



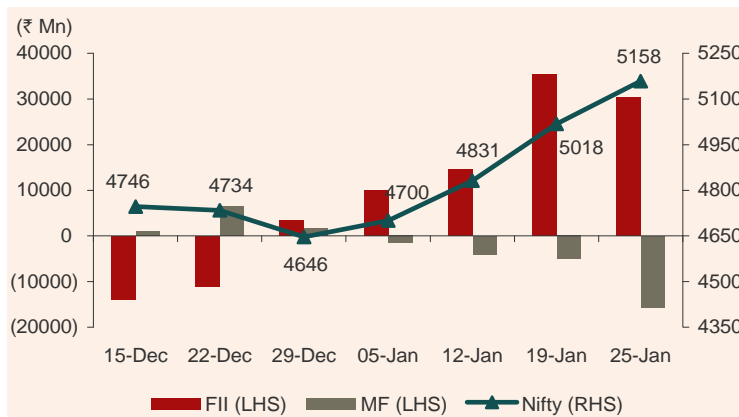
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Major Event of the Week

RBI cut CRR by 50 bps to 5.5% from 6%.

Nifty & Institutional Flow



Source: NSE
Note: As per Thursday closing

Top Nifty Movers Shakers

SAIL 14.8% ↑	Sesa Goa 13.3% ↑	Reliance Infrastructure 10.3% ↑	Maruti Suzuki 9.7% ↑
Tata Motors 9.5% ↑	Bharti Airtel 9.4% ↑	IDFC 9% ↑	Larsen & Toubro 8.4% ↑
Hero Motocorp (6.6%) ↓	Ranbaxy Laboratories (5.2%) ↓	Bajaj Auto (1.4%) ↓	Hdfc Bank (1.3%) ↓
DLF Ltd (1.1%) ↓	Jindal Steel & Power (0.9%) ↓	Coal India Ltd (0.8%) ↓	HUL (0.3%) ↓

Source: NSE

Developed Equity Markets	Last Close	% Change	
		WTD	YTD
U.S. (S&P)*	1,318	0.2	4.8
UK (FTSE)*	5,786	1.0	3.8
Japan (Nikkei 225)	8,841	0.9	4.6
Germany (DAX)*	6,558	2.4	11.2
France (CAC)*	3,360	1.2	6.3
Italy (FTSEMIB)*	16,095	3.0	6.7
Spain (IBEX)*	8,722	1.9	1.8

BRIC Equity Markets

India (Sensex)	17,234	3.0	11.5
India (Nifty)	5,205	3.1	12.6
China (Shanghai)	2,319	0.0	5.4
Russia (Micex)*	1,514	1.6	8.0
Brazil (Ibov)*	62,953	1.0	10.9

Asian Equity Markets

Hong Kong(HSI)	20,502	1.9	11.2
Korea (Kospi)	1,965	0.8	7.6

BSE Sector

	Last Close	% Change	
		WTD	YTD
BSE Mid Cap	5,872	3.4	14.4
BSE Small Cap	6,492	3.4	17.0
Auto	9,197	4.3	12.9
Bankex	11,282	3.4	23.3
Capital Goods	10,360	5.6	28.4
Power	2,122	2.1	18.2
Realty	1,703	(0.3)	23.8
Technology	3,464	5.2	2.5
FMCG	4,064	0.7	0.7
Metal	11,576	3.4	24.6

Institutional Activity

	Spot market		
	WTD	MTD	YTD
FII (Rs bn)*	30.4	91.3	91.3
MF (Rs bn)*	(15.7)	(25.8)	(25.8)

Commodities Update

	Unit	Close	% Change	
			WTD	YTD
Crude Oil(Brent)**	\$/Bbl	111	1.3	3.7
Gold(OTC)**	\$/Oz	1,724	3.4	10.3
Silver(OTC)**	\$/Oz	34	4.5	20.8
Copper(LME)**	\$/MT	8,577	4.5	13.0
Aluminum(LME)**	\$/MT	2,245	2.8	12.5
Sugar(LIFFE)**	\$/MT	652	0.9	8.2
ZINC(LME)**	\$/MT	2,205	9.5	19.5

Currency

	Close	% Change	
		WTD	YTD
INR/USD**	49.4	2.0	7.5
USD/EURO**	1.3	(1.6)	(1.3)
USD/JPY**	77.1	(0.1)	(0.2)

* As per Thursday closing
** As per Friday 16:30 hrs IST
Source: Bloomberg

**Top Corporate News during the week****JSW Steel's standalone results hit by MTM losses and higher interest costs (High debt likely to be an overhang)**

JSW Steel's Q3FY12 results were hit by mark-to-market losses on foreign currency debt to the tune of Rs5bn. PBT (before exceptional items) was flat at Rs5.3bn. Q4FY12 is expected to be a good quarter for JSW Steel as contract coking coal prices have fallen ~18% to \$230 per tonne from \$285 per tonne in Q3FY12. However, the high debt on JSW Steel's balance sheet is likely to be an overhang on the stock. In our opinion, JSW Steel is likely to underperform in the short-to medium term.

Yes Bank Q3FY12 net profit up 33.0% aided by higher interest income from advances, growth in non-interest income and lower provisions – Results above expectations, positive in the short to medium term

YES Bank's net profit for Q3FY12 rose 33% YoY to Rs 2.54 bn from Rs 1.91 bn. Higher interest income from advances, growth in non-interest income and lower provisions aided the growth in earnings. Net interest income, grew 32% YoY to Rs 4.28 bn during the quarter. Net interest margin narrowed 10 basis points sequentially to 2.8%, as cost of deposits increased, driven by a rise in the lender's savings deposit and non-resident deposit rates. The share of Casa deposits in total deposits improved to 12.6% from 11% QoQ. Total deposits rose 19% YoY to Rs 469.29 bn, while advances increased 15% to Rs 358.68 bn for the same period. The bank ended the quarter with a capital adequacy ratio of 16.1%. NPAs continue to be impressive with gross NPAs at 0.2% of gross advances and net NPA of 0.04%. Besides this, restructured advances remained unchanged sequentially at Rs. 1.75 bn (0.49% of the advances) in the current quarter. The management is confident of maintaining the asset quality at current levels. The bank opened 26 new branches during the quarter taking the total number of branches to 331. Going forward, the management is planning to add 30-40 branches every quarter. The results were above expectation and we maintain our positive view on the bank in the short to medium term.

Sesa Goa results better-than-market expectations, the run-up in the stock price before factors in the positives (Neutral)

Sesa Goa's Q3FY12 results were better-than-market expectations. Iron ore realisations came in higher-than-expected. However, the run-up in the stock price prior to Sesa's results factors in the positives of the results. We expect the impact to be neutral.

HCC 3QFY12 results below estimates; Factored in the price; Recommend to hold the stock.

The company's top-line declined by 7.6% y-o-y during 3QFY12 to Rs.9.5bn while it reported a loss of Rs.1.3bn during 3QFY12. The company has recorded a forex loss of Rs ~0.7bn besides provisioning of ~Rs.0.5bn for expected loss in two projects and Rs ~0.3bn for encashment of a bank guarantee, which is being contested by the company. The company has an order backlog of Rs.162.4bn. The management expects the weakness to continue till next year due to high interest costs and project delays. The results were below street estimates and have been factored in the price; recommend investors to hold the stock.

Maruti Q3 results - poor operating performance, despite very low street expectations; 25% YTD rise in stock price is not validating the near gloomy outlook and heating up competition in Maruti's core segment; Negative in the short term.

During Q3FY12, Maruti registered topline decline of 17% to Rs. 78.82 bn from Rs. 94.94 bn on corresponding basis and remained flat on QoQ basis. The company sales were affected heavily by the falling consumer sentiments and strike in the Manesar plant. Because of this, the company clocked 27% lower sales on YoY and 5% on QoQ basis. EBITDA declined by 53.7% to Rs. 4.17 bn from Rs. 9.02 bn, with an operating margin erosion of 421 bps to 5.3% from 9.5% on YoY basis. Due to declining volumes, increasing discounts and yen appreciation for both direct and indirect import of raw materials had severely pulled down the margins to the 4 years low of 5.3%. PAT declined by 63.6% to Rs.2.05 bn from Rs.5.65 bn.

Even considering the low street expectations, the results were below estimates on both operating terms and bottom line. The stock has rallied by ~25% YTD to factor in the positive news flow such as arrangement with Fiat for diesel engine supplies, price hikes and hedge against Yen to protect the import realisations. Currently, Maruti is trading at a highest current industry multiple of 14x on its FY13E (Bloomberg consensus) We believe that the recent rally is not substantiating the near term gloomy outlook and heating up competition in Maruti's core segment. We remain negative on the stock.

**Top Corporate News during the week****L&T 3QFY12 a mixed bag; Factored in the price; Accumulate on dips**

L&T's top-line grew by 23% y-o-y to Rs 141.5bn during 3QFY12 while its net profit increased by 18% y-o-y to Rs.9.9bn. Order inflow rose by 28% y-o-y to Rs 171.3 bn during the quarter, taking the company's total order backlog to ~Rs 1457.7bn at the end of 3QFY12. The management had revised its guidance downward during the last quarter from ~15% to 5 % and has maintained the same during the quarter, however on a cautious note. The company's Q3 results were better than expected on revenue growth and order intake front; however operating margin were a negative surprise. The results were factored in the price; Recommend investors to accumulate the stock on dips.

Macro Economy & Other News**Domestic****Rupee at 10-wk high of 50.05 v/s dollar**

The rupee closed at 50.09/10, highest level in 10-wks aided by increased dollar flows, which helped the currency navigate the impact of choppy local shares and demand from oil refiners.

RBI cuts CRR, other policy rate unchanged

RBI injected Rs. 320 bn into the system by lowering the CRR by 50bps to 5.5% from 6% earlier w.e.f. Jan 28, but kept the short-term lending rate (repo) unchanged in view of persisting inflationary concerns.

RBI lowers GDP projection to 7% for FY12

RBI lowers the projection to 7%, a substantial cut from its Oct'11 forecast of 7.6% reflects weakening global growth as well as domestic policy paralysis, high inflation and dwindling investment.

Source: Economic Times, Business Line, Business Standard, Times of India, DNA Money, Mint, Financial Express, Bloomberg

International**Euro Zone consumer confidence edge up in Jan**

Euro Zone's preliminary reading of consumer confidence rose to -20.6 in Jan'12, from -21.3 in last month, gives a modest lift to hopes that region's economic activity may be stabilizing at a very low level.

IMF cuts global GDP forecast to 3.3%, Sees recession

IMF cuts world economy growth forecast to 3.3% this year and 3.9% in 2013, compared with earlier forecasts of 4% and 4.5%. The euro area may enter a "mild recession" this year and contract 0.5%.

U.S. home sales rise 5% in Dec'11

Sales of previously owned U.S. homes rose 5% to 4.61 mn in Dec'11 to the highest level since Jan'11, adding to evidence residential real estate was stabilizing heading into the New Year.

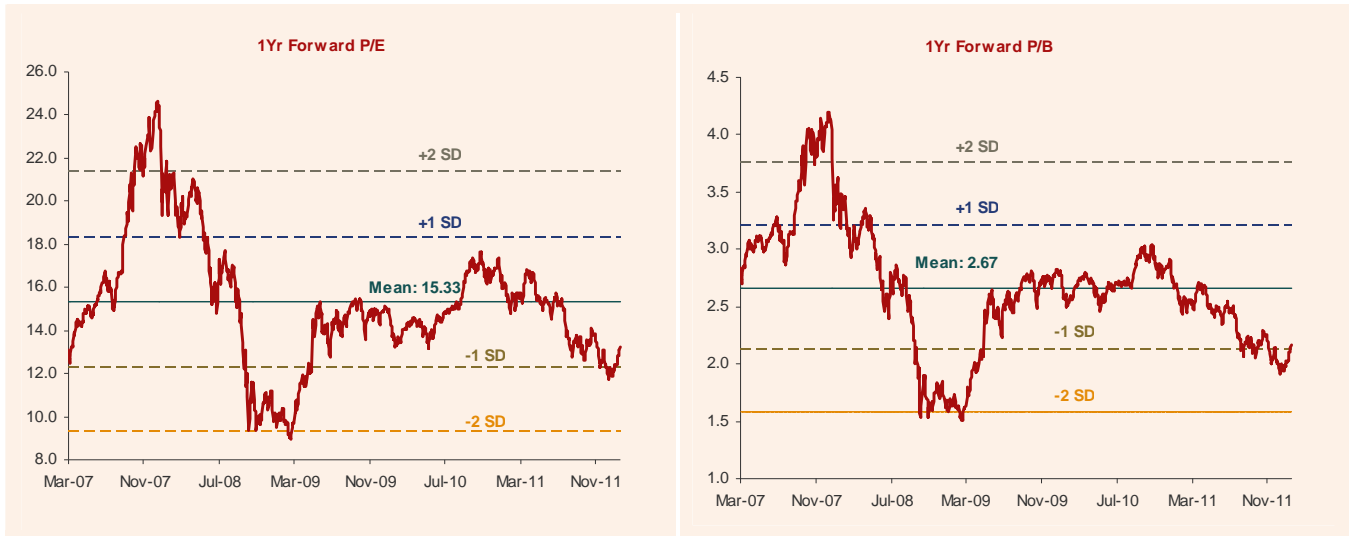


Global Equity Indices & Sectoral Performance

Developed		Index value	Index Return	Technology	Basic Materials	Financials	Telecom	Industrials	Utilities	Oil & Gas	Health Care	Consumer Goods
				%	%	%	%	%	%	%	%	%
US	DOW	12735	0.11	4.29	2.86	1.35	-3.59	0.92	---	-0.3	-0.35	-0.58
UK	FTSE	5790	1.07	1.51	2.72	1.77	0.12	0.32	0.85	-0.46	-0.02	1.75
GERMANY	DAX	6571	2.60	2.84	0.03	4.04	-1.08	-0.11	0.91	---	2.46	3.08
FRANCE	CAC	3362	1.23	-3.52	-0.23	3.38	-0.35	0.68	-0.05	0.57	0.74	1.82
JAPAN	NIKKEI	8841	0.85	2.99	2.63	6.2	4.05	2.45	0.69	0.09	1.81	3.53
BRIC												
BRAZIL	BOVESPA	62953	1.03	---	0.43	0.52	-5.14	1.82	-0.47	2.93	1.65	-0.51
RUSSIA	MICEX	1516	1.67	---	1.57	6.03	0.86	---	0.76	-0.51	---	---
INDIA	NIFTY	5205	3.09	2.58	3.24	8.32	4.56	4.9	6.14	1.61	1.11	1.07
CHINA	SANGHAI	2319	0.00	1.63	4.7	3.6	2.57	4.18	2.64	0.01	1.56	2.82
Asian												
HONK KONG	H S I	20502	1.95	1.89	1.15	2.93	1.65	3.15	0.24	1.72	---	-0.58
KOREA	KOSPI	1965	0.77	3.13	2.33	2.48	2.46	1.56	1.3	6.11	0.91	1.32
SINGAPORE	STRAITS	2916	2.35	---	---	3.75	0.17	3.35	---	4.82	---	4.41
TAIWAN	TWSE	7234	0.00	1.47	1.09	-1.52	-2.34	2.01	-0.59	-1.76	0.5	0.16

Source: Bloomberg, ABML Research
 Note: As per Friday 16:30 hrs IST

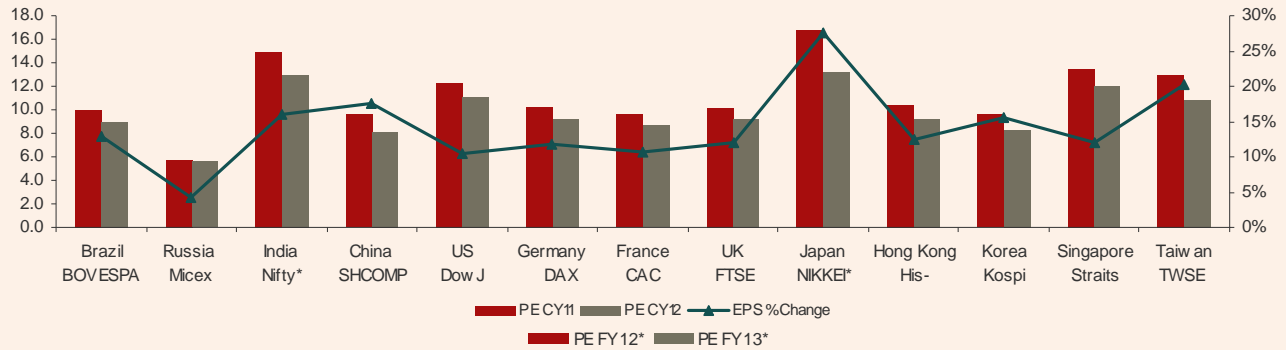
Nifty Relative Valuation Metrics (1 Year Forward)



Source: NSE, ABML Research

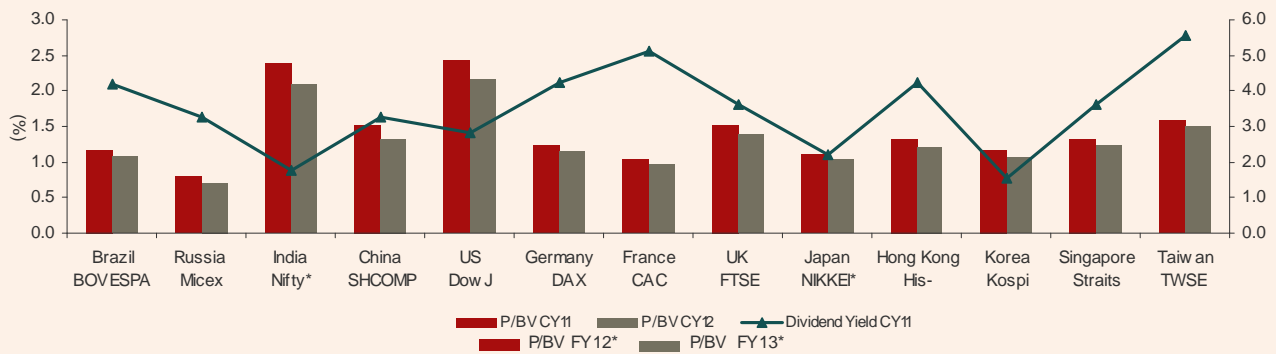


Global Indices Forward P/E



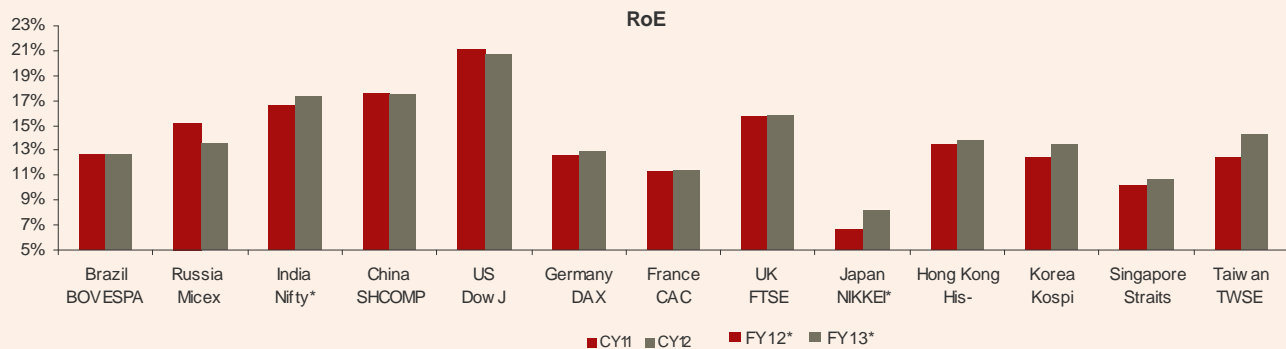
Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

Global Indices Forward P/BV



Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

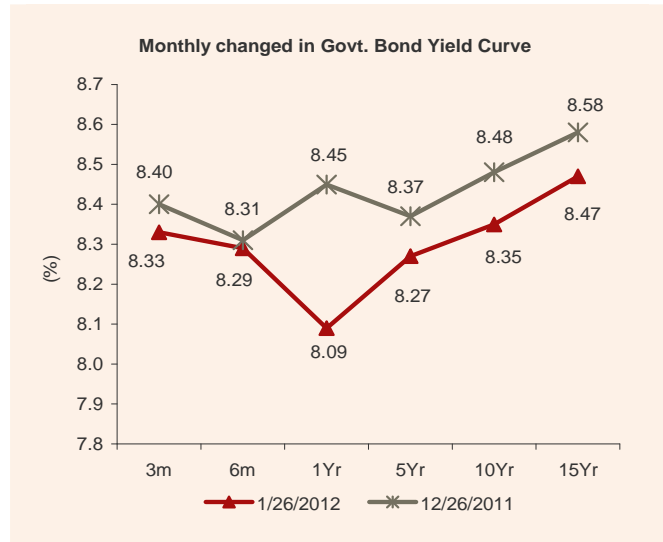
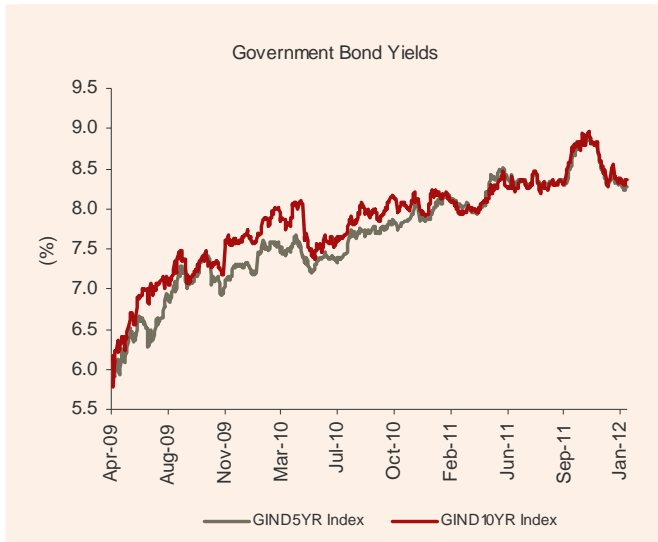
Global Indices RoE



Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

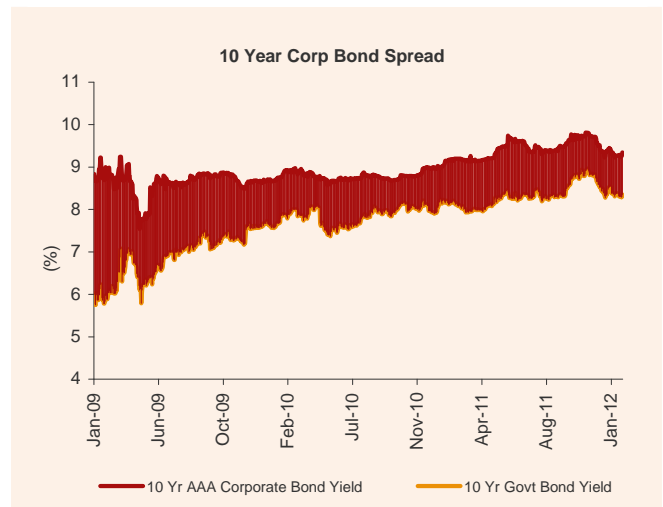
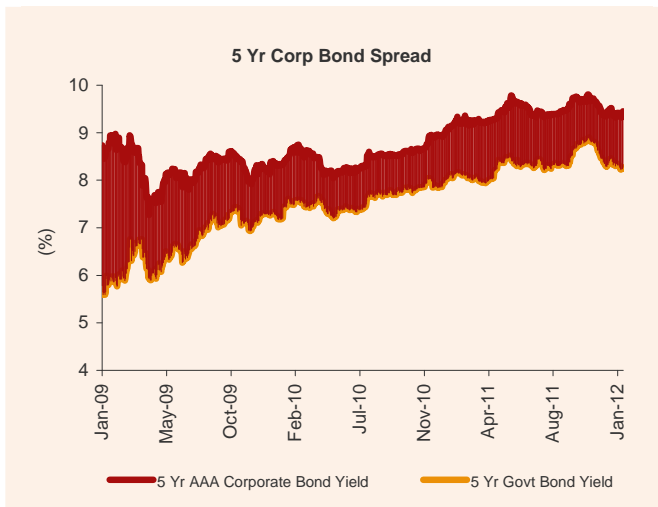


Government Bond Yield (India)



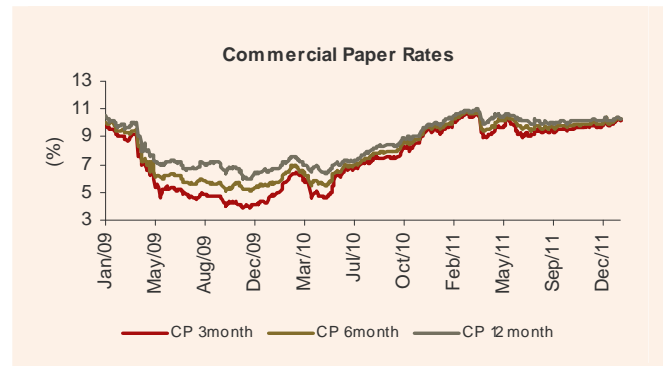
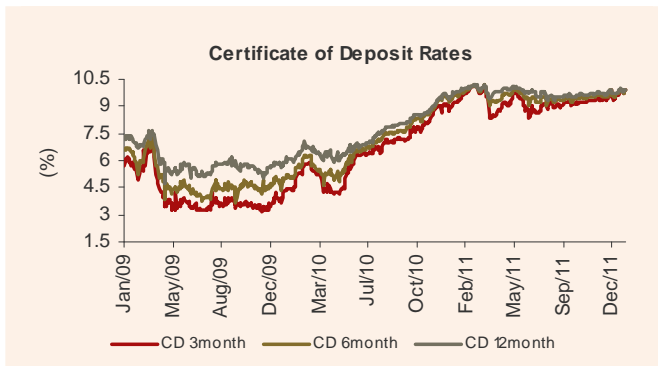
Source: Bloomberg, ABML Research

G-sec – AAA Corporate Bond — Spread (India)



Source: Bloomberg, ABML Research

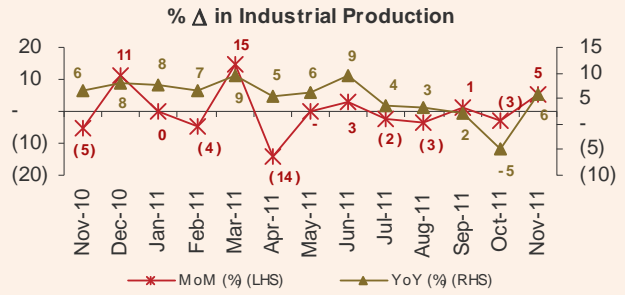
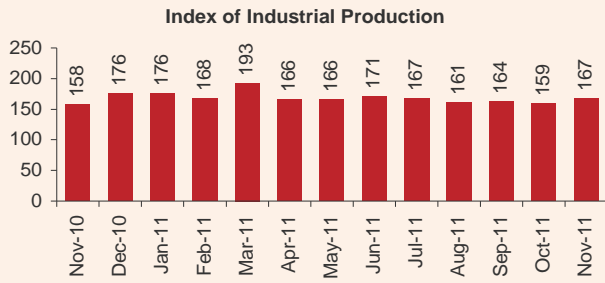
CD & CP Rates Movement



Source: Bloomberg, ABML Research

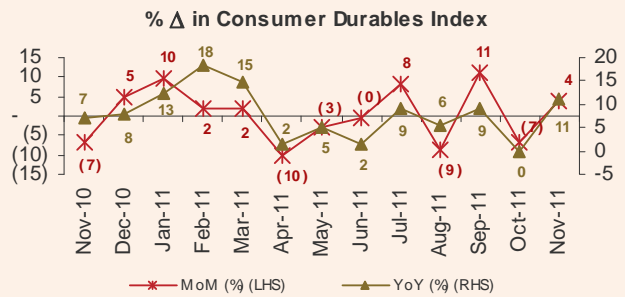
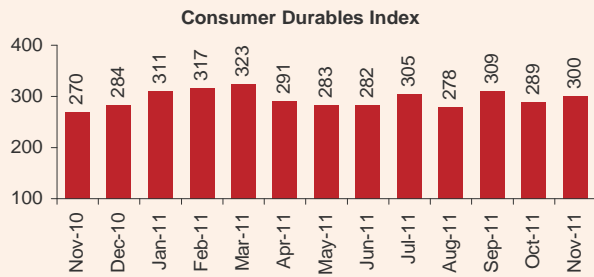


Index of Industrial Production



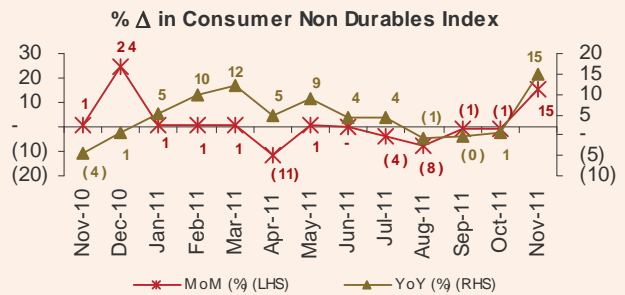
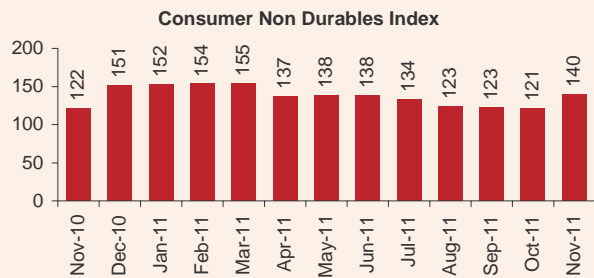
Source: Bloomberg, ABML Research

Consumer Durables



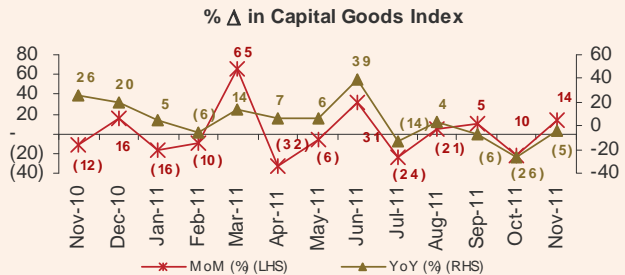
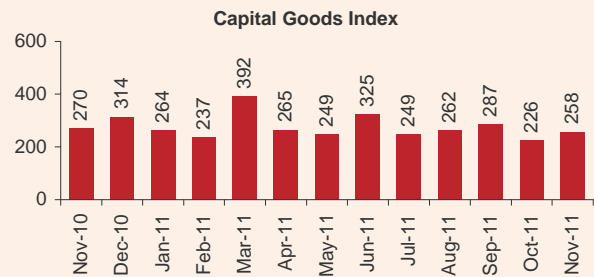
Source: Bloomberg, ABML Research

Consumer Non Durables



Source: Bloomberg, ABML Research

Capital Goods

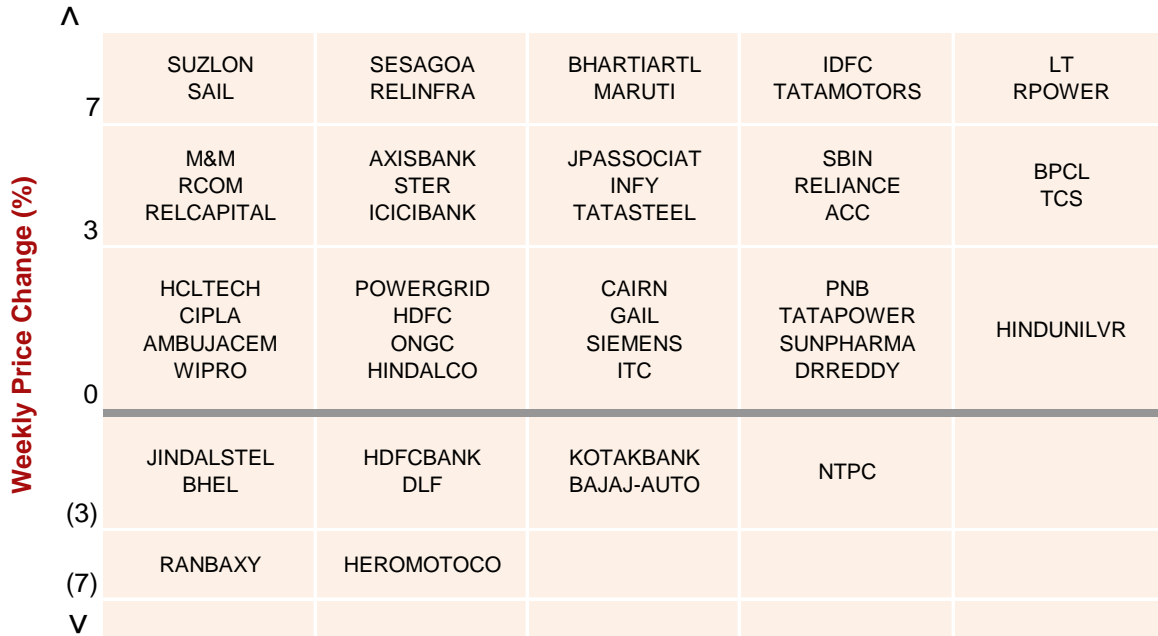


Source: Bloomberg, ABML Research



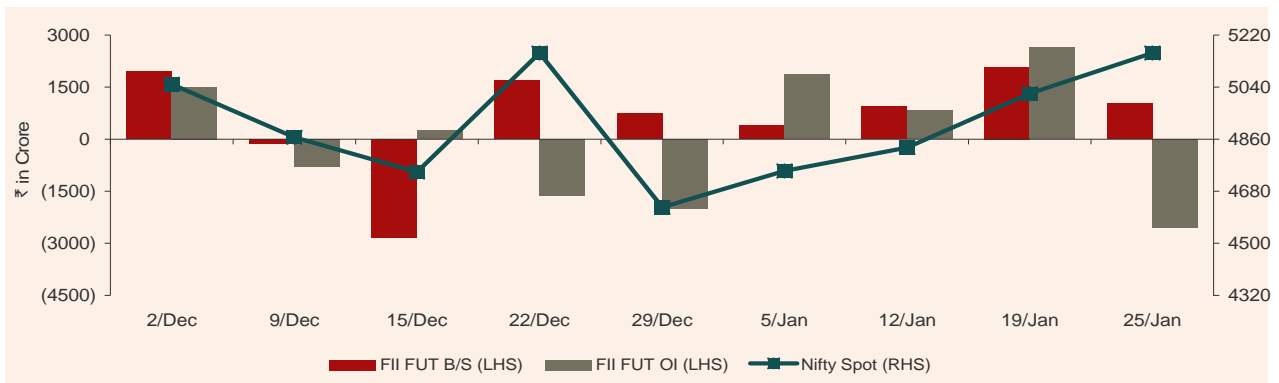
Derivatives Corner

Nifty Grid — % Change in Price



Note 1: Summation of three series of future.
 Note 2: Take positions with proper stop losses.

FII Deri Watch



Source: NSE



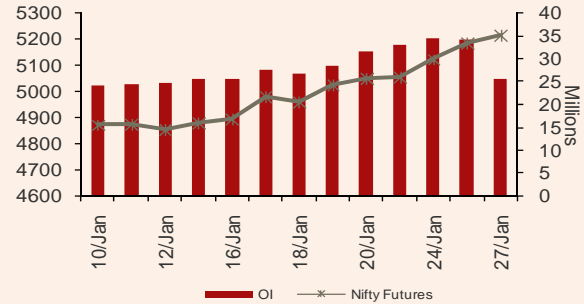
Nifty Synopsis

Particulars	Spot	Future	Prem. / Disc.	Futures OI	PCR OI	PCR VOL	VIX (%)
Current	5204.7	5212.8	8.10	25488250	1.30	1.32	21.7
Previous	5048.6	5047.85	(0.75)	31387500	1.60	1.23	21.96
Change (%)	3.09	3.27	-	-18.79	-	-	-1.18

Outlook

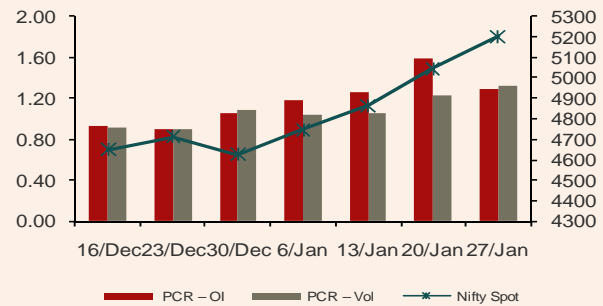
- In Index Futures FII's were net buyers to the tune of ₹ 1032 Cr with an open interest decrease of around ₹ 2548.96 Cr as compared to net buying to the tune of ₹ 2079 Cr with an open interest increase of around ₹ 2643.91 Cr as of the previous trading week:** Indicating Short Covering in Index Futures by FII's.
- Nifty Futures open interest saw a decrease of around 18.79% and Nifty Futures saw an increase of around 3.27%:** Indicating Short Covering in Nifty.
- India VIX saw a decrease of around 1.18%:** Indicating positiveness for the market.
- The PCR for Nifty based on open interest is down at 1.30 as compared to 1.60:** Indicating negativeness for the market.
- High put option open interest build up of around 3.9 mn and 5.0 mn is seen at 5100 and 5000 strikes respectively:** Indicating that they will act as strong supports.
- High call option open interest build up of around 3.9 mn and 3.0 mn is seen at 5300 and 5400 strikes respectively:** Indicating that they will act as strong resistances.
- Nifty is trading at a premium of 8-9 points as compared to a discount of 0-1 points:** Indicating positiveness for the market.

Nifty open interest vs Nifty Futures



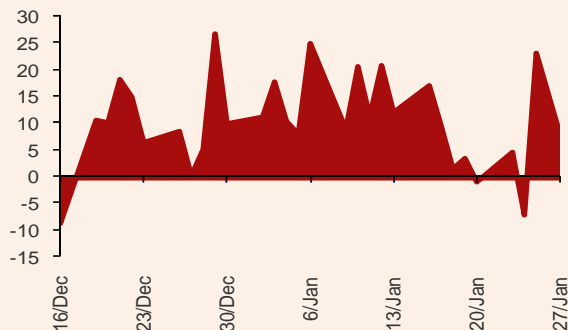
Source: NSE

Nifty Spot vs PCR



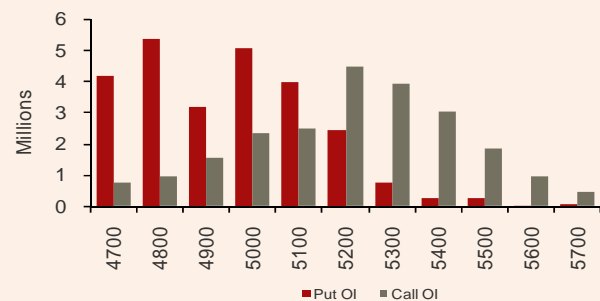
Source: NSE

Nifty Premium / Discount



Source: NSE

Nifty Options OI built up (Current expiry)



Source: NSE



Outlook

Market has rallied 12.6% since the beginning of the year, led by rally in high beta cyclical like Automobile, Metals, Banking, etc. The rally was further fuelled this week with 50 bps cut in the CRR, further vindicating that interest rate has peaked and rate cuts are in the offing in the Mar 2012 review post the Union Budget. FII has now pumped in ~Rs78bn in the January month. This together with the improved sentiments has led to a sharp appreciation of Rupee against the Dollar (from 54 to 49.3)

No major disappointments in the Q3 results also helped the ensuing rally. Going forward, the investors would be keenly watching the sector/industry specific development on the policy front, discussion of the industry with the govt in the run-up to the Union Budget. Developments of the Eurozone has taken a backseat now and risk capital is moving towards equities world over leading to positive sentiments. **Going by the style and characteristic of FII Investments, we believe, that they are likely to continue with their Investments in the emerging market space where monetary easing process has commenced thus taking the market higher over the next few months lest external exigency.** We recommend investors to continue to stay invested in quality companies. News flow emanating from the run up to the budget will create opportunity to trade.

Event Calendar

Economy	Monday 30 Jan	Tuesday 31 Jan	Wednesday 01 Feb	Thursday 02 Feb	Friday 03 Feb
Domestic		GDP Q3FY12 (Prior 8.60%)	Trade Balance Dec Exports YoY% (Prior 3.9%) Imports YoY% (Prior 24.60%)	Markit Manufacturing PMI Jan Weekly WPI 21-Jan (YoY) Food Articles (Prior -1.03%) Fuel Power Light (Prior 14.45%) Primary Articles (Prior 1.89%)	
Global	Spain: GDP (Constant SA) (QoQ) 4Q P (Prior 0.0%) Spain: GDP (Constant SA) (YoY) 4Q P (Prior 0.80%) Euro Zone: Consumer Confidence Jan F (Prior -20.6) Euro Zone: Economic Confidence Jan (Prior 93.3) US: Personal Income: Dec (Exp 0.40%, 0.10%) US: Personal Spending: Dec (Exp 0.10%, Prior 0.10%) Germany: CPI (MoM): Jan P (Prior 0.70%) Germany: CPI (YoY): Jan P (Prior 2.10%)	Japan: Industrial Production (MoM) (Exp 2.90%, Prior 2.70%) Japan: (YOY) (Exp -5.00%, Prior 4.20%) Japan: Job-To-App. Ratio Dec (Prior 0.69) Japan: Jobless Rate Dec (Prior 4.50%) Germany: Unemployment Rate (s.a) Jan (Prior 6.80%) Euro Zone: Euro-Zone Unemployment Rate Dec (Prior 10.30%) Brazil: Net Debt % GDP Dec (Prior 36.60%) Canada: GDP MoM Nov (Prior 0.00%) Canada: GDP YoY Nov (Prior 2.70%) US: Chicago PMI Jan (Exp 63, Prior 62.5) US: Consumer Confidence Jan (Exp 68, Prior 64.5) France: Producer Prices (MoM) (Exp -0.10%, Prior 0.40%) (YOY) (Exp 4.70%, Prior 5.60%)	Japan: Vehicle Sales (YoY) (Prior 23.50%) China: PMI Manufacturing Jan (Exp 49.6, Prior 50.3) China: HSBC Manufacturing PMI Jan (Prior 48.7) France: PMI Manufacturing Jan F (Prior 48.5) Germany: PMI Manufacturing Jan F (Prior 50.9) Euro Zone: PMI Manufacturing Jan F (Prior 48.7) UK: PMI Manufacturing Jan (Prior 49.6) Euro Zone: CPI Estimate (YoY) Jan (Prior 2.80%) US: ADP Employment Change Jan (Exp 185K, Prior 325K) US: ISM Manufacturing Jan (Exp 54.5, Prior 53.9)	US: Total Vehicle Sales Jan (Exp 13.50M, Prior 13.48M) Euro Zone: PPI (MoM) Dec (Prior 0.20%) Euro Zone: PPI (YoY) Dec (Prior 5.30%) US: Nonfarm Productivity 4Q P (Exp 1.00%, Prior 2.30%) US: Initial Jobless Claims US: Continuing Claims	China: Non-manufacturing PMI Jan (Prior 56) China: HSBC Services PMI Jan (Prior 52.5) Euro Zone: PMI Composite Jan F (Prior 50.4) Euro Zone: Retail Sales (MoM) Dec (Prior -0.80%) Euro Zone: Retail Sales (YoY) Dec (Prior -2.40%) US: Change in Nonfarm Payrolls Jan (Exp 155K, Prior 200K) US: Unemployment Rate Jan (Exp 8.50%, Prior 8.50%) US: ISM Non-Manf. Composite Jan (Exp 53.2, Prior 52.6)

Source: Bloomberg



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