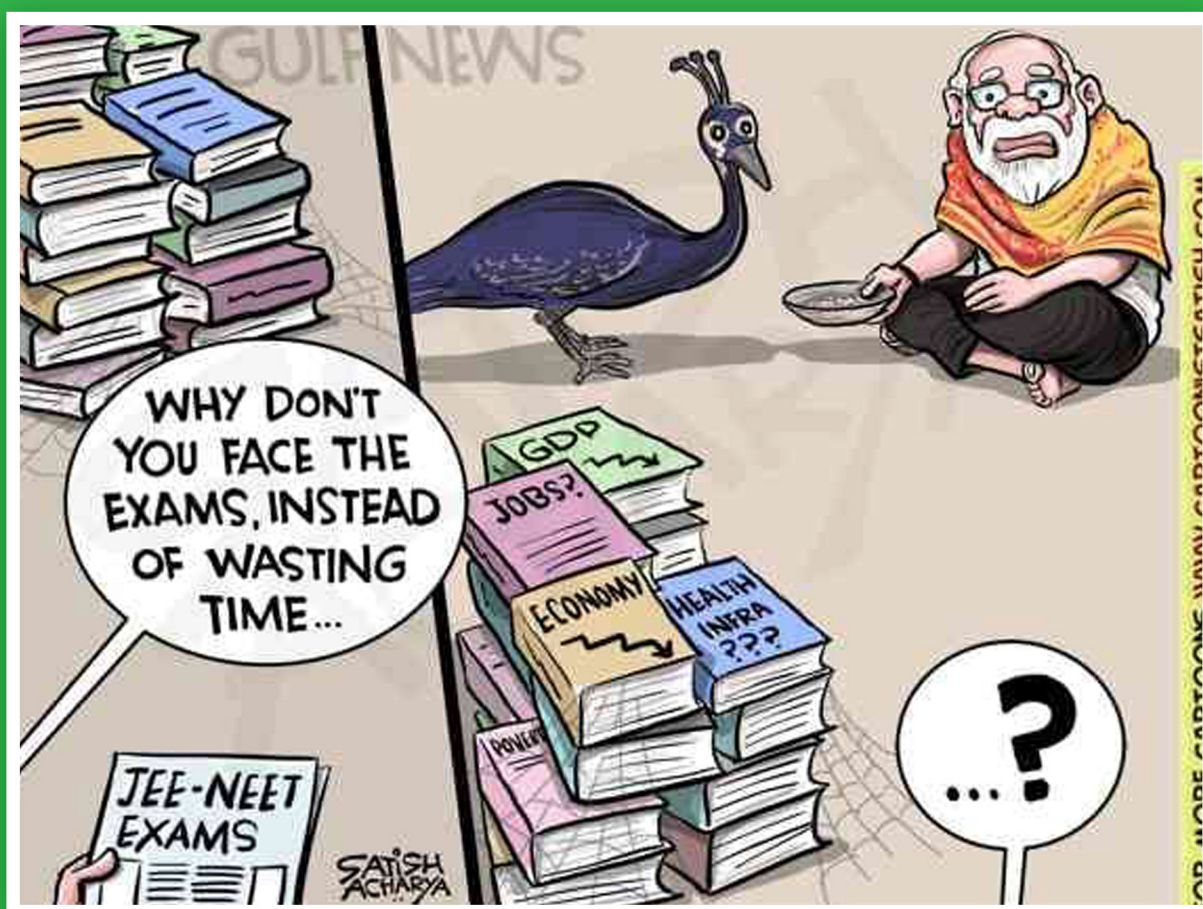


Arihant's

# VALUE *Plus*

Issue | September 2020



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# MOVERS & SHAKERS











## INDIAN INDICES

Indices	Aug-20	Jul-20	Monthly Change (%)
SENSEX	38628.29	37606.89	2.72 ↑
NIFTY 50	11387.50	11073.45	2.84 ↑
NIFTY BANK	23754.35	21640.05	9.77 ↑
NIFTY MIDCAP 100	16682.65	15471.30	7.83 ↑
NIFTY 500	9372.05	9035.75	3.72 ↑
NIFTY IT	17928.85	18071.85	-0.79 ↓
NIFTY REALTY	222.75	201.00	10.82 ↑
NIFTY INFRA	3163.50	3153.40	0.32 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Aug-20	Jul-20	Monthly Change (%)
AUTO 	17685.49	16489.64	7.25 ↑
BANKEX 	26972.91	24599.48	9.65 ↑
CD 	22758.48	21479.24	5.96 ↑
CG 	13741.54	12734.81	7.91 ↑
FMCG 	11348.47	11445.45	-0.85 ↓
HC 	18387.62	18284.76	0.56 ↑
IT 	18055.38	18251.00	-1.07 ↓
METAL 	8833.73	7825.67	12.88 ↑
OIL & GAS 	13083.32	13174.29	-0.69 ↓
PSU 	5143.90	4918.83	4.58 ↑
REALTY 	1758.40	1575.68	11.60 ↑
TECK 	8703.30	8840.22	-1.55 ↓

## GLOBAL INDICES

Indices	Aug-20	Jul-20	Monthly Change (%)
DOW JONES	28416.00	26428.32	7.52 ↑
NASDAQ	11695.86	10745.28	8.85 ↑
HANG SENG	25177.05	24595.35	2.37 ↑
FTSE	5963.57	5897.76	1.12 ↑
NIKKEI	23139.76	21710.00	6.59 ↑

## COMMODITIES

Particulars	Aug-20	Jul-20	Monthly Change (%)
MCX GOLD 	51701.00	53828.00	-3.95 ↓
MCX SILVER 	67318.00	64984.00	3.59 ↑
MCX CRUDE OIL 	3145.00	3023.00	4.04 ↑
MCX NATURAL GAS 	190.70	135.60	40.63 ↑

(Source: Falcon software)

## FOREX

Particular	Aug-20	Jul-20	Monthly Change (%)
USD-INR ₹	73.44	75.23	-2.38 ↓
EUR-INR €	87.65	88.98	-1.49 ↓
GBP-INR £	97.86	98.70	-0.85 ↓
JPY-INR ¥	69.37	71.79	-3.37 ↓

(Source: Falcon software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Aug 2020	120,367.21	102,182.56	18,184.65
Total for 2020*	1,031,289.79	1,055,963.84	-24,674.05

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Aug 2020	47,309.83	56,620.14	-9,310.31
Total for 2020*	554,780.80	536,872.12	17,908.68

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

(Source: SEBI)

## Monthly Market Roundup

In August 2020, Domestic market moved positively with benchmark Sensex and Nifty Index both ending the month with 3% gains. Market rally was boosted from the lows of April & May, on the back of gradually opening up of the economy, positive development on Vaccine front, further expectation of monetary and fiscal support by the Government and improving economic indicators. RBI's announcement of one time-restructuring for the stressed companies and the MSMEs coupled with FPI inflows in the equity segment has also supported the Equity Market gain. With covid cases continuously surging and some states extending local lockdowns further, economic outlook remains fraught with uncertainty. Going forward, INR movement, global cues and foreign portfolio investors (FPI) investments will be closely watched.

With 74% FDI has been allowed in the defence sector in India through the automatic route which proves a major push for 'Aatmanirbhar Bharat' in defence manufacturing. So, Defence sector will be in focus. On the back of recovery in global metal prices and further expectation of hike in steel prices will keep metal sector in focus. We have also seen recovery in auto sales numbers primarily in, tractor, two wheeler and passenger vehicle sales.

### Sectoral Performance

On the sectoral front, media index has outperformed the other indices with metal, realty, Nifty Bank and auto ended in the green, while selling witnessed in Nifty IT and FMCG sector. Nifty media was the best performing sector which rose by 22.4%, followed by Nifty metal with 12.7% gain, Nifty realty at 10.8% gain and Nifty auto at 7.7% gain for the month of August. Other major sectoral indices which saw positive momentum during the month are Nifty Bank which has gained 9.8% and Nifty financial services at 6.2% gain. On account of some profit booking activity, Nifty IT, pharma and FMCG ended the month with marginal decline of 0.8%, 0.6% and 0.9% respectively.

### Worst Contraction seen on GDP front

Covid related lockdown that has stalled economic activity for most of the sector has led to India's GDP in the first quarter shrinking to the lowest level on record. India's economy contracted sharply by 23.9% in Q1FY21. Lockdown pain has been felt across both industrial (-38%) and services (-20.6%) sector with sharp contraction. The agriculture sector was the only bright spot in the domestic economy during the quarter. Barring agriculture, all the other sectors witnessed a sharp contraction in growth rates. Globally, the contraction in India's economic growth has been amongst the severest during April-June, 2020 quarter. Although the higher growth in the agriculture sector and consequently rural demand would support the domestic economy it would however not be sufficient to compensate for the decline in urban demand and growth.

### On the global front

Despite the uncertainty about the Covid-19 pandemic which has impacted global economy at large, global indices such as Dow Jones, NASDAQ and S&P 500 ended the month with strong gain at 7.6%, 9.6% and 7% during the month of August. At annual Jackson Hole symposium, Fed chair Powell indeed reset FED's monetary policy goal to average inflation targeting. This means FED will allow inflation to run moderately above the FED's 2% goal for some time in order to support the labour market and broader economy. US presidential election, Fresh tension between US-China and increasing number of covid cases are a looming uncertainty. US' NASDAQ +10%, US' Dow Jones & S&P 500 index closed in positive territory with 7.6% & 7% gain respectively. Whereas Nikkei and FTSE 100 closed with a gain of 6.6% & 1% in the month of August.



## Economic Data Wrap Up: August

- India's Nikkei Services PMI increased to 41.8 in August from 34.2 in July.
- India's Nikkei Manufacturing PMI surged to 52.0 in August from 46.0 in July.
- India's July Trade Balance at deficit of \$4.83bn as against the surplus of \$0.79bn in June.
- India's July WPI inflation came in at -0.6% as compared to -1.81% in June.
- India's July CPI inflation came in at 5.9% as compared to 6.09% in June.
- India's May IIP at -34.7% as compared to -57.6% in April

## Nifty Technical Outlook: Sep - 2020



On the monthly chart, we are observing a bull candle which has closed above the median line of the channel (shown above in the graph). In coming month if Nifty trades and close above 11559 level then it is likely to test 11826 – 12092 – 12402 levels. However, if Nifty trades and close below 11214 level then it can test 10948 – 10882 – 10372 levels.

At present the monthly trend is up. Hence, near 10948 – 10882 levels there is high probability that buying may emerge which could propel Nifty to test 11500 – 11826 – 12092 levels. Hence, one needs to adopt cautiously positive approach at current level as stock specific move is likely to continue.



# Fundamental Stock



## State Bank of India Ltd

BUY

Target Price: Rs. 245

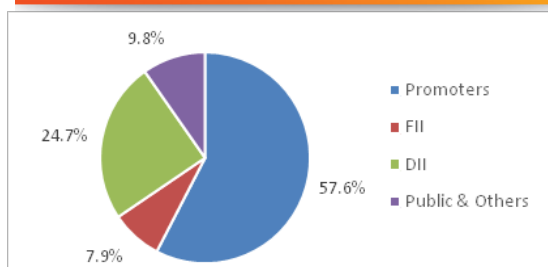
### Value Parameters

BSE Code	500112
NSE Symbol	SBIN
CMP (As on 03 <sup>rd</sup> Sep, 2020)	Rs. 213
Face Value	Rs. 1
52 Week High / Low	373/149
Market Cap (Rs bn)	191,790
BVPS (FY22E)	Rs. 316

### Company Overview:

State Bank of India realizing its mammoth size, trims operational inefficiencies and competes aggressively with private peers to boost its returns. The bank is known as the banker to every Indian with the largest deposits and advances books, total assets, number of customers & accounts and number of branches in the South Asian region. The bank's total business size is Rs 57.2 tn with an AUM of Rs 23 tn and Deposits at Rs 34.2 tn as on Q1FY21. The bank has numerous subsidiaries operating in the businesses of insurance, AMC, securities, investment banking, home financing, overseas banking & financing operations and benefits from the cross selling of several products to its large customer base. State Bank of India has been known as the banker to every Indian with a customer base of 449 million by end of March 2020. SBI has a vast branch chain of 22,135 and 58,582 ATMs across the nation.

### Shareholding Pattern % (Jun - 20)



**Loan growth to pick up:** With reopening up of the Economy and strong rural demand, we believe loan growth of the bank to pick up. In Q1FY21, Advances growth (+7.7% YoY/down by 1.2%QoQ) was driven primarily by fresh SME segment disbursements which grew by 4.1% QoQ while retail loans grew slower.

**Abundantly leveraged to grow book-size:** The bank has one of the highest leverage ratios with Asset/Net Worth ratio for SBI standing at 17.03x (highest in the industry FY20). The recent approval for raising of up to Rs 25,000 Cr will add more fuel to SBI's leverage engine.

**Balance sheet remains strong:** Management's primary focus is on strengthening the bank's balance sheet. SBI has made adequate provisioning towards stressed accounts. PCR of the bank increased to 86.3% in Q1FY21 from 83.6% in Q4FY20. Capital adequacy ratio remained healthy at 13.4% as on Q1FY21

**Q1FY21 Performance:** SBI Q1FY21 earnings was almost in line with expectations. The bank's NII for Q1FY21 stood at Rs 26,642 Cr, increasing by 16.1% YoY/17.0% QoQ. PPOP increased by 24.7% YoY/7.0% QoQ and Net Income stood at Rs 4,189 Cr, up by 81.2% YoY/17.0% QoQ. Liability profile of the bank remained pretty strong with deposit growth at 16% YoY/5% QoQ.

**Asset Quality improved on account of moratorium:** SBI's GNPA/NNPA stood at 5.44%/1.86% at the end of Q1FY21. Regarding the moratorium, the bank's 9.5% of the loan book is under moratorium as of 30 June 2020, i.e. 90.5% of the term loan book of Rs16.5 tn has paid two or more number of instalments during the moratorium.

**Outlook & Valuation:** In our view, Among PSU banks, SBI is best placed with high PCR, adequate capital ratio, strong liability franchise and healthy core operating performance. The bank's insurance subsidiaries are competing well in respective field of business, besides the credit card and AMC subsidiaries. SBI is currently trading at a cheaper valuation of 0.82x P/Adj. BV FY22E. We have a Buy rating on the stock with a target price of Rs 245, valued it at P/adj. BV multiple of 0.6x on FY22E adj. BV of INR 259 for standalone bank and use a SOTP approach to value its subsidiaries, to arrive at a Target Price of INR 245.



# AUT SECTOR

## AUGUST SALES



### Maruti Suzuki

**Total Sales: 124,624 units, 17.1% YoY up**  
 Domestic Sales: 116,704 units, 20.2% YoY up  
 PV Sales: 113,033 units, 21.3% YoY up  
 Exports: 7,920 units, -15.3% YoY down



### TVS Motor

**Total Sales: 287,398 units, -1.06% YoY down**  
 2Wheeler Sales: 277,226 units, 0.50% YoY up  
 3Wheeler Sales: 10,172 units, -43% YoY down  
 Exports: 68,347 units, -2% YoY down



### Mahindra & Mahindra

**Total Sales: 30,426 units, -16% YoY down**  
 Domestic Sales: 29,257 units, -13% YoY down  
 PV Sales: 13,651 units, 1% YoY up  
 CV Sales: 15,299 units, 4% YoY up  
 M&HCV Sales: 104 units, -71% YoY down  
 Exports: 1169 units, -54% YoY down



### Atul Auto

**Total Sales: 1,311 units, -64.38% YoY down**



### Bajaj Auto

**Total Sales: 356,199 units, -9% YoY down**  
 Domestic Sales: 185,879 units, -11% YoY down  
 CV Sales: 35,141 units, -46% YoY down  
 Motorcycle Sales: 321,058 units, -1% YoY down  
 Exports: 170,320 units, -6% down



### Escorts

**Total Sales: 7,268 units, 80.1% YoY up**  
 Domestic Sales: 6,750 units, 79.4% YoY up  
 Exports: 518 units, 90.4% YoY up



### Hero MotoCorp

**Total Sales: 584,456 units, 7.55% YoY up**



### Ashok Leyland

**Total Sales: 6,325 units, -31% YoY down**  
 M&HCV Sales: 2,589 units, -52% YoY down  
 LCV Sales: 3,736 units, -4% YoY down



### Tata Motors

**Total Sales: 36,472 units, 11.80% YoY Up**  
 PV Sales: 18,583 units, 154% YoY Up  
 CV Sales: 17,889 units, -28% YoY Down  
 M&HCV Sales: 2,746 units, -48.6% YoY Down



### Volvo-Eicher Commercial Vehicles

**Total Sales: 2,477 units, -30% YoY down**  
**Eicher Motorcycle**  
**Total Sales: 50,144 units, -5% YoY down**  
 Exports: 2,573 units, -38% YoY down

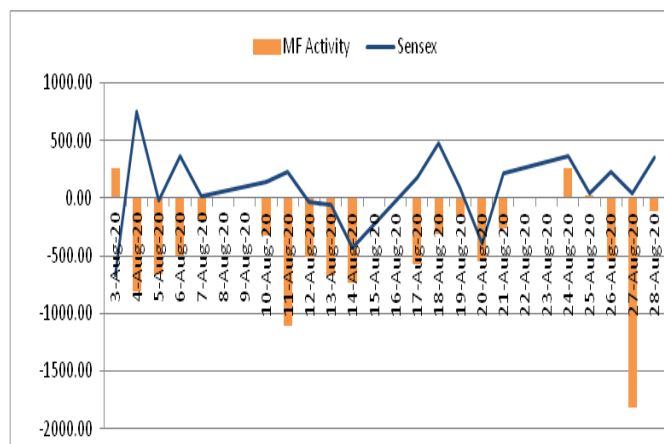


## MUTUAL FUNDS

Indian equity markets rejoiced and ended on positive note in Aug 2020. The barometer index, S&P BSE Sensex delivered positive returns of 2.72% to settle at 38628.29 and Nifty50 gained 2.84 % ending the month at 11387.50.

### MF ACTIVITY

Indian mutual funds were net seller of equities to the tune of Rs 9310.31 crores in the month of August 2020. Highest selling was recorded in the second week of the month when the fund houses made total net sell of Rs 3346.59 crores of equities. On the other hand, foreign institutional investors (FIIs) were net buyers to the tune of Rs 18184.65 crores worth of equities in August 2020.



### Mutual Fund Activity In Aug 2020

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	11989.22	13904.14	-1914.92
2nd Week	11624.43	14971.02	-3346.59
3rd Week	11316.00	13170.74	-1854.74
4th Week	12380.18	14574.24	-2194.06
<b>Total</b>	<b>47309.83</b>	<b>56620.14</b>	<b>-9310.31</b>

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

## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 <sup>st</sup> May, 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)	30.72	15945	05-Jan-10	5.6	8.93	10.39	10.92	1000	5000
ICICI Pru Bluechip Fund (G)	41.8	24246	23-May-08	3.54	3.48	8	12.35	100	100
Mirae Asset Large cap Fund(G)	51.74	17650	04-Apr-08	5.08	5.11	10.06	14.61	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	29.02	11034	29-Jun-12	6.22	6.16	10.91	13.91	1000	5000
Kotak Standard Multicap Fund(G)	34.71	29361	11-Sept-09	2.24	2.94	8.8	11.84	500	5000
SBI Magnum Multicap Fund (G)	47.35	8722	29-Sept-05	0.31	1.87	8.04	11	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	59.62	7425	25-Jun-07	16.72	4.78	10.25	13.8	500	5000
L&T Mid Cap Fund (G)	132.07	5730	9-Aug-04	10.25	-0.63	8.3	17.44	500	5000

Note: Returns as on 31<sup>st</sup> Aug, 2020, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 31 <sup>st</sup> May, 2020 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.38	2231.98	29515	0.27	0.86	2.35	5.08	7.64
ICICI Pru Liquid Fund(G)	-	297.66	54835	0.27	0.89	2.36	5.07	7.65
Ultra Short Term Fund								
Kotak Saving Fund(G)	-	33.03	9966	0.29	1.46	3.43	6.67	7.72
L&T Ultra Short term Fund(G)	3.6	33.56	2095	0.26	1.13	3.37	6.42	7.43

Note: NAV and Returns as on 31<sup>st</sup> Aug, 2020, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

## ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 <sup>st</sup> May, 2020 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	18.87	3858	28-Dec-15	10.26	7.42	-	14.53
Axis LT Equity Fund(G)	46.56	21051	29-Dec-09	5.23	6.69	8.63	15.44
Kotak Tax Saver(G)	44.13	1203	31-May-96	5.1	3	7.62	10.56

Note: NAV and Returns as on 31<sup>st</sup> August, 2020, Returns <1 yr annualised, >1 yr compounded



# THE MONTH AHEAD KEY FINANCIAL EVENTS SEPTEMBER 2020



## SEP 01-02

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

## SEP 02

- USD ADP Non-Farm Employment Change

## SEP 03

- GBP BOE Gov Bailey Speaks
- USD ISM Non-Manufacturing PMI
- INR Nikkei Services PMI (Aug)

## SEP 04

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

## SEP 08

- GBP Monetary Policy Report Hearings
- Indian Automobile Sales Data, by SIAM

## SEP 10

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

## SEP 11

- USD CPI m/m
- USD Core CPI m/m
- INR Manufacturing Output (MoM) (Jul)
- INR Industrial Production (YoY) (Jul)

## SEP 14

- INR WPI Manufacturing Inflation (YoY) (Aug)
- INR WPI Inflation (YoY) (Aug)
- INR CPI (YoY) (Aug)

## SEP 16

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- USD FOMC Economic Projections
- USD FOMC Statement
- USD Federal Funds Rate

## SEP 17

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

## SEP 20

- EUR German Federal Elections

## SEP 23

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

## SEP 30

- CYN Manufacturing PMI



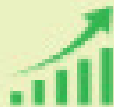
THINK  
**BIG**  
START SMALL

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED INVESTMENT**



**POWER OF COMPOUNDING**



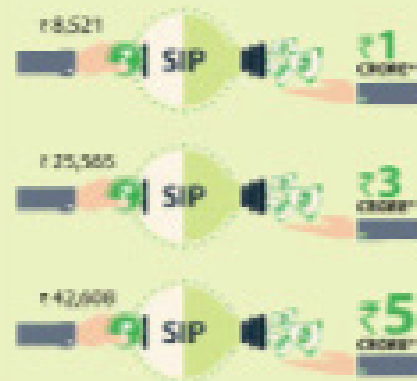
**RUPEE COST AVERAGING**



**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 before investing in any fund.

### 20 YEARS PERIOD



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

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 REGD. : INDIA-REGD-353-2008-CORP-19-DP-CORP-313-2005-AMFI - AMFI 15114-5236 - RA-INDIA00003764

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