



Economy News

- ▶ In a bid to prevent domestic steel prices from going up further, the government said it would make efforts to ensure smooth supply of raw materials to prevent rise in steel prices. (ET)
- ▶ The government is set to relax the rules for floating Indian Depository Receipts (IDRs), making it easier for foreign companies to raise equity capital from India. (ET)
- ▶ Rising bond yields and more flexible regulations have paved the way for the return of foreign institutional investors (FIIs) to the Indian debt market. (BL)
- ▶ The Indian IT industry dominated by software services and BPO segments is rapidly seeing the emergence of product companies, and the latest study has projected that India could account for roughly 2%, or \$11 billion, of global product business by 2015. (ET)
- ▶ After a record production of 15.11 million tonnes (mt) last year, the output of pulses is set to decline this year due to an anticipated dip in the kharif output. (BS)

Corporate News

- ▶ **Infosys Technologies** is investing Rs 1,250 crore to set up a new campus in Hyderabad that would be the company's largest facility in the world. 447-acre campus will be housed in its special economic zone (SEZ), a virtual tax-free zone aimed at promoting exports. (ET)
- ▶ Drugmaker **Dr. Reddy's Laboratories Ltd** has received approval from the U.S. Federal Drug Administration to make and market alendronate sodium tablets. The drug, a generic version of Merck's Fosamax tablets, is indicated in the treatment of osteoporosis. (ET)
- ▶ Seeking to bolster its return on invested capital (RoIC) in five years, **Tata Steel might** dispose of some low-profit making assets of Corus, the Anglo-Dutch steel maker that it acquired for \$12.9 billion last year. (BS)
- ▶ For the first time after its listing three years ago, **Fortis Healthcare** has registered profits from its hospital chain business. The quarter ended June 30, 2008, saw Fortis make a net profit of Rs 94 lakh as against a net loss of Rs 23.5 crore in the corresponding period last year. (BS)
- ▶ **Development Credit Bank (DCB), Catholic Syrian Bank, Dhanalakshmi Bank, Lakshmi Vilas Bank and Nainital Bank** – cannot participate in the currency futures market directly as members of exchanges as they do not meet the Reserve Bank of India's (RBI) norms. (BS)
- ▶ **HDFC Bank, Bank of Baroda (BoB) and United Bank of India** raised their prime lending rates by 50 to 75 basis points. HDFC Bank raised its PLR by 50 basis points to 16.50 per cent. (BS)

Equity

	8 Aug 08	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
BSE Sensex	15,168	0.3	12.6	(9.4)
Nifty	4,530	0.1	11.9	(9.1)
BSE Banking	7,395	1.5	22.3	(13.1)
BSE IT	3,886	(1.7)	(0.6)	(8.2)
BSE Capital Goods	12,566	1.4	16.6	(4.1)
BSE Oil & Gas	10,139	(0.1)	14.1	(8.5)
NSE Midcap	5,904	0.5	12.7	(13.0)
BSE Small-cap	7,182	0.2	7.0	(15.6)
World Indices				
Dow Jones	11,734	2.6	5.7	(7.9)
Nasdaq	2,414	2.5	7.8	(1.3)
FTSE	5,489	0.2	4.3	(11.5)
Nikkei	13,168	0.3	2.7	(1.9)
Hangseng	21,885	(1.0)	(0.1)	(11.6)

Value traded (Rs cr)

	8 Aug 08	% Chg - Day
Cash BSE	5,299	(4.5)
Cash NSE	12,533	(4.0)
Derivatives	47,120.5	(5.6)

Net inflows (Rs cr)

	7 Aug 08	% Chg	MTD	YTD
FII	(19)	(101)	931	(26,573)
Mutual Fund	(22)	(94)	(285)	10,276

FII open interest (Rs cr)

	7 Aug 08	% Chg
FII Index Futures	15,127	2.8
FII Index Options	19,323	4.4
FII Stock Futures	18,115	3.2
FII Stock Options	698	1.3

Advances / Declines (BSE)

	8 Aug 08	A	B	S	Total	% total
Advances	143	405	81	629	67	
Declines	48	203	42	293	31	
Unchanged	2	10	4	16	2	

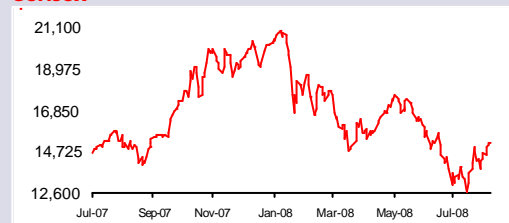
Commodity

	8 Aug 08	% Chg		
		1 Day	1 Mth	3 Mths
Crude (NYMEX) (US\$/BBL)	116.4	1.0	(19.8)	(7.6)
Gold (US\$/OZ)	856.6	(1.9)	(10.5)	(2.5)
Silver (US\$/OZ)	15.3	(5.4)	(18.2)	(8.4)

Debt / forex market

	8 Aug 08	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	9.17	9.15	9.42	7.93
Re/US\$	42.07	42.18	43.25	41.75

Sensex



COMPANY UPDATE

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SESA GOA

PRICE: Rs. 176
 TARGET PRICE: Rs. 300

RECOMMENDATION: BUY
 FY09E P/E: 5.7x; EV/EBITDA: 3.1x

We recommend BUY on Sesa Goa with a price target of Rs.300

- Sesa Goa went ex-bonus (1:1) and ex-split (10:1) on August 8 2008, which means that there are now 20 shares trading of face value Re.1 per share against each share traded earlier with a face value of Rs.10 per share.
- So, we are realigning the target price and earning per share estimates while keeping intact the earlier revenue and profitability estimates and valuation.
- Realigned forecasted EPS for FY09E and FY10E works out to Rs.30.8 and Rs.40.9 respectively.
- We continue to value the company on 6 times EV/EBITDA for FY09E which also captures the value of high cash and cash equivalents estimated at the end of FY09E.

We retain our BUY recommendation on Sesa Goa with realigned new target price of Rs.300, for an investment perspective of 9 months.

Summary table - standalone

	FY08	FY09E	FY10E
Sales (Rs mn)	35,516	64,662	92,110
Growth (%)	80.4	82.1	42.4
EBITDA (Rs mn)	22,108	33,472	43,985
EBITDA Margins (%)	61.4	51.4	47.5
Net Profit (Rs mn)	14,920	24,209	32,164
EPS (Rs)	19.0	30.8	40.9
Growth (%)	146	62	33
ROE (%)	53.5	48.4	40.1
ROAE(%)	69.4	62.1	49.4
EV/Sales (x)	3.3	1.6	0.9
EV/ EBITDA (x)	5.4	3.1	1.9
P/E (x)	9.3	5.7	4.3

Source: Company, Kotak Securities - Private Client Research

Valuation - Standalone

For FY09E	EBITDA (Rs mn)	Multiple (x)	Valuation (Rs mn)	Value Basis (Rs/share)	
Enterprise Value	33,472	6	200,766	255	Based on historical traded multiple and discount to global peers
Less: Net Debt of Sesa Goa - Standalone			-33,176	-42	Capturing value of cash and liquid securities
Target Market Capitalization			233,942	297	
Target Price				300	

Source: Kotak Securities - Private Client Research

Bulk Deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. price (Rs)
8-Aug	Asian Oilfie	Decent Financial Services	B	250,000	150.00
8-Aug	Asian Oilfie	VSB Investments	B	250,000	149.99
8-Aug	Asian Oilfie	Consolidated Securites Ltd	S	500,000	149.96
8-Aug	Bihar Tubes	Sarojini Finance and Investment	B	100,000	163.18
8-Aug	Cat Technol	Basmati Securities Pvt Ltd	B	236,011	7.07
8-Aug	Cera Sanitry	Dolphin Abasan Pvt Ltd	B	38,700	130.00
8-Aug	Cera Sanitry	Deutsche International Trust Corp Mauritius Ltd Ac Minivet Ltd	S	85,000	130.00
8-Aug	Kohinorfoods	PR Vyapaar Private Limited	S	172,626	118.00
8-Aug	Liberty Phos	Bharat Equity Services Ltd	S	43,707	20.52
8-Aug	Man Alumin	The Bank Of Newyork Gdr	S	25,848	34.54
8-Aug	Mangalam Cem	LG India Fund Limited	S	149,504	98.50
8-Aug	Octav Inves	Mansukh Securities and Finance Ltd	B	28,930	89.98
8-Aug	Octav Inves	Principal Trustee Company Pvt Ltd	S	27,790	119.79
8-Aug	Octav Inves	SBI Mutual Fund Gifts Plan B	S	19,743	96.92
8-Aug	Rama Pul Pap	Karan Hadvani	B	75,000	21.05
8-Aug	Rama Pul Pap	Divya Stock Broking Ltd	B	40,000	21.89
8-Aug	Rama Pul Pap	Karan Hadvani	S	75,000	21.90
8-Aug	Refex Refrig	Tushar Rameshbhai Patel	B	80,000	292.37
8-Aug	Silverline T	BSMA Ltd	S	300,000	18.90
8-Aug	Sri Laks Sar	Ankit Bhupendrabhai Mehta	S	19,900	17.05
8-Aug	Stelco Strip	Index Securities and Research Pv	B	85,835	19.50
8-Aug	Swastik Inv	Giriraj Khandelwal	B	17,548	23.44
8-Aug	Yashraj Secr	Rajesh C R Nair	B	200,000	8.15
8-Aug	Yashraj Secr	Dillip K. Pagare	S	200,000	8.16

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
ONGC	1,064	3.9	14.0	2.5
ICICI Bank	732	3.3	4.4	9.0
L&T	2,836	2.8	3.8	1.6
Losers				
Reliance Ind	2,252	(0.9)	(5.0)	3.3
Infosys Tech	1,680	(2.7)	(4.4)	1.2
Cairn India	233	(5.1)	(4.0)	5.7

Source: Bloomberg

Forthcoming events

Company/Market

Date	Event
11-Aug	Vishal Information Technologies listing on BSE & NSE
12-Aug	FDC to consider buy-back of its shares

Source: Bloomberg

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