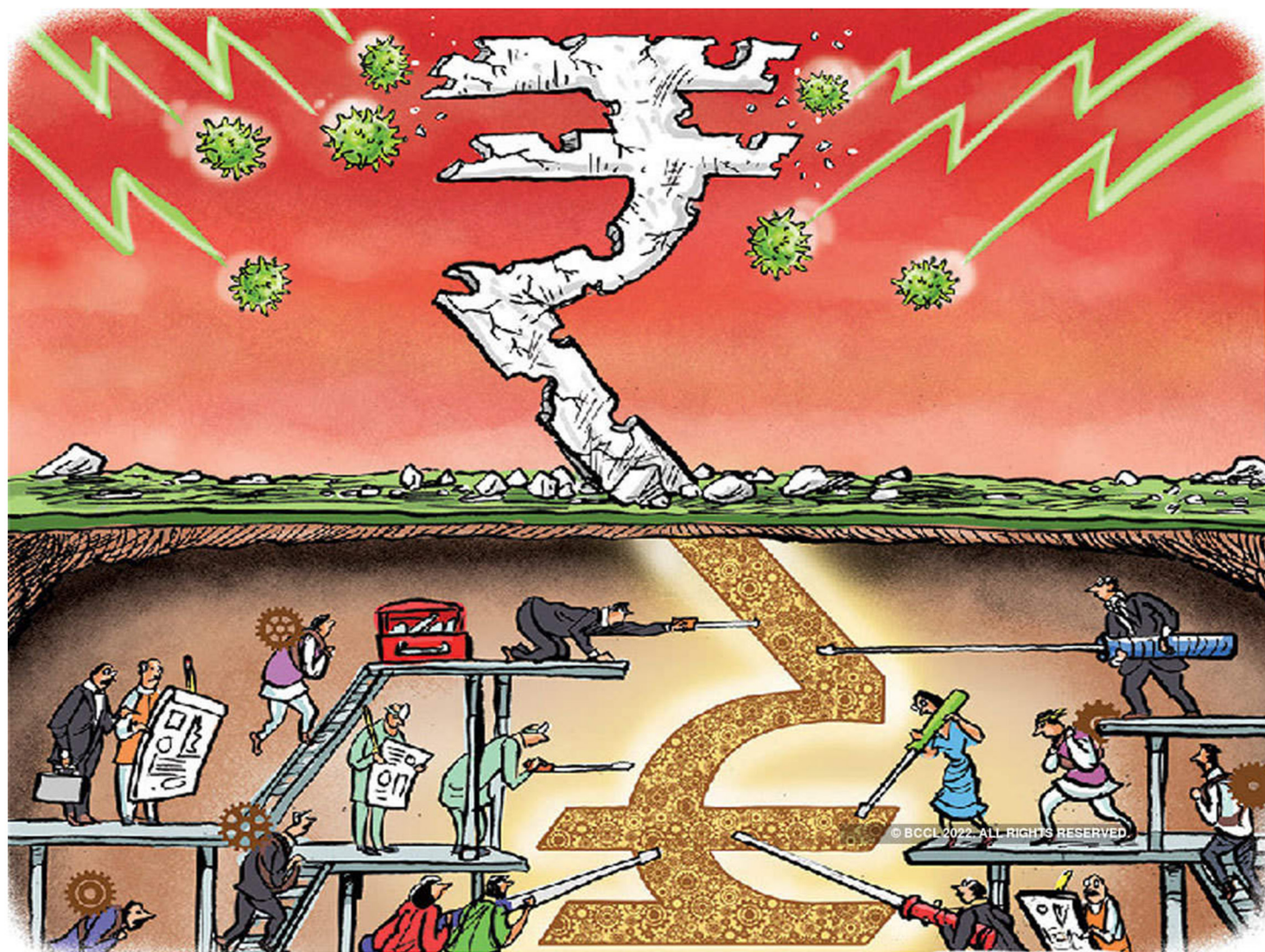


Arihant's VALUE Plus

Issue | January 2022



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MOVERS & SHAKERS



INDIAN INDICES

Indices	Dec-21	Nov-21	Change (%)
SENSEX	58253.82	57064.87	2.08
NIFTY 50	17354.05	16983.20	2.18
NIFTY BANK	35481.70	35695.30	-0.60
NIFTY MIDCAP 100	30442.90	29650.65	2.67
NIFTY 500	14996.20	14648.35	2.37
NIFTY IT	38701.00	35043.75	10.44
NIFTY REALTY	484.15	487.60	-0.71
NIFTY INFRA	4949.90	4959.35	-0.19

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Dec-21	Nov-21	Change (%)
AUTO 	24817.60	23989.17	3.45
BANKEX 	40408.50	40779.11	-0.91
CD 	44768.10	43100.51	3.87
CG 	28750.72	26892.79	6.91
FMCG 	13784.58	13689.37	0.70
HC 	26205.73	25501.80	2.76
IT 	37844.49	34382.15	10.07
METAL 	19245.75	18217.79	5.64
OIL & GAS 	17508.03	17502.48	0.03
PSU 	8141.22	8152.17	-0.13
REALTY 	3841.12	3799.90	1.08
TECK 	16616.16	15366.54	8.13

(Source: BSE)

GLOBAL INDICES

Indices	Dec-21	Nov-21	Change (%)
DOW JONES	36338.30	34483.72	5.38
NASDAQ	15644.97	15537.69	0.69
HANG SENG	23397.67	23475.26	-0.33
FTSE	7384.54	7059.45	4.61
NIKKEI	28791.71	27821.76	3.49





(Source: MoneyControl)

COMMODITIES

Particular	Dec-21	Nov-21	Change (%)
MCX GOLD 	47899.00	47805.00	0.20
MCX SILVER 	61764.00	62287.00	-0.84
MCX CRUDE OIL 	5625.00	4896.00	14.89
MCX NATURAL GAS 	276.50	347.00	-20.32

(Source: Falcon software)

FOREX

Particular	Dec-21	Nov-21	Change (%)
USD-INR 	74.55	75.37	-1.09
EUR-INR 	84.54	85.67	-1.32
GBP-INR 	100.62	100.63	-0.01
JPY-INR 	64.84	66.80	-2.93

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Dec 2021	186,030.02	218,719.57	-32,689.55
Total for 2021*	2,117,722.58	2,172,286.38	-54,563.80

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for Nov 2021	69,081.84	50,180.49	18,901.35
Total for 2021*	981,774.36	918,001.39	63,772.97

*Till 22nd December 2021

(Source: SEBI)

Monthly Market Roundup

In December 2021, Domestic markets witnessed muted growth with benchmark Nifty and Sensex Index ending the month with a gain of 2% each respectively. Nifty underperformed as compared to world indices during this period driven by the impact of change in Fed monetary policy and high valuation. Cautious news related to the omicron variant also kept market sentiments subdued.

Nifty Midcap50 was up by 1.3% & Nifty Small Cap 250 was up by 5.1%. Outperformance in Pharma and IT stocks led to healthy growth in Midcap & Small Cap indices. Going forward, market sentiment will depend on the severity of omicron and the upcoming Q3FY22 result season.

Change in the Feds Monetary Policy: In 2022, the Federal Reserve is expected to raise interest rates to tame inflation. This is with the intent to make investors, businesses, and consumers to be warier. However, the existing quantitative easing program meant to stimulate the economy during the pandemic will end once the new monetary policy is implemented. In the spring of 2020, the Fed started buying bonds to inject extra cash into the financial system and help companies stay afloat. The Fed announced in December that it would quicken the pace of pulling back on that aid, set to finish in March.

Higher interest rates could also dampen investor enthusiasm for stocks because bonds would pay a higher return than they have in recent years. The values of many stocks were being supported by extremely low yields on Treasury bonds in 2021, especially the 10-year yield, which has held to about 1.5%. The LPL Financial Forecast for the yield on 10-year bonds is 1.75% to 2% by the end of 2022, implying that borrowing will become more expensive for both consumers and companies.

As per expectations, the Fed could hike twice in 2022, and three to four times in 2023. The aim is three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment. In their new economic projections, policymakers forecast that inflation would run at 2.6% next year, an increase over the 2.2% projected in September, but then fall to 2.3% in 2023 and 2.1% in 2024.

RBI Monetary Policy: The Reserve Bank of India (RBI)'s monetary policy committee (MPC) left its benchmark repo rate as well as the reverse repo rate unchanged on Wednesday, while also maintaining its accommodative policy stance. This was the ninth consecutive time that the MPC left the repo rate on hold at 4%, as a resurgence of COVID-19 cases in many countries and a fast-spreading new virus strain added to uncertainties at a time the economic recovery in the country was seen gathering momentum.

The RBI left India's GDP growth forecast unchanged at 9.5 % for the year ending March 2022, while also maintaining the consumer inflation expectation at 5.3 %.

Sectorial Performance: On the sectoral front, NiftyIT, Nifty Metals and Nifty Pharma have outperformed all other major indices with a higher gain of 9.2%, 3.7% and 5.8%. Whereas sectors like Nifty Bank & Nifty Realty showed a de-growth of 2.4% and 2.1% respectively.

On the global front: Global equities also had a positive momentum in November 2021, Dow Jones rose by 7% whereas Nasdaq Index rose by 3.2% respectively. In context to that, S&P500 rose by 5.9%. Whereas Nikkei rose by 3.1% and FTSE100 rose by 3.3%. The traditional Santa Claus rally fuelled modest gains for the major indexes, with the Dow Jones and S&P 500 index hitting record highs.

In commodities, gold rose by 1.7%, while Brent crude prices rose by 15.2%. USD/INR declined by 0.8% in December.

Economic Data Wrap Up: Dec - 2021

- India's Nov Nikkei Services PMI decreased to 58.1 as compared to 58.4 in Oct
- India's Dec Nikkei Market Manufacturing PMI decreased to 55.5 as compared to 57.6 in Nov
- India's Nov CPI inflation came in at 4.91% as compared to 4.48% in Oct
- India's Oct IIP came in at 3.2% YoY as compared to 3.1% in Sep
- India's November WPI inflation came in at 14.23% as compared to 12.54% in October
- India's Nov Trade Balance (USD) came at -22.91B as compared to -23.27B in Oct
- RBI Interest rate decision remain unchanged at 4% in December policy.

Save taxes upto ₹62,400 Your tax saving investment guide

At Arihant, we don't believe taxes should be your first consideration when making financial decisions—but we do believe in following tax-efficient strategies to ensure you preserve your hard-earned money. From investing in Public Provident Fund (PPF) and ELSS funds to investing in National Pension Scheme (NPS) and getting yourself the right health insurance, there's plenty you can do to minimize your tax liability.

Here are some great tax-saving investments and strategies:

1. ELSS Mutual Funds: Investment in Equity Linked Saving Scheme (ELSS) funds qualifies for deduction under section 80C of the income tax act up to a maximum of ₹1.5 lakh.

Nifty Technical Outlook: Jan - 2022

CMP = 17,354



On the monthly chart, we are observing that prices retraced and have almost tested the median line of the second channel. In the coming month if Nifty trades and closes above 17588 level then it is likely to test 17947 – 18306 – 18724 levels. However, if Nifty trades and closes below 17119 the level then it can test 16761 – 16408 - 15985 levels.

Since prices have almost tested the median line of the second channel, we maintain our stance that a pullback rally is in offing. On the upside, it may test 17588 – 17947 – 18306 levels. Our two cents? **A cautiously positive approach at the current level should be adopted.**

ELSS funds provide the dual benefit of capital appreciation and tax savings. It is one of the most popular tax-saving schemes amongst investors.

2. National Pension Scheme: NPS is a great way to save for your retirement while also saving tax. In addition addition to a deduction of up to ₹1.5 lacs, you can get an extra deduction of up to ₹50,000/-for contributions made you as an individual taxpayer towards the NPS.

3. Health Insurance: You can claim a tax benefit up to ₹25,000 for premium paid to keep in force health insurance covering self, spouse, or dependent children.

4. Fixed Income Options: Other than ELSS, you can also invest in various fixed income products to claim deduction under 80C like PPF, tax-saving fixed deposit, national savings certificate (NSC). Among the three we recommend PPF as, unlike others, the interest on PPF is not taxable. For help creating your tax-smart investment plan, talk to your Arihant advisor, call us on 0731-4217003 or stop by your local branch.

Fundamental Stock



Home First Finance Company Ltd

We believe HFFC is well positioned to capture the strong growth in the growing and underpenetrated housing market.

BUY
Target
₹938

Stock Details:

BSE Code	5,43,259
NSE Symbol	HOMEFIRST
CMP (INR)	794
Face Value	INR 2
52 Week High/Low	920/441
Market Cap (INR Cr)	6,983
BVPS (FY24E)	INR 223

Company Overview: Incorporated in 2010, Home First Finance Company (HFFC) is a technology driven small ticket housing loan provider which focuses on niche customer segment and had recorded strong AUM growth of 45% CAGR over FY18-21. HFFC was founded by Jaithirh Rao, PS Jayakumar and Manoj Viswanathan. It has an AUM of INR 4,617 cr as on Q2FY22 with ~92% portfolio share in home loans. On customer segment wise, it has high share of salaried customer (~74% of AUM) with strong presence in top markets like Gujarat and Maharashtra (~57% share in AUM). HFFC has tech led business model with focused branch operations and centralized underwriting process. We expect, HFFC to achieve AUM growth of ~29% CAGR over FY21-24E, driven by high tech usage which ensures optimization of operating cost, stable asset quality, normalizing credit cost and high capital ratios.

Investment Rationale:

HFFC is a good play in underpenetrated and growing HFC market: With government's thrust on affordable housing like 'Housing for all' scheme, favorable demographics, Rising urbanization & nuclearisation, low housing penetration, Indian affordable housing finance market (HFC) is well-positioned to witness strong growth. Overall housing market is expected to deliver a AUM growth of ~9-11% CAGR over FY21-23E. HFFC being the focused lender in retail home loans in urban/semi urban area is in sweet spot to grab the

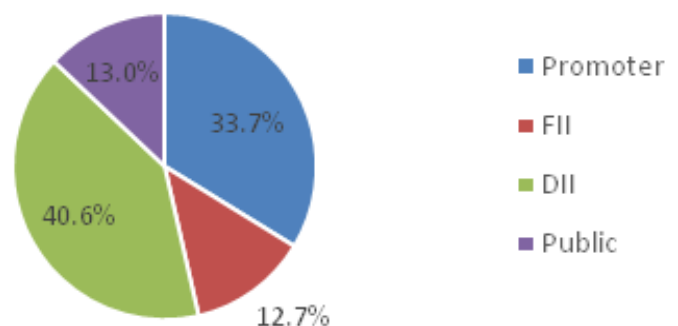
opportunity and gain market share.

Leveraging technology helped to build a scalable operating model: With the use of technology, company has built a scalable operating model. It uses technology across the value chain right from lead generation (via connectors app) to data validation to disbursements and collections. It uses data analytics, application scorecard, mobile application for monitoring leads and geotagging of properties to mitigate the risks and improve the efficiency. With the effective use of technology, HFFC has industry leading productivity ratios and TAT (turnaround time) of 48 hours against the industry average of 8 to 10 working days.

Industry leading productivity ratio: With a smaller branch network and comparable employee strength, HFFC has the better productivity ratio then its comparable peers aided by effective use of technology. Employee productivity in the company is higher due to adoption of technology (cloud based loan processing, CRM and centralized underwriting). With the branch network of 72, HFFC's AUM/branch stood at INR 57.5 cr and AUM/Employee at INR 6 cr.


Valuation & View: We believe HFFC is well positioned to capture the strong growth in the growing and underpenetrated housing market. We expect HFFC to deliver a ~29% AUM CAGR over FY21-FY24E with RoA/RoE of ~3%/13.5% over FY24E. Improving productivity, strong growth drivers, an experienced management and healthy capital position are its key positives. We have an Accumulate rating on the stock with a target price of INR 938, based on 4.3x FY24E ABV.

Shareholding Pattern % (Dec - 21)




AUTO SECTOR


DECEMBER SALES



Maruti Suzuki
Total Sales: 153,149 units, 4.42% YoY down
 Domestic Sales: 130,869 units, 12.92% YoY down
 PV Sales: 123,016 units, 12.60% YoY down
 Exports: 22,280 units, 124.19% YoY up




TVS Motor
Total Sales: 250,933 units, 7.77% YoY down
 Domestic Sales: 146,763 units, 17.04% YoY down
 Exports: 103,420 units, 9.71 % YoY up



Mahindra & Mahindra
Total Sales: 39,157 units, 11 % YoY up
 PV Sales: 17,722 units, 10% YoY Up
 M&HCV Sales: 584 units, 8% YoY up
 Exports: 3,017 units, 37% YoY up




Atul Auto
Total Sales: 1,683 units, 2.60% YoY down



Bajaj Auto
Total Sales: 362,470 units, 3 % YoY down
 Domestic Sales: 145,979 units, 5% YoY up
 CV Sales: 43,701 units, 29% YoY up
 Motorcycle Sales: 318,769 units, 6% YoY down
 Exports: 216,491 units, 7% YoY down




Escorts
Total Sales: 4,695 units, 39.30 % YoY down
 Domestic Sales: 4,080 units, 43.6 % YoY down
 Exports: 615 units, 22.30 % YoY up



Hero MotoCorp
Total Sales: 394,773 units, 11.75 % YoY down
 Motorcycle Sales: 376,862 units, 9.21% YoY down
 Scooters Sales: 17,911 units, 44.44% YoY down
 Domestic Sales: 374,485 units, 11.89% YoY down
 Exports: 20,288 units, 9.03 % YoY down



Ashok Leyland
Total Sales: 12,518 units, 2% YoY down
 M&HCV Sales: 7,619 units, 11% YoY up
 LCV Sales: 4,899 units, 17% YoY down



Tata Motors
Total Sales: 66,307 units, 24% YoY Up
 Exports: 3,143 units, 5% YoY up
 CV Sales: 34,151 units, 4 %YoY up
 PV Sales: 35,299 units, 50% YoY up



Volvo-Eicher Commercial Vehicles
Total Sales: 6,154 units, 25.80 % YoY up
 Exports: 810 units, 31.10 % YoY up
Eicher Motorcycle
Total Sales: 73,739 units, 7% YoY UP
 Exports: 8,552 units, 144 % YoY UP

(Source: NSE)

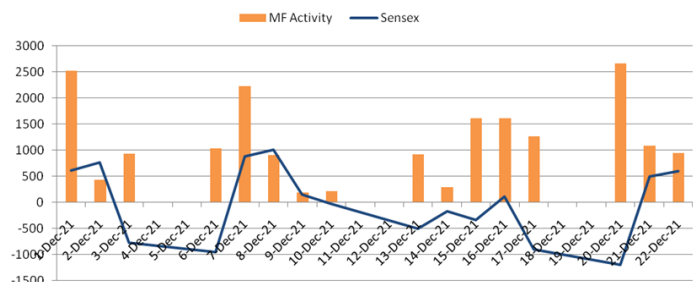


MUTUAL FUNDS ROUNDUP

Indian equity markets rejoiced and ended on positive note in Dec 2021. The barometer index, S&P BSE Sensex delivered Positive returns of 2.08% to settle at 58253.82 and Nifty 50 gained 2.18 % ending the month at 17354.05.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 18,901.35 crores in the month of Dec 2021. Highest buying was recorded in the 3rd week of the month when the fund houses made total net buy of Rs 5,710.86 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 32,689.55 crores worth of equities in Dec 2021.



Mutual Fund Activity In Dec 2021

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	11,862.80	7,965.09	3,897.71
2nd Week	19,689.69	15,099.68	4,590.01
3rd Week	24,385.68	18,674.82	5,710.86
4th Week	13,143.67	8,440.90	4,702.77
Total	69,081.84	50,180.49	18,901.35

Note: Mutual Fund activity as 22nd on Dec 2021



Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 st Dec, 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)	47.01	33,519	05-Jan-10	22.22	20.60	20.54	13.76	500	5000
ICICI Pru Bluechip Fund (G)	66.09	30,122	23-May-08	30.47	18.54	16.37	14.87	100	100
Mirae Asset Large cap Fund(G)	80.06	29,961	04-Apr-08	29.10	19.14	17.88	16.32	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	46.74	20,069	29-Jun-12	24.95	21.08	20.43	17.58	500	5000
Kotak - Flexi Cap Fund (G)	53.06	36,661	11-Sept-09	26.32	17.30	16.00	14.51	500	5000
SBI - Flexi Cap Fund (G)	76.80	15,172	29-Sept-05	31.52	19.14	16.42	13.35	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	92.05	13,785	25-Jun-07	28.70	21.23	16.79	15.78	500	500
L&T MidCap Fund (G)	208.59	6,667	9-Aug-04	30.59	16.70	15.59	19.06	500	5000

Note: Returns as on 31st December, 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 31 st Dec, 2021 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2330.06	26,451	0.30	0.86	1.70	3.29	7.15
ICICI Pru Liquid Fund(G)	2.13	312.56	37,504	0.30	0.87	1.72	3.36	7.00
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	34.56	11,873	0.29	0.80	1.64	3.20	7.39
L&T Ultra Short term Fund(G)	2.27	35.11	2,338	0.31	0.88	1.71	3.36	7.13

Note: NAV and Returns as on 31st December 2021, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 31 st Dec, 2021 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	31.78	10,087	28-Dec-15	36.48	24.76	22.26	21.17
Axis LT Equity Fund(G)	75.00	33,529	29-Dec-09	25.61	21.00	19.73	18.25
Kotak Tax Saver(G)	72.57	2,335	23-Nov-05	34.13	21.01	17.35	13.08

Note: NAV and Returns as on 31st December, 2021, Returns <1 yr annualised, >1 yr compounded

THE MONTH AHEAD KEY FINANCIAL EVENTS JANUARY 2022



January 04

- USD ISM Manufacturing PMI
- USD JOLTS Job Openings

January 05

- USD ADP Non-Farm Employment Change
- INR Nikkei Services PMI (Dec)

January 06

- USD FOMC Meeting Minutes
- USD Unemployment Claims
- USD ISM Services PMI

January 07

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

January 08

- Indian Automobile Sales Data, by SIAM

January 12

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

January 14

- USD Core Retail Sales m/m
- USD Retail Sales m/m
- INR WPI Food (YoY) (Dec)
- INR WPI Fuel (YoY) (Dec)
- INR WPI Inflation (YoY) (Dec)

January 20

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

January 27

- USD FOMC Statement
- USD Federal Funds Rate
- USD Advance GDP q/q

Sustainable Investing for 2022 | ESG

Interest in funds that invest in companies with strong environmental, social, or governance credentials has surged in recent years. In India, the 9 ESG funds now manage close to ₹12,542 crores (as of 31st Dec, 2021). It's a far cry from other developed markets but a good start considering the first ESG fund was set up just in 2018.

What is ESG and ESG investing?

ESG investing is a type of sustainable investing, that seeks to generate positive returns for the investors while also considering the long-term impact of their investments on society, the environment, and the mission of the business itself. To put it in simple words, an investment's ESG score measures the sustainability of an investment in three specific categories: environmental, social and {corporate} governance (ESG).

How can I make ESG investments?

Investing is like voting. Let 2022 be the year when you think about who you are funding with your investments. You can start off by considering the following investments.

- Individual stocks of companies that are responsible and acting sustainably (e.g. Electric Vehicles).
- ESG mutual fund schemes.
- Alternative ESG investment funds (minimum investment ₹50lacs).

Interested to learn more? Get in touch with us: contactus@arihantcapital.com or Tweet @ArihantCapital and our advisor will help you invest responsibly (and invest better)!



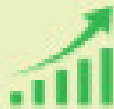
THINK
BIG
START **SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



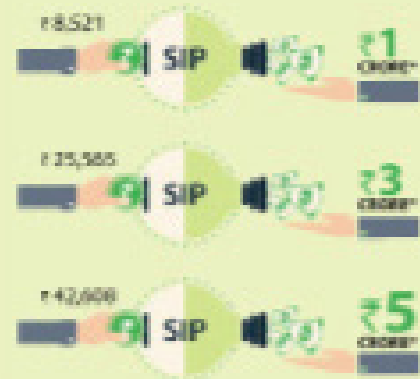
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: The above figures are calculated for the use of ₹1000 for illustration purposes only. Actual fund investments are subject to market risks. Returns could vary from the depicted illustration depending on market conditions. Avoided risk for illustration for illustration of investor performance in any market.

20 YEARS PERIOD



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