

# VALUE *Plus*

Monthly Newsletter

(For private circulation only)

Issue: June, 2014



# ARI - Movers & Shakers

## INDIAN INDICES

Indices	May-14	Apr-14	Change%
SENSEX	24217.34	22417.80	8.03
S&P CNX NIFTY	7229.95	6696.40	7.97
BANK NIFTY	14793.40	12855.85	15.07
CNX MIDCAP	10141.05	8783.65	15.45
S&P CNX 500	5802.85	5255.65	10.41
CNX IT	8970.30	9227.95	-2.79
CNX REALTY	242.95	179.20	35.57
CNX INFRA	3162.25	2609.55	21.18

(Source: BSE & NSE)

## BSE-SECTORAL INDICES

Indices	May-14	Apr-14	Change%
AUTO	14493.77	13372.23	8.39
BANKEK	16953.86	14706.66	15.28
CD	7713.46	6517.26	18.35
CG	14716.81	12118.32	21.44
FMCG	6864.13	6763.06	1.49
HC	10315.41	10757.33	-4.11
IT	8455.36	8751.78	-3.39
METAL	12292.69	9981.03	23.16
OIL&GAS	10854.09	9548.47	13.67
PSU	8054.53	6493.06	24.05
REALTY	1894.34	1396.79	35.62
TECK	4830.58	4879.94	-1.01

(Source: BSE)

## GLOBAL INDICES

Indices	May-14	Apr-14	Change%
DOW JONES	16717.17	16579.87	0.83
NASDAQ	4242.62	4114.56	3.11
HANG SENG	23081.65	22133.97	4.28
FTSE	6844.51	6780.03	0.95
NIKKEI	14632.38	14304.11	2.29

(Source: Tequote software)

## COMMODITIES & FOREX

Indices	May-14	Apr-14	Change%
MCX GOLD	26863.00	28887.00	-7.01
MCX SILVER	39586.00	41329.00	-4.22
MCX CRUDE OIL	6106.00	6015.00	1.51
MCX-SX USDINR	59.11	60.32	-2.01

(Source: Tequote software)

## FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2014	115,047.30	101,041.30	14,006.10
Total for 2014 *	390,887.00	345,082.91	45,804.20

(Source: SEBI)

## MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2014	20,399.50	20,294.10	105.60
Total for 2014 *	62,536.00	72,878.90	-10,343.30

\*From Jan - May, 2014

(Source: SEBI)

## Market Commentary: India Modi-fied

Indian equity markets started the month of May on a jubilant note on hopes of a stable government at the centre and reached higher on a record-breaking note after the Bharatiya Janata Party government led by Narendra Modi recorded a landslide victory in the Lok Sabha elections, giving the Congress party its worst ever result in post-independent India. The markets simultaneously scaled new highs, with the Sensex and Nifty crossing the 25,000 and 7,500 levels respectively as the election results swept in. The market sentiment was also boosted by a statement from global credit rating agency Moody's Investor Service that BJP's resounding election win is credit positive for India as it boosts the prospect that a stable government will address the country's economic challenges. However, the domestic markets reversed the positive trend during the last week of the month weighing down by heavy profit booking. The month finally ended on a very positive note with S&P BSE Sensex delivering positive returns of 8.03% for the month to settle at 24217.34, after hitting a new high of 25375.63 and CNX Nifty gaining 7.97% ending the month at 7229.95, after hitting a new high of 7563.50.

On the sectoral front, Realty turned out to be the best performing sector in May 2014 clocking gains of a whopping 35.62%, followed by PSU (24.05%), Metal (23.16%) and Capital Goods (21.44%) owing to expectations of major revival in the sectors with the new government formation while Healthcare (-4.11%), IT (-3.39%) and Teck (-1.01%) were among the worst performing sectors owing to stronger rupee. The entire rally was more penetrated with small-cap and mid-cap indices outperforming the broader large-cap index.

The global markets ended the month of May 2014 on a positive note. Hang Seng was the best performer, which ended the month with gain of 4.28% followed by Nasdaq (3.11%), Japan's Nikkei (2.29%), FTSE (0.95%) and Dow Jones (0.83%).

On the institutional side, foreign institutional investors (FIIs) remained bullish during the month buying equities of an astounding Rs 14,006.10 crore in May 2014 while domestic mutual fund houses bought Rs 150.60 crore of equities during May 2014.

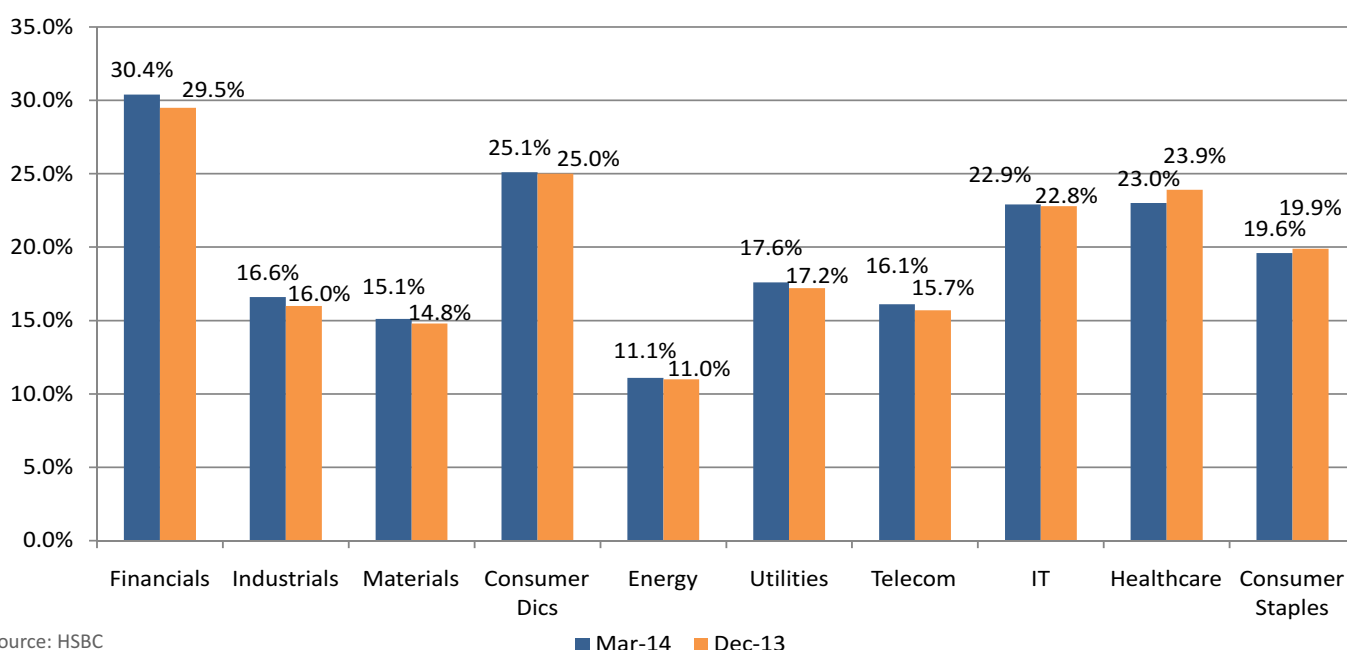
FIIs had been very positive on the Indian economy and with the election of Narendra Modi led new government they

have been on the buying spree win full throttle. Among the BSE 200 companies, FIIs increased their stakes in more than half of the 26 industrial companies in BSE 200 index and they also increased their exposure in banking and financial space. L&T, Cummins India, Adani Ports, Adani Enterprises, Crompton Greaves, Jaiprakash Associates, Voltas, Siemens, Thermax and IRB Infra were few companies which saw increase in ownership by foreign investors. In the banking space, FIIs continue to accumulate private sector banks. Among the private banks, FIIs increased holdings in Axis bank (holdings up by 5.6%), HDFC (up 1.5%), ICICI Bank (up 1.5%) and Indusind Bank (up 2.1%). The PSU banks favoured by foreign investors include SBI, Andhra Bank and

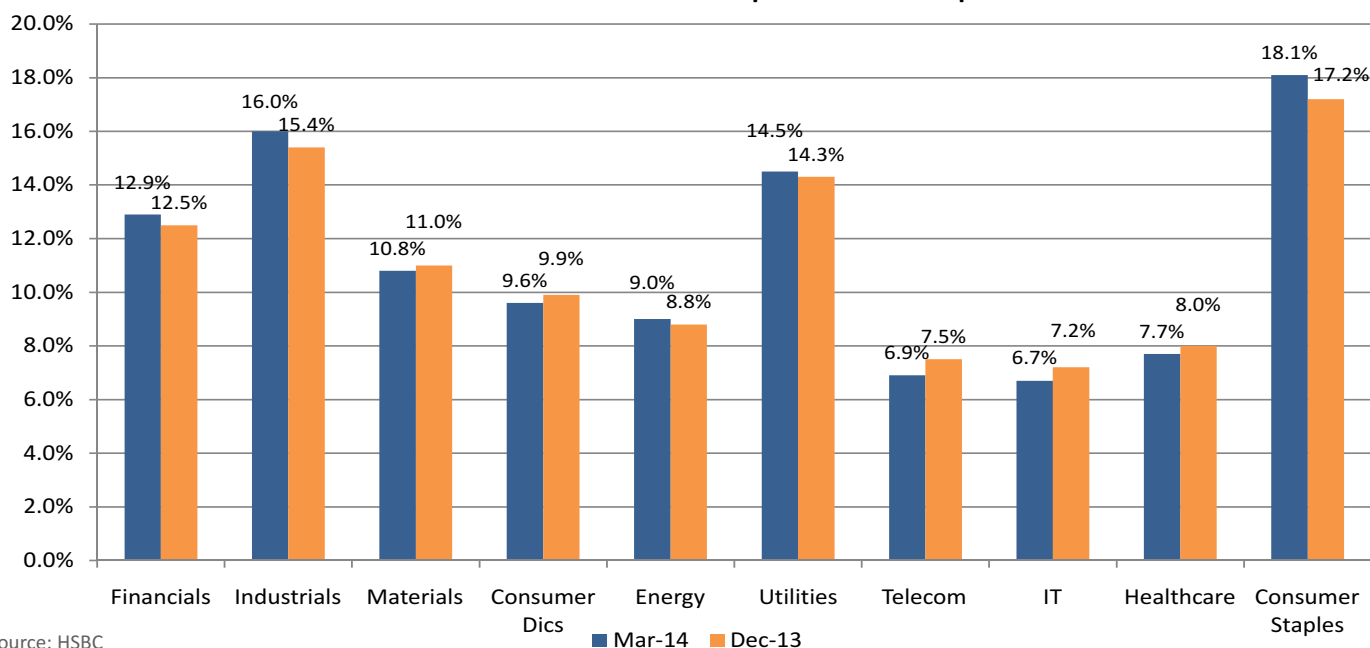
Oriental Bank of Commerce.

Domestic institutions also came back to action, while their participation was not as enthusiastic as by FIIs. Domestic institutional investors increased their stakes in the financial and industrial sectors for the second consecutive quarter while they cut back their exposure to telecom and consumer discretionary with their holdings reaching their lowest levels since March 2005 in them. They also cut back exposure to IT and healthcare. Among industrials stocks, their top buys were BHEL (DIIs increased their stakes by 4.5% during 2013-14), Jain Irrigation (up 11.9%), Bharat Electronics (up 1.6%), Engineers India (up 5.6%) and Ashok Leyland (up 1.0%) (Source: HSBC).

**Sector breakdown of foreign institutional investors ownership in BSE 200 companies**



**Sector breakdown of domestic institutional investors ownership in BSE 200 companies**



On the macro-economic front, India's HSBC manufacturing Purchasing Managers' Index for April 2014 remained unchanged for the month at 51.3. HSBC services PMI rose to 48.5 in April 2014 from a three-month low of 47.5 in March 2014.

Index of industrial production (IIP) contracted 0.5% in March 2014 as compared to contraction of 1.9% in February 2014. Wholesale Price Index (WPI) fell to 5.20% in April 2014 from 5.70% in March 2014 and 4.77% a year ago. The Consumer price index (CPI) or retail inflation rose to a three month high of 8.59% in April 2014 from 8.31% in March 2014 a month ago. Concerns grew when the India Meteorological Department (IMD) forecasts' of below normal monsoon was released for the year. As per IMD projections, there is a 60% probability of El Nino this year.

India's trade deficit narrowed to \$10.09 bn in April 2014 as compared to \$10.51 bn in March 2014 and \$17.67 bn a year ago, led by higher exports. Gold imports plunged 74.1% to \$1.76 bn, while silver imports were down 26.5% at \$468 mn. The current account deficit also narrowed to \$1.2 bn, or 0.2% of its gross domestic product, in Jan-Mar from \$18.1 bn or 3.6% of GDP a year ago, owing to steep fall in gold imports. For 2013-14 (Apr-Mar), India's current account deficit stood at \$32.4 bn or 1.7% of the GDP, sharply lower than the year ago figures of \$87.8 bn or 4.7% of GDP.

India's gross domestic product (GDP) remained subdued at 4.7% in 2013-14 and 4.6% in the Jan-Mar 2014 on q-o-q basis. The gross domestic product (GDP) had expanded at 4.5% in 2012-13.

On the international front, the European Central Bank left its interest rate unchanged at 0.25%. Chinese Industrial Production fell to 8.7% in April 2014 from 8.8% in March 2014, while China's HSBC Flash Manufacturing PMI rose to a five-month high of 49.7 in May 2014 from 48.1 in April 2014.

US manufacturing PMI picked up to a 3-month high of 56.2 in May 2014 as compared to the 55.4 in April 2014. US economy shrank at a seasonally adjusted annual rate of 1% in the first quarter of 2014, revised down from the initial estimate of a 0.1% uptick and lower than the expectation of a 0.6% decline.

### Going forward

The new Modi government will have a positive impact on the growth outlook as it will reverse the policy paralysis of the previous government. The appointment of smaller and younger cabinet by the government is a clear signal of focus on better governance, which will be a foundation of

growth. A better environment with efficient execution and clearing of execution logjam will help revive investments.

The anchor on ground will shift to the policy announcements from the Modi-led government, with Union budget, that will be presented in July 2014, being the most anticipated event that will guide how the Narendra Modi-led government plans to deliver its electoral promises and bring back the paralyzed economy in shape. However until then the progress of SW monsoon and the pre-budget interactions of the government would be keenly watched.

Globally, the environment is factoring a better performance of the developed world and the sentiments remain positive. The upcoming the Federal Open Market Committee (FOMC) monetary policy review at a two-day meeting on 17-18 June, 2014 would be keenly watched by investors.

Having said that, our advice to investors is to avoid the common mistakes that often put a dent on their portfolios. It's generally seen that investors often want to do today what they wish they had done five years ago. Time and again they choose to buy after prices have gone up and to sell after prices have gone down. While we are positive on India's growth story and we strongly believe that the election of the new government will definitely improve India's economy and would benefit the investors, we want to caution investors against getting trapped in stocks of companies with iffy fundamentals in order to chase returns. In the end, no matter what levels the equity markets are trading at, if you are invested in fundamentally strong companies at cheaper valuations you will always be a winner.

### Key News and Events in May 2014

- **April trade deficit narrowed to \$10.09 bn from \$10.51 bn:** India's trade deficit narrowed to \$10.09 bn in April 2014 as compared to \$10.51 bn in March 2014 and \$17.67 bn, a fall of 42.9% on year. India's merchandise exports snapped a two-month declining trend in April 2014, rising 5.3% on year to \$25.63 bn, hinting at early signs of pick-up in global demand. Imports for the first month of the current financial year slumped 15%, declining for the 10<sup>th</sup> consecutive month, to \$35.72 bn. Oil imports in April 2014 fell 0.6% to \$12.98 bn, while non-oil imports was down 21.5% at \$22.74 bn. Petroleum product exports, among the largest items in the export basket, fell 0.58% to \$12.98 bn. Gold imports plunged 74.1% to \$1.76 bn, while silver imports were down 26.5% at \$468 mn.
- **India March industrial output shrinks 0.5%:** India's industrial output contracted 0.5% in March 2014,

declining for the second straight month, largely due to a fall in the capital goods and consumer durables segments. The Index of Industrial Production had contracted by 1.9% in February 2014 and had grown 3.5% a year ago. With the March number, the industrial output for the year has contracted 0.1%, a record low in the current series. Factory output grew 1.1% a year ago.

Sector	Mar 2014 YoY
Capital Goods	-12.5%
Manufacturing Sector	-1.2%
Consumer Goods	-0.9%
Electricity	5.4%
Intermediate Goods	0.6%
Mining Output	-0.4%

- **India April WPI inflation falls to 5.2% from 5.7%:** India's inflation rate based on the Wholesale Price Index (WPI), fell to 5.2% in April 2014 from 5.7% in the previous month, primarily on account of statistical effect of a high base. The WPI inflation rate was 4.77% a year ago. India's inflation rates based on retail prices rose in April 2014, the inflation rate based on Consumer Price Index (Combined) rose to a three-month high of 8.59% in April 2014 from 8.31% a month ago.

Inflation	April 2014	March 2014
Food articles	8.64%	9.9%
Primary articles	7.06%	7.66%
Manufactured products	3.15%	3.23%
Fuel & power	8.93%	11.22%

- **India FY14 FDI inflow up 6% at \$36.40 bn; up 73% in March:** Total foreign direct investment inflows into India in 2013-14 (Apr-Mar) rose 6.1% on year to \$36.39 bn from \$34.29 bn a year ago. In March 2014, FDI inflows into India rose a whopping 73% on year to \$4.71 bn. FDI inflows into India in February 2014 were at \$3.02 bn. The total FDI inflows include equity capital, re-invested earnings, and other capital.
- **India Jan-Mar CAD narrowed to \$1.2 bn or 0.2% of GDP:** India's current account deficit narrowed to \$1.2 bn, or 0.2% of its gross domestic product, in Jan-Mar from \$18.1 bn or 3.6% of GDP in the corresponding period a year ago, as a steep fall in gold imports resulted in a marked improvement in the trade deficit. For 2013-14 (Apr-Mar), India's current account deficit stood at \$32.4 bn or 1.7% of the GDP, sharply lower than the year ago figures of \$87.8 bn or 4.7% of GDP. For Oct-Dec, the current account deficit was at \$4.2 bn or 0.9% of GDP.

- **India FY14 fiscal gap narrows to 4.5% of GDP vs 4.6% aim:** India's fiscal deficit narrowed to Rs 5.081 trln or 4.5% of gross domestic product in the year ended March 2014, mainly on account of sharp fall in plan expenditure and higher non-tax revenues. The fiscal deficit in 2013-14 (Apr-Mar) was lower than the revised Budget estimate of Rs 5.245 trln or 4.6% of GDP and original Budget estimate of Rs 5.425 trln or 4.8% of GDP. The Indian government's fiscal deficit was Rs 4.906 trln or 4.9% of GDP in 2012-13. The government has set a fiscal deficit target of 4.1% for 2014-15.
- **Jan-Mar GDP growth 4.6%; FY14 at 4.7%, below CSO estimate:** India's gross domestic product grew by 4.6% in Jan-Mar dragging down overall growth for 2013-14 (Apr-Mar) to 4.7%, below the Central Statistics Office's (CSO) advance estimate of 4.9%. The country's gross domestic product had expanded 4.6% in Oct-Dec and 4.4% in Jan-Mar 2013. For the FY2014, the GDP grew 4.7% as per CSO data, lower than the advance estimate of 4.9%. This is second consecutive year that annual GDP growth has been below 5%. The Indian economy had grown 4.5% in 2012-13.

## Auto Sector May Sales

### Passenger vehicle(PV) segment mixed volumes

The PV segment witnessed mixed volumes with India's largest car manufacturer **Maruti recording higher volumes whereas other players like M&M and Tata Motors saw a drop in volumes.** Maruti Suzuki's, PVs volume was up 12.4% yoy to 74,536 units in May, boosted by strong exports and a pickup in the sales of mid-range compact cars such as Swift and Ritz. Company's domestic volumes also went up 16.4% yoy to 90,560 units while exports rose by 51.2% yoy to 10,365 units. Even the second largest player **Hyundai** (unlisted) posted 12.8% rise in total sales while exports were down sharply at 37.3% yoy. **Mahindra & Mahindra** PV shipments were down 18.7% yoy, while its total sales, including exports, were up 1%. Sales of the company's 4W CVs also declined 14% at 12,836 units and its exports were up by 75% to 2,370 units. The **downrun continued for Tata Motors** in its total sales. Its domestic PV volumes registered a 17% drop yoy to 9,230 units. Company's CV sales witnessed a 27% decline to 25,104 units, with medium and heavy CV sales falling 10% yoy to 9,113 units. The total sales of the company were down 24% yoy to 37,525 vehicles.

### 2Ws: Two-wheelers reported strong volume growth

Volumes jumped for country's largest two-wheeler maker, **Hero MotoCorp** that registered 8% growth in May 2014, whereas its toughest competitor, **Honda** (unlisted), saw its 2W shipments grow strongly by 55% yoy driven by 42% yoy

growth in scooters and 76% yoy in motorcycles. **Bajaj motorcycles** witnessed a rise of 3% yoy at 313,020 units while company's total sales also rose 4% yoy at 351,436 units while its total exports up 40% yoy at 156,179 units. **TVS** domestic 2W volumes increased 24% yoy and its total sales registered 27% growth yoy pushed by a jump of 42% yoy in exports.

### 3-wheeler continued to report strong growth

**Atul Auto**, India's leading 3W manufacturer, registered 11.61% growth in May of 2,808 units. Sales of **TVS's** 3W also recorded a strong growth of 56% at 9,059 units.

### Tractors volume disappointed

**M&M's** domestic tractor sales rose 3% yoy while **Escorts** registered 6.37% drop in total sales to 5,794 tractors in May 2014.

### Commercial vehicles volume decline

The trend in the medium & heavy commercial vehicle (M&HCV) segment remained weak – **Ashok Leyland's** sales were down by 9% to 6,632 units while **Tata Motors** reported a decline of 10% yoy to 9,113 units. **Tata Motor's** large commercial vehicle (LCV) shipments also registered a decline of 34% yoy to 15,991 units, followed by poor performance by **Ashok Leyland**, in LCV, with 25% dip in sales to 1,748 units.

**Eicher Motors** recorded a marginal fall of 0.05% in total sales to 3,685 units in May 2014. The Eicher branded trucks and buses have recorded sales of 3,064 units in May 2014 compared to 3,488 units in May 2013, ~12% drop. In the domestic CV market (5T and above), Eicher's sales dropped 12.16% while its exports, recorded sales of 621 units in May 2014 a growth of 212%.

## Q4FY14 Result Update: Nifty Companies

### Positive Performance: 👍

- **Asian Paints** reported a rise of 11.48% in net profit, yoy, at Rs 267.07 crore for the quarter ended Mar 31, 2014.
- **Bank of Baroda** reported a 12.48% rise in net profit, yoy, at Rs 1,157.27 crore.
- **Cipla** reported a 3.39% rise in net profit, yoy, at Rs 276.64 crore.
- **DLF** reported a 108.77% rise in net profit, yoy, at Rs 409.31 crore.
- **Dr Reddy's Laboratories** reported a 24.67% rise in net profit, yoy, at Rs 471.43 crore.
- **GAIL** reported a 57.24% rise in net profit, yoy, at Rs 972.03 crore.
- **HDFC** reported a 10.80% rise in net profit, yoy, at Rs 1,723.10 crore.
- **ITC** reported a 18.16% rise in net profit, yoy, at Rs 2,278.01 crore.
- **L&T** reported a 52.33% rise in net profit, yoy, at Rs 2,723.48 crore.
- **Lupin** reported a 329.58% rise in net profit, yoy, at Rs 571.17 crore.
- **Mahindra & Mahindra** reported a 0.86% rise in net profit, yoy, at Rs 896.88 crore.
- **NMDC** reported a 33.94% rise in net profit, yoy, at Rs 1,962.14 crore.
- **ONGC** reported a 44.27% rise in net profit, yoy, at Rs 4,889 crore.
- **Powergrid Corporation** reported a 6% rise in net profit, yoy, at Rs 1,176 crore.
- **Sun Pharmaceuticals** reported a 176.06% rise in net profit, yoy, at Rs 162.96 crore.
- **Tata Steel** reported a 51.13% rise in net profit, yoy, at Rs 1,978.64 crore.
- **Tech Mahindra** reported a 285.38% rise in net profit, yoy, at Rs 523.34 crore.

### Negative Performance: 👎

- **Bajaj Auto** reported a decline of 0.24% in net profit, yoy, at Rs 763.93 crore for the quarter ended Mar 31, 2014.
- **BHEL** reported a 43.02% decline in net profit, yoy, at Rs 1,844.59 crore.
- **BPCL** reported a 15.19% decline in net profit, yoy, at Rs 4,068.37 crore.
- **Coal India** reported a 72.16% decline in net profit, yoy, at Rs 646.14 crore.
- **Grasim Industries** reported a 65.02% decline in net profit, yoy, at Rs 130.26 crore.
- **Hero Motocorp** reported a 3.45% decline in net profit, yoy, at Rs 554.43 crore.
- **Hindalco Industries** reported a 48.52% decline in net profit, yoy, at Rs 248.15 crore.
- **NTPC** reported a 29.40% decline in net profit, yoy, at Rs 3,093.54 crore.
- **PNB** reported a 28.69% decline in net profit, yoy, at Rs 806.35 crore.
- **SBI** reported a 7.83% decline in net profit, yoy, at Rs 3,040.74 crore.
- **Tata Motors** reported a net loss of Rs 816.61 crore as compared to a net loss of Rs 312.15 crore (yoy).
- **Tata Power** reported a 57.92% decline in net profit, yoy, at Rs 84.18 crore.



# ARI - Equity Outlook & Commodity Pick

## Nifty Technical Outlook

Markets witness sharp rise in month of May, owing to landslide victory for BJP led NDA in the Lok Sabha elections. On the sectoral front Realty, PSU, Metal, Capital Goods, Consumer Durable and Bankex led the rally whereas HealthCare, IT and Teck ended on the losing side. The Sensex closed with strong gains of 8.03% whereas the Nifty gained 7.97% vis-à-vis the previous month.



### Technical Observation

- On the **monthly chart**, we are observing a strong bull candle which tested the 5-month EMA and has closed convincingly above it. This suggests that momentum on the upside is likely to continue.
- On the **weekly chart**, we are observing a bearish engulfing pattern. The said pattern would get activated if Nifty trades and closes below 7118 level. However any move above 7504 would negate the pattern.
- On the **daily chart**, we are observing that prices have closed above the short term 13-day SMA. This suggests that undertone is positive.

### Future Outlook:

Combining the above formation, we are of the opinion that the low of the bearish engulfing pattern, which is at 7118 levels, holds significance going forward. Any close below the mentioned level would activate the bearish engulfing pattern. In such scenario Nifty may test 7000 – 6900 – 6800 levels. On the upside, 7350 - 7487 is crucial resistance level. If Nifty manages to close above it then Nifty may test the all time high of 7563 or even extend the gains up to 7700 – 7800 levels.

## Castor Seed

**BUY**

**CMP: ₹ 3,988** (As on 04<sup>th</sup> June 2014)

**Buy on dips: ₹ 3,900-3,880**

**Target Price: ₹ 4,300-4,450**

**Stop-Loss: Below ₹ 3,800**



Castor seed has emerged as one of the most traded commodities at NCDEX in last 4-5 years. Since it is mainly an export crop with a very limited domestic use, speculation triggered volatility has given it an additional room for large price fluctuation. This year, so far, castor seed has seen nearly 20% correction but talks of a slightly weak monsoon, courtesy el-nino, effect may spark a rally in this kharif crop.

Technically, impressions of a reversal are very simple yet stronger. To start with, we can see some positive candlestick formations in last few days along with a falling trend line breakout. Presence of a full white candlestick after a morning star doji is strongly supporting the trend line breakout. Most importantly, the volume and open interest have both remained on a dull side along with falling prices which is a good sign for a reversal. Trend line breakout is another important point as it proved a strong resistance prior to this breakout and a couple of previous attempts were thwarted.

Prices are resurfacing above 50 days' SMA, which is another highlight of this non-edible oil seed. On indicators' front, RSI & MACD are clearly in a positive divergence and as soon as ADX gets above 20, momentum will get set.

**Based on technicals we recommend a BUY on NCDEX July contract at current price of Rs 3,988 and on dips to Rs 3,900 - Rs 3,880 with stop loss below Rs 3,800 for targets in the range of Rs 4,300 – Rs 4,450.**

# ARI - Stocks to Watch

**Dish TV India Ltd**

**BUY**

**CMP: ₹ 54.45** (As on 06<sup>th</sup> June 2014)

**Buy: ₹ 54.45-52**

**Target Price: ₹ 60-64**

**Stop-Loss: ₹ 50**



Dish TV India Ltd was incorporated in 1988 and is based in Noida, India. It is a division of Zee Network Enterprise (Essel Group Venture). It provides direct to home (DTH) and teleport services primarily in India. The company offers its DTH services to customers through consumer premise equipment (CPE), which is used for receiving and broadcasting DTH signals to the subscriber. It offers hi-definition channels and services, on demand services, and international movie channels. As of March 31, 2013, the company served 15.1 million subscribers, offered 325 channels and services including 42 hi-definition services. It also engages in the sale of CPE and accessories.

### Technical Outlook:

On the daily chart, the stock has taken support at the lower trendline of the channel. Further, the prices have consolidated near the 200-day SMA and have formed a bull candle. This suggests upside momentum going forward and prices are likely to test the upper trendline of the channel.

**We recommend BUY on the stock at current level or on a decline up to Rs 52 levels with a stop loss of Rs 50 for a target of Rs 60-64 levels.**

**Tata Global Beverages Ltd**

**BUY**

**CMP: ₹ 171.10** (As on 06<sup>th</sup> June 2014)

**Buy: ₹ 171.10-162**

**Target Price: ₹ 195-215**

**Stop-Loss: ₹ 153**



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 product portfolio of the company comprises of 12 major global brands. Tetley is the flagship brand of the company and contributes 40% to the total revenue of the company. Indian Tea Brands include Tata Tea Premium, Gold Life, Kanan Devan, Chakra Life and Gemini. Eight O'clock is a coffee brand which is the third largest coffee company in the world by volume. About 70% of its revenues are from its international operations and the rest 30% contributed by Indian operations. The company has branded beverage business operations in India, Europe, the United States, Canada and Australia.

### Technical Outlook:

On the daily chart, the stock has taken support at the lower trendline of the channel. Further, the prices have consolidated near the 200-day SMA and have formed a bull candle. This suggests upside momentum going forward and prices are likely to test the upper trendline of the channel.

**We recommend BUY on the stock at current level or on a decline up to Rs 162 levels with a stop loss of Rs 153 for a target of Rs 195-215 levels.**



# Fly high with Arihant mobile trading

Stay in control of your trading even when you are on the move



Stay in control of your trading even when you are on the move with Arihant's Mobile trading tools optimised for tablets and smartphones. Our easy-to-use app allows you to view market data and trade real time!

Trade on NSE - Nifty (equity, FNO), currency markets, MCX and NCDEX  
You will never lose any opportunity.

Download on

Android™ Phone



iPhone®



To activate or know about this service

SMS: <Arihant Mobile> to 56677

Email: [contactus@arihantcapital.com](mailto:contactus@arihantcapital.com)

Call: 0731-3016153



**ARIHANT** capital markets Ltd.

# ARI - Mutual Fund Update

## Mutual Fund Roundup

Indian equity markets registered strong gains in May 2014, with Sensex registering gains of 8.03% closing the month at 24217.34 and Nifty ending with 7.97% gain settling at 7229.95.

## MF Activity Modi-Fied

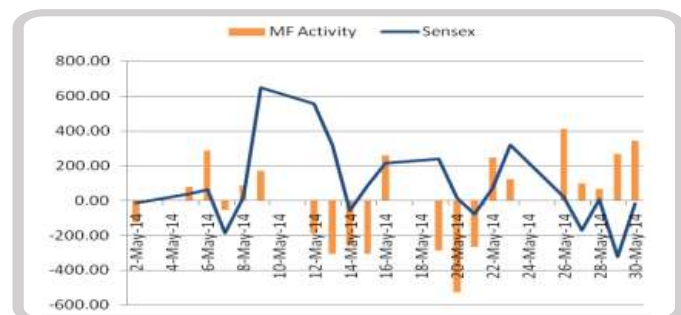
After offloading equities for months, Indian fund managers get a knack of equities following the game-changing election results. Domestic fund houses finished the month of May as net buyers of equities with total purchases of Rs 105.60 crore, indicating bullish sentiments among the fund managers and investors owing to the Modi effect.

The first half of the month the MFs were net sellers of equity but in the last week their activity spiked to the positive territory. In fact of the 21 trading sessions in the month, MFs were net buyers in 12 sessions. Highest buying was recorded in the fifth week of the month when the fund houses made total net buy of Rs 1,183.50 crore of equities. Although there still remains a huge gap in the activity between the foreign institutional investors (FIIs) and domestic fund houses as the total net purchases recorded by FII during the same period stood at Rs 14,006.10 crore.

## Mutual Fund Activity in May 2014

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	429.80	554.70	-124.90
2 <sup>nd</sup> Week	3786.30	3219.70	566.50
3 <sup>rd</sup> Week	5013.50	5818.60	-805.00
4 <sup>th</sup> Week	5557.00	6271.60	-714.50
5 <sup>th</sup> Week	5612.90	4429.50	1183.50
<b>Total</b>	<b>20399.50</b>	<b>20294.10</b>	<b>105.60</b>

(Source : SEBI )



## Movers and Shakers

### Equity Category

Equity scheme performance is directly related to how the Indian equity markets perform and it was no surprise that

equity schemes delivered stellar returns during the month. In the equity diversified category, Birla Sun Life Pure Value Fund delivered positive returns of 26.74% followed by Sahara Star Value Fund (24.10%), Sundaram Select Micro Cap Fund (24.06%), HSBC Progressive Themes Fund (23.49%) and Baroda Pioneer PSU Equity Fund (21.66%).

## Monthly Best Performer: All Equity Diversified Funds

Scheme Name	Last 1 Month %
Birla Sun Life Pure Value Fund	26.74
Sahara Star Value Fund	24.10
Sundaram Select Micro Cap - Series II	24.06
HSBC Progressive Themes Fund	23.49
Baroda Pioneer PSU Equity Fund	21.66

(Source : Mutual Fund India )

In the **sectoral category**, Reliance Diversified Power Sector Fund was the best performer of the month with a return of 27.51% followed by Sahara Infrastructure Fund (27.03%), Escorts Infrastructure Fund (26.18%), L&T Infrastructure Fund (24.93%) and SBI Infrastructure Fund (24.32%).

## Monthly Best Performer: All Sectoral Funds

Scheme Name	Last 1 Month %
Reliance Diversified Power Sector Fund	27.51
Sahara Infrastructure Fund	27.03
Escorts Infrastructure Fund	26.18
L&T Infrastructure Fund	24.93
SBI Infrastructure Fund	24.32

(Source : Mutual Fund India )

## Debt Category

Among the debt fund category, during the month of May 2014, DWS Hybrid Fixed Term Fund delivered positive return of 8.12% followed by ICICI Prudential Multiple Yield Fund (8.02%), Reliance Dual Advantage Fixed Tenure Fund (8.01%), DSP BlackRock Dual Advantage Fund (7.84%) and HDFC Monthly Income Plan - Long Term Plan (6.35%).

## Monthly Best Performer: All Debt Funds


Scheme Name	Last 1 Month %
DWS Hybrid Fixed Term Fund - Series 3	8.12
ICICI Prudential Multiple Yield Fund - Series 2 - Plan F	8.02
Reliance Dual Advantage Fixed Tenure Fund II - Plan C	8.01
DSP BlackRock Dual Advantage Fund - Series 1 - 36M	7.84
HDFC Monthly Income Plan - Long Term Plan	6.35

(Source : Mutual Fund India )

## Going forward

Indian equity markets' sentiments have turned positive after the Narendra Modi led BJP had a stellar victory in the recently concluded general elections. Considering potential reforms by the new government and the fact that the economic indicators are witnessing positive trends, we are bullish on the Indian economy and believe equities as an asset class will perform well.

Our strong recommendation to investors is they should not get tempted to redeem everytime the indices move up. They should continue with their systematic investments and stay invested in good schemes.

		<b>NCD Issue of Muthoot Finance Ltd</b> Earn upto 11.75% p.a.
<b>Issue Highlights:</b>		
Issue Opens	Monday, May 26, 2014	
Issue Closes	Thursday, June 26, 2014	
Issue Price	Rs. 1,000/- per NCD	
Face Value	Rs. 1,000/- per NCD	
Min Application	10 NCDs i.e. Rs.10,000/-	
Listing On	BSE	
Effective Yield (Category III)	11.50% per annum for 2 years 11.75% per annum for 3 years 11.50% per annum for 5 years	
Registrar	Link Intime India Private Limited	
Rating	[ICRA] AA-/ Stable' by ICRA	
Allotment is on First-Come-First-Serve Basis		

## Top Five FDs

Tenure: 1 year	Interest rate (%) compounded qtrly	What Rs 50,000 will grow to
Karur Vysya Bank	9.25%	Rs 54,788
UCO Bank	9.00%	Rs 54,654
ING Vysya Bank	9.00%	Rs 54,654
Andhra Bank	9.00%	Rs 54,654
Dena Bank	9.10%	Rs 54,708
Tenure: 2 year	Interest rate (%) compounded qtrly	What Rs 50,000 will grow to
Tamilnad Mercantile Bank	9.50%	Rs 60,328
ING Vysya Bank	9.25%	Rs 60,034
Karur Vysya Bank	9.25%	Rs 60,034
Bank of Baroda	9.05%	Rs 59,800
Bank of Maharashtra	9.10%	Rs 59,859
Tenure: 3 year	Interest rate (%) compounded qtrly	What Rs 50,000 will grow to
Karur Vysya Bank	9.25%	Rs 65,783
Tamilnad Mercantile Bank	9.25%	Rs 65,783
Bank of Baroda	9.05%	Rs 65,398
Bank of Maharashtra	9.00%	Rs 65,302
Bank of India	9.05%	Rs 65,398
Tenure: 5 year	Interest rate (%) compounded qtrly	What Rs 50,000 will grow to
Karur Vysya Bank	9.25%	Rs 78,985
Tamilnad Mercantile Bank	9.50%	Rs 79,955
Bank of Baroda	9.05%	Rs 78,216
Bank of India	9.05%	Rs 78,216
ING Vysya Bank	9.00%	Rs 78,025

## Top Five SIPs

Scheme Name	Latest NAV	Launch Date	Returns (%)				
			1 Year	2 Years	3 Years	5 Years	Since Inception
HDFC Equity Fund	406.20	1-Jan-95	46.40	29.50	14.10	19.40	21.00
HDFC Top 200	303.71	11-Sep-96	40.20	27.60	14.00	17.00	22.64
DSP BlackRock Opportunities Fund	117.27	16-May-00	34.90	28.00	11.80	15.20	19.14
IDFC Premier Equity Fund	52.59	28-Sep-05	37.30	28.40	18.40	22.80	21.05
ICICI Prudential Focused Bluechip Equity Fund	24.56	23-May-08	34.70	26.70	15.20	18.20	16.05

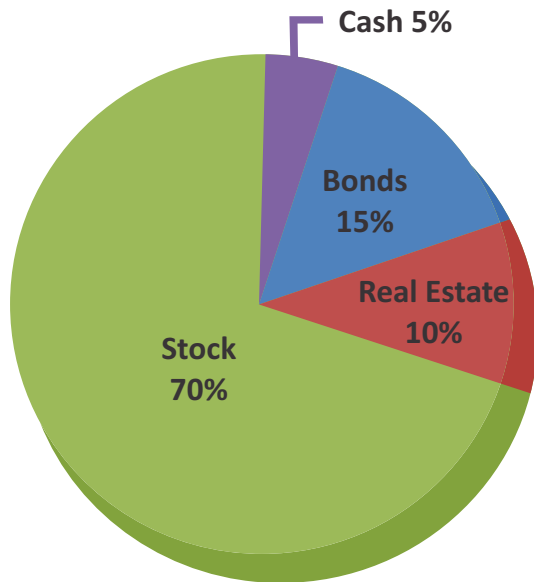
## Ongoing Corporate FDs

Fixes Deposits	Rating	Interest rates (% p.a.)					
		1 Year	2 Years	3 Years	4 Years	5 Years	Senior Citizen
Bajaj Finance Ltd	FAAA	9.25%	9.40%	9.65%	9.25%	9.25%	0.25%
DHFL - Aashray Deposit Scheme	FAAA	10.25%	10.25%	10.25%	10.25%	10.25%	0.50%
Mahindra & Mahindra Finance*	FAAA	9.25%	10.00%	10.25%	10.25%	10.25%	0.25%
PNB Housing Finance Ltd*	FAA+	9.65%	9.40%	9.50%	9.50%	9.50%	0.25%
Shriram Transport Finance	FAA+	9.25%	9.75%	10.75%	10.75%	10.75%	0.25%

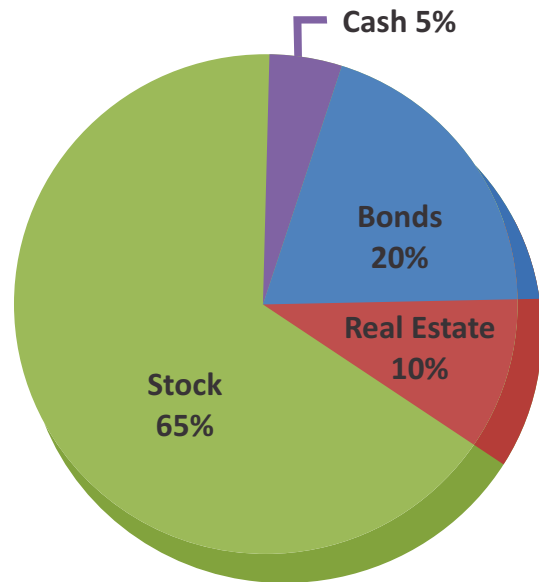
Note - All interest rates are compounded annually  
\*Interest rates on cumulative basis

# THE GUIDE TO INVESTING BY AGE

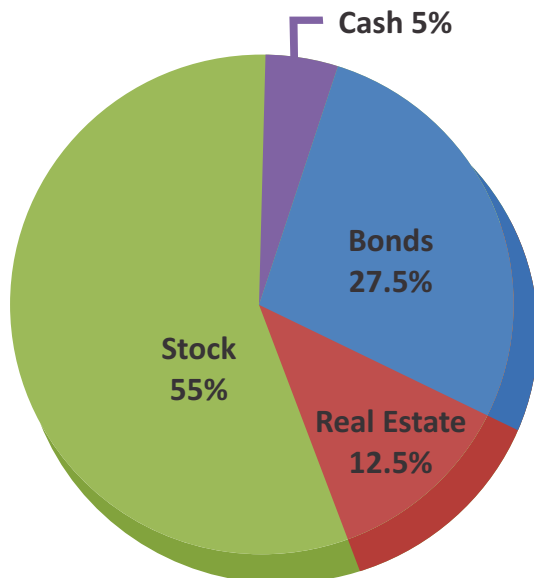
## MID 20's



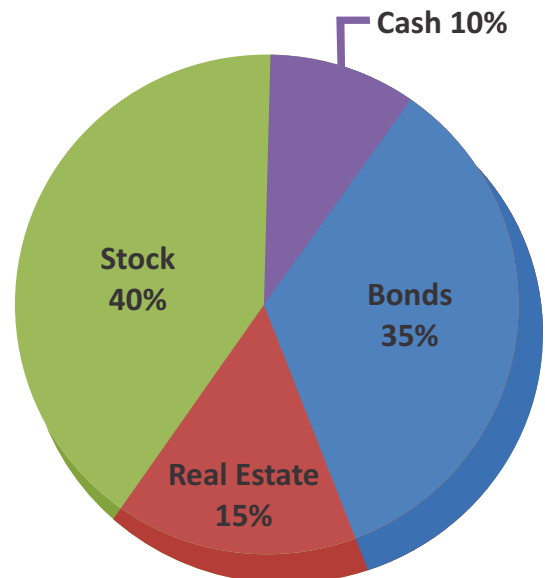
## LATE 30's TO EARLY 40's



## MID 50's



## LATE 60's AND BEYOND



# Meet your life goals



Get your child a best education



Give your daughter a wonderful wedding



Build your dream house

Get Rs 30 lakh or more just by investing Rs 2000 per month for 20 years.

Plan properly and invest regularly to meet your goals.

For more details:  
SMS: <Arihant> to 56677  
Email at [research@arihantcapital.com](mailto:research@arihantcapital.com)  
Visit us at [www.arihantcapital.com](http://www.arihantcapital.com)



**ARIHANT** capital markets ltd.

Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | PCG | Depository | Online Trading | Financial Planning

Registered Office: E-5 Ratlam Kothi, Indore – 452001 (M.P.) BSE – INB/INF 010705532; NSE – INB/INF 230783938;  
NSDL : IN-DP-NSDL-165-2000; CDSL: IN-DP-CDSL-317-2005; AMFI – ARN 15114

## Regional Offices

**AHMEDABAD:** 079-40701700 / 40701719  
**ALWAR:** 09352209641 / 0144-2700799 / 2700201  
**AMRITSAR:** 0183-2560195-96 / 09872285462  
**BANGLORE:** 080-41509992-93/ 09341690342  
**BARODA:** 0265-232070 / 3096692 / 09898366222 / 09328257555  
**BEAWAR:** 01462- 253953 / 54 / 09352424325  
**BHILWARA:** 01482-220390,227070 / 09829046070  
**BHOPAL:** 0755-4224672 / 4223672 / 09302167358  
**CHENNAI:** 044-42725254 / 25387808 / 09841160104  
**DIBRUGARH:** 094350-31452 / 09435747381 / 0995440958  
**GURGAON:** 0124-4371660-61 / 3241102 / 09999355707

**GWALIOR:** 0751 - 4070634 / 4072127 / 09301105571  
**INDORE-LAD COLONY:** 0731-4217100-101 / 09302104504  
**INDORE-PALASIA:** 0731- 2434070-71 / 4247436 / 094066-83366  
**INDORE-RATLAM KOTHI:** 0731-4217500 / 521 / 09329776346  
**INDORE-SILVER SANCHORA:** 0731-4217300-306 / 09826010295  
**JABALPUR:** 0761-4037990 / 91 / 93 / 09755005570  
**JAIPUR:** 9828024688 / 0141-4107659 / 0141-4030321  
**JODHPUR:** 0291-3266000 / 2440004-6 / 09414128888  
**KOLKATA:** 033-40052638,32407373 / 09830268964  
**KOPERGAON:** 02423-224151,224161 / 09423783766  
**KOTA:** 0744-2366255-2366355 / 09414178394

**MUMBAI-BORIWALI(W):** 022-42664025 / 09320444364  
**MUMBAI-OPERA HOUSE:** 022- 23674731-32 / 09619378273  
**MUMBAI-VILE PARLE:** 022-42254800  
**NEEMUCH:** 07423-224412, 226922 / 09425106124  
**PANIPAT:** 0180-4016357-358 / 09215124767  
**PUNE:** 020 41064921 / 020 41064901 / 09860270881  
**RAIPUR:** 0771 – 3052034/36/37 / 93000-56436 / 09300002700  
**SAGAR:** 07582- 244483 / 400664 / 09993833866  
**SECUNDRABAD:** 040-66148831-33-34 / 09348849901  
**SURAT:** 0261-3253597 / 09374718168  
**UJJAIN:** 0734-4050201-235 / 09425092746

## CONNECT WITH US



022-42254800 [www.arihantcapital.com](http://www.arihantcapital.com)



[facebook.com/arihantcapitalmarkets](https://facebook.com/arihantcapitalmarkets)



[twitter.com/arihantcapital](https://twitter.com/arihantcapital)



[contactus@arihantcapital.com](mailto:contactus@arihantcapital.com)

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd (hereinafter referred to as Arihant). This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant and/or its affiliates and/or employees may have interest/positions, final or otherwise in securities/commodities, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Any decision to purchase or sell as a result of the opinions expressed in his report will be the full responsibility of the person authorizing such transactions. The products/instruments discussed in this report may not be suitable for all investors. Any person subscribing to or investing in any product/instruments should do so on the basis of and after verifying the terms attached to such product/instrument. Products/instruments are subject to market risks and returns may fluctuate depending on various factors. Past performance of the products/instruments does not indicate the future prospects & performance thereof. Such past performance may not be sustained in future. The investors shall obtain, read and understand the risk disclosure documents, offer documents and/or any other relevant documents before making any decision for investment. This information is subject to change without any prior notice. No matter contained in this document may be reproduced or copied without the consent of the firm.