



## **MARKETS THIS WEEK**

The market corrected marginally last week after investors locked in profits after the key benchmark indices soared to their best levels in 16 months led by sustained foreign fund flows. Market also declined on fears that authorities around the world may start withdrawing some of the stimulus measures taken to shore up crisis-hit economies.

Major world central banks announced on Thursday, 24 September 2009, that they planned to scale back massive injections of US dollars into their banking systems as financial markets stabilise after a devastating crisis.

Closer home, India's headline inflation rate rose for the second straight week. Inflation based on the wholesale price index rose 0.37% in the year through 12 September 2009, higher than previous week's gain of 0.12%. The food article index was responsible for the rise in inflation. The index surged 15.64%. The government revised upwards headline inflation for the week ended 18 July 2009 to a fall of 0.54% from a provisional decline of 1.54%.

FII inflow in September 2009 totaled Rs 12,694 crore (till 23 September 2009). Foreign funds had bought equities worth Rs 4028.80 crore in August 2009. FII inflow in the calendar year 2009 totaled Rs 52,891.70 crore (till 23 September 2009).

The BSE 30-share Sensex fell 48.30 points or 0.29% to 16,693 in the week ended Friday, 25 September 2009. The S&P CNX Nifty fell 17.10 points or 0.34% to 4,958.95 in the week.

The BSE Mid-Cap index rose 55.70 points or 0.90% to 6,226.93. The BSE Small-Cap index rose 76.61 points or 1.04% to 7,450.25. Both the indices outperformed the Sensex.

Trading for the week began on an upbeat note. The key benchmark indices extended gains for the fifth straight day on Tuesday, 22 September 2009, on expectations of good Q2 September 2009 results. The BSE 30-share Sensex rose 145.13 points or 0.87% to 16,886.43. The S&P CNX Nifty rose 44.15 points or 0.89% to 5020.20. The market was closed on Monday, 21 September 2009, for a public holiday.

The key benchmark indices snapped previous five days' gains on Wednesday, 23 September 2009, on fears a glut in share sales may suck liquidity from the secondary market. The BSE 30-share Sensex fell 166.93 points or 0.99% to 16719.50. The S&P CNX Nifty fell 50.25 points or 1% to 4969.95.



Buying resumed on the bourses on Thursday, 24 September 2009, after Wednesday's (23 September 2009) slide that followed a rally in the preceding five days. The BSE 30-share Sensex rose 61.93 points or 0.37% to 16781.43. The S&P CNX Nifty rose 16.60 points or 0.33% to 4,986.55.

Volatility ruled the roost on Friday, 25 September 2009, as the key benchmark indices slipped on mostly lower global stocks. The BSE 30-share Sensex fell 57.78 points or 0.34% to 16,723.65. The S&P CNX Nifty fell 27.60 points or 0.55% to 4958.95.

Index heavyweight Reliance Industries (RIL) rose 1.48% in the week. RIL has issued a notice to Reliance Infrastructure, an Anil Ambani group company, threatening to stop gas supplies to the latter's 220-MW power plant at Samalkot in Andhra Pradesh, claiming that it has defaulted on payment. In its reply, Reliance Infrastructure has said it had stopped payment as the marketing margin imposed by RIL in the nature of sales price/price of sale of gas is illegal, unauthorised and unwarranted.

RIL said on Thursday it has signed gas supply agreement with state-run utility NTPC to supply gas for some of its power plants for five years. Reliance will supply 0.61 million standard cubic metres a day (mscmd) to NTPC, and expects to start supplies within a week.

Meanwhile, recent report suggest the outlook for Asian oil refiners, previously hit by a sharp fall in margins, is now improving on a likely ramp-up in demand and slowing capacity expansion.

India's largest cellular services provider by sales Bharti Airtel fell 6.38%. A delegation of South African officials has reportedly told Indian policymakers that the latest change in takeover rules would make it more difficult for telecom major MTN to execute a proposed merger deal with Bharti Airtel. On Tuesday, 22 September 2009, Securities & Exchange Board of India (Sebi) announced that the takeover laws would apply to all future issues of American Depositary Receipts (ADR) or Global Depositary Receipts (GDR) with voting rights.

Bharti and MTN have been in negotiations since 25 May 2009 on a \$23 billion cash and share-swap deal aimed at an eventual full merger. The deadline for the talks has been extended twice, most recently the deadline was put back another month to 30 September 2009.

Metal stocks declined as metal prices cooled off on the London Metal Exchange after a strong rally. Hindalco Industries (down 8.02%), Tata Steel (down 3.77%), Steel Authority of India (down 3.89%), Jindal Saw (down 2.14%), and Hindustan Zinc (down 0.85%), declined.

India's largest copper maker by sales Sterlite Industries fell 1.53%. A US bankruptcy judge on Thursday, 24 September 2009, rejected attempts by Sterlite



Industries to sweeten its offer for US copper miner Asarco LLC, and recommended for the second time that rival bidder Grupo Mexico SAB de CV regain control of the company. Sterlite, however, maintained it was still in the race to acquire the copper miner.

Sterlite said on Monday, 21 September 2009, that it would release Grupo Mexico from a potential legal liability of nearly \$8 billion if the Indian miner can win control of bankrupt US copper miner Asarco LLC.

In a court document filed on Monday, Sterlite said that if a federal court approves its plan to acquire Asarco over rival bidder Grupo Mexico's offer, it would not hold Grupo Mexico liable for more than about \$900 million of liability related to the 2003 transfer of a Peruvian mine. Sterlite, a unit of India-focused mining company Vedanta Resources, has been facing off with Mexican miner Grupo Mexico for acquiring control Asarco, which has been under bankruptcy protection since 2005.

Sesa Goa tumbled 7.69%. The company said on Thursday, 24 September 2009, it will seek shareholders' nod to raise up to Rs 6000 crore through the issue of various securities in domestic as well as overseas markets.

India's second largest software services exporter by sales Infosys fell 5.01% on concerns of higher expenses after reports suggested it plan to give pay rises and promotions next month.

Banking stocks pared gains as investors books profit after a leading foreign brokerage on Thursday, said Indian banks profitability and stock performance would be under significant pressure in the near term as the Reserve Bank of India (RBI) may tighten money supply from 2010 as inflation is likely to rise further.

India's largest private sector bank by net profit ICICI Bank fell 0.56%. India's largest bank by net profit and branch network State Bank of India fell 0.15%. Chairman O.P. Bhatt on 8 September 2009 said the bank's earnings are likely to grow 30-35% in Q2 September 2009 over Q2 September 2008.

India's second largest private sector bank by net profit HDFC Bank rose 5.58%.

Pharmaceutical stocks hogged the limelight with a number of stocks in the sector surging. According to a recent prepared by the Federation of Indian Chambers of Commerce and Industry (Ficci) alongwith Ernst and Young (E&Y), the Indian pharmaceutical market will treble to \$20 billion by 2015 from \$7.1 billion in 2007, with a compounded annual growth rate (CAGR) of 12.3%.

Dr. Reddy's Laboratories surged 13.91% after a leading foreign broker raised its rating in the stock to 'overweight' from 'equal-weight', by saying investors may have 'underappreciated' the company's upcoming products for the US market.

The stock has risen significantly in the past few sessions on reports that UK-based GlaxoSmithKline Plc is looking for potential acquisitions in the Indian market and



has shortlisted Dr Reddy's Laboratories (DRL) and Piramal Healthcare for the proposed acquisition.

Among other pharma stocks, Ranbaxy Laboratories (up 13.75%), Sun Pharmaceutical Industries (up 9.15%), Pfizer (up 6.40%), and Cipla (up 3.21%), soared.

<b>Economic Data</b>				<b>Market Breadth</b>					
<b>Inflation</b>		<b>Whole Sale Price Index</b>		<b>Advances</b>	<b>Declines</b>	<b>Unchanged</b>			
<b>Week End</b>									
12-Sep-09	5-Sep-09	12-Sep-09	5-Sep-09	BSE	1628	1137	90		
0.37%	0.12%	242.6	242	NSE	750	515	39		
<b>Corporate Announcements</b>									
<b>Bonus/Rights/Stock Split/Dividend</b>									
<b>Bonus</b>									
<b>Company Name</b>		<b>Ratio</b>	<b>Ex-Date</b>	<b>Company Name</b>		<b>Ratio</b>	<b>Ex-Date</b>		
No Upcoming Bonus				No Upcoming Bonus					
<b>Rights</b>									
<b>Company Name</b>		<b>Ratio</b>	<b>Ex-Date</b>	<b>Company Name</b>		<b>Ratio</b>	<b>Ex-Date</b>		
No Upcoming Rights				No Upcoming Rights					
<b>Board Meeting</b>									
<b>Company Name</b>		<b>Date</b>	<b>Purpose</b>	<b>Company Name</b>		<b>Date</b>	<b>Purpose</b>		
Pfizer		26-Sep-09	General	Stanpacks India		29-Sep-09	General Purpose		
SJ Corporation		26-Sep-09	Bonus Issues	Alumeco India		29-Sep-09	Audited Results		
MVL industries		26-Sep-09	Audited Results	Jindal Hotels		29-Sep-09	Others		
Rapicut Carbide		26-Sep-09	Others	Graham Firth		29-Sep-09	Audited Results		
Pantaloone Ret		26-Sep-09	Audited&dividend	Banco Products		30-Sep-09	Audited&dividend Scheme of		
Abbott India		29-Sep-09	Quarterly Results	Asian Granito I		30-Sep-09	Amalgamation Audited Results &		
Wanbury		29-Sep-09	Cost audit Report	Symphony Cosnfsy		30-Sep-09	Dividend		
PCS		29-Sep-09	Audited Results	Amalgamated Ele		30-Sep-09	Quarterly Results		
<b>Stock Splits</b>									
<b>Company Name</b>		<b>Old FV</b>	<b>New FV</b>	<b>Ex-Date</b>	<b>Company Name</b>		<b>Old FV</b>	<b>New FV</b>	<b>Ex-Date</b>
GMR Infra		2	1	1-Oct-09					
<b>dividends</b>									
<b>Company Name</b>		<b>Purpose</b>	<b>%percent</b>	<b>Ex-Date</b>	<b>Company Name</b>		<b>Purpose</b>	<b>%percent</b>	<b>Ex-Date</b>
Pand G		Final	225	29-Sep-09	Aarti Industries		Final	24	29-Sep-09



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