

Equity	% Chg			
	19-Oct	1-day	1-mth	3-mth
India				
Sensex	17,560	(2.4)	6.0	12.8
Nifty	5,215	(2.5)	7.8	14.2
Global/Regional markets				
Dow Jones	13,522	(2.6)	(2.2)	(2.4)
Nasdaq	2,725	(2.6)	2.0	1.4
FTSE	6,528	(1.2)	1.1	(0.9)
Nikkei	16,277	(3.2)	(0.2)	(10.4)
Hang Seng	28,629	(2.8)	12.0	24.4

Value traded (Rs bn)	BSE	NSE
Cash	96.9	213.9
Derivatives	8.8	831.0
Total	105.7	1,044.9

Net inflows (Rs bn)	Recent trends (days)			
	18-Oct	-7d	-15d	-30d
FII	1.3	68.8	251.2	359.8
MF	(2.7)	(15.1)	(31.8)	(43.7)

Forex / Crude	% Chg			
	19-Oct	1day	1mth	3mth
Rs/US\$	39.7	0.0	(0.1)	1.4
Euro/US\$	1.4	0.1	1.6	3.7
Crude(\$/bbl)	87.6	(1.1)	7.4	16.0

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Triveni Engg	114.5	105.2	8.8
Indiabulls Fin	548.7	515.9	6.3
Allcargo Global	1,012.7	960.8	5.4
Top losers			
Reliance Energy	1,333.3	1,591.4	(16.2)
Prajay Engineers	302.7	341.2	(11.3)
UBI	138.3	154.1	(10.3)

In focus

Wipro – Results Update

Results ahead of expectations but maintain Hold CMP: Rs 501 Target: Rs 540 HOLD

Hero Honda – Results Update

Improved margins restrict downside in PAT CMP: Rs 725 Target: Rs 698 SELL

Petronet LNG – Results Update

Healthy volume-led growth; stock fairly priced CMP: Rs 73 Target: Rs 73 SELL

Today's top picks

Infosys, TCS, Satyam, ONGC

News track

- ❖ IFCI shareholders have approved a hike in the FII investment limit in the company from 24 %to 74 %. (ET)
- ❖ UTI Asset Management Company is planning a private placement of 20% equity shares ahead of its public offer. (ET)
- ❖ Novartis has received the DGCI's nod to import analgesic drug diclofenac sodium for testing purposes. (BS)
- ❖ Delhi-based Vishal Retail will soon set up a chain of specialty stores to retail its apparel and FMCG range across the country even as it firms up plans to introduce private labels for consumer durables and mobile phones. (BS)
- ❖ Dr Reddy's is on the lookout for a partner to enter the Japanese market. (ET)
- ❖ Reliance Communications has prepared a plan to roll out its GSM services in over 100 cities and towns within six months of the government providing it spectrum. The company is also expected to offer dual-chip phones that will operate both on its CDMA and GSM networks. (BS)
- ❖ Hero Honda has announced a discount of Rs 2,400 on its 125cc model, Splendor NXG, extending the price war to the executive bike segment. (BS)

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

Volume shockers

(No of shares)	19-Oct	2-mth avg	Chg (x)
United Breweries	9,076,765	252,085	36.0
United Spirits	4,736,078	256,889	18.4
Housing Develop	2,312,480	157,879	14.6

Delivery toppers

	Del (%)	Total vol	Cons days up
Aban Offshore	60.1	283,259	(1)
ABB India	45.9	430,704	(1)
Alstom Projects	51.7	301,044	(3)

Anurag Purohit	Hitesh Punjabi
(91-22) 6612 4795	(91-22) 6612 4769
anurag.purohit@religare.in	hitesh.punjabi@religare.in

BSE code	507685
NSE code	WIPRO

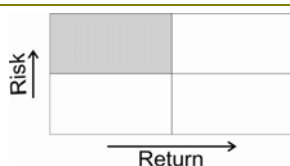
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	731.0/18.5
Outstanding equity shares (mn)	1,459.2
52-week high/low (Rs)	690/425
2-month average daily volume	518,828

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs bn)	149.4	185.5	219.1
Growth (%)	40.8	24.1	18.1
Adj net profit (Rs bn)	29.1	36.0	41.7
Growth (%)	43.7	23.7	15.7
FDEPS (Rs)	20.5	24.6	28.4
Growth (%)	42.2	20.3	15.4
P/E (x)	24.7	20.5	17.8
ROE (%)	28.3	25.3	23.3

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	79.6	79.6
FIIs	5.2	5.3
Banks & FIIs	1.8	0.9
Public	13.4	14.2

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Wipro	501	13.8	(0.9)	(12.3)
Sensex	17,560	6.0	12.8	26.4
BSE IT	4,686	5.8	(4.8)	(7.3)

Company website	www.wipro.com
------------------------	----------------------

Results ahead of expectations but maintain Hold

Wipro's Q2FY08 results were ahead of our expectations; however, the out-performance was due to growth witnessed in non-global IT business segments as well as consolidation of acquisitions made during the quarter. The EBITDA margin recorded a 100bps QoQ expansion led by higher utilisation and improved billing rates which offset the impact of salary hikes and rupee appreciation during the quarter. The slowdown in the product engineering vertical continued with revenue contribution decreasing from 30.4% in Q2FY07 to 24.7% in Q2FY08. In contrast, the BFSI vertical grew faster than the overall company growth rate.

We are revising our estimates to build in the quarter's out-performance as well as our modified exchange rate assumption of Rs 39/US\$ for FY09. Additionally, in line with the de-rating across our universe coverage to factor in slowing industry growth prospects, we are decreasing our target multiple on the stock from 22x two-year forward earnings to 19x. Our one-year target price thus reduces from Rs 595 to Rs 540; we maintain our Hold recommendation on the stock.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Revenues	47,281.0	43,548.7	8.6
Global IT revenues	32,285.0	31,585.1	2.2
EBITDA	9,549.0	8,807.6	8.4
EBITDA margin (%)	20.2	20.2	-
Net profit	8,122.0	7,546.4	7.6
EPS (Rs)	5.6	5.2	7.6

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q1FY08	% Chg QoQ	Q2FY07	% Chg YoY
Global IT	32,285	30,030	7.5	27,179	18.8
India & Asia Pac IT	8,764	6,574	33.3	4,999	75.3
Consumer Care and Lighting	3,561	2,221	60.3	1,871	90.3
Others	2,671	3,007	(11.2)	1,089	145.2
Revenues from operations	47,281	41,832	13.0	35,138	34.6
Cost of revenues	33,009	29,096	13.4	23,841	38.5
Gross profit	14,272	12,736	12.1	11,297	26.3
S&M expenses	3,288	2,761	19.1	2,160	52.2
G&A expenses	2,655	2,060	28.9	1,794	48.0
R&D expenses	157	173	-	71	-
Amortisation of intangibles	99	852	-	88	-
Forex (gains) / losses	(58)	105	-	(2)	-
Others costs	(32)	(80)	-	(282)	-
Operating profit	8,163	6,865	18.9	7,468	9.3
Other income	743	991	-	471	-
Affiliate earnings	84	87	-	92	-
Profit before taxes	8,990	7,943	13.2	8,032	11.9
Income taxes	865	839	-	1,068	-
Net income	8,122	7,104	14.3	6,963	16.6
EPS (Rs)	5.60	4.90	14.3	4.89	14.5

Source: Company, Religare Research

Result highlights

Non-global IT segments drive out-performance

The performance of the Global IT services segment was in line with our estimates. Revenues from the segment stood at US\$ 796.5mn, marginally higher than US\$ 780mn expected and 2.5% higher than the management guidance of US\$ 777mn. The growth in rupee terms was at 7.5% QoQ as against our expectation of 5.2% growth. The acquisition of Infocrossing contributed US\$ 6.5mn during the quarter as only 10 days of accounts were consolidated in Q2FY08.

Global IT grew 7.5%; a bulk of revenue growth came from Wipro Infotech and Wipro CCL

However, the growth in consolidated revenues, at 13% QoQ, was much ahead of our expectations of 4.1% growth. The strong performance was driven by robust revenue growth witnessed by Wipro Infotech (33.3% QoQ) and Wipro CCL (60.3% QoQ). Consolidation of the Unza acquisition during the quarter contributed to the ramp up in the consumer business segment.

Margins improve despite salary hikes

The EBITDA margin in Global IT services witnessed an expansion of 135bps despite the 12–15% salary hikes given to employees in offshore locations. The EBIT margins in the segment increased from 20.9% in Q1FY08 to 22.1% in Q2FY08. The margin expansion was aided by pricing improvement, higher offshoring and rationalisation of cost of delivery through higher fresh graduate recruitment. Despite the rupee appreciation, EBIT margins in the BPO segment remained flat at 22.2% on account of increased employee utilisation.

QoQ margin movement

(%)	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08
Gross profit margin						
Global IT services	36.6	38.1	38.2	38.6	33.6	32.1
AsiaPac IT services	22.4	23.3	22.0	21.9	22.7	21.6
CCL	36.0	33.6	34.8	36.1	33.7	42.0
Others	19.9	26.7	13.8	18.6	13.4	20.2
EBITDA margin						
Global IT services	27.4	27.7	26.7	26.5	24.4	25.7
AsiaPac IT services	8.9	9.2	8.7	9.9	8.4	7.4
CCL	15.4	14.5	15.2	16.8	14.9	13.3
Others	11.3	15.2	6.3	6.0	6.6	8.9
Net profit margin	19.5	19.8	18.8	19.9	17.0	17.2

Source: Company, Religare Securities

Strong guidance for Q3FY08

Wipro's management has guided towards a strong revenue growth of 13% QoQ in Global IT services for Q3FY08 to US\$ 905mn. Around US\$ 60mn is expected to be contributed by Infocrossing in the quarter as against US\$ 6.5mn contributed in Q2FY08. Excluding the contribution of acquisitions, the organic growth is expected to be ~7% which is still higher than our expectations of 5–6% growth guidance.

Q2FY08 performance highlights

Parameters	Comments
Volumes	Volumes in the Global IT business grew by 7.7% QoQ. This does not include the volumes registered by Infocrossing during the quarter.
Pricing	Billing rates in Global IT services improved by 1.6% and 2.8% for onsite and offshore volumes respectively. The company is witnessing a 3–5% increase in new contract pricing, and the management has reiterated its positive outlook on the pricing environment.
Onsite-Offshore mix	The quarter witnessed an increasing share of offshore volumes. In IT services, offshore locations contributed 69% of total volumes and 45.8% of total revenues. This is a 100bps increase over Q1FY08.
Employee addition	The company added 5,341 employees (net) during the quarter in its Global IT services division, of which 4,463 were recruited into IT services and the balance into BPO services.
Attrition rate	After a significant increase in Q1FY08, the attrition rates witnessed a decline during the quarter. In IT services the attrition rate declined from 20.1% in Q1FY08 to 17.9%. Similarly, in BPO services, the quarterly attrition rate reduced to 22% from 24% in Q1FY08.
Salary hikes	Wipro has brought forward the timeline for annual salary hikes to its offshore employees in IT services from September to August. This adversely impacted the operating profit margins by 1.6%. The company will hike salaries of BPO employees in Q3FY08 which is expected to impact the BPO profit margin by 2%.
Clients & deals	Wipro added 59 clients during the quarter, taking the total number of active clients to 681. The company has won two large deals during the quarter including a US\$ 275mn deal by its recent acquisition Infocrossing.
Geographical mix	The concentration of revenues from the US declined to 62.5% from 65% in Q1FY08 as revenues from Europe and Japan continued to grow faster than the overall company growth rate.
Utilisation levels	Utilisation levels in the IT services business remained stable during the quarter. The net utilisation rate increased by 20bps to 74.7% from 74.5% in Q1FY08. The BPO segment witnessed a significant expansion in utilisation rates from 61.5% in Q1FY08 to 66.7%, which helped the company to maintain its operating profit margin in the segment despite rupee appreciation.
Client growth	Revenue growth from the top 10 clients remained under pressure as major clients in verticals like product engineering services are facing growth challenges. Revenue contribution from the top 10 clients decreased from 25.7% in Q2FY07 to 23.3% in Q2FY08.
Vertical metrics	The product engineering vertical continued to witness slower growth due to the sluggishness witnessed in the telecom OEM and semi-conductor industries. The contribution from this vertical has decreased from 30.4% in Q2FY07 and 25.3% in Q1FY08 to 24.7% in Q2FY08. The BFSI vertical witnessed higher-than-company growth at 11.5% QoQ in dollar terms.

Valuation

Estimates revised to factor in the recent acquisitions and a Rs 39/US\$ exchange rate for FY09

We revise our estimates for FY08 and FY09...

We are revising our estimates to factor in the recent acquisitions as well as a Rs 39/US\$ exchange rate scenario for FY09. Our revenue and EPS estimates for FY08 stand increased by 4.3% and 8% respectively. At the same time, our FY09 revenue estimate reduces by 0.4% due to realignment with the forex rate of Rs 39/US\$ as against Rs 40.5/US\$ earlier. Our EPS estimate for the fiscal has moved up 4.9%.

Revised estimates

(Rs bn)	FY08			FY09		
	Earlier	Revised	Change (%)	Earlier	Revised	Change (%)
Global IT revenue	130.8	136.5	4.3	160.8	160.2	(0.4)
Total revenue	179.4	185.5	3.4	218.7	219.1	0.2
Operating profit	33.5	36.7	9.7	40.2	42.5	5.8
Net profit	33.3	36.0	8.2	39.7	41.7	5.0
EPS (Rs)	22.8	24.6	8.0	27.1	28.4	4.9

Source: Religare Research

...and lower our target price; maintain Hold

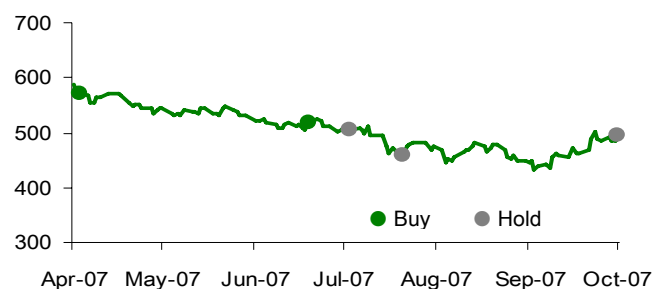
We are also decreasing our target multiple on the stock from 22x two-year forward earnings to 19x to factor in the anticipated slowdown in industry growth. Consequently, we are decreasing our one-year target price from Rs 595 to Rs 540. We maintain our Hold recommendation on the stock.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
23-Apr-07	Results Update	571	675	Buy
09-Jul-07	Sector Update	519	659	Buy
20-Jul-07	Results Update	505	595	Hold
08-Aug-07	Company Update	459	595	Hold
22-Oct-07	Results Update	501	540	Hold

Source: Religare Research

Stock performance



Source: Religare Research

Consolidated financials

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Revenues	106.1	149.4	185.5	219.1
% change yoy	30.4	40.8	24.1	18.1
Global IT Revenues	80.7	110.9	136.5	160.2
% change yoy	33.0	37.4	23.0	17.4
Gross profit	34.5	47.2	59.7	67.7
% change yoy	25.3	37.1	26.5	13.2
Operating profit	22.0	29.9	36.7	42.5
% change yoy	23.0	35.9	23.0	15.8
Other Income	1.3	2.7	4.3	5.4
EBT	23.5	32.9	41.5	48.4
% change yoy	26.5	39.6	26.2	16.7
Tax	3.3	3.7	5.4	6.7
as % of EBT	13.9	11.3	13.1	13.8
Net Income (adjusted)	20.3	29.1	36.0	41.7
% change yoy	28.0	43.7	23.7	15.7
Shares outstanding(mn)	1,426.0	1,429.6	1,467.4	1,467.4
FDEPS (Rs)	14.4	20.5	24.6	28.4
DPS (Rs)	2.5	3.0	3.5	4.0

Source: Company, Religare Research

Cash flow statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Net Income	20.3	29.1	36.0	41.7
Non- cash adjustments	3.4	4.3	5.3	7.0
Change in working capital	(3.5)	(10.9)	(12.6)	(11.7)
Cashflow from operations	20.2	22.6	28.8	37.0
Capex	(10.1)	(10.7)	(11.4)	(13.6)
(Inc)/dec in investments	(7.1)	-	(34.0)	-
Cash flow from investing	(17.3)	(10.7)	(45.4)	(13.6)
Dividend paid	(4.0)	(4.8)	(5.8)	(6.6)
Proceeds from equity issue	4.8	0.7	7.6	-
Increase/(decrease) in debt	(0.5)	-	15.0	-
Cash flow from financing	0.3	(4.1)	16.8	(6.6)
Change in cash	3.2	7.7	0.1	16.8
Cash at end of year	8.9	16.6	16.7	33.5

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	8.9	16.6	16.7	33.5
Accounts receivable	24.9	34.8	43.2	51.0
Inventories	2.1	3.1	3.8	4.5
Others*	36.0	45.0	55.9	66.0
Current assets	71.8	99.5	119.6	155.1
LT investments	1.0	1.0	35.0	35.0
Net fixed assets	26.1	31.8	39.3	47.6
Other assets	1.4	1.4	1.4	1.4
Total assets	100.4	133.8	195.4	239.1
Payable	15.2	20.5	25.4	30.0
Others	6.5	10.2	12.7	15.0
Current Liabilities	21.6	30.7	38.1	45.0
Debt	-	-	15.0	15.0
Equity capital	2.9	2.9	2.9	2.9
Reserves	75.9	100.2	139.4	176.2
Networth	78.8	103.1	142.3	179.1
Total Liabilities	100.4	133.8	195.4	239.1
BVPS(Rs)	55.2	72.1	97.0	122.1

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBIT margin (%)	20.7	20.0	19.8	19.4
Net profit margin (%)	19.1	19.5	19.4	19.0
EPS growth (%)	26.6	42.2	20.3	15.4
Receivables(days)	85.8	85.0	85.0	85.0
Inventory(days)	7.1	7.5	7.5	7.5
Payables (days)	52.2	50.0	50.0	50.0
Current ratio(x)	3.3	3.2	3.1	3.4
ROE (%)	25.7	28.3	25.3	23.3
ROAE (%)	23.4	24.6	21.2	20.2
EV/Sales(x)	7.0	4.9	4.0	3.4
EV/Op. profit (x)	33.6	24.7	20.1	17.3
Price to earnings (x)	35.1	24.7	20.5	17.8
Price to book value (x)	9.2	7.0	5.2	4.1

Source: Company, Religare Research

CMP: Rs 725
Target: Rs 698
SELL

Piyush Parag **Abhishek Banerjee**
 (91-22) 6612 4730 (91-22) 6612 4764
 piyush.parag@religare.in abhishek.banerjee@religare.in

BSE code 500182
 NSE code HEROHONDA

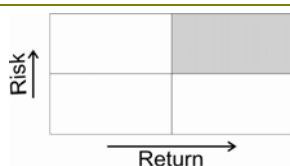
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	144.7/3.5
Outstanding equity shares (mn)	199.7
52-week high/low (Rs)	809/565
6-month average daily volume	265,178

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs bn)	98.9	106.5	118.4
Growth (%)	13.6	7.6	11.1
Adj net profit (Rs bn)	7.8	8.9	9.9
Growth (%)	(13.3)	14.5	10.9
FDEPS (Rs)	38.9	44.5	49.4
Growth (%)	(13.3)	14.5	10.9
P/E (x)	18.6	16.3	14.7
ROE (%)	34.7	32.7	30.4

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	55.0	55.0
FIIs	28.0	28.0
Banks & FIs	7.6	7.5
Public & Others	9.4	9.5

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Hero Honda	725	5.5	9.4	14.7
Sensex	17,560	6.0	12.8	26.4
BSE Auto	5,297	3.1	3.4	9.6

Company website www.herohonda.com

Improved margins restrict downside in PAT

Hero Honda (HHL) has reported a 5% YoY dip in net profit during Q2FY08 as the slowdown in the two-wheeler industry continued and pricing wars intensified. Nevertheless, this was better than our expectations of an 18% decline in PAT and came about largely due to a stronger EBIDTA margin. We expect the two-wheeler industry to remain sluggish in the medium term. Moreover, competitive pricing especially in the executive and premium segments would continue to mute earnings growth going ahead. HHL is currently trading at 14.7x P/E and 9.8x EV/EBIDTA on FY09E; we believe the stock is fairly valued and maintain our Sell recommendation with a target price of Rs 698.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	23,520.9	23,532.0	(0.0)
EBIDTA	2,914.5	2,483.2	17.4
PAT	2,043.3	1,763.7	15.9
EPS (Rs)	10.2	8.8	15.9

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	% Chg QoQ
Net sales	23,520.9	22,299.6	5.5	24,479.9	(3.9)
EBIDTA	2,914.5	2,835.0	2.8	2,634.8	10.6
EBIDTA margin (%)	12.4	12.7	-	10.8	-
Depreciation	384.4	344.0	11.7	376.0	2.2
Interest	(100.8)	(64.8)	55.6	(89.5)	12.6
Other income	392.7	594.8	(34.0)	389.1	0.9
PBT	3,023.6	3,150.6	(4.0)	2,737.4	10.5
Tax	980.3	990.9	(1.1)	839.0	16.8
PAT	2,043.3	2,159.7	(5.4)	1,898.4	7.6
PAT margin (%)	8.7	9.7	-	7.8	-
EPS (Rs)	10.2	10.8	(5.4)	9.5	7.6
CEPS (Rs)	12.2	12.5	(3.0)	11.4	6.7
Core EPS (Rs)	8.3	7.8	5.5	7.6	9.4

Source: Company, Religare Research

Result highlights

Revenue growth in line with our expectations

HHL's net sales grew by 6% YoY to Rs 23.5bn, mainly due to a 5% improvement in net realisation. The proportion of high-margin products (executive and premium motorcycles) in the company's portfolio led to the stronger realisations. The revenue share of bikes over 125cc has doubled from 2% in Q2FY07 to 4% in Q2FY08. The company's overall market share has improved by 800bps to 54% year-to-date this fiscal.

Positive surprise on EBITDA margin

HHL recorded an EBITDA margin of 12.4% for the quarter, 180bps higher than our expectations. This was mainly on account of a better product mix and lower employee expenses (Q1FY08 witnessed one-time provisioning expenses of Rs 100mn). However, the margin dropped 30bps YoY due to a sharp rise in raw material prices. This restricted operating profit growth to 3% YoY at Rs 2.9bn.

PAT down 5% YoY

Higher depreciation cost and lower other income led to a 5% YoY dip in HHL's reported net profit to Rs 2bn in Q2FY08.

Better product mix and lower staff cost led to a higher-than-expected EBITDA margin

Future outlook

Capacity expansion

HHL is setting up a manufacturing facility at Pantnagar in Uttaranchal. The new facility will have an initial capacity of 500,000 units, which can be expanded to 1.5mn units per annum. This will take the company's annual capacity to 5.1mn units by FY09. The plant is expected to be commissioned in end-FY08 at a total capex of ~Rs 4bn to be funded by internal accruals. While HHL's existing plants are located in Haryana, the company has chosen to put up its new facility in Uttaranchal to take advantage of the excise and tax benefits offered by the state government. We expect the new plant to contribute 5% of sales in FY08 and 20% in FY09.

Depreciation costs to increase with expanded capacity coming onstream

HHL expects to spend ~Rs 4bn over the next couple of years on new products and capacity expansion. We estimate that depreciation expenses will increase by 20bps to 1.6% of net sales in FY09.

Earnings to remain moderate

We expect HHL's earnings to grow at a CAGR of 13% during FY07-FY09, aided by 9% revenue growth and incentive benefits from the new facility. The EBITDA margin is likely to remain under pressure as competition in the executive bike segment (where HHL is the leading player) is set to intensify.

Earnings to grow at a muted 13% CAGR over FY07-FY09, as margin pressure continues

Key risks to our estimates

- ❖ Lower-than-expected ramp up in production at the Uttaranchal plant could impact our revenue estimates.
- ❖ Abatement of the pricing war may aid margin recovery, leading to better-than-expected earnings growth.

Valuation

P/E-based valuation yields fair value of Rs 698

We value HHL's core business at 14.5x its core FY09E earnings which works out to Rs 599. Adding back the value of its investment portfolio, the stock's fair value comes to Rs 698.

Calculation of Hero Honda's fair value

Particulars	Rs/share
FY09 Core EPS	41.3
Target multiple (x)	14.5
Value of core business	599.5
Cash & equivalents	98.8
Target price	698.3

Source: Religare Research

Valuation stretched; recommend exiting the stock

The stock is trading at 14.7x P/E and 9.8x EV/EBIDTA on FY09E. We believe valuations are stretched considering the sluggishness in the two-wheeler market. We maintain our Sell call on the stock with the target price of Rs 698.

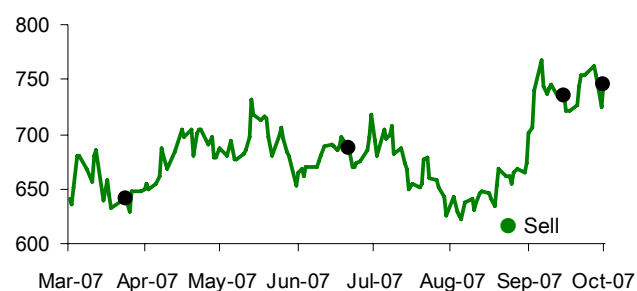
Sluggishness in the two-wheeler market to persist; valuations appear stretched - Sell

Recommendation history

Date	Event	Reco	Tgt price	Reco
16-Apr-07	Quarterly Preview	639	612	Sell
10-Jul-07	Quarterly Preview	698	612	Sell
05-Oct-07	Quarterly Preview	735	698	Sell
22-Oct-07	Results Update	725	698	Sell

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Revenues	87.1	98.9	106.5	118.4
Growth (%)	17.4	13.6	7.6	11.1
EBITDA	13.6	11.5	12.4	13.8
Growth (%)	17.5	(15.3)	7.7	11.0
Depreciation	1.1	1.4	1.7	1.8
EBIT	12.5	10.1	10.7	12.0
Growth (%)	16.6	(18.8)	5.4	12.1
Interest	0.0	0.0	0.0	0.0
Other income	1.7	2.3	2.2	2.3
EBT	14.1	12.5	12.9	14.3
Growth (%)	16.0	(11.8)	3.5	10.9
Tax	4.4	3.9	4.0	4.4
Effective tax rate	31.2	31.2	31.0	31.0
Adj net income	9.0	7.8	8.9	9.9
Growth (%)	20.2	(13.3)	14.5	10.9
Shares outstanding (mn)	199.7	199.7	199.7	199.7
FDEPS (Rs)	44.9	38.9	44.5	49.4
DPS (Rs)	20.0	17.0	17.0	20.0
CEPS (Rs)	50.6	45.9	53.2	58.4

Source: Company, Religare Research

Cash flow statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Net income	9.7	8.6	8.9	9.9
Depreciation	1.1	1.4	1.7	1.8
Other adjustments	(0.9)	(0.7)	-	-
Changes in WC	(0.6)	(3.0)	6.7	(0.9)
Operating cash flow	9.4	6.3	17.3	10.8
Capital expenditure	(3.7)	(4.7)	(2.6)	(1.6)
Investments	(0.4)	0.9	(2.0)	(2.2)
Other investing inc/(exp)	0.8	1.1	-	-
Investing cash flow	(3.2)	(2.7)	(4.5)	(3.8)
Free cash flow	6.1	3.5	12.8	7.0
Issue of equity	-	-	-	-
Issue/repay debt	(0.2)	(0.2)	0.0	0.1
Dividends paid	(4.5)	(3.8)	(3.8)	(4.5)
Others	(0.1)	(0.7)	-	-
Financing cash flow	(4.7)	(4.7)	(3.8)	(4.4)
Beg. cash & cash eq	0.2	1.6	0.4	9.4
Chg in cash & cash eq	1.4	(1.2)	9.0	2.6
Closing cash & cash eq	1.6	0.4	9.4	12.0

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	1.6	0.4	9.4	12.0
Accounts receivable	1.6	3.4	1.9	3.2
Inventories	2.3	2.8	2.6	3.4
Others current assets	2.8	2.7	2.7	2.8
Current assets	8.2	9.1	16.7	21.4
LT investments	20.6	19.7	21.7	23.9
Net fixed assets	9.5	11.7	12.4	12.1
CWIP	0.4	1.9	1.9	2.0
Total assets	38.8	42.4	52.8	59.4
Payables	6.5	5.5	7.2	7.1
Others	4.3	4.9	5.0	5.2
Current liabilities	10.7	10.4	12.2	12.3
LT debt	1.9	1.7	1.7	1.8
Other liabilities	6.1	5.7	9.1	10.2
Equity capital	0.4	0.4	0.4	0.4
Reserves	19.7	24.3	29.4	34.8
Net worth	20.1	24.7	29.8	35.2
Total liabilities	38.8	42.4	52.8	59.4
BVPS (Rs)	100.6	123.7	149.1	176.0

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	15.6	11.7	11.7	11.6
EBIT margin (%)	14.3	10.2	10.0	10.1
Net profit margin (%)	10.3	7.9	8.4	8.3
FDEPS growth (%)	20.2	(13.3)	14.5	10.9
Receivables (days)	5.2	9.1	9.0	7.9
Inventory (days)	13.0	12.8	12.7	12.8
Payables (days)	39.4	30.6	30.0	30.5
Current ratio (x)	0.8	0.9	1.4	1.7
Interest coverage (x)	427.2	629.6	657.1	729.5
Debt/equity ratio (x)	0.1	0.1	0.1	0.0
ROE (%)	51.2	34.7	32.7	30.4
ROCE (%)	138.5	74.7	60.7	54.6
ROAE (%)	64.1	42.0	37.0	35.0
EV/Sales (x)	1.7	1.5	1.3	1.1
EV/EBITDA (x)	10.6	12.7	11.0	9.8
P/E (x)	16.1	18.6	16.3	14.7
P/BV (x)	7.2	5.9	4.9	4.1
P/CEPS (x)	14.3	15.8	13.6	12.4

Source: Company, Religare Research

CMP: Rs 73

Target: Rs 73

SELL ↓

Sudeep Anand

(91-22) 6612 4670

sudeep.anand@religare.in

BSE code	532522
NSE code	PETRONET

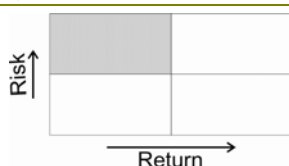
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	54.8/1.4
Outstanding equity shares (mn)	750.0
52-week high/low (Rs)	92/41
3-month average daily volume	1,465,766

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs bn)	55.1	70.0	85.9
Growth (%)	43.6	27.0	22.7
Adj net profit (Rs bn)	3.1	4.6	5.0
Growth (%)	60.7	47.2	7.9
FDEPS (Rs)	4.2	6.1	6.6
Growth (%)	60.7	47.2	7.9
P/E (x)	17.5	11.9	11.0
RoE (%)	26.7	32.4	28.8

Risk-return profile



Shareholding pattern

(%)	June-07	Mar-07
Promoters	50.0	50.0
FIs	11.2	14.4
Banks & FIs	1.2	0.5
Public	37.6	35.1

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Petronet LNG	73	10.5	17.7	59.7
Sensex	17,560	6.0	12.8	26.4
BSE Oil & Gas	10,242	9.7	26.3	49.2

Company website www.petronetlng.com

Healthy volume-led growth but stock fairly priced

Petronet LNG (PLL) has recorded healthy Q2FY08 results with in-line revenue growth of 21.5% YoY to Rs 16.7bn. Higher LNG sale volumes coupled with improved price realisations aided the robust performance. The company's 5% escalation clause in re-gasification charges led to a 560bps YoY expansion in the EBITDA margin to 13.6% during the quarter. Net profit, however, came in 9% below our estimates due to higher-than-expected operating expenses.

We expect the increased spot volumes to continue driving PLL's growth, going ahead. The company's Dahej terminal is set to start operations in Q2FY08 as scheduled, which would further enhance growth. Nevertheless, we believe these positives are fully factored into the current stock price and no major upside remains; we hence shift from a Hold to a Sell recommendation on the scrip.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	16,705.0	16,937.1	(1.4)
EBIDTA	2,264.8	2,608.3	(13.2)
PAT	1,155.1	1,270.3	(9.1)
EPS (Rs)	1.5	1.7	(9.1)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	% Chg QoQ
Net sales	16,705.0	13,750.9	21.5	15,510.2	7.7
Other income	121.4	77.0	57.8	115.9	4.7
Total expenditure	14,561.6	12,303.5	18.4	13,461.1	8.2
EBITDA	2,264.8	1,095.3	106.8	2,164.9	4.6
EBITDA margin (%)	13.6	8.0	-	14.0	-
Depreciation	257.6	257.2	0.2	254.0	1.4
Interest	260.6	269.3	(3.2)	256.7	1.5
Tax expenses	591.5	337.5	75.3	574.0	3.0
PAT	1,155.1	660.4	74.9	1,080.3	6.9
EPS (Rs)	1.5	0.9	75.0	1.4	6.9

Source: Company, Religare Research

Result highlights

Volume sales of LNG up 17% YoY to 83.2tbtu with 132% capacity utilisation

Higher volumes continue to boost topline growth

In line with our expectations, PLL's net sales increased 21.5% YoY to Rs 16.7bn in Q2FY08, driven primarily by record sales volumes and increased price realisations. De-bottlenecking initiatives and efficient equipment utilisation have enabled the company to raise the production capacity at its Dahej terminal from 5mmtpa to 6.5mmtpa per annum. During the quarter, PLL sold 83.2tbtu of LNG, up 17.2% YoY from 71tbtu in Q2FY07, achieving 132% capacity utilisation.

Other income also increased significantly to Rs 121.4mn in Q2FY08 compared to Rs 77mn in Q2FY07 on account of higher returns from investments. As a result, the company's total revenues increased 21.7% YoY to Rs 16.8bn during the quarter.

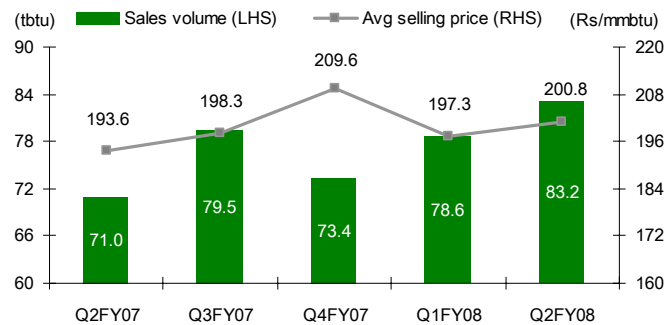
EBITDA margin expands significantly

The company recorded a 106.8% YoY jump in operating profit to Rs 2.3bn in Q2FY08, below our estimate of Rs 2.6bn primarily due to higher-than-expected operating expenses. The company experienced a 560bps expansion in its EBITDA margin to 13.6% largely because of increased spot volumes, which are being sold at higher than contracted rates. PLL's average selling price stood at Rs 200.8/mmbtu in Q2FY08 compared to Rs 193.6/mmbtu in Q2FY07.

The company's re-gasification charges stood at Rs 27.4/mmbtu in Q2FY08 as against Rs 26.1/mmbtu in the year-ago quarter. Going forward, we expect the 5% annual escalation in re-gasification charges to continue to expand margins.

Higher realisations on spot volumes have expanded the EBITDA margin by 560bps YoY

Sales volume and average selling price



Source: Company & Religare Research

Net profit up 75% YoY

PLL's net profit increased a healthy 74.9% YoY to Rs 1.2bn, attributable to increased operating profits and lower interest expenses, which served to offset the higher tax burden. Interest cost declined 3.2% YoY to Rs 260.6mn during the quarter, expanding profitability. As a result, the company's EPS grew to Rs 1.5 in Q2FY08 from Rs 0.9 in Q2FY07.

Business update

Production at full capacity of 12.5mmtpa to start by end-CY08

Expanded capacity at Dahej to commence from July 2008

The company is expanding its Dahej re-gasification capacity from 5mmtpa to 12.5mmtpa at a capex of Rs 16bn. The expansion is running on schedule and PLL expects the terminal to commence operations in phases starting from July 2008. We believe that production at full capacity would commence by end-December 2008.

LNG supply for Kochi terminal at final stages

PLL is in the final stages of signing a purchase and sales agreement with the Chevron-operated Gorgon project for importing 2.5mmtpa of LNG for its Kochi terminal. The deal is expected to be signed on a 25-year contract basis.

LNG transportation through trucks

During the quarter PLL started a pilot project for delivering LNG to clients through specially designed trucks. The project has been undertaken in partnership with Indian Oil Corp (IOC), which provides these trucks to PLL. LNG supply through trucks rather than pipelines would allow PLL to target varied end-user companies in the ceramics, chemicals and power sectors where gas is needed to run in-house power projects. Moreover, the company expects realisations to improve to US\$ 8–9/mmbtu, which will further expand margins. If the pilot project is successful, PLL would begin actual commercial supply in a year's time

1,200MW power plant being set up at Dahej

PLL has received board approval for setting up a 1,200MW gas-based power plant behind its existing re-gasification facility at Dahej at an investment of Rs 30bn. We believe such a set-up would result in optimal utilisation of resources for PLL. The company produces about 100KL of water everyday, which can also be used in the power plant. The power project is scheduled to come onstream by 2011.

Valuation

No major upside from current level; Sell

Stock fairly priced; We downgrade to Sell

At the current price the company is trading at a P/E multiple of 11.9x on FY08E and 11x on FY09E. The stock has historically traded at a P/E of 12x one-year forward earnings. In our view, the chances of a major upside from current levels are remote; we hence shift from a Hold to a Sell recommendation with a target of Rs 73.

DCF assumptions

Particulars	Assumption
Risk free rate of return (%)	8.0
Beta	1.2
Market risk premium (%)	7.0
Cost of equity (%)	16.7
Terminal growth rate (%)	2.0
Explicit forecast period (years)	2008-15
Total value of equity (mn)	54,706.0
Number of shares (mn)	750.0
Fair value per share (Rs)	73

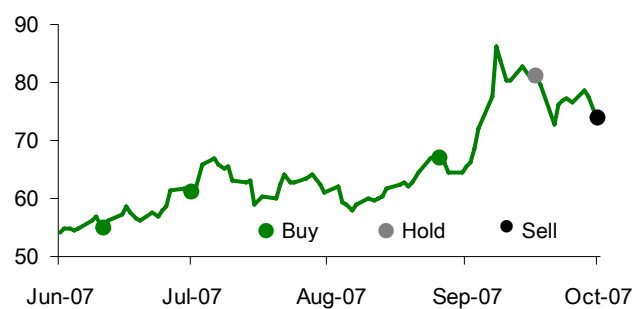
Source: Religare Research

Recommendation history

Date	Event	Reco price	Tgt price	Reco
29-Jun-07	Initiating Coverage	55	73	Buy
18-Jul-07	Results Update	61	73	Buy
12-Sep-07	Company Update	67	73	Buy
05-Oct-07	Quarterly Preview	81	73	Hold
22-Oct-07	Results Update	73	73	Sell

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Revenues	38.4	55.1	70.0	85.9
Growth (%)	97.3	43.6	27.0	22.7
EBITDA	4.9	6.5	9.8	12.0
Growth (%)	224.4	32.8	51.2	22.6
Depreciation	(1.0)	(1.0)	(1.3)	(2.2)
EBIT	4.1	5.8	8.5	9.8
Growth (%)	507.5	43.3	45.3	16.3
Interest	(1.1)	(1.1)	(1.5)	(2.3)
Other income	0.2	0.4	0.0	0.0
EBT	3.0	4.8	7.0	7.5
Growth (%)	595.1	61.2	46.6	7.9
Tax	(1.0)	(1.6)	(2.4)	(2.6)
Effective tax rate	33.9	34.1	33.9	33.9
Adj net income	1.9	3.1	4.6	5.0
Growth (%)	585.3	60.7	47.2	7.9
Shares outstanding (mn)	0.8	0.8	0.8	0.8
FDEPS (Rs)	2.6	4.2	6.1	6.6
DPS (Rs)	0.0	1.2	1.8	2.0
CEPS (Rs)	4.9	7.7	7.9	9.5

Source: Company, Religare Research

Cash flow statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Net income	1.9	3.1	4.6	5.0
Depreciation	(1.0)	(1.0)	(1.3)	(2.2)
Other adjustments	0.7	1.6	0.0	0.0
Changes in WC	(2.3)	(0.1)	3.6	0.1
Operating cash flow	(0.6)	3.6	6.9	2.9
Capital expenditure	1.3	(1.6)	(7.2)	(15.9)
Investments	(1.4)	(1.2)	0.0	0.0
Other investing inc/(exp)	0.0	0.0	0.0	0.0
Investing cash flow	(0.1)	(2.8)	(7.2)	(15.9)
Free cash flow	(0.7)	0.8	(0.3)	(13.0)
Issue of equity	0.0	0.0	0.0	0.0
Issue/repay debt	0.0	1.2	4.1	13.6
Dividends paid	0.0	(1.1)	(1.6)	(1.7)
Others	0.3	0.0	(2.6)	0.0
Financing cash flow	0.3	0.1	(0.1)	11.8
Beg. cash & cash eq	3.0	2.5	3.4	3.0
Chg in cash & cash eq	(0.5)	0.9	(0.4)	(1.1)
Closing cash & cash eq	2.5	3.4	3.0	1.9

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	2.5	3.4	3.0	1.9
Accounts receivable	1.3	3.3	3.5	4.3
Inventories	1.0	2.1	2.1	2.6
Others current assets	0.9	2.1	1.4	1.7
Current assets	5.7	10.9	10.0	10.5
LT investments	1.6	2.8	2.8	2.8
Net fixed assets	17.4	16.4	29.8	47.9
CWIP	1.2	4.8	0.0	0.0
Total assets	25.9	34.9	42.6	61.2
Payables	1.4	3.1	4.0	5.0
Others	0.4	2.8	5.1	5.8
Current liabilities	1.7	5.9	9.0	10.8
LT debt	12.6	13.8	17.9	31.5
Other liabilities	0.9	2.5	0.0	0.0
Equity capital	7.5	7.5	7.5	7.5
Reserves	3.2	5.3	8.2	11.4
Net Worth	10.7	12.8	15.7	18.9
Total liabilities	25.9	34.9	42.6	61.2
BVPS (Rs)	14.3	17.0	20.9	25.2

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	12.7	11.8	14.0	14.0
EBIT margin (%)	10.6	10.6	12.1	11.5
Net profit margin (%)	5.1	5.7	6.6	5.8
FDEPS growth (%)	585.3	60.7	47.2	7.9
Receivables (days)	12.2	22.0	18.1	18.1
Inventory (days)	9.9	13.9	11.2	11.2
Payables (days)	13.0	20.7	20.7	21.1
Current ratio (x)	3.3	1.9	1.1	1.0
Interest coverage (x)	3.6	5.4	5.7	4.2
Debt/equity ratio (x)	1.2	1.1	1.1	1.7
ROE (%)	19.7	26.7	32.4	28.8
ROCE (%)	11.9	15.4	18.6	15.5
ROAE (%)	7.6	10.3	11.9	9.6
EV/Sales (x)	0.7	0.5	0.4	0.3
EV/EBITDA (x)	5.3	4.0	2.7	2.2
P/E (x)	28.1	17.5	11.9	11.0
P/BV (x)	5.1	4.3	3.5	2.9
P/CEPS (x)	14.8	9.5	9.2	7.7







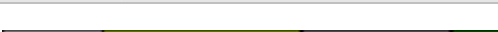

Source: Company, Religare Research

Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
10-Sep-07	Greenply Industries	Company Update	230	288	BUY
10-Sep-07	HDIL	Initiating Coverage	533	694	BUY
11-Sep-07	Cadila Healthcare	Company Update	320	416	BUY
12-Sep-07	Petronet LNG	Company Update	67	73	BUY
12-Sep-07	Great Offshore	Company Update	868	1,045	BUY
13-Sep-07	IVRCL Infrastructure & Projects	Company Update	379	443	BUY
14-Sep-07	KPIT Cummins Infosystems	Company Update	142	173	BUY
14-Sep-07	Nicholas Piramal India	Company Update	272	332	BUY
18-Sep-07	HDIL	Company Update	609	694	BUY
19-Sep-07	Jubilant Organosys	Company Update	290	388	BUY
19-Sep-07	Punjab National Bank	Company Update	492	610	BUY
20-Sep-07	Tulip IT Services	Company Updates	862	1,015	BUY
20-Sep-07	Garware Offshore	Company Updates	187	272	BUY
21-Sep-07	Deccan Chronicle	Company Update	207	243	BUY
24-Sep-07	K S Oil	Company Update	74	85	BUY
25-Sep-07	Sasken Communication Technologies	Company Update	335	440	BUY
25-Sep-07	Shri Lakshmi Cotsyn	Company Update	122	210	BUY
25-Sep-07	UTV Software Communications	Initiating Coverage	584	795	BUY
26-Sep-07	Bihar Tubes	Company Update	133	172	BUY
27-Sep-07	Bank of India	Company Update	262	300	HOLD
28-Sep-07	Punj Lloyd	Initiating Coverage	299	367	BUY
01-Oct-07	Garware Offshore	Company Update	204	272	BUY
03-Oct-07	Bajaj Hindusthan	Sector Update	176	159	SELL
03-Oct-07	Balrampur Chini	Sector Update	78	82	SELL
03-Oct-07	Triveni Engg	Sector Update	115	116	HOLD
04-Oct-07	Opto Circuits (India)	Company Update	555	517	HOLD
04-Oct-07	Deepak Fertilisers and Petrochemicals	Initiating Coverage	114	158	BUY
08-Oct-07	Lakshmi Energy	Company Update	211	260	BUY
09-Oct-07	Time Technoplast	Company Update	612	736	BUY
10-Oct-07	Ashok Leyland	Company Update	41	48	BUY
10-Oct-07	Prism Cement	Results Update	63	81	BUY
12-Oct-07	Infosys Technologies	Results Update	1,977	2,071	HOLD
12-Oct-07	Bihar Tubes	Results Update	146	204	BUY
12-Oct-07	South Indian Bank	Results Update	165	192	BUY
15-Oct-07	HDFC Bank	Results Update	1,430	1,585	BUY
16-Oct-07	Axis Bank	Results Update	813	904	BUY
16-Oct-07	Sasken Communication Tech.	Results Update	329	417	BUY
16-Oct-07	Tata Consultancy Services	Results Update	1,074	1,193	BUY
17-Oct-07	Shri Lakshmi Cotsyn	Results Update	123	210	BUY
17-Oct-07	HDIL	Company Update	699	871	BUY
18-Oct-07	Jubilant Organosys	Results Update	295	405	BUY
19-Oct-07	Biocon	Results Update	507	542	BUY
19-Oct-07	KPIT Cummins	Results Update	115	139	BUY
22-Oct-07	Wipro Tech	Results Update	501	540	HOLD
22-Oct-07	Hero Honda	Results Update	725	698	SELL
22-Oct-07	Petronet LNG	Results Update	73	73	SELL

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	19-Oct	1-day	1-mth	3-mth	
Automobiles	5,297	(1.8)	2.0	3.4	
Banks	8,838	(2.2)	1.1	5.3	
Capital Goods	15,429	(4.4)	6.3	18.1	
Comm. & Tech.	3,917	(0.6)	7.7	0.8	
Consumer Durables	4,777	(0.2)	0.6	13.5	
FMCG	2,022	(3.0)	(6.1)	10.5	
Healthcare	3,715	(1.6)	1.7	(3.0)	
IT	4,686	0.2	5.8	(4.8)	
Metal	14,480	(3.7)	13.0	18.6	
Oil & Gas	10,242	(3.0)	9.7	26.3	
Mid-caps	7,239	(2.5)	0.5	5.9	
Small-caps	8,800	(3.1)	(1.1)	7.5	

Number of companies: 

Emerging markets

Country	% Chg				
	19-Oct	1-day	1-mth	3-mth	6-mth
Brazil	60,894	(3.7)	5.4	6.0	23.2
Shanghai	5,768	(0.9)	5.7	42.1	60.9
Hong Kong	28,629	(2.8)	12.0	24.4	41.0
India	17,560	(2.4)	6.0	12.8	26.4
South Korea	1,898	(3.7)	(1.1)	(4.3)	23.8
Taiwan	9,319	(3.0)	2.3	(2.8)	17.3

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	31.2	833.4	4,480.9	17,499.6
South Korea	(146.0)	(1,722.8)	(1,858.8)	(17,971.8)
Taiwan	78.3	(179.6)	900.7	4,795.1
Thailand	(1,265.6)	(54.7)	(54.7)	1,567.2

Events calendar

Financial results

October 22		23	24
Eicher Motors	Finolex Industries	Inox Leisure	IL&FS Investment Managers
Lumax Industries	PSL	Rajesh Exports – Bonus, split	
	Agro Tech Foods	Binani Cement	Binani Industries
	Deepak Fertilizers	Micro Inks	Greenply Industries
	Satyam Computer		3i Infotech
			Dabur India
			Gujarat Ambuja Exports
			Gujarat Gas Co
			Hindustan Motors
			Mro-Tek
			Page Industries - Unaudited Accounts
25		26	27
ABB	Bharat Heavy Electricals	Century Textiles & Indu	MRF – Dividend
Sun Pharma – Dividend	Liberty Shoes	Bata India	Bharat Electronics
		Hindustan Cons	Lanco Infratech
		Tata Steel	Ponni Sugars (Erode)
			Kamat Hotels (I)
			Kansai Nerolac Paints
			South Asian Petrochem
			Sun Pharma Advanced Research Co.
			Thermax
			Magma Shracchi Finance
28		29	30
		Mphasis	Hindustan Petroleum Corporation
		House of Pearl Fashions	ICRA
		Mahindra & Mahindra	Titan Industries
			Balaji Telefilms
			Dolphin Offshore
			HDFC
			Meghmani Organics
			Tata Chemicals
			Tata Power
31		November 1	2
Berger Paints	Bharat Petroleum Corpn	Celebrity Fashions	Gangotri Textiles
IVRCL Infr	IVR Prime		

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Apollo Hos E	Robecco Institutional Asset Mgmt	B	307,798	474.7
Apollo Hos E	Morgan Stanley And Co Intl Plc Ac Morgan Stanley Mau	S	262,513	474.0
Apollo Hospitals	Robeco Institutional Asset Mgmt Bv	B	292,202	475.9
Gammon Indi	Reliance Mutual Fund	B	1,394,100	490.0
Gammon Indi	Wellington Management Company Llp	S	647,655	490.0
HDFC	DB International Asia	B	9,727,343	2,353.0
HDFC	CLSA Merchant Bankers A/C CLSA (Mauritius)	S	6,071,500	2,353.0
HDFC	DB International Asia	B	1,677,363	2,337.0
HDFC	UBS Securities Asia	S	1,677,363	2,337.0
Indiabulls Financial Serv	Deutsche Bank Ag London Gdr Account	B	2,967,312	515.8
Indiabulls Financial Serv	Deutsche Securities Mauritius	S	2,967,312	515.8
Indiabulls Financial Serv	Bank Of New York Macquarie Bank	B	2,294,342	496.5
Indiabulls Financial Serv	Morgan Stanley Dean Witter Mauritius Co	S	2,294,342	496.5
Lok Housi Co	Equity Intelligence India PMS	B	63,000	203.2
Niit Technologies	Merrill Lynch Capital Markets Espana SA Svb	B	550,000	379.7
Saamya Bio	Credit Suisse Singapore	S	167,956	15.9
Saamya Bio	BSMA	S	155,649	15.6
Saamya Bio	ICICI International	S	209,945	16.7
Southbiotec	Tricolor India Opportunities Fund	B	350,000	32.5
Sparsh Bpo	Sundaram Mutual Fund	S	500,000	161.0
Triveni Engineering & Ind	Reliance Life Insurance	B	1,292,965	112.1
Unitd Spr	DB International Asia	B	4,471,316	1,651.5
Unitd Spr	CLSA Mauritius	S	4,471,316	1,651.5
United Brew	CLSA Mauritius	S	9,056,769	343.0

Source: BSE

Insider trading

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Dhanus Technologies	Reliance Cap Asset Manag A/C Pms	B	1,200,000	6.7	1,200,000	6.7
Esab India	Exelvia Group India Bv	B	2,809,089	18.3	8,552,289	55.6
Gitanjali Gems	Goldman Sachs Inv (Mauritius) I	B	693,642	1.2	-	-
Gitanjali Gems	Goldman Sachs Inv (Mauritius) I	S	2,009,119	3.3	2,270,654	3.8
Himatsingka Seide	HDFC Capital Builder Fund	S	100,000	0.1	690,459	0.7
Himatsingka Seide	HDFC Equity Fund	B	1,804,341	1.9	-	-
Himatsingka Seide	HDFC Equity Fund	B	1,006,277	1.0	-	-
Himatsingka Seide	HDFC Equity Fund	B	263,486	0.3	-	-
Himatsingka Seide	HDFC Equity Fund	S	1,450,245	1.5	4,506,277	4.6
Himatsingka Seide	HDFC Prudence Fund	B	1,450,245	1.5	2,438,320	2.5
Himatsingka Seide	Hdfc Top 200 Fund	S	263,486	0.3	-	-
Himatsingka Seide	HDFC Children'S Gift Fund-Savings Plan	S	100,000	0.1	-	-
ICICI Bank	Subrata Mukerji	B	33,000	-	181,500	-
ICICI Bank	Pravir Vohra	B	5,000	-	42,500	-
ICICI Bank	Mukesh Kumar Jain	B	23,037	-	58,737	-
ICICI Bank	Murali Ramakrishnan	B	1,625	-	7,852	-
ICICI Bank	Ripujit Chaudhari	B	2,000	-	4,000	-
ICICI Bank	Ganesh CB	B	10,250	-	16,750	-
ICICI Bank	Meenakshi A	B	4,875	-	22,725	-

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
ICICI Bank	Niraj Dewan	B	7,000	-	11,750	-
ICICI Bank	Atish Govil	B	1,875	-	3,325	-
MPOils & Fats	M Srinivasa Rao	B	632,000	14.7	632,000	14.7
Marg Constructions	The Indiaman Fund (Mauritius)	S	25,000	-	-	-
Marg Constructions	The Indiaman Fund (Mauritius)	S	18,000	-	-	-
Marg Constructions	The Indiaman Fund (Mauritius)	S	10,000	-	-	-
Marg Constructions	The Indiaman Fund (Mauritius)	S	10,600	-	866,400	4.7
Ranbaxy Laboratories	Dr Brian W Tempest	B	54,300	-	54,300	-
VBC Ferro Alloys	BLB	B	9,845	-	-	-
VBC Ferro Alloys	BLB	S	107,915	-	200,000	4.8

Source: BSE

RELIGARE RESEARCH

Fundamental Research

Amitabh Chakraborty, CFA, FRM	President - Equity	amitabh.chakraborty@religare.in	(91-22) 6612 4602
Piyush Parag	Auto, Auto Ancillaries, Shipping	piyush.parag@religare.in	(91-22) 6612 4730
Abhishek Banerjee	Auto, Auto Ancillaries, Shipping	abhishek.banerjee@religare.in	(91-22) 6612 4764
Abhishek Agarwal	Agri-commodities, Banking	abhishek.a@religare.in	(91-22) 6612 4753
Dinesh Shukla	Agri-commodities, Banking	dinesh.shukla@religare.in	(91-22) 6612 4739
Ram Patnaik	Agri-commodities, Media, FMCG	ram.patnaik@religare.in	(91-22) 6612 4752
Vinod Nair	Capital Goods, Engineering, Metals, Media	nair.vinod@religare.in	(91-22) 6612 4731
Ronald Siyoni	Capital Goods, Engineering, Power	ronald.siyoni@religare.in	(91-22) 6612 4615
Dalpat Mehta	Cement, Textiles	dalpat.mehta@religare.in	(91-22) 6612 4696
Anurag Purohit	Information Technology, Telecom	anurag.purohit@religare.in	(91-22) 6612 4795
Hitesh Punjabi	Information Technology, Telecom	hitesh.punjabi@religare.in	(91-22) 6612 4769
Suman Memani	Mid-caps, Construction, Realty	suman.memani@religare.in	(91-22) 6612 4736
Sudeep Anand	Oil & Gas, Chemicals	sudeep.anand@religare.in	(91-22) 6612 4670
Alok Dalal	Pharmaceuticals	alok.dalal@religare.in	(91-22) 6612 4750

Technical Research

Birendrakumar Singh		birendrakumar.singh@religare.in	(91-22) 6612 4657
Vasant Joshi		vasant.joshi@religare.in	(91-22) 6612 4614
Amit Shitut		amit.shitut@religare.in	(91-20) 3024 0376
Kalpana Kabra		kalpana.kabra@religare.in	(91-33) 3051 0947

Derivatives Research

Anil Gupta		anil.g@religare.in	(91-22) 6612 4661
Samir Badami		samir.badami@religare.in	(91-22) 6612 4637
Somendra Agarwal		somendra.agarwal@religare.in	(91-22) 6612 4767

Production

Anisha deSa		anisha.desa@religare.in	(91-22) 6612 4729
R Murali		r.murali@religare.in	(91-22) 6612 4674
Rajesh Mhatre		rajesh.mhatre@religare.in	(91-22) 6612 4728

Administration

Shraddha Hosalkar		shraddha.hosalkar@religare.in	(91-22) 6612 4680
-------------------	--	-------------------------------	-------------------

Recommendation parameters

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

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

Religare Securities

Mumbai: 3rd Floor, Dheeraj Arma, Anant Kanekar Marg, Bandra (East), Mumbai-400 051. Phone: +91 22 66124600 Fax- 66124781

New Delhi: 19, Nehru Place, New Delhi - 110019, Phone: +91 11 30815100.

Disclaimer

Religare Securities Limited (Religare) has two independent equity research groups: Institutional Equities (Institutional Equity Research) and Priority Client Group (Religare Research). Religare Institutional Equity Research is aimed to service the institutional clients of Religare Securities Limited including the Portfolio Management Services of Religare whereas Religare Research is published with a view to service all segments of clients including Retail, HNIs and Institutional clients and PMS.

This document has been prepared by Religare Securities Limited – Priority Client Group. Affiliates of Religare-PCG may have issued other reports that are contrary with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Institutional Equities Research Group of Religare Securities Limited.

We are not soliciting any action based upon this material. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Religare-PCG. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Religare-PCG will not treat recipients as customers by virtue of their receiving this report. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable. It should be noted that the information contained herein is from publicly available data or other sources believed to be reliable. Neither Religare, nor any person connected with it, accepts any liability arising from the use of this document.

This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The investment discussed or views expressed may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Religare, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Religare and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Religare and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Religare and its affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall Religare, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Copyright in this document vests exclusively with Religare. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from Religare. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst's holding in the stocks mentioned in the report: **NIL**.