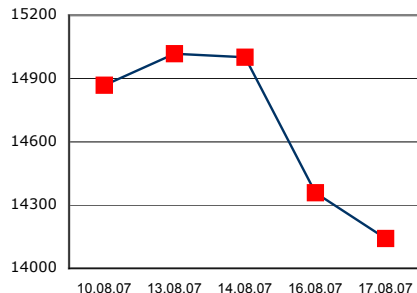
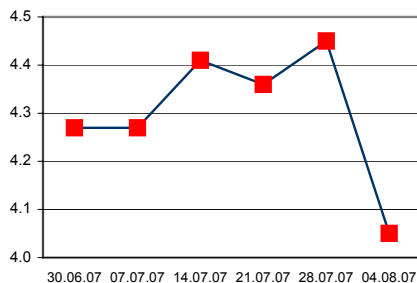
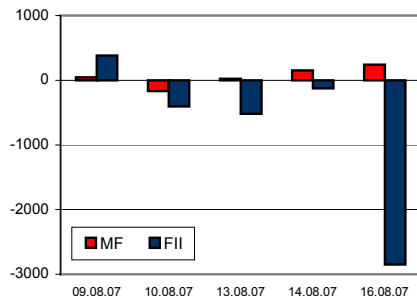
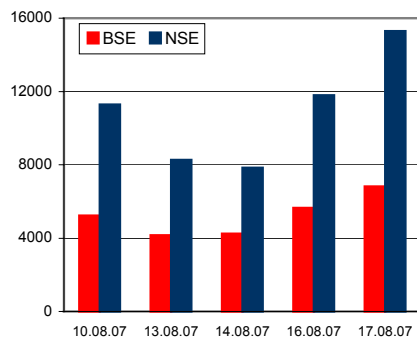


SENSEX

INFLATION (%)

MF/FII-Net Equity Flow (Rs Cr)

BSE/NSE Cash Turnover (Rs Cr)

SHORT COVERING AHEAD...

Countrywide-led sub-prime woes took toll of the global markets in the week gone by. The situation worsened to the extent that it forced the Federal Reserve to take an immediate action of cutting the Fed discount rate. Unexpected cut in the Fed discount rate has changed sentiments around the globe. It has taken the shorts by surprise. We expect the markets to surge in opening trade on Monday. However, such rallies peter out over the few weeks, if history is any guide.

We expect financials, fertiliser and cement stocks to do well relatively.

Economy News

The WPI-based annual rate of inflation subsided to 4.05% for the week ended August 4, against expectations of 4.30% and against 4.45% a week back mainly on back of a fall in food and manufactured products' prices.

Corporate News

ITC has acquired Technico Pty Ltd of Australia from KK Birla group outfit **Chambal Fertilisers & Chemicals Ltd**

Punj Lloyd has raised Rs 814 Cr through a QIP of 2.9 Cr shares at Rs 275 each. Proceeds from the issue would be used to fund the acquisition of a 25.1% stake in Pipavav Shipyard, investments in a real estate venture and for working capital and capital expenditure.

DLF has entered into an agreement to acquire a project consisting of 38 acres of land from **DCM Shriram Consolidated**.

SAIL and **POSCO** have signed a MoU for cooperating in a wide range of strategic business and commercial interest areas.

MARKET INDICATORS

Indices	17.08.07	10.08.07	Change (Pts)	% Change
NIFTY	4108.05	4333.35	-225.30	-5.20
SENSEX	14141.52	14868.25	-726.73	-4.89
BSEMIDCAP	6259.47	6507.62	-248.15	-3.81
BSESMLCAP	7694.80	7904.13	-209.33	-2.65
BSE-100	7262.19	7660.81	-398.62	-5.20
BSE-200	1720.99	1814.14	-93.15	-5.13
BSE-500	5530.94	5815.00	-284.06	-4.88

SECTORAL INDICES

Indices	17.08.07	10.08.07	Change (Pts)	% Change
BSE CONS. DURABLES	3999.01	4088.66	-89.6005	-2.19
BSE HEALTH CARE	3487.30	3601.09	-113.79	-3.16
BSE REALTY	7019.88	7263.54	-243.66	-3.35
BSE AUTO	4560.85	4736.40	-175.55	-3.71
BSE OIL&GAS	7427.15	7755.96	-328.81	-4.24
BSE FMCG	1811.66	1903.05	-91.39	-4.80
BSE BANKEX	7351.37	7773.71	-422.34	-5.43
BSE PSU	6542.63	6918.67	-376.04	-5.44
BSE TECK	3456.66	3661.62	-204.96	-5.60
BSE IT	4500.40	4774.13	-273.73	-5.73
BSE CAPITAL GOODS	12029.90	12768.35	-738.45	-5.78
BSE METAL	9811.61	10863.61	-1052.00	-9.68

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
AMBUJA CEMENT	126.70	0.08

Top Losers		
Company	Price	Loss %
TATA STEEL	544.30	-14.40
SATYAM COMP.	440.20	-8.18
BHEL	1558.85	-8.01
TCS	1056.10	-7.77
HINDALCO	140.00	-7.38

WEEKLY A GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
CHAMBAL FERT.	37.40	11.81
BONGAI. REF.	55.80	8.77
INDUSIND BANK	51.35	6.31
CASTROL	261.65	4.60
CENT. BOP	40.30	4.00

Top Losers		
Company	Price	Loss %
INDIABULLS FIN.	462.95	-14.67
TATA STEEL	544.30	-14.40
PATNI COMP.	363.95	-14.12
KOTAK BANK	634.80	-13.68
CORP. BANK	303.40	-12.87

ADVANCE-DECLINE

SENSEX	
Positive	1
Negative	29
Unchanged	0
Total	30

A GROUP	
Positive	15
Negative	192
Unchanged	0
Total	207

WORLD INDICES

INDEX	17.08.07	10.08.07	Change (Pts)	% Change
NIFTY	4108.05	4333.35	-225.30	-5.20
SENSEX	14141.52	14868.25	-726.73	-4.89
DJIA	13079.08	13239.54	-160.46	-1.21
NASDAQ	2505.03	2544.89	-39.86	-1.57
FTSE	6064.20	6038.30	25.90	0.43
NIKKEI	15273.68	16764.09	-1490.41	-8.89
BOVESPA	48558.76	52638.13	-4079.37	-7.75
SHANGHAI	4656.57	4749.37	-92.80	-1.95

MARKETS AT A GLANCE
Indian Markets

Indices	As on 17.08.07	As on 10.08.07	% Change
SENSEX	14141.52	14868.25	-4.89
NIFTY	4108.05	4333.35	-5.20

US Markets

Indices	As on 17.08.07	As on 10.08.07	% Change
DJIA	13079.08	13239.54	-1.21
NASDAQ	2505.03	2544.89	-1.57

BSE 200

Scripts	CMP (Rs)	Weekly % Chg
Gainers		
TORRENT POWER	82.45	18.04
ANSAL PROP.	260.35	7.43
CASTROL	261.65	4.60
CENT. BOP	40.30	4.00
TECH MAHINDRA	1278.50	3.00
Losers		
INDIABULLS FIN.	462.95	-14.67
TATA STEEL	544.30	-14.40
SHREE PRECOAT.	269.30	-14.21
PATNI COMPUTER	363.95	-14.12
KOTAK BANK	634.80	-13.68

US Listings

Scripts	Close (\$)	Weekly % Chg
NYSE		
DR REDDY	15.40	-2.47
HDFC BANK	83.95	0.06
ICICI BANK	42.92	1.25
MTNL	6.76	-2.59
PATNI	18.66	-11.10
SATYAM	24.55	-7.18
TATA MOTOR	16.53	-1.37
VSNL	19.10	-8.31
WIPRO	13.82	0.80
NASDAQ		
INFOSYS	47.13	-3.82

Institutional Activity (Rs Cr)

	For the week	For the month	For the year
Mutual Funds	243.90	811.00	233.83
FIIIs	-3905.70	-5832.00	37073.80

DERIVATIVES WATCH

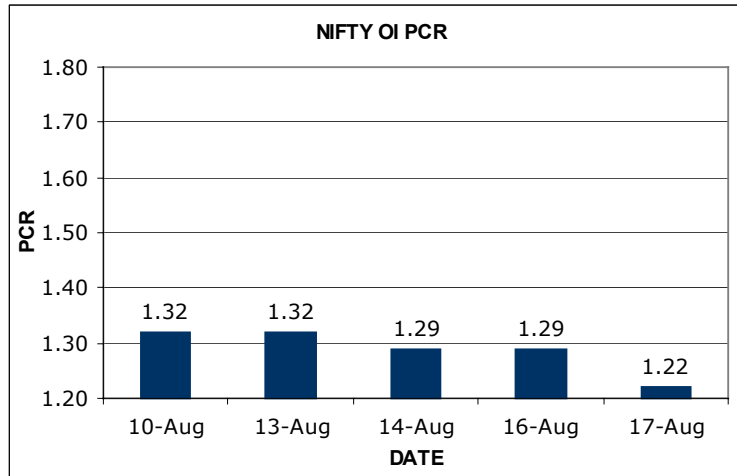
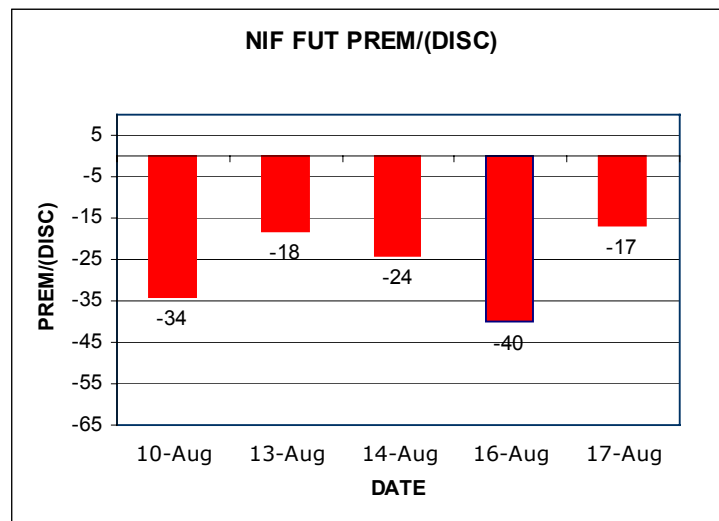
DERIVATIVE WEEKLY SUMMARY

Overall Open Interest increased by merely 1% from Rs 83,266 Cr to Rs 84,309 Cr week on week. In terms of number of shares, Open Interest increased by 6% to 190 Cr shares from 180 Cr shares on weekly basis. Nifty Futures added whopping 11% Open Interest, while FIIs net sold worth Rs 2,494 Cr in Index Futures indicating accumulation of short positions on their side. Nifty Futures discount reduced to 17 points from 34 points. Nifty OI PCR fell to 1.22 from 1.32 levels. OIL&GAS, CEMENT and FERTILIZER sectors added highest amount of Open Interest, while TECH, TELECOM and CONSTRUCTION sector shed highest amount of Open Interest on a weekly basis.

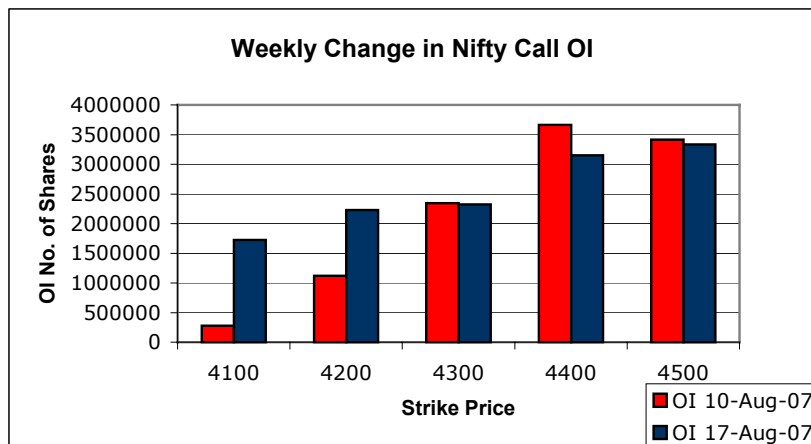
Nifty 4100 & 4200 Calls added 28,961 & 22,172 contracts in OI respectively. On the other hand, Nifty 4050 & 4100 Puts added 11,672 & 6,681 contracts respectively in OI on a weekly basis. So on the downside, market may find strong support in the region of 3,950-4,000. Strong recovery in the US market on back of unexpected discount rate cut by the Fed, may lead to a sharp recovery in the market on back of short-covering when we open to trade on Monday.

SECTOR-WISE WEEKLY CHANGE IN OPEN INTEREST

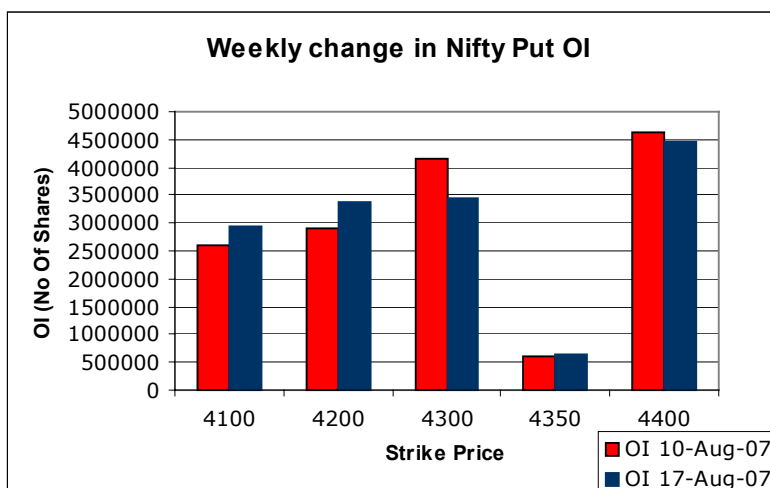
SECTOR	OPEN INTEREST (Rs Cr)		
	17/08/2007	10/8/2007	CHANGE
OIL/GAS	6574	6682	108
CEMENT	1133	1238	106
FERTILIZERS	427	490	63
POWER	2086	2149	63
METAL	2911	2961	50
BANKING/FINANCE	8505	8502	-3
SUGAR	339	335	-4
FMCG	1438	1424	-14
TEXTILE	921	897	-24
ENGINEERING	2714	2676	-39
MEDIA	450	408	-42
AUTO	1451	1398	-53
PHARMA	1986	1908	-78
CONSTR./INFRAS.	3612	3519	-93
TELECOM	3946	3848	-98
TECH	3758	3636	-122

TREND IN NIFTY OI PCR

TREND OF NIFTY FUTURE PREMIUM/(DISCOUNT)


Weekly Change in Nifty August Call Options Open Interest



Weekly Change in Nifty August 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	-5.20	3	18651	9402	11489	39542	1.22
RELIANCE	-3.10	2	2037	785	196	3018	0.25
SBIN	-5.46	-8	1490	255	99	1844	0.39
ICICIBANK	-4.56	2	1445	153	21	1619	0.13
RCOM	-5.26	-5	1121	194	23	1338	0.12
BHARTI	-4.95	-1	1130	24	5	1159	0.21

FII ACTIVITY FOR THE WEEK (FROM AUGUST 13 TO AUGUST 17)

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
INDEX FUTURES	534851	11107	657807	13601	927259	18991
INDEX OPTIONS	101590	2130	67124	1432	636250	13785
STOCK FUTURES	76206	2179	140962	4130	1001709	27618
STOCK OPTIONS	418	14	1167	31	8527	217

TOP GAINERS & LOSERS OPEN INTEREST WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
KOTAKBANK	59	-13.65	185
BONGAIREFN	49	8.47	39
INDIACEM	45	0.07	221
TATASTEEL	31	-14.26	843
RELCAPITAL	23	-9.68	939

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
ANSALINFRA	-25	6.51	32
FEDERALBNK	-24	-2.24	14
PNB	-20	-3.25	243
CUMMINSIND	-14	-3.43	25
DENABANK	-14	-5.85	54

TOP GAINERS & LOSERS PRICE WISE
TOP GAINERS

Company	OI Chg %	Price%	OI Rs. Cr
NAGARFERT	14	24.28	187
TRIVENI	-6	12.60	13
CHAMBLFERT	10	11.48	49
BONGAIREFN	49	8.47	39
INDUSINDBK	5	6.52	55

TOP LOSERS

Company	OI Chg %	Price%	OI Rs. Cr
TATASTEEL	31	-14.26	843
PATNI	9	-14.14	273
KOTAKBANK	59	-13.65	185
CORPBANK	18	-12.70	11
STER	9	-12.66	279

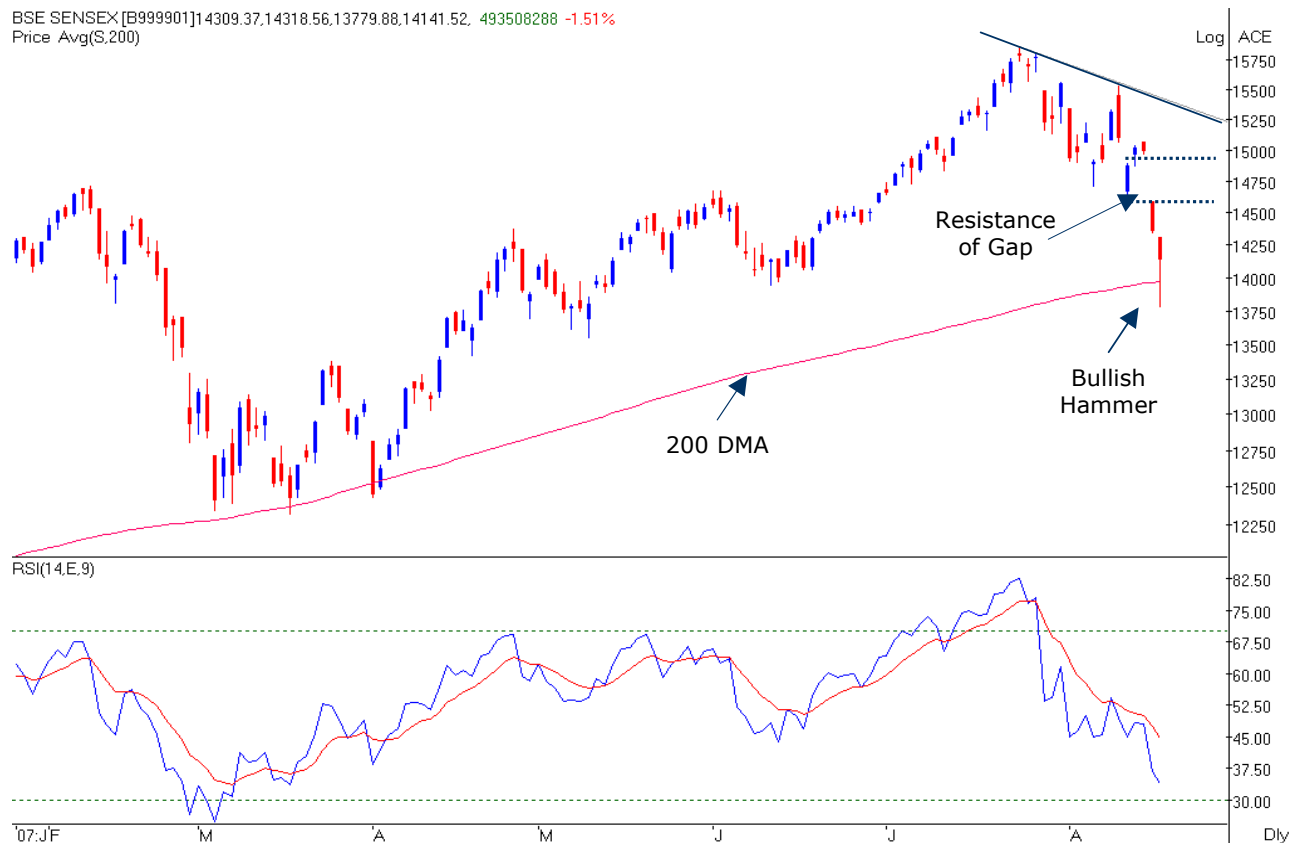
TECHNICAL TALK

Broad Market Trend

Markets behaved on expected lines, as mentioned in previous weekly report, and did fell in line with the Support-Resistance levels given by us. Both the benchmark indices fell by around 5% in the week gone by. Last week Sensex faced resistance at 15,069, and fell drastically thereafter. On Friday, Daily Index RSI reached into Oversold zone (below 30) during the day and after that both benchmark indices bounced back by more than 2.5% from the day's lows and formed the hammer pattern, which shows the signs of short-term reversal.

In the upcoming week, we may see large amount of short covering in indices heavyweights, and, in a way, short-term reversal for the market is expected. But for the medium-term trend reversal, we need to have strong weekly close, which is still not the case. So those holding huge long positions need to be cautious at higher levels. Supports for the Sensex lie at 13,970 and 13,780, while resistances for the same lie at 14,585 and 14,965. Support-Resistance for Nifty lie at 4,090 and 4,250 respectively.

Sensex Daily Chart



Technical Picks for the Forthcoming Week

STOCK	RECOMMENDATION	CMP	STOP LOSS (Rs)	TARGETS (Rs)
STATE BANK OF INDIA	BUY	1519.50	1461	1600

Review of Stocks Recommended Last Week

STOCK	RECOMMENDATION	PRICE 10.08.07	STOP LOSS	TARGET	REVIEW	RETURN (%)
TIPS INDUSTRIES	BUY	61.30	58.60	67, 78	FIRST TARGET ACHIEVED	4.6

Return of Technical Picks since 02 Jun 2007

Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
36	8.1	(3.5)	0.7

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.


**STATE BANK (CMP 1519.50)
BUY**

- The stock has recovered smartly from the day's low on Friday and ultimately formed a hammer pattern on daily chart with good volumes, which shows signs of short-term trend reversal. Stochastic oscillator has come out from the oversold zone and shows the strength in the stock.
- We recommend buying the stock for position trading at current market price for the target of 1600, keeping a stop loss of 1461.

Support-Resistance Levels for the Forthcoming Week (20th Aug to 24th Aug)

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	950.70	972.00	1018.50	1086.30	904.20	857.80
ABAN	2637.75	2662.60	2890.20	3142.60	2410.20	2182.60
ABB LTD.	1025.45	1042.20	1102.80	1180.20	964.80	904.20
ADLABS FILM	444.50	456.50	482.90	521.40	418.00	391.60
ALLHABAD BNK	83.85	85.90	89.70	95.60	80.00	76.20
AMBUJACEM	126.60	127.50	131.80	136.90	122.40	118.10
ANDHRA BANK	77.20	79.70	83.50	89.80	73.40	69.60
ANSALINFRA	258.40	254.50	268.90	279.30	244.10	229.70
APIL	681.95	693.60	732.00	782.10	643.50	605.10
ARVIND MILLS	42.50	43.30	44.80	47.10	41.00	39.50
ASHOK LEYL	34.85	35.30	36.40	38.00	33.70	32.60
BAJAJ AUTO	2252.60	2290.80	2371.70	2490.70	2171.80	2090.90
BAJAJHIND.LT	129.45	132.60	137.90	146.40	124.10	118.80
BANK OF BARO	264.75	269.90	294.70	324.60	239.90	215.10
BANK OF IND.	229.50	235.40	248.20	266.80	216.70	203.90
BH.EARTH MOV	1122.60	1155.40	1210.90	1299.10	1067.20	1011.70
BHARAT ELEC.	1631.05	1627.90	1700.20	1769.30	1558.70	1486.40
BHARTI TELEV	796.95	802.70	855.30	913.70	744.30	691.70
BHEL	1559.95	1609.60	1678.20	1796.40	1491.40	1422.80
BOM DYEING	511.90	524.60	547.30	582.60	489.30	466.60
CANARA BANK	244.80	252.40	264.80	284.70	232.50	220.10
CENTURY TEXT	700.30	697.10	733.20	766.10	664.20	628.20
CIPLA	184.00	184.60	193.10	202.30	175.50	167.00
CROMPTON GR.	275.35	281.50	297.90	320.50	258.90	242.50
CUMMINS INDI	360.05	369.70	382.40	404.70	347.40	334.70
DABUR INDIA	99.40	98.90	104.70	110.10	93.60	87.80
DENA BANK	53.95	54.90	58.30	62.70	50.50	47.00
DLF	580.80	584.50	603.40	626.10	561.80	542.90
EDUCOMP	2359.65	2461.60	2623.10	2886.60	2198.10	2036.60
EKC	1001.15	982.20	1043.90	1086.70	939.40	877.70
ESSAR OIL	50.40	51.10	53.20	56.00	48.30	46.20
GAIL	297.05	304.40	315.70	334.30	285.80	274.60
GESCO CORP	488.65	504.40	533.60	578.50	459.50	430.40
GMRINFRA	762.90	781.80	836.10	909.30	708.60	654.30
GRASIM IND.	2747.30	2795.10	2910.20	3073.10	2632.20	2517.10
GTL	218.30	222.80	233.50	248.80	207.50	196.80
GUJ.ALKALI	126.55	129.70	136.90	147.20	119.40	112.20
GUJ.NARMADA	118.90	120.60	128.70	138.50	110.80	102.80
HCC	119.50	123.80	129.70	139.80	113.70	107.80
HDFC BANK	1068.10	1090.40	1129.70	1191.20	1028.90	989.60

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
HDIL	500.95	527.00	574.00	647.00	454.00	407.00
HINDALCO	140.05	145.10	151.00	162.00	134.10	128.10
HINDUNILVR	192.50	195.80	201.40	210.40	186.80	181.20
HOUS DEV FIN	1899.60	1895.10	2004.60	2109.50	1790.10	1680.60
ICICI BANK	824.70	839.50	874.00	923.30	790.20	755.70
IDBI	116.45	118.40	126.50	136.50	108.40	100.40
IDEA	110.95	114.50	121.40	131.90	104.10	97.20
IDFC	114.15	116.40	127.60	141.00	103.00	91.90
INDIA CEMENT	214.75	213.60	224.20	233.60	204.20	193.60
INDIANB	138.90	141.30	147.50	156.00	132.80	126.60
INDUS IND BK	51.45	49.80	53.80	56.10	47.50	43.60
INDUST.FIN.C	62.35	63.40	67.40	72.50	58.30	54.30
INFOSYS TECH	1854.55	1855.90	1968.70	2082.80	1741.80	1629.10
ITC	153.55	157.50	162.60	171.70	148.50	143.40
IVRCL INFRAS	337.00	348.30	377.70	418.30	307.70	278.30
JP ASSOCIAT	794.60	805.50	855.00	915.50	745.10	695.60
JPHYDRO	44.70	45.10	47.60	50.50	42.20	39.70
JSWSTEEL	568.40	590.20	630.30	692.10	528.30	488.20
KESORAM	442.70	452.40	479.70	516.80	415.30	388.00
KOTAK BANK	634.95	665.70	719.10	803.20	581.60	528.30
LITL	247.45	255.70	287.20	327.00	215.90	184.40
LT	2308.05	2338.40	2435.70	2563.40	2210.70	2113.40
MAH & MAH	650.95	657.30	688.60	726.30	619.60	588.30
MAHANGR TELE	133.75	136.30	142.50	151.20	127.60	121.50
MARUTI	778.65	778.90	842.80	906.90	714.80	650.90
MATRIX LABS	223.70	226.60	243.10	262.40	207.30	190.80
MCDOWELL	1300.60	1341.50	1432.10	1563.50	1210.10	1119.50
MOSER-BAER	259.55	260.90	285.20	310.80	235.30	211.10
MPHASIS	291.05	290.70	304.40	317.80	277.30	263.60
MRPL	40.75	41.20	42.80	44.90	39.20	37.60
NAGAR.CONST.	190.40	192.50	201.90	213.30	181.10	171.70
NDTV	334.70	338.70	362.50	390.20	311.00	287.20
NEYVELI LIGN	75.85	76.90	81.50	87.10	71.30	66.80
NTPC	162.65	165.80	173.50	184.30	155.00	147.40
ONGC CORP.	783.95	804.00	840.00	896.00	748.00	712.00
ORIENT.BANK	198.65	206.20	223.40	248.10	181.50	164.30
PARSVNATH	289.95	301.30	327.50	365.10	263.70	237.50
PATEL ENG	418.75	428.00	450.00	481.30	396.80	374.80

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
PATNI	363.90	385.70	418.10	472.30	331.50	299.10
PENINLAND	404.80	414.60	444.20	483.60	375.20	345.70
PETRONET	61.10	62.00	65.00	68.80	58.20	55.20
PFC	174.65	175.90	186.00	197.40	164.60	154.50
PNB	481.15	487.10	503.00	524.90	465.20	449.30
POLARIS SOFT	116.20	117.80	123.70	131.10	110.40	104.50
PRAJ IND.LTD	178.25	182.50	192.00	205.80	168.80	159.30
PUNJLLOYD	261.65	261.60	285.00	308.30	238.30	214.90
RAJESH EXPOR	508.15	530.10	568.10	628.10	470.10	432.10
RANBAXY LAB.	351.30	357.80	373.50	395.80	335.50	319.80
RCOM	493.40	496.90	528.00	562.50	462.30	431.20
REL	718.25	731.30	781.60	845.00	667.90	617.60
REL.CAPITAL	1004.50	1033.20	1106.30	1208.20	931.30	858.20
RELIANCE	1752.90	1758.70	1834.20	1915.50	1677.40	1601.90
RENUKA	494.50	494.20	527.20	559.80	461.60	428.60
ROLTA	410.80	427.00	448.80	486.80	389.00	367.10
RPL	109.15	111.50	117.70	126.20	102.90	96.70
SATYAM COMP	440.25	450.10	475.20	510.10	415.20	390.10
SIEMENS	1198.40	1192.20	1254.20	1310.00	1136.40	1074.50
SOBHA	780.75	783.60	836.20	891.60	728.20	675.60
SRF LTD.	127.70	130.70	136.90	146.10	121.50	115.30
STATE BANK	1519.20	1538.80	1616.50	1713.70	1441.50	1363.80
STEEL AUTHOR	137.60	142.40	148.70	159.70	131.30	125.00
STER	518.70	546.70	590.50	662.20	475.00	431.20
STER OPTICAL	214.95	216.50	227.40	239.90	204.00	193.10
SUNTV	330.45	335.50	359.80	389.10	306.10	281.80
SUZLON	1174.75	1215.90	1281.80	1388.80	1108.90	1043.00
SYNDICATE BK	73.40	74.90	78.20	82.90	70.20	66.90
TATA POWER	701.30	721.70	771.40	841.50	651.60	601.90
TATA MOTORS	641.15	659.40	680.30	719.50	620.20	599.30
TATASTEEL	544.40	574.00	620.50	696.60	497.90	451.40
TCS	1056.15	1081.80	1124.40	1192.60	1013.60	971.00
TITAN IND.	1121.75	1130.70	1176.10	1230.50	1076.30	1030.90
TTML	25.75	26.10	27.10	28.50	24.70	23.70
UNION BANK	129.20	134.90	144.30	159.40	119.80	110.40
UNITECH LTD	483.85	487.30	519.30	554.70	451.90	419.90
UTI BANK	575.15	572.30	610.60	646.10	536.80	498.50
VIDESH SANCH	370.25	387.70	411.40	452.60	346.50	322.80
VOLTAS	125.55	131.80	143.80	162.00	113.60	101.60
WIPRO	474.40	467.90	490.90	507.30	451.50	428.50
ZEEL	291.85	294.60	311.20	330.60	275.30	258.70

FUNDAMENTAL CHECK**Stocks Covered This Week**

Company	Price (Rs) 17.08.07	Report Type	Recommendation
ICICI BANK LTD.	826	COMPANY NOTE	BUY

Review of Stocks Covered 3 Months Back

Company	Price (Rs) 17.08.07	Recommendation	Reco. Price (Rs) 19.05.07	Return (%)
SENSEX	14142		14303	(1)
MACMILLAN INDIA	258	ACCUMULATE	301	(14)
TIME TECHNOPLAST LTD	521	SUBSCRIBE	290-315	65*

* Return evaluated on Issue Price

COMPANY NOTE**ICICI BANK LTD.****BUY****Business and Background**

ICICI Bank is India's largest private sector bank with a market capitalization of more than Rs 91,700 Cr, highest among the listed Indian banks. ICICI, in its recent follow-on issue, has raised around Rs 20,000 Cr in domestic as well as international markets via an ADR. With this issue, ICICI would be comfortably placed to meet its growth requirements, at least for the next three years, assuming that it can grow its assets at 30%.

Key Triggers:

- **Value Unlocking in its Subsidiaries:**

Insurance and asset management businesses have grown enough to stand on their own feet, the bank has bundled them into a separate subsidiary 'ICICI Financial Services' (it holds 74% each in ICICI Pru life and ICICI Lombard and 51% in ICICI Pru MF) that would take care of their future funding.

Foreign Investment Promotion Board (FIPB) has approved ICICI Bank to float a wholly owned subsidiary called ICICI Financial Services, which will own its investments in the insurance and the mutual fund business. The Bank has also received FIPB approval to sell up to 24% in ICICI Financial services to foreign investors. ICICI Bank has also received a go-ahead from the IRDA, however both these approvals are subject to final clearances from RBI.

ICICI Bank will sell 5.9% in ICICI Financial to foreign investors to help fund the organic growth of subsidiaries. This entity may be listed in future and the bank has already received commitment of Rs 2,650 Cr (\$650 million) to buy 5.9% stake in ICICI Financial.

- **Growing Core Business:**

Bright prospects for the core banking business, as fresh loans may be funded out of equity, resulting in better NIM. Its total business has grown at a CAGR of 43% in FY03-FY07 to Rs 426375 Cr.

Though the urban retail segment will continue to be bank's growth engine, rural banking can offer great opportunities. We believe funds from this issue shall be mainly targeted to high yielding advances like those in rural and international market.

- **Attractively quoting below FPO price:**

ICICI had placed an attractive proposition to its retail investors by providing a discount of Rs 50 per share to its cut-off price of Rs 940 per share resulting in Rs 890 per share (Rs 940-Rs 50).

Currently, ICICI Bank is trading at Rs 826, at a discount of 7.3% i.e. Rs 65 since the follow-on issue.

Valuation & Recommendation

ICICI has been an uncompromisingly fastest growing bank in India. The professionally managed common man's bank now targets the untapped rural India and International markets.

Its subsidiaries are in fast growing businesses and enjoy leadership in their respective segments. With its bright prospects of future listing, would provide great value locking. Though the ROE will be suppressed after the issue but ICICI wont raise high cost funds from the market, as its CASA proposition would go up with expansion of branch network, especially after its latest acquisition of Sangli Bank.

At the CMP of Rs 826, the bank is available at 2.2x its FY08E book value, which is attractively priced. We expect the stock to give good return after its subsidiary goes for listing. Further growth in business, network expansion, improving CASA will result in decrease in cost of funds and improve the margins making this stock worth **BUYING**.

Financials
Quarterly Results

Particulars	Jun-07	Jun-06	YOY %	Mar-07	QOQ %
Interest/Discount on Advances/Bills	5449.2	3437.2	58.5	4703.4	15.9
Interest on Investment	1914.0	1342.5	42.6	1618.7	18.2
Interest on bal. with RBI & other	152.1	245.9	-38.2	292.9	-48.1
Other Interest	50.8	13.1	288.8	46.5	9.2
Total Interest Income	7566.1	5038.6	50.2	6661.6	13.6
Other Income	1715.3	1277.6	34.3	1833.9	-6.5
Total Income	9281.4	6316.2	46.9	8495.5	9.3
Payments to/Provisions for employees	521.8	356.8	46.3	440.8	18.4
Selling & Administrative Expenses	382.7	390.8	-2.1	422.9	-9.5
Other operating expenses	1000.8	773.9	29.3	1056.9	-5.3
Interest	5851.9	3563.4	64.2	4786.9	22.2
Total Operating Expenses	7757.2	5084.8	52.6	6707.5	15.7
Operating Profit Before Prov. & Cont.	1524.2	1231.4	23.8	1788.1	-14.8
Provisions & Contingencies	552.3	482.8	14.4	876.3	-37.0
Provision for Taxes	315.1	155.9	102.1	266.7	18.2
Net Profit	775.1	620.0	25.0	825.1	-6.1
Net Interest Income	1714.3	1475.3	16.2	1874.7	-8.6

Annual Result

Particulars	FY07	FY06	% Change
Interest/Discount on Advances/Bills	16096.3	10206.6	57.7
Interest on Investment	5988.5	3692.8	62.2
Interest on bal. with RBI & other	808.6	335.5	141.0
Other Interest	100.9	71.3	41.4
Total Interest Income	22994.3	14306.1	60.7
Other Income	5929.2	4180.9	41.8
Total Income	28923.5	18487.0	56.5
Payments to / Provisions for employees	1616.8	1082.3	49.4
Selling & Administrative Expenses	1523.9	1177.1	29.5
Other operating expenses	3549.9	2741.8	29.5
Interest	16358.5	9597.5	70.4
Total Operating Expenses	23049.1	14598.6	57.9
Operating Profit Before Prov. & Cont.	5874.4	3888.4	51.1
Provisions & Contingencies	2226.4	791.8	181.2
Provision for Taxes	947.3	664.9	42.5
Net Profit	3110.2	2540.1	22.4
Net Interest Income	6635.8	4708.7	40.9

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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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