

Arihant's

VALUE

Plus

Issue |

JULY 2019



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MOVERS & SHAKERS



INDIAN INDICES

Indices	June-19	May-19	Monthly Change (%)
SENSEX	39394.64	39714.90	-0.81↓
NIFTY 50	11788.85	11922.80	-1.12↓
NIFTY BANK	31105.20	31375.40	-0.86↓
NIFTY MIDCAP 100	17654.10	17959.05	-1.70↓
NIFTY 500	9657.95	9805.05	-1.50↓
NIFTY IT	15936.45	16160.65	-1.39↓
NIFTY REALTY	284.80	283.95	0.30↑
NIFTY INFRA	3369.20	3338.85	0.91↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	June-19	May-19	Monthly Change (%)
AUTO	17904.15	18445.99	-2.94↓
BANKEX	34971.86	35264.03	-0.83↓
CD	26128.00	24700.46	5.78↑
CG	19855.41	19939.33	-0.42↓
FMCG	11361.92	11518.09	-1.36↓
HC	12889.34	13305.06	-3.12↓
IT	15654.11	15781.62	-0.81↓
METAL	11107.22	10756.40	3.26↑
OIL&GAS	14803.26	15734.43	-5.92↓
PSU	7832.33	7825.82	0.08↑
REALTY	2201.44	2200.74	0.03↑
TECK	7674.21	7767.07	-1.20↓

(Source: BSE)

GLOBAL INDICES

Indices	June-19	May-19	Monthly Change (%)
DOW JONES	26599.96	24815.04	7.19↑
NASDAQ	8006.24	7453.15	7.42↑
HANG SENG	28542.62	26901.09	6.10↑
FTSE	7425.63	7161.71	3.69↑
NIKKEI	21275.92	20601.19	3.28↑

(Source: Telequote software)

COMMODITIES

Particulars	June-19	May-19	Monthly Change (%)
MCX GOLD	34206.00	32098.00	6.57↑
MCX SILVER	37452.00	36449.00	2.75↑
MCX CRUDE OIL	4095.00	3775.00	8.48↑
MCX NATURAL GAS	161.50	172.30	-6.27↓

(Source: Telequote software)

FOREX

Particular	June-19	May-19	Monthly Change (%)
USD-INR ₹	69.02	69.87	-1.22↓
EUR-INR €	78.45	78.10	0.45↑
GBP-INR £	87.60	88.04	-0.50↓
JPY-INR ¥	63.95	64.28	-0.51↓

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2019	109,564.22	107,291.48	2,272.74
Total for 2019*	723,574.32	646,252.58	77,322.44

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2019	43,755.82	37,233.10	6,522.72
Total for 2019*	310,090.58	295,374.02	14,716.56

*Till June 2019

(Source: SEBI)

Monthly Market Roundup

In the month of June, the S&P BSE Sensex was down by 0.1% and the CNX Nifty was down by 1.4%. The month was an eventful month for the Indian market as the Nifty recorded a life time high of 12103.05 but was unable to sustain the gains. The election result triggered positive sentiments for the market participants by bringing a second term for Modi Government. As the election uncertainty cloud cleared from the horizon, Foreign Portfolio Investors (FPIs) pressed the pedal and turned bullish on the Indian market. However despite their buying, the market could not sustain and closed marginally in the red.

On the sectoral front, except for Nifty Metal (+2.7%) and Nifty Infrastructure (+1.5%) most of the sectoral indices ended in red. NIFTY IT, Nifty Pharma, Nifty FMCG, Nifty Auto, Nifty midcap and Nifty small-cap ended the month with loss of -1.5%, -3.3%, -0.8%, -1.8%, -1.7% and -4.5% respectively.

On the economic front, after three consecutive months in a row, Goods and Service tax (GST) collection dropped below the 1 lakh Cr mark. Gross GST revenues in the month of June stood at Rs.99,39,048 Cr compared to Rs.1,00,289 Cr in the month of May. In addition to this, auto sales continued to face pressure due to weak buyer sentiment. Passenger vehicle sales declined 16% YoY, while two wheelers sales witnessed a decline of ~12.5% YoY. Overall there was a clear sign of slowdown in the economic activity. Now that the ruling party has got a second term in office, markets are hoping the government will fix what is broken and infuse life into the economy. A lot will depend on the upcoming budget that will be announced on 5th July

On The Global Front, World markets ended the month of June on a positive note. US' Nasdaq, Hong Kong's Hang Seng, UK's FTSE, Germany's DAX, Japan's Nikkie and US' Dow Jones were gainers, up 4.7%, 7.3%, 4.9%, 6.0%, 6.4% and 7.2% respectively. China's Shanghai composite slipped by 4.29%.

Nifty Technical Outlook: July -2019



On the monthly chart, we are observing a narrow range body formation which suggests indecisiveness prevailing at current level.

In coming month if Nifty trades and close above 11883 level then it is likely to test 12023 – 12162 – 12325 levels. However, if Nifty trades and close below 11694 level then it can 11554 – 11415 – 11252 levels.

Broadly, we are of the opinion that the monthly trend still remains up and any corrective move near 11600 to 11500 should be viewed as buying opportunity for a target of 12023 – 12162 – 12325 levels.

Economic Data Wrap Up – June

- India's May Nikkei manufacturing PMI rose to 52.1 from 52.7 in April.
- India's May Nikkei services PMI fell to 50.2 from 51.0 in April.
- India's May IIP growth rose to 3.4% compared to decline of 0.1% in April.
- India's June CPI inflation rose to 3% from 2.9% in May.
- India's June CPI inflation rose to 3% from 2.9% in May.
- India's June WPI inflation fell to 2.5% from 3.1% in May.

Fundamental Stock

FIEM INDUSTRIES LTD.

Fiem Industries

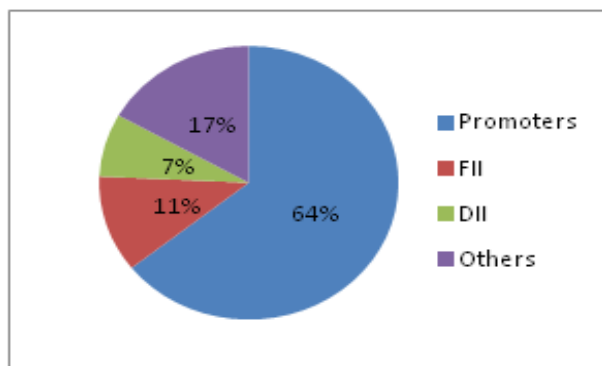
BUY

Target Price: Rs. 599

Value Parameters

BSE Code	532768
NSE Symbol	FIEMIND
CMP(As on 8th Jul, 2019)	Rs 444
Face Value	Rs 10
52 Week High/Low	810/408
Market Cap (Rs cr)	592
EPS (FY21E)	Rs 60
PE ratio (x) (FY21E)	7.4

Shareholding Pattern % (March '19)



Company Overview

Founded in 1989, Fiem Industries (FIEM) is primarily engaged into manufacturing of automotive lighting for two-wheeler OEMs. Honda 2Ws (41% of sales) and TVS Motor are largest revenue contributors. It offers wide range of products namely automotive lighting (2W headlamps, tail lamps, blinker lamps, fog lamps, LED DRL i.e. day-time running lamps), rear view mirrors, sheet metals and plastic components etc. FIEM operates out of nine manufacturing facilities and three R&D centres including one in Japan and Italy each.

Investment Rationale

FIEM is expected to grow at a swift pace on account of increased penetration of LED lights coupled with strong new model launch pipeline by OEMs. New customer addition (India Kawasaki) to supply lighting components and rear view mirrors augurs well for medium term growth for FIEM.

Attractive valuations offer strong entry point;

FIEM's automotive LED lighting mix stood at 34% of sales of its lighting revenues in FY19 (vs 10% in FY18) which is expected to reach 50% over the medium term led by fast adoption of LED lights in new models launches. At CMP of Rs 450, FIEM trades at a P/E of 9.2x/7.3x FY20e/FY21e. We have built in revenue/EBITDA/PAT CAGR of 15%/19%/19% over FY19-21e and remain positive on the stock with a strong BUY Rating and value it at 10x FY21e for a target price of Rs 599.

Financial Snapshot

Key financials	FY19	FY20E	FY21E
Net Sales (Rs mn)	14,490	16,805	19,094
EBITDA (Rs mn)	1,572	1,891	2,215
EBITDA margin	10.8%	11.3%	11.6%
PAT (Rs mn)	556	624	789
EPS (Rs)	42.3	47.4	59.9
ROE (%)	11.7%	12.0%	13.7%
ROCE (%)	11.6%	12.8%	14.4%
EV/EBITDA (x)	4.5	3.4	2.6
P/E (x)	10.3	9.2	7.3

AUT SECTOR

June Sales



Maruti Suzuki

Total Sales: 124,708 units, -14% yoy down
 Domestic Sales: 114,861 units, -15.3% yoy down
 PV Sales: 83,952 units, -18.1% yoy down
 Exports: 9,847 units, 5.7% yoy up



TVS Motor

Total Sales: 297,102 units, -5.3% yoy down
 2Wheeler Sales: 283,461 units, -6% yoy down
 3Wheelers Sales: 13,641 units, 10% yoy up
 Exports: 69,900 units, 6 %yoy up



Mahindra & Mahindra

Total Sales: 42,547 units, -6% yoy down
 Domestic Sales: 39,471 units, -5% yoy down
 PV Sales: 18,826 units, 4% yoy up
 CV Sales: 16,394 units, -15% yoy down
 M&HCV Sales: 705 units, -36% yoy down
 Exports: 3,076 units, -11% yoy down



Atul Auto

Total Sales: 3,704 units, -3.7% yoy down



Tata Motors

Total Sales: 49,073 units, -14% yoy down
 PV Sales: 13,351 units, -27% yoy down
 CV Sales: 35,722 units, -7% yoy down
 M&HCV Sales: 9,358 units, -19% yoy down
 Exports: 2,702 units, -48% yoy down



Escorts

Total Sales: 8,960 units, -10.2% yoy down
 Domestic Sales: 8,648 units, -11.4% yoy down
 Exports: 312 units, 38.7% yoy up



Bajaj Auto

Total Sales: 404,624 units, 0.04% yoy up
 Domestic Sales: 229,225 units, -2% yoy down
 CV Sales: 53,333 units, -20 % yoy down
 Motorcycle Sales: 351,291 units, 4% yoy up
 Exports: 175,399 units, 3% yoy up



Ashok Leyland

Total Sales: 12,810 units, -19% yoy down
 M&HCV Sales: 8,427 units, -25% yoy down
 LCV Sales: 4,383 units, -3% yoy down



Hero MotoCorp

Total Sales: 616,526 units, -12% yoy down



Volvo-Eicher Commercial Vehicles

Total Sales: 4,569 units, -28.5% yoy down

Eicher Motorcycle

Total Sales: 58,339 units, -22% yoy down
 Domestic Sales: 55,082 units, -24.12% yoy down
 Exports: 3,257 units, 72% yoy up

Commodity Outlook

Crude Oil: Can bulls regain their Lost territory?

CMP: Rs.3933 (as on 05/07/2019)

Strategy: Buy on dips to Rs. 3890

Targets: Rs.4120-4260

Stop Loss: <Rs.3820

After a relentless fall in the last quarter of the year 2018, Crude oil bulls got the much needed shot in the arm in January this year which helped them to have an edge over bears by posting over 18 percent gains in the month. February, March and April followed with a steady rise ranging between 6 to 8 percent. However, the 'Higher highs Higher lows' structure broke in May and June as the oil lost two third of the total gains made between January to April. The sell-off continued till mid-June before the US-Iran tussle resurfaced and provided the support to falling prices.

is on the cards. The super charged bullish candlestick formed a couple of weeks back can be considered as the principal candle as it is providing the crucial support to prices by keeping the proceedings under it and absorbing the resistances. Momentum indicators are also supporting the recent positive developments on the chart with RSI and MACD moving in line with prices whereas ADX is also giving indication of a decisive range breakout within a few days. Given the weightage of geopolitical tensions in present scenario, we can say that a fully-fledged bullish reversal rally may be still very far but a short term relief rally can also have high potential of hogging the limelight. Traders with a short term outlook of say 2 to 3 weeks can take positions. **Buy Crude oil July contract at cmp Rs.3933 and on dips till Rs.3890 for targets in the range of Rs.4120-4260. Maintain stop loss below Rs.3820.**



The \$10 rally in last few weeks has reestablished confidence in bulls and if we go through the chart structure, it seems that another round of relief rally



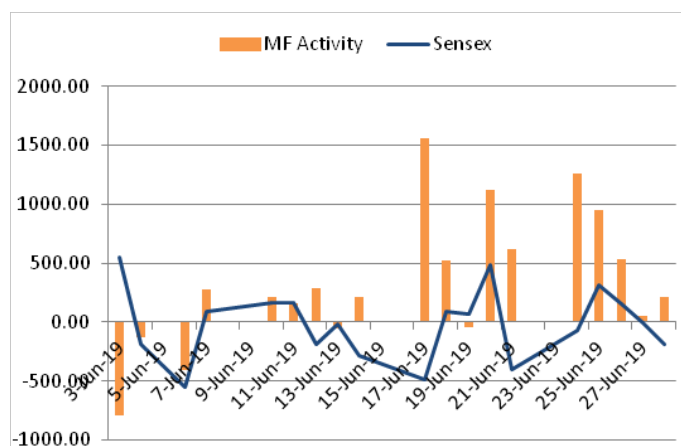


MUTUAL FUND ROUNDUP

Indian equity markets ended on negative note in June 2019. The barometer index, S&P BSE Sensex delivered negative returns of 0.81% to settle at 39394.64 and Nifty50 lost 1.12% ending the month at 11788.85.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 6522.72 crore in the month of June 2019. Highest buying was recorded in the third week of the month when the fund houses made total net buy of Rs 3760.11 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 2,272.74 crore worth of equities in June 2019.



Mutual Fund Activity In June 2019

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	8574.70	9622.65	-1047.95
2nd Week	8416.65	7604.54	812.11
3rd Week	13593.74	9833.63	3760.11
4th Week	13170.73	10172.28	2998.45
Total	43755.82	37233.10	6522.72

Note: Mutual Fund activity as on 30th June 2019

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 st May,2019 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				(Rs in Cr)	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Axis Bluechip Fund(G)	29.97	5,746	05-Jan-10	10.47	15.32	11.82	12.05	1000	5000
ICICI Pru Bluechip Fund (G)	43.20	22,182	23-May-08	9.04	12.74	11.33	14.08	100	100
Mirae Asset Large cap Fund(G)	52.13	13,065	04-Apr-08	12.12	15.44	14.41	15.84	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	28.59	7,978	29-Jun-12	4.34	15.90	14.36	16.07	1000	5000
Kotak Standard Multi cap Fund(G)	36.31	26,010	11-Sept-09	10.78	14.23	14.96	13.85	500	5000
SBI Magnum Multi cap Fund (G)	50.15	7,583	29-Sept-05	9.01	12.27	14.72	12.47	500	1000
Mid Cap Fund									
HDFC Mid-Cap Opportunities Fund(G)	54.31	22,825	25-Jun-07	-0.93	10.55	13.20	15.15	500	5000
L&T Mid Cap Fund (G)	131.82	4,880	9-Aug-04	-2.64	12.28	15.01	18.92	500	5000

Note: Returns as on 30th June, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 31 st May,2019 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	7.10	2101.36	32,993	0.55	1.78	3.63	7.52	7.92
ICICI Pru Liquid Fund(G)	7.03	280.27	68,727	0.55	1.78	3.62	7.44	7.86
Ultra Short Term Fund								
Kotak Saving Fund(G)	8.08	30.50	13,037	0.48	1.79	4.04	8.01	7.78
L&T Ultra Short term Fund(G)	7.65	31.06	3,023	0.49	1.76	3.90	7.89	7.47

Note: NAV and Returns as on 30th June, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 st May, 2019 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	18.02	2,112	28-Dec-15	12.21	18.66	-	18.31
Axis LT Equity Fund(G)	45.87	19,817	29-Dec-09	6.68	13.39	14.81	17.32
HDFC Tax Saver(G)	532.72	7,545	31-May-96	7.46	11.43	8.22	24.00

Note: NAV and Returns as on 30th June, 2019, Returns <1 yr annualised, >1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS JULY 2019



JULY 01

- Indian Nikkei Manufacturing PMI
- Italian Manufacturing PMI

PMI

JULY 01-02

- Indian Automobile Sales Data, by Automakers
- Europe PPI

PPI

JULY 03

- Indian Nikkei services PMI
- Italian Services PMI
- Canada Trade Balance

PMI

JULY 04

- Europe Retail Sales



JULY 05

- US unemployment Rate
- French Trade Balance
- Indian Govt to present Budget 2019-20



JULY 07-08

- Indian Automobile Sales Data, by SIAM



JULY 10

- French Industrial Production
- UK GDP
- Europe Industrial Production
- US FOMC Press Conference

GDP

JULY 11

- ECB Monetary Policy Statement
- US CPI
- German Final CPI

CPI

JULY 12

- US PPI
- Indian IIP
- Indian CPI
- French Final CPI

CPI

JULY 15

- Indian WPI
- Italian Trade Balance

WPI

JULY 16

- US Retail Sales

Sales

JULY 17

- UK CPI

CPI

JULY 18

- UK Retail Sales

Sales

JULY 25

- Europe ECB Press Conference
- Monetary Policy Statement

GDP

JULY 28

- US FOMC Statement

FOMC



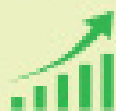
**THINK
BIG
START SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



**DISCIPLINED
INVESTMENT**



**POWER OF
COMPOUNDING**



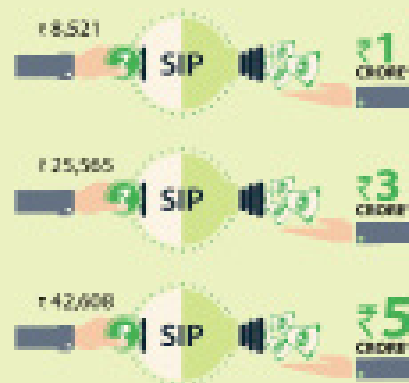
**RUPEE COST
AVERAGING**



**SMALL POCKET
INVESTMENT**

*Note: Illustrative figures are calculated for the case of ₹10,000 per illustration purposes only. Mutual fund investments are subject to market risks. The actual result may vary from depicted illustration depending on the future with risk. Should not be construed as indication of future performance in any manner.

20 YEARS PERIOD



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