



ARI - Movers & Shakers

INDIAN INDICES

Indices	Sep-14	Aug-14	Change%
SENSEX	26630.51	26638.11	-0.03
S&P CNX NIFTY	7964.80	7954.35	0.13
BANK NIFTY	15392.25	15740.40	-2.21
CNX MIDCAP	11418.30	11114.05	2.74
S&P CNX 500	6415.70	6360.75	0.86
CNX IT	11302.70	10679.65	5.83
CNX REALTY	202.80	220.30	-7.94
CNX INFRA	3020.90	3113.45	-2.97

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Sep-14	Aug-14	Change%
AUTO	17746.90	17293.65	2.62
BANKEX	17615.46	18003.68	-2.16
CD	9850.75	9180.82	7.30
CG	14267.74	14913.18	-4.33
FMCG	7630.97	7401.78	3.10
HC	14352.30	13356.87	7.45
IT	10687.59	10085.87	5.97
METAL	11409.40	12252.68	-6.88
OIL&GAS	10728.88	11184.90	-4.08
PSU	7782.50	8096.29	-3.88
REALTY	1581.27	1727.44	-8.46
TECK	5918.68	5594.31	5.80

(Source: BSE)

GLOBAL INDICES

Indices	Sep-14	Aug-14	Change%
DOW JONES	17042.90	17098.45	-0.32
NASDAQ	4493.39	4580.27	-1.90
HANG SENG	22932.98	24742.06	-7.31
FTSE	6622.72	6819.75	-2.89
NIKKEI	16173.52	15424.59	4.86

(Source: Telequote software)

COMMODITIES & FOREX

Indices	Sep-14	Aug-14	Change%
MCX GOLD	27129.00	27996.00	-3.10
MCX SILVER	38516.00	42255.00	-8.85
MCX CRUDE OIL	5673.00	5829.00	-2.68
MCX-SX USDINR	62.12	60.51	2.66

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2014	93,493.58	88,391.06	5,102.52
Total for 2014 *	772,661.62	689,223.98	83,437.66

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2014	20,322.20	16,150.80	4,171.50
Total for 2014 *	142,004.70	132,815.30	9,189.00

*From Jan - Sep, 2014

(Source: SEBI)

Market Commentary

Indian equity markets started the September month on a positive note after India's economic growth accelerated to two-and-half year high of 5.7% in the April-June quarter. On 08th September, 2014, benchmark indices Sensex and Nifty touched new record high of 27354.99 and 8180.20 respectively. Market sentiments remained optimistic as US Federal Reserve Chairman Janet Yellen decided to keep interest rates near zero for a considerable time. Sentiments also got a boost as China's President Xi Jinping committed to invest \$20 bn in Indian infrastructure in the next five years. However markets turned volatile with negative bias after Supreme Court's verdict of scrapping coal blocks allocated to all private companies, deferral of gas pricing and geopolitical tensions. But Indian equities soon recovered after credit rating agency, Standard & Poor's upgraded its outlook on India to stable from negative citing improved political setting after the new government under Prime Minister Narendra Modi took over. While the Indian equity markets rallied on the news but the gains were not enough to trim the losses.

After four consecutive months of upmove, the Indian equity markets took a breather, witnessing some correction in the month of September. Indian equity markets swunged between gains and losses during the month and finally ended on a mixed note. S&P BSE Sensex delivered negative return of 0.03% for the month to settle at 26630.51, after hitting a new high of 27354.99 and CNX Nifty gained 0.13% ending the month at 7964.80, after hitting a new high of 8180.20.

On the sectoral front, Healthcare turned out to be the best performing sector in September 2014 clocking gains of 7.45%, followed by Consumer Durables (7.3%) and IT (5.97%) while Realty (-8.46%) was the worst performing sector followed by Metal (-6.88%), Capital Goods (-4.33%) and Oil & Gas (-4.08%).

On the institutional side, foreign institutional investors (FIIs) pumped in Rs 5,102.52 crore worth of money in equities during the month while domestic mutual fund houses bought Rs 4,171.50 crore of equities during September 2014.

On the macro-economic front, India's HSBC manufacturing Purchasing Managers' Index fell to 52.4 in August 2014 from a 17-month high of 53.0 in July 2014 as business conditions in the capital goods category deteriorated. India's HSBC services PMI fell to 51.6 in August 2014 from 52.2 in July 2014, indicating a slowdown in output growth across the private sector. Index of industrial production (IIP) growth fell to a four-month low of 0.5% in July 2014 from 3.9% (revised upwards from 3.4%) in June 2014. Wholesale Price Index (WPI) fell to a five-year low of 3.74% in August 2014 from 5.19% in July 2014. Consumer price index (CPI) eased to 7.8% in August 2014 from 7.96% a month ago. The moderation in inflation was primarily due to the statistical effect of a high base and easing vegetable prices.

India's current account deficit in Apr-Jun narrowed to \$7.8 bn, or 1.7% of the gross domestic product, from \$21.8 bn or 4.8% of GDP a year ago. However, the current account gap rose on a quarterly basis. In Jan-Mar, the current account deficit was \$1.2 bn or 0.2% of GDP.

The Reserve Bank of India (RBI) in its fourth bi-monthly monetary policy review kept its key policy rates unchanged as widely expected. The repo rate and the cash reserve ratio were unchanged at 8% and 4%, respectively. However, RBI reduced the liquidity provided under the export credit refinance (ECR) facility from 32% of eligible export credit outstanding to 15% with effect from October 10th, 2014.

The global markets ended the month of September 2014 on a negative note. Japan's Nikkei was the best performer, which ended the month with gain of 4.86% while Hang Seng was the worst performer delivering a loss of 7.31% during the month followed by FTSE (-2.89%), Nasdaq (-1.90%) and Dow Jones (-0.32%).

On the international front, the European Central Bank (ECB) cut its main refinancing rate to 0.05% from 0.15% and announced plans to buy up to €500 bn in asset-backed securities and covered bonds. Eurozone Industrial production grew 1% in July 2014, a stronger-than-expected rebound from declines in May and June 2014. China posted an all-time-record trade surplus of \$49.8 bn in August 2014. China industrial production grew by 6.9% in August 2014, down from 9% in July 2014. China HSBC flash manufacturing PMI rose to 50.5 in September 2014 from 50.2 in August 2014. Japan's economy shrank at an annualized 7.1% pace in the second quarter, more than expectations of a 6.8% decline.

The US trade deficit narrowed 0.6% in July 2014 to 40.5 bn from 40.8 bn. US unemployment rate rose 6.1% in August

2014 from 6.2% in July 2014. US Industrial Production fell 0.1% in August 2014 from 0.2% growth in July 2014. The US Federal Reserve maintained its pledge to keep interest rates near zero for a "considerable time" after wrapping up its bond-buying program in October 2014. This supports current expectations that the US central bank won't begin raising rates until mid-2015. US economic growth in the second quarter was revised upward to 4.6%, up from the previous estimate of 4.2%, reflecting higher business investment and exports.

Going forward

Q2FY15 corporate earnings season would start this month that will play a key role in deciding the market movement. Developments from Prime Minister Narendra Modi's US visit will also be tracked closely. Due to festival month we can see some choppy trading this month. However, on the global front, investors should keenly watch the US Federal Open Market Committee's (FOMC) meeting on 29th October 2014. The market would also keep a close eye on trend in investment by foreign institutional investors (FIIs), the movement of rupee against the dollar and crude oil price movement.

We continue to be positive on Indian equities and recommend investing in dips in stocks of fundamentally good companies.

Domestic Data Releases in September 2014

Positive

- **RBI kept key policy rates unchanged:** The Reserve Bank of India in its fourth bi-monthly monetary policy review kept its key policy rates unchanged. The RBI left the repo rate unchanged at 8%, cash reserve ratio (CRR) at 4% and the reverse repo rate at 7%. The marginal standing facility (MSF) rate and the bank rate were also unchanged at 9% and the statutory liquidity ratio (SLR) unchanged at 22% of their NDTL. However, RBI reduced the liquidity provided under the export credit refinance (ECR) facility from 32% to 15% with effect from October 10th, 2014.
- **Apr-Jun current account deficit down to \$7.8 bn or 1.7% of GDP:** India's current account deficit in Apr-Jun narrowed to \$7.8 bn, or 1.7% of the gross domestic product, from \$21.8 bn or 4.8% of GDP in the same period last year, primarily due to a steep fall in gold imports. However, the current account gap rose on a quarterly basis. In Jan-Mar, the current account deficit was \$1.2 bn or 0.2% of GDP. India's trade deficit in Apr-

Jun fell sharply to \$34.6 bn from \$50.5 bn a year ago, as gold imports fell by 57.2% to \$7 bn from \$16.5 bn a year ago. In Apr-Jun, imports fell 6.5% on-year while exports rose 10.6%.

- **August trade gap narrows to 4-month low of \$10.84 bn:** India's trade deficit narrowed to a four-month low of \$10.84 bn in August 2014 from \$12.23 bn a month ago, pulled down by a 15% decline in oil imports. However, the August trade deficit was 1.4% higher on year. India's exports rose 2.4% on year to \$26.96 bn in August 2014, while imports grew 2.1% to \$37.80 bn. The rise in imports was led by a 175.5% increase in gold imports to \$2.04 bn in August 2014. Oil imports declined to \$12.84 bn in August 2014 from 15.10 bn a year ago. Non-oil imports rose 13.8% on year to \$24.96 bn. Exports in Apr-Aug registered a growth of 7.3% to \$134.80 bn, while imports declined 2.7% to \$190.95 bn. India's trade deficit in Apr-Aug narrowed to \$56.15 bn from \$70.60 bn recorded in the corresponding period last year.
- **July FDI inflows \$4.36 bn from \$2.52 bn on year:** Total foreign direct investment in India in July 2014 increased to \$4.36 bn from \$2.52 bn a year ago. In June 2014, the inflows stood at \$2.93 bn. In the first four months of the current financial year, FDI inflows into India were \$14.61 bn against \$10.65 bn a year ago. The total FDI inflows include equity capital, re-invested earnings, and other capital.
- **August WPI inflation fell to 5-year low of 3.74% from 5.19% in July:** India's inflation rate based on the Wholesale Price Index (WPI) fell to a five-year low of 3.74% in August 2014 from 5.19% in July 2014, mainly on account of the statistical effect of a high base. The last time the WPI fell below this level was in 2009 in the aftermath of the financial crisis triggered by the collapse of Lehman Brothers bank. The WPI inflation rate was 6.99% a year ago. India's inflation rates based on retail prices fell in August 2014; the inflation rate based on Consumer Price Index (combined) eased to 7.8% in August 2014 from 7.96% a month ago.

Inflation	August 2014	July 2014
Food articles	5.15%	8.43%
Primary articles	3.89%	6.78%
Manufactured products	3.45%	3.67%
Fuel & power	4.54%	7.40%

- **India Apr-Aug tax mop-up Rs 3.249 trln, up 5.1% YoY:** The government's tax mop-up during Apr-Aug rose

5.1% on year to Rs 3.249 trln. Service tax collection grew 14.5% to Rs 528.17 bn, while income tax mop-up grew 12.6% on year to Rs 785.35 bn. Revenues from other taxes, including securities transaction tax and wealth tax, rose 33.3% to Rs 47.26 bn. Excise duty collection during Apr-Aug contracted 3.6% to Rs 454.53 bn, while customs mop-up was flat at Rs 698.38 bn. Corporation tax mop-up rose 1.3% to Rs 735.69 bn. The Budget for FY15 aims at total tax collections of Rs 13.645 trln, up 17.7% from Rs 11.589 trln last year. The government's net tax collections in Apr-Aug rose 1% on year to Rs 1.855 trln. Total tax collections in August 2014 rose 3.7% on year to Rs 660.65 bn.

- **India Apr-Aug fiscal gap Rs 3.98 trln, down 1.7% on year:** The Indian government's fiscal deficit declined 1.7% on year to Rs 3.979 trln in Apr-Aug. The fiscal deficit in Apr-Aug accounted for 74.9% of the budgeted estimate of Rs 5.312 trln rupees for the full year compared with 74.6% in the same period of last year. The government's total expenditure rose 1.5% to Rs 6.727 trln in Apr-Aug, while receipts rose 6.4% on year to Rs 2.748 trln. The fiscal deficit in August rose 14% on year to Rs 730 bn. The government's expenditure rose 19% on year in August 2014 to Rs 1.688 trln. The non-planned expenditure in Apr-Aug rose 3.2% on year to Rs 4.951 trln, but planned spending declined 3% to Rs 1.776 trln. The revenue deficit in Apr-Aug declined 2.1% to Rs 3.248 trln. The government's net tax collections in Apr-Jul rose 1.2% on year to Rs 1.469 trln, while non-tax revenues declined 7.3% to Rs 288 bn.
- **India August core sector growth rises to 5.8% from 2.7% in July:** Growth in India's key core industries rose to 5.8% in August 2014 from 2.7% in July 2014, mainly because of expansion in output of coal and steel during the month. The output of eight core industries coal, crude oil, natural gas, refinery products, steel, cement, fertilizers and electricity had grown 4.7% in August 2013. The pick-up in core sector, which accounts for 37.9% of the total weight of the index of industrial production (IIP), could lead to a growth in factory output in August 2014. The core sector growth rose to 4.2% in Apr-Aug, the first five months of FY15.

(Negative) ↓

- **July industrial growth fell to 4-month low of 0.5%:** India's industrial output growth fell to a four-month low of 0.5% in July 2014 from 3.9% (revised upwards from 3.4%) in June 2014, mainly on account of the statistical

effect of a high base and a contraction in manufacturing and the consumer durables sector. IIP had risen by 2.6% a year-ago. A decline in consumer goods, consumer durables and capital goods sectors pulled down the overall factory production.

Sector	July 2014 YoY
Capital Goods	-3.8%
Manufacturing Sector	-1%
Consumer Goods	-7.4%
Electricity	11.7%
Intermediate Goods	2.6%
Mining Output	2.1%

Auto Sector September Sales

Passenger vehicle (PV) segment a mixed bag

India's largest car manufacturer, **Maruti Suzuki's**, PVs volume was up 3.1% yoy to 81,447 units in September 2014. Company's domestic volumes also went up 9.8% yoy to 99,290 units while exports down by 28.2% yoy to 10,452 units. However the second largest player **Hyundai's** (unlisted) total sales in September 2014 were flat on year at 51,471 units, pulled down by shrinking exports. **Mahindra & Mahindra** PV sales was up 5% yoy after months of continuous decline while its total sales was up 4% yoy. **Tata Motors** sales continued to remain down in September 2014. Its PV volumes registered a 7% drop yoy to 11,931 units.

2Ws: Two-wheeler segment continue to rise in September

Country's largest two-wheeler maker, **Hero MotoCorp's** volumes were up 30% yoy to 600,000 units in September 2014, whereas its toughest competitor, **Honda** (unlisted), saw its 2W shipments grow strongly by 33% yoy driven by 49.7% yoy growth in scooters and 18.9% yoy in motorcycles. **Bajaj Auto's** motorcycle sales witnessed a rise of 7% yoy at 347,010 units while company's total sales up 9% yoy at 399,450 units. Its total exports up 19% yoy at 174,211 units. **TVS Motor** 2W volumes increased 28% yoy and its total sales also registered 27% yoy growth pushed by a jump of 15% yoy in exports.

3-wheeler segment volume up

Atul Auto, India's leading 3W manufacturer, registered volume growth of 23% yoy at 4,149 units in September 2014. Sales of **TVS's** 3W also recorded a strong growth of 18% yoy at 9,167 units.

Tractor segment volume up

M&M's September total tractor sales up 8% yoy at 28,739 units while **Escorts** registered 9.4% yoy growth in total tractor sales to 7,072 units in September 2014.

Commercial vehicle (CV) segment volume mixed

The medium and heavy commercial vehicle (M&HCV) segment reported volume growth in September 2014. **Ashok Leyland's** sales were up by 40% yoy to 6,621 units while **Tata Motors** M&HCV sales up 18% to 10,404 units. The light commercial vehicle (LCV) segment registered mixed sales in September 2014. Company's CV sales witnessed a 13% yoy decline to 28,943 units, with medium and heavy CV sales up 18% to 10,404 units. **Tata Motor's** light commercial vehicle (LCV) shipments registered a decline of 24% yoy to 18,539 units. The total sales of the company (including PV) were down 8% yoy to 46,118 vehicles. Sales of **Mahindra and Mahindra** 4W CVs up 9% yoy at 15,979 units.

Ashok Leyland registered growth of 2% yoy in LCV sales to 2,572 units. **Eicher Motors'** sales of branded trucks and buses recorded a growth of 11.6% yoy to 3,176 units in September 2014. In the domestic CV market (5T and above), Eicher trucks and buses have recorded sales of 2,781 units in September 2014 as compared to 2,361 units in September 2013, rose by 17.8% yoy while its exports declined 18.7%, recorded sales of 395 units in September 2014 as against 486 units in September 2013.

Growth vs Value Style Investing DE-JARGONED

Value represents an investment style with orientation towards companies that are trading at a discount in relation to their anticipated intrinsic value. Value companies are typically found in depressed industries and in industries that are out-of-favor, and typically exhibit a low PE ratio and a low price-to-book value ratio.

Growth investment style entails investing in companies that are expected to have high future earnings growth. Companies assigned to the growth category usually trade at a premium and typically exhibit a high price-to-earning ratio, a high price-to-book value ratio and a high price-to-sales ratio.

ARI - Equity Outlook & Commodity Pick

Nifty Technical Outlook

Markets witnessed cautiously positive move in the month of September as foreign institutional investors (FIIs) awaited reforms from the newly elected government. On the sectoral front Consumer Durable, Healthcare, and Teck ended with decent gains whereas Realty, Metal, Oil & Gas and PSU ended on the losing side. The Sensex closed with a marginal loss of 0.03% whereas the Nifty gained 0.13% vis-à-vis the previous month.



Technical Observation:

- On the **monthly chart**, we are observing a Doji candlestick pattern which suggests indecisiveness prevailing at current level.
- On the **weekly chart**, we are observing an inside week formation which gives small clue that the prior downtrend is losing breath. Further, we are observing that prices are still trading above the 13-week EMA.
- On the **daily chart**, we are observing that prices have bounced back from the demand zone of 7925 to 8050, hence holds significance going forward.

Future Outlook:

We maintain our earlier stance that on the downside the demand zone of 7925 and 7850 while on the upside 8160 levels hold significance. Any decisive break on either side would dictate the direction of the trend. In coming month if Nifty holds demand zone mentioned above then a bounce up to 8160 – 8250 – 8348 – 8500 level could be expected. On the downside, below 7850 Nifty has support at 7784 – 7737 – 7690 – 7627 levels for the month.

We maintain our stance that prices are trading in an upward channel and as long prices stay above the median line of the channel there is high probability that this up move can test the upper trendline of the channel (shown above in the graph).

Soy Oil

Buy

CMP: ₹ 595 (as on 07th Oct)

Buy: ₹ 595

Target Price: ₹ 639-656

Stop-Loss: < ₹ 565

Refined Soy oil has established itself as widely consumed edible oil in our country within a relatively small period of two decades. This easily makes us one of the largest importers and also the fourth largest producer of soybean seed.



A substantial increase in crop acreage in last two crop seasons has put the pressure on soy oil prices. This year, so far, prices have seen more than 20 per cent correction on reports of bumper yield in all major producing countries including India. But on other side, this heavy correction is now being viewed as a good opportunity by soybean crushers, exporters and paint manufacturers as prices are at a very attractive level. New crop in the form of huge arrivals is expected to hit the mandis in a week but the 'over-supply' fact seems to be already discounted.

On technical charts too, momentum indicators have already hit the oversold zone and are now reflecting a either a divergence or a positive crossover. ADX is indicating a solid strength in reversal whereas MACD and RSI are well supporting the bargain hunters. An inverted Head & Shoulder pattern is also at place; however the shape is much of an irregular one. All in all, it's time to oil the bulls for a smooth trading portfolio.

We recommend Buy NCDEX November Refined Soy oil at CMP Rs 595 and also add above Rs 602 for targets of Rs 639-656 while maintaining a strict stop loss below Rs 565.

ARI - Currency Outlook

The Dynamicity of Dollar Index

An index that contains the whole a lot of economics and fundamental analysis is the dollar index. Fundamentally analyzing the trend for dollar index is very complex as when analyzing dollar one has to throw lights on economics of all the major economies i.e. US, Europe, Japan & China, UK, Canada, Sweden and Switzerland. However, the percentage of weight given to all these economies may differ as per global business environment and the factors affecting the current international scenario.

Growth projection of US economy

Dollar index goes up when US dollar gains "strength" (value) when compared to other currencies. The US economy grew at its fastest rate in eight years in the quarter ending September 2014 and so did the Dollar Index (settled at 85.91 with a growth of 7.67% for July – September 2014). The economy powered ahead in the second quarter by 4.6% at an annual rate, matching the fastest quarterly growth rate since 2006.

Two key trends will solidify the recovery in 2015:

- Higher wages as unemployment falls below 6%, and
- An expansion in consumer credit as households reaches the end of the debt deleveraging cycle.

Despite some downside risks posed by higher interest rates and weak demand from Europe, a steady economic expansion can be expected for over the next year.

Growth projection of Euro economy

In the euro area, growth has turned positive. Across the euro area, a strong reduction in the pace of fiscal tightening from about 1% of GDP in 2013 to 0.25% of GDP is expected to help lift growth. However, growth in demand is expected to remain sluggish, given continued financial fragmentation, tight credit, and a high corporate debt burden.

EUR/USD prices remained bearish for this quarter fell to 8.24% settled at 1.2570 and is expected to remain bearish till 1.2280 levels. However, if we talk about the EUR/INR levels then key support level is seen at 74.40 from the current level of 77.99.

Growth projection of Japanese economy

In Japan, some underlying growth drivers are expected to strengthen, notably private investment and exports, given increased partner country growth and the substantial yen

depreciation over the past 12 months or so. Nevertheless, overall activity is projected to slow moderately in response to a tightening fiscal policy stance in 2014–15. Overall, growth is projected to be 1.4% in 2014 and 1% in 2015.

USD/JPY current devaluation in the Japanese currency is expected to continue till 112.50 for the coming quarter (CMP 108.40). In JYPINR chart prices are sustaining below the key support level and are expected to test the level of 53.75 (CMP 57.08)

Growth projection of India and China economy

The forecast for China is that growth will remain broadly unchanged at about 7.5% in 2014–15, only a modest decline from 2012–13. For India, real GDP growth is projected to strengthen to 5.4% in 2014 and 6.4% in 2015, assuming that government efforts to revive investment growth succeed and export growth strengthens after the recent rupee depreciation.

USD/INR is expected to remain steady to downside for the coming quarter. Range can be 63.20 – 59.50, as rise in the dollar index can be neutralized by the growth in the Indian economic scenario.



Looking into macro-economic picture we can conclude that outlook of all the currencies of major economy with respect to Dollar is negative and so the dollar index is expected to remain up. Technically, the chart is showing further uptrend in the dollar index as prices have settled at 85.91 which is above 82.80 (38.5% Fibonacci retracement of the range). Additionally, a white opening morubozu candle stick is witnessed showing up mode. Next resistance can be at 90.20.

ARI - Stocks to Watch

HPCL Ltd

BUY

CMP: ₹ 485 (as on 07th Oct, 2014)

Buy: ₹ 485-470

Target Price: ₹ 523-543-560

Stop-Loss: ₹ 450



Hindustan Petroleum Corporation Ltd (HPCL) is an India-based integrated oil refining and marketing company. HPCL operates in two segments include downstream, and exploration and production of hydrocarbons. The downstream segment is engaged in refining and marketing of petroleum products. HPCL operates two refineries in Mumbai (West Coast) and Vishakapatnam. Its products and services include Refineries, aviation, bulk fuels & specialties, international trade, liquefied petroleum gas (LPG) (HP gas), Lubes (HP lubes), retail, exploration & production, joint ventures and alternate energy. The company has set up more than 2,100 Km wide pipeline network across the country to facilitate the movement of products from its refinery to the potential market. The company transported almost 13 MMTPA through the pipeline network.

Technical Outlook:

On the daily chart, the stock is trading in an upward rising channel. Further, the momentum indicators are showing sign of strength. This suggests upside momentum. Hence we are of the opinion that the stock has made a bottom at 450 levels.

We recommend BUY on the stock at Rs 485 or on a decline up to Rs 470 levels with a stop loss of Rs 450 for a target of Rs 523 – 543 – 560 levels.

ITC Ltd

BUY

CMP: ₹ 362 (as on 07th Oct, 2014)

Buy: > ₹ 366

Target Price: ₹ 380-395

Stop-Loss: ₹ 352



ITC Ltd, a multi-business conglomerate, has diversified presence in FMCG, hotels, paperboards and packaging, agri business and information technology. ITC Ltd is the largest tobacco company in India. It enjoys the leadership position in the Indian cigarette market. It is the owner of several renowned brands like Bristol, India Kings, Classic, Gold Flake, Navy Cut, Berkeley and Insignia. It has expanded its presence to foods, personal care and lifestyle retailing spaces. It also owns the second largest hotel group in India and operates approximately 100 hotels under the ITC Hotel, WelcomHotel, Fortune Hotel, and WelcomHeritage names. Further, it is also present in paper and paperboard, and agri-business segments which provide backward integration benefits for its other businesses.

Technical Outlook:

On the daily and weekly chart, the stock has taken support at lower line of channel. Further, on the daily chart, it is holding 20 & 50 SMA support level. This suggests that in the coming trading session if stock closes above 366 levels we can see upside momentum.

We recommend BUY on the stock above Rs 366 levels with a stop loss of Rs 352 for a target of Rs 380-395 levels.

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ARI - Mutual Fund Update

Mutual Fund Roundup

Indian equity markets ended the September month on mixed note. The barometer index, Sensex delivered negative return of 0.03% closing the month at 26630.51 while CNX Nifty ended with 0.13% gain settling at 7964.80.

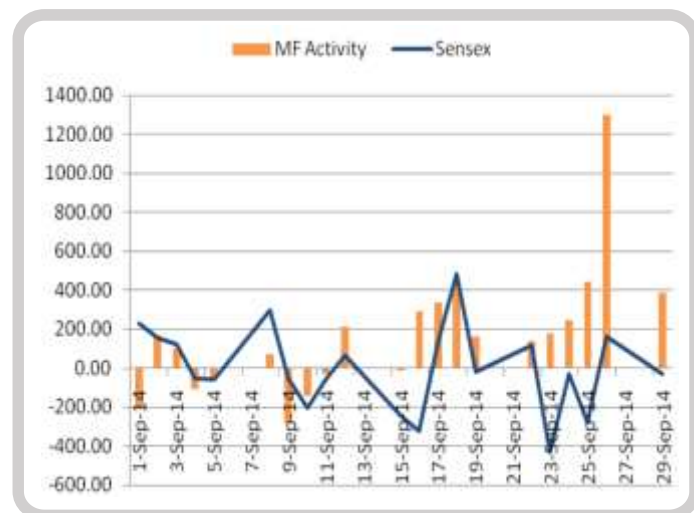
MF Activity

Both domestic mutual funds and foreign institutional investors (FIIs) turned net buyers of equity during September 2014. Indian mutual funds bought net equities to the tune of Rs 4,171.50 crore for the month marking the fifth consecutive month of inflows into equities. Highest buying was recorded in the fourth week when the fund houses made total net buy of Rs 2,303 crore of equities. FIIs, on the other hand, pumped in flows of Rs 5,102.52 crore in September 2014, making it the lowest net investment in seven months.

Mutual Fund Activity in September 2014

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1 st Week	4015.30	4139.80	-124.50
2 nd Week	3759.80	3931.40	-171.50
3 rd Week	4170.90	2949.60	1221.30
4 th Week	6379.50	4076.50	2303.00
5 th Week	1996.70	1053.50	943.20
Total	20322.20	16150.80	4171.50

(Source : SEBI)



Movers and Shakers

Equity Category

In the equity diversified category, ICICI Prudential Exports and Other Services Fund delivered positive returns of

7.19% followed by Sundaram Select Micro Cap Fund (7.16%), SBI Small & Midcap Fund (7.13%), Motilal Oswal MOST Focused Multicap 35 Fund (6.91%) and Reliance Small Cap Fund (6.40%).

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	Last 1 Month %
ICICI Prudential Exports and Other Services Fund	7.19
Sundaram Select Micro Cap - Series IV	7.16
SBI Small & Midcap Fund	7.13
Motilal Oswal MOST Focused Multicap 35 Fund	6.91
Reliance Small Cap Fund	6.40

(Source : Mutual Fund India)

In the **sectoral category**, Reliance Pharma Fund outperformed during the month registering a return of 10.11% followed by SBI IT Fund (7.81%), UTI Transportation and Logistics Fund (7.49%), SBI Pharma Fund (6.98%) and Birla Sun Life New Millennium Fund (6.65%).

Monthly Best Performer: All Sectoral Funds

Scheme Name	Last 1 Month %
Reliance Pharma Fund	10.11
SBI IT Fund	7.81
UTI Transportation and Logistics Fund	7.49
SBI Pharma Fund	6.98
Birla Sun Life New Millennium	6.65

(Source : Mutual Fund India)

Debt Category

Among the debt fund category, Sundaram MIP - Aggressive Fund delivered positive return of 2.13% during the month followed by ICICI Prudential Multiple Yield Fund (2.06%), Birla Sun Life MIP II - Wealth 25 Fund (1.86%), DWS Twin Advantage Fund (1.72%) and Reliance Monthly Income Plan (1.66%).

Monthly Best Performer: All Debt Funds

Scheme Name	Last 1 Month %
Sundaram MIP - Aggressive	2.13
ICICI Prudential Multiple Yield Fund - Series 4 - Plan B	2.06
Birla Sun Life MIP II - Wealth 25	1.86
DWS Twin Advantage Fund	1.72
Reliance Monthly Income Plan	1.66

(Source : Mutual Fund India)

Capital Movement

It's no surprise that Indian mutual fund industry witnessed a jump in its assets under management (AUM) by Rs 71,000 crore or 7.2% to a record high of Rs 10.6 lakh crore in the second quarter of the current fiscal, considering the amazing performance of Indian equity markets in the quarter and an overall positive sentiment with the election of new government. The country's 45 fund houses together had an average AUM of Rs 10.6 lakh crore during July-September quarter of 2014-15, up from Rs 9.87 lakh crore in the preceding three months, according to Association of Mutual Funds in India (AMFI).

During the September 2014 quarter, HDFC Mutual Fund has retained its top position, in terms of AUM, with an average AUM of Rs 1.41 lakh crore, up 8.8% q-o-q followed by ICICI Prudential Mutual Fund that saw its asset base grow by 8.14% to Rs 1.27 lakh crore while the third largest player continued to be Reliance Mutual Fund.

Among the top 5 players, HDFC Mutual Fund was the biggest gainer in absolute terms with its AUM rising by 8.8% or by Rs 11,444.98 crore q-o-q followed by ICICI Prudential Mutual Fund rising 8.14% or by Rs 9,607.80 crore, Reliance Mutual Fund rising 8.11% or by Rs 9,153.97 crore, JM Financial Mutual Fund rising 72.14% or by Rs 5,018.92 crore and Franklin Templeton Fund rising 9.07% or by Rs 4,624.45 crore during the quarter.

Sahara Mutual Fund was the biggest gainer in percentage terms as its AUM rose by 8861.47% or by Rs 146.53 crore q-o-q followed by Indiabulls Mutual Fund that saw a 104.08% jump in its AUM, Edelweiss Mutual Fund gaining 79.38% or Rs 168.03 crore, JM Financial Mutual Fund gaining 72.14% or Rs 5,018.92 crore and Motilal Oswal Mutual Fund gaining 38.11% or Rs 289.04 crore during the quarter.

Peerless Fund was the biggest loser, in percentage terms, with its AUM shrinking over 28.93%, q-o-q, to Rs 2,494.24 crore in September 2014 while LIC Nomura Mutual Fund saw biggest decline in absolute terms as it witnessed an erosion of a whopping Rs 1,330.89 crore (-14.03%) from its kitty this quarter bringing down its AUM to Rs 8,158.50 crore.

Change in Quarterly AUM of Top 10 Mutual Fund Houses:

TOP GAINERS – AUM

Mutual Fund Name	Average AUM (Rs in cr)		Q-o-Q Change	
	Jul-Sep 14	Apr-Jun 14	Absolute%	% Change
HDFC Mutual Fund	141480.78	130035.80	11444.98	8.80
ICICI Prudential Mutual Fund	127663.50	118055.70	9607.80	8.14
Reliance Mutual Fund	122068.36	112914.39	9153.97	8.11
JM Financial Mutual Fund	11976.14	6957.22	5018.92	72.14
Franklin Templeton Mutual Fund	55611.15	50986.71	4624.45	9.07
DSP BlackRock Mutual Fund	37482.63	33112.51	4370.11	13.20
Birla Sun Life Mutual Fund	102615.86	98555.78	4060.07	4.12
UTI Mutual Fund	83249.91	79440.93	3808.98	4.79
SBI Mutual Fund	72849.89	69212.86	3637.04	5.25
Canara Robeco Mutual Fund	8785.31	6481.75	2303.56	35.54

TOP LOSERS – AUM

Mutual Fund Name	Average AUM (Rs in cr)		Q-o-Q Change	
	Jul-Sep 14	Apr-Jun 14	Absolute%	% Change
LIC Nomura Mutual Fund	8158.50	9489.39	-1330.89	-14.03
Baroda Pioneer Mutual Fund	7100.59	8176.16	-1075.57	-13.15
Peerless Mutual Fund	2494.24	3509.49	-1015.26	-28.93
Union KBC Mutual Fund	3191.64	3531.44	-339.80	-9.62
PRINCIPAL Mutual Fund	4753.58	4848.11	-94.53	-1.95
ING Mutual Fund	534.58	557.47	-22.89	-4.11
IIFL Mutual Fund	202.03	210.00	-7.97	-3.80
Shriram Mutual Fund	29.33	25.96	3.37	12.96
IIFCL Mutual Fund (IDF)	313.85	306.92	6.93	2.26
PineBridge Mutual Fund	667.18	635.84	31.34	4.93

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