sukhanidhi
INVESTMENT ADVISORS
Equity Research & Advisory Services

Simple. Safe. Sensible

MONTHLY NEWSLETTER

NOVEMBER 2022, EDITION 2

On the Contrary, we are a full-fledged team of Full-Time experienced investors that believes in quality investing backed by Research and Data.

We ourselves, our employees, friends, family and clients have invested in Elite Equity Portfolio and are enjoying significantly higher returns by clearly beating even the NIFTY 500 Index.

Our Biggest Assurance is Peace of Mind which is quite rare for stock investors.

Invest in Elite Equity Portfolio, and it will work on Autopilot for you to Generate the best quality returns. Forget all the worries, sit back, relax and enjoy the best growth of your financial wealth.

We serve what we eat, and our interests and consultation are aligned to produce long term consistent profitability for our investors.

- Vinayak Savanur
Founder & CIO

TABLE OF CONTENT

INTRODUCTION

The Stock Market is one of the best Investment Avenues that can give you consistent high returns over your invested capital. All you need to do is give it some time and you will see the results yourself.

For success in the stock market, you need to get the fundamentals correct, do your own research, and invest in quality stocks that can boom over the coming years and manifold your wealth which no other investment avenue can deliver.

Stock Market Investing can give you long term positive value if the investments are done right and through a proper series of researched backed steps. Anyone who has ever bought stocks knows that although doing so comes with inherent risk and uncertainty that you might end up not making a profit over the invested capital. But when done right, it can give you consistent long term stable returns. All you need to do is get into the details and depth as much as possible.

The only people who end up losing money in the stock market are the ones that don't follow proper strategies and methods to invest in quality stocks but randomly get influenced by their surroundings, and end up investing in poor quality stocks.

For Majority of the people, stock market is the most valuable investment avenue because it has the capability to deliver high quality returns. For some it might be a frightening proposition because the risk involved is significant and only when they do not do their due research and homework. Lack of Homework is the first step which can prove fatal for any stock market investor and put them in a spiral of loses from which it can be difficult to recover.

One has to do things the right way to make long term consistent returns on the invested principal amount.

A STORY OF A AFFLUENT FATHER WHO HAS BEEN BETRAYED BY HIS SON

Every coin has two sides. But let's flip two different coins today to strengthen some financial fundamentals, and get a clear picture of future possibilities and what can be done today to make tomorrow a paradise-like place to live in.

Rahul Raichand, from the Bollywood Blockbuster Hit Kabhi Khushi Kabhi Gham, is married to the love of his life, Anjali Sharma. Living away from their families in urban land, the couple decides to have a baby soon. Rahul is a very smart father-to-be. His wife Anjali is planning for just one kid. However, Rahul on the other side is planning for two. Bruhhhh, don't take us otherwise.

We mean Rahul is planning for the finances of two kids.

Why so? Stay glued and read further to know

One for their child, and the other for their investments in Sukhanidhi's elite equity portfolio. i.e. If he plans to spend two lakhs per annum on his child's school fees, he invests the same in his golden portfolio to not risk his retirement. By the time, the child turns 25, the corpus of Rahul's investment will swollen to several crores, quite enough to take care of him and his wife if this child chooses not to. Voila! A stringy act to save and invest more but surely a thoughtful and worthy one.

It is better to be safe than sorry is the credo of Rahul's life. He is a man of no expectations and self-reliance. Raichand undoubtedly believes that the commitment you show to your children should also be shown towards your investments. He thinks children may separate after a while and may choose to not take care of parents or whatsoever, but investments have the power to feed the couple forever (if made smartly). He also has a loving heart of a father so understands how difficult it is to make both ends meet and does not intend to be a burden on his child or his family.

Was Rahul always this smart? The answer to the question is nay. All his smartness comes from the self-experienced failures of his rich father Yash Raichand, the promoter and once the owner of the opulent Raichand empire. Yash in the love of his younger son Rohan who lived with his parents in the affluent Raichand mansion made his entire will in Rohan's name. Things went pretty well until the next five years. The business expanded, the buildings proliferated, the money grew, the big cars came, and whatnot. However, the increasing age of both hot-tempered Riachand's, also grew the difference in opinions amongst their style of working, ambitions, and lifestyle. Once a joyous dinner table, now looked like a Friday evening boiler room chair. Things started changing. Rahul started outsmarting his experienced and old father. Yash was losing his dominance gradually. He could see things going wrong but could not do anything about it. He felt helpless in his own home and decided to leave the Raichand empire for the sake of his respect, dignity, and loyalty to his business ethics.

Yash Raichand, once a well-known billionaire now lived in a rented house with basic amenities and no access to luxury. Terrible and surely not the best place to be in. Rahul was always nuclear when it came to his home and finances. He had always lived in a rented apartment with not-so-premium amenities in an urban land away from his family because of his work. He never wanted to see himself in the position of his father. However, his fear was even bigger. Yash, his father, was a billionaire promoter and lost the riches in his needy old age. But Rahul already had too little. He, not in his farthest dream, could imagine the little he had made with all the diligence and hard work.

Yash and Rahul are not the only ones who share this fear. The fear of a carefree retirement is common in more than 100 crore Indians, irrespective of their social class (rich, middle, poor). The newspaper and magazines are filled with news and studies displaying the same with very disheartening numbers. The primary reason for the same is lack of social security in private careers, growing inflation, underemployment, and urban lifestyles.

KEY HIGHLIGHTS OF THE INDIAN EQUITY MARKET OCTOBER 2022

Here's What the Indian Equity Market Went Through in October.

- The month of October witnessed a lot of different things in the Indian Stock Market.
- Capital spending by the private and government sector which was subdued for the last 2 years due to the pandemic and lockdowns, is seeing its revival.

- Various Industry sectors have started to witness a boom in their CAPEX announcements. This has started a positive cycle which will lead to higher revenues and profitability for the companies and eventually retail investors.

- Shifting of the global focus toward India for their manufacturing needs rather than China is one of the biggest reasons for this CAPEX increase that will eventually favor a lot of Indian companies.

- Major Expansions were observed across sectors like Chemicals, Pharma, Automotive, Consumer Durables, IT, and Infrastructure development.

- NIFTY 50 Traded between 17000 to 18000 and closed on 18012 on 31st October 2022.

- At the start of October, USD to INR was around 81 Rupees for 1 USD. By the end of October, it has moved past the 82 Rupees mark. This has also put some effects on the Indian Stock market as the weakening rupee is creating lots of challenges for the Indian Import Industry.

- On the Occasion of Diwali, Both BSE and NSE permitted the trading of stocks for a limited period under Mahurat Trading. Some of the sectors that investors took advantage of included the Indian Banking Sector, IT sector, Automobile Industry, and Infrastructure development.

- Sensex registered a growth of almost 4000 points while the NIFTY 50 registered a growth of 1150 points in October 2022. This was one of the best months for frontline indices and the growth was seen in the bracket of 6.5 to 7 percent. The main reason cited for this is the decline in global crude oil prices which is a huge benefit for a country like India.

- USA markets are holding up well and it's anticipated that they are resilient enough to withstand any recessions and inflation scenarios.

- The month of October saw an increase in foreign investor flow to India.

- Overall fundamentals of India were splendid in October with strong backup aspects like GST collection and Direct / Indirect tax collection. Corporate results were good because of good corporate governance which has added to the Indian Stock market becoming a little stable from the ruckus of previous months.

Simultaneously, This is what happened in the Global Equity Market in October.

- The S&P 500® was up 7.99% in October, bringing its YTD return to -18.76%.
- The Dow Jones Industrial Average® gained 13.95% for the month and was down 9.92% YTD.
- The S&P MidCap 400® increased 10.42% for the month, bringing its YTD return to -14.39%.
- The S&P SmallCap 600® was up 12.27% in October and had a YTD return of -14.71%.
- Market Volatality continued for the entire month. Markets rallied up in general in the hopes that the series of US fed Hikes will stop and take a pause.
- Blue Chip Stocks and Other Giants of the American Economy were down which reduced their market value.
- E-commerce and EV sector reported a loss of more than 20% in the US.
- US companies with significant exposure to the Chinese market were also hit hard and sat out the broader market rally.
- US Vanguard Total Stock Market Index Fund surged 8.1%. Commodities in USA posted the second-best performance in October for the major asset classes, rising 6.2%.

- Equities in emerging markets declined again, falling for a fifth straight month and posting the steepest loss in October for the major asset classes across the globe.
- The Global Market Index recovered in October, registering its first monthly gain since July.
- Housing Market continued its downward trajectory.
- Asian equities struggled to make gains due to uncertainty over whether President Xi Jinping's new leadership team would prioritise economic growth in China.
- Euro zone government bond yields fell, with the benchmark German 10-year yield traded at 2.17% .

So, in a nutshell, all these aspects show a couple of key things in terms of quality investing

- Quality stocks will withstand any type of short-term ups and downs.
- Successful investors will be built in situations like these where their patience, conviction, courage, and other aspects will be tested.
- Staying invested in the Stock market for the long term will provide you with the opportunity to generate a consistent, stable, and higher rate of returns.
- You should never panic and start selling when the market starts to fall due to short term volatility. Holding on for the long term will only help you navigate toward your end goals successfully.

> *An investment operation is one which, upon thorough analysis, promises safety of principal and an adequate return. Operations not meeting these requirements are speculative.*
>
> **-Benjamin Graham**

INTRODUCING ELITE EQUITY PORTFOLIO

Your One Stop Solution to Create Serious Wealth Over A Long- Term

Invest in Quality Stocks Via the Route of Quality Investing to Generate Long Term Consistent returns and overcome all the short-term Pitfalls and Volatility.

Our Investment Pool consists of stocks from the Nifty 500 Index. A significantly broader index that consists of Quality Stocks from across multiple sectors and industries.
Elite Equity Portfolio functions on the principle of sensible investing in quality companies that are fundamentally strong and can withstand any business conditions for achieving a higher and more attractive rate of return in the long term.

Stock Selection in Elite Equity Portfolio Navigate Through a 5 Step Process

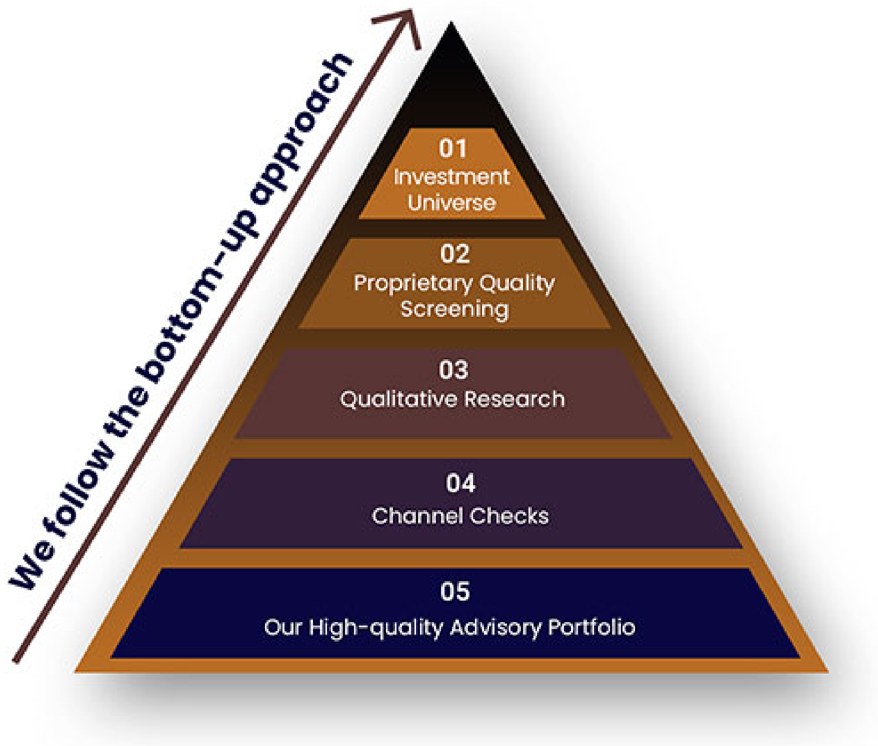
- STEP 1: - **INVESTMENT UNIVERSE:** Our investment universe comprises of stocks forming the Nifty 500 index. This index is broad-based and comprised of quality stocks from various sectors.

- STEP 2: - **PROPRIETARY QUALITY SCREENING:** We have a proprietary quality screening process for every stock that is eligible for analysis. Our rigorous screening parameters filter out the under-performers leaving investment-worthy stocks with strong fundamentals and positive outlook.

- STEP 3: - **QUALITATIVE RESEARCH:** We re validate our stock selection with qualitative research comprising analysis of financials, background check of management/promoters, business outlook, etc.

- STEP 4: - **CHANNEL CHECKS:** We further confirm our universe of filtered stocks Investment-worthiness through Scuttlebutt analysis, which implies talking to all kinds of people related to the company.
- STEP 5: - **OUR HIGH-QUALITY ADVISORY PORTFOLIO:** Our overall screening and filtering process results in a unique concentrated portfolio of 10-20 high quality businesses (Stocks) that have met our rigorous parameters.

5-STEP Research Process



We Follow The Bottom Up Approach To Investing. This Implies Selecting Quality Stocks Based On The Above-Stated Parameters. While Sectorial Growth Is Considered, We Prefer To Move From Stock Selection Up To Sectorial Analysis.

A LOOK INTO FINANCIAL RATIOS OF OUR ELITE EQUITY PORTFOLIO.

	Elite Equity Portfolio					Nifty 500
	2018	2019	2020	2021	2022	2022
ROCE	34%	35%	34%	34%	40%	15%
Gross Profit Margin	63%	63%	64%	62%	61%	66%
Operating Profit Margin	25%	26%	27%	27%	26%	27%
Total Debt (Long Term Plus Short Term) (Rs. In. Crores)	166	190	160	303	369	11,620.89
Interest Cover	31x	21x	7x	16x	23x	10x
Cash Conversion	136%	141%	134%	174%	92%	-117%

We take into account key parameters such as Gross Profit Margin, Operating Profit Margin, Return on Capital Employed, Cash Conversion, Debt to Equity Ratio and Interest Coverage to determine the performance of Elite Equity Portfolio Vs Nifty 500 Index.

2022 Comparison of Elite Equity Portfolio Vs NIFTY 500 Index as shown in the above table – Key Focus Areas.

- Return on Capital Employed is significantly higher for Elite Equity Portfolio at 40% while its just 15% for NIFTY 500 Index.
- Total Long term + Short term debt has just been at 369 crores for Elite Equity Portfolio Stocks vs the 11,621 cores which is a lot higher for the NIFTY 500 Index.
- The Interest Cover stood at 23x for Elite Equity Portfolio while for the NIFTY 500 Index is just 10x.
- Cash Conversion has been beyond par for Elite Equity Portfolio and stood at 92%. On the other hand, it has been in negative for Nifty 500 Index at -117%.

sukhanidhi INVESTMENT ADVISORS Equity Research & Advisory Services

Moving forward, let's have a detailed look at multiple aspects of Elite Equity Portfolio

Company's Average Age (in years)	42
Avg Market Capitalization (₹ Mil)	8,48,241.20
Avg Portfolio Dividend Yield(%)	0.79

Key Summary Pointers

When it comes to Elite Equity Portfolio, the entire capital of an investor is allocated across domestic equities. The form approximately 8,48,241 Million Rupees of market capitalization.

Asset Allocation Portfolio %	
Domestic Equity	100
International Equity	-
Fixed Income	-
Gold	-
Cash	-
Others	-
Total	100

Key Summary Pointers

Emerging Markets form the only chunk of investments for Elite Equity Portfolio. We understand the true importance of emerging markets how it can help with wealth creation over long time. So our strategies are well versed based on the current scenario of emerging industry verticals.

Market Maturity	
Developed Markets	-
Emerging Markets	100

Key Summary Pointers

In October 2022, Elite Equity Portfolio invested 77% in Large Cap companies and 23% in small cap companies for the best optimal asset allocation by market capitalization.

Allocation by Market Capitalization	
Large Cap	77%
Mid-Cap	23%

Valuation Multiples	
Price/Earnings	31.28
Price/Book	10.43
Price/Sales	6.78
Price/Cashflow	54.72

Key Summary Pointers

The various valuation multiples are the highest for stocks in the Elite Equity Portfolio. Valuation multiples are financial measurement tools that evaluate one financial metric as a ratio of another, in order to make different companies more comparable. In short it basically shows that stocks in the Elite Equity Portfolio are better than their competition.

Profitability	
% of Stocks	2022-09
Net Margin	50.5
ROE	27.28
ROA	16.95
Debt/Capital	4.77

Key Summary Pointers

Elite Equity Portfolio has one of the best ratios across parameters such as Net profitability margin, ROE, ROA and Debt to capital ratio. This is far ahead of the NIFTY 500 Index.

Revenue by Product	
	In.%
FMCG	29.30
Chemicals	14.00
IT Products & IT Services	13.30
Building Materials	9.10
Pharmaceuticals	5.70
Financial Services	5.30
Gems & Jewellary	3.40

Key Summary Pointers

The First major batch of investment sectors that Elite Equity Portfolio concentrates heavily upon are FMCG, Chemicals and IT products and services. The second batch of sectors that form a significant chunk of our portfolio comprises of Building Materials, Pharmaceuticals, Financial Services, and Gems & Jewellary. FMCG was the best performing sector in October.

Revenue by Region	
Asia	71.83
America	7.99
Europe	4.10
Africa	0.09
Others	15.99

Key Summary Pointers

- Elite Equity Portfolio is Immune to some major market changes across the world.
- If you can see from the above table, 71.83% of our investments are in Indian Stocks that are directly impacted by market events across the ASIA region for October.
- Similarly, only 7.99% of investments are in stocks which are directly affected by events in the US market. Also only 4.10 % stocks comprises of those which are affected by events in Europe such as the Russia-Ukraine War. Such low allocation will have neglgible impact on your overall investments and still you will be making a good amount of returns.
- Elite Equity Portfolio is a WAR-RESISTANT portfolio which doesn't get affected significantly as majority of our holding are in stocks which are dependent on the ASIA markets.

Top 5 Holdings	
Nestle India Ltd	9%
Tata Consultancy Services Ltd	9%
Pidilite Industries Ltd	9%
Asian Paints Ltd	8%
Divi's Laboratories Ltd	7%

Key Summary Pointers

Above are the Key Companies / Equities that formed major chunk of Elite Equity Portfolio Investments in October.

ELITE EQUITY PORTFOLIO PERFORMANCE

Moving Forward, Lets Look Into Some Of Our Other Key Comprehensive Data Analysis For The Elite Equity Portfolio Vs NIFTY 500 Index.

Risk and Return Statistics*						
	Elite Equity	Benchmark	Elite Equity	Benchmark	Elite Equity	Benchmark
	3 years		5 years		10 years	
Standard Deviation	18.50%	22.63%	16.78%	19.77%	15.52%	17.17%
Mean	25.84%	17.97%	27.74%	12.81%	29.66%	13.96%
Sharpe	1.23%	0.72%	1.39%	0.48%	1.51%	0.51%
Alpha	10.16%	-	14.75%	-	15.25%	-
Beta	0.70%	-	0.70%	-	0.71%	-
R-Squared	73.10%	-	67.93%	-	61.89%	-

Key Summary Pointers

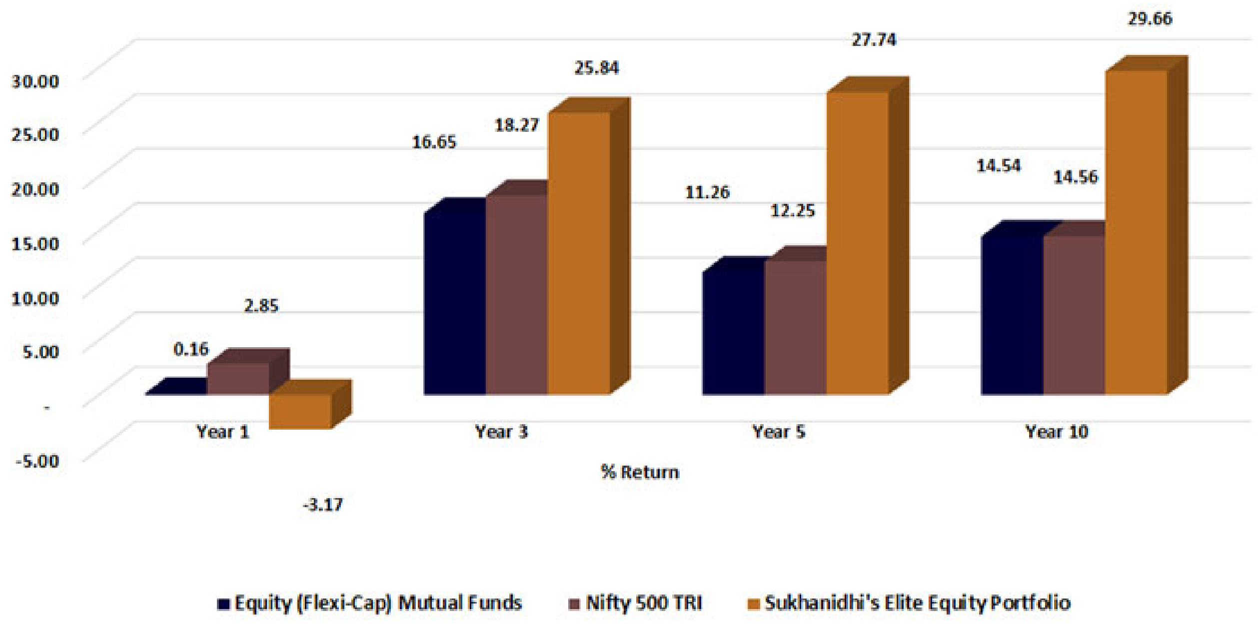
- Elite Equity Portfolio has the best Risk to Return Ratio when compared with industry benchmark statistics for 3 years, 5 years and even up to 10 years of investment period.

Performance of Elite Equity Portfolio									
Portfolio Returns	YTD	1 month	3 months	6 months	1 year	3 years	5 years	10 years	15 years
ELITE EQUITY (%)	-4.84	-0.92	16.89%	3.45	-3.4	25.84	27.8	29.61	30.14
NIFTY 500(%)	-0.05	-3.21	11.19	0.39	-0.22	17.97	12.81	13.96	10.06

Key Summary Pointers –

- From an investment standpoint of 3+ years and up to 15 years, Elite Equity Portfolio has provided with more than 25% of returns on an average with the highest being above 30%.
- It has significantly outperformed the NIFTY 500 index which has just given a maximum of 10% return over a 15 year period.

Flexi Cap Mutual Fund vs NIFTY 500 vs Elite Equity Portfolio



sukhanidhi INVESTMENT ADVISORS
Equity Research & Advisory Services

Maximize Returns & Reduce Your Expenses with Elite Equity Portfolio

Elite Equity Portfolio vs Mutual Funds vs Index Funds Fees Comparison.

Description	Flexi-cap MF		Nifty 500 (Index Fund)	Sukhanidhi's Portfolio
	Regular	Direct	Direct	Elite Equity
Lumpsum Investment (Rs)	50,00,000	50,00,000	50,00,000	50,00,000
Fees/Charges (in % Pa)	1.75%	1.00%	0.40%	1.00%
Fees/Charges (in Rs Pa)	87,500	50,000	20,000	50,000
5-Years CAGR Returns (in %)	11.26%	12.32%	12.25%	27.74%
Value of Investement at the end of 5th Year (in Rs)	85,24,429	89,38,311	89,10,493	1,70,06,094
Difference in Corpus	-84,81,665	-80,67,782	-80,95,600	-
Total Expenses / fees in last 5 years	-4,37,500	-2,50,000	-1,00,000	-2,50,000
Net Gains/Loss at the end of 5th year	-89,19,165	-83,17,782	-81,95,600	1,67,56,094

Note: Our elite equity portfolio has generated a 29.66% CAGR (excluding dividend and bonus) in the last decade (10 years) as on 2nd November 2022. Where in equity (Flexi-Cap) Mutual Funds 14.54% return and Nifty 500 Index has delivered a CAGR of 14.56% respectively. However, to be conservative, we are expecting around 15% CAGR(excluding dividend and bonus). There is no guarantee of returns and it is subject to prevailing market conditions.

A LITTLE BIT ABOUT OURSELVES

Who We Are?

We are the first equity research and investment advisory firm based in North Karnataka and have 12+ years of experience in equity research and advising High Net worth Individuals (HNI's), Ultra High Net worth Individuals (UHNI's) and NRI's across India and the globe.

Why We Started?

After speaking with hundreds of investors, we discovered that while most investors recognise the importance of investing in equities, many lack the time, knowledge, or necessary resources to evaluate stocks or construct a long-term equity portfolio. As a result, people risk their savings on a companies based only on the recommendations of relatives, friends, brokers, or any business channel, and end up losing their hard-earned money.

And after such instances, we realised the need for professional advice and decided to start the first equity research and investment advisory firm in Hubballi-Dharwad to assist individual investors across India with the sole purpose of offering unbiased, high-quality, fundamental, and affordable equity investment advice to create serious wealth over long-term.

Why Sukhanidhi?

At Sukhanidhi, You Are Assured Of

- Excellence in our advisory services
- Objectivity and unbiased advice
- Credibility: we are SEBI-registered investment advisors
- Low cost: only fixed fees – no performance fees.
- Peace of mind: we uphold your trust with safeguarding your investments and offering our services at reasonable fees

What We Do?

We help individual investors in generating inflation-adjusted, risk-adjusted, and tax-efficient returns and create sustainable wealth over the long term by recommending a high-quality direct equity (shares) portfolio.

What We Don't Do?

- **Momentum trading**
- **Debt investments**
- **Derivatives**
- **Technical analysis**
- **Timing the market**
- **Over-diversifying**

When Do We Sell?

We trigger a 'sell' call when any one or more of the following 4 reasons arise:

- There is an adverse permanent change in the long term fundamentals of the business;
- An alternative superior investment opportunity is identified.
- Valuations of stocks in our universe become too expensive and it makes sense to book gains.
- Our original stock-screening parameters no longer stand valid in relation to the stock under review.

Whom Is It Suitable For?

Our services are ideal for investors looking to create wealth over the long term. We strongly believe in 'time in the market' and not 'timing the market'. Investors looking for support in terms of building their portfolio and monitoring it while transacting independently would find our services an ideal fit.

What We Expect From Investors?

- A minimum commitment period of 5 years or more.

We, at Sukhanidhi, are on a massive mission to help 1,000+ individual investors consistently create wealth through equities over the long term. We understand the fact that working hours reduce with age, and everybody needs a passive income flow while getting older. We are waiting for you to join the mission. Who are you waiting for?

Happy Investing!

1/53C opposite to KIMS Main Gate, Jayanagar Extensions, Vidyanagar, Hubli-580021

CONTACT US:

1800 889 0255

www.sukhanidhi.in

info@sukhanidhi.in

follow us on /sukhanidhi

sukhanidhi
INVESTMENT ADVISORS
Equity Research & Advisory Services

INVEST NOW TO ACHIEVE FINANCIAL FREEDOM

AFTER 25 YEARS

Get Back

₹1.50*

Crores

Invest

₹5 Lakhs

(One Time)

In Our

ELITE EQUITY PORTFOLIO

Note: Our elite equity portfolio has generated a 29.66% CAGR (excluding dividend and bonus) in the last decade (10 years) as on 2nd November 2022. However, to be conservative, we are expecting around 15% CAGR(excluding dividend and bonus). There is no guarantee of returns and it is subject to prevailing market conditions.

We faithfully adhere to:

THINK keeping our clients' interests in the
ACT in the best interests of our clients
DO what's best for our clients

1/53C opposite to KIMS Main Gate,
Jayanagar Extensions, Vidyanagar,
Hubli-580021

CONTACT US:

1800 889 0255

www.sukhanidhi.in

info@sukhanidhi.in

follow us on /sukhanidhi