



### Mr. Ajmera's column as on 7<sup>th</sup> September, 2013

"Domestic bourses welcome new RBI governor with a bull trend"...

#### Ajcon's view and Recommendations:

Domestically, the gain in the rupee after Reserve Bank of India's new Governor Raghuram Rajan made a strong start by unveiling a slew of proposals to support the currency and open up markets has improved market sentiment. On Friday, Indian stocks witnessed a rise owing to the overwhelming positive vibe that accompanied the accession of Raghuram Rajan as governor of the country's central bank on Wednesday. BSE witnessed a surge of more than 1,000 points in the last three trading sessions while the rupee staged a strong recovery to 65.24 a dollar from a record low of 68.85. FII's bought shares worth US\$ 166 mn or Rs. 1,100 crore, in the cash market and about Rs. 1,200 crore of index futures on Thursday. FII's sold equities worth US\$902 mn or Rs. 5,922 crore, in August, and US\$ 47.4 mn or Rs. 324 crore, in September.

We believe there are increasing expectations that the government will also unveil fiscal reforms which will aid foreign flows and sentiment. Rising speculation that the government will soon hike diesel prices by close to 10 percent in a bid to cut the biggest item in the country's import bill also helped shares. Equity market will also watch the U.S. non-farm payrolls data due to be released post market hours on Friday. The data will be key in helping the market get some clarity on when the Federal Reserve may look to potentially withdraw its monetary stimulus. Traders will also await the industrial output data due to be released on Thursday for cues ahead of the central bank's monetary policy on September 20. India may announce more measures to curb fuel consumption later this month and raise diesel prices by close to 10 percent soon in a bid to cut the biggest item in its import bill and support the rupee, government officials said. The world's fourth-biggest energy user is considering a 3-5 rupee increase in the price of diesel, which accounts for over 40 percent of fuel use, as it looks to cut oil costs by nearly US\$20 billion. Rising global prices of crude oil and a slide in the rupee have left India facing an oil bill potentially 50 percent higher than on May 1. The timing and the quantum of the hike is a political decision," said a government official who declined to be named. "But it should happen. Political discussions are going on." The official said it would come sometime after the current parliament session ends on Saturday. Foreign Minister Salman Khurshid said on Friday his oil ministry counterpart, M. Veerappa Moily, could announce steps to curb fuel consumption on September 16, when he gets back from a trip to

South Korea and Japan.

Globally, US stocks closed little changed in choppy trade on Friday after labor market data removed some uncertainty about Federal Reserve policy, but concerns remained about possible military action by the West against Syria. The US August payrolls report showed about 169,000 jobs were added, fewer than the 180,000 that had been expected, and July's figure was revised sharply lower. The unemployment rate fell to 7.3 percent, its lowest since December 2008, though the decline reflected a drop in the share of working-age Americans who either have a job or are looking for one. Many analysts said, despite the weak jobs report, the US central bank would not adjust plans to slow its stimulus, known as quantitative easing, currently at USD 85 billion a month. Economists at a majority of US primary dealers expect the Fed to announce at a policy meeting less than two weeks away that it will cut its bond purchases, according to a Reuters poll. US President Barack Obama said most leaders of the G20 countries agree Syrian President Bashar al-Assad is responsible for using poison gas against civilians as he tried to rally support at home and abroad for a military strike. Energy prices have been among the most volatile on the issue, with investors concerned that military action in the Middle East will weigh on oil supplies. US crude oil has spiked almost 4 percent over the past two weeks and settled up 2 percent at USD 110.53 a barrel on Friday.

Indian markets trade at ~13x FY14E and ~12x FY15E versus historic average of 16x. Economists point out that while rupee's depreciation is a bitter pill in the short term, over the longer term it helps address the imbalances built in the economy. It makes exports competitive and gives local manufacturers a level playing field vis-a-vis imports. It also helps narrow the trade deficit, promotes inflow of remittances and discourages overseas personal spending. With the change of guard in RBI next week, things look brighter and chances of faster roll back of recent tightening measures becomes good. This will help building up growth momentum.

At this juncture, we believe markets offer value buying opportunities in fundamentally good stocks including selected midcaps. Investors with a longer term horizon should ideally pick good large cap stocks as well at this moment. We recommend "Accumulate" Private Banks and some PSU banks for long term (above one year horizon) on every decline like State Bank of India, Bank of Baroda, Syndicate Bank, Union Bank of India, State Bank of Bikaner and Jaipur, State Bank of Travancore, Bank of India and in private sector we recommend ICICI Bank, Axis Bank, HDFC Bank, ICICI Bank, Yes Bank, DCB and Standard Chartered Bank. In the NBFC space, we recommend to accumulate IDFC, L&T Finance and Aditya Birla Nuvo. In the IT space, we recommend buying Wipro (trades at 14x 1-year forward (FY15E) at ~30% discount to TCS) and Persistent Systems. In the telecom sector, we recommend Bharti Airtel and Idea Cellular for long term investors. In the Oil and Gas space, we recommend buying Reliance Industries, Oil India, ONGC and Cairn. In the Commodities space, we recommend investors to accumulate NMDC, Hindalco, Coal India and Manganese Ore. In the Pharma sector, we advise to accumulate stocks like Dr. Reddy's, Cipla, Merck, Glenmark Pharma, Alembic Pharma, Divi's Lab, Unichem Labs, SPARC and Wockhardt (after the steep fall). In the Consumption space, we recommend accumulating ITC, Jyothy Labs, and Nestle on every declines. In the midcap space, we recommend investors to accumulate Cera Sanitaryware, Astec Lifescience, Apcotex, Liberty Phosphate, Petronet LNG, VaTech Wabag, Sangam (India), Voltas, Can Fin Homes, United Phosphorous, Tata Global Beverages, KSB Pumps and Hathway Cable. In entertainment space and gaming, we recommend Eros International and Delta Corp.

Your friendly advisor since 1986,

Ashoka Ajmera

## Key statistics

### Daily Trends in FII Investments on 06-SEP-2013

Reporting Date	Debt/Equity	Investment	Gross Purchases(Rs Crore)	Gross Sales(Rs Crore)	Net Investment (Rs Crore)	Net Investment US(\$ million)
		Route				
6-Sep-13	Equity	Stock Exchange	4303.5	3196	1107.5	167.69
		Primary market & others	0	3.5	-3.5	-0.53
		Sub-total	4303.5	3199.5	1104	167.16
	Debt	Stock Exchange	1504.7	715.6	789.1	119.48
		Primary market & others	1278	12	1266	191.7
		Sub-total	2782.7	727.6	2055.1	311.18
		<b>Total</b>	<b>7086.2</b>	<b>3927.1</b>	<b>3159.1</b>	<b>478.34</b>

Source: SEBI, Ajcon Research

### Daily Trends in FII Derivative Trades on 06-SEP-2013

Reporting Date	Derivative Products	Buy		Sell		Net	Net	Open Interest at the	
		No. of Contracts	Amount in Crore	No. of Contracts	Amount in crore			No. of Contracts	Amount in crore
		6-Sep-13	Index Futures	149481	4062.2	104106	2864.11	45375	1198.09
	Index Options	615459	16631.71	655588	17622.52	-40129	-990.81	1973271	54981.44
	Stock Futures	135481	3179.23	113237	2783.96	22244	395.27	1041810	27441.56
	Stock Options	31446	761.93	32975	787.2	-1529	-25.27	42320	1196.4

The above report is compiled on the basis of reports submitted to SEBI by NSE and BSE on 06-SEP-2013 and constitutes FII's trading / position of the previous trading day.

#### BSE

Index	Last Traded	Change
Sensex	19,270.06	+1.53%
Bse200	2,246.49	+1.37%
Bse500	6,908.13	+1.3%
Bse Midcap	5,451.01	+0.57%
Bse Smallcap	5,343.81	+0.63%

#### NSE

Index	Last Traded	Change
Nifty	5,680.40	+1.54%
NIFTY MIDCAP 50	1,821.90	+0.26%
S&P CNX 500	4,319.40	+1.28%
CNX MIDCAP	6,767.55	+0.64%
CNX 100	5,543.35	+1.41%

### Top Nifty Gainers

Symbol	LTP	%	Traded	Value	Open	High	Prev.
		Change	Qty	(in Lakhs)			Close
ICICIBANK	962	7.64	1,04,96,341	98,429.44	901.7	963.8	901.7
BHARTIARTL	313.4	5.81	93,39,071	28,762.47	302.95	317.8	298.55
CIPLA	440.5	5.23	23,82,882	10,315.73	420.25	440.8	419.15
ONGC	284	5.15	58,95,837	16,535.46	271.75	291.7	269.2
ASIANPAINT	425.2	4.83	15,58,392	6,538.70	406.8	426.8	406.5
RELINFRA	366.1	3.8	35,70,725	12,829.26	353.9	367.95	345.35
AXISBANK	962.2	3.74	96,93,023	90,326.37	932.6	962.95	910.55
BPCL	298	3.72	26,88,596	7,807.68	281.5	303.5	275.6
INDUSINDBK	412.1	3.67	41,01,301	16,577.05	401.85	415.9	387.55
JINDALSTEL	234.5	3.3	20,77,577	4,845.95	229	237.5	227

Source: NSE, Ajcon Research

### Top Nifty Losers

Symbol	LTP	%	Traded	Value	Open	High	Prev.
		Change	Qty	(in Lakhs)			Close
BANKBARODA	489	-2.7	37,13,305	18,111.27	514	514	475.15
COALINDIA	276.35	-2.49	25,02,019	6,907.82	281	281.8	270.9
TATAPOWER	70.8	-2.41	96,65,114	6,858.36	73.9	73.9	69.7
SESAGOA	174.4	-2.38	2,91,22,328	51,377.61	173	182.35	168.2
LUPIN	838.4	-1.9	11,18,687	9,446.75	864.5	866.65	836.1
MARUTI	1,280.95	-1.44	4,73,918	6,122.59	1,311.00	1,311.95	1,277.00
HINDUNILVR	619.6	-1.34	12,84,157	7,931.98	629.7	635.3	610
M&M	767	-1.29	24,11,212	18,419.73	780	785.05	747.2
HEROMOTOCO	1,930.10	-1.21	2,62,466	5,051.29	1,954.85	1,967.15	1,902.00
CAIRN	331.6	-1.04	26,97,535	8,915.08	334.8	334.8	326.55

Source: NSE, Ajcon Research

Advances/ Declines BSE	No. of Scrips
Advances	1771
Declines	1550
Unchanged	380
Advances/ Declines NSE	No. of Scrips
Advances	750
Declines	721
Unchanged	120

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