

21<sup>st</sup> June, 2007

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### Market Statistics

Index	Closing	1 Day (%)	3 M (%)	6 M (%)
Sensex	14412	0.8	13.4	8.0
Nifty	4249	0.8	14.9	11.4
Sectoral Indices				
Mid-Cap	6340	1.5	18.9	13.7
Small-Cap	7420	0.9	16.8	12.1
Auto	4762	1.4	(2.0)	(8.5)
Health	3803	0.6	7.9	3.2
FMCG	1812	0.5	11.2	(4.8)
IT	4887	0.1	(1.0)	(3.0)
PSU	6676	0.9	18.5	13.4
Bankex	7790	1.4	23.8	13.9
Oil & Gas	7652	0.1	23.4	26.7
Metal	10725	1.1	31.8	24.1
Capital Goods	11500	1.2	34.5	30.3

World Indices	Closing	1 Day (%)	3 M (%)	6 M (%)
NASDAQ	2600	(1.0)	5.9	7.6
DOW	13489	(1.1)	8.4	8.6
Nikkei	18212	0.3	6.1	7.1
Hang Sang	21685	0.5	12.6	14.3

Indian ADR's	(USD)	1 Day (%)	3 M (%)	6 M (%)
VSNL	23.05	1.1	26.3	27.3
Infosys	51.70	(0.7)	(4.4)	(3.4)
Wipro	15.79	(1.0)	(4.7)	2.5
Satyam	25.14	(1.2)	9.7	11.7
Dr Reddy's Lab	15.65	1.1	(1.4)	(11.2)

Value Traded (Rs Cr)	20Jun07	(%)
Cash BSE	5084.7	10.4
Cash NSE	9977.4	19.5
Derivatives	41733.1	11.5

Net Inflows (Rs Cr)	19Jun07	MTD	YTD
FI	653.1	444.0	10552.5
Mutual Fund	(33.9)	(45.2)	2736.7

Advances/Declines (BSE)				
20Jun07	A	B1	B2	Total
Advance	139	426	477	1042
Decline	69	293	437	799
Unchanged	4	15	42	61

Commodity	20Jun07	1 Day (%)	3 M (%)	6 M (%)
Crude (USD/Bbl)	71.8	0.3	19.2	16.3
Gold (USD/OZ)	654.6	0.0	(1.5)	5.8
Silver (USD/OZ)	13.2	(0.1)	(1.4)	6.3

Debt/Forex	Market Closing	1 Day (%)	3 M (%)	6 M (%)
Re/USD	40.77	(0.1)	6.8	8.8
10 yr Gsec Yield	8.15	0.2	1.2	7.2

Source : Bloomberg

### Corporate Snippets

- Ranbaxy Laboratories has received tentative US Food and Drug Administration (USFDA) approval to market its anti-hypertension tablets, Amlodipine Besylate in US. - ET
- Tata Motors will raise 450 million dollars (Rs 1,832 crore) from the international market to meet product development expenditure and fund other corporate projects. - ET
- MindTree Consulting has formed an alliance with Borland Software India to set up a software-testing laboratory at its development centre in Bangalore. - ET
- Bharat Earth Movers (BEM) plans to raise around Rs 450 crore through a follow-on public offer (FPO), to part-finance its Rs 900 crore capex programme over a period of three years. The issue will open on June 27, would constitute 11.77% of the fully-diluted post-issue equity capital of the company. - BS
- Wockhardt got USFDA approval for antibiotic Cefprozil tablets and would be launching the product in the US market. This antibiotic tablet is used in the treatment of respiratory tract and skin infections. - BS
- Sterlite Industries has raised over \$2 billion through the listing of its American Depository Shares (ADS) on the New York Stock Exchange. The ADS is the biggest-ever overseas selling of shares by an Indian company. The ADS, listed on the US bourse under 'SLT' symbol, and was priced at \$13.44 or Rs547.80 per share. The minimum price for the ADS, before the listing, was pegged at \$13 per share. - BS

### Macro Economic & Geo-Political News

- The petroleum ministry is planning to offer 80 oil and gas blocks in the seventh round of auction under the New Exploration Licensing Policy (NELP) in mid-August. - BS
- Government has announced the setting up of National Power Project Management Board (NPPMB) to speed up execution of all projects on time. With the target of augmenting power generation capacity by 76,000 MW in the next five years. - BS

Top Five Gainers (NSE)	Price	Chg (%)	Vol (Mn)
Ambuja Cements Ltd	118	4.5	4.8
Tata Power Company Limited	623	4.4	1.2
State Bank Of India	1424	3.8	1.8
Mahanagar Telephone Nigam	160	3.6	1.2
Tata Motors Ltd	686	3.5	2.1

Top Five Losers (NSE)	Price	Chg (%)	Vol (Mn)
Gail India Ltd	297	(2.4)	0.4
Glaxosmithkline Pharmaceutical	1269	(1.9)	0.0
Ranbaxy Laboratories Ltd	353	(1.6)	1.3
Tata Consultancy Svs Ltd	1147	(1.1)	1.0
Zee Entertainment Enterprise	294	(0.9)	1.7

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

# Lakshmi Machine Works

## Looking beyond TUFS...

18th June 2007

### BUY

Price	Target Price
<b>Rs2,726</b>	<b>Rs3,510</b>
<b>Sensex</b>	<b>14,080</b>

### Price Performance

(%)	1M	3M	6M	12M
Absolute	(1)	(3)	(27)	59
Rel. to Sensex	0	(15)	(29)	12

Source: Bloomberg

### Stock Details

Sector	Textile
Reuters	LKMC.BO
Bloomberg	LMW@IN
Equity Capital	124
Face Value	10
52 Week H/L	4,250/1,523
Market Cap	33.7
Daily Avg Volume (No of sh)	6726
Daily Avg Turnover (US\$)	0.5

### Shareholding Pattern (%)

(31st Mar.'07)

Promoters	25.3
FII/NRI	19.3
Institutions	20.3
Private Corp.	11.8
Public	23.3

Source: Capitaline

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We organized a management meet for the leading textile machinery manufacturer Lakshmi Machine Works (LMW). Following are the key takeaways:

### Robust demand outlook

LMW currently has a market share of 55% in the domestic textile spinning machinery industry. The company is undergoing an expansion to increase its textile machinery production from 2.3mn spindles in FY07 to 3.5mn spindles in FY08. While India's share in the global textile industry is expected to increase from current 4% to 7% by FY12, the spinning segment of the industry would require 29mn spindles of additional capacity and an investment of Rs550bn to meet this requirement. Apart from the additional capacities, the replacement market also contributes to a significant size of opportunity for the company. Out of the 39.3mn spindles of installed capacity in India, 5-10% of the capacity is expected to be upgraded, modernized or replaced annually, which would be a big opportunity for the company going forward. The company management is confident and expects the growth in the domestic textile industry to continue.

### Improving delivery the key differentiator

LMW's products are priced at 15-20% discount to its competitors. The company has a strong focus on R&D and has over a 100 patents for its products. The management claims that its products are similar in technology when compared to its competitors. With increasing automation and increased capacity, the company has also reduced its delivery time (from 20-24 months to 12-18 months), which has been the main reason for the customer to opt for competitor's products.

### Tax benefits to improve profitability

The Value Added Tax (VAT) implementation in Tamilnadu with effect from 1<sup>st</sup> January 2007 has been positive for the company. The VAT implementation would help the company reduce the input costs due to the benefits arriving out of the VAT credits.

There was also an additional sales tax of 3% for sales in excess of Rs3bn within the state of Tamilnadu. This additional sales tax has been abolished and the company would enjoy the savings from the same for the full year FY08. The management expects the savings from this to be in the range of Rs20-25mn per month for the year FY08.

### Healthy order book to drive revenue growth

LMW has a strong order book of Rs53.5bn (2.9x FY07 sales) executable in the next 18-24 months. The company management has expressed that they have not witnessed any kind of slow down in the order bookings. Although the likely expiry of TUFS in March 2007, led to the spurge in the order book size, the company has continued to witness the order inflows post TUFS extension. The management however stated that the order book may not sustain at these levels in the longer term because of the increase in the capacity and the reduction in the delivery time which together would improve the order process time and hence the revenues for the company.

### **The company's pricing**

LMW's products are priced at 15-20% discount to its competitors. The company follows a strict pricing policy and does not entertain any differential pricing or discounts. The company's contracts contain the PRD clause by the way of which the price ruling at the time of delivery is the price charged to the customer. Over the years, the company has not faced a situation of cancellation of orders placed as the 10% advances paid by the customer get forfeited.

### **Increasing focus on machine tools and foundry**

The machine tools and foundry business contributed to 9% of the revenues in FY07. In the machine tools business the company manufactures CNC machines, which are used to make auto components. AT&T – Mahindra Telecom JV gets license for long distance. The size of the machine tools market in India is in excess of Rs50bn out of which 75% is catered by the imports. The company has also introduced high yield machines such as vertical machining centers and horizontal machining centers, which are expected to yield higher margins going forward.

In the Foundry business, the company has a capacity to produce 4000 tons of high precision castings per month. The customers in the foundry business include, Siemens, GE, Wartsila, etc. The company is moving towards manufacturing machine castings, which involve high value addition and also yield higher margins.

### **On look out for acquisitions**

LMW is a debt free company with cash on books in excess of Rs6bn. The company as a part of its growth strategy is also looking at inorganic growth through acquisitions mainly in the machine tools and foundry business, which the company wants to focus on and scale up. The company is also looking at acquiring technology in the textile machinery business. AT&T – Mahindra Telecom JV gets license for long distance

### **EPCG license subsidies**

The company receives an export subsidy (1.5-1.75%) for the supplies of the machineries made to the EPCG license holders as the sale is treated as deemed export. Earlier the company used to pass on 50% of these benefits to the EPCG license holders. From FY07, the company has decided to retain the entire benefit of the export subsidy with itself. The export subsidies for FY07 amounted to Rs326mn.

### **TUFS extension and the managements view**

The Technology Up-gradation Fund Scheme (TUFS), which was set to expire on 31st March 2007, has been extended to March 2012. The TUFS benefit for the spinning segment has been fixed at 4% while it is 5% subsidy for the weaving and processing segments. The management believes that TUFS has been a catalyst for the growth of the company. However the company is increasingly looking at a growth beyond TUFS with high focus on productivity, technology and pricing.

### **Cost cutting measures**

The company has taken various cost initiatives to improve the efficiency and profitability of the company. For instance: the company has reduced the types of sheet metals required in machinery manufacturing from 14 to 3. Further, the company has introduced laser-cutting technology for cutting the sheets. Earlier the sheets were being cut manually. Due to this initiative, the company not only saves on employee costs but also its sheet utilization has increased from 80% earlier to 95% now, thus resulting in lower scrap. The company has also installed windmill with a capacity of 24.8 MW, which would also result in the savings on account of the power costs.

### **Premium pricing cannot be ruled out**

LMW has over the years developed the best of the technologies and has them patented. The company is amongst the only 2 integrated textile machinery manufacturers globally. The company has a strong team of over 200 employees dedicated for the R&D in the textile machinery business. While delivery of the machines is the only aspect for the customer to go for a competitor's product, the company through its capacity expansion and faster process time is working on improving its delivery time. With already few of the company's products being better and more efficient than the competitors, the company is working towards a premium pricing for its products vis a vis the competition over the long term.

### **Management guidance**

The management of LMW has guided for the production of 3.5mn spindles in FY08 as against 2.3mn in FY07. The management expects a growth in excess of 40% for FY08. The company has not taken any price hike after the last hike in June 2005, and has further decided not to go for any price hike till March 2008. Although the company continues to feel the cost pressures from the rising cost of raw materials, the management expects the operating margins to improve due to the increase in productivity, improved technology and cost control initiatives of the company. The management has indicated that the rising rupee hasn't resulted in any sort of postponement of the installation of capacities. The management is focusing on significantly scaling up its machine tools and foundry business and expects it to grow by 30% CAGR over the next 2-3 years.

### **Outlook and Valuations**

In the recent past the stock has been trading in the range of Rs2600-2800 levels. In spite of the robust order book (Rs53.5bn) of the company that provides strong growth visibility over the next two years, the stock has under performed the broad market due to the issues on sustainability of the future order inflows. We believe that the company's strong focus on R&D to offer better technology products and increase in capacity to address the longer delivery time would place the company on a better position as compared to the competition. The extension of TUFs till 2012 would continue to result in increase in the capacities in the domestic textile industry.

We believe that over the years LMW has demonstrated a strong ability to compete with global players in respect of pricing and technology. The company has also concentrated more on the domestic markets due to the robust available opportunity. With capacity expansion and the large order book getting executed over the next couple of years, we believe that the company would strongly compete

with the global players not only in India but also overseas. We also expect the demand from replacement of textile machineries to provide significant opportunities going forward.

Apart from the textile machinery business, the company is focusing on increasing its revenue contribution from the machine tools and foundry business so as to provide stability in the revenue growth of the company. The company has decided to manufacture high value added machine tools castings to improve its profitability from the businesses.

In the event of any slow down in the domestic textile industry, the company is fully geared and capable to capture the global market as the products of the company match the best of the technologies globally and the pricing of the products is 15-20% lower than the competition.

The company has very strong ROE (40%) and ROCE (57%). The company also has a payout policy of 30% as dividends.

At current market price of Rs2726, the stock trades at 11.6x our expected EPS of Rs234 for FY2008E. We maintain our BUY recommendation on the stock.

## Profit &amp; Loss

Rs mn

	FY05	FY06	FY07	FY08E
<b>Net Sales</b>	<b>10,031</b>	<b>13,187</b>	<b>18,992</b>	<b>24,653</b>
Growth (%)	48.4%	31.5%	44.0%	29.8%
Raw Material	5,878	7,473	11,076	14,299
% to sales	58.6%	56.7%	58.3%	58.0%
Staff cost	851	1,055	1,286	1,664
% to sales	8.5%	8.0%	6.8%	6.8%
Other expenses	1,856	2,364	3,227	4,080
% to sales	18.5%	17.9%	17.0%	16.6%
<b>EBIDTA (core)</b>	<b>1,447</b>	<b>2,295</b>	<b>3,403</b>	<b>4,610</b>
% of Sales	14.4%	17.4%	17.9%	18.7%
Other Income	(4)	87	329	386
<b>EBITDA</b>	<b>1,442</b>	<b>2,382</b>	<b>3,732</b>	<b>4,996</b>
% of Sales	14.4%	18.1%	19.7%	20.3%
Interest	81	34	37	-
Depn & Amort.	262	387	688	776
<b>PBT</b>	<b>1,100</b>	<b>1,961</b>	<b>3,008</b>	<b>4,220</b>
EO Items	9	(82)	51	0
Tax	375	398	997	1,308
ETR	34.1%	20.3%	33.1%	31.0%
<b>PAT</b>	<b>733</b>	<b>1,481</b>	<b>2,062</b>	<b>2,912</b>
Growth (%)	21.8%	101.9%	39.3%	41.2%

## Cash Flow Statement

Rs mn

	FY05	FY06	FY07	FY08E
PBT	1,109	1,879	3,086	4,220
Depreciation	262	387	688	776
Other Income	(56)	(134)	(337)	(386)
Interest	30	-	-	-
Others	(508)	(721)	(66)	-
Change in WCap	305	3,402	2,312	(1,931)
Tax Paid	(65)	(94)	(907)	(986)
<b>CFO</b>	<b>1,076</b>	<b>4,718</b>	<b>4,775</b>	<b>1,693</b>
(Inc)/Dec in FA	(223)	(1,348)	(2,017)	(1,500)
(Inc)/Dec in Inv	51	(353)	-	-
Other Income	56	134	226	386
others			(6)	
<b>CFI</b>	<b>(116)</b>	<b>(1,567)</b>	<b>(1,797)</b>	<b>(1,114)</b>
Equity Issue	-	-	-	-
Net Borrowings	(573)	-	-	-
Dividend Paid	(140)	(212)	(764)	(423)
Interest	(30)	-	-	-
<b>CFF</b>	<b>(742)</b>	<b>(212)</b>	<b>(764)</b>	<b>(423)</b>
Incr/(decr) in cash	218	2,940	2,214	156
Cash beginning	522	972	3,912	6,126
Cash ending	972	3,912	6,126	6,282

## Balance Sheet

Rs mn

	FY05	FY06	FY07	FY08E
Equity Capital	124	124	124	124
Reserves	3,239	4,264	5,679	7,794
<b>Networth</b>	<b>3,362</b>	<b>4,387</b>	<b>5,803</b>	<b>7,918</b>
Total Debt	-	-	-	-
Deferred Tax Liabilities	79	166	305	643
<b>Total CE</b>	<b>3,441</b>	<b>4,553</b>	<b>6,108</b>	<b>8,561</b>
<b>Gross Block</b>	<b>7,264</b>	<b>8,016</b>	<b>9,595</b>	<b>11,095</b>
Less Depreciation	5,659	5,553	5,741	6,517
<b>Net Fixed Assets</b>	<b>1,606</b>	<b>2,463</b>	<b>3,854</b>	<b>4,578</b>
<b>Investments</b>	<b>662</b>	<b>1,015</b>	<b>1,022</b>	<b>1,022</b>
Inventory	1,471	1,412	1,631	1,995
Debtors	602	622	407	675
Cash and Bank	972	3,912	6,126	6,282
Loans & Advances	1,302	1,422	2,781	2,837
<b>Total Curr. Assets</b>	<b>4,347</b>	<b>7,369</b>	<b>10,944</b>	<b>11,790</b>
Current Liabilities	2,748	5,706	8,894	7,269
Provisions	462	594	1,211	1,570
<b>Total Cur. Liab. &amp; Prov.</b>	<b>3,209</b>	<b>6,300</b>	<b>10,104</b>	<b>8,839</b>
<b>Net Current Assets</b>	<b>1,138</b>	<b>1,069</b>	<b>840</b>	<b>2,951</b>
Misc. Expenditure	36	6	-	-
<b>Total Assets</b>	<b>3,441</b>	<b>4,553</b>	<b>5,716</b>	<b>8,550</b>

## Ratios

	FY05	FY06	FY07	FY08E
EBITDA %	14.4%	17.4%	17.9%	18.7%
EBIT%	11.8%	14.5%	14.3%	15.6%
NPM %	7.3%	11.2%	10.9%	11.7%
ROCE (avg) %	31.9%	49.9%	57.1%	57.5%
Adj. ROE %	21.7%	40.5%	39.5%	42.2%
Adj. EPS	59	125	164	234
Reported EPS	59	120	167	234
Cash EPS	988	1,719	234	324
Book Value	272	355	469	640
DPS	15	30	40	55
Payout %	28.8%	28.6%	27.4%	27.0%
Debtors days	17	17	10	10
Creditors days	54	55	67	65
Total Debt: Equity	0.1	-	-	-
Asset Turnover	3.8	4.2	4.4	3.9
PE (x)	46.6	22.0	16.7	11.7
Cash PE (x)	2.8	1.6	11.7	8.5
P/BV (x)	10.1	7.7	5.8	4.3
EV/Sales (x)	3.3	2.2	1.4	1.1
EV/EBITDA (x)	22.8	12.7	7.9	5.8
Dividend Yield %	0.5%	1.1%	1.5%	2.0%

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## FROM OUR TECHNICAL DESK



Indices	Previous close	Today's close	% chg
<b>Sensex</b>	14,295	14,411	0.81
<b>Nifty</b>	4214	4248	0.82
<b>S&amp;P CNX 500</b>	3519	3555	1.00
<b>BSE 500</b>	5,590	5,645	0.98
<b>BSE Mid-Cap</b>	6,244	6,340	1.54
<b>BSE Small-Cap</b>	7,357	7,420	0.85
<b>BSE Auto</b>	4,697	4,762	1.37
<b>BSE Health</b>	3,781	3,803	0.58
<b>BSE FMCG</b>	1,802	1,811	0.51
<b>BSE IT</b>	4,883	4,887	0.08
<b>BSE PSU</b>	6,615	6,675	0.91
<b>BSE Bankex</b>	7,681	7,790	1.42
<b>BSE Oil &amp; Gas</b>	7,645	7,652	0.09
<b>BSE Metals</b>	10,611	10,724	1.07
<b>BSE Cons Dur</b>	3,941	4,000	1.48
<b>BSE Cap Good</b>	11,358	11,499	1.25
<b>Levels to Watch</b>			
	<b>Sensex</b>	<b>Nifty</b>	
<b>Day's High</b>	14,449	4257	
<b>Day's Low</b>	14,347	4214	
<b>13 DMA</b>	14206	4193	
<b>34 DMA</b>	14124	4164	

The Nifty opened positive in the morning and thereafter maintained its gains throughout the day and made new intra day highs during the day. It closed firm for the day with a gain of 0.82% at 4248. The Advance Decline ratio remained positive at more than 3:2 yesterday. All the sectoral indices were seen closing positive. The BSE Auto, BSE Bankex, BSE CD and BSE CG indices outperformed the broader markets. The BSE Mid-Cap index too moved up by more than 1.5% yesterday.

### Market Perspective

After a positive opening the Nifty maintained its gains for the rest of the day and made new intra day highs a couple of times. It attained our mentioned level of 4231 and closed with a gain of 0.82% at 4248 yesterday. We continue to maintain a bullish view for the Nifty and the target of 4318 for it in the immediate term. Today it may test 4262, which is the 61.80% retracement level of the fall from 4362 to 4100. The support levels for today are placed at 4227 and below that at 4210.

### Sectoral Speak:

The **BSE CD** index ended the day with a gain of 1.48% at 4000, thus outperforming the broader market. After making a high of 4248, this index corrected and took support near 50% retracement level of the rally from 3312 to 4248 and bounced back thereafter. Yesterday it cleared a resistance of 3999 and closed above it. It may now come up to 4033 and above that it may test 4084, these are 50% and 61.80% retracement level of the fall from 4248 to 3818. We continue to maintain the medium term target of 4433 and the long term target of 4807 for this index. **Titan** and **Gitanjali Gems** are couple of strong stocks in this index.

The **BSE PSU** index appreciated by 0.91% yesterday and closed at 6675, thus attaining our mentioned level of 6655. The outlook remains bullish for this index and in the immediate term this index may test its recent high of 6839. We maintain the medium term target of 7752 and the long term target of 8896 for this index.

The **BSE Mid-Cap** index outperformed the broader markets yesterday and closed at a new all time high at 6340, gaining 1.54% in yesterday's trade. This index may now further scale up to 6447 in the immediate term and above that it may test 6639 in a short span of time.

Contd...

## Recommendations

Date	Stock	Action	Recommendation Price	Stop-loss	Target	Current price	Comment
19-04-07	BOC	Buy	142.00 - 135.00	128.60	160.00	138.00	
20-04-07	Bharti Airtel	Buy	840.00 - 820.00	782.30	925.00	821.90	
22-05-07	TVS Motors	Buy	65.00 - 62.00	59.60	80.00	65.50	
23-05-07	Finolex	Buy	78.50 - 74.50	70.30	92.50	84.50	Profit booked at 84.50
25-05-07	RCOM	Buy	502.00 - 490.00	479.60	550.00	505.40	
30-05-07	BEL	Buy	1825 - 1775	1729.30	2050.00	1856.00	
30-05-07	Jindal Photo	Buy	117.00 - 110.00	99.60	160.00	109.00	
01-06-07	Mah. Seamless	Buy	604.00 - 595.00	569.30	675.00	631.40	
08-06-07	Mphasis	Buy	333.00 - 320.00	299.30	395.00	319.60	
18-06-07	IDFC	Buy	114.50 - 112.50	110.60	137.50	121.90	Target revised from 125
19-06-07	Nifty Futures	Buy	4174	4136.10 *	4260 *	4246.00	Profit booked at 4230
20-06-07	Sterlite Ind	Buy	580.00 - 560.00	535.30	685.00	602.80	
20-06-07	GDL	Buy	188.00 - 180.00	178.60	220.00	199.70	

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## FROM OUR DERIVATIVES DESK

### Nifty Snapshot

Nifty: 4248.65 (+0.82%)				Open Interest (No. of Shares)		Change in OI		PUT CALL RATIO (PCR-OI)		
LTP	19.06.07	20.06.07	Basis	19.06.07	20.06.07		Nifty	19.06.07	20.06.07	Chg in OI
Nifty Spot	4215.35	4246.70	-	-	-	-	Call OI	16115850	16541250	+425400
June Future	4212.50	4242.00	-4.70	37042550	35901000	-1141550	Put OI	21877100	22822700	+945600
July Future	4206.00	4235.10	-11.60	3523000	4859500	+1336500	PCR	1.36	1.38	+0.02
Total (June+July+Aug)				40834150	41021950	+187800				

### FII's Derivative Statistics for 19.06.07

	Buy		Sell		Open Interest as on 19.06.07		Open Interest as on 18.06.07		Change in FIIs Open Interest	
	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.
Index Futures	94211	1968.19	58535	1223.89	890713	18810.89	900895	18634.05	-10182	176.84
Index Options	13356	281.56	7578	157.91	353034	7438.96	346668	7188.33	6366	250.62
Stock Futures	33170	967.55	36841	1075.97	778242	21759.14	775195	21231.94	3047	527.19
Stock Options	3	0.08	409	11.36	2415	64.61	2033	53.21	382	11.40
<b>TOTAL</b>						<b>48073.59</b>		<b>47107.54</b>		<b>966.05</b>

Source: NSE

Nifty opened strong and as expected it continued its upside move. It registered an intraday high of 4257 and finally closed strong with a gain of 34 points at 4248. Major gainers were Voltas, Canara Bank, India Info, GDL, Sterlite, Divis Lab, Educomp, IDBI, BOI, SBI etc. Major losers were GAIL, Ranbaxy, Glaxo, Zee, TCS, IFCI etc.

- Nifty June futures cost of carry is negative 5.77% against negative 3.08% the previous day.
- Nifty June futures traded at discount of nearly 8-10 points during the day.
- Total Turnover for NSE F&O Segment was Rs. 41,733 Crores.

### Open Interest Analysis:

**BULLISH:** Federal Bk (53%), JP Asso (35%), IDFC (22%), Tata Power (18%), Punj Lloyd (18%), IDBI (7%).

Long positions were seen in above mentioned stocks as OI increased with positive CoC and upside move in stock price are looking bullish. Unwinding of positions was seen in BOI, Guj Ambuja, Sterlite & TataMotors.

Nifty closed strong for yet another day with a gain of 34 points at 4248. However, yesterday we have not witnessed any major short covering in Nifty. The Implied Volatility of Nifty remained at low levels near 20-22%. We continue to expect Nifty to test 4300 levels. Now, 4200 levels are expected to act as support levels in the immediate term and strong support exist close to 4100 levels. Nifty is expected to face stiff resistance close to 4300 levels.

### Put Call Ratio Analysis:

PCR (OI) of Nifty moved up to 1.38 compared to 1.36 the previous day. Nifty Call options OI added 4.25 lakh shares (+2.6%) whereas Put options added 9.45 lakh shares (+4.3%) in OI. Nifty 4100 Call shed 2.6 lakh shares whereas 4300 and 4350 Call options added 2.5 and 2 lakh shares each in OI. Shifting of positions to higher strike price has bullish implications. Nifty 4200 Put options added 3.9 lakh shares; 4300 Put options added 2.9 lakh shares in OI.

### Cost of Carry :

Turned Positive: Hindalco, IDEA, Punj Lloyd, TataPower.

Turned Negative: Dr.Reddy, India Cement, Maruti, TataMotors.

Contd...

Bank Nifty: 6496.85 (+2.04%)							CNX IT: 5197.40 (+0.08%)						
	LTP			Open interest (No. of shares)		Chg in OI		LTP			Open interest (No. of shares)		Chg in OI
	19.06.07	20.06.07	Basis	19.06.07	20.06.07			19.06.07	20.06.07	Basis	19.06.07	20.06.07	
Spot	6360.70	6505.40	-	-	-	-	Spot	5195.55	5196.10	-	-	-	-
June Future	6373.00	6517.00	+11.60	307900	290200	-17700	June Future	5212.00	5215.85	+19.75	126850	124750	-2100
Total (June+July+Aug)				312150	298850	-13300	Total (June+July+Aug)				127800	126000	-1800

CNX 100: 4167.15 (+0.95%)						Nifty Junior: 8379.45 (+1.75%)							
	LTP			Open interest (No. of shares)		Chg in OI		LTP			Open interest (No. of shares)		Chg in OI
	19.06.07	20.06.07	Basis	19.06.07	20.06.07			19.06.07	20.06.07	Basis	19.06.07	20.06.07	
Spot	4129.45	4166.80	-	-	-	-	Spot	8244.90	8397.00	-	-	-	-
June Future	4134.00	4147.00	-19.80	187450	184750	-2700	June Future	8238.00	8368.00	-29.00	208300	203400	-4900
Total (June+July+Aug)				187450	184750	-2700	Total (June+July+Aug)				208950	204150	-4800

Top traded stock futures		Most active stock options				
Scrip	No. of Contracts	Scrip	Expiry	Strike Price	Option Type	No of Contracts
RELIANCE	37070	RELIANCE	JUNE	1740	CA	3689
SBIN	30751	RELIANCE	JUNE	1710	CA	2393
RELCAPITAL	28834	SBIN	JUNE	1410	CA	1384
DIVISLAB	28368	IDBI	JUNE	100	CA	1316
IDBI	27102	IDBI	JUNE	105	CA	1279
STER	23910	IDBI	JUNE	110	CA	978
INDIAINFO	18186	SBIN	JUNE	1440	CA	693
ROOM	17793	RELIANCE	JUNE	1710	PA	678
IVRCLINFRA	16186	SBIN	JUNE	1380	CA	670
PUNJLLOYD	15357	RELIANCE	JUNE	1770	CA	618

### Derivative Strategy Recommendations

Date	Scrip	View	Strategy	Action	Maximum Profit	Maximum Risk	Current Price	Profit/ Loss (Rs.)	Remarks
26.05.07	Infosys	Bullish	Buy Call Option	Buy 2010 CA @ 70.00	Unlimited	7000.00	2010 CA @ 11.65	-5835.00	Hold
06.06.07	IDBI	Bullish	Buy Call Option	Buy 105 CA @ 6.00	Unlimited	14400.00	105 CA @ 4.35	-3960.00	Hold
12.06.07	SAIL	Bounce Back	Bull Call Spread	Buy 130 CA @ 4.90 Sell 140 CA @ 1.50	17820.00	9180.00	130 CA @ 7.50 140 CA @ 1.50	+7020.00	Profit Booked (20.06.07)
16.06.07	RIL	Bullish	Bull Call Spread	Buy 1680 CA @ 36.00 Sell 1740 CA @ 16.00	6000.00	3000.00	1680 CA @ 63.50 1740 CA @ 23.50	+3000.00	Profit Booked (20.06.07)
19.06.07	Nifty	Bounce Back	Buy Call Option	Buy 4200 CA @ 64.00	Unlimited	3200.00	4200 CA @ 74.00	500.00	Hold
20.06.07	SBIN	Bullish	Bull Call Spread	Buy 1380 CA @ 30.00 Sell 1410 CA @ 19.00	2750.00	4750.00	1380 CA @ 48.00 1410 CA @ 28.00	+2250.00	Profit Booked (20.06.07)
20.06.07	RIL	Bullish	Buy Call Option	Buy 1740 CA @ 25.00	Unlimited	3750.00	1740 CA @ 22.00	-450.00	Hold
20.06.07	PFC	Bullish	Bull Call Spread	Buy 150 CA @ 5.60 Sell 160 CA @ 1.90	15120.00	8880.00	150 CA @ 4.50 160 CA @ 1.50	-1680.00	Hold

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## FROM OUR DEALING DESK

## Dealing News

## Market News &amp; Gossip

**Market Commentary:**

Outlook Positive for nifty with immediate support of 4200. We may See profit selling around Nifty 4250 & 4300. The fresh round of Bullishness will be seen on NIFTY closing above 4300 only.

We feel RIL RCom IDBI Voltas GDL & Tata Power are hot buys .

**Investment Ideas:**

GT Offshore, SterliteOpti and Hanung Toys.

**Derivatives:**

On Wednesday Roll Over Activities started, Net Roll Over for the Day was of Rs.744 cr.

NF = RO of Rs.375 cr. (RO Qty 11 lac)

SF = RO of Rs.369 cr.

On Wednesday Net OI Up by Rs.1155 cr. (Disc to cash avg. 7-8 pts.)

NF = PRO Net OI Up by Rs.189 cr. (added 2 NF )

SF = PRO Net OI Up by Rs.967 cr.

Overall OI is @ Rs 52305 cr. (NF 17899 cr + SF 34406 cr)

FII's OI (only Futures) as on 19th June stood at Rs.40570 cr. (ie 39%)

**Market Gossip \*:**

Banking Cement CapitalGoods & Engineering Stocks to be +Ve

Heard: IDBI may Sale the stake in NSE for RS 200 CRS & it to receive HUGE REFUND OF TAX WORTH RS 400 CRS

**Disclaimer \*:** Short term view is considered for 8 to 10 trading sessions. This Market Gossip information contained herein is from the public domain or sources believed to be reliable. This market gossip information may not be suitable for all clients. Clients are requested to make their own decision based on their own investment objectives, Stop losses, goals & financial position.

## TRADE DETAILS OF BULK DEALS

Bulk Deals	TRADE DETAILS OF BULK DEALS					
	Deal Date	Scrip Name	Client Name	Deal Type *	Quantity	Price **
	20-Jun-07	Ansal Hsg Cn	Jpmsl Ac Copthall Mauritius Invest Ltd	B	99409	229.49
	20-Jun-07	Ansal Hsg Cn	Kotak Mahindra Mutual Fund	S	96228	229.5
	20-Jun-07	Bampsl Secur	Lilac Farms Private Ltd	S	471928	0.08
	20-Jun-07	Biopac Inco	Rikeen Pradip Dalal	B	150000	27.8
	20-Jun-07	Chamatkar.Nt	Suresh D.Bagrecha	B	165000	20.75
	20-Jun-07	Chamatkar.Nt	Maruti Securities Ltd	S	190000	20.71
	20-Jun-07	Chandrik Tra	Bhagya Shree Leasing And Finance Ltd	S	26065	4
	20-Jun-07	Dagger Forst	Ayodhyapati Investment Pvt. Ltd.	B	36000	67.1
	20-Jun-07	Decolight Ce	Ayodhyapati Investment Pvt. Ltd.	B	97223	45.29
	20-Jun-07	Decolight Ce	Opg Securities Pvt Ltd	B	125792	44.41
	20-Jun-07	Decolight Ce	N D Nissar	B	112855	43.87
	20-Jun-07	Decolight Ce	Pallaviben Sureshbhai Pathak	B	100000	43.47
	20-Jun-07	Decolight Ce	Dhansukhbhai Ratilal Gandhi	B	96567	43.54
	20-Jun-07	Decolight Ce	Opg Securities Pvt Ltd	S	125792	44.47
	20-Jun-07	Decolight Ce	N D Nissar	S	112855	43.87
	20-Jun-07	Decolight Ce	Pallaviben Sureshbhai Pathak	S	94304	44.46
	20-Jun-07	Decolight Ce	Dhansukhbhai Ratilal Gandhi	S	95936	44.39
	20-Jun-07	Dollex Indut	Spjstockbroker	B	45891	132.09
	20-Jun-07	Dollex Indut	Spjstockbroker	S	45891	132.67
	20-Jun-07	Expo Ga Cont	Umesh Prabhulal Shah	B	50000	10.65
	20-Jun-07	Expo Ga Cont	Bds Share Brokers Pvt Ltd	B	46689	9.91
	20-Jun-07	Expo Ga Cont	Bds Share Brokers Pvt Ltd	S	46689	9.95
	20-Jun-07	Gangotri I&S	P K Khurana	B	36000	27.77
	20-Jun-07	Gayatri Proj	Citigroup Global Mkt Mauritius Pvt Ltd	B	131998	280.25
	20-Jun-07	Gemstone Inv	Hemant Madhusudan Sheth	S	50000	23.59
	20-Jun-07	Glory Poly	Nilesh V Soni	B	105777	51.78
	20-Jun-07	Gremac Infra	Rashmikant B Prajapati	S	123345	175
	20-Jun-07	Htmt Global	Opg Securities Pvt Ltd	B	106214	612
	20-Jun-07	Htmt Global	Opg Securities Pvt Ltd	S	106214	612.26
	20-Jun-07	Ikf Techno	Bharatsih Gangasih Vaghela	B	2319293	8.6
	20-Jun-07	Ikf Techno	Bharatsih Gangasih Vaghela	S	2245817	8.44
	20-Jun-07	Ikf Techno	Lotus Global Investments Ltd Ac Gdr	S	1400000	8.53
	20-Jun-07	Interf Fin S	Nayanbhai Rameshchandra Shah	S	255050	1.84
	20-Jun-07	Jbm Auto	Melchior Indian Opportunities Fund	S	50000	81.13
	20-Jun-07	Kalptaru	Mukeshbhai Manilal Shah	B	35353	92.23
	20-Jun-07	Kalptaru	Mukeshbhai Manilal Shah	S	26563	91.37
	20-Jun-07	Logix Micro	Passport India Investments Mauritius Ltd	B	83929	269.95
	20-Jun-07	Nitin Fire	Opg Securities Pvt Ltd	B	113887	419.23
	20-Jun-07	Nitin Fire	Mbl And Company Ltd	B	105255	416.14
	20-Jun-07	Nitin Fire	Opg Securities Pvt Ltd	S	113887	419.47
	20-Jun-07	Nitin Fire	Mbl And Company Ltd	S	105255	416.28
	20-Jun-07	Novgol Petr	Kamlesh A Shah	S	28770	6.8
	20-Jun-07	Nutraplus Pr	Vishal Agarwal	B	23326	6.97
	20-Jun-07	Peerles Ab F	Madgul Parks Pvt Ltd	B	72121	49.1
	20-Jun-07	Proto Infosy	Lilac Farms Private Ltd	S	171854	4.04
	20-Jun-07	Sarla Per F	Gaurang Vinod Doshi	B	47000	135.06
	20-Jun-07	Shree Ashta	Sarla Bhushan Shroff	B	60299	251.84
	20-Jun-07	Shree Ashta	Sandeep Patel	B	52252	252.23
	20-Jun-07	Shree Ashta	Jagruti Arvind Udeshi	B	55372	251.06
	20-Jun-07	Shree Ashta	Sarla Bhushan Shroff	S	60299	251.97
	20-Jun-07	Shri Bajrang	Jdm Securities	B	107334	34.49
	20-Jun-07	Shri Bajrang	Jdm Securities	S	150285	32.8
	20-Jun-07	Swan Mills	Bsma Limited .	B	492841	98.8
	20-Jun-07	Swan Mills	Ayodhyapati Investment Pvt. Ltd.	S	500000	98.79
	20-Jun-07	Time Techno	Opg Securities Pvt Ltd	B	111804	529.21
	20-Jun-07	Time Techno	Opg Securities Pvt Ltd	S	111804	529.26
	20-Jun-07	Tripex Over	Rajendra Dalpatbhai Acharya	B	124538	25.87
	20-Jun-07	Tripex Over	Rajendra Dalpatbhai Acharya	S	124538	25.2

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20-Jun-07	Tripex Over	Narendra Vallabhji Bahuva	S	40662	26.19
20-Jun-07	Vakran Softw	Goldman Sachs Inv Mau 1 Ltd	B	109483	140.82
20-Jun-07	Vas Anima En	Manmohan Damani	S	36592	84.95
19-Jun-07	Decolight Ce	Lalit Himatlal Shah	B	300000	56.85
19-Jun-07	Decolight Ce	Matrix Equitrade Pvt Ltd	B	188459	55.14
19-Jun-07	Decolight Ce	Vicky Rajesh Zaveri	B	100000	56.58
19-Jun-07	Decolight Ce	Opg Securities Pvt Ltd	B	225694	53.73
19-Jun-07	Decolight Ce	Devang M Shah	B	110702	51.73
19-Jun-07	Decolight Ce	Matrix Equitrade Pvt Ltd	S	188459	55.07
19-Jun-07	Decolight Ce	Vicky Rajesh Zaveri	S	100000	58.23
19-Jun-07	Decolight Ce	Opg Securities Pvt Ltd	S	225694	53.65
19-Jun-07	Decolight Ce	Devang M Shah	S	110702	52.05
19-Jun-07	Euro Ceramic	Matrix Equitrade Pvt Ltd	B	104848	166.63
19-Jun-07	Euro Ceramic	Opg Securities Pvt Ltd	B	97730	171.37
19-Jun-07	Euro Ceramic	Praveen Kumar Mehta	B	95900	168.86
19-Jun-07	Euro Ceramic	Jmp Securities Pvt. Ltd.	B	101674	163.77
19-Jun-07	Euro Ceramic	Dynamic Stock Broking I Pvt Ltd	B	129099	166.79
19-Jun-07	Euro Ceramic	Matrix Equitrade Pvt Ltd	S	104848	166.67
19-Jun-07	Euro Ceramic	Opg Securities Pvt Ltd	S	97730	171.59
19-Jun-07	Euro Ceramic	Praveen Kumar Mehta	S	100900	153.18
19-Jun-07	Euro Ceramic	Dynamic Stock Broking I Pvt Ltd	S	94841	166.83
19-Jun-07	Glory Poly	Sakshi Shares Pvt. Ltd.	B	100000	54.33
19-Jun-07	Glory Poly	Opg Securities Pvt Ltd	B	227899	54.22
19-Jun-07	Glory Poly	Jmp Securities Pvt. Ltd.	B	209890	53.66
19-Jun-07	Glory Poly	Amar Packagings Pvt.	B	100000	53.79
19-Jun-07	Glory Poly	Rikhav Securites Ltd	S	125000	54.24
19-Jun-07	Glory Poly	Manba Finance Ltd	S	91452	53.87
19-Jun-07	Glory Poly	Opg Securities Pvt Ltd	S	227899	53.81
19-Jun-07	Htmt Global	Opg Securities Pvt Ltd	B	324172	567.79
19-Jun-07	Htmt Global	Opg Securities Pvt Ltd	S	324172	568.51
19-Jun-07	Icra	Opg Securities Pvt Ltd	B	102300	899.14
19-Jun-07	Icra	Opg Securities Pvt Ltd	S	102300	899.25
19-Jun-07	Ikf Techno	Jmp Securities Pvt. Ltd.	B	1797300	9.34
19-Jun-07	Ikf Techno	Jmp Securities Pvt. Ltd.	S	1725500	9.43
19-Jun-07	Koff Br Pict	Jignesh Chinubhai Shah	B	25000	24.96
19-Jun-07	Mic Elect	Opg Securities Pvt Ltd	B	176300	391.53
19-Jun-07	Mic Elect	Opg Securities Pvt Ltd	S	176300	391.92
19-Jun-07	Netfl Finco	Opg Securities Pvt Ltd	B	98163	66.87
19-Jun-07	Netfl Finco	Vinod Nanalal Doshi	B	73218	56.68
19-Jun-07	Netfl Finco	Opg Securities Pvt Ltd	S	98163	67
19-Jun-07	Netfl Finco	Vinod Nanalal Doshi	S	73218	56.99
19-Jun-07	Nitin Fire	Opg Securities Pvt Ltd	B	283237	416.92
19-Jun-07	Nitin Fire	Dynamic Stock Broking I Pvt Ltd	B	77747	414.56
19-Jun-07	Nitin Fire	Opg Securities Pvt Ltd	S	283237	417.12
19-Jun-07	Nitin Fire	Dynamic Stock Broking I Pvt Ltd	S	76447	414.09
19-Jun-07	Pfl Infotech	Jayesh M Buddhdev	B	25000	5.94
19-Jun-07	Time Techno	Opg Securities Pvt Ltd	B	267312	544.33
19-Jun-07	Time Techno	Jmp Securities Pvt. Ltd.	B	106675	549.26
19-Jun-07	Time Techno	Opg Securities Pvt Ltd	S	267312	544.8
19-Jun-07	Tripex Over	Shreeji Securities	S	65000	25.83
18-Jun-07	Glory Poly	Rahul Doshi	B	316638	59.4
18-Jun-07	Glory Poly	Devang M Shah	B	108711	60.09
18-Jun-07	Glory Poly	Matushree Investments	B	119288	62.3
18-Jun-07	Glory Poly	Famy Steri Pvt Ltd	S	125000	63.9
18-Jun-07	Glory Poly	Rahul Doshi	S	316638	59.36
18-Jun-07	Glory Poly	Devang M Shah	S	108711	60.56
18-Jun-07	Glory Poly	Matushree Investments	S	106288	62.3
18-Jun-07	Intens Tech	Quickpay Suppliers Pvt. Ltd.	B	100000	73
18-Jun-07	Mohit Indust	Lalit Himatlal Shah	B	42449	25.01
18-Jun-07	Petron Engin	Dynamic Stock Broking I Pvt Ltd	B	42648	190.03
18-Jun-07	Shree Ashta	Dynamic Stock Broking I Pvt Ltd	B	157430	257.45

Contd...

18-Jun-07	Shree Ashta	Dynamic Stock Broking I Pvt Ltd	S	157803	258.37
18-Jun-07	Time Techno	Jmp Securities Pvt. Ltd.	B	132863	529.52
18-Jun-07	Time Techno	Jmp Securities Pvt. Ltd.	S	123029	519.88
18-Jun-07	Tripex Over	Shreeji Securities	B	45000	29.5
18-Jun-07	Tripex Over	Raja Agrawal	B	41075	26.9
18-Jun-07	Tripex Over	Shreeji Securities	S	65000	26.72
18-Jun-07	Vimal Oil Fo	Jyotiben Kantibhai Patel	B	56000	29
15-Jun-07	Tripex Over	Shreeji Securities	S	100000	28.18

Source: BSE

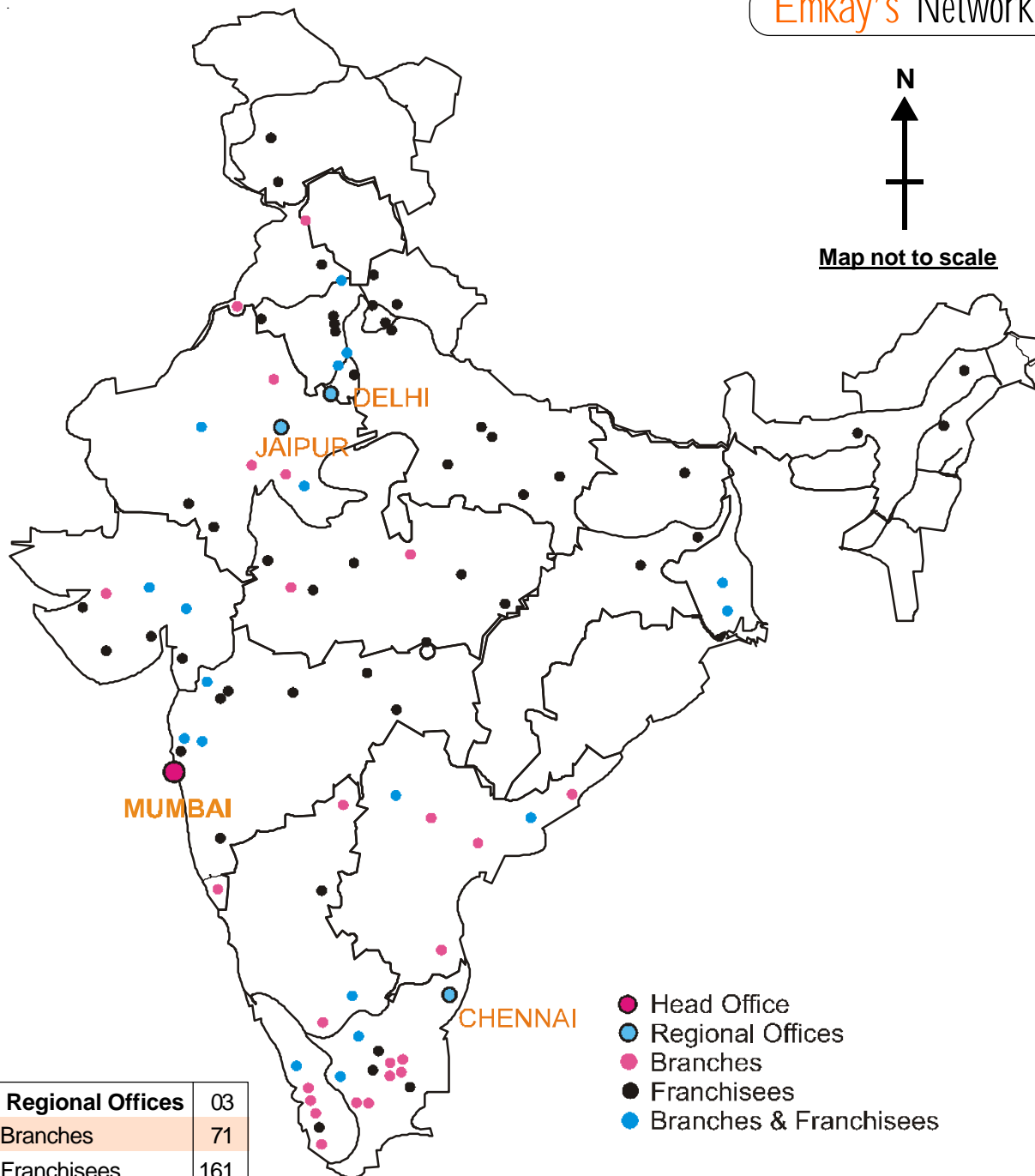
**COMPANY / MARKET****Forthcoming Events**

Effective Date	Summary	Action Type
21-Jun-07	Bala Techno Finance Ltd	Name Change
21-Jun-07	Bank of Baroda	Cash Dividend
21-Jun-07	Patni Computer Systems Ltd	Corporate Meeting
21-Jun-07	Rashtriya Chemicals & Fert	Cash Dividend
21-Jun-07	Srinivasa Shipping & Property Development Ltd	Listing
21-Jun-07	South Indian Bank Ltd	Cash Dividend
21-Jun-07	Syndicate Bank	Corporate Meeting
21-Jun-07	Trent Ltd	Delisting
21-Jun-07	Twilight Litaka Pharma Ltd	Cash Dividend
21-Jun-07	Vishnu Chemicals Ltd	Corporate Meeting

*Source: Bloomberg*[\*\*Home\*\*](#)

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Emkay's Network



Total Regional Offices	03
Total Branches	71
Total Franchisees	161

### Regional Offices

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