

## STOCKS IN FOCUS



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ICICI Bank  
Hind. Petroleum  
Tata Motors  
SQS BFSI  
Centum Electronics  
Canfin Homes



## 25TH ANNIVERSARY CELEBRATION

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"The leadership of an organisation plays an important role in its success and in steering the way forward. Leaders of Capstocks have shown a vision, far ahead of the times, required to grow the market"

Be wise: Win YIC!



## YOUNG INVESTORS CHALLENGE

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A mock investment contest, Young Investor Challenge (YIC) was organized as part of the 25th anniversary celebrations. The contest was to spread awareness among students on the importance of investing in capital markets.

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### *From the Managing Director's Desk*

#### **The Beginning of a new Bull Phase!**

After the BSE Sensex made a high of 21200 in January 2008, the market went into a bear phase and thereafter has been consolidating for more than six years, even though the Sensex Earnings had gone up 70% during this period. The bear phase ended last year and the Sensex finally broke out above 21200 in March, and has climbed to 28000 levels subsequently.

The year 2014 was an eventful one for our country and the Stock Markets because of a number of significant positive factors: first among them is that our voters elected a stable Government at the Centre, which has started taking positive steps for the growth of our economy. Many macro economic factors are also improving and it seems that the time ahead is very promising for our economy and the Stock Markets. Here are some positive factors in support of this:-

#### **Fall in crude oil and commodity prices**

A major positive factor is that crude oil prices have plummeted in global markets. From a high of \$110 / a barrel a few months ago, Brent Crude oil prices have fallen to below \$50 now. Our country is the biggest beneficiary of crude oil price fall, as we import nearly 80% of our needs. This fall in prices will have a significant impact on our Current Account Deficit and will reflect in our macro economy. A simple calculation shows that we yearly net import about \$100 b worth of crude oil and a fall of even 50% in prices will save \$50 b, which in rupee terms is a whopping 3 lakh crore per year. Apart from crude oil, the commodity super cycle which was fuelled by demand from China during the last decade has finally come to end due to a slowdown in the Chinese economy. Most of the commodities have shown a good fall in prices. Since we are net importers of most of the commodity items, a fall in commodity prices is very positive and our cost of building infrastructure will come down.

#### **The turn of the interest rate cycle**

The Bank credit growth is still muted, indicating low demand for money. Inflation which was a perennial issue for us has come down very sharply in recent months with the WPI inflation at zero level and the CPI inflation at 5%. The combination of low inflation and low credit growth forced RBI to start the long awaited interest rate cuts. The repo rate was cut by 25 basis points even before its scheduled policy meet to revive economic growth. Indian Bond markets reacted in advance with yields falling below 8% on expectation of rate cuts in the immediate future. A fall in interest rate is very positive for both corporates and consumers. Corporate interest out flow will get reduced as well, as it will encourage investments in new projects. Lower interest rates will increase consumer spending as people may buy products on credit.

#### **Positive steps by the new Government**

The Government that took office in mid 2014 has started streamlining bureaucracy functioning to reduce delay in key decision making. Railways and Defence is another area where the new Government is concentrating. They are focusing on larger issues like implementation of the GST Act which will result in more efficient and effective tax collection resulting in a very positive impact on long term. The recent bilateral visits by Heads of government will certainly bring on more confidence to the investors of other countries and pave the way for more money flow into our country. Implementation of key reforms through even ordinances indicates the seriousness of the Government in implementing vital reforms.

#### **The Bull Markets have only just begun!**

In the year 2015, we are going to see positive impacts of all the events that occurred last year. There is always a time lag between the actual events and the impact of these at the ground levels. Also, the benefit of the steep fall in crude oil prices will take some time to reflect in the economy. The much awaited interest rate cycle has started turning down.

We are of the firm opinion that here is a beginning of a new multi-year, long term bull phase. This bull phase has just started off and is hardly a year old!

Sincerely yours  
**Rajendran.V**



## Stocks in focus



### ICICI Bank (CMP : 354\*)

ICICI Bank is India's largest private sector bank with total assets of Rs. 5,946.42 billion (US\$ 99 billion) as on March 31, 2014. The Bank was promoted in 1994 by ICICI Ltd, an Indian financial institution, and was then its wholly-owned subsidiary. The Bank and their subsidiaries offer a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance, venture capital and private equity, investment banking, broking and treasury products and services. They use through a variety of delivery channels and their specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. Its network of 3,753 branches continues to be the largest among private sector banks in India. This is supplemented by a network of 11,315 ATMs at March 31, 2014.

### Hindustan Petroleum (CMP : 572\*\*)

HPCL is a Government of India enterprise with Navratna Status, and a Fortune 500 and Forbes 2000 company. They operate two major refineries producing a wide variety of petroleum fuels & specialties, one in Mumbai (West Coast) and the other in Vishakapatnam. HPCL also owns and operates the largest Lube Refinery in India and a vast marketing network of 13 Zonal offices in major cities and 101 Regional Offices facilitated by a Supply & Distribution infrastructure comprising Terminals, Pipeline networks, Aviation Service Stations, LPG Bottling Plants, Inland Relay Depots & Retail Outlets, Lube and LPG Distributorships. Over the years, it has moved from strength to strength on all fronts. In the last few years, State owned oil companies including HPCL suffered huge financial stress owing to unclear Govt. policies and delayed release of subsidies. With stable Government at the Centre it is expected that there will be a new look at this area which will unmask the real strength of HPCL.

### Tata Motors (CMP : 526\*\*)

Tata Motors India's largest automobile making company and is the leader in commercial vehicles in each segment, and among the top in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. It is also the world's fifth largest truck maker and fourth largest in bus production. Started in 1945, Tata Motors' presence cuts across the length and breadth of India. The firm was listed in the New York Stock Exchange on September 2004 and has emerged as an international automobile company. Through subsidiaries and associate companies, the Tatas have operations in the UK, South Korea, Thailand, South Africa and Indonesia. Among them is Jaguar Land Rover acquired in 2008. Through subsidiaries, the company is engaged in engineering and automotive solutions, automotive vehicle component manufacturing and supply chain activities, vehicle financing, and machine tools and factory automation solutions.

### SQS BFSI India (CMP : 660\*\*)

SQS India BFSI Limited formerly known as "Thinksoft Global Services Ltd" is the leading Business Assurance and Testing Specialist focusing exclusively on the Financial Sector. With a successful track record of over 15 years, and more than 14 million

person hours of Testing, the company has served 150 plus customers in APAC, USA, UK and Middle East. The company helps clients reduce software product life cycle costs and develop 'business ready software' within compressed timelines, through intense domain focus, structured software testing methodologies, offshore delivery, and test automation expertise. The company also has the distinction of maintaining high standards in execution, coverage, quality and confidentiality. The company has become part of the SQS Group in 2014, the world's leading specialist in software quality. SQS' position and expertise as the market leader are the result of over 30 years of successful consultancy. With new promoter in place the company is well positioned to grow in the future considering the opportunity available in testing space globally.

### Centum Electronics (CMP : 778\*\*)

Centum is a globally recognized electronics company with strong presence in the Defence & Aerospace, Space, Industrial, Medical and Telecom industry segments. They design and manufacture customized, high-reliability products in the Analog, Digital, Mixed Signal, Power, RF & Microelectronics domains. The company has high profile clientele list which includes DRDO, BEL, ISRO, General Electric, Thales, Rafael, Ericsson, Nokia Siemens Network and Samsung. Recently, Centum Electronics is among Seventeen "fastest growing" Indian companies, who are invited to join the World Economic Forum Global Growth Companies (GGCs) community comprising 370 firms. The new Government's policy towards indigenous procurement of defence products is positive for the company. The company's business in terms of key products and markets are balanced which reduces risk to great extent. Centum is expected to show good growth in coming days based on its business prospects.

### Canfin Homes (CMP : 631\*\*)

Can Fin Homes is engaged in the business of housing finance and was incorporated on October 29, 1987 by the Canara Bank in association with reputed, financial institutions including HDFC and UTI. It was set up in Bangalore with the mission of promoting Home Ownership and raising Housing Stock all over the country. They are the first Bank sponsored Housing Finance firm in India and currently have 84 branches in over 15 States. It was listed in 1991, and has a history of uninterrupted dividend payout since inception. The company enjoys AAA/A1+ rating for loans/Non Convertible debentures/ Commercial papers. Four southern states constitute 72% of loan book. Canfin Homes offers a range of products such as, loans for purchase, construction, improvement / extension, site buying, as well as non-housing finance. Total loan book size as on Sep 2014 is 7,037 Cr. with Gross net non performing assets of just 0.28%. Major source of funding is through NHB (National Housing Bank) and bank loans.

SCRIP	BV ₹	EPS ₹	P/E ₹
ICICI Bank	132	19	18
Hind. Petroleum	445	112	5
Tata Motors	240	65	8
SQS BFSI	104	22	28
Centum Electronics	105	28	26
Canfin Homes	220	38	16

\* CMP as on 16-1-2015  
\*\* Capstocks PMS have holdings

BV - Book Value  
EPS - Earnings Per Share





## Silver Jubilee Celebrations

Capstocks celebrated its 25th anniversary at a dazzling function held in Thiruvananthapuram, on Saturday evening, the 22nd of November. Here's a snap shot of the event.

Capstocks started off from a single room office in the city in 1989 and has ever since grown to become one of the most reliable and trustworthy stock broking companies in the country. Today, Capstocks offers trading in equities, commodities and currencies and has 185 outlets all across south India, employing about 750 people directly and indirectly through its franchisees. This achievement of completing twenty five years of flawless service was celebrated with grace and splendor.

The event organised at RDR Auditorium in Thiruvananthapuram, saw the presence of eminent personalities in the field of capital markets including Ms. Chitra Ramkrishna, MD and CEO, National Stock Exchange and Mr. Sudarshan Sukhani, stock market analyst.

The evening began with a short film on the history of Capstocks, which traced the journey of the company from the initial days till date. This was followed by the welcome address by Mr. Rajeev Pillai, Executive Director. During his address, Pillai also explained the corporate social responsibility initiatives that the firm has undertaken over the years. The company has provided smart classroom equipment to various schools as part of CSR initiatives. Capstocks has also mobilised a fund for providing support to needy cancer patients in the Regional Cancer Centre, Thiruvananthapuram.

Ms. Chitra Ramkrishna, MD and CEO, National Stock Exchange inaugurated the event by lighting the lamp. In her inaugural address, she congratulated Rajendran V and his team on completing 25 years of service. "The leadership of an organisation plays an important role in its success and in steering the way forward. Leaders of Capstocks have shown a vision, far ahead of the times, required to grow the



Ms. Chitra Ramkrishna, MD & CEO, NSE delivering the inaugural address



Mr. Sudarshan Sukhani, Stock Market Analyst



(L-R) Rajendran V, MD, Capstocks;  
Rajeev Pillai, ED-Capstocks;  
Ms. Chitra Ramkrishna, MD & CEO, NSE;  
Mr. Sudarshan Sukhani, Stock Market Analyst

market," she said. "Good governance differentiates a good organization from the other. The trust and confidence of customers stay only where good businesses are built on good governance and practices," added Ramkrishna. According to her, good trading members go from strength to strength whether the market is good or bad. Practices and process excellence are factors that determine the growth of an organisation. Proportion of people who are benefiting from the prosperity of the stock market is very low. Our aspiration is to help more people to be a part of this prosperity.

Addressing the audience, Rajendran V, MD, Capstocks, reminisced the long span of struggles and challenges he had to undergo to take the organization through the checkered path that the Indian stock markets traversed over the last twenty five years. "I stepped into the business by chance and not by choice and it took several years before I learnt the ropes of the business", he explained. "Capstocks offers personalised service to each and every client and that is our differentiator. The firm has loyal and well-trained staff, many of whom have been with the company from its beginning years" During his presentation Rajendran said that the economic environment is favourable and the country is witnessing positive tidings. He also predicted that the BSE index will cross one lakh by 2020 and suggested that the time is right for investments in stock market.

Sudarshan Sukhani, stock market analyst, spoke on the topic 'technical analysis for investors'. He talked about how to enter a market and how to exit. Sukhani said that in a bull market of five years there may be 10 to 15 bull-bear cycles. The task of investors is to identify this mini bull - bear cycles and buy during these time. "We are entering a bull phase and investors must raise investments in shares up to 50 percent or more and reduce investments in real estate, gold and fixed deposits to reap the benefits," Sukhani suggested.

The event was well attended by around 2000 people which included the clients, friends and well wishers, franchisees and the proud employees of the firm together with their families. The clients and franchisees of Capstocks who have been with the organisation since its inception were felicitated during the event. Sri. S. Srinivasan IAS (Rtd.), Director, Capstocks, proposed a vote of thanks. The event was followed by a musical performance and the evening concluded with dinner.



Dr. Ramdas K, Medical Superintendent, Regional Cancer Centre, Trivandrum receiving the cheque worth Rs. 5 lakh mobilised for the needy cancer patients





## WHAT THE EXPERTS HAD TO SAY

### FINANCIAL LITERACY

Kerala must match up the financial literacy level with the general literacy level. Proportion of people who are benefiting from the prosperity of the stock market is very low. Our aspiration is to help more people to be a part of this prosperity. Exchange Traded Fund (ETF) is a stepping stone to the markets. ETFs do not require any specific stock skill and you can invest in as small as one share.



MS. CHITRA RAMKRISHNA  
MD & CEO, NSE



MR. SUDARSHAN SUKHANI  
Stock market analyst

### PICK THE BEST

Never challenge the reason of the markets but go with its flow. Always invest in best quality stocks and do not go for mid-caps and small caps. Avoid obvious mistakes while investing.

Do not trade in derivatives as futures trading is only for professional investors. Accept that losses are inevitable and accept them gracefully.

### STAY INVESTED

An investment of Rs.100 in the BSE in 1979 is today worth Rs.28,000. Figures show that in the same period the same amount deposited in fixed deposits, even with a high rate of interest of 10 %, is worth only Rs.3,175 today and that same amount invested in gold is worth only Rs.2,600. It is high time we moved away from these and think about investing in stocks as we are entering a strong market.



MR. RAJENDRAN V  
MD, Capstocks

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to read more stories & to watch our latest  
corporate video: 25 Years History of Capstocks

## YOUNG INVESTOR CHALLENGE



A mock investment contest, Young Investor Challenge (YIC) was organized as part of the 25th anniversary celebrations. The contest was to spread awareness among students on the importance of investing in capital markets. About 1000 students from different colleges from Kerala and Tamil Nadu participated in the event. Serin Cyriac of Bhavans Royal Institute of Management, Kochi bagged the first prize of Rs. 50,000. Dinesh A of Erode won the second prize worth Rs. 30,000 and Bharathan Shyam of St. Alberts College, Ernakulam won the third prize of Rs. 20,000.



The winner: Serin Cyriac

## HONORING FOUNDER CLIENTS AND FRANCHISEE

The clients and franchisees of Capstocks who have been with the organisation since its inception were felicitated during the event. The franchisees felicitated are Shri. M K M Koya, First Franchisee, Calicut, Shri. Satheesh AV, Attingal and Shri. A P Rajasundaran, Perinthalmanna.



Shri. P T Suresh Kumar, First Client



Shri. M K M Koya, First Franchisee



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Member: NSE, BSE, MCX\*, MCX-SX, NCDEX\*, NMCE\*, DP:CDSL, Portfolio Manager\*\*

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