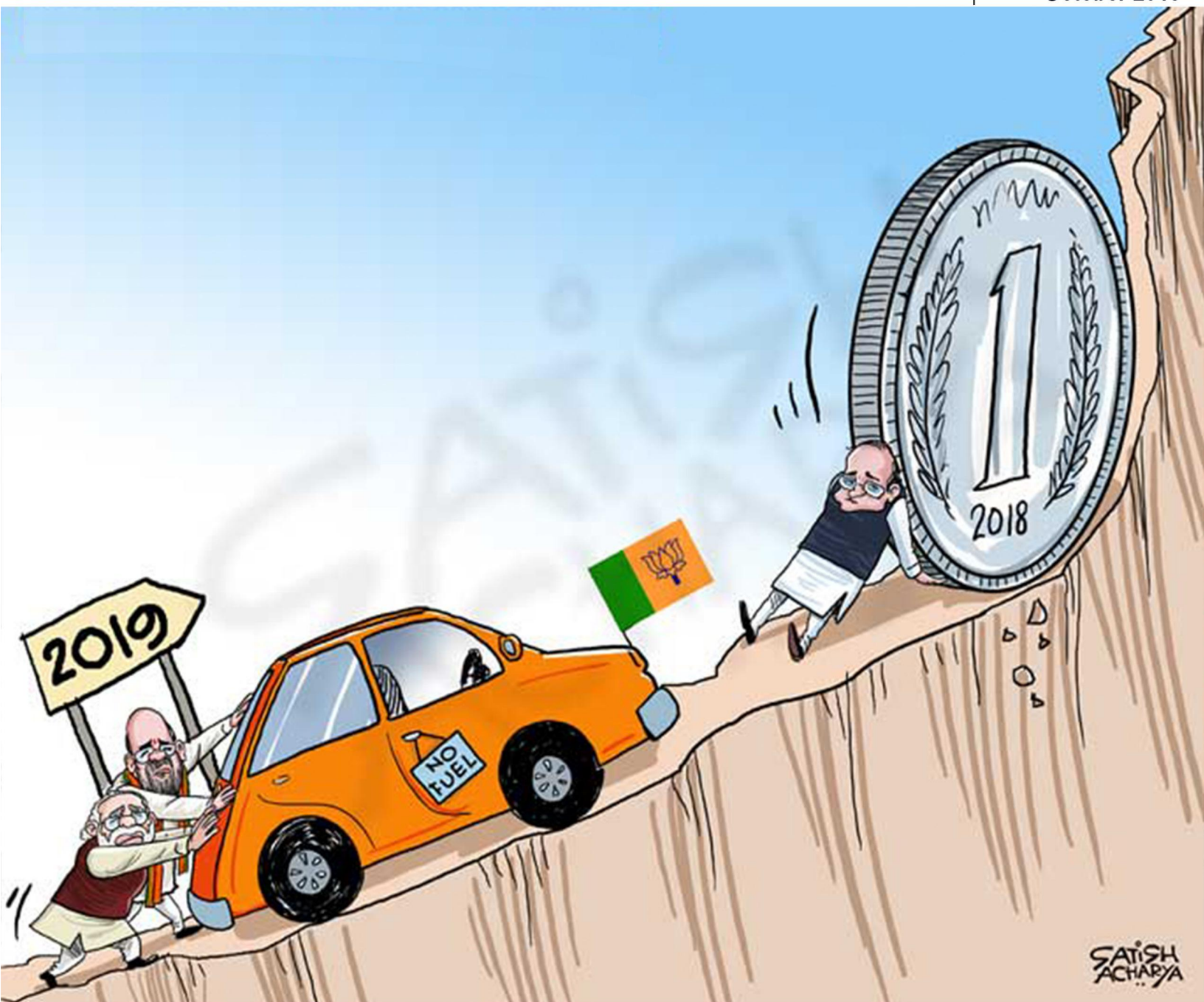


# Arihant's VALUE Plus

Issue | October 2018



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# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Sep-18	Aug-18	Change (%)
SENSEX	36227.14	38645.07	-6.26 ↓
NIFTY 50	10930.45	11680.50	-6.42 ↓
NIFTY BANK	25119.85	28061.75	-10.48 ↓
NIFTY MIDCAP 100	17154.35	19920.45	-13.89 ↓
NIFTY 500	9116.00	9992.00	-8.77 ↓
NIFTY IT	15838.05	15811.40	0.17 ↑
NIFTY REALTY	219.60	275.85	-20.39 ↓
NIFTY INFRA	2967.30	3289.25	-9.79 ↓

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Sep-18	Aug-18	Change (%)
AUTO	21476.52	24716.48	-13.11 ↓
BANKEX	27992.18	31741.91	-11.81 ↓
CD	19134.28	21696.40	-11.81 ↓
CG	17108.89	18996.76	-9.94 ↓
FMCG	11502.75	12771.69	-9.94 ↓
HC	15025.34	15945.17	-5.77 ↓
IT	15628.94	15548.52	0.52 ↑
METAL	13278.79	13821.31	-3.93 ↓
OIL&GAS	14855.41	15079.04	-1.48 ↓
PSU	7171.38	7907.60	-9.31 ↓
REALTY	1702.94	2141.43	-20.48 ↓
TECK	7730.69	7817.25	-1.11 ↓

(Source: BSE)

## GLOBAL INDICES

Indices	Sep-18	Aug-18	Change (%)
DOW JONES	26458.31	25964.82	1.90 ↑
NASDAQ	8046.35	8109.54	-0.78 ↓
HANG SENG	27788.52	27888.55	-0.36 ↓
FTSE	7510.20	7432.42	1.05 ↑
NIKKEI	24120.04	22865.15	5.49 ↑

(Source: Telequote software)

## COMMODITIES

Particulars	Sep-18	Aug-18	Change (%)
MCX GOLD	30481.00	30129.00	1.17 ↑
MCX SILVER	38577.00	36701.00	5.11 ↑
MCX CRUDE OIL	5335.00	4959.00	7.58 ↑
MCX NATURAL GAS	218.00	206.90	5.36 ↑

(Source: Telequote software)

## FOREX

Particular	Sep-18	Aug-18	Change (%)
USD-INR ₹	72.48	71.06	2.00 ↑
EUR-INR €	84.13	82.43	2.06 ↑
GBP-INR £	94.43	92.10	2.53 ↑
JPY-INR ¥	63.75	63.97	-0.34 ↓

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2018	116,970.44	127,795.14	-10,824.70
<b>Total for 2018*</b>	<b>1,024,654.30</b>	<b>1,037,870.60</b>	<b>-13,215.80</b>

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2018	61,628.34	50,029.56	11,598.78
<b>Total for 2018*</b>	<b>543,466.42</b>	<b>460,349.97</b>	<b>83,116.45</b>

\*From Jan-30 Sep 2018

(Source: SEBI)

## Monthly Market Roundup

Indian equity markets witnessed sharp decline in the month of September amid broadly negative global cues due to heightened worries over international trade conflicts. Sentiment was also affected by the Indian rupee hitting a record low and rising crude oil prices.

The market crashed in the mid week with huge losses in financial shares. Domestic shares dropped tracking negative global cues as fears of a potentially major escalation in the Sino-US trade conflict weighed on investor sentiment, while the rupee depreciated to a fresh low, bolstering inflation concerns. Benchmarks recouped most losses after panic-selling in housing finance and banks stocks. However, the equity market stabilised and trimmed most of the losses after an government official assurance on measures to support the rupee after a planned review of the economy by Prime Minister Narendra Modi.

Huge volatility was seen in the last trading session amid global trade war following renewed uncertainty over US-China trade relations. Global shares were under pressure after US Federal Reserve announced hike in interest rates. Domestic investors also turned cautious after the government raised import tariffs on select goods.

The month finally ended with downward bias as S&P BSE Sensex delivered negative returns of 6.25% to settle at 36227.14 and Nifty50 lost 6.42% ending the month at 10930.45.

On the institutional side, foreign institutional investors (FIIs) sold Rs 10,824.70 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 11598.78 crore in September 2018.

## Market Outlook : October

Going ahead, Indian equity markets are expected to remain volatile this month. Hopefully this month will be rosier as all the weak hands are out and the worst has already been priced. Things might only get better going ahead given the Q2FY19 results will start pouring in. The outcome of the RBI monetary policy meeting and macroeconomic data will

dictate trend on the bourses. Along with investment by foreign portfolio investors (FPIs), domestic institutional investors (DIIs), the movement of rupee against the dollar and crude oil price movement. On the global front, US FOMC Meeting Minutes, OPEC-JMMC Meetings, US Manufacturing PMI and US Goods Trade Balance are the major factors which will be tracked by investors.

## Nifty Technical Outlook: October

### Nifty



The current price action on the monthly chart has formed a “Bearish Engulfing”. The said pattern will get activated if 10850 level is breached on monthly closing basis.

In coming month if Nifty trades and close above 11101 level then it is likely to test 11364 – 11627 – 11934 levels. However, if Nifty trades and close below 10759 level then it can 10497 – 10234 – 9927 levels.

**Broadly, looking at the bearish engulfing pattern we are of the opinion that one needs to adopt cautious approach at current level.**

## Economic Data Wrap Up – Sep

- India's Aug Nikkei manufacturing PMI fell to 51.7 from 52.3 in Jul.
- India's Aug WPI inflation fell to 4.53% from 5.09% in Jul.
- India's Aug Nikkei services PMI fell to 51.5 from 54.2 in Jul.
- India's Aug trade deficit rose to \$17.39 bln from \$12.72 bln YoY.
- India's Jul IIP growth fell to 6.6% from 6.9% in Jun. .
- India's Aug fiscal deficit rose to Rs 510 bln vs Rs 201 bln YoY.
- India's Aug CPI inflation unchanged at 5.61%.

# Fundamental Stock



## Suven Life Science

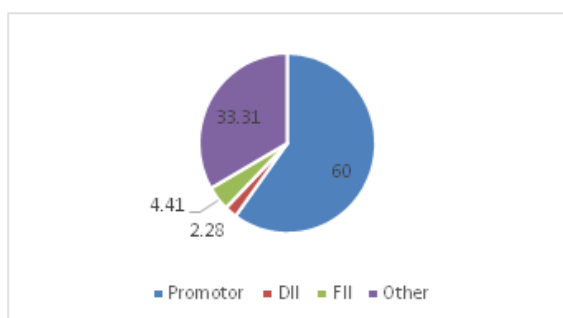
BUY Target Price: Rs 325

### Value Parameters

BSE Code	530239
NSE Symbol	SUVEN
CMP (As on 3 <sup>rd</sup> Oct, 2018)	Rs 270
Face Value	Rs 1
52 Week High/Low	337/163
Market Cap (Rs cr)	3,441
EPS (TTM)	13.16
PE Ratio (x)	20.52

### Shareholding Pattern % (June'18)

■ Promoters ■ DII's ■ FIIs ■ Other



## Company Overview

SVLS (Suven Life Sciences) is a clinical-stage Biopharmaceuticals company, which manufactures and supplies drug intermediates and speciality chemicals to global innovator companies. It provides Contract Research & Manufacturing Services (CRAMS), including development and supply of pharmaceuticals for New Chemical Entities (NCEs). In addition, it also undertakes proprietary research on NCEs for CNS disorders. SLS' expertise lies in Process Research,

Custom Synthesis and NCE Development Support Services. Currently, in the NCE space, 13 molecules are at various stages of development.

## Investment Rationale

Suven Life Sciences (SLS) is a compelling play on the recovery being witnessed in global R&D spending, as reflected in strong fund raising by biotech start-ups as well as a fast-growing research pipeline across multiple stages of clinical trials. SLS has witnessed strong growth in revenue of 22.6% CAGR, whereas operating profit has shown growth of 42.4% CAGR over FY11 to FY18. With improved operating efficiency, we expect the EBITDA margin to expand at a higher rate than the gross margin due to lower than average R&D expense of 10% in FY19-20E compared to average 17% during FY16-18. R&D spending on consolidated level is expected to stand at ~Rs100-120 crore annually for FY19-20E. SLS enjoys a strong margin profile with EBITDA margin of 32%+ in CRAMS segment. We expect return ratios to remain in the range of 15-17%, as growth normalizes.

## Outlook & Valuation

Considering the 16% adjusted PAT CAGR over FY18-20E with upward potential, strong balance sheet, improving return ratios and good corporate governance practices, we are optimistic about the long-term growth prospect of the company. At the CMP of Rs 270, the stock is trading at 24.5x its FY19E EPS of Rs 11 and 20x its FY20E EPS of Rs 13. We recommend 'Buy' rating with target price of Rs 325 per share. Our target price is based on 25x FY20E EPS which gives a potential upside of 16%.

# AUT SECTOR

## September Sales



### Maruti Suzuki

**Total Sales: 162,290 units, -0.5% yoy down**  
 Domestic Sales: 153,550 units, 1.4% yoy up  
 PV Sales: 115,228 units, -1.4% yoy down  
 Exports: 8,740 units, -25.1% yoy down



### TVS Motor

**Total Sales: 423,978 units, 18% yoy up**  
 2Wheeler Sales: 410,696 units, 17% yoy up  
 3Wheelers Sales: 13,282 units, 48% yoy up  
 Exports: 61,192 units, 20% yoy up



### Mahindra & Mahindra

**Total Sales: 55,022 units, 2% yoy up**  
 Domestic Sales: 51,268 units, 1% yoy up  
 PV Sales: 21,411 units, -16% yoy down  
 CV Sales: 22,917 units, 19% yoy up  
 M&HCV Sales: 1,064 units, 20% yoy up  
 Exports: 3,754 units, 17% yoy up



### Atul Auto

**Total Sales: 5,106 units, 6.4% yoy up**



### Tata Motors

**Total Sales: 64,250 units, 20% yoy up**  
 PV Sales: 18,429 units, 7% yoy up  
 CV Sales: 46,169 units, 26% yoy up  
 M&HCV Sales: 16,239 units, 32% yoy up  
 Exports: 5,250 units, 35% yoy up



### Escorts

**Total Sales: 10,617 units, 2.5% yoy up**  
 Domestic Sales: 10,396 units, 2.5% yoy up  
 Exports: 221 units, 5.7% yoy up



### Bajaj Auto

**Total Sales: 502,009 units, 17% yoy up**  
 Domestic Sales: 311,503 units, 11% yoy up  
 CV Sales: 71,070 units, 20% yoy up  
 Motorcycle Sales: 430,939 units, 17% yoy up  
 Exports: 190,506 units, 30% yoy up



### Ashok Leyland

**Total Sales: 19,373 units, 26% yoy up**  
 M&HCV Sales: 14,232 units, 21% yoy up  
 LCV Sales: 5,141 units, 44% yoy up



### Hero MotoCorp

**Total Sales: 769,138 units, 6.72% yoy up**



### Volvo-Eicher Commercial Vehicles

**Total Sales: 6,663 units, 9.5% yoy up**  
**Eicher Branded Trucks & Buses**  
**Total Sales 6,588 units, 11% yoy up**  
 Domestic Sales: 5,685 units, 11.8% yoy up  
 Exports: 903 units, 6.2% yoy up

# Commodity Outlook



## Gold-Bulls seal the deal!

### GOLD

### BUY

Gold December CMP-Rs. 31643

Strategy-Buy on dips to Rs. 31260-31250

Targets - Rs. 31710-32050

Stop Loss-< Rs. 30950

After a reasonably good start to the year and adding fantastic gains of more than three percent in January, the benchmark COMEX Gold faltered in later months as it succumbed to the selling pressure created by dominating bears. On the other hand, its Indian counterpart, MCX Gold succeeded in keeping the positive momentum intact for a major part of the year, thanks to a super bearish Indian Rupee against US Dollar. Thus after nine months, we have an interesting tally to tell you! From the high of \$1366 scored in January this year, COMEX Gold has corrected by around fifteen percent to mark the bottom at \$1160 and is still standing at a loss of twelve percent at \$1203 whereas MCX Gold has not even breached the low made in January this year and is currently having gains of more than eight percent in its kitty. Let us explore how the yellow metal will perform in the upcoming Indian festive season.

On weekly technical chart, we can see that COMEX Gold is nicely consolidating and the probability of a further breakdown seems to be very low. If we apply Gann's 'Square of Nine' theory to our analysis then it can be derived that the low of \$1160 scored in August is a square of a Fibonacci series number. The fact that the low of \$1160 has remained intact in last eight weeks cements it as a major support with a trend



reversal capacity and confirms that it perfectly fits in the criteria of Gann's theory. Amid Indian Rupee trading at an all time low against the US Dollar, government is likely to take some decisive steps to arrest consistent decline in near future. This may have an impact on the bullish momentum of MCX Gold BUT the above mentioned consolidation in COMEX Gold prices and a possibility of an extended relief rally are likely to offset any major correction due to an strengthening currency. All in all, it's a strong set up for bulls as they are the one who will be calling the shots in all situations.

**Buy MCX Gold Dec on dips to Rs.31260-31250 for targets in the range of Rs.31710-32050 Maintain stop loss below Rs.30950.**

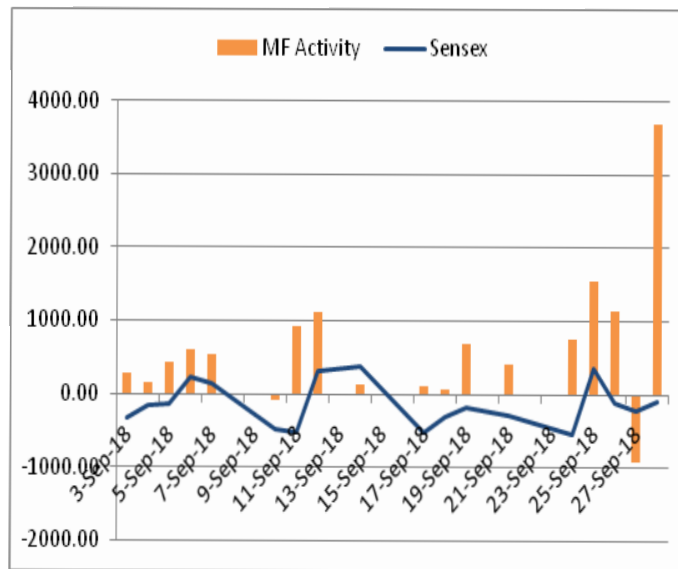


## MUTUAL FUND ROUNDUP

Indian equity markets ended on negative note in September 2018. The barometer index, S&P BSE Sensex delivered negative returns of 6.25% to settle at 36227.14 and Nifty50 lost 6.42% ending the month at 10930.45.

### MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 11598.78 crore in the month of September 2018. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 6214.37 crore of equities. On the other hand, foreign institutional investors (FIIs) sold Rs 10,824.70 crore worth of equities in September 2018.



### Mutual Fund Activity In September 2018

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	16719.53	14727.09	1992.44
2 <sup>nd</sup> Week	10817.70	8708.60	2109.10
3 <sup>rd</sup> Week	11151.29	9868.42	1282.87
4 <sup>th</sup> Week	22939.82	16725.45	6214.37
<b>Total</b>	<b>61628.34</b>	<b>50029.56</b>	<b>11598.78</b>

Note: Mutual Fund activity as on 30<sup>th</sup> Sep 2018



## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on Aug 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	214.17	21880	30-Aug-02	2.75	10.58	17.05	21.60	1000	1000
ICICI Pru Bluechip Fund (G)	40.79	19836	23-May-08	8.83	13.11	17.19	14.52	500	1000
SBI Blue Chip Fund	36.81	20702	14-Feb-06	2.68	9.73	17.99	10.87	500	5000
Axis Bluechip Fund(G)	26.51	2839	05-Jan-10	11.76	12.11	16.16	11.57	1000	5000
<b>Multi Cap Fund</b>									
Axis Focused 25 Fund(G)	26.55	6053	29-Jun-12	8.77	15.13	18.54	16.74	1000	5000
Mirae Asset India Equity Fund	47.74	9049	04-Apr-08	7.95	14.14	21.81	16.07	1000	5000
Motilal Oswal Multicap 35	24.70	14052	28-Apr-14	-3.15	11.65	N.A.	22.65	1000	5000
SBI Magnum Multicap Fund (G)	45.26	6176	29-Sept-05	1.55	11.80	21.18	12.34	500	1000
<b>Mid Cap and Small Cap Fund</b>									
Aditya Birla SL Small Cap Fund (G)	34.06	2327	31-May-07	-11.35	11.73	23.98	11.40	1000	1000
HDFC Mid-Cap Opportunities Fund	52.01	21952	25-Jun-07	-2.10	11.63	25.33	15.78	500	5000
Reliance Small Cap Fund	39.44	7618	16-Sep-10	1.09	16.24	34.04	18.45	500	5000
L&T MidCap Fund (G)	129.46	3308	9-Aug-04	-4.26	13.46	27.54	19.85	500	5000

Note: Returns as on 1st Oct, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	Latest NAV*	AUM as on Aug 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	288.34	59099	0.58	1.80	3.58	7.11	7.43	
Axis Liquid Fund	1991.14	30065	0.59	1.82	3.62	7.16	7.96	
<b>Ultra Short Term Fund</b>								
Aditya Birla SL Savings Fund(G)	352.99	18353	0.51	1.76	3.24	6.67	7.73	
UTI Treasury Adv Fund - Inst Plan	2471.95	11839	0.38	1.69	3.21	6.52	8.23	

Note: NAV and Returns as on 1st Oct, 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
Axis LT Equity Fund(G)	46.51	29-Dec-09	7.45	10.72	22.86	17.59
Mirae tax saver	16.27	28-Dec-15	2.33	NA	NA	17.93
Aditya Birla SL Tax Relief '96(G)	30.67	29-Mar-96	6.53	13.10	22.33	11.18

Note: NAV and Returns as on 1st Oct, 2018, Returns <1 yr annualised, >1 yr compounded annualised.



# THE MONTH AHEAD KEY FINANCIAL EVENTS OCT 2018



## OCT 01

- Indian Nikkei Manufacturing PMI
- Indian Core Sector Growth
- Indian Automobile Sales Data, by Automakers



## OCT 04

- Indian Nikkei Services PMI



## OCT 05

- RBI Monetary Policy
- US Non-Farm Employment Change
- US Trade Balance



## OCT 08-12

- Indian Automobile Sales Data, by SIAM



## OCT 10-12

- Indian FDI Equity Inflow



## OCT 10

- UK GDP
- UK Goods Trade Balance



## OCT 11

- UK Industrial Production



## OCT 12

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



## OCT 15

- Indian WPI Inflation
- Indian Trade Data



## OCT 16

- Europe Trade Balance
- US Industrial Production



## OCT 17

- US FOMC Meeting Minutes



## OCT 22

- OPEC-JMMC Meetings



## OCT 24

- US Manufacturing PMI



## OCT 25

- US Goods Trade Balance



## OCT 31

- Indian Government Finance
- Japan Monetary Policy Statement





**THINK  
BIG  
START SMALL**

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED INVESTMENT**



**POWER OF COMPOUNDING**



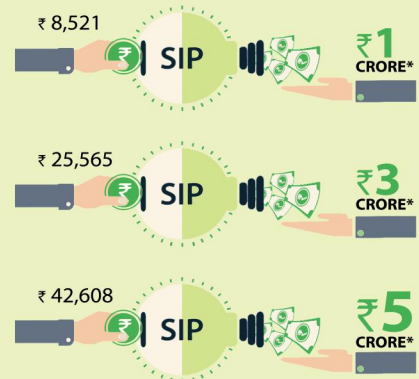
**RUPEE COST AVERAGING**



**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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