

WEEKLY | FUNDAMENTAL



OUR REPORTS

Fundamental

Company Report
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Theme Based Report

Daily & Weekly

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Monthly

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Others

Event Based Report
RBI Monetary Review Report
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Annual Budget Review Report

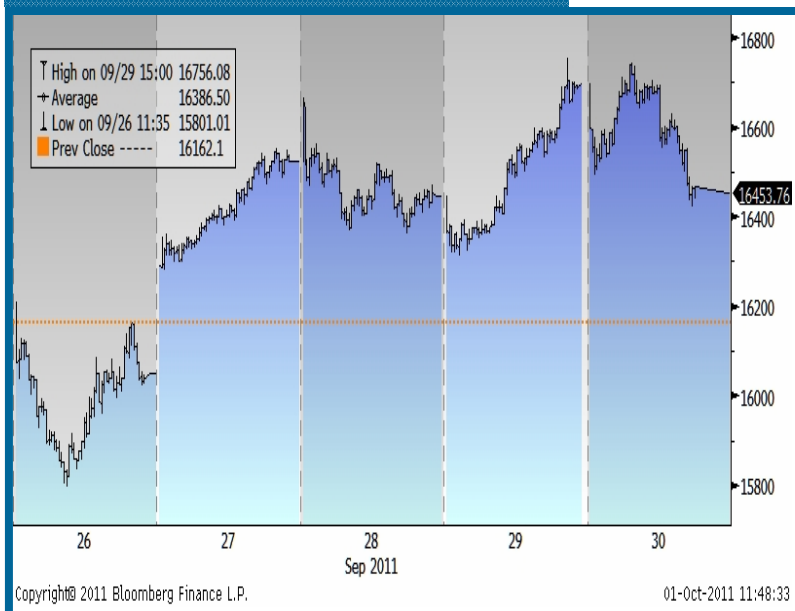
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MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

As we step in the month of October, fear looms large on market volatility and deep corrections as the October 2008 comes to haunt investors. However, for FII's it is even more remorse as Nifty has fallen more in dollar terms, which on a quarter return basis is higher in absolute terms than the fall in Oct-Dec, 2008 quarter. Corporate Earnings, RBI quarterly review of Monetary Policy will remain in focus, albeit news flow from Europe and US will hog the limelight. On the domestic front, Auto and Cement shares will be in focus next week as companies from these two sectors start unveiling monthly sales data for September 2011. India's Exports-Imports and PMI data are also expected to be announced during the next week, will be in focus.

WEEK IN RETROSPECT

Indian stock market posted its biggest quarterly fall since the months following the Lehman Brothers collapse in 2008. Market ended the September quarter down more than 12 percent - its biggest fall since shedding 25 percent in the October-December quarter of 2008. Rising interest rates and concerns of a global recession hurt the sentiments. However, on weekly basis, market registered gains in volatile trade, buoyed by European policy makers' efforts to support European countries struggling with debt.

India's April-June FY2011-12 Current Account Deficit widened to USD14.1 billion from USD12.0 billion a year earlier. The deficit was at USD5.4 billion in the January-March quarter. India's Food Inflation accelerated for the first time in four weeks. Food Inflation increased to 9.13 percent in the week ended September 17, 2011 against 8.84 percent in the previous week. India's Monsoon was 33 percent below normal during the week ended September 28, 2011. On cumulative basis (June 01 - September 28), Monsoon was 2 percent above normal.

On the global front, German parliament on Thursday approved to enhance Europe's bailout fund EFSF by raising its guarantees for the bailout to 211 billion euros (USD287 billion) from 123 billion euros. The lower house of German parliament passed the measure with 523 votes in favor and 85 against. It grants the fund powers to buy bonds in secondary markets and enable bank recapitalizations. It also offers precautionary credit lines. The U.S. GDP grew slightly more than previously reported in Q2 of 2011. GDP grew at annual rate of 1.3 percent, up from the previously estimated 1.0 percent. GDP expanded at a 0.4 percent rate in Q1 of 2011. Germany's Jobless Rate fell to 6.6 percent in September 2011 from 7.0 percent in the previous month.

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	10913.38	1.32	(2.91)	(13.27)	0.77	11.71	11.06	2.32	2.24
NASDAQ	2415.40	(2.73)	(2.62)	(14.23)	1.88	19.02	14.99	2.42	2.42
S&P 500	1131.42	(0.44)	(3.62)	(15.54)	(1.29)	12.38	11.41	1.85	1.79
FTSE 100	5128.48	1.22	(3.09)	(14.38)	(8.30)	9.95	9.05	1.51	1.44
CAC 40	2981.96	6.12	(5.29)	(25.59)	(19.23)	8.57	8.18	1.02	0.94
DAX	5502.02	5.88	(0.66)	(25.84)	(11.42)	9.77	8.58	1.16	1.09
NIKKEI 225	8700.29	1.64	(2.80)	(11.83)	(7.49)	16.35	13.96	1.12	1.07
HANG SENG	17592.41	(1.78)	(12.96)	(21.46)	(21.32)	8.12	9.37	1.26	1.22
STRAITS TIMES	2675.16	(0.88)	(5.91)	(14.78)	(14.56)	7.43	12.25	1.28	1.28
TAIWAN TAIEX	7225.38	2.54	(6.85)	(17.33)	(12.36)	13.76	13.20	1.59	1.54
KOSPI	1769.65	4.25	(5.25)	(16.75)	(5.71)	11.63	8.67	1.02	1.11
BRAZIL BOVESPA	52324.42	(1.70)	(7.44)	(17.46)	(25.49)	7.97	8.96	1.16	1.13
RUSSIAN RTS	1333.53	1.39	(19.53)	(31.18)	(12.95)	5.12	4.93	0.86	0.78
SHANGHAI SE COMPOSIT	2359.22	(3.04)	(6.69)	(14.50)	(11.16)	12.60	10.87	1.96	1.68
BSE SENSEX	16453.76	1.80	(2.19)	(12.31)	(19.52)	14.72	13.89	2.71	2.43
NSE S&P CNX NIFTY	4943.25	1.55	(1.92)	(12.15)	(19.54)	14.21	13.64	2.49	2.26

MSCI INDICES				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
MSCI WORLD	1104.06	0.83	(6.06)	(17.84)
MSCI AC WORLD	280.64	1.01	(7.13)	(18.66)
MSCI AC ASIA PACIFIC	113.12	1.24	(8.89)	(16.53)
MSCI EM	880.43	2.19	(13.84)	(23.89)

VOLATILITY INDICES				
NAME	LAST	5D % CH	1M % CH	3M % CH
CBOE SPX VOLATILITY	42.96	4.15	26.65	170.70
INDIA NSE VOLATILITY	31.94	(9.16)	22.42	75.40

10 YERS BOND MARKETS				
NAME	YIELD	5D % CH	1M % CH	3M % CH
US Generic Govt 10 Year Yield	1.92	4.47	(12.00)	(39.39)
UK Govt Bonds 10 Year Note Gen	2.43	2.75	(2.92)	(28.11)
Brazil Government Generic Bond	3.97	(0.58)	(0.43)	(12.70)
Japan Govt Bond Year to maturity	1.03	4.56	0.78	(9.47)
Australia Govt Bonds Generic M	4.22	5.11	(4.50)	(18.97)
India Govt Bond Generic Bid Yi	8.43	1.52	1.29	1.18

FOREX MARKET				
NAME	LAST	5D % CH	1M % CH	3M % CH
DOLLAR INDEX SPOT	78.80	0.38	6.31	6.05
EUR-USD X-RATE	1.34	(0.84)	(6.83)	(7.69)
USD-GBP X-RATE	0.64	(0.85)	4.27	3.00
USD-BRL X-RATE	1.88	(2.42)	(15.42)	(16.81)
USD-JPY X-RATE	77.06	(0.58)	(0.52)	4.54
USD-INR X-RATE	48.97	1.23	(5.96)	(8.39)
USD-CNY X-RATE	6.38	0.11	(0.05)	1.30
USD-KRW X-RATE	1178.10	(0.92)	(9.45)	(9.38)

MONEY MARKETS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BBA LIBOR USD 3M	0.37	3.92	14.98	52.32
MIBOR Offer Market 3M	1.55	0.65	0.65	0.00
India Indicative Call Rate	8.10	11.72	0.62	7.57

INDUSTRIAL METALS & ENERGY MARKETS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COPPER (USD/T)	7018.50	(4.64)	(24.33)	(25.57)
ALUMINUM (USD/T)	2157.00	(2.22)	(12.64)	(14.81)
ZINC (USD/T)	1860.00	(2.64)	(18.85)	(21.35)
LEAD (USD/T)	1985.00	1.53	(23.06)	(26.04)
OIL (USD/BBL)	79.20	(0.81)	(10.82)	(17.00)
NATURAL GAS (USD/MMBTU)	3.67	(2.66)	(12.15)	(19.48)

PRECIOUS METALS				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
GOLD (USD/OZ)	1623.98	(1.98)	(11.05)	8.24
SILVER (USD/OZ)	29.93	(3.89)	(27.98)	(13.72)

INDUSTRY INDICES				
NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BALTIC DRY INDEX	1899.00	(1.09)	17.29	34.39
BBG WORLD IRON INDEX	199.97	(2.13)	(17.71)	(34.08)

AGRO MARKET				
NAME	LAST	5D % CH	1M % CH	3M % CH
COFFEE (USD/IB)	228.90	(1.10)	(20.59)	(14.91)
COTTON (USD/IB)	100.19	(1.04)	(5.31)	(15.52)
SUGAR (USD/IB)	25.29	4.81	(12.43)	(1.63)
WHEAT (USD/BU)	609.25	(4.92)	(23.03)	(7.34)
SOYBEAN (USD/BU)	1179.00	(6.28)	(19.11)	(8.89)

INSTITUTIONAL FLOW IN Cr (26/09-30/09)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	11427.99	12879.96	(1451.97)
DII	5332.75	4257.44	1075.31
MUTUAL FUND (26/09-28/09)	1271.50	1196.80	74.70

FII DERIVATIVE SEGMENT IN Cr (26/09-30/09)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	27891.35	27378.90	512.45
INDEX OPTION	72679.28	69564.56	3114.73
STOCK FUTURE	29911.08	29274.30	636.78
STOCK OPTION	1631.12	1514.93	116.20

IT & TELECOM

HCL Technologies announced partnership with CAST, a world leader in software analysis and measurement to further strengthen HCL's software assessment services 'ASSESS-SMART' through the suite of CAST tools.

Tata Consultancy Services is weighing acquisitions in France, Germany, Japan and the U.S. as the company sees further rising demand despite global economic woes. "Acquisitions are necessary because all the capabilities cannot be built organically," N. Chandrasekaran, chief executive officer of Tata Consultancy, said. Tata Consultancy has benefited from rising corporate spending on computer services and consulting. Despite the current global uncertainty, the company sees good demand from retail, manufacturing and consumer product companies.

The Telecom Ministry on Friday indicated that it may undertake auction to sell one slot of pan-India 20 Mhz of Broadband Wireless Access (BWA) spectrum and a decision will be taken in consultation with the Finance Ministry. "In BWA, 20 Mhz of spectrum is available across country and the (telecom) ministry is in talks with Finance Ministry to undertake auction ... but final decision has not been taken yet," Telecom Minister Kapil Sibal said. Last year, the government had earned a whopping INR1.06 lakh crore by auctioning 3G and BWA spectrum. The BWA auction was for two slots of 20 MHz each of pan-India spectrum. The government had raised INR67,719 crore from 3G spectrum auction. While BWA auction had fetched about INR39,000 crore. The Finance Ministry has been asking the Telecom Ministry to sell spectrum in order to cut down the fiscal deficit. Sibal also announced that the Ministry will announce draft of New Telecom Policy-2011, Information and Technology Policy and Electronics Policy in October this year.

Bharti Airtel entered into an agreement with Nokia Siemens Networks to provide second generation and third generation wireless network services in seven African countries.

Bharat Sanchar Nigam carried out its threat to snap links with private operators over non-payment of carriage charges. The PSU disconnected private mobile operators starting with Punjab leaving telecom subscribers in the lurch.

Tata Communications extended its global IP/ VPN service offerings into Pakistan, through collaboration with Multinet Pakistan, an operating company of Axiata and an innovative provider of data and voice communications. The partnership will enable enterprise customers to enjoy the first commercially available Ethernet services in Pakistan, as well as global Multi protocol Label Switching (MPLS) communications services, through a point of presence (PoP) deployment in Karachi. The new services are particularly ideal for banking, financial services and insurance (BFSI) companies looking to grow their presence in Pakistan, or migrating from international

private lines to MPLS or Ethernet. Manufacturing, energy, IT and software development are other fast-growing sectors of the economy which will benefit from improved connectivity to the region and the rest of the world.

The government is likely to allow active infrastructure sharing in the telecom sector in the new telecom policy, resulting in lower cost for setting up network and less time for rolling out services. Till now the telecom companies can share only passive infrastructure such as towers. In active infrastructure the players would be able to share antenna and mobile exchanges among others.

BANKING & FINANCE

The Reserve Bank of India has decided to link the interest rate on loans and advances given to state cooperative banks for general banking facilities like clearing adjustments or liquidity with the repo rate from October 1. Till date, state cooperative banks used to get this facility at bank rate, which was at one point considered as the benchmark rate. But the banking regulator has over a period of time made repo rate acceptable as the benchmark short term policy rate and this latest decision is a step to this endeavour. At present, the repo rate stands at 8.25 percent while the bank rate has been at 6 percent for quite some time. In effect, state cooperative banks have to pay 225 basis points more interest for availing themselves of the facility.

ING Vysya Bank on Friday increased its lending rates by 25 basis points, making all kinds of its loans expensive. The bank raised base rate or the minimum lending rate by 25 basis points to 10.45 percent from existing 10.20 percent. At the same time, the benchmark prime lending rate of the bank has also been raised by 25 basis points to 19 percent from 18.75 percent. Home loan reference rate has also been increased by 25 basis points to 19.50 percent. The new rates will be effective from October 1, 2011. Following mid-quarterly policy review, State Bank of Travancore and Dhanalaxmi Bank increased their base rates by 25 basis points and 50 basis points, respectively.

Reliance Power got the nod from the Reserve Bank of India (RBI) to raise INR110 billion (USD2.2 billion) from US Exim and Chinese banks for its flagship Sasan 3,960 megawatt ultra mega power project in Madhya Pradesh. Sasan Power, a wholly owned subsidiary of Reliance Power which is executing the flagship project will receive USD1.1 billion from Chinese banks including Bank of China. China Development Bank and Export Import Bank of China. The Export Import Bank of United States approved funding of USD917 million to Sasan Power as part financing of the project cost of the Sasan UMPP.

Axis Bank announced the launch of 'NISHCHINT' a lifetime 'fixed interest home loan scheme' which offers home buyers housing loans at a fixed rate of 11.75 percent p.a. for the entire duration of the loan i.e. up to 20 years.

- ◆ **Cabinet approves new mining bill:** The Union Cabinet has approved a new bill aimed at regulating mining activities. The bill proposes a profit-sharing system and bidding of mining rights. Coal miners will share a maximum 26 percent of their profits with local communities and for other miners an amount equivalent to royalties. The bill now requires parliamentary approval to become law and is seen as a major move towards reform. The draft law proposes the profit sharing formula in a bid to smooth land acquisition, a touchy issue in the countryside, where many oppose natural resources being carted away by outsiders.
- ◆ Prism Cement signed an agreement for mining, development and operation of its Sial Ghogri Coal Block near Chhindwara, Madhya Pradesh with India Resources, Australia and its wholly owned Indian subsidiary IRL Coal India. India Resources is an Australia-based company presently engaged in underground mining in India. The mined coal will be used for captive consumption of the cement plant located at Satna, Madhya Pradesh.
- ◆ GAIL (India) has acquired its first shale gas assets in the USA through its wholly owned US subsidiary GAIL Global (USA), formed on September 26, 2011. The subsidiary company executed definitive agreements with Carrizo Oil & Gas, a Nasdaq-listed company based in Houston, Texas, to enter into an unincorporated joint venture, under which GAIL Global (USA) will acquire a 20 percent interest in Carrizo's Eagle Ford Shale acreage position. The joint venture will have 20,200 gross acres, out of which GAIL subsidiary would have 4,040 net acres spread over four counties in Texas. Total investment would be around USD300 million over a period of next 5 years. This includes upfront cash payment of USD 63.7 million and a carry amount of USD31.3 million linked to Carrizo's future drilling and development costs. Major part of these investments would be funded by the GAIL Global (USA) out of its earnings. The JV is expected to drill additional 139 wells in the acreage. Carrizo will continue to function as the operator for the joint venture. Included in the transaction are eight wells in the acreage which are currently producing about 2,350 net barrels of oil equivalent per day (470 barrels of equivalent per day net to GAIL).
- ◆ Ashok Leyland announced their entry into the Tanzanian market by bagging an order for 723 trucks, buses and special application vehicles. The order that is worth around USD36.56 million has been received from the Government of Tanzania. These vehicles will be used for logistical purposes by the government and the Company will complete deliveries by end of the current fiscal.
- ◆ Tata Motors was ordered by an Indian court to return the land it had leased in West Bengal state to build a USD368 million factory to produce the Nano. The High Court of Calcutta ordered the state government to pay compensation to Tata Motors for the land in Singur and asked a lower court to decide on the quantum of payment, Justice I.P. Mukerji said in Kolkata on Wednesday. Tata Motors abandoned the near-complete facility in Singur in October 2008 after violent protests by farmers against land acquisitions.
- ◆ Dabur India announced its entry into Sri Lanka with the setting up of an overseas subsidiary -Dabur Lanka. Dabur Lanka signed an agreement with the Board of Investment of Sri Lanka to establish this venture. The company will invest USD15 million (INR700 million) to establish a new export-oriented manufacturing facility for producing a range of fruit-based beverages in Gampaha, north of Colombo. The new manufacturing facility-with a capacity to produce 2.8 lakh cases of fruit-based beverages every month-will be commissioned in Aug.-Sept. of 2012.
- ◆ Godrej Properties signed agreement with Goldbricks Infrastructure to develop a residential project. The project admeasuring saleable area of approximately 2 million sq. ft is situated within 'Anandam World City' at Ganeshpeth, Nagpur.
- ◆ Bajaj Corp acquired Uptown Properties and Leasing (Uptown), which owns a plot of land at Worli, Mumbai. The aggregate cost of acquisition was INR750 million, comprising of taking over of net liabilities of INR495 million and purchase of the entire paid-up equity share capital from its existing promoters at an aggregate consideration of INR255 million.
- ◆ HCC Concessions, a 100 percent subsidiary of Hindustan Construction Company (HCC) has concluded its transaction involving a 14.5 percent stake dilution to the Xander Group at a valuation of INR16.50 billion (USD375 million). The company, which designs, finances, builds and operates transport infrastructure has raised INR2.40 billion to fully fund its existing projects and a further grow the portfolio in partnership with Xander.
- ◆ Tata Metaliks has decided to divest its 3,00,000 ton pig iron making facility at Redi in Maharashtra with three mini blast furnaces serving mainly the Western and Southern India markets. Tata Metaliks has signed an agreement with Formento Resources Group who has presence in iron ore mining in Goa, Karnataka and Maharashtra for divestment of the Redi facilities as a going concern for a consideration of INR1.80 billion plus working capital at closing. The above agreement is subject to the shareholders and regulatory approval.
- ◆ According to news reports, T T K Prestige is set to buy Italian firm Bialetti's ailing Indian unit, called Triveni Bialetti Industries.

October 03, 2011

- ◆ India's Exports-Imports data for August 2011.
- ◆ India, U.S. Germany and U.K. Manufacturing PMI data for September 2011.
- ◆ The U.S. Construction Spending data for September 2011.

October 04, 2011

- ◆ The U.S. Factory Orders data for August 2011.
- ◆ The U.S. Total Vehicle Sales data for September 2011.
- ◆ The U.K. PMI Construction data for September 2011.

October 05, 2011

- ◆ India's, Germany, U.K. Services PMI data for September 2011.
- ◆ The U.K. GDP data for Q2 of 2011.
- ◆ The U.K. Exports-Imports data for Q2 of 2011.
- ◆ The U.S. MBA Mortgage Application data for the week ended September 30, 2011.
- ◆ The U.S. ISM Non Manufacturing data for September 2011.

October 06, 2011

- ◆ India's Weekly Food and Fuel Inflation data for the week ended September 24, 2011.
- ◆ The U.S. Initial Jobless Claims data for the week ended September 30, 2011.
- ◆ The U.S. Bloomberg Consumer Comfort data for the week ended October 02, 2011.
- ◆ Germany Factory Orders data for August 2011.
- ◆ Bank of England Policy Meet.

October 07, 2011

- ◆ The U.S. Unemployment Rate data for September 2011.
- ◆ Bank of Japan Policy Meet.
- ◆ The U.S. Wholesale Inventories data for August 2011.
- ◆ Germany Industrial Production data for August 2011.

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