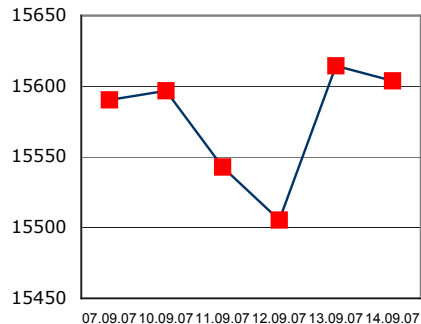
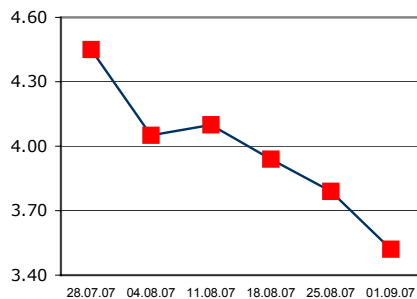
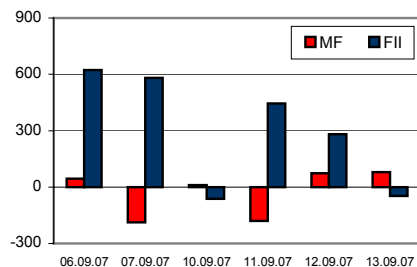
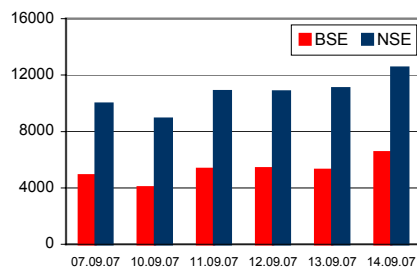


SENSEX

INFLATION (%)

MF/FII-Net Equity Flow (Rs Cr)

BSE/NSE Cash Turnover (Rs Cr)

ALL EYES GLUED AT FED...

Financial markets around the globe are waiting with bated breath as the US Fed meets on September 18 to deliberate on the interest rates. The Fed has kept rates on hold for the last ten of its meeting in last one and half years. Prior to that, the Fed had raised rates for 17 times consecutively by 25 bps each time from 1% to 5.5% before keeping it steady.

We expect a 25 bps cut in fed rates. If the Fed surprises the markets with anything other than a 25 basis points cut, expect a violent gyration on either side.

Back home, we ended the week almost flat, having reached in kissing distance of all-time highs on the benchmark indices. Sectorially, Realty was the flavour of the week, while IT and Teck seem to have fallen out of favour.

Economy News

The WPI-based annual rate of inflation for the week ended September 1 subsided to its 17-month low of 3.52%, against a figure of 3.79% in the previous week, albeit against expectations of 3.23%. With this, the headline inflation has remained below 4% for third consecutive week. The decline this week was due to manufactured products' prices plummeting to its lowest levels in the last one year, while some primary articles, including food items, also witnessed a fall in prices.

Corporate News

Unitech is to replace **IPCL** in the Nifty from 5th October.

Cairn India has received approval from the government for laying a pipeline to evacuate crude oil from Rajasthan fields.

BHEL and **NTPC** have signed an MoU to form a JV for carrying out Engineering Procurement and Construction activities in the power sector on mutually beneficial terms.

Bharti has acquired 49.99% stake in Network i2i Ltd from Singtel for US\$ 66.7 million (approx. Rs 269.8 Crore)

The Empowered Group of Ministers have ended the long-drawn suspense over the pricing of **Reliance Industries'** natural gas by fixing the price at \$4.20/mBtu, which would be applicable only to half of the volumes that would flow from the Krishna-Godavari block D6.

MARKET INDICATORS

Indices	14.09.07	07.09.07	Change (Pts)	% Change
NIFTY	4518.00	4509.50	8.50	0.19
SENSEX	15603.80	15590.42	13.38	0.09
BSE MIDCAP	6897.00	6851.65	45.35	0.66
BSE SMLCAP	8572.76	8433.52	139.24	1.65
BSE-100	8063.95	8005.17	58.78	0.73
BSE-200	1911.72	1896.55	15.17	0.80
BSE-500	6137.54	6085.09	52.45	0.86

SECTORAL INDICES

Indices	14.09.07	07.09.07	Change (Pts)	% Change
BSE REALTY	7972.75	7470.27	502.48	6.73
BSE METAL	11979.96	11609.08	370.88	3.19
BSE OIL&GAS	8387.22	8185.77	201.45	2.46
BSE CONS. DURABLES	4567.37	4479.70	87.67	1.96
BSE FMCG	2072.81	2046.63	26.18	1.28
BSE CAPITAL GOODS	13701.56	13613.24	88.32	0.65
BSE BANKEX	8136.11	8095.69	40.42	0.50
BSE PSU	7300.00	7288.49	11.51	0.16
BSE AUTO	4885.47	4889.83	-4.36	-0.09
BSE HEALTH CARE	3665.56	3705.68	-40.12	-1.08
BSE TECK	3529.85	3642.30	-112.45	-3.09
BSE IT	4449.14	4659.70	-210.56	-4.52

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
HDFC	2216.85	4.07
REL	882.65	3.79
RELIANCE	2034.50	3.73
AMBUJA CEMENT	144.45	3.14
HDFC BANK	1228.70	2.77

Top Losers		
Company	Price	Loss %
WIPRO	450.25	-5.88
TCS	1022.60	-5.08
CIPLA	172.05	-4.76
SATYAM COMP.	430.70	-4.24
INFOSYS TECH	1830.30	-4.12

WEEKLY A GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
BF UTILITIES	2524.25	30.70
INDUSIND BANK	65.95	19.37
JINDAL STEEL	4619.10	17.99
NEYVELI LIGNITE	95.20	14.49
REL. CAPITAL	1392.15	13.78

Top Losers		
Company	Price	Loss %
ROLTA	445.65	-13.89
HCL TECH	279.45	-9.85
GAMMON INDIA	425.15	-7.81
MATRIX LABS.	231.50	-7.08
WIPRO	450.25	-5.88

ADVANCE-DECLINE

SENSEX	
Positive	14
Negative	16
Unchanged	0
Total	30

A GROUP	
Positive	104
Negative	100
Unchanged	3
Total	207

WORLD INDICES

INDEX	14.09.07	07.09.07	Change (Pts)	% Change
NIFTY	4518.00	4509.50	8.50	0.19
SENSEX	15603.80	15590.42	13.38	0.09
DJIA	13442.52	13113.38	329.14	2.51
NASDAQ	2602.18	2565.70	36.48	1.42
FTSE	6289.30	6191.20	98.10	1.58
NIKKEI	16127.42	16122.16	5.26	0.03
BOVESPA	54672.51	54573.15	99.36	0.18
SHANGHAI	5312.18	5277.18	35.00	0.66
KOSPI	1870.02	1884.90	-14.88	-0.79
HANG SENG	24898.11	23982.16	915.95	3.82
STRAITS TIMES	3536.40	3488.97	47.43	1.36

MARKETS AT A GLANCE
Indian Markets

Indices	14.09.07	07.09.07	% Chg
SENSEX	15603.80	15590.42	0.09
NIFTY	4518.00	4509.50	0.19

US Markets

Indices	14.09.07	07.09.07	% Chg
DJIA	13442.52	13113.38	2.51
NASDAQ	2602.18	2565.70	1.42

BSE 200

Scripts	CMP (Rs)	Weekly % Chg
Gainers		
BF UTILITIES	2524.25	30.70
INDIA INFOLINE	843.10	24.58
JINDAL STEEL	4619.10	17.99
SHR. PRECOATED	447.00	17.22
NEYVELI LIGNITE	95.20	14.49
Losers		
DECCAN CHRON.	203.80	-17.27
ROLTA	445.65	-13.89
HCL TECH.	279.45	-9.85
CMC LTD.	1018.65	-9.78
DISH TV	75.40	-9.27

US Listings

Scripts	Close (\$)	Weekly % Chg
NYSE		
DR REDDY	16.12	-1.23
HDFC BANK	91.15	5.23
ICICI BANK	44.68	1.73
MTNL	7.10	0.42
PATNI	22.20	-2.25
SATYAM	23.93	-1.72
TATA MOTOR	17.02	0.71
VSNL	19.64	0.72
WIPRO	13.66	-3.26
NASDAQ		
INFOSYS	47.21	-1.07

Institutional Activity (Rs Cr)

	For the week	For the month	For the year
Mutual Funds	-203.40	150.50	3667.23
FIIs	1198.90	3390.50	38769.50

DERIVATIVES WATCH

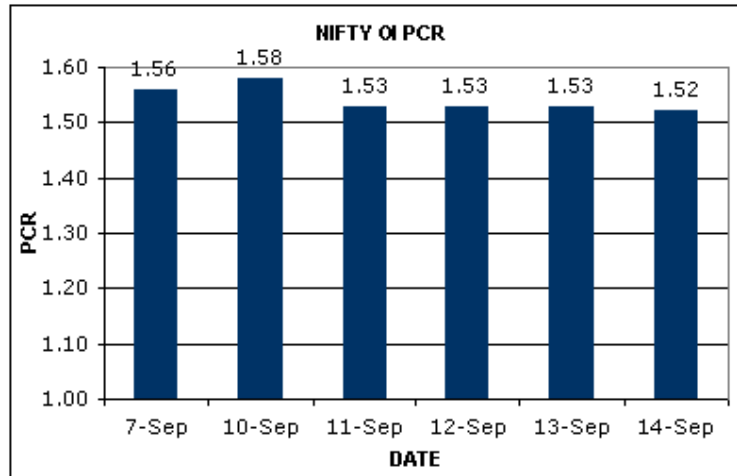
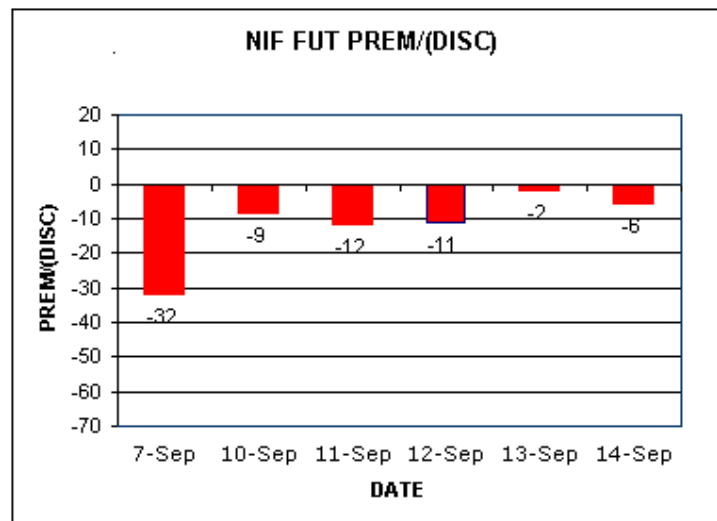
DERIVATIVE WEEKLY SUMMARY

Overall Open Interest increased by Rs 7,435 Cr or 10% to Rs 84,484 Cr from Rs 77,049 Cr (out of which Rs 729 Cr comes from the newly added 14 stocks) week on week. In terms of number of shares, Open Interest went up by 9% to 188.8 Cr shares from 173 Cr shares. Nifty Futures added 6% Open Interest while Nifty Futures discount fell sharply to 6 points from 32 points. FIIs net bought worth Rs 1,095 Cr in Index Futures indicating accumulation of long positions. Nifty OI PCR declined marginally to 1.52 level from 1.56 last week. This PCR of above 1.5 on back of Put writing at lower strike prices is healthy for the market, which in turn indicates that market players expect limited downside in the market. OIL&GAS, BANKING and POWER sectors added the highest amount of Open Interest on a weekly basis.

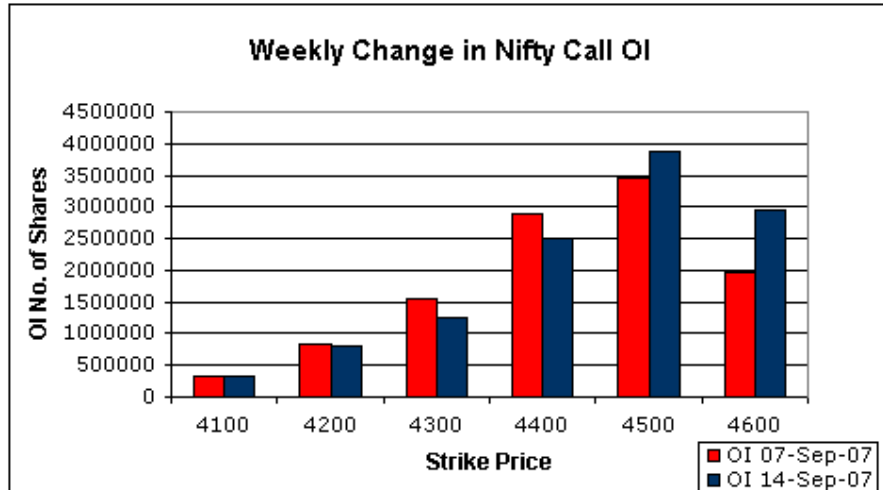
Nifty 4500 & 4600 Call added 8,633 and 19,490 contracts in OI respectively, so on the upside the market may find strong resistance in the region of 4,600-4,640. On the other hand Nifty 4500 Put added 18,032 contracts in OI, so on the downside market may find support around 4,460-4,500 levels. FIIs buying in Cash as well as Index Futures, healthy Nifty OI PCR and Put writing at Nifty 4500 level are some of the F&O indicators suggesting bullishness to continue in the market going forward. However, on the upside, 4600 is the level to watch in the Nifty, where we have seen Call writing.

SECTORWISE WEEKLY CHANGE IN OPEN INTEREST

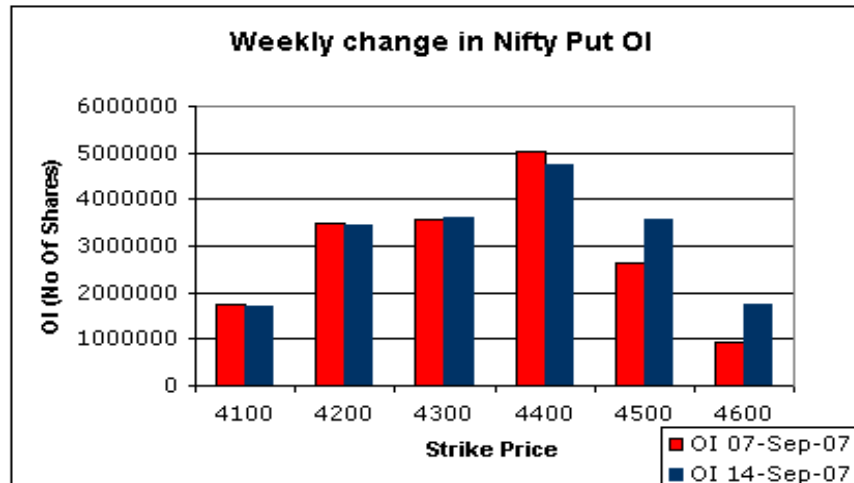
SECTOR	OPEN INTEREST (Rs Cr)		
	07/09/2007	14/09/2007	CHANGE
AUTO	1400	1484	84
BANKING/FINANCE	7891	8546	655
CEMENT	1328	1444	116
CONSTR./INFRAS.	3161	3306	145
ENGINEERING	2414	2642	228
FERTILIZERS	629	653	24
FMCG	1155	1270	115
MEDIA	411	423	12
METAL	3380	3756	376
OIL/GAS	5804	6674	870
PHARMA	1787	1918	131
POWER	2398	2736	338
SUGAR	359	406	47
TECH	3340	3632	292
TELECOM	3301	3571	270
TEXTILE	1085	1089	4

TREND IN NIFTY OI PCR

TREND OF NIFTY SEPT FUTURE PREMIUM/(DISCOUNT)


Weekly Change in Nifty September Call Options Open Interest



Weekly Change in Nifty September Put Options Open Interest



TOP STOCKS OPEN INTEREST WISE

Underlying	Weekly chg (%)		Open Interest Value(Rs Cr)				PCR (OI)
	Price	OI Rs Cr	Future	Call	Put	Total	
NIFTY	0.19	10	18264	7816	11842	37922	1.52
RELIANCE	3.66	14	2153	419	216	2787	0.52
SBIN	1.85	7	1496	170	76	1743	0.44
ICICIBANK	-1.49	9	1266	100	14	1380	0.14
TATASTEEL	2.24	11	1035	202	111	1348	0.55
REL	3.83	6	1069	91	22	1181	0.24

FII ACTIVITY FOR THE WEEK (from September 10 to September 14)

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
Index Futures	288706	6516	240836	5421	788881	17822
Index Options	107936	2406	54402	1196	585852	13234
Stock Futures	105049	3300	145127	4339	903218	28050
Stock Options	852	28	1258	36	5757	171

TOP GAINERS & LOSERS OPEN INTEREST WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
UNIPHOS	549.0	7.6	39.9
NUCLEUS	267.2	-6.0	11.9
ROLTA	221.7	-13.7	87.4
SASKEN	99.5	-8.2	13.9
CAIRN	96.0	5.1	187.1

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
INDIAINFO	-34.3	24.0	185.6
CORPBANK	-25.1	10.6	8.3
TRIVENI	-23.8	10.3	35.5
GESCOCORP	-21.8	14.6	30.9
NAGARFERT	-20.2	3.4	194.6

TOP GAINERS & LOSERS PRICE WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
INDIAINFO	-34.3	24.0	185.6
INDUSINDBK	2.2	19.3	72.8
JINDALSTEL	-9.5	17.6	85.6
GESCOCORP	-21.8	14.6	30.9
WELGUJ	16.9	14.5	156.7

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
ROLTA	221.7	-13.7	87.4
HCLTECH	13.3	-9.7	144.3
CMC	88.3	-9.3	8.2
SASKEN	99.5	-8.2	13.9
NIITTECH	83.5	-7.3	80.4

TECHNICAL TALK

Broad Market Trend

Last week we saw choppy kind of movement in the market. On the first day of the week, both the benchmark indices rose smartly from the day's lows. 3 days of consolidation followed; on Friday the indices lost all the initial gains, falling almost 250 points from day's high, ultimately ending the week with nominal gains. Short-term technical indicators are depicting overbought condition, while Medium-term Momentum Oscillators are still favouring the bulls. However, we may experience high volatility in upcoming week, depending upon the outcome of the US Fed meet, so it would be advisable not to take one-sided market view for the next week.

Near supports for the Sensex are at 15,486 and then at 15,350, while far support lies at 15,050 (gap formed on 31-Aug-07). Resistances for the Sensex lie at 15,763 and then at 15,824.

Sensex Daily Chart

BSE SENSEX [B999901] 15713.66, 15824.65, 15568.36, 15603.80, 523019904 -0.07%
Price

20 DMA : 15092 50 DMA : 15138 200 DMA : 14148
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Review of Stocks Recommended Last Week

STOCK	RECOMMENDATION	PRICE 07.09.07	STOP LOSS	TARGET	REVIEW	RETURN (%)
BHEL	CONDITIONAL SELL	1882.30	1909	1800, 1750	STOP LOSS TRIGGERED	(1.4)

Return of Technical Picks since 30 Jun 2007

Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
78	7.1	(3.1)	5.1

Note: Whenever first target is achieved in any recommendation, you are encouraged to book 50% profit and the stop loss has to be raised to the original recommended price, unless specified otherwise.

Support-Resistance Levels for the Forthcoming Week (17th Sept to 21st Sept)

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	1107.15	1109.10	1143.10	1179.10	1073.10	1039.10
ABAN	3034.90	3003.20	3131.40	3227.90	2906.70	2778.50
ABB LTD.	1221.80	1199.60	1263.20	1304.60	1158.20	1094.60
ADLABS FILM	488.40	494.50	508.10	527.70	474.90	461.30
ALLHABAD BNK	93.75	94.10	97.10	100.40	90.80	87.90
AMBUJACEM	144.50	143.40	147.80	151.00	140.10	135.70
ANDHRA BANK	92.30	92.10	96.20	100.00	88.20	84.10
ANSALINFRA	260.95	257.30	269.60	278.30	248.60	236.30
APIL	787.40	777.80	827.60	867.80	737.60	687.80
ARVIND MILLS	52.20	52.40	54.70	57.20	49.90	47.60
ASHOK LEYL	36.90	37.60	38.40	40.00	36.00	35.20
BAJAJ AUTO	2381.40	2377.50	2463.90	2546.50	2294.90	2208.50
BAJAJHIND.LT	139.25	138.80	145.30	151.40	132.70	126.20
BANK OF BARO	283.55	281.50	293.00	302.50	272.00	260.50
BANK OF IND.	241.40	245.40	251.00	260.50	235.80	230.20
BH.EARTH MOV	1231.50	1224.80	1288.70	1345.80	1167.70	1103.80
BHARAT ELEC.	1743.50	1744.80	1788.70	1833.80	1699.70	1655.80
BHARTI TELEV	829.60	834.60	854.00	878.40	810.20	790.90
BHEL	1896.05	1891.40	1938.70	1981.40	1848.70	1801.40
BOM DYEING	627.05	627.70	652.40	677.70	602.40	577.70
CANARA BANK	254.65	256.40	262.00	269.30	249.10	243.50
CENTURY TEXT	787.70	797.60	813.10	838.40	772.20	756.70
CIPLA	172.10	175.00	179.00	185.80	168.20	164.20
CROMPTON GR.	308.05	310.20	328.80	349.50	289.50	270.90
CUMMINS INDI	395.70	418.90	449.70	503.60	364.90	334.10
DABUR INDIA	105.80	104.70	110.10	114.30	100.50	95.10
DENA BANK	64.10	64.90	67.20	70.30	61.80	59.40
DLF	665.15	648.10	686.10	707.10	627.10	589.10
EDUCOMP	2880.85	2885.00	2968.00	3055.20	2797.90	2714.90
EKC	225.30	226.60	237.70	250.10	214.20	203.20
ESSAR OIL	52.20	51.20	54.90	57.70	48.40	44.70
GAIL	311.25	312.90	320.80	330.40	303.40	295.50
GESCO CORP	582.05	561.00	623.00	664.00	520.00	458.00
GMRINFRA	767.65	779.50	795.90	824.20	751.20	734.80
GRASIM IND.	3227.65	3216.50	3346.20	3464.80	3097.90	2968.20
GTL	239.45	242.50	246.90	254.40	235.10	230.70
GUJ.ALKALI	142.20	142.60	146.60	151.10	138.10	134.10
GUJ.NARMADA	137.10	138.80	145.10	153.10	130.80	124.50
HCC	133.75	135.30	139.20	144.70	129.90	126.00
HDFC BANK	1232.70	1217.50	1265.10	1297.40	1185.20	1137.60

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
HDIL	593.40	576.10	627.30	661.10	542.30	491.10
HINDALCO	154.35	155.10	158.00	161.60	151.50	148.70
HIND UNILVR	212.05	214.10	217.80	223.60	208.40	204.70
HOUS DEV FIN	2221.65	2173.90	2287.80	2353.90	2107.80	1993.90
ICICI BANK	906.30	904.10	926.20	946.10	884.20	862.10
IDBI	130.85	133.60	137.80	144.70	126.60	122.40
IDEA	122.40	122.50	125.80	129.30	119.00	115.70
IDFC	130.50	132.60	136.00	141.60	127.00	123.60
INDIA CEMENT	275.45	272.30	283.20	291.00	264.50	253.60
INDIANB	152.05	151.60	156.20	160.40	147.40	142.80
INDUS IND BK	65.90	62.70	71.40	76.90	57.20	48.50
INDUST.FIN.C	77.30	75.00	82.50	87.70	69.80	62.20
INFOSYS TECH	1837.10	1851.70	1890.20	1943.20	1798.60	1760.10
ITC	180.95	181.70	188.20	195.50	174.50	168.00
IVRCL INFRAS	372.70	379.60	388.50	404.30	363.80	354.80
JP ASSOCIAT	949.60	940.10	979.80	1010.10	909.90	870.20
JPHYDRO	51.95	51.80	54.50	57.00	49.30	46.70
JSWSTEEL	683.20	683.40	703.70	724.10	662.90	642.60
KESORAM	519.05	531.90	551.70	584.40	499.20	479.40
KOTAK BANK	772.15	755.90	808.20	844.30	719.90	667.60
LITL	312.05	306.90	328.80	345.50	290.20	268.30
LT	2591.25	2591.20	2631.10	2671.00	2551.30	2511.40
MAH & MAH	698.50	702.70	714.90	731.20	686.30	674.10
MAHANGR TELE	145.25	146.30	149.60	154.00	142.00	138.70
MARUTI	866.75	858.40	913.20	959.60	811.90	757.10
MATRIX LABS	231.25	237.10	244.20	257.10	224.20	217.10
MCDOWELL	1705.85	1640.30	1810.60	1915.30	1535.60	1365.30
MOSER-BAER	302.20	305.50	313.70	325.20	294.00	285.80
MPHASIS	280.40	287.10	296.10	311.80	271.40	262.40
MRPL	48.35	48.20	50.60	52.90	45.90	43.50
NAGAR.CONST.	217.05	225.80	241.20	265.30	201.70	186.40
NDTV	365.00	366.00	376.00	387.00	355.00	345.00
NEVELI LIGN	95.25	92.00	102.50	109.70	84.80	74.30
NTPC	185.75	189.30	194.00	202.20	181.00	176.30
ONGC CORP.	834.40	836.50	850.90	867.30	820.10	805.70
ORIENT.BANK	224.50	226.50	233.00	241.50	218.00	211.50
PARSVNATH	318.95	318.30	331.60	344.30	305.60	292.30
PATEL ENG.	452.95	447.70	470.30	487.70	430.30	407.70

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
PATNI	452.05	458.70	471.30	490.60	439.50	426.90
PENIN LAND	520.95	521.20	547.40	573.90	494.70	468.50
PETRONET	64.55	65.40	67.60	70.60	62.40	60.20
PFC	194.45	195.60	203.70	212.90	186.40	178.30
PNB	491.30	493.20	502.50	513.60	482.10	472.80
POLARIS SOFT	115.95	117.20	119.40	122.80	113.80	111.60
PRAJ IND.LTD	217.50	218.20	225.20	232.90	210.50	203.60
PUNJ LLOYD	291.85	298.30	306.50	321.20	283.70	275.50
RAJESH EXPOR	728.85	702.60	764.00	799.20	667.40	606.00
RANBAXY LAB.	413.95	415.00	428.80	443.60	400.20	386.50
RCOM	543.00	545.60	557.10	571.30	531.40	519.90
REL	883.00	876.30	921.70	960.30	837.70	792.30
REL.CAPITAL	1393.95	1346.20	1485.70	1577.50	1254.40	1114.90
RELIANCE	2034.75	2016.60	2089.10	2143.50	1962.20	1889.70
RENUKA	536.15	540.10	560.10	584.10	516.10	496.10
ROLTA	446.25	470.60	497.60	548.90	419.30	392.40
RPL	130.75	128.20	135.80	140.80	123.20	115.70
SATYAM COMP	430.35	438.50	451.80	473.20	417.00	403.70
SIEMENS	1253.45	1265.60	1282.20	1311.00	1236.80	1220.20
SOBHA	757.15	760.70	776.40	795.70	741.40	725.70
SRF LTD.	144.95	146.10	154.00	163.10	137.00	129.10
STATE BANK	1650.35	1647.60	1710.30	1770.20	1587.70	1525.10
STEEL AUTHOR	171.60	171.20	177.30	182.90	165.50	159.40
STER	645.60	632.10	667.00	688.30	610.80	575.90
STER OPTICAL	229.80	231.60	242.10	254.50	219.20	208.70
SUNTV	330.10	331.70	336.20	342.40	325.50	321.00
SUZLON	1373.75	1343.20	1435.50	1497.20	1281.50	1189.30
SYNDICATE BK	83.40	83.20	88.20	92.90	78.50	73.50
TATA POWER	747.00	743.20	781.50	815.90	708.80	670.50
TATA MOTORS	693.75	693.20	705.40	717.10	681.50	669.30
TATASTEEL	703.75	701.30	726.50	749.20	678.60	653.50
TCS	1022.45	1042.40	1074.50	1126.50	990.40	958.40
TITAN IND.	1401.05	1388.20	1446.40	1491.80	1342.90	1284.70
TTML	33.05	33.30	35.40	37.80	31.00	28.90
UNION BANK	145.20	146.90	151.20	157.30	140.80	136.50
UNITECH LTD	282.90	271.90	301.80	320.70	253.00	223.10
UTI BANK	650.00	644.90	677.10	704.20	617.80	585.50
VSNL	403.10	406.10	416.00	428.90	393.20	383.40
VOLTAS	152.35	152.50	159.90	167.50	144.90	137.50
WIPRO	450.25	456.90	467.80	485.40	439.40	428.50
ZEE	306.40	306.30	316.50	326.60	296.20	286.00

FUNDAMENTAL CHECK**Stocks Covered This Week**

Company	Price (Rs) 14.09.07	Report Type	Recommendation
GEI INDUSTRIAL SYSTEMS LTD. *	98*	RESEARCH REPORT	BUY*
MIC ELECTRONICS LTD.**	490**	RESEARCH REPORT	BUY**
SOUTH INDIAN BANK LTD.	160	STOCK UPDATE	~

* Coverage initiated on 12-Sep-07 at Rs 98

** Coverage initiated on 13-Sep-07 at Rs 490, research report already mailed separately

Review of Stocks Covered 3 Months Back

Company	Price (Rs) 14.09.07	Recommendation	Reco. Price (Rs) 15.06.07	Return (%)
SENSEX	15604		14163	10
ROMAN TARMAT LTD.	216	SUBSCRIBE	175*	23

* Issue Price

RESEARCH REPORT
GEI Industrial System Ltd.(GEI)
12 September, 2007
CMP: 98
BUY

BSE Code	530743
NSE Code	-

Key Data

Sensex	15800
52 week H/L (Rs.)	115/42
Aug month H/L (Rs.)	98/78
Market Cap (Rs cr)	159.39
Avg. daily vol. (6m)	122278
Face Value	10

Source: Capitaline

Shareholding Pattern (%)

Promoters	24.00
Institution	7.00
Public & Others	69.00

Source: Capitaline

**One-Year Performance
(Rel. to Sensex)**


Source: Capitaline

 Analysis: Team Anagram
 equity@anagram.co.in

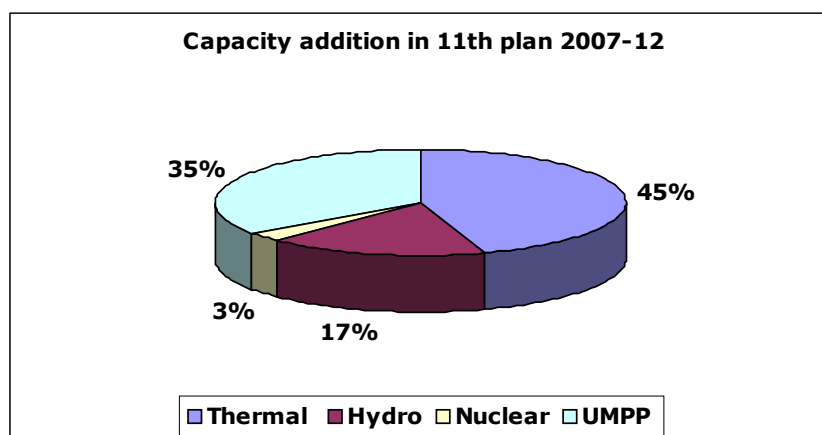
Background and Business:

Promoted by C E Fernandes and P L Mundhra, GEI Industries is engaged in heat transfer Technology and it manufactures air cooled heat condenser and air cooled steam condenser and other allied products which are used in petroleum, Power plants (Nuclear, hydro electric, gas based turbine, diesel engine), LNG terminal, CNG filling station, petrochemicals and chemicals, Oil & gas fields, on and off shore gas processing platforms, fertilizers plants, electrical locomotive, cements plants, Metallurgical Industry & Power utilizing equipments.

GEI has graduated to a league of EPC player. Power (40%), Oil (30%) and Gas (26%) shared the leadership in the revenue. In FY07 GEI Industry has a strong order book of around 195 Cr. including 35 Cr. from exports.

Investment Rationale
Power Sector: Demand to boost for air-cooled steam condenser

The power industry in India has been characterized by energy shortages. According to the CEA, in fiscal 2005, demand for electricity in India exceeded supply by an estimated 7.3% in terms of peak demand requirements. The total energy shortage, during fiscal 2006, was to 8.3% of total requirements and the peak shortage was 12.3% of peak demand requirements. Increasing power deficit and govt. policy led to setting up of several captive power plants by companies.



(Sources:- Industry, Anagram Research)

More than 112000 MW of generation capacity addition is estimated by 2012, which entail whopping Rs. 4.99 trillion investments

USD 8.3 Trillion of investment in Oil & gas Sector

Total of 86 mtpa of capacity expansion is expected in 11th plan

The world refinery capacity at end of 2010 is expected to be around 94 mbpd

In the power sector, steam condensers are utilized in all sizes of power generation plants, captive or ultra-mega. To-date GEI has installed total of 250 MW of generation capacity. GEI has got firm enquires for over 200 Cr. for supply of air-cooled steam condensers for up coming project in India.

The Tenth and Eleventh Five-Year Plans have projected new capacity addition in power generation at 1,10,000 MW. This translates into an investment of approximately Rs 400000 crore in power generation. Of this, up to 50000-MW power-capacity contracts have already been awarded and contracts for another 28,000-MW capacity will be awarded by this year-end.

Huge investment in Oil & Gas sector

According to the world energy outlook 2006, it is expected that, a whopping USD 8.3 Trillion of total investment in global Oil & gas sector out of total investment of around 20.2 trillion to be made over the period of 2005-30

Year	Refinery	(mtpa)
2007-08	Indian Oil Corporation Limited, Panipat	3.0
	Hindustan Petroleum Corporation, Mumbai	2.4
	Hindustan petroleum Corporation, Visakhapatnam	0.8
	Essar Oil Limited, Jamnagar	3.5
	Sub Total	9.7
2008-09	Chennai Petroleum Corporation Limited, Chennai	1.0
	Reliance Petroleum Limited, Jamnagar	29.0
	Sub Total	30.0
2009-10	Indian oil Corporation limited, Haldia	1.5
	Bharat Petroleum Corporation Limited, Bina	6.0
	Chennai Petroleum Corporation Limited, Chennai	0.7
	Kochi Refinery Limited, Kochi	2.0
	MRPL, Mangalore	5.3
	Sub Total	15.5
2010-11	Hindustan Petroleum Corporation, Visakh	6.7
	Hindustan Petroleum Corporation, Bhatinda	9.0
	Sub Total	15.7
2011-12	Indian oil Corporation limited, Paradip	15.0
	Oil & Natural Gas Corporation Ltd., Tatipaka	0.1
	Sub Total	15.1
2007-12	Total 11th plan	86.0

(Sources:- India petro)

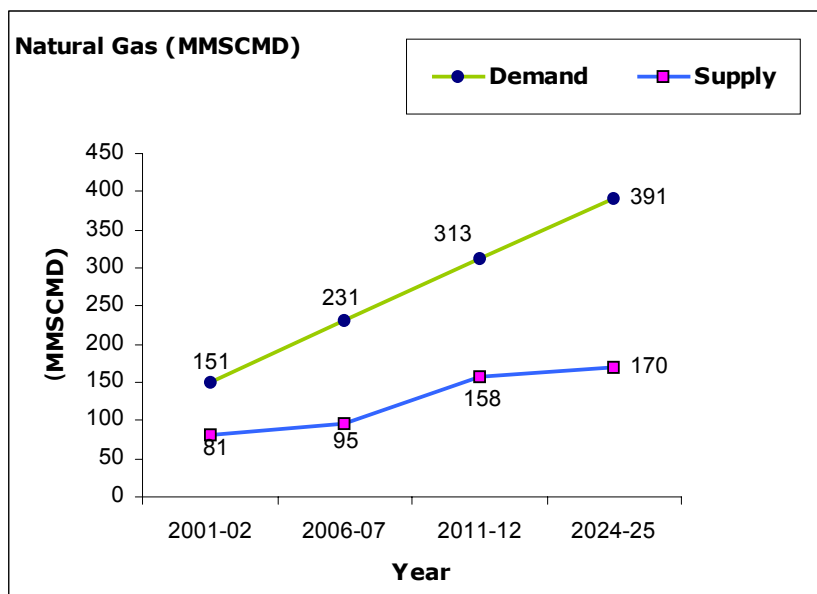
India at present has 18 refineries with capacity of around 132.47 MMTPA, which is expected to increase to 149 MMTPA at the end of 2007.

Global refinery scenario, particularly in Asian region is looking attractive due to huge investment opportunity in emerging countries like china, India & Middle East. Most of the capacity addition has taken place in Asia- pacific region, which contributed 56% of total capacity addition.

India's natural Gas supply is expected to increase from 96 mmscmd currently to 250 mmscmd

18,000 Km of Oil & Gas infrastructure (pipeline) to be added in next five years in India

Natural gas accounts for 24 % of total energy consumption and is the third largest contributor to the global energy. Consumption is expected to increase 2.4% from 2003-2030 as per EIA, IEO 2006.



(Sources: DGH presentation)

Huge opportunity exists in the national and international gas pipe line scenario. Reliance, Gail and other companies are lying with huge capex for next 3-4 years. Besides these, huge opportunity exists in the international gas pipeline projects like Iran-Pakistan-India pipeline, Myanmar-India Pipeline and the Turkmenistan-Afghanistan-Pakistan-India pipeline.

Balance of Plant (BOP):- Entering the new league

Lately, GEI has entered in to the business of balance of plant for thermal power. With the thermal power account for majority of share in 11th plan (72%), there is a huge market to be tapped in coming years.

Strong Order book

GEI has an order book of 195 Cr. including 35 Cr. from exports. Some of the recent order bagged by the company is:-

- Order from Punj Lloyd for supply of air cooled heat exchange valued at USD 2.6 Million
- Orders from Bharat Oman Refineries for supply of air Fin coolers valued at USD 1 million
- Order received from Thermax for supply of air-cooled steam condenser valued at USD 3 Million.

Risk Concerns

- Increase in price of raw material like Aluminum, Carbon steel, Stainless steel etc. Prices of these raw materials have been increasing for last 3-4 years. Due to robust demand from emerging economies like India & china. This trend is expected to continue going forward, therefore expected to put pressure on input costs for the company
- Change/delay in govt. policy in power and Oil & gas sector. Growth in these sector are driven by govt. reforms, therefore there is a always a risk of timely execution of proposed projects. Any delay on this part can deferred the demand for the products for the company

Valuation

Indian economy is growing at 8-9% per annum and is witnessing huge investment in infrastructure and Industrial sector on the backdrop of green-field and brown field expansions. GEI has huge opportunity on back of buoyant opportunity in the Oil & gas sector, Petroleum, Fertilizers, Power Onshore and offshore exploration, transportation etc. GEI has order book of 195 Cr. is equivalent to one years revenue and therefore its well poised to leverage the emerging opportunities in above sectors.

At CMP of 98, the stock is trading at 24.5 times its TTM earnings of Rs 4 per share. We expect company to report more than 50% growth in Net Profit for FY08. Considering the opportunity in the sectors like Oil & gas and Power sector, we recommend **Buy** rating on this stock.

Financial Snapshot

Quarterly Performance

Rs Cr	Q1FY08	Q1FY07	Change (%)	Q4FY07
Net Sales	27.6	3.5	685.2	58.0
Total Expenditure	24.1	1.8	1245.3	51.5
Operating Profit	3.6	1.7	105.8	6.5
Other Income	0.3	0.0	966.7	0.1
Depreciation	0.4	0.4	5.4	0.3
Interest	1.4	1.0	37.3	1.3
PBT	2.1	0.4	464.9	4.9
Tax	0.6	0.0		2.5
PAT	1.5	0.4	313.5	2.3
Equity	14.1	14.1		14.1
EPS	1.1	0.3		1.6
Margins (%)				
OPM	12.9	49.1		11.2
NPM	5.5	10.5		4.0

Annual Performance

Rs Cr	FY07	FY06	Change (%)
Net Sales	108.4	69.2	56.7
Total Expenditure	93.9	58.6	60.2
Operating Profit	14.5	10.6	37.2
Other Income	0.4	0.1	366.7
Depreciation	1.5	1.5	-0.7
Interest	4.7	4.6	1.7
PBT	8.8	4.6	90.7
Tax	3.5	1.1	223.9
PAT	5.3	3.5	49.7
Equity	14.1	14.1	
EPS	4.0	2.7	
Margins (%)			
OPM	13.4	15.3	
NPM	4.9	5.1	

STOCK UPDATE
South Indian Bank Ltd (SIB)
September 14, 2007
CMP: 160

BSE Code	532218
NSE Code	SOUTHBANK

Key Data

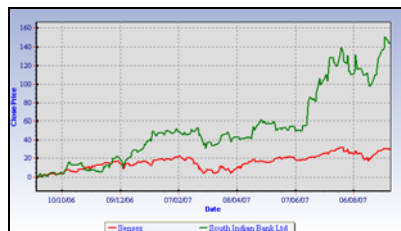
Sensex	15603
52 week H/L (Rs.)	66/170
Aug month H/L (Rs.)	156/129
Market Cap (Rs cr)	1147
Avg. daily vol. (6m)	67770
Face Value	10

Source: Capitaline

Shareholding Pattern (%)

Promoters	0.00
Institution	51.03
Public & Others	48.97

Source: Capitaline

**One-Year Performance
(Rel. to Sensex)**


Source: Capitaline

Background and Business:

SIB is a private sector bank that has a strong and wide base in the South India. SIB with a new logo and image is set forth with competent tech savvy professional team at core of services to increase its branch network and business overall India. At present SIB have nearly 482 branches, 176 ATM's and 30 extension counters. SIB has major share holding with Institution and remaining with public with no promoter holding.

For the year FY07, SIB has put forth good performance in its core operations, robust growth in total business on back of increase in advances, concentration on its retail portfolio, decrease in operating expenses on back of VRS adopted by its employees and CBS technology throughout its branches. Healthy recovery was seen in FY07 with increase in other income (sale of Bharat Overseas Bank stake), which directly reflected in its bottom line.

Q1FY08 Performance Highlights:

- Better than expected results
- Higher operating cost
- Improved Assets quality has enable SIB to provide a less provision cover
- Enough head room for Tier-II capital

Projection Assumptions:

- Business is expected to grow by 22%.
- Expect less slippage and NPA to be at 0.5% level
- Ambitious CASA levels of 30% expected by the bank for FY08E but we have assume the CASA to be at 25% for the year end.
- 63% of the investment portfolio is in the HTM category, therefore the portfolio is safe guarded. Also the AFS is duration is less at 0.71 months.
- SIB is aggressive on cost control.

The stock is trading at 1.3x its FY08x book value

Robust core income growth + improved other income/asset quality + Control over cost will be key triggers for the bank

Valuation:

SIB has undergone a transformation in its operations supported by its new logo/image. It targets to increase its branch network by 25 more branches in northern and western India. Its advanced portfolio consists of high yielding retail and SME which accounts for nearly 37%. It targets a total business of Rs 25,000 crore for FY08 focusing on high yielding assets like the retail and SME. Going forward we don't see any pressure on its margins. Its AFS portfolio has a duration of 0.7 months with majority of investments in Held to Maturity. At the CMP of Rs 160, the stock is trading at 1.3x its adjusted book value and 8.7x its earnings for FY08E.

Financials Snapshot

Quarterly Performance

Rs Cr	Q1FY08	Q4FY07	QoQ (%)	Q1FY07	YoY (%)
Interest Earned	297.7	283.2	5.1	212.9	39.8
Interest Expended	200.4	171.3	17.0	130.0	54.2
Net Interest Income (NII)	97.3	111.9	-13.0	82.9	17.3
Other Income	24.3	25.4	-4.5	14.1	71.7
Total Income	121.6	137.3	-11.4	97.1	25.3
Total Operating Expenses	67.7	59.7	13.5	55.0	23.1
Operating Profit	53.8	77.6	-30.6	42.0	28.1
Net Profit	30.4	22.6	34.4	15.1	101.8
Equity	70.4	70.4		70.4	
EPS (Rs.)	4.3	3.2		2.1	
Margins (%)					
OPM	25.8%	27.4%		19.7%	
NPM	10.2%	8.0%		7.1%	

Annual Performance

Rs Cr	FY04	FY05	FY06	FY07	FY08E
Interest Income	680.3	709.0	761.3	976.6	1,239.8
Interest Expenses	480.0	452.1	451.1	609.1	738.6
Net Interest Income	200.2	256.9	310.2	367.5	501.2
Other Income	235.1	102.4	72.3	103.2	124.0
Operating Income	435.4	359.3	382.4	470.7	625.2
Operating Expenses	193.4	187.1	226.1	218.9	281.3
- Staff Cost	130.7	118.5	139.4	133.2	171.6
- Other Operating Expenses	62.7	68.6	86.7	85.6	109.7
Operating Profit	242.0	172.2	156.4	251.8	343.9
Provisions	110.0	158.4	87.4	105.4	154.7
Profit before Taxes	132.0	13.8	69.0	146.4	189.1
Taxes	47.6	5.1	18.0	42.3	59.7
Profit after Taxes	84.3	8.7	50.9	104.1	129.4
Equity	35.8	47.7	70.4	70.4	70.4
EPS	23.6	1.8	7.2	14.8	18.4
Margins (%)					
OPM	35.6	24.3	20.5	25.8	27.7
NPM	12.4	1.2	6.7	10.7	10.4

Balance Sheet

Balance Sheet	FY04	FY05	FY06	FY07	FY08E
Liabilities					
Capital	35.8	47.7	70.4	70.4	70.4
Reserves Total	359.1	407.6	570.4	653.6	745.7
Deposits	8,280.0	8,492.3	9,578.7	12,239.2	14,564.7
- Demand	397.6	478.7	563.6	619.2	873.9
- Saving	1,338.6	1,626.3	1,966.3	2,310.5	2,767.3
- Term	6,543.8	6,387.3	7,048.8	9,309.5	10,923.5
Borrowings	79.5	3.7	0.7	32.5	40.8
Other Liabilities & Provisions	499.7	526.2	607.2	656.9	815.9
TOTAL LIABILITIES	9,254.1	9,477.5	10,827.4	13,652.6	16,237.5
Assets					
Cash & Balances with RBI	404.6	433.2	546.1	699.7	903.4
Balances with Banks & money at Call	401.5	268.1	797.4	1,245.8	954.1
Investments	3,962.1	3,133.4	2,739.4	3,430.1	3,990.7
Advances	4,196.8	5,365.3	6,370.2	7,918.9	9,938.2
Fixed Assets	65.8	77.6	89.8	89.6	94.1
Other Assets	223.2	200.0	284.5	268.5	356.9
TOTAL ASSETS	9,254.1	9,477.5	10,827.4	13,652.6	16,237.5

Ratios

Parameter	FY05	FY06	FY07	FY08E
Average yield on assets	8.2%	8.2%	8.7%	8.9%
Cost of Earning assets	5.4%	5.0%	5.6%	5.6%
Net Interest Margin (%)	2.8%	3.2%	3.1%	3.3%
Growth Ratio				
Net Interest Income	28.3%	20.7%	18.5%	36.4%
Non Interest Income	-56.5%	-29.4%	42.7%	20.2%
Operating Expenses	-3.3%	20.8%	-3.2%	28.6%
Operating Profit	-28.8%	-9.2%	61.0%	36.5%
Net Profit	-89.7%	485.3%	104.4%	24.3%
EPS	-92.3%	296.4%	104.4%	24.3%
Deposits	2.6%	12.8%	27.8%	19.0%
Advances	27.8%	18.7%	24.3%	25.5%
Total Assets	2.4%	14.2%	26.1%	18.9%
Profitability Ratio				
Return on Equity	1.9%	7.9%	14.4%	15.2%
Return on Assets	0.09%	0.47%	0.77%	0.78%
Efficiency Ratio				
Cost to Income Ratio	52.1%	59.1%	46.5%	45.0%
Expenses to Average Assets	2.0%	2.2%	1.8%	1.9%

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RATING INTERPRETATION

Buy Expected to appreciate more than 20% over a 12-month period
Accumulate Expected to appreciate up to 20% over a 12-month period
Hold Expected to remain in a narrow range
Avoid Expected to depreciate up to 10% over a 12-month period
Exit Expected to depreciate more than 10% over a 12-month period

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