

Arihant's

# VALUE

Plus

Issue |

DECEMBER 2019



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# MOVERS & SHAKERS













## INDIAN INDICES

| Indices          | Nov-19   | Oct-19   | Monthly Change (%) |
|------------------|----------|----------|--------------------|
| SENSEX           | 40793.81 | 40129.05 | 1.66↑              |
| NIFTY 50         | 12056.00 | 11877.45 | 1.50↑              |
| NIFTY BANK       | 31946.10 | 30066.25 | 6.25↑              |
| NIFTY MIDCAP 100 | 17222.15 | 16818.90 | 2.40↑              |
| NIFTY 500        | 9813.65  | 9689.65  | 1.28↑              |
| NIFTY IT         | 14998.05 | 15559.40 | -3.61↓             |
| NIFTY REALTY     | 282.05   | 269.00   | 4.85↑              |
| NIFTY INFRA      | 3323.30  | 3322.55  | 0.02↑              |

(Source: BSE & NSE)

## BSE SECTORAL INDICES

| Indices   | Nov-19   | Oct-19   | Monthly Change (%) |
|---|----------|----------|--------------------|
| AUTO       | 18099.52 | 18945.63 | -4.47↓             |
| BANKEX     | 36190.99 | 33924.81 | 6.68↑              |
| CD         | 24872.70 | 26893.46 | -7.51↓             |
| CG         | 17384.46 | 18823.14 | -7.64↓             |
| FMCG       | 11723.58 | 12245.94 | -4.27↓             |
| HC         | 13603.33 | 13229.05 | 2.83↑              |
| IT         | 14875.14 | 15392.04 | -3.36↓             |
| METAL      | 9778.97  | 9305.46  | 5.09↑              |
| OIL & GAS  | 15155.61 | 15734.75 | -3.68↓             |
| PSU        | 7072.70  | 7190.87  | -1.64↓             |
| REALTY     | 2166.53  | 2062.95  | 5.02↑              |
| TECK       | 7460.77  | 7461.08  | 0.00↑              |

## GLOBAL INDICES

| Indices   | Nov-19   | Oct-19   | Monthly Change (%) |
|-----------|----------|----------|--------------------|
| DOW JONES | 28051.41 | 27046.23 | 3.72↑              |
| NASDAQ    | 8665.47  | 8292.36  | 4.50↑              |
| HANG SENG | 26346.49 | 26906.72 | -2.08↓             |
| FTSE      | 7346.53  | 7248.38  | 1.35↑              |
| NIKKEI    | 23293.91 | 22927.04 | 1.60↑              |

## COMMODITIES

| Particulars   | Nov-19   | Oct-19   | Monthly Change (%) |
|---|----------|----------|--------------------|
| MCX GOLD         | 38030.00 | 38578.00 | -1.42↓             |
| MCX SILVER       | 44506.00 | 46764.00 | -4.83↓             |
| MCX CRUDE OIL    | 3980.00  | 3853.00  | 3.30↑              |
| MCX NATURAL GAS  | 167.20   | 187.00   | -10.59↓            |

(Source: Falcon software)

## FOREX

| Particular | Nov-19 | Oct-19 | Monthly Change (%) |
|------------|--------|--------|--------------------|
| USD-INR ₹  | 71.74  | 70.92  | 1.16↑              |
| EUR-INR €  | 78.93  | 79.16  | -0.29↓             |
| GBP-INR £  | 92.58  | 91.91  | 0.73↑              |
| JPY-INR ¥  | 65.48  | 65.55  | -0.11↓             |

(Source: Falcon software)

## FII Activity (Rs. Cr.)

| Date               | Gross Purchases | Gross Sales  | Net Pur/Sales |
|--------------------|-----------------|--------------|---------------|
| Total for Nov 2019 | 162,789.91      | 137,559.28   | 25,230.63     |
| Total for 2019*    | 1,337,751.17    | 1,245,185.48 | 92,565.69     |

(Source: SEBI)

## MF Activity (Rs. Cr.)

| Date               | Gross Purchases | Gross Sales | Net Pur/Sales |
|--------------------|-----------------|-------------|---------------|
| Total for Nov 2019 | 58,469.96       | 63,392.97   | -4,923.01     |
| Total for 2019*    | 679,847.02      | 614,746.96  | 65,100.06     |

\*Till Nov 2019

(Source: SEBI)



## Monthly Market Roundup

In the month of November, the rally in Indian markets continued unabated with benchmark indices scaling new all-time high levels. The S&P BSE Sensex was up by 1.66% and the CNX Nifty climbed 1.50% for the month. Foreign investors continued their buying spree and invested Rs 12,925 cr in the cash market in the month of November. In a major privatisation push, the government announced its decision to sell its 53.29% stake in BPCL to a strategic investor. The cabinet committee on economic affairs (CCEA) also cleared divestment of another two major PSUs namely Container Corporation of India (CONCOR) and Shipping Corp. of India (SCI). The month also saw the government announcing some relief measures for the beleaguered telecom sector. In a major relief to telecom players, Union Cabinet approved a two-year moratorium to the telecom operators on pending spectrum payment, which will help these telcos avoid an immediate outflow of over Rs 42,000 cr, thereby improving their immediate cash flow stream.

**On the sectoral front,** most of the sectoral indices ended the month in green. Nifty PSU Bank Index was the top performer with 6.53% gain. Other prominent gainers for the month were Nifty Bank (+6.25%), Nifty Pharma (+3.96%), Nifty Metal (+4.99%), Nifty Finance (+5.12%), Nifty Media (+2.69%) and Nifty Realty (+4.85%). Whereas, Nifty Auto, Nifty FMCG and Nifty IT indices ended the month with a loss of 4.3%, 4.16% and 3.61% respectively. The small and midcap indices took part in the rally and ended the month on a positive note with Nifty 50 Midcap and Nifty 100 Smallcap ending the month with gain of 1.79% and 1.21% respectively.

**On the economic front,** the GDP number for Q2FY20 came as a shocker, with growth declining to a 26-quarter low of 4.5%. The GDP growth for the fiscal ended September 2019 is the weakest since the first quarter of 2013 when the economic growth slumped to 4.4%. The acute pain in the economy has now started reflecting in the GDP number as well. Among other economic indicators, India's fiscal deficit hit 102.4% of FY20 Budget Estimate at Rs 7.2 lakh cr at the end of October. As far as auto sales numbers are concerned, November 2019 turned out to be another tepid month, with most of the auto players reporting a decline in sales volume. For Maruti, total sales were down by -2% YoY / MoM at 150.6K units while Mid-size segment and exports were down by -62% and -8%. Bajaj Auto reported flat sales, with total sales at 403K units (-1% YoY), while exports showing some traction at 195.4K units (+14% YoY). Rural distress continued to negatively impact M&M's sales numbers, with Tractor sales down by -19% YoY. While weakness in CV segment impacted Ashok Leyland's numbers,

with Nov 19 total sales at 10.2K units (-22% YoY).

**On the global front,** the Federal Reserve in its meeting decided to hit a pause in its easing cycle following a rate cut in October. The FOMC meeting minutes of last month signaled that it was in no hurry to reassess the path of interest rates. Despite a pause in rate cut from Fed global markets continued their rally, with US' Dow Jones and Nasdaq closing the month in green with gains of +3.6% and +4.7% respectively. The European markets also closed the month on a positive note with Germany's DAX and UK's FTSE closing the month with +2.3% and +0.6% gains respectively. Japan's Nikkei also closed positive with +1.4% gain. However due to uncertainties about the timeline of signing the Phase-I of US-China trade deal, Asian markets (except Japan) remained on the edge and ended the month in negative zone. Hong Kong's Hang Seng and China's Shanghai Composite ended the month with loss of -1.6% and -2.8% respectively.

## Nifty Technical Outlook: Dec - 2019



On the monthly chart, we are observing a narrow range body formation which indicates that markets are circumspect at current level. The monthly trend remains up, hence one needs to adopt positive approach toward the market.

In coming month if Nifty trades and close above 12129 level then it is likely to test 12232 - 12336 - 12458 levels. However, if Nifty trades and close below 11983 level then it can test 11879 - 11775 - 11654 levels.

**Broadly we are of the opinion that the monthly trend is up and any decline in the range of 11972 - 11920 should be used as to go long, with a stop loss of 11800 for a target of 12232 - 12336 - 12458 levels.**

## Economic Data Wrap Up : November

- India's November Nikkei manufacturing PMI rose to 51.2 from 50.6 in October.
- India's November Nikkei services PMI rose to 52.7 from 49.2 in October.
- India's IIP growth contracted further to -4.3% in September as compared to -1.1% in August.
- India's October CPI inflation spikes to 4.62% compared with 3.99% in September.
- India's October WPI inflation eased to 0.16% in October as compared to 0.33% in September.

# Fundamental Stock

ICICI Bank

## ICICI Bank Ltd

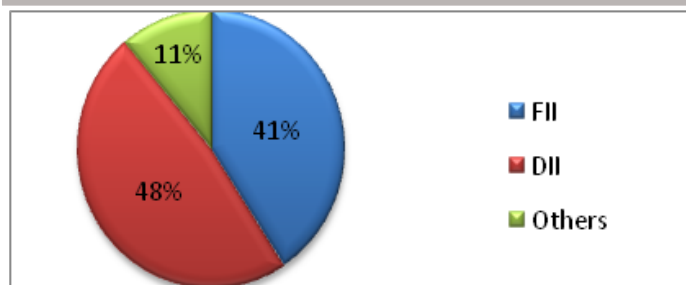
BUY

Target Price: Rs. 618

### Value Parameters

|  |           |
|--|-----------|
| BSE Code                               | 532174    |
| NSE Symbol                             | ICICIBANK |
| CMP (As on 02 <sup>nd</sup> Dec, 2019) | Rs 511    |
| Face Value                             | Rs 2      |
| 52 Week High / Low                     | 517/336   |
| Market Cap (Rs Cr)                     | 3,29,534  |
| BVPS (FY21E)                           | Rs 202    |
| P/BV ratio (x) (FY21E)                 | 2.5       |

### Shareholding Pattern % (Sep '19)



## Company Overview

ICICI Bank was promoted in 1994 by ICICI Limited, an Indian Financial Institution. It is one of the leading private bank in India with over 5,228 branches & 15,159 ATMs spread across the nation. The bank has employee strength of 86,763 by March 2019 and is categorized by RBI as a domestic systemically important bank (D-SIBs). The bank has numerous subsidiaries operating in the businesses of insurance, AMC, securities and home financing, and benefits from the cross selling of several products to its large customer base. ICICI Bank has been traditionally known as a high customer service friendly bank and sets benchmark in customer servicing.

## Investment Rationale

**Rapid shift towards retail lending business:** ICICI bank has very rapidly shifted its business mix from high corporate loan exposure to a retail lender, i.e. retail loan book comprises of 62.1% of total advances as of Sep 2019 against 57.3% in Sept 2017. This shift has led to increase of yield on average advances from 8.7% by end of Sept 2018 to 9.5% by end of Sept 2019.

**Continuous improvement in Asset Quality:** ICICI bank's management has learnt the lesson of aggressive growth by way of lending to large corporate with compromised credit ratings. The current pace of disbursement of corporate loans reflect the cautiousness marked by sharp fall in new slippages, thereby improving the NPA levels in a steady manner. The marginal increase in retail NPAs is what the bank can sacrifice to get more market share.

**High growth in core business:** The average growth of advances over last 5 years stood at 11.7% while deposits growth averaged at 14.5% for same period with both advances & deposits growing at higher double digits in the last several quarters on YoY basis.

**Valuations:** ICICI bank is poised to compete aggressively with other peers who have made significant inroads into retail lending, in which several banks are competing to provide credit cards, personal loans and home loans for higher spreads. The bank's insurance subsidiaries are performing at unprecedented levels, securities and AMC subsidiaries are yielding stable profits and overseas banking subsidiaries growing moderately. It is currently trading at a 2.9x P/ABV FY21E. We assign a P/ABV multiple of 2.6x on ABV of Rs 179 for standalone bank and use a SOTP approach to value its subsidiaries, we arrive at a Target Price of Rs 618. We have a 'Buy' rating on the stock.

# AUT SECTOR

## NOVEMBER Sales



### Maruti Suzuki

**Total Sales: 150,630 units, -2% YoY down**  
 Domestic Sales: 143,686 units, -2% YoY down  
 PV Sales: 105,767 units, -1% YoY down  
 Exports: 6,944 units, -8% YoY down



### TVS Motor

**Total Sales: 266,582 units, -18% YoY down**  
 2Wheeler Sales: 249,350 units, -19% YoY down  
 3Wheelers Sales: 17,232 units, +34% YoY up  
 Exports: 74,060 units, +27% YoY up



### Mahindra & Mahindra

**Total Sales: 41,235 units, -9% YoY down**  
 Domestic Sales: 38,614 units, -7% YoY down  
 PV Sales: 14,637 units, -10% YoY down  
 CV Sales: 17,384 units, -12% YoY down  
 M&HCV Sales: 311 units, -51% YoY down  
 Exports: 2,621 units, -26% YoY down



### Atul Auto

**Total Sales: 4,297 units, +7.3% YoY Up**



### Tata Motors

**Total Sales: 38,057 units, -25% YoY down**  
 PV Sales: 10,400 units, -39% YoY down  
 CV Sales: 30,588 units, -19% YoY down  
 M&HCV Sales: 6,050 units, -38% YoY down



### Escorts

**Total Sales: 7,642 units, -4.5% YoY down**  
 Domestic Sales: 7,379 units, -3.4% YoY down  
 Exports: 263 units, -27.7% YoY down



### Bajaj Auto

**Total Sales: 403,223 units, -1% YoY down**  
 Domestic Sales: 207,775 units, -12% YoY down  
 CV Sales: 59,777 units, -1% YoY down  
 Motorcycle Sales: 343,446 units, -1% YoY down  
 Exports: 195,448 units, +14 YoY Up



### Ashok Leyland

**Total Sales: 10,175 units, -22% YoY down**  
 M&HCV Sales: 5,966 units, -32% YoY down  
 LCV Sales: 4,209 units, -4% YoY down



### Hero MotoCorp

**Total Sales: 516,775 units, -15% YoY down**



### Volvo-Eicher Commercial Vehicles

**Total Sales: 3,594 units, -24% YoY down**

### Eicher Motorcycle

**Total Sales: 60,411 units, -8% YoY down**  
 Exports: 2,119 units, +195% YoY up



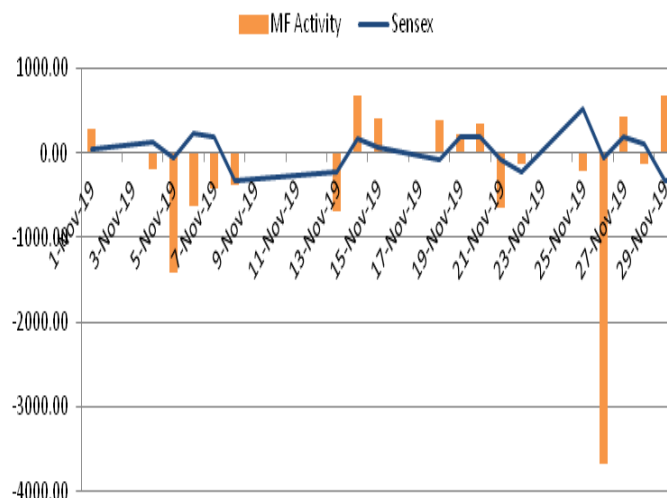


## MUTUAL FUND

Indian equity markets ended on positive note in November 2019. The barometer index, S&P BSE Sensex delivered positive returns of 1.66% to settle at 40793.81 and Nifty50 gained 1.50% ending the month at 12056.00.

### MF ACTIVITY

Indian mutual funds turned net seller of equities to the tune of Rs 4923.01 crores in the month of November 2019. Highest Selling was recorded in the second week of the month when the fund houses made total net sell of Rs 3050.36 crores of equities. On the other hand, foreign institutional investors (FIIs) were net buyers to tune Rs 25230.63 crores worth of equities in November



### Mutual Fund Activity In November 2019

| Rs in Crores         | Gross Purchases | Gross Sales     | Net Investment  |
|----------------------|-----------------|-----------------|-----------------|
| 1 <sup>st</sup> Week | 3116.85         | 2825.98         | 290.87          |
| 2 <sup>nd</sup> Week | 13210.63        | 16260.99        | -3050.36        |
| 3 <sup>rd</sup> Week | 11189.04        | 10647.15        | 541.89          |
| 4 <sup>th</sup> Week | 13702.48        | 13517.56        | 184.92          |
| 5 <sup>th</sup> Week | 17250.96        | 20141.29        | -2890.33        |
| <b>Total</b>         | <b>58469.96</b> | <b>63392.97</b> | <b>-4923.01</b> |

Note: Mutual Fund activity as on Nov 2019

## Equity Scheme Recommendation

| Scheme Name                     | Latest NAV* | AUM as on 31 <sup>st</sup> Oct, 19 (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)           | 31.62       | 8,749   | 05-Jan-10   | 18.29       | 19.28       | 9.91       | 12.11           | 500                    | 5000     |
| ICICI Pru Bluechip Fund (G)     | 43.99       | 24,132  | 23-May-08   | 10.03       | 12.66       | 8.44       | 13.71           | 100                    | 100      |
| Mirae Asset Large cap Fund(G)   | 54.00       | 15,897  | 04-Apr-08   | 12.32       | 15.55       | 11.47      | 15.57           | 1000                   | 5000     |
| Multi Cap Fund                  |             |   |             |             |             |            |                 |                        |          |
| Axis Focused 25 Fund(G)         | 30.50       | 8,800   | 29-Jun-12   | 16.01       | 17.92       | 12.41      | 16.10           | 1000                   | 5000     |
| Kotak Standard Multicap Fund(G) | 37.25       | 28,348  | 11-Sept-09  | 13.17       | 13.98       | 10.93      | 13.53           | 500                    | 5000     |
| SBI Magnum Multicap Fund (G)    | 50.75       | 8,334   | 29-Sept-05  | 11.99       | 11.93       | 10.61      | 12.17           | 500                    | 1000     |
| Mid Cap Fund                    |             |   |             |             |             |            |                 |                        |          |
| DSP MidCap Fund(G)              | 56.48       | 6,691   | 25-Jun-07   | 10.57       | 10.13       | 10.66      | 14.18           | 500                    | 5000     |
| L&T Mid Cap Fund (G)            | 132.47      | 5,831   | 9-Aug-04    | 1.49        | 9.48        | 10.71      | 18.40           | 500                    | 5000     |

Note: Returns as on 30<sup>th</sup> November, 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> Oct, 2019 (Rs in Cr) | Returns (%) |              |            |          |                 |
|------------------------------|------|-------------|---|-------------|--------------|------------|----------|-----------------|
|                              |      |             |   | One Month   | Three Months | Six Months | One Year | Since Inception |
| Liquid Fund                  |      |             |   |             |              |            |          |                 |
| Axis Liquid(G)               | 5.29 | 2153.22     | 30,068  | 0.44        | 1.4          | 3.07       | 6.86     | 7.84            |
| ICICI Pru Liquid Fund(G)     | 5.36 | 287.23      | 61,402  | 0.43        | 1.39         | 3.06       | 6.82     | 7.80            |
| Ultra Short Term Fund        |      |             |   |             |              |            |          |                 |
| Kotak Saving Fund(G)         | 6.10 | 31.51       | 11,281  | 0.56        | 1.78         | 3.90       | 8.26     | 7.79            |
| L&T Ultra Short term Fund(G) | 5.49 | 32.05       | 2,841   | 0.49        | 1.65         | 3.78       | 8.05     | 7.48            |

Note: NAV and Returns as on 30<sup>th</sup> November, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded

## ELSS Scheme Recommendation

| Scheme Name              | Latest NAV* | AUM as on 31 <sup>st</sup> Oct, 2019 (Rs in Cr) | Launch Date | Returns (%) |             |            |                 |
|--------------------------|-------------|---|-------------|-------------|-------------|------------|-----------------|
|                          |             |   |             | One Year    | Three Years | Five Years | Since Inception |
| Mirae Asset Tax Saver(G) | 18.93       | 2,671   | 28-Dec-15   | 14.08       | 17.65       | -          | 17.67           |
| Axis LT Equity Fund(G)   | 48.63       | 21,492  | 29-Dec-09   | 15.21       | 16.29       | 11.38      | 17.22           |
| Kotak Tax Saver(G)       | 46.29       | 987   | 31-May-96   | 12.96       | 12.22       | 9.28       | 11.54           |

Note: NAV and Returns as on 30<sup>th</sup> November, 2019, Returns < 1 yr annualised, > 1 yr compounded

# THE MONTH AHEAD KEY FINANCIAL EVENTS DECEMBER 2019



## DEC 01- 02

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



## DEC 04

- Indian Nikkei services PMI
- GBP Final Services PMI
- USD ISM Non-Manufacturing PMI



## DEC 05

- RBI Interest Rate Decision
- EUR Retail Sales



## DEC 06

- USD Unemployment Rate
- EUR French Trade Balance
- USD Average Hourly Earnings



## DEC 07 - 09

- Indian Automobile Sales Data, by SIAM



## DEC 10

- GBP GDP
- GBP Manufacturing Production



## DEC 11

- USD Core CPI
- USD CPI



## DEC 12

- Indian CPI
- Indian IIP
- GBP Parliamentary Elections
- USD FOMC Statement



## DEC 13

- USD Retail Sales
- USD Core Retail Sales
- Indian WPI



## DEC 16

- EUR French Flash Services PMI
- GBP Flash Manufacturing PMI
- EUR ECB Monetary Policy Meeting Accounts



## DEC 17

- USD Industrial Production
- GBP Unemployment Rate



## DEC 18

- GBP CPI
- GBP Core CPI
- EUR German PPI



## DEC 19

- GBP Retail Sales
- GBP Monetary Policy Summary
- USD Philly Fed Manufacturing Index
- Indian RBI MPC Meeting Minutes



## DEC 20

- GBP Current Account
- GBP Final GDP
- USD Final GDP







**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 for the use of reference for illustration purposes only. Actual fund investments are subject to market risks. The actual result may vary from depicted results depending on the time taken and should not be construed as indication of future performance in any manner.

### 20 YEARS PERIOD



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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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