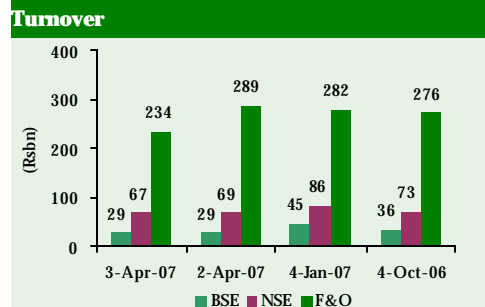




Indices	%Change			
	3-Apr-07	1mth	3mth	6mth
Sensex	12,625	(2.0)	(9.0)	3.4
Nifty	3,691	3.2	(7.5)	5.0
CNX Midcap	4,713	2.5	(20.7)	1.0
Banking	6,182	(0.6)	(12.9)	3.8
Capital Goods	8,718	5.8	(5.6)	8.5
IT	4,767	0.8	(11.2)	10.9
Healthcare	3,575	7.4	(7.8)	(1.1)
NASDAQ	2,450	4.7	(0.1)	7.0
Dow Jones	12,510	3.8	0.2	5.6

Net Inflows				
Rsbm	2-Apr-07	30-Mar-07	MTD	YTD
FII	8	(4)	8	74.9
Mutual Fund	1	0	1	(34.4)
FII - F&O	(1)	5	(1.3)	75.9



Commodity & Currency	% Change			
	3-Apr-07	1mth	3mth	6mth
Crude (US\$/barrel)	64.6	7.6	16.3	8.1
Gold (US\$/Oz)	664.0	3.8	6.4	16.5
US\$	43.1	(3.1)	(2.9)	(5.6)
Euro	57.6	(1.5)	(1.4)	(0.9)

Debt				
%	3-Apr-07	1mth	3mth	6mth
RBI Reverse Repo	6.0	6.0	6.0	6.0
10 yr G-Sec yld	8.2	8.0	7.6	7.6
Spread 1 & 10 yr G-Sec	0.4	1.0	0.5	0.8
US 10 yr treasury	4.7	4.5	4.6	4.6
Surplus liquidity (Rsbm)	197.4	(30.0)	(102.5)	(244.4)

HPCL (Rs243) - Company Update

Sell - Target Price Rs180

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According to reports, oil marketing companies are likely to be issued oil bonds worth Rs 50 bn as compensation for marketing losses incurred in Q4FY07. Since HPCL has about 22% market share, the oil bond entitlement for HPCL is likely to be around Rs 10 bn. The figure compares favorably with Rs 10.3 bn in Q3FY07 but looks much smaller than Rs 23.5 bn in Q4FY06. But there is a caveat. The Q4FY06 figure includes oil bond arrears for the earlier quarters of FY06.

We believe that the issue of oil bonds may not help much in reducing the losses of oil marketing companies. We have done a quick calculation in the following table, which shows the estimated quarterly loss of HPCL:

HPCL's estimated quarterly under recovery in Q4FY07 (based on estimated sales volume of FY07E) (assuming crude oil price of \$ 57 per barrel and current petroleum product prices)

	Sales (mn. tonnes)	liters / tonne	Sales (mn. liters)	loss / liter	Total Loss (Rsmn)
Petrol	0.54	1,356	725	0.1	51
Diesel	1.88	1,186	2,224	1.2	2,669
Kerosene	0.43	1,200	519	12.7	6,591
	Sales (mn. tonnes)	liters / tonne	Sales (mn. cylinders)	loss / cylinder	Total Loss (Rsmn)
LPG	0.65	70.4	45.8	155	7,095
Gross Total					16,406
Likely bond issuance					10,000
Net loss					6,406

Moreover, the current crude oil price is US\$64 / barrel from the low of US\$50 / barrel in January 2007. On the other hand, auto fuel prices are unlikely to be increased in view of the high inflation and forthcoming state elections. This will hurt HPCL and other oil marketing companies in Q1FY08 as well.

We are valuing HPCL stock at P/E of 12x, which is in line with the global integrated refining and marketing companies. Based on FY09E EPS of Rs 14.9, our target price for the stock comes to Rs180. Though the stock looks under priced when compared to its replacement cost of Rs 496 per share, we note that the undervaluation is due to the fact that the company's assets are not generating adequate return. We recommend ignoring the oil marketing companies like HPCL till there is a clear policy direction from the government. We reiterate our **Sell** rating on the HPCL stock.

HPCL	Y/E March (Rs. Mn)	FY2005	FY2006	FY2007E	FY2008E	FY2009E	
Reuters / Bloomberg code	HPCL.BO / HPCL@ IN	Revenues	598,666	710,379	795,226	710,961	653,681
Market cap (Rs. Bn)	84	Operating Profit	20,590	8,044	20,540	14,234	10,917
Market cap (US\$ mn)	1,860	Net Profit	11,302	1,856	10,727	6,992	5,041
Shares outstanding (mn)	339	EPS (Rs.)	33.3	5.5	31.6	20.6	14.9
52 - week High / Low (Rs.)	361/206	EPS growth (%)		(83.6)	478.0	(34.8)	(27.9)
		Operating margin (%)	3.4	1.1	2.6	2.0	1.7
Major shareholders (%)		PER (x)	7.4	45.1	7.8	12.0	16.6
Promoters	51.0	EV / EBITDA (x)	4.1	14.6	6.3	9.5	13.5
FII's	16.3	Price / Sales (x)	0.1	0.1	0.1	0.1	0.1
Banks / MFs / Fis	24.6	Dividend yield (%)	6.1	1.2	3.6	3.6	3.6
Public	8.1	RoCE (%)	9.9	2.0	7.5	5.2	4.1
		RoE (%)	13.4	2.1	11.3	7.1	5.1

BULK DEALS ON NSE - 3 April 2007

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
ANANTRAJ	Anant Raj Industries Limi	MORGAN STANLEY DEAN WITTER MAURITIUS CO. LTD	BUY	135,000	1,075
GRANULES	Granules India Limited	CITIGROUP GLOBAL MARKETS MAU PVT LTD	BUY	205,000	109
IFCI	IFCI Ltd.	JAYPEE CAPITAL SERVICES LTD.	BUY	20,242,477	31
IVRCLINFRA	IVRCL Infra & Proj Ltd	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A. SVB	BUY	840,000	252
RANASUG	RANA SUGARS LTD	EDELWEISS ESTATES P LTD	BUY	429,242	25
RANASUG	RANA SUGARS LTD	INNOVISION E COMMERCE LTD	BUY	297,336	24
RENUKA	Shree Renuka Sugars Limit	MORGAN STANLEY & CO INT LTD A/C MORGAN STANL	BUY	125,000	470
RENUKA	Shree Renuka Sugars Limit	P R B SECURITIES PRIVATE LTD	BUY	421,365	473
SAKHTISUG	Sakthi Sugars Ltd.	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD	BUY	269,049	101
SAKHTISUG	Sakthi Sugars Ltd.	CREDENTIAL STOCK BROKERS LIMITED	BUY	174,549	103
SAKHTISUG	Sakthi Sugars Ltd.	INDUS PORTFOLIO (P) LTD.	BUY	483,900	102
SAKHTISUG	Sakthi Sugars Ltd.	MORGAN STANLEY & CO INT LTD A/C MORGAN STANL	BUY	350,000	101
SAKHTISUG	Sakthi Sugars Ltd.	MORGAN STANLEY DEAN WITTER MAURITIUS CO. LTD	BUY	250,000	105
SAKHTISUG	Sakthi Sugars Ltd.	TRANSGLOBAL SECURITIES LTD.	BUY	169,595	101
IFCI	IFCI Ltd.	JAYPEE CAPITAL SERVICES LTD.	SELL	20,180,334	31
IVRCLINFRA	IVRCL Infra & Proj Ltd	OPPENHEIMER INT SMALL COMPANY FUND	SELL	1,240,000	250
RANASUG	RANA SUGARS LTD	EDELWEISS ESTATES P LTD	SELL	1,095,374	25
RANASUG	RANA SUGARS LTD	INNOVISION E COMMERCE LTD	SELL	430,424	24
RENUKA	Shree Renuka Sugars Limit	P R B SECURITIES PRIVATE LTD	SELL	390,153	474
SAKHTISUG	Sakthi Sugars Ltd.	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD	SELL	269,049	101
SAKHTISUG	Sakthi Sugars Ltd.	CARLSON INVESTMENT MANAGERS.	SELL	700,000	101
SAKHTISUG	Sakthi Sugars Ltd.	CREDENTIAL STOCK BROKERS LIMITED	SELL	174,549	103
SAKHTISUG	Sakthi Sugars Ltd.	INDUS PORTFOLIO (P) LTD.	SELL	481,900	102
SAKHTISUG	Sakthi Sugars Ltd.	TRANSGLOBAL SECURITIES LTD.	SELL	160,095	101

Source: NSE

BULK DEALS ON BSE - 3 Apr 2007

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
511698	BHAGYASHREE	GALA FINANCE AND INVESTME	B	154,000	18
511698	BHAGYASHREE	SHIVALIK SECURITIES LIMIT	S	99,000	18
511698	BHAGYASHREE	ANIL K MALHOTRA	S	54,900	18
532834	CAMLIN FINE	SEEMA JAIN	B	33,488	62
532834	CAMLIN FINE	N C JAIN	B	29,775	63
532834	CAMLIN FINE	KAUSHIK SHAH SHARES SEC P	B	28,018	62
532834	CAMLIN FINE	SEEMA JAIN	S	33,488	62
532834	CAMLIN FINE	N C JAIN	S	29,775	64
532834	CAMLIN FINE	KAUSHIK SHAH SHARES SEC P	S	28,018	62
532482	GRANULES IND	CITIGROUP GLOBAL MARKETS	B	100,000	110
532145	H.S.INDIA	RICH UDOYOG NETWORK LTD.	B	56,963	47
532145	H.S.INDIA	NAVNEET CHAUSROIA	S	60,000	47
517271	HBL P SYS	SONATA INVESTMENTS LIMITE	B	1,009,665	203
517271	HBL P SYS	FIDELITY INVESTMENT INTER	S	1,009,800	203
530773	IVRCL INF PR	OPPENHEIMER INT. SMALL CO	S	730,000	250
532825	JAGJANANI	RUPALBEN VIRAGBHAI PATEL	B	110,583	21
523550	KRYPTON INDU	RITU BUCHA	B	50,000	53
505523	MAH IND LEAS	IMTIYAZ I DESAI	S	25,000	83
532504	NAVIN FLUORI	HDFC TRUSTEE CO LTD ACCOU	S	76,070	330
531272	NIKKI GLOB F	KIRAN NAIR	S	25,000	12
531791	OSIAN LPG BO	CHANDER BHAN BANASAL AND	S	50,000	9
507490	RANA SUGARS	EDELWEISS ESTATES P LTD	B	373,851	24
507490	RANA SUGARS	OUDH FINANCE INVESTMENT	S	383,333	24
507490	RANA SUGARS	INNOVISION E COMMERCE LTD	S	701,996	24
507490	RANA SUGARS	EDELWEISS ESTATES P LTD	S	538,982	25
532670	RENUKA SUGAR	OPG SECURITIES PVT LTD	B	214,723	472
532670	RENUKA SUGAR	OPG SECURITIES PVT LTD	S	214,723	473
507315	SAKTH SUGAL	MORGAN STANLEY AND CO INT	B	161,000	105
500370	SALORA INT	GOPALKUMAR JIWARAJKA	B	623,916	80
500370	SALORA INT	SUSHILKUMAR JIWARAJKA HUF	S	201,987	80
500370	SALORA INT	SUSHILKUMAR JIWARAJKA	S	119,000	80
500370	SALORA INT	SAB ELECTRONICS LIMITED	S	170,800	80
500370	SALORA INT	KUSHMA JIWARAJKA	S	95,000	80
532323	SHIVA CEMENT	HSBC FINANCIAL SERVICES M	S	341,613	9
508976	SPANCTELESY	RBA FINANCE INVESTMENT CO	B	200,000	204
532833	SPARSH BPO	VINOD NANALAL DOSHI	B	180,088	151
532833	SPARSH BPO	VINOD NANALAL DOSHI	S	180,088	152
508933	WELSPUN SYNE	WELSPUN TRADING LIMITED	B	2,366,465	5

Source: BSE

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Stock Ratings		Absolute Returns		Stock Ratings		Absolute Returns
Buy	:	> 25%		Market Performer	:	0 - 15%
Out Performer	:	16 - 25%		Under Performer	:	< 0%

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