

ARIHANT'S

VALUE Plus

Issue : August 2016

Monsoon Session



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MOVERS & SHAKERS

INDIAN INDICES

Indices	Jul-16	Jun-16	Monthly Change (%)
SENSEX	28051.86	26999.72	3.90 ↑
NIFTY 50	8638.50	8287.75	4.23 ↑
NIFTY BANK	18953.15	17935.40	5.67 ↑
NIFTY MIDCAP 100	14772.75	13816.45	6.92 ↑
NIFTY 500	7330.00	6980.80	5.00 ↑
NIFTY IT	10913.30	11120.15	-1.86 ↓
NIFTY REALTY	207.40	200.25	3.57 ↑
NIFTY INFRA	2966.50	2845.70	4.25 ↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Jul-16	Jun-16	Monthly Change (%)
AUTO 	21091.11	19744.64	6.82 ↑
BANKEX 	21678.51	20531.20	5.59 ↑
CD 	12404.71	11973.11	3.60 ↑
CG 	15477.94	14874.79	4.05 ↑
FMCG 	8725.38	8452.76	3.23 ↑
HC 	16299.15	15493.00	5.20 ↑
IT 	10813.20	11199.95	-3.45 ↓
METAL 	9406.16	8519.69	10.40 ↑
OIL&GAS 	10595.23	9720.95	8.99 ↑
PSU 	7186.13	6716.58	6.99 ↑
REALTY 	1607.07	1532.82	4.84 ↑
TECK 	5951.14	6068.82	-1.94 ↓

(Source: BSE)

GLOBAL INDICES

Indices	Jul-16	Jun-16	Monthly Change (%)
DOW JONES	18432.24	17929.99	2.80 ↑
NASDAQ	5162.13	4842.67	6.60 ↑
HANG SENG	21891.37	20436.12	7.12 ↑
FTSE	6724.43	6504.33	3.38 ↑
NIKKEI	16569.27	15575.92	6.38 ↑

(Source: Tequote software)

COMMODITIES

Particular	Jul-16	Jun-16	Monthly Change (%)
MCX GOLD	31549.00	31199.00	1.12 ↑
MCX SILVER	47480.00	43467.00	9.23 ↑
MCX CRUDE OIL	2782.00	3304.00	-15.80 ↓
MCX NATURAL GAS	192.90	197.00	-2.08 ↓

(Source: Tequote software)

FOREX

Particulars	Jul-16	Jun-16	Monthly Change (%)
MCX-SX USDINR	67.00	67.52	-0.77 ↓
MCX-SX EURINR	74.39	75.11	-0.96 ↓
MCX-SX GBPINR	88.23	89.75	-1.69 ↓
MCX-SX JPYINR	64.80	65.36	-0.86 ↓

(Source: Tequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Jul 2016	95,915.56	83,303.74	12,611.82 ↑
Total for 2016*	6,23,913.60	5,92,134.30	31,778.40 ↑

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Jul 2016	24,126.40	24,159.90	-33.80 ↓
Total for 2016*	1,57,301.50	1,47,773.30	9,529.20 ↑

* From Jan - Jul, 2016

(Source: SEBI)



MARKET OUTLOOK

Market Outlook: August

Going ahead, the equity markets are expected remain volatile this month due to ongoing monsoon session of parliament and quarterly results season as well as global economic factors. The passage of GST will be closely watched as to how the government will set a consensus with opposition for passage of key legislation. The government is keen to get the GST Bill approved during the monsoon session of parliament ending on August 12. Passage of the long delayed GST bill will push broader equity markets. Further, RBI monetary policy for August 9, GDP data, other macroeconomic events, monsoon progress, movement of rupee against dollar and crude oil price movement will be closely watched for further market direction. We recommend investors to invest in good quality stocks at lower levels.

Monthly Market Roundup

Indian equity markets witnessed a jubilant rally in the month of July and benchmark indices touched their highest levels so far in 2016. Indian equity markets remained positive throughout the month on the expectation of GST bill getting passed in the monsoon session of parliament. Improved prospects of the passage of the Constitution amendment bill on the Good and Services Tax and robust Apr-Jun earnings of some corporate big-wigs led to gains in domestic equity markets. Further, US Federal Reserve's left

key rates unchanged and hinted possibility of rate hike later this year was also the positive outcome for global equity markets.

The month finally ended with upward bias as S&P BSE Sensex delivering positive return of 3.90% to settle at 28051.86 and Nifty 50 gaining 4.23% ending the month at 8638.50.

On the institutional side, foreign institutional investors (FIIs) bought Rs 12,611.82 crore worth of equities during the month while domestic mutual fund houses sold Rs 33.80 crore in July 2016.

Economic Data Wrap Up – July

- India's Jun Nikkei manufacturing PMI rose to 51.7 from 50.7 in May.
- India's Jun Nikkei Services PMI fell to 50.3 from 51 in May.
- India's May IIP growth rose to 1.2% from (-) 1.3% in Apr.
- India's Jun CPI inflation rose to 5.77% from 5.76% in May.
- India's Jun WPI inflation rose to 1.62% from 0.79% in May.
- India's May FDI inflows fell to \$2.93 bln from \$5.39 bln YoY.
- India's Jun trade deficit fell to \$8.12 bln from \$10.83 bln YoY.
- India's Jun core sector growth fell to 5.2% from 2.8% in May.

Nifty Technical Outlook: August



The current price action on the monthly chart suggests that the undertone in the market still remains positive and momentum on the upside is likely to continue. In coming month, if Nifty trades and close above 8714 level then it is likely to test 8827 – 8940 – 9072 levels. However, if Nifty trades and close below 8562 level then it can test 8449 – 8336 – 8205 levels.

Broadly, the monthly trends remains upside, however once Nifty trades and close above 8714 the upside momentum is likely to intensify. In such scenario Nifty may test 8800 - 9000 levels. We maintain our stance that stock specific activity is likely to continue.



The West Coast Paper Mills Ltd

TECHNICAL PICK

West Coast Paper Mills Ltd

Buy

CMP: ₹95 (As on 02nd Aug, 2016)

Buy: ₹95-88

Target Price: ₹104-122-124

Stop-Loss: ₹83



West Coast Paper Mills Limited is engaged in manufacturing paper, paper boards, and duplex boards in India. The company operates through two segments, Paper/Paperboard and Telecommunication Cables. Its product portfolio includes writing, printing, business stationery, specialty, industrial and packaging paper products. The company also provides MICR cheque, parchment, azure laid, and alkali-resistant papers, as well as a range of colored papers and boards; and single and double coated boards that are used in pharmaceutical, apparel, match box, cigarette, liquid packaging, food packaging, and various other packaging applications. In addition, it is involved in the production and sale of optical fiber cables; and generation of wind power with a capacity of 1.75 MW wind mill located in Tamilnadu, India. The company exports its products to Malaysia, Egypt, Middle East, Kenya, Indonesia, Fiji, Mauritius and Greece, amongst others.

Technical Outlook:

On the weekly chart, we are observing that on 16th July 2016 the prices made a high of 95.45 and almost gave a rounding bottom breakout with high 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 95 or on a decline up to Rs 88 with a stop loss of Rs 83 for a target of Rs 104-112-124 levels.



FUNDAMENTAL STOCK

Company Overview

Shemaroo Entertainment was originally incorporated as a private limited company under the Companies Act, 1956 on December 23, 2005 with the name Shemaroo Holdings Private Limited. On May 28, 2008, the name of the company was changed to Shemaroo Entertainment Private Limited. Established as a book circulating library, today the company is at the forefront of the dynamic and growing Indian entertainment industry established as an integrated media content house with activities across content acquisition, value addition to content and content distribution. Together with film the brand "Shemaroo" is synonymous with quality entertainment.

Investment Rationale

- Shemaroo has grown multi-fold over the years by developing excellent relationships with producers and also the broadcasting networks, thereby becoming the largest organized player in a historically fragmented industry.
- Growing technology has remained a catalyst igniting several new innovations which opened excess revenue generation opportunities. Being equipped with a robust content library and wide distribution presence the company is well positioned to tap these opportunities and improve profitability.
- The current content library that company owns stands at around 3,000 plus titles giving them a competitive advantage as the number of participants in the industry are few and Shemaroo holding a major market share enjoys the dominant position.
- Rising share of robustly growing digital media to augment profitability for the company going ahead.

Valuations

At CMP of Rs 325 company trades at a P/E multiple of 10.8 (x) its FY18 estimates. We have valued the stock at its FY18E forward P/E of 13(x) and arrived at a fair value of Rs 392 per share. We initiate coverage with "BUY" rating on the company.

Shemaroo Entertainment Ltd.

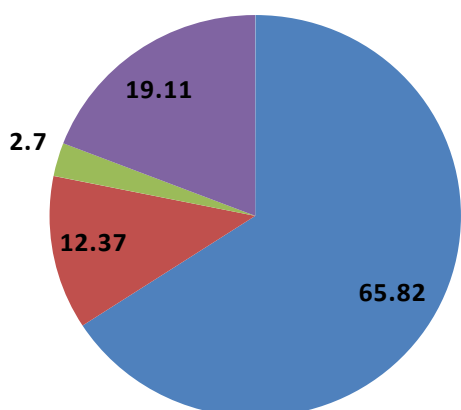
BUY

Target Price Rs 392

Value Parameters

BSE Code	532528
NSE Symbol	SHEMAROO
CMP (As on 01 st Aug, 2016)	Rs 325
Face Value	Rs 10
52 Week High/Low	375/202
Market Cap (Rs cr)	882
EPS (Rs) (FY16)	20.4
PE ratio (x)	14.5

Shareholding Pattern % (Jun' 16)



■ Promoter ■ FII ■ DII ■ Others



July Sales

AUTO SECTOR



Maruti Suzuki

Total Sales: 98,840 units, 12.7% yoy up
 PV Sales: 93,634 units, 2.2% yoy up
 Domestic Sales: 125,778 units, 13.9% yoy up
 Exports: 11,338 units; 0.3% yoy up



TVS Motor

Total Sales: 248,002 units, 14% yoy up
 2Wheeler Sales: 240,042 units, 15.4% yoy up
 3Wheeler Sales: 7,960 units, 22.5% yoy down
 Exports: 40,192 units, 5.8% yoy down



Mahindra & Mahindra

Total Sales: 39,458 units, 14% yoy up
 PV Sales: 17,356 units, 20% yoy up
 CV Sales: 13,168 units, 8% yoy up
 Exports: 4,153 units, 16% yoy up



Atul Auto

Total Sales: 3,180 units, 14.4% yoy down



Tata Motors

Total Sales: 43,160 units, 7% yoy up
 PV Sales: 12,209 units, 43% yoy up
 CV Sales: 24,242 units, 2% yoy down
 M&HCV Sales: 10,698 units, 9% yoy down
 LCV Sales: 13,544 units, 5% yoy up
 Exports: 5,371 units; 6% yoy up



Escorts

Total Sales: 4,035 units, 17.6% yoy up
 Domestic Sales: 3,953 units, 17.6% yoy up
 Exports: 82 units, 20.6% yoy up



Bajaj Auto

Total Sales: 329,833 units, 0.1% yoy down
 CV Sales: 44,306 units, 7.3% yoy down
 Motorcycle Sales: 285,527 units, 1.1% yoy up
 Exports: 131,811 units, 20% yoy down



Ashok Leyland

Total Sales: 10,492 units, 5% yoy down
 M&HCV Sales: 8,182 units, 7% yoy down
 LCV Sales: 2,310 units, 4% yoy up



Hero MotoCorp

Total Sales: 532,113 units, 9.13% yoy up



Volvo-Eicher Commercial Vehicles

Total Sales: 4,374 units, 18.3% yoy up

Eicher Branded Trucks & Buses

Total Sales: 4,315 units, 18.2% yoy up
 Domestic Sales: 3,664 units, 20.1% yoy up
 Exports: 651 units, 8.1% yoy up



COMMODITY OUTLOOK

Natural Gas: Riding High On Impulsion

CMP: ₹ 188 (As on 03rd Aug, 2016)

Buy: ₹ 188-180

Target Price: ₹ 225-243

Stop-Loss: < ₹ 173

On analyzing the trend in Natural Gas in last two years, it can be clearly seen that the performance of the highly volatile commodity in 2016 has been on the positive note so far. In the last five months, the price movement has been 'base building' after a disastrous fall in 2015 which continued till February this year and pushed prices to multi year low of \$1.6 per mmbtu on NYMEX.

Currently, prices are trading at \$2.8 per mmbtu on NYMEX and are aiming to cross psychological resistance of \$3.0. At MCX, natural gas is trading around Rs 188 per mmbtu after tumbling to Rs 109 per mmbtu early this year. Taking a clue from developments on technical chart, it seems that prices are now well set to take a big leap from here and move into another impulsive bullish territory. The price structure as per Elliott wave theory is



although impulsive but the development is still in the first stage of 4th wave. It is to be seen from here that how prices are going to finish the 4th wave correction and break into the highly impulsive 5th wave. There are two possibilities from here. One, if prices successfully breach September contract high of Rs 205 at MCX or \$3.0 at NYMEX, the recent dip will be assumed as 4th wave bottom that ended in an almost zigzag correction. Two, if prices fail to cross the above mentioned levels; we may see the 4th wave ending in a structured pattern. However, the first possibility has strong chances to take shape. Thus, we may see a quick, strong breakout anytime soon.

We recommend buying in Natural Gas September contract at CMP Rs 188 and on dips till Rs 180 for targets in the range of Rs 225-243. Maintain stop loss below Rs 173.



MUTUAL FUND COMMENTARY

MUTUAL FUND ROUNDUP

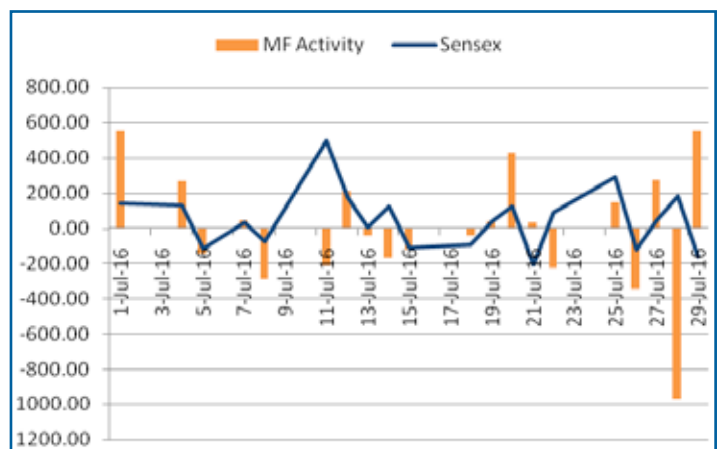
Indian equity markets registered positive returns in July 2016. The barometer index, S&P BSE Sensex delivered positive return of 3.90% to settle at 28051.86 and Nifty 50 gained 4.23% ending the month at 8638.50.

MF ACTIVITY

Indian mutual funds turned net sellers of equities to the tune of Rs 33.80 crore for the month of July 2016. Highest selling was recorded in the fifth week of the month when the fund houses made total net sell of Rs 347.00 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 12,611.82 crore worth of equities in July 2016.

MUTUAL FUND ACTIVITY IN JUL 2016

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 st Week	1499.50	945.60	553.90
2 nd Week	3287.70	3411.00	-123.30
3 rd Week	6011.10	6350.10	-339.10
4 th Week	6036.60	5814.80	221.70
5 th Week	7291.50	7638.40	-347.00
Total	24126.40	24159.90	-33.80



EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)				Min. Investment Amount	
			One Year	Three Years	Five Years	Since Inception	SIP	Lumpsum
Large Cap Fund								
Birla Sun Life Frontline Equity Fund	178.67	30-Aug-02	7.88	22.83	15.56	23.01	1,000	5,000
Franklin India Bluechip	385.71	01-Dec-93	6.67	20.06	12.63	21.13	500	5,000
ICICI Prudential Focused Bluechip Equity Fund	31.71	23-May-08	7.07	20.69	13.89	15.13	1,000	5,000
Multi Cap Fund								
ICICI Prudential Value Discovery Fund	124.04	16-Aug-04	6.44	35.30	20.44	23.44	1,000	5,000
Franklin India High Growth Companies Fund	31.10	26-Jul-07	3.25	31.23	19.65	13.41	500	5,000
Mirae Asset India Opportunities Fund	35.96	04-Apr-08	8.03	26.58	16.92	16.62	1,000	5,000
Mid Cap Fund								
Motilal Oswal Most Focused Midcap 30 Fund	22.52	24-Feb-14	6.95	-	-	39.36	1,000	5,000
Mirae Asset Emerging Bluechip Fund	35.47	09-Jul-10	13.35	41.94	25.20	23.23	1,000	5,000
Small Cap Fund								
DSP BlackRock Micro Cap Fund	49.38	14-Jun-07	17.63	49.99	25.68	19.11	500	1,000

Note: NAV and Returns as on 29th July 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 31 st May 2016 (Rs in Cr.)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Axis Liquid Fund	1719.54	100.00%	10201.00	7.27	7.61	8.01	7.99	8.28
Birla Sun Life Cash Manager Fund	262.03	100.00%	7150.00	11.61	8.95	9.27	8.32	7.50
DSP BlackRock Liquidity Fund	2217.90	100.00%	6414.00	7.30	7.56	7.98	7.94	7.73
Tata Liquid Fund - HIP	2512.67	100.00%	4184.00	7.25	7.58	7.97	7.97	7.43
SBI Premier Liquid Fund	2459.74	100.00%	26346.00	7.20	7.53	8.03	7.98	7.84

Note: NAV and Returns as on 29th July 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	33.32	29-Dec-09	6.75	30.92	20.97	20.05
Franklin India Taxshield	456.90	10-Apr-99	5.03	25.69	16.60	24.70
DSP BlackRock Tax Saver	36.87	18-Jan-07	8.38	28.00	17.56	14.52
Birla Sun Life Tax Relief 96	23.58	06-Mar-08	6.82	28.29	16.69	10.75

Note: NAV and Returns as on 29th July 2016, Returns < 1 yr annualised, > 1 yr compounded annualised




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The Month Ahead

Key Financial Events - August 2016

Aug 1

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

Aug 3

- Indian Nikkei Services PMI
- Japanese Monetary Policy Meeting Minutes 

Aug 4

BoE Monetary Policy



Aug 5

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

Aug 8


- Chinese Trade Balance
- Japanese Current Account 

Aug 9


RBI Monetary Policy



Aug 9-12

- Indian Automobile Sales Data, by SIAM
- Indian FDI Equity Inflow
- Chinese Industrial Production 


Aug 12

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

Aug 15

- Japanese Prelim GDP
- Japanese Industrial Production 

Aug 16

- Indian WPI Inflation
- US Industrial Production 


Aug 16-18

Indian Trade Data 

Aug 17

US FOMC Meeting Minutes 

Aug 18

- Japanese Trade Balance
- European Current Account
- European Monetary Policy 

Aug 26

- UK GDP
- US Prelim GDP 

Aug 31

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





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Regional Offices

Ahmedabad: 079-40701700/40701719

Bangalore: 080-41509992-93/ 09341690342

Bhilwara: 01482-220390, 227070/09829046070

Bhopal: 0755-42274672/4223672/09302167358

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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

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