

NOW THEY ARE BETTING ON WHO WILL BE CAUGHT NEXT...!!



ARI - Movers & Shakers

INDIAN INDICES

Indices	May-13	Apr-13	Change %
SENSEX	19760.30	19504.18	1.31
S&P CNX NIFTY	5985.95	5930.20	0.94
BANK NIFTY	12475.65	12561.55	-0.68
CNX MIDCAP	7821.80	7818.60	0.04
S&P CNX 500	4681.45	4641.75	0.86
CNX IT	6472.05	6047.70	7.02
CNX REALTY	213.75	241.25	-11.40
CNX INFRA	2341.30	2429.40	-3.63

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	May-13	Apr-13	Change %
AUTO	11166.34	10957.88	1.90
BANKEX	14261.24	14363.74	-0.71
CD	7695.00	7432.45	3.53
CG	9407.38	9718.80	-3.20
FMCG	6772.13	6548.52	3.41
HC	8846.91	8691.20	1.79
IT	6065.34	5709.64	6.23
METAL	8503.01	8651.05	-1.71
OIL&GAS	8654.79	8711.02	-0.65
PSU	6655.84	6864.61	-3.04
REALTY	1684.92	1901.32	-11.38
TECK	3602.53	3474.24	3.69

(Source: BSE)

GLOBAL INDICES

Indices	May-13	Apr-13	Change %
DOW JONES	15115.00	14700.00	2.82
NASDAQ	2981.00	2887.00	3.26
HANG SANG	22392.00	22737.00	-1.52
FTSE	6583.00	6430.00	2.38
NIKKEI	13774.00	13860.00	-0.62

(Source: Telequote software)

COMMODITIES and FOREX

Particular	May-13	Apr-13	Change %
MCX GOLD	27046.00	26905.00	0.52
MCX SILVER	43616.00	44833.00	-2.71
MCX CRUDE OIL	5273.00	5014.00	5.17
MCX-SX USDINR	56.49	53.79	5.02

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2013	74,468.90	52,300.40	22,168.60
Total for 2013 *	358,989.69	275,784.59	83,205.10

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2013	9,067.30	12,575.30	-3,507.90
Total for 2013 *	45,560.90	58,165.60	-12,604.70

*From Jan - May, 2013

(Source: SEBI)

Market Commentary

Indian equity markets continued its winning streak in the new financial year following the April 2013 trend. For the large part of the month, Indian equities were on a bullish note, however, towards the second half the equity markets took a pause from uninterrupted six weeks of gains (w-o-w) on the week ended May 24, 2013. The swing between gains and losses finally led to S&P BSE Sensex clocking returns of 1.31% settling the month at 19760.30 and CNX Nifty gaining 0.94% ending the month at 5985.95. On the sectoral front, IT turned out to be the best performing sector in May 2013 clocking gains of 6.23% followed by TECK (3.69%), Consumer Durables (3.53%) and FMCG (3.41%). Realty was the worst performer in the pack plummeting 11.38% followed by Capital Goods and PSU each losing 3.20% and -3.04% respectively.

May 2013 saw key Indian indices touching nearly 30 months high with Sensex reaching out 20443.62 level and Nifty climbing up at 6229.45 (to end much lower later) primarily aided by gush of global liquidity, positive global cues (particularly from seemingly reviving US economy), easing monetary policy by Reserve Bank of India (RBI) and moderating Wholesale Price Index (WPI).

The month started with the much awaited RBI's monetary policy. As expected by the market, the RBI cut its key policy rates viz. the repo rate by 25 basis points (bps) to 7.25% for a third straight meeting to stimulate the economy while keeping the cash reserve ratio (CRR) unchanged at 4%. Industrial production rose to a five month high of 2.5% in March 2013 from 0.5% a month ago. The Wholesale Price Index fell to a 41 month low of 4.89% in April from 5.96% a month ago. The consumer price inflation fell below the 10% mark in April 2013. The combined consumer price inflation for rural and urban India eased to 9.39% in April 2013 from 10.39% in March 2013, as per data released by the government on May 13, 2013. The easing monetary policy and mellowing inflation did not immediately spike up the markets, however the street soon realized government's desperate efforts to aid the economic growth that led to positive sentiments immediately routing Indian equities on a northward journey.

However, these positive sentiments did not sustain throughout the month and the moment India's trade deficit numbers were announced, the market witnessed correction. India's trade deficit widened to \$17.78 billion in April 2013 from \$14.04 billion in April 2012, data released by the government on May 13, 2013 spooking out investors. This coupled with weak economic numbers from China,

Bernanke's statement that the asset purchase can be taken back if the US economy gets back on track, surging Japanese bond yields and a strengthening yen further dampened sentiments.

Weak GDP data also added to growth worries, dampening investor sentiment. India's gross domestic product expanded 4.8% annually in the fourth quarter of FY2013 due to the pullback in government spending, weaker consumer demand and subdued investment. The GDP growth fell to a decade's low of 5% in the fiscal year 2012-13, much slower than the 6.2% expansion seen in 2011-12, putting pressure on the government to take active measures to revive the economy. The sentiments aggravated further due to a weak Rupee which slumped to 11-month low of Rs 56.51 against the US dollar. The last day of the month saw Sensex crashing 455 points and Nifty losing 138 points, highest fall of the month, on RBI's warning on upside risk to inflation and high current account deficit numbers that doused hopes of further rate cut by the central bank at its forthcoming policy meet on June 17, 2013.

On the global front, the major world markets gave mixed performance in the month of May 2013. Dow Jones, Nasdaq, and FTSE clocked gains of 2.82%, 3.26% & 2.38% respectively while Hang Sang and Nikkei declined 1.52% and 0.62% respectively.

On the institutional side, as the markets surged, domestic mutual fund houses engaged in profit booking turning net sellers of equities in May 2013 to the tune of Rs 3,507.90 crore. Contrary to the domestic fund houses, foreign institutional investors (FIIs) reposed their faith in India's growth story that could be seen from the shopping spree of Rs 22,168.60 crore worth of Indian equities that these FIIs went on.

While the markets have been largely volatile with muted retail participation and continuous selling by the domestic institutions; we believe that lower interest rate environment and improving investment may spur growth gradually going forward. Identification of good companies with strong growth outlook and quality management would be the key for investors to make wealth from equities.

Key News and Events in May 2013

■ RBI cuts policy rates by 0.25%:

The Reserve Bank of India cut the repo rate by 25 basis points to 7.25% for the third time since January, 2013, in its Monetary Policy Statement for 2013-14 (Apr-Mar). The repo rate has been reduced by 100 basis points during 2012-13. The RBI kept the cash reserve ratio (CRR) unchanged at 4.00%. CRR was last cut by 25 bps in the third quarter review on Jan 29, 2013.

■ India's industrial growth rises to 5-month high of 2.5% in Mar:

India's industrial growth rose to a five-month high of 2.5% in March 2013 from 0.5% a month ago. The pickup in

industrial growth in March is primarily on account of statistical effect of a low base as the output had contracted 2.8% in the same month last year. Capital goods, which have been the biggest drag on industrial production in the last two years, expanded for the second consecutive month, growing 6.9% on year in March compared with 8.7% in February and (-) 20.1% a year ago. The manufacturing sector, which constitutes about 76% of the Index of Industrial Production, grew 3.2% in March compared with 1.9% in February and (-) 3.6% a year ago. Industrial output grew meagerly by 1% in 2012-13 compared to 2.9% in the previous fiscal.

■ India Apr trade deficit widens as gold import zooms 138%:

India's trade deficit rose 26.7% on year to a three-month high of \$17.78 billion in April 2013, as gold imports surged on fall in international prices. The trade deficit was \$14.04 billion a year ago. Gold imports in April rose 138% y-o-y to \$7.5 billion. Exports in April grew 1.68% y-o-y to \$24.16 billion while imports grew 11.0% to \$41.95 billion, against \$37.80 billion in the year-ago period.

■ Apr WPI inflation down to 41-month low of 4.89% on high base:

The wholesale price index (WPI), India's inflation fell to a 41-month low of 4.89% in April 2013 from 5.96% in the preceding month. The decline in the widely-tracked number, despite a rise in commodities index, is mainly on account of statistical effect of a high base. The inflation rate was 7.50% in April last year. This is the first time since November 2009 that the headline inflation rate has fallen below 5.0%. The retail inflation rate, as measured by the Consumer Price Index, has also moderated in April, but is still way too high as compared with WPI. The inflation rate based on Consumer Price Index (Combined) eased to 9.39% from 10.39% a month ago. This is the first time in five months that CPI (combined) inflation has fallen below 10%.

■ India Jan-Mar GDP growth 4.8% vs 5.1% year ago:

The Indian economy grew 4.8% in Jan-Mar 2013, marginally higher than 4.7% in the previous quarter. The country's gross domestic product (GDP) had expanded 5.1% a year ago. This is only the second time in four years that the GDP growth in a quarter has fallen below 5.0%. The Jan-Mar 2013 growth was pulled down by poor performance of farm and industry sectors, which grew at 1.4% and 2.7%, respectively. Farm and industry sectors had grown 2.0% and 2.1%, respectively a year ago. The service sector, which nearly accounts for 60% of India's GDP, grew 6.6% compared with 7.3% a year ago.

Auto Sector May Sales

FY14 May sales have shown no clear signs of recovery, with market leaders Maruti reporting weakness in numbers. Hero Moto has reported flat growth in sales. Erstwhile fast growing segments like SUV's and LCV's are showing signs of slowing momentum. Heavy trucks continue their disappointing run.

Positive Surprise: M&M's domestic tractor sector numbers continued a positive surprise for a second consecutive month, reporting 25% growth. (Our latest round of interactions with tractor dealers reveals that there have been instances of increase in "enquiries", just ahead of a better than normal monsoon expectation, but this has not necessarily lead to an increase in sales for some of the dealers. Dealers are hopeful of better sales this year)

Domestic companies: Market leader Hero's sales were absolutely flat on a y-o-y basis. Bajaj's exports have recorded another weak month, with negative growth in three consecutive months, owing to slowdown in key markets. TVS Motors has come under attack in all "sub segments" on the 2W industry. May sales were in negative territory for a fourth consecutive month. Maruti's numbers have been weak, the Ertiga (their top selling SUV) is also showing signs of correction, in line with the overall correction in SUV industry volumes over the past 2 months. Tata Motors domestic volumes continue to be the biggest disappointment of the season. LCV growth has also slowed down (some of our channel checks reveal that there could be a bit of overcapacity in certain cities with respect to LCV's). A clear sign in M&M's May (and April) numbers are the slowdown in SUV volumes, the excise duty hike in budget for SUV's and high diesel prices. M&M's tractor sales growth at 25%+ for a second consecutive month is another positive surprise, heavy dealer stocking ahead of monsoons is a confident sign. (IMD expects normal monsoon this year, at 98% of Long Period Average). Ashok Leyland's M&HCV's continue deep in negative territory, and LCV sales have also slowed down in line with the overall LCV segment.

Global Companies: The "global 2W pack" continues to perform relatively well, compared to the domestic 2W pack. We see Honda as the biggest threat in the domestic 2W sector, with their incremental capacity in Karnataka coming into effect this year. The "global 4W pack" performance has been "mixed", with certain new launches like the "Honda Amaze" witnessing a higher volume traction. Renault India continues its impressive performance, the Duster has once again sold close to 5,000 units in the domestic markets. Honda has despatched 6,000+ units of its new launch

"Amaze", which has pushed up its domestic numbers significantly.

Summary: May sales numbers released over the last few days have been weak once again, signalling a continuation of weakness in the domestic auto industry. We believe that easing of macro pressures post H1FY14 / towards FY15 could result in re-entry of buyers and a "moderate" improvement of sentiment in certain segments. Lack of considerable fiscal and monetary push factors over FY14, combined with continuing challenging domestic conditions (especially from high fuel prices and interest rates) make us "cautious" on near term prospects for the domestic auto sector.

Q4FY13 Result Update: Nifty Companies

Positive Performance: 👍

- ACC reported a 181.71% rise in net profit at Rs 437.70 crore for the quarter ended March 31, 2013 as compared to Rs 155.37 crore for the quarter ended March 31, 2012.
- Ambuja Cement reported a 56.27% rise in net profit at Rs 487.90 crore for the quarter ended March 31, 2013 as compared to Rs 312.22 crore for the quarter ended March 31, 2012.
- BPCL reported a 21.06% rise in net profit at Rs 4,797.29 crore for the quarter ended March 31, 2013 as compared to Rs 3,962.83 crore for the quarter ended March 31, 2012.
- Coal India reported a 89.67% rise in net profit at Rs 2,320.61 crore for the quarter ended March 31, 2013 as compared to Rs 1,223.52 crore for the quarter ended March 31, 2012.
- Dr Reddy's reported a 78.55% rise in net profit at Rs 378.15 crore for the quarter ended March 31, 2013 as compared to Rs 211.79 crore for the quarter ended March 31, 2012.
- GAIL reported a 27.90% rise in net profit at Rs 618.18 crore for the quarter ended March 31, 2013 as compared to Rs 483.34 crore for the quarter ended March 31, 2012.
- Grasim Industries reported a 52.89% rise in net profit at Rs 372.37 crore for the quarter ended March 31, 2013 as compared to Rs 243.55 crore for the quarter ended March 31, 2012.
- HDFC reported a 17.27% rise in net profit at Rs 1,555.21 crore for the quarter ended March 31, 2013 as compared to Rs 1,326.14 crore for the quarter ended March 31, 2012.
- IDFC reported a 26.38% rise in net profit at Rs 451.04 crore for the quarter ended March 31, 2013 as compared to Rs 356.89 crore for the quarter ended March 31, 2012.

- ITC reported a 19.43% rise in net profit at Rs 1,927.98 crore for the quarter ended March 31, 2013 as compared to Rs 1,614.36 crore for the quarter ended March 31, 2012.
- Kotak Mahindra Bank reported a 46.91% rise in net profit at Rs 436.21 crore for the quarter ended March 31, 2013 as compared to Rs 296.93 crore for the quarter ended March 31, 2012.
- Mahindra & Mahindra reported a 1.68% rise in net profit at Rs 889.19 crore for the quarter ended March 31, 2013 as compared to Rs 874.48 crore for the quarter ended March 31, 2012.
- NTPC reported a 68.95% rise in net profit at Rs 4,381.60 crore for the quarter ended March 31, 2013 as compared to Rs 2,593.44 crore for the quarter ended March 31, 2012.
- Powergrid Corp reported a 7.54% rise in net profit at Rs 1,109.44 crore for the quarter ended March 31, 2013 as compared to Rs 1,031.69 crore for the quarter ended March 31, 2012.
- Reliance Infrastructure reported a 76.23% rise in net profit at Rs 725.10 crore for the quarter ended March 31, 2013 as compared to Rs 411.46 crore for the quarter ended March 31, 2012.

Negative Performance: 📉

- Asian Paints reported a 2.06% decline in net profit at Rs 239.56 crore for the quarter ended March 31, 2013 as compared to Rs 244.59 crore for the quarter ended March 31, 2012.
- Bajaj Auto reported a 0.80% decline in net profit at Rs 765.80 crore for the quarter ended March 31, 2013 as compared to Rs 772.00 crore for the quarter ended March 31, 2012.
- Bank of Baroda reported a 32.23% decline in net profit at Rs 1,028.85 crore for the quarter ended March 31, 2013 as compared to Rs 1,518.18 crore for the quarter ended March 31, 2012.
- Bharti Airtel reported a 31.12% decline in net profit at Rs 1,084.40 crore for the quarter ended March 31, 2013 as compared to Rs 1,574.30 crore for the quarter ended March 31, 2012.
- BHEL reported a 4.21% decline in net profit at Rs 3,237.54 crore for the quarter ended March 31, 2013 as compared to Rs 3,379.81 crore for the quarter ended March 31, 2012.
- Cipla reported a 8.29% decline in net profit at Rs 267.56 crore for the quarter ended March 31, 2013 as compared to Rs 291.74 crore for the quarter ended March 31, 2012.
- DLF reported a 32.60% decline in net profit at Rs 196.06

crore for the quarter ended March 31, 2013 as compared to Rs 290.87 crore for the quarter ended March 31, 2012.

- Hindalco Industries reported a 24.68% decline in net profit at Rs 482.03 crore for the quarter ended March 31, 2013 as compared to Rs 639.99 crore for the quarter ended March 31, 2012.
- JP Associates reported a 56.48% decline in net profit at Rs 123.50 crore for the quarter ended March 31, 2013 as compared to Rs 283.81 crore for the quarter ended March 31, 2012.
- Larsen & Toubro reported a 6.90% decline in net profit at Rs 1,787.94 crore for the quarter ended March 31, 2013 as compared to Rs 1,920.41 crore for the quarter ended March 31, 2012.
- Lupin reported a 46.58% decline in net profit at Rs 132.96 crore for the quarter ended March 31, 2013 as compared to Rs 248.89 crore for the quarter ended March 31, 2012.
- NMDC reported a 10.80% decline in net profit at Rs 1,464.95 crore for the quarter ended March 31, 2013 as compared to Rs 1,642.28 crore for the quarter ended March 31, 2012.
- ONGC reported a 39.96% decline in net profit at Rs 3,388.71 crore for the quarter ended March 31, 2013 as compared to Rs 5,644.38 crore for the quarter ended March 31, 2012.
- Punjab National Bank reported a 20.59% decline in net profit at Rs 1,130.80 crore for the quarter ended March 31, 2013 as compared to Rs 1,424.06 crore for the quarter ended March 31, 2012.
- Ranbaxy Laboratories reported a 91.52% decline in net profit at Rs 70.15 crore for the quarter ended March 31, 2013 as compared to Rs 827.23 crore for the quarter ended March 31, 2012.
- State Bank of India reported a 18.54% decline in net profit at Rs 3,299.22 crore for the quarter ended March 31, 2013 as compared to Rs 4,050.27 crore for the quarter ended March 31, 2012.
- Sun Pharma reported a 91.59% decline in net profit at Rs 59.03 crore for the quarter ended March 31, 2013 as compared to Rs 702.00 crore for the quarter ended March 31, 2012.
- Tata Motors reported a net loss of Rs 312.15 crore for the quarter ended March 31, 2013 as compared to net profit of Rs 565.26 crore for the quarter ended March 31, 2012.
- Tata Steel reported a 16.10% decline in net profit at Rs 1,309.21 crore for the quarter ended March 31, 2013 as compared to Rs 1,560.51 crore for the quarter ended March 31, 2012.

ARI - Equity Outlook & Commodity Pick

Technical Equity Market Outlook

Nifty:

Markets witnessed a rally in month of May due to stable corporate earnings growth, but the monthly closing was subdued as there were concerns of depreciating rupee which touched 56.50. On the sectoral front, IT and Teck ended with decent gains whereas Realty and PSU ended on the losing side. The Sensex closed with net gains of 1.31% whereas Nifty gained 0.94% vis-à-vis the previous month.

Technical Observation



On the monthly chart

- We are observing a narrow range body formation which reflects indecisiveness prevailing at the current level.

On the weekly chart

- We are observing that bearish engulfing pattern formed previous week has not been activated. The said pattern will get activated once Nifty trades below 5936 and would get confirmed if we get a weekly close below it.

On the daily chart

- We are observing that prices are at a crucial support level. If breached, then we could see a breakdown from the upward sloping channel. Further after a daily close below 5936 level, a lower top lower bottom formation would be confirmed.

Future Outlook:

Combining the above pattern formation, it is evident that 5936 level holds significance going forward. Any close below 5936 level would indicate weakness. In such scenario, indices are likely to test 5889 – 5827 – 5745 levels. However if indices holds 5936 levels, then on the upside 6070 – 6150 – 6230 may act as resistance for the month.

Broadly, we expect the markets to be volatile and trade in the range of 5745 to 6230 levels in current month.

MENTHA OIL

BUY

CMP: ₹ 961.00

Target : ₹ 1,027 - 1,080

The commodity with a 'cool fragrance', Mentha Oil is easily one of the most volatile agro commodities that swings on extreme levels of both up and downside. After more than a year of full-fledged bear rally, Mentha Oil found some support in last few weeks. MCX June contract recently marked a bottom of Rs 865, hitting 2 years' low. However on



the back of 'Harami Cross' candlestick pattern on daily chart, prices have shown a strong upward movement. Icing on the cake, after a bottom formation, these price movements have shaped-up into a reversal 'Inverse Head & Shoulder' pattern to get qualified for a trend reversal.

The neckline of the above pattern comes at Rs 980 and on sustained trade or a strong breakout above this level; Mentha Oil prices are likely to remain bullish. Volume will play a vital role in deciding magnitude of the expected breakout of above pattern. However if we look at the participation in last few days, volume and open interest have seen a considerable rise. A technical moving average band is also showing a positive crossover along with strong RSI, MACD and ADX.

Fundamentally, fresh oil from new crop has started to reach various spot markets in Uttar Pradesh amid rising export demand. However, local demand has slightly been hampered due to ban on Gutkha across India, however trade enquiries from China, US & few European countries are likely to keep the momentum up for physical demand as India is the largest producer and exporter of the multi-purpose oil.

We recommend BUY on MCX June contract at CMP of Rs 961, traders can consider further buying above Rs 980 with stop loss below Rs 935 with a target in the range of Rs 1,027-Rs 1,080.

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

ARI - Currency Pick

USD - INR

BUY

In our January 2013 Value Plus edition we forecasted a weak rupee. Since then USD-INR future slipped downside and made a low of Rs 53.08 levels (04/02/2013). On the basis of our findings, target for H1 2013 was at Rs 52.80 levels and the spot USD-INR hit Rs 52.88 levels (06/02/2013) on downside, very close to our projected target of January 2013 for H1 2013.

QUARTERLY CHART VIEW :



Technical Overview

As seen in the above quarterly chart USD-INR has given breakout at Rs 55.40 after a three quarter of consolidation with the formation of a Pennant Pattern. This pattern generally has a bullish breakout bias, especially as it occurs during the course of a strong and steep uptrend and this has been in place on USD-INR chart for the past seven months. Breakout in pennant pattern will result in a bullish rally towards Rs 58.50 levels in weeks to come. Also, along with above pattern, USD-INR is forming a Bullish Rising Three Method Continuation Candlestick pattern. It is ideally a five candle pattern in which second, third, and fourth candles are opposite in color of the first candle. The general trend of the Rupee looks weak, as observed on the chart, targeting Rs 57.50/Rs 58.50 levels for USD-INR in coming weeks.

USDINR Weekly Chart

Over the weekly chart of spot USD-INR prices hovered between the Contracting Symmetrical Patterns since 24th June 24, 2012 to April 4, 2013 and after more than one year it gave the bullish break-out above Rs 54.80 levels. For coming trading weeks Rs 57.35 levels, the swing of lifetime high will act as a strong resistance, and if it sustained trading above that level it will result in a sharp rally. Height of the triangle from high point (Rs 57.32) to low point (Rs 50.50) is 6.82 and we are expecting that the pair will break all time high of Rs 57.35 levels and may move towards Rs 61.00 levels in H2 2013. However, weekly MACD is trading above the zero line at 0.41 and RSI indicator's not giving any clear direction over here.



Important events later in the Month

India's key economic data and events will unfold in June 2013 starting with the Index of Industrial Production data for April 2013 slated on June 12, 2013 followed by WPI inflation numbers on June 14, 2013, which will determine the trend for the dollar as well as may provide hint for the forthcoming RBI policy. In the month of May WPI was 4.89%. On June 17, 2013 Mid-quarter review of Monetary Policy for 2013-14 is due. It is to be watched that whether RBI will keep a lid on prices or promote growth. Unfortunately for RBI, these two goals appear to be mutually exclusive when it comes to using interest rates as the means. In the end of the May 2013 month, RBI governor commented that the central bank is concerned about the country's wide current-account deficit (CAD) and inflation rate is still high, indicating that the RBI would shackle to cut rates. Elsewhere, at the end of the month, Balance of Payments for Jan-Mar 2013 and government finances for May on June 28, 2013 will further dictate the trend for dollar.

On global front, US Dollar maintained its strength against major currencies supported by speculations that US Federal Reserve would start trimming their monetary measures by this summer.

Outlook and Recommendation

All the above factors are hinting towards bullish sentiment in dollar in the coming weeks. We could see a potential buying with a rally from Rs 57.10 to Rs 58.50 or even above Rs 60 levels. Support can be found below around Rs 54.15 and resistance at Rs 57.10, above it being the ultimate target of Rs 57.35/ Rs 58.00. Monthly Pivot stands at Rs 55.85. We recommend going long in dollar at around Rs 56.00-Rs 55.90 with a target of Rs 57.50/Rs 58.50 and a stop loss of Rs 54.70.

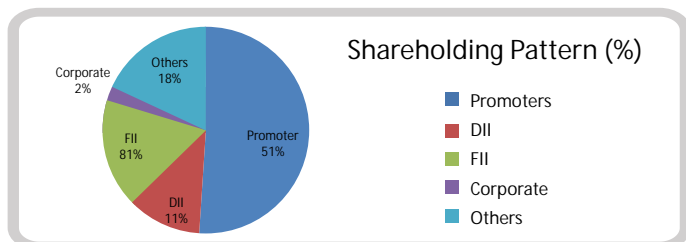
ARI - Stocks to Watch

Britannia Industries Ltd

BUY

Target Price: Rs 738

Value Parameters	
BSE Code	500825
NSE Symbol	BRITANNIA
CMP	Rs 677
Face Value	Rs 2
52 Week High/Low	Rs 752/400
Market Cap	Rs Cr 8,098
EPS	Rs 19.57
P/E ratio	27.2



Company Overview:

A Wadia Group Company, Britannia has presence in Indian food segment with its biscuits, cakes and dairy products, and has an annual turnover of Rs 5,500 crores.

Investment rationale:

Strong foothold in biscuits:

Indian biscuit market is pegged at Rs. 20,000 cr with 15% growth. Britannia controls more than 35% of the market share with strong brands such as Good-day, Tiger, 50-50 etc. Company has diversified into dairy products and other food segments which currently contribute up to 20% to the top line.

Organizational revamp:

Britannia has undergone a major structural change at the top management level. Vinita Bali, current MD of Britannia will now focus on international business whereas India's operations will be handled by COO Varun Berry. Britannia is eyeing foreign markets such as Middle East, Australia and North America.

Phenomenal Q4 FY13 results:

Company reported revenue growth of 13.5% with operating profit margin jumping up by 260bp. The profit rose by 65.7% to Rs. 88 cr from Rs 53 cr last period. On annual basis, the revenue increased by 12.5%. Profits for the year were Rs. 229 cr, a 22.6% increase over last year's profit of Rs 187 cr.

Valuations:

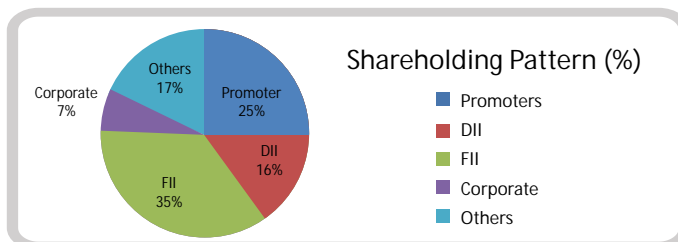
The stock currently trades at Rs 677, which is at 27.2x and 22.9x expected FY14 and FY15 EPS of Rs 24.9 and Rs 29.5. We assign a price target of Rs 738 based on 25x FY15 EPS and we have a BUY recommendation for this stock.

Mahindra & Mahindra Ltd

BUY

Target price: Rs 1040

Value Parameters	
BSE Code	500520
NSE Symbol	M&M
CMP	Rs 974
Face Value	Rs 5
52 Week High/Low	Rs 1026/636
Market Cap	Rs Cr 59,760
EPS	Rs 56.8
PE ratio	15.6



Company Overview:

M&M is one of the key automobile players in Indian automobile landscape having its presence in auto sector, auto components, farm equipment, infrastructure development, telecom, software, trade and financial services. It is the market leader in utility vehicles (UV) in India since inception with more than 40% market share in the Indian tractor segment.

Investment rationale:

Tractor push ahead of better expected monsoons:

M&M's tractor volumes growth of 25%+ in April and May combined with a higher guidance of 6/8% for the entire year signifies confidence. New refreshes and platforms will be launched and the company plans to launch 6 new tractor models on a totally new platform over the next 2 years.

Strong Q4 FY13 results:

Q4 net revenue stands at Rs 10,353 cr, a 12% yoy growth for the quarter, lead by the automotive sector (15% growth). Operating EBDITA margin is at 12.1%. EBDITA margin is 11.6% whereas PAT is Rs 3,352 cr with a 16.5% yoy growth.

Valuations:

We value the core business at Rs 810 per share, based on 12x avg of FY14E and FY15E "Core DEPS" of Rs 67.6, which includes MVML profits but excludes subsidiary dividends. We value total investments (listed and unlisted) at Rs 229 per share, with a holding company discount of 30%. At the CMP of Rs 974, and using a 30% holding company discount, the implied price of the core business is Rs 745 per share. We assign a price target of Rs 1040.

ARI - Mutual Fund Update

Mutual Fund Commentary

Indian equity markets surged over 4.80% in the month of May 2013 with Sensex making a high of 20443.62 on the back of liquidity and signs of strong economic recovery from the US in the beginning of the month. However these gains were not sustained and towards the end of the month the equity indices saw contraction, causing the Sensex to finally end the month with a gain of 1.31% closing at 19760.30 and Nifty ending at 5895.95 after touching a 30 month high of 6229.45. On the sectoral front, most sectoral indices ended the month with positive returns, with IT being the best performer of the month gaining 6.23%, followed by Consumer Durables (3.53%) TECK(3.69%) and FMCG(3.41%). While these sectors gave impressive returns Realty delivered extremely disappointing returns plummeting (-)11.38%, followed by Capital Goods (-3.20%) and PSU (-3.04%).

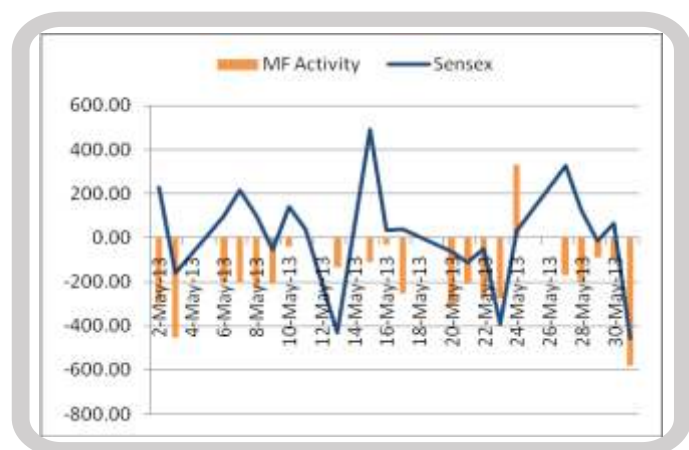
MF Activity

The market uptick saw the FIIs run on a buying spree turning net buyers to the tune of Rs 22,1608.6 cr for the month, however contrary to the bullish stance of FIIs, domestic mutual funds continued to be the net sellers as they sold Rs 3,507.90 cr worth of equities in May 2013. Highest selling was recorded in the second week of the month when the fund houses made total net sales of Rs 892.80 cr of equities.

Mutual Fund Activity in May 2013

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1 st Week	1029.30	1781.80	-752.50
2 nd Week	1488.70	2381.50	-892.80
3 rd Week	2091.90	2635.10	-543.20
4 th Week	2431.10	3168.90	-737.80
5 th Week	2026.30	2607.80	-581.50
Total	9067.30	12575.30	-3507.90

(Source : SEBI)



Movers and Shakers

Equity Category : In the equity diversified category, all schemes delivered positive returns during the month of May 2013. In the overall equity category the mid and small cap funds outperformed their large cap peers with Franklin India Smaller Companies Fund topping the best performer chart with a 5.92% return closely followed by Edelweiss Select Midcap Fund (5.80%).

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
Franklin India Smaller Companies Fund - Dir - Div	13.19	5.92
Edelweiss Select Midcap Fund - Div	11.50	5.80
Religare Invesco AGILE Fund - Dir - Div	7.89	5.34
UTI Mid Cap Fund - Dir - Growth	34.57	5.22
Goldman Sachs India Equity Fund - Div	10.83	5.15

(Returns are absolute as on 31st May 2013)

In the sectoral category, the schemes focusing on the defensive sectors generating positive returns for investors with SBI FMCG Fund being the best performer of the month with a whopping 6.35% absolute return in May 2013 followed by UTI Transportation and Logistics Fund (5.75%) and Franklin Infotech Fund (5.69%). It was no surprise that the IT sector funds delivered good performance, since the IT sector was the top performing sector for the month of May 2013.

Monthly Best Performer: All Sectoral Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
SBI FMCG Fund - Dir - Div	56.32	6.35
UTI Transportation and Logistics Fund - Dir - Div	16.47	5.75
Franklin Infotech Fund - Dir - Growth	64.23	5.69
ICICI Prudential FMCG - Dir - Growth	118.73	5.35
SBI IT Fund - Dir - Growth	24.34	4.75

(Returns are absolute as on 31st May 2013)

Debt Category

In the debt fund category, DWS Hybrid FTF - Series 6 fund was the best performing scheme with a return of 8.27% during the month. Short income funds and short term G-Sec funds delivered impressive returns during the month.

Monthly Best Performer: All Debt Funds

Scheme Name	NAV (Rs)	Last 1-Month return (%)
DWS Hybrid FTF - Series 6 - Dividend	12.14	8.27
DSP BlackRock Dual Advantage Fund - Series 13 - 35M - Dir - Div	10.92	8.15
JPMorgan India Hybrid Fund - Series 2 - Dir - Div	10.96	7.66
Sundaram Select Debt - S T A P - Reg - Half Yearly Div	11.82	7.65
Reliance Dual Advantage FTF II - Plan C - Growth	12.06	6.48

(Returns are absolute as on 31st May 2013)

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