

WEEKLY | FUNDAMENTAL



OUR REPORTS

Fundamental

Company Report
Sector Report
Theme Based Report

Daily & Weekly

Fundamental Market Update
Technical Market Update
Derivative Market Update
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Monthly

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Insurance and Mutual Fund Report
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India and Global Strategy Report
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Others

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

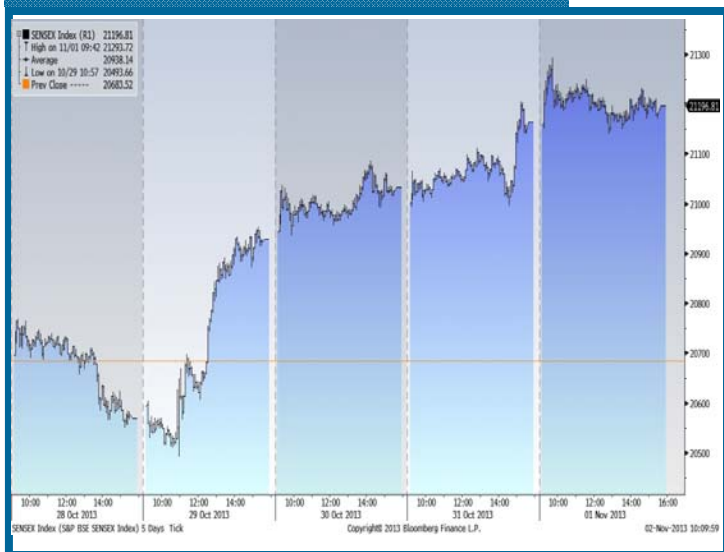
November 02, 2013

Soumyadip Raha

E-mail: sraha@microsec.in

MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

Indian stock market is trading close to all time highs on better than expected results improve in some macros. Despite the market being close to all time highs, FY15E EPS is trading at 12.7 which still remains at a discount to 10 year average. Also, some macroeconomic signals like current account deficit is likely to fall on increase in exports and fall in gold imports. We expect the market to remain firm albeit tight range may be maintained on the key indexes. Our previous recommendations Voltas, Crompton Greaves, LICHF, Rallis, mid cap Banks as trading picks have outperformed significantly. We believe some mid cap infra and Power stocks may witness trading BUYs like JSW Energy and NCC with 10-12% rally in 1-2 months. Also, with crude oil prices down and INR stable, HPCL, BPCL, IOC may again witness short term spurts to the extent of 10-12% rally. Please refer to our Diwali Picks for 1-year investment (Link <http://www.microsec.in/Static/Pdf/Diwali%20Picks.pdf>). The important earnings schedule during the week are Oil India, Indian Bank, BHEL, IGL, Tata Coffee, Tech Mahindra, MOIL, City Union Bank, Chambal Fertilizers, Dredging Corp, IOC, ILFS Transport, Indian Hotels et al.

WEEK IN RETROSPECT

Indian markets had a great run during the week which led the Sensex to touched the all time high mark because of better than expected earnings, deferment of Fed tapering, RBI monetary policy and improved sentiment.

On domestic front, India's manufacturing sector activity contracted for the third straight month in October amid falling levels of production and new orders. HSBC Manufacturing Purchasing Managers' Index (PMI) for October 2013 stood at 49.6, unchanged since September, remaining below the watershed 50 mark that separates growth from contraction.

India's Core sector grew at a year high of 8% in September 2013 against 3.7% growth registered in the previous month. This was on the back of high growth rate in electricity, cement and coal segment which expanded in double digits.

India's Fiscal Deficit stood at INR4.12 trillion during April-September FY2013-14, or 76% of the full-year target.

On global front, The U.S. Federal Reserve in FOMC meeting extended its support for a slowing U.S. economy, sounding a bit less optimistic about growth and saying it will keep buying \$85 billion in bonds per month for the time being.

China's Manufacturing sector grew at the fastest pace in 18 months in October 2013. Manufacturing PMI stood at 51.4 in October, up from September's 51.1.

The U.S. Initial Jobless claims declined by 10,000 to a seasonally adjusted 340,000 for the week ended October 25, 2013 from its previous week.

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	15615.55	0.29	3.60	(0.27)	19.26	15.15	14.72	13.61	2.89	2.78	2.56
NASDAQ	3922.04	(0.54)	3.00	6.30	31.51	23.51	19.56	17.00	3.38	3.03	2.74
S&P 500	1761.64	0.10	4.20	3.04	24.56	16.72	15.89	14.35	2.55	2.45	2.26
FTSE 100	6734.74	0.19	4.35	1.30	14.76	20.68	13.49	12.30	1.95	1.87	1.71
CAC 40	4273.19	0.02	2.61	5.62	22.35	18.57	13.94	12.49	1.42	1.37	1.30
DAX	9007.83	0.24	4.46	7.14	22.32	16.33	13.26	11.99	1.70	1.59	1.48
NIKKEI 225	14201.57	0.80	1.26	(1.83)	56.90	21.37	18.17	16.12	1.54	1.52	1.43
HANG SENG	23249.79	2.43	0.48	4.77	5.14	10.57	11.10	10.32	1.44	1.38	1.28
STRAITS TIMES	3201.20	(0.12)	2.01	(1.62)	5.27	13.69	14.85	13.59	1.41	1.35	1.29
TAIWAN TAIEX	8388.18	0.49	0.28	3.56	16.33	18.56	15.99	14.36	1.74	1.72	1.65
KOSPI	2039.42	0.24	2.12	6.03	6.29	12.79	11.86	9.40	1.07	1.15	1.05
BRAZIL BOVESPA	54013.24	(0.26)	2.20	11.42	(7.48)	57.56	14.19	11.12	1.11	1.04	0.99
RUSSIAN RTS	1477.61	(1.03)	2.38	10.56	2.31	5.22	4.58	4.52	0.98	0.78	0.72
SHANGHAI SE COMPOSIT	2149.56	0.77	(1.15)	5.92	1.53		9.47	8.38	1.42	1.28	1.15
BSE SENSEX	21196.81	2.48	6.43	10.60	13.01	18.43	15.66	13.14	2.66	2.52	2.22
NSE S&P CNX NIFTY	6307.20	2.64	6.77	11.08	10.69	16.79	15.33	12.68	2.50	2.43	2.11

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1597.86	(0.62)	3.25	4.17	22.37
MSCI AC WORLD	395.73	(0.55)	3.11	4.54	19.77
MSCI AC ASIA PACIFIC	141.23	(0.05)	1.53	4.16	15.23
MSCI EM	1027.87	0.05	1.98	7.59	2.30

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	13.28	1.45	(20.67)	10.85	(24.50)
INDIA NSE VOLATILITY	18.64	(8.71)	(28.66)	(10.77)	36.45

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.62	4.50	(1.06)	(3.11)	52.05
UK Govt Bonds 10 Year Note Gen	2.64	1.26	(2.47)	10.24	41.77
Brazil Government Generic Bond	4.25	1.38	(4.23)	(5.40)	67.19
Japan Govt Bond Year to maturity	0.59	(2.91)	(10.19)	(25.03)	(23.49)
Australia Govt Bonds Generic M	4.06	2.49	3.14	10.93	30.38
India Govt Bond Generic Bid Yi	8.68	1.14	(0.60)	7.46	5.95

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	80.71	1.92	0.71	(1.96)	0.83
EUR-USD X-RATE	1.34	(2.28)	(0.28)	2.12	4.20
USD-GBP X-RATE	0.62	1.52	1.70	(5.06)	1.27
USD-BRL X-RATE	2.25	(2.95)	(1.65)	2.23	(9.86)
USD-JPY X-RATE	98.67	(1.26)	(0.68)	0.88	(18.80)
USD- X-RATE	61.73	(0.43)	1.19	(2.08)	(13.00)
USD-CNY X-RATE	6.09	(0.25)	0.36	0.51	2.30
USD-KRW X-RATE	1060.80	0.11	1.20	5.91	2.97

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.23	0.38	(3.29)	(10.48)	(23.90)
MIBOR Offer Market 3M	0.23	0	0	0	15.00
India Indicative Call Rate	7.00	55.56	(24.32)	(6.67)	(13.04)

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	7245.00	0.83	0.63	3.51	(7.42)
ALUMINUM (USD/T)	1843.00	(2.02)	0.87	1.71	(5.00)
ZINC (USD/T)	1940.00	(0.76)	3.30	4.61	2.69
LEAD (USD/T)	2187.00	(0.81)	5.90	3.84	2.84
OIL (USD/BBL)	94.61	(3.31)	(7.28)	(12.30)	8.63
NATURAL GAS (USD/MMBTU)	3.51	(7.84)	(6.69)	(5.23)	(17.38))

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1316.20	(2.56)	2.21	0.46	(23.22)
SILVER (USD/OZ)	21.88	(2.94)	3.28	11.49	(32.19)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1525.00	(8.73)	(23.52)	43.05	52.50
BBG WORLD IRON INDEX	173.20	(0.72)	2.58	12.87	(1.51)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	105.55	(3.25)	(7.49)	(10.81)	(38.16)
COTTON (USD/IB)	76.58	(3.16)	(11.57)	(10.36)	0.60
SUGAR (USD/IB)	18.25	(4.09)	(0.38)	5.12	(8.47)
WHEAT (USD/BU)	667.75	(3.33)	(1.98)	(0.41)	(25.12)
SOYBEAN (USD/BU)	1251.50	(3.24)	(1.45)	4.46	(7.62)

INSTITUTIONAL FLOW IN Cr (26/10-01/11)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	16112.80	10733.90	5378.90
DII	4566.53	8170.34	(3603.81)
MF	1210.20	2081.80	(871.50)

FII DERIVATIVE SEGMENT IN Cr (26/10-01/11)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	26838.20	24490.18	2348.02
INDEX OPTION	111665.80	114385.97	(2720.17)
STOCK FUTURE	36462.67	36645.15	(182.49)
STOCK OPTION	5429.81	5267.81	162.00

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
BANKEK	13276.15	6.68	16.24	0.86	-11.26	11.69
CONSUMER DURABLES	6260.76	5.30	-3.82	-15.14	-9.87	19.32
CAPITAL GOODS	9264.51	4.25	15.63	-16.65	-44.43	30.19
REALTY	1378.59	4.13	13.58	-23.95	-62.94	23.51
AUTOMOBILE	12230.53	3.70	18.25	14.40	19.43	15.74
METAL & MINING	9305.59	3.68	42.95	-9.79	-46.73	27.80
MIDCAPS	6177.40	3.55	13.78	-7.04	-28.19	13.12
CNXMCAP INDEX	7627.20	3.55	13.80	-3.16	-21.15	13.26
NIFTY INDEX	6307.20	2.64	11.08	10.70	0.40	16.80
POWER	1608.75	2.62	13.42	-19.07	-49.50	23.56
SENSEX INDEX	21196.81	2.48	10.61	13.02	1.45	18.44
OIL & GAS	8890.62	2.28	6.32	6.25	-20.25	8.38
SMALLCAPS	5939.60	1.95	14.71	-15.92	-45.41	#N/A N/A
HEALTHCARE	9633.30	0.63	7.04	24.86	45.30	32.96
IT	8437.43	-0.07	12.27	45.50	36.54	19.63
FMCG	6751.68	-1.58	1.04	18.79	82.52	36.67

TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
PNB	BANKING	18.95	OBC	BANKING	26.06
BOB	BANKING	18.04	BOI	BANKING	25.36
JP ASSOCIATES	CONSTRUCTION	13.33	ALLAHABAD BANK	BANKING	18.85
IDFC	NBFC	12.84	SYNDICATE BANK	BANKING	18.10
SBI	BANKING	12.15	PFC	NBFC	17.74
ICICI BANK	BANKING	11.67	UNION BANK OF INDIA	BANKING	17.64
INDUSIND BANK	BANKING	8.95	CANARA BANK	BANKING	17.45
ASIAN PAINTS	PAINT	8.22	CROMPTON GREAVES	CAPITAL GOODS	15.86
BHARTI AIRTEL	TELECOM	8.19	JAIN IRRIGATION	PLASTIC PRODUCTS	15.53
MARUTI SUZUKI	AUTOMOBILE	8.11	ANDHRA BANK	BANKING	14.60

BANKING

Bank of Baroda's total income decreased by 6.09% QoQ while increased by 4.82% YoY to INR3868.65 crores. Whereas, Profit after Tax (PAT) remained flat on QoQ basis while, decreased by 10.24% YoY to INR1168.10 crores. For the half year ended H2FY14, Bank's total income increased by 10.04% YoY to INR7988.3 crores while, PAT decreased by 4.27% YoY to INR2335.97 crores. During the quarter, the Bank's loan book and total deposits expanded by 16.32% and 18.81% YoY to INR339855.27 and INR484931.04 crores respectively. On the asset quality front, Bank's asset quality is still the matter of concern, GNPA and NNPA increased by 16 and 17bps QoQ to 3.15% and 1.86% respectively. However, Bank has improved its low cost deposit (CASA ratio) by 148bps QoQ and 90bps YoY to 32.65% which has helped it to improve its Net Interest Margin (NIM) by 1bps QoQ to 2.85%. The Bank is well capitalized to support its growth trajectory, Basel III-Capital Adequacy Ratio (CAR) stood at 12.07%. Provision Coverage Ratio (PCR) healthy stood at 61.68% respectively.

Allahabad Bank's total income increased by 10.59% QoQ and 35.80% YoY to INR2005.06 crores, driven by robust 38.84% QoQ and 130.35% YoY growth in its other income. Whereas, Profit After Tax (PAT) decreased by 33.23% QoQ while, increased by 17.77% YoY to INR275.81 crores. For the half year ended H2FY14, the Bank's total income increased by 23.50% YoY to INR3818.19 crores while, PAT decreased by 7.93% YoY to INR688.90 crores. During the quarter, Bank has increased its provisions by 66.60% QoQ and 59.79% YoY to INR742.19 crores which has dragged its profitability on QoQ basis. Bank's loan book and total deposits expanded by 18.99% and 11.38% YoY to INR131895.72 and INR180395.74 crores respectively. On the asset quality front, GNPA increased by 16bps QoQ to 4.94% while, NNPA decreased by 4bps QoQ to 3.83%. The Bank's Net Interest Margin (NIM) decreased by 8bps QoQ and 5bps YoY to 2.75%. Provision Coverage Ratio (PCR) stood at 45.99%.

Bank of India's total income decreased by 2.43% QoQ while increased by 17.39% YoY to INR3627.42 crores. Whereas, Profit after Tax (PAT) decreased by 35.51% QoQ while, increased by 105.99% YoY to INR621.77 crores. For the half year ended H2FY14, the Bank's total income and PAT increased by 22.94% and 33.35% YoY to INR7345.21 and INR1585.95 crores respectively. During the quarter, Bank has decreased its provisions by 20.61% YoY to INR1232.88 crores which led to improve its profitability on YoY basis. Bank's loan book and total deposits expanded by 29.69% and 29.93% YoY to INR332190.19 and INR432281.84 crores respectively. On the asset quality front, Bank has commendably improved its asset quality, GNPA and NNPA improved by 11 and 25bps QoQ to 2.93% and 1.85% respectively. Moreover, the Bank has improved its Net Interest Margin (NIM) by 23bps YoY to 2.93%. Capital Adequacy Ratio (CAR) and Provision Coverage Ratio (PCR) stood at 10.77% and 63.29% respectively.

TELECOM

Bharti's top line increased 5.0% q-o-q to INR21,324.4 Crores, its bottom line declined sequentially by 25.7% to INR512.0 Crores in Q2 FY2014. The growth in revenues was mainly fueled by a strong 6.2% q-o-q increase in \$ terms top line from African operations, which came as a positive surprise. In INR terms, the company's African operations top line increased 18.5% sequentially to INR7,025.8 Crores. Furthermore, Airtel Business, up 19.9% q-o-q, and Digital Services businesses, up 3.5% sequentially, continued to do well on top line level that supported Bharti's revenues growth. On the flip side, a 2.1% q-o-q decline in the Mobile Services India revenues kept the sequential consolidated top line growth limited to 5.0%. On an overall basis, the company reported in line with expected revenues. However, its African revenues came above our expectations and remain the key driver for the aggregate top line coming slightly ahead of our estimates. On the margins front, the company reported EBIDTA margins in line with our expectations whereas above par performance at top line level kept its absolute EBIDTA higher than our expectations. However, despite registering healthy EBIDTA, the company reported lower than expected net profits primarily due to INR81.9 Crores of exceptional charge arising from a new regulatory levy at one of its international operations. As a result, despite foreign exchange losses, at INR342 Crores, remaining below our estimates of '384.8 Crores, Bharti's bottom line came below our estimates. Operationally, Bharti reported a 1% sequential improvement in Average Revenues per Minute (ARPM) to 36.74p while its Average Revenues per User (ARPU) declined 4% q-o-q to INR192, during the quarter. Furthermore, the company's operating free cash flows increased to INR4,693 Crores in Q2 FY2014 compared with INR4,249.5 Crores, a quarter earlier. Bharti's net debt also reduced to \$9,697 Mn compared with \$9,779 Mn in Q1 FY2014.

November 04, 2013

- ◆ U.S. Factory Orders data for the month ended September,2013.

November 05, 2013

- ◆ U.S. ISM Non Manf Composite data for the month ended October,2013. Policy.

November 06, 2013

- ◆ U.S. MBA Mortgage Application data for the week ended November 01,2013.
- ◆ U.S. Leading Index data for the month ended September,2013.

November 07, 2013

- ◆ U.S. Q3 GDP data.
- ◆ The U.S. Initial Jobless Claims data for the week ended November 02,2013.
- ◆ The Bloomberg Consumer Comfort data for the week ended November 03,2013.

November 08, 2013

- ◆ U. of Michigan Confidence data for the month of November,2013.

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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

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