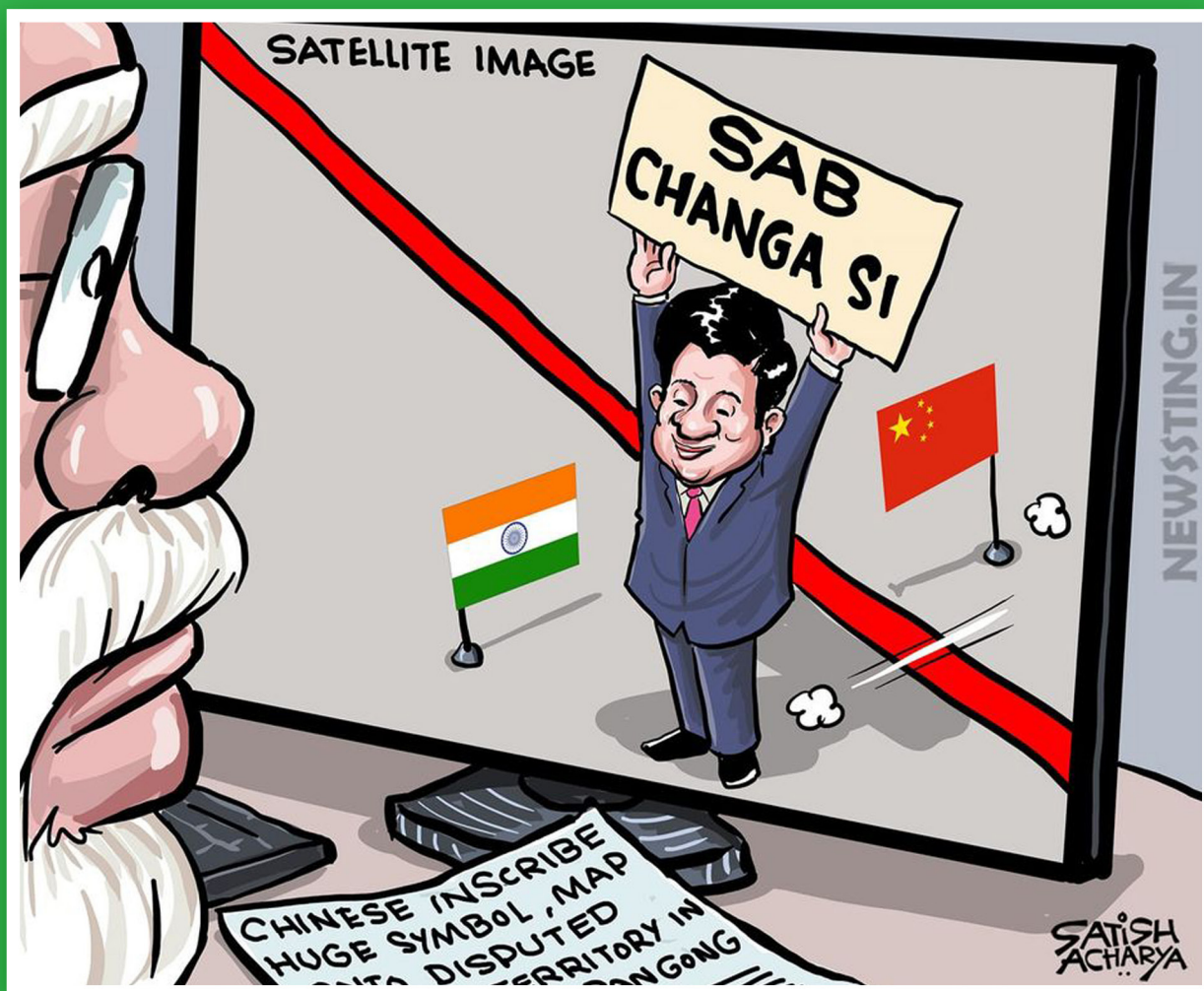


Arihant's

VALUE *Plus*

Issue | October 2020



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INDIAN INDICES

Indices	Sep-20	Aug-20	Monthly Change (%)
SENSEX	38067.93	38628.29	-1.45 ↓
NIFTY 50	11247.55	11387.50	-1.23 ↓
NIFTY BANK	21451.80	23754.35	-9.69 ↓
NIFTY MIDCAP 100	16983.05	16682.65	1.80 ↑
NIFTY 500	9341.75	9372.05	-0.32 ↓
NIFTY IT	19951.30	17928.85	11.28 ↓
NIFTY REALTY	211.90	222.75	-4.87 ↓
NIFTY INFRA	3080.95	3163.50	-2.61 ↓

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Sep-20	Aug-20	Monthly Change (%)
AUTO 	17876.44	17685.49	1.08 ↑
BANKEX 	24354.70	26972.91	-9.71 ↓
CD 	24278.09	22758.48	6.68 ↑
CG 	13834.15	13741.54	0.67 ↑
FMCG 	11051.22	11348.47	-2.62 ↓
HC 	19799.24	18387.62	7.68 ↑
IT 	19979.89	18055.38	10.66 ↑
METAL 	8304.23	8833.73	-5.99 ↓
OIL & GAS 	12242.39	13083.32	-6.43 ↓
PSU 	4539.47	5143.90	-11.75 ↓
REALTY 	1671.43	1758.40	-4.95 ↓
TECK 	9213.19	8703.30	5.86 ↑

GLOBAL INDICES

Indices	Sep-20	Aug-20	Monthly Change (%)
DOW JONES	27452.66	28416.00	-3.39 ↓
NASDAQ	11085.25	11695.86	-5.22 ↓
HANG SENG	23275.53	25177.05	-7.55 ↓
FTSE	5897.50	5963.57	-1.11 ↓
NIKKEI	23185.12	23139.76	0.20 ↑

COMMODITIES

Particulars	Sep-20	Aug-20	Monthly Change (%)
MCX GOLD 	50442.00	51701.00	-2.44 ↓
MCX SILVER 	59974.00	67318.00	-10.91 ↓
MCX CRUDE OIL 	2934.00	3145.00	-6.71 ↓
MCX NATURAL GAS 	186.50	190.70	-2.20 ↓

(Source: Falcon software)

FOREX

Particular	Sep-20	Aug-20	Monthly Change (%)
USD-INR ₹	73.93	73.44	0.67 ↑
EUR-INR €	86.59	87.65	-1.21 ↓
GBP-INR £	94.88	97.86	-3.05 ↓
JPY-INR ¥	69.95	69.37	0.84 ↑

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2020	141,536.44	150,650.59	-9,114.15
Total for 2020*	1,172,826.25	1,206,614.43	-33,788.18

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Sep 2020	60,675.20	64,900.90	-4,243.70
Total for 2020*	615,456.00	601,773.02	13,664.98

*Till 29th Sep 2020

(Source: SEBI)

Monthly Market Roundup

In September 2020, Domestic market was in consolidation phase with benchmark Sensex and Nifty Index ending the month lower by 1.45% and 1.23% respectively. Due to SEBI's guideline on implementation of new margin norms, the market saw decline in overall volumes but at the same time renewed interest came in mid and small cap indices. Rising Coronavirus infection cases, mixed economic indicators, weak global cues and escalation in the border tensions with China weighed on the indices. However, hopes over vaccine development, further ease in lockdown, recovery in Auto sales and surge in PMI activity partially supported investors sentiments.

Rupee strengthened in September 2020 by 1.7% to Rs 73.47/ US \$ as compared to Rs. 74.67/ US \$ in August 2020 supported by high foreign exchange reserves and relatively low trade deficit.

With Q2FY21 earnings season, MPC decision over rates, state election and further opening up of the economy, market will remain volatile going forward.

There were big Agriculture reforms in form of passing of three bills (Farmers' produce trade and commerce bill, the essential commodities bill and the farmers agreement on price assurance and & farm Services Bill) by the government. These labour reforms will provide benefits to employers, farmers which will drive the investments across sectors.

Sectoral Performance

On the sectoral front, Nifty IT index has outperformed all other major indices with a strong gain of 11.3% followed by consumer durables at 6.6% gain and Nifty pharma at 6.3% gain. Nifty bank index declined by 10% and it has been one of major under performer among the leading indices. The reason for correction in the Bank Nifty was likely rising stress in the banking system with an expectation of increase in NPAs. Selling pressure was witnessed in some other major indices such as Nifty Financial services, Nifty Metal,

Nifty Realty at 6.7%, 7.4%, 4.9% decline followed by Nifty Media at 1.6% decline. Nifty Auto index gained marginally by 0.9%.

RBI likely to opt for status quo on rate decision

RBI will announce its monetary policy decision on October 9, 2020. With headline inflation at 6.7% (in Aug 2020) which was above the RBI's inflation target of 4%, RBI is most likely to opt for status quo on rates as per consensus estimates.

On the global front

In the month of September 2020, Global equities recorded its first monthly decline after the months of recovery from the March sell-off. During the month, NASDAQ index fell by more than 5% followed by Dow Jones at -2.3% and S&P 500 at -3.9%. FTSE 100 and Nikkei 225 witnessed marginal gain of 0.1% and 0.2% respectively. With less than a month to the US presidential elections, Increasing Covid-19 cases and political tension between US and China, global market is expected to remain a volatile.

Commerce department reported that the US GDP fell at a rate of 31.4% in the April-June quarter, only slightly changed from the 31.7% drop estimated one month ago. Manufacturing data from China and Japan shows growing demand for exports. China's factory activity extended its solid growth in September, as payrolls expanded for the first time and overseas demand surged.

Economic Data Wrap Up: September

- India's Nikkei Services PMI increased to 49.8 in September from 41.8 in August.
- India's Nikkei Manufacturing PMI rose to 56.8 in September (highest since 2012) from 52.0 in August.
- India's Trade deficit narrowed to \$2.9bn in September from \$6.8bn in August.
- India's August WPI inflation came in at 0.2% as compared to -0.6% in July.
- India's August CPI inflation came in at 6.7% as compared to 5.9% in July.
- India's July IIP at -10.4% as compared to -15.8% in June.

Nifty Technical Outlook: Oct - 2020



On the monthly chart, we are observing a narrow range body formation with lower shadow testing the median line of the channel (shown above in the graph). In coming month if Nifty trades and close above 11404 level then it is likely to test 11646 - 11888 - 12169 levels. However, if Nifty trades and close below 11089 level then it can test 10848 - 10606 - 10325 levels.

At present the monthly trend is up. Hence, near 10848 - 10606 levels there is high probability that buying may emerge which could propel nifty to test 11606 - 11888 - 12179 levels. Hence, one needs to adopt cautiously positive approach at current level as stock specific move is likely to continue.



Fundamental Stock

Ultramarine Pigments Ltd

BUY

Target Price: Rs. 315

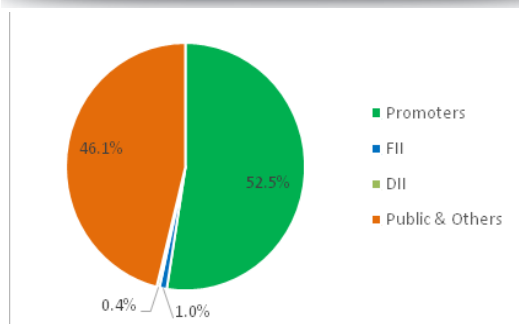
Value Parameters

BSE Code	506685
CMP (As on 05 th Oct, 2020)	Rs. 259
Face Value	Rs. 2
52 Week High / Low	299/103
Market Cap (Rs bn)	756
EPS (FY22E)	Rs. 21
P/E (x) (FY22E)	12.2

Company Overview:

Ultramarine & Pigments Limited (UPL) is an India-based company, which is engaged in offering surfactants, pigments and information technology-enabled services (ITES). The Company operates through three segments: Laundry and allied products, IT enabled services & BPO activities, and Wind Turbine Generator. The Company's operations relate to manufacture of laundry and allied products and its intermediaries, and providing ITES and business process outsourcing (BPO) activities. The Company is also engaged in generation of power from wind turbine. The Company caters to the needs of the domestic market. The Company's products include pigments, detergents and sulfonation. The Company's manufacturing plants are located at Ambattur, Ranipet and T V K Industrial Estate in Tamil Nadu.

Shareholding Pattern % (Jun - 20)



Investment Rationale

UPL has been a consistently performing with PAT margins increasing more than 15% over the last 3 years, and despite the pandemic and revenue loss, it was able to keep a PAT margin of 16.5% in Q1FY21, showing the company's resilience to any external shock.

UPL has been increasing its plant capacity as the demand kept increasing and operating at maximum capacity reflecting its optimum management of operational efficiency. The new Pigments plant in Naidupet, Andhra Pradesh is expected to complete by FY22, and hopefully the pandemic and its lingering effect on the macro-economic demand will vanish by then, giving UPL the ability to increase its production at the right time and boost revenues.

UPL has a minimal debt burden on itself, hence the revenue/demand loss due to pandemic is not accompanied by high interest costs. While the profit-making ability sustains with UPL, the demand for its products picks up gradually as the lockdowns subside.

Import hurdles in chemical industries due to Government restrictions on Chinese goods as well as export subsidies if any, is an added benefit for domestic chemical companies. UPL has a strong product portfolio of surfactants and pigments, while the ITES segment hasn't been affected much on the business front.

Outlook & Valuation:

At CMP of Rs 259, Ultramarine & Pigments is trading at PE of 12.2x to its FY20 EPS of Rs 21.2. The company was impacted during the COVID - 19 pandemic, but mostly due to the lockdown and with its product basket of surfactants and pigments, we see revival of demand at its forefront. Ultramarine Pigments Ltd is one of the largest Pigment and Surfactant manufacturing company of Indian origin. The chemical industry remains an attractive hub of opportunity even in an environment of current global uncertainties. However, UPL has been a consistent performer in terms profitability, ongoing capex, minimal debt and increasing dividend distribution to shareholders. We have a Buy rating on the stock with a target price of Rs 315, which gives a potential upside of 22% from current level.

AUT SECTOR

SEPTEMBER SALES



Maruti Suzuki

Total Sales: 160,442 units, 30.8% YoY up
 Domestic Sales: 152,608 units, 32.2% YoY up
 PV Sales: 147,912 units, 33.9% YoY up
 Exports: 7,834 units, 9.0% YoY UP



TVS Motor

Total Sales: 327,692 units, 4% YoY up
 2Wheeler Sales: 313,332 units, 4.1% YoY up
 Exports: 85,163 units, 19% YoY up



Mahindra & Mahindra

Total Sales: 35,920 units, -17% YoY down
 Domestic Sales: 34,351 units, -16% YoY down
 PV Sales: 14,857 units, 4% YoY up
 CV Sales: 18,907 units, 0% YoY
 M&HCV Sales: 153 units, -63% YoY down
 Exports: 1569 units, -41% YoY down



Atul Auto

Total Sales: 1,633 units, -69.22% YoY down



Bajaj Auto

Total Sales: 441,306 units, 10% YoY up
 Domestic Sales: 228,731 units, 6% YoY up
 CV Sales: 36,455 units, -44% YoY down
 Motorcycle Sales: 404,851 units, 20% YoY up
 Exports: 212,575 units, 14% up



Escorts

Total Sales: 11,851 units, 9.2% YoY up
 Domestic Sales: 11,453 units, 8.9% YoY up
 Exports: 398 units, 19.2% YoY up



Hero MotoCorp

Total Sales: 715,718 units, 16.90% YoY up



Ashok Leyland

Total Sales: 8,344 units, -5% YoY down
 M&HCV Sales: 3,642 units, -23% YoY down
 LCV Sales: 4,567 units, 20% YoY up



Tata Motors

Total Sales: 44,444 units, 37% YoY Up
 PV Sales: 21,199 units, 163% YoY Up
 CV Sales: 24,910 units, -11% YoY Down
 M&HCV Sales: 4,606 units, -9% YoY Down



Volvo-Eicher Commercial Vehicles

Total Sales: 3,506 units, -7.3% YoY down

Eicher Motorcycle

Total Sales: 60,041 units, 1% YoY up
 Exports: 4,131 units, -11% YoY down

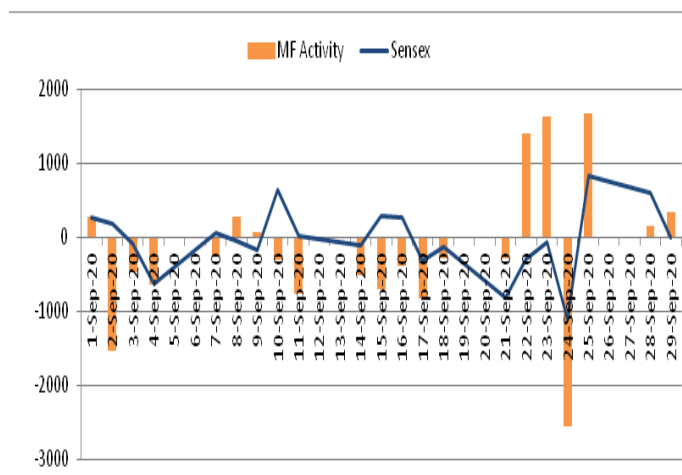


MUTUAL FUNDS

Indian equity markets tumbled in the month of Sep 2020. The barometer index, S&P BSE Sensex delivered negative returns of 1.45% to settle at 38067.93 and Nifty50 loses 1.23 % ending the month at 11247.55.

MF ACTIVITY

Indian mutual funds were net seller of equities to the tune of Rs 4243.70 crores in the month of September 2020. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 1856.23 crores of equities. On the other hand, foreign institutional investors (FIIs) were net seller to the tune of Rs 9114.15 crores worth of equities in September 2020.



Mutual Fund Activity In Sep 2020

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	8500.37	11428.10	-2927.73
2nd Week	10454.65	11418.77	-964.12
3rd Week	16425.70	19136.35	-2710.65
4th Week	21151.70	19295.47	1856.23
Total	60657.20	64900.90	-4243.70

Note: Mutual Fund activity as on 29th Sep 2020

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Sep, 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)	31.14	16764	05-Jan-10	0.68	9.47	10.6	10.97	1000	5000
ICICI Pru Bluechip Fund (G)	41.36	24365	23-May-08	-1.36	3.33	7.97	12.16	100	100
Mirae Asset Large cap Fund(G)	52.02	18386	04-Apr-08	3.44	5.54	10.13	14.11	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	29.65	11372	29-Jun-12	1.44	6.68	11.25	13.97	1000	5000
Kotak Standard Multicap Fund(G)	35.17	29714	11-Sept-09	-0.1	3.92	8.92	11.88	500	5000
SBI Magnum Multicap Fund (G)	47.21	9063	29-Sept-05	-4.34	1.93	7.82	10.92	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	62.07	7883	25-Jun-07	16.18	5.82	11.77	14.04	500	5000
L&T Mid Cap Fund (G)	138.5	5791	9-Aug-04	10.57	0.80	9.34	17.68	500	5000

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

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 30 th Sep,, 2020 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.47	2238.12	28818	0.25	0.80	1.98	4.85	7.60
ICICI Pru Liquid Fund(G)	3.64	298.48	54052	0.26	0.81	2.02	4.85	7.62
Ultra Short Term Fund								
Kotak Saving Fund(G)	4.04	33.14		0.27	1.02	3.27	6.46	7.70
L&T Ultra Short term Fund(G)	3.55	33.65	2045	0.25	0.84	2.98	6.14	7.41

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

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Sep, 2020 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	19.14	4181	28-Dec-15	9.66	7.83	-	14.59
Axis LT Equity Fund(G)	47.17	21905	29-Dec-09	0.97	6.78	9.00	15.44
Kotak Tax Saver(G)	45.50	1244	31-May-96	4.28	4.69	8.19	10.73

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

THE MONTH AHEAD KEY FINANCIAL EVENTS OCTOBER 2020



OCT 01

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

OCT 02

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

OCT 05

- USD ISM Non-Manufacturing PMI

OCT 06

- INR Nikkei Services PMI (Sep)

OCT 07

- USD FOMC Meeting Minutes
- Indian Automobile Sales Data, by SIAM

OCT 12

- INR Industrial Production (YoY) (Aug)
- INR Manufacturing Output (MoM) (Aug)
- INR CPI (YoY) (Sep)

OCT 14

- GBP Monetary Policy Report Hearings
- INR WPI Inflation (YoY) (Sep)

OCT 16

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

OCT 23

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

OCT 29

- USD Advance GDP q/q
- EUR Main Refinancing Rate
- EUR Monetary Policy Statement
- EUR ECB Press Conference

THINK
BIG
START **SMALL**

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING

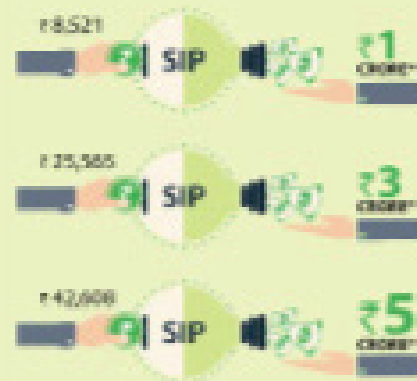


RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

20 YEARS PERIOD

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