

**Indian Market Research
Daily Market Summary**

Tuesday, 24 January 2012

HIGHLIGHTS

- Markets surge on RBI's growth focus
- RBI cuts CRR by 50 bps to 5.5% ; CRR cut to increase liquidity, boost growth: FinMin
- High fiscal deficit restraining policy rate cut: RBI
- TCS gets green signal for Indore SEZ
- Lupin Q3 net up 4.95% at ₹ 2.35 bn
- Reliance \$2.1 bn share buyback to open on Feb 1
- Strides Arcolab at 52-week high on Ascent Pharma sale

SUMMARY

Key benchmark indices reached their highest closing level in more than 10 weeks as the Reserve Bank of India (RBI)'s latest move to cut the cash reserve ratio (CRR) requirement for banks by 50 basis points to 5.5% from 6% at a quarterly policy review today, 24 January 2012, boosted investor sentiment. The barometer index, BSE Sensex, settled a tad below the psychological 17,000 mark, having alternately moved above and below that mark in intraday trade. Also boosting the sentiment was a statement from the central bank that the reduction in CRR can be viewed as a reinforcement of the guidance that future rate actions will be towards lowering interest rates. As a result interest rate sensitive banking stocks rallied. Metal stocks rose after LME rose 1.43% on Monday, 23 January 2012. The market breadth was positive. All the 13 sectoral indices on BSE were in the green. India's largest engineering and construction firm by sales, L&T, extended Monday's gains triggered by strong Q3 results. Other capital goods shares also rose.

INDEX MOVEMENTS

INDEX	Prev. Close	Open	High	Low	Close	Gain / Loss	Gain / Loss %
Sensex	16,751.73	16,806.72	17,050.32	16,770.01	16,995.77	↑ 244.04	1.46
S&P CNX Nifty	5,046.25	5,064.80	5,141.05	5,049.80	5,127.35	↑ 81.10	1.61
S&P CNX 500	3,952.70	3,962.85	4,026.10	3,955.45	4,016.90	↑ 64.20	1.62
CNX Nifty Junior	9,407.70	9,408.60	9,636.85	9,408.60	9,610.55	↑ 202.85	2.16
CNX Midcap	6,834.20	6,834.75	6,969.50	6,829.40	6,954.05	↑ 119.85	1.75
CNX IT	5,910.55	5,945.45	5,992.90	5,910.55	5,964.25	↑ 53.70	0.91
CNX 100	4,911.15	4,926.50	5,007.30	4,915.30	4,994.25	↑ 83.10	1.69
BANK Nifty	9,520.30	9,536.05	9,885.15	9,456.25	9,834.00	↑ 313.70	3.30

NIFTY GAINERS

Company Name	Curr. Price	Prev. Price	Gain %
LT	1,353.00	1,277.30	↑ 5.93
IDFC	125.90	119.30	↑ 5.53
SBIN	2,043.90	1,940.50	↑ 5.33
JPASSOCIAT	70.50	67.35	↑ 4.68
HINDALCO	143.50	137.35	↑ 4.48

NIFTY LOSERS

Company Name	Curr. Price	Prev. Price	Loss %
GRASIM	2,465.60	2,524.05	↓ 2.32
COALINDIA	329.75	335.00	↓ 1.57
DLF	217.00	219.30	↓ 1.05
SUNPHARMA	518.00	522.95	↓ 0.95
HINDUNILVR	392.60	395.65	↓ 0.77

COMMODITY & CURRENCY MARKET

Currency	Curr. Rate
USD	49.9950
EUR	65.0225
100 YEN	64.8950

Commodity (Futures)	Prev. Day	Curr. Day
Brent Crude (USD / bbl)	110.580	110.150
Gold (USD / t. Oz)	1,678.300	1,665.400
Silver (USD / t. Oz)	30.960	30.960

ASIAN MARKETS & INSTITUTIONAL ACTIVITY ON NSE & BSE

Index	Closing	Gain / Loss	Var. %
Hangseng	20110.40	↑ 0.00	↑ 0.00
Nikkei-225	8785.33	↑ 19.43	↑ 0.22
Shanghai Composite	2319.12	↑ 0.00	↑ 0.00
Straits Times	2849.38	↑ 0.00	↑ 0.00
Taiwan TAIEX	7233.69	↑ 0.00	↑ 0.00

Category	Buy Value (₹ bn)	Sell Value (₹ bn)	Net Value (₹ bn)
FII-24-Jan-2012	30.11	22.09	8.01
DII-24-Jan-2012	13.91	16.54	2.62

* Shows Trends for last two trading sessions & current day
**Based on spread between spot and near future prices of commodities

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Tuesday, 24 January 2012

OVERVIEW

- European stocks edged lower Tuesday, 24 January 2012, as Greece and its private creditors continued to negotiate over the terms of a hoped-for debt-swap deal. Key benchmark indices in France, Germany and UK fell by between 0.84% to 1.07%. Asian stocks rose for a sixth day on Tuesday, the longest winning streak in seven weeks. Key benchmark indices in Japan and Indonesia rose by between 0.2% to 0.22%. The Chinese markets are closed for the whole of this week, while Hong Kong bourses are shut for three days starting Monday, 23 January 2012, for Lunar New Year holidays. The stock market in Taiwan is closed for the whole of this week. Stock markets in South Korea and Singapore are also shut for the Lunar New Year holiday.

ECONOMIC AND POLITICAL HEADLINES

- The Reserve Bank of India (RBI) took the half way route today by keeping key policy rates unchanged, but cut the cash reserve ratio (CRR) by 50 basis points to 5.5%. The move will inject primary liquidity of ₹ 320 bn in the banking system. The CRR cut is effective from the fortnight beginning January 28, 2012. The central bank kept repo rate unchanged for the second time in as many months as it sees upside risks to inflation from global crude oil prices, lingering impact of rupee depreciation.
- The Reserve Bank's decision to cut cash reserve ratio (CRR) by half a percentage point will boost the economic growth by increasing liquidity in the system and reducing cost of fund, the Finance Ministry said today.
- The Reserve Bank of India (RBI) today said inflation, which is showing signs of moderation, remains a concern in view of volatile crude prices in international markets and widening fiscal deficit. It also suggested that the government should endeavour to contain high fiscal deficit, which has been restraining the central bank from lowering interest rates.
- The government today permitted IT software major Tata Consultancy Services (TCS) to set up a Special Economic Zone at Indore, Madhya Pradesh, even as it allowed Videocon group to pull out from its SEZ project at Jalpaiguri in West Bengal.

EQUITY MARKETS & SECTOR PERFORMANCE

- Capital Goods and Banks led the rally.
- All 13 indices were in the green.
- Out of 2940 scrips traded over BSE, 1592 advanced & 1206 declined.

	Average Var. %
CG	3.30
BANKEX	3.21
METAL	1.78
AUTO	1.53
REALTY	1.14
TECK	1.06
OIL&GAS	1.03
PSU	1.01
POWER	0.94
IT	0.88
HC	0.53
CD	0.29
FMCG	0.12

BONDS, T-BILLS & IPOs

- Several firms may knock on the doors of the Securities Appellate Tribunal (SAT), a quasi judicial body, to decide the fate of their IPOs which have been hanging fire for months.
- Government bond yields surged on Tuesday after RBI chief said the bank would watch how the cut in cash reserve requirements affects liquidity.

GLOBAL NEWS

- Talks between Greece and its private debt holders to write down the country's debt by euro 100 billion (\$129.5 billion) have yet to result in a final agreement and negotiations stalled over the weekend. Creditors have pushed for a coupon above 4% to swap the current debt with new instruments with half the face value, but euro-zone finance ministers on Monday rejected the offer. Luxembourg Prime Minister Jean-Claude Juncker said the average coupon should be "clearly below 4%", according to media reports.
- The power sector saw merger and acquisition deals worth a combined \$174.4 billion globally in 2011, a 16% growth vis-a-vis the previous year, according to a report.
- Hamburger chain McDonald's is creating 2,500 new jobs in Britain in 2012, with more than half going to people under the age of 25, a group hard hit by the economic downturn.
- Lupin Ltd expects demand for generic drugs to remain robust, including in its key US market, although earnings growth could be tempered by higher taxes.



INDUSTRY NEWS & TRENDS

- Tobacco shipments from India, the third-largest exporter in the world, fell by 7.8% to 154,171 tonne during the April-November period of the current fiscal on account of surplus global stock and less competitive prices, the Tobacco Board said.
- The modern retail sector is passing through challenging times in the face of inadequate funding, lack of sufficient space for expansion and talent crunch, and growth is expected to dip by 5% this year, say industry officials.

Auto	↗↗↗↗↘
BFSI	↗↗↗↗↘
Construction	↗↗↗↗↘
Consumer goods	↘↘↘↘↗
Energy	↗↘↗↗↗
Ind. Manufacturing	↘↗↗↗↘
IT	↗↗↘↘↘
Metals	↗↘↘↗↘
Telecom	↗↗↗↘↘

N.B. Shows Trends for last trading sessions & current day chronologically

COMMODITIES

- Silver staged a strong recovery by jumping ₹ 3,100 to ₹ 55,300 per kg today, on brisk buying by stockists and coin makers for the marriage season amid increased offtake by industrial units. However, gold turned weak after two day's rise and shed ₹ 30 to ₹ 27,930 per 10 grams, owing to slackened demand at prevailing higher levels.
- Oil inched toward \$100 a barrel after Iran again threatened to block shipments of crude from the Persian Gulf in the wake of sanctions.

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CORPORATE ANNOUNCEMENTS

- **Reliance Industries (RIL)** will open its share buyback from February 1, and close the offer on January 19 next year, it said in a newspaper advertisement on Tuesday. RIL, India's biggest company by market value, said late last week it will spend up to \$2.1 billion to buy back shares at a maximum price of ₹ 870 each, or about 10% premium over its current share price, as it looks to prop up its underperforming shares.
- Drug firm **Lupin** today said its consolidated net profit rose by 4.95% to ₹ 2.35 bn for the third quarter ended December 31, 2011, over the same period last fiscal. Net sales of the company grew by 21.9% to ₹ 17.92 bn for the third quarter, compared to ₹ 14.69 bn in the same period previous fiscal.
- **YES Bank**, the youngest private bank in the country, today said its net profit for the quarter ended December 31, 2011 expanded 33% to ₹ 2.54 bn from ₹ 1.91 bn a year ago. Higher interest income from advances, growth in non-interest income, and lower provisions aided the bank's earnings growth.
- Tyre maker **Ceat** today reported 52.30% decline in net profit for the quarter ended December 31, at ₹ 23.9 mn due to labour unrest at its Nashik facility. The total income during the quarter, however, increased by 19.04% to ₹ 10.65 bn from ₹ 8.95 bn in the year-ago period, it added.
- Pumps-maker **Kirloskar Brothers** today reported a 24.93% fall in net profit after tax for the quarter ended December 31, 2011, to ₹ 127 mn. The company's total income, however, increased by 8.28% to ₹ 4.20 bn during the quarter from ₹ 3.88 bn in the year-ago period, it added.
- Drug firm **Strides Arcolab** today said it has sold its entire stake in its Australian subsidiary Ascent Pharmahealth to Watson Pharmaceuticals for 375 million Australian dollars (over ₹ 19.7 bn). "As part of the transaction, Watson also acquired the remaining 6 per cent shareholding associated with Dennis Bastas, CEO of Ascent," Strides said in a statement.
- **Torrent Pharmaceuticals** today said its consolidated net profit rose by 8.15% to ₹ 832 mn for the quarter ended December 31, 2011, vis-a-vis the same period last fiscal, mainly on the back of growth in international revenues.

IMPORTANT DATES

- **December 25** : Results – Alstom Projects, Asahi India, BEML, BOB, Deepak Fert, Himatsingka Seide, Indian Hotels, IRB Infra, JB Chemicals, Kiri Indus, Mirc Elect, Oracle Fin, Patni Comp, REC, Sesa Goa, Sterlite Tech, Tata Comm, Tata Global, Union Bank, Vijaya Bank
 - **December 27** : Results – Bank of India, BEL, BHEL, Blue Star, Canara Bank, Gujarat Alkali, Gujarat State Fert, Karur Vyasa Bank, NHPC, NTPC, Petronet LNG, Pfizer, Shanthi Gears, Swaraj Engines, Wyeth
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