

Arihant's VALUE *Plus*

Issue | December 2020



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MOVERS & SHAKERS



INDIAN INDICES

Indices	Nov-20	Oct-20	Monthly Change (%)
SENSEX	44149.72	39614.07	11.45 ↑
NIFTY 50	12968.95	11642.40	11.39 ↑
NIFTY BANK	29609.05	23900.90	23.88 ↑
NIFTY MIDCAP 100	19775.40	17066.50	15.87 ↑
NIFTY 500	10719.05	9581.65	11.87 ↑
NIFTY IT	21764.90	20916.85	4.05 ↑
NIFTY REALTY	261.20	228.20	14.46 ↑
NIFTY INFRA	3424.75	3129.65	9.43 ↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Nov-20	Oct-20	Monthly Change (%)
AUTO 	20128.83	17517.08	14.91 ↑
BANKEX 	33884.04	27388.62	23.72 ↑
CD 	27045.66	24076.28	12.33 ↑
CG 	17022.49	14167.34	20.15 ↑
FMCG 	11725.56	10922.64	7.35 ↑
HC 	20318.54	19257.76	5.51 ↑
IT 	21635.41	21058.79	2.74 ↑
METAL 	10218.88	8207.51	24.51 ↑
OIL & GAS 	13251.24	12126.12	9.28 ↑
PSU 	5294.96	4558.27	16.16 ↑
REALTY 	2061.69	1804.06	14.28 ↑
TECK 	9969.28	9663.63	3.16 ↑

GLOBAL INDICES

Indices	Nov-20	Oct-20	Monthly Change (%)
DOW JONES	29910.37	26501.60	12.86 ↑
NASDAQ	12205.85	10911.59	11.86 ↑
HANG SENG	26341.49	24107.42	9.27 ↑
FTSE	6266.19	5577.27	12.35 ↑
NIKKEI	26433.62	22977.13	15.04 ↑

COMMODITIES

Particulars	Nov-20	Oct-20	Monthly Change (%)
MCX GOLD 	48000.00	50750.00	-5.42 ↓
MCX SILVER 	58500.00	59926.00	-2.38 ↓
MCX CRUDE OIL 	3326.00	2642.00	25.89 ↑
MCX NATURAL GAS 	216.00	247.00	-12.55 ↓

(Source: Falcon software)

FOREX

Particular	Nov-20	Oct-20	Monthly Change (%)
USD-INR ₹	74.20	74.60	-0.54 ↓
EUR-INR €	88.46	87.38	1.24 ↑
GBP-INR £	98.87	96.71	2.23 ↑
JPY-INR ¥	71.26	71.61	-0.49 ↓

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Nov 2020	197,092.71	141,328.23	55,764.48
Total for 2020*	1,500,447.16	1,460,767.92	39,679.24

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Nov 2020	37,806.94	60,472.17	-22,665.23
Total for 2020*	696,051.58	720,834.25	-24,782.67

*Till 23rd Nov 2020

(Source: SEBI)

Monthly Market Roundup

In November 2020, domestic market reached an all-time high with benchmark Sensex and Nifty Index ending the month up by 11.45% and 11.39% respectively as compared to appreciation of 4.06% and 3.51% respectively in October 2020. Leadership of financials and automobiles show the confidence of participants in the market. This domestic market activity was in line with Wall Street, which broke its new milestone when the Dow Jones Industrial Average topped 30,000. Market participants around the world were inspired by the success in the production of coronavirus vaccines and reports that the transfer of power to President-elect Joe Biden of the United States is finally beginning. The wide market has recently started to perform better, including Mid & Small caps, which can continue in the short term.

Back in March 2020, FPIs had furiously sold equity to the net tune of Rs 65,817 crores, which happened to be at extreme market bottom. However, in November 2020, we could see FPIs pumping over Rs 58,000 crores nearing its all time peak, making India the 3rd most preferred investment destination in Asia after Japan and Korea. This was led mainly due to the reviving economic conditions of India over the months and the FIIs definitely see growth opportunities in India leading to these huge investments.

With regards to the Indian economy, real GDP for the quarter ending September 2020 witnessed a contraction of 7.5% as compared to a contraction of 23.9% for the quarter ended June. Economic revival is being witnessed every month and we expect this to continue in the near future.

Rupee appreciated in November 2020 by 1.3% to Rs. 73.57/ US \$ as compared to Rs. 74.55/ US \$ in October 2020, tracked by strong domestic equities and sustained foreign funds inflow

Sectoral Performance

On the sectoral front, Nifty Metal index has outperformed all other major indices with a strong gain of 25.09% followed

by Nifty PSU Banks at 19.61% gain and Nifty Bank at 18.95% gain. All the sectors have seen growth this month and have performed very well supporting the high level of Nifty and in acceleration to the high level of liquidity in the market. Comparatively, Nifty IT, Nifty Pharma, Nifty Media and Nifty FMCG showed an average performance with an upward movement of 4.98%, 5.94%, 6.01% and 7.74% respectively. Other sectors such as Nifty Consumer Durables, Nifty Auto and Nifty Oil & Gas showed a significant gain of 12.20%, 14.99% and 12.30% respectively.

RBI Monetary Policy

The RBI is going to announce its new monetary policy in the month of December. With inflation continuing to trend well above the medium-term aim of 4% for RBI, there is little space in the upcoming policy for a rate cut. The Monetary Policy Committee is required to retain its accommodative posture until a sustainable demand recovery occurs. The optimistic side is that at some point in the first year, vaccinations appear possible in the next calendar year. All in all, RBI is most likely to opt for status quo on rates as per consensus estimates.

On the global front

In the month of November 2020, Dow Jones recorded its all time high reaching a peak of 30000 points after the presidential election of Joe Biden, showing an upside of 11.09%. During the month, Nikkie index rose substantially by 14.38%, followed by a 12.60% growth in FTSE 100. Even Nasdaq showed an upside of 11.39% this month followed by a growth of 9.91% in S&P 500. Breakthroughs in vaccine developments from top drug makers Pfizer, Moderna and AstraZeneca last month along with a market-friendly outcome of the U.S. presidential election helped the indices score its best in the month on record.

Economic Data Wrap Up: November

- India's Nikkei Services PMI was 49.8 in October 2020 as compared to 41.8 in September 2020.
- India's Nikkei Manufacturing PMI recorded a 3 month low of 56.3 in November 2020 from October's decade high of 58.9.
- India's Trade deficit increased to \$8.71 bn in October as compared to \$2.9bn in September.
- India's October WPI inflation rose to 8 month high at 1.48% in October 2020 as compared to 1.32% in September 2020.
- India's September CPI inflation came in at 7.61% in October as compared to 7.34% in September 2020.
- India's IIP grew at 0.2% in September, entered positive territory after a 6 month contraction.

Nifty Technical Outlook: Dec - 2020



On the monthly chart, we are observing strong bull candle which has tested the upper trendline of the channel. In coming month if Nifty trades and close above 13275 levels then it is likely to test 13728 - 14192 -14733 levels. However, if Nifty trades and close below 12673 level then it can test 12209 - 11746 - 11207 levels.

At present the monthly trend is up. Hence, near 12500 - 12200 levels there is high probability that buying may emerge which could propel Nifty to test 13728 - 14192 -14733 levels. Hence, one needs to adopt buy on decline strategy as stock specific move is likely to continue.



Fundamental Stock

Voltamp Transformers Ltd.

BUY

Target Price: Rs. 1301

Value Parameters

NSE Code	VOLTAMP
CMP(As on 1stDec, 2020)	Rs 1171
Face Value	Rs 10
52 Week High/Low	1483/739
Market Cap (Rs Cr)	1197
EPS (FY22E)	Rs 95
P/E (x) (FY22E)	12

Company Overview:

Voltamp Transformers Ltd was established in the year 1963 by Mr. Lalitkumar H. Patel along with Mr. Babubhai H. Patel and Mr. Navinchandra R. Patel to manufacture transformers in Baroda city. The main promoter is, Mr Kunjalbhai Patel (VC and MD). Voltamp has a manufacturing capacity of 13000 MVA capable of making transformers upto 160 MVA, 220 KV, class for many applications covering most segments of users including industrial, utility and buildings. The company caters to a wide spectrum of transformer users in various industries like: petrochemical, oil refining, cement, paper and pulp, pharmaceuticals, automobiles, steel, power plant, building, metro rail applications, mining and minerals and many others.

Investment Rationale

Q2FY21 Result: Despite a challenging environment, Voltamp Transformers has reported healthy performance during Q2FY21. Operations of the company have started resuming gradually with enquiry and order finalization taking place on project progress basis. On a sequential basis, sales bounced back quickly and grew by 122%. Profit in Q2FY21 grew by 54.5% YoY to Rs 298 mn, driven by cost control measures and higher other income. EBITDA grew by 5% YoY to Rs 219 mn with EBITDA margins expansion of 295bps YoY to 14%, on account of lower RM cost and decline in other expenses (-22% YoY).

Debt free company with strong balance sheet: Voltamp has maintained its debt free status since last few years and has good amount of investment in diversified portfolios. This has

enabled Voltamp to maintain a comfortable working capital cycle along with generation of free cash flows.

Trusted vendor for leading companies helps in getting repeat business: Voltamp is the trusted vendor for leading business houses across industries, like Navratna PSUs, large co-operatives as well as MNCs.

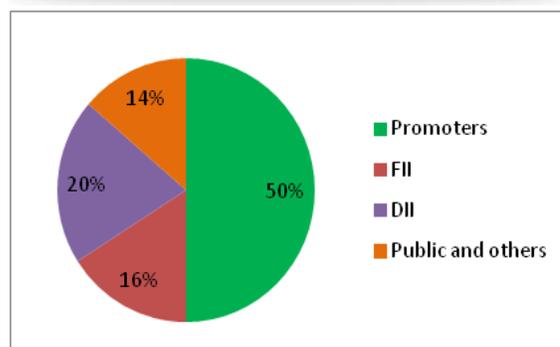
Healthy Order Book: Company has healthy order book of Rs 5,200 mn which provides future revenue visibility. Going forward, company expects sectors like infra, water, power, mining, Oil & Gas, ports, pharma, data centers etc. to be a major growth drivers.

Focussed player in transformer sector with customised offerings: Voltamp Transformer is a leading manufacturer of customised transformers for industrial, building and power applications. The company is a market leader in the dry type transformers with more than 15% market share in industrial application transformers.

Outlook & Valuation:

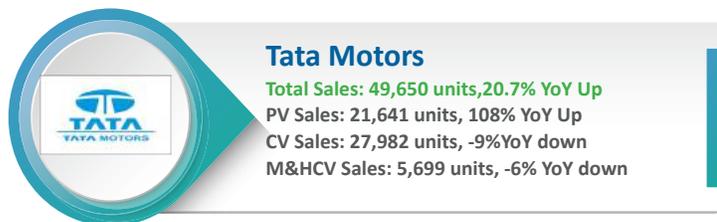
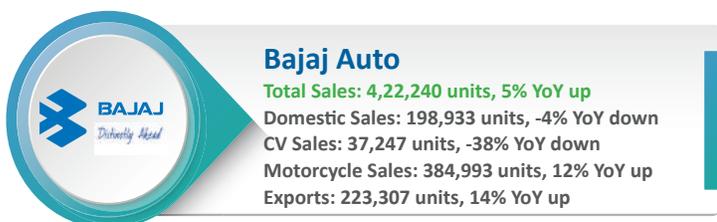
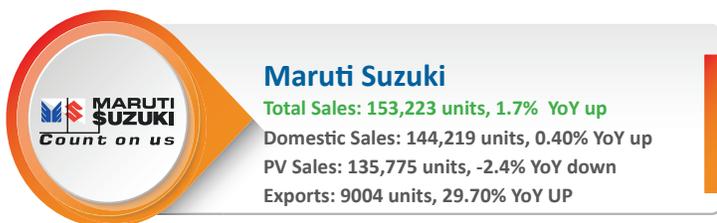
At CMP of Rs 1,171, Voltamp is trading at FY21E and FY22E, P/E multiple of 11.7x and 10.4x respectively, which is quite reasonable considering its debt-free status, superior business model and free cash flow generation. We expect revenue/PAT to grow at CAGR of 4%/13% over FY20-22E. We have a Buy rating on the stock with a target price of Rs 1,301 (based on 11.5x FY22E).

Shareholding Pattern % (Sept - 20)



AUT SECTOR

NOVEMBER SALES



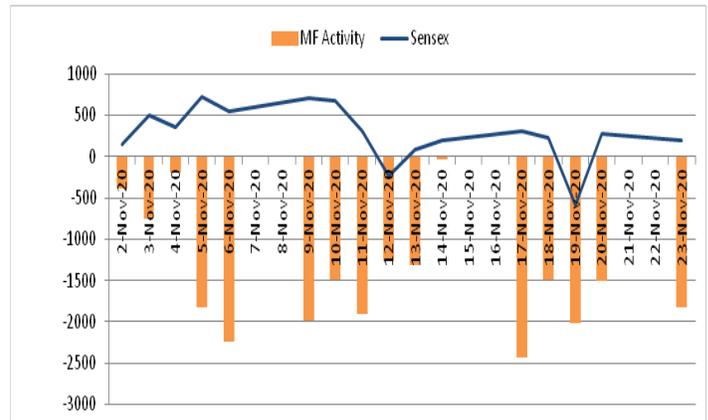


MUTUAL FUNDS

Indian equity markets rejoiced and ended on positive note in Nov 2020. The barometer index, S&P BSE Sensex delivered positive returns of 11.45% to settle at 44149.72 and Nifty50 gained 11.39 % ending the month at 12968.95.

MF ACTIVITY

Indian mutual funds were net seller of equities to the tune of Rs 22665.23 crores in the month of November 2020. Highest Selling was recorded in the second week of the month when the fund houses made total net Sell of Rs 7978.71 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Buyers to the tune of Rs 55,764.48 crores worth of equities in November 2020.



Mutual Fund Activity In Nov 2020

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	12876.22	18277.09	-5400.87
2nd Week	13960.53	21939.24	-7978.71
3rd Week	8260.33	15714.55	-7454.22
4th Week	2709.86	4541.29	-1831.43
Total	37806.94	60472.17	-22665.2

Note: Mutual Fund activity as on 23rd Nov 2020

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st Dec, 2020 (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)	35.43	17270	05-Jan-10	12.05	13.12	12.34	12.11	1000	5000
ICICI Pru Bluechip Fund (G)	46.65	23423	23-May-08	6.05	5.63	10.17	13.08	100	100
Mirae Asset Large cap Fund(G)	57.67	18450	04-Apr-08	6.8	7.22	12.41	14.86	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	34.49	11455	29-Jun-12	13.08	10.71	14.79	15.74	1000	5000
Kotak Standard Multicap Fund(G)	39.52	29551	11-Sept-09	6.1	6.5	11.53	12.86	500	5000
SBI Magnum Multicap Fund (G)	54.27	8870	29-Sept-05	6.94	4.79	10.49	11.82	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	69.03	8274	25-Jun-07	22.23	7.10	13.1	14.74	500	5000
L&T Mid Cap Fund (G)	151.69	5928	9-Aug-04	14.51	1.26	10.93	18.16	500	5000

Note: Returns as on 1st DECEMBER, 2020, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 1 st Dec,2020 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.36	2249.96	24817	0.26	0.82	1.68	4.48	7.54
ICICI Pru Liquid Fund(G)	3.36	300.04	44170	0.27	0.81	1.71	4.47	7.58
Ultra Short Term Fund								
Kotak Saving Fund(G)	4.01	33.39	11072	0.33	1.13	2.57	5.97	7.68
L&T Ultra Short term Fund(G)	3.55	33.87	2315	0.3	0.95	2.06	5.67	7.38

Note: NAV and Returns as on 1st DECEMBER, 2020, Returns < 1 yr annualized, Returns > 1 yr compounded

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st Dec, 2020 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	21.74	4270	28-Dec-15	14.8	9.84	-	17.09
Axis LT Equity Fund(G)	55.33	21836	29-Dec-09	13.78	11.24	12.95	16.90
Kotak Tax Saver(G)	50.78	1275	31-May-96	9.69	6.47	10.98	11.42

Note: NAV and Returns as on 1st DECEMBER, 2020, Returns <1 yr annualised, >1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS DECEMBER 2020



Dec 01-02

- Indian Automobile Sales Data, by Automakers
- INR Nikkei Markit Manufacturing PMI
- INR M3 Money Supply
- USD Fed Chair Powell Testifies
- USD ISM Manufacturing PMI

Dec 04

- INR Interest Rate Decision
- INR Reverse REPO Rate
- INR Bank Loan Growth
- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate

Dec 08

- Indian Automobile Sales Data, by SIAM

Dec 10

- EUR Main Refinancing Rate
- EUR Monetary Policy Statement
- EUR ECB Press Conference

Dec 11

- INR Consumer Price Index (YOY)
- INR Industrial Production (YoY) (Oct)

Dec 14

- INR WPI Food (YoY) (Nov)
- INR WPI Inflation (YoY) (Nov)

Dec 16

- USD Core Retail Sales m/m
- USD Retail Sales m/m

Dec 17

- USD FOMC Economic Projections
- USD FOMC Statement
- USD FOMC Press Conference
- GBP MPC Official Bank Rate Votes
- GBP Monetary Policy Summary
- GBP Official Bank Rate

Dec 18

- INR Imports (USD) (Oct)
- INR Exports (USD) (Oct)
- INR Trade Balance (Oct)

Dec 31

- INR Balance of Payments (USD)
- INR Current Account (USD)
- INR Trade Balance (USD)

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