

Dealer's Diary

The key indices opened positive but soon turned volatile and lost ground. However, the Sensex regained its positive zone in morning trade and continued to move in a narrow range thereafter. Fresh buying in select pivotals pushed the market to the day's high in early afternoon trade. The market once again slipped into the red in afternoon trade. The Sensex regained the positive zone later, but slipped into red at the fag end of the trading session before closing marginally positive. The Sensex closed with marginal gains of less than 0.1% and Nifty closed with gains of 0.2%. While BSE mid-cap gained 0.8%, BSE small-cap closed with gains of 0.9%. Among the front liners, JSPL, Cipla, Bharti Airtel, ONGC and ICICI Bank gained 2-3%, while Reliance Infra, ITC, Jaiprakash Associates, HDFC and HDFC Bank lost 1-2%. Among mid caps, State Bank of Mysore, State Bank of Bikaner and Jaipur, State Bank of Travancore, Radico Khaitan and Videocon Ind. gained 9-20%, while Sigrun Holdings, Shriram City Union, Shree Cement, Karnataka Bank and FDC declined 3-5%.

Markets Today

The trend deciding level for the day is 18412 / 5538 levels. If NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally up to 18452 – 18495 / 5556 - 5568 levels. However, if NIFTY trades below 18412 / 5538 levels for the first half-an-hour of trade then it may correct up to 18369 – 18328 / 5525 - 5507 levels.

Indices	S2	S1	R1	R2
SENSEX	18,328	18,369	18,452	18,495
NIFTY	5,507	5,525	5,556	5,568

News Analysis

- Terminating coverage on Pratibha Industries
- Cairn India makes oil and gas discovery in on-land KG basin block
- Larsen and Toubro secures order worth Rs1,195cr from ONGC

Refer detailed news analysis on the following page.

Net Inflows (August 20, 2010)

Rs cr	Purch	Sales	Net	MTD	YTD
FII	2,622	1,908	714	10,678	58,372
MFs	740	721	19	(1,482)	(14,427)

FII Derivatives (August 23, 2010)

Rs cr	Purch	Sales	Net	Open Interest
Index Futures	3,769	4,379	(610)	18,915
Stock Futures	6,894	6,806	88	39,683

Gainers / Losers

Gainers			Losers		
Company	Price (Rs)	chg (%)	Company	Price (Rs)	chg (%)
BPCL	775	11.0	Reliance Infra	1,044	(2.4)
Videocon Ind	264	8.5	Essar Shipping	101	(2.3)
ISPAT Ind	19	8.1	Union Bank	355	(2.2)
Hind Oil Explo	263	6.6	ITC	159	(2.1)
Jubilant Org	352	6.2	JP Associates	121	(2.0)

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	0.0%	7.5	18,409
Nifty	0.2%	12.9	5,544
MID CAP	0.8%	65.8	7,887
SMALL CAP	0.9%	92.4	9,968
BSE HC	0.7%	36.6	5,647
BSE PSU	1.1%	107.0	9,814
BANKEX	0.6%	70.5	12,598
AUTO	0.5%	40.5	8,915
METAL	0.4%	55.8	15,482
OIL & GAS	0.2%	21.8	10,230
BSE IT	0.6%	30.6	5,548

Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	-0.4%	(39.2)	10,174
NASDAQ	-0.9%	(20.1)	2,160
FTSE	0.8%	39.6	5,235
Nikkei	-0.7%	(62.7)	9,117
Hang Seng	-0.4%	(92.8)	20,889
Straits Times	-0.4%	(10.5)	2,926
Shanghai Com	-0.1%	(2.9)	2,639

Indian ADRs	Chg (%)	(Pts)	(Close)
Infosys	-0.3%	(0.2)	\$59.4
Wipro	-0.2%	(0.0)	\$13.3
Satyam	1.3%	0.1	\$4.6
ICICI Bank	0.4%	0.1	\$42.7
HDFC Bank	-1.5%	(2.4)	\$163.4

Advances / Declines	BSE	NSE
Advances	1,738	828
Declines	1,216	538
Unchanged	99	37

Volumes (Rs cr)	
BSE	5,677
NSE	13,928

Terminating coverage on Pratibha Industries

Due to the re-alignment of our coverage universe, we are terminating coverage on Pratibha Industries. Effective the coverage termination, the last rating issued for the stock should not be relied upon going forward.

Cairn India makes oil and gas discovery in on-land KG basin block

Cairn India has notified the Directorate General of Hydrocarbons (DGH) of a discovery of oil and gas in the Nagayalanka-lz well, which is located in the onshore block KG-ONN-2003/1. The block is situated in the Krishna-Godavari basin and was awarded under the NELP V bidding round. Cairn India is the operator of the block and holds a 49% participating interest in the block, while the balance 51% is held by ONGC. The well encountered a 200-metre thick section of tight sandstones with low porosity and permeability. News reports suggest that 10TCF of gas has been discovered. The same could add significant value to Cairn India's valuation. However, pending clarity, we cannot ascribe any value to the same. Cairn India is currently evaluating the well and test results to assess the commercial potential of the discovery and to determine the future appraisal programme. In another development relating to Cairn India, the oil ministry is undecided on whether to push for a state takeover (consortium of ONGC, OIL and GAIL) of oil assets owned by Britain's Cairn Energy, which mining group Vedanta is seeking to buy. The government has written to Cairn Energy seeking details of the proposed deal and is awaiting its response. ONGC has been asked to look into value proportions of bidding for Cairn India. In order to overtake the asset, ONGC might be required to increase the bid amount from Rs405/share. We believe if ONGC puts in a counter bid, it would be particularly attractive for the minority investors as there could be one single uniform price for all the bidders. However, as ONGC's priority is to secure the country's energy security, acquiring the domestic company makes limited sense. While waiting for more information in this regard, **we continue to maintain our Neutral view on Cairn India.**

Larsen and Toubro secures order worth Rs1,195cr from ONGC

Larsen and Toubro (L&T) has secured two projects worth Rs1,195cr from ONGC to set up additional processing units (APU) at its gas processing complexes at Hazira and Uran. The APU shall enhance gas processing capacity at Uran and Hazira by 5 and 5.6 MMSCMD, respectively. The outstanding order book of the company stands at ~Rs1.2lakh crore (~3.2x FY2010 revenue) and continues to render visibility. At the CMP of Rs1,873, the stock trades at 27.2x FY2012E EPS and 4.5x FY2012E P/BV. **We maintain our Neutral view on the stock.**

Economic and Political News

- Government extends sops to exporters
- Government confident of US \$200bn exports in FY11
- Government extends DEPB policy by six months

Corporate News

- PSU oil companies could make counterbid for Cairn
- Adani Power to expand capacity to 16,000 MW by 2014
- M&M signs MoU to buy stake in Ssangyong
- Trent plans to invest Rs275cr in Star Bazaar over next three years
- ARSS Infra bags Rs103cr order from National Highways, Orissa
- Jubilant Organosys signs US \$51mn CRAMS contract

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

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Ratings (Returns) :	Buy (> 15%)	Accumulate (5% to 15%)	Neutral (-5 to 5%)
	Reduce (-5% to -15%)	Sell (< -15%)	

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