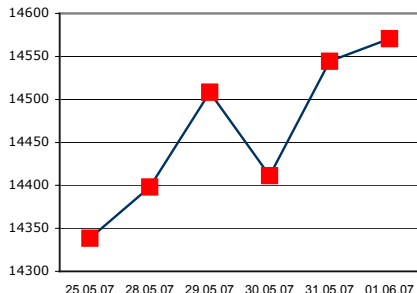
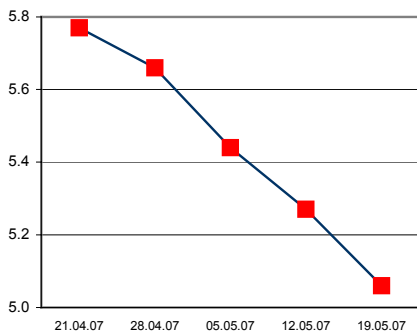
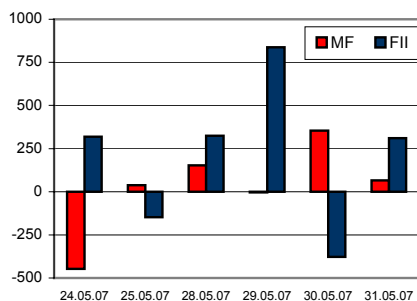
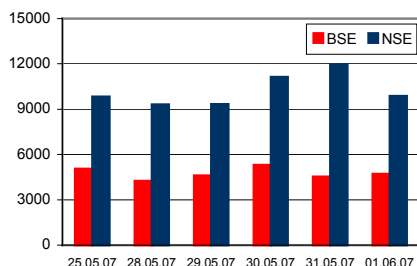


**SENSEX**

**INFLATION (%)**

**MF/FII-Net Equity Flow (Rs Cr)**

**BSE/NSE Cash Turnover (Rs Cr)**


**Note: 31<sup>st</sup> May was Derivatives Expiry Session**

**HIGH-TIME FOR NEW HIGH**

In tandem with global cues, and buoyed by some stellar set of GDP numbers, our markets finished the week gaining over 1%. However, Sensex failed to make a new all time high for the second consecutive week although being in the vicinity. Week on week, Consumer Durables and Capital Goods stole the show, gaining over 7%, while FMCG and IT were the under performers.

In the neighborhood, China has started to show the chinks in its armor now. When the global mood was uncertain, the Chinese indices surged with furious velocity, and now that the world indices are playing a catch-up game, oriental brethren seem to be having second thoughts!

**Economy News**

The WPI-based annual rate of inflation kept on with its southbound journey for the week ended May 19 pegged at 5.06% - the lowest in last 10 months, in line with expectations, and against 5.27% a week back. This comes with unchanged manufactured product prices and easing of prices of fuel and some food articles, which augurs well going forward.

The Indian economy grew by a scorching 9.4% in FY07, the fastest in 18 years, on the back of sterling performance by services and manufacturing sectors.

**Corporate News**

**United Breweries (Holdings)** has agreed to buy 26% stake in **Deccan Aviation** for Rs 550 Cr, at the price of Rs 155/share.

**Tata Tea** has agreed to buy 25.74% stake in Mount Everest Mineral Water for around Rs 115 Cr. It would make an open offer to acquire up to an additional 20% of the equity of MEMW at the price of Rs 140/share.

**MTNL** has announced that it will come out with its land development plans at NOIDA shortly.

**MARKET INDICATORS**

Indices	01.06.07	25.05.07	Change (Pts)	% Change
<b>NIFTY</b>	4297.05	4248.15	48.90	1.15
<b>SENSEX</b>	14570.75	14338.45	232.30	1.62
<b>BSE MIDCAP</b>	6264.28	6143.14	121.14	1.97
<b>BSE SMLCAP</b>	7473.87	7265.92	207.95	2.86
<b>BSE-100</b>	7493.11	7373.70	119.41	1.62
<b>BSE-200</b>	1773.24	1744.59	28.65	1.64
<b>BSE-500</b>	5671.50	5575.24	96.26	1.73

**SECTORAL INDICES**

Indices	01.06.07	25.05.07	Change (Pts)	% Change
<b>BSE CONS. DURABLES</b>	4151.12	3859.66	291.46	7.55
<b>BSE CAPITAL GOODS</b>	11241.76	10512.75	729.01	6.93
<b>BSE AUTO</b>	5030.20	4860.08	170.12	3.50
<b>BSE BANKEX</b>	7682.64	7467.38	215.26	2.88
<b>BSE HEALTH CARE</b>	3852.43	3746.02	106.41	2.84
<b>BSE OIL&amp;GAS</b>	7779.56	7685.32	94.24	1.23
<b>BSE PSU</b>	6773.01	6733.50	39.51	0.59
<b>BSE METAL</b>	10468.17	10472.80	-4.63	-0.04
<b>BSE TECK</b>	3729.18	3744.08	-14.90	-0.40
<b>BSE IT</b>	4908.38	4959.36	-50.98	-1.03
<b>BSE FMCG</b>	1890.53	1912.09	-21.56	-1.13

**WEEKLY SENSEX GAINERS & LOSERS**

Top Gainers		
Company	Price	Gain %
L & T	2002.95	15.18
CIPLA	224.20	9.39
HDFC BANK	1152.85	7.80
SBI	1378.10	6.14
HERO HONDA	717.10	5.89

Top Losers		
Company	Price	Loss %
NTPC	158.35	-3.33
ITC	161.45	-3.15
REL	541.70	-2.53
HINDALCO	141.00	-2.39
INFOSYS	1940.05	-2.33

**WEEKLY A GROUP GAINERS & LOSERS**

Top Gainers		
Company	Price	Gain %
NIRMA	194.05	21.19
PUNJ LLOYD	220.95	21.10
L & T	2002.95	15.18
THERMAX	497.75	13.10
HCL TECH	345.65	12.43

Top Losers		
Company	Price	Loss %
SKF INDIA	452.20	-9.20
BF UTILITIES	1849.60	-7.53
INDUSIND BK	45.90	-7.18
SUZLON	1285.40	-6.75
ASAHI	104.85	-6.47

**ADVANCE-DECLINE**

SENSEX	
Positive	21
Negative	9
Unchanged	0
Total	30

A GROUP	
Positive	141
Negative	64
Unchanged	2
Total	207

**WORLD INDICES**

INDEX	01.06.07	25.05.07	Change (Pts)	% Change
NIFTY	4297.05	4248.15	48.90	1.15
SENSEX	14570.75	14338.45	232.30	1.62
DJIA	13668.11	13507.28	160.83	1.19
NASDAQ	2613.92	2557.19	56.73	2.22
FTSE	6676.70	6570.50	106.20	1.62
NIKKEI	17958.88	17481.21	477.67	2.73
BOVESPA	53422.67	51617.97	1804.70	3.50
SHANGHAI	4000.74	4179.78	-179.04	-4.28

**MARKETS AT A GLANCE**
**Indian Markets**

Indices	As on 01.06.07	As on 25.05.07	% Change
SENSEX	14570.75	14338.45	1.62
NIFTY	4297.05	4248.15	1.15

**US Markets**

Indices	As on 01.06.07	As on 25.05.07	% Change
DJIA	13668.11	13507.28	1.19
NASDAQ	2613.92	2557.19	2.22

**BSE 200**

Scripts	CMP (Rs)	Weekly % Chg
<b>GAINERS</b>		
PUNJ LLOYD	220.95	21.10
NIRMA	194.05	17.43
L & T	2002.95	15.18
THERMAX	497.75	13.10
BEL	1892.05	11.70
<b>LOSERS</b>		
SKF INDIA	452.20	-9.20
BF UTILITIES	1849.60	-7.53
INDUSIND BANK	45.90	-7.18
SUZLON ENERGY	1285.40	-6.75
SAIL	138.60	-6.32

**US Listings**

Scripts	Close (\$)	Weekly % Chg
<b>NYSE</b>		
DR REDDY	15.95	-0.99
HDFC BANK	86.54	5.31
ICICI BANK	48.53	3.54
MTNL	8.14	9.26
PATNI	26.87	-1.10
SATYAM	25.42	2.21
TATA MOTOR	18.78	4.39
VSNL	22.67	-1.43
WIPRO	16.32	1.62
<b>NASDAQ</b>		
INFOSYS	49.79	-0.22

**Institutional Activity (Rs Cr)**

	For the week	For the month	For the year
<b>Mutual Funds</b>	607.30	1848.50	-377.27
<b>FIIs</b>	947.80	4574.70	17267.10

## DERIVATIVES WATCH

### WEEKLY SUMMARY

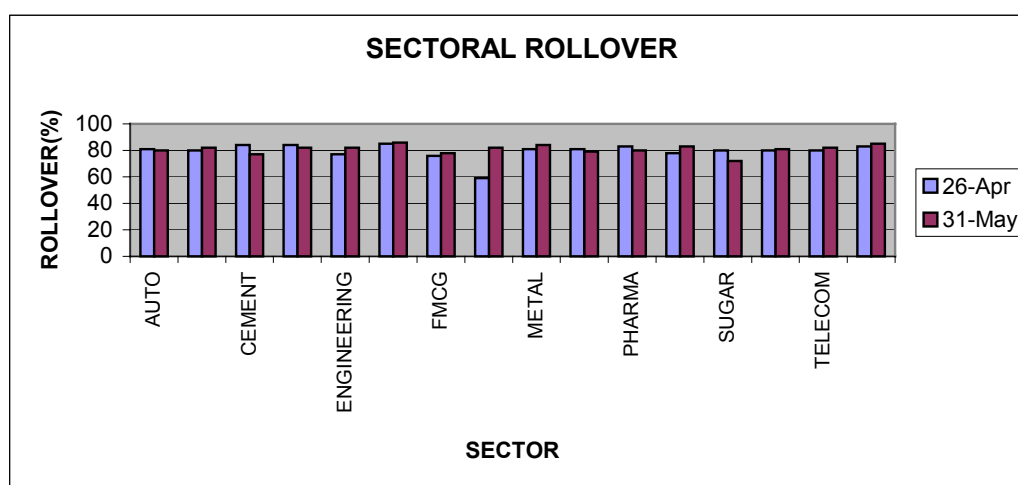
#### OPEN INTEREST AT ALL TIME HIGH AT THE BEGINNING OF A NEW SERIES

Overall open interest declined by 22% from Rs 66,427 Cr to Rs 52,037 Cr week on week following the May expiry. In terms of number of shares, Open Interest went down by 10% to 133.5 Cr shares from 149 Cr shares on weekly basis. We have entered into the June series with Open Interest of Rs 48,500 Cr as compared to Rs 41,890 Cr of Open Interest in May series. This Open Interest is the all time highest at the beginning of a new series, crossing the previous high of Rs 45,000 Cr with which we started in the Feb 2007 series. Nifty June future discount reduced to 12 points from 19 points on Thursday while FIIs net bought worth Rs 258 Cr in Index Futures indicating long accumulation from their side. This discount of around 10-12 points is still not a concern as out of this around 7-8 points discount is due to the dividend. We have started June series with Nifty Open Interest Put-Call Ratio of 1.7 as against PCR of 1.2 at the beginning of the May series. Nifty OI PCR rose to 1.63 level from 1.44 level on a weekly basis. This high PCR is a sign of a healthy market and clearly indicates that smart players believe that there is a limited downside in the market going forward.

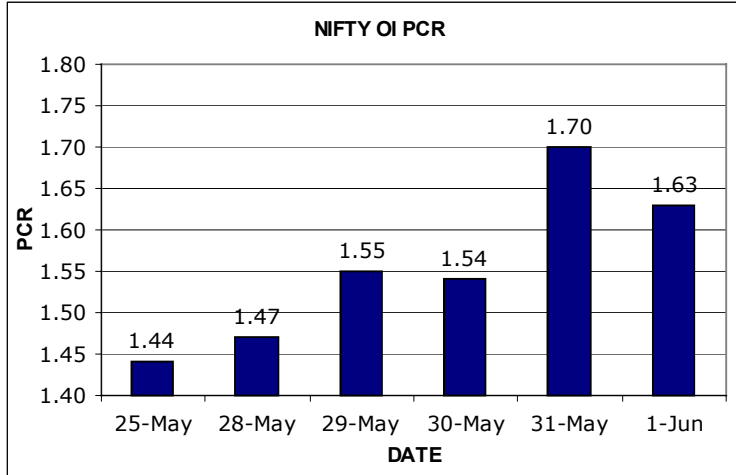
Nifty 4300 & 4350 Call added 30,593 and 22,126 contracts in OI respectively with decline in Ivs, which indicates Call writing, so on the upside the market may find strong resistance in the region of 4,350-4,380. On the other hand Nifty 4200 Put added whopping 57,561 contracts or 30 lakh shares in OI, so on the downside the market may find strong support in the region of 4,180-4,200.

We have seen healthy overall rollover at 83% almost at the same level of last month. In Nifty, around 75% of the positions were rolled over to the next month, compared to 73% rollover last month. We have witnessed over 90% rollover in case of Jindal Stainless, India Infoline, Lupin, Andhra Bank, Aban, Jet Airways, Patni, Jindal Steel, Ultratech, IOC, Nagarjuna Construction and Dena Bank.

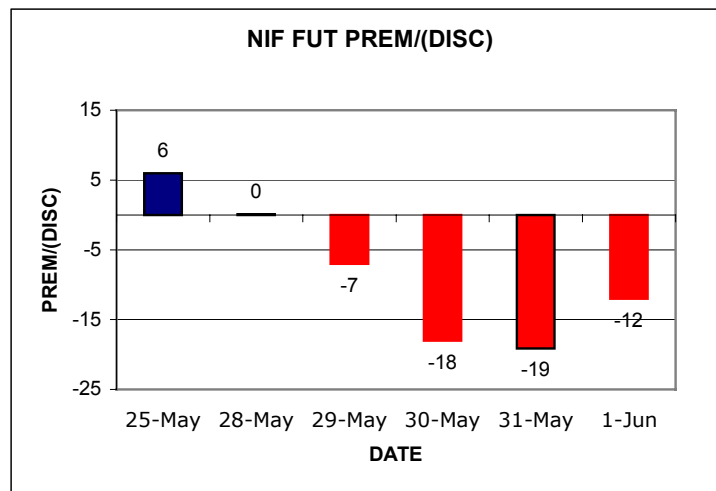
#### SECTORWISE ROLLOVER



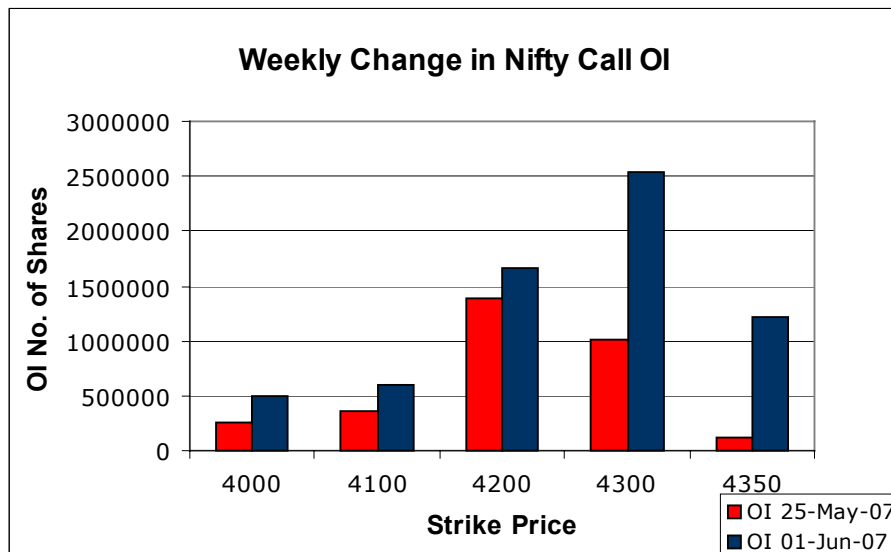
### PCR IS STILL AT A VERY COMFORTABLE ZONE



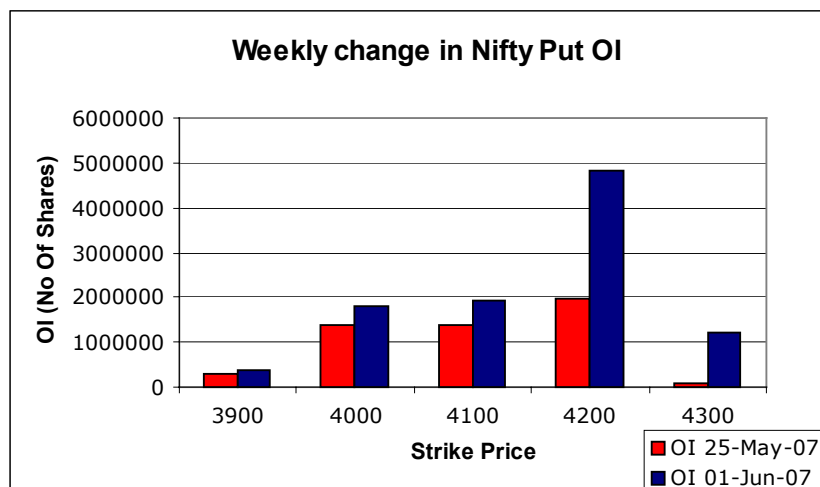
### TREND OF NIFTY FUTURE PREMIUM/(DISCOUNT)



### Weekly Change in Nifty June Call Options Open Interest



### Weekly Change in Nifty June 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	1.15	-29	12834	3642	5933	22409	1.63
INFOSYSTCH	-2.36	-22	1295	102	17	1414	0.17
SBIN	6.18	-4	1162	46	10	1218	0.22
RELIANCE	1.34	-43	957	92	26	1075	0.29
RCOM	0.45	-18	831	31	2	864	0.08
TATASTEEL	1.93	-33	12834	3642	5933	22409	0.35

**FII ACTIVITY FOR THE WEEK (from May 28 to Jun 01)**

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
Index Future	759019	16240	730220	15609	614046	13164
Index Option	113935	2405	40703	859	222956	4790
Stock Future	481063	13557	531147	14921	636762	17844
Stock Option	566	16	946	21	926	22



## TECHNICAL TALK

### Broad Market Trend

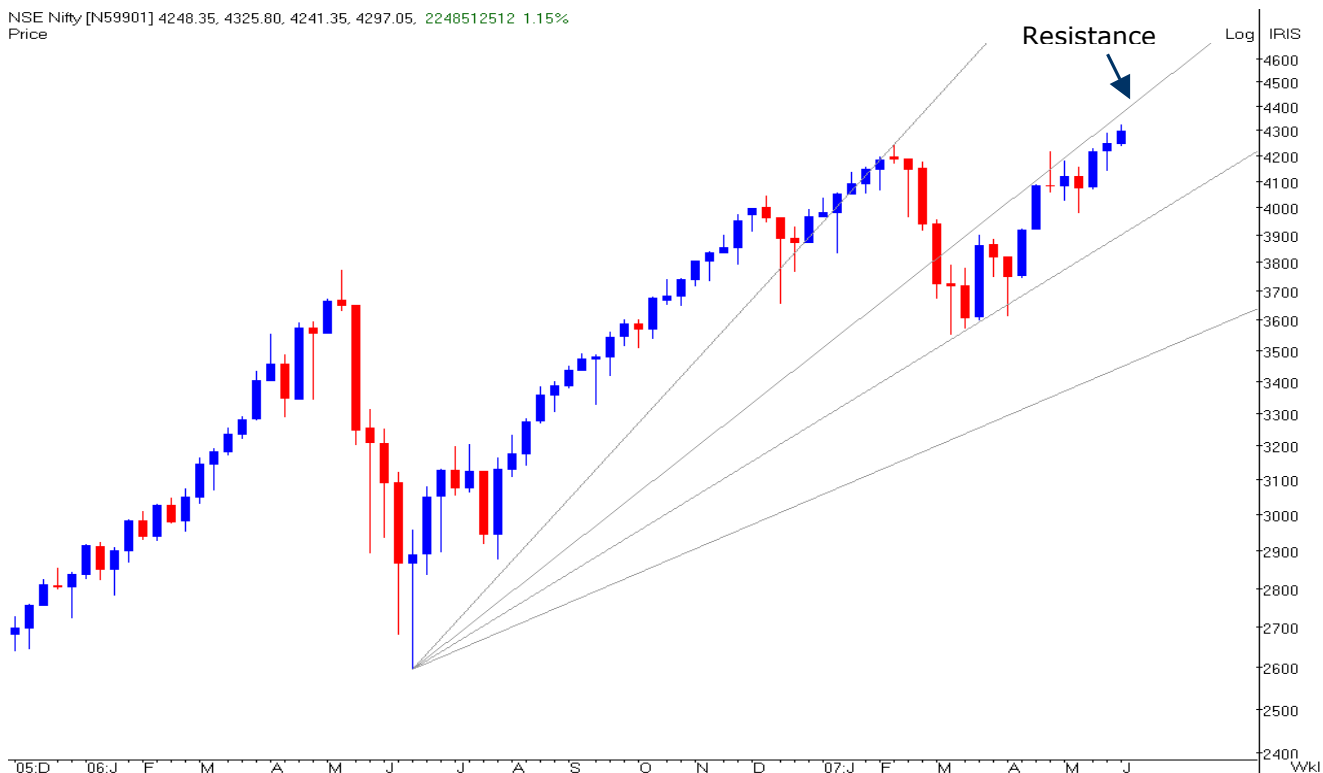
Market will trade volatile over the coming sessions. Though the overall trend is up, higher levels will face an increased amount of resistance. So, stay cautious in taking fresh long positions.

### Nifty (4297)

Nifty Daily candlestick chart has formed Doji pattern on Friday, so Friday's high of 4,326 will act as a crucial resistance for the Nifty, and breaching that level we may see more strength in the index. The next major target and resistance level is near 4,400. In case the index breaks below the support of 4,240-4,250, then the short-term trend will turn weak and the market may see a quick decline to the 4,180-4,190 levels.

### Nifty Weekly Chart

NSE Nifty [N59901] 4248.35, 4325.80, 4241.35, 4297.05, 2248512512 1.15%  
Price



**Technical Picks for the Forthcoming Week**

STOCK	RECOMMENDATION	CMP	STOP LOSS (Rs)	TARGETS (Rs)
GIPCL	BUY	68.30	65.50	74, 80
INDIAN HOTELS	BUY	148.70	145.90	157, 163
UNITED PHOSPHORUS	BUY	292.25	283	316, 333

**Review of Stocks Recommended Last Week**

STOCK	RECOMMENDATION	PRICE 25.05.07	STOP LOSS	TARGET	REVIEW	RETURN (%)
ESSAR OIL	BUY	58.40	57	62, 63.30	STOP LOSS TRIGGERED	(2.4)
GTL INFRASTRUCTURE	BUY	39.70	38.50	43, 45	FIRST TARGET ACHIEVED	8.3
SATYAM COMPUTER	BUY	471.85	458	496, 520	EXITED AT COST	~

**Review of Earlier Open Calls**

STOCK	RECO. DATE	STOP LOSS	TARGETS	REVIEW	RETURN (%)
GTL	25-May-07	189	197, 209	EXITED AT 200	5.0

**Return of Technical Picks since 17 Mar 2007**

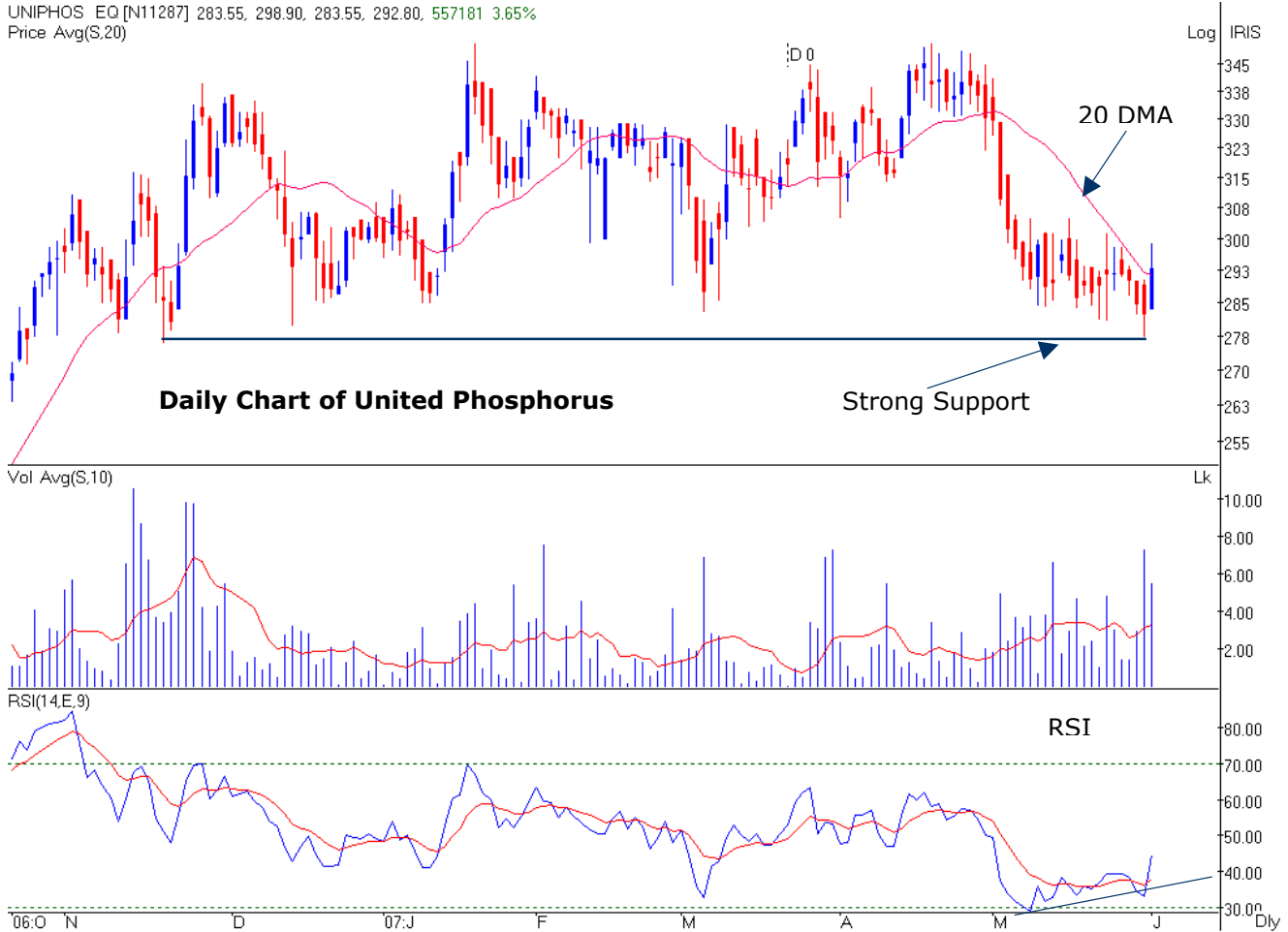
Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
64	6.4	(3.5)	2.8

**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.**

**GIPCL (CMP: 68.30) BUY**

The stock is on an upswing with a support of 65.50. Overall trend in the counter is quite strong. GIPCL is likely to rise towards the 74 level. Medium-term target for the stock on the upside is at 80.

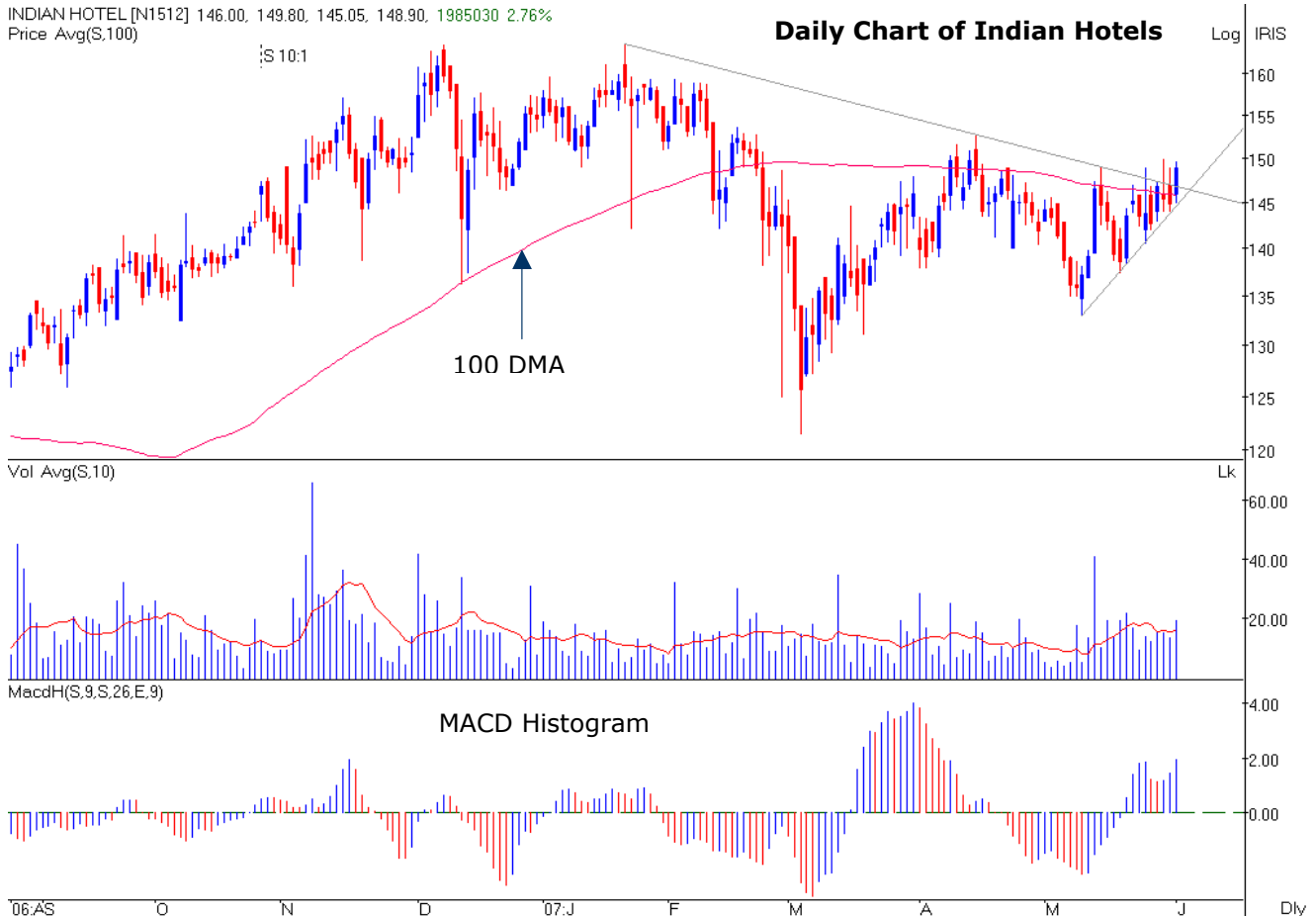
**UNITED PHOSPHORUS (CMP: 292.25)**
**BUY**

 UNIPHOS EQ [N11287] 283.55, 298.90, 283.55, 292.80, 557181 3.65%  
 Price Avg(S,20)

**Breakout from Oversold Zone!!!**

Trend reversal is expected in the stock as the price level has bounced back smartly by rising 3.5%, after taking support on its previous lows, and also closed above its 20 days moving average with significant volume on Friday. Leading Indicator RSI is rising with positive divergence since last few sessions and shows the sign of reversal in the counter. Weekly candlestick chart has formed bullish hammer pattern.

We recommend buying the stock for position trading at current market price for the targets of 316 and 333, keeping a stop loss of 283.

**INDIAN HOTEL (CMP: 148.70)**
**BUY**

 INDIAN HOTEL [N1512] 146.00, 149.80, 145.05, 148.90, 1985030 2.76%  
 Price Avg(S,100)

**100-DMA Crossover!!!**

The stock is looking bullish on its daily chart as it has closed above its 100 days moving average with good volume and has also crossed the resistance trend line on the upside. After every fall, the stock resumes by taking support from its long-term trend line. MACD histogram is also showing strength by sustaining above its bullish zone.

We recommend buying the stock at current market price for the targets of 157 and 163, keeping a stop loss of 145.90.

**Support-Resistance Levels for the Forthcoming Week (04<sup>th</sup> Jun to 08<sup>th</sup> Jun)**

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	852.35	834.37	898.90	945.50	787.80	723.20
ABAN	2661.45	2615.48	2726.00	2790.50	2551.00	2440.50
ABB LTD.	4698.35	4622.12	4834.20	4970.10	4486.20	4274.10
ABIRLANUVO	1370.00	1373.70	1425.30	1480.60	1318.40	1266.80
ADLABS FILM	526.35	530.20	553.30	580.20	503.30	480.30
AIAENG	1541.55	1566.85	1633.70	1725.90	1474.70	1407.90
AIRDECCAN	145.40	150.08	170.30	195.20	125.20	104.90
ALLHABAD BNK	86.15	86.65	89.80	93.50	83.00	79.90
ALOK INDS	58.50	60.85	63.70	68.80	55.70	52.90
AMTEK AUTO	411.35	408.17	422.20	433.00	397.30	383.30
ANDHRA BANK	87.25	88.48	91.50	95.70	84.30	81.30
ANSALINFRA	336.70	333.58	353.10	369.50	317.20	297.60
APIL	591.30	579.10	613.20	635.10	557.20	523.10
ARVIND MILLS	45.85	45.45	47.00	48.20	44.30	42.80
ASHOK LEYL	38.35	37.82	39.00	39.70	37.10	35.90
AUROBINDO PH	698.95	696.28	712.60	726.20	682.70	666.40
BAJAJ AUTO	2242.05	2227.32	2274.60	2307.20	2194.70	2147.40
BAJAJHIND.LT	174.95	173.62	179.60	184.20	169.00	163.00
BALLARPUR IN	117.10	117.92	121.60	126.10	113.40	109.80
BALRAMPUR C.	76.90	74.93	79.80	82.60	72.10	67.20
BANK OF BARO	272.30	276.08	285.70	299.00	262.70	253.10
BANK OF IND.	211.70	211.13	215.20	218.60	207.70	203.60
BATA INDIA	183.75	180.72	191.80	199.90	172.60	161.50
BH.EARTH MOV	1068.15	1060.05	1093.10	1118.10	1035.10	1002.10
BHARAT ELEC.	1889.90	1831.63	1963.30	2036.60	1758.30	1626.60
BHARAT FORGE	335.55	331.98	345.50	355.40	322.10	308.60
BHARAT PETRO	360.95	359.52	371.40	381.90	349.00	337.10
BHARTI TELEV	841.30	834.80	864.50	887.70	811.60	781.90
BHEL	1418.75	1412.03	1466.10	1513.40	1364.70	1310.70
BIRLA CORP	246.40	260.47	281.90	317.50	224.90	203.50
BOM DYEING	560.70	558.93	575.80	590.80	543.90	527.00
BONGAIGAON R	50.50	49.67	53.20	56.00	46.90	43.40
BRFL	231.35	237.32	248.50	265.70	220.10	208.90
CAIRN	143.05	146.22	150.20	157.30	139.10	135.10
CANARA BANK	255.65	254.53	269.00	282.40	241.20	226.70
CENTURY TEXT	612.80	622.07	642.90	673.10	591.90	571.10
CESC LTD	363.55	363.75	374.30	385.00	353.10	342.60
CHAMBAL FERT	34.85	34.85	36.00	37.10	33.80	32.70
CHENNAI PETR	249.40	248.13	266.30	283.10	231.30	213.10
CIPLA	223.75	218.27	230.50	237.20	211.50	199.30
COLGATE	358.35	361.45	373.90	389.50	345.90	333.50
CORPN. BANK	332.10	334.92	345.60	359.10	321.40	310.80
CROMPTON GR.	250.05	244.93	262.80	275.50	232.20	214.40
CUMMINS INDI	314.65	308.87	322.70	330.80	300.80	286.90
DABUR INDIA	98.05	98.10	100.70	103.40	95.50	92.90
DENA BANK	44.85	44.95	47.40	50.00	42.40	40.00

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
DIVIS LAB	4976.25	4917.05	5108.00	5239.80	4785.30	4594.40
DR.REDDY	648.35	650.43	661.90	675.40	636.90	625.50
EDUCOMP	1877.30	1846.80	1982.40	2087.50	1741.70	1606.10
EKC	1130.40	1112.13	1168.30	1206.10	1074.30	1018.10
ESCORTS	124.50	125.62	128.70	132.90	121.40	118.40
ESSAR OIL	55.25	56.50	58.40	61.50	53.40	51.60
FEDERAL BANK	270.65	272.90	280.70	290.70	262.90	255.20
FINANTECH	2334.70	2191.40	2507.30	2679.90	2018.80	1702.90
GAIL	315.75	308.82	325.40	335.10	299.10	282.50
GDL	182.60	183.37	188.20	193.90	177.70	172.90
GESCO CORP	601.30	605.43	620.80	640.20	586.00	570.60
GESHIP	292.15	285.12	314.20	336.30	263.00	233.90
GLAXO SMITHK	1299.95	1280.65	1345.30	1390.70	1235.30	1170.70
GMRINFRA	500.00	502.28	513.50	527.00	488.80	477.50
GRASIM IND.	2518.85	2502.95	2555.80	2592.70	2466.10	2413.30
GTL EQ	210.95	205.22	218.10	225.30	198.00	185.10
GUJ AMB CEME	114.80	114.83	117.60	120.30	112.10	109.30
GUJ.ALKALI	153.95	152.18	159.80	165.60	146.40	138.80
GUJ.NARMADA	111.85	110.08	116.00	120.10	106.00	100.10
HCC	98.40	98.32	101.10	103.80	95.60	92.90
HCL TECHNOLO	345.15	345.45	355.90	366.70	334.70	324.30
HDFC BANK	1153.45	1138.15	1180.30	1207.20	1111.30	1069.20
HERO HONDA	716.65	711.50	750.00	783.40	678.20	639.70
HIND.LEVER	201.55	201.63	205.90	210.30	197.30	193.00
HIND.PETROL	295.80	293.33	309.10	322.40	280.00	264.20
HINDALCO	140.95	142.47	145.40	149.90	138.00	135.00
HOTEL LEELA.	582.00	594.70	613.30	644.60	563.40	544.80
HOUS DEV FIN	58.05	58.72	60.30	62.60	56.40	54.80
I-FLEX	1863.40	1856.83	1908.60	1953.70	1811.70	1759.90
ICICI BANK	2247.15	2228.43	2293.70	2340.30	2181.90	2116.60
IDBI	930.45	925.78	943.50	956.50	912.80	895.10
IDEA	97.80	96.70	101.20	104.50	93.40	88.90
IDFC	125.00	125.57	128.90	132.80	121.70	118.40
INDIA CEMENT	115.25	114.80	119.60	123.90	110.50	105.80
INDIAINFO	181.25	182.83	188.70	196.20	175.40	169.50
INDIAN HOTEL	637.95	591.65	723.30	808.70	506.30	374.70
INDIAN OIL	148.90	146.95	151.90	154.90	144.00	139.00
INDIANB	465.90	476.52	488.80	511.70	453.60	441.40
INDUS IND BK	128.45	129.62	133.70	139.00	124.30	120.20
INDUST.FIN.C	45.90	47.37	49.50	53.20	43.70	41.60
INFOSYS TECH	47.20	47.65	48.70	50.20	46.20	45.10
IOB	1938.55	1951.08	2001.20	2063.80	1888.50	1838.40
IPCL	114.75	115.25	119.50	124.30	110.50	106.30
ITC	349.70	351.65	363.10	376.40	338.30	326.90
IVRCL INFRAS	161.05	163.57	167.00	172.90	157.60	154.20
JAMMU&K BANK	355.30	356.90	367.80	380.30	344.40	333.50
JETAIRWAYSEQ	650.30	655.10	678.20	706.10	627.20	604.10

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
JIND STAINLE	783.80	766.17	805.30	826.90	744.60	705.50
JINDL STL & PO	155.20	160.00	166.90	178.60	148.30	141.40
JPASSOCIAT	3308.10	3254.42	3403.70	3499.30	3158.80	3009.60
JPHYDRO	697.35	685.32	718.00	738.70	664.60	631.90
JSWSTEEL	36.15	35.87	37.80	39.50	34.20	32.20
KARNATAK BNK	608.50	615.53	632.80	657.00	591.30	574.00
KESORAMINDBE	172.20	174.10	179.10	186.00	167.20	162.20
KOTAK BANK	582.10	578.70	597.40	612.70	563.40	544.70
LIC H.FINAN	172.95	171.92	176.80	180.70	168.00	163.10
LITL	179.05	171.55	189.00	199.00	161.60	144.20
LT	1999.95	1933.65	2126.30	2252.70	1807.30	1614.70
LUPIN	722.15	716.38	742.80	763.40	695.80	669.40
MAH & MAH	761.60	755.70	778.40	795.20	738.90	716.20
MAH.SEAMLESS	610.05	592.00	634.00	658.00	568.10	526.10
MAHANGR TELE	163.45	160.42	169.00	174.50	154.90	146.30
MARUTI	811.25	815.42	828.80	846.40	797.80	784.40
MATRIXLABS	239.45	237.70	248.40	257.40	228.80	218.10
MCDOWELL	1214.20	1231.40	1312.80	1411.40	1132.80	1051.40
MOSER-BAER	443.65	439.60	461.10	478.50	422.20	400.80
MPHASIS	311.25	310.25	318.50	325.80	303.00	294.80
MRPL	41.55	42.18	43.40	45.20	40.40	39.20
NAGAR.CONST.	171.40	169.40	181.30	191.20	159.50	147.60
NAGAR.FERT	22.30	22.72	23.70	25.10	21.30	20.40
NATION ALUMI	254.45	253.12	261.20	268.00	246.30	238.20
NDTV	389.50	391.22	402.30	415.10	378.40	367.40
NEYVELI LIGN	65.65	65.25	67.40	69.20	63.50	61.40
NICHOLAS PIR	260.50	259.98	277.50	294.40	243.00	225.50
NTPC	158.40	160.53	164.30	170.20	154.60	150.80
ONGC CORP.	911.35	914.12	925.20	939.10	900.20	889.10
ORCHID CHEM	259.35	264.17	271.20	283.00	252.30	245.30
ORIENT.BANK	236.95	232.70	244.30	251.60	225.40	213.90
PANTALN RETL	458.20	448.07	475.10	492.10	431.10	404.10
PARSVNATH	326.35	322.62	332.40	338.40	316.60	306.80
PATELENG	416.45	416.62	437.70	459.00	395.30	374.20
PATNI	552.90	555.63	596.30	639.60	512.30	471.60
PENINLAND	501.90	475.65	536.20	570.50	441.40	380.80
PETRONET	55.75	54.38	57.50	59.30	52.60	49.50
PFC	159.00	158.33	167.50	175.90	149.90	140.70
PNB	536.75	534.25	550.50	564.30	520.50	504.30
POLARIS SOFT	161.65	164.70	171.60	181.50	154.80	148.00
PRAJ IND.LTD	492.10	494.37	505.60	519.20	480.80	469.60
PUNJLLOYD	221.00	209.17	234.80	248.70	195.30	169.70
RAJESH EXPOR	515.50	502.13	536.30	557.00	481.40	447.20
RANBAXY LAB.	389.85	390.62	400.20	410.60	380.20	370.60
RCOM	506.25	509.45	519.80	533.40	495.90	485.60
REL EQ	541.95	552.32	574.60	607.30	519.60	497.30

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
REL.CAPITAL	971.95	974.68	1003.30	1034.60	943.40	914.80
RELIANCE	1751.25	1748.02	1783.20	1815.20	1716.00	1680.80
RENUKA	639.00	616.42	667.60	696.20	587.80	536.70
RNRL	35.60	36.18	37.10	38.60	34.70	33.70
ROLTA	454.50	454.78	465.60	476.60	443.70	432.90
RPL	99.20	100.10	102.00	104.80	97.30	95.40
SATYAM COMP	478.45	471.83	491.40	504.40	458.90	439.30
SESA GOA LTD	1675.75	1685.88	1721.80	1767.80	1639.90	1604.00
SHIPP.CORPN.	207.35	210.57	214.70	222.10	203.20	199.00
SHREE CEMENT	1188.35	1179.12	1283.20	1378.10	1084.20	980.10
SIEMENS	1292.85	1288.95	1321.90	1351.00	1259.90	1227.00
SOBHA	928.00	936.33	962.70	997.30	901.70	875.30
SRF LTD.	159.95	161.22	166.70	173.50	154.40	148.90
STATE BANK	1378.90	1354.63	1409.30	1439.60	1324.30	1269.60
STEEL AUTHOR	138.65	141.95	146.60	154.60	134.00	129.40
STER EQ	549.30	544.43	562.90	576.40	530.90	512.40
STER OPTICAL	211.35	209.50	221.20	231.10	199.70	188.00
STERLING BIO	164.95	175.33	188.40	211.90	151.90	138.80
STRIDES ARCO	334.25	333.78	351.50	368.70	316.60	298.90
SUN PHARMA.	1096.65	1097.05	1134.60	1172.60	1059.10	1021.60
SUNTV	1426.85	1409.28	1457.50	1488.10	1378.70	1330.50
SUZLON	1288.50	1314.73	1371.50	1454.40	1231.80	1175.00
SYNDICATE BK	78.30	78.42	80.30	82.30	76.40	74.60
TATA CHEM	251.25	254.58	259.20	267.10	246.70	242.10
TATA POWER	590.15	594.07	614.10	638.00	570.10	550.10
TATA TEA	952.45	948.07	1025.90	1099.30	874.60	796.80
TATAMOTORSEQ	747.95	746.85	765.50	783.10	729.30	710.70
TATASTEEL	635.10	641.98	662.70	690.20	614.40	593.70
TCS EQ	1218.70	1222.90	1245.80	1272.90	1195.80	1172.90
TITAN IND.	1144.25	1120.47	1178.70	1213.10	1086.00	1027.80
TRIVENI	55.65	54.70	57.40	59.20	53.00	50.30
TTML EQ	27.40	27.80	28.60	29.80	26.60	25.80
TVS MOTOR	69.20	68.60	72.10	75.00	65.70	62.20
ULTRACEMCOEQ	835.60	828.22	857.40	879.20	806.40	777.30
UNION BANK	121.45	121.18	124.30	127.10	118.40	115.30
UNIPHOS EQ	292.80	289.73	302.00	311.10	280.60	268.30
UNITECH LTD	569.50	579.35	613.20	656.80	535.70	501.90
UTI BANK	577.00	571.67	593.30	609.70	555.30	533.70
VIDESH SANCH	458.55	460.75	482.50	506.50	436.80	415.10
VIJAYA BANK	46.10	46.40	47.80	49.50	44.70	43.30
VOLTAS	98.00	97.85	101.20	104.30	94.70	91.40
WIPRO	544.25	546.82	561.10	578.00	529.90	515.60
WOCKHARD LTD	425.30	422.40	436.80	448.30	410.90	396.50
ZEE TELEFILM	307.40	308.97	323.40	339.50	292.90	278.50



**FUNDAMENTAL CHECK****Stocks Covered This Week**

Company	Price (Rs) 02.06.07	Report Type	Recommendation
INDUSTRIAL DEVELOPMENT BANK OF INDIA LTD.	98	RESEARCH REPORT	ACCUMULATE
LARSEN & TOUBRO LTD.	2003	RESULT UPDATE	~

**Review of Stocks Covered 3 Months Back**

Company	Price (Rs) 02.06.07	Recommendation	Reco. Price (Rs) 03.03.07	Return (%)
<b>SENSEX</b>	<b>14571</b>		<b>12886</b>	<b>13</b>
BALRAMPUR CHINI MILLS LTD.	77	ACCUMULATE	62	24

\* Adjusted for Dividend

**RESULT UPDATE**  
**LARSEN & TOUBRO (L&T)**
**CMP: Rs 2003**

<b>BSE Code</b>	500510
<b>NSE Code</b>	LT

**Key Data**

<b>Sensex</b>	14571
<b>52 week H/L (Rs.)</b>	2058/903
<b>May H/L (Rs.)</b>	2058/1658
<b>Market Cap (Rs cr)</b>	56734
<b>Avg. daily volume (6m)</b>	187620
<b>Face Value</b>	2

Source: Capitaline

**Shareholding Pattern (%)**

<b>Promoters</b>	0.00
<b>Institution</b>	37.00
<b>Foreign holding</b>	21.00
<b>Non-promoter corporate holding</b>	3.00
<b>Public &amp; Others</b>	37.00

Source: Capitaline

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


Source: Capitaline

 Analysis: Team Anagram  
 equity@anagram.co.in

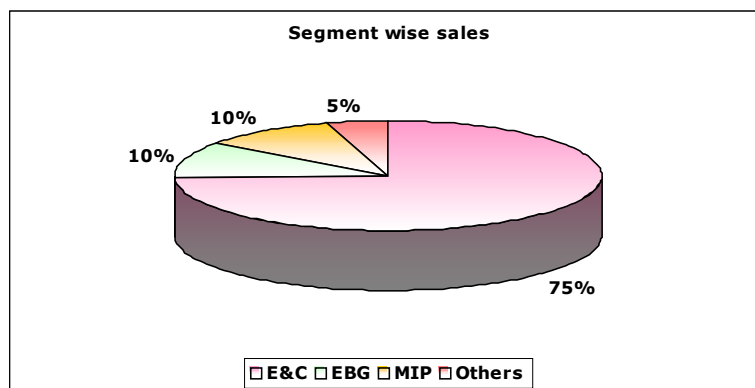
**Background and Business**

Incorporated in 1938, L&T is India's largest Engineering and Construction (E&C) conglomerate. It is in the business of manufacturing of Industrial boilers, earthmovers and construction of roads, bridges, ports, electrical, Defense and Aerospace equipments. L&T has also a global presence with offices set up across the world.

Majority of L&T's revenue come from the E&C business. Core business has contributed 83% to revenue in FY07. It has many subsidiaries and associates companies, which will gradually start adding robustly to its bottom line.

**Result Highlights**

During the Q4FY07, L&T reported revenues of Rs 6,250 Cr (up 35% YoY), EBITDA of Rs 970 Cr (up 54% YoY) and net profit of around Rs 700 Cr (up 52% YoY). For FY07, the company reported revenues of Rs 17,580 Cr (up 20% YoY), EBITDA at Rs 2,070 Cr (up 82% YoY) and adjusted net profit at Rs 1,380 Cr (up 59% YoY). E&C, which is the core business of L&T, contributed 75% (13130 Cr).



(Sources: Company)

**Total order backlog at Rs 35,300 Cr from E&C division**

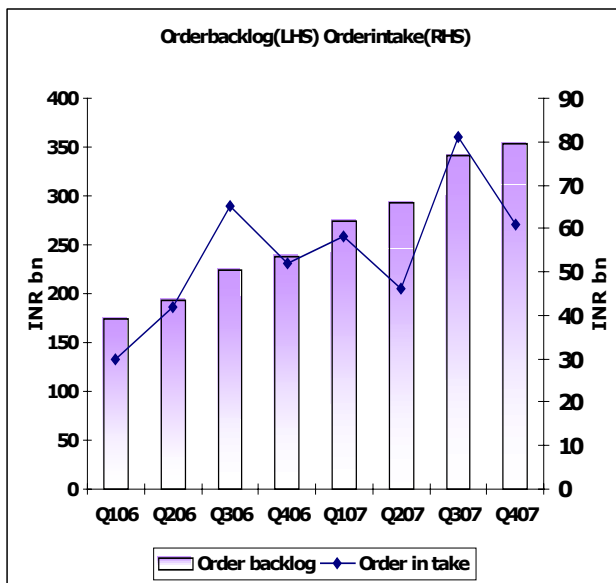
**Export contributed Rs 46,220 Cr in order backlog, an increase of 36% YOY growth**

**Robust order momentum continues**

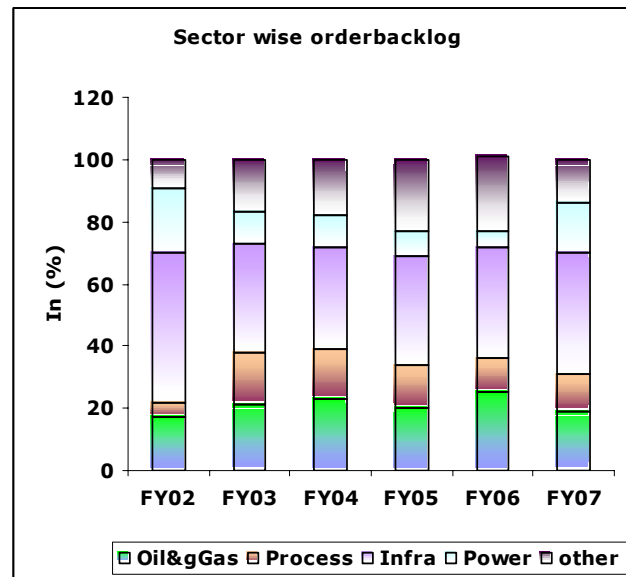
E&C order backlog increased sharply to Rs 35,300 Cr – an increase of 48% YoY as of Mar'07 end. Total order booking increased to Rs 25,250 Crore – an increase of 36.6% YoY. L&T's E&C business is witnessing robust momentum in order take, which is laden by increased in industrial capex and ongoing infrastructural spending.

With the good track record and well diversified portfolio across the sector, L&T has marked its presence in competitive global environment.

Infrastructure sector to be the key growth driver for the company in terms of order intake, primarily due to Rs 5,400 Cr order for Delhi airport.



(Source: Company)



**Total revenue contributed by L&T InfoTech, L&T Finance & IDPL is around Rs 1,500 Cr**

**Management is planning to list these subsidiaries by next 2-3 years.**

**Guidance of 25%-30% for FY08**

**Higher interest rate to impact infrastructure growth**

### Strong Performance by its subsidiaries

The subsidiaries, Associates and Joint ventures of L&T continue their strong performance as reflected in consolidated numbers. L&T Finance's revenue grew by 85% and PAT by 78% on YoY basis. Its asset book in FY07 has Rs 29,000 Cr, double of last year. L&T InfoTech has grown its revenue by 60% (Rs 1,280 Cr).

IDPL- Infrastructure arm of L&T has 30 projects under its belt and it is at various stages of development. Total cost under implementation is in excess of Rs 15,000 Cr. The projects are expected to complete by 2009.

### FY08: Growth momentum to continue

For FY08, management has guided for 25-30% growth in order intake and revenue. Margins, going forward, are expected to maintain near FY07 margins. Company plans to spend USD 800 mn for capex and investment in subsidiaries over next 2 years.

### Recent orders secured by L&T

Project	Rs Cr
EPC from AP Govt. for lift irrigation	332
Civil from RINL	80
Abudabi water and electricity authority for power cables	215
Residential Project in Dubai	200
Expansion of RINL Vizag steel plant (EPC)	1400
Offshore contract in gulf	1025
Construction order from Delhi metro	355
Setting up of electrical substation in Abu Dhabi	418
<b>Total</b>	<b>4025</b>
<i>USD dollar rate is 41</i>	

### Concerns

- Higher interest rates to impact infrastructure: Slowdown in Infrastructure and Industrial investment due to high interest rate will lead to slowdown of order momentum which may impact revenues and margins going forward.
- Long execution period: Long execution period of projects can put strain on various resources like skilled manpower and availability of raw materials for these projects. This can put pressure on operational performance of the company.

**Investment of around US\$ 320 bn (Rs 12, 800 bn) over next five years by the GoI, would benefit L&T significantly**

### Valuation

L&T is well placed to capture the growth opportunities in roads, ports, airports, urban infrastructure, railways and industrial investment like Oil and gas, hydrocarbons, metal. We expect order in flow momentum to continue on back of infrastructure development and capex boom with an Rs 32,500 Cr opportunity for company in Hydrocarbons, Roads, Railways, Water & Effluent treatment plants and related distribution network. Going forward, growth would be in the range of 25-30% with OPM in the range of 12-13%.

At the current price of Rs 2003, the stock trades at 24 times its Estimated FY08 EPS of Rs 84.

**Quarterly Performance**

Rs Cr	Q4FY07	Q4FY06	YoY %	Q3FY07	QoQ %
Net Sales	6,248	4,617	35	4,118	52
Other income	204	174		128	
Total Expenditure	5,438	4,088	33	3,693	47
Operating Profit	1,014	703	44	553	83
Interest	6	28	-79	1	500
PBDT	1,008	674	49	552	83
Depreciation	70	32	116	37	89
Tax	237	175	35	173	37
RPAT	701	467	50	342	105
Extraord. items (exp)	0	8		0	
ARPAT	701	459		342	
Equity	57	57		57	
EPS	24.6	16.1		12.0	
<b>Margins (%)</b>					
OPM	13.0	11.5		10.3	
NPM	11.2	10.1		8.3	

**Annual Performance (Cons.)**

Rs Cr	FY07	FY06	% Chg
Net Sales	20,348	16,500	23
Other Income	1,089	660	65
Total Income	21,437	17,160	25
Total Expenditure	17,938	14,977	20
Operating Profit	2,409	1,524	58
PBIDT	3,499	2,183	60
Interest	54	130	-59
PBDT	3,445	2,053	68
Depreciation	345	244	42
Tax	744	447	66
RPAT	2,356	1,362	73
Minority interest	116	45	
Extraord. Items	260	70	
ARPAT	1,981	1,247	
Equity	57	57	
EPS	70.0	44.0	
<b>Margins (%)</b>			
OPM	11.8	9.2	
NPM	9.7	7.6	

**RESEARCH REPORT**
**IDBI LIMITED (IDBI)**
**CMP: Rs 98**
**ACCUMULATE**

<b>BSE Code</b>	500116
<b>NSE Code</b>	IDBI

**Key Data**

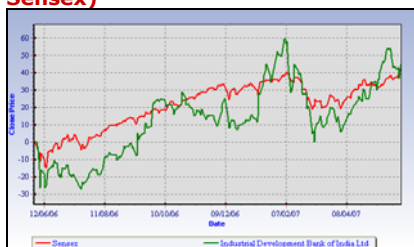
<b>Sensex</b>	14571
<b>52 week H/L (Rs)</b>	110/49
<b>May H/L (Rs)</b>	106/85
<b>Market Cap (Rs Cr)</b>	7099
<b>Avg. daily volume (6m)</b>	2126452
<b>Face Value</b>	10

Source: Capitaline

**Shareholding Pattern (%)**

<b>Promoters</b>	52.71
<b>Institution</b>	28.10
<b>Non-Institution holding</b>	19.19

Source: Capitaline

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


Source: Capitaline

 Analysis: Team Anagram  
 equity@anagram.co.in

**Background and Business**

IDBI and IDBI Bank - two different business units were merged with effect from October 2004. This has helped the company in the form of increased low cost deposits, thus lowering cost of funds, and in garnering more fee-based income through technology upgradation of various branches.

We believe the Net Interest Margin would improve on the back of increased Current account & Savings accounts and growing retail portfolio. Its CASA deposits grew by 44% over FY06.

**Investment Positive**
**Better spreads/Margins in coming years:**

Due to robust growth, aggressive monitoring of the CASA and retail portfolios and repayment of high cost debts/bonds, the management expects the bank to show good spreads over the next 2 years.

**Improving fee based income:**

IDBI's core fee based income has been showing constant growth and the bank has also tied up with Federal bank and Forties Insurance International to form a JV for conducting Life Insurances business in India. Also it has MOU with LIC in Mumbai for undertaking joint and take-out financing of long-gestation projects, including infrastructure projects.

**Asset Quality:**

IDBI has been successful in bringing down its NPAs. This shows the quality measures taken by the bank to turn it around over a span of 2 years. Its NPA as on December 2006 were 1.55% (Rs 973.5 Cr) that further declined in the Jan-Mar'07 quarter to 1.12% (Rs 722 Cr).

**IDBI least affected in rising interest rate scenario:**

IDBI need not adhere to the mandatory requirement of 25% SLR till FY 2010. Thus it exempts the bank from providing amortization or depreciation in the rising interest rate scenario.

**United Western bank merger to enhance business and growth for the bank.**

**Looking for inorganic growth through acquisition of smaller bank**

**Significant value in investments**

**IDBI cost efficiency post UWB acquisition:**

IDBI in Q4FY07 quarter has shown consolidated numbers of United Western Bank (UWB) in the books. This merger has helped IDBI to get better NIM of 0.8% in FY07 as compared to 0.5% in FY06 (close to the management expectation of 1%). It has also helped the bank to reduce cost as UWB has strong presences in rural and semi-urban areas of Maharashtra having around 230 branches and 75 ATMs. Its total assets were app. Rs 6,900 Cr, advances to the tune of Rs 4,000 Cr and deposits at Rs 6,500 Cr as on March 2006. IDBI is further planning to acquire a smaller Bank with around 50 branches. No details yet declared.

**Value unlocking of investments:**

IDBI has a number of strategic investments, including 18% in Stock Holding Corporation, around 15% in SIDBI, 25% in NSDL, to name a few. The current market price of these investments offer a comfort to investors as whenever company sells these family silver it is likely to earn huge rewards. These investments also offer a comfort against any downside from current market price.

**Other developments during the year:**

IDBI Gilts Ltd., a wholly owned subsidiary of the Bank, was incorporated during Q3FY07 to undertake PD business. The company will be operational from April 1, 2007.

**Q4FY07 – Result Highlights**

- IDBI has incorporated UWB's numbers in its Q4FY07 and the FY07 results that has helped the bank to maintain its cost by improving efficiency and to arrive at better NIM, which has helped the bank to post a net profit of Rs 588.3 Cr on consolidated basis that rose 8% y-o-y from FY06. UWB's NPAs aggravate provisions in IDBI's book.
- Robust growth as expected in fee income dint show up and was 18% of the other income in FY07. Though IDBI has ventured into various MoU and JVs, which would fetch returns over a long term.
- Robust growth seen in the deposits as well as the CASA, but the increase in the term deposits is more than the CASA, also the retail portfolio has slightly declined but maintained at 16% levels.

Rs Cr	FY07	% Total	FY06	% Total	% Change
<b>Advances</b>	62470.8		52739.1		18.5
- Retail	9807.9	15.7	8438.2	16.0	16.2
<b>Deposits</b>	43354.0		26000.9		66.7
- CASA	11023.0	25.4	7673.6	29.5	43.6
- Term Deposits	32331.0		18327.3		76.4



**Good Incremental growth in term deposits i.e. the high cost deposits**

**Comfortable CAR + Good recovery + Aggressive strategy = Makes IDBI worth Accumulating**

### Concern

Though the deposit growth is healthy (67% YoY) but on a lower base. The CASA ratio has declined from 31% in FY06 to 25% in FY07, showing that the incremental deposits were high cost deposits.

### Valuations

IDBI has significantly improved its performance in FY07 as has managed a Net Interest Margin of nearly 0.8% close to the management expectation of 1% for FY07. Though the profits have been subdued due to more provisioning of UWB's assets, we see FY08 to bring better numbers and performance.

We expect more recovery in the years to come but it is a gradual process and thus time consuming. IDBI's Capital Adequacy ratio stands at 13.7%, and we see the banks comfortably capitalized and shall float a US \$1.5 billion Tier-II borrowing programme in FY08. It also has robust plans to open over sea branches namely in Singapore and Bahrain.

IDBI is very actively working on retail portfolio, increasing its franchise, high yielding corporate lending and fee income. Though it shall take some time to reap the benefits of the proactive steps taken by the bank and the synergies to glow.

At the CMP of Rs 98, the stock is trading at 0.9x and 0.7x its FY07 and FY08 book value. IDBI is comfortably capitalized, gradual unlocking value of various investments and practical on hand steps gives a lower downside making the stock positive over a long term. We recommend accumulate the stock at declines for long term investments.



(Source: Bloomberg)

**Financial Snapshot**
**Standalone Quarterly Performance\***

Rs Cr	Q4FY07	Q4FY06	YoY (%)	Q3FY07	QoQ (%)
Interest Earned	1814.5	1573.9	15.3	1697.4	6.9
Interest Expended	1601.8	1239.0	29.3	1485.4	7.8
<b>Net Interest Income (NII)</b>	<b>212.7</b>	<b>334.9</b>	-36.5	<b>211.9</b>	0.4
Other Income	370.9	370.3	0.2	180.3	105.7
Total Income	2185.4	1944.2	12.4	1877.7	16.4
Operating Expenses	1807.0	1541.5	17.2	1674.4	7.9
Operating Profit	378.4	402.6	-6.0	203.2	86.2
Provisions & Contingencies	161.6	173.3	-6.8	49.7	225.3
Provision for Taxes	3.2	28.1	-88.5	26.0	-87.6
Net Profit	213.5	201.2	6.1	126.8	68.4
Equity	724.4	723.79		724.1	
EPS (Rs)	2.9	2.8		1.8	
<b>Margins (%)</b>					
OPM	20.9	25.6		12.0	
NPM	11.8	12.8		7.5	

**Consolidated Annual Performance\***

Rs Cr	FY07	FY06	% Chg
Interest Earned	6556.4	5543.7	18.3
Interest Expended	5830.4	5115.1	14.0
<b>Net Interest Income (NII)</b>	<b>726.1</b>	<b>428.6</b>	69.4
Other Income	960.4	1271.1	-24.4
Total Income	7516.8	6814.7	10.3
Operating Expenses	6643.8	6019.2	10.4
Operating Profit	873.0	795.5	9.7
Provisions & Contingencies	227.5	214.8	5.9
Provision for Taxes	57.2	36.8	55.4
Net Profit	588.3	543.9	8.2
Equity	724.4	723.79	
EPS (Rs)	8.1	7.5	
<b>Margins (%)</b>			
OPM	13.3	14.3	
NPM	9.0	9.8	

\* EPS calculated on expanded equity

**DISCLAIMER**

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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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