

WEEKLY | FUNDAMENTAL



OUR REPORTS

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WEEKLY CHART OF SENSEX



OUTLOOK

The upcoming week is going to be an eventful one for the Indian stock market as a slew of macro data and RBI's Monetary Policy meeting are lined up. Market will keenly watch data on Q3 of FY2011-12 corporate advance tax payment due on December 15, 2011. India's Industrial Production data for October 2011 and Inflation data for November 2011 scheduled to be announced on December 12 and December 14 respectively, will provide some cues on the Central Bank's likely policy stance at its Mid-Quarter monetary policy review on December 16, 2011. Tight liquidity situation of the economy and slowing food inflation may increase the chances of a policy reversal by the central bank earlier than thought.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y % CH	Current P/E	FY12 EST P/E	Current P/B	FY12 EST P/B
DOW JONES	12184.26	1.37	0.25	10.15	6.78	12.59	12.50	2.58	2.50
NASDAQ	2646.85	0.76	(1.19)	6.08	0.35	22.55	15.84	2.69	2.54
S&P 500	1255.19	0.88	(0.69)	7.99	1.19	13.21	12.67	2.04	1.98
FTSE 100	5529.21	(0.42)	(0.29)	7.79	(4.88)	9.97	9.97	1.62	1.55
CAC 40	3172.35	0.23	0.73	11.12	(17.76)	9.28	9.23	1.08	1.02
DAX	5986.71	(1.55)	(1.16)	18.03	(14.55)	10.07	10.00	1.24	1.19
NIKKEI 225	8536.46	(1.24)	0.26	0.01	(16.41)	16.45	15.92	1.11	1.07
HANG SENG	18586.23	(2.39)	(2.88)	(2.33)	(19.76)	8.42	10.12	1.33	1.30
STRAITS TIMES	2694.60	(2.84)	(3.45)	(1.79)	(15.41)	7.65	12.73	1.29	1.29
TAIWAN TAIEX	6893.30	(3.46)	(6.43)	(9.42)	(20.94)	14.98	14.01	1.52	1.54
KOSPI	1874.75	(2.15)	0.61	3.41	(5.61)	14.24	10.02	1.10	1.21
BRAZIL BOVESPA	58236.46	0.61	(0.53)	4.58	(14.79)	9.52	10.29	1.32	1.20
RUSSIAN RTS	1409.74	(9.59)	(7.90)	(10.02)	(17.70)	4.97	4.42	0.89	0.77
SHANGHAI SE COMPOSIT	2315.27	(1.92)	(6.68)	(7.31)	(18.51)	12.12	11.04	1.88	1.68
BSE SENSEX	16213.46	(1.64)	(5.70)	(1.75)	(16.89)	14.86	13.96	2.61	2.26
NSE S&P CNX NIFTY	4866.70	(1.42)	(5.85)	(1.62)	(16.91)	14.33	13.74	2.42	2.14

WEEK IN RETROSPECT

Indian stock market tumbled this week on concerns over political uncertainty and slowing growth outlook. Facing a harsh political reaction that paralyzed the Indian Parliament, the Government put its decision to allow multi-brand retail on hold. Earlier, the Union Cabinet had approved 51 percent FDI in multi-brand retail and raised the cap to FDI in single brand retail to 100 percent from the 51 percent earlier. The government also cut its economic growth forecast to 7.25-7.75 percent from the previous 8 percent for the current year through March 2012.

India's Food Inflation fell sharply to 6.60 percent for the week ended November 26, 2011 against 8 percent in the previous week, reflecting a decline in prices of essential items. India's Service PMI rose to 53.2 in November 2011 against 49.1 in October.

On the global front, European Union officials agreed a deal at their summit. They committed to fiscal austerity and agreed that sanctions against them will automatically apply if their budget deficit exceeds 3 percent. They also gave an additional 200 billion euros to IMF to lend to distressed European sovereigns. Apart from the UK, all 26 of EU's 27 member countries have decided to sign this new treaty. ECB also cut its key interest rate by a quarter percentage point to 1 percent and announced it would extend longer-term emergency loans to banks and other measures to stimulate lending and investing. The U.S. Factory Orders fell for a second straight month during October 2011. Orders fell by 0.4 percent in October from September 2011. German Factory Orders surged the most in 19 months in October 2011 after three straight declines. Orders jumped 5.2 percent in October from September. Japan's GDP grew an annualized 5.6 percent rate in Q3 of 2011 against 6.0 percent reported earlier. China's Industrial Production rose at the slowest pace in over two years in November 2011. Industrial Production rose 12.4 percent YoY against 13.2 percent in the previous month.

MSCI INDICES				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
MSCI WORLD	1187.29	(0.03)	(1.51)	5.75
MSCI AC WORLD	301.28	(0.39)	(1.81)	4.46
MSCI AC ASIA PACIFIC	115.07	(2.20)	(1.94)	(2.48)
MSCI EM	934.18	(2.77)	(3.81)	(3.69)

VOLATILITY INDICES				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
CBOE SPX VOLATILITY	26.38	(4.14)	(19.60)	(31.64)
INDIA NSE VOLATILITY	29.53	18.03	19.36	(9.83)

10 YERS BOND MARKETS				
NAME	YIELD	5D % CH	1M % CH	3M % CH
US Generic Govt 10 Year Yield	2.06	1.38	5.08	7.44
UK Govt Bonds 10 Year Note Gen	2.16	(5.68)	(0.78)	(4.43)
Brazil Government Generic Bond	3.97	(0.58)	(0.43)	(12.70)
Japan Govt Bond Year to maturity	1.02	(4.58)	3.97	1.59
Australia Govt Bonds Generic M	3.79	(5.20)	(10.20)	(11.09)
India Govt Bond Generic Bid Yi	8.52	(1.72)	(4.53)	2.58

FOREX MARKET				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
DOLLAR INDEX SPOT	78.63	0.01	0.91	1.87
EUR-USD X-RATE	1.34	(0.04)	(1.15)	(1.98)
USD-GBP X-RATE	0.64	(0.47)	1.61	1.37
USD-BRL X-RATE	1.80	(0.41)	(1.07)	(6.90)
USD-JPY X-RATE	77.65	0.44	0.22	(0.05)
USD- X-RATE	52.04	(1.61)	(3.59)	(10.53)
USD-CNY X-RATE	6.36	(0.07)	(0.38)	0.38
USD-KRW X-RATE	1146.82	(1.35)	(2.57)	(6.06)

MONEY MARKETS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BBA LIBOR USD 3M	0.54	2.54	20.61	60.31
MIBOR Offer Market 3M	1.44	(2.04)	(2.04)	(5.88)
India Indicative Call Rate	8.60	(0.58)	(0.58)	7.10

INDUSTRIAL METALS & ENERGY MARKETS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COPPER (USD/T)	7815.00	(0.95)	2.49	(11.40)
ALUMINUM (USD/T)	2065.00	(3.05)	(2.82)	(12.76)
ZINC (USD/T)	2003.00	(2.39)	3.57	(8.33)
LEAD (USD/T)	2165.00	2.61	9.45	(11.61)
OIL (USD/BBL)	99.41	(1.54)	3.83	13.95
NATURAL GAS (USD/MMBTU)	3.32	(7.45)	(11.52)	(23.00)

PRECIOUS METALS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
GOLD (USD/OZ)	1711.60	(2.01)	(3.30)	(7.77)
SILVER (USD/OZ)	32.22	(1.14)	(5.42)	(22.32)

INDUSTRY INDICES				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BALTIC DRY INDEX	1922.00	3.00	6.66	4.57
BBG WORLD IRON INDEX	205.93	(2.40)	(5.69)	(9.82)

AGRO MARKET				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COFFEE (USD/IB)	227.75	(0.78)	(2.44)	(16.59)
COTTON (USD/IB)	90.43	(1.54)	(6.91)	(16.75)
SUGAR (USD/IB)	23.40	(0.21)	(7.73)	(15.34)
WHEAT (USD/BU)	596.00	(4.72)	(10.00)	(22.04)
SOYBEAN (USD/BU)	1107.00	(2.53)	(6.62)	(22.95)

INSTITUTIONAL FLOW IN Cr (05/12-09/12)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	8336.07	8097.74	238.33
DII	3392.70	3627.44	(234.74)

FII DERIVATIVE SEGMENT IN Cr (05/12-09/12)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	7031.62	8880.13	(1848.51)
INDEX OPTION	72484.13	73684.56	(1200.43)
STOCK FUTURE	5457.54	6182.30	(724.76)
STOCK OPTION	1605.99	1590.54	15.45

BANKING

The RBI governor D Subbarao assured that the Central Bank will take necessary steps to manage the liquidity situation. Subbarao added that the RBI will keep liquidity at plus or minus 1 percent of net-demand and time-liabilities (NDTL).

European Central Bank President Mario Draghi disappointed financial markets on Thursday by keeping them guessing about whether the bank is willing to take aggressive action to bail out heavily indebted euro countries. But in a sign of rising concern about Europe's debt crisis, the ECB cut its benchmark interest rate by a quarter points to 1 percent and announced several steps to bolster the continent's economy and financial system. The actions didn't impress markets. Stocks and the euro fell heavily, while borrowing costs for European governments rose. Based on comments Draghi made in a speech last week, hopes had been rising that the ECB was prepared to ramp up its purchases of European government bonds as the euro zone economy slides toward recession. But on Thursday, he said the bank had no explicit plan to do so and was "surprised" by the way his remarks had been interpreted. Aside from the rate cut, the ECB announced other measures intended to stimulate lending and investing and bolster Europe's financial system. It said banks could tap unlimited credit for up to 36 months and that it would loosen rules on collateral for these loans by accepting lower-rated mortgages and bank loans. Previously, the credit had been available for no more than about a year. Extending the term is meant to reassure markets that banks will have financing for at least three years. It also reduced the amounts banks must hold in reserve with the ECB, helping them bolster their finances.

State Bank of India (SBI), the country's largest public sector lender is planning to expand its presence in Karnataka as it has a good number of entrepreneurs. The bank aims to meet their requirement in terms of specialized services such as medium enterprises, housing sector, etc. The bank is likely to restructure its network in Karnataka to pay due attention to all areas in the state. The bank has a business of nearly INR1.40 lakh crore in the state, while it gets nearly 50 percent of its business from Bangalore.

Punjab National Bank (PNB) has launched a special savings account scheme - PNB Shikshak Saving Account scheme in Kerala - for disbursement of salary of Government school teachers.

PNB Shikshak Saving Account will be a zero balance account with no charges and bank will also provide free ATM/Debit cards and add-on-card to the teachers. This will enable the teachers the benefit of multiple ATM card for use of their family members. The teachers will also get free personalized cheque books.

The bank will not charge for transfer of funds to other Bank accounts anywhere in the country, there will not be any charge for RTGS/NEFT. The bank will also offer internet banking, mobile

banking and SMS alert facilities to the account holders. There will be concessions in interest rates for car/housing loans, locker rent and documentation or processing charges.

Axis Bank is reducing dependence on large and medium companies as it seeks to cash in on an increase in individual lending opportunities in smaller towns. The bank has set a target of increasing its retail loan portfolio to 30 percent of total loans, up from 21 percent at the end of September. Currently, large and mid-corporate loans make up for 55 percent of the bank's loan book, which it expects to reduce in the next three years. The bank's retail loan portfolio stood at INR29,343 crore, or 21 percent of its total loan book of INR1.4 trillion at the end of the September quarter. Currently, half of the bank's 1,200 branches are in smaller towns. The bank also has 85 offices that do not take deposits but process loans in small towns such as Bhavnagar, Belgaum, Jhansi and Rohtak across India.

INFRASTRUCTURE

Crompton Greaves has dispatched the first indigenously designed 1,200 kV autotransformer to Power Grid Corporation. The transformer was tested in October at Crompton Greaves' transformer division in Mandideep, Madhya Pradesh. The 1,200 kV AC will be the highest transmission voltage (UHV) in the world. To develop this frontier technology indigenously, Power Grid took the lead to establish a 1,200 kV test station at Bina (Madhya Pradesh).

The Indian roads sector has seen aggressive bidding from companies in the past couple of quarters, primarily due to lack of orders and projects in other sectors; so much so that IL&FS Transportation Networks Ltd (ITNL), a leading road developer in India, has not secured any order from the National Highways Authority of India (NHAI) in the last few quarters. That does not appear to be a concern for ITNL so far, given that the firm had a robust order book of INR8,900 crore when the September quarter results were announced. So far in the current fiscal year, NHAI has awarded projects to the tune of 4,500km, while it has a target of about 7,300km for the year. Considering the projects already awarded, NHAI is likely to meet its target. An analysis of recent bids indicates that competitive intensity has moderated. This is evident in the lesser number of bidders (10-15 in most cases, and in single digits for some projects opposed to 18-20 firms earlier. This augurs well for the sector.

Regulatory authorities rejected JSW Energy's plea to revise power tariffs because of difficulty in procuring fuel from Indonesia, a decision was a setback for other companies seeking higher electricity rates on similar grounds. JSW had approached the Maharashtra Electricity Regulatory Commission (MERC) after its dispute with the state distribution utility over revision of tariff for its 300 mw unit at Jaigad, Ratnagiri. It said a court in Indonesia had terminated the mining license of its coal supplier, which it argued was a "force majeure" situation.

- ◆ Sesa Goa announced on Thursday it has acquired nearly 1.5 percent stake in Cairn India aggregating to INR8,046 million. The company along with its subsidiary Sesa Resources acquired 24.76 million equity shares of Cairn India from Cairn UK Holdings, at an average price of INR325 a share, through a block deal. With this acquisition, Sesa Goa along with its subsidiary, Sesa Resources hold 20 percent of the share capital of Cairn India.
- ◆ Larsen & Toubro (L&T) has bagged new orders valued at INR27 billion across various businesses during October-November 2011. The company secured new orders worth INR11.09 billion from reputed customers for the construction of a major residential complex consisting of 23 towers of up to 29 stories. Orders valued at INR3.53 billion has been secured for the construction of a viaduct, including two station buildings, for Kolkata Metro railway. The company has secured orders worth INR7.63 billion from various clients for construction of transmission lines, electrical works including substations. In addition, the Company has secured orders valued at INR2 billion on the international front from Tatweer Petroleum, Bahrain for electrical projects including additional contracts from other clients for ongoing projects. In yet another development, a major order has been secured from Delhi Jal Board worth INR2.72 billion for the rehabilitation and automation of the existing 116 MGD (Million Gallons per Day) water treatment plant in Delhi.
- ◆ MAN industries, a manufacturer of SAW pipes and coating systems, has received export orders worth INR5.15 billion in South East Asia for supply of large dia meter pipes for oil and gas sector. With these new orders received, the company's order books stands at approximately INR15 billion. The orders are to be executed over a period of next 9 to 12 months.
- ◆ KNR Constructions, an infrastructure development company, bagged three projects from Government of Karnataka, Karnataka State Highway Improvement Projects, Public Works, and Ports & Inland Water Transport Department worth of Rs 3.90 billion. The three projects are upgradation of the road from Magadi NH-48 to Korataere of SH-3 worth of INR1.16 billion, upgradation of the road from Shelveadi to Mundargi of SH-45 worth of Rs 1.21 billion and upgradation of the road from Mudgal to Gangawathi of SH-29 worth of INR1.52 billion.
- ◆ BS TransComm, a turnkey service and technology solutions provider to power & telecom has received new orders in its power division for EPC, turnkey and tower supply contracts. The combined value of the orders amount to INR2.44 billion. The company has received an order for engineering, procurement and construction of 765 kv quad S/C transmission line for Raichur Sholapur Transmission Company. The order is to be executed by July 2013.
- ◆ McNally Bharat Engineering Company announced that it has secured two orders worth INR1.44 billion. The first order received from the Durgapur Projects, for design, engineering, manufacture, supply, erection, testing and commissioning of coal handling package for construction of 250 MW extension units at Durgapur projects power station of the Durgapur Projects at a total contract value of Rs 227 million exclusive of taxes and duties. The other order is received from Madhucon Projects, Hyderabad for carrying out the works design Chainage from Km 237+000 to Km 257+000 (20 Kms) in the two to four Laning of Ranchi - Jamshedpur Section of NH - 33 project of Madhucon Projects in the state of Jharkhand at a total contract value of INR1.21 billion.
- ◆ ICSA India along with its consortium partner Dongfang Electronic Company (Dongfang), China has bagged 3 LOIs totaling INR734 million from 3 distribution utilities in state of Madhya Pradesh for the establishment of SCADA/ DMS projects in 5 cities in the state under RAPDRP scheme. ICSA India has bagged order from Madhya Pradesh Paschim Kshetra, Vidyut Vitaran Company, Indore worth INR233.3 million for implementation of SCADA/ DMS system in Indore and Ujjain. The company has bagged order from M.P. Madhya Kshetra Vidyut Vitaran Company, Bhopal worth INR380.9 million for implementation of SCADA/ DMS system in Bhopal & Gwalior. The third order received from Madhya Pradeshpoorv Kshetra Vidyut Company, Jabalpur worth INR119.8 million for implementation of SCADA/ DMS system in Jabalpur.
- ◆ Gitanjali Gems announced that Aston Luxury Group, a wholly owned subsidiary of the company has acquired 100 percent stake of 'Crown Aim' on Dec. 2, 2011. Thus Crown Aim has become step down subsidiary of the Company. Crown Aim is a Hong Kong based Company engaged in the business of distribution of Jewellery to China, Japan, USA, middleeast and Europe. In addition, Crown Aim has a Jewellery manufacturing unit in China and plans to setup retailing of Jewellery in China. Crown Aim also has a 100 percent subsidiary with the name Alfred Terry Holding Limited and a step down subsidiary named Alfred Terry Limited in London, for distribution of Jewellery in UK.
- ◆ Stone India executed a memorandum of understanding with Voith Turbo Scharfenberg GmbH & Co, KG, and Germany for Indian railways coupler business. It has also executed a memorandum of understanding with MELECS MWW GmbH & Co. KG, Austria for manufacturing and supply of light weight pantograph for metro coaches in India.

December 12, 2011

- ◆ India's Industrial Production data for October 2011.
- ◆ Germany WPI data for November 2011.
- ◆ Japan's Consumer Confidence data for November 2011.

December 13, 2011

- ◆ The U.S. Monthly Budget Statement for November 2011.
- ◆ The U.S. Retail Sales data for November 2011.
- ◆ Germany ZEW Survey for December 2011.
- ◆ The U.K. CPI data for November 2011.

December 14, 2011

- ◆ India's Inflation data for November 2011.
- ◆ The U.S. FOMC Rate Decision.
- ◆ The U.S. MBA Mortgage Application data for the week ended December 09, 2011.
- ◆ Japan's Industrial Production data for October 2011.

December 15, 2011

- ◆ India's Weekly Food and Fuel Inflation data for the week ended December 03, 2011.
- ◆ The U.S. Initial Jobless Claims data for the week ended December 10, 2011.
- ◆ The U.S. Bloomberg Consumer Comfort data for the week ended December 11, 2011.
- ◆ The U.S. Industrial Production data for November 2011.
- ◆ The U.S. Current Account Balance data for Q3 2011.
- ◆ Germany PMI Manufacturing and Services data for December 2011.
- ◆ The U.K. Retail Sales data for November 2011.

December 16, 2011

- ◆ Reserve Bank of India's Monetary Policy Meeting.
- ◆ The U.S. Consumer Price Index data for November 2011.

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