January 23, 2007 | **FOR PRIVATE CIRCULATION**

Equity

	22 Jan 07	% Chg 1 Day	1 Mth	3 Mths
Indian Indices				
Sensex	14,209	0.2	5.5	12.6
Nifty	4,102	0.3	6.0	12.2
Banking	7,477	(0.1)	9.5	22.5
IT	3,732	0.5	6.0	16.7
Healthcare	3,898	0.3	4.1	8.1
FMCG	1,976	1.3	3.9	(1.1)
PSU	6,230	0.2	5.3	7.3
CNX Midcap	5,282	(0.0)	5.3	11.5
World indices				
Nasdaq	2,431.1	(0.8)	1.2	3.2
Nikkei	17,424	0.7	1.4	3.3
Hangseng	20,772	2.2	7.3	14.6

Value traded (Rs cr)

	22 Jan 07	% Chg - 1 Day
Cash BSE	3,427	(9.8)
Cash NSE	7,574	(16.3)
Derivatives	34,534	(8.2)

Net inflows (Rs cr)

	19 Jan 07	% Chg	MTD	YTD
FII	76.8	(31.4)	(599)	(599)
Mutual Fund	(402.0)	(782.0)	(70)	195

FII open interest (Rs cr)

	19 Jan 07	% chg
FII Index Futures	12,889.9	(2.2)
FII Index Options	8,339.8	(0.1)
FII Stock Futures	17,125.4	0.6
FII Stock Options	133.0	0.4

Advances/Declines (BSE)

22 Jan 07	A	B1	B2	Total	% Total
Advances	91	305	434	830	50
Declines	119	327	351	797	48
Unchanged	1	16	17	34	2

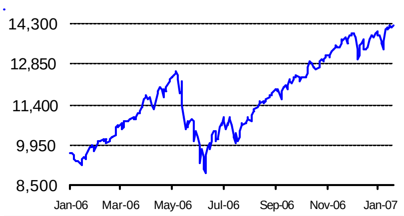
Commodity

	22 Jan 07	% Chg 1 Day	1 Mth	3 Mths
Crude (NYMEX) (US$/BBL)	52.6	(1.5)	(15.8)	(7.5)
Gold (US$/OZ)	633.4	(0.3)	2.1	9.0
Silver (US$/OZ)	12.9	0.5	2.7	10.3

Debt/forex market

	22 Jan 07	1 Day	1 Mth	3 Mths
10 yr G-Sec yield	7.90	7.83	7.60	7.66
Re/US$	44.21	44.28	44.58	45.37

Sensex



Source: Bloomberg

ECONOMY NEWS

- The Government has slashed customs duty on a host of items, including cement, capital goods, steel, copper, aluminum and inorganic chemicals. The duty on project imports has also been brought down to 7.5%. The tariff reduction will come into effect immediately. (ET)
- The UPA Government's ambitious program to provide social security to workers in the unorganized sector is set to get delayed again. The government has formed a group of ministers to deliberate the issue. (ET)
- Even as the Finance Ministry has proposed to impose export obligations on industrial units located within Special Economic Zones, the Government has put the brakes on fresh approval and notification of zones beyond the 63 already notified. (BS)
- Pension funds of Government employees may soon start to trickle into the country's stock markets, with the Centre deciding to create an enabling interim provision in this regard. (BL)
- The Finance Ministry is expected to do away with the differential import duty structure on crude oil and petroleum products in the forthcoming Budget 2007-08. At present, the duty on crude oil stands at 5% while petroleum products attract a 7.5% duty. (BS)

CORPORATE NEWS

- **Dr Reddy's Laboratories** has reported a 200% increase in consolidated net profit at Rs.1.88 bn for the third quarter ended December 31, 2006 under US GAAP as against Rs.628.3 bn in Q3FY06. A release issued by the company to the BSE said total income moved up 160% to Rs.15.43 bn from Rs.5.93 bn in Q3FY06. (BS)
- **ONGC** and Petrobras are planning to enter into swap arrangement for offering stakes in producing oil and gas blocks in India and Brazil. Petrobras would be offered equity stake in KG basin while ONGC would be offered equity stakes in oil-rich blocks in Brazil. (ET)
- **JK PAPER** has reported a 28.5% increase in net profit in its second quarter ended December 31. Profit after tax stood at Rs.122 mn as against Rs.95 mn in the corresponding period last year. Net sales for the quarter rose 29% to Rs.2.04 bn. (ET)
- Nashik-based **Religare Pharma Pvt Ltd (RPPL)** is setting up a formulation facility near Nashik at an investment of Rs.90 mn. The unit, which is already under construction, will be commissioned by March-end, this year. (BS)
- **Shringar Cinemas** has reported a net profit of Rs.36 mn as against a net loss of Rs.20 mn during the same period last year. Total revenue rose by 102% YoY to Rs.154 mn. The company's operating profit grew to Rs.32 mn as compared to operating loss of Rs.5 mn. (ET)
- **Nucleus Software Exports,** a provider of software products for the banking and financial sector, on Monday posted a 58% increase in its net profit for Q3 ended December 2006 to Rs.139 mn compared to Rs.88 mn for the corresponding quarter of the previous year. (ET)
- **Gati** has witnessed a drop in net profit to Rs.42 mn for the quarter ended December 2006 against Rs.57 mn during the previous corresponding period. The revenue during the quarter, however, was up 21% to Rs.1.39 bn against the same period the previous year. (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

RESULT UPDATE

Awadhesh Garg
awadhesh.garg@kotak.com
+91 22 6634 1406

PFIZER INDIA LTD
(Rs.870, P/E CY07E: 20.1x, HOLD)

Result Highlights

- **Pfizer has reported in-line results for CY06. Net sales rose 10% to Rs.6.9 bn. Net profit after tax grew by a sharp 50.3% to Rs.1.06 bn mainly due to margin expansion and higher other income (including exceptional income);**
- **Operating margins in CY06 improved by 170 bps to 23.9% due to operational efficiencies, better cost management, change in product mix and new product launches.**
- **In Q4CY06, net sales rose 1.8% to Rs.1.7 bn while net profit declined 2.1% to Rs.170 mn.**
- **Sales from new products to keep up growth momentum.**
- **Uncertainty over the sale of global consumer health product division is set to remain a concern.**
- **Income from clinical development operations will be under pressure due to severe competition from Korea, Malaysia and Indonesia.**

Summary table

(Rs mn)	CY06	CY07E	CY08E
Sales	6,929	7,699	8,423
Growth (%)	10.0	11.1	9.4
EBITDA	1,658	1,926	2,171
EBITDA margin (%)	23.9	25.0	25.8
Net profit	1,063	1,289	1,559
Net Margin (%)	15.3	16.7	18.5
EPS (Rs)	35.6	43.2	52.3
Growth (%)	50.3	21.3	20.9
DPS (Rs)	12.5	12.5	12.5
RoE (%)	24.6	24.8	24.6
RoCE (%)	41.5	38.1	37.2
EV/Sales (x)	3.4	2.8	2.5
EV/EBITDA (x)	14.4	11.4	9.6
P/E (x)	25.3	20.1	16.7
P/BV (x)	6.2	5.0	4.1

Source: Company & Kotak Securities - Private Client Research

Financial Performance (Year-end November)

(Rs mn)	Q4CY06	Q4CY05	YoY (%)	CY06	CY05	YoY (%)
Net Sales	**1,709**	**1,679**	**1.8**	**6,624**	**5,985**	**10.7**
Expenditure	1,447	1,439	0.6	5,232	4,929	6.1
Raw Material Costs	291	266		1,296	1,444	
Purchase of finished goods	233	181		940	603	
Staff Costs	272	291		1,023	1,001	
Manufacturing & Other Costs	651	700		1,973	1,881	
EBIDTA	**261**	**240**	**8.7**	**1,391**	**1,056**	**31.8**
Depreciation	31	40		131	139	
EBIT	**230**	**201**	**14.8**	**1,261**	**917**	**37.4**
Interest	1	0		1	2	
Other Income	120	119		476	410	
PBT	**350**	**320**	**9.4**	**1,735**	**1,326**	**30.9**
Tax	121	88		563	411	
Reported PAT	228	232	-1.4	1,173	915	28.2
Extra-ordinary Items	(58)	(58)		(115)	(234)	
Adjusted PAT	170	174	-2.1	1,057	681	55.2
Equity Shares (Mn)	29.8	29.8		29.8	29.8	
EPS (Rs)	**5.7**	**5.8**	**-2.1**	**35.4**	**22.8**	**55.2**
EBIDTA Margin (%)	15.3	14.3		21.0	17.6	
PAT Margin (%)	10.0	10.3		16.0	11.4	

Source: Company

In-line performance in CY06, net sales grew 10% led by pharma division

Pfizer has announced its results for CY06 ending on November 30 2006, which are in-line with our expectations. Net profit has seen a sharp jump of 50.3% to Rs.1.06 bn, compared to Rs.707 mn in CY05, leading to earning per share of Rs.35.6. The key attributes for strong growth in net profit were margin expansion, and higher other and exceptional income. Net sales have grown a moderate 10% during the period - from Rs.6.3 bn to Rs.6.9 bn. Key factors for this growth are the launch of Viagra (for erectile dysfunction), Lyrica (to treat nerve-pain) and Caduet (for blood-pressure and high-cholesterol).

At operating levels, margins have improved 170 bps to 23.9%. This is due to operational efficiencies, better cost management, and change in product mix, improvement in sales and new products which eventually led to good growth at net profit level. Net profit margin has improved 420 bps to 15.9% due to the abovementioned factors.

For Q4CY06, net sales were up only 1.8% (2.7% growth in pharma division and 9.1% and 22.3% de-growth in animal health and clinical services, respectively) at Rs.1.71 bn against Rs.1.68 bn in Q4CY05. Net profit, however, declined 2.1% to Rs.170 mn during the quarter mainly due to higher income tax outgo.

Uncertainty over sale of consumer healthcare division to remain a concern

The parent company had sold off its global consumer healthcare business to Johnson & Johnson for US$16 bn in June 2006. Consequently, the global closure was fixed on December 20 2006 except few markets like India for divesture of aforesaid business. The division had a range of products like Benadryl, Listerine and Gelusil that have got huge brand equity. The consumer healthcare business generates revenue of around US$4 bn globally.

The consumer health product division of Pfizer India had generated revenues of Rs.1.8 bn in 2005, which is around 30% of net sales. The management has not commented on the issue and its impact on sales and likely compensation to Pfizer India. The board is evaluating the various options available for the smooth restructuring of the said business. Though the outcome of the agreement and its implications on the domestic business is not yet clear, we believe Pfizer India may get compensation around two to three times the division sales.

Sales from new products to be key growth drivers

Pfizer has launched three new products in the domestic market in CY06 from the parent's portfolio namely Lyrica (nerve pain), Caduet (Atorvastatin and Amlodipine) and Viagra (erectile dysfunction). Caduet experienced a slow start due to the new concept but is now gaining good acceptance in the market. The management expects to garner sales of Rs.50 mn in the full year. Lyrica already has three generic players in the market and many are likely to follow. However, it still expects to command a premium of 40-50% over generic players. Viagra has faced competition from the already launched generic versions in the Indian market as it is priced at a premium of 40-50% of its competitors. Pfizer expects to enjoy 10% market share in the coming two to three years.

Animal health and clinical research services likely to witness stable growth

The animal healthcare business is growing stably where it has shown 1.1% growth in CY05 to Rs.592 mn and flat growth in CY06 to Rs.593mn. The management expects higher growth in this segment in the coming years.

The clinical research and development service has recorded a growth of 22% in CY05 to Rs.248 mn and 3.6% growth in CY06 to Rs.257 mn. We expect income from this business to be under pressure due to the severe competition at the international level along with the entry of new players from countries like Korea, Malaysia, Philippines and Indonesia.

Pfizer enters into an agreement to sell Chandigarh property

During Q1 CY06 and Q2CY06, the company had sold two of its properties located at Hyderabad and Ankleshwar. Pfizer is now in the process of disposing off its Chandigarh property on an 'as is where is' basis. An agreement for sale has been entered into with a prospective buyer during the quarter. The company is awaiting Governmental clearances. The company has received an advance of Rs.278 mn, which is forfeitable in case the sale transaction does not consummate for reasons other than government clearances. The Chandigarh plant is a fermentation facility that employed 83 workmen and has been closed since February 2004.

Valuation and recommendation

We expect Pfizer to register a 10% and 21% consolidated revenues and earnings CAGR over CY07-08E, respectively. The company has posted an EPS of Rs.35.6 in CY06 and we expect EPS to grow by 21% each in CY07E and CY08E to Rs.43.2 and Rs.52.3, respectively. At the current market price of Rs.870, the stock is trading at 20.1x CY07E and 16.7x CY08E earnings. We maintain HOLD with a one-year revised target price of Rs.965.

We maintain HOLD on the stock with a price target of Rs.965

We have arrived at the target price of Rs.965, based on the average of DCF and earning multiple valuation method. DCF valuation with a WACC of 12.3% and terminal growth rate of 3% yields a fair value of Rs.885. While, two-year forward multiple of 20x to CY08 EPS of Rs.52.3 yields Rs.1045. The average price works out to Rs.965, which provides an 11% upside over CMP.

RESULT UPDATE

Teena Virmani
teena.virmani@kotak.com
+91 22 6634 1237

INDIA CEMENTS
(Rs.242, EV/EBITDA FY08: 7.5x, BUY)

For the current quarter, India Cements registered of 36.3% (YoY) growth in revenues, higher than our estimates primarily driven by better despatches and higher prices. However, overall despatches and operating margins suffered on a sequential basis on account of monsoons and periodic maintenance shutdown. Operating margins of the company showed a significant improvement as compared to Q3FY06, resulting in net profit growth of 1005%. We continue to be positive on the company and maintain our BUY with a price target of Rs.293.

Valuation table

Rs mn	FY06	FY07E	FY08E
Sales	15,487	20,913	24,609
Growth (%)		35	18
EBITDA	2,679	6,834	8,592
EBITDA margin (%)	17.3	32.7	34.9
Net profit	450	4,078	5,555
Net debt	14,816	12,653	9,628
EPS (Rs)	2.1	17.8	24.2
DPS (Rs)	-	1.0	1.0
ROE (%)	2.5	18.4	20.8
ROCE (%)	5.3	16.8	20.3
EV/Sales (x)	4.5	3.2	2.6
EV/EBITDA (x)	26.1	9.9	7.5
P/E (x)	116.0	13.6	10.0
P/BV (x)	2.6	2.3	1.9

Source: Company & Kotak Securities - Private Client Research

Key highlights of the result

Rs million	Q3FY07	Q3FY06	YoY%
Net Sales	**4724.1**	**3466.3**	**36**
Expenditure	3393.6	2998.5	
Inc/Dec in trade	59.4	-44.8	
RM	541.7	450.6	
As a % of net sales	11.5	13.0	
Staff cost	241.6	204.2	
As a % of net sales	5.1	5.9	
Power and fuel	1188.8	1143.1	
As a % of net sales	25.2	33.0	
Transportation & Handling	768.5	654	
As a % of net sales	16.3	18.9	
Other expenditure	593.6	591.4	
As a % of net sales	12.6	17.1	
Operating Profit	1330.5	467.8	184
Operating Profit Margin	28.2	13.5	
Depreciation	198.2	196.9	
EBIT	**1132.3**	**270.9**	**318**
Interest	346.6	295.7	
EBT(exc other income)	785.7	24.8	
Other Income	17.1	36.5	
EBT	**802.8**	**11.7**	**6762**
Tax	5	6	
PAT	**797.8**	**5.7**	
Extraordinary Items	0	66.5	
Net Profit	**797.8**	**72.2**	**1005**
NPM (%)	16.9	0.2	
Equity Capital	2203.7	1907.7	
EPS (Rs)	5.56	0.36	

Source: Company

Pricing trend

The company's net realizations for the current quarter were up almost 34% on an YoY basis and declined by 0.7% on sequential basis. With very few capacities coming up in the current financial year, prices are expected to go up further. We expect net realizations for India Cements to be Rs.2800 and Rs.2950 per ton for FY07 and FY08, respectively.

Volume expansion

The company has earmarked a capex of Rs.3.45 bn to raise its capacity by 2 MT. Part of it is expected to get operational by Q2FY08 and the remaining by Q4FY08. So, we believe the partial impact of higher capacities would be visible in FY08 itself and full impact of increased capacities would be reflected in FY09, which will keep the growth momentum sustained. With improving capacity utilizations and a rise in capacity, we expect India Cements to obtain dispatches of 7.5 MT and 8.3 MT in FY07 and FY08, respectively.

With volume expansion, coupled with a favorable pricing scenario, we expect the company to register revenues of Rs.20.9 bn and Rs.24.6 bn in FY07 and FY08, respectively.

Operating margins

Operating margins of the company showed an improvement as compared to Q3FY06. However, it declined sequentially on account of a rise in the raw material cost and freight expenses, resulting in EBITDA per ton of Rs.770 for Q3FY07. It has also been able to cut down the power consumption by higher usage of low cost power from the gas-based power plant of Coromandel Electric Co Ltd. With the improving pricing scenario and control over power costs, we expect operating margins of the company to be in the range of 33% and 35% for FY07 and FY08, respectively.

Valuations and Recommendations

We continue to recommend BUY on the stock with a price target of Rs.293

At the current price of Rs.242, the stock is currently trading at 9.9x and 7.5x EV/EBITDA multiples for FY07 and FY08 estimates. On P/E multiples, it is available at 13.6x and 10x for FY07 and FY08 estimates. We believe the decline in despatches due to monsoons in the current quarter would be more than offset in the next quarter with the onset of construction activities. We maintain our price target of Rs.293. At our target price, the stock would be trading at 8.9x EV/EBITDA and 12.1x P/E multiples for FY08. Our target price provides an upside of 21% from current levels. We recommend a **BUY**.

RESULT UPDATE

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

MARUTI UDYOG LTD
(Rs.939, FY08 P/E 15x, BUY)

Maruti Udyog Ltd's third quarter results were better than our expectations with the company positively surprising us on the net profits. We continue to recommend BUY on MUL with a price target of Rs.1083 based on FY08 earnings.

Summary table

(Rs mn)	FY06	FY07E	FY08E
Sales	120,035	143,507	164,404
Growth %	10	20	15
EBITDA	15,786	20,176	23,433
EBITDA margin %	13.2	14.1	14.3
Net profit	11,897	15,401	17,727
Net cash (debt)	17,213	14,969	19,688
EPS (Rs)	41.2	53.3	61.3
Growth %	39.0	29.0	15.0
ROE %	24.2	25.0	23.0
ROCE %	22.3	23.2	22.8
EV/Sales (x)	1.99	1.61	1.35
EV/EBITDA (x)	11.6	9.0	7.4
P/E (x)	22.8	17.6	15.3
P/BV (x)	5.0	3.9	3.2

Source: Company & Kotak Securities - Private Client Research

Quarterly performance

Period Ended	Q3FY2007	Q3FY2006	YoY %
Net Sales	**36642**	**31043**	**18**
Total Vehicles Sold	172181	145010	19
Avge Realization Per Veh	212810	214076	-0.6
Income from Services	153	77	99
Other Income	1284	1066	20
Total Income	**38079**	**32186**	**38079**
Total Expenditure	31723	26461	20
Op Profits	5072	4659	9
OPM %	13.8	15.0	
Interest	157	17	810
Depreciation	759	681	11
PBT	**5440**	**5027**	**8**
Prov for Tax	1676	1637	2
PAT	**3764**	**3390**	**11**
Equity Capital	1445	1445	0
EPS (Rs)	**13.0**	**11.7**	**11**

Source: Company

Key Highlights of Q3FY07

- MUL recorded an 18% YoY growth in net sales during Q3FY07 largely on the back of 19% volume growth during the quarter in line with our estimates.
- The net profit at Rs.3.7 bn was lower than our estimates of Rs.3.8 bn primarily due to a hit of Rs.546 mn on account of the merger with MSAIL for the period April 1 2006 to December 31 2006 of which Rs.213.2 mn relates to the period April 1 2006 to September 30 2006. Adjusted for the expense, the company has managed to deliver 27% growth in net profits.
- The interest and depreciation charge are higher at Rs.157 mn and Rs.759 mn, respectively for the quarter. This would include a charge of approximately Rs.125 mn and Rs.170 mn on account of the MSAIL merger (included in the Rs.546 mn charge).
- Adjusting for the one time charge we believe the company has managed to increase its operating margins to 14.5% from 14% on a sequential basis during the third quarter aided by the higher volumes.
- MUL has recorded an EPS of Rs.14.9 for the quarter (adjusted for the charge) as against Rs.11.7 for Q3FY06.

Business outlook and valuation

We continue to remain positive on the domestic car sector since we believe demand for cars would continue to grow at steady rates of 12-15% in the next three years largely on the back of key demand drivers such as rising disposable incomes lower equated monthly installments owing to longer tenures, newer offerings and growth in demand for a second car.

The scheduled launch of the diesel variant of Swift in the fourth quarter should further boost the company's sales. With rising oil prices, the share of diesel car sales in total car sales in India is gradually expected to rise and the success of diesel Swift could plug an important gap in Maruti's product portfolio.

We expect MUL sales volumes to grow at a CAGR of 14% over the next two years. We expect the company to record total revenues of Rs.149.1 bn in FY07 and Rs.170.7 bn in FY08 with net profits of Rs.15.4 bn and Rs.17.7 bn, respectively. This translates into an EPS of Rs.53 for FY07 and Rs.61 for FY08 with a price target of Rs.1083 based on the DCF analysis achievable over a 12-month period.

We reiterate BUY on the stock with a price target of Rs.1083

The MUL stock trades at Rs 939, discounting FY07E and FY08E by 18x and 15x, respectively. We expect the valuations for MUL to be sustained considering its market leadership position, healthy earnings growth and the recent excise duty reduction on small cars. We reiterate **BUY** on MUL with a target price of Rs.1083 that is based on DCF valuation offering an upside of 15% from the current price. At our target price the stock will be valued at 18x.FY08 earnings.

Industry Demand Growth

	2004-05	2009-10P	CAGR (5 yr)
A1	116,262	270,438	18.4
C, A2	496,219	985,937	14.7
A3	178,605	398,943	17.4
A4-A6	28,602	81,605	23.3
Total Passenger cars	819,688	1,736,923	16.2
UV	243,875	399,956	10.4
Domestic	1,063,563	2,136,879	15

Source: Cris Infac

RESULT UPDATE

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

BHARAT FORGE LTD.
(RS.348, FY08 CONS. PE: 20X; HOLD)

Bharat Forge Ltd (BFL) reported its third quarter results that were lower than our expectations. We maintain HOLD on the stock with a revised target price of Rs.381 based on FY08 earnings.

Key financials (Standalone)

(Rs mn)	FY06	FY07E	FY08E
Sales	15,779	18,513	23,141
Growth %	29%	17%	25%
EBITDA	3,348	4,323	5,531
Net profit	2,070	2,435	3,144
EPS (Rs)	9.3	11.0	14.1
EPS - Diluted (Rs)	8.6	10.2	13.1
DPS (Rs)	3.4	3.4	3.4
ROE %	25.9	19.5	21.7
ROCE %	17.4	14.8	17.6
EV/Sales (x)	4.93	4.17	3.23
EV/EBITDA (x)	23.2	17.9	13.5
P/E (x)	37.4	31.8	24.6
P/BV (x)	6.6	5.8	5.0

Source: Company & Kotak Securities - Private Client Research

Standalone Financials (Rs mn)

Period Ended	Q3FY07	Q3FY06	YoY %
Dom Sales	3197	2723	17
Export Sales	1958	1589	23
Net Sales	**4771**	**3994**	**19**
Other Income	162	161	1
Total Expenditure	3532	3008	17
Operating Profits	1239	986	26
OPM %	26.0	24.7	
Interest	215	153	40
Depreciation	253	191	32
PBT	**933**	**802**	**16**
Prov for Tax	276	257	
Deferred Tax	22	4	
PAT	**634**	**542**	**17**
Equity Capital	445	441	
EPS (Rs)	**2.8**	**2.5**	**16**

Source: Company

Consolidated financials

	Q3FY07	Q3FY06	YoY %
Revenues within India	2813	2405	17
Global Revenues	7396	7001	5.6
Total	10371	9567	8.4
EBITDA	1867	1541	21.2
EBITDA (%)	18.0	16.1	
PBT	1151	971	18.5
PAT	770	627	22.8

Source: Company

Key Highlights of the Q3FY07 results:

- Standalone revenues for Bharat Forge witnessed a growth in net sales of 19% in Q3FY07. In the domestic business, BFL continued to consolidate its position and achieved 17% growth while export sales were higher 23% YoY.
- The company had a net exchange gain of Rs.20 mn during the quarter due to which the other expenditure has come down by around 25%.
- Bharat Forge recorded consolidated revenues of Rs.10.3 bn as against Rs. 9.5 bn in the third quarter of FY07 - a growth of 8.4% & PAT of Rs.770 mn against Rs. 627 mn - growth of 23%. Operating margins have also improved from 16.1% to 18% as the company benefited from a superior product mix with improved capacity utilization. BFL had taken a hit of 200,000 pounds at its Scottish operations due to a storm.
- During the quarter, the company's consolidated EBIDTA margin stood at 18% as against 16.1% in Q3FY07. What is noticeable here is that the combined margins of the wholly-owned subsidiaries rose from 7.3% to 8.6%.

- BFL has finalized one long-term contract with a global customer for the supply of a range of products in the automotive applications. The company is in the process of finalizing another three large long-term contracts with global customers, each in excess of US$50 mn per year. BFL expects to sign these contracts by the end of FY07.
- However, we expect the benefits to accrue significantly to revenues only from FY09. However, the size of the contracts does indicate that global players are looking to forge bigger relationship with BFL. That, in our opinion, is positive for the future prospects of BFL.

Capacity expansion program: ramp up to expand operating margins

The company has completed its capacity expansion program as planned and with this the installed capacity has increased to 240,000 tons per annum. In the last quarter, the forging capacity utilization was 71% as against 67% in the second quarter. As the capacity utilization moves up further BFL would benefit from operating leverages. Operating margins are also likely to further benefit with the higher share of machined components in the overall revenues (current 45% share).

Non-auto Segments: Creating capacity for future growth

BFL had earlier announced fresh investment of approximately Rs.3.50 bn in setting up capacity to cater to the energy, aerospace and the hydrocarbon sectors. BFL is targeting revenues of Rs.10 bn by 2011 from the non-auto segments with a global market share of 30%. The margins in this segment are expected to be superior to the auto segment. Hence, it would positively impact the overall margins once the capacities are commissioned.

Concerns on the US slowdown: Marginal impact expected

There is a slowdown expected in the US heavy-duty chassis market that is expected to last for the first six months of CY07. However, the company has managed to diversify its revenues from the US markets and has brought down the share of heavy-duty chassis from 78% to 56% in its overall US revenues. This has been achieved through higher market share in the passenger car and the HDEP business. Besides, there is a lag of around three to four months in the supply chain. Hence, the management is positive about future growth prospects.

Valuation

We believe BFL is well positioned on the global front to benefit not only from scale but also from product diversification and productivity gains. However, we are revising our earnings estimates factoring in the company's nine months performance that are lower than our estimates. We expect the company to report net sales of Rs.19 bn for FY07 and Rs.23.7 bn for FY08 on a standalone basis translating into an EPS of Rs.10.2 and Rs.13.1 on a fully diluted basis.

We maintain HOLD on BFL with a revised price target of Rs.381

On a consolidated basis, our diluted EPS estimate stands at Rs.13 for FY07 and Rs.17 for FY08. We are revising our price target downward from Rs.400to Rs.381 based on FY08 earnings. The stock currently trades at 20x FY08E, which we believe, looks reasonable considering the fact that BFL is likely to remain in a high growth trajectory with high earnings growth visibility for the next two years. We maintain HOLD on BFL with a revised price target of Rs.381.

RESULT UPDATE

Saday Sinha
saday.sinha@kotak.com
+91 22 66341440

JAMMU & KASHMIR BANK
(RS.631, P/ABV: 1.2X, BUY)

Increasing price target; BUY with a price target of Rs.717

J&K Bank has declared its Q3FY07 results, which are far better than our expectation. The robust YoY numbers have come primarily on account of a healthy increase in NII, which grew at 21.2%, improvement in net interest margins to 3.56%, and improvement in CASA ratio to 40.42%.

We believe the bank's NII will grow 19.6%, 23.5% and 15.8% in FY07E, FY08E and FY09E, respectively. Our revised estimate of full-year profit is Rs.3.05 bn, Rs.3.83 bn and Rs.4.54 bn for FY07E, FY08E and FY09E, respectively. We have arrived at a new price target of Rs.717, that is, 14% upside from the current level, and recommend a **BUY.**

Key highlights

- Net interest income increased by 21.2% from Rs.1.61 bn to Rs.1.95 bn on the back of advances growing at 22% whereas deposit growth was sluggish at 4%. Growth in deposits was very subdued at 4% but with a close look at deposit mix, we notice that demand deposits grew at 38% and saving deposits at 16% in the same period. The credit growth was largely met by redeploying funds from the investment portfolio.
- Other income also saw a rise of 18.7%, primarily due to trading income, which rose by 724% from Rs.12.1 mn to Rs.99.7 mn.
- Net interest margin (NIM) improved to 3.56% in Q3FY07 from 2.97% in Q3FY06 owing to better liability management and compositional shifts in advances and investment portfolios.
- Operating profit grew 35.9% from Rs.1.06 bn to Rs.1.44 bn.
- Net profit rose 65.7% from Rs.506 mn to Rs.839 mn owing to healthy operating profit figure and lower tax provisioning, which was down by 10.8%.
- Net NPA for the bank also saw improvement from 1.13% to 0.73%. Net NPA below 1% augurs well for the bank in its growth prospects.
- The NPA coverage ratio is up at 73.13% in Q3FY07 from 57.49% in Q3FY06. The bank is expected to reach the international standard of 80% by the end of this financial year.
- The capital account savings account (CASA) ratio is up at 40.42% from 34.18% in the corresponding period of last year.
- Capital adequacy ratio (CAR) for the bank is up from 14.40% in Q3FY06 to 14.57% in Q3FY07, with Tier-I and Tier-II standing at 14.10% and 0.47%, respectively. It is at a comfortable level for adhering to Basel II requirements and to meet its strategic and business growth objectives without any constraints on capital.

Financials (Rs mn)	Q3FY07	Q3FY06	% Change
Int. on advances	3393	2711	25.1
Int. on investments	1146	1261	-9.2
Int. on RBI/Other balances	93	176	-47.3
Other int.	0	0	
Total int. earned	**4631**	**4148**	**11.6**
Other income	379	319	18.7
Total income	**5010**	**4467**	**12.1**
Employee cost	522	494	5.6
Other operating exp	366	374	-2.1
Interest expenses	2680	2538	5.6
Total expenses	3568	3407	4.7
Operating profit	1442	1061	35.9
Provisions	353	274	28.8
Taxes	250	280	-10.8
Net profit	**839**	**506**	**65.7**
EPS, Rs	**17.30**	**10.45**	**65.6**
Net interest income	1951	1610	21.2

Source: Company press release

Valuation and recommendation

We are now incorporating FY09E earning estimates. The bank has delivered excellent set of numbers in last two quarters and now is poised to move from a stage of 'margin led growth' to a new stage of 'volume led growth'. The management had guided us to achieve this milestone by the end of FY07 but they have accomplished this much in advance. This has given us enough comfort to incorporate the earning estimates of FY09E.

We now estimate full year profit of Rs.3.05 bn, Rs.3.83 bn and Rs.4.54 bn for FY07E, FY08E and FY09E, respectively, resulting into an EPS of Rs.62.85, Rs.79.01 and Rs.93.64, respectively.

Adjusted book value is estimated to be Rs.403.34, Rs.465.84 and Rs.545.85 for FY07E, FY08E and FY09E respectively.

P/ABV Valuation

At an RoE of 17.4% in FY09E and cost of equity of 14.0%, the theoretical fair value stands at 1.31x its adjusted book value, which yields a fair value of Rs.717 based on FY09E estimates.

RoE - P/ABV based Fair Value computation	Old Estimate (FY08E)	New Estimate (FY09E)
Forecasted RoE	17.6	17.4
g (Perpetual growth rate)	3.0	3.0
r (Cost of Capital)	14.0	14.0
P/ABV (x)	1.33	1.31
ABV (Rs)	461.2	545.8
Fair Value based on ABV (Rs)	614.0	717.0

Source: Kotak Securities - Private Client Research

Valuations are attractive at FY09E P/E of 6.7x and P/BV of 1.2x. Fair value based on residual income and P/ABV is estimated to be at Rs.717, which indicates an upside of 14% from the current level. We recommend a BUY on the stock with a price target of Rs.717 over an 18-months horizon.

Key data (Rs bn)

	FY2006	FY2007E	FY2008E	FY2009E
Interest income	17.06	19.30	20.91	23.28
Interest expense	10.43	11.36	11.11	11.93
Net interest income	6.64	7.94	9.80	11.35
Other income	1.33	1.41	1.50	1.59
Gross profit	4.52	5.55	7.10	8.31
Net profit	1.77	3.05	3.83	4.54
Gross NPA (%)	2.5	2.2	2.3	2.3
Net NPA (%)	0.9	0.6	0.7	0.7
Net interest margin (%)	2.6	3.1	3.7	3.9
RoE (%)	10.2	15.8	17.2	17.4
RoAA (%)	0.7	1.2	1.5	1.6
Dividend Yield (%)	1.3	1.3	1.3	1.3
EPS (Rs)	36.4	62.9	79.0	93.6
Adjusted BVPS (Rs)	343.5	403.3	465.8	545.8
P/E (x)	17.3	10.0	8.0	6.7
P/ABV (x)	1.8	1.6	1.4	1.2

(Source: Company & Kotak Securities Private Client Research)

Reduction in Investment Portfolio (Rs bn)

	Q1FY07	Q2FY07	Q3FY07
Total Investment	81.74	74.59	69.90

(Source: Company & Kotak Securities Private Client Research)

Profitability Ratios (%)

	Q1FY07	Q2FY07	Q3FY07
Yield on Advances	9.10	9.60	9.41
Yield on Investments	5.99	6.55	6.34
Cost of deposits	4.89	5.17	5.04
NIMs	2.93	3.50	3.56

(Source: Company & Kotak Securities Private Client Research)

Efficiency Ratios (%)

	Q1FY07	Q2FY07	Q3FY07
Cost to Income	40.27	38.86	38.12
CD Ratio	63.43	68.75	73.08
CASA Ratio	37.01	40.92	40.42

(Source: Company & Kotak Securities Private Client Research)

RESULT UPDATE

Saurabh Gurnurkar
saurabh.gurnurkar@kotak.com
+91 22 66341273

Dipen Shah
dipen.shah@kotak.com
+91 22 66341376

ENTERTAINMENT NETWORK INDIA LTD. (ENIL) (RS.285, FY09E: EV/EBITDA: 11.3X, BUY)

Radio Mirchi's Q3: Solid operating leverage reflected. Maintain BUY

ENIL reported a healthy set of numbers for Q3 with revenues of Rs.468mn, a growth of 13.8% QoQ and profits of Rs.124mn that were up 2.5x on a sequential basis. The operating margins expanded to 34.2% from the 20.8% reported in Q2, a result of recently launched stations breaking even and the operating leverage exhibited by the established ones. The quarterly numbers reported are standalone and pertain to the company's radio business only.

We have liked ENIL due to its dominant position in the fast-growing radio markets, emerging presence in the Out of Home (OoH) space (through 100% owned-TIMPL) and its strong positioning as a cross-media entity.

ENIL intends to grow its radio footprint extensively with a proposed roll out of 22 new stations in addition to the existing 10 over the next fiscal. We also see significant revenue potential going forward in its subsidiary-TIMPL that has interests in the nascent OoH and Live Entertainment spaces on the back of growing infrastructure additions.

Recommendation

We have revisited our earnings estimates to account for the Q3 numbers; better than expected operating leverage in the radio business and a lower effective tax rate. ENIL's revenues are expected to grow at a CAGR of 57% over FY06-08E to Rs.3.38bn in FY08E driven by a robust 41% CAGR growth in radio revenues to Rs.2.4bn and a healthy ramp up in TIMPL revenues to Rs.930mn by FY08E. Healthy revenue growth, aided by economies of scale emerging across the different business, is expected to impact operating margins positively.

Consequently, we expect ENIL to report profits of Rs.344mn & Rs.465mn in FY07E and FY08E translating into an EPS of Rs.7.2 and Rs.9.8 over the fiscals.

While the stock looks costly at 16x FY08E EV/EBITDA and 29x FY08E P/E, we maintain a BUY on ENIL. We believe that the strong growth in the radio industry, ENIL's leadership position therein, the revenue potential in the OoH space & a strong management team will lead to high and sustainable growth in the years to come.

Our two-stage DCF valuation & SoTP methodology suggests a weighted price target of Rs.338, achievable over a 12 month horizon. Maintain BUY.

Summary table (Consolidated)

(Rs mn)	FY07	FY08E	FY09E
Sales	2,291	3,380	4,166
Growth %	66.7	47.6	23.3
EBITDA	515	821	1,137
EBITDA margin %	22.5	24.3	27.3
Net profit	345	465	531
Net cash (debt)	185	(144)	(1,263)
EPS (Rs)	7.2	9.8	11.2
Growth %	11.1	35	14
CEPS	8.5	12.4	14.6
DPS (Rs)	0.5	0.5	1
ROE %	12.3	14.2	12.9
ROCE %	11.9	14.7	17
EV/Sales (x)	6	4	3
EV/EBITDA (x)	26.5	16.5	11.3
P/E (x)	39.3	29.1	25.5
P/Cash Earnings	33.5	23	19.5
P/BV (x)	4.6	3.8	2.9

Source: Company & Kotak Securities - Private Client Research

Q3FY07 Results (standalone)

Rs.Mn*	Q3FY07	Q2FY07	% Chg	FY06
Revenues	**467.4**	**410.5**	**13.8**	**1174.2**
Expenditure	307.6	325.1		820.5
EBDITA	**159.8**	**85.4**	**87.1**	**353.7**
Depreciation	14.3	12.7		123.3
Amortization	31.9	31.9		0.0
EBIT	**113.6**	**40.9**	**178.1**	**230.4**
Net Interest	-4.1	0.0		-24.7
Other Income	16.7	9.0		26.5
Exceptional Item				98.1
PBT	**126.2**	**49.9**	**152.9**	**330.3**
Tax	2.2	0.6		35.5
PAT	**124.0**	**49.3**		**294.8**
PAT after M I	124.0	49.3		294.8
PAT after EO items	124.0	49.3	151.4	294.8
EPS (Rs)*	**2.6**	**1.0**		**6.2**
OPM (%)	34.20	20.8		30.1
GPM (%)	24.31	9.95		19.62
NPM (%)	26.53	12.02		25.11

Source: Company. *-YoY figures not available due to recent listing

REVENUES

Revenue growth in Q3 was driven by the growing contribution from the recent station launches (3 in Q4FY06) in addition to the impact of ad rate hikes affected in the previous quarter across its properties. ENIL's radio business reported revenues of Rs.468mn, a growth of 13.8% QoQ. On an existing station basis, comparing 7 old stations YoY, we estimate that the revenues would have grown 6-7% YoY, and 11% sequentially. This in our opinion reflects the competition in radio markets with the entry of new players. We also note Radio Mirchi's continued dominance in terms of listenership in these markets as evidenced by the recently released data and the company's ability to hold and build on its ad rate.

Radio Mirchi leads the competition by a distance...

According to the data released ENIL has daily listenership that is more than 2x its nearest competitor in Delhi & NCR, Radio City. ENIL has listenership of close to 4.2mn vis-à-vis the 2.094mn & 2.048mn reported by competitors Radio city and Red FM respectively. ENIL also leads the closest competitor in Mumbai by close to 40% with daily listenership numbers of 2.629mn. MRUC for the first time has also released listenership numbers for the Kolkata market wherein also ENIL leads the market with daily listenership of close to 2.73mn.

Margins... operating breakeven in 9 months for new stations launched in Q4FY06:

For the quarter ENIL posted operating margins of 34.2%, up from the 20.8% reported in the last quarter.

We believe this expansion in margins is on account of the recently launched stations breaking even during the quarter. We estimate that these 3 stations (Bangalore, Hyderabad & Jaipur) posted EBITDA margins of around 26% during Q3.

We opine that the healthy margin expansion witnessed is also on account of the high degree of leverage in the radio business. The strong EBITDA% improvement registered by ENIL also demonstrates the low operating costs and consequent leverage on a growing revenue base; typical of radio broadcasting services. Revenues over a stable cost base tend to show in the bottom line and impact profitability of the property.

Radio Mirchi's profitability was also positively impacted by the ad rate hikes affected by it across its properties towards the end 0f Q2; reflective of the favorable macro environment.

Projected healthy growth in consolidated financials: economies of scale and low operating cost to drive margin expansion:

Given the healthy revenue growth expected, radio's low operating costs and past investments maturing in TIMPL we expect consolidated operating margins for ENIL to expand to 22.5% in FY07 and further to 24.3% & 27.3% in FY08E and FY09E. Profit growth in FY07 is expected to be subdued due to investments in the radio and Outdoor businesses that are in expansion mode.

We expect healthy growth in the financials for ENIL over FY06-09 on the back of comfortable macro factors like rising income levels and the growth momentum we expect in the company's business segments. For ENIL, we expect:

(a) **Radio business to drive revenue growth:** We expect healthy growth in ENIL's radio business on the back of its network expansion, competitive positioning and expected robust demand from the user segments. We note that ENIL has hiked its ad rates on extant radio stations by an average of 10-25% depending on the station's maturity towards the end of Q2FY07.

We expect the full impact of these ad rate hikes to positively impact the radio business's financials going ahead. We also expect the pan-India presence of ENIL post its roll out to improve attractiveness to advertisers in the medium term.

(b) **TIMPL, 100% owned subsidiary to start contributing:** We are optimistic about the growth prospects for ENIL's emerging businesses- OoH and Event Management given the revenue visibility and expected growth potential in these businesses.

(c) **Emergence as a city-centric cross-media entity:** On the back of a strong positioning in radio, emerging presence in OoH & Event management and a strong urban strategy we expect ENIL to emerge as a formidable cross-media entity going forward. We believe that ENIL given its strong execution skills, management bandwidth and the Times pedigree has an advantage over peers and could consolidate its extant dominant position.

Future Prospects

For ENIL, we expect the radio revenues to grow robustly from the current Rs.1.17bn in FY06 to Rs.2.42bn in FY08 and, further, to Rs.3bn in FY09 on the back of growing traction from the target markets, network expansion and also due to the ad rate hikes affected recently. We expect the standalone radio business to report EBITDA margins of 27% in FY07 & 29% in FY08. We see this expansion in radio margins on account of operating leverage across properties and the low cost nature of radio. This expansion in margins is also aided by our assumption of the newly launched stations (22) being close to operational breakeven within five quarters of commissioning.

For TIMPL we expect revenues to grow at a CAGR of 58% over FY06-09E to Rs.930mn in FY08 and Rs.1130mn in FY09E. Overall, we expect consolidated revenues for ENIL to register a CAGR of 57% over FY06-08E. We expect consolidated revenues to grow to Rs.3.38bn in FY08 and to Rs.4.17bn in FY09 from the Rs.1.37bn reported in FY06.

We expect ENIL to report consolidated revenues of Rs.2.3bn in FY07 and a further Rs.3.3b8n in FY08 and net profits of Rs.310mn in FY07 and Rs.465mn in FY08. We expect net profits to further grow to Rs.530mn in FY09.On an equity capital of Rs467.5mn; this would translate into an EPS of Rs.7 for FY07, Rs.9.8 in FY08 and Rs.11.2 in FY09.

OoH: Could be the ace in the pack...

Significant revenue potential in OoH. Maintain BUY with price target of Rs.338

In line with growing visibility for the OoH medium, TIMPL has also added significant contracts to its order book during the current fiscal-FY07. During the current fiscal FY07 TIMPL has won prestigious contracts on the Delhi Metro, Kolkata Metro, Delhi-NOIDA flyway, Patel Bridge in South Mumbai and LED walls in the NCR area. In the current quarter TIMPL has won contracts for two LED screens in the Mumbai airport. On account of these wins TIMPL revenues are expected to grow healthily by a CAGR of 55% FY06-08E. Company reports TIMPL numbers only at the end of the fiscal and we believe that our figures may be proved conservative if the company is able to win large projects in the future.

Valuation & Recommendation

We have valued ENIL using the DCF methodology and by according comparable EV/EBITDA multiples to the different business segments. Consequently we have arrived at a weighted average fair value of Rs.342 for the stock. For our DCF analysis we have assumed a terminal growth rate of 4% and WACC of 12.5% that yields a fair value of Rs.342 over one year based on a rolling 12-month basis.

The increase in our DCF based price target is due to the increase in our earnings estimates, increased optimism on radio ad spend and a change in our valuation base.

We continue to recommend a **BUY** on ENIL.

Key Concerns

- **Competition and possible irrational behavior of new entrants:** It is expected that the 43 new players in this space are expected to roll out close to 245 stations over the fiscals of FY07 and FY08.We note that in an attempt to gain market share, new entrants could look to indulge in irrational pricing in certain key pockets and/or exert pressure on employee payouts.

- **Royalty issues:** Currently, radio broadcasters are required to pay a fixed Rs.5mn in royalties per station per annum irrespective of the station's location. ENIL currently pays about Rs.300-1200/hr for the content played by it to the content owner and also the Phonographic Performance Society (PPL). The company during Q3 has entered into a content agreement with T-Series for a period of 9 years, which lends a degree of stability regarding sourcing of content. Any further or extensive agreements will be a positive for radio broadcasters.

- **Losses in new properties:** Higher than estimated cost pressures on account of the new station roll out could impact our estimates negatively and lead to subdued stock performance.

RESULT UPDATE

Dipen Shah
dipen.shah@kotak.com
+91 22 66341376

Saurabh Gurnurkar
saurabh.gurnurkar@kotak.com
+91 22 66341273

ZENSAR TECHNOLOGIES LTD
(RS.241, FY08E P/E: 8.7X, BUY)

Zensar's results for 3QFY07 were below expectations. The company has posted flat revenue growth for 3QFY07 at Rs.1.48bn and a 9% rise in profits to Rs.132mn. The growth in net profits came due to a reduced tax outgo at Rs.30mn v/s Rs.46mn in 2QFY07.

Over the past few quarters, Zensar has been able to build up a base of good enterprise clients and is also penetrating the accounts through ITS as well as new services like BI, BPO, etc. A sustained focus on increasing off-shore component in overall revenues and cost control has helped it in improving margins in the past 4 quarters and is expected to restrict impact of salary increases on margins in the future.

We remain positive on Zensar, based on several parameters like deeper penetration into existing large clients, significant client additions, success in new business initiatives and potential for improved profitability in the BPO business.

At the current levels, the stock trades at 10x FY07 earnings estimates and 8.4x FY08E estimates. We arrive at a DCF based price target of Rs.294 for the company. We continue to recommend a **BUY.**

3QFY07 results

(Rs. mn)	2QFY07	3QFY07	% QoQ	3QFY06	% YoY
Income	**1487.2**	**1480.0**	**-0.5**	**1092.9**	**35.4**
Expenditure	1301.8	1294.9		945.3	
EBIDTA	**185.4**	**185.1**	**-0.2**	**147.6**	**25.4**
Depreciation	38.5	38.6		39.5	
EBIT	**146.9**	**146.5**	**-0.3**	**108.1**	**35.6**
Interest	4.3	3.2		4.7	
Other inc	24.5	17.2		12.5	
PBT	**167.1**	**160.5**	**-3.9**	**115.9**	**38.5**
Tax	46.4	29.5		21.9	
Minority Interest	-0.2	-1.2		1.0	
PAT	**120.9**	**132.2**	**9.3**	**93.0**	**42.2**
E.O items	0.0	0.0		-8.9	
EPS (Rs)	**5.1**	**5.6**		**3.9**	
Margins (%)					
Operating Profit	12.5	12.5		13.5	
Gross Profit	9.9	9.9		9.9	
Net Profit	8.1	8.9		8.5	

Source: Company

Revenues

Revenues during the quarter were flattish as compared to the previous quarter. The growth was impacted because of the 3.8% rupee appreciation during the quarter v/s the USD and the seasonality in the October – December quarter. About 2 – 3 projects in the Enterprise Application Services (EAS) vertical are operating on-site and these suffered from the lower number of working days in USA.

The revenue growth was sluggish also due to the completion of a few projects from Cisco. New projects are expected to start in 4QFY07.

In the BPO business, revenues were sequentially down to Rs.59mn as the company de-focused on the low-margin outbound business.

Within specific customers, revenues from Fujitsu have remained flattish during the quarter with the UK arm of Fujitsu not having made significant client additions. The company has started working for about 5 clients of Fujitsu Services, UK and is looking at extending its engagement into areas like Japan & Thailand with Fujitsu.

During the quarter, the company added 18 new clients to take the total number of active clients to 86. The key wins have been in the areas of EAS, BI and Data Warehousing. The company had significant wins for Oracle and SAP implementations. The Oracle win was with one of the largest game developing companies of the world.

During the quarter, Zensar set up its centre in Poland, as a part of its Global Delivery Strategy wherein, centers and employees across the continents will associate for delivering projects.

In the previous quarter, Zensar had expanded its UK presence with the opening of its European headquarters in Slough, Berkshire. We believe this is a step towards extending client engagements in a growing geography that has a decent existing client base.

The company added just about 52 employees on a net basis. In the IT services space, the number of on-site employees went up by 27% QoQ to 871 as the company shifted employees on-site for new project starts and project requirements. The number of offshore employees came down to 1710 from 1887 in the previous quarter.

EBIDTA margins

EBDITA margins during the quarter were stable at about 12.5%. The impact of salary increases to the balance set of employees together with lower utilization rates set off the gains made from improved efficiency.

During the quarter, Zensar provided for a relatively lower tax outgo at 18% of PBT v/s 28% in 2QFY07. Consequently, PAT (after minority interest) grew to Rs.132mn. This lower tax outgo was probably due to lower revenues accruing from the profitable US & UK subsidiaries.

Future prospects

(Rs. mn)	FY06	FY07E	% YoY	FY08E	% YoY
Income	**4288.5**	**5917.3**	**38.0**	**7296.0**	**23.3**
Expenditure	3746.8	5139.0		6329.4	
EBDITA	**541.7**	**778.3**	**43.7**	**966.6**	**24.2**
Depreciation	154.7	156.9		230.0	
EBIT	**387.0**	**621.4**	**60.6**	**736.6**	**18.5**
Interest	16.1	14.3		8.5	
Other inc	46.3	81.1		83.0	
PBT	**417.2**	**688.2**	**65.0**	**811.1**	**17.9**
Tax	54.6	141.0		154.1	
Minority Interest	-4.8	-2.3		4.0	
PAT	**367.4**	**549.5**	**49.6**	**653.0**	**18.8**
E.O items	-27.5	0.0		0.0	
EPS (Rs.)	15.7	23.2		27.6	
Margins (%)					
EBDITA	12.6	13.2		13.2	
EBIT	9.0	10.5		10.1	
Net Profit	8.6	9.3		9.0	

Source: Company, Kotak Securities - Private Client Research

- We have made marginal changes to our FY07 and FY08 estimates.
- We expect Zensar to achieve revenues of Rs.5.92bn in FY07 and Rs.7.3bn in FY08. BPO revenues are expected to rise to Rs.284mn in FY08 as against Rs.104mn in FY06.
- EBIDTA margins are expected to improve due to higher off-shore revenues, higher revenues from value added services and improving profitability in the BPO business, which broke even at the operating level in the month of September 06.
- Consequently, PAT is expected to grow to Rs.653mn in FY08, leading to earnings of Rs.27.6 per share.

RESULT UPDATE

Sanjeev Zarbade
sanjeev.zarbade@kotak.com
+91 22 6634 1258

VOLTAS
(RS 110, FY08 26.8X, BOOK PROFITS)

Voltas' third quarter earnings have been marred by increased tax charges and lower profitability across its business segments. While the fundamentals of the company are strong and likely to strengthen further, we reckon valuations are expensive at 26.8x FY08 earnings. Given this, we recommend booking profits.

Summary table

(Rs mn)	FY06	FY07E	FY08E
Sales	18,531	23,483	30,730
Growth %	32.1	28.2	30.9
EBITDA	1,110	1,239	1,787
EBITDA margin %	6	5.3	5.8
Net profit (adjusted)	1,069	979	1,359
Net cash (debt)	(646)	(1,978)	(1,425)
EPS (Rs)	3.2	3	4.1
Growth %	135	-8.4	38.7
CEPS	3.3	3.4	4.6
DPS (Rs)	0.3	3.4	3.4
ROE %	44%	42%	57%
ROCE %	43%	51%	71%
EV/Sales (x)	1.9	1.6	1.2
EV/EBITDA (x)	33.3	30.9	21.1
P/E (x)	37.6	37.1	26.8
P/Cash Earnings	33.8	32.3	23.9
P/BV (x)	15.1	16	14.5

Source: Company & Kotak Securities - Private Client Research

Quarterly performance

Year	Q3 FY06	Q3 FY07	% change
SalesTurnover	**4353**	**5689**	**31%**
Other income	48	85	79%
Operating Expenditure	4099	5414	32%
RM costs	3222	4219	31%
Staff costs	461	638	38%
Other costs	415	557	34%
Operating profit	254	275	8%
Interest	15	14	-11%
Gross Profit	286	346	21%
Depreciation	22	29	33%
PBT	264	317	20%
Tax	37	136	269%
Adjusted PAT	227	181	-20%
extraordinary items	-114	13	-111%
Reported PAT	114	194	71%
OPM%	5.8%	4.8%	
Staff costs %	10.6%	11.2%	
tax rate %	14%	43%	

Source: Company

- Net sales for the Quarter rose 31% to Rs.5.7 bn. Revenues growth was driven by healthy growth across all major segments, particularly the engineering products division.
- The domestic heating, ventilation and air conditioning business (HVAC) primarily drove revenues from the projects business, which have grown by 49.9% YoY. International electro-mechanical business has now moved past the design stage and has begun to realize revenues from new orders, which are now in the early phases of execution.

Growth in engineering services business has been on the back of huge demand from the textile machinery (Voltas is a exclusive marketing agent for LMW) and materials handling sectors. All constituent businesses contributed to this growth, with textile machinery at 23.7% growth, materials handling at 107.6%, and mining and construction equipment at 84%.

Segment revenues

(Rs mn)	Q3 FY06	Q3 FY07	% change
Electromechanical projects	2906	3576	23.1
Engg products and services	687	1210	76.1
unitary cooling	720	909	26.3
others	164	123	-25.1
Total	4478	5819	29.9

Source: Company

- EBITDA margins dipped by 100 basis points from 5.8% to 4.8%. Margin contraction has been across major segments. The margins in projects business is low but is expected to recuperate going forward as major projects are still in the early stages wherein the profit booking is not intense.
- Margin contraction in engineering services business has also come as a negative surprise.
- The unitary cooling division, which manufactures room ACs and commercial refrigeration products saw profit erosion due to input cost-pressures.

Segment margin

(%)	Q3 FY06	Q3 FY07
Electromechanical projects	7.0	5.1
Engineering products and services	24.7	20.6
Unitary cooling	-0.6	-3.1
Others	19.3	34.5
Total	8.9	7.7

Source: Company

- On an overall basis, higher staff costs also contributed to margin erosion. During the year, the company has been very aggressive on manpower addition front (Currently the key constraint for engineering companies). This has resulted in a 38% rise in staff costs. In our view, this might impact short-term margins, but on a longer-term basis the company is now well positioned to exploit the opportunities in Middle East markets.
- Order book is strong at Rs 24 bn up 70% on a YoY basis. Order inflows have been strong on a QoQ basis as well with a growth of 33%.
- We have adjusted the net profit for extraordinary items (Rs 114 mn mainly arising out of VRS related expenses in Q3 FY06). Thus adjusted net profit has been subdued by lower margins and higher tax charges. Net profits for the quarter has declined 20% YoY in the quarter.

Valuation

On the back of very impressive earnings growth in FY06, Voltas has witnessed a significant re-rating. At our forecast EPS of Rs.3.0 and Rs.4.1, the stock is trading at 37x and 27x respectively.

Valuations are not cheap and do not compare favorably with sector peers. We had a target price of Rs 110 and we recommend booking profits in view of the rich valuations.

RESUMING COVERAGE

Saday Sinha
saday.sinha@kotak.com
+91 22 66341440

ICICI BANK

(RS.977, P/E: 20.8, P/ABV: 3.3, HOLD)

ICICI bank reported its Q3FY07 results, which is better than our expectations. Its net profit and NII grew 42.2% and 31.9%, respectively. Its net profit was buoyed by a strong growth in advances, sharp rise in fee income and handsome treasury gains. The robust growth in net profit is despite a higher provisioning for retail loans and for potential losses from frauds in agricultural credit.

Key data (Rs bn)

(Rs mn)	FY06	FY07E	FY08E
Interest income	137.85	221.61	286.42
Interest expense	95.97	159.94	208.49
Net interest income	41.87	61.66	77.94
Other income	49.83	66.09	84.28
Gross profit	46.91	68.45	86.23
Net profit	25.40	32.49	41.73
Gross NPA (%)	2.6	2.6	2.6
Net NPA (%)	0.9	0.7	0.6
Net interest margin (%)	2.61	2.71	2.82
RoE (%)	16.6	13.6	15.8
RoAA (%)	1.2	1.1	1.1
Dividend Yield (%)	0.9	0.9	0.9
EPS (Rs)	31.3	36.5	46.9
Adjusted BVPS (Rs)	264.9	267.5	296.1
P/E (x)	31.2	26.8	20.8
P/ABV (x)	3.7	3.7	3.3

Source: Company & Kotak Securities - Private Client Research

Key highlights:

- Net interest income (NII) increased by 32% to Rs.17.09 bn in Q3FY07 from Rs.12.96 bn in the same corresponding quarter last year.
- Other income increased by 68% to Rs.19.81 bn from Rs.11.79 bn due to healthy growth in fee income, lease & other income, and treasury income.
  - Fee income increased by 53% from Rs.8.81 bn to Rs.13.45 bn. This is one of the highest amongst the frontline banks, which has grown at a CAGR of 57% in the past three years.
  - Lease & other income increased by 99% from Rs.1.64 bn to Rs.3.26 bn.
  - Treasury income increased by 131% from Rs.1.34 bn to Rs.3.10 bn and a large portion of it has come from selling investments in its IT subsidiary First Sources, formerly OneSource#.
- Operating profit increased by 65% to Rs.19.76 bn in Q3FY07 from Rs.11.94 bn in Q3FY06.
- Net profit increased by 42% to Rs.9.10 bn in Q3FY07 from Rs.6.40 bn in Q3FY06, which is mainly contributed by higher interest income, sharp rise in fee income and robust treasury gain, which also includes private equity disinvestments.
- Due to rise in cost of funds, NIM fell to 2.6% at the end of Q3FY07 from 2.9% a year earlier. But it has slightly improved from 2.5% at the end of 2QFY07. The stable and to a certain extent improving margin in recent times shows that the bank has been successful in transferring the burden of rising cost of deposits to its customers.
- Total advances grew by 41% to Rs.1727.63 bn at the end of Q3FY07 from Rs.1226.13 bn at the end of last corresponding quarter.
  - Retail assets increased by 50% to Rs.1179.14 bn at the end of Q3FY07 from Rs.784.95 bn at the corresponding quarter last year and constituted 68% of advances and 65% of customer assets. In nine months of FY07, the bank's total retail disbursements were about Rs.541 bn, including home loan disbursements of about Rs.213 bn.
  - The international division and local corporate loans contribute about 16% and 10% respectively to total advances. The total assets of the bank's international branches increased to about Rs.403 bn at the end of Q3FY07 from Rs.252 bn at the end of corresponding quarter of last year.
  - Its rural portfolio grew 43 per cent on a year-on-year basis.
- Deposit grew by 47% from Rs.1338.81 bn to Rs.1968.93 bn while savings deposits alone showed an increase of 53%. Bulk deposits constitute as much as 55% of its total deposit. However, about 70% of the incremental deposit is retail in nature.
  - The bank, which has already raised $4 bn of debt in this financial year, saw its borrowings rising by 60% to Rs.476.29 bn at the end of Q3FY07.

#The ICICI group shareholding fell from 49.96% to 30% after it sold shares to US based banking technology solution provider Metavante and US hedge fund Galleon Partners)

- Total provisioning was up by 125.51% to Rs.8.91 bn from Rs.3.95 bn in the last corresponding quarter. It also included provisions of Rs0.85 bn for potential losses from frauds in loans to farmers against warehouse receipts at 20-25% margins. The bank's provisioning for consumer and commercial banking rose 260% to Rs.6.13 bn from Rs.1.70 bn in the same corresponding quarters.
- Due to higher provisioning, the contribution of consumer and commercial banking to ICICI Bank's profit before tax (PBT) dropped nearly 9% to Rs. 7.13 bn in Q3FY07 from Rs.7.84 bn in the same quarter last year. However, the bank's fee income more than compensated the drop in retail banking's contribution to profits.

- The bank's capital adequacy at the end of Q3FY07 was 13.4% (including Tier 1 capital adequacy of 8.6%).
- The Bank's net-NPAs constituted 1.0% of net customer assets at the end of Q3FY07.
- The bank added 35 branches and 345 ATMs during this quarter, taking the number of branches & extension counters to 667 and ATMs to 2,681.

Quarterly Performance (Rs mn)

	Q3FY07	Q3FY06	% Change
Int. on advances	41654	26635	56.4
Int. on investments	15425.8	9628.0	60.2
Int. on RBI/Other balances	1115.4	756.0	47.5
Other Interest	50.0	106.2	-52.9
Total int. earned	**58245.5**	**37124.8**	**56.9**
Other income	19805.8	11791.7	68.0
Total income	78051.3	48916.5	59.6
Employee cost	4262.2	2740.0	55.6
Other operating exp	12870.3	10062.8	27.9
Interest expenses	41158.5	24168.8	70.3
Total expenses	58291.0	36971.6	57.7
Operating profit	19760.3	11944.9	65.4
Provisions	8909.5	3950.7	125.5
Taxes	3655.8	1029.9	255.0
Deferred tax	-1904.7	563.5	-438.0
Net profit	**9099.7**	**6400.8**	**42.2**
EPS, Rs	**10.18**	**8.38**	**21.5**
Net interest income	17087.0	12956.0	31.9

Source: Company

ICICI Bank is the largest private sector bank of India and is very well placed to dominate the Indian financial sector with its aggressive growth ventures. Its management has demonstrated in past the ability to strategize and enter new business segments.

Now, after its success in retail business, the bank is looking at overseas expansion and rural banking to leverage the huge growth opportunities unfolding in these areas. We believe that international and rural banking would be the next growth engines for ICICI bank. These new segments will not only generate stable deposits but also higher fee income for the banks.

Its international strategy is driven by India linked retail opportunities, globalization of Indian corporates and capabilities of leveraging its low cost India technology platform.

Bank also has ambitious plans on the rural front, an under-banked segment of Indian economy. It has developed a unique approach to tap rural markets in partnership with several companies and micro finance institutions and developed innovative products.

Valuation and recommendation

We like ICICI Bank for its presence across businesses – retail assets, corporate banking, SME, agriculture, international banking, life insurance. We believe that the bank's low margins are more than offset by its high growth but its valuations do not reflect this.

We expect that net profit for FY07E and FY08E to be Rs.32.49 bn and Rs.41.73 bn, respectively resulting into an EPS of Rs.36.51 and Rs.46.90, respectively. The adjusted book value for FY07E and FY08E is forecasted at Rs.267.5 and Rs.296.1 respectively. The stock is now trading at 20.8x its FY08 earnings and 3.3x its FY08E adjusted book value.

We have valued ICICI Bank at Rs.1050 using sum-of-the-parts valuation to capture the value of its diverse business lines. We have decided to value ICICI Bank on P/E rather than the P/BV-RoE methodology, which is more commonly used to arrive at the fair book value multiple. This methodology assumes steady growth to perpetuity. Therefore, this becomes unsuitable for private sector banks like ICICI bank, which has shown robust growth in the past.

We have arrived at the fair value of core banking business of Rs.751 per share based on a P/E ratio of 16x on FY08E earnings and Rs.299 for its subsidiaries.

Its overseas banking subsidiary is valued at 2.5x FY06 BV. It is valued at a discount to its core operations due to its lower profitability. Overseas business is in investment phase; therefore it has lower margins as compared to its core operations in the domestic market.

Businesses

	Basis	Multiple	Year	Value per Share
Core Banking Business	PAT	16	FY08	751
Overseas Banking Subsidiaries	BV	2.5	FY06	33
Life Insurance Business	NBAP	18	FY08	184
Investment Banking	PAT	12	FY08	34
Asset Management	AUM	5%	FY08	20
Private Equity	AUM	10%	FY08	17
Non Life Insurance	PAT	15	FY08	11
Total				1,050

Source: Company

SUBSIDIARIES: ADDING SIGNIFICANT VALUE...

ICICI Prudential Life:

ICICI Prudential Life Insurance Company is one of the dominant private sector players with 10% share of the overall market and 30% among the private sector players. ICICI Bank has already invested more than Rs.9 bn in this Venture till FY06, holding 74% stake.

While Life Insurance business has been making accounting losses (it reported a loss of Rs.1.87bn in FY06 against Rs.2.1bn in FY05), there has been a considerable value build up over last five years. Its new business premiums (NBP) have grown at 93% CAGR over FY03-06 with average new business achieved profit (NBAP) margins of 25%. During FY06, the company's NBAP increased by 69% to Rs5.28bn.

We expect robust growth in NBP at about 61% CAGR over FY06-08E, driven by rapid network expansion, new product launches and strong demand from under penetrated semi-urban markets. We expect NBAP to grow by 53% CAGR over FY06-08E, with margins declining to 20% by FY08E. We are assigning a lower NBAP multiple of 18x, despite strong volume and NBAP growth. We arrive at a value of Rs.222 bn for the company on FY08E estimates, thus resulting in value of Rs184 per ICICI bank share.

Life Insurance Business (Rs mn)

	FY04	FY05	FY06	FY07E	FY08E
Single Premium	1217	1300	3090	5,100	6,800
Regular Premium	6291	14543	22935	40,000	61,000
New Business Premium (NBP)	7508	15843	26025	45100	67800
% growth	-	111%	64%	73%	50%
Weighted NBP	6413	14673	23244	40518	61738
NBAP Margin (on weighted NBP)	32%	21%	23%	20%	20%
NBAP (New Business Achieved Profit)	2040	3120	5280	8104	12348
% growth	-	53%	69%	53%	52%
At P/NBAP of 18	36720	56160	95040	145864	222258
Value assigned to ICICI Bank (74% stake)	27173	41558	70330	107940	164471
Value Per Share for Life Insurance Business	30	46	79	121	184

Source:Company

While the banking business may see some signs of a slowdown going ahead, we believe that the life insurance business will continue to build significant value for the group. Further, any hike in the foreign ownership limits in the life insurance venture from 26% to 49% would see ICICI bank getting additional equity from Prudential. Moreover, any unlocking of value in its general insurance venture in the future would also provide additional equity to bank which could be used to fund its asset growth without raising fresh equity capital over the next 18-24 months.

ICICI Lombard

ICICI Lombard, with 31% market share is the largest private sector player in the non-life insurance business. It achieved a profit after tax of Rs.503 mn in FY06 compared to Rs.483 mn in FY05. About 58% of its gross written premiums comprised non-corporate business. In our view, ICICI bank's general insurance venture is worth Rs12.75 bn, which translates into Rs11 per share of ICICI Bank, for its 74% stake.

ICICI Securities

ICICI Securities is India's leading investment bank, with a dominant position in all segments of its operations – Corporate Finance, Fixed Income and Equities. In FY06, it registered a 162% increase in profit after tax to Rs.1.48 bn from Rs.0.56 bn. We estimate value of its brokerage and investment banking business (ICICI Securities) at Rs29.95 bn, which translates into Rs34 per share of ICICI Bank, for its 100% share.

Prudential ICICI Asset Management Company

Prudential ICICI Asset Management Company continues to be among the largest asset management companies in India as on 31 December 2006, with assets under management of over Rs.333.5 bn ($7.5 bn) and about 10% market share. M&A transactions in the industry in past have taken place at 4-6% of AUM. We also assume that by the end of FY08E, the AUM would increase to Rs.360 bn. We estimate its AMC business at Rs.18 bn, which translate into Rs.20 per share of ICICI bank, for its 100% share.

Private Equity

Its private equity business would get higher multiple due to higher return potential and higher growth in the near future than the mutual funds. We estimate value of this business at Rs.15 bn, translating into Rs17 per share of ICICI Bank, for its 51% stake in the venture.

Other investments

ICICI Bank has also been making investments in other ventures, a number of which have attained respectable size and are likely to provide meaningful value to ICICI Bank. It has stakes in IDFC, National Stock Exchange, NCDEX, its BPO arm, First source and its software venture, 3-I Infotech. While we are not considering the value of these ventures in our valuation exercise, we believe that the unrealized gains on these ventures could emerge as a decent source for treasury gains, as and when ICICI Bank divests these holdings.

The stock at Rs.977 trades at 3.3x its FY08E book value and 20.8x its FY08E earnings. We recommend a HOLD with a target price of Rs.1050 over a 12-month horizon based on FY08E estimates, with an upside of 8% from current levels.

Bulk deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. Price (Rs)
22-Jan	Accent Tech	Kirit R Kanakiya	S	83,000	59.46
22-Jan	Aksh Optifib	Financial and Management	B	141,724	60.42
22-Jan	Ashco Indust	Neha Ashok Kotwani	S	100,000	50.35
22-Jan	BCC Fuba Ind	JMP Securities Pvt. Ltd.	B	56,572	32.18
22-Jan	BCC Fuba Ind	Hitesh Jhaveri	S	45,330	34.48
22-Jan	BCC Fuba Ind	JMP Securities Pvt. Ltd.	S	47,947	31.93
22-Jan	Cupid Ltd	Vora Mukesh Jitendra	B	54,753	38.09
22-Jan	Epic Energy	Kuber Trexim P Ltd	B	32,458	53.25
22-Jan	Epic Energy	Evolution Corporate Ser	S	25,000	53.09
22-Jan	Filat Fash	Ashok Jain HUF	B	50,000	12.20
22-Jan	Filat Fash	Kishorilal Amritlal Bissa	S	48,000	12.20
22-Jan	Flap Prod Eq	Anand Mahendra Shah	B	25,000	125.60
22-Jan	Garwa Mari I	ICDS Limited	S	40,000	30.50
22-Jan	Gupta Synthe	Mumbai Stk. Brokers Pvt.	S	20,000	88.55
22-Jan	K S Oils Ltd	Nina Sunil Dalal	B	100,000	333.16
22-Jan	K S Oils Ltd	Ketan Hasmukhlal Doshi	B	94,500	336.92
22-Jan	Lakeland Htl	Ramesh Kumar R Gupta	B	75,000	95.13
22-Jan	Lakeland Htl	Garnet International Ltd	S	100,000	95.00
22-Jan	Lotus Choc C	Dilip Kumar Sule	B	86,475	13.46
22-Jan	Lotus Choc C	N and Exports Pvt Ltd	B	80,102	13.85
22-Jan	Lotus Choc C	Dilip Kumar Sule	S	74,880	13.52
22-Jan	Lotus Choc C	N and Exports Pvt Ltd	S	80,102	14.20
22-Jan	Maharastra	Ruchiraj Securities	S	110,000	104.72
22-Jan	Mahin Comp	Ruby Ladha	B	25,000	98.50
22-Jan	Mohit Indust	Gaurang Girishbhai Patel	B	25,000	59.43
22-Jan	N K Industr	Girish Gulati	B	32,001	15.18
22-Jan	Nilkamal L	Sundaram Select Small Cap	B	438,000	159.55
22-Jan	Nilkamal L	Sundaram Select Mid Cap	S	437,130	159.50
22-Jan	Osian Lpg Bo	Hemangini Janak Shah	S	50,000	16.13
22-Jan	Pankaj Polym	Polygon Solutions Pvt Ltd	S	79,141	13.80
22-Jan	Pyramid Saim	UBS Securities Asia Ltd.	B	225,312	211.00
22-Jan	RPG Transm	SBI Mutual Fund .	B	98,100	226.00
22-Jan	Scooters Ind	Aruna Agrawal	B	10,000	33.57
22-Jan	Spectra Indu	Mukeshkumar K Varma	S	39,012	27.84
22-Jan	Sumeet Indus	Cosmo Corporate Serv Ltd	B	100,000	22.85
22-Jan	Supra Engg	Sundaram Select Small Cap	B	351,960	185.00
22-Jan	Supra Engg	Sundaram Select Mid Cap	S	351,960	185.00
22-Jan	System Cor S	Radhe Shyam Khandelwal	B	54,561	13.33
22-Jan	Twilitaka Ph	Bakliwal Fin Ser I Pvt Ltd	B	107,488	63.16
22-Jan	Vyapar Inds	Hitesh Jhaveri	B	43,513	178.85

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
Infosys Tech	2,254	2.4	5.8	1.2
TCS	1,313	1.2	3.0	0.8
ITC	179	1.9	2.5	5.6
Losers				
Bharti Airtel	676	(1.3)	(3.3)	0.4
Reliance Ind	1,374	(0.6)	(2.5)	1.6
Satyam Computers	472	(3.4)	(2.2)	6.7

Source: Bloomberg

Forthcoming events

COMPANY/MARKET

Date	Event
23 Jan - 2 Feb	Initial Public Offer of Transwarranty Finance Opens
23-Jan	Bharti Airtel, Grasim Industries, Tata Motors, Bharat Electronics, Cipla, Pidilite Industries, IPCA Laboratories, Bharat Earth Movers, Neyveli Lignite, LIC Housing, Indian Hotels, MRPL, Ceat, United Spirits, Glenmark Pharma earnings expected
24-Jan	HDFC, Bank of Baroda, Rolta India, IOB, Oriental Bank of Commerce, Balaji Telefilms, Gujarat Industries Power Co, Bombay Dyeing, Petronet LNG, D-Link India, Corporation Bank, Jindal Stainless, HCL Infosys, earnings expected
25-Jan	BHEL, Hindalco, Novartis India, Titan Industries, Hindustan Motors, Deccan Aviation, Century Textiles, Century Enka, Titan Industries, MRF, GE Shipping, Arvind Mills, Cummins Indiam, Moser Baer, SSI Ltd, Pantaloon Retail earnings expected
27-Jan	Shipping Corporation, Dredging Corporation, Syndicate Bank, Vijaya Bank, Shoppers Stop, Divi's Laboratories, Development Credit Bank 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, Mid Cap, Power	+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
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