

Arihant's

VALUE *Plus*

Issue | July 2021



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INDIAN INDICES

Indices	Jun-21	May-21	Monthly Change (%)
SENSEX	52482.71	51937.44	1.05 ↑
NIFTY 50	15721.50	15582.80	0.89 ↑
NIFTY BANK	34772.20	35526.65	-2.12 ↓
NIFTY MIDCAP 100	26970.75	25775.45	4.64 ↑
NIFTY 500	13473.55	13226.35	1.87 ↑
NIFTY IT	29168.00	27115.05	7.57 ↑
NIFTY REALTY	343.95	336.15	2.32 ↑
NIFTY INFRA	4339.25	4327.90	0.26 ↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices		Jun-21	May-21	Monthly Change (%)
AUTO		23771.76	23541.12	0.98 ↑
BANKEX		39349.98	40344.68	-2.47 ↓
CD		35575.43	33389.27	6.55 ↑
CG		22948.98	22498.27	2.00 ↑
FMCG		13517.95	13130.73	2.95 ↑
HC		25589.02	24534.98	4.30 ↑
IT		30135.93	27476.73	9.68 ↑
METAL		18664.75	18877.33	-1.13 ↓
OIL & GAS		16175.51	16472.31	-1.80 ↓
PSU		7776.57	7606.09	2.24 ↑
REALTY		2746.78	2653.08	3.53 ↑
TECK		13229.54	12222.81	8.24 ↑

GLOBAL INDICES

Indices	Jun-21	May-21	Monthly Change (%)
DOW JONES	34502.50	34529.45	-0.08 ↓
NASDAQ	14503.95	13748.74	5.49 ↑
HANG SENG	28827.95	29151.80	-1.11 ↓
FTSE	7037.47	7022.61	0.21 ↑
NIKKEI	28791.53	28860.08	-0.24 ↓

COMMODITIES

Particulars		Jun-21	May-21	Monthly Change (%)
MCX GOLD		46753.00	49350.00	-5.26 ↓
MCX SILVER		67832.00	71900.00	-5.66 ↓
MCX CRUDE OIL		5492.00	4870.00	12.77 ↑
MCX NATURAL GAS		272.20	221.80	22.72 ↑

(Source: Falcon software)

FOREX

Particular		Jun-21	May-21	Monthly Change (%)
USD-INR	₹	74.53	72.89	2.25 ↑
EUR-INR	€	88.64	88.87	-0.26 ↓
GBP-INR	£	103.33	103.28	0.05 ↑
JPY-INR	¥	67.48	66.48	1.50 ↑

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2021	1,73,403.79	1,63,796.78	9,607.01
Total for 2021*	10,49,337.74	10,11,208.83	38,128.91

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jun 2021	83,006.33	76,569.25	6,437.08
Total for 2021*	4,25,025.12	4,36,393.44	-11,368.32

*Till June 2021

(Source: SEBI)

Monthly Market Roundup

In June 2021, Domestic markets were flat with benchmark Nifty and Sensex Index ending the month with 0.9% & 1.1% profit gain, respectively. Benchmark indices remained range bound Nifty underperformed with world indices during this period. Unlocking of the economy in different states had some positive impact on sentiment. However; fear of 3rd wave of covid gripped the market sentiments.

The broad market has shown positive performance including Nifty Midcap 50 up by 4% & Nifty Small-Cap 250 up by 6.3%. Going forward, market may consolidate given the worry over the potential risk from Covid third wave and the commodity price-led inflation and in absence of any fresh trigger..

MSME, tourism, healthcare among top 9 sectors to benefit most from FM relief package

On other macro side, March CPI inflation rose to 5.52% as an attempt to revive the pandemic-hit economy, honourable Finance Minister Nirmala Sitharaman, on June 28, announced eight economic relief measures. Four of them were new and the other four were extension of existing schemes.

Sectors such as health, Micro, Small and Medium Enterprises (MSMEs), tourism, hospitality, fertilisers, NBFCs, healthcare, electronic manufacturers and IT gained the most.

The additional fiscal spending for the measures announced so far, including previously announced ones, to be Rs 1.5 lakh crore, which raises the fiscal deficit forecast to 7.5 per cent of the GDP.

A lot of thought seems to have gone into the announcements, with a wide spectrum of the population standing to benefit. Although the total impact seems large at about Rs.6.29 lakh crore, a large portion of this is by way of credit guarantee schemes where there is no immediate outflow.

Sectoral Performance

On the sectorial front, Nifty PSU Banks and Nifty IT have

outperformed all other major indices with a higher gain of 4.4% and 7.5% respectively. Some other sectors also have shown positive momentum like Nifty Auto, FMCG, Metal Nifty realty with 1.4%, 2.4, 1.8% and 2.9% respectively. However Nifty private banks and NBFC underperformed all other major indices with a lower gain of -1.2% respectively.

On The Global Front

Global equities were mixed in June 2021, Dow Jones grew by 2.1% and Nasdaq Index grew by 5.6% respectively. In context to that S&P500 has shown a growth by 0.3%. However, Nikkei showed a flat move of 0.1% and FTSE100 declined by 0.6%. Over the last month, we've seen more turbulence in the markets than we did in the previous few months. Concerns around rising inflation were a focal point, while the significant crypto currency sell-off also sparked conversation around its viability as an investment.

In commodities, gold showed a growth of 7.5% in the month of June, while Brent crude prices increased by 6.9%. USD/INR increased by 2.1% in the month of June.



Economic Data Wrap Up: June

- India's June Nikkei Services PMI declined to 41.4 as compared to 46.4 in April.
- India's Jun Nikkei Markit Manufacturing PMI decreased to 48.1 as compared to 50.8 in April.
- India's May CPI inflation came in at 6.30% as compared to 4.23% in April
- India's April IIP Grew by 120% YoY as compared to 24% March.
- India's May WPI inflation grew at 12.94% as compared to 10.49% in April
- India's May Federal Fiscal Deficit hit by 1231.74B as compared to 786.99B in April
- India's Jun Trade Balance (USD) decreased to 9.400B as compared to -6.28B in May.

Nifty Technical Outlook: June - 2021

CMP = 15721



On the monthly chart, we are observing a “Doji” candlestick pattern which suggests that markets are cautiously positive at current level. In coming month if Nifty trades and close above 15851 level then it is likely to test 15952 – 16088 – 16246 levels. However, if Nifty trades and close below 15626 level then it can test 15490 – 15355 – 15197 levels.

At present the monthly trend is up. Hence, near 15490 - 15355 levels is strong support if Nifty holds the mentioned level then it may test 15952 – 16088 - 16246 levels. Hence, one needs to adopt buy on decline strategy as stock specific move is likely to continue.



Fundamental Stock

UltraTech CEMENT

UltraTech Cement Limited

BUY

Target Price: Rs. 7000 - 7500

Value Parameters

NSE Code	ULTRACEMCO
CMP(As on 2 nd July, 2021)	Rs 6720
Face Value	Rs 10
52 Week High/Low	7,056/3,735
Market Cap (Rs Cr)	194,926
EV/EBITDA (FY23E)	Rs 15.2
P/E (x) (FY23E)	22

Company Overview

UltraTech Cement Limited is the largest manufacturer of cement in India and ranks among the world's leading cement makers. The company has a consolidated capacity of 116.8 million tonnes per annum (MTPA) of grey cement. UltraTech has a strong presence in international markets such as UAE, Sri Lanka and Bahrain. UltraTech is a founding member of the Global Cement & Concrete Association. Ultratech has 22 integrated manufacturing units, 27 grinding units, one Clinkerisation unit and 7 Bulk Packaging Terminals. In the white cement segment, UltraTech goes to market under the brand name of Birla White.

Capacity Utilization

In March-21, Company operated at 99% capacity utilization in Q4FY21 and around 93% capacity utilization for the full year ended FY21, implying Cement transport of nearly 9mnT in one month. Cement consumption was at its best in FY21, barring Q1FY21. For Company, it had 100% utilization in East, 90%+ utilization in Central/North/West and shade under 90% in South.

Demand: On demand trends during FY21, while initial pickup came from rural market, later from Infra and then pickup from real estate. Management believes that growth in consumption will continue in coming years. India will have long period of sustained higher demand. Demand is sustaining and improving in states like Gujarat and Maharashtra with controlling infections.

Capex: Capacity expansion of 19.5MTPA is underway by end of FY23 Expansion program is on track, barring bit of slowdown on account of Covid. Management doesn't think

they will lose much time in terms of ramp up of new capacities. All critical orders have been placed, and site work started at most sites.

WHRS (Waste heat recovery system) Expansions:

By mid of FY24, WHRS capacity would be 304MW. Company is investing Rs1800cr on WHRS projects. This capex is part of the announced capex at various locations. Benefits of WHRS would have annualized benefit in FY24.

Petcoke: prices continue to go up, touching US\$125-130/T. Management expects prices should stabilize here with restart of Texas refinery, which got impacted by Floods earlier. Reduced dependence on petcoke in 4Q.

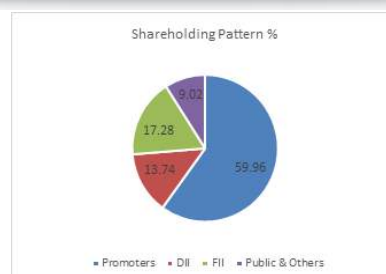
MMDR Amendment: Post the recent change in MMDR, additional royalty is withdrawn - and Company will benefit to the tune of Rs200cr+.

Premium segment: segmentmix at ~10% of trade sales vs. 8% YoY. Target to go to 15% of sales.

Outlook & Valuation:

At a CMP of INR 6484 Stock is trading at EV/EBIDTA multiple of 18.4(x) and 15.2(x) to its FY22E & FY23E. We are positive on the company with a price objective of INR 7000-7500 backed by a Capacity expansion plan which will lead to strong volume growth growing ahead. Strong demand for cement will continue going ahead once the situation of Covid comes under control. Healthy cash flows and a strong balance sheet also remain key positives for the company. Stabilizing of Pet coke price going ahead and cost efficiency measures will lead to expansion in margin going forward.

Shareholding Pattern % (Mar - 21)



AUT SECTOR

JUNE SALES



Maruti Suzuki

Total Sales: 147,368 units, 157% YoY up
 Domestic Sales: 130,348 units, 145% YoY up
 PV Sales: 124,280 units, 142% YoY up
 Exports: 17,020 units, 297% YoY up



TVS Motor

Total Sales: 251,886 units, 27% YoY up
 Domestic Sales: 145,413 units, 0.41% YoY up
 2 Wheeler Sales: 238,092 units, 25% YoY up
 Exports: 106,246 units, 100% YoY up



Mahindra & Mahindra

Total Sales: 32,964 units, 104 % YoY up
 PV Sales: 16913 units, 109% YoY up
 M&HCV Sales: 347 units, 308% YoY up
 Exports: 2607 units, 206% YoY up



Atul Auto

Total Sales: 724 units, -30.65% YoY down



Bajaj Auto

Total Sales: 346,136 units, 24 % YoY up
 Domestic Sales: 161,836 units, 7% YoY up
 CV Sales: 35,558 units, 55% YoY up
 Motorcycle Sales: 310,578 units, 22% YoY up
 Exports: 184,300 units, 45% YoY up



Escorts

Total Sales: 12,533 units, 15.5 % YoY up
 Domestic Sales: 11,956 units, 12.5 % YoY up
 Exports: 577 units, 153.10 % YoY up



Hero MotoCorp

Total Sales: 469,160 units, 3.80 % YoY up
 Motorcycle Sales: 441,536 units, 5.60% YoY up
 Scooters Sales: 27,624 units, -18.37% YoY down
 Domestic Sales: 438,514 units, 1.77% YoY up
 Exports: 30,646 units, 45.28% YoY up



Ashok Leyland

Total Sales: 6,448 units, 169% YoY up
 M&HCV Sales: 2,764 units, 266% YoY up
 LCV Sales: 3,684 units, 125% YoY up



Tata Motors

Total Sales: 43,704 units, 125% YoY Up
 Exports: 2,506 units, 193% YoY up
 CV Sales: 22,100 units, 150 %YoY up
 M&HCV Sales: 5,243 units, 210% YoY up



Volvo-Eicher Commercial Vehicles

Total Sales: 2,438 units, 79.5 % YoY up
 Exports: 610 units, 100 % YoY up
Eicher Motorcycle
Total Sales: 43,048 units, 13% YoY up
 Exports: 7,233 units, 365 % YoY up

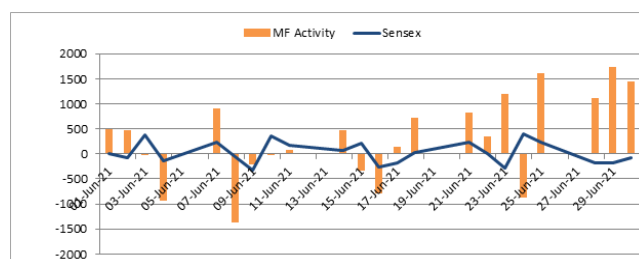


MUTUAL FUNDS ROUNDUP

Indian equity markets rejoiced and ended on positive note in Jun 2021. The barometer index, S&P BSE Sensex delivered positive returns of 1.05% to settle at 52482.71 and Nifty50 gained 0.89 % ending the month at 15721.50.MF

ACTIVITY

Indian mutual funds were net Buyers of equities to the tune of Rs 6437.08 crores in the month of June 2021. Highest Buying was recorded in the 5th week of the month when the fund houses made total net buy of Rs 4299.13 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Buyers to the tune of Rs 9607.01 crores worth of equities in Jun 2021.



Mutual Fund Activity In June 2021

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	12449.44	12442.29	7.15
2nd Week	16242.14	17452.37	-1210.23
3rd Week	18062.67	17854.65	208.02
4th Week	20664.57	17531.56	3133.01
5th Week	15587.51	11288.38	4299.13
Total	83006.33	76569.25	6437.08

Note: Mutual Fund activity as on June 2021

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st July, 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)	41.91	27,142	05-Jan-10	46.08	15.57	16.45	13.28	500	5000
ICICI PruBluechip Fund (G)	57.88	27,723	23-May-08	52.04	13.44	13.91	14.33	100	100
Mirae Asset Large cap Fund(G)	71.26	25,721	04-Apr-08	54.00	15.27	16.01	15.98	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	41.17	16,540	29-Jun-12	52.43	14.51	17.49	17.01	500	5000
Kotak - Flexi Cap Fund (G)	48.52	35,955	11-Sept-09	50.19	13.94	14.75	14.31	500	5000
SBI - Flexi Cap Fund (G)	68.78	13,367	29-Sept-05	59.43	14.32	14.16	13.01	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	85.80	12,162	25-Jun-07	60.26	17.65	16.13	15.82	500	500
L&T MidCap Fund (G)	191.39	6,587	9-Aug-04	60.76	12.20	15.47	19.08	500	5000

Note: Returns as on 1st July, 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 July,2021 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.34	2290.78	21,795	0.27	0.79	1.57	3.20	7.32
ICICI Pru Liquid Fund(G)	3.40	305.40	36,601	0.27	0.78	1.55	3.17	7.41
Ultra Short Term Fund								
Kotak Saving Fund(G)	3.73	33.99	11,759	0.27	0.79	1.55	3.71	7.51
L&T Ultra Short term Fund(G)	3.56	34.50	2,720	0.26	0.81	1.62	3.45	7.24

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

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st July, 2021 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	28.09	7,940	28-Dec-15	68.15	20.45	21.07	20.62
Axis LT Equity Fund(G)	66.59	29,575	29-Dec-09	53.58	15.66	16.15	17.91
Kotak Tax Saver(G)	65	1,988	23-Nov-05	58.37	17.23	15.76	12.74

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

THE MONTH AHEAD KEY FINANCIAL EVENTS JULY 2021



July 01

- Indian Automobile Sales Data, by Automakers
- INR Nikkei Market Manufacturing PMI (Jun)
- INR Imports (USD) (Jun)
- INR Exports (USD) (Jun)

July 02

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

July 06

- USD ISM Services PMI

July 07

- USD FOMC Meeting Minutes

July 08

- Indian Automobile Sales Data, by SIAM

July 12

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

July 13

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

July 14

- INR WPI Food (YoY) (Jun)
- INR WPI Manufacturing Inflation (YoY) (Jun)
- INR WPI Inflation (YoY) (Jun)

July 16

- CNY GDP q/y
- USD Core Retail Sales m/m
- USD Retail Sales m/m

July 22

- EUR Monetary Policy Statement
- EUR ECB Press Conference

July 23

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

July 29

- USD FOMC Press Conference
- USD Advance GDP q/q

ArihantCapital
Generating Wealth

THINK
BIG
START **SMALL**

WHY SIP INVESTMENT

			
DISCIPLINED INVESTMENT	POWER OF COMPOUNDING	RUPEE COST AVERAGING	SMALL POCKET INVESTMENT

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