ARIHANT's

VALUE Plus

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

ARI - Movers & Shakers

INDIAN INDICES

Indices	Aug-13	Jul-13	Change %
SENSEX	18619.72	19345.70	-3.75
S&P CNX NIFTY	5471.80	5742.00	-4.71
BANK NIFTY	9049.20	10015.75	-9.65
CNX MIDCAP	6589.80	6872.95	-4.12
S&P CNX 500	4175.85	4379.65	-4.65
CNX IT	8382.40	7787.35	7.64
CNX REALTY	149.55	167.55	-10.74
CNX INFRA	1957.35	2178.95	-10.17

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Aug-13	Jul-13	Change %
AUTO	10202.17	10568.80	-3.47
BANKEX	10304.35	11440.96	-9.93
CD	5615.79	6262.38	-10.32
CG	7085.17	8227.04	-13.88
FMCG	6342.30	6791.78	-6.62
HC	8965.59	9073.98	-1.19
IT	8027.55	7458.19	7.63
METAL	7784.89	6882.46	13.11
OIL&GAS	8149.41	8578.60	-5.00
PSU	4989.82	5449.81	-8.44
REALTY	1173.67	1316.95	-10.88
TECk	4462.42	4295.35	3.89

(Source: BSE)

GLOBAL INDICES

Indices	Aug-13	Jul-13	Change %
DOW JONES	14810.31	15499.54	-4.45
NASDAQ	3073.81	3090.19	-0.53
HANG SANG	21731.37	21883.66	-0.70
FTSE	6412.93	6621.06	-3.14
NIKKEI	13388.86	13668.32	-2.04

(Source: Telequote software)

COMMODITIES and FOREX

Particular	Aug-13	Jul-13	Change %
MCX GOLD	32989.00	28207.00	16.95
MCX SILVER	53212.00	41663.00	27.72
MCX CRUDE OIL	7246.00	6285.00	15.29
MCX-SX USDINR	65.92	60.39	9.16

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Aug 2013	69,308.40	75,231.10	-5,922.50
Total for 2013 *	546,591.81	486,422.09	60,169.80

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Aug 2013	13,109.00	11,502.10	1,607.00
Total for 2013 *	78,737.30	92,172.50	-13,435.00

* From Jan-Aug 2013

(Source: SEBI)

Market Commentary

Indian equity markets went through a complete carnage in August 2013 and ended the month losing a whopping 4.7%. The negative sentiment in the market started with the fear that the United States would soon start rolling back its monetary stimulus, which dampened investor confidence as it raised fears of foreign investors selling Indian shares and the continuous FIIs selling did not help. A sharp depreciation of Indian Rupee against the dollar during the month played havoc in the markets and resulted in warnings from a few rating agencies for a downgrade on India, that sent shivers to the markets. Finally Indian markets shut shop on a disappointing note as S&P BSE Sensex shaved off 3.75% settling the month at 18619.72 and CNX Nifty lost 4.71% ending the month at 5471.80. During the month, S&P BSE Sensex and CNX Nifty touched the lowest level of 18101.84 and 5118.85 respectively on August 28, 2013.

On the sectoral front, Metal turned out to be the best performing sector in August 2013 clocking gains of 13.11%. This was followed by IT (7.63%) and TECK (16.75%) that primarily gained due to rupee depreciation. Capital Goods was the worst performer in the pack plummeting 13.88% followed by Realty, PSU, Consumer Durables and Bankex that lost 10.88%, 11.57%, 10.32% and 9.93%, respectively.

On the institutional side, foreign institutional investors (FIIs) remained bearish during the month and sold equities worth Rs 5,922.50 crore while the domestic mutual fund houses bought Rs 1,607.00 crore of equities during August 2013.

It is important to note that the Indian markets are highly vulnerable to the US markets and foreign institutional activity. Talks of drawing back Quantitative Easing have led to a massive shift in the placement of foreign funds. These external factors lead to a sharp depreciation of Indian rupee. The month also saw the worst performance of Indian rupee in a month, in its history, with Indian Rupee touching a historic low of 68.93 against the US dollar (falling 8.8% in August) on worries that India would struggle to fund its current-account deficit when the US central bank pulls back stimulus to the US economy. Rupee depreciation increased the risk of inflation, increased import bill and consequentially potentially widening of current account deficit.

Earlier this month, India's biggest commodity spot exchange, National Spot Exchange Limited (NSEL) had shut down its operations following the government direction in the wake of violation of certain rules and has given sevenmonth period to investors to settle their Rs 5,600 crore. Concerned over payment crisis at NSEL, the Forward Markets Commission (FMC) has ordered NSE to disclose the party-wise amount deposited in the escrow account maintained with Axis Bank on a daily basis. It also ordered NSE to reconcile the amount of pay-in and pay-out to be made to various members of the exchange. FMC also came down on NSEL for incorrect data and raised doubts on the seriousness of the exchange's management to resolve the crisis. Meanwhile, the government is also planning to conduct an audit of NSEL's physical stocks lying in warehouses by own agencies as it fears defaults in payment by buyers.

On the macro-economic front, a slowdown in factory activity deepened in July 2013 as order books shrank by the most in over four years, suggesting a broad stagnation in the manufacturing sector. India's HSBC Manufacturing Purchasing Managers' Index (PMI), edged down to 50.1 in July 2013 from 50.3 in June 2013. Companies in India's vast services sector suffered a fall-off in activity for the first time in nearly two years in July 2013, the HSBC Markit Services Purchasing Managers' Index fell to 47.9 in July 2013 from 51.7 in June 2013. India's industrial output growth measured by index of industrial production (IIP) contracted 2.2% in June 2013 versus a decline of 2.8% a month ago while consumer price index (CPI) eased to 9.64% in July 2013, against 9.87% in June 2013. The Wholesale Price Index (WPI), on the other hand, rose to a five-month high of 5.79% in July 2013 from 4.86% in June 2013. India's trade deficit declined sharply on year on year basis at $12.26 bn in July 2013, from $17.47 bn in July 2012 as exports surged 11.64% to $25.83 bn in July 2013 and imports fell 6.2% to $38.10 bn in July 2013. India's fiscal deficit during the April-July 2013 period was Rs 3.41 trillion, or 62.8% of the full-year target. GDP for the April-June quarter is 4.4% much below the market expectation of 4.8%. The real gross domestic product had expanded 4.8% in Jan-Mar 2013 and 5.4% a year ago.

Reserve Bank of India (RBI) has taken some measures to stop the rupee depreciation. RBI on August 8, 2013 announced fresh steps to drain cash from the banking system, as it stepped up efforts to stop the rupee's decline against the dollar. The RBI said it would sell Rs 22,000 crore of short-term cash management bills every week on Monday. The sale is in addition to Rs 12,000 crore of Treasury bills and Rs 15,000 crore of sovereign bonds the government sells every week to fund its fiscal gap. RBI on August 14, 2013 announced additional measures to support the Indian rupee by stemming foreign exchange outflows by Indian residents and reduced the limit for Overseas Direct Investment (ODI) under automatic route for all fresh ODI transactions, from 400% of the net worth of an Indian Party to 100%. Further, the RBI also reduced the amount that people living in India can send abroad to $75,000 a year from $2,00,000 per financial year. These measures did give some short term support to the Rupee but did not lead to desired results.

The government has been moving ahead to meet the demand of the telecom industry, and has approved 100% foreign direct investment (FDI) in the sector from 74% which will include 49% investment through automatic route and beyond that will require the Foreign Investment Promotion Board's (FIPB) approval.

Food Security Bill, after days of unruly scenes in Parliament, finally won the Lok Sabha approval. Indian equity markets slumped further and rupee hit a life-low of 68.93 per US dollar as investors feared that the country's CAD may widen further after Lok Sabha approved Food Security Bill (largest subsidy in the world) to provide cheap food to poor. The Lok Sabha on August 26, 2013 cleared the Food Security Bill, which seeks to entitle 67% of the country's population, i.e. about 80 crore people, subsidised food. Food Minister K V Thomas said the food security programme, which would require 6.2 crore tonnes of food grain a year, would entail a burden of Rs 1,30,000 crore on the exchequer. The Bill would have a one-year time period for implementation. The other major bill that was passed was the Land Acquisition Bill.

On the global front, Global markets traded under pressure during the passing month but there were some encouraging reports on the economic front pointing towards modest recovery. FTSE and Dow Jones were the top losers, which ended the month with loss of 4.45% & 3.14% respectively. Nikkei also underperformed, down by 2.04%. Hangseng and Nasdaq disappointed, reporting marginal loss of 0.70% and 0.53% respectively. U.S. Federal Reserve's July 2013 meeting reinforced the view that the central bank will start winding up a key economic stimulus program sometime later this year. But there was some disappointment that the minutes didn't provide much in the way of clarity about when the Fed may start winding up its US$85 bn of monthly bond purchases and what the pace of the tapering would be.

Outlook

Indeed it is difficult to look at a long term picture when the Indian rupee has been plunging to new lows, market volatility has been at its highest, G-sec yields having been touching record highs, crude oil has been rising due to geopolitical concerns and the economic numbers (wholesale price index, index of industrial production and GDP) have been disappointing. However, as much as successful investing entails protecting the portfolio and being agile, it is also about not losing out on the opportunity that comes along the way. History has shown that highest returns have been generated in periods of excess gloom, as that is when the best of companies are overlooked and are available at cheaper valuations.

Investors need to look at the bigger picture and have a long term horizon that can withstand short term volatility and focus on valuations at the micro level.

Key News and Events in August 2013

- India July trade deficit narrowed to $12.27 bn vs $17.48 bn year ago: After falling for two consecutive months, India's merchandise exports rose 11.6% on year to $25.83 bn in July 2013 helping narrow the country's trade deficit. India's trade deficit narrowed to $12.27 bn during July 2013 from $17.48 bn a year ago. In July 2013, imports fell to 38.10 bn, down 6.2% from the year-ago level. However, in the first four months of the year imports were up 2.8% on year at $160.74 bn. The fall in India's imports in July 2013 was led by bullion, non-oil imports and oil imports. India's gold and silver imports rose to $2.9 bn in July 2013 from $2.5 bn a month ago, but declined from $4.5 bn a year ago. Oil imports in July 2013 fell 8% to $12.71 bn, while non-oil imports were down 5.26% to $25.39 bn. Engineering goods, textiles, readymade garments, pharmaceuticals and chemicals gave a boost to exports in July 2013.

- India June IIP (-)2.2% vs (-)2.8% in May: India's Index for Industrial Production (IIP) contracted 2.2% in June 2013, pulled down by weak output of capital goods and consumer durables. The contraction in June 2013 is despite a low base as industrial output had declined 2.0% on year in the corresponding month last year. A decline of 6.6% and 10.5% in capital goods and consumer durables output during June weighed on the overall figure for the month. The manufacturing sector, which accounts for three-fourth of the total weight of the IIP, contracted 2.2% in June 2013, compared with 3.6% decline in May 2013. Mining output contracted 4.1% compared with 5.9% fall in May 2013.

- India July WPI inflation surges to 5-month high of 5.79%: India's headline inflation rate, based on the Wholesale Price Index (WPI), rose to a five-month high of 5.79% in July 2013 from 4.86% in the previous month. The headline inflation rate was 7.52% a year ago. The rise in inflation in July 2013 was primarily on account of a sharp rise in prices of vegetables (+17.8% M-o-M), especially onion and potato, and fuel products that rose 31.0% and 16.1% M-o-M, respectively, while prices of petrol, aviation turbine fuel, furnace oil and bitumen rose 7% each in July 2013. Despite the rise in headline inflation rate, the retail inflation rate, as measured by CPI (Combined) eased in July 2013 to 9.64% from 9.87% in June 2013. The WPI all-commodities index rose 1.6% M-o-M in July 2013, as the indices of all the three sub-groups primary articles, fuel & power and manufactured products rose during the month.

- India Apr-Jul fiscal gap 3.41 trln rupees, up 29% on year: India's fiscal deficit in Apr-Jul 2013 increased 29% on year to Rs 3.41 trln as government's expenditures have been on the rise, while tax revenues remained tepid. Fiscal deficit in the first four months of 2013-14 accounted for 62.8% of the year's Budget target of Rs 5.425 trln. In the same period of last year, the fiscal deficit had accounted for 51.5% of the target. The government's planned expenditures saw a 31.4% rise, taking total expenditures to Rs 5.212 trln, up 19.2% Y-o-Y. The Budget has projected the financial year's fiscal deficit to narrow down to 4.8% of gross domestic product in 2013-14 from 4.9% last year. Total receipts in Apr-Jul 2013 rose only marginally by 4.5% to Rs 1.81 trln. Revenue deficit during Apr-Jul 2013 rose 28.8% on year to Rs 3.41 trln. In July, fiscal deficit was up 5.2% on year at Rs 777.86 bn.

- India Apr-Jun GDP growth falls to four-year low of 4.4%: The growth in the Indian economy moderated to a four-year low of 4.4% in Apr-Jun 2013, mainly on account of a sharp slowdown in industry, which grew 0.2%, compared with 2.7% in Jan-Mar 2013 and 1.8% a year ago. The real gross domestic product had expanded 4.8% in Jan-Mar 2013 and 5.4% a year ago. This is the third consecutive quarter in which the GDP has grown below 5%. The growth in Apr-Jun 2013 is the slowest since 3.5% reported in the Jan-Mar quarter of 2008-09 at the height of the Lehman crisis.

- RBI tightens overseas investment rules by Indian companies and individuals: The RBI has reduced the limit for overseas direct investment (ODI) by domestic companies under automatic route from 400% of the net worth to 100%. The RBI also reduced the limit for remittances made by resident individuals under the liberalised remittances scheme (LRS) to $75,000 a year from $2,00,000. Resident individuals are however, allowed to set up joint ventures/ wholly-owned subsidiaries outside under the ODI route within the revised LRS limit.

- Lok Sabha passes Food Security Bill: Lok Sabha on August 26, 2013 passed the United Progressive Alliance government's ambitious National Food Security Bill, 2013. The National Food Security Bill aims to give legal entitlement to highly subsidised food grain to 67% of the country's population - 75% in rural areas and 50% in urban areas. The beneficiaries, to be identified by states, would get coarse cereals at Rs 1 per kg, wheat at Rs 2 per kg, rice at Rs 3 per kg, and the grain allocation would be 5 kg per person per month. It will have a one year time period for implementation and will cost the exchequer Rs 1.3 lac crore.

- Lok Sabha passes Land Acquisition Bill: Lok Sabha on August 29, 2013 passed Land Acquisition Bill that seeks to provide a 'fair' compensation to farmers while ensuring that no land can be acquired forcibly. The bill was passed with 216 votes in favour while 19 against. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2012 stipulates mandatory consent of at least 70% for acquiring land for Public Private Partnership (PPP) projects and 80% for acquiring land for private companies. The bill, which will replace over a century-old law, proposes compensation that is up to four times the market value in rural areas and two times the market value in urban areas.

Auto Sector August Sales

Automobile sales numbers for the month of August 2013 continue to be weak, before the September festive season. Erstwhile fast growing segments like SUVs and LCVs have lost their sheen, while the heavy truck segment remains in a quandary. Two wheeler and four wheeler passenger sales were mixed, with the star outperformer being Honda two-wheelers, clocking a 38% growth in a dull market. M&M and Escorts recorded tractor sales growth in low single digits. Global OEM's in the 2W and 4W sector continue to perform well on a "relative" basis, with volume upticks from some of their latest new launches such as the Honda Amaze, Ford EcoSport and the Honda Dream Neo.

Outperformer: Honda 2W recorded its highest sales ever in India, and we expect HMSI to cause disequilibrium in domestic 2W market shares going forward.

Overall, August has been a non-eventful month, and we remain cautious on volumes for H2FY14 (negatives clearly outweigh positives), with few chances of reduction in loan rates for the auto sector, higher fuel prices (petrol hiked by Rs 2.3/litre, and the possibility of a Rs 3 per litre hike in diesel prices), higher product prices (passed on to consumers by OEM's due to INR depreciation). As all hopes are pinned to the upcoming festive season, we do not expect any major surprises, notwithstanding a low base effect for last year's festive season. (FY13 festive season had a low base, with growth at only 2% yoy, cumulative for Sept and Oct).

Domestic Companies

Market leader Hero Motors clocked growth in low single digits; YTD growth continues to be negative for them. Bajaj's domestic weakness was partly offset by strong export numbers; the company mentioned that Egypt market for 3W's continues to be weak however. TVS's product portfolio continues to remain weak across the board. This is the seventh consecutive month of negative sales growth for TVS in the domestic market. Maruti's August numbers are strictly not comparable on a yoy basis, because of the low base due to the Manesar strike in August last year. Dzire and Ertiga sales have slowed a wee bit, due to competition from global OEM's. Tata Motors domestic volumes continue to be a big disappointment. A fourth consecutive month of negative growth for their LCV segment, while their passenger vehicle and M&M HCV segment remain deep in negative territory. A third consecutive monthly fall for M&M's SUV's were witnessed in August, the excise duty hike in budget for SUV's and high diesel prices are clearly having a negative effect. M&M's Tractor numbers in low single digits are in line with the company's guidance of yearly growth of 10-12%. Ashley's LCV Dost has also slowed, in line with the LCV segment slowdown. The Q1 FY14 bonanza for tractor companies seems unlikely to repeat in Q2, with Escorts tractors also clocking low single digit growth.

Global Companies

The "global two wheeler pack" continues to perform relatively well, compared to the domestic pack. Honda 2W has recorded its highest sales ever in India at 3.09 lakh units! Their latest motorcycle Dream Neo has received good reviews. We see Honda as the biggest threat in the domestic 2W sector, with their incremental capacity in Karnataka coming into effect this year. The global four wheeler OEM performance has been "mixed", with Honda's numbers inching upwards as the Honda Amaze has had a good response. (6242 units sold in August)

SUMMARY

August sales numbers released over the last few days have been weak once again, signalling a continuation of weakness in the domestic auto industry. Lack of considerable fiscal and monetary push factors over FY14, combined with continuing challenging domestic conditions (especially from high fuel prices and interest rates) make our view "cautious" on H2FY14. We believe that easing of macro pressures towards the end of FY14 re-entry of buyers and a "moderate" improvement of sentiment in certain segments.

Q1FY14 Result Update: Nifty Companies

Positive Performance:

- Bank of Baroda reported a 2.55% rise in net profit at Rs 1,167.87 crore for Q1FY14 as compared to Rs 1,138.86 crore for the quarter ended June 30, 2012.
- BPCL reported a net profit of Rs 105.32 crore for Q1FY14 as compared to a net loss of Rs 8836.75 crore in Q1FY13.
- Cipla reported a 18.50%, Y-o-Y, rise in net profit at Rs 474.90 crore for Q1FY14.

ARI - Equity Outlook

- Hindalco Industries reported a 11.61%, Y-o-Y, rise in net profit at Rs 474.09 crore Q1FY14
- Lupin reported a 14.93% rise in net profit at Rs 410.55 crore for Q1FY14.
- Mahindra & Mahindra reported a 29.25%, Y-o-Y, rise in net profit at Rs 937.91 crore for Q1FY14.
- Powergrid Corporation reported a 19.56%, Y-o-Y, rise in net profit at Rs 1,040.34 crore for Q1FY14.
- Tata Motors reported a 242.49%, Y-o-Y, rise in net profit at Rs 703.26 crore for Q1FY14.
- Tata Power reported a 14.31%, Y-o-Y, rise in net profit at Rs 357.00 crore for Q1FY14.
- Indusind Bank reported a 41.73%, Y-o-Y, rise in net profit at Rs 334.84 crore for Q1FY14.

Negative Performance:

- BHEL reported a 49.46%, Y-o-Y, decline in net profit at Rs 465.43 crore for Q1FY14.
- Coal India reported a 22.42%, Y-o-Y, decline in net profit at Rs 3,550.60 crore for Q1FY14.
- DLF reported a 59.10%, Y-o-Y, decline in net profit at Rs 150.16 crore for Q1FY14.
- Grasim Industries reported a 17.15%, Y-o-Y, decline in net profit at Rs 226.13 crore for Q1FY14.
- NMDC reported a 17.51%, Y-o-Y, decline in net profit at Rs 1,572.19 crore for Q1FY14.
- ONGC reported a 33.92%, Y-o-Y, decline in net profit at Rs 4,015.98 crore for Q1FY14.
- Ranbaxy Laboratories reported a net loss of Rs 608.81 crore for Q1FY14 as compared to a net loss of Rs 925.67 crore for Q1FY13.
- SBI reported a 13.61%, Y-o-Y, decline in net profit at Rs 3,241.08 crore for Q1FY14.
- Sun Pharmaceutical reported a 84.38%, Y-o-Y, decline in net profit at Rs 45.70 crore for Q1FY14.
- Tata Steel reported a 0.03%, Y-o-Y, decline in net profit at Rs 1,356.11 crore for the quarter ended June 30, 2013 as compared to Rs 1,356.56 crore for the quarter ended June 30, 2012.

Technical Equity Market Outlook

Nifty (10th September 2013)

Markets witnessed a sell-off in month of August 2013 due to rising current account deficit which lead to a sharp decline in the rupee. Finally markets ended with losses with Sensex ending the month with a net loss of 3.75% whereas Nifty lost 4.71% vis-à-vis the previous month. On the sectoral front, Capital Goods, Consumer Durable, Realty and Bankex led the fall whereas Metal, IT and Teck, ended on the gainers side.

Technical Observation

- On the monthly chart

  A bear candle with long shadow is spotted. This suggests that undertone is bearish.

- On the weekly chart

  we can see that for two consecutive weeks the prices have breached the 200-week SMA (5445), but have managed to close above it and have again formed a candlestick pattern that resembles a Hammer.

- On the daily chart

  A falling wedge breakout can be spotted, which suggests further upside momentum.

Future Outlook:

Combining the above three pattern formations it is evident that undertone of the markets is bearish. The lower top lower bottom formation on the weekly chart indicates that the trend is down. However a pull back of the downtrend cannot be ruled out. At present, the supply zone of 5450 – 5528 is immediate resistance for the indices. Any move above the mentioned supply zone would propel Nifty to test 5830 the 200day SMA or even extend their gains up to 5950 – 6100 levels. Since the trend is bearish, rallies are likely to witness selling pressure. Hence, one should adopt positive approach towards the markets with caution.

Broadly, if selling emerges at higher levels then there is high probability of a retest of 5500 or even 5118 levels till end of September.

ARI - Commodity & Currency Pick

JEERA BUY: ` 13,500-13,400

Target: ` 15,250-15,650

Stop Loss: ` Below 12,800

A long accumulation phase is witnessed in the price of Jeera from last 7 months. During the month of May 2013, it made a low of Rs 12,592.50 and rebounded sharply. Bulls have

participiated actively during the last month and prices made a high of Rs 13,785 and settled at Rs 13,672.50.

Fundamentally, in the forthcoming month the world production is expected to hamper on rapid growing political tension in Syria. This will raise the export demand in India and will make India the major exporter of Jeera in coming days. According to Spices Board of India, Jeera exports in 2012-13 (Apr-Mar) were at 79,900 tons compared with 45500 tons a year ago. In value terms, also exports were up at Rs 10.93 billions. However, the ample rains that would help sowing operations in the Rabi season may put pressure on prices. Total production expected during the current period around 40 – 45 lakh bags (About 2.2 – 2.5 Lakh MT). Jeera old stocks were reported at around 8 – 9 lakh bags (About 44000-50000 MT) all over India.

Technical concerns are stating that, prices took the support of long term trend line in the monthly chart (shown in chart above). Last month's bullish mode made a long white candle stick and a big volume bar is witnessed which is confirming uptrend. Prices are sustaining above the short and medium term moving averages signaling upside. A falling wedge is patterned in the monthly chart pointing up mode for the coming days. If we look at other momentum indicator like RSI (14) which is treading at 0.53 (shown a long term sluggish mode) and now a bullish crossover is witnessed with its 9 period moving averages showing upside. Mid-term traders can buy NCDEX Jeera October contract at Rs 13,500-13,400 with stop loss below Rs 12,800 for targets in the range of Rs 15,250 and then Rs 15,650.

USD-INR BUY: ` 61.80

Target:` 65.25-67.00

Stop loss: ` Below 60.80

As we have predicted from the start of the FY14 second quarter, USD-INR stayed bullish and in the month of August 2013 the pair printed a new historical high Rs 69.80 (Spot

68.93) against dollar. USD-INR gained more than 16% from June-August 2013 while 9% in the preceding month. However, at end of the month pair gave up some gains and settled at 66.72 from record high as the RBI announced a special window to sell dollar to the three largest oil companies to cutting down on the liquidity of currency on the secondary markets.

Key International Events:

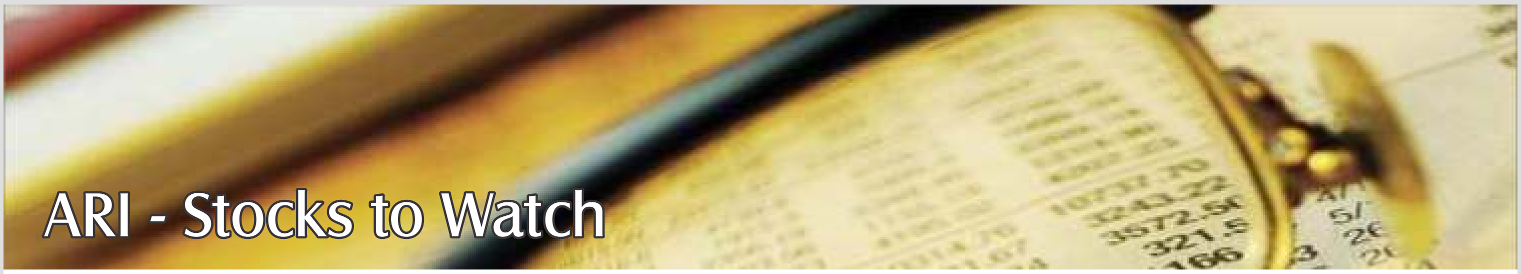
- 4th Sept: Bank of Japan meeting.
- 5th Sept: European Central Bank will set monetary policy.
- 18th Sept: FOMC meeting (important event and USD-INR may witness high volatility).

Key Domestic Events:

- 12th Sept: India Index of Industrial Production for July.
- 16th Sept: WPI inflation .
- 30th Sept: Balance of Payment data for Apr-June.

From a technical perspective - On the monthly chart, USD-INR is following an impulsive wave structure starting from Point B (July 2011), at around 43.83, which is still incomplete as this needs five sub waves to the upside level of 138.2% or 161.8% to make perfect ABC structure. Despite the Central bank efforts from mid-July, USD-INR did manage to break the 127% Fib Extension convincingly. Now, 68.98 will be the next door for the bullish rally, this break on the closing basis is further affirmed by the subsequent pullback towards target 70.46-73.70.

Sustaining above 68.98 levels in weeks to come will open for breach of 73.70 levels for 79.13 levels (261.80 FIB EXT) with mild resistance at 74.85 levels (200 % FIB EXT). If, however, the RBI takes strong action to curtail rupee weakening then we can see rupee staying below 70 levels against the dollar in current circumstances. Recommendation – Buy on dip till 61.80 Target 65.25-67.00 with stop loss below 60.80.



ARI - Stocks to Watch

Cairn India Ltd BUY

CMP : ` 335 (As on 05th Sep 2013)

Target : ` 350-370

Buy : ` 330-315

Stop Loss: ` 308

Cairn India is one of the largest independent oil and gas exploration and production companies in India. Cairn India and its JV partners account for more than 20 percent of India's domestic crude oil production.

Technical Outlook:

On the weekly chart, a triangle breakout is witnessed above 100WMA, 50WMA and taking 200WMA support which is a bullish sign. Further, the momentum indicators are positively poised which suggests that prices can move up in the coming days.

Hence, we recommend buy and accumulate Cairn India at Rs 330 or on a decline up to Rs 315 levels with a stop loss of Rs 308 for a target of Rs 350-370 levels.

Tata Global Beverages Ltd BUY

CMP : ` 147.20 (As on 05th Sep 2013)

Target : ` 168-180

Buy : ` 152-140

Stop Loss: ` 135

Tata Global Beverages Ltd is the second-largest tea company in the world. The company is engaged in the trading, production and distribution of tea, coffee, water and other beverage products. The Company has branded beverage business operations in India, Europe, the United States, Canada and Australia.

Technical Outlook:

On the daily chart, stock is trading between the channel and taking 200DMA support. Further, the momentum indicators are positively poised. On the weekly chart, the stock is moving out of triangle pattern. Combining the above two pattern formations suggested that once stock closes above Rs 152 levels the stock can see a good upmove. However aggressive trader can buy at Rs 147 or decline upto Rs 140 levels.

Hence, we recommend buy Tata Global Beverages at Rs 152 or on a decline up to Rs 140 levels with a stop loss of Rs 135 for the target of Rs 168 – 180 levels.

ARI - Mutual Fund Update

Mutual Fund Roundup

Indian equity markets encountered turbulence in the month of August 2013. CNX Nifty corrected 4.71% to close at 5471.80 while S&P BSE Sensex fell 3.75% at ending at 18619.72, their worst monthly performance since February 2013, mostly owing to worry over state of country's economy that was exacerbated by free fall of Rupee touching record break lows. On the sectoral front, most sectoral indices ended the month with negative returns with Capital Goods being the worst performer plummeting -13.88% followed by Realty (-10.88%). Metal was the best performer in August 2013 clocking gains of 13.11% followed by IT (7.63%) and TECK (3.89%).

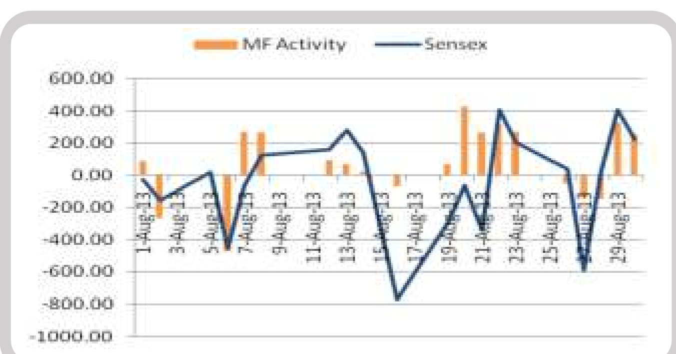
MF Activity

As the markets corrected sharply during the month, Indian mutual funds turned net buyers of equity with total purchases of Rs 1,607.00 crore for the month of August 2013. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 1348.50 crore of equities. While the domestic fund houses did bottom fishing, the foreign institutional investors turned net seller to the tune of Rs 5,922.50 crore in August 2013.

Mutual Fund Activity in August 2013

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1st Week	1136.80	1311.30	-174.70
2nd Week	2268.30	2197.40	71.00
3rd Week	2162.90	2047.90	115.00
4th Week	3450.50	2102.10	1348.50
5th Week	4090.50	3843.40	247.20
Total	13109.00	11502.10	1607.00

(Source : SEBI)



Movers and Shakers

Equity Category

Performance of equity MF schemes mirrored the performance of equity market. In the equity diversified category, barring ICICI Prudential Service Industries Fund that delivered positive returns of 2.47% all other diversified schemes clocked negative returns during the month of August 2013.

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	Last 1-Month return (%)
ICICI Prudential Service Industries Fund - Dir - Dividend	2.47
ICICI Prudential Dynamic Plan - IP I - Growth	-0.44
DSP BlackRock Natural Resources & New Energy Fund - Dir - Div	-0.73
Birla Sun Life India Opportunities Fund - Dir - Growth	-0.91
UTI Wealth Builder Fund - Series II - Dir - Dividend	-2.53

(Returns are absolute as on 31st August 2013)

Monthly Best Performer: All Sectoral Funds

In the sectoral category, the schemes focusing on the technology stocks generated positive returns with Franklin Infotech Fund being the best performer of the month with a return of 7.95% followed by ICICI Prudential Technology Fund (7.10%), SBI IT Fund (6.18%), DSP BlackRock Technology.com Fund (3.10%) and Birla Sun Life New Millennium (2.86%).

Scheme Name	Last 1-Month return (%)
Franklin Infotech Fund - Dir - Growth	7.95
ICICI Prudential Technology Fund - Dir - Dividend	7.10
SBI IT Fund - Dir - Growth	6.18
DSP BlackRock Technology.com Fund - Dir - Dividend	3.10
Birla Sun Life New Millennium - Dir - Growth	2.86

(Returns are absolute as on 31st August 2013)

Debt Category

Among the debt fund category, during the month of August 2013 ICICI Prudential Multiple Yield Fund delivered positive return of 4.80% followed by Kotak Banking and PSU Debt Fund (2.51%), SBI Edge Fund (1.74%), Reliance Interval Fund (1.63%) and Sundaram Interval Fund (1.43%).

Monthly Best Performer: All Debt Funds

Scheme Name	Last 1-Month return (%)
ICICI Prudential Multiple Yield Fund - Series 2 - Plan E - Growth	4.80
Kotak Banking and PSU Debt Fund - Dir - Ann Dividend	2.51
SBI Edge Fund - Dir - Qtly Dividend	1.74
Reliance Interval Fund - Monthly Series II - Dir - Growth	1.63
Sundaram Interval Fund - QS - Plan E - Dir - Growth	1.43

(Returns are absolute as on 31st August 2013)

Arihant Capital Markets Ltd

is proud to launch its educational unit

"Quest Eduventures"

a training and education institute

for Finance, IT and Soft Skills at Indore.

Quest Eduventures is founded to bridge the gap between academia and the industry by providing knowledge and skill sets which are essential in today's competitive working environment. The Quest Team has worked closely with industry leaders to develop a curriculum in line with the need in the industry. The courses emphasize interactive learning combined with innovative teaching techniques and tools to balance theory and concepts with skills and practice.

Finance Courses:

- Equity Research:

  Take the first step towards analyzing the companies in stock markets
- Technical Analysis (Basic and Advanced):

  Analyze stock prices on the basis of technical charts
- Structured Finance:

  Learn securitization concepts and get recruited by rating agencies and banks
- MS-Excel (Basic and Advanced):

  Learn data analysis, statistics, charts, graphics and daily tracking of work activities on the most widely used spreadsheet program
- Personal Finance:

  Manage your money and plan your financial goals

IT Courses:

- Cloud Computing:

  Join the most rapidly growing technology in the IT bandwagon that is estimated to create 14 million jobs in the next two years across the globe
- Mainframe:

  The core of corporate computing infrastructure, mainframes are the backbone of major industries including banking, finance and insurance
- Software Testing:

  Gain onsite exposure for deployment and coordination
- Android:

  Learn application development on Android, the world's most widely used smart phone platform

Soft Skills:

- Personality Development:

  Groom yourself to face the challenges of corporate world
- Communication Skills:

  Acquire the skills that will enable you to communicate effectively
- Accent Neutralization:

  Improve your accent and rhythm in English and increase your chances of acquiring an onsite opportunity
- Interview Preparation:

  Enhance your aptitude, group discussion and interview skills
- English Enhancement:

  Polish your written and oral English

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