



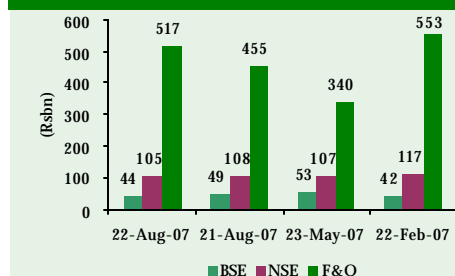
23 August 2007

Indices	%Change			
	22-Aug-07	1mth	3mth	6mth
Sensex	14,249	(9.4)	(0.8)	1.6
Nifty	4,153	(10.1)	(2.2)	2.8
CNX Midcap	5,563	(12.1)	(0.3)	9.1
Banking	7,388	(11.6)	(2.7)	5.6
Capital Goods	12,398	(8.8)	20.4	31.7
IT	4,349	(11.3)	(9.9)	(19.4)
Healthcare	3,426	(9.8)	(8.8)	(7.6)
NASDAQ	2,553	(5.1)	(0.9)	1.5
Dow Jones	13,236	(5.1)	(2.1)	4.7

Net Inflows

Rsbn	21-Aug-07	20-Aug-07	MTD	YTD
FII	1	(32)	(85.5)	342.6
Mutual Fund	(0)	2	18.2	113.0
FII - F&O	43	(10)	35.9	108.7

Turnover



Commodity & Currency % Change

	22-Aug-07	1mth	3mth	6mth
Crude (US\$/barrel)	69.3	(7.5)	5.3	13.7
Gold (US\$/Oz)	661.3	(3.0)	(0.1)	(2.1)
US\$	41.0	1.7	1.1	(7.3)
Euro	55.3	(0.9)	1.3	(4.8)

Debt

%	22-Aug-07	1mth	3mth	6mth
RBI Repo	7.8	7.8	7.8	7.5
10 yr G-Sec yld	7.9	7.7	8.2	7.9
Spread 1 & 10 yr G-Sec	1.2	1.1	0.8	0.4
US 10 yr treasury	4.6	5.0	4.8	4.7
Surplus liquidity (Rsbn)	(138.9)	(30.0)	51.9	(20.2)

JSW Steel (Rs543)

Under Performer - Target Price: Rs468

JSW Steel: Acquisition of US mills does not look exciting in the near term

JSW Steel has announced acquisition of 90% stake in three separate US based companies. These companies own 1.2 mn tonne plate mill, 0.55mn tonne pipe mill and 0.35 million tonne double jointing and coating mill. The total cost of acquiring 90% stake works out to US\$940 mn. This will be funded by raising US\$560 mn debt in an SPV on the strength of the balance sheets of the acquired companies and US\$380 mn foreign currency debt on JSW Steel's balance sheet.

We have been getting divergent views about the deal being done at a premium / discount to the replacement cost. So, we have tried to look at it from EV / EBIDTA perspective. The proforma EBIDTA of the three acquired companies put together was US\$143 mn in FY2007. But since JSW Steel's stake will be 90%, its EBIDTA share will come to US\$129 mn. So, if we derive the EV / EBIDTA multiple for the acquisition, it comes to 7.3x. This appears on the higher side especially if it is compared with JSW Steel's own EV / EBIDTA of around 4.5x based on FY2007 financials. JSW Steel management expects that it could take about 18 months to improve the performance of the acquired companies. It will require significant execution skills.

Pipes are made from plates and plates, in turn, are manufactured from slabs. Jointing and coating facilities are meant to do further value addition to the pipes. Currently, JSW Steel has excess slab capacity of 1mn tonnes in India. The acquisition has been done with a view to utilize the excess domestic slab production by exporting them to US for the value addition. The slabs will be exported to the US mills for making plates and pipes. Going forward, JSW Steel intends to spend US\$61mn on modernization of the acquired facilities. It also plans to increase the pipe as well as double jointing and coating capacity to match with the plate capacity.

The acquisition looks to be a strategic fit, but we would like to wait till the operational improvements take place. We upgrade the stock from SELL to **Underperformer** in view of the steep fall in the stock price.

Manish Joshi

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JSW Steel (Stand alone)	Y/E March (Rs. Mn)	FY2005	FY2006	FY2007	FY2008E	FY2009E	
Reuters / Bloomberg code	JNDL.BO / JDVS @ IN	Revenues	66,794	61,801	85,944	102,869	106,912
Market cap (Rs. Bn)	88.5	Operating Profit	22,864	16,843	27,078	30,563	32,126
Market cap (US\$ mn)	2,192	Net Profit	8,734	4,951	12,759	13,440	13,971
Shares outstanding (mn)	164.0	EPS (Rs.)	67.4	54.6	75.1	78.1	81.2
52 - week High / Low (Rs.)	772/222	EPS growth (%)		(19.1)	37.7	4.0	4.0
		Operating margin (%)	34.2	27.3	31.5	29.7	30.0
Major shareholders (%)		PER (x)	8.0	17.1	7.3	6.9	6.6
Promoters	46.5	EV / EBIDTA (x)	4.5	7.3	4.8	4.3	4.3
FII's	23.4	Price / Sales (x)	1.0	1.4	1.1	0.9	0.9
Banks / MFs / Fis	10.0	Dividend yield (%)	0.9	1.5	2.3	2.2	2.3
Public	20.1	RoCE (%)	16.6	9.3	15.8	14.2	12.7
		RoE (%)	34.7	15.7	28.7	22.9	19.5

Source: Company and Karvy Estimates

BULK DEALS ON NSE - 22 August 2007

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	PriceADSL
ALPA	Alpa Laboratories Limited	MAHENDRA P RATHOD	BUY	125,967	48
BOSCHCHASY	Bosch Chassis Systems Ind	PRINCIPAL INDIA MUTUAL FUND	BUY	129,171	398
NAGARFERT	Nagarjuna Fert & Chem	ADVENT STOCK BROKING (P) LTD	BUY	2,807,860	35
NAGARFERT	Nagarjuna Fert & Chem	CLEAN FINANCE & INVESTMENT LTD	BUY	8,484,751	35
NAGARFERT	Nagarjuna Fert & Chem	CORUM SECURITIES PVT. LTD.	BUY	2,889,147	35
NAGARFERT	Nagarjuna Fert & Chem	JAYPEE CAPITAL SERVICES LTD.	BUY	6,392,259	35
NAGARFERT	Nagarjuna Fert & Chem	LATIN MANHARLAL SECURITIES PVT. LTD.	BUY	2,725,194	35
NAGARFERT	Nagarjuna Fert & Chem	PRAKASH K SHAH SHARES & SECURITIES PVT. LTD	BUY	2,591,477	35
NAGARFERT	Nagarjuna Fert & Chem	PRASHANT JAYANTILAL PATEL	BUY	2,568,936	35
NAGARFERT	Nagarjuna Fert & Chem	VALUE & WORTH	BUY	2,208,221	35
PRAKASH	Prakash Industries Ltd.	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A. SVB	BUY	1,317,678	73
SELMCL	SEL Manufacturing Company	ASHWIN STOCK & INVST.P.LTD.	BUY	153,471	172
SELMCL	SEL Manufacturing Company	ASTUTE COMMODITIES & DERIVATIVES Pvt Ltd	BUY	117,263	168
SELMCL	SEL Manufacturing Company	B K SHAH AND CO	BUY	108,047	166
SELMCL	SEL Manufacturing Company	DINDAYAL BIYANI STOCK BROKERS LTD.	BUY	121,052	165
SELMCL	SEL Manufacturing Company	DINESH MUNJAL	BUY	194,072	167
SELMCL	SEL Manufacturing Company	HARBUX SINGH SIDHU	BUY	153,433	167
SELMCL	SEL Manufacturing Company	NAMAN SECURITIES & FINANCE PVT LTD	BUY	98,077	166
SELMCL	SEL Manufacturing Company	P R B SECURITIES PRIVATE LTD	BUY	103,828	165
SELMCL	SEL Manufacturing Company	PRASHANT JAYANTILAL PATEL	BUY	302,694	170
SELMCL	SEL Manufacturing Company	R APPALA RAJU	BUY	121,000	169
SELMCL	SEL Manufacturing Company	SANDEEP SATISHKUMAR SABOO	BUY	102,152	161
SELMCL	SEL Manufacturing Company	SANJAY BHANWARLAL JAIN	BUY	108,935	165
SELMCL	SEL Manufacturing Company	V MRUTHYUNJAI KUMAR	BUY	106,643	167
SELMCL	SEL Manufacturing Company	VAIBHAV DOSHI	BUY	102,733	169
ZYLOG	Zylog Systems Limited	B K SHAH AND CO	BUY	91,601	438
ZYLOG	Zylog Systems Limited	FIN BRAINS SECURITIES (INDIA) LTD.	BUY	147,558	433
ALPA	Alpa Laboratories Limited	MAHENDRA P RATHOD	SELL	125,967	48
BOSCHCHASY	Bosch Chassis Systems Ind	Sundaram Mutual Fund	SELL	129,229	398
NAGARFERT	Nagarjuna Fert & Chem	ADVENT STOCK BROKING (P) LTD	SELL	2,709,860	35
NAGARFERT	Nagarjuna Fert & Chem	CLEAN FINANCE & INVESTMENT LTD	SELL	8,484,751	35
NAGARFERT	Nagarjuna Fert & Chem	CORUM SECURITIES PVT. LTD.	SELL	2,735,149	35
NAGARFERT	Nagarjuna Fert & Chem	JAYPEE CAPITAL SERVICES LTD.	SELL	6,112,259	35
NAGARFERT	Nagarjuna Fert & Chem	LATIN MANHARLAL SECURITIES PVT. LTD.	SELL	2,725,194	35
NAGARFERT	Nagarjuna Fert & Chem	PRAKASH K SHAH SHARES & SECURITIES PVT. LTD	SELL	2,578,516	35
NAGARFERT	Nagarjuna Fert & Chem	PRASHANT JAYANTILAL PATEL	SELL	2,484,936	35
NAGARFERT	Nagarjuna Fert & Chem	VALUE & WORTH	SELL	1,203,936	35
PRAKASH	Prakash Industries Ltd.	VIKRAM AGARWAL	SELL	1,400,000	73
SELMCL	SEL Manufacturing Company	ASHWIN STOCK & INVST.P.LTD.	SELL	153,471	168
SELMCL	SEL Manufacturing Company	ASTUTE COMMODITIES & DERIVATIVES Pvt Ltd	SELL	117,761	168
SELMCL	SEL Manufacturing Company	B K SHAH AND CO	SELL	107,842	166
SELMCL	SEL Manufacturing Company	DINDAYAL BIYANI STOCK BROKERS LTD.	SELL	122,052	166
SELMCL	SEL Manufacturing Company	DINESH MUNJAL	SELL	194,072	166
SELMCL	SEL Manufacturing Company	HARBUX SINGH SIDHU	SELL	150,433	167
SELMCL	SEL Manufacturing Company	NAMAN SECURITIES & FINANCE PVT LTD	SELL	96,314	164
SELMCL	SEL Manufacturing Company	P R B SECURITIES PRIVATE LTD	SELL	103,828	165
SELMCL	SEL Manufacturing Company	PRASHANT JAYANTILAL PATEL	SELL	308,229	169
SELMCL	SEL Manufacturing Company	R APPALA RAJU	SELL	121,000	167
SELMCL	SEL Manufacturing Company	SANDEEP SATISHKUMAR SABOO	SELL	102,152	171
SELMCL	SEL Manufacturing Company	SANJAY BHANWARLAL JAIN	SELL	108,935	165
SELMCL	SEL Manufacturing Company	V MRUTHYUNJAI KUMAR	SELL	106,643	165
SELMCL	SEL Manufacturing Company	VAIBHAV DOSHI	SELL	102,733	168
ZYLOG	Zylog Systems Limited	B K SHAH AND CO	SELL	91,606	438
ZYLOG	Zylog Systems Limited	FIN BRAINS SECURITIES (INDIA) LTD.	SELL	147,558	433

Source: NSE

BULK DEALS ON BSE - 22 August 2007

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
531897	ACCENTTECH	JMP SECURITIES PVT. LTD.	B	32,153	233
531897	ACCENTTECH	JMP SECURITIES PVT. LTD.	S	27,153	235
502352	AURANG PAP M	VISHAL AGARWAL	S	67,543	7
505506	AXON INFOTEC	BAKLIWAL INVESTMENT	B	4,000	585
532380	BABA ARTS	SANDEEP PATEL	B	74,804	58
531682	CATTECHNOL	LILAC FARMS PRIVATE LIMITED	B	54,655	8
530427	CHOKSI IMAG	DHEERAJ KUMAR	S	23,520	23
523415	COVEN COILOM	ASHOK KUMAR MEHTA	B	55,050	26
530843	CUPID LTD	MAHENDRAPAL R BAHL	B	50,000	33
512361	CUPIDTRADE	ANUKARAN COMMERCIAL ENT LTD	S	11,000	21
521151	DHANLAXM FAB	SHRIPAL SHARES AND SECURITIES LTD	S	60,000	35
531367	DOLLEX INDUT	IMMORTAL FINANCIAL SERV P LTD	B	51,562	108
531367	DOLLEX INDUT	IMMORTAL FINANCIAL SERV P LTD	S	61,912	108
532823	EURO CERAMIC	BSMA LTD	B	300,000	158
532823	EURO CERAMIC	RAMESH RAMCHANDANI	S	300,000	158
531137	GEMSTONE INV	HEMANT MADHUSUDAN SHETH	B	21,213	24
531137	GEMSTONE INV	BHAVESH PRAKASH PABARI	S	20,000	24
503699	GEODINFO SYS	DEUTSCHE SECURITIES MAURITIUS LIMITED	B	1,629,401	236
524184	GULSHA SUG C	MICRO MANAGEMENT LTD	B	92,414	23
532414	IKFTECHNO	PRABHUDAS LILLADHER PVT. LTD.	B	1,224,068	7
532414	IKFTECHNO	PRABHUDAS LILLADHER PVT. LTD.	S	1,214,068	7
531968	INDO GREEN P	YASHPAL AGARWAL	B	83,000	36
531968	INDO GREEN P	CHANDNI NIRMAL MALHOTRA	S	67,477	36
531261	KUSHAGRA SO	MOHD JAMAL NOORANI	S	147,895	4
517467	MARSON LTD	THOMAS THOMAS MALIYIL	S	133,823	4
500075	NAGA FERT CH	LATIN MANHARLAL SEC PVT LTD	B	3,199,272	35
500075	NAGA FERT CH	LATIN MANHARLAL SEC PVT LTD	S	3,164,272	35
531791	NOVGOL PETR	PRO LEASING AND FINANCE LIMITED	B	29,900	6
531791	NOVGOL PETR	SANGITA BEN	S	82,500	6
531791	NOVGOL PETR	CHANDRIKA D PATEL	S	55,510	6
521080	PASARI SPIN	S P J STOCK BROKERS PVT. LTD.	S	59,780	14
514300	PIONER EMBRO	JAYSHREE SHRIPRAKASH SARDESAI	S	53,500	124
530461	SABOO SOD CH	SWATI GOEL	B	50,000	32
530461	SABOO SOD CH	HITESH JHAVERI	B	91,862	32
530461	SABOO SOD CH	JMP SECURITIES PVT. LTD.	B	94,887	32
530461	SABOO SOD CH	HITESH JHAVERI	S	136,891	33
530461	SABOO SOD CH	JMP SECURITIES PVT. LTD.	S	93,487	32
531898	SANGUINE MD	CHANDANT SIDHWANI	B	50,000	42
532404	SAVENTECHNO	CHANDER MOHAN BHATIA	B	53,784	14
532886	SEL MANUF	MATRIX EQUITRADE PVT LTD	B	311,734	164
532886	SEL MANUF	B K SHAH AND CO	B	76,169	165
532886	SEL MANUF	LATIN MANHARLAL SEC PVT LTD	B	77,535	169
532886	SEL MANUF	MATRIX EQUITRADE PVT LTD	S	311,734	164
532886	SEL MANUF	B K SHAH AND CO	S	76,168	166
530821	SRINI SH PRO	CHANDRA FIN. SERV. PVT. LTD	B	373,000	111
530821	SRINI SH PRO	MARUTI SECURITIES LTD	S	175,000	111
532711	SUNIL HITECH	ANJALI NARESH GUPTA	S	60,000	199
531950	VERTEX SECUR	VISHESH SHAHRA	B	100,000	38
531950	VERTEX SECUR	THOMAS ALAPPATT	S	50,000	38
531950	VERTEX SECUR	PRAKASH SURAJMAL SHAH	S	35,000	38
512217	WOOLITE MERC	APURVA AJAY JHAVERI	B	13,349	25
512167	YASHRAJ SECR	RAJESH SHAH	B	67,855	45
512167	YASHRAJ SECR	DIAMANT INVESTMENT AND FINANCE LIMITED	B	41,746	46
512167	YASHRAJ SECR	RAJESH SHAH	S	23,378	45
512167	YASHRAJ SECR	MARU SECURITIES PVT LIMITED	S	15,872	44
512167	YASHRAJ SECR	MITTAL SECURITIES FINANCE LTD	S	33,390	44
512167	YASHRAJ SECR	DIAMANT INVESTMENT AND FINANCE LIMITED	S	75,968	44
532883	ZYLOG SYSTEM	MATRIX EQUITRADE PVT LTD	B	162,022	442
532883	ZYLOG SYSTEM	NIRMAL KUMAR AGARWAL HUF	B	99,358	428
532883	ZYLOG SYSTEM	MATRIX EQUITRADE PVT LTD	S	162,022	442
532883	ZYLOG SYSTEM	NIRMAL KUMAR AGARWAL HUF	S	99,358	429

Source: BSE

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Stock Ratings	Absolute Returns	Stock Ratings	Absolute Returns
Buy	: > 25%	Market Performer	: 0 - 15%
Out Performer	: 16 - 25%	Under Performer	: < 0% - (25%)
Sell	: >(25%)		

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