

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
Auto Sector Update
Cement Sector Update
Metal Sector Update
Telecom Sector Update
Insurance and Mutual Fund Report
Inflation Report
Exports-Imports Report

Quarterly

India and Global Strategy Report
India Economy Report
Company Result Expectation
Company Result Analysis

Others

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

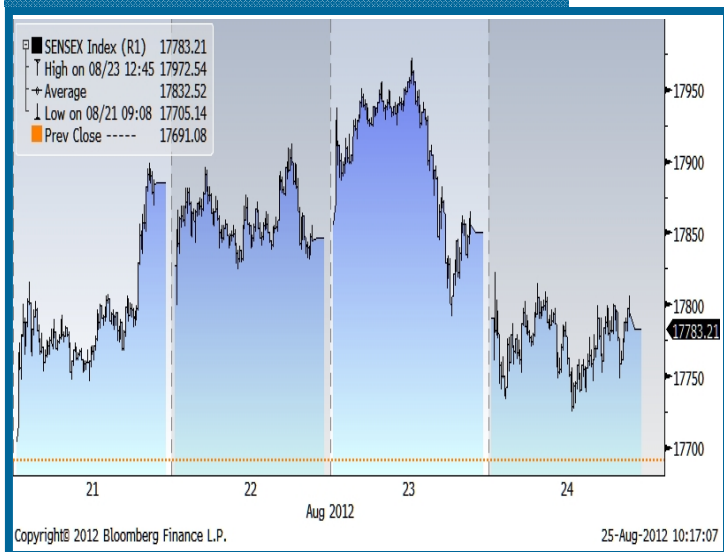
August 25, 2012

Soumyadip Raha

E-mail: sraha@microsec.in

MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

Indian market is likely to move in reaction to the global news flow and the FII expected to continue to support the markets from a free fall despite surging global crude oil prices and discouraging domestic macroeconomic factors. Q2 GDP data from U.S. as well as Q1 Indian GDP data are scheduled in this week and anticipatory sentiment may seen in the market's movement. Moreover any revision in India's GDP data will be in focus. F&O clearing is due in the week which will keep the markets trading movement a little jittery. Rubber prices have corrected substantially which may act as a sweetener for the tyre companies. Ceat Ltd. Coal India, Glaxosmithkline consumer, LIC Housing Finance are some of the companies to watch out for.

WEEK IN RETROSPECT

Stability in the global markets, steady liquidity infusion and easing inflation in the domestic arena consolidated gains for the Indian equity benchmarks throughout the week. While the Nifty touched the psychological support of 5400, the Sensex too extended gains.

On domestic front, India's Monsoon was 2% below LPA during the week ended August 22, 2012. Seasonal rainfall up to August 22, 2012 was 14% below the LPA against 15% by the end of last week ending August 15, 2012.

On global front, The HSBC Flash China Manufacturing Purchasing Managers Index (PMI) fell to 47.8 in August 2012, its lowest level since November, down from both the 49.5 July flash and the 49.3 final reading.

The U.S. New Home Sales increased 3.6% to a seasonally adjusted 372,000-unit annual rate.

New orders for U.S. Durable Goods surged in July 2012, driven by sharp rises in orders for aircraft and automobiles. Orders for Durable Goods rose 4.2% from June 2012.

GLOBAL MARKET DURING LAST 5 DAYS

| NAME | LAST PRICE | 5D % CH | 1M % CH | 3M % CH | 1Y % CH | Current P/E | FY13 EST P/E | FY14 EST P/E | Current P/B | FY13 EST P/B | FY14 EST P/B |
|------------------------------|-----------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| DOW JONES | 13157.97 | (0.88) | 0.63 | 5.64 | 16.60 | 12.89 | 12.54 | 11.56 | 2.70 | 2.57 | 2.33 |
| NASDAQ | 3069.78 | (0.22) | 3.77 | 8.18 | 23.79 | 16.54 | 16.68 | 14.08 | 2.73 | 2.66 | 2.34 |
| S&P 500 | 1411.13 | (0.49) | 1.81 | 7.08 | 19.91 | 14.31 | 13.68 | 12.25 | 2.19 | 2.12 | 1.93 |
| FTSE 100 | 5776.60 | (1.29) | 2.65 | 7.94 | 12.60 | 12.68 | 11.02 | 9.99 | 1.65 | 1.58 | 1.46 |
| CAC 40 | 3433.21 | (1.58) | 4.66 | 12.64 | 11.19 | 11.89 | 10.43 | 9.60 | 1.10 | 1.07 | 1.02 |
| DAX | 6971.07 | (0.99) | 4.21 | 9.95 | 25.88 | 13.57 | 10.51 | 9.68 | 1.34 | 1.27 | 1.19 |
| NIKKEI 225 | 9070.76 | (1.00) | 5.88 | 5.71 | 3.10 | 22.93 | 14.41 | 12.91 | 1.16 | 1.10 | 1.03 |
| HANG SENG | 19880.03 | (1.17) | 3.14 | 6.23 | 1.51 | 10.12 | 10.55 | 9.65 | 1.36 | 1.30 | 1.20 |
| STRAITS TIMES | 3050.49 | (0.40) | 1.73 | 10.01 | 11.00 | 12.34 | 14.12 | 12.92 | 1.38 | 1.36 | 1.27 |
| TAIWAN TAIEX | 7477.53 | 0.12 | 4.95 | 5.74 | 0.43 | 21.56 | 16.78 | 13.28 | 1.58 | 1.71 | 1.62 |
| KOSPI | 1919.81 | (1.37) | 4.95 | 5.24 | 7.91 | 14.29 | 10.22 | 8.39 | 1.06 | 1.10 | 0.99 |
| BRAZIL BOVESPA | 58425.76 | (1.11) | 3.31 | 7.27 | 9.51 | 17.74 | 11.73 | 9.47 | 1.22 | 1.13 | 1.05 |
| RUSSIAN RTS | 1442.61 | 2.78 | 4.32 | 13.35 | (9.62) | 5.07 | 5.77 | 5.77 | 0.83 | 0.83 | 0.74 |
| SHANGHAI SE COMPOSIT | 2092.10 | (1.07) | (1.72) | (10.34) | (19.91) | 11.27 | 9.42 | 8.17 | 1.57 | 1.39 | 1.23 |
| BSE SENSEX | 17783.21 | 0.71 | 5.60 | 9.65 | 12.20 | 15.26 | 13.96 | 12.32 | 2.61 | 2.33 | 2.06 |
| NSE S&P CNX NIFTY | 5386.70 | 0.44 | 5.62 | 9.47 | 13.45 | 15.00 | 13.74 | 12.13 | 2.46 | 2.22 | 1.94 |

| MSCI INDICES | | | | | |
|----------------------|------------|--------|--------|--------|--------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| MSCI WORLD | 1285.84 | (0.34) | 2.86 | 8.18 | 10.56 |
| MSCI AC WORLD | 324.36 | (0.36) | 2.82 | 8.03 | 8.99 |
| MSCI AC ASIA PACIFIC | 120.27 | (0.38) | 3.76 | 7.72 | (0.02) |
| MSCI EM | 965.47 | (0.57) | 2.51 | 7.02 | (1.07) |

| VOLATILITY INDICES | | | | | |
|----------------------|------------|--------|--------|---------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M % CH | 1Y% CH |
| CBOE SPX VOLATILITY | 15.18 | 12.86 | (9.10) | (30.23) | (57.34) |
| INDIA NSE VOLATILITY | 16.16 | 2.99 | (1.70) | (35.72) | (51.41) |

| 10 YEARS BOND MARKETS | | | | | |
|----------------------------------|-------|--------|---------|---------|---------|
| NAME | YIELD | 5D% CH | 1M % CH | 3M% CH | 1Y% CH |
| US Generic Govt 10 Year Yield | 1.68 | (6.84) | 21.55 | (5.11) | (26.65) |
| UK Govt Bonds 10 Year Note Gen | 1.52 | (8.61) | 4.15 | (14.01) | (38.28) |
| Brazil Government Generic Bond | 2.86 | (3.18) | (5.35) | (20.56) | (27.92) |
| Japan Govt Bond Year to maturity | 0.81 | (3.34) | 9.91 | (7.11) | (20.45) |
| Australia Govt Bonds Generic M | 3.24 | (6.49) | 14.41 | 3.31 | (25.74) |
| India Govt Bond Generic Bid Yi | 8.21 | (0.34) | 1.71 | (3.37) | (0.20) |

| FOREX MARKET | | | | | |
|-------------------|------------|--------|--------|--------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| DOLLAR INDEX SPOT | 81.59 | (1.21) | (2.87) | (0.91) | 10.24 |
| EUR-USD X-RATE | 1.25 | 1.44 | 3.74 | (0.16) | (13.19) |
| USD-GBP X-RATE | 0.63 | (0.70) | (1.92) | (0.87) | 3.57 |
| USD-BRL X-RATE | 2.02 | (0.54) | 1.04 | 0.12 | (20.37) |
| USD-JPY X-RATE | 78.67 | 1.13 | (0.62) | 1.18 | (2.14) |
| USD- X-RATE | 55.49 | 0.45 | 1.12 | 0.28 | (17.11) |
| USD-CNY X-RATE | 6.35 | 0.05 | 0.49 | (0.15) | 0.54 |
| USD-KRW X-RATE | 1134.15 | 0.008 | 1.05 | 4.04 | (4.57) |

| MONEY MARKETS | | | | | |
|----------------------------|------------|--------|---------|---------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| BBA LIBOR USD 3M | 0.42 | (2.22) | (5.18) | (8.99) | 35.18 |
| MIBOR Offer Market 3M | 0.30 | (9.09) | (31.82) | (55.88) | (80.52) |
| India Indicative Call Rate | 8.05 | 0.63 | 1.26 | (1.59) | 0.63 |

| INDUSTRIAL METALS & ENERGY MARKETS | | | | | |
|------------------------------------|------------|--------|---------|--------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| COPPER (USD/T) | 7640.00 | 1.34 | 3.00 | 0.39 | (13.91) |
| ALUMINUM (USD/T) | 1918.00 | 3.23 | 2.62 | (4.81) | (18.86) |
| ZINC (USD/T) | 1879.00 | 4.56 | 4.56 | (0.37) | (13.70) |
| LEAD (USD/T) | 1971.00 | 4.01 | 5.96 | 0.61 | (16.05) |
| OIL (USD/BBL) | 96.15 | 0.14 | 8.64 | 6.05 | 12.90 |
| NATURAL GAS (USD/MMBTU) | 2.70 | (0.62) | (14.95) | (3.15) | (38.31) |

| PRECIOUS METALS | | | | | |
|-----------------|------------|--------|--------|--------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| GOLD (USD/OZ) | 1670.55 | 3.37 | 5.66 | 7.13 | (5.04) |
| SILVER (USD/OZ) | 30.77 | 9.58 | 14.05 | 8.74 | (22.53) |

| INDUSTRY INDICES | | | | | |
|----------------------|------------|--------|---------|---------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| BALTIC DRY INDEX | 717.00 | 0.42 | (23.15) | (30.65) | (53.47) |
| BBG WORLD IRON INDEX | 171.98 | (2.79) | 1.65 | (2.90) | (26.98) |

| AGRO MARKET | | | | | |
|------------------|------------|--------|---------|--------|---------|
| NAME | LAST PRICE | 5D% CH | 1M% CH | 3M% CH | 1Y% CH |
| COFFEE (USD/IB) | 162.90 | (0.18) | (8.63) | (5.73) | (39.86) |
| COTTON (USD/IB) | 75.21 | 2.60 | 5.88 | 6.42 | (22.22) |
| SUGAR (USD/IB) | 19.58 | (2.97) | (16.64) | (2.24) | (21.96) |
| WHEAT (USD/BU) | 888.50 | (0.67) | 0.02 | 26.92 | 4.16 |
| SOYBEAN (USD/BU) | 1731.50 | 5.21 | 10.32 | 35.67 | 29.79 |

| INSTITUTIONAL FLOW IN Cr (21/08-24/08) | | | |
|--|----------|---------|----------|
| INSTRUMENT | PURCHASE | SALE | NET |
| FII (P) | 8450.80 | 7394.90 | 1055.20 |
| DII | 3568.64 | 4458.20 | (889.56) |
| MF | 1003.70 | 1051.00 | (47.20) |

| FII DERIVATIVE SEGMENT IN Cr (21/08-24/08) | | | |
|--|----------|----------|----------|
| INSTRUMENT | PURCHASE | SALE | NET |
| INDEX FUTURE | 5373.34 | 4782.36 | 590.98 |
| INDEX OPTION | 48649.52 | 47261.12 | 1388.40 |
| STOCK FUTURE | 9198.92 | 10043.37 | (844.45) |
| STOCK OPTION | 4101.24 | 4360.96 | (259.73) |

BSE SECTORAL RETURNS VS INDICES

| SECTORS | LAST PRICE | 5D%CH | 3M%CH | 1Y%CH | 3Y%CH | PE ratio |
|--------------------|------------|-------|-------|--------|--------|----------|
| BSET INDEX | 5797.80 | 4.50 | 4.97 | 22.84 | 35.27 | 16.94 |
| FMCG | 5300.13 | 3.11 | 15.46 | 36.16 | 104.04 | 36.93 |
| HEALTHCARE | 7420.13 | 1.79 | 11.75 | 27.50 | 88.31 | 30.05 |
| AUTO | 9596.74 | 1.27 | 3.87 | 19.23 | 67.09 | 10.91 |
| SENSEX INDEX | 17783.21 | 0.71 | 9.65 | 12.21 | 12.69 | 15.26 |
| NIFTY INDEX | 5386.70 | 0.44 | 9.48 | 13.46 | 14.90 | 15.01 |
| BSETCD INDEX | 6306.03 | -0.53 | 0.09 | 4.09 | 89.16 | 97.08 |
| MIDCAPS | 6119.21 | -0.58 | 3.71 | 1.40 | 5.10 | 14.71 |
| METAL | 10422.28 | -0.58 | 3.31 | -6.48 | -17.06 | 11.73 |
| SMALLCAP | 6574.78 | -0.59 | 4.06 | -4.87 | -4.81 | 26.87 |
| BANKEX INDIA index | 11872.28 | -0.87 | 8.93 | 15.88 | 42.86 | 11.61 |
| CNXMCAP INDEX | 7207.65 | -1.08 | 4.24 | 2.32 | 18.89 | 14.69 |
| OIL & GAS | 8397.77 | -1.50 | 10.82 | 4.65 | -14.64 | 10.75 |
| POWER | 1919.72 | -1.98 | 7.57 | -11.06 | -35.71 | 21.00 |
| CAPITAL GOODS | 9928.62 | -2.03 | 12.03 | -13.91 | -24.67 | 17.53 |
| REALTY | 1590.52 | -4.26 | 1.16 | -1.06 | -61.51 | 17.18 |

TOP 10 PERFORMING STOCKS OF THE WEEK

| NIFTY | | | CNXMIDCAP | | |
|-----------------|--------------|------------|----------------|----------------|------------|
| COMPANY | INDUSTRY | RETURNS(%) | COMPANY | INDUSTRY | RETURNS(%) |
| RANBAXY LABS LT | PHARMA | 6.89 | AUROBINDO | PHARMA | 8.96 |
| COAL INDIA LTD | COAL | 4.90 | MADRAS CEMENTS | CEMENT | 6.53 |
| BPCL | OIL & GAS | 4.10 | INDIA CEMENTS | CEMENT | 6.18 |
| INFOSYS LTD | IT | 3.99 | HT MEDIA | MEDIA | 5.22 |
| TCS | IT | 3.46 | CPCL | OIL & GAS | 5.19 |
| CIPLA LTD | PHARMA | 3.30 | HINDUSTAN ZINC | ZINC | 4.63 |
| WIPRO LTD | IT | 3.28 | APOLLO TYRES | TYRES | 4.33 |
| HUL | FMCG | 2.89 | EXIDE INDUS | AUTO ANCILLARY | 3.59 |
| STERLITE INDUST | COPPER | 2.80 | MOTHERSON SUMI | AUTO ANCILLARY | 3.43 |
| SESA GOA LTD | IRON & STEEL | 2.57 | INDIAN HOTELS | HOTELS | 3.32 |

BANKING

SBI and ICICI Bank are among those that would be affected if RBI implements its proposed guidelines on banks' exposure to their group entities, According to global credit rating agency Moody's. Last week, the RBI released draft guidelines to limit banks' exposure to their own group non-financial and financial entities. As per Moody's, the proposed rules would hurt companies that depend on parent banks for capital and brand support, particularly those with large international operations, or those that operate insurance, securities or asset management businesses that need capital and liquidity support to meet their business needs. "If the RBI adopts them, the new guidelines would be credit positive for India's banks, but credit negative for group companies that rely on parent banks for capital and brand support," Moody's Investors Service said in a report. It said the "affected banks" include ICICI Bank, State Bank of India, Bank of India, Bank of Baroda and Kotak Mahindra Bank. "The guidelines would lead these banks to re-examine the financial support they provide to group businesses as anything exceeding the stipulated limits would be detrimental to their standalone capital calculations and thus their business growth,". The rules, it said, would benefit India's banks because they would reduce their concentration and contagion risks from group activities. The guidelines, if implemented, would limit to 5 per cent of paid-up capital and reserves a bank's exposure to a single group non-financial entity, while the maximum exposure to regulated financial services companies would be 10 per cent. However, Moody's said that for the time being, these draft guidelines do not help the banks in any way cope with their immediate asset quality challenges owing to the difficult environment.

State Bank of India expects Rs 4,000 crore capital infusion from the Union Government this fiscal. The bank will be discussing the matter with the Government this week. The bank had earlier this year received close to Rs 8,000 crore from the Government. The Government has called the SBI for a meeting which should happen this week, and possibly another Rs 4,000 crore looks to be on the horizon. As on June 30, 2012, the bank's capital adequacy ratio stood at 13.17 per cent.

INFRASTRUCTURE

Delays in execution of mega infrastructure projects have seen a massive Rs 52,446 crore jump in their original cost estimates. The cost escalation has gone up by 36 per cent from Rs 1,45,271 crore to Rs 1,97,716 crore as on May 31, 2012, official figures state. The cost overrun pertains to 28 power projects, 36 railway projects and 84 schemes of Ministry of Road Transport and Highways (MoRTH). The total original cost of 36 projects was reported by the authorities at Rs 25,089 crore, which is now anticipated as Rs 62,483 crore. The delayed projects include Udhampur-Srinagar-Baramulla rail line in Jammu & Kashmir where the project cost escalated by a massive 700 per cent to Rs 17,500 crore with time overrun calculated at 201 months. It was originally approved in March, 1995. As far as power projects are concerned, the total original cost of 28 projects was Rs 86,681.8 crore and the anticipated cost of completion is Rs 99,654 crore, implying a cost overrun of Rs 12,972.3 crore

Discom's bonds to be issued by States may not be all that attractive for investors. This is because the Centre has dropped a proposal to back such bonds with statutory liquidity ratio (SLR) status. The proposal is to restructure Rs 1.20 lakh crore of short-term debt in the books of discoms. Of this, 50 per cent load is to be borne by States by issuing bonds in phases. This means, the coupon rate on the bonds has to be raised by the issuer (States) to offset the absence of SLR status. Banks prefer bonds with SLR status as they are more liquid compared to other securities without such privilege.

Info -Tech

Infosys management come out with the view that their discretionary savings in U.S. will revive which is going to have a positive impact on the IT sector.

August 27, 2012

- ◆ U.S. Dallas Fed. Manf. Activity data.

August 28, 2012

- ◆ U.S. consumer confidence data.
- ◆ U.S. Richmond Fed Manfact. Index data.

August 29, 2012

- ◆ U.S. MBA Mortgage Applications data for the week ended August 24,2012.
- ◆ U.S. Pending Home sales data the month ended July,2012.
- ◆ U.S. Q2 GDP data.

August 30, 2012

- ◆ U.S. House Personal Income data for the month ended July,2012.
- ◆ The U.S. Initial Jobless Claims data for the week ended Aug 25, 2012.
- ◆ The U.S. Bloomberg Consumer Comfort data for the week ended Aug 26, 2012.

August 31, 2012

- ◆ India's Q1 GDP data.
- ◆ Japan's IIP data for the month ended July,2012.

- Investment Banking
- Equity, Commodity & Currency Broking
- Wealth Management
- Insurance Broking
- Club Kautilya
- prpsolutions.com



accountable... answerable, always



Kolkata

Investment Banking
Azimganj House, 2nd Floor,
7, Camac Street, Kolkata- 700 017, India
Tel.: 91 33 2282 9330, Fax: 91 33 2282 933

Brokerage and Wealth Management
Shivam Chambers, 1st Floor,
53, Syed Amir Ali Avenue, Kolkata- 700 019, India
Tel.: 91 33 3051 2100, Fax: 91 33 3051 20205

Mumbai

42A & 74A, Mittal Tower,
4th & 7th floor 210, Nariman Point,
Mumbai- 400 021, India
Tel.: 91 22 2285 5544, Fax: 91 22 2285 5548

New Delhi

417, World Trade Centre, 4th Floor, Babar Road,
Connaught Place, New Delhi- 110 001, India
Tel.: 91 11 4152 8152



E-mail: info@microsec.in Website: www.microsec.in

Disclaimer

The investments discussed or recommended in this report may not be suitable for all investors. Investors should use this research as one input into formulating an investment opinion. Additional inputs should include, but are not limited to, the review of other. This is not an offer (or solicitation of an offer) to buy/sell the securities/instruments mentioned or an official confirmation. Microsec Capital Limited is not responsible for any error or inaccuracy or for any losses suffered on account of information contained in this report. This report does not purport to be offer for purchase and sale of share/ units. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained here. No part of this material may be duplicated in any form and/or redistributed without Microsec Capital Limited' prior written consent.