Weekly review as on 22nd June, 2013

Key statistics

World Indices

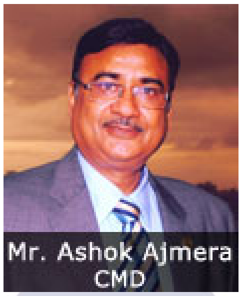
Indices	Date	Value	Previous Close	Change	% Change
CAC 40	21/06/2013	3,658.04	3,698.93	-40.89	-1.11
DAX	21/06/2013	7,789.24	7,928.48	-139.24	-1.76
STRAITS TIMES	21/06/2013	3,124.45	3,133.26	-8.81	-0.28
DOW JONES	21/06/2013	14,799.40	14,758.32	41.08	0.28
SHANGHAI	21/06/2013	2,073.10	2,083.46	-10.36	-0.50
HANG SENG	21/06/2013	20,263.31	20,382.87	-119.56	-0.59
NASDAQ	21/06/2013	3,357.25	3,364.64	-7.39	-0.22
NIKKEI	21/06/2013	13,230.13	13,014.58	215.55	1.66
FTSE	21/06/2013	6,116.17	6,159.51	-43.34	-0.70

FII Flow

Date	Type	Purchase (Rs.)	Sales (Rs.)	Investments (Rs. cr)	Investments (US$ mn)
21-Jun-13	Debt	215.7	3,275.90	-3,060.20	-512.6
21-Jun-13	Equity	2,255.50	4,391.70	-2,136.20	-357.84
20-Jun-13	Debt	443.8	825.3	-381.5	-64.94
20-Jun-13	Equity	1,987.50	2,446.30	-458.8	-78.09
19-Jun-13	Debt	1,542.70	2,126.60	-583.9	-99.9
19-Jun-13	Equity	1,789.30	2,351.70	-562.4	-96.22
18-Jun-13	Debt	1,335.10	1,202.80	132.3	22.93
18-Jun-13	Equity	1,693.20	1,797.00	-103.8	-17.97
17-Jun-13	Equity	3,378.20	3,688.10	-309.9	-53.66
17-Jun-13	Debt	756.3	3,905.40	-3,149.10	-545.38
14-Jun-13	Debt	500.3	2,486.20	-1,985.90	-339.96
14-Jun-13	Equity	2,461.00	3,013.30	-552.3	-94.56
13-Jun-13	Debt	423.7	1,123.80	-700.1	-120.13
13-Jun-13	Equity	2,522.80	3,567.10	-1,044.30	-179.2
Total				-5,167.70	-877.54

Nifty Gainers and Losers (Weekly change)

Gainers	Current(Rs.)	Prev Close(Rs.)	Change(Rs.)	Change (%)
Ambuja Cements Ltd	186.35	179.10	7.25	4.05
Losers	**Current(Rs.)**	**Prev Close(Rs.)**	**Change(Rs.)**	**Change (%)**
Jindal Steel & Power Ltd	204.45	303.35	-98.90	-32.60
DLF Ltd	175.15	227.15	-52.00	-22.89
Bank of Baroda	549.70	710.95	-161.25	-22.68
Jaiprakash Associates Ltd	57.65	73.40	-15.75	-21.46
Ranbaxy Laboratories Ltd	349.20	431.05	-81.85	-18.99
Reliance Infrastructure Ltd	331.95	408.25	-76.30	-18.69
Punjab National Bank	667.00	806.60	-139.60	-17.31
Axis Bank Ltd	1,259.70	1,512.95	-253.25	-16.74
Bharat Heavy Electricals Ltd	170.30	203.75	-33.45	-16.42
State Bank of India	1,989.10	2,363.00	-373.90	-15.82



Mr. Ajmera's column:

Bloodbath across asset classes globally; Fed statement and continuous falling rupee dampen sentiments…

Domestically, equity benchmarks under tremendous pressure owing to a global bloodbath across asset classes. Investors were shocked by another big fall in the Rupee amid continued FII outflows from the Indian markets. The Sensex and the Nifty dropped by 2.10% and 2.40%, respectively during the week. The BSE Mid-Cap index was down 2.30% while the BSE Small-Cap index slid ~1.0%. The stock market and the Rupee staged a mild recovery on Friday after the Union Cabinet took a series of decisions aimed at removing bottlenecks in the country's crucial infrastructure space. Global markets too recovered slightly from Thursday's sharp selloff. JSPL, BOB, PNB, Hindalco and JP Associates were the notable losers in the Nifty this week. Ambuja Cements, Bajaj Auto, Maruti, Hero MotoCorp and Cairn India were the top five leaders in the Nifty during the week. Future Retail, MMTC, Zylog Systems, Core Education and Titagarh Wagons were the noteworthy laggards in the broader market during the week. Shree Ashtavinayak, Bilcare, Glodyne Tech and TTML were the main gainers this week in the BSE 500 index. Retail, Realty, Banking, Power, Sugar, Metals, Petrochemicals, Capital Goods, Pharma and FMCG were the key losers among the sectors this week. Hotels, Media, Telecom and Paints were the main winners during the week.

RBI refrained from announcing any further easing in its monetary policy. The central bank cited the recent weakness in the Rupee, elevated CAD and sticky CPI inflation as among the reasons behind its move to maintain status quo. The Indian bond market too witnessed heated action this week, with the yield on the benchmark 10-year government note jumping past the 7.40% mark in the wake of the FII outflows from the local debt market. In addition, the latest SEBI auction of debt quotas for FIIs fell short of the target.

Global Scenario

World markets received a rude shock when Federal Reserve Chairman Ben Bernanke reiterated that the US central bank might start tapering its ultra-loose monetary policy sometime this year if news on the economic front continues to be encouraging.

Bernanke clearly mentioned that the impending QE exit will hinge on continuous improvement in the upcoming economic data, especially in the labour market. He also added that the reversal in the large monthly asset purchases will be a gradual process and that interest rates will not be increased in a jiffy. But still the global markets witnessed near panic-like situation with big falls across regions and asset classes. Only the so-called safe havens such as the US Dollar and Swiss Franc were spared.

For the week, the Dow fell 1.8 percent, the S&P was down percent 2.1 percent, and the Nasdaq lost 1.9 percent. It was the biggest weekly decline for all three since April and also the fourth week of losses out of the past five.

Ajcon's view

At the current levels domestic bourses trade at 14.0x FY14E and 12.0x FY15E versus historic average of 15.5x. We believe that valuations have room for upside. The RBI in its May 03 Annual Monetary policy meeting cut the repo rate by another 25 bps to 7.25%, to support economic recovery, as it acknowledged that inflation is moderating at the wholesale level due to reduced demand. The CRR was left untouched at 4.0%. However, the RBI reiterated that it has "little space" for further monetary easing given the elevated level of CAD and sticky CPI inflation. The RBI also projected relatively lower level of GDP growth at ~5.7% YoY while WPI inflation has been projected at ~5.5% YoY. The RBI is likely to cut the repo rate by another 50bps during the remaining part of FY14 and undertake open market operations (OMO) to ease liquidity conditions and aid monetary transmission.

The Indian government has moved on a number of important policy reforms in the form of FDI in multi-brand retail and aviation, besides unleashing other measures like SEB debt restructuring, diesel price deregulation, Cabinet Committee on Investment (CCI) and direct cash transfer (DCT). The Union Budget has also been balanced and credible one with more emphasis on fiscal correction. The biggest reform has been the curtailment of the fiscal deficit and the diesel price deregulation. The Finance Minister has also promised that the Government will stick to the reforms agenda, notwithstanding the political uncertainty surrounding the Lok Sabha elections. As a result, the Indian markets could gradually advance over the next 12 months, as the Government's policy measures start to bear fruit.

In the private sector, we recommend buying Karur Vyasa Bank, ING Vyasa Bank, HDFC Bank, ICICI Bank, DCB, Bajaj Finserv, Bajaj Finance and Standard Chartered. In the Realty space, we prefer Godrej Properties, Oberoi Realty, DLF, Prestige, Sobha Developers and Mahindra Lifespace. In the Infrastructure space, we recommend investors to accumulate stocks like Larsen and Toubro (Q4FY13 topline was as per our expectation, it expects sales to rise 15-17 percent for the fiscal year to March 2014 and order inflows to be up about 20 percent this fiscal year), Pratibha Industries, KEC International, IL and FS Engineering and Construction Company, Sadbhav Engineering and GMR.

In the Oil space, we recommend buying Oil India, ONGC and Cairn.

In the Commodities space, we recommend investors to accumulate NMDC, Coal India, Manganese Ore and Hindalco Industries.

In the Pharma sector, we advise to accumulate stocks like Sun Pharma, Sun Pharma Advanced Research, Lupin, Merck, Glenmark Pharma and Dr. Reddy's.

In the Consumption space, we recommend accumulating ITC and Nestle.

In the midcap space, we recommend investors to accumulate DCW, Cera Sanitaryware, Page Industries, Ramky Infrastructure, Liberty Phosphate, Munjal Auto Industries, Wheels India, Repco Home Finance, VaTech Wabag, Voltas, CanFin Homes, United Phosphorous, KSB Pumps, Hathway Cable, Industrial Prudential and Investment Company.

Your friendly advisor since 1986,

Ashoka Ajmera

Note: Recipients who do not wish to receive research emails may reply to this email

Disclaimer

The content in this research report has been prepared by Ajcon Global Services Ltd. and is meant for the recipient for use as intended and not for circulation. The content in the research report should not be research reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as decision such.

Ajcon Global Services Ltd. would not be responsible for any loss to the investors; they should verify all the fundamentals before investing. Ajcon Global Services Ltd., its directors and employees, will not in any way be responsible for the contents of this research report. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this research report may not be suitable for all investors. Investors must make their own investment based on their own investment objectives, goals and financial position and based on their own analysis.

Ajcon Global Services Ltd. proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The analyst for this research report certifies that all of the views expressed in this research report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this research report. Ajcon Global Services Ltd., may be considered as interested party in view of its relationship as the financial advisors and consultants to some of the companies discussed in the research report.