

Equity indices	% Chg			
	20-Feb	1-day	1-mth	3-mth
India				
Sensex	17,618	(2.5)	0.1	(5.3)
Nifty	5,154	(2.4)	(1.0)	(7.3)
Global/Regional markets				
Dow Jones	12,427	0.7	2.7	(2.9)
Nasdaq	2,327	0.9	(0.6)	(9.2)
FTSE	5,894	(1.2)	5.7	(2.9)
Nikkei	13,593	2.1	2.0	(8.4)
Hang Seng	23,924	1.4	0.4	(10.1)

Value traded (Rs bn)	BSE	NSE
Cash	54.6	121.7
Derivatives	11.2	439.9
Total	65.8	561.6

Net inflows	Recent trends (days)			
(Rs bn)	19-Feb	-7d	-15d	-30d
FII	15.9	(1.8)	2.6	(137.3)
MF	(3.3)	(5.8)	18.8	52.8

Forex / Crude	% Chg			
	20-Feb	1-day	1-mth	3-mth
Rs/US\$	40.1	0.3	(1.3)	(1.7)
Euro/US\$	1.5	0.1	1.8	(0.9)
Crude (\$/bbl)	99.8	0.1	10.1	2.5

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
OCL India	271.9	226.5	20.0
Gujarat NRE Coke	156.0	135.9	14.8
Global Broadcast	1,119.6	980.7	14.2
Top losers			
Lanco Infratech	429.7	469.4	(8.5)
Jaiprakash Asso	243.2	264.3	(8.0)
Reliance Capital	2,004.8	2,171.6	(7.7)

In focus

Bajaj Auto – Company Update

De-merger approved CMP: Rs 2,323 Target: Rs 2,942 **BUY**

K S Oils – Company Update

Retail sales and backward integration to drive growth CMP: Rs 85 Target: Rs 122 **BUY**

News track

- ❖ The department of telecommunications (DoT) has approved Trai's recommendations to allow service providers to share active infrastructure. The move will help telcos to lower tariffs and reduce expenditure by over 50%. (ET)
- ❖ Maruti Suzuki has signed an agreement with Mundra Ports for a mega car terminal at Mundra in Gujarat to be used for exports. The terminal will be operational by December 2008. (Mint)
- ❖ Commercial production of Tata Motor's *Nano* is expected to begin in October 2008. (BL)
- ❖ M&M has increased its footprint in Latin America by launching its Scorpio and pick-up range in Peru. (BL)
- ❖ SBI and Canara Bank have cut their prime lending rates (PLR) by 25bps for the second time this week. (BS)
- ❖ Blackstone has picked up a 10% stake in logistics major Allcargo for Rs 2.4bn. (ET)
- ❖ ABB hopes to get orders worth Rs 20bn from developers of ultra mega power projects for supplying the electrical portion of plant equipment. The company plans to invest US\$ 100mn over the next two years in its India operations. (Mint)
- ❖ HCL Technologies has acquired US-based software product company, Capital Stream, for US\$ 40mn, in an all-cash deal. HCL will take over about 100 employees of Capital Stream on its rolls as part of the deal. (ET)
- ❖ TCS has announced a US\$ 120mn contract from automotive major Chrysler for application, maintenance and support services. (ET)

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

Volume shockers

(No of shares)	20-Feb	2-mth avg	Chg (x)
Hexaware Tech	15,330,549	656,202	23.4
Eicher Motors	228,237	26,021	8.8
Sun Pharma	262,737	31,500	8.3

Delivery toppers

Company	Del (%)	Tot. vol	Cons days up
Hexaware Tech	85.4	17,223,142	5
Bank of Rajast	67.7	1,931,749	3
Gujarat State	50.1	337,708	6

Bajaj Auto

Results Update

CMP: Rs 2,323
Target: Rs 2,942
BUY

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Company data

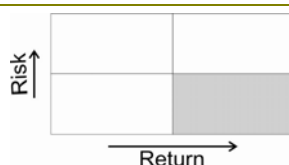
Particulars	
Market cap (Rs bn / US\$ bn)	235.1/5.9
Outstanding equity shares (mn)	101.2
52-week high/low (Rs)	3,044/1,801
6-month average daily volume	214,931

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	94,191.5	95,311.6	114,166.1
Growth (%)	24.4	1.2	19.8
Adj net inc (Rs mn)	13,885.5	12,809.4	14,527.9
Growth (%)	19.7	(7.7)	13.4
FDEPS (Rs)	137.2	126.6	143.6
Growth (%)	19.7	(7.7)	13.4
P/E (x)*	9.3	10.1	8.9
ROE (%)	26.9	21.3	20.7

*Factors in 70% of subsidiary business

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	28.9	30.0
FII's	20.2	20.8
Banks & FI's	10.1	8.9
Public	40.8	40.3

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Bajaj Auto	2,323	12.5	(4.1)	4.7
Sensex	18,076	2.7	(2.8)	26.9
BSE Auto	4,866	4.3	(5.9)	8.8

Company website www.bajajauto.com

De-merger approved

Bajaj Auto's (BAL) proposed de-merger has finally been approved by the Bombay High Court. Consequently, the company will be de-merged into three entities, namely, Bajaj Auto, Bajaj Holdings and Investment, and Bajaj Finserv. We believe the listing will unlock substantial value for its insurance business in particular. BAL is currently trading at a P/E of 8.9x its FY09E. We maintain our Buy rating on the stock with a target price of Rs 2,942, which offers a 27% appreciation from current levels.

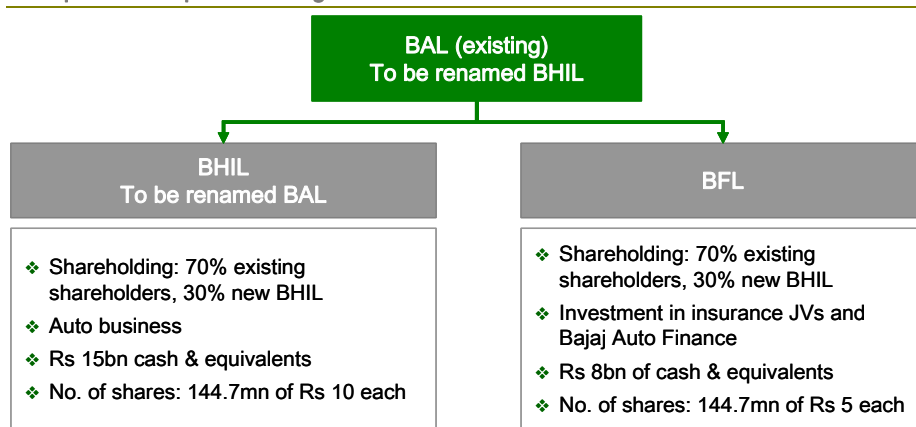
Scheme of de-merger

Formation of three companies

The keenly awaited de-merger of BAL has taken place. We expect value unlocking from its insurance business (life as well as general insurance), which in our opinion has been grossly undervalued. Post de-merger, there shall be three companies, namely Bajaj Auto (BAL), Bajaj Holding and Investments (BHIL) and Bajaj Finserv (BFL). The existing BAL would be renamed BHIL, and BHIL would be renamed BAL.

- ❖ BHIL will be the holding company and continue to have a 30% stake in BAL and BFL, and cash & liquid assets of Rs 60bn.
- ❖ BAL will have the auto business and cash assets of Rs 15bn.
- ❖ BFL shall have the wind power, insurance and auto finance businesses, with additional cash and equivalents of Rs 8bn.

Group structure post de-merger



Source: Company

Shareholders will receive one share of each company in the ratio 1:1

Maintain SOTP target of Rs 2,942; Buy

Capital structure of new companies

All shareholders would be given one share of each company in the ratio 1:1. For every one share held in the existing BAL (future BHIL), the shareholders will continue to hold one share in BHIL, get one share of the new BAL of Rs 10 each and one share of BFL of Rs 5 each.

Capital structure (pre and post de-merger)

Particulars	No. of o/s shares (mn)	Face value (Rs)
Before de-merger		
BAL (existing)	101.2	10.0
After de-merger		
BHIL	101.2	10.0
BAL (new company)	144.7	10.0
BFL	144.7	5.0

Source: Company

Valuation

SOTP values business at Rs 2,942/share

The stock is currently trading at a P/E of 8.9x and EV/EBITDA of 7.6x on FY09E. We maintain our sum-of-the-parts (SOTP) target price of Rs 2,942 for BAL (existing). We have valued the auto business (new BAL post de-merger) at Rs 1,453/share; BFL at Rs 813/share; and BHIL at Rs 675/share. Thus, we arrive at a fair value of Rs 2,942, which reflects a potential upside of 27% from the current levels. Inversely, our target price for the three new entities, namely BAL, Bajaj Finserv and BHIL would be Rs 1,016, Rs 569 and Rs 675 respectively.

Sum-of-the-parts valuation

		Per Share Value (Rs)
Bajaj Auto (New)		
FY09E core EPS		99.3
Target multiple (x)		14.0
Cash & equivalents		63.0
Value		1453.4
Bajaj Finserv		
Life Insurance business (20x FY08E *NBAP)		662.6
General Insurance business (12x FY08E EPS)		52.4
Auto financing business		63.4
Cash		35.0
Value		813.4
Bajaj Holding & Investment (BHIL)		
Stake in Bajaj Auto (30%)		436.0
Stake in BFL (30%)		244.0
Total		680.0
Holding company discount		50%
Discounted value per share		340.0
Cash & investment		335.3
Value		675.3
Total value		2,942.1

Source: Religare Research

*New business achieved profit

Target price for entities being listed on de-merger

Company	Target (Rs)	Shares (mn)	FV (Rs)	Equity (mn)
BAL (New)	1,016.3	144.7	10.0	1,447.0
BFL	568.8	144.7	5.0	723.5
BHIL	675.3	101.2	10.0	1,011.8

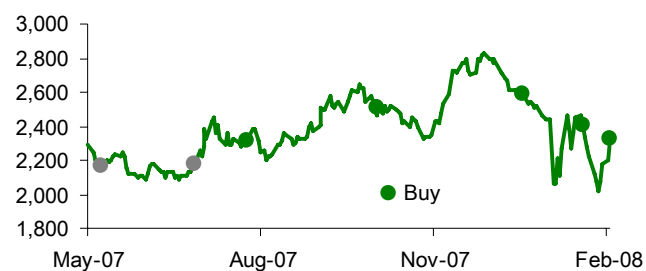
Source: Religare Research

Recommendation history

Date	Event	Reco price	Tgt price	Reco
29-May-07	Company Update	2,171	2,324	Hold
16-Jul-07	Results Update	2,175	2,324	Hold
13-Aug-07	Company Update	2,319	2,748	Buy
24-Oct-07	Results Update	2,512	2,812	Buy
7-Jan-08	Quarterly Preview	2,586	3,085	Buy
6-Feb-08	Results Update	2,404	2,942	Buy
21-Feb-08	Company Update	2,323	2,942	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Standalone financials

Profit and Loss statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Revenues	94,191.5	95,311.6	114,166.1	135,871.5
Growth (%)	24.4	1.2	19.8	19.0
EBITDA	12,731.2	13,612.5	16,495.8	19,685.3
Growth (%)	2.9	6.9	21.2	19.3
Depreciation	1,902.6	1,996.6	2,090.6	2,109.6
EBIT	10,828.6	11,615.9	14,405.2	17,575.7
Growth (%)	3.5	7.3	24.0	22.0
Interest	53.4	49.1	50.0	51.0
Other income	6,500.3	5,980.3	6,398.9	6,846.8
EBT	17,275.5	17,547.1	20,754.1	24,371.5
Income taxes	4,896.0	4,737.7	6,226.2	7,311.5
Effective tax rate (%)	28.3	27.0	30.0	30.0
Adjusted net income	13,885.5	12,809.4	14,527.9	17,060.1
Growth (%)	19.7	(7.7)	13.4	17.4
Extra-ordinary items	1,506.0	-	-	-
Reported net income	12,379.5	12,809.4	14,527.9	17,060.1
Growth (%)	12.4	3.5	13.4	17.4
Shares outstanding (mn)	101.2	101.2	101.2	101.2
Basic EPS (Rs) (adj)	137.2	126.6	143.6	168.6
FDEPS (Rs) (adj)	137.2	126.6	143.6	168.6
DPS (Rs)	30.0	30.0	30.0	30.0

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Net income	12,379.5	12,809.4	14,527.9	17,060.1
Depreciation	1,902.6	1,996.6	2,090.6	2,109.6
Other adjustments, net	13.4	-	-	-
Changes in working capital	(1,731.7)	3,522.0	1,423.5	1,519.4
Cash flow from operations	12,563.8	18,328.0	18,042.0	20,689.0
Capital expenditure	(288.4)	(5,000.0)	(5,000.0)	(1,000.0)
Change in investments	(5,905.6)	(8,000.0)	(10,000.0)	(10,000.0)
Other investing inc/(exp)	(4,524.0)	-	-	-
Cash flow from investing	(10,718.0)	(13,000.0)	(15,000.0)	(11,000.0)
Free cash flow	1,845.8	5,328.0	3,042.0	9,689.0
Issue of equity	-	-	-	-
Issue/repay debt	1,582.8	96.0	327.0	333.5
Dividends paid	(3,414.8)	(3,414.8)	(3,414.8)	(3,414.8)
Other financing cash flow	-	-	-	-
Cash flow from financing	(1,832.0)	(3,318.8)	(3,087.8)	(3,081.3)
Change in cash & cash eq	13.8	2,009.1	(45.8)	6,607.7
Opening cash & cash eq	821.0	834.8	2,843.9	2,798.1
Closing cash & cash eq	834.8	2,843.9	2,798.1	9,405.8

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY07	FY08E	FY09E	FY10E
Cash and cash eq	834.8	2,843.9	2,798.1	9,405.8
Accounts receivable	5,298.3	4,527.8	5,025.8	6,160.9
Inventories	3,097.0	4,335.4	5,757.0	6,095.3
Others current assets	28,956.2	32,318.8	39,317.8	47,462.7
Current assets	38,186.3	52,026.0	70,898.8	97,124.8
Long-term investments	64,475.3	72,475.3	82,475.3	92,475.3
Net fixed assets	12,561.0	15,264.4	17,873.8	16,714.2
CWIP	444.2	744.2	1,044.2	1,094.2
Intangible assets	-	-	-	-
Deferred tax assets, net	(741.7)	(741.7)	(741.7)	(741.7)
Total assets	114,925.1	131,768.2	153,550.4	178,666.8
Accounts payable	14,989.7	18,816.2	22,851.7	26,586.3
Others	28,337.9	31,863.9	38,170.5	45,573.6
Current liabilities	43,327.6	50,680.1	61,022.3	72,159.9
Debt funds	16,254.3	16,350.3	16,677.3	17,010.8
Other liabilities	-	-	-	-
Equity capital	1,011.8	1,011.8	1,011.8	1,011.8
Reserves	54,331.4	63,726.0	74,839.0	88,484.2
Shareholder's funds	55,343.2	64,737.8	75,850.8	89,496.0
Total liabilities	114,925.1	131,768.2	153,550.4	178,666.8
BVPS (Rs)	547.0	639.8	749.7	884.5

Source: Company, Religare Research

Financial ratios

	FY07	FY08E	FY09E	FY10E
EBITDA margin (%)	13.7	14.6	14.7	14.8
EBIT margin (%)	11.5	12.2	12.6	12.9
Net profit margin (%)	14.9	13.7	13.0	12.8
FDEPS growth (%)	19.7	(7.7)	13.4	17.4
Receivables (days)	16.3	19.2	15.6	15.3
Inventory (days)	15.4	19.9	22.5	22.3
Payables (days)	58.9	74.4	77.9	77.7
Current ratio (x)	0.9	0.9	0.9	1.0
Quick ratio (x)	0.6	0.6	0.5	0.6
Interest coverage ratio (x)	-	-	-	-
Debt / equity (x)	0.3	0.3	0.2	0.2
ROE (%)	26.9	21.3	20.7	20.6
ROA (%)	13.1	10.4	10.2	10.3
ROCE (%)	16.2	15.2	16.6	17.7
EV/Sales (x)*	1.6	1.4	1.1	0.8
EV/EBITDA (x)*	11.4	9.9	7.6	5.5
P/E (x)*	9.3	10.1	8.9	7.6
P/BV (x)*	2.3	2.0	1.7	1.4

Source: Company, Religare Research *Factors in 70% of subsidiaries business

K S Oils

Company Update

CMP: Rs 85

Target: Rs 122

BUY

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NSE code: KSOILS

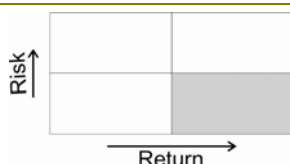
Company data

Particulars	
Market cap (Rs bn / US\$ mn)	26.8/661.7
Outstanding equity shares (mn)	315.3
52-week high/low (Rs)	124/21
2-month average daily volume	2,137,476

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	10,874.7	19,857.4	36,945.1
Growth (%)	80.0	82.6	86.1
Adj net inc (Rs mn)	573.8	1,240.1	2,465.1
Growth (%)	258.0	116.1	98.8
FDEPS (Rs)	2.6	3.9	6.9
Growth (%)	173.6	51.5	75.9
P/E (x)	32.8	21.6	12.3
ROE (%)	48.4	33.2	27.0

Risk-return profile



Shareholding pattern

(%)	Dec-07	Sep-07
Promoters	30.0	23.7
FII's	13.1	11.8
Banks & FI's	0.0	0.0
Public	56.9	64.5

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
K S Oils	2.1	16.2	57.9	
Sensex	2.7	(2.8)	26.8	

Company website www.ksoils.com

Retail sales and backward integration to drive growth

K S Oils (KSO) has acquired its first palm plantation in Malaysia covering an area of 900 acres for 13mn ringgits (US\$ 4mn). This deal would help secure the company's raw material supply for crude palm oil and takes it a step closer to achieving its long-term objective of backward integration. We expect this acquisition to contribute significantly to growth from FY09 onwards, but refrain from including it in our financial projections in the absence of detailed information.

We maintain our positive stance on KSO and expect the company's focus on organised retail sales to yield rich rewards. During Q3FY08, branded sales increased 72% YoY to Rs 3.4bn, contributing over 60% of the quarter's total revenues. Retail products accounted for 55% of branded sales at Rs 1.9bn, growing at 178% YoY. Stronger realisations from this segment aided a 50bps YoY improvement in the EBITDA margin to 10.5% and a 61% rise in the quarter's net profit to Rs 324mn. We expect KSO to register a robust CAGR of 87% in revenue, 114% in operating profit and 107% in PAT over FY07-FY09. We reiterate our Buy rating on the stock with a target of Rs 122.

Malaysian palm plantation acquired through JV

KSO holds a 70% stake in a Malaysia-based joint venture company that was formed with a view to acquiring palm plantations and manufacturing crude palm oil. The JV aims to secure KSO's raw material supply for crude palm oil from Southeast Asia and is a step towards backward integration. It has concluded its first acquisition of a 900-acre palm plantation in Malaysia at a cost of 13mn ringgits (US\$ 4mn).

In our view, this acquisition would help KSO to increase its oil processing, solvent extraction and refining capacities significantly. However, we have not factored it into our financial projections at present due to the absence of clarity on the venture.

Bio-diesel from Jatropha presents further upside potential

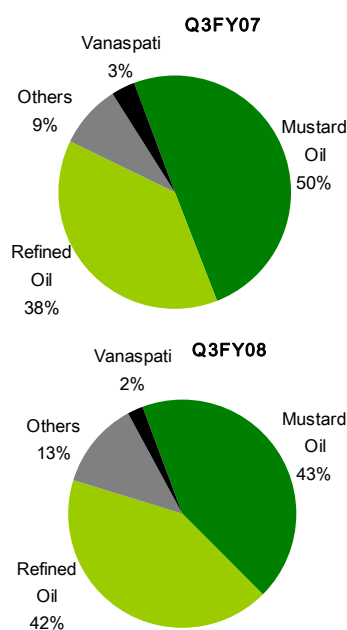
KSO also proposes to enter into the business of production and processing of bio-diesel from Jatropha (Ratanjyot) curcas or from any other oil seeds, acid oils or fatty acids. The company may choose to cultivate a jatropha plantation, farm or nursery, or alternatively to procure the raw material from external cultivators. We expect some action on this front soon, which could present a significant upside to our estimates.

Continued strength in quarterly numbers driven by retail sales

KSO's net sales for Q3FY08 have increased by 84.7% YoY to Rs 5.6bn led by better volumes and increased realisations. During the quarter, the company witnessed sustained demand growth from northern, eastern and central region markets, thus ensuring higher capacity utilisation and stronger volume sales. Further, the rising proportion of branded retail sales led to better realisations for its products.

Branded sales accounted for 61% of the total revenue at Rs 3.4bn, registering a growth of 72% YoY. Retail products accounted for 33% of total sales and 55% of branded sales at Rs 1.9bn, growing at 178% YoY. Realisations for retail sales increased by 10% over Q3FY07, while that of bulk sales increased 11%.

Product-wise sales mix



Source: Company, Religare Research

Category-wise sales mix for branded goods

(%)	Q3FY07	Q3FY08
Retail	34	55
Bulk	66	45

Source: Company, Religare Research

EBITDA margin up 50bps YoY to 10.5%

Q3FY08: Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	5,636.7	5,248.6	7.4
EBITDA	592.5	577.3	2.6
Adj net income	324.3	309.3	4.8
FDEPS (Rs)	4.1	3.9	5.1

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q3FY08	Q3FY07	% Chg YoY	Q2FY08	% Chg QoQ
Net revenue	5,636.7	3,051.5	84.7	4,432.9	27.2
a) Raw mat costs	4,709.9	2,566.6	83.5	3,601.6	30.8
b) Staff cost	19.4	8.2	136.6	11.7	65.8
c) Other expenses	314.9	170.6	84.6	301.2	4.5
Total expenditure	5,044.2	2,745.4	83.7	3,914.5	28.9
EBDIT	592.5	306.1	93.6	518.4	14.3
Depreciation	30.9	12.6	145.2	30.9	0.0
EBIT	561.6	293.5	91.3	487.5	15.2
Financial expenses	84.8	46.9	80.8	95.2	(10.9)
Other Income	17.2	0.0	-	12.4	38.7
PBT	494.0	246.6	100.3	404.7	22.1
Tax	169.7	44.5	281.3	138.9	22.2
PAT	324.3	202.1	60.5	265.8	22.0
OPM (%)	10.5	10.0	4.8	11.7	(10.1)
Equity	315.3	220.9	-	273.2	15.4
EPS (Rs)	4.1	3.7	12.4	3.9	5.7

Source: Company, Religare Research

EBITDA margin expands 50bps; PAT up 60% YoY

KSO's operating profit has grown 93.6% YoY to Rs 592.5mn, accompanied by a margin improvement to 10.5% as compared to 10% last year. The margin growth was fuelled by increased realisations, lower operating costs (particularly raw material) and a better working capital cycle. While raw material cost increased 83.5% YoY to Rs 4.7bn, it declined as a percentage of sales to 83.6% as compared to 84.1% in Q3FY07. The company benefited from a sizeable raw material (seed) inventory that was procured at a lower cost in anticipation of a rise in prices.

The company posted 60.5% YoY growth in net profit during Q3FY08 to Rs 324.3mn. However, the NPM was lower at 5.8% as compared to 6.6% last year.

Capacity expansion to support continued growth

KSO's capacity expansion drive to meet the growing demand for its products is expected to drive future revenue growth. Moreover, its renewed focus on organised retail would ensure higher sales, both in terms of volume and realisations, consequently enhancing operating margins. The installation of wind mills will also reduce power costs.

KSO has registered a 54% revenue CAGR over FY05-FY07. We expect the company to register an 84% CAGR in revenues over FY07-FY09 to Rs 36.9bn. EBITDA has grown substantially at a 160% CAGR over FY05-FY07. We anticipate a 114% CAGR over FY07-FY09 to Rs 4.2bn, with the EBITDA margin improving from 8.5% in FY07 to 11.5% in FY09. Increased volumes, higher realisations and stronger operational leverage would significantly expand the bottomline. Net profit grew at a CAGR of 326% over FY05-FY07; we expect a 107% CAGR over FY07-FY09 to Rs 2.5bn.

DCF-based target of Rs 122; Buy

Maintain Buy with target of Rs 122

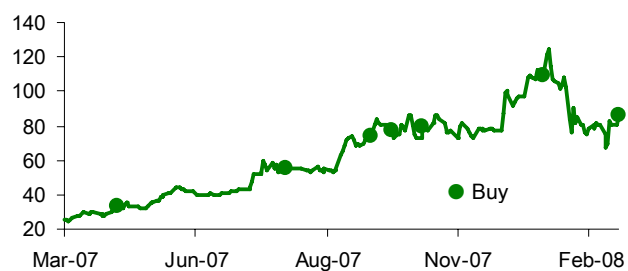
At the current price, KSO is quoting at a P/E of 21.6x on FY08E and 12.3x on FY09E with an EV/EBITDA multiple of 12.7x and 6.5x respectively. We reiterate Buy with a DCF-based target price of Rs 122. For our DCF model, we have assumed a 16% cost of equity, 8% risk-free rate, beta of 1.1 and terminal growth rate of 4%.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
23-Apr-07	Company Update	33	41	Buy
1-Aug-07	Results Update	55	68	Buy
24-Sep-07	Company Update	74	85	Buy
5-Oct-07	Quarterly Preview	78	85	Hold
24-Oct-07	Results Update	80	101	Buy
7-Jan-08	Quarterly Preview	109	122	Buy
20-Feb-08	Company Update	85	122	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Revenues	10,874.7	19,857.4	36,945.1	57,533.0
Growth (%)	80.0	82.6	86.1	55.7
EBITDA	926.8	2,184.3	4,248.7	5,753.3
Growth (%)	222.8	135.7	94.5	35.4
Depreciation	45.2	125.1	267.9	351.9
EBIT	881.6	2,059.2	3,980.8	5,401.4
Growth (%)	241.0	133.6	93.3	35.7
Interest	153.5	250.0	335.0	385.5
Other income	10.7	10.7	10.7	10.7
EBT	738.8	1,859.2	3,695.8	5,066.0
Income taxes	165.0	619.1	1,230.7	1,687.0
Effective tax rate (%)	22.3	33.3	33.3	33.3
Adjusted net income	573.8	1,240.1	2,465.1	3,379.0
Growth (%)	258.0	116.1	98.8	37.1
Extra-ordinary items	0.6	0.6	0.6	0.6
Reported net income	573.2	1,239.5	2,464.5	3,378.4
Growth (%)	277.9	116.2	98.8	37.1
Shares outstanding (mn)	220.9	315.3	356.5	356.5
Basic EPS (Rs) (adj)	2.6	3.9	6.9	9.5
FDEPS (Rs) (adj)	2.6	3.9	6.9	9.5
DPS (Rs)	0.1	0.6	1.0	1.4

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY07	FY08E	FY09E	FY10E
Net income	573.2	1,239.5	2,464.5	3,378.4
Depreciation	45.2	125.1	267.9	351.9
Other adjustments, net	-	-	-	-
Changes in working capital	(753.8)	(845.9)	(1,195.0)	(1,193.7)
Cash flow from operations	(135.4)	518.7	1,537.3	2,536.5
Capital expenditure	(917.1)	(3,364.8)	(3,000.0)	(1,000.0)
Change in investments	-	(800.0)	(3,200.0)	(4,000.0)
Other investing inc/(exp)	-	-	-	-
Cash flow from investing	(917.1)	(4,164.8)	(6,200.0)	(5,000.0)
Free cash flow	(1,052.5)	(3,646.1)	(4,662.7)	(2,463.5)
Issue of equity	900.7	2,650.4	5,071.6	3,608.6
Issue/repay debt	128.3	1,499.9	1,000.0	-
Dividends paid	(38.7)	(217.4)	(432.2)	(592.5)
Other financing cash flow	132.0	38.0	15.0	15.0
Cash flow from financing	1,122.3	3,970.9	5,654.4	3,031.1
Change in cash & cash eq	69.8	324.8	991.7	567.6
Opening cash & cash eq	60.8	130.6	455.4	1,447.1
Closing cash & cash eq	130.6	455.4	1,447.1	2,014.7

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY07	FY08E	FY09E	FY10E
Cash and cash eq	130.6	455.4	1,447.1	2,014.7
Accounts receivable	139.1	544.0	809.8	1,103.4
Inventories	2,476.9	4,352.3	7,793.9	11,821.8
Others current assets	487.6	400.3	500.5	550.7
Current assets	3,234.2	5,752.1	10,551.2	15,490.6
Long-term investments	-	800.0	4,000.0	8,000.0
Net fixed assets	1,175.0	4,549.9	7,282.0	7,930.1
CWIP	135.2	-	-	-
Deferred tax assets, net	(155.7)	(170.0)	(185.0)	(200.0)
Other assets	23.7	-	-	-
Total assets	4,412.4	10,931.9	21,648.2	31,220.8
Accounts payable	1,215.2	2,720.2	5,263.4	8,354.1
Others	292.5	134.6	203.8	291.2
Current liabilities	1,507.7	2,854.8	5,467.2	8,645.3
Debt funds	1,001.9	2,501.8	3,501.8	3,501.8
Other liabilities	-	-	-	-
Equity capital	220.9	315.3	356.5	356.5
Reserves	1,681.9	5,260.0	12,322.7	18,717.2
Shareholder's funds	1,902.8	5,575.3	12,679.2	19,073.7
Total liabilities	4,412.4	10,931.9	21,648.2	31,220.8
BVPS (Rs)	8.6	17.7	35.6	53.5

Source: Company, Religare Research

Financial ratios

	FY07	FY08E	FY09E	FY10E
EBITDA margin (%)	8.5	11.0	11.5	10.0
EBIT margin (%)	8.1	10.4	10.8	9.4
Net profit margin (%)	5.3	6.2	6.7	5.9
FDEPS growth (%)	173.6	51.5	75.9	37.1
Receivables (days)	4.9	6.3	6.7	6.1
Inventory (days)	73.9	70.5	67.8	69.1
Payables (days)	31.5	40.6	44.6	48.0
Current ratio (x)	2.1	2.0	1.9	1.8
Quick ratio (x)	0.5	0.5	0.5	0.4
Interest coverage ratio (x)	4.7	6.0	8.4	9.8
Debt / equity (x)	0.5	0.4	0.3	0.2
ROE (%)	48.4	33.2	27.0	21.3
ROA (%)	17.2	16.2	15.1	12.8
ROCE (%)	41.5	37.5	32.8	27.9
EV/Sales (x)	2.5	1.4	0.7	0.5
EV/EBITDA (x)	29.9	12.7	6.5	4.8
P/E (x)	32.8	21.6	12.3	9.0
P/BV (x)	9.9	4.8	2.4	1.6

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
28-Jan-08	State Bank of India	Results Update	2,405	2,827	BUY
28-Jan-08	Tulip IT	Results Update	974	1,392	BUY
29-Jan-08	HDIL	Results Update	1,002	1,445	BUY
29-Jan-08	Allahabad Bank	Results Update	113	167	BUY
29-Jan-08	Ashok Leyland	Results Update	37	65	BUY
29-Jan-08	Divi's Laboratories	Results Update	1,543	1,825	BUY
29-Jan-08	Garware Offshore Services	Results Update	214	364	BUY
29-Jan-08	Venus Remedies	Results Update	424	708	BUY
29-Jan-08	Dena Bank	Results Update	74	109	BUY
30-Jan-08	Garware Wall Ropes	Results Update	152	301	BUY
31-Jan-08	TVS Motor	Results Update	42	41	SELL
31-Jan-08	Punjab National Bank	Results Update	667	795	BUY
31-Jan-08	Bharti Airtel	Results Update	852	1,150	BUY
31-Jan-08	PVR	Results Update	260	416	BUY
1-Feb-08	Jagran Prakashan	Results Update	124	158	BUY
1-Feb-08	C & C Constructions	Results Update	214	376	BUY
1-Feb-08	Federal Bank	Results Update	309	397	BUY
4-Feb-08	Cadila Healthcare	Results Update	257	381	BUY
4-Feb-08	Maruti Suzuki	Results Update	849	1,225	BUY
4-Feb-08	KPR Mill	Results Update	126	212	BUY
4-Feb-08	Hero Honda	Results Update	725	771	HOLD
5-Feb-08	Ganesh Housing Corp	Results Update	601	1,201	BUY
5-Feb-08	Dewan Housing Finance	Results Update	199	302	BUY
6-Feb-08	Elecon Engineering	Results Update	224	383	BUY
6-Feb-08	Bajaj Auto	Results Update	2,404	2,942	BUY
6-Feb-08	Jubilant Organosys	Results Update	351	405	BUY
6-Feb-08	Bihar Tubes	Results Update	154	242	BUY
7-Feb-08	Indian Overseas Bank	Results Update	178	204	HOLD
7-Feb-08	UTV Software	Results Update	857	892	BUY
8-Feb-08	Mercator Lines	Results Update	107	177	BUY
8-Feb-08	Parsvnath Developers	Results Update	274	512	BUY
11-Feb-08	Opto Circuits (India)	Results Update	400	568	BUY
11-Feb-08	Balaji Telefilms	Results Update	217	375	BUY
11-Feb-08	Nava Bharat Ventures	Results Update	238	355	BUY
11-Feb-08	Indus Fila	Results Update	255	561	BUY
11-Feb-08	GSS America Infotech	Results Update	400-440	NA	NA
13-Feb-08	Mahindra & Mahindra	Results Update	580	834	BUY
14-Feb-08	Apar Industries	Company Update	250	390	BUY
15-Feb-08	Tata Metaliks	Company Update	164	219	BUY
18-Feb-08	Rural Electrification Corporation	IPO Note	90-104	NA	SUBSCRIBE
18-Feb-08	Bihar Tubes	Company Update	135	242	BUY
20-Feb-08	Great Offshore	Company Update	846	1,152	BUY
21-Feb-08	Bajaj Auto	Company Update	2,323	2,942	BUY
21-Feb-08	K S Oils	Company Update	85	122	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	20-Feb	1-day	1-mth	3-mth	
Automobiles	4,759	(2.2)	2.0	(8.0)	
Banks	10,610	(3.2)	0.3	3.7	
Capital Goods	15,933	(2.8)	(6.8)	(17.5)	
Comm. & Tech.	3,306	(1.0)	2.8	(6.4)	
Consumer Durables	4,759	(1.7)	(11.1)	(7.0)	
FMCG	2,224	(2.0)	2.3	5.7	
Healthcare	3,681	(1.2)	(0.6)	(3.5)	
IT	3,858	0.2	8.0	(3.3)	
Metal	15,834	(2.3)	5.8	(2.6)	
Oil & Gas	10,884	(2.2)	(1.9)	(7.2)	
Mid-caps	7,589	(1.2)	(3.7)	(7.6)	
Small-caps	9,631	(1.7)	(11.7)	(6.2)	

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

Emerging markets

Country	% Chg				
	20-Feb	1-day	1-mth	3-mth	6-mth
Brazil	63,747	2.3	18.7	5.2	28.0
Shanghai	4,504	(1.4)	(8.4)	(13.6)	(9.1)
Hong Kong	23,924	1.4	0.4	(10.1)	10.1
India	17,618	(2.5)	0.1	(5.3)	25.9
South Korea	1,702	0.8	1.1	(5.8)	(2.0)
Taiwan	8,035	1.8	(0.9)	(5.3)	(5.2)

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	392.9	364.2	1,127.2	(3,143.4)
South Korea	62.0	(313.2)	(1,592.8)	(11,067.3)
Taiwan	(50.1)	257.2	210.1	(1,194.1)
Thailand	267.2	66.7	888.2	(283.1)

Events calendar

Board meetings

February 21	22	23
Clariant Chemicals (India) – Dividend Hexaware Technologies - Audited Results & Final Dividend Aventis Pharma - Audited Results & Final Dividend Mysore Cements - Results	Modipon - Audited Results (18 months) Shipping Corporation of India - Dividend Timken India - Audited Results Vesuvius India - Audited Results Megasoft - Audited Results	Dredging Corporation Of India - Dividend
24	25	26
R Systems International - Audited Results & Dividend Reliance Power - Bonus Issue	Astra Zeneca - Results & Dividend B&A Multiwall - Audited Results Fulford (India) - Results & Dividend Vatsa Music – Results Trend Electronics - Audited Results & Dividend Videocon Appliances - Audited Results & Dividend	Hit Kit Global Solutions - Results Jindal Saw - Audited Results & Dividend
27	28	29
Coromandel Fertilizers - Allotment of equity shares Dhanuka Agritech - Audited Results Vatsa Educations - Results Henkel India – Results 3M India - Audited Results Shriram Asset Management - Results	Areva T&D India – Results Database Finance - Results Landmarc Leisure Corporation - Audited Results Krone Communications - Results	Elque Polyesters - Audited Results Goodricke Group - Audited Results & Dividend Kaashyap Technologies - Issue of Dividend, Bonus or Rights

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Bang Overseas	Elara India Opp Fund	S	263,131	203.8
Bang Overseas	Deutsche Securities Mauritius	S	500,000	202.8
Bang Overseas	Transglobal Securities	B	214,960	195.0
Bang Overseas	Elara India Opp Fund	S	175,000	204.8
Bang Overseas	Transglobal Securities	S	214,960	196.9
Donear Indus	Lotus Global Investments	B	260,000	87.0
Eicher Motors	Citigroup Global Markets Mauritius	B	223,345	285.3
Eicher Motors	Citigroup Global Markets Mauritius	B	226,655	285.3
Hexaware	Flde Fimhk Fidelity Funds Mauritius	B	14,124,000	69.0
Hexaware	Goldman Sachs Investments Mauritius	S	932,115	69.0
Hexaware	Morgan Stanley Mauritius Co	S	3,293,969	69.0
Hexaware	Macquarie Bank	S	3,385,959	69.0
Hexaware	Copthall Mauritius International Cmil	S	3,338,707	69.0
Hexaware	UBS Securities Asia A C Swiss Fin Corp Mauritius	S	3,046,000	69.0
Kewal Kiran	Merrill Lynch Capital Markets Espana	B	640,097	408.0
Kewal Kiran Clothing	Merrill Lynch Capital Markets Espana	B	559,903	406.0
Mount Eve Mi	DSP Merrill Lynch Capital	S	155,292	141.0
NIIT	Indea Absolute Return Fund	B	2,892,848	110.0
NIIT	ABN Amro Bank NV London Branch	S	2,997,017	110.0
Wearology	Mavi Investment Fund	B	78,137	100.0
Wearology	Citigroup Global Markets Mauritius	S	78,139	100.0

Source: BSE

Disclosures under insider trading regulations

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Arrow Webtex	Pacific Corporate Services	B	10,164,610	8.8	10,164,610	8.8
Autoline Industries	Rema Radhakrishnan	B	5,500	-	606,217	5.6
Autoline Industries	Rema Radhakrishnan	B	400	-	606,617	5.6
Autoline Industries	Radhakrushnan V Manavazhi	B	3,000	-	4,298	0.0
Birla VXL	Central India General Agents	B	9,273	0.0	9,040,956	13.2
Birla VXL	Central India General Agents	B	16,466	0.0	9,031,683	13.1
Contech Software	Pramod Pesticides	B	25,000	0.5	351,215	6.4
Contech Software	Pramod Pesticides	B	25,000	0.5	376,215	6.8
Dalmia Cement (Bharat)	J H Dalmia	B	1,634,010	-	1,635,010	2.0
Dalmia Cement (Bharat)	Y H Dalmia	B	601,380	-	602,380	0.8
Dalmia Cement (Bharat)	Gautam Dalmia	B	500,790	-	677,290	0.8
Dalmia Cement (Bharat)	Puneet Dalmia	B	330,225	-	742,055	0.9
Dalmia Cement (Bharat)	Mayuka Investment	B	9,025,935	11.6	15,183,015	18.8
Dalmia Cement (Bharat)	Sita Investment Company	B	3,725,120	4.6	5,876,800	7.3
Dalmia Cement (Bharat)	Shree Nirman	B	4,422,405	5.5	6,540,130	8.1
HDFC	Girish V Koliyote	S	30	-	-	-
HDFC	Girish V Koliyote	S	250	-	814	-
IFL Promoters	Chp Finance	S	40,000	1.3	241,000	8.0
IFL Promoters	Chp Finance	S	20,000	0.7	177,500	6.0
KS Oils	Ramesh Chand Garg	B	147,000	-	30,442,704	9.7
KS Oils	Ramesh Chand Garg	B	330,400	-	30,773,104	9.8

Scrip	Acquirer/Seller	Buy/Sel I	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
KS Oils	Ramesh Chand Garg	B	103,500	-	30,219,204	9.6
KS Oils	Ramesh Chand Garg	B	76,500	-	30,295,704	9.6
KRBL	Radha Raj Ispat	B	19,772	-	2,389,674	9.8
KRBL	Radha Raj Ispat	B	11,280	-	2,400,954	9.9
Maharashtra Seamless	Jhanjhari Holdings	B	326,905	0.5	2,832,332	4.0
Maharashtra Seamless	Gvn Fuels	B	300,000	0.4	1,722,343	2.4
Moser-Baer (India)	MsSabena Puri	S	11,687,829	7.0	-	-
Moser-Baer (India)	Ratul Puri	B	11,687,829	-	16,143,753	9.6
Network 18 Media & Investments	Ruane Cuniff & Goldfarb Inc	B	1,362,433	2.6	3,155,516	6.1
Nicholas Piramal India	Harish Kumar Chawla	B	5,000	-	36,250	0.0
Paras Petrofils	Rita Chopra	S	400,000	-	460,000	0.1
Paras Petrofils	Rita Chopra	S	140,000	-	860,000	0.3
Tulip IT Services	Merrill Lynch Capital Mkts Espana	B	71,794	0.2	1,492,212	5.2
Zenotech Laboratories	Dr Jayaram Chigurupati	B	17,380	-	3,119,360	9.1

Source: BSE

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Recommendation parameters

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

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

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