

Equity indices	% Chg			
	19-July	1-day	1-mth	3-mth
<b>India</b>				
Sensex	15,550	1.6	7.9	11.9
Nifty	4,562	1.4	7.4	11.7
<b>Global/Regional markets</b>				
Dow Jones	14,000	0.6	3.8	8.0
Nasdaq	2,720	0.8	4.6	7.7
FTSE	6,640	1.1	(0.1)	2.4
Nikkei	18,180	0.4	(0.2)	4.2
Hang Seng	23,147	0.6	6.7	12.5

Value traded (Rs bn)	BSE	NSE
Cash	64.3	115.6
Derivatives	8.6	458.8
Total	72.9	574.4

Net inflows (Rs bn)	Recent trends (days)			
	17-July	-7d	-15d	-30d
FII	9.5	76.1	184.2	200.0
MF	(1.0)	(7.5)	(7.9)	(7.7)

Forex / Crude	% Chg			
	18-July	1day	1mth	3mth
Rs/US\$	40.4	0.0	0.8	3.5
Euro/US\$	1.4	(0.1)	2.9	1.5
Crude(\$/bbl)	75.8	(0.2)	11.2	19.6

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
<b>Top gainers</b>			
Neyveli Lignite	78.5	67.0	17.1
PTC India	98.8	89.4	10.5
BF Utilities	2,356.4	2,142.2	10.0
<b>Top losers</b>			
Infotech Enter	337.5	373.4	(9.6)
Mastek	326.4	353.6	(7.7)
GVK Power	547.5	576.3	(5.0)

## In focus

### Aventis Pharma – Results Update

Sales hit by poor supply of anti-rabies vaccine CMP: Rs 1,381 Target: Rs 1,491 HOLD

### KPIT Cummins Infosystems – Results Update

Growth on track CMP: Rs 135 Target: Rs 173 BUY

### Jubilant Organosys – Results Update

Strong performance led by PLSPS division CMP: Rs 313 Target: Rs 365 BUY

### Today's top picks

**DLF, RIL, L&T, RCom, Nava Bharat Ventures**

## News track

- ❖ Reliance Communications has announced the sale of a 5% stake in its tower subsidiary, Reliance Telecom Infrastructure (RTIL), to seven institutional investors for US\$ 3.4bn, putting the valuation of RTIL at over Rs 270bn. (BS)
- ❖ Glenmark has acquired two biological entities from Canada's Chromos Molecular Systems. (ET)
- ❖ Reliance Energy has bagged three road projects valued at Rs 23.2bn from National Highways Authority of India. The projects include four laning work of the high traffic density corridors in Tamil Nadu. The projects are scheduled for completion by 2010. (BL)
- ❖ Texmaco is planning to set up a food park - an industrial zone for food processing units at Sankrail, some 25km off Kolkata in Howrah District. (BL)
- ❖ Jindal Steel and Power (JSPL), along with its subsidiary Jindal Steel Bolivia (JSB), has signed a contract with the Bolivian government for the development of the El Mutun iron ore mine in the biggest investment deal by an Indian company in South America. (BL)
- ❖ Bharat Heavy Electricals has secured a Rs 630mn order from Power Grid Corporation of India (PGCIL) to supply disc insulators for its transmission lines. PGCIL would use the insulators in its 800kV ultra high voltage direct current (UHVDC) transmission lines to be set up from the north-east to Agra. (BL)

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

### Volume shockers

(No of shares)	19-July	2-mth avg	Chg (x)
Neyveli Lignite Corp	3,125,553	223,166	14.0
Zee Entertainment	8,080,371	627,081	12.9
Havell's India	277,158	22,944	12.1

### Delivery toppers

	Del (%)	Total Vol	Cons Days Up
Gammon India	92.9	491,098	7
Himatsingka Seide	91.8	171,180	3
NTPC	84.4	3,696,820	3

## Aventis Pharma

## Results Update

CMP: Rs 1,381

Target: Rs 1,491 ↓

HOLD ↓

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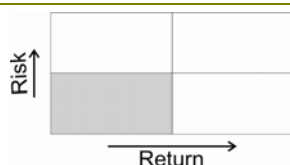
## Company data

Particulars	
Market cap (Rs bn / US\$ mn)	3.2/787
Outstanding equity shares (mn)	23.0
52-week high/low (Rs)	1,750/1,150
6-month average daily volume	4,602

## Financial snapshot

Particulars	CY06	CY07E	CY08E
Sales (Rs mn)	8,839.3	9,333.1	10,291.1
Growth (%)	9.4	5.6	10.3
Adj net profit (Rs mn)	1,693.0	1,864.6	2,145.7
Growth (%)	16.7	10.1	15.1
FDEPS (Rs)	73.5	81.0	93.2
Growth (%)	16.7	10.1	15.1
P/E (x)	18.8	17.1	14.8
RoE (%)	29.9	27.9	26.9

## Risk-return profile



## Shareholding pattern

(%)	Mar-07	Dec-06
Promoters	60.4	60.4
FIs	9.3	9.4
Banks & FIs	18.9	19.6
Public	11.4	10.6

## Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Aventis	1,381	5.0	17.8	0.3
Sensex	15,550	8.8	14.2	9.6
BSE HC	3,825	0.3	1.3	1.7

Website: www.aventispharmaindia.com

## Sales hit by poor supply of anti-rabies vaccine

Aventis Pharma's Q2CY07 results were below expectations. Sales witnessed muted growth of 3.3% YoY to Rs 2.3bn, largely due to lower supplies of anti-rabies vaccine Rabipur, stemming from production issues at the manufacturer's plant. Export sales too declined by 9% YoY to Rs 469mn. Consequently, the EBITDA margin was down 850bps to 19.3%, the lowest over the past eight quarters. Weak operational performance resulted in net profit declining by 15% to Rs 373mn.

Aventis' focus on strategic brands in the chronic segment, powerful marketing network and close alignment with the parent company make the business attractive from a long-term perspective. However, volatile export sales and muted domestic growth are putting pressure on the operations of the company. We have therefore revised our CY07 and CY08 estimates downward by 9.4% and 10.6% respectively to factor in the weak performance during the quarter and limited guidance from the management on its future growth strategy. We downgrade the stock to Hold and lower our target price to Rs 1,491.

## Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,302	2,384	(3.4)
EBIDTA	445	631	(29.5)
PAT	373	465	(19.8)
EPS (Rs)	16.2	20.2	(19.8)

Source: Company, Religare Research

## Quarterly results

(Rs mn)	Q2CY07	Q2CY06	% Chg YoY	H1CY07	H1CY06	% Chg YoY
Net sales	2,302.0	2,228.0	3.3	4,431.0	4,233.0	4.7
Expenditure	(1,857.0)	(1,609.0)	15.4	(3,492.0)	(3,112.0)	12.2
Operating profit	445.0	619.0	(28.1)	939.0	1,121.0	(16.2)
Other income	182.0	90.0	102.2	382.0	176.0	117.0
Depreciation	(47.0)	(42.0)	11.9	(92.0)	(85)	8.2
Interest	0.0	(1.0)	-	0.0	(1.0)	-
PBT	580.0	666.0	(12.9)	1,229.0	1,211.0	1.5
Tax	(207.0)	(227.0)	(8.8)	(423.0)	(403.0)	5.0
PAT	373.0	439.0	(15.0)	806.0	808.0	(0.2)
EPS (Rs)	16.2	19.1	-	35.0	35.1	-
EBITDA margin (%)	19.3	27.8	-	21.2	26.5	-

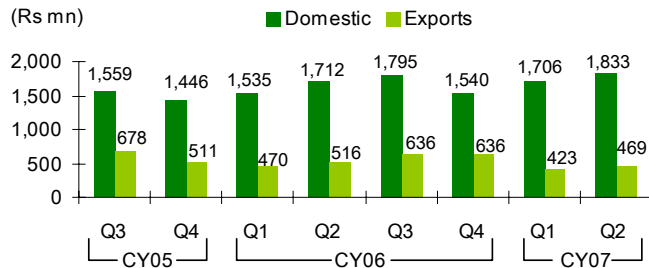
Source: Company, Religare Research

**Sluggish domestic market growth of 7.1% YoY; exports decline 9% YoY**

**Quarterly performance affected by Rabipur sales**

Aventis recorded modest topline growth of 3.3% YoY to Rs 2.3bn for Q2CY07. The domestic market witnessed sluggish growth of 7.1% YoY to Rs 1.8bn, affected by lower supplies of anti-rabies vaccine Rabipur on account of production issues at the manufacturer’s plant. Consequently, expected growth in the Rabipur distribution business could not be achieved. Exports, which have been volatile since the beginning of CY06, recorded a decline of 9.1% YoY to Rs 469mn.

**Domestic and export sales trend**



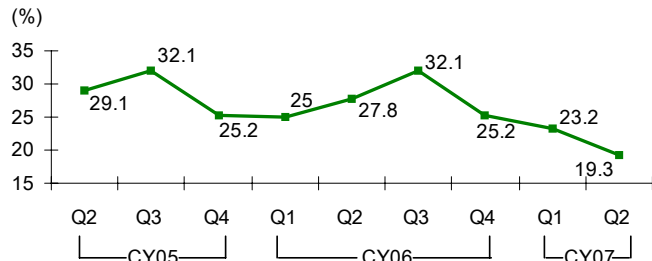
Source: Company, Religare Research

**Lowest EBITDA margin in last eight quarters**

**EBITDA margin hit by lower domestic growth**

The slow domestic growth resulted in a 280bps decline in gross margin to 50.7% and a sharp 850bps dip in EBITDA margin to 19.3%. This has been the lowest EBITDA margin reported by the company over the last eight quarters. The decline in export sales and field force augmentation raised staff cost for the quarter.

**EBITDA margin trend**



Source: Company, Religare Research

**Weak operational performance shrinks net profits**

Other income doubled to Rs 182mn for Q2CY07. However, the weak operational performance impacted net profit which declined by 15% to Rs 373mn. For H1CY07, PAT remained flat at Rs 806mn, translating into an annualised EPS of Rs 70.

## Valuation

**Revise CY07 & CY08 estimates downwards by 9.4% and 10.6% respectively**

### Estimates revised downward to factor in weak operational performance

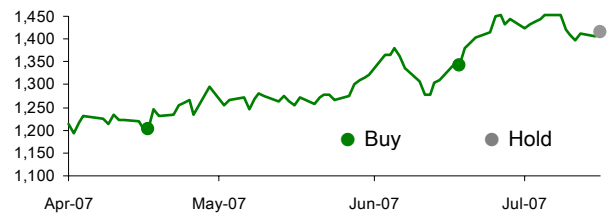
Aventis' focus on strategic brands in the chronic segment, powerful marketing network and close alignment with the parent company make the business attractive from a long-term perspective. However, volatile export sales and muted domestic growth are putting pressure on the operations of the company. We have therefore revised our CY07 and CY08 estimates downward by 9.4% and 10.6% respectively to factor in the weak performance during the quarter and limited guidance from the management on its future growth strategy. We downgrade the stock to Hold and lower our target price to Rs 1,491.

### Recommendation history

Date	Event	Target (Rs)	Reco
18-Apr-07	Initiating Coverage	1,670	Buy
19-Jun-07	Company Update	1,670	Buy
19-Jul-07	Results Update	1,491	Hold

Source: Religare Research

### Recommendation performance



Source: Religare Research

## Financials

### Profit and Loss statement

(Rs mn)	CY05	CY06	CY07E	CY08E
Revenues	8,078.4	8,839.3	9,333.1	10,291.1
Growth (%)	9.9	9.4	5.6	10.3
EBITDA	2,204.9	2,206.0	2,249.3	2,572.8
Growth (%)	2.8	0.0	2.0	14.4
Depreciation	171.8	178.5	177.1	179.2
EBIT	2,033.1	2,027.5	2,072.1	2,393.6
Growth (%)	2.9	(0.3)	2.2	15.5
Interest	0.5	1.8	-	-
Other income	331.3	471.4	723.3	823.3
EBT	2,363.9	2,497.1	2,795.5	3,216.9
Growth (%)	7.8	5.6	11.9	15.1
Tax	913.1	804.1	930.9	1,071.2
Effective tax rate	38.6	32.2	33.3	33.3
Adj net income	1,450.8	1,693.0	1,864.6	2,145.7
Growth (%)	(2.3)	16.7	10.1	15.1
Shares outstanding (mn)	23.0	23.0	23.0	23.0
FDEPS (Rs)	63.0	73.5	81.0	93.2
DPS (Rs)	18.4	36.5	27.6	34.8
CEPS (Rs)	70.5	81.3	88.7	100.9

Source: Company, Religare Research

### Cash flow statement

(Rs mn)	CY05	CY06	CY07E	CY08E
Net income	1,450.8	1,693.0	1,864.6	2,145.7
Depreciation	171.8	178.5	177.1	179.2
Other adjustments	0.0	(0.0)	-	-
Changes in WC	274.8	391.3	(312.0)	(27.0)
Operating cash flow	1,897.5	2,262.7	1,729.7	2,297.8
Capital expenditure	(45.8)	(216.2)	(58.5)	(133.4)
Investments	(0.2)	-	-	-
Other investing inc/(exp)	(149.4)	(280.4)	(110.0)	(70.3)
Investing cash flow	(195.4)	(496.7)	(168.5)	(203.7)
Free cash flow	1,702.1	1,766.0	1,561.3	2,094.1
Issue of equity	-	-	-	-
Issue/repay debt	-	-	-	-
Dividends paid	(422.9)	(840.1)	(635.6)	(802.5)
Others	(8.4)	(8.6)	(8.4)	(8.4)
Financing cash flow	(431.3)	(848.7)	(644.0)	(810.8)
Beg. cash & cash eq	1,673.1	2,943.9	3,861.2	4,778.4
Chg in cash & cash eq	1,270.8	917.3	917.3	1,283.3
Closing cash & cash eq	2,943.9	3,861.2	4,778.4	6,061.7

Source: Company, Religare Research

### Balance sheet

(Rs mn)	CY05	CY06	CY07E	CY08E
Cash and cash eq	2,943.9	3,861.2	4,778.4	6,061.7
Accounts receivable	510.3	684.9	652.7	868.5
Inventories	1,363.4	1,588.0	1,631.6	2,006.1
Others current assets	658.4	938.8	1,048.8	1,119.1
Current assets	5,476.0	7,072.9	8,111.5	10,055.3
LT investments	53.1	53.1	53.1	53.1
Net fixed assets	1,405.0	1,324.3	1,323.6	1,270.2
CWIP	13.4	132.0	14.1	21.6
Total assets	6,947.5	8,582.2	9,502.2	11,400.2
Payables	845.6	1,104.2	947.3	1,270.9
Others	864.1	1,395.9	1,252.2	1,491.9
Current liabilities	1,709.7	2,500.1	2,199.5	2,762.8
LT debt	-	-	-	-
Other liabilities	0.0	-	-	-
Equity capital	230.3	230.3	230.3	230.3
Reserves	5,007.5	5,851.7	7,072.3	8,407.1
Net Worth	5,237.8	6,082.0	7,302.6	8,637.4
Total liabilities	6,947.5	8,582.2	9,502.2	11,400.2
BVPS (Rs)	227.4	264.1	317.1	375.1

Source: Company, Religare Research

### Financial ratios

	CY05	CY06	CY07E	CY08E
EBITDA margin (%)	27.3	25.0	24.1	25.0
EBIT margin (%)	25.2	22.9	22.2	23.3
Net profit margin (%)	18.0	19.2	20.0	20.8
FDEPS growth (%)	(2.3)	16.7	10.1	15.1
Receivables (days)	32.3	24.7	26.2	27.0
Inventory (days)	96.0	106.2	106.3	108.4
Payables (days)	60.9	70.2	67.7	66.1
Current ratio (x)	3.2	2.8	3.7	3.6
Interest coverage (x)	-	-	-	-
Debt/equity ratio (x)	-	-	-	-
ROE (%)	30.7	29.9	27.9	26.9
ROCE (%)	43.0	35.8	31.0	30.0
ROAE (%)	32.1	26.1	22.9	22.9
EV/Sales (x)	3.6	3.3	3.1	2.8
EV/EBITDA (x)	13.1	13.1	12.8	11.2
P/E (x)	22.5	19.3	17.5	15.2
P/BV (x)	6.2	5.4	4.5	3.8
P/CEPS (x)	20.2	17.5	16.0	14.1

Source: Company, Religare Research

# KPIT Cummins Infosystems

## Results Update

**CMP: Rs 135**

**Target: Rs 173**

**BUY**

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BSE code	532400
NSE code	KPIT

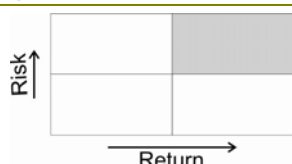
### Company data

Particulars	
Market cap (Rs bn / US\$ mn)	10.3 / 252
Outstanding equity shares (mn)	78.3
52-week high/low (Rs)	181 / 69
2-month average daily volume	138,256

### Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	4,636.9	6,195.5	7,911.9
Growth (%)	45.7	33.6	27.7
Adj net profit (Rs mn)	502.7	651.9	938.4
Growth (%)	54.4	29.7	44.0
FDEPS (Rs)	6.8	8.5	12.0
Growth (%)	49.5	25.2	41.5
P/E (x)	19.9	15.9	11.2
RoE (%)	25.3	23.3	24.7

### Risk-return profile



### Shareholding pattern

(%)	Mar-07
Promoters	25.9
FIs	8.0
Banks & FIs	16.7
Public	49.4

### Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
KPIT	135	(3.6)	(1.4)	0.6
Sensex	15,550	8.8	14.2	9.6
BSE IT	4,956	1.5	(0.4)	(6.7)

Website: [www.kpitcummins.com](http://www.kpitcummins.com)

## Growth on track

KPIT Cummins' Q1FY08 results were in line with expectations. Dollar revenues grew at 5.4% over Q4FY07, while rupee revenues increased at a slower pace of 3.8% QoQ primarily because of the 7% rupee appreciation witnessed during the quarter. However, the impact of the stronger rupee was partially offset by forex hedging gains, which also allowed the EBITDA margin to remain flat QoQ at 15.9% despite salary hikes during the quarter. Net profit declined by 10.3% QoQ, as per expectations, as higher-than-estimated depreciation negated the marginal out-performance at operating levels.

The management has expectedly revised its FY08 rupee guidance downwards, factoring in a scenario of further rupee appreciation in the remaining quarters. However, the downward revision in rupee revenue growth guidance was restricted to ~2% as the dollar growth guidance was raised by 2-4%. We are marginally lowering our estimates for FY08 and FY09 by 3-5%, but maintain our Buy recommendation and March 2008 target price of Rs 173.

### Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	1,352.9	1,325.6	2.1
EBIDTA	214.6	198.9	7.9
PAT	126.0	130.3	(3.3)
EPS (Rs)	1.7	1.7	(2.4)

Source: Company, Religare Research

### Quarterly results

(Rs mn)	Q1FY08	Q4FY07	% Chg QoQ	Q1FY07	% Chg YoY
Sales	1,352.9	1,303.0	3.8	1,022.7	32.3
S/w dev. expenses	841.8	793.8	6.0	640.9	31.3
<b>Gross profit</b>	<b>511.1</b>	<b>509.2</b>	<b>0.4</b>	<b>381.7</b>	<b>33.9</b>
S&M expenses	135.0	153.3	-	38.5	-
G&A expenses	161.5	150.4	-	190.9	-
<b>EBITDA</b>	<b>214.6</b>	<b>205.6</b>	<b>4.4</b>	<b>152.4</b>	<b>40.9</b>
Depreciation	53.6	35.3	-	25.2	-
<b>EBIT</b>	<b>161.0</b>	<b>170.3</b>	<b>(5.5)</b>	<b>127.2</b>	<b>26.5</b>
Interest expense	19.9	17.0	-	10.9	-
Other income	0.5	3.8	-	0.6	-
<b>Profit before tax</b>	<b>141.5</b>	<b>157.1</b>	<b>(9.9)</b>	<b>116.8</b>	<b>21.1</b>
Income taxes	15.1	16.6	-	13.2	-
Minority interest	0.4	0.1	-	0.2	-
<b>Net profit</b>	<b>126.0</b>	<b>140.5</b>	<b>(10.3)</b>	<b>103.5</b>	<b>21.7</b>
EPS (Rs)	1.67	1.9	(12.2)	1.4	18.4

Source: Company, Religare Research

### Forex hedging gains partially cushioned rupee revenues

#### Strong volume growth, forex gains aid revenue growth

Consolidated volumes grew by 7.9% QoQ in Q1FY08 with offshore volumes growing at a faster rate of 9.1% as compared to a 3.9% rise in onsite volumes. However, the higher share of offshoring limited growth in dollar revenues to 5.4%. Rupee revenues grew at a slower pace of 3.8% QoQ due to the negative impact of ~7% rupee appreciation in the quarter. This was partially offset by forex hedging gains of around Rs 70mn. In the absence of these gains, the revenue in rupee terms would have witnessed a decline of 1.5% QoQ. The table below contains an approximation of the impact that various factors had on revenue growth during Q1FY08.

#### Q1FY08 – Revenue growth components

Parameter	bps
Onsite volumes	391
Offshore volumes	905
Total volumes	793
Impact of higher offshoring	(249)
Dollar revenue growth	544
Impact of rupee appreciation	(690)
Hedging gains	529
Rupee revenue growth	383

Source: Religare Research

#### Higher offshoring protects margins

Besides forex gains, offshoring and lower selling & marketing expenses had a positive impact on operating profit. The EBITDA margin for the quarter came in at 15.9%, marginally higher than the 15.8% margin recorded in Q4FY07. This was against our expectation of an 80bps decline during the same period.

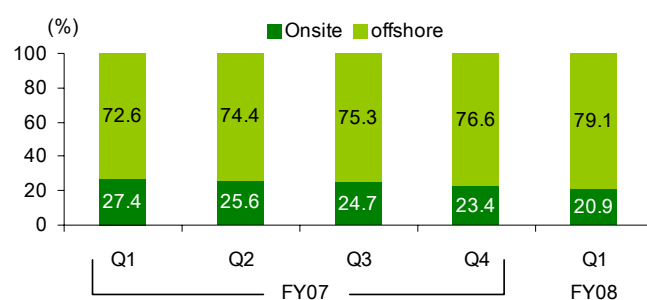
The share of offshoring in overall volumes increased from 76.6% in Q4FY07 to 79.1% in Q1FY08. As the margins in offshore operations are higher than those of onsite projects, the gross profit and EBITDA margins were not affected significantly by salary hikes of 17% and 6% given to offshore and onsite employees respectively. Also, as selling & marketing expenses act as a natural hedge against exchange rate movements, they declined by 11.9% QoQ and stood at 10% of revenue as against 11.8% in Q4FY07.

#### Profit margin trend

(%)	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08
Gross profit	37.3	37.3	37.3	39.1	37.8
EBITDA	14.9	15.7	15.2	15.8	15.9
EBIT	12.4	13	12.6	13.1	11.9
Net profit	10.1	10.8	11.5	10.8	9.3

Source: Company, Religare Research

#### Onsite-offshore effort mix



Source: Religare Research

However, higher-than-anticipated depreciation pulled down the EBIT margin from 13.1% in Q4FY07 to 11.9% in Q1FY08. Depreciation increased 52% QoQ during the quarter, but this was against a lower base in Q4FY07 when a change in the accounting policy for one of the company's facilities led to lower depreciation.

## Q1FY08 Key performance highlights

Parameters	Comments
<b>Effort mix</b>	Consistent efforts to increase offshoring resulted in a 250bps QoQ rise in offshore volume share from 76.6% in Q4FY07 to 79.1% in Q1FY08, and a 650bps YoY increase from 72.6% in Q1FY07.
<b>Pricing</b>	We believe that pricing has remained stable during the quarter. The management maintains that the pricing environment is favourable with new clients coming in at a premium of 3-5% to existing deals.
<b>Onsite–Offshore revenue mix</b>	Onsite revenues grew marginally by 1.4% QoQ due to lower overall volume growth and the rupee impact. Increased offshoring resulted in offshore revenues growing 6.3% QoQ.
<b>Employee addition</b>	The company added 345 employees (net) during the quarter, taking the employee strength to 3,601. The management has guided towards an addition of 2,400 employees during FY08 (gross).
<b>Attrition rate</b>	Considering the size of the company, we expect the attrition rate to be higher than that of industry leaders. We estimate that the attrition will be ~20% on an annualised basis.
<b>Salary hikes</b>	Offshore salaries were hiked by around 17% whereas onsite wages were increased by 6%. We expected the salary hikes to be higher than industry leaders in order to curb attrition rates.
<b>Clients additions</b>	The company added seven new customers during the quarter including one Star customer. The total active clients stood at 97, with 18 clients contributing more than US\$ 1mn in annual revenues. The number of Star customers stood at 18.
<b>Geographical mix</b>	Europe outpaced other geographies to contribute 30.6% of revenues as compared to 29.7% in Q4FY07 and 28.9% in Q1FY07. The share of the US in revenues came down from 58.8% in Q4FY07 to 57.7% in Q1FY08, growing marginally by 1.9% in absolute terms.
<b>Utilisation levels</b>	Onsite utilisation rates improved by 200bps to 89% over Q4FY07; however, offshore utilisation dipped to 68% from 69% over the same period.
<b>Client growth</b>	After witnessing negative growth in Q4FY07, the Cummins account regained steam with 7.8% QoQ growth. Star customers excluding Cummins grew much faster at 9.7%. The share of non-Cummins Star customers in total revenues has increased from 31.3% in Q1FY07 to 45.4% in Q1FY08.
<b>Vertical metrics</b>	No significant changes were witnessed in the contribution from various verticals over Q4FY07.

Source: Company, Religare Research

### Key development: Tie-up with Cummins for finance BPO

KPIT has entered into a partnership with Cummins, a strategic investor and long-term customer, to provide finance & accounting (F&A) BPO solutions. The partnership would act as a launchpad for KPIT's F&A BPO business. The initial agreement is for five years and would involve the transfer of human resources, with FY08 being the transition and ramp-up phase. We have outlined the salient features of the deal below.

#### Revenue opportunity estimated at US\$ 90mn over five years...

The management expects this partnership to generate revenues of US\$ 55mn from Cummins spread over the five-year contract period. Revenues in FY08 are expected to be around US\$ 1mn with FY09 being the high growth year. **However, there is no firm commitment from Cummins to provide these revenues.** Besides Cummins, the management expects its F&A BPO services to garner US\$ 35mn from other customers over five years, taking the total revenue opportunity to US\$ 90mn.

**Tie-up with Cummins for finance BPO solutions to garner US\$ 90mn in revenues over 5 years**



### EBITDA margins from the Cummins deal expected to reach 15%

#### ...but will require upfront payment of US\$ 5mn for know-how

KPIT will have to make an upfront payment of US\$ 5mn to Cummins in order to obtain technical know-how for the F&A BPO business. However, we do not foresee any hurdle in terms of KPIT's ability to convert the know-how into a revenue opportunity as Cummins is not only a customer but also a strategic investor in the company. The business association and order traction with Cummins has been strong, with KPIT being the preferred vendor for the latter's IT services.

#### Profit margins from the deal guided to be healthy

Since the deal involves a transition of the business from Cummins to KPIT, it would require higher initial investments. Margins from the deal are expected to ramp up slowly in FY09 and reach 15% at the operating profit level.

#### No further equity dilution to Cummins due to this deal

The contribution from the Cummins account to total revenues stood at 39% in Q1FY08. The F&A BPO tie-up will further raise the revenue share of this account. However, with the expiry of the equity dilution clause in June 2007, further equity will not have to be issued to Cummins despite its rising revenue share

#### Our estimates do not factor in the deal

We have not factored this deal into our current revenue and profit estimates. We will do so on obtaining further guidance and clarity from the management.

## Future outlook

#### FY08 guidance revised

The management has revised its outlook for FY08. The dollar revenue growth guidance has been increased from 39.5 - 40.2% to 41.4 - 44.4%, an increase of 2-4%. As expected, the rupee revenue growth guidance was revised downwards considering the rupee appreciation. However, the magnitude of downward revision was contained by the increase in dollar guidance. The company now expects revenue in rupee terms to grow by 29.8 - 32.5% as compared to 32.6 - 33.3% earlier.

#### FY08 – Revised guidance

	Initial guidance	Revised guidance
Average exchange rate	Rs 43/US\$	Rs 41.5/US\$
<b>In US\$ terms</b>		
Revenue (US\$ mn)	143.0 - 143.7	145.0 - 148.0
Growth (%)	39.5 - 40.2	41.4 - 44.4
Profit (US\$ mn)	16.3 - 17.0	15.2 - 16.4
<b>In Rupee terms</b>		
Revenue (Rs mn)	6,150 - 6,180	6,018 - 6,142
Growth (%)	32.6 - 33.3	29.8 - 32.5
Profit (Rs mn)	700 - 730	630 - 680

Source: Company

### FY08 dollar revenue growth guidance raised by 2-4%; rupee guidance lowered 1-3%

#### Guidance assumes further rupee appreciation in coming quarters

The management has factored in a conservative rupee scenario for the remaining quarters, assuming an average rupee-dollar exchange rate of Rs 40.5, Rs 40 and Rs 39 in Q2, Q3 and Q4 respectively. The company has US\$ 34mn in forex hedges at ~Rs44/US\$ to insulate the average realised rate for the next quarter.

**We too revise our estimates**

We are also revising our FY08 and FY09 estimates for the company to factor in a stronger rupee. Accordingly, our FY08 and FY09 EPS estimates have decreased by 5.2% and 3.4% respectively.

**Revised FY08 and FY09 estimates**

**We have lowered our EPS estimates slightly in view of the rising rupee**

(Rs mn)	FY08E			FY09E		
	Earlier	Revised	Chg (%)	Earlier	Revised	Chg (%)
Revenue	6,257.0	6,195.5	(1.0)	8,031.6	7,911.9	(1.5)
EBITDA	995.0	975.5	(2.0)	1,326.9	1,288.9	(2.9)
Net profit	687.8	651.9	(5.2)	971.7	938.4	(3.4)
EPS (Rs)	9.0	8.5	(5.2)	12.5	12.0	(3.4)

Source: Religare Research

**FY08 – QoQ expectations**

(Rs mn)	Q1FY08	Q2FY08E	Q3FY08E	Q4FY08E
Revenue	1,352.9	1,518.4	1,623.4	1,700.7
EBITDA	214.6	237.0	257.2	266.7
Net profit	126.0	162.3	177.4	186.2

Source: Company, Religare Research

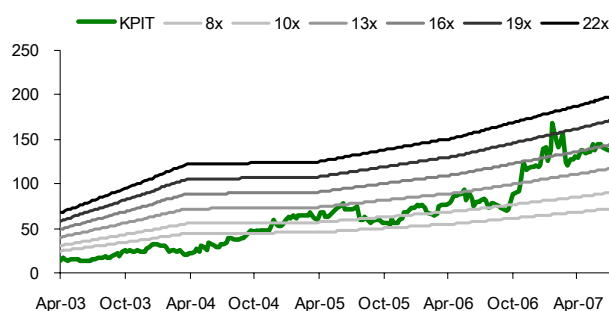
**Valuation**

**Maintain Buy with March 2008 target of Rs 173**

**Significant positive re-rating seen in past one year; Expect current valuations to sustain**

At the current price of Rs 135, the stock is trading at 15.9x and 11.2x its FY08 and FY09 expected earnings of Rs 8.5 and Rs 12 respectively. On EV/EBITDA basis, the valuation for these two years is at 11.2x and 8.5x respectively. KPIT has witnessed a significant re-rating in its valuations in the past one year. We expect valuations to remain at the current levels due to the company's strong growth prospects. At our target of Rs 173, the stock would trade at a P/E of 20.3x and 14.4x on FY08E and FY09E EPS respectively. We maintain our Buy recommendation on the scrip.

**KPIT – one-year forward P/E**



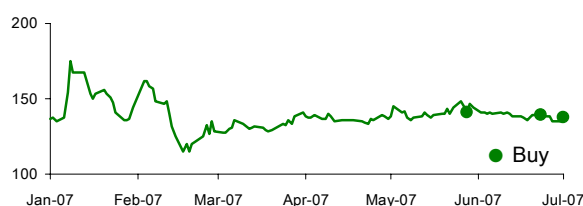
Source: Religare Research

**Recommendation history**

Date	Event	Target (Rs)	Reco
13-Jun-07	Initiating Coverage	173	Buy
9-Jul-07	Sector Update	173	Buy
19-Jul-07	Results Update	173	Buy

Source: Religare Research

**Recommendation performance**



Source: Religare Research

## Financials

### Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	3,182.1	4,636.9	6,195.5	7,911.9
Growth (%)	26.0	45.7	33.6	27.7
EBITDA	461.7	715.2	975.5	1,288.9
Growth (%)	38.1	54.9	36.4	32.1
Depreciation	84.2	121.2	189.2	200.4
EBIT	377.5	594.0	786.4	1,088.5
Growth (%)	24.9	57.3	32.4	38.4
Interest	19.2	44.6	65.7	49.0
Other income	0.3	5.6	8.0	12.0
EBT	325.6	502.7	726.7	1,051.5
Growth (%)	10.9	54.4	44.6	44.7
Tax	33.0	51.8	74.8	113.1
Effective tax rate	10.1	10.3	10.3	10.8
Adj net income	325.6	502.7	651.9	938.4
Growth (%)	16.0	54.4	29.7	44.0
Shares outstanding (mn)	71.7	74.8	76.8	78.3
FDEPS (Rs)	4.5	6.8	8.5	12.0
DPS (Rs)	0.4	0.7	1.0	1.2
CEPS (Rs)	5.7	8.3	10.9	14.5

Source: Company, Religare Research

### Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	325.6	502.7	651.9	938.4
Depreciation	84.2	121.2	189.2	200.4
Other adjustments	4.9	(6.8)	-	-
Changes in WC	(589.5)	69.4	(326.5)	(362.1)
Operating cash flow	(174.8)	686.4	514.6	776.7
Capital expenditure	(499.4)	(939.8)	(235.8)	(320.0)
Investments	-	-	-	-
Other investing inc/(exp)	4.4	-	-	-
Investing cash flow	(495.0)	(939.8)	(235.8)	(320.0)
Free cash flow	(669.8)	(253.4)	278.8	456.7
Issue of equity	59.2	185.9	264.3	170.1
Issue/repay debt	509.1	347.9	(120.0)	(240.0)
Dividends paid	(29.1)	(58.9)	(86.5)	(105.7)
Others	(4.2)	(8.0)	-	-
Financing cash flow	535.0	466.8	57.8	(175.7)
Beg. cash & cash eq	546.2	411.3	625.4	961.9
Chg in cash & cash eq	(134.9)	213.4	336.6	281.0
Closing cash & cash eq	411.3	624.8	961.9	1,242.9

Source: Company, Religare Research

### Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	411.3	625.4	961.9	1,242.9
Accounts receivable	867.7	1,101.7	1,442.8	1,842.5
Inventories	442.2	343.1	509.2	650.3
Others current assets	0.2	-	-	-
Current assets	1,721.5	2,070.2	2,913.9	3,735.7
LT investments	0.1	0.1	0.1	0.1
Net fixed assets	672.8	1,572.1	1,833.0	2,152.6
CWIP	280.6	200.0	-	-
Total assets	2,675.0	3,842.4	4,747.0	5,888.5
Payables	260.2	464.3	645.0	823.7
Others	110.1	150.0	166.6	378.3
Current liabilities	370.4	614.3	811.6	1,202.0
LT debt	875.1	1,223.0	1,103.0	863.0
Other liabilities	12.1	14.7	14.7	14.7
Equity capital	72.8	149.6	153.7	156.6
Reserves	1,344.6	1,840.8	2,649.8	3,637.7
Net Worth	1,417.4	1,990.4	2,803.4	3,794.4
Total liabilities	2,675.0	3,842.4	4,732.7	5,874.1
BVPS (Rs)	19.8	26.6	36.5	48.4

Source: Company, Religare Research

### Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	14.5	15.4	15.7	16.3
EBIT margin (%)	11.9	12.8	12.7	13.8
Net profit margin (%)	10.2	10.8	10.5	11.9
FDEPS growth (%)	2.6	49.5	25.2	41.5
Receivables (days)	99.5	86.7	85.0	85.0
Inventory (days)	50.7	27.0	30.0	30.0
Payables (days)	29.9	36.5	38.0	38.0
Current ratio (x)	4.6	3.4	3.6	3.1
Interest coverage (x)	18.0	12.3	10.9	20.1
Debt/equity ratio (x)	0.6	0.6	0.4	0.2
ROE (%)	23.0	25.3	23.3	24.7
ROCE (%)	16.4	18.4	20.0	23.2
ROAE (%)	14.1	15.5	16.6	18.5
EV/Sales (x)	3.4	2.4	1.8	1.4
EV/EBITDA (x)	23.6	15.3	11.2	8.5
P/E (x)	29.7	19.9	15.9	11.2
P/BV (x)	6.8	5.1	3.7	2.8
P/CEPS (x)	23.6	16.2	12.3	9.3

Source: Company, Religare Research

# Jubilant Organosys

## Results Update

**CMP: Rs 313**

**Target: Rs 365**

**BUY**

### Alok Dalal

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BSE code: 530019  
NSE code: JUBILANT

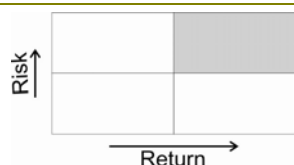
### Company data

Particulars	
Market cap (Rs bn / US\$ bn)	5.67/1.4
Outstanding equity shares (mn)	143.1
52-week high/low (Rs)	333/195
6-month average daily volume	23,686

### Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	18,097.5	23,414.9	29,055.9
Growth (%)	20.7	29.4	24.1
Adj net profit (Rs mn)	2,280.5	2,942.5	3,895.2
Growth (%)	75.9	29.0	32.4
FDEPS (Rs)	12.6	16.3	21.5
Growth (%)	75.9	29.0	32.4
P/E (x)	24.8	19.3	14.5
RoE (%)	24.5	24.3	25.0

### Risk-return profile



### Shareholding pattern

(%)	Mar-07	Dec-06
Promoters	51.9	51.8
FIIIs	11.8	11.8
Banks & FIs	2.3	2.3
Public	34.0	34.1

### Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Jubilant Organosys	313	8.5	21.7	16.4
Sensex	15,550	8.8	14.2	9.6
BSE HC	3,825	0.3	1.3	1.7

Website: [www.jubl.net](http://www.jubl.net)

Established in 1978, Jubilant Organosys has emerged as one of the largest CRAMS (Custom Research and Manufacturing Services) and drug discovery & development organisations in India. The company has continuously moved up the value chain through organic and inorganic initiatives, and now provides end-to-end CRAMS solutions to clients. It also manufactures APIs and dosage forms for global markets and provides drug discovery services to innovator companies.

### Strong performance led by PLSPS division

Jubilant's quarterly results were above expectations. Topline growth, at 31.3% YoY, was led by 51% growth in the life sciences (PLSPS) division as well as consolidation of the Hollister-Stier acquisition. Net profit witnessed a growth of 210% YoY largely due to higher other income arising from a forex gain of Rs 879mn. Excluding this income, net profit growth for the quarter stood at 19%.

Jubilant's key growth drivers – CRAMS, APIs, formulations, and drug discovery & development, are well placed to fuel a revenue CAGR of 27% over FY07-FY09. Stronger operational performance and favourable material prices should result in an EBITDA margin expansion of 240bps to 20.1% and earnings CAGR of 31% over the same period. At Rs 313, the stock is trading at 19.3x FY08E EPS of Rs 16.3 and 14.5x FY09E EPS of Rs 21.5. We recommend a Buy on the stock with a target price of Rs 365 based on 17x FY09E earnings.

### Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	5,400.0	4,875.0	10.8
EBIDTA	952.0	852.0	11.6
PAT	580.0	1,429.0*	146.4
EPS (Rs)	4.1	8.0	48.9

Source: Company, Religare Research \* Includes extraordinary exchange gain of Rs 879mn

### Quarterly results

(Rs mn)	Q1FY08	Q1FY07	% Chg YoY	Q4FY07	% Chg QoQ
Net sales	5,400	4,112	31.3	4,633	16.6
Expenditure	(4,448)	(3,367)	32.1	(3,836)	16.0
Operating profit	952	745	27.8	797	19.4
Other income	996	44	2163.6	173	475.7
Interest	(84)	(55)	52.7	(54)	55.6
Depreciation	(194)	(146)	32.9	(166)	16.9
PBT	1,670	588	184.0	750	122.7
Tax	(273)	(139)	96.4	(122)	123.8
Adj PAT	1,429	461	210.0	638	122.5
EBITDA margin (%)	17.6	18.1	-	17.2	-
EPS (Rs)	10.0	3.2	-	4.4	-
EPS (Rs) fully	7.9	-	-	3.5	-

Source: Company, Religare Research

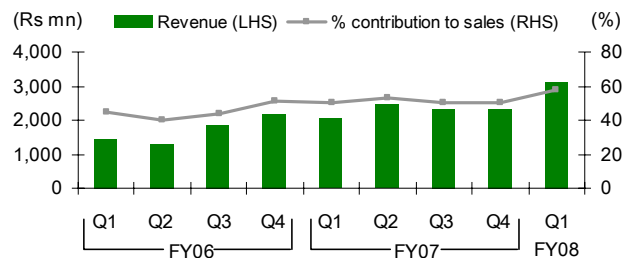
## Result highlights

**PLSPS has performed well due to CRAMS capacity expansion and new product launches**

### Strong topline growth led by robust performance of PLSPS division

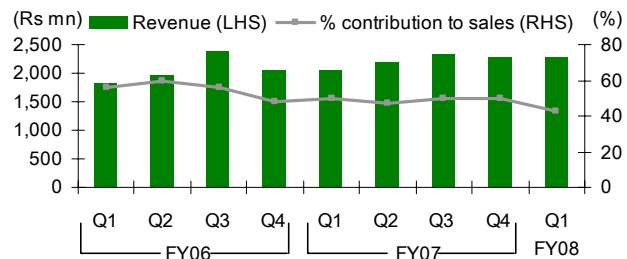
Jubilant reported strong topline growth of 31.3% YoY to Rs 5.4bn led by 51% growth in the PLSPS division to Rs 3.1bn. The strong performance of this division can be attributed to capacity expansion in CRAMS (comprises 60% of PLSPS sales) and new product launches in the API and dosage forms segment. The Industrial Chemicals and Performance Products (IC & PP) divisions witnessed a 11.5% YoY rise in revenue to Rs 2.3bn driven by a revamped and more profitable product portfolio. The quarterly results also reflect the one-month contribution of Hollister-Stier acquired in April 2007 for US\$ 162mn. The management expects Hollister to grow at 40%-plus in CY07.

### PLSPS performance trend



Source: Company, Religare Research

### IC & PP performance trend



Source: Company, Religare Research

### Higher staff cost constrains EBITDA margin

Despite a strong operational performance and favourable material costs, the EBITDA margin declined 50bps to 17.6% for the quarter. Margins were largely impacted by the 140bps increase in staff cost, which stood at 12.9% of sales. Higher staff cost was due to a ramp-up in the services business and consolidation of Hollister. The favourable input cost scenario led to a 90bps improvement in gross margin to 50%.

### Exchange gain of Rs 879mn propels 210% net profit growth

Other income for the quarter increased from Rs 44mn in Q1FY07 to Rs 996mn. This includes an exchange gain of Rs 879mn on foreign currency borrowings, including FCCBs, which propelled net profit growth of 210% YoY to Rs 1.4bn. Excluding this exchange gain, net profit for the quarter increased by 19%, in line with expectations.

## Other highlights

**Foray into healthcare services; Plans to invest Rs 1.7bn in a specialist healthcare network**

### Acquired a majority stake in Jubilant First Trust Healthcare

Jubilant acquired a majority stake in First Trust Healthcare effective May 23, 2007 for a consideration of Rs 32mn. Now renamed as Jubilant First Trust Healthcare (JFTH), the venture represents the company's foray into healthcare services and includes an established operation in the form of a 56-bed hospital in the state of West Bengal. The company intends to scale up JFTH into a network of specialist healthcare delivery centres under a 'Hub and Spoke' model within West Bengal. The total investment towards this is estimated at Rs 1.7bn for a cumulative capacity of about 1,000 beds to be achieved through organic and inorganic growth.

### Commissioned Roorkee dosage form plant

Jubilant recently inaugurated a new dosage form facility at Roorkee, Uttarakhand, with a capacity for 1.6mn tablets/capsules. The plant is designed in conformance with leading domestic guidelines and international standards such as USFDA, UKMHRA and TGA. It will cater to the production requirements of the company's subsidiaries, Cadista Pharmaceuticals and PSI Supply in the US and Europe.

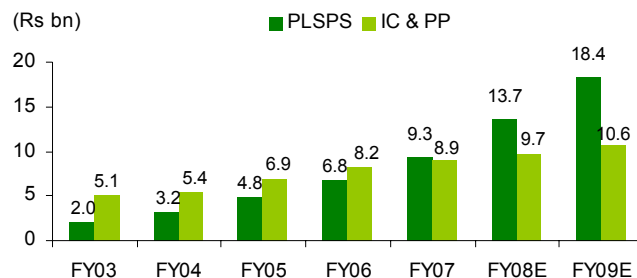
## Outlook

**PLSPS expected to clock 41% revenue CAGR to Rs 18.4bn over FY07-FY09**

### PLSPS division to drive robust 26.7% revenue CAGR over FY07-FY09

We estimate that Jubilant will witness a revenue CAGR of 26.7% over FY07-FY09 to Rs 29bn driven by strong performance of the PLSPS division. We expect this division to witness a revenue CAGR of 41.4% to Rs 18.4bn over the same period, accounting for 63% of sales. The key growth driver for the division would be CRAMS, including benefits from the Hollister acquisition. IC and PP are estimated to witness a revenue CAGR of 10% and 7% respectively over FY07-FY09.

### Revenue break-up



Source: Religare Research

### Increasing regulated markets sales to aid EBITDA margin expansion

Increasing contribution from regulated market sales is likely to aid an EBITDA margin expansion of 240bps to 20.1% over FY07-FY09. Jubilant currently derives 31% of its revenue from regulated market sales as compared to 24% in FY06. The acquisition of Hollister will further increase this proportion. Jubilant's integrated nature of business and favourable raw material prices will also boost EBITDA margins.

## Valuation

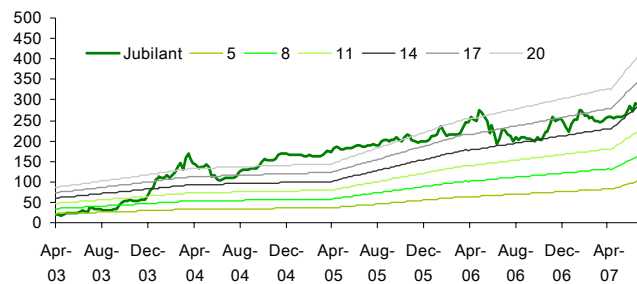
### Set to benefit from increasing outsourcing by innovators, Buy

Over the years, Jubilant has transformed itself from a pure commodity chemicals player to an integrated industry player with a presence across the entire pharma value chain. This has led to a complete re-rating of the stock. Jubilant's key growth driver is the PLSPS division while the IC & PP divisions generate steady returns without much investment and hence are cash cows for the company.

**Integrated player with presence across the value chain; Solid growth prospects – Buy**

We believe Jubilant's growth drivers are intact and on track to deliver a robust earnings CAGR of 31% over FY07-FY09. At Rs 313, the stock is trading at 19.3x FY08E EPS of Rs 16.3 and 14.5x FY09E EPS of Rs 21.5. We recommend a Buy on the stock with a target price of Rs 365 based on 17x FY09E earnings.

### One year forward P/E (x)



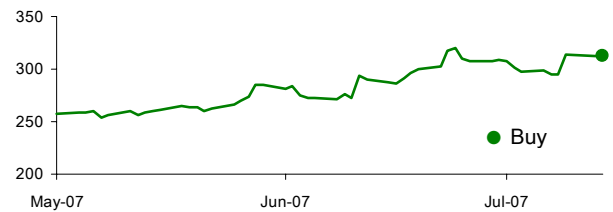
Source: Religare Research

### Recommendation history

Date	Event	Target (Rs)	Reco
19-Jul-07	Results Update	365	Buy

Source: Religare Research

### Recommendation performance



Source: Religare Research

## Consolidated Financials

### Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	14,989.7	18,097.5	23,414.9	29,055.9
Growth (%)	28.1	20.7	29.4	24.1
EBITDA	2,170.2	3,195.5	4,402.0	5,840.2
Growth (%)	4.5	47.2	37.8	32.7
Depreciation	513.4	623.0	820.6	1,012.2
EBIT	1,656.8	2,572.5	3,581.4	4,828.0
Growth (%)	(2.3)	55.3	39.2	34.8
Interest	172.7	195.0	463.1	519.4
Other income	196.9	576.0	620.5	639.2
EBT	1,681.1	2,953.5	3,738.8	4,947.9
Growth (%)	2.4	75.7	26.6	32.3
Tax	392.4	711.8	747.8	989.6
Effective tax rate	23.3	24.1	20.0	20.0
Adj net income	1,296.5	2,280.5	2,942.5	3,895.2
Growth (%)	8.8	75.9	29.0	32.4
Shares outstanding (mn)	142.4	143.5	143.5	143.5
FDEPS (Rs)	7.2	12.6	16.3	21.5
DPS (Rs)	1.5	1.4	1.9	2.5
CEPS (Rs)	10.0	16.0	20.8	27.1

Source: Company, Religare Research

### Cash flow statement

(Rs mn)	FY06	FY07E	FY08E	FY09E
Net income	1,296.5	2,280.5	2,942.5	3,895.2
Depreciation	513.4	623.0	820.6	1,012.2
Other adjustments	284.6	287.9	347.6	458.9
Changes in WC	(1,001.8)	(1,519.0)	(1,779.6)	(1,746.3)
Operating cash flow	1,092.6	1,672.5	2,331.1	3,620.0
Capital expenditure	(4,775.8)	(3,035.2)	(6,351.2)	(3,135.8)
Investments	(0.1)	-	-	-
Other investing inc/(exp)	(720.2)	(284.6)	(1,466.1)	(1,047.8)
Investing cash flow	(5,496.1)	(3,319.8)	(7,817.3)	(4,183.7)
Free cash flow	(4,403.5)	(1,647.3)	(5,486.2)	(563.7)
Issue of equity	12.8	1.1	-	-
Issue/repay debt	3,501.6	9,304.5	4,000.0	500.0
Dividends paid	(208.8)	(204.5)	(269.0)	(355.2)
Others	2,111.7	16.2	798.8	19.5
Financing cash flow	5,417.3	9,117.2	4,529.8	164.3
Beg. cash & cash eq	375.9	1,389.7	8,859.6	7,903.1
Chg in cash & cash eq	1,013.8	7,469.9	(956.5)	(399.4)
Closing cash & cash eq	1,389.7	8,859.6	7,903.1	7,503.7

Source: Company, Religare Research

### Balance sheet

(Rs mn)	FY06	FY07E	FY08E	FY09E
Cash and cash eq	1,389.7	8,859.6	7,903.1	7,503.7
Accounts receivable	2,479.2	3,369.3	4,835.1	6,005.2
Inventories	3,116.8	4,005.9	5,651.0	6,729.5
Others current assets	1,995.7	2,280.3	3,746.4	4,794.2
Current assets	8,981.4	18,515.1	22,135.6	25,032.5
LT investments	2.2	2.2	2.2	2.2
Net fixed assets	10,241.5	12,798.5	18,401.6	20,561.4
CWIP	1,289.8	1,144.9	1,072.4	1,036.2
Total assets	20,514.9	32,460.8	41,611.8	46,632.4
Payables	2,692.7	2,829.9	3,880.8	4,126.8
Others	1,151.7	1,274.6	1,555.0	1,811.1
Current liabilities	3,844.3	4,104.6	5,435.8	5,938.0
LT debt	7,220.4	16,524.9	20,524.9	21,024.9
Other liabilities	1,192.9	1,480.9	1,828.5	2,287.4
Equity capital	142.4	143.5	143.5	143.5
Reserves	8,114.8	10,206.9	13,679.2	17,238.7
Net Worth	8,257.2	10,350.5	13,822.8	17,382.2
Total liabilities	20,514.9	32,460.8	41,611.9	46,632.5
BVPS (Rs)	58.0	72.1	96.3	121.1

Source: Company, Religare Research

### Financial ratios

	FY06	FY07E	FY08E	FY09E
EBITDA margin (%)	14.5	17.7	18.8	20.1
EBIT margin (%)	11.1	14.2	15.3	16.6
Net profit margin (%)	8.6	12.6	12.6	13.4
FDEPS growth (%)	8.8	75.9	29.0	32.4
Receivables (days)	51.7	59.0	63.9	68.1
Inventory (days)	93.1	109.3	114.9	119.4
Payables (days)	90.5	84.7	79.9	77.3
Current ratio (x)	2.3	4.5	4.1	4.2
Interest coverage (x)	9.6	13.2	7.7	9.3
Debt/equity ratio (x)	0.9	1.6	1.5	1.2
ROE (%)	19.5	24.5	24.3	25.0
ROCE (%)	12.6	11.4	11.1	12.6
ROAE (%)	10.0	9.7	9.7	10.9
EV/Sales (x)	4.2	3.5	2.7	2.2
EV/EBITDA (x)	28.8	19.6	14.2	10.7
P/E (x)	43.7	24.8	19.3	14.5
P/BV (x)	8.0	5.4	4.3	3.3
P/CEPS (x)	31.3	19.5	15.1	11.5

Source: Company, Religare Research



## Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
11-Jun-07	Biocon	Company Update	438	542	BUY
13-Jun-07	Federal Bank	Initiating Coverage	272	362	BUY
13-Jun-07	Sangam India	Initiating Coverage	67	95	BUY
13-Jun-07	KPIT Cummins Infosystems	Initiating Coverage	144	173	BUY
13-Jun-07	PVR Cinemas	Results Update	216	240	HOLD
14-Jun-07	Ashok Leyland	Company Update	36	48	BUY
15-Jun-07	Greenply Industries	Results Update	139	180	BUY
15-Jun-07	Riddhi Siddhi Gluco Biols	Results Update	276	365	BUY
18-Jun-07	Sasken Communication Technologies	Company Update	505	647	BUY
18-Jun-07	Bihar Tubes	Initiating Coverage	94	172	BUY
19-Jun-07	Aventis Pharma	Company Update	1,360	1,670	BUY
19-Jun-07	ICICI Bank	FPO Note	918	1,080	SUBSCRIBE
21-Jun-07	Cinemax India	Results Update	150	189	BUY
22-Jun-07	Garware Offshore	Company Update	214	272	BUY
25-Jun-07	Sangam India	Company Update	64	95	BUY
25-Jun-07	Spice Communications	IPO Note	41-46	NA	SUBSCRIBE
26-Jun-07	Opto Circuits (India)	Initiating Coverage	376	456	BUY
26-Jun-07	Nava Bharat Ventures	Initiating Coverage	164	268	BUY
27-Jun-07	Mahindra & Mahindra	Visit Note	720	888	BUY
28-Jun-07	Inox Leisure	Results Update	134	120	SELL
29-Jun-07	HDIL	IPO Note	430-500	NA	SUBSCRIBE
29-Jun-07	Petronet LNG	Initiating Coverage	55	73	BUY
2-Jul-07	Allied Digital Services	IPO Note	170-190	NA	NA
3-Jul-07	Indoco Remedies	Visit Note	286	383	BUY
5-Jul-07	Ashok Leyland	Company Update	38	48	BUY
5-Jul-07	Venus Remedies	Initiating Coverage	474	708	BUY
6-Jul-07	Nava Bharat Ventures	Company Update	170	268	BUY
9-Jul-07	IT Services	Sector Update	NA	NA	NA
10-Jul-07	Opto Circuits (India)	Results Update	386	456	BUY
10-Jul-07	Apollo Tyres	Company Update	347	468	BUY
11-Jul-07	Dishman Pharma	Company Update	339	357	HOLD
11-Jul-07	HDFC Bank	Results Update	1,148	1,287	HOLD
12-Jul-07	Infosys Technologies	Results Update	1,930	2,466	BUY
12-Jul-07	South Indian Bank	Initiating Coverage	140	175	BUY
13-Jul-07	Nava Bharat Ventures	Company Update	196	268	BUY
16-Jul-07	Bajaj Auto	Results Update	2,175	2,324	HOLD
16-Jul-07	UTI Bank	Results Update	641	689	HOLD
17-Jul-07	Bihar Tubes	Results Update	151	172	HOLD
17-Jul-07	TCS	Results Update	1,128	1,415	BUY
18-Jul-07	Venus Remedies	Company Update	527	708	BUY
18-Jul-07	Petronet LNG	Results Update	61	73	BUY
18-Jul-07	Garware Offshore	Results Update	203	272	BUY
19-Jul-07	Aventis Pharma	Results Update	1,381	1,491	HOLD
19-Jul-07	KPIT Cummins Infosystems	Results Update	135	173	BUY
19-Jul-07	Jubilant Organosys	Results Update	313	365	BUY

## Market trends

### BSE sectoral indices

	% Chg				Constituent performance
	19-July	1-day	1-mth	3-mth	
Automobiles	5,148	1.9	8.1	6.5	
Banks	8,454	1.0	8.5	22.3	
Capital Goods	12,876	1.6	12.0	31.4	
Comm. & Tech.	3,882	1.5	4.9	4.3	
Consumer Durables	4,271	(0.0)	6.8	11.5	
FMCG	1,841	0.3	1.6	1.6	
Healthcare	3,841	0.4	1.0	1.3	
IT	4,956	1.5	1.4	(2.0)	
Metal	12,033	0.7	12.2	24.0	
Oil & Gas	8,168	2.9	6.7	15.8	
Mid-caps	6,828	0.8	7.7	19.8	
Small-caps	8,259	0.9	11.3	18.4	

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

### Emerging markets

Country	% Chg				
	19-July	1-day	1-mth	3-mth	6-mth
Brazil	58,125	1.0	7.6	17.6	33.8
Shanghai	3,974	1.6	(5.0)	10.9	40.3
Hong Kong	23,147	0.6	6.7	12.5	13.9
India	15,550	1.6	7.9	11.9	9.6
South Korea	1,965	1.4	10.2	28.2	44.5
Taiwan	9,522	0.5	8.8	19.9	21.5

### FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	232.1	639.2	2,609.7	8,314.8
South Korea	(498.1)	(1,821.8)	(1,750.7)	(1,442.1)
Taiwan	(150.3)	(459.7)	2,524.6	10,709.3
Thailand	(630.9)	(35.6)	(35.6)	1,586.3

## Events calendar

### Board meetings

July 19	20	21
	Voltas, UltraTechCement, Neyveli Lignite, Cipla, Ambuja Cements, Satyam, Raymond, Finolex Cables, BASF, Ipca Labs, Sasken Comm, Karur Vysya,	Mangalam Cement, Sesa Goa, ICICI Bank, JK Lakshmi Cement, Havell's India, Indian Bank, Lyka Labs, Zandu Pharma, Aptech, State Bnk Mysore,
22	23	24
SUNDAY	Sun Pharma, Dabur India, M&M Financial, Centurion BoP, Dewan Housing, Rolta, JindalStainless, Union Bank, Century Enka, Greenply Ind, Siemens, Venus Remedies, Dr. Reddy's	Hind Zinc, Mysore Cement, Eicher Motors, Balrampur Chini, Idea Cellular, Gulf Oil Corp, Elder Pharma, Orient Paper, Hero Honda, Britannia, City Union Bank, MIC Electronics, Bharat Forge
25	26	27
Yes Bank, Thermax, Zuari Inds, Rel Capital, Marico, Bank of India, Wockhardt, HDFC, Canara Bank, Bombay Dyeing, IDFC, Triveni Engg, SAIL, IndusInd Bank, Alstom Projects, ONGC, Sterlite Ind	Guj Gas, Maruti Udyog, Federal Bank, Lanco Infratech, GlaxoSmithKline, ABB, Cummins, Indraprastha Gas, Dabur Pharma, Clariant, EIH, Balaji Telefilm, Taj GVK Hotels, Bharti Airtel, Ferro Alloys, ING Vysya Bank, GlaxoSmith Con	Binani Ind, Carborundum, ITC, BPCL, Godrej Ind, Madras Cements, Colgate, Raj Television, Karnataka Bank, Tata Chemicals, GMR Infra, CRISIL, Titan Industrie
28	29	30
Guj Amb Exports, Shri Ganesh Spi, Welcure Drugs, Bhoruka Steel, Bank of Baroda, BPL, NTPC, Shipping Corp, Oxford Ind, Omni Dye-Chem, Nuchem, Elgi Equipments, Reliance Chemo, Suryaoday Agro	SUNDAY	NEPC India, Wyeth, Aditya Birla Nuvo, Nicco Corp, Sun TV Network, Syndicate Bank, BHEL, India Cements, Royal Orchid, Dishman Pharma, Zenith Health, Tanu HealthCare, JM Financial, Axon Infotech,
31		
Kesoram, Bharat Elec, Cadila Health, Fortis Health, Hindalco, Reliance Comm, BOC India, Kalpataru Power, IVRCL Infrac, Hind Dorr-Olive, Avery India, Nirlon		

## Trade data

### Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Adlabs Films	DWS Investment SA A/C Db Fund (Mauritius)	S	200,000	539.1
Alps Industries	State Bank Of India	B	200,000	46.6
Bihar Tubes	HSBC Financial Services Middleeast	B	200,000	145.0
Gitanjali Ge	Morgan Stanley And Co Intl Lt Ac Ms Dean Witter	B	500,000	250.0
Gitanjali Ge	Goldman Sachs And Company	B	500,000	261.0
Gitanjali Ge	Citigroup Global Markets Mauritius	S	753,012	260.1
Gitanjali Gems	Goldman Sachs Investment Mauritius 1	B	500,000	261.0
Gitanjali Gems	Morgan Stanley Dean Witter Mauritius Co	B	500,000	250.0
Gitanjali Gems	Citigroup Global Mkts Mauritius - Sell Code	S	760,000	260.2
Hexaware Technologies Lim	UBS Securities Asia A/C Swiss Finance Cor	B	1,223,647	140.0
P G Foils Lt	Motilal Oswal Securities	S	113,100	27.3
Sharon Bio	UBS Securities Asia	B	100,000	269.8
Spice Tele	Citigroup Global Markets	B	4,000,000	56.8
Spice Tele	Fidelity	B	13,250,00	61.4
Sujana Metal	Goldman Sachs And Company	B	3,340,000	35.0
Sujana Metal	UBS Securities Asia	S	408,949	35.0
Sujana Metal	Morgan Stanley Co Intl Lt Ac Morgan Stanley Dean	S	1,254,379	35.0
Sujana Metal	Morgan Stanley And Co Intl Ac Morgan Stanley Inv	S	1,345,621	35.0
Sujana Metal	JPMSL Ac Cophall Mauritius In	S	401,447	35.0
Wire And Wireless (India)	Merrill Lynch Capital Markets Espana SA Svb	B	4,850,000	67.5
Wire And Wireless (India)	Fidelity Investment Trust Fidelity Emerging Markets	S	4,523,363	67.4

Source: BSE

### Insider trading

Scrip	Acquirer/Seller	Buy /Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Fairfield Atlas	Riad Fyzee	S	74,312	-	176,430	-
Grauer & Weil (India)	Kewalchand P Jain	S	264,119	2.1	150,730	1.2
Hexaware Technologies	Macquarie Bank d	S	3,650,000	2.7	8,036,878	6.0
India Infoline	Dhiraj Choudhary	S	350	-	-	-
Manappuram General Finance And Leas	V P Nandakumar	B	430,467	-	3,330,321	30.3
Omax Autos	Bear Stearns & Co A/C BSMA	S	50,000	0.2	696,074	3.3
Orient Abrasives	Faridabad Paper Mills	S	100,000	-	470,402	0.8
Orient Abrasives	Faridabad Paper Mills	S	50,000	-	420,402	0.7
Orient Abrasives	Prabha Rajgarhia	B	100,000	-	600,000	1.0
Orient Abrasives	Prabha Rajgarhia	B	50,000	-	650,000	1.1
SB& TInternational	Bear Stearn & Co A/C BSMA	S	218,450	1.3	325,981	2.0
Sulzer India	Minal B Patel & Other'S	B	644	0.0	310,778	9.0
Vesuvius India	Mr Shekhar Datta	S	3,153	-	-	-

Source: BSE

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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

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