

Equity	% Chg			
	30-Oct	1-day	1-mth	3-mth
India				
Sensex	19,784	(1.0)	14.4	27.2
Nifty	5,869	(0.6)	16.9	29.6
Global/Regional markets				
Dow Jones	13,792	(0.6)	(0.7)	4.4
Nasdaq	2,817	(0.0)	4.3	10.6
FTSE	6,659	(0.7)	3.0	4.7
Nikkei	16,630	(0.1)	(0.9)	(3.6)
Hang Seng	31,385	(0.8)	15.6	35.4

Value traded (Rs bn)	BSE	NSE
Cash	109.8	246.4
Derivatives	10.0	896.0
Total	119.8	1,142.4

Net inflows (Rs bn)	Recent trends (days)			
	29-Oct	-7d	-15d	-30d
FII	(15.1)	(33.4)	54.9	304.0
MF	10.7	27.3	8.8	(12.7)

Forex / Crude	% Chg			
	30-Oct	1day	1mth	3mth
Rs/US\$	39.4	0.0	1.1	2.6
Euro/US\$	1.4	0.0	1.5	5.5
Crude(\$/bbl)	89.8	(0.6)	10.0	14.8

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Mangalore Refin	80.8	63.7	26.8
Bank of India	372.6	316.0	17.9
Reliance Capital	2,127.7	1,854.2	14.8
Top losers			
Bajaj Hindusthan	185.5	205.3	(9.7)
Balrampur Chini	80.2	88.1	(9.0)
Electrosteel	59.0	64.7	(8.8)

In focus

HDIL – Results Update

Towering high – results surpass estimates **CMP: Rs 656 Target: Rs 871 BUY**

Lakshmi Energy & Foods – Results Update

Healthy performance **CMP: Rs 190 Target: Rs 260 BUY**

HT Media – Results Update

Subdued showing **CMP: Rs 211 Target: Rs 232 HOLD**

State Bank of India – Results Update

Bright prospects **CMP: Rs 2,084 Target: Rs 2,263 BUY**

Maruti Suzuki – Results Update

Strong volumes, stock fairly valued **CMP: Rs 1,188 Target: Rs 1,192 SELL**

Today's top picks

RCOM, DLF, Unitech, SBI

News track

- ❖ Glenmark has inked a US\$ 350mn deal with Eli Lilly for its novel molecule GRC 6211. (ET)
- ❖ HDFC has decided to sell a 26% stake in HDFC General Insurance to Germany's Ergo International. (BS)
- ❖ Ranbaxy has been granted a favourable decision by the Federal Patent Court in Germany on Pfizer's 281 Atorvastatin patent. (BS)
- ❖ Infosys expects to close 15 big deals over the next 10 months, each worth US\$ 100mn or more. The company hopes to finalise many other deals during the same period with an average size of US\$ 10mn–15mn. (BS)
- ❖ Strides Arcolab's board has given its in-principle approval for the amalgamation of its wholly owned subsidiary Quantum Life Sciences and Medgene Pharma. (BL)

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

Volume shockers

(No of shares)	30-Oct	2-mth avg	Chg (x)
Jain Irrigation	577,877	59,411	9.7
Bannari Amman	46,208	4,895	9.4
Dr Reddys Lab	912,091	100,813	9.0

Delivery toppers

	Del (%)	Total vol	Cons days up
Himadri Chemicals	88.5	115,418	3
HCL Technologies	82.8	3,276,181	4
Gati	80.6	146,625	5

CMP: Rs 656
Target: Rs 871
BUY
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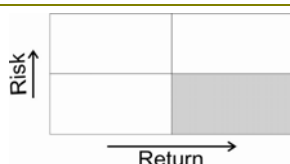
BSE code	532873
NSE code	HDIL

Company data

Particulars	
Market cap (Rs bn / US\$ bn)	145.2/3.6
Outstanding equity shares (mn)	214.4
52-week high/low (Rs)	830/477
2-month average daily volume	716,701

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	12,034.5	20,780.0	37,160.0
Growth (%)	185.1	72.7	78.8
Adj net profit (Rs mn)	5,418.1	8,615.1	15,572.7
Growth (%)	375.6	59.0	80.8
FDEPS (Rs)	30.1	40.2	72.7
Growth (%)	375.6	33.6	80.8
P/E (x)	21.7	16.3	9.0
ROE (%)	74.5	26.5	32.8

Risk-return profile

Shareholding pattern

(%)	Sep-07
Promoters	61.5
FII	9.4
Banks & FI	20.7
Public	8.4

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
HDIL	656	4.6	14.5	-
Sensex	19,784	14.4	27.2	42.6

Company website www.hdil.in
Towering high – results surpass estimates

Housing Development and Infrastructure's (HDIL) Q2FY08 results have come in ahead of our estimates. The company has recorded a 5% QoQ increase in net sales to Rs 4.6bn as against Rs 4.1bn expected. Of this, 46% of the revenue has come from the residential segment and the balance from land development. The EBITDA margin has improved by a substantial 480bps QoQ to 58.7% as against 53.9% in the first quarter largely because of the higher land development revenues. The net margin has also increased to 49.4% vis-à-vis 45.7% in Q1FY08 and an average margin of 45% in FY07. Consequently, PAT came in much ahead of our estimates at Rs 2.3bn.

We expect H2FY08 to surpass the first half, both in terms of revenue and profitability. Subsequent to its IPO, HDIL has acquired ~11mn sq ft of land in Mumbai, Pune and Kochi raising its land bank to 123mn sq ft as of July 2007. Land acquisition to extend its geographical reach is likely to be a key growth area for the company going ahead.

At the current price of Rs 656, the stock discounts our FY08 and FY09 EPS of Rs 40.2 and Rs 72.7 by 16.3x and 9.0x respectively. We have a Buy rating on the stock with a target of Rs 871 based on one-year forward NAV. This includes a value of Rs 177/share for the lucrative Mumbai airport project recently won by the company.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	4,648.9	4,085.5	13.8
EBIDTA	2,730.5	2,247.0	21.5
PAT	2,293.7	1,647.2	39.2
EPS (Rs)	10.7	7.7	39.2

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q1FY08	% Chg QoQ	FY07
Net sales	4,648.9	4,432.8	4.9	12,034.5
Other income	168.3	25.6	557.4	130.6
EBIDTA	2,730.5	2,389.3	14.3	6,621.7
EBIDTA margin (%)	58.7	53.9	-	55.0
Interest	162.4	97.8	66.1	430.0
Depreciation	3.4	2.3	47.8	9.9
PBT	2,564.7	2,289.2	12.0	6,181.8
Tax	271.0	262.3	3.3	763.7
PAT	2,293.7	2,026.9	13.2	5,418.1
Equity capital	2,144.0	2,144.0	-	2,144.0
EPS (Rs)	10.7	9.5	13.2	25.3

Source: Company, Religare Research

Result highlights

Net sales up 5% sequentially

HDIL has logged a 5% increase in Q2FY08 net sales to Rs 4.6bn as against Rs 4.4bn in Q1FY08. Since the company was listed only in July 2007, financial details for Q2FY07 are not available for comparison. During Q2FY08, HDIL booked 46% of its revenues from the residential segment and 54% from land development. In comparison, 80% of the revenues in Q1FY08 came from slum rehabilitation.

Revenues for Q2 also include the sale of 78,000sq ft of land to the Adani group which has been booked on the basis of assets transferred. As at the end of Q2FY08, HDIL has transferred 0.8mn sq ft to the buyer. As per the agreement, 0.9mn sq ft still remains to be transferred; we expect this to be completed by FY09.

Operating margin rises 480bps to 58.7%

Land development (including sale of FSI) contributed a higher share of revenues during the quarter. Since this business offers higher margins than residential development, the company's operating margin has increased to 58.7% in comparison to 53.9% in Q1FY08. We expect the margin to be maintained in the region of 55% going ahead. Any increase in the selling price of property will further add to the margin as HDIL's average cost of land acquisition is low (less than Rs 200/sq ft).

PAT rises 13% QoQ

The company's net margin has also increased to 49.4% in Q2FY08 as against 45.7% in Q1FY08 with a tax rate of 10.5%. Consequently, PAT registered a 13% QoQ increase to Rs 2.3bn.

Other major developments

Formal approval awaited for SEZ development

HDIL has a special economic zone (SEZ) in the MMR's Thane district for which it has received in-principal approval from the ministry of commerce and industry. We have not considered the value of this land into our estimates, since the zone is yet to be notified by the government. As and when notification is received, HDIL's valuation will see a significant upside.

Mumbai airport project to generate strong revenue streams

HDIL has won the bid to develop 276 acres of slum land near Chhatrapati Shivaji International Airport in Mumbai from the GVK Group-promoted Mumbai International Airport (MIAL). The company's strong presence and expertise in SRS projects enabled it to win the project over contenders like Akruiti Nirman and Marathon

The management expects to execute this project over the next four to five years and generate revenues in the region of Rs 150bn–180bn, with the initial inflows coming through in Q1FY09. HDIL has a 75% revenue share in the deal (with the balance accruing to MIAL) and has already tied up for 180 acres of land. The company will opt for debt rather than equity dilution to finance the project execution. We have valued the airport contract at Rs 177/share.

Building land bank with intention of immediate development

Subsequent to its IPO, HDIL acquired 10.9mn sq ft in the MMR, Pune and Kochi, raising its land bank to 123mn sq ft. HDIL currently has 24 projects totalling 45.5mn sq ft under development, with projects aggregating 71.4mn sq ft planned for execution by 2012. These projects are located in and around Mumbai as well as in Kochi, Pune and Hyderabad. Further land acquisition to extend its geographical reach is likely to be the key growth driver for the company.

Higher land development revenues have expanded the EBITDA margin by 480bps

Mumbai airport project to generate revenues of Rs 150bn–180bn over next five years

Additions to land bank post-IPO

Residential	Location	Area(Sqft)
Existing land bank		112,100,000
New addition post-IPO		
Pune	Injyavati	600,000
Pune	Injyavati	600,000
Mumbai	Vikrohli	370,000
Bhandup	Kilburn	240,000
Cochin	Cybercity	8,000,000
Mumbai	Navi Mumbai	1,600,000
Total:		123,510,000.0

Source: Religare Research, Company

Maintain Buy with target of Rs 871

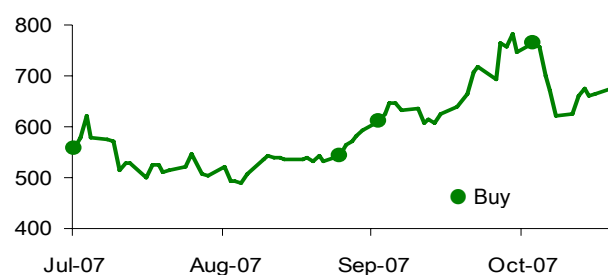
We believe that HDIL's broad-based business model with a focus on slum rehabilitation will help the company to deliver high margins. We have valued the company with respect to its land holding of 115.8mn sq ft (excluding new additions) and have derived an NAV of Rs 871. At the current price of Rs 656, the stock discounts its FY09E EPS of Rs 72.7 by 9.0x which is attractive in comparison to peers. We maintain a Buy on the stock.

Recommendation history

Date	Event	Reco price	Tgt	Reco
29-Jun-07	IPO Note	430-500	NA	Subscribe
10-Sep-07	Initiating Coverage	533	694	Buy
18-Sep-07	Company Update	609	694	Buy
17-Oct-07	Company Update	699	871	Buy
31-Oct-07	Results Update	656	871	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Consolidated financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	4,221.5	12,034.5	20,780.0	37,160.0
Growth (%)	550.1	185.1	72.7	78.8
EBITDA	1,219.4	6,487.5	12,032.2	21,395.1
Growth (%)	406.4	432.0	85.5	77.8
Depreciation	2.6	6.3	12.0	15.0
EBIT	1,216.8	6,481.3	12,020.2	21,380.1
Growth (%)		432.6	85.5	77.9
Interest	105.7	430.0	650.0	1,000.0
Other income	180.2	130.6	130.0	130.0
EBT	1,291.3	6,181.9	11,500.2	20,510.1
Growth (%)	645.6	378.7	86.0	78.3
Tax	152.0	763.7	2,885.0	4,937.4
Effective tax rate	11.8	12.4	25.1	24.1
Adj net income	1,139.3	5,418.1	8,615.1	15,572.7
Growth (%)	682.1	375.6	59.0	80.8
Shares outstanding (mn)	500.0	1,800.0	2,144.5	2,144.5
FDEPS (Rs)	6.3	30.1	40.2	72.7
DPS (Rs)	-	-	2.0	2.0
CEPS (Rs)	22.8	30.1	40.2	72.7

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	1,291.3	6,181.9	11,500.2	20,510.1
Depreciation	4.1	6.3	12.0	15.0
Other adjustments	(85.8)	237.4	519.2	(1,871.3)
Changes in WC	(1,282.4)	(7,426.0)	(29,402.5)	(19,134.7)
Operating cash flow	(72.9)	(1,000.4)	(17,371.2)	(481.0)
Capital expenditure	(19.2)	(189.5)	(60.5)	(54.0)
Investments	(532.1)	(517.6)	(2,449.6)	(554.0)
Other investing inc/(exp)	(10.2)	-	-	-
Investing cash flow	(561.5)	(707.1)	(2,510.2)	(608.0)
Free cash flow	(634.4)	(1,707.5)	(19,881.3)	(1,089.0)
Issue of equity	(7.4)	(7.1)	16,580.8	0.0
Issue/repay debt	1,050.8	1,794.2	4,743.2	2,500.0
Dividends paid	-	-	-	(499.7)
Others	(30.9)	(430.0)	(650.0)	(1,000.0)
Financing cash flow	1,012.5	1,357.0	20,674.0	1,000.3
Beg. cash & cash eq	378.2	(350.5)	792.7	(88.6)
Chg in cash & cash eq	19.3	397.5	47.8	842.0
Closing cash & cash eq	397.5	47.8	842.0	753.0

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	397.5	47.8	842.0	753.0
Accounts receivable	773.9	3,102.6	5,100.0	9,024.3
Inventories	4,373.2	11,525.1	21,100.0	35,500.0
Others current assets	1,245.5	2,332.0	23,006.7	30,607.3
Current assets	6,790.1	17,007.5	50,048.7	75,884.6
LT investments	1,132.8	1,650.4	4,100.0	4,654.0
Net fixed assets	49.4	235.9	273.9	308.9
CWIP	10.3	3.5	10.0	10.0
Total assets	7,982.7	18,897.3	54,432.6	80,857.6
Payables	4,081.9	7,218.6	10,071.0	16,861.0
Others	81.6	645.2	3,379.0	5,426.1
Current liabilities	4,163.4	7,863.8	13,450.0	22,287.1
LT debt	1,964.6	3,756.8	8,500.0	11,000.0
Other liabilities	4.4	8.3	18.3	33.3
Equity capital	500.0	1,800.0	2,144.5	2,144.5
Reserves	1,350.1	5,468.3	30,319.7	45,392.7
Net worth	1,850.1	7,268.3	32,464.2	47,537.2
Total liabilities	7,982.7	18,897.3	54,432.6	80,857.6
BVPS (Rs)	37.0	40.4	151.4	221.7

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	33.2	55.0	58.5	57.9
EBIT margin (%)	33.1	54.9	58.5	57.9
Net profit margin (%)	27.0	45.0	41.5	41.9
FDEPS growth (%)	-	375.6	33.6	80.8
Receivables (days)	66.9	94.1	89.6	88.6
Inventory (days)	11.8	12.4	25.1	24.1
Payables (days)	-	203.9	187.1	165.1
Current ratio (x)	1.6	2.2	3.7	3.4
Interest coverage (x)	13.3	15.4	18.7	21.5
Debt/equity ratio (x)	1.1	0.5	0.3	0.2
ROE (%)	61.6	74.5	26.5	32.8
ROCE (%)	36.6	60.0	29.7	36.7
ROAE (%)	14.3	28.7	15.8	19.3
EV/Sales (x)	8.0	10.1	7.3	4.2
EV/EBITDA (x)	24.0	18.4	12.5	7.2
P/E (x)	104.1	21.7	16.3	9.0
P/BV (x)	17.7	16.2	4.3	3.0
P/CEPS (x)	28.7	21.7	16.3	9.0

Source: Company, Religare Research

CMP: Rs 190
Target: Rs 260
BUY
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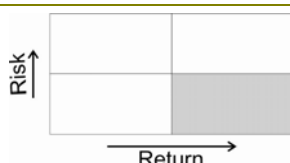
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Company data
Particulars

Market cap (Rs bn / US\$ mn)	11.8/292.0
Outstanding equity shares (mn)	60.0
52-week high/low (Rs)	248/135
6-month average daily volume	3,576,625

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	6,962.7	11,077.9	17,283.9
Growth (%)	24.7	59.1	56.0
Adj net profit (Rs mn)	864.5	1,869.0	2,749.0
Growth (%)	105.8	116.2	47.1
FDEPS (Rs)	15.1	31.1	45.8
Growth (%)	96.0	105.8	47.1
P/E (x)	12.6	6.1	4.1
ROE (%)	39.7	48.9	43.7

Risk-return profile

Shareholding pattern

(%)	Jun-07	Sep-07
Promoters	42.1	39.2
FIs	36.9	38.5
Banks & FIs	1.5	1.6
Public	19.5	20.7

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Lakshmi	190	(13.3)	(4.3)	16.9
Sensex	19,784	14.4	27.2	42.6

 Company website www.lakshmigroup.in
Healthy performance

Lakshmi Energy has posted healthy Q2FY08 results with a 41.5% YoY growth in revenues to Rs 2.1bn, in line with our expectations. The strong performance was primarily led by volume growth coupled with higher realisations on rice and its byproducts. Enhanced rice processing capacity together with higher byproduct sales led to substantial expansion in the EBITDA margin to 22% as compared to 13.6% in Q2FY07. Net profit expanded 81.4% YoY to Rs 302mn, which is below our estimates mainly due to higher-than-anticipated depreciation and interest costs.

At the current price the stock is trading at 6.1x and 4.1x FY08E and FY09E earnings of Rs 31.1 and Rs 45.8 respectively. We have a target price of Rs 260, at which the stock would quote at 5.7x on FY09E. We maintain our Buy recommendation.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,053.6	2,000.0	2.7
EBIDTA	451.5	430.0	5.9
PAT	302.4	341.1	(11.4)
EPS (Rs)	20.1	22.7	(11.4)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	% Chg QoQ
Revenue	2,053.6	1,450.9	41.5	1,926.9	6.6
Raw mat costs	1,542.6	1,233.0	25.1	1,476.5	4.5
Other expenses	59.6	20.4	192.0	43.4	37.3
Total expenditure	1,602.1	1,253.4	27.8	1,519.8	5.4
EBDIT	451.5	197.5	128.6	407.1	10.9
Depreciation	67.8	12.3	451.5	30.5	122.6
EBIT	383.6	185.2	107.1	376.6	1.9
Financial expenses	44.4	2.2	1,920.0	23.9	86.0
Other income	1.8	2.2	-	8.6	(78.8)
PBT	341.0	185.2	84.1	361.4	(5.6)
Tax	38.6	18.5	108.9	40.8	(5.4)
PAT	302.4	166.7	81.4	320.5	(5.7)
OPM (%)	22.0	13.6	-	21.1	-
Equity	120.1	114.3	-	120.1	-
EPS (Rs) (annualised)	20.1	11.7	72.7	21.4	(5.7)

Source: Company, Religare Research

Result highlights

Volume growth coupled with higher realisations drove revenue growth for the quarter

Revenues expand 42%

Lakshmi has posted a 41.5% YoY growth in revenues during Q2FY08 to Rs 2.1bn. The robust revenue generation was led by volume growth coupled with higher realisations on rice and its byproducts.

Volume growth of rice and its byproducts

Particulars (MT)	Q2FY08	Q2FY07	Change (%)
Rice	135,485.0	122,974.0	10.2
Broken rice	6,500.0	3,106.0	109.3
Rice bran oil	3,067.0	555.0	452.6
De-oiled cake	8,438.0	3,564.0	136.8
Cattle feed	6,920.0	2,207.0	213.5
Paddy husk	6,088.0	5,187.0	17.4

Source: Company, Religare Research

Segmental break-up of realisations

Particulars(per MT)	Q2FY08	Q2FY07	Change (%)
Rice	13,154.0	11,177.0	17.7
Broken rice	7,524.0	7,341.0	2.5
Rice bran oil	44,073.0	35,502.0	24.1
De-oiled cake	4,060.0	3,809.0	6.6
Cattle feed	5,600.0	5,206.0	7.6
Paddy husk	1,202.0	1,621.0	(25.8)

Source: Company, Religare Research

EBITDA margin up 840bps YoY to 22%

EBITDA margin expands 840bps, PAT up 81%

Operating profit during the quarter rose 128.6% YoY to Rs 451.5mn with an EBITDA margin of 22% compared to 13.6% in Q2FY07. The boost to margin performance came from the enhanced rice processing capacity as well as higher byproduct sales.

Net profit stood at Rs 302.4mn as against Rs 166.7mn in the second quarter of FY07, a growth of 81.4% YoY.

Operational highlights

Paddy processing units add capacity of 120MT/hour

Lakshmi Energy has recently commissioned three fully automated paddy processing units with a cumulative capacity of 120MT/hour, taking the overall installed capacity to 1.35mn mtpa. The company expects to procure at least 1mn MT of paddy during the FY08 season. The procurement process has already begun with adequate arrangements, including opening of new procurement centres in various districts, for smooth operations.

Packaging unit set up for retail market penetration

The company's automatic packaging unit for retail market products has also been commissioned. It has introduced premium quality, long grain non-basmati rice in the Indian market under the brand *Lakshmi Foods* at a competitive price range of Rs 20-22/kg. This is a high quality, low priced product vis-à-vis branded premium products like *Sharbati* which are being sold at Rs 30-32/kg.

Potential to grow in the branded non-basmati segment in both domestic and export markets

Exemption of market fees to enhance bottomline growth

The Punjab government has exempted the company from payment of 4% market fees for a period of 10 years on the purchase of non-FCI grade paddy. The exemption, which was granted as an incentive to the husk-fuelled biomass power plant being set up by the company, has come into effect from the current procurement season. This would help Lakshmi Energy to procure paddy at a lower cost, thus contributing to bottomline growth.

Branded non-basmati segment holds strong potential

We believe Lakshmi Energy has the potential to grow strongly in the branded non-basmati segment in both domestic and export markets due to its scale of operations and state-of-the-art facilities for production and packaging. We also expect branded sales to form a sizeable chunk of total revenue going forward, thus contributing significantly to the company's topline and operating margins.

Biomass-based power plant to commence in December

Lakshmi Energy's first biomass-based power plant (which is expected to be India's largest) is nearing completion and will commence commercial production using 100% own fuel (husk) in December 2007. The Punjab State Electricity Board has already laid down transmission lines for this facility. Income from power would be tax-free and earn revenue from carbon credits under the Kyoto Protocol.

Valuation

Maintain Buy with target of Rs 260

We expect the company's revenue to grow at a CAGR of 58% to Rs 17.3bn over FY07-FY09 on the back of capacity expansion and revenues from wheat processing and power generation. Operating profit is projected to register a 74% CAGR to Rs 3.6bn over the same period, led by higher realisations on rice, wheat and byproducts. Net profit would grow in step with a 78% CAGR to Rs 2.7bn in FY09E.

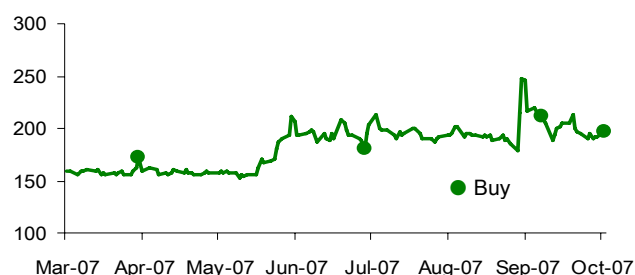
At the current market price the stock is trading at 6.1x and 4.1x FY08E and FY09E earnings of Rs 31.1 and Rs 45.8 respectively. We have a target price of Rs 260, at which the stock would quote at 5.7x on FY09E. We recommend a Buy on the stock.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
27-Apr-07	Results Update	172	260	Buy
26-Jul-07	Results Update	181	260	Buy
8-Oct-07	Company Update	211	260	Buy
31-Oct-07	Results Update	197	260	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	5,583.9	6,962.7	11,077.9	17,283.9
Growth (%)	37.0	24.7	59.1	56.0
EBITDA	742.8	1,170.9	2,424.1	3,557.8
Growth (%)	125.8	57.6	107.0	46.8
Depreciation	49.2	121.9	214.9	302.4
EBIT	693.7	1,048.9	2,209.2	3,255.4
Growth (%)	129.8	51.2	110.6	47.4
Interest	65.1	48.0	75.9	70.9
Other income	7.8	15.4	40.0	12.0
EBT	636.4	1,016.3	2,173.3	3,196.5
Growth (%)	119.4	59.7	113.8	47.1
Tax	216.4	151.8	304.3	447.5
Effective tax rate	34.0	14.9	14.0	14.0
Adj net income	420.0	864.5	1,869.0	2,749.0
Growth (%)	132.7	105.8	116.2	47.1
Shares outstanding (mn)	54.4	57.2	60.0	60.0
FDEPS (Rs)	7.7	15.1	31.1	45.8
DPS (Rs)	0.4	0.5	0.5	0.5
CEPS (Rs)	8.6	17.3	34.7	50.8

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	420.0	864.5	1,869.0	2,749.0
Depreciation	49.2	121.9	214.9	302.4
Other adjustments	-	-	-	-
Changes in WC	(682.1)	(144.0)	(511.8)	(1,183.5)
Operating cash flow	(212.9)	842.4	1,572.1	1,867.9
Capital expenditure	(365.5)	(1,750.0)	(2,500.0)	(1,000.0)
Investments	(3.0)	4.7	-	-
Other investing inc/(exp)	-	-	-	-
Investing cash flow	(368.5)	(1,745.3)	(2,500.0)	(1,000.0)
Free cash flow	(581.4)	(902.9)	(927.9)	867.9
Issue of equity	236.7	257.5	373.8	-
Issue/repay debt	315.5	600.0	600.0	(850.0)
Dividends paid	(23.7)	(34.5)	(34.5)	(34.0)
Others	69.9	0.9	74.0	1.0
Financing cash flow	598.3	823.9	1,013.2	(883.0)
Beg. cash & cash eq	71.3	88.2	9.2	94.5
Chg in cash & cash eq	16.9	(79.1)	85.4	(15.1)
Closing cash & cash eq	88.2	9.2	94.5	79.4

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	88.2	9.2	94.5	79.5
Accounts receivable	19.9	38.2	91.1	142.1
Inventories	1,983.3	2,289.1	2,883.3	4,498.5
Others current assets	539.7	560.0	675.0	700.0
Current assets	2,631.1	2,896.4	3,743.8	5,420.1
LT investments	4.7	-	-	-
Net fixed assets	832.3	2,460.4	4,745.4	5,443.0
CWIP	-	-	-	-
Total assets	3,468.1	5,356.8	8,489.3	10,863.1
Payables	502.2	759.1	857.0	1,222.1
Others	242.9	186.4	338.8	481.5
Current liabilities	745.1	945.5	1,195.8	1,703.6
LT debt	997.3	1,597.3	2,197.3	1,347.3
Other liabilities	94.1	95.0	169.0	170.0
Equity capital	108.9	114.3	120.1	120.1
Reserves	1,522.7	2,604.6	4,807.1	7,522.1
Net worth	1,631.5	2,719.0	4,927.2	7,642.2
Total liabilities	3,468.1	5,356.8	8,489.3	10,863.1
BVPS (Rs)	30.0	47.6	82.1	127.3

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	13.3	16.8	21.9	20.6
EBIT margin (%)	12.4	15.1	19.9	18.8
Net profit margin (%)	7.5	12.4	16.9	15.9
FDEPS growth (%)	122.0	96.0	105.8	47.1
Receivables (days)	1.3	2.0	3.0	3.0
Inventory (days)	129.6	120.0	95.0	95.0
Payables (days)	25.4	28.0	20.0	20.0
Current ratio (x)	3.5	3.1	3.1	3.2
Interest coverage (x)	10.7	21.9	29.1	45.9
Debt/equity ratio (x)	0.6	0.6	0.4	0.2
ROE (%)	31.9	39.7	48.9	43.7
ROCE (%)	31.7	29.8	38.4	39.7
ROAE (%)	25.0	23.8	31.9	33.6
EV/Sales (x)	2.1	1.8	1.3	0.8
EV/EBITDA (x)	15.8	11.0	5.8	3.7
P/E (x)	24.6	12.6	6.1	4.1
P/BV (x)	6.3	4.0	2.3	1.5
P/CEPS (x)	22.0	11.0	5.5	3.7

Source: Company, Religare Research

CMP: Rs 211

Target: Rs 232

HOLD

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BSE code	532662
NSE code	HTMEDIA

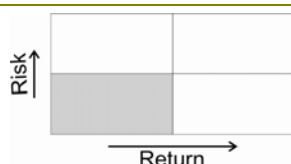
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	49.4/1.3
Outstanding equity shares (mn)	234.2
52-week high/low (Rs)	255/124
2-month average daily volume	26,494

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	10,392.9	12,191.0	14,448.9
Growth (%)	26.2	17.3	18.5
Adj net profit (Rs mn)	1,153.2	1,544.7	2,076.6
Growth (%)	91.7	34.0	34.4
FDEPS (Rs)	4.9	6.6	8.9
Growth (%)	91.7	34.0	34.4
P/E (x)	42.7	31.8	23.7
ROE (%)	16.2	18.8	20.9

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	68.7	68.7
FIs	18.8	19.7
Banks & FIs	8.3	8.2
Public	4.2	3.4

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
HT Media	211	(2.2)	(10.3)	10.7
Sensex	19,784	14.4	27.2	42.6

Company website	www.hindustantimes.com
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Subdued showing

HT Media (HTML) has reported lower-than-expected results for Q2FY08 with sales growth of 15% YoY to Rs 2.9bn accompanied by PAT growth of 18.7% to Rs 319mn. Below-expected sales growth, a flat EBITDA margin and lower other income pushed PAT growth below our estimate of Rs 354mn. The dull sales performance can be attributed to the overall weak industry growth, which the management placed at 3–4% for the quarter. Advertisement revenues have recorded subdued growth due to seasonal factors and lower contribution from key sectors like real estate and auto during the quarter.

We have lowered our estimated sales growth rate to 17.3% from 21.5% for FY08 and to 18.5% from 19.4% for FY09. But on building in stable margins and a lower effective tax rate, our PAT estimates decline only marginally by 3% and 2% for these two years respectively. We therefore maintain our target price of Rs 232 for the stock. In our view, other print media players like Jagran Prakashan and Deccan Chronicle are a more attractive investment proposition; we therefore recommend a Hold on HTML.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	2,877.2	2,949.2	(2.4)
EBITDA	552.1	575.1	(4.0)
PAT	319.4	353.9	(9.7)
EPS (Rs)	1.4	1.5	(9.7)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	% Chg QoQ
Net sales	2,877.2	2,499.3	15.1	2,733.4	5.3
Total expenditure	2,325.1	2,022.7	15.0	2,177.7	6.8
EBITDA	552.1	476.6	15.8	555.7	(0.6)
EBITDA margin (%)	19.2	19.1	-	20.3	-
Depreciation	109.6	95.9	14.3	106.4	3.0
Interest	43.8	37.9	15.6	41.8	4.8
Other income	17.5	75.8	(76.9)	103.2	(83.0)
PBT	416.2	418.6	(0.6)	510.7	(18.5)
Tax	96.8	149.6	(35.3)	169.1	(42.8)
PAT	319.4	269.0	18.7	341.6	(6.5)
PAT margin (%)	11.1	10.8	-	12.5	-
EPS	1.4	1.1	18.7	1.5	(6.5)

Source: Company, Religare Research

Result highlights

Below-expected sales growth

HTML has registered sales of Rs 2.9bn for the quarter, reflecting a growth of 15.1% YoY as against 18% expected. The below-par performance can be attributed to a sector-wide slowdown in growth at 3–4% during the second quarter. Further, advertisement revenues have recorded subdued growth due to seasonal factors and lower contribution from key sectors like real estate and auto during the quarter.

Focus on Hindi segment with revenue contribution rising to 20% of Q2FY08 sales

All the same, we believe HTML has done relatively well considering its high exposure to well-penetrated markets like Mumbai and Delhi which are logging only single-digit growth rates. The company's renewed focus on the Hindi segment has lent an impetus to growth, with Hindi publications constituting 20% of Q2FY08 sales.

Sales growth to pick up from next quarter

We expect sales to pick up in Q3FY08 considering the rise in advertisement during the festive Diwali season. Also, HTML's focus on the Hindi segment should hold it in good stead since this space is expected to outstrip growth in English media. This apart, the recently launched HT Mumbai edition has been performing well.

Robust long-term initiatives

New initiatives like the expected launches in Bangalore and Kolkata in Q3 and Q4FY08 respectively would aid future growth. In a short span of time, Mumbai Mint is already selling at a premium to Economic Times (ET) as per 'cost per thousand'. Mint has increased its reach in Mumbai and Delhi and currently sells about 102,000 copies per day. It is expected to break even over the next two years.

HTML is now focusing on the Hindi medium and has a stronghold in Bihar and Jharkhand. It aims to increase its exposure in Uttar Pradesh in cities like Lucknow, Kanpur and Agra, which are key Hindi-speaking markets.

Also, initiatives in the radio segment via its 75% subsidiary have enabled it to capture a market share of 10–14% in the last six months. The company now holds the No. 3 position in Delhi and Bangalore, and the No. 1 slot in Mumbai among new stations launched. We believe these factors would enable HTML to outperform the industry. The company is now looking to acquire more radio licences. It is also emphasising on the internet segment and plans to launch internet classifieds shortly.

We expect the EBITDA margin to rise to 19.4% in FY08 against 18.3% in FY07

EBITDA margins to improve

Considering the expected volume growth in H2FY08 from the new initiatives and the decline in domestic newsprint prices, the company's margins are expected to improve going forward. We expect the EBITDA margin to settle at 19.4% in FY08 as against 18.3% in FY07. In H1FY08, the margin has shown a reduction of 60bps to 19.7% from 20.4% in H1FY07.

Earnings revised downward

In view of the muted quarterly performance, we have lowered our estimated sales growth rate to 17.3% from 21.5% for FY08 and to 18.5% from 19.4% for FY09. But on building in stable margins and a lower effective tax rate, our PAT estimates decline only marginally by 3% and 2% for these two years respectively.

Revised estimates

(Rs mn)	FY08E			FY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
Revenue	12,629.4	12,191.0	(3.5)	15,083.6	14,448.9	(4.2)
Net profit	1,594.9	1,544.7	(3.1)	2,119.5	2,076.6	(2.0)
EPS (Rs)	6.8	6.6	(3.1)	9.0	8.9	(2.0)

Source: Religare Research

Jagran and Deccan Chronicle are better investment options in the print media space

Maintain Hold considering high risk-reward ratio

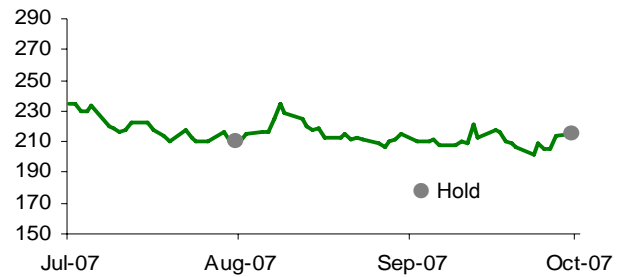
We maintain our target price of Rs 232, which includes the core business valuation of Rs 221 based on DCF and Rs 10 for the radio subsidiary. At Rs 221 the core business is valued at a P/E of 24.9x and EV/EBITDA of 17.2x on FY09E. The radio business has been valued at 9x on FY10E EV/EBITDA. In view of more attractive investment propositions in the print media space (like Jagran Prakashan and Deccan Chronicle) and HTML's higher risk-reward ratio, we maintain our Hold recommendation.

Recommendation history

Date	Event	Reco price	Tgt price	Reco
30-Aug-07	Initiating Coverage	211	232	Neutral
31-Oct-07	Results Update	211	232	Hold

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	8,237.3	10,392.9	12,191.0	14,448.9
Growth (%)	31.2	26.2	17.3	18.5
EBITDA	1,184.0	1,904.5	2,361.7	3,100.2
Growth (%)	58.3	60.9	24.0	31.3
Depreciation	385.4	397.1	435.0	455.0
EBIT	798.6	1507.4	1926.7	2645.2
Growth (%)	53.2	88.7	27.8	37.3
Interest	135.4	142.5	160.0	177.0
Other income	177.3	402.8	450.0	500.0
EBT	840.6	1767.7	2216.7	2968.2
Growth (%)	54.3	110.3	25.4	33.9
Tax	239.0	614.5	672.0	891.6
Effective tax rate	28.4	34.8	30.3	30.0
Adj net income	601.6	1153.2	1544.7	2076.6
Growth (%)	58.4	91.7	34.0	34.4
Shares outstanding (mn)	234.2	234.2	234.2	234.2
FDEPS (Rs)	2.6	4.9	6.6	8.9
DPS (Rs)	0.3	0.4	0.4	0.5
CEPS (Rs)	4.2	6.6	8.5	10.8

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	372.7	1150.6	1544.7	2076.6
Depreciation	385.4	397.1	435.0	455.0
Other adjustments	207.3	35.7	44.3	59.4
Changes in WC	(1,269.3)	565.5	(198.9)	(223.7)
Operating cash flow	(303.9)	2,148.9	1,825.2	2,367.2
Capital expenditure	(251.5)	(350.4)	(600.0)	(600.0)
Investments	365.2	(3,085.8)	(500.0)	(500.0)
Other investing inc/(exp)	-	-	-	-
Investing cash flow	113.7	(3,436.2)	(1,100.0)	(1,100.0)
Free cash flow	(190.2)	(1,287.3)	725.2	1,267.2
Issue of equity	2,463.7	(200.0)	-	-
Issue/repay debt	(20.3)	(45.7)	-	-
Dividends paid	(64.4)	(82.2)	(107.7)	(134.7)
Others	-	-	-	-
Financing cash flow	2,379.1	(327.9)	(107.7)	(134.7)
Beg. cash & cash eq	488.6	2,677.5	1,062.3	1,679.7
Chg in cash & cash eq	2,188.9	(1,615.2)	617.4	1,132.5
Closing cash & cash eq	2677.5	1062.3	1679.7	2812.2

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	2,677.5	1,062.3	1,679.7	2,812.2
Accounts receivable	1,212.2	1,464.7	1,760.9	2,127.2
Inventories	1,084.5	1,019.0	1,185.2	1,404.8
Others current assets	1,196.3	488.4	589.9	699.1
Current assets	6,170.5	4,034.3	5,215.8	7,043.2
LT investments	644.0	3,729.8	4,229.8	4,729.8
Net fixed assets	3,725.9	3,611.4	3,806.5	3,951.5
CWIP	10.5	130.1	100.0	100.0
Total assets	10,550.9	11,505.6	13,352.1	15,824.6
Payables	1,655.8	1,811.4	2,099.6	2,488.4
Others	153.6	206.2	253.2	305.5
Current liabilities	1,809.4	2,017.6	2,352.7	2,793.9
LT debt	1,695.7	1,650.0	1,650.0	1,650.0
Other liabilities	295.8	345.8	390.1	449.5
Equity capital	668.5	468.5	468.5	468.5
Reserves	6,081.5	7,023.8	8,490.8	10,462.7
Net worth	6,749.9	7,492.3	8,959.3	10,931.2
Total liabilities	10,550.9	11,505.6	13,352.1	15,824.6
BVPS (Rs)	20.2	32.0	38.3	46.7

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	14.4	18.3	19.4	21.5
EBIT margin (%)	9.7	14.5	15.8	18.3
Net profit margin (%)	7.3	11.1	12.7	14.4
FDEPS growth (%)	41.2	91.7	34.0	34.4
Receivables (days)	53.0	50.7	52.0	53.0
Inventory (days)	47.4	35.3	35.0	35.0
Payables (days)	72.4	62.7	62.0	62.0
Current ratio (x)	3.4	2.0	2.2	2.5
Interest coverage (x)	5.9	10.6	12.0	14.9
Debt/equity ratio (x)	0.2	0.2	0.2	0.1
ROE (%)	10.8	16.2	18.8	20.9
ROCE (%)	10.2	14.3	16.7	18.9
ROAE (%)	8.3	11.7	13.7	15.4
EV/Sales (x)	5.8	4.5	3.7	3.0
EV/EBITDA (x)	40.4	24.3	19.1	14.0
P/E (x)	81.8	42.7	31.8	23.7
P/BV (x)	7.3	6.6	5.5	4.5
P/CEPS (x)	49.8	31.7	24.8	19.4

Source: Company, Religare Research

CMP: Rs 2,084

Target: Rs 2,263

BUY

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BSE code	500112
NSE code	SBIN

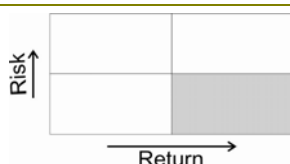
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	1,096.8/ 27.4
Outstanding equity shares (mn)	526.3
52-week high/low (Rs)	2,180/ 845
Quarterly average daily volume	684,575

Financial snapshot

Particulars	FY07	FY08E	FY09E
NII (Rs bn)	160.5	180.7	203.8
Growth (%)	3.0	12.5	12.8
Adj net profit (Rs bn)	45.4	59.9	72.3
Growth (%)	3.1	31.9	20.7
FDEPS (Rs)	86.3	113.8	137.4
Growth (%)	3.1	31.9	20.7
P/ABV (x)	4.2	3.6	3.0
ROE (%)	15.4	17.7	18.4

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	59.7	59.7
FIs	19.8	19.8
Banks & FIs	11.6	11.9
Public	8.9	8.6

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
SBI	2,084	10.5	38.9	89.7
Sensex	19,243	12.2	26.3	38.4
Bankex	10,274	11.3	29.7	45.0

Company website	www.statebankofindia.com
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Bright prospects

State Bank of India's (SBI) results are in line with the industry trend. NII growth has slowed to 6% YoY on the back of the industry-wide slackening in credit offtake as well as higher deposit acceptance. The management believes that loan offtake is likely to pick up and with sufficient liquidity (via a proposed rights issue), the cost of funds would remain under control. Robust growth in non-interest income during the quarter and lower provisioning shored up the bank's profit growth to 36% YoY. A substantial component of SBI's valuation comes from its banking and non-banking subsidiaries, whose operations remained robust during the quarter.

Going forward, the key issues for SBI would be the means of raising capital (likelihood of rights issue) and the receipt of RBI approval for formation of a holding company for its insurance and mutual fund businesses. SBI is also awaiting approval to merge one of its banking subsidiaries, State Bank of Saurashtra, with itself. This could be the first step towards a merger of all its other banking subsidiaries.

Slower credit growth would be a concern for the banking industry as a whole. We believe that SBI's extensive geographical reach lends it an edge over peers in this regard. We expect the bank to sustain its robust growth in fee income while the benefits of better operating leverage and lower provisioning requirements would propel profitability. Employing an SOTP model so as to build in the value of subsidiaries, we arrive at a target of Rs 2,263 for the stock, and recommend a Buy.

Quarterly results

(Rs bn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	% Chg QoQ
Int on advances	83.7	59.1	41.6	79.9	4.7
Inc on investments	28.6	25.1	13.9	28.9	(1.1)
Int on bal with RBI etc.	3.9	3.8	2.4	5.0	(22.9)
Interest income	116.2	88.0	32.0	113.9	2.0
Interest expenses	78.5	52.6	49.3	68.9	14.0
Net interest income	37.6	35.4	6.3	45.0	(16.3)
Other income	20.4	14.4	42.0	8.4	142.3
Total income	58.0	49.8	16.6	53.4	8.7
Operating expenses	30.9	28.7	7.9	29.8	3.8
PPP	27.1	21.1	28.4	23.6	14.9
Provisions and W/off	0.9	3.2	(73.3)	1.6	(46.2)
PBT	26.3	17.9	46.7	22.0	19.3
Taxes	10.2	6.1	67.5	7.8	30.9
PAT	16.1	11.8	36.0	14.3	13.0
Cost/ Income ratio (%)	53.3	57.6	-	55.8	-

Source: Company, Religare Research

Result highlights

Lower credit offtake and a higher cost of funds mute NII growth

Sluggish credit offtake hinders NII growth

Net interest income (NII) grew by a muted 6% YoY to Rs 37.6bn mainly on account of lower credit offtake, the accumulation of a greater quantum of deposits and an increase in cost of funds. The high interest rates paid on term deposits, particularly those accepted in Q4FY07 and Q1FY08, served to elevate the cost of funds.

NIM dips 18bps YoY

Yield on advances at the end of September 2007 improved 129bps to 9.84%, whereas return on investments declined 18bps to 6.6%. The cost of deposits has increased 97bps to 5.48%. This resulted in an 18bps YoY decline in the bank's net interest margin (NIM) to 2.84%.

Sustained business growth

Business growth has remained strong year-on-year but the moderation of credit offtake during the fiscal is telling on interest income. The management expects loan disbursements to pick up in the coming quarters. At the end of September 2007, advances stood at Rs 3,635.9bn, registering a growth of 26.2% YoY, while deposits expanded 23.3% to Rs 4,841.1bn. The higher interest rate environment has resulted in a decline in low-cost CASA deposits to 39.5% at the end of Q2FY08 as compared to 48% at the end of March 2007.

Non-interest income on a strong wicket

Non-interest income for the quarter grew 42% YoY to Rs 20.4bn backed by higher treasury gains and income from forex transactions. The growth in commission & exchange income was weak at 12% YoY to Rs 9.4bn, whereas forex income more than doubled to Rs 2.6bn. Profits from the sale of investments totalled Rs 4.4bn as against Rs 82mn in Q2FY07.

73% decline in provisioning expenses aided robust PAT growth of 36% YoY

Lower provisioning keeps operating expenses in check, boosts PAT

Operating expenses increased 8% YoY to Rs 30.9bn although expenses (excluding staff cost) rose 20% YoY as the bank accelerated its CBS (core banking solution) programme. An additional 550 branches have been brought under CBS sequentially. Further, provisioning expenses declined 73% YoY to Rs 857mn which pushed up profit growth to 36% YoY to Rs 16.1bn. Asset quality continues to improve with gross NPAs at 2.92% (as against 3.13% in Q1FY08) and net NPA's at 1.63%. Net NPAs has remained stable QoQ.

Other developments

Merger with SBS announced

SBI has announced the merger of State Bank of Saurashtra (SBS) with itself and is awaiting RBI and government approval for the same. While this is a positive step, we believe the merger has been initiated more with a view to testing the waters in terms of integrating staff, managing branch overlaps and determining other consolidation issues. We believe successful integration with SBS could pave the way for a merger of other associate banks. Most of these associate banks have stronger operational parameters than the parent company.

Impact of AS-15 norms placed at Rs 45bn

SBI expects a total impact of Rs 45bn due to the revised AS-15 requirements for pension accounting. ICAI has suggested two options to comply with the revised norms in order to account for the backlog of provisioning. Banks may either fully write off this shortfall to the net worth or amortise the same over five years. While a reduction of net worth would deteriorate the book value and capital adequacy ratio (CAR), spreading the charge over five years would mean lower profitability. We believe that SBI may opt for a reduction of net worth since it would be partially cushioned from the impact by its planned rights issue of Rs 180bn-200bn (pending government approval).

Valuation

We have valued SBI using the sum-of-the-parts (SOTP) approach so as to build in the value of its banking and non-banking subsidiaries.

No. 1 position coupled with extensive geographical reach would sustain growth

Core business valued at 1,519

SBI is ranked the number one bank in India. In view of its extensive reach and network, we expect SBI to continue to clock above-industry growth. Robust operating income, an increase in fee-based income and lower provisioning expenses would generate strong profits. We have valued the core business at Rs 1,519 based on 2.2x FY09E ABV (adjusted book value). A continued downtrend in credit growth for the industry and provisions towards AS-15 norms present risks to our valuation.

Banking subsidiaries

SBI has seven banking subsidiaries which largely function as regional banks focused on a particular state. All these subsidiaries are profitable and enjoy a robust asset base; we have valued them at Rs 378/share as per the table below. We have valued these subsidiaries in the range of 1.5–2x FY09E ABV.

Banking subsidiary valuation

Particulars	SBI's stake	Per share value for SBI (Rs)
State Bank of Bikaner and Jaipur	75%	57.8
State Bank of Travancore	75%	55.6
State Bank of Mysore	92%	52.7
State Bank of Patiala	100%	98.5
State Bank of Hyderabad	100%	134.5
State Bank of Indore	98%	42.4
State Bank of Saurashtra	100%	31.3
Total value of subsidiaries		472.9
Less: 20% holding company discount		94.6
Value per share of SBI		378.3

Source: Company, Religare Research

Non-banking subsidiaries

SBI Life has reported a PAT of Rs 140.9mn in H1FY08 as compared to Rs 38.3m in FY07

Life insurance – set to be a vital growth area: SBI's life insurance arm is ranked third amongst private players and is expected to be a major growth driver for the bank going forward. The business is a joint venture with Cardiff SA of France, with SBI holding a 74% stake. SBI Life has reported a PAT of Rs 140.9mn in H1FY08 as compared to Rs 38.3m in FY07. Gross income for the half year has increased 145% YoY to Rs 22.1bn. SBI Life enjoys cost advantages over its peers in the private sector as its business is driven by the bancassurance model.

The management has indicated that the gross insurance premium will rise to Rs 200bn over the next five years. SBI plans to set up a holding company for the insurance business and infuse funds into the business via a stake sale in the holding company. RBI approval for this organisational structure is awaited.

SBI's internal valuations place the insurance business at US\$ 7bn, translating to a per share value of Rs 394 for SBI. However, we have valued the business at Rs 300/share after factoring in a 20% holding company discount. We expect the new business premium to grow at 80% for FY08 with an NBAP (new business achieved profit) margin of close to 20%. Our valuation assigns a multiple of 17x to FY09 NBAP.

Other non-banking subsidiaries: As the table below shows, we have valued the other non-banking subsidiaries at Rs 66/share of SBI.

Valuation of non-banking subsidiaries (excluding life insurance)

Particulars	Per share value for SBI (Rs)	Valuation basis	Remark
SBI Capital Market	26.5	15x FY09E EPS of Rs 18.6	Net profits for H1FY08 have grown at 223% YoY to Rs 879.7mn.
SBI Cards and Payments	19.7	15x FY09E net profit of Rs 1.1bn	-
SBI DFHI	9.4	0.7x FY09E ABV of Rs 361	Gross income and PBT have grown at 107% and 118% respectively for H1FY08.
SBI Factors	3.0	15x FY09E EPS of Rs 4.2	Net profits for H1FY08 has registered growth of 36% YoY to Rs 134mn
SBI AMC	23.7	6% of the FY09E AUM of Rs 329bn	AUM at the end of H1FY08 stood at Rs 238bn.
Total value of subsidiaries	82.3		
Less: 20% holding company discount	16.5		
Value per share of SBI	65.9		

Source: Religare Research

SOTP-based target of Rs 2,263 represents 9% upside; Buy

We recommend Buy with a target of Rs 2,263

Our SOTP valuation yields a target price of Rs 2,263 for SBI. We recommend a Buy on the stock. SBI holds a 9% stake in NSE and an additional 3% stake through SBI Caps, which we have not factored into our valuation at present. The bank is also one of the promoters of UTI Mutual Fund which is in the process of coming out with an IPO, implying significant value generation for the bank going ahead.

Valuation summary

Particulars	Value (Rs/share)
SBI	1,518.7
Value of banking subsidiaries	378.3
SBI Life Insurance	300.3
Value of non-banking subsidiaries	65.9
Total value per share of SBI	2,263.2

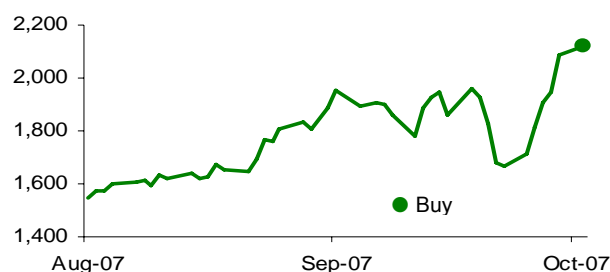
Source: Religare Research

Recommendation history

Date	Event	Reco price	Tgt price	Reco
30-Oct-07	Results Update	2,084	2,263	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Interest earned	359.8	394.9	493.7	579.0
Interest expended	203.9	234.4	313.1	375.2
Net interest income	155.9	160.5	180.7	203.8
Growth (%)	11.8	3.0	12.5	12.8
Non-interest income	74.4	57.7	71.6	85.4
Comm, Exchange & Brokerage	40.0	48.0	55.3	63.8
Growth (%)	4.4	(22.4)	24.1	19.3
Operating expenses	117.3	118.2	134.8	147.2
Pre-provisioning profits	113.0	100.0	117.4	142.0
Growth (%)	2.8	(11.5)	17.5	20.9
Provisions & contingencies	43.9	23.7	27.4	33.3
PBT	69.1	76.3	90.1	108.7
Income tax, Interest tax	25.0	30.8	30.2	36.4
Net profit	44.1	45.4	59.9	72.3
Growth (%)	2.4	3.1	31.9	20.7

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash in hand & bal with RBI	216.5	290.8	393.3	465.1
Balance with banks, Money at call	229.1	228.9	234.6	240.5
Investments	1,625.3	1,491.5	1,658.3	1,900.7
Advances	2,618.0	3,373.4	4,132.4	4,958.8
Fixed assets (net)	27.5	28.2	29.6	31.1
Other assets	223.8	252.9	226.5	242.6
Total assets	4,940.3	5,665.7	6,674.7	7,838.8
Equity capital	5.3	5.3	5.3	5.3
Reserves & surplus	271.2	307.7	357.8	419.6
Net worth	276.4	313.0	363.0	424.9
Deposits	3,800.5	4,355.2	5,203.3	6,166.9
Current deposits (a)	680.0	820.0	938.9	1,079.7
Savings bank deposits (b)	1,127.2	1,291.4	1,504.4	1,775.2
Term deposits (c)	1,993.3	2,243.9	2,760.0	3,311.9
Borrowings (incl sub-ord bonds)	356.3	558.7	647.8	740.3
Other liabilities & provisions	507.1	438.7	460.7	506.7
Total liabilities	4,940.3	5,665.7	6,674.7	7,838.8

Source: Company, Religare Research

Key ratios

Year-end March	FY06	FY07	FY08E	FY09E
Per share data				
Shares outstanding (mn)	526.3	526.3	526.3	526.3
FDEPS (Rs)	83.7	86.3	113.8	137.4
DPS (Rs)	14.0	14.0	16.0	17.0
Book value (Rs)	525.3	594.7	689.8	807.3
Adjusted book value (Rs)	432.0	494.8	579.9	684.8

Valuation ratios

Market price	2,084.0	2,084.0	2,084.0	2,084.0
P/E (x)	24.9	24.2	18.3	15.2
P/BV (x)	4.0	3.5	3.0	2.6
P/ABV (x)	4.8	4.2	3.6	3.0

Earnings quality (%)

Net interest margin	3.5	3.2	3.1	2.9
Yield on advances	7.6	8.3	9.7	9.6
Yield on investments	7.8	7.4	7.5	7.5
Cost of funds	4.9	4.7	5.3	5.4
Cost/Income	50.9	54.2	53.4	50.9
Return on average net worth	17.0	15.4	17.7	18.4
Return on average assets	0.9	0.9	1.0	1.0

Growth ratios (%)

Net interest income	11.8	3.0	12.5	12.8
Other income	4.4	(22.4)	24.1	19.3
Total income	9.3	(5.2)	15.6	14.7
Pre-provisioning profit	2.8	(11.5)	17.5	20.9
Net profit	2.4	3.1	31.9	20.7
Advances	29.4	28.9	22.5	20.0
Deposits	3.5	14.6	19.5	18.5

Asset quality

Proportion of low-cost deposits (%)	43.4	48.5	47.0	46.3
Credit-Deposit ratio (x)	68.9	77.5	79.4	80.4
Investment/Deposit (%)	42.8	34.2	31.9	30.8
Net NPA ratio	1.9	1.6	1.4	1.3
CAR	11.9	12.3	11.8	11.7
Tier-I ratio	9.4	8.0	7.5	7.3

Source: Company, Religare Research

Maruti Suzuki

Results Update

CMP: Rs 1,188

Target: Rs 1,192 

SELL 

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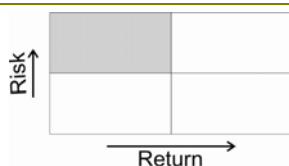
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	343.3/8.6
Outstanding equity shares (mn)	289.0
52-week high/low (Rs)	1,225/713
6-month average daily volume	904,865

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs bn)	146.5	174.1	206.2
Growth (%)	21.6	18.8	18.4
Adj net profit (Rs bn)	15.6	18.1	20.8
Growth (%)	28.8	15.7	14.9
FDEPS (Rs)	54.0	62.5	71.9
Growth (%)	28.8	15.7	14.9
P/E (x)	22.0	19.0	16.5
ROE (%)	25.4	23.6	22.1

Risk-return profile



Shareholding pattern

(%)	Sep-07	Jun-07
Promoters	54.2	58.7
FIs	14.2	12.9
Banks & FIs	26.0	22.7
Public & Others	5.6	5.7

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Maruti Udyog	1,188	18.9	41.0	48.0
Sensex	19,243	12.2	26.3	38.4
BSE Auto	5,617	6.6	13.6	13.6

Website	www.marutiudyog.com
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Strong volumes, stock fairly valued

Maruti Suzuki's (MSL) Q2FY08 results have been slightly below our expectations due to a lower-than-anticipated EBITDA margin. Net profit grew strongly by 27% YoY, while declining 7% QoQ to Rs 4.7bn, translating to an EPS of Rs 16.

Strong volume growth in H1FY08 has led us to revise our revenue estimates upwards by 6% for both FY08 and FY09. We have thus upgraded our earnings projections by 6% and 7% for these two years respectively. In addition to factoring in the earnings revision, we are building in the enhanced value of cash equivalents and also rolling our target forward to a one-year horizon. Our target price thus moves up 26% to Rs 1,192 from Rs 945. We believe the stock price already factors in the positives. Our target price represents a negligible upside; we therefore downgrade the stock to Sell.

Actual vs estimated performance

(Rs mn)	Actual	Estimated	% Variance
Net sales	45,473.7	45,514.5	(0.1)
EBITDA	5,977.9	6,452.2	(7.4)
PAT	4,665.0	4,911.4	(5.0)
EPS (Rs)	16.1	17.0	(5.0)

Source: Company, Religare Research

Quarterly results

(Rs mn)	Q2FY08	Q2FY07	% Chg YoY	Q1FY08	%Chg QoQ
Volume (units)	191,325	157,683	21.3	169,367	13.0
Net sales	45,473.7	34,191.9	33.0	39,308.2	15.7
Realisation per vehicle	237,677.8	216,839.5	9.6	232,088.9	2.4
EBITDA	5,977.9	4,756.2	25.7	5,747.9	4.0
EBITDA margin (%)	13.1	13.9	-	14.6	-
EBITDA per vehicle (Rs)	31,244.7	30,163.0	3.6	33,937.5	(7.9)
Depreciation	881.2	596.1	47.8	822	7.2
Interest	140.3	30.8	355.5	151	(7.1)
Other income	1,884.60	1,217.00	54.9	2,232.50	(15.6)
PAT	4,665.0	3,674.4	27.0	4,996.0	(6.6)
PAT margin (%)	10.3	10.7	-	12.7	-
PAT per vehicle (Rs)	24,382.6	23,302.4	4.6	29,498.1	(17.3)
Core profit per vehicle	17,665.5	17,998.0	(1.8)	20,100.2	(12.1)
EPS (Rs)	16.1	12.7	27.0	17.3	(6.6)
Cash EPS (Rs)	19.2	14.8	29.9	20.1	(4.7)
Core EPS (Rs)	11.7	9.8	19.1	11.8	(0.7)

Source: Company, Religare Research

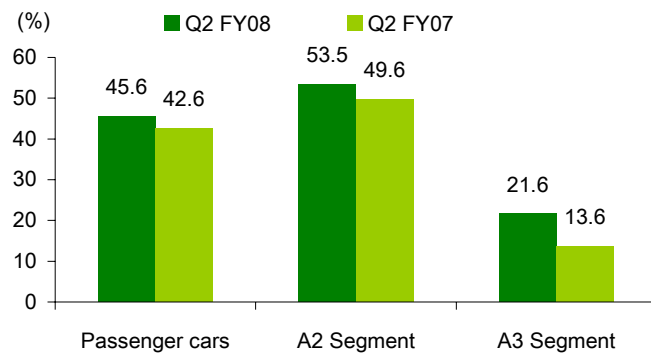
Result highlights

Volume sales up 21% with an 10% rise in per-vehicle realisations

Higher volume sales fuel revenue growth

MSL's revenues grew 33% YoY in Q2FY08 to Rs 45.5bn, aided by robust 21% volume growth and an 10% rise in realisations per vehicle. The improvement in realisation was due to a better product mix comprising an increasing proportion of new cars such as *Swift* (both diesel and petrol versions), *Zen Estilo* and *SX4*. The company's overall market share has strengthened 301bps YoY to 45.6% in Q2FY08, backed by 18% volume growth in the A2 passenger car segment (*Alto*, *Wagon R*, *Zen* and *Swift*) and a 105% rise in the A3 segment (*Esteem*, *Baleno* and *SX4*).

MSL's market share across passenger car segments



Source: SIAM

New launches steering performance

MSL's new launches (*SX4* and *Swift*) are performing extremely well. The waiting period for *SX4* is around 2-2 ½ months, while that of *Swift*'s petrol and diesel versions is 15 days and one month respectively. The recently launched SUV, *Grand Vitara*, is aggressively priced and has also witnessed a strong response. The company plans to roll out three more models by FY10, besides launching a small car in Europe in FY09, which will lend a fillip to exports.

PAT growth of 27% YoY

Other income has risen 55% during the quarter to Rs 1.9bn. This supported a 27% YoY growth in net profit to Rs 4.7bn.

Future outlook

Targets exports of 200,000 units by FY10 through the launch of a new small car in Europe

Exports to support volume growth from FY09

We see huge growth potential for MSL in the international market. The company has declared its intention of achieving export volumes of ~200,000 units by FY10. It initially plans to export 100,000 units to Europe (through Suzuki). For this purpose, MSL proposes to exclusively launch a new small car, which apart from servicing export needs, will also be sold in the domestic market. The company targets the launch of this small car by the end of CY08. Hence, the ramp up in exports is expected only from FY09 onwards. We expect exports to grow at a CAGR of 33% over FY07-FY10 to 94,000 units.

Aggressive capacity expansion underway

MSL plans to invest ~Rs 20bn each year over the next couple of years for expanding capacities at its Manesar and engine plants and also towards product development. At Manesar, it is raising capacities from 100,000 units to 200,000 in FY09 and further to 300,000 units by FY10. Out of the estimated capex of Rs 20bn by the end of FY09, Rs 6.8bn has already been incurred in H1FY08.

Earnings estimates raised

The strong volume growth in H1FY08 has led us to revise our revenue estimates upwards by 6% for both FY08 and FY09. We have thus upgraded our earnings projections by 6% and 7% for these two years respectively.

Revised estimates

(Rs bn)	FY08E			FY09E		
	Earlier	Revised	% Chg	Earlier	Revised	% Chg
Revenue	164.5	174.1	5.9	194.8	206.2	5.9
EBITDA	22.6	23.9	5.7	26.9	28.5	5.9
EBIDTA margin (%)	13.7	13.7	-	13.8	13.8	-
Net profit	17.0	18.1	6.3	19.5	20.8	6.5
EPS (Rs)	59.0	62.5	6.0	67.5	71.9	6.5

Source: Religare Research

Earnings to grow at 15%

We expect MSL to deliver strong revenue growth given a favourable domestic macroeconomic outlook (robust GDP growth, rising disposable incomes and a slew of new models/variants) and the company's ability to maintain market share and margins in a highly competitive environment. MSL's earnings are expected to grow at a 15% CAGR over FY07-FY09 on the back of a 19% revenue CAGR and a 20bps improvement in EBITDA margin. The company's EPS for FY08 and FY09 is estimated at Rs 63 and Rs 72 respectively.

Downgrade to Sell

In addition to factoring in the earnings revision, we are building in the enhanced value of cash equivalents and also rolling our target forward to a one-year horizon. Our target price thus moves up 26% to Rs 1,192 from Rs 945. We believe the stock price already factors in the positives. Our target price represents a negligible upside and we therefore downgrade the stock to Sell.

Fairly valued; downgrade to Sell

MSL's enterprise value

Particulars	Value (Rs/share)
FY09 core EPS	66.1
Target multiple (x)	15.5
Value of core business	1,024.6
Cash & equivalents	167.2
Maruti's enterprise value	1,191.8
CMP	1,188.0
Potential upside (%)	0.3

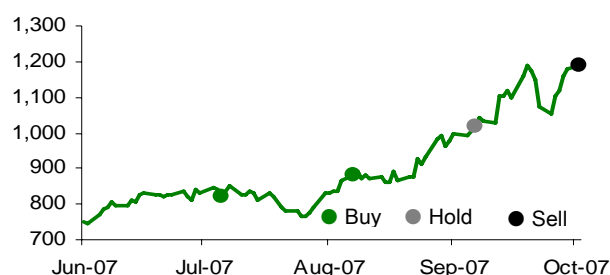
Source: Religare Research

Recommendation history

Date	Event	Reco price	Tgt price	Reco
02-Aug-07	Results Update	821	945	Buy
04-Sep-07	Company Update	881	945	Buy
05-Oct-07	Quarterly Preview	1,020	945	Hold
30-Oct-07	Results Update	1,188	1,192	Sell

Source: Religare Research

Stock performance



Source: Religare Research

Financials

Profit and Loss statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Revenues	120.5	146.5	174.1	206.2
Growth (%)	10.0	21.6	18.8	18.4
EBITDA	16.3	19.9	23.9	28.5
Growth (%)	14.3	22.4	20.0	19.3
Depreciation	2.9	2.7	3.6	4.6
EBIT	13.4	17.2	20.2	23.8
Growth (%)	38.9	28.2	17.8	17.8
Interest	0.2	0.4	0.5	0.5
Other income	4.3	6.0	6.5	6.7
EBT	17.5	22.8	26.2	30.1
Growth (%)	32.5	30.3	14.9	14.9
Tax	5.6	7.2	8.1	9.3
Effective tax rate	32.1	31.5	31.0	31.0
Adj net income	12.1	15.6	18.1	20.8
Growth (%)	42.0	28.8	15.7	14.9
Shares outstanding (mn)	289.0	289.0	289.0	289.0
FDEPS (Rs)	42.0	54.0	62.5	71.9
DPS (Rs)	3.5	5.0	6.0	6.0
CEPS (Rs)	51.0	63.4	75.1	87.9

Source: Company, Religare Research

Cash flow statement

(Rs bn)	FY06	FY07	FY08E	FY09E
Net income	11.7	15.6	18.1	20.8
Depreciation	2.9	2.7	3.6	4.6
Other adjustments	(1.5)	(2.5)	(2.3)	(1.9)
Changes in WC	(0.8)	(5.4)	(5.3)	(4.5)
Operating cash flow	12.2	10.4	14.2	19.0
Capital expenditure	(1.8)	(18.4)	(25.0)	(19.3)
Investments	(5.2)	5.0	5.0	0.0
Other investing inc/(exp)	1.7	2.9	2.8	2.4
Investing cash flow	(5.3)	(10.6)	(17.2)	(16.9)
Free cash flow	6.9	(0.2)	(3.0)	2.1
Issue of equity	0.0	0.0	0.0	0.0
Issue/repay debt	(2.4)	4.7	(0.9)	0.5
Dividends paid	(0.6)	(1.2)	(1.6)	(2.0)
Others	(0.3)	(0.4)	(0.5)	(0.5)
Financing cash flow	(3.2)	3.2	(3.1)	(2.0)
Beg. cash & cash eq	10.3	14.0	17.0	10.9
Chg in cash & cash eq	3.7	3.0	(6.1)	0.1
Closing cash & cash eq	14.0	17.0	10.9	11.0

Source: Company, Religare Research

Balance sheet

(Rs bn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	14.0	17.0	10.9	11.0
Accounts receivable	6.5	8.0	9.5	13.0
Inventories	8.8	11.0	13.0	17.9
Others current assets	8.1	13.1	18.1	18.1
Current assets	37.5	49.1	51.6	60.0
LT investments	20.5	15.5	10.5	10.5
Net fixed assets	17.0	32.7	51.5	66.7
CWIP	0.9	0.9	3.4	3.0
Total assets	75.9	98.2	117.1	140.2
Payables	5.6	6.9	8.2	9.7
Others	9.5	11.4	13.3	15.6
Current liabilities	15.1	18.3	21.5	25.3
LT debt	0.7	5.4	4.5	5.0
Other liabilities	5.6	6.0	6.4	6.4
Equity capital	1.4	1.4	1.4	1.4
Reserves	53.1	67.1	83.2	101.9
Net Worth	54.5	68.5	84.6	103.4
Total liabilities	75.9	98.2	117.1	140.2
BVPS (Rs)	188.7	237.0	292.7	357.8

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	13.5	13.6	13.7	13.8
EBIT margin (%)	11.1	11.7	11.6	11.6
Net profit margin (%)	10.1	10.7	10.4	10.1
FDEPS growth (%)	42.0	28.8	15.7	14.9
Receivables (days)	20.8	20.0	20.0	23.0
Inventory (days)	36.3	36.3	36.3	42.0
Payables (days)	22.8	22.8	22.8	22.8
Current ratio (x)	0.5	0.7	0.8	0.7
Interest coverage (x)	65.7	45.7	37.6	49.6
Debt/equity ratio (x)	0.0	0.1	0.1	0.0
ROE (%)	24.7	25.4	23.6	22.1
ROCE (%)	23.8	24.4	23.1	22.7
ROAE (%)	19.2	19.7	18.8	18.5
EV/Sales (x)	2.6	2.2	1.9	1.6
EV/EBITDA (x)	19.1	16.0	13.7	11.5
P/E (x)	28.9	22.0	19.0	16.5
P/BV (x)	6.3	5.0	4.1	3.3
P/CEPS (x)	23.3	18.7	15.8	13.5

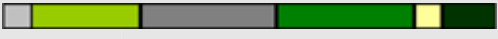
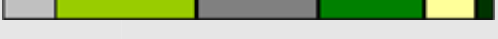

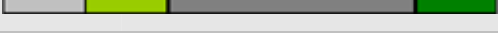


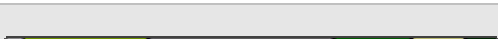

Source: Company, Religare Research

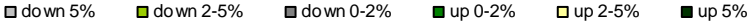
Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
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
22-Oct-07	ICICI Bank	Results Update	1,024	1,215	BUY
22-Oct-07	Great Offshore	Results Update	785	1,002	BUY
22-Oct-07	Garware Offshore Services	Results Update	190	272	BUY
22-Oct-07	Garware Wall Ropes	Results Update	154	301	BUY
23-Oct-07	Venus Remedies	Results Update	465	708	BUY
23-Oct-07	ACC	Results Update	1,018	1,110	HOLD
23-Oct-07	DS Kulkarni Developers	Initiating Coverage	230	502	BUY
24-Oct-07	K S Oils	Results Update	80	101	BUY
24-Oct-07	Reliance Industries	Results Update	2,602	2,740	HOLD
24-Oct-07	Bajaj Auto	Results Update	2,512	2,821	BUY
24-Oct-07	Tech Mahindra	Results Update	1,270	1,469	BUY
24-Oct-07	Greenply Industries	Results Update	244	300	BUY
24-Oct-07	Riddhi Siddhi Gluco Biols	Results Update	241	372	BUY
24-Oct-07	EMCO	Company Update	1,170	1,450	BUY
24-Oct-07	Satyam Computer Services	Results Update	462	523	BUY
25-Oct-07	Deepak Fertilisers and Petrochemicals	Results Update	101	158	BUY
25-Oct-07	Ashok Leyland	Results Update	37	48	BUY
25-Oct-07	Binani Cement	Results Update	109	148	BUY
25-Oct-07	Shringar Cinema	Results Update	60	75	BUY
25-Oct-07	Dishman Pharma and Chemicals	Results Update	295	341	BUY
25-Oct-07	Cipla	Results Update	197	178	SELL
26-Oct-07	Union Bank of India	Results Update	160	198	BUY
26-Oct-07	Opto Circuits India	Results Update	562	642	BUY
26-Oct-07	MindTree Consulting	Results Update	502	497	SELL
26-Oct-07	Bank of Maharashtra	Results Update	59	73	HOLD
26-Oct-07	Peninsula Land	Results Update	131	153	BUY
26-Oct-07	Nicholas Piramal India	Results Update	285	342	BUY
29-Oct-07	UTV Software Communications	Results Update	708	795	BUY
29-Oct-07	Cadila Healthcare	Results Update	301	416	BUY
29-Oct-07	GlaxoSmithKline Pharma	Results Update	1,082	1,295	BUY
29-Oct-07	DS Kulkarni Developers	Results Update	255	502	BUY
30-Oct-07	Sun Pharma Industries	Results Update	1,042	1,217	BUY
30-Oct-07	Federal Bank	Results Update	388	434	HOLD
30-Oct-07	Tulip IT Services	Results Update	890	1,015	BUY
30-Oct-07	Apollo Tyres	Results Update	39	56	BUY
30-Oct-07	TVS Motor	Results Update	57	48	SELL
30-Oct-07	Divi's Laboratories	Results Update	1,645	1,686	HOLD
30-Oct-07	Deccan Chronicle	Results Update	204	251	BUY
30-Oct-07	State Bank of India	Results Update	2,084	2,263	BUY
30-Oct-07	Maruti Suzuki	Results Update	1,188	1,192	SELL
31-Oct-07	HDIL	Results Update	656	871	BUY
31-Oct-07	Lakshmi Energy & Foods	Results Update	190	260	BUY
31-Oct-07	HT Media	Results Update	211	232	HOLD

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	30-Oct	1-day	1-mth	3-mth	
Automobiles	5,480	(3.1)	2.8	11.1	
Banks	10,550	(0.9)	11.4	29.5	
Capital Goods	20,007	0.8	36.3	50.2	
Comm. & Tech.	3,993	(0.6)	6.0	4.8	
Consumer Durables	5,257	(1.6)	9.4	26.0	
FMCG	2,147	(0.7)	(0.7)	8.8	
Healthcare	3,898	(0.7)	3.0	4.8	
IT	4,648	(0.6)	0.4	(4.4)	
Metal	17,302	0.7	24.1	48.8	
Oil & Gas	11,526	(1.1)	20.5	41.8	
Mid-caps	8,048	(0.4)	8.4	19.8	
Small-caps	9,644	(0.6)	6.0	19.5	

Number of companies: 

Emerging markets

Country	% Chg				
	30-Oct	1-day	1-mth	3-mth	6-mth
Brazil	64,383	(1.0)	6.5	18.8	31.5
Shanghai	5,924	0.5	6.7	32.5	54.2
Hong Kong	31,385	(0.8)	15.6	35.4	54.5
India	19,784	(1.0)	14.4	27.2	42.6
South Korea	2,049	(0.2)	5.3	6.0	32.9
Taiwan	9,676	(0.8)	2.1	4.2	22.9

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	259.6	259.6	4,286.4	17,305.1
South Korea	118.9	266.0	(2,525.5)	(18,638.5)
Taiwan	146.9	746.0	435.2	4,329.6
Thailand	1,167.3	62.9	480.3	3,547.0

Events calendar

Financial results

October 31		November 1		2	
Berger Paints		Ranbaxy Lab – Interim Dividend		Bampsl Securities - Bonus 2:5	
Bharat Petroleum Corpn		Duncans Industries		Garden Silk Mills – Dividend	
Celebrity Fashions				Parenteral Drugs – Bonus	
Gangotri Textiles				Greaves Cotton	
IVRCL Infr				Lok Housing & Constructions	
IVR Prime					
Hindalco Industries					
3		4		5	
Prime Securities – Dividend		-		-	
Modi Rubber					

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Bharat Earth Movers	Lloyd George Investment Management (Bermuda)	B	276,980	1,610.3
Bharat Earth Movers	Reliance Mutual Fund	S	270,719	1,610.8
Dr Reddy's Laboratories	Llyod George Investment	S	863,850	615.0
Gujarat NRE Coke	Morgan Stanley Dean Witter Mauritius Co	S	2,046,323	116.2
Heritage Fo	HDFC Mutual Fund Ac Hdfc Long Term Advantage Fund	S	126,000	237.0
ICRA	Birla Sun Life Trustee Company	B	60,000	1,032.0
ICRA	Reliance Capital Trustee Co A/C Reliance Banking Fund	S	60,000	1,037.5
Jaihind Proj	Citigroup Global Markets Mauritius	B	26,576	145.8
Jaihind Proj	Ajit Investments	S	28,000	147.3
Jain Irri Sy	Prudential ICICI Trust Ac Dynamic Plan	S	569,000	575.0
Oswal Chem & Fert	Reliance Capital Trustee Co	S	1,349,274	42.8
R Systems International	Intel Capital Corporation FDI Account	S	175,000	92.5
Rsystems Int	Intel Capital Corporation FDI Account	S	101,217	92.1
Sundaram Finance	Reliance Capital Asset Management A/C Pms	B	300,000	540.1
Sundaram Finance	Franklin Templeton Mutual Fund A/C Frk Templ	S	303,781	540.1

Source: BSE

Insider trading

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%	Qty	%
Apollo Tyres	JM Financial Mutual Fund	B	1,000,000	0.2	23,222,863	-
Bilpower	Choudhary Global	B	6,966	0.1	316,832	3.5
Contech Software	Master Kahaan R Vasa	S	81,750	1.5	477,250	8.7
Contech Software	Master Karan R Vasa	S	50,000	0.9	485,000	8.8
Dolat Investments	Khyati Investments	S	776,743	0.9	2,428,461	2.8
Financial Technologies (India)	Shreekant Javalgekar	S	1,800	-	7,000	-
Garnet International	Maxwell Management Serv & Pac	B	75,000	1.6	2,143,261	45.4
Garnet International	Amisha D Mehta	S	75,000	1.6	200,000	4.2
Hotel Leela Venture	R Venkatachalam	S	50,000	-	70,500	0.0
Hotel Leela Venture	R Venkatachalam	S	60,000	-	120,500	0.0
Iol Chemicals & Pharmaceuticals	India Star (Mauritus)	B	1,330,000	9.9	1,330,000	9.9
Kec Infrastructures	Jubilee Investments & Industries	B	4,000,000	8.3	7,520,666	15.5
KRBL	Arun Kumar Gupta	B	12,100	-	1,631,600	6.7
KRBL	Anoop Kumar Gupta	B	10,538	-	1,604,500	6.6
KRBL	Anil Kumar Mittal	B	11,151	-	1,563,651	6.4
Maharashtra Seamless	Jhanjhari Holding	B	99,477	0.1	1,805,077	2.6
Mastek	Rajesh Mashruwala	B	1,000	-	-	-
Mcdowell Holdings	Deutsche Bank Ag	B	871,500	7.2	973,047	8.0
Mudra Lifestyle	Mahesh K Poddar	B	15,000	-	15,000	0.0
Mudra Lifestyle	Ganeshmal Surana	B	14,900	-	14,900	0.0
Nicholas Piramal India	A K Bhat	S	1,000	-	13,810	-
Nicholas Piramal India	A K Bhat	S	2,000	-	11,810	-
Orient Abrasives	S G Rajgarhia (Huf)	B	46,376	-	38,212,026	6.4
Praj Industries	Berjis Desai	S	990,000	-	1,261,450	0.7
Ranbaxy Laboratories	Dr Brian W Tempest	S	54,300	-	-	-
Reliance Natural Resources	Aaa Power Systems (Global)	N	160,000,000	5.2	858,241,254	52.6
Srei Infrastructure Finance	Goldman Sachs Inv (Mauritius) I	B	7,546,969	-	-	-
Srei Infrastructure Finance	Goldman Sachs Inv(Mauritius) I	S	8,336,896	-	5,707,538	5.2

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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