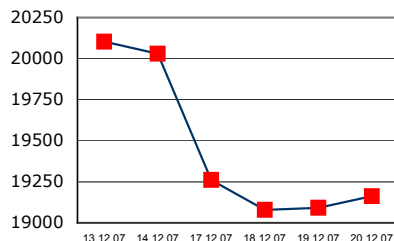
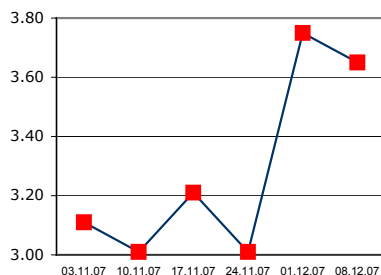
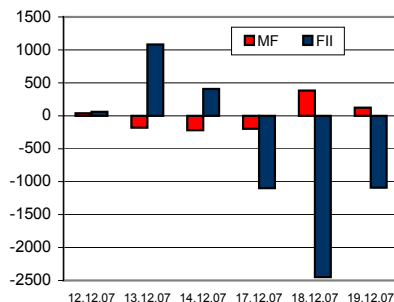
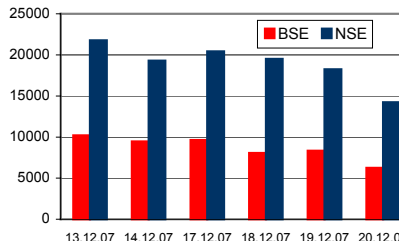


SENSEX

INFLATION (%)

MF/FII-Net Equity Flow (Rs Cr)

BSE/NSE Cash Turnover (Rs Cr)

JINGLE ALL THE WAY INTO 2008...

Our outlook is positive for the holiday-shortened next week. Derivatives expiry is imminent, and going by the healthy rollover figures so far, it seems smooth sailing into the new settlement and year is almost certain.

SEBI announced a framework for Stock Lending and Borrowing and Short Selling by all kinds of investors. We believe this is one more step of aligning our markets with international best practices.

Economy News

The WPI-based inflation for the week ending December 1st stood at 3.65% against the street expectations of 3.77%, while the figure for the previous week stood at 3.75%.

Corporate News

Reliance Communications will invest Rs. 800 Cr. for fixed and mobile telecom network in Uganda. The company has bagged the license to be the 6th telecom operator in the country.

Financial Technologies India has announced that ICICI, IL&FS, Kotak groups - India's leading financial service & banking conglomerates have acquired 3.55%, 5%, 1% equity stake respectively in Multi Commodity Exchange of India (MCX), the country's biggest commodity exchange, from Financial Technologies at an enterprise valuation of US \$ 1 - 1.1 billion.

IFCI has rejected the financial proposal submitted by the Sterlite Industries Ltd led consortium. The Board of Directors of the Company at its meeting held on December 19, 2007, has unanimously decided that the conditional offer is not accepted and therefore the same is rejected.

The Boards of **Deccan Aviation** and Kingfisher Airlines on Wednesday unanimously decided to merge Kingfisher Airlines with Deccan Aviation.

MARKET INDICATORS

Indices	20.12.07	14.12.07	Change (Pts)	% Change
NIFTY	5766.50	6047.70	-281.20	-4.65
SENSEX	19162.57	20030.83	-868.26	-4.33
BSEMIDCAP	9025.54	9471.94	-446.40	-4.71
BSEMLCAP	11813.32	12195.50	-382.18	-3.13
BSE-100	10435.69	10961.24	-525.55	-4.79
BSE-200	2479.82	2605.81	-125.99	-4.83
BSE-500	7995.62	8390.52	-394.90	-4.71

SECTORAL INDICES

Indices	20.12.07	14.12.07	Change (Pts)	% Change
BSE METAL	18273.00	19763.00	-1490.00	-7.54
BSE REALTY	11614.08	12400.46	-786.38	-6.34
BSE CAP GOODS	18725.69	19862.51	-1136.82	-5.72
BSE OIL&GAS	12246.04	12980.95	-734.91	-5.66
BSE PSU	9512.90	10079.08	-566.18	-5.62
BSE BANKEX	10738.59	11335.47	-596.88	-5.27
BSE POWER	4211.32	4435.53	-224.21	-5.05
BSE AUTO	5541.26	5743.80	-202.54	-3.53
BSE FMCG	2198.45	2263.93	-65.48	-2.89
BSE CONS.DURA.	6084.31	6204.25	-119.94	-1.93
BSE TECK	3776.96	3838.39	-61.43	-1.60
BSE HEALTH CARE	4242.53	4308.27	-65.74	-1.53
BSE IT	4320.63	4259.76	60.87	1.43

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
SATYAM	427.70	4.04
INFOSYS	1698.35	3.13
REL	1939.85	1.59
CIPLA	210.95	0.86
TCS	1045.25	0.08

Top Losers		
Company	Price	Loss %
HDFC	2724.80	-10.92
ACC	1002.05	-9.12
BHEL	2368.85	-7.52
RCOM	706.50	-7.03
NTPC	229.40	-6.97

WEEKLY: A - GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain
RCF	97.70	14.07
MASTEK	334.90	12.74
CMC	1187.60	12.20
GILLETTE (I)	1439.55	8.79
VSNL	681.35	4.69

Top Losers		
Company	Price	Loss %
IFCI	76.75	-32.47
HTMT GLOBAL	494.25	-13.42
JINDAL STEEL	13805.30	-13.09
HINDUJA TMT	605.00	-11.59
IOB	165.20	-11.30

ADVANCE -DECLINE

BSE 30 Companies	
Positive	5
Negative	25
Unchanged	0
Total	30

A GROUP COMPANIES	
Positive	30
Negative	174
Unchanged	0
Total	204

WORLD INDICES

INDEX	21.12.07	14.12.07	Change	% Change
NIFTY	5766.50	6047.70	-281.20	-4.65
SENSEX	19162.57	20030.83	-868.26	-4.33
DJIA	13450.65	13339.85	110.80	0.83
NASDAQ	2691.99	2635.74	56.25	2.13
FTSE	6434.10	6397.00	37.10	0.58
NIKKEI	15257.00	15514.51	-257.51	-1.66
BOVESPA	63097.71	62444.97	652.74	1.05
SHANGHAI	5101.78	5007.91	93.87	1.87
KOSPI	1878.32	1895.05	-16.73	-0.88
HANG SENG	27626.92	27563.64	63.28	0.23
STRAITS TIMES	3398.10	3466.38	-68.28	-1.97

MARKETS AT A GLANCE
Indian Markets

Indices	As on 21/12/07	As on 14/12/07	% Change
NIFTY	5766.50	5974.30	-4.65
SENSEX	19162.57	19966.00	-4.33

US Markets

Indices	As on 21/12/07	As on 14/12/07	% Change
DJIA	13450.65	13339.85	0.83
NASDAQ	2691.99	2635.74	2.13

BSE 200 Group

Scripts	CMP (Rs)	Weekly % Chg
Gainers		
INDIA INFO.	1547.00	6.32
VSNL	681.35	4.69
SH.PRECOATED	415.20	4.33
SATYAM COMP.	427.70	4.04
SUNPHARMA	1174.20	3.26
Losers		
IFCI	76.75	-32.47
JINDAL STEEL	13805.30	-13.09
PRAJ IND.	237.90	-11.86
IOB	165.20	-11.30
GREAT OFFSH	845.15	-10.94

US Listings

Scripts	Close (\$)	Weekly % Chg
NYSE		
Dr Reddy	17.87	-0.28
HDFC Bank	129.49	-1.59
ICICI Bank	60.04	-2.86
MTNL	9.15	-2.03
Patni	17.38	4.01
Satyam	21.19	-20.13
SLT	24.61	-6.67
Tata Motors	18.47	-0.11
VSNL	36.80	12.81
WIPRO	15.05	3.79
NASDAQ		
Infosys	45.14	5.99

Institutional Activity (Rs Cr)

	For the week	For the month	For the year
Mutual Funds	305.90	255.50	3410.63
FIIIs	-4641	-58.30	63566.25

DERIVATIVE WEEKLY SUMMARY**OPEN INTEREST AT ALL TIME HIGH**

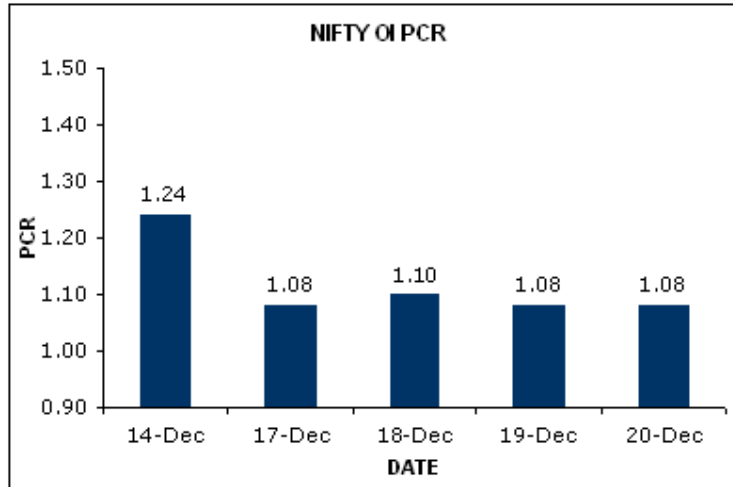
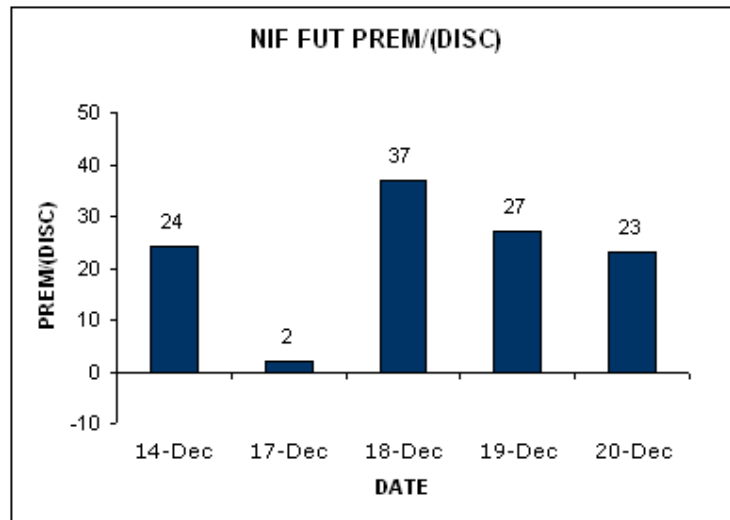
Overall Open Interest increased by merely Rs 207 Cr or 0.2% to reach at the all time high level of Rs 1,15,152 Cr from Rs 1,14,946 Cr week on week. In terms of number of shares, Open Interest remained almost unchanged at 251 Cr shares. Nifty Futures added 11% OI while FIIs net sold worth Rs 2,529 Cr in Index Futures, with increase in their OI, indicating hedging of positions on their part. Nifty Dec Futures settled at a healthy premium of 23 points. Higher rollover has been seen in Nifty where 46% of the positions got rolled over to the January month as against 39% last month, while Jan Futures are trading at a premium of 10 points indicating rollover of the long positions in Nifty. Nifty OI PCR fell sharply to 1.08 level from 1.24 level. BANKING, POWER and OIL/GAS sectors shed highest amount of OI while ENGINEERING, MEDIA and TEXTILE added some amount of Open Interest on a weekly basis.

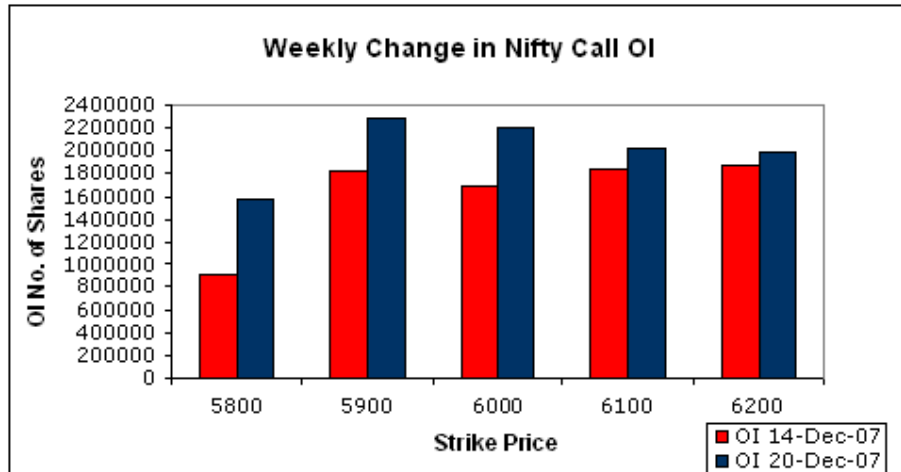
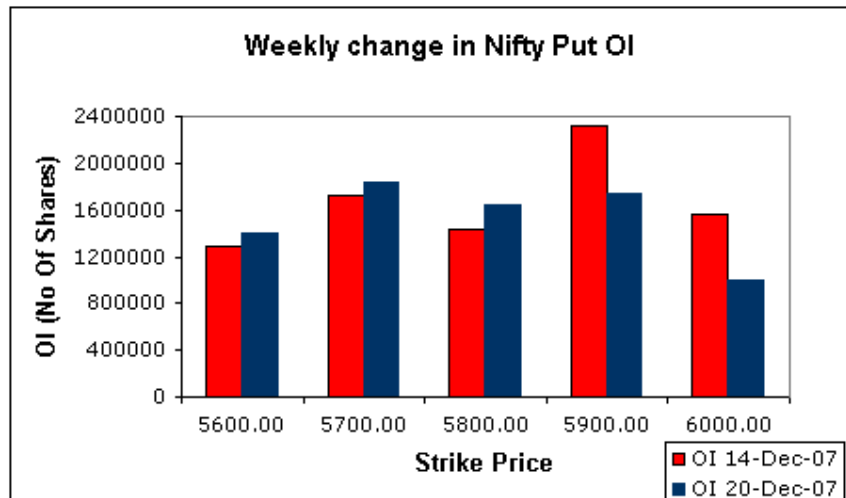
Nifty 5800 & 6000 Call added 13,301 and 10,354 contracts in OI respectively, so on the upside market may find resistance in the 6,150-6,250 region, while on the other hand Nifty 5700 & 5800 Put added 2,188 and 4,371 contracts in OI so on the downside market may find strong support around 5,900-5,980 levels.

We have seen slightly lower overall rollover of 35% as against the 40% rollover last month while in case of Nifty long 46% of the positions got rolled over to the next month as against 39% last month.

SECTORWISE WEEKLY CHANGE IN OI

Sectors	OI 14.12.07	OI 20.12.07	Change
AUTO	1860	1768	-92
BANKING/FINANCE	11857	10745	-1112
CEMENT	1137	1041	-97
CONSTR./INFRA.	5261	5253	-8
ENGINEERING	4062	4198	136
FERTILIZERS	1158	1036	-122
FMCG	1208	1189	-19
MEDIA	661	705	43
METAL	7643	7499	-144
OIL/GAS	15865	15686	-179
PHARMA	2079	2005	-74
POWER	8409	7873	-536
SUGAR	1121	1002	-118
TECH	3180	3119	-62
TELECOM	5923	5825	-98
TEXTILE	1330	1357	27

TREND IN NIFTY OI PCRTREND OF NIFTY NOV/DEC FUTURE PREMIUM/(DISCOUNT)

Weekly Change in NIFTY DECEMBER Call Options Open Interest

Weekly Change in NIFTY DECEMBER 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	-4.65	7.97	21288	8657	9383	39328	1.08
RELIANCE	-6.06	10.12	5186	730	74	5990	0.10
RPL	-6.11	-7.87	2765	469	61	3295	0.13
REL	1.45	-1.42	2875	280	33	3188	0.12
RCOM	-7.06	-0.55	2721	221	22	2964	0.10
RNRL	-8.18	0.00	1725	214	57	1996	0.26

FII ACTIVITY FOR THE WEEK (FROM DECEMBER 17 TO DECEMBER 20)

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
Index Futures	542133	15738	628328	18268	771053	22305
Index Options	68207	1945	19513	573	335808	9682
Stock Futures	446406	19839	471646	21140	1132737	50155
Stock Options	337	15	27	1	2464	101

TOP GAINERS & LOSERS OPEN INTEREST WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
PATELENG	42	-6	52
LITL	36	-9	185
ANSALINFRA	33	-6	135
WOCKPHARMA	33	-5	64
WELGUJ	32	-7	212

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
RENUKA	-31	5	95
BHUSANSTL	-25	-10	18
GNFC	-23	-3	47
CANBK	-23	-5	74
IFCI	-18	-32	660

TOP GAINERS & LOSERS PRICE WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
CMC	17	12	25
GUJALKALI	5	10	104
INDIAINFO	-5	7	154
VSNL	-2	5	155
RENUKA	-31	5	95

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
IFCI	-18	-32	660
HTMTGLOBAL	5	-14	25
JINDALSTEL	16	-13	1089
HINDUJATMT	-2	-12	47
PRAJIND	-7	-12	328

TECHNICAL TALK

Broad Market Trend

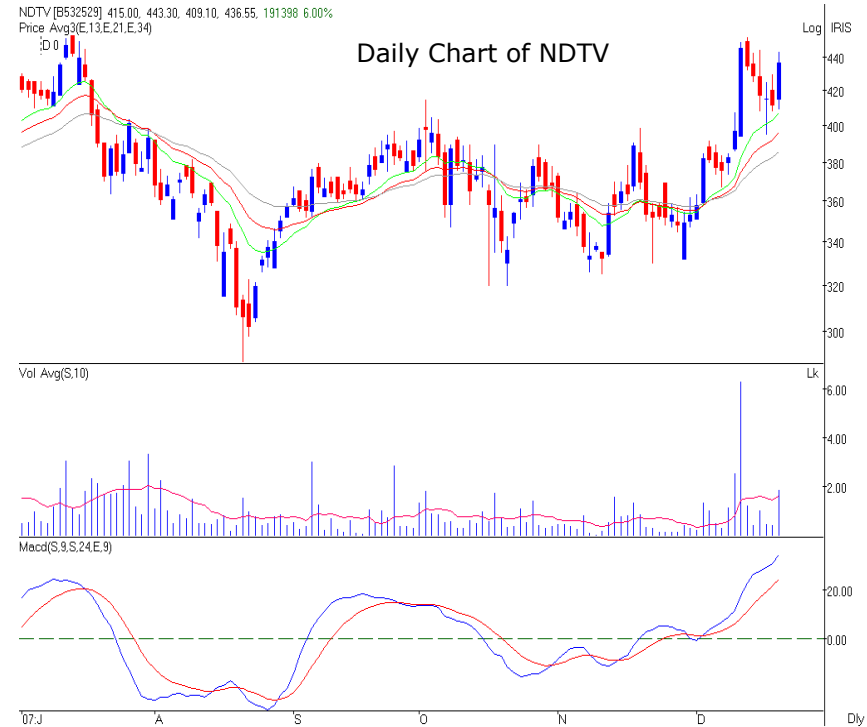
Sensex and Nifty fell by 4.33% and 4.65% respectively in the week gone by. Mid-cap and small cap indices, which outperformed the sensex significantly 2 weeks ago, encountered the healthy correction last week. Among all the Indices IT index was the only one to close with weekly gain. Technical indicators are still in the favour of Medium-Term bullish trend. Nifty has bounced back exactly from adjoining trend line (Joining 22-10-07 and 22-11-07) and can be seen in following chart. As market is expected to recover further upside, we may see bounce back in large cap stocks which under performed in last couple of weeks. Sensex is having supports around 18688 and 18214, breaching of which sensex may test further downside levels of 17542. Resistance for the sensex stands around 19525, 19834 and then 20506.

Nifty Daily Chart

NSE Nifty [N59901] 5751.75, 5799.50, 5742.75, 5766.50, 659414400 0.27%
Price

20 DMA	: 5850
50 DMA	: 5748
200 DMA	: 4655

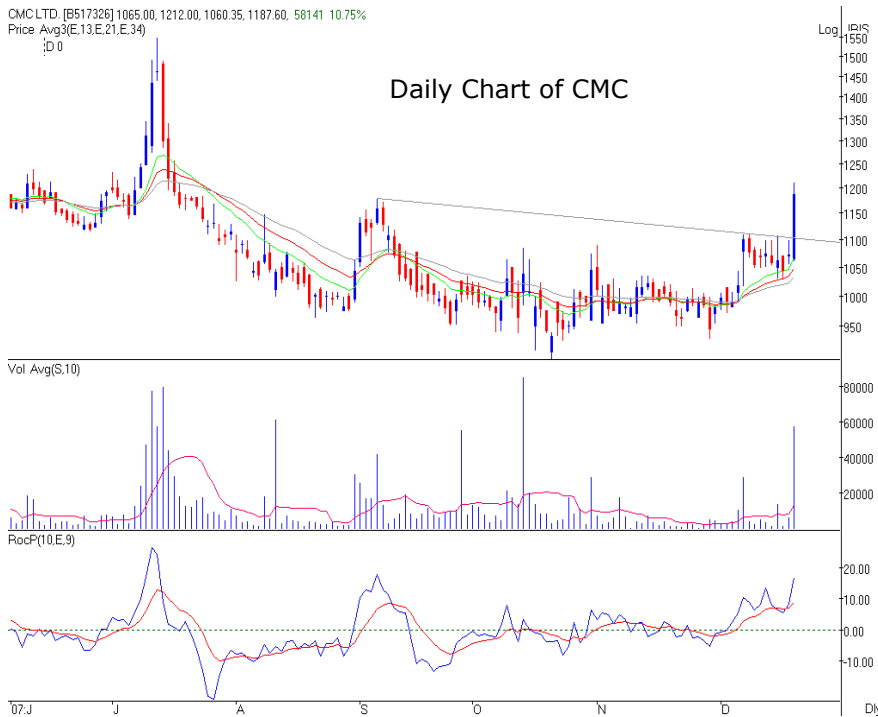



NDTV (436)
BUY

The stock is looking bullish on its daily chart as it showed smart move by rising 6% with significant volume on Friday after taking support on its 13EMA.

Momentum Indicator MACD is also showing the strength in the counter by trading in to bullish zone.

We recommend buying the stock for position trading at current market price for the targets of 463 and 484, keeping a stoploss of 415.


CMC (1188)
BUY

After 3 months of consolidation stock has come out of it with significant volume by crossing its resistance of the Trendline shown in the daily chart.

Momentum Oscillator ROC (Rate of Change) has also seems to come out from congestion pattern and currently trading in to positive zone.

We recommend buying the stock for position trading at current market price for the targets of 1270 and 1325, keeping a stoploss of 1143

Technical Picks for the Forthcoming Week

STOCK	RECOMMENDATION	CMP	STOP LOSS (Rs)	TARGETS (Rs)
CMC	BUY	1188	1143	1270,1325
NDTV	BUY	436	415	463,484

Review of Stocks Recommended Last Week

STOCK	RECOMMENDATION	PRICE 15.12.07	STOP LOSS	TARGET	REVIEW	RETURN (%)
CAIRN INDIA	BUY	226	216	250	SL TRIGGERED	(4.42)
PRISM CEMENT	BUY	70.40	67	82	EXITED AT COST	0

Return of Technical Picks since 06 Oct 2007

Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
64.29	9.62	(3.06)	5.09

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 (24th Dec to 28st Dec)

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	1064.70	1080.30	1102.60	1140.50	1042.40	1020.10
ABAN	4879.30	4838.10	5076.20	5273.10	4641.20	4403.20
ABB LTD.	1607.65	1606.90	1650.70	1693.80	1563.80	1520.00
ADLABS FILM	1151.05	1113.70	1262.40	1373.70	1002.40	853.70
ALLHABAD BNK	115.90	114.10	124.80	133.60	105.30	94.60
AMBUJACEM	153.30	154.70	159.40	165.50	148.60	143.90
ANDHRA BANK	104.30	105.10	110.20	116.10	99.20	94.20
ANSALINFRA	270.95	269.40	289.60	308.30	250.70	230.50
APIL	1079.15	1046.20	1142.40	1205.60	983.00	886.80
ARVIND MILLS	75.35	77.90	81.80	88.30	71.40	67.50
ASHOK LEYL	50.10	49.80	54.00	58.00	45.80	41.60
BAJAJ AUTO	2701.85	2734.00	2807.90	2914.00	2627.90	2554.00
BAJAJHIND.LT	237.80	230.00	247.60	257.40	220.20	202.60
BANK OF BARO	391.45	393.70	408.30	425.10	376.90	362.30
BANK OF IND.	357.65	358.00	369.50	381.40	346.10	334.60
BH.EARTH MOV	1775.00	1769.80	1857.10	1939.10	1687.80	1600.50
BHARAT ELEC.	1861.55	1853.50	1907.00	1952.50	1808.00	1754.50
BHARTI TELEV	958.75	954.10	1000.60	1042.40	912.30	865.80
BHEL	2746.10	2770.40	2850.70	2955.40	2665.70	2585.40
BOM DYEING	727.05	746.40	778.70	830.40	694.70	662.40
CANARA BANK	302.60	294.60	318.00	333.50	279.10	255.70
CENTURY TEXT	1108.15	1124.00	1152.90	1197.70	1079.20	1050.30
CIPLA	197.50	194.70	206.30	215.00	185.90	174.30
CROMPTON GR.	417.80	425.10	439.10	460.40	403.80	389.70
CUMMINS INDI	415.15	421.10	436.00	456.80	400.30	385.50
DABUR INDIA	121.45	118.40	127.10	132.80	112.70	104.00
DENA BANK	85.20	85.80	90.60	95.90	80.50	75.70
DLF	1012.80	977.40	1052.70	1092.70	937.40	862.10
EDUCOMP	4028.35	3962.90	4375.50	4722.60	3615.70	3203.10
EKC	326.70	333.40	344.20	361.60	315.90	305.10
ESSAR OIL	301.95	288.30	334.60	367.30	255.60	209.30
GAIL	471.90	464.00	504.80	537.80	431.10	390.30
GESCO CORP	796.75	748.60	853.10	909.40	692.20	587.70
GMRINFRA	243.80	251.20	262.40	280.90	232.70	221.50
GRASIM IND.	3647.65	3712.90	3824.80	4001.90	3535.80	3423.90
GTL	265.45	264.10	276.10	286.80	253.40	241.40
GUJ.ALKALI	205.90	209.20	218.40	231.00	196.70	187.50
GUJ.NARMADA	185.60	182.90	194.70	203.80	173.80	161.90
HCC	215.45	215.60	229.40	243.40	201.60	187.80
HDFC BANK	1719.80	1724.00	1775.80	1831.80	1668.00	1616.20

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
HDIL	825.70	824.00	842.70	859.60	807.00	788.30
HINDALCO	187.90	191.70	198.20	208.50	181.40	174.80
HIND UNILVR	208.60	208.50	212.50	216.40	204.60	200.70
HOUS DEV FIN	2922.40	2863.90	3007.90	3093.30	2778.50	2634.50
ICICI BANK	1247.60	1209.50	1288.10	1328.50	1169.10	1090.50
IDBI	168.30	170.00	176.30	184.30	162.00	155.70
IDEA	133.40	135.70	147.80	162.30	121.20	109.10
IDFC	224.35	218.10	232.20	240.10	210.30	196.20
INDIA CEMENT	301.30	303.30	315.00	328.70	289.60	278.00
INDIANB	193.60	197.80	205.50	217.50	185.80	178.10
INDUS IND BK	127.95	126.30	136.10	144.30	118.10	108.30
INDUST.FIN.C	101.00	102.80	109.10	117.10	94.80	88.50
INFOSYS TECH	1722.30	1686.70	1784.90	1847.40	1624.20	1526.00
ITC	188.15	189.90	195.20	202.20	182.90	177.70
IVRCL INFRAS	493.25	492.70	512.60	532.00	473.30	453.40
JP ASSOCIAT	1953.30	1929.10	2038.20	2123.10	1844.20	1735.10
JPHYDRO	113.95	116.60	122.10	130.20	108.50	103.00
JSWSTEEL	1207.45	1170.90	1315.30	1423.20	1063.00	918.60
KESORAM	584.60	588.60	626.00	667.40	547.20	509.70
KOTAK BANK	1294.35	1276.90	1347.50	1400.60	1223.70	1153.10
LITL	557.70	560.90	591.80	625.80	526.80	495.90
LT	4264.80	4267.60	4405.10	4545.50	4127.20	3989.70
MAH & MAH	780.15	785.00	840.00	899.90	725.10	670.10
MAHANGR TELE	177.55	178.60	186.00	194.40	170.20	162.80
MARUTI	1041.45	1026.60	1079.70	1117.90	988.30	935.20
MATRIX LABS	221.95	224.70	231.30	240.60	215.30	208.70
MCDOWELL	1989.40	2012.00	2077.40	2165.30	1924.10	1858.70
MOSER-BAER	305.55	295.30	320.00	334.50	280.80	256.10
MPHASIS	295.10	286.20	306.40	317.70	274.90	254.70
MRPL	133.30	133.40	145.70	158.00	121.00	108.70
NAGAR.CONST.	337.40	333.00	359.80	382.20	310.60	283.80
NDTV	375.70	367.70	400.10	424.40	343.30	310.90
NEYVELI LIGN	255.35	253.30	271.50	287.60	237.20	219.10
NTPC	245.80	245.90	253.80	261.70	237.90	230.00
ONGC CORP.	1191.65	1190.00	1229.70	1267.70	1152.00	1112.40
ORIENT.BANK	277.00	273.10	286.20	295.40	263.90	250.70
PARSVNATH	399.00	387.40	419.10	439.20	367.30	335.60
PATEL ENG.	827.30	812.20	862.10	896.90	777.40	727.50

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
PATNI	340.90	333.60	352.10	363.40	322.30	303.80
PENIN LAND	150.55	137.00	167.40	184.30	120.20	89.80
PETRONET	109.40	109.90	115.70	122.00	103.60	97.70
PFC	268.25	255.80	291.30	314.40	232.70	197.20
PNB	633.35	634.50	660.90	688.40	607.00	580.70
POLARIS SOFT	124.50	119.80	130.10	135.70	114.20	103.90
PRAJ IND.LTD	208.95	208.30	220.60	232.30	196.60	184.30
PUNJ LLOYD	503.85	509.80	527.50	551.20	486.10	468.40
RAJESH EXPOR	908.45	906.40	947.10	985.70	867.80	827.20
RANBAXY LAB.	407.40	392.60	424.70	442.10	375.20	343.10
RCOM	734.25	722.70	766.30	798.40	690.70	647.10
REL	1937.60	1905.80	2023.50	2109.50	1819.80	1702.10
REL.CAPITAL	2402.05	2421.70	2520.40	2638.70	2303.40	2204.70
RELIANCE	2841.45	2877.30	2952.20	3062.90	2766.50	2691.60
RENUKA	844.20	796.80	909.40	974.70	731.50	618.90
ROLTA	745.95	745.70	790.30	834.60	701.30	656.70
RPL	225.40	225.70	236.40	247.40	214.70	204.00
SATYAM COMP	443.80	443.40	452.30	460.90	434.80	425.90
SIEMENS	1934.90	1912.30	1994.60	2054.30	1852.60	1770.30
SOBHA	899.75	936.90	1012.80	1125.90	823.90	748.00
SRF LTD.	168.00	172.40	186.70	205.50	153.70	139.40
STATE BANK	2435.80	2398.50	2495.00	2554.20	2339.30	2242.80
STEEL AUTHOR	273.60	275.80	290.90	308.10	258.50	243.40
STER	1098.60	1092.90	1155.70	1212.70	1035.90	973.10
STER OPTICAL	356.40	341.10	382.00	407.70	315.40	274.50
SUNTV	371.00	377.60	393.20	415.50	355.40	339.80
SUZLON	1936.05	1928.10	2000.90	2065.80	1863.20	1790.40
SYNDICATE BK	113.25	113.40	124.80	136.30	101.90	90.50
TATA POWER	1323.75	1286.20	1392.40	1461.10	1217.50	1111.30
TATA MOTORS	767.30	759.90	791.40	815.40	735.80	704.30
TATASTEEL	832.05	847.10	867.90	903.80	811.20	790.40
TCS	1062.60	1048.40	1086.30	1110.00	1024.70	986.70
TITAN IND.	1535.00	1560.60	1604.40	1673.90	1491.10	1447.30
TTML	54.65	53.40	58.80	62.90	49.30	43.90
UNION BANK	189.65	188.30	200.10	210.60	177.90	166.10
UNITECH LTD	428.90	408.20	474.90	520.90	362.20	295.50
UTI BANK	938.55	935.40	954.20	969.80	919.80	901.10
VSNL	648.10	627.80	695.60	743.10	580.30	512.50
VOLTAS	236.70	246.00	258.60	280.60	224.10	211.50
WIPRO	503.20	486.10	522.10	541.10	467.10	431.10
ZEEL	297.85	300.80	312.10	326.30	286.60	275.30

FUNDAMENTAL CHECK**Stocks Covered This Week**

Company	Price 20-Dec-07 (Rs)	Report Type	Recommendation
BOC INDIA LTD.	191	RESEARCH NOTE	ACCUMULATE

Review of Stocks Covered 3 Months Back

Company	Price (Rs) 20.12.07	Recommendation	Reco. Price (Rs) 22.09.07	Return (%)
SENSEX	19163		16564	16
INDIAN HOTELS COMPANY LTD.	146	ACCUMULATE	131	12

RESEARCH REPORT
BOC INDIA LTD.
CMP: Rs 191
December 22, 2007
"FRESHNESS IN THE AIR"
ACCUMULATE

BSE Code	523457
NSE Code	BOC

Key Data

Sensex	19163
52 week H/L (Rs.)	214/120
Dec month H/L (Rs.)	214/145
Market Cap (Rs Cr)	940
Avg. daily vol. (6m)	64332
Face Value	10

Source: Capitaline

Shareholding Pattern (%)

Promoters - Foreign	54.8
Non-Promoter Corp Holding	3.3
Institution	22.9
Public & Others	19.0

Source: Capitaline

One-Year Performance (Rel. to Sensex)


Source: Capitaline

Background & Business

BOC India Ltd is the leader in gas business in India since 1935. The Linde Group, Germany holds 55% equity stake in BOC India Ltd which is a world leading industrial gases and engineering company with Sales of € 12 billion. BOC has focused on major four areas Industrial gases, Medical Gases, Speciality Gases and project Engineering Division.

- **Process Gas Solutions (PGS)**

PGS focuses on customers requiring bulk supplies of gases from on-site plants or by pipelines as well as deliveries of liquefied gases. The Project Engineering Division dealing with large customers across diverse industries forms a core part of the PGS line of business.

- **Project Engineering Division (PED)**

PED is currently engaged in constructing the company's largest Air Separation Unit (ASU) at the steel works of JSW Steel Ltd. at Bellary, Karnataka. The plant is expected to go on stream in 2008. PED is also relocating the 100 tpd ASU from Dolvi to the steel works of Adhunik Metaliks Ltd. at Rourkela. Another merchant ASU is being set up in Himachal Pradesh, as a part of the company's growth strategy to penetrate the North Indian market. This would be commissioned by mid-2009. Further, the PED has bagged contracts from SAIL aggregating to Rs 318 Cr for setting up two ASUs at Rourkela Steel Plant and IISCO Steel Plant. These are to be executed over the next 2-3 years.

- **Industrial & Special Products (I&SP)**

I&SP covers customers mainly in the fabrication and medical sectors as well as helium and calibration gases. Taking a quantum jump to become a total solutions provider, BOC has re-entered the welding equipment market last year, and launched the MIG & TIG welding machines, along with a range of accessories and safety products. The Company also aggressively pursued new application areas like laser cutting.

About Linde Group

Linde group is industrial gases, medical gases and engineering company. Engineering division is in market segment such as olefin plants, natural gas plants and air separation plant. Gist division is a provider of logistics and supply chain. The company has presence in more than 70 countries in continents of north & South America, Europe, Asia, Australia and some parts of Africa.

Industry Outlook

India is likely to become one of the leading gases markets in the world in the years to come. As a member of The Linde Group, BOC will be able to access and leverage the cutting edge technology from their Engineering Division and is thus well poised to take advantage of the emerging opportunities in the industry.

With the country's steel making capacity projected to touch 110 million tonnes per annum by 2020, steel continues to be the major growth driver for the gases industry in India. The competition however, is expected to be intense amongst the major global gas players in the market. Emerging applications in industries such as glass, oil, electronics, fibre optics and food would also contribute to the growth of the industrial gases sector. Company is also examining a possible entry into the hydrogen market in the country while working on to maintaining its leadership position in the healthcare segment.

Recent development – Promoters infusing Capital & Raising stake

The board of directors of BOC India Ltd has decided to raise Rs 597 crore through preferential allotment of shares to promoters, Linde AG, Germany. BOC India will issue 3.62 crore shares of Rs 10 each at Rs 162 per share that will increase Linde AG's stake in the Indian industrial gas manufacturer from 54.8% to 73.99%. Linde AG, the fifth largest gas manufacturer, acquired the stake in BOC following its \$14 billion takeover of BOC Group Plc in March 2006.

Linde's move to increase stake in its Indian affiliate and infuse fresh funds into the company is in line with its strategy post BOC Group takeover of concentrating on the global business of industrial gas and engineering and exiting all non-core operations.

With increased promoters' stake, BOC India will spearhead Linde's aggressive plans to increase presence in the fastest growing steel industry in India and China.

Valuations & Recommendation

Company has lined up capex of Rs 1,350 Cr over next two years in which promoters are infusing Rs 600 Cr and rest they are expected to raise through debt. According to the management estimates, the Capex will result into 0.6 to 0.8 times of revenues every year, which translates into additional turnover of Rs 1,000 Cr for the company. There is no significant capex by the company in last few years and the current capex proposal augurs well as it conveys confidence on the part of the management for the future outlook. We recommend accumulate rating on the stock.

**Financial Snapshot
Quarterly Performance**

(Rs Cr)	Q2FY07	Q2FY06	% YoY	Q1FY07	% QoQ
Net Sales	97.5	124.0	-21.4	97.8	-0.3
Other Income	1.5	3.0	-50.0	1.0	48.5
Total Income	99.0	127.0	-22.0	98.8	0.2
Total Expenditure	79.3	100.8	-21.4	84.5	-6.2
PBIDT	19.8	26.2	-24.6	14.3	38.2
Interest	0.3	0.9	-65.9	2.8	-89.7
PBDT	19.5	25.4	-23.2	11.5	69.5
Depreciation	7.2	6.2	16.1	6.3	15.0
Tax	2.8	7.3	-61.9	2.2	24.7
Fringe Benefit Tax	0.3	0.3	-12.1	0.3	-3.3
Deferred Tax	2.1	-0.3	787.1	-0.4	-595.3
Reported Profit After Tax	7.1	11.8	-40.2	3.1	126.2
Ann. EPS (Rs)	5.8	9.7		2.6	
Equity	49.08	49.08		49.08	
Margins (%)					
OPM	20.3	21.1		14.6	
NPM	7.3	9.6		3.2	

Annual Performance

(Rs Cr)	FY07	FY06	% Chg
Net Sales	456.1	522.2	-12.7
Other Income	37.5	59.0	-36.4
Total Income	493.6	581.2	-15.1
Total Expenditure	385.9	430.9	-10.4
PBIDT	107.7	150.3	-28.3
Interest	5.3	3.7	43.4
PBDT	102.5	146.7	-30.1
Depreciation	34.4	24.8	38.7
Tax	23.1	24.5	-5.8
Fringe Benefit Tax	1.3	1.6	-22.4
Deferred Tax	-0.9	17.1	-105.2
Reported Profit After Tax	44.6	78.6	-43.3
Extra-ordinary Items	19.2	25.4	-24.4
Adj. Profit After Extra-ordinary item	25.4	53.3	-52.2
EPS (Rs)	9.09	16.02	-43.3
Equity	49.08	49.08	
Margins (%)			
PBIDTM(%)	23.62	28.79	
PATM(%)	9.78	15.06	

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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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