



Market News

Market Close: Selling seen in the auto and banking names in the second half dragged the Nifty and Sensex below the crucial levels of 11,200 and 38,000 respectively.

At close, the Sensex was down 433.15 points or 1.13% at 37877.34, and the Nifty was down 122.10 points or 1.08% at 11178.40. About 1085 shares have advanced, 1600 shares declined, and 133 shares are unchanged.

Eicher Motors, Tata Motors, M&M, Bajaj Finance and Axis Bank were among major losers on the Nifty, while gainers were JSW Steel, Coal India, Sun Pharma, Cipla and NTPC. Taking Stock: Bears take control of D-St; Sensex gives up 38,000, Nifty below 11,200

The S&P BSE midcap index was down more than 1 percent while the smallcap index fell by 0.5 percent.

Hindalco misses expectations to reports standalone loss in Q1 at Rs 40 crore

Hindalco has reported a one-time loss at Rs 35 crore under exceptional item owing to the exgratia amount paid to the employees for their contribution during COVID-19 pandemic. Tata Comm up 5%, Airtel and Vodafone Idea in the red. Bharti Airtel and Vodafone Idea have sought 15 years for paying their AGR dues.

Ashok Leyland share price gains after CLSA upgrades stock to buy

Jefferies has maintained a buy on the stock with target of Rs 75 per share while CLSA has upgraded the stock to buy from underperform and has raised target to Rs 80 from Rs 53 per share. Tata Steel share price rises post June quarter earnings

Total revenue from operations fell to Rs 24,288.51 crore in Q1 FY21 against Rs 33,769.95 crore sequentially and Rs 35,947.11 crore year-on-year.

BPCL reports Q1 profit of Rs 2,076 crore, lockdown drags average GRM to \$0.39 per barrel. Average gross refining margins (GRM) for the quarter under review stood at \$0.39 a barrel versus \$2.81 a barrel in year-ago period. Eicher Motors reports Rs 55 crore loss in Q1, operating margin misses estimates

VECV reported an 84 percent decline in sales with 2,129 units as against 13,331 units in the Q1 of last year. Aurobindo Pharma shares fall 3% despite a 22% jump in Q1 profit

At operating level, its earnings before interest, tax, depreciation and amortisation (EBITDA) rose 9.7 percent YoY to Rs 1,257.4 crore, and margin expanded 10 bps to 21.2 percent in Q1FY21, compared to same period last year.

Mahindra Finance rights issue subscribed 1.3 times

The rights issue of non-banking finance company was opened for subscription on July 28 and the closing date was August 11.

Result Calendar

Date	Company Name
17 Aug 2020	PETRONET
18 Aug 2020	ZEEL
19 Aug 2020	MUTHOOTFIN



MARKET-HUB

Corporate Action	Company Name	Type & Percentage	Record Date	Ex-Date
Dividend	National Perox	Final (125.00%)	~	17-08-2020
	Hindcon Chemica	Final (9.00%)	~	17-08-2020
	Cummins	Final (350.00%)	18-08-2020	17-08-2020
	Birla Corp	Final (75.00%)	~	17-08-2020
	United Brewerie	Final (250.00%)	~	18-08-2020
	Equitas Holding	Interim (10.00%)	19-08-2020	18-08-2020
	Can Fin Homes	Final (100.00%)	~	18-08-2020
	Sun Pharma	Final (100.00%)	~	19-08-2020
	UPL	Final (300.00%)	~	19-08-2020
	RITES	Final (60.00%)	~	19-08-2020
	Heritage Foods	Final (50.00%)	~	19-08-2020
	Tata Comm	Final (40.00%)		20-08-2020
	Tide Water Oil	Final (2800.00%)	~	20-08-2020
	GNFC	Final (20.00%)	~	20-08-2020
	MCX India	Final (300.00%)	~	21-08-2020
Rights issue	Minda Ind Fy(2)	Rights Ratio (1:27)	18-08-2020	14-08-2020

Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 11373.65 and in Downside 11111.45.



NIFTY WEEKLY CHART



BANKNIFTY WEEKLY CHART

Nifty Spot in Upcoming Week:-

There is strong support is 10850 if not break this level then we will see buy in deep upside 11400 is strong resistance if not cross this level then sell on rise down side 11000 to 10900 possibility.

Bank Nifty in Upcoming week:-

There is strong resistance 22200 sell on rise with sl 22200 down side target 21200 possibility.

Recommendation for next week

Serial No.	Stock Name Cash segment	Above / Below / Add HOLD	CMP as on 15.08.2020	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	CANBK(BUY)	HOLD99	101.30		90		125/135
2	AJANTPHARM(BUY)	AROUND1550	1693		1435		1850
3	LT(BUY)	AROUND960	982.80		929		1071

Commodity Market

COPPER: ~ Buy in deep with stop loss 490 upside target will be 531 possibility.



CRUDEOIL:- There is strong resistance is 3333 sell on rise this day closing sl down side target 2900 possibility buy in deep with sl 2800.



SILVER: - There is strong support is 60400 buy in deep this sl upside target 71700 to 74000 possibility.



GOLD:- sell on rise with sl 54400 don side target 51400 possibility.



Currency Market (Future Levels)

USDINR: - Investors can buy in deep with stop loss 74.50 upside target will be 75.30 possibility, Investors can sell on rise with stop loss 75.70 down side target will be 75.00 to 74.80 possibility.



GBPINR: - Investors can buy in deep with stop loss 97.00 upside target will be 99.00 to 100.00 possibility.



EURINR: - Investors can buy in deep with stop loss 87.00 upside target will be 89.35 possibility sell on rise with stop loss 89.40 down side target will be 87.10 possibility.



JPYINR: - Investors can buy in deep with stop loss 69.60 upside target will be 70.50 possibility.



Currency FUT LEVEL	DEMAND ZONE LEVEL		CLOSE	SUPPLY ZONE LEVEL	
	D2	D1		S1	S2
USDINR	74.50	74.74	75.02	75.31	75.65
GBPINR	96.48	97.15	98.27	99.00	100.00
EURINR	87.20	88.00	88.58	89.02	89.30
JPYINR	69.00	69.75	70.34	70.57	71.06

Currency Corner

Premium / Discount (USD/ INR) Based on Forward Rates	
Duration	Premium
One month Forward	0.21
Three month Forward	0.34
Six month	1.16
One year	2.63

RBI reference Rates	
Currency	Rates
USD	74.84
GBP	97.85
Euro	88.55
100 Yen	70.17

About Marcellus Little Champ Portfolio:

(Continued from Previous Week.)

Quite often we study the portfolio of many Mutual Funds Schemes. Similarly, we will study the portfolio of Marcellus Small Cap Funds. In continuation to the previous week, this time, we will study the other aspects of their portfolio companies.

▪ **We buy small cap companies with high RoCE (RETURN on CAPITAL EMPLOYED) combined with high reinvestment rates:**

However, high RoCE by itself would not be of much use if the company is not able to find avenues to redeploy the surplus cash flows at the current high level of RoCE. On the other hand, companies which are able to maintain a combination of high reinvestment rates amidst high RoCEs typically deliver the highest share price returns .

However, maintaining this combination is a lot easier said than done as there may be only limited avenues for growth within the core business and companies have to necessarily look at diversification either organically (new products, new geographies) or inorganically through acquisitions. There is a great challenge in sensibly allocating their surplus cash flows as most of the diversification measures (mainly inorganic) historically did not yield the desired results.

▪ **Very few companies can combine high RoCEs with high reinvestment rates.**

There is an extremely small set of small cap companies in India which are able to achieve the above combination of high RoCEs and high reinvestment rates over the longer term. However, this is one of the key traits we look for while shortlisting the stocks for our Little Champs portfolio. It goes without saying that achieving this require: (a) the work ethic to grow the organisation larger such as instilling process oriented culture, devolution of power & responsibilities to build scale etc; (b) the capital allocation skills to rationally and patiently invest in building long term competitive advantages; and (c) the skill and the drive to run efficient manufacturing operations such as keeping the working capital cycles tight.

Our analysis suggest Little Champs have been able to achieve their sustainably high levels organic growth due to the following reasons:

- **Businesses that were earlier local in nature, became regional and finally gained national presence.**

The success template here has been to build a pan-India brand, a national distribution network and thereby chipping away share from the unorganised local plays or grow the addressable market pie.

- **Businesses that were successful in replicating the leadership in one category across multiple categories.**

This has been driven by profitably deploying the cashflows from the core businesses into adjacencies i.e. a new product segment. Companies have been able to leverage the cash flows, product understanding as also the distribution/customer relationships of the core business to build profitable adjacencies.

- **Businesses that were able to successfully capture a significant part of the global pie.**

These not only include export-oriented companies but also players able to substitute high level of imports into India. The underlying drivers for success here have not only been leveraging the low-cost Indian manufacturing advantage, but also coming up with innovative products or processes that induces customers to shift from existing vendors.

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Client should read the Risk Disclosure Document (RDD) & Do's and Don'ts issued by SEBI & relevant exchanges before investing.