

Arihant's

VALUE *Plus*

Issue | **July 2022**



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INDIAN INDICES

Indices	June-22	May-22	Change (%)
SENSEX	53,018.94	55,566.41	-4.58
NIFTY 50	15,780.00	16,584.55	-4.85
NIFTY BANK	33,425.00	35,487.40	-5.81
NIFTY MIDCAP 100	26,452.75	28,288.35	-6.49
NIFTY 500	13,387.55	14,119.60	-5.18
NIFTY IT	27,843.00	29,679.05	-6.19
NIFTY REALTY	385.30	411.70	-6.41
NIFTY INFRA	4,619.80	4,877.30	-5.28

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	June-22	May-22	Change (%)
AUTO 	26,768.23	26,453.68	1.19
BANKEX 	38,475.94	40,907.30	-5.94
CD 	34,699.00	37,998.73	-8.68
CG 	26,025.50	27,144.60	-4.12
FMCG 	13,766.10	14,166.70	-2.83
HC 	21,605.93	22,466.60	-3.83
IT 	28,313.08	30,128.59	-6.03
METAL 	15,552.22	18,324.86	-15.13
OIL & GAS 	18,021.93	18,606.99	-3.14
PSU 	8,012.85	8,483.05	-5.54
REALTY 	3,068.27	3,278.26	-6.41
TECK 	12,964.27	13,629.40	-4.88





(Source: BSE)

GLOBAL INDICES

Indices	June-22	May-22	Change (%)
DOW JONES	31,029.31	32,990.12	-5.94
NASDAQ	11,177.89	12,081.39	-7.48
HANG SENG	21,996.89	21,415.20	2.72
FTSE	7,312.32	7,607.66	-3.88
NIKKEI	26,393.04	27,279.80	-3.25

(Source: MoneyControl)

COMMODITIES

Particular	June-22	May-22	Change (%)
MCX GOLD 	50,699.00	51,125.00	-0.83
MCX SILVER 	58,893.00	61,321.00	-3.96
MCX CRUDE OIL 	8,387.00	9,026.00	-7.08
MCX NATURAL GAS 	447.70	649.00	-31.02

(Source: Falcon software)

FOREX

Particular	June-22	May-22	Change (%)
USD-INR ₹	78.97	77.59	1.77
EUR-INR €	82.76	83.29	-0.64
GBP-INR £	96.12	97.84	-1.76
JPY-INR ¥	58.16	60.90	-4.50

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for June 2022	1,57,698.60	2,07,843.92	-50,145.32
Total for 2022*	9,50,188.02	11,74,132.34	-2,23,944.32

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for June 2022	69,903.20	49,190.30	20,712.90
Total for 2022*	5,54,035.64	4,33,065.53	1,20,970.11

*Till 23rd June 2022

(Source: SEBI)

Monthly Market Roundup

As of June 2022, domestic markets continued to witness a de-growth with the Nifty 50 and Sensex index ending the month with a loss of 4.85% and 4.58% respectively. Market sentiments continue to remain subdued led by the ongoing Russia-Ukraine conflict causing global supply chain and logistical stoppages, The Interest rate hike of 75 bps by US fed and anticipation of recession in the US due to the continuously tightening monetary policies caused instability in the world labour market, retail sales and industrial production. Rising crude oil prices also dented the sentiments.

Nifty Midcap 50 & Nifty Small Cap 250 were down by 6.4% and 7.4% respectively. This is due to underperformance from (-12.7%), Media (-6.9%), leading to pressure in Midcap & Small Cap indices. Nifty Auto outperformed as compared to other sectors and ended with a gain of 1.2%. Defensive sector like FMCG and Pharma declined nearly 2%. Going forward, we expect market sentiments will be guided by US Fed action to bring inflation under control and stock specific movement will continue with upcoming result season.

Liquidity seen sloshing towards commodity derivatives as FPIs given green light to flood in : Multi Commodity Exchange (MCX) of India in particular and the market as whole will be among the biggest beneficiaries of the regulator green lighting trade by foreign portfolio investors (FPIs) in commodity derivatives.

Securities and Exchange Board of India (SEBI) gave FPIs approval to trade in all non-agricultural commodity derivatives and select non-agricultural benchmark indices. To begin with, FPIs will be allowed only in cash-settled contracts.

The SEBI announcement is a small step towards a big journey to integrate and develop the Indian commodities market on a global stage. The higher participation will boost market liquidity and volumes with better price discovery.

Foreign investors will now be able to freely trade in metals, energy and bullion commodities. MCX being the leader in

the segment will emerge as a big winner, as higher volume means higher revenue for the firm.

RBI Monetary Policy

Another front-loaded hike of 50bps reflects increased policy urgency with heightened inflation uncertainties. The governor again stated that the RBI's reaction function is not tied to any defined playbook and is reactive to evolving global macro economic backdrop and inflation dynamics. The policy rhetoric was accompanied by focus on withdrawal of accommodation, albeit in nuanced fashion. The FY23 inflation forecast has been raised again to 6.7% from 5.7% earlier amid high food inflation, with H1FY23 estimated to see 7%+ prints. The GDP growth estimate remains unchanged at 7.2%

While August may see another front-loaded hike of 25bps+, FY23 could see overall rates go up by another 75bps+. The terminal policy rate may be around 5.75%, while the net liquidity tightening to 2% of NDTL is tantamount to another estimated 25bps effective rate hike.

Liquidity transition could be edgy. A huge FY23 bond supply will require the RBI's invisible hand (tactical OMOs), which the RBI may neutralize partly with more CRR hikes if it intends to bluntly reduce banking liquidity. Operation twist, while an attractive option to ease term premia, may be constrained due to the thin Gsec residual maturity profile in the RBI's book. We maintain a case for mild Gsec bear-flattening bias.

On the global front

Global equities also showed a de-growth in June 2022, Dow Jones declined by 6.2 %, whereas Nasdaq Index declined by 8.1% respectively. In context to that, S&P 500 declined by 7.7%. whereas, Nikkei declined by 3.9% and FTSE100 declined by 4.8%. Market sentiments will be guided by geo political news.

In commodities, gold declined by 2.2%, while Brent crude prices declined by 4%. USD/INR rose by 1.8% in the month of June.

Economic Data Wrap Up: June - 2022

- India's May Nikkei Services PMI increased to 58.9 as compared to 57.9 in April.
- India's Jun Nikkei Market Manufacturing PMI decreased to 53.9 as compared to 54.6 in May.
- India's May CPI inflation came in at 7.04% as compared to 7.79% in April.
- India's April IIP came in at 7.1% YoY as compared to 1.9% in March.
- India's May WPI inflation came in at 15.88% as compared to 15.08% in April.
- India's May Trade Balance (USD) came at -24.29B as compared to -23.33B in April.

Nifty Technical Outlook: July - 2022

CMP = 15,780.00



On the monthly chart, we are observing a bear candle which has closed below the median line of the second channel. This suggests weakness. In the coming month if Nifty trades and closed above 16,886 level then it is likely to test 17,356 – 17,826 – 18,374 levels. However, if Nifty trades and close below 16,281 level then it can test 15,812 – 15,342 – 14,795 levels.

Broadly, looking at the current price action it is evident that the monthly trend remains down and pull back rallies near 16,886 - 17,356 are likely to attract selling pressure. Hence, one needs to adopt cautious approach at current level.



Fundamental Stock



Make Life Easy

MANAPPURAM
FINANCE LTD.

BUY
Target
₹118

Stock Details:

NSE Code	MANAPPURAM
CMP(As on 1st July 22)	INR 88
Face Value	INR 2
52 Week High/Low	224/82
Market Cap (INR Cr)	7,469

Company Overview: Promoted by Shri. V.P. Nandakumar, Manappuram Finance Ltd (MFL) was incorporated in 1992 and today is the second largest gold loan company (core product). With an objective to bring stability to balance sheet and reduce business concentration risks, the company kick-started product diversification drive back in 2015 foraying to micro finance, vehicle and housing finance portfolios (these form 33.3% of overall AUMs). It has a branch network of 5,000+ branches with an employee strength of 40,000+ on a consolidated basis.

Investment Rationale:

Interest rates to increase ahead with discontinuation of teaser loans launched during Diwali (Nov-21): The company has discontinued teaser loan rates which was launched during Diwali (Nov'21). Those loans were at 7-8%. The new interest rates are only on fresh disbursements, with rates on the back-book unchanged. Going forward, we expect yield of the company to increase which will support NIMs.

AUMs to grow at 15% CAGR over FY22-24E: We expect steady 15% AUM CAGR over FY22-24E led by business recalibration and book granularity. Going forward, the incremental book expansion is expected to be largely driven by micro finance, vehicle and housing finance. The management has guided for 15-20% growth in gold loans from FY23 onwards. In Q4 FY22, AUM of the company grew by 11% YoY to INR 30,261 cr. The company is targeting for 35% YoY growth in MFI business at INR 9,000 cr.

In a sweet spot: MFL stands in a sweet spot underpinned by (a) opportunity to tap the gold lending market expansion,

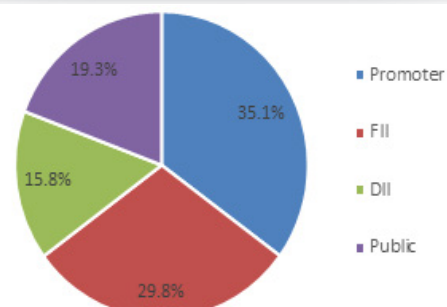
(b) effective ALM, (c) gold lending business moat and (d) anticipated non-gold business scalability. While the gold financing business stands on strong footing, the non-gold diversification into vehicle, housing and micro-finance expected to form growth engines ahead.

Q4FY22 Performance: MFL's performance was subdued since the last three quarter in terms of profitability, asset quality, return ratios and growth due to decline in yield profile and high competition in gold loan space with weak demand. However, with discontinuation of teaser loans and anticipated pick up in gold lending business, AUM growth expected to increase with increase in incremental yield. Management expects AUM growth to pick up in FY23E with yield stabilizing at 20-21%.

MFL's gold is a low levered business: Gold loan business being secured backed by self-liquidating underlying asset poses lower asset side risk for gold financiers. Such a capital accretive business enables to maintain low lever model leaving headroom for growth.

Valuation Outlook: MFL had reported a subdued performance in the past 3-4 quarters due to higher competition in the market on gold loan rate front which has resulted into decline in yield and profitability. We are expecting MFL to outperform peers and benefit of teaser loan discontinuation will help to improve yields and margins going forward. However, currently demand scenario in gold loan remains softer. Scalability of non-gold business will be the key for re-rating in the stock. We expect the consolidated loan book of the company to grow at a CAGR of ~15% over FY21-FY23. Currently, it is trading an attractive valuation of 0.7x FY24E P/ABV. We have a Buy rating on the stock with a target price of INR 118, based on 0.9x FY24E ABVPS.

Shareholding Pattern % (Mar - 22)



AUTOMOTIVE SECTOR JUNE SALES



Maruti Suzuki

Total Sales: 155,857 units, 5.76% YoY up
 Domestic Sales: 132,024 units, 1.29% YoY up
 PV Sales: 122,685 units, 1.28% YoY down
 Exports: 23,833 units, 40.03% YoY up



TVS Motor

Total Sales: 308,501 units, 22% YoY up
 Domestic Sales: 193,090 units, 33% YoY up
 Exports: 114,449 units, 8% YoY up



Mahindra & Mahindra

Total Sales: 54,096 units, 64.1 % YoY up
 PV Sales: 26,880 units, 59% YoY up
 M&HCV Sales: 616 units, 78% YoY up
 Exports: 2,777 units, 7% YoY up



Atul Auto

Total Sales: 1,818 units, 151.10% YoY up



Bajaj Auto

Total Sales: 3,47,004 units, 1% YoY up
 Domestic Sales: 125,083 units, 20 % YoY down
 CV Sales: 31,056 units, 13 % YoY down
 Exports: 2,08,653 units, 13 % YoY up



Escorts

Total Sales: 10,051 units, 19.8% YoY down
 Domestic Sales: 9,265 units, 22.5% YoY down
 Exports: 786 units, 36.2% YoY up



Hero MotoCorp

Total Sales: 4,84,867 units, 3.35% YoY up
 Motorcycle Sales: 461,421 units, 4.50% YoY up
 Scooters Sales: 23,446 units, 15.12% YoY down
 Domestic Sales: 4,63,210 units, 5.72% YoY up
 Exports: 21,657 units, 29.33% YoY down



Ashok Leyland

Total Sales: 14,531 units, 125% YoY
 M&HCV Sales: 9,354 units, 238% YoY up
 LCV Sales: 5,177 units, 41% YoY up



Tata Motors

Total Sales: 79,606 units, 82% YoY Up
 Exports: 2856 units, 14% YoY up
 CV Sales: 37,265 units, 69% YoY up
 PV Sales: 45,197 units, 87% YoY up



Volvo-Eicher Commercial Vehicles

Total Sales: 6,307 units, 157.78% YoY up
 Exports: 601 units, 1.5% YoY down
Eicher Motorcycle
Total Sales: 61,407 units, 43% YoY up
 Exports: 11,142 units, 54% YoY up

(Source: NSE)

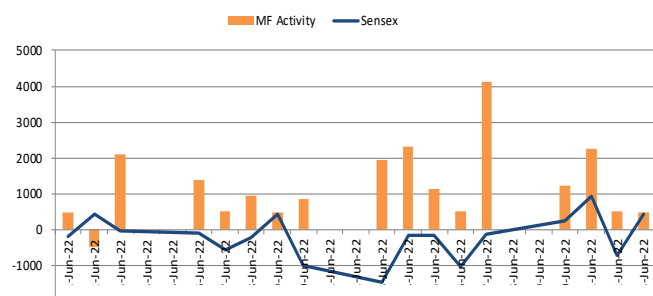


MUTUAL FUNDS ROUNDUP

Indian equity markets tumbled in the month of June 2022. The barometer index, S&P BSE Sensex plunged 4.58% to settle at 53,018.94 and Nifty50 lost 4.85% ending the month at 15,780.00.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 20,712.90 crores in the month of Jun 2022. Highest buying was recorded in the 3rd week of the month when the fund houses made total net buy of Rs 10,020.36 crores of equities. On the other hand, foreign institutional investors (FIIs) were net sellers to the tune of Rs 50,145.32 crores worth of equities in Jun 2022.



Mutual Fund Activity in June 2022

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	13,003.92	10,949.82	2,054.10
2nd Week	18,909.86	14,735.33	4,174.53
3rd Week	24,705.46	14,685.10	10,020.36
4th Week	13,283.96	8,820.05	4,463.91
Total	69,903.20	49,190.30	20,712.90

Note: Mutual Fund activity as on 23rd June 2022



Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st July, 2022 (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)	39.04	34,909	05-Jan-10	-6.85	9.19	11.88	11.52	500	5,000
ICICI Pru Bluechip Fund (G)	60.46	31,235	23-May-08	4.46	11.82	11.09	13.60	100	100
Mirae Asset Large cap Fund(G)	70.99	31,722	04-Apr-08	-0.38	10.81	10.92	14.75	1,000	5,000
Multi Cap Fund									
Axis Focused 25Fund(G)	36.48	19,146	29-Jun-12	-11.39	8.44	9.74	13.80	500	5,000
Kotak - Flexi Cap Fund (G)	47.10	36,463	11-Sept-09	-2.93	9.03	9.26	12.86	500	5,000
SBI - Flexi Cap Fund (G)	68.47	15,449	29-Sept-05	-0.45	10.91	10.15	12.16	500	1,000
Mid Cap Fund									
DSP Mid Cap Fund(G)	77.49	13,797	25-Jun-07	-9.68	12.39	8.82	13.99	500	500
L&T MidCap Fund (G)	185.55	6,569	9-Aug-04	-3.05	12.04	7.63	17.72	500	5,000

Note: Returns as on 1st July, 2022, 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, 2022 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2,373.48	28,934	0.39	1.00	1.89	3.61	7.02
ICICI Pru Liquid Fund(G)	2.13	316.16	39,902	0.38	0.97	1.84	3.52	7.17
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	35.14	12,596	0.38	0.73	1.71	3.38	7.28
L&T Ultra Short term Fund(G)	2.27	35.69	1,897	0.38	0.71	1.70	3.43	7.04

Note: NAV and Returns as on 1st July, 2022, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st July, 2022 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	27.90	11,963	28-Dec-15	-0.67	15.65	13.87	17.07
Axis LT Equity Fund(G)	58.32	31,656	29-Dec-09	-12.42	8.31	9.76	15.14
Kotak Tax Saver(G)	65.11	2,670	23-Nov-05	0.18	12.50	10.94	11.94

Note: NAV and Returns as on 1st July, 2022, Returns < 1 yr annualised, > 1 yr compounded annualised.

THE MONTH AHEAD

KEY FINANCIAL EVENTS

JULY 2022



July 01

- USD ISM Manufacturing PMI
- EUR CPI Flash Estimate y/y
- INR Nikkei Market Manufacturing PMI (Jun)

July 06

- USD JOLTS Job Openings
- USD ISM Services PMI
- USD FOMC Meeting Minutes

July 07

- USD ADP Non-Farm Employment Change
- USD Unemployment Claims

July 08

- Indian Automobile Sales Data, by SIAM
- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate

July 12

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

July 13

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

July 14

- USD PPI m/m
- USD Core PPI m/m
- INR WPI Inflation (YoY) (Jun)
- INR WPI Manufacturing Inflation (YoY) (Jun)

July 15

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

July 21

- EUR German Flash Manufacturing PM
- EUR German Flash Services PMI
- EUR Main Refinancing Rate
- EUR Monetary Policy Statement

July 27

- USD FOMC Statement
- USD Federal Funds Rate

July 28

- USD Advance GDP q/q



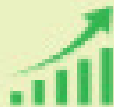
**THINK
BIG
START SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



**DISCIPLINED
INVESTMENT**



**POWER OF
COMPOUNDING**



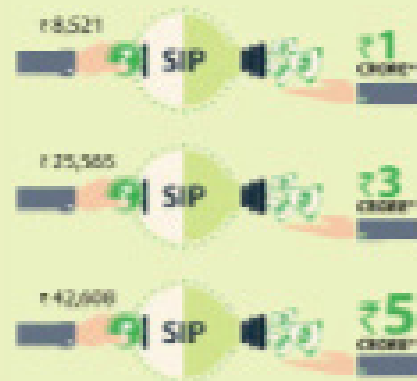
**RUPEE COST
AVERAGING**



**SMALL POCKET
INVESTMENT**

*Note: The above figures are calculated for the use of rupee cost averaging for illustration purposes only. Actual fund investments are subject to market risks. Investors should always consult a financial advisor before investing in any scheme.

20 YEARS PERIOD



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