

Arihant's

VALUE *Plus*

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Issue | **May 2022**



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INDIAN INDICES

Indices	Apr-22	Mar-22	Change (%)
SENSEX	57060.87	58568.51	-2.57
NIFTY 50	17102.55	17464.75	-2.07
NIFTY BANK	36088.15	36373.60	-0.78
NIFTY MIDCAP 100	29880.35	29692.30	0.63
NIFTY 500	14783.35	14894.50	-0.75
NIFTY IT	31622.40	36317.20	-12.93
NIFTY REALTY	443.75	463.55	-4.27
NIFTY INFRA	5127.85	5018.55	2.18

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Apr-22	Mar-22	Change (%)
AUTO 	25210.17	24049.98	4.82
BANKEX 	41533.91	41753.80	-0.53
CD 	42666.59	42271.85	0.93
CG 	27370.68	27506.04	-0.49
FMCG 	14082.17	13334.89	5.60
HC 	24340.88	24303.83	0.15
IT 	31989.90	36402.74	-12.12
METAL 	21654.75	22368.34	-3.19
OIL & GAS 	19497.83	18741.19	4.04
PSU 	8848.53	8606.57	2.81
REALTY 	3528.96	3681.83	-4.15
TECK 	14339.02	16247.80	-11.75

(Source: BSE)

GLOBAL INDICES

Indices	Apr-22	Mar-22	Change (%)
DOW JONES	32977.21	34678.35	-4.91
NASDAQ	12334.64	14220.52	-13.26
HANG SENG	21089.39	21996.85	-4.13
FTSE	7544.55	7515.68	0.38
NIKKEI	26847.90	27821.43	-3.50





(Source: MoneyControl)

COMMODITIES

Particular	Apr-22	Mar-22	Change (%)
MCX GOLD 	51526.00	51317.00	0.41
MCX SILVER 	64266.00	66740.00	-3.71
MCX CRUDE OIL 	8177.00	7766.00	5.29
MCX NATURAL GAS 	555.80	436.00	27.48

(Source: Falcon software)

FOREX

Particular	Apr-22	Mar-22	Change (%)
USD-INR 	76.52	75.90	0.82
EUR-INR 	80.66	83.98	-3.95
GBP-INR 	96.19	99.68	-3.50
JPY-INR 	59.07	62.77	-5.89

(Source: Falcon software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Apr 2022	159,143.49	175,855.66	-16,712.17
Total for 2022*	639,500.03	768,022.73	-128,522.70

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchase	Gross Sales	Net Pur/Sales
Total for Apr 2022	96,948.89	74,984.48	21,964.41
Total for 2022*	381,746.31	308,849.44	72,896.87

*Till 27th April 2022

(Source: SEBI)

Monthly Market Roundup

In April 2022, Domestic markets witnessed a de-growth with benchmark Nifty and Sensex Index ending the month with a loss of 2.07% and 2.57% respectively. Market sentiments remained subdued led by ongoing Russia Ukraine conflict, anticipation of interest rate hike by US Fed and Weak results by some index heavy weight stocks.

Nifty Midcap 50 & Nifty Smallcap 250 were down by 1.7% and 1.3% respectively. Under performance from stocks of IT, Media and Realty led to pressure in Midcap & Smallcap indices. Media and IT were major losers and registered a loss of 11.2% and 13% respectively. Going forward, we expect market sentiments will be guided by development over Russia Ukraine matter and US fed meeting outcome. Stock specific movement will continue with the ongoing result season.

Market Correction to make valuation attractive

We believe that another 5-7 % correction in the stock market could make valuations palatable for long-term investors.

Domestic equities are currently flat for the year despite the spike in global volatility triggered by Russia's invasion of Ukraine and hawkish shift in global monetary policy to tame record high inflation.

While Nifty 50 index has seen compression of its price-to-earnings multiples from the record highs of 2021, it is still quoting more than 20 times one-year forward earnings, which is above its long-term average valuation.

There is so much of uncertainty now days that it is difficult to price it into the valuation. Next six months are looking very challenging. Real issue is about most companies facing challenges on growth and input price pressure.

We expect many commodity-consuming companies to see downgrade in earnings expectations as their margins suffer. There could be good opportunities to look at businesses which otherwise were trading expensively.

Sectorial Performance: On the sectoral front, Nifty Media and IT were down by 11% and 13% respectively, whereas

Nifty Realty, Financial services and Metal were down by 4.3%, 4.8% & 2.3% respectively. Nifty Auto and FMCG out performed as compared to other sectorial indices and ended with a gain of 3.8% and 4.1% respectively.

On the global front: Global equities also showed a de growth in April 2022, Dow Jones declined by 5%, whereas Nasdaq Index declined by 13% respectively. In context to that, S&P500 declined by 9.1%. Whereas, Nikkei declined by 3.5% and FTSE100 was flat. Market sentiments will be guided by geo political news and crude oil prices going ahead.

In commodities, gold declined by 0.4%, while Brent crude prices rose by 5.3%. USD/INR rose by 0.8% in the month of April.



Economic Data Wrap Up: Apr - 2022

- India's Mar Nikkei Services PMI increased to 53.6 as compared to 51.8 in Feb
- India's March Nikkei Market Manufacturing PMI decreased to 54.0 as compared to 54.9 in Feb
- India's Mar CPI inflation came in at 6.95% as compared to 6.07% in Feb
- India's Feb IIP came in at 1.7 % YoY as compared to 1.3% in Jan
- India's Mar WPI inflation came in at 14.5% as compared to 13.1% in Jan
- India's April Trade Balance (USD) came at -18.69B as compared to -20.88B in Feb

Nifty Technical Outlook: May - 2022

CMP = 17,102.00



On the monthly chart, we are observing sideways momentum which is facing strong resistance at the upper trendline of the second channel. At present the candlestick pattern suggests that a consolidation or correction at current level cannot be ruled out. In coming month if Nifty trades and close above 17,347 levels then it is likely to test 17,723 - 18,100 - 18,539 levels. However, if Nifty trades and close below 16,856 levels then it can test 16,480 - 16,104 - 15,666 levels.

Broadly, looking at the current price action we are of the opinion that upper trendline of the channel is strong resistance. Hence a corrective move towards 16800 - 16480 cannot be ruled out. Hence a cautious approach should be adopted at current level. at current level for a target of 18,368 - 18,600 levels.



Fundamental Stock



PITTI ENGINEERING LTD.

BUY
Target
₹438

Stock Details:

NSE Code	Pitti Eng
CMP(As on 2nd May 22)	INR 311
Face Value	INR 5
52 Week High/Low	344/63
Market Cap (INR Cr)	997

Company Overview: Pitti Engineering Ltd (PEL) was established in 1983, headquartered in Hyderabad, Telangana. PEL is engaged in manufacturing of Electrical steel laminations, Motor cores, Sub assemblies, Die-Cast rotors, Press Tools and machining of metal components. The company has three manufacturing plants which are strategically located in Hyderabad and Aurangabad. The plants has sheet metal capacity of 41,000 metric tonnes per annum (MTPA) and 3,77,196 machining hours per annum as on Q3FY22. The company is currently undergoing INR 270cr capex to increase the capacity to meet industry demands. The company exports the products to over 12 countries and exports revenue contributed 34% of sales in Q3FY22. The company has partnered with customers and supplying the components as per their requirements. The order book stood at INR 987cr as on Q3FY22.

Investment Rationale:

Strong domestic demand would reduce working capital cycle: In Q3FY22, domestic and export mix were at 66% and 34% respectively. We believe as per discussion with management the revenue visibility of INR 1,700 to INR 1,800cr topline over the medium term. We believe the company would take advantage of strong domestic demand and increase the domestic revenue share to 80% and maintain the exports revenue share to 20% going forward. The company focuses on domestic business which leads to better realization as compared to exports. The concentration on domestic business would reduce the working capital cycle going forward.

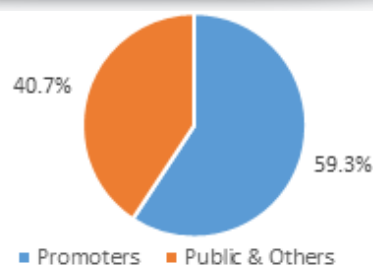
Capacity expansion to drive business growth: PEL's current

capacity is 41,000 metric tonnes per annum (MTPA) and utilization rate of 83.9% as on Q3FY22. PEL is in progress with a capex of INR 270cr in Aurangabad plant which will be expected to complete by end of FY24E. After the capex, the installed capacity will be around 72,000 MTPA and estimated to utilize capacity which is around 57,600 MTPA with utilization rate of 80%. The increase in capacity addition will lead to a better position to serve industry demands which drives business growth for the company.

Competitive advantage - Entry Barriers for new entrants: In 30 years of journey, PEL has developed more than 5,000 different products to its clients. The new entrants need to develop all the 5,000 products to compete with Pitti Engineering Ltd which takes more time. PEL has 5,000 products and every year, gradually adding products in products library as per the customer requirements. In 30 years of journey, PEL has developed more than 5,000 different products to its clients. The new entrants need to develop all the 5,000 products to compete with Pitti Engineering Ltd which takes more time. PEL has 5,000 products and every year, gradually adding products in products library as per the customer requirements.


Valuation Outlook: PEL has focused on capacity expansion, order execution and getting new orders from customers. The company have integrated manufacturing plants with cutting edge technology, differentiated product offering, marquee clients, global supply chain, diversified end industries with higher demand would lead the growth going forward. We have used a DCF Model to value Pitti Engineering Ltd, it has healthy and consistent cash flow generation over the forecasted period. We have a "BUY" rating on the stock with a Target Price of INR 438 per share; an upside of 40.7%.

Shareholding Pattern % (Mar - 22)




AUTO SECTOR

APRIL SALES



Maruti Suzuki
Total Sales: 150,661 units, 6% YoY down
 Domestic Sales: 132,248 units, 7% YoY down
 PV Sales: 121,995 units, 10% YoY down
 Exports: 18,413 units, 7% YoY up




TVS Motor
Total Sales: 295,308 units, 24% YoY up
 Domestic Sales: 180,533 units, 37% YoY up
 Exports: 113,427 units, 6% YoY up



Mahindra & Mahindra
Total Sales: 45,640 units, 25 % YoY up
 PV Sales: 22,526 units, 23% YoY up
 M&HCV Sales: 705 units, 112% YoY up
 Exports: 2,703 units, 35% YoY up




Atul Auto
Total Sales: 1,593 units, 74% YoY up



Bajaj Auto
Total Sales: 310,774 units, 20 % YoY down
 Domestic Sales: 102,177 units, 24 % YoY down
 CV Sales: 29,063 units, 27 % YoY down
 Exports: 208,597 units, 18% YoY down




Escorts
Total Sales: 8,325 units, 19% YoY up
 Domestic Sales: 7,676 units, 20% YoY up
 Exports: 649 units, 9% YoY down




Hero MotoCorp
Total Sales: 418,622 units, 12% YoY up
 Motorcycle Sales: 392,627 units, 16% YoY up
 Scooters Sales: 25,995 units, 21% YoY down
 Domestic Sales: 398,490 units, 16% YoY up
 Exports: 20,132 units, 32% YoY down



Ashok Leyland
Total Sales: 11,847 units, 42% YoY up
 M&HCV Sales: 7,688 units, 77% YoY up
 LCV Sales: 4,159 units, 4% YoY up



Tata Motors
Total Sales: 72,468 units, 74% YoY Up
 Exports: 958 units, 57% YoY down
 CV Sales: 30,838 units, 87% YoY up
 PV Sales: 41,587 units, 66% YoY up



Volvo-Eicher Commercial Vehicles
Total Sales: 5,525 units, 158% YoY up
 Exports: 650 units, 20% YoY up
Eicher Motorcycle
Total Sales: 62,155 units, 17% YoY up
 Exports: 8,303 units, 84% YoY up

(Source: NSE)

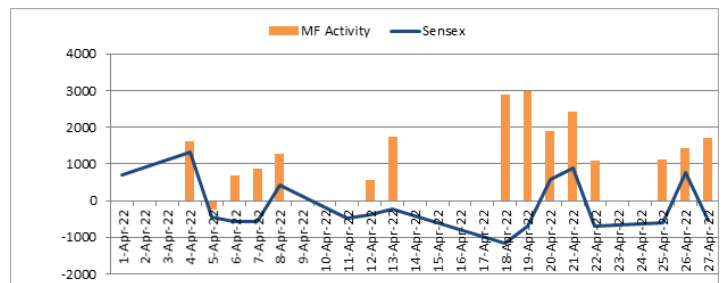


MUTUAL FUNDS ROUNDUP

Indian equity markets tumbled in the month of April 2022. The barometer index, S&P BSE Sensex delivered plunged 2.57% to settle at 57,060.87 and Nifty50 lost 2.07% ending the month at 17,102.55.

MF ACTIVITY

Indian mutual funds were net buyers of equities to the tune of Rs 21,964.41 crores in the month of Apr 2022. Highest buying was recorded in the 4th week of the month when the fund houses made total net buy of Rs 11,274.33 crores of equities. On the other hand, foreign institutional investors (FIIs) were net Sellers to the tune of Rs 16,712.17 crores worth of equities in Apr 2022.



Mutual Fund Activity In Apr 2022

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	3,939.01	3,955.17	(16.16)
2nd Week	28,977.90	24,787.32	4,190.58
3rd Week	15,133.34	12,860.96	2,272.38
4th Week	33,550.05	22,275.72	11,274.33
5th Week	15,348.59	11,105.31	4,243.28
Total	96,948.89	74,984.48	21,964.41

Note: Mutual Fund activity as on 27th Apr 2022

Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 2 nd May, 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)	42.90	35,702	05-Jan-10	10.78	14.30	14.50	12.54	500	5000
ICICI Pru Bluechip Fund (G)	64.08	31,688	23-May-08	19.06	14.73	12.87	14.24	100	100
Mirae Asset Large cap Fund(G)	75.91	31,929	04-Apr-08	16.38	13.99	13.11	15.48	1000	5000
Multi Cap Fund									
Axis Focused 25Fund(G)	41.79	19,560	29-Jun-12	9.69	14.76	13.27	15.63	500	5000
Kotak - Flexi Cap Fund (G)	51.15	37,126	11-Sept-09	13.82	12.89	11.15	13.78	500	5000
SBI - Flexi Cap Fund (G)	74.02	15,736	29-Sept-05	17.23	14.79	12.12	12.82	500	1000
Mid Cap Fund									
DSP Mid Cap Fund(G)	86.14	13,715	25-Jun-07	11.40	16.97	10.59	14.93	500	500
L&T MidCap Fund (G)	201.64	6,608	9-Aug-04	13.97	15.50	9.89	18.45	500	5000

Note: Returns as on 2nd May, 2022, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	YTM	Latest NAV*	AUM as on 2 nd May, 2022 (Rs in Cr)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund								
Axis Liquid(G)	2.16	2,357.62	28,047	0.31	0.90	1.79	3.44	7.06
ICICI Pru Liquid Fund(G)	2.13	314.10	34,603	0.30	0.89	1.75	3.37	7.20
Ultra Short Term Fund								
Kotak Saving Fund(G)	2.22	35.00	10,502	0.33	1.01	1.86	3.45	7.32
L&T Ultra Short term Fund(G)	2.27	35.54	1,562	0.29	1.00	1.86	3.50	7.08

Note: NAV and Returns as on 2nd May, 2022, Returns < 1 yr annualized, Returns > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 2 nd May, 2022 (Rs in Cr)	Launch Date	Returns (%)			
				One Year	Three Years	Five Years	Since Inception
Mirae Asset Tax Saver(G)	30.19	11,790	28-Dec-15	18.00	19.65	16.54	19.02
Axis LT Equity Fund(G)	67.24	32,053	29-Dec-09	9.73	14.78	13.49	16.69
Kotak Tax Saver(G)	70.37	2,696	23-Nov-05	18.42	16.67	12.45	12.59

Note: NAV and Returns as on 2nd May, 2022, Returns <1 yr annualised, >1 yr compounded annualised.

THE MONTH AHEAD KEY FINANCIAL EVENTS MAY 2022



May 04

- USD ADP Non-Farm Employment Change
- USD ISM Services PMI
- USD FOMC Statement
- USD Federal Funds Rate

May 05

- INR FOMC Press Conference
- USD Unemployment Claims
- INR Nikkei Services PMI (Apr)

May 06

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

May 08

- Indian Automobile Sales Data, by SIAM

May 11

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

May 12

- USD PPI m/m
- USD Core PPI m/m
- INR Manufacturing Output (MoM) (Mar)
- INR Industrial Production (YoY) (Mar)

May 17

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

May 20

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

May 26

- USD Prelim GDP q/q
- USD Unemployment Claims

Arihant Capital
Generating Wealth



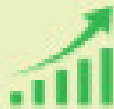
THINK
BIG
START **SMALL**

ARIHANT'S SIP INVESTMENT

WHY SIP INVESTMENT



DISCIPLINED INVESTMENT



POWER OF COMPOUNDING



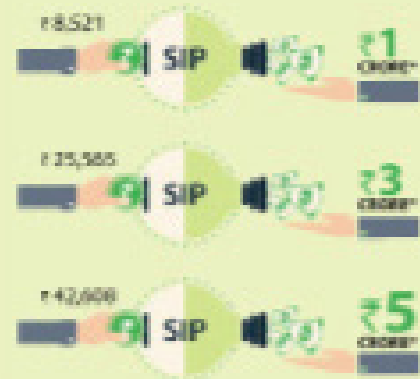
RUPEE COST AVERAGING



SMALL POCKET INVESTMENT

*Note: The above figures are calculated for the use of ₹1000 for illustration purposes only. Actual fund investments are subject to market risks. Returns could vary significantly depending on market conditions. Mutual fund returns are not guaranteed and do not represent performance in any manner.

20 YEARS PERIOD



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