

Equity	% Chg			
	17-Oct	1-day	1-mth	3-mth
India				
Sensex	18,716	(1.8)	19.4	22.3
Nifty	5,559	(1.9)	22.3	23.6
Global/Regional markets				
Dow Jones	13,893	(0.1)	1.1	(0.2)
Nasdaq	2,793	1.0	5.3	3.5
FTSE	6,678	1.0	6.3	1.7
Nikkei	17,097	0.8	8.2	(5.1)
Hang Seng	29,479	0.6	19.9	29.1

Value traded (Rs bn)	BSE	NSE
Cash	103.1	240.6
Derivatives	4.7	984.0
Total	107.8	1,224.6

Net inflows (Rs bn)	Recent trends (days)			
	16-Oct	-7d	-15d	-30d
FII	11.5	139.0	296.0	387.8
MF	1.1	(19.1)	(36.2)	(35.2)

Forex / Crude	% Chg			
	17-Oct	1day	1mth	3mth
Rs/US\$	39.5	0.0	2.5	2.1
Euro/US\$	1.4	0.1	1.8	3.1
Crude(\$/bbl)	87.3	(0.1)	7.1	16.3

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Gujarat Mineral	2,463.9	2,239.9	10.0
Nicholas Piramal	293.3	271.5	8.0
Elecon Engg	262.9	245.5	7.1
Top losers			
Tata Power	1,176.0	1,370.9	(14.2)
Vertex Spinning	17.6	19.1	(8.4)
Gujarat Gas Co	331.1	358.8	(7.7)

In focus

Jubilant Organosys – Results Update

PLSPS division powers growth **CMP: Rs 295 Target: Rs 405 BUY**

HDIL – Company Update

Bags lucrative Mumbai airport project **CMP: Rs 699 Target: Rs 871 BUY**

Today's top picks

DLF, RIL, Power Grid, Suzlon Energy, Siemens

News track

- ❖ The government has given in-principle approval to SBI for raising Rs 20bn through a rights issue. (ET)
- ❖ Deutsche Bank Singapore has picked up a 5% stake in Lavasa Corp, a real estate project promoted by Hindustan Construction Co for Rs 5bn. The deal values Lavasa at Rs 100bn. (ET)
- ❖ Gail will be joining hands with Rashtriya Chemicals and Fertilisers (RCF) for an integrated ammonia-urea plant based on synthesis gas at an estimated cost of Rs 24bn with a capacity to produce 2,940tonnes of urea annually. (BL)
- ❖ Yes Bank is planning to raise Rs 5bn within two months by private placement of equity shares. (ET)
- ❖ Hero Honda has launched a new bike Hunk in the premium 150-cc segment, priced at Rs 55,000. (FE)
- ❖ Reliance, Mylan and Ranbaxy are eyeing Shasun's API business for approximately Rs 4bn. (ET)
- ❖ Patni Computer Systems has entered into an agreement with the UK-based The Carphone Warehouse that could result in contracts worth ~US\$ 200mn over five years. (ET)

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

Volume shockers

(No of shares)	17-Oct	2-mth avg	Chg (x)
Gujarat Mineral Dev	478,808	37,499	12.8
Tata Power	3,390,660	370,901	9.1
Simplex Infra	209,987	29,512	7.1

Delivery toppers

	Del (%)	Total vol	Cons days up
Assam Co	100.0	789,388	6
Vakrangee Soft	50.9	477,274	4
Aban Offshore	46.3	133,441	(2)

CMP: Rs 295

Target: Rs 405 

BUY

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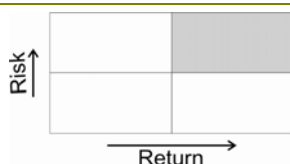
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	40.6/1.0
Outstanding equity shares (mn)	143.1
52-week high/low (Rs)	333/195
6-month average daily volume	23,686

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	18,097.5	23,414.9	30,655.9
Growth (%)	20.7	29.4	30.9
Adj net profit (Rs mn)	2,279.8	3,754.7	4,316.8
Growth (%)	75.8	64.7	15.0
FDEPS (Rs)	12.6	20.7	23.8
Growth (%)	75.8	64.7	15.0
P/E (x)	23.4	14.2	12.4
ROE (%)	26.3	34.0	28.8

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	51.9	51.9
FIs	11.4	12.1
Banks & FIs	19.0	19.0
Public	17.7	17.0

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Jubilant	295	1.0	(5.6)	14.3
Sensex	18,716	19.4	22.3	36.9
BSE HC	3,780	3.2	(1.2)	2.0

Company website

www.jubl.com

PLSPS division powers growth

Jubilant Organosys has delivered yet another strong quarterly performance led by robust growth in its PLSPS division. Increasing traction in CRAMS, growing revenues from APIs, finished dosages and drug discovery along with the full quarterly contribution from Hollister Stier (Rs 770mn) resulted in 54% YoY growth in PLSPS. EBITDA margins were also in line with expectations driven by a favourable input cost scenario and revenues from Hollister's injectable business. Forex gains totalling Rs 289mn and a lower tax burden aided a doubling of PAT to Rs 1.1bn.

We believe Jubilant's key growth drivers comprising CRAMS, APIs, formulations, and drug discovery & development are set to deliver a revenue CAGR of 30.2% over FY07-FY09. Increasing contribution from regulated markets and favourable material prices should support an EBITDA margin expansion of 250bps to 20.2% and an earnings CAGR of 37.6% over the same period.

The company has revised its effective tax rate guidance to 12.5% as against 18% earlier. We have thus increased our EPS estimates to Rs 20.7 and Rs 23.8 for FY08 and FY09 respectively. At revised EPS forecasts, the stock is trading at 14.2x FY08E and 12.4x FY09E. We maintain Buy with a revised target of Rs 405, which signifies an upside potential of 37.4%.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	6,183.0	6,168.8	0.2
EBIDTA	1,133.0	1,147.7	(1.3)
PAT	1,100.0*	825.0	33.3
EPS (Rs)	6.1	4.6	33.3

Source: Company, Religare Research * Includes forex gains of Rs 289mn

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg	H1FY08	H1FY07	% Chg
Net sales	6,183.0	4,659.0	32.7	11,583.0	8,771.0	32.1
Expenditure	5,050.0	3,884.0	30.0	9,498.0	7,251.0	31.0
Operating profit	1,133.0	775.0	46.2	2,085.0	1,520.0	37.2
Other income	385.0	171.0	125.1	1,381.0	215.0	542.3
Interest	109.0	37.0	194.6	193.0	92.0	109.8
Depreciation	237.0	153.0	54.9	431.0	299.0	44.1
PBT	1,172.0	756.0	55.0	2,842.0	1,344.0	111.5
Tax	76.0	215.0	(64.7)	349.0	354.0	(1.4)
PAT	1,096.0	541.0	102.6	2,493.0	990.0	151.8
Minority interest	4.0	3.0	33.3	36.0	15.0	140.0
Adj PAT	1,100.0	544.0	102.2	2,529.0	1,005.0	151.6
EBITDA margin (%)	18.3	16.6	170bps	18.0	17.3	70bps
EPS (Rs) *	6.1	3.0	-	14.0	5.6	-
P/E (x)	38.5	-	-	-	-	-

Source: Company, Religare Research

Result highlights

Capacity expansion in CRAMS and API product launches aided 32.7% topline growth

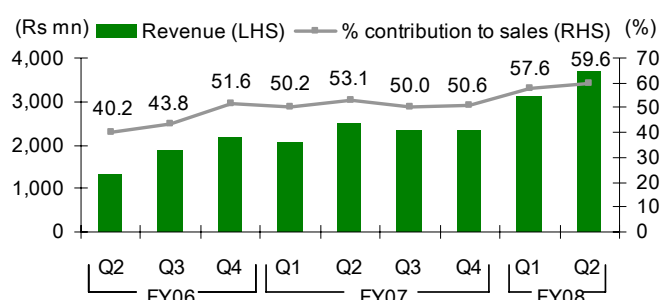
Strong topline growth led by robust performance of PLSPS division

Jubilant has reported strong topline growth of 32.7% YoY to Rs 6.2bn led by 54% growth in the Pharmaceuticals and Life Science Products & Services (PLSPS) division to Rs 3.7bn. The strong segmental performance can be attributed to capacity expansion in CRAMS (comprises 65-70% of PLSPS sales) and new product introductions in the API and dosage forms segment.

The quarterly results also reflect the full contribution of Hollister Stier, acquired in April 2007. Hollister recorded sales of Rs 770mn for Q2FY08, surpassing the company's internal estimates. Post acquisition by Jubilant, Hollister has been able to successfully expand its relationship with emerging and large pharma companies.

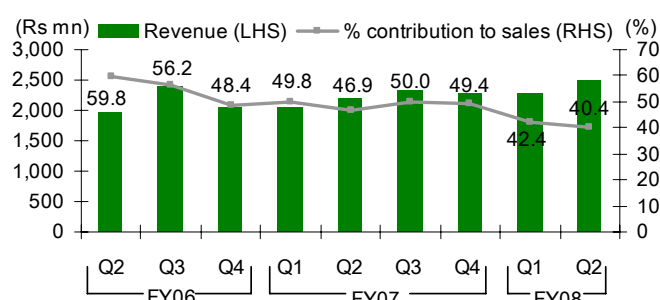
The quarter further witnessed some revenue coming from Oxcarbazepine sales to Jubilant's partner who has received 180-day exclusivity for the product. This apart, the Industrial Chemicals and Performance Products (IC & PP) divisions witnessed a 10.3% YoY rise in revenue to Rs 2.5bn driven by a revamped and more profitable product portfolio.

Trend in PLSPS performance



Source: Company, Religare Research

Trend in IC & PP performance



Source: Company, Religare Research

Hollister's injectable business and lower input costs have contributed to margin expansion

Operational efficiency expands EBITDA margin by 170bps

Strong operational performance from the PLSPS division, contribution from Hollister's high-margin injectable business and a favourable input cost scenario resulted in a 170bps YoY expansion of the EBITDA margin to 18.3% during the quarter. At 25%, Hollister has significantly higher margins as compared to Jubilant's base business.

The management has indicated that margins in the API and dosage forms segments were improving gradually and the momentum is likely to continue into H2FY08. Staff cost has, however, increased by ~500bps to 16.6% of sales mainly on account of integration of Hollister into Jubilant. Hollister, a contract manufacturer in the injectable space, has lower material cost since this is borne by the customer, but higher staff expenses.

Exchange gains and lower tax outgo double profits to Rs 1.1bn

Jubilant recorded non-operational income of Rs 385mn during the quarter of which Rs 289mn was on account of forex gains. In addition, tax outgo for the quarter was 6.5% as against 28.4% in Q2FY07 and 16.3% in Q1FY08 mainly due to increasing business coming from EOU's and other tax benefits for the company. These two factors boosted PAT which doubled to Rs 1.1bn for the quarter.

Other highlights

- ❖ The company's debt position for the quarter stood at Rs 19.4bn while its cash position stood at Rs 5.6bn.
- ❖ Jubilant expects to incur Rs 4.5bn on capex for FY08 and Rs 3bn in FY09.
- ❖ The company has guided towards a lower tax rate of 12.5% for FY08 as against 18% earlier.
- ❖ Jubilant expects five customers to use its Oxcarbazepine API, indicating greater market share for the product.
- ❖ The company will invest Rs 1.7bn for its hospitality project which will help it build a 1,000-bed hospital in Kolkata by 2010.

Valuation

Set to benefit from increasing outsourcing by innovators

Over the years, Jubilant has transformed itself from a pure commodity chemicals player to an integrated industry player with a presence across the entire pharma value chain. The acquisition of Hollister has further enhanced Jubilant's offering to its customers in the CRAMS space. The company's key growth driver is the PLSPS division while the IC & PP divisions continue to generate steady returns without much investment and hence are its cash cows.

We believe Jubilant's key growth drivers comprising CRAMS, APIs, formulations, and drug discovery & development are set to deliver a revenue CAGR of 30.2% over FY07-FY09. Increasing contribution from regulated markets and favourable material prices should support an EBITDA margin expansion of 250bps to 20.2% and an earnings CAGR of 37.6% over the same period.

Estimates and target raised to factor in lower ETR guidance; Buy

The company has revised its effective tax rate guidance to 12.5% as against 18% earlier. We have thus increased our EPS estimates to Rs 20.7 and Rs 23.8 for FY08 and FY09 respectively. At revised EPS forecasts, the stock is trading at 14.2x FY08E and 12.4x FY09E. We maintain Buy with a revised target of Rs 405, which signifies an upside potential of 37.4%.

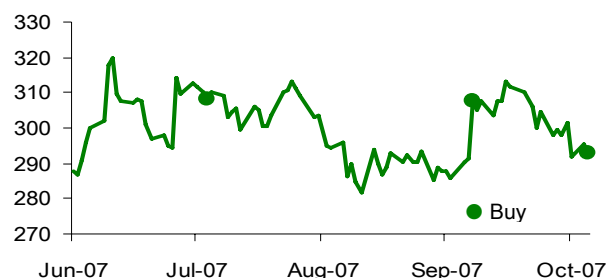
Set to deliver a revenue CAGR of 30.2% over FY07-FY09 with robust margin growth; Buy

Recommendation history

Date	Event	Reco price	Tgt price	Reco
19-Jul-07	Results Update	308	365	Buy
19-Sep-07	Company Update	307	388	Buy
18-Oct-07	Results Update	295	405	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Consolidated financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	14,989.7	18,097.5	23,414.9	30,655.9
Growth (%)	28.1	20.7	29.4	30.9
EBITDA	2,170.2	3,195.5	4,402.0	6,192.5
Growth (%)	4.5	47.2	37.8	40.7
Depreciation	513.4	623.0	824.9	1,069.1
EBIT	1,656.8	2,572.5	3,577.1	5,123.4
Growth (%)	(2.3)	55.3	39.1	43.2
Interest	172.7	195.0	555.8	675.2
Other income	196.9	576.0	421.5	551.8
EBT	1,681.1	2,953.5	3,442.7	5,000.0
Growth (%)	2.4	75.7	16.6	45.2
Tax	392.4	712.5	430.3	625.0
Effective tax rate	23.3	24.1	12.5	12.5
Adj net income	1,296.5	2,279.8	3,754.7	4,316.8
Growth (%)	8.8	75.8	64.7	15.0
Shares outstanding (mn)	142.4	143.7	143.7	143.7
FDEPS (Rs)	7.2	12.6	20.7	23.8
DPS (Rs)	1.5	1.4	1.9	2.7
CEPS (Rs)	10.0	16.0	25.3	29.8

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	1,296.5	2,279.8	3,754.7	4,316.8
Depreciation	513.4	623.0	824.9	1,069.1
Other adjustments	284.6	341.8	220.6	308.2
Changes in WC	(1,001.8)	519.3	(3,735.1)	(2,081.2)
Operating cash flow	1,092.6	3,763.9	1,065.2	3,612.9
Capital expenditure	(4,775.8)	(3,727.6)	(6,351.2)	(3,959.8)
Investments	(0.1)	(36.6)	-	-
Other investing inc/(exp)	(720.2)	(469.9)	(1,321.7)	(1,311.8)
Investing cash flow	(5,496.1)	(4,234.1)	(7,673.0)	(5,271.7)
Free cash flow	(4,403.5)	(470.2)	(6,607.7)	(1,658.8)
Issue of equity	12.8	1.3	-	-
Issue/repay debt	3,501.6	9,305.8	4,000.0	500.0
Dividends paid	(208.8)	(204.8)	(269.4)	(394.2)
Others	2,111.7	(1,272.7)	468.3	0.0
Financing cash flow	5,417.3	7,829.6	4,198.9	105.8
Beg. cash & cash eq	375.9	1,389.7	8,749.1	6,340.3
Chg in cash & cash eq	1,013.8	7,359.4	(2,408.8)	(1,553.0)
Closing cash & cash eq	1,389.7	8,749.1	6,340.3	4,787.2

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	1,389.7	8,749.1	6,340.3	4,787.2
Accounts receivable	2,479.2	2,948.1	4,914.8	6,437.2
Inventories	3,116.8	3,532.4	5,862.7	7,459.2
Others current assets	1,995.7	2,465.6	3,787.3	5,099.1
Current assets	8,981.4	17,695.2	20,905.1	23,782.7
LT investments	2.2	38.8	38.8	38.8
Net fixed assets	10,241.5	12,279.0	18,483.7	21,713.6
CWIP	1,289.8	2,356.9	1,678.4	1,339.2
Total assets	20,514.9	32,369.9	41,106.0	46,874.4
Payables	2,692.7	2,917.8	3,916.3	4,620.7
Others	1,151.7	2,330.3	1,893.7	2,227.0
Current liabilities	3,844.3	5,248.1	5,810.0	6,847.7
LT debt	7,220.4	16,526.1	20,526.1	21,026.1
Other liabilities	1,192.9	1,534.8	1,755.4	2,063.6
Equity capital	142.4	143.7	143.7	143.7
Reserves	8,114.8	8,917.1	12,870.7	16,793.3
Net Worth	8,257.2	9,060.8	13,014.4	16,937.0
Total liabilities	20,514.9	32,369.9	41,106.0	46,874.4
BVPS (Rs)	58.0	63.0	90.5	117.8

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	14.5	17.7	18.8	20.2
EBIT margin (%)	11.1	14.2	15.3	16.7
Net profit margin (%)	8.6	12.6	16.0	14.1
FDEPS growth (%)	8.8	75.8	64.7	15.0
Receivables (days)	51.7	54.7	61.3	67.6
Inventory (days)	93.1	102.0	109.6	120.0
Payables (days)	90.5	86.1	79.7	76.9
Current ratio (x)	2.3	3.4	3.6	3.5
Interest coverage (x)	9.6	13.2	6.4	7.6
Debt/equity ratio (x)	0.9	1.8	1.6	1.2
ROE (%)	19.5	26.3	34.0	28.8
ROCE (%)	12.6	11.7	11.5	13.6
ROAE (%)	10.0	9.7	9.7	11.6
EV/Sales (x)	4.0	3.3	2.5	1.9
EV/EBITDA (x)	27.3	18.5	13.5	9.6
P/E (x)	41.2	23.4	14.2	12.4
P/BV (x)	7.6	5.1	4.7	3.3
P/CEPS (x)	29.5	18.4	11.7	9.9

Source: Company, Religare Research

CMP: 699

Target: Rs 871 

BUY

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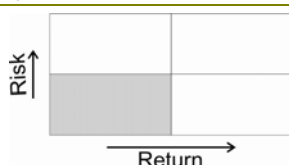
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	116.2/3.0
Outstanding equity shares (mn)	214.4
52-week high/low (Rs)	830/477
2-month average daily volume	716,701

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	12,034.0	20,780.0	37,160.0
Growth (%)	185.1	72.6	78.8
Adj net profit (Rs mn)	5,418.1	8,615.1	15,572.7
Growth (%)	375.5	59.0	80.8
FDEPS (Rs)	30.1	40.2	72.7
Growth (%)	375.6	33.6	80.8
P/E (x)	23.2	17.4	9.6

Risk-return profile



Shareholding pattern

(%)	July-07
Promoters	60.6
FIs	6.7
Banks & FIs	21.0
Public	11.7

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
HDIL	699	14.7	NA	NA
Sensex	18,716	19.4	22.3	36.9

Company website www.hdil.in

Bags lucrative Mumbai airport project

Housing Development & Infrastructure (HDIL) has won the bid to develop 276 acres of slum land near Chhatrapati Shivaji International Airport in Mumbai from the GVK Group-promoted Mumbai International Airport (MIAL). The management expects to execute this project over the next four to five years and generate revenues in the region of Rs 150bn–180bn, with the initial inflows coming through in Q1FY09.

As per the agreement signed with MIAL, HDIL will clear the encroached land of slums and resettle the affected persons at alternative locations. In return, HDIL will gain development rights on the cleared land. While the company has not disclosed the exact quantum of development rights accruing to it from the deal, we estimate that it will derive a saleable area of 15.3mn sq ft (including TDR), yielding revenues of close to Rs 114bn.

Based on these estimates we have valued the project at Rs 177/share and thus upgrade our NAV-based target price from Rs 694 to Rs 871. We reiterate our Buy recommendation on the stock and expect further upsides to our estimates from the company's land bank at Bandra-Kurla Complex (BKC) and notification of the Thane district SEZ.

Airport rehab project bagged on strength of rich SRS expertise

HDIL has completed 2.2mn sq ft of slum rehabilitation work in Mumbai to date, with the development of over 6.4mn sq ft currently underway. The company's strong presence and expertise in SRS projects has enabled it to pip contenders like Akruiti Nirman and Marathon to the post for the Mumbai international airport project, which entails the clearing and development of 276 acres of airport land. We expect SRS projects to contribute a significant portion of the company's revenues, going ahead, especially considering the estimated 463mn sq ft of rehabilitation requirement in the Mumbai Metropolitan Region (MMR).

Management places airport project revenues at Rs 150bn-180bn

HDIL's management places the total development period for the Mumbai airport project at four to five years and expects to derive revenues of Rs 150bn–180bn over the full tenure. The slum rehabilitation process is expected to begin in FY09 and is likely to be completed by FY13.

HDIL has a 75% revenue share in the project (with the balance accruing to MIAL) and has already tied up for 180 acres of land. The company will opt for debt rather than equity dilution to finance the project execution.

We expect HDIL to derive a saleable area of 15.3mn sq ft...

As per government records, there are 85,000 slum rehabilitation units encroaching on the airport land, though we believe the actual figure is higher. As a conservative measure we have considered only 80,000 slum rehabilitation units, each of which will be allotted a flat of 225sq ft. This translates to an area of 18mn sq ft for rehabilitation.

While HDIL has not disclosed the exact quantum of development rights it will receive for clearing the airport land, we have assumed that it would derive an area equivalent to the rehabilitated area for commercial and residential sale. Since HDIL has a 75% revenue share in the project, we estimate that its share of the saleable area would total 15.3mn sq ft (including TDR).

...yielding potential revenues of ~Rs 114bn; Project valued at Rs 177/share

We have built in a saleable rate of Rs 12,000/sq ft and assumed a cost of construction of Rs 2,000/sq ft for commercial and residential development and Rs 1,100/sq ft for rehabilitation development. Accordingly, we estimate that the project would generate revenues of close to Rs 114bn for HDIL.

Likely upside to our estimates: Note that we have calculated the area required for rehabilitation on the basis of carpet and not super built-up area. Should the estimates be based on super built-up area which is likely to touch 330sq ft per unit, the rehabilitated area (and hence HDIL's saleable area) could be much higher than our estimates.

Airport project valuation

Particulars		
ESTIMATE OF AREA SALEABLE BY HDIL		(sq ft)
No. of slum dwellers		80,000
Area to be built for individual slum dwellers		225
Rehabilitated area [A]		18,000,000
Permissible carpet area based on 2.5 FSI [B]		45,000,000
Saleable area – Minimum of:		
B – A	OR	27,000,000
Rehabilitated area [A]		18,000,000
Actual saleable area		
		18,000,000
- Saleable carpet area		10,800,000
- Sale as TDR		7,200,000
HDIL's share (75%)		
Saleable carpet area		8,100,000
TDR		7,200,000
Total area for sale		15,300,000
PROJECT VALUE		(Rs mn)
Sale through developed units @Rs 12,000/sq ft		97,200
Sale through TDR @ Rs 2,000/sq ft		16,560
Total cost of development		(32,580)
Contingency cost		(2,275)
PBT		78,905
Tax		(9,863)
Net profit over four to five year period		69,042
Value of airport project (Rs/share) (Discounted)		177

Source: Company, Religare Research

We estimate a saleable area of 15.3mn sq ft, generating revenues of ~Rs 114bn

Target upgraded from Rs 694 to Rs 871 to factor in the airport project; Buy

We upgrade target to Rs 871; Reiterate Buy

At the current price of Rs 699, HDIL trades at a P/E of 9.6x of FY09E EPS of Rs 72.7. We are upgrading our NAV-based target price from Rs 694 to Rs 871 (1x NAV) to factor in the airport project. HDIL currently quotes at 0.8x one-year forward NAV which is relatively cheaper than DLF (1.4x) and Unitech (1.3x).

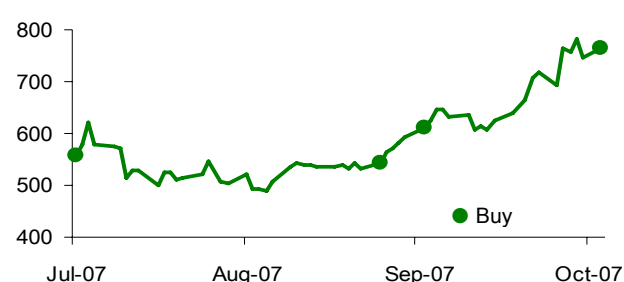
We expect HDIL's large land bank and its prominence in slum rehabilitation to underpin future growth. We also see significant upsides from the company's foray into SEZs and hotels, land held at the Bandra-Kurla-Complex and Dharavi project prospects, all of which are yet to be factored into our valuation.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
29-Jun-07	IPO Note	430-500	NA	Subscribe
10-Sep-07	Initiating Coverage	533	694	Buy
18-Sep-07	Company Update	609	694	Buy
17-Oct-07	Company Update	699	871	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	4,221.5	12,034.5	20,780.0	37,160.0
Growth (%)	550.1	185.1	72.7	78.8
EBITDA	1,219.4	6,487.5	12,032.2	21,395.1
Growth (%)	406.4	432.0	85.5	77.8
Depreciation & Amortisation	2.6	6.3	12.0	15.0
EBIT	1,216.8	6,481.3	12,020.2	21,380.1
Growth (%)	-	432.6	85.5	77.9
Interest	105.7	430.0	650.0	1,000.0
Other income	180.2	130.6	130.0	130.0
EBT	1,291.3	6,181.9	11,500.2	20,510.1
Growth (%)	645.6	378.7	86.0	78.3
Tax	152.0	763.7	2,885.0	4,937.4
Effective tax rate (%)	11.8	12.4	25.1	24.1
Net income (adjusted)	1,139.3	5,418.1	8,615.1	15,572.7
Growth (%)	682.1	375.6	59.0	80.8
Shares outstanding(mn)	500.0	1,800.0	2,144.5	2,144.5
FDEPS (Rs)	6.3	30.1	40.2	72.7
DPS (Rs)	-	-	2.0	2.0
CEPS(Rs)	22.8	30.1	40.2	72.7

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income (E BT)	1,291.3	6,181.9	11,500.2	20,510.1
Depreciation	4.1	6.3	12.0	15.0
Other non-cash adjustments	(85.8)	237.4	519.2	(1,871.3)
Changes in working capital	(1,282.4)	(7,426.0)	(29,402.5)	(19,134.7)
Operating cash flow	(72.9)	(1,000.4)	(17,371.2)	(481.0)
Capital expenditure	(19.2)	(189.5)	(60.5)	(54.0)
Investments	(532.1)	(517.6)	(2,449.6)	(554.0)
Other investing cash flow	(10.2)	-	-	-
Investing cash flow	(561.5)	(707.1)	(2,510.2)	(608.0)
Free cash flow	(634.4)	(1,707.5)	(19,881.3)	(1,089.0)
Issue of equity / warrants	(7.4)	(7.1)	16,580.8	0.0
Issue/repay debt	1,050.8	1,794.2	4,743.2	2,500.0
Dividends paid	-	-	-	(499.7)
Int Paid	(30.9)	(430.0)	(650.0)	(1,000.0)
Financing cash flow	1,012.5	1,357.0	20,674.0	1,000.3
Beginning cash & cash eq	378.2	(350.5)	792.7	(88.6)
Change in cash & cash eq	19.3	397.5	47.8	842.0
Closing cash & cash eq	397.5	47.8	842.0	753.0

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash equivalents	397.5	47.8	842.0	753.0
Accounts receivable	773.9	3,102.6	5,100.0	9,024.3
Inventories	4,373.2	11,525.1	21,100.0	35,500.0
Others current assets	1,245.5	2,332.0	23,006.7	30,607.3
Current assets	6,790.1	17,007.5	50,048.7	75,884.6
LT investments	1,132.8	1,650.4	4,100.0	4,654.0
Net fixed assets	49.4	235.9	273.9	308.9
CWIP	10.3	3.5	10.0	10.0
Total assets	7,982.7	18,897.3	54,432.6	80,857.5
Payable	4,081.9	7,218.6	10,071.0	16,861.0
Others	81.6	645.2	3,379.0	5,426.1
Current liabilities	4,163.4	7,863.8	13,450.0	22,287.1
LT debt	1,964.6	3,756.8	8,500.0	11,000.0
Other liabilities	4.4	8.3	18.3	33.3
Equity capital	500.0	1,800.0	2,144.5	2,144.5
Reserves	1,350.1	5,468.3	30,319.7	45,392.7
Networth	1,850.1	7,268.3	32,464.2	47,537.2
Total liabilities	7,982.7	18,897.3	54,432.6	80,857.6
BVPS(Rs)	37.0	40.4	151.4	221.7

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	33.2	55.0	58.5	57.9
EBIT margin (%)	33.1	54.9	58.5	57.9
Net profit margin (%)	27.0	45.0	41.5	41.9
EPS growth (%)	-	375.6	33.6	80.8
Receivables(days)	66.9	94.1	89.6	88.6
Tax/PBT	11.8	12.4	25.1	24.1
Payables (days)	-	203.9	187.1	165.1
Current ratio(x)	1.6	2.2	3.7	3.4
Interest coverage (x)	13.3	15.4	18.7	21.5
Debt/equity ratio (x)	1.1	0.5	0.3	0.2
ROE (%)	61.6	74.5	26.5	32.8
ROCE (%)	36.6	60.0	29.7	36.7
ROAE (%)	14.3	28.7	15.8	19.3
EV/Sales(x)	8.2	10.5	7.6	4.3
EV/EBITDA(x)	24.9	19.0	13.0	7.4
P/E (x)	110.4	23.2	17.4	9.6
P/BV (x)	18.9	17.3	4.6	3.2
P/CEPS (x)	30.6	23.2	17.4	9.6

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
05-Sep-07	Parsvnath Developers	Company Update	316	512	BUY
05-Sep-07	MindTree Consulting	Initiating Coverage	589	556	SELL
05-Sep-07	Shri Lakshmi Cotsyn	Initiating Coverage	104	210	BUY
06-Sep-07	Power Grid Corporation of India	IPO Note	44 – 52	NA	SUBSCRIBE
07-Sep-07	Balaji Telefilms	Company Update	255	341	BUY
10-Sep-07	Greenply Industries	Company Update	230	288	BUY
10-Sep-07	HDIL	Initiating Coverage	533	694	BUY
11-Sep-07	Cadila Healthcare	Company Update	320	416	BUY
12-Sep-07	Petronet LNG	Company Update	67	73	BUY
12-Sep-07	Great Offshore	Company Update	868	1,045	BUY
13-Sep-07	IVRCL Infrastructure & Projects	Company Update	379	443	BUY
14-Sep-07	KPIT Cummins Infosystems	Company Update	142	173	BUY
14-Sep-07	Nicholas Piramal India	Company Update	272	332	BUY
18-Sep-07	HDIL	Company Update	609	694	BUY
19-Sep-07	Jubilant Organosys	Company Update	290	388	BUY
19-Sep-07	Punjab National Bank	Company Update	492	610	BUY
20-Sep-07	Tulip IT Services	Company Updates	862	1,015	BUY
20-Sep-07	Garware Offshore	Company Updates	187	272	BUY
21-Sep-07	Deccan Chronicle	Company Update	207	243	BUY
24-Sep-07	K S Oil	Company Update	74	85	BUY
25-Sep-07	Sasken Communication Technologies	Company Update	335	440	BUY
25-Sep-07	Shri Lakshmi Cotsyn	Company Update	122	210	BUY
25-Sep-07	UTV Software Communications	Initiating Coverage	584	795	BUY
26-Sep-07	Bihar Tubes	Company Update	133	172	BUY
27-Sep-07	Bank of India	Company Update	262	300	HOLD
28-Sep-07	Punj Lloyd	Initiating Coverage	299	367	BUY
01-Oct-07	Garware Offshore	Company Update	204	272	BUY
03-Oct-07	Bajaj Hindusthan	Sector Update	176	159	SELL
03-Oct-07	Balrampur Chini	Sector Update	78	82	SELL
03-Oct-07	Triveni Engg	Sector Update	115	116	HOLD
04-Oct-07	Opto Circuits (India)	Company Update	555	517	HOLD
04-Oct-07	Deepak Fertilisers and Petrochemicals	Initiating Coverage	114	158	BUY
08-Oct-07	Lakshmi Energy	Company Update	211	260	BUY
09-Oct-07	Time Technoplast	Company Update	612	736	BUY
10-Oct-07	Ashok Leyland	Company Update	41	48	BUY
10-Oct-07	Prism Cement	Results Update	63	81	BUY
12-Oct-07	Infosys Technologies	Results Update	1,977	2,071	HOLD
12-Oct-07	Bihar Tubes	Results Update	146	204	BUY
12-Oct-07	South Indian Bank	Results Update	165	192	BUY
15-Oct-07	HDFC Bank	Results Update	1,430	1,585	BUY
16-Oct-07	Axis Bank	Results Update	813	904	BUY
16-Oct-07	Sasken Communication Tech.	Results Update	329	417	BUY
16-Oct-07	Tata Consultancy Services	Results Update	1,074	1,193	BUY
17-Oct-07	Shri Lakshmi Cotsyn	Results Update	123	210	BUY
17-Oct-07	HDIL	Company Update	699	871	BUY
18-Oct-07	Jubilant Organosys	Results Update	295	405	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	17-Oct	1-day	1-mth	3-mth	
Automobiles	5,476	(2.2)	11.2	8.4	
Banks	9,608	(3.7)	15.9	14.8	
Capital Goods	16,825	(1.7)	21.4	32.7	
Comm. & Tech.	4,044	(0.3)	15.5	5.7	
Consumer Durables	4,772	(2.5)	1.9	11.7	
FMCG	2,100	(1.7)	0.1	14.4	
Healthcare	3,780	(1.9)	3.2	(1.2)	
IT	4,676	1.0	6.6	(4.3)	
Metal	15,720	(2.7)	30.1	31.6	
Oil & Gas	10,961	(0.3)	29.0	38.1	
Mid-caps	7,601	(2.3)	8.8	12.2	
Small-caps	9,202	(1.7)	4.8	12.4	

Number of companies: down 5% down 2-5% down 0-2% up 0-2% up 2-5% up 5%

Emerging markets

Country	% Chg				
	17-Oct	1-day	1-mth	3-mth	6-mth
Brazil	63,194	2.4	11.5	9.8	29.7
Shanghai	5,915	(2.0)	9.0	50.5	63.7
Hong Kong	29,479	0.6	19.9	29.1	41.9
India	18,716	(1.8)	19.4	22.3	36.9
South Korea	1,996	0.6	8.6	3.4	30.1
Taiwan	9,617	0.6	8.1	1.4	20.2

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	286.1	1,242.6	4,890.1	17,908.8
South Korea	(534.0)	(1,274.6)	(1,410.6)	(17,523.6)
Taiwan	(175.7)	(285.6)	794.6	4,689.0
Thailand	(1,707.9)	(68.8)	(68.8)	1,553.1

Events calendar

Financial results

October 18	19	20
Ashapura Minechem – Bonus Ranbaxy Laboratories Bannari Amman Sugars Biocon Garware Wall Ropes Godavari Fertilisers Hero Honda Motors	Tech Mahindra Grindwell Norton Hilton Metal Forging Asian Paints – Dividend Bajaj Auto Kirloskar Brothers Wipro	Gujarat Narmada Valley
21	22	23
-	Eicher Motors Finolex Industries Inox Leisure IL&FS Investment Managers Lumax Industries PSL Rajesh Exports – Bonus, split	Agro Tech Foods Binani Cement Binani Industries Deepak Fertilizers Micro Inks Greenply Industries Satyam Computer
24	25	26
3i Infotech Dabur India Gujarat Ambuja Exports Gujarat Gas Co Hindustan Motors Mro-Tek Page Industries - Unaudited Accounts	ABB Bharat Heavy Electricals Century Textiles & Indu MRF – Dividend Sun Pharma – Dividend	Bata India Bharat Electronics Hindustan Cons Lanco Infratech Tata Steel Ponni Sugars (Erode)
27	28	29
Kamat Hotels (I) Kansai Nerolac Paints South Asian Petrochem Sun Pharma Advanced Research Co. Thermax	-	Mphasis Hindustan Petroleum Corporation House of Pearl Fashions ICRA Mahindra & Mahindra

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Dhanus Technologies	Mavi Investment Fund (Mm Warburg Bank	B	150,000	310.0
Dhanus Technologies	Credit Suisse (Singapore) A/C Credit Suisse	S	125,748	298.5
Dhanus Technologies	ICICI International	S	125,748	300.1
Dhanus Technologies	TAIB Bank BSC	S	96,273	309.1
Dhanus Technologies	Mavi Investment Fund	B	122,743	310.0
Dhanus Technologies	Somerset India Fund Rhodes Diversified	S	105,748	312.4
Dhanus Technologies	Amas India Inv Mauritius	S	110,748	301.4
Indiabulls Financial Serv	Bank Of New York Macquarie Bank	B	2,250,000	588.2
Indiabulls Financial Serv	Deutsche Securities Mauritius	B	1,409,800	588.4
Indiabulls Financial Serv	Macquarie Bank	B	137,621	547.8
Indiabulls Financial Serv	Macquarie Bank	S	2,250,000	588.2
IVRCL Infra & Proj	Mirae Asset Investment Management Co In	S	686,824	460.8
Parekh Alum	Lotus Global Investments	B	60,000	237.0

Source: BSE

Insider trading

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
ETC Network	Reliance Equity Opportunities Fund	B	17,065	0.1	978,880	7.0
Garnet International	Deven J Mehta	S	66,400	1.4	100,000	2.1
i-flex solutions	Nandu Kulkarni	S	5,500	-	-	-
India Infoline	Sanjay Talreja	S	1,000	-	-	-
India Infoline	Dhiraj Chaudhary	S	100	-	-	-
India Infoline	Nitin Maheshwari	S	1,000	-	-	-
India Infoline	Nitin Mude	S	400	-	-	-
Redington (India)	Raj Shankar	S	25,000	-	-	-
Redington (India)	M Raghunandan	S	2,000	-	-	-
Vindhya Telelinks	Ruane Cunniff & Goldfard Inc	B	27,750	0.2	617,457	5.2

Source: BSE

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Recommendation parameters

	Large-caps*	Mid-caps**	>Returns	Absolute
	> 10%	> 25%	< - 5%	
	BUY		SELL	

**Market cap over US\$ 1bn **Market cap less than US\$ 1bn*

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