

Invest & Prosper Financial Services

Market Outlook for
Fy2013-2016

Macro Indicators and Investment Cycle

Indicators	1999-2K	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
India's real GDP Growth Rates	6.04	4.35	5.81	3.84	8.52	7.6	9.49	9.6	9.3	6.7	8.4	8.37	6.53	5.37
Gross Fixed Capital Formation	11.2	0	7.4	6.8	13.6	20.7	16.2	13.8	16.2	3.5	6.8	7.5	5.5	4.5
Gross Domestic Savings	24.2	23.2	22.9	25.7	29.1	32.4	33.4	34.6	36.8	32	33.8	32.3	32	31.8
Bank Credit Growth	18.2	17.3	15.3	23.7	15.3	30.9	37	28.1	22.3	17.5	16.9	21.5	17	17
Deposit Growth	13.9	18.4	14.6	16.1	17.5	13	24	23.8	22.4	19.9	17	16	16	16

Source : Finance Ministry

Indices returns 2002-2013 and Investment cycle

Year	BSE Sensex	BSE Auto	BSE Bankex	BSE CD	BSE FMCG	BSE HC	BSE IT	GFCF	GDP
2002	3377.28	1015.62	1342.76	731.89	819.66	1273.82	1678.86	7.4	5.81
2003	5838.96	2533.79	2799.04	1411.46	1109.8	2493.95	2073.05	6.8	3.84
2004	6602.69	2836.39	3721.97	1524.96	1058.97	3058.65	2621.93	13.6	8.52
2005	9397.93	4256.45	5081.71	3271.19	1647.47	3114.85	3742.74	20.7	7.6
2006	13786.91	5518.5	7085.73	3574.32	1934.17	3792.05	5272.56	16.2	9.49
2007	20286.99	5667.45	11418	6956.79	2319.92	4418.65	4529.59	13.8	9.6
2008	9647.31	2444.71	5454.54	1913.74	1987.38	2966.19	2227.96	16.2	9.3
2009	17464.81	7435.83	10030.8	3785.39	2791.55	5018.33	5186.35	3.5	6.7
2010	20509.09	10235.41	13379.73	6356.97	3684.12	6734.19	6824.82	6.8	8.4
2011	15454.92	8143.65	9153.39	5284.33	4035.31	5870.52	5751.93	7.5	8.37
2012	19426.71	11426.21	14344.99	7719.1	5916.22	8132.35	5684.08	5.5	6.53
2013	19580.32	10938.82	14182.67	7309.06	5877.23	7959.08	6421.85	4.5	5.37

Source : BSE
India

Indices returns 2002-2013 & Investment cycle

Year	BSE Sensex	BSE CG	BSE Metal	BSE Oil & Gas	BSE Power	BSE PSU	BSE Realty	GFCF	GDP
2002	3377.28	872.1	1740.2	1390.7	0	1578.47	0	7.4	5.81
2003	5838.96	2335.54	5428.43	3161.2	0	3855.45	0	6.8	3.84
2004	6602.69	3000.7	6210.37	3147.38	0	4425.7	0	13.6	8.52
2005	9397.93	5811.11	6485.19	4410.64	1457.91	5393.83	0	20.7	7.6
2006	13786.91	9090.19	9039.63	6179.6	2048.43	6033.58	7435.65	16.2	9.49
2007	20286.99	19755.39	20020.22	13301.6	4548.85	10468.14	12727.42	13.8	9.6
2008	9647.31	6911.12	5214.35	6050.04	1829.31	5279.61	2274.13	16.2	9.3
2009	17464.81	14116.69	17399.22	10470.97	3188.55	9531.73	3855.78	3.5	6.7
2010	20509.09	15415.08	17595.86	10601.42	2988.56	9460.63	2856.22	6.8	8.4
2011	15454.92	8067.63	9293.17	7529.27	1795.95	6364.89	1375.65	7.5	8.37
2012	19426.71	10868.11	11070.63	8518.58	1990.91	7334.71	2110.8	5.5	6.53
2013	19580.32	10119.1	10240.7	9120.99	1875.71	7353.29	2178.7	4.5	5.37

Source :BSE India

Returns during period 2005-2007

S No	Scheme Name	Start Date Nav	End Date Nav	Return
1	Taurus Starshare	17.4	78.64	65.56
2	SBI Magnum Taxgain	33.5	68.66	64.07
3	UTI Infrastructure	12.5	49.11	62.85
4	DSPBR T.I.G.E.R. Reg	14.17	59.93	61.93
5	SBI Magnum Global	15.96	67.47	61.91
6	SBI Contra	14.91	62.36	61.33
7	Reliance Growth	112.86	471.73	61.29
8	SBI Magnum Multiplet Plus	21.34	89.09	61.23
9	Sundaram Select Midcap Reg	36.61	150.99	60.58
10	Kotak Opportunities	13.21	54.18	60.3
11	Reg	11.99	46.12	56.88
12	SBI Emerging Businesses	13.02	50.03	56.82
13	Sundaram Select Focus Reg	28.61	108.74	56.26
14	DSPBR Equity	28.44	66.86	55.96
15	Principal Tax Savings	39.02	137.21	55.41
16	Tata Ethical	21.74	80.59	54.94
17	Birla Sun Life Mid Cap	31.09	114.7	54.7
18	Birla Sun Life Equity	83.29	307.06	54.67
19	Reliance NRI Equity	10.52	38.45	54.21
20	SBI Magnum Equity	15.65	47.24	54.18

Source :Valueresearch ,
1-Jan-2005-31-Dec2007

Opportunities

- Young Demographic
- High Consumption
- Subsidy Reduction
- NREGA
- Direct Transfer of Subsidy
- 12TH Plan (2012-2017) Rs 55 Lacs Crores Government spending on Infrastructure projects during this period.
- Private sector capex picking up during 12th plan period.
- Aggressive disinvestment policy and reducing subsidy on Petroleum and Gasses.

GDP Growth in previous plans

- GDP growth in the Eleventh Plan 2007–12 was 7.9 per cent
- GDP growth in Tenth Plan was 7.6 percent (2002–07) .
- And only 5.7 per cent in the Ninth Plan (1997–2002).
- Source: Ministry of Finance 12th Plan

Sharp Increase in Rural Per Capita Consumption

- The rate of growth of real consumption per capita in rural areas in the period 2004–12 was 3.4 per cent per year.
- which was four times the rate in the previous period 1993–2005.
- **Source:** Ministry of Finance 12th Plan paper

12th Plan Key takeaways

“Bringing the economy back to 9 per cent growth by the end of the Twelfth Plan requires fixed investment rate to rise to 35 per cent of GDP by the end of the Plan period. This will require action to revive private investment, including private corporate investment, and also action to stimulate public investment, especially in key areas of infrastructure especially, energy, transport, water supply and water resource management.”

- Source : Ministry of Finance 12th Plan Paper

Budget 2013-14

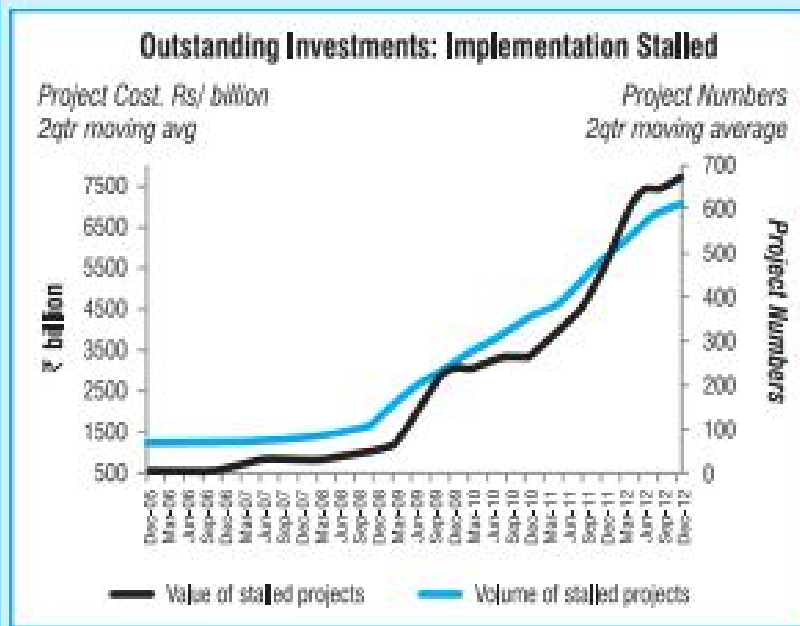
- Policy decisions in coming months will lay roadmap for economy.
- We expect many announcements from RBI as well Government from monetary policy decisions to GST and further easing and relaxations to benefit FII and FDI flow.
- PM panel on Infrastructure will push fast clearances to stalled projects.
- Higher outlay for MNREGA from 55,000 Crs to 80,000 Crs will increase rural spend.
- Investment allowance of 15% for 2 years for new project above 100 Crs is step towards reviving investment capex cycle.
- Raising plan expenditure is to stimulate investments.

Focus on Clearance of Projects top priority

Box 1.1 : Recent Investment Trends: A Case of Rising Stalled Projects and Falling Project Starts

Two trends in investments stand out—rising stalled projects and falling project starts. To study these, we use data from the Capex database of the Centre for Monitoring Indian Economy (CMIE), which tracks investments at a project-specific level.

Rising Stalled Projects: There has been a surge in projects where implementation has stalled. Both in value and volume terms, stalled projects have been rising since early 2009. As of December 2012, six sectors accounted for about 80 per cent of all stalled projects—electricity, roads, telecommunication services, steel, real estate, and mining.



Source: CMIE CapEx.

Returns Income Funds

(Period 8-Feb-12 to 7-Feb-2013)

S No	Scheme Name	Return
1	SBI Magnum Income	12.83
2	IDFC Dynamic Bond Plan B	12.45
3	IDFC SSI Inv Plan C	12.31
4	IDFC Dynamic Bond Plan A	12.04
5	Sundaram Bond Saver Inst	12.01
6	IDFC SSI Inv Plan B	11.98
7	IDFC SSI Inv Plan E	11.94
8	Sundaram Bond Saver Reg	11.92
9	Kotak Bond Deposit	11.92
10	Kotak Bond Plan A	11.86
11	SBI Dynamic Bond	11.73
12	Templeton India Income Builder	11.7
13	UTI Bond	11.66
14	IDFC SSI Inv Plan A	11.59
15	Reliance Dynamic Bond	11.31
16	ICICI Prudential Income Opportunities Inst	11.27
17	Birla Sun Life Income Plus	11.18
18	Tata Income	11.17
19	Birla Sun Life Medium Term Inst	11.04
20	Birla Sun Life Medium Term	11.03

Source : Valuereserach

Returns Equity funds

(Period 8-Feb-12 to 7-Feb-2013)

No.	Scheme Name	Return
1	SBI Emerging Businesses	32.54
2	Axis Midcap	30.78
3	Principal Emerging Bluechip	29.69
4	Franklin India Smaller Companies	28.85
5	BNP Paribas Midcap	27.22
6	Taurus Discovery	26.21
7	Franklin India Prima	23.82
8	ICICI Prudential R.I.G.H.T.	23.68
9	Franklin India High Growth Companies	23.56
10	SBI Magnum Midcap	23.26
11	SBI Bluechip	22.77
12	Reliance Equity Opportunities Inst	22.73
13	Mirae Asset India-China Consumption Reg	22.7
14	Principal Tax Savings	22.7
15	Reliance Equity Opportunities	22.5
16	Kotak Emerging Equity	22.44
17	Religare Mid N Small Cap	21.92
18	IDFC Sterling Equity	21.88
19	Principal Growth	21.85
20	Kotak Mid-Cap	21.78

Source: Valuereserach, period 8-Feb-12 to 7-Feb-13

Alpha return strategy

Scheme Name (Top performer)	Return 2010 CY	Scheme Name (Top performer)	Return 2011 CY	Scheme Name (Top performer)	Return 2012
SBI Magnum Emerging Businesses	33.08	SBI Magnum Emerging Businesses	-10.36	SBI Magnum Emerging Businesses	45.28
DSPBR Micro Cap Reg	43.86	UTI Opportunities	-11.66	Principal Emerging Bluechip	45.89
Tata Dividend Yield	32.36	Canara Robeco Large Cap+	-12.07	BNP Paribas Midcap	43.4
HDFC Mid-Cap Opportunities	32.13	Axis Long Term Equity	-14.56	Axis Midcap	42.84
IDFC Premier Equity	32.07	ICICI Prudential Focused Bluechip	-15.05	HSBC Midcap Equity	42.44
Reliance Equity Opportunities Inst	30.72	Canara Robeco Equity Diversified	-15.29	Franklin India Smaller Companies	42.43
Axis Long Term Equity	29.99	UTI Top 100	-16.03	Reliance Equity Opportunities Inst	40.16
Birla Sun Life Dividend Yield Plus	29.85	Franklin India Prima Plus	-16.59	Kotak Mid-Cap	39.78
DSPBR Small and Mid Cap Reg	29.62	UTI Dividend Yield	-17.31	ICICI Prudential Midcap Inst I	39.68
HDFC Equity	29.22	BNP Paribas Dividend Yield	-17.5	Reliance Regular Savings Equity	39.56
ICICI Prudential Discovery Inst I	29.08	BNP Paribas Equity	-17.52	Canara Robeco Emerging Equities	39.11
HDFC Capital Builder	28.44	Kotak 50	-17.8	Sundaram S.M.I.L.E. Inst	39.09
HDFC LT Advantage	28.37	Franklin India Bluechip	-17.88	IDFC Sterling Equity	39.08
HDFC Core & Satellite	28.31	IDFC Premier Equity	-17.88	ICICI Prudential Discovery Inst I	38.05
ICICI Prudential Focused Bluechip	28.06	DSPBR Top 100 Equity Inst	-18.49	Reliance Equity	36.23
Kotak Mid-Cap	28	HDFC Mid-Cap Opportunities	-19.07	Sundaram Select Midcap Inst	34.04
Indices Return		Indices Return		Indices Return	
CNX Nifty	17.20%		-24.80%		22%
CNX Midcap 50	8.40%		-40%		26%
CNX 500	13.12%		-27.58%		25%

Source :
Valuereserach

Focused Funds

- **Equity (Diversified – Largecap & Midcap Mix)**
 - HDFC Equity Fund
 - Franklin Bluechip Fund
 - SBI Contra Fund
 - DSP Top 100 Equity Fund
 - Reliance Equity Opportunities
 - ICICI Focus equity Fund
- **Mid Cap Funds(Diversified – Midcap & Largecap Mix)**
 - SBI Global Fund
 - IDFC Premier Equity Fund / IDFC Sterling Equity Fund
 - HDFC Top200 Fund / HDFC Midcap Opportunity Fund
 - L& T Special Situations Fund
- **Value Investing Funds**
 - Templeton India Growth Fund
 - ICICI Pru Discovery Fund
 - L&T Value Fund
- **Sectoral Funds**
 - Reliance Infrastructure Fund / Reliance Banking Fund / Reliance Media & Entertainment Fund / Reliance Diversified Power
 - DSP Tiger Fund / DSP Natural Resources Fund
 - SBI PSU Equity Fund / Religare PSU equity Fund
- **Debt Funds**
 - Reliance Dynamic Bond Fund / HDFC Income Fund / Templeton India Income Builder / SBI Income Fund / IDFC Dynamic Bond
- **MIP & Balance Funds**
 - Reliance Monthly Income Plan / HDFC Monthly Income Plan
 - HDFC Balance Fund / Franklin India Balance Fund / DSP Black Rock Balance Fund
- **Fund of Funds , Quant Funds & International Funds**
 - Templeton Dynamic PE FOF / ICICI Volatility Advantage Fund / DSP Black Rock World Agriculture Fund / L & T Global Real Asset fund

Happy Investing !!!!

- Don't Worry !!!!
- Be Happy!!!!