

Arihant's

VALUE *Plus*

Issue | Nov 2022



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INDIAN INDICES

Indices	Oct-22	Sep-22	Change (%)
SENSEX	60746.59	57426.92	5.78
NIFTY 50	18012.20	17094.35	5.37
NIFTY BANK	41307.90	38631.95	6.93
NIFTY MIDCAP 100	31432.30	30668.30	2.49
NIFTY 500	15424.00	14829.35	4.01
NIFTY IT	28727.60	26981.15	6.47
NIFTY REALTY	438.65	424.00	3.46
NIFTY INFRA	5234.70	4957.85	5.58

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Oct-22	Sep-22	Change (%)
AUTO 	30719.01	28591.17	7.44
BANKEX 	47398.64	42975.75	10.29
CD 	42669.45	41522.01	2.76
CG 	33266.16	30795.23	8.02
FMCG 	16131.19	16079.20	0.32
HC 	23924.28	23156.72	3.31
IT 	28930.65	27144.49	6.58
METAL 	19024.82	17609.09	8.04
OIL & GAS 	19487.91	18476.07	5.48
PSU 	9509.84	8661.80	9.79
REALTY 	3492.70	3294.15	6.03
TECK 	13595.68	12601.55	7.89

GLOBAL INDICES

Indices	Oct-22	Sep-22	Change (%)
DOW JONES	32732.95	28725.51	13.95
NASDAQ	10988.15	10575.62	3.90
HANG SENG	14687.02	17194.00	-14.58
FTSE	7047.67	6893.81	2.23
NIKKEI	27587.46	25937.21	6.36





(Source: MoneyControl)

COMMODITIES

Particular	Oct-22	Sep-22	Change (%)
MCX GOLD 	50322.00	50027.00	0.59
MCX SILVER 	57678.00	56868.00	1.42
MCX CRUDE OIL 	7101.00	6540.00	8.58
MCX NATURAL GAS 	517.10	561.80	-7.96

(Source: Falcon software)

FOREX

Particular	Oct-22	Sep-22	Change (%)
USD-INR 	82.81	81.52	1.58
EUR-INR 	82.20	79.89	2.89
GBP-INR 	95.37	91.07	4.72
JPY-INR 	0.55	0.56	-2.31

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Oct 2022	181196.77	182010.58	-813.81
Total for 2022*	1,671,080.99	1,856,178.22	-185,097.23

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for Oct 2022	40,092.14	32,309.79	7,782.35
Total for 2022*	1,022,576.08	851,801.79	170,774.29

*Till 17th Oct 2022

(Source: SEBI)

On the global front

Global equities also showed a healthy growth in October 2022, with Dow Jones rising by 11%, the S&P 500 rising by 5.4%, the Nasdaq by 1.4%, and the FTSE by 2.7%.

A close-up photograph of a person's hand holding a transparent, glass-like surface. The hand is positioned palm-up, with fingers slightly curled. The transparent surface displays several business-related icons and text: a pie chart icon, the word "SUCCESS" in a bold, sans-serif font, a cloud icon with the word "cloud" underneath it, a hierarchical organizational chart icon, and the word "TEAM" in a bold, sans-serif font. The person holding the surface is wearing a dark suit jacket and a light-colored, patterned shirt cuff is visible. The background is a plain, light color.

IMF cuts India's FY 2022-23 growth forecast to 6.8%: India is projected to grow at 6.8% in the current fiscal year, following 8.7% growth in the fiscal year that ended March 31 as per figures released in the IMF's October 2022 World Economic Outlook: Countering the Cost-of-Living Crisis at the start of the World Bank IMF Annual Meetings here in Washington DC.

The growth rate for this year for India has been revised downward by 0.6 percentage points relative to the IMF's June 2022 forecast following a weaker output in the second quarter, and subdued external demand, the IMF said. The forecast for the next fiscal year remains unaltered at 6.1%.

Inflation in India was above the RBI's target. The fiscal and monetary policy should be on the tightening side. The IMF has projected 6.9% consumer price inflation this year and 5.1% next year.

The IMF expects inflation in India to return to the inflation tolerance band in the fiscal year 2023-24, and additional monetary tightening is going to ensure that that happens.

Economic Data Wrap Up: Oct - 2022

- India's September Nikkei Services PMI fell to 54.3 as compared to 57.2 in August.
- India's September CPI inflation came in at 7.41% as compared to 7% in August.
- India's August IIP came in at -0.8% as compared to 2.40% in July.
- India's September WPI inflation came in at 10.7% as compared to 12.3% in July.
- India's September Trade Balance (USD) came at -26.72B as compared to -27.98B in July.

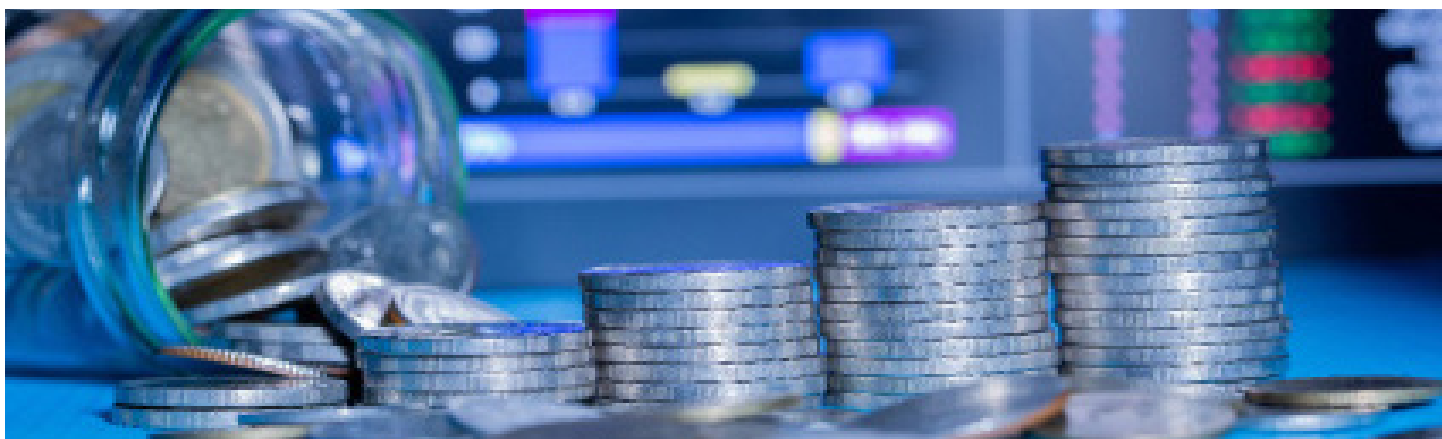
Nifty Technical Outlook: Nov - 2022

CMP = 18,012.00



On the monthly chart, after two consecutive spinning top candle formation we are observing a bull candle. This suggests that momentum on the upside is likely to continue. In coming month if Nifty trades and close above 18,235 level then it is likely to test 18,576 - 18,917 - 19,314 levels. However, if Nifty trades and close below 17,788 level then it can test 17,448 - 17,107 - 16,711 levels.

We maintain our stance that 16,800 remains a make or break level. Hence, as long as nifty holds 16,800 on monthly closing basis there is fair chance that nifty may test 18,576 - 18,917 - 19,314 levels. Hence, one needs to adopt cautiously positive approach at current level.



Fundamental Stock



EQUITAS SMALL FINANCE BANK LTD

BUY
Target
₹78

Stock Details:

NSE Code	EQUITASBNK
CMP (As on 1 st Nov, 2022)	INR 51
Face Value	INR 10
52 Week High/Low	38/ 68
Market Cap (INR Cr)	6,243

Company Overview: Equitas Small Finance Bank (Equitas SFB) is one of the largest and well diversified small finance bank in India having a largely secured portfolio. Bank has commenced its operations in 2007 as a MFI lender and subsequently, diversified into other segments. It operates under-penetrated business segments like Small Business loans, CV finance and Affordable Housing, which provides a huge growth opportunity. Equitas SFB is headquartered in Chennai and has the largest network of branches among the SFBs. It has 876 banking outlets, 288 business correspondents and a network of 342 ATMs across 18 states and UTs. Post transition into SFB, bank has diversified its asset mix and also its liability profile steadily improving which provides long term sustainable growth opportunity. Share of secured lending has increased from 66% in FY18 to 81% in FY22. The liability profile of the bank gained strong traction over the years with CASA ratio increased from 29% in FY18 to 52% as on Jun'22.

Investment Rationale:

Well Diversified loan book: Bank has diversified its loan book very well by reducing higher share of unsecured microfinance lending. Share of unsecured portfolio has reduced from 34% in FY18 to 19% as on FY22 and bank is targeting to reduce this unsecured microfinance share to 15% in the next 3 years and below 10% in the long term. Bank's presence in other segment i.e. CV, Small Business loans, MSE finance provides higher growth opportunity and will be major growth drivers going ahead. We expect the bank to register a growth of 22% CAGR over FY22-25E.

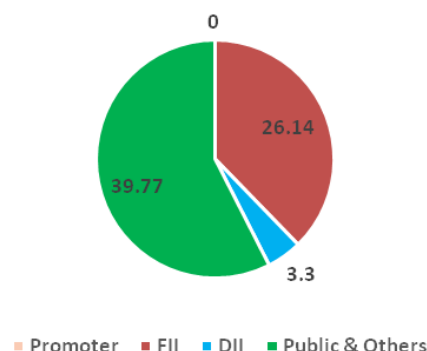
Building strong liability franchise: CASA ratio is at 52%

After the transition from NBFC to SFB, bank has got access of deposits especially low-cost CASA, enabling the bank to control cost of funds. At the initial phase, bank had spent on infrastructure to build liability-focused branches which has helped them to raise deposits and recorded a deposits CAGR of 28% over FY19-22. Also, low cost CASA ratio of the bank increased sharply from 29% in FY18 to 52% as on Jun'22. Company has a high share of deposits by individuals at ~67%. In terms of term deposits (TD), retail term deposits constitute ~72% of the total TD.

Margins are likely to be at >8% on a steady basis: Management's focus on reducing high yielding unsecured lending book share (MFI book share reduction from 54% in FY16 to 19% in FY22) and move towards marginally lower secured lending product has resulted into decline in yields. However, the steady build-up of the liability franchise with higher CASA has resulted in a drop in CoF, thus supporting the margins. Expectation of strong increase in credit growth and strong traction on the liability side will support the margins going ahead. We expect NIMs to range between 8-9% over the medium term.

Valuation outlook: Considering, Equitas SFB's more secured profile compared to other SFB lenders, moderation in credit cost in FY23E, strong growth expectation, robust collection and underwriting mechanism and granular liability profile, we expect ROA/ROE to improve to 2.2%/15.1% by FY25E. We initiate coverage on Equitas SFB with a BUY rating and target price of INR 78, valuing the bank at 1.6x FY25E P/ABV.

Shareholding Pattern % (Sep 2022)



AUTO SECTOR OCTOBER SALES



Maruti Suzuki

Total Sales: 1,67,520 units, 21.10% YoY UP
Domestic Sales: 1,47,072 units, 25.68% YoY UP
PV Sales: 1,40,337 units, 28.76% YoY UP
Exports: 20,448 units, 4.09% YoY down



TVS Motor

Total Sales: 360,288 units, 2.0% YoY up
Domestic Sales: 275,934 units, 7% YoY up
Exports: 82,816 units, 13% YoY down



Mahindra & Mahindra

Total Sales: 61,114 units, 45.82 % YoY UP
PV Sales: 32,298 units, 60% YoY up
M&HCV Sales: 690 units, -5% YoY Down
Exports: 2,755 units, -13% YoY Down



Atul Auto

Total Sales: 2,352 units, 9.86% YoY up



Bajaj Auto

Total Sales: 3,95,238 units, 10% YoY down
Domestic Sales: 2,06,131 units, 4.0% YoY up
CV Sales: 36,786 units, 86 % YoY up
Exports: 1,52,321 units, -31 % YoY down



Escorts

Total Sales: 14,492 units, 7.20% YoY up
Domestic Sales: 13,843 units, 8.60% YoY up
Exports: 649 units, -15.20% YoY down



Hero MotoCorp

Total Sales: 4,54,582 units, 17.04% YoY DOWN
Motorcycle Sales: 419,568 units, 17.07% YoY down
Scooters Sales: 35,014 units, 16.65% YoY down
Domestic Sales: 4,42,825 units, 16.09% YoY down
Exports: 11,757 units, 41.77% YoY down



Ashok Leyland

Total Sales: 14,863 units, 34% YoY up
M&HCV Sales: 8,189 units, 56% YoY up
LCV Sales: 5,671 units, 18% YoY up



Tata Motors

Total Sales: 78,335 units, 15.49% YoY Up
Exports: 1,798 units, -32.86% YoY down
CV Sales: 32,912 units, -2.0% YoY down
PV Sales: 45,217 units, 33.0% YoY up



Volvo-Eicher Commercial Vehicles

Total Sales: 6,038 units, 4.0% YoY up
Exports: 356 units, -56.90% YoY

Eicher Motorcycle

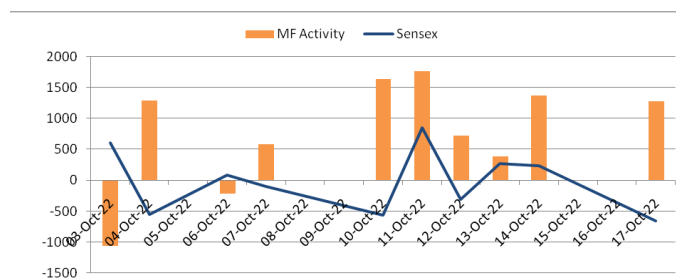
Total Sales: 82,235 units, 86.0% YoY up
Exports: 5,707 units, 62% YoY up

(Source: NSE)



MUTUAL FUNDS ROUNDUP

Indian equity markets rejoiced and ended on positive note in Oct 2022. The barometer index, S&P BSE Sensex delivered positive returns of 5.78% to settle at 60,746.59 and Nifty 50 gained 5.37 % ending the month at 18,012.20.



MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 7,782.35 Crores in the month of October 2022. Highest buying was recorded in the 2nd week of the month when the fund houses made total net buy of Rs 5,894.99 Crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 813.81 Crores worth of equities in October 2022.



Mutual Fund Activity in Oct 2022

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st week	17,929.25	17,327.25	602.00
2nd week	18,852.25	12,957.26	5,894.99
3rd week	3,310.64	2,025.28	1,285.36
Total	1,11,004.41	95,359.53	15,644.88

Note: Mutual Fund activity as on 17th Oct 2022

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st Nov, 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)	44.77	35,822	05-Jan-10	-6.08	12.48	12.62	12.39	100	500
ICICI Pru Bluechip Fund (G)	69.75	32,810	23-May-08	4.28	17.05	11066	14.38	100	100
Mirae Asset Large cap Fund(G)	80.62	32,981	04-Apr-08	-0.41	14.79	11.26	15.38	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	41.30	18,087	29-Jun-12	-13.62	10.74	10.31	14.69	500	5000
Kotak - Flexi Cap Fund (G)	55.25	35,933	11-Sept-09	2.75	14.65	10.76	13.88	500	5000
SBI - Flexi Cap Fund (G)	78.04	15,800	29-Sept-05	0.08	15.45	10.62	12.77	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	89.34	14,145	25-Jun-07	-4.24	16.72	9.91	14.69	500	500
L&T MidCap Fund (G)	209.35	6,583	9-Aug-04	-0.96	16.50	7.53	18.14	500	5000

Note: Returns as on 1st Nov, 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 Nov, 2022 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	3.75	2416.70	22,528	0.53	1.41	2.53	4.36	6.98
ICICI Pru Liquid Fund(G)	3.65	321.79	39,742	0.51	1.37	2.46	4.25	7.13
Ultra Short Term Fund								
Kotak Saving Fund(G)	3.37	35.71	12,025	0.44	1.17	2.06	3.94	7.23
L&T Ultra Short term Fund(G)	3.40	36.28	1,510	0.47	1.22	2.14	4.02	7.00

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

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 1 st Nov, 2022 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	31.32	12,925	28-Dec-15	-2.02	19.02	13.86	18.14
Axis LT Equity Fund(G)	67.62	31,269	29-Dec-09	-11.11	11.17	11.01	16.04
Kotak Tax Saver(G)	76.45	2,907	23-Nov-05	6.61	18.87	12.51	12.75

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

THE MONTH AHEAD KEY FINANCIAL EVENTS November 2022



Nov 01

- USD ISM Manufacturing PMI (Oct)
- USD JOLTS Job Openings(Sep)

Nov 02

- JPY BoJ Monetary Policy Meeting Minutes
- USD ADP Employment Change (Oct)
- USD Fed Interest Rate Decision
- USD FOMC Press Conference

Nov 03

- CNY Caixin Services PMI(Oct)
- INR RBI Interest Rate Decision (Repo Rate)
- GBP BoE Interest Rate Decision
- USD ISM Services PMI(Oct)

Nov 04

- EUR ECB's President Lagarde speech
- USD Nonfarm Payrolls(Oct)
- USD Unemployment Rate(Oct)

Nov 09

- CNY Consumer Price Index (YoY)(Oct)
- CNY Producer Price Index (YoY)(Oct)
- USD Retail Sales m/m
- USD Prelim UoM Consumer Sentiment

Nov 10

- USD CPI m/m & Y/Y
- USD Unemployment Claims

Nov 14

- INR WPI Inflation(Oct)
- GBP BoE Monetary Policy Report Hearings

Nov 15

- USD Empire State Manufacturing Index
- USD PPI m/m

Nov 16

- GBP CPI y/y
- USD Core Retail Sales m/m
- USD Retail Sales m/m

Nov 23

- USD Unemployment Claims
- USD Flash Services PMI
- USD New Home Sales
- USD FOMC Meeting Minutes

Nov 30

- USD ADP Non-Farm Employment Change
- USD Prelim GDP q/q
- USD JOLTS Job Openings

Arihant Capital
Generating Wealth



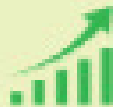
**THINK
BIG
START SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



**DISCIPLINED
INVESTMENT**



**POWER OF
COMPOUNDING**



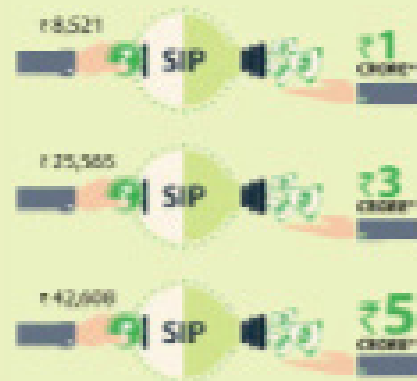
**RUPEE COST
AVERAGING**



**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 with us. It should not be construed as a recommendation or guarantee of future performance in any manner.

20 YEARS PERIOD



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