

Indbankonline

MARKETS FOR YOU

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एस. के. बंडोपाध्याय
महा प्रबंधक



Since Mid 1991, Financial sector reforms are carried out as part of overall economic reforms in the country and wide ranging reforms have taken place covering industry, trade, taxation, external sector, banking and financial markets. Nearly two decades of economic and financial sector reforms have strengthened the fundamentals of the Indian economy and transformed the operating environment for banks and financial institutions in the country.

The vast improvement in the financial health of commercial banks in terms of operational efficiency, profitability, capital adequacy, asset quality with greater emphasis on reduction in non performing assets and risk management has been the most significant triumph of the financial sector reforms. At the same time, liberalization has brought greater competition among banks, both domestic and foreign, public and private sector which has made them to fine tune their delivery system pertaining to their products and services.

This has made the banks shift their focus to fee based activities as an additional source of income, and it also relieves them from the interest income pressure, to sustain their profitability. Of late the revenues earned by them are by way of providing a whole gamut of services and service-related businesses such as investment banking, insurance, credit cards, depository services, sale of mutual fund products, bullion, mortgage financing, securitisation, etc. The increased importance of fee based income of commercial banking sector is a direct result of structural changes like financial innovation, industrial deregulation etc. Further, the banks also have tie-up with other NBFC's and subsidiaries to carry on these activities.

It is observed that Indbank Merchant Banking Services Ltd., the subsidiary of Indian Bank is now providing multifarious services like demat, stock trading, project appraisal, credit syndication, issue management, private placement of equity etc., for the benefit of individuals and corporates as well. By bringing out this monthly newsletter "Indbankonline"-Indbank is providing yet another value added service to its customers. I wish Indbank all success in their endeavors.

S.K.Bandyopadhyay

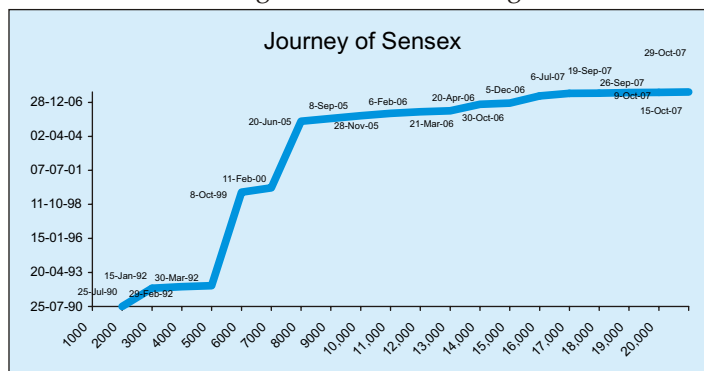
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Markets Last Month

Indian Equity Markets

India's main index reached its 21st record high in 28 sessions since the US Federal Reserve cut interest rates last month, surging above 20,000(20,024.87) for the first time on 29th October 2007. India subsequently became the 20th nation in the world to have seen its stock market benchmark enter the league of bourses that have touched the 20,000-point milestone.

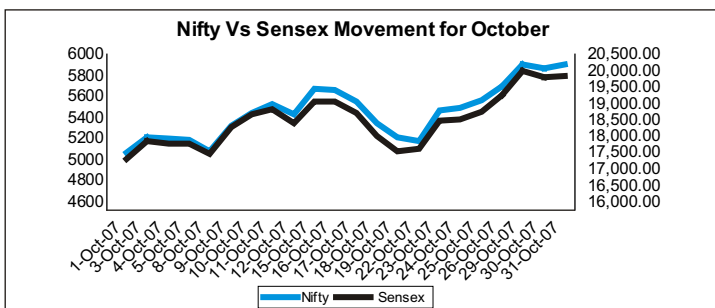
It took about 20 years for the Sensex to gain 10,000 points, but it needed hardly 20 months to add another 10,000. Its has almost doubled since 6 February 2006; but this growth is low when compared to that of the Chinese index, which gained more than 100% each in 2006 and (thus far in) 2007. Nifty also touched its historic high of 5900 mark during the month.



Foreign institutional investors have invested more than \$8 billion (about Rs 32,000 crore then) in India between 18 September and 16 October 2007, when the Indian capital market regulator SEBI (Securities and Exchange Board of India) released a report on policy proposals to curb anonymous capital inflows through popular instruments known as Participatory Notes (PNs).

The Sensex & Nifty climbed 2.79% and 3.3% respectively, in the first week to close higher than the previous week's close. Stock prices climbed amidst high volatility as foreign inflows were strong. For the eight consecutive week, Sensex & Nifty jumped up by 3.6% and 4.7% respectively in the second week to close higher than the previous week. The second week saw the biggest absolute gain in a single day in terms of index points on Oct 9 when the Sensex climbed 789 points. The 2nd highest rise was 654 pts on Sept 19. The jump on Oct 9 was backed by huge FII inflow and large-scale short covering in the F&O segment. The Sensex and Nifty tumbled 4.66% and 5.8% respectively in the third week, a trend reversal of 8 consecutive weeks of high closure. Markets reacted sharply to SEBI's proposed restriction (on Oct 16) on unregistered entities participating in the Indian equity markets through the PN route. BSE Sensex & Nifty booked the largest weekly gains, since week ended April 20, 2001, during the fourth week.

SEBI also cleared proposal for foreign individuals with min. \$50mn investment to invest directly into Indian markets. It also said that pension funds, charitable institutions, foundations and university funds would be able to register in India.



During the first week, purchasing was seen more in the large cap stocks, more so those forming part of the large cap indices. Capital Goods and Oil & Gas sectors gained the most, while FMCG stocks lost, during the first week. IT stocks gained in the first week, as the impact of rising rupee seemed to have been overplayed. Capital goods and metal stocks gained the most, while IT stocks lost the most, pulled down by Infosys which posted good Q2 results albeit lower than market expectations during the second week. Consumer durable stock were the only gainers for the third week, while all other broad indices fell. Capital Goods and FMCG stocks fell the most. The market rally was broad during the fourth week, with mid-cap and small-cap stocks rising as much as the Sensex. All sectoral indices except BSE IT were positive, with Cap Goods stocks booking largest gains.

Institutional Investment- FII & MF

FIIs remained net buyers for the first three weeks, however a lot of selling was seen on Oct 17. FIIs were net sellers for the fourth week though a lot of buying was seen post Oct 23. FII were net buyers during the end of the month.

MFs were net sellers for the first three weeks of the month suggesting profit booking at higher levels and investors switched to safer debt schemes. MFs remained net buyers for the last two weeks.

FII-Cash & Debt segment

(Rs.Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Purchase	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Oct-07	130925.4	113600.0	17325.4	3560.4	1181.1	2379.3

FII-Derivatives segment

(Rs.Crores)

Month	Index buy	Index sell	Stock buy	Stock sell
Oct-07	87251.7	87680.2	50517.7	59592.7

Mutual Fund- Cash & Debt Segment

(Rs. Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Sales	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Oct-07	23220	24924	-1703	32936	20968	11969

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Indian Fixed Income Markets

The half-yearly monetary policy review of the Reserve Bank of India has kept the policy rates unchanged.

Key Highlights of the Policy:

- Bank Rate, Repo Rate and Reverse Repo Rate were kept unchanged.
- The flexibility to conduct overnight repo or longer term repo including the right to accept or reject tender(s) under the LAF, wholly or partially, is retained.
- CRR increased by 50 basis points to 7.5 per cent effective from fortnight beginning November 10, 2007.
- GDP growth forecast retained at 8.5 per cent during 2007-08, assuming no further escalation in international crude prices and barring domestic or external shocks
- Inflation to be contained close to 5.0 per cent during 2007-08 while resolving to condition expectations in the range of 4.0-4.5 per cent, with a medium-term objective of inflation at around 3.0 per cent.
- Moderating net capital flows so that money supply is not persistently out of alignment with indicative projection of 17.0-17.5 per cent.
- Covering of 'Short-sale' and 'When Issued' transactions to be permitted outside the Negotiated Dealing System Order Matching (NDS-OM) system.
- Systemically important non-deposit taking NBFCs (NBFC-ND-SI) to be considered as 'qualified entities' for accessing the NDS-OM using the Constituents' Subsidiary General Ledger (CSGL) route.
- Reinstatement of the eligible limits under the past performance route for hedging facility to be permitted.
- Oil companies to be permitted to hedge foreign exchange exposures by using overseas over-the-counter (OTC)/ exchange traded derivatives up to a maximum of one year forward.
- Importers and exporters having foreign currency exposures to be allowed to write covered call and put options in both foreign currency/ rupee and cross currency and receive premium.
- Authorised Dealers (ADs) to be permitted to run cross currency option books subject to the Reserve Bank's approval.
- ADs to be permitted to offer American options as well.
- Working Group to be constituted for preparing a road-map for migration to Core Banking Solutions (CBS) by Regional Rural Banks (RRBs).
- RRBs and State/ Central Cooperative Banks to disclose their capital-to-risk weighted assets ratio (CRAR) as on March 31, 2008 in their balance sheets.
- A road-map to be evolved for achieving the desired level of CRAR by these banks.
- High Level Committee to be constituted to review the Lead Bank Scheme.
- Financial assistance to RRBs for implementing Information and Communication Technology (ICT) based solutions.
- Working group to be constituted to lay down the road-map for cross-border supervision and supervisory

cooperation with overseas regulators, consistent with the framework envisaged in the Basel Committee on Banking Supervision (BCBS).

- Besides general market risk, specific risk, especially the credit risk arising out of deficient documentation or settlement risk to be covered under the supervisory process.
- Action plan to be drawn up for implementation of National Electronic Clearing Service (NECS) with centralised clearing and settlement at Mumbai.

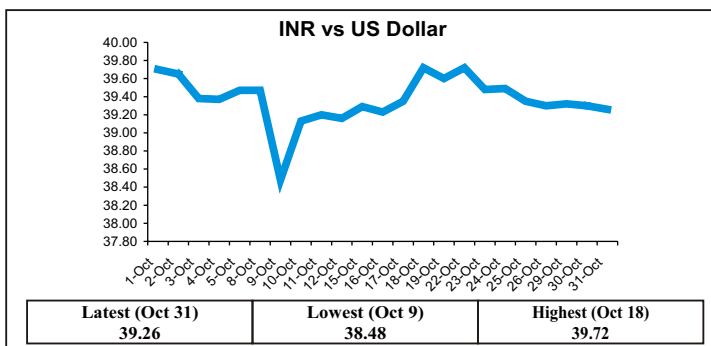
10-year benchmark G-Sec yield remained range bound during the first week. The yield curve on the long end inched up a bit in response to a raise in the MSS ceiling announced by the RBI. The ceiling was raised to Rs.2000 bn from the earlier Rs.1500 bn. Yields fell during the second week, as the system liquidity was comfortable with RBI pumping-in cash, to rein in the rising rupee but remained range-bound during the third week. The prices rose during the fourth week, as investors expected lesser issue of bonds under MSS auctions. Some market participants believe that the rally was due to the markets expecting a rate cut announcement by RBI.

Bank credit climbed 21.9% for the fortnight ended Sept 28 after remaining subdued till the previous fortnight alleviating concerns of a tight monetary policy which was hurting economic growth. M3 grew at 21% for the fortnight ended Sept 28 as compared to 20.4% for the fortnight ended Sept 14. Credit demand at 23.3% for fortnight ended Oct 12, has picked up marginally.

Forex reserves were at an all-time-high of \$261.14 bn during the end of the month.

WPI inflation unexpectedly rose by 3.42% for the week ended Sept 22, as prices of manufactured products rose. This was a reversal of a declining trend in inflation for five consecutive weeks. Inflation rate unexpectedly slowed to 3.26% as prices of lentils, fibre and minerals fell during the week ended Sep 28. WPI inflation rate declined to a 5-year low of 3.07% due to fall in prices of food items for week ended Oct 5 and remained stable for the week ended Oct 12th.

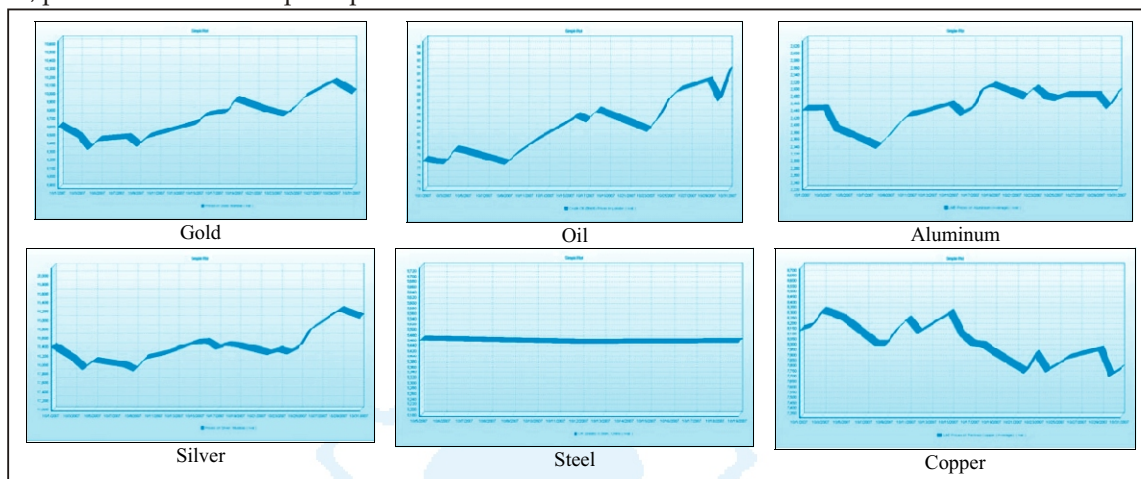
The Rupee gained 0.9% during the first week to close at 39.49 per dollar and gained 0.3% during the second week to close at 39.37 per dollar. The Rupee fell 0.9% during the third week to close at 39.73 per dollar. This was the first weekly fall in two months as traders unwound rupee positions due to concerns that, SEBI restrictions could affect foreign inflows into the country. However rupee climbed 0.7% during the fourth week to close at 39.45 per dollar.



Commodity Markets

In Commodity markets, crude prices opened the first week on a softer note on the back of profit booking at near record high levels and due to an unexpected increase in crude inventories. However, towards the end of the week, prices firmed up marginally on the back of decline in gasoline and heating oil supplies. Crude prices ended the first week in the range of USD 81.00 - 81.50 a barrel, lower than previous week's level of USD 81.50 - 82.00 per barrel. Initially crude oil prices dropped during the second week as the dollar rebounded against the euro, reducing investor interest in commodities. Later, prices crude firmed up on speculation

that Turkish forces may attack northern Iraq, curtailing oil shipments. Crude prices ended the second week in the range of USD 83.50 - 84.00 a barrel. Prices ended the third week in the range of USD 88.50 - 89.00 a barrel. After easing on expectations that supplies would be sufficient to meet demand, crude oil rose due to an unexpected decline in US crude inventories. Thereafter, crude prices rose above USD 92 a barrel for the first time ever after US announced new sanctions on Iran for supporting terrorism. Crude prices ended the fourth week in the range of USD 91.50 - 92.00 a barrel. The Steel prices remained stable during the month.



Global Markets

US markets rallied during first & second week on the back of better than expected job data and release of the Sept 18 Federal Reserve meeting minutes and better-than-expected retail sales reinforced expectations that the US economy will keep expanding. The S&P 500 & DJIA touched its record high. US markets declined the most, during the third week of the month, in more than 2 months as Q3CY08 results of banks, manufacturers and industrial companies showed dismal performance, reviving concerns on the health of the financial market and the economy. US markets surged to end the fourth week 2.1% higher after stock prices of Microsoft and Countrywide Financial Corp. rose, reinforcing investor confidence that US economy will extend the 5 years of growth. During the last week of the month, the markets remained rangebound.

In the US treasury market, long-dated US government bonds rose at the start of the week as the outlook for manufacturing dimmed and top investment banks said earnings came under pressure from the global credit crisis. Release of dismal housing data led to further softening of yields. The job data showed US payroll grew by 110000 in September and the figure for August was revised to 89000. The yields did not move much during the second week but rallied throughout the third week as concerns of housing slump and losses on securities related to sub-prime caused investors to shift to safer havens. Speculations that the Fed will further cut rates by this month-end were high. The treasury market remained range bound during the fourth week of the month.

Global Indices

Indices	Country	Index as on 28th Sep	Index as on 31st Oct	Variation (%) (Inc/ Dec)
NASDAQ	United States	2713.61	2836.86	4.54%
DJIA	United States	13914.40	13930.01	0.11%
S&P 500	United States	1,526.75	1549.38	1.48%
Hang Seng	Hong Kong	27142.47	31492.88	16.03%
Nikkei 225	Japan	16785.69	16870.40	0.50%
Straits Times	Singapore	3,706.23	3803.56	2.63%
FTSE 100	United Kingdom	6454.90	6692.60	3.68%
Shanghai	China	5552.3	5954.77	7.24%
CAC 40	France	5714.22	5822.87	1.90%
DAX	Germany	7853.58	7994.00	1.79%
SENSEX	India	17291.1	19837.99	14.73%
NIFTY	India	5021.35	5900.65	17.51%

The dollar posted the biggest gain, during the first and second week of the month, against the euro in more than a month on signs the economy is weathering the housing slump. The green back appreciated against most currencies. The yen, during the second week, fell against all 16 most active currencies including the euro and the dollar after BoJ kept its interest rates untouched at 0.5%. The euro appreciated against the dollar to the highest, during the fourth week, since the single currency's creation in 1999.

IPO and NFO Review

A total of 6 issues closed during the month. Maytas Infrastructure and Varun Industries were subscribed more than 68 and 37 times respectively. India now ranks the ninth largest IPO market in the world, capturing 3 per cent of the global market share, up from a mere 1.3 per cent share in the year-ago period. According to Thomson Financial, India's IPO volumes totaled to \$7 billion from 74 issues so far, surpassing the previous year's (the whole year) IPO volumes.

Open Issues					
Company Name	Issue Type	Face Value (Rs)	Premium (Rs)	Issue Open	Issue Close
Empee Distilleries Ltd.	Public Issue (B)	10	350-400	01/11/2007	06/11/2007
Barak Valley Cements Ltd.	Public Issue (B)	10	37-42	29/10/2007	01/11/2007
Religare Enterprises Ltd.	Public Issue (B)	10	160-185	29/10/2007	01/11/2007

New Listing						
Company Name	Offer Price (Rs.)	Listing Date	List Price(Rs.)	Last Traded Date	Last Traded Price (Rs.)	% Change
Maytas Infra Ltd.	370	25/10/2007	515.75	31/10/2007	738.85	99.69%
Ashco Industries Ltd.	50	22/10/2007	42	31/10/2007	39.75	-20.50%
Supreme Infrastructure India Ltd.	108	18/10/2007	187.5	31/10/2007	141.2	30.74%
Dhanus Technologies Ltd.	295	17/10/2007	295	31/10/2007	312.45	5.92%
Consolidated Construction Consortiu	510	15/10/2007	889.9	31/10/2007	842.85	65.26%
Koutons Retail India Ltd.	415	12/10/2007	510.05	31/10/2007	675.85	62.86%
Power Grid Corporation of India Ltd	52	05/10/2007	89.8	31/10/2007	149.8	188.08%
Kaveri Seed Company Ltd.	170	04/10/2007	204	31/10/2007	214.45	26.15%

Bonus and Dividend Announcement									
Symbol	Series	Record Date	Ex Date	Purpose	Symbol	Series	Record Date	Ex Date	Purpose
ALFALAVAL	EQ	14/11/2007	13/11/2007	INTERIM DIVIDEND-100%	KKCL	EQ	06/11/2007	05/11/2007	INTERIM DIVIDEND-20%
APARINDS	EQ	08/11/2007	07/11/2007	INT DIV-RS.1.50 PER SH	KPRMILL	EQ	01/11/2007	31/10/2007	INT DIV-RS.2/- PER SH
CROMPGREAV	EQ	05/11/2007	02/11/2007	INTERIM DIVIDEND-20%	KSBPUMPS	EQ	12/11/2007	08/11/2007	INT DIV-RS.2.00 PER SH
DLF	EQ	06/11/2007	05/11/2007	INTERIM DIVIDEND-100%	LAXMIMACH	EQ	21/11/2007	20/11/2007	INT DIV-RS.20.00 PER SH
ELGIEQUIP	EQ	16/11/2007	15/11/2007	INTERIM DIVIDEND	MONSANTO	EQ	15/11/2007	14/11/2007	INT DIV-RS.12.00 PER SH
FEDERALBNK	EQ	26/11/2007	19/11/2007	RIGHTS-EQ.1:1@PREM:RS.240	MRF	EQ	09/11/2007	07/11/2007	2ND INTERIM DIVIDEND-30%
FOSECOIND	EQ	02/11/2007	01/11/2007	3RD INT DIV-RS.3 PER SH	NATCOPHARM	EQ	13/11/2007	12/11/2007	INT DIV-RS.1.25 PER SH
GLENMARK	EQ	08/11/2007	07/11/2007	INTERIM DIVIDEND	ORIENTPPR	EQ	08/11/2007	07/11/2007	INT DIV-RS.5.00 PER SH
GMDCLTD	EQ	16/11/2007	08/11/2007	FV SPLIT RS.10/- TO RS.2/	RANBAXY	EQ	02/11/2007	01/11/2007	INT DIV-RS.2.50 PER SHARE
GREENPLY	EQ	20/11/2007	19/11/2007	INT DIV-RS.1.50 PER SH	RUCHISOYA	EQ	03/11/2007	29/10/2007	FV SPLIT RS.10/- TO RS.2/
HDIL	EQ	01/11/2007	31/10/2007	INTERIM DIVIDEND	SAGCEM	EQ	10/11/2007	07/11/2007	INTERIM DIVIDEND-15%
HINDUNILVR	EQ	08/11/2007	07/11/2007	PLATINUM JUBILEE DIVIDEND	SATYAMCOMP	EQ	08/11/2007	07/11/2007	INT DIV-RE.1.00 PER SH
HINDZINC	EQ	12/11/2007	08/11/2007	INTERIM DIVIDEND-25%	SOLAREX	EQ	02/11/2007	01/11/2007	INTERIM DIVIDEND-15%
IGPL	EQ	08/11/2007	07/11/2007	INTERIM DIVIDEND-5%	SRADIKARI	EQ	01/11/2007	-	CONSOLIDATION RS2 TORs10
INGERRAND	EQ	08/11/2007	07/11/2007	INT DIV-RS.3.00 PER SH	SUNDRMCLAY	EQ	05/11/2007	02/11/2007	INT DIV-RS.7.00 PER SH
IPCALAB	EQ	07/11/2007	06/11/2007	INTERIM DIVIDEND-35%	SUNDRMFAST	EQ	06/11/2007	05/11/2007	INT DIV-RE.0.45 PER SH
ITDCM	EQ	06/11/2007	30/10/2007	RIGHTS-EQ.1:1@PREM:RS.415	TATASTEEL	EQ	05/11/2007	29/10/2007	RIGHT-EQ1:5 & 9CCPS:10EQ
JAGRAN	EQ	16/11/2007	15/11/2007	INT DIV - RS.5/- PER SH	TNPL	EQ	13/11/2007	12/11/2007	INTERIM DIVIDEND-20%
KCP	EQ	09/11/2007	07/11/2007	INTERIM DIVIDEND	VARUNSHIP	EQ	06/11/2007	05/11/2007	INT DIV-RS.1.50 PER SH

NFO						
Scheme	Type	Class	Open Date	Close Date	Offer Price (Rs.)	Min. Inv. Amount (Rs.)
Kotak PSU Bank ETF	Open	Special Fund	29/10/2007	02/11/2007	10	10000
Sahara R.E.A.L. Fund	Close	Equity - Diversified	05/10/2007	02/11/2007	10	5000
ICICI Pru 15M Interv	Inter	Debt - Income	12/10/2007	05/11/2007	10	5000
ICICI Pru15MInter IP	Open	Debt - Income	12/10/2007	05/11/2007	10	20000000
ICICI Pru HYIP 2	Inter	Debt - Income	12/10/2007	06/11/2007	10	5000
ICICI PruFMPS39 18MB	Close	Debt - FMP	26/10/2007	06/11/2007	10	5000
ICICI PruFMP S381CIP	Close	Debt - FMP	10/10/2007	15/11/2007	10	20000000
Kotak Blended FOF	Close	Funds of Funds	03/10/2007	16/11/2007	10	5000
ICICI PruFMP S38 1 D	Close	Debt - FMP	12/10/2007	21/11/2007	10	5000
Lotus India AGILE	Open	Equity - Diversified	25/10/2007	23/11/2007	10	5000
SBI CPOF Series 1	Close	Debt - Income	15/10/2007	23/11/2007	10	5000

The Association of Mutual Funds of India has said that MF assets under management is up 16.7%, at Rs 5 lakh crore in October, 2007. Mutual funds have added USD 140 billion to their kitty in October. They stand at Rs 5,56,000. But this time, it is not the inflows that have pushed up assets. Rising stock prices have raised the underlying equity assets of funds. October's market surge was driven by largecap stocks.

So, fund managers say mark-to-market gains, by large cap equity funds, boosted mutual fund assets. And these 50-60 largecap funds comprise 90% of the equity holding of mutual fund assets. About 25 schemes were launched during the month, comprising of 5 Equity Schemes (3 Open ended and 2 Close ended schemes), and 20 Debt schemes (4 Open ended, 2 Short term close ended and 14 long term open ended schemes).

Mutual Fund Corner

Scheme for the Month

Canara Robeco Infrastructure-G

(An open-ended Infra Sector Scheme)

Fund Manager : **Mr.K Umesh Kamath**

Investment Objective

To generate income/capital appreciation by investing in equities and equity related instruments of companies in the infrastructure sector.

Current Stats & Profile

Latest NAV	24.94 (31/10/07)
52-Week High	24.94 (31/10/07)
52-Week Low	12.34 (07/03/2007)
Fund Category	Equity: Specialty
Type	Open End
Launch Date	November 2005
Net Assets (Cr)	120.54 (30/09/07)
Benchmark	S&P Nifty & Sensex

Trailing Returns

As on 31 Oct 2007	Fund	Relative to Sensex	Relative to Nifty
3 months	46.77	14.31	11.73
6 months	62.21	29.94	30.81
1 year	73.63	33.1	32.24
3 years*	92.97	41.07	37.26
Inception*	59.64	7.2	8.83

*Returns upto 1 year are absolute and over 1 year are annualized.

Fund Style

Investment Style

Growth Blend Value

Large
Medium
Small

CAPITALIZATION

Portfolio Characteristic

0 - 75% in Equity & Equity related securities.

0 - 25% in Debt and Money Market Instruments

Top Holdings

Name of Holding	Instrument	% Net Assets
Treasury Bills 91-D 26/10/2007	Treasury Bills	6.19
Reliance Industries	Equity	5.71
B H E L	Equity	5.56
Larsen & Toubro	Equity	5.13
Grasim Industries	Equity	4.37
Walchandnagar Industries	Equity	4.14
Jai Prakash Associates	Equity	3.62
Siemens	Equity	3.36
Reliance Energy	Equity	3
Punj Lloyd	Equity	2.95
Tata Steel	Equity	2.82
IPCL	Equity	2.66
Thermax	Equity	2.49
Reliance Communications	Equity	2.43
Alstom Projects	Equity	2.41
Bharti Airtel	Equity	2.31
Gujarat State Petronet	Equity	2.17
Tata Power	Equity	2.13
Mcnally Bharat Engg. Co.	Equity	2
Oil & Natural Gas Corpn.	Equity	1.99
Esab India	Equity	1.97

Sector Weightings

As on 30/09/07	Net Assets %
Basic/Engineering	19.67
Construction	16.46
Energy	16.19
Diversified	14.88
Technology	4.74
Metals & Metal Products	4.52
Chemicals	2.66
Services	2.17
Financial Services	1.4

Stock Watch

Power Grid Corporation of India Ltd

INDUSTRY : Power Generation And Supply

HOUSE : Government of India

Based on the recommendations of the Rajadhyaksha Committee, in 1981 the Government of India took the policy decision to form a national power grid, which would pave the way for the integrated operation of the central and regional transmission systems. Pursuant to this decision to form a national power grid, the Company was incorporated on October 23, 1989 as the National Power Transmission Corporation Limited, with the responsibility of planning, executing, owning, operating and maintaining the high voltage transmission systems in the country. Subsequently, the company name was changed to Power Grid Corporation of India Limited with effect from October 23, 1992.

The company has India's principal electric power transmission. The company has commenced the operations in Fiscal 1992 as part of an initiative of the Government of India to consolidate all the interstate and inter-regional electric power transmission assets of the country into a single entity. Accordingly, the transmission assets of all central sector electricity generation utilities that operated on an interstate or inter-regional basis were transferred. It earns revenues by charging power distributors for using its transmission network, like highway operators collect tolls from motorists.

The company has been designated a Mini-Ratna Category-I public sector undertaking since October 1998, which provides a greater delegation of powers to undertake new projects without Government approval, subject to an investment ceiling set by the Government. The company has received the highest annual performance rating from the GoI in each year since Fiscal 1994, and the Prime Minister's award for performance in six out of the seven years. The company was certified as PAS 99:2006, which integrates the requirements of ISO 9001:2000 for quality, ISO 14001:2004 for environment management and OHSAS 18000:1999 for health and safety management systems. GOI has entrusted the company with the statutory role of Central Transmission Utility (CTU). In this role, the company has operated as one of the chief agencies responsible for the planning and development of the country's nationwide power transmission network, including interstate networks.

Shareholding Pattern:

Category of shareholder	Total number of shares	% of shares
Shareholding of Promoter and Promoter Group		
Bodies Corporate	90393480	27.32%
Government of India	3634908335	86.36%
Public shareholding		
Non Promoter Institution	279977448	6.65%
Non Promoter Non Institution	293955447	6.98%
TOTAL	4208841230	100.00%

The capacity, as on June 30, 2007 the company owns and operates 61,875 circuit kilometers of electrical transit schemes, valued approximately at Rs. 251.81 billion. Presently, the company has been managing the National Grid with inter regional capacity of 14,100 MW, which shall be enhanced to more than 37,000 MW by 2012. In FY 2007, the company transmitted approximately 298 billion units of electricity, representing approximately 45% of all the power generated in India. Since its inception, it has completed 101 transmission projects and schemes. Currently 45 projects are under various stages of implementation and will add 30356 ckm with a capacity of 29420 mva. Subject to government approvals, the company has planned to spend Rs. 550 billion towards investment in transmission projects during the GoI's Eleventh Five Year Plan, which began on April 1, 2007 and ends on March 31, 2012. The tariffs for the transmission projects are determined by CERC, pursuant to Electricity Act and CERC regulations, and is presently based on a cost-plus tariff based system.

The company has taken the initiative to develop certain new transmission lines and systems with private parties, in public-private joint ventures. The company has developed the 2,000 MW Tala Transmission Project through a joint venture company (Powerlinks Transmission Limited) with 49% shareholding by the company and 51% shareholding by the Tata Power Company Limited. The company currently holds a 26% equity stake in Torrent Powergrid Limited and a 20.63% equity stake in Jaypee Powergrid Limited both of which are public-private joint ventures established for the development of dedicated private transmission lines. The respective partners in these ventures are Torrent Power Limited and Jaiprakash Hydro-Power Limited.

Leveraging on the strengths, the company has diversified into the consultancy business. Since Fiscal 1995, the consultancy division has provided transmission-related consultancy services to more than 90 clients in over 225 domestic and international projects. In consultancy business, the company also facilitates the implementation of various GoI-funded projects for the distribution of electricity to end-users, such as the Accelerated Power Development and Reform Programme ('APDRP') in urban and semi-urban areas and the Rajiv Gandhi Grameen Vidhyutikaran Yojana (the 'RGGVY') in rural areas.

The company has also diversified into the telecommunications business, by creating a telecommunications network principally using the overhead transmission infrastructure. The company owns and has operated a fibre-optic cable network that as on June 30, 2007 was over 19,000 kilometers long and connected over 60 Indian

cities, including all major metropolitan areas. The company has been leasing bandwidth on this network to more than 60 customers, including major telecom operators such as Bharat Sanchar Nigam Limited, Videsh Sanchar Nigam Limited, Tata Teleservices Limited, Reliance Communications Limited and Bharti Airtel Limited. While starting the telecom business, PGCIL had targeted to make profit from FY 2009. However, the company has managed to post profit in Q1 of FY 2008. As against a loss of Rs 21.96 crore in FY 2006 and Rs 3.73 crore in FY 2007, it posted profit of Rs 9.09 crore in Q1 of FY 2008. For the full year, PGCIL expects to post handsome profit.

Typically, PGICL undertakes projects to extend its transmission infrastructure. New electricity generators are connected to its transmission system.

Currently it has presence in Afganisthan and neighboring countries such as Nepal and Bhutan. The company is currently negotiating to pick up stake in a Philippines Transmission Company having asset in that country. The country is also looking at African markets but the priority will be for meeting the huge demand in home turf. To invest about Rs 55000 crore in the Eleventh Plan period and the private sector investment in transmission sector is likely to be in the range of Rs 25000 crore.

The company came up with an IPO and offered 5,73,932,895 equity shares of Rs 10 each at a price, discovered through book building process with a price band of Rs 44 - Rs 52 per share. The IPO had ended with 64.82 times subscription. Power Grid Corporation of India Ltd (PGCIL) is planning equity investments to the tune of Rs 16,500 crore over the next five years to fund a slew of transmission projects, aimed at nearly trebling the country's inter-regional transmission capacity in the current fiscal.

The company will be setting up the power evacuation system for the Sasan and Mundra ultra mega power projects. The transmission system for these two projects will cost Rs 10,000 crore.

Financial Snapshot (Rs. crores)			
	FY 2006-07	FY 2005-06	Q 200706
Equity	3787.41	3584.63	3165.25
Networth	10928.20	9963.18	8992.12
Capital Employed	31493.68	24989.31	22380.16
Sales	3589.85	3145.34	2513.07
Rate of Growth(%)	14.13%	25.16%	-
Other Income	501.74	433.09	373.97
PBIDT	3450	2860.77	2366.27
Rate of Growth(%)	20.60%	20.90%	-
PBT	1482	1168.99	908.37
PAT	1229.37	1008.93	785.52
Rate of Growth(%)	21.85%	28.44%	-
Book Value (Rs)	28.85	2779.42	2840.89
EPS (Unit Curr.)	3.25	281.46	248.17
PBIDTM(%)	96.10%	90.95%	94.16%
PBDTM(%)	64.34%	60.83%	61.70%
PATM(%)	34.25%	32.08%	31.26%

During Q1 FY08, PGC had sales of Rs 975 crore and net profit of Rs 452 crore, resulting in a net margin of more than 45%. Ensuing profit stood at 452.18 crores. For FY07, net sales were Rs 3,589 crore, up 14% YoY. Total profit for the year ended 31st March 2007 stood at 1229.37.

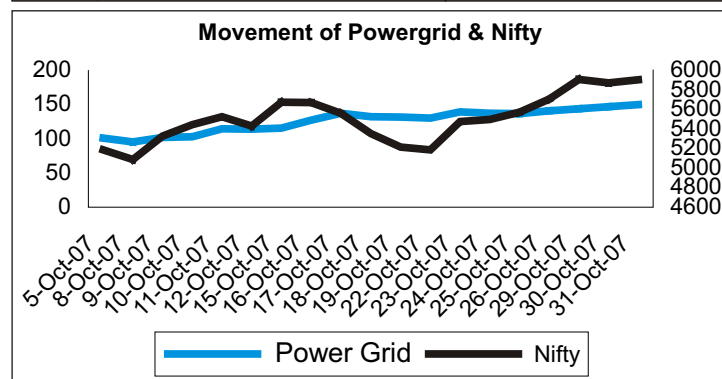
Industry Performance:

PGCIL operates in a highly regulated industry. Its current tariff structure is likely to remain in place till FY 2009. Any change in the current tariff policy by the Central Electricity Regulatory Commission (CERC) could adversely impact the company. In the past, CERC has reduced the company's ROE from 16% to 14% from FY 2005 and had capped the maximum incentive to 2% from 4% earlier. Subsequently with more projects coming on stream and increase in absolute contribution from other businesses, the company's net profit recovered to Rs 1229.37 crore in FY 2007. At present, however, it appears unlikely that CERC will further reduce ROE as the earlier cut was in a scenario of declining interest rate.

In FY07 Power generation have reported a growth of 7% to 659419.36 MU. The average PLF for the year was 76.8% as compared to 73.6% in last year. Capacity additions of 6852.80 MW were achieved during the year as against targeted 16418.8 MW, thus resulting into a shortfall of whopping 9566 MW. Thus the demand supply mismatch has continued. The energy deficit for the year stood at 9.9% as compared to 8.4% in last year while peak deficit stood at 13.5% as compared to last year's deficit of 12.3%.

Market Snapshot

Market Data (As on 31-Oct-2007)	
Price (Rs)	149.75
Lat. P/E	75.9
Mkt. Cap.(Rs Cr)	62648.58
Lat. BV(Rs)	28.85
52 W H/L(Rs)	155 / 85
Lat. EPS(Rs)	1.19
Lat.Eqty (Rs Cr)	4208.84
Div. Yield (%)	0.65
Face Value	10
BSE Code	532898
BSE Group	A
NSE Symbol	POWERGRID



Union Bank of India

INDUSTRY : Banks - Public Sector

Union Bank of India (UBI) was incorporated in 1919 that was flagged off by the Father of the Nation, Mahatma Gandhi. Since that golden moment, Union Bank of India has traveled a long journey of 88 years of successful banking. In 1969, the Bank was nationalized with 273 branches, currently it has 2206 branches and is supported by 136 extension counters. It has totally 659 ATM network of which 143 ATMs are at off-site locations.

Union Bank is a public sector bank with 55.43% of share capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in August 20, 2002 and follow on Public Offer in February 2006. Of total, Share, capital 44.57% of capital is held by Institutions, Individuals and Others.

Share Holding Pattern

Category of shareholder	Total Number of shares	% of shares
Shareholding of Promoter and Promoter Group		
Central Government/ State Government(s)	2800000000	55.43
Public shareholding		
Mutual Funds/ UTI	44196760	8.75
Financial Institutions/ Banks	141638	0.03
Insurance Companies	13541587	2.68
Foreign Institutional Investors	99206673	19.64
Bodies Corporate	7240797	1.43
Individuals	60589369	11.99
Non Residents	201076	0.04
GRAND TOTAL	505117900	100

It is one of the pioneer public sector banks, which launched Core Banking Solutions in 2002. Under this solutions, more than 950 branches/extension counters of the Bank, 659 networked ATMs, with online Tele banking facility made available to all its Core Banking Customers - individual as well as corporate. Its well-integrated treasury operations also provide Negotiated Dealing System operations. There are SWIFT facilities at 42 branches that have international business. The Bank also provides more value added services like Cash Management Services, Insurance, Mutual Funds and Demat. The Bank has tied up with New India Assurance for non-life products and with HDFC Standard Life for life insurance products.

In a strategic alliance, the bank entered into a MOU with IL&FS Ltd to establish a platform for providing banking and custodial-cum-demat services to Foreign Institutional investors (FII) investing in the Indian Capital Market. The alliance is envisaged between the two entities, primarily for the purpose of tapping business opportunities generated from the investments made by FII in the capital market. The Bank also entered a joint pact with Bank of India and Infrastructure Development Finance Co. Ltd. (IDFC) for loan syndication. The arrangement will facilitate joint identification, marketing, appraisal and underwriting of project finance so as to provide a total solution to the promoters.

HOUSE: Govt.of India - Pub.Sect.Banks

The Bank introduced 'Union White Card' scheme to provide hassle free credit to milch cattle owners and dairy operators. Till March 2007, 55731 Union White Cards were issued with credit assistance of Rs. 173 crores. The bank has launched 'Union Super Salary Account', wherein the bank will provide debit card, internet banking, phone banking and multi-city cheque books and the account holder will receive the pin number within 48 hours of opening account. The account holder will also receive insurance cover for accidental death up to Rs 2 lakh.

To enhance its focus on the retail lending, the Bank opened 11 Centralized Processing Centers at major cities across the country with the objective to centralize retail loan processing in order to simplify and speed-up the process of lending by expeditious sanction and disbursement of retail loans. The bank proposes to open another 22 CPCs during the year 2007-08. Retail Marts were opened during the year taking total fully to 55.

Bank aims to reach a business mix of Rs 185000 crores by the end of March 2008, a growth of approx. 25%. Of this, Rs 105000 crores will be deposits (growth of 23%) and Rs 80000 crores will be Advances (growth of 25%). CASA as a percentage of total deposits to reach 40% by 2010 and 36% by 2008. Bank will adopt a four-pronged strategy for growth. Retail, Agri business, SME and Corporate will continue to be the four growth engines. The Bank plans to aggressively market technology based products targeting segments such as the youth and mass affluent groups.

Union Bank of India is looking to enter the mutual fund business and is likely to announce a partner by the end of this fiscal. The partner is likely to be a foreign partner, but the shareholding pattern is yet to be finalized. Details of the bank's joint venture for life insurance with Bank of India and Dai Ichi Mutual Life Insurance would also be announced in less than a month.

Union Bank of India will add an additional of more than 200 branches this fiscal as part of its expansion drive. In a release issued, the bank said it has already opened 124 branches in 2006-07. Union Bank of India (UBI) has initiated a financial inclusion plan for hawkers in Mumbai by enabling them to open saving bank accounts with the bank. Under the project, hawkers would be able to transact with the bank, using biometric smart cards.

Financial Performance

For the quarter ended Sept '07, Union bank of India posted restricted growth of 7% to Rs 672.79 crores in its NII largely due to high interest on deposits. However impressive 78% spurt in other income to Rs 270.82 crores facilitated the company to report healthy 42% growth in net profit to Rs 275.78 crores during this period.

Gross NPA to Gross Advances ratio was brought down from 3.84% as on March 31, 2006 to 2.94% as on March 31, 2007. Net NPA to Net Advances ratio came down from 1.56% as on March 31, 2006 to 0.96% as on March 31, 2007. In absolute terms, the Gross NPAs as on March 31, 2007 stood at level of Rs. 1,873 crores as against Rs. 2,098 crores as of March 31, 2006. Net Profit of the Bank grew from Rs. 675 crores for the year ended 2006 to Rs. 845 crores for the year ended 2007. Net Interest Margins of the Bank improved from 3.03% as of March 2006 to 3.05% as of March 2007. The Net Worth of Bank improved to Rs. 4,733 crores as on March 31, 2007 from Rs. 4092 crores as on March 31, 2006. The growth in percentage terms works out to 15.88% due to plough back of net profit of Rs. 640 crores. The capital adequacy ratio stood at 12.80% as of March 31, 2007 as against 11.41% as of March 2006.

Financial Snapshot (Rs. crores)					
	FY 2006-07	FY 2005-06	FY 2004-05	Q 200706	Q 200606
Equity	505.12	505.12	460.12	505.12	505.12
Networth	4733.28	4092.48	3139.44	-	-
Capital Employed	102323.1	88708.2	71967.63	-	-
Net Sales	7382.18	5863.71	4969.79	2254.83	1772.37
Rate of Growth(%)	25.90%	17.99%	-	27.22%	-
Other Income	1221.17	819.67	766.71	270.82	152.48
PBIDT	6058.72	4470.18	3590.12	2012.82	1451.19
Rate of Growth(%)	35.54%	24.51%	-	38.70%	-
PBT	1380.39	894.63	611.59	430.78	306.34
PAT	845.39	675.18	719.06	275.78	194.16
Rate of Growth(%)	25.21%	-6.10%	-	42.04%	-
Book Value (Rs)	93.71	81.02	68.23	-	-
EPS (Unit Curr.)	16.74	13.37	15.63	5.46	3.84
PBIDTM(%)	80.90%	74.77%	70.76%	89.27%	81.88%
PBDTM(%)	18.70%	15.26%	12.31%	19.10%	17.28%
PATM(%)	11.45%	11.51%	14.47%	12.23%	10.95%

The total business of the bank crossed landmark figure of Rs. 1,48,838 crores as on March, 31 2007 registering growth of 15.61% over the previous years figure of Rs. 1,28,738 crores. The Bank's total deposits reached a level of Rs. 85,180 crores in March 2007 showing a growth of 14.96% over the previous years level of Rs. 74,094 crores. An important feature of this growth was the increase of 214 bps in the share of low cost deposits, which moved up from 32.36% to 34.50%. The growth recorded in Core deposits was higher at 20.08%. The Bank's credit portfolio expanded by 16.50% to touch Rs. 63,658 crores as on March 31, 2007 from the previous years level of Rs. 54,644 crores. The growth recorded in the Bank's identified growth engines namely Agri business, SME and Retail were much higher at 30%, 35% and 17% respectively.

The shift in strategy to rebalance the portfolio to focus on these segments paid rich dividends as the yield on advances improved substantially from 8.18% in 2005-06 to 8.98% in 2006-07.

Priority sector advances attained an outstanding level of Rs. 26,675 crores as on March 31, 2007 which as a percentage of Net Bank Credit was above the mandatory stipulation of 40% by Reserve bank of India.

Union Bank of India (UBI) is considering an option to revalue its property to boost its capital adequacy ratio (CAR) The Reserve Bank of India (RBI) allows banks to consider up to 45% of the revaluation reserves arising from revaluation of assets that are undervalued in the bank's books to be included in tier-II capital. Banks are turning to this option, as there has been a substantial increase in real estate prices in the last two years.

Industry Performance

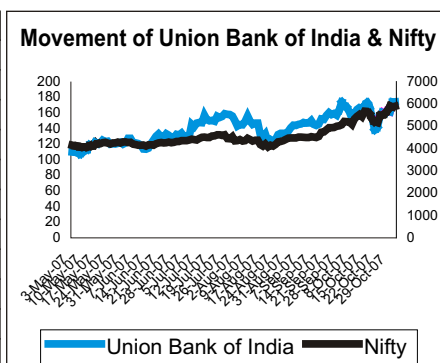
The banking sector reported a 33.6 per cent growth in income from operations on the back of a 49.7 per cent growth in core interest income which was largely offset by a poor performance in interest income from investments. Banks are continuing to offer higher interest rates on term deposits of certain tenures. They are offering deposit rates as high as 9.5 per cent. Therefore growth in net interest income to be much slower than growth in core interest income or even total interest income.

Credit growth has stabilized at around 23 per cent since the second half of June 2007. Deposit mobilization rate continues to be robust at the same rate as credit growth. In other words, pace of deposit growth is matching pace of credit growth. There is downward pressure on interest rates on deposits but as long as the larger banks don't prune interest rates on deposits, other banks are unlikely to follow.

Excess liquidity in the banking system was Rs. 1,40,231 crores as on 21 September, nearly double of that a year ago. Monetary inflows into the country remain strong thereby further boosting liquidity in the country. The Reserve Bank, revised the ceiling for the outstandings under the Market Stabilisation Scheme (MSS) for the year 2007-08 to Rs. 2,00,000 crores.

Market Snapshot

Market Data (As on 31-Oct-2007)	
Price (Rs)	173.95
Lat. P/E	8.3
Mkt. Cap.(Rs Cr)	8134.96
Lat. BV(Rs)	93.71
52 W H/L(Rs)	191/84
Lat.Eqty (Rs Cr)	505.12
Div. Yield (%)	2.17
Face Value	10
BSE Code	532477
BSE Group	A
NSE Symbol	UNIONBANK



Online Trading

Until the mid-90s, almost all stock exchanges functioned as open outcry systems. Typically, orders were either received by the brokers directly or through their back office systems. The common practice was for brokers to use distinctive hand gestures and finger movements and call out the names of the stocks to indicate whether they wanted to sell it or buy it. Once the buying and selling brokers met, they would decide whether they could make a deal at the price offered. If the deal was accepted, it was entered into the exchange's system. Since then, exchanges have truly come a long way - from the open outcry system to today's latest electronic trading systems that have ushered in new levels of transparency in price discovery and fair trading.

Online trading is an Internet based investment activity that involves no direct involvement of the broker. The total share of online share trading in India has been found to have grown from just 3 per cent of the total turnover in 2003-04 to 16 per cent in 2006-07.

An obvious advantage of online trading is that the transactions would be virtually paperless. The trading account would be linked to demat and bank accounts, ensuring a smooth transaction process. This is especially helpful in the extant T+2 settlement system, where we have just two days to settle our transaction. The normal process of issuing a delivery note, in the case of a sale, or arranging for payment in the case of a purchase of shares, is all taken care of the minute your order is executed online. The absence of manual intervention ensures that you are completely in control of all transactions. There is also little room for error, as the order is always confirmed before it is executed. We can also make better decisions as we have a clear record of all our previous transactions. When we trade offline, a demat statement is normally sent only on a monthly/quarterly basis. Keeping track of our portfolio becomes a hassle in such a case. Convenience is probably the greatest advantage online trading offers an investor. If you do not have time to trade during market hours, when perhaps you are at work, you can log on to the web-trading site and place your orders offline, during off-market hours.

The investor has to register with an online trading portal and get into an agreement with the firm to trade in different securities following the terms and conditions listed down on the agreement. The order processing is done in real time as the servers of the online trading portal are connected to the stock exchanges and designated banks all round the clock. They can also get updates on the trading and check the current status of their trades either through e-mail or through the interface. Brokerages also provide research content on their websites, such that the clients can take their own decisions on stocks before investing.

The major financial products and services available online in India are equities, mutual funds, loans, commodities trading, portfolio management and financial planning.

Facts about Online Trading

Safety: The safety of transactions on the Internet depends on the encryption system used. Most leading online trading sites, including those in India, offer the 128-bit encryption, which is

considered safe and difficult to hack into. Secondly, most online trading sites provide a secure user ID and password, so that secrecy is maintained.

Convenience: Most leading online broking sites provide a system wherein your broking account, bank account and demat account are linked electronically. So while buying/selling shares, the system checks the funds/ shares availability and automatically credits/debits the accounts once the order is executed by the exchange. Online trading gives first-time and low-volume investors an edge over physical broker trading in terms of convenience and transparency. Banks that offer trading platforms make for seamless trading and payment options. The entire transaction process from placing the order to making payments and delivery takes place seamlessly, and requires minimal follow-up.

Computer Know how: Trading on an established financial portal makes online trading easy. One does not need to be an expert. Most portals offer a free demonstration/ detailed help menus for the online trading site.

Accuracy: The advantage in online trading is that one is not at the mercy of the broker to see the latest buy/sell quotes. The stock prices through the ticker are available with most online trading sites and the good ones offer live quotes (having direct data feeds from the stock exchange). Hence accuracy is maintained.

Costs : Offline or online, most brokers require you to maintain a minimum balance which determines the trading limits. Brokers usually have recurring and one-time charges (account opening fees). Recurring charges are the annual maintenance fee and the brokerages on transactions. Brokerage is usually 0.25-0.85 percent of the transaction value or a flat rate (between Rs 10 and Rs 50) on a per trade basis, whichever is less. Some brokerages charge less for customers with large accounts. Annual charges for the demat account can be anything between Rs 250 and Rs 750. The brokerage may or may not include service tax.

- If you are an active investor with a high trading turnover, brokerage charges will leave a dent on the profits. Obviously, the lower the percentage rate, the better.
- If you are a low volume investor active or passive a stiff minimum charge will hurt. Therefore, choose a broker or a Web trader that either does not specify a minimum charge or levies a low one.

Investment Tip for the Month

How to select an online broker:

Online trading is still at a nascent stage. Hence choosing an online broker depends on various Qualitative and Quantitative factors. Choose online brokers who are willing to offer many options such as brokerages that decline as volumes rise, minimal account opening charges, negligible maintenance costs, the facility of transacting in many financial instruments through the trading website, margin trading, access to research reports and tie ups with banks which makes it ease to transfer the funds. Qualitative factor largely pertains to the expectation of service standards, as customer service quality is the only human interface in this entire mechanism.

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Un-Audited Financial Results for the half year ended 30.09.2007

		Three months ended 30.09.2007	Corresponding three months in the previous Year 2006-07 Rs. Lakhs	Previous Accounting Year 2006-07 Audited
1	Income from Operations	482.44	200.73	2577.46
2	Other Income	0.10	2.57	9.63
3	Total Expenditure	125.23	81.47	342.73
	a) Staff cost	37.94	29.74	133.05
	b) Postage & Telephones	12.69	8.50	45.22
	c) Other expenditure	74.60	43.23	164.46
4	Interest	0.00	0.00	0.00
5	Depreciation	43.22	40.77	166.63
6	Provision for Non Performing Asset	(2.60)	(52.73)	(144.37)
7	Provision for Depreciation on Investments	0.00	0.00	30.16
8	Prior period expenses - Interest Tax	0.00	0.00	49.89
9	Profit before Tax	316.69	133.79	2142.05
10	Provision for Tax			
	a) Fringe Benefit Tax	0.53	0.61	2.31
	b) Current Tax	35.88	0.00	0.00
	c) Deferred Tax	(4.15)	58.29	22.57
11	Net profit	284.43	74.89	2117.17
12	Paid up equity share capital (Face value per share - Rs. 10/-)	4437.82	4439.41	4437.82
13	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year			(788.84)
14	Basic & diluted EPS for the period, for the year to date and for the previous year (not annualised)	0.64	0.17	4.77
15	Aggregate of non-promoter shareholding			
	- Number of Shares	15604400.00	15604400.00	15604400.00
	- Percentage of shareholding	35.16%	35.16%	35.16%

Notes

- The Market value of quoted investments (Cost-Rs.5.53 crore) of the company as on 30.9.2007 was Rs.40.54 crore.
- There were no investor complaints pending at the beginning of the quarter, no Investor complaint was received during the quarter and no complaints were pending at the end of the quarter.

The above financial results have been taken on record by the Board of Directors of the company at the meeting held on 27.10.2007.

Place : Chennai
Date : 27.10.2007


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