

ARIHANT'S

# VALUE *Plus*

Issue : January 2017

## HAPPY NEW YEAR

### Create New Opportunities New Future & New Wealth

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# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Dec-16	Monthly Change (%)	Yearly Change (%)
SENSEX	26626.46	-0.10 ↓	1.95 ↑
NIFTY 50	8185.80	-0.47 ↓	3.01 ↑
NIFTY BANK	18177.20	-2.42 ↓	7.42 ↑
NIFTY MIDCAP 100	14351.45	-3.73 ↓	7.13 ↑
NIFTY 500	6982.80	-1.36 ↓	3.84 ↑
NIFTY IT	10399.25	3.09 ↑	-7.25 ↓
NIFTY REALTY	165.35	-1.49 ↓	-4.20 ↓
NIFTY INFRA	2712.25	-2.85 ↓	-2.05 ↓

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Dec-16	Monthly Change (%)	Yearly Change (%)
AUTO	20257.43	0.56 ↑	9.39 ↑
BANKEX	20748.74	-2.66 ↓	7.35 ↑
CD	11237.12	-0.37 ↓	-6.34 ↓
CG	13664.50	-2.71 ↓	-3.28 ↓
FMCG	8130.87	0.74 ↑	3.29 ↑
HC	14727.59	-6.40 ↓	-12.88 ↓
IT	10176.05	3.29 ↑	-8.00 ↓
METAL	10109.34	-5.22 ↓	36.65 ↑
OIL&GAS	12151.64	1.57 ↑	27.17 ↑
PSU	7691.27	-2.39 ↓	12.88 ↑
REALTY	1263.94	-1.39 ↓	-5.98 ↓
TECK	5498.49	1.61 ↑	-9.16 ↓

(Source: BSE)

## GLOBAL INDICES

Indices	Dec-16	Monthly Change (%)	Yearly Change (%)
DOW JONES	19762.60	3.34 ↑	13.42 ↑
NASDAQ	5383.12	1.12 ↑	7.50 ↑
HANG SENG	22000.56	-3.46 ↓	0.39 ↑
FTSE	7142.83	5.29 ↑	14.43 ↑
NIKKEI	19114.37	4.40 ↑	0.42 ↑

(Source: Telequote software)

## COMMODITIES

Particular	Dec-16	Monthly Change (%)	Yearly Change (%)
MCX GOLD	27445.00	-2.67 ↓	10.08 ↑
MCX SILVER	39049.00	-2.59 ↓	17.27 ↑
MCX CRUDE OIL	3650.00	8.08 ↑	46.41 ↑
MCX NATURAL GAS	252.20	9.84 ↑	61.77 ↑

(Source: Telequote software)

## FOREX

Particulars	Dec-16	Monthly Change (%)	Yearly Change (%)
USD - INR ₹	68.09	-0.44 ↓	2.95 ↑
EUR - INR €	71.90	-1.39 ↓	-0.79 ↓
GBP - INR £	83.79	-1.53 ↓	-14.86 ↓
JPY - INR ¥	58.36	-3.43 ↓	5.84 ↑

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Dec 2016	88,132.26	96,308.55	-8,176.29 ↓
Total for 2016 *	11,07,448.60	10,86,881.90	20,565.90 ↑

(Source: SEBI)

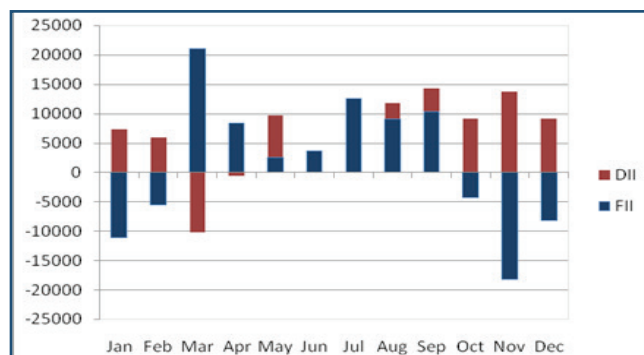
## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Dec 2016	31,836.10	22,657.20	9,178.90 ↑
Total for 2016*	3,23,977.40	2,75,808.20	48,170.20 ↑

\*From Jan - Dec, 2016

(Source: SEBI)

## Monthly FII's and DII's Net Investment in 2016





# YEAR GONE BY- KEY ECONOMIC REFORMS



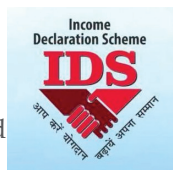
Indian equity markets went through a roller-coaster ride in the year 2016. Big events on global front like Brexit, Donald Trump's triumph in US elections and US Fed's decision to hike interest rates were the major causes for volatile sessions on the bourses. However, the bold and unprecedented move of Modi government of demonetisation remained the single biggest factor that vibrated equity markets in 2016 erasing earlier gains and taking the nation by surprise.



including defence, pharmaceuticals, aviation and single-brand retailing. This is barely seven months after it had eased norms for foreign investments in 15 sectors, fuelling growth in the economy in the long run.

## February: Income Disclosure Scheme

In February 2016, Government announced the launch of "Income Disclosure Scheme", a four month window from Jun 1 to Sep 30, 2016 to unearth black money and bring it back into the system to provide an opportunity for tax dodgers to disclose their hidden assets. Thousands of people availed 'Income Disclosure Scheme (IDS)' and disclosed assets worth over Rs 65,250 crore as on October 2016.



capital gains tax will be imposed at 50% of the prevailing domestic rate. Full rate will apply from April 1, 2019. Capital gains on derivatives and fixed income securities will continue to be exempt.

## June: 7th Seventh Pay Commission

The Union Cabinet approved the Seventh Pay Commission recommendations, paving the way for 20-25% pay hike for the government employees, benefitting 10 million people. The Seventh Pay Commission, which had submitted its report, recommended an overall 23.6% increase in salaries and pensions of central government employees, effective Jan 1, 2016. Around Rs 70,000 crore allocated in the Union Budget 2016-17 for the implementation of the Seventh Pay Commission for government employees.



## May: India-Mauritius Tax Treaty

On 10 May, 2016, India and Mauritius signed the protocol amending the agreement for avoidance of double taxation with Mauritius which is the biggest source of foreign direct investment and portfolio investment into India. The protocol gives India the right to tax capital gains on transfer of Indian shares acquired on or after April 1, 2017. Existing investments will be grandfathered. Under the amended treaty with Mauritius, for two years beginning April 1, 2017,



## June: Foreign Direct Investment (FDI)

The government relaxed the FDI norms in seven sectors



## June: Brexit

Raghuram Rajan announced his decision to step down as RBI governor and return to academia after his three year term ended in September 2016.



## June: Brexit Vote

Britain voted to leave the European Union on June 23<sup>rd</sup> referendum after the 'leave' campaign secured around 51.8% of the votes ending 23 years of EU membership. While England voted overwhelmingly for Brexit, Scotland and Northern Ireland backed 'remain'. Britain's exit from EU will push capital outflows from the eurozone and direct it towards safe markets including US, resulting in strengthening of US dollar.



## August: Goods and Service Tax (GST)

In the biggest tax reform, the national sales tax or GST Bill was on passed 3<sup>rd</sup> August approved by the Rajya Sabha to replace a draft of different state and



local taxes with a single unified value added tax system to turn the country into world's biggest single market. The April 1 implementation deadline now seems to be extended. A single market would cut logistics cost, increase tax revenue and raise inflation in the short term. With no consensus on sharing of administrative powers, states are now worried over demonetisation impacting their revenues. 2017 will decide the final shape of GST.

### September: New RBI governor

On September 4, 2016, the government has appointed Urjit Patel as the 24<sup>th</sup> RBI governor.



### September: Merger of Railway Budget with Union Budget

Union Cabinet approves plan to do away with the 92-year old practice of a separate Railway Budget. Rail budget merged with Union Budget from 2017-18.



### September: Surgical Strike on PoK

On September 29, the Indian army carried out surgical strikes on terror launch pads in Pakistan-occupied-Kashmir to target terrorists waiting at multiple launch pads to cross over into India.



### October: RBI Rate Cut

The RBI cuts its key lending the repo rate by 25 basis points to 6.25%. This was the first policy supervised by the newly set up six-member Monetary Policy Committee (MPC).



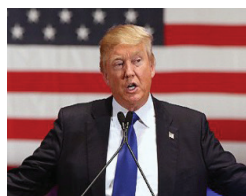
### November: Demonetisation

The "surgical strike" against black money is a very bold move for the Indian economy. The Government had announced that all existing Rs 500 and Rs 1,000 currency notes will no longer be legally tendered from midnight of November 8, 2016. The move saw several problems in implementation along its way on grassroot levels along with the opposition attacking the government. The growth would be hit only in short term but we will see long term benefits of demonetisation.



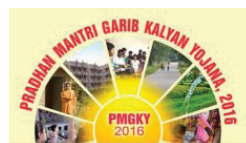
### November: Victory of Donald Trump

On November 9, Donald Trump elected as America's 45<sup>th</sup> president. Equity markets tumbled with the news of Donald Trump's victory, but recovered fast as investors speculated that Trump's victory may not be as harmful as the market had predicted. The year 2017 will see how Trump's visa policies impacting Indian IT business. Trump has promised to reduce the US corporate tax rate from 35 to 15%. This could lead to several American companies moving back to the US, hitting the Make in India programme. Trump's threat to impose heavy tariffs on China and his general hard stance towards will be favourable for Indian companies.



### November: Pradhan Mantri Garib Kalyan Deposit Scheme, 2016

Following demonetisation, the government offered a new window for tax dodgers to come clean, allowing them to declare hidden wealth by paying an effective tax of 50% and depositing 25% of undisclosed income in a welfare programme called the 'Pradhan Mantri Garib Kalyan Deposit Scheme, 2016'.



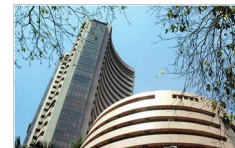
### November: Hike in Cash Reserve Ratio (CRR)

The Reserve Bank of India (RBI) directed commercial banks to maintain an incremental cash reserve ratio (CRR) of 100% as a temporary measure to absorb excess liquidity caused by demonetised-induced surge in bank deposits.



### December: Market Stabilisation Scheme

The Reserve Bank raised Market Stabilisation Scheme (MSS) ceiling to Rs 6 lakh crore from Rs 30,000 crore to manage extra liquidity from the system in view of demonetisation.



### December: OPEC Cut

On December 10, 2016 OPEC and non-OPEC members reached their first deal since 2001 to jointly reduce crude oil output in order to check oversupply. OPEC agreed to slash output by 1.2 million barrels per day from January 1, 2017. Though it will brighten the prospects for the energy industry and boost the economies of oil-rich countries, for consumers, however, it will mean higher prices. The slump pushed several oil-producing countries such as Brazil and Venezuela into severe recession and saw Saudi Arabia cutting back on spending.



### December: US Fed Rate Hike

US Federal Reserve finally raised interest rates by 25 bps in December signaling that US economy is improving. The Fed hinted that it could raise rates at a faster pace in 2017. Most Fed officials now project three or more rate hikes in 2017. If Fed will hike rates in future, there are fears of increasing capital outflows from India.





# MARKET OUTLOOK



## WAY AHEAD 2017

Going ahead, the New Year will be challenging for Indian equity markets owing to post demonetization effects and continuing economic recovery in US leading to strengthening of US dollar. In the short term, the corporate earnings will be impacted due to fall in consumer demand and weak consumer sentiments. Timely rollout of GST will be positive for our country. The market has factored US Fed rate hike but if Fed will increase interest rates further at a faster pace as expected, it will increase FII's outflows from India.

All the eyes will be glued on the upcoming Union Budget which will be unveiled on 1<sup>st</sup> February, 2017 and the outcome

of the Uttar Pradesh state elections. Rumour mills are abuzz with news of possible hike on short-term capital gains or imposition of tax on long-term capital gains in the budget. This fear of taxation has created widespread uncertainty amongst market participants which will be only cleared once the budget gives clarification on this matter. Further, the dollar-rupee movement, movement in crude oil prices, foreign fund inflows, and upcoming corporate earnings are also likely to affect equity markets. We recommend investors to remain cautious and invest in fundamentally sound companies for long term perspective.

## Technical Outlook: January



### Technical Observation:

- On the **monthly chart**, we are observing a spinning top which gives small clue that the prior down trend is losing breath.
- On the **weekly chart**, we are observing a bullish engulfing pattern. The said pattern would get activated once Nifty trades and close above 8197.
- On the **daily chart**, we are observing an upward gap area in the range of 8111 to 8114. Normally, upward gaps are continuation pattern. Hence, momentum on the upside is likely to continue where gap area is likely to act as support going forward.

### Outlook:

The multi time frame analysis suggests that the monthly trend is down. However, looking at the weekly and the daily time frame a bounce from current level cannot be ruled out. At present Nifty has resistance at 8371 – 8483 – 8612 levels whereas on the downside it has support at 7999 – 7888 – 7759 levels. In coming week if Nifty trades and close above 8260 level then it is likely to test 8371 – 8483 – 8612 levels. However, if Nifty trades and close below 8111 level then it can test 8036 – 7948 – 7845 levels.

**Broadly, for current month 7995 – 7950 is a make or break zone. As long as Nifty holds these levels and at any time on the upside if it crosses 8197 on closing basis, then the bullish engulfing pattern formed on the weekly chart would get activated. In such scenario Nifty may test 8371 – 8483 – 8612 levels. Hence, trade with positive bias once Nifty trades and close above 8197. Stock specific activity is likely to continue.**



**Mr. Mahesh Patil**

Co-Chief Investment Officer at  
Birla Sun Life Mutual Fund

**New Year ushers new expectations - let's see what Mr Mahesh Patil, Co-Chief Investment Officer at Birla Sun Life Mutual Fund expects for equity markets in the coming year as he speaks to Arihant Research Team.**

**Arihant: How was the year 2016 for Indian equity markets?**

**Mahesh Patil:** 2016 was a phenomenal year! More things happened that never happened before.

Brexit and Trump triumph were low probability outcomes until the voting day. The results gave voice to the powerful majority that was unheard before. The central banks of ECB and Japan set policy rates below zero which took over a third of the developed bonds to sub-zero levels. The fall in oil prices prompted the OPEC and other oil producing nations to collectively agree on production cuts for the first time in eight years.

Closer home, a decade old effort to simplify indirect taxes found absolute consensus among all political parties to pass the GST bill. The government was bold enough to get the long standing bills like Real Estate (Regulation & Development) and Insolvency and Bankruptcy bills passed. It was bolder enough, in its continued effort to fight black money, to demonetize 86% of the currency in circulation – which no country in the world did in the past.

**Arihant: What are your expectations from the global markets?**

**Mahesh Patil:** Trump has three main agenda items – to cut corporate taxes from the current level of 35% to 15%; to spend USD 1 trillion on infrastructure and to facilitate companies to repatriate capital from abroad. As these measures are US growth positive, the dollar index rallied to breach the 100 mark decisively, the 10 year US treasury pulled back 75 bps to breach the yield of 2.5% which was tested earlier and the US equity indices have been touching new lifetime highs. The reality could be entirely different from expectations as Trump would have to build political equity for all the three agenda items.

China could continue to support investments in the economy through the quasi fiscal stimulus as it did last year. The weaker currency (depreciated 12% in 17 months), would help in exports. The soft landing is a work in progress for China. The comments and actions of Trump on China have to be closely watched.

Eurozone will have a politically heavy year with a possibility that far right parties could win in France and Netherlands. As these parties initiate process to exit Eurozone and European Monetary Union, markets could correct globally. Since this would be a multiyear process, markets could overcome the uncertainty.

We expect the Brent crude to trade in the band of 55-65 USD/bbl as it is difficult to enforce production cuts and shale gas production becomes viable at the lower end of the price band.

World economic growth looks good with a strong US, a stable China and a stimulating Japan. The outflows from EM markets may continue in the near term due to strong USD. As valuations become attractive, the flows into EMs would reverse.

**Arihant: Coming back to India, how do you think demonetisation has impacted our country? What are the expectations from Indian equity markets in the New Year?**

**Mahesh Patil:** Due to demonetization consumption has taken a setback for next 2-3 quarters impacting GDP to the

tune of 100-150 bps in H2-FY17. Based on dependence on cash transactions and operating leverage, different sectors would be impacted in varying proportions. Some export oriented sectors or the ones in B2B segment are not affected at all. Just to quantify, among the Nifty companies, 43% (by weight) of companies in sectors like IT, Pharma, Oil & Gas and Power are not impacted. 53% of companies in FMCG, Auto, and Financials etc. may be impacted for less than two quarters. Only 4% of companies in Cement and Paints may see an impact for more than two quarters.

Following the effect of Demonetization will be the implementation of GST. The businesses have to further readjust to the new indirect regime resulting in destocking and change in current operations. Though we see impact on growth in the short term, both demonetization and GST are immensely beneficial in the long run. The tax net would widen, tax compliance would improve, more banking services would be accessed and more businesses move into organized segment.

Development is not only an economic necessity but also a political one. Elections now-a-days are won and lost based on development. As government is aware of it and it is also aware that there has been a setback in the near term, it is imperative for it to prop it up. Cutting direct taxes, subsidized housing, rural development and building infrastructure could be the key focus areas for the government.

**In the next two to three quarters, macro data and companies' results could be volatile. However, as things stabilize in H2-FY18, earnings could recover. We expect the earnings of Nifty companies to grow at 19% in FY18 led by financials and autos.**

The year 2017 will see lower bond yields and fixed deposit rates. It will see falling real estate and gold prices. It is equities that are providing a good alternative for investment with a medium term horizon. The valuations are reasonable and the base for sustained earnings growth is being set up.

# FUNDAMENTAL STOCKS



## Asian Paints Ltd



CMP: ₹ 891.05 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 891-880

Target Price: ₹ 967-1030

Stop-Loss: ₹ 850

Asian Paints Limited is India's leading paint company. The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home decor, bath fittings and providing of related services. The Company's business segments are paints and home improvement. The home improvement segment includes its bath fittings business. Its geographical segments are domestic and international operations. It manufactures a range of paints for decorative and industrial use. Further, the company manufactures, sells, and distributes modular kitchens, as well as kitchen components. It offers its products primarily under the Asian Paints, Berger International, SCIB Paints, Apco Coatings, Taubmans, and Kadisco brand names. It operates in over 20 countries and has over 30 manufacturing facilities, servicing consumers in over 65 countries.

**We recommend buying in stock on a decline in the range of Rs 891-880 with a stop loss of Rs 850. On the upside, it can test Rs 967-1030 levels.**

## Bajaj Finserv Ltd



CMP: ₹ 2894.85 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 2894-2750

Target Price: ₹ 3095-3160

Stop-Loss: ₹ 2705

Bajaj Finserv Limited is engaged in the business of promoting financial services, such as finance, insurance and wealth management, through its investments in subsidiaries and joint ventures. It is also engaged in the business of generating power through wind turbines, a renewable source of energy. Its segments include insurance, windmill, retail financing, and investments. It is also involved in wind-farm activities. It has 138 windmills with an installed capacity of approximately 65.2 MW in Maharashtra. The company focuses on six categories: consumer lending, small and medium enterprise (SME) lending, commercial lending, rural lending, fixed deposits and value added services. It serves various customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions.

**We recommend buying in stock on a decline in the range of Rs 2894-2750 with a stop loss of Rs 2705. On the upside, it can test Rs 3095-3160 levels.**

## Balkrishna Ind Ltd



CMP: ₹ 1102.50 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 1102-1060

Target Price: ₹ 1180-1280

Stop-Loss: ₹ 1020

Balkrishna Industries Limited is mainly engaged in the business of manufacturing and selling of tyres. It focuses on the production of a range of off-highway tyres that include agricultural, industry, material handling, forestry, lawn and garden, construction and earth moving tyres. Over 95% of the tyre production is exported under the BKT brand, with the main export markets being countries in Western Europe, North America and Australasia including original equipment manufacturers. In the domestic market, the company supplies to all the major construction equipment manufacturers and has a presence in the replacement market of the road construction sector. The company exports its products to approximately 130 countries worldwide through a network of national distributors. Its products include AGRIMAX RT 855, PL 801, EARTHMAX SR 41, EM 934, AGRIMAX TERIS and EARTHMAX SR 30, among others.

**We recommend buying in stock on a decline in the range of Rs 1102-1060 with a stop loss of Rs 1020. On the upside, it can test Rs 1180-1280 levels.**



# FUNDAMENTAL STOCKS

## State Bank of India Ltd



**State Bank of India**

CMP: ₹ 250.20 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 250-238

Target Price: ₹ 275-290

Stop-Loss: ₹ 234

State Bank of India Limited is the largest state-owned banking and financial services company in India. The bank provides banking services to the customer. In addition to the banking services, the bank through their subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management and primary dealership in the money market. The bank operates in four business segments, namely treasury, corporate/wholesale banking, retail banking and other banking business. Its segments include Treasury, which includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts; Corporate/Wholesale Banking, which comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group; Retail Banking, which comprises branches in National Banking Group, which primarily includes Personal Banking activities, including lending activities to corporate customers having banking relations with branches in the National Banking Group, and Other Banking Business, which includes the operations of all the Non-Banking Subsidiaries/ Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. Its geographical segments include Domestic Operations and Foreign Operations. As of March 31, 2016, the company operated 16,784 branches; 6,798 branches of 5 associate banks; and 59,011 ATMs. State Bank of India was founded in 1806 and is based in Mumbai, India.

**We recommend buying in stock on a decline in the range of Rs 250-238 with a stop loss of Rs 234. On the upside, it can test Rs 275-290 levels.**

## Kajaria Ceramics Ltd



CMP: ₹ 465.60 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 465-440

Target Price: ₹ 495-540

Stop-Loss: ₹ 430

Kajaria Ceramics Limited is engaged in manufacturing and selling of ceramic and vitrified tiles. Its products include ceramic wall and floor tiles, polished vitrified tiles, glazed vitrified tiles, and sanitary ware and fittings, as well as adhesives for ceramic and vitrified tiles, and unsanded grout. The company markets its products through a network of dealers and sub-dealers, as well as Kajaria Prima showrooms. It has an annual aggregate capacity of over 68.6 million square meters, distributed across over nine plants in Uttar Pradesh and Rajasthan, approximately five plants in Gujarat, and over one plant at Vijayawada in Andhra Pradesh. The company exports its products to over 20 countries and has an exclusive office/showroom in UAE. It has wide clientele namely Unitech, DLF, Parsvnath, Magarpatta, Sobha Developers, DSK, Mantri Group, Prestige Group, Ansals, Hiranandani, Raheja Developers, Omaxe and EMAAR-MGF are among others.

**We recommend buying in stock on a decline in the range of Rs 465-440 with a stop loss of Rs 430. On the upside, it can test Rs 495-540 levels.**

## Whirlpool of India Ltd



CMP: ₹ 889.05 (As on 30<sup>th</sup> Dec, 2016)

Buy on decline: ₹ 889-860

Target Price: ₹ 963-1060

Stop-Loss: ₹ 840

Whirlpool of India Limited manufactures and trades in home appliances in India. The company primarily offers refrigerators, washing machines, air conditioners, microwave ovens, water purifiers, home power products, and accessories, as well as built-in kitchen appliances, including ovens, microwave ovens, hobs, microwave and cooker hoods, coffee machines, refrigerators, water purifiers, dishwashers, barbeques, and stackable washers and dryers. Headquartered in Gurgaon, it is now one of the leading manufacturers and marketers of major home appliances in the country. The company owns three state-of-the-art manufacturing facilities at Faridabad, Pondicherry and Pune. The company exports its appliances all over the globe from Australia and New Zealand in the East right up to Latin America in the West. Currently, it is supplying more than 30 markets all over the world.

**We recommend buying in stock on a decline in the range of Rs 889-860 with a stop loss of Rs 840. On the upside, it can test Rs 963-1060 levels.**



# AUTO SECTOR

December Sales



## Maruti Suzuki

**Total Sales:** 117,908 units, 1% yoy down

**PV Sales:** 81,119 units, 10.9% yoy down

**Domestic Sales:** 106,414 units, 4.4% yoy down

**Exports:** 11,494 units, 47.1% yoy up



## TVS Motor

**Total Sales:** 184,901 units, 8.5% yoy down

**2Wheeler Sales:** 179,508 units, 7.5% yoy down

**3Wheelers Sales:** 5,393 units, 32.8% yoy down

**Exports:** 30,694 units, 6.1% yoy down



## Mahindra & Mahindra

**Total Sales:** 36,363 units, 4% yoy down

**PV Sales:** 16,698 units, 8.2% yoy down

**CV Sales:** 14,154 units, 13.5% yoy down

**Exports:** 2,053 units, 33% yoy down



## Atul Auto

**Total Sales:** 2,556 units, 36.2% yoy down



## Tata Motors

**Total Sales:** 40,944 units, 2% yoy up

**PV Sales:** 10,827 units, 35% yoy up

**CV Sales:** 24,998 units, 9% yoy down

**Exports:** 5,119 units, 12% yoy up



## Escorts

**Total Sales:** 3,187 units, 15.8% yoy up

**Domestic Sales:** 3,043 units, 11.6% yoy up

**Exports:** 144 units, 500% yoy up



## Bajaj Auto

**Total Sales:** 225,529 units, 22% yoy down

**CV Sales:** 22,217 units, 46% yoy down

**Motorcycle Sales:** 203,312 units, 18% yoy down

**Exports:** 105,804 units, 27% yoy down



Ashok Leyland

## Ashok Leyland

**Total Sales:** 10,731 units, 12% yoy down

**M&HCV Sales:** 8,782 units, 9% yoy down

**LCV Sales:** 1,949 units, 20.5% yoy down



## Hero MotoCorp

**Total Sales:** 330,202 units, 33.9% yoy down



## Volvo-Eicher Commercial Vehicles

**Total Sales:** 4,048 units, 19.9% yoy down

**Eicher Branded Trucks & Buses**

**Total Sales:** 3,946 units, 20.2% yoy down

**Domestic Sales:** 3,246 units, 21% yoy down

**Exports:** 700 units, 16.4% yoy down

# COMMODITIES IN 2017:

## OPTIONS IN THE BASKET



The year 2016 broadly saw a positive trend in major commodities. On one hand, precious metals failed to convert the positivity seen in first half into a rally while on the other hand, base metals and energy segment performed above expectations. For agro commodities, 2016 can be described as a dull year amid various policy impacts and restrictions. Let us see, what the New Year has in store for commodity market as SEBI hints to start options trading anytime soon.

### BULLION

For 2016, we expected bullion segment to remain bearish. However, the then technically over-sold status of Gold and Silver propelled good buying support in the first half. It was in the second half, after July, that the primary bearish trend showed its true colors. Our last year's target range of \$950-\$900 in gold may be achieved this year. **In Indian market, we may see prices tumbling towards Rs 24500-22000 range.** Silver is having key support at \$16 which it briefly breached a few days ago but the real breakdown will take place when it closes below it on monthly basis. In worst case, the breakdown may take prices towards next important support of \$11. **In Indian market, prices may see a downside range of Rs 30000-27000.**

### ENERGY

After hitting our forecasted level of \$26 for 2016, Crude oil bounced back sharply in last ten months to reclaim its bullish stature. The bounce back, in fact, turned into a full-fledged rally as prices saw a more than 100 percent rise. The rally now has strong legs on technical chart and it would not be surprising if prices touch levels above \$72 within first three quarters. At MCX, a price range around Rs 3300 qualifies as a good buying point. Natural Gas followed in crude oil's footsteps and showed a twofold growth in last ten months. The impulsive rally is likely to continue in the first half of 2017 while we may see a follow through correction in the second half. **Prices at MCX may see upside till Rs 330-360. Buy on small dips from here.**

### BASE METALS

2016 will be remembered for unprecedented rally seen in Zinc and Lead. Both metals are likely to continue to shine amid an interesting tussle over price spread. The strategy should be to go long at current levels in both metals while traders interested in spread strategy should **buy Zinc and sell Lead at current difference of Rs 32 for a target of Rs 45 to Rs 50 in next few months.** Copper and Aluminium, though immersed in a low profile, are also expected to better their performance in 2017 but traders should wait for a healthy correction from here to take buying positions. Nickel is also likely to take a decisive turn in 2017 after trading in a positive yet lackluster manner. **The distant cousin of silver may see an upper range of Rs 900-1050 in 2017.**

### AGRO COMMODITIES

Jeera performed perfectly in line with our forecast for 2016. As expected, the aromatic spice shifted in impulsive bullish rally in second half of 2016. **Jeera may trade in Rs 22000-Rs 25000 price territory this year.** Any correction towards Rs 16000-Rs 15500 can be used for positional buying. In soy complex, Soybean and Mustard seed may extend their downside by another 10% to 15% in the first quarter before regaining the momentum in second half of the year. **Soybean may reclaim Rs 4000 level while Mustard seed can touch Rs 5500 mark post June.** Guar complex is likely come out of the sluggish zone this year and take a decisive turn. **We may get to see a consistent rally above Rs 3500 which may take prices towards Rs 5500-6000 range.**



# 2017: ANOTHER MILESTONE FOR USD-INR: BREAKING THE OLD TERRITORY?



2016 proved to be a year of low momentum and small range trading in Indian currency market. The most popular currency pair, USD-INR, however is on the verge of posting a three percent plus gain but if we measure the range from bottom to top then it stops at a gap of just Rs 3, i.e. to say the yearly low which is marked around Rs 66 is only behind by Rs 3 from the yearly top which is hovering around Rs 69. This is the lowest top-bottom range seen after 2010. This comes as a crucial point in analyzing USD-INR and has two aspects.

One, the fundamentals of US economy remained on a positive track in 2016 but the Indian economy too performed strongly in first ten months on the back of a stable growth amid successful 'make in India' call. This kept Dollar's gain under check and we can see that a major part of Dollar's gain has come in last two months of demonetization which is expected to have a temporary impact on our economy, say for another quarter.

Two, the big revival plans of Indian government surely needs large spending on infrastructure which we have seen growing day by day in last two and a half years. Plans like 'make in India' actually needs stable but a slightly devalued INR so that the exports become fruitful. The India government is working hard to boost exports and the move has definitely affected INR. If reports are to be believed, the value of one USD should be around Rs 72 if India has to become the next universal manufacturing hub. Clearly, as the plans like 'make in India' will see progress in coming days, we will see a depreciating INR till the above mentioned levels. However, this will, in turn, increase inflation at local

level since fuel prices will see another upside by at least five percent but in long term it will be beneficial for our economy.

The next big event is the union budget in February. It is highly expected to bring major personal tax reform amid a blueprint of plans to roll out GST from 1<sup>st</sup> April. If tax reforms fit in line with public and corporate expectations then we may see a short term appreciation in INR. However, the appreciation is not likely to sustain in long run due to major revival plans with full focus on increasing exports.

So, 2017 can be another milestone like 2013 when INR broke out into a new territory of 60's. This year it may break into 70's. Get ready!

On technical charts too, a major breakout above psychological resistance seems to be on the cards. Any breakout above Rs 69 on monthly chart may take USD towards a range of Rs 71-72. All in all, long term traders and exporters can look to **buy USD-INR on any breakout above Rs 69 OR on dips till Rs 65 for a yearly target in the range of Rs 71-72.**



# MUTUAL FUND COMMENTARY



## MUTUAL FUND ROUNDUP

Indian equity markets registered positive returns in calendar year 2016, S&P BSE Sensex gained 1.95% and Nifty50 gained 3.01% YoY. The barometer index, S&P BSE Sensex delivered negative return of 0.10% to settle at 26626.46 and Nifty 50 lost 0.47% ending the month at 8185.80.

## MF ACTIVITY

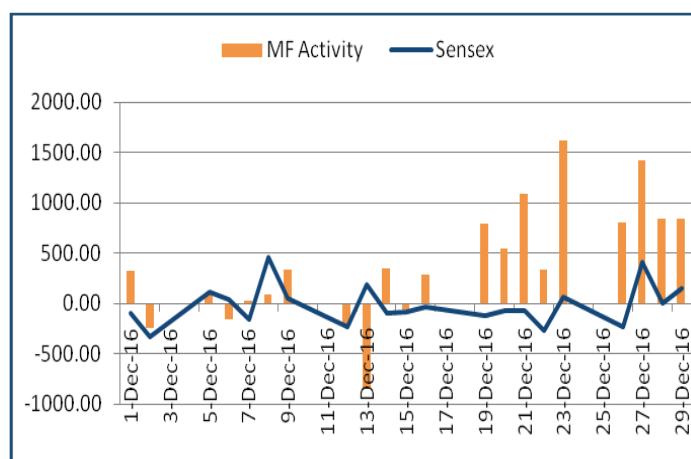
Indian mutual funds turned net buyers of equities to the tune of Rs 48,170.20 crore in the year 2016; and bought Rs 9,178.90 crore for the month of December 2016. Highest buying was recorded in the fifth week of the month when the fund houses made total net buy of Rs 4,851.70 crore of equities.

On the other hand, the net investment by foreign institutional investors (FIIs) into Indian equities was Rs 20,565.90 crore in the year 2016 and sold Rs 8,176.29 crore worth of equities in December 2016.



## MUTUAL FUND ACTIVITY IN DEC 2016

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	2537.00	2462.90	74.10
2nd Week	5132.70	4751.00	381.90
3rd Week	6415.80	6912.20	-496.30
4th Week	8197.70	3830.10	4367.50
5th Week	9552.90	4701.00	4851.70
<b>Total</b>	<b>31836.10</b>	<b>22657.20</b>	<b>9178.90</b>



## EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	AUM as 30 <sup>th</sup> Nov 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	170.56	13,848	30-Aug-02	6.97	16.23	18.48	22.59	1,000	5,000
SBI Blue Chip Fund	29.81	9,735	14-Feb-06	4.48	18.63	19.98	10.57	500	5,000
Mirae Asset India Opportunities Fund	34.96	2,467	04-Apr-08	7.65	19.80	20.10	15.40	1,000	5,000
Multi Cap Fund									
Motilal Oswal MOST Focused Multicap 35 Fund	19.06	4,721	28-Apr-14	6.91	N.A.	N.A.	27.26	1,000	5,000
Franklin India High Growth Companies Fund	30.34	5,184	26-Jul-07	4.30	23.93	24.36	12.48	500	5,000
Birla Sun Life Advantage Fund	317.48	1,916	24-Feb-95	7.95	22.19	20.5	17.78	1,000	5,000
ICICI Prudential Value Discovery Fund	119.11	14,874	16-Aug-04	3.94	23.95	24.80	22.16	1,000	5,000
Mid Cap & Small Cap Fund									
Franklin India Smaller Companies Fund	44.30	4,107	13-Jan-06	4.30	23.93	24.36	12.48	500	5,000
MOST Focused Midcap 30 Fund	21.40	1,345	24-Feb-14	4.33	N.A.	N.A.	30.61	1,000	5,000
HDFC Mid-cap Opportunities Fund	42.52	12,987	25-Jun-07	10.62	27.55	26.05	16.46	1,000	5,000
Mirae Asset Emerging Bluechip Fund	35.66	2,943	09-Jul-10	11.63	32.98	30.12	21.22	1,000	5,000
DSP BlackRock Micro Cap Fund	49.79	4,174	14-Jun-07	11.79	39.42	31.83	18.32	500	1,000

Note: NAV and Returns as on 30<sup>th</sup> Dec 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 30 <sup>th</sup> Nov 2016 (Rs in Cr.)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
DSP BlackRock Liquidity Fund	2281.55	100.00%	15,022	0.52	1.69	3.48	7.61	7.70
ICICI Prudential Liquid Plan	236.25	100.00%	29,699	0.54	1.69	3.52	7.70	8.04
SBI Premier Liquid Fund	2505.71	100.00%	27,124	0.51	1.64	3.43	7.59	7.79
Franklin India Ultra Short Bond Fund	21.78	100.00%	6,887	0.38	2.18	4.75	9.64	8.99
Birla Sun Life Savings Fund	312.97	100.00%	17804	0.03	1.90	4.47	9.20	7.81

Note: NAV and Returns as on 30<sup>th</sup> Dec 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	30.39	29-Dec-09	-1.23	20.70	22.33	17.11
Franklin India Taxshield	437.96	10-Apr-99	4.14	19.54	18.59	23.96
DSP BlackRock Tax Saver	35.71	18-Jan-07	10.33	20.84	21.37	13.64
Birla Sun Life Tax Relief 96	22.61	06-Mar-08	3.05	20.5	21.02	9.69

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

# 7 Golden Rules to Stay Healthy & Wealthy



**Mr. Umesh Rathi**

Certified Financial Planner<sup>cm</sup> at  
Arihant Capital Markets Limited

So many people spend their health gaining wealth and then regret later to spend their wealth regaining health. Sounds true? In this 9-7 office work hour routine, when most of us are busy impressing our boss, yearning for the next promotion or aiming for the yearly bonus, thinking about the two critical pillars of our life - Health and Wealth seems far-fetched. However, while earning money is important, looking after our health and making our money work for us is equally important too.

Hence, we would like to share with you 7 open secrets to stay Healthy and Wealthy for our happiness and overall well-being.

## Early Start:

We know the old saying "Early to bed, early to rise makes a man healthy, wealthy and wise". It's true. All of these benefits of waking up early fuse together into one great benefit - the benefit is possibly living a longer, healthier life. Waking up early may be hard but with baby steps, even if it's just waking up 15 minutes earlier to start with - you can start improving your quality of life.



Starting investing early in life has numerous benefits. The eighth wonder of the world - power of compounding works in your favour when you start early. Further you have the ability to take higher risk to generate higher returns, your spending habits improve and you take a step ahead of everyone else. All of these benefits of investing early fuse together into one great benefit - creation of higher wealth and keeping you on track to achieving your goals.

**"I made my first investment at age 11. I was wasting my life up until then" - Warren Buffett.**

## Balanced:

A well-balanced diet provides the right vitamins, minerals and nutrients to keep the body and mind strong and healthy. Eating well also



aids in the prevention of a variety of diseases and health problems, as well as helping to maintain a healthy body weight, providing energy and promoting a general feeling of well-being.

There are many important decisions one must make when deciding how to invest. Many people tend to focus on picking the right stock or getting into the market at the right time. However, perhaps the most important and often overlooked decision is an investor's asset allocation.

Asset allocation is the process of balancing risk and reward by apportioning a portfolio's assets such as stocks, bonds, real estate, cash and bullion according to an investor's goals, risk tolerance and investment horizon.

**"Do not put all your eggs in one basket" - Warren Buffett.**

## Regular:

Regular exercise is necessary for physical fitness and good health. It reduces the risk of heart disease, cancer, high blood pressure, diabetes and other diseases. It can improve your appearance and delay the aging process.



SIP (Systematic Investment Plan) can help inculcate the habit of regular saving by automatically deducting a predetermined amount from your bank account at a pre-set date and investing it in a mutual fund scheme. The biggest advantage of



SIP is discipline that it puts in your investment as the pre-decided amount gets deducted from your bank account at regular intervals on its own.

**"Someone is sitting in the shade today because someone planted a tree a long time ago"- Warren Buffett.**

## Experts:

A medical specialist (expert) is most important while seeking care for a specific



systemic illness or health issue. For example, heart diseases can be treated with the care of a cardiologist while brain disorders may require the advice from a neurologist.

However, when it comes to taking advice on 'finance' - one of the most important matters of our life our beloved uncle who is also an insurance agent becomes our insurance advisor, our Chartered Accountant becomes our wealth manager, our friends who just made money from a 'hot stock tip' becomes our share market advisor. Hence, we absolutely forget the need of the most important and relevant of all - a Certified Financial Planner<sup>cm</sup> for our Financial Planning.

Unfortunately in India, the financial service providers often focus on providing commission based recommendations. They are not bothered about providing knowledge to their customers to help them manage their money for financial well being. Hence, we need financial experts who can give solutions considering one's over all needs, attitude, life style, risk tolerance and financial situation. Transparency and honesty are the main aspects you must consider while selecting a financial planner for yourself.

**"An expert is someone who knows some of the worst mistakes that can be made in his subject and how to avoid them"- Werner Heisenberg.**

## Patience

When anger kicks in, our body readies itself to respond to a perceived threat. Our muscles tense, our digestive processes stops and certain brain centers start firing in ways that alter our brain chemistry. These functions reflect our genetically coded response to danger. Being calm to safeguard our health from the deadly effects of anger is simple recipe for our well-being.



In the field of finance, investors face information explosion owing to internet. Fortunately, in the field of finance, the less is better for becoming a successful investor. Diversify broadly, keep costs low, rebalance periodically and be patient. Patience is more important than anything else — which explains why most investors don't achieve the returns that the market freely offers.

**"The stock market is a device for transferring money from the impatient to the patient."- Warren Buffett**

## Protection

Vaccinations throughout your life to protect against many infections. When you skip vaccines, you leave yourself vulnerable to illnesses. Like eating healthy foods, exercising, and getting regular check-ups, vaccines play a vital role in keeping you healthy. Vaccines are one of the most convenient and safest preventive care measures available.



Insurance is probably the most critical, and yet the least seriously dealt with aspect of financial planning. Though

most of us take life insurance or health insurance covers, but the amount of cover is usually not adequate. While buying life insurance, you need to consider the immediate, future and living expenses that your family might have to incur in case a tragedy strikes you. You should not mix insurance and investment. Hence, the right strategy is to buy pure term insurance with adequate cover. Looking at the increasing medical costs, one should also plan to take health insurance for each member of the family. Critical illness insurance, personal accidental insurance and property insurance should also be a part of every individual's insurance portfolio.

**"Insurance your best bet against uncertainties."**

## Periodic Review

Regular health checkup and tests can help to detect problems before they occur. They also can help find problems



early, when your chances for treatment and cure are better. By getting the right health services, screenings, and treatments, you are taking steps that help your chances for living a longer, healthier life. Your age, health and family history, lifestyle choices (i.e. what you eat, how active you are, whether you smoke), and other important factors impact what and how often you need health checkup.

Keeping a regular eye on your personal finances will help you make the most of your money. Reviewing things like your goals, bank accounts, loans, insurance, savings, and investments will also help make sure they're still right for you. It will also alert you early to potential financial problems.

**"When you do periodic financial reviews, keep in mind the most important variable in the situation: You!"- Douglas Goldstein.**



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022-42254800



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



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