

Arihant's

# VALUE

Plus

Issue |

July 2018



Inside  
The Issue

Market  
Outlook  
03

Stock  
Picks  
04-05

Auto  
Sector  
06

Commodity  
Pick  
07

Mutual  
Funds  
08-09

# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Jun-18	May-18	Monthly Change (%)
SENSEX	35423.48	35322.38	0.29 ↑
NIFTY 50	10714.30	10736.15	-0.20 ↓
NIFTY BANK	26364.20	26956.20	-2.20 ↓
NIFTY MIDCAP 100	18181.30	18903.30	-3.82 ↓
NIFTY 500	9162.45	9315.35	-1.64 ↓
NIFTY IT	13989.50	13666.00	2.37 ↑
NIFTY REALTY	271.55	294.95	-7.93 ↓
NIFTY INFRA	3125.70	3336.05	-6.31 ↓

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Jun-18	May-18	Monthly Change (%)
AUTO	23838.30	24471.58	-2.59 ↓
BANKEX	29250.56	30007.14	-2.52 ↓
CD	20206.69	20670.27	-2.24 ↓
CG	17488.15	18821.62	-7.08 ↓
FMCG	11213.28	11291.45	-0.69 ↓
HC	14003.64	13002.72	7.70 ↑
IT	13920.07	13452.83	3.47 ↑
METAL	13064.49	13612.08	-4.02 ↓
OIL&GAS	13659.50	14429.44	-5.34 ↓
PSU	7291.60	7893.39	-7.62 ↓
REALTY	2073.37	2234.69	-7.22 ↓
TECK	7164.97	6966.18	2.85 ↑

## GLOBAL INDICES

Indices	Jun-18	May-18	Monthly Change (%)
DOW JONES	24271.41	24415.84	-0.59 ↓
NASDAQ	7510.30	7442.12	0.92 ↓
HANG SENG	28497.32	30468.56	-6.47 ↓
FTSE	7636.93	7678.20	-0.54 ↓
NIKKEI	22304.51	22201.82	0.46 ↑

(Source: Telequote software)

## COMMODITIES

Particulars	Jun-18	May-18	Monthly Change (%)
MCX GOLD	30432.00	30831.00	-1.29 ↓
MCX SILVER	39228.00	39904.00	-1.69 ↓
MCX CRUDE OIL	5086.00	4517.00	12.60 ↑
MCX NATURAL GAS	200.80	199.50	0.65 ↑

(Source: Telequote software)

## FOREX

Particular	Jun-18	May-18	Monthly Change (%)
USD-INR ₹	68.47	67.41	1.57 ↑
EUR-INR €	79.77	78.81	1.22 ↑
GBP-INR £	90.00	89.91	0.10 ↑
JPY-INR ¥	61.88	61.90	-0.03 ↓

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2018	129,594.12	134,425.35	-4,831.23
Total for 2018*	699,000.40	705,431.60	-6,430.50

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2018	50,113.32	43,558.70	6,554.62
Total for 2018*	368,094.07	304,690.85	63,403.22

\*From Jan-28 June 2018

(Source: SEBI)

## Monthly Market Roundup

Indian equity markets started the June month on a weak note due to Italy's political crisis and fear of a global trade war. Benchmark indices gained after the central bank maintained its neutral stance. Sustained buying by domestic institutional investors also boosted sentiment. Strong gains were, however, capped due to negative global cues after the US Federal Reserve raised interest rates and struck a hawkish tone in its latest policy statement. Market tumbled during the last week of the month as margins were increased on certain volatile stocks which added more fuel to the fire, which led to the sudden selling in mid and small caps. Further sentiment across the globe was negative on worries of escalating US-China trade war. Investors' sentiment was dented as trade tensions between the US and China showed no signs of easing.

The month finally ended with mixed note as S&P BSE Sensex delivered positive returns of 0.29% to settle at 35423.48 and Nifty50 lost 0.20% ending the month at 10714.30.

On the institutional side, foreign institutional investors (FIIs) sold Rs 4,831.23 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 6,554.62 crore in June 2018.

## Market Outlook : July

Going ahead, Indian equity markets are expected to remain volatile this month due to fear of global tensions. The focus of investors will be on trend in global stock markets and crude oil prices. Any fluctuation in the rupee versus the dollar is also expected to lend direction to the equity markets. The focus will also shift to the progress of the monsoon and the Apr-June corporate earnings. The corporate earnings season begins this month with IT blue-chip Infosys announcing its Q1FY19

results on July 13. Further, Q1FY19 corporate earnings, macroeconomic data, US FOMC meeting minutes, ECB monetary policy, BOJ Monetary Policy, FIIs and DIIs trend, bond yield, rupee-dollar movement and crude oil prices are the major factors will also remain on investors' radar.

## Nifty Technical Outlook: July



The current price action on the monthly chart has formed two consecutive narrow range body formations which suggest indecisiveness prevailing at current level.

In coming month if Nifty trades and close above 10783 levels then it is likely to test 10883 – 10984 – 11100 levels. However, if Nifty trades and close below 10664 level then it can 10544 – 10444 – 10327 levels.

**Broadly, we are of the opinion that for current month 10540 is a make or break level. If Nifty holds 10540 levels, there is high probability that Nifty may test 10883 – 10984 – 11100 levels. Hence one needs to keep a bull stop at 10540 for all long positions.**

## Economic Data Wrap Up – June

- India's May Nikkei manufacturing PMI fell to 51.2 from 51.6 in Apr.
- India's May Nikkei services PMI fell to 49.6 from 51.4 in Apr.
- India's Apr IIP growth rose to 4.9% from 4.6% in Mar.
- India's May CPI inflation rose to 4.87% from 4.58% in Apr.
- India's May WPI inflation rose to 4.43% from 3.18% in Apr.
- India's May trade deficit rose to \$14.62 bln from \$13.85 bln YoY.
- India's May fiscal gap rose to Rs 1.935 trln vs Rs 1.677 trln YoY.

# Technical Stock



## Godrej Industries Ltd

**BUY**

CMP: Rs 624 (As on 29<sup>th</sup> June 2018)

Buy: Rs 624-610

Target Price: Rs 645-654-672

Stop-Loss: Rs 580



Godrej industries a part of Godrej group, is India's leading manufacturer of oleochemicals and makes more than a hundred chemicals for use in over two dozen industries. Godrej Group was established in year 1897, it entered in security equipment and soaps segment and is now a \$1.875 billion conglomerate.

Godrej Industries Limited manufactures fatty acid, fatty alcohol and surfactant. The company's segments include chemicals, animal feed, veg oils, estate & property development, finance & investments and others. The chemicals segment includes the production and sale of oleochemicals and surfactants, such as refined glycerin, alpha olefin sulfonates and sodium lauryl ether sulfate. The animal feed segment includes production and sale of compound feeds for cattle and poultry. The veg oils segment includes the processing and bulk trading of refined vegetable oils and oil palm plantation. The estate and property development segment includes the development and sale of real estate and leasing, and leave and licensing of properties. The finance and investments segment includes investments in associates companies and other investments. The others segment includes integrated poultry, dairy, tissue culture, seeds business, energy generation through windmills and gourmet foods and fine beverages.

### Technical Outlook:

On the weekly chart, we are observing that prices are on the verge to give a downward trendline breakout. Further, the RSI oscillator is gaining momentum. This suggests that the up move is likely to continue.

Hence we recommend buying in stock at Rs 624 or on a decline up to Rs 610 with a stop loss of Rs 580. On the upside this stock can test Rs 645 - 654 - 672 levels in couple of weeks.

# Fundamental Stock



## Grasim Industries Ltd

BUY

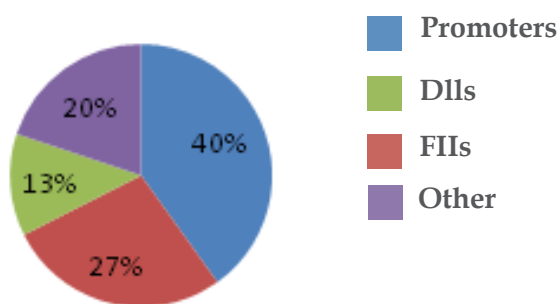
Target Price Rs: 1280

Time frame: 10-12 months

### Value Parameters

BSE Code	500300
NSE Symbol	GRASIM
CMP (As on 2 <sup>nd</sup> July 2018)	Rs 985
Face Value	Rs 2
52 Week High/Low	Rs 1331/981
Market Cap (Rs cr)	64,817
EPS (TTM)	Rs 40.73
PE Ratio (x)	24.20

### Shareholding Pattern % (Mar-18)



## Company Overview

Grasim Industries Ltd started as a textiles manufacturer and later diversified into viscose staple fibre (VSF), cement and chemicals. The products and services of the company include Viscose staple fibre (VSF), viscose filament yarns (VFY), grey cement, white cement, fertilizers. The company also in the business segment of Chemicals, Fibre and Pulp.

UltraTech, Grasim's 60.22% subsidiary, is the largest cement producer in India.

Strong growth outlook for both VSF and chemicals:

Capacity additions, assured dividend payout, century textile business transfer, driving domestic growth through LIVA, high backward integration in VSF (80%), Competitive edge by having Chlorine integration and growing in East India all these steps to boost its leadership position further and given 25%+ ROCE in these core businesses.

### Viscose:

The domestic viscose staple fiber (VSF) market demand increased and VSF sales volume up by 9% YoY.

With expansion, capacity will be increased by 58% to 788 KTPA over FY17-21 from current 498KTPA tones.

### Chemicals:

The uptrend in domestic caustic soda prices continued in the current quarter, driven by supply related issues in China and Europe and robust demand from major consuming segments (alumina and textile).

Caustic Soda sales volume up 6% yoy on likes to like basis, EBITDA up by 93% YoY and utilization increased to 94% above from industry average of 84%.

GRASIM is going to increase capacity in the chemicals (by 37% to 1148KT over FY17-19) at a cost of Rs 646 Cr.

### Outlook & Valuation

Combined standalone estimated EBITDA for FY21 is Rs 4,731 cr and if we value standalone business at EV/EBITDA multiple of 6x then we arrive at EV of Rs 28,386 Cr, on standalone basis debt is Rs 1,857 Cr. By subtracting debt we arrive at market cap of Rs 26,529 Cr from standalone business and estimated consolidated market cap after adjusting holding company discount 35% is Rs 84,140 Cr and target price is Rs 1280.

# AUTO SECTOR

June Sales



## Maruti Suzuki

**Total Sales: 144,981 units, 36.3% yoy up**  
Domestic Sales: 135,662 units, 45.5% yoy up  
PV Sales: 102,530 units, 46.5% yoy up  
Exports: 9,319 units, 29% yoy down



## TVS Motor

**Total Sales: 313,614 units, 15% yoy up**  
2Wheeler Sales: 301,201 units, 12.1% yoy up  
3Wheelers Sales: 12,413 units, 140.9% yoy up  
Exports: 65,971 units, 48.6% yoy up



## Mahindra & Mahindra

**Total Sales: 45,155 units, 26% yoy up**  
Domestic Sales: 41,689 units, 23% yoy up  
PV Sales: 18,137 units, 12% yoy up  
CV Sales: 19,229 units, 27% yoy up  
M&HCV Sales: 1,108 units, 58% yoy up  
Exports: 3,466 units, 87% yoy up



## Atul Auto

**Total Sales: 3,847 units, 17% yoy up**



## Tata Motors

**Total Sales: 56,773 units, 54% yoy up**  
PV Sales: 18,213 units, 63% yoy up  
CV Sales: 38,560 units, 50% yoy up  
M&HCV Sales: 11,524 units, 50% yoy up  
Exports: 5,246 units, 50% yoy up



## Escorts

**Total Sales: 9,983 units, 72.8% yoy up**  
Domestic Sales: 9,758 units, 72.1% yoy up  
Exports: 225 units, 110.3% yoy up



## Bajaj Auto

**Total Sales: 404,429 units, 65% yoy up**  
Domestic Sales: 234,576 units, 85% yoy up  
CV Sales: 66,677 units, 66% yoy up  
Motorcycle Sales: 200,949 units, 86% yoy up  
Exports: 169,853 units, 44% yoy up



## Ashok Leyland

**Total Sales: 15,791 units, 28% yoy up**  
M&HCV Sales: 11,257 units, 22% yoy up  
LCV Sales: 4,534 units, 45% yoy up



## Hero MotoCorp

**Total Sales: 704,562 units, 13% yoy up**



## Volvo-Eicher Commercial Vehicles

**Total Sales: 6,390 units, 63% yoy up**  
**Eicher Branded Trucks & Buses**  
**Total Sales: 6,315 units, 62.5% yoy up**  
Domestic Sales: 5,496 units, 62.5% yoy up  
Exports: 819 units, 62.8% yoy up

## RM Seed - A must have in your portfolio!

### RM Seed

### Buy

CMP: Rs. 4090 (As on 02<sup>nd</sup> July 2018)

Buy: > Rs 4120

Targets: Rs. 4330-4500

Stop Loss: < Rs. 3980

Mustard seed or RM seed is the third leading source of vegetable oil in the world after Soybean and Palm. It's by product, known as rapeseed/mustard meal, is the world's second leading source of cattle and poultry feed after Soybean meal. India is the fourth largest producer of mustard seed in the world with a 14% share of global demand that stands at around 40 million MT. In India, around 90% of total domestic production is used for crushing and extracting Mustard oil which is a major cooking oil and condiment. It is planted during months of October-November while harvesting period is from February to March with arrivals getting over by mid May.

In last two years, mustard prices have remained on a downside for most of the time. The ten months period between August 2016 and May 2017 was the worst phase when prices slide by over 30%. This year we are expecting a turnaround in fortunes of the oilseed prices. As per the numbers from arrivals that ended a month ago, there are expectations of a supply shortage throughout the year because a portion of the yield is low in oil content. The lack of small bouts of rainfall during the sowing period last year is said to be the reason behind this. Mustard seed requires few small spells of rainfall to enhance oil concentration. Thus, we have supportive fundamentals at place and they seem



to be in line with technical chart which is now gearing up for a big break out of the bullish continuation rectangle pattern. The rectangle pattern has captured sideways and range bound trading seen in last 4-5 weeks after the first leg of a bullish rally that also took nearly a month to shape-up. On momentum indicators' front, MACD is strengthening itself after getting above zero line while RSI is already in a positive crossover. As soon as ADX reads above 20, we will see a high momentum bull rally.

**We recommend buying in RM Seed August contract above Rs. 4120 for targets in the range of Rs. 4330-4500. Maintain stop loss below Rs. 3980.**

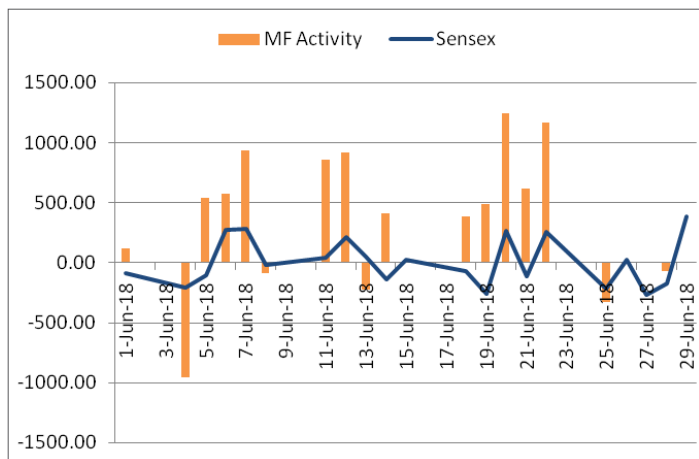


## MUTUAL FUND ROUNDUP

Indian equity markets ended on mixed note in June 2018. The barometer index, S&P BSE Sensex delivered positive returns of 0.29% to settle at 35423.48 and Nifty50 lost 0.20% ending the month at 10714.30.

### MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 6,554.62 crore in the month of June 2018. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 3,895.22 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 4,831.23 crore worth of equities in June 2018.



### Mutual Fund Activity In June 2018

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	2380.45	2267.97	112.48
2 <sup>nd</sup> Week	12250.47	11249.81	1000.66
3 <sup>rd</sup> Week	13811.01	11856.94	1954.07
4 <sup>th</sup> Week	12381.38	8486.16	3895.22
5 <sup>th</sup> Week	9290.01	9697.82	-407.81
<b>Total</b>	<b>50113.32</b>	<b>43558.70</b>	<b>6554.62</b>

Note: Mutual Fund activity as on 28<sup>th</sup> June 2018





## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on May 31 <sup>st</sup> , 2018 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
<b>Large Cap Fund</b>									
Aditya Birla SL Frontline Equity Fund	213.52	20332	30-Aug-02	5.10	8.86	17.22	21.95	1000	1000
ICICI Pru Bluechip Fund (G)	39.60	17427	23-May-08	10.09	10.29	17.40	14.57	500	1000
SBI Blue Chip Fund	37.48	19121	14-Feb-06	6.44	9.12	18.42	11.26	500	5000
<b>Multi Cap Fund</b>									
Axis Focused 25 Fund(G)	27.62	4217	29-Jun-12	19.77	14.51	19.18	18.24	1000	5000
Mirae Asset India Equity Fund	46.48	7733	04-Apr-08	8.91	12.16	21.41	16.18	1000	5000
Motilal Oswal Multicap 35	25.95	13181	28-Apr-14	8.56	13.22	N.A.	25.61	1000	5000
<b>Mid Cap and Small Cap Fund</b>									
Aditya Birla SL Small Cap Fund (G)	38.01	2274	31-May-07	2.87	16.14	25.95	12.78	1000	1000
DSP BlackRock Mid Cap Fund	52.73	5537	14-Nov-06	2.97	13.04	25.71	15.35	500	1000
HDFC Mid-Cap Opportunities Fund	55.52	20616	25-Jun-07	5.67	13.58	26.36	16.79	500	5000
Franklin India Smaller Companies	56.55	7379	13-Jan-06	4.35	13.68	28.28	14.89	500	5000
Reliance Small Cap Fund	41.11	6944	16-Sep-10	9.70	19.13	35.03	19.71	500	5000

Note: Returns as on 3<sup>rd</sup> July, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	Latest NAV*	AUM as on May 31 <sup>st</sup> , 2018 (Rs in Cr)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
<b>Liquid Fund</b>							
Aditya Birla Sun Life Liquid Fund	283.30	47182	0.62	1.75	3.55	6.94	7.43
Axis Liquid Fund	1955.98	23435	0.63	1.77	3.57	6.98	7.97
<b>Ultra Short Term Fund</b>							
Aditya Birla SL Savings Fund(G)	346.97	18530	0.79	1.39	3.33	6.76	7.74
UTI Treasury Adv Fund - Inst Plan	2431.37	10604	0.76	1.37	3.20	6.52	8.25

Note: NAV and Returns as on 3<sup>rd</sup> July, 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
DSP BlackRock Tax Saver	44.16	18-Jan-07	4.08	10.72	19.71	13.84
Reliance Tax Saver (ELSS) Fund	54.14	10-Apr-99	-7.25	5.01	19.96	14.12
Axis LT Equity Fund(G)	43.21	29-Dec-09	17.60	11.64	23.88	18.68

Note: NAV and Returns as on 3<sup>rd</sup> July, 2018, Returns <1 yr annualised, >1 yr compounded annualised



**THINK  
BIG  
START SMALL**

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED INVESTMENT**



**POWER OF COMPOUNDING**



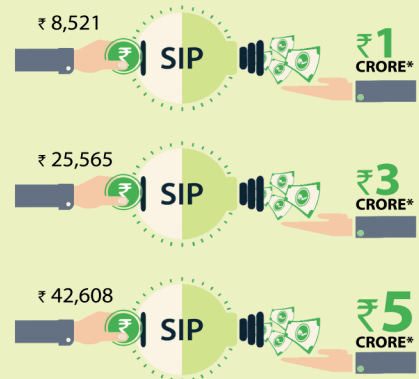
**RUPEE COST AVERAGING**



**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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