

### Weekly Wrap-Up

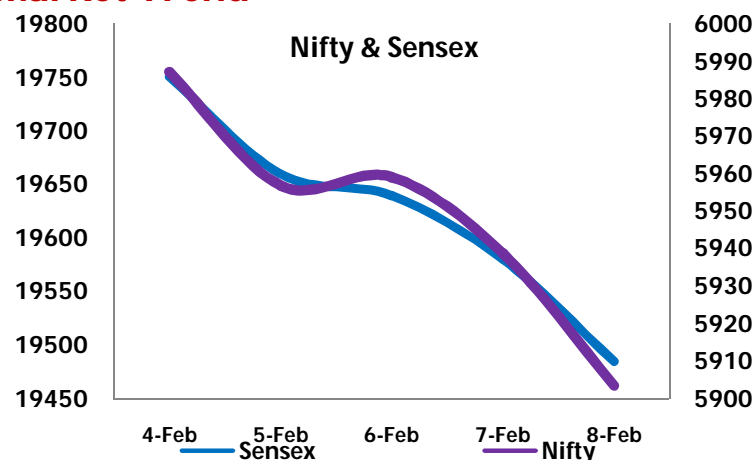
Curtailed GDP forecast by the Central Statistical Organization (CSO) for FY13 at decade low of 5%, assorted set of third quarter earnings by corporates and murky global markets dragged down the benchmark indices marking loss of around one and a half percentage point. Concerns that PSU disinvestment and reduction of promoter stake to meet the Securities & Exchange Board of India mandated minimum public shareholding of 25% for private companies and 10% for state-run firms shall result in supply of equity in the market over the next few months also weighed on the indices along with the PSU Index that tripped down 4.67%.

India's gross domestic product (GDP) is estimated to grow annually at 5% in fiscal year 2012-13, significantly lower than the growth rate of 6.2% in 2011-12 and anticipation of 5.5%. The latest estimate is the worst of all growth projections issued by the government and the RBI. Last month, the RBI had pared the GDP growth estimate for the fiscal year ending in March to 5.5%, the worst since 2002-03.

Following last week's impending set of third quarter earnings, markets this week witnessed mixed set of numbers with Apollo Hospitals and Godrej Industries reporting healthy set of numbers on one hand while Tech Mahindra, Cipla, Cement makers ACC and Ambuja Cement disappointed the streets on the other. ACC Ltd posted a 46%, year-on-year decline in December quarter profit to Rs 251.42 crore on higher finance and raw material cost. If not for the change in depreciation method, the cement company's profit would have been higher by Rs 50 crore. Also, the year-ago number included an exceptional gain for tax write-back of Rs 129 crore. Excluding this, profit would have fallen around 30%. Meanwhile, sales of the company rose around 2% YoY to Rs 2691.52 crore as demand scenario improved towards the end of the quarter.

Broader indices underperformed the benchmarks shaving off massively to the tune of almost 3-4%. Except for the IT and Telecom sectors that accumulated gains of around 1-2%, rest of the indices parked in the negative terrain clocking loss of around 0-5%. IT stocks rose on recent positive economic data in the US, the biggest outsourcing market for the Indian IT firms and weak INR. While, Consumer Durables was the biggest laggard that slithered down 5.16% followed by PSU Banks, Metal, Power, Oil & Gas, Realty and Capital Goods that flaked off around 2.5-5%.

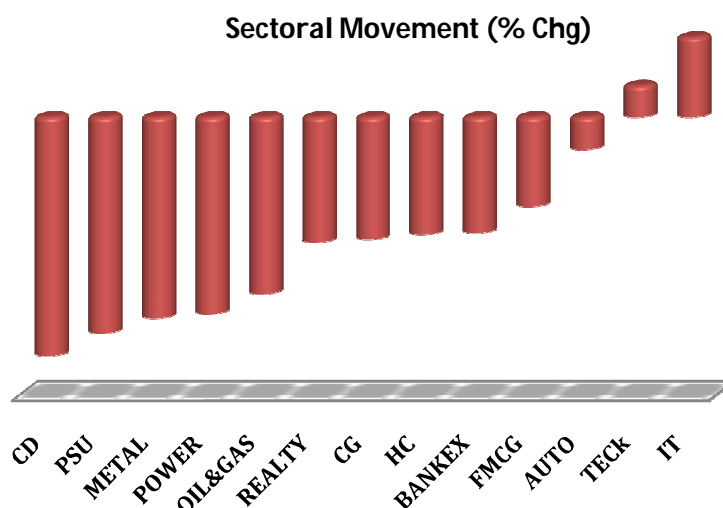
### Market Trend



### Major Indices

Major Indices	8th Feb 13	1st Feb 13	% Chg
BSE Sensex	19,484.77	19,781.19	(1.50)
S&P Nifty	5,903.50	5,998.90	(1.59)
BSE Midcap	6,756.01	6,967.50	(3.04)
BSE Small cap	6,794.14	7,056.48	(3.72)
BSE 100	5,952.10	6,064.75	(1.86)
BSE 200	2,404.21	2,451.37	(1.92)
BSE 500	7,479.30	7,636.78	(2.06)
CNX NIFTY JUNIOR	12,068.35	12,304.55	(1.92)
CNX 100	5,826.25	5,923.45	(1.64)
S&P CNX DEFTY	3,817.70	3,904.65	(2.23)
S&P CNX 500	4,682.55	4,775.90	(1.95)
CNX MIDCAP	8,109.45	8,357.45	(2.97)
NIFTY MIDCAP 50	2,226.80	2,315.85	(3.85)

### Sectoral Trend



### Market Perspective

On macro façade, data on WPI Inflation and Industrial Production for the month of December 2012 along with host of third quarter earnings by the corporates shall pave the trend for the markets that endured to be cautious this week. In the near term market participants shall keep a close eye on any announcement from the government about the upcoming Budget.

The FII chart that persisted to simmer optimism this week despite of the murky growth forecast for the nation shall be watched out next week too. FII's have poured in funds to the tune of Rs. 4802.13 crores this week.

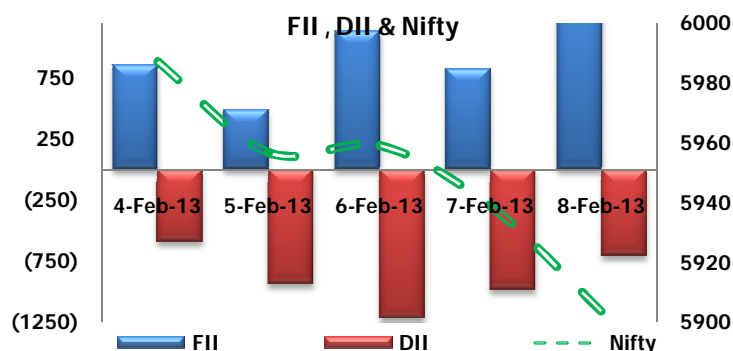
Data on IIP, CPI and WPI shall be watched out closely next week. The CSO is slated to announce the data on Industrial Production on 12<sup>th</sup> February for the month of December 2012, Consumer Price inflation too will be unveiled on the same day and that of WPI Inflation is set to be declared on 14<sup>th</sup> of February.

Industrial production is anticipated to grow around 1.3% for the month of December 2012. Industrial production declined 0.1% in the preceding month of November 2012. Data on inflation based on the combined consumer price index for urban and rural India that is due for January 2013 edged up to 10.56% in December 2012 from 9.9% in November 2012. Inflation based on the wholesale price index (WPI) for January 2013 is expected to ease at 7.1% from 7.18% in December 2012.

On global space, markets in China, Taiwan and Hong Kong are to be shut on account of the Lunar New Year Holiday which is the longest and most important celebration in the Chinese calendar. Markets in China and Taiwan will be shut next week while those in Hong Kong will close from Feb. 11 through Feb. 13.

Investors shall closely watch the Bank of Japan announcement on Wednesday. Corporate earnings for the fourth quarter and economic releases that includes UK CPI, Japan GDP, US Retail Sales, Italy GDP, US Industrial Production, UK Retail Sales and European Union GDP flash among others too will be watched out by the market participants.

### FII Activity



### Weekly Movers

Company Name	Last Trade	Previous week close	% Return WoW
Essar Oil Ltd.	92.60	85.60	8.18
Tata Consultancy	1,423.25	1,342.75	6.00
United Spirits	1,912.85	1,805.00	5.98
Power Finance	222.50	210.35	5.78
Exide Inds.	129.55	122.95	5.37

### Weekly Lagers

Company Name	Last Trade	Previous week close	% Return WoW
Jaiprakash Ass	73.10	86.95	(15.93)
Opto Circuits Ind	67.65	79.40	(14.80)
Indiabul Fin Serv	284.30	327.00	(13.06)
Jain Irrigation	64.95	74.45	(12.76)
UCO Bank	66.75	75.85	(12.00)

### Upcoming Events

Date	Company	Date	Company	Date	Company
11-Feb	Britannia Ind	12-Feb	IFCI	13-Feb	Unitech
11-Feb	JSW ISPAT	12-Feb	Power Grid	13-Feb	Orchid Che
11-Feb	Electrost Ste	12-Feb	McDowe Ho	13-Feb	IOC
11-Feb	JP Associates	12-Feb	Lanco Infra	13-Feb	Gitanjali
11-Feb	Heidelberg C	12-Feb	Fortis Heal	14-Feb	IVRCL
11-Feb	Voltas	12-Feb	Suven Life	14-Feb	DLF
11-Feb	ONGC	12-Feb	CESC	14-Feb	GAIL
11-Feb	Dishman Ph	12-Feb	ABG Ship	14-Feb	Dr. Reddy
11-Feb	Hanung Toys	12-Feb	HPCL	14-Feb	Firstso Sol
11-Feb	Hexaware	12-Feb	Oil India	14-Feb	Polaris Fin
11-Feb	Tata Power	13-Feb	Everonn Ed	14-Feb	HDIL
11-Feb	Punj Lloyd	13-Feb	Bartronics	14-Feb	Wockhardt
12-Feb	Hindust Cop	13-Feb	BPCL	14-Feb	Suzlon Ene
12-Feb	UB Eng	13-Feb	Tata Steel	14-Feb	SBI
12-Feb	IL&FS Eng	13-Feb	NMDC	14-Feb	Videocon
12-Feb	Lovable Lin	13-Feb	JSW Steel	14-Feb	LIC Hous
12-Feb	HOEC	13-Feb	Gammon In	14-Feb	CRISIL
12-Feb	Jindal Ste	13-Feb	Mcnally Bh	14-Feb	Tata Moto
12-Feb	SAIL	13-Feb	Educomp	15-Feb	Glaxo Cons

### Domestic Economy Review

- Amid talks of a tax on super rich, Members of Parliament (MPs) has suggested that Budget 2013-14 should focus on middle class and the tax network should be made broad based. In the first meeting of this year of the Consultative Committee with Finance Minister P Chidambaram, some of the members suggested the Budget should be practical, reasonable and visionary. They said it should be growth-oriented, give incentive for job creation and recognition to young entrepreneurs. Some members focused on the incentives for the youth stating that home loans may be provided at cheaper rate of interest for the youth up to the age of 35 years and scope of MGNREGA be expanded to include creation of human assets along with physical assets in the rural areas. It was also suggested to include fertilizer and seed subsidy under direct benefit transfer scheme at the earliest. Some members suggested giving incentives to small agro based and food processing industries in rural areas to create more employment opportunities for rural people which would help in tackling the problem of migration from rural to urban areas. They said rural based infrastructure should also be given priority to achieve the same objective.
- In a growing sign of companies facing difficulties in meeting their financial obligations, there were debt restructuring in a record 126 cases during 2012 for a collective amount of Rs 84,000 crore (over \$15 billion). During the last quarter ended December 31, 2012 itself, a total number of 25 cases were referred for Corporate Debt Restructuring (CDR) for an aggregate amount of over Rs 20,000 crore. RBI had helped set up CDR system in 2001 to help the corporates facing financial difficulties due to "factors beyond their control and due to certain internal reasons." Besides helping the corporates manage their huge debts, it also seeks to safeguard the interest of banks and financial institutions through restructuring of certain debt cases. At the end of 2012, 50 cases involving Rs 23,000 crore were pending for consideration under CDR mechanism. A total of 491 cases, involving total debt of Rs 2.67 lakh crore, have been referred to CDR cell since its inception. Of this, 362 cases involving about Rs 2.12 lakh crore worth debt have been approved so far, while 79 requests for debt worth about Rs 32,000 crore have been rejected.
- Raising hopes for a rise in economic growth, business activity in the services sector — the dominating sector of the Indian economy — grew to an twelve-month high in January 2012, according to HSBC purchasing managers' index (PMI). The index rose to 57.5 points in January, up from 55.6 points in December. But, the PMI for manufacturing, another crucial sector, was at a three-month low of 53.2 points in January, down from 54.7 December. Combining both, the HSBC composite PMI posted 56.3 points, the same as that of its reading in December. In November, the index had posted 53.2. The overall rate of expansion was at an eleven-month high. The PMI measures the activity of private sector companies in India. It surveys around 350 companies in the services sector, and around 500 companies in the manufacturing field.
- Net direct tax collection grew by 12.49% to over Rs 3.90 lakh crore in the April-January period, less than the budgeted annual target of 15%, reflecting the impact of slowdown. The net direct tax collection was Rs 3.46 lakh crore in the same period of 2011-12 fiscal. The net direct tax collection was Rs 3.46 lakh crore in the same period of 2011-12 fiscal. While collection from personal income tax was up 13.81% at about Rs 1.58 lakh crore, that from corporate tax was up 3.71% at Rs 2.96 lakh crore. The growth in wealth tax mop up was 2.85% at Rs 685 crore, while collection from Securities Transaction Tax (STT) dropped 9.99% to Rs 3,731 crore during the April-January period.
- In its advance estimates, the government has pegged the country's 2012-13 economic growth at a ten-year low of 5%—much lower than its own earlier projections — against 6.2% in the previous financial year. The growth rate was much lower than even the Reserve Bank of India's (RBI's) projection of 5.5%, released a little over a week ago, as all major sectors refused to look up. In the first half of the current financial year, the economy had grown at 5.4%. This means, it would expand at a rate less than 5% in the second half, though exact numbers could not be calculated as the revised quarterly estimates were yet to be released. In its mid-year economic analysis, the finance ministry had pegged economic growth at 5.7-5.9% for the current financial year.
- India's per capita income, a gauge for measuring living standard, is estimated to have gone up 11.7% to Rs 5,729 per month in 2012-13 at current prices, compared with Rs 5,130 in the previous fiscal. The estimated rate of growth in per capita income for the current fiscal, however, is lower than the previous fiscal when it grew by 13.7%. The per capita income in real terms (at 2004-05 constant prices) during 2012-13 is likely to attain a level of Rs 39,143 as compared to the First Revised Estimate for the year 2011-12 of Rs 38,037. The Gross Fixed Capital Formation (GFCF) at current prices is estimated at Rs 29.94 lakh crore in 2012-13 as against Rs 27.49 lakh crore in 2011-12.

### Sector & Commodity Update

- To boost the fledging software product industry, a few industry veterans, investors and software product companies have joined hands to form a think tank. The group to be known as Indian Software Product Industry Round Table or iSpirit, would work in expanding the software product development ecosystem in India and would work closely with trade bodies in providing policy prescriptions. iSpirit will be supported by grants and contributions from its member companies. In the first year, iSpirit will concentrate on initiatives like iSMB and M&A Connect through which it is trying to help SMB product companies and merger and acquisitions. Earlier, there were media reports that the group had split from Nasscom and was forming a separate association for the software product industry. In a statement issued on Monday, Nasscom said the reports are factually in-correct.
- In a bail-out for imported coal based power plants, the union cabinet gave in-principle approval for a crucial proposal to implement pooling of domestic and international coal prices. This will make costly imports of the key power and steel making raw material viable. The Cabinet Committee on Economic Affairs (CCEA) finalized the blueprint of the controversial pooling mechanism in its meeting but deferred a final decision. The structure of the decision has been put in place. And the Ministries of Coal and Power would come back with specific details. Basic principles and parameters have been identified. The ongoing fuel crunch for power plants at the back of constrained production from state-owned miner Coal India Ltd (CIL) has led to a massive spurt in costly coal imports. The Planning Commission had proposed the pooling mechanism under which domestic and imported prices of coal were to be averaged out to allow consumers to avail uniform rates irrespective of the fuel source. A major hurdle in implementing the pooling mechanism is huge protest from state governments. They argue that pooling will lead to cross-subsidizing private companies' generation costs by increasing coal costs for the public sector companies.
- The first phase of the National Dairy Plan (NDP), a central sector scheme funded by the World Bank being implemented by National Dairy Development Board (NDDB), has commenced operations in major dairy states. Karnataka is among the 13 of the 14 major dairy states where the work has began and discussions are at advanced stage with Bihar. The National Steering Committee (NSC) has approved an outlay of Rs 130.71 crore for the year 2012-13. This outlay covers 49 proposals, pertaining to Progeny Testing, Pedigree Selection, Strengthening of Semen Stations, Ration Balancing Programme, Fodder Development and Village based Milk Procurement Systems, from eight states-Karnataka, Tamil Nadu, Punjab, Gujarat, Uttar Pradesh, Madhya Pradesh, Odisha and Maharashtra that have been approved by the Project Steering Committee. A focused scientific and systematic process to increase productivity of animals and thereby increase milk production to meet the rapidly growing demand for milk is being adopted under NDP. Cooperatives are also being supported in providing rural milk producers with greater access to the organized milk processing sector,
- The mutual fund industry is betting big on banking space with equity investments worth over Rs 43,000 crore, the highest level in over three years. According to latest data available with the SEBI, mutual fund industry's investment in banking stocks stood at Rs 43,659 crore at the end of December, which was 21.15% of the industry's total equity assets under management (AUM) of Rs 2.06 lakh crore. Banking is the only sector to log double digit exposure. Software is the second most preferred sector with MFs having 7.98% exposure, followed by pharmaceuticals (7.59%) and consumer non-durables (7.51%). At current levels, the MF industry has the highest exposure to banking sector since at least August 2009 both in terms of percentage as well as in absolute terms. Data is not available for sector-wise mutual fund exposure before August 2009, when the equity funds had deployed Rs 22,587 crore (12.73%) in banking shares.
- Bank loans grew 16.04% in line with Reserve Bank of India's (RBI) projection for credit growth this year while deposits continued to lag behind at 13.08%. RBI projection for the deposit growth this fiscal is 15%. The banks disbursed fresh loans worth Rs 8,500 crore in the fortnight ended January 15 while deposits in the banking system came down by about Rs 11,500 crore. Deposit growth has consistently been falling this financial year and yet to touch the 15% mark as projected by RBI for this fiscal. On the other hand credit growth has been more or less on track though RBI revised the credit growth from 17% to 16%.
- The country's 14 Gold Exchange Traded Funds (ETFs), which allow investors to trade in the metal in non-physical form electronically on stock exchanges, have together garnered a staggering amount of 40,000 kg of this precious bullion. At about 40,000 kg or 40 tonnes, India's total gold ETF dump is however only about 10% of the 398 tonnes of gold imported in the April-October 2012 period.



### Global Economy

- The Standard & Poor's 500 Index advanced for a sixth straight week, capping the longest winning streak since August amid better-than-estimated corporate earnings as European leaders reached a budget agreement. The S&P 500 rose 0.31 percent for the week to 1,517.93, a five-year high. The benchmark measure is about 3 percent away from its October 2007 record of 1,565.15. The Dow Jones Industrial Average lost 16.82 points to 13,992.97.
- Asian stocks outside Japan were mixed this week after the European Central Bank said the euro's strength could hamper an economic recovery. Japanese shares gained as the yen fell after Bank of Japan Governor Masaaki Shirakawa said he will step down ahead of schedule.
- Japan's benchmark index, lost 0.34% this week, snapping a 12-week winning streak, after companies including Nikon Corp. and Sony Corp. posted disappointing earnings in Tokyo. Shanghai Composite added 0.65% as reports showed inflation gained and the nation's exports rose more than forecast in January. Markets in China and Taiwan will be shut next week for the Lunar New Year holidays, while those in Hong Kong will close from Feb. 11 through Feb. 13.
- European stocks posted a second weekly decline as political uncertainty in Italy and Spain revived concern that the nations' austerity programs may falter and the euro-area debt crisis may deepen. An opinion survey in Italy showed the anti-austerity campaign of Silvio Berlusconi has boosted the former premier's popularity before this month's elections. Berlusconi narrowed the lead of front-runner Pier Luigi Bersani to less than the margin of error in the poll by Tecne institute for SkyTG24. Berlusconi has gained in popularity before the Feb. 24-25 elections as he promised to cut taxes and end a levy on first homes implemented by Prime Minister Mario Monti's government. Monti has accused Berlusconi of trying to buy votes.

### Currency Update

- Euro declined the most since July versus dollar after ECB President said strong currency could slow the region's economic recovery, lifting bets the bank may lower interest rates.
- The yen declined against the greenback for the first time in 13 weeks as the Bank of Japan governor said he will step down early, accelerating a transition that may aid the prime minister's plan for monetary easing. The BOJ will meet on Feb. 14.

### Global Indices Movement

Indices	8th Feb 13	1st Feb 13	% Chg
<b>USA</b>			
Dow Jones	13,992.97	14,009.79	(0.12)
Nasdaq Composite	3,193.87	3,179.10	0.46
S&P 500	1,517.93	1,513.17	0.31
<b>Asian Indices</b>			
NIKKEI	11,153.16	11,191.34	(0.34)
KOSPI	1,950.90	1,957.79	(0.35)
SHANGHAI	2,432.40	2,419.02	0.55
TAIWAN	7,906.65	7,855.97	0.65
HANGSENG	23,215.16	23,721.84	(2.14)
<b>European Indices</b>			
CAC	3,649.50	3,773.53	(3.29)
FTSE	6,263.93	6,347.24	(1.31)
DAX	7,652.14	7,833.39	(2.31)

### Currency Movement

Currency	8th Feb 13	1st Feb 13	% Chg WoW
USD	53.57	53.32	0.46
Euro	71.79	72.63	(1.16)
GBP	84.25	84.60	(0.41)
Yen (per 100)	57.42	57.85	(0.74)

### Commodity

Commodity	8th Feb-13 (Rs.)	1st Feb-13 (Rs.)	% Chg WoW
Gold (10 grams)	30,432.00	29,975.00	1.52
Silver(kg)	57,706.00	57,256.00	0.79
Crude Oil(barrel)	5,093.00	5,213.00	(2.30)
Natural Gas(mmbtu)	174.60	176.00	(0.80)
Aluminium (kg)	110.70	109.60	1.00
Copper(kg)	436.65	444.90	(1.85)
Nickel(kg)	975.90	980.00	(0.42)
Lead(kg)	129.00	129.35	(0.27)
Zinc(kg)	115.55	113.55	1.76

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