

Equity	% Chg			
	20-Nov	1-day	1-mth	3-mth
India				
Sensex	19,281	(1.8)	9.8	37.8
Nifty	5,781	(2.1)	10.8	41.9
Global/Regional markets				
Dow Jones	13,010	0.4	(3.8)	(0.6)
Nasdaq	2,597	0.1	(4.7)	3.0
FTSE	6,227	1.7	(4.6)	2.3
Nikkei	15,015	(1.3)	(10.7)	(5.6)
Hang Seng	27,089	(2.5)	(8.1)	24.7

Value traded (Rs bn)	BSE	NSE
Cash	86.0	210.5
Derivatives	10.3	731.8
Total	96.3	942.3

Net inflows (Rs bn)	Recent trends (days)			
	19-Nov	-7d	-15d	-30d
FII	2.5	9.3	7.1	111.3
MF	4.6	17.3	12.0	6.4

Forex / Crude	% Chg			
	20-Nov	1-day	1-mth	3-mth
Rs/US\$	39.4	0.0	1.3	4.5
Euro/US\$	1.5	(0.1)	4.5	10.1
Crude(\$/bbl)	98.8	0.8	11.6	42.3

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Deccan Aviation	191.5	155.4	23.2
Welspun India	83.6	69.6	20.0
Phoenix Lamps	183.2	152.9	19.8
Top losers			
Aptech	396.2	434.1	(8.7)
Chennai Petro	416.2	455.4	(8.6)
Alok Industries	73.5	80.3	(8.6)

In focus

Champagne Indage – Initiating Coverage

Ripe for the picking CMP: Rs 869 Target: Rs 1,223 BUY

Sterlite Technologies – Initiating Coverage

Surging ahead CMP: Rs 323 Target: Rs 430 BUY

Adhunik Metaliks – Initiating Coverage

Untapped potential CMP: Rs 165 Target: Rs 246 BUY

Today's top picks

Power Grid, IDFC, KS Oils, RPL

News track

- ❖ The government is considering a proposal to de-license bank branches and ATMs in the country. Currently banks cannot open a new place of business in India or abroad without RBI approval. (ET)
- ❖ The Maharashtra government has reduced the special fee on imported spirits and wines from 200% to 75%. The move is expected to lead to price cuts up to Rs 1,000 for some premium brands. (ET)
- ❖ M&M has confirmed its bid for Jaguar and Land Rover in partnership with private equity firm Apollo Management. (Mint)
- ❖ Firefly eVentures, a wholly owned internet subsidiary of HT Media, has acquired social networking site desimartini.com for less than US\$ 10mn (Rs 393mn) (BL)
- ❖ Strides Arcolab and Aspen have inked four joint ventures to strengthen niche arms. (ET)
- ❖ Carrefour, the world's second biggest retailer, has registered two companies in India – Carrefour Wholesale Cash & Carry India and Carrefour India Master Franchise Company. (ET)
- ❖ Apollo Tyres plans to build a manufacturing unit in Eastern Europe as it seeks to enter the European market and double turnover to US\$ 2bn by 2010. (Mint)
- ❖ Dabur Pharma plans to set up subsidiaries in Italy and Germany. (ET)

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

Volume shockers

Delivery toppers

(No of shares)	20-Nov	2-mth avg	Chg (x)	Del (%)	Total vol	Cons days	
Thomas Cook India	689,861	38,182	18.1	Assam Co	100.0	1,176,134	9
IL&FS Investsmart	357,910	31,525	11.4	HCL-Infosystems	97.8	182,922	3
Jindal Stainless	2,905,461	258,813	11.2	Royal Orchid Hotels	72.6	142,113	5

Champagne Indage

Initiating Coverage

CMP: Rs 869

Target: Rs 1,223

BUY

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Company data

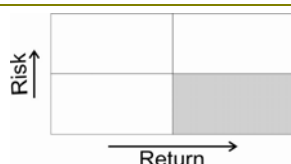
Particulars

Market cap (Rs bn / US\$ mn)	10.4/256.7
Outstanding equity shares (mn)	12.1
52-week high/low (Rs)	950/439
3-month average daily volume	21,819

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	1,240.1	1,797.8	2,427.1
Growth (%)	80.8	45.0	35.0
Adj net profit (Rs mn)	233.5	350.9	509.8
Growth (%)	116.3	50.3	45.3
FDEPS (Rs)	19.2	23.0	33.4
Growth (%)	83.9	19.5	45.3
P/E (x)	45.2	37.8	26.0
ROE (%)	17.2	14.9	16.4

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	35.7	37.3
FIs	33.5	33.6
Banks & FIs	0.9	0.9
Public	29.9	28.2

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Champagne	869	22.8	43.8	27.8
Sensex	19,633	11.8	36.1	37.3

Company website

www.indagegroup.com

Ripe for the picking

Biggest wine producer in India and the best play on the industry's heady prospects

Investment rationale

- ❖ India's wine market has grown at an estimated 67% in value terms over FY04–FY07; expected to grow at 50% at least during the next five years.
- ❖ Per capita consumption of wine in India stands at just 10–15ml as compared to the average of 25–30 litres in matured countries. Changing lifestyles, demand from a growing middle-class urban population, and supportive government policies point to bright industry prospects.
- ❖ Champagne Indage (CIL) is the largest wine player in India with a market share of 70%. It is present across segments with 32 principal brands and exports to 12 countries.
- ❖ CIL plans to have a global footprint with wine production facilities across 10 countries. To this end, it recently acquired Thachi Wines, the seventh largest wine player in Australia with a winery capacity of 27mn litres.
- ❖ Acquisition of a 53% stake in Seabuckthorn Indage (SIL) in FY07 has diversified the business into food & confectionary, serving to de-risk the business model and enhance financials.
- ❖ Growth trajectory remains strong with a projected gross revenue CAGR of 40% over FY07–FY09 to Rs 2.4bn and a 48% PAT CAGR to Rs 510mn.

Key concerns

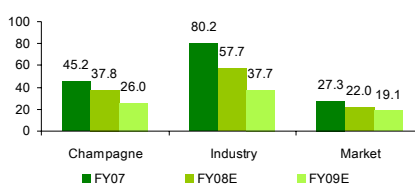
- ❖ Capital intensive business, high promotional costs, government control, competition, and adverse forex movement are various causes of concern.

Valuation

- ❖ We have an SOTP target price of Rs 1,223 for the stock comprising – a) Rs 1,048/share for the standalone business (DCF), b) Rs 82/share for Thachi Wines (P/E of 12x on FY09E), and c) Rs 93/share for SIL (P/E of 17.6x on FY09E). Initiate coverage with Buy.

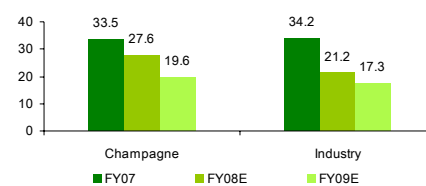
Refer to our report dated 20 November 2007 for further details.

P/E multiple (x)



Source: Religare Research

EV/EBITDA multiple (x)



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	685.9	1,240.1	1,797.8	2,427.1
Growth (%)	89.5	80.8	45.0	35.0
EBITDA	185.0	332.5	501.5	702.1
Growth (%)	71.2	79.7	50.9	40.0
Depreciation	10.4	18.4	30.5	31.5
EBIT	174.7	314.1	471.0	670.6
Growth (%)	72.9	79.8	50.0	42.4
Interest	29.9	41.8	45.8	42.4
Other income	9.9	7.0	8.0	9.0
EBT	154.7	279.2	433.2	637.2
Growth (%)	156.8	80.5	55.1	47.1
Tax	46.7	45.7	82.3	127.4
Effective tax rate (%)	30.2	16.4	19.0	20.0
Adj net income	108.0	233.5	350.9	509.8
Growth (%)	96.5	116.3	50.3	45.3
Shares outstanding (mn)	10.3	12.1	15.3	15.3
FDEPS (Rs)	10.5	19.2	23.0	33.4
DPS (Rs)	2.0	2.1	2.5	2.5
CEPS (Rs)	11.5	20.8	25.0	35.5

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	108.0	233.5	350.9	509.8
Depreciation	10.4	18.4	30.5	31.5
Other adjustments	-	-	-	-
Changes in WC	(432.0)	4.8	(165.7)	(155.7)
Operating cash flow	(313.7)	256.7	215.7	385.6
Capital expenditure	(73.5)	(745.6)	(40.0)	(40.0)
Investments	(1.2)	59.1	(64.3)	(5.0)
Other investing inc/(exp)	-	-	-	-
Investing cash flow	(74.6)	(686.5)	(104.3)	(45.0)
Free cash flow	(388.3)	(429.7)	111.4	340.6
Issue of equity	36.5	18.2	31.3	0.0
Issue/repay debt	(51.3)	130.1	(34.8)	(50.0)
Dividends paid	(21.2)	(29.1)	(43.5)	(43.5)
Others	424.3	331.0	699.7	20.0
Financing cash flow	388.4	450.2	652.7	(73.5)
Beg. cash & cash eq	13.5	13.6	34.0	798.1
Chg in cash & cash eq	0.1	20.4	764.1	267.1
Closing cash & cash eq	13.6	34.0	798.1	1065.2

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	13.6	34.0	798.1	1065.2
Accounts receivable	391.3	534.0	738.8	930.9
Inventories	551.2	867.9	1206.8	1562.7
Others current assets	118.0	247.2	265.0	300.0
Current assets	1074.1	1683.1	3008.7	3858.8
LT investments	69.8	10.7	75.0	80.0
Net fixed assets	400.8	1128.0	1137.5	1146.0
CWIP	25.3	440.5	440.5	440.5
Total assets	1570.0	3262.3	4661.7	5525.2
Payables	162.4	765.5	1106.2	1488.4
Others	42.3	32.6	87.7	132.8
Current liabilities	204.7	798.1	1193.9	1621.2
LT debt	459.8	589.9	555.1	505.1
Other liabilities	25.9	35.2	45.0	65.0
Equity capital	103.2	121.4	152.7	152.7
Reserves	776.4	1717.8	2715.0	3181.3
Net Worth	879.6	1839.2	2867.7	3333.9
Total liabilities	1570.0	3262.3	4661.7	5525.2
BVPS (Rs)	85.2	151.5	187.9	218.4

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	27.0	26.8	27.9	28.9
EBIT margin (%)	25.5	25.3	26.2	27.6
Net profit margin (%)	15.7	18.8	19.5	21.0
FDEPS growth (%)	27.0	83.9	19.5	45.3
Receivables (days)	208.2	157.2	150.0	140.0
Inventory (days)	293.3	255.4	245.0	235.0
Payables (days)	29.9	41.5	39.6	33.8
Current ratio (x)	5.2	2.1	2.5	2.4
Interest coverage (x)	5.8	7.5	10.3	15.8
Debt/equity ratio (x)	0.5	0.3	0.2	0.2
ROE (%)	18.1	17.2	14.9	16.4
ROCE (%)	16.7	16.8	16.2	18.4
ROAE (%)	15.8	16.4	15.9	18.2
EV/Sales (x)	13.7	9.0	7.7	5.7
EV/EBITDA (x)	51.0	33.5	27.6	19.6
P/E (x)	83.1	45.2	37.8	26.0
P/BV (x)	10.2	5.7	4.6	4.0
P/CEPS (x)	75.8	41.9	34.8	24.5

Source: Company, Religare Research

Sterlite Technologies

Initiating Coverage

CMP: Rs 323

Target: Rs 430

BUY

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BSE code	532374
NSE code	STROPTICAL

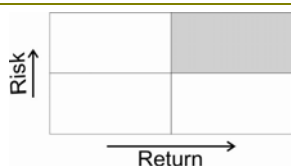
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	20.1/510.0
Outstanding equity shares (mn)	61.6
52-week high/low (Rs)	333/154
2-month average daily volume	343,412

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	11,981.5	15,727.7	20,498.6
Growth (%)	118.9	31.3	30.3
Adj net profit (Rs mn)	508.9	951.9	1,587.4
Growth (%)	24.8	87.0	66.8
FDEPS (Rs)	8.6	15.1	24.4
Growth (%)	18.2	75.3	62.3
P/E (x)	38.0	21.6	13.3
RoE (%)	13.6	19.7	25.2

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	41.1	41.1
FIs	6.0	4.4
Banks & FIs	14.5	16.3
Public	38.4	38.2

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Sterlite Tech	323	27.5	48.7	58.0
Sensex	19,281	9.8	33.6	34.8
BSE Midcap	8,626	19.2	36.0	41.6

Company website	www.sterlitetechnologies.com
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Surging ahead

Leader in India's high-growth fibre optic and power conductor segments

Investment rationale

- ❖ An ideal play on growth in India's power equipment sector as well as the revival in the global optical fibre industry. The company is the market leader in both these segments in the domestic market.
- ❖ Preferred vendor to Power Grid Corporation (PGCIL) for high-voltage transmission conductors. Set to be a key beneficiary of PGCIL's large capex plans and planned augmentation of India's transmission capacities during the 11th plan.
- ❖ Seventh largest manufacturer of optical fibre worldwide with 4% of the global market share. Dominant player in the rapidly growing Indian and Chinese markets with a volume share of 46% and 9% respectively.
- ❖ Plans to improve its global position in the optical fibre industry through capacity expansion. Manufacturing capacity recently expanded from 4mn km to 6mn km with plans to ramp up to 12mn km by 2010.
- ❖ Profit margins set to expand due to backward integration initiatives as well as a favourable demand environment. We expect revenues and earnings to grow at a CAGR of 31% and 77% respectively over FY07-FY09.

Key concerns

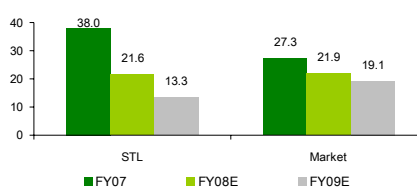
- ❖ Pending excise litigation of Rs 1.9bn for which no provisions have been made. An adverse ruling would escalate the company's financial risk.
- ❖ Volatility in raw material prices and rupee appreciation could hit profitability.

Valuation

- ❖ DCF and EV/EBITDA valuation methods yield one-year targets of Rs 440 and Rs 420 respectively. The stock currently trades at 21.6x and 13.3x on FY08E and FY09E EPS. We recommend Buy with a one-year target price of Rs 430.

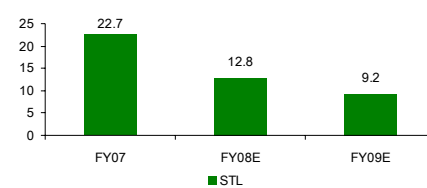
Refer to our report dated 20 November 2007 for further details.

P/E multiple (x)



Source: Religare Research

EV/EBITDA multiple (x)



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	5,473.9	11,981.5	15,727.7	20,498.6
Growth (%)	67.5	118.9	31.3	30.3
EBITDA	638.6	1,139.7	2,013.0	2,818.1
Growth (%)	51.4	78.5	76.6	40.0
Depreciation	290.0	315.7	432.5	506.9
EBIT	348.6	824.0	1,580.5	2,311.2
Growth (%)	125.0	136.4	91.8	46.2
Interest	161.4	344.6	435.2	454.1
Other income	194.6	51.5	75.0	78.8
EBT	381.8	530.9	1,220.3	1,935.9
Growth (%)	272.1	39.1	129.9	58.6
Tax	(26.1)	22.0	268.5	348.5
Effective tax rate	(6.8)	4.1	22.0	18.0
Adj net income	407.9	508.9	951.9	1,587.4
Growth (%)	298.7	24.8	87.0	66.8
Shares outstanding (mn)	58.7	61.5	65.0	65.0
FDEPS (Rs)	7.3	8.6	15.1	24.4
DPS (Rs)	0.5	0.8	1.0	1.3
CEPS (Rs)	11.9	13.4	21.3	32.2

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	407.9	508.9	951.9	1,587.4
Depreciation	290.0	315.7	432.5	506.9
Other adjustments	(211.8)	(71.3)	-	-
Changes in WC	(907.5)	209.5	(777.3)	(1,112.7)
Operating cash flow	(421.4)	962.9	607.0	981.6
Capital expenditure	(45.7)	(980.2)	(1,372.4)	(1,325.0)
Investments	(0.1)	(63.0)	(60.0)	-
Other investing inc/(exp)	(109.8)	(1,485.1)	-	-
Investing cash flow	(155.6)	(2,528.3)	(1,432.4)	(1,325.0)
Free cash flow	(577.0)	(1,565.4)	(825.4)	(343.4)
Issue of equity	336.0	252.0	314.4	-
Issue/repay debt	1,058.1	1,055.3	700.0	(160.0)
Dividends paid	(0.0)	(33.3)	(73.1)	(91.3)
Others	-	-	-	-
Financing cash flow	1,394.1	1,274.0	941.3	(251.3)
Beg. cash & cash eq	137.7	954.7	789.3	1,031.3
Chg in cash & cash eq	817.1	(291.5)	116.0	(594.7)
Closing cash & cash eq	954.7	789.3	1,031.3	562.6

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	954.7	789.3	1,031.3	562.6
Accounts receivable	1,525.3	4,332.1	5,386.2	6,739.3
Inventories	864.4	1,199.9	1,508.1	1,965.6
Others current assets	979.9	1,212.5	1,273.1	1,336.8
Current assets	4,324.3	7,533.8	9,198.7	10,604.3
LT investments	150.7	63.1	123.1	123.1
Net fixed assets	2,870.2	4,344.6	5,362.1	6,380.2
CWIP	19.9	527.6	450.0	250.0
Total assets	7,365.0	12,469.0	15,133.9	17,357.5
Payables	1,215.7	1,997.7	2,626.5	3,370.4
Others	268.8	336.1	352.9	370.6
Current liabilities	1,484.4	2,333.8	2,979.4	3,741.0
Debt	2,377.5	5,866.6	6,566.6	6,406.6
Other liabilities	183.6	102.5	102.5	102.5
Equity capital	294.0	308.0	324.8	324.8
Reserves	3,025.5	3,858.2	5,160.5	6,782.7
Net Worth	3,319.5	4,166.1	5,485.3	7,107.4
Total liabilities	7,365.0	12,469.0	15,133.9	17,357.5
BVPS (Rs)	56.6	67.8	84.4	109.4

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	11.7	9.5	12.8	13.7
EBIT margin (%)	6.4	6.9	10.0	11.3
Net profit margin (%)	7.5	4.2	6.1	7.7
FDEPS growth (%)	297.3	18.2	75.3	62.3
Receivables (days)	101.7	89.2	112.8	108.0
Inventory (days)	65.3	34.7	36.0	35.9
Payables (days)	91.8	54.1	61.5	61.9
Current ratio (x)	2.9	3.2	3.1	2.8
Interest coverage (x)	3.5	2.5	3.2	4.5
Debt/equity ratio (x)	0.7	1.4	1.2	0.9
ROE (%)	12.3	13.6	19.7	25.2
ROCE (%)	9.7	10.7	12.4	15.8
ROAE (%)	7.7	8.6	10.0	12.6
EV/Sales (x)	4.7	2.2	1.6	1.3
EV/EBITDA (x)	40.4	22.7	12.8	9.2
P/E (x)	44.8	38.0	21.6	13.3
P/BV (x)	5.8	4.8	3.9	3.0
P/CEPS (x)	27.4	24.3	15.3	10.1

Source: Company, Religare Research

Adhunik Metaliks

Initiating Coverage

CMP: Rs 165

Target: Rs 246

BUY

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BSE code:	532727
NSE code:	ADHUNIK

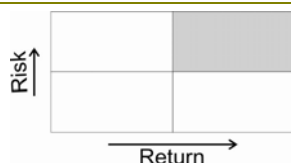
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	15.0/383.5
Outstanding equity shares (mn)	91.2
52-week high/low (Rs)	189/29
2-month average daily volume	590,445

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	7,357.5	9,968.4	15,023.8
Growth (%)	73.6	35.5	50.7
Adj net profit (Rs mn)	774.7	851.4	1304.3
Growth (%)	129.8	9.9	53.2
FDEPS (Rs)	8.3	8.6	11.8
Growth (%)	125.2	3.0	37.8
P/E (x)	19.4	18.5	13.3
ROE (%)	31.5	24.8	23.0

Risk-return profile



Shareholding pattern

(%)	Sept-07	Mar-07
Promoters	64.0	64.0
FIs	9.3	4.2
Banks & FIs	15.6	20.4
Public	11.1	11.4

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Adhunik Metaliks	165	42.9	133.4	198.7
Sensex	19,281	9.8	33.6	34.8
BSE Metal	17,310	19.9	71.7	62.8

Company website	www.adhunikgroup.com
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Untapped potential

Forward and backward integration to boost revenue and profitability

Investment rationale

- ❖ Supplier of specialised steel and value-added components to the auto, power, defence and engineering sectors. In the midst of a Rs 4.4bn capex programme which will transform it into a fully integrated steel manufacturer (steel-making capacity being increased 80% to 450,000mtpa with value-added alloy and stainless steel products being introduced).
- ❖ Change in product mix with the inclusion of stainless steel rolled products would boost average realisation and enable the company to tap into the rising demand for alloy and stainless steel in India.
- ❖ EBITDA margin set to expand in FY09 due to higher captive power generation, stronger product mix and use of captive iron ore mines. Further margin improvement likely in FY10 once captive coal mines are tapped.
- ❖ Acquisition of Orissa Manganese and Mineral Pvt Ltd (OMM) will result in significant bottomline growth in FY09. OMM possesses proven reserves of 35mn tonnes of manganese ore and 15mn tonnes of iron ore, which the company has begun to sell in the highly buoyant open market.
- ❖ Transmission tower business on a strong growth trajectory led by demand in power and telecom sectors and a existing solid client base.

Key concerns

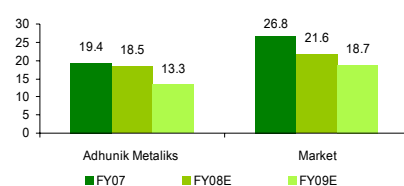
- ❖ Delay in capex programme execution will impact revenue and profitability.
- ❖ Slowdown in the automotive industry (a source of 70% of the company's revenues) would affect growth.

Valuation

- ❖ We have an SOTP target price of Rs 246 for the stock comprising – a) Rs 64.5/share for the standalone business based on 5.5x FY09E EV/EBITDA, and b) Rs 181/share for the mining business using the Vedanta Resources–Sesa Goa deal as a benchmark. Buy.

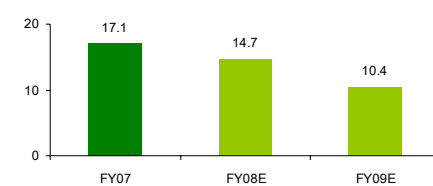
Refer to our report dated 20 November 2007 for further details.

P/E multiple (x)



Source: Religare Research

EV/EBITDA multiple (x)



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	4,237.8	7,357.5	9,968.4	15,023.8
Growth (%)	225.8	73.6	35.5	50.7
EBITDA	707.0	1149.7	1565.0	2478.9
Growth (%)	354.2	62.6	36.1	58.4
Depreciation	68.8	113.4	231.4	417.5
EBIT	638.2	1036.3	1333.6	2061.4
Growth (%)	377.8	62.4	28.7	54.6
Interest	114.8	261.8	520.0	750.0
Other income	27.7	83.3	149.5	187.8
EBT	551.0	857.7	963.2	1499.2
Growth (%)	418.1	55.7	12.3	55.7
Tax	213.9	83.0	111.7	194.9
Effective tax rate (%)	38.8	9.7	11.6	13.0
Adj net income	337.1	774.7	851.4	1304.3
Growth (%)	374.9	129.8	9.9	53.2
Shares outstanding (mn)	91.2	91.2	99.4	110.5
FDEPS (Rs)	3.7	8.3	8.6	11.8
DPS (Rs)	0.0	0.2	0.3	0.7
CEPS (Rs)	4.4	9.7	10.9	15.6

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	337.1	774.7	851.4	1304.3
Depreciation	68.8	113.4	231.4	417.5
Other adjustments	179.6	215.8	(149.5)	(187.8)
Changes in WC	(693.7)	(785.4)	(366.4)	(746.9)
Operating cash flow	(108.2)	318.4	566.9	787.1
Capital expenditure	(1,084.9)	(3,087.7)	(2,841.1)	(2,410.3)
Investments	-	(79.9)	(750.0)	-
Other investing inc/(exp)	12.9	(72.8)	149.5	187.8
Investing cash flow	(1,072.0)	(3,240.4)	(3,441.6)	(2,222.5)
Free cash flow	(1,180.2)	(2,922.0)	(2,874.7)	(1,435.4)
Issue of equity	331.6	(0.0)	1,130.0	1,169.9
Issue/repay debt	1,219.5	2,452.3	2,000.0	1,000.0
Dividends paid	(28.2)	(63.4)	(85.1)	(130.4)
Others	777.3	(317.1)	-	-
Financing cash flow	2,300.3	2,071.9	3,044.9	2,039.5
Beg. cash & cash eq	58.7	1,178.8	328.7	498.9
Chg in cash & cash eq	1,120.1	(850.1)	170.2	604.1
Closing cash & cash eq	1,178.8	328.7	498.9	1,102.9

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	1,178.8	328.7	498.9	1,102.9
Accounts receivable	964.3	829.6	969.1	1,335.4
Inventories	786.0	2,021.1	2,685.9	3,964.6
Others current assets	335.9	678.8	969.1	1,544.1
Current assets	3,264.9	3,858.2	5,123.1	7,947.1
LT investments	0.8	80.6	830.6	830.6
Net fixed assets	2,015.3	3,566.0	7,649.2	7,506.7
CWIP	500.0	2,034.3	560.8	2,696.1
Total assets	5,780.9	9,539.1	14,163.6	18,980.4
Payables	1,142.8	1,732.8	2,409.0	3,755.9
Others	69.4	137.3	189.4	315.5
Current liabilities	1,212.2	1,870.1	2,598.4	4,071.4
LT debt	2,378.4	5,038.7	7,038.7	8,038.7
Other liabilities	-	-	-	-
Equity capital	912.3	912.3	1,123.8	1,104.9
Reserves	1,278.8	1,718.3	3,403.1	5,765.7
Net Worth	2,190.3	2,630.2	4,526.5	6,870.3
Total liabilities	5,780.9	9,539.1	14,163.6	18,980.4
BVPS (Rs)	24.0	28.8	40.3	62.2

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	16.7	15.6	15.7	16.5
EBIT margin (%)	15.1	14.1	13.4	13.7
Net profit margin (%)	8.0	10.5	8.5	8.7
FDEPS growth (%)	202.3	125.2	3.0	37.8
Receivables (days)	75.2	36.8	35.0	32.0
Inventory (days)	61.3	89.7	97.0	95.0
Payables (days)	89.2	76.9	87.0	90.0
Current ratio (x)	2.7	2.1	2.0	2.0
Interest coverage (x)	5.6	4.0	2.6	2.7
Debt/equity ratio (x)	1.1	1.9	1.6	1.2
ROE (%)	20.0	31.5	24.8	23.0
ROCE (%)	14.3	16.9	14.3	15.5
ROAE (%)	11.6	13.5	11.6	12.4
EV/Sales (x)	4.0	2.6	2.3	1.7
EV/EBITDA (x)	24.0	17.1	14.7	10.4
P/E (x)	36.5	19.4	18.5	13.3
P/BV (x)	6.9	5.7	4.1	2.7
P/CEPS (x)	37.1	16.9	15.1	10.6

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
26-Oct-07	Peninsula Land	Results Update	131	153	BUY
26-Oct-07	Nicholas Piramal India	Results Update	285	342	BUY
29-Oct-07	UTV Software Communications	Results Update	708	795	BUY
29-Oct-07	Cadila Healthcare	Results Update	301	416	BUY
29-Oct-07	GlaxoSmithKline Pharma	Results Update	1,082	1,295	BUY
29-Oct-07	DS Kulkarni Developers	Results Update	255	502	BUY
30-Oct-07	Sun Pharma Industries	Results Update	1,042	1,217	BUY
30-Oct-07	Federal Bank	Results Update	388	434	HOLD
30-Oct-07	Tulip IT Services	Results Update	890	1,015	BUY
30-Oct-07	Apollo Tyres	Results Update	39	56	BUY
30-Oct-07	TVS Motor	Results Update	57	48	SELL
30-Oct-07	Divi's Laboratories	Results Update	1,645	1,686	HOLD
30-Oct-07	Deccan Chronicle	Results Update	204	251	BUY
30-Oct-07	State Bank of India	Results Update	2,084	2,263	BUY
30-Oct-07	Maruti Suzuki	Results Update	1,188	1,192	SELL
31-Oct-07	HDIL	Results Update	656	871	BUY
31-Oct-07	Lakshmi Energy & Foods	Results Update	190	260	BUY
31-Oct-07	HT Media	Results Update	211	232	HOLD
31-Oct-07	Parsvnath Developers	Results Update	338	512	BUY
31-Oct-07	Time Technoplast	Results Update	694	857	BUY
31-Oct-07	Bank of India	Results Update	373	391	HOLD
1-Nov-07	Jindal Drilling & Industries	Results Update	1,050	1,305	BUY
1-Nov-07	Asian Oilfield Services	Initiating Coverage	131	230	BUY
1-Nov-07	Indus Fila	Results Update	212	352	BUY
1-Nov-07	Mahindra and Mahindra	Results Update	753	940	BUY
1-Nov-07	Jagran Prakashan	Results Update	675	751	BUY
2-Nov-07	Bank of Baroda	Results Update	342	395	BUY
2-Nov-07	Idea Cellular	Results Update	133	147	BUY
2-Nov-07	Balaji Telefilms	Results Update	287	341	BUY
5-Nov-07	Madhucon Projects	Results Update	348	393	BUY
5-Nov-07	IVRCL Infrastructures & Projects	Results Update	523	608	BUY
5-Nov-07	Empee Distilleries	IPO Note	350 - 400	N/A	SUBSCRIBE
6-Nov-07	RPG Cables	Results Update	44	87	BUY
7-Nov-07	Mundra Port and Special Economic Zone	IPO Note	400 - 440	N/A	SUBSCRIBE
8-Nov-07	PVR	Results Update	182	277	BUY
12-Nov-07	Punjab National Bank	Results Update	534	610	BUY
13-Nov-07	ABB	Company Update	1,548	1,809	BUY
14-Nov-07	Edelweiss Capital	IPO Note	725 - 825	N/A	SUBSCRIBE
14-Nov-07	JK Lakshmi Cement	Results Update	177	324	BUY
16-Nov-07	MindTree Consulting	Company Update	444	497	SELL
19-Nov-07	Omax Auto	Results Update	65	96	BUY
20-Nov-07	Dewan Housing Finance Corp	Initiating Coverage	141	288	BUY
20-Nov-07	Nicholas Piramal India	Company Update	310	342	BUY
20-Nov-07	Champagne Indage	Initiating Coverage	869	1,223	BUY
20-Nov-07	Sterlite Technologies	Initiating Coverage	323	430	BUY
20-Nov-07	Adhunik Metaliks	Initiating Coverage	165	246	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	20-Nov	1-day	1-mth	3-mth	
Automobiles	5,339	(1.4)	0.8	19.3	
Banks	10,765	(1.4)	21.8	47.0	
Capital Goods	20,349	(2.2)	31.9	69.7	
Comm. & Tech.	3,616	(1.5)	(7.7)	7.7	
Consumer Durables	5,331	(0.5)	11.6	34.2	
FMCG	2,198	(1.2)	8.7	22.2	
Healthcare	3,946	(0.1)	6.2	15.0	
IT	4,055	(2.6)	(13.5)	(5.6)	
Metal	17,311	(2.0)	19.5	75.8	
Oil & Gas	12,137	(2.7)	18.5	63.8	
Mid-caps	8,626	(1.2)	19.2	40.6	
Small-caps	10,691	0.2	21.5	41.8	

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

Emerging markets

Country	% Chg				
	20-Nov	1-day	1-mth	3-mth	6-mth
Brazil	62,336	(3.5)	2.4	26.7	19.7
Shanghai	5,315	0.4	(8.6)	7.3	30.5
Hong Kong	27,089	(2.5)	(8.1)	24.7	29.4
India	19,281	(1.8)	9.8	37.8	33.7
South Korea	1,847	(1.3)	(6.2)	6.4	13.4
Taiwan	8,634	(0.5)	(10.2)	1.8	6.0

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	(19.6)	238.8	(128.5)	17,157.9
South Korea	(798.9)	(1,069.2)	(6,665.3)	(25,527.3)
Taiwan	(442.1)	(589.3)	(4,308.6)	(8.5)
Thailand	(4,873.9)	(231.5)	(958.6)	2,620.4

Events calendar

Board meetings

November 21		22	23
Tamarai Mills – Others		Rain Calcining	Steelco Gujarat – Quarterly Results
UV Boards – Allotment		Assambrook – Audited Results	Southern Ispat
Devaki Hospital – Audited Results		Siemens – Audited Results, Dividend	Rain Commodities
Modern Dairies		Sky Industries – Quarterly Results	Org Informatics – Quarterly Results
Khaitan Weaving Mills		Polygenta Technologies	VBC Industries – Audited Results
		Ajcon Global Services	Godrej Consumer Products
24	25	26	
Rishi Laser	Walchandnagar Industries	Vatsa Music – Quarterly Results	
		Star Paper Mills - Audited Results	
		Dolphin Medical Services	
		Reliable Ventures	
		Tanu Healthcare	
		Sanra Software	

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Crazy Infote	Wall Street Capital Markets	B	40,050	205.9
Eveready Industries India	ABN Amro Bank NV London Branch	S	1,250,000	62.6
Guj St Fn Co	Gujarat Industrial Investment Corporation	S	150,000	11.8
K Sera Sera	Lilac Farms	S	171,497	35.1
Kajaria Ceramics	Citigroup Global Market Mauritius	S	388,000	26.7
Kashyap Tec	ITF Mauritius	S	1,000,000	3.9
Kashyap Tec	Mavi Investment Fund Account GDR	S	900,000	3.8
Kashyap Tec	Lotus Global Investments Account GDR	S	900,000	3.8
SRF	Morgan Stanley Dean Witter Mauritius Company	B	460,500	166.8
Torrent Phar	ICICI Securities Primary Dealership	B	500,000	190.0
Torrent Phar	Templeton Mutual Fund A/c Franklin India Prima Plus Ac	S	500,000	190.0
Valecha Engi	Mackertich Consultancy Services	S	47,399	271.8

Source: BSE

Insider trading

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Amtek India	Stoneridge Investment	B	350,000	0.3	5,438,991	5.2
Anuh Pharma	Reliance Pharma Fund-Scheme Of Rmf	S	10,000	0.4	96,304	3.5
Celebrity Fashions	V Sridharan	S	400	-	405	-
Celebrity Fashions	V V Naresh	S	800	-	405	-
Consolidated Securities	Mundra Credit & Investment	B	10,000	0.3	2,110,050	52.7
DCW	Dr SC Jain J/W SmtNeera Jain	S	100,000	-	3,303,674	1.7
Educomp Solutions	Gaja Advisors	S	30,000	0.2	205,000	1.2
Facor Steels	Cornell Corporation	S	4,800,000	2.3	38,099,891	18.5
Gremach Infrastructure Equipments	Franklin Templeton Mutual Fund	B	1,015,000	6.7	1,015,000	6.7
Kajaria Ceramics	Citigroup Global Mkts(M)	S	370,415	-	4,517,576	6.1
KRBL	Radha Raj Ispat	B	14,540	0.5	2,228,499	9.2
Matrix Laboratories	S Srinivasan	S	3,619	-	--	-
Matrix Laboratories	V Sheela	S	2,225	-	100	-
Matrix Laboratories	MsN Madhurika	S	5,000	-	--	-
Matrix Laboratories	Dr Hari Babu	S	5,500	-	193	-
NIIT	Clsa (Mauritius)	B	297,606	0.2	8,484,856	5.2
Pitambar Coated Papers	Pitambar Publishing Co	S	450,000	5.7	1,213,100	15.2
Pitambar Coated Papers	Pitambar Publishing Co	S	1,213,100	15.2	-	-
Pitambar Coated Papers	Manish Aggarwal	S	32,510	0.4	--	-
Punj Lloyd	Merlion India lii	S	6,255,000	2.2	15,250,675	5.2
Regal Entertainment & Consultants	Anurag Finvest	B	9,100	-	--	-
Ritesh Properties & Industries	Sanjeev Arora	B	500	-	988,831	10.7
Ritesh Properties & Industries	Sanjeev Arora	B	500	-	989,331	10.7
Ritesh Properties & Industries	Sanjeev Arora	B	500	-	988,331	10.7
SKumars Nationwide	Chamundeshwari Mercantile	B	12,500	0.0	2,782,500	1.4
SKumars Nationwide	Tulja Enterprises	B	12,500	0.0	2,782,500	1.4
SKumars Nationwide	Anjani Nitin Kasliwal	B	12,500	0.0	42,500	0.0
SKumars Nationwide	Karthikeya Nitin Kasliwal	B	12,500	0.0	42,500	0.0
Sakthi Sugars	Morgan Stanley Mauritius Co & Pac	S	204,000	0.7	865,257	2.8
Seasons Furnishings	SBI Capital Markets	S	7,700	0.1	309,549	4.8

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Sesa Goa	Genesis Indian Investment Company	S	66,244	0.2	1,784,855	4.5
Shree Renuka Sugars	Merrill Lynch Cap Markets Espana Sa Sv	S	153,000	0.6	1,369,283	5.1
Tele Data Informatics	Smt Gayathri Padmanabhan	B	20,000,000	10.2	20,013,400	10.2
VB Desai Financial Services	Dharati J Shroff	B	200	-	151,356	3.3
Visesh Infotecnics	Sanjiv Bhavnani	N	500,000	-	1,408,883	5.2
Amtek India	Stoneridge Investment	B	350,000	0.3	5,438,991	5.2
Anuh Pharma	Reliance Pharma Fund-Scheme Of Rmf	S	10,000	0.4	96,304	3.5
Celebrity Fashions	V Sridharan	S	400	-	405	-

Source: BSE

RELIGARE RESEARCH

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Recommendation parameters

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

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

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