



Current Market Scenario



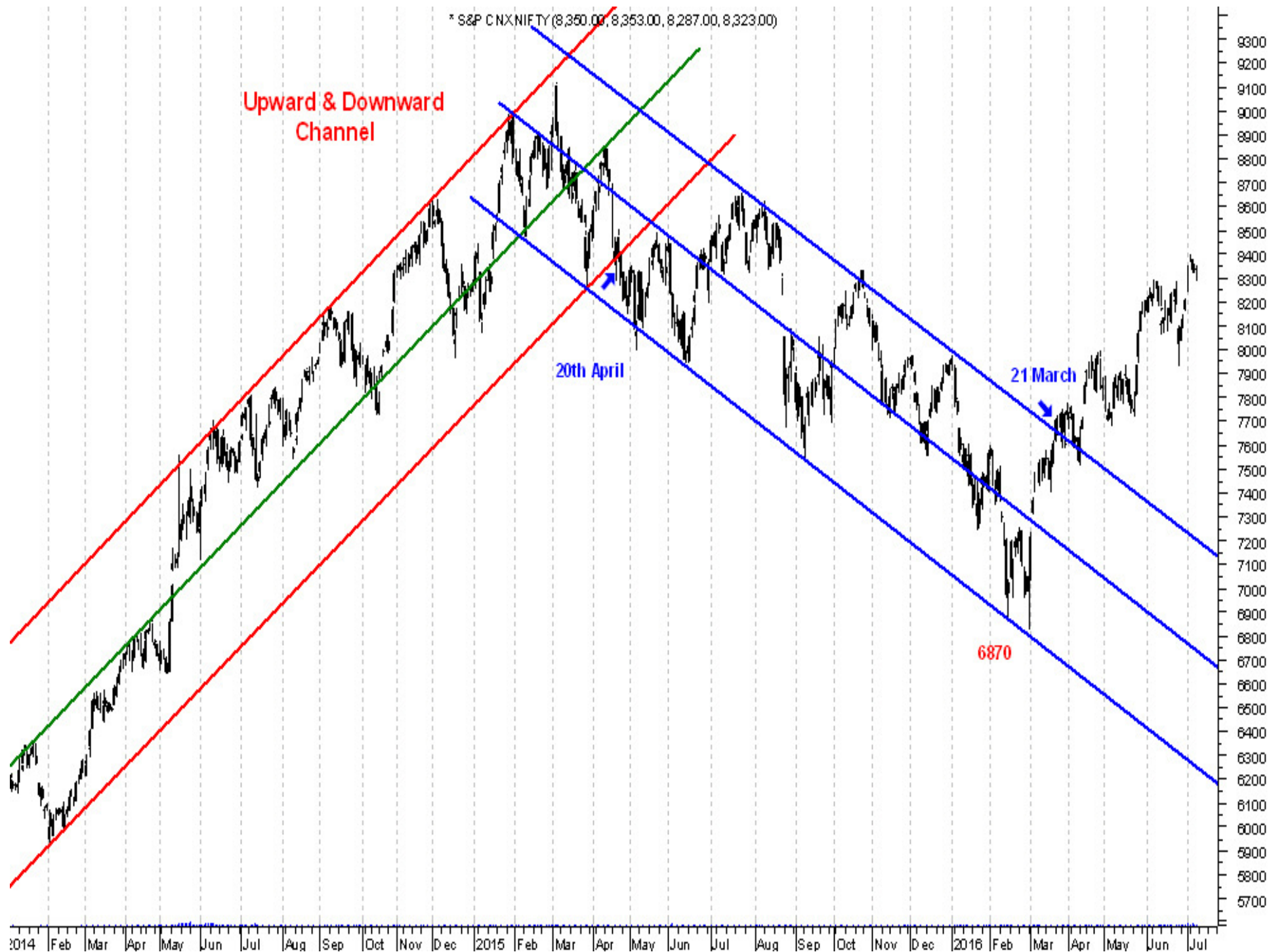
* S&P CNXNIFTY (8,350.00, 8,353.00, 8,287.00, 8,323.00)

Upward & Downward
Channel

20th April

21 March

6870



* S&P CNXNIFTY (8,350.00, 8,353.00, 8,287.00, 8,323.00)

New Upward Channel



* S&P CNX NIFTY (7,881.00, 7,881.00, 7,784.20, 7,815.00)

May Meeting

Wedge Formation

8300-8350

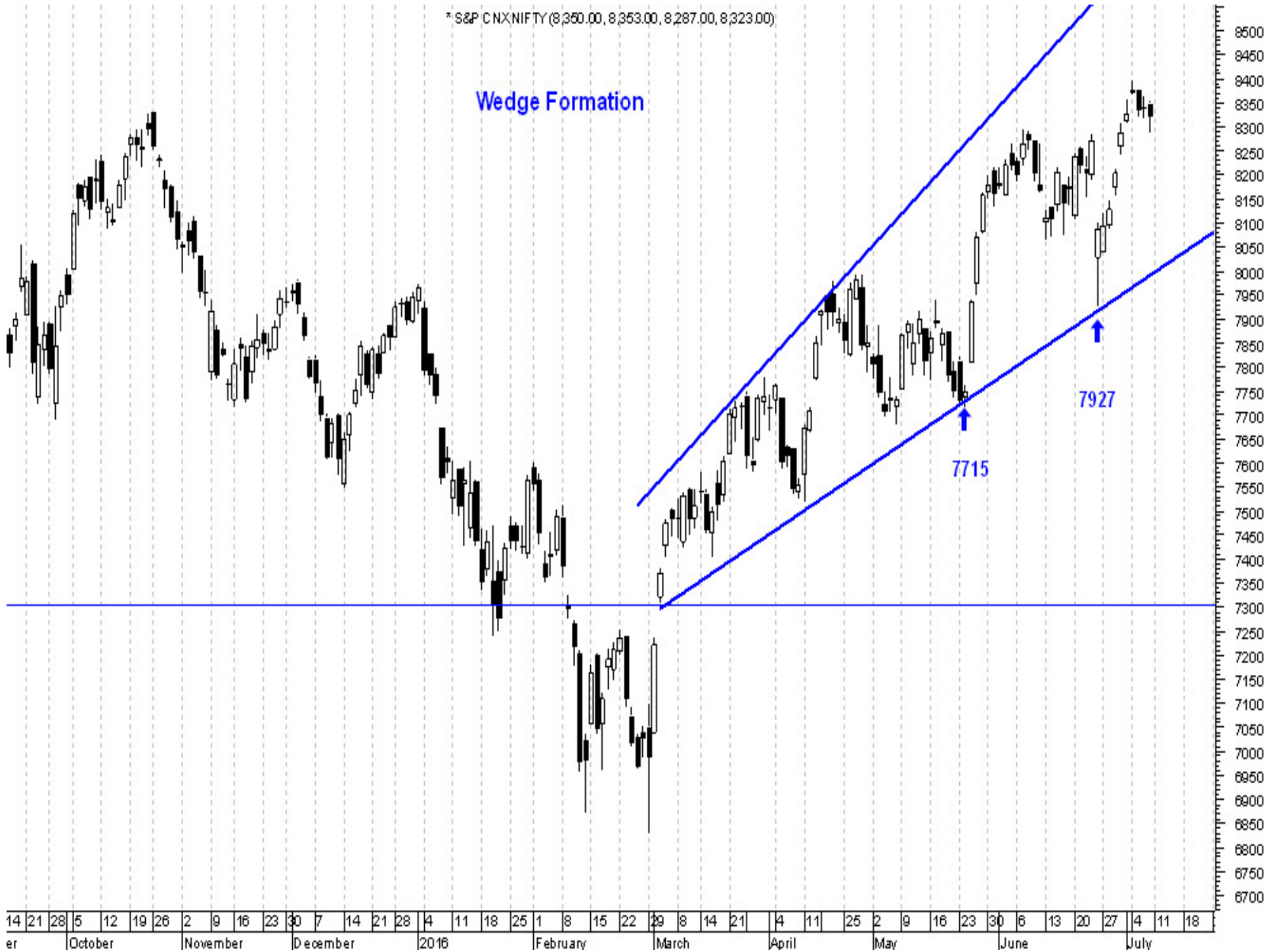
7700

7300 levels

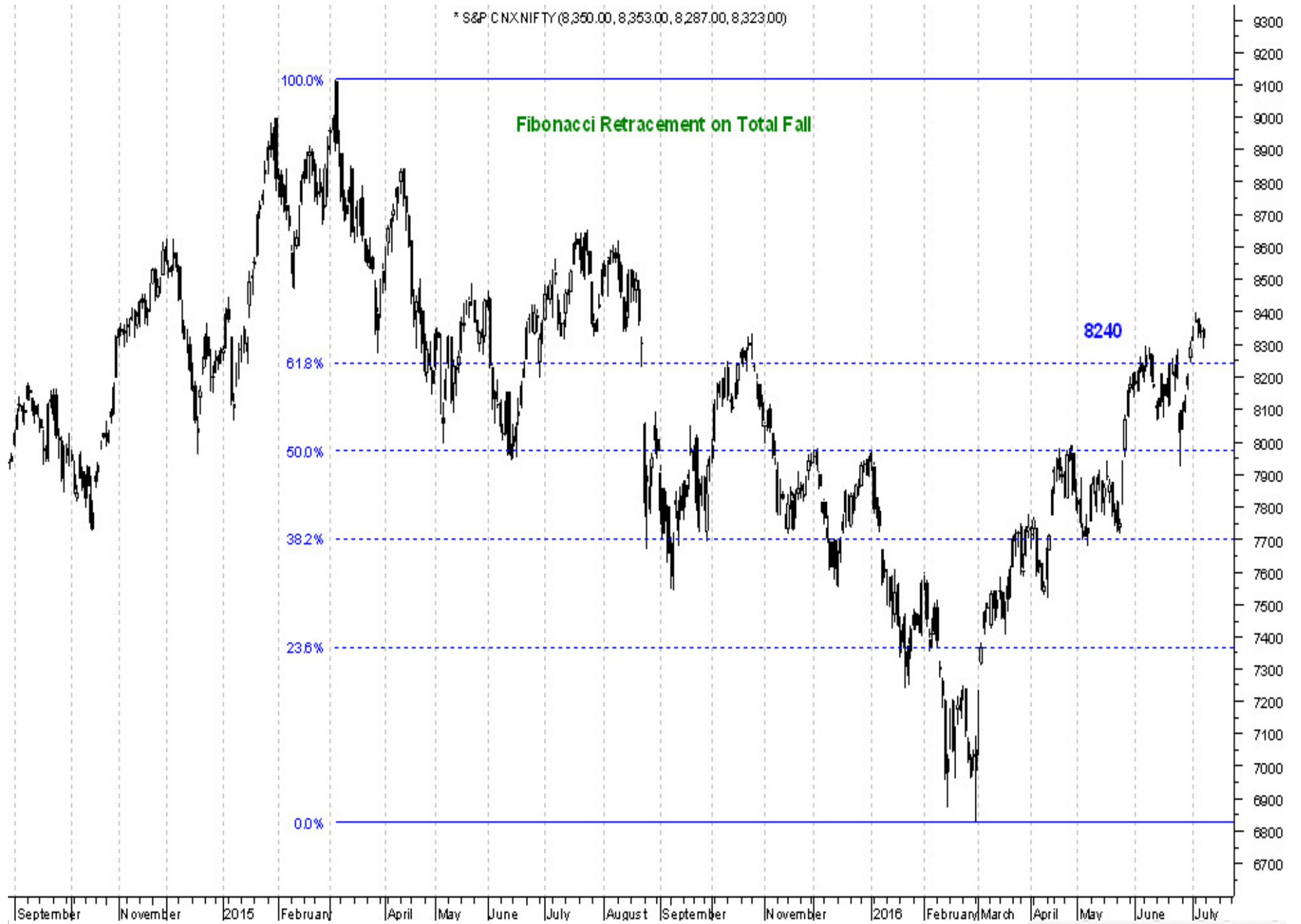


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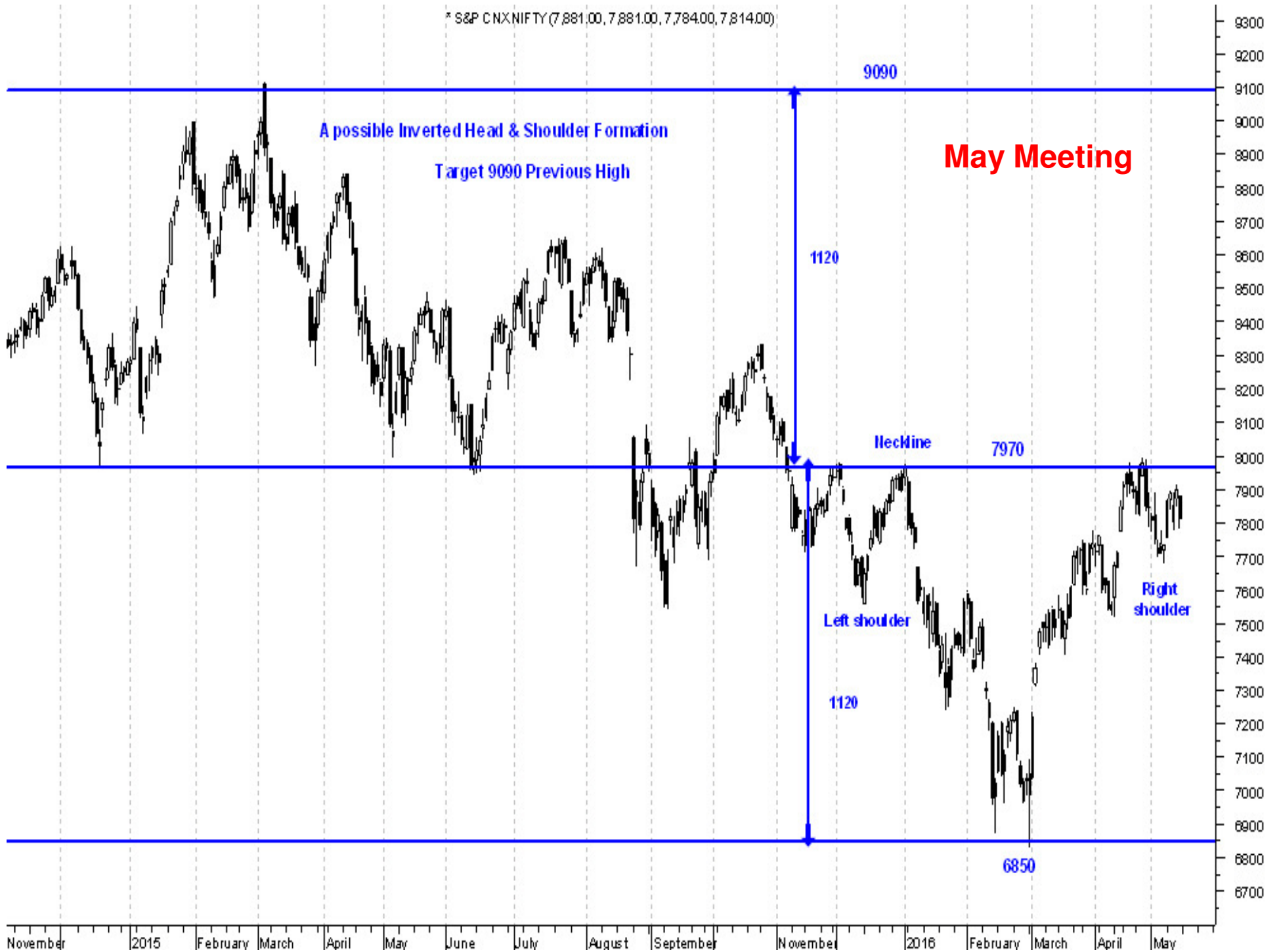
Wedge Formation



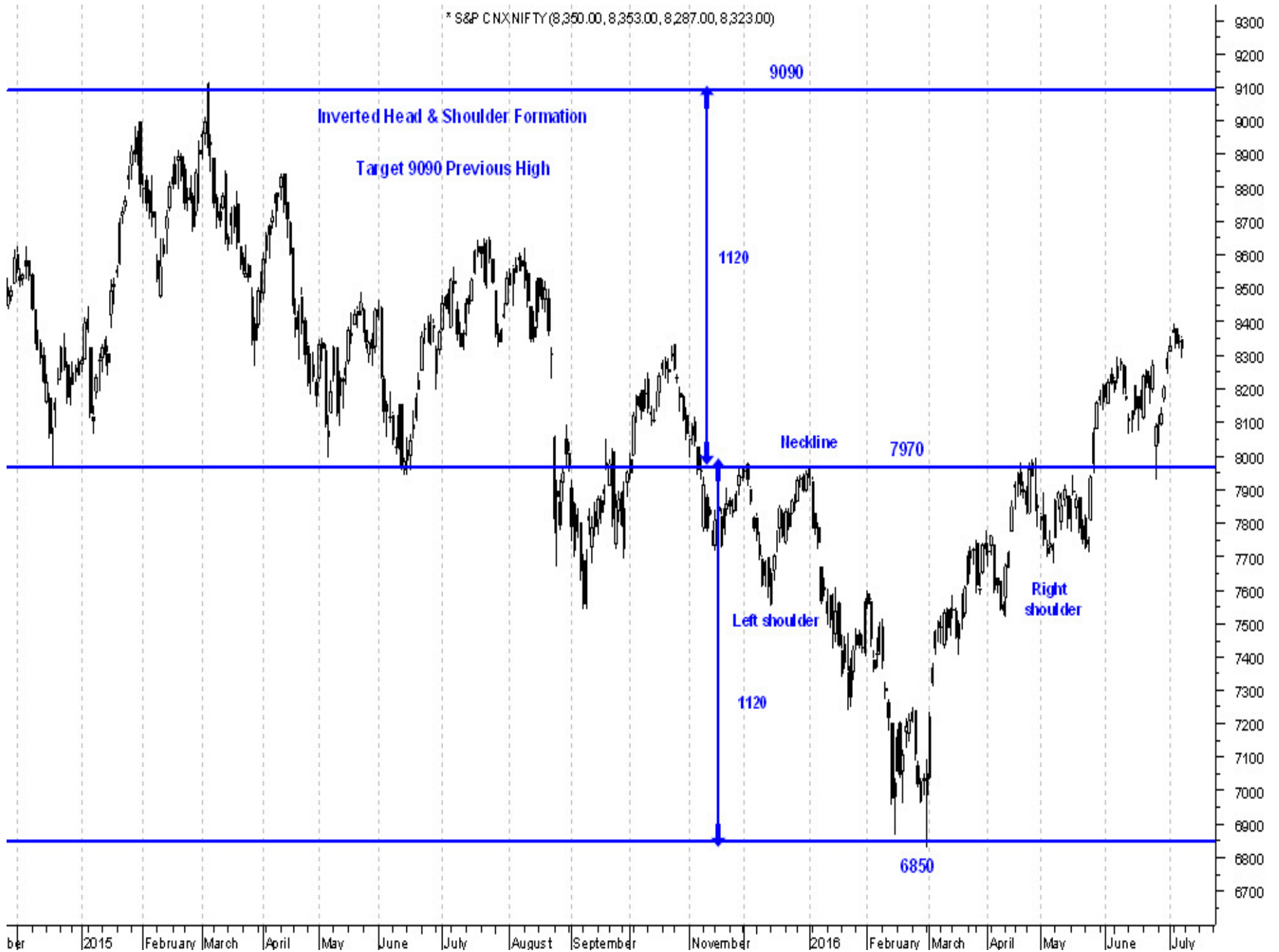
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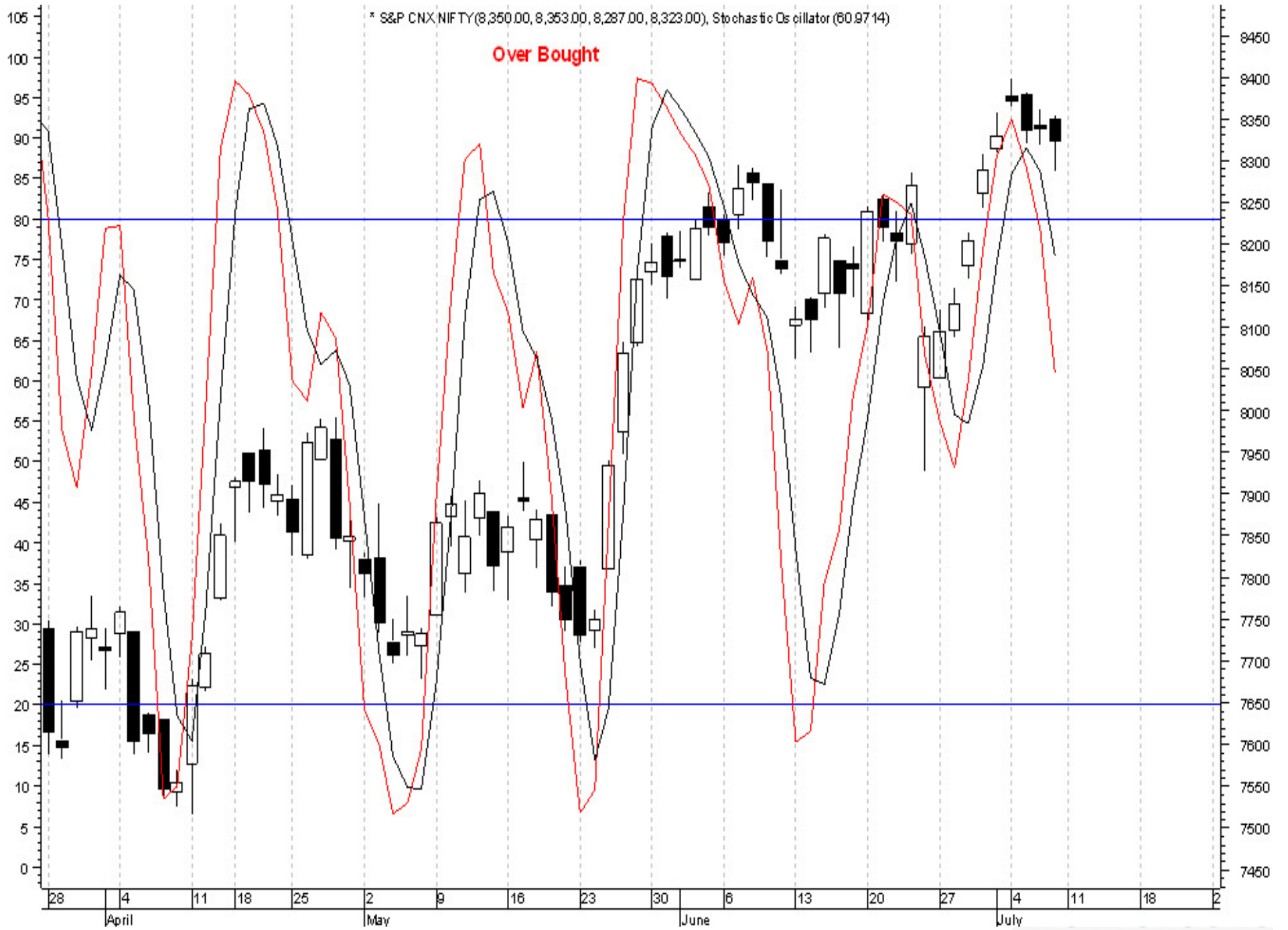


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* S&P CNXNIFTY (8,350.00, 8,353.00, 8,287.00, 8,323.00)





Stocks See Smart Rally



- Markets climbs on Negative news
- Global markets supportive
- Improving retail investors interest
- Hectic activity in mid and small cap space

INDEX WATCH

INDEX	9, July	10, June	% Change
Nifty	8,323	8,170	1.8
Sensex	27,126	26,635	1.8
CNX Midcap	14,077	13,329	5.6
BSE Small Cap	11,976	11,362	5.4

Markets Set Aside Negative Noise



- Rexit, Brexit fails to have significant impact on markets
- Global markets did not react to brexit event barring one day

Crucial Domestic Events



Events	(Likely) Outcome	Impact
Pay Commission	Announced	Positive
Monsoon	Good	Positive
GST	Uncertain	Volatility
Results	Mixed	Volatility

7th Pay Commission Implementation



- Unlikely to be a huge stimulus to economy
- Arrears of 6 months to be given compared to 30 months in 6th Pay Commission
- Impact on fiscal deficit likely to be neutral unlike last time which expanded by 500 bps

Crucial Result Season



- Market expects good Q1 results
- Possibility of some disappointment
- Stock specific activity to be seen

BREXIT – Long Way Ahead



- Close poll outcome for Britain to exit European Union in the ratio of 48.1 to 51.9
- Will take atleast 2 years of negotiations between EU and Britain
- Since poll outcome was narrow, there is a possibility of another referendum or prolonged talks

Monsoon Crucial for Markets



- Monsoon picking up well and overall rainfall is 1% above normal
- Rainfall to improve substantially in August and September as per IMD forecast

Category	No. of Sub Divisions
Excess	11
Normal	21
Deficient	4
Scanty	0

Monsoon Session from July 18



- Monsoon session scheduled from July 18 to Aug 12
- Govt. intends to pass GST Bill in Monsoon Session

Active Mid and Small Cap Space



- Sharp upside seen in mid and small cap stocks
- Many stocks has turned into multi baggers in last 6 months
- Mid and Small caps are high beta stocks, when correction happens generally it will be sharp

High Flying IPO Market



- IPO's are seeing huge subscription with participation across all segments
- Recently listed companies has given good returns
- L&T Infotech is attractively priced and to see huge oversubscription

Strong Run

Year	No. Of Issues	Issue Amount (₹ Crore)	
2006	73	19,852.46	
2007	100	34,179.11	
2008	37	16,904.42	
2009	20	19,544.00	
2010	64	37,534.65	
2011	37	5,966.28	
2012	11	6,835.28	
2013	3	1,283.79	
2014	5	1,200.94	
2015	21	13,614.08	
2016*	12	8,182.57	

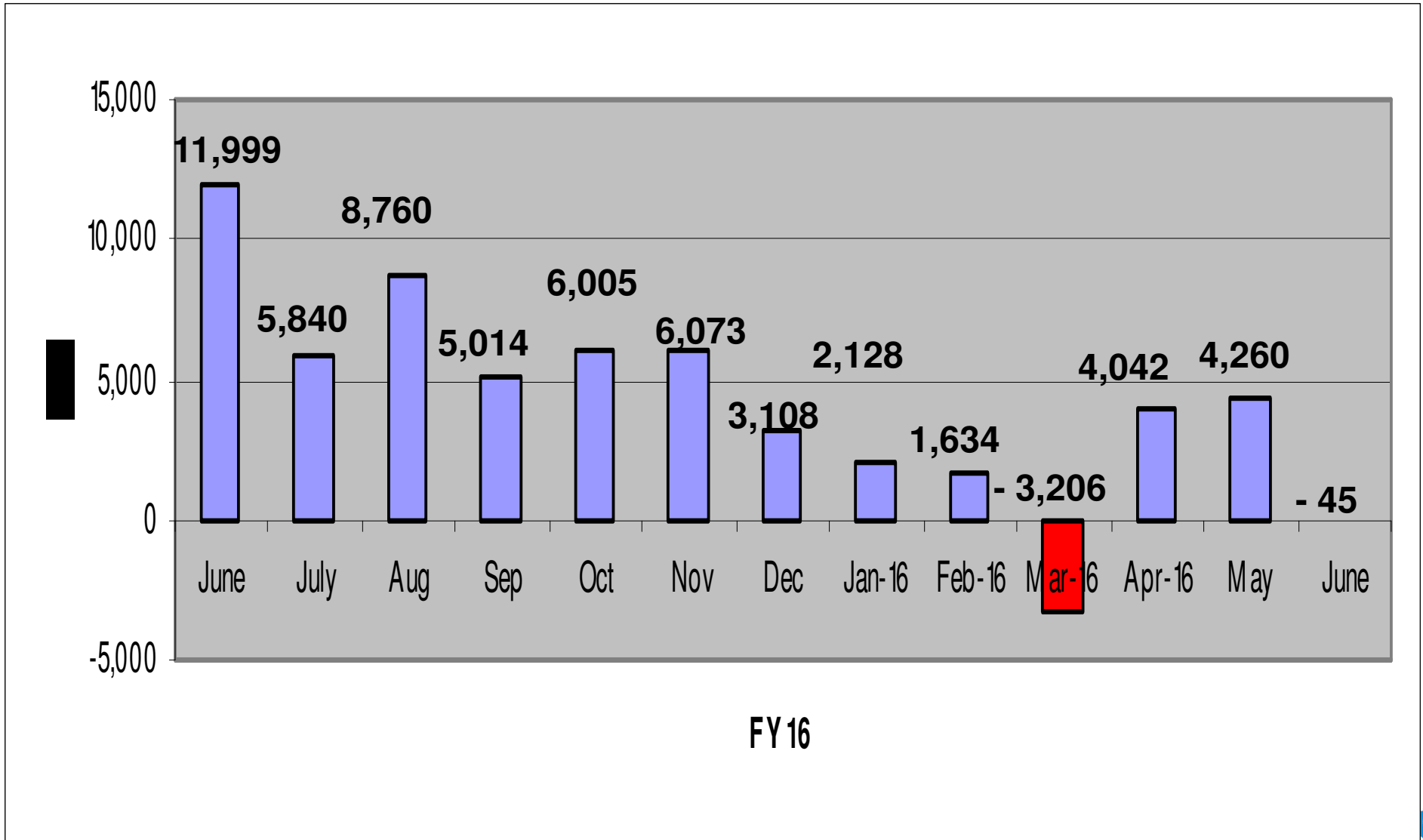
*Till Jun 2016 Source: Prime Database

More than ₹8,000 cr have been raised via IPO in the six months to June

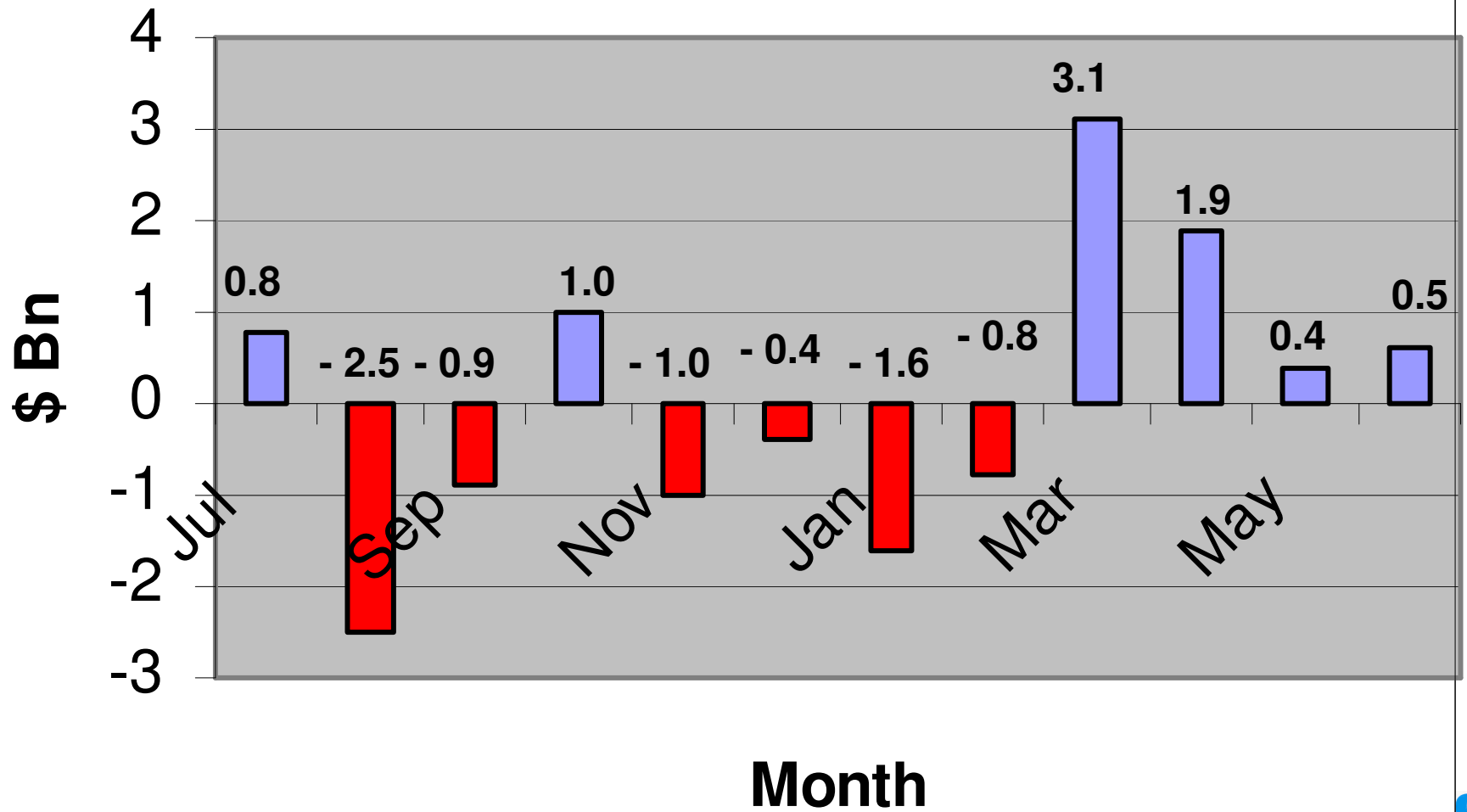
About a dozen cos are planning to raise more than ₹6,000 cr through listing in the next few months



Equity Mutual Fund Flows



FII Flows



MNC's Companies Over Valued ?



Desi premium

Stock price-to-earnings ratio (times)*

Foreign



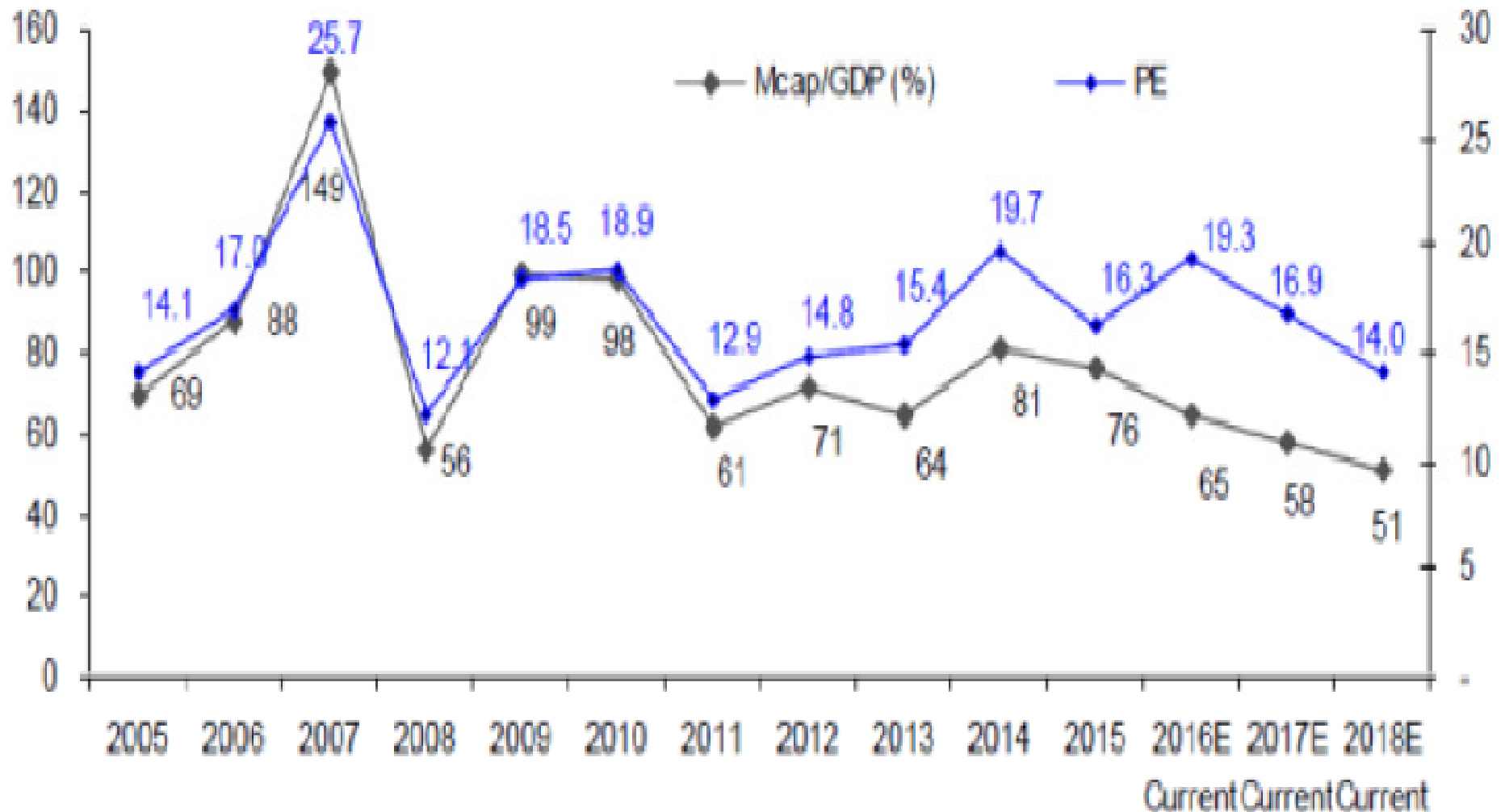
Indian

BMW	6.8	Maruti Suzuki	26.8
Kellogg Company	23.2	Britannia Industries	41.7
United Parcel Services	19.0	Blue Dart Express	73.3
Eli Lilly	27.6	Sun Pharma	39.0
British American Tobacco	21.1	ITC	30.7
Unilever	24.9	HUL	47.6
Nestle	26.2	Nestle India	111.4
3M	22.6	3M India	74.5

*based on trailing-twelve month earnings

Source: Bloomberg

Reasonable Valuation



Source: World Bank, Bloomberg, Kotak Institutional Equities, updated till 31st March, 2016

Increasing Retail Interest



- Rally in PSU Banks, Reliance Group shares , Good IPO market will ignite strong retail interest
- Already signs of improving retail investors interest



Events to Watch

- Progress of Monsoon
- Q1 Results
- Monsoon session of parliament starts on July 18



Sugar Sector

Introduction

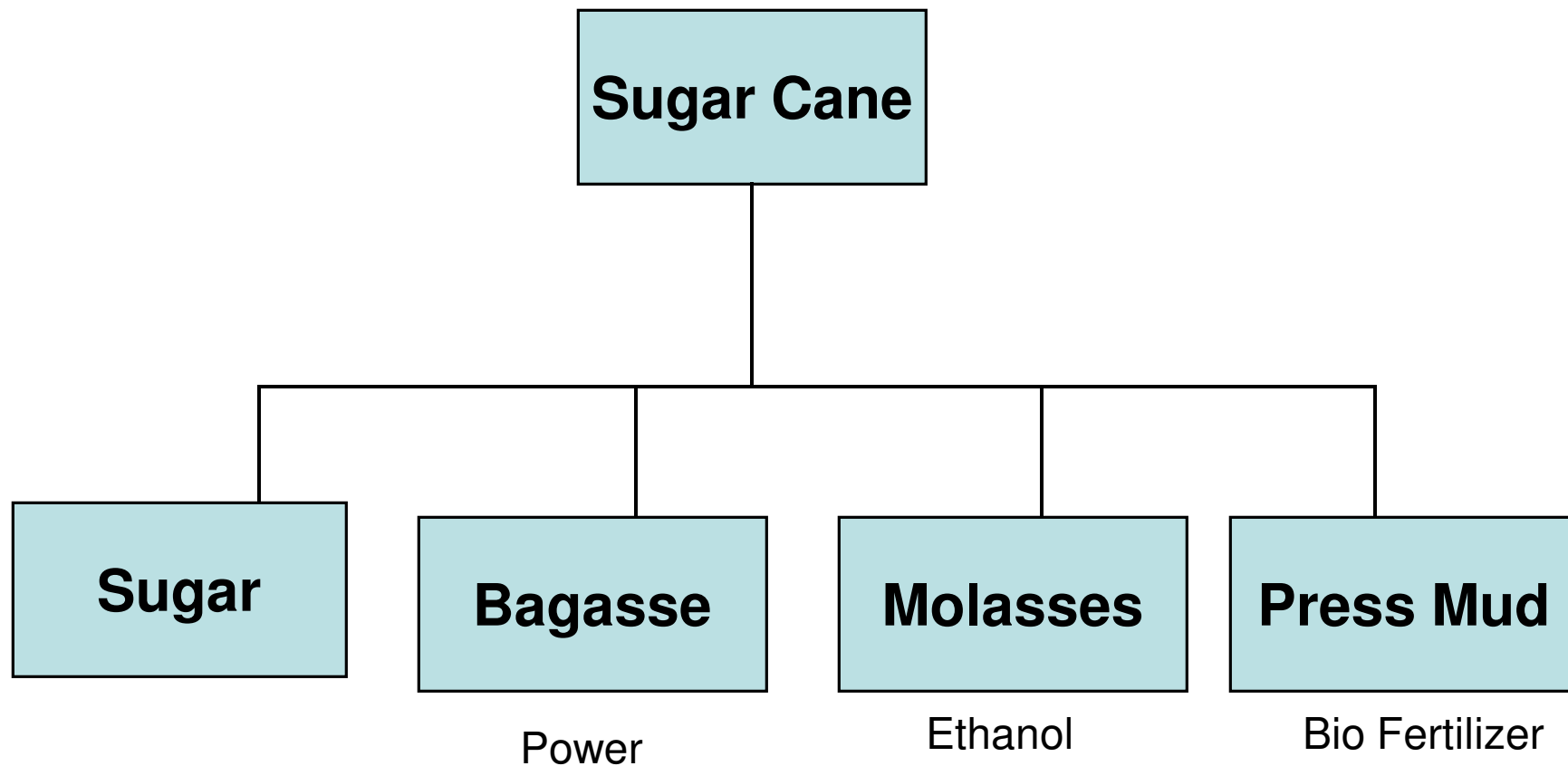


- Indian Sugar Industry is the second largest in the world
- Second largest agro industry in India after cotton
- 5 Cr. farmers depend on the industry
- Provides employment to 5 lakh skilled and unskilled people in sugar mills
- Organised (Sugar factories) and Unorganised (gur and khandsari)

Global Sugar Industry



- Top producers - Brazil, India, EU , China , Thailand
- Top Consumers – India, EU, China, Brazil, US
- 80% of sugar is produced from Sugar Cane and 20% from sugar beet



Indian Sugar Industry

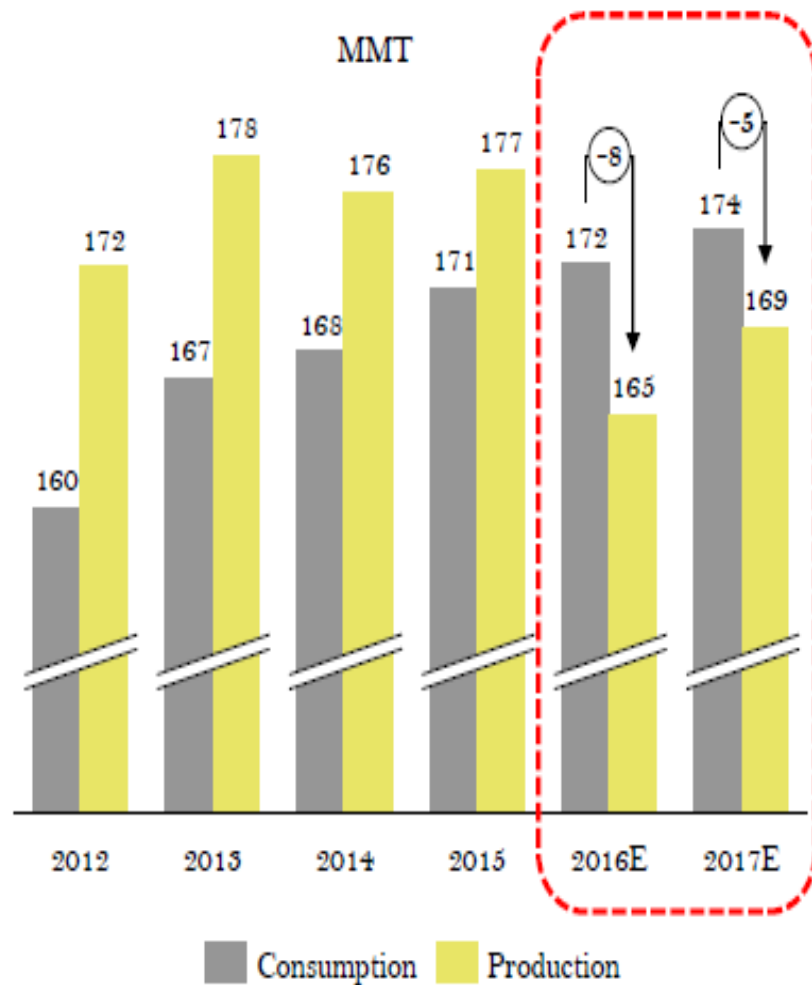


- It is highly cyclical industry
- Sugar companies operate for 160 to 180 days
- Regionwise sugar companies have their own dynamics depending upon cane price in their state, rainfall
- Depends upon global sugar prices, availability of cane (weather), govt. policy
- When sugar prices fall due to excess supply, mills keep higher cane arrears to farmers which force them for less planting

Global Scenario : Production Downgrades & Prices Firming Up



Production expected to fall short of Demand First Time in Five Years



Production Downgrades & Firm Demand leading to rebound in Sugar Prices for first time in several Years



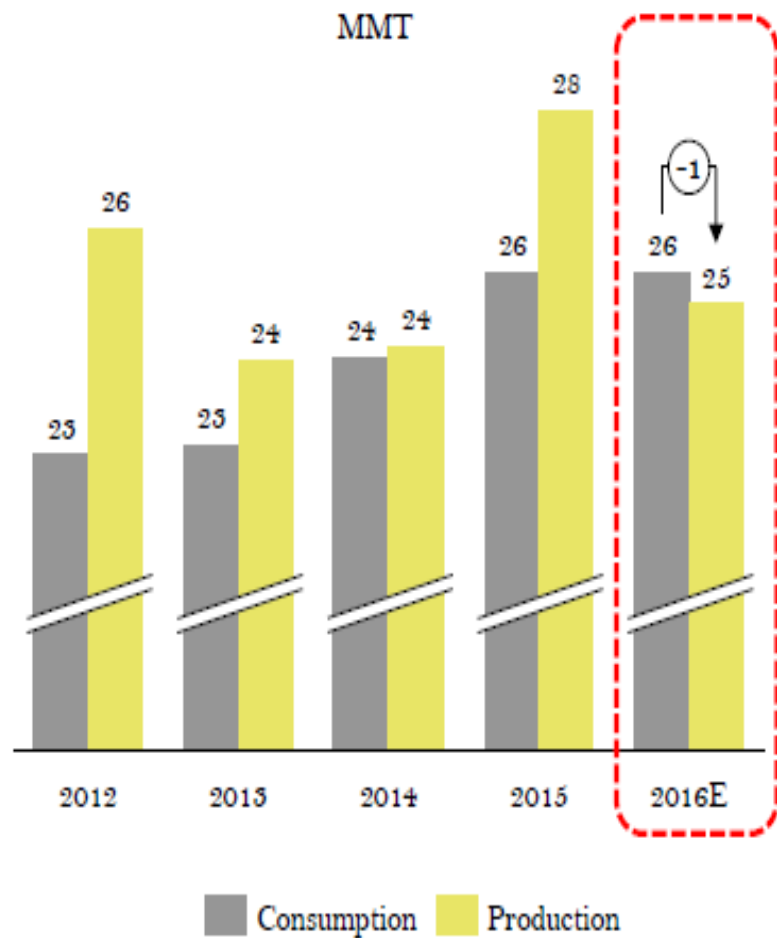
Source - USDA

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Domestic Scenario : Government Initiatives supporting Prices

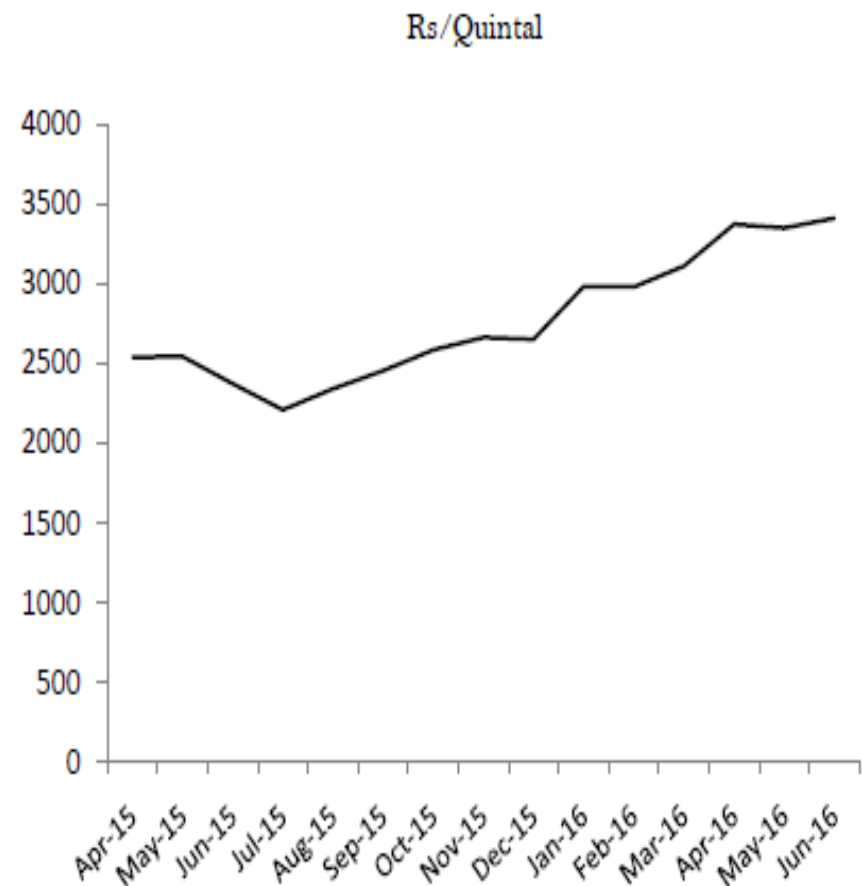


Adverse Climatic conditions is impacting availability of Cane and has led to downgrades in Production



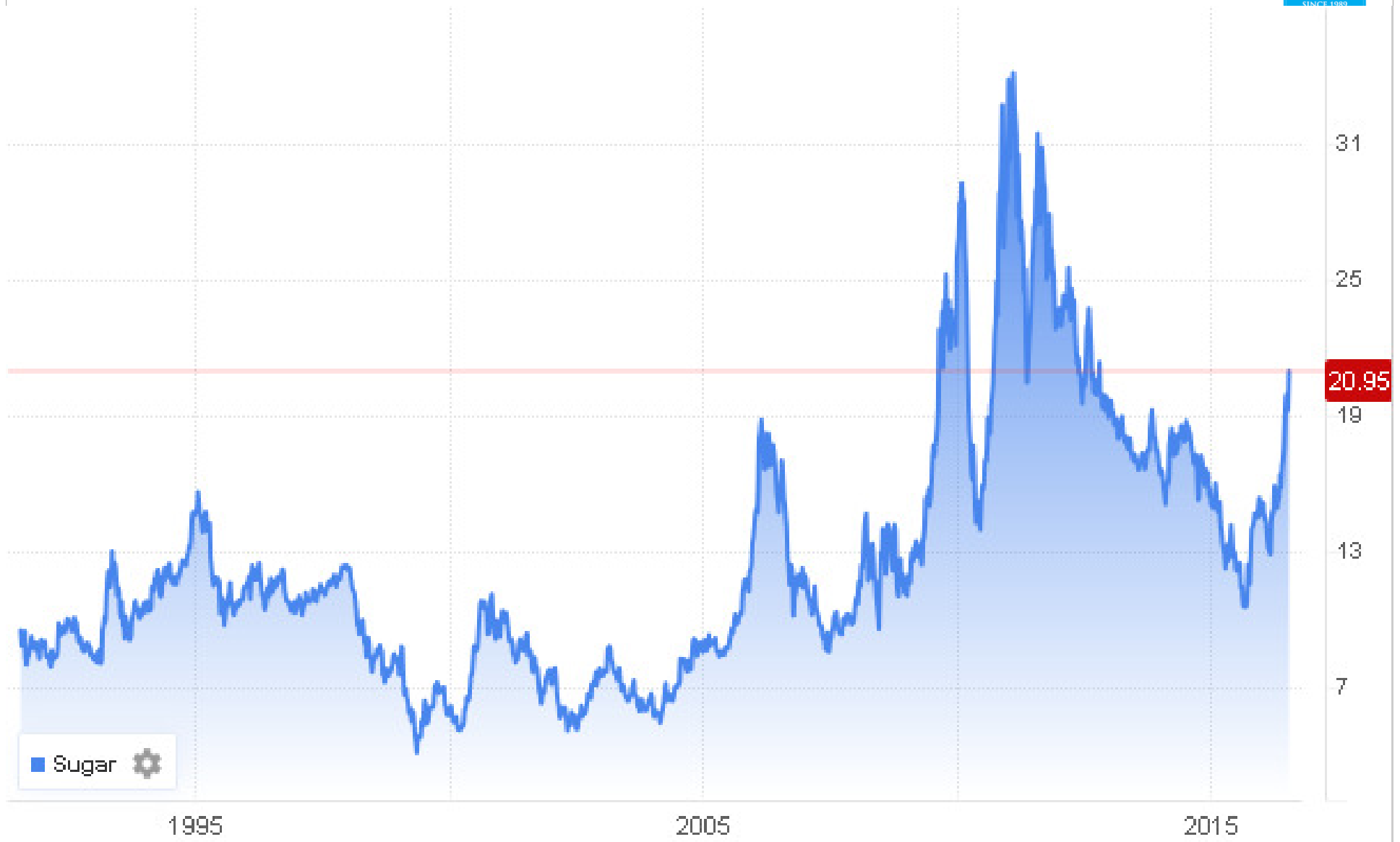
Source – ISMA

Prices revived by announcement of Compulsory Export, Higher International Prices and Lower Production estimate



Source – Industry Estimates

Global Sugar Prices Since 1990



BALRAMPUR

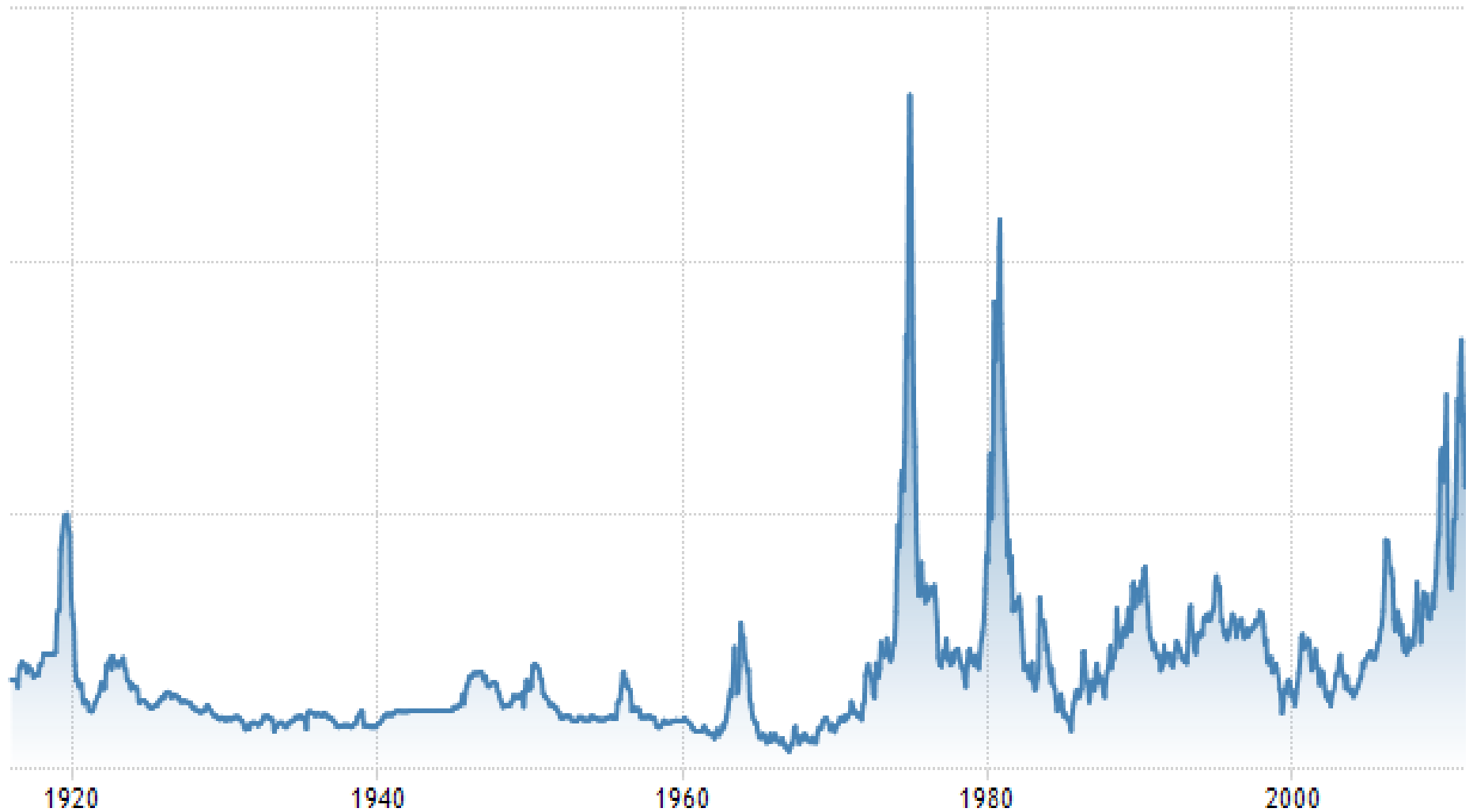
BALRAMPUR CHINI (110.950, 115.700, 106.300, 113.750)



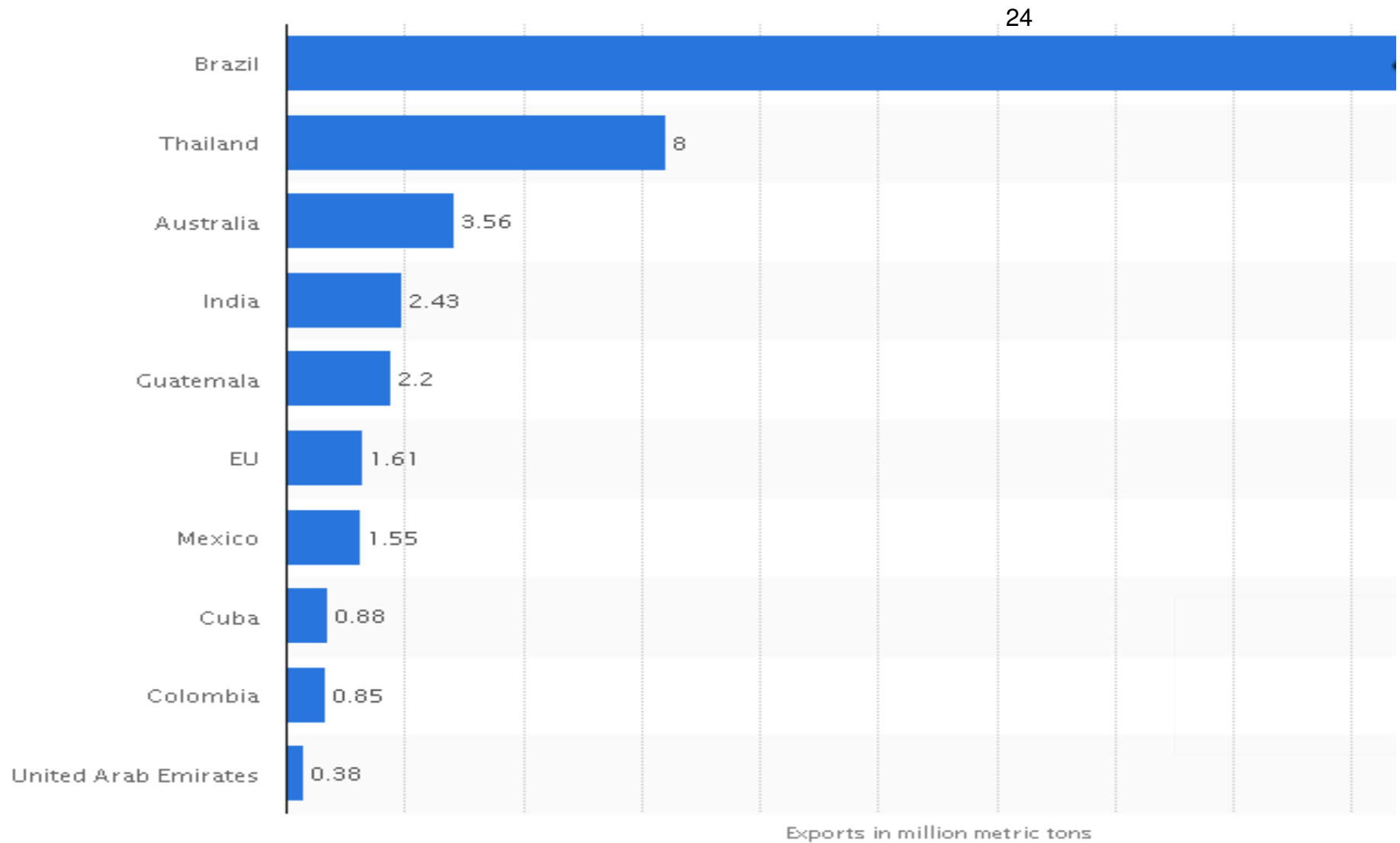
Global Sugar Prices - Long Term



SUGAR



Top 10 Sugar Exporting Countries



Brazil Accounts for 45% of Total World Sugar Exports

Worst Crisis - 2015



- Indian sugar industry faced worst crisis in 2014-15 due to very low sugar prices
- Cane arrears to farmers increased to record levels of 19,400 Cr. in FY15
- Govt. took lot of steps in 2015 to bail out sugar industries

2016 - A Turnaround Year



- Price increase in sugar coupled with Govt. bailout steps helped sugar companies to come out of worst ever crisis
- Reflecting turnaround sugar shares prices bounced back smartly

Will Sugar Rally Sustain ?



- High International sugar prices is key for sugar companies to do well
- International Production fell below demand for first time in five years. Another year of deficit needed to see bumper international prices
- Sugar is a highly traded commodity in international commodity exchanges which is always subjected to speculative moves



Thank You