

**INDICES**

Indices	Previous (day) Close	% chg
Sensex	18,289.35	+0.75%
Nifty	5,564.30	+0.77%

(As on 17th February, 2012)

**FROM RESEARCH DESK**■ **News Updates****Big foreign funds assure to buy 5% stake sale in ONGC**■ **Global Markets - Outlook****Daljeet S. Kohli**  
Head of Research

Mobile: +91 77383 93371, 99205 94087

Tel: +91 22 66188826

[daljeet.kohli@indianivesh.in](mailto:daljeet.kohli@indianivesh.in)

**Abhishek Jain**  
Research Analyst

Mobile: +91 77383 93433

Tel: +91 22 66188832

[abhishek.jain@indianivesh.in](mailto:abhishek.jain@indianivesh.in)

### Big foreign funds assure to buy 5% stake sale in ONGC

- Overseas investors, including sovereign funds from Abu Dhabi and Kuwait, have assured the government to buy up the proposed 5% stake sale in ONGC.
- Representatives of various funds from Singapore, the Middle East and London, who met finance ministry officials last week, have informally 'underwritten' the stake sale in the state-run company that could help the government raise about Rs 120 bn.
- These assurances from investors come amid promises that the forthcoming budget will address many of the macroeconomic issues such as fiscal deficit and other long-pending reforms.

#### Our take:

We believe that there would be enough competition among institutional investors as they can get large allotments at a reasonable price. It could not be possible in case they were to buy large numbers in the secondary market due to higher impact cost. Therefore they should be willing to bid at a price higher than the market price. We believe that floor price should be near of Rs 300. So investors could gain from price difference of current market price and bid price.

#### Valuation

We are positive on ONGC from the long-term perspective due to the likely rationalization (over long-term) of subsidy sharing and potential reserve accretion from its large E&P acreage. ONGC trades at a ~50% discount to its global peers on EV/BOE (1P basis). However, in the near term, due to continued high under-recoveries, subsidy burden on ONGC is likely to remain high (apart from ad-hoc), thereby impacting profits. A key thing to watch would be clarity on upstream sharing and volume growth. At the CMP of Rs. 280, ONGC is trading at 4.70x FY2012E and 4.20x FY2013E EV/EBITDA, significant discount to its peers.

### Dharmeshh Kant

AVP - Strategies & Fund Manager (PMS)

Mobile: +91 77383 93372

Tel: +91 22 66188890

[dharmeshh.kant@indianivesh.in](mailto:dharmeshh.kant@indianivesh.in)

### Global Market Update

- **US Markets:** U.S. markets were shut as they celebrated Presidents Day.
- **Set ups** on S&P 500, Dow Industrial Average and Nasdaq 100 are looking good. Our target of 1360 on S&P 500 was achieved as of last Friday's close.
- **Emerging markets:** Asian shares edge higher as investors wait for the outcome of a meeting that may mean Greece avoids bankruptcy next month. Most of indices are trading with mild gains of 0.10% to 0.20% this morning.
- **Bullions & Commodities:** Gold is trading at \$1736.10 per troy ounce this morning up 0.59% from previous close. Crude oil is trading at \$104.76 a barrel while Brent Crude future is trading at \$120.18 per barrel.
- **Currencies:** The U.S. Dollar Index tracking the U.S. currency against a basket of six others currencies trading at 79.12 this morning down (0.05%) from previous close. Long term set ups up on Dollar Index remains strong. The dollar and U.S. stocks often trade on opposite paths, with a weak dollar seen as providing investors with cheap funding to buy stocks. Plus the dollar's drop generally helps U.S. companies' overseas sales.

*Source: Bloomberg*



Trust.....we earn it.

### IndiaNivesh Securities Private Limited

601 & 602, Sukh Sagar, N. S. Patkar Marg, Girgaum Chowpatty, Mumbai 400 007.

Tel: (022) 66188800 / Fax: (022) 66188899

e-mail: [research@indianivesh.in](mailto:research@indianivesh.in) | Website: [www.indianivesh.in](http://www.indianivesh.in)

**Disclaimer:** This document has been prepared by IndiaNivesh Securities Private Limited (IndiaNivesh), for use by the recipient as information only and is not for circulation or public distribution. This document is not to be reproduced, copied, redistributed or published or made available to others, in whole or in part without prior permission from us. This document is not to be construed as an offer to sell or the solicitation of an offer to buy any security. Recipients of this document should be aware that past performance is not necessarily a guide for future performance and price and value of investments can go up or down. The suitability or otherwise of any investments will depend upon the recipients particular circumstances. The information contained in this document has been obtained from sources that are considered as reliable though its accuracy or completeness has not been verified by IndiaNivesh independently and cannot be guaranteed. Neither IndiaNivesh nor any of its affiliates, its directors or its employees accepts any responsibility or whatever nature for the information, statements and opinion given, made available or expressed herein or for any omission or for any liability arising from the use of this document. Opinions expressed are our current opinions as of the date appearing on this material only. **IndiaNivesh directors and its clients may have holdings in the stocks mentioned in the report.**

To unsubscribe please send a mail to [mail@indianivesh.in](mailto:mail@indianivesh.in)

[Home](#)