

September 9, 2008

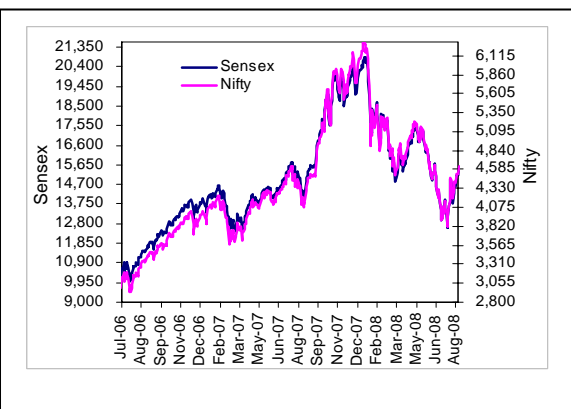
Domestic Indices	Chg%	(Pt)	(Close)
BSE Sensex	▲	3.2%	461.1 14,945
Nifty	▲	3.0%	130.0 4,482
MID CAP	▲	1.2%	66.2 5,820
Small Cap	▲	1.1%	77.6 6,983
BSE HC	▲	0.9%	40.1 4,298
BSE PSU	▲	2.2%	150.1 7,040
BANKEX	▲	4.1%	291.4 7,464
AUTO	▲	1.7%	69.1 4,052
METAL	▲	1.9%	229.3 12,015
OIL & GAS	▲	2.0%	195.4 9,848
BSE IT	▲	2.3%	89.7 4,031

Global Indices	Chg%	(Pt)	(Close)
Dow Jones	▲	2.6%	289.8 11,511
NASDAQ	▲	0.6%	13.9 2,270
FTSE	▲	3.9%	205.6 5,446
Nikkei	▲	3.4%	412.2 12,624
Hang Seng	▲	4.3%	861.0 20,794
Straits Times	▲	4.8%	122.8 2,697
Shanghai Com	▼	-2.7%	(59.0) 2,143

Indian ADRs	Chg%	(Pt)	(Close)
Infosys	▲	0.2%	0.1 \$39.5
Wipro	▼	-3.2%	(0.4) \$12.1
Satyam	▼	-0.6%	(0.1) \$21.8
ICICI Bank	▲	1.2%	0.4 \$32.1
HDFC Bank	▲	4.1%	3.7 \$94.1

Advances / Declines	BSE	NSE
Advances	1,649	781
Declines	1,051	428
Unchanged	66	46

Volumes (Rs cr)	BSE	NSE
BSE	4,506	
NSE		11,695


Dealers Diary

The markets began the week on an upbeat note posting a gap up opening buoyed by positive global cues and the lifting of the 34-year-old embargo on nuclear trade with India by the 45-nations Nuclear Supplier Group (NSG) during the weekend. The market remained strong throughout the day but pared some of its gains in the last hour of trade as some profit booking crept in. Strong Asian and European markets also supported the sentiments on the domestic bourses. The market breadth was strong. Capital Goods sector was the sector of the day on the anticipation of benefits arising on account of India getting the NSG waiver to conduct Nuclear trade. The sector index was up by 3.7%. BSE Sensex was up by 3.2% while NSE Nifty ended 3% higher. Global stocks rose after the US government announced taking over mortgage finance firms, Fannie Mae and Freddie Mac, to limit extensive damage of the financial crisis. Among the frontliners on the domestic bourses, NTPC, L&T, SBI, ICICI Bank and Sterlite gained between 4.6-5.9%. In the Midcap segment, Atlas, Honeywell, HCC, Himadri Chemicals and Madras Aluminium gained between 7-20%, while Gujrat NRE, Shoppers Stop, Laxmi Overseas, GSFC and HCL lost between 3-4.5%.

Markets Today

The trend deciding level for the day is 4,466 / 14,990. NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally upto 4,574 – 4,666 / 15,062 – 15,180 .However, if NIFTY trades below 4,466 / 14,990 for the first half-an-hour of trade then it may correct upto 4,374 / 14,872.

Indices	S 2	S 1	R 1	R 2
NIFTY	4,267	4,374	4,574	4,666
SENSEX	14,800	14,872	15,062	15,180

News Analysis

- TCS signs JV to set up power exchange
- Pratibha Industries bags Rs45cr order
- Ashok Leyland and Nissan LCV plant location at Pillaipakkam
- Infotech Enterprises acquires Time to Market
- OVL submits bid for 20% stake in Angolan oil block

Refer detailed News Analysis in following page

Net Inflows (September 5, 2008)					
Rs cr	Purch	Sales	Net	MTD	YTD
Flls	1,714	3,450	(1736)	(971)	(31,239)
MFs	555	653	(98)	61	10,325

FII Derivatives (September 8, 2008)				
Rs cr	Purch	Sales	Net	Open Interest
Index Futures	1,089	1,722	(633)	12,904
Stock Futures	325	1,069	(744)	19,296

Gainers / Losers					
Gainers			Losers		
Company	Price (Rs)	% chg	Company	Price (Rs)	% chg
BPCL	358	8.7	Ranbaxy Lab	450	-8.8
HPCL	237	4.5	Essar Oil	199	-7.2
Aban Offshore	2,286	3.2	Axis Bank	687	-6.6
Bajaj Holdings	500	3.0	GMDC	193	-6.3
IOC	447	2.3	Bharat Forge	250	-6.1

TCS signs JV to set up power exchange

TCS, India's largest software company, has said that it will incorporate a joint venture firm for which it has entered into an agreement with state-run NTPC, NHPC and Power Finance Corporation to operate a national level power exchange. The JV would be registered as a Public Limited Company with an authorised capital of Rs50cr for setting up the power exchange to provide a neutral and transparent electronic platform for power trading. The exchange would also ensure clearing of all trades in an efficient manner with access to all the players in the power market. Given India's significant power requirements to aid its GDP growth momentum and the pressing shortages in the country, there is a significant market for power trading, with existing players like PTC India witnessing decent growth. **We maintain a Buy on the stock, with a Target Price of Rs1,037.**

Pratibha Industries bags Rs45cr order

Pratibha Industries Limited (PIL) is a mid sized company engaged in the business of Water related infrastructure development and manufacturing of SAW Pipes. PIL has secured an order for Designing and building of Water transmission line from Delhi Jal Board. The total value of the contract is pegged at Rs45cr and is to be executed over a period of 18 months. The work order involves design and construction of 11.5km long 1,500mm diameter MS clear water transmission pipe line. With the addition of this Order, the total order book of PIL stands at Rs1,995cr which is 3.5x its FY2008 Revenues. **Due to the recent sharp run up in the stock price, we have a Neutral view on the stock.**

Ashok Leyland and Nissan LCV plant location at Pillaipakkam

The Ashok Leyland – Nissan LCV announced signing of a MoU with the Government of Tamil Nadu for acquiring 380 acres of land to locate the facilities of the joint venture companies at Pillaipakkam, 40kms off Chennai. The integrated plant will be utilised to set up the vehicle and powertrain manufacturing facilities and a technology development unit for the three companies of the joint venture that was formed in May 2008.

The working of these companies has already been initiated and the JV is on course to roll out the first vehicle by FY2011. Exports are expected to account for 20% of the first phase capacity of 100,000 LCVs. The combined investments for the two projects (i.e. the LCV and the MDV projects) will be over Rs40billion. Taken together, the new facilities will create more than 4,000 new jobs in these companies. The operations will enjoy 21 years' concessions of VAT refund. Investments are scheduled to be completed in 7 – 8 years. **We maintain our Neutral view on the stock.**

Infotech Enterprises acquires Time to Market

Infotech Enterprises, a mid-sized IT service provider, has acquired California-based design service provider Time to Market (TTM), a provider of ASIC design and embedded software solutions. TTM started its India operations in 2000 as a VLSI training center, the first in India to offer an industry-oriented course in IC Layout Engineering. The company has 40 engineers in San Jose, CA, USA and another 80 in Hyderabad and Bangalore. TTM will now become part of the newly created Hi-tech vertical at Infotech and will be consolidated with effect from October 1, 2008. The vertical will focus on US markets and leverage its recent entry into Japan in the near-term.

The deal size has not been disclosed, though around 80% of the transaction value will be a front-ended payment, with the balance 20% payable as earn-outs over the next two years. TTM recorded a consolidated total income of US \$7.5mn in FY2008 and had PBT margins of around 10%. According to company sources, the Hi-tech Sector is an important growth market for it. A NASSCOM BAH report on design engineering services finds that the global engineering spend on Hi-tech design services stood at US \$170bn in 2004 and is estimated to reach US \$300bn by 2020. The potential for offshoring in the Hi-tech industry is estimated in excess of US \$15bn by 2020, thus signifying the huge potential for growth. **We maintain a Buy on the stock, with a Target Price of Rs283.**

OVL submits bid for 20% stake in Angolan oil block

ONGC Videsh Ltd (OVL), a wholly-owned subsidiary of Oil and Natural Gas Corporation (ONGC), has put in a bid to buy stake in a discovered oil block in Angola, after a consortium of two Chinese companies has already reported to have bid US\$1.5bn last month. OVL has bid for a 20% stake in the Angolan Block 32, which is owned by a consortium of firms led by French firm, Total Exploration and Production Angola. The Angolan Block 32 is very promising as oil has been discovered in 12 wells in the block. It is reported to have 1.5bn barrels of oil reserves, the production of which is slated to start in 2012. At 1.5bn barrels, the block is half a billion barrels more than Cairn India's estimated oil reserves in Rajasthan, which would contribute 20% of India's oil production when it comes on stream. OVL's bid marks the new-found aggressiveness of the Indian company in buying oil assets overseas. **We maintain an Accumulate on the stock, with a Target Price of Rs1,135.**

Economic/Political News

- RBI raises advance remittance cap to \$500,000
- New road RFP demands lane discipline; Call money at 8.90-9.05%
- SBI-SocGen joint venture gets govt nod
- OPEC unlikely to tinker with production level
- Trai asks telcos to bring down SMS charges

Corporate News

- Oil firms to boost naphtha export after KG gas flows
- Tatas send distress signal; Nano still stuck in a jam
- CPCL to set up refinery-cum-petrochem complex
- HCL to counter Infosys' bid for UK firm Axon
- Unitech mops up Rs1,200cr for telecom venture

Source: Economic Times, Business Standard, Business Line, Financial Express

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