

Key developments during the week

- Govt say MAT not to apply on foreign companies with effect from Apr 1, 2001
- Chief economic adviser says achieving 8-10% growth conditional on reforms
- Chief economic adviser says RBI did 3 rate cuts, year not over yet
- Economic secretary says RBI to soon release eased overseas borrow norms draft
- Economic secretary says govt working on new enabling framework for startups
- TRAI to hold car drive test on call drops; finalise policy by Oct 15
- India seeks gas from Iran at \$1.5 per mBtu for urea unit
- Govt gives merchant banks 3 weeks more to bid for Coal India divestment
- Antitrust panel to probe cement companies in south India for cartelisation
- Cabinet approves 4-laning 112-km of NH-42 in Odisha for 15.75 bln rupees
- Govt gets 2.64-bln-rupees deposit from FM radio auction winners
- Govt says states agree on environment norms for urban construction plans
- Jaitley says ready to bring GST "any given day" post Parliament nod
- Oil minister says govt to auction 69 marginal oil, gas fields by Dec

| INDEX | 24-Sep-15 | 18-Sep-15 | Change (in %) |
|--------------|-----------|-----------|---------------|
| NIFTY | 7868.50 | 7981.90 | -1.42 |
| SENSEX | 25863.50 | 26218.91 | -1.36 |
| NSE 500 | 6573.90 | 6636.95 | -0.95 |
| NSE MIDCAP | 3160.35 | 3118.10 | 1.35 |
| NIFTY JUNIOR | 19358.95 | 19642.45 | -1.44 |
| BSE SMALLCAP | 10942.14 | 10804.06 | 1.28 |
| BSE 200 | 3317.73 | 3356.53 | -1.16 |

| INDEX | 24-Sep-15 | 18-Sep-15 | Change (in %) |
|-------------------|-----------|-----------|---------------|
| BSE AUTO | 17316.59 | 17571.70 | -1.45 |
| BSE BANK | 19696.21 | 19952.94 | -1.29 |
| BSE CAPITAL GOODS | 15058.34 | 15567.34 | -3.27 |
| BSE CD | 10499.47 | 10153.57 | 3.41 |
| BSE FMCG | 7573.16 | 7588.65 | -0.20 |
| BSE HEALTHCARE | 17616.77 | 17438.45 | 1.02 |
| BSE IT | 11472.99 | 11229.08 | 2.17 |
| BSE METALS | 6887.73 | 7291.21 | -5.53 |
| BSE OIL AND GAS | 8635.04 | 8750.40 | -1.32 |
| BSE PSU | 6644.64 | 6788.44 | -2.12 |
| BSE REALTY | 1328.25 | 1336.79 | -0.64 |
| BSE TECK | 6210.93 | 6137.32 | 1.20 |

| INDEX | 25-Sep-15 | 18-Sep-15 | Change (in %) |
|-----------|-----------|-----------|---------------|
| DOW JONES | 16314.67 | 16384.58 | -0.72 |
| HANG SENG | 21172.54 | 21920.83 | -1.62 |
| NIKKEI | 17880.51 | 18070.21 | -2.10 |
| FTSE | 6109.01 | 6104.11 | -0.14 |

Domestic events week ahead

- **Sep 29:** RBI to detail fourth bi-monthly monetary policy for FY16.
- **Sep 30:** Government finances for Apr-Aug, by CGA.
- **Sep 30:** Core sector growth for August, by commerce and industry ministry.
- **Sep 30:** CPI for industrial workers for August, by Labour Bureau.
- **Oct 01:** Manufacturing PMI for September, by Nikkei.
- **Oct 01:** Automobile Sales Data, by Automakers.

Source: NW18

Global events week ahead

- **Sep 28:** German Retail Sales, US Personal Spending, US Personal Income, US Pending Home Sales, US FOMC Member Dudley Speaks
- **Sep 29:** German CPI, Spanish CPI, US Goods Trade Balance, US CB Consumer Confidence
- **Sep 30:** Japan Retail Sales, Japan Industrial Production, Japan Housing Starts, German Unemployment Change, Italian Unemployment Rate, UK Current Account, UK Final GDP, Europe CPI, Europe Unemployment Rate, US ADP Non-Farm Employment Change, US Chicago PMI, US Crude Oil Inventories, US Fed Chair Yellen Speaks
- **Oct 01:** Japan Tankan Manufacturing Index, US FOMC Member Brainard Speaks, China Manufacturing PMI, China Non-Manufacturing PMI, Japan Final Manufacturing PMI, China Caixin Final Manufacturing PMI, China Caixin Services PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, US Unemployment Claims, US Final Manufacturing PMI, US ISM Manufacturing PMI, US FOMC Member Williams Speaks
- **Oct 02:** Japan Unemployment Rate, Spanish Unemployment Change, UK Construction PMI, Europe PPI, US Non-Farm Employment Change, US Unemployment Rate, US Factory Orders



Weekly Sector Outlook and Stock Picks

Auto sector – May open up this week on RBI rate cut hope

Shares of major automobile companies are likely to rise at the open this week due to anticipation of a rate cut by the Reserve Bank of India at its upcoming policy review. A rate cut, if it materialises, would help boost demand in the sector, just ahead of the festive season. The RBI is scheduled to outline its fourth bi-monthly monetary policy for 2015-16 (Apr-Mar) on Sep 29. There has been a gradual rise in the noise for a rate cut, given the steadily falling inflation levels. Post RBI policy announcement, the measures taken by the central bank will set tone for movement in auto sector. Shares are also expected to gain momentum due to expectation that sales have picked up in September. Also, commercial vehicle orders may rise from next month as many buyers had held purchases ahead of mandatory safety features to be introduced from Oct 1. The government has made it must to install the anti-lock braking system and the speed-limiting device in all commercial vehicles from Oct 1, prompting fleet replacement. The only drag on auto counters is likely to be the fallout from the Volkswagen scandal, a key customer of some Indian parts maker. Volkswagen admitted to rigging emission tests in the US, and this has had cascading effect on companies supplying parts to it such as Motherson Sumi of India. Many more countries have ordered a probe into Volkswagen vehicles. Hero MotoCorp is expected to trade with a positive bias given an impending launch on Sep 29.

Bank Sector – Bias weak for PSUs this week despite rate cut hope

Despite expectations of a rate cut by the Reserve Bank of India at its policy review on Sep 29, shares of banks are expected to trade with a negative bias this week tracking the broad market. However, private banking heavyweights are likely to trade with a positive bias this week, which would provide cushion to the Bank Nifty. Of the 40 economists, treasurers, bankers and fund managers polled by Cogencis, 37 expect the central bank to cut the repo rate to 7% this week. The remaining three expect a status quo from the central bank. A lower repo rate is expected to boost credit growth and support banking shares.

Capital Goods Sector – Seen in range, with negative bias

Shares of most capital goods companies are seen trading in a range with a negative bias this week in the absence of any positive sector-linked development and weak investor sentiment in the broader market due to global uncertainties. However, shares of these companies may see some limited upside if the Reserve Bank of India announces a rate cut during its fourth bi-monthly monetary policy of 2015-16 on Sep 29. This will also see the commerce and industry ministry announcing the core sector growth data for August. As companies operating in core business areas are major clients for capital goods companies, weak data for August may impact the shares of companies in the sector. Growth in key core industries fell to 1.1% in July from 3% a month ago. Shares of BHEL, Thermax and sector heavyweight Larsen & Toubro are seen extending losses this week while those of Siemens and KEC are seen in range with marginal upside. Order inflows from power transmission and distribution companies are seen picking up since the last few months and this bodes well for Kalpataru Power Transmission, KEC International, Siemens, Alstom India and Alstom T&D India.

Cement Sector – Seen trading in a range on weak fundamentals

Stocks of most cement manufacturers are seen trading in a narrow range with a negative bias this week as a subdued demand scenario continues to keep fundamentals weak. One would be cautious because of lack of demand. Q1 (Apr-Jun) saw a revenue growth of 1% y-o-y in the sector, and Q2 (Jul-Sep) is also likely to be on the same lines. Demand is yet to pick up. As an external factor, we pick the Reserve Bank of India's bi-monthly monetary policy review as a decisive factor for stock movement. The RBI is scheduled to detail its fourth bi-monthly monetary policy statement for this financial year on Sep 29. We expect any cut in interest rates as a positive for cement stocks as the same would encourage borrowing in the infrastructure sector. In terms of sector-specific action, increase in cement prices across the northern parts of the country would bode well for manufacturers. Prices holding on to their levels in other parts of the country would also act as a positive.

FMCG Sector – Rangebound with negative bias as demand slack

Shares of fast moving consumer goods companies may continue to trade rangebound with a negative bias as demand remains sluggish. While some news-driven, stock-specific movement would be seen in the sector, the overall sentiment is weak. Index-heavyweight Hindustan Unilever, which has been under pressure in past few weeks, is expected to fall



further. Dabur India shares seen positive this week. Dabur India announced its foray into the male professional grooming market with the launch of a face-care product range under its OxyLife brand. Fundamentally, FMCG companies may continue to benefit from soft raw material prices but demand has not picked up much, which will limit revenue growth. The Jul-Sep earnings and festival season in Oct-Nov are likely to bring fresh triggers for the sector. Investors will keep a watch on the Reserve Bank of India's fourth bi-monthly monetary policy of 2015-16 (Apr-Mar) on Sep 29, which will impact the trend in broader market and in turn have a bearing on FMCG companies.

IT Sector – May see buying interest unless RBI cut rates

The information technology companies are expected to witness continued buying interest unless the Reserve Bank of India cuts interest rates. Majority of market participants expect the RBI to cut the repo rate by 25 basis points, while some hold the view that the central bank may maintain the current rates. However, repo rate cut of up to 25 basis points has been factored in, and if announced, is unlikely to cause major triggers. On the other hand, if the RBI surprises the market, that might lead to devaluation of the Indian currency benefiting information technology companies majority of which are exporters. Wipro and Infosys are seen bullish due to recent announcements of deal wins and expansion plans made by them. Prompted by the strong order pipeline, Wipro said it is increasing its workforce in Qatar over the next 12 months and also scale up near-shore delivery centers there. Infosys Ltd is set to get a 13.2-bln-rupees order to develop and provide software solution for implementing the goods and services tax regime. HCL Technologies launched a platform integrated with automation services while Tata Consultancy Services launched analytics-based software solution. HCL Technologies and Wipro are likely to continue their focus on automation in infrastructure services.

Oil Sector – Seen in range on lack of triggers, news flow key

Shares of most oil companies may trade with the broad market this week as no immediate trigger is in sight. The stock of Reliance Industries Ltd may see some news-based activity as the Supreme Court will hear the company's plea over a dispute in the KG-D6 arbitration case. Shares of public sector oil companies are seen trading in a range, but the bias will be negative in line with the broader market, which is seen a tad weak as foreign institutional investors continue selling in emerging markets. Market sentiments are unlikely to be swayed much in the positive direction even if the Reserve Bank of India cuts the policy rate by 25 basis points, as the market is expecting. The outlook for the oil market continues to remain weak. The Indian basket of crude oil has been holding steady around \$45-46 a barrel in the past few weeks. Refining margins also have weakened this quarter, after hitting record highs in Apr-Jun. Shares of state-owned refiners IOC, BPCL and HPCL will continue to move in a range, but not much upside is seen from current levels. These companies are expected to revise petrol and diesel prices this week. There was no price revision on Sep 15. The revision, if any, is likely to be small even on Sep 30 as oil prices have fallen only slightly.

Pharma sector – Lupin to continue with positive momentum

Among shares of major pharmaceutical companies which are seen trading in a range this week, those of Mumbai-based Lupin Ltd will maintain a positive momentum. Shares of beleaguered Elder Pharmaceuticals Ltd also rose sharply during Thursday's trading session after the company announced that its board will meet this week to consider a proposal for sale of overseas subsidiaries.

Metal Sector – Seen downward trend likely this week

Shares of major metals and mining companies are likely to witness a downward trend this week, due to falling global metal prices. Global metal prices have declined sharply in the last one year due to oversupply and subdued demand. The CNX metal index fell almost 6% in the last one week to 1,684.80 points. The metals and mining sector would not see an immediate impact of a rate cut by the Reserve bank of India at its upcoming policy review on Sep 29. It will take longer time for the companies in the sector to gain the benefits of a possible rate cut.

Telecom Sector – Bharti Airtel, Idea may trade lower this week

Shares of major telecom companies are seen extending their losses after breaking crucial supports in the just concluded week. Fundamentally, overall outlook for the sector remained positive with crucial policy decisions on spectrum sharing and trading having been cleared by the Cabinet in the last few months. Spectrum sharing allows operators to pool their respective spectrum for usage in a specific geographical area and thereby ensuring more efficient utilisation of the spectrum. Spectrum trading will allow one company to sell its spectrum to another at a market linked price.



Market range for the week 7640- 8080

| Nifty | Values |
|--------------|--------|
| Support 1 | 7820 |
| Support 2 | 7750 |
| Support 3 | 7650 |
| Resistance 1 | 7920 |
| Resistance 2 | 7980 |
| Resistance 3 | 8080 |

Resistance – Nifty may face resistance at 7920 level above this level it may go up to 7980-8080 level.

Support - Nifty has support at 7820 level below this next support at 7750-7650 levels.

Technical – During the week, CNX Nifty opened at 7911.50 and touched the highest level of 8021.60 and lowest level of 7723.25. The CNX Nifty ended at 7868.50; drag 113.40 points or 1.42%. The S&P BSE Sensex opened at 26107.98 and touched the highest level of 26339.10 and lowest level of 25386.48. The S&P BSE Sensex closed at 25863.50; drag 355.41 points or 1.36%.

For the coming week, we expect the market range of 7640-8080.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we had witness narrow range body formation and on weekly chart near to gap area , because of that we had mentioned we can see trade in range and all we have seen same. Now on daily chart we can see “Bearish candle” and on weekly chart can see “Doji” candle. So from here remain 8050-8120 will be major resistance and 7720-7650 will be good support may be we can see trade with in range with stocks specific move.

Weekly Chart





Weekly Sectoral Technical Outlook

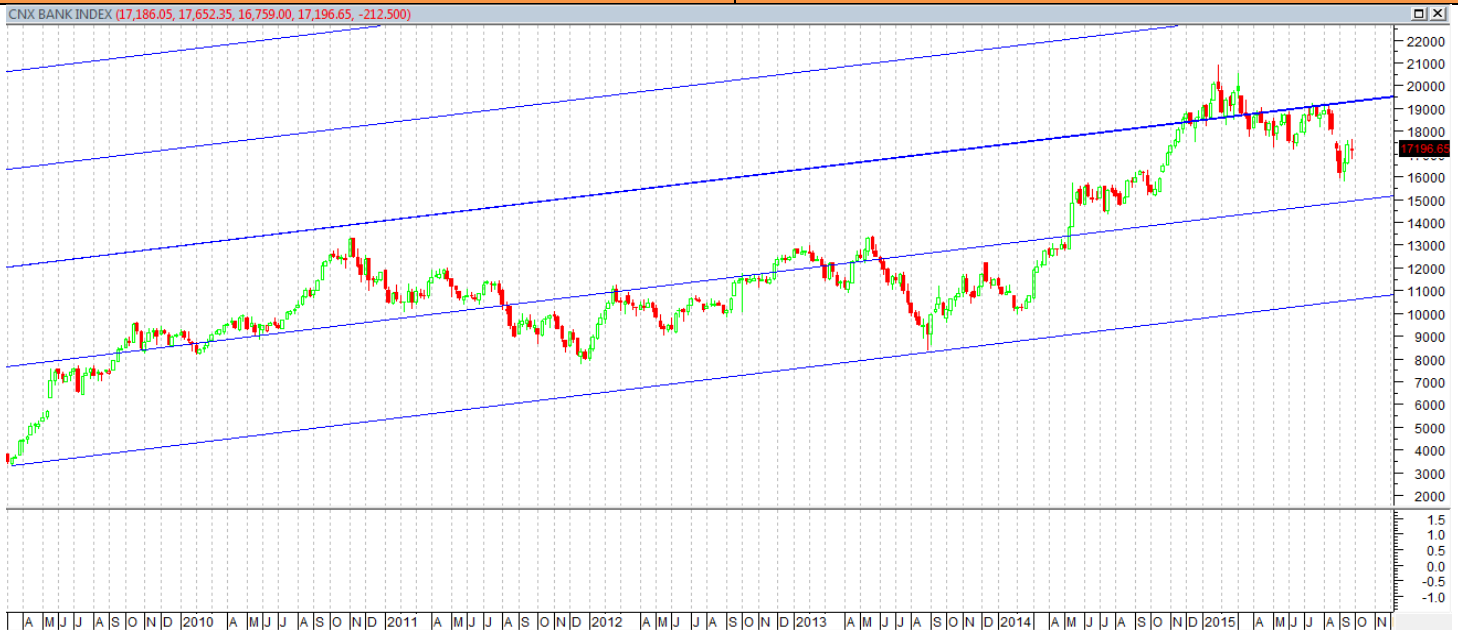
| | |
|-----------------------|------------------|
| NSE Auto Index | CMP: 7721 |
|-----------------------|------------------|



NSE Auto

At present we are observing two consecutive narrow range body formations which suggest indecisiveness prevailing at current level. We maintain our stance that there is no clear positive pattern emerging to go long in this sector. Hence one should avoid this sector.

| | |
|-------------------|-------------------|
| NSE Bankex | CMP: 17196 |
|-------------------|-------------------|



NSE Bankex

At present we have witnessed that prices have tested the downward gap area of 17842 to 17353 by making a high of 17652. Further, prices have closed below the downward gap area mentioned above. This reflects weakness. Hence one can avoid this sector at present.



| | |
|------------------------|------------------|
| NSE Metal Index | CMP: 1684 |
|------------------------|------------------|



NSE Metal Index

We maintain our stance that the current price action has closed below the lower trendline of the symmetric triangle. This suggests weakness. Hence, one should avoid this sector at present.

| | |
|---------------|-------------------|
| NSE IT | CMP: 11954 |
|---------------|-------------------|



NSE IT

We reiterate our view that this sector is out performing Nifty. Hence it has higher relative strength. Aggressive traders, gone long in this sector above 11800 should trial their stop loss to 11580. On the upside this sector has potential to test 12300 - 12600 levels.



Weekly Technicals of Key Companies –

| Company | Closing 24-Sep-15 | Buy/Sell Trigger | Resistance 1 | Resistance 2 | Support 1 | Support 2 |
|------------|----------------------|---------------------|-----------------|-----------------|--------------|--------------|
| ACC | 1343.05 | 1355.02 | 1385.03 | 1427.02 | 1313.03 | 1283.02 |
| AMBUJACEM | 207.00 | 207.43 | 211.32 | 215.63 | 203.12 | 199.23 |
| ASIANPAINT | 806.35 | 810.37 | 835.38 | 864.42 | 781.33 | 756.32 |
| AXISBANK | 513.95 | 515.25 | 533.40 | 552.85 | 495.80 | 477.65 |
| BAJAJ-AUTO | 2282.95 | 2275.37 | 2340.58 | 2398.22 | 2217.73 | 2152.52 |
| BANKBARODA | 186.40 | 188.37 | 194.28 | 202.17 | 180.48 | 174.57 |
| BHARTIARTL | 332.95 | 341.33 | 350.62 | 368.28 | 323.67 | 314.38 |
| BHEL | 198.15 | 200.42 | 207.73 | 217.32 | 190.83 | 183.52 |
| BOSCHLTD | 20306.75 | 20710.28 | 21495.47 | 22684.18 | 19521.57 | 18736.38 |
| BPCL | 880.90 | 875.77 | 897.43 | 913.97 | 859.23 | 837.57 |
| CAIRN | 150.15 | 147.12 | 154.13 | 158.12 | 143.13 | 136.12 |
| CIPLA | 643.10 | 643.30 | 653.10 | 663.10 | 633.30 | 623.50 |
| COALINDIA | 318.40 | 326.38 | 336.77 | 355.13 | 308.02 | 297.63 |
| DRREDDY | 3970.25 | 3942.40 | 4027.80 | 4085.35 | 3884.85 | 3799.45 |
| GAIL | 294.75 | 293.65 | 304.00 | 313.25 | 284.40 | 274.05 |
| GRASIM | 3432.95 | 3433.98 | 3482.97 | 3532.98 | 3383.97 | 3334.98 |
| HCLTECH | 954.95 | 945.65 | 978.55 | 1002.15 | 922.05 | 889.15 |
| HDFC | 1181.85 | 1181.03 | 1217.82 | 1253.78 | 1145.07 | 1108.28 |
| HDFCBANK | 1051.40 | 1043.35 | 1068.05 | 1084.70 | 1026.70 | 1002.00 |
| HEROMOTOCO | 2381.70 | 2401.38 | 2430.17 | 2478.63 | 2352.92 | 2324.13 |
| HINDALCO | 71.40 | 73.80 | 76.40 | 81.40 | 68.80 | 66.20 |
| HINDUNILVR | 781.70 | 785.95 | 795.65 | 809.60 | 772.00 | 762.30 |
| ICICIBANK | 268.30 | 270.93 | 277.72 | 287.13 | 261.52 | 254.73 |
| IDEA | 139.25 | 141.80 | 144.95 | 150.65 | 136.10 | 132.95 |
| INDUSINDBK | 926.90 | 910.67 | 948.33 | 969.77 | 889.23 | 851.57 |
| INFY | 1140.55 | 1128.58 | 1164.67 | 1188.78 | 1104.47 | 1068.38 |
| ITC | 322.55 | 317.63 | 328.27 | 333.98 | 311.92 | 301.28 |
| KOTAKBANK | 654.45 | 651.82 | 672.63 | 690.82 | 633.63 | 612.82 |
| LT | 1462.45 | 1490.53 | 1533.82 | 1605.18 | 1419.17 | 1375.88 |
| LUPIN | 1990.35 | 1940.17 | 2052.98 | 2115.62 | 1877.53 | 1764.72 |
| M&M | 1221.00 | 1209.02 | 1244.98 | 1268.97 | 1185.03 | 1149.07 |
| MARUTI | 4566.65 | 4519.25 | 4651.40 | 4736.15 | 4434.50 | 4302.35 |
| NMDC | 94.75 | 97.95 | 101.70 | 108.65 | 91.00 | 87.25 |
| NTPC | 122.05 | 122.93 | 126.82 | 131.58 | 118.17 | 114.28 |
| ONGC | 227.50 | 231.80 | 237.50 | 247.50 | 221.80 | 216.10 |
| PNB | 135.85 | 136.47 | 141.33 | 146.82 | 130.98 | 126.12 |
| POWERGRID | 125.40 | 128.98 | 133.42 | 141.43 | 120.97 | 116.53 |
| RELIANCE | 837.35 | 853.43 | 872.12 | 906.88 | 818.67 | 799.98 |
| SBIN | 239.05 | 240.37 | 247.13 | 255.22 | 232.28 | 225.52 |
| SUNPHARMA | 891.90 | 897.70 | 907.15 | 922.40 | 882.45 | 873.00 |
| TATAMOTORS | 303.40 | 313.30 | 325.00 | 346.60 | 291.70 | 280.00 |
| TATAPOWER | 65.05 | 64.45 | 67.05 | 69.05 | 62.45 | 59.85 |
| TATASTEEL | 215.15 | 219.48 | 224.97 | 234.78 | 209.67 | 204.18 |
| TCS | 2580.40 | 2553.47 | 2616.93 | 2653.47 | 2516.93 | 2453.47 |
| TECHM | 567.35 | 562.27 | 583.98 | 600.62 | 545.63 | 523.92 |
| ULTRACEMCO | 2811.10 | 2824.77 | 2922.58 | 3034.07 | 2713.28 | 2615.47 |
| VEDL | 95.60 | 94.78 | 100.67 | 105.73 | 89.72 | 83.83 |
| WIPRO | 603.05 | 596.70 | 611.25 | 619.45 | 588.50 | 573.95 |
| YESBANK | 720.90 | 736.32 | 758.38 | 795.87 | 698.83 | 676.77 |
| ZEEL | 394.55 | 392.02 | 406.03 | 417.52 | 380.53 | 366.52 |

Source: Iris Software

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