

Arihant's

# VALUE

Plus

Issue |

SEPTEMBER 2019



Inside  
The Issue

Market  
Outlook

03

Fundamental  
Stock

04

Auto  
Sector

05

Mutual  
Funds

06-07

Key  
Events

08

# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Aug-19	Jul-19	Monthly Change (%)
SENSEX	37322.79	37481.12	-0.42↓
NIFTY 50	11023.25	11118.00	-0.85↓
NIFTY BANK	27427.85	28876.00	-5.02↓
NIFTY MIDCAP 100	15652.20	15921.20	-1.69↓
NIFTY 500	8977.55	9044.95	-0.75↓
NIFTY IT	16010.00	15620.20	2.50↑
NIFTY REALTY	267.20	267.45	-0.09↓
NIFTY INFRA	3001.15	3086.65	-2.77↓

(Source: BSE & NSE)





## BSE SECTORAL INDICES

Indices	Aug-19	Jul-19	Monthly Change (%)
AUTO 	15768.40	15472.03	1.92↑
BANKEX 	30949.72	32689.44	-5.32↓
CD 	23420.00	22342.30	4.82↑
CG 	16941.77	17555.91	-3.50↓
FMCG 	11077.25	11062.33	0.13↑
HC 	12875.40	12704.38	1.35↑
IT 	16149.45	15733.49	2.64↑
METAL 	8524.28	9685.46	-11.99↓
OIL & GAS 	13163.72	13236.95	-0.55↓
PSU 	6348.92	6967.88	-8.88↓
REALTY 	2047.65	2072.20	-1.18↓
TECK 	7853.07	7675.41	2.31↑

## GLOBAL INDICES

Indices	Aug-19	Jul-19	Monthly Change (%)
DOW JONES	26403.28	26864.27	-1.72↓
NASDAQ	7962.88	8175.42	-2.60↓
HANG SENG	25724.73	27777.75	-7.39↓
FTSE	7207.18	7586.78	-5.00↓
NIKKEI	20704.37	21521.53	-3.80↓

## COMMODITIES

Particulars	Aug-19	Jul-19	Monthly Change (%)
MCX GOLD 	38656.00	34517.00	11.99↑
MCX SILVER 	46742.00	41227.00	13.38↑
MCX CRUDE OIL 	3952.00	4032.00	-1.98↓
MCX NATURAL GAS 	165.10	155.10	6.45↑

(Source: Telequote software)

## FOREX

Particular	Aug-19	Jul-19	Monthly Change (%)
USD-INR ₹	71.62	68.98	3.83↑
EUR-INR €	79.22	77.09	2.76↑
GBP-INR £	87.29	83.73	4.25↑
JPY-INR ¥	67.43	63.36	6.42↑

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for August	110,424.52	128,016.80	-17,592.28
Total for 2019*	933,774.94	886,464.21	47,311.43

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for August	70,974.87	52,360.44	18,614.43
Total for 2019*	499,633.00	444,241.87	55,391.13

\*Till August 2019

(Source: SEBI)



## Monthly Market Roundup

In the month of August, the Indian benchmark indices mostly closed flat with S&P BSE Sensex down by 0.2% and the CNX Nifty was down by 0.6%. The previous month was an eventful month and the markets remained highly volatile throughout the month. The key highlight for the month was, RBI cut repo rate by 35 bps to 5.4% and maintained its accommodative stance. The month also saw the Finance Minister announcing some palliative reform steps to kick start the economy and soothe frayed nerves of FPIs. The key measures announced by the FM were 1) Withdrawing enhanced surcharge on FPIs and domestic investors, 2) Frontloading of Rs 700 bn capital infusion to PSU banks, 3) Deferring the proposed revision in registration fees for auto sector till June 2020, 4) Increasing vehicle depreciation rate to 30% from 15% earlier and slew of other reform steps. These steps gave some hope to investors that government is serious about bolstering the sagging economy and will restore investors' faith in Indian capital market.

**On the sectoral front,** Nifty Metal was the top loser at 9.4%, followed by Nifty Infra with 2.4% loss for the month. Other major sectoral indices saw some relief rally in August, after witnessing heavy selling pressure in previous two months. Nifty Auto was top performer with 3.6% gain, followed by Nifty IT (+3.4%), Nifty Pharma (+2.5%) and Nifty FMCG (+1.4%) indices. Nifty 50 Midcap and Nifty 50 Smallcap ended the month mostly flat with loss of -0.3% each.

**On the economic front,** Goods and Services Tax collection was reported to be Rs 98,202 cr for the month, a gain of 4.5% on YoY basis, however it fell short of the coveted 1 lakh cr mark. As far as auto sales numbers are concerned, August 2019 turned out to be another gloomy month for the automobile sector as auto sales continued to face pressure due to weak consumer sentiment. The sales reports of August 2019 saw a significant drop in volumes with major players including Maruti Suzuki, Tata Motors and Hyundai reporting a drop of 34.4%, 58% and 16.6% respectively. The top six auto manufacturers dispatched a total of 171,193 vehicles to dealerships in August this year, registering a 34% drop in volumes, when compared to the 259,925 vehicles that

were dispatched in August last year. Meanwhile, top two-wheeler makers Hero and Bajaj have registered a plunge of 20% and 13% respectively in sales. Overall there was a clear sign of slowdown in the economic activity as reflected in the August auto sales numbers.

On the global front, The US-China trade war and fear of US recession took its toll on the global markets, with all the major world indices ending in red for the month of August. US' Nasdaq, UK's FTSE and US' Dow Jones closed in red with losses of -3.8%, -5.8% and -2.9% respectively. Whereas, Hong Kong's Hang Seng, Germany's DAX, China's Shanghai Composite and Japan's Nikkei ended the month with loss of -8.6%, -1.7%, -2.2% and -4.6% respectively.

## Nifty Technical Outlook: Sep - 2019



On the monthly chart, we are observing a Doji Candlestick Pattern which took support at the four month consolidation. Further the prices have also closed above the median line of the channel. Hence a pullback rally cannot be ruled out.

In coming month if Nifty trades and close above 11129 level then it is likely to test 11288 – 11447 – 11632 levels. However, if Nifty trades and close below 10917 level then it can test 10758 – 10599 – 10414 levels.

**At present a pullback rally cannot be ruled but we maintain our stance that the monthly trend remains down and pullback rally in the range of 11288 – 11447 – 11632 may attract selling pressure. Hence one needs to be cautious and wait for the dust to settle.**

## Economic Data Wrap Up : August

- India's August Nikkei manufacturing PMI slipped to 15-month low at 51.4 from 52.5 in July.
- India's August Nikkei services PMI fell to 52.4 from 53.8 in July.
- India's July IIP growth rose to 2.1% compared to 0.7% in June.
- India's July CPI inflation was steady at 3.15% compared with 3.18% in June.
- India's July WPI inflation fell to 25-month low of 1.08% compared to 2.02% in June.

# Fundamental Stock



**MANAPPURAM  
FINANCE LIMITED**

## Manappuram Finance Ltd

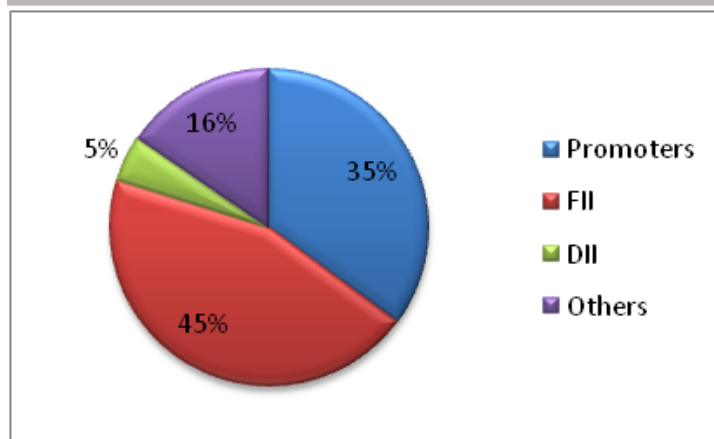
**BUY**

**Target Price: Rs. 151**

### Value Parameters

BSE Code	531213
NSE Symbol	MANAPPURAM
CMP (As on 2 <sup>nd</sup> Aug, 2019)	Rs 120
Face Value	Rs 2
52 Week High / Low	145/66
Market Cap (Rs Cr)	10,081
EPS (FY21E)	Rs 14.8
PE ratio (x) (FY21E)	8.1

### Shareholding Pattern % (Jun '19)



### Company Overview

The company was incorporated as Manappuram General Finance and Leasing Ltd (MGFL) on 1992 in Kerala and later it renamed as Manappuram Finance Ltd (MFL). It is a second largest NBFC company engaged in gold loan. Over the past three years it has diversified its portfolio into non-gold finance areas like housing, vehicle and microfinance loan. At present, it has 4380 branches across 28 states/UTs with AUM of Rs 20,186 cr, out of which Rs 13,292 cr in gold loan business.

### Investment Rationale

#### Gold loan business on track after demonetisation

After facing several issue like demonetization and volatility in gold prices, MFL moved to short term gold loan products that helped them to effectively manage the gold prices. After temporary hiccups from demonetisation and GST, the gold loan business is back on the track. The rising gold prices, coupled with decrease in interest rates in the latest RBI monetary policy, to act positively for the company.

#### Diversification of Business Model; A fruitful strategy

MFL has diversified its business profile in non-gold portfolio like vehicle Finance, Microfinance, home finance and Insurance broking business. As on Q1FY20 the non-gold business constitutes ~34% of the total portfolio.

#### Asirvad Microfinance - One of the Strong Subsidiary

At present, MFL have more than ~90% stake in Asirvad microfinance. It offers Income generating programme (IGP), Product and SME loan, with tenure of up to 24 months. The company exhibited a robust performance, with a near to four-fold AUM growth over the period of FY17 to Q1FY20.

### Valuations

At CMP of Rs 120, Manappuram is trading at FY20E and FY21E, P/ABV multiples of 1.9x and 1.6x respectively, which is attractive considering its lower NPA levels, impressive return ratio, strong operating efficiency and healthy capital adequacy ratio. The company also doesn't have any notable asset liability mismatches to be a cause of concern. We have a Buy rating on the stock with a target price of Rs 151 (2x P/ABV FY21E), giving a potential upside of 26%.

# AUT SECTOR

## August Sales



### Maruti Suzuki

**Total Sales: 106,413 units, -32% YoY down**  
 Domestic Sales: 97,061 units, -34% YoY down  
 PV Sales: 93,173 units, -36% YoY down  
 Exports: 9,352 units, -10% YoY down



### TVS Motor

**Total Sales: 290,455 units, -15% YoY down**  
 2Wheeler Sales: 275,851 units, -16% YoY down  
 3Wheelers Sales: 14,604 units, 11% YoY up  
 Exports: 69,702 units, 6% YoY up



### Mahindra & Mahindra

**Total Sales: 36,085 units, -25% YoY down**  
 Domestic Sales: 33,564 units, -26% YoY down  
 PV Sales: 13,507 units, -32% YoY down  
 CV Sales: 14,684 units, -28% YoY down  
 M&HCV Sales: 354 units, -69% YoY down  
 Exports: 2,521 units, -15% YoY down



### Atul Auto

**Total Sales: 3,681 units, -16% YoY down**



### Tata Motors

**Total Sales: 29,140 units, -49% YoY down**  
 PV Sales: 7,316 units, -58% YoY down  
 CV Sales: 21,824 units, -45% YoY down  
 M&HCV Sales: 5,340 units, -58% YoY down



### Escorts

**Total Sales: 4,035 units, -16% YoY down**  
 Domestic Sales: 3,763 units, -19.5% YoY down  
 Exports: 272 units, 97% YoY up



### Bajaj Auto

**Total Sales: 390,026 units, -11% YoY down**  
 Domestic Sales: 208,109 units, -19% YoY down  
 CV Sales: 64,726 units, -13% YoY down  
 Motorcycle Sales: 325,300 units, -10% YoY down  
 Exports: 181,917 units vs 181,461 units YoY



### Ashok Leyland

**Total Sales: 9,231 units, -47% YoY down**  
 M&HCV Sales: 5,349 units, -59% YoY down  
 LCV Sales: 3,882 units, -8% YoY down



### Hero MotoCorp

**Total Sales: 543,406 units, -21% YoY down**



### Volvo-Eicher Commercial Vehicles

**Total Sales: 3,538 units, -41.7% YoY down**

### Eicher Motorcycle

**Total Sales: 57,056 units, -19% YoY down**  
 Domestic Sales: 52,904 units, -24% YoY down  
 Exports: 4,152 units, 205% YoY up



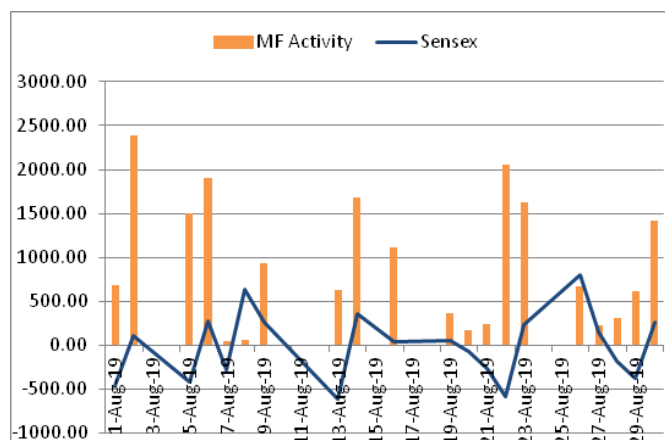


## MUTUAL FUND ROUNDUP

Indian equity markets ended on negative note in August 2019. The barometer index, S&P BSE Sensex delivered minor negative returns of 0.42 % to settle at 37322.79 and Nifty50 lost 0.85% ending the month at 11023.25.

### MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 18614.43 crore in the month of August 2019. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 4463.05 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 17592.28 crore worth of equities in August 2019.



### Mutual Fund Activity In August 2019

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	7996.20	4928.71	3067.49
2nd Week	18881.17	14448.04	4433.13
3rd Week	10820.18	7393.57	3426.61
4th Week	14731.84	10268.79	4463.05
5th Week	18545.48	15321.33	3224.15
<b>Total</b>	<b>70974.87</b>	<b>52360.44</b>	<b>18614.43</b>

Note: Mutual Fund activity as on 31<sup>st</sup> Aug 2019

## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 <sup>st</sup> July,2019 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Axis Bluechip Fund(G)	29.09	6,501	05-Jan-10	1.04	11.93	10.69	11.69	1000	5000
ICICI Pru Bluechip Fund (G)	40.37	21,125	23-May-08	-6.94	7.71	8.71	13.17	100	100
Mirae Asset Large cap Fund(G)	49.23	13,492	04-Apr-08	-3.43	10.23	11.81	14.99	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	27.49	7,785	29-Jun-12	-7.60	11.25	12.49	15.14	1000	5000
Kotak Standard Multicap Fund(G)	33.95	24,959	11-Sept-09	-4.81	8.50	12.04	13.04	500	5000
SBI Magnum Multicap Fund (G)	47.20	7,465	29-Sept-05	-4.91	7.46	11.91	11.79	500	1000
Mid Cap Fund									
HDFC Mid-Cap Opportunities Fund(G)	49.53	20,893	25-Jun-07	-16.20	2.99	10.01	14.03	500	5000
L&T Mid Cap Fund (G)	119.79	4,805	9-Aug-04	-17.33	5.89	11.66	17.92	500	5000

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

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 31 <sup>st</sup> July, 2019 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	6.01	2124.74	30,115	0.51	1.64	3.53	7.35	7.91
ICICI Pru Liquid Fund(G)	6.08	283.38	67,928	0.51	1.64	3.52	7.29	7.84
Ultra Short Term Fund								
Kotak Saving Fund(G)	7.01	30.96	12,994	0.69	2.04	4.22	8.31	7.80
L&T Ultra Short term Fund(G)	6.46	31.54	2,541	0.66	2.03	4.15	8.24	7.49

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

## ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 <sup>st</sup> July, 2019 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	17.11	2,208	28-Dec-15	-2.95	12.93	-	15.75
Axis LT Equity Fund(G)	44.24	18,953	29-Dec-09	-4.69	9.86	11.93	16.62
Kotak Tax Saver(G)	41.98	896	31-May-96	-4.80	6.86	10.47	10.98

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

# THE MONTH AHEAD KEY FINANCIAL EVENTS SEPTEMBER 2019



## SEP 01- 02

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



## SEP 02

- GBP Manufacturing PMI



## SEP 04

- Canada Trade Balance
- Indian Nikkei services PMI
- US FOMC Member Bullard Speaks



## SEP 06

- French Trade Balance
- US Unemployment Rate



## SEP 08 - 09

- Indian Automobile Sales Data, by SIAM
- GBP Manufacturing Production
- GBP GDP



## SEP 11

- US Core PPI
- US PPI



## SEP 12

- US CPI
- Indian IIP
- EUR Monetary Policy Statement
- Indian CPI



## SEP 13

- US Retail Sales



## SEP 16

- Indian WPI



## SEP 17

- OPEC-JMMC Meetings
- US Industrial Production



## SEP 18

- CAD CPI
- US FOMC Statement



## SEP 19

- US FOMC Press Conference
- GBP Monetary Policy Summary
- GBP Retail Sales



## SEP 23

- EUR French Flash Services PMI
- EUR German Flash Services PMI
- US Flash Manufacturing PMI



## SEP 26

- US Final GDP



## SEP 30

- CNY Manufacturing PMI
- GBP Current Account



**ArihantCapital**  
Generating Wealth





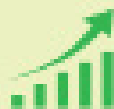
**THINK  
BIG  
START SMALL**

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED  
INVESTMENT**



**POWER OF  
COMPOUNDING**



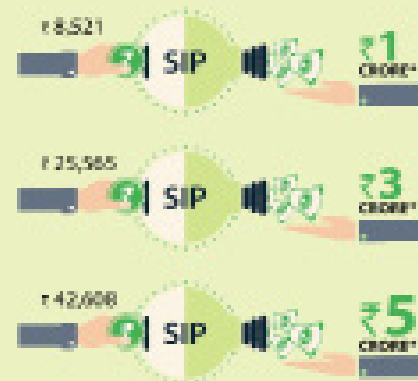
**RUPEE COST  
AVERAGING**



**SMALL POCKET  
INVESTMENT**

\*Note: 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



Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | PCG | Depository | Online Trading | Mobile Trading | Merchant Banking

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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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