www.arihantcapital.com

Arihant's VALUE Plus

Issue JAN 2018

Happy New Year

BEST HAND TO GROW WEALTH

INSIDE THE ISSUE

MOVERS & SHAKERS

INDIAN INDICES

Indices	Dec-17	Dec-16	Change (%)
SENSEX	33940.30	26626.46	27.47 ↑
NIFTY 50	10493.00	8185.80	28.19 ↑
NIFTY BANK	25648.55	18177.20	41.10 ↑
NIFTY MIDCAP 100	20834.00	14351.45	45.17 ↑
NIFTY 500	9431.50	6982.80	35.07 ↑
NIFTY IT	11501.90	10399.25	10.60 ↑
NIFTY REALTY	333.25	165.35	101.54 ↑
NIFTY INFRA	3615.15	2712.25	33.29 ↑

Note: Data as on 22nd Dec, 2017 (Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Dec-17	Dec-16	Change (%)
AUTO	26573.58	20257.43	31.18 ↑
BANKEX	28981.88	20748.74	39.68 ↑
CD	22544.74	11237.12	100.63 ↑
CG	19126.69	13664.50	39.97 ↑
FMCG	10657.08	8130.87	31.07 ↑
HC	14419.65	14727.59	-2.09 ↓
IT	11135.60	10176.05	9.43 ↑
METAL	14527.90	10109.34	43.71 ↑
OIL&GAS	16499.59	12151.64	35.78 ↑
PSU	9315.22	7691.27	21.11 ↑
REALTY	2499.59	1263.94	97.76 ↑
TECK	6305.65	5498.49	14.68 ↑

Note: Data as on 22nd Dec, 2017 (Source: BSE)

GLOBAL INDICES

Indices	Dec-17	Dec-16	Change (%)
DOW JONES	24754.06	19762.60	25.26 ↑
NASDAQ	6959.96	5383.12	29.29 ↑
HANG SENG	29578.01	22000.56	34.44 ↑
FTSE	7592.66	7142.83	6.30 ↑
NIKKEI	22902.76	19114.37	19.82 ↑

Note: Data as on 22nd Dec, 2017 Source: Telequote software

COMMODITIES

Indices	Dec-17	Dec-16	Change (%)
MCX GOLD	28653.00	27445.00	4.40 ↑
MCX SILVER	37954.00	39049.00	-2.80 ↓
MCX CRUDE OIL	3737.00	3650.00	2.38 ↑
MCX NATURAL GAS	170.00	252.20	-32.59 ↓

Note: Data as on 22nd Dec, 2017 Source: Telequote software

FOREX

Indices	Dec-17	Dec-16	Change (%)
USD-INR ₹	64.05	68.09	-5.93 ↓
EUR-INR €	75.93	71.90	5.61 ↑
GBP-INR £	85.65	83.79	2.22 ↑
JPY-INR ¥	56.55	58.36	-3.10 ↓

Note: Data as on 22nd Dec, 2017 Source: Telequote software

FII Activity (Rs cr)

Date	Gross Purchases	Gross Sales	Net Per/Sales
Total for 2017*	13,31,874.20	12,82,038.10	49,835.80 ↑

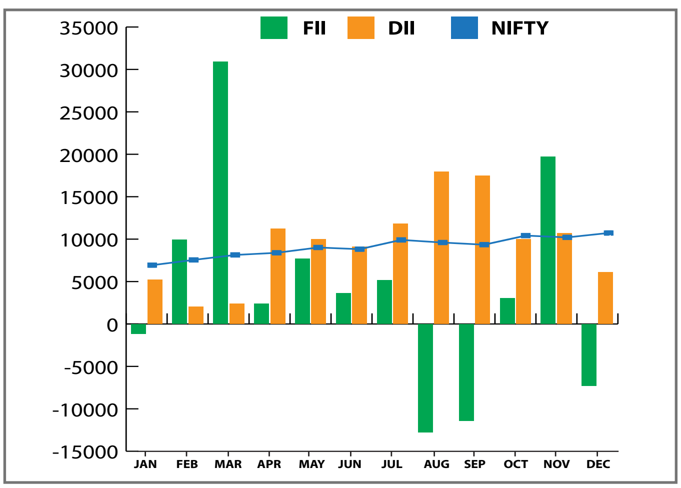
Note: Data as on 22nd Dec, 2017 Source: SEBI

MF Activity (Rs cr)

Date	Gross Purchases	Gross Sales	Net Per/Sales
Total for 2017*	5,53,415.44	4,39,475.85	1,13,939.89 ↑

Note: Data as on 22nd Dec, 2017 Source: SEBI

Monthly FII's and DII's Net Investment in 2017



Market Outlook

Bulls Cheered Dalal Street in 2017

The calendar year 2017 ushered in renewed enthusiasm for investors marking an epoch for the bulls on Dalal Street. India outshined globally turning out to be one of the top-performers in emerging markets in 2017. The BJP's victory in the assembly elections in Gujarat and Himachal Pradesh boosted investor sentiments, electrifying the markets. The Indian economy gathered momentum in the backdrop of business-friendly environment, pro-economic reforms taken by government and the rebound in GDP growth rate in the September to 6.3%, from a three-year low of 5.7% in the June quarter. It also indicates that the Indian economy has shaken off the lingering effects of demonetisation and GST rollout. While near term macro pressures and rich valuations are likely to cap upside in shorter term, domestic flows and bottoming out of corporate earnings may act as support.

The best five performers till date were Bajaj Finance (109%), Indiabull Housing (85%), Maruti Suzuki (83%), Tata Steel (80%) and Bharti Airtel (72%) while Lupin (-40%), Dr. Reddys Labs (-22%), Sun Pharma (-15%),Tata Motors(-10.5%) and Coal India (-10%) were the top losers till date.

The benchmark Index NIFTY 50 registered gain of 28.19% to while the SENSEX jumped by 27.47%.

The global markets had positive trend. Hang Seng was the best performer, with gain of 34.44% followed by Nasdaq 29.29%, Dow Jones 25.26%, Nikkei 19.82%.

Market Outlook 2018

With the formation of stable government in 19 states and a blockbuster year 2017 behind us, we believe that the positive trend in Indian stocks is likely to continue in 2018, albeit with series of profit taking. As the polices unveiled by the government will take time to shape the real economy, we expect Economic activity in India is likely to pick up after five straight quarters of slowdown as the adverse impact of the Goods and Services Tax and demonetisation fades. Corporate earnings are likely to increase further in second half, both on account of speedy approvals and an improving economy.

2018 will be a crucial year in India's path to economic development and good governance. We expect the government to implement several reforms in fiscal and investment area, setting the stage for next leg of inclusive and sustainable economic growth for the forthcoming years.

All eyes will now be glued on the reforms to be unveiled in Union budget in February and Reserve Bank of India (RBI's) action on interest rates. The biggest risks in 2018 could emerge from a reversal in crude oil prices and with higher interest rates in the US, which could lead to fund outflows from emerging markets. Such global risk aversion-driven corrections can be seen as good accumulation opportunities.

Technical Outlook 2018

Markets witnessed spectacular rally in the year 2017 and has formed a strong bull candle. This suggests that momentum on the upside is likely to continue. On the sectoral front Consumer durable, Real estate led the rally whereas Pharma, Utilities ended on the losing side. The Sensex gained 27.47% whereas Nifty gained 28.19% till date.

In current year of 2018 Nifty has resistance at 11493 – 12086 – 13100 levels whereas on the downside, 9507 – 8914 – 7900 levels. In coming year if Nifty trades above 10864 then it is likely to test 11493 – 12086 – 13100 levels. However, if Nifty trades below 10136 then it is likely to test 9507 – 8914 – 7900 levels.

Broadly, we are of the opinion that the yearly trend is up and as long as Nifty holds 8914 level for current year there is high probability that Nifty may test 11493 – 12086 – 13100 levels.

FINANCIAL THEMES IN 2018

The year began with a balanced Union Budget, as it provided a clear road-map towards boosting demand and growth without deviating much from its path of fiscal discipline. As the year progressed, major tax reform Goods and Services Tax (GST) was implemented, followed by subsequent rationalization in GST rates; ii) Implementation of RERA; iii) Clearance of ordinance for amending the Insolvency and Bankruptcy Code; and iv) announcement of Rs 2.1 lakh cr PSU Bank recapitalization plan.

Linking of the Aadhaar number with the PAN card is part of the government drive against black money. It is also part of the Digital India initiative in which all government records are to be digitalised and Digital India has drawn investments to the tune of Rs 4.5 lakh crore in the technology space.

Stressing that the macro fundamentals of the economy are strong, Finance Minister Arun Jaitley announced the Rs 5.35 lakh crore of total investment under Bharat Mala Pariyojana to construct 34,800 km of highways in infrastructure space and an aggressive Rs 2.11 lakh crore capitalisation plan to strengthen public sector banks, through a mix of recapitalisation bonds, budgetary support .

With the latest data provided by the Ministry of Housing and Urban Affairs, over the last three financial years and the current financial year, a total of 2.91 lakh houses have been constructed under Pradhan Mantri Awas Yojana (Urban), The Rs 16,320 crore Saubhagya scheme will provide electricity connections to over 4 crore families in rural and urban areas by December 2018, ahead of the earlier target of March 2019.

India's sovereign rating upgrade by Moody's and BJP's comfortable state election victory in Himachal Pradesh and retention of power in Gujarat led to a strong finish for the Indian market in 2017.

GOODS & SERVICES TAX (GST)

GST is perceived to be the most wide-ranging indirect tax reform which aims at making India a one nation, one tax and one market nation. It is widely expected that Indian economy would attract huge investment post GST which will lead to faster economic growth.

From the consumer's point of view, the advantage would be in terms of a reduction in the overall tax burden on goods.

GST Collections:

Five months into the GST implementation and so far the GST revenues have been below the desired run rate. GST collections in July Rs 95,000 cr, August Rs 91,000 cr, Sept Rs 92,150 cr and Oct Rs 83,346 cr.

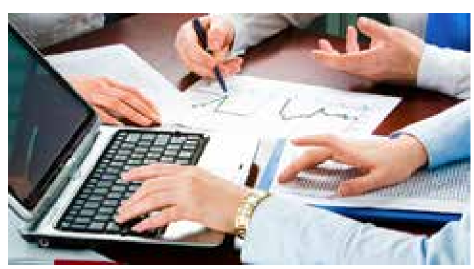
Expected impact of GST on sectors and sectors to watch out in 2018:

Pharma: The Q2FY18 results across-the-board were far better than Q1FY18 and the underlying tone of the management commentary saw revival from the GST constraints by early FY18.

Consumer Durables segment faced higher differential of the GST and channel disruptions. Organized players like Symphony, TTK prestige, Butterfly Gandhimati and IFB Industries benefitted the most.

FMCG: The GST council of India on 10th November revised the tax rates on around 178 items, ranging from chewing gum to beauty products. The GST rates on these items were shifted from the top tax bracket of 28% to 18% or lesser. FMCG companies, including ITC, Dabur, HUL and Marico, slashed the prices of various products to pass on the benefits of the rate cut to end-consumers. The growth in sales of major FMCG companies like Dabur, HUL, Marico, in the Jun-Sep 2017 quarter is signalling the revival of consumer demand in India.

BANKING AND FINANCE



The weight of banking and financial services sector in the Sensex is now at its highest at 40.1% of index, rising two fold in the last decade. Now, financial sector is expected to lead earnings recovery as asset-quality concerns are reduced and credit growth has improved.

We expect corporate loan growth to improve (increased working capital and refinance opportunities) but retail would still be a key driver and banks and financial services having greater retail franchise - both liability and lending (customers) will be able to garner greater share in future business growth.

Company with higher RoAs, CARs would entail higher internal accruals and longer self-funded growth.

Stocks to watch out: Bajaj Finance, ICICI Bank and SBI

ELECTRIC VEHICLES

With the Government's push to make India a 100% EV nation by 2030 has led to a sharp rally in the stock of companies with an exposure to EVs.

Lack of investment and infrastructure is the main hurdle for EV industry in India and further investment from government and companies will be required for the establishment of infrastructure.

Following companies linked with the growth of EV industry going forward:

- **Maruti** as establishing a LIB battery plant in Gujarat in JV with denso and Toshiba and that is expected to be operational by 2020.
- **TVS Motors** will be launching electric two-wheeler by March 2018.
- **Mahindra and Mahindra** is the only company which has been selling lithium ion electric cars for last many years, M&M has entered into strategic tie-up with Ford to work together for electric vehicles, with government focus on EV, M&M can improve market share in this segment.
- **Motherson Sumi:** Light weighting and increase in wire harness content in EV will be positive for Motherson Sumi.
- **Sundram Fasteners** has already started supply of bevel gear and surge tank cap to tesla

Other companies like Mahindra CIE, Tube Investment, Rico Auto, Minda Corporation are likely to have medium term impact.

AADHAAR

The government made the Aadhaar card mandatory for opening bank accounts and for high-ticket financial transactions above Rs 50,000. Government Enrolled 1.18 billion Aadhaar cards till date.

Aadhaar card is currently not mandatory for financial market transactions, but the list of transactions that requires it is increasing. Like one needs it to avail subsidies, to get a gas connection, to invest in financial instruments, and even to file an income tax return.

And move aimed at curbing fraudulent stock market activities and currently it is used for KYC in mutual fund investment and linking every financial market transaction to Aadhaar is sensible to create audit trails. That, in turn, will help curb tax evasion.

HOUSING FOR ALL

The government is aiming to construct more than 50 lakh homes for the poor in rural areas across the country by March 31 2018.While the overall target is to construct one crore new houses by March 31, 2019.

Housing sector has multiple sector linkages as following:

Housing Finance Companies that predominantly lend to individuals, which have deeper penetration to Tier 2 and Tier 3 towns and have lower ticket size (usually less than Rs 20 lacs) are most benefited companies like LIC Housing which has a higher share of salaried home loans in its portfolio (83%),Gruh which has low ticket size , Repco with a higher share of non-salaried loans at nearly 40%, will remain in focus .

Cement also remains a big beneficiary of the upturn in housing. Two-thirds of the cement demand comes from housing companies and companies like Ultratech Cement and Ambuja Cement will remain in focus.

It also trigger for **Plywood & MDF segment;** would increase demand for plywood industry (for making doors and furniture). **Century Plyboards** will be in focus with 50% capacity addition in laminates and commercialization of MDF in Q3FY18.

Other companies to watch out under home improvements are **Asian Granito, HSIL and Nerolac Paints.**

RERA

The RERA seeks to protect the interests of home buyers and also boost investments in the real estate sector. Both commercial and residential projects including plotted development.

After RERA we can expect transparency and efficiency in the sector in terms of delays, price, and quality of construction.

This will lead to growth in real estate sector as strong compliance will boost the confidence of investors and simultaneously now builders will also benefit from more buyers.

Followings are few picks which gain benefited from RERA: Brigade Enterprises, Godrej Properties, Oberoi Realty and Sunteck Realty.

DIGITIZATION

India's migration to digitization picked up pace after Demonetization with starting with financial services (Mobile-wallet) and E-Commerce.

Going forward digitisation with e-commerce is set to bring about a significant change in the way Indian market operates. Online orders will generate a bigger volume of cargo both for product deliveries to consumers and movement of documentations in the country, logistic companies like VRL Logistics and Gati will remain in focus.

Digitisation will have far-reaching implications for the corporate, household and public sectors and many companies will use cloud computing services.

STOCK PICKS FOR 2018

1. CARBORUNDUM UNIVERSAL

CMP: Rs 380

Target: Rs 480

COMPANY OVERVIEW

Carborundum Universal Ltd is engaged in manufacturing of coated and bonded abrasives, super refractories, electrominerals, industrial ceramics and ceramic fibres in India. The company operates mainly in three business segments Abrasives, Ceramics and Electrominerals. Major user industries for abrasives are automobiles, woodworking, machinery, floor restoration, construction and bearings. Ceramic user industries are mainly cement, steel, fabrication, petroleum, etc. The company also in the business segment of Ceramics, Abrasives, Electrominerals.

Sales grew 13% y/y, abrasives segment by 3% y/y, mainly from domestic-business restocking and better subsidiary performance, in electro minerals, relocated entities led to 9% growth in the domestic business. Ceramics was flat, Industrial ceramics is expected to witness good growth on the back of increased demand. The company saw increased activity in Europe, US and Indian market.

INVESTMENT RATIONALE

- Higher volumes drive revenue growth during H1FY18 and overall profitability improved.
- The EBITDA margin improved 260 bps to 18%.
- Raw material cost increased and partially transmitted in price (Prices of key raw materials like Graphite (7x increase), Electrodes (6x increase), Silicon Carbide, Bauxite and Alumina (upwards of 25%-30%) increased in the past 1-1.5 year and Carbon black and glass industry is also driving growth.
- With expectation of further increase in margins by Q3 and Q4 on the back of demand revival, superior product mix, upward revision of prices and scaling up of various plants and with a target 23-24% ROCE by FY 20.

FINANCIAL SUMMARY

Description	2017	2016	2015	2014	2013	2012
Revenue (Rs Cr)	2,112	1,943	2,050	2,125	1,971	1,995
PAT (Rs Cr)	164	139	138	95	90	231
ROE %	12.81	12.27	12.63	8.81	9.00	27.49
ROCE %	17.10	16.61	16.46	11.96	12.64	27.87
P/E (x)	39.17	31.40	22.94	26.73	30.00	24.81
EV/EBIT (x)	19.29	10.62	13.07	11.43	10.30	24.81

Note: CMP as on 22nd Dec, 2017

2. BRIGADE ENTERPRISES

CMP: Rs 320

Target: Rs 380

COMPANY OVERVIEW

Brigade Enterprises Ltd has a diverse and mature portfolio of real estate, lease rental and hospitality businesses and successfully expanded footprints beyond Bengaluru and Mysuru to other high-growth potential cities like Chennai, Hyderabad, Kochi and GIFT City, Gujarat. September Quarter sales were up 8% YoY to Rs 484 Cr and PAT was up by 38% YoY to Rs 41.62 Cr..

INVESTMENT RATIONALE

- Strong portfolio of ongoing and planned development projects located in attractive south India property markets with Robust Bangalore market fundamentals and preference for organized players post RERA should aid BEL's well-balanced portfolio and currently in the process of developing 30 million square feet across seven cities over the next five years.
- Company plans to increase focus on hospitality and leasing business and is expected to improve on its sales with diversified portfolio. BEL highlighted the fact that sales for Q2FY18 were slow because of RERA-related compliance.
- Going forward sales are expected to pick up from Q4FY18, as BEL is launching 2.4 mnsqft under both residential and commercial project, 2mn sqft of commercial-lease project and building 0.43 mnsqft of two IBIS Hotels in the second half of FY17-18.

FINANCIAL SUMMARY

Description	2017	2016	2015	2014	2013	2012
Revenue (Rs Cr)	2,058.38	2,070.67	1,330.84	966.69	834.61	651.03
PAT (Rs Cr)	166.00	137.79	114.95	88.95	60.02	56.93
ROE %	11.78	11.90	11.42	10.04	6.48	6.29
ROCE %	10.33	9.55	8.72	7.15	5.06	4.98
P/E (x)	10.30	7.66	7.93	5.25	8.13	8.05
EV/EBIT (x)	23.11	13.35	16.98	7.81	10.43	11.48

Note: CMP as on 22nd Dec, 2017

3. TATA CHEMICALS

CMP: Rs 734

Target: Rs 960

COMPANY OVERVIEW

Tata Chemicals operates in the sectors of consumer products, industry chemicals, agri-solutions and nutraceuticals.

Africa business reported a sharp all round improvement, led by surge in volumes (+39% yoy). US Soda Ash business posted steady performance, driven by 10% yoy volume growth while sales realization declined by 5.8% yoy.

EBITDA for the quarter rose by 31.4% yoy to Rs. 739 crore with a corresponding margin expansion of 521 bps. EBITDA margin for the quarter stood at 21.4%.

INVESTMENT RATIONALE

- Company has identified various exciting products in the specialty chemicals segment and plans to launch them in the coming years. Consumer along with Specialty Chemicals will be the key focus areas for driving growth going ahead while maintaining leadership in inorganic chemicals business and to deleveraging its balance sheet.
- Pulses price impacted the consumer side business and 70% of the business comes from pulses and can expect breakeven next year in consumer segment.

FINANCIAL SUMMARY

Description	2017	2016	2015	2014	2013	2012
Revenue (Rs Cr)	14,924.69	17,176.94	17,204.48	15,885.35	14,711.02	13,815.03
PAT (Rs Cr)	1,221.35	991.27	807.39	-807.67	610.51	1,039.51
ROE %	16.55	16.07	14.74	-13.59	9.58	17.64
ROCE %	13.26	12.11	11.68	0.42	9.77	14.75
P/E (x)	9.95	7.30	7.96	7.15	5.72	5.74
EV/EBIT (x)	17.27	12.34	18.88	-	20.51	10.51

Note: CMP as on 22nd Dec, 2017

4. WHIRLPOOL OF INDIA

CMP: Rs 1535

Target: Rs 1840

COMPANY OVERVIEW

Whirlpool Of India Ltd is the world's number one manufacturer and marketer of major home appliances. The product range of the company includes Refrigerator, Washing Machine, Air Conditioner, and Microwave.

Whirlpool of India standalone revenue for the quarter came in at Rs 1160 crore, posted strong revenue growth of 23% YoY in Q2FY18. The PAT for the quarter came in at Rs 73 crore, increase of 25% YoY. Refrigerator (60% of sales), washing machines (20% of sales) and Air conditioners around 10% of sales.

INVESTMENT RATIONALE

- The management was optimistic about strong revenue growth aided by increasing distribution network as well as plugging of portfolio gaps. More focus will be on expanding washing machine and refrigerator model and variants.
- In terms of new product introductions, WHIRL's play will be in air (ACs, air purifiers), water (purifiers) and cooking (built-in kitchens, dishwashers) going forward.
- The company intends to invest large amounts in brownfield expansion over the next few years. It will invest in inventories while gradually ramping up capacity across product lines.
- One can expect WIL to register above 15% revenue and earnings CAGR over FY17-FY20E which also supported by international market growth.

FINANCIAL SUMMARY

Description	2017	2016	2015	2014	2013	2012
Revenue (Rs Cr)	5,192.06	4,534.13	4,171.23	3,499.38	3,431.37	3229.16
PAT (Rs Cr)	310.49	240.02	210.51	122.91	127.75	123.73
ROE %	23.44	23.21	25.83	18.47	23.65	29.79
ROCE %	35.82	34.92	36.96	26.39	33.72	41.99
P/E (x)	30.08	18.34	23.81	11.02	10.88	10.35
EV/EBIT (x)	58.51	37.12	44.32	23.85	21.87	20.63

Note: CMP as on 22nd Dec, 2017

5. CENTURY PLYBOARD

CMP: Rs 336

Target: Rs 416

COMPANY OVERVIEW

Century Plyboards (India) Ltd is present across the different wood panel products— plywood, MDF, particleboard, laminates, veneers, etc. The company has recently expanded its plywood capacity.

Century Plyboards (India) Ltd standalone revenue for the quarter came in at Rs. 474.5 crore, registering 4.3% yoy decline. This was primarily driven by 12% yoy decline in revenues from Plywood and Allied products

EBITDA for the quarter rose marginally to Rs. 87.9 crore with a corresponding margin expansion of 91 bps. EBITDA margin for the quarter stood at 18.5%. This margin expansion was aided by 2.4% and 29% yoy decline in purchase of traded goods and changes in inventories.

INVESTMENT RATIONALE

- Century Plyboards (CPBI) growth is expected to be boosted by 50% capacity addition in laminates and commercialization of MDF in Q3FY18.
- Jump in utilisation will improve return ratios with RoCE estimated at 30% in FY20.
- The cut in GST rate on plywood from 28% to 18% will have positive impact on topline as unorganised share at 65% of the total.

FINANCIAL SUMMARY

Description	2017	2016	2015	2014	2013	2012
Revenue (Rs Cr)	1,841.28	1,646.93	1,606.16	1,351.35	1,188.85	1,672.41
PAT (Rs Cr)	193.48	169.75	149.96	63.33	57.67	149.76
ROE %	31.11	37.04	44.17	23.23	11.79	22.17
ROCE %	23.56	26.04	25.40	14.78	7.99	14.45
P/E (x)	23.57	14.28	20.77	7.18	12.64	7.89
EV/EBIT (x)	38.51	22.40	34.94	10.30	21.95	10.70

Note: CMP as on 22nd Dec, 2017

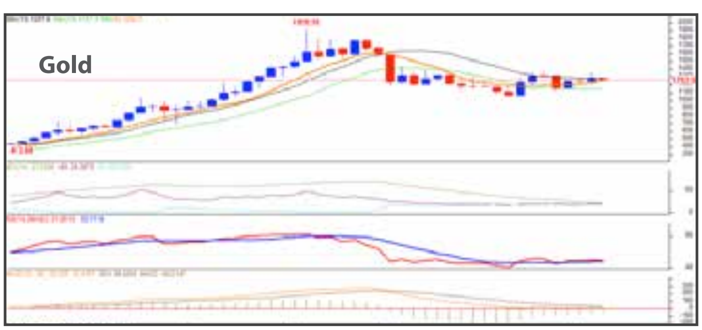
Commodity Outlook

2018: Ageless Gold & a Century Turning Young

Gold is on the verge of posting decent gains of around 10% on y-o-y basis, slightly bettering the numbers scored in 2016. However if we look at the yearly highs of 2016 and 2017, it becomes clear that the gains are actually subdued and have lost a major chunk before arriving at the final tally as a result of quick profit booking which also prompted fresh short positions at higher levels. Still, situation is far better than the one seen during 2013 to 2015 when the benchmark London spot Gold prices slashed nearly 45% to $1046 from an all time high of $1920 marked in 2011. Although the yellow metal is still in a primary bearish trend, the first half of 2018 may bring a sigh of relief for Gold bulls.

This can be understood by analyzing the quarterly chart of London spot Gold where we can see an 'x' wave in making after highly impulsive ABC zigzag that formed the crux of the primary bearish trend by triggering a gigantic fall of nearly forty five percent. Presently, the yellow metal is in the third leg of corrective (upward in a primary bearish trend) 'x' wave. It almost took a year for 'x' wave to establish the first two legs. 2017 onwards, we are in the third leg but a decisive breakout to trigger the wave 'c' of 'x' wave is still awaited. From Fibonacci reciprocal theory, it can be assumed that the current leg may help 'x' wave shape-up into a harmonic AB=CD pattern that can take prices upward towards $1530 within next two quarters, once we get a decisive breakout above $1375. Thus, we have a huge upside range of $250-$270 left if we calculate from current rate of $1260. It is our statistical facts based study that if this range of $1530 is achieved in the first half of 2018, we may see the yellow metal getting back on its primary bearish trend in second half. By then, most of the key technical momentum indicators like ADX and MACD will complete their respective 'convergence cycle'. Prices are expected to get support from core fundamentals in the first half. Weakness in Dollar Index is expected to continue and we may see it tumbling down by another 12 to 15% in the first half of 2018.

Thus, it's a dual opportunity for a regular trader and investor where he can extract benefits by going long in the first half and short selling in the second. Upside targets are in the range of extreme resistance area at $1480-$1530 for first half while in the second half, we may see prices reversing back in the primary bearish trend with downside targets of $1400-$1330.



Currency Outlook

2018: What's in store for USD-INR?

After seeing a consistent bullish rally for six straight years, USD-INR suffered a setback in 2017. The most traded currency pair on Indian exchanges is nearing a 6% decline y-o-y basis and dollar index decline 8.75% y-o-y basis. We are in the last week of 2017 and if we look at the past 51 weeks, it can be said that the year has been very eventful for respective currencies of the pair both at domestic and international level. This is also reflected in the overall trading range of the pair which is much higher than the previous year. So, the big question strikes now…how the pair will perform in 2018? Let us see.

On yearly technical charts, the pair has broken the higher low candlestick formation after six years which is an indication that the inner most layer of the primary bullish trend is facing undercurrent. Multiple tops that are in a compressed mode on yearly chart are clearly visible when we shift the time frame of charts as quarterly. Let us see what we got when we applied a set of few momentum indicators like RSI, MACD and ADX on quarterly and monthly charts. On quarterly chart, we found nicely balanced MACD and RSI clearly into a negative crossover while on monthly chart; ADX is catching all the attention with its well positioned negative strength that is increasing day by day. Thus, we have a very refined sell set-up in place which is pointing towards a major change in primary bullish trend.

On domestic fundamental front, the most awaited Gujarat election results have been just announced and the currency market and stock market are now gearing up for quarterly results of corporate while keeping an eye on the bigger event-the union budget 2018-2019. Also, we will have another election season as Karnataka goes for polling in May while MP, Chhattisgarh and Rajasthan will have their date in December. Preparations of parliamentary elections coming up in April-May 2019 will also trigger a big shift in policy priorities which will have a decisive impact on our currency. Financial data release is a regular event every week. We have already seen changes in GST slabs and the promise to slash them more in near future with more items to be shifted in lower slabs will surely benefit overall economy. US Federal meetings and monthly payroll numbers will continue to be key events as far as scheduled data release from US is concerned.

2018 being the last full year for the Narendra Modi government, the financial policies and reforms will be done at priority with a quick implementation and if any unseen hindrances didn't come in the way, INR is likely to strengthen more against USD in 2018. As per technical analysis, USD is likely to have a tough time against INR and may depreciate further in 2018 with downside targets in the range of 61.80-59.00. Key resistance levels are 65.70-67.20.

MUTUAL FUND

MUTUAL FUND ROUNDUP

Assets managed by the Indian mutual fund industry has grown from Rs 3.26 trillion as on 31st March 2007 to Rs 22.79 trillion as on 30th November, 2017, about seven fold increase in a span of about 10 and half years!!

The MF Industry's AUM has grown from Rs 5.87 trillion as on 31st March, 2012 to Rs 22.79 trillion as on 30th November, 2017, about four fold increase in a span of about 5 and half years !!

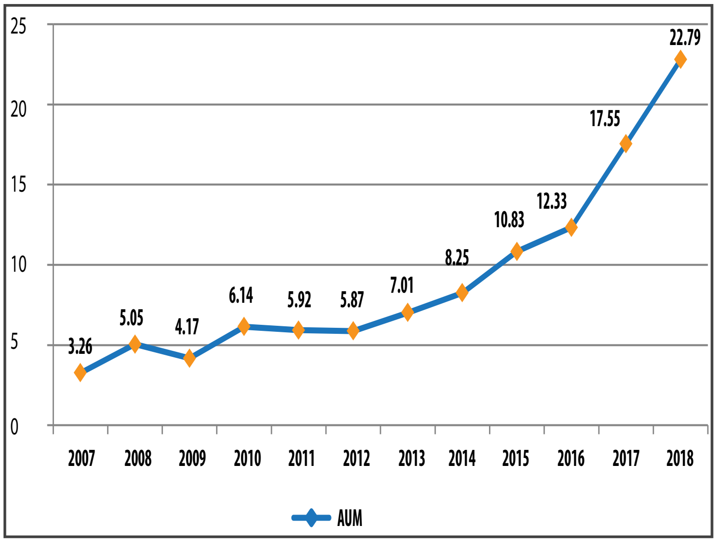
The Industry's AUM had crossed the milestone of Rs 10 trillion for the first time in May 2014 and in a short span of about three and half years, the AUM size has increased more than two folds and stood at Rs 22.79 trillion as on 30th November, 2017.

The AUM of the Indian MF Industry have grown from Rs. 16.94 trillion in November 2016 to Rs. 22.79 trillion in November 2017. That represents a 34.53% growth in assets over November 2016.

The proportionate share of equity-oriented schemes is now 38.4% of the industry's assets in November 2017, up from 31.1% in November 2016. The proportionate share of debt-oriented schemes is 39% of industry assets in November 2017, down from 46.3% in November 2016.

Mutual Fund SIPs accounts stood at 1.80 CRORE! And the total amount collected through SIP during November 2017 was Rs 5,893 crore. AMFI data shows that the MF industry had added about 9.05 lacs SIP accounts each month on an average during the FY2017-18, with an average SIP size of about Rs 3,250 per SIP account.

Growth in AUM (Rs in trillion)



EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	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 Fund	221.82	30-Aug-02	33.03	12.44	17.69	23.10	1,000	5,000
Mirae Asset India Opportunities Fund	48.15	04-Apr-08	41.41	15.94	21.24	17.56	1,000	5,000
Multi Cap Fund								
Motilal Oswal MOSt Focused Multicap 35 Fund	27.26	28-Apr-14	47.45	22.00	N.A.	31.58	1,000	5,000
SBI Magnum Multicap Fund	48.75	29-Sep-05	40.59	17.26	21.63	13.86	500	1,000
Mid Cap & Small Cap Fund								
Mirae Asset Emerging Bluechip Fund	52.66	09-Jul-10	51.07	24.45	31.05	24.48	1,000	5,000
HDFC Mid Cap Opportunities Fund	59.72	25-Jun-07	43.27	19.28	26.64	18.59	500	5,000
Reliance Small Cap Fund	47.45	16-Sep-10	65.98	26.58	34.44	23.67	500	5,000

Note: Returns as on 22nd Dec, 2017, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

ELSS SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)				Min. Investment Amount	
			One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund								
Aditya Birla Sun Life Tax Relief 96	32.21	29-Mar-96	46.61	18.03	22.44	12.68	500	500
Reliance Tax Saver (ELSS) Fund	68.41	21-Sep-05	46.57	14.73	23.17	16.98	500	500

Note: NAV and Returns as on 22nd Dec, 2017, Returns <1 yr annualised, >1 yr compounded annualised

HYBRID SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Returns (%)				Min. Investment Amount	
		One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
MIP							
Aditya Birla Sun Life MIP II – Wealth 25	39.13	16.40	11.75	13.61	10.61	1,000	5,000
Balanced Fund							
Aditya Birla SL Balanced '95 Fund(G)	771.94	27.62	12.71	17.66	21.34	1,000	1,000
Equity-Savings							
HDFC Equity Savings Fund	35.10	17.10	10.67	10.93	9.95	500	5,000

Note: NAV and Returns as on 22nd Dec, 2017, Returns < 1 yr annualised, > 1 yr compounded annualised.