



April-June 2018 Edition | Volume: 1 / Issue: 1

MCONNECT

NEWSLETTER

MONEY,
THE 6TH SENSE
THAT ELEVATES THE
OTHER 5

**WE BELIEVE ONLY IN
REWARDING RELATIONSHIPS**

**RAKESH MEHTA
CHAIRMAN
MEHTA GROUP**



Monday, 23rd March 2018

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Message from CMD Desk



Dear Investors / Channel partners,

Warm wishes from Mehta Group for the new financial year.

"MConnect" is a project which is very close to my heart. It is an addition to our services, which will only get better with time. This is a platform where we will be sharing information and knowledge. It will also give you an insight about the latest happenings in our organisation.

Infinite data is available on news channels, portals and other social media. However, MConnect is not going to be just one more of the lot. I want to keep it different. It will have selection of what you need to grow. Growth does not happen on instant basis.

I see the future on a long term. The focus is on what we can do to emerge as a winner.

Relationship is a word that you will always keep hearing from us. This is the most important value in our business. Since 1995 and even before that, we have been providing financial success to all those who are in relationship with us.

To me, we are just one big family. Our company is all about rewarding relationships and MConnect will be one of the medium. We host a large basket of products which can help you build your wealth systematically.

It would be good to receive some feedback and I shall ensure that we incorporate the same in our next editions. Have a great year ahead and let us together climb the ladder of success.



CA Rakesh Mehta
Chairman
Mehta Group



Mr. Rajat Mehta
Director
Mehta Group



Message from Editor's Desk

Dear Reader's

You matter to us! With that thought process, we now launch our first edition of MConnect. In years to come, we aspire to make this a "guiding light" for all those who invest or track the Indian capital markets.

MConnect is a bouquet of various snippets like market analysis, investment recommendations, guest column, product know-how, introduction of channel partners and more. This word "MConnect" was formed with two basic fundamentals, Relationships and Communications. Both need attention on regular basis. The idea is to further reinforce the bond that we have been nurturing till date.

Some dynamic additions to the group are Mrs. Shikha Bhandari (Vapi), Mr. Abhishek Bhansali (Ahmedabad), Mr. Harshal Kulkarni (Pune) and PMS with Mr. Samridh Poddar. This just the beginning and we see more relationships ahead.

There have been multiple meetings to finalize the content of this edition. Our efforts have produced the final version which is here for you to cherish. There are plans to add more sections. We could also increase the data on any particular section on demand. I would be happy to hear from you about what you want in this newsletter.

Happy Reading



Stock of the Quarter

Zen Technologies Ltd (Zentech)

Recommendation: Accumulate/Buy
Recommended price: Rs.113
Market Cap (Cr.) 1,008

About the Company

Hyderabad-based, Zen Technologies Ltd (Zentech) is a three decade old company engaged in designing, developing and manufacturer of world class training simulators for firearms to high-end tanks and artillery. It is also a leading player in providing training solutions primarily focusing on security forces including military, paramilitary, state police force etc. The various simulators offered are Firearms, Tank, Driving, Mining and Unmanned Aerial Vehicle (UAV) simulators.

INVESTMENT RATIONALE

High entry barriers acts as safeguard: Zentech has proven its designing and developing capabilities with state-of-the-art training simulators. In last 3 decades it has earned the following credentials such as AS9100C from DQS Inc., ISO 9001:2008 (QMS), ISO 14001:2015 (EMS), ISO/IEC 27001:2013 (ISMS) certifications which are the vital requirements for bidding sizable domestic as well as global orders. Zentech has built a formidable reputation and entry barrier for any player to break. Also the difficulty in understanding complex and stringent procurement process with long gestation cycle makes it tougher for other player to enter such market.

Strong R&D with proven technology: Zentech has efficient technology edge in designing and developing customised Combat solution training simulators serving all the defence wings- Army, Navy and Air Force. It has historically spent nearly 25% of net sale on R&D, which drives company to ensure newer simulators in future. By this company has patented some of its products and filed for more than 50 patents for its products which will generate revenues going forward. As of now it has supplied over 170 simulators to over 70 customers all over India and enjoys the confidence of this large customer base.

Zentech has visible track record in winning bids: Current order book is of Rs 360 Cr, where in Rs 224 Cr was the biggest order received from Govt of India, split into Rs 156 Cr for equipment (expected to be executed during the next financial year 2018-2019) and Rs 68 Cr of AMC which will accrue over the 5 years following the warranty period of 2 years. It has also bagged export order worth Rs 68 Cr for live and virtual combat training systems against tough international competition. This export order is expected to be executed in the first half of next financial year 2018-19. The above orders prove the ability to win such more orders from Govt of India as well as overseas.

Focus on global business the next growth point: As of now Zentech has supplied simulators to Nigeria, Egypt and many other countries. Govt of India has also stepped in to support Indian companies such as Zentech competing against world's largest players in this segment. Company is looking at expanding its overseas markets and in the next 3-4 years, the company sees its overseas business taking over the domestic revenues. It is finding Middle East and Africa attractive. Now the focus remains strong on overseas market which is on priority and efforts are made for deeper penetrations in those markets to promote Zen simulators through exhibitions and direct sales contacts.

High operating leverage: The development cost of most of the existing products of Zentech is already amortized, and these products have sustainable high gross margins. The company is able to sustain for 3 decades in spite of erratic order flow, is due to tight control over overheads and high gross margins. Procurement of large orders will generate significant operative margins and free cash flow for the company. We understand that company should generate margins of 70%+ on its revenue in excess of INR 50 crores, after adjusting for recurring fixed cost.

Risk: Commercialization: Considering huge market demand, more players can enter the field of simulation and expect competition to be stiff and margins to drop for products going forward.

Zentech is committed to developing cutting-edge simulators for Security Forces. Foreign Competition: Even though company develops its products with interactive feedback from end users, there is no commitment from the users to procure it from company. The government's policy of buying from the lowest bidder may harm the company if any foreign supplier dumps the simulators at a cost far below what they have charged overseas. Government Dependence on Orders: The dependence on Government for huge chunk of business, high R&D costs with no certainty that the product will be accepted by the customer, stricter user acceptance and marketing costs, long receivables and unpredictability of earnings are key risk to this business.

MView: We believe Zentech being an indigenous and R&D driven company, will be among the biggest beneficiary of 'IDDM - Indigenously Designed, Developed and Manufactured' policy of Government of India. Although, Zentech may face competition from foreign players, it can be a preferred supplier under the IDDM policy. The focus of going global, we feel this as the next growth theme for Zentech. We also expect more export repeat orders with higher ticket size in coming quarters posing to healthy earning visibility for FY18-21E. We have assumed Zentech to grow at a CAGR of 35% over next 3 years led by order book of Rs 3.6bn, expecting more tender of Rs 3-4bn from Indian as well as Foreign Governments



Financial Overview

Particulars in Rs Cr	FY2018E	FY2019E	FY2020E	FY2021E
Projected Revenue	75	216	306	378
YoY Growth		186%	42%	24%
Total Expenditure	66.32	93.60	121.25	146.41
EBIDTA	9.27	122.4	184.75	231.59
EBIDTA Margin %	12.3%	56.7%	60.4%	61.3%
Interest	2.30	8.64	12.24	11.24
PBDT	6.97	113.76	172.51	220.25
Depreciation	5.29	17.28	21.42	26.46
PBT	1.68	96.48	151.09	193.79
PBT+OI	3.88	96.48	151.09	193.79
Tax	1.28	32.16	50.36	64.59
Profit After Tax	2.60	64.32	100.73	129.20
PAT Margin %	3.4%	29.8%	32.9%	34.2%
EPS (Rs)	0.34	8.33	13.05	16.74

"Data as on: 28th March 2018."

Agencies for simulators and training solutions. On valuation per se Zentech is available price to earnings at 13x based on FY19 EPS Rs 8.33 & 8.7x based on FY20 EPS Rs 13.05 on conservative basis. Hence we recommend Investors to accumulate on dips with Target price of Rs 208, upside 84% expected on medium to long term investment horizon.



Expert View 2018

We expect 2018 to be more volatile as there are couple of risks on the horizon which can impact market.

The first Risk is the political risk. India is going to face state elections in crucial states in CY 18 and general election in May 2019 as per schedule. State election of Karnataka in 1H CY 18 and Rajasthan, MP and Chhattisgarh in 2H CY 18 are likely to impact market as based on the results market will price stability of next Government. The General election itself will start getting discounted by the market on the end part of CY 18 based on various factors.

In 2004 markets had run up ahead of election based on India Shining campaign and crashed post election on seeing left front supported government. In 2009 Markets had corrected to price in a khichadi sarkar and moved up on seeing a stable government. 2014 was a year where market kept running up on expectations of a stable government. Elections have played an important role in the market in the past and 2018 and 2019 are unlikely to be different.

The Second Risk for the market is rising interest rates globally lead by US and withdrawal of liquidity by central banks. Equity will slow down impacting India. We expect central bankers to be calibrated and gradual in their approach. We don't expect them to be cavalier to disrupt markets but it is worth remembering the risk of liquidity disappearing.

The other risk are usual suspect like oil prices and monsoon etc. fortunately oil prices looks to remain elevated for a short period of time and monsoon is likely to be normal with advent of La Niña.

It will be fair to say that in 2017 India had a good Macro with lower inflation, lower fiscal deficit, lower current account deficit, lower NPAs etc. 2018 is going to be a year of deterioration. The fiscal deficit is budgeted to be wider and in an election bound year is likely to exceed the budgeted estimate. The current account deficit on account of higher oil prices are likely to be deteriorating. Inflation has picked up though within the comfort zone of the RBI. This deteriorating macro is likely to keep market volatile.

For markets to move upwards fundamentals and flows are required. In CY 2017 flows pushed market upwards whereas fundamentals were lagging behind. In CY 2018 fundamentals are likely to be better whereas flows could take a breather.

In CY 2017 Mutual Funds witnessed lots of flows. Their work over last two decades resulted in an inflection point. They lead flows outpacing FII flows. In the budget of FY 2019 a non level playing field is created by taxing Mutual Funds but exempting Insurance companies ULIPs. This can adversely impact flows in Mutual Funds. We expect that Honourable Finance Minister will restore level playing field for the benefit for Indian Markets. FII flows can be adversely impacted if MSCI carries out its threat of Reducing India's weightage in the Emerging market Index.

We have to work hard to educate MSCI in not doing the same. The flows in CY 2018 will be driven by events like restoration of level playing field between Mutual Fund and ULIPs and MSCI weightage apart from how investors price in the political risk and withdrawals of liquidity/rising interest rates in global markets.

CY 2018 is likely to see good fundamentals despite some strong head winds. India INC. Is doing marvellous jobs despite burden of high real interest rates and over valued currency.

They are also doing well to absorb lesser availability of Credit especially at lower end of the Rating availability of Credit especially at lower end of the Rating curve. Combination of high real rates, low credit availability and over valued currency has subdued demand and kept capacity utilisation of India INC at lower levels. India INC was cautiously optimistic for bulk of last three years as apart from rates, currency and credit they had to tackle disruptive reforms like Demonetisation and GST. Now they are becoming optimistic shedding cautious stance. They are becoming optimistic as demand seems to be picking up and election bound Government is likely to keep spending tap open to benefit further strengthening of Demand. This will help in improvement in capacity utilisation leading to better margin. If rates, currency and credit normalises than the recovery will be broader and more faster. The investments in CY 2018 are likely to be lead by the government and PSUs but can see support from private Sector in CY 2019 post

A WORD FROM OUR EXPERT GUEST

WE EXPECT 2018 TO BE MORE VOLATILE



formation of new government. Sectors like Agriculture, Rural and Infrastructure is likely to see higher growth due to focus of the election bound government.

In lighter vein 2018 can be described as "Liquid Oxygen" made famous by Bollywood villain Ajit's joke. Liquid will not allow a person to live and Oxygen will not allow a person to die. The markets upside will be capped by political uncertainty and rising interest rates and down side will be protected by the improving corporate bottomline.

For investors CY 2018 is a year where they need to focus on asset allocation rather than market momentum. It will be a year of volatility rather than steady rise. It will be year of Stock picking rather than Sector picking. It will be a year of large caps rather than micro and mini caps. It will be a year of playing contra rather than chasing momentum.

Article by,
Mr. Nilesh Shah
Managing Director

Kotak Mahindra Asset Management Co Ltd.

Mr. Nilesh Shah is the Managing Director (MD) of Kotak Mahindra Asset Management Co Ltd. He has over 25 years of experience in capital markets and market related investments, having managed funds across equity, fixed income securities and real estate for local and global investors. Nilesh has also held leadership roles with Axis Capital, ICICI Prudential Asset Management, Franklin Templeton and ICICI securities. Nilesh is the recipient of the inaugural Business Standard Fund Manager of the year award - Debt in 2004. He was part of the team that received the best fund house of the year award at Franklin Templeton & at ICICI Prudential. Nilesh is a gold medallist-CA and a merit ranking cost accountant. His hobbies include reading and educating investors on financial planning. He has co-authored book on Financial Planning called "A Direct Take".

Market Outlook

Equities Outlook



by Mr. Prashanth Tapse

Global winds and local political hiccup keeps Indian bourses under pressure and volatility for short term while Long term story in intact.

After shocking banking fraud stories it's now the turn on political risk taking hands down pressure on overall markets. Lots of hiccups are happening within the political circles which are disturbing the market sentiments. Likewise BJP blighted in bypolls losing all 3 seats in UP, Bihar, we see this was a surprise defeat attributed to its "overconfidence" of the party and now it TDP moving out of NDA with no-confidence motion against the NDA government. Markets are now taking cues from political landscape which has changed dramatically post Gujarat election and larger audiences are assuming it clear that for a single party to get majority is going to be very difficult task in upcoming LS 2019 Election, which is now been discounted in the picked valuations. Adding to this political saga, Global cues are also weak, which is already hit by fears that the US tariffs war could hurt the global economy wherein domestic's sentiments are not excused. On overall basis markets are trading on sideways and attempting to consolidate. Our short term trading strategy is to "SELL ON EVERY RALLY" until there are any fundamental triggers like better Q4FY18 earnings, Karnataka elections and better than expected monsoon. There are many factors, both micro and macro, which would be important to consider when investors are planning to make a portfolio that can weather all storms, hence looking at the current markets scenario we feel market is yet to price in what could be a possible 'political storm' in the run-up to the general elections next year as the opposition seeks to regain lost ground. The focus on risk will incrementally shift away from economics towards politics.

Our advice to investors is to start accumulating quality companies which are fundamentally strong based on healthy earnings outlook, management quality, corporate governance, and business visibility. Investors should focus on making a portfolio which should fall less than the market and outperform when the market starts rising. Well to make such a healthy portfolio, we feel it should have stocks based on marketcap themes and across sectors to achieve benefits of diversification.

While investors can expect to see volatility in silver prices through 2018, the market has plenty of room to move higher due to growing demand and shrinking supply. Investors have started betting big on silver amid hopes of a sharp upswing in its prices in calendar year 2018 (CY18). Despite immense potential for an increase, following the improvement in industrial commodities' prices, silver remained an underperformer in recent time. Currently Silver is trading on



38200 we are expecting some more pressure till 37100-37400 because of sell off in base metals and strong expectation to raise US Fed interest rate, but this are the good level to purchase it and we are expecting till June 2018 it will give investors yielded returns of up to 10-15% i.e. around 40650 and 42400. In Global silver has very good support at \$ 15.90 while resistant at \$ 17.20 & \$ 18.20. Typically, silver tends to outperform gold at the current state of the business cycle, as it is more strongly leveraged to global growth, given its significant industry use.



Silver Outlook

by Mr. Rahul Kalantri

Diamond Outlook



by Mr. Rahul Kalantri

Indian Diamond Industry is coming to terms with the recent bank default case reported. However in terms of price reaction there is no such indication, that the reason diamond prices are on the rise is because of expects a strong global economy in 2018 and diamond demand is highly correlated to economic growth. Rather, Diamond trade on ICEX reflects overall positive trend for the industry. Since the launch of the diamond futures contract ICEX, average daily turnover and volume of delivery has been rising consistently. The exchange has successfully completed five settlements cycle witnessing consistent increase in turnover and healthy physical delivery upon contract settlement.

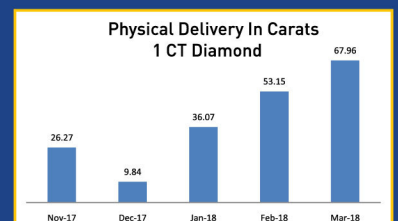
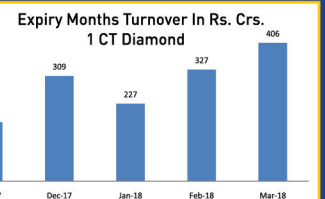
Chart (in excel)

In Indian (domestic) prospect from last 2 months we seen sharp decline in rupee against dollar i.e 2.25% this impact Indian diamond pricing also along with local demand that boost diamond price approx 5% in last 2 months on ICEX platform

International Factors:

The U.S. and China are the biggest consumers for diamonds in the world — with half the global demand coming from the U.S. and about 20 per cent coming from China. Economic growth in these two countries is what will really move the diamond industry forward. We expect the U.S. and the

Chinese economies to grow at a rate that will translate into increased demand for diamonds. For next quarter we are expecting diamond future will be in side way to upward move, the range will be from Rs 3270 – 3365 per cent in ICEX.



Note: Data based on Future expiry in ICEX
Source: ICEX Diamond Future Exchange



Market Outlook

For the past months, gold prices have been caught in a range between \$ 1300 & \$ 1340 as the market has awaited guidance from the Federal Reserve. While above fundamentals looks negative for gold prices and seems price to drop next week but prices are not expecting to fall much below the 200-day moving average, which comes in at \$ 1298 an ounce. Although we are bearish in the near terms on gold, we see long term potential as investors look for safe-haven alternative investments. As on the upside, we are looking at initial resistance at @ 1340 an ounce but for many, gold needs to break the 2016 highs around \$ 1385 to breathe new life. Technically now on MCX Gold is getting support at 29840.00 and below same could see to test 29560.00 level and resistance is now likely to be seen at 30570.00, a move above could see prices testing 30920.00.



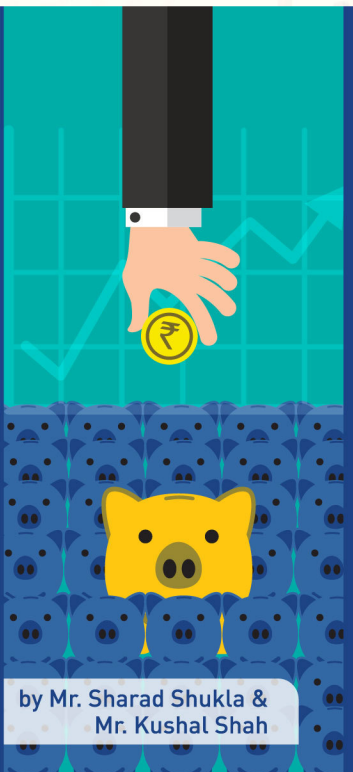
Expected trading range is between \$ 1280.00 support and \$ 1370.00 resistance.



Gold Outlook

by Mr. Rahul Kalantri

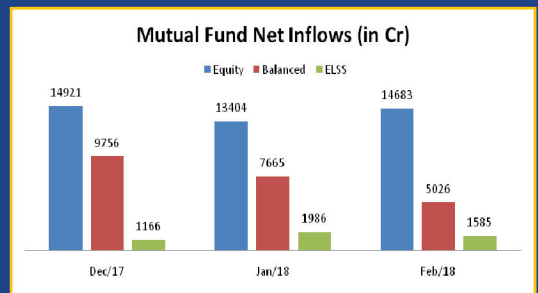
Mutual Fund Outlook



by Mr. Sharad Shukla & Mr. Kushal Shah

Mutual fund outlook remains favourable as asset allocation is done by professional fund managers and other reason for the rise in mutual fund investments would be low return given by other asset classes. Mutual funds have caught the fancy of many people who have been looking for other avenues to earn higher returns but at the same time investors should be aware while investing, that their money are in the right funds that have invested in fundamentally strong companies.

Mutual fund industry has witnessed a fall in its assets under management in the month of February 2018. This is mainly because inflows to equity funds have marginally reduced due to the cautionary approach of investors after the Union Budget 2018. The inflows have also declined in the balanced funds, which is a clear effect of the proposal of the introduction of DDT in equity funds.



The latest AUM of the MF industry has ended at Rs.22.20 lakh crore as on February 2018. It decreased by 0.94%, or Rs.21,000 crore, from Rs.22.41 lakh crore in January 2018. The Year on Year comparison shows increase in the AUM by 24%, or Rs.4.31 lakh crore, from Rs.17.89 lakh crore in February 2017.

The number of new folios has remained strong despite the volatility in equity and debt markets. No. of new folios that are added in the mutual fund industry for the month of February comes to around 15.7 lakh.

Markets respects profits and as profits come back in the coming quarter, stocks will start performing and investors will add more part of their corpus in Mutual funds to diversify their risk.

Portfolios

Long Term Investment Ideas 2018

Sr.No.	NAME	SECTOR	MCAP Rs Cr	PRICE
1	MARUTI SUZUKI INDIA LTD	CARS & UTILITIES VEHICLES	267738	8863
2	ICICI BANK LTD	BANKS	178947	278
3	SUN PHARMACEUTICAL INDUSTRIES LTD	PHARMACEUTICALS	118859	495
4	HDFC STANDARD LIFE INSURANCE CO. LTD	INSURANCE	91232	453
5	BHARAT FORGE LTD	INDUSTRIAL PRODUCTS	32592	700
6	L&T INFOTECH LTD	IT CONSULTING & SOFTWARE	23067	1341
7	TATA POWER CO LTD	ELECTRIC UTILITIES	21462	79
8	GODREJ PROPERTIES LTD	REALTY	15714	725
9	BIRLA CORPORATION LTD	CEMENT & CEMENT PRODUCTS	5492	713

Reco Price as on 28th March 2018

Midcap Ideas 2018

Sr.No.	NAME	SECTOR	MCAP Rs Cr	PRICE
1	CHENNAI PETROLEUM CORPORATION LTD	REFINERIES/ PETRO-PRODUCTS	4891	328
2	GUJARAT STATE FERTILIZERS & CHEMICALS LTD	FERTILIZERS	4554	114
3	RADICO KHAITAN LTD	BREWERIES & DISTILLERIES	4413	331
4	JINDAL SAW LTD	CONSTRUCTION & ENGINEERING	3805	119
5	JK PAPER LTD	PAPER & PAPER PRODUCTS	2373	135
6	J KUMAR INFRAPROJECTS LTD	CONSTRUCTION & ENGINEERING	2033	268
7	HIKAL LTD	PHARMACEUTICALS	1688	205
8	TOURISM FINANCE CORP OF INDIA LTD	FINANCIAL INSTITUTIONS	1226	152
9	ZEN TECHNOLOGIES LTD	IT SOFTWARE PRODUCTS / DEFENCE	1008	113

by Research Team

Reco Price as on 28th March 2018



Knowledge Series

“THE STOCK MARKET IS A DEVICE FOR TRANSFERRING MONEY FROM THE IMPATIENT TO THE PATIENT”

– WARREN BUFFETT

We believe the start of New Year is generally a good time to review your portfolio as we are aware about the returns of last year and possible correction in the coming months. Taking the example of current year where we saw a handsome return of ~22% till Jan 2017 and a correction of ~12% in next two months. Hence it is necessary to do some preliminary checks.

PORTFOLIO REBALANCING & REVIEW:

Rebalancing your portfolio is important as the amount of money in each investment fluctuates with the constantly changing market.

The simplest way to rebalance is to sell a portion of your winners and putting that money back into the underperformed Stocks. On the basis of some common mistakes made by the investors and other correlated factors we have summarised the optimum portfolio allocation.

Although the allocation depends on one's risk profile, expectations, living style and other factors but it is necessary to prepare one for yourself and analyse it every year.

Following table will act as your guide to reasonably proportion your portfolio.

Age Group	Cash	MF	Equities		
			Large Cap		Mid & Small Cap
			Investment Purpose	Trading Purpose	Investment/Multibagger Ides
25-40	10%	20%	20%	20%	30%
40-55	15%	30%	25%	10%	20%
55 & Above	20%	35%	30%	5%	10%

Review Frequency

↓ Every 3 Years (for MF)
 ↓ Every 12 Months (for Large Cap Investment Purpose)
 ↓ Every 3 Months (for Large Cap Trading Purpose)
 ↓ Every 6 Months (for Mid & Small Cap)

Key Points to identify Stocks & MFs



LARGE CAP	MULTIBAGGER	MUTUAL FUND
<ul style="list-style-type: none"> Market cap above Rs. 300 bn Historical Revenue Growth Regular Dividend Payout Compare Peers Valuation 	<ul style="list-style-type: none"> Market cap not below Rs. 3 bn Through Industry Research Consult after every Quarter results/ key events etc Regular advice from your Financial Advisor 	<ul style="list-style-type: none"> Check on Fund Manager's track record Consider returns over 5 years Try to diversify into Multicap, Large cap, Small cap and Sector Funds Always take advice from your Financial Advisor

Things to Avoid while Selecting Stocks & MFs

LARGE CAP	MULTIBAGGER	MUTUAL FUND
<ul style="list-style-type: none"> Following a price to buy/sell Lose patience sharp corrections Not following the industry cycle and updates Overlooking the target 	<ul style="list-style-type: none"> Taking opinion from too many sources Bottom fishing/Buying more to average Over-exposure Unrealistic returns expectations 	<ul style="list-style-type: none"> Thinking that returns would be low Invest and forget Consider it for short-term Keeping this as last option while investing



Well, there is no universally optimal portfolio allocation; there is no universally optimal rebalancing strategy. The only clear advantage is that a rebalanced portfolio more closely aligns with the market performance and outlook.

As we know equities are not risk-free and external factors will impact your portfolio in one way or the other but Investors must stick to their asset allocation at all times, good and bad.

Happy Investing!!!
by CA Ritesh Lohiya





REPORTING OF CLIENT FUND AND SECURITIES BALANCES BY STOCK BROKERS

Stock brokers shall submit client fund and securities balance data as on last trading day of every week to the Stock Exchanges on or before the next 3rd trading day from after 31st March, 2018, basically, Stock Broker needs to maintain balances in the form of cash or cash equivalent at all time to the extent of their creditors. It will force Stock brokers to introduce working capital to run its business or they will have to recover funds from the clients on settlement basis otherwise it may result in violations of the SEBI circular and cast penalty on them. However, there is little relief from SEBI that the broker can pledge securities, of the client, with lenders and borrow funds to the extent of the debit balance of the client.

[Source: SEBI circular No. CIR/HO/MIRSD/MIRSD2/CIR/PB/2017/107 dated 25th September, 2017]

SEBI has now been mandated that all Stock brokers shall execute trades of clients only after keeping evidence of placing such order, it could be, inter alia, in the form of as specified in the SEBI circular. In case of not availability of such evidences/records and dispute with clients, burden of proof to justify the trades belongs to the client, will be on Stock broker. It will require stock brokers to keep/maintain call recording or other evidences of order receipt which will be additional cost for the Stock brokers. However, it will also bust investor confidence in the market against mal practices of some Stock brokers of placing unauthorized trades. It will be effective from 1st April, 2018.

[Source: SEBI Circular No. CIR/HO/MIRSD/MIRSD2/CIR/P/2018/09 dated 11th January, 2018]

CURB ON UNAUTHORISED TRADES IN STOCK MARKET

AADHAR LINKING IN TRADING AND DEMAT ACCOUNT

Central Government has notified the 31st March, 2018 or six months from the date of commencement of account based relationship by the client, whichever is later, as the date of submission of the Aadhaar Number, and Permanent Account Number or Form 60 by the clients to the reporting entity."

1. For Existing Clients timeline for collection of Aadhaar Number was extended till March 31st, 2018. However, supreme court through its the direction dated 13th March, 2018 in Writ Petition (Civil) no. 494/ 2012, the last date for mandatory submission of Aadhaar in respect of the existing accounts, including accounts opened up to March 31st, 2018, has been deferred till further notice.

2. For New Clients timeline is six months from the date of commencement of account based relationship or March 31st, 2018 whichever is later.

[Source: Gazette Notification "G.S.R. 1509(E). -clause (a) and clause (c) of sub-rule (17) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005]

SEBI has directed that all Stock Brokers shall issue an Annual Global Statement to their clients. The statement shall be issued within 30 days from the end of the financial year and shall contain details of all transactions executed by the client in the financial year. It will be effective w.e.f 1st April, 2018 and would be applied for the F.Y. 2017-18. It will provide detailed information to investors and will help them to file their income tax return.

[Source: NSE Circular No.: NSE/INSP/36731 dated 11th January, 2018]

Complied by Mr Ritesh Tiwari, Compliance Officer

ISSUANCE OF ANNUAL GLOBAL STATEMENT BY STOCK BROKERS TO THEIR CLIENTS /INVESTORS

For More information, Please write to us at compliance@mehtagroup.in



Partner's in Growth

Channel Partner's



Mr. Sunil Jain
(Channel Partner)
Mehta Equities

With 25 years of solid experience, Sunil Jain is one of the dynamic and passionate channel partners in the Mehta Family. He began his career in 1992. Mutual funds, National Savings Certificate, KisanVikas Patra and other financial products were his first successful ventures.

Hard work always gets rewarded. In year 2000, Sunil became part of the Mehta Group and also one of the first registered sub-broker of BSE/NSE with live depository of CDSL in north eastern part of India.

He firmly believes in creating wealth for his clients through deep market analysis and innovative investment strategies. He has been very active in organising various campaigns to spread the awareness of the Commodity Equity Market, in Demat culture.

There are always some risks and rewards of investing in the highly volatile Indian Stock Market. Sunil always takes maximum efforts so that his clients take an informed decision.

"Trust" is a core value for Sunil, who could grow his business to his dream target. When he looks back from the pinnacle of success, Sunil sees the entire Mehta group and Shri CA Rakeshji playing a major role in his journey. He is truly grateful to the team for support as well as mentoring in all situations. Sunil also mentions the important role played by his elder brother, CA Umed Jain who always guided him in all ups and downs of life.



Mr. Shital Bansali
(Channel Partner)
Mehta Equities

24 years ago, a young man from Rajasthan was perusing his graduation in the commerce stream. His family did well in the automobiles and real estate sector. Business was good and his parents wanted him to continue the well-established family establishment. However, this young man had bigger dreams.

Shital Bansali, did not stop at graduation. He also did his MCom before moving on to do something else, something different, something which kindled his passion.

The year was 1994 and two ventures began with full swing. NSE started trading and Shital Bansali decided to start his own business. At that age, most youngsters were looking for a job or moving abroad. Things did not look easy as Shital did not have any background of this sector. His family supported him but did not have any previous expertise. However, Shital had taken a decision and there was no looking back.

His hunger for technology helped him to set up the first on-line terminal of western Rajasthan. This happened in 1996, when half of the country did not know what a computer was supposed to do.

Destiny meets those who want to make it big. In 1998, Shital joined the Mehta group as a channel partner and the rest is history.

A fitness freak, who likes latest technology and spends his spare time reading about it is today a successful business man who has created a niche in the business of rewarding relationships with the Mehta group.

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Connect

2018

Connect 2018 event is organised every year by Mehta Group for its Channel Partners in order to make them well versed with the latest updates on the capital markets.

This year Mr. Kunj Bansal of Centrum capital gave his thoughts on Market outlook. The other updates were from experts of the respective area for NSE compliance guidance, new technological updates for LD software, NEST etc. at the same time creating awareness beyond equities i.e. awareness in commodities, diamond trading, currency.

Mr. Mandar Chitre and his team channelled our CP's, how to build business in cut throat business scenario. Last but not the least event was concluded by launching of Alternate Investment Fund by the wealth management team followed by a session on third party products distribution.



MEHTA



REWARDING RELATIONSHIPS

OUR SERVICES

- EQUITIES – BSE, NSE & MSEI
- DERIVATIVES – NSE
- COMMODITIES – MCX & NCDEX
- DIAMOND TRADING - ICEX
- CURRENCY TRADING - NSE
- DEPOSITORY SERVICES - CDSL
- WEALTH MANAGEMENT – PMS & AIF
- FINANCING ADVISORY - NBFC
- RESEARCH ADVISORY
- CORPORATE ADVISORY
- DISTRIBUTION – MUTUAL FUNDS / IPO / BONDS

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