

Arihant's VALUE *Plus*

Issue | JANUARY 2020



May you achieve all your
Financial Goals this New Year.

Happy New Year

2020

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MOVERS & SHAKERS



INDIAN INDICES

Indices	Dec-19	Dec-18	Yearly Change (%)
SENSEX	41253.74	36068.33	14.38↑
NIFTY 50	12168.45	10862.55	12.02↑
NIFTY BANK	32161.65	27160.20	18.41↑
NIFTY MIDCAP 100	17102.50	17875.50	-4.32↓
NIFTY 500	9872.55	9170.00	7.66↑
NIFTY IT	15652.40	14440.30	8.39↑
NIFTY REALTY	298.55	232.35	28.49↑
NIFTY INFRA	3255.30	3175.50	2.51↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Dec-19	Dec-18	Yearly Change (%)
AUTO	18485.00	20833.75	-11.27↓
BANKEX	36671.50	30376.68	20.72↑
CD	25011.55	20694.63	20.86↑
CG	16943.93	18821.04	-9.97↓
FMCG	11405.88	11829.07	-3.58↓
HC	13429.11	13923.37	-3.55↓
IT	15475.81	14089.56	9.84↑
METAL	10428.20	11839.59	-11.92↓
OIL & GAS	14744.76	13748.57	7.25↑
PSU	6955.57	7236.53	-3.88↓
REALTY	2280.54	1797.83	26.85↑
TECK	7717.63	7066.06	9.22↑

GLOBAL INDICES

Indices	Dec-19	Dec-18	Yearly Change (%)
DOW JONES	28538.44	23433.16	21.79↑
NASDAQ	8972.60	6738.86	33.15↑
HANG SENG	28189.75	25626.03	10.00↑
FTSE	7542.44	6837.42	10.31↑
NIKKEI	23656.62	22166.82	6.72↑

COMMODITIES

Particulars	Dec-19	Dec-18	Yearly Change (%)
MCX GOLD	39108.00	31391.00	24.58↑
MCX SILVER	46711.00	38821.00	20.32↑
MCX CRUDE OIL	4386.00	3170.00	38.36↑
MCX NATURAL GAS	155.50	212.20	-26.72↓

(Source: Falcon software)

FOREX

Particular	Dec-19	Dec-18	Yearly Change (%)
USD-INR ₹	71.38	69.77	2.31↑
EUR-INR €	80.10	79.98	0.15↑
GBP-INR £	94.18	89.06	5.75↑
JPY-INR ¥	65.78	63.42	3.72↑

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for 2019	1,448,712.55	1,348,808.46	99,904.09

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for 2019	728,411.92	660,829.11	67,582.81

(Source: SEBI)

How to Save More Money in 2020-Financial Resolutions For The New Year



2019 has come to an end and beginning a new year brings all kinds of “New Year, New Me” resolutions in mind. While it is a great time to enjoy the festivities, we suggest that you take time out to reflect on the plans and resolutions for the new year. Before you read ahead, ask yourself, have you been able to meet your financial goals this year? Did you save as much as you initially planned to or did you spend over your expectations?

In most cases, there are more chances of new year resolutions being unfulfilled than actually being followed. But don't worry, we're suggesting you a few tips for financial resolutions that will actually work in the New Year:-

Identify your financial goals

Ideally, identifying your goal should be the first step in your financial planning process. Goals will differ from person to person, the most common being planning for your children's marriage, children's education, buying a house or a car or planning a foreign trip. Whatever be your goal, make sure they are specific, measurable and you are able to put a monetary figure to them.

Once you're clear with what you want to achieve, you can devise a plan or strategy that you will follow to fulfill the goals.

Keep Track of your expenses

In this Digital era, one swipe is all you need to make an expenses, hence it is very important to track your expenses use budget tracker app like Spending tracker, Spending tracker, Mint, Goodbudget etc. to monitor your monthly expenses.

Asset Allocation – The key to investing

In investing always follow Asset Allocation approach. As they say, do not put all your eggs in a basket. Each asset class has its own cycle, hence to maximize returns always allocate your investment across multiple asset classes like Equity, Gold or Real Estate

Prepare an emergency fund

Some expenses in life come unexpectedly. Hence, you must always be prepared. Prepare an emergency fund that you can utilise in case of an emergency – whether it is a medical emergency or someone close

How to Save More Money in 2020-Financial Resolutions For The New Year



requires your help in funding urgently, you should keep funds that you do not use unless the situation demands for that. Investing money in a fixed deposit can also help.

Save up your tax

Think of ways in which you can save tax from your taxable income. We would suggest investing in ELSS (Equity Linked Saving Scheme) or NPS (National Pension System) which will help you save tax along with growing your wealth. To give you a brief, ELSS & NPS helps you save on income tax by investing in equities. The Income Tax Act allows taxpayers to invest up to Rs. 1.5 lakh under section 80C and in addition Rs. 50,000 under section 80CCD that can be claimed as a deduction from taxable income.

Pay your bills on time

Timing is everything when it comes to paying your bills. Not only does paying bills release the tension from your mind, it also improves your credit score. Bank or Credit card agencies charge very high rate of interest approx 15-25% which can cause a big hole in your pocket.

Invest in Knowledge

An investment in knowledge always pays the best interest. Invest some time or money (if required) in attending finance webinars, reading finance-related books and you can implement your learnings into your financial strategy and planning.

Save before you spend

The best way to go about saving more money is to save first then spend instead of saving what is left out at the end of the month. Saving after you spend is difficult as you might not be able to save enough or anything at all by the end of the month or year.

We hope that these tips will help you in the coming year and even in the future to come. Saving up isn't a difficult task if you plan accordingly. Having sound finances should be a means and not the ultimate door to happiness. If you are financially free in your life, you can then focus on your health, relationships or pursue your dreams in the way you had always imagined.

Monthly Market Roundup

Indian market closed the month of December on a buoyant note, with benchmark indices scaling new all-time high levels. The S&P BSE Sensex was up by 1.1% and the CNX Nifty climbed 0.9% for the month. Despite year-end holiday mood, foreign investors remained net buyers for the month and pumped in Rs 694 cr in the cash market, though domestic investors were in profit booking mode and were net sellers of Rs 741 cr in the cash market for the month of December. In a major reform push, the government on the last day of the year (31st December, 2019) unveiled Rs 102 lakh crore of infrastructure projects that will be implemented in the next five years as part of the government's spending programme in the infrastructure sector.

On the sectoral front, Nifty Metal Index was the top performer with 6.7% gain for the month followed by Nifty Realty (+5.8%) and Nifty IT (+4.4%) index. Other prominent gainers for the month were Nifty Finance (+2.4%), Nifty Auto (+2.0%) and Nifty Bank (+0.7%). On the losing side, PSU Bank index was the worst performer with 5.4% loss for the month, followed by Nifty FMCG (-2.8%), Nifty Pharma (-1.8%) and Nifty Media (-1.7%). The small and midcap indices' performance were mixed, while Nifty 50 Midcap Index closed the month on a negative note with 0.5% loss, Nifty 100 Smallcap ended the month with a gain of 0.3%.

On the economic front, the highlight of the month was the RBI's December monetary policy meet. There was hope from the investor community that RBI in its December policy meeting will cut the benchmark repo rate to kick start the economy. However, RBI has hit the pause button citing increasing inflationary risk, though maintaining accommodative stance. The MPC significantly increased its CPI inflation forecast for H2FY20 to 5.1 - 4.7% from earlier 3.5 - 3.7%. The MPC also considerably reduced its GDP forecast for FY20 to 5% from the previous 6.1%. As far as auto numbers are concerned for December 2019, other than Maruti Suzuki, most of the auto firms posted negative growth. For Maruti, total sales were up by 3.9% YoY at 133.3K units while exports rose to 10.2%. M&M PV sales are up 4% YoY at 15691 units while rural distress is recovering with positive tractor sales numbers, up by +3% YoY. Weakness in CV segment impacted Ashok Leyland's numbers, with Dec 19 total sales at 11.2K units (-28% YoY). Bajaj Auto reported fall in sales, with total sales at 336K units (-3% YoY), with exports rising to 182.8k units (+10% YoY).

On the global front, the key event for the month was the long-awaited trade agreement between US and China. Both the countries have agreed to sign the Phase-I of the trade deal in the month of January 2020, thereby ending the uncertainties surrounding the US-China trade war. This positive development has fuelled the risk-on rally in the global market, with US' Dow Jones and Nasdaq closing the month in green with gains of +1.7% and +3.5% respectively. The European markets also closed the month on a positive note with France's CAC and UK's FTSE closing the month with +1.3% and +2.7% gains respectively.

Nifty Technical Outlook: Jan - 2020



On the monthly chart, we are observing two consecutive narrow range body formations with higher highs. This suggests that the undertone in the market is positive and momentum on the upside is likely to continue.

In coming month if Nifty trades and close above 12260 level then it is likely to test 12395 - 12530 - 12687 levels. However, if Nifty trades and close below 12076 level then it can 11941 - 11807 - 11650 levels.

Broadly we are of the opinion that the monthly trend is up and any decline in the range of 12101 - 12059 - 11941 should be used as to go long, with a stop loss of 11940 for a target of 12395 - 12530 - 12687 levels.

Economic Data Wrap Up : December

- India's December Nikkei manufacturing PMI rose to 52.7 from 51.2 in November.
- India's December Nikkei services PMI rose to 53.3 from 52.7 in November.
- India's IIP growth contraction eased to -3.8% in October as compared to -4.3% in September.
- India's October CPI inflation spikes to 5.54% in November as compared to 4.62% in October.
- India's October WPI inflation spikes to 0.58% in November as compared to 0.16% in October.

Fundamental Stock

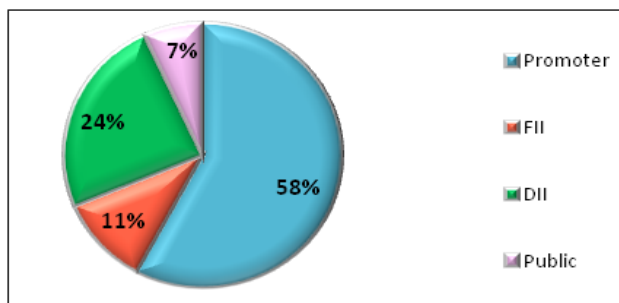
State Bank of India

BUY Target Price: Rs. 456

Value Parameters

BSE Code	500112
NSE Symbol	SBIN
CMP (As on 1 st Jan 2020)	Rs 334
Face Value	Rs 1
52 Week High / Low	373/244
Market Cap (Rs Cr)	3,00,982
EPS (FY22E)	Rs 54
PE ratio (x) (FY22E)	6.16

Shareholding Pattern % (Sept'19)



Company Overview:

The bank's total revenue (interest income) stood at INR 2,42,869 Cr and had a net income interest of INR 88,349 Cr for FY19. The bank has an employee strength of 2,57,252 at the end of March 2019 and is categorized by RBI as a domestic systemically important banks (D-SIBs). 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.

Investment Rationale:

Gradual Improvement in Asset Quality: SBI has been able to contain the gross NPA levels and bring down to 7.2% by end of Sept 2019 from 10.9% at the end of FY18, i.e. improvement of more than 270 basis points within 6 quarters.

Falling interest rates on savings accounts to make cost cheaper for the bank: SBI has the largest number of salaried savings accounts mostly comprising of the PSU employees which has helped maintain strong CASA levels for the bank in all its past. We expect the deposit rates to go below 3% in the future

Credit costs to remain below 2% as slippages reduce in future: The bank's credit costs to remain below 2% in the future ahead with lesser incidents of fresh big-ticket slippages along with already low NPA levels from the retail lending business

Healthy Recoveries in line from NPA kitty: The bank is the largest lender to most of the distressed assets stuck in the NPA cycle and will also be the biggest beneficiary from resolution of insolvent and bankrupt companies. Successful resolution of such distressed assets will lead to the recovery and writing down of earlier accounted NPAs, which will boost the bottom-line for the bank, e.g. Essar Steel resolution, will fetch around INR 12,161 Cr to SBI after significant haircuts.

Valuations: SBI is competing well with other private banking peers chasing the fruits of higher retail mix in its loan-book with its vast branch network, digital app-based & net banking accessibility for its consumers and an array of various other group company products to cater to its loyal customers. The bank has a total of 21,929 branches with more than 66 million internet banking users and is marching through its various new digital initiatives. The bank's subsidiaries are performing even better than the core parent bank with the life insurance subsidiary and the credit cards subsidiary gaining market share. SBI is currently trading at a P/adj. BV of 1.7 for FY19. We assign a BUY rating on P/adj. BV of 1.0x for FY22E ABVPS of INR 299 per share to arrive at a Target Price of INR 456 per share with an upside of 37% over CMP using SOTP approach for the subsidiaries.

AUT SECTOR

DECEMBER Sales



Maruti Suzuki

Total Sales: 1,33,296 units, 3.9% YoY up
 Domestic Sales: 1,24,375 units, 2.4% YoY up
 PV Sales: 1,22,784 units, 2.5% YoY up
 Exports: 7,561 units, 10.2% YoY down



TVS Motor

Total Sales: 2,31,571 units, -15% YoY down
 2Wheeler Sales: 215,619 units, -17% YoY down
 3Wheelers Sales: 15,952 units, +26% YoY up
 Exports: 73,512 units, +22% YoY up



Mahindra & Mahindra

Total Sales: 39,230 units, -1% YoY down
 Domestic Sales: 37,081 units, 1% YoY up
 PV Sales: 15,691 units, 4% YoY up
 CV Sales: 17,384 units, -12% YoY down
 M&HCV Sales: 478 units, -42% YoY down
 Exports: 2,149 units, -30% YoY down



Atul Auto

Total Sales: 4,100 units, -5.4% YoY down



Tata Motors

Total Sales: 46,903 units, -13.8% YoY down
 PV Sales: 12,785 units, -10% YoY down
 CV Sales: 34,082 units, -15% YoY down
 M&HCV Sales: 6,957 units, -40% YoY down



Escorts

Total Sales: 4,114 units, -10.5% YoY down
 Domestic Sales: 3,806 units, -9.6% YoY down
 Exports: 308 units, -20.2% YoY down



Bajaj Auto

Total Sales: 3,36,055 units, -20% YoY down
 Domestic Sales: 1,53,163 units, -15% YoY down
 CV Sales: 51,253 units, 8% YoY up
 Motorcycle Sales: 2,84,802 units, -5% YoY down
 Exports: 1,82,892 units, 10% YoY up



Ashok Leyland

Total Sales: 11,168 units, -28% YoY down
 M&HCV Sales: 7,025 units, -38% YoY down
 LCV Sales: 4,143 units, -1% YoY down



Hero MotoCorp

Total Sales: 4,24,845 units, -6.4% YoY down



Volvo-Eicher Commercial Vehicles

Total Sales: 5,042 units, -19.1% YoY down

Eicher Motorcycle

Total Sales: 50,416 units, -13% YoY down
 Exports: 1,927 units, -14% YoY down

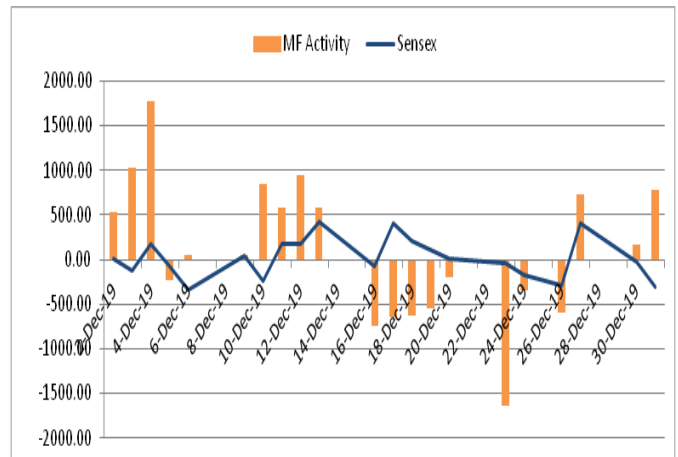


MUTUAL FUND

Indian equity markets ended on positive note in December 2019. The barometer index, S&P BSE Sensex delivered positive returns of 1.13% to settle at 41253.74 and Nifty50 gained 0.93% ending the month at 12168.45.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 2482.75 crores in the month of December 2019. Highest Buying was recorded in the first week of the month when the fund houses made total net buy of Rs 3163.88 crores of equities. On the other hand, foreign institutional investors (FIIs) were net buyers to tune Rs 7338.40 crores worth of equities in December 2019.



Mutual Fund Activity In December 2019

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 st Week	13688.11	10524.23	3163.88
2 nd Week	12298.67	9310.16	2988.51
3 rd Week	11232.20	13999.91	-2767.71
4 th Week	7632.63	9490.93	-1858.30
5 th Week	3713.29	2756.92	956.37
Total	48564.90	46082.15	2482.75

Note: Mutual Fund activity as on Dec 2019

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Nov, 19 (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)	32.05	9,481	05-Jan-10	18.57	20.36	10.66	12.37	1000	5000
ICICI Pru Bluechip Fund (G)	44.49	24,635	23-May-08	9.77	13.07	9.22	13.73	100	100
Mirae Asset Large cap Fund(G)	54.27	16,519	04-Apr-08	12.73	15.78	11.83	15.50	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	30.75	8,891	29-Jun-12	14.65	18.76	12.72	16.15	1000	5000
Kotak Standard Multicap Fund(G)	37.37	29,096	11-Sept-09	12.28	14.34	10.99	13.65	500	5000
SBI Magnum Multicap Fund (G)	51.07	8,317	29-Sept-05	10.97	12.83	10.79	12.11	500	1000
Mid Cap Fund									
DSP MidCap Fund(G)	57.34	6,771	25-Jun-07	9.21	11.11	10.40	14.23	500	5000
L&T Mid Cap Fund (G)	132.93	5,928	9-Aug-04	-0.15	10.19	10.23	18.30	500	5000

Note: Returns as on 31st December, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 30 th Nov, 2019 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	5.26	2034.72	30,628	0.43	1.36	2.92	6.64	7.84
ICICI Pru Liquid Fund(G)	5.29	443.18	61,257	0.43	1.35	2.90	6.60	7.79
Ultra Short Term Fund								
Kotak Saving Fund(G)	5.50	31.63	11,765	0.38	1.66	3.69	7.84	7.77
L&T Ultra Short term Fund(G)	5.35	32.17	2,781	0.38	1.53	3.55	7.56	7.47

Note: NAV and Returns as on 31st December, 2019, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Nov, 2019 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	19.02	2,877	28-Dec-15	14.07	18.13	-	17.41
Axis LT Equity Fund(G)	49.26	21,160	29-Dec-09	14.83	17.46	11.42	17.28
Kotak Tax Saver(G)	46.77	1,030	31-May-96	12.67	13.18	9.59	11.56

Note: NAV and Returns as on 31st December, 2019, Returns < 1 yr annualised, > 1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS JANUARY 2020



JAN 01- 02

- Indian Nikkei Manufacturing PMI
- Indian Automobile Sales Data, by Automakers
- GBP Final Manufacturing PMI
- USD Final Manufacturing PMI

JAN 03

- USD ISM Manufacturing PMI

JAN 06

- Indian Nikkei Service PMI
- USD ISM Non-Manufacturing PMI
- EUR PPI

JAN 07

- EUR CPI Flash Estimate
- EUR Retail Sales

JAN 08

- Indian Automobile Sales Data, by SIAM

JAN 09

- EUR ECB Monetary Policy Meeting Accounts
- USD Unemployment Claims
- EUR Unemployment Rate

JAN 10

- Indian IIP
- USD Average Hourly Earnings
- USD Unemployment Rate

JAN 13

- Indian CPI
- GBP GDP
- GBP Manufacturing Production
- GBP Industrial Production

JAN 14

- USD CPI
- USD Core CPI
- Indian WPI

JAN 15

- GBP CPI
- USD Core PPI
- USD PPI

JAN 16

- USD Core Retail Sales
- USD Retail Sales

JAN 17

- GBP Retail Sales
- USD Industrial Production
- EUR Final CPI

JAN 23

- EUR Monetary Policy Statement
- EUR ECB Press Conference

JAN 24

- GBP Flash Manufacturing PMI
- GBP Flash Services PMI
- USD Flash Manufacturing PMI

JAN 30

- USD FOMC Press Conference
- GBP Monetary Policy Summary
- USD Advance GDP

CLIENT INTERACTION



Wealth Management The Warren Buffett way



Investor Awareness Program



National Pension System



Eligibility
Indian Citizen
18-65 age



Asset Classes -
Equity, Government Bond,
Corporate Bond,
Alternative Investment



Tax benefits-
Rs. 1,50,000 under section 80C &
Rs. 50,000 under section 80CCD(1B)



Lock-in Period
Matures at 60



Investment Choice -
Active
Auto



Types of Account-
Tier 1, Tier 2



Partial
Withdrawal up to 25% after 3 years
under specific conditions*



Cost -
Low cost,
Fee capped at 0.01%

*for a specific purpose like Higher education,
child's marriage, buying home, treatment of critical illness, etc..

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

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NSDL : IN-DP-NSDL-165-2000; CDSL: IN-DP-CDSL-317-2005; AMFI – ARN 15114; SEBI - RA INH000002764

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