

Key developments during the week

- Econ adviser Rajan says with inflation fall, expect RBI to cut rates
- Banking secy says plan to set up holding co for PSU banks in FY14
- HUL plans to lease out Bengaluru SEZ land for development
- Competition panel probe report says Coal India abused mkt dominance
- IL&FS Engg bags 278.4-mln-rupee order from Haryana Vidyut Prasaran
- ICICI Bk Jan-Mar net interest income 38.03 bln rupees, up 22% YoY
- Jr finance minister says no plan now to divest govt stake in ONGC
- Piramal Glass arm to sell Sri Lanka land for 151.69 mln rupees
- Castrol India board OKs cut in share face value to 5 rupees
- ICICI Bank net recast loans to cos 53.15 bln rupees as on Mar 31
- SC to environ min body: Reply on plea to clear stand on GM crop
- Maruti Suzuki Jan-Mar PAT excluding unit merger 11.5 bln rupees
- Fin min against NHA proposal to let pvt cos exit ongoing projects
- IDBI Bank Jan-Mar net profit 5.54 bln rupees vs 7.71 bln
- India Mar oil refinery output 16.10 mln tn, up 5.6% on year
- Gujarat NRE Coke to raise \$100 mln for India ops, Australia arm

INDEX	26-Apr-13	18-Apr-13	Change (in %)
NIFTY	5871.45	5783.10	1.53
SENSEX	19286.72	19016.46	1.42
NSE 500	4591.65	4526.80	1.43
NSE MIDCAP	2060.65	2043.20	0.85
NIFTY JUNIOR	11802.50	11639.60	1.40
BSE SMALLCAP	6023.86	5975.59	0.81
BSE 200	2360.54	2328.46	1.38

INDEX	26-Apr-13	18-Apr-13	Change (in %)
BSE CD	7288.34	7112.02	2.48
BSE OIL AND GAS	8691.77	8649.60	0.49
BSE PSU	6837.60	6758.92	1.16
BSE FMCG	6116.45	6097.22	0.32
BSE Capital Goods	9756.89	9458.33	3.16
BSE AUTO	10848.28	10420.11	4.11
BSE REALTY	1892.92	1896.61	-0.19
BSE BANK	14343.35	14056.76	2.04
BSE TECH	3413.32	3491.52	-2.24
BSE HEALTHCARE	8624.83	8447.51	2.10
BSE IT	5614.92	5899.79	-4.83
BSE METALS	8636.85	8486.25	1.77

INDEX	26-Apr-13	18-Apr-13	Change (in %)
Dow Jones	14712.50	14547.51	1.13
Hang seng	22547.70	22013.57	2.43
Nikkei	13884.10	13316.48	4.26
FTSE	6426.42	6286.59	2.22

Domestic events week ahead

- **Apr 30:** Supreme Court to hear coal block allocation case.
- **Apr 30:** CPI for industrial workers for March, by Labour Bureau.
- **Apr 30:** Core sector data for March, by commerce and industry ministry.
- **May 1:** Manufacturing PMI for April, by HSBC.
- **May 2:** RBI to release its report on macroeconomic and monetary developments 2012-13 (Apr-Mar).
- **May 2-5:** Annual meeting of ADB board of governors.
- **May 3:** Services PMI and composite PMI for April, by HSBC.
- **May 3:** RBI Governor Subbarao to announce Monetary Policy Statement 2013-14.

Source: NW18

Global events week ahead

- **Apr 29:** German Prelim CPI m/m, Europe Retail PMI, US Personal Spending m/m, US Pending Home Sales m/m
- **Apr 30:** Japan Household Spending y/y, Japan Prelim Industrial Production m/m, Japan Retail Sales y/y, Europe GfK German Consumer Climate, French Consumer Spending m/m, German Unemployment Change, Europe CPI Flash Estimate y/y, Europe Unemployment Rate, US CB Consumer Confidence
- **May 1:** US ADP Non-Farm Employment Change, US ISM Manufacturing PMI, US Crude Oil Inventories, US FOMC Statement, US Federal Funds Rate
- **May 2:** Japan Monetary Policy Meeting Minutes, Italian Manufacturing PMI, Europe Minimum Bid Rate, ECB Press Conference, US Trade Balance, US Unemployment Claims, US Prelim Nonfarm Productivity q/q
- **May 3:** EU Economic Forecasts, Europe PPI m/m, US Non-Farm Employment Change, US Unemployment Rate, US ISM Non-Manufacturing PMI, US Factory Orders m/m



Weekly Sector Outlook and Stock Picks

Auto sector – In range with positive bias; Maruti may move up

Shares of major car manufacturers look positive this week, while those of two-wheeler makers are seen moving in a narrow range. Largely, the auto stocks would exhibit a rangebound trend with a positive bias during this week. Maruti Suzuki's stock trading with a positive bias during the coming week, mainly due to better than-expected Jan-Mar earnings. The country's leading passenger car manufacturer, Maruti Suzuki, reported a 94% on year rise in its Jan-Mar net profit to 12.40 bln rupees, aided by a good sales mix and a weak yen, despite overall sales volume falling 4.61%. The company's net sales rose nearly 14% on year to 130.56 bln rupees. India's largest two-wheeler manufacturer, Hero MotoCorp Ltd, also detailed its earnings for Jan-Mar, where it surprised the market with a better-than-expected net profit of 6.03 bln rupees. Hero MotoCorp's counter to exhibit a rangebound movement this week. Among major automobile manufacturers, TVS Motor Co Ltd is scheduled to detail its earnings on April 30.

Capital Goods sector – Seen trading with a negative bias

Shares of capital goods and engineering companies are likely to trade in a thin band with a negative bias, expect a weak earning season for the sector. Investors have shown concern over muted order inflows in the capital goods sector in Jan-Mar, which is traditionally the strongest quarter for the industry, given that most government orders are finalised during this period. Private sector capital expenditure is also unlikely to improve in the short term given the macroeconomic headwinds. Cummins India likely to trade positive, as the company is expected to report robust earnings for Jan-Mar. Capital goods and engineering company Siemens disappointed by posting below-than-expected Jan-Mar result. Its Jan-Mar net profit fell 90% on year owing to delay in execution that also led to revision of revenue and cost for some projects. Environment remains difficult in the capital goods segment due to lack of capex in key industries and fresh power capacity addition. New project announcements continue to be sluggish and macroeconomic indicators do not point towards a revival in near future.

FMCG Sector – HUL result eyed, monsoon forecast seen positive

Jan-Mar earnings of consumer goods major Hindustan Unilever will set the tone for the shares of all companies in the sector this week, though the broad trend is seen positive following the forecast of a normal monsoon this year. India's largest fast-moving consumer goods company Hindustan Unilever will announce its Jan-Mar results on 29 April. HUL gets almost 45% of its sales from rural areas, a company like Dabur gets about 50% of its sales from rural areas, the prediction of a normal monsoon is a definite positive for FMCG companies."In a scenario where there is a clear slowdown in urban regions and high inflation is eating into disposable incomes, a normal monsoon will give much needed traction to FMCG volumes.

IT Sector – Weak on concerns over US draft immigration bill

Shares of major information technology companies are seen weak over the next five trading session due to uncertainties and worries arise from the draft US immigration bill that was unveiled last week. According to the bill, companies will require to hire 25% local workforce in 2014 and this number will increase to 35% in 2015 and 50% in 2016. Most Indian IT companies have 50-80% of their staff as H-1B or L-1 visa holders currently. The H-1B is a non-immigrant visa that allows US companies to temporarily employ foreign workers in speciality occupations. The duration of stay is three years, extendable to six years.

Further, the bill may restrict employees with H-1B visas from working at the customer sites, although they can work from global delivery centres. This would require a business model change for Indian IT companies and raise the cost of onsite staffing for projects. The bill also specifies that if an employer has 50 or more employees, and over 30% but less than 50% are H-1B or L-1 employees who do not have a green card petition pending, then the employer will need to pay the US government \$5,000 per additional worker. Similarly, in case the employer has 50 or more employees, and more than half of these workers are H-1B or L-1 employees who do not have a green card petition pending, then the employer will have to pay a \$10,000 fee per additional worker.



In the worst-case scenario, the impact on margins of Indian IT companies will be threefold. First, visa fees will catapult almost 100%. Second, employee fungibility will be reduced due to lower onsite employees (H1-B holders) and companies will have to maintain a bench of local hires, reducing utilisation level. Third will be the higher average cost of local hires vis-a-vis visa holders. Increase in visa fees can inflate Infosys, Tata Consultancy Services and Wipro's absolute costs as well as impact their net margin significantly.

Oil Sector – PSU oil marketing cos seen steady, bias negative

Shares of the three oil marketing companies IOC, BPCL and HPCL are seen steady with a negative bias this week and will take cues from crude prices and rupee-dollar movement. BPCL may buck the trend, as there is high probability that a deal for 20% stake in the Rovuma basin block in Mozambique may get finalised soon. BPCL has 10% stake in the block, and Videocon Industries and Anadarko have put up their respective 10% stakes for sale. ONGC and Oil India Ltd are reported to have put in a \$5-bln bid for the 20% stake. The final outcome of the stake sale in Mozambique block could lead to a revaluation of BPCL's holding in it and subsequently its own share price. If ONGC and Oil India manage to buy the stake, the companies' shares too could see an impact, depending on the valuation they pay for it. On the other hand, crude oil prices recovered slightly this week while at the same time, the rupee lost ground to the dollar. Both trends are negative for oil refiners who need to import over 75% of their crude oil requirements. Further increase in crude prices or weakening of the rupee could lead to a decline in shares of the oil marketing companies.

Steel Sector – Down on weak steel prices; Jan-Mar earnings eyed

Shares of major steel companies are seen slightly down this week due to weak steel prices and expectations of not-so-bullish Jan-Mar earnings. Domestic steel prices have weakened because of sluggish demand following a slowdown in the economy. India's economy grew at its slowest pace in a decade in 2012-13. The Supreme Court's decision to reject petitions of JSW Steel Ltd and Kalyani Steels Ltd, seeking review of the apex court's September 2010 verdict that quashed mining leases granted to the companies, is expected to weigh on the share price of the two steel makers. Shares of Jindal Steel & Power are expected to fall in the coming sessions as the Delhi-based company reported a nearly 35% on-year decline in its Jan-Mar consolidated net profit even as its topline was flat. Falling steel prices dented the company's earnings. Earnings of major steel companies will be eyed by the market for further direction.

Bank sector – Seen rangebound; focus on RBI's May 3 policy

Bank stocks are likely to remain steady this week eyeing cues from the Reserve Bank of India monetary policy announcement on May 3 and stock specific cues from Jan-Mar earnings for select lenders. Stocks in focus include ING Vysya Bank, Indian Overseas Bank, State Bank of Mysore, Punjab and Sind Bank, Syndicate Bank, Andhra Bank, Kotak Mahindra Bank and Canara Bank that will announce Jan-Mar earnings this week.

Pharma sector – To track broad market this week; Pfizer results key

Shares of major pharmaceutical companies are seen taking cues from the broad market this week, with the focus mainly on shares of Pfizer India Ltd that will detail its Jan-Mar earnings on May 3. GlaxoSmithKline Pharma Ltd and Dr Reddy's Laboratories, which would report their quarterly earnings on May 7 and May 14, respectively, would also be closely tracked by investors.

Telecom Sector – Bharti results eyed this week; Idea positive

Shares of Bharti Airtel Ltd are seen up this week ahead of its Jan-Mar earnings announcement on May 2. Bharti earnings are likely to be robust on recent tariff hikes and due to net subscriber additions during the reporting quarter. Short covering has lifted the stock in the last two sessions and the trend is expected to continue this week, though trade is seen in range. Idea Cellular has posted better-than-expected Jan-Mar results, expected to trade with a positive bias this week, but will see profit booking at higher levels.



Weekly Technicals of Key Companies –

Company	Closing 26-Apr-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1247.65	1238.23	1273.32	1298.98	1212.57	1177.48
AMBUJACEM	187.55	188.40	193.15	198.75	182.80	178.05
ASIANPAINT	4705.55	4700.83	4789.17	4872.78	4617.22	4528.88
AXISBANK	1486.35	1473.17	1533.18	1580.02	1426.33	1366.32
BAJAJ-AUTO	1895.70	1849.32	1951.38	2007.07	1793.63	1691.57
BANKBARODA	697.55	698.18	721.37	745.18	674.37	651.18
BHARTIARTL	318.45	311.98	327.47	336.48	302.97	287.48
BHEL	188.80	189.95	193.65	198.50	185.10	181.40
BPCL	413.05	413.55	421.80	430.55	404.80	396.55
CAIRN	300.05	296.57	306.48	312.92	290.13	280.22
CIPLA	409.85	404.78	417.47	425.08	397.17	384.48
COALINDIA	319.00	314.48	328.82	338.63	304.67	290.33
DLF	237.85	242.50	248.70	259.55	231.65	225.45
DRREDDY	1990.85	1953.32	2047.53	2104.22	1896.63	1802.42
GAIL	351.05	344.05	360.00	368.95	335.10	319.15
GRASIM	2916.70	2906.90	3009.80	3102.90	2813.80	2710.90
HCLTECH	684.25	701.97	726.28	768.32	659.93	635.62
HDFC	872.60	858.32	899.68	926.77	831.23	789.87
HDFCBANK	689.10	688.60	702.50	715.90	675.20	661.30
HEROMOTOCO	1596.85	1582.57	1662.28	1727.72	1517.13	1437.42
HINDALCO	99.00	97.27	101.53	104.07	94.73	90.47
HINDUNILVR	465.05	472.42	482.13	499.22	455.33	445.62
ICICIBANK	1144.50	1149.92	1183.38	1222.27	1111.03	1077.57
IDFC	155.45	157.27	160.43	165.42	152.28	149.12
INDUSINDBK	458.15	462.42	474.23	490.32	446.33	434.52
INFY	2212.00	2235.83	2269.17	2326.33	2178.67	2145.33
ITC	318.90	318.40	323.75	328.60	313.55	308.20
JINDALSTEL	314.95	325.18	337.47	359.98	302.67	290.38
JPASSOCIAT	75.00	76.55	79.10	83.20	72.45	69.90
KOTAKBANK	712.75	697.52	731.73	750.72	678.53	644.32
LT	1540.85	1521.58	1565.02	1589.18	1497.42	1453.98
LUPIN	685.20	685.10	699.10	713.00	671.20	657.20
M&M	889.75	895.55	913.20	936.65	872.10	854.45
MARUTI	1673.15	1627.10	1739.05	1804.95	1561.20	1449.25
NMDC	126.55	127.17	130.48	134.42	123.23	119.92
NTPC	154.90	152.55	160.05	165.20	147.40	139.90
ONGC	324.15	327.03	333.52	342.88	317.67	311.18
PNB	772.25	777.22	791.43	810.62	758.03	743.82
POWERGRID	110.30	109.62	112.98	115.67	106.93	103.57



RANBAXY	459.00	457.40	467.95	476.90	448.45	437.90
RELIANCE	792.40	799.10	819.90	847.40	771.60	750.80
RELIINFRA	366.45	371.23	383.87	401.28	353.82	341.18
SBIN	2287.95	2304.65	2343.30	2398.65	2249.30	2210.65
SESAGOA	152.45	152.58	156.12	159.78	148.92	145.38
SUNPHARMA	956.10	952.57	989.23	1022.37	919.43	882.77
TATAMOTORS	296.30	290.43	303.87	311.43	282.87	269.43
TATAPOWER	94.85	95.02	95.83	96.82	94.03	93.22
TATASTEEL	305.05	307.55	314.10	323.15	298.50	291.95
TCS	1369.35	1398.08	1431.07	1492.78	1336.37	1303.38
ULTRACEMCO	1908.40	1901.15	1947.25	1986.10	1862.30	1816.20

Source: Iris Software

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com

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ARIHANT Capital Markets Ltd

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai 400057.

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

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