



researchequity.del@bonanzaonline.com

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Technical View: Cash Market

Nifty's long term trend and short term trend are up. Nifty is rallying on upside on Firm Global positive cues and showing momentum. For 3rd consecutive week, Nifty showed good strength and closed in green. Bulls are in control at the moment. However, Nifty has some resistance in 5900-5950 zone, If Nifty manages to show strength above 5950 levels then momentum may accelerate else some profit booking or consolidation may be seen.

For trading during the coming sessions, trend deciding level is 5900-5950. If Nifty shows strength above 5950 levels then we may see rally to 6000/6050/6100/6150 levels. If Nifty doesn't sustain above 5900 levels then decline to 5800/5750/5700/5650 may also be seen.

Recommendation for Monday- Intra Day Trading

Scrip (LTP)	Action	At Price	For Target of	Stop Loss	Duration
LICHSGFIN (1317.20)	BUY	ABOVE 1317	1350	1298	1 day
APOLLOTYRE (86.10)	BUY	ABOVE 86	90	84	1 day

Technical View: NIFTY Future

Duration	Action	Entry Zone	For Target of	Stop Loss
For Monday	Buy	5850	5920/5950	5820
For the Week	Buy	5780-5850	5950/6000	5750

Fundamental Calls

Company	Recommendation	Buy Range	Target
Syndicate Bank Ltd.	Buy	116.4	130
Steel Strips & Wheels	Buy	259.45	290

News Roundup

- India's benchmark index recorded the biggest weekly gain for the current calendar year. Nifty closed with a gain of 4.34% for the week ended 17th Sept '10 out performing the world markets.
- To reign over the growing inflation RBI has hiked key short term interest rates - repo and reverse repo by 25bps and 50bps to 6% and 5% respectively in its mid quarter policy review. This is the fifth time in this calendar year RBI had increased its key interest rate.
- India's trade deficit in August widened to 23 months high touching a level of \$13.06 bn, highest monthly deficit since Sept, 2008. During August exports grew by 22.5% y-o-y to \$16.64 bn and imports were up by 32.2% y-o-y to \$29.70 bn.
- Wholesale price Index (WPI) based on new series stood at 8.51% for month of August'10 as against 9.97% in July (based on old series). August inflation would have been 9.5% on the basis of old series. Recently introduced new series is more representative with addition of new items which have influence on inflation. The new series has taken 2004-05 as the base year as against 1993-94 earlier.
- India's indirect tax collections for the period of April-August rose more than 45% y-o-y to ₹1.24 lakh cr. The major constituents of indirect taxes customs collection and excise collections registered a growth of 66% and 41% respectively.
- Food inflation index rose to 15.1% for the week ended on 4th Sept under a new series (with 2004-05 as base year) as against to 11.47% (older series) for the week ended 28th Aug. Latest w-o-w food inflation data is not comparable with the earlier data on account of new series of index as well as new base year.
- India's forex reserves stood at US\$ 284.5bn as on 10th Sept'10, with a decline of US\$ 0.82bn over the reserves of US\$ 285.32bn as on 3rd Sept'10.
- Bank for International Settlements developed capital adequacy norms known as Basel III, which requires banks to have core capital totaling 7% of their risk-bearing assets, more than triple what they do now. This is proposed to be implemented in stages. This is required to be approved by G20.
- The European commission has raised its growth forecast for European economy and has said that euro region may grow 1.7% in CY10 instead of 0.9% projected earlier.
- Japan intervened in the foreign exchange market this week for the first time since 2004 to stabilize yen against US dollar. This was necessitated as Yen hit a fifteen year high against US Dollar.
- Emerging markets reacted positively to the news of higher growth in china's industrial output. China's industrial production rose by 13.9% y-o-y in August which was than expectations. China's retail sales increased by 18.4% and its consumer price for August rose by 3.5% y-o-y, the highest in 22 months.
- US industrial output growth slowed mainly on account lower manufacturing growth. The industrial production rose by 0.2% in Aug'10 as against 0.6% in July. Industrial output growth for July was revised down to 0.6% from 1% reported earlier. Meanwhile US retail sales climbed for the second consecutive month in Aug by 0.4% as against 0.3% in July.
- US jobless claims hit a two month low as on 9th sept'10 signaling some stability in labor market although economy remained on a slow growth path. Initial claims for jobless benefits slipped by 3 thousand to 450 thousand the lowest since early July'10.
- Market is expected to be influenced by major global and corporate developments.

Market Indices

SECTORAL INDICES				
INDICES	9-Sep-10	17-Sep-10	Change (%)	Difference
BSE				
Sensex	18799.66	19594.75	4.23	795.09
Bankex	12984.19	13744.71	5.86	760.52
IT Index	5664.43	5843.80	3.17	179.37
Metal Index	16131.46	16489.16	2.22	357.70
FMCG Index	3467.60	3563.10	2.75	95.5
Cap. Goods Index	15094.78	15511.40	2.76	416.62
Realty Index	3553.50	3712.71	4.48	159.21
Consumer Durables Index	5909.50	6154.17	4.14	244.67
OIL & GAS	10175.11	10736.07	5.51	560.96
AUTO	9096.55	9275.97	1.97	179.42
Healthcare Index	5679.04	5842.24	2.87	163.2
PSU Index	10053.16	10242.43	1.88	189.27
Mid-Cap Index	8050.73	8104.28	0.67	53.55
NSE				
S&P CNX Nifty	5640.05	5884.95	4.34	244.90
Bank Nifty	11446.70	12104.10	5.74	657.40
CNX IT Index	6302.00	6477.85	2.79	175.85
S&P CNX 500	4740.35	4876.50	2.87	136.15

GLOBAL INDICES				
INDICES	9-Sep-10	17-Sep-10	Change (%)	Difference
US Market				
NASDAQ	2236.20	2315.61	3.55	79.41
Dow Jones	10415.24	10607.85	1.85	192.61
S & P 500	1104.18	1125.59	1.94	21.41
European Market				
FTSE 100	5494.16	5508.45	0.26	14.29
CAC 40	3722.15	3722.02	0.00	-0.13
Asian Market				
Nikkei	9239.17	9626.09	4.19	386.92
Strait Times	3022.28	3076.37	1.79	54.09
Hang seng	21257.39	21970.86	3.36	713.47
Shanghai Comp.	2663.21	2598.69	-2.42	-64.52

Institutional Activity (Equity)

INSTITUTIONAL EQUITY

			(Rs. In Cr)
Day Wise	Purchase	Sale	Net
FII Activity			
Friday	2626.00	1449.50	1176.50
Monday	4592.20	1955.80	2636.40
Tuesday	4098.00	2374.70	1723.30
Wednesday	4959.00	2598.90	2360.10
Thursday (provisional)	3506.60	2363.00	1143.60
Friday	5272.59	3753.83	1518.76
Total	25054.39	14495.73	10558.66
DII Activity			
Thursday	1581.77	1783.30	-201.53
Monday	1193.63	2154.44	-960.81
Tuesday	1233.86	2358.16	-1124.30
Wednesday	1209.60	2119.56	-909.96
Thursday	1028.74	2133.99	-1105.25
Friday	1072.90	1820.14	-747.24
Total	7320.50	12369.59	-5049.09

Weekly Sectoral Roundup

Out performer	Under performer	Neutral
BANK (+5.86%)	AUTO (+1.97%)	CONSUMER DURABLES (+4.14%)
OIL&GAS (+5.51%)	METAL (+2.22%)	REALTY (+4.48%)
	FMCG (+2.75%)	
	CAPITAL GOODS (+2.76%)	
	HEALTHCARE (+2.87%)	
	IT (+3.17%)	

Weekly Top Gainers

Name	close	pclose	%change
BHUSANSTL	2117.85	1874.60	12.98
LICHSGFIN	1317.20	1178.20	11.8
ISPATIND	23.70	21.45	10.49
DLF	352.50	322.00	9.47
KOTAKBANK	473.25	432.30	9.47

Weekly Top Losers

Name	close	pclose	%change
DIVISLAB	720.95	757.05	-4.77
NOIDATOLL	35.50	37.3	-4.83
RUCHISOYA	133.90	141.05	-5.07
MCLEODRUSS	245.30	259.45	-5.45
PTC	120.00	127.05	-5.55

Outlook for the Week

Nifty opened the week on a positive note at 5639.20 levels and showed excellent strength throughout the week. Nifty made fresh 52-week high at 5901.65 levels and closed the week in green at 5884.95 levels with 4.34% gains. Volumes were higher than previous week. Nifty's long term trend and short term trend are up. Nifty is rallying on upside on Firm Global positive clues and showing momentum strength. For 3rd consecutive week, Nifty showed good strength and closed in green. Bulls are in control at the moment.

However, Nifty has some resistance in 59500-5950 zone, If Nifty manages to show strength above 5950 levels then momentum may accelerate else some profit booking or consolidation may be seen.

For trading during the coming sessions, trend deciding level is 5900-5950 If Nifty shows strength above 5950 levels then we may see rally to 6000/6050/6100/6150 levels. If Nifty doesn't sustain above 5900 levels then decline to 5800/5750/5700/5650 may also be seen.

NIFTY Futures View

Nifty Sep Future opened at 5675.15 then due to short covering coupled with huge fresh buying touched the high of 5916 & closed at 5904.05. Technically speaking 5700 mark would act as a support for the coming week. Possible resistance would be around 6000. If Nifty future declines below 5700 level then selling pressure till 5650/5500 levels might be seen.

View for for Medium term Traders: On Medium term basis, Nifty has strong support around 5700 mark. Medium term resistance will be around 6000.

Trading strategy for Short term Traders: We are recommending buying strategy for the short term traders. Long position may be taken in the zone of

5780-5850 with the SL of 5750 for the target of 5950/6000.

For day-trading purpose on Monday: Long position may be taken in support zone around 5850 with the SL of 5820, for the likely target of 5920/5950.

Nifty Trend Watch

Date	Nifty	Cash	September Future
17-09-2010	Close Today	5884.95	5904.05
Week Beginning 20-09-2010	R2	6100/6150	6100/6150
	R1	6000/6050	6000/6050
	Weekly Trend Deciding	5900-5950	5900-5950
	S1	5800/5750	5800/5750
	S2	5700/5650	5700/5650

Nifty Weekly



Investment Ideas

**Syndicate Bank Ltd.
Update**

**Buy
(Medium Risk – Medium Return)**

**Price - ` 116.4
Date: 17th Sept 2010**

Company Background

Syndicate Bank Ltd (SYNB) is a mid sized public sector bank with banking expertise of 85 years. It got nationalized in 1969. It went public in Oct 1999 and raised about `125cr. The bank operates through a network of more than 2307 domestic branches and one overseas branch at London under complete CBS as on 31st March'10. SYNB has the distinction of eighth largest bank in terms of branch network with dominant presence in rural and semi urban areas.

Q1FY11 Result highlights:

<i>Rs in Crore</i>	<i>Q1F10</i>	<i>Q1FY11</i>	<i>%y-o-y</i>	<i>Q4FY10</i>	<i>%q-o-q</i>
Interest earned	2538	2604	2.6%	2513	3.6%
other income	437	215	-50.7%	229	-5.9%
Total income	2975	2820	-5.2%	2742	2.8%
Interest expense	1973	1641	-16.9%	1654	-0.8%
Operating Expense	486	592	21.9%	536	10.4%
Total Expense	2459	2233	-9.2%	2190	2.0%
Profit bfr tax & prov.	516	587	13.8%	553	6.3%
Provisions	160	235	46.6%	263	-10.9%
prov.forTax	94	87	-7.7%	121	-28.0%
Net profit	262	265	1.5%	168	57.7%
Deposits	116319	108560	-6.7%	117026	-7.2%
Advance	83367	94062	12.8%	91450	2.9%
NII (Rs)	565	964	70.6%	860	12.1%
NIM%	2.12	3.09	45.8%	2.89	6.9%
GNPA	1588	2175	36.9%	2007	8.4%
GNPA%	1.91	2.31		2.19	
NNPA	841	985	17.2%	978	0.7%
NNPA%	1.26	1.49		1.07	
CAR %	13.4	12.4		11.2	
Equity	522	522		287	
EPS (Rs)*	20.0	20.3		23.5	
CMP (Rs)	116	116		116	
P/BV(x)		1.10			
P/E(x)		5.7			
*Annualized					

- Syndicate Bank (SYNB) posted impressive q-o-q results with 58% growth in net profit although PAT on y-o-y basis remained flat with an increase of 1.5% during Q1FY11.
- NII grew by 71% y-o-y to `964 cr in Q1FY11 as against `565cr in Q1FY10 on account of lower interest expenses.
- During Q1FY11 SYNB's Net Interest Margin (NIM) expanded to 3.09 as against 2.12 in Q1FY10 on the back of better deposit mix.
- During Q1FY11 there is a reduction in cost of deposits to 5.27% from 6.62% in Q1FY10 mainly on account of
 - ✓ CASA deposits grew by 24% y-o-y
 - ✓ Renewal of fixed deposits at a lower rate of interest
 - ✓ Bulk deposits were reduced by `8500cr.
- During Q1FY11 the bank's deposits de-grew by 6.7% y-o-y and gross advances grew by 12.8% y-o-y leading to business growth of 1.5% y-o-y.
- During Q1FY11 SYNB's treasury income reduced sharply to `20cr from `270cr in Q1FY10.
- SYNB's GNPA% and NNPA% increased marginally to 2.31% and 1.06% respectively in Q1FY11 as compared to 1.91% and 1.02% in Q1FY10. However, the NPA Provision Coverage Ratio is 73.86%, higher than the mandatory coverage ratio of 70%.

Key parameters of Syndicate Bank:

Key parameters	FY08	FY09	FY10
NIM%	2.57	2.75	2.35
CAR%	11.82	12.68	12.70
CASA %	30.95	27.6	31.23
Gross NPA%	2.71	1.93	2.19
Net NPA%	0.97	0.77	1.07
Cost-Income ratio	21.95	22.19	21.71
NPA prov coverage%	62.61	58.08	73.3
Credit/Deposit %	67.30	70.36	77.25
Dividend%	28.00	30.00	30.00
Div. yield%	2.41	2.59	2.59
EPS (Rs)	16.25	17.49	15.58
ROA%	0.79	0.70	0.58
BV/shr (Rs)	74.05	88.03	100.06
Busi/Branch (Rs cr)	NA	88.65	108.63
Busi/Emp(Rs cr)	5.86	7.93	8.27

- Capital adequacy ratio is higher than the stipulated 10%. Tire-1 capital is 8.2%.
- CASA is improving
- Gross & Net NPAs of the Bank increased marginally in FY10 as compared to FY09.
- Provision coverage ratios is above the stipulated 70%
- Increasing trend of credit to deposit ratio
- Cost to income ratio is improving

- Business per employee and business per branch is growing

Investment rationale:

Core performance is improving: On account of unfavorable credit situation, SYNB showed a subdued performance during FY10 but with the picking up of the economy SYNB has improved its core performances which is expected to continue in the rest of the quarters. SYNB's margin expansions continued in Q1FY11. NIM has improved by 97bps y-o-y basis in Q1FY11 on the back of lower cost of funds. Lower cost of funds resulted from higher CASA% and retiring of high cost bulk deposits significantly. Net interest income has also showed an increasing trend creating a positive outlook for its core business.

Expansion of branch network and increase in CASA: During FY10 SYNB has opened 82 branches taking its branch net work to 2307 across the country. It has the distinction of eighth largest branch network among Indian banks working under complete CBS. This would act as a positive step towards bank's plan to increase CASA deposits to lower the cost of deposits. The CASA deposit of the bank increased to 32.8% in FY10 from 28.9% in FY09 and is expected to increase further in the coming years leveraging their branch expansions.

Expecting Capital Infusion: Under capital infusion process of the government, Public Sector Banks are likely to be adequately recapitalized by the government of India for their financial flexibility and to implement future growth plans. In this regard SYNB is expecting a capital infusion of `1500cr over the next three years.

Other developments:

- Syndicate bank has signed an agreement with SHCI (Stock Holding Corporation of India) for e-stamp vending across the country which would increase its fee based income. SYNB has already launched e-stamping operation in Bangalore in May 2010 and planning to launch this operation in some other states during this year. E-stamping is all set to replace conventional stamp papers.
- SYNB has a strong customer base of 2.45cr by FY10, an increase of 15lakh in one year. Customer base is expected to increase with expansion of branch network.

Peer group Analysis:

FY10 , Rs in Cr			
Perticular	Andhra bank	Syndicate Bank	IDBI bank
Interest earned	6373	10128	15273
Total income	7337	11215	17563
Net profit	1436	1174	1031
Equity	485	522	725
EPS(Rs)	21.56	15.58	14.2
CMP(Rs)	167	117	141
NII	2194	2821	2268
NIM%	2.43	2.35	1.28
CASA%	29.43	31.23	14.59

No of branches	1557	2307	720
NNPA%	0.17	1.07	1.53
BV/shr(Rs)	90.93	100.06	113.48
P/E(X)	7.75	7.49	9.91
P/BV(X)	1.84	1.17	1.24
Div%	50.00	30.00	30.00

Looking at peer set Syndicate Bank appears to be cheaper as compared to its peers in term of its P/BV(x).

Risk& Concerns:

- Expected capital infusion still not cleared from the govt.
- Higher NPA is a concern area.
- Tightening of liquidity can impact the profits of the banks.
- New entrants may increase the competition in the banking space.
- Hardening of interest rates may cause deterioration in asset quality.

Recommendation: Syndicate bank with improving fundamentals has the long term potential to grow in the banking space. SYN B is currently focusing to increase CASA deposits leveraging its wide network of branches and simultaneously phasing out its high cost bulk deposits to improve margins. The stock is currently available at lower P/BV of 1.1 xs as compared to its peers. Higher NPAs is a concern area although it maintains a provision coverage ratio (PCR) of 73.9%. At CMP ₹116.4 the stock is trading at 1.01x of FY11EBV and 6.2x PE of FY11. Long term investors can buy the share for a target of ₹130 in medium term.

Steel Strips Wheels Ltd.
Initiating Coverage

Buy
(High Risk – High Return)

Price - ` 259.45
Date: 18th Sept 2010

Company Background

Steel Strips Wheels (SSWL), a Chandigarh based company is engaged in the manufacturing of automotive steel wheels since last 20 years. The product range comprises of steel wheels for passenger cars, Multi Utility Vehicles, Tractors, Trucks, OTR (Off-the-Road) Vehicles and Two & Three Wheelers.

SSWL has manufacturing plants located in Dappar in Punjab, Chennai in Tamil Nadu, and Jamshedpur in Jharkhand with an installed capacity of 7.5mn, 2.5mn and 1mn respectively.

The company caters to demands of both domestic and international customers across various geographies to leading auto companies which include Tata Motors, Ashok Leyland, BMW, Renault, Volkswagen, Audi, and BMW.

Financial Performance

Steel Strips Wheels posted a strong result in the first quarter of this fiscal. It registered growth in sales and net profit on both y-o-y and q-o-q.

(` Crore)	Q1FY11	Q1FY10	Var (%)	Q4FY10	Var (%)	FY10	FY11E	Var (%)
Net Sales	148.4	82.4	80.2%	123.8	19.8%	418.5	732.3	75.0%
Other Opr. Income	0.1	0.2	-31.6%	0.5	-75.0%	0.9	1.0	17.6%
Total Income	148.5	82.5	79.9%	124.3	19.4%	419.3	733.3	74.9%
Raw Material Costs	94.5	49.9	89.4%	77.3	22.2%	263.3	459.9	74.7%
Employee Costs	7.2	4.1	73.4%	6.0	20.1%	20.9	35.9	71.9%
Other Expenses	26.4	14.5	82.6%	22.7	16.7%	73.5	128.9	75.5%
Total Expenses	128.1	68.5	87.0%	105.9	20.9%	357.6	624.7	74.7%
PBDIT	20.4	14.0	45.4%	18.4	10.9%	61.7	108.6	76.1%
Depreciation	7.5	5.8	28.8%	6.8	9.1%	25.0	40.3	60.8%
PBIT	12.9	8.2	57.0%	11.5	12.0%	36.7	68.4	86.6%
Exceptnl. Income	0.0	0.0	-	-0.3	-	-0.3	0.0	-
Interest	4.6	5.1	-10.5%	3.9	17.7%	16.9	29.3	73.7%
PBT	8.3	3.1	168.7%	7.4	13.3%	19.8	39.1	97.5%
Tax	1.1	1.0	15.6%	1.9	-40.0%	5.2	10.6	104.9%
PAT	7.2	2.1	237.4%	5.5	31.3%	14.4	28.5	98.8%
Adj. PAT	7.2	2.1	237.4%	5.8	24.7%	14.6	28.5	94.9%
PBDITM%	13.7%	17.0%	-329bp	14.8%	-111bp	14.7%	14.8%	9bp
PATM%	4.9%	2.6%	227bp	4.4%	42bp	3.4%	3.9%	47bp
Equity Capital (FV: `10)	13.6	13.1		13.1		13.1	13.6	
EPS (`)	5.30	1.64		4.21		10.98	20.95	
CMP, 17-Sep-10 (`)	259.5					259.5	259.5	
P/E (Annualized)	12.2x	39.6x		15.4x		23.6x	12.4x	

SSWL registered 80% y-o-y and ~20% q-o-q growth in its net sales during Q1FY11. This was driven by increased sales volume and sales realization owing to the increasing demand from auto industry. Sales volume registered a growth of over 44% on y-o-y basis to 21.03 lacs units while within this exports increased to 2.54 lacs units compared to 0.62 lacs unit in Q1FY10.

The company registered a PBDIT of `20.4 Crore in Q1FY11 compared to `14.0 Crore in Q1FY10 and `18.4 Crore in Q4FY10. This was primarily because of high sales realization. However, PBDIT margin dropped to 13.7% from 17.0% in Q1FY10 and 14.8% in Q4FY10, primarily because of proportionately higher increase in raw material cost. Raw material cost to sales increased from 60.6% in Q1FY10 to 63.7% in Q1FY11.

A lower increase in depreciation, a decrease in net interest expenses, and just a marginal increase in tax incidence led to over 237% increase in net profit in Q1FY11 (`7.2 Crore) compared to Q1FY10 (`2.1 Crore). Net margin expanded to 4.9% compared to 2.6% (Q1FY10) and 4.4% (Q4FY10).

Investment Rationale

Strong Results: SSWL posted a strong result in the first quarter of this fiscal. It registered y-o-y growth of around 80% in sales (`148 Crore from `82 Crore) and q-o-q growth of around 20%. Net profit registered a y-o-y growth of over 230% (`7.2 Crore from `2.1 Crore) while q-o-q growth stood at over 30%.

Consistent Export Orders Inflow: The Company continues to receive export orders since last few months. During the current month itself, the company has received a few orders.

- SSWL received an order for 4,000 wheels worth €40,000 from a leading supplier in Germany catering to the European after-market. The order is not quite significant, but it heralds big business opportunity for SSWL.
- The company received a repeat order for 12,000 wheels worth €120,000 from one of the largest distributors of Wheel & Tyre Assemblies in Eastern Europe. The company expects an average annual business of 100,000 wheels with this client.
- SSWL received an order for ~4,000 wheels worth €45,000 from a German company with a good prospect for repeat business.

Fast Emerging as a Global Supplier: The Company has been able to receive orders from both OEMs & for after-market across the globe – Europe in particular. It is now servicing some global giants in auto industry namely, Renault, BMW, Fiat, Peugeot, Volkswagen, and Audi. It is building up a strong relation with the clients.

Aggressive Capacity Expansion: The Company claims that its capacities are already sold out for next two years. SSWL recently inaugurated its third plant in Jamshedpur to produce steel wheels for truck. The plant has an initial capacity of 1mn units and will cater to demands of Tata Motors, Ashok Leyland, and the export markets in Japan & Europe. In addition to this new plant, the company has further plans for capacity addition going forward.

- With the inauguration of the plant in Jamshedpur, SSWL also announced its expansion to 2mn units by Jun'11. With this expansion, it expects to be the largest auto wheel manufacturer in India.
- The company announced the expansion of its Chennai plant from an existing capacity of 2.5mn units to 6.5mn units at an investment of `60 Crore by the end of this fiscal. With this the total capacity will increase to 15mn units for the company.

- There is news of company planning to set-up a new plant in Pune with a capacity of 5mn unit which is to be completed by FY13.

Strong Industry Growth: Automobile Industry is expected to witness a strong growth in next two-three years. An expected strong demand from the auto sector is building a strong momentum for auto ancillaries industry. The OEM industry recorded one of the highest ever sales in August 2010. Passenger cars, Commercial Vehicles and two & three-wheelers are expected to register a sales growth of around 15-22 per cent in FY11. Both domestic and export demands are building up.

Seeking Strategic investment: SSWL is in talks with several wheel makers across the globe for a strategic stake sale in the company. This strategic deal (which might happen within next few months) will enable the company to build even stronger presence in the foreign markets along with funds inflow into the company to further funding its expansion plans.

Risk and Concerns

- Fluctuations in commodity prices might affect the performance of the company.
- Any slowdown in auto industry will affect the company performance.
- Any delay in execution of orders – exports in particular, will adversely affect the exports revenue of the company.
- The company is looking for a strategic partner. The dilution, if any and the new strategic partner could influence the valuation of stock.

Recommendation

Steel Strips Wheels have out-performed the industry in terms of the results announced in recent past. The management expects 100% growth in its sales in FY11 on account of order book and capacity expansion. However, we have considered a growth of 75% in sales for our projection purpose. With Jamshedpur plant to start contributing to its revenue from high margin heavy vehicle wheels, margins are also expected to expand. At CMP@ ₹259.45, SSWL currently trades at a forward P/E and cash P/E multiple of 12.4x and 5.1x on FY11 estimates. We recommend BUY with a medium term target price of ₹290.

Derivatives Statistics

SYMBOL	PREV. WEEK	PCR OI		TOTAL FUTURES OI		
		CURR. WEEK	% CHANGE	OI PREV. WEEK	OI CURR WEEK	% CHANGE
NIFTY	1.48	1.75	18.24	41,287,700	44,067,450	6.73
MININIFTY	1.36	2.07	52.21	2,068,260	2,306,160	11.50
BANKNIFTY	2.13	2.34	9.86	2,801,675	2,645,850	-5.56
ABB	0.74	0.72	-2.70	1,207,000	1,170,000	-3.07
ACC	1.43	1.29	-9.79	3,136,750	3,291,500	4.93
AMBUJACEM	0.78	1.12	43.59	27,424,000	33,006,000	20.35
AXISBANK	0.90	1.96	117.78	4,388,500	4,221,750	-3.80
BHARTIARTL	0.63	0.65	3.17	24,213,000	21,243,000	-12.27
BHEL	0.39	0.29	-25.64	2,594,000	2,769,000	6.75
BPCL	0.30	0.33	10.00	4,393,000	4,295,500	-2.22
CAIRN	0.32	0.30	-6.25	18,877,000	18,344,000	-2.82
CIPLA	0.24	0.21	-12.50	7,808,000	8,349,000	6.93
DLF	0.56	1.02	82.14	15,008,000	17,726,000	18.11
GAIL	0.24	0.21	-12.50	4,607,500	3,820,000	-17.09
HCLTECH	0.22	0.23	4.55	3,069,000	2,825,000	-7.95
HDFC	0.52	0.60	15.38	10,785,625	10,013,125	-7.16
HDFCBANK	0.60	1.38	130.00	4,604,000	4,263,500	-7.40
HEROHONDA	2.95	2.66	-9.83	4,401,000	4,141,500	-5.90
HINDALCO	0.91	0.88	-3.30	24,082,000	22,250,000	-7.61
HINDUNILVR	0.81	0.88	8.64	12,720,000	12,136,000	-4.59
ICICIBANK	0.94	1.21	28.72	20,247,500	18,433,000	-8.96
IDEA	0.51	0.40	-21.57	37,280,000	37,728,000	1.20
IDFC	0.33	0.31	-6.06	18,792,000	20,680,000	10.05
INFOSYSTCH	0.92	0.98	6.52	4,577,500	4,480,125	-2.13
ITC	0.32	0.56	75.00	42,970,000	37,002,000	-13.89
JINDALSTEL	0.33	0.31	-6.06	6,110,500	5,869,000	-3.95
JPASSOCIAT	0.43	0.44	2.33	36,466,000	35,258,000	-3.31
KOTAKBANK*	0.40	0.59	47.50	6,333,000	6,511,000	2.81
LT	0.50	0.75	50.00	4,814,000	4,409,750	-8.40
M&M	0.21	0.28	33.33	8,171,500	9,199,250	12.58
MARUTI	0.33	0.55	66.67	3,115,000	3,255,750	4.52
NTPC	0.22	0.26	18.18	21,031,000	20,545,000	-2.31
ONGC	0.40	0.48	20.00	3,118,000	3,059,000	-1.89
PNB	1.13	1.01	-10.62	2,865,000	2,773,750	-3.18
POWERGRID	0.13	0.13	0.00	20,058,000	20,726,000	3.33
RANBAXY	0.32	0.41	28.13	3,071,000	3,596,000	17.10

RCOM	0.25	0.31	24.00	35,718,000	33,986,000	-4.85
RELCAPITAL	0.38	0.38	0.00	9,611,000	9,822,000	2.20
RELIANCE	0.33	0.45	36.36	30,893,750	25,440,250	-17.65
RELINFRA	0.26	0.37	42.31	9,750,250	8,626,500	-11.53
RPOWER	0.26	0.26	0.00	28,112,000	28,080,000	-0.11
SAIL	0.40	0.42	5.00	7,868,000	8,257,000	4.94
SBIN	1.10	1.02	-7.27	6,367,875	6,062,750	-4.79
SIEMENS	0.13	0.20	53.85	1,783,000	1,495,000	-16.15
STER	0.32	0.46	43.75	34,579,000	32,954,000	-4.70
SUNPHARMA	0.07	0.15	0.00	927,750	722,750	-22.10
SUZLON	0.39	0.45	15.38	87,740,000	95,928,000	9.33
TATAMOTORS	0.45	0.44	-2.22	14,727,500	14,749,000	0.15
TATAPOWER	0.05	0.05	0.00	1,899,750	1,584,250	-16.61
TATASTEEL	0.70	0.82	17.14	24,016,000	22,071,000	-8.10
TCS	0.44	0.59	34.09	6,807,500	5,700,500	-16.26
UNITECH	0.70	0.81	15.71	58,320,000	53,076,000	-8.99
WIPRO	0.26	0.44	69.23	7,577,801	7,279,587	-3.94

*OI of Kotak Bank. Is adjusted for Stock Split Ratio 10:5, Ex Date 13th September 2010

Nifty Stock Level (Cash)

SCRIPS	LTP	R1	R2	S1	S2	trend
ABB LTD.	845.50	872.00	899.00	800.00	754.00	Uptrend
A.C.C.	997.85	1027.00	1057.00	959.00	920.00	Uptrend
AMBUJACEM	142.55	147.00	152.00	136.00	129.00	Uptrend
AXISBANK	1506.50	1558.00	1610.00	1420.00	1333.00	Uptrend
BHARTIARTL	358.85	365.00	372.00	348.00	337.00	Uptrend
BHEL	2443.60	2501.00	2559.00	2410.00	2377.00	Downtrend
BHARAT PETRO	765.90	784.00	803.00	744.00	722.00	Uptrend
CAIRN	342.10	357.00	371.00	327.00	311.00	Uptrend
CIPLA	308.90	315.00	322.00	303.00	297.00	Uptrend
DLF	352.50	367.00	382.00	330.00	307.00	Uptrend
GAIL	480.35	494.00	509.00	464.00	448.00	Uptrend
HCL TECHNOLO	419.25	438.00	457.00	389.00	358.00	Uptrend
HDFC BANK	2400.60	2469.00	2538.00	2290.00	2179.00	Uptrend
HERO HONDA	1745.15	1773.00	1802.00	1714.00	1683.00	Uptrend
HINDALCO	189.05	194.00	200.00	183.00	177.00	Uptrend
HINDUNILVR	281.80	286.00	290.00	277.00	271.00	Uptrend
ICICI BANK	1114.20	1141.00	1168.00	1071.00	1027.00	Uptrend
IDEA	77.15	81.00	85.00	73.00	68.00	Uptrend
IDFC	193.45	473.00	510.00	416.00	395.00	Uptrend
INFOSYS TECH	2970.15	3060.00	3150.00	2881.00	2791.00	Uptrend
ITC	168.35	172.00	176.00	163.00	157.00	Uptrend
JINDL STL&PO	708.40	723.00	738.00	694.00	679.00	Downtrend
JPASSOCIATEQ	122.30	127.00	133.00	118.00	114.00	Uptrend
LT EQ	1963.15	1991.00	2019.00	1915.00	1866.00	Uptrend
MAH & MAH	680.00	694.00	708.00	659.00	637.00	Uptrend
MARUTI	1388.35	1431.00	1474.00	1330.00	1271.00	Uptrend
NTPC EQ	206.35	210.00	214.00	202.00	198.00	Uptrend
ONGC CORP.	1397.25	1445.00	1494.00	1357.00	1317.00	Uptrend
PNB	1285.85	1334.00	1383.00	1231.00	1176.00	Uptrend
POWERGRID	105.25	108.00	111.00	103.00	100.00	Downtrend
RANBAXY LAB.	534.00	551.00	569.00	503.00	472.00	Uptrend
RCOM	166.75	172.00	178.00	159.00	151.00	Uptrend
REL.CAPITAL	809.90	834.00	859.00	778.00	746.00	Uptrend
RELIANCE	1027.35	1051.00	1076.00	984.00	941.00	Uptrend
RELINFRA	1061.55	1091.00	1121.00	1025.00	988.00	Uptrend
RPOWER	160.90	165.00	169.00	155.00	148.00	Uptrend
SAIL	201.65	206.00	211.00	198.00	194.00	Uptrend
SIEMENS	753.20	780.00	807.00	719.00	684.00	Uptrend
STATE BANK	3092.75	3176.00	3260.00	3000.00	2907.00	Uptrend
STER EQ	173.60	178.00	183.00	167.00	160.00	Uptrend
SUN PHARMA.	1874.10	1931.00	1988.00	1779.00	1683.00	Uptrend
SUZLON	54.45	59.00	64.00	50.00	45.00	Uptrend

TATA POWER	1264.60	1282.00	1300.00	1251.00	1237.00	Downtrend
TATAMOTORSEQ	1035.50	1071.00	1107.00	1008.00	980.00	Uptrend
TATASTEEL	604.80	617.00	630.00	592.00	579.00	Uptrend
TCS EQ	913.80	934.00	955.00	879.00	844.00	Uptrend
UNITECH LTD	87.95	92.00	96.00	83.00	77.00	Uptrend
WIPRO	420.25	435.00	450.00	403.00	385.00	Uptrend

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Research Team

Bonanza Portfolio Ltd.

Delhi: 2/2A, First Floor, Lakshmi Insurance Building, Asaf Ali Road, New Delhi-110002
 Tel: +91-11-30412600 Fax: +91-11-30122049

Mumbai: "Bonanza House" Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon [E]- Mumbai- 400063
 Tel: +91 22 67605500

equityresearch@bonanzaonline.com
www.bonanzaonline.com