

Major indices movements

Major indices	Clsg	1d (%)	3m (%)	6m (%)
BSE Sensex	13,693	0.9	(3.7)	(15.6)
Nifty	4,161	0.8	(2.1)	(14.7)
Dow	10,825	(0.3)	(8.4)	(13.6)
Nikkei	12,011	(0.9)	(13.2)	(5.8)
Hang Seng	19,220	1.4	(15.1)	(14.4)
Brasil Bovespa	49,843	0.5	(24.3)	(18.6)
Mexico Bolsa	24,944	(0.1)	(15.6)	(16.8)

Turnover

Value Traded (Rs bn)	24 Sep 2008	% Chg	52 Wk Hi	52 Wk Lo
Cash BSE	43.2	(0.4)	118.7	32.6
Cash NSE	118.3	11.5	284.8	74.9
Total	161.5			
Del.(%)	39.1			
F&O	670.5	(1.9)	1105.6	143.8
Total Trade	832.0			

Fund Activity

Net Inflows (Rs bn)	Purch	Sales	Net	YTD
23 Sep 2008				
FII's	19.0	(27.6)	(8.7)	233.3
Domestic Funds	3.2	(5.5)	(2.3)	102.3
24 Sep 2008				
Cash Provisional			(2.7)	
F&O - Index	39.2	(40.6)	(1.4)	(27.6)
F&O - Stock	37.8	(37.5)	0.3	(11.6)

Advances/declines BSECash

24 Sep 2008	A	B1	B2	Total
Advance	126	853	223	1202
Decline	74	794	216	1084

Commodity Prices

Commodity	25 Sep 2008	1d (%)	3m (%)	6m (%)
Crude (USD/Bbl)	105.6	(0.2)	(21.5)	4.3
Copper(usd/t)	6,910	(1.0)	(17.2)	(11.9)
Aluminum H.G.(usd/t)	2,503	(0.3)	(19.3)	(12.0)
Zinc(usd/t)	1,790	1.1	(5.7)	(21.1)

Debt/Forex Mkt	Clsg	1d (%)	3m (%)	6m (%)
Re/USD	45.98	(0.2)	(7.6)	(14.7)
10 yr Gsec Yield	8.61	2.5	0.4	10.5

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News clippings

- **Larsen & Toubro's** newly formed Buildings & Factories operating company, part of its construction vertical – has bagged large value orders aggregating to around Rs 5,000 crore.
- IFC, a World Bank member, has lent \$100 million loan to **Idea Cellular** to strengthen its network and enable the telecom company to offer services in Bihar.
- The Jharkhand Government and the Union Steel Ministry have decided, in-principle, to make the allotment from iron ore rich Chiria mines to the **Steel Authority of Indian Ltd** and a decision to this effect will be taken by next month.
- **Jet Airways India** will remain unprofitable this year on account of a sharp increase in fuel costs and falling passenger traffic.
- **Simplex Infrastructure** has bagged a Rs 630-crore order in the Middle East for construction of a twin-tower complex in Dubai, which would add to its overseas revenue.
- A total of 9.16 million wireless subscribers have been added during August 2008, against 9.22 million wireless subscribers added during July 2008. The total wireless subscriber base, which includes GSM, CDMA and WLL(F), stood at 305.24 million at the end of August 2008.

Standalone Key Financials

In Rs Million	Q1FY09	Q1FY08	YoY Gr (%)
Net Sales	69,014	45,052	53.2
Operating Profit	6,608	4,244	55.7
Operating Margins (%)	9.6	9.4	20 bps
Adjusted PAT	5,024	3,769	33.3
EPS (Rs)	17.2	13.3	29.4

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Research Views**L&T bags orders worth Rs50 bn in Building & Factory segment**

Larsen & Toubro (L&T) has bagged multiple orders valuing Rs50 bn under its Buildings & Factories segment (Construction vertical). L&T has secured the orders from customers like NESCO, Godrej Properties, PBEL Property, Mahi Cement, etc. for construction of institutional, commercial, residential and factory buildings.

With the above order L&T's order book stands at Rs666 bn. We continue to maintain a positive outlook on the stock with its proven execution capabilities. At CMP of Rs2551, the stock is trading at 23.8X FY2009E and 19.0X FY2010E consolidated earnings of Rs134 and Rs170 respectively. We maintain our 'BUY' rating on the stock with a target price of Rs3034.

24th September, 2008**BUY**Price
Rs281Target
Rs418

Sensex - 13,570

Price Performance

(%)	1M	3M	6M	12M
Absolute	(8)	(21)	(19)	(18)
Rel. to Sensex	(3)	(17)	(3)	2

Source: Bloomberg

Stock Details

Sector	Diversified
Reuters	SNTX.BO
Bloomberg	BVML@IN
Equity Capital (Rs mn)	273
Face Value (Rs)	2
No of shares o/s (mn)	136
52 Week H/L (Rs)	615/246
Market Cap (Rs bn/USD mn)	38/831
Daily Avg Vol (No of shares)	310340
Daily Avg Turnover (US\$ mn)	2.1

Shareholding Pattern (%)

	30/06/08	31/03/08	31/12/07
Promoters	29.2	29.2	30.7
FII/NRI	43.7	42.0	42.2
Institutions	16.3	15.5	14.8
Private Corp	4.4	6.7	4.8
Public	6.4	6.7	7.4

Source: Capitaline

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Sintex Industries Ltd.

Conglomerate in the making

Initiating
Coverage

Sintex Industries Ltd., is a conglomerate in the making, with businesses spread across diverse verticals like textiles, plastics (custom moldings, water tanks, prefabs) and construction. Strong growth drivers are likely to ensure rapid revenue growth during the FY08-11E period, led by construction (93% CAGR), custom moldings (50% CAGR) and prefabs (35% CAGR). Monolithic construction, with a Rs14bn order book, is likely to be the major growth driver for Sintex. Led by consolidation of its recent acquisitions in the short-term and successful integration in the long-term, the custom moldings business lends strong visibility to future operations of the company. We expect Sintex to report a revenue CAGR of 45% and adjusted PAT CAGR of 43% during FY08-FY11E. We expect adjusted earnings per share of Rs21.8, Rs31.7 and Rs.41.1 during FY09E, FY10E and FY11E respectively. We initiate coverage on the stock with a BUY rating and a price target of Rs418, which is based on the weighted average of; 1) DCF (Weight - 50%), 2) SOTP (Weight - 25%) and 3) historical average* 1 yr fwd PER (Weight - 25%).

Construction, with strong visibility- to be the key growth driver: The overwhelming response to Sintex's monolithic construction venture has resulted in a Rs.14bn order book (6.7x FY08 construction revenues). Sintex is planning to invest Rs 7.8bn to augment its execution capabilities. Led by a strong order book and high capex, we expect a 93% CAGR in revenues during FY08-FY11E. With Sintex being the first mover in the business coupled with NHB rating monolithic as the best solution for low income housing, we expect the company to be a major beneficiary of the huge opportunities ahead.

Custom moldings to be the future of Sintex: Sintex's recent acquisitions have enabled it to have a rich and diverse client base in multiple geographies. We expect the custom molding segment to be the future growth driver of Sintex. Huge substitution potential coupled with successful integration of its acquisitions is likely to make Sintex a global player in the custom moldings segment. We expect revenues to grow at 50% CAGR during FY08-FY11E.

Prefabs could prove to be a dark horse: Prefabs, though still at a nascent stage, has immense potential to grow. We believe that prefabs could prove to be a dark horse for Sintex. Led by aggressive expansion to the tune of 1.9x FY08 prefab capacities, we expect revenue CAGR of 35% in the business during FY08-FY11E.

Consolidated ROACE to improve from 10.1% in FY08 to 14.6% by FY11E: Led by (1) investment of cash in core operations and better deployment of cash & cash equivalents, (2) higher contribution from construction vertical and (3) improvement in subsidiaries performance, we expect the ROACE to improve from 10.1% in FY08 to 14.6% in FY11E. Further, we expect the improvement in ROACE to traverse well beyond FY11E.

Equity dilution unlikely in the near term: Cash balance of Rs.16.9bn and strong internal accruals in ensuing years puts Sintex in a sweet spot. We believe that, Sintex can fund its organic as well as inorganic growth (upto Euro 150-200mn) during FY08-FY11E. This keeps the risk to equity dilution at abeyance.

Key Financials (Rs.mn)

YE-Mar	Net Sales	EBITDA (Core)	(%)	APAT	AEPS** (Rs)	EV/ EBITDA	P/BV	Div Yld (%)	ROE (%)	P/E
FY08	22742	3826	16.8	2172	14.2	9.5	2.4	0.4	17.7	18.7
FY09E	39513	6030	15.3	3338	21.8	6.0	2.0	0.5	17.0	12.8
FY10E	55754	8590	15.4	4850	31.7	4.2	1.7	0.7	20.7	8.9
FY11E	68637	10783	15.7	6292	41.1	3.4	1.4	1.0	22.0	6.8

* 3 year historical average. ** Calculated on fully diluted equity (excluding the warrants outstanding to the extent money has not been received in to the company)

Prices on correction mode

24th September 2008

Company	CMP	TP	Reco
CFL	160	175	Buy
DFPCL	82	123	Buy
GNFC	96	144	Buy
GSFC	138	227	Hold
TCL	265	319	Hold

Prices as on 23rd September 2008

Sensex – 13,570

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The commodity cycle is finally showing signs of a correction after the sharp rally in May- July'08 period. Chemical products are not isolated in this correction and various chemicals products, which have witnessed price increase in the range of 20-50%, have now started softening. In Aug'08, prices of four products (Acetic Acid, Caustic Soda, IPA and Methanol) declined, ammonium nitrate prices were stable and only caustic soda prices were up. However, the 1st week of Sep'08 saw prices decline across all the products. Weakness in prices is mainly on account of demand slowdown, increase in exports from China and correction in global energy prices. We share a weak outlook in prices in Sep-Oct'08, which is also supported by various chemical dealers. Sharp depreciation in INR vs USD is likely to support prices in domestic market in near term, benefiting domestic players, but the same is likely to be taken away by increase in discounts and declining prices. Average prices of various chemicals in Q2FY09 were higher than Q2FY08, which, we believe, is likely to have positive impact on companies' Q2FY09 results.

Depreciation in INR vs USD is likely to support prices in domestic market

INR has depreciated by approx 13.2% to 45.3 by Sep'08 in last six months (INR vs USD at 40 in Apr'08). Dealers have strongly mentioned that this weakness in INR has resulted in squeezing credit limit of traders with their banks and has adversely affected imports. However, exporting countries are likely to offer / increase discounts on their products to offset the impact rise in import cost.

Adverse impact on Gujarat based players of government seeking 30% of PBT

Gujarat based PSU's have been adversely affected by the Gujarat government's proposal of seeking 30% pre-tax profit of these companies for state development. The main losers on account of this proposal are Gujarat Mineral Development Corp (GMDC), Gujarat State Fertiliser (GSFC), Gujarat Narmada Valley Fertilisers (GNFC), Gujarat Alkali (GACL), Gujarat Industrial Power (GIPCL) and Gujarat State Petronet (GSPL). Collectively, these six companies have lost approximately Rs 15 bn market cap after the announcement of this news. These companies have reported collective PBT of Rs 19 bn in FY08.

Outlook –We are expecting the recent rally in prices to witness a correction in the near months. Companies have benefited significantly from the strong rally in prices and we expect strong Q2FY09 results. GACL, Deepak Fertiliser, GHCL are among the key beneficiaries.

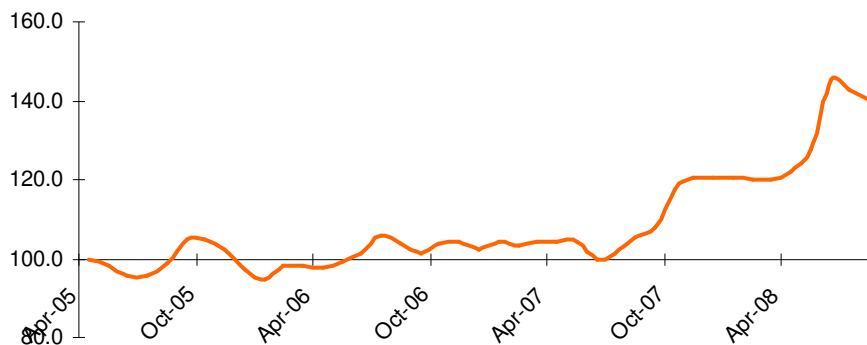
Products	Price change			Outlook	Comments	Companies affected	
	CMP (Rs/kg)	YoY %	MoM %			Positive	Negative
Acetic Acid	50.5	16.1	-6.0	↓	Prices declined by ~19% in early Sep'08 and now may stabilised	GNFC, Kanoria Chemicals	
Ammonium Nitrate	17.0	21.4	0.0	↔	Stable outlook on strong demand	DFPCL, RCF	
Caustic Soda	28.8	33.3	-3.2	↓	Prices may soften on increase in supply	GACL, DCW	Deepak Nitrate
IPA	91.5	35.0	-5.1	↓	Prices may remain weak in Sep'08but may increase further	DFPCL, RCF	
Methanol	22.5	75.4	0.0	↔	Increase in molasses availability in future may have adverse impact	GNFC, DFPCL, RCF	
Soda Ash	26.0	22.4	10.2	↓	Declining global prices should keep domestic prices weak	GHCL, TCL, Nirma, DCW	Asahi India, Hind. Natl. Glass, Hind Sanitaryware, Piramal Glass

Source: Emkay Research, Bloomberg, Chemical Weekly, CMP is average price in Aug'08

Key charts

Chemical Index (Based on Apr '05)

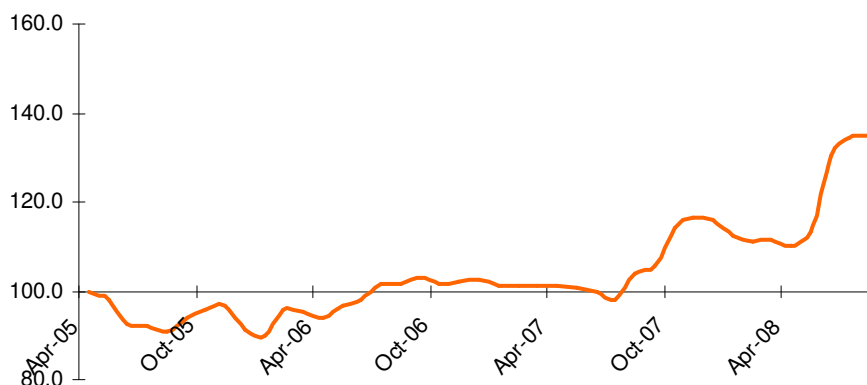
Our chemical index includes prices of various chemicals in domestic and global markets. Index peaked in June'08 and started declining mainly due to sharp correction in crude and natural gas



Source: Emkay Research, Chemical Weekly

Chemical Index (ex energy) based on Apr'05

Chemical index (ex energy) indicates trend in chemical prices and not include crude and natural gas. Index has flattened in Jul-Aug-08.



Source: Emkay Research, Chemical Weekly

INR vs USD – Sharp depreciation in INR

Sharp depreciation in INR is likely to increase cost of imports. However discounts and price cut offered by exporting countries is likely to bridge the gap



Source: Emkay Research, Oanda

Acetic Acid

Key Product Statistics

	1 yr	3 yr
High Price (Rs / kg)	53.7	53.7
Low Price (Rs / kg)	37.7	37.7
Correlation crude	0.53	0.40
Correlation NG	(0.14)	0.00

Price Performance

	1M	3M	6M	12M
Abs price (Rs / kg)	51	51	46	44
Abs price change (%)	(6)	14	33	16
Rel to NG (%)	10	43	52	(31)
Rel to Crude Oil (%)	2	23	19	(43)

Source: Emkay Research, Bloomberg, Chemical Weekly

User industry - Pharma, Textiles, Dyes & colors, Rubber

Key input for - VMA, PTA

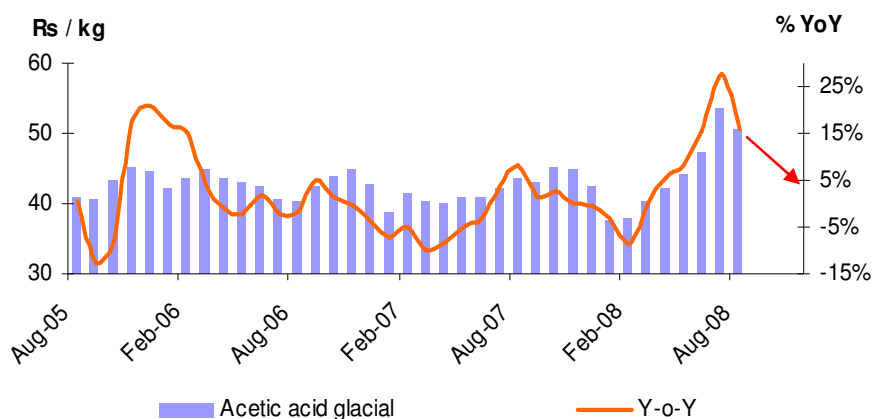
Key raw materials - Methanol, Ammonia, Natural Gas

Dealers comment – Dealers had a weak near term outlook on acetic acid prices

Outlook – We believe that the whole rally in acetic acid prices has corrected and prices are back to their previous price range of Rs 40,000 -42,000 / mt. We expect prices to remain weak over Sep'08 – Oct'08 and then, stabilize at those levels.

Impact – In Q2FY09, Acetic acid average prices were up by approximately 14% to Rs 49,100 / mt over Q2FY08. We expect key manufacturers like GNFC and RCF to be beneficiaries of strong chemical prices in Q2FY09.

Acetic Acid



Source: Emkay Research, Bloomberg, Chemical Weekly

Producers

Company	Acetic Acid Sales (mt)	Acetic Acid Avg realization (Rs / mt)	Acetic Acid Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
GNFC	130,733	29,906	3,910	14	27,393
Kanoria Chemical	3,697	36,489	135	3	4,299

Source: Emkay Research, Capitaline

Key Product Statistics

	1 yr	3 yr
High Price (Rs / kg)	17.0	17.0
Low Price (Rs / kg)	14.0	12.0
Correlation crude	0.70	0.90
Correlation NG	0.24	0.28

Price Performance

	1M	3M	6M	12M
Abs price (Rs / kg)	17	17	16	15
Abs price change (%)	0	21	21	21
Rel to NG (%)	16	50	40	(26)
Rel to Crude Oil (%)	8	31	7	(38)

Source: Emkay Research, Bloomberg, Chemical Weekly

User industry - Mining, Construction

Key input for - Explosives, Fertilisers

Key raw materials - Ammonia, DNA, Natural Gas

Ammonium Nitrate

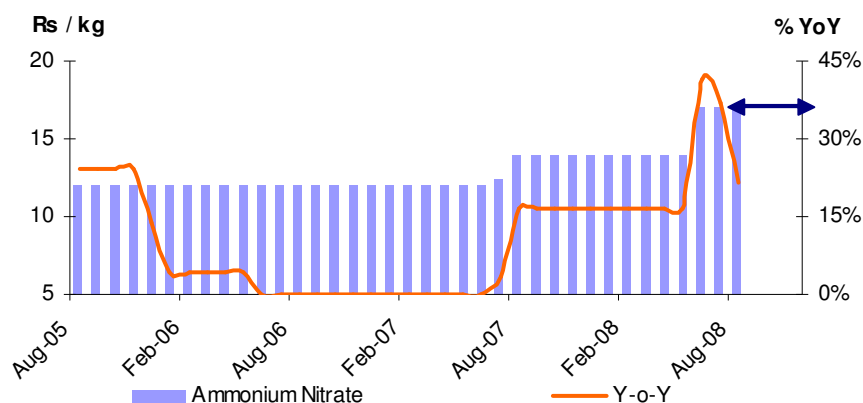
Ammonium nitrate prices remained stable at Rs 17,000 / mt and it look likes the market has absorbed ~20% price increase taken in June'08. Demand for ammonium nitrate remains strong, mainly driven by mining activities.

Dealers comment – Dealers have not mentioned any directional movement on ammonium nitrate prices in near term.

Outlook – We expect ammonium nitrate prices to remain stable in near term.

Impact –Deepak Fertilisers and RCF are key manufacturers of ammonium nitrate. Deepak Fertilizers enjoys premium pricing, due to its superior product quality, since it manufactures ammonium nitrate in prill form while others make it in liquid form. We expect both the companies (Deepak Fertiliser and RCF) to be positively impacted.

Ammonium Nitrate



Source: Emkay Research, Bloomberg, Chemical Weekly

Producers

Company	Amm Nitrate Sales (mt)	Amm Nitrate Avg realization (Rs / mt)	Amm Nitrate Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
DFPCL	107,748	11,637	1,254	15	8,331
RCF	82,452	10,693	882	3	34,878

Source: Emkay Research, Capitaline

Key Product Statistics

Caustic Soda (Lye)

	1 yr	3 yr
High Price (Rs / kg)	29.7	29.7
Low Price (Rs / kg)	19.0	18.1
Correlation crude	0.58	0.22
Correlation NG	0.03	(0.34)

Price Performance

Caustic Soda (Lye)

	1M	3M	6M	12M
Abs price (Rs / kg)	29	28	24	23
Abs price change (%)	(3)	36	44	33
Rel to NG (%)	13	64	62	(14)
Rel to Crude Oil (%)	4	45	29	(26)

Caustic Soda (Flakes)

	1M	3M	6M	12M
Abs price (Rs / kg)	31	30	27	26
Abs price change (%)	1	30	29	41
Rel to NG (%)	17	59	47	(6)
Rel to Crude Oil (%)	8	39	14	(19)

Source: Emkay Research, Bloomberg, Chemical Weekly

User industry - Detergent, Paper, Industrial Chemicals

Key input for - Detergent, Paint, Paper Products

Key Materials – Salt, Coal

Caustic Soda

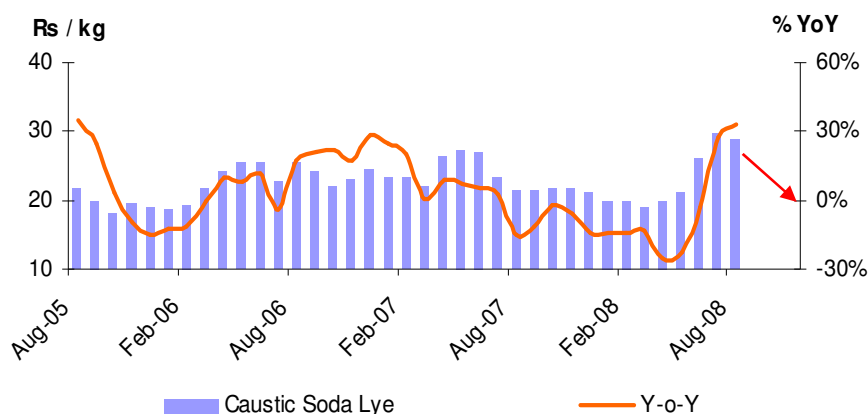
Caustic soda prices (flakes and lye) have increased substantially from Apr '08 till Jul '08 and stabilised in Aug'08. In Aug'08, caustic soda - flakes prices increased marginally by 0.8% to Rs 31,300 / mt, but prices of caustic soda lye declined by 3.2% to Rs 28,800 / mt. Generally, caustic soda flake prices are higher than caustic soda lye, but in Sep'08 we saw an opposite trend. In the first week of Sep'08, Caustic soda flakes prices declined by 7.2% to Rs 29,000 / mt but caustic soda lye increased by 7.8% to Rs 31,000 / mt.

Dealers comment – Dealers shared weak outlook on caustic sods ash prices. Prices may come down a little bit in the near month.

Outlook – Caustic soda prices are still higher by approx 40.7% on YoY basis. We believe that caustic soda prices may soften in the near term, after a sharp upward rally.

Impact – GACL is the largest manufacturer of caustic soda and is expected to be the key beneficiary of this rally. The company also enjoys benefit of low power and fuel cost, due to its long term supply contract. Nirma and DCW are other beneficiaries.

Caustic Soda (Lye)



Source: Emkay Research, Bloomberg, Chemical Weekly

Producers

Company	Caustic Soda Sales (mt)	Caustic Soda Avg realization (Rs / mt)	Caustic Soda Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
Chemplast Sanmar	96,430	17,861	1,722	27	6,401
DCM shriram	171,160	19,274	3,299	12	26,900
DCW (Flakes)	20,959	21,346	447	6	7,513
DCW (Lye)	39,647	15,398	611	8	7,513
GACL (Flakes)	135,094	18,625	2,516	19	13,301
GACL (Lye)	192,536	16,146	3,109	23	13,301
Kanoria Chemical	73,736	20,990	1,548	36	4,299

Consumers

Company	Caustic Soda Consumption (mt)	Caustic Soda Cost (Rs / mt)	Caustic Soda Value (Rs mn)	% of total sales	Total Net sales (Rs mn)
Deepak Nitrite	26,884	13,807	371	9	4,155

Source: Emkay Research, Capitaline

Key Product Statistics

	1 yr	3 yr
High Price (Rs / kg)	98.5	98.5
Low Price (Rs / kg)	62.0	58.0
Correlation crude	0.93	0.58
Correlation NG	0.49	0.04

Price Performance

	1M	3M	6M	12M
Abs price (Rs / kg)	92	95	86	75
Abs price change (%)	(5)	4	41	35
Rel to NG (%)	11	32	59	(12)
Rel to Crude Oil (%)	3	13	26	(24)

Source: Emkay Research, Bloomberg, Chemical Weekly

User industry - Paint, Healthcare, Pharma, Agro, Textiles, Organic & Imaging Chemicals

Key input for - Acetone, Adhesive, Disinfectant, Cosmetic & Toiletries

Key raw materials - Propylene, Ammonia

Isopropyl Alcohol (IPA)

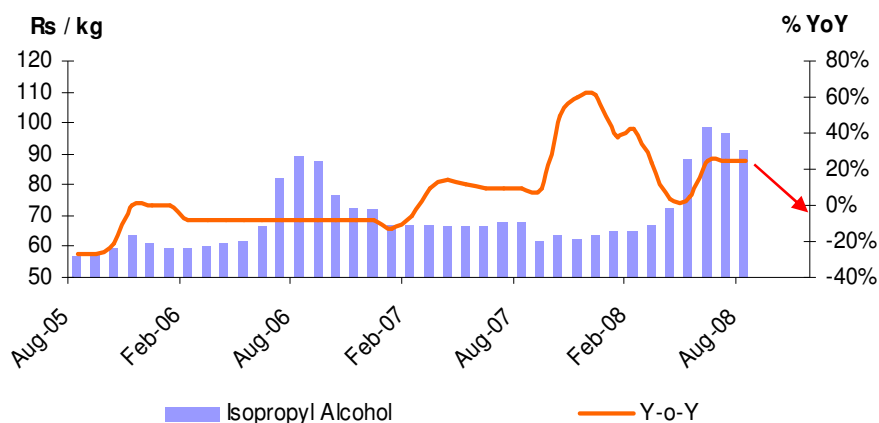
Isopropyl Alcohol (IPA) prices reported an increasing trend from Feb '08 and went up to a high of Rs 98,500 / mt in June '08. However, from July '08 onwards, IPA prices have started softening. For the month of Aug '08, IPA prices declined by 5.1% MoM to Rs 91,500 / mt. However, prices were still up by 35% YoY. IPA is an export substitute product and the recent depreciation in INR is likely to help increase in domestic prices.

Dealers comment – Weakness in IPA prices may continue further in September – October'08.

Outlook – We expect IPA prices to stabilize at current levels in the near future. Despite weakness in prices witnessed in Sep'08, rising import cost due to depreciating INR may have a favourable impact on domestic prices.

Impact - We expect DFPCL to benefit from the higher IPA prices.

Isopropyl Alcohol



Source: Emkay Research, Bloomberg, Chemical Weekly

Producers

Company	IPA Sales (mt)	IPA Avg realization (Rs / mt)	IPA Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
DFPCL	15,899	47,921	762	9	8,331

Source: Emkay Research, Capitaline

Key Product Statistics

	1 yr	3 yr
High Price (\$ / mt)	720.0	720.0
Low Price (\$ / mt)	300.0	260.0
Correlation crude	(0.19)	0.44
Correlation NG	0.15	0.13

Price Performance

	1M	3M	6M	12M
Abs price (\$ / mt)	500	500	488	534
Abs price change (%)	0	11	(17)	75
Rel to NG (%)	16	40	2	28
Rel to Crude Oil (%)	(8)	(8)	(50)	63

Source: Emkay Research, Bloomberg, Methanex

User industry - Pharma, Industrial Chemicals, Paint Stripping

Key input for - Formaldehyde, DMT, Methylamines, Pesticides, MTBE, Acetic Acid

Key raw materials - Natural Gas

Methanol

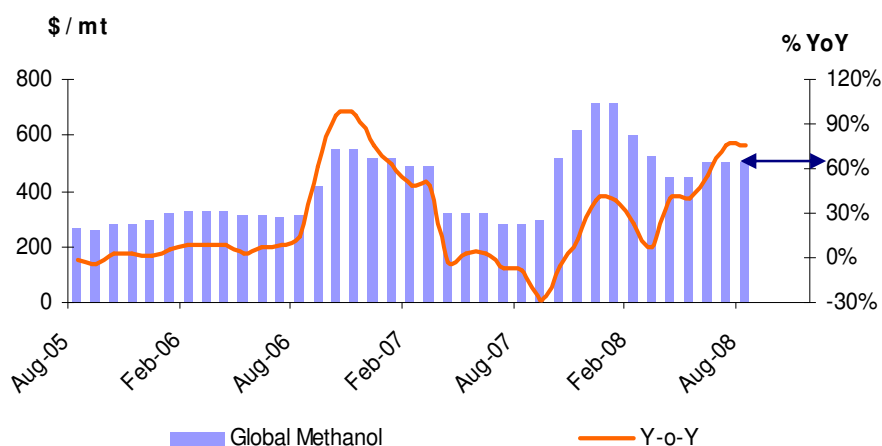
Global methanol prices have been stable at US\$ 500 / mt (Asia Pacific contract price by Methanex) between June - Aug' 08. However in Aug'08, prices were up by 75.4% on YoY. Domestic prices have been volatile in the last four months. Prices increased by 18% to Rs 27,000 / mt in Jul'08 from Rs 22,900 / mt in Apr'08. We saw domestic prices weaken and decline by 7.4% MoM to Rs 25,000 / mt in Aug'08 and further decline by 6% to Rs 23,500 / mt in the 1st week of Sep'08. Methanol faced a supply shortage in the last few months, due to production loss at GNFC's plant. However the production has stabilised from Aug'08.

Dealers comment – Few south based dealers expect prices to remain stable in current month while western region dealers gave weak outlook in near term, driven by increase in supply after cane crushing season starts in October. We wish to highlight that- In India, methanol is also manufactured through molasses.

Outlook – We expect methanol prices to remain stable in the current month. We expect the weak INR, which makes imports costlier in the near term, to keep a check on imports of methanol.

Impact – In Q2FY09, domestic methanol prices were up by 28% to Rs 25,200/ mt from Rs 19,700 / mt in Q2FY08. We expect this higher realisation to have a positive impact on Q2FY09 results of DFPCL, GNFC and RCF.

Methanol Global



Source: Emkay Research, Bloomberg, Methanex

Producers

Company	Methanol Sales (mt)	Methanol Avg realization (Rs / mt)	Methanol Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
DFPCL	63,424	21,713	1,377	17	8,331
GNFC	153,215	24,836	3,805	14	27,393
RCF	34,052	26,154	891	3	34,878

Source: Emkay Research, Capitaline

Key Product Statistics

Domestic Soda Ash

	1 yr	3 yr
High Price (Rs / kg)	26.0	26.0
Low Price (Rs / kg)	18.3	12.5
Correlation crude	0.19	0.76
Correlation NG	(0.30)	(0.02)

Price Performance

	1M	3M	6M	12M
Abs price (Rs / kg)	26	24	21	21
Abs price change (%)	10	40	41	22
Rel to NG (%)	26	68	59	(25)
Rel to Crude Oil (%)	18	49	26	(37)

Global Soda Ash

	1M	3M	6M	12M
Abs price (\$/ ton)	168	174	181	168
Abs price change (%)	(4)	(12)	(4)	29
Rel to NG (%)	12	17	14	(18)
Rel to Crude Oil (%)	4	(2)	(19)	(30)

Source: Emkay Research, Bloomberg, Chemical Weekly

User industry - Housing, Constuction, Automobile, Detergent

Key input for - Glass, Detergents

Key raw materials - Limestone, Coal, Coke, Salt

Soda Ash

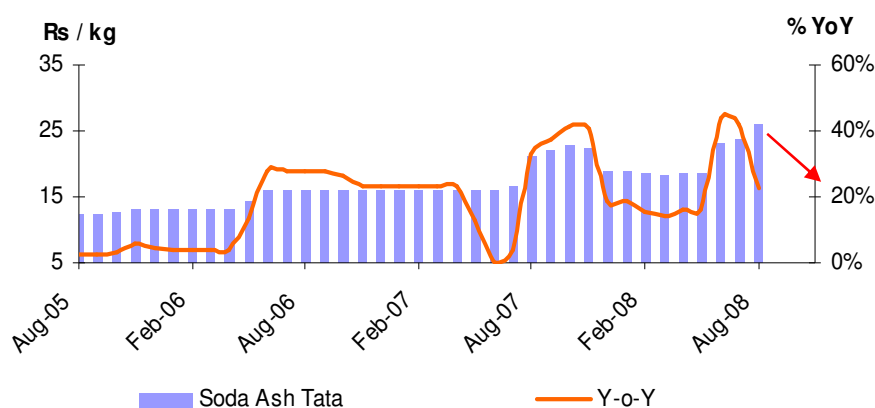
Soda ash prices have started softening globally as well domestically. US dense soda ash prices, declined by ~12% to US\$ 168 / mt in Aug'08 from its peak of US\$ 190 / mt in May'08. Domestic soda ash prices maintained a positive trend and increased by 10.2% in Aug'08 to Rs 26,000 / mt. However, prices started softening and declined by ~8% to Rs 24,000 / mt in 1st week of Sep'08. Domestic supply has been under pressure in the last few months, mainly on account of tight supply of salt due to monsoon. Recent rally in global soda ash prices was supported by strong demand (mainly from China) and cost push due to sharp rise in energy cost. With slowdown in global demand and easing cost pressure, global prices have started coming down.

Dealers comment – Dealers expect prices to decline further in domestic markets.

Outlook – We expect that domestic soda ash prices may decline in near term.

Impact – In Q2FY09, soda ash prices in the domestic market were up by 23% to Rs 24,500 / mt from Rs 20,000 / mt in Q2FY08 and key players like Tata chemicals, GHCL and DCW are likely beneficiaries of this. However, there has been significant cost pressure due to sharp rise in coal and coke prices.

Soda Ash



Source: Emkay Research, Bloomberg, Chemical Weekly

Producers

Company	Soda Ash Sales (mt)	Soda Ash Avg realization (Rs / mt)	Soda Ash Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
DCW	68,021	12,725	866	12	7,513
GHCL (Domestic)	653,805	10,926	7,144	67	10,732
Nirma (Domestic)	334,456	11,830	3,957	18	22,440
TCL (Domestic)	721,946	10,446	7,541	19	39,467

Consumers

Company	Soda Ash Consumption (mt)	Soda Ash Cost (Rs / mt)	Soda Ash Value (Rs mn)	% of total sales	Total Net sales (Rs mn)
Asahi India Glass	37,054	10,865	403	5	7,610
Hind. Natl. Glass	66,886	10,347	692	1	66,886
Hind Sanitaryware	23,815	10,523	251	5	4,766
Piramal Glass	21,371	10,439	223	6	3,878

Source: Emkay Research, Capitaline

Adverse impact on Gujarat based players of government seeking 30% of PBT

Gujarat based PSU's have been adversely affected by the Gujarat government's proposal of seeking 30% pre-tax profit of these companies for state development. The main losers on account of this proposal are Gujarat Mineral Development Corp (GMDC), Gujarat State Fertiliser (GSFC), Gujarat Narmada Valley Fertilisers (GNFC), Gujarat Alkali (GACL), Gujarat Industrial Power (GIPCL) and Gujarat State Petronet (GSPL). Collectively, these six companies have lost approximately Rs 15 bn market cap after the announcement of this news. These companies have reported collective PBT of Rs 19 bn in FY08 and expected to contribute approximately Rs 6 bn to the state development fund.

	FY08	On 04/09/08		On 22/09/08		% change	
	PBT (Rs mn)	Price (Rs)	Mcap (Rs mn)	Price (Rs)	Mcap (Rs mn)	price	Mcap
GMDC	4084	206	32786	171	27245	-16.9%	-16.9%
GACL	2755	150	11020	134	9834	-10.8%	-10.8%
GSFC	3582	164	13061	143	11385	-12.8%	-12.8%
GNFC	5762	114	17772	97	15091	-15.1%	-15.1%
GIPCL	1403	79	11919	66	10013	-16.0%	-16.0%
GSPL	1373	60	33638	57	31980	-4.9%	-4.9%
Total	18958		120195		105547		-12.2%

Source: Emkay Research, Capitaline

Note: Government on 5th Sep '08 announced the proposal of setting aside 30% of PBT for social causes for the above mentioned PSU's.

Q2FY09 average prices were strong compared to previous year

Domestic average prices for various chemicals in Q2FY09 were approximately higher by 30-40% over Q2FY08. However prices were almost flat compared to previous quarter (Q1FY09). As a result, we expect, most of the chemical companies may report attractive growth in Q2FY09 on YoY basis however results may remain flat on quarterly basis.

Average Quarterly prices

	Q2FY08	Q1FY09	Q2FY09	%YoY	%QoQ
Ammonium Nitrate	13.5	17.0	17.0	26.2%	0.0%
Caustic Soda Flakes	22.8	30.1	30.4	33.5%	1.1%
Caustic Soda Lye	22.1	28.2	29.8	34.9%	5.9%
Domestic Soda Ash	20.0	24.2	24.5	23.0%	1.4%
Global Soda Ash	130.3	174.3	114.3	-12.3%	-34.4%
Acetic acid	42.9	50.5	49.1	14.4%	-2.9%
Isopropyl Alcohol	65.8	95.5	92.6	40.8%	-3.0%
Domestic Methanol	19.7	26.3	25.2	27.8%	-4.2%
Global Methanol	290.0	500.0	500.0	72.4%	0.0%

Source: Emkay Research, Chemical Weekly, Bloomberg

%YoY – (Q2FY09/Q2FY08) ; %QOQ – (Q2FY09 / Q1FY09)

Key companies to be impacted

Producers

Company	Product	Product Sales (mt)	Product Avg realisation (Rs / mt)	Product Sales (Rs mn)	% of total sales	Total Net sales (Rs mn)
GNFC	Acetic Acid	130,733	29,906	3,910	14	27,393
Kanoria Chemical	Acetic Acid	3,697	36,489	135	3	4,299
DFPCL	Ammonium Nitrate	107,748	11,637	1,254	15	8,331
RCF	Ammonium Nitrate	82,452	10,693	882	3	34,878
FACT	Ammonium Sulphate	156,645	7,156	1,121	8	14,875
Chemplast Sanmar	Caustic Soda	96,430	17,861	1,722	27	6,401
DCM shriram	Caustic Soda	171,160	19,274	3,299	12	26,900
DCW	Caustic Soda - Flakes	20,959	21,346	447	6	7,513
DCW	Caustic Soda - Lye	39,647	15,398	611	8	7,513
GACL	Caustic Soda - Flakes	135,094	18,625	2,516	19	13,301
GACL	Caustic Soda - Lye	192,536	16,146	3,109	23	13,301
Kanoria Chemical	Caustic Soda - 100% NaOH	73,736	20,990	1,548	36	4,299
DFPCL	IPA	15,899	47,921	762	9	8,331
DFPCL	Methanol	63,424	21,713	1,377	17	8,331
GNFC	Methanol	153,215	24,836	3,805	14	27,393
RCF	Methanol	34,052	26,154	891	3	34,878
DFPCL	Nitric Acid	114,855	8,106	931	11	8,331
DCW	Soda ash	68,021	12,725	866	12	7,513
GHCL	Soda ash	653,805	10,926	7,144	67	10,732
Nirma	Soda ash	334,456	11,830	3,957	18	22,440
TCL	Soda ash	721,946	10,446	7,541	19	39,467

Consumers

Company	Product	Product Consumption (mt)	Product Cost (Rs / mt)	Product Value (Rs mn)	% of total sales	Net sales (Rs mn)
Deepak Nitrite	Caustic Soda	26,884	13,807	371	9	4,155
Asahi India Glass	Soda Ash	37,054	10,865	403	5	7,610
Hind. Natl. Glass	Soda Ash	66,886	10,347	692	1	66,886
Hind Sanitaryware	Soda Ash	23,815	10,523	251	5	4,766
Piramal Glass	Soda Ash	21,371	10,439	223	6	3,878

Source: Emkay Research, Capitaline

Key chemicals – price watch

Domestic	Units	CMP	Average				% change				Source
			1M	3M	6M	12M	1M	3M	6M	12M	
Ammonium Nitrate	Rs / kg	17.0	17	17	16	15	0.0	21.4	21.4	21.4	CW
Acetic acid glacial	Rs / kg	45.0	51	51	46	44	(6.0)	14.1	33.4	16.1	CW
Ammonium Phosphate (mono)	Rs / kg	34.0	34	34	34	34	0.0	0.0	0.0	0.0	CW
Ammonium Sulphate	Rs / kg	8.5	9	9	9	9	0.0	0.0	0.0	0.0	CW
Aniline	Rs / kg	105.0	105	105	100	95	0.0	0.0	19.3	12.9	CW
Benzene	Rs / litre	68.0	67	68	61	58	(2.1)	19.1	31.4	21.8	CW
Caustic Soda (Flakes)	Rs / kg	29.0	31	30	27	26	0.8	30.2	28.9	40.7	CW
Caustic Soda (Lye)	Rs / kg	31.0	29	28	24	23	(3.2)	35.6	43.8	33.3	CW
Formic Acid	Rs / kg	48.0	48	48	46	47	0.0	17.1	2.1	24.9	CW
Isopropyl Alcohol	Rs / kg	90.0	92	95	86	75	(5.1)	3.8	40.8	35.0	CW
Methanol Domestic	Rs / kg	23.0	25	26	25	26	(7.4)	4.7	7.0	30.2	CW
Monoethylene Glycol	Rs / kg	52.0	61	59	63	69	1.3	11.9	(23.8)	22.0	CW
Phosphoric Acid (Technical)	Rs / kg	105.0	104	99	78	61	0.6	62.9	106.4	186.6	CW
Soda Ash (Birla)	Rs / kg	26.0	26	24	21	21	10.2	44.4	47.0	16.9	CW
Soda Ash (Tata)	Rs / kg	26.0	26	24	21	21	10.2	39.8	41.0	22.4	CW
Sodium nitrite (Deepak)	Rs / kg	55.0	55	53	41	35	3.4	96.4	96.4	89.7	CW

Global	Units	CMP	Average				% change				Source
			1M	3M	6M	12M	1M	3M	6M	12M	
Benzene (United States)	cents / gallon	407.5	435	423	402	371	5.7	13.0	28.0	17.8	BB
Chemicals soda ash dense *	\$ / ton	168.0	168	174	181	168	(4.0)	(11.6)	(4.0)	29.2	BB
Ethylene Glycol Index	Index	66.7	67	74	69	66	(11.9)	9.2	3.7	(7.6)	BB
Ethylene Glycol Industrial Index	Index	61.0	61	62	60	59	(1.6)	(1.6)	22.0	8.9	BB
Latin America Olmeca Crude US Index	Index	117.0	117	129	121	107	(7.7)	(9.1)	14.8	59.3	BB
Methanol Global	\$ / mt	500.0	500	500	488	534	0.0	11.1	(16.7)	75.4	Methanex
New York Natgas City Gate Index	Index	8.8	9	11	11	10	(15.7)	(28.6)	(18.5)	47.2	BB

Source: CW- Chemical Weekly, BB – Bloomberg, Methanex, CMP is last available price of the product

Company	No. Of Shares	% Change
	(In lacs)	In price
J P Associate	95.4	-5.4
DLF	31.6	-6.2
Suzlon	47.8	-2.5
HCL Tech	5.6	1.3
Sesa Goa	101	3.1

Nifty movers

Top Gainers	Price	Index Points
Reliance Ind	2054.00	11.3
Bharti Airtel	810.05	5.4
Sterlite Ind	489.45	4.6
HDFC Bank	1282.00	3.3
BHEL	1665.10	3.1

Losers

Wipro	372.75	-3.9
Infosys Tech	1529.50	-1.4
GAIL	410.30	-0.6
NTPC	179.10	-0.6
ITC	192.90	-0.5

Index- volatility

Indices	Sensex	Nifty
High	13840	4207
Low	13592	4115
Close	13692	4161
Volatility (in %)	248	92
	1.79	2.19

Dealer Comments

Market Summary: The markets opened the session on a positive note with 70 odd points upward gap ignoring weak cues from the global markets on concerns that US congressional wrangling could delay the proposed \$700 bn plan to rescue the financial sector and increased worries about struggling economy. After a firm opening, markets started to move further upward on the back of strong trading of US stock futures boosted by news of Warren Buffet's Hathaway's infusion of \$5 billion in Goldman Sachs group, cooling of crude oil prices at \$106 levels and Indo-US nuke deal inching a step further to finalization. The markets saw a relief rally today posting decent gains and snapping losses of the last two days. The markets witnessed some volatility at higher levels as well ahead of the F&O expiry of September month contracts. The day's rally was mainly led by buying in Metal, Banking, Oil & Gas, Power and Capital Goods stocks while IT stocks remained under selling pressure. The overall market breadth remained marginally positive and was at 1.1x. Finally the sensx closed 122 points or 0.90% higher to settle at 13693 levels while Nifty gained 34 points or 0.83% higher to settle at 4161 levels. Among the sectoral indices it was mixed trend with Metal, Bankex, Oil & Gas, Capital Goods and Power out performing the most while IT, FMCG, Healthcare and Realty under performed the most. Among the index heavy weights, which gained the most were Reliance Ind, Bharti Airtel, Sterlite Ind, HDFC Bank and BHEL while Wipro, Infosys, GAIL, NTPC and ITC were weak and ended as losers. Some of the midcap stocks, which saw good buying action despite extremely volatile markets were Austral Coke, GTC Ind, Time Techno, Ansal Prop, Gokul Refoil, Chambal Fert, Mcleod Russel, Vishal Information, Madras Alumn, Tata Chem, Panacea Bio and BRFL and were up in the range of 5 -19%.

The overall traded volumes were almost flattish compared to earlier day and were at Rs 832 bn. Delivery-based volumes were at 39.1% the total turnover.

Among the institutional activities FII's were net sellers to the tune of Rs 8.68 bn while Domestic Funds were net sellers to the tune of Rs 2.26 bn respectively in the cash segment on 23rd September 2008. While on 24th September 2008 FII's sold shares worth Rs. 4.94 bn in cash segment (provisional) and in the F&O segment sold Futures and Options worth Rs. 1.10 bn whereas Domestic Funds bought shares worth Rs. 1.70 bn (provisional).

Movement of indices

Indices	Previous close	Today's close	% chg
Sensex	13,570	13,692	0.90
Nifty	4126	4161	0.83
S&P CNX 500	3234	3255	0.68
BSE 500	5,190	5,226	0.68
BSE Mid-Cap	5,113	5,126	0.26
BSE Small-Cap	6,092	6,101	0.14
BSE Auto	3,849	3,849	0.00
BSE Health	3,871	3,876	0.13
BSE FMCG	2,182	2,189	0.35
BSE IT	3,455	3,417	-1.10
BSE PSU	6,529	6,568	0.59
BSE Bankex	6,804	6,886	1.21
BSE Oil & Gas	9,321	9,435	1.22
BSE Metal	9,924	10,142	2.19
BSE Cons Dur	3,206	3,166	-1.23
BSE Cap Good	11,218	11,340	1.09
BSE Realty	3,903	3,916	0.34
BSE Power	2,446	2,473	1.10

Levels to watch

	Sensex	Nifty
Day's High	13,840	4207
Day's Low	13,592	4115
13 DMA	13949	4203
34 DMA	14239	4277

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Technical Comments



Market Perspective

After negative closing on Tuesday, yesterday Bears were unable to take the lead and Nifty opened on a positive note continued its upside journey and made a high of 4207, but thereafter Nifty was unable to sustain and shed some of its gains during the second half of the trading session. Finally Nifty closed at 4161 with a marginal gain of 0.83%. On the sectoral indices front, the BSE Metals index (+2.19%) outperformed the broader markets, while BSE Cons Dur index (-1.23%) and BSE IT index (-1.10%) closed negative. The Advance Decline ratio was almost 6:5. Now if Nifty starts trading below 4110, then it will test our second level of 4051 which is 50% retracement level of the recent rally from 3799 to 4303. However in the immediate term on higher level Nifty has strong resistance in the range of 4300 to 4325.

Today's Strategy:

Hold Short Nifty Oct Future for the target of 4030.00 with a stop-loss 4335.60 .For Intra-day Nifty spot is having resistance in the range of 4194 to 4207 and it has support at 4132.

Sectoral Speak:

Yesterday the **BSE Metal** index outperformed the broader markets and made a high of 10221. Finally this index closed at 10142 with a gain of 2.19%. As we had mentioned earlier that this index is having resistance at 10260, and if it starts trading above this then we may witness further upside in this index and then it can test 10826 levels, which is 50% retracement level of the recent fall from 12464 to 9188.

Nifty

	23.09.08	24.09.08	Chg	% Chg
Spot	4127.25	4172.3	45	1.09
Sep Fut	4147	4190.0	43	1.04
Oct Fut	4155	4204.1	49.05	1.18

Nifty Cost of Carry

	23.09.08		24.09.08	
	Basis	COC %	Basis	COC %
Oct Fut	27.8	6.8	31.8	4.4

Nifty open interest

	No of Shares ('000)			
	23.09.08	24.09.08	Chg	%Chg
Sep Fut	24086	20788	-3298	-13.69
Oct Fut	15940	19217	3277	20.56
Total	41355	41020	-335	-0.81

Nifty put call ratio

	No of Shares ('000)			
	23.09.08	24.09.08	Chg	%Chg
Call OI	46168	47389	1221	2.64
Put OI	43693	44515	822	1.88
PCR	0.95	0.94	-0.01	

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Derivative Comments

Today Nifty opened positive, but thereafter it took resistance at higher levels and gave up few of its intraday gains to finally close at 4161.25 with a gain of 0.83 %. The major Gainers were Ansal Infra, Sterlite, Bajaj Holding, Chambal Fert and Walchandnagar. However, the major losers were Opto Circuit, Bajaj Auto, DCHL, Orbit Corp and ICOSA.

- Nifty Oct futures cost of carry is at 4.44 % Positive against 6.82 % Positive for the previous session.
- Nifty Oct futures traded at nearly 30 - 35 points Premium at the end of trading sessions.
- Total Turnover for NSE F&O Segment was Rs.67051 Crores.

Open Interest Analysis:

Short OI Build up was witnessed in LIC Hsg(9%). Hence would advise clients to avoid going long on the stock. Unwinding was witnessed in Akuti. The Implied Volatility of Nifty (Oct) decreased slightly from 37 - 38 % to 35 - 36 % .Yesterday Nifty Futures shed 3.35 lac shares (0.81%).

Put Call Ratio Analysis:

PCR (OI) of Nifty decreased from 0.95 to 0.94. Nifty Call options adding 12.20 lac shares (2.64%) and Put options added 8.22 lac shares (1.88%) in OI.

On the call Side 4500 strike calls added (2.81L) followed by 4400(2.55L) .Now on the upside highest OI build up is at 4500(79.9L) and also a significant build up at 4300(53.80L). Hence on the upside Nifty appears to have immediate resistance at 4300. On the Puts Front significant action was witnessed at 4100 strike which added(9.84L) .However highest open interest in Puts now stands at 4000 Strike (67.36L) .Hence Nifty has significantly strong support appears to be at 4000 levels.

Cost of Carry (Oct):

Turned Positive: BPCL, IDEA, ITC and SBI.

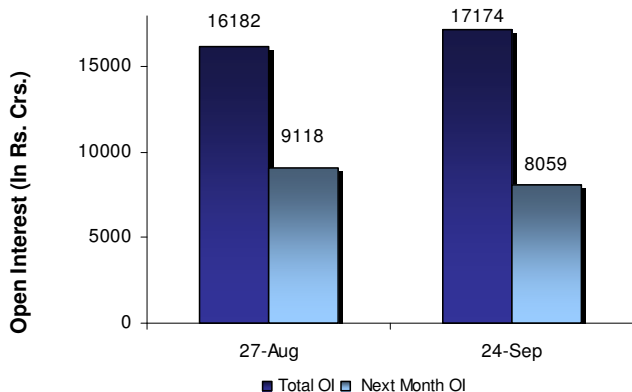
Turned Negative: RPower and Tech M.

FII's Derivative Statistics for 23.09.08

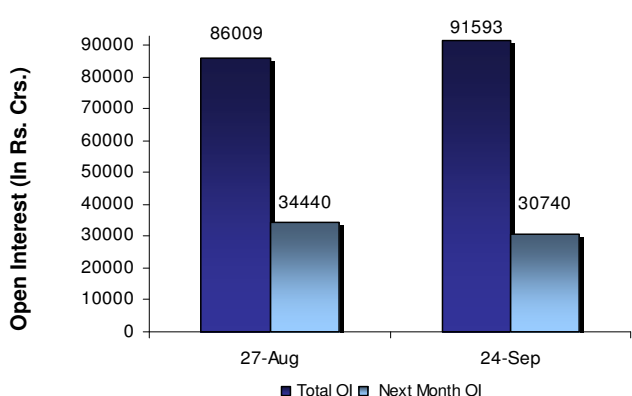
	Buy		Sell		Open Interest as on 23.09.08		Open Interest as on 22.09.08		Change in FIIs Open Interest	
	No. Of Contracts	Amt in Crs.	No. Of Contracts	Amt in Crs.	No. Of Contracts	Amt in Crs.	No. Of Contracts	Amt in Crs.	No. Of Contracts	Amt in Crs.
Index Futures	209463	4391.89	248127	5194.83	781314	16151.97	752522	15898.71	28792	253.26
Index Options	49219	1028.77	18989	391.96	1176542	24230.23	1143578	24102.84	32964	127.39
Stock Futures	234429	3855.70	236806	3936.46	1314293	21466.95	1302492	21822.14	11801	-355.19
Stock Options	56	1.36	1707	29.47	111064	1895.35	110029	1927.14	1035	-31.79
TOTAL	493167	9277.72	505629	9552.72	3383213	63744.5	3308621	63750.83	74592	-6.33

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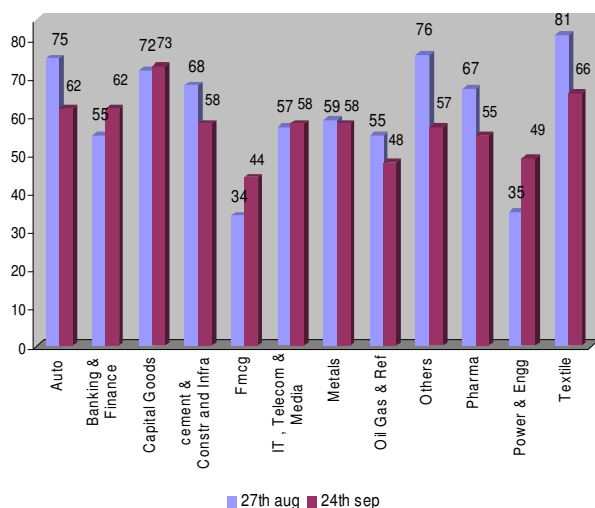
Nifty OI



Marketwide OI



Sectorwise Rollovers(%)



Rollover Analysis (with 1 day till expiry)

Nifty and Marketwide Rollovers:

On D-1(1 trading session till expiry) Nifty saw poor rollovers at 47% as compared to 56% for the last month series expiry. Futures (Index and Stocks) rollovers too were poor at 50% as against 58 % for the last month.

The outstanding Marketwide open interest stands at Rs.91593 Crs of which Rs.30740 Crs(34%) has been rolled. Nifty OI stood at Rs.17174 Crs of which Rs.8059 Crs has been rolled (47%).Also Futures OI (Index and Stock futures) stood at Rs.44023 of which Rs.22173 (50%) has been rolled.

Nifty and Marketwide Rollovers (No. of Shares)

D1	Total (No. of shares)	Next Month (No. of shares)	% Rolls
Marketwide	1260094029	712497158	47
StocksWide	1217902999	692735488	57
Nifty	41020050	19217900	47

Sectorwise Rollovers:

In Sectorwise rollovers on D-2 sectors to witness better rollovers as compared to the previous series expiry were Banking and Finance, FMCG and Power and Engg.

Overall amongst the better rolled sectors were Textiles (66%), Capital Goods (73%) and Auto (62%).Amongst the relatively less rolled were sectors like Oil Gas and Ref (48%).

In The auto Sector we witnessed good rolls in Bharat Forge (88%),Amtek Auto (79%) and Tata Motors(70%).

In the Banking Space Syndicate Bank (93%), Bank of Baroda (78%), PNB (78%) and Karnataka Bank (80%) were amongst stocks to witness good rollovers.

In the Capital goods space Laxmi Machines (83%) saw good rollovers.In the Cement, Construction and Realty Sector we witnessed good rollovers in stocks like Ultratech Cement (96%) and Grasim (73%).In the Realty space HCC(78%) and Parswanath(69%) saw good rollovers.

In the FMCG space Mc Dowell(72%) witnessed decent rollovers.

In the It, Telecom and Media Space good rollovers were seen in counters like IBN 18(99%) and GTL (89%) and Mpahasis(70%).

In Metals we witnessed good rollovers in Hindalco(74%) and JS Stainless (90%).

In Oil and Gas Sector we witnessed good rollovers in stocks like BRFL (88%) and GT Offshore (80%). In the Pharma Sector good rollovers were witnessed in Lupin(91%) and AuroPharma(74%).

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