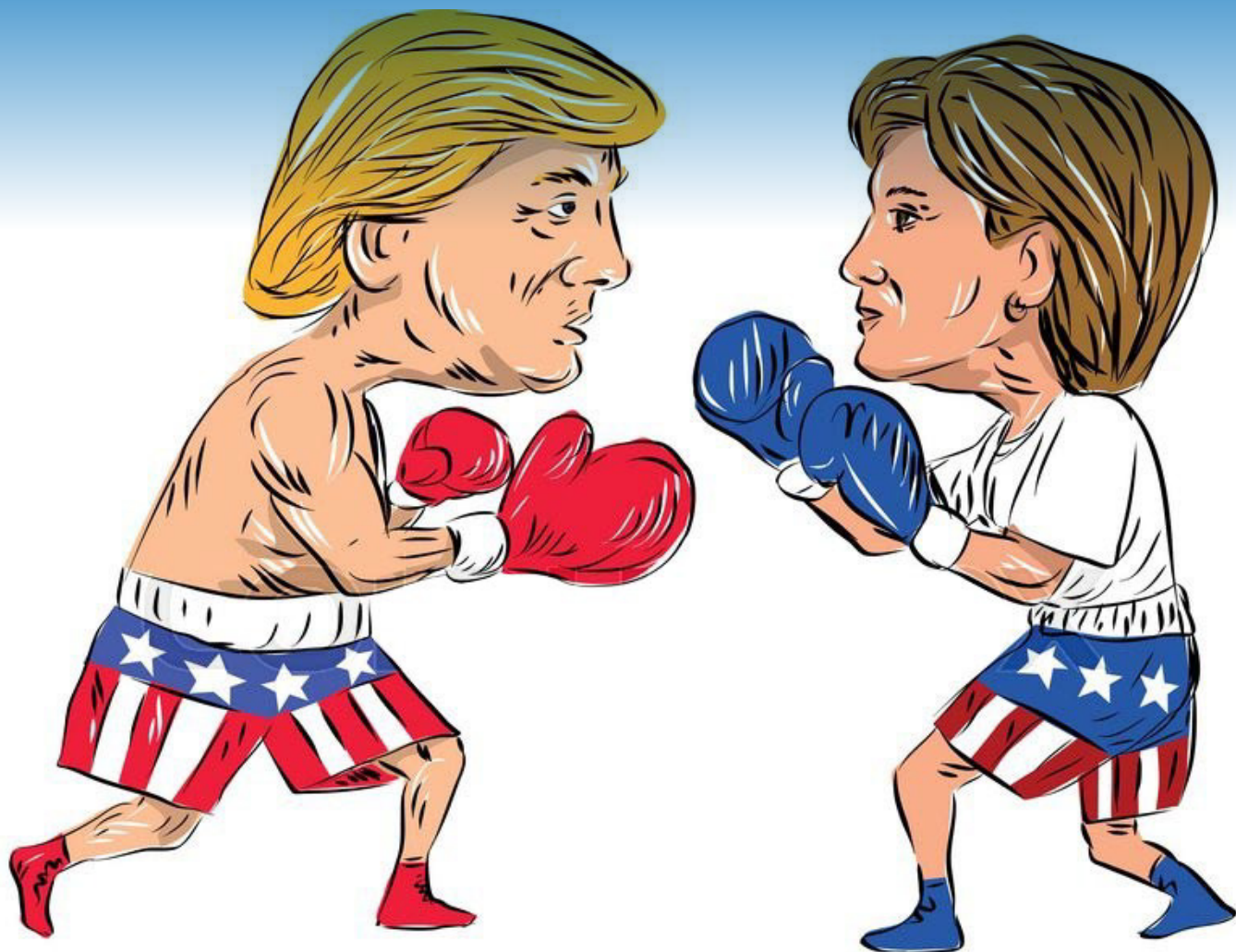


ARIHANT'S

# VALUE *Plus*

Issue : November 2016



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## ELECTIONS 2016

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# MOVERS & SHAKERS

## INDIAN INDICES

Indices	Oct-16	Sep-16	Monthly Change (%)
SENSEX	27930.21	27865.96	0.23 ↑
NIFTY 50	8625.70	8611.15	0.17 ↑
NIFTY BANK	19523.55	19285.70	1.23 ↑
NIFTY MIDCAP 100	15912.30	15413.10	3.24 ↑
NIFTY 500	7501.45	7394.85	1.44 ↑
NIFTY IT	10082.70	10292.30	-2.04 ↓
NIFTY REALTY	211.10	202.70	4.14 ↑
NIFTY INFRA	2862.80	2793.40	2.48 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Oct-16	Sep-16	Monthly Change (%)
AUTO	22185.39	22231.66	-0.21 ↓
BANKEX	22368.28	22045.62	1.46 ↑
CD	12927.42	12548.56	3.02 ↑
CG	14920.82	14581.77	2.33 ↑
FMCG	8510.52	8461.02	0.59 ↑
HC	16471.99	16181.12	1.80 ↑
IT	10032.72	10229.09	-1.92 ↓
METAL	10317.55	9763.66	5.67 ↑
OIL&GAS	12316.81	11377.55	8.26 ↑
PSU	7935.84	7462.44	6.34 ↑
REALTY	1556.14	1512.19	2.91 ↑
TECK	5525.02	5630.81	-1.88 ↓

(Source: BSE)

## GLOBAL INDICES

Indices	Oct-16	Sep-16	Monthly Change (%)
DOW JONES	18142.42	18308.15	-0.91 ↓
NASDAQ	5189.14	5312.00	-2.31 ↓
HANG SENG	22934.54	23297.15	-1.56 ↓
FTSE	6954.22	6899.33	0.80 ↑
NIKKEI	17425.02	16449.84	5.93 ↑

(Source: Telequote software)

## COMMODITIES

Particular	Oct-16	Sep-16	Monthly Change (%)
MCX GOLD	29950.00	30742.00	-2.58 ↓
MCX SILVER	42402.00	45726.00	-7.27 ↓
MCX CRUDE OIL	3153.00	3212.00	-1.84 ↓
MCX NATURAL GAS	204.10	194.00	5.21 ↑

(Source: Telequote software)

## FOREX

Particulars	Oct-16	Sep-16	Monthly Change (%)
USD-INR ₹	66.68	66.61	0.11 ↑
EUR-INR €	73.15	74.82	-2.23 ↓
GBP-INR £	81.65	86.38	-5.48 ↓
JPY-INR ¥	63.61	66.00	-3.62 ↓

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Oct 2016	74,759.20	79,065.46	-4,306.26 ↓
Total for 2016*	9,16,063.50	8,69,076.10	46,986.90 ↑

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Oct 2016	28,435.50	20,329.80	8,105.90 ↑
Total for 2016*	2,46,731.00	2,22,538.70	24,193.40 ↑

\* From Jan - 27 Oct, 2016

(Source: SEBI)

# MARKET OUTLOOK

## Market Outlook: November

Going ahead, Indian equity markets will remain highly volatile this month due to US Fed's meeting on interest rate decision, US Presidential elections and geopolitical tensions between India and Pakistan. Fluctuations in the dollar-rupee exchange rates, macroeconomic events, movement in crude oil prices, foreign fund inflow, and ongoing Q2FY17 corporate earnings will be keenly watched by investors. We recommend investors to invest in fundamentally sound companies for long term perspective.

## Monthly Market Roundup

Indian equity markets started the month of October on a dull note and traded volatile throughout the month due to escalating tensions between India and Pakistan. The Reserve Bank of India (RBI) announced cut in the repo rate by 0.25 bps in its fourth bi-monthly monetary policy review which was already expected by the market participants. The focus on economic growth by the RBI shows that there are chances of further rate cuts in upcoming monetary policies. The markets sentiments were dampened mainly in reaction to the US Fed meeting minutes

which suggests interest rate hike in December. Any rate hike will depend on the US economic condition and other macroeconomic factors.

The month finally ended with upward bias as S&P BSE Sensex delivering positive return of 0.23% to settle at 27930.21 and Nifty 50 gained 0.17% ending the month at 8625.70.

On the institutional side, foreign institutional investors (FIIs) sold Rs 4,306.26 crore worth of equities during the month while domestic mutual fund houses bought Rs 8,105.90 crore in October 2016.

### Economic Data Wrap Up – October

- India's Sep Nikkei manufacturing PMI fell to 52.1 from 52.6 in Aug.
- India's Sep Nikkei Services PMI fell to 52 from 54.7 in Aug.
- India's Aug IIP growth fell to -0.7% from -2.5% in Jul.
- India's Sep CPI inflation fell to 4.31% from 5.05% in Aug.
- India's Sep WPI inflation fell to 3.57% from 3.74% in Aug.
- India's Sep trade deficit fell to \$8.34 bln from \$10.17 bln YoY.
- India's Sep core sector growth rose to 5% from 3.2% in Aug.

### Nifty Technical Outlook: November



On the monthly chart we are observing three narrow range body formations which suggest indecisiveness prevailing at current level. In the coming month if Nifty trades and closes above 8686 level then it is likely to test 8774 – 8861 – 8964 levels. However, if Nifty trades and closes below 8565 level then it can test 8477 – 8389 – 8287 levels.

We maintain our stance that 8500 is a make or break level, any close below 8500 level would intensify the selling pressure. In such scenario Nifty may test the above mentioned support levels. Hence, one should hold their long position as long as Nifty holds 8500 on closing basis. However, stock specific activity in midcap is likely to continue ahead.



# FUNDAMENTAL STOCK



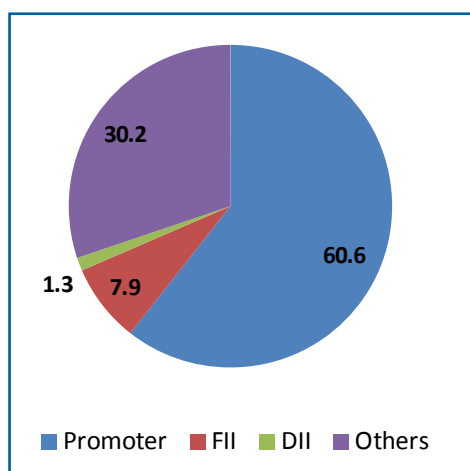
## Nucleus Software Exports Ltd.

BUY Target Price Rs 236

### Value Parameters

BSE Code	531209
NSE Symbol	NUCLEUS
CMP (As on 02 <sup>nd</sup> Nov, 2016)	Rs 205
Face Value	Rs 10
52 Week High/Low	Rs 353/145
Market Cap (Rs cr)	675
EPS (Rs) (FY16)	10
TTM PE ratio (x)	14.6

### Shareholding Pattern % (Sep' 16)



### Company Overview

Nucleus Software Exports Limited provides software solutions to the banking and financial services industry. The company operates in two segments: products, and projects and services. Its products includes from sale of licenses and all other related customization, implementation, time

and material contracts, fixed price contracts and annual technical service for these licenses. Software projects and services include other time and material contracts and fixed price contracts, whereby no license sale is made by the company. It has developed solutions spanning from retail banking to corporate banking, cash management, Internet banking and credit cards. Its product FinnOne offers a suite for retail banking applications consisting of modules like customer acquisition system, loan management, delinquency and recovery management, deposits and finance against securities. Its Cash@Will™ and BankONet™ are the offerings in the area of cash management and internet banking.

### Investment Rationale

- **Innovative Product:** The company has come out with world's first offline digital cash solution. It is expected to swap the physical cash with digital currency.
- **New Versions of Technology:** The company has launched new versions to its existing product portfolio which are more adaptable to the consumer demands.
- **Global Presence:** The company has well diversified presence across the globe and plans to penetrate further in the less served regions.
- **Strong Order Book:** The company had won 13 new product orders previous year and presently has an outstanding order book of Rs 347 crore executable over coming 2 years.

### Concern

- **Currency Fluctuation:** The company has significant exposure to overseas markets and appreciation of rupee may impact its earnings adversely.

### Valuations

At CMP of Rs 205 per share the stock trades at trailing P/E multiple of 14.6 (x). The company has a dividend yield of 2.4% and we have "Buy" rating on the stock with a fair value of Rs 236 per share.



# TECHNICAL PICK

Tera Software Ltd is one of the leading e-Governance solution provider. It provides complete solutions from proof of concept to wide area replication in many e-governance verticals like education, registration, utilities, transportation, health, distribution, administration, co-operatives and agri-marketing; total turnkey system integration and networking solutions for banks, PSUs, defence, and research organizations. The company has 15 years experience in IT industry and has executed BOOT projects spread over 3-10 years across 22 states of India and has over 3000 outlets across India. The company has deployed over 2500 manpower including highly qualified and experienced engineers, IT professionals and technicians in various projects. Apart from the e-Governance solutions the company offers system integration and networking, IT enabled services, software development and consultancy.

### Technical Outlook:

On the daily chart, we are observing that prices have given a rounding breakout with good volumes. Further, the RSI oscillator is gaining momentum. This suggests that the up move is likely to continue.

Hence we recommend one to buy this stock at Rs 109.55 or on a decline up to Rs 104 with a stop loss of Rs 94 on the upside this stock can test Rs 124 - 136 levels in couple of weeks.

**Tera Software Ltd Buy**

CMP: ₹109.55 (As on 02<sup>nd</sup> Nov, 2016)

Buy: ₹109.55-104

Target Price: ₹124-136

Stop-Loss: ₹94





October Sales

# AUTO SECTOR



## Maruti Suzuki

**Total Sales: 133,793 units, 0.3% yoy down**

PV Sales: 92,886 units, 5.2% yoy down

Domestic Sales: 123,764 units, 2.2% yoy up

Exports: 10,029 units; 23.7% yoy down



## TVS Motor

**Total Sales: 308,690 units, 12% yoy up**

2Wheeler Sales: 303,885 units, 15% yoy up

3Wheeler Sales: 4,805 units, 54.3% yoy down

Exports: 35,134 units, 15.7% yoy down



## Mahindra & Mahindra

**Total Sales: 52,008 units, 1% yoy up**

PV Sales: 24,737 units, 3% yoy up

CV Sales: 18,059 units, 4% yoy down

Exports: 3,279 units, 28% yoy up



## Atul Auto

**Total Sales: 5,037 units, 9.5% yoy up**



## Tata Motors

**Total Sales: 52,813 units, 21% yoy up**

PV Sales: 16,311 units, 28% yoy up

CV Sales: 30,169 units, 15% yoy up

M&HCV Sales: 13,659 units, 9% yoy up

LCV Sales: 16,510 units, 21% yoy up

Exports: 6,333 units; 39% yoy up



## Escorts

**Total Sales: 8,970 units, 53% yoy up**

Domestic Sales: 8,859 units, 52% yoy up

Exports: 111 units, 270% yoy up



## Bajaj Auto

**Total Sales: 356,168 units, 1% yoy up**

CV Sales: 48,276 units, 9% yoy up

Motorcycle Sales: 307,892 units, 0.3% yoy down

Exports: 117,387 units, 8% yoy down



## Ashok Leyland

**Total Sales: 12,533 units, 28% yoy up**

M&HCV Sales: 9,574 units, 33% yoy up

LCV Sales: 2,959 units, 13% yoy up



## Hero MotoCorp

**Total Sales: 663,153 units, 3.6% yoy up**



## Volvo-Eicher Commercial Vehicles

**Total Sales: 4,560 units, 14.4% yoy up**

### Eicher Branded Trucks & Buses

**Total Sales: 4,449 units, 15.4% yoy up**

Domestic Sales: 3,854 units, 11.2% yoy up

Exports: 595 units, 53.4% yoy up





# COMMODITY OUTLOOK

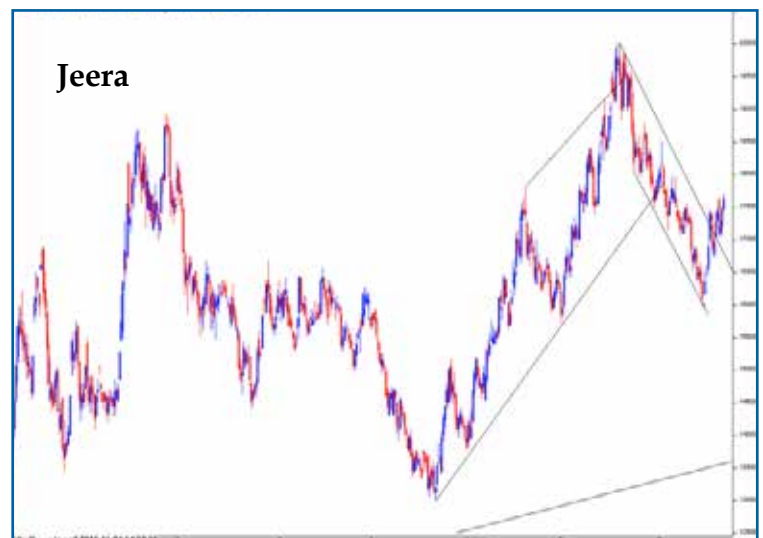
## Jeera December

CMP: ₹ 17700 (As on 03<sup>rd</sup> Nov, 2016)

Buy: ₹ 17700-17300

Target Price: ₹ 19250-20500

Stop-Loss: < ₹ 16900



### ...time to Jeera Fry!

2016 has been a great year for Jeera so far as the aromatic and therapeutic spice saw big spells of bullish rally time to time. After initial debacle in January, Jeera bulls got a shot in the arm in February and lead an unstoppable rally that lasted in its full swing till July. It was only in August that the correction started due to heavy profit booking at higher levels. The corrections soon turned into sharp fall and when the bullish rally was just about to die in fourth wave itself, prices found a strong support at lower levels in mid October. Since then, prices have seen a consistent recovery that is more of a base building type and is actually a signal of an electrifying fifth wave in store.

On technical chart, things are turning back in favor of bulls. A crucial trend line breakout

has taken place a few days back while volume and open interest have also registered a strong growth. This trend line was crucial due to its steep angle and was marked as a tough resistance during correction period of August to mid October. On continuation chart, we can see a possible completion of the fourth wave and the above mentioned breakout may be the torch bearer for fifth wave. This sounds a bit early but if we go by wave count then the fifth wave may take prices well above Rs 23000 mark within next two quarters. However, our focus right now is this last quarter of the year and this time period is clearly going to be dominated by bulls. All in all, it's time to add 'Jeera Fry' in your trading menu!

**We recommend buying in Jeera December contract at CMP Rs 17700 and on dips till Rs 17300 for targets in the range of Rs 19250-20500. Maintain stop loss below Rs 16900.**



# MUTUAL FUND COMMENTARY

## MUTUAL FUND ROUNDUP

Indian equity markets registered positive returns in October 2016. The barometer index, S&P BSE Sensex delivered positive return of 0.23% to settle at 27930.21 and Nifty 50 gained 0.17% ending the month at 8625.70.

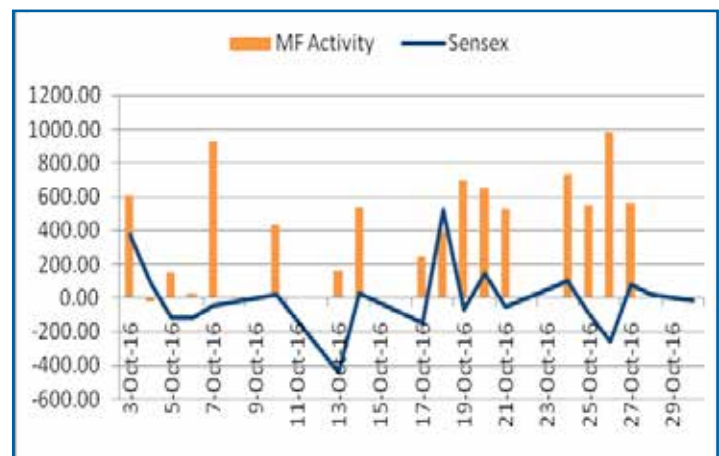
## MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 8,105.90 crore for the month of October 2016. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 2,818.70 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 4,306.26 crore worth of equities in October 2016.

## MUTUAL FUND ACTIVITY IN OCT 2016

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	8010.20	6328.10	1682.00
2 <sup>nd</sup> Week	4494.90	3381.40	1113.50
3 <sup>rd</sup> Week	8619.10	6127.40	2491.70
4 <sup>th</sup> Week	7311.30	4492.90	2818.70
<b>Total</b>	<b>28435.50</b>	<b>20329.80</b>	<b>8105.90</b>

Note: Mutual Fund activity as on 27<sup>th</sup> Oct 2016





## EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	AUM as 28 <sup>th</sup> Oct 2016 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
<b>Large Cap Fund</b>									
Birla Sun Life Frontline Equity Fund	183.04	13901	30-Aug-02	14.18	19.89	17.13	23.51	1,000	5,000
Franklin India Bluechip	387.83	7705	01-Dec-93	9.70	16.76	13.05	22.22	500	5,000
ICICI Prudential Focused Bluechip Equity Fund	32.28	11683	23-May-08	12.28	17.14	14.92	14.89	1,000	5,000
<b>Multi Cap Fund</b>									
ICICI Prudential Value Discovery Fund	125.79	14461	16-Aug-04	10.91	30.13	22.99	23.05	1,000	5,000
Franklin India High Growth Companies Fund	32.46	5043	26-Jul-07	11.82	28.55	22.44	13.55	500	5,000
Mirae Asset India Opportunities Fund	37.41	2291	04-Apr-08	16.17	24.29	18.87	16.66	1,000	5,000
<b>Mid Cap &amp; Small Cap Fund</b>									
DSP BlackRock Small and Midcap fund	46.01	2360	14-Nov-06	25.84	36.21	22.09	16.55	500	1,000
Franklin India Prima Plus Fund	492.53	9271	01-Dec-93	11.62	24.21	17.76	19.91	500	5,000
Mirae Asset Emerging Bluechip Fund	39.09	2642	09-Jul-10	26.47	42.18	29.01	23.60	1,000	5,000
DSP BlackRock Micro Cap Fund	54.33	3806	14-Jun-07	29.19	50.70	29.46	19.80	500	1,000

Note: NAV and Returns as on 28<sup>th</sup> Oct 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 <sup>th</sup> Oct 2016 (Rs in Cr.)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Axis Liquid Fund	1749.38	100.00%	9105	0.57	1.74	3.69	7.79	8.22
Birla Sun Life Cash Manager Fund	380.98	100.00%	7472	0.53	1.95	4.22	7.51	8.59
DSP BlackRock Liquidity Fund	2256.47	100.00%	10895	0.57	1.74	3.70	7.79	7.72
Tata Liquid Fund - HIP	2910.50	100.00%	3965	0.55	1.73	3.67	7.75	7.42
SBI Premier Liquid Fund	2478.57	100.00%	25335	0.54	1.71	3.64	7.77	7.87
Franklin India Ultra Short Bond Fund	21.46	100.00%	6283	0.70	2.37	4.88	9.70	8.99
Birla Sun Life Savings Fund	299.08	100.00%	18237	0.62	2.16	4.70	9.24	7.82

Note: NAV and Returns as on 28<sup>th</sup> Oct 2016, Returns < 1 yr annualised, > 1 yr compounded annualised

## ELSS SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			One Year	Three Years	Five Years	Since Inception
Axis Long Term Equity Fund	33.70	29-Dec-09	8.98	27.88	21.73	19.35
Franklin India Taxshield	464.48	10-Apr-99	11.17	23.71	17.49	24.71
DSP BlackRock Tax Saver	38.75	18-Jan-07	21.64	25.72	20.19	14.85
Birla Sun Life Tax Relief 96	24.50	06-Mar-08	14.43	26.36	19.45	10.92

Note: NAV and Returns as on 28<sup>th</sup> Oct 2016, Returns < 1 yr annualised, > 1 yr compounded annualised

# The Month Ahead

## Key Financial Events - Nov 2016

**Nov 1**

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



**Nov 2**

US FOMC Meeting



**Nov 3**

- BoE Monetary Policy
- Indian Nikkei Services PMI



**Nov 4**

- US Non-Farm Employment
- US Unemployment Rate
- US Trade Balance



**Nov 8**

- Chinese Trade Balance
- US Presidential Election



**Nov 10-14**

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



**Nov 11**

Indian Industrial Production (IIP)



**Nov 13-14**

- Chinese Industrial Production
- European Industrial Production
- Japanese Prelim GDP



**Nov 15**

- Indian Consumer Price Index (CPI)
- Indian WPI Inflation
- European Trade Balance



**Nov 15-17**

Indian Trade Data



**Nov 16**

US Industrial Production



**Nov 21**

Japanese Trade Balance



**Nov 24**

US FOMC Meeting Minutes



**Nov 29**

US Prelim GDP



**Nov 30**

- Indian GDP
- Indian Core Sector Growth
- Indian Government Finance



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**Ahmedabad:** 079-40701700/40701719

**Bangalore:** 080-41509992-93/ 09341690342

**Bhilwara:** 01482-220390, 227070/09829046070

**Bhopal:** 0755-42274672/4223672/09302167358

**Chennai:** 044-42725254/25387808/09841160104

**Dibrugarh:** 094350-31452/09435747381/0995440958

**Gurgaon:** 0124-4371660-61/3241102/09999355707

**Gwalior:** 0751-4070634/4072127/09301105571

**Indore-Lad Colony:** 0731-4217100-101/09302104504

**Jabalpur:** 0761-4037990/91/93/09755005570

**Jaipur:** 09828024688/0141-4107659/0141-4030321

**Jodhpur:** 0291-3266000/2440004-6/09414128888

**Kolkata:** 033-40052638, 32407373/09830268964

**Kota:** 0744-2366255-2366355/09414178394

**Mumbai-Andheri(E):** 022-42254800

**Panipat:** 0180-4016357-358/09215124767

**Pune:** 020-41064921/020-41064901/ 0986070881

**Secundrabad:** 040-66148831-33-34/09348849901

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