

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

Issue | **January 2021**



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# MOVERS & SHAKERS



## INDIAN INDICES

Indices	Dec-20	Nov-20	Monthly Change (%)
SENSEX	47751.33	44149.72	8.16 ↑
NIFTY 50	13981.95	12968.95	7.81 ↑
NIFTY BANK	31264.05	29609.05	5.59 ↑
NIFTY MIDCAP 100	20842.50	19775.40	5.40 ↑
NIFTY 500	11518.30	10719.05	7.46 ↑
NIFTY IT	24251.35	21764.90	11.42 ↑
NIFTY REALTY	313.85	261.20	20.16 ↑
NIFTY INFRA	3650.95	3424.75	6.60 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices		Dec-20	Nov-20	Monthly Change (%)
AUTO		20811.49	20128.83	3.39 ↑
BANKEX		35888.42	33884.04	5.92 ↑
CD		30393.50	27045.66	12.38 ↑
CG		18744.78	17022.49	10.12 ↑
FMCG		12608.96	11725.56	7.53 ↑
HC		21681.24	20318.54	6.71 ↑
IT		24248.26	21635.41	12.08 ↑
METAL		11599.41	10218.88	13.51 ↑
OIL & GAS		14090.07	13251.24	6.33 ↑
PSU		5781.29	5294.96	9.18 ↑
REALTY		2478.14	2061.69	20.20 ↑
TECK		11101.22	9969.28	11.35 ↑

## GLOBAL INDICES

Indices	Dec-20	Nov-20	Monthly Change (%)
DOW JONES	30606.48	29910.37	2.33 ↑
NASDAQ	12888.28	12205.85	5.59 ↑
HANG SENG	27231.13	26341.49	3.38 ↑
FTSE	6460.52	6266.19	3.10 ↑
NIKKEI	27444.17	26433.62	3.82 ↑

## COMMODITIES

Particulars		Dec-20	Nov-20	Monthly Change (%)
MCX GOLD		50202.00	48000.00	4.59 ↑
MCX SILVER		67383.00	58500.00	15.18 ↑
MCX CRUDE OIL		3524.00	3326.00	5.95 ↑
MCX NATURAL GAS		182.10	216.00	-15.69 ↓

(Source: Falcon software)

## FOREX

Particular		Dec-20	Nov-20	Monthly Change (%)
USD-INR	₹	73.27	74.20	-1.25 ↓
EUR-INR	€	89.94	88.46	1.67 ↑
GBP-INR	£	99.95	98.87	1.09 ↑
JPY-INR	¥	71.04	71.26	-0.31 ↓

(Source: Falcon software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Dec 2020	251,668.10	193,155.35	58,512.75
Total for 2020*	1,752,115.26	1,653,923.27	98,191.99

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Dec 2020	32,997.30	52,370.20	-19,372.90
Total for 2020*	729,048.89	773,204.40	-44,155.51

\*Till 17<sup>th</sup> Dec 2020

(Source: SEBI)

## Monthly Market Roundup

In December 2020, domestic market yet again made an all-time high with benchmark Sensex and Nifty Index ending the month up by 8.16% and 7.81% respectively as compared to appreciation of 11.05% and 11.14% respectively in November 2020. The market in the last 9 months has been rising relentlessly, climbing the wall of concern that represents the pandemic-punctured ground-level economy. Leadership of metal and financials 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 30,500. Market participants around the world were inspired by the success in the production of coronavirus vaccines. The wide market has recently started to perform better, including Mid & Small caps, which can continue in the short term.

FPIs had furiously sold equity at the net tune of Rs 65,817 crore back in March 2020, which happened to be at the extreme bottom of the industry. We could see FPIs pumping over Rs 58,000 crore in December 2020, approaching its all-time high, making India, after Japan and Korea, the third most favoured investment destination in Asia. In December, in the face of optimism about the availability of a covid-19 vaccine and a faster-than-expected economic growth, foreign institutional investors (FIIs) resumed their purchasing spree of Indian equities, lapping up stocks worth Rs 62,016 crore.

Rupee appreciated in December 2020 by 0.4% to Rs. 73.34/ US \$ as compared to Rs. 73.57/ US \$ in November 2020, tracked by strong domestic equities and sustained foreign funds inflow.

### Sectoral Performance

On the sectoral front, Nifty Realty index has outperformed all other major indices with a strong gain of 16.28% followed by Nifty Consumer Durables at 12.05% gain and Nifty Metal at 9.43% 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.

Nifty IT and Nifty PSU Banks also showed a very strong gain with an upward movement of 9.38% and 9.32% respectively. Comparatively, Nifty Pharma, Nifty FMCG, Nifty Media, Nifty Bank and Nifty Financial Services showed an average performance with an upward movement of 7.23%, 7.80%, 7.71%, 4.85% and 5.96% respectively. Other sectors such as Nifty MNC, Nifty Auto and Nifty Oil & Gas showed a significant gain of 4.61%, 2.30% and 3.89% respectively.

### GST Collection in December 2020

In December 2020, the GST revenue was the highest since the launch of GST and it reached 1.15 lakh crore for the first time. Revenues for December 2020 were 12 per cent higher than GST revenues for the same month last year, in line with the recent trend of recovery in GST revenues. Revenues from imports of goods were 27% higher during the month and revenues from domestic transactions (including imports of services) were 8% higher than those from those sources in the same month last year.

### Quarterly Results

The third quarter for FY20 has come to an end, hence forth January and February 2021 will see market volatility with respect to the declaration of results for the quarter.

### On the global front

In the month of December 2020, Dow Jones recorded it's all time high reaching a peak of 30600 points amid renewed vaccine optimism, showing an upside of 2.62%. During the month, Nasdaq index rose substantially by 4.32%, followed by a 2.56% growth in S&P500. Even Nikkie showed an upside of 2.45% this month followed by a growth of 1.19% in FTSE100. Market indices globally are reaching it's all time high with confident market participants followed by economic growth and vaccine developments all over the world.



## Economic Data Wrap Up: December

- India's Nikkei Services PMI was 55.5 in November 2020 as compared to 51.2 in October 2020.
- India's Nikkei Manufacturing PMI was recorded at 56.4 in December from a 3 month low of 56.3 in November 2020.
- India's Trade deficit increased to \$15.71 bn in December as compared to \$8.71bn in October.
- India's WPI inflation rose to 9 month high at 1.55% in November 2020 as compared to 1.48% in October 2020.
- India's CPI inflation declined to 6.93% in November 2020 as compared to 7.61% in October.
- India's IIP grew 3.6% YoY in the month of October.

## Nifty Technical Outlook: Jan - 2021



On the monthly chart, we are observing strong bull candle which has breached the first channel. This suggests that momentum on the up side is likely to continue. In coming month if Nifty trades and close above 14183 levels then it is likely to test 14493 – 14803 – 15165 levels. However, if Nifty trades and close below 13780 level then it can test 13470 – 13160 – 12799 levels.

**At present the monthly trend is up. Hence, near 13780 - 13470 - 13160 levels there is high probability that buying may emerge which could propel Nifty to test 14493 – 14803 - 15165 levels. Hence, one needs to adopt buy on decline strategy as stock specific move is likely to continue.**



# Fundamental Stock

## SWITCH TO SMART



### Orient Electric Ltd.

BUY

Target Price: Rs. 269

#### Value Parameters

NSE Code	ORIENTELEC
CMP(As on 6 <sup>th</sup> Jan, 2021)	Rs 240
Face Value	Rs 1
52 Week High/Low	287/145
Market Cap (Rs Cr)	4,753
EPS (FY23E)	Rs 5.6
P/E (x) (FY22E)	40.1

#### Company Overview:

Orient Electric (OEL), a part of CK Birla group, is one of the largest players in organized Fan market. From being a single product company, OEL has transformed into complete home lifestyle solutions provider (Fans, Lighting, Appliances and Switchgears). Company has key potential catalysts like: a) Superior brand recall; b) Strong distribution network; c) Superior management; d) Government's thrust on household electrification & use of energy efficient electrical products and e) premiumization of product portfolio. OEL's younger profile of various product categories compared to its peers enables it to be a strong performer.

#### Investment Rationale

**Dominant player in Fan market with Diversified product range** The company has a diversified range of products and is continuously expanding its product reach through innovation. It is one of the largest players in Fan market with market share of ~18.5%. Consumer Appliances, Lighting and Switchgears (L&S) are also a part of its product range. The Fans & Appliances business is a part of electrical consumer durable (ECD) segment, which contributes 72% to the total sales while L&S business contributes 28% to the total sales. 2/3rd of the company's revenue comes From Fan segment.

#### Thrust on product innovation & premiumization to support growth

New launches, Product innovation are the key strategic levers for the company. With focus on premiumization of product portfolio through launch of innovative products, OEL has been able to significantly increase share in premium fans segment

to ~ 50%. Company's focus on innovative products with strong distribution reach results into growth of Fan and new product categories like Appliances, Lighting etc. Increase in premium product launches across the portfolio leading to gain in market share and boost in margins.

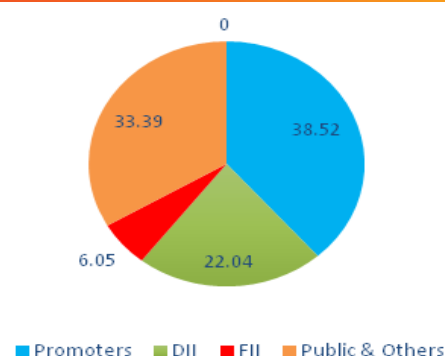
#### Expanding footprint by setting up manufacturing facility in South India

Company has 4 manufacturing facilities located in North and East India. Majority of its revenue, nearly ~40-45% comes from Northern India whereas South India contributing lowest to the revenue. Management has stated that, demand condition in South witnessing an improvement. Company is setting up its first manufacturing facility in South India (approx. CAPEX would be Rs 160-170cr), which is expected to be complete in next 12-15 months after necessary government approval which is awaited.

#### Outlook & Valuation:

At CMP of Rs 225, OEL is currently trading at 60.7x/56.2x/49.9x and 40.1x to its FY20A/21E/22E/23E respectively. We estimate revenue & PAT CAGR of 7% & 15% respectively during FY20-23E. We believe over the next 2-3 years, OEL's business performance will improve further driven by; a) Company's increasing focus towards premium category, b) increasing share of LED business and c) better product mix in appliances and switchgear segment. We have a Buy rating on the stock with a target price of Rs 269.

#### Shareholding Pattern % (Sept - 20)



# AUT SECTOR

## DECEMBER SALES



### Maruti Suzuki

**Total Sales: 160,226 units, 20.20% YoY up**  
 Domestic Sales: 150,288 units, 19.50% YoY up  
 PV Sales: 140,754 units, 14.60% YoY up  
 Exports: 9,938 units, 31.40% YoY up



### TVS Motor

**Total Sales: 272,084 units, 17.50% YoY up**  
 2 Wheeler Sales: 258,239 units, 20% YoY up  
 Exports: 73,512 units, 28% YoY up



### Mahindra & Mahindra

**Total Sales: 35,187 units, -10.30 % YoY down**  
 PV Sales: 16,182 units, 3% YoY up  
 M&HCV Sales: 541 units, -36% YoY down  
 Exports: 2210 units, 3% YoY up



### Atul Auto

**Total Sales: 1,728 units, -57.85% YoY down**



### Bajaj Auto

**Total Sales: 372,532 units, 11% YoY up**  
 Domestic Sales: 139,606 units, -9% YoY down  
 CV Sales: 33,948 units, -34% YoY down  
 Motorcycle Sales: 338,584 units, 19% YoY up  
 Exports: 232,926 units, 27% YoY up



### Escorts

**Total Sales: 7,733 units, 88.00% YoY up**  
 Domestic Sales: 7,230 units, 90.00 % YoY up  
 Exports: 503 units, 63.30 % YoY up



### Hero MotoCorp

**Total Sales: 447,335 units, 5.29% YoY up**  
 Motorcycle Sales: 415,099 units, 2.84% YoY up  
 Scooters Sales: 32,236 units, 51.91% YoY up  
 Domestic Sales: 425,033 units, 3.16% YoY up  
 Exports: 22,302 units, 73.75% YoY up



### Ashok Leyland

**Total Sales: 12,762 units, 14% YoY up**  
 M&HCV Sales: 6,884 units, -2% YoY down  
 LCV Sales: 5,878 units, 42% YoY up



### Tata Motors

**Total Sales: 53,430 units, 21% YoY Up**  
 PV Sales: 23,545 units, 84% YoY Up  
 CV Sales: 32,869 units, -4% YoY down  
 M&HCV Sales: 8,377 units, 20% YoY up



### Volvo-Eicher Commercial Vehicles

**Total Sales: 4,892 units, -3% YoY down**  
**Eicher Motorcycle**  
**Total Sales: 68,995 units, 37% YoY up**  
 Exports: 3503 units, 82% YoY up



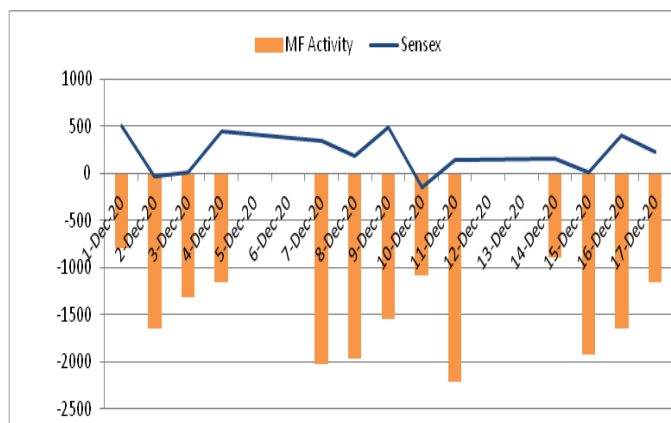


## MUTUAL FUNDS

Indian equity markets rejoiced and ended on positive note in Dec 2020. The barometer index, S&P BSE Sensex delivered positive returns of 8.16% to settle at 47751.33 and Nifty50 gained 7.81 % ending the month at 13981.95.

### MF ACTIVITY

As per the data available till 17th December Indian mutual funds were net seller of equities to the tune of Rs 19372.84 crores in the month of Dec 2020. Highest Selling was recorded in the second week of the month when the fund houses made total net Sell of Rs 8836.72 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Buyers to the tune of Rs 58512.75 crores worth of equities in December 2020.



### Mutual Fund Activity In Dec 2020

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	10592.15	15502.33	-4910.18
2nd Week	13421.07	22257.79	-8836.72
3rd Week	8984.09	14610.03	-5625.94
<b>Total</b>	<b>32997.31</b>	<b>52370.15</b>	<b>-19372.8</b>

Note: Mutual Fund activity as on 17<sup>th</sup> Dec 2020

## Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 <sup>st</sup> Jan, 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)	38.37	20480	05-Jan-10	19.72	14.74	14.99	13.01	1000	5000
ICICI Pru Bluechip Fund (G)	50.49	25224	23-May-08	13.49	7.29	12.05	13.69	100	100
Mirae Asset Large cap Fund(G)	61.71	20797	04-Apr-08	13.70	8.37	13.77	15.34	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	41.02	13359	29-Jun-12	22.48	13.13	17.61	16.94	500	5000
Kotak Standard Multicap Fund(G)	45.17	32441	11-Sept-09	12.89	8.61	14.02	16.32	500	5000
SBI Magnum Multicap Fund (G)	62.34	9863	29-Sept-05	14.68	7.04	12.69	16.03	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	75.46	9467	25-Jun-07	24.78	7.59	14.55	17.66	500	500
L&T Mid Cap Fund (G)	170.17	6180	9-Aug-04	20.47	2.61	12.92	18.78	500	5000

Note: Returns as on 1<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> Jan,2021 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.94	2266.92	27868	0.25	0.80	1.64	4.34	7.47
ICICI Pru Liquid Fund(G)	2.98	302.33	46016	0.24	0.81	1.66	4.39	7.47
Ultra Short Term Fund								
Kotak Saving Fund(G)	3.56	34.58	13560	0.30	1.14	2.35	6.31	8.21
L&T Ultra Short term Fund(G)	3.29	34.80	2812	0.28	0.96	1.92	5.83	8.16

Note: NAV and Returns as on 1<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> Jan, 2021 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	24.86	5044	28-Dec-15	23.39	12.24	19.83	19.92
Axis LT Equity Fund(G)	64.68	25618	29-Dec-09	21.50	13.41	15.28	20.02
Kotak Tax Saver(G)	59.44	1445	31-May-96	16.42	8.86	13.81	14.28

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



# THE MONTH AHEAD KEY FINANCIAL EVENTS JANUARY 2021



## Jan 01

- Indian Automobile Sales Data, by Automakers
- INR Bank Loan Growth
- INR Deposit Growth

## Jan 06

- INR Nikkei Services PMI (Dec)
- INR Nikkei Markit Manufacturing PMI (Dec)

## Jan 07

- USD FOMC Meeting Minutes
- USD Unemployment Claims
- USD ISM Services PMI

## Jan 08

- Indian Automobile Sales Data, by SIAM
- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate
- INR Federal Fiscal Deficit

## Jan 12

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

## Jan 13

- USD CPI m/m
- USD Core CPI m/m

## Jan 14

- EUR German Prelim GDP q/q
- USD Unemployment Claims
- INR WPI Food (YoY) (Dec)
- INR WPI Manufacturing Inflation (YoY) (Dec)

## Jan 15

- CYN GDP q/y
- USD Core Retail Sales m/m
- USD Retail Sales m/m

## Jan 21

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

## Jan 22

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

## Jan 28

- USD FOMC Statement
- USD Federal Funds Rate
- USD Advance GDP q/q
- USD FOMC Press Conference

## Jan 29

- USD Core PCE Price Index m/m
- USD Pending Home Sales m/m



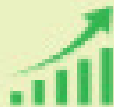
**THINK  
BIG  
START SMALL**

## ARIHANT'S SIP INVESTMENT

### WHY SIP INVESTMENT



**DISCIPLINED  
INVESTMENT**



**POWER OF  
COMPOUNDING**



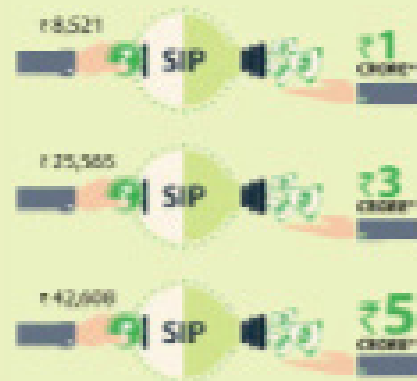
**RUPEE COST  
AVERAGING**



**SMALL POCKET  
INVESTMENT**

\*Note: The above figures are calculated for the use of rupee cost averaging (SIP) only. Actual fund investments are subject to market risks. Investors should not rely on the above figures as a basis for investment decisions. The above figures are for illustrative purposes only and do not represent the actual performance of any investment.

### 20 YEARS PERIOD



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