ARIHANT's
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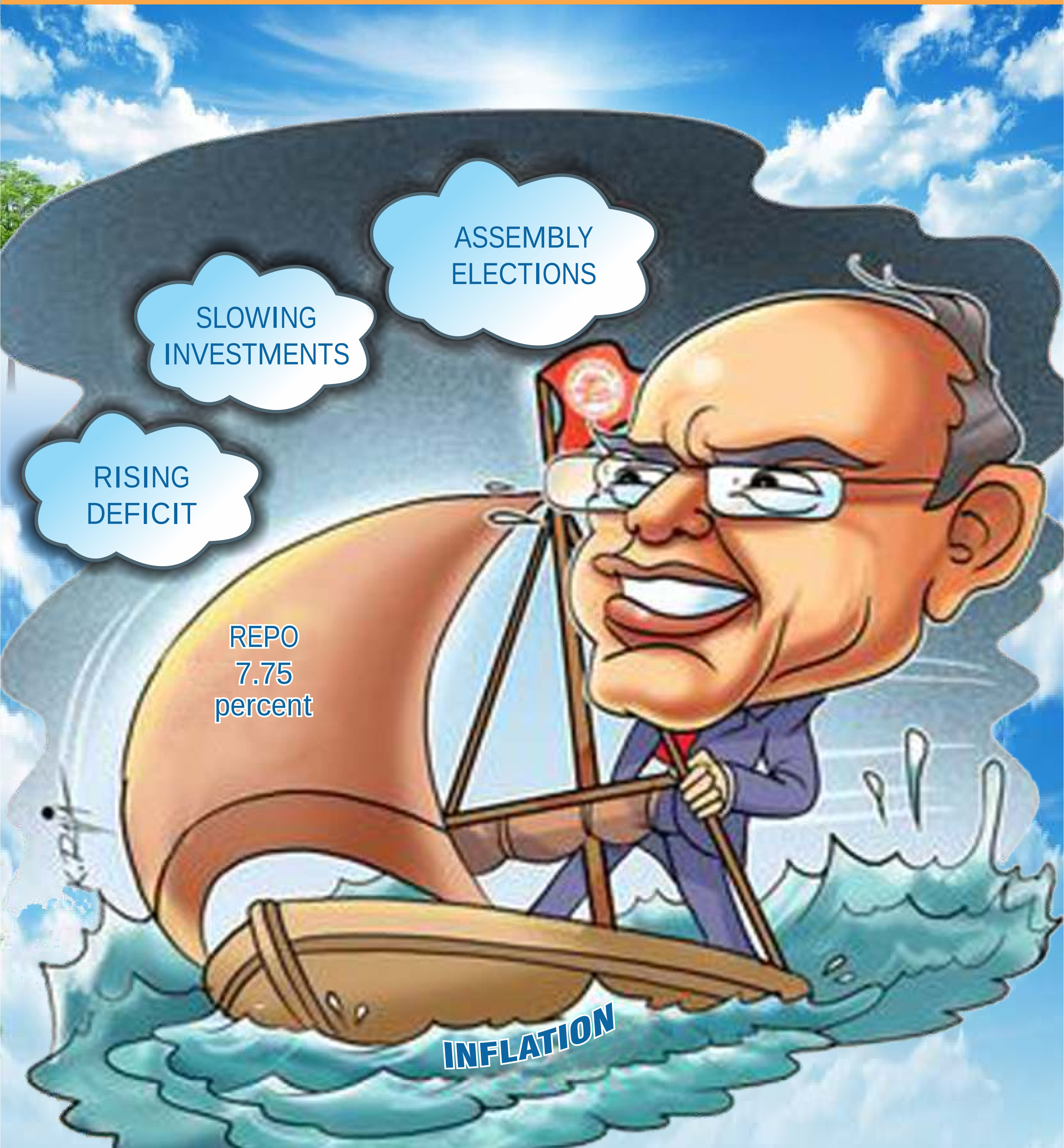

ARI - Movers & Shakers

INDIAN INDICES

Indices	Jan-13	Dec-12	Change %
SENSEX	19895.00	19426.71	2.41
S&P CNX NIFTY	6035.75	5905.10	2.21
BANK NIFTY	12708.60	12474.25	1.88
CNX MIDCAP	8363.70	8505.10	-1.66
S&P CNX 500	4795.30	4743.45	1.09
CNX IT	6778.00	6024.95	12.50
CNX REALTY	294.80	281.30	4.80
CNX INFRA	2561.55	2585.00	-0.91

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Jan-13	Dec-12	Change %
AUTO	10993.92	11426.21	-3.78
BANKEX	14580.25	14344.99	1.64
CD	7581.50	7719.10	-1.78
CG	10495.60	10868.11	-3.43
FMCG	5921.90	5916.22	0.10
HC	8016.90	8132.35	-1.42
IT	6393.60	5684.08	12.48
METAL	10606.10	11070.63	-4.20
OIL&GAS	9359.15	8518.58	9.87
PSU	7661.75	7334.71	4.46
REALTY	2238.57	2110.80	6.05
TECk	3798.40	3427.90	10.81

(Source: BSE)

GLOBAL INDICES

Indices	Jan-13	Dec-12	Change %
DOW JONES	13866.00	13106.00	5.80
NASDAQ	2738.00	2660.00	2.93
HANG SANG	23729.00	22656.00	4.74
FTSE	6276.00	5897.00	6.43
NIKKEI	11138.00	10395.00	7.15

(Source: Telequote software)

COMMODITIES and FOREX

Particular	Jan-13	Dec-12	Change %
MCX GOLD	29871.00	30859.00	-3.20
MCX SILVER	57849.00	57864.00	-0.03
MCX CRUDE OIL	5202.00	5015.00	3.73
MCX-SX USDINR	53.21	54.98	-3.22

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jan 2013	77,858.80	55,799.00	22,059.20

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jan 2013	12,010.40	17,222.60	-5,212.40

* Till Jan 2013

(Source: SEBI)

Market Commentary

The year 2013 began on a cheerful note as indices rose to more than two-year high in the month of January with a flurry of good news flowing in from both domestic and international front. The better than expected corporate results, strong global cues led by positive economic data, RBI rate cut and surge in foreign fund inflows led the market to remain in the green terrain

The BSE Sensex, jumped 2.41% during the month to end at 19895 while broader CNX Nifty rose 2.21% to end the month at 6035.75. Witnessing a smart rally, the NSE Nifty index ended above the psychological levels of 6,000 for the first time in two-years. On the sectoral front, IT (up 12.48%), Teck (up 10.81%) and Oil and Gas (up 9.87%) registered impressive growth in the month, while Metal (down 4.20%) and Auto (down 3.78%) declined during the same period.

The government's efforts to woo foreign investors paid off as after the key announcements on issues like GAAR, Vodafone tax case, the monthly data released from SEBI shows that the foreign institutional investors (FIIs) turned bullish during the month and turned net buyers of equity to the tune of Rs 22,059.20 crore during the month of January 2013. However the domestic institutions turned net sellers with Indian mutual funds turning net sellers of equities to the tune of Rs 5,212.40 crore during the month.

During the beginning of the month, the US lawmakers reached a last-minute deal to avert the fiscal cliff that triggered the markets. Indices further buoyed by the government's decision to partially deregulate diesel prices, a move expected to reduce the subsidy burden of the government. In reaction to the same, shares of public sector oil marketing companies (PSU OMCs) surged tremendously.

Additionally, the government's decision to defer the implementation of the General Anti Avoidance Rules (GAAR), which seeks to tax foreign investors, by two years until 1 April 2016, further sparked the rally. The Finance Minister's concerns of taking measures to boost the investment cycle going added further respite.

The earnings season continued and most market heavyweights brought cheer with quarterly results beating consensus estimates by a large margin. Infosys stumped

Indian market, albeit positively this time in contrary to expectations of underperformance which had led to cautious to negative views on the stock. Maruti beat street estimates but one needs to see whether it can keep pace with lower sales guidance for the year ahead. Hindustan Unilever disappointed the street with lower volume growth of 5 percent and an over 100 percent increase in royalty.

Most other results such as Axis Bank, ITC, Yes Bank, DCB and Indusind Bank were better than expected although two-wheeler giants Hero Moto Corp and Bajaj Auto disappointed. HDFC Bank, although it met market expectations in growth and profitability, raised concerns of rising NPAs which has been their strong point in the past.

Reinforcing hopes for a cut in interest rates in January, the wholesale price index (WPI) inflation cooled down to three year low at 7.18% for the month of December, 2012. India's annual industrial output growth measured by index of industrial production (IIP), contracted by 0.1% for the month of November 2012, although way below the robust 8.2% growth figure in the previous month, as growth in all three sectors viz. mining, manufacturing and electricity remained subdued. The numbers were in line with expectations that the data would show an upward movement after December.

After nine months, the inflation-fighting Reserve Bank of India (RBI) announced a 25 basis points (bps) cut in the key policy rate to 7.75%, in sync with market expectations. Simultaneously, in a bid to ensure onward reduction in lending rates by banks, the central bank brought down the cash reserve ratio (CRR), by 25 bps to 4%. The move is expected to inject Rs 18,000 crore of liquidity into the system. The stance of monetary policy in this review is intended to provide an appropriate interest rate environment and boost investments to support growth and manage liquidity to ensure adequate flow of credit to the productive sectors of the economy. However, profit booking was witnessed across the board after the RBI signaled that there is less room for aggressive policy rate cuts amid any negative surprise emanating from inflation and the twin deficits.

Meanwhile, India's trade deficit narrowed to $17.7 billion in December 2012 from $19.3 billion in recorded November 2012, even after exports fell for the eighth straight month due to rise in imports. Gold import curbs and increase in fuel prices should hopefully curtail the demand growth thus reducing the import bill going forward.

The worries seem to be fast dissipating and certain sectors and companies continue to record strong growth. Policy paralysis that was lingering on the market saw some dissipation as after a long tiff among the policy makers now things have started moving in a positive direction. Reforms have been fast tracked and this has been bringing positive vibes for the market.

All eyes on the forthcoming budget. With the global headwinds cooling down, monetary policy review and quarterly result season largely behind us, the Union Budget is the key event for the equity markets going ahead. All eyes will be now glued on finance minister's hopes of presenting a reformist budget allaying fears of a populist budget. Going forward, we expect the markets to slip into a consolidation phase before the finance minister presents the Union Budget.

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Key News and Events in Jan 2013

- December 2012 inflation unexpectedly eases to 7.18%:

  The wholesale price index (WPI), India's main inflation gauge, slowed down to its lowest level in three years, easing at 7.18% for the month of December 2012 as compared to 7.24% for the previous month and 7.74% during the corresponding month of the previous year.

- November 2012 IIP at 0.1% :

  India's annual industrial output growth measured by index of industrial production (IIP), contracted by just 0.1% for the month of November 2012, way below the robust 8.2% growth recorded in the previous month. The cumulative growth for the period April-November 2012-13 over the corresponding period of the previous year stands at 1.0%. Meanwhile, October 2012 IIP figure was revised to 8.3 v/s 8.2%.

- RBI cuts policy rates by 0.25%:

  The Reserve Bank of India (RBI) slashed key interest rates by 25 basis points after a long gap of nine months in its third quarter monetary policy review. The repo rate now stands at 7.75%.The bank also cut cash reserve ratio by 25 basis points to 4%. The move is expected to infuse Rs 18,000 crore liquidity into the banking system.

- Trade deficit narrows to $17.7 billion in December:

  India's exports fell by 1.9% year-on-year to $24.88 billion in December 2012, contracting for the eight straight month. However, imports rose by 6.3% at $42.5 billion, thus lessening India's trade deficit to $17.7 billion in December 2012 from USD 19.3 billion in November 2012.

Auto Sales Registered growth in Jan 2013

Auto sector volume numbers for January 2013 witnessed yet another dismal performance and we expect weakness to continue through Q4 FY13. The theme of "segment specific" momentum continues, with certain pockets like SUV's , scooters and LCV's outperforming (growth > 10%), while M&HCV continues to remain the weakest sector. 2W leader Hero Moto Corp's numbers were a positive surprise, and they clocked their highest ever volume at 5.58 lakh units (a 7% growth), while other large cap OEM's like Maruti, Bajaj, Hyundai & TVS Motor recorded growth rate in the vicinity of 0% to 2% in the domestic market.

Company specific growth: Hero MotoCorp's numbers were a positive surprise, and the company claims that higher momentum in models such as Xpro, Ignitor and Maestro have led to robust sales. Bajaj's domestic market growth "trailing 3 month" average is 5%. They are hopeful of gaining market share with the new launched Discover 100. The company feels that it's export markets have "normalized". TVS Motors is hanging on in "survival mode", as it comes under intense competition in all its segments. Growth momentum is at a near zero percent. The Dzire's numbers continue to be robust, but the all petrol "Mini segment" is contracting by 10% despite good reviews of the new Alto K10. We are also keeping a close watch on "Ertiga's" numbers, which have slowed a bit over the past 2 months (sub 6000 units per month). No meaningful pickup is seen in Maruti's exports yet. Tata Motors "domestic business" continues to be one of the biggest disappointments in the previous quarter, the M&HCV cycle is now at one of its weakest phases ever. LCV numbers have so far added some momentum to the company's overall CV sales. Tata's passenger cars have also been under severe pressure, despite having a distribution network advantage. The company is hopeful that the newly launched Manza club class and Safari Storm will result in volume uptick. M&M's SUV's continue to be the flavour of the season, with growth in excess of 30%. It is uncertain as of now whether any kind of tax on diesel vehicles will be levied in the upcoming Union Budget (the last two budgets ignored these proposals) M&M's tractor numbers still show no signs of recovery . Leyland's sub 3.5T LCV continues to perform well, but its "heavy" portfolio continues to suffer the effects of industry slowdown.

The "global 2W pack" has performed relatively well, with Honda's motorcycle growth being in excess of 50%. Honda's new plant in Karnataka is expected to come on-stream in Q1FY14, with a capacity of 1.2 million units, which will take up their total capacity of 4 million units in India. The "global 4W pack" has had a dismal month, Hyundai is the only company to have managed a respectable growth rate. Toyota, Ford and GM's numbers are deep in the red. Renault continues its impressive performance.

RBI's rate cut of 25 bps to have no effect in our opinion: Apart from being a minor sentiment booster, we believe that the recent rate cut of the RBI of 25 bps will not have a meaningful impact on auto numbers, as the pass on benefits to the consumer are very minimum. Following RBI's rate cut of 25 bps, various auto financers have cut interest rates marginally, SBI car loan rate falls by 5 bps from 10.5% to 10.45%. HDFC Bank has cut interest rates on 4W's (cars and commercial vehicles) by 25 bps, and 2W's by 50 bps. As per our analysis, interest rates would have to correct by at least 200 bps to result in meaningful reduction in EMI's. Supported by our interaction with domestic auto dealers / channel checks, we expect Q4FY13 to be subdued, while domestic volumes might pick up moderately post Baisakhi in April.

Summary: January sales numbers released over the last 2 days signal a continuation of weakness in the domestic auto industry, certain "pockets" like SUV's and LCV's are growing well, but the overall trend of 2W, 3W and 4W continues to be weak, with M&HCV's being the worst performing segment. We don't expect any significant improvement in the domestic auto sector till the end of FY13, however easing of macro pressures in FY14 could result in re-entry of deferred purchases and improved sentiment in certain segments. We feel that the absence of a considerable fiscal / monetary push over the next year will keep domestic auto sector growth at "moderate" levels in FY14.

Q3FY13 Result Update: Nifty Companies

- Asian Paints Ltd, has posted a net profit after tax of Rs. 312.03 crore for the quarter ended December 31, 2012 as compared to Rs. 250.48 crore for the quarter ended December 31, 2011.
- AXIS Bank Ltd, has posted a net profit of Rs. 1,347.22 crore for the quarter ended December 31, 2012 as compared to Rs. 1,102.27 crore for the quarter ended December 31, 2011.
- Bajaj Auto Ltd, has posted a net profit of Rs 818.74 crore for the quarter ended December 31, 2012 as compared to Rs 795.19 crore for the quarter ended December 31, 2011.
- Bank of Baroda, has posted a net profit of Rs. 1,011.62 crore for the quarter ended December 31, 2012 as compared to Rs. 1,289.85 crore for the quarter ended December 31, 2011.
- Bharat Heavy Electricals Ltd, has posted a net profit of Rs. 1,181.80 crore for the quarter ended December 31, 2012 as compared to Rs. 1,432.61 crore for the quarter ended December 31, 2011.

- Bharti Airtel Ltd, has posted a net profit of Rs. 283.70 crore for the quarter ended December 31, 2012 as compared to Rs. 1,011.30 crore for the quarter ended December 31, 2011.
- Cairn India Ltd, has posted a net profit after giving impact of scheme of arrangement of Rs. 3,344.89 crore for the quarter ended December 31, 2012 as compared to Rs. 2,261.93 crore for the quarter ended December 31, 2011.
- Grasim Industries Ltd, has posted a net profit of Rs. 549.17 crore for the quarter ended December 31, 2012 as against Rs. 669.07 crore for the quarter ended December 31, 2011.
- Housing Development Finance Corporation Ltd, has posted a profit of Rs. 1,705.83 crore for the quarter ended December 31, 2012 as compared to Rs. 1,337.38 for the quarter ended December 31, 2011.
- HDFC Bank Ltd, has posted a net profit of Rs. 1,859.07 crore for the quarter ended December 31, 2012 as compared to Rs. 1,429.66 crore for the quarter ended December 31, 2011.
- Hero MotoCorp Ltd, has posted a net profit of Rs. 487.89 crore for the quarter ended December 31, 2012 as compared to Rs. 613.03 crore for the quarter ended December 31, 2011.
- Hindustan Unilever Ltd, has posted a net profit of Rs. 871.36 crore for the quarter ended December 31, 2012 as compared to Rs. 753.81 crore for the quarter ended December 31, 2011.
- ICICI Bank Ltd, has posted a net profit of Rs. 2,250.24 crore for the quarter ended December 31, 2012 as compared to Rs. 1,728.10 crore for the quarter ended December 31, 2011.
- IDFC Ltd, has posted a net profit after taxes Rs. 455.07 crore for the quarter ended December 31, 2012 as compared to Rs. 381.21 crore for the quarter ended December 31, 2011
- Infosys Ltd, has posted a net profit of Rs. 2,369.00 crore for the quarter ended December 31, 2012 as compared to Rs. 2,372.00 crore for the quarter ended December 31, 2011.
- ITC Ltd, has posted a net profit of Rs. 2,051.85 crore for the quarter ended December 31, 2012 as compared to Rs. 1,700.98 crore for the quarter ended December 31, 2011.
- Kotak Mahindra Bank Ltd, has posted a profit after tax of Rs. 577.21 crore for the quarter ended December 31, 2012 as compared to Rs. 462.63 crore for the quarter ended December 31, 2011.
- Larsen & Toubro Ltd, has posted a net profit after tax of Rs. 1,121.75 crore for the quarter ended December 31, 2012 as compared to Rs. 991.55 crore for the quarter ended December 31, 2011.
- Lupin Ltd, has posted a net profit after taxes of Rs. 335.23 crore for the quarter ended December 31, 2012 as compared to Rs. 235.06 crore for the quarter ended December 31, 2011.
- Maruti Suzuki India Ltd, has posted a net profit of Rs. 501.29 crore for the quarter ended December 31, 2012 as compared to Rs. 205.62 crore for the quarter ended December 31, 2011.
- NTPC Ltd, has posted a net profit of Rs. 2,596.76 crore for the quarter ended December 31, 2012 as compared to Rs. 2,130.39 crore for the quarter ended December 31, 2011.
- Punjab National Bank, has posted a net profit of Rs. 1,305.62 crore for the quarter ended December 31, 2012 as compared to Rs. 1,150.04 crore for the quarter ended December 31, 2011.
- Reliance Industries Ltd, has posted a net profit of Rs. 5,502.00 crore for the quarter ended December 31, 2012 as against Rs. 4,440.00 crore for the quarter ended December 31, 2011.
- Reliance Infrastructure Ltd, has posted a profit after tax of Rs. 727.94 crore for the quarter ended December 31, 2012 as compared to Rs. 408.32 crore for the quarter ended December 31, 2011.
- Tata Consultancy Services Ltd, has posted a net profit of Rs. 3,549.62 crore for the quarter ended December 31, 2012 as compared to Rs. 2,802.77 crore for the quarter ended December 31, 2011.
- Wipro Ltd, has posted a net profit after taxes of Rs. 1,716.40 crore for the quarter ended December 31, 2012 as compared to Rs. 1,456.40 crore for the quarter ended December 31, 2011.

ARI - Equity Outlook & Currency Pick

Technical Equity Market Outlook

Markets conquered the 6100 levels in the month of January 2013 as the Finance minister led the road map for reducing the fiscal deficit, which fuelled strong FII inflows in the system. On the sectoral front IT, Teck and Oil & Gas led the rally whereas Metal, Auto and Capital Goods ended on the losing side. The Sensex closed with net gains of 2.41% whereas the Nifty gained 2.41% vis-à-vis the previous month.

Technical Observation

On the monthly chart

- We are observing a narrow range body formation which resembles like a spinning top candlestick pattern. This gives small clue that prior trend is losing breath.

On the weekly chart

- We are witnessing that prices have taken resistance near the upper trendline of the channel and has formed a candlestick pattern that resembles an Evening Star. The high of the three candles which is 6111.80, forming the pattern remains strong resistance going forward.

On the daily chart

- We are observing the effect of negative divergence on Elliot Oscillators as prices have lost momentum at higher levels.

Future Outlook:

Combining the above pattern formation on different time frame it is evident that the high of the Evening Star formed on the weekly chart which is at 6111.80 remains major resistance for the indices going forward. The said bearish Evening star pattern will get activated once indices trades and closes below 5983 levels. In such scenario indices are likely to test 5900 – 5834 – 5766 levels. On the upside, any move beyond 6111.80 level would negate the pattern and prices may test 6150 – 6200 levels, which is the upper trendline value of the channel.

Since, Evening Star candlestick is a top reversal pattern, we are of the opinion that as long as 6111.80 is not broken on closing basis, one has to trade with negative bias. Hence, for current month, one should adopt cautious approach towards the markets.

** EMA : Exponential Moving Average , SMA : Simple Moving Average*

EUR-INR SELL

Fundamental

This month, European economic data will start with the crucial ECB press conference and interest rate scheduled on 7th Feb, where it is expected that ECB is likely to keep interest rates unchanged which may be positive for the currency pair. After that, Euro group Meetings and ECOFIN Meetings on 11th Feb, will affect Euro price movements. A range of financial issues, such as euro support mechanisms and government finances will be discussed and any positive outcome from the above meeting is likely to add a positive sentiment for the currency. A basket of GDP data will be released on 14th Feb, which among others include French, German, Italian and Flash GDP of the Europe that is expected to add volatility. Spanish 10-y Bond Auction on 15th Feb will dictate the trend of Euro. On 20th Feb, Euro will react on German ZEW Economic Sentiment and any negative sign from the above is likely to generate selling pressure in the currency. On 21st Feb, Spanish 10-y Bond Auction will again have strong impact.

Technical:

EUR-INR is on its rising trend continuously since it made a low of Rs 55.42, as on June 2010. For January month, it made a high of Rs 73.55 and for the month it gained nearly about 33% since its June, 2010 low. If we draw a raff regression channel to define the said uptrend in EUR-INR monthly chart, we analyze that prices are resisting at the middle line of the raff regression. For the month, prices failed to settle above the middle line of the said channel. In the month of January, prices action of EUR-INR have formed high wave candle stick which is an indication of indecision or may signify trend reversal. For the coming month, we expect EUR-INR prices to remain on the lower side and recommend selling in EUR-INR at Rs 72.60-72.70 for the target of Rs 70.30 and then Rs 70.00 with stop loss above Rs 73.60.

ARI - Commodity Pick

Soybean BUY

Soybean prices have been trading in the broad range of Rs 2,900-3,400 since the last 4 months. Dry weather raised concerns over soybean production in Argentina, a key exporter. Export demand for Soybean is thus likely to increase in the near term.

Last month prices settled at around Rs 3,287.50 and currently March contract is trading at Rs 3,297. As per the Elliot wave theory:

- The corrective wave 4 is in its formation stage and intermediate wave a' within the 4th wave has been formed.
- Prices may retrace till Rs 3,643 which is 23.6% of wave 3 to intermediate a'.
- On sustained trade above, prices are likely to resist till Rs 4,096 which is 38.2% natural Fibonacci retracement.

But before that, prices have to sustain above the strong resistance of Rs 3,400. Prices are moving below short term moving average but still sustaining above medium term moving averages indicating strength in the trend. Other technical indicators like ADX (14) and RSI (14) are treading at 0.56 are also indicating positive mode for the coming month.

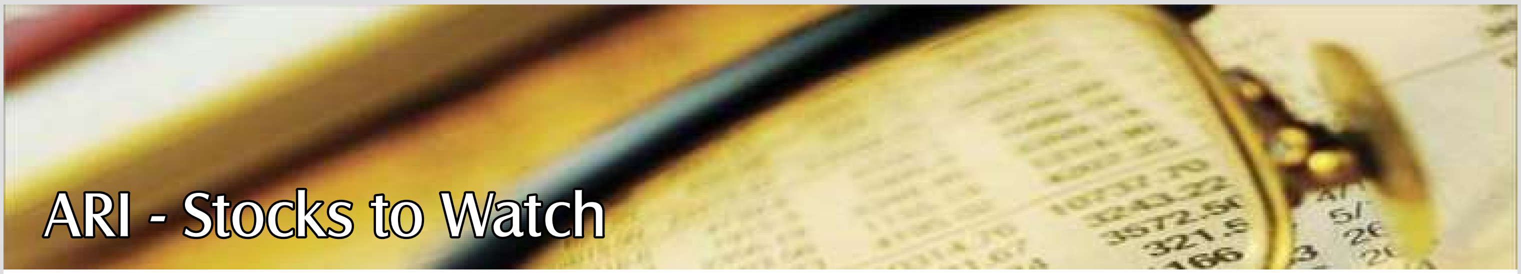
We recommend going long above Rs 3,400 targeting Rs 3,620 and then Rs 4,020 with stop loss below Rs 3,180.

Nickel BUY

Base metals showed promising gains in the last quarter of 2012 and after a small correction in first three weeks of this year, they are back on the bullish track with Copper, Aluminium, Lead and Zinc forming new weekly highs and Nickel even reaching new contract high. Picking up Nickel among the lot, we bring the fine facts that make this distant sibling of silver, the most attractive base metal this year.

Technically, the correction witnessed in three weeks of January can be captured as a channeled fall of ABC corrective pattern which usually occurs after a strong uptrend resulting in profit booking. The pattern thus completed second wave structure of February contract which further opened the ways for a third wave rally. We saw a phenomenal rally in last few days perfectly matching the pace of a third wave rise and taking prices to new contract high. Exciting participation and increasing open interest is suggesting that the third wave has just begun and the current rise is only one leg of the rally which is having fair chances of continuation. Fundamental news is slowly turning in favor with BNP Paribas and many other leading financial institutions and banks now citing that supply would hardly meet demand this year amid Bloomberg reviving up the average price by 15% for 2013. An expected strengthening of leading economies this year and a revival in demand for Steel are the strong facts to support the rally in Nickel. Coming back on the technical analysis part, breakout of above discussed channeled pattern was carrying high momentum and is likely to go in traders' remorse stage in days to come which would bring prices slightly down to test new supports and those level can be used to take fresh buy positions.

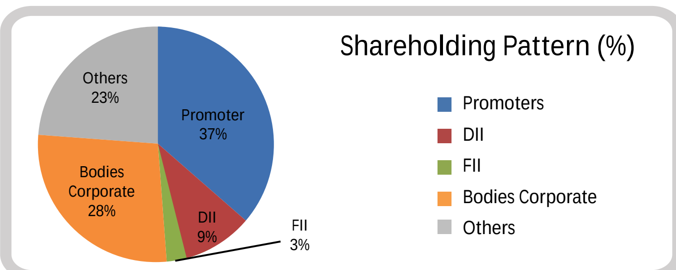
We recommend buy and accumulate in Nickel on dips between Rs 975-965 for targets in the range of Rs 1024-1050 with stop loss below Rs 940.



ARI - Stocks to Watch

Gujarat Alkalies & Chemicals Ltd

Value Parameters	
BSE Code	530001
NSE Symbol	GUJALKALI
CMP	138.00
Face Value	Rs 10
52 Week High/Low	155/100
Market Cap (Rs cr)	1,010
EPS (Rs)	20.9
P/E ratio	6.6



Investment Rationale:

Gujarat Alkalies is largest caustic soda manufacturer in India with an installed capacity of 0.43mn tonnes.

Robust capex pipeline:

Company has successfully expanded its hydrogen peroxide capacity by 55% to 39,080 tonne and this will aid in higher profitability going forward. Further, the company has undertaken number of plans to expand its capacities across product ranges. It is planning to set up 0.2mtpa caustic soda project in JV with NALCO. Further, it will incur capex of Rs 2,600 cr over next 2-3 years on new products and is expanding capacities. Once all these get commissioned, it will increase earnings manifold.

Strong Financials:

Company's EBITDA margins have improved from 16% in FY10 to 21% in FY12 and are expected to remain stable going forward. Even D/E(x) is at comfortable level at 0.3x and is not likely to increase much due to strong free cash flow generation.

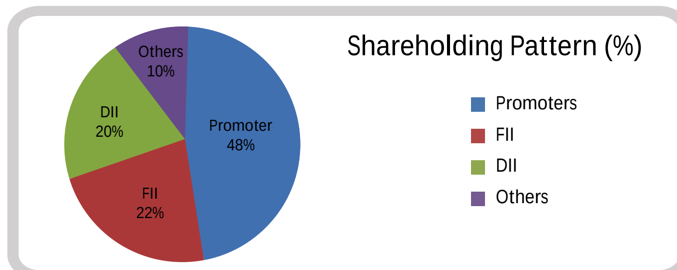
Valuations:

Gujarat Alkalies has better profitability than most of its peers due to presence of diversified product portfolio.

The stock is currently trading at 5x its annualised FY13 EPS of Rs 28/share, which is at ~30% discount to industry average of 7x. We maintain positive view on stock.

Tech Mahindra Ltd

Value Parameters	
BSE Code	532755
NSE Symbol	TECHM
CMP	960.00
Face Value	Rs 10
52 Week High/Low	1042/585
Market Cap (Rs cr)	12,412
EPS (Rs)	84.5
PE ratio	11.7



Investment Rationale : TechM is an Indian mid cap IT company with an annual revenue run rate of Rs 5,490 Cr.

Acquisition of Satyam: TechM acquired scam hit Satyam Computers and expanded its portfolio of services and verticals. Prior to Satyam acquisition, TechM was having its complete portfolio in telecom space which was experiencing a continuous trouble after recession. As the telecom sector still faces structural issues in reorganizing the business, we strongly believe that it would take some more quarters to get back on to the track.

Strong Financials: The decreasing hold of BT as a top client and TechM's continuous effort towards increasing other clientele portfolio coupled with the few recent acquisitions has helped company to record a better growth of 6.8% YoY in FY12 with operating margins maintained at 13.8%. With the Satyam acquisition, the company has shielded its bottom line and recorded a growth of 70% YoY.

Valuations: Company's continuous underperformance in the last few quarters which is largely lead by the BT segment (contributed 52% of revenues in Q1FY10 to 35% in Q1FY13) has pulled down the valuations. We believe the recent acquisitions within the telecom vertical would decrease its dependence on BT and pick up the valuations as the Non BT segment (contributed 48% of revenues in Q1FY10 to 65% in Q1FY13 and grown at a CQGR of 4.2% for the same period) starts delivering above industry growth. Presently at CMP Rs 960, company trades at valuations of 18.7(x) and 11.7(x) for FY11 and FY12 earnings of Rs 51.2 and Rs 81.7.

ARI - Mutual Fund Update

Mutual Fund Roundup

January 2013 saw a significant uptrend in the equity markets on the back of positive global economic indicators and buying of Indian equity by foreign institutional investors (FIIs). The Sensex rose 2.41% during the month to settle at 19895 while CNX Nifty jumped by 2.21% closing above the crucial 6000 mark to settle at 6035. On the sectoral front, IT (up 12.48%), Teck (up 10.81%) and oil&gas (up 9.87%) showed an impressive growth in the month, while metal (down 4.20%) and auto (down 3.78%).

MF Activity

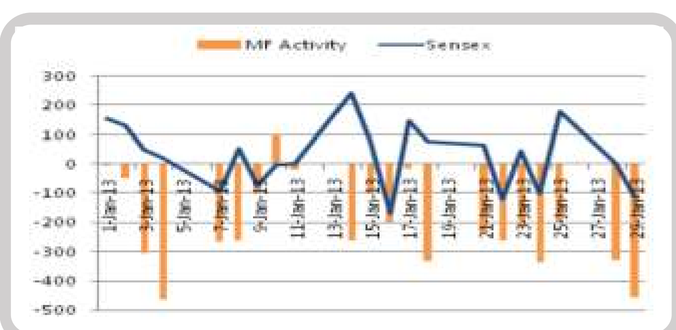
Fund managers turned net sellers in equities, during the month, undermining the surge in the Indian equities in January 2013. Is it the savvy move of profit booking by fund managers or gross redemptions from investors long looking to see some positive NAVs in their portfolis?

Week-after-week throughout the month MFs were seen selling equities and they finally ended the month as net sellers of equities to the tune of Rs 5,212.40 crore. On the other hand the foreign institutional investors (FIIs) turned bullish and bought Rs 22,059.20 crore worth of equities over the same period.

Mutual Fund Activity in January 2013

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1st Week	1,848.90	2,668.80	-819.90
2nd Week	2,710.00	3,257.30	-547.30
3rd Week	3,118.60	4,032.80	-914.20
4th Week	2,290.00	3,538.20	-1,248.40
5th Week	2,042.90	3,725.50	-1,682.60
Total	12,010.40	17,222.60	-5,212.40

(Source : SEBI)



Movers and Shakers

The breadth of the mutual fund scheme performance was positive during the month of January 2013. In the equity diversified category, LIC Nomura MF Opportunities Fund - Direct topped the best performer chart generating a return of 6.03% during the month, followed by Axis Focused 25 Fund with a return of 4.60%. On the other hand, negative returns was generated by Reliance Small Cap Fund - Direct (- 6.26%) and Sundaram CAPEX Opportunities Fund - Regular (-5.80%).

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
LIC Nomura MF Opportunities Fund - Direct - Growth	18.96	6.03
Axis Focused 25 Fund - Growth	12.04	4.60
Baroda Pioneer PSU Equity Fund - Growth	7.62	3.67
ICICI Prudential Top 100 Fund - IP - Growth	23.00	3.65
HDFC Long Term Equity Fund - Growth	17.51	3.43

(Returns are absolute as on 31st Jan 2013)

Among the sectoral fund category, DSP BlackRock Technology.com Fund - Regular outperformed during the month, delivering a whopping return of 10.84% followed by Franklin Infotech Fund generated a return of (10.14%). On the other hand, Reliance Infrastructure Fund generated a negative return of -5.55%.

Monthly Best Performer: All Sectoral Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
DSP BlackRock Technology.com Fund - Regular - Growth	32.04	10.84
Franklin Infotech Fund - Growth	67.53	10.14
Birla Sun Life New Millennium - Growth	19.69	8.96
ICICI Prudential Technology Fund - Growth	21.01	8.52
UTI Services Industries Fund - Growth	64.80	3.67

(Returns are absolute as on 31st Jan 2013)

On the debt side, DWS Hybrid Fixed Term Fund - Series 3 topped the chart with a return of 2.85%, closely followed by ING Income Fund - Regular Plan with a return of 2.60%. While Sundaram Monthly Income Plan - Aggressive - Regular generated a negative return of -0.35%.

Monthly Best Performer: All Debt Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
DWS Hybrid Fixed Term Fund - Series 3 - Growth	11.84	2.85
ING Income Fund - Regular Plan - Growth	30.12	2.60
UTI Bond Fund - Growth	34.70	2.16
Birla Sun Life Income Plus - DAP	13.27	1.94
Tata Dynamic Bond Fund - Plan A - Growth	17.10	1.92

(Returns are absolute as on 31st Jan 2013)

It's time to get your tax saving investments sorted

A rupee saved is a rupee earned. We're heading towards the financial year end and it's high time you sort your tax saving investments to avoid the last minute impulsive decision that can affect your financial future.

Investment Avenues for Tax Saving

Under Section 80 C of Income Tax Act, as an individual if you invest Rs 1 lac of your taxable income in 80C approved investment products, you will pay no tax on that amount; hence you save upto Rs 30,900 flat on taxes. So not only you save taxes but you also invest your money that would generate returns and help you meet your future financial goals.

What investment options are available under 80C?

Equity Linked Saving Scheme (ELSS): A tax saving category offered by mutual funds, ELSS have a lock-in of 3 yrs, which means once you invest your money in an ELSS scheme you have to stay invested in it for atleast 3-yrs. The dividend on dividend plan of ELSS is tax free and even the returns earned under ELSS scheme is tax free. ELSS is one of the few 80Cinvestment options under EEE category (exemption, exemption exemption). Tax free investment and tax-free returns.

Fixed Deposit: 80C approved fixed deposits is another way of saving tax and at the same time building corpus for your future. The interest earned on these 5-year fixed deposits is taxable. Arihant offers the following FDs for your 80C investments:

Company Name	Rate of Interest	Addl Interest for Sr Citizens	Rating	Lock-in period
NHB Suvriddhi	9.25%	0.60%	CRISIL "FAAA"	5 yrs.
HUDCO	9.00%	0.25%	"CARE AA+(FD)"	5 yar.

Public Provident Fund (PPF): One of the oldest investment options, PPF also offers tax free investment and tax-free return option (EEE). This implies that not only the investor can enjoy deduction on the amount invested in this scheme but the interest received on maturity is also exempt from tax. For FY2013, PPF offers an interest rate of 8.8% compounded annually with a mandatory investment lock-in of 15 years (from the date of opening the account).

National Saving Certificates (NSCs): Another safe debt option is National Savings Certificates (NSCs). NSCs offer two instruments with maturity of 5 years and 10 years with interest rates of 8.4% and 8.7%, respectively.

Investments up to Rs 1 lakh in NSCs are eligible for tax deductions under 80C but the interest, compounded semi-annually, is taxable. Interest rates are benchmarked to government securities of equivalent maturity periods, with 10-year NSCs offering an additional 50 basis points return.

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Tax Saving - It's never too late

One of the most important things to consider before you get into any kind of tax saving investment is that your tax saving investment is no different from your regular investments. Do not get confused by the word tax saving when making investment decision and act in impulse.

Before you get down to selecting the investment, make sure you know your investment goal, risk taking capacity and your age. Get the right mix between equity and debt.

SMS <Arihant Tax> to 56677 to let our expert help you in the right tax saving investment selection.

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Tax Saving - Consider the taxes applicable on the returns Make sure you understand the taxable return of your tax-saving investments. ELSS schemes from mutual funds offer tax-free returns. Among the debt options, PPF offers tax-free returns but interest income from NSC, fixed deposits and Senior Citizen's Saving Scheme is fully taxable, this makes the 8.8% return offered by PPF better than 9% offered by a fixed deposit.

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Tax Saving - Equities are known to offer higher return over the longer term Equity-linked savings scheme (ELSS), mutual funds that invest in equities and equities-related securities, can be used to claim tax deduction under Section 80C. The lock-in period for ELSS investments is only 3 years compared with a minimum five years for other tax-saving instruments. You do not need to pay capital gains tax at redemption. Which means tax-free investment and tax-free returns.

But make sure you have proper asset allocation determined to know how much % of tax saving to go into equities.

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Tax Saving - Get deduction on your medical claim insurance policy premium

You can claim deduction under section SOD for medical health insurance premium, over and above 80C Rs 1lac deduction, for your self, spouse and dependent children paid up to Rs 15,000 and an additional deduction of Rs 15000 for premium paid against medical policy for your parents.

-ho can claim the deduction?

- Individual

-HUG.

What should be the mode of payment? Insurance premium must be paid in form other than cash to avail deduction under Section SOD. Premium paid in cash will not be eligible for deduction.

For more tax saving investment options or to plan your taxes SMS <Arihant> to 56677 or email mutualfund@arihantcapital.com

Diversify your portfolio by investing in gold, silver, platinum, copper, lead, zinc and nickel through National Spot Exchange Limited (NSEL)

- Purchase, hold and sell E-series commodities in demat form or convert into physical form- the choice is yours
- Trade in small denominations: 1 gm Gold/ Platinum, 100 gm Silver, 1 kg Base Metals
- Transparent pricing as buying and selling is done through electronic mode
- Hassle-free, 100% purity and quality is guaranteed
- No bank locker charges or theft worries as your units are held in demat form
- Option to invest in gold and silver through SIP mode also available

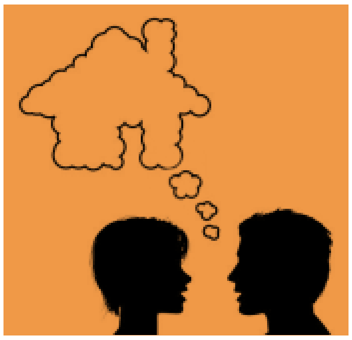
What do you need ?

Trading and demat account with Arihant in NSEL segment.

Meet your life goals

Get your child a
best education

Give your daughter a
wonderful wedding



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Plan properly and invest regularly to meet your goals.

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