ARIHANT's VALUE Plus

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ARI - Movers & Shakers

INDIAN INDICES

Indices	Feb-14	Jan-14	Change %
SENSEX	21120.12	20513.85	2.96
S&P CNX NIFTY	6276.95	6089.50	3.08
BANK NIFTY	10764.70	10237.75	5.15
CNX MIDCAP	7805.25	7540.00	3.52
S&P CNX 500	4849.50	4709.15	2.98
CNX IT	10338.55	9957.45	3.83
CNX REALTY	154.05	154.55	-0.32
CNX INFRA	2309.80	2256.65	2.36

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Feb-14	Jan-14	Change %
AUTO	12598.73	11568.87	8.90
BANKEX	12284.27	11712.31	4.88
CD	5951.36	5548.18	7.27
CG	10375.60	9486.63	9.37
FMCG	6483.96	6517.93	-0.52
HC	10839.95	10109.76	7.22
IT	9792.25	9476.62	3.33
METAL	8660.83	9151.57	-5.36
OIL&GAS	8425.99	8453.06	-0.32
PSU	5514.88	5554.94	-0.72
REALTY	1203.50	1211.60	-0.67
TECK	5260.93	5167.53	1.81

(Source: BSE)

GLOBAL INDICES

Indices	Feb-14	Jan-14	Change %
DOW JONES	16321.71	15698.85	3.97
NASDAQ	4308.12	4103.88	4.98
HANG SENG	22836.96	22035.42	3.64
FTSE	6809.70	6510.44	4.60
NIKKEI	14841.07	14914.53	-0.49

(Source: Telequote software)

COMMODITIES and FOREX

Particular	Feb-14	Jan-14	Change %
MCX GOLD	30090.00	29462.00	2.13
MCX SILVER	46362.00	43309.00	7.05
MCX CRUDE OIL	6371.00	6169.00	3.27
MCX-SX USDINR	62.21	62.65	-0.70

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Feb 2014	48,428.50	47,024.20	1,404.30
Total for 2014 *	112,907.10	110,788.50	2,118.60

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Feb 2014	8,468.80	9,814.10	-1,345.40
Total for 2014 *	17,817.60	21,678.40	-3,860.90

*From Jan - Feb, 2014

(Source: SEBI)

Market Commentary

February, though started on a lackluster note owing to subdued domestic and global cues, registered positive momentum in the second half of the month helped by positive announcements on the fiscal deficit at the interim budget and US Fed Chairman's assurance that the US central bank would accommodate monetary stimulus (bringing relief to the emerging markets). The month finally ended on a positive note with S&P BSE Sensex delivering positive returns of 2.96% for the month to settle at 21120.12, and CNX Nifty gaining a strong 3.08% ending the month at 6276.95.

Indian equity markets started the February month on a weak note and the sentiment was further dampened by government's downward revision of the GDP growth estimates for FY13 to 4.5% from 5%. However, markets extended their positive momentum after US Federal Chairman Janet Yellen said the central bank would accommodate monetary stimulus if required. Janet Yellen indicated that the Federal Reserve would be open to slowing down the tapering of its bond buying programme if the softening data turned out to be caused by long-term factors.

On the sectoral front, Capital Goods turned out to be the best performing sector in February 2014 clocking gains of 9.37%, followed by Auto (8.90%), Consumer Durables (7.27%) and Healthcare (7.22%). Metal was the worst performer in the pack plummeting 5.36% followed by Realty (0.67%) and FMCG (0.52%).

On the institutional side, foreign institutional investors (FIIs) remained bullish during the month and bought equities worth Rs 1,404.30 crore in February 2014 while the domestic mutual fund houses sold Rs 1,345.40 crore of equities during February 2014.

One of the key events of the month was the Interim Budget for FY2014-15. First the interim railway budget was announced for FY2015 wherein Railways Minister, Mr. Mallikarjun Kharge, left the train fares and freight rates unchanged. The Indian Railways plans to spend Rs 643.05 bn in 2014-15 on acquisition of rolling stock, laying new lines and improving safety under its Annual Plan. This was followed by the most anticipated event, the fiscal budget for the FY2015. Though the Finance Minister, P Chidambaram, did not deliver an impressive Interim Budget for FY15, it did not really disappoint the markets as it exceeded market expectations on fiscal deficits for both FY14 (4.6% revised vs. 4.8% consensus) and FY15 (4.1% budgeted vs. 4.2% consensus).

Major announcements in fiscal budget:

- FM kept the direct taxes unchanged but made a few changes in indirect taxes including excise duty, service tax and customs duty.
- To cheer consumers and boost automobile sector, the FM lowered excise duty by up to 6% on small cars, sport utility vehicles, commercial vehicles and motorcycles (positive for auto as the OEMs should pass the benefit to customers offering some ramp up in volumes).
- He also announced a cut excise duty by 2% for some capital goods equipment and non-durables, and restructured excise duty on mobile phones.
- He proposed to exempt levy of the service tax on packaging and warehousing of rice.
- Customs duty exemption on pulses (edible seeds) is extended for an additional six months until June 30, 2014.
- CVD exemption on some Road Construction machinery is withdrawn.
- Custom duty structure on non-edible grade industrial oils and its fractions, fatty acids and fatty alcohols rationalized at 7.5% vs. 10% earlier (positive for domestic soap manufacturers).
- Budget of Rs 11,200 crore for state run banks capitalization duing FY15 (compared to Rs 14,000 crore earmarked last year).
- The budget continued its interest subvention scheme for providing short-term crop loans to farmers at 6% per annum for 2012-13.

On the macro-economic front, India's HSBC manufacturing purchasing Managers' Index for January 2014 rose to a ten month high at 51.4 from 50.7 in December 2013. HSBC services PMI hit seven month high of 48.3 in January 2014 from 46.7 in December 2013. Index of industrial production (IIP) contracted 0.6% in December 2013 compared with a contraction of 2.1% in November 2013. Wholesale Price Index (WPI) fell to an eight month low of 5.05% in January 2014 against 6.16% in December 2013. The Consumer price index (CPI) or retail inflation eased to two year low of 8.78% in January 2014 from 9.87% in December 2013.

On the positive side, India’s trade deficit declined to $9.92 bn in January 2014 against $10.14 bn in the corresponding month of last year, primarily due to a sharp fall in gold and silver imports. It has halved from the $18.87 billion recorded in January 2012, improving the outlook for the country's current account balance.

The Q3FY14 better earnings by corporate bigwigs like ACC, Ambuja Cements, Bank of Baroda, Coal India, Dr Reddys Laboratories, Lupin, M&M, NMDC, ONGC, Sun Pharma, Tata Power and Tata Steel for Q3 December 2013 supported the market. However, there were some that failed to deliver; companies like BHEL, BPCL, Cipla, DLF, Grasim Industries, Hindalco, JP Associates, Powergrid, Ranbaxy and SBI delivered disappointing numbers.

On the international front, the European Central Bank kept interest rates unchanged at 0.25% on 6 February 2014. The Bank of England also kept its benchmark rate at a record low 0.5%, while its bond-purchase plan stayed unchanged at 375 bn pounds ($611 bn). Chinese manufacturing gauge fell to a six-month low in January 2014 as output and orders slowed, adding to signs that government efforts to rein in excessive credit will cool growth in the world's second-largest economy. The eurozone GDP expanded by 0.3% in the fourth quarter from the previous quarter, for a 1.1% annualized rate of growth. This was the eurozone’s third consecutive quarter of growth. US economy expanded at a slower pace in the fourth quarter, GDP grew at a 2.4% down from the original projection of 3.2%. US housing reports remained strong, but a rise in jobless claims underscored a tepid US labor market. US durable goods orders and purchasing managers’ indices also reflected economic challenges, and consumer confidence measures were mixed.

US markets ended higher on account of Yellen's dovish stance on monetary stimulus. US Federal Reserve Chair Janet Yellen said the central bank would accommodate monetary stimulus if required. The US Federal Open Market Committee may change its strategy for reduction in its monthly quantitative easing programme. However, Yellen said it would take a "significant change" in the outlook for the Fed to pull back from its gradual reduction in monthly asset purchases. The **global markets** ended the month of February 2014 on a positive note. Nasdaq was the best performer, which ended the month with gain of 4.98% followed by FTSE (4.60%), Dow Jones (3.97%) and Hang Seng (3.64%). Japan’s Nikkei was the negative performer with loss of 0.49%.

Going ahead, the Indian stock markets will be influenced by global cues. The Federal Open Market Committee (FOMC) monetary policy review on 18-19 March 2014 will be a major event for global markets. The market would also keep a close eye on the political development, macro cues from the US, movement of rupee against dollar, crude oil price movement, industrial growth and inflation and these will dictate the near term movement on the domestic markets. We believe that markets will remain range bound until inflation is brought under control. Also globally data from US and Europe continue to remain stable. We recommend investors to not get affected by the short term movements and continue to invest in good companies with a long term view as India's growth story stays intact in the long run.

Key News and Events in February 2014

- **India's Oct-Dec GDP growth slows to 4.7% from 4.8% quarter ago:** India's GDP growth in Oct-Dec moderated to 4.7% from 4.8% in the previous quarter and 4.4% yoy, mainly on account of a contraction in industrial and agriculture sector despite favourable monsoons. On the demand side, private consumption and investment were the weak spots. The growth in services sector, however, improved during the quarter boosted by higher government spending and robust export growth. The sector, which nearly accounts for 60% of India's GDP, grew 7.6% in Oct-Dec compared with 6% in Jul-Sep and 6.9% a year ago.
- **January trade gap narrows to $9.92 bn as imports fall:** India's merchandise trade deficit narrowed to $9.92 bn in January 2014 from $10.14 bn in December 2013 with imports continuing to record a y-o-y decline (-18.7%) for the seventh consecutive month, while exports grew at a tepid pace of 3.8% to $26.75 bn. In the first ten months of the current financial year, exports were up 5.7% to $257.09 bn, while imports in the same period fell 7.8% to $377.04 bn. Among the export laggards were gems and jewellery, which fell by 7.5% in Apr-Jan, while iron ore exports were down by 1%. Oil imports in January 2014 were lower by 10.1% on year at $13.19 bn. Gold and silver imports in January 2014 were $1.72 bn, down sharply by 77% on year. In Apr-Jan, gold and silver imports fell by 37.8% to $29.0 bn.
- **IIP contracts for third month in a row:** India's industrial output contracted for the third month in a row in December 2013 as investment and consumption demand in the economy continued to plunge. The Index of Industrial Production (IIP) declined 0.6% in December 2013 compared to a contraction of 2.1% in November 2013. The decline is primarily on account of 16.2% contraction in consumer durable goods and 3% in capital goods. The manufacturing sector also declined 1.6% while intermediate goods jumped to a 14-month high of 4.5% and mining sector posted a tepid growth of 0.4% in December 2013. Growth in the electricity sector rose to a three-month high of 7.5% in December 2013.
- **WPI inflation falls to 8-month low of 5.05% in January:** India's headline inflation rate, based on the Wholesale Price Index (WPI), fell to an eight month low of 5.05% in January 2014, primarily on account of decline in food prices. The WPI inflation rate was 6.16% in December 2013 and 7.31% a year ago. However, core inflation inched up in January 2014. The non-food manufactured product inflation, which is a proxy for core inflation, rose to 3% from 2.8% a month ago. The fall in overall January WPI is in line with the sharp decline in retail inflation rate. The inflation rate based on the new Consumer Price Index fell to a two-year low of 8.79% in January 2014 from 9.87% a month ago.
- **India's Apr-Jan fiscal gap breaches FY14 revised budget aim:** In January 2014, fiscal deficit was Rs 164.52 bn, compared with Rs 609.82 bn a year ago. The central government's fiscal deficit rose to Rs 5.328 trln in Apr-Jan, breaching the revised Budget estimate for the full year ending March 2014. The fiscal deficit in Apr-Jan accounted for 101.6% of the revised budget estimate of Rs 5.245 trln for 2013-14. The Interim Budget had revised the estimate for fiscal deficit in 2013-14 to 4.6% of gdp, down from 4.8% projected in budget estimates. Apr-Jan fiscal deficit has already touched 4.7% of 2013-14 GDP. Total expenditures grew 14.3% in Apr-Jan to Rs 12.699 trln. Total receipts were up 14.1% at Rs 7.371 trln in Apr-Jan, driven by a sharp jump in non-tax revenues.

Auto Sector February Sales

Automobile sales remain sluggish in February

Passenger vehicle segment continues to remain weak: Maruti, M&M and Tata Motors see a drop in volumes. India's largest car manufacturer, **Maruti Suzuki**'s, PV volume was flattish at -0.4% yoy to 109,104 units in Feb. Company's domestic volumes up 1.8% yoy mainly aided by 19% growth in hatchback models, raking in some initial bookings of the newly launched Celerio; while exports fell by 19.5% yoy. We expect a gradual improvement in its sales supported by new launches. Even the second largest **Hyundai** (unlisted) posted 14.9% decline in total sales and exports were down sharply at 39.5% yoy. **Mahindra & Mahindra** PV shipments were down 17.6% yoy, while its total sales dipped 11.8%. Sales of the company's 4W CVs were down 3% at 14,701 units and its exports were down by 17% to 2,828 units. The **downrun continued for Tata Motors** with its total sales while its domestic PV volumes registered a 6.7% yoy growth to 11,325 units. Company's CV sales continued to witness a 49.4% decline to 23,990 units, with medium and heavy CV sales falling 14.3% yoy to 9,109 units, while light CV sales fell 59.5% to 14,881 units. The total sales of the company were down 35.6% yoy to 39,951 vehicles.

2Ws: Honda sustains double digit growth; Bajaj volumes decline while Hero flats

Volumes remained flat for country's largest two-wheeler

ARI - Equity Outlook

maker, **Hero MotoCorp**, in February 2014 (+0.58% yoy) whereas its toughest competitor, **Honda** (unlisted), saw its 2W shipments grow strongly by 44% yoy driven by 47% yoy growth in scooters and 40% yoy in motorcycles. **Bajaj motorcycles** witnessed a decline of 6% yoy at 273,323 units while company's total sales dropped 6% yoy at 313,294 units while its total exports upped 5%. **TVS** domestic 2W volumes increased 3% yoy and its total sales registered 7% growth yoy pushed by a jump of 31% yoy in exports. TVS may continue to see this positive momentum on the release of its ramped-up new scooter.

3-wheeler continued to report good growth

Atul Auto, India's leading 3W manufacturer, registered 19% growth in its February 2014 sales to 3,105 units. Sales of **TVS**'s 3W also recorded a strong growth of 53% at 7,369 units.

Tractors volume continue to remain robust

M&M's domestic tractor sales remained strong, up 18.4% yoy while **Escorts** registered 7.5% growth in total sales to 4,627 tractors in February 2014.

Commercial Vehicles volume shrunk

The trend in the Medium & Heavy Commercial Vehicle (M&HCV) segment remained weak – **Ashok Leyland**'s sales were down by 20.8% to 5,576 units while **Tata Motors** reported a decline of 14.3% yoy to 9,109 units. **Tata Motor's** Large Commercial Vehicle (LCV) shipments also registered a decline of 59.5% yoy to 14,881 units, followed by a poor performance by **Ashok Leyland**, in LCV, with 22% dip in sales to 3,001 units.

What to expect?

Automobile industry reported drop in February sales due to a slowing economic growth with high fuel and interest costs. The excise duty cut in Interim budget was positive announcement for the auto sector, and we expect some uptick in the volumes, from this announcement, over the coming months. We expect auto sales to remain weak till general elections. We continue to be positive on M&M (healthy rural demand and attractive valuation) and Tata Motors (JLR story) and maintain them as our top picks in the auto segment.

Nifty Technical Outlook

Markets witnessed rally in the month of February 2014 which was mainly led stocks from the Capital Goods, Auto, Consumer Durable and Healthcare sectors. The Sensex closed with a net gain of 2.96% whereas the Nifty gained 3.08% vis-à-vis the previous month.

Technical Observation

- **On the monthly chart**, we are observing a sideways move which gives no clear direction of the trend.
- **On the weekly chart**, we are observing a bull candle which has closed above the median line of the channel. Further the momentum oscillators are positively poised which suggests further upside momentum.
- **On the daily chart**, we are observing, prices have tested the supply zone of 6261 to 6355 and has closed within it.

Future Outlook:

Combining the above pattern formations it is evident that the supply zone of 6261 to 6355 holds significance going forward. Hence we are of the opinion that Nifty is likely to face strong resistance at this zone. However, the weekly momentum indicators it suggest that any sustainable up move above the mentioned zone would propel Nifty to test all time high of 6415 – 6549 levels. On the downside, 6200 – 6150 – 6100 may act support for the month.

Broadly we expect the market to get highly volatile at higher levels. Hence cautiously positive approach should be maintained in the markets.

ARI - Stocks to Watch

Ultratech Cement Ltd — BUY

CMP: ₹ 1,877.55 (As on 04th Mar 2014)

Buy: ₹ 1,877.55-1,860

Target Price: ₹ 1,920-1,950-2,000

Stop-Loss: ₹ 1,813

UltraTech Cement is India's largest and among the world's leading manufacturers of cement. The Company provides a range of products that cater to all the needs from laying the foundation to delivering the final touches. The company manufactures and provides ordinary Portland and Portland Pozzolana Cement, ready-mix concrete, and white cement. White cement is manufactured under Birla White brand, ready mix concretes under UltraTech Concrete brand and new age building products under UltraTech Building Products Division. The retail outlets of the company operate under UltraTech Building Solutions. The company is also an exporter of cement clinker spanning export markets in countries across the Indian Ocean, Africa, Europe and the Middle East. The company conducts business activity in United Arab Emirates, Sri Lanka, Bahrain, and Bangladesh.

Technical Outlook:

On the daily chart, the stock has given a breakout from the falling channel. Further, after a three days consolidation the stock has taken support at the 200 day SMA and has convincingly closed above it. The 200 day SMA is at Rs 1813 level.

Looking at the techincals one can accumulate the stock at current level or on a decline up to Rs 1,860 as long as this stock holds the 200-day SMA Rs 1,813 levels it has potential to test Rs 1,920 – 1,950 – 2,000 levels.

Godrej Industries Ltd — BUY

CMP: ₹ 283.55 (As on 04th Mar 2014)

Buy: ₹ 283.55-280

Target Price: ₹ 292-304-312

Stop-Loss: ₹ 270

Godrej Industries is India's leading manufacturer of oleo chemicals and makes more than a hundred chemicals for use in over two dozen industries. Godrej group is engaged in chemicals, vegoils and real estate. It delivers international quality product, exports its products to North America, South America, Asia, Europe, Australia, and Africa. Besides its three businesses, Godrej Industries also runs four divisions Corporate Finance, Corporate HR, Corporate Audit and Assurance and Research and Development which operate on behalf of the entire Godrej Group.

Technical Outlook:

On the daily chart, the stock has given a breakout from strong consolidation zone. Further it has given a close above the 200-day SMA which was at Rs 279 levels.

Looking at the stock movement on chart, we recommend accumulate on the stock at current level or on a decline up to Rs 280 with a stop loss of Rs 270 for a target of Rs 292 – 304 – 312 levels.

The Curious Case of Castor Seed — BUY

CMP: ₹ 4,400 (As on 05th Mar 2014)

Buy: ₹ 4,400-4,300

Target Price: ₹ 4,770-5,000

Stop-Loss: Below ₹ 4,200

Looking at the crop survey of castor seed for the year 2013-14 it can be assumed that the prices may remain upward for the entire year. Before going ahead with this one liner strategy, let us go through the statistics given in the survey and also take a look at what technical charts have in store for this unusual commodity which on one hand is non-edible while on other hand, it is instrumental in making soaps, paints and many other industrial products:-

- Estimated total production of castor seeds in India for the year 2013-14 is 1,120,000 tons, down 17% yoy.
- Total area under castor crop in India for the year 2013-14 is 916,000 hectares. It has decreased by 16% yoy.
- Average yield for the year 2013-14 is 1223 kg/hectare as against 1229 kg/hectare during 2012-13, i.e. down 1% yoy.

As can be seen in analytical estimates above, one of the main causes of short fall in castor seed production this year is decline in the average yield per hectare. In many areas of castor growing states, uneven and excess rainfall disturbed the yield pattern as the growth of Castor seed plants was affected. Water lodging in low level area damaged much of the crop.

Now if we look at castor's by-products and their presence in international scenario, a 20% rise is seen in export of Indian castor meals, as per the statistics given by solvent extractors' association. This fact will definitely shrink the local supply figures as compared to demand. Technical studies are also supporting the above fundamental analysis with daily chart on the verge of giving a breakout of congestion typical in a 4th wave formation. The trend is well set and prices are gearing up for another rally towards 5th wave.

We recommend a Buy NCDEX April contract at CMP Rs 4,400 and on dips to Rs 4,300 for targets in the range of Rs 4,770 - Rs 5,000, keeping the stop loss below Rs 4,200.

EUR-INR — SELL

CMP: ₹ 85.65 (As on 04th Mar 2014)

Sell on rise till: ₹ 86.30

Target Price: ₹ 85.20-84.50

Stop-Loss: ₹ 86.75

In the month of February 2014, EUR-INR futures traded in the range of 86.12-84.50, after hitting a low of 84.57 to finally settle at 85.79 with a gain of 0.5%. The Euro zone February inflation stood at 0.8%, slightly higher from January 0.7%, which lifted EUR/USD towards new 2014 high at 1.3823 as the optimistic data reduced the pressure of European Central Bank to take action to foster the fragile economic recovery.

We expect that EUR-INR is still in a down trend, as sustainability to trade below the upper trend line of more than five months' consolidation pattern may offer a pull down from every rise till 86.30, unless the pair breaks the strong resistance of 86.85.

For the month of March 83.70 will act as a crucial support level, which coincides with the long term Ref. Regression channel line. If the trading sustains below this level we could expect further bearish trend till 82.88. On the other hand, a breakout above 86.98-87 level could confirm the extension of the upside move for the next resistance levels at 87.50 and 88.15. Moreover, Euro zone's inflation rate is still below the half of the ECB 2% target and the tension between Russia and Ukraine, the biggest political crisis of euro-zone after cold war, may remain a cause of concern for the pair.

We recommend Sell on EUR-INR on every rise till 86.30 with a target of 85.20-84.50 and a stop loss of 86.75.

Key Data and Events:

- Europe - 06th March: Minimum Bid Rate & ECB Press Conference
  31st March: CPI Flash Estimate
- U.S. - 19th March: FOMC Economic Projections and FOMC Meeting Minutes
- India - 14th March: WPI Inflation for Feb

ARI - Mutual Fund Update

Mutual Fund Roundup

Indian equity markets registered positive returns in February 2014, with Sensex registering gains of 2.96% closing the month at 21120.12 and Nifty ending with 3.08% gain settling at 6276.95. On the sectoral front, most sectoral indices ended the month with positive returns with Capital Goods being the best performer as it clocked 9.37% return closely followed by Auto (8.90%).

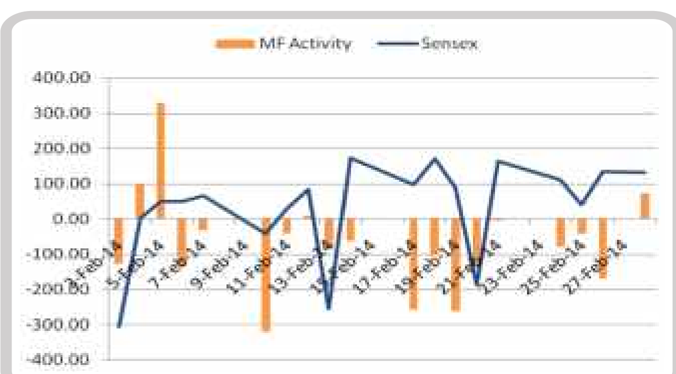
MF Activity

Domestic mutual funds net sellers of equities for the sixth consecutive month in February 2014, clocking net sales of Rs 1,345.40 crore. In fact of the 19 trading sessions in the month, MFs were net sellers in 15 sessions. Highest selling was recorded in the third week of the month when the fund houses made total net sales of Rs 758.80 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 1,404.30 crore.

Mutual Fund Activity in February 2014

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1st Week	2287.80	2152.80	135.00
2nd Week	2846.50	3351.90	-505.40
3rd Week	1439.30	2198.00	-758.80
4th Week	1895.20	2111.40	-216.20
Total	**8468.80**	**9814.10**	**-1345.40**

(Source : SEBI)



Movers and Shakers

Equity Category

Most of the categories of equity funds registered positive returns during the month with Pharma sector being the best performer while FMCG funds registering an average net return of negative 0.21%.

In the equity diversified category, HDFC Mid-Cap Opportunities delivered positive returns of 6.12% followed by Mirae Asset Emerging Bluechip Fund (5.30%), Principal Emerging Bluechip (4.69%), ICICI Prudential MidCap Fund (4.51%) and HSBC Midcap Equity Fund (4.11%).

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	Last 1 Month %
HDFC Mid-Cap Opportunities Fund - Dividend	6.12
Mirae Asset Emerging Bluechip Fund - Dir - Growth	5.30
Principal Emerging Bluechip Fund - Dir - Dividend	4.69
ICICI Prudential MidCap Fund - Dir - Dividend	4.51
HSBC Midcap Equity Fund - Dir - Growth	4.11

(Returns are absolute as on 28th February 2014)

In the **sectoral category**, the schemes generated positive returns with SBI Pharma Fund being the best performer of the month with a return of 5.09% followed by Reliance Pharma Fund (4.52%), PineBridge Infrastructure and Economic Reform Fund (4.36%), ICICI Prudential Technology Fund (3.69%) and UTI Pharma and Healthcare Fund (3.56%).

The **exchange traded funds** (ETFs) also posted strong gains with even the Gold ETFs clocking a 4.23% return.

Debt Category

Along with equity, even the debt category delivered a good performance in February. In the debt fund category SBI Magnum DFS Fund delivered positive return of 0.78% for the month followed by Birla Sun Life FTP Fund (0.73%), Templeton India Cash Management Account Fund (0.63%), Tata Floater Fund (0.55%) and ING Treasury Advantage Fund (0.54%).

Mutual Fund Recommendation: Strategy

In the debt category, we recommend the long dated fixed-maturity plans (FMPs) for investors. It is the best product for investors who don't want to take any interest-rate risk, can park money in long-tenure FMPs as they will be benefitted from attractive interest rates coupled with indexation benefit opportunities. Meanwhile, we would suggest investors to avoid short-term debt schemes unless their investment horizon is 15-18 months.

In the equity category, the temptation to redeem existing investments in high considering the market volatility and long wait for breaking even or clocking returns, we advice investors to look beyond the short term uncertainty and participate in the long term growth story.

From Arihant's Blog

As part of our investor education initiative, Arihant brings you a brand new blog that will share useful article on investment, personal finance and tax investments. Stay tuned on www.arihantcapital.com/blog

6 REASONS TO INVEST IN A SIP

Systematic Investment Plan (SIP) is the mutual fund equivalent of recurring deposit wherein you put a fixed amount of money every month in your choice of mutual fund. Investing through a SIP route is a great way to build wealth and meet your financial goals. Here are 6 convincing reasons for you to start investing in an SIP right away:

INCULCATES DISCIPLINED INVESTMENT

Spending more and saving less is a bad habit. Everyone has a lot of dreams and desires, but not everyone has the pockets deep enough to meet them. Through SIP you inculcate a disciplined investment habit, wherein you invest every month a fixed sum in a good mutual fund scheme, ensuring you are not only spending but also saving something every month and this money will help you reach your financial goals.

LIGHT ON WALLET

SIPs can be started with as low as Rs 500 per month, an amount very easy to commit without any strain on your wallet. So instead of splurging on lavish meals or buying things you don't need, through SIP, a pre-decided fixed amount will be deducted every month from your bank account and invested in a good mutual fund scheme, helping you put your money to better use.

RUPEE COST AVERAGING

Most common mistake an investor makes is investing at market peak and selling at market lows. Through SIP since you are investing a fixed amount regularly, you end up buying more number of units when the markets are down and less number of units when the markets are up. This is called rupee-cost averaging. SIP works as a good discipline as it forces you to buy even when the markets are low, which actually is the best time to buy.

COMES WITH POWER OF COMPOUNDING

When you invest every month, not only you generate returns on your capital, but through a SIP, you generate returns on your returns as well. Suppose you invest Rs 3,000 every month and in first month you get a 5% return, so the next month your total amount invested in the mutual fund will be Rs 3,150 plus the other Rs 3,000 you will put at the start of second month. So your fund manager has to now generate returns on Rs 6,150 not Rs 3,000. The same cycle carries month-after-month till you stay invested. If we do simple math, if you invest Rs 3,000 every month for 20 years through SIP in your choice of mutual fund scheme, assuming that you get 12% return per annum*, you accumulate Rs 30,00,000 after 20 years (on an investment of Rs 7.2 lacs).

That's the power of compounding.

TAX FRIENDLY

An equity SIP is very tax friendly; any gains arising from investments held for more than a year in equity schemes is tax free. In fact if you choose to invest in a tax saving mutual fund scheme (ELSS) through SIP you get the power of SIP + tax deduction under Section 80C {S80C of Income Tax Act provides deduction of Rs 1 lac from your taxable income for investment made in 80C approved securities}.

OFFERS EASY LIQUIDITY

Investment in mutual fund scheme through SIP is easy to liquidate in case of emergency {unless you have chosen a tax saving fund which has a lock-in of 3 years}. You can put in a redemption request today and your money in liquidated immediately and you receive your money within 3 working days {in fact in most cases you get the next working day itself}.

To start a SIP or for more details SMS <Arihant> to 56677 or email : mutualfund@arihantcapital.com

सावधान ! कहीं आप ठगे तो नहीं जा रहे हैं ?

यदि आप अपनी व्यवस्तता के कारण टैक्स बचत के लिए अभी तक निवेश नहीं कर पाए हैं और ऐसे में किसी व्यक्ति का फोन आपके पास आए और आपको यह भरोसा दिलाए कि अमुक कंपनी के प्लान में आपका निवेश सुरक्षित रहेगा, आपको टैक्स बचत के साथ बैंक एफडी से अधिक ब्याज मिलेगा, अर्जित ब्याज पर भी कोई टैक्स अदा नहीं होगा तथा पैसा निकालने के बाद भी आजीवन बीमा कवर मिलता रहेगा। तो ऐसे में आपको यह एक सुनहरा अवसर लगेगा, परंतु सावधान रहें ! कहीं आप उसकी बातों में आकर ठगे तो नहीं जा रहे ?

आजकल कई लोगों को इस तरह के फोन कॉल प्राप्त हो रहे हैं जिसमें व्यक्ति अपने आपको नामी इंश्योरेंस कंपनी या बीमा विनियामक और विकास प्राधिकरण (आईआरडीए) का ऑफिसर बताकर नामी कंपनियों के प्लानों के बारे में बढ़ा-चढ़ाकर, रिटर्न एवं अन्य फायदे बतकार अपने जाल में फाँस रहे है। उदाहरण के तौर पर इस तरह की ठगी का एक केस हम आपके लिए नाम बदलकर प्रस्तुत कर रहे है -

शर्माजी नमस्कार ! मैं अमित अमुक इंश्योरेंस कं. के दिल्ली कार्यालय से बात कर रहा हूँ । हमारी कं. ने एक प्लान लांच किया है जिसमें आपको पांच वर्षों तक प्रतिवर्ष 60,000 रूपये निवेश करना है और पाँच वर्षों बाद आप संपूर्ण राशि की निकासी कर सकेंगे । इसमें टैक्स बचत के साथ आपको आजीवन 2,20,000 रूपए का बीमा कवर, दुर्घटना की स्थिति में 4,40,000 रूपए का बीमा कवर एवं अपंगता की स्थिति में 2,20,000 रूपये बीमा कवर, दुर्घटना की स्थिति में 4,40,000 रूपए का बीमा कवर एवं अपंगता की स्थिति में 2,20,000 रूपए का बीमा कवर भी प्राप्त होगा। इस प्लान में आपको बैंक एफडी, पीपीएफ से भी अधिक रिटर्न प्राप्त होगा।

पिछले साल इस प्लान में 13 प्रतिशत का रिटर्न रहा है एवं पिछले कई वर्षों में इसमें रिटर्न 25 प्रतिशत का भी रहा है, लेकिन आप 10 प्रतिशत का रिटर्न तो इस प्लान में मान ही सकते हैं। इस प्लान से प्राप्त आय पर आपको कोई टैक्स भी अदा नहीं करना पड़ेगा।

इस प्लान की एक और खासियत यह है कि आपका पैसा शेयर बाजार में नहीं लगाया जाएगा, जिससे कि आपका निवेश सुरक्षित रहेगा और किसी प्रकार की जोखिम भी नहीं रहेगी एवं इस प्लान में आपके पैसे में से कोई राशि प्रीमियम एलोकेशन अथवा अन्य खर्चों के लिए भी नहीं काटी जाएगी। साथ ही ये सारी बातें आपको लिखित में पॉलिसी लेने के उपरांत दे दी जाएँगी।

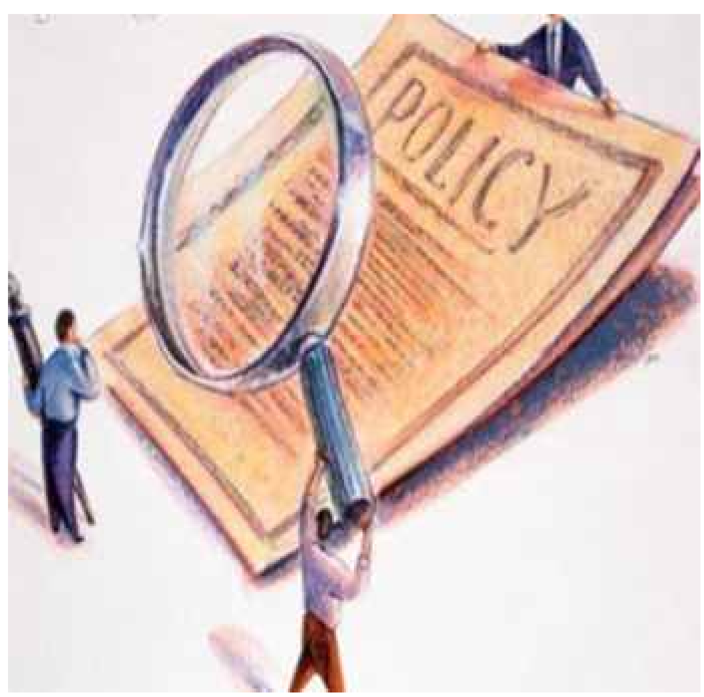
इसके कुछ देर पश्चात् एक अन्य व्यक्ति का फोन प्राप्त होता है, जो अपने आपको उसी कंपनी का वेरीफिकेशन अधिकारी बताता है और कहता है - 'शर्माजी नमस्कार! मैं अमुक कं. के वेरीफिकेशन डिपार्टमेंट से बात कर रहा हूँ। आपको हमारी कं. के मि. अमित ने प्लान के बारे में जो भी जानकारी दी है, उसे हम वेरीफाय करना चाहते है।'

शर्माजी ने अमित द्वारा बताए गए प्लान के सारे फीचर्स वेरीफिकेशन अधिकारी को बता दिए । उसके उपरांत अधिकारी ने उस प्लान के फीचर्स को सत्यापित करते हुए कहा कि पिछले साल इस पॉलिसी में अमित द्वारा बताए गए 13 प्रतिशत रिटर्न के स्थान पर 12.89 प्रतिशत रिटर्न रहा है। साथ ही आगाह किया कि वे चेक अमुक कं. के नाम पर ही जारी करें एवं चेक के पीछे स्वयं का नाम, पता एवं फोन नं. अवश्य लिखें जिससे आपका पैसा सही जगह पर निवेश हो सके।

केस की वास्तविकता :

इस केस की वास्तविकता यह है कि उक्त दोनों फोन किसी इंश्योरेंस कंपनी के कार्यालय से नहीं थे बल्कि इंश्योरेंस बेचने वाले टेली मार्केटिंग एजेंट के द्वारा किए गए थे।

इस प्लान में रिटर्न निश्चित नहीं है एवं रिटर्न अमुक बीमा कंपनी के लाभ पर निर्भर रहेगा जो कि कं. द्वारा प्रतिवर्ष बोनस के रूप मतें घोषित किया जाएगा।



आईआरडीए द्वारा पॉलिसी के खर्चे एवं केश फ्लो समझने के लिए 6 प्रतिशत व 10 प्रतिशत रिटर्न के जो इलेस्ट्रेशन के मानक तैयार किए हैं , उस अनुसार उक्त पॉलिसी में पाँच वर्षों तक कुल 2,80,405 रूपए अदा करने पर बीमा कं. के 6 प्रतिशत लाभ के हिसाब से 2,42,000 रूपए ही वापस मिलें गे एवं 10 प्रतिशत के हिसाब से 2,65,500 रूपए ही वापस मिलेंगे, जो कि दोनों ही रकम कुल अदा की गई राशि से भी कम है। साथ ही टर्म पूरा होने के बाद में 2,20,000 रूपए का बीमा कवर आजीवन जारी रहेगा।

उपरोक्त केस के अतिरिक्त टेली मार्केटिंग कं. निम्न प्रलोभन भी देते हैं -

1. कई बार यह भी कहा जाता है कि अमुक कं. ने लकी ड्रॉ द्वारा आपका चयन किया है एवं आपको किसी निर्धारित समय एवं स्थान पर बुलाकर गिफ्ट देने का प्रलोभन दिया जाता है और अंततः आपको झाँसे में लेकर पॉलिसी बेचने का प्रयास किया जाता है।

2. कई बार यह भी कहा जाता है कि हमारी कंपनी ने एक विशेष प्लान देने के लिए आपका चयन किया है, जिसके तहत बहुत से फायदे बताए जाते है और कहा जाता है कि इन फायदों का लाभ लेने के लिए आपको आज ही निवेश करना होगा। ऐसा बताकर आपको उस ही दिन निर्णय लेने पर मजबूर किया जाता है। उक्त कृत्य टेली मार्केटिंग एजेंट अपने आपको न सिर्फ अमुक इंश्योरेंस कं. का अधिकारी बल्कि कई बार तो यह अपे आपको आईआरडीए का अधिकारी बताने से भी नहीं चूक रहे है।

उल्लेखनीय है गत दिनों में आईआरडीए को भी इस कृत्य के संबंध में निवेशकों से कई शिकायतें प्राप्त हुई है। इसके उपरांत आईआरडीए ने अपने सरक्यूलर क्रं. सीएडी/1/10-11 दि. 21 जनवरी 2011 द्वारा सभी इंश्योरेंस कं. को इस कृत्य के बारे में आगाह करते हुए ठगी करने वाले लोगों का पता लगाकर उचित कदम उठाने के निर्देश दिए है, परंतु आप भी जानते हैं कि इंश्योरेंस कं. को इन ठगी करने वाले लोगों का पता लगाना एवं भविष्य में इस तरह के कृत्य पर लगाम लगाना बहुत ही कठिन कार्य है।

निम्न सावधानियों से बच सकते हैं ठगी से

- ❑ किसी की भी सुनी-सुनाई बातों पर भरोसा न करें।
- ❑ जिस प्लान के बारे में भी आपको बताया जा रहा है, उसका नाम अवश्य नोट कर लें।
- ❑ संबंधित प्लान का कंपनी की वेबसाइट पर जाकर अच्छी तरह से अध्ययन कर लें।
- ❑ कोई बात समझ न आने पर वेबसाइट पर दिए कंपनी के टोल-फ्री नं. पर संपर्क करें ।
- ❑ इसके बाद भी कोई बातें अनसुलझी रह जाती है तो आप सर्टिफाइड फाइनेंशियल प्लानर (आपका वित्तीय डॉक्टर) से भी सलाह ले सकते है।
- ❑ फार्म भरते समय यह सुनिश्चित कर लें कि जिस प्लान का आपने चयन किया है उसी प्लान के लिए आवेदन किया जा रहा है।
- ❑ पॉलिसी प्राप्त होने पर जो फीचर आपने समझे थे उनकी जाँच तुरंत कर लें क्योंकि आपके पास पॉलिसी प्राप्त होने से 15 दिवस के अंदर बिना किसी खर्चे के पॉलिसी बंद करने का विकल्प होता है। इसे 'फ्री लुक पीरियड' भी कहा जाता है। ध्यान रहे फ्री लुक पीरियड निकलने के बाद आपके पास इस तरह की ठगी से बचने का कोई भी विकल्प नहीं रह जाएगा।