

Arihant's

# VALUE *Plus*

Issue |

May 2018



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# MOVERS & SHAKERS















## INDIAN INDICES

Indices	Apr-18	Mar-18	Monthly Change (%)
SENSEX	35160.36	32968.68	6.65 ↑
NIFTY 50	10739.35	10113.70	6.19 ↑
NIFTY BANK	25531.60	24263.35	5.23 ↑
NIFTY MIDCAP 100	20290.30	18757.00	8.17 ↑
NIFTY 500	9496.50	8912.10	6.56 ↑
NIFTY IT	13986.25	12511.55	11.79 ↑
NIFTY REALTY	322.25	294.05	9.59 ↑
NIFTY INFRA	3503.35	3328.70	5.25 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Apr-18	Mar-18	Monthly Change (%)
AUTO 	25833.75	24057.25	7.38 ↑
BANKEX 	28651.87	27197.88	5.35 ↑
CD 	22379.90	22261.90	0.53 ↑
CG 	19543.29	18476.73	5.77 ↑
FMCG 	11305.73	10290.14	9.87 ↑
HC 	14153.59	13157.62	7.57 ↑
IT 	13567.69	12100.55	12.12 ↑
METAL 	14276.91	13322.03	7.17 ↑
OIL&GAS 	14429.52	14614.42	-1.27 ↓
PSU 	7858.02	7861.11	-0.04 ↓
REALTY 	2430.23	2229.92	8.98 ↑
TECK 	7097.37	6513.28	8.97 ↑

(Source: BSE)

## GLOBAL INDICES

Indices	Apr-18	Mar-18	Monthly Change (%)
DOW JONES	24166.38	24103.11	0.26 ↑
NASDAQ	7066.27	7063.45	0.04 ↑
HANG SENG	30808.45	30093.38	2.38 ↑
FTSE	7509.30	7056.61	6.42 ↑
NIKKEI	22467.87	21454.30	4.72 ↑

(Source: Telequote software)

## COMMODITIES

Particulars	Apr-18	Mar-18	Monthly Change (%)
MCX GOLD 	31036.00	30408.00	2.07 ↑
MCX SILVER 	38642.00	38322.00	0.84 ↑
MCX CRUDE OIL 	4583.00	4234.00	8.24 ↑
MCX NATURAL GAS 	183.80	169.80	8.24 ↑

(Source: Telequote software)

## FOREX

Particular	Apr-18	Mar-18	Monthly Change (%)
USD-INR ₹	66.36	65.10	1.94 ↑
EUR-INR €	80.12	80.22	-0.12 ↓
GBP-INR £	91.33	91.18	0.16 ↑
JPY-INR ¥	60.73	61.26	-0.87 ↓

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Apr 2018	1,01,183.25	1,06,735.46	-5,552.21
Total for 2018*	4,61,295.00	4,52,834.90	8,460.60

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Apr 2018	52,979.04	42,901.41	10,077.63
Total for 2018*	2,44,634.97	2,02,614.23	42,020.74

\*From Jan-26 Apr 2018

(Source: SEBI)



## Monthly Market Roundup

After a disappointing March, Indian equity markets started April month on a positive note. However, lingering fears of a trade war, as well as military action by the US on Syria, were seen as a major contributor to weakness on global equity markets. The concerns, however, appeared to fade after US President Donald Trump tweeted that a military strike on Syria may not be imminent. Benchmark indices logged strong gains as concerns over trade tensions between US and China ebbed. Market sentiments also got a boost from the news that RBI lowered inflation forecast for year ending 31 March 2019 amid higher growth projection. The India Meteorological Department (IMD) predicted a normal monsoon and continuous buying by domestic institutional investors also encouraged markets for upside rally.

The month finally ended with upward bias as S&P BSE Sensex delivered positive returns of 6.65% to settle at 35160.36 and Nifty50 gained 6.19% ending the month at 10739.35.

On the institutional side, foreign institutional investors (FIIs) sold Rs 5,552.21 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 10,077.63 crore in April 2018.

## Market Outlook : May

Going ahead, Indian equity markets are expected to face major hurdles and will remain volatile till Lok Sabha elections. Widening fiscal and current account deficits, bank's NPA issues, strengthening dollar, higher crude oil prices and political uncertainties ahead of elections are key risks for markets. The Karnataka assembly election outcome on May 15 will be seen as a pointer to the general elections. Further, Q4FY18 corporate earnings, macroeconomic data, trends in global markets, US FOMC meeting, BOE monetary policy, FIIs and DIIs trend, bond

yield, rupee-dollar movement and crude oil prices are the major factors which will be monitored keenly. We suggest investors to invest in fundamentally strong companies with long term view.

## Nifty Technical Outlook: May



The current price action on the monthly chart has taken support at the upward sloping trendline shown above in the graph and formed a bull candle. This suggests that monthly bias has turned positive.

In current month Nifty has resistance at 11053 – 11242 – 11462 levels whereas on the downside, 10425 – 10237 – 10016 levels. In coming month if Nifty trades above 10864 then it is likely to test 11053 – 11242 – 11462 levels. However, if Nifty trades below 10614 then it is likely to test 10425 – 10237 – 10016 levels.

**Broadly, for current month 10237 remains crucial support as long as Nifty holds the above mentioned level there is high probability that Nifty may test 11053 – 11242 – 11462 in couple of months.**

## Economic Data Wrap Up – April

- India's Mar Nikkei manufacturing PMI fell to 51 from 52.1 in Feb.
- India's Mar Nikkei services PMI rose to 50.3 from 47.8 in Feb
- India's Feb IIP growth fell to 7.1% from 7.4% in Jan.
- India's Mar CPI inflation fell to 4.28% from 4.44% in Feb.
- India's Mar WPI inflation fell to 2.47% from 2.48% in Feb.
- India's Mar trade deficit rose to \$13.69 bln from \$11.98 bln in Feb.
- India's Mar core sector growth fell to 4.1% from 5.4% in Feb.

# Fundamental Stock



## DCB Bank

BUY

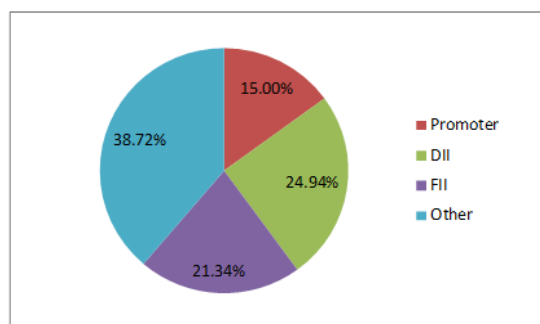
Target Price Rs: 227

### Value Parameters

BSE Code	532772
NSE Symbol	DCB
CMP (As on 3 <sup>rd</sup> May, 2018)	Rs 191
Face Value	Rs 10
52 Week High/Low	Rs 213/155
Market Cap (Rs cr)	5,911
EPS (TTM)	Rs 7.96
PE Ratio (x)	24.28

### Shareholding Pattern % (Mar '18)

Promoters DII FII Other



## Company Overview

Development Credit Bank Ltd (DCB) is one of the emerging private sector banks in India. The bank is amongst the first private sector banks to waive advisory fee and service charge for mutual fund investments. The services offered by the bank include Personal Banking- under this segment; they offer saving accounts, deposit scheme, current accounts, personal loans, housing loans, phone banking facility, mutual funds, demat account, life and general insurance etc. Corporate banking - In this they offer products and services from large corporates to

small and medium enterprises. NRI banking- they offer products and services to NRI clients such as remittances services, western union money transfer, loans against term deposit, currency exchange etc.

### Investment Rationale

DCB Bank has shown a strong growth across parameters during the last quarter.

- Its cost to income ratio, which is a measure of its operational efficiency, improved by 5% over 3 months.
- Its Net Interest Income has grown by 20% YoY. Their PAT increased by 21% YoY.
- Its NIMs stood at 4.16% (an increase of 12 bps QoQ).
- Gross NPA stood at 1.79% and Net NPA stood at 0.72%.
- PCR has been maintained well at 75%. That is well above the macro prudential measure recommended by RBI (i.e. 70%).
- Its CAR stood at 16.47%, Tier 1 at 12.72% and Tier 2 at 3.75%.

### Outlook & Valuation

We believe they made a remarkable turnaround in a tough environment by reporting a steady improvement in most of the parameters. DCB is well placed in terms of capital adequacy and asset quality, which has been a major concern during the last quarter of the banking industry. They also have adequate capital to pursue further growth opportunities.

We have a target of Rs.227, valuing the stock at 2.1x to its FY20E ABV.

# Fundamental Stock

## Manappuram Finance Ltd

ACCUMULATE

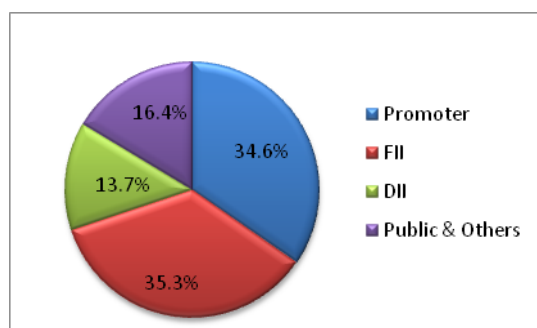
Target Price Rs: 142

### Value Parameters

BSE Code	531213
NSE Symbol	MANAPPURAM
CMP(As on 3 <sup>rd</sup> May, 2018)	Rs. 128
Face Value	Rs 2
52 Week High/Low	126/81
Market Cap (Rs cr)	10,211
EPS (TTM)	Rs 8.18
PE Ratio (x)	14.82

### Shareholding Pattern% (Mar '18)

Promoters DII FII Other



## Company Overview

Manappuram Finance Ltd. is one of India's leading gold loan NBFCs mainly engaged in providing retail advances against gold ornaments. It has 4152 branches across 28 states/UTs with assets under management (AUM) of Rs. 14,650 crore of which its gold AUM stands at Rs. 11,328 crore as on 31st December 2017. Over the last two years, the company has diversified into new business areas like microfinance, vehicle and housing finance, and SME lending. It acquired a majority stake (85%) in Asirvad Microfinance Pvt. Ltd. It provides hassle-free gold loans to its customer. The company mainly focused on three main

areas, affordable housing finance, commercial vehicle loans and microfinance.

### Key Investment Rationale:

MFL reported healthy growth in Q3FY18, its NII for the quarter stood at Rs. 624 crore vs Rs. 594 crore sequentially and PAT for the quarter at Rs. 173 crore.

- Revival in AUM with Increase of Non-Gold Portfolio:** MFL AUM stood at Rs. 14650 crore as on 31st Dec, 2017 with an increase in its non-gold portfolio which is approximately 23% of its total AUM. We have seen revival in AUM and expect proportion of non-gold portfolio will continue to grow ~30% by FY19, with majority of it arising from microfinance and moderate growth of 10% for gold loan business.
- Superior Assets Quality:** MFL had lower gross and net NPA levels of 0.7% and 0.4% respectively in Q3FY18 backed by its strategy of recovery from gold auctions and de-risking gold loans. The Capital Adequacy Ratio as on Dec 2017 was 27.8%.
- Diversification of Business Model:** MFL had commenced its business in Gold financing but later it had diversified its portfolio and moved on to Non-gold portfolio in Commercial Vehicle Finance, Microfinance, Home Finance, Insurance broking etc.
- De-risking of Gold Business:** MFL has recalibrated its gold loan product structure to de-Link from gold price fluctuations. Company has realigned its long term gold loans into several shorter tenures which has resulted in lesser NPA risk as well as provided insulation from gold prices.

### Outlook & Valuation

With some stability in gold prices post demonetization, management targets to increase its gold loan book around 10%. We have an "Accumulate" rating on the stock with a target of Rs 142; valuing the stock at 3.1x FY19E adjusted book value of Rs. 45.8.



# AUT SECTOR

April Sales



## Maruti Suzuki

**Total Sales: 172,986 units, 14.4% yoy up**  
 Domestic Sales: 164,978 units, 14.2% yoy up  
 PV Sales: 163,434 units, 13.4% yoy up  
 Exports: 8,008 units, 19.1% yoy up



## TVS Motor

**Total Sales: 304,795 units, 24% yoy up**  
 2Wheeler Sales: 293,418 units, 21.7% yoy up  
 3Wheelers Sales: 11,377 units, 114.5% yoy up  
 Exports: 61,798 units, 53.6% yoy up



## Mahindra & Mahindra

**Total Sales: 48,097 units, 22% yoy up**  
 Domestic Sales: 45,217 units, 19% yoy up  
 PV Sales: 21,927 units, 13% yoy up  
 CV Sales: 18,963 units, 26% yoy up  
 M&HCV Sales: 904 units, 225.2% yoy up  
 Exports: 2,880 units, 88% yoy up



## Atul Auto

**Total Sales: 2,738 units, 9.43% yoy up**



## Tata Motors

**Total Sales: 53,511 units, 86% yoy up**  
 PV Sales: 17,235 units, 34% yoy up  
 CV Sales: 36,276 units, 126% yoy up  
 M&HCV Sales: 14,028 units, 317% yoy up  
 Exports: 3,010 units, 41% yoy up



## Escorts

**Total Sales: 6,186 units, 26.3% yoy up**  
 Domestic Sales: 6,094 units, 28% yoy up  
 Exports: 92 units, 33.8% yoy down



## Bajaj Auto

**Total Sales: 415,168 units, 26% yoy up**  
 Domestic Sales: 203,600 units, 20% yoy up  
 CV Sales: 65,551 units, 83% yoy up  
 Motorcycle Sales: 349,617 units, 19% yoy up  
 Exports: 185,704 units, 22% yoy up



## Ashok Leyland

**Total Sales: 12,677 units, 79% yoy up**  
 M&HCV Sales: 8,968 units, 98% yoy up  
 LCV Sales: 3,709 units, 45% yoy up



## Hero MotoCorp

**Total Sales: 694,022 units, 16.5% yoy up**



## Volvo-Eicher Commercial Vehicles

**Total Sales: 3,959 units, 28.1% yoy up**  
**Eicher Branded Trucks & Buses**  
**Total Sales: 3,939 units, 28% yoy up**  
 Domestic Sales: 3,389 units, 31.5% yoy up  
 Exports: 550 units, 10.2% yoy up

# Commodity Outlook

## SILVER LINING !

### SILVER

### BUY

CMP: Rs 39504 (As on 02<sup>nd</sup> May 2018)

Buy: Silver July Contract above Rs 40000

Targets: Rs 41200-42100

Stop Loss: Rs 39150

Silver is trading in a range bound & sluggish manner since a long time. The dull phase has actually distorted the consolidation and thus we have a very uneven chart structure that fails to get identified by established graphical patterns. However, this kind of situation, irrespective of how difficult it seems to be, provides the right opportunity for trading as it is the route (path) that usually remains untraveled till the midpoint of the journey arrives. These unlikely & tough situations in trading have certain amount of hope intact in themselves and there lies the 'silver lining'...

On monthly chart of London Spot Silver, the uneven consolidation can be seen in the form of candlesticks with long upper & lower shadows within a trading range of \$18.65-\$14.31 in last one and a half years. \$16.00 broadly acted as a key support as the lower point at \$14.31 came like a 'blink & you miss' appearance & prices quickly recovered to close well above \$15.50 the same day. On weekly chart, we can see a huge trend line resistance getting breached a couple of weeks ago. However, prices went into 'traders' remorse' stage soon after and are now near a double bottom at & \$16.00 that also is a major 'Gann Square' support.



On daily chart, we can see momentum indicators like RSI, MACD & ADX losing their direction unlike on monthly chart where they are pointing towards a mid-term relief rally. All in all, we definitely have a buy set-up for mid-term traders BUT patience is the key here as all these silver linings may take some more time to give desired results. Traders who like to see themselves as 'early birds' can **Buy Silver MCX July contract above Rs.40000 for targets in the range of Rs 41200-42100. Maintain stop loss at Rs 39150.**

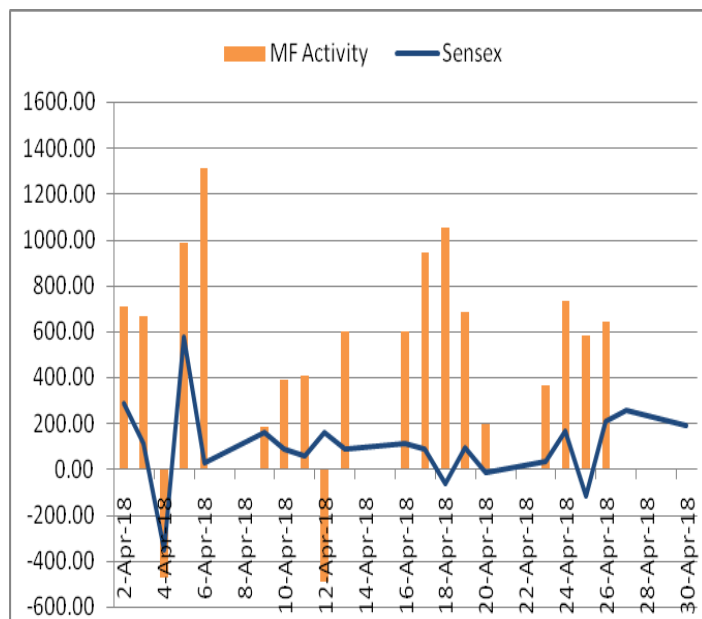


## MUTUAL FUND ROUNDUP

Indian equity markets ended on positive note in April 2018. The barometer index, S&P BSE Sensex and Nifty50 delivered positive return of 6.65% to settle at 35160.36 and Nifty50 gained 6.19% ending the month at 10739.35.

### MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 10,077.63 crore in the month of April 2018. Highest buying was recorded in the third week of the month when the fund houses made total net buy of Rs 3,479.74 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 5,552.21 crore worth of equities in April 2018.



### Mutual Fund Activity In April 2018

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	13506.71	10309.99	3196.72
2 <sup>nd</sup> Week	12759.08	11671.43	1087.65
3 <sup>rd</sup> Week	13729.66	10249.92	3479.74
4 <sup>th</sup> Week	12983.59	10670.07	2313.52
<b>Total</b>	<b>52979.04</b>	<b>42901.41</b>	<b>10077.63</b>

Note: Mutual Fund activity as on 26<sup>th</sup> Apr 2018



## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on Mar 31 <sup>st</sup> , 2018 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Aditya Birla Sun Life Frontline Equity	220.74	19,705	30-Aug-02	11.78	11.58	17.26	22.48	1,000	5,000
Mirae Asset India Opportunities Fund	47.44	6,785	04-Apr-08	15.89	14.65	21.09	16.72	1,000	5,000
SBI Blue Chip Fund	39.38	17,665	14-Feb-06	14.31	12.62	18.67	11.88	500	5,000
Multi Cap Fund									
Aditya Birla Sun Life Advantage	430.12	5,819	24-Feb-95	11.76	14.92	23.09	18.21	1,000	5,000
Motilal Oswal MOST Focused Multicap 35	27.5	12,032	28-Apr-14	16.59	19.10	N.A.	28.71	1,000	5,000
Mid Cap and Small Cap Fund									
DSP BlackRock Mid Cap Fund	58.43	5,390	14-Nov-06	13.16	18.86	26.8	16.64	500	1,000
Franklin India Smaller Companies Fund	62.07	7,128	13-Jan-06	15.84	18.05	31.03	16	500	5,000
HDFC Mid-cap Opportunities Fund	60.30	19,891	25-Jun-07	16.23	18.55	27.83	18.04	500	5,000
Mirae Asset Emerging Bluechip Fund	50.77	5,131	09-Jul-10	13.89	21.05	30.96	22.71	1,000	5,000
Reliance Small Cap Fund	46.88	6,613	16-Sep-10	26.00	25.81	37.37	22.28	500	5,000

Note: Returns as on 30<sup>th</sup> April, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	Latest NAV*	AUM as on Mar 31 <sup>st</sup> , 2018 (Rs in Cr)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund							
SBI Premier Liquid Fund	2,731.07	29,055	0.55	1.74	3.36	6.71	7.66
HDFC Liquid Fund	3,430.01	30,961	0.57	1.71	3.31	6.62	7.28
Ultra Short Term Fund							
UTI Treasury Adv Fund - Inst Plan	2,401.71	10,059	0.28	1.53	2.89	6.85	6.6
Reliance Money Manager Fund	2,399.04	14,825	0.19	1.60	2.76	6.46	8.19

Note: NAV and Returns as on 30<sup>th</sup> April, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## ELSS Scheme Recommendation

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			OneYear	Three Years	Five Years	Since Inception
Aditya Birla Sun Life Tax Relief 96	32.47	06-Mar-08	21.93	15.38	23.21	12.3
DSP BlackRock Tax Saver	47.16	18-Jan-07	11.29	14.93	20.91	14.29
Reliance Tax Saver (ELSS) Fund	60.98	10-Apr-99	8.61	9.21	21.59	15.41
Motilal Oswal MOST Focused Long Term Fund	18.45	15-Jan-15	19.37	21.83	N.A.	20.57

Note: NAV and Returns as on 30<sup>th</sup> April, 2018, Returns <1 yr annualised, >1 yr compounded annualised

# THE MONTH AHEAD KEY FINANCIAL EVENTS MAY 2018



## MAY 01

- Indian Automobile Sales Data, by Automakers
- UK Manufacturing PMI
- US Manufacturing PMI



## MAY 02

- Indian Nikkei Manufacturing PMI
- Chinese Caixin Manufacturing PMI
- US FOMC Meeting



## MAY 03

US Trade Balance



## MAY 04

- Indian Nikkei Services PMI
- US Non-Farm Employment



## MAY 07-11

- Japan Monetary Policy Meeting Minutes
- Indian Automobile Sales Data, by SIAM
- Indian FDI Equity Inflow
- Chinese Trade Balance



## MAY 10

- UK Industrial Production
- BOE Monetary Policy



## MAY 11

Indian Industrial Production (IIP)



## MAY 14

- Indian Consumer Price Index (CPI)
- Indian WPI Inflation



## MAY 15

- Indian Trade Data
- Chinese Industrial Production
- European GDP
- European IIP
- Karnataka State Assembly Election Results



## MAY 16

- Japanese GDP
- Japanese Industrial Production
- US Industrial Production



## MAY 21

- Japanese Trade Balance
- OPEC Meetings



## MAY 23

US FOMC Meeting Minutes



## MAY 25

UK GDP



## MAY 30

US Prelim GDP



## MAY 31

- Indian Q4 GDP
- Indian Core Sector Growth
- Indian Government Finance



**ArihantCapital**  
Generating Wealth



**THINK  
BIG  
START SMALL**

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED  
INVESTMENT**



**POWER OF  
COMPOUNDING**



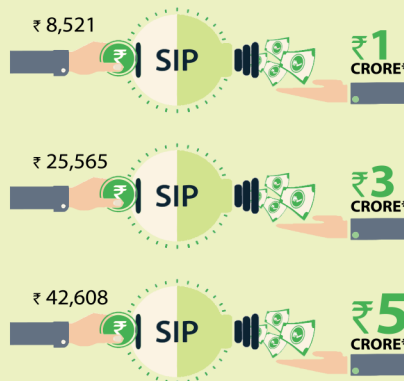
**RUPEE COST  
AVERAGING**



**SMALL POCKET  
INVESTMENT**

\* Note: The above figures are calculated at the rate of 14% p.a. for illustration purpose only. Mutual fund investments are subject to market risks. The actual result may vary from depicted result depending on scheme selected. It could not be construed to be indicative of scheme performance in any manner.

### 20 YEARS PERIOD



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NSDL : IN-DP-NSDL-165-2000; CDSL: IN-DP-CDSL-317-2005; AMFI – ARN 15114; SEBI - RA INH000002764

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