

Arihant's

VALUE

Plus

Issue | OCTOBER 2019

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INDIAN INDICES

Indices	Sep-19	Aug-19	Monthly Change (%)
SENSEX	38667.33	37322.79	3.60↑
NIFTY 50	11477.25	11023.25	4.12↑
NIFTY BANK	29103.15	27427.85	6.11↑
NIFTY MIDCAP 100	16026.00	15652.20	2.39↑
NIFTY 500	9340.90	8977.55	4.05↑
NIFTY IT	15540.15	16010.00	-2.93↓
NIFTY REALTY	258.75	267.20	-3.16↓
NIFTY INFRA	3208.40	3001.15	6.91↑

(Source: BSE & NSE)




BSE SECTORAL INDICES

Indices	Sep-19	Aug-19	Monthly Change (%)
AUTO 	16761.78	15768.40	6.30↑
BANKEX 	32889.09	30949.72	6.27↑
CD 	25872.79	23420.00	10.47↑
CG 	18695.27	16941.77	10.35↑
FMCG 	11766.98	11077.25	6.23↑
HC 	12493.53	12875.40	-2.97↓
IT 	15669.92	16149.45	-2.97↓
METAL 	9085.65	8524.28	6.59↑
OIL & GAS 	14642.13	13163.72	11.23↑
PSU 	6659.26	6348.92	4.89↑
REALTY 	1978.01	2047.65	-3.40↓
TECK 	7654.03	7853.07	-2.53↓

GLOBAL INDICES

Indices	Sep-19	Aug-19	Monthly Change (%)
DOW JONES	26916.83	26403.28	1.95↑
NASDAQ	7999.34	7962.88	0.46↑
HANG SENG	26092.27	25724.73	1.43↑
FTSE	7408.21	7207.18	2.79↑
NIKKEI	21916.74	20704.37	5.86↑

COMMODITIES

Particulars	Sep-19	Aug-19	Monthly Change (%)
MCX GOLD 	36913.00	38656.00	-4.51↓
MCX SILVER 	44119.00	46742.00	-5.61↓
MCX CRUDE OIL 	3880.00	3952.00	-1.82↓
MCX NATURAL GAS 	165.80	165.10	0.42↑

(Source: Falcon software)

FOREX

Particular	Sep-19	Aug-19	Monthly Change (%)
USD-INR ₹	70.87	71.40	-0.74↓
EUR-INR €	77.31	78.81	-1.90↓
GBP-INR £	87.14	86.91	0.26↑
JPY-INR ¥	65.65	67.15	-2.23↓

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sept 2019	117,341.97	109,794.08	7,547.89
Total for 2019*	1,051,116.91	996,257.59	54,859.32

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sept 2019	61,429.84	50,468.82	10,961.02
Total for 2019*	561,062.84	494,710.69	66,352.15

*Till Sep 2019

(Source: SEBI)

Monthly Market Roundup

Market showed volatility during the month but second half of the month was relatively bullish. The Indian benchmark indices closed positive with S&P BSE Sensex up by 3.9% and the Nifty 50 was up by 4.4%. India's performance rank in EM stood at 7th position from 6th position in August. Midcap and small cap indices outperformed the Sensex during the month. RBI's MPC will conclude its 4th Monetary Policy meeting for FY20 on 4th October 2019.

On the sectoral front, Metal and Infra were the best performing sectors, while Pharma was the worst. Nifty Metal was the top gainer at 10%, followed by Nifty Infra with 10% gain for the month. Other major sectoral indices saw some relief rally in August, after witnessing selling pressure in previous months. Nifty Auto index rose by 9%, followed by Nifty FMCG (+8%). Nifty Pharma & Nifty IT index fell by 5% and 3% respectively. Nifty 50 Midcap and Nifty 50 Smallcap ended the month with a gain of 5% and 4% respectively.

On the economic front, India Manufacturing PMI was at 51.4 in September, unchanged from August as Indian manufacturers were again hit by subdued demand conditions domestically and externally. The Government of India has provided a big fiscal stimulus to the economy through a large cut in the corporate tax rate to an effective 25.17% for regular tax paying corporates and 15% tax for MAT paying corporates (from 18%). It helped lift Sensex in second half of the month. Retail auto sales, jumped to the highest in 10 months in September as heavy discounts ahead of the festive season. Vehicle registrations, a measure of sales at dealerships rose 24.2% MoM to 19.89 lakh units last month. Though growth was seen across segments, two-wheelers and passenger vehicles contributed the most to the increase in sales in September. Two-wheeler sales at dealerships rose 23.4% sequentially and 23% YoY. Sales of passenger vehicles rose 28.1% sequentially, and 22.4% YoY. Tractors sales rose 8.1% MoM, and 45.2% on yearly basis. Commercial vehicle makers offered huge discounts in September and witnessed de-stocking of inventory. Sales rose 29% over the last month to 87,180 units which is the highest since March 2019. YoY,

sales rose 11.3%. Sales of three-wheelers rose a little more than 40% on a monthly basis, and 41.1% over last year. Retail data suggests robust auto sales while wholesale data suggest auto companies are still struggling.

On the global front, US' Nasdaq, UK's FTSE and US' Dow Jones closed in green with 0.46%, 2.69% and 1.95% respectively. Whereas, Hong Kong's HangSeng, Germany's DAX, and Japan's Nikkei ended the month with positive of 1.43%, 4.13% and 5.70% respectively.

Nifty Technical Outlook: Oct - 2019



On the monthly chart, we are observing that prices took strong support at the four months consolidation and formed a strong bull candle which has closed above the median line of the upward channel (shown above in the graph).

In coming month if Nifty trades and close above 11423 level then it is likely to test 11512 - 11602 - 11706 levels. However, if Nifty trades and close below 11296 level then it can test 11207 - 11117 - 11013 levels.

Broadly we are of the opinion that consolidation or minor correction from current level cannot be ruled out. However, we are of the opinion that nifty has strong support at 11200 - 11100 - 11000 level where buying is likely to emerge. In such scenario Nifty may test 11512 - 11602 - 11706 levels. Hence cautiously positive approach at current level should be adopted and stock specific activity is likely to continue.

Economic Data Wrap Up : September

- India's September manufacturing PMI unchanged at 51.4 as compared to August.
- India's August Nikkei services PMI fell to 52.4 from 53.8 in July.
- India's July IIP accelerated to 4.3% from 1.2% in June.
- India's August CPI inflation reached 3.21% compared with 3.15% in July.
- India's August WPI inflation remained unchanged at 1.08% MoM.

Fundamental Stock



The Phoenix Mills Limited

The Phoenix Mills Ltd

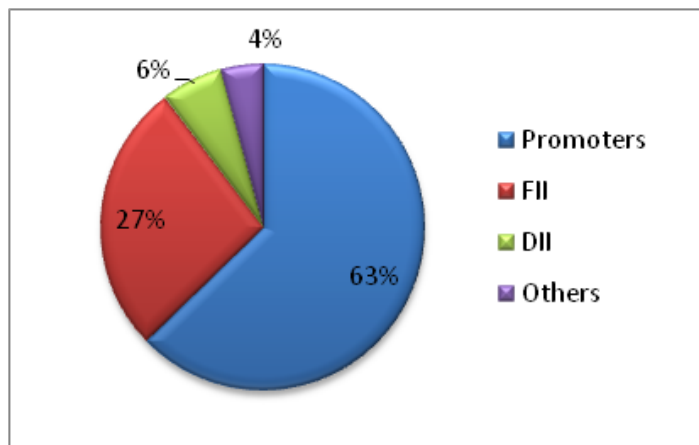
BUY

Target Price: Rs. 986

Value Parameters

BSE Code	503100
NSE Symbol	PHOENIXLTD
CMP (As on 1ST Oct, 2019)	Rs 695
Face Value	Rs 2
52 Week High / Low	766/491
Market Cap (Rs Cr)	10,662
EPS (FY21E)	Rs 34
PE ratio (x) (FY21E)	20.4

Shareholding Pattern % (Jun '19)



Company Overview

The Phoenix Mills Ltd (PML) is the largest player in the Indian retail mall segment. Other than retail PML also has presence in commercial, residential and hospitality space. As of June 2019 end, PML has 7.22 msf of operational assets, 5.86 msf of developmental assets and 3.85 msf of assets under planning. With its strong annuity led business model and impressive portfolio of assets we expect PML to report 10.1% CAGR in revenue over FY19-21E.

Investment Rationale

Annuity led business model (81% of FY19 revenue from annuity assets): With strong focus on its annuity led business model, PML has the guarantee of stable future cash flows from its matured businesses which imparts faith to the investor community in an otherwise highly volatile and unpredictable real estate sector.

Focus on debt reduction paves way for a stronger balance sheet: Around 89% of PML's debt (Rs 44.9 bn), is long term in nature, while debt on its operational portfolio is primarily lease-rental discounting/backed by steady hotel income. PML reduced its debt in a steady manner backed by its stable annuity income, which paves way for a stronger balance sheet.

PAT to witness 12% CAGR over FY19-21E with stable margin of 50-51%: PML's steady revenue growth (10.1% CAGR over FY19-21E) coupled with efficient execution would help the company to ramp up its earnings over the next few years. We expect PML to report 12% CAGR in its earnings over FY19-21E with stable EBITDA margin of 50-51%.

Valuations

We have valued PML using DCF method, wherein we have calculated value of its retail asset, commercial portfolio, and pending value from completed as well as under-construction residential development projects. At CMP, PML is trading at FY21E, P/E multiples of 20.2x, which is reasonable considering its leadership position in India's retail space, stable annuity income generating commercial, retail and hospitality portfolio, focus on debt reduction and ability to generate free cash flows. Our DCF method yields a NAV of Rs 986/share for PML.

AUT SECTOR

SEPTEMBER Sales



Maruti Suzuki

Total Sales: 122,640 units, -24.4% YoY down
 Domestic Sales: 115,452 units, -24.8% YoY down
 PV Sales: 110,454 units, -27.1% YoY down
 Exports: 7,188 units, -17.8% YoY down



TVS Motor

Total Sales: 315,912 units, -25.5% YoY down
 2Wheeler Sales: 300,909 units, -26.7% YoY down
 3Wheelers Sales: 15,003 units, 13% YoY up
 Exports: 71,569 units, 17% YoY up



Mahindra & Mahindra

Total Sales: 43,343 units, -21% YoY down
 Domestic Sales: 40,692 units, -21% YoY down
 PV Sales: 14,333 units, -33% YoY down
 CV Sales: 18,872 units, -18% YoY down
 M&HCV Sales: 408 units, -62% YoY down
 Exports: 2,521 units, -15% YoY down



Atul Auto

Total Sales: 5,306 units, 4% YoY up



Tata Motors

Total Sales: 36,376 units, -48% YoY down
 PV Sales: 8,097 units, -56% YoY down
 CV Sales: 28,079 units, -45% YoY down
 M&HCV Sales: 5,082 units, -69% YoY down



Escorts

Total Sales: 10,855 units, -2.2% YoY up
 Domestic Sales: 10,521 units, 1.2% YoY up
 Exports: 334 units, 51% YoY up



Bajaj Auto

Total Sales: 402,035 units, -20% YoY down
 Domestic Sales: 215,501 units, -31% YoY down
 CV Sales: 65,305 units, -8% YoY down
 Motorcycle Sales: 336,730 units, -22% YoY down
 Exports: 186,534 units -2% YoY down



Ashok Leyland

Total Sales: 8,780 units, -55% YoY down
 M&HCV Sales: 4,035 units, -69% YoY down
 LCV Sales: 3,816 units, -24% YoY down



Hero MotoCorp

Total Sales: 612,204 units, -20% YoY down



Volvo-Eicher Commercial Vehicles

Total Sales: 3,784 units, -43.2% YoY down

Eicher Motorcycle

Total Sales: 59,500 units, -17% YoY down
 Domestic Sales: 54,858 units, -21.7% YoY down
 Exports: 4,642 units, 191% YoY up

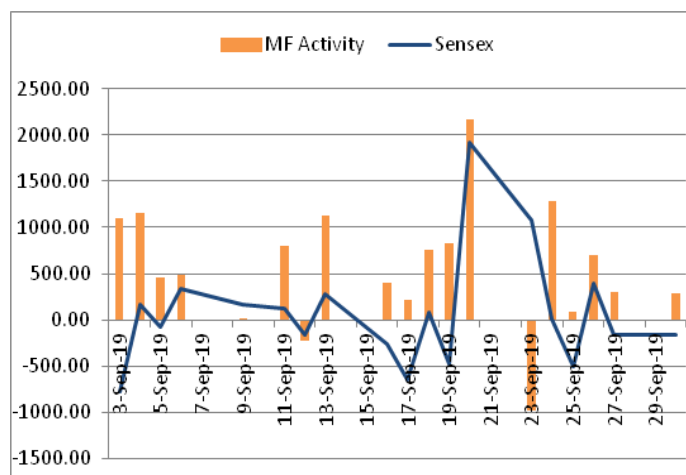


MUTUAL FUND

Indian equity markets ended on positive note in September 2019. The barometer index, S&P BSE Sensex delivered positive returns of 3.60 % to settle at 38667.33 and Nifty50 gained 4.12% ending the month at 11477.25.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 10961.02 crore in the month of September 2019. Highest buying was recorded in the third week of the month when the fund houses made total net buy of Rs 4364.38 crore of equities. On the other hand, foreign institutional investors (FIIs) turned net buyers to tune Rs 7547.89 crore worth of equities in Sept 2019.



Mutual Fund Activity In September 2019

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	10144.19	6951.62	3192.57
2nd Week	9990.08	8257.06	1733.02
3rd Week	16796.32	12431.94	4364.38
4th Week	22165.56	20779.44	1386.12
5th Week	2333.69	2048.76	284.93
Total	61429.84	50468.82	10961.02

Note: Mutual Fund activity as on 30th Sep 2019

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 st Aug,2019 (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)	31.11	7,005	05-Jan-10	17.12	15.24	11.81	12.36	1000	5000
ICICI Pru Bluechip Fund (G)	42.31	21,673	23-May-08	4.42	9.88	9.49	13.54	100	100
Mirae Asset Large cap Fund(G)	50.93	13,946	04-Apr-08	7.19	11.77	11.93	15.21	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	29.33	7,841	29-Jun-12	9.79	14.01	13.76	15.98	1000	5000
Kotak Standard Multicap Fund(G)	35.58	25,381	11-Sept-09	8.70	10.46	12.42	13.45	500	5000
SBI Magnum Multicap Fund (G)	49.81	7,549	29-Sept-05	10.08	9.92	12.40	12.14	500	1000
Mid Cap Fund									
HDFC Mid-Cap Opportunities Fund(G)	54.11	5,921	25-Jun-07	7.38	7.04	12.08	14.00	500	5000
L&T Mid Cap Fund (G)	127.32	4,905	9-Aug-04	-1.64	7.23	11.67	18.28	500	5000

Note: Returns as on 30th September, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 31 st Aug, 2019 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	5.59	2133.77	29,296	0.47	1.54	3.33	7.21	7.89
ICICI Pru Liquid Fund(G)	5.74	284.57	69,773	0.46	1.53	3.32	7.17	7.83
Ultra Short Term Fund								
Kotak Saving Fund(G)	6.64	31.11	13,961	0.48	2.03	3.81	8.39	7.79
L&T Ultra Short term Fund(G)	6.02	31.69	2,626	0.48	2.03	3.78	8.26	7.48

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

ELSS Scheme

Scheme Name	Latest NAV*	AUM as on 31 st Aug,2019 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	17.70	2,306	28-Dec-15	8.79	13.86	-	16.41
Axis LT Equity Fund(G)	46.88	19,236	29-Dec-09	12.05	12.34	12.55	17.15
Kotak Tax Saver(G)	44.07	896	31-May-96	8.56	8.75	10.98	11.29

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

THE MONTH AHEAD KEY FINANCIAL EVENTS OCTOBER 2019



OCT 01- 02

- Indian Nikkei Manufacturing PMI
- Indian Automobile Sales Data, by Automakers
- EUR CPI Flash Estimate



OCT 03

- GBP Services PMI
- USD ISM Non-Manufacturing



OCT 04

- Indian RBI MPC Outcome
- Indian Nikkei services PMI
- USD Unemployment Rate



OCT 08

- Indian Automobile Sales Data, by SIAM
- USD Core PPI
- USD PPI



OCT 10

- GBP GDP
- GBP Manufacturing Production
- USD CPI
- USD Core CPI



OCT 11

- CAD Unemployment Rate
- OPEC Meeting
- Indian IIP



OCT 14

- Indian WPI
- Indian CPI



OCT 16

- USD Retail Sales
- GBP CPI



OCT 17

- GBP Retail Sales



OCT 22

- CAD Core Retail Sales
- CAD Retail Sales



OCT 24

- EUR French PMI
- EUR German PMI
- EUR Monetary Policy Statement
- EUR ECB Press Conference



OCT 29

- USD CB Consumer Confidence



OCT 30

- USD Advance GDP
- CAD BOC Press Conference
- USD FOMC Statement



OCT 31

- USD FOMC Press Conference
- CAD GDP



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