

Arihant's

VALUE *Plus*

Issue | June 2022

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INDIAN INDICES

Indices	May-22	Apr-22	Change (%)
SENSEX	55566.41	57060.87	-2.62
NIFTY 50	16584.55	17102.55	-3.03
NIFTY BANK	35487.40	36088.15	-1.66
NIFTY MIDCAP 100	28288.35	29880.35	-5.33
NIFTY 500	14119.60	14783.35	-4.49
NIFTY IT	29679.05	31622.40	-6.15
NIFTY REALTY	411.70	443.75	-7.22
NIFTY INFRA	4877.30	5127.85	-4.89

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	May-22	Apr-22	Change (%)
AUTO 	26453.68	25210.17	4.93
BANKEX 	40907.30	41533.91	-1.51
CD 	37998.73	42666.59	-10.94
CG 	27144.60	27370.68	-0.83
FMCG 	14166.70	14082.17	0.60
HC 	22466.60	24340.88	-7.70
IT 	30128.59	31989.90	-5.82
METAL 	18324.86	21654.75	-15.38
OIL & GAS 	18606.99	19497.83	-4.57
PSU 	8483.05	8848.53	-4.13
REALTY 	3278.26	3528.96	-7.10
TECK 	13629.40	14339.02	-4.95

(Source: BSE)

GLOBAL INDICES

Indices	May-22	Apr-22	Change (%)
DOW JONES	32990.12	32977.21	0.04
NASDAQ	12081.39	12334.64	-2.05
HANG SENG	21415.20	21089.39	1.54
FTSE	7607.66	7544.55	0.84
NIKKEI	27279.80	26847.90	1.61





(Source: MoneyControl)

COMMODITIES

Particular	May-22	Apr-22	Change (%)
MCX GOLD 	51125.00	51526.00	-0.78
MCX SILVER 	61321.00	64266.00	-4.58
MCX CRUDE OIL 	9026.00	8177.00	10.38
MCX NATURAL GAS 	649.00	555.80	16.77

(Source: Falcon software)

FOREX

Particular	May-22	Apr-22	Change (%)
USD-INR 	77.59	76.52	1.40
EUR-INR 	83.29	80.66	3.26
GBP-INR 	97.84	96.19	1.72
JPY-INR 	60.90	59.07	3.10

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2022	152,989.39	198,265.69	-45,276.30
Total for 2022*	792,489.42	966,288.42	-173,799.00

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for May 2022	102,386.13	75,025.79	27,360.34
Total for 2022*	484,132.44	383,875.23	100,257.21

*Till 30th May 2022

(Source: SEBI)

Monthly Market Roundup

As of May 2022, domestic markets continued to witness a de-growth with the Nifty 50 and Sensex index ending the month with a loss of 3.03% and 2.62% respectively. Market sentiments continue to remain subdued led by the ongoing Russia-Ukraine conflict causing global supply chain and logistical stoppages. Anticipation of recession in the US due to the continuous tightening of monetary policies has caused instability in the world labour market, retail sales and industrial production. The impact was also felt in the Indian FMCG industry, as many companies were forced to push the rising costs to the customers. The current geopolitical situation is uncertain, but India stands to face significant headwinds in terms of higher prices and interest rates.

Nifty Midcap 50 & Nifty Small Cap 250 were down by 4.1%, and 7.7% respectively. This is due to underperformance of stocks in metals (-16.2%), realty (-7.4%), pharma (-6.4%), PSU banks (-6.2%), media (-4.9%), IT (-4.7%), and NBFCs (-3.7%). This has led to a pressure in Midcap & Small-cap indices with Nifty small cap down 9%, and Nifty Midcap down 4.8%. The Nifty auto and FMCG gained this month; up by 5.9% and 1.1% respectively. Going forward, we expect market sentiments will be guided by development over the Russia-Ukraine matter and US Fed meeting outcome. Stock specific movement will continue with the ongoing result season.

Repo rate hike impact on market

RBI hikes repo rate by 40 bps, however repo rates are still 70 bps below pre covid levels. The banks with strong CASA and good risk management would benefit in net interest margins. The insurance companies make higher investment income on their float which would lead to higher Return on Equity.

A repo rate hike makes borrowing costlier and savings more attractive. The changes in policy repo rate make a significant impact on both lending and deposits interest rates. A higher repo rate makes the cost of funds go higher for banks - resulting in rising interest rates for home loans,

car loans, and personal loans.

However, the case is different for depositors. A rate hike gives room to banks for raising interest rates on deposits and hence making fixed deposits and savings accounts attractive for customers to park their money and earn extra on them.

Post RBI's announcement of repo rate hike, the market has corrected around 7% in 6 trading sessions and bounced back to around ~5.6% over the next few trading sessions.

On the global front: Global equities also showed a de-growth in May 2022, Dow Jones remained flat by 0.04%, whereas Nasdaq Index declined by -2.05% respectively. In context to that, S&P 500 declined by -0.6%. whereas, Nikkei increased by 1.61% and FTSE100 increased by 0.84%. Market sentiments will be guided by geo-political news and crude oil prices going ahead.

In commodities, gold declined by 0.78%, while Brent crude prices rose by 10.38%. USD/INR rose by 1.4% in the month of May.

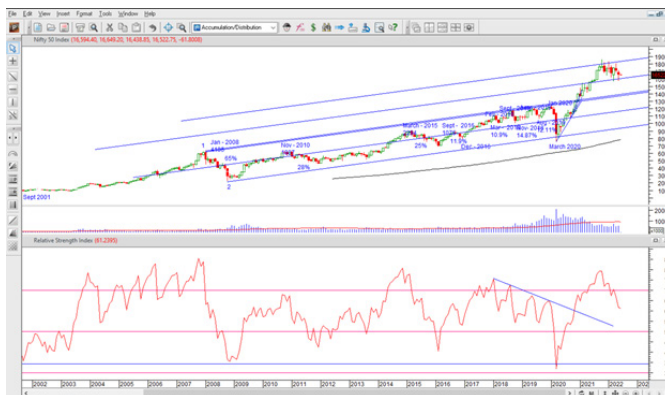


Economic Data Wrap Up: May - 2022

- India's April Nikkei Services PMI increased to 57.9 as compared to 53.6 in March.
- India's April Nikkei Market Manufacturing PMI increased to 54.7 as compared to 54.0 in March.
- India's April CPI inflation came in at 7.79% as compared to 6.95% in March.
- India's March IIP came in at 1.9% YoY as compared to 1.7% in February.
- India's April WPI inflation came in at 15.08% as compared to 14.55% in March.
- India's April trade balance (USD) came at -20.07B as compared to -18.51B in March.

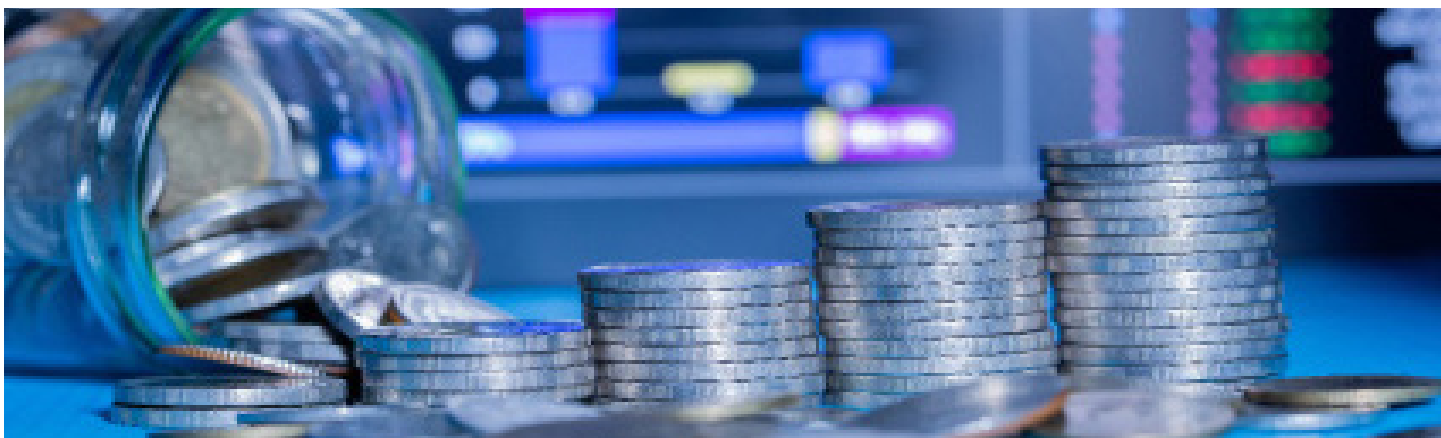
Nifty Technical Outlook: June - 2022

CMP = 16,584.00



On the monthly chart, we are observing that the prices have taken support at the median line of the second channel and has formed a candlestick pattern that resembles a Bullish Hammer. The said pattern will get activated once Nifty trades and close above 17,132 level. In the coming month if Nifty trades and closes above 16,848 level then it is likely to test 17,256 - 17,663 - 18,139 levels. However, if Nifty trades and close below 16,320 level then it can test 15,912 - 15,505 - 15,030 levels.

Broadly, looking at the current price action which has formed a **Bullish Hammer** there is a high probability that Nifty may test 17,256 - 17,663 - 18,139 levels. Hence, one needs to adopt a cautiously positive approach at current levels.



Fundamental Stock



We understand your world

HDFC BANK LTD.

BUY
Target
₹1,864

Stock Details:

NSE Code	HDFC BANK
CMP (As on 1 st June 22)	INR 1,396
Face Value	INR 1
52 Week High/Low	1,724/1,278
Market Cap (INR Cr)	7,75,226

Company Overview: HDFC Bank (HDFCB) is the largest private sector bank with a PAN India presence. The bank has total branch network of 6,342 with 21,683 banking outlets and a customer base around 7 crores. HDFC Bank caters to a wide range of banking services covering commercial and investment banking on the wholesale side and transactional/branch banking on the retail side. As a business entity, HDFC Bank continues to deliver steady performance with well-maintained margins and conservative asset quality performance. HDFC Bank has total deposits base of INR 15,59,217 crores with a market share of 9.5% (+231 bps in the last 3 years) and total advances base of INR 13,68,821 crores with 11.6% market share (+315 bps in the last 3 years) as on FY22.

Investment Rationale:

HDFC Bank's loan book is expected to grow by 19% CAGR over the period FY22-24E. With the improving economic condition and increasing credit demand, HDFC Bank is expected to post a loan CAGR of 19% over FY22-24E, driven by retail, commercial and rural banking and wholesale portfolio. During Q4FY22, the overall advances grew by 20.8% YoY (vs. 16.5% YoY in Q3FY22) due to better traction in wholesale growth at 17% YoY/12%QoQ and retail credit growth at 15.2% YoY. Commercial and rural banking portfolio increased by 30% YoY.

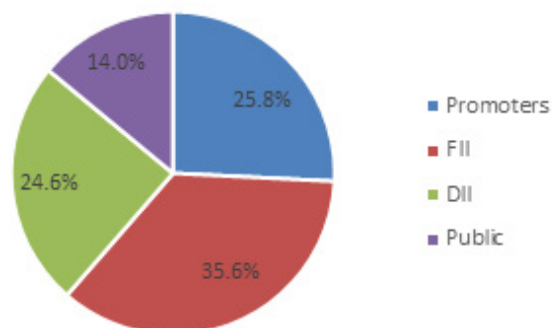
Digital initiatives to aid in customer acquisition & servicing: The bank is planning to launch various digital platforms like: 1) Payzapp 2.0 - mobile commerce payment app, 2) Smart Hub Vyapaar 2.0 for merchants, 3) Turbo - No Touch digital card program. The launch of these products will put HDFC Bank

at par with some of its peer banks. The bank expects PayZapp to become a customer acquirer for the bank, and likely act as a payment & portfolio tool.

Structurally positive on merger; Planning to double the balance sheet in the next 5 years' post-merger: Currently, all of bank's locations are not serviced by HDFC. Hence, the bank is looking to leverage its distribution strength by deepening its presence. There is a significant headroom for mortgage penetration as currently out of 71 million customer base, only 2% customers have HDFC's mortgage loan and 5% customer have mortgage relationship with others. With the merger, unsecured lending book share in the total book will reduce from 30% in FY22 to 22%. The bank's management plans to add branch network of 1,500-2,000 branches a year to garner granular retail term deposits.

Valuation Outlook: We have a "Buy" rating on the stock with a target price of INR 1,864, based on 3.4x FY24E ABV of INR 548. HDFCB is a consistent performer and it is expected to clock an earnings CAGR of 18% over FY22-24E and sector-leading ROEs of 17-18%. RoA of the bank is expected to be at >2% on a sustainable basis. The proposed HDFC's merger strategically fit into HDFCB, as it will bring in stronger synergies within group in form of diversification, cross-sell opportunities, market share gain with high customer base. Given its superior business model, pristine asset quality, strong balance sheet, sector leading return ratios, better margins, strong distribution network and bank's resilience across cycles will play out positively.

Shareholding Pattern % (Mar - 22)



AUTOMOTIVE SECTOR MAY SALES



Maruti Suzuki

Total Sales: 161,413 units, 247% YoY up
Domestic Sales: 134,222 units, 280% YoY up
PV Sales: 85,941 units, 237% YoY up
Exports: 27,191 units, 141% YoY up



TVS Motor

Total Sales: 302,982 units, 82% YoY up
Domestic Sales: 191,482 units, 267% YoY up
Exports: 110,245 units, 4% YoY down



Mahindra & Mahindra

Total Sales: 53,726 units, 208 % YoY up
PV Sales: 26,904 units, 236% YoY up
M&HCV Sales: 632 units, 236% YoY up
Exports: 2,028 units, 5% YoY up



Atul Auto

Total Sales: 1,794 units, 1694% YoY up



Bajaj Auto

Total Sales: 275,868 units, 1% YoY up
Domestic Sales: 112,308 units, 85 % YoY up
CV Sales: 26,369 units, 16 % YoY down
Exports: 163,560 units, 22% YoY down



Escorts

Total Sales: 8,421 units, 31% YoY up
Domestic Sales: 7,667 units, 24% YoY up
Exports: 754 units, 184% YoY up



Hero MotoCorp

Total Sales: 486,704 units, 165% YoY up
Motorcycle Sales: 452,246 units, 153% YoY up
Scooters Sales: 34,458 units, 694% YoY up
Domestic Sales: 466,466 units, 192% YoY up
Exports: 20,238 units, 14% YoY down



Ashok Leyland

Total Sales: 13,273 units, 315% YoY up
M&HCV Sales: 7,945 units, 307% YoY up
LCV Sales: 5,328 units, 328% YoY up



Tata Motors

Total Sales: 76,210 units, 186% YoY Up
Exports: 1404 units, 31% YoY down
CV Sales: 32,818 units, 188% YoY up
PV Sales: 43,341 units, 185% YoY up



Volvo-Eicher Commercial Vehicles

Total Sales: 5,637 units, 360% YoY up
Exports: 471 units, 9% YoY down

Eicher Motorcycle

Total Sales: 63,643 units, 133% YoY up
Exports: 10,118 units, 40% YoY up

(Source: NSE)

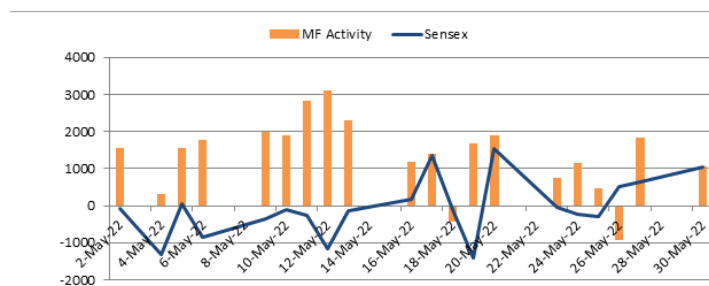


MUTUAL FUNDS ROUNDUP

Indian equity markets tumbled in the month of May 2022. The barometer index, S&P BSE Sensex delivered plunged 2.62% to settle at 55,566.41 and Nifty50 lost 3.03% ending the month at 16,584.55.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 27,360.34 crores in the month of May 2022. Highest buying was recorded in the 2nd week of the month when the fund houses made total net buy of Rs 12,125.73 crores of equities. On the other hand, foreign institutional investors (FIIs) were net sellers to the tune of Rs 45,276.30 crores worth of equities in May 2022.



Mutual Fund Activity in May 2022

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	20,494.91	15,324.93	5,169.98
2nd Week	29,761.12	17,635.39	12,125.73
3rd Week	22,373.42	16,663.13	5,710.29
4th Week	25,139.38	21,845.77	3,293.61
5th Week	4,617.30	3,556.57	1,060.73
Total	102,386.13	75,025.79	27,360.34

Note: Mutual Fund activity as on 30th May 2022

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st June, 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)	41.02	34,909	05-Jan-10	0.24	11.23	12.96	12.04	500	5000
ICICI Pru Bluechip Fund (G)	62.75	31,235	23-May-08	10.28	13.18	11.85	13.98	100	100
Mirae Asset Large cap Fund(G)	74.02	31,722	04-Apr-08	7.09	12.24	11.83	15.18	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	39.03	19,146	29-Jun-12	-2.86	10.85	11.56	14.70	500	5000
Kotak - Flexi Cap Fund (G)	49.48	36,463	11-Sept-09	4.52	10.34	10.07	13.39	500	5000
SBI - Flexi Cap Fund (G)	71.61	15,449	29-Sept-05	6.25	12.23	11.02	12.53	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	82.21	13,797	25-Jun-07	0.32	14.40	9.75	14.50	500	500
L&T MidCap Fund (G)	193.34	6,569	9-Aug-04	5.74	13.10	8.83	18.08	500	5000

Note: Returns as on 1st June, 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 June, 2022 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2,364.56	28,934	0.32	0.93	1.80	3.49	7.04
ICICI Pru Liquid Fund(G)	2.13	315.00	39,902	0.30	0.90	1.75	3.41	7.18
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	35.02	12,596	0.08	0.76	1.63	3.27	7.29
L&T Ultra Short term Fund(G)	2.27	35.56	1,897	0.10	0.74	1.62	3.33	7.05

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

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st June, 2022 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	29.12	11,963	28-Dec-15	6.71	17.28	15.01	18.09
Axis LT Equity Fund(G)	62.41	31,656	29-Dec-09	-3.02	10.60	11.49	15.87
Kotak Tax Saver(G)	67.77	2,670	23-Nov-05	8.35	13.97	11.50	12.27

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

THE MONTH AHEAD KEY FINANCIAL EVENTS JUNE 2022



June 01

- USD ISM Manufacturing PMI
- USD JOLTS Job Openings
- INR Nikkei Markit Manufacturing PMI (May)
- INR M3 Money Supply

June 02

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

June 03

- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate
- INR Nikkei Services PMI (May)
- INR Bank Loan Growth
- INR Deposit Growth

June 08

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

June 09

- EUR Main Refinancing Rate
- EUR Monetary Policy Statement
- EUR ECB Press Conference

June 10

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

June 13

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

June 14

- USD PPI m/m
- USD Core PPI m/m
- INR WPI Food (YoY) (May)
- INR WPI Inflation (YoY) (May)
- INR CPI (YoY) (May)

June 15

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- USD Federal Funds Rate

June 16

- GBP MPC Official Bank Rate Votes
- GBP Monetary Policy Summary
- GBP Official Bank Rate

June 20

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

Arihant Capital
Generating Wealth



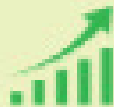
THINK
BIG
START SMALL

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



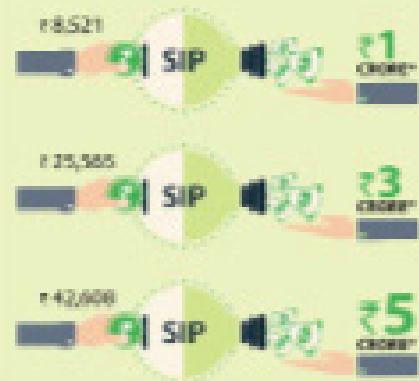
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: The above figures are calculated for the use of rupee cost averaging for illustration purposes only. Actual fund investments are subject to market risks. Investors should always consult a financial advisor regarding an investment into any fund. Funds do not guarantee the realisation of returns or performance in any manner.

20 YEARS PERIOD



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