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AJIT NINAN

Issue | December 2021



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INDIAN INDICES

Indices	Nov-21	Oct-21	Change (%)
SENSEX	57064.87	59306.93	-3.78
NIFTY 50	16983.20	17671.65	-3.90
NIFTY BANK	35695.30	39115.60	-8.74
NIFTY MIDCAP 100	29650.65	30469.55	-2.69
NIFTY 500	14648.35	15086.90	-2.91
NIFTY IT	35043.75	34408.75	1.85
NIFTY REALTY	487.60	498.70	-2.23
NIFTY INFRA	4959.35	5045.10	-1.70

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Nov-21	Oct-21	Change (%)
AUTO 	23989.17	25338.29	-5.32
BANKEX 	40779.11	44650.66	-8.67
CD 	43100.51	43218.93	-0.27
CG 	26892.79	26673.33	0.82
FMCG 	13689.37	14002.76	-2.24
HC 	25501.80	25033.89	1.87
IT 	34382.15	33491.39	2.66
METAL 	18217.79	20017.34	-8.99
OIL & GAS 	17502.48	18142.94	-3.53
PSU 	8152.17	8635.02	-5.59
REALTY 	3799.90	3985.28	-4.65
TECK 	15366.54	14961.08	2.71

(Source: BSE)

GLOBAL INDICES

Indices	Nov-21	Oct-21	Change (%)
DOW JONES	34483.72	35819.56	-3.73
NASDAQ	15537.69	15498.39	0.25
HANG SENG	23475.26	25377.24	-7.49
FTSE	7059.45	7237.57	-2.46
NIKKEI	27821.76	28892.69	-3.71





(Source: MoneyControl)

COMMODITIES

Particular	Nov-21	Oct-21	Change (%)
MCX GOLD 	47805.00	47635.00	0.36
MCX SILVER 	62287.00	64534.00	-3.48
MCX CRUDE OIL 	4896.00	6264.00	-21.84
MCX NATURAL GAS 	347.00	409.00	-15.16

(Source: Falcon software)

FOREX

Particular	Nov-21	Oct-21	Change (%)
USD-INR 	75.37	75.13	0.32
EUR-INR 	85.67	87.56	-2.16
GBP-INR 	100.63	103.54	-2.81
JPY-INR 	66.80	66.07	1.10

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Nov 2021	170,483.40	204,283.06	-33,799.66
Total for 2021*	1,931,692.56	1,953,566.81	-21,874.25

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for Nov 2021	76,245.81	62,729.77	13,516.04
Total for 2021*	912,692.52	867,820.90	44,871.62

*Till 25th November 2021

(Source: SEBI)

Monthly Market Roundup

In November 2021, Indian equity markets witnessed correction with benchmark Nifty and Sensex Index ending the month with a decline of 3.90% and 3.78%, respectively. Fear of spike in 3rd variant of covid (omicron) has spooked the investors and this together with high inflation and high valuations weighed on the market sentiments.

Nifty Midcap50 was down by 5.7% & Nifty Small Cap 250 was down by 1%. This underperformance was mainly due to fall in banking and financial services, metals and auto stocks. Going forward, market sentiment will depend on severity of omicron and other global cues.

Powell Said Omicron adds economic risks, inflation uncertainty: Federal Reserve Chair Jerome Powell, in his first public remarks on the omicron variant of the coronavirus, said it poses risks to both sides of the central bank's mandate to achieve stable prices and maximum employment.

The recent rise in Covid-19 cases and the emergence of the omicron variant pose downside risks to employment, economic activity and increased uncertainty for inflation. He further added that the virus could reduce people's willingness to work in person, which would lead to slow the progress in the labour market and intensify supply chain disruptions. Further it is also likely to impact the hospitality sector at large.

There was no discussion on specific monetary policy actions or the possibility of changing the pace of the tapering of its asset purchases by Powell.

Sectoral Performance: On the sectoral front, Nifty Bank, Nifty Metals and Nifty Auto Bank have underperformed all other major indices with a higher loss of 10.2%, 9.3% and 7.2% respectively. Whereas defensive sectors like Nifty IT, FMCG and pharma downfall was limited compared to

other Indices.

On the global front: Global equities also had a negative momentum in November 2021, Dow Jones declined 3.73% whereas Nasdaq Index rose 0.25% respectively. In context to that, S&P 500 declined 1%. Whereas Nikkei declined 3.71% and FTSE 100 declined 2.46%. Last month, the stock market across the globe declined mainly as inflationary fears and aggressive withdrawal of monetary stimulus by global central bank gripped investor sentiments. Nifty underperformed the world indices during this period.

On the commodities front, gold increased 0.36%, while Brent crude prices declined 21.84%. USD/INR rose 0.3% in the month of November.

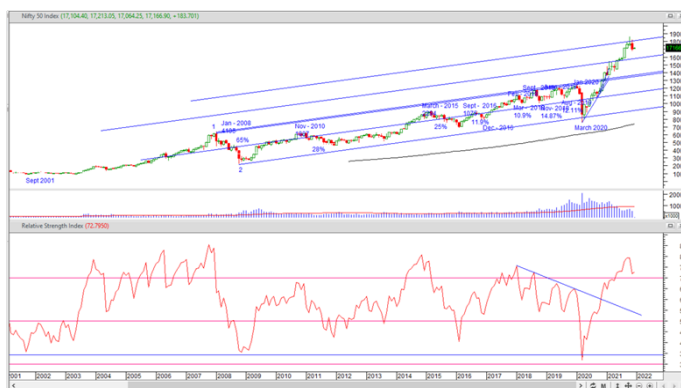


Economic Data Wrap Up: Nov - 2021

- India's Oct'21 Fiscal Deficit hit \$5,470.26bn as compared to \$5268.51bn in Sept'21.
- India's Oct'21 Nikkei Services PMI increased to 58.4 as compared to 55.2 in Sept'21.
- India's Oct'21 Nikkei Markit Manufacturing PMI increased to 55.9 as compared to 53.7 in Sept'21.
- India's Oct'21 CPI inflation stood at 4.48% as compared to 4.35% in Sept'21.
- India's Sep'21 IIP came in at 3.1 % YoY as compared to 11.9% in Aug'21.
- India's Oct'21 WPI inflation came at 12.54% as compared to 10.66% in Sept'21.
- India's Oct'21 Trade Balance narrowed to -\$19.9 bn as compared to -\$22.6 bn in Sept'21.

Nifty Technical Outlook: Dec - 2021

CMP = 16,983



On the monthly chart, we maintain our view that prices have taken resistance at the upper trendline of the channel and formed a bear candle which resembles a bearish engulfing pattern. The said pattern will get activated once Nifty trades and closes below 16782 level. In the coming month if Nifty trades and closes above 17253 level then it is likely to test 17670 – 18086 – 18572 levels. However, if Nifty trades and closes below 16713 levels then it can test 16296 – 15880 – 15395 levels. Looking, at the current price action it is evident that one needs to be cautious at current level. However, a pullback up to 17670 – 18086 – 18572 cannot be ruled out where selling is likely to emerge.



Fundamental Stock



ICICI Bank

BUY

Target Price: INR942

Value Parameters

NSE Code	ICICIBANK
CMP(As on 30th Nov'21)	INR 714
Face Value	INR 2
52 Week High/Low	867/472
Market Cap (INR Cr)	4,95,787
BV (FY24E)	INR 323
P/BV (x) (FY24E)	2.2x

Company Overview: Over the last few years, ICICI Bank has transformed itself into a retail focused bank. Retail portfolio of the bank has increased from 52% in FY17 to 68% as on Sep'21. The Bank's consolidated total assets stood at ₹12.76 tn as on Sep'21. Bank has a network of 5,277 branches and 14,045 ATMs across India. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its group companies.

Investment Rationale:

Industry leading loan growth leading to gaining market share position: ICICI Bank continues to report higher than industry (nearly 3x higher) loan growth which clearly reflects its market share gaining position. With a strong branch network and constant investments in technology, we expect the bank's advances profile to grow at a CAGR of 19% over FY21-24E.

Levers are in place for re-rating: Post transformation, ICICI bank has shown a strong performance in the past three years with industry leading growth, margins at its peak, strong liability franchise, well cushioned balance sheet and better asset quality metrics. Thus, we believe ICICI bank is a strong candidate for rerating and the its valuation gap with HDFC Bank should narrow down. With strong balance sheet and capital position, the bank is geared to capitalize growth opportunity in the system.

Improving digital capabilities: ICICI Bank has been progressing well on its digital initiatives. The bank is heavily focusing on the technology to capture the market share. With its Insta apps across payments, lending and broader banking products, ICICI Bank has been able to drive customization

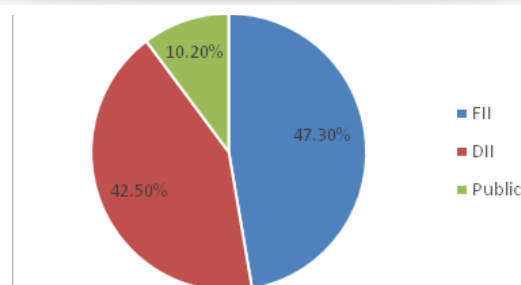
of platforms to improve customer engagement. It monitors customer engagement through internal analytical tools.

Strong operating quarter (Q2FY22): ICICI Bank reported another quarter of stellar performance on all fronts with improvement in asset quality and all-time high margin. Profit for the quarter grew strongly by 30% YoY/19% QoQ to ₹5,511 cr. Pre-provision operating profit (PPOP) grew by 23% YoY to ₹9,518 cr supported by strong other income growth of 19% YoY. ICICI Bank's business volumes witnessed a sharp uptick in Q2FY22 with strong growth in loans (+3.8% QoQ, +18% YoY) and deposits (+5.5% QoQ, +17.3% YoY).

Asset quality peaks out: Slippages in Q2FY22 was at ₹5,578 cr (slippage ratio at 2.9% vs. 3.9% QoQ). But the recoveries were strong, resulting into GNPA ratio falling to 4.82%, lower by 33bps QoQ. BB and below rated book of the bank decreased from 1.9% to 1.7% of the total advances. COVID-19 restructuring book stood at 1.3% of loans.

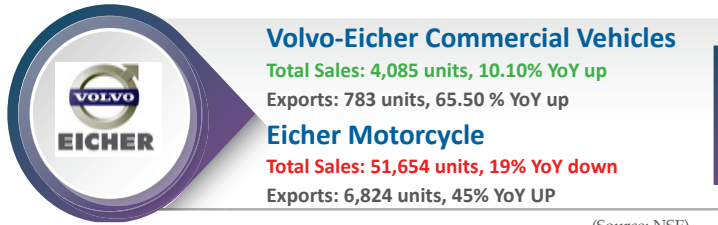
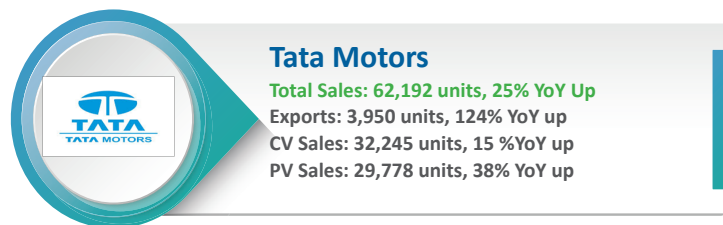
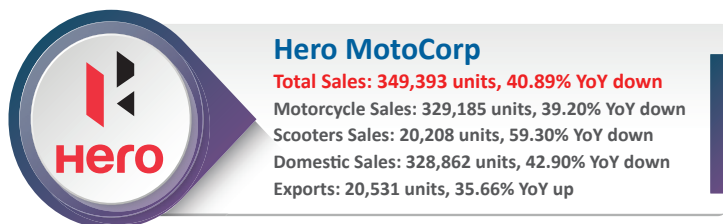
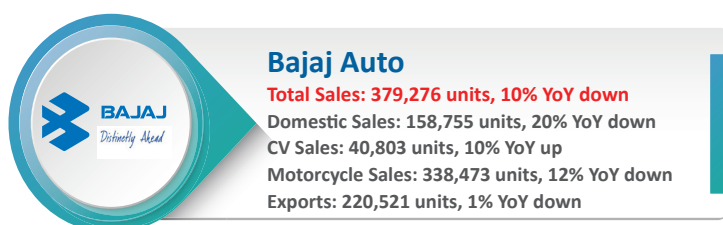
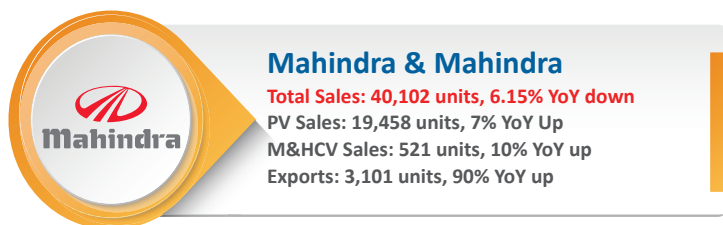
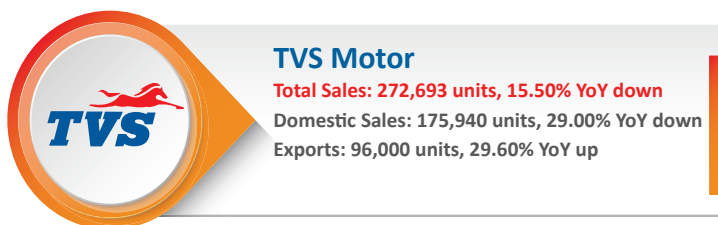
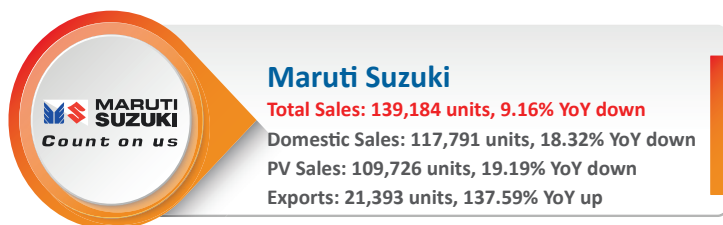
Valuation & View; Top pick in banking space: Post transformation, ICICI Bank has shown a strong performance in the past three years with industry leading growth, margins at peak, conservative policy stance with well cushioned balance sheet, strong liability franchise, sharp reduction in NPA and faster adoption of technology. We believe, bank is well positioned to deliver RoA/RoE of 1.7%/14% by FY24E and valuation gap with HDFC bank to narrow with improving performance. The bank continuously leveraging digital capabilities to gain market share. We have a Buy rating on the stock with a SOTP based target price of ₹942, based on 2.6x FY24E P/ABV for standalone bank and ₹156 for subsidiaries.

Shareholding Pattern % (Sep - 21)



AUTO SECTOR

NOVEMBER SALES



(Source: NSE)

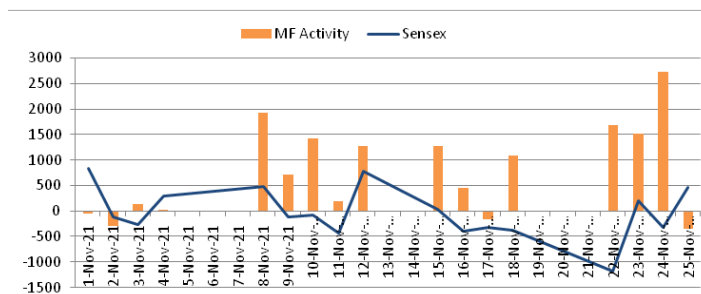


MUTUAL FUNDS ROUNDUP

Indian equity markets tumbled and ended on negative note in Nov 2021. The barometer index, S&P BSE Sensex delivered negative returns of 3.78% to settle at 57064.87 and Nifty 50 losses 3.90 % ending the month at 16983.20.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 13,516.04 crores in the month of Nov 2021. Highest buying was recorded in the 4th week of the month when the fund houses made total net buy of Rs 5,544.72 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 33,799.66 crores worth of equities in Nov 2021.



Mutual Fund Activity In Nov 2021

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	11,454.60	11,642.74	(188.14)
2nd Week	24,725.68	19,206.65	5,519.03
3rd Week	17,860.02	15,219.59	2,640.43
4th Week	22,205.51	16,660.79	5,544.72
Total	76,245.81	62,729.77	13,516.04

Note: Mutual Fund activity as on 25th Nov 2021

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Nov, 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)	45.65	33,967	05-Jan-10	28.58	19.32	19.34	13.60	500	5000
ICICI Pru Bluechip Fund (G)	63.74	31,082	23-May-08	36.29	16.77	15.43	14.67	100	100
Mirae Asset Large cap Fund(G)	76.79	30,804	04-Apr-08	32.86	16.86	16.73	16.09	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	45.98	20,404	29-Jun-12	33.00	20.16	19.60	17.57	500	5000
Kotak - Flexi Cap Fund (G)	50.83	38,521	11-Sept-09	28.36	15.45	14.84	14.22	500	5000
SBI - Flexi Cap Fund (G)	74.39	15,462	29-Sept-05	36.75	17.88	15.32	13.20	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	89.39	14,190	25-Jun-07	29.22	20.15	15.89	15.66	500	500
L&T MidCap Fund (G)	202.25	6,909	9-Aug-04	33.02	15.46	14.73	18.96	500	5000

Note: Returns as on 30th November, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 30 th Nov,2021 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2322.54	22,877	0.31	0.81	1.66	3.23	7.18
ICICI Pru Liquid Fund(G)	2.13	309.55	35,561	0.29	0.79	1.63	4.81	7.30
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	34.45	13,153	0.30	0.69	1.63	3.16	7.41
L&T Ultra Short term Fund(G)	2.27	34.99	2,362	0.34	0.76	1.68	3.29	7.15

Note: NAV and Returns as on 30th November 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Nov, 2021 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	30.53	10,146	28-Dec-15	40.10	22.51	21.02	20.72
Axis LT Equity Fund(G)	73.59	34,235	29-Dec-09	32.70	20.01	18.63	18.21
Kotak Tax Saver(G)	70.47	2,323	23-Nov-05	38.43	19.66	16.37	12.95

Note: NAV and Returns as on 30th November, 2021, Returns < 1 yr annualised, > 1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS DECEMBER 2021



December 01

- USD ADP Non-Farm Employment Change
- USD ISM Manufacturing PMI
- INR Nikkei Markit Manufacturing PMI (Nov)
- INR M3 Money Supply

December 03

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

December 08

- Indian Automobile Sales Data, by SIAM
- INR Interest Rate Decision
- INR Reverse REPO Rate

December 10

- USD CPI m/m
- USD Core CPI m/m
- INR Manufacturing Output (MoM) (Oct)
- INR Industrial Production (YoY) (Oct)

December 14

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

December 15

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- INR Trade Balance (Nov)

December 16

- USD FOMC Economic Projections
- USD Federal Funds Rate
- EUR Monetary Policy Statement

December 21

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

ArihantCapital
Generating Wealth



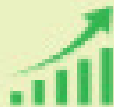
THINK
BIG
START SMALL

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



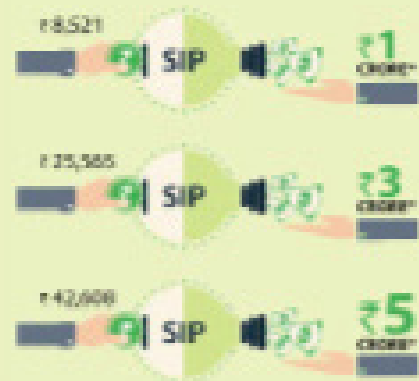
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

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

20 YEARS PERIOD



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