

Arihant's VALUE Plus

Issue | April 2018




Inside
The Issue


Market
Outlook

03


Fundamental
Stock

04


Auto
Sector

05


Commodity
Outlook

06


Mutual
Funds

07-08

MOVERS & SHAKERS



INDIAN INDICES

Indices	Mar-18	Feb-18	Monthly Change (%)
SENSEX	32968.68	34184.04	-3.56 ↓
NIFTY 50	10113.70	10492.85	-3.61 ↓
NIFTY BANK	24263.35	25107.40	-3.36 ↓
NIFTY MIDCAP 100	18757.00	19664.90	-4.62 ↓
NIFTY 500	8912.10	9261.90	-3.78 ↓
NIFTY IT	12511.55	12809.00	-2.32 ↓
NIFTY REALTY	294.05	326.90	-10.05 ↓
NIFTY INFRA	3328.70	3452.35	-3.58 ↓

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Mar-18	Feb-18	Monthly Change (%)
AUTO	24057.25	24832.40	-3.12 ↓
BANKEX	27197.88	28313.85	-3.94 ↓
CD	22261.90	21187.21	5.07 ↑
CG	18476.73	19075.79	-3.14 ↓
FMCG	10290.14	10506.36	-2.06 ↓
HC	13157.62	14113.01	-6.77 ↓
IT	12100.55	12505.73	-3.24 ↓
METAL	13322.03	15173.80	-12.20 ↓
OIL&GAS	14614.42	15505.76	-5.75 ↓
PSU	7861.11	8335.96	-5.70 ↓
REALTY	2229.92	2468.34	-9.66 ↓
TECK	6513.28	6742.46	-3.40 ↓

(Source: BSE)

GLOBAL INDICES

Indices	Mar-18	Feb-18	Monthly Change (%)
DOW JONES	24103.11	25029.20	-3.70 ↓
NASDAQ	7063.45	7273.01	-2.88 ↓
HANG SENG	30093.38	30844.72	-2.44 ↓
FTSE	7056.61	7231.91	-2.42 ↓
NIKKEI	21462.81	22068.24	-2.74 ↓

(Source: Telequote software)

COMMODITIES

Particulars	Mar-18	Feb-18	Monthly Change (%)
MCX GOLD	30408.00	30379.00	0.10 ↑
MCX SILVER	38322.00	38246.00	0.20 ↑
MCX CRUDE OIL	4234.00	4093.00	3.44 ↑
MCX NATURAL GAS	169.80	175.90	-3.47 ↓

(Source: Telequote software)

FOREX

Particular	Mar-18	Feb-18	Monthly Change (%)
USD-INR ₹	65.19	63.17	3.20 ↑
EUR-INR €	80.20	79.46	0.93 ↑
GBP-INR £	91.46	89.66	2.01 ↑
JPY-INR ¥	61.22	61.08	0.23 ↑

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Mar 2018	1,20,863.72	1,09,209.43	11,654.29
Total for 2018*	360497.40	346099.40	14398.70

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Mar 2018	54,936.15	47,397.75	7,538.40
Total for 2018*	1,84,009.86	1,53,783.86	30,226.00

*From Jan-27 Mar 2018

(Source: SEBI)

Monthly Market Roundup

Indian equity markets witnessed sharp decline in the month of March on weak global cues and worries over the health of Indian banking sector after a massive fraud unraveled at Punjab National Bank's (PNB) branch. Over the past two months, Indian equity markets have been flooded by a series of negative news. February saw the introduction of the long-term capital gain tax in the union budget. In March, the ruling BJP lost Lok Sabha bypolls in Uttar Pradesh amid the escalation in the trade war between China and the US. As a result, the Nifty corrected 10.8% from its peak level of 11171.55.

Global equity markets declined after the US government announced that it plans to impose 25% import tariff on steel, and 10% tariff on aluminium. India exports 4-9% of its steel and aluminium to the US. The direct impact of the tariffs would be limited for Indian metal producers, said Morgan Stanley. Since the move is aimed at boosting production in the US, there is concern that higher production of steel and aluminium could weigh on global prices. Market sentiments also dampened after the US Federal Reserve signaled faster pace of interest rate hikes next year. While an interest rate hike of 25 basis points was expected in Fed meeting.

The month finally ended with upward bias as S&P BSE Sensex delivered negative returns of 3.56% to settle at 32968.68 and Nifty50 lost 3.61% ending the month at 10113.70.

On the institutional side, foreign institutional investors (FIIs) bought Rs 11,654.29 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 7,538.40 crore in March 2018.

Market Outlook : April

Going ahead, Indian equity markets will remain volatile this month, only a strong Q4 financial performance of

corporate bigwigs can support market indices. The outcome of the RBI's monetary policy meeting will dictate market trend. The RBI's Monetary Policy Committee (MPC) will meet on 5th April 2018 for the first bi-monthly monetary policy for FY19. Further, US FOMC meeting minutes, European Central Bank monetary policy, BOJ monetary policy, Q4FY18 corporate earnings, macroeconomic data, FIIs and DIIs trend, bond yield, currency movement and crude oil price movement are the key factors to watch out for. We suggest investors to invest in fundamentally sound companies with long term perspective.

Nifty Technical Outlook: April



The current price action on the monthly chart has confirmed the bearish engulfing pattern. This suggests weakness going forward.

In current month Nifty has resistance at 10392 - 10559 - 10754 levels whereas on the downside, 9835 - 9668 - 9473 levels. In coming month if Nifty trades above 10224 then it is likely to test 10392 - 10559 - 10754 levels. However, if Nifty trades below 10002 then it is likely to test 9835 - 9668 - 9473 levels.

Since the monthly trend has turned down we are of the opinion that rallies near to the above mentioned resistance levels are likely to attract selling pressure. Hence, one should adopt cautious approach towards the markets.

Economic Data Wrap Up – March

- India's Feb Nikkei manufacturing PMI fell to 52.1 from 52.4 in Jan.
- India's Feb Nikkei services PMI fell to 47.8 from 51.7 in Jan.
- India's Jan IIP growth rose to 7.5% from 7.1% in Dec.
- India's Feb CPI inflation fell to 4.44% from 5.07% in Jan.
- India's Feb WPI inflation fell to 2.48% from 2.84% in Jan.
- India's Feb trade deficit fell to \$11.98 bln from \$16.30 bln in Jan.
- India's Oct-Dec current account deficit rose to \$13.5 bln vs \$8 bln YoY.

Fundamental Stock



Ajanta Pharma

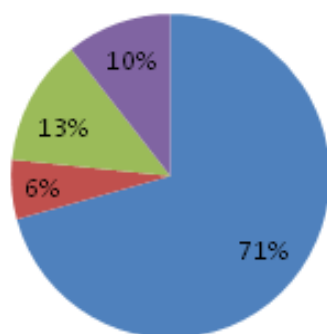
BUY Target Price Rs: 1500

Value Parameters

BSE Code	532331
NSE Symbol	AJANTAPHARMA
CMP (As on 03 rd Apr 2018)	Rs.1398
Face Value	Rs 2
52 Week High/Low	1852/1120
Market Cap (Rs cr)	12,335
EPS (TTM)	55.47
PE ratio (x)	25.24

Shareholding Pattern % (Dec' 17)

Promoters DII's FIIs Other



Company Overview

Ajanta Pharma (AJP) is a specialty pharmaceuticals company engaged in the development, manufacture and marketing of finished dosages. It started with repackaging of generic products in 1973, and moved from OTC products to prescription-based products for the Indian market. It has established itself as a strong specialty player in the domestic market in Ophthalmology, Dermatology and Cardiology. In addition, it has strong presence into the international markets of Africa and Asia, and continues to build a strong foundation for the US market.

Investment Rationale

Ajanta Pharma (AJP) have started yielding results in Asia, while its focus on Anglo Africa is expected to support growth in Africa's branded generics business. AJP has also re-strategized to improve growth in dermatology in the domestic formulations segment.

- AJP has employed a three-pronged strategy – enhanced focus on Anglo Africa, bringing on board more medical representatives (MRs) and specific therapy focus by MRs to improve growth in its branded generics business in Africa.
- Dermatology (26% of domestic formulation business in FY17) has exhibited a subdued performance due to stable sales of Melacare group of products. However, AJP is revamping the team, changing existing manpower and adding new product in Therapeutic segments. Expect dermatology to come back to growth.
- Around 12-15 ANDAs are anticipated to be filed from FY19 on annualized basis. Given the reduction in the time required for approvals and the company's aggressive filings, we expect reasonable growth in US sales over next 3-4 years, subject to final approvals.

Outlook & Valuation

We believe that Ajanta Pharma's long-term fundamentals continue to remain healthy driven by strong traction in the US business (post US FDA clearance to its Dahej unit) and above industry growth in domestic business. Its Sales, EBITDA and PAT witnessed 24%, 37% and 44% CAGR, respectively through FY12-17 owing to strong growth in domestic formulation business and healthy growth in exports (21% CAGR). We have a target of Rs 1500, valuing the stock at 25x FY19E EPS of Rs 60.

AUTO SECTOR

March Sales



Maruti Suzuki

Total Sales: 160,598 units, 14.9% yoy up
 Domestic Sales: 148,582 units, 16.1% yoy up
 PV Sales: 110,717 units, 13.3% yoy up
 Exports: 12,016 units, 2.1% yoy up



TVS Motor

Total Sales: 326,659 units, 27% yoy up
 2Wheeler Sales: 315,765 units, 25.8% yoy up
 3Wheelers Sales: 10,894 units, 103.2% yoy up
 Exports: 59,628 units, 55% yoy up



Mahindra & Mahindra

Total Sales: 62,077 units, 10% yoy up
 Domestic Sales: 58,653 units, 10% yoy up
 PV Sales: 26,555 units, 4% yoy up
 M&HCV Sales: 1,377 units, 6% yoy down
 Exports: 3,424 units, 26% yoy up



Atul Auto

Total Sales: 4,003 units, 26.1% yoy up



Tata Motors

Total Sales: 69,440 units, 35% yoy up
 PV Sales: 20,266 units, 31% yoy up
 CV Sales: 49,174 units, 37% yoy up
 M&HCV Sales: 16,886 units, 21% yoy up
 Exports: 6,443 units, 17% yoy up



Escorts

Total Sales: 11,790 units, 66.5% yoy up
 Domestic Sales: 11,557 units, 64.8% yoy up
 Exports: 233 units, 258.5% yoy up



Bajaj Auto

Total Sales: 334,348 units, 23% yoy up
 Domestic Sales: 203,600 units, 20% yoy up
 CV Sales: 64,409 units, 130% yoy up
 Motorcycle Sales: 269,939 units, 11% yoy up
 Exports: 130,748 units, 27% yoy up



Ashok Leyland

Total Sales: 22,453 units, 20% yoy up
 M&HCV Sales: 17,057 units, 12% yoy up
 LCV Sales: 5,396 units, 58% yoy up



Hero MotoCorp

Total Sales: 730,473 units, 20% yoy up



Volvo-Eicher Commercial Vehicles

Total Sales: 9,411 units, 28.4% yoy up
Eicher Branded Trucks & Buses
Total Sales: 9,245 units, 30.4% yoy up
 Domestic Sales: 7,980 units, 24.5% yoy up
 Exports: 1,265 units, 86.6% yoy up

Commodity Outlook

COCUD: Cake @Janta Price

COCUD

BUY

CMP: Rs 1408 (As on 03rd April 2018)

Buy: > Rs 1430

Targets: Rs 1575-1690

Stop Loss: < Rs 1340

COCUD or Cotton Seed Oilcake, which is known as 'Kapasias Khali' in Hindi, is a by-product of cotton seed oil. COCUD is mainly used as a cattle feed to add viscosity to the milk. The production of fresh COCUD starts after cotton arrivals end in October-November period. Thus, the peak in production is seen from November till January. We are the largest producer of COCUD in the world with annual production of around 9 million metric tons. Total production is consumed domestically and thus there is no export or import. There is no availability of fresh cotton seed oilcake during summers and due to its very short shelf life and high demand in, prices usually rise during this time period. However, prices are surprisingly lower this summer as demand has not yet picked up momentum. Therefore, we predict a strong bullish rally in next 2-3 weeks as prices have started to consolidate. Let's see what technical charts have in store for the bulls.

Prices are relentlessly falling since one year and have already seen a correction of around forty percent. Momentum indicators like RSI and MACD are into a huge positive divergence after hitting the extreme end of their respective oversold areas. Positive crossovers in both these indicators are providing a clue that prices are very close to the end



of the current bearish trend. ADX has also reached its peak of negative movement and is now looking set to divert its energy towards a big turnaround in positive direction. Prices have been trading below a key moving average band since a long time BUT we may see a shift in this positioning very soon. A constant fall in volume & open interest along with prices is also the trigger point for a bullish reversal. Most important point to remember apart from technical and fundamental views is that unlike other agro commodities with huge lots and margins, COCUD comes at a 'Janta Price' as it has a relatively very small lot that naturally attracts a low margin. Profitability with affordability-what a combination!

We recommend buying in COCUD May contract above Rs 1430 for targets in the range of Rs 1575-Rs 1690. Maintain stop loss below Rs 1340.

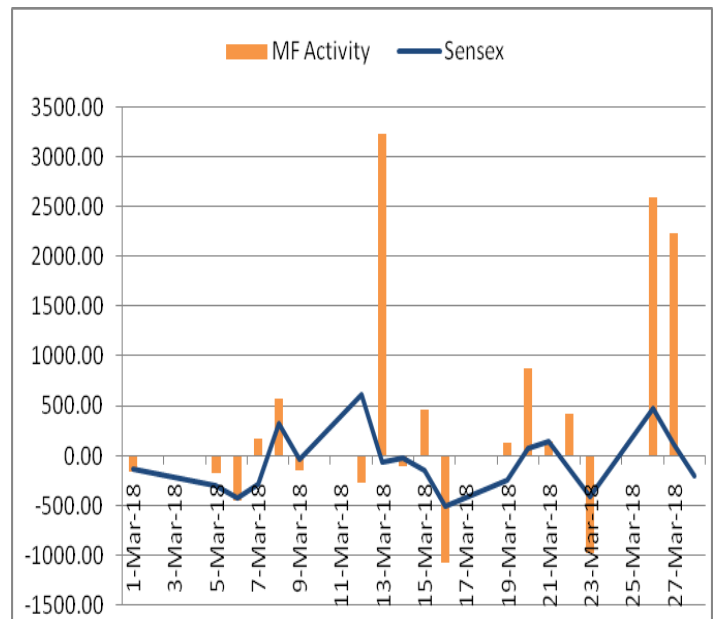


MUTUAL FUND ROUNDUP

Indian equity markets ended on negative note in March 2018. The barometer index, S&P BSE Sensex and Nifty50 delivered negative return of 3.56% to settle at 32968.68 and Nifty50 lost 3.61% ending the month at 10113.70.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 7,538.40 crore in the month of March 2018. Highest buying was recorded in the fifth week of the month when the fund houses made total net buy of Rs 4,829.89 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 11,654.29 crore worth of equities in March 2018.



Mutual Fund Activity In March 2018

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 st Week	2415.65	2578.18	-162.53
2 nd Week	12833.86	12852.85	-18.99
3 rd Week	16093.38	13825.08	2268.30
4 th Week	13678.86	13057.13	621.73
5 th Week	9914.40	5084.51	4829.89
Total	54936.15	47397.75	7538.40

Note: Mutual Fund activity as on 27th Mar 2018

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 28 th Feb 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	209.23	19,705	30-Aug-02	8.35	8.18	17.09	22.21	1,000	5,000
Mirae Asset India Opportunities Fund	44.80	6,612	04-Apr-08	12.34	10.92	20.54	16.22	1,000	5,000
SBI Blue Chip Fund	37.22	18,151	14-Feb-06	10.87	9.08	18.16	11.46	500	5,000
Multi Cap Fund									
Aditya Birla Sun Life Advantage	405.56	5,819	24-Feb-95	9.78	10.59	22.55	17.99	1,000	5,000
Motilal Oswal MOST Focused Multicap 35	26.30	12,032	28-Apr-14	11.52	15.14	N.A.	28.00	1,000	5,000
Mid Cap and Small Cap Fund									
DSP BlackRock Small and Mid Cap Fund	54.61	5,390	14-Nov-06	10.82	14.42	25.57	16.09	500	1,000
Franklin India Smaller Companies Fund	58.87	7,128	13-Jan-06	13.94	14.65	29.84	15.62	500	5,000
HDFC Mid-cap Opportunities Fund	55.45	19,891	25-Jun-07	11.37	14.25	26.18	17.29	500	5,000
Mirae Asset Emerging Bluechip Fund	47.51	5,131	09-Jul-10	11.69	16.91	30.06	21.96	1,000	5,000
Reliance Small Cap Fund	43.34	6,613	16-Sep-10	25.30	21.06	35.57	21.31	500	5,000

Note: Returns as on 28th March, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	Latest NAV*	AUM as on 28 th Feb 2018 (Rs in Cr.)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund							
SBI Premier Liquid Fund	2,716.09	29,055	0.66	1.73	3.34	6.68	7.67
HDFC Liquid Fund	3,410.56	30,961	0.63	1.67	3.30	6.59	7.28
Ultra Short Term Fund							
UTI Treasury Adv Fund - Inst Plan	2,395.10	10,059	0.77	1.68	3.21	6.85	8.31
Reliance Money Manager Fund	2,394.57	14,825	0.85	1.74	3.13	6.72	8.23

Note: NAV and Returns as on 28th March, 2018, Returns < 1 yr annualised, > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			OneYear	Three Years	Five Years	Since Inception
Aditya Birla Sun Life Tax Relief 96	30.51	06-Mar-08	18.16	11.62	22.63	11.72
DSP BlackRock Tax Saver	44.59	18-Jan-07	8.84	11.12	20.46	14.29
Reliance Tax Saver (ELSS) Fund	58.39	10-Apr-99	6.43	6.09	22.08	15.13
Motilal Oswal MOST Focused Long Term Fund	17.78	15-Jan-15	20.25	17.98	N.A.	19.82

Note: NAV and Returns as on 28th March, 2018, Returns <1 yr annualised, >1 yr compounded annualised

THE MONTH AHEAD KEY FINANCIAL EVENTS APRIL 2018



APR 02

- Indian Automobile Sales Data, by Automakers
- Indian Nikkei Manufacturing PMI
- Chinese Caixin Manufacturing PMI
- US Manufacturing PMI



APR 03

- European Manufacturing PMI
- UK Manufacturing PMI



APR 04

Indian Nikkei Services PMI



APR 05

- RBI Monetary Policy
- US Trade Balance



APR 06

US Non-Farm Employment



APR 09-12

- Indian Automobile Sales Data, by SIAM
- Indian FDI Equity Inflow



APR 11

- US FOMC Meeting Minutes
- UK Industrial Production
- UK Trade Balance



APR 12

- Indian Industrial Production (IIP)
- Indian Consumer Price Index (CPI)
- European Industrial Production



APR 13

- Chinese Trade Balance
- Japanese Industrial Production
- European Trade Balance



APR 16

- Indian WPI Inflation
- Indian Trade Data



APR 17

US Industrial Production



APR 18

- Chinese GDP
- Chinese Industrial Production
- Japanese Trade Balance



APR 26

ECB Monetary Policy



APR 27

- BOJ Monetary Policy
- UK Prelim GDP
- US Advance GDP



APR 30

- 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



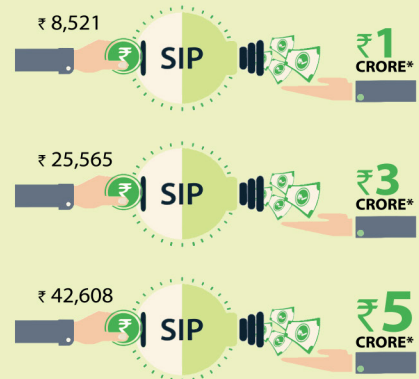
RUPEE COST AVERAGING



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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