Indbankonline

MARKETS FOR YOU

Private Circulation only | September - 2007 | Issue - 4

T. M. Nagarajan

Ex-Whole Time Member, SEBI
Former Dy. Managing Director, IDBI

Offline Message

The surging Sensex pleases and beckons investors. Arguably, there is no denying the contributory factors: robust growth rate, controlled inflation, continued good corporate performance, in short, the solid fundamentals, besides the momentum. While there are thousands of gratified, satisfied and expectant investors, there are still a vast majority staying or shying away from the capital market, heaving a sigh of envy or decrying the speculative or acquisitive instincts, or out of ignorance or fear of loss.

The significant reforms made in the course of the last few years have rendered our capital market one of the most sophisticated and well regulated one in the world. Transparency, efficiency and safety are its hallmarks. It has withstood turbulences and proved its resilience more than once in the recent past. Today the investors, particularly small ones are reasonably a happier lot, with demat and online trading facilities. Some have become Street-smart, sitting at home!

Endeavour on the part of an intermediary to encourage and assist many more savers to participate in the growth process and benefit from the capital market, must be motivated by more than commercial interests and matched with efforts to educate them on the market-nuances, caution them of the lurking risks, apprise them of emerging developments and guide them to make informed choices.

This *Indbankonline*, I believe, is in line with the said objective.

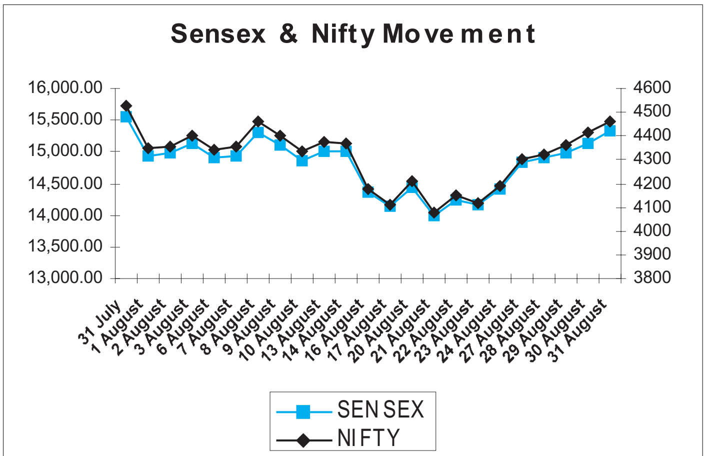
T. M. Nagarajan

Markets Last Month

Indian Equity Market

The markets tumbled during the beginning of the month when stocks dropped across the globe. Persistent fears about the globe credit squeeze sapped the investor's appetite for risky assets. However, recovered during the end of the month making SENSEX and NIFTY close at 15,318.60 and 4464 respectively, which is marginally lower than the last month's close.

The Sensex lost 97 points during the first week of the month to end 0.63% lower than the previous week's close. It registered its third largest fall on Aug 01 when it plunged 615 points on global cues, as most markets in Asia fell. There were more than 13 declines for every advance on the NSE(on August 1st). The Sensex lost 270 points over the second week to end 1.78% lower than the previous week's close following a rout in global markets as credit jitters flared up after the French bank froze funds that invested in US sub-prime mortgages. During the third week the Sensex saw its worst weekly decline (-4.9%) since week ended March 2, 2007 (-5.5%). The index fell on concerns the global credit crisis is worsening. Friday's fall was the largest since April 2, 2007. Total turnover in the F&O segment of NSE stood close to Rs.65000cr. During the fourth week, the BSE Sensex rose on speculation of, the ruling Congress Party will reach agreement with allied communist parties over a proposed nuclear energy deal with the U.S., helping avert the threat of a mid-term election. During the last week of the month, BSE Sensex gained 6.2% over the previous week close, to record the highest weekly gain since the week ended Mar 23. The GDP clocked a 9.3% growth in the first quarter of FY2007-08 after gaining 9.1% in the previous quarter.



During the first week, the Consumer Durable sector performed better than the rest while the IT stocks were the worst performers as compared to the last month. Banking stocks recovered a bit on first week's Friday after a huge fall on Aug 01. IT stocks managed to end the second week in positive territory and BSE small-caps were marginally up (0.16%) from the previous weeks close, while all other major sectors and indices ended in the red. All sectoral and broad indices were under-performers for the third week, though Small-caps and mid-caps lost less. During the fourth week, under broad indices BSE Small-cap declined the most with loss of 2.2% over the previous week closing and Reliance Industries Ltd. led the gains. IT stocks took a battering as the BSE IT index declined 2%. Market breadth was positive during the last week of the month, on every single day of the week with gainers outnumbering losers. All sectors gained in the last week but, Banking, IT, Auto, PSU and Metal stocks could not cover-up for the losses made during the month.

Institutional Investment

FII who pressed heavy sales on domestic bourses, turned out to be net sellers during the month, on the fears of speculations and global market trends. MFs remained as net buyers on a weekly basis throughout the month of august.

FII-Cash & Debt segment (Rs.Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Sales	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Aug-07	55203.7	63407.8	- 8204.1	17404.5	15924.3	1480.2

FII-Derivatives segment (Rs.Crores)

Month	Index buy	Index sell	Stock buy	Stock sell
Aug -07	82086.6	73702.7	36279.0	37521.4

Mutual Fund- Cash & Debt Segment (Rs. Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Purchase	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Aug-07	15716	12014	3702	18852	15833	3020

Indian Fixed income Market

10-year benchmark G-Sec prices ended with a 12 paise loss during the first week of the month. The markets reacted to RBI's announcement of a 50basis point hike on CRR to 7% as was evident from a fall in yields on July 31. Yields rose by 13 basis points during the second week in reaction to RBI's announcement to lift the MSS ceiling to Rs.1500 billion and Govt's restriction on External Commercial Borrowings (ECB), both viewed as steps to arrest excess liquidity in the banking system. During the third week, yields remained range bound, some run-up was seen on last Friday of the week due to flight of investor's towards safer havens. During the fourth week the yields fell over the previous weeks close as the markets saw some rally during the week, ending a four-week decline in bond prices. During the last week of the month, yields fell over the previous weeks close as the markets saw some rally.

Concerns about a global credit crisis eased, spurring investors to put money back into the emerging markets.

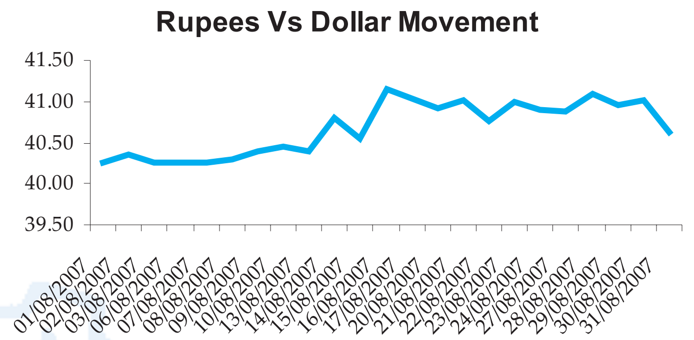
Overnight call rates jumped, with stray deals touching 40%, as dealers struggled to cover positions and were short on cash before the fourth week Monday, which was a banking holiday. They reached a high of 6.50% during the fourth and the fifth week.

Wholesale Price index rose 4.36% for the week to July 21 from a year earlier as prices of lentils and fruits declined. And further gained to 4.45% in the week to July 28 due to rise in food prices as floods in the northern and eastern regions damaged crops and disrupted supplies. And then declined to by 4.05% for the week ended August 4, lowest since the week ended June 16. Food prices declined, as the impact of floods in the northern and eastern regions, on supply and transportation was temporary. It held below the central bank's target for the 10th straight week to 3.94% in the week ended August 18, adding to optimism borrowing costs won't be raised further anytime soon.

Credit growth has shown signs of picking up ahead of the busy season. The fortnightly credit growth has been the highest in the year for the fortnight ended Aug 3 as observed from the data released by RBI.

Forex reserves increased $3.31bn to $225.35bn in the week ended July 27 and to $229.34bn in the week ended Aug 03, later decreased for the first time in 3 months to $229bn as on August 10, and then to $226.44 billion as on August 17th and finally to $223.89 billion on August 24th 2007.

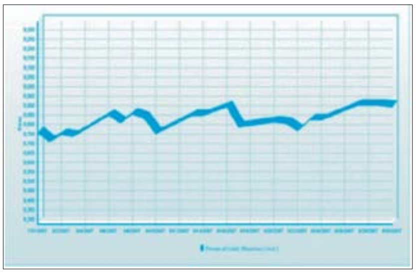
The rupee value closed weekly at Rs.40.35$, 40.62$, 41.34 $, 41.08 and 40.63$ during the month. The rupee fell on the back of FII outflows from Indian markets and gained during the month end on speculation that India will continue to attract investment inflows as credit fears eased.

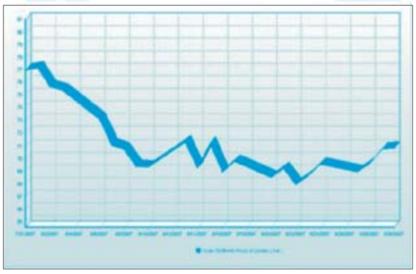


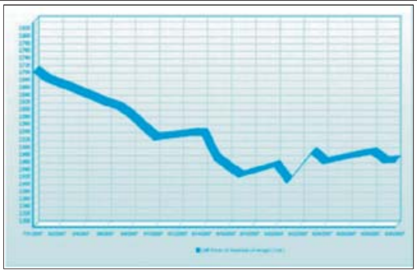
Latest (31st August 2007)	Lowest (1st August 2007)	Highest (16th August 2007)
Rs. 40.63	Rs. 40.25	Rs. 41.15

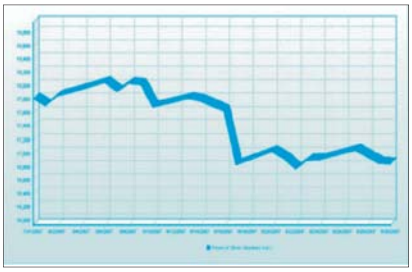
Commodity Markets

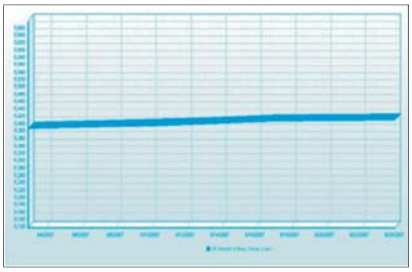
NCDEX has signed a MOU with Institute of Management Technology(IMT), to collaborate in knowledge creation and awareness in commodity markets and derivatives. MCX along with its maintenance committee announced certain changes in the composition and weightage of India's first real time composite commodity futures index MCX-Comdex. The index is calculated and displayed on a real time basis on MCX trader work stations and at various other display centers.

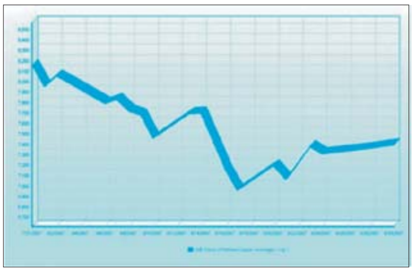

Gold


Oil


Aluminum


Silver


Steel


Copper

Commodities market demonstrated good performance in a number of commodities during the month. Rally in many commodities was supported by aggressive demand in spot coupled with speculative activities. However, some Crude oil commodities, viz. Spices saw a halt in their prices.

crude oil surged to $78.21 a barrel in New York on July 31, a record high of more than a year, before closing at $75.48 for the week. Oil prices eased near $70.83 a barrel ahead of U.S. inventory data expected to show a build in domestic petroleum product stocks during the last day of the month.

Global Markets

US Stocks during the first week of the month tumbled on evidence losses in the mortgage market may slow the economy and reduce bank profits, sending the Standard & Poor's 500 Index to its worst three-week retreat since 2003. The sell-off exacerbated a rout last week that wiped $2.1 trillion in value from global equity markets. However they recovered from a global sell-off during the second week of the month, erasing most of the DJIA's 213- point drop, after the Fed added $38 billion to banks to stem a crisis of confidence in credit markets. Central banks from Frankfurt to Sydney have injected funds to calm panicky credit markets. The ECB injected 61 billion euros on second week's Friday in addition to 95 billion euros injected last month. The US Commerce Department report during the fourth week showed purchases of new homes last month increased 2.8% to an annual pace of 870,000. The Fed unexpectedly cut the discount rate (rate at which it lends to banks) during the third week Friday by 0.50%, to 5.75% and acknowledged for the first time that an extraordinary policy shift is needed to contain the sub-prime mortgage collapse that began jolting the world's financial markets two months ago. The discount rate cut calms market and helped financing. The Fed's decision ignited a rally in stocks from Europe to the U.S. The S&P500 index climbed the most in four years, rising 2.5% on the third week, to 1445.94. The DJIA was up 234 points to 13079 to par most of the week's losses. US Treasury benchmark 10-year note closed at a yield of 4.66%. DJIA posted its biggest weekly advance in four months, boosted by speculation the Federal Reserve will stem losses in credit markets and revive this year's record pace of takeovers. Stocks rebounded from a month-long skid as economic reports showed new-home sales and durable-goods orders rose. During the end of the month, DJIA made profits which was marginally lower than the previous weeks close as the Markets reacted positively to US President George W. Bush's and Federal Reserve Chairman Ben S. Bernanke's pledge to prevent credit losses from snuffing out the nation's economic expansion. Bush said he will let the Federal Housing Administration, which insures mortgages for low and middle income borrowers, guarantee loans for delinquent borrowers, allowing them to avoid foreclosure and refinance at more favorable rates.

US job growth slowed to 92,000 in July, from 126,000 the prior month. The jobless rate increased to 4.6 percent from 4.5 percent. The unemployment rate rose as the US economy cooled in response to the worst housing recession in 16 years. US GDP rose at a 4% annual rate in April to June, up from an initial estimate of 3.4%. Corporate earnings adjusted for the value of inventories and depreciation, known as profits from current production, rose.

Asian stocks, during the first fortnight, tumbled for the fourth week, as a deepening U.S. housing slump and spreading credit crunch cooled investor demand for equities. Markets however recovered after the Fed news. But during the end of the month, Asian stocks climbed on speculation company earnings and global economic growth will withstand a U.S. housing slump. Measures climbed around the region, with benchmarks setting records in Hong Kong and China. China's CSI 300 jumped 6.8 percent, extending a three-week, 16 percent rally, on speculation corporate earnings growth will be sustained. The FOMC kept its overnight lending rate target unchanged at 5.25% during the second week even as it reiterated that its predominant policy concern remains the risk that inflation will fail to moderate as expected. France's largest investment bank, BNP Paribas, during the second week temporarily suspended the net asset value [NAV] calculation of three funds, all of which are invested in U.S. asset-backed securities (inc. sub-prime mortgages) and froze redemptions. Japan's Nikkei climbed 2% during the last week of the month, adding to a 6.4% rally in the week ended Aug 24. Hong Kong's Hang Seng Index posted its biggest weekly gain during the fourth week, in almost nine years after China's govt. said it will let some of the nation's individual investors buy the city's securities. This will pave the way for China's 17 trillion Yuan ($2.2 trillion) in household savings to enter Hong Kong's stock market.

Indices	Country	Index as on 31st July	Index as on 31st August
NASDAQ	United States	2583.28	2588.93
DJIA	United States	13358.31	13351.48
S&P 500	United States	1473.91	1,457.61
Hang Seng	Hong Kong	23184.94	23984.14
Nikkei 225	Japan	17248.89	16569.09
Straits Times	Singapore	3547.66	3392.91
FTSE 100	United Kingdom	6330.90	6304.70
CAC 40	France	5746.24	5654.69
DAX	Germany	7588.40	7645.15

IPO and NFO Review

Out of the 7 IPO's that were issued during the month, two IPO's were undersubscribed (IT People Ltd, and Indowind Energy Ltd). Motilal Oswal and Take Solutions were in the limelight, of getting over subscribed by 27.4 and 59.5 times respectively. The remaining IPO's were subscribed less than 2 times.

Open Issues

Company Name	Issue Type	Face Value (Rs)	Premium (Rs)	Issue Open	Issue Close
Dagger-forst Tools Ltd.	Public Cum Rights Issue	10	35	27/08/2007	09/03/2007

Forthcoming Issues

Company Name	Issue Type	Instrument Type	Face Value (Rs)	Premium (Rs)	Issue Open (Rs)	Issue Close
Allied Computers International (Asia) Ltd.	Public Issue	Equity Share	10	2	09/07/2007	09/12/2007
Power Grid Corporation of India Ltd.	Public Issue(B)	Equity Share	10	44-52	13/09/2007	20/09/2007

New Listing

Company Name	Offer Price (Rs.)	Listing Date	List Price (Rs.)	Last Traded Price (Rs.)	Last Traded Date (Rs.)	% Change
Puravankara Projects Ltd.	400	30/08/2007	310	31/08/2007	377.05	-22.50%
KPR Mill Ltd.	225	28/08/2007	175	31/08/2007	164.1	-22.22%
Take Solutions Ltd.	730	27/08/2007	880	31/08/2007	897.7	20.55%
Asian Granito India Ltd.	97	23/08/2007	99.9	31/08/2007	104.95	2.99%
Central Bank of India	102	21/08/2007	131.8	31/08/2007	124.7	29.22%
SEL Manufacturing Company Ltd.	90	21/08/2007	95	31/08/2007	155.3	5.56%
Zylog Systems Ltd.	350	17/08/2007	557	31/08/2007	428.2	59.14%
IVR Prime Urban Developers Ltd.	550	16/08/2007	456.25	31/08/2007	374.6	-17.05%
Omnitech InfoSolutions Ltd.	105	14/08/2007	183.75	31/08/2007	122.6	75.00%
Omaxe Ltd.	310	09/08/2007	410	31/08/2007	319.35	32.26%
Alpa Laboratories Ltd.	68	06/08/2007	61	31/08/2007	44.95	-10.29%
Simplex Projects Ltd.	185	03/08/2007	323.75	31/08/2007	291	75.00%
Everonn Systems India Ltd.	140	01/08/2007	245	31/08/2007	632.45	75.00%
Refex Refrigerants Ltd.	65	17/08/2007	62.25	31/08/2007	63.5	-4.23%

The mutual fund industry closed August 2007 with Rs 4.67 lakh crore of assets under management (AUM). This showed a drop down of 3.91% in August 2007 compared with Rs 4.86 lakh crore in July 2007. AUM of fund of funds (FoFs) was Rs 2228.18 crore in August 2007.

During the month there were totally 45 new schemes of which 34 were debt schemes(comprising of 23 long term close ended debt schemes, 9 Short term close ended debt schemes, and 2 open ended schemes), 8 were equity schemes(comprising of 1 close ended scheme and 7open ended schemes) and 3 close ended long term equity balanced schemes.

NFO

Scheme	Type	Class	Open Date	Close Date	Offer Price (Rs.)	Min. Inv. Amount (Rs.)
SBI MagDFS 90D Sep07	Close	Debt - FMP	30/08/2007	09/03/2007	10	50000
DBS Chola Infrastruc	Close	Equity - Diversified	08/07/2007	09/06/2007	10	5000
Lotus India Equity	Open	Equity - Diversified	16/08/2007	09/07/2007	10	5000
Principal LTEq 3Y S2	Close	Equity - Diversified	08/03/2007	09/07/2007	10	5000
DSP ML FTP S 3F	Close	Debt - FMP	31/08/2007	09/10/2007	10	25000
ING FMF S XXXII	Close	Debt - FMP	30/08/2007	09/10/2007	10	5000
LICMF SysteAssetAllo	Close	Equity - Balanced Fund	16/08/2007	14/09/2007	10	5000
ABN AMRO FTP S93YAIP	Close	Debt - FMP	29/08/2007	17/09/2007	10	2500000
ICICI PruIndoAsia	Open	Equity - Diversified	23/08/2007	21/09/2007	10	50000000
ICICI PruFMPS39 3M A	Close	Debt - FMP	27/08/2007	25/09/2007	10	5000
Tata Indo-Global Inf	Close	Equity - Diversified	09/03/2007	16/10/2007	10	10000
ABN AMRO China-India	Open	Equity - Diversified	09/03/2007	10/01/2007	10	500
Fidelity IndiaGrowth	Open	Equity - Diversified	09/03/2007	26/09/2007	10	5000

Bonus and Dividend Announcement

Symbol	Series	Record Date	Ex Date	Purpose	Symbol	Series	Record Date	Ex Date	Purpose
3IINFOTECH	EQ	28/08/2007	27/08/2007	BONUS 1:1	NIITLTD	EQ	31/08/2007	24/08/2007	FV SPL-RS10 TORS2/BON-1:2
BANCOINDIA	EQ	31/08/2007	30/08/2007	BONUS 1:1	GODREJCP	EQ	08/08/2007	07/08/2007	INT DIV-RE.0.75 PER SH
NORTHGATE	EQ	03/09/2007	31/08/2007	BONUS 1:1	JPHYDRO	EQ	12/09/2007	11/09/2007	INT DIV-RE.0.75 PER SHARE
NUCLEUS	EQ	06/08/2007	03/08/2007	BONUS 1:1	PFOCUS	EQ	16/08/2007	14/08/2007	INT DIV-RS.1.50 PER SH
UNITECH	EQ	31/08/2007	30/08/2007	BONUS 1:1	ACC	EQ	03/08/2007	02/08/2007	INT DIV-RS.10/- PER SH
GEOINFO	EQ	21/08/2007	17/08/2007	BONUS 1:2	MRF	EQ	13/08/2007	10/08/2007	INT DIV-RS.3/- PER SH
MOTHERSUMI	EQ	31/08/2007	30/08/2007	BONUS 1:2	HINDUNILVR	EQ	08/08/2007	07/08/2007	INT DIV-RS.3/- PER SH
NIITTECH	EQ	31/08/2007	30/08/2007	BONUS 1:2	ANANTRAJ	EQ	10/08/2007	09/08/2007	INT DIV-RS.6/- PER SH
GDL	EQ	03/08/2007	02/08/2007	BONUS 1:4	AUTOAXLES	EQ	10/08/2007	09/08/2007	INT DIV-RS.6/- PER SH
AMBUJACEM	EQ	06/08/2007	03/08/2007	DIV INT-RS1.20+SPL-RS1.30	BLBLIMITED	EQ	17/08/2007	16/08/2007	INTERIM DIVIDEND-10%
BANKBEES	EQ	11/09/2007	10/09/2007	DIVIDEND-RS.5/- PER UNIT	ORBITCORP	EQ	17/08/2007	16/08/2007	INTERIM DIVIDEND-15%
APOLLOTYRE	EQ	27/08/2007	17/08/2007	FV SPLIT RS.10/- TO RE.1/	DCMSRMCONS	EQ	17/09/2007	14/09/2007	INTERIM DIVIDEND-150%
AMARAJABAT	EQ	26/09/2007	19/09/2007	FV SPLIT RS.10/- TO RS.2/	ALLCARGO	EQ	10/08/2007	09/08/2007	INTERIM DIVIDEND-20%
EASUNREYRL	EQ	07/08/2007	31/07/2007	FV SPLIT RS.10/- TO RS.2/	HDIL	EQ	17/08/2007	16/08/2007	INTERIM DIVIDEND-20%
EKC	EQ	28/08/2007	21/08/2007	FV SPLIT RS.10/- TO RS.2/	HEXAWARE	EQ	03/08/2007	02/08/2007	INTERIM DIVIDEND-40%
HIRECT	EQ	04/09/2007	28/08/2007	FV SPLIT RS.10/- TO RS.2/	DCHL	EQ	14/08/2007	13/08/2007	INTERIM DIVIDEND-50%
SANGHVIMOV	EQ	30/08/2007	23/08/2007	FV SPLIT RS.10/- TO RS.2/	PAGEIND	EQ	28/08/2007	27/08/2007	INTERIM DIVIDEND-60%
USHAMART	EQ	05/09/2007	29/08/2007	FV SPLIT RS.5/- TO RE.1/	FINANTECH	EQ	17/08/2007	16/08/2007	1ST INTERIM DIVIDEND-50%

Scheme for the Month

JM Basic Fund

(Open-ended Diversified Scheme)

Fund Manager: **Asit Bhandarkar**

JM Basic Fund aims to invest primarily in the energy, construction and petrochemical sector in India launched in June 2005 in order to provide capital appreciation.

Current Stats & Profile	
Latest NAV	27.1886 (31/08/07)
52-Week High	27.3558
52-Week Low	15.65
Fund Category	Equity: Diversified
Type	Open End
Launch Date	June 2005
Net Assets (Cr)	306.34 (31/07/07)
Benchmark	Nifty

Investment Objective

The primary objective of the Scheme will be to provide capital appreciation to its Unitholders through judicious deployment of the corpus of the Scheme in sectors categorized under "basic industry" in the normal parlance and in context of the Indian economy, including but not limited to, energy, petrochemicals, oil & gas, power generation & distribution, electrical equipment suppliers, metals and building material. The fund would continue to remain open-ended with a sector focus.

Trailing Returns		
As on 31 August 2007	Fund	S&P CNX Nifty
1-Month	1.26	4.88
3-Month	17.85	10.79
1-Year	73.51	44.08
Return Since Launch	53.49	-----
Returns upto 1 year are absolute and over 1 year are annualized.		

Fund Style	Portfolio Characteristic
Investment Style	80-100% in Equity & Equity related securities (including equity derivatives) 0-20% in Debt securities and low money market instruments.

Investment Style

CAPITALIZATION	Growth	Blend	Value
Large			
Medium			
Small			

Over the past eight weeks, JM Basic has been performing well in the 1-year return category(weeks ended July 13 to August 24). The returns have been 73.51% as on the last day of the month (1-year returns).

Top Holdings

Name of Holding	Instrument	% Net Assets
Apollo Tyres	Equity	5.92
Action Construction Equipment	Equity	5.91
Maharashtra Seamless	Equity	5.22
Bharati Shipyard	Equity	5.02
Grasim Industries	Equity	4.95
Hindustan Zinc	Equity	4.75
Kalpataru Power Transmission	Equity	4.31
Nagarjuna Construction Co.	Equity	3.83
I V R C L Infra. & Projects	Equity	3.77
Emco	Equity	3.57
Hindustan Construction Co.	Equity	3.5
Greenply Inds.	Equity	3.45
India Cements	Equity	3.3
Era Constructions (I)	Equity	3.2
Sanghvi Movers	Equity	3.02
B H E L	Equity	2.94
Thermax	Equity	2.41
Cummins India	Equity	2.32
Bharat Earth Movers	Equity	2.21
Ashapura Minechem	Equity	2.07
Voltas	Equity Derivatives	2.03
P S L	Equity	2
Voltas	Equity	1.85
Jai Prakash Associates	Equity	1.79
Everest Kanto Cylinder	Equity	1.69

Sector Weightings (as on 31/07/07)	Net Assets %
Construction	28.05
Metals & Metal Products	20.04
Basic/Engineering	16.94
Diversified	12.16
Automobile	6.94
Services	5.02
Consumer Non-Durable	3.45
Energy	0.10

DLF Ltd

INDUSTRY : Construction **HOUSE : DLF**

History of the Company

The company primary business is the development of residential, commercial and retail Properties incorporated in the year July 1963 as American Universal Electric (India) Limited and renamed on June 18, 1980 as DLF Universal Electric Limited and then as DLF Universal Limited during May 1981. Since May 27,2006, the company has changed its name from DLF Universal Limited to DLF Limited. DLF Industries Limited (DLF Group Company) has amalgamated with DLF Universal Ltd pursuant to orders passed by the Delhi High Court on August 8, 2000 and by the Punjab and Haryana High Court on July 28, 2000. The scheme of amalgamation was effective from April 1, 1999.

DLF is the largest real estate development company in India in terms of the completed residential and commercial developments. In the residential business segment the company has built and sold a wide range of properties including plots, houses, duplexes and apartments of varying sizes, with a focus on the higher end of the market. Commercial business segment the company has built and sold or leased commercial office space, with a focus on properties attractive to large multinational tenants. Retail business segment the company has developed and mainly leases shopping malls, which in many cases include multiplex cinemas.

Of late, DLF has diversified into the hospitality sector, infrastructure project construction and development of special economic zones (SEZs) through joint ventures with eminent overseas and domestic players. The company has also picked up strategic stake or ramped up stake in companies offering crucial services relating to property development.

The company has a land reserve of 615 million square feet in terms of developable space (this space excludes the hotel sites and that of SEZ projects). About 40% of the land bank or 244 million sq ft is in super metros of NCR and Mumbai and 43% of the land bank or 265 million sq ft is in metros such as Chennai, Bangalore and Kolkatta. The balance land bank is in tier I and Tier II cities of the country. The company claims that the current land bank has the potential to develop a quality office space of 24 million square feet, 19 million square feet of retail space, 4 million square feet of super luxury residential space, 41 million square feet of luxury residential space, 236 million square feet of middle income housing and balance for villas, low income housing and others.

The recent initial public offer (IPO) of DLF, touted as the largest IPO in the country, is expected to lure a number of real estate players into the market.

Share Holding Pattern (as on 30 - June - 2007)	
	(%)
Public	9.84
Institutional Investments	83.42
Financial Institutions	0.42
FII	5.92
MF	0.37
Others	0.02

Future DLF

DLF is mulling an investment of Rs 11,000-12,000 crore towards development of this land into an integrated township, comprising office space, houses, commercial units and hospitality. First hotel project of the company at Saket in South Delhi is expected to commence operation by mid next fiscal. The company targets to have 6800 hotel rooms developed over a period of 4-6 years time frame. The company is all likely to finalise operators for the 9 super luxury hotel projects within current fiscal. The company has bagged mandate to develop largest convention centre at Dwaraka, Delhi. The company has convention centre projects at Goa, Jaipur and Kolkatta. With this the company expects to emerge as one of the largest convention center player in the private sector. The company has emerged as sole bidder for 9300 acre Bidadi Township project though it is yet to receive a final word on this project. Phase I of Chennai IT park is operational. The company currently has about 3500 people on its rolls and added about 300 hands during the quarter ended June '07. The company currently has commercial project in Pune, Chennai, Hyderabad and Kolkatta. The company plans to start project in Gujarat, Nagpur and Mumbai markets this year. In retail, the company has just started construction of a mall in Mumbai. This was the NTC mill land acquired couple of years back. The company mall project in Gurgaon, which is the largest mall proposed in India, is now in active construction.

A 74:26 joint venture is drawn between DLF group and Hilton International Co, plans to build three properties, two hotels - one in luxury category and the other a business hotel - and a service apartment unit in Kolkata. All three will carry respective Hilton brand names, meant for each of the hospitality segment. The projects would be operational within next three years. Apart from this, DLF is likely to launch the two retail malls it announced earlier in Chennai with 4.5 acre property both in the heart of the city. The two 'mini township' projects are planned near Chennai off OMR between Siruseri and Sholinganallur. DLF is in the process of acquiring land in Coimbatore, which is seen as a major destination of investments in IT and industry in Tamil Nadu. The size of the township project would be decided by the land it is able to acquire at realistic prices.

DLF has paid a whopping Rs 1,675 crore for 38 acres of land in west Delhi from DCM Shriram Consolidated (DSCL) and the Lohia Group. This is the most expensive land deal in the country so far.

DLF is betting on special economic zones (SEZs). The zones will cover an area of 26,100 acres and the company expects to take control of the land in the next two years. The SEZ plan consists of a 20,000 acre multi-product SEZ in Gurgaon and a 3,000 acre multi-product SEZ at Ambala, among other smaller infotech zones.

Financial Snapshot

Sales of DLF Ltd for quarter ended Jun '07 was Rs. 1121.87 crores. With operating margin of 77.6% the operating profit worked out Rs. 870.95 crore and Other Income was reported as 85.24 crore. PBT was at Rs 874.51 crore. After accounting for taxation of Rs. 295.24 crore the net profit stood at Rs. 579.27 crore. Sales for the year 2006-07 rose to 1133.5 Crores with a 15.15% growth, after the expenses, and the ensuing PBT and PAT was 637.3 Crores and 417.8 Crores respectively.

During the Quarter, the Company has successfully completed its initial public offer and consequently, the Company has allotted 17,50,00,000/- Equity Shares of Rs. 2/- each at a price of Rs. 525/- per share on June 28, 2007. The fully paid-up Equity shares of the Company stands listed on July 05, 2007 for trading on Bombay Stock Exchange and National Stock Exchange. On June 27, 2007, Remuneration Committee of the Board of Directors have granted 37,34,057 Options as per the Employees Stock Option Scheme, 2006 of the Company to its employees.

DLF will pay a dividend @ 100% (or Rs 2 per share) amounting to Rs 340,96,65,360/- on the entire equity share capital of the company including new shares issued in the IPO. The company's BOD have decided in this regard in their meeting on July 19, '07.

Financial Snapshot

				(Rs. crores)
	FY 2006-07	FY 2005-06	FY 2004-05	Q 200706
Equity	305.9	37.8	3.51	340.97
Networth	1063.30	647.60	383.93	-
Capital Employed	7832.6	3661.5	1017.03	-
Net Sales	1133.5	984.4	451.39	1121.87
Rate of Growth(%)	15.15%	118.08%	-	NA
Other Income	296.7	160.6	28.4	85.24
PBIDT	1003	497.9	133.35	956.19
Rate of Growth(%)	101.45%	273.38%	-	-
PBT	637.3	347.9	96.88	874.51
PAT	417.8	227.4	67.7	579.27
Rate of Growth(%)	83.73%	235.89%	-	-
Book Value (Rs)	6.95	171.32	1093.82	-
EPS (Unit Curr.)	2.73	60.16	192.88	3.40
PBIDTM(%)	88.49%	50.58%	29.54%	86.99%
PBDTM(%)	57.05%	35.74%	22.22%	55.56%
PATM(%)	36.86%	23.10%	15.00%	35.90%

Industry outlook

DLF's business is heavily dependent on the performance of the real estate market in India, particularly in the regions in which they operate, and could be adversely affected if market conditions deteriorate. Real estate projects take a substantial amount of time to develop, and could incur losses if a land is purchased at high prices and have to sell or lease the developed projects during weaker economic periods. Further, the real estate market both for land and developed properties is relatively illiquid, and also high transaction costs.

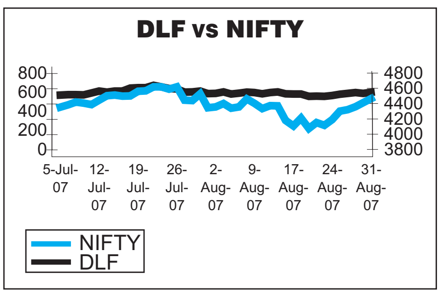
The real estate market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. These factors can negatively affect the demand for and the valuation of projects under development and planned projects.

The sector has witnessed an exponential growth in investments spanning residential projects, IT parks, SEZs, malls and hotels. As at the end of June 2007 quarter, 719 projects amounting to Rs.2,47,279 crore were under implementation. A total of 137 new projects were announced during the June 2007 quarter, involving an investment outlay of Rs. 81,428 crore.

Real estate developers are increasingly facing the difficulty of financing their realty projects. Rising interest rates have rendered bank borrowings unviable. The market regulator has asked for greater transparency, especially with regard to the ownership of land. With many companies relying on the equity option to raise money, the funding problem has been compounded by the recent norms outlined by the government on external commercial borrowings. As per the guidelines proposed by the Finance Ministry, all foreign funds raised by Indian companies through the issue of 'partially convertible', 'non-convertible' and 'optionally convertible preference shares' will be treated as debt and will be subject to guidelines applicable for external commercial borrowings (ECBs). The foreign investments were treated as equity and the proposals were cleared under the automatic route, will now be treated as ECBs. This will make it tough for developers to access such funds since ECBs are considered to be limiting factor as it cannot be used as working capital or for the prepayment of existing loans.

Market Snapshot

Market Data (As on 31-Aug-2007)	
Price (Rs)	598.25
Lat. P/E	176
Mkt. Cap.(Rs Cr)	101992.7
Lat. BV(Rs)	60.13
52 W H/L(Rs)	714 / 506
Lat.Eqty (Rs Cr)	340.97
Div Yield (%)	0
BSE Code	532868
Group	A
NSE Symbol	DLF



NTPC Ltd. (NTPC)

INDUSTRY : Power Generation And Supply **HOUSE** : Government of India

Company Background

NTPC is the largest thermal power generating company in India. A public sector company, incorporated in 1975 to accelerate power development in the country. Over the last three decades, NTPC has emerged as a national power company, with power generating facilities in all the major regions of the country. NTPC's share of the total installed capacity in the country as on March 31, 2006 was 19.51%. It contributed 27.68% of the total power generation of the country during 2005-06. Most of NTPC's coal-fired stations are located close to the mines that supply coal. Hence the proximity of its plants to fuel sources will help it generate electricity at competitive rates.

The companies core business is engineering, construction and operation of power generating plants and also providing consultancy to power utilities in India and abroad. Based on 1998 figures, carried out by Datamonitor UK, NTPC is the 6th largest in terms of thermal power generation and the second most efficient in terms of capacity utilisation amongst the thermal utilities in the world

In 1997, Government of India Identified NTPC Ltd as one of the Navratna public sector undertakings. During 2002, the company incorporated three wholly owned subsidiary of the company viz. NTPC Electric Supply Company Limited, NTPC Hydro Limited and NTPC Vidyut Nigam Limited.

NTPC has an installed power generation capacity of 26,194 MW. During the 11th Five-Year plan (2007-11), it plans to enhance the capacity by an additional 21,941 MW. The massive capacity addition will help the company retain its position as the largest generating utility in the country. It already has the advantages of a high Plant Load Factor (PLF), secured coal supplies and low receivables.

The company plans to diversify its business by taking advantage of opportunities created by regulatory and economic reforms. It has ventured into power trading and is considering downstream integration into distribution business. It also plans to enhance its current consulting services capabilities in the domestic and international markets.

Shareholding Pattern(as on 30-June-2007)	
	(%)
Central Government / State Government(s)	89.5
Institutional Investments	0.37
Financial Institutions	0.80
FII	6.93
MF	0.59
Others	1.81

Future NTPC

NTPC plans to introduce new technologies for quantum leap in capacity addition and follow a multi-pronged growth strategy to achieve its plan of becoming a 75,000 MW company by the year 2017. Company is entering into areas of growth by taking up challenging projects in the Hydro sector, coal mining, oil exploration and also nuclear generation in the XII th plan.

In FY07 company added 3155 MW of capacity and in Q1FY08 Company has added 500 MW. Total capacity owned by the company is 26,850 MW and under Joint ventures is 1,054 MW. The company has planned to increase its power generation capacity from 27904 MW to 50004 MW by 2011-12 and 75000 MW by 2016-17.

Out of total 22100 MW that company has planned to be add in XI plan, 13,360 MW is under construction and another 8,470 MW that is under tender. In current installed capacity share of coal based, gas based and JV capacities is 82%, 14% and 4% respectively. In 2017, the company expects 66% of installed capacity will be from coal based, 11% gas based, 12% Hydro, 7% JV, 3% Nuclear and 1% renewal resources. The company has also planned to increase its trading volume from 2.66 BUs to 10 BUs by 2011-12 and to 25 BUs by 2016-17. The company has planned to have distribution capacity of 1000 MW in FY2011-12 and 2000 MW in FY2016-17. The company has planned to have coal mining capacity of 15 MTPA by 2011-12 and 47 MTPA by 2016-17. The company has 7 coal blocks allotted of which two would be developed in joint venture with Coal India.Estimated mineable reserves are 2900 MT. About 20% of coal consumption will be met by captive mines by 2017. Coal production from 1st mine is expected by 2008. The company decided to acquire 44.6% stake in TELK from Government of Kerala to manufacture, market and service the transformers.The company has signed MoU with the Government of Sri Lanka & Ceylon Electricity Board for setting up a 500 MW coal based power plant.The company also has signed MoU with the Government of Nigeria for setting up power plants against allocation of LNG on long term. Apart from above company is exploring business opportunities in the Middle East region. It is exploring Coal Mining ownership/long term buy back opportunities in Indonesia, Australia and Africa.

NTPC has formed a joint venture company under the name and style of Aravali Power Company on 21st December 2006 with Haryana Power Generation Corporation Ltd (A Government of Haryana Undertaking) holding 25% equity and Indraprastha Power Generation Company (A Govt. of NCT of Delhi Undertaking) holding 25% equity and the Company holding 50% equity. This Company was formed mainly to establish a 1500 MW Coal based power plant in the State of Haryana.

NTPC has also signed a MoU with CIL for formation of a Joint Venture to undertake development, Operation & Maintenance of coal blocks and integrated coal - based power plants. The areas of immediate cooperation are development of two coal blocks Brahmini (1900 MT and Chicro Patsimal (356 MT) in Jharkhand to be developed and operated as 50: 50 joint venture between CIL and NTPC.

The company has also signed MoU with Kyushu Electric Power Co. Inc. (KEPCO), Japan for establishing an alliance for exchange of information and experts from different areas of the business.

The Union Ministry of Coal has granted in-principle approval for allocation of a new coal block, Chhati Bariatu South, to NTPC. This will help the company's efforts to secure long-term supplies of coal.

On 31 July 2007, NTPC said it had formed a 50:50 joint venture (JV) company with The Singareni Collieries Company. The JV, NTPC-SCCL Global Ventures, will undertake various activities in coal and power sectors including acquisition of coal/lignite mine blocks, development and operation of integrated coal based power plants and providing consultancy services.

NTPC Ltd, which currently holds 28.3 per cent equity in the 2,150 Mw Dabhol plant of Ratnagiri Gas and Power Pvt Ltd (RGPPL), is considering an infusion of Rs 500 crore as an additional equity into the project to part-finance the completion of the liquiefied natural gas (LNG) terminal.

Industry Profile

India's resurgence in manufaturing sector is set to accelerate which would pave a way towards the development of the power sector too. Power generation increased 9.24% to 61771.33 million units in May 2007 against May 2006, 3.91% higher than the set target of 58484 MU. Power generation registered the highest growth In May 2007, since Jan 2007.

Output was higher due to thermal power achieving 105.1% of the generation target, followed by hydropower 104.8%.Total Capacity addition for 2007-08 is targeted at 16785.20MW. Capacity addition of 750MW was attained in May 2007 as against the targeted capacity addition of 2090MW, resulting in a defeict of 1340MW. Acheivement of thermal capacity was 750MW in may 2007 as against the target of 1660 MW.

The demand for power grew 7.6% in May 2007 over the previous year. And the all India supply of power rose by 9.2% in the month of May 2007.

Financial Snapshot

For the quarter ended June 2007, the company saw 20% growth in revenue to Rs 8969.7 crore. The company has reported 12% Y-o-Y growth in generation to 52019.MU. The PLF of the company's coal based plant stood at 93.9% as compared to 87.8% in last year. The operating profit has increased by 15% to Rs 2694.5 crore. PBT has posted a growth of 46% to Rs 2888.6 crore and PAT has reported growth of 53% to Rs 2369.9 crore.

Net sales for the year increased by 22% to Rs 32817.30 crore. Operating margins improved by 170 bps to 30.9% resulting profit to increase by 29% to Rs 10093.20 crore. Other income increased by 5% to Rs 2928.2 crore. Tax provisions increased substantially by 159% to Rs 2042.70 crore. Net profit for the year has increased by 18% to Rs 6864.70 crore.

The Board of Directors has recommended 8 % final dividend. The total dividend for the FY 2006-07 is 32 % including interim dividend of 24 % declared during the year.

Financial Snapshot

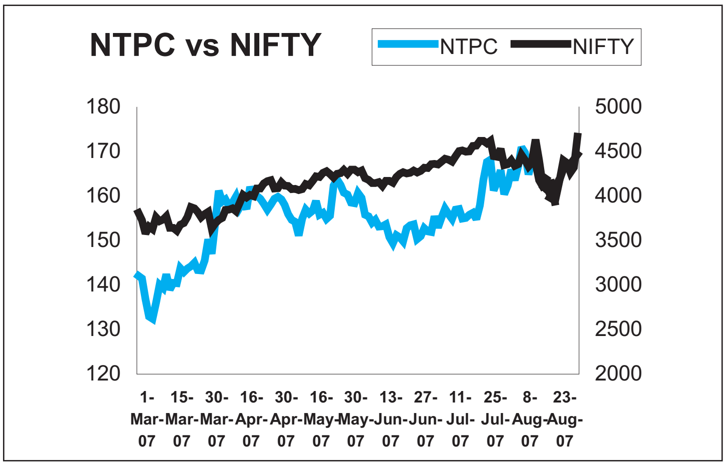
(Rs. crores)

	FY 2006-07	FY 2005-06	FY 2004-05	Q 200706	Q 200606
Equity	8245.5	8245.5	8245.5	8245.5	8245.5
Networth	49253.50	45399.50	42113.70	-	-
Capital Employed	73737.9	65596.8	59201.5	-	-
Net Sales	32817.3	26904.9	22732.4	8969.7	7502.1
Rate of Growth(%)	21.98%	18.35%	-	19.56%	-
Other Income	2928.2	2945.3	3151.2	718.1	636.9
PBIDT	12964.9	10666.5	9788.9	3412.6	2981.4
Rate of Growth(%)	21.55%	8.97%	-	14.46%	-
PBT	8907.4	6608.7	6078.2	2888.6	1978.1
PAT	6864.7	5820.2	5807	2369.9	1552.8
Rate of Growth(%)	17.95%	0.23%	-	52.62%	-
Book Value (Rs)	59.73	55.06	51.07	-	-
EPS (Unit Curr.)	8.33	7.06	7.04	2.87	1.88
PBIDTM(%)	39.51%	42.66%	43.06%	38.05%	39.74%
PBDTM(%)	33.47%	35.18%	35.35%	37.74%	32.76%
PATM(%)	20.92%	24.16%	25.55%	26.42%	20.70%

Market Report

Market Data (As on 31-Aug-2007)			
Price (Rs)	**173.3**	Lat. P/E	18.6
Mkt. Cap.(Rs Cr)	142893.8	Lat. BV(Rs)	59.73
52 W H/L(Rs)	177 / 118	Lat.Eqty (Rs Cr)	8245.46
Div. Yield (%)	1.85	BSE Code	532555
BSE Group	A	NSE Symbol	NTPC

Market snapshot



Beginners Corner

Understanding Risk and Return

Investment Diversification Basics

The phrase "don't put all your eggs in one basket" has been wise advice to investors for centuries. To diversify means to spread your portfolio over many types of investments and over different specific investments within each category. By diversifying your investment across a number of different asset classes can reduce volatility as well as enhance overall returns. Diversification is one crucial aspect of a solid investment strategy. The key to a balanced portfolio is to spread the investments in a number of different areas, which are not correlated to each other.

An optimal portfolio is one which could strike a proper balance between the risk and return. Investors try to minimize risk while striving for the highest return possible.

There are different types of diversification to consider:

Diversification across different types of investment

Rather than just invest in one type of asset (eg equities, bonds, cash or property), you might choose to invest in a mixture of them. Again, diversification can lead to a more conservative strategy and lower risk.

Diversification across different companies and industries

The movement in the share price of individual companies varies significantly. If you spread your investments across many different companies, you should not be greatly affected if one particular company performs badly. Also, companies in different industries can produce widely different returns. For example, in certain economic climates, manufacturing companies may be less profitable while computer software companies may be extremely profitable.

Diversification across markets

Instead of just owning shares and other investments in companies within a country, many investors hold investments in overseas companies. Countries around the world have different economic cycles, and different economic policies. Risk is spread by investing in a wide range and a large number of companies in different countries. Therefore, by spreading your investments across many different areas, you are hedging your bets and reducing risk by not exposing yourself to just one economy.

Investment Tip for the Month

Don't have too many investments in your portfolio

While it is true that diversification helps in earning better returns with a lower level of fluctuations, it becomes counter productive when one has too many investments in the portfolio. The cornerstone of successful portfolio management is the ability to track your investments on a regular basis and shuffle them if necessary.

Secondly, if you have a large number of investments in your portfolio, it does not necessarily mean that your portfolio is adequately diversified. To determine the right level of diversification, one has to consider factors like, size of each investments in relation to size of the portfolio, allocation to different asset classes and diversification within each asset class across different industries, markets, etc. Therefore, it is possible that a portfolio having 10 investments may be adequately diversified whereas another one with 15 investments may have very little diversification. Remember, to have a well-balanced portfolio.

Inauguration of Hyderabad Branch

Mr. VEPA KAMESAM, Managing Director, Institute of Insurance & Risk Management, Hyderabad, Ex-Deputy Governor, RBI, Ex-Managing Director, SBI lighting the lamp to mark the inauguration of new Branch Indbank at Hyderabad on 28.08.2007 in the presence of (from left to right) **Mr. MOHAMMED NAJUMUDDIN,** Deputy General Manager & Circle Head, Indian Bank, Hyderabad, **Mr. A. SUBRAMANIAN,** Executive Director, Indian Bank and **Mr. S. ANNADURAI,** President and Wholetime Director, Indbank Merchant Banking Services Ltd.