

# Arihant's **VALUE** *Plus*

Issue | November 2020



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# MOVERS & SHAKERS



## INDIAN INDICES

| Indices          | Oct-20   | Sep-20   | Monthly Change (%) |
|------------------|----------|----------|--------------------|
| SENSEX           | 39614.07 | 38067.93 | 4.06 ↑             |
| NIFTY 50         | 11642.40 | 11247.55 | 3.51 ↑             |
| NIFTY BANK       | 23900.90 | 21451.80 | 11.42 ↑            |
| NIFTY MIDCAP 100 | 17066.50 | 16983.05 | 0.49 ↑             |
| NIFTY 500        | 9581.65  | 9341.75  | 2.57 ↑             |
| NIFTY IT         | 20916.85 | 19951.30 | 4.84 ↑             |
| NIFTY REALTY     | 228.20   | 211.90   | 7.69 ↑             |
| NIFTY INFRA      | 3129.65  | 3080.95  | 1.58 ↑             |

(Source: BSE & NSE)

## BSE SECTORAL INDICES

| Indices   |  | Oct-20   | Sep-20   | Monthly Change (%) |
|-----------|--|----------|----------|--------------------|
| AUTO      |  | 17517.08 | 17876.44 | -2.01 ↓            |
| BANKEX    |  | 27388.62 | 24354.70 | 12.46 ↑            |
| CD        |  | 24076.28 | 24278.09 | -0.83 ↓            |
| CG        |  | 14167.34 | 13834.15 | 2.41 ↑             |
| FMCG      |  | 10922.64 | 11051.22 | -1.16 ↓            |
| HC        |  | 19257.76 | 19799.24 | -2.73 ↓            |
| IT        |  | 21058.79 | 19979.89 | 5.40 ↑             |
| METAL     |  | 8207.51  | 8304.23  | -1.16 ↓            |
| OIL & GAS |  | 12126.12 | 12242.39 | -0.95 ↓            |
| PSU       |  | 4558.27  | 4539.47  | 0.41 ↑             |
| REALTY    |  | 1804.06  | 1671.43  | 7.94 ↑             |
| TECK      |  | 9663.63  | 9213.19  | 4.89 ↑             |

## GLOBAL INDICES

| Indices   | Oct-20   | Sep-20   | Monthly Change (%) |
|-----------|----------|----------|--------------------|
| DOW JONES | 26501.60 | 27452.66 | -3.46 ↓            |
| NASDAQ    | 10911.59 | 11085.25 | -1.57 ↓            |
| HANG SENG | 24107.42 | 23275.53 | 3.57 ↑             |
| FTSE      | 5577.27  | 5897.50  | -5.43 ↓            |
| NIKKEI    | 22977.13 | 23185.12 | -0.90 ↓            |

## COMMODITIES

| Particulars     |  | Oct-20   | Sep-20   | Monthly Change (%) |
|-----------------|--|----------|----------|--------------------|
| MCX GOLD        |  | 50750.00 | 50442.00 | 0.61 ↑             |
| MCX SILVER      |  | 59926.00 | 59974.00 | -0.08 ↓            |
| MCX CRUDE OIL   |  | 2642.00  | 2934.00  | -9.95 ↓            |
| MCX NATURAL GAS |  | 247.00   | 186.50   | 32.44 ↑            |

(Source: Falcon software)

## FOREX

| Particular |   | Oct-20 | Sep-20 | Monthly Change (%) |
|------------|---|--------|--------|--------------------|
| USD-INR    | ₹ | 74.60  | 73.93  | 0.91 ↑             |
| EUR-INR    | € | 87.38  | 86.59  | 0.91 ↑             |
| GBP-INR    | £ | 96.71  | 94.88  | 1.93 ↑             |
| JPY-INR    | ¥ | 71.61  | 69.95  | 2.37 ↑             |

(Source: Falcon software)

## FII Activity (Rs. Cr.)

| Date               | Gross Purchases | Gross Sales  | Net Pur/Sales |
|--------------------|-----------------|--------------|---------------|
| Total for Oct 2020 | 130,528.20      | 112,825.26   | 17,702.94     |
| Total for 2020*    | 1,303,354.45    | 1,319,439.69 | -16,085.24    |

(Source: SEBI)

## MF Activity (Rs. Cr.)

| Date               | Gross Purchases | Gross Sales | Net Pur/Sales |
|--------------------|-----------------|-------------|---------------|
| Total for Oct 2020 | 42,788.64       | 58,589.06   | -15,800.42    |
| Total for 2020*    | 658,244.64      | 660,362.08  | -2,117.44     |

\*Till 28<sup>th</sup> Oct 2020

(Source: SEBI)



## Monthly Market Roundup

In October 2020, Domestic market was in neutral phase with benchmark Sensex and Nifty Index ending the month up by 4.06% and 3.51% respectively. Due to, the news of a second lockdown in Germany and France a second wave of virus in European countries and US elections uncertainties, markets reacted negatively and led the bulls to liquidate their long positions. A non-stop rally has been seen in domestic markets, thereby turning the sentiments neutral to negative in the near term. November is going to be a very crucial month due to the US elections and the quarterly results being declared, thereby continued volatility in the market is expected even in November.

However, the Indian government is trying to revive the economy in bits and pieces. PSU companies are now deploying the age old tools of share buyback in order to return some money back to the shareholders. Domestic investors will benefit from this as it will give them a chance to exit and will create a greater liquidity in the market, thereby supporting the market somehow.

Rupee depreciated in October 2020 by 1.5% to Rs 74.55/ US \$ as compared to Rs73.47/ US \$ in September 2020 due to the US Federal Open Market Committee (FOMC) minutes that were less dovish than expected.

With Q2FY21 earnings season, US and state elections, increasing Coronavirus cases, market will remain volatile going forward.

### Sectoral Performance

On the sectoral front, Nifty Bank index has outperformed all other major indices with a strong gain of 11.42% followed by financial services at 9.54% gain and Nifty Realty at 7.69% gain. Nifty Media index declined by 8.32% and it has been one of major underperformer among the leading indices. Selling pressure was witnessed in some other major indices such as Nifty Pharma, Nifty Auto, Nifty FMCG and Nifty

Oil & Gas at 4.49%, 1.89%, 1.38% and 2.20% decline followed by Nifty Energy at 0.33% decline. Nifty Metal index gained by 4.51%, while Consumer Durables and MNC's marginally by 0.53% and 0.57% respectively.

### Bihar elections

Investors have been very cautious since the Bihar elections began. The main contest is between the Bharatiya Janata Party (BJP)-led ruling coalition National Democratic Alliance (NDA) and the 'MahagathBandhan' in this phase of polls. As far as the two poles are concerned, one is led by chief minister Nitish Kumar and the other is led by Lalu Prasad- headed RJD. Whenever there is an important event, people refrain from taking any positions as the volatility in the markets rise to a significant level. Bihar is one of the country's poorest and lags on most development indicators, but it's massive population makes it politically significant. Markets might be affected due to the Bihar elections to a great extent in case BJP loses, which should be very unlikely.

### On the global front

In the month of October 2020, Global equities recorded its second monthly decline after the months of recovery from the March sell-off. During the month, FTSE 100 index fell almost 5% followed by Dow Jones at -4.61%, S&P 500 at -2.77% and Nasdaq at 2.25%. Nikkei witnessed a further marginal fall of 0.9%. With the US presidential elections, Increasing Covid-19 cases, fear of lockdown effecting the markets like that in March 2020, the markets are expected to remain very volatile globally in the near term too.



## Economic Data Wrap Up: October

- India's Nikkei Services PMI was 49.8 in September.
- India's Nikkei Manufacturing PMI rose to 58.9 in October (highest since 2012) from 56.8 in September.
- India's Trade deficit was \$2.9 bn in September.
- India's October WPI inflation came in at 0.16% as compared to 0.2% in August.
- India's September CPI inflation came in at 7.34% as compared to 6.69% in August.
- India's August IIP at -8.6%.

## Nifty Technical Outlook: Nov - 2020



On the monthly chart, we are observing three consecutive narrow range body formations which suggests that markets are cautiously positive at current level. In coming month if Nifty trades and close above 11773 levels then it is likely to test 11971 – 12169 – 12400 levels. However, if Nifty trades and close below 11511 level then it can test 11313 – 11115 – 10885 levels.

At present the monthly trend is up. Hence, near 11313 – 11100 levels there is high probability that buying may emerge which could propel Nifty to test 11971 – 12169 – 12400 levels. Hence, one needs to adopt cautiously positive approach at current level as stock specific move is likely to continue.





# Fundamental Stock



**SHREE DIGVIJAY  
CEMENT CO. LTD**

## Shree Digvijay Cement Company Ltd.

BUY Target Price: Rs. 75

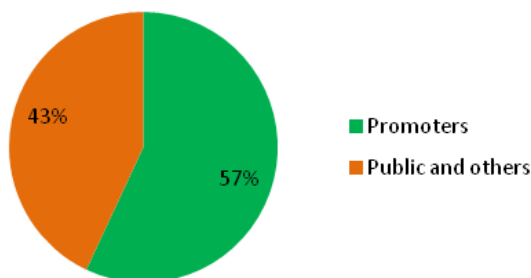
### Value Parameters

|                                       |        |
|---------------------------------------|--------|
| BSE Code                              | 502180 |
| CMP(As on 26 <sup>th</sup> Oct, 2020) | Rs 59  |
| Face Value                            | Rs 10  |
| 52 Week High/Low                      | 67/18  |
| Market Cap (Rs Cr)                    | 880    |
| EPS (FY22E)                           | Rs 4.1 |
| P/E (x) (FY22E)                       | 14.3   |

### Company Overview:

Shree Digvijay Cement Company Limited (SDCCL) is an India-based Company incorporated in 1944. The Company currently is managed by Private Equity firm named True North Fund VI LLP. Company is engaged in the manufacturing and selling of cement. The Company offers products, such as Ordinary Portland Cement 53 grade (OPC), Ordinary Portland Cement 43 grade (OPC), Sulphate Resisting Portland Cement (SRPC), Oil Well Cement Class G Grade HSR and Portland Pozzolana Cement. The Company's other products include special cements, such as Oil Well Cement, Sulphate Resisting Portland Cement and Railway Sleeper Manufacturing Cement. The Company offers its products through KAMAL brand and caters to the domestic market. It exports cement and cement clinker to various countries, including the UAE, Somalia, Yemen, Bangladesh, Sri Lanka, Iraq, Kuwait, Bahrain, Philippines, and other South Asian Association for Regional Cooperation and African countries.

### Shareholding Pattern % (Sept - 20)



### Investment Rationale

**Growth in cement Industry:** Cement industry plays a very important and pivotal role in every developing economy and in current context more so. It could be a huge opportunity for the country to use the calamity caused by Covid 19 as an opportunity to start building infrastructure at all levels and more so in health care sector. All these factors will spur the growth for cement Industry going ahead.

**Monopoly in oil well:** Cement Company has a monopoly in oil well cement brand which is a special kind of cement which is used by oil exploration companies like ONGC, Oil India. Oil well cement contributes 15-17% of the revenue. Company's 40% profit comes from the oil well cement and has high margin.

**Low transportation cost adds in the margin:** Company does not import any raw material to manufacture cement. Major raw material for the company is lime stone which company gets from its own mines other raw material like gypsum is available nearby where the plant is located. Pet coke which is available from RIL plant which is just 5 KM away from Company's plant.

**Robust Financial performance:** Historically sales have grown at CAGR of 14% from Rs 3149 mn in FY17 to Rs 4699 mn in FY20 while the operating profit has grown from Rs 77 mn in FY17 to Rs 1009 mn in FY20, while the operating Margin has expanded from 2.4% in FY17 to 21.5% in FY20. PAT have grown from Rs (118) mn in FY17 to Rs 565 mn in FY20. Company has healthy return ratios ROE 20.4 % and ROCE of 27.5% as on FY20. Company is virtually a debt free company which provides financial stability to the company.

### Outlook & Valuation:

At CMP of Rs 59, SDCCL is trading at EV/EBIDTA multiple of 7.5x to its FY20 EBIDTA of Rs 1009 mn. We value the stock at a EV/EBIDTA multiple of 8x to its FY22E EBIDTA of Rs 1063 mn to arrive at a target price of Rs 75 which gives potential upside of 27.4% from current level. We initiate coverage on the stock with a 'Buy' rating.



# AUT SECTOR

## OCTOBER SALES



### Maruti Suzuki

**Total Sales: 182,448 units, 18.9% YoY up**  
 Domestic Sales: 172,862 units, 19.8% YoY up  
 PV Sales: 163,656 units, 17.6% YoY up  
 Exports: 9586 units, 4.7% YoY UP



### TVS Motor

**Total Sales: 394,724 units, 22% YoY up**  
 2 Wheeler Sales: 382,121 units, 24% YoY up  
 Exports: 92,520 units, 33% YoY up



### Mahindra & Mahindra

**Total Sales: 44,359 units, -14.50% YoY down**  
 PV Sales: 18,622 units, 1% YoY up  
 CV Sales: 20,598 units, -12.60% YoY  
 M&HCV Sales: 538 units, -37% YoY down  
 Exports: 2021 units, -25% YoY down



### Atul Auto

**Total Sales: 2,311 units, -55.31% YoY down**



### Bajaj Auto

**Total Sales: 512,038 units, 11% YoY up**  
 Domestic Sales: 268,631 units, 11% YoY up  
 CV Sales: 41,748 units, -35% YoY down  
 Motorcycle Sales: 470,290 units, 18% YoY up  
 Exports: 201,659 units, 29% up



### Escorts

**Total Sales: 13,664 units, 2.3% YoY up**  
 Domestic Sales: 13,180 units, 1.1 % YoY up  
 Exports: 484 units, 51.7 % YoY up



### Hero MotoCorp

**Total Sales: 806,848 units, 35% YoY up**



### Ashok Leyland

**Total Sales: 9,989 units, 1% YoY up**  
 M&HCV Sales: 3,881 units, -15% YoY down  
 LCV Sales: 5,004 units, 11% YoY up



### Tata Motors

**Total Sales: 49,669 units, 27% YoY Up**  
 PV Sales: 23,617 units, 79% YoY Up  
 CV Sales: 28,472 units, 2% YoY Up  
 M&HCV Sales: 5,033 units, 3% YoY up



### Volvo-Eicher Commercial Vehicles

**Total Sales: 4,200 units, 11.9% YoY up**  
**Eicher Motorcycle**  
**Total Sales: 66,891 units, -7% YoY down**  
 Exports: 4,033 units, -9% YoY down



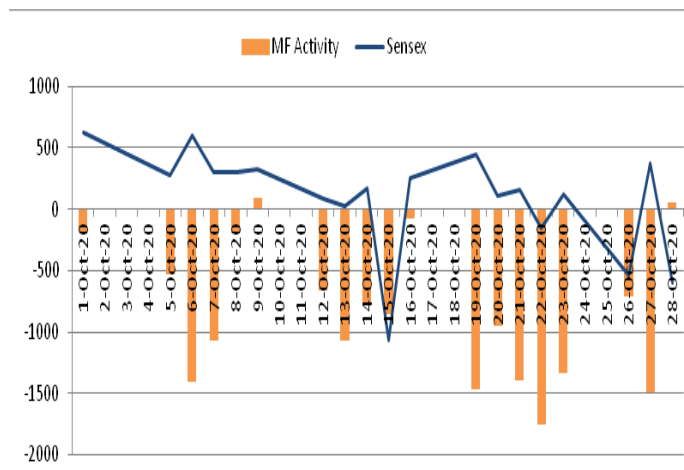


## MUTUAL FUNDS

Indian equity markets rejoiced and ended on positive note in Oct 2020. The barometer index, S&P BSE Sensex delivered positive returns of 4.06% to settle at 39614.07 and Nifty50 gained 3.51 % ending the month at 11642.40.

### MF ACTIVITY

Indian mutual funds were net seller of equities to the tune of Rs 15800.42 crores in the month of October 2020. Highest Selling was recorded in the fourth week of the month when the fund houses made total net Sell of Rs 6902.91 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Buyers to the tune of Rs 17,702.94 crores worth of equities in October 2020.



### Mutual Fund Activity In Oct 2020

| Rs in Crores | Gross Purchases | Gross Sales     | Net Investment  |
|--------------|-----------------|-----------------|-----------------|
| 1st Week     | 2306.73         | 2493.04         | -186.31         |
| 2nd Week     | 11449.60        | 14568.33        | -3118.73        |
| 3rd Week     | 9864.87         | 13308.05        | -3443.18        |
| 4th Week     | 11396.77        | 18299.68        | -6902.91        |
| 5th Week     | 7770.67         | 9919.96         | -2149.29        |
| <b>Total</b> | <b>42788.64</b> | <b>58589.06</b> | <b>-15800.4</b> |

Note: Mutual Fund activity as on 28<sup>th</sup> Oct 2020



## Equity Scheme Recommendation

| Scheme Name                     | Latest NAV* | AUM as on 1 <sup>st</sup> Nov, 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)           | 31.95       | 17270  | 05-Jan-10   | 1.59        | 8.97        | 10.91      | 11.15           | 1000                   | 5000     |
| ICICI Pru Bluechip Fund (G)     | 41.9        | 23423  | 23-May-08   | -3.63       | 1.42        | 7.82       | 12.20           | 100                    | 100      |
| Mirae Asset Large cap Fund(G)   | 52.49       | 18450  | 04-Apr-08   | -1.48       | 3.55        | 10.25      | 14.10           | 1000                   | 5000     |
| Multi Cap Fund                  |             |  |             |             |             |            |                 |                        |          |
| Axis Focused 25 Fund(G)         | 30.37       | 11455  | 29-Jun-12   | -0.10       | 6.31        | 11.64      | 14.15           | 1000                   | 5000     |
| Kotak Standard Multicap Fund(G) | 35.57       | 29551  | 11-Sept-09  | -2.95       | 2.38        | 9.06       | 11.90           | 500                    | 5000     |
| SBI Magnum Multicap Fund (G)    | 48.13       | 8870   | 29-Sept-05  | -5.05       | 0.72        | 8.00       | 11.00           | 500                    | 1000     |
| Mid Cap Fund                    |             |  |             |             |             |            |                 |                        |          |
| DSP MidCap Fund(G)              | 61.25       | 8274   | 25-Jun-07   | 9.55        | 3.38        | 10.95      | 13.89           | 500                    | 5000     |
| L&T Mid Cap Fund (G)            | 137.43      | 5928   | 9-Aug-04    | 3.85        | -1.90       | 9.30       | 17.53           | 500                    | 5000     |

Note: Returns as on 1<sup>st</sup> NOVEMBER, 2020, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

| Scheme Name                  | YTM  | Latest NAV* | AUM as on<br>1 <sup>st</sup> Nov,<br>2020<br>(Rs in Cr) | Returns (%) |              |            |          |                 |
|------------------------------|------|-------------|---|-------------|--------------|------------|----------|-----------------|
|                              |      |             |   | One Month   | Three Months | Six Months | One Year | Since Inception |
| Liquid Fund                  |      |             |   |             |              |            |          |                 |
| Axis Liquid(G)               | 3.36 | 2244.29     | 24817   | 0.27        | 0.83         | 1.83       | 4.65     | 7.57            |
| ICICI Pru Liquid Fund(G)     | 3.36 | 299.27      | 44170   | 0.26        | 0.81         | 1.87       | 4.36     | 7.60            |
| Ultra Short Term Fund        |      |             |   |             |              |            |          |                 |
| Kotak Saving Fund(G)         | 4.01 | 33.28       | 11072   | 0.40        | 1.03         | 3.16       | 6.13     | 7.69            |
| L&T Ultra Short term Fund(G) | 3.55 | 33.77       | 2315  | 0.34        | 0.88         | 2.75       | 5.81     | 7.39            |

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

## ELSS Scheme Recommendation

| Scheme Name              | Latest NAV* | AUM as on 1 <sup>st</sup> Nov, 2020 (Rs in Cr) | Launch Date | Returns (%) |             |            |                 |
|--------------------------|-------------|--|-------------|-------------|-------------|------------|-----------------|
|                          |             |  |             | One Year    | Three Years | Five Years | Since Inception |
| Mirae Asset Tax Saver(G) | 19.48       | 4270   | 28-Dec-15   | 4.93        | 6.00        | -          | 14.76           |
| Axis LT Equity Fund(G)   | 48.39       | 21836  | 29-Dec-09   | -1.65       | 6.47        | 9.35       | 15.60           |
| Kotak Tax Saver(G)       | 46.15       | 1275   | 31-May-96   | 1.42        | 2.99        | 8.74       | 10.77           |

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



# THE MONTH AHEAD KEY FINANCIAL EVENTS NOVEMBER 2020



## Nov 01-02

- Indian Automobile Sales Data, by Automakers
- USD ISM Manufacturing PMI
- INR Nikkei Markit Manufacturing PMI (Oct)

## NOV 03

- USD Presidential Election
- INR Nikkei Services PMI

## NOV 04

- USD ISM Services PMI
- INR Nikkei Services PMI (Oct)
- INR M3 Money Supply

## NOV 05

- GBP BOE Monetary Policy Report
- GBP MPC Official Bank Rate Votes
- GBP Monetary Policy Summary
- GBP Official Bank Rate

## NOV 06

- USD FOMC Statement
- USD FOMC Press Conference
- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate

## NOV 10

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

## NOV 11

- GBP Prelim GDP q/q
- GBP Monetary Policy Report Hearings

## NOV 12

- INR Cumulative Industrial Production (Sep)
- INR Industrial Production (YoY) (Sep)
- INR Manufacturing Output (MoM) (Sep)

## NOV 13

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

## NOV 17

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

## NOV 23

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

## NOV 26

- USD FOMC Meeting Minutes
- GBP Monetary Policy Report Hearings



THINK  
**BIG**  
START **SMALL**

## WHY SIP INVESTMENT

The diagram illustrates four key benefits of SIP investment, each represented by an icon and a text label:

- DISCIPLINED INVESTMENT**: Represented by a green money bag icon.
- POWER OF COMPOUNDING**: Represented by a green bar chart icon with an upward arrow.
- RUPEE COST AVERAGING**: Represented by a green calculator icon.
- SMALL POCKET INVESTMENT**: Represented by a green piggy bank icon.

Notes: The above figures are preliminary for the end of 1995 and the forecasts are only based on information available to the end of 1995. The actual results may vary, depending on developments in current and past years. The above figures are preliminary and subject to change in the future.

Three pie charts illustrating the growth of SIP (Systematic Investment Plan) and Other investments from 2014 to 2016. Each chart is divided into two segments: a green segment for SIP and a blue segment for Other. The SIP segment is labeled with its value in ₹ crore, and the Other segment is labeled with its value in ₹ crore.

| Year | SIP (₹ crore) | Other (₹ crore) |
|------|---------------|-----------------|
| 2014 | ₹8,521        | ₹1              |
| 2015 | ₹20,565       | ₹3              |
| 2016 | ₹42,000       | ₹5              |

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