

Arihant's

VALUE

Plus

AJIT NINAN

Issue | August 2021



Inside
The Issue

Market
Outlook
03-04

Fund
Stock
05

Auto
Sector
06

Mutual
Funds
07-08

Key
Events
09

MOVERS & SHAKERS



INDIAN INDICES

| Indices | Jul-21 | Jun-21 | Change (%) |
|------------------|----------|----------|------------|
| SENSEX | 52586.84 | 52482.71 | 0.20 |
| NIFTY 50 | 15763.05 | 15721.50 | 0.26 |
| NIFTY BANK | 34584.35 | 34772.20 | -0.54 |
| NIFTY MIDCAP 100 | 27815.25 | 26970.75 | 3.13 |
| NIFTY 500 | 13664.25 | 13473.55 | 1.42 |
| NIFTY IT | 30480.05 | 29168.00 | 4.50 |
| NIFTY REALTY | 398.65 | 343.95 | 15.90 |
| NIFTY INFRA | 4432.30 | 4339.25 | 2.14 |

(Source: BSE & NSE)

BSE SECTORAL INDICES

| Indices | Jul-21 | Jun-21 | Change (%) |
|---|----------|----------|------------|
| AUTO  | 22489.21 | 23771.76 | -5.40 |
| BANKEX  | 39190.11 | 39349.98 | -0.41 |
| CD  | 36386.37 | 35575.43 | 2.28 |
| CG  | 23671.73 | 22948.98 | 3.15 |
| FMCG  | 13480.98 | 13517.95 | -0.27 |
| HC  | 26156.18 | 25589.02 | 2.22 |
| IT  | 30846.54 | 30135.93 | 2.36 |
| METAL  | 21011.62 | 18664.75 | 12.57 |
| OIL & GAS  | 15441.74 | 16175.51 | -4.54 |
| PSU  | 7742.39 | 7776.57 | -0.44 |
| REALTY  | 3182.51 | 2746.78 | 15.86 |
| TECK  | 13480.34 | 13229.54 | 1.90 |

(Source: BSE)

GLOBAL INDICES

| Indices | Jul-21 | Jun-21 | Change (%) |
|-----------|----------|----------|------------|
| DOW JONES | 34957.80 | 34502.50 | 1.32 |
| NASDAQ | 14959.90 | 14503.95 | 3.14 |
| HANG SENG | 25961.03 | 28827.95 | -9.94 |
| FTSE | 7032.30 | 7037.47 | -0.07 |
| NIKKEI | 27283.59 | 28791.53 | -5.24 |





(Source: MoneyControl)

COMMODITIES

| Particular | Jul-21 | Jun-21 | Change (%) |
|---|----------|----------|------------|
| MCX GOLD  | 48430.00 | 46753.00 | 3.59 |
| MCX SILVER  | 68053.00 | 67832.00 | 0.33 |
| MCX CRUDE OIL  | 5517.00 | 5492.00 | 0.46 |
| MCX NATURAL GAS  | 290.00 | 272.20 | 6.54 |

(Source: Falcon software)

FOREX

| Particular | Jul-21 | Jun-21 | Change (%) |
|--|--------|--------|------------|
| USD-INR  | 74.59 | 74.53 | 0.08 |
| EUR-INR  | 88.77 | 88.64 | 0.15 |
| GBP-INR  | 104.14 | 103.33 | 0.78 |
| JPY-INR  | 68.03 | 67.48 | 0.82 |

(Source: Falcon software)

FII Activity (Rs. Cr.)

| Date | Gross Purchases | Gross Sales | Net Pur/Sales |
|------------------------|---------------------|---------------------|------------------|
| Total for July 2021 | 125,783.51 | 143,265.53 | -17,482.02 |
| Total for 2021* | 1,175,121.25 | 1,154,474.40 | 20,646.85 |

(Source: SEBI)

MF Activity (Rs. Cr.)

| Date | Gross Purchase | Gross Sales | Net Pur/Sales |
|------------------------|-------------------|-------------------|-----------------|
| Total for July 2021* | 84,823.58 | 69,386.95 | 15,436.63 |
| Total for 2021* | 509,848.70 | 505,780.39 | 4,068.31 |

*Till 29th July 2021

(Source: SEBI)

Monthly Market Roundup

In July 2021, Domestic market remained flat with benchmark Nifty and Sensex Index ending the month with 0.26% & 0.20% gain respectively. Nifty tried to move higher supported by the positive global set-up and a decent start to the Q1 FY22 result seasons. However due to concerns of the 3rd wave of Covid-19, sentiments remained subdued due to which Nifty ended on flat note.

Moreover, with lots of IPOs, which are seeing a very well response from investors, the associated sectors are seeing investors interest due to benchmark valuations. As per Nomura, consumption in the country made a healthy come back and investments suffered a relatively slightly hit in June compared with May.

Investors will continue to watchout the Q1 FY22 earnings numbers for stock-specific cues. Going ahead, money flow, liquidity, Crude prices, spread of delta plus variant globally and movement of USD/INR will continue to guide the direction of the market.

The broad market has shown positive performance including Nifty Midcap 50 up by 2.9% & Nifty Small Cap 250 up by 7.4%.

IMF slashed India's growth forecast for 2021-22

IMF on 28th July 2021 reduced India's economic growth projection for FY22 to 9.5% against 12.5% estimated in April, citing the destruction caused by the 2nd Covid-19 wave that peaked in May month. For the next FY23, however, the IMF has raised the growth projection for the Indian to 8.5% against 6.9%. The sharp cut from April projections is on account of increase of Covid infections in India which was not discounted earlier. Whereas the multilateral body kept its global growth forecast at 6% for 2021, it reduced its earlier projection by 40 bps for developing countries and raised it by 50 bps for advanced economies. Risks around the global baseline estimates are, however, to the drawback, it cautioned. Countries lagging in vaccination, such as India and Indonesia, would suffer the foremost among G20 economies.

FDI: The Department for Promotion of Industry and Internal Trade (DPIIT) on 29th July issued an executive order to allow 100% in FDI under automatic route for oil and gas PSUs, in case an in-principal approval for strategic disinvestment has been approved by the government. The move can enlarge the scope for FDI within the privatisation of BPCL and modify the sale of the government's 52.98% stake within the company to a foreign buyer. It will additionally open the door for FDI in other public sector companies within the oil sector place up for privatisation. This decision can take effect from the date of FEMA notification.

Sectoral Performance: On the sectoral front, Nifty Realty and Nifty Metal have outperformed all other major indices with a higher gain of 16.3% and 10.8% respectively. Some other sectors also have shown positive momentum like Nifty IT, Nifty NBFCs and Nifty Smallcap100 by 5.1%, 1.2%, 7.4% respectively. On the other side Nifty Auto, Private bank, Nifty PSU Bank, FMCG, and Nifty Pharma have shown a Negative movement by 6%, 1.4%, 0.5% and 0.1% respectively

On the global front

Global equities were positive in July 2021, Dow Jones rose by 1.32 % and Nasdaq Index up by 3.14% respectively. In context to that S&P500 has risen by 1.7%. However, Nikkei showed a negative move of 5.24 % and FTSE100 declined by 0.7%. Global stock market moved positively owing to healthy result in Q2 CY 21, putting the level of the GDP above its pre-pandemic peak. The US economy enlarged 6.5% annualized in the 2Q CY 21. The US central bank in its recent Fed meet decided not to increase Interest rates which was already close to zero and not to modify the pace of monthly government bond buying. On the other hand, Powell said the U.S. economy is still a better deal away from making substantial further progress toward the Fed's dual mandates of stable prices and maximum employment. In commodities, gold rose by 2.5% in the month of July, while Brent crude decreased by 1.6%. USD/INR negative to

Economic Data Wrap Up: July

- India's June Federal Fiscal Deficit (USD) hit by 2,742.45B as compared to 1231.74B in May.
- India's June Nikkei Services PMI declined to 41.2 as compared to 46.4 in May.
- India's July Nikkei Market Manufacturing PMI grew to 55.3 as compared to 48.1 in June.
- India's June CPI inflation came in at 6.26% as compared to 6.30% in May.
- India's May IIP came in at 29.3% YoY as compared to 24.1% in April. Previous revised from 22.4%
- India's June WPI inflation came in at 12.07% as compared to 12.94% in May.
- India's June Trade Balance (USD) decreased by 9.37B as compared to -9.40B in May.

Nifty Technical Outlook: August -

CMP = 15763.05



On the monthly chart, we are observing two consecutive “Doji” candlestick pattern candle which suggests that markets are cautiously positive at current level. In coming month if Nifty trades and close above 15855 level then it is likely to test 15986 – 16117 – 16270 levels. However, if Nifty trades and close below 15670 level then it can test 15539 – 15408 – 15256 levels.

At present the monthly trend is up. Hence, any decline in the range of 15539 – 15408 levels should be used to go long for a target of 15986 – 16117 – 16270 levels. Hence, one needs to adopt buy on decline strategy as stock specific move is likely to continue.



Fundamental Stock



Jyothy labs

Jyothy Laboratories Ltd (JLL)

BUY

Target Price: Rs. 210

Value Parameters

| | |
|---------------------------------------|-----------|
| NSE Code | JYOTHYLAB |
| CMP(As on 03 rd Aug, 2021) | 175 |
| Face Value | 1 |
| 52 Week High/Low | 187/121 |
| Market Cap (Cr) | 6,441 |
| EPS (FY23E) | 7.0 |
| P/E (x) (FY23E) | 30x |

Company Overview: Jyothy Labs (JLL) is an FMCG company with a presence in fabric whiteners, detergents, dishwashing products, household insecticides (HI) & personal care category. The company has leading brand Ujala in fabric whitener with 82.6% market share. It has a sizable dish washing & HI business with mid-teens market share. Large part of the revenue is generated from Kerala and Tamil Nadu. The company has 23 manufacturing facilities in India. Its pan-India distribution reach is close to 2.8 mn outlets with direct reach of 0.86 mn. Its major brands include Ujala&Henko in fabric wash, Exo &Pril, in dishwashing, Margo in soaps & Maxo in HI categories.

Investment Rationale

Hygiene Portfolio: JLL's enhanced focus on essential hygiene products along with strong rural demand aided volume growth in FY21 and Q1 FY22. The rural growth was better than urban and the company is enhancing rural coverage by adding more sub-stockists & Van coverage and has introduced low unit packs across brands. JLL is enhancing its rural distribution network by adding 500 sub-stockists in FY21. In urban regions, it has increased its direct distribution reach to ~9 lakh retail outlets.

Household Insecticide's (HI): operating profit turned positive after a long time and the Management is hopeful of maintaining it going forward provided the share of liquid vapourisers continue to rise in the overall HI basket vis-à-vis coils. We believe that the Management is trying to push hard the sales of liquid vapourisers, which currently comprise 35-38% of the segment as liquid vapourisers generate a high gross margin compared to coils.

Fabric wash category: has been adversely impacted in FY21

and Q1 FY22 given reduced out of home activity resulted in lower usage of detergent & post wash products. This segment is the high margin business for the company. We believe that post normalization of situation after vaccination drive would boost fabric wash revenue.

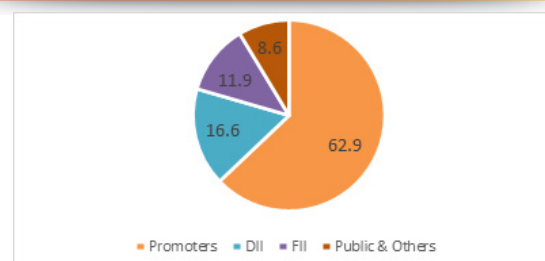
Dishwashing category: JLL have launched smaller packs at interesting pricepoints and were able to pull consumers in the rural areas. We believe, this is sustainable going forward provided low penetration in the rural areas (rely on ash for washing utensils).

The General Trade (GT) & E-Com: channel is doing well, supported by strong rural growth while Modern Trade & CSD channels witness gradual recovery with improving urban consumption. The Company has launched SFA Retailer App for direct delivery and increased visibility across all ecommerce platforms.

Guidance: As per management, the company will achieve its historic level margins owing to high margin product contribution to improve, quality distribution, existing product portfolio and new launches, calibrated price increase to mitigate the input cost inflation, operational efficiency, better logistics, grammage reduction (if any), consolidating suppliers and packaging cost rationalization.


Valuation&Outlook: We expect JLL to report a Revenue/EBITDA/PAT CAGR of 11.7%/7.6%/15.7% to Rs2,381cr/Rs364cr/Rs256cr, over FY21-FY23E, respectively on the back of higher volume led growth in addition with increased focus on brand investment and innovations, technology, distribution infrastructure and reach. We believe JLL is on track to deliver sustainable, profitable, volume led growth through focus on strengthening brand franchise. Hence, we have valued JLL on a PE of 30x on FY23E with a TP of Rs210 per share an upside of ~20%. We have a BUY rating.

Shareholding Pattern % (June - 21)




AUT SECTOR

July SALES

Maruti Suzuki
Total Sales: 162,462 units, 50.34% YoY up
 Domestic Sales: 141,238 units, 39.42% YoY up
 PV Sales: 133,732 units, 36.79% YoY up
 Exports: 21,224 units, 214.10% YoY up




TVS Motor
Total Sales: 278,855 units, 10% YoY up
 Domestic Sales: 175,169 units, 7.63% YoY down
 2 Wheeler Sales: 262,728 units, 8% YoY up
 Exports: 103,133 units, 65% YoY up



Mahindra & Mahindra
Total Sales: 42,983 units, 91 % YoY up
 PV Sales: 21,046 units, 91% YoY up
 M&HCV Sales: 428 units, 242% YoY up
 Exports: 2123 units, 45% YoY up




Atul Auto
Total Sales: 1,305 units, 5.16% YoY up



Bajaj Auto
Total Sales: 369,116 units, 44 % YoY up
 Domestic Sales: 156,232 units, 2% YoY up
 CV Sales: 38,547 units, 123% YoY up
 Motorcycle Sales: 330,569 units, 39% YoY up
 Exports: 201,843 units, 108% YoY up




Escorts
Total Sales: 6,564 units, 23.30 % YoY up
 Domestic Sales: 6,055 units, 22.20 % YoY up
 Exports: 509 units, 37.90 % YoY up



Hero MotoCorp
Total Sales: 454,398 units, 12.63 % YoY down
 Motorcycle Sales: 424,126 units, 12.42% YoY down
 Scooters Sales: 30,272 units, 15.55% YoY down
 Domestic Sales: 429,208 units, 16.26% YoY down
 Exports: 25,190 units, 233.07% YoY up



Ashok Leyland
Total Sales: 8,650 units, 81% YoY up
 M&HCV Sales: 3,822 units, 124% YoY up
 LCV Sales: 4,828 units, 57% YoY up



Tata Motors
Total Sales: 51,981 units, 92% YoY Up
 Exports: 2,052 units, 204% YoY up
 CV Sales: 23,848 units, 88 %YoY up
 M&HCV Sales: 5,416 units, 203% YoY up



Volvo-Eicher Commercial Vehicles
Total Sales: 4,271 units, 95.60 % YoY up
 Exports: 640 units, 59.60 % YoY up
Eicher Motorcycle
Total Sales: 44,038 units, 9% YoY up
 Exports: 4,748 units, 97 % YoY up

(Source: BSE)

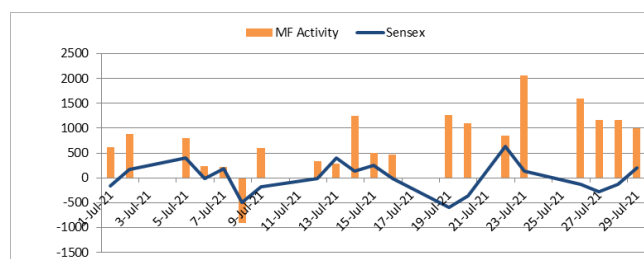


MUTUAL FUNDS ROUNDUP

Indian equity markets rejoiced and ended on positive note in July 2021. The barometer index, S&P BSE Sensex delivered positive returns of 0.20% to settle at 52586.84 and Nifty 50 gained 0.26 % ending the month at 15763.05.

MF ACTIVITY

Indian mutual funds were net Buyers of equities to the tune of Rs 15436.63 crores in the month of July 2021. Highest Buying was recorded in the 4th week of the month when the fund houses made total net buy of Rs 5258.13 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 17482.02 crores worth of equities in July 2021.



Mutual Fund Activity In July 2021

| Rs in Crores | Gross Purchases | Gross Sales | Net Investment |
|--------------|-----------------|-----------------|-----------------|
| 1st Week | 6922.35 | 5429.76 | 1492.59 |
| 2nd Week | 16216.87 | 15284.31 | 932.56 |
| 3rd Week | 18438.64 | 15591.93 | 2846.71 |
| 4th Week | 19037.07 | 13778.94 | 5258.13 |
| 5th Week | 24208.65 | 19302.01 | 4906.64 |
| Total | 84823.58 | 69386.95 | 15436.63 |

Note: Mutual Fund activity as on 29th July 2021

Equity Scheme Recommendation

| Scheme Name | Latest NAV* | AUM as on 1 st Aug, 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) | 42.40 | 28,233 | 05-Jan-10 | 40.26 | 13.92 | 15.90 | 13.30 | 500 | 5000 |
| ICICI PruBluechip Fund (G) | 59.02 | 27,994 | 23-May-08 | 46.13 | 12.28 | 13.21 | 14.40 | 100 | 100 |
| Mirae Asset Large cap Fund(G) | 72.33 | 26,747 | 04-Apr-08 | 45.45 | 13.99 | 14.98 | 16.00 | 1000 | 5000 |
| Multi Cap Fund | | | | | | | | | |
| Axis Focused 25Fund(G) | 42.06 | 17,336 | 29-Jun-12 | 48.05 | 13.03 | 16.69 | 17.12 | 500 | 5000 |
| Kotak - Flexi Cap Fund (G) | 49.66 | 36,355 | 11-Sept-09 | 46.03 | 12.73 | 14.04 | 14.43 | 500 | 5000 |
| SBI - Flexi Cap Fund (G) | 70.48 | 13,827 | 29-Sept-05 | 56.03 | 13.44 | 13.49 | 13.12 | 500 | 1000 |
| Mid Cap Fund | | | | | | | | | |
| DSP Mid Cap Fund(G) | 88.52 | 12,869 | 25-Jun-07 | 56.80 | 16.80 | 15.70 | 15.97 | 500 | 500 |
| L&T MidCap Fund (G) | 199.61 | 6,726 | 9-Aug-04 | 61.72 | 12.53 | 15.19 | 19.28 | 500 | 5000 |

Note: Returns as on 1st August, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

| Scheme Name | YTM | Latest NAV* | AUM as on 1 st Aug, 2021 (Rs in Cr) | Returns (%) | | | | |
|------------------------------|------|-------------|--|-------------|--------------|------------|----------|-----------------|
| | | | | One Month | Three Months | Six Months | One Year | Since Inception |
| Liquid Fund | | | | | | | | |
| Axis Liquid(G) | 3.34 | 2297.52 | 24,177 | 0.28 | 0.83 | 1.62 | 3.23 | 7.29 |
| ICICI Pru Liquid Fund(G) | 3.40 | 306.29 | 36,920 | 0.28 | 0.82 | 1.59 | 3.19 | 7.38 |
| Ultra Short Term Fund | | | | | | | | |
| Kotak Saving Fund(G) | 3.73 | 34.11 | 11,759 | 0.35 | 0.84 | 1.75 | 3.61 | 7.50 |
| L&T Ultra Short term Fund(G) | 3.56 | 34.62 | 2,769 | 0.33 | 0.83 | 1.78 | 3.43 | 7.23 |

Note: NAV and Returns as on 1st August, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

| Scheme Name | Latest NAV* | AUM as on 1 st Aug, 2021 (Rs in Cr) | Launch Date | Returns (%) | | | |
|--------------------------|-------------|--|-------------|-------------|-------------|------------|-----------------|
| | | | | One Year | Three Years | Five Years | Since Inception |
| Mirae Asset Tax Saver(G) | 28.75 | 8,338 | 28-Dec-15 | 61.66 | 19.67 | 20.14 | 20.79 |
| Axis LT Equity Fund(G) | 67.77 | 30,520 | 29-Dec-09 | 51.82 | 14.54 | 15.24 | 17.95 |
| Kotak Tax Saver(G) | 66.59 | 2,073 | 23-Nov-05 | 54.97 | 16.20 | 14.90 | 12.84 |

Note: NAV and Returns as on 1st August, 2021, Returns < 1 yr annualised, > 1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS AUGUST 2021



August 01

- Indian Automobile Sales Data, by Automakers

August 02

- USD ISM Manufacturing PMI
- INR Nikkei Market Manufacturing PMI (Jul)
- INR Exports (USD)
- INR Imports (USD)

August 04

- USD ADP Non-Farm Employment Change
- USD ISM Services PMI
- INR Nikkei Services PMI (Jul)

August 06

- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate
- INR Interest Rate Decision

August 08

- Indian Automobile Sales Data, by SIAM

August 11

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

August 12

- INR CPI (YoY) (Jul)
- INR Manufacturing Output (MoM) (Jun)
- INR Industrial Production (YoY) (Jun)

August 16

- INR WPI Manufacturing Inflation (YoY) (Jul)
- INR WPI Inflation (YoY) (Jul)

August 17

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- USD Industrial Production m/m

August 24

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

August 27

- USD Core PCE Price Index m/m
- USD Revised UoM Consumer Sentiment

ArihantCapital
Generating Wealth



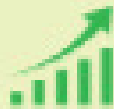
THINK
BIG
START **SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



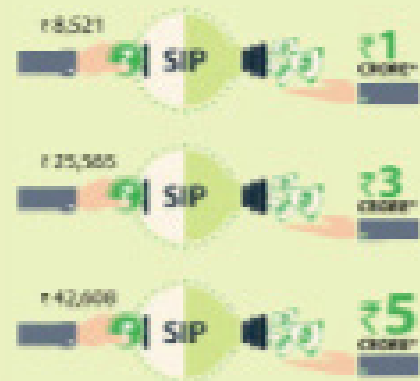
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: The above figures are calculated for the use of ₹1000 for illustration purposes only. Actual fund investments are subject to market risks. Returns could vary from the depicted illustration depending on factors such as, crucial risk for construction/development of a number performance in any market.

20 YEARS PERIOD



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