, will drive its growth. Its recent takeover by Daiichi Sankyo would result in new business opportunities including expansion into the fast-growing Japanese generics market.
Satyam Comp	• Satyam is among the top five Indian IT service companies. In the past few quarters, it has been able to bag some large-sized deals and has further consolidated its leadership position in enterprise solutions segment.
SBI	• Despite being the largest bank of India, SBI is growing at a high rate which is commendable. Its loan growth is likely to remain healthy at ~20% with improving core operating performance and stable net interest margins. Successful merger of associate banks could provide further upside for the parent bank. The asset quality has been improving.
Tata Motors	• Tata Motors is one of the leading automobile companies of India with diverse product portfolio across commercial vehicles and cars. Both segments are witnessing a slowdown due to tight financing situation. However, with infrastructure spending, the long-term prospects continue to be positive.
Tata Tea	• Over the past two years, Tata Tea has transformed itself from just a commodity (tea) seller to a branded tea maker. It has recently acquired management control of Mount Everest Mineral water, owner of the Himalayan brand. This makes the company a complete beverage company having presence in the entire vertical: tea, coffee and water. However its valuation is much cheaper than its peers.
Wipro	• Wipro is one of the leading Indian IT service companies. The revival in the BPO business, strong traction in its existing IT service business and the incremental growth from the recent inorganic initiatives have considerably improved the growth visibility in the global software service business.
Emerging Star	
3i Infotech	• 3i offers software products and solutions to the banking, financial services and insurance (BSFI) sector. The growth momentum is expected to continue due to healthy order book and recent acquisitions. It has relatively low exposure to US and European markets and consequently is largely insulated from the uncertain global environment.
Aban Offshore	• Aban Offshore, one of Asia's largest oil drilling companies, is benefiting from the increase in oil exploration and production activities globally. The re-pricing of its existing assets at significantly higher day rates and efforts taken to substantially ramp up the asset base through organic and inorganic routes would significantly improve its financial performance over the next few years.
Alphageo	• Alphageo provides seismic survey and other related support services to oil exploration & production companies in India. The recent order wins and a healthy pipeline of orders have considerably improved the company's revenue growth visibility.
Axis Bank	• Over the last few years, Axis Bank (UTI Bank) has grown its balance sheet aggressively. We expect the quality of its earnings to improve as the proportion of fee income goes up. Axis Bank has also raised capital, which would help it to maintain its growth momentum for the next three years. However, the asset quality will be a key monitorable in the quarters to come.
Balaji Telefilms	• Balaji Telefilms Ltd (BTL) is a play on the fast growing demand for quality Television content in India. It is by far the leader in the TV content production space. The flurry of entertainment channels along with their willingness and ability to spend more on good content, will be add to BTL's revenues.

Remarks		
BL Kashyap	•	With its proven execution skills, reasonably large-scale of operations and an established customer base, BL Kashyap & Sons (BLK) is well poised to ride the construction boom in India. Unlike most of its peers, it has a de-risked business strategy of providing contractual construction services and has consciously avoided exposure to long duration infrastructure projects that are prone to delays and are much more capital intensive.
Cadila	•	Cadila's improving performance in the US generic and French market, along with the steady progress in the CRAMS space enriches its growth visibility. With key subsidiaries turning profitable, Cadila is all set to harvest the fruits of
Jindal Saw	•	Jindal Saw, the largest pipe maker in the country, is set to benefit from the huge opportunity arising out of rising global E&P activities. Its strong order book of $1.09 billion, coupled with margin expansion as a result of better product mix and selling off of the US division would continue to drive its earnings going forward.
KSB Pumps	•	KSB Pumps, a leading maker of pumps and valves, is a beneficiary of the investments lined up in India's power and industrial sectors. The strong order inflow in the pump business and the capacity expansion would drive its growth.
Navneet Pub	•	Publishing major Navneet's earnings will continue to grow in FY2009 backed by strong performance from some of its new initiatives such non-paper stationery products and Urdu publications, along with the publication business which is expected to achieve a moderate growth during FY2009. Entry into e-learning business could turn out to be the growth driver for the company.
Network 18	•	Network 18, the holding company of the TV18 group, owns the best media properties through its holdings in TV18 and GBN. While TV18 owns business channels CNBC and Awaaz and internet properties such as moneycontrol.com, it is taking big steps to make a mark in print media. GBN controls CNN-IBN and IBN-7. GBN has successfully launched a Hindi general entertainment channel Colors via its tie-up with Viacom. Network 18 also operates a full-fledged home shopping network inclusive of a dedicated home shopping channel. We expect Network 18 to create value through its holdings.
Nucleus Software	•	Nucleus Software offers a comprehensive suite of software products to banking and financial service companies globally. Its flagship product "FinnOne" is rated as the highest selling retail banking product in the IBS annual ranking review 2006. The niche positioning and a robust order book provide a reasonably healthy growth outlook.
Orchid Chem	•	Niche product opportunities in the USA are driving the growth of this company. Its entry into European and Canadian markets will further boost its sales in the coming years. With UK MHRA approval for its plants and marketing tie-ups in place, Orchid is all set to make its entry into the European market, which will catapult its growth to a different trajectory.
Opto Circuits	•	A leading player in manufacturing medical equipments like sensors and patient monitors, Opto has diversified into the invasive space where it supplies stents for medical use. Lower cost base and attractive pricing strategies have enabled Opto's stents to gain increased acceptance globally. Steady growth in the non-invasive segment and increasing acceptance of DIOR, a revolutionary cardiac balloon, in Europe would drive Opto's growth. Further, Criticare acquisition will enable Opto to diversify into gas monitoring systems and strengthen its position in the USA.
Patels Airtemp	•	Patels Airtemp, the manufacturer of heat transfer technology products, would benefit immensely from the strong boom in its user industries particularly oil and gas, refineries, and power. It currently has a strong order book of Rs54 crore and the order inflow is expected to grow at 45-50% annually for the next two years.
TV18 India	•	TV18 is India's leading news media company. It owns the nation's top business news channels, CNBC TV-18 and Awaaz. It also owns a repertoire of web properties such as moneycontrol.com, poweryourtrade.com and commoditiescontrol.com. TV18 is making moves in print media with its recent acquisition of Infomedia India, content partnership with forbes and JV with Jagran Prakashan for business dailies. The buoyant economic fundamentals augur well for its media properties. With top-notch management it remains one of the best media companies in the country.
Thermax	•	The continued rise in India Inc's capital expenditure will benefit Thermax' energy and environment businesses. Its strong order book stands at Rs2,803 crore, which is 0.81x FY2008 consolidated revenues.
Zee News	•	Zee News operates a unique bouquet comprising of six regional entertainment channels and four news channels. The key revenue contributors are Zee News, Zee Marathi and Zee Bangla, with the latter two channels being the leaders in their respective genres. Zee News is making steady progress in garnering better market share in Telugu and Kannada markets, which would drive its growth going forward. Also, the flow of hefty subscription revenues in future augurs well for the company's growth. The company will soon launch Tamil regional entertainment channel to make a mark in the largest regional entertainment market in India.
Ugly Duckling		
Ashok Leyland	•	Ashok Leyland is the second largest CV player in the industry. Its short-term performance may get affected due to slowdown in the segment due to rising interest rates. Long-term prospects appear bright. Initiatives on value engineering and e-sourcing of materials should help in maintaining the margins going forward.

Remarks	
Aurobindo	• Aurobindo, with 106 ANDAs, 117 DMFs and 11 USFDA approved facilities in hand, is well positioned to exploit the US generic opportunity going forward. Further, its expansion into Europe and other emerging markets and likely incremental revenue flow from its largest approved ARV product basket would fuel the revenue growth. Galloping Pen-G prices and higher formulation growth would expand the margin of the company going forward.
BASF India	• BASF India is set to benefit from the changing demographics and the resulting consumption boom in India. BASF is building a 9,000 tonne per annum engineering plastics compounding plant at its existing Thane facility. The company is likely to benefit from the new capacity additions, as it would help the company cater to the growing demand from user industries like automobiles, construction, white goods, home furnishings, and paper.
Deepak Fert	• DFPCL manufactures and supplies industrial chemicals and ANP fertilisers. With Dahej-Uran pipeline into operation, the company would benefit from higher capacity utilisation and increased ammonia capacity. The company recently agreed to form a JV with Yara International USA. The JV will provide DFPCL stability and flexibility in its operations through Yara International's leadership in the ammonia value chain.
Genus Power Inf	• Genus, India's leading electric meter manufacturing company, is all set to reap the benefits of APDRP's initiatives like 100% metering programme and replacement of mechanical meters by electronic meters. A healthy order book of Rs645 crore will maintain the growth in its revenues and profitability.
India Cements	• With the modified capex plan, India Cements will join the league of top five cement players with a capacity of 14MMT at the end of FY2009. Higher cement prices in the south coupled with the higher volume growth will drive the earnings.
Indo Tech	• The demand for transformers is on an upswing, thanks to high power-generation targets of the government. The annual demand for transformer is expected to be around 95,000MVA whereas the current capacity of transformer industry stands at around 75,000MVA. To cater to this opportunity transformer maker Indo Tech is tripling its capacity, which will result in a strong earnings growth.
Ipca Lab	• A well-known name in the domestic formulation space, Ipca has successfully capitalised on its inherent strength in producing low-cost APIs to tap export markets. The company's ongoing efforts in the branded promotional business in emerging economies, revival in the UK operations, pan-European initiatives and a significant scale-up in the US business will drive its formulation exports.
ICI India	• The outlook for the company is positive due to its increased focus on premium products. Due to the discontinuation of some of its businesses, the top line growth may look subdued. The company has Rs1,000 crore of liquid investments on its book, which would translate into free cash and cash equivalents of around Rs265 per share. Moreover with ICI UK getting acquired by Akzo Nobel, the company would get access to wider portfolio of products coming from Akzo Nobel's stable.
Jaiprakash Asso	• Jaiprakash Associates, India's leading cement and construction company, is all set to reap the benefits of the huge investments to be made in developing India's infrastructure. The Yamuna Expressway (earlier Taj Expressway) along with the recently won Ganga Expressway Project as well as the real estate business will add significant value to the stock price of the company going ahead. Listing of its power subsidiary will also unlock value for the investors. Further, the financial closure for Yamuna Expressway improves the visibility for the execution of the project.
KEI Industries	• KEI makes stainless steel wires, cables and winding wires. It is expected to be a major beneficiary of the pick-up in investments in the power generation and transmission and distribution sectors. On the back of these investments we expect its revenues and earnings to grow at a CAGR of 30.9% and 46.7% respectively over FY2008-10E.
Mold Tek Tech	• Mold Tek Technologies has a steady-growing plastic packaging business and is aggressively scaling up the knowledge process outsourcing (KPO) business that is slated to grow at a CAGR of over 150% over the next three years. The de-merger of two businesses into separate entities would unlock value in its KPO business.
Mahindra Lifespace	• Mahindra Lifespace Developers is the only private sector player who has operational SEZ, the Chennai SEZ, in the country. Leveraging on this rich expertise, the company is planning to develop one more SEZ in Jaipur. We also expect significant improvement in the margins primarily due to higher revenue contribution from Chennai's non-processing area and better realization for Jaipur SEZ processing area. Consequently, we expect the company's net income to grow at CAGR of 139.1% during the period FY2007-10
Orbit Corp	• Given its unique business model, Orbit is expected to leverage on huge massive redevelopment opportunities in southern and central Mumbai, we expect Orbit's topline and bottomline to grow at a CAGR of 84.6% and 85.7% respectively during the period FY2007-10. Furthermore, we believe Orbit will enjoy positive cash flow over the next three years primarily due to its strategy to pre-sell a large part of its projects during the construction phase itself.

Remarks	
PNB	• PNB has one of the best deposit mix in the banking space with low-cost deposits constituting over 40% of its total deposits. A strong retail franchise and technology focus will help boost its loan and fee businesses.
Ratnamani Metals	• Ratnamani is the largest maker of stainless steel tubes and pipes in the country. Given the buoyant demand for stainless steel tubes and pipes from its clients, including BHEL and L&T and a strong order book of Rs700 crore, we expect its revenues and earnings to grow at a CAGR of 28.6% and 29.4% respectively over FY2008-10E.
Sanghvi Movers	• Sanghvi Movers is the largest crane hiring company in Asia. It is a perfect asset play on the upsurge in the country's capex cycle. The usage of cranes is an essential part of investment spending and of the projects being undertaken by Indian companies; this bodes well for the company. Its strong cash flows make it an attractive investment.
Selan Exploration	• Selan is an oil exploration & production company with five oil fields in the oil rich Cambay Basin off Gujarat. The initiatives taken to develop and monetise the oil reserves in its Bakrol and Lohar oil fields are likely to significantly ramp up the production capacity and thereby lead to re-rating of the stock.
SEAMEC	• SEAMEC, with its fleet of four MSVs, is a key beneficiary of higher rates for MSVs due to the surge in oil exploration spends. SEAMEC IV, which is upgraded into a diving support vessel, has commenced its operations since March 2008. Deployment of the same at a much higher rate would boost the company's overall performance.
Shiv-vani	• Shiv-Vani Oil & Gas Exploration has emerged as the largest onshore oil exploration service provider in the domestic market. Services offered by the company include seismic survey, drilling and workover, gas compression and coal bed methane integrated services. The earnings are estimated to show a CAGR of over 49.8% during FY2008-10 period.
Subros	• Subros, the largest integrated manufacturer of automobile air conditioning systems in India, is expected to be a prime beneficiary of buoyancy in the passenger car segment. It is a strong play on growth plans of Maruti Udyog and Tata Motors, who are expanding their capacities. It plans to double its capacity in next two years which in turn will maintain momentum in its earnings growth.
Sun Pharma	• With a strong hold in the domestic formulation market, an impressive growth in the US outfit, Caraco, Sun Pharma has recently become an agresisve participant in the Para Iv patent challenge space. Having already garnered four exclusivity opportunities in the USA, further news flow on the Para Iv challenges would drive the stock.
Surya Pharma	• A shift to a high-margin product portfolio is the name of the game, and Surya is well aware of it. Expansion of existing capacities, entry into the high-margin injectables and earnings from menthol products would drive the fortunes of this company.
Tata Chemical	• Tata Chemicals, the leading soda ash producer in India, is set to benefit from upturn in the soda ash cycle. With the recent acquisition of GCIP, the company has become the second highest soda ash producer in the world with a combined capacity of 5.5mmtpa. The company is also one of the leading manufacturers of nitrogen and phosphate fertilisers in India. The company is de-bottlenecking its urea capacity to 1.3mmtpa by September 2008 and is expected to benefit from regulatory changes in the fertiliser industry.
Torrent Pharma	• A well-known name in the domestic formulation market, Torrent has been investing in expanding its international presence. With the investment phase now over, Torrent should start gaining from its international operations in Russia and Brazil. The impending turnaround of its German acquisition, Heumann will also drive the profitability of the company.
UltraTech Cement	• Going forward, UltraTech should benefit from capacity expansion and investment in captive power plants. Despite our expectation of subdued cement prices going forward, UltarTech's top line will grow by 15% in FY2009E. A 4.9MTPA capacity expansion in Andhra Pradesh and savings accruing on account of new captive power plants will improve the cost efficiencies. Further, synergies with Grasim Industries will reduce its freight & marketing cost, thereby boosting its operating margin.
Unity Infra	• Unity Infraprojects (Unity), being the leading construction company with well diversified expertise across projects, is expected to be a key beneficiary of the real estate sector's growth and the government's thrust on infrastructure spending. We expect Unity's top line and bottom line to grow at CAGR of 37.7% and 31.5% during the period FY2007-10 on the back of a strong order book and healthy order inflows.
UBI	• Union Bank has a strong branch network and an all-India presence. The net NPAs are below 1%, indicating strong asset quality while maintaining a healthy asset growth. With an average return on equity of over 20% during FY2008-10E, the bank is available at an attractive valuation.
Wockhardt	• A stream of new launches in the USA and sustained momentum in the domestic business will ensure good growth for Wockhardt. The recent acquisitions of Negma Laboratories and Morton Grove will propel the company to a new growth trajectory as synergistic benefits start flowing in. Further, the likely approval of bio-similars in USA, EU and other geographies would drive Wockhardt in medium to long term.
Zensar	• Zensar, promoted by the RPG group, has effectively utilised the inorganic route to gain critical mass in the fast growing enterprise solutions segment and extend its presence in newer markets.

Remarks

Vultures's Pick

Esab India	• Change in positioning from low margin, high volume products to quality and high margin products. Double-digit manufacturing sector growth to help business of electrodes and welding equipment.
Orient Paper	• Orient Paper is in the process of increasing it capacity from 3.4 million tonne to 5 million tonne. The 50MW captive power plant at Devapur cement plant is also progressing as per schedule and is expected to be commissioned by Q4FY2009. The new capacities are expected to drive the earnings of the company.
WS Industries	• WSI, country's leading insulator maker, is all set to benefit from the three-fold rise in investment in the power T&D segment. A strong order book of about Rs180 crore and a shift to higher-margin hollow insulators will drive the earnings. The company is planning to develop a 10 lakh sq ft IT park at Chennai. Taking WSI's current 59% stake in its realty venture, we arrive at a value of Rs29.1 per share for the realty venture alone.

Cannonball

Allahabad Bank	• Allahabad Bank, with a wide network of over 1,900 branches across the country, has a stronghold in the northern and eastern parts of India. With an average RoE of over 16% during FY2008-10E, the bank is available at an attractive valuation.
Andhra Bank	• Andhra Bank, with a wide network of over 1,200 branches across the country, has a stronghold in the southern parts of India, especially in Andhra Pradesh. We expect its earnings to grow at a CAGR of 6% over FY08-10E.
Gateway Dist	• Gateway Distriparks, a port-based logistic facilitator, has strong presence at JNPT, the country's biggest port. It has a market share of 25%. The recently won contract from the Punjab state government to operate a CFS near JNPT for a period of 15 years will provide the much-needed trigger for the volume growth going ahead. The company's foray into the rail operation business will be a trigger for its earnings in the long term.
ICIL	• International Combustion, which makes gear motors & boxes, polymers, heavy engineering equipment etc, is a good play on India Inc's current capex plans, especially in the sugar and steel industries. The emerging outsourcing trend in the gear motor space should lead to an earnings surprise.
J K Cements	• Delayed capacity expansion coupled with subdued cement prices has resulted in a weak outlook for the stock in the near term. However once the entire capex comes on stream by the end of FY2009, the company will be in a position to deliver an improved performance for FY2010. The company has also announced that it is setting up a grey cement plant in Fujirah at an estimated investment of Rs1,400 crore.
Madras Cements	• Strong cement consumption in the southern region would continue to drive the earnings of Madras Cements, one of the most cost efficient producers of cement. The 3-million-tonne expansion of the company will provide the much needed volume growth in the future.
Shree Cement	• Shree Cement's 1-million-tonne sixth clinker line has come on stream in March 2008. The cement capacity of the company now stands at 9.1 million tonne. Thus, going ahead we expect the volumes will drive the earnings of the company.
TFCI	• TFCI provides financial assistance to hotel and tourism sector. As TFCI is exposed only to this sector, its performance is inextricably linked to the prospects of this sector. This was largely responsible for TFCI's earlier financial problems. However, things are now looking very promising for TFCI with improved asset quality and strong loan demand due to significant expansion plans lined up by the hotel and tourism sector. We expect TFCI's earnings to grow at a CAGR of 16% over FY2008-10.

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Tel: (0612) 222953/4/5

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

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

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

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

Perinthalmanna
Mr Narayanan Purayannur
Tel: (04933) 396839

Pudukkottai
Mr Venkatachalm
Tel: (04322) 232843

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

Mr Nilesh Shah
Tel: (020) 24454477 / 24458839

Mr Gopal Harsule
Tel: (020) 25656573

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

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

Mr Kalera Sanjay Vashulal
Tel: (020) 26452442

Mr Suhas Bhalchandra Chatane
Tel: (020) 26990406

Mr Ketan Ashok Shah
Tel: (020) 26331485

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

Mr Vipul Kothari
Tel: (0771) 4001004 / 4017773

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

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

Ramgarh
Mr Rajeev Murarka
Tel: (06553) 230710

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

Mr Subinoy Banerjee
Tel: (0651) 3295162

Raxual
Mr Vikash Agarwal
Tel: (06252) 221275

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

Mr Raja Jain
Tel: (07582) 403931

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

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

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

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

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

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

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

Mr Shreyas Shroff
Tel: (0261) 2474400 / 3215800

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

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

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

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

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

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

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

Mr Narendra Harkawat
Tel: (0294) 5121322/2567667

Udumalpet
Mr R Sampath
Tel: (04252) 225323

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

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

Mr Tejas Shah
Tel: (0265) 2783040 / 3013040

Mr Mohit Sadarangani
Tel: (0265) 3084223/ 26

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

Mr Mittal Naik
Tel: (0265) 5545557 / 5505001

Valsad
Mr Kaushal C Gandhi
Tel: (02632) 243636

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

Vasco
Mr Parag Mehta
Tel: (0832) 2512361

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

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

Mumbai

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

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

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

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

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

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

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

Ms Salome A. Shah (FortóAli Chambers)
Tel: (022) 2270 3909/11

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

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

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

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

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

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

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

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

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

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

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

Sharekhan Branches

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

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

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

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

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

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

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

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

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

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

Amravati
Tank Plaza, Above Union Bank. Rajkamal Squre. Amravati -444 601.. Tel: (0721) 6451282/83

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

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

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

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

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

Asansol
1st Floor, Block C , Parvathi Arcade, Ashram More, G.T.Road, Asansol-713301 (W.B).

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

Bangalore - Gandhinagar
Brigade Majestic, 201 A Block,25 Kalidasa Marg, 1st Main Road, Gandhinagar, Bangalore -9. Tel: (080) 64527413 to 15.

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

Bangalore - Indiranagar
1132, Anand Embassy, 3rd Floor, Above Food World, 100 Feet Road, Indiranagar, Bangalore-38. Tel: (080) 64527465 to 67.

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

Bangalore - Marathalli
Unit no. 201 / B, 2nd Floor, Sigma Arcade -II, Marathalli, Bangalore ñ 560037 Tel: (080) 42063278 / 79 / 80 /81

Bangalore - Electronic City
2nd Floor, Shop No. 5, Shopping Complex Road, Electronic City, Bangalore-560100. Tel: (080) 65395261 to 66

Bangalore - Banashankari
No.77 1st Floor, N.R.Towers, 100Ft Ring Road, Bhanashankari, 3rd Stage, 5th Block, Bangalore-560 085. Tel: (080) 26421481 to 85

Bangalore - BTM
No: 736/C, 7th Cross, 11th Main Mico Layout, BTM 2nd Stage, Bangalore-76. Tel: (080) 653952 70 to 75 / 420560 31 to 34

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gandhidham
Plot No.147, Sector 1 A, Near Big Byte Resturant, Gandhidham ñ370201. Tel: (02836) 323113 / 323114.

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

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

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

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

Goa-Vasco
Shop No 4, Gabmar Apt, Gr Flr Swatantra Path , Vasco, Goa -2.

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

Guwahati
House No-60, Chandra Prabha Barua Lane, Pub Sarania, Guwahati-781003.

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

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

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

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

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

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

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

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

Jaipur- Tonk Road
10, Kailash Puri, Tonk Road, Jaipur-17. Tel: (0141) 650 5003-4.

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

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

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

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

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

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

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

Kannur
Ramananda Compound,1st Floor, TPN 264 A, N.H 17, Talap, Kannur - 670002, Kerala. Tel: (0497) 6451515 / 6451616.

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

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

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

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

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

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

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

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

Sharekhan Branches

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

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

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

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

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

Lucknow - Rajajipuram
Neeru Enclave, Jal Sansthan Crossing, CP, 7/201, Sector - 7, Raja
Ji Puram, Lucknow - 226017. Tel: (0522) 2418996 /97 / 98.

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

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

Mangalore
C-1, 1st Floor, Presidium Commercial Complex, Anand Shetty
Circle, Attavar, Mangalore - 575001. Tel: (0824) 6451503-4.

Meerut
105, Om Plaza, Begum Bridge Road, Meerut-250001 (U.P.)
Tel: (0121) 4028354/55/56.

Mehsana
14-15, 1st Floor, Prabhu Complex, Near Rajkamal Petrol Pump,
Mehsana - 384002. Tel: (02762) 248980/249012.

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

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

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

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

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

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

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

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

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

New Delhi - Pusa Road
5, Pusa Road, Opp. Bal Bharti Public School, New Delhi-110005.
Tel: (011) 45064908 / 28750726/27.
E-4, 2nd Floor, Inner Circle, Above Pizza Hut, Connaught Place,
New Delhi-110 001. Tel: (011) 66095731 / 66095705.

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

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

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

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

New Delhi - Mayur Vihar
202 & A1 , Sri Durga Ji Shopping Complex , PKT-II, Mayur Vihar,
Phase-I, New Delhi -110091. Tel: (011) 45064908 - 9.

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

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

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

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

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

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

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

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

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

Puri
Plot No-463, Redcross Road, Puri -752 001 (Orissa).
Tel: (06752) 228859 / 228861 / 228862 / 228863.

Pondicherry
312/10, Vallar Salai,Vengata Nagar, Saram Revenue Village,
Pondicherry - 605001. Tel: (0413) 4304904 to 09.

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

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

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

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

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

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

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

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

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

Surat - Advisory
419, Jolly Plaza, Athwagate, Surat-1. Tel: (0261) 6646841-45.

Thrissur
Pooma Complex, M G Road, Thrissur-1. Tel: (0487) 2446971-73.

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

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

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

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

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

Udaipur
17 C, Kutumb Apt, Opp. ICICI Bank, Madhuban, Udaipur-313001.
Tel: (0294) 6454647

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

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

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

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

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

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

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

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

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

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

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

Mumbai - Ghatkopar
202, Sai Plaza, 2nd Floor, Junction of Jawahar Road &
R. B. Mehta Marg, Ghatkopar (E), Mumbai 400 077.
Tel: (022) 2510 8844 / 2510 8833.

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

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

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

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

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

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

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

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

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

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

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

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

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

Mumbai - Vashi
Arenja Corner, 227, B - Wing, Second Floor, Sector 17, Vashi,
New Mumbai 400 705. Tel: (022) 67122122 / 67913840.
Shop No 32, Welfare Chambers, Sector-17, Vashi,
New Mumbai - 400705. Tel: (022) 67124657 - 58

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

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

PCG Branch

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

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

Sharekhan Representative Office

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