

WEEKLY | FUNDAMENTAL



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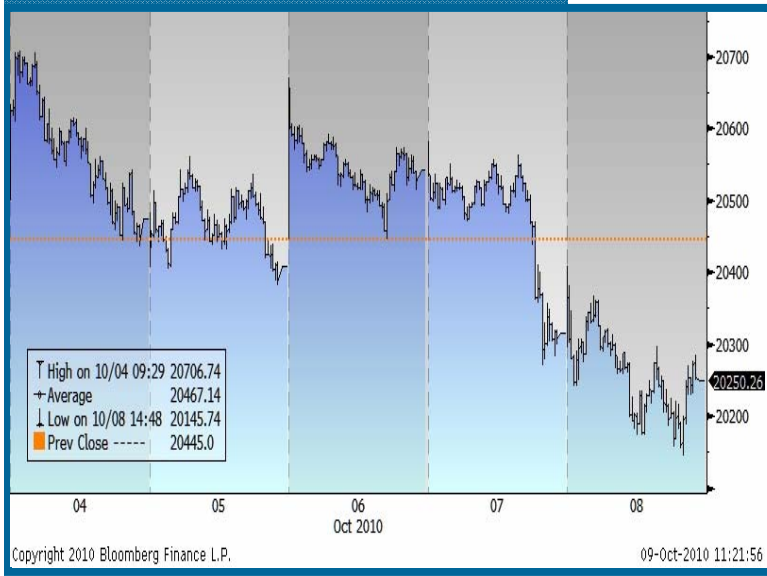
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MARKET UPDATE

WEEKLY CHART OF SENSEX



WEEK IN RETROSPECT

After a tremendous five week's rally, Indian stock market corrected last week. It dropped as profit booking was witnessed at higher levels. Weak global cues also hurt the sentiments. Selling activity intensified in the last two trading sessions. However, the strong momentum of foreign fund investment maintained its pace.

The International Monetary Fund (IMF) raised India growth forecast for 2010 to 9.7% from July forecast of 9.4%. IMF has forecast 8.4% growth for India in 2011. India's Foreign-Exchange Reserves increased by USD2.6 billion to USD294.2 billion in the week ended October 01, 2010. India's HSBC Purchasing Managers Index (PMI) for Services decreased to 55.6 in September 2010 from 59.3 in the previous month. India's food inflation decreased to 16.24 percent for the week ended September 25, 2010 against 16.44 percent in the previous week.

OUTLOOK

Indian stock market is likely to remain volatile. Infosys result on October 15, 2010 is likely to be the trend decider for the IT pack. However, the sharp appreciation in the INR may continue to haunt IT companies which may drag indices further down. India's Industrial Production data for August 2010 and Inflation data for September 2010 will also be in focus.

It is advisable to remain cautious at the higher levels and buying should only be done stocks which are unlikely to fall much even if the market corrects. Some such stocks are RIL, ONGC, IOC, M&M, Thermax & Escorts.

On the global front, the U.S. Pending Home sales increased 4.3% in August 2010 from a revised 4.5% increase in July. The U.S. Initial Jobless Claims fell to 445,000 for the week ended October 02, 2010 from the previous week's revised figure of 456,000. The U.K. Industrial Production increased by 0.3% in August 2010 from a month earlier. On YoY basis, Production increased by 4.2%. German Industrial Production increased by 1.7% in August 2010 from July. Japan's Current Account surplus fell by 5.8% in August from a year earlier. The surplus in the Current Account eased to 1.114 trillion yen in August compared with 1.676 trillion yen in July 2010. In August Current Account surplus fell as the Trade Surplus dropped for the first time in 15 months. For August, Japan's exports increased by 16.5% from a year earlier to 4.932 trillion yen. Meanwhile, imports jumped 20.5% to 4.736 trillion yen.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y% CH	P/E	EST P/E	P/B	ESTP/B
DOW JONES	11006.48	1.63	5.20	7.93	11.57	14.32	13.20	2.65	2.53
NASDAQ	2401.91	1.31	7.11	9.35	12.28	25.56	17.71	2.70	2.47
S&P 500	1165.15	1.65	5.01	8.09	8.74	15.45	13.89	2.15	2.00
FTSE 100	5657.61	1.16	2.83	10.22	9.60	16.92	11.61	1.93	1.79
CAC 40	3763.18	1.93	1.00	5.87	(0.96)	13.20	11.04	1.24	1.27
DAX	6291.67	1.29	1.24	3.73	10.15	13.99	11.25	1.43	1.42
NIKKEI 225	9588.88	1.96	3.79	0.04	(4.27)	NA	NA	1.56	N/A
HANG SENG	22944.18	2.62	7.94	12.59	6.72	14.51	14.71	1.97	1.88
STRAITS TIMES	3153.34	0.72	4.34	8.10	18.88	12.94	15.47	1.79	1.76
TAIWAN TAIEX	8244.19	0.00	4.49	7.81	8.88	15.06	13.71	1.94	1.83
KOSPI	1897.07	1.08	5.24	10.10	15.20	14.02	10.55	1.33	1.39
BRAZIL BOVESPA	70808.80	0.83	5.99	11.55	10.52	15.27	13.54	1.94	1.80
RUSSIAN RTS	1571.41	1.87	5.67	15.59	14.53	8.45	7.92	1.14	1.08
SHANGHAI SE COMPOSIT	2738.74	NA	NA	NA	(5.94)	18.28	15.57	2.60	2.23
BSE SENSEX	20250.26	(0.95)	7.72	13.55	21.68	24.49	19.93	3.77	3.08
NSE S&P CNX NIFTY	6103.45	(0.65)	8.22	14.03	23.42	24.77	19.79	3.78	3.09

MSCI INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
MSCI WORLD	1209.77	2.16	6.21	10.83
MSCI AC WORLD	312.99	2.05	6.55	11.47
MSCI AC ASIA PACIFIC	130.13	2.42	6.84	12.01
MSCI EM	1101.27	1.40	8.72	15.70

VOLATILITY INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
CBOE SPX VOLATILITY	20.71	(7.96)	(5.82)	(17.09)
INDIA NSE VOLATILITY	21.40	(0.14)	NA	NA

10 YERS BOND MARKETS

NAME	YIELD	5D % CH	1M % CH	3M % CH
US Generic Govt 10 Year Yield	2.39	(4.69)	(9.92)	(21.07)
UK Govt Bonds 10 Year Note Gen	2.87	(3.53)	(4.12)	(15.03)
Brazil Government Generic Bond	3.54	(4.66)	(14.53)	(22.57)
Japan Govt Bond Year to maturity	0.87	(9.53)	(23.08)	(24.02)
Australia Govt Bonds Generic M	5.01	0.87	2.48	(2.25)
India Govt Bond Generic Bid Yi	7.98	1.03	0.57	5.15

FOREX MARKET

NAME	LAST	5D % CH	1M % CH	3M % CH
DOLLAR INDEX SPOT	77.18	(1.17)	(6.55)	(7.93)
EUR-USD X-RATE	1.39	1.07	9.58	9.77
USD-GBP X-RATE	0.63	(0.89)	(3.08)	(4.98)
USD-BRL X-RATE	1.67	1.42	3.61	5.67
USD-JPY X-RATE	81.93	1.57	2.38	7.85
USD-INR X-RATE	44.44	0.10	4.96	5.47
USD-CNY X-RATE	6.67	0.21	1.84	1.58
USD-KRW X-RATE	1120.15	0.92	4.70	7.97

MONEY MARKETS

NAME	LAST	5D % CH	1M % CH	3M % CH
BBA LIBOR USD 3M	0.29	(0.54)	(1.18)	(45.20)
MIBOR Offer Market 3M	0.97	3.19	10.23	19.75
India Indicative Call Rate	6.00	(9.09)	26.32	9.09

INDUSTRIAL METALS & ENERGY MARKETS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COPPER (USD/T)	8310.00	2.59	8.27	25.62
ALUMINUM (USD/T)	2420.00	2.59	12.04	21.67
ZINC (USD/T)	2290.00	2.74	3.20	23.45
LEAD (USD/T)	2272.00	(1.00)	1.66	24.29
OIL (USD/BBL)	82.66	1.32	10.70	9.57
NATURAL GAS (USD/MMBTU)	3.65	(3.85)	(10.27)	(24.63)

PRECIOUS METALS

NAME	LAST	5D % CH	1M % CH	3M % CH
GOLD (USD/OZ)	1346.74	2.10	7.31	12.41
SILVER (USD/OZ)	23.25	5.18	16.80	29.43

INDUSTRY INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BALTIC DRY INDEX	2696.00	9.95	(9.38)	38.97
BBG WORLD IRON INDEX	295.16	1.67	6.97	16.76

AGRO MARKET

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COFFEE (USD/IB)	182.15	0.58	(6.37)	11.99
COTTON (USD/IB)	107.17	9.33	18.34	44.84
SUGAR (USD/IB)	26.32	12.67	26.66	51.26
WHEAT (USD/BU)	719.25	9.81	1.16	24.65
SOYBEAN (USD/BU)	1135.00	7.38	8.22	19.98

INSTITUTIONAL FLOW IN CR (04/10-08/10)

INSTRUMENT	PURCHASE	SALE	NET
FII (P)	22934.46	15472.94	7461.52
DII	5937.57	10710.35	(4772.78)
MUTUAL FUND (04/10-07/10)	2439.70	4180.80	(1741.00)

FII DERIVATIVE SEGMENT IN CR (04/10-08/10)

INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	7119.73	8836.04	(1716.31)
INDEX OPTION	21181.95	18000.08	3181.87
STOCK FUTURE	7236.85	11841.51	(4604.66)
STOCK OPTION	2799.28	2968.57	(169.29)

TELECOM & IT

Any hope of a bailout package for new telcos that were awarded licenses in 2008, have been completely shattered by the new telecom secretary R Chandrashekhar as he ruled out any relief package to telcos. "I have said that there are no proposals for a bail out on the table and the question of whether it will happen anytime soon doesn't even arise," R Chandrashekhar told. These telecom companies include Uninor , Videocon , Loop , Etisalat among others. They have all launched services in the last 15-18 months and have been battling a massive tariff war in the domestic market, coupled with rising customer acquisition cost. **(Source: ET)**

The Infotel Broadband Services arm of Indian conglomerate Reliance Industries has given a "working mandate" to 13 banks for its debut offshore loan, worth \$1 billion. The 13 banks are ANZ, Bank of America Merrill Lynch, Barclays Capital, Bank of Tokyo-Mitsubishi UFJ, BNP Paribas, Citigroup, HSBC, ING, Intesa Sanpaolo, Mizuho Corporate Bank, Royal Bank of Scotland, Standard Chartered Bank and Sumitomo Mitsui Banking Corp. **(Source: ET)**

Bharti Airtel on Thursday said it will partner telecom gear makers Ericsson and Huawei to expand and manage its mobile network in Bangladesh where it launched its services this year. The company refused to share details of the financial transaction of the deal. However, it said Ericsson will deliver and manage majority of the company's network capacity in Bangladesh while Huawei will provide services in the eastern areas of the country. **(Source: ET)**

Telecom operators in the country added 18.18 million subscribers in August this year, taking the total number of mobile users in India to 670.60 million. According to data released by the telecom regulator, the wireless subscriber base increased from 652.42 million in July, 2010, to 670.60 million by the end of August, 2010, translating into a growth of 2.79%. **(Source: ET)**

HCL Technologies plans to have new technologies such as cloud computing become a nearly \$300-million business over the next five years, as part of the company's new initiative to incubate next big opportunities and compete better with multinational rivals apart from larger Indian software firms, including TCS and Infosys. As part of the new initiative, HCL has formed a unit called 'ecosystem and business incubation organization', which has already identified five new ideas with potential to become \$100 million businesses in three years, and almost \$300 million in five years, said Anant Gupta, HCL Technologies' senior corporate vice-president and head of the company's growing infrastructure services division. **(Source: ET)**

Tata Communications expanded its cloud offering by launching two new more scalable, cost-effective, and instant services – InstaCompute and InstaOffice to help organizations further enhance their productivity and connectivity. These offerings, coming from the company's managed services business, are on a self-service, pay-as-you-use IT application and data centre infrastructure

services, accessed through the Internet, company president and chief operating officer Vinod Kumar announced at the launch. **(Source: ET)**

BANKING & FINANCE

Industry chambers strongly pitched for corporates entering the banking space, with all of them stating that a lower capital requirement would be detrimental in the long-run and that deep-pocket industrial houses with good track record be given preference.

The Reserve Bank of India (RBI) said that public sector banks will have to make transfer of funds to government account in case of e-payment within one day of the transaction from next month.

State-owned Bank of Baroda (BoB) increased fixed deposit rates on select maturities by 25 basis points.

The Reserve Bank of India (RBI) relaxed norms governing restructuring of loans given to corporates, granting promoters more time to repay their share of funds to the bank.

The Reserve Bank of India (RBI) set up an expert group to study granting of licences to new Urban Co-operative Banks (UCBs), a move that comes a few months after the central bank invited comments on entry of new banks.

Indicating a sound industrial activity in the country, credit off-take from banks grew by 19.2% during the one-year period ended September 24, 2010, up from 12% in the year-ago period.

METAL

JSW Steel's Crude Steel production increased by 8% in first half of FY10-11 compared to that of corresponding period of last fiscal year. Crude Steel production for Q2 FY10-11 stood at 1.57 million tonnes, Flat rolled products were 1.27 million tonnes and Long rolled products were 0.26 million tonnes. The company started generation of power at its 300 MW captive power plant & heating of two blocks out at four blocks of Coke Oven-4, as part of 10 MTPA expansion project at Vijayanagar works.

Tata Steel's sales rose 14% to 1.66 million tons in Q2 of FY10-11 from a year earlier. Crude steel output rose 5% to 1.73 million tons from a year earlier. Hot metal production rose 6% to 1.9 million tons.

National Aluminium's metal output rose 6.8 percent to a record 221,963 metric tons in the six months ended September 30. Sales jumped 9.2 percent to 217,136 tons. Alumina output fell by 38,000 tons in the six month period, while bauxite production rose 4.7 percent to 2.14 million tons.

- ◆ BHEL achieved a milestone by successfully testing the largest sized global vacuum impregnated (GVPI), air cooled turbo generator module. The equipment has wide usage in oil and gas and power sectors. BHEL's, Hyderabad unit has on October 1, 2010, tested the generators of ratings 150 Mw, 15.75 KV in India at its Ramachandrapuram factory. On the other hand, the company bagged an order for the first 700 MW coal-fired thermal unit with supercritical parameters. Valued at INR37 billion, the order has been placed by Karnataka Power Corporation (KPCL) for setting up the 700 MW Supercritical Unit-3 at Bellary Thermal Power Station (TPS) in Karnataka, on turnkey basis. Bellary TPS is already equipped with a BHEL-built 500 MW thermal set (Unit-1) while Unit-2 also of 500 MW rating, is presently under execution by BHEL. With the present order, BHEL has maintained its track record of bagging most of the orders for power generating equipment in Karnataka. The company commissioned about 5,000 MW of power generating sets in the state, which include thermal as well as hydro units of various ratings.
- ◆ Larsen & Toubro secured orders aggregating to INR1,585 crore in the second quarter for the construction of residential projects, factories, office space, hotel including add-on orders from various ongoing projects.
- ◆ GAIL (India) placed orders worth INR677 crore for laying of pipelines for Dabhol-Bangalore Pipeline project. The construction work will start by November 2010 and the pipeline will be ready by March 2012. The commissioning activities would take further couple of months and the gas supplies are expected to begin by June 2012. With this, GAIL has within the last 3 months placed orders worth about INR20 billion for both line pipes and pipeline laying to enable swift project implementation. The company also placed another order to Punj Lloyd worth INR539 crore.
- ◆ NTPC executed a Memorandum of Understanding with the government of Punjab and Punjab State Power Corporation Ltd for setting up 2640 MW (4X660MW) coal based Thermal Power Project at Gidarbaha in Punjab. The project will be set up as regional power project by NTPC.
- ◆ JSW Energy announced the successful commissioning of the second unit of 135 MW of the 8X135MW power project at Barmer, Rajasthan, and achieving Commercial Operation Date (COD) effective October 4. The first unit has resumed operation earlier in September after the scheduled annual maintenance.
- ◆ Hindustan Dorr-Oliver's Water Business division bagged Refinery ETP orders worth INR96.57 crores.
- ◆ McNally Bharat Engineering received an order from Konkola Copper Mines, PLC in Nchanga, Zambia for a Copper Concentrator Plant and Flotation Circuit for a total value of USD18.3 million (equivalent to INR83 crores) and the contractual completion period is 12 months.
- ◆ Tantia Constructions received a project from Chief Administrative Officer, Eastern Railway, Kolkata, worth INR49 crore, for construction of foundation and substructure of bridge over River Matla with RCC bored cast in situ piles of 1200 mm dia and other ancillary works in connection with extension of new B G Line beyond Canning to Bhangankhali.
- ◆ Elecon Engineering Company has been awarded an order of INR56.26 crores by Tecpro Systems Ltd for design, engineering, manufacturing, testing, supplying and commissioning of Material Handling Equipments and other Equipments.
- ◆ IVRCL Infrastructures & Projects bagged orders of the value of INR1119.76 crores from its various divisions.
- ◆ Petron Engineering Construction received a service order worth INR1.64 billion from Adani Infra (India) for Unit 1 and 2 of 1320 MW (Phase - 1:2 x 660 MW) Kawai Thermal Power Project, at Baran in Rajasthan. The order work includes erection, testing, commissioning and performance guarantee (pg) tests of boiler and its auxiliaries along with critical piping.
- ◆ Lanco Infratech's subsidiary Lanco Vidarbha Thermal Power Ltd, which is developing 1320 MW (2x660) thermal power project in Maharashtra based on Super Critical Technology, has received sanctions for the total debt requirement of the project. The project, estimated to cost INR6,936 crores, would be financed with debt of INR5,549 crores and equity of INR1,387 crores. A consortium of sixteen banks and financial institutions, with Punjab National Bank in the Lead, has agreed to provide the debt required for the project.
- ◆ Kalpataru Power Transmission decided to invest INR90,04,50,000 in JMC Projects (India) Ltd towards preferential issue of 43,50,000 equity shares of INR10 each at price of INR207 per share.

Oct 11, 2010

- ◆ The U.S. Fed's Dudley to Speaks at IIB Event in Washington.
- ◆ The U.S. Fed's Hoenig Speaks on Financial Regulation in Washington.

Oct 13, 2010

- ◆ China's Trade Balance data for September 2010.
- ◆ The U.S. MBA Mortgage Application data for the week ended October 08, 2010.
- ◆ The U.S. ABC Consumer Confidence data for the week ended October 10, 2010.
- ◆ Japan's Machine Orders data for August 2010.

Oct 15, 2010

- ◆ Earnings Expected; Infosys Technologies.
- ◆ Japan's Industrial Production data for August 2010.
- ◆ The U.S. Retail Sales data for September 2010.
- ◆ The U.S. Monthly Budget Statement data for September 2010.
- ◆ The U.S. Consumer Price Index data for September 2010.

Oct 12, 2010

- ◆ India's Industrial Production data for August 2010.
- ◆ The U.K. Trade Balance data for August 2010.
- ◆ Germany Consumer Price Index data for September 2010.

Oct 14, 2010

- ◆ India's Inflation data for September 2010.
- ◆ The U.S. Trade Balance data for August 2010.
- ◆ The U.S. Initial Jobless Claims data for the week ended October 09, 2010.
- ◆ The U.S. Producer Price Index data for September 2010.

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