

Arihant's

VALUE

Plus

Issue |

JUNE 2019

Modi 2.0



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MOVERS & SHAKERS



INDIAN INDICES

Indices	May-19	Apr-19	Monthly Change (%)
SENSEX	39714.90	39031.55	1.75↑
NIFTY 50	11922.80	11748.15	1.49↑
NIFTY BANK	31375.40	29764.80	5.41↑
NIFTY MIDCAP 100	17959.05	17566.40	2.24↑
NIFTY 500	9805.05	9664.30	1.46↑
NIFTY IT	16160.65	16705.40	-3.26↓
NIFTY REALTY	283.95	258.30	9.93↑
NIFTY INFRA	3338.85	3107.50	7.44↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	May-19	Apr-19	Monthly Change (%)
AUTO	18445.99	18839.40	-2.09↓
BANKEX	35264.03	33328.45	5.81↑
CD	24700.46	23873.81	3.46↑
CG	19939.33	18030.56	10.59↑
FMCG	11518.09	11764.37	-2.09↓
HC	13305.06	14367.02	-7.39↓
IT	15781.62	16263.51	-2.96↓
METAL	10756.40	11513.24	-6.57↓
OIL&GAS	15734.43	15357.85	2.45↑
PSU	7825.82	7446.22	5.10↑
REALTY	2200.74	2008.64	9.56↑
TECK	7767.07	7979.32	-2.66↓

(Source: BSE)

GLOBAL INDICES

Indices	May-19	Apr-19	Monthly Change (%)
DOW JONES	24815.04	26592.91	-6.69↓
NASDAQ	7453.15	8095.39	-7.93↓
HANG SENG	26901.09	29699.11	-9.42↓
FTSE	7161.71	7418.22	-3.46↓
NIKKEI	20601.19	22258.73	-7.45↓

(Source: Telequote software)

COMMODITIES

Particulars	May-19	Apr-19	Monthly Change (%)
MCX GOLD	32098.00	31756.00	1.08↑
MCX SILVER	36449.00	37209.00	-2.04↓
MCX CRUDE OIL	3775.00	4467.00	-15.49↓
MCX NATURAL GAS	172.30	180.80	-4.70↓

(Source: Telequote software)

FOREX

Particular	May-19	Apr-19	Monthly Change (%)
USD-INR ₹	69.87	69.84	0.04↑
EUR-INR €	78.10	78.55	-0.57↓
GBP-INR £	88.04	91.00	-3.25↓
JPY-INR ¥	64.28	62.88	2.23↑

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2019	141,247.34	133,327.61	7,919.73
Total for 2019*	614,010.10	538,961.10	75,049.70

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2019	61,422.22	56,258.50	5,163.72
Total for 2019*	266,334.76	258,140.92	8,193.84

*Till May 2019

(Source: SEBI)

Monthly Market Roundup

In the month of May, the S&P BSE Sensex was up by 1.7% and the CNX Nifty was up by 1.5%. The month of May was an eventful month for the Indian market as the most important event of the year, 'General Election Result' was declared on 23rd May. The election result cheered the market participants by bringing a second term for Modi Government. As a result Indian markets outperformed other global markets which were subdued due to ongoing trade war tensions. As the election uncertainty cloud cleared from the horizon, Foreign Portfolio Investors (FPIs) pressed the pedal and turned overtly bullish on the Indian market and turned heavy buyers in index stocks, resulting in nearly 2% rally for the index within a month. However despite their recent buying, the net FII figure for the month of May was negative at Rs 2,136 crore due to selling of stocks by them earlier in the month in the run up to election.

On the sectoral front, except Bank Nifty (+5.4%) and Nifty Realty (+9.9%) most of the sectoral indices ended in red. NIFTY IT, Nifty Pharma, Nifty FMCG and Nifty Auto ended the month with loss of -3.3%, -10.1%, -1.6%, and -2.1% respectively. With focus returning to the midcap stocks, Nifty Midcap 100 gained 2.2% for the month, while NIFTY Energy index closed flat (+0.4%).

On the economic front, for the third month in a row, government has managed to collect over Rs 1 lakh crore in Goods and Services Tax (GST). India's gross GST revenues in month of May, 2019 stood at Rs 1,00,289 crore compared to Rs 1.13 lakh crore in the month of April. However auto sales continued to face pressure due to weak buyer sentiment. Passenger vehicle sales declined 19% YoY, while two wheelers sales were flat (-0.4% YoY). Overall there was a clear sign of slowdown in the economic activity as can be seen from the GDP numbers, with GDP growth for the fiscal fourth quarter (Q4FY19) coming in at 5.8%, a five-year low. 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. The surge of stock

indices to all-time highs shows that markets are confident of growth-boosting measures.

Nifty Technical Outlook: June - 2019



On the monthly chart, we are observing a high wave candle which almost tested the median line of the channel (shown above in the graph) and has closed near the high of the month.

In coming month if Nifty trades and close above 12099 level then it is likely to test 12372 - 12644 - 12961 levels. However, if Nifty trades and close below 11745 level then it can 11473 - 11201 - 10885 levels.

Broadly, we are of the opinion that the monthly trend remains up and any corrective move near 11700 to 11475 should be viewed as buying opportunity for a target of 12372 - 12644 - 12961 levels.

Economic Data Wrap Up - : May

- India's May Nikkei manufacturing PMI rose to 52.7 from 51.8 in April.
- India's April CPI inflation rose to 2.92% from 2.86% in March.
- India's May Nikkei services PMI fell to 50.2 from 51.0 in April.
- India's April WPI inflation fell to 3.07% from 3.18% in March.
- India's March IIP growth contracted by 0.1% compared to 0.1% growth in Feb.
- India's April trade deficit widened to \$15.33 bn from \$10.89 bn in March.

Fundamental Stock

Baja Auto Ltd.

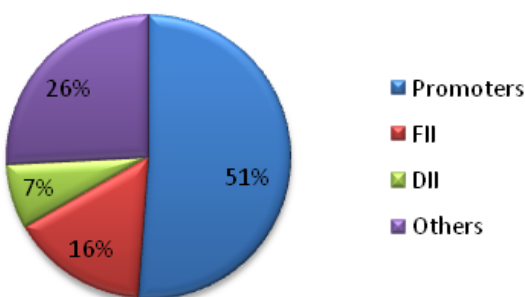
ACCUMULATE

Target Price: Rs. 3631

Value Parameters

BSE Code	532977
NSE Symbol	BAJAJ-AUTO
CMP(As on 3 rd Jun, 2019)	Rs. 3035
Face Value	Rs. 10
52 Week High/Low	3213/2425
Market Cap (Rs cr)	87,965
EPS (FY21E)	Rs. 195
PE ratio (x) (FY21E)	15.6

Shareholding Pattern % (March '19)



Company Overview

Bajaj Auto (BJAUT) is India's leading motorcycle manufacturer with leadership in premium motorcycle category >150-250cc category. The major brands include Pulsar, Avenger, Dominar in the premium motorcycle segment whereas CT100 and Platina in the entry level motorcycle market. BJAUT's overall two wheeler market share stands at 11% whereas motorcycle market share stands at ~18%. It is also India's largest three-wheeler manufacturer with >60% market share.

Investment Rationale

In FY19, the company has gained ~200bps market share in motorcycle market on account of price disruption in entry level motorcycle market and addition of premium features in its brand. We believe after a lull of 2 years BJAUT has been able to capture significant market share in motorcycles and further it plans to launch an electric scooter named "Urbanite" over the medium term. We are positive on the stock with long term horizon led by continued market share gains in motorcycles and stability in export market.

Valuation

Over the medium term, we believe, BJAUT's market share gains shall continue led by new product launches. At CMP of Rs 3035, stock trades at 15.6x FY21E estimates. We estimate revenue/EBITDA/PAT CAGR of 10%/11%/14% over FY19-21E. We recommend an ACCUMULATE rating on the stock and value it at 18x FY21E and Rs 129 for KTM stock valuation and arrive at a target price of Rs 3,631 with a potential upside of 20%.

Financial Snapshot

YE: Mar (INR mn)	FY19	FY20E	FY21E
Net sales	305,396	342,443	371,529
EBITDA	52,717	60,101	64,919
EBITDAM (%)	17.3	17.6	17.5
PAT	43,332	51,711	56,298
PATM (%)	14.2	15.1	15.2
EPS (INR)	150	179	195
ROE (%)	21.0	22.0	22.0
PE (x)	20.2	17.0	15.6

AUT SECTOR

May Sales



Maruti Suzuki

Total Sales: 134,641 units, -22% yoy down
Domestic Sales: 125,552 units, -23.1% yoy down
PV Sales: 90,121 units, -24.4% yoy down
Exports: 9,089 units, -2.4% yoy down



TVS Motor

Total Sales: 307,106 units, -0.9% yoy down
2Wheeler Sales: 294,326 units, -1.3% yoy down
3Wheelers Sales: 12,780 units, 9% yoy up
Exports: 69,319 units, 11 %yoy up



Mahindra & Mahindra

Total Sales: 45,421 units, -3% yoy down
Domestic Sales: 43,056 units, -2% yoy down
PV Sales: 20,608 units, -1% yoy down
CV Sales: 17,879 units, -5% yoy down
M&HCV Sales: 637 units, -45% yoy down
Exports: 2,365 units, -22% yoy down



Atul Auto

Total Sales: 3,464 units, -13% yoy down



Tata Motors

Total Sales: 40,155 units, -26% yoy down
PV Sales: 10,900 units, -38% yoy down
CV Sales: 29,329 units, -20% yoy down
M&HCV Sales: 7,683 units, -38% yoy down
Exports: 1,563 units, -58% yoy down



Escorts

Total Sales: 6,827 units, -18% yoy down
Domestic Sales: 6,488 units, -19.8% yoy down
Exports: 339 units, 42.4% yoy up



Bajaj Auto

Total Sales: 419,235 units, 3% yoy up
Domestic Sales: 235,824 units, 5% yoy up
CV Sales: 54,167 units, -16 % yoy down
Motorcycle Sales: 365,068 units, 7% yoy up
Exports: 183,411 units, 1% yoy up



Ashok Leyland

Total Sales: 13,172 units, -4% yoy down
M&HCV Sales: 8,946 units, -14% yoy down
LCV Sales: 4,226 units, 31% yoy up



Hero MotoCorp

Total Sales: 652,028 units, -8% yoy down



Volvo-Eicher Commercial Vehicles

Total Sales: 4,801 units, -19.6% yoy down

Eicher Motorcycle

Total Sales: 62,371 units, -17% yoy down
Domestic Sales: 60,211 units, -16.9% yoy down
Exports: 2,160 units, -1% yoy down

Commodity Outlook



BOLD IS GOLD

CMP: Rs. 32586 (as on 04/06/2019)

Strategy: Buy on dips to Rs. 32140-32100

Targets: Rs. 32475/Rs.32760

Stop Loss: Below Rs. 31930

After getting a thumping start to the year 2019 by posting over three percent gains in January, Gold started to decline since last week of February and continued the southward journey till the first week of May. In these three months, the yellow metal not only lost around six percent from yearly high scored in early February but also tumbled to fresh yearly lows as it breached the bottom formed in January. However May brought the winds of change with sharp bounce in prices and the force of the blow is keeping the bears on toes, in June also. Let's see what's in store for fresh entrants.

purchase of Gold and the data shows that the year 2018 marked the best ever year (in terms of purchasing by central banks) since 1967 recording an astonishing 74 percent rise. On technical front, chart structure is in the favor of bulls and the recent back to back bullish candlesticks with a decisive range breakout can extend the rally more than the general perception. There is a strong possibility of extraordinary price movement anytime soon and this can be foreseen in momentum indicators' internal structure. ADX has completed the crucial convergence on monthly chart and the only concern is its slow pace which is stuck around 11. The day it goes past 20, we will see a high momentum rally on upside.

Buy Gold August contract on dips to Rs. 32140-32100 for targets in the range of Rs. 32475/32760. Maintain stop loss below Rs. 31930.



Gold is a safe haven asset and is riding high on the recent geopolitical tensions arising due to trade war situation. Central banks worldwide are increasing their physical



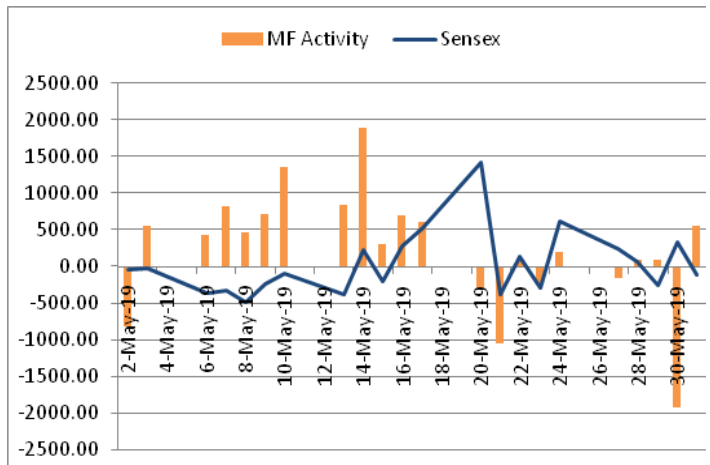


MUTUAL FUND ROUNDUP

Indian equity markets ended on positive note in May 2019. The barometer index, S&P BSE Sensex delivered positive returns of 1.75% to settle at 39714.90 and Nifty50 gained 1.49% ending the month at 11922.80.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 5163.72 crore in the month of May 2019. Highest buying was recorded in the third week of the month when the fund houses made total net buy of Rs 4339.19 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 7919.73 crore worth of equities in May 2019.



Mutual Fund Activity In May 2019

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	4443.65	4697.82	-254.17
2nd Week	12067.58	8296.10	3771.48
3rd Week	13506.75	9167.56	4339.19
4th Week	15679.42	17016.97	-1337.55
5th Week	15724.82	17080.05	-1355.23
Total	61422.22	56258.50	5163.72

Note: Mutual Fund activity as on 31st May 2019



Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30th Apr, 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)	29.79	5,144	05-Jan-10	10.83	15.39	13.15	12.08	1000	5000
ICICI Pru Bluechip Fund (G)	43.25	21,846	23-May-08	7.19	13.98	12.67	14.20	100	100
Mirae Asset Large cap Fund(G)	52.31	12,315	04-Apr-08	11.42	16.50	16.29	15.99	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	28.64	7,584	29-Jun-12	3.13	16.90	15.84	16.29	1000	5000
Kotak Standard Multi cap Fund(G)	36.82	24,297	11-Sept-09	11.38	16.39	16.81	14.13	500	5000
SBI Magnum Multi cap Fund (G)	50.63	7,228	29-Sept-05	6.75	13.86	16.75	12.63	500	1000
Mid Cap Fund									
HDFC Mid-Cap Opportunities Fund(G)	55.32	22,244	25-Jun-07	-3.24	12.98	15.91	15.43	500	5000
L&T Mid Cap Fund (G)	133.54	4,503	9-Aug-04	-6.11	15.3	17.80	19.14	500	5000

Note: Returns as on 31st May, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 30th Apr,2019 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	7.10	2089.91	30,460	0.60	1.88	3.69	7.58	7.93
ICICI Pru Liquid Fund(G)	7.03	278.74	57,392	0.61	1.87	3.67	7.51	7.87
Ultra Short Term Fund								
Kotak Saving Fund(G)	8.08	30.35	12,689	0.82	2.14	4.25	8.18	7.78
L&T Ultra Short term Fund(G)	7.65	30.91	2,928	0.78	2.08	4.17	8.05	7.48

Note: NAV and Returns as on 31st May, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30th Apr,2019 (Rs in Cr)	Launch Date	Returns (%)			
				30th Apr,2019 (Rs in Cr)	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	18.04	1,949	28-Dec-15	10.27	19.96	-	18.80
Axis LT Equity Fund(G)	46.11	19,109	29-Dec-09	5.02	14.20	16.75	17.54
HDFC Tax Saver(G)	535.56	7,421	31-May-96	5.24	13.08	10.34	24.12

Note: NAV and Returns as on 31st May, 2019, Returns <1 yr annualised, >1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS JUNE 2019



JUNE 01-02

- Indian Automobile Sales Data, by Automakers



JUNE 03

- Indian Nikkei Manufacturing PMI
- Italian Manufacturing PMI

PMI

JUNE 05

- Indian Nikkei services and composite PMI
- Europe PPI
- Italian Services PMI
- Europe Retail Sales

PMI

JUNE 06

- RBI MPC Meeting Outcome
- ECB Monetary Policy Statement
- Canada Trade Balance

RBI

JUNE 07-08

- Indian Automobile Sales Data, by SIAM
- US unemployment Rate
- French Trade Balance
- French Industrial Production



JUNE 10

- UK GDP
- Japan Current Account
- Europe Industrial Production

GDP

JUNE 11

- US PPI

PPI

JUNE 12

- Indian IIP
- Indian CPI
- US CPI

IIP

JUNE 13

- German Final CPI

CPI

JUNE 14

- Indian WPI
- French Final CPI
- US Retail Sales

WPI

JUNE 17

- Indian Parliamentary Session starts



JUNE 19

- Italian Trade Balance
- UK CPI
- US FOMC Statement

CPI

JUNE 20

- US FOMC Press Conference
- UK Retail Sales

FOMC

JUNE 27

- US Final GDP

GDP

JUNE 28

- German WPI

WPI

ArihantCapital
Generating Wealth



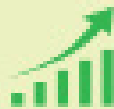
**THINK
BIG
START SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: Illustration depicts an illustration for the sake of ₹10,000 for illustration purposes only. Actual fund investments are subject to market risks. The actual result may vary from depicted illustration depending on a number of factors. Please refer to the prospectus for further information on any matter.

20 YEARS PERIOD



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