Daily Morning Report
March 2, 2010

MARKET DATA	26/02/10	Abs. chg	chg %
Sensex	16429.6	175.4	1.08
Nifty	4922.3	62.6	1.29
CNX Midcap	7167.3	181.6	1.83
INTERNATIONAL INDICES			
Dow Jones	10403.79	78.53	0.76
NASDAQ	2273.57	35.31	1.58
Nikkei	10169.80	(2.26)	(0.02)
Hang Seng	20879.07	(177.86)	(0.84)
FTSE	5405.94	51.42	0.96
Kospi	1613.07	18.49	1.16
Shanghai	3077.46	(10.38)	(0.34)
Sing Nifty Fut(Nov Series)	5000.00	64.00	1.30
(Asian MKT at 8.50am)			

ADVANCE / DECLINE		Advance	Decline
BSE		1848	942
NSE		977	330

FII AND MF ACTIVITY (PROVISIONAL) (Rs. bn.)	Buy	Sell	Net
FII Cash	35.4	27.0	8.4
MF	16.1	24.7	(8.6)

COMMODITY UPDATE	Unit	25/2/10	26/2/10
Gold–MCX (Rs.)	10 gram	16488	16789
Silver MCX (Rs.)	Per kg	24844	25767
Crude brent (US$)	per barrel	78.55	78.80

DERIVATIVE UPDATE	Current	Diff with Nfty Cash	Remark
Nifty Future	4935.95	13.65	Premium
Put/Call Ratio(Vol)	1.17		
Put/Call Ratio(OI)	1.17		

BSE SECTORAL INDICES CLOSING	26/02/10	Abs. chg	% chg
AUTO	7171.0	324.3	4.7
METAL	16401.5	411.8	2.6
BANKEX	9828.7	217.1	2.3
HC	4913.0	75.2	1.6
REALTY	3236.7	40.4	1.3
OIL&GAS	9596.2	102.7	1.1
CG	13474.9	141.6	1.1
PSU	9214.3	95.9	1.1
CD	4001.8	37.1	0.9
POWER	2961.6	7.6	0.3
TECk	3179.2	1.1	0.0
IT	5174.0	(14.9)	(0.3)
FMCG	2662.1	(61.2)	(2.3)

FOREX UPDATE	02/3/10	26/2/10	
RE/USD $	46.02	46.31	(0.29)
RE/Euro (€)	62.32	62.87	(0.55)
RE/Yen (¥)	0.5154	0.5182	(0.0028)

MARKET TURNOVER (Rs. In Crs)	26/2/10	25/2/10	% Chg
NSE-Cash	18461.1	12973.8	42.3
NSE-F&O	116981.3	122098.6	(4.2)
BSE	5384.5	3111.3	73.1

Corporate News

- Power Grid to invest Rs.2845 cr in various projects
- RIL may lose Lyondell bid, eye Canada company
- Bharti plans stake sale to repay loans for Zain deal
- Reliance Cap Partners picks up 1.7% in Fame

Economy News

- Budget brings relief to taxpayers; stimulus rollback starts
- Govt provides Rs 1.73 lk cr to boost infra sector in 2010-11
- Govt levies cess on coal; prices likely to go up

International News

- European Union pushes cuts for indebted countries
- Coca-Cola close to buying its largest bottler

Top Top Gainers	Close (Rs.)	%chng		Top Loosers	Close (Rs.)	%chng
Reliance Cap	786.5	8.1		ITC	232.1	(6.2)
IFCI	51.4	8.1		Tata Power	1213.0	(4.1)
Moser Baer	75.9	7.1		Indiabulls Real Est	160.1	(2.9)
Shriram Trans	460.7	6.9		Shree Renuka Sug	166.7	(2.7)
Tata Motors	711.1	6.3		HPCL	346.7	(2.3)

Corporate Events		
Company	**Event**	**Date**
Intellivate Capital Ventures Ltd	Right 5:1	2-Mar-10
Event To Be Released		
National		
Production index (Index of industrial production)		12-Mar-10
International		
ICSC-Goldman Store Sales 7:45 AM ET		2-Mar-10
Redbook 8:55 AM ET		2-Mar-10
4-Week Bill Auction 11:30 AM ET		2-Mar-10

Corporate News : -

- **Power Grid to invest Rs.2845 cr in various projects:** Power Grid Corporation of India will invest a sum of Rs.2845.72 crore in various projects. The board of directors decided to invest Rs.232.34 crore for system strengthening in Southern Region, having a commissioning schedule of within 28 months from the date of investment approval. Further, the company would invest Rs.469.38 crore for Mauda Transmission System having commissioning schedule of within 32 months from the date of investment approval. The board has also approved investment of Rs.2144 crore for the transmission system associated with Pallatana Gas-Based Power Project and Bongaigaon Thermal Power Station (TPS), having commissioning schedule of within 34 months progressively from the date of investment approval.

- **Bharti plans stake sale to repay loans for Zain deal:** Bharti Airtel held out the possibility of issuing fresh shares or divesting its holding in telecom infrastructure companies to lighten the burden of debt it must assume to fund its planned acquisition of most of the African operations of Kuwait's Zain Telecom. Top executives at India's largest mobile phone firm told that the purchase would be funded by medium-term debt — loans with maturity period between 1 and 10 years — which will then be repaid with money generated from operations as well as a likely equity issuance. A final deal is expected to be clinched by end-April or mid-May. If they close the deal with full debt, it will still be at a sensible level. But they are debt-averse and will use a combination of free cash flow and equity to repay debt. There is a possibility to raise more equity at Airtel or (Bharti) Infratel level, but they have not taken any decision at this point. The Airtel-Zain combine will have annual revenues of $13 billion and earnings before interest, depreciation and amortisation of $5 billion a year after the transaction is completed.

- **RIL may lose Lyondell bid, eye Canada company:** Reliance Industries (RIL) is on the verge of losing its bid for bankrupt petrochemical company LyondellBasell, as it baulks at rising valuation due to the recovering global economy, but that may help it focus on the possible acquisition of Canada's Value Creation. The bid by the nation's largest private sector company, which was raised 21% to about $14.5 billion from the initial $12 billion in November, may not be acceptable to creditors who are leaning towards the revival plan proposed by the current management. Lyondell's creditors, led by buyout firm Apollo Management, is set to reject the plan by RIL in Monday's proposal, the New York Post reported on its website. The plan to be filed is set to favour the merger of Lyondell with Hexion Specialty Chemicals controlled by Apollo. RIL has raised about $2 billion selling its own shares from the vault between November and now to possibly bid for Lyondell. It still has shares worth about $7 billion for which it has not publicly spelt out a strategy. RIL has time to raise its bid. But given its past record of seeking value in all its purchases, it may not raise the bid. The company had said in November that it was interested in buying a controlling stake in Lyondell, but The treasury stocks were created eight years ago, following the merger of Reliance Petroleum, a subsidiary, with RIL. While holdings of promoter companies get cancelled in these circumstances normally, RIL chose to retain them in a trust which are being sold now.

- **Reliance Cap Partners picks up 1.7% in Fame:** Reliance Capital Partners along with Reliance Mediaworks and Reliance Capital, have acquired 0.59 million shares, or 1.71 percent of the equity, in cinema chain operator Fame India through open market purchases. The shares were brought by Reliance at an average Rs.83.11 each raising its stake in Fame to 13.53 percent. Reliance Mediaworks earlier this week made a competitive bid for a 62.08 percent stake at Rs.83.40 a share, 63.5 percent higher than an offer by Inox Leisure for 20 percent equity at Rs.51 a share. Inox already holds 50.48 percent in Fame.

Economy News:-

- **Budget brings relief to taxpayers; stimulus rollback starts:** The 2010-11 Union Budget today provided considerable relief to income taxpayers by raising the slabs at two levels but, hiked the central excise duty on non-petroleum products across the board from 8 to 10 per cent and the basic duty on crude and petroleum products, besides effecting a one-rupee increase per litre on petrol and diesel. The entire opposition walked out of the Lok Sabha during the presentation of Budget by Finance Minister Pranab Mukherjee, dubbing it "highly inflationary", as he partially rolled back the stimulus by hiking the ad velorum component of excise duty on large cars and multi-utility vehicles by 2 per cent to 22 per cent. The Budget also raised the specific rates of duty on portland cement and cement clinker. The basic duty of 5 per cent on crude petroleum, 7.5 per cent on diesel and petrol and 10 per cent on other refined products is being enhanced. The central excise duty on petrol and diesel is being enhanced by Re 1 per litre. The proposals relating to customs and central excise are estimated to result in a net revenue gain of Rs 43,500 crore for the year. The proposals for service tax, in which government plans to bring in some more services, will result in a net revenue gain of Rs 3000 crore for the year. While direct tax proposals are expected to result in a loss of Rs 26,000 crore for the year, those relating to indirect tax are estimated to result in a net revenue gain of Rs 46,500 crore. Taking into account the concessions and measures to mobilise additional resources, the overall revenue gain is estimated to be Rs 20,500 crore for the year. The basic threshold limit for income tax exemption will remain at Rs 1.60 lakh. Under the new proposal, 10 per cent tax will be levied between Rs 1,60,001 and Rs 5,00,000; 20 per cent on incomes between Rs 5,00,001 and Rs 8,00,000 and 30 per cent above Rs 8,00,000. The present income tax slabs and rates are 10 per cent for income between Rs 1,60,001 and Rs 3,00,000; 20 per cent for income between Rs 3,00,001 and Rs 5,00,000 and 30 per cent for income above Rs 5,00,001. Proportionately, similar changes have been made in the taxes related to women and senior citizens aged above 65 years. Mukherjee also gave another relief to individual tax payers by raising the existing limit of Rs 1,00,000 on tax savings by an additional amount of Rs 20,000 for investments in long-term infrastructure bonds. Contributions to Central Government Health Scheme (CGHS) have also been allowed as deductions within the overall ceiling for tax rebate besides contributions to health insurance schemes which are currently allowed as deductions under the Income Tax Act. The budget also proposed a hike in defence expenditure from Rs 1,41,703 crore to Rs 1,47,344 crore, including Rs 60,000 for capital expenditure. In the Budget Estimates for 2010-11, gross tax receipts are estimated at Rs 7,46,651 crore while the non-tax revenue receipts are estimated at Rs 1,48,118 crore. Total expenditure is placed at Rs 11,08,749 crore, which is an increase of 8.6 per cent over the total expenditure in Budget Estimates of 2009-10. The plan and non-plan expenditures in Budget Estimates in 2010-11 are estimated at Rs 3,73,092 crore and Rs 7,35,657 crore respectively. The fiscal deficit for 2010-11 has been pegged at 5.5 per cent and the rolling targets for 2011-12 and 2012-13 have been pegged at 4.8 per cent and 4.1 per cent respectively. The fiscal deficit of 5.5 per cent of Gross Domestic Product in 2010-11 works out to Rs 3,81,408 crore. Taking into account various other financing items for fiscal deficit, the actual net borrowing of the government in 2010-11 would be of the order of Rs 3,45,010 crore. In direct taxes, the Finance Minister proposed to reduce the current surcharge of 10 per cent on domestic companies to 7.5 per cent but at the same time raised the rate of Minimum Alternate Tax (MAT) from 15 per cent to 18 per cent of book profits. In indirect taxes, Mukherjee made structural changes in the excise duty on cigarettes, cigars and cigarillos, coupled with some increase in rates. He also proposed to enhance excise duty on all non-smoking tobacco such as scented tobacco, snuff and chewing tobacco. In addition, he proposed to introduce a compounded levy scheme for chewing tobacco and branded unmanufactured tobacco based on the capacity of pouch-making machines. Attempting to pay focussed attention to agriculture and related sectors, the Finance Minister proposed to provide project import status with a concessional import duty of 5 per cent for setting up mechanised handling systems and pallet-racking systems in *mandis* and warehouses for foodgrain and sugar as well as full exemption from service tax for installation and commissioning of such equipment. A similar status on customs duty with full exemption from service tax will also be extended to initial setting up and expansion of cold storage, cold room and processing units for such produce. Extending his goodies in excise duties in certain sectors, he gave full exemption to toy balloons and reduction in basic customs duty on long pepper, asafoetida and excise duty on goods covered under Medicinal and Toilet Preparations Act. The Service Tax net is being expanded to include domestic and international air journeys of all classes, health check-up undertaken by hospitals for employees of business entities and health services provided under health insurance schemes offered by insurance companies. As the country looks to "quickly revert" to high GDP growth path despite uncertain times, concerns for inclusive growth targeting the disadvantaged sections form the defining features of the budget, he said. Many new initiatives have been introduced for sustained and inclusive growth. These include the setting up of Mahila Kisan Sashaktikaran Pariyojana (Women Agriculturist Empowerment Scheme), Financial Stability and Development Council, Gold Regulatory Authority, National Mission for Delivery of Justice and Legal Reforms and National Energy Fund. As part of improving investment environment, the minister said a number of steps have been taken to simplify the foreign direct investment scheme by making it user-friendly, by consolidating all regulations and guidelines into one comprehensive document. Towards strengthening the banking system, the Budget provides for Rs 16,500 crore as Tier-I capital to ensure that PSU banks are able to attain a minimum eight per cent Tier-I capital by March 2011. In agriculture, a four-pronged strategy would be followed to spur growth in the sector. The budget provides for Rs 400 crore for extending Green Revolution to eastern regions, including Bihar, Chhattisgarh, Jharkhand, eastern Uttar Pradesh, West Bengal and Orissa. The budget provides Rs 1,73,552 crore for infrastructure, accounting for 46 per cent of the total plan allocation. The allocation for road transport is being raised by over 13 per cent from Rs 17,520 crore to Rs 19,894 crore. The plan allocation for power sector is being more than doubled from Rs 2,230 crore in 2009-10 to Rs 5,130 crore in 2010-11. Under inclusive development, the budget allocates Rs 1,37,674 crore, representing 37 per cent of the total outlay to be spent on social sector programmes. Plan allocation for school education is being increased from Rs 26,800 crore to Rs 31,036 crore to support the children's right to free and compulsory education. In addition, states will have an access to Rs 3,675 crore for elementary education under the Finance Commission grant for 2010-11. Rs 66,100 crore have been provided for rural development. NREGA gets Rs 40,100 crore and Bharat Nirman programme Rs 48,000 crore. Indira Awas Yojana gets Rs 10,000 crore. The unit cost under this scheme is being raised to Rs 45,000 in plain areas and Rs 48,500 in hilly areas to cover the increase in cost of construction of houses.

- **Govt provides Rs 1.73 lk cr to boost infra sector in 2010-11:** In order to boost infrastructure, Finance Minister Pranab Mukherjee gave a lion's share of the total plan allocations at Rs 1.73 lakh crore to the sector, which includes roads, ports, airports and railways in 2010-11. In the Budget for 2010-11, the sector will claim as much as 46 per cent of Rs 3.73 lakh crore of the total plan outlay. "I propose to maintain the thrust for upgrading infrastructure in both rural and urban areas," Mukherjee said in his Budget speech. Of the total allocations for the infrastructure sector, those for roads and railways account for Rs 36,646 crore, an increase of about Rs 3,500 crore. Mukherjee said in order to make a visible impact on the road sector, the government has made changes in the policy framework for public-private-partnership (PPP) projects and has targeted construction of national highways at the pace of 20 km per day. He said allocation for road transport sector has been increased by 13 per cent. "For the year 2010-11, I propose to raise the allocation of road transport by over 13 per cent from Rs 17,520 crore to Rs 19,894 crore," he added. He proposed to raise the allocation for railways by Rs 950 crore in 2010-11 compared with Rs 16,752 crore last year to help it expand its network. "I have provided Rs 16,752 crore in the Budget for 2010-11 for railways to lend her a helping hand," he said. Mukherjee said in order to complement the dedicated freight corridor, the Delhi-Mumbai Industrial Corridor project has been taken up for integrated regional development. About India Infrastructure Finance Company Ltd (IIFCL), set up by the government to provide long term financial assistance to infrastructure projects, he said its disbursements are expected to touch Rs 9,000 crore by March 2010 and reach around Rs 20,000 crore by March 2011. "IIFCL has also been authorised to refinance bank lending to infrastructure projects. It has refinanced Rs 3,000 crore during the current year and is expected to more than double that amount in 2010-11. "The take-out financing scheme announced in the last Budget is expected to initially provide funding of about Rs 25,000 crore in the next three years", he added. Take-out financing scheme refers to banks selling their loan book from infrastructure companies to IIFCL.

- **Govt levies cess on coal; prices likely to go up:** The government proposed a coal cess of Rs 50 to create a fund for promoting clean energy, a move which may push up fossil fuel prices. "To build the corpus of the National Clean Energy Fund announced earlier. I propose to levy a clean energy cess on coal produced in India at a nominal rate of Rs 50 per tonne," Finance Minister Pranab Mukherjee said while presenting Union Budget 2010-11. "This cess will also apply to imported coal," he added. After the last year's hike by Coal India (CIL), the domestic coal prices are currently hovering in the range of Rs 448-Rs 2,500 per tonne. The National Clean Energy Fund, is being created to fund research and innovative projects in clean energy technologies, he added. "There are many areas of the country where pollution levels have reached alarming proportions. While we must ensure that the principle of polluter pays remains the basic guiding criteria for pollution management, we must also give a positive thrust to development of clean energy," Mukherjee said. Coal, he said, is the "mainstay of India's energy sector and 75 per cent of the power generation is currently coal based". In its attempt to develop alternative sources of energy and reduce dependence on conventional sources like coal, the government is promoting solar and electric power. "Harnessing renewable energy sources to reduce dependence on fossil fuels is now recognised as a credible strategy for combating global warming and climate change," Mukherjee added. To implement the government's ambitious National Solar Mission among others, the minister proposed to slash customs duty, excise duty and service tax on various such projects. "I propose to provide a concessional customs duty of 5 per cent to machinery, instruments, equipment and appliances etc required for the initial setting up of photovoltaic and solar thermal power generating units. I also propose to exempt them from Central Excise duty," Mukherjee said. "I propose to exempt a few more specified inputs required for the manufacture of rotor blades for wind energy generators from Central Excise duty," he added. Also, to promote the use of energy-saving appliances, Mukherjee reduced the excise duty on LED lights to 4 per cent from 8 per cent, at par with Compact Fluorescent Lamps (CFLs). Among other things, the government levied "a nominal duty of 4 per cent" on electric vehicles and exempted some of their critical parts from the basic customs and special additional duties subject to actual user condition. "These parts would also enjoy a concessional Counter Vailing Duty of 4 per cent," he added.

International News :-

- **European Union pushes cuts for indebted countries:** To keep its debt crisis from mushrooming out of control, the European Union is imposing harsh cutbacks on millions of ordinary people in debt-plagued countries like Greece, Ireland and Portugal. But some economists think cutbacks right now are a mistake that might tip Europe into a dreaded double-dip recession. Europe is barely expanding, with only 0.1 percent growth in the fourth quarter in the 16 countries that use the euro, leaving a renewed slide into recession impossible to rule out. And the recession is still on in several countries facing the cuts such as Greece, Ireland and Spain. Yet markets are leaving EU leaders with little room to maneuver. Fears of a possible downgrade of Greek debt by ratings agencies sent European stocks lower and pushed the euro down 0.4 percent to $1.3484, not far off its nine-month low of $1.3444 hit earlier this month and well off its most recent peak of $1.51 from November. Federal Reserve Chairman Ben Bernanke told lawmakers that the central bank is looking into the use by Goldman Sachs and other Wall Street firms of a sophisticated investment instrument to make bets that Greece will default on its debt.
- **Coca-Cola close to buying its largest bottler:** The Coca-Cola Company is in talks to buy most of its largest bottler for roughly $15 billion, including debt, marking a shift in its strategy to keep its bottling operations separate. If the deal goes through, Coke would buy Coca-Cola Enterprises Inc.'s North American operations. Meanwhile, the rest of the bottling company would remain independent and would acquire some Coca-Cola assets in Scandinavia and Germany. The North American operations represent the bulk of Coca-Cola Enterprises's business, accounting for 70 percent of its net operating revenue in 2009. The deal could be announced as early as this week since the boards of both companies were evaluating the transaction on 24th February. Talks could still break down and a deal could fail to materialize. Such a deal would represent an about-face for Coca-Cola, which pioneered the model of separating the bottlers from the concentrate company decades ago. It also would follow a similar deal by rival PepsiCo Inc., which is aiming to close on the $7.8 billion acquisition of its two largest bottlers this week. Since PepsiCo first launched its bid for its bottlers in April, with the aim of streamlining its decision-making, cutting costs and reducing tension between it and the bottlers, analysts and investors have questioned whether Coke would have to follow suit.

Insider Trading (s) :-

Company	Details
GMR Infrastructure Ltd	GMR Holdings Pvt Ltd bought 2000000 shares on 5th & 6th Feb 2010, after this purchase total holding of GMR Holdings Pvt Ltd. is now 2726055706 shares (74.33%)
Indiabulls Financial Services Ltd	Sloane Robinson LLP sold 1210000 shares on 9th Feb 2010, after this transaction total holding of Sloane Robinson LLP is now 9603716 shares (3.1%)

Fund Action (s) :-

Company	Details
Spicejet	MERRILL LYNCH CAPITAL MARKETS ESPANA SA SV Bought 1600000 Shares @ Rs. 57.02/-
Shree Ashtavina	Pvr Impex Private Limited Bought 1400200 Shares @ Rs. 13.67/- Avr Overseas Pvt Ltd Sold 1200000 Shares @ Rs. 13.67/- Comfort Intech Limited Sold 919156 Shares @ Rs. 13.99/- Drb Securities Pvt Ltd Bought 800000 Shares @ Rs. 14.11/-
Southern Onlin	Srijan Tie- Up Private Limited Sold 500000 Shares @ Rs. 22.45/- Arpit Share Brokers Private Limited Bought 300000 Shares @ Rs. 22.45/-

Fortune Group : Research, Sales & Dealing Team

Research	Sector		
Alok B Agarwal	**Head – Institutional Research , Advisory**	**alok.agarwal@ffsil.com**	**+9122-40273400 +9122-22077931 – 400**
Monami Manna	Oil & Gas, Power	monami@ffsil.com	+9122-22077931 – 443
Deepti Singh	FMCG, Retail	deeptisingh@ffsil.com	+9122-22077931 – 425
Viral Shah	Construction & Power	viral@ffsil.com	+9122-22077931 – 431
Vrajesh Mehta	Cement, Real Estate	vmehta@ffsil.com	+9122-22077931 – 435
Bhawna Verma	Pharmaceutical	bhawna@ffsil.com	+9122-22077931 – 454
Kishore Parashar	Associate	kishorep@ffsil.com	+9122-22077931 – 427
Namita S Pai	Shipping, Sugar, Midcaps	namita@ffsil.com	+9122-22077931 - 447
Kevin Trindade	IT & Telecom	kevin@ffsil.com	+9122-22077931 - 421
Shilpa Baikar	Production	shilpab@ffsil.com	+9122-22077931 – 422

Institutional Sales & Dealing

Vijay Dugad	VP – Institutional Sales	vijay.dugad@ffsil.com	+9122-22079065 +9122-22077931– 479
Ashish Tapuriah	VP – Institutional Sales	ashish@ffsil.com	+9122-22006732 – 423
Sanjay Makhija	VP - Institutional Sales	smakhija@ffsil.com	+9122-22006732 – 414
Sanjay Acharya	Dealer	sacharya@ffsil.com	+9122-22077931 – 466
Dharmil Talati	Dealer	dharmilt@ffsil.com	+9122-66332742 – 448

Disclaimer

Address :- K.K. Chambers, 2nd Floor, Sir P.T. Marg. Fort, Mumbai :- 400001