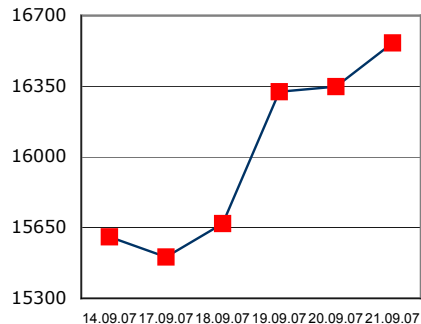
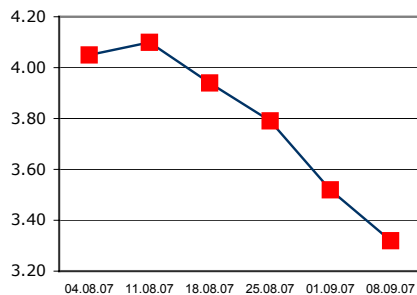
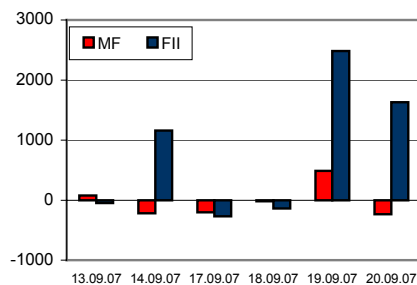
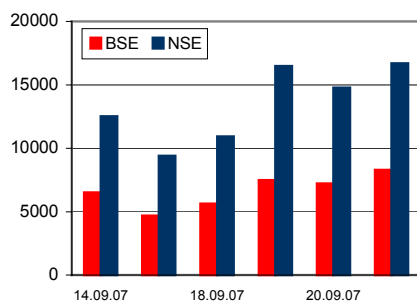


**SENSEX**

**INFLATION (%)**

**MF/FII-Net Equity Flow (Rs Cr)**

**BSE/NSE Cash Turnover (Rs Cr)**

**Historic Week**

Our markets shoot through the roof, it touched all time high levels on record volumes. Unexpected 50 basis points cut in Fed rates triggered the scintillating up-move. Momentum seems strong and markets may fly higher before taking well deserved rest.

Realty and Oil & Gas were the hot spots, while Sugar also did a jig – thanks to the positive statements from the powers that be. However, we remain circumspect on the prospects of sugar sector in India. Information Technology has underperformed the benchmark indices. The rise in Rupee is worsening matters for the export oriented businesses, and the noise is getting shriller for some sort of sops for the industry.

Markets continue to surprise investors on the upside and investors will do well to preserve the gains at higher levels rather commit fresh capital to markets.

**Economy News**

The WPI-based inflation for the week ending September 8<sup>th</sup> stood at 3.32%, lowest since second week of Dec '02. The street expectations were 3.28%, while the figure for the previous week stood at 3.52%. This is mainly due to higher base effect as the inflation for the same week last year stood at 5.22%.

**Corporate News**

**Aban Offshore** has received orders worth Rs 2000 Cr from **ONGC** for the deployment of three rigs - Aban III, Aban IV and Aban V - for a period of three years.

**United Phosphorus** Board has approved to raise upto US\$ 500 mn via GDRs/FCCBs/QIP.

**Educomp Solutions** has acquired 70% equity in Savvica Inc. based in Toronto, Canada.

**Financial Technologies** has received an approval from the central electricity regulatory commission (CERC) to set up India's first national level power exchange - Indian Energy Exchange (IEX) for trading in electricity.

**MARKET INDICATORS**

Indices	21.09.07	14.09.07	Change (Pts)	% Change
<b>NIFTY</b>	4837.55	4518.00	319.55	7.07
<b>SENSEX</b>	16564.23	15603.80	960.43	6.16
<b>BSEMIDCAP</b>	7199.92	6897.00	302.92	4.39
<b>BSESMLCAP</b>	8895.30	8572.76	322.54	3.76
<b>BSE-100</b>	8596.56	8063.95	532.61	6.60
<b>BSE-200</b>	2034.13	1911.72	122.41	6.40
<b>BSE-500</b>	6514.38	6137.54	376.84	6.14

**SECTORAL INDICES**

Indices	21.09.07	14.09.07	Change (Pts)	% Change
<b>BSE REALTY</b>	9183.44	7972.75	1210.69	15.19
<b>BSE OIL&amp;GAS</b>	9340.05	8387.22	952.83	11.36
<b>BSE BANKEX</b>	8739.84	8136.11	603.73	7.42
<b>BSE METAL</b>	12812.76	11979.96	832.80	6.95
<b>BSE PSU</b>	7780.84	7300.00	480.84	6.59
<b>BSE AUTO</b>	5193.50	4885.47	308.03	6.31
<b>BSE CAPITAL GOODS</b>	14520.17	13701.56	818.61	5.97
<b>BSE CONS. DURABLES</b>	4748.00	4567.37	180.63	3.95
<b>BSE FMCG</b>	2152.99	2072.81	80.18	3.87
<b>BSE TECK</b>	3638.25	3529.85	108.40	3.07
<b>BSE HEALTH CARE</b>	3654.24	3665.56	-11.32	-0.31
<b>BSE IT</b>	4428.34	4449.14	-20.80	-0.47

**WEEKLY SENSEX GAINERS & LOSERS**

Top Gainers		
Company	Price	Gain %
REL	1009.60	14.38
RELIANCE	2274.40	11.79
ONGC	923.35	10.74
BHARTI AIRTEL	918.35	10.53
M & M	771.20	10.27

Top Losers		
Company	Price	Loss %
SATYAM COMP.	418.85	-2.75
CIPLA	167.40	-2.70
WIPRO	439.90	-2.30
RANBAXY	405.75	-1.97
TCS	1014.95	-0.75

**WEEKLY A GROUP GAINERS & LOSERS**

Top Gainers		
Company	Price	Gain %
RNRL	76.70	50.98
ENG. INDIA	622.45	36.22
SHREE RENUKA	684.65	27.90
BAJAJ. HIND.	175.15	25.83
BALRAMPUR CHINI	79.25	24.02

Top Losers		
Company	Price	Loss %
BF UTILITIES	2246.55	-11.00
HEXAWARE TECH.	124.70	-6.28
ALOK INDS.	69.15	-5.92
APOLLO TYRES	39.10	-5.78
AMTEK AUTO	339.90	-4.72

**ADVANCE-DECLINE**

SENSEX	
Positive	23
Negative	7
Unchanged	0
Total	30

A GROUP	
Positive	166
Negative	40
Unchanged	1
Total	207

**WORLD INDICES**

INDEX	21.09.07	14.09.07	Change (Pts)	% Change
NIFTY	4837.55	4518.00	319.55	7.07
SENSEX	16564.23	15603.80	960.43	6.16
DJIA	13820.19	13442.52	377.67	2.81
NASDAQ	2671.22	2602.18	69.04	2.65
FTSE	6456.70	6289.30	167.40	2.66
NIKKEI	16312.61	16127.42	185.19	1.15
BOVESPA	57798.79	54672.51	3126.28	5.72
SHANGHAI	5454.67	5312.18	142.49	2.68
KOSPI	1919.26	1870.02	49.24	2.63
HANG SENG	25843.78	24898.11	945.67	3.80
STRAITS TIMES	3542.22	3536.40	5.82	0.16

**MARKETS AT A GLANCE**
**Indian Markets**

Indices	21.09.07	14.09.07	% Chg
SENSEX	16564.23	15603.80	6.16
NIFTY	4837.55	4518.00	7.07

**US Markets**

Indices	21.09.07	14.09.07	% Chg
DJIA	13820.19	13442.52	2.81
NASDAQ	2671.22	2602.18	2.65

**BSE 200**

Scripts	CMP (Rs)	Weekly % Chg
<b>Gainers</b>		
RNRL	76.70	50.98
BAJAJ HIND.	175.15	25.83
BALRAM. CHINI	79.25	24.02
INDIABULLS REAL	616.40	22.31
ADANI ENTERP.	479.30	22.16
<b>Losers</b>		
BF UTILITIES	2246.55	-11.00
HEXAWARE TECH.	124.70	-6.28
SHR. PRECOATED	425.30	-4.85
AMTEK AUTO	339.90	-4.72
MPHASIS	268.00	-4.54

**US Listings**

Scripts	Close (\$)	Weekly % Chg
<b>NYSE</b>		
DR REDDY	16.05	-0.43
HDFC BANK	100.99	10.80
ICICI BANK	50.00	11.91
MTNL	7.85	10.56
PATNI	23.24	4.68
SATYAM	24.74	3.38
TATA MOTOR	18.23	7.11
VSNL	21.30	8.45
WIPRO	13.90	1.76
<b>NASDAQ</b>		
INFOSYS	46.62	-1.25

**Institutional Activity (Rs Cr)**

	For the week	For the month	For the year
<b>Mutual Funds</b>	-183.50	-33.20	3483.53
<b>FIIIs</b>	4868.50	8259.00	43638.00

## **DERIVATIVES WATCH**

### **DERIVATIVE WEEKLY SUMMARY**

#### **OPEN INTEREST LIKELY TO CROSS 100K CR MARK**

Overall Open Interest increased by a whopping Rs 10,987 Cr or 13% to Rs 95,471 Cr (out of which, Rs 951 Cr comes from the newly added 14 stocks) to reach almost at its all time high, from Rs 84,484 Cr week on week. In terms of number of shares, Open Interest went up by 4% to 197.2 Cr shares from 188.8 Cr shares. We have seen addition of almost Rs 35,000 Cr (excluding OI of the newly added 14 stocks) of Open Interest from the beginning of the current series as against the OI addition of Rs 14,000 Cr last month, taking into consideration the same period. This higher addition clearly shows the confidence of the market players. However the question is whether the market is overheated or not? The answer is NO – from various ratios and their comparison with those in May '06, when the market crashed by almost 30% from the top. If one looks at the ratio of Nifty OI to total OI, currently it stands at 46%, compared to 30% in May '06. This implies that in May '06, the market was heavily leveraged and large positions were there in Stock Futures, unlike today where large proportion of OI belongs to Nifty Futures. If one looks at another ratio of Futures OI as compared to total OI, currently it stands at 68% as compared to 82% in May '06, which indicates higher positions in Options as compared to May '06. During the week, Nifty Futures shed 2% Open Interest while Nifty Futures turned into premium from discount of 6 points. FIIs net bought worth Rs 3,835 Cr in Index Futures, indicating short covering on their part. Nifty OI PCR increased to 1.68 level from 1.52 last week. This rise in PCR indicates Put writing by the smart players, which in turn implies that they expect limited downside in the market going forward. However, from past experiences, one should be cautious if PCR rises above 1.80-1.85, as it indicates overbought market. OIL & GAS, BANKING, POWER and SUGAR sectors added highest amount of Open Interest on a weekly basis.

Nifty 4800 & 4900 Call added 17,123 and 12,582 contracts in OI respectively, so on the upside the market may find strong resistance in the region of 4,900-4,930. On the other hand, Nifty 4700 Put added 33,653 contracts in OI, so on the downside the market may find support around 4,700-4,730 levels. FIIs' buying in Cash as well as Index Futures, rise in Nifty OI PCR and Put writing at Nifty 4800 level are some of the indicators suggesting bullishness to continue in the market going forward.

We have seen overall rollover of 24% as compared to overall rollover of 22% we saw last month. While in Nifty, 25% of the positions have been rolled over to the Oct month, compared to 24% rollover that we saw last month.

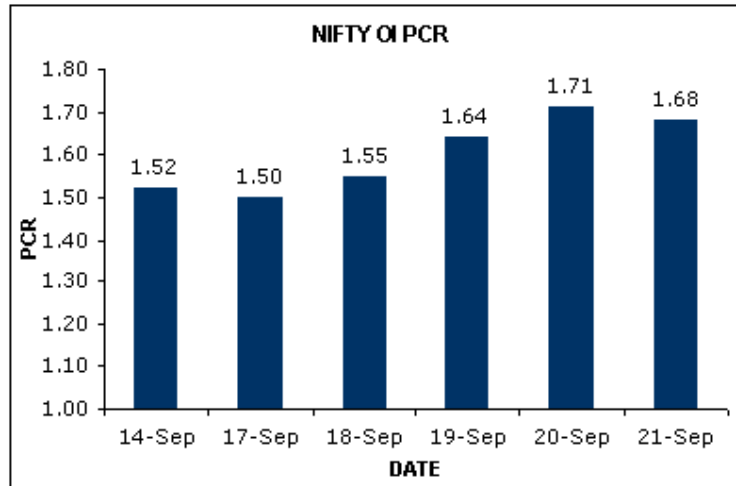
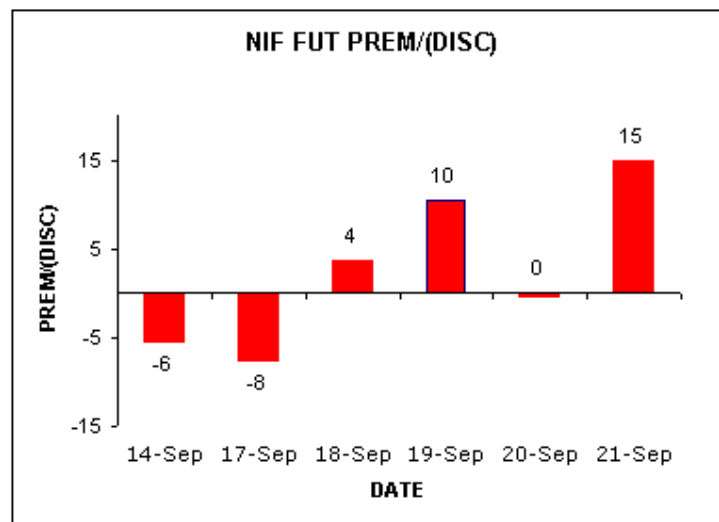
**Rollover of Futures Position (%)**

<b>Underlying</b>	<b>21-Sept</b>	<b>24-Aug</b>
OVERALL	24	22
NIFTY	25	24
ACC	8	11
BHARTI	33	26
BHEL	18	17
CENTURY TEX	10	25
CUMMINS	3	4
GRASIM	25	31
GUJAMBCEM	16	24
HINDALCO	31	24
HINDLEVER	22	19
ICICIBANK	18	20
INFOSYSTCH	37	39
IPCL	20	11
ITC	18	15
MARUTI	12	16
MTNL	26	22
ONGC	31	23
RELCAPITAL	12	12
RELIANCE	22	12
SATYAMCOMP	44	43
SBIN	33	28
TATAMOTORS	18	13
TCS	28	16
TISCO	14	16
TITAN	7	10
VSNL	17	16
WIPRO	33	19

<b>SECTOR</b>	<b>AVG ROLLOVER</b>	
	<b>21-Sept</b>	<b>24-Aug</b>
AUTO	15	13
BANKING/FINANCE	17	18
CEMENT	19	15
CONSTRUCTION	10	13
ENGINEERING	14	13
FERTILIZERS	15	20
FMCG	13	15
MEDIA	11	15
METAL	25	31
OIL/GAS	23	21
PHARMA	14	15
POWER	20	15
SUGAR	17	18
TECH	19	21
TELECOM	24	21
TEXTILE	20	28

**SECTORWISE WEEKLY CHANGE IN OPEN INTEREST**

SECTOR	OPEN INTEREST (Rs Cr)		CHANGE
	14/09/2007	21/09/2007	
AUTO	1484	1473	-11
<b>BANKING/FINANCE</b>	<b>8546</b>	<b>9294</b>	<b>748</b>
CEMENT	1444	1610	166
<b>CONSTR./INFRA.</b>	<b>3306</b>	<b>3643</b>	<b>337</b>
ENGINEERING	2642	2636	-6
FERTILIZERS	653	739	86
FMCG	1270	1254	-16
MEDIA	423	489	66
METAL	3756	4104	348
<b>OIL/GAS</b>	<b>6674</b>	<b>7954</b>	<b>1280</b>
PHARMA	1918	2028	110
<b>POWER</b>	<b>2736</b>	<b>3238</b>	<b>502</b>
<b>SUGAR</b>	<b>406</b>	<b>779</b>	<b>373</b>
TECH	3632	3774	142
TELECOM	3571	3713	142
TEXTILE	1089	1183	94

**TREND IN NIFTY OI PCR**

**TREND OF NIFTY SEPT FUTURE PREMIUM/(DISCOUNT)**




**TOP STOCKS OPEN INTEREST WISE**

Underlying	Weekly Chg (%)		Open Interest Value (Rs Cr)				PCR (OI)
	Price	OI Rs Cr	Future	Call	Put	Total	
NIFTY	7.07	16	19180	9320	15619	44119	1.68
RELIANCE	12.08	5	2162	422	336	2919	0.80
SBIN	9.51	25	1841	216	127	2184	0.59
RPL	18.55	46	1266	185	154	1606	0.83
TATASTEEL	5.21	9	1102	222	151	1476	0.68
ICICIBANK	6.59	-9	1126	108	23	1257	0.22

**FII ACTIVITY FOR THE WEEK (FROM September 17 TO September 21)**

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
Index Futures	594661	13985	434530	10148	741050	17983
Index Options	214373	4927	127355	2885	683750	16538
Stock Futures	281023	9322	327841	10463	941924	31585
Stock Options	2750	70	2647	60	9420	252

**TOP GAINERS & LOSERS OPEN INTEREST WISE**
**TOP GAINERS**

Company	OI Chg %	Price%	OI Rs. Cr
TRIVENI	269.4	34.6	185.2
3INFOTECH	136.4	6.0	100.9
TECHM	120.0	-1.0	114.2
NIITTECH	100.2	-2.0	156.1
MAHSEAMLES	92.1	0.7	100.8

**TOP LOSERS**

Company	OI Chg %	Price%	OI Rs. Cr
ROLTA	-44.3	17.9	57.8
PURVANKAR	-38.1	18.3	57.3
INDIANB	-33.9	4.4	26.6
KTKBANK	-28.2	5.8	30.8
BONGAIREFN	-25.6	3.8	45.1

**TOP GAINERS & LOSERS PRICE WISE**
**TOP GAINERS**

Company	OI Chg %	Price%	OI Rs. Cr
RNRL	19.6	51.4	875.7
TRIVENI	269.4	34.6	185.2
RENUKA	29.0	27.9	150.5
BAJAJ HIND	8.2	25.7	222.2
BALRAMCHIN	42.7	23.7	221.5

**TOP LOSERS**

Company	OI Chg %	Price%	OI Rs. Cr
ALOKTEXT	1.1	-5.6	54.0
AMTEK AUTO	25.0	-4.7	31.7
MPHASISBFL	27.6	-4.5	88.2
HTMTGLOBAL	-9.8	-4.2	31.0
I-FLEX	7.2	-3.7	170.2

## TECHNICAL TALK

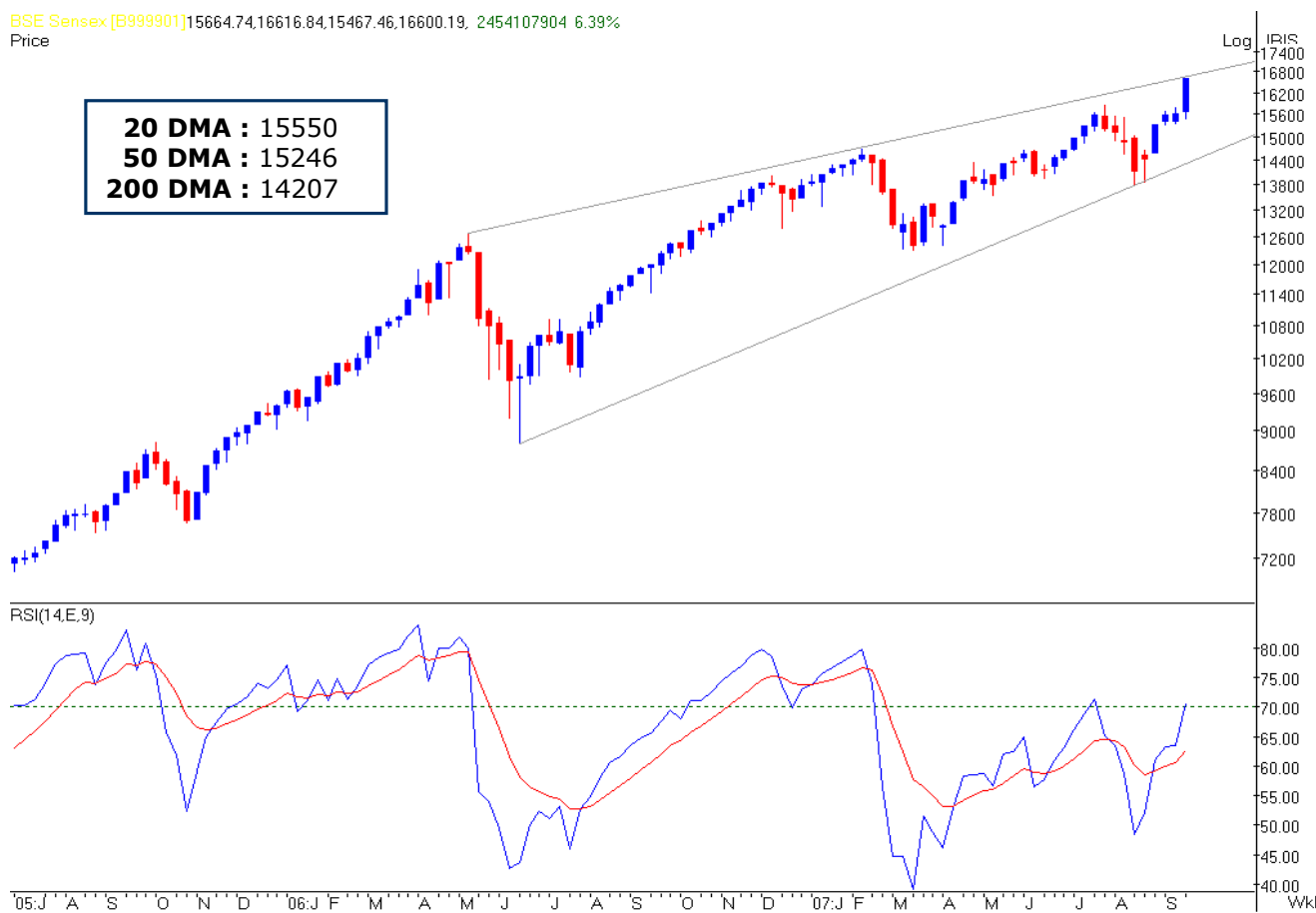
### Broad Market Trend

The Sensex and the Nifty surged by 6.5% and 7% respectively, in the week gone by. It was 5 sessions of breathless rally in the large cap stocks, which led the market to cross the 16K milestone and it also set the record for highest gain in absolute terms (653 points) in a single session on 19<sup>th</sup> September on the Sensex. Advance-decline ratio remained unfavorable throughout the last week, as mid-cap and small-cap stocks were rather indifferent. Momentum Oscillators suggest that both the indices have reached in a territory, where they can catch some breath and consolidate for days to come, and then can resume the rise continuing with the ongoing momentum.

Supports for the Sensex are around 16,308 and 15,940. Looking at the weekly chart, the Sensex is having very strong trend-line resistance around 16,690, and far resistance for the same lies at 17,000 and then at 17,260.

### Sensex Weekly Chart

BSE Sensex [B999901] 15664.74, 16616.84, 15467.46, 16600.19, 2454107904 6.39%  
Price



**Technical Picks for the Forthcoming Week**

STOCK	RECOMMENDATION	CMP	STOP LOSS (Rs)	TARGETS (Rs)
ALPHAGEO INDIA	BUY	469.85	445	511, 553
AREVA T&D	BUY	1795.80	1725	1884, 1966
TTML	BUY	36.55	35.20	40

**Return of Technical Picks since 07 Jul 2007**

Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
75	7.0	(2.2)	4.7

**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.**

**TATA TELE (CMP: 36.55)**
**BUY**

 TATA TELESER [B532371] 34.35, 37.70, 34.35, 36.70, 34969296 6.84%  
 Price

Daily Chart of Tata Tele



The stock is looking bullish on its daily chart as it is forming higher tops and higher bottoms pattern and rising with very good volumes, and is expected to continue its upward momentum. We recommend buying the stock for position trading at current market price for the target of 40, keeping a stop loss of 35.20.

AREVA [BSE22275] 1692.00, 1851.00, 1686.00, 1798.95, 94755 6.99%  
 Price

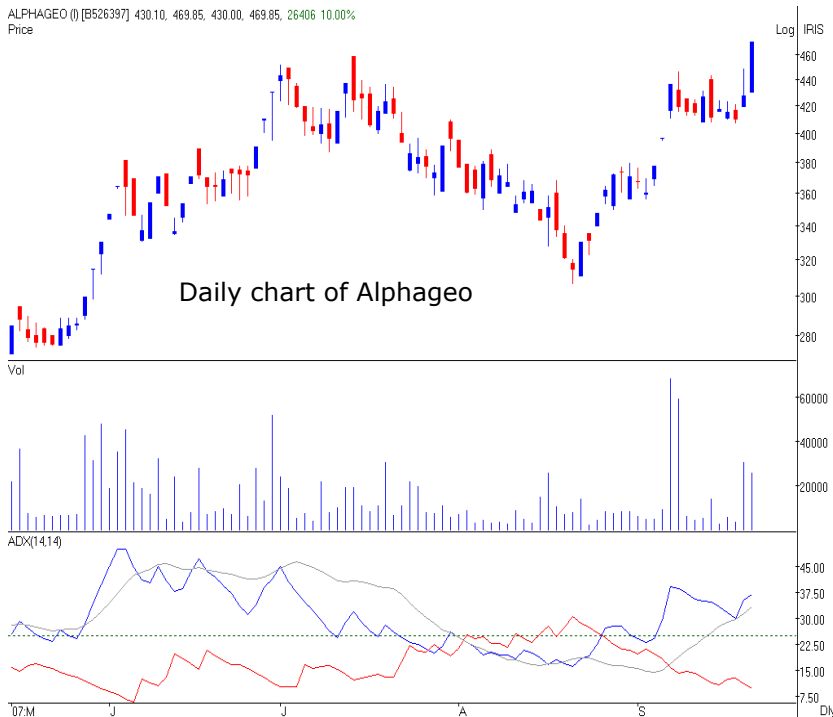

Daily chart of Areva

### AREVA (CMP: 1795.80) BUY

The stock has given a breakout from consolidation pattern with significant volume on Friday.

Momentum Indicator ADX has reached into positive zone and indicates good amount of strength in the counter.

We recommend buying the stock for position trading at current market price for the targets of 1884 and 1966, keeping a stop loss of 1725.

 ALPHAGEO (I) [BSE26397] 430.10, 469.85, 430.00, 469.85, 26406 10.00%  
 Price


Daily chart of Alphageo

### ALPHAGEO (470) BUY

The stock is looking bullish on its daily chart, as it has started rising after consolidating for last few days. The volume has also been significant over last two sessions.

We recommend buying the stock for position trading at current market price, for the targets of 511 and 553, keeping a stop loss of 445.

**Support-Resistance Levels for the Forthcoming Week (24<sup>th</sup> Sept to 28<sup>th</sup> Sept)**

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	1133.40	1121.50	1187.60	1241.90	1067.20	1001.10
ABAN	3340.10	3269.80	3484.30	3628.50	3125.60	2911.00
ABB LTD.	1309.60	1276.50	1353.10	1396.50	1233.10	1156.50
ADLABS FILM	549.25	510.70	596.40	643.50	463.60	377.90
ALLHABAD BNK	98.75	96.60	102.00	105.30	93.30	87.90
AMBUJACEM	146.50	146.50	149.50	152.40	143.50	140.50
ANDHRA BANK	95.10	94.40	98.70	102.30	90.80	86.60
ANSALINFRA	296.00	289.50	318.40	340.70	267.10	238.20
APIL	803.05	803.50	822.00	840.90	784.60	766.10
ARVIND MILLS	50.60	51.90	53.60	56.60	48.90	47.20
ASHOK LEYL	38.90	38.30	40.10	41.30	37.10	35.30
BAJAJ AUTO	2499.50	2478.20	2611.30	2723.20	2366.30	2233.20
BAJAJHIND.LT	175.10	166.00	193.00	210.80	148.20	121.20
BANK OF BARO	313.20	305.80	330.10	347.00	288.90	264.60
BANK OF IND.	259.60	254.40	268.20	276.80	245.80	232.00
BH.EARTH MOV	1265.00	1253.00	1296.00	1327.00	1222.00	1179.00
BHARAT ELEC.	1819.50	1819.50	1899.00	1978.50	1740.00	1660.50
BHARTI TELEV	921.25	884.40	961.80	1002.40	843.80	766.40
BHEL	1969.95	1947.40	2002.60	2035.20	1914.70	1859.50
BOM DYEING	691.40	676.30	737.60	783.70	630.20	568.90
CANARA BANK	268.05	263.10	275.00	281.90	256.20	244.40
CENTURY TEXT	825.70	794.10	879.00	932.20	740.80	655.90
CIPLA	167.45	169.50	172.90	178.40	164.00	160.60
CROMPTON GR.	324.35	319.20	336.00	347.70	307.50	290.70
CUMMINS INDI	422.80	412.90	437.90	452.90	397.90	372.90
DABUR INDIA	107.40	107.10	110.30	113.10	104.30	101.10
DENA BANK	67.25	66.80	70.30	73.40	63.70	60.20
DLF	744.45	722.20	801.30	858.10	665.40	586.30
EDUCOMP	3008.25	2977.70	3110.40	3212.60	2875.50	2742.80
EKC	222.95	223.70	234.30	245.70	212.30	201.70
ESSAR OIL	53.65	53.70	55.70	57.70	51.70	49.70
GAIL	352.85	343.60	378.20	403.60	318.20	283.60
GESCO CORP	634.50	620.90	680.60	726.70	574.80	515.10
GMRINFRA	800.40	795.10	825.30	850.10	770.30	740.10
GRASIM IND.	3444.60	3368.30	3551.30	3658.00	3261.60	3078.50
GTL	239.75	241.80	246.80	253.80	234.70	229.70
GUJ.ALKALI	148.70	149.90	159.10	169.60	139.50	130.30
GUJ.NARMADA	145.90	143.80	151.00	156.20	138.60	131.40
HCC	143.70	140.60	149.00	154.30	135.30	126.80
HDFC BANK	1318.45	1287.30	1371.10	1423.80	1234.70	1150.90

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
HDIL	632.80	626.90	673.90	714.90	585.90	538.90
HINDALCO	160.65	159.40	165.80	170.90	154.30	148.00
HIND UNILVR	219.40	217.70	223.50	227.50	213.70	207.90
HOUS DEV FIN	2368.85	2313.60	2479.20	2589.60	2203.20	2037.60
ICICI BANK	966.05	945.70	1000.40	1034.80	911.30	856.60
IDBI	145.75	141.00	152.70	159.70	134.00	122.30
IDEA	126.70	124.20	130.00	133.30	120.90	115.10
IDFC	142.75	138.50	149.30	155.80	132.00	121.30
INDIA CEMENT	288.55	283.00	296.90	305.30	274.60	260.70
INDIANB	158.80	155.70	169.30	179.80	145.20	131.50
INDUS IND BK	79.55	74.90	87.00	94.40	67.40	55.30
INDUST.FIN.C	82.90	80.00	87.30	91.70	75.60	68.30
INFOSYS TECH	1825.90	1815.30	1878.60	1931.20	1762.70	1699.40
ITC	190.90	188.40	197.50	204.20	181.70	172.60
IVRCL INFRAS	415.60	402.00	438.50	461.40	379.10	342.60
JP ASSOCIAT	966.30	967.00	986.40	1006.40	946.90	927.50
JPHYDRO	60.40	58.60	65.60	70.70	53.40	46.40
JSWSTEEL	726.55	705.50	755.70	784.80	676.40	626.30
KESORAM	549.65	539.90	567.80	586.00	521.70	493.80
KOTAK BANK	869.05	820.10	925.70	982.40	763.40	657.80
LITL	333.95	342.20	376.30	418.70	299.80	265.70
LT	2786.45	2723.90	2872.60	2958.80	2637.70	2489.00
MAH & MAH	774.30	758.60	825.40	876.50	707.50	640.60
MAHANGR TELE	155.30	152.40	160.00	164.60	147.70	140.10
MARUTI	931.40	910.00	956.90	982.30	884.60	837.70
MATRIX LABS	232.25	233.70	239.40	246.60	226.50	220.80
MCDOWELL	1725.70	1768.60	1833.10	1940.50	1661.20	1596.70
MOSER-BAER	308.75	308.30	319.30	329.90	297.70	286.70
MPHASIS	267.80	272.50	281.80	295.80	258.50	249.20
MRPL	53.95	52.70	57.40	60.90	49.20	44.40
NAGAR.CONST.	241.90	236.70	260.20	278.50	218.40	194.90
NDTV	383.25	376.80	397.60	411.90	362.50	341.70
NEYVELI LIGN	100.10	99.80	104.40	108.70	95.50	91.00
NTPC	187.35	187.80	194.20	201.10	180.90	174.50
ONGC CORP.	925.95	897.90	961.10	996.30	862.70	799.50
ORIENT.BANK	242.35	235.80	252.50	262.70	225.60	208.90
PARSVNATH	342.40	336.30	357.90	373.50	320.80	299.20
PATEL ENG.	460.95	477.70	503.30	545.70	435.30	409.70

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
PATNI	463.65	459.90	499.70	535.80	423.90	384.10
PENIN LAND	596.25	576.80	651.50	706.80	521.50	446.80
PETRONET	72.25	70.30	76.60	81.00	65.90	59.60
PFC	206.50	202.50	213.30	220.00	195.70	184.90
PNB	513.35	505.60	529.70	546.10	489.20	465.10
POLARIS SOFT	115.65	115.60	120.00	124.40	111.20	106.70
PRAJ IND.LTD	238.45	229.40	253.70	268.90	214.20	189.90
PUNJ LLOYD	312.65	304.10	327.20	341.80	289.50	266.40
RAJESH EXPOR	869.65	830.60	926.10	982.60	774.10	678.60
RANBAXY LAB.	405.10	408.50	420.50	435.90	393.10	381.00
RCOM	579.65	563.90	601.50	623.30	542.00	504.40
REL	1009.55	976.10	1067.30	1125.00	918.40	827.30
REL.CAPITAL	1542.95	1497.00	1621.00	1699.00	1419.00	1295.00
RELIANCE	2280.45	2198.50	2381.00	2481.60	2097.90	1915.40
RENUKA	685.80	647.20	766.90	848.10	566.00	446.30
ROLTA	526.05	498.90	566.70	607.40	458.20	390.40
RPL	155.00	147.20	166.30	177.70	135.80	116.70
SATYAM COMP	418.60	420.80	438.90	459.10	400.50	382.40
SIEMENS	1377.30	1336.70	1435.30	1493.40	1278.60	1180.00
SOBHA	836.70	814.80	879.90	923.20	771.50	706.40
SRF LTD.	144.70	146.20	149.40	154.00	141.50	138.30
STATE BANK	1807.30	1762.10	1889.20	1971.10	1680.20	1553.10
STEEL AUTHOR	192.95	186.40	203.30	213.60	176.10	159.20
STER	698.95	683.00	726.00	753.00	656.00	613.00
STER OPTICAL	238.40	231.90	254.50	270.70	215.70	193.10
SUNTV	356.20	349.60	379.60	403.00	326.20	296.10
SUZLON	1467.70	1451.00	1531.80	1595.80	1386.90	1306.10
SYNDICATE BK	89.80	87.80	93.60	97.30	84.10	78.30
TATA POWER	786.05	768.70	805.30	824.60	749.40	712.70
TATA MOTORS	741.00	725.80	763.00	785.00	703.80	666.50
TATASTEEL	740.45	731.40	760.90	781.30	711.00	681.60
TCS	1017.80	1009.80	1041.70	1065.50	986.00	954.10
TITAN IND.	1470.70	1470.60	1540.10	1609.60	1401.10	1331.60
TTML	36.45	35.60	38.70	40.90	33.40	30.30
UNION BANK	156.75	152.90	163.70	170.70	145.90	135.10
UNITECH LTD	336.55	319.30	362.20	387.90	293.60	250.60
UTI BANK	709.70	688.20	735.50	761.20	662.50	615.20
VSNL	422.70	415.70	435.40	448.10	403.00	383.30
VOLTAS	161.30	159.40	167.70	174.10	153.00	144.60
WIPRO	438.70	441.20	457.40	476.10	422.50	406.30
ZEE	310.15	312.70	324.40	338.70	298.40	286.70



**FUNDAMENTAL CHECK****Stocks Covered This Week**

Company	Price (Rs) 14.09.07	Report Type	Recommendation
INDIAN HOTELS COMPANY LTD.	131	RESEARCH REPORT	ACCUMULATE

**Review of Stocks Covered 3 Months Back**

Company	Price (Rs) 21.09.07	Recommendation	Reco. Price (Rs) 22.06.07	Return (%)
<b>SENSEX</b>	<b>16564</b>		<b>14467</b>	<b>14</b>
SPICE COMMUNICATIONS LTD.	55	SUBSCRIBE	46*	20*

\* Return evaluated on Issue Price

**RESEARCH REPORT**
**Indian Hotels Company Ltd (IHCL)**
**September 22, 2007**
**CMP: Rs 131**
**ACCUMULATE**

<b>BSE Code</b>	500850
<b>NSE Code</b>	INDHOTEL

**Key Data**

<b>Sensex</b>	16564
<b>52 week H/L (Rs)</b>	163/115
<b>Aug H/L (Rs)</b>	155/115
<b>Market Cap (Rs Cr)</b>	7894
<b>Avg. daily volume (6m)</b>	415130
<b>Face Value</b>	1

Source: Capitaline

**Shareholding Pattern (%)**

<b>Promoters</b>	29.00
<b>Institution</b>	22.00
<b>Foreign holding</b>	25.00
<b>Non-promoter corporate holding</b>	4.00
<b>Public &amp; Others</b>	20.00

Source: Capitaline

**One-Year Performance (Rel. to Sensex)**


Source: Capitaline

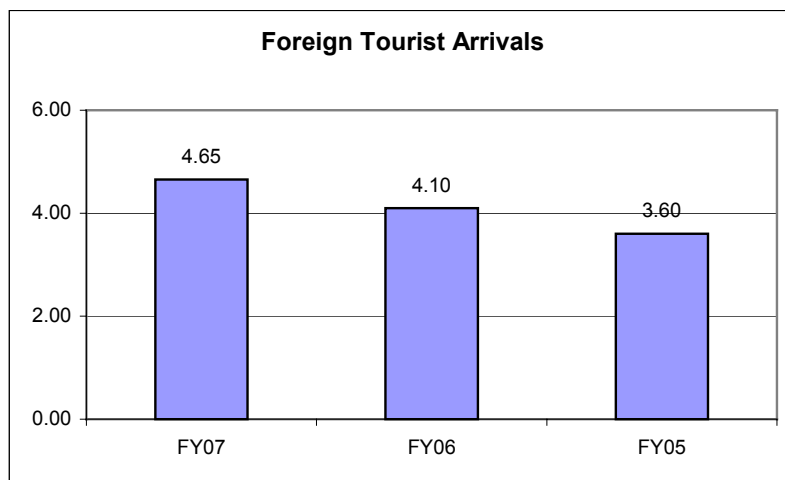
 Analysis: Team Anagram  
 equity@anagram.co.in

**Background and Business**

Indian Hotels (IHCL), a Tata Group Company is the largest hotel operator in India. It owns/manages 81 hotel with 9,900 rooms and more than 280 Food & Beverages outlets across several cities in India and abroad. It owns the 'Taj' brand, which has a strong image for service excellence and high business standards. IHCL forayed into smaller towns and cities with its budget hotel, Ginger, to cater to low & middle-income group tourists. It operates 8 Ginger hotels and plans to set up 30 more such hotels across country by FY09.

**Investment Positives**
**Foreign Tourist Arrivals (FTA):**

Foreign tourist arrivals have increased by 13% in FY07 and foreign earnings increased to US\$ 6856.1 mn, compared to US\$ 5931.1 mn during FY06. The foreign tourist arrivals are growing at 13% over the last two years. IHCL management expects the growth rate in foreign tourist to improve over the next 3 years.



Source: Ministry of Tourism

**Demand Supply Scenario**

As per industry estimates, India will require around 120,000 hotel rooms over next 3 years, and Delhi & NCR alone will require 30,000 additional rooms by 2010 due to huge tourist inflow expected due to Commonwealth Games being held in 2010. It is likely that that demand will outpace supply in the short to medium term, and Average Room Rates (ARRs) and Occupancy Rates (ORs) will see further growth during this period thereby driving the company's profitability.

**Budget hotel**

IHCL is foraying into smaller towns and cities with its budget hotel, Ginger. It operates Ginger hotels at Bangalore, Haridwar, Bhubaneshwar, Mysore, Trivandrum, Pune and Durgapur, and is planning to add 30 more by FY09. By promoting budget hotels, IHCL is targeting low & middle-income group tourists.

**Overseas Expansion**

IHCL has been stepping up Taj's international presence further through acquisitions & tie-ups in the US and other emerging markets. In FY07, IHCL acquired Ritz-Carlton hotel in Boston for US\$ 170 mn & Campton Place in San Francisco for US\$ 60 mn. The company earned 25% of its consolidate revenue from overseas properties and targets to earn 50% by 2010 to balance its portfolio & reduce its dependence on Indian market.

**Commonwealth Games in 2010**

Delhi is hosting the Commonwealth Games in 2010, alone needs 30,000 more rooms of which 15,000 is needed in the branded segment. Indian Hotels is one of the strongest niche players in the premium 5-star end of the hospitality industry.

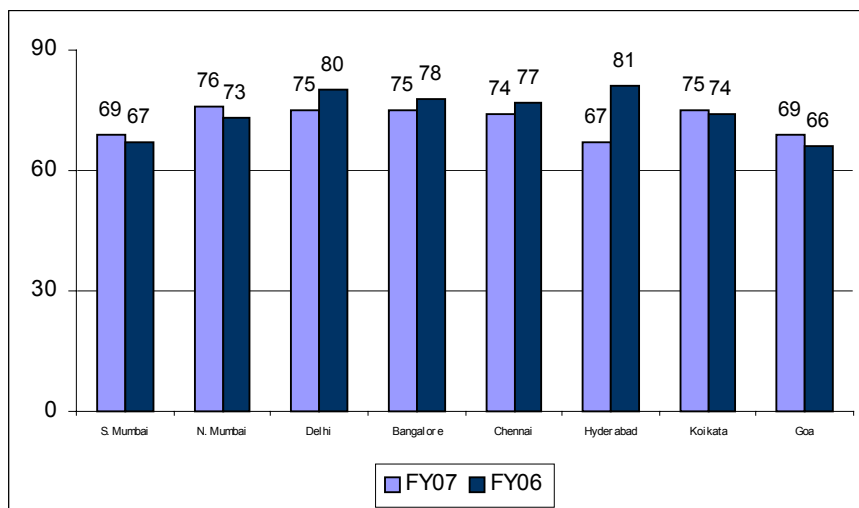
### Rapid Growth in ARR & OR

IHCL witnessing Rapid growth in ARR and Occupancy Rate resulting from a significant mismatch in the demand-supply scenario aided by huge growth in domestic as well as international business & leisure tourists. This demand-supply imbalance shall help further improve the ARR & Occupancy Rate over the next 2 year.

	Occupancy(%)		ARR(Rs)		RevPAR(Rs)		Change
	FY07	FY06	FY07	FY06	FY07	FY06	
<b>Q1</b>	67%	65%	7160	5576	4819	3603	34%
<b>Q2</b>	66%	64%	7401	5639	4861	3636	34%
<b>Q3</b>	75%	74%	10674	8150	8048	6011	34%
<b>Q4</b>	83%	79%	11082	8888	9194	7017	31%
<b>FullYear</b>	<b>73%</b>	<b>70%</b>	<b>9234</b>	<b>7186</b>	<b>6723</b>	<b>5060</b>	<b>33%</b>

Source: Internal Survey By the Company

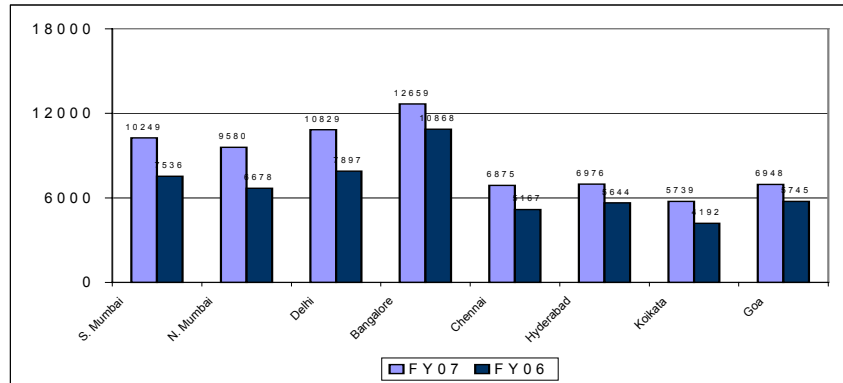
### City Occupancy(%)



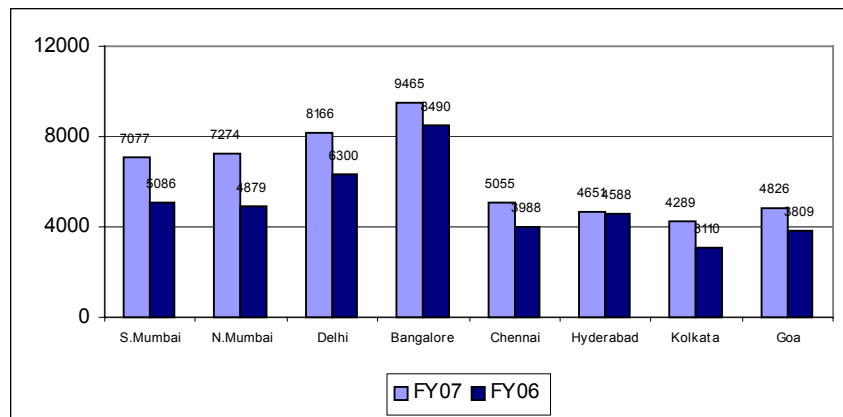
Source: Internal Survey By the Company

**City ARR- (Rs/Room day):**

ARR grew across major metro cities in the range of 15% to 44% in spite of increased capacity.



Source: Internal Survey By the Company

**Rev. Per Available Room (Rs/Room Day):**


Source: Internal Survey By the Company

**Air Catering**

IHCL operates Taj Sats Air Catering, the largest airline catering service in South Asia, as a joint venture with Singapore Airport Terminal Services, a subsidiary of Singapore Airlines. In FY07, the air catering business contributed 10% of its consolidated revenue.

**Management Contracts - Asset Lighting Strategy:**

Industry players are skeptical of further expansion considering the time and cost involved in setting up of new hotels. Therefore companies are expanding by leveraging their skills through management contract, which involves less or no capital infusion and it earns revenue through fees for its services. Management contracts are gaining momentum due to skyrocketing real estate prices. With real estate developers also keen to construct hotels, this would open an opportunity for established players to bag lucrative management contracts. Management fees constituted 5% of the revenue of IHCL, which is modest. However, we believe that contribution from management fees will increase significantly in near future.

**Capex**

IHCL has lined up an aggressive expansion plan. IHCL added 12 new properties and over 1,000 Rooms under its umbrella in FY07. The company plans to expand its Room inventory to 17,818 over the next three year from 9,900 in FY07, which will add 7,918 rooms to its current inventory. The company has capex plan of Rs 4,000 Cr, which will be funded through a mix of Debt & internal accruals. Apart from the ongoing expansions the company also continues to scout for opportunities for growth in key source markets in international destinations like UK, Europe, South Asia and East Asia.

## Latest Updates

### Hikes Room tariffs By 15%

Indian Hotels to hikes room tariffs at all its properties across India by an average of 15% from October 1. This will result into better realisation & profitability to the company.

### Acquired stake in Orient Express Hotel

IHCL, through its wholly owned subsidiary Samsara Properties, has acquired 10% stake in Orient-Express Hotels, a company listed on the New York Stock Exchange for US\$ 211.3 mn. Orient Express currently owns or has investments in 49 businesses: 39 highly individual hotels, two restaurants, six tourist trains (including Venice Simplon-Orient-Express, British Pullman, and Eastern & Oriental Express) and two river cruise operations, located in 25 countries worldwide. This will create a platform for IHCL to explore the possibility of an alliance with Orient-Express Hotels Limited.

### Right Issue

IHCL has announced Right Issue in the ratio of 1:5 at a price of Rs 70 per share to raise Rs 1,900 Cr to fund its Capex and overseas acquisition.

**IHCL group expansions**

<b>Location</b>	<b>Rooms</b>	<b>Operational By</b>
<b>In Owned hotels</b>		
Falaknuma Palace, Hyderabad	60	Jul-08
Taj ITPL, Bangalore	200	Jan-08
Taj Santacruz, Mumbai	175	Nov-08
Taj Surya, Coimbatore	150	Dec-08
Taj Residency, Bangalore (Yeshwantpur)	350	Apr-08
Taj Lake End, Udaipur	80	Apr-08
Lands End (expansion), Mumbai	142	Apr-08
	1157	
<b>In Group Company</b>		
Ginger	2000	Ongoing
Taj Wilderness Lodgers	42	Ongoing
Taj GVK, Chennai	215	Sep-07
<b>International</b>		
Taj Palace, Cape Town	152	Jul-08
Taj Exotica Resort & Spa, Phuket (Thailand)	79	Apr-09
Taj, Johannesburg	165	Apr-09
	2,653	

Source: Company



**Management contracts to provide fee income without investments**

<b>Hotel</b>	<b>Rooms</b>	<b>Operational By</b>
<b>Domestic</b>		
Taj Residency Trivandrum	134	Dec-07
Taj Residency Panjim	154	Apr-09
Taj Residency Nagpur	300	Apr-08
Gateway Vijaywada	108	Jul-07
Gateway Chennai	159	Jan-09
Gateway Raipur	125	Sep-09
Gateway Jalandhar	100	Sep-09
Gateway Resort Bekal, Kerala	75	Jan-09
Portman Residences	700	Apr-09
	1,855	
<b>International</b>		
Rebak Marina Resort Langkawi, Malaysia	106	Jul-07
Taj Tashi Thimpu, Bhutan	66	Dec-07
Taj Exotica Palms Jumeirah, Dubai	262	Dec-09
Taj Exotica Doha	150	Jan-10
	584	

Source: Company

**Investment Concerns**
**Slowdown of the economy**

Any slowdown in the economic activity could lead to lower hotel rooms demand, adversely affecting the Indian hotel industry.

**Foreign exchange risk**

IHCL earns significant chunk of its revenue in US Dollars and other international currencies. Any appreciation in Rupee vis-à-vis those currencies would be negative for IHCL.

**Emergence of other tourist destination**

Other Asia-Pacific countries, such as China, Malaysia, Thailand, Korea and Indonesia are attracting an increasing number of business- and leisure-tourists due to better infrastructure and increased spending on promotional campaigns. Further expansive airfare and room rate in India make it uneconomical for the leisure travel.

### Valuation & Recommendation

The hotel industry continues to enjoy pricing power due to a favourable demand-supply scenario. With overall buoyancy in the hospitality industry, uptrend in foreign tourist arrivals and increasing business & leisure travel accompanied with its expansion plans within India and abroad. We continue to have a positive outlook on IHCL and believe that despite its premium valuation vis-à-vis its peers.

At current market price of Rs 131, the stock trades at 21x its FY07 consolidated earnings. We expect the company to deliver a net profit growth in the range of 25% for FY08E, the scrip is trading at 16x the same.

**Financial Snapshot**
**Annual Consolidated Performance**

<b>Rs Cr</b>	<b>FY07</b>	<b>FY06</b>	<b>YOY (%)</b>
Net Sales	2511.48	1837.31	36.69
Expenditure	1795.78	1328.95	35.13
Operating Profit	715.70	508.36	40.79
Other Income	154.39	76.87	100.85
PBIDT	870.09	585.23	48.67
Interest	122.25	104.36	17.14
Depreciation	161.28	127.35	26.64
PBT	586.56	353.52	65.92
Tax	196.52	90.35	117.51
PAT	390.04	263.17	48.21
Minority Interest After NP	20.11	14.43	39.36
Net Profit after Minority Interest	369.93	248.74	48.72
Equity	58.67	58.41	
EPS (Rs.)	6.31	4.26	
<b>Margins (%)</b>			
OPM	28.50	27.67	
NPM	14.73	13.54	

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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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