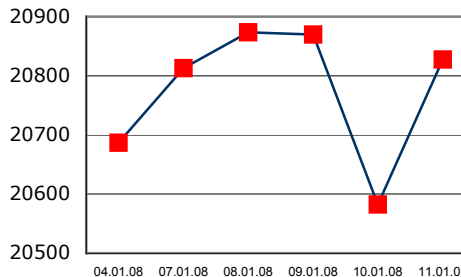
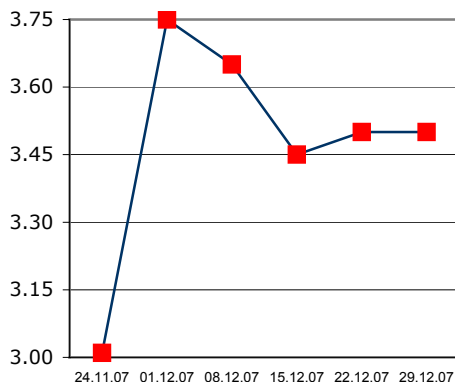
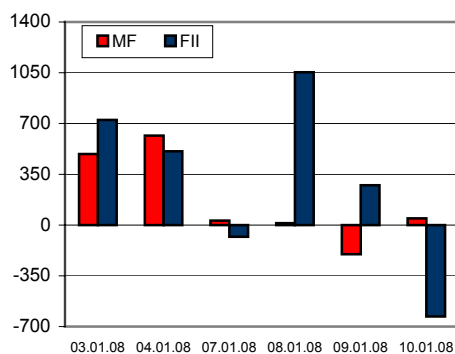
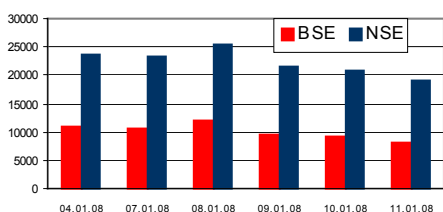


SENSEX

INFLATION (%)

MF/FII-Net Equity Flow (Rs Cr)

BSE/NSE Cash Turnover (Rs Cr)

AFTER NANO ITS BIGGIE- RELIANCE POWER

During first half of the week, internationally recovery was led by Bernanke statement indicating cutting interest rate further but last dow session saw some worst start that had never happened in previous decade on the concerns of economy shrinking. We expect markets to open lower taking cue from Dow's 246 points fall but will remain range bound in coming week.

Week gone by saw a heavy sell-off in mid-cap and small cap which were lead runners in previous months. PSU, Metals and Consumer durable plummeted by more than 5% while Banking and Realty were the only index in positive territory.

Economy News

The WPI-based inflation for the week ending December 29th stood unchanged at 3.50%, same as previous week, against the street expectations of . The prices of fuel and food articles remained unchanged, whereas manufactured products rose by 0.2%.

The index for industrial production (IIP) plummeted to 5.3% in November 2007 as against 15.8% in same period last year. The fall in growth was across the board , with manufacturing, mining and electricity generation growing only by 5.4%, 3.5% and 5.8% respectively.

Corporate News

NTPC has announced that pursuant to signing of MOU with BHEL on September 10, 2007, and signing of a Joint Venture Agreement on December 17, 2007, the Company has signed with BHEL Ltd a supplementary Agreement to engage in manufacturing and supply of equipment for power plants and other infrastructure projects in India and Abroad. The Company and BHEL shall have an equal equity participation in this Joint Venture.

Suzlon Energy Ltd has informed that the Suzlon Energy (Tianjin) Ltd, China, the wholly owned subsidiary of the Company has signed two new orders with the Jingneng Group, China's leading power project developers.

L&T bags order of over 3500 crore Rs (Consolidated) for construction of IT Parks, Hotels & Malls.

MARKET INDICATORS

| Indices | 11.01.08 | 04.01.08 | Change (Pts) | % Change |
|------------------|----------|----------|--------------|----------|
| NIFTY | 6200.10 | 6274.30 | -74.20 | -1.18 |
| SENSEX | 20827.45 | 20686.89 | 140.56 | 0.68 |
| BSEMIDCAP | 9438.48 | 10113.06 | -674.58 | -6.67 |
| BSESMLCAP | 12694.02 | 13884.11 | -1190.09 | -8.57 |
| BSE-100 | 11311.95 | 11461.71 | -149.76 | -1.31 |
| BSE-200 | 2680.94 | 2734.32 | -53.38 | -1.95 |
| BSE-500 | 8623.69 | 8850.48 | -226.79 | -2.56 |

SECTORAL INDICES

| Indices | 11.01.08 | 04.01.08 | Change (Pts) | % Change |
|------------------------|----------|----------|--------------|----------|
| BSE CONS.DURA. | 6210.44 | 6767.39 | -556.95 | -8.23 |
| BSE METAL | 18750.6 | 20297.51 | -1546.91 | -7.62 |
| BSE PSU | 10398.73 | 11092.67 | -693.94 | -6.26 |
| BSE IT | 4103.88 | 4319.14 | -215.26 | -4.98 |
| BSE AUTO | 5413.01 | 5687.65 | -274.64 | -4.83 |
| BSE HEALTH CARE | 4182.94 | 4394.18 | -211.24 | -4.81 |
| BSE POWER | 4684.42 | 4843.02 | -158.60 | -3.27 |
| BSE TECK | 3803.29 | 3911.51 | -108.22 | -2.77 |
| BSE CAP GOODS | 19485.88 | 20029.24 | -543.36 | -2.71 |
| BSE FMCG | 2394.83 | 2424.39 | -29.56 | -1.22 |
| BSE OIL&GAS | 13832.6 | 13917.04 | -84.44 | -0.61 |
| BSE REALTY | 13482.88 | 13285.29 | 197.59 | 1.49 |
| BSE BANKEK | 12478.96 | 11905.06 | 573.90 | 4.82 |

WEEKLY SENSEX GAINERS & LOSERS

| Top Gainers | | |
|-------------|---------|--------|
| Company | Price | Gain % |
| ICICI BANK | 1439.90 | 12.02 |
| DLF | 1196.05 | 7.51 |
| RELIANCE | 3128.15 | 4.77 |
| RCOM | 793.50 | 4.40 |
| HDFC BANK | 1762.35 | 3.82 |

| Top Losers | | |
|--------------|--------|--------|
| Company | Price | Loss % |
| A.C.C. | 898.00 | -10.30 |
| TATA STEEL | 853.25 | -8.26 |
| HINDALCO | 202.40 | -7.98 |
| RANBAXY | 395.35 | -7.09 |
| MARUTI UDYOG | 898.70 | -6.82 |

WEEKLY: A - GROUP GAINERS & LOSERS

| Top Gainers | | |
|--------------|---------|-------|
| Company | Price | Gain |
| HDIL | 1321.70 | 15.96 |
| ICICI BANK | 1439.90 | 12.02 |
| AXIS BANK | 1167.45 | 10.51 |
| BNK OF INDIA | 412.75 | 8.56 |
| DLF | 1196.05 | 7.51 |

| Top Losers | | |
|--------------|--------|--------|
| Company | Price | Loss % |
| RASHTR.CHEM. | 115.85 | -19.10 |
| MIRC ELE | 28.95 | -19.02 |
| BHARAT PET. | 434.85 | -18.86 |
| EIH LTD. | 192.65 | -18.02 |
| SPICE COMM | 52.30 | -17.83 |

ADVANCE -DECLINE

| BSE 30 Companies | |
|------------------|----|
| Positive | 9 |
| Negative | 21 |
| Unchanged | 0 |
| Total | 30 |

| A GROUP COMPANIES | |
|-------------------|-----|
| Positive | 31 |
| Negative | 174 |
| Unchanged | 0 |
| Total | 205 |

WORLD INDICES

| INDEX | 11.01.08 | 04.01.08 | Change | % Change |
|----------------------|----------|----------|---------|----------|
| NIFTY | 6200.10 | 6274.30 | -74.20 | -1.18 |
| SENSEX | 20827.45 | 20686.89 | 140.56 | 0.68 |
| DJIA | 12606.30 | 12800.18 | -193.88 | -1.51 |
| NASDAO | 2439.94 | 2504.65 | -64.71 | -2.58 |
| FTSE | 6202.00 | 6348.50 | -146.50 | -2.31 |
| NIKKEI | 14110.79 | 14691.41 | -580.62 | -3.95 |
| BOVESPA | 61942.36 | 61036.61 | 905.75 | 1.48 |
| SHANGHAI | 5484.68 | 5361.57 | 123.11 | 2.30 |
| KOSPI | 1782.27 | 1863.90 | -81.63 | -4.38 |
| HANG SENG | 26867.01 | 27519.69 | -652.68 | -2.37 |
| STRAITS TIMES | 3344.53 | 3437.79 | -93.26 | -2.71 |

MARKETS AT A GLANCE
Indian Markets

| Indices | As on 11/01/08 | As on 04/01/08 | % Change |
|---------|-------------------|-------------------|----------|
| NIFTY | 6200.10 | 6274.30 | -1.18 |
| SENSEX | 20827.45 | 20686.89 | 0.68 |

US Markets

| Indices | As on 11/01/08 | As on 04/01/08 | % Change |
|---------|-------------------|-------------------|-------------|
| DJIA | 12606.30 | 12800.18 | -1.51 |
| NASDAQ | 2439.94 | 2504.65 | -2.58 |

BSE 200 Group

| Scripts | CMP (Rs) | Weekly % Chg |
|----------------|----------|-----------------|
| Gainers | | |
| ICICI BANK L | 1439.90 | 12.02 |
| AXIS BANK | 1167.45 | 10.51 |
| BAJAJHINDLTD | 335.15 | 9.71 |
| BANK OF INDI | 412.75 | 8.56 |
| DLF LIMITED | 1196.05 | 7.51 |
| Losers | | |
| TORNT POWER | 202.50 | -19.16 |
| BHARAT PETRO | 434.85 | -18.86 |
| EIH LIMITED | 192.65 | -18.02 |
| VIDEOCON IND | 632.30 | -17.31 |

US Listings

| Scripts | Close (\$) | Weekly % Chg |
|---------------|---------------|-----------------|
| NYSE | | |
| Dr Reddy | 17.55 | -0.17 |
| HDFC Bank | 134.52 | 10.69 |
| ICICI Bank | 72.14 | 17.00 |
| MTNL | 9.49 | -7.41 |
| Patni | 16.05 | 2.36 |
| Satyam | 23.50 | -2.16 |
| SLT | 25.76 | -2.13 |
| Tata Motors | 19.48 | 0.83 |
| VSNL | 33.83 | -2.39 |
| WIPRO | 13.31 | -2.56 |
| NASDAQ | | |
| Infosys | 40.14 | -4.68 |

Institutional Activity (Rs Cr)

| | For the week | For the month | For the year |
|---------------------|--------------|---------------|--------------|
| Mutual Funds | -112.30 | 1473 | 1473 |
| FIIIs | 616.30 | 1748 | 1748 |

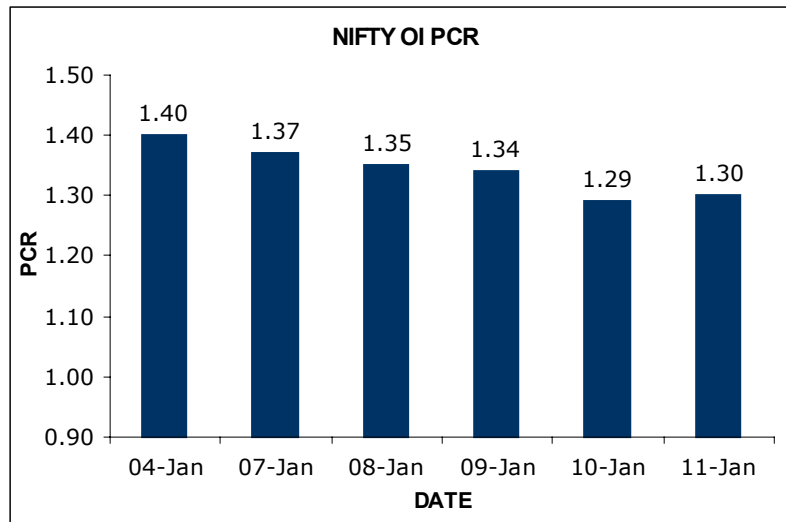
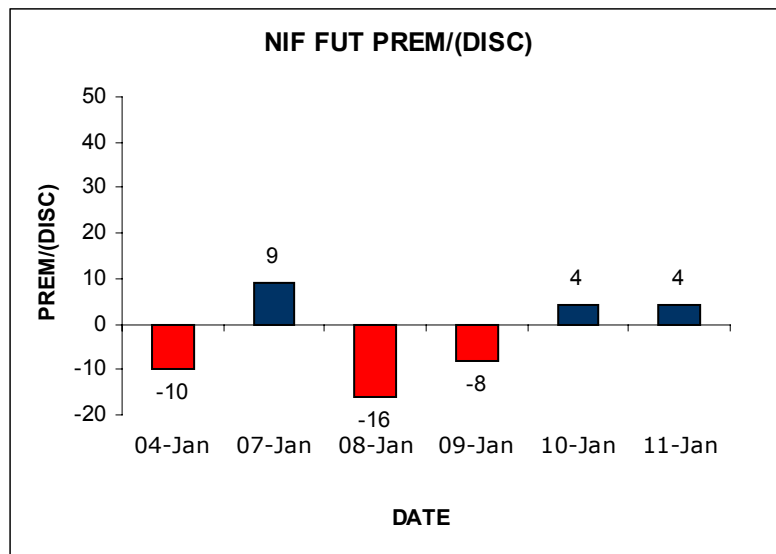
DERIVATIVE WEEKLY SUMMARY
OPEN INTEREST AT ALL TIME HIGH

Overall Open Interest increased by Rs 2,267 Cr or 2% to Rs 1,24,848 Cr from Rs 1,22,581 Cr week on week. In terms of number of shares, Open Interest went up by merely 1% to 260 Cr shares from 258 Cr shares. Overall Open interest reached to an all time high of Rs 1,29,000 Cr crossing the previous high OI of Rs 1,23,000 Cr (DEC 26. FIIs net bought worth in Index Futures while net sold worth Rs Cr in Stock Futures during the week. Nifty OI PCR fell to 1.3 level from 1.40 level. This fall in PCR indicates call writing, which in turn indicates smart players are expecting limited upside in the market. POWER, TECHNOLOGY AND TELECOM sectors added highest amount of OI in absolute terms while OIL/GAS And BANKING shed OI on a weekly basis.

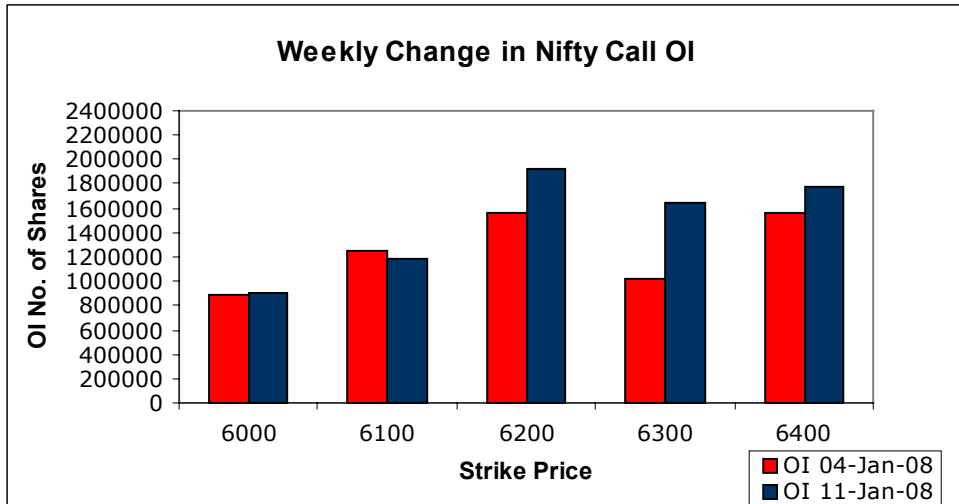
Nifty 6200 & 6300 Call added 7,277, 12,502 contracts in OI respectively, so on the upside the market may find resistance in the vicinity of 6,280-6,350 level, while on the other hand Nifty 6000 Put added 6239 and 2856 contracts in OI respectively so on the downside the market may find strong support around 6,000-6,080 levels. However looking at the High ratio of FUT OI/TOTAL OI (82%), falling PCR and call writing at 6300 level its advisable to book profit at higher levels to re-enter at lower levels.

SECTORWISE WEEKLY CHANGE IN OI

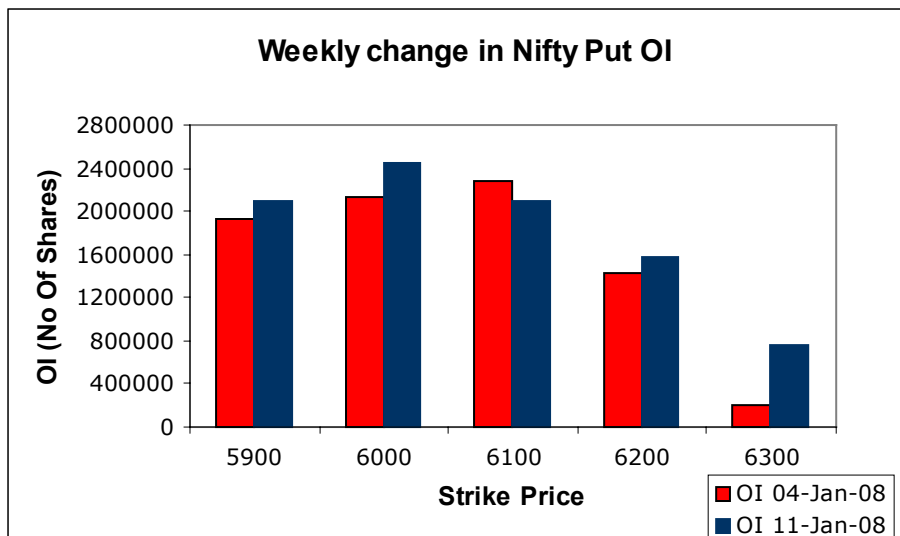
| Sectors | OI 04.01.08 | OI 11.01.08 | Change |
|------------------------|-------------|-------------|--------|
| AUTO | 2010 | 2114 | 104 |
| BANKING/FINANCE | 12035 | 11663 | -372 |
| CEMENT | 1167 | 1331 | 164 |
| CONSTR./INFRAS. | 6681 | 6781 | 100 |
| ENGINEERING | 4520 | 4491 | -29 |
| FERTILIZERS | 1141 | 974 | -167 |
| FMCG | 1569 | 1461 | -108 |
| MEDIA | 911 | 782 | -129 |
| METAL | 8270 | 7970 | -300 |
| OIL/GAS | 17716 | 16601 | -1115 |
| PHARMA | 2194 | 2087 | -107 |
| POWER | 8409 | 8940 | 531 |
| SUGAR | 862 | 887 | 25 |
| TECH | 3372 | 4002 | 630 |
| TELECOM | 6364 | 6627 | 263 |
| TEXTILE | 1418 | 1365 | -53 |

TREND IN NIFTY OI PCR

TREND OF NIFTY JAN FUTURE PREMIUM/(DISCOUNT)


Weekly Change in NIFTY JANUARY Call Options Open Interest



Weekly Change in NIFTY JANUARY Put Options Open Interest



TOP STOCKS OPEN INTEREST WISE

| Underlying | Weekly chg (%) | | Open Interest Value(Rs Cr) | | | | PCR(OI) |
|------------|----------------|------------------|----------------------------|------|------|-------|---------|
| | Price | Change in Fut OI | Future | Call | Put | Total | |
| NIFTY | -1.18 | 2 | 23514 | 7438 | 9657 | 40609 | 1.30 |
| RELIANCE | 4.50 | -7 | 4980 | 510 | 125 | 5614 | 0.24 |
| REL | -1.14 | 5 | 3555 | 393 | 27 | 3975 | 0.07 |
| RCOM | 4.16 | 9 | 3278 | 167 | 25 | 3469 | 0.15 |
| RPL | -9.99 | -18 | 2982 | 326 | 56 | 3364 | 0.17 |
| RNRL | -0.79 | -12 | 2168 | 312 | 130 | 2610 | 0.42 |

FII ACTIVITY FOR THE WEEK (FROM JANUARY 07 TO JANUARY 11)

| | Contracts Bought | | Contracts Sold | | Open Interest | |
|---------------|------------------|---------------|----------------|---------------|----------------|---------------|
| | Nos. | Value (Rs Cr) | Nos. | Value (Rs Cr) | Contracts Nos. | Value (Rs Cr) |
| Index Futures | 275422 | 8624 | 286768 | 8921 | 779888 | 24063 |
| Index Options | 57525 | 1770 | 22102 | 681 | 345933 | 10724 |
| Stock Futures | 148349 | 4457 | 207058 | 6308 | 1809474 | 57405 |
| Stock Options | 685 | 17 | 2326 | 60 | 7796 | 194 |

TOP GAINERS & LOSERS OPEN INTEREST WISE
TOP GAINERS

| Company | OI Chg % | Price% | OI Rs. Cr |
|------------|----------|--------|-----------|
| KOTAKBANK | 50 | -11 | 513 |
| PATELENG | 46 | -7 | 119 |
| INFOSYSTCH | 37 | -7 | 1556 |
| INDIACEM | 34 | -9 | 324 |
| SATYAMCOMP | 33 | -3 | 331 |

TOP LOSERS

| Company | OI Chg % | Price% | OI Rs. Cr |
|-----------|----------|--------|-----------|
| UNIPHOS | -45 | 4 | 16 |
| GBN | -26 | -5 | 16 |
| HOTELEELA | -21 | -7 | 200 |
| KTKBANK | -20 | 1 | 25 |
| SUN TV | -20 | -2 | 38 |

TOP GAINERS & LOSERS PRICE WISE
TOP GAINERS

| Company | OI Chg % | Price% | OI Rs. Cr |
|------------|----------|--------|-----------|
| HDIL | 19 | 16 | 665 |
| ICICIBANK | -1 | 12 | 1242 |
| AXISBANK | -18 | 11 | 98 |
| BAJAJ HIND | 21 | 10 | 368 |
| BANKINDIA | -8 | 8 | 170 |

TOP LOSERS

| Company | OI Chg % | Price% | OI Rs. Cr |
|------------|----------|--------|-----------|
| BPCL | 24 | -19 | 128 |
| HINDPETRO | 31 | -16 | 448 |
| SASKEN | 13 | -16 | 44 |
| BINDALAGRO | 2 | -16 | 147 |
| HTMTGLOBAL | 7 | -16 | 45 |

TECHNICAL TALK

Broad Market Trend

Sensex outperformed Nifty by rising 0.68% as against the fall of 1.18% in Nifty last week. Last week we saw huge sell off in the Mid-cap and small-cap counters, which hit Advance-Decline ratio severely in both of the exchanges. Only few large-cap counters like Reliance and Icicibank performed well and kept the market strength alive. Volatility remained very high throughout the last week and indices as well as stocks encountered huge swings during the Intraday. As mentioned in last weekly report that On the weekly chart sensex has given the breakout from the pennant pattern, which indicates that medium and long term trend of the market will remain bullish by digesting short-term running correction and gives the medium to long term target around 25500. Sensex is having supports around 20742 and 20300 while Resistance for the Sensex stands around 21210, 21600 and then 21980 for the next week.

Sensex Weekly Chart

BSE Sensex [B9999901] 20637.21, 21206.77, 20438.19, 20894.79, 3358711808 1.00%
Price



Technical Picks for the Forthcoming Week

| STOCK | RECOMMENDATION | CMP | ENTER AROUND | STOP LOSS (Rs) | TARGETS (Rs) |
|-------|----------------|-------|--------------|----------------|--------------|
| IDEA | BUY | 140 | 137 | 132 | 147, 155 |
| EXIDE | BUY | 80.40 | 79 | 75 | 86, 93 |

Review of Stocks Recommended Last Week

| STOCK | RECOMMENDATION | PRICE 05.01.08 | ENTER AROUND | STOP LOSS | TARGET | REVIEW | RETURN (%) |
|-------|----------------|-------------------|-----------------|--------------|---------------|------------------------|------------|
| ABAN | BUY | 5379 | 5325 | 5200 | 5599, 5699 | S.L.TRIGGERED | (2.35) |
| L&T | BUY | 4244 | 4175 | 4090 | 4399, 4499 | 1 ST TARGET | 5.37 |

Return of Technical Picks since 27 Oct 2007

| Success (%) | Avg. Return of Successful Calls (%) | Avg. Return of Unsuccessful Calls (%) | Overall Avg. Return (%) |
|-------------|--|--|----------------------------|
| 70.59 | 9.91 | (3.48) | 5.98 |

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.

IDEA CELL [B532822] 136.00, 141.35, 131.10, 140.00, 12286332 3.36%
 Price

Weekly Chart of Idea


IDEA (140) Buy Around 137

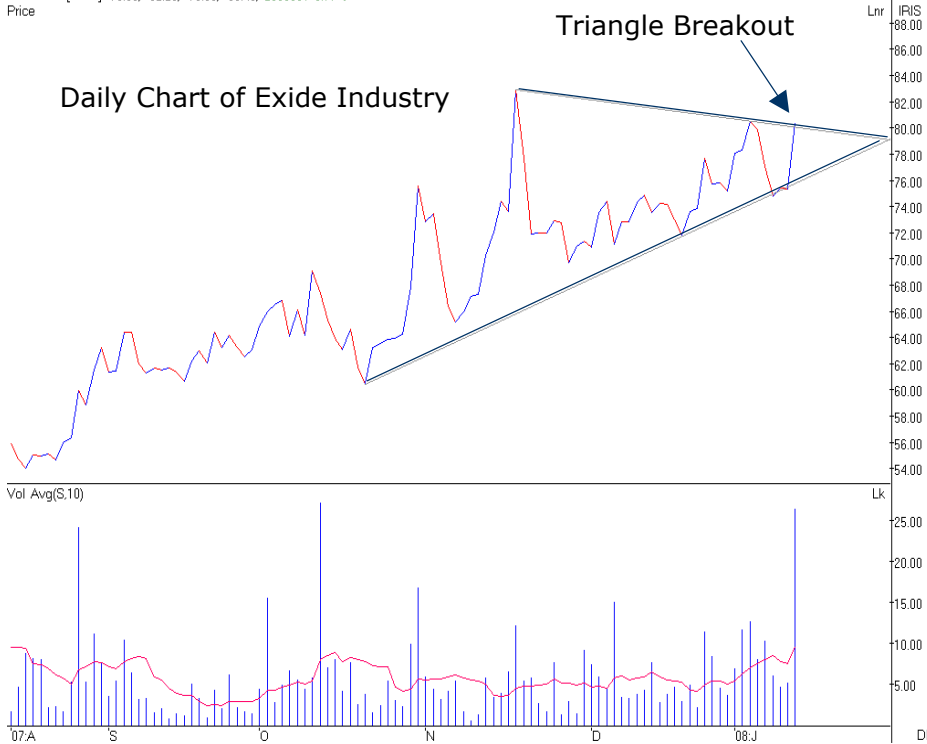
The Stock is looking bullish on its daily chart, as it has given weekly symmetrical triangle breakout on closing basis with good volumes.

The daily chart pattern of the stock is showing strong accumulation in last few sessions.

We recommend buying the stock around 137 for the targets of 147 and 155, keeping a stoploss of 132.

 EXIDEIND [N676] 76.30, 82.25, 75.05, 80.40, 2650651 6.77%
 Price

Daily Chart of Exide Industry


Exide (80.40) Buy Around 79

The stock has given symmetrical triangle breakout on its daily chart with significant volumes on Friday.

Indicators like RSI and MACD are showing good amount of strength in the counter.

We recommend buying the stock around 79 for the targets of 86 and 93, keeping a stoploss of 75.

Support-Resistance Levels for the Forthcoming Week (14th Jan to 18th Jan)

| Stock | Close | Pivot Avg. | Res. 1 | Res. 2 | Support 1 | Support 2 |
|--------------|---------|------------|---------|---------|-----------|-----------|
| A.C.C. | 898.70 | 932.20 | 976.50 | 1054.20 | 854.50 | 810.20 |
| ABAN | 5069.50 | 5110.50 | 5375.00 | 5680.50 | 4805.00 | 4540.50 |
| ABB LTD. | 1457.70 | 1566.00 | 1690.10 | 1922.40 | 1333.70 | 1209.60 |
| ADLABS FILM | 1599.25 | 1683.10 | 1856.10 | 2113.00 | 1426.20 | 1253.20 |
| ALLHABAD BNK | 124.85 | 128.70 | 134.90 | 144.90 | 118.70 | 112.50 |
| AMBUJACEM | 138.55 | 140.20 | 143.40 | 148.20 | 135.40 | 132.30 |
| ANDHRA BANK | 112.55 | 115.80 | 122.40 | 132.20 | 106.00 | 99.50 |
| ANSALINFRA | 388.40 | 381.10 | 427.30 | 466.10 | 342.30 | 296.10 |
| APIL | 956.50 | 992.50 | 1053.00 | 1149.50 | 896.00 | 835.50 |
| ARVIND MILLS | 74.65 | 79.20 | 86.40 | 98.10 | 67.50 | 60.30 |
| ASHOK LEYL | 50.30 | 50.60 | 57.20 | 64.20 | 43.60 | 37.00 |
| BAJAJ AUTO | 2517.80 | 2539.90 | 2596.90 | 2675.90 | 2460.90 | 2403.90 |
| BAJAJHIND.LT | 336.40 | 341.80 | 393.60 | 450.80 | 284.60 | 232.80 |
| BANK OF BARO | 443.65 | 453.00 | 470.70 | 497.80 | 425.90 | 408.20 |
| BANK OF IND. | 412.50 | 393.80 | 437.60 | 462.70 | 368.70 | 324.90 |
| BH.EARTH MOV | 1637.60 | 1695.90 | 1776.70 | 1915.90 | 1556.70 | 1475.90 |
| BHARAT ELEC. | 1890.00 | 1943.80 | 2051.30 | 2212.50 | 1782.50 | 1675.00 |
| BHARTI TELEV | 964.85 | 957.60 | 990.20 | 1015.60 | 932.20 | 899.60 |
| BHEL | 2433.80 | 2474.00 | 2545.80 | 2657.80 | 2362.00 | 2290.30 |
| BOM DYEING | 940.00 | 936.70 | 1018.00 | 1096.10 | 858.60 | 777.30 |
| CANARA BANK | 370.40 | 379.00 | 400.30 | 430.20 | 349.10 | 327.90 |
| CENTURY TEXT | 1201.30 | 1193.60 | 1284.60 | 1367.90 | 1110.30 | 1019.30 |
| CIPLA | 205.45 | 207.30 | 214.00 | 222.50 | 198.80 | 192.10 |
| CROMPTON GR. | 368.90 | 358.60 | 412.30 | 455.70 | 315.20 | 261.50 |
| CUMMINS INDI | 385.00 | 388.70 | 404.30 | 423.60 | 369.40 | 353.70 |
| DABUR INDIA | 112.70 | 116.40 | 123.10 | 133.40 | 106.10 | 99.40 |
| DENA BANK | 84.90 | 87.50 | 93.70 | 102.40 | 78.70 | 72.50 |
| DLF | 1193.90 | 1142.90 | 1260.70 | 1327.60 | 1076.00 | 958.20 |
| EDUCOMP | 4532.40 | 4500.50 | 4668.90 | 4805.50 | 4363.90 | 4195.50 |
| EKC | 342.50 | 347.10 | 364.10 | 385.70 | 325.50 | 308.50 |
| ESSAR OIL | 301.20 | 308.60 | 342.60 | 383.90 | 267.20 | 233.20 |
| GAIL | 506.10 | 507.10 | 534.00 | 561.90 | 479.20 | 452.30 |
| GESCO CORP | 813.80 | 817.50 | 862.30 | 910.80 | 769.00 | 724.20 |
| GMRINFRA | 225.20 | 233.40 | 246.70 | 268.30 | 211.80 | 198.50 |
| GRASIM IND. | 3379.45 | 3440.50 | 3563.00 | 3746.50 | 3257.00 | 3134.60 |
| GTL | 276.40 | 286.00 | 306.80 | 337.30 | 255.60 | 234.80 |
| GUJ.ALKALI | 243.65 | 238.20 | 268.40 | 293.10 | 213.50 | 183.30 |
| GUJ.NARMADA | 205.60 | 211.30 | 224.20 | 242.70 | 192.80 | 179.90 |
| HCC | 229.60 | 233.60 | 253.60 | 277.50 | 209.60 | 189.60 |
| HDFC BANK | 1764.55 | 1724.80 | 1837.30 | 1910.10 | 1652.00 | 1539.50 |

| Stock | Close | Pivot Avg. | Res. 1 | Res. 2 | Support 1 | Support 2 |
|--------------|---------|------------|---------|---------|-----------|-----------|
| HDIL | 1319.95 | 1287.30 | 1464.60 | 1609.30 | 1142.70 | 965.40 |
| HINDALCO | 202.10 | 206.10 | 215.00 | 227.90 | 193.20 | 184.30 |
| HIND UNILVR | 223.70 | 228.60 | 239.10 | 254.50 | 213.20 | 202.70 |
| HOUS DEV FIN | 3058.70 | 3102.20 | 3218.50 | 3378.20 | 2942.50 | 2826.20 |
| ICICI BANK | 1435.00 | 1373.00 | 1512.00 | 1589.00 | 1296.00 | 1157.00 |
| IDBI | 162.20 | 166.90 | 174.80 | 187.40 | 154.30 | 146.40 |
| IDEA | 139.90 | 138.30 | 143.00 | 146.10 | 135.20 | 130.60 |
| IDFC | 214.65 | 216.90 | 227.80 | 241.00 | 203.70 | 192.80 |
| INDIA CEMENT | 269.70 | 280.40 | 294.30 | 319.00 | 255.70 | 241.80 |
| INDIANB | 199.90 | 207.70 | 218.90 | 237.90 | 188.70 | 177.50 |
| INDUS IND BK | 124.50 | 123.00 | 136.00 | 147.50 | 111.50 | 98.50 |
| INDUST.FIN.C | 85.40 | 88.40 | 95.80 | 106.10 | 78.10 | 70.70 |
| INFOSYS TECH | 1581.75 | 1628.70 | 1692.30 | 1802.90 | 1518.10 | 1454.40 |
| ITC | 220.45 | 223.90 | 236.00 | 251.60 | 208.30 | 196.20 |
| IVRCL INFRAS | 529.05 | 552.00 | 604.00 | 679.00 | 477.10 | 425.10 |
| JP ASSOCIAT | 445.00 | 451.30 | 482.70 | 520.30 | 413.70 | 382.30 |
| JPHYDRO | 123.45 | 128.30 | 138.60 | 153.70 | 113.20 | 102.90 |
| JSWSTEEL | 1201.15 | 1243.40 | 1306.80 | 1412.40 | 1137.80 | 1074.40 |
| KESORAM | 527.10 | 546.80 | 582.30 | 637.40 | 491.70 | 456.20 |
| KOTAK BANK | 1233.65 | 1289.20 | 1382.40 | 1531.20 | 1140.50 | 1047.30 |
| LITL | 770.90 | 785.30 | 824.60 | 878.30 | 731.60 | 692.30 |
| LT | 4176.90 | 4244.10 | 4342.90 | 4508.80 | 4078.10 | 3979.30 |
| MAH & MAH | 775.05 | 794.10 | 824.00 | 873.00 | 745.10 | 715.20 |
| MAHANGR TELE | 189.10 | 194.00 | 204.60 | 220.20 | 178.40 | 167.80 |
| MARUTI | 899.70 | 947.60 | 1007.10 | 1114.60 | 840.10 | 780.60 |
| MATRIX LABS | 229.20 | 231.40 | 242.70 | 256.30 | 217.80 | 206.50 |
| MCDOWELL | 1891.50 | 1963.40 | 2088.10 | 2284.70 | 1766.80 | 1642.00 |
| MOSER-BAER | 289.15 | 304.60 | 325.60 | 362.10 | 268.10 | 247.10 |
| MPHASIS | 283.00 | 289.80 | 309.60 | 336.20 | 263.20 | 243.40 |
| MRPL | 128.80 | 131.70 | 141.70 | 154.50 | 118.80 | 108.80 |
| NAGAR.CONST. | 325.65 | 344.00 | 369.70 | 413.70 | 299.90 | 274.20 |
| NDTV | 449.40 | 463.40 | 491.90 | 534.30 | 421.00 | 392.50 |
| NEYVELI LIGN | 232.75 | 233.90 | 266.70 | 300.70 | 199.90 | 167.10 |
| NTPC | 272.25 | 271.70 | 284.00 | 295.80 | 259.90 | 247.60 |
| ONGC CORP. | 1302.10 | 1307.10 | 1337.00 | 1372.00 | 1272.10 | 1242.20 |
| ORIENT.BANK | 301.70 | 300.70 | 316.00 | 330.20 | 286.50 | 271.20 |
| PARSVNATH | 464.45 | 505.50 | 557.00 | 649.50 | 413.00 | 361.60 |
| PATEL ENG. | 951.20 | 972.10 | 1029.10 | 1107.10 | 894.10 | 837.10 |

| Stock | Close | Pivot Avg. | Res. 1 | Res. 2 | Support 1 | Support 2 |
|--------------|--------------|-------------------|---------------|---------------|------------------|------------------|
| PATNI | 307.55 | 313.50 | 323.00 | 338.50 | 298.00 | 288.50 |
| PENIN LAND | 141.05 | 147.50 | 159.00 | 177.00 | 129.50 | 118.00 |
| PETRONET | 106.95 | 110.40 | 117.80 | 128.60 | 99.60 | 92.20 |
| PFC | 260.90 | 258.30 | 275.60 | 290.30 | 243.60 | 226.30 |
| PNB | 653.70 | 663.50 | 692.10 | 730.40 | 625.20 | 596.60 |
| POLARIS SOFT | 121.50 | 126.70 | 136.10 | 150.60 | 112.10 | 102.70 |
| PRAJ IND.LTD | 227.95 | 238.60 | 255.20 | 282.40 | 211.40 | 194.80 |
| PUNJ LLOYD | 528.55 | 559.10 | 625.50 | 722.40 | 462.20 | 395.90 |
| RAJESH EXPOR | 882.85 | 889.20 | 918.40 | 954.00 | 853.60 | 824.40 |
| RANBAXY LAB. | 395.70 | 405.00 | 418.20 | 440.70 | 382.50 | 369.20 |
| RCOM | 792.30 | 796.40 | 840.60 | 888.90 | 748.10 | 704.00 |
| REL | 2485.75 | 2505.30 | 2621.50 | 2757.30 | 2369.50 | 2253.30 |
| REL.CAPITAL | 2770.25 | 2772.10 | 2919.20 | 3068.10 | 2623.20 | 2476.10 |
| RELIANCE | 3127.60 | 3075.90 | 3191.70 | 3255.90 | 3011.70 | 2895.90 |
| RENUKA | 1106.95 | 1132.20 | 1248.80 | 1390.60 | 990.30 | 873.70 |
| ROLTA | 713.05 | 717.20 | 740.30 | 767.60 | 689.90 | 666.80 |
| RPL | 220.30 | 230.60 | 249.50 | 278.70 | 201.40 | 182.50 |
| SATYAM COMP | 411.10 | 418.80 | 432.20 | 453.30 | 397.70 | 384.20 |
| SIEMENS | 2015.10 | 2013.70 | 2097.40 | 2179.70 | 1931.40 | 1847.70 |
| SOBHA | 953.85 | 973.00 | 1024.80 | 1095.80 | 902.00 | 850.20 |
| SRF LTD. | 169.80 | 178.70 | 191.90 | 214.00 | 156.60 | 143.40 |
| STATE BANK | 2434.80 | 2434.30 | 2507.50 | 2580.30 | 2361.50 | 2288.30 |
| STEEL AUTHOR | 249.95 | 256.40 | 270.60 | 291.30 | 235.70 | 221.50 |
| STER | 1021.00 | 1034.80 | 1068.60 | 1116.20 | 987.20 | 953.40 |
| STER OPTICAL | 304.55 | 304.90 | 351.70 | 398.90 | 257.70 | 210.90 |
| SUNTV | 413.70 | 420.70 | 436.10 | 458.40 | 398.30 | 382.90 |
| SUZLON | 2124.20 | 2128.60 | 2294.60 | 2465.00 | 1958.20 | 1792.20 |
| SYNDICATE BK | 115.80 | 113.30 | 127.50 | 139.30 | 101.50 | 87.30 |
| TATA POWER | 1457.90 | 1507.70 | 1579.20 | 1700.40 | 1386.50 | 1315.00 |
| TATA MOTORS | 763.10 | 769.00 | 801.90 | 840.70 | 730.20 | 697.40 |
| TATASTEEL | 853.30 | 877.90 | 924.40 | 995.40 | 806.90 | 760.40 |
| TCS | 989.75 | 971.50 | 1027.70 | 1065.70 | 933.60 | 877.40 |
| TITAN IND. | 1569.20 | 1602.90 | 1700.70 | 1832.10 | 1471.50 | 1373.70 |
| TTML | 57.20 | 58.70 | 62.30 | 67.30 | 53.60 | 50.00 |
| UNION BANK | 211.90 | 219.00 | 227.90 | 243.90 | 203.00 | 194.00 |
| UNITECH LTD | 519.70 | 522.70 | 539.90 | 560.10 | 502.50 | 485.30 |
| UTI BANK | 1169.75 | 1110.10 | 1239.60 | 1309.40 | 1040.30 | 910.80 |
| VSNL | 675.20 | 681.70 | 713.50 | 751.70 | 643.50 | 611.70 |
| VOLTAS | 238.45 | 240.80 | 252.60 | 266.80 | 226.60 | 214.80 |
| WIPRO | 488.85 | 489.50 | 501.70 | 514.60 | 476.60 | 464.40 |
| ZEEL | 294.55 | 301.90 | 315.70 | 336.90 | 280.70 | 266.90 |

FUNDAMENTAL CHECK**Stocks Covered This Week**

| Company | Price 11-Jan-08 (Rs) | Report Type | Recommendation & Target (Rs) |
|--------------------|----------------------------|-------------|---------------------------------|
| RELIANCE POWER LTD | 405-450 | IPO NOTE | SUBSCRIBE |
| FUTURE CAPITAL | 700-765 | IPO NOTE | SUBSCRIBE |

Review of Stocks Covered 3 Months Back

| Company | Price (Rs) 11.01.08 | Recommendation | Reco. Price (Rs) 12.10.07 | Return (%) |
|----------------------------------|------------------------|----------------|---------------------------------|---------------|
| SENSEX | 20827 | | 18419 | 13 |
| SREI INFRASTRUCTURE FINANCE LTD. | 256 | ACCUMULATE | 121 | 111 |

RESEARCH REPORT
Reliance Power
PRICE BAND: Rs 405-450
"RELYING ON POWER"
"SUBSCRIBE"
Issue Details

| | |
|---|-----------------|
| Issue Size to public (Rs Cr) | 10,530 - 11,700 |
| Face Value (Rs) | 10 |
| Bid opens | 15 January |
| Bid closes | 18 January |
| Issue band (Rs) | Rs 405-450 |
| Issue Type | 100% BB |
| Lead Managers | |
| ABN AMRO Securities (India) Pvt Ltd, Deutsche Equities India Pvt Ltd, Enam Securities Pvt Ltd, ICICI Securities Ltd, J P Morgan India Pvt Ltd, JM Financial Consultants Pvt Ltd, Kotak Mahindra Capital Company Ltd, UBS Securities India Pvt. Ltd. | |
| Registrar | |
| Karvy Computershare Pvt Ltd | |

| Issue Structure | Equity Shares |
|--------------------------------|----------------------|
| Total Shares | 260,000,000 |
| <i>Promoter's Contribution</i> | <i>32,000,000</i> |
| Net Issue Size | 228,000,000 |
| QIB Portion | 136,800,000 |
| <i>MFs</i> | <i>6,840,000</i> |
| Non Institutional Portion | 22,800,000 |
| Retail Portion | 68,400,000 |

| | |
|--|---------------|
| No of Issued, subscribed and paid up shares before the issue | 2,000,000,000 |
| No of Issued, subscribed and paid up shares after the issue | 2,260,000,000 |

| | |
|--|-------|
| Promoter and Promoter Group holding (Pre Issue) | 100% |
| Promoter and Promoter Group holding (Post Issue) | 89.9% |

Background & Business

Reliance Power Limited is part of the Reliance - Anil Dhirubhai Ambani Group and was established to develop, construct and operate power projects domestically and internationally. The company was initially incorporated in 1995 as Bawana Power Pvt. Ltd.

The Company on its own, and through its subsidiaries, is currently developing 13 medium and large sized power projects with a combined planned-installed capacity of 28,200 MW, one of the largest portfolios of power generation assets under development in the private sector in India.

Objects of the Issue

Reliance Power is coming out with an IPO for funding of 6 (aggregating to 7,060 MW) out of total 13 projects in pipeline.

| Particular | Cost (Rs Cr) |
|--|---------------------|
| Funding Subsidiaries to part finance the construction and development costs of certain Identified Projects | 8642.4 |
| 600 MW Rosa Phase I | 393.2 |
| 600 MW Rosa Phase II | 614.9 |
| 300 MW Butibori | 411.4 |
| 3,960 MW Sasan | 5461.4 |
| 1,200 MW Shahapur Coal | 1145.8 |
| 400 MW Urthing Sobla | 615.8 |
| General Corporate Purposes | (.) |
| Issue Expenses | (.) |

Source: Company's RHP

Large energy deficit prevailing in the country will limit the off-take risks for powers generation companies including Reliance Power

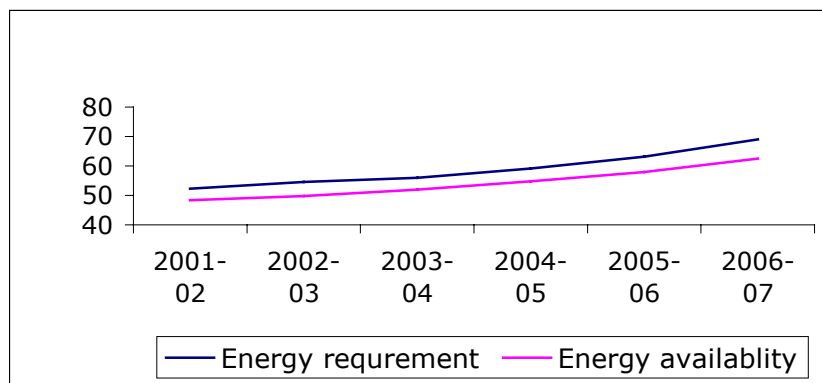
Company has a pipeline of 28,200 MW to capitalize on the demand-supply mismatch

Investment Positives:

Huge demand-supply mismatch

In FY07, India had an energy deficit of 9.6% and a peak deficit of 13.8%. Growth in Indian economy is expected to result in a simultaneous growth in demand for power, and hence opportunity for setting up of generation capacity. The energy requirement is likely to increase from 697,961 Million Units (MU) in FY07 to 968,659 MU in FY12 and further to 1,392,066 MU by FY17. The peak demand is also expected to increase from 104,867 MW in FY07 to 152,746 MW in FY12 and further to 218,209 MW. The large energy deficit prevailing in the country will limit the off-take risk for powers generation companies including Reliance Power.

Energy Requirement & Availability (in '0000 MU)



Huge pipeline of Power Projects

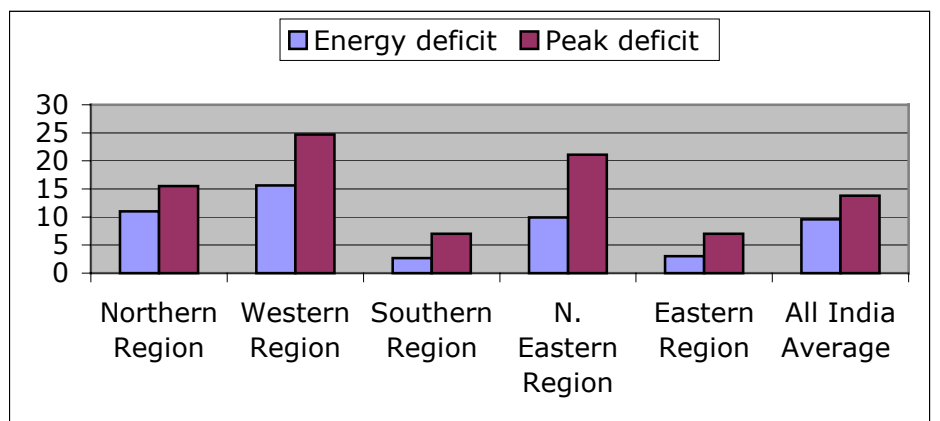
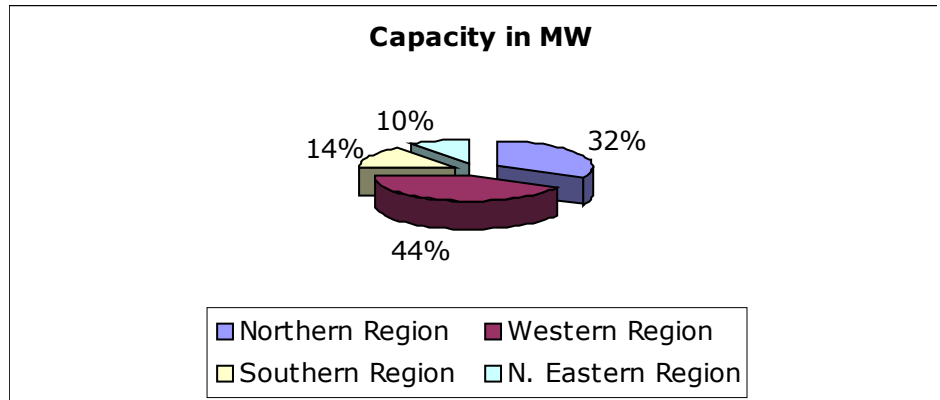
The Company has a massive pipeline of 28,200 MW comprising of 13 projects, in order to capitalize on demand-supply mismatch. Of the 13 projects in the portfolio of the company, 6 projects aggregating to 7,060 MW are in various stages of implementation and the others are in a developmental stage. The pipeline that the company has is among the largest in the private sector in India.

The pipeline of projects includes some of the most significant power projects in the industry such as the largest gas fired power project at a single location in the world having capacity of 7,480 MW at Dadri and 2 Ultra Mega Power Projects (UMPPs) viz. Sasan and Krishnapatnam.

76% of the capacity in pipeline is located in energy deficit regions

Projects Located in High Deficit Regions

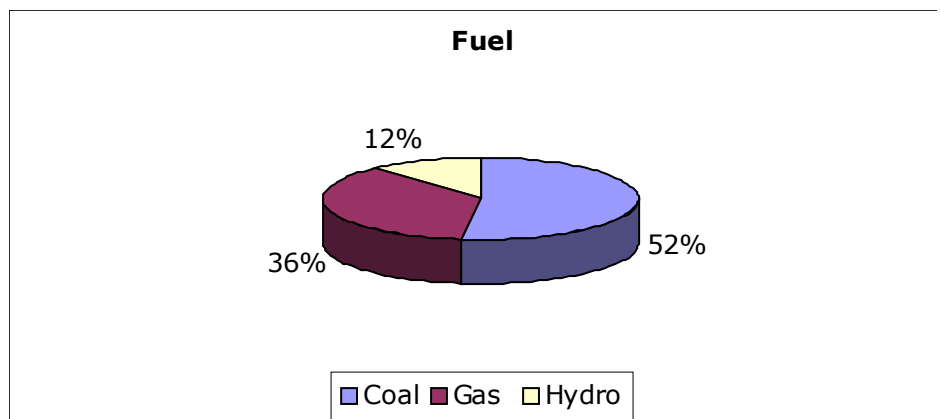
Of the total capacities in pipeline, 76% are located in the regions having the highest energy deficit in India, viz. northern and western regions.



Diversified fuel mix reduces the fuel risk

Diversified Fuel Mix

Of the total capacities in pipeline, 52% is coal-based, 36% is gas-based and 12% is hydro-based. Going ahead, the company intends to enter into nuclear- and wind-based also. Diversified fuel mix reduces the fuel risk.



Low Proportion of Capacities tied up on Cost-plus Basis

Out of the total projects in the portfolio of the company, as of now, cost-plus tariff setting process exists only for few projects. Company intends to sell balance capacities through long-term and short-term Power Purchase Agreements (PPAs) or on merchant power mode. If the company is able to manage its costs effectively, then it could earn better returns than presently been earned by public sector utility companies.

REL among the Short-listed Players for Buying Tuas Power

Reliance Energy, parent company of Reliance Power, is among the shortlisted players for buying Tuas Power. The management has indicated that all power generation assets of the group in future will be under Reliance Power. Bagging Tuas Power would then accelerate the growth plans of the company. Tuas Power's assets include oil-fired plants with a capacity of 1,200 MW as well as 1,470 MW in gas-fired electricity plants.

ADAG Experience & Backing

Promoter Group has past experience across the value chain of the power sector, including generation, distribution, trading and as EPC contractor for construction of power plants.

Risks & Concerns**Uncertainty of Fuel Availability**

Out of total projects in the pipeline, the company has coal linkage for Rosa Phase-I and a captive mine for Sasan UMPP. Thus company may find it difficult to tie up for fuel linkages for its power projects, particularly for gas-based projects, if RIL dispute is not solved. Out of the total projects in pipeline, 36% are gas-based. As of now India is a gas deficit country and many gas-based power plants operate at sub-optimum levels due to non-availability of adequate gas.

High execution risk

There is high implementation risk arising from the aggressive expansion plans, with simultaneous implementation of several projects, which is likely to get compounded because of the prevailing capacity constraints with vendors/contractors and equipment suppliers.

It should be noted that since the time, the Group took over BSES, no major capacity addition has been carried out in it. REL had promised to set up the largest single location gas power plant few years ago viz. Dadri with a capacity of 7,480 MW. Despite getting all clearances, work for setting up plant has not yet begun due to non-availability of gas.

If the company is able to manage its cost effectively then it could earn better returns than presently been earned by public sector utility companies

Bagging Tuas Power would accelerate the company's growth plans

The company is yet to tie up for fuel linkages for most of the projects

Since the time BSES was taken over by the Group, no major capacity addition has been carried out

Australian Coal prices were up 80% YoY in Nov'07

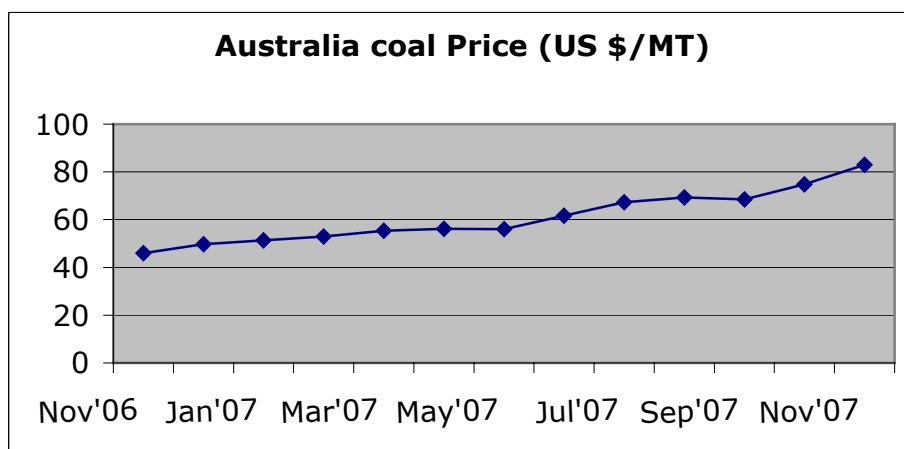
Ability to maintain the actual capital and operating costs within budgeted level in case of competitively bid projects will be critical for the company

Reliance Power currently has no power plants in operation

Still in the process of acquiring land for some of its projects

Sharp increase in imported coal prices & freight rates

The prices of Australian coal were up 80% YoY in Nov'07, to US\$ 80 per MT. Media reports also suggest that coal prices at some other places have shot up close to US\$ 91.8 per MT. Apart from this, there has been a sharp increase in freight rates. Thus landing prices for coal for the company are likely to remain high. The company's Shahapur coal based project of 1,200 MW and Krishnapatnam UMPP of 4,000 MW will be based on imported coal.



Cost management for competitively bid projects

Unlike for cost-plus projects, ability to maintain the actual capital and operating costs within budgeted level in case of competitively bid projects (including UMPPs) will be critical for maintenance of profitability of the projects. It could be noted that for Sasan UMPP, the Company will be getting levelized tariff of Rs 1.196 per KiloWatt-Hour (KWh), and as of now the lowest cost power generation company NTPC had an average tariff of approx. Rs 1.75 per KWh in FY07.

Have no revenue-generating operations as of now

Reliance Power currently has no power plants in operation or other revenue-generating operations. Commercial operations at its first power plant, Rosa Phase I, are not scheduled to commence until December 2009.

Land acquisitions

The company is in the process of acquiring land required for developing some of its projects, such as Shahapur and Urthing Sobla. Apart from this, the litigation for land acquisitions for its largest project, viz. Dadri, are also on.

Interest burden to increase

Reliance Power has 13 power projects under development with a total estimated cost of Rs 112,128.6 Cr. The company intends to finance 70-80% of the cost of each of its prospective projects with debt and therefore expects to incur substantial borrowings in the future. Thus company's interest burden is likely to increase in future.

Valuations & Recommendation

Reliance Power does not have any current operations in its core business; hence its P/E valuations are not relevant.

At the offer price band of Rs 405-450 (on the basis of present debt in the balance sheet and taking into account all projects in pipeline), the EV/MW range is 3.25-3.61, and Price/Book value range is (on post-issue basis) of 7.3x-10.49x respectively. The present Cap-ex required for setting up power plant is in the range of Rs 4-5 Cr per MW. **However it should be noted that the company ideally should get that kind of valuations only when all its capacities come on stream.** Also the company is likely to leverage itself heavily, thereby increasing its EV. NTPC, the largest power utility in India, is presently trading at EV/MW of 3.22 (on the basis of FY16-17 capacity) and Price/Book value of 4.44x (FY07 Book value). One of the factors that could give Reliance Power a better discounting is the fact that lower proportion of its capacities are tied up on cost-plus basis.

We recommend subscribing to the issue to investors with high-risk appetite, or to those who want to capitalise on present euphoria in the market for power stocks.

FUTURE CAPITAL HOLDINGS LIMITED (FCH)
"Its All About Future"
PRICE BAND: Rs 700 – 765
SUBSCRIBE
Issue Details

| | |
|--|-----------------|
| Issue Size to public (Rs Cr) | 450-490 approx. |
| Face Value (Rs) | 10 |
| Bid opens | 11-Jan |
| Bid closes | 16-Jan |
| Issue band (Rs) | Rs 700 – 765 |
| Issue Type | 100% BB |
| Lead Managers | |
| Kotak Investment Capital Company Ltd. Enam Securities Private Ltd. JM Financial Consultant Private Ltd. UBS Securities India Private Ltd. | |
| Registrar | |
| Intime Spectrum Registry Ltd | |

| Issue Structure | Equity Shares |
|-----------------------------|----------------------|
| Total Shares | 6,422,800 |
| QIB Portion | 3,853,680 |
| MFs | 192,684 |
| Bal for all QIB's inclu. MF | 3,660,996 |
| Non Institutional Portion | 642,280 |
| Retail Portion | 1,926,840 |

| | |
|--|------------|
| No of Issued, subscribed and paid up shares before the issue | 56,805,184 |
| No of Issued, subscribed and paid up shares after the issue | 63,227,984 |

| | |
|--|-------|
| Promoter and Promoter Group holding (Pre Issue) | 82.9% |
| Promoter and Promoter Group holding (Post Issue) | 74.5% |

Background & Business

Future Capital Holdings Limited, incorporated in 2005, is the financial arm of the Future Group, which is a business group focusing on consumption-led businesses in India, and which also is one of India's leading organized multi-format retailers.

FCH plans to debut on the capital markets to raise Rs 450-490 Cr through the issue of 0.64 Cr shares. FCH operates in three primary lines of business - investment advisory, retail financial services and research.

Professionals with rich industry experience run FCH that had initially launched as an asset management company, and it has aggressive plans to expand its consumer finance and distribution businesses.

FCH also has an exclusive tie up with Pantaloon Retail (PRIL) to provide financial services and products. With a vast network of Pantaloon will help FCH to generate revenue.

Objects of the Issue

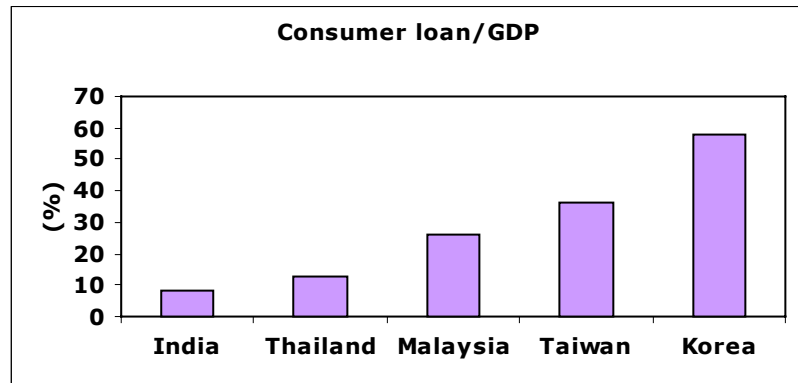
The primary objective of this issue is to expand "Future Money", in particular for the loan portfolio. This will help FCH to provide financial products and services at malls, stores and retail outlets in India – owned, controlled or managed by PRIL and its subsidiaries, for which FCH has exclusive rights.

| Sr. No. | Particulars | Amount (Rs Cr) |
|----------------|---|-----------------------|
| 1 | Augment capital base for expansion of Future Money, in particular for disbursement of loans | * |
| 2 | General Corporate purposes (not exceeding 20% of the net proceeds raised from this issue) | * |
| 3 | Issue expenses | * |
| | Total funds required | * |

Investment Positives

Growing Industry Dynamics:

India's Loan-to-GDP ratio stands at 8% as compared to 58% of Korea

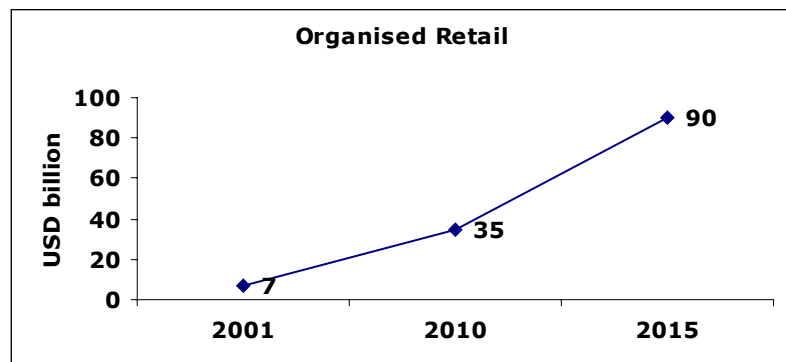


India – a young nation with its 'baby boomers' now eager to spend and splurge

The Indian economy is expected to grow more than 9% in next few years. Indian economy is going through a paradigm shift, especially in consumer spending patterns owing to a shift in employment from primary to manufacturing and mass migration from rural areas to cities. The consumer class in India is estimated to burgeon from 28% in 2002 to 48% in 2010, i.e. India's consumer base is expanding vertically as well horizontally.

FCH will leverage on the reach and network of PRIL to expand its business operations

Organized Retail expected to strongly grow:



"Future Group" is a leading Indian business group**Future group is a leading business group:**

The Future Group (FG) is a leading business group promoted by **Kishore Biyani**. FCH is the financial services arm of the Future Group, which is a business group focusing on consumption-led businesses in India and which is also one of India's leading organized multi-format retailers.

FCH is promoted by Pantaloon Retail (India) Ltd, the flagship company of the Future group's Managing Director Kishore Biyani and Sameer Sain, former MD, Goldman Sachs International. We believe that the experience and the expertise of management and the finance, operating and investment professionals provide FCH with a competitive advantage.

The Future Group's activities span six key areas:

1) Pantaloon Retail (India) Limited:

FG is a pioneer in establishing a nationwide chain of large multi-format stores. PRIL started its operations in 1997 and has since expanded to reach approximately 400 stores in over 40 cities in India, covering nearly 55 lakh sq ft of retail space. PRIL has experienced growth in recent years, fuelled by the expansion of consumer demand in India.

2) Future Capital:

FCH is the financial arm of Future group. Its primary businesses comprise of investment advisory services, retail financial services and research.

3) Future Media:

PRIL has retained a majority stake in Future Media, which focuses on advertising at the point of consumption through access to retail spaces.

4) Future Brand:

Future Brands acquires and creates India-centric private consumer labels and endeavours to convert them into well-known brands by building, nurturing and marketing them by leveraging the distribution reach of PRIL.

5) Future Logistic:

Future Logistics focuses on providing cost-effective, integrated, end-to-end logistics solutions to businesses in the consumption-led sector.

6) Future Bazaar:

Futurebazaar.com has been designed to address the growing online shopping market by combining the Future Group's retail capabilities with a technology platform.

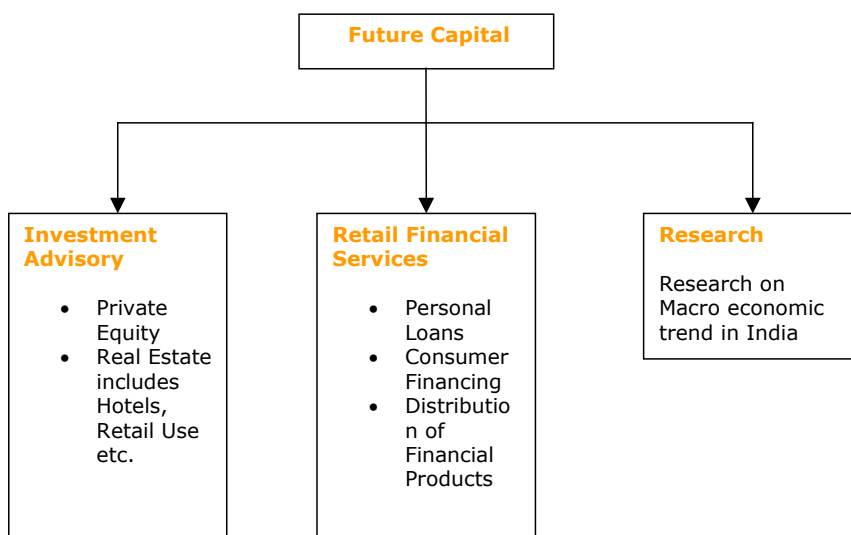
Strong management support:

| Name | Designation | Background |
|----------------|--------------------------------|---|
| Sameer Sain | CEO & Co-Founder | Former MD at Goldman Sachs International. |
| Shishir Bajjal | Head - Real Estate Advisory | Former CEO of Inox |
| Sanjiv Gupta | Head - Private Equity Advisory | Former CEO of Coca-Cola |
| Rakesh Makkar | CEO - Retail Finance | Risk Director and CEO of Citi financial India |

A talented and experienced pool of finance, operations and investment professionals support FCH's business. They emerge from vivid background in investment banking, private equity, real estate etc. Primarily, Mr. Kishore Biyani, the founder, who has over 25 years of experience in the retail and consumption-led sectors and is foremost responsible for the emergence of PRIL as one of the leading multi-format retailers in India.

Unique and differentiated business model:

FCH has three primary lines of business – investment advisory services, retail financial services and research.



Investment Advisory Services:

FCH acts as an advisor to investment managers of private equity and real estate (including hotels) funds with assets of US\$ 975 million. It also advises the Rs 350 Cr Kshitij Venture Capital Fund, a domestic real estate fund whose main focus is on developing retail malls in India.

FCH also acts as an investment advisor to three offshore funds namely Indivision Fund (an offshore PE fund of Rs 1,671 Cr), Horizon Fund (an offshore real estate PE fund of Rs 1,376 Cr) and Indus Fund (an offshore hotel fund of Rs 786 Cr). The company earned advisory fees of Rs 29.5 Cr for FY07, including Rs 14.9 Cr earned by Indivision Investment Advisors Limited ("IIAL") and Rs 14.6 Cr earned by Kshitij Investment Advisory Company Limited ("KIACL"). Since these funds are 7-year funds, till such time, investment advisory fee is only expected to contribute to earnings.

Retail Financial Services:

Future Money - Future group's retail financial offering - is aggressively targeting PRIL's large customer base, engaged in over 450 lakh transactions in PRIL stores, as well as a pan-India geographic reach. Currently, their two main retail financial services products are consumption loans, which are loans to finance the purchase of durables, furniture and other consumer goods, and personal loans, which are unsecured credit lines to individual customers. As of November 30, 2007, the consumption loans disbursed were Rs 3.2 Cr, that is 31% of the total loans disbursed and the personal loans disbursed were Rs 7.2 Cr, that is 69% of total loans disbursed.

Research:

Future Capital Research, the research business, conducts and publishes economic research on India with the objective of enhancing value creation across its other businesses. In particular, Future Capital Research conducts research on macro-economic trends in India to identify short- and medium-term trends as well as long-term structural shifts in India's economy. It also develops proprietary indices to highlight trends in consumer behavior. This research is then utilized in their advisory activities and such valuable research will continue to assist them in advising on potential investments.

Synergy with the Future Group to scale up 'Future Money' business:

Future Money - the brand name for retail financial services business will benefit from the substantial synergies across businesses of the Future Group. FCH has exclusive rights to provide financial products and services at present and future malls, stores and retail outlets in India, which are owned, controlled or managed by PRIL and its subsidiaries. As a result of PRIL's national presence, FCH also has the potential to achieve geographic reach across India. FCH will disburse loans to retail services - mainly to personal loans and loans for consumer consumption like furniture, purchase of durables and others.

Developed a robust risk management procedures and related systems**Better Risk Management practices:**

While investing in developing its business model, FCH has invested diligently on the middle-end that empowers the front-end for prompt service and sufficient systemic support from back-end risk management. FCH has leveraged on the IT expertise from PRIL (where IT is a neural system of performance) and management team that has been drawn from top-end firms in the field of consumer finance. The systems have been refined to restrict/deny any trade / loan refusal to qualify for fresh consideration.

Concerns:

- Since the business model involves small ticket personal and consumer loans, they may be exposed to higher risk resulting in higher defaults.
- Execution of business model on larger scale is a challenge.

Valuation

FCH has a unique business model backed by an excellent management team and also has exclusive rights to grow as the group grows and attend to the common man's requirement without much cost.

We believe the company is well poised to tap new opportunities and customers and deliver to the highest standards. We expect FCH to see robust growth backed by the Indian growth and consumption story, and we expect the various funds to start generating returns over two to three years, which will better over a period of time. The expanded equity of Rs 63.2 Cr results into a market capitalization of Rs 4,833 Cr, while its peers Indiabulls and Reliance Capital command market capitalization of Rs 22,095 Cr and Rs 67,994 Cr, respectively. We recommend the investors to subscribe to the issue and hold for medium- to long-term.

FINANCIALS**Annual Performance**

| Rs crore | H1FY08 | FY07 |
|-------------------|---------------|-------------|
| Net sales | 31.3 | 39.0 |
| Total Expenditure | 37.6 | 30.7 |
| Operating Profit | -6.4 | 8.3 |
| Other Income | 0.1 | 0.0 |
| Interest | 3.6 | 2.5 |
| Depreciation | 1.3 | 0.8 |
| PBT | -11.2 | 5.0 |
| Tax | 1.0 | 0.3 |
| PAT | -12.1 | 4.7 |
| Equity | 6.3 | 6.3 |
| EPS | -19.2 | 7.5 |
| Margin (%) | | |
| OPM | -20.3 | 21.2 |
| NPM | -38.8 | 12.1 |

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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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