ARIHANT's

# VALUE Plus

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Monthly Newsletter (For private circulation only) Issue: October, 2013

# ARI - Movers & Shakers

INDIAN INDICES

| Indices | Sep-13 | Aug-13 | Change % |
|---|---|---|---|
| SENSEX | 19379.77 | 18619.72 | 4.08 |
| S&P CNX NIFTY | 5735.30 | 5471.80 | 4.82 |
| BANK NIFTY | 9617.80 | 9049.20 | 6.28 |
| CNX MIDCAP | 6997.95 | 6589.80 | 6.19 |
| S&P CNX 500 | 4392.05 | 4175.85 | 5.18 |
| CNX IT | 8167.80 | 8382.40 | -2.56 |
| CNX REALTY | 149.65 | 149.55 | 0.07 |
| CNX INFRA | 2135.65 | 1957.35 | 9.11 |

(Source: BSE & NSE)

BSE-SECTORAL INDICES

| Indices | Sep-13 | Aug-13 | Change % |
|---|---|---|---|
| AUTO | 10996.59 | 10202.17 | 7.79 |
| BANKEX | 10964.19 | 10304.35 | 6.40 |
| CD | 5773.02 | 5615.79 | 2.80 |
| CG | 7706.52 | 7085.17 | 8.77 |
| FMCG | 6838.02 | 6342.30 | 7.82 |
| HC | 9463.81 | 8965.59 | 5.56 |
| IT | 7839.26 | 8027.55 | -2.35 |
| METAL | 8371.23 | 7784.89 | 7.53 |
| OIL&GAS | 8216.34 | 8149.41 | 0.82 |
| PSU | 5446.02 | 4989.82 | 9.14 |
| REALTY | 1170.33 | 1173.67 | -0.28 |
| TECk | 4436.99 | 4462.42 | -0.57 |

(Source: BSE)

GLOBAL INDICES

| Indices | Sep-13 | Aug-13 | Change % |
|---|---|---|---|
| DOW JONES | 15130.00 | 14810.31 | 2.16 |
| NASDAQ | 3218.00 | 3073.81 | 4.69 |
| HANG SENG | 22860.00 | 21731.37 | 5.19 |
| FTSE | 6462.00 | 6412.93 | 0.77 |
| NIKKEI | 14455.00 | 13388.86 | 7.96 |

(Source: Telequote software)

COMMODITIES and FOREX

| Particular | Sep-13 | Aug-13 | Change % |
|---|---|---|---|
| MCX GOLD | 30425.00 | 32989.00 | -7.77 |
| MCX SILVER | 49148.00 | 53212.00 | -7.64 |
| MCX CRUDE OIL | 6440.00 | 7246.00 | -11.12 |
| MCX-SX USDINR | 62.60 | 65.92 | -5.04 |

(Source: Telequote software)

**FII ACTIVITY (₹ in cr)**

| Date | Gross Purchases | Gross Sales | Net Pur/Sales |
|---|---|---|---|
| Total for Sep 2013 | 73,123.80 | 60,066.50 | 13,057.80 |
| Total for 2013 * | 619,715.62 | 546,488.38 | 73,227.40 |

(Source: SEBI)

**MF ACTIVITY (₹ in cr)**

| Date | Gross Purchases | Gross Sales | Net Pur/Sales |
|---|---|---|---|
| Total for Sep 2013 | 8,172.80 | 10,973.60 | -2,800.90 |
| Total for 2013 * | 86,910.10 | 103,146.10 | -16,235.90 |

* From Jan-Sep 2013

(Source: SEBI)

## Market Commentary

Indian equity markets broke three months losing streak and rebounded in the month of September 2013 registering over 4.8% gains, its biggest monthly advance since November 2012. The month began with two straight weeks of gains of Indian equities with the barometer index S&P BSE Sensex regaining the psychological level of 20,000. It is noteworthy that appointment of new Governor of Reserve Bank of India, Mr. Raghuram Rajan, boosted market sentiments and helped Indian equities inch up higher in the first half of the month, as he announced plans to bolster the financial industry and stabilize the rupee. However, the second half of the month saw the initial gains registering a cut-down due to inflation worries and global weakness. Finally the Indian markets ended on a positive note with S&P BSE Sensex shutting the shop with 4.08% gains to settle the month at 19379.77 and CNX Nifty ending the month at 5735.30, gaining 4.82%.

On the sectoral front, PSU turned out to be the best performing sector in September 2013 clocking gains of 9.14%. This was followed by Capital Goods (8.77%), FMCG (7.82%), Auto (7.79%), Metal (7.53%), Bankex (6.40%), Healthcare (5.56%), Consumer Durables (2.80%) and Oil & Gas (0.82%). IT was the worst performer in the pack plummeting 2.35% followed by Teck and Realty that lost 0.57% and 0.28%, respectively.

On the institutional side, foreign institutional investors (FIIs) remained bullish during the month and bought equities worth Rs 13,057.80 crore in September 2013 while the domestic mutual fund houses sold Rs 2,800.90 crore of equities during September 2013.

Even the Fed's decision to delay scaling back its stimulus, amid concerns about the strength of the economic recovery, aided in bolstering market sentiments. However, sentiments took a hit after the Reserve Bank of India unexpectedly raised the repo rate by 25 basis points in a bid to contain inflation.

During the month, the RBI decided to allow banks to swap their dollar liabilities against Foreign Currency Non-Resident (FCNR) deposits at 3.5% per annum for three years, which will help bring more dollars into the country. The RBI also doubled what banks can raise through overseas bonds and allowed them to hedge those dollars at a special rate with the RBI.

On the macro-economic front, India's HSBC Manufacturing

PMI for August 2013 fell below the psychological 50 mark after 4.5 years to stand at 48.5 in August 2013 from 50.1 in July 2013. The HSBC Services PMI for India came in at 47.6 in August 2013 against 47.9 in July 2013, which signals a contraction in the services sector. India's industrial output growth measured by index of industrial production (IIP) rose to a four-month high of 2.6% in July 2013 versus a decline of 2.2% a month ago while consumer price index (CPI) eased to 9.52% in August 2013 against 9.64% in July 2013.

The inflation again took a toll and sent shivers down the spine of the Government and the central bank as the Wholesale Price Index (WPI) rose to a six-month high of 6.1% in August 2013 from 5.79% in July 2013. The newly appointment Governor immediately took action and hiked the repo rate by 25 basis points to 7.5%, to contain inflation, in its Mid-Quarter Monetary Policy while keeping the cash reserve ratio (CRR) unchanged at 4%. RBI also reduced the marginal standing facility (MSF) rate by 75 basis points from 10.25% to 9.5%, as well as the minimum daily maintenance of the cash reserve ratio (CRR) from 99% to 95%.

On the positive side, India's trade deficit narrowed to $10.91 bn in August 2013 from $12.27 bn in July 2013 as exports surged 13% in August 2013 to $26.14 bn from a year ago while imports fell 0.68% to $37.05 bn in the month from $37.30 bn in August 2012. The current account deficit rose to $21.8 bn or 4.9% of GDP for Apr-Jun 2013 due to a rise in imports (especially of gold) and shrinking exports. The CAD for Apr-Jun 2012 was $16.9 bn, accounting for 4% of GDP. The government's fiscal deficit touched Rs 4.05 trln rupess in Apr-Aug 2013, or 74.6%, of the budget estimate. The fiscal deficit had reached 65.7% of the budget estimate in Apr-Aug 2012.

Taking a step forward in the reform process, the Lok Sabha finally approved the Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2011 on September 4, 2013. The bill had been referred to the Standing Committee twice already in 2005 and 2011. The Pension Bill aims to create a regulator for the sector and allows at least 26% foreign direct investment (FDI) in the pension sector.

Prime Minister's Economic Advisory Council (PMEAC) on September 13, 2013 lowered the growth forecast for the current fiscal to 5.3% from 6.4% projected earlier and listed out host of measures including further liberalisation of FDI norms to improve economic condition. Global rating agency Fitch has scaled down its projections on India's growth to 4.8% for the current fiscal from the earlier estimate of 5.7% made in June 2013. Moody's also revised its forecast, on the Indian economic growth, lower to 4.5% for 2013-14 from 5.5% projected earlier, on account of deteriorating macro-economic indicators of the country. Citing depreciating rupee a major hurdle for economic growth, Moody's said that recent depreciation in the rupee value will increase inflationary pressures in the country and keep domestic interest rates relatively high, which will hinder a recovery in domestic demand growth.

On the international front, global markets cheered the Fed's action. The FOMC meet ended with no tapering action on quantitative easing. As per Fed Chairman, Mr. Ben Bernanke, the Fed will wait for evidence of strong economic growth before taking such a step. The global markets ended the month of September 2013 on a positive note. Nikkei and Hangseng were the top two performers, which ended the month with gains of 7.96% & 5.19% respectively. Nasdaq also outperformed, rising by 4.69%. Dow Jones and FTSE increased by 2.16% and 0.77% respectively.

Going forward, we believe that the conflicting goals of reducing inflation and supporting growth will make the RBI's job very difficult in the coming months, and Indian equities will remain vulnerable to external shocks. Forthcoming quarterly result season and Reserve Bank of India's (RBI) second-quarter review of the monetary policy on October 29, 2013 will set the market direction for the short-medium term.

## Key News and Events in Sep 2013

- India August trade deficit narrowed to $10.91 bn vs $12.27 bn in July: India's trade deficit narrowed to $10.91 bn in August 2013 from $12.27 bn in July 2013, as merchandise exports clocked double digit growth for the second consecutive month and imports declined. Gold imports fell to $0.65 bn in August 2013, from $2.20 bn in previous month. On the other hand, exports continued their bull run, rising 13% in August 2013 to $26.14 bn from a year ago while imports fell 0.68% to $37.05 bn in the month from $37.30 bn in August 2012, even as oil imports rose 18%. As a result, the trade deficit declined 1.75% to touch $73.36 bn in the first five months of the current financial year, against $74.67 bn in the corresponding period of last year.
- India July industrial growth rises to 4-month high of 2.6%: India's industrial growth rose to a four-month high of 2.6% in July 2013, driven primarily by a sharp pick-up in capital goods. The industrial production had contracted 1.8% in June 2013 and 0.1% a year ago. The capital goods, which contracted in 18 of the last 24 months, grew 15.6% y-o-y in July 2013, pushing up the overall output. The manufacturing sector, which accounts for nearly three-fourths of the total weight of the Index of Industrial Production, grew 3% in July 2013, compared with 1.7% contraction in June 2013. Electricity sector grew 5.2% in July 2013 compared with flat output in June 2013. However, mining output contracted 2.3% compared with a 4.3% fall in June 2013. Consumer goods output declined 0.9% in July 2013, pulled down by a 9.3% fall in consumer durable goods. However, consumer non-durable goods rose 6.8% on year in July 2013.

- India WPI inflation rises to six-month high of 6.1% in August: India's headline inflation rate, based on the Wholesale Price Index (WPI), rose to a six-month high of 6.1% in August 2013 from 5.79% a month ago mainly on account of a sharp increase in prices of food articles. The headline inflation rate was 8.01% a year ago. August WPI inflation rose despite a decline in retail inflation during the month. The retail inflation rate, as measured by CPI (Combined), eased to 9.52% in August 2013 from 9.64% in July 2013. The WPI all commodities index rose 1.2% m-o-m in August 2013, as indices for primary articles and fuel and power rose 3.8% and 1.3%, respectively, during the month. However, the index for manufactured products, which accounts for nearly two-third of the total weight of WPI, declined 0.1% m-o-m in August 2013.
- RBI hiked policy rates by 0.25%: The Reserve Bank of India hiked the repo rate by 25 basis points to 7.5%, in its mid-quarter monetary policy statement for 2013-14 (Apr-Mar). The RBI kept the cash reserve ratio (CRR) unchanged at 4% while reducing the marginal standing facility (MSF) rate by 75 basis points from 10.25% to 9.5%, as well as the minimum daily maintenance of the CRR from 99% to 95%.
- Rajya Sabha Passed the Pension Fund Regulatory and Development Authority Bill, 2011: The Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2011, was passed in the Rajya Sabha on September 6, 2013. The Pension Bill aims to create a regulator for the sector and allows at least 26% foreign direct investment (FDI) in the pension sector.
- Jul-Sep advance tax collections muted; PSU banks lag, private banks lead: Jul-Sep 2013 advance tax payment figures suggest that companies in the Mumbai circle have paid around 7% more than they did last year. State Bank of India, one of the largest taxpayers in Mumbai circle, paid Rs 11.20 bn advance tax for Jul-Sep 2013, 38.5% lower y-o-y. Another major taxpayer in the circle, Reliance Industries Ltd paid Rs 16.7 bn as advance tax this quarter, just 8.9% more than it did last year. Other public sector banks' advance tax payments for the quarter either fell or were flat on year, barring Bank of India that registered a 35% y-o-y growth in advance tax payment to Rs 2.7 bn. Private sector banks registered robust growth in advance-tax payout for the quarter. The y-o-y growth in payouts ranged between 19% and 50%. Bajaj Auto Ltd and Mahindra & Mahindra Ltd shrugged off the pall that has settled over the automotive sector of late, and registered a 21.7% and 15% y-o-y rise in advance tax payout for the quarter. Public sector utilities Indian Oil Corp Ltd and Bharat Petroleum Corp Ltd, which did not pay any advance tax in Jul-Sep a year ago, paid Rs 2.55 bn and Rs 2.02 bn, respectively, this quarter.
- India Apr-Jun current account gap widens to 4.9% of GDP: India's current account deficit in Apr-Jun 2013 widened to 4.9% of the gross domestic product from 3.6% a quarter ago, mainly on account of a spurt in gold imports. In absolute terms, the current account deficit rose to $21.8 bn from $18.1 bn in Jan-Mar 2013. India's current account deficit was $16.9 bn in Apr-Jun 2012, accounting for 4% of the gross domestic product. Gold imports increased to $16.5 bn in Apr-Jun 2013 from $9.1 bn a year ago and $15.8 bn in Jan-Mar 2013. The merchandise trade deficit in Apr-Jun 2013 rose to $50.5 bn from $43.8 bn a year ago and $45.6 bn in Jan-Mar 2013, primarily led by a steep rise in gold imports during the first two months of the quarter.
- India Apr-Aug fiscal gap 4.05 trln rupees, up 20% on year: India's fiscal deficit in Apr-Aug 2013 rose 20% on year to Rs 4.05 trln, driven by higher government expenditures. The fiscal deficit in the first five months of 2013-14 accounted for 74.6% of the year's budget target of Rs 5.43 trln. In the same period of the previous year, the fiscal deficit had accounted for 65.7% of the target. The budget has projected the financial year's fiscal deficit to narrow down to 4.8% of the gross domestic product from 4.9% last year.

## Auto Sector September Sales

- Maruti Suzuki India Ltd's total sales in September rose nearly 12% year-on-year to 1,04,964 units, led by a 181% growth in exports during the month. The company's total exports in September rose to 14,565 units. Weakness in sales in the domestic market continued for the country's largest passenger car manufacturer. The company's domestic vehicle sales for the month rose merely 1.8% y-o-y to 90,399 units. Mini car sales rose nearly 5% to 41,061 units, compact car sales rose 17% y-o-y to 20,828 units.
- TVS Motor Co Ltd reported total sales of 1,97,409 units for September, up 16% y-o-y, against 1,70,097 units sold last year. Two-wheeler sales rose 15% y-o-y to 1,89,609 units, while three-wheeler sales rose 56% at 7,800 units. The company's total exports rose 47% during the month under review to 27,577 units against 18,818 a year ago. Two wheeler exports grew 32% y-o-y to 21,011 units in September. Domestic sales during the reporting month grew 13% to 1,68,598 units. Motorcycle sales grew 30% y-o-y in September, while scooter sales grew 8%. TVS sold a total of 83,043 motorcycles and 43,201 scooters last month.
- M&M Ltd's total vehicle sales in stood at 43,289 units in September vs 48,342 year ago. M&M Sep domestic sales was at 40,574 units vs 45,263 year ago. Mahindra Two Wheelers Ltd sold a total of 20,890 units in September, 136% higher y-o-y. The company's sales in India during the period was 19,716 units.

# ARI - Equity Outlook

- Hero MotoCorp Ltd, India's largest two-wheeler manufacturer by sales, sold 4,68,670 vehicles in September, compared with 4,04,787 units in the same month last year, a growth of 15.8%. In terms of retail sales, Hero MotoCorp registered a growth of 7% during September. For the quarter ended September, the company registered sales of 14,16,211 units, an increase of 6.3% y-o-y.
- Tata Motors Ltd's total sales fell 33.44% to 50,427 units in September from 75,773 units in the year ago period. The company's domestic sales of commercial and passenger vehicles fell 35% to 45,998 units in September against 70,332 units a year ago. Exports too declined to 4,429 units from 5,441 units. In September, Tata Motors sold 33,119 commercial vehicles in the domestic market against 48,680 units a year ago, or down 32% y-o-y. The company's sales of light commercial vehicles were down 27% at 24,304 units from 33,393 units a year ago, while sales of medium and heavy commercial vehicles fell 42.33% to 8,815 units. Sales of passenger vehicles during the review month fell 41% to 12,879 units from 21,652 units in the year-ago period. During Apr-Sep, the company sold a total of 3,04,742 vehicles against 4,09,898 units in the corresponding period a year ago. While sales of commercial vehicles were at 2,09,972 units in Apr-Sep against 2,51,507 units, passenger vehicles sales were at 69,735 units for the five-month period against 1,30,642 units a year ago. Exports in Apr-Sep were 25,035 units against 27,749 units.
- Bajaj Auto Ltd's total sales in September rose 2% y-o-y to 3,67,815 units, largely on account of the low base of the previous year. The Pune-based manufacturer sold 3,23,879 motorcycles during September, 3% more than it did a year ago. Sales of commercial vehicles stood at 43,936 units, down 2% on year. Bajaj Auto's total exports in September were up 10% at 1,46,847 units. In September 2012, Bajaj Auto's total sales had fallen 14% to 3,60,152 units. The company attributed the fall to the late onset of the festival season. Bajaj Auto's motorcycle and three-wheeler sales in September last year had fallen 15% and 4% respectively, while exports had declined 6%.

## Nifty Technical Outlook

Indian equity markets ended on a positive note in the month of September 2013 owing to appreciation of Indian Rupee. On the sectoral front PSU, Capital Goods, Auto and Bankex led the rally in the indices whereas IT, Teck and Realty, ended on the losing side. The Sensex closed with a net gains of 4.08% whereas the Nifty gained 4.82% vis-à-vis the previous month.


### Technical Observation

- On the monthly chart

  We are observing a positive candle which has closed well above the 34 month EMA and the momentum oscillator is also gaining momentum. Hence, there is a possibility of an upside momentum.
- On the weekly chart

  We are observing that prices have taken support at the upward gap area of 5688 to 5738 and formed a positive candle.
- On the daily chart

  We are observing that prices have closed above the 200-day SMA which is at 5840. Further the momentum indicator viz the CCI is gaining momentum which indicates that momentum is likely to continue.

Future Outlook:

Combining the pattern formations on different time frame it is evident that the 200-day SMA holds significance going forward. Any daily close below the mentioned zone would indicate weakness. In such scenario indices are likely to retest previous low of 5700 or 5630 – 5510 levels. However, the momentum indicator viz the CCI both on monthly and daily suggests that if Nifty trades and closes above 5950 level then it has probability to test 6142 – 6230 – 6355 levels.

If Nifty remains above or below the 200-day SMA (5840) it would be the trend deciding factor. At present prices are above the 200-day SMA, hence traders are advised to keep a stop loss of 5840 (on daily closing basic) for their long positions.

# ARI - Commodity & Currency Pick

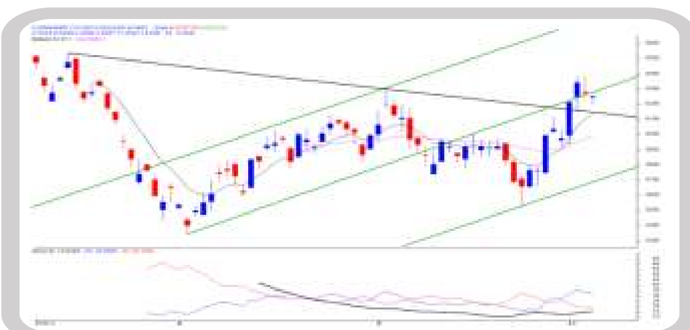
## DHANIYA   BUY : ₹ 6,200-6,180

**Target: ₹ 6,620-6,850**

**Stop Loss: ₹ Below 5,900**

In our March-2013 issue of Value Plus, we had predicted a major fall in prices of Dhaniya. That was the time when harvest was in full swing and mandis were filled with fresh arrivals. From March until July, price of Dhaniya has declined more than 35%. As the festivities start in October, we are again ready with a fresh analysis of the rounded-seed spice, but this time it's looking in favor of bulls.

If March-April were the months of harvest, October-November period is the time of sowing for Dhaniya. As per the current fundamental scenario, the physical stock of



Dhaniya is lower in comparison to anticipated demand since the quantity of carry-over stock has also been limited due to major decline in April-July period which prompted farmers and traders to sell maximum portion in that period. Upcoming festive demand too will keep a pressure on limited stocks as harvesting season is a good four months away. All in all, strong fundamentals are in the making.

From the technical analysis perspective, a crucial trend line can be captured by connecting two candlestick bottoms (June 2012 and Oct 2012) from where the unprecedented bull rally started last year. This trend line not just remained intact during huge fall in April-July 2013 period but also successfully carried a bottom of Rs 5,349 on 2nd August 2013 which prepared the base for last two month's positive consolidation phase. Thus, we now have an ideal situation to apply Andrew's Pitchfork study (APF) here. APF indicates emergence of an upward channelized movement rising above the crucial median line and giving an indication of a wave 'C' formation if not 3. The falling trend line covering the bearish rally is also successfully breached now. Bulls are ready to welcome the festive season with Dhaniya.

Considering the scenario, mid-term traders can buy NCDEX Dhaniya November contract at Rs 6,200-6,180 with stop loss below Rs 5,900 for targets in the range of Rs 6,620 and then Rs 6,850.

## USD-INR

After a great run in August, USD-INR turned bearish from the peak of 69.13 and posted its longest losing streak in a year, making a low of 61.56 to finally settle at 63.21. The pair saw drastic selling after the RBI came with a slew of measures to support Rupee.

RBI opened a special concessional window for swapping foreign currency non-resident (banks), or FCNR (B), and increased overseas borrowing limit of 50%. Furthermore, the announcement by U.S. FOMC that they have not yet laid down a timetable for winding down the stimulus of its $85 billion per month asset purchase program also provided support to the Indian Rupee. After falling 10.95% in the previous month from a high of 69.13 to low of 61.56, USD-INR pair finally settled down 5.26% on closing basis.

Key International Events:

- 17th Oct: U.S. debt ceiling/Budget (a failure to raise the U.S. debt ceiling could hurt the global economy and IMF warned that U.S. growth could drop below 2% this year).
- 30th Oct: FOMC Statement and Federal Funds Rate (US Dollar could take correction if Fed Speak Points to delay in QE Cutback).

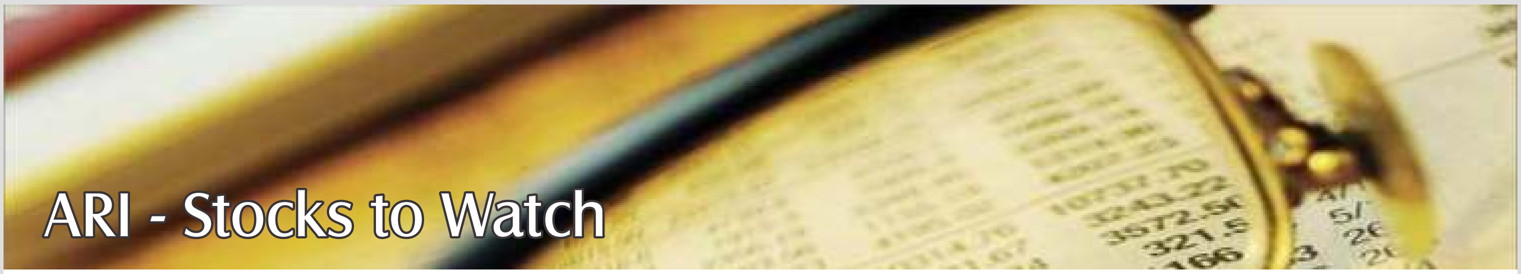
Key Domestic Events:

- 11th Oct: IIP for August.
- 14th Oct: WPI inflation for September.
- 29th Oct: RBI Monetary Policy.

On the technical side, monthly Chart shows that USD-INR is trading under the Raff Regression channel line with resistance at 64.80 levels and a median line support of 60.80. According to the wave theory, a corrective wave count which started from the peak of 69.13, is likely to retrace at 61.8% of previous wave offering a support 60-59.80. A probability for the bounce back can be seen if the pair does not manage to hold below 59.80 on the closing basis.

From the above analysis, we expect that rather than technical aspects, economic conditions (especially from the U.S.) will provide more important clues for the USD-INR pair in coming days.

Strategy: Sell USD-INR at around 62.50 with a target of 61.60-60.50, and a stop loss of 63.35, while buying in the pair can be considered at around 60 levels with a stop loss below 58.75.



# ARI - Stocks to Watch

## Biocon Ltd BUY

**CMP:** ₹ 336 (As on 4th Oct, 2013)

Buy: ₹ 336-325

Target Price: ₹ 355-370

Stop-Loss: ₹ 317


Biocon Ltd is an integrated healthcare company engaged in the manufacturing of biopharmaceutical products through using fermentation-based technology. Biocon has successfully evolved into an emerging global biopharma enterprise, serving its partners and customers in over 75 countries. It produces range of active pharmaceutical ingredients (APIs), branded formulations and biological. It has 70 brands spread across six therapeutic segments includes Diabetology, Oncotherapeutics, Nephrology, Cardiology, Immunotherapy and Comprehensive Care. It offers contract research services to overseas customers in the field of synthetic chemistry and molecular biology, sale of products arising from research activities and undertakes clinical research activities on discovering biomarkers.

Technical Outlook:

On the daily chart, stock has given triangle breakout and momentum oscillators are showing positive crossover. Moreover on the daily and weekly chart, the stock is holding 200DMA and 200WMA. According to the above said pattern a positive movement is witnessed for the coming month.

We recommend buy and accumulate on Biocon at Rs 336 or on a decline up to Rs 325 levels with a stop loss of Rs 317 and a target of Rs 355 – 370 levels.

## Zee Ltd BUY

**CMP:** ₹ 247 (As on 4th Oct, 2013)

Buy: ₹ 247-240

Target Price: ₹ 265-275-282-296

Stop-Loss: ₹ 230

Zee Entertainment Enterprises Ltd is one of India's leading television, media and entertainment companies. The company is amongst the largest producers and aggregators of Hindi programming in the world, with more than 1 lac hours of original programming in its archives. It has presence in nearly 169 countries catering to more than 67 crore viewers. The Company derives revenue mainly from advertisements and subscription. The Group also generates revenue through sale of television programs and movie distributions. Pioneer of television entertainment industry in India, ZEE's well known brands includes Zee TV, Zee Cinema, Zee Premier, Zee Classic, Zee News and Ten sports.

Technical Outlook:

On the weekly chart, the stock has taken support at lower trendline of the channel. The current price action has closed above the median line of the channel. This suggests that prices have high probability to test upper trendline of the channel.

We, therefore, recommend buy on Zee Ltd at Rs 247 or on a decline up to Rs 240 levels with a stop loss of Rs 230 for a target of Rs 265 – 275 – 282 – 296 levels.

# ARI - Mutual Fund Update

### Mutual Fund Commentary

Indian equity markets ended the month with highest monthly gain since November 2012 with S&P BSE Sensex clocking a gain of 4.08% at 19379.77 and Nifty ending with 4.82% gains to settle the month at 5735.30.

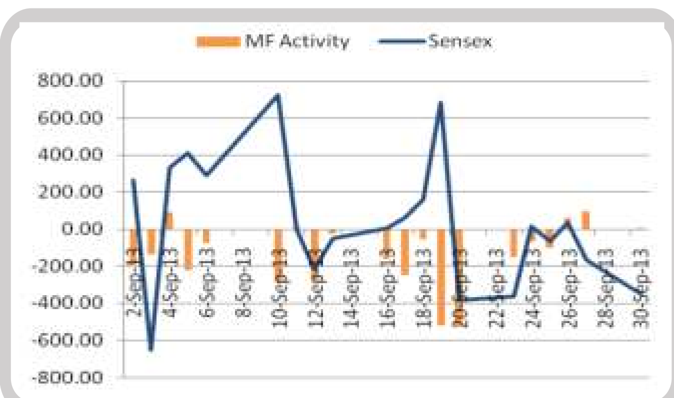
### MF Activity

While the Indian equity markets delivered gains during the month of September 2013, the Indian mutual funds turned net sellers of equity clocking net sales of Rs 2,800.90 crore during the month. Highest selling was recorded in the third week of the month when the fund houses made total net sales of Rs 1,518.60 crore of equities. While the domestic fund houses were net sellers, foreign institutional investors (FIIs) turned net buyers of Indian equities to the tune of Rs 13,057.80 crore in September 2013.

### Mutual Fund Activity in September 2013

| (₹ in Crores) | Gross Purchases | Gross Sales | Net Investment |
|---|---|---|---|
| 1st Week | 2095.60 | 2644.60 | -549.10 |
| 2nd Week | 1592.30 | 2172.50 | -580.20 |
| 3rd Week | 1993.00 | 3511.50 | -1518.60 |
| 4th Week | 2071.00 | 2226.70 | -155.70 |
| 5th Week | 420.90 | 418.30 | 2.70 |
| Total | 8172.80 | 10973.60 | -2800.90 |

(Source : SEBI )




### Movers and Shakers

### Equity Category

As far as the performance of various categories of mutual funds is concerned, in the equity diversified category, Baroda Pioneer PSU Equity Fund delivered positive returns of 9.69% followed by Taurus Discovery Fund (9.68%), Tata Mid Cap Growth Fund (9.09%), DSP BlackRock Small and Midcap Fund (9.06%) and JM Core 11 Fund (8.97%).

### Monthly Best Performer: All Equity Diversified Funds

| Scheme Name | Last 1-Month return (%) |
|---|---|
| Baroda Pioneer PSU Equity Fund - Growth | 9.69 |
| Taurus Discovery Fund – Dividend | 9.68 |
| Tata Mid Cap Growth Fund - Growth | 9.09 |
| DSP BlackRock Small and Midcap Fund - Growth | 9.06 |
| JM Core 11 Fund - Dividend | 8.97 |

(Returns are absolute as on 30th September 2013)

### Monthly Best Performer: All Sectoral Funds

In the sectoral category, the schemes focusing on the infrastructure stocks generated positive returns with HDFC Infrastructure Fund being the best performer of the month with a return of 10.03% followed by UTI Infrastructure Fund (9.10%), Franklin Build India Fund (8.80%), SBI FMCG Fund (8.42%) and Canara Robeco Infrastructure Fund (8.41%).

| Scheme Name | Last 1-Month return (%) |
|---|---|
| HDFC Infrastructure Fund - Dir - Dividend | 10.03 |
| UTI Infrastructure Fund - Dir - Growth | 9.10 |
| Franklin Build India Fund - Dir - Growth | 8.80 |
| SBI FMCG Fund - Dir - Dividend | 8.42 |
| Canara Robeco Infrastructure Fund - Dir - Growth | 8.41 |

(Returns are absolute as on 30th September 2013)

### Debt Category

Among the debt fund category, during the month of September 2013 DWS Hybrid FTF delivered positive return of 5.43% followed by DSP BlackRock Dual Advantage Fund (5.28%), Peerless Short Term Fund (4.80%), ICICI Prudential Multiple Yield Fund (3.81%) and Axis Hybrid Fund (3.77%).

### Monthly Best Performer: All Debt Funds

| Scheme Name | Last 1-Month return (%) |
|---|---|
| DWS Hybrid FTF - Series 5 - Dividend | 5.43 |
| DSP BlackRock Dual Advantage Fund - Series 17 - 35M - Growth | 5.28 |
| Peerless Short Term Fund - Qtly Dividend | 4.80 |
| ICICI Prudential Multiple Yield Fund - Series 3 - Plan A - Dividend | 3.81 |
| Axis Hybrid Fund - Series 1 – Dividend | 3.77 |

(Returns are absolute as on 30th September 2013)

## Capital Movement

The September quarter saw a 4.5%, q-o-q, decline in the average asset under management of the mutual fund industry owing to extreme gyrations in the rupee and stock markets coupled with high volatility in the short term interest rates. The MF industry closed the quarter with a decline of Rs 40,000 crore in its AUM, q-o-q, at Rs 8.14 lakh crore, as per the data released by the Association of Mutual Funds of India (AMFI). Interestingly, the top five fund houses of the country, namely HDFC MF, Reliance MF, ICICI Prudential MF, Birla Sun Life MF and UTI MF, accounted for 50% of Rs 40,000 crore decline. The breadth of the MF industry was negative with only 9 AMCs witnessing an increase in its AUM.

Among the top 5 players, ICICI Prudential MF was the biggest loser as its AUM declined by 5.24% or by Rs 4,659.59 crore over that in June 2013 while UTI Mutual Fund lost 4.14% or Rs 3,013.32 crore during the quarter and its AUM stood at Rs 69,823.29 crore. While LIC Nomura Mutual Fund, recorded the highest increase in its AUM in percentage term with its AUM rising 25.51% to Rs 7,006.98 crore followed by BOI AXA MF and HSBC MF that saw a jump of 24.91% and 14.12% in their AAUMs respectively while Franklin Templeton Mutual Fund was the biggest gainer of AUM in absolute terms, adding Rs 1,926.01 crore to its corpus totaling it to Rs 44,750.44 crore as on 30 September 2013.

Daiwa MF was the biggest loser, in percentage terms, shrinking over 60%, q-o-q, to Rs 50.52 crore in September 2013 while ICICI Prudential MF saw biggest decline in absolute terms as it witnessed an erosion of a whopping Rs 4,659.59 crore (-5.24%) from its kitty this quarter bringing down its AAUM to Rs 84,305.19 crore.

## AUM CHANGE OF FUND HOUSES

### TOP GAINERS - AUM

| MF Name | Average AUM (Rs in cr) | | Q-o-Q Change | |
|---|---|---|---|---|
| | 30th Sep 2013 | 30th Jun 2013 | Absolute | In% |
| Franklin Templeton Mutual Fund | 44,750.44 | 42,824.43 | 1,926.01 | 4.50 |
| IDFC Mutual Fund | 39,630.87 | 38,129.34 | 1,501.53 | 3.94 |
| LIC Nomura Mutual Fund | 7,006.98 | 5,582.82 | 1,424.16 | 25.51 |
| SBI Mutual Fund | 59,333.22 | 57,939.71 | 1,393.51 | 2.41 |
| L&T Mutual Fund | 15,062.55 | 13,677.55 | 1,385.00 | 10.13 |
| HSBC Mutual Fund | 6,717.51 | 5,886.12 | 831.39 | 14.12 |
| Canara Robeco Mutual Fund | 7,595.73 | 7,290.75 | 304.98 | 4.18 |
| Morgan Stanley Mutual Fund | 3,289.61 | 3,021.83 | 267.78 | 8.86 |
| BOI AXA Mutual Fund | 1081.74 | 866.00 | 215.74 | 24.91 |
| HDFC Mutual Fund | 1,03,061.13 | 1,03,022.97 | 38.16 | 0.04 |

### TOP LOSERS - AUM

| MF Name | Average AUM (Rs in cr) | | Q-o-Q Change | |
|---|---|---|---|---|
| | 30th Sep 2013 | 30th Jun 2013 | Absolute | In% |
| ICICI Prudential Mutual Fund | 84,305.19 | 88,964.78 | -4,659.59 | -5.24 |
| UTI Mutual Fund | 69,823.29 | 72,836.61 | -3,013.32 | -4.14 |
| Reliance Mutual Fund | 94,575.50 | 97,422.20 | -2,846.70 | -2.92 |
| Tata Mutual Fund | 17,799.58 | 20,082.48 | -2,282.9 | -11.37 |
| DSP Blackrock Mutual Fund | 30,323.86 | 32,175.64 | -1,851.78 | -5.76 |
| Baroda Pioneer Mutual Fund | 5,263.24 | 7,108.32 | -1,845.08 | -25.96 |
| Peerless Mutual Fund | 2,835.33 | 4,538.11 | -1,702.78 | -37.52 |
| Taurus Mutual Fund | 2,732.26 | 4,392.82 | -1,660.56 | -37.80 |
| Indiabulls Mutual Fund | 1,562.69 | 3,182.66 | -1,619.97 | -50.90 |
| JPMorgan Mutual Fund | 13,257.38 | 14,850.04 | -1,592.66 | -10.72 |

# FOUR RED FLAGS IN EQUITY INVESTMENT

- Promise of guaranteed return in any equity investment
- Insider tips- experts can't equity investment
- Company is all talk of future projections with no real earning at the moment
- Offerings of 'quick returns', 'double your money', 'special access'