

September 11, 2008
Dealers Diary

The markets started with a negative bias, after the US markets showed a weak trend on worries about Lehman Brothers' ability to raise much-needed cash. High volatility was the flavour of the day with US worries and strengthening on the negative side and declining of crude prices to \$103/ barrel levels on the positive. Weak opening of the European markets also added to the negative news in the later part of the day. Organization of Petroleum Exporting Countries (OPEC) announced to effectively cut production by just over 500,000 barrels per day. BSE Sensex declined 1.6%, while NSE Nifty declined 1.5%. BSE Mid Cap and BSE Small Cap Index declined by 1.2% and 0.9%, respectively. Among the frontliners, SBI, Ranbaxy, Infosys, ACC and Grasim gained between 0.3-0.9%, while Bharti Airtel, Reliance Infra, Tata Power, Tata Steel and Sterlite Industries lost between 3-12%. In the Midcap segment, Glaxo, Birla Corporation, Madras Cement, Jindal Saw and EIH Limited gained between 3-7.5%, while Advanta, Adhunik Metalliks, Madras Aluminum, Gujrat NRE and Tata INV lost between 6-13%.

Markets Today

The trend deciding level for the day is 4,417 / 14,713. NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally up to 4,451 – 4,502 / 14,816 – 14,969. However, if NIFTY trades below 4,417 / 14,713 for the first half-an-hour of trade then it may correct up to 4,366 / 14,560.

Indices	S 2	S 1	R 1	R 2
NIFTY	4,332	4,366	4,451	4,502
SENSEX	14,456	14,560	14,816	14,969

News Analysis

- Finance Ministry wants telcos to pay higher licence renewal fee
- Educomp Invests Rs39cr in EuroKids

Refer detailed News Analysis in following page

Net Inflows (September 8, 2008)

Rs cr	Purch	Sales	Net	MTD	YTD
FIs	3,356	2,598	758	(213)	(30,481)
MFs	713	613	100	161	10,425

FII Derivatives (September 10, 2008)

Rs cr	Purch	Sales	Net	Open Interest
Index Futures	1,876	1,425	451	12,891
Stock Futures	424	1,002	(578)	20,736

Gainers / Losers

Gainers			Losers		
Company	Price (Rs)	% chg	Company	Price (Rs)	% chg
Adani Enter	657	7.7	Sterlite	508	-11.8
EIH Limited	157	7.6	Jindal Steel	1,655	-8.0
BOB	310	5.6	Gujarat NRE	80	-7.6
Jindal Saw	631	4.9	JSW Steel	662	-7.5
Madras Cement	2,633	4.7	SAIL	140	-6.5

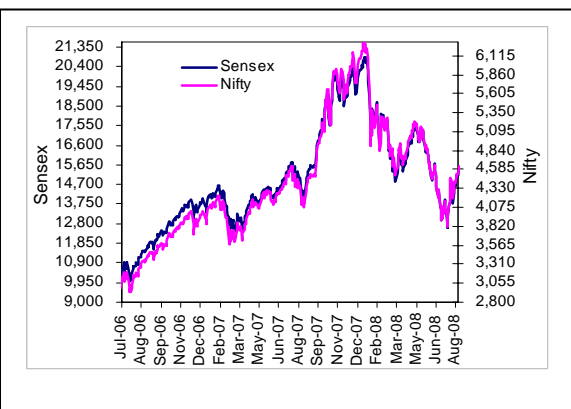
Domestic Indices	Chg%	(Pt)	(Close)
BSE Sensex	▼	-1.6%	(238.2) 14,663
Nifty	▼	-1.5%	(68.4) 4,400
MID CAP	▼	-1.2%	(69.3) 5,709
Small Cap	▼	-0.9%	(61.2) 6,903
BSE HC	▼	-0.4%	(16.3) 4,241
BSE PSU	▼	-1.5%	(108.0) 6,888
BANKEX	▼	-0.6%	(43.0) 7,325
AUTO	▼	-0.4%	(15.4) 4,000
METAL	▼	-5.5%	(647.2) 11,154
OIL & GAS	▼	-2.2%	(215.8) 9,667
BSE IT	▼	-0.1%	(5.2) 4,027

Global Indices	Chg%	(Pt)	(Close)
Dow Jones	▲	0.3%	38.2 11,269
NASDAQ	▲	0.9%	18.9 2,229
FTSE	▼	-0.9%	(49.4) 5,366
Nikkei	▼	-0.4%	(54.0) 12,347
Hang Seng	▼	-2.4%	(491.3) 20,000
Straits Times	▼	-1.9%	(50.8) 2,622
Shanghai Com	▲	0.2%	5.0 2,151

Indian ADRs	Chg%	(Pt)	(Close)
Infosys	▲	1.9%	0.7 \$39.2
Wipro	▼	-4.5%	(0.5) \$11.3
Satyam	▲	1.1%	0.2 \$21.5
ICICI Bank	▲	3.1%	0.9 \$31.2
HDFC Bank	▲	2.0%	1.7 \$88.7

Advances / Declines	BSE	NSE
Advances	887	330
Declines	1,759	898
Unchanged	83	22

Volumes (Rs cr)	BSE	NSE
BSE	5,186	
NSE		11,988



Finance Ministry wants telcos to pay higher licence renewal fee

After sparring over spectrum-linked charges, the Finance Ministry now wants the Department of Telecom (DoT) to consult it on the fee that telcos will have to pay to extend the tenure of their licences. The licences of all existing operators (which were awarded for 20 years) are set to expire in the next few years. While DoT has proposed that an existing operator should pay Rs825cr for a 10-year extension, the Finance Ministry wants this fee to be much higher. The issue of licence extension has cropped up now because of the upcoming auction for 3G spectrum. All successful bidders - both existing operators and new entrants, including foreign telcos - will be given spectrum for 20 years. But the licences of all existing 2G players - which were given in the 90s for a 20-year period - are set to expire over the next couple of years. "Since the licences of existing operators would expire on different dates before the end of the 20-year period of 3G spectrum allocation, they would not be allowed to use the third generation frequencies for the full tenure," the DoT said in an internal note. Earlier too, it had said that the 2G licence tenure of existing operators that bag 3G spectrum should be extended to ensure the two licences have the same tenure. The Finance Ministry, during a meeting on August 27, asked the DoT to inform all telcos that their licences would not be extended automatically, but at a 'price determined by the government'. It may be noted that under the DoT formula, the government can garner an additional Rs 3,000 crore. The Finance Ministry, however, wants a new methodology and a higher renewal fee. While the amount of revised renewal fee is unclear, it could lead to higher costs for telcos for renewal of their licences, if the Finance Ministry's missive on this issue is followed by the DoT.

Educomp Invests Rs39cr in EuroKids

Educomp acquired a 50% stake in EuroKids for Rs39cr. As per the agreement the agreement Educomp's stake can be increased up to 74% over a period of time. EuroKids is a chain of pre-schools running on franchisee model and has more than 450 centers pan India. The company has plans to scale up the number of centers to around 1,000 in next three years for which it required capital. This is the primary reason for sale of stake to Educomp. The venture is expected to be Positive for Educomp. **We recommend accumulate on the stock with a Target Price of Rs 3,902.**

Economic/Political News

- India's crude oil import price falls below \$100 a barrel
- Infrastructure growth drops to 4.3% from 7% a year ago
- Rupee touches 21-month low, may cross Rs 45/\$
- RBI to go slow on foreign banks

Corporate News

- Himalaya Intl ties up with Reliance, Bharti Wal-Mart
- HZL hikes zinc, lead prices
- JSW Steel cuts prices
- Gammon India acquires 50% in Italian co
- Era Infra bags Rs130cr order from AAI

Source: Economic Times, Business Standard, Business Line, Financial Express

Events for the day

Deepak Spinners	Results
Parsoli Corporation	Results


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