



**MARKET NEWS :**

The market edged higher in what was a volatile week with a market- friendly Union Budget 2010-11 lifting the sentiment. Expectations from the budget drove the market either ways during the week. Small and mid-cap stocks underperformed their large-cap peers.

Market players largely welcomed the Union Budget 2010-11 presented by the Finance Minister Pranab Mukherjee in the Parliament on 26 February 2010. He proposed market friendly measures including reduction in surcharge on corporate tax, lower fiscal deficit projection, roadmap for rollout of goods & service tax (GST) and direct tax code (DTC), among others. The stock market remains closed on Monday, 1 March 2010 on account of Holi.

The Finance Minister pegged the fiscal deficit for the year ended March 2011 (FY11) at 5.5% of the gross domestic product (GDP). This is lower than the fiscal deficit as percentage of GDP of 6.9% in the revised estimates for the current fiscal. The finance minister said the government also aims to reduce the deficit further to 4.8% of GDP in the year starting 1 April 2011, and to 4.1% in the year from 1 April 2012.

Progressing further with its disinvestment drive, the government has estimated to raise Rs 40,000 crore from disinvestment in the year ended March 2011. It has also estimated Rs 35,000 crore from sale of third generation telecom auctions.

The Finance Minister in his budget speech also unveiled a roadmap for implementation of goods and service tax (GST) and direct tax code (DTC). He said that the government is confident of rollout of GST and DTC by 1 April 2011. The deadline for the GST introduction was earlier pegged at 1 April 2010.

DTC will replace the Income Tax Act whereas the GST will replace most indirect taxes at central and states levels like service tax, excise duty, VAT, cesses, surcharges and local levies.

Presenting his fifth Budget, the 74-year-old minister proposed a reduction in surcharge on corporate tax for domestic companies to 7.5% from the present 10%.

The FM said the Indian economy is in a much better position than a year ago, though challenges remain. He added uncertainty was there on account of delay in monsoon and there are concerns about food prices. He said first challenge is to quickly revert to higher GDP growth path of 9% and cross double digit growth. The second challenge is to harden economic growth to make development more inclusive. The third challenge relates to problems in government system.



The government announced before the budget that GDP in Q3 December 2009 grew 6% which was lower than estimated. Farm sector contracted 2.8% in the third quarter while manufacturing sector grew 14.3%.

The government will auction three slots each of third-generation wireless spectrum in most of its telecoms zones, including in the lucrative Delhi and Mumbai regions, from 9 April 2010, the telecoms ministry said on 25 February 2010. The government will invite applications from prospective bidders from 25 February 2010 and the last day for submitting bids is 19 March 2010.

Reports citing Oil Secretary S. Sundareshan on 26 February 2010 indicated the government may raise petrol prices by Rs 2.71 per liter and diesel prices by Rs 2.55 per liter.

The infrastructure sector output grew 9.4% in January 2010 from a year earlier, higher than an upwardly revised annual growth of 6.4% in December 2009, government data showed on 25 February 2010. During April-January, the first 10 months of the 2009/10 fiscal year, output rose 5.4% from 3% a year ago. The infrastructure sector accounts for 26.7% of India's industrial output.

Rail Minister Mamata Banerjee announced a populist rail budget for 2010-2011 on 24 February 2010, laying emphasis on the social responsibility and financial viability. The Rail Minister kept passenger fares as well as freight rates unchanged. The freight rate for food grains and kerosene was cut by Rs 100 per wagon. The Rail minister said the service charge on air-conditioned fares will be cut. Mamata's populist rail budget has many social welfare plans and job-generation schemes too.

Banerjee said that it is time for private partnership in Indian Railways, but said that the railways will not be privatised. She said that clearance to private investment will be provided in 100 days to speed up projects. Banerjee appealed to business houses to join hands for building partnership with Railways. Presenting the Railway Budget she said a special task force will be set up for early clearance of projects.

Mamata Banerjee proposed Rs 41,426 crore, the highest ever planned investment, to provide efficient, customer focused and modern railway network. However, this is a small increase of Rs 1,142 crore to capital expenditure from the previous year. There is a target to implement 1,000 route kilometer (km) in one year and 25,000 km in the Vision 2020 document, she added.

Derivatives contracts for February 2010 series expired on 25 February 2010. As per reports, about 76% positions got rolled over to March 2010 series and around 73% Nifty positions moved to March 2010 contract.

Foreign institutional investors (FII) inflow in February 2010 totaled Rs 1460.60 crore as of 24 February 2010. Their inflow in the calendar year 2010 totaled Rs 960.10 crore.



The BSE Sensex rose 237.92 points or 1.47% to 16,191.63 in the week ended Friday, 26 February 2010. The S&P CNX Nifty rose 77.40 points or 1.59% to 4922.30

The BSE Mid-Cap index fell 34.54 points or 0.54% to 6,432.36 and the BSE Small-Cap index declined 137.17 points or 1.67% to 8,204.57. Both these indices underperformed the Sensex.

Trading for the week began on a positive note as key benchmark indices logged small gains on Monday, 22 February 2010, snapping a two-day slide. The BSE 30-share Sensex rose 45.42 points or 0.28% to 16,237.05 and the S&P CNX Nifty rose 11.50 points or 0.24% to 4856.40.

Market extended gains for the second running day on Tuesday, 23 February 2010. The BSE 30-share Sensex rose 49.27 points or 0.3% to 16,286.32 and the S&P CNX Nifty rose 13.65 points or 0.28% to 4870.05.

Weak global equities and lower US index futures weighed on the key benchmark indices on Wednesday, 24 February 2010. The BSE 30-share Sensex fell 30.35 points or 0.19% to 16,255.97 and the S&P CNX Nifty fell 11.45 points or 0.24% to 4858.60.

Key benchmark indices closed flat on Thursday, 25 February 2010, after moving between positive and negative zone in intraday trade as investors preferred to stay on the sidelines ahead of the Budget. The BSE 30-share Sensex was down 1.77 points or 0.01% to 16,254.20 and the S&P CNX Nifty was up 1.15 points or 0.02% to 4859.75.

Market rallied on Friday, 26 February 2010 following announcement of a market friendly Union Budget 2010-11 by the Finance Minister. The BSE 30-share Sensex was up 175.35 points or 1.08% to 16,429.55 and the 50-unit Nifty was up 62.55 points or 1.29% to 4922.30

Index heavyweight Reliance Industries (RIL) fell 0.64% to Rs 978 in the week. RIL may reportedly raise its offer for bankrupt petrochemicals maker LyondellBasell to about \$14.5 billion. RIL had previously offered a deal that valued Lyondell at \$13.5 billion. LyondellBasell recently settled a dispute with creditors that has paved the way for its exit from bankruptcy.

India's largest engineering and construction firm by sales Larsen & Toubro rose 6.21% after the finance minister allocated Rs 1.73 lakh crore to develop rural infrastructure in FY 2010-2011

Auto stocks were up marginally, recovering from fall earlier during the week, as the government hiked the excise duty by 2% to 10% from 8% earlier. This came as a relief as the industry was fearing a 4% hike.



Tata Motors (up 1.88%), Mahindra & Mahindra (up 0.85%), and Bajaj Auto (up 0.43%), rose.

India's largest commercial vehicle maker by sales Tata Motors reported a consolidated net profit of Rs 650.26 crore in Q4 December 2009 as compared to a net loss of Rs 2598.83 crore in Q4 December 2008. The company announced result during market hours on 26 February 2010

India's largest car maker by sales Maruti Suzuki India rose 6.81% after the company raised vehicle prices by Rs 3,000-Rs 13,000 following hike in excise duties in the 2010-2011 Budget

Another minor positive for auto companies was higher slabs for personal income tax that would leave more finance in hands of individuals.

Metal stocks rose on strong domestic demand. Tata Steel (up 1.97%), Hindalco Industries (up 7.68%), and Sterlite Industries (up 4.72%), gained.

The government's proposal to introduce a competitive bidding process for allocating coal blocks for captive mining would ensure greater transparency and increased participation in production from these blocks. Coal is one of the key raw materials for the metal producers. The FM has also proposed to take steps to set up a "Coal Regulatory Authority" to create a level playing field in the coal sector. This would facilitate resolution of issues like economic pricing of coal and benchmarking of standards of performance.

Cigarette maker ITC tumbled 6.45% as the finance minister raised duties on smoking and non-smoking tobacco products in the Union Budget.

Banking stocks gained after the finance minister said RBI is considering giving some additional banking licenses to private sector players. ICICI Bank (up 4.98%), State Bank of India (up 3.78%), and HDFC Bank (up 0.30%), rose.

Shares of state-run bank got a boost from the Finance Minister's proposal to provide Rs 16500 crore for recapitalisation to enable them to maintain minimum capital adequacy at 8% in tier I capital by 31 March 2011.

Rail-related stocks were hammered on unwinding of speculative positions after the railway budget for 2010-2011 unveiled in parliament on 24 February 2010 fell short of market expectations.

Bharat Earth Movers (down 9.15%), Kernex Microsystems (down 22.42%), Kalindee Rail Nirman Engineers (down 22.58%), Texmaco (down 11.72%), and Titagarh Wagons (down 23.34%), declined.

The railway budget lacked big-bang announcements and had announced just a token increase in plan outlay dampened sentiment. Also the rail budget did not increase wagon orders for the next fiscal year from the current level of 18,000.



On 24 February 2010, Emmbi Polyarns settled at Rs 28.65 on BSE, at a discount of 36.33% to the initial public offer price of Rs 45. The stock listed at Rs 45.50 on the BSE, a premium of 1.11% over the issue price of Rs 45.

On 24 February 2010, DB Realty settled at Rs 455.40 on BSE, at a discount of 2.69% to the initial public offer price of Rs 468. DB Realty listed at Rs 430 on the BSE, at a discount of 8.11% over the issue price of Rs 468

On 25 February 2010, Hathway Cable & Datacom settled at Rs 207.80, at a discount of 13.41% to the IPO price of Rs 240. The stock listed at Rs 246, a premium of 2.5% over the issue price of Rs 240

Rural Electrification Corporation shot up 14.05% to Rs 244 on short-covering in the derivatives segment. As per reports, some high net worth individuals (HNIs) and foreign institutional investors were caught on the wrong foot as they had taken short positions in futures & options segments and applied for shares in the recently concluded follow-on public offer of Rural Electrification Corporation (REC) to take benefit of the price differential. They expected confirmed allotment of shares anticipating that the issue would get a poor response. But, high demand from institutional and HNI investors forced them to rush to cover open positions, triggering a 4.87% rise in the stock to Rs 223 on Wednesday, 24 February 2010.

<b>WEEKLY REPORT</b>							
<i>Weekly Sensex/Nifty</i>				<i>Market Breadth</i>			
INDICES	26-Feb-10	19-Feb-10	Change(%)		Advances	Declines	Unchanged
Sensex	16429.55	16191.63	1.47	BSE	1848	942	84
Nifty	4922.30	4844.90	1.60	NSE	977	330	38
<i>Corporate Announcements</i>							
<i>Bonus/Rights/Stock Split/Dividend</i>							
<b>Bonus</b>							
Company Name	Ratio	Ex-Date	Company Name	Ratio	Ex-Date		
No UpComing Bonust				No UpComing Bonus			
<b>Rights</b>							
Company Name	Ratio	Ex-Date	Company Name	Ratio	Ex-Date		
No UpComing Right Issues				No UpComing Right Issues			
<i>Board Meeting</i>							
Company Name	Date	Purpose	Company Name	Date	Purpose		
Mather and Plat	27-Feb-10	Audited Results	Neyveli Lignite	04-Mar-10	Interim Dividend		
Cranex	28-Feb-10	Quarterly Results	Bosch	05-Mar-10	Audited Results		



**Stock Splits**

Company Name	Old FV	New FV	Ex-Date	Company Name	Old FV	New FV	Ex-Date
No UpComing StockSplit				No UpComing StockSplit			

**dividends**

Company Name	Purpose	%percent	Ex-Date	Company Name	Purpose	%percent	Ex-Date
Sundrmbrak	Interim	0.00	03-Mar-10	Dwarikesh Sugar	Final	15.00	03-Mar-10
Abbott India	Final	170.00	03-Mar-10	Eicher Motors	Final	70.00	05-Mar-10

**Registered Office**

214-Raghava Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad-500 001  
Andhra Pradesh  
Phone: 040-23203155  
Fax: : 040-23203028  
Email: advisors @cilsecurities.com.

**Corporate Office**

Great Western Building  
20, 2nd Floor, 130/132  
Apollo Street, Opp. Lion Gate  
Mumbai - 400 023.  
Phone: 022-22885177 / 78  
Fax: 022-22885176

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