

WEEKLY | FUNDAMENTAL



OUR REPORTS

Fundamental

Company Report
Sector Report
Theme Based Report

Daily & Weekly

Fundamental Market Update
Technical Market Update
Derivative Market Update
Currency Report
Debt Mutual Fund Report

Monthly

India Strategy Report
IIP Report
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Telecom Sector Update
Insurance and Mutual Fund Report
Inflation Report
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Quarterly

India and Global Strategy Report
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Company Result Expectation
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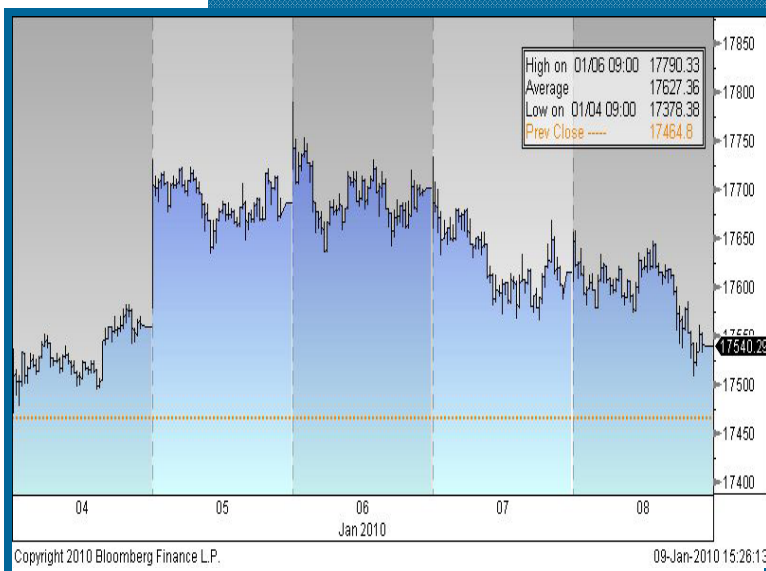
Others

Event Based Report
RBI Monetary Review Report
Annual Budget Expectation Report
Annual Budget Review Report

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WEEKLY CHART OF SENSEX



WEEK IN RETROSPECT

Indian stock markets started the first session of the year 2010, on a weak note but it rebounded soon following the firm Asian markets. India's strong monthly Auto sales data and a jump in manufacturing activity in December boosted the sentiments. Volatility was witnessed in rest of the trading sessions on account of profit booking, where, on Thursday and Friday, market closed marginally lower after consolidating throughout the sessions.

On domestic front, India's foreign exchange reserves increased by USD22 million to USD283.5 billion during the week ended January 1, 2010. India's food inflation held near an 11-year high during the week ended December 26, 2009. An index of food articles increased 18.22 percent from a year earlier, following a 19.83 percent gain in the previous week. Markit India Purchasing Managers' Index (PMI) stood at 55.6 in December 2009, well above the threshold of 50 that separates expansion from contraction.

OUTLOOK

The direction of the Indian Markets is likely to be cued by third quarter results of companies, IIP for the month of November, and inflation for the month of December. Some of the companies which are likely to post results during the week including Infosys, TCS, HDFC Bank, and Axis Bank represent a good weightage in benchmark indices.

Earnings expectations for the quarter ending December 2009 for most of the sectors are seen to be better on y-o-y basis due to lower base factor. In addition, global cues will continue to weigh on domestic markets. Selective mid cap rallies may be witnessed.

In the global front, OECD's leading economic indicator rose to the highest level in almost two years. The measure increased 1 point in November to 102.3. The index of consumer confidence in U.S. economy rose to -41 in the week ending January 3, 2009 up 3 points from a week earlier. A reading below zero means the number of negative responses is greater than the number of positive responses. Factory orders in the U.S. rose in November 2009. Bookings rose 1.1 percent, the seventh increase in eight months. However, contracts to buy previously owned U.S. homes plunged more than anticipated in November 2009. The index of pending home sales, dropped 16 percent. U.S. Initial jobless applications climbed to 434,000 in the week ended January 2, 2010 from a 16-month low of 433,000 the prior week. Whereas, the jobless rate held at 10 percent in the month of December 2009.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CHANGE	P/E	EST P/E	P/B	ESTP/B
DOW JONES	10618.19	1.82	16.54	13.73	2.82	2.50
NASDAQ	2317.17	2.12	45.28	20.62	2.82	2.73
S&P 500	1144.98	2.68	24.95	15.00	2.30	2.07
FTSE 100	5534.24	2.24	62.16	12.68	2.03	1.83
CAC 40	4045.14	2.76	17.09	12.51	1.45	1.37
DAX	6037.61	1.35	61.07	13.30	1.54	1.48
NIKKEI 225	10798.32	2.39	N/A	41.68	1.45	1.42
HANG SENG	22296.75	1.94	23.31	14.70	2.12	1.90
STRAITS TIMES	2922.76	0.87	26.35	15.81	1.79	1.68
TAIWAN TAIEX	8280.90	1.13	197.13	17.08	2.23	2.16
KOSPI	1695.26	0.74	23.26	10.39	1.26	1.27
BRAZIL BOVESPA	70262.70	2.44	21.79	14.27	2.18	1.99
RUSSIAN RTS	1444.61	0.07	27.29	12.48	1.21	1.17
SHANGHAI SE COMPOSIT	3196.00	(2.48)	33.90	18.67	3.40	2.70
BSE SENSEX	17540.29	0.43	26.30	21.04	3.47	3.17
NSE S&P CNX NIFTY	5244.75	0.84	26.00	21.04	3.46	3.11

MSCI INDICES

NAME	LAST	5D % CH	1M % CH	3M % CH
MSCI WORLD	1198.26	2.55	3.70	5.12
MSCI AC WORLD	307.14	2.57	3.80	5.42
MSCI AC ASIA PACIFIC	124.22	3.13	3.79	4.59
MSCI EM	1016.41	2.72	4.48	7.41

VOLATILITY INDICES

NAME	LAST PRICE	5D % CHANGE
CBOE SPX VOLATILITY	18.13	(16.37)
INDIA NSE VOLATILITY	22.57	(3.30)

10 YERS BOND MARKETS

NAME	YIELD	BASIS POINTS
US Generic Govt 10 Year Yield	3.83	(1)
UK Govt Bonds 10 Year Note Gen	4.06	5
Brazil Government Generic Bond	5.06	(5)
Japan Govt Bond Year to maturi	1.37	7
Australia Govt Bonds Generic M	5.68	4
India Govt Bond Generic Bid Yi	7.67	9

FOREX MARKET

NAME	LAST PRICE	5D % CHANGE
DOLLAR INDEX SPOT	77.47	(0.50)
EUR-USD X-RATE	1.44	(0.59)
USD-GBP X-RATE	0.62	(0.92)
USD-BRL X-RATE	1.73	1.05
USD-JPY X-RATE	92.66	0.41
USD-INR X-RATE	45.77	1.86
USD-CNY X-RATE	6.83	(0.01)
USD-KRW X-RATE	1130.75	2.94

MONEY MARKETS

NAME	LAST PRICE	5D % CHANGE
BBA LIBOR USD 3 Month	0.25	0.25
MIBOR Offer Market 3 Month	0.69	(1.43)
India Indicative Call Rate	3.30	0.00

INDUSTRIAL METALS & ENERGY MARKETS

NAME	LAST PRICE	5D % CHANGE
COPPER (USD/T)	7461.00	1.17
ALUMINUM (USD/T)	2284.00	2.42
ZINC (USD/T)	2521.00	(1.52)
LEAD (USD/T)	2532.00	4.11
OIL (USD/BBL)	82.75	4.27
NATURAL GAS (USD/MMBTU)	5.75	3.18

PRECIOUS METALS

NAME	LAST PRICE	5D % CHANGE
GOLD (USD/OZ)	1138.25	3.76
SILVER (USD/OZ)	18.48	9.51

INDUSTRY INDICES

NAME	LAST PRICE	5D % CHANGE
BALTIC DRY INDEX	3140.00	4.49
BBG WORLD IRON/STEEL IDX	324.00	3.34

AGRO MARKET

NAME	LAST PRICE	5D % CHANGE
COFFEE (USD/IB)	145.35	6.91
COTTON (USD/IB)	72.44	(4.18)
SUGAR (USD/IB)	27.53	2.15
WHEAT (USD/BU)	568.50	4.99
SOYBEAN (USD/BU)	1022.00	(2.53)

INSTITUTIONAL FLOW (04/01/2010–08/01/2010)

INSTRUMENT	PURCHASE	SALE	NET
FII (P)	14276.50	11302.32	2974.08
DII	10184.00	7784.50	2399.50
MUTUAL FUND (04/01-06/01)	2265.00	3199.40	(934.40)

FII DERIVATIVE SEGMENT (04/01/2010-08/01/2010)

INSTRUMENT	PURCHASE	SALE	NET
INDES FUTURE	5027.91	3005.26	2022.65
INDEX OPTION	6966.83	6209.64	757.19
STOCK FUTURE	3751.86	4970.79	(1218.93)
STOCK OPTION	144.35	85.47	58.88

TELECOM & IT

Under its third round of investment, Norway's Telenor bought additional 11% stake in Uninor. Telenor paid INR14.93 Bn for the same. The investment is expected to provide Uninor funds for its working capital requirements to roll out its operations across the nation. With this funding, the Norwegian operator's stake in Uninor increased to 60.1%.

Bharti Airtel is likely to sign an agreement with Bangladesh based Warid Telecom to acquire 70 percent stake in the latter. The company has already received nod from Bangladesh's telecom regulator for the transaction and investment of USD300 Mn in Warid.

To support the operations of state run BSNL, the Indian government is seeking options such as License fee waiver and fund raising through listing of the entity. The license fee waiver can save ~INR40 Bn for the company.

Indian Tech companies are expecting a potential business of ~USD3-7 Bn from the incremental nuclear power generation in India. The country aims to raise nuclear power's share in its total power generation to 9% from current level of ~4%.

Technology giant Infosys entered into a pact with Indian mobile service provider Aircel to offer mobile phone applications. Under the contract, Infosys will implement its new application platform Flypp, with a wide spectrum of applications.

METAL

India's top steelmakers led by SAIL saw up to a 50% sales jump in December from a year ago. The pent-up demand from the automobile and infrastructure industries as well as the low-base factor led to increase in sales in December 2009. SAIL reported a 32% growth in sales at 1.3 million tonne in December from a year ago. The third quarter ended December 2009 grew 23% from a year earlier due to an increase in products consumed by the construction industry. Crude steel production of JSW Steel for the quarter was 87.55% higher as compared to Q3FY09 but sequentially declined by 4.55%. Tata Steel's production was up 15.23% y-o-y and 5.18% q-o-q while sales were 48.74% higher y-o-y and 9.62% q-o-q. Demand for construction-grade steel, which slumped in August 2009 due to the monsoon, picked up again in the last quarter. Overall steel usage in India is estimated to rise over 12%, compared with the global demand of 9.2% in 2010.

BANKING & FINANCE

India's foreign exchange reserves rose \$22 million to \$283.52 billion during the week ended January 1, mainly due to the revaluation of gold. According to the data released by the Reserve Bank of India, foreign currency assets declined \$85 million to \$258.63 billion. Gold under the reserves went up by \$110 million to \$18.29 billion, while special drawing rights dropped \$3 million to \$5.17 billion.

RBI has asked banks to disclose the kind of fees and commissions they have earned through sales of life insurance policies to their account holders. With Sebi making mutual funds load-free from August 2009, banks have been looking at sales of insurance policies to beef up commission income. RBI's move to force banks to disclose the level of remuneration they receive from insurance companies is likely to put a pressure on the commissions that insurance companies pay to banks.

Commercial banks and asset reconstruction companies (ARC) are considering joining hands to standardise the process for auction of stressed assets in the banking sector, a move which may help revive the secondary market for bad loans. Since the ARC industry is still in a nascent stage — having been in operation for just five years, there are no standardised procedures. Each bank pursues its own strategy to sell bad loans. While RBI norms only talk about provisioning norms on sale of bad loans, a committee of banks and ARCs led by MR Umarji, a legal advisor to the Indian Bank Association is working on a standard deed of assignment.

AUTO

In two wheeler segment, Hero Honda recorded a massive 74.05 percent YoY sales growth in December 2009, mainly on account of lower base effect. Sales increased to 375,838 units against 215,931 units in December last year. TVS Motor reported a YoY growth of 34.07 percent in its overall two wheeler sales volume at 119,701 units in December 2009. In December 2009, Bajaj Auto, the country's second largest motorcycle maker, reported total 2&3 wheelers sales of 252,004 units compared to 142,163 units a year ago, registering a robust YoY growth of 77.26 percent.

India's local car sales in December 2009 rose 40 percent to 115,268 units from a year earlier. Where, Maruti Suzuki, India's car market leader, reported total sales of 84,804 units in December 2009, registering a YoY growth of 50.65 percent mainly because of the lower base effect. Tata Motors Ltd. sold 51,627 vehicles in December, compared with 25,219 a year ago.

- ◆ IFCI Ltd posted a profit after tax of INR1363.50 million for the quarter ended December 31, 2009 as compared to INR1044.80 million for the quarter ended December 31, 2008. Total Income increased from INR3597.60 million for the quarter ended December 31, 2008 to INR3926.50 million for the quarter ended December 31, 2009.
- ◆ Bajaj Hindusthan Ltd. reported first-quarter profit of INR852 million compared with a loss of INR559.4 million a year earlier.
- ◆ Prism Cement Ltd reported standalone net profit of INR41.97 crore for the quarter ended December 31, 2009 against INR34.97 crore for the quarter ended September 30, 2009. Net sales was at INR229.97 crore for the December quarter against INR228.40 crore for the September quarter.
- ◆ ACC Ltd dispatched 1.88 million tonnes of cement in December 2009 while the production that month was 1.86 million tonnes. Both these figures are comparatively lower than 1.90 million tonnes of dispatches in December 2008 and 1.91 million tonnes of production for that month last year. However for the January-December period of 2009, the production is higher at 21.38 million tonnes compared with 20.84 million tonnes for the same period last year and cement dispatches for the January - December period of 2009 is at 21.36 million tonnes against 20.86 million tonnes same period previous year.
- ◆ Tania Constructions Ltd received a prestigious project from Northern Railway, Headquarters Office, Delhi in the name of TANTIA-CCIL (JV) for Construction of 1.80 Kms. long tunnel on realigned path and carrying out reprofiling work in balance length of existing Tunnel No.1 including blanketing, earthwork & construction of side drain etc. in Zone E-2 between Tunnel no.1 Katra end to Road Over Bridge Sambal on Udampur- Katra section in connection with Udampur- Srinagar- Baramulla Rail Link for worth INR91,73,56,721.19.
- ◆ Larsen & Toubro (L&T) secured a major order valued at INR987 crores from Gujarat Narmada Valley Fertilizers Company Ltd (GNFC) for setting up a 1120 MTPD Ammonia equivalent, natural gas based Synthesis Gas Generation plant at Bharuch, Gujarat in June 2012. The project has been awarded on a lump sum turnkey basis including process technology. L&T will utilize the world renowned synthesis gas technology of Haldor Topsoe, Denmark. The scope of work includes process license, know-how and basic engineering, detailed engineering, procurement, construction, interconnection with existing facilities, testing, pre-commissioning, commissioning and performance guarantees.

Larsen & Toubro Ltd's Buildings & Factories Operating Company--part of its Construction Division, bagged new orders aggregating INR2,325 crore during the third quarter of year 2009-2010 for the construction of residential towers , hospital, exhibition centre, IT Park and factory building projects. The company secured a INR800 crore contract from Oberoi Realty Pvt Ltd for the construction of residential towers at Goregaon (East) in Mumbai; secured a INR625 crore contract from DB Realty Ltd for construction of residential towers at Parel, again in Mumbai. L&T has also secured a INR410 order from Engineering Projects (India) Ltd for construction of ESI hospital and medical college at Joka, Kolkata. Further, it has secured orders worth INR490 crore from various clients for construction of an IT Park at Trivandrum, Business / Exhibition centre at Ahmedabad, office complex at Chandigarh and a sugar refinery at Kandla, Gujarat.

- ◆ Reliance Industries Ltd inform that the Petroleum Trust sold approximately INR258.50 lakh equity shares of the company. Reliance Industrial Investments and Holdings Ltd, a wholly owned subsidiary of RIL, is the beneficiary of the Trust. The Trust will realize around INR2675 crore, at an average price of about INR1035 per share.
- ◆ Suzlon Energy Ltd announced the signing of repeat orders with ITC Ltd, to set up, operate and maintain two new wind power projects in the states of Karnataka and Maharashtra. The project in Karnataka will add 21 MW of capacity from ten units of Suzlon's S88-2.1 MW turbine while the Maharashtra project will add 6 MW of capacity from four units of Suzlon's S-82 1.5 MW turbine.
- ◆ IVRCL Infrastructures & Projects Ltd bagged orders of the value of INR958.07 crores, in Transportation, Water & Irrigation, Buildings and Power sectors. The company also has a backlog of over INR1000 crores orders from Oil & Gas sectors with four projects under execution. The Order Book position of the company is over INR22,000 crores including L1 and the order book is well diversified - region wise and sector wise.
- ◆ Bharat Heavy Electricals Ltd. won an order worth INR420 million from Karnataka Power Corp. to set up a 3 megawatt solar power plant in Raichur district.

January 11, 2010

- Earnings Expected: Exide Industries, Dhampur Sugar Mills.
- China's money supply data for the month of December 2009.

January 12, 2010

- Earnings Expected: Bajaj Auto, Infosys, Mastek, Piramal Life Science, Jaiprakash Hydro Power, others.
- India's Industrial Production data for the month of November 2009.
- U.S. Trade Balance data for the month of November 2009.

January 13, 2010

- Earning Expected: Bajaj Holdings, Sintex, RECL, Supreme Industries, others.
- U.S. ABC Consumer Confidence data for the week ended January 11, 2010.
- U.K. Industrial Production data for the month of November 2009.

January 14, 2010

- Earning Expected: Jindal Saw, CMC, Finolex Industries, South Indian Bank, Rallis India, others.
- India's monthly Wholesale Price based Inflation data for the month of December 2009.
- U.S. Retail Sales data for the month of December 009.
- U.S. Initial Jobless Claims for the week ended January 10,

January 15, 2010

- Earning Expected: HDFC Bank, Axis Bank, TCS, Shree Renuka Sugars, IDBI Bank, IndusInd Bank, Balaji Telefilms, NIIT Technologies, UCO Bank, others.
- U.S. Industrial Production data for the month of December 2009.
- U.S. Consumer Price Index for the month of December 2009.

All data Source: Bloomberg, BSE, NSE

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