

Arihant's **VALUE** *Plus*

Issue | **March 2022**

JUST LIKE THAT AJIT NINAN



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MOVERS & SHAKERS



INDIAN INDICES

Indices	Feb-22	Jan-22	Change (%)
SENSEX	56247.28	58014.17	-3.05
NIFTY 50	16793.90	17339.85	-3.15
NIFTY BANK	36205.30	37975.35	-4.66
NIFTY MIDCAP 100	28223.45	30273.95	-6.77
NIFTY 500	14307.95	14921.45	-4.11
NIFTY IT	33847.85	34824.55	-2.80
NIFTY REALTY	436.40	480.25	-9.13
NIFTY INFRA	4798.75	5056.75	-5.10

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Feb-22	Jan-22	Change (%)
AUTO 	24615.63	26408.33	-6.79
BANKEX 	41635.83	43569.48	-4.44
CD 	43099.49	41919.09	2.82
CG 	27658.04	29158.30	-5.15
FMCG 	13007.67	13460.95	-3.37
HC 	23356.48	24229.44	-3.60
IT 	33502.75	34735.97	-3.55
METAL 	20783.75	18984.62	9.48
OIL & GAS 	17315.45	18672.22	-7.27
PSU 	8378.95	9020.21	-7.11
REALTY 	3466.04	3847.85	-9.92
TECK 	14903.00	15478.80	-3.72

(Source: BSE)

GLOBAL INDICES

Indices	Feb-22	Jan-22	Change (%)
DOW JONES	33879.55	35131.86	-3.56
NASDAQ	13751.40	14239.88	-3.43
HANG SENG	22713.02	23802.26	-4.58
FTSE	7458.25	7464.37	-0.08
NIKKEI	26526.82	27001.98	-1.76





(Source: MoneyControl)

COMMODITIES

Particular	Feb-22	Jan-22	Change (%)
MCX GOLD 	50480.00	47915.00	5.35
MCX SILVER 	65065.00	61220.00	6.28
MCX CRUDE OIL 	7170.00	6561.00	9.28
MCX NATURAL GAS 	339.00	364.30	-6.94

(Source: Falcon software)

FOREX

Particular	Feb-22	Jan-22	Change (%)
USD-INR 	75.57	74.91	0.88
EUR-INR 	84.84	83.73	1.33
GBP-INR 	101.27	100.67	0.60
JPY-INR 	65.44	64.91	0.82

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Feb 2022	130,516.58	169,132.42	-38,615.84
Total for 2022*	272,126.64	343,881.44	-71,754.80

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for Feb 2022	68,224.18	57,648.20	10,575.98
Total for 2022*	180,432.90	153,369.00	27,063.90

*Till 18th February 2022

(Source: SEBI)

Monthly Market Roundup

In February 2022, Domestic markets witnessed a de-growth with benchmark Nifty and Sensex Index ending the month with a loss of 3.15 % and 3.05% respectively. Market sentiments were dampened amid Russia Ukraine war crisis and rising crude oil prices.

Nifty Midcap50 & Nifty Small Cap 250 were down by 6.77% and 10.1% Under performance from stocks of all sectors led to decline in Midcap & Small Cap indices. However, realty and media sector witnessed a major correction of more than 10% .Going forward; we expect market sentiments to remain cautious with the ongoing Geo Political tension. Market will also keep a close watch on Upcoming UP election results and US fed meeting outcome.

How will the Ukraine Crisis Affect Asian Economies?: Crude oil prices crossed \$110 a barrel. A sustained rise in oil and food prices would have adverse impacts on Asia's economies.

Global food prices have surged as the conflict disrupts the supply of wheat and corn. The 2 countries account for 29% of global wheat exports and 19% of corn exports.

- They also contribute 80% of the world's sunflower oil exports. The impact on Asia will be felt mostly through commodities, especially food and fuel.
- India, Thailand, and the Philippines stand to lose the most, while Indonesia would be a relative beneficiary. The negative impact is because most economies are net oil importers. Food and energy account for half of the consumption expenditure in Asia.
- Every 10% rise in oil prices will drag down India's GDP growth by 0.2%, while the Philippines and Thailand will see a hit of 0.1%.
- There is also a risk to profit margins, as the entire input cost burden is unlikely to be passed on to consumers.
- The Indian rupee and the Philippine peso are likely to

depreciate the most with wider trade deficits. In India, higher oil prices increase the risk that retail inflation breaches the upper bound of the RBI's 2-6% range, weaken consumption demand, and push the basic balance of payments deeper into deficit.

- In Thailand, CPI inflation is highly sensitive to oil prices.
- A slow recovery in tourism adds more downside risks to the Current Account Deficit.
- The Philippines is one of the most vulnerable economies to higher energy and food prices. There are risks of a much wider current account deficit in that country, due to its high oil import dependence, immediate pass through to consumers, and the absence of subsidies.
- Most Asian consumers have not yet recovered from the pandemic and have low savings. Therefore, higher inflation can squeeze disposable incomes and weaken consumption recovery. The impact could fall disproportionately on lower-income households.

Sectorial Performance: On the sectorial front, Nifty Realty and Media were down by more than 10% whereas Nifty Auto and Nifty Bank declined by 6.8% and 6% respectively. Defensive sectors like Nifty FMCG, Nifty Pharma declined by 4.5% and 4.1%. Nifty IT declined by 4.3%.

On the global front: Global equities also showed a de-growth in February 2022, Dow Jones declined by 3.56%, where as Nasdaq Index declined by 3.43% respectively. In context to that, S&P500 declined by 3.6%. Whereas, Nikkei declined by 1.76% and FTSE100 declined by 0.08%. Rising Geo political tensions, Inflation, concerns about central bank tightening liquidity and rising crude oil prices is likely to keep market sentiments dampened and increase the volatility.

In commodities, gold rose by 4.8%, while Brent crude prices rose by 9%. USD/INR rose by 0.4% in the month of February.

Economic Data Wrap Up: Feb - 2022

- India's Jan Nikkei Services PMI decreased to 51.5 as compared to 55.5 in Dec
- India's Jan Nikkei Market Manufacturing PMI decreased to 54.0 as compared to 55.5 in Dec
- India's Jan CPI inflation came in at 6.01% as compared to 5.59% in Dec
- India's Dec IIP came in at 0.4 % YoY as compared to 1.4% in Nov
- India's Jan WPI inflation came in at 12.96% as compared to 13.56% in Dec
- India's Jan Trade Balance (USD) came at -17.42B as compared to -17.94B in Dec
- India GDP (YoY) (Q3 FY22) came at 5.4% as compared to 8.4% in Q3FY21.

Nifty Technical Outlook: Feb - 2022

CMP = 16,793.90



On the monthly chart, we are observing a bear candle which has tested the median line of the second channel and closed above it. In coming month if Nifty trades and close above 17092 level then it is likely to test 17556 - 18021 - 18562 levels. However, if Nifty trades and close below 16493 level then it can test 16029 - 15556 - 15025 levels.

Broadly, we are of the opinion that the monthly trend remains down, hence any pullback in the range of 17092 to 17556 selling is likely to emerge. Hence, one needs to adopt cautious approach at current level.



Fundamental Stock



Arihant Superstructures Ltd

BUY
Target ₹261

Stock Details:

NSE Code	ARIHANTSUP
CMP(As on 28 th Feb, 2021)	INR 166
Face Value	INR 10
52 Week High/Low	206/33
Market Cap (INR Cr)	682
EPS (FY23E)	INR 21.5
P/E (x) (FY23E)	7.7x

Arihant Superstructures Ltd (ASL): is a real estate company focusing on the affordable housing with significant presence in the MMR region and Jodhpur, Rajasthan. The Arihant group has delivered 9,500+ homes measuring 8 Mn sq.ft. across 59 projects over the past 2 decades. As on Q3FY22, the affordable & mid income segment constitutes about ~96% of the Company's portfolio (affordable ~61% and mid income ~35%). The remaining ~4% comes from the high Income group.

Investment Rationale:

Large player in MMR Region: ASL is predominantly focused on the MMR Region, which accounts for ~78% of portfolio.

The Company has a very good brand recall in the region due to its execution track record and timely delivery. Due to the number of infrastructure projects in the MMR region, including the Navi Mumbai international airport, the company stands to benefit from increased traction by home buyers.

Focused Residential Player: ASL is primarily focused on the Affordable and Mid Income segment, ~61% of portfolio accounts for affordable and ~35% of portfolio accounts for the Mid income segment. The Central government has put good emphasis on affordable housing under its "Housing for All" target. The consistency in operations year on year, and timely delivery of projects for decades in spite of Industry slowdown, made affordable & mid income home buyers

prefer ASL projects.

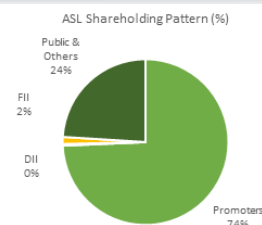
Doubling the portfolio will lead to good earning visibility: ASL has a portfolio of 11 mn sq.ft; out of this 11 mn sq.ft, 4 mn sq.ft is for ongoing projects and 7 mn sq.ft is for forthcoming projects. The Company intends to double its portfolio to 20 mn sq.ft in the next 1 to 1.5 years. Doubling the portfolio would lead to good earning visibility in going forward.

Project's revenue pipeline of ~INR 7,000cr: ASL's ongoing and upcoming projects have a ~INR 7,000 cr revenue potential over next 7 to 8 years. The projects achieved a cumulative sales booking of INR 1,372 cr as on H1FY22 and have a sales booking potential of INR 5,605 cr over next 7 to 8 years.

Highest sales velocity in Jodhpur Markets: The company is one of the pioneers in bringing township / apartment culture to Jodhpur. ASL Projects have been able to achieve highest sales velocity in the South West Jodhpur region. Arihant Adita Phase 3 achieved the highest sales velocity of 4.22%, which is higher than other projects in Jodhpur Market. The highest sales velocity ensures free cash flows in the future.


Valuation Outlook: ASL has proven a strong track record, efficient quality management, and a strong & clean balance sheet. Strong growth potential in the MMR regions, rising demand in affordable & mid income segment and higher sales velocity will ensure free cash flows which is expected to create value in going forward. We have used DCF Model to value ASL, it has healthy and consistent cash flow generation over the forecasted period. We have discounted the cash flows using WACC and value the company at INR 261 per share. We initiate coverage with a BUY rating at a Target Price of INR 261 per share; an upside of 57.5%.

Shareholding Pattern % (Dec - 21)




AUTOMOTIVE SECTOR

FEBRUARY SALES



Maruti Suzuki
Total Sales: 164,056 units, 0.25% YoY down
 Domestic Sales: 140,035 units, 8.46% YoY down
 PV Sales: 133,948 units, 7.47% YoY down
 Exports: 24,021 units, 109.13% YoY up




TVS Motor
Total Sales: 281,714 units, 5.30% YoY down
 Domestic Sales: 173,198 units, 11.25% YoY down
 Exports: 107,574 units, 5.68 % YoY down



Mahindra & Mahindra
Total Sales: 54,455 units, 89 % YoY up
 PV Sales: 27,663 units, 80% YoY up
 M&HCV Sales: 687 units, 18% YoY up
 Exports: 3,812 units, 62% YoY up




Atul Auto
Total Sales: 1,365 units, 15.38% YoY down



Bajaj Auto
Total Sales: 316,020 units, 16 % YoY down
 Domestic Sales: 112,747 units, 32% YoY down
 CV Sales: 36,683 units, 14% YoY down
 Exports: 203,273 units, 3% YoY down




Escorts
Total Sales: 6,114 units, -45.60 % YoY down
 Domestic Sales: 5,686 units, 46.8 % YoY down
 Exports: 428 units, 20.7 % YoY down




Hero MotoCorp
Total Sales: 358,254 units, 29.12 % YoY down
 Motorcycle Sales: 338,454 units, 27.01% YoY down
 Scooters Sales: 19,800 units, 52.57% YoY down
 Domestic Sales: 331,462 units, 31.58% YoY down
 Exports: 26,792 units, 27.37 % YoY up



Ashok Leyland
Total Sales: 14,657 units, 7% YoY up
 M&HCV Sales: 9,363 units, 20% YoY up
 LCV Sales: 5,294 units, 10% YoY down



Tata Motors
Total Sales: 77,733 units, 26.89% YoY up
 Exports: 3,658 units, 35% YoY up
 CV Sales: 37,552 units, 11 %YoY up
 PV Sales: 39,981 units, 47% YoY up



Volvo-Eicher Commercial Vehicles
Total Sales: 5,856 units, 7.3 % YoY up
 Exports: 652 units, 27.8 % YoY up
Eicher Motorcycle
Total Sales: 59,160 units, 15% YoY down
 Exports: 7,025 units, 55 % YoY up

(Source: NSE)

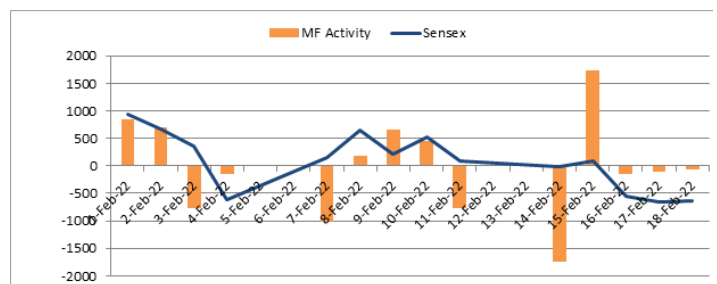


MUTUAL FUNDS ROUNDUP

Indian equity markets tumbled in the month of February 2022. The barometer index, S&P BSE Sensex delivered plunged 3.05 % to settle at 56,247.28 and Nifty50 lost 3.15% ending the month at 16793.90.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 10,575.94 crores in the month of Feb 2022. Highest buying was recorded in the 3rd week of the month when the fund houses made total net buy of Rs 8,380.09 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 38,615.84 crores worth of equities in Feb 2022.



Mutual Fund Activity In Feb 2022

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	21,081.31	20,940.54	140.77
2nd Week	24,562.81	22,507.73	2,055.08
3rd Week	22,580.06	14,199.97	8,380.09
Total	68,224.18	57,648.24	10,575.94

Note: Mutual Fund activity as on 18th Feb 2022

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 28 th Feb, 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)	43.5	34,182	05-Jan-10	9.82	17.17	16.61	12.87	500	5000
ICICI Pru Bluechip Fund (G)	63.36	31,272	23-May-08	14.29	16.77	13.42	14.35	100	100
Mirae Asset Large cap Fund(G)	74.31	31,297	04-Apr-08	10.43	15.95	13.97	15.52	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	42.12	19,456	29-Jun-12	8.89	17.98	15.64	16.04	500	5000
Kotak - Flexi Cap Fund (G)	49.63	37,760	11-Sept-09	7.95	14.92	12.24	13.71	500	5000
SBI - Flexi Cap Fund (G)	72.54	15,657	29-Sept-05	12.48	17.15	12.96	12.83	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	84.05	14,223	25-Jun-07	10.44	18.54	12.51	14.94	500	500
L&T MidCap Fund (G)	192.06	6,641	9-Aug-04	12.15	15.60	11.55	18.33	500	5000

Note: Returns as on 28th February, 2022, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 28 th Feb (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2,341.83	24,955	0.30	0.88	1.70	3.35	7.11
ICICI Pru Liquid Fund(G)	2.13	312.06	38,987	0.30	0.86	1.66	3.28	7.24
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	34.75	11,721	0.29	0.90	1.60	3.41	7.36
L&T Ultra Short term Fund(G)	2.27	35.29	1,920	0.29	0.92	1.66	3.45	7.11

Note: NAV and Returns as on 28th February, 2022, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 28 th Feb, 2022 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	29.3	10,972	28-Dec-15	13.28	21.28	17.79	19.05
Axis LT Equity Fund(G)	69.90	32,136	29-Dec-09	8.53	17.60	15.29	16.95
Kotak Tax Saver(G)	68.07	2,473	23-Nov-05	14.86	18.46	13.49	12.51

Note: NAV and Returns as on 28th February, 2022, Returns <1 yr annualised, >1 yr compounded annualised.

THE MONTH AHEAD KEY FINANCIAL EVENTS MARCH 2022



March 02

- USD ADP Non-Farm Employment Change
- USD Fed Chair Powell Testifies
- INR Nikkei Market Manufacturing PMI (Feb)
- INR Trade Balance

March 03

- USD ISM Services PMI
- USD Fed Chair Powell Testifies

March 04

- USD Average Hourly Earnings m/m
- USD Non-Farm Employment Change
- USD Unemployment Rate
- INR Nikkei Services PMI (Feb)

March 08

- Indian Automobile Sales Data, by SIAM

March 10

- EUR Main Refinancing Rate
- EUR Monetary Policy Statement
- USD CPI m/m
- USD Core CPI m/m

March 11

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

March 14

- INR WPI Food (YoY) (Feb)
- INR WPI Manufacturing Inflation (YoY) (Feb)
- INR WPI Fuel (YoY) (Feb)
- INR WPI Inflation (YoY) (Feb)
- INR CPI (YoY) (Feb)

March 15

- USD PPI m/m
- USD Core PPI m/m

March 16

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- USD FOMC Statement

March 21

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

Arihant Capital
Generating Wealth



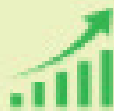
THINK
BIG
START **SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



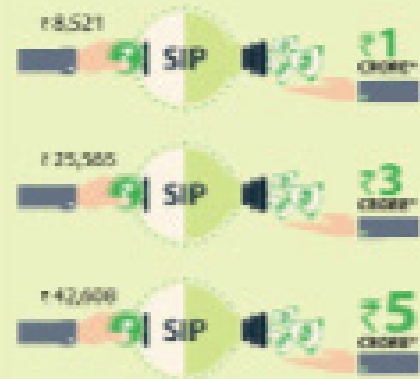
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: The above figures are calculated for the sake of reference for illustration purposes only. Actual fund investments are subject to market risks. Returns could vary significantly depending on the market conditions. It should not be construed as indication of future performance in any manner.

20 YEARS PERIOD



Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | POC | Depository | Online Trading | Mobile Trading | Merchant Banking

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 FOLIO : RA01-AR01-355-2008-CDSL; IN-DP-CDSL-113-2005; AMFI - AMFI 15114; SEBI - RA 147800003764

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