

Arihant's

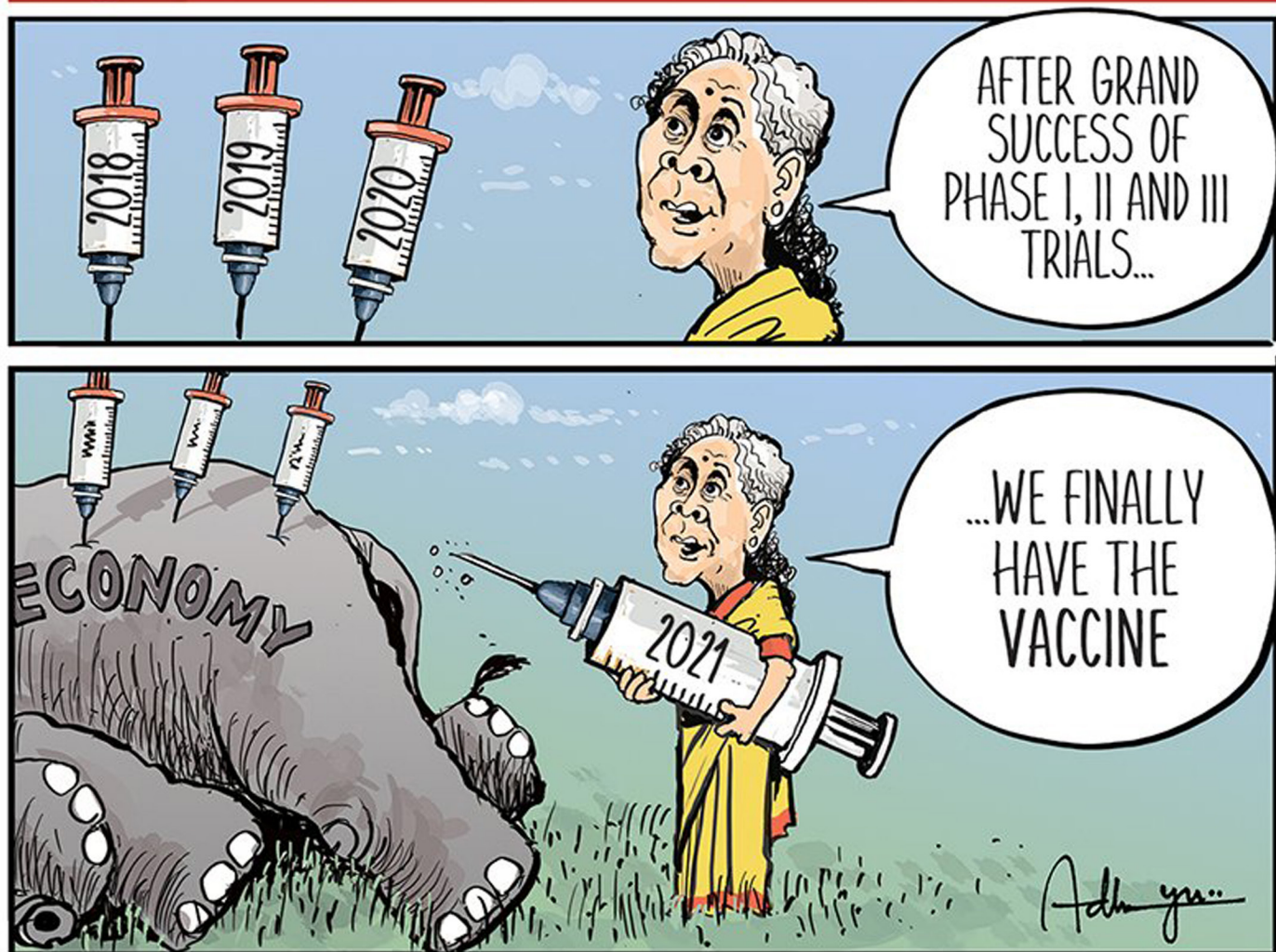
# VALUE

Plus

Issue | February 2021

## TOI LINE OF NO CONTROL

SANDEEP ADHWARYU



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# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Jan-21	Dec-20	Monthly Change (%)
SENSEX	46285.77	47751.33	-3.07 ↓
NIFTY 50	13634.60	13981.95	-2.48 ↓
NIFTY BANK	30565.50	31264.05	-2.23 ↓
NIFTY MIDCAP 100	20909.85	20842.50	0.32 ↑
NIFTY 500	11302.40	11518.30	-1.87 ↓
NIFTY IT	24645.75	24251.35	1.63 ↑
NIFTY REALTY	305.65	313.85	-2.61 ↓
NIFTY INFRA	3671.85	3650.95	0.57 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices		Jan-21	Dec-20	Monthly Change (%)
AUTO		22127.69	20811.49	6.32 ↑
BANKEX		34662.51	35888.42	-3.42 ↓
CD		30099.01	30393.50	-0.97 ↓
CG		19481.53	18744.78	3.93 ↑
FMCG		12218.24	12608.96	-3.10 ↓
HC		20628.71	21681.24	-4.85 ↓
IT		24820.69	24248.26	2.36 ↑
METAL		11031.12	11599.41	-4.90 ↓
OIL & GAS		13811.98	14090.07	-1.97 ↓
PSU		5725.70	5781.29	-0.96 ↓
REALTY		2418.52	2478.14	-2.41 ↓
TECK		11380.96	11101.22	2.52 ↑

## GLOBAL INDICES

Indices	Jan-21	Dec-20	Monthly Change (%)
DOW JONES	29982.62	30606.48	-2.04 ↓
NASDAQ	13070.70	12888.28	1.42 ↑
HANG SENG	28283.71	27231.13	3.87 ↑
FTSE	6407.46	6460.52	-0.82 ↓
NIKKEI	27663.39	27444.17	0.80 ↑

## COMMODITIES

Particulars		Jan-21	Dec-20	Monthly Change (%)
MCX GOLD		49394.00	50202.00	-1.61 ↓
MCX SILVER		69726.00	67383.00	3.48 ↑
MCX CRUDE OIL		3820.00	3524.00	8.40 ↑
MCX NATURAL GAS		191.50	182.10	5.16 ↑

(Source: Falcon software)

## FOREX

Particular		Jan-21	Dec-20	Monthly Change (%)
USD-INR	₹	73.16	73.27	-0.15 ↓
EUR-INR	€	88.77	89.94	-1.30 ↓
GBP-INR	£	100.14	99.95	0.19 ↑
JPY-INR	¥	69.87	71.04	-1.65 ↓

(Source: Falcon software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jan 2021	166,835.70	146,821.81	20,013.89
Total for 2021*	166,835.70	146,821.81	20,013.89

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jan 2021	71,773.88	84,754.23	-12,980.35
Total for 2021*	71,773.88	84,754.23	-12,980.35

\*Till Jan 2021

(Source: SEBI)



## Monthly Market Roundup

In January 2021, Domestic market moved negatively with benchmark Nifty and Sensex Index ending the month with 2.48 % & 3.7 % loss respectively as compared to appreciation of 3.1% and 2.2% respectively in Dec 2020. We see moderate earnings upgrades over the next few months, especially in IT, banks, metals & mining, gas & consumable fuels and telecom. The wide market has showed flat to negative performance including Mid & Small caps. Foreign portfolio investors have remained net buyers to the tune of INR 14,649 crore in Indian markets in January, amid availability of global liquidity and emerging markets being a preferred destination for foreign funds. According to Foreign Portfolio Investment (FPI) statistics available with depositories, overseas investors pumped in a net of INR 19,473 crore into equities but pulled out INR 4,824 crore from the debt segment between January 1 and January 29. The total net investment in January stood at INR 14,649 crore. Further noted that India has been one of the highest recipients of FPI funds among emerging markets in November and December. The Rupee has appreciated 0.3% in January 2021.

### Sectoral Performance

On the sectoral front, Nifty Auto has outperformed all other major indices with a strong gain of 5.8%. All other sectors have seen flat momentum in this month. Nifty IT and Nifty PSU Banks showed a flat movement of 0.8% and 0.2% respectively. Comparatively, Nifty Pharma, Nifty FMCG, Nifty Reality, Nifty NBFC, Nifty Metal and Nifty Bank showed a negative performance of -6.4%, -3.7%, -3.4%, -3.9%, -5.6% and -2.1% respectively. Other sectors such as Nifty IT, Nifty Media and PSU Bank showed a flat performance of +0.8%, -0.5% and +0.2% respectively.

### Union Budget 2021

This is a special budget delivered by FM which is pro-growth and pro capex. Sometimes no news is good news and this budget proves this as this budget doesn't have anything which the market has feared for as there was no cess, no tinkering of corporate taxes as it suggests

continuity in government stance plus no changes in capital gains taxes. This is a great budget as it lacks everything the market feared for and it has a lot what the market was looking for in the budget. This budget is growth driven and has a higher outlay for capital expenditure as Capital expenditure is estimated to increase from 1.6% of GDP in FY20 to 2.3% of GDP in FY21 (RE) and to 2.5% of GDP in FY22BE. The benefits of higher capex would lead to focus on creating employment in sectors which have a multiplier impact like infrastructure which pushes other sectors also. The best thing about this budget is now focusing on infrastructure rather than direct consumption supported by finmin earlier which is pro-growth. However fiscal deficit numbers were much higher due to higher spending by the government and shifting of off-balance sheet items like food and farm subsidies to balance sheet in gradual manner, the higher capex outlay is the best thing the economy has asked for long term growth in the current environment.

A large number for Disinvestment: Disinvestment plan has been planned for FY22 with receipts from disinvestment budgeted to increase to INR 1.75 lakh crores from INR 32,000 crores in FY21. Apart from earlier announcements of PSUs like LIC, BPCL, CONCOR etc, 2 PSU banks and one General insurance company to be added in this list.

### On the global front

In the month of January 2021, Dow Jones showed flat performance by a 1.09%. During the month, NASDAQ index rose substantially by 6.18%, followed by a 2.77% growth in S&P500. Even Nikkei showed an upside of 4.36% and FTSE100 decline by 1.01%. Market indices globally are reaching its all time high with confident market participants followed by economic growth and vaccine developments all over the world. Global markets witnessed volatile movements as investors digested the Federal Open Market Committee's (FOMC) January monetary policy decision and latest batch of corporate earnings results.

## Economic Data Wrap Up: January

- India's Nikkei Services PMI was 52.8 in January 2021 as compared to 52.3 in December 2020.
- India's Nikkei Manufacturing PMI rose at 57.7 in January as compared to 56.4 in December 2020.
- India's Trade deficit narrows to \$14.75 bn in January as compared to \$15.44bn in December
- India's December WPI inflation decline at 1.22% as compared to 1.55% in November 2020.
- India's December CPI inflation came in at 4.59% as compared to 6.93% in November 2020.
- India's November IIP de-grew 1.9% YoY as compared to 3.6% in October 2020.
- India's July Nikkei Markit Manufacturing PMI declined to 46.0 from 47.2 in June.

## Nifty Technical Outlook: Feb - 2021

CMP = 14647.85



On the monthly chart, we are observing strong a bear candle which resembles a bearish Shooting star candlestick pattern. The said pattern would get activated once Nifty trades and close below 13596. In coming month if Nifty trades and close above 14850 levels then it is likely to test 15200 - 15400 - 15550 levels. However, if Nifty trades and close below 14200 levels then it can test 13950 - 13800 - 13650 levels.

**At present the monthly trend is up. Hence, near 14400 - 14200 levels there is high probability that buying may emerge which could propel Nifty to test 15050 - 15200 - 15400 levels. Hence, one needs to adopt buy on decline strategy as stock specific move is likely to continue.**



# Fundamental Stock



## Granules India Ltd.

BUY

Target Price: Rs. 393

### Value Parameters

NSE Code	GRANULES
CMP(As on 4 <sup>th</sup> Feb, 2021)	INR 339
Face Value	INR 1
52 Week High/Low	438/115
Market Cap (Rs Cr)	8,380
EPS (FY23E)	INR 29.4
P/E (x) (FY22E)	14.8

### Company Overview

Granules India Ltd is one of the vertically integrated growing pharmaceutical manufacturing companies in India today. Based in Hyderabad, the company is into manufacturing Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediaries (PFI), Pharmaceutical Formulations Intermediaries (PFI) and Finished Dosages (FDs). The company serves more than 60 countries via its seven plants (six operational) and has more than 250 customers in its portfolio. The company's manufacturing base consists of 39,360 TPA of API, 24,640 TPA of PFI and 21.3Bn units of Finished Dosages. The company has very well distributed revenue concentration across different geography, and North America alone contributing 53% of the revenues.

### Investment Rationale

#### Largest manufacture of core molecules

GIL is one of the largest manufacturers of core molecules i.e. Paracetamol, Ibuprofen, Metaformin, Methocabamol and Guaifenesin which contributes ~84% of its total revenue. Basket of these five key molecules are the driving force of the business growth for the company and grew by 20% YoY and accounted for 83% of the total revenue in Q3FY21. The Company manufactures/sells these molecules in all formats - APIs, PFIs, and FDs and has witnessed strong performance across all verticals and geographies in with some pressure on margins due to supply disruption and increase in raw material prices in current quarter, irrespective of COVID-19 challenges.

#### Strong product pipeline and focused on ANDA filings - targeting limited competition in the regulatory market

The US generic business continues to grow faster through new launches and approvals. The Company has developed strong

product development capabilities to create a healthy pipeline. In Q3FY20, North America business registered growth of 17%, YoY on account of new product launches, better utilization of Metformin block and traction from core molecules. Company cumulatively has 45 ANDA filings, 35 ANDA approvals with 25 launches and also expects to make 4-5 filings during the year. The series of upcoming filings give enough visibility for the company in the years to come with regards to revenues.

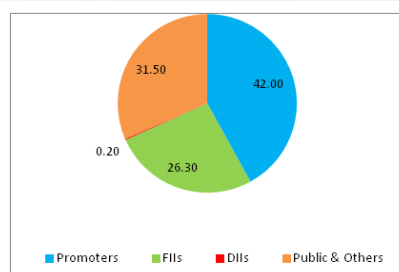
### Capex investments will result in margin expansion

The core business molecules of the company are completely backward integrated, which has helped to lower the cost and expand its margins.. Company has also de-risked its API supply through long term supply contracts. Company has invested in capex of Rs 1500 crs for its transition to Formulations and fixed dosages manufacturing in 2015, of which INR 550 crs for US ANDA filings, INR 280 crs Vizag unit and INR 670 crs for core molecule facilities.

### Outlook & Valuation:

In the current challenging COVID-19 pandemic environment, company is cautious about its new launches and focusing more on its supply and uninterrupted presence through heavy inventory building in the regulatory market. Further, we believe that, the company will continue to face logistic issue and supply disruption in next quarter and expects some pressure on gross margins. While considering increased production capacities, operational efficiencies and scheduled launches for coming years, we expect EBITDA margins for FY21E-FY22E should be in the range of 23% to 25%. At CMP, we recommend "ACCUMULATE" rating on the stock with a price target of Rs 393 (upside of 17%) at 17x FY22E EPS of Rs 23.1


### Shareholding Pattern % (Dec - 20)






# AUT SECTOR


## JANUARY SALES



**Maruti Suzuki**  
**Total Sales: 160,752 units, 4.30% YoY up**  
 Domestic Sales: 142,604 units, 0.20% YoY up  
 PV Sales: 139,002 units, -0.60% YoY down  
 Exports: 12,445 units, 29.30% YoY up




**TVS Motor**  
**Total Sales: 307,149 units, 31% YoY up**  
 2 Wheeler Sales: 294,596 units, 34% YoY up  
 Exports: 100,926 units, 43% YoY up



**Mahindra & Mahindra**  
**Total Sales: 39,149 units, -25.50 % YoY down**  
 PV Sales: 20,634 units, 4% YoY up  
 M&HCV Sales: 551 units, -46% YoY down  
 Exports: 2286 units, 30% YoY up




**Atul Auto**  
**Total Sales: 1,629 units, -55.97% YoY down**



**Bajaj Auto**  
**Total Sales: 425,199 units, 8 % YoY up**  
 Domestic Sales: 170,757 units, -11% YoY down  
 CV Sales: 40,263 units, -35% YoY down  
 Motorcycle Sales: 384,936 units, 16% YoY up  
 Exports: 254,442 units, 26% YoY up




**Escorts**  
**Total Sales: 9,021 units, 48.80% YoY up**  
 Domestic Sales: 8,510 units, 45.60 % YoY up  
 Exports: 511 units, 134.40 % YoY up



**Hero MotoCorp**  
**Total Sales: 485,889 units, -3.14% YoY down**  
 Motorcycle Sales: 449,037 units, -9.18% YoY down  
 Scooters Sales: 36,852 units, 412.55% YoY up  
 Domestic Sales: 467,776 units, -4.16% YoY down  
 Exports: 18,113 units, 33.65% YoY up



**Ashok Leyland**  
**Total Sales: 13,126 units, 11% YoY up**  
 M&HCV Sales: 7,374 units, -5% YoY down  
 LCV Sales: 5,752 units, 40% YoY up



**Tata Motors**  
**Total Sales: 57,742 units, 28% YoY Up**  
 PV Sales: 26,978 units, 94% YoY Up  
 CV Sales: 32,909 units, -3 %YoY down  
 M&HCV Sales: 8,416 units, 22% YoY up



**Volvo-Eicher Commercial Vehicles**  
**Total Sales: 4,964 units, 1.9% YoY up**  
**Eicher Motorcycle**  
**Total Sales: 68,887 units, 8% YoY up**  
 Exports: 4,515 units, 103 % YoY up

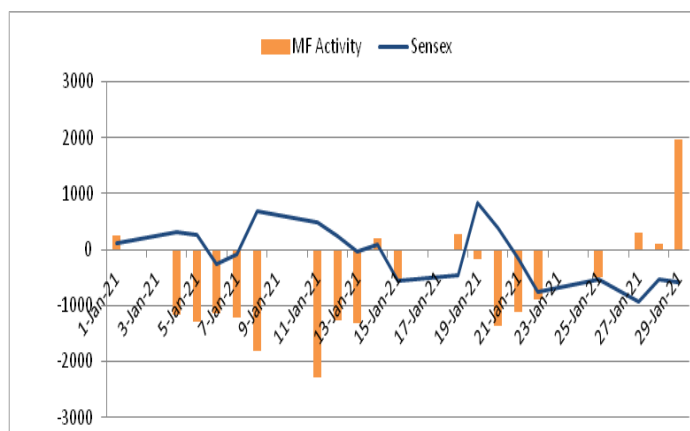


## MUTUAL FUNDS

Indian equity markets tumbled in the month of January 2021. The barometer index, S&P BSE Sensex delivered plunged 3.07 % to settle at 46285.77 and Nifty50 lost 2.48% ending the month at 13634.60.

### MF ACTIVITY

Indian mutual funds were net seller of equities to the tune of Rs 12980.35 crores in the month of January 2021. Highest Selling was recorded in the second week of the month when the fund houses made total net Sell of Rs 6655.90 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Buyers to the tune of Rs 20,013.89 crores worth of equities in January 2021.



### Mutual Fund Activity In Jan 2021

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	2101.98	1843.25	258.73
2 <sup>nd</sup> Week	12646.67	19302.57	-6655.90
3 <sup>rd</sup> Week	19206.46	24395.65	-5189.19
4 <sup>th</sup> Week	18855.40	22118.85	-3263.45
5 <sup>th</sup> Week	18963.37	17093.91	1869.46
<b>Total</b>	<b>71773.88</b>	<b>84754.23</b>	<b>-12980.35</b>

Note: Mutual Fund activity as on Jan 2021

## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 <sup>st</sup> Feb, 2021 (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)	40.10	22,517	05-Jan-10	14.51	13.91	16.43	15.77	1000	5000
ICICI Pru Bluechip Fund (G)	53.44	26,541	23-May-08	14.36	6.96	13.91	13.91	100	100
Mirae Asset Large cap Fund(G)	66.65	22,093	04-Apr-08	14.91	8.23	15.89	16.61	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	38.94	14,358	29-Jun-12	13.40	11.15	17.62	15.97	500	5000
Kotak Standard Multicap Fund(G)	44.87	33,462	11-Sept-09	10.75	7.84	15.15	16.05	500	5000
SBI Magnum Multicap Fund (G)	62.43	10,518	29-Sept-05	13.44	7.03	14.05	15.90	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	70.64	8,274	25-Jun-07	15.87	7.38	15.03	14.74	500	500
L&T Mid Cap Fund (G)	155.39	5,928	9-Aug-04	11.49	1.46	12.76	18.12	500	5000

Note: Returns as on 31<sup>st</sup> Jan, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 1 <sup>st</sup> Feb,2021 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.07	2272.45	25,742	0.25	0.76	1.61	4.15	7.43
ICICI Pru Liquid Fund(G)	3.09	303.09	42,177	0.25	0.77	1.62	4.22	7.42
Ultra Short Term Fund								
Kotak Saving Fund(G)	3.68	34.45	12,428	0.18	0.85	2.01	5.91	8.15
L&T Ultra Short term Fund(G)	3.37	34.86	1,966	0.18	0.77	1.71	5.48	8.10

Note: NAV and Returns as on 31<sup>st</sup> Jan, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

## ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 <sup>st</sup> Feb, 2021 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	24.76	5,489	28-Dec-15	22.40	11.67	20.71	19.49
Axis LT Equity Fund(G)	61.01	27,181	29-Dec-09	12.28	10.78	14.76	18.94
Kotak Tax Saver(G)	59.41	12.43	31-May-96	16.46	9.13	15.35	14.13

Note: NAV and Returns as on 31<sup>st</sup> Jan, 2021, Returns < 1 yr annualised, > 1 yr compounded



# THE MONTH AHEAD KEY FINANCIAL EVENTS FEBRUARY 2021



## Feb 01

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

## Feb 02

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

## Feb 03

- GBP Final Services PMI
- USD ISM Services PMI

## Feb 04

- GBP Asset Purchase Facility
- GBP Official Bank Rate

## Feb 05

- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate
- INR Interest Rate Decision

## Feb 08

- Indian Automobile Sales Data, by SIAM

## Feb 10

- GBP Prelim GDP q/q
- USD CPI m/m
- USD Core CPI m/m

## Feb 12

- INR Cumulative Industrial Production (Dec)
- INR Manufacturing Output (MoM) (Dec)
- INR CPI (YoY) (Jan)
- INR Industrial Production (YoY) (Dec)

## Feb 15

- INR WPI Food (YoY) (Jan)
- INR WPI Manufacturing Inflation (YoY) (Jan)
- INR WPI Fuel (YoY) (Jan)
- INR WPI Inflation (YoY) (Jan)

## Feb 17

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- USD FOMC Meeting Minutes

## Feb 26

- EUR French Flash Services PMI
- EUR German Flash Manufacturing PMI
- EUR German Flash Services PMI



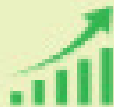
THINK  
**BIG**  
START SMALL

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED INVESTMENT**



**POWER OF COMPOUNDING**



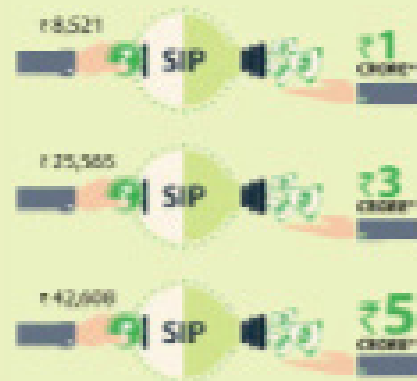
**RUPEE COST AVERAGING**



**SMALL POCKET INVESTMENT**

\*Note: The above figures are calculated for the use of rupee cost averaging for illustration purposes only. Actual fund investments are subject to market risks. Investors should always consult a financial advisor regarding an investment with us. It should not be construed as indication of future performance in any manner.

### 20 YEARS PERIOD



Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | POC | Depository | Online Trading | Mobile Trading | Merchant Banking

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