BNR Capital Services

NEWS LETTER

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Cement: *Margin cracks*

Loses pricing power on weak demand and rising capacities but still faces high input costs which can deteriorate the sector's operating performance

Slowing construction activity in the country coupled with skyrocketing input cost has put severe pressure on the margins of the cement manufacturers in the country during the past few quarters. However lately prices of some of the major input have started falling, which could improve the operating margins of the cement manufacturers.

The price of imported coal corrected drastically after crossing more than US$ 200 per metric tonne. Falling crude oil prices could also lower the packaging cost. However the fall in these prices were offset by the depreciation rupee against the US dollar.

The Cement industry has announced various capacity expansion plans during the past few quarter, however much of the capacities are expected to be delayed. The major concern for the industry is the slowdown in demand due to slow down in the real estate and the construction activity coupled with excess capacity. This could significantly reduce the benefits that could have accrued due to input price fall.

The cement industry posted excellent top-line growth during the quarter ended September 2008 mainly driven by continuous growth in demand from the South Indian markets where the construction activity continued to be buoyant despite the slow down in the overall real estate sector. The aggregate top-line of 26 major cement manufacturers in the country increased 15% to Rs 10,526 crore during the quarter under review. Major South Indian manufacturers like India Cements, Madras Cements and Dalmia Cement posted excellent top-line growth. Major manufacturers in the North also posted good set of top-line growth during the quarter ended September 2008. However almost all the major manufacturers across the country posted disappointed numbers at the operating level due to significant increase in input costs.

Increases in various input costs like the cost of imported coal and also freight cost has resulted in the operating cost of the companies operating in the sector rising significantly. Due to lower linkage of domestic coal many players in the sector had to resort to imported coal, which added to the freight cost as well. Although the prices of international coal eased during the later part of the quarter, the depreciating rupee during the period offset that reduction.

Thus the OPM for the sector fell by 800 bps to 24.7%, as a result of which the aggregate operating profit fell by 13% to Rs 2,601 crore during the quarter ended September 2008. The aggregate other income fell by 7% to Rs 182 crore. Thus the PBDIT fell by 13% to Rs 2,783 crore during the quarter under review.

Global liquidity crises had a concomitant effect on the domestic financial sector as well in terms of adequate liquidity. This resulted in the increase in the cost of loan funds. Added to this the additional brown field and green field capacity coming on stream has resulted in the interest cost and the depreciation allowance of the cement sector shooting up dramatically. Both the interest cost and the depreciation allowance increased by 35% and 22% to Rs 275 crore and Rs 569 crore respectively. Thus the total PBT fell by 23% to Rs 1,939 crore. After providing for tax, which decreased by 14% during the quarter, the net profit posted a fall of 26% to Rs 1,390 crore during the quarter ended September 2008.

Major South India based cement manufacturers posted excellent top-line growth during the quarter ended September 2008 due to excellent demand growth in this region. The south market was also isolated from the imports thus enabling the prices to remain stable as compared to the other part of the country. The aggregate revenue of 11 south based cement manufacturers under review increased by 24% to Rs 2,923 crore during the quarter ended September 2008 as compared to the corresponding quarter of the previous year. However performance at the operating level deteriorated due to increase in input cost. The OPM fell by 900 bps to 29.5%, which resulted in the operating profit falling by 5% to Rs 861 crore during the quarter under review.

Other income however fell by 58% as a result the PBIDT fell by 8% to Rs 880 crore. The interest cost and the depreciation allowance during the quarter increased significantly by 56% and 68% to Rs 123 crore and Rs 180 crore respectively. Thus the PBT fell significantly by 25% to Rs 577 crore during the quarter ended September 2008. After providing for tax expenses, which fell marginally by 2% the aggregate net profit of the south based cement manufacturers posted a fall of 31% to Rs 407 crore during the quarter ended June 2008.

The scenario in the northern market was less buoyant as compared to the southern market due to excess supply caused by imports and slowing construction activity in many parts of north. The aggregate revenue of north based cement manufacturers thus increased by just 12% to Rs 7,603 crore during the quarter ended September 2008 as compared to the same period last year. The aggregate OPM fell by 800 bps due to increasing cost and tight pricing regime.

Thus the operating profit fell by 17% to Rs 1,740 crore during the quarter under review. Other income however increased by 8% to Rs 163 crore. The interest cost and the depreciation allowance increased by 22% and 8% to Rs 152 crore and Rs 389 crore respectively. Thus the PBT fell by 22% to Rs 1,362 crore during the quarter ended September 2008. The tax expenses fell by 18% to Rs 379 crore, thus the aggregate net profit of the northern region manufacturers fell by 24% to Rs 983 crore as compared to the corresponding quarter of the previous year.

Despite lower raw material costs, the cement prices continued to be at higher levels during the previous month. Manufacturers in the country are faced with demand slow down and over supply situation due to additional production that could come on stream. The wholesale and retail prices in major markets remained unchanged on weekly basis. The wholesale prices of cement per 50 kg bag during the first week of October 2008 in major cities are as follows-

Delhi: Rs 224/50 kg bag, Chennai: Rs 273/50 kg bag, Kolkata: Rs 240/50 kg bag, and Bangalore:Rs 243/50 kg bag

During the month of October 2008, the cement industry posted excellent growth in production and dispatches as compared to the corresponding month of the previous year. The overall production increased by 7% to 14.73 million metric tonnes as compared to 13.81 million metric tonnes during the same period last year. The sales however increased by just 4% to 14.27 lakh metric tonnes. Thus there was inventory build-up signifying slowing demand.

Excellent growth in production and dispatches were mainly assisted by excellent growth in production in the Southern market of the country. The eastern region and the northern region also posted excellent growth during October 2008. However the central region and the western region posted disappointing growth.

The production and dispatches in the southern region of the country increased by 11% and 9% to 48.4 lakh metric tonnes and 46.9 lakh metric tonnes respectively during the month of October 2008. The production of cement from the eastern region and the northern region increased by 8% and 9% to 19.9 lakh metric tonnes and 34.3 lakh metric tonnes whereas the dispatches in these regions increased by 8% and 6% to 19.8 lakh metric tonnes and 33.6 lakh metric tonnes respectively. The western & the central region dispatches deteriorated by 4% and 3% to 22.6 lakh metric tonnes and 19.9 lakh metric tonnes amid flat production growth during this period.

Cement, which has a weight of 1.73% in the WPI index, has continued to be at higher levels during the month of November 2008 despite signs of fall in demand in major markets in the country. Though there has been fall in major input prices during the previous month cement manufacturers have refused to lower the prices significantly. Thus WPI of cement increased by 2% during the month of November 2008 to 225.10 as compared to the same period last year. WPI was marginally lower as compared to the previous month when it was 225.18.

Outlook

The government of India announced export incentives to the cement and the steel sector, in order to bail out the steel and cement industries, reeling from under crash in prices and lack of demand. Exporters of cement and several steel items will again be entitled for tax refunds through Duty Entitlement Passbook Scheme (DEPB).

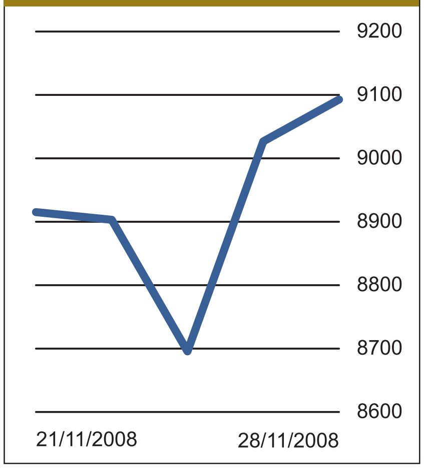
Cement producers with crude oil based feedstock for their captive power plant will benefit from crash in these prices, especially from November 2008. Similarly, imported coal prices have melted down significantly, with some grades available below US$ 100 per tonne on spot basis. Players using pet coke will also stand to gain. So, on cost front, the quarter ending December 2008 will be far better with significant savings over the quarter ended September 2008.

But the demand growth prospects have worsened, and the capacity additions will add further pressure. Already, the capacity utilizations have crashed to 77% in August 2008 and 81% in September 2008, down significantly from 93% in the six months ended September 2007. Fortunately, many of the green field / brown field expansion plans are getting delayed. But as the industry is losing pricing power due to sluggish demand and rising capacities, we believe that the worst is yet to come for the cement sector.

MARKET SCAN

28-Nov-08		±	Adv.	Dec.
BSE	9092.72	66.00	996	1220
NSE	2755.10	2.85	495	671

BSE SENSEX



TOP GAINERS / LOSERS

	28-NOV-08	14-NOV-08	VARI(%)
GAINERS			
GTL INFRAST	44.35	36.35	22.0
EIH LTD.	97.75	81.00	20.7
SPICE TELE	36.70	30.50	20.3
IVRCL INFRAS	134.90	115.10	17.2
BHARAT PET.	354.10	312.80	13.2
LOSERS			
UNITECH LTD	23.10	45.75	-49.5
BHUSH STEEL	395.40	674.25	-41.4
GUJ.MINERAL	26.75	43.15	-38.0
THERMAX	174.55	269.00	-35.1
HOUSING DEV	76.85	117.40	-34.5
Figures in Rs			

DATE	PURCHASES (RS CR)	SALES (RS CR)	NET (RS CR)
FII (Equity)			
This Fortnight (11/26)	13617	17921	-4305
This Month (Nov 26)	30416	33014	-2598
Jan '99 to Till Date	2976731	2889214	85774
MF (Equity)			
This Fortnight (11/26)	3643	3991	-349
This Month (Nov 26)	7496	8470	-974
Feb '00 to Till Date	743634	712974	31152

Sensex gains 2% in volatile trade

Hopes that other central banks will follow suit after a surprise steep rate cut announced by China's central bank, US measures to prop up Citigroup, the beleaguered US bank, better than expected gross domestic product data and lower inflation data lifted the market last week. The market ended the week with decent gains despite worst terror attack on Mumbai, India's financial capital which forced regulators to shut financial markets on Thursday, 27 November 2008.

However volatility was high throughout the week ahead of the expiry of November future & options contracts which was postponed to Friday, 28 November 2008 due to closure of stock markets on Thursday. Terrorists launched coordinated attacks in India's financial center of Mumbai on Wednesday 26 November 2008, killing at least 132 and wounding hundreds at a train station, luxury hotels and a restaurant popular with Western tourists.

China's central bank on 26 November 2008, cut banks' benchmark lending and deposit rates by 1.08% for the fourth time since mid-September 2008. The cut in the lending rate was the biggest since October 1997.

US Treasury Department on Sunday, 23 November 2008, announced that it was investing $27 billion in Citigroup in exchange for preferred shares as one of a series of actions to help the beleaguered bank.

The BSE 30-share Sensex gained 177.51 points or 1.99% to 9,092.72 in the week ended Friday, 28 November 2008. The S&P CNX Nifty rose 61.65 points or 2.28% to 2,755.10 in the week.

However, the BSE Mid-Cap fell 30.90 points or 1.06% to 2,885.76 and the BSE Small-Cap index shed 86.15 points or 2.54% to 3,304.61. Both the indices underperformed the Sensex.

The barometer index BSE Sensex is down 11,194.27 points or 55.17% in the calendar year 2008 so far from its close of 20,286.99 on 31 December 2007. It is 12,114.05 points or 57.12% below its all-time high of 21,206.77 struck on 10 January 2008.

BSE IT index (up 4.13% to 2,558.94), BSE Power index (up 2.71% to 1,631.69), BSE FMCG index (up 2.59% to 1,936.60), BSE Auto index (up 1.1% to 2,330.56), BSE Bankex (up 1.01% to 4,645.40) outperformed the Sensex in the week.

Sustained selling by the foreign institutional investors (FII) to shore up resources to beat the global liquidity crunch, have weighed heavily on the bourses. FII outflow reached Rs 54,301.10 crore in calendar 2008, till 25 November 2008.

Firm European shares, higher US index futures and a finance ministry report which said prospects for India's expansion remain fairly robust, triggered a late intraday recovery on the bourses on Monday, 24 November 2008. Wild swings in US index futures after US government's rescue plan for Citigroup caused immense volatility on the domestic bourses. The BSE 30-share Sensex was down 12.09 points or 0.14%, to 8,903.12 on Monday, 24 November 2008.

The market lost ground on Tuesday, 25 November 2008, on concerns about sharply deteriorating major global economies. The BSE 30-share Sensex lost 207.59 points or 2.33%, to 8,695.53 on Tuesday, 25 November 2008. The market was volatile with volatility in some Asian markets causing volatility here. After an initial surge on the back rally in global stocks triggered by US government's rescue of Citigroup, the market came sharply off the higher level on concerns about India's fiscal deficit, on slightly lower US index futures and easing of Asian stocks from higher level.

Hopes that other central banks will follow suit after a surprise steep rate cut announced by China's central bank propelled the market sharply higher in late trade on Wednesday, 26 November 2008. The BSE 30-share Sensex jumped 331.19 points or 3.81% to 9,026.72 on Wednesday, 26 November 2008. China's central bank on 26 November 2008, cut banks' benchmark lending and deposit rates by 1.08% for the fourth time since mid-September 2008.

The Bombay Stock Exchange and National Stock Exchange remained closed on 27 November 2008, in the wake of terror attacks in Mumbai late on Wednesday 26 November 2008

Rate cut hopes may support market

Expectations that the central bank would again cut interest rates to shore up a faltering economy may support the market which shrugged off terror attack on Mumbai, India's financial capital, last week. The sentiment remains edgy due to selling by foreign funds and concerns about the weakening domestic and global economy.

Terrorists launched coordinated attacks in India's financial center of Mumbai on late Wednesday 26 November 2008, killing at least 132 and wounding hundreds at a train station, luxury hotels and a restaurant popular with Western tourists.

Falling inflation will support a soft monetary policy adopted by the central bank. Inflation based on the wholesale price index (WPI) rose 8.84% in the 12 months to 15 November 2008, a tad below the previous week's annual rise of 8.9%, data released by the government on 27 November 2008, showed. Inflation for the week ended 20 September 2008 was revised upwards to 12.13% from 11.99%. Inflation has been softening since peaking at 12.91% on 2 August 2008.

India's economy grew at 7.6% in the September 2008 quarter from a year earlier, at its slowest pace in nearly four years as it battered by high borrowing costs, data released by the government on Friday, 28 November 2008, showed.

The slowdown in the Indian economy and reduced availability and rising cost of funds are taking their toll on the performance of the corporate sector. Moreover, companies which have resorted to substantial overseas borrowing are seeing increase in cost of servicing the loan due to depreciation rupee which hit a record low of 50.60 against the dollar on 20 November 2008. Some companies have cut production to avoid higher inventories.

Sustained selling by the foreign institutional investors (FII) to shore up resources to beat the global liquidity crunch, have weighed heavily on the bourses. FII outflow reached Rs 54,301.10 crore in calendar 2008, till 25 November 2008.

Political uncertainty ahead of state elections will continue to weigh on the market. Delhi and Mizoram will go to the polls on 29 November 2008 and Rajasthan on 4 December 2008. The results of all five states including Chattisgarh and Madhya Pradesh are expected on 8 December 2008.

FII DERIVATIVES

Fortnightly (28-Nov-08)			
	Buy	Sell	Net
Index Futures	15575.38	15141.00	434.38
Index Options	3229.85	3704.75	-474.90
Stock Futures	11419.23	11633.26	-214.03
Stock Options	54.95	30.49	24.46
This Month			
	Buy	Sell	Net
Index Futures	27880.69	25358.74	2521.95
Index Options	6424.79	7159.65	-734.86
Stock Futures	17118.50	16986.11	132.39
Stock Options	254.92	92.45	162.47

INDEX SUMMARY

	28-NOV-08	14-NOV-08	VARI(%)
SENSEX	9092.72	9385.42	-3.1
NIFTY	2755.10	2810.35	-2.0
BSE TECH	2001.63	2025.99	-1.2
BSE - 100	4600.45	4817.48	-4.5
BSE -200	1062.35	1119.97	-5.1
BSE -500	3295.60	3494.36	-5.7
DOLLEX - 30	1490.04	1564.55	-4.8
DOLLEX - 200	353.03	378.60	-6.8
BSE - PSU	4585.83	4777.93	-4.0
BSE AUTO	2330.56	2439.61	-4.5
BSE BANKEX	4645.40	5155.76	-9.9
BSE CAP. GOODS	6387.32	6951.32	-8.1
BSE CONS DURA	1793.57	1940.40	-7.6
BSE FMCG	1936.60	1906.68	1.6
BSE HEALTHCARE	2887.83	2905.20	-0.6
BSE IT	2558.94	2567.87	-0.3
BSE METAL	4383.38	4873.40	-10.1
BSE OIL & GAS	5618.16	5682.45	-1.1

Bharat Petroleum Corp
Will invest around Rs 1500 crore over the next 2-3-year for its 24 oil exploration blocks in India and overseas.

Indian Overseas Bank
Will be merged with Shri Suvarna Sahakari Bank

TCS
Will enter genetic diagnostics and medicine after clinching some pharma deals in the last two years

Reliance Capital
Will set up an asset management company in Malaysia

Tata Steel
Will not close any of the four main plants of Corus in Europe

Welspun Gujarat Stahl Rohren
Has won orders worth of Rs 500 crore in India and abroad

Kalpataru Power Transmission
Has secured a power transmission line project worth Rs 140 crore from UAE's Transco

Hindustan Copper
Is expecting a 10% fall in production in the fiscal year to end-March 2009

Madras Aluminium
Has reduced price by Rs 500 per tonne

Ashok Leyland
Is cutting its production by 20%

Note: *The above all are just unconfirmed rumours floating around in the market*

Indian ADR Prices (US $)

As on 29 November 2008

SYMBOL	CLOSE	CHANGE	(%)CHNG	VOLUME
HDB	57.20	3.00	5.54	573717
IBN	14.24	1.03	7.80	3840231
INFY	25.15	0.84	3.46	1268696
MTE	2.97	-0.09	-2.94	140991
PTI	5.85	-0.21	-3.47	52050
RDY	8.87	-0.03	-0.34	108169
REDF	2.01	0.01	0.45	8431
SAY	12.73	0.11	0.87	367580
SIFY	1.16	0.05	4.50	56818
SLT	4.93	0.21	4.45	348253
TTM	4.55	-0.10	-2.15	819265
VSL	15.86	-0.76	-4.57	45513
WIT	7.56	0.09	1.20	239986
WNS	9.00	0.30	3.45	3300

WORLD INDICES

	DATE	CLOSE	CHG	%CHG
Nasdaq	29/11/08	1535.57	3.47	0.23
DJIA	29/11/08	8829.04	102.43	1.17
S&P 500	29/11/08	896.24	8.56	0.96
Nikkei 225	28/11/08	8512.27	138.88	1.66
FTSE 100	28/11/08	4288.01	61.91	1.46

GAIL (India): *A natural play on gas*

Price Rs 196

GAIL (India), is India's flagship Natural Gas company, integrating all aspects of the Natural Gas value chain (including Exploration & Production, Processing, Transmission, Distribution and Marketing) and related services.

In a rapidly changing scenario, Gail is spearheading the move to a new era of clean fuel industrialisation, creating a quadrilateral of green energy corridors that connect major consumption centres in India with major gas fields, LNG terminals and other cross border gas sourcing points.

GAIL is also expanding its business to become a player in the International Market.

Today, GAIL's Business Portfolio includes: 6,700 km of Natural Gas high pressure trunk pipeline with a capacity to carry 148 MMSCMD of natural gas across the country, 7 LPG Gas Processing Units to produce 1.2 MMTPA of LPG and other liquid hydrocarbons.

North India's only gas based integrated Petrochemical complex at Pata with a capacity of producing 4,10,000 TPA of Ploymers, 1,922 km of LPG Transmission pipeline network with a capacity to transport 3.8 MMTPA of LPG, 27 oil and gas Exploration blocks and 3 Coal Bed Methane Blocks, 13,000 km of OFC network offering highly dependable bandwith for telecom service providers.

Gail (India): Financials

	200603(12)	200703(12)	200803(12)	0903(12P)
Net sales	14459.37	16036.59	18012.14	22755.67
OPM (%)	24.2	18.5	21.8	22.5
OP	3497.84	2967.11	3924.84	5118.94
OI	455.57	575.13	580.75	656.62
PBIDT	3953.41	3542.24	4505.59	5775.56
Interest	117.30	107.08	79.57	77.00
PBDT	3836.11	3435.16	4426.02	5698.56
Dep	559.49	575.38	571.02	554.27
PBT	3276.62	2859.78	3855.00	5144.29
Tax	966.55	813.03	1253.54	1735.98
PAT	2310.07	2046.75	2601.46	3408.31
EO	0	339.92	0	0
PAT after EO	2310.07	2386.67	2601.46	3408.31
EPS(Rs)*	18.2	16.1	20.5	26.9

* on current equity of Rs 1268.48 crore (ex-bonus); Face Value of Rs 10
EO: Extraordinary item. (P): Projections.
EPS is calculated on PAT before EO. Figures in Rs crore.
Source: Capitaline Corporate Databases

It also has joint venture companies in Delhi, Mumbai, Hyderabad, Kanpur, Agra, Lucknow, Bhopal, Agartala and Pune, for supplying Piped Natural Gas (PNG) to households and commercial users, and Compressed Natural Gas (CNG) to the transport sector

GAIL has been entrusted with the responsibility of reviving the LNG terminal at Dabhol as well as sourcing LNG. It also has participating interest in the Dahej LNG Terminal and the upcoming Kochi LNG Terminal in Kerala

Reliance Industries (RIL)'s gas production from KG basin has got slightly delayed, and once the production starts, GAIL is expected to be the primary beneficiary and report a spurt in transmission and trading volumes.

A significant portion of this new gas will flow through GAIL's network, as a majority of the priority consumers (dictated by Gas Utilization Policy) such as fertilizer, LPG, Power and CGD are linked to GAIL's pipelines. Of the planned peak production of 80mmscmd by RIL, GAIL could target a share of up to 56-64mmscmd (70-80% share).

Five new trunk pipelines and two capacity augmentation projects of GAIL are moving forward. This will enable the Company to continue and consolidate its dominant position in the gas transmission and marketing segment raising the Company's pipeline handling capacity to over 300 MMSCMD by 2011-12 at an estimated investment of Rs 20,000 crore.

With very low debt equity ratio of just 0.11:1 and being a GOI-owned company, raising funds for expansion will not be a problem for the company. By 2011-12 the company has committed to increase revenues to Rs. 50,000 crore.

For half year ended September 2008, GAIL registered 35% increase in its net sales to Rs 11860 crore. OPM improved 210 basis points to 23.9% resulting in 48% improvement in OP at Rs 2830.85 crore. Net profits increased 53% to Rs 1920.32 crore.

In terms of the decision of the Government of India to share the under recoveries of Oil Marketing Companies, the company has shared Rs 400.83 crore for the quarter ended September 30, 2008 (Previous corresponding period: Rs 260 crore) and Rs 876.25 crore for the half year ended September 30, 2008 (Previous corresponding period: Rs.532 crore).

Crude oil prices have already come down substantially and if they remain at current levels of around $ 50 or fall further, Gail may not need to share any subsidy burden or at least its subsidy burden can come down going forward.

In FY 2009, we expect the company to register EPS of Rs 26.9. The share price trades at Rs 196. P/E works out to just 7.2. Accumulate with a medium-term price target of Rs 250.

Punj Lloyd: *Consolidated sales up 54%, net up 61%*

Punj Lloyd, the engineering, procurement and construction major has turned in a strong performance for the quarter ended Sep 2008. Consolidated revenue of the company was higher by 54% to Rs 2926.05 crore on the back of strong burnout of order book, that is continues to get replenished. Facilitated by a marginal 50 basis point expansion in operating margin (to 9.3%) together with higher sales has powered the bottom-line growth and the net profit after minority interest was eventually up by 61% to Rs 144.12 crore.

Solid consolidated performance of the company for the quarter largely came on the back of strong standalone performance of the company. Standalone revenue of the company was up by 50% to Rs 1561.53 crore. With OPM expand by 270 basis points to 11.8% the operating profit grew by 95% to Rs 183.63 crore. The growth at PAT was higher by 170% to Rs 136.95 crore. The EO for the quarter as well as corresponding previous quarter was nil. Spurred by lower tax incidence the net profit was higher by 181% to Rs 88.05 crore.

On deducting the standalone financials of the quarter ended Sep '08 from that of consolidated for the same period, the sales of the subsidiaries largely of SEC and its UK subsidiary Simon Carves was higher by 59% to Rs 1364.52 crore. However a 200 bps erosion in OPM to 6.5% has limited the growth at operating level to 22%. Subsequently with other income being lower and depreciation being higher has forced the profits at PBT level to decline by 4% to Rs 70.60 crore. After accounting for higher taxation the de-growth at PAT level was 6% to Rs 54.84 crore.

Punj Lloyd : Consolidated Financial Results

	0809 (3)	VAR.(%)	0809 (6)	VAR.(%)	0803(12)	VAR.(%)
Sales	2926.05	54	5574.80	69	7752.92	51
OPM (%)	9.3		8.7		8.3	
OP	272.42	64	484.06	68	640.73	71
Other Income	28.03	-8	37.45	-30	81.07	2
PBIDT	300.45	52	521.51	53	721.80	59
Interest	49.03	25	85.85	26	129.21	57
PBDT	251.42	59	435.66	60	592.59	60
Depreciation	43.87	32	83.04	21	146.23	38
PBT before EO	207.55	67	352.62	73	446.36	68
EO	0.00		20.41		37.12	999
PBT after EO	207.55	67	373.03	83	483.48	82
Current Tax	64.66	85	117.70	113	123.49	79
PAT	142.89	60	255.33	71	359.99	84
PAT after min. Int $$	144.12	61	255.98	72	358.42	82
EPS (Rs)*	#		#		11.8	

* Annualised on Current equity of Rs 60.69 crore. Face Value: Rs 2. $$: PAT after minority Interest & Share of profit of associates. Var. (%) exceeding 999 has been truncated to 999. # Engineering and Construction activity being substantially seasonal EPS for quarter not calculated. LP: Loss to Profit PL: Profit to Loss. ** This being first year of listing no comparative previous quarter. Figures in Rs crore. *Source: Capitaline Corporate Database*

In spite of strong burnout of order book, the order backlog on consolidated basis as on Sep 30, 2008 stands higher at Rs 21675 crore (the order backlog is the value of unexecuted orders on 01st July, 2008 and new orders received after that day) compared to Rs 20162 crore as end of Jun 30, 2008. Order intake for the quarter was Rs 5615 crore compared to Rs 2640 crore in Q1 FY09. In terms of geographical contribution, the Group's current order backlog comprises of 28% from South Asia, 4% from Caspian, 26% from Middle East, 37% from South East Asia & Asia Pacific and 5% from rest of the world.

Consolidated sales for the half year were higher by 69% to Rs 55.74.80 crore. The operating profit was higher by 68% to Rs 484.06 crore. The other income was lower by 30% to Rs 37.45 crore, the interest cost was higher by 26% to Rs 85.85 crore and depreciation was higher by 21% to Rs 83.04 crore. Thus left the PBT before EO was higher by 73% to Rs 352.62 crore. The EO income for the quarter was Rs 20.41 crore account of profit on divestment of economic interest in ISP business.

EO item for the corresponding previous period was nil. Spurred thus by higher EO income the PBT after EO was higher by 83% to Rs 373.03 crore. The taxation was higher by 113% to Rs 117.70 crore and the tax rate was too higher at 31.6% against 27.1% in corresponding previous period. Thus the PAT before minority interest was higher by 74% to Rs 255.33 crore. The net profit after minority interest was higher by 72% to Rs 255.98 crore.

The result for the half year includes the operations of ISP division and other subsidiaries relating to that business for the period upto May 31, 2008 only and to that extend not comparable with that of earlier periods.

Speaking on the results, Punj Lloyd Group Chairman, Atul Punj said, "I am delighted to report strong operating and financial growth in a challenging macro environment. Our global business presence, proven capabilities across a variety of segments, a focus on executing large projects strategic partnership and a highly credible client order book gives us the confidence to maintain a long robust outlook of our performance." He further added that "This quarter we bagged prestigious orders from Qatar Petroleum of over Rs 3636 crore and G V K Power of Rs 1005 crore amongst others, which bear testimony to the high level of our competencies. Another encouraging development was that of Punj Lloyd Upstream winning its first drilling contract in Libya from Waha Oil Company.

Said Punj "Our present order backlog provides strong visibility for next 18 months and the volume of bidding activities continues to be strong. Our model and our credentials are globally well established and we are in a very strong position to be able to bid for large profitable projects in domestic and international markets."

Balrampur Chini Mills grants stock options

Balrampur Chini Mills has granted 12,80,000 stock options at a price of Rs 74.20 per option to the eligible employees of the company in accordance with BCML ESOS 2005 in addition to the 6,22,500 options granted on 31 October 2005 at a price of Rs 74.60 per option, 8,83,000 options granted on 27 November 2006 at a price of Rs 104.10 per option and 9,95,500 options of granted on 27 November 2007 at a price of Rs 72.20 per option.

Cummins India to hold board meeting

A meeting of the board of Cummins India will be held on 05 December 2008 for considering declaration of interim dividend for the financial year 2008-09.

Usher Agro to hold board meeting

A meeting of the board of Usher Agro will be held on 05 December 2008 to consider the financial results of the company for the year ended 30 June 2008, to decide date, venue and time of AGM of the company, to recommend dividend for the financial year 2007-08 to the shareholder at the ensuing AGM and to recommend interim dividend for the financial year 2008-09.

IL&FS Investsmart's MD & CEO resigns

James Leslie Whiteford has tendered his resignation as managing director & CEO of IL&FS Investsmart with effect from 26 November 2008. The resignation has been accepted by the board on 28 November 2008. Further the company has informed that, it is proposed to appoint Manasije Mishra as managing director & CEO with effect from 28 November 2008.

Karuturi Global opens its latest boutique retail outlet

Karuturi Global, the worlds largest rose exporter with operational and marketing presence across the world in its initiative for forward integration has opened its latest retail boutique store at Vijaynagar, Bangalore. Karuturi already have 15 shops in Bangalore and one boutique store at the Bangalore International air port. The company had recently opened its first boutique store out side Bangalore at Jubilee Hills, Hyderabad.

Vakrangee Softwares' director resigns

Pradip P Shah who was an independent director on the board of Vakrangee Softwares, has sent his resignation letter dated 27 November 2008. He has resigned as director of the company. The board has accepted his resignation.

Satyam Computer Services allots equity shares

The compensation committee of Satyam Computer Services allotted 16,912 equity shares through circular resolution on 27 November 2008, approved on 28 November 2008 under stock option plans of the company.

Consequent to the above allotment, the paid up share capital of the company has gone up from Rs 1,347,624,862 to Rs 1,347,658,686.

Tata Chemicals appoints additional director

The board of Tata Chemicals has appointed E K Kshirsagar as an additional director of the company.

Further the company has informed that R Mukundan, Kapil Mehan and P K Ghose were appointed as executive directors of the company. R Mukundan will be the managing director designate to take over as MD of the company when H R Khusrokhan retires in December 2008, upon reaching the age of superannuation.

Arvind announces to demerge brands and retail businesses

The board of Arvind has announced plans for demerger of its branded apparel business and the retail business under the MegaMart banner into wholly owned subsidiaries with effect from April 2OO9.Arvind one of the largest integrated textile and apparel Companies in the world has significant presence across the apparel value chain starting from cotton farming to marketing and retailing leading apparel and accessories brands.

Branded apparel business which markets apparels and accessories under the brands Flying Machine, News port, Excallbur and yet to be launched brands like Izod, USPA, Pierre Cardin, Sansabelt, Hart Schaffner Marx will be demerged into Arvind Lifeslyle Brands.

Retail business under the MegaMart banner operating about 150 stores across country along with the license for world's largest value brand Cherokee will be demerged into Arvind Retail.

The demergers will be done with effect from 01 April 2009 through a court approved scheme and the company would be filing the requisite documents with appropriate authorities at the earliest.

Corporation Bank proposes to issue lower tier-II bonds

Corporation Bank has proposed to issue lower tier-II bonds for Rs 200 crore through private placement of unsecured, redeemable non-convertible, subordinated bonds in the nature of promissory notes at Rs 1000000 per bond redeemable at par at the end of 120 months from the deemed date of allotment.

Mastek allots shares

The committee of Mastek have allotted 640 shares under ESOP and the paid-up share capital has subsequently increased to Rs 13,44,88,350. These shares were allotted at the committee meeting held on 28 November 2008

Indo Tech Transformers declares interim dividend

The board of Indo Tech Transformers declared an interim dividend at the rate of Rs 8.50 per equity share (85%) for the financial year 2008-09. The board also authorized / approved the proposed sale of the surplus assets of the company, subject to such approvals, as required. The surplus assets comprise (a) land, building and plant & machinery at Koyamarrakad (Palakkad), (b) land at Puthur (Palakkad), (c) land at Ayyanambakkam (Chennai) and (d) land at Guindy (Chennai).

SCHEME NAME	NAV (Rs) 28 Nov'08	CORPUS (Rs cr)	Returns 6M	1Y	3Y
DEBT					
Sahara Income Fund (G)	15.65	104.49	8.39	**13.64**	8.89
ICICI Pru Income Plan - Inst (G)	26.56	205.50	8.23	**11.69**	8.62
ICICI Pru Income Plan - (G)	25.62	205.50	7.91	**11.04**	7.99
Sundaram BNP Pari FII Fund-Qrtly B (G)	11.22	238.66	5.35	**10.66**	N.A
Fortis Interval Fund - Qrtly H (G-Ren)	11.29	227.36	5.50	**10.32**	N.A
UTI-Fixed Inc Interval-Mntly-Sr.I-Inst(G)	11.06	601.51	5.19	**10.31**	N.A
UTI-Fixed Inc Interval - Monthly-Sr.I (G)	11.36	601.51	5.19	**10.30**	N.A
UTI-Fixed Inc Interval - Qrtly-Sr.I - Inst(G)	11.43	398.86	5.00	**10.28**	N.A
UTI-Fixed Inc Interval - Qrtly-Sr.I (G)	11.42	398.86	5.01	**10.27**	N.A
Sundaram BNP Pari FII Fnd-Qtl A-Inst(G)	11.22	193.71	N.A	**10.24**	N.A
Sundaram BNP Pari FII Fnd-Qrtly A (G)	11.22	193.71	5.17	**10.24**	N.A
UTI-Fixed Inco Interval-Qrtly-Sr.III-Inst(G)	11.26	498.35	5.11	**10.21**	N.A
Fortis Flexible Short Term - Sr.B (G-Red)	11.50	245.65	5.14	**10.16**	N.A
Fortis Flexible Short Term - Sr.B (G-Ren)	11.50	245.65	5.13	**10.15**	N.A
Fortis Flexible Short Term - Sr.C (G-Red)	11.45	167.32	5.15	**10.11**	N.A
Fortis Flexible Short Term - Sr.C (G-Ren)	11.45	167.32	5.15	**10.10**	N.A
Reliance Interval Fund-Qrtly-Sr.III-Inst (G)	11.47	1052.02	5.12	**10.10**	N.A
Fortis Flexible Short Term-Sr.A (G-Red)	11.53	166.60	5.31	**10.08**	N.A
UTI-Fixed Income Interval- Qrtly-Sr.III (G)	11.24	498.35	5.06	**10.07**	N.A
Fortis Flexible Short Term-Sr.A (G-Ren)	11.53	166.60	5.30	**10.06**	N.A
Reliance Interval Fund-Mth-Sr.I - Inst (G)	11.68	2134.87	5.25	**10.03**	N.A
ICICI Pru Interval - II-Qrtly Interval - C (G)	11.01	431.55	4.95	**9.97**	N.A
EQUITY					
Birla Sun Life Intl Equity - Plan A (G)	6.77	147.15	-35.70	**-31.77**	N.A
Birla Sun Life Dividend Yield Plus (G)	34.03	175.96	-28.67	**-39.23**	-1.81
Reliance Banking Fund - (Bonus)	36.53	641.55	-28.93	**-39.98**	5.49
Reliance Banking Fund - (G)	36.53	641.55	-28.93	**-39.98**	5.49
UTI-Dividend Yield Fund (G)	13.99	827.07	-31.22	**-40.72**	5.12
UTI-Contra Fund (G)	7.29	165.46	-31.49	**-41.26**	N.A
IDFC Imperial Equity Fund (G)	9.90	114.83	-34.03	**-41.76**	N.A
UTI-MNC Fund (G)	24.62	103.82	-31.33	**-41.89**	-4.02
Reliance Equity Fund - Inst (G)	9.22	1771.16	-31.24	**-43.22**	N.A
Reliance Equity Fund (G)	9.22	1771.16	-31.24	**-43.22**	N.A
DSP BR Top 100 Equity Fund (G)	49.05	884.08	-33.77	**-43.42**	10.43
UTI-Equity Fund (G)	24.48	1114.68	-37.15	**-44.30**	-0.59
Tata Equity Management Fund (G)	7.25	144.14	-37.06	**-44.52**	N.A
ICICI Pru Dynamic Plan - Inst Option-1 (G)	7.01	1021.37	-39.60	**-45.11**	N.A
Birla Sun Life MNC Fund - B (G)	76.81	100.48	-35.94	**-45.22**	-5.94
HDFC Top 200 Fund (G)	85.56	1908.55	-37.24	**-45.50**	5.27
ICICI Pru Dynamic Plan	45.63	1021.37	-39.90	**-45.63**	5.92
HDFC Growth Fund (G)	39.85	832.30	-36.51	**-45.91**	7.81

SCHEME NAME	NAV (Rs) 28 Nov'08	CORPUS (Rs cr)	Returns 6M	1Y	3Y
Sensex	**9026.72**		**-44.54**	**-52.81**	**0.51**
Nifty	**2752.25**		**-43.37**	**-51.70**	**0.85**
BALANCED					
Kotak Wealth Builder - Series I (G)	11.74	150.32	7.14	**12.91**	N.A
Benchmark Equity & Deri Opp Fund(	10.85	154.94	3.43	**7.68**	N.A
FT India Capital Safety Fund - 3 Years (G)	10.66	244.14	-3.20	**-4.26**	N.A
FT FTF - Series III - 36 Mths (G)	12.08	107.94	-4.68	**-5.87**	N.A
UTI-Capital Prot Oriented Sr.1-3Yrs (G)	10.44	124.84	-5.32	**-6.20**	N.A
FT India Capital Safety Fund - 5 Years (G)	10.01	286.80	-8.80	**-11.48**	N.A
UTI-CRTS (G)	113.94	331.62	-9.25	**-13.10**	N.A
UTI-Capital Prot Oriented - Sr.1-5Yrs (G)	9.89	111.56	-10.47	**-13.38**	N.A
FT FTF - Series II - 60 Mth (G)	12.16	144.83	-10.98	**-14.68**	6.07
UTI-Unit Linked Insurance Plan	12.96	2816.49	-12.47	**-17.31**	4.71
UTI-Retirement Benefit Pension Plan	17.37	441.37	-12.56	**-17.72**	3.02
FT FTF - Series VI - 60 Mths (G)	10.50	155.95	-13.61	**-17.73**	N.A
UTI-CCP Balanced Fund (G)	12.37	2136.19	-15.81	**-21.13**	3.15
Templeton India Pension Plan - (G)	40.22	144.59	-17.54	**-24.13**	3.97
Escorts Opportunities Fund (G)	23.30	145.89	-16.44	**-28.96**	3.46
Tata Young Citizens Fund	12.43	123.61	-20.63	**-30.24**	2.35
Tata SIP Fund - Scheme I (G)	7.24	223.64	-32.37	**-33.44**	N.A
DSP BR Balanced Fund - (G)	34.44	438.24	-29.14	**-34.29**	7.95
ICICI Pru Eqty & Deriv -Wealth Optimis (G)	7.74	416.60	-29.51	**-37.07**	N.A
Birla Sun Life '95 Fund (G)	142.85	111.02	-32.07	**-38.98**	2.95
FT India Balanced Fund - (G)	27.12	218.38	-29.64	**-39.21**	5.11
HDFC Children's Gift Fund-Invt Plan	18.20	103.08	-32.79	**-39.69**	-5.19
MONTHLY INCOME PLAN					
Birla Sun Life MIP II - Savings 5 (G)	14.36	1656.03	10.44	**15.74**	10.10
Reliance Monthly Income Plan (G)	14.56	185.78	0.81	**0.48**	7.06
UTI-Monthly Income Scheme (G)	14.79	119.45	-4.45	**-3.85**	5.71
Birla Sun Life Monthly Income (G)	26.33	124.66	-5.95	**-6.93**	5.73
LICMF Monthly Income Plan - (G)	25.88	127.04	-5.96	**-7.14**	6.87
ICICI Pru MIP - AEP Half Yearly - Cumu	19.27	250.43	-6.92	**-7.39**	5.04
ICICI Pru MIP - AEP Monthly - Cumu	19.27	250.43	-6.92	**-7.39**	5.04
ICICI Pru MIP - AEP Quarterly - Cumu	19.27	250.43	-6.92	**-7.39**	5.04
ICICI Pru MIP (G)	19.27	250.43	-6.92	**-7.39**	5.04
HSBC Monthly Income Plan - Savings (G)	14.17	119.75	-6.81	**-7.60**	6.74
FT India Monthly Income Plan - (G)	21.11	387.09	-8.41	**-10.80**	4.46
FT India Monthly Income Plan - (Bonus)	12.15	387.09	-9.86	**-12.22**	3.35
HDFC Monthly Income Plan - LTP (G)	14.59	987.88	-10.34	**-12.76**	4.62
ICICI Pru Income Multiplier Fund - Reg.(G)	13.42	213.45	-13.22	**-16.02**	3.06

* *Rs crore. Schemes having corpus more than 100 crores*

BNR Capital Services Pvt. Ltd.

Member BSE

SEBI Regn: INB010984238

B.N.Rathi Securities Limited

Corporate Member: NSE & HSE

SEBI Regn: INB230714134

SEBI Regn: INB060714139

SERVICE OFFERED

- Stock Broking
- Futures & Options Trading
- Demat Services (CDSL)
- Investment Advisory Services
- Financial Product Distribution
- Corporate Finance

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