

September 15, 2008

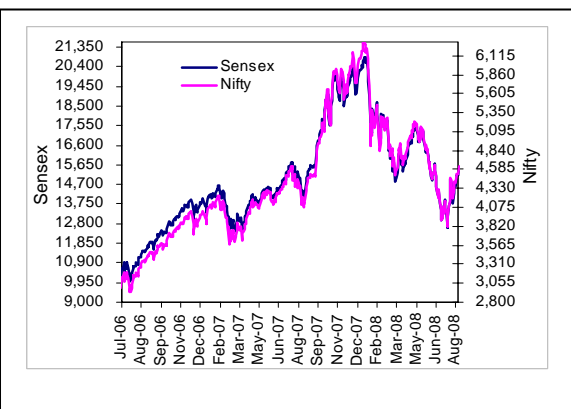
Domestic Indices	Chg%	(Pt)	(Close)
BSE Sensex	▼	-2.3%	(323.5) 14,001
Nifty	▼	-1.4%	(61.9) 4,228
MID CAP	▼	-1.9%	(110.1) 5,537
Small Cap	▼	-1.6%	(107.4) 6,712
BSE HC	▼	-0.3%	(12.9) 4,169
BSE PSU	▼	-0.7%	(48.8) 6,692
BANKEX	▼	-2.5%	(181.4) 7,029
AUTO	▼	-0.2%	(9.6) 3,952
METAL	▼	-1.0%	(110.4) 10,881
OIL & GAS	▼	-2.4%	(223.3) 9,116
BSE IT	▼	-4.6%	(183.7) 3,807

Global Indices	Chg%	(Pt)	(Close)
Dow Jones	▼	-0.1%	(11.7) 11,422
NASDAQ	▲	0.1%	3.1 2,261
FTSE	▲	1.9%	98.3 5,417
Nikkei	▲	0.9%	112.3 12,215
Hang Seng	▼	-0.2%	(35.8) 19,353
Straits Times	▲	1.2%	29.5 2,571
Shanghai Com	▲	0.0%	0.7 2,080

Indian ADRs	Chg%	(Pt)	(Close)
Infosys	▲	0.2%	0.1 \$37.2
Wipro	▲	9.8%	1.0 \$11.3
Satyam	▲	0.8%	0.2 \$21.1
ICICI Bank	▼	-1.4%	(0.4) \$29.9
HDFC Bank	▲	0.4%	0.3 \$87.5

Advances / Declines	BSE	NSE
Advances	781	247
Declines	1,878	971
Unchanged	78	39

Volumes (Rs cr)	BSE	NSE
BSE	5,103	
NSE		12,451



Dealers Diary

The markets opened on a positive note on Friday on account of fall in inflation for a third week in a row. However, the rally was short lived. Heavy selling pressure in IT pivots pulled the market lower in the initial trade. However, the market recovered sharply on improved industrial output data for July 2008 but couldn't sustain the momentum. Industrial output rose 7.1% in July 2008 from a year earlier, above the previous month's 5.4% rise and above market expectations of a 6.5% growth. Manufacturing production rose 7.5% in July 2008 from a year earlier. Amidst a highly choppy trading session, the markets finally closed the day in the red. The BSE 30-share Sensex lost 2.3% and the S&P CNX Nifty was down 1.4%. The BSE Mid-Cap index fell 2% and BSE Small-Cap index fell 1.6%. Among the frontliners, Maruti Suzuki, BHEL, HUL, Bharti Airtel and NTPC gained between 0-4% whereas Reliance Infrastructure, Infosys, ICICI Bank, HDFC and DLF lost between 4-6%. In the Midcap segment, Essar Shipping, Zee News, Shopper Stop, Panacea Biotech and Deccan Chronicle gained between 3-5% whereas Madras Aluminium, EIH Ltd, Gujarat Mineral, Chambal Fertilisers and Chemicals and Bajaj Hindustan lost between 7-10%.

Markets Today

The trend deciding level for the day is 14123 / 4251. NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally upto 14311 / 4302. However, if NIFTY trades below 14123 / 4251 for the first half-an-hour of trade then it may correct upto 13812 – 13624 / 4178 - 4127.

Indices	S 2	S 1	R 1	R 2
NIFTY	13624	13812	14311	14622
SENSEX	4127	4178	4302	4375

News Analysis

- TV Today – Initiating Coverage with a Buy
- Lanco Infratech – Initiating Coverage with Buy
- Bharti Airtel to foray into IT

Refer detailed News Analysis in following page

Net Inflows (September 11, 2008)					
Rs cr	Purch	Sales	Net	MTD	YTD
FIs	2,333	3,743	(1,411)	(2,679)	(32,947)
MFs	595	479	116	62	10,327

FII Derivatives (September 12, 2008)				
Rs cr	Purch	Sales	Net	Open Interest
Index Futures	687	1921	(1,234)	13,379
Stock Futures	381	572	(191)	20,479

Gainers / Losers					
Gainers			Losers		
Company	Price (Rs)	% chg	Company	Price (Rs)	% chg
Essar Shipping	81	5.0	EIH Ltd	155	-7.8
NALCO	404	4.6	Gujarat Mineral	170	-7.8
Marutisuzuki	704	3.6	Chambal Fertilisers	66	-7.7
SAIL	140	3.1	Bajaj Hindustan	151	-7.0
Bajaj Auto	634	2.7	Indian Bank	126	-6.4

TV Today – Initiating Coverage with a Buy

TVTN boasts of a strong bouquet of four news channels viz. *Aaj Tak*, *Headlines Today*, *Tez* and *Dilli Aaj Tak*. TVTN continues to remain India's number one news broadcaster with 22.2% network share owing to sustained leadership of its flagship channel – *Aaj Tak*. At CMP of Rs91, TVTN is trading at attractive valuations of 8.5x FY2010E Earnings making it the cheapest stock in the Broadcasting space. Given the strong brand equity of *Aaj Tak*, steady Earnings growth of 19.1% CAGR over FY2008-10, improving Return Ratios and high cash per share of Rs25, we believe the stock is a pure value play at current levels. Moreover, the company's recent buyback announcement from the open market, for a price not exceeding Rs115 per share, should lend downside support to the stock. **We initiate coverage on TV Today Network with a Buy recommendation and a Target Price of Rs117, based on 11x FY2010E Earnings (lower end of its historical average P/E band of 11-13x).** We believe improved viewership share of *Headlines Today* and its sustenance, merger of *Radio Today*, flow of subscription revenues and new channel launches would be the key drivers of TVTN's stock performance in the ensuing quarters.

Lanco Infratech – Initiating Coverage with Buy

Lanco Infratech, straddled across the Power value chain, is expanding into newer high-growth businesses like Real Estate. We believe Lanco, with its three-decade long presence in the Construction and Power sectors, has well timed its capacity expansion programme. We estimate Lanco's Top-line to grow at a CAGR of 95% over FY2008-10E, while Margins are expected to stabilise at 16.2% in FY2010E. Bottom-line is estimated to post a CAGR of 46.7% in the mentioned period. We have valued Lanco's power projects operational/under construction by discounting the free cash to equity (DCF) to arrive at the project value. For plants under construction and those having achieved financial closure, we have valued them on DCF/P/BV basis.

At Rs291, the stock is trading at attractive valuations of 16.8x FY2009E EPS of Rs17.3 and 15x FY2010E EPS of Rs19.4. **Our SOTP Target Price works out to Rs413, with Lanco's core EPC business fetching Rs175 (9 x FY2010E), Power Rs175, BOT Rs14 and Real Estate Rs49. We Initiate Coverage on the stock, with a Buy recommendation.**

Bharti Airtel to foray into IT

Bharti Airtel, the country's largest private sector telecom operator, is diversifying into the information technology (IT) business. The company plans to offer software applications on a pay-per-use model to small and medium businesses (SMBs) and enterprises. Bharti is in talks with large global software vendors such as Oracle, SAP, Microsoft, Google and Jamcracker to offer different applications on a pay-per-use or software-as-a-service (SaaS) model, according to company sources, who added that SMBs are yet to adopt IT for transformation and the company sees huge potential. It should be noted that Bharti already has a partnership with Microsoft that offers hosted messaging and collaboration solutions for SMBs. The telco is investing in upgrading its network infrastructure and expanding data centres to power its IT initiatives. Leveraging its countrywide infrastructure of backbone network and data centres, Bharti aims to play the role of 'CIO in the cloud' for SMBs. The company has partnerships with IBM and Wipro and expects to leverage them. **We maintain a Buy on the stock, with a Target Price of Rs1,125.**

Economic/Political News

- Crude tumbles below \$99
- RBI relooks at floating rate costs
- Bank strike against reforms unjust: Govt
- Voting Rights in Private Banks to equal holding levels
- Post-waiver, power output at N-plants may double
- DoT rejects FinMin plea to raise 3G reserve price

Corporate News

- DoCoMo to buy 25% of Tata Teleservices
- Bhushan Power threatens to scrap Jharkhand steel project
- Tata Motors backs new Singur package
- Anil Ambani sets sights on Everton, says UK media

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

Events for the day

Allied Computer	General
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