

# WEEKLY | FUNDAMENTAL



## OUR REPORTS

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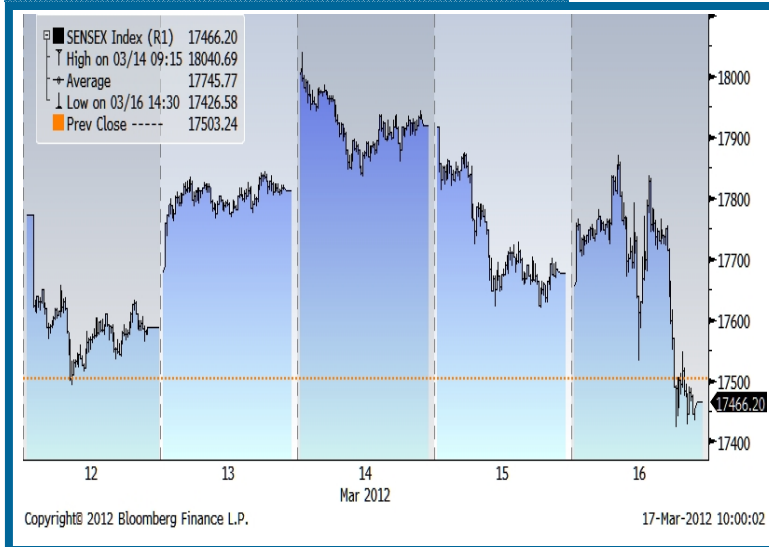
Event Based Report  
RBI Monetary Review Report  
Annual Budget Expectation Report  
Annual Budget Review Report

March 17, 2012

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## WEEKLY CHART OF SENSEX



## OUTLOOK

Indian market may move sideways as post Budget correction has already taken place and Nifty may adjust to trading in a range of 5200-5600. The Union Budget 2012-13 is more realistic and leading investors may not take it negatively. Stock specific action may be seen with power sector likely to outperform in the coming days. BUY Tata Power for investment and Reliance Power with trading perspective. Bharat Electronics may be added in portfolios with long term perspective. Sugar stocks like Balrampur Chini and Bajaj Hindustan may be bought with medium term perspective for a 10-15% return in 2-3 months.

## WEEK IN RETROSPECT

Indian markets ended the eventful week on a lackluster note amid huge volatility. This week was full of news about February inflation, RBI credit policy, economy survey and much anticipated Union Budget. On sectoral front, BSE Consumer durables, Realty and Teck were the major losers.

India's Industrial Output in January 2012 grew at its fastest pace in 7 months. As per the new index, with 2004-05 as base, Industrial Production increased by 6.8 percent in January from a year earlier, after growing by a revised 2.5 percent last month.

India's Inflation rose to 6.95 percent YoY in February against 6.55 percent last week, mainly because of sharp increase in food prices, especially vegetables and protein-based items.

The Federal Reserve offered a more positive view of the economy after a burst of hiring since its last meeting. It held off taking further steps to boost the recovery. The Fed noted in a statement after its one-day meeting Wednesday that the unemployment rate has declined notably and should continue to fall. It also said strains in the global financial markets have eased, though it warned they continue to pose a threat.

Further hiring gains could put pressure on policymakers to rethink a plan to keep short-term interest rates near zero until at least late 2014.

Employers added 734,000 jobs from December through February, the best three months of hiring in two years. That's lowered the unemployment rate to 8.3%.

## GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y % CH	Current P/E	FY13 EST P/E	Current P/B	FY13 EST P/B
DOW JONES	13232.62	2.40	2.18	12.46	11.58	13.62	11.42	2.86	2.28
NASDAQ	3055.26	2.23	3.50	21.08	15.56	25.02	13.77	3.06	2.40
S&P 500	1404.17	2.42	3.15	16.49	9.76	14.51	11.95	2.28	1.92
FTSE 100	5965.58	1.32	1.02	11.19	4.32	11.27	9.64	1.72	1.47
CAC 40	3594.83	3.07	4.51	20.86	(5.65)	11.41	9.55	1.18	1.05
DAX	7157.82	4.03	4.52	26.22	7.40	14.80	9.94	1.41	1.27
NIKKEI 225	10129.83	2.01	7.94	22.10	10.02	26.51	15.65	1.33	1.21
HANG SENG	21317.85	1.09	(0.80)	17.97	(4.40)	9.97	9.71	1.52	1.27
STRAITS TIMES	3010.68	1.60	0.33	14.99	2.55	9.95	12.56	1.40	1.27
TAIWAN TAIEX	8054.94	0.48	2.03	21.43	(4.04)	18.81	12.92	1.74	1.60
KOSPI	2034.44	0.79	0.54	14.49	2.69	17.48	8.65	1.18	1.07
BRAZIL BOVESPA	67684.13	1.46	2.23	22.39	1.20	12.70	9.75	1.51	1.25
RUSSIAN RTS	1747.29	1.93	5.47	27.52	(10.98)	5.98	5.97	1.03	0.78
SHANGHAI SE COMPOSIT	2404.73	(1.42)	2.01	8.40	(17.27)	12.66	8.53	1.94	1.30
<b>BSE SENSEX</b>	<b>17466.20</b>	<b>(0.21)</b>	<b>(4.50)</b>	<b>13.56</b>	<b>(2.30)</b>	<b>15.83</b>	<b>13.39</b>	<b>2.82</b>	<b>2.26</b>
<b>NSE S&amp;P CNX NIFTY</b>	<b>5317.90</b>	<b>(0.29)</b>	<b>(4.42)</b>	<b>15.27</b>	<b>(1.03)</b>	<b>15.63</b>	<b>13.10</b>	<b>2.65</b>	<b>2.15</b>

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1320.96	2.25	2.55	16.35	2.62
MSCI AC WORLD	336.18	1.99	2.22	16.76	1.83
MSCI AC ASIA PACIFIC	127.95	0.83	0.78	15.89	(0.83)
MSCI EM	1063.34	0.31	0.08	19.64	(3.20)

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	14.47	(15.42)	(18.61)	(41.93)	(40.79)
INDIA NSE VOLATILITY	23.13	(9.18)	(4.34)	(24.36)	(10.66)

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.29	13.12	15.70	24.17	(41.51)
UK Govt Bonds 10 Year Note Gen	2.44	13.51	14.41	19.67	(41.18)
Brazil Government Generic Bond	3.53	1.87	(3.20)	(11.02)	(24.71)
Japan Govt Bond Year to maturity	1.04	5.75	10.54	6.28	(24.06)
Australia Govt Bonds Generic M	4.23	5.53	7.81	11.86	(27.90)
India Govt Bond Generic Bid Yi	8.42	1.60	2.87	0.40	4.47

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	79.78	(0.13)	0.57	(0.57)	5.37
EUR-USD X-RATE	1.31	0.39	0.34	0.98	(5.21)
USD-GBP X-RATE	0.63	(1.08)	(0.28)	(1.89)	1.13
USD-BRL X-RATE	1.79	(0.47)	(4.63)	2.86	(6.90)
USD-JPY X-RATE	83.43	(1.16)	(5.38)	(6.79)	(4.60)
USD- X-RATE	50.19	(0.66)	(1.79)	5.08	(10.10)
USD-CNY X-RATE	6.32	(0.18)	(0.33)	0.44	3.93
USD-KRW X-RATE	1125.78	(0.70)	0.54	2.92	0.45

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.47	0.02	(3.94)	(15.89)	53.28
MIBOR Offer Market 3M	0.85	(4.49)	(18.27)	(40.14)	(27.35)
India Indicative Call Rate	9.10	2.82	2.25	1.11	34.81

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	8510.00	0.11	2.53	15.86	(8.09)
ALUMINUM (USD/T)	2258.00	0.80	4.53	12.67	(8.13)
ZINC (USD/T)	2078.00	0.38	5.05	11.24	(9.17)
LEAD (USD/T)	2108.00	(0.56)	4.61	7.55	(18.29)
OIL (USD/BBL)	107.06	(0.31)	4.64	14.46	9.26
NATURAL GAS (USD/MMBTU)	2.32	0.08	(14.26)	(28.71)	(50.80)

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1660.00	(3.13)	(3.93)	3.81	18.66
SILVER (USD/OZ)	32.52	(5.15)	(2.89)	9.36	(4.98)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	874.00	6.06	20.88	(53.70)	(43.17)
BBG WORLD IRON INDEX	228.89	2.21	0.06	19.88	(25.09)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	182.35	(2.06)	(9.36)	(16.29)	(31.48)
COTTON (USD/IB)	87.48	(1.48)	(6.64)	1.80	(16.78)
SUGAR (USD/IB)	25.41	7.39	7.07	11.98	17.80
WHEAT (USD/BU)	672.00	4.51	5.78	11.35	(15.28)
SOYBEAN (USD/BU)	1374.00	2.70	8.61	19.45	10.16

INSTITUTIONAL FLOW IN Cr (12/03-16/03)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	17801.30	11894.00	5907.70
DII	5361.29	7608.38	(2247.09)
MF	1103.80	11605.70	(492.00)

FII DERIVATIVE SEGMENT IN Cr (12/03-16/03)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	11123.54	11135.92	(12.38)
INDEX OPTION	99464.87	101684.13	(2219.26)
STOCK FUTURE	9305.01	9671.74	(366.73)
STOCK OPTION	4095.08	4223.86	(128.29)

## BANKING

The report of the Standing Committee on Finance, released recently, has given life insurance companies a reason to rejoice. The Committee has recommended that for insurance policies to be eligible for tax exemption the sum assured should be 10 times the annual premium. In the Direct Taxes Code, this limit was set higher, at 20 times the annual premium. The Committee said increasing the ratio of premium paid to sum assured to 20 is too drastic a change and will have an adverse impact on the life insurance sector. Hence, it has recommended a more reasonable multiple/ratio of 10 times the annual premium, which will fulfill the desired objective of ensuring adequate protection in insurance.

Indian private sector lender South Indian Bank has deferred its Rs 10 billion fund raising plan through qualified institutional placement (QIP) as the investors found the issue highly priced. However, there is no detail of pricing of the shares. The lender had planned to raise fund at about Rs 29 per share. South Indian Bank had put the QIP on hold last year due to sharp volatility in equity market. The QIP is expected to help the bank shore up its capital adequacy ratio (CAR)-the amount of capital in proportion to a lender's advances. Its CAR was at 12.03% during the quarter ended December 31 against 14.89% in the same quarter a year ago.

IDBI Bank plans to sell its equity holdings in 229 Indian unlisted and unquoted Indian companies within the next 15 days. IDBI's stake in these companies will be sold under individual offers and no one can bid for the whole portfolio in consolidation. These investments span almost the whole industry spectrum from containers to paper to petrochemicals to textiles to electronics and to telecom. As on March 31 2011, IDBI Bank had an equity portfolio of Rs 3,277.37 crore as against Rs 2,698.3 crore on March 31 2010.

For hassle-free income-tax (I-T) collection, RBI has designated 926 computerized branches of public and private sector banks to receive advance tax payments from people residing in Mumbai and Navi Mumbai. Of the 926 bank branches, 862 are public sector bank branches, while the rest are private sector banks, including HDFC, ICICI and Axis Bank. Long queues can be avoided at the RBI counters, if assesses utilize the services at various designated branches of banks and deposit their I-T dues before the last date.

## INFRASTRUCTURE

Electricity consumers in the South are paying almost Rs 9 a unit higher for the same power which is available in the North at about Rs 3 a unit. This is thanks to the congestion rent, say the power exchanges. There is a need for introducing more innovative schemes to attract large-scale investment into infrastructure. Strengthening domestic financial institutions and development of a long-term bonds market may be critical. Stating that 50 per cent of the projected investment will come from the private sector in the next Five Year Plan. In the next Five Year Plan, the public sector investment will need to increase to over Rs 22.5 lakh crore, a rise of over 71 per cent than the current Plan. Noting that out of 583 projects in different infrastructure sectors, 235 are delayed as on October, 2011, and have seen cost overrun of 15.3 per cent cumulatively.

L&T Construction on Thursday said it has bagged orders worth Rs 1,140 crore, including construction of a large IT campus facility in Kolkata. The Kolkata project estimated at Rs 970 crore, which the company bagged in the building and factories category, would be executed on a joint venture model along with Shapoorji & Pallonji Company Ltd within 32 months, the company said in a filing to BSE. Another order which L&T Oman LLC, Larsen & Toubro's Gulf-based subsidiary, secured from Oman Electricity Transmission, it said, has to be completed within 15 months.

Godrej Properties on Thursday said it has decided to sell a total 8.14 million shares via a institutional placement programme. The company has already got shareholder nod to raise up to Rs 750 crore through share sale. Promoters of Godrej properties need to bring down their stake to 75 per cent from 85 per cent at present and the proposed issue will help them achieve the target.



## CAPITAL GOODS

Suzlon Group subsidiary REpower Systems SE has signed contracts to supply wind turbines for two wind farms in England for a total of 20 MW of power. Armistead wind farm in South Cumbria, owned by Banks Renewables, will see six REpower MM82 machines installed while Carsington Pasture wind farm owned by International Power, an independent power generation company, will consist of four MM82 wind turbines. Armistead wind farm will have a rated output of 12 MW and will generate enough electricity to power the equivalent of nearly 7,000 homes annually, while those at Carsington wind farm will in total generate enough electricity to power the equivalent of at least 4,500 homes. Both projects are expected to be completed in early 2013. Flimby wind farm REpower's first project with International Power was signed at the end of 2011. It will consist of three MM82 and is scheduled for completion at the end of 2012.

L&T's building and factories division has secured an order worth Rs 970 crore for design and construction of a large IT campus facility in Kolkata. The project will be executed in joint venture with Shapoorji & Pallonji and is scheduled for completion in 32 months. L&T Oman has bagged a Rs 170-crore contract from the Oman Electricity Transmission Co. for replacing portions of 220 kV and 132 kV overhead lines between Mawaleh and Seeb GS.

## TELECOM

The government on Friday proposed retroactive changes in its tax rules, prompting speculation that Vodafone's \$2.2 billion tax case could be reopened, although a senior government official denied the government was looking to raise any fresh demand on the British mobile phone giant.

Vodafone in January won a five-year legal battle against India's tax office in a Supreme Court ruling, which said authorities did not have jurisdiction to tax the company's 2007 acquisition of Indian mobile phone assets.

The tax department has sought a review of the Supreme Court verdict. The review petition is yet to be heard by the court.

## CONSUMER DURABLES

LG Electronics India has not increased its marketing spends this year. The South Korean company, which follows a January-December accounting calendar, has only assigned Rs 600 crore towards marketing and advertising in 2012, the same amount it spent in 2011. This is significant since marketing spends typically see a 10-12 per cent increase year on year.

Having facing the worst possible quarter that saw diminishing sales, the consumer durables industry now wants a reduction in various taxes such as customs duty and special additional duty & zero duty on R&D to boost domestic production & spur consumer spending. Consumer Durables players want the duty to hike to 10% to spur domestic production. The consumer durables industry wants CST to be reduced from 2% to 1% as its not creditable & there is just a cost for manufacturers that is passed on to the consumers. It wants customs duty relaxation to units manufacturing energy efficient products as this will promote manufacturing of more energy efficient products in India, which could lead to more exports and revenue.

## AGRO & PHARMA

Bajaj Hindusthan merges its two wholly owned subsidiaries such as Bajaj Eco Tech products and Bajaj aviation with the company.

Shasun Pharmaceuticals has sold its Velachery land for INR 29 crore and the money will be used for debt reduction.

Ranbaxy has opened its new facility at Casablanca in Morocco to access \$1 Bn pharmaceutical market in Morocco and is also planning to extend its presence in other African countries through this facility in the coming years.

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TOP-10 PERFORMING STOCKS DURING THE WEEK		
NIFTY 50		
COMPANY	INDUSTRY	RETURNS(%)
ITC Ltd.	FMCG	4.52
Ambuja Cements Ltd.	CEMENT	3.72
GAIL India Ltd.	OIL & GAS	3.44
Maruti Suzuki IN	AUTOMOBILES	2.77
Hindustan Unilever	FMCG	2.54
Hindalco Inds	METALS & MINING	2.44
M&M	AUTOMOBILES	2.13
Infosys Ltd.	IT	1.69
ACC Ltd.	CEMENT	1.42
Hero Motocorp Ltd.	AUTOMOBILES	1.27
TOP-10 PERFORMING STOCKS OF DURING THE WEEK		
CNX MIDCAP INDEX		
COMPANY	INDUSTRY	RETURNS(%)
Max India Ltd.	PLASTIC PRODUCTS	4.98
Madras Cements	CEMENT	4.54
IRB Infrastrucutre	INFRASTRUCTURE	4.52
CESC Ltd.	POWER	3.36
Balrampur Chini	SUGAR	2.85
Glenmark Pharma	PHARMACEUTICALS	2.76
Voltas Ltd.	CONSUMER DURABLES	2.21
Cadilla Healthcare	PHARMACEUTICALS	1.90
Godrej Industries	COMMODITY CHEMICALS	1.79
Godrej Consumrer	PERSONAL PRODUCTS	1.73

## March 19, 2012

- ◆ U.S. NAHB Housing Market Index data.

## March 20, 2012

- ◆ U.S. Housing Starts data for the month ended February, 2012.
- ◆ U.S. Building Permits data for the month ended February, 2012.
- ◆ U.K. CPI Data for the month ended February, 2012.

## March 21, 2012

- ◆ U.S. Existing Home sales Data for the month ended February, 2012.
- ◆ U.S. MBA Mortgage Applications Data for the week ended March 16, 2012.

## March 22, 2012

- ◆ U.S. Leading Indicators data for the month ended February, 2012.
- ◆ The U.S. Initial Jobless Claims data for the week March 17, 2012.
- ◆ The U.S. Bloomberg Consumer Comfort data for the week ended March 18, 2012.

## March 23, 2012

- ◆ U.K. nationwide consumer confidence data for the month ended February, 2012.
- ◆ U.S. New Home sales data for the month ended February, 2012.

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