

September 17, 2008

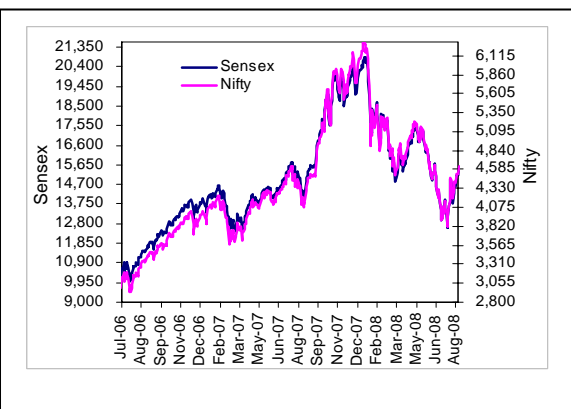
Domestic Indices	Chg%	(Pt)	(Close)
BSE Sensex	▼	-0.1%	(12.5) 13,519
Nifty	▲	0.0%	2.0 4,075
MID CAP	▼	-1.3%	(71.3) 5,217
Small Cap	▼	-1.4%	(91.1) 6,289
BSE HC	▼	-2.2%	(88.6) 3,941
BSE PSU	▲	0.4%	24.9 6,461
BANKEX	▲	0.9%	60.4 6,852
AUTO	▼	0.0%	(0.6) 3,880
METAL	▼	-2.1%	(214.4) 10,176
OIL & GAS	▲	1.3%	113.7 8,928
BSE IT	▼	-1.4%	(51.8) 3,545

Global Indices	Chg%	(Pt)	(Close)
Dow Jones	▲	1.3%	141.5 11,059
NASDAQ	▲	1.3%	28.0 2,208
FTSE	▼	-3.4%	(178.6) 5,026
Nikkei	▼	-5.0%	(605.0) 11,610
Hang Seng	▼	-5.4%	(1,052.3) 18,301
Straits Times	▼	-1.0%	(25.1) 2,461
Shanghai Com	▼	-4.5%	(93.0) 1,987

Indian ADRs	Chg%	(Pt)	(Close)
Infosys	▲	4.6%	1.6 \$36.4
Wipro	▼	-1.1%	(0.1) \$11.0
Satyam	▲	0.8%	0.2 \$18.2
ICICI Bank	▼	-3.5%	(0.9) \$25.2
HDFC Bank	▲	3.7%	2.9 \$81.3

Advances / Declines	BSE	NSE
Advances	794	348
Declines	1,841	876
Unchanged	72	25

Volumes (Rs cr)	BSE	NSE
BSE	5,208	
NSE		12,316



Dealers Diary

Key benchmark indices slumped early in the morning session yesterday, mirroring mayhem in global markets triggered by fears of the state of the US financial system after Lehman Brothers filed for bankruptcy, insurer AIG struggled for survival and Merrill Lynch was sold to Bank of America. However, frenzied buying in index pivots coupled with short covering after five straight days of fall helped key benchmark indices erase sharp early losses and post marginal gains. Moreover, recovery in Dow & Nasdaq also aided the rebound. The BSE 30-share Sensex recovered from the sharp 600pts gap but still ended in red and was down 0.1% whereas the S&P CNX Nifty rose 0.1%. The BSE Mid-Cap and Small-Cap indices were down 1.4%. Among the frontliners, SBI, Sterlite Industries, RIL, HDFC Bank and ITC gained between 2-6% whereas ICICI Bank, JP Associates, Maruti Suzuki, Ranbaxy and Satyam lost between 3-6%. In the Midcap segment, Andhra Bank, Allahabad Bank, Ess Dee Aluminium, Simplex Infra and Tanla gained between 5-8% whereas Anant Raj Industries, Madhucon, Adhunik Metals, Shopper Stop and Shree Precoated lost between 9-15%.

Markets Today

The trend deciding level for the day is 13376 / 4028. NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally upto 13699 – 13380 / 4137 - 4199 .However, if NIFTY trades below 13376 / 4028 for the first half-an-hour of trade then it may correct upto 13195 / 3966.

Indices	S 2	S 1	R 1	R 2
NIFTY	12,871	13,195	13,699	13,880
SENSEX	3,857	3,966	4,137	4,199

News Analysis

- NCC-Event update
- RBIs Market Measures
- ICICI has US\$81mn exposure to Lehman debt
- Wipro Info bags Rs121cr contract from Saudi varsity

Refer detailed News Analysis in following page

Net Inflows (September 15, 2008)					
Rs cr	Purch	Sales	Net	MTD	YTD
FIs	2,495	3,125	(629)	(4,165)	(34,433)
MFs	602	392	210	221	10,486

FII Derivatives (September 15, 2008)				
Rs cr	Purch	Sales	Net	Open Interest
Index Futures	1,606	2,042	(436)	12,857
Stock Futures	996	1,379	(383)	21,000

Gainers / Losers					
Gainers			Losers		
Company	Price (Rs)	% chg	Company	Price (Rs)	% chg
Andhra Bank	60	7.6	Bajaj Finserv	402	-8.7
Tata Comm	425	7.6	NMDC	232	-8.5
Canara Bank	218	7.1	Gujara NRE Coke	70	-8.4
SBI	1,586	6.5	Sesa Goa	120	-7.4
IOB	100	6.1	Oracle Fin	955	-7.3

NCC - Event update

NCC is one of the leading infrastructure players of the country with a presence across segments in the infra space and strong Order book of Rs14,500cr, which ensures Revenue visibility. Though there have been some concerns on the operation front including high commodity prices, land acquisition issues leading to delays in execution as well as some technical issues in this case the promoters defaulting on warrants, we believe the negatives are factored in the current market price of the stock.

At Rs113, the stock is trading at valuations of 7.7x FY2010E EPS of Rs9.5 post adjusting for the BOT projects and Real Estate, which is attractive in view of the good Order book position (Rs14,500cr) and positive outlook on the Infrastructure sector. We have arrived at a SOTP Target Price of Rs154 valuing NCC's core construction business at Rs114 (12 x FY2010E EPS), BOT business at Rs18.7 and Real Estate arm at Rs20.6. **We maintain a Buy on the stock, with a revised 12-month Target Price of Rs154 (Rs189).**

RBIs Market Measures

The recent extraordinary global developments triggered by the bankruptcy/sellout/restructuring of some of the world's largest financial institutions have resulted in severe disruptions of international money markets, sharp declines in stock markets across the globe and extreme investor aversion. Several central banks and financial regulators have responded with both unusual and unconventional measures to facilitate the orderly operation of financial markets and to ensure financial stability. In order to reduce the pressure of external development, RBI has decided on certain measures. RBI will continue to sell foreign exchange (US Dollar) to meet the demand –supply gap, if any. Interest rate on FCNR (B) Deposits for all the maturities will be fixed at Libor/Euribor/Swap rates for the corresponding maturities minus 75bp for the respective currencies (immediately effective Libor/Euribor/Swap rates minus 25bp). RBI has hiked the maximum interest that bank can pay on NRI deposits by 50bp for dollar as well as rupee deposits. At present, banks obtain liquidity from the Reserve Bank under the liquidity adjustment facility (LAF) against the collateral of eligible securities that are in excess of their prescribed statutory liquidity ratio (SLR). The scheduled banks may avail additional liquidity support under the LAF to the extent of up to 1% of their net demand and time liabilities and seek waiver of penal interest w.e.f September 17, 2008. In view of the current liquidity conditions, RBI has decided the SLAF will be conducted on daily basis till further notice.

ICICI has US\$81mn exposure to Lehman debt

ICICI Bank, India's second-largest bank announced its exposure of 57mn Euros (US\$81mn) in Lehman Brothers senior bonds, after Lehman Brothers filed bankruptcy. The Bank said that as part of its treasury operations, it undertook transactions with Lehman Brothers entities as counter-parties, adding that the exposure on account of these transactions and potential loss thereon are not material. The exposure constitutes less than 1% of ICICI Bank UK PLC's total assets and less than 0.1% of the consolidated total assets of the ICICI Group. ICICI Bank UK PLC already holds a provision of about US\$12mn against investment in these bonds. The management expects 50% recovery and the additional provision required would be about US\$28mn. In any case, we have valued ICICI Bank UK conservatively at about 1.0x FY2008 BV, contributing Rs11 to ICICI Bank's SOTP Target Price. While the bank is facing asset quality pressures in the near-term, we believe valuations are attractive, keeping in mind large value in insurance, broking and asset management subsidiaries as well as core bank's renewed focus on CASA. **We maintain a Buy on the stock, with a 12-month Target Price of Rs907.**

Wipro Info bags Rs121cr contract from Saudi varsity

Wipro Infotech is learnt to have bagged an IT engagement contract worth SAR 100mn (Rs121cr) from King Abdullah University of Science and Technology (KAUST) through its joint venture company in Saudi Arabia. Wipro Arabia will deploy an enterprise-wide system for the university and manage its IT infrastructure. KAUST is being built near the city of Jeddah in Saudi Arabia as an international, graduate-level research university. It is scheduled to launch with a US \$10bn endowment by September 2009. The university is expected to have six fields of studies related to engineering, computer science and mathematics. To enable KAUST to realise its vision, Wipro Arabia will deliver both an ERP and a student/campus management IT system. According to the contours of the engagement, the ERP system will support 4,000 users in English and Arabic. Key components of the project include SAP implementation covering finance, HR student system, healthcare, real estate and others. The solution will also cover digital repository implementation and user training as well. **We maintain a Buy on the stock, with a 12-month Target Price of Rs477.**

Economic/Political News

- RBI mulls fate of Lehman's India biz
- Domestic carriers may get to import ATF
- Government may raise floor space index for Mumbai
- No brakes on existing city gas firms: Regulator

Corporate News

- Tata Steel's African safari runs into trouble
- RIL to set up fuel trading arm in US
- Tata Steel signs pact with Nippon
- RNRL may lead ADAG's new forays
- ONGC to enter solar energy business

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



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