

ARIHANT'S

VALUE *Plus*

Issue : December 2016



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MOVERS & SHAKERS

INDIAN INDICES

Indices	Nov-16	Oct-16	Monthly Change (%)
SENSEX	26652.81	27930.21	-4.57 ↓
NIFTY 50	8224.50	8625.70	-4.65 ↓
NIFTY BANK	18627.80	19523.55	-4.59 ↓
NIFTY MIDCAP 100	14907.10	15912.30	-6.32 ↓
NIFTY 500	7079.40	7501.45	-5.63 ↓
NIFTY IT	10087.65	10082.70	0.05 ↑
NIFTY REALTY	167.85	211.10	-20.49 ↓
NIFTY INFRA	2791.95	2862.80	-2.47 ↓

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Nov-16	Oct-16	Monthly Change (%)
AUTO 	20144.62	22185.39	-9.20 ↓
BANKEX 	21316.01	22368.28	-4.70 ↓
CD 	11278.54	12927.42	-12.75 ↓
CG 	14044.51	14920.82	-5.87 ↓
FMCG 	8070.77	8510.52	-5.17 ↓
HC 	15734.32	16471.99	-4.48 ↓
IT 	9851.55	10032.72	-1.81 ↓
METAL 	10666.30	10317.55	3.38 ↑
OIL&GAS 	11964.32	12316.81	-2.86 ↓
PSU 	7879.60	7935.84	-0.71 ↓
REALTY 	1281.82	1556.14	-17.63 ↓
TECK 	5411.27	5525.02	-2.06 ↓

(Source: BSE)

GLOBAL INDICES

Indices	Nov-16	Oct-16	Monthly Change (%)
DOW JONES	19123.58	18142.42	5.41 ↑
NASDAQ	5323.68	5189.14	2.59 ↑
HANG SENG	22789.77	22934.54	-0.63 ↓
FTSE	6783.79	6954.22	-2.45 ↓
NIKKEI	18308.48	17425.02	5.07 ↑

(Source: Telequote software)

COMMODITIES

Particular	Nov-16	Oct-16	Monthly Change (%)
MCX GOLD 	28197.00	29950.00	-5.85 ↓
MCX SILVER 	40089.00	42402.00	-5.45 ↓
MCX CRUDE OIL 	3377.00	3153.00	7.10 ↑
MCX NATURAL GAS 	229.60	204.10	12.49 ↑

(Source: Telequote software)

FOREX

Particulars	Nov-16	Oct-16	Monthly Change (%)
USD-INR ₹	68.39	66.68	2.56 ↑
EUR-INR €	72.91	73.15	-0.33 ↓
GBP-INR £	85.09	81.65	4.21 ↑
JPY-INR ¥	60.43	63.61	-5.00 ↓

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Nov 2016	1,03,252.68	1,21,496.93	-18,244.25 ↓
Total for 2016*	10,19,316.30	9,90,573.00	28,742.50 ↑

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Nov 2016	42,922.90	29,312.30	13,610.40 ↑
Total for 2016*	2,91,802.00	2,52,976.30	38,826.60 ↑

* From Jan - Nov, 2016

(Source: SEBI)

MARKET OUTLOOK

Market Outlook: December

Going ahead, Indian equity markets will continue to remain volatile this month due to major events i.e. Italy referendum on December 4, RBI monetary policy review on December 7, ECB monetary policy on December 8, US Fed meeting outcome on December 14 and the development in ongoing winter session that will be keenly watched for market direction. Further, the dollar-rupee movement, macroeconomic events, movement in crude oil prices, foreign fund inflows, and upcoming Q3FY17 corporate earnings are also likely to affect equity markets. The liquidity concerns arise from the demonitisation is likely to slow demand in short term and impact equity markets. We recommend investors that don't change perception by these short term fluctuations and see market corrections as an opportunity to invest in fundamentally sound companies.



Monthly Market Roundup

The month of November witnessed tumultuous sessions on Dalal Street that was hit by double Ds- Donald Trump's victory and Demonetization, thus, wiping out all the earlier gains made this year. This surprise verdict of US elections had sparked fear in equity markets with the 10-year benchmark yield soaring to 7.79% from 7.63% m-o-m. FIIs seem to have contributed to this rise, as they sold more than Rs 3,600 crore in the debt market - their biggest outflow since May, on expectations of a possible rate hike by the US Fed in December.

Modi government's biggest crackdown against black money revoking legal tender of Rs 500 and Rs 1000 notes overnight on November 8 left the country in jeopardy. With excessive liquidity in the banking system post demonetization, RBI's decision to hike Cash Reserve Ratio (CRR) to 100% for incremental deposits between Sep 16 to Nov 11 was taken negatively on the Street. The corporate earnings are seen to be majorly effected in next few quarters post this unprecedented

move, however medium to long term impact is seen to be positive.

The month finally ended with downward bias as S&P BSE Sensex delivering negative return of 4.57% to settle at 26652.81 and Nifty50 lost 4.65% ending the month at 8224.50.

Realty (-17.63%) and Consumer Durables (-12.75) were the worst hit sectors during the month. Large chunk of non-banking transactions take place in realty sector and real estate prices are expected to fall in near term. Consumer Durables also faced negative impact as there was a slowdown in spending. Meanwhile, the Organization of Petroleum Exporting Countries (OPEC) reached a deal to cut oil production that is expected to fetch gains to upstream oil, and gas companies.

On the institutional side, foreign institutional investors (FIIs) sold Rs 18,244.25 crore worth of equities during the month while domestic mutual fund houses bought Rs 13,610.40 crore in November 2016.

Nifty Technical Outlook: December



On the monthly chart we are observing a bear candle which suggests that the undertone is bearish. In the coming month if Nifty trades and closes above 8366 level then it is likely to test 8586 - 8806 - 9062 levels. However, if Nifty trades and closes below 8082 level then it can test 7863 - 7643 - 7387 levels.

Broadly, we are of the opinion that the monthly trend remains down and any breach of 8082 on closing basis would signal weakness. In such scenario, Nifty may breach the prior bottom of 7916 or even extent its losses to 7643 - 7387 levels.

Economic Data Wrap Up - November

- India's Oct Nikkei manufacturing PMI rose to 54.4 from 52.1 in Sep.
- India's Oct Nikkei Services PMI rose to 54.5 from 52 in Sep.
- India's Sep IIP growth rose to 0.7% from -0.7% in Aug.
- India's Oct CPI inflation fell to 4.20% from 4.39% in Sep.
- India's Oct WPI inflation fell to 3.39% from 3.57% in Sep.
- India's Oct trade deficit rose to \$10.16 bln from \$9.69 bln YoY.
- India's Oct core sector growth rose to 6.6% from 5% in Sep.
- India's Jul-Sep GDP growth rate at 7.3% from 7.6% YoY.

FUNDAMENTAL STOCK

globally diversified natural resources group with wide ranging interests in aluminium, copper, zinc, lead, silver, iron ore, etc. Through its affiliates, Cairn India has been operating for close to 20 years playing an active role in developing India's oil and gas resources. Cairn India has opened 4 frontier basins with over 40 discoveries, 31 in Rajasthan alone.

Cairn India has a portfolio of 9 blocks - one block in Rajasthan, which contains multiple assets, two on the west coast and four on the east coast of India and one each in Sri Lanka and South Africa. Oil and gas is currently being produced from Rajasthan, Ravva and Cambay.

During June 2010, Cairn India and ONGC, the 70:30 joint venture partners in the Rajasthan Block, RJ-ON-90/1, commenced sales through the world's longest continuously heated and insulated crude oil pipeline.

Investment Rationale

- Cairn India, through its initiatives like EOR, reservoir management has continued to arrest the natural decline in wells and reported additional volumes.
- The company has been able to maintain its cost optimization. As on Q2FY17 water flood and blended operating cost at Rajasthan reduced to \$3.9/boe and \$5.8/boe respectively. For EOR, the cost optimization has lowered development and operating costs leading to better IRR projections.
- The revised Cairn-Vedanta deal has been approved by the respective shareholders and new ratio will give incremental benefit of Rs 30 per share for Cairn India shareholders.
- The company commissioned its Salaya Bhogat Pipeline storage terminal & marine export facilities at Bhogat, which shall give it an access to larger market for crude oil from Rajasthan Block.

Concern

- The company has its business activities related to exploration and production of oil & gas and is sensitive to crude oil prices.

Valuations

At CMP of Rs 247 per share the stock trades at P/B multiple of 0.9 (x). The company has a dividend yield of 1.2% and we have "BUY" rating on the stock with a fair value of Rs 277 per share.



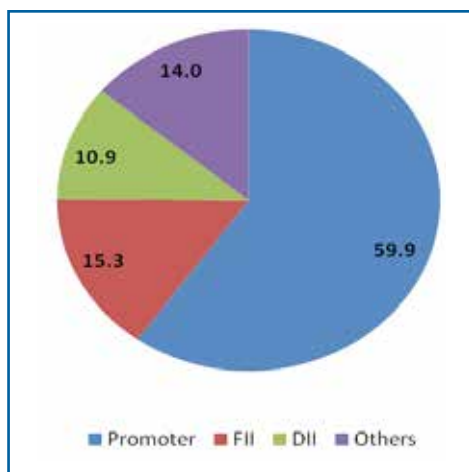
CAIRN INDIA LTD

BUY Target Price Rs 277

Value Parameters

BSE Code	532792
NSE Symbol	CAIRN
CMP (As on 30 th Nov, 2016)	Rs 247
Face Value	Rs 10
52 Week High/Low	259/107
Market Cap (Rs cr)	47,440
EPS (Rs) (FY16)	-50.3
TTM PE ratio (x)	0.0

Shareholding Pattern % (Sep' 16)



Company Overview

Cairn India is one of the largest independent oil and gas exploration and production company in India. Cairn India was rated as the fastest-growing energy company in the world, as per 2012 and 2013 Platts Top 250 Global Energy Company Rankings.

Cairn India operates around 30% of India's domestic crude oil production. Cairn India is part of the Vedanta Group, a

FUNDAMENTAL STOCK

1961. In 1981, Oil India became a wholly-owned Government of India enterprise.

Oil India Ltd is engaged in the business of exploration, development and production of crude oil and natural gas, transportation of crude oil and production of LPG. Oil India also provides various E&P related services.

Oil India Ltd owns and operates approximately 10 drilling rigs and over 10 work-over rigs, besides charter hiring drilling rigs based on operational requirement. The Company is involved in crude oil transportation in Southeast Asia, and owns and operates approximately 1,430 kilometers of cross-country crude oil pipelines. It owns approximately 10 crude oil pumping stations and over 20 repeater stations spread across the eastern India states of Assam, West Bengal and Bihar. The Company produces approximately five million metric standard cubic meter per day (MMSCUMD) of natural gas and has a pipeline network for collection and supply of gas as fuel and feedstock to various industries, such as refineries, fertilizer and petrochemical plants, and power generation plants.

Investment Rationale

- Recent stakes in two Russian assets – Vankor and Taas Yuryakh would help increase both oil and gas production, mainly from Vankor.
- Higher volume sparks light; the company reported significant uptick in gas volume rising by 9% YoY to 6.14 mmscm for Q2FY17.
- Regular hike in Kerosene prices shall provide cushion in the rising crude oil price scenario.

Concern

- Diesel deregulation and shift of LPG to Direct Benefit Transfer LPG has resulted in earnings to directly correlate with brent crude making it sensitive on crude price.

Valuations

At CMP of Rs 415 per share the stock trades at trailing P/E multiple of 12.5 (x). The company has a dividend yield of 3.8% and we have “BUY” rating on the stock with a fair value of Rs 465 per share.



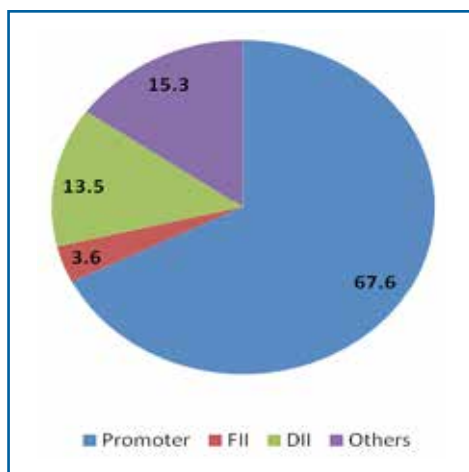
OIL INDIA LTD

BUY Target Price Rs 465

Value Parameters

BSE Code	533106
NSE Symbol	OIL
CMP (As on 30 th Nov, 2016)	Rs 415
Face Value	Rs 10
52 Week High/Low	446/300
Market Cap (Rs cr)	25,208
EPS (Rs) (FY16)	33.3
TTM PE ratio (x)	12.5

Shareholding Pattern % (Sep' 16)



Company Overview

Oil India was incorporated as a private limited company on February 18, 1959 under the name 'Oil India Private Limited', pursuant to promoters' agreement dated January 14, 1958, between the President of India, Burmah Oil Company Ltd and Assam Oil Company Ltd. The Company became a deemed public limited company with effect from March 28,



November Sales

AUTO SECTOR



Maruti Suzuki

Total Sales: 135,550 units, 12.2% yoy up
 PV Sales: 96,767 units, 8.1% yoy up
 Domestic Sales: 126,325 units, 14.2% yoy up
 Exports: 9,225 units, 9.8% yoy down



TVS Motor

Total Sales: 224,971 units, 0.2% yoy down
 2Wheeler Sales: 219,088 units, 0.6% yoy up
 3Wheeler Sales: 5,883 units, 23.5% yoy down
 Exports: 32,829 units, 2.4% yoy down



Mahindra & Mahindra

Total Sales: 32,449 units, 22% yoy down
 PV Sales: 13,217 units, 33% yoy down
 CV Sales: 12,644 units, 15% yoy down
 Exports: 2,685 units, 22% yoy up



Atul Auto

Total Sales: 3,450 units, 13.9% yoy down



Tata Motors

Total Sales: 38,900 units, 0.05% yoy down
 PV Sales: 12,736 units, 22% yoy up
 CV Sales: 20,538 units, 17% yoy down
 M&HCV Sales: 28% yoy down
 LCV Sales: 13% yoy down
 Exports: 5,626 units, 57% yoy up



Escorts

Total Sales: 4,806 units, 2.1% yoy up
 Domestic Sales: 4,698 units, 0.1% yoy up
 Exports: 108 units, 620% yoy up



Bajaj Auto

Total Sales: 269,948 units, 12.8% yoy down
 CV Sales: 32,191 units, 17% yoy down
 Motorcycle Sales: 237,757 units, 12% yoy down
 Exports: 115,425 units, 16% yoy down



Ashok Leyland

Total Sales: 9,574 units, 7% yoy up
 M&HCV Sales: 6,928 units, 10% yoy up
 LCV Sales: 2,646 units, 1% yoy down



Hero MotoCorp

Total Sales: 479,856 units, 12.9% yoy down



Volvo-Eicher Commercial Vehicles

Total Sales: 3,176 units, 12.7% yoy down

Eicher Branded Trucks & Buses

Total Sales: 3,067 units, 13.2% yoy down
 Domestic Sales: 2,408 units, 17.1% yoy down
 Exports: 659 units, 4.8% yoy up



COMMODITY OUTLOOK

Fuelled by waves - Crude Oil

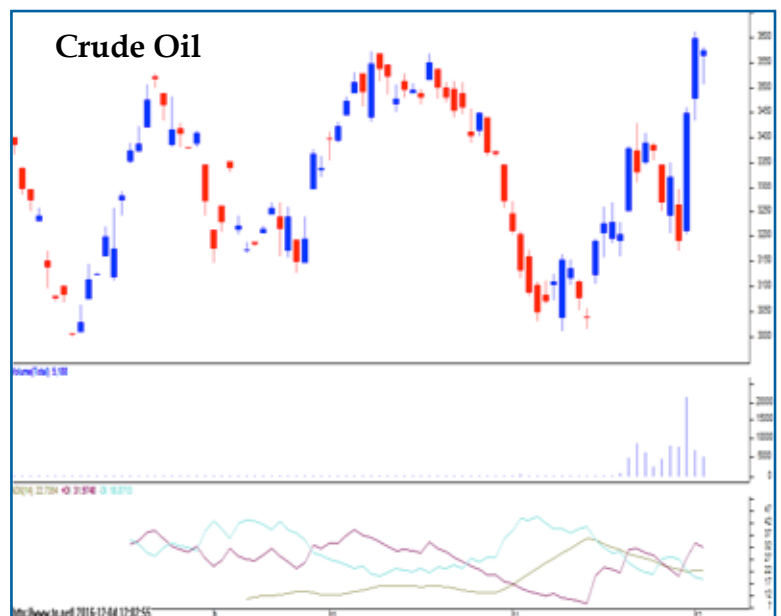
CMP: ₹ 3574 (As on 02nd Dec, 2016)

Buy on dips : ₹ 3490-3480

Target Price: ₹ 3760-3990

Stop-Loss: < ₹ 3320

After a relentless downtrend seen in 2014 and 2015, Crude oil prices have found some support this year amid OPEC and non-OPEC members' growing tussle for production cut. However, 2016 also started on a negative note with prices tumbling to \$26 per barrel, the lowest level in a decade. But after mid-February, things started to improve and what we saw was a consistent recovery since then with a few spells of pullback seen in between. \$49-\$52 range remained a very strong resistance almost throughout the year and it is only now, in the last month, that prices are looking all set to take a yearly close above this crucial range. If we see the technical chart through wave patterns & Fibonacci studies



then the formation on monthly chart seems to be like an incomplete 'X' wave. The third and final leg of 'X' wave will initiate above \$52 and there are fair possibilities for prices to cross this mark. On crossing this hurdle at \$52, prices are likely to travel further northward in the range of \$64-\$67 as per the Fibonacci retracement studies. On the news front, the indecision within OPEC and its tussle with non-OPEC members over production cut forms the crux of all dynamic activities on global fundamental level. This fact has engulfed all other factors including US Dollar and inventories. Despite being discounted, a large chunk of the upside seems to be still remaining to be achieved.

We recommended buying in Crude Oil January 2017 contract at Rs 3490-3480 for target in the range of Rs 3760-3990. Maintain stop loss below Rs 3320.



MUTUAL FUND COMMENTARY

MUTUAL FUND ROUNDUP

Indian equity markets registered negative returns in November 2016. The barometer index, S&P BSE Sensex delivered negative return of 4.57% to settle at 26652.81 and Nifty50 lost 4.65% ending the month at 8224.50.

Meanwhile, the assets under management as on 31st Oct, 2016 of Indian Mutual Fund industry reached a landmark figure of Rs 16.3 lakh crore- the highest so far. The total number of accounts as on October 31, 2016 stood at Rs 5.13 crore, while the number of folios under Equity, ELSS and Balanced

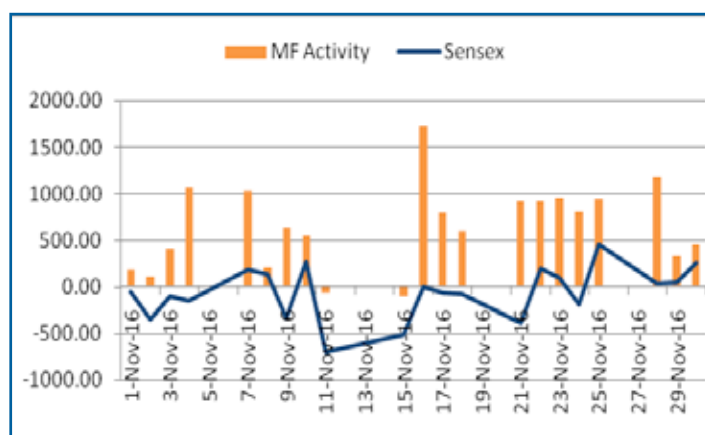
schemes, wherein the maximum investment is from retail segment stood at Rs 4.1 crore.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 13,610.40 crore for the month of November 2016. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 4,545.40 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 18,244.25 crore worth of equities in November 2016.

MUTUAL FUND ACTIVITY IN NOV 2016

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	7,366	5,603	1,763
2nd Week	10,483	8,144	2,339
3rd Week	9,970	6,966	3,003
4th Week	9,623	5,078	4,545
5th Week	5,481	3,521	1,960
Total	42,923	29,312	13,610



EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	AUM as 28 th Oct 2016 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Birla Sun Life Frontline Equity Fund	172.17	13,901	30-Aug-02	8.45	17.84	17.57	22.81	1,000	5,000
Franklin India Bluechip	372.75	7,705	01-Dec-93	6.86	15.66	13.84	21.91	500	5,000
ICICI Prudential Focused Bluechip Equity Fund	31.09	11,683	23-May-08	8.14	16.02	15.72	14.22	1,000	5,000
Multi Cap Fund									
Motilal Oswal MOST Focused Multicap 35 Fund	19.70	4,496	28-Apr-14	12.80	N.A.	N.A.	29.03	1,000	5,000
Franklin India High Growth Companies Fund	31.24	5,043	26-Jul-07	5.13	26.88	23.75	12.95	500	5,000
Mirae Asset India Opportunities Fund	35.42	2,291	04-Apr-08	10.23	21.74	19.28	15.74	1,000	5,000
Mid Cap & Small Cap Fund									
DSP BlackRock Small and Midcap fund	42.74	2,360	14-Nov-06	14.58	31.01	22.79	15.54	500	1,000
Mirae Asset Emerging Bluechip Fund	36.75	2,642	09-Jul-10	17.21	37.28	28.91	22.07	1,000	5,000
DSP BlackRock Micro Cap Fund	50.51	3,806	14-Jun-07	17.17	44.64	29.84	18.67	500	1,000

Note: NAV and Returns as on 30th Nov 2016, Returns < 1 yr annualised, > 1 yr compounded annualised

DEBT SCHEME- LIQUID FUNDS RECOMMENDATION

Scheme Name	Latest NAV*	AAA/LAAA/ A1+/P1+/ PR1+/F1+ SOV	AUM as on 28 th Oct 2016 (Rs in Cr.)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
DSP BlackRock Liquidity Fund	2269.10	100.00%	10,895	0.56	1.73	3.60	7.73	7.71
Tata Liquid Fund - HIP	2926.49	100.00%	3,965	0.55	1.71	3.58	7.69	7.42
SBI Premier Liquid Fund	2492.06	100.00%	25,335	0.54	1.69	3.55	7.70	7.80
Franklin India Ultra Short Bond Fund	21.69	100.00%	6,283	1.07	2.63	5.14	10.01	9.02
Birla Sun Life Savings Fund	312.79	100.00%	18,237	1.18	2.61	5.17	9.82	7.86

Note: NAV and Returns as on 30th Nov 2016, Returns < 1 yr annualised, > 1 yr compounded annualised

ELSS SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			OneYear	Three Years	Five Years	Since Inception
Axis Long Term Equity Fund	31.30	29-Dec-09	3.97	23.20	21.87	17.82
Franklin India Taxshield	446.41	10-Apr-99	5.89	21.56	18.01	24.22
DSP BlackRock Tax Saver	36.70	18-Jan-07	13.49	23.49	20.87	14.08
Birla Sun Life Tax Relief 96	22.60	06-Mar-08	4.97	22.40	19.46	22.60

Note: NAV and Returns as on 30th Nov 2016, Returns < 1 yr annualised, > 1 yr compounded annualised

The Month Ahead

Key Financial Events - Dec 2016

Dec 1

- Chinese Manufacturing PMI
- Indian Automobile Sales Data, by Automakers
- Indian Nikkei Manufacturing PMI



Dec 2

- US Non-Farm Employment
- US Unemployment Rate



Dec 4

Italy Referendum



Dec 5

Indian Nikkei Services PMI



Dec 6

US Trade Balance



Dec 7

- RBI Monetary Policy
- UK Industrial Production



Dec 8

- Chinese Trade Balance
- European Monetary Policy
- Japanese GDP
- US Trade Balance



Dec 9-14

- Indian Automobile Sales Data, by SIAM
- Indian FDI Equity Inflow



Dec 12

- Indian Industrial Production (IIP)
- Indian Consumer Price Index (CPI)
- Chinese Industrial Production



Dec 14

- Indian WPI Inflation
- European Industrial Production
- US Industrial Production
- US FOMC Meeting



Dec 14-24

- Indian Trade Data
- Indian Balance of Payments



Dec 15-16

- BoE Monetary Policy
- US Current Account
- European Trade Balance



Dec 19

BOJ Monetary Policy



BANK OF JAPAN

Dec 22

US Final GDP



Dec 31

- Indian Core Sector Growth
- Indian Government Finance





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