

June 19, 2007

FOR PRIVATE CIRCULATION

Equity

	18 June 07	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
Sensex	14,080	(0.6)	(1.6)	11.4
Nifty	4,147	(0.6)	(1.6)	12.7
Banking	7,479	0.2	(1.6)	20.3
IT	3,689	(0.9)	(0.9)	5.1
Healthcare	3,775	(0.5)	1.1	8.3
FMCG	1,789	0.0	(4.5)	10.4
PSU	6,479	(0.3)	(3.3)	16.0
CNX Midcap	5,641	(0.2)	1.9	20.9
World indices				
Nasdaq	2,626.6	(0.0)	2.7	9.7
Nikkei	18,150	1.0	4.3	6.7
Hangseng	21,017	-	3.2	12.0

Value traded (Rs cr)

	18 June 07	% Chg - 1 Day
Cash BSE	3,661	(10.5)
Cash NSE	7,064	(18.6)
Derivatives	30,785.3	(1.3)

Net inflows (Rs cr)

	15 June 07	% Chg	MTD	YTD
FII	(13)	(106)	(180)	17,087
Mutual Fund	207	(725)	(214)	(690)

FII open interest (Rs cr)

	15 June 07	% chg
FII Index Futures	18,634	3.3
FII Index Options	7,188	1.7
FII Stock Futures	21,232	0.8
FII Stock Options	53	(15.2)

Advances/Declines (BSE)

	18 June 07	A	B1	B2	Total	% Total
Advances	83	262	441	786	42	
Declines	121	459	473	1,053	56	
Unchanged	5	13	28	46	2	

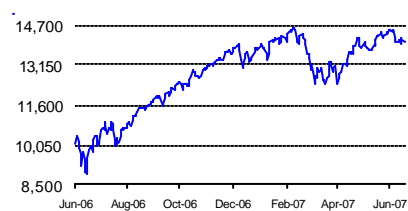
Commodity

	18 June 07	% Chg		
		1 Day	1 Mth	3 Mths
Crude (NYMEX) (US\$/BBL)	69.0	(0.2)	6.2	21.8
Gold (US\$/OZ)	656.4	0.2	(0.7)	0.5
Silver (US\$/OZ)	13.2	(0.1)	2.3	0.5

Debt/forex market

	18 June 07	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	8.18	8.23	8.21	N.A.
Re/US\$	40.8	40.9	40.7	44.1

Sensex



Source: Bloomberg

ECONOMY NEWS

- ❑ Popular drugs, on which chemists take huge margins and make them 20 times costlier than the manufacturer price, have come under Government focus. State governments have started lobbying with the Centre to bring all such drugs under price control. (ET)
- ❑ The country's import bill for 5 million tons wheat this year is likely to go up significantly compared to last year with global wheat prices at record highs. Prices have risen this week to an 11-year high in the US and to record highs in the EU. (ET)
- ❑ The Central Information Commission's decision to bring stock exchanges within the purview of the RTI Act will keep the bourses on high alert and ensure the necessary information is made available to public in case of manipulation by operators, feel experts. (ET)
- ❑ Cement consumption projections by the National Council of Applied Economic Research has estimated cement demand at 225 MT by the FY11. If the Government goes ahead with its planned infrastructure projects, consumption may be 291 MT. (BS)
- ❑ Social sectors like health and education will get a leg up in the Eleventh Plan (2007-12), even as some other sectors may see a reduction in fund allocation. Planning Commission Deputy Chairman Montek Singh Ahluwalia said the focus would be on inclusive growth. (BS)

CORPORATE NEWS

- ❑ Although its manufacturing facilities will be limited to India, the Sajjan Jindal-led **JSW Steel** plans to acquire service centers across Europe, where value-added products will be processed according to the customer needs. (ET)
- ❑ **HDFC** and Barclays Bank have decided to sell their stakes in the Mumbai-based unlisted joint venture BPO, triggering an open offer to the public shareholders in Sparsh Ltd, a listed subsidiary of the latter. (BL)
- ❑ **Wipro Technologies** is poised to acquire the IT arm of a major company in Germany. The company has initiated talks with potential targets in Germany, even though the names were kept under wraps. (BS)
- ❑ The Rs.1 lakh car being built by **Tata Motors** may be exported to countries in Asia and Africa. The new small car would be launched in the first half of 2008. (BS)
- ❑ **Essar Global**, the international holding company for the Ruiaas, will raise \$900 mn through a combination of senior notes and loans to fund its acquisition of Canada's Algoma Steel, sources said. (ET)
- ❑ **Cairn India** has been asked to work on an appraisal program in consultation with the Directorate-General of Hydrocarbons for its northern appraisal area in the Rajasthan Basin. (BL)
- ❑ **Punjab National Bank** has deferred the proposal to dilute government holding in the bank from 57% to 51% till the next fiscal. Further, the bank would consider merging its subsidiary PNB Gilts with itself if it creates greater shareholder value. (ET)
- ❑ **SpiceJet**, which is being eyed by other airlines including Vijay Mallya's Kingfisher, has denied any move to offload stake, and said it has adequate resources to fund expansion plans. (BS)
- ❑ **BITES**, the technical wing of the Indian Railways, is all set to hit the market in September. The public sector unit would mop up Rs.5 bn through an initial public offering, which would be 10% of the company's paid-up capital. (ET)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

FROM OUR RESEARCH TEAM

EVENT UPDATE

Vinay Goenka
vinay.goenka@kotak.com
+91 22 66341291

**We maintain BUY on
Tata Motors with a price
target of Rs.922**

TATA MOTORS

PRICE : Rs.645

TARGET PRICE : Rs.922

RECOMMENDATION : BUY

FY08E PE : 12.5x

Tata Motors announced the launch of a new product range - the Magic and the Winger. This was another major initiative, which built on the company's recent success with the Ace. The Magic, developed on the platform of the Ace, now brings to urban and rural areas a comfortable, safe, four-wheeler public transportation option. The Winger range, offers a perfect blend of the comfort of a car with the spaciousness of a bus for intra-city and long-distance transportation needs.

Both the Magic and the Winger are being launched nationwide, starting with Maharashtra and Gujarat. This will be extended to other parts of the country in due course. The two vehicles will create new segments, and in a complementary manner help cover the entire spectrum of customer needs in mass transportation from the rural interiors to cities as well as top-end luxury mass transportation segment. The Magic range is priced at Rs.260,000 while the Winger range starts at Rs.470,000 (ex-showroom Pune).

While the Ace has enabled the company to build a dominant market share in the sub 3.5 tons segment with a market share of 69% in the goods carrier, the company had no such offering in the passenger segment. These two products with flexible applications would help the company compete against similar products of Maruti, Force Motors and Eicher Motor. To give an indicative figure of the market last year alone Maruti produced 84,707 vans.

We maintain **BUY** with a price target of Rs.922.

Summary table

(Rs mn)	FY06	FY07	FY08E
Sales	206,022	275,352	301,334
Growth %	18%	34%	9%
EBITDA	27,950	34,739	37,733
EBITDA margin %	12.5	12.0	12.0
Net profit	15,797	19,148	20,789
Net cash (debt)	(18,136)	(18,090)	(15,215)
EPS (Rs) (Diluted)	37.8	47.5	51.6
Growth %	15%	25%	9%
ROE %	32.7	30.7	26.8
ROCE %	27.3	29.7	27.5
EV/Sales (x)	1.19	0.88	0.80
EV/EBITDA (x)	9.5	7.3	6.6
P/E (x)	17.1	13.6	12.5
P/BV (x)	4.5	3.6	2.9

Source: Company & Kotak Securities -
Private Client Research

Sales volumes

	FY06	FY07
Passenger Carrier		
Max. Mass upto 3.5 tonnes	05-06	06-07
Force Motors Ltd	590	1,238
Ford India Pvt Ltd	1,825	2,028
General Motors India Pvt Ltd	7,624	10,784
Hindustan Motors Ltd	168	958
Honda Siel Cars India Ltd	0	0
Hyundai Motor India Ltd	215	0
Mahindra & Mahindra Ltd	71,955	79,495
Maruti Udyog Ltd	4,105	3,646
Tata Motors Ltd	15,771	26,327
Toyota Kirloskar Motor Pvt Ltd	36,383	43,589
Maruti Udyog Ltd (Vans)	66,661	84,707
Total	205,297	252,772
Goods Carrier		
A: Max Mass not exceeding 3.5 tonnes		
Force Motors Ltd	2,176	3,212
Hindustan Motors Ltd	19	78
Mahindra & Mahindra Ltd	34,149	43,429
Tata Motors Ltd	61,560	106,459
Total	97,904	153,178

Source: SIAN

Bulk deals

Trade details of bulk deals					
Date	Scrp name	Name of client	Buy/ Sell	Quantity of shares	Avg. Price (Rs)
18-Jun	Allsec Tech	Merill Lynch Capital Markets Espana	B	150,000	260.00
18-Jun	Allsec Tech	Euronet	S	150,000	260.00
18-Jun	Arvind Chem	Khemkaran A Bhuteria Charitable	S	47,310	23.87
18-Jun	Bihar Tubes	Securocrop Securities India Pvt Ltd	B	42,215	95.88
18-Jun	Bihar Tubes	Mukesh Kumar Jain	B	20,000	97.87
18-Jun	Chan Guide I	Sachin Dadasaheb Dhumal	S	30,500	18.35
18-Jun	Compuage Inf	Atul H Mehta	B	900,000	23.50
18-Jun	Compuage Inf	Falguni A Mehta	S	900,000	23.50
18-Jun	DMC Inter	Ramesh Koritala	S	10,000	69.25
18-Jun	Dollex Indut	Immortal Financial Serv P Ltd	S	52,129	131.80
18-Jun	Glory Poly	Rajvee Prakash Shah	B	200,000	59.56
18-Jun	Glory Poly	Chetan Vaghjibhai Shah.	B	105,100	59.37
18-Jun	Glory Poly	Decent Financial Services Pvt Ltd	B	182,639	60.95
18-Jun	Glory Poly	Naman Securities and Finance Pvt Ltd	B	135,667	61.38
18-Jun	Glory Poly	MBL and Company Limited	S	155,898	60.45
18-Jun	IKF Techno	S S Pawar	B	1,366,274	9.28
18-Jun	IKF Techno	Mavi Investment Fund Ltd Ac Gdr	S	3,000,000	9.28
18-Jun	Kalptaru	Ashlesh Guntantbhai Shah	B	31,572	90.76
18-Jun	Lumax Auto	Krisma Investments Private Ltd	S	143,658	101.89
18-Jun	Lyka Labs	Kirit Shantilal Gandhi	B	100,000	41.24
18-Jun	Lyka Labs	Simcorp Fund Limited	S	121,616	41.25
18-Jun	Madhyade Pap	Amrutlal Savganbhai Patel	B	95,192	14.95
18-Jun	Madhyade Pap	Kanchan R Guneta	S	106,292	14.95
18-Jun	Mahalaxmi Sm	Sampatidevi M Jalan	B	225,000	30.00
18-Jun	Mahalaxmi Sm	Jeevi Bai	S	225,000	30.00
18-Jun	Mohit Indust	Sanghvi Atulbhai	B	29,000	25.16
18-Jun	Mohit Indust	B.K. Share And Stock Brokers Pvt Ltd	S	25,000	25.06
18-Jun	Nestle Ltd	Morgan Stanley Investment Mgmt	B	1,010,000	1,199.98
18-Jun	Nestle Ltd	HSBC Global Investment Funds	S	1,000,000	1,200.00
18-Jun	Pruden Pharm	Sunil Talwar.	B	55,000	18.00
18-Jun	Shree Ashta	Kalpesh C Visharia	B	100,000	254.04
18-Jun	Super Sal In	Sundaram Mf Ac	S	25,000	200.32
18-Jun	Suven Life	Kotak PMS	B	3,000,000	41.75
18-Jun	Suven Life	Fid Fund Mauritius Ltd	S	3,000,000	41.75
18-Jun	Tripex Over	20th Century Holding	S	123,780	27.52
18-Jun	Tutis Tech	Mahesh Kanubhai Patel	S	100,000	12.75
18-Jun	Vakran Softw	Goldman Sachs Inv Mau 1 Ltd	B	95,827	131.50

Source: BSE

Gainers & Losers

Nifty Gainers & Losers				
	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
ONGC	889.6	0.8	2.9	0.7
ICICI Bank	918.8	1.1	1.8	0.8
ABB	4,602.5	1.9	0.7	0.1
Losers				
TCS	1,163	(1.8)	(4.2)	0.7
Reliance Ind	1,672	(0.6)	(2.8)	1.4
Infosys Tech	1,989	(1.0)	(2.2)	1.2

Source: Bloomberg

Forthcoming events

COMPANY/MARKET	
Date	Event
19-Jun	HTMT Global Solutions listing on BSE & NSE; Decolight Ceramics listing on BSE & NSE
20-Jun	Ford India holds press conference
21-Jun	Abbott India to announce 2nd quarter earnings
22-Jun	Amara Raja Batteries to announce earnings and dividend; Infosys Technologies holds share holders meeting in Bangalore
25-Jun	Annual General Meeting of SBI; ONGC to announce earnings
26-Jun	Apollo Hospitals enterprise to announce earnings and dividend
27-Jun	ITC holds annual shareholders meeting
29-Jun	TCS holds annual shareholders meeting
30-Jun	Tata Tele Services, Colgate Palmolive to announce earnings and dividend; Tata Coffee and Castrol earnings expected

Source: Bloomberg

Research Team

Name	Sector	Tel No	E-mail id
Dipen Shah	IT, Media, Telecom	+91 22 6634 1376	dipen.shah@kotak.com
Sanjeev Zarbade	Capital Goods, Engineering	+91 22 6634 1258	sanjeev.zarbade@kotak.com
Teena Virmani	Construction, Cement, Mid Cap	+91 22 6634 1237	teena.virmani@kotak.com
Awadhesh Garg	Pharmaceuticals	+91 22 6634 1406	awadhesh.garg@kotak.com
Apurva Doshi	Logistics, Textiles, Mid Cap	+91 22 6634 1366	doshi.apurva@kotak.com
Saurabh Gurnurkar	IT, Media, Telecom	+91 22 6634 1273	saurabh.gurnurkar@kotak.com
Vinay Goenka	Auto, Auto Ancillary, Sugar	+91 22 6634 1291	vinay.goenka@kotak.com
Saday Sinha	Economy, Banking	+91 22 6634 1440	saday.sinha@kotak.com
Lokendra Kumar	Oil & Gas	+91 22 6634 1540	lokendra.kumar@kotak.com
Rohit Ledwani	Retail	+91 22 6634 1507	rohit.ledwani@kotak.com
Shrikant Chouhan	Technical analyst	+91 22 6634 1439	shrikant.chouhan@kotak.com
Kaustav Ray	Editor	+91 22 6634 1223	kaustav.ray@kotak.com
K. Kathirvelu	Production	+91 22 6634 1557	k.kathirvelu@kotak.com

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