INSIGHT

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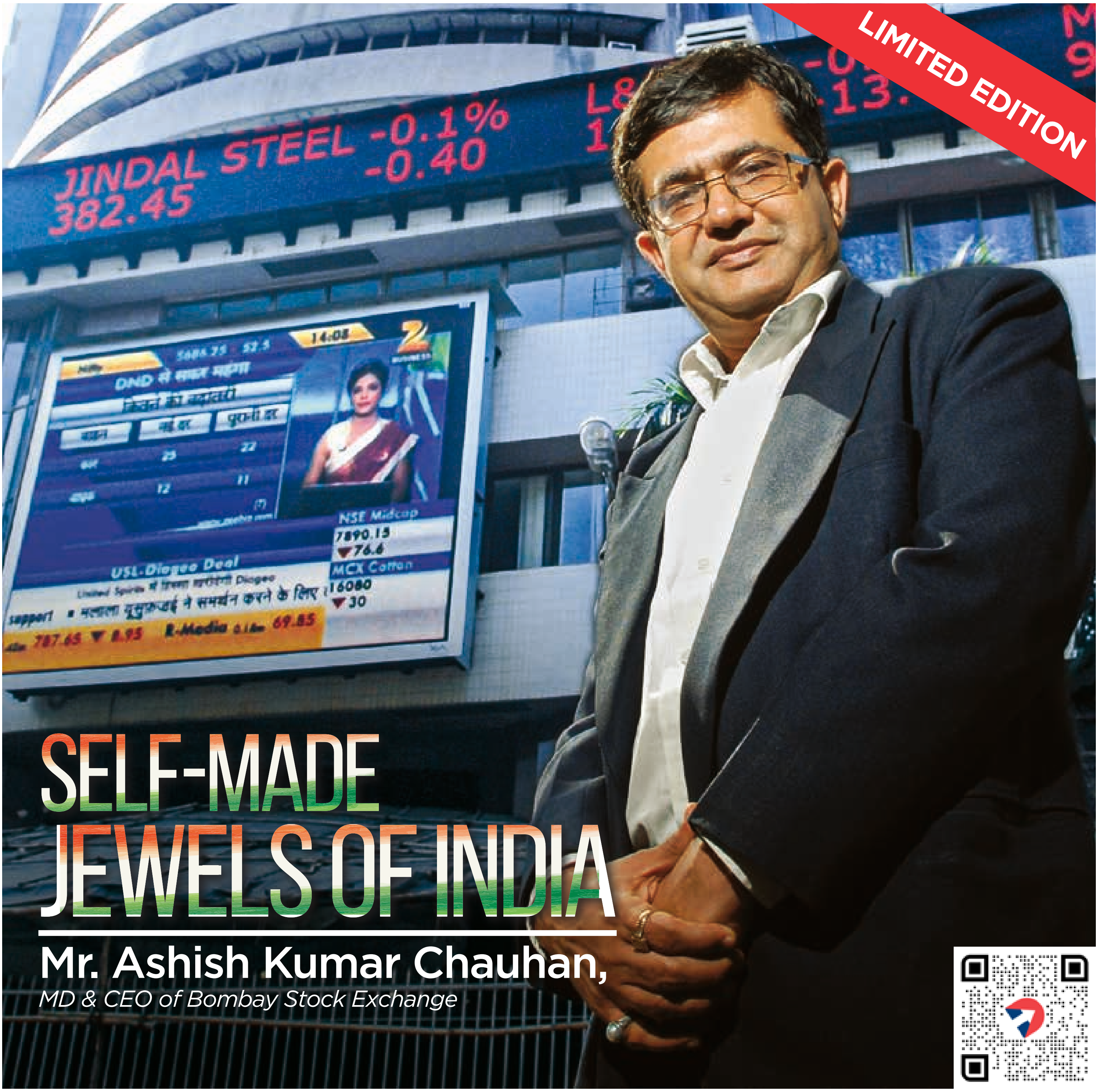
July **2022**



LIMITED EDITION

SELF-MADE JEWELS OF INDIA

Mr. Ashish Kumar Chauhan,

MD & CEO of Bombay Stock Exchange

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INSIDE THIS ISSUE

MR. AMIT JAIN

Co-Founder, Ashika Global Family Office Services

Mr. Ashish Kumar Chauhan,
MD & CEO of Bombay Stock Exchange

Dear Investors,

We at Ashika Group always looked at opportunities to celebrate fellow Indians who have broken the shackles and made the country rise to newer highs by creating history on the World map. This endeavor has led us to start the series "Jewels of India", where we bring you life stories of Self-Made Indian Billionaires & CEOs.

In the first 2 issues, we covered the success stories of the Haldiram Group, a Global Food Giant & the Vardhman Group, a world-class textile manufacturer based out of Ludhiana, India.

It gives us immense pleasure to showcase the life of an accomplished man full of Indian values and humility, who has been one of the pillars behind India's growth story, Mr Ashish Chauhan, MD & CEO, BSE India.

An IIT (B) and IIM (C) graduate and one of the first five founding members of NSE, who has always emphasized the use of technology in business to go miles. The man behind digitizing BSE and making it a catalyst in India's march towards a $3 Trillion Economy.

Mr Chauhan's career started with IDBI and later he was one of the founding members of NSE where he undertook numerous projects and successfully delivered screen-based trading in India through satellite communication. In his earlier stint at Reliance Group he was responsible to set up Petrochemical Exchange and later was elevated to CIO of Reliance InfoComm and Reliance Industries. His passion towards cricket landed him to manage one of IPL's most successful teams "Mumbai Indians". In his latest assignment as MD & CEO of BSE India, he is responsible for BSE to become a fintech company, venturing into new areas everyday.

I hope you enjoy reading this issue of "Self-Made Jewels of India" as you get to know more about the man who leads Asia's oldest stock exchange - Bombay Stock Exchange's growth story.

Regards
Amit Jain

Market OVERVIEW

The whole world is gripped by one single factor- inflation and a guide to whether the same has picked could lead to a revival in investors' sentiment.

The recent rally across equity markets for the past few weeks is largely on lower yields, however from here on, the logic gets perplexed. Lower yields are on lower inflation expectation which is driven by a recessionary scenario ahead. Clearly, recession cannot drive investors 'optimism. However, nobody can predict market bottom accurately, while study of past bear market cycles doesn't provide much insights, as every market rally or crash is driven by different set of factors. According to prominent investors like Howard Marks, "everything we deal in is significantly cheaper than it was 6 or 12 months ago" and he also thinks that the idea to wait for the bottom is terrible and that assets could get further cheaper from here, in which case, he would buy more. While he was referring debt, the same holds ground for other assets as well, like for industrial metals, which will record worst quarter since the 2008 financial crisis. Copper, which is considered as greateconomic bellwether, has fallen into a bear market from a record four months ago, whiletin just tumbled 21% in its worst week since the 1980s crisis froze trading for 4 years, according to a Bloomberg article. Slowdown in industrial activity cannot be ruled out and easing of Chinese COVID-19 lockdowns is not going to help. The fact that Chinese manufacturing activity is already shrinking and European manufacturing output contracted for the first time in two years, while the US output hit 23-month low. However, the investors are probably anticipating far greater decline in demand in coming period if one has to decipher the aggressive sell off in copper and other industrial metals. A lot will depend on how aggressively US Federal Reserve raises rates ahead to avoid a hard landing for the economy. According to the Federal Reserve Bank of New York's economic model, there's an 80% chance the US economy will have a hard landing. A hard landing is defined as having at least one quarter in the next ten in which four-quarter growth dips below -1%.The US and Eurozone PMIs have come off, suggesting slowing growth and low consumer confidence across developed nations, while housing starts and property transactions reached extreme lows in China. Clearly, these are more than enough to shake investors' confidence. However, sooner than later, scepticism in markets could run ahead of reality.

A new world order could set in and although there been thoughts put to it, the invasion of Ukraine by Russia just made matters worse. Developed nations were already in discussion of addressing supply chains and on China +1 strategy. However, Russia-Ukraine conflict put commodity and food prices on different radar, which compelled the Biden administration to press on a new trade pact focused on "like-minded partners" with existing free trade agreements. It will be difficult to say whether India would feature in the list and only future will tell. Prime Minister Narendra Modi however, joined US President Joe Biden last month in the launch of a US-initiated trade framework aimed at deeper cooperation among like-minded countries in areas like clean energy, supply-chain resilience and digital trade. The rollout of the Indo-Pacific Economic Framework for Prosperity (IPEF) by the US came as part of Washington's efforts to push forward a strong economic policy for Indo-Pacific to counter China's aggressive strategy on trade in the region. At the same time, Russia and China intends to use the BRICS platform to lash out against the Western world. The BRICS worldview is important because it represents 40% of global population, 25% of its economy and 16% of trade. Besides, the West has no voice in BRICS and barring Brazil, other four nations including India have refused to join the Western mandate against Russia over the Ukraine war. Thus, so far India has managed foreign relations amicably and succeeded in maintaining good relations with both Western bloc and Russia owing to effective foreign policy. Besides, it cannot afford to constrain relations with the West due to its vast dependence on I&T and allied services, which earn crucial forex revenue for the country. Notably, computer software and hardware accounted for ~25% of FDI inflows in FY22. There has been hullaballoo, as India jumped by 1 position to 7th among the top recipients of FDI in CY21. However, there's more to it, as the rate of growth of gross incoming FDI fell sharply in 2021-22to 2% from 10% in the previous year and 20% in the year before that. Moreover, FDI outflows, which include divestment of Indian assets by existing foreign investors and overseas investments made by Indians, also hit a record high of $44.3bn (up 16%). As a result, net FDI inflow to India (what's coming in minus what's going out) have actually fallen by 10.6% since 2020-21, and is at its lowest levels since 2018-19.

According to prominent investors like Howard Marks, "everything we deal in is significantly cheaper than it was 6 or 12 months ago" and he also thinks that the idea to wait for the bottom is terrible and that assets could get further cheaper from here, in which case, he would buy more.

India's external account or Balance of Payment (BoP) position deteriorated in FY22. Although it recorded a US$40bnsurplus, it is lower by 46% YoY and the lowest in 3 years. However, India's BoP has slipped into US$16bn deficit in4QFY22, thus weighing on INR, which has depreciated ~5% in 2022. For FY22, the CAD came in at US$38bn or 1.2% of GDP vs. a surplus of US$24bn or 0.9% of GDP in FY21 and was the highest in three years. The widening of the CAD in FY22 was primarily due to the surge in merchandise trade deficit, which nearly doubled from that in the previous year to US$189bn owing to higher imports of goods associated with revival in economic activity and rise in global commodity prices. In terms of financial flows in FY22, net total foreign investment inflow of ~US$22bn was 73% lower than FY21 primarily on account of net foreignportfolio investments outflow to the tune of US$16.8bn,which is in sharp contrastto the net inflows of US$36bn in FY21.While net FDI inflows declined to US$38.67bnin FY22. According to the National Securities Depository data, FPI outflows in June so far recorded at ~Rs460bn.The outflows from India are much higher compared to other emerging markets such as South Korea, the Philippines and South Africa barring Taiwan, which has seen higher outflows to the tune of US$32,705mn till June 22nd. Many emerging markets such as Indonesia, Thailand Brazil and Malaysia have seen net inflows, which is attributed to these countries being commodity producers.Although India remains better positioned among other emerging markets, owing to high GDP growth, strong demand outlook and good corporate balance sheets, FPI selling may continue due to valuation premium

Notably, computer software and hardware accounted for ~25% of FDI inflows in FY22. There has been hullaballoo, as India jumped by 1 position to 7th among the top recipients of FDI in CY21. However, there's more to it, as the rate of growth of gross incoming FDI fell sharply in 2021-22to 2% from 10% in the previous year and 20% in the year before that.

vs. other emerging markets. Despite recent correction, domestic markets still trade at ~17.2 x P/E as against others trading at 8x to 15xof P/E. However, the comeback of FPIs is of immense importance and market rally is unlikely to sustain without participation of FPIs. In terms of ownership trend (as per market cap) in the NSE listed companies, FPI holdings have been ranging in the same vicinity of 19-21% over the last three years, while the share of retail investors has increased from 8.6% to 9.7% during the same period. Besides, Assets under Custody (AUC) of FPIs as of 2021-22, stood at Rs51 trillion, followed by MFs (Rs31 trillion) and insurance (Rs26 trillion). The AUC of FPIs to GDP ratio is ~22% and is of substantial importance.

While inflationary concerns persist, the claims to raise minimum wages in emerging countries will soon reach India and will further hit inflation. Unless supply side challenges pose newer challenges, India could manage food inflation post monsoon. However, real wages in rural India are on a decline, highlights media articles and this has mainly led to demand destruction for FMCG companies. According to Mint Macro tracker, 7 indicators have fared well among 16 with indicators like import cover, INR, CPI and core-CPI inflation, trade balance, real rural wages, labour participation rate faring badly. On positive note, PV, Tractor sales, composite PMI, core output, bank credit, rail freight traffic have done well. According to a Mint Research of 4,900 listed firms, earnings touched 4% of GDP in FY22 vs. 2.8% in FY21. The last time net profits of listed corporates to the GDP ratio was as high as in FY12 at 4% of GDP. While corporate India did manage raw material inflation and wage hikes, the biggest cut in expenditure was on interest expenses on debt. This was the major reason behind jump in profit as total interest expense to GDP ratio dropped to 4.9% in FY22 from 6.3% in FY21. Clearly,the listed corporates will find it difficult to repeat this performance in FY23, as the RBI hiked the repo rate and banks, in turn have increased their lending rates as well. Also, the households are feeling the heat of inflation much more this year than in the previous one, which will surely result in some demand compression or postponement. According to experienced market veterans, the market is yet to adjust itself to EPS downgrades and that's where the dilemma lies over committing new funds. Notably, several experts agree that valuation correction is mostly over for most stocks. However, the surrounding noise especially from global set up is too bearish for the investors to take new position. Nevertheless, domestic markets will probably recover at the earliest with the first sign of easing inflation. Thus, the investors could dab into stocks, which have time tested business model or where the company has strong moat. Usually, pessimism provides these opportunities to turn one's conviction into investment decisions and one has only to overcome the apprehensions.

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Exclusive Interview with

Mr. Ashish Kumar Chauhan

MD & CEO of Bombay Stock Exchange

"If it is a vision for tomorrow, it will be a reality atleast a day after"

Q You started your career with IDBI and then made it to the founding team of NSE where you undertook projects like satellite communication and implementing screen-based trading in India. How did IIT(B) & IIM(C) academics help you in this endeavour?

To be honest about it, I did not actively plan to be in Information Technology but as they say, the more you try to run away, more it comes clinging to you and I have embraced it. My years at IIT were the toughest part of my life, I faced many hurdles mentally and physically, however, it also instilled in me that I could handle any situation. It was in my final year that I got exclusive access to computer, and this was my first exposure to using end to end technology at work. Technology was at my command, and it was in my hands to get the best results.

At IIM, I was a little overconfident and I have to give it to my engineering background that help me understand statistics and other related subjects more easily, making the curriculum for me easier than IIT. My internship at ANZ Grindlays Bank was a prime motivator for me to seek a job in a financial institution after second year, it also developed my interest in subject of Developmental Economics and Econometrics.

I believe that a combination of

learning in the 2 most prestigious institutions helped in see the way through in the initial days of my career.

Q You had an opportunity to work at World Bank, but you took up your entrepreneurial journey, tell us something about it?

I had applied for a job at World Bank not once but twice, and as the fate has it, things did not work out. Around the same time, I got a call from Mr Manoj Modi of Reliance Group asking me to help set up Petrochemical Exchange for the group. In 2000, I set up exchangenext.com for Reliance Group and this marked the beginning of my real entrepreneurial journey. As some say building a castle is far more adventurous and far more rewarding, so similarly, in retrospect, I feel entrepreneurship is much more fulfilling for me and my way of life.

Q Tell us something about your stint at Reliance InfoComm, Reliance Industries and being the CEO of Mumbai Indians.

The company which I started at Reliance with 100 people had to shut down however, the team was good with technology, we were shifted to telecom and we started to work on Reliance Communication Networks. An era where calls charges were at Rs 16 per minute, Reliance launched mobile telephone plans at 20 paise per minute. Even after having buyer surplus they ran into losses as the billings systems weren't tested and the bills remained unpaid. This was when Mr Mukesh Ambani asked me to shoulder CIO responsibilities and make things work for the group. Withing six months the billing issue was resolved and I was able to do that using the existing system.

A little after that the business split and I was with Reliance Communications, but I had to move out and this was when Mr Mukesh Ambani asked me to be CIO of Reliance Group with added responsibility of handling Media Relations portfolio. Reliance at that time was facing many allegations, so it meant days and night of trouble shooting.

In the year 2008, a new chapter dawned in my life, cricket was back, I got a call from Mrs Nita Ambani asking me to run Mumbai Indians' and this was just 4 days before the first match. The challenge was to sell tickets to the first IPL match, and filling 35,000 seats at Wankhede in just 4 days nothing short of miracle, it also end me getting caught by police to create chaos for distributing free tickets at Churchgate side ticket window.

With Reliance what worked for me was their unique approach of selecting the right person for the job and then giving them complete authority to execute it, and I believe it is perhaps the reason why Reliance witnesses quick implementation of most of their projects.

Q From running a successful cricketing franchise how did you embark on the journey to BSE the oldest exchange in Asia and tell us more about your voyage?

My Ex Colleagues from NSE had started a software firm to develop software for stockbrokers and my wife was a part owner of the company, the company grew big with almost 100 employees and needed full time attention. I was at Reliance during that time and hence we decided to sell it, and it got sold to BSE at a very low cost, and with a condition that I would have to work with them for atleast a year. And I had to resign from Reliance to work as Deputy CEO, BSE. When I stepped in, BSE was going through rough time. It hadn't kept pace with changing times, neither in technology nor in attitude. That is the reason their loss was NSE's gain.

We had five problems to tackle – Technology, People, Products, Distribution and Reputation. We began to work from grass roots level and over the period of three years I started feeling the pulse of this giant getting revitalized, without major disruptions.

Mr Madhu Kannan, the then CEO resigned in 2012 and I was made the interim CEO, however, after searching for a suitable candidate for

7 months I was appointed as MD & CEO of BSE. Between 2012 and 2017 we launched BSE – SME exchange platform, followed by trading in BRICSSMART indices Derivatives, followed by launch of Currency, Derivatives, Interest Rate Futures, etc.

In 2012 BSE became the first Exchange in the country to launch a dedicated SME platform for listing pf Small and Medium Enterprises. BSE STAR-MF platform is India's largest digital platform to distribute Mutual Funds and command a market share of 80% among exchanges.

In 2017, BSE announced IPO and got 51 times oversubscribed and our valuation grew from Rs 15 Billion in 2012 to Rs 40 Billion in 2017 and Rs 100 Billion in 2022. In 2017, we set up India International Exchange Limited in Gujarat International Finance -Tech City which was inaugurated by Hon'ble Prime Minister of India Narendra Modi.

I envision that BSE should become a fintech company, venturing into new areas, by consolidating on its strengths and reputation, revamping itself and set higher benchmarks in performance.

Q BSE has been the key catalyst in making India a USD 3 trillion economy, what are the factors that will shape India to be a USD 5 Trillion economy?

I think the acceptability of stocks as a medium of investment is one of the key elements to driving the growth of the Indian economy. Because the more people trust and invest in the stock market, the more the overall capital of the nation will grow. This is critical for the transformation of India from a 3 trillion dollar economy into the proposed 5 trillion dollar economy. Investing in Indian stocks also means you trust your research as well as the nation's financial architecture which lays the background for such a growth.

Q Markets are a reflection of a country's economy is doing, how would you define your role in this?

Stock Markets survive due to surplus individual funds invested in speculative and semi-speculative assets such as company stocks, ETFs and bonds. Therefore, the more the investments into such markets, the more the disposable income present with the people of the nation. This is always a positive indication of where the economy is traversing. This surplus quantum is a direct indication of the health of the national economy, in general, and, the stock market in particular.

Q There is a speculation that you may be appointed as MD & CEO of NSE, how would you like to address this?

It is a good question. I don't know the answer at this point.

Q You have always emphasized technology in business and believe BSE is a fintech in disguise of the stock exchange, what is your advice to fintech who are looking to make it in this BFSI segment?

My advice to anyone venturing into a new scheme of things, is to answer one question closely- 'why?' Similarly, if any Fintech wants to make it to the BFSI segment, they must answer why they must. Irrespective of leveraging short-term gains, why would they penetrate the BFSI market when Fintech is already one of the fastest-growing segments of business in the country today.

Besides, I would like to believe that Fintech is one of the integral parts of the BFSI industry at large. With the rise of newer technology enabling BFSI sector companies to diversify into systems such as neo-banking, and open-banking and leverage the easy and accessible digital payment processes such as UPI as promulgated by NPCI, another Fintech in the sector, there is so much to gain. However, the Fintech companies trying to make gains in the BFSI sector must also be prepared to face stiff competition from established conglomerates and new-age start-ups, both. This is because Fintech is one of the most growing and crowded sectors of the Indian markets today.

Q What has been your biggest challenge and what have you learned from it?

My biggest challenge so far has been people management. This is because people are one of the most dynamic assets for a business. It is quite simple to manage a quantifiable commodity but when it comes to people, everyone is different. Everyone has their own values, shortcomings, strengths and knowledge. This makes people a very case-specific aspect of the business. It is very qualitative and not quantitative at all. It depends on the circumstance, place, roles and times. It has probably always been one of the most significant challenges for any captain of a ship and flight pilot.

Q You are in the forefront of the T+1 settlement, how sooner or later will it be introduced?

T+1 settlements will ensure greater regulation and have a long-lasting impact on the way large investors deal with investments in the stock market. This will prevent unforeseen

risks and scams quite considerably and will benefit the capable investors who are willing to undertake the risks of the stock market in order to grow their savings. And to empower more investors to trade on the BSE platform.

Q What is your philosophy of life?

My philosophy of life is quite simple. I always strive to work hard, with passion and aim at excellence. This is because although the limelight, attention and glory give you fame, it is not at all sustainable for the long run. My vision is to create a financially aware nation where information about investment opportunities and the growth of capital is ubiquitous to all. I believe in creating value for the society. I envisage a journey on the same path as my philosophy of life.

I recommend everyone to follow their dreams no matter how absurd they may sound today. If it is a vision for tomorrow, it will be a reality at least the day after. So, meet challenges head-on. Treat obstacles like adversities and embarrassments like a quality experience you have learnt valuable lessons from.
This is the only way to grow with passion, interest and enterprise in a ravishingly unscrupulous world where even handicap seems to be propagated beyond context and every achievement or milestone is measured with significant precision. This is an absolute concept of a human life. Strive to be ethically and legally correct always.

About Mr. Ashish Kumar Chauhan, *MD & CEO of Bombay Stock Exchange*

Ashish, a technocrat from IIT and IIM, is the MD&CEO of BSE (formerly Bombay Stock Exchange), with market capitalization of listed companies more than US$ 3.5 trillion.

At BSE since 2009, Ashish has helped it become the world's fastest exchange with 6 microseconds response time, completed its IPO, revived its revenues, introduced mobile stock trading to India, diversified in new areas including currency, commodities and equity derivatives, SM E, start-ups, Mutual fund and insurance distribution, IPO/bond distribution, spot markets, power trading, and international exchange at GIFT city etc.

Ashish acted as the CEO of IPL cricket team Mumbai Indians in its formative years and worked as the President and CIO of Reliance group from years 2000 to 2009 in the field of IT, e-commerce, public relations, media, telecom, sports, organised retail, IPO, petrochemicals, refining, oil and gas etc.

Ashish is one of the founders of at NSE (National stock exchange) and is considered the father of modern financial derivatives in India due to his work there from 1993-2000. He is also the creator of Nifty index and was in charge of creating the first screen-based trading. He started his career as a banker with IDBI.

Ashish is a serial entrepreneur and considered amongst the foremost experts in the fields of fintech, market microstructure, transaction processing, corporate governance, finance, regulatory policies, business, technology, cricket, and Indian social issues. He has spoken at conferences organised by UN, WEF, WFE, UNCTAD, OECD, Commonwealth etc. He has served and is part of several policy committees of Ministry of Finance, Education, MSME, CBDT, RBI, SEBI etc. He also headed the South Asia Federation of Exchanges (SAFE), consisting of 20 plus exchanges.

He has won several prestigious Indian and international awards over last 3 decades including Governance Now 'Visionary Awards 2021', 'CEO of the Year 2021' by FOW Asia, Mumbai Ratna, Digital Icon of the Year, Top 50 CIOs in the world etc. He serves on the board of prestigious Indian universities including IIMs, AJNIFM, NITs, NIITs etc amongst his many social activities. He has been nominated as the Chancellor of University of Allahabad by the President of India, a nationally important and one of the oldest Universities in Asia, set up in 1887. He is a distinguished visiting faculty at Ryerson University in Toronto and Honorary Professor at Nottingham University Business School.

He has co-authored a book titled on BSE 'A temple of wealth creation'. A book titled 'Sthithpragya - the process of maintaining equilibrium' has been written on his life journey.

PROMINENT HEADLINES
JUNE 2022

Today, India is the world's largest single frequency electricity grid. Earlier, we could transfer about 37,000 MW (of electricity) from one corner to the other. Now we can transfer 1,12,000 MW.... **R.K. SINGH,** *Power Minister*

Going ahead, while normalizing the pandemic related extraordinary liquidity accommodation over a multi-year time frame, the RBI will ensure availability of adequate liquidity to meet the productive requirements of the economy... **SHAKTIKANTA DAS,** *RBI Governor*

The PV segment, which has already surpassed May 2019 numbers, is witnessing huge demand. Dealers are not able to fulfil the same due to supply side issues.... **VINKESH GULATI,** *FADA President*

I would at this stage say that stagflationary risks for India are quite low compared to the rest of the world....**V. ANANTHA NAGESWARAN,** *Chief Economic Advisor*

The US Fed will now be forced to deliver more rate hikes as inflation is clearly not transitory and not ready to peak... **ED MOYA,***Senior market analyst, OANDA*

We all know that the biggest fundamental catalyst falling energy prices. We look for it everyday and is not happening...**JULIAN EMANUEL,** *Chief equity & quantitative strategist, Evercore ISI*

If this recent legup in oil prices persists, it will put in serious doubt the call of an ´inflation top´ that quite a few on the Wall Street (have) embraced... **MOHAMED ELERIAN,** *Chief Economic Advisor, Allianz*

The RBI will require all its skills and a little bit of to control inflationary expectations and support growth in the coming days... **NILESH SHAH,** *Group President & MD, Kotak Mahindra AMC*

People are trying to find some sense of direction, just how we are going to land this economy without a recession, this so-called soft landing...**JULIE BIEL,** *Portfolio manager, Kayne Anderson Rudnick*

Positive news around Chinese economic activity and cheaper equity valuations could offer value from a longterm perspective...**DIANA MOUSINA,** *Senior Economist, AMP Capital*

Investors have priced in an immediate recession.We think this is too pessimistic and has led to large selloffs in cyclical sectors. We would expect these stocks to bounce the most as investor sentiment normalizes... **JOACHIM KLEMENT,** *Investment strategist, Liberum Capital*

The Eurozone inflation number was one confirmation that even the ECB is now forced to hike rates, perhaps faster or more aggressively than previously expected... **JEROEN BLOKLAND,** *Head, Research, True Insights*

Among global EMs, India will have the highest public debt -toGDP ratio in 2022. That said, India´s public debt is largely domestic funded and a significant share is held by local banks and central bank, reducing the risk a distress situation... **TANVEE GUPTA JAIN,** *India Economist, UBS*

If there is a recession, it´s already been priced into the stock markets. The bottom is probably somewhere in the next three months...MARK MATTHEWSD, *Head of research for Asia, Julius Baer*

Earnings estimates and margin compression for companies is still a risk for equities due to high inflation...TODD SOHN, *MD of technical strategy at Strategas Securities*

The good news is that the Fed seems more realistic about what controlling inflation will require. It´s still betting on a soft landing, but even that probably requires some rise unemployment...PAUL KRUGMAN, *Nobel laureate economist*

With no sign of a slowdown in the negative market drivers -war, surging inflation, virus -the current bearish trend on stocks is likely to continue further in June...PIERRE VEYRET, *Global Asset Technical Analyst, ActivTrades*

What you´re seeing is that real and nominal rates are going up and what it means is that this era of easy money, that we´ve seen for the last decade and a half, is coming to an end...ELLEN HAZEN, *Chief Market Strategist, FL Putnam Investment Management*

The Fed will not be able to pause tightening, let alone start easing. If all global central banks deliver what´s priced, there will be significant negative shocks economies... JAMES ATHEY, *Investment director, Aberdeen Asset Management*

The US Fed will now be forced to deliver more rate hikes as inflation is clearly not transitory and not ready to peak... ED MOYA, *Senior market analyst, OANDA*

You have to encourage innovation. Companies become more conservative in decision making as you grow...be okay with failure and reward effort, not outcomes...SUNDAR PICHAI, *CEO, Alphabet.*

It is very difficult to say when the semiconductor shortage will ease. We are sitting on 135,000 pending bookings, and are trying our bets to increase production... TARUN GARG, *director-Sales, Marketing & Service, Hyundai Motor India.*

We are seeing normalization of interest rates and our corporate sector clients are strong enough to absorb its impact... SANJIV CHADHA, *MD & CEO, Bank of Baroda*

It is now time for PSEs to show that you are very keen to improve on your professionalism as much as you have done between 1991 and now. And where possible, in order to bring down the overheads, it might be worth looking at private participation together with what you are doing..... **NIRMALA SITHARAMAN**, *Finance Minister*

Mutual Fund Overview

KOTAK PIONEER FUND

Investment Objective

The investment objective of the scheme is to generate capital appreciation from a diversified portfolio of equity, equity related instruments and units of global mutual funds which invests into such companies that utilize new forms of production, technology, distribution or processes which are likely to challenge existing markets or value networks, or displace established market leaders, or bring in novel products and/or business models.

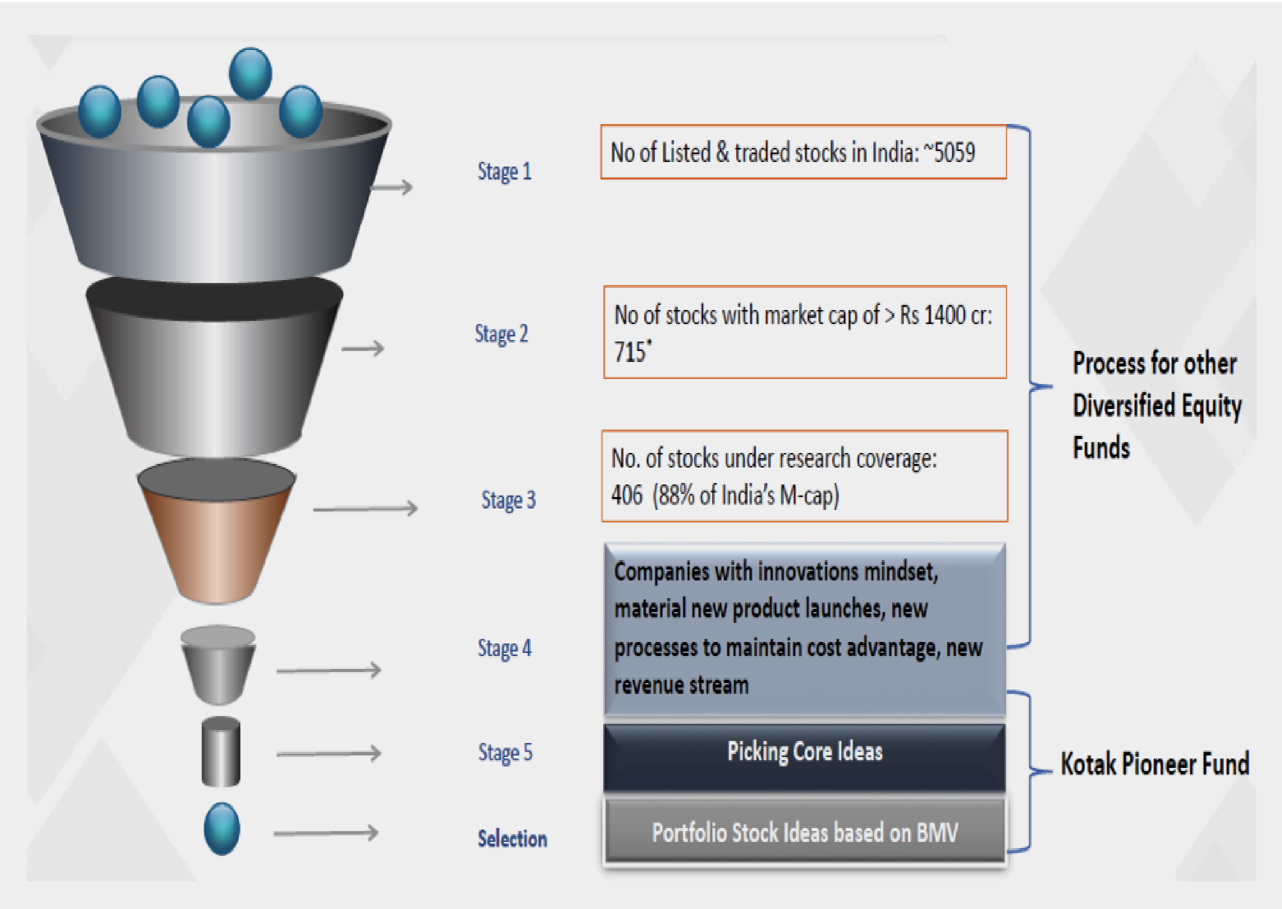
Definition of Pioneering Innovations as a theme:

The underlying investment philosophy of this fund would be to invest in such companies that have the potential to bring in sustained higher growth and change the competitive business environment due to their ability to:

- Produce a new thing (a new product/service) or
- A New way of making a thing (a New Process) or
- A New way of using a Thing (New consumer Value or behavior).
- A New way of reaching out to Customer either by disintermediating intermediaries or leveraging technology.
- A technological innovation which results into new or improved product or service to the consumer.

Investment Strategy

The portfolio construction will be based on thematic and a balanced approach between top-down and bottom up stock picking using the Business, Management and valuation (BMV) model. The Fund Manager will evaluate the business environment that a company operates in, the capability of the management to execute and scale up the business and valuation of the company based on fundamentals like discounted cash flows and PE ratios, etc. applicable.

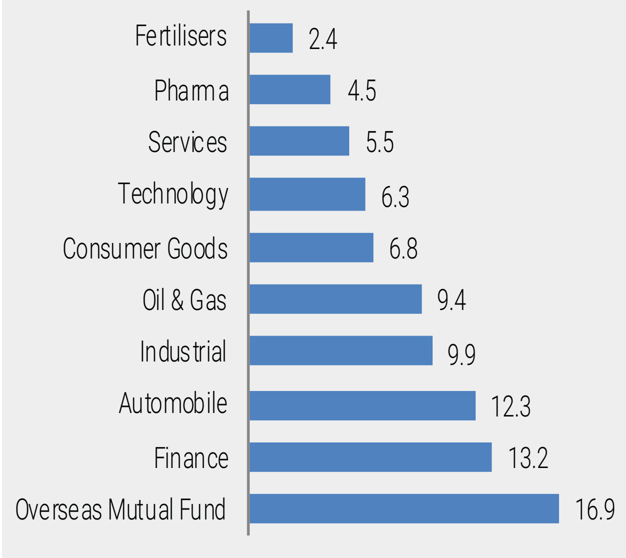


Important Information	
NAV (G) (Rs.)	16.14
IDCW (Rs.)	16.14
Inception Date	Oct. 31, 2019
Fund size (Rs. Cr.)	1567.0
Fund Manager	Harish Krishnan
Entry load	N.A
Exit Load	For units in excess of 10% of the investment, 1% will be charged for redemption within 365 days
Benchmark	85% IISL Kotak India Pioneering Innovations + 15% MSCI ACWI Information Technology
Min Investment (Rs.)	5000
Min SIP Investment (Rs.)	1000

Top Ten Holdings

Stocks	% of Net Assets
Reliance Industries	8.1
Maruti Suzuki India	5.6
HDFC Bank	5.3
Persistent Systems	4.2
Titan Company	3.5
Bajaj Finance	2.7
Mahindra & Mahindra	2.6
Schaeffler India	2.4
Container Corporation of India	2.2
Inter Globe Aviation	2.2

% SECTOR ALLOCATION



Note: All data are as on May 31, 2022; NAV are as on June 27, 2022
Source: Factsheet, Value Research

Key Ratios	
Beta (x)	-
Standard deviation (%)	-
Sharpe Ratio	-
Alpha (%)	-
R Squared	-
Expense ratio (%)	2.03
Portfolio Turnover ratio	21.0%
Avg. Market Cap (Rs. Cr.)	78590.7

Asset Allocation

Equity	Cash & Cash Eq.
97.9%	2.1%

Performance of the Fund along with Benchmark (as on June 27, 2022)

	1 month	3 months	6 months	1 year	3 Years	5 Years	Since Inception
Fund (%)	-0.7	-7.7	-11.5	-2.2	-	-	21.8
Benchmark (%)	-2.9	-7.9	-10.4	0.4	-	-	

Ashika Mutual Fund Recommendation Alpha Generation

Month of Recom	Fund Name	Benchmark	NAV as on 27.06.2022	1 Year Return (%)	3 Year Return (%)	5 Year Return (%)
Jul-21	Edelweiss Balanced Advantage Fund (G)	CRISIL Hybrid 50+50 Moderate Index	33.6	0.7	12.2	10.1
Aug-21	Nippon India Flexi Cap Fund Reg (G)	NSE - Nifty 500 TRI	9.7	0.0	0.0	0.0
Sep-21	SBI Balanced Advantage Fund Reg (G)	CRISIL Hybrid 50+50 Moderate Index	9.9	0.0	0.0	0.0
Oct-21	HDFC Dividend Yield Fund Reg (G)	NSE - Nifty Dividend Opp 50 TRI	13.1	6.7	0.0	0.0
Nov-21	PGIM India Flexi Cap Fund (G)	S&P BSE 200 TRI	22.7	-3.1	18.2	12.8
Dec-21	Quant Tax Plan (G)	NSE - Nifty 500 TRI	204.3	4.9	29.3	19.4
Jan-22	HSBC Large Cap Equity Fund (G)	NSE - Nifty 50 TRI	281.4	-3.8	9.3	8.9
Feb-22	SBI Long Term Equity Fund Reg (G)	S&P BSE 500 TRI	203.2	0.3	12.3	9.0
Mar-22	IDFC Tax Advantage Reg (G)	S&P BSE 200 TRI	87.9	2.5	15.5	12.4
Apr-22	ICICI Pru Multi Asset Fund (G)	NSE - Nifty 50 TRI	418.5	15.0	15.2	12.5
May-22	Sundaram Services Fund (G)	S&P BSE 200 TRI	18.8	6.6	18.6	0.0
Jun-22	Tata Banking and Financial Services Fund Reg (G)	NSE - Nifty Financial Services TRI	22.4	-9.9	3.7	7.4

Note: All data are as on May 31, 2022; NAV are as on June 27, 2022
Source: Factsheet, Value Research

Large & Mid Cap Fund

	All Data Belongs To June 27, 2022									
	NAV	AUM (Rs Cr)	3 M	6 M	1 Yr	3 Yr	5 Yr	Since Inception Return	Sharpe Ratio	Exp. Ratio
SBI Large & Midcap Fund Reg (G)	334.4	6482	(7.1)	(7.2)	1.4	14.3	11.8	13.8	0.6	2.1
Mirae Asset Emerging Bluechip Fund Reg (G)	86.7	21910	(7.1)	(9.9)	(1.2)	16.8	14.0	19.5	0.7	1.7
ICICI Pru Large & Mid Cap Fund Reg (G)	504.3	4957	(3.4)	(2.1)	10.5	14.9	11.4	17.8	0.6	2.1
LIC Large & Mid Cap Fund Reg (G)	22.0	1690	(7.6)	(9.1)	3.0	13.4	10.5	11.3	0.6	2.4
Kotak Emerging Equity (G)	65.7	18655	(6.0)	(7.3)	1.9	19.1	12.9	13.2	0.8	1.8

Value Fund

SBI Contra Fund Reg (G)	193.4	4584	(1.7)	(3.0)	12.3	21.4	13.0	16.8	0.8	2.1
IDFC Sterling Value Fund Reg (G)	80.2	4437	(7.9)	(8.7)	6.3	16.5	11.2	15.5	0.6	2.0
Nippon India Value Fund (G)	110.6	4202	(8.6)	(7.8)	2.0	13.7	11.6	15.1	0.6	2.0
Kotak India EQ Contra Fund (G)	75.2	1228	(7.1)	(7.1)	(0.9)	12.1	12.5	12.7	0.5	2.4
Invesco India Contra Fund (G)	69.4	8536	(6.1)	(8.4)	(0.9)	12.8	12.3	13.6	0.6	1.9

Focus Fund

Axis Focused 25 Fund Reg (G)	37.1	17921	(12.5)	(18.2)	(10.0)	9.1	10.3	13.9	0.4	1.7
Mirae Asset Focused Fund Reg (G)	17.3	8415	(7.1)	(12.0)	(0.5)	17.3	0.0	18.9	0.7	1.8
SBI Focused Equity Fund Reg (G)	209.3	24274	(8.7)	(15.7)	(0.2)	13.0	13.2	18.6	0.6	1.8
DSP Focus Fund Reg Fund (G)	29.4	1812	(8.7)	(12.8)	(9.5)	7.3	7.5	9.3	0.4	2.2
IDFC Focused Equity Fund Reg (G)	48.0	1261	(8.4)	(11.0)	(3.7)	9.0	7.4	10.1	0.4	2.2

ELSS Fund

	All Data Belongs To June 27, 2022									
	NAV	AUM (Rs Cr)	3 M	6 M	1 Yr	3 Yr	5 Yr	Since Inception Return	Sharpe Ratio	Exp. Ratio
Quant Tax Plan (G)	204.3	1359	(8.1)	(6.4)	4.9	29.3	19.4	15.2	1.1	2.6
Kotak Tax Saver Scheme (G)	65.1	2606	(8.2)	(7.6)	(0.1)	12.6	11.2	12.0	0.6	2.1
Mirae Asset Tax Saver Fund Reg (G)	27.9	11963	(6.8)	(9.1)	(1.2)	15.5	14.2	17.1	0.7	1.6
IDFC Tax Advantage Reg (G)	87.9	3570	(8.7)	(7.8)	2.5	15.5	12.4	17.4	0.6	1.9
SBI Long Term Equity Fund Reg (G)	203.2	10269	(5.4)	(7.2)	0.3	12.3	9.0	13.9	0.5	1.9

Flexi Cap Fund

Quant Active Fund (G)	372.9	2329	(10.6)	(8.9)	3.4	26.5	19.6	18.5	1.0	2.6
SBI Flexi Cap Fund Reg (G)	68.8	15047	(8.4)	(7.6)	(0.3)	11.1	10.4	12.2	0.5	1.9
Kotak Flexi Cap Fund Reg (G)	47.3	35091	(6.9)	(8.1)	(2.9)	9.1	9.5	12.8	0.4	1.6
Motilal Oswal Flexi Cap Fund Reg (G)	29.8	9046	(5.4)	(11.9)	(11.3)	4.0	4.9	14.3	0.2	1.9
Parag Parikh Flexi Cap Fund Reg (G)	44.7	22647	(8.8)	(11.7)	4.6	21.0	16.8	17.8	1.0	1.9

Small Cap Fund

Quant Small Cap Fund (G)	114.2	1754	(12.2)	(11.5)	0.3	36.2	18.0	14.2	1.0	2.7
SBI Small Cap Fund Reg (G)	97.0	11831	(3.9)	(5.2)	6.5	23.6	17.2	19.4	0.9	2.0
Axis Small Cap Fund Reg (G)	56.1	8984	(6.9)	(7.4)	10.8	24.6	17.7	22.3	0.9	2.0
Invesco India Smallcap Fund Reg (G)	18.6	1203	(8.8)	(11.6)	1.9	21.0	0.0	18.1	0.8	2.3
Kotak Smallcap Fund (G)	148.0	7192	(6.9)	(9.3)	6.2	27.7	15.6	16.8	0.9	2.0

Thematic/Sectoral Fund

Franklin Build India Fund (G)	58.9	1070	(4.2)	(7.3)	2.9	10.4	9.7	14.6	0.4	2.3
ICICI Pru Banking and Financial Services Fund Reg (G)	75.5	4885	(4.5)	(5.9)	(6.5)	3.2	6.1	15.7	0.2	2.1
Nippon India Pharma Fund (G)	261.4	4516	(9.5)	(13.4)	(13.2)	22.6	15.6	19.8	0.9	2.7
Sundaram Rural and Consumption Fund Reg (G)	54.3	1157	(0.6)	(3.2)	1.4	9.8	6.8	11.1	0.4	2.3
Aditya Birla SL Digital India Fund Reg (G)	112.0	3028	(18.4)	(22.8)	(1.0)	28.7	26.1	9.3	1.1	2.1

Balanced Advantage Fund

IDFC Balanced Advantage Fund Reg (G)	16.7	2945	(5.5)	(8.2)	(1.9)	7.5	7.4	6.8	0.4	1.9
Sundaram Balanced Advantage Fund (Formerly Principal Balanced Advantage) Reg (G)	24.0	1611	(4.0)	(4.1)	(0.6)	5.4	4.7	7.8	0.9	2.2
Edelweiss Balanced Advantage Fund (G)	33.6	8046	(4.7)	(5.5)	0.7	12.2	10.1	9.9	0.8	1.9
Kotak Balanced Advantage Fund Reg (G)	13.9	13667	(2.7)	(3.3)	0.9	9.2	0.0	8.6	0.5	1.8
Aditya Birla SL Balanced Advantage Fund (G)	69.6	6721	(3.1)	(3.7)	(0.3)	9.0	7.4	9.1	0.5	1.9

Equity Savings Fund

Aditya Birla SL Equity Savings Fund Reg (G)	16.4	513	(4.4)	(6.1)	(2.0)	6.4	5.4	6.7	0.4	2.5
DSP Equity Saving Fund Reg (G)	15.8	424	(1.3)	(0.5)	1.9	7.2	6.5	7.5	0.4	1.4
Kotak Equity Savings Fund Reg (G)	18.3	1890	(1.1)	0.3	5.4	8.3	7.9	8.1	0.6	2.1
Nippon India Equity Savings Fund Reg (G)	12.1	195	(1.4)	(1.2)	1.1	(1.7)	0.4	2.7	(0.3)	2.6
SBI Equity Savings Fund Reg (G)	16.6	2373	(3.6)	(3.4)	0.5	8.2	7.0	7.4	0.6	1.2

Arbitrage Fund

	All Data Belongs To June 27, 2022									
	NAV	AUM (Rs Cr)	3 M	6 M	1 Yr	3 Yr	5 Yr	Since Inception Return	Sharpe Ratio	Exp. Ratio
Aditya Birla SL Arbitrage Fund Reg (G)	21.8	8333	0.8	1.7	3.4	4.2	5.0	6.2	0.9	1.0
ICICI Pru Equity Arbitrage Fund Reg (G)	28.1	14410	0.9	1.7	3.5	4.2	5.0	6.9	0.8	1.0
Kotak Equity Arbitrage Fund (G)	30.5	26010	1.0	1.9	3.7	4.4	5.1	6.9	1.1	1.0
Nippon India Arbitrage Fund (G)	21.8	11069	0.9	1.7	3.6	4.3	5.1	6.9	0.9	1.1
SBI Arbitrage Opp Fund Reg (G)	27.5	8212	1.0	1.9	3.9	4.1	4.9	6.7	0.7	0.8

Index Fund

HDFC Index Fund-NIFTY 50 Plan(G)	146.7	5919	(7.3)	(6.9)	0.6	10.8	11.6	14.2	0.5	0.4
ICICI Pru Nifty Next 50 Index Fund Reg (G)	32.5	2090	(9.4)	(11.2)	(4.2)	10.3	7.2	10.3	0.5	0.7
HDFC Index Fund Sensex Plan	479.8	3384	(6.8)	(6.9)	1.2	11.0	12.2	14.5	0.5	0.4
Motilal Oswal Nasdaq 100 FOF (G)	19.6	3601	(15.3)	(23.1)	(12.5)	20.3	0.0	20.3	1.0	0.5
Motilal Oswal S&P 500 Index Fund Reg (G)	13.8	2567	(10.9)	(13.4)	(3.4)	0.0	0.0	15.6	0.0	1.1

Solutions

	All Data Belongs To June 27, 2022									
	NAV	AUM	Mod Dura-tion (in Yrs)	AMP (IN Yrs)	3 M	6 M	1 Yr	2 Yr	Sharpe Ratio	Exp. Ratio
ICICI Pru Retirement Fund Pure Debt Plan (G)	12.4	239	2.1	12.1356 (06/07/2021)	(0.3)	(0.1)	1.6	3.5	1.0	2.2
Aditya Birla SL Retirement Fund 30s Plan (G)	11.9	232	0.3	11.482 (17/06/2022)	(5.8)	(9.5)	(6.9)	11.2	0.3	2.6
HDFC Retirement Savings Fund Hybrid Equity Reg (G)	23.5	800	0.6	22.807 (20/06/2022)	(3.7)	(5.6)	0.0	21.7	0.6	2.4
Aditya Birla SL Bal Bhavishya Yojna Reg (G)	12.2	541	0.3	11.76 (20/06/2022)	(6.1)	(10.3)	(7.7)	10.4	0.2	2.6
ICICI Pru Child Care Gift Plan Reg	181.5	827	0.4	175.89 (20/06/2022)	(5.7)	(6.7)	2.3	19.1	0.4	2.4
SBI Magnum Children Benefit Fund Investment Plan Reg (G)	21.6	493	0.0	17.1081 (29/06/2021)	(6.2)	(3.3)	28.3	0.0	0.0	2.6

Multi Assets

HDFC Multi Asset Fund (G)	45.7	1522	0.7	44.07 (29/06/2021)	(2.3)	(3.5)	3.8	19.0	0.6	2.3
SBI Multi Asset Allocation Fund Reg (G)	35.8	556	1.1	35.2392 (20/06/2022)	(4.3)	(3.3)	1.3	10.2	0.8	1.8
ICICI Pru Multi Asset Fund (G)	418.5	13279	0.9	361.3089 (30/06/2021)	(3.0)	3.6	15.0	28.4	0.8	1.9
Axis Triple Advantage Fund (G)	27.1	1667	0.6	26.4475 (17/06/2022)	(8.6)	(11.6)	(2.4)	16.2	0.6	2.1
Nippon India Multi-Asset Fund Reg (G)	12.4	1131	0.0	12.0899 (29/06/2021)	(5.7)	(5.1)	2.7	0.0	0.0	1.8

Disclaimer: Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

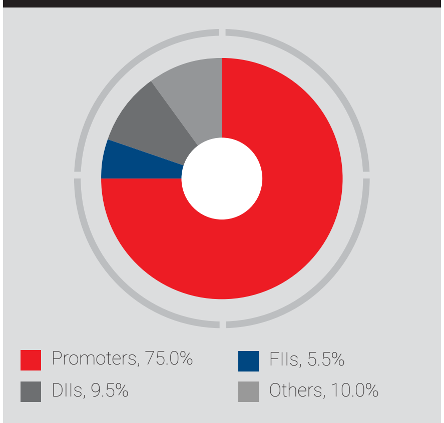
Siemens Ltd.

CMP: Rs 2,385	Rating: BUY	Target: Rs 2,750

Company Information

BSE Code	500550
NSE Code	SIEMENS
Bloomberg Code	SIEM IN
ISIN	INE003A01024
Market Cap (Rs. Cr)	85085
Outstanding shares(Cr)	35.6
52-wk Hi/Lo (Rs.)	2576.85 / 1920
Avg. daily volume (1yr. on NSE)	366893
Face Value(Rs.)	2
Book Value	298.4

Shareholding Pattern as on 31st March 2022



Company Overview

Siemens Ltd. is a 75% subsidiary of Siemens AG, Germany, which has presence in more than 200 countries. Siemens is a technology company focused on industry, infrastructure, transport as well as transmission and generation of electrical power. From more resource-efficient factories, resilient supply chains and smarter buildings and grids to cleaner and more comfortable transportation, the company creates technology with purpose adding real value for customers. Siemens has 22 factories located across the country, 8 Centres of Competence, 11 R&D centres and a nationwide sales and service network. The factories in India mainly aim at manufacturing steam turbines, motors, switchgears, generators, transformers, relay and smart grid systems etc. The strategic business unit in India can be divided into divisions i.e., Power, Energy & Gas (34%), Smart Infrastructure (33%), Digital Industries (22%) and Mobility (7%). Siemens has been associated with the Indian Railways for more than six decades and has been a preferred technology and customized solution provider since then.

Investment Rationale

Healthy Order Inflows

Order inflow in Q2SY22 rose by 61.4% YoY to Rs. 5,339 crore, driven by high value order booked in mobility segment. Strong order inflow was witnessed across all business verticals during the quarter. Order book as on Q2SY22 stood at strong

Rs. 17,174 crore up 35% YoY (1.3x of TTM revenue), which indicates a clear upswing in both public and private capex spending and offers revenue visibility for the coming quarters. Siemens expects order inflow momentum to continue from Metro, Captive Power Plant, F&B, Chemicals and Water segments etc. The management continues to focus on driving its short-term and digitalization businesses with a clear focus on profitable growth and working capital management. The management highlighted that the current demand scenario continues to remain healthy led by continued traction in short-cycle orders, large projects (from government as well as private players) witnessing an uptick and Greenfield capex picking up in segments like data center, intra-logistics (warehouse automation) and batteries etc. Despite challenging environment (higher commodity cost, increasing interest rate etc.) management indicated that the demand would continue for next 2-3 quarters. Traction continues from industries like Cement, Chemicals, Pharma, F&B and Steel etc. Furthermore, segments such as data center, e-commerce, waste heat recovery, smart infra, digitalization, automation, TBCB, intra-logistics, charging infrastructure, de-carbonization, smart metering and smart grids etc. would be key growth drivers, going ahead.

Siemens 3Yr. Price Chart

Digitalization – Long-term Growth Driver

Under its digitalization/automation drive, Siemens continues to bring digitalization across its business spectrum (Energy, Infrastructure, Discrete & Process Industries, Mobility) to provide customers with advantages such as quick uptime, speed, flexibility, quality, efficiency and security (plant security, network security and system integrity). This has become reality due to its key technical capabilities i.e., Internet of Things (IoT), Artificial Intelligence (AI), Digital Twin and Mindsphere. COVID-19 has accelerated the demand for digitalization and automation products by 1-2 years and Siemens has seen exponential growth in enquiries from the companies across sectors. There is huge potential of digitalization adoption in Indian context given the government's focus on increasing the share of manufacturing from the current 17% to 25%. This would mean an incremental annual manufacturing output of ~US$500-600trn requiring a capex of US$1.3-1.5trn to compete globally. The group has invested over US$10bn in software acquisitions since 2017 and is amongst the Top-10 players in the world. The other business, which has seen significant traction, includes the mobility/railways business. Large capex has been earmarked with major projects including metro projects. It expects opportunities from metro and railway projects to be significant in the next few quarters. With focus on profitability, Siemens continues to remain selective in taking new orders. Digitalization business has shown tremendous growth in recent times and will continue to be the key growth driver for the company.

Overall Demand Scenario Continues to Remain Healthy

Demand scenario continues to remain strong from sectors such as Railways, Metro, Infrastructure, Pharma, Data Center, F&B, Intra-logistics and Transmission etc. Short-cycle business is witnessing strong demand with clear traction from steel, cement, chemical, pharma, fertilizer for short-cycle projects/products. While on long-cycle projects, transmission projects from government and utilities are getting deferred due to pandemic though the longer-term pipeline remains intact with visible demand for GIS substations. On generation side, waste heat recovery (WHR) plants largely from steel, cement, chemical, and fertilizer players are seeing lot of demand and conversions. In smart infrastructure segment, lot of traction is seen in data centres, hospitals, building management systems and low voltage products with fairly visible opportunity pipeline. Siemens' Gas & Power segment, which contributed 40% to the company's revenue, is expected to see meaningful revival in the next 2-3 years. Manufacturing capex is a key growth area for Siemens. PLI scheme and significant thrust on infrastructure sector create huge growth opportunity for Siemens through its smart infrastructure and mobility segments. The buzzword is automation, which is the key 'innovation' area for the company. The company sees digitalization as a secular growth story for many years to come, as the country aims to increase contribution of industry in GDP from 15% to 25%. Despite near-term challenges, the management remains optimistic on growth momentum continuing for next couple of quarters. Traction continues from segments such as de-carbonization, waste heat recovery, e-mobility, charging infrastructure, data center, metros, TBCB, Intra-logistics, biomass and power plant up-gradation etc.

Cyclical & Structural Drivers

Current utilization for private sector stands at ~70%, suggesting full-fledged capex is around the corner. Siemens has capability to significantly accelerate growth during up-cycles. The company has a broad-based product portfolio and has most advanced technologies in its space, which make it one of the biggest beneficiaries of initiatives like PLI scheme and Rs100 trillion infrastructure pipeline. PLI is a major driver of current capex across few sectors. The management indicated strong potential from medium voltage segment, which will see significant growth across data centres, renewables integration, EV charging (grid to socket) and the company is already witnessing improving traction in these segments. Growing digitization and automation trend in manufacturing and services sectors create long-term growth opportunities for technology leaders like Siemens. The management believes OPMs for Siemens will reflect increased share of digital and software revenues, which coupled with a rising share of products (including new offerings), should lead to better OPMs. Manufacturing footprint and localization have been a consistent focus of the company. Siemens is well-poised to deliver super-normal earnings growth during the next 3-4 years, led by strong business momentum and improvement profitability margin.

Key Risks

- Slowdown in key infra verticals including government capex and private investments.
- Slowdown in key export markets including INR depreciation.
- Slowdown in the pace of adoption of automation.

Valuation

Siemens is one of the most diversified industrial product/solutions companies in India with exposure to a wide range of industries. Over the past 3-4 years, the company has simplified its business structure, apart from reducing operating margin volatility. Siemens continues its focus on the areas of electrification, automation and digitalization, which appears to be more profitable on margin front. Siemens is well-placed to monetize its strength in digitalization across its business spectrum. The management expects digital portfolio to continue to be a huge growth driver for the company. Siemens reported healthy revenue growth, while profitability was impacted due to higher commodity price and lower forex gain (compared to last year) in 1QSY22. Ordering activity continued to be robust, which grew by 65% YoY to Rs. 53 bn. OB stands strong at Rs.155.6bn (1.2x of TTM revenue) providing revenue visibility. We expect ordering momentum to continue from the industries such as Cement, Chemicals, Pharma, F&B, Steel, Railways and Metro etc., while the segments such as data center, ecommerce, waste heat recovery, smart infra, digitalization, automation, TBCB, hospitals and sub-station etc. would be key growth drivers. Order inflow is likely to be driven by central government and private capex, while state government capex is expected to remain muted in the near-term. The impetus given to infrastructure spending by the government in Union Budget 2022 will snowball into strong capital expenditure in the country, followed by investments in smart green infrastructure, electrification, de-carbonization technologies, automation and digitization. The company is in a strong position to leverage these growth opportunities given its capabilities across these segments. Additionally, PLI scheme announced for different industries provide an impetus to private capex. Going ahead, strong and diversified presence across industries, focused digitization, product localization, strong balance sheet and high cash flow along with strong order book and enquiry pipeline are expected to help the company to report healthy financial performance and return ratios. Thus, we recommend our investors to BUY the scrip with target price of Rs.2,750 from 1-year investment perspective. At CMP, the scrip is valued at P/E multiple of 50.6 of SY23E Bloomberg consensus EPS of Rs. 47.1.

Particulars (in Rs Cr)	SY21	SY22E	SY23E	SY24E
Net Sales	13422.6	15998.0	18430.6	20905.8
Growth (%)	38.9	19.2	15.2	13.4
EBITDA	1516.1	1884.7	2287.3	2684.1
EBITDA Margin (%)	11.3	11.8	12.4	12.8
Net profit	1048.4	1335.5	1662.5	1967.0
Net Profit Margin (%)	7.8	8.3	9.0	9.4
EPS (Rs)	29.4	37.9	47.1	56.0

Consensus Estimate: Bloomberg, Ashika Research

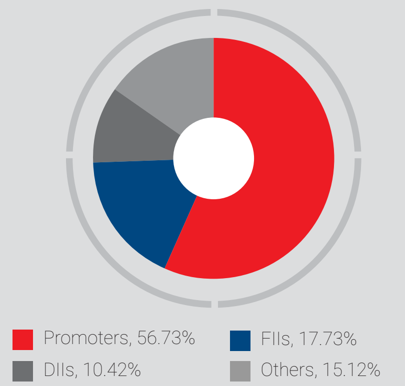
United Spirits Ltd.

CMP: Rs 760	Rating: BUY	Target: Rs 875

Company Information

BSE Code	532432
NSE Code	UNITDSPR
Bloomberg Code	UNSP IN
ISIN	INE854D01024
Market Cap (Rs. Cr)	55070
Outstanding shares(Cr)	72.66
52-wk Hi/Lo (Rs.)	1,019.7/629
Avg. daily volume (1yr. on NSE)	20,05,620
Face Value(Rs.)	2.0
Book Value (Rs)	68.17

Shareholding Pattern as on 31st March 2022



Company Overview

United Spirits Ltd. (USL) is India's leading alcoholic beverage company and a subsidiary of global leader Diageo plc. It manufactures and sells premium liquor brands such as Johnnie Walker, Black Dog, Black & White, Vat 69, Antiquity, Signature, Royal Challenge, McDowell's No. 1, Smirnoff and Captain Morgan. It operates in two segments namely Popular and Prestige and Above segment. Prestige & Above segment contributes ~67% to its revenues. Recently, the company sold and franchised its several Popular brands. The management believes that premiumization will accelerate towards 90% of revenue-mix.

Investment Rationale

Strong Brands & Strengthening Core Brands

USL is the top CPG company in India that has been delivering double-digit topline growth with strong brand recall. The company continues to focus on refurbish blends and packaging despite pandemic. It continues to strengthen distribution network to reach out home consumption market. It will continue to spend more on Prestige & Above segment to drive its premiumization strategy over the longer-term. The company aims to bank on operational efficiency and data analytics for long-term business growth. USL continues to divest its non-core assets to reduce balance sheet leverage and to improve working capital management. Its capital allocation strategy is inclined to product-related capex and asset light strategy. USL continues to invest in increasing its brand strength and propel its premium brands to higher share of its revenues. It continues to drive profitable growth and focus on strengthening the core brands and also well-placed to tap strong brands from Diageo's international portfolio and introduce new products.

Focus on premiumization through strategic review of popular brands

The management believes the next leg of growth in India's spirit industry will be driven by premiumization and thus, it expects premiumization to account for 90% of revenue-mix. Recently, the company has entered into a strategic arrangement with Inbrew Beverages (Inbrew) to transfer the entire business undertaking associated with 32 brands in the 'popular' segment by way of a slump sale for a total cash consideration of Rs. 820 crore. It sold 32 brands in mass-priced brands, including Haywards, Old Tavern, White-Mischief, Honey Bee, Green Label and Romanov to Inbrew. The deal includes the entire business of these brands such as related contracts, permits, intellectual property rights, associated employees and a manufacturing facility. In addition, USL and Inbrew have entered into a five-year franchise arrangement for 11 other brands, including Bagpiper and Blue

> **The management believes the next leg of growth in India's spirit industry will be driven by premiumization and thus, it expects premiumization to account for 90% of revenue-mix.**

Riband. USL has also granted Inbrew a right to convert the fixed term franchise arrangement into one with perpetual rights to use with a call option to acquire the brands at a pre-agreed consideration. USL's sharper focus on Prestige &Above segment and premiumization will improve the margin profile, going forward and will help in reshaping its portfolio to deliver sustainable growth.

Faster Growth in Prestige & Above Segment

During FY22, Prestige &Above segment accounted 72.5% of net sales, which improved by 2.8 pts compared to previous year. Prestige &Above segment's net sales increased by 23.6% in FY22 due to favourable product-mix and weak prior period sales.During the year, Premium &Luxury portfolio grew faster than the Prestige portfolio led by premiumization drive. Within the Scotch portfolio, Johnnie Walker, Black & White, Black Dog and J&B delivered strong double-digit growth. The broad-based growth in Prestige & Above segment demonstrates resilient consumer demand and strength of product portfolio. USL's strategy is to focus on portfolio premiumization and innovation. The management is boosting Prestige &Above segment especially in Scotch portfolio. Also, now it has a new visual identity in 400 walk-in stores. In Prestige & Above segment, Royal Challenge is witnessing positive momentum in Telangana and Andhra Pradesh. Further, the company has launched Godawan Single Malt artisanal Whisky, which has received a good response. USL has also acquired a strategic minority stake in Nao Spirits & Beverages Pvt. Limited, an emerging craft gin company in India, with award-winning brands i.e., 'Greater Than' and 'Hapusa'. This investment provides an opportunity to strengthen participation in the fast-growing premium gin segment in India. All these strategic initiatives demonstrate USL's commitment towards premiumization and to deliver profitable and sustainable growth.

Decent Quarterly Result

USL reported decent operating performance in 4QFY22. Its revenue grew by 9.5% YoY to Rs. 2,435 crore largely driven by volume-mix. Overall volume grew by 5% YoY to 20.7mn cases with Prestige & Above volume grew by 8.8% YoY and in value terms, it grew by 15.3% YoY. Popular volume was up 1% YoY, leading to 1.1% YoY value growth. Gross margin declined by 220bps to 41.7%, largely due to higher ENA prices and other cost inflation. EBITDA grew by 3.6% YoY

USL 3 year Price Chart

though EBITDA margin declined by 100bps YoY to 17.5%. The company expects short-term volatility with inflation at elevated level. Overall, the company is optimistic on mid-to-long-term growth opportunity for spirits industry. Inflation is mounting up and there will be pressure. ENA price is also going up due to geopolitical unrest and there will short-term pressure on margin.ENA and glass form two third of the company's RM cost basket and both items are in inflationary trends. In order to mitigate the impact of cost inflation to some extent, the company plans to increase the price in the range of 1.25-1.5% in FY23. PAT declined by 18% YoY to Rs. 136 crore in 4QFY22 due to exceptional cost of Rs.120 crore. However, adjusted PAT grew by 18% YoY with 80bps YoY improvement in PAT margin to 10.9%. Strong PAT margin reflects robust recovery in revenue and lower interest cost. There has been debt reduction of Rs. 556 crore with interest cost saving of Rs. 101 crore.Productivity, product-mix and pricing will help the company to offset the double-digit inflation and deliver stable growth, going forward.

In order to mitigate the impact of cost inflation to some extent, the company plans to increase the price in the range of 1.25-1.5% in FY23.

Key Risks

- Persistent high ENA and glass price could put pressure on the marginin the coming quarters.
- Any slowdown in economy would adversely impact the demand of alcohol consumption.

Valuation

USL is the India's leading alcoholic beverage company backed by strong parentage Diageo. It is one of the top performing CPG companies in India delivering sustained double-digit growth. The company is present in high growth spirit market and in India the spirit penetration is the lowest compared to global average and thus, the growth opportunity is large for the company. USL is focusing into premiumization, as the management believes next leg of growth would be driven by premiumization. During FY22, the company undertook big move in Prestige &Above segment, as it sees significant growth opportunities in the segment. The strategic review of its popular brands has improved its long-term growth outlook. Further, the company has maintained healthy balance sheet backed by strong cash flows. USL is shaping its portfolio in right direction and thus, the management is confident of delivering double-digit growth through reshaping of portfolio. Thus, we are confident of the management's strategic initiatives towards long-term growth and believe that USL will deliver sustainable profitable growth in future. We recommend our investors to BUY the scrip with target of Rs. 875 from 1-year investment perspective. At CMP, the scrip is valued at P/E multiple of 42.5x on FY24E Bloomberg consensus estimate of EPS Rs. 17.9.

Particulars (in Rs Cr)	FY21	FY22E	FY23E	FY24E
Revenue	8,131.3	9,712.4	10,406.8	11,282.3
Growth (%)	-12.8%	19.4%	7.1%	8.4%
EBITDA	1,052.7	1,595.2	1,705.9	1,999.3
EBITDA Margin (%)	12.9%	16.4%	16.4%	17.7%
Net profit	416.9	910.5	1,122.3	1,295.7
Net Profit Margin (%)	5.1%	9.4%	10.8%	11.5%
EPS (Rs)	5.9	12.8	15.3	17.9

Source: Bloomberg consensus

STOCK PICKS

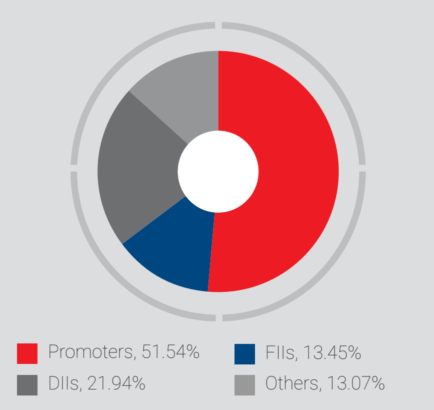
Ashok Leyland Ltd.

CMP: Rs 147	Rating: BUY	Target: Rs 170

Company Information

BSE Code	500477
NSE Code	ASHOKLEY
Bloomberg Code	AL IN
ISIN	INE208A01029
Market Cap (Rs. Cr)	43402
Outstanding shares (Cr)	293.55
52-wk Hi/Lo (Rs.)	153.4/93.2
Avg. daily volume (1yr. on NSE)	1,76,43,450
Face Value (Rs.)	1
Book Value (Rs)	24.88

Shareholding pattern as on March 2022 (%)



Investment Rationale

Company to Gain from Upturn in CV Industry

CV industry has a positive correlation with faster-than-expected recovery in economic activities after government announced several unlock measures. Ashok Leyland Ltd. (AL) believes that the M&HCV segment would lead the recovery in the coming months with demand getting support from core activities i.e., construction, mining and infrastructure. Besides, demand will also get a boost from positive farm sentiment on expected higher farm income led by normal monsoon and higher crop production. The company is suitably positioned with M&HCV market share of 32% and aims to improve market share further with launch of new products. In FY22, AL's M&HCV truck sales grew by 41.7% YoY to 61,301 units. On-ground demand has been strong and low interest rate regime with easy financing options with LTV up to 80-90%. The management suggests fleet operators are adding new vehicles as well as there is strong replacement demand since average age of fleet reached its highest in FY21 at 9.5 years and lower ownership cost of BSVI vehicles vs. BSIV vehicles. Market share gains will be driven by strong demand for its CNG vehicles in intermediate commercial vehicles (ICVs). The demand pick-up in LCV segment also continues to be very strong driven by the need of e-commerce players for last-mile connectivity. In FY22, AL's LCV sales increased by 11.9% YoY to 52,222 units.

Full Opening of Economy to Drive Bus Segment

In FY22, AL's bus segment grew by 35.5% YoY to 3,789 units. Normalcy in economic activities will drive sales in bus segment in FY23, where AL is also a market leader in M&HCV bus segment with a market share of 45%. Demand for passenger vehicles is expected to be driven by broad-based opening of schools and offices and pick-up in state transport demand and increase in intercity transportation. No further COVID-19 wave and higher vaccination coverage would aid demand for passenger vehicles.

Ashok Leyland Ltd. (AL) believes that the M&HCV segment would lead the recovery in the coming months with demand getting support from core activities i.e., construction, mining and infrastructure.

Switch Mobility Value Unlocking – Re-rating on the Cards for AL

AL's EV subsidiary, Switch Mobility is focusing on LCVs (including Pick-ups and Vans) and Buses for both India and global markets. Switch Mobility has current STU orders of ~655 e-buses in Bengaluru, Mumbai, Gujarat, Chandigarh and Bihar. Switch Mobility is setting up a new advanced manufacturing facility in Valladolid, Spain, which is expected to produce buses within a year. The plant will comprise two state-of-the-art production lines and will be entirely carbon neutral from inception. With €100mn of investment planned for the site over the next decade, the facility will play a key role in rejuvenating the Soto de Medinilla area around Valladolid. Switch Mobility had sold 1% stake to its supplier Dana at an implied valuation of US$1.8bn. The management has made it clear that it will be looking to raise funds in this subsidiary. This could lead to re-rating of AL if future deal/collaboration happens at decent valuation.

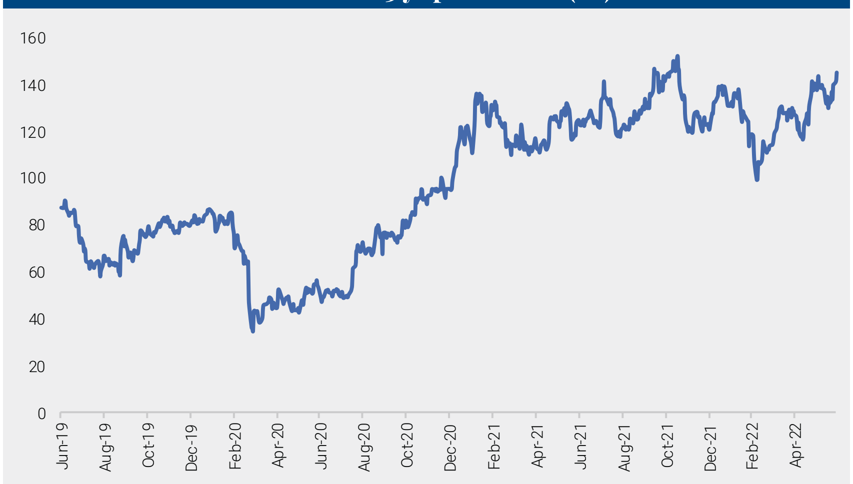
Exports Push to Drive Realization

Exports, which account for ~13% of revenue, remain another focus area of AL. The company witnessed 38% YoY growth in FY22 to 11,014 units in CV segment. It is ready with a comprehensive range of products to cater to the demand, once it resumes normal functioning. It has partnered with large conglomerates in various export markets to expand reach. To push for higher exports, AL is increasing its distribution network in Africa and foraying into Southeast Asian countries. In exports, the company is improving its base in Africa and the Middle East, while strengthening its position in SAARC countries.

Healthy Quarterly Performance on Strong Demand Recovery

Revenue grew by 25% YoY and 58% QoQ to Rs.87bn driven by 11% YoY and 43% QoQ growth in volume and 13% YoY and 11% QoQ growth in average selling prices. Revenue exceeded the estimates owing to better product-mix with higher share of M&HCVs and price hikes undertaken in April 2022. AL's EBITDA margin at 8.9% (up 125 YoY and up 480bps QoQ) was a beat, driven by cost control. As a result, EBITDA and PAT for 4QFY22 improved 45.3% YoY and 111.5% YoY to Rs.7.76bn and Rs.4.31bn, respectively.

ASHOKLEY 3 yr price chart (Rs)



Key Risks

- Further COVID-19 led disruptions could disrupt economic activities and thereby CV industry recovery.
- Higher RM cost and pricing pressure.

Valuation

Ashok Leyland Ltd. (AL) is the flagship company of Hinduja Group and is the second-largest domestic manufacturer of MHCVs. The company derives 70% of its volume from the M&HCV segment, while LCVs form the balance 30%. AL is expected to be a maximum beneficiary of revival in CV industry wherein the M&HCV segment is expected to lead the recovery in the coming months, with demand getting support from core activities, such as construction, mining and infrastructure. Besides, demand will also get a boost from

> **Its EV subsidiary, Switch Mobility is setting up a plant in Spain and a future deal or collaboration at suitable valuation could re-rate AL.**

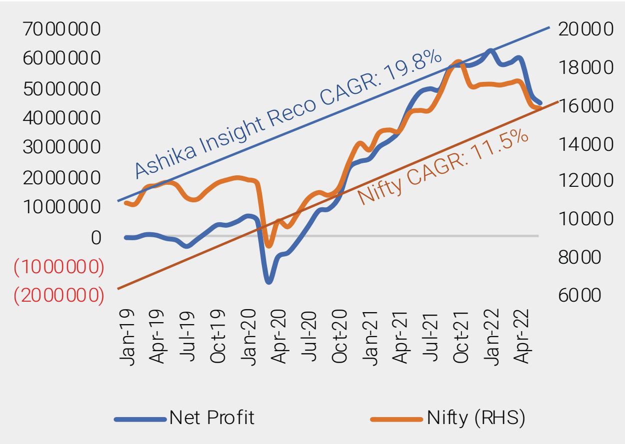
positive farm sentiment on expected higher farm income led by normal monsoon and higher crop production. Market share gains will be driven by strong demand for its CNG vehicles in intermediate commercial vehicles (ICVs). The demand pick-up in LCV segment continues to be very strong driven by the need of e-commerce players for last-mile connectivity. Demand for passenger segment is expected to be driven by broad-based opening of schools and offices and pick-up in state transport demand and increase in intercity transportation. Export market is another focus area wherein the company is ready with a comprehensive range of products and has partnered with large conglomerates in various export markets to expand its reach. AL is increasing its distribution network in Africa and foraying into Southeast Asian countries and will lead to improvement in realization. Besides, the company is focusing on EVs and to tap this potential, it has been investing in EV technology. Its EV subsidiary, Switch Mobility is setting up a plant in Spain and a future deal or collaboration at suitable valuation could re-rate AL. At the CMP, the scrip is trading at a P/E of 18.0x FY24E EPS and investors are advised to 'BUY' the scrip for a target of Rs 170.

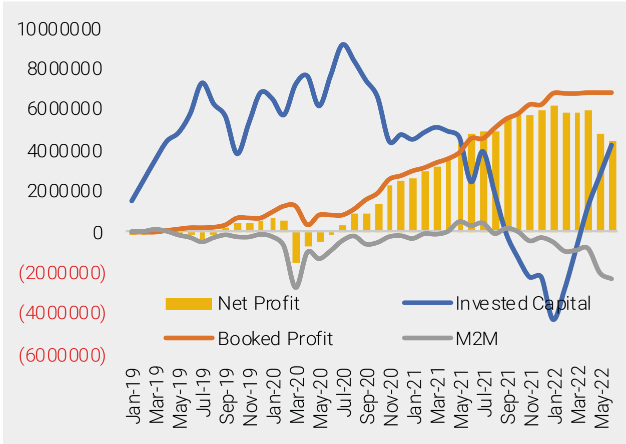
Particulars (in Rs Cr)	FY21	FY22	FY23E	FY24E
Revenue	19,378	26,110	29,430	36,940
Growth (%)	-10.9%	34.7%	12.7%	25.5%
EBITDA	2,456	2,791	2,480	3,910
EBITDA Margin (%)	12.7%	10.7%	8.4%	10.6%
Net Profit	-223	-85	1,445	2,585
Net Profit Margin (%)	-1.2%	-0.3%	4.9%	7.0%
EPS (Rs)	-0.76	-0.29	4.45	8.15

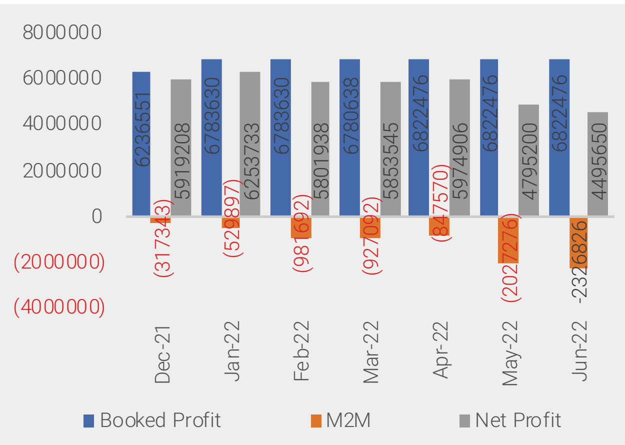
Source: Bloomberg Consensus Estimates

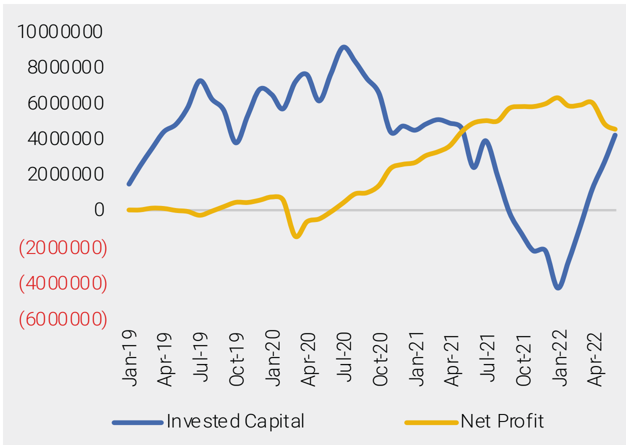
Monthly *Insight* Performance

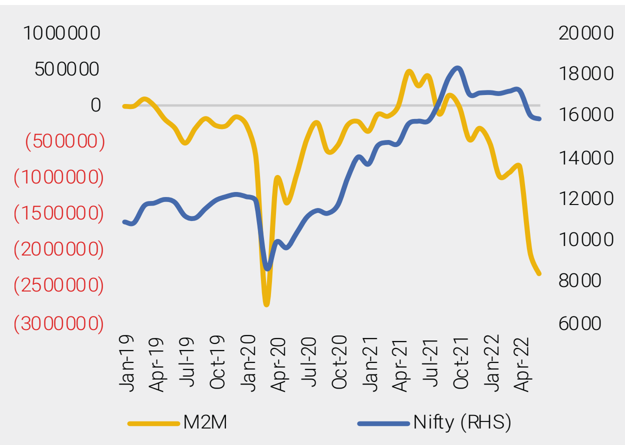
Since Jan-2019... Return @CAGR 19.8%

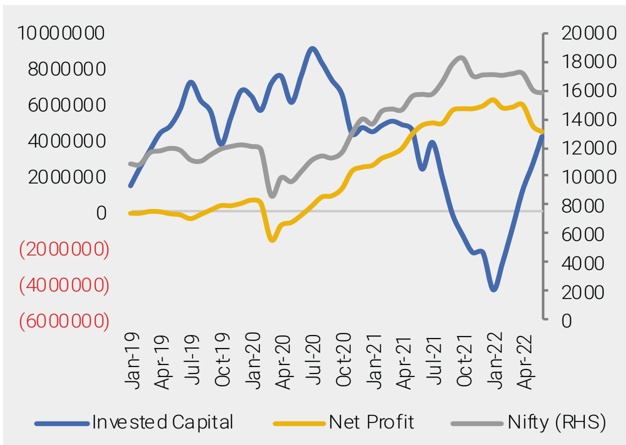












** All Figures quoted in Rs.*

Calculated as on June 27, 2022

Monthly Profit & Loss Fact Sheet (Rs.)

Date	Invested Capital	Booked Profit	M2M	Net Profit
31-Jan-19	1496513	0	(15549)	(15549)
28-Feb-19	2500555	0	(12120)	(12120)
31-Mar-19	3499100	0	87058	87058
30-Apr-19	4423753	77386	(8924)	68462
31-May-19	4843373	149734	(192232)	(42498)
30-Jun-19	5780649	212997	(312556)	(99559)
31-Jul-19	7280745	212997	(523193)	(310197)
31-Aug-19	6252245	237315	(318110)	(80795)
30-Sep-19	5638553	351653	(183965)	167688
31-Oct-19	3805452	689902	(279263)	410639
30-Nov-19	5300467	689902	(286815)	403087
31-Dec-19	6799062	689902	(159580)	530321
31-Jan-20	6506557	981148	(270658)	710490
29-Feb-20	5711903	1272382	(733289)	539092
31-Mar-20	7207537	1272382	(2755943)	(1483561)
30-Apr-20	7623497	356948	(1030982)	(674034)
31-May-20	6149806	833936	(1351330)	(517394)
30-Jun-20	7651620	833936	(956088)	(122152)
31-Jul-20	9152079	833936	(463266)	370670
31-Aug-20	8360481	1124891	(241678)	883213
30-Sep-20	7410397	1581629	(634208)	947421
31-Oct-20	6589893	1902621	(554750)	1347871
30-Nov-20	4415962	2580822	(272418)	2308404
31-Dec-20	4744368	2757455	(224457)	2532998
31-Jan-21	4512183	2992911	(360195)	2632716
28-Feb-21	4855257	3147357	(126852)	3020505
31-Mar-21	5103512	3388344	(151565)	3236779
30-Apr-21	4908741	3581795	(17805)	3563990
31-May-21	4608003	3892602	463903	4356505
30-Jun-21	2426006	4576540	266976	4843516
31-Jul-21	3924461	4576540	397901	4974441
31-Aug-21	1920864	5080743	(120808)	4959935
30-Sep-21	(97678)	5531501	137699	5669200
31-Oct-21	(1282290)	5785074	(23817)	5761257
30-Nov-21	(2236970)	6236551	(475411)	5761140
31-Dec-21	(2236970)	6236551	(317343)	5919208
31-Jan-22	(4317924)	6783630	(529897)	6253733
28-Feb-22	(2818510)	6783630	(981692)	5801938
31-Mar-22	(806543)	6780638	(927092)	5853545
30-Apr-22	1233766	6822476	(847570)	5974906
31-May-22	2733017	6822476	(2027276)	4795200
27-Jun-22	4236747	6822476	(2326826)	4495650

*Booked Profit = Profit booked after target achieved

**M2M = Open position marked to market as on date

***Net profit = Booked Profit + M2M P/L

****Invested Capital = Stock investment as recommended (minus) Stock sold on target

*****Calculation based on Rs. 5 lac invested on each stock recommended in our monthly insight on release date

******All Figures quoted in Rs.

****** Calculated as on June 27, 2022

Monthly *Insight* Recommendation Performance Sheet

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Siemens	01-Jul-22	210	2385.0	500850	2750	15.3%							
United Spirits	01-Jul-22	658	760.0	500080	875	15.1%							
Ashok Leyland	01-Jul-22	3401	147.0	499947	170	15.6%							
ICICI Lombard Gen. Ins.	01-Jun-22	394	1270.1	500416	1460	15.0%							
PI Industries	01-Jun-22	180	2783.5	501033	3203	15.1%							
Abbott India	01-Jun-22	28	18031.0	504867	20500	13.7%							
ICICI Bank	02-May-22	682	732.0	499238	874	19.4%							
Sumitomo Chemical India	02-May-22	1175	425.8	500268	500	17.4%							
NLC India	02-May-22	6160	81.1	499576	104	28.2%							
SAIL	01-Apr-22	5050	99	500810	115	16.0%							
Aditya Birla Fashion	01-Apr-22	1640	304	499253	350	15.0%							
Fairchem Organics	01-Apr-22	328	1525	500265	1950	27.9%							
Birlasoft	02-Mar-22	1215	413	501441	ADD								
Zydus Wellness	02-Mar-22	315	1592	501623	ADD								
Johnson Cont - Hitachi AC	02-Mar-22	268	1862	499064	ADD								
Himatsingka Seide	02-Mar-22	3050	165	504268	ADD								
Asian Paints	02-Feb-22	156	3210	500821	3690	14.9%							
Ultratech Cement	02-Feb-22	66	7588	500809	8700	14.7%							
Cipla	02-Feb-22	528	948	500363	1088	14.8%							
G R Infraprojects	03-Jan-22	285	1748	498180	2029	16.1%							
Birlasoft	03-Jan-22	915	549	501916	630	14.8%							
Medplus Health	03-Jan-22	480	1041	499578	1320	26.8%	27-Jan-22	1320	633600	134022	26.8%	24	408%
ICICI Bank	01-Dec-21	700	718	502343	825	15.0%	12-Jan-22	825	577500	75157	15.0%	42	130%
Fortis Healthcare	01-Dec-21	1775	283	501500	325	15.0%							

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Affle India	01-Dec-21	434	1154	500828	1380	19.6%	11-Jan-22	1380	598920	98092	19.6%	41	174%
Container Corp	01-Nov-21	758	660	500480	830	25.7%							
Sobha	01-Nov-21	640	782	500687	890	13.8%	03-Nov-21	932	596480	95793	19.1%	2	3492%
Johnson Cont - Hitachi AC	01-Nov-21	238	2102	500340	2550	21.3%							
Aptus Value Hsg. Fin.	01-Oct-21	1575	318	500718	450	41.5%	31-Mar-22	345	543375	42657	8.5%	181	17%
Birlasoft	01-Oct-21	1225	409	500512	485	18.7%	18-Nov-21	492	602578	102065	20.4%	48	155%
Himatsingka Seide	01-Oct-21	1850	270	500359	340	25.7%							
HCL Tech	01-Sep-21	420	1192	500630	1390	16.6%							
Whirlpool of India	01-Sep-21	233	2149	500645	2480	15.4%	12-Oct-21	2480	577840	77195	15.4%	41	137%
Zydus Wellness	01-Sep-21	214	2342	501225	2680	14.4%							
Jubilant Foodworks	02-Aug-21	133	3776	502266	4340	14.9%	12-Oct-21	4340	577220	74954	14.9%	71	77%
Can Fin Homes	02-Aug-21	920	545	501193	650	19.3%	08-Sep-21	650	598000	96807	19.3%	37	191%
Arvind	02-Aug-21	4750	105	500083.7	135	28.2%	19-Oct-21	135	641250	141166	28.2%	78	132%
Tech Mahindra	01-Jul-21	455	1098	499537.7	1270	15.7%	06-Aug-21	1270	577850	78312	15.7%	36	159%
Hero Motocorp	01-Jul-21	172	2910	500519.4	3390	16.5%							
Zee Entertainment	01-Jul-21	2310	217	500975.2	250	15.3%	14-Sep-21	250	577500	76525	15.3%	75	74%
Infosys	01-Jun-21	358	1402	502062.1	1610	14.8%	26-Jul-21	1610	576380	74318	14.8%	55	98%
HDFC Ltd.	01-Jun-21	195	2571	501426	2940	14.3%	27-Oct-21	2940	573300	71874	14.3%	148	35%
Natco Pharma	01-Jun-21	472	1060	500471.3	1230	16.0%							
ICICI Bank	03-May-21	845	593	499800	720	21.4%	31-Aug-21	717	605696	105896	20.8%	120	63%
DCM Shriram	03-May-21	700	716	499833	840	17.3%	22-Jun-21	840	588000	88167	17.3%	50	126%
Indian Metals & Ferro Alloys	03-May-21	1125	445	499840	570	28.2%	22-Jun-21	551	619976	120136	23.9%	50	175%
Vardhman Textiles	01-Apr-21	375	1330	498785	1550	16.5%	12-Jul-21	1550	581250	82465	16.5%	102	59%
Kirloskar Oil Engines	01-Apr-21	2960	170	502879	208	22.4%	11-May-21	203	600051	97172	19.3%	40	176%
Amrutanjan Health Care	01-Apr-21	870	575	499864	670	16.6%	11-May-21	669	581900	82035	16.4%	40	150%
Divis Lab	01-Mar-21	147	3407	500807	3900	14.5%	27-Apr-21	3893	572315	71508	14.3%	57	91%
Supreme Industries	01-Mar-21	240	2068	496299	2350	13.6%	17-Sep-21	2350	564000	67701	13.6%	200	25%
Somany Home Innov.	01-Mar-21	1700	290	493763	370	27.4%	08-Jun-21	370	629000	135237	27.4%	99	101%
Infosys	02-Feb-21	390	1276	497754	1457	14.2%	12-Apr-21	1471	573869	76116	15.3%	69	81%
Kajaria Ceramics	02-Feb-21	595	839	499295	980	16.8%	16-Feb-21	972	578102	78807	15.8%	14	412%
Borosil Renewables	02-Feb-21	1810	276	500329	340	23.0%	09-Aug-21	340	615400	115071	23.0%	188	45%
BPCL	01-Jan-21	1312	383	502046	480	25.4%	02-Mar-21	469	615577	113531	22.6%	60	138%
Welspun India	01-Jan-21	7353	69	508230	84	21.5%	12-Mar-21	84	616623	108393	21.3%	70	111%
Kaveri Seed	01-Jan-21	962	525	504955	650	23.8%	10-May-21	649	624223	119268	23.6%	129	67%
Bosch	01-Dec-20	39	12842	500840	15200	18.4%	19-Jan-21	15174	591781	90941	18.2%	49	135%
Sumitomo Chemical	01-Dec-20	1750	286	501133	340	18.7%	02-Jun-21	340	595000	93867	18.7%	183	37%
Prestige Estate	01-Dec-20	1850	271	500563	312	15.3%	18-Feb-21	311	576201	75638	15.1%	79	70%
MRF	02-Nov-20	7	66042	462295	76588	16.0%	19-Nov-20	76456	535194	72899	15.8%	17	339%
Dixon	02-Nov-20	52	9586	498474	11268	17.5%	26-Nov-20	11249	584928	86455	17.3%	24	264%
Privi Speciality Chem.	02-Nov-20	910	549	499328	640	16.6%	21-Jan-21	639	581399	82071	16.4%	80	75%

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Ultratech Cement	01-Oct-20	122	4095	499594	4543	10.9%	19-Oct-20	4535	553293	53699	10.7%	18	218%
Essel Propack	01-Oct-20	2025	248	501522	290	17.1%	11-Jan-21	290	586238	84715	16.9%	102	60%
Valiant Organics	01-Oct-20	168	2970	498946	3350	12.8%	09-Oct-20	3344	561832	62886	12.6%	8	575%
Mishra Dhatu Nigam	01-Sep-20	2400	209	502246	260	24.2%	30-Sep-21	191	457200	-45046	-9.0%	394	-8%
Hawkins Cooker	01-Sep-20	103	4852	499740	5890	21.4%	29-Dec-20	5671	584118	84379	16.9%	119	52%
Phillips Carbon Black	01-Sep-20	4275	117	501035	151	28.8%	25-Oct-20	148	630563	129527	25.9%	54	175%
Wipro	03-Aug-20	1770	282	499999	325	15.1%	05-Oct-20	325	574878	74880	15.0%	63	87%
Divis Lab	03-Aug-20	190	2644	502371	3050	15.4%	10-Aug-20	3058	581026	78654	15.7%	7	816%
Fine Organics	03-Aug-20	230	2177	500822	2470	13.4%	24-Aug-20	2466	567123	66300	13.2%	21	230%
ICICI Securities	01-Jul-20	1050	476	499818	620	30.2%	03-Jun-21	601	631050	131232	26%	337	28%
Apollo Tyres	01-Jul-20	4600	109	501341	130	19.3%	10-Aug-20	127	582498	81157	16.2%	40	148%
Galaxy Surfactants	01-Jul-20	335	1490	499300	1680	12.7%	04-Aug-20	1684	564130	64829	13.0%	34	139%
Nestle India	01-Jun-20	28	17571	491987	19500	11.0%	20-Aug-21	19500	546000	54013	11%	445	9%
Tech Mahindra	01-Jun-20	925	541	500453	ADD		29-Sep-20	774	715691	215238	43.0%	120	131%
Abbott India	01-Jun-20	30	16979	509375	19464	14.6%	02-Aug-21	19464	583920	74545	14.6%	427	13%
Bharti Airtel	04-May-20	985	508	500232	610	20.1%	20-May-20	606	597058	96826	19.4%	16	442%
Pfizer	04-May-20	102	4934	503304	5800	17.5%	28-Jun-21	5600	571200	67896	13.5%	420	12%
Bayer Cropscience	04-May-20	116	4287	497334	5425	26.5%	27-May-20	5281	612584	115251	23.2%	23	368%
ITC	01-Apr-20	2950	170	502363	ADD		17-Nov-21	240	708000	205637	40.9%	595	25%
Britannia Industries	01-Apr-20	184	2719	500320	ADD		29-May-20	3384	622704	122384	24.5%	58	154%
TCS	01-Apr-20	274	1827	500508	ADD		14-Sep-20	2480	679520	179012	35.8%	166	79%
HDFC Bank	01-Apr-20	586	852	499290	ADD		10-Nov-20	1361	797739	298450	59.8%	223	98%
Britannia Industries	02-Mar-20	164	3048	499888	3400	11.5%	29-May-20	3384	555019	55130	11.0%	88	46%
Aarti Industries	02-Mar-20	505	990	499799	1177	18.9%	05-May-20	1139	575018	75220	15.1%	64	86%
Metropolis Healthcare	02-Mar-20	263	1886	495946	2200	16.7%	23-Nov-20	2187	575165	79219	16.0%	266	22%
Bajaj Finance	03-Feb-20	115	4306	495178	5000	16.1%	01-Dec-20	4894	562761	67583	13.6%	302	16%
Gujarat State Petronet	03-Feb-20	2040	246	501493	300	22.0%	01-Apr-20	169	344168	-157325	-31.4%	58	-197%
Granules India	03-Feb-20	3600	140	502632	170	21.8%	07-Feb-20	164	591156	88524	17.6%	4	1607%
Concor	01-Jan-20	870	575	500239	665	15.7%	25-May-21	665	578550	78311	15.7%	510	11%
Mahanagar Gas	01-Jan-20	470	1066	501095	1164	9.2%	23-Jan-20	1162	546140	45045	9.0%	22	149%
SIS	01-Jan-20	1020	490	500147	568	15.8%	07-Feb-20	559	570119	69972	14.0%	37	138%
HDFC Life	02-Dec-19	875	571	499608	680	19.1%	17-Nov-20	671	586740	87133	17.4%	351	18%
Dr. Reddy's Lab	02-Dec-19	171	2923	499818	3503	19.8%	07-Apr-20	3554	607713	107896	21.6%	127	62%
Just Dial	02-Dec-19	875	570	499170	750	31.5%	01-Apr-20	288	251615	-247555	-49.6%	121	-150%
IRCTC	01-Nov-19	561	893	500709	1170	31.1%	30-Jan-20	1158	649638	148929	29.7%	90	121%
PI Industries	01-Nov-19	350	1432	501323	1613	12.6%	07-Feb-20	1612	564109	62787	12.5%	98	47%
Procter & Gamble Hygiene	01-Nov-19	40	12325	492982	14078	14.2%	16-Apr-21	14026	561034	68052	13.8%	532	9%
HDFC Bank	01-Oct-19	405	1235	500212	1395	12.9%	10-Nov-20	1361	551339	51127	10.2%	406	9%

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Indian Hotels	01-Oct-19	3130	160	500595	179	11.9%	01-Apr-20	74	230525	-270071	-53.9%	183	-108%
Siemens	01-Oct-19	330	1549	511213	1680	8.4%	23-Oct-19	1689	557420	46207	9.0%	22	150%
Gujarat Gas	01-Sep-19	2800	179	501501	200	11.7%	30-Oct-19	200	559048	57547	11.5%	59	71%
Hindustan Unilever	01-Sep-19	265	1888	500371	1975	4.6%	20-Sep-19	1957	518507	18136	3.6%	19	70%
Divi's Lab	01-Aug-19	305	1636	498882	1750	7.0%	22-Oct-19	1757	535885	37003	7.4%	82	33%
ICICI Bank	01-Aug-19	1175	426	500234	473	11.1%	25-Oct-19	468	550206	49972	10.0%	85	43%
City Union Bank	01-Jul-19	2410	208	500935	254	22.2%	16-Jan-20	248	597005	96070	19.2%	199	35%
Reliance Nippon Life	01-Jul-19	2250	222	499773	265	19.3%	27-Aug-19	258	579510	79737	16.0%	57	102%
Sanofi India	01-Jul-19	87	5740	499387	6775	18.0%	29-Oct-19	6678	581029	81641	16.3%	120	50%
Asian Paints	01-Jun-19	346	1445	499797	1560	8.0%	02-Aug-19	1549	535985	36188	7.2%	62	43%
Axis Bank	01-Jun-19	614	812	498614	905	11.4%	18-Oct-21	820	503480	4866	1.0%	870	0%
Honeywell Automation	01-Jun-19	19	26087	495655	30195	15.7%	25-Oct-19	29105	552999	57344	11.6%	146	29%
MCX	01-May-19	575	868	499354	1005	15.7%	30-Aug-19	971	558147	58793	11.8%	121	36%
TCS	01-May-19	220	2259	496953	2490	10.2%	14-Sep-20	2480	545600	48647	9.8%	502	7%
Crompton Greaves Cons.	01-Apr-19	2138	234	501153	256	9.2%	20-Sep-19	251	536681	35528	7.1%	172	15%
Equitas Holdings	01-Apr-19	3637	138	500875	191	38.7%	01-Apr-20	42	152499	-348375	-69.6%	366	-69%
Page Industries	01-Apr-19	20	25219	504373	29080	15.3%	14-Aug-19	17525	350506	-153867	-30.5%	135	-82%
ITC	01-Mar-19	1800	278	500089	319	14.8%	13-Sep-21	215	387000	-113089	-23%	927	-9%
Tech Mahindra	01-Mar-19	605	824	498456	960	16.5%	29-Sep-20	774	468101	-30356	-6.1%	578	-4%
HDFC Bank	01-Feb-19	240	2101	504338	1204	-42.7%	20-May-19	2403	576686	72348	14.3%	108	48%
Pfizer	01-Feb-19	163	3066	499703	3490	13.8%	20-Sep-19	3389	552433	52730	10.6%	231	17%
Abbott India	01-Jan-19	65	7593	493527	8580	13.0%	11-Jun-19	8566	556790	63263	12.8%	161	29%
Indraprastha Gas	01-Jan-19	1850	273	504362	315	15.5%	08-Apr-19	314	581748	77386	15.3%	97	58%
United Spirits	01-Jan-19	800	623	498624	735	17.9%	14-Feb-20	711	568576	69952	14.0%	409	13%

CEMENT SECTOR:
THE WAVE OF CONSOLIDATION

Cement sector is in the beginning of another wave of consolidation. The COVID pandemic has hit the sector hard in past 2 years and sudden war between Russia and Ukraine further deteriorated the business environment by fueling the inflation. Supply chain disruption due to war and stringent sanctions over Russia sent the commodity price to record high that adversely impacted the raw materials intensive sector like cement. As the inflation is going beyond the reach, it is making unviable for the small players to pursue their business and that trigger consolidation in the sector. Further, Adani Group's foray into the cement sector would lead to another wave of consolidation. The Adani Group's acquisition of Holcim's India assets Ambuja Cements and ACC might intensify the consolidation in the industry due to heightened competition, as the big players would want to maintain or enhance their market share. This acquisition will consolidate the Indian cement industry, which is already witnessing tailwinds due to the government's focus on infrastructure and revival of housing sector. Expansion plans of the cement players, entailing addition of 150-160 MTPA of production capacity by 2027, are on the backdrop of India's per capita consumption of 242kg, which is well below the global consumption of 530kg. With this quantum of capacity addition, India's total cement production capacity is expected to reach 630 MTPA by 2027. It is believed that with the entry of a new aggressive player in the market, the industry is expected to see the next wave of consolidation. The industry witnessed lot of consolidation between FY13 to FY18, as it was not one of the best periods for the sector. The cement sector is likely to add 55-60 MT capacity over FY23-FY24 on the back of strong demand prospects supported by healthy demand from the housing segment and the pick-up in infra activities. Out of total 55-60 MT capacity,~28-29 MT is likely to get added in FY23 and~28-31 MT in FY24. Eastern India is expected to lead the expansion and may add~23-25 MTPA, followed by central and north region at~10-11 MTPA. However, the cement industry has been witnessing multiple challenges over last six months with

The Adani Group's acquisition of Holcim's India assets Ambuja Cements and ACC might intensify the consolidation in the industry due to heightened competition, as the big players would want to maintain or enhance their market share.

unprecedented rise in cost inflation, weaker demand and unsuccessful attempt of price hikes. Cost inflation remains the key concern in the near-term, despite some moderation. In addition, the cement price hike was not sufficient to offset the increased cost inflation, which put pressure on the profitability of the cement players in the last quarter. However, the sectoral outlook is expected to remain stable in FY23 in view of robust demand fundamentals and comfortable balance sheets, which would help the sector to tide over the input cost headwinds.

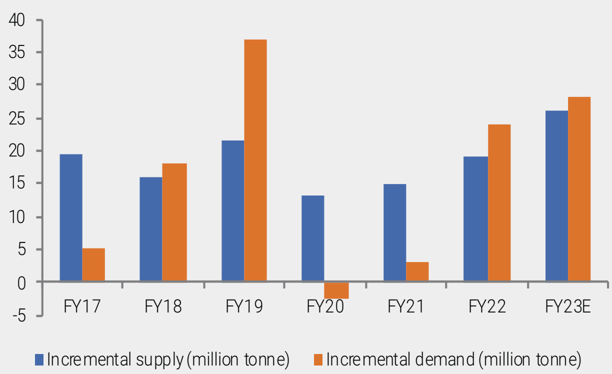
Entry of Adani Group to Start Consolidation in the Industry

Indian cement sector has been going through tough times since the onset of COVID pandemic. Stringent lockdown followed by intermittent restrictions in certain parts of the country during the pandemic affected the demand. Further, the war between Russia and Ukraine, which resulted in supply chain disruption across the globe, has taken the inflation to uncomfortable level. Inflation, which came on the back of easy money supply by the central banks across the globe to tackle the COVID-led slowdown pose challenge for the manufacturers, as they are unable to pass on the high cost to the end-users, which contracted margin. Commodity inflation, which is already hurting the margin of cement players, the geopolitical conflict between Russia and Ukraine has further aggravated the situation. Thus, the small regional cement players are finding their business unviable in such high inflationary scenario and large players are acquiring their business in order to increase their market share. Further, Adani Group's foray into the cement sector would lead to another wave of consolidation. It is believed that this acquisition could intensify consolidation in the industry due to heightened competition, as the big players would want to maintain or enhance their market share. Entry of new aggressive player to the market will consolidate the Indian cement industry in the future, which is already witnessing tailwinds due to the government's focus on infrastructure and revival of housing sector. Expansion plans of cement players, adding 150-160 MTPA of production capacity by 2027, are possible as India's per capita consumption is 242 kg, which is well below the global consumption of 530 kg. There is over 25 MTPA of stressed assets in domestic cement industry, which are likely to be acquired by the large cement players. The cement players have already announced capacity expansions of 150-160 MTPA over the next five years. The stressed assets in sector include: Jaypee Group (11.45 MTPA), Andhra Cement (2.6 MTPA), Cement Corporation of India (8.5 MTPA), Vadraj Cement (6 MTPA) and Bheema Cement (1.4 MTPA). This wave of consolidation is expected to be started by Adani, who's likely to merge Ambuja Cements and ACC into a single entity. During FY13-FY18, there was a lot of consolidation in the industry, as it was a lull period for the sector.The two large cement players in India, UltraTech and Dalmia Cement have grown through acquisitions, and all these large players also would look at these assets as they now want to expand capacities. Dalmia Cement, UltraTech and Shree Cement are going to add massive capacities over the next 5 years and as these companies finalize their plans, consolidation would gain ground in the segment.

Massive Capacity Expansion by Cement Players

Cement industry has lined up with aggressive expansion plans, with the addition of ~70MT over FY22-25. The cement players have already announced capacity expansions of 150-160 MTPA over the next five years. UltraTech announced fresh capacity addition of 22.6 MT over the next 3 years. This translates into total addition of >90 MT of additional supply over FY22-25 against incremental demand of ~70-72MT, which could result in decline in utilization rate. UltraTech's new capacity addition is aimed at anticipating the capex that Adani may announce after completing the ACC and Ambuja acquisition to establish a strong foothold. Dalmia Cement wants to expand capacity to 110-130 MTPA by 2030, UltraTech to 150 MTPA and Shree Cement to 80 MTPA over the next five years. It has been expected that on the back of strong demand prospects supported by healthy demand from housing segment and pick-up in infra activities, the cement industry is likely to add 55-60 MT capacity during FY23-FY24, of which ~28-29MT is likely to get added in FY23 and ~28-31 MT in FY24. Eastern India is expected to lead the expansion and may add ~23-25 MTPA, followed by the central and north region at ~10-11 MTPA. India needs to develop massive infrastructure to compete globally and to reach US$5 trillion economy. The government has been proactive in achieving US$5 trillion economy and taking the step towards right direction. Make in India, PLI scheme and Housing for All are some notable reforms of the government towards the aspiration of becoming the third largest economy in the world. In FY23, the government's capex is expected to touch Rs. 7,502.46 bn. The money is to be spent on boosting infrastructure such as roads, highways and housing. Private capital is also headed that way with large Greenfield manufacturing projects on the anvil. All these macro factors will aid in improving the utilization rate of the incremental capacities through favourable demand supply match.

Capacity addition vs. incremental demand (MT)



Source: Industry report

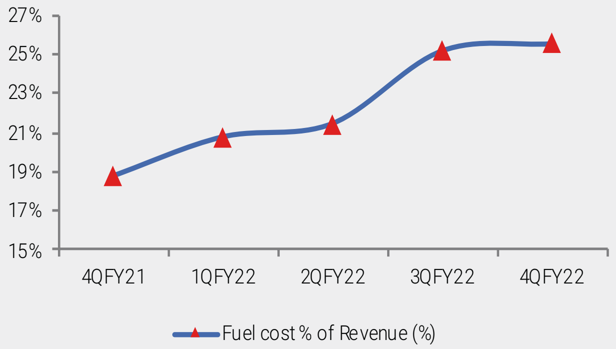
Company	FY22 Capacity (MT)	Planned Addition (MT)
UltraTech	119.5	38.6
Shree Cement	46.4	33.6
Dalmia Cement	37.6	10.9
Ambuja	31.3	18.7
Birla Corp	19.6	10
JSW cement	14	9

Source: Company's report

Cost inflation to persist for at least next 2 quarters

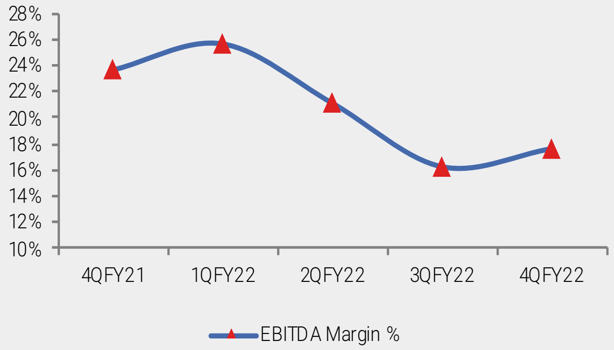
Surge in commodity inflation is putting pressure on the operating margin of the cement players. The sector witnessed surge in operating cost in 3QFY22 and the companies managed to control cost in 4QFY22 marginally on account of shift to petcoke from coal, increasing usage of alternative materials and availability of low cost fuel inventory. In 4QFY22, operating cost of the sector went up by Rs620/tonne and given the current inflationary trend, it is expected to continue for at least next two quarters. Spike in operating cost is largely driven by higher power and fuel cost owing to increased coal and petcoke prices. Liquidity support provided by the central banks during COVID pandemic drove the inflation across the globe. Further, the war between Russia and Ukraine,which disrupted the supply chain, worsened the situation. Given the challenging geopolitical situation, elevated international gas prices and tight supply, it is expected that the coal prices to remain higher for a prolonged period. Even crude oil prices are expected to remain elevated due to similar headwinds. As a result, operating cost is expected to remain elevated for the sector and the industry is unable to pass on the high cost through pricing actions, thereby affecting margin.

Fuel and power cost consistently increased in last 5 quarters (%)



Source: ACE Equity

Consistently decline in EBITDA margin in last 5 quarters (%)

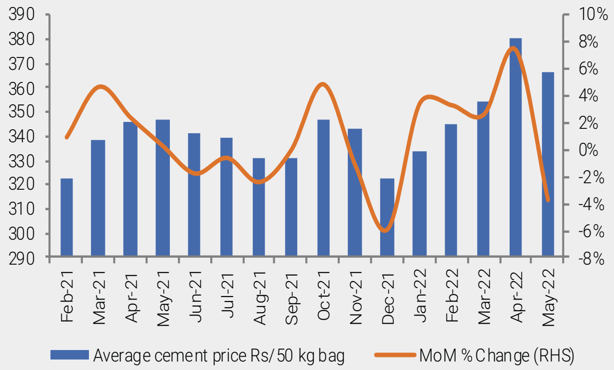


Source: ACE Equity

Pricing power remains weak due to increased competition

As the operating cost of the cement players have gone up significantly, they need to increase their price on immediate basis to offset cost impact to certain extent. Price increases required to offset this cost inflation was ~Rs.40/50 kg bag. However, as the industry was not able to pass on these costs completely, EBITDA/tonne for the sector declined to Rs. 970/tonne in 4QFY22 from Rs. 1,225/ tonne in 4QFY21. Tepid demand and intense competition compel the cement players to roll back the price increase, which the companies made in April 2022. During April, the cement price at all-India level increased by 12% MoM (Rs.43/bag).However, the cement players rolled back the price increase as it affected the demand with more than half of this increase has already been rolled back over the past one month. Sluggish demand and heightened competition have resulted in weak realization despite a sharp surge in operating cost. As during the monsoon season, construction activities are slow, the cement prices are expected to remain under pressure due to muted

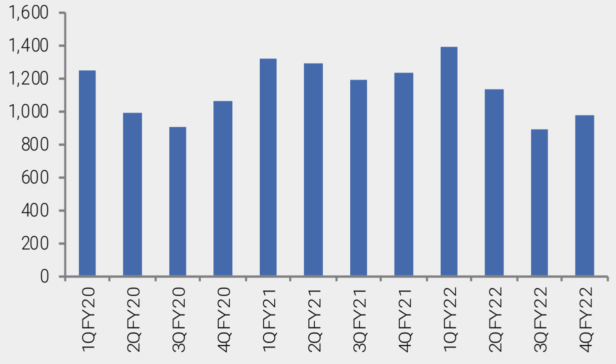
All-India average cement price (Rs per 50 kg bag)



Source: Industry report

demand. However, the government's increasing focus on infrastructure creation and increased capital expenditure will support the cement price post monsoon season, when the construction activities will start at full fledge.

Sector EBITDA per tonne consistently decline in last 4 quarters (Rs)

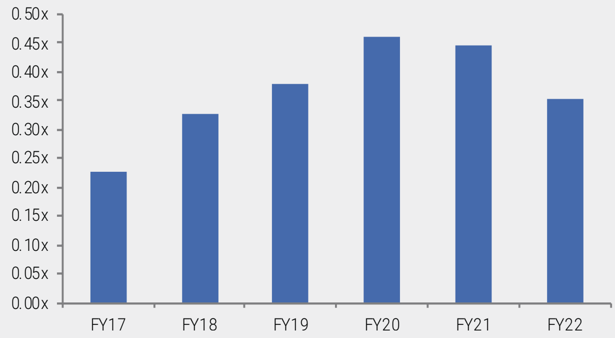


Source: Industry report

Improvement in industry balance sheet

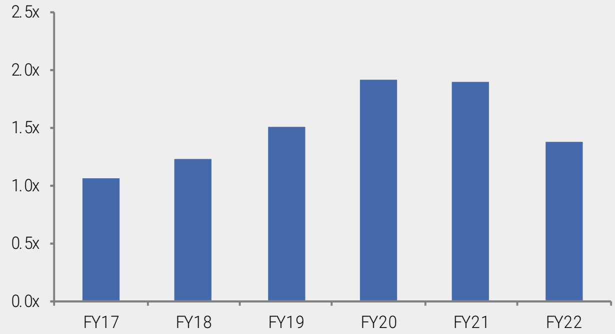
After significant deleveraging in FY20 and FY21, the cement industry leverage indicators like debt/equity and debt/EBITDA are in better shape. Superior cash flow generation amid better pricing and benign cost environment over the past few years resulted in strong balance sheets, which will drive the future capex investments for the sector. With further de-leveraging, net leverage is expected to remain flattish in FY23, with the possibility of marginal increase owing to a lower-than-expected EBITDA or higher working capital requirements led by high commodity prices. The companies, which have completed their capex in 2HFY22, could witness ramp-up in volume from the expanded facilities. This would lead to incremental cash flows and result in further de-leveraging in FY23. Benign interest rates during the last 3 years helped the cement players to improve their net profit margin and generate adequate cash flows to de-leverage their balance sheets. The liquidity indicator of major cement companies is also adequate and it is likely to remain robust on the back of availability of significant cash balances and comfortable FCF generation. Healthy balance sheet will support their future capex plan, which will in turn drive growth.

Debt/equity ratio (x) improved in last 3 years



Source: ACE Equity

Debt/EBITDA ratio also improved



Source: ACE Equity

Currently, the cement sector is witnessing near-term headwinds like inflation, supply disruptions and weak demand due to seasonal effect. These challenges are short-term and may be eased after 2-3 quarters. India desperately needs a better infrastructure to compete with the global peers, which requires lot of investments towards building roads, ports, warehouses and logistics etc., which will boost cement demand in the long-term. Thus, the long-term demand drivers for cement sector continue to remain intact, as the government envisages making India a US$5 trillion economy in the next 5 years. Current consolidation in the sector will put the organized cement players in better position with better pricing power.

Peer Set

Company Name	Mcap (Rs crs)	Revenue (Rs crs)	EBITDA (Rs crs)	PAT (Rs crs)	EBITDA Margin (%)	PAT Margin (%)	ROE (%)	ROCE (%)	D/E ratio (x)	Interest coverage ratio (x)	1 Yr Forward EV/EBITDA (x)	1 Yr Forward P/E (x)	1 Yr Forward P/Bvps (x)
UltraTech Cement	156,064	52,599	11,514	7,333	21.9	13.9	13.1	15.0	0.5	6.4	11.0	19.0	2.5
Ambuja Cements	71,076	28,965	6,210	3,691	21.4	12.7	15.3	22.0	0.0	36.3	9.4	20.8	2.5
Shree Cement	66,710	15,010	3,708	2,337	24.7	15.6	16.0	19.2	0.1	13.0	13.1	21.7	3.0
ACC	38,724	15,814	2,998	1,851	19.0	11.7	13.7	18.9	0.0	46.7	9.2	17.8	2.4
Dalmia Bharat	23,369	11,286	2,426	1,168	21.5	10.3	8.2	7.6	0.2	6.7	6.7	19.3	1.4
JK Cement	15,807	7,991	1,482	679	18.6	8.5	20.8	20.0	0.9	5.3	10.4	17.8	2.8
Ramco Cements	14,212	5,897	1,290	893	21.9	15.1	14.3	14.6	0.5	14.0	10.1	16.8	1.8
Birla Corporation	6,424	7,461	1,110	399	14.9	5.3	14.6	11.9	0.9	3.4	6.8	10.1	1.0
JK Lakshmi Cement	4,909	5,420	951	478	17.5	8.8	22.3	20.2	0.8	3.9	5.0	8.9	1.4
The India Cements Ltd.	4,772	4,858	484	66	10.0	1.4	3.7	6.5	0.5	2.2	10.6	14.0	0.8
Sagar Cements Ltd.	2,166	1,597	276	59	17.3	3.7	4.8	8.3	1.2	2.1	7.3	11.1	1.2

Source: ACE Equity & Bloomberg

Management Conference Call

Siemens 1HFY22 Analyst Meet Highlights

Market growth momentum continues, as the strong execution is driving the growth, while success across businesses is accelerating the growth. Siemens continues its interest in Digitalization.

During 1HFY22, Product &Services accounted for 64% of new orders vs. 71% in 1HFY21, while Project accounted for 36% of new ordersin 1HFY22 vs. 29% in 1HFY21.During 1HFY22, the growth in new orders has been driven by good mix and large orders,which expanded the project business.

The domestic segment accounted for 82% of new orders, while export accounted for 18% in 1HFY22.

The private share innew orders improved from 85% in 1HFY21 to 90% in 1HFY22, while the government's share in new orders declined from 14.3% to 9.4%.

Globally, Siemens is accelerating sustainability approach through de-carbonization, employability, equity, ethics and governance.

Siemens reported strong performance in 2QFY22 despite the challenges, with new orders growing by 61.4% YoY to Rs. 53.4bn.

The company's book-to-bill ratio stood at 1.57 in 2HFY22 with large orders in Energy (SE) and Mobility (Mo) with longer cycle times.

In Energy segment, book-to-bill ratio increased in the 2ndhalf due to higher order inflows.

The private share in new orders improved from 85% in 1HFY21 to 90% in 1HFY22, while the government's share in new orders declined from 14.3% to 9.4%.

The company has started cost control measures since the onset of COVID pandemic.

The company has reported Rs. 211 mn gain in forex and commodity.

Segmental performance in 1HFY22 vs. 1HFY21: Performance was strong in Energy segment with new orders and revenue increasing by 28% and 4%, respectively. New orders and revenue in Smart Infrastructure space increased 37% and 13%, respectively in 1HFY22. New orders and revenue in Digital industries business increased 78% and 7%, respectively. New orders and revenue in Mobility business increased 391% and 26%, respectively.

The company's order backlog rose by Rs. 40bn to Rs. 171bn.

The company is well on growth track. It is well-positioned on delivering profitable growth. The company witnessed traction in high volume project business.

The market uptick is expected to continue. The company expects strong growth in short-cycle business and high-volume project business.

The company is looking to export transformers, sub-stations, turbines in energy segment. It exports digital grids in smart infrastructure. It has 32 factories and all are under global export network.

The company has done localization to some extent. There has been very stringent cost control in the business since the onset of COVID pandemic. Lot of profitability came from price increase, as the company has been able to pass on the higher cost.

Mobility market for the company is picking up. The market in locomotives (both in 900 hp and 800 hp) is picking up and the company is receiving the order.

The locomotive market is picking up, as the country is looking for rolling stock.

Vanda Bharat project is a great opportunity for its locomotive segment and the company has already received the orders from this project.

On electrical front, India is moving towards modern signaling system, which that will provide huge opportunity for Siemens.

The company sees Metro opportunity both in large and Tier-I cities. It intends to grow the mobility business at substantially higher rate.

Inflation and interest level is high in spite of 50 bps rate increase. The company doesn't expect the capex spending to slow down despite slowdown in government or private side.

The company ensures the growth should not dilute the margin. The real challenge for the company is to keep the balance between growth and margin.

The company's integration activities are on track. Its topline growth will be healthy without synergy business. The company expects to deliver stable margin in the next couple of months, as the integration cost has already been accounted.

The company sees growth in volume on the back of government spending and tender will come from both government and private sector.
The company sees uptick in digital solution.

Market continues to remain competitive and price sensitive. However, the demand has improved substantially. Demand is going up and that doesn't mean that there is free flow of funds. There is uncertainty over the Fed rate, however, the trade war between US and China has ended. Hence, there are some dark clouds on global demand front.

Siemens Energy is 24% shareholder of Siemens. Siemens accounts for 3.4% of topline and 2% of operating profit.

Digital business is picking up.

Lot of Greenfield projects are coming up in the fields of data centers, infra logistics, semiconductor manufacturing and e-battery. The Indian Railways is doing substantial infra spending. Metro order is also picking up, as new metros are coming in Tier-I cities. The company is very upbeat on capex spending.
As of today, the company is on good growth track both in Brownfield and Greenfield projects.

The company's first investment in Metro is done in Pune Hinjewadi metro project and Siemens Ventures holds 26% stake in it. The company will increase its presence in Metro projects than earlier.

The company ensures the growth should not dilute the margin. The real challenge for the company is to keep the balance between growth and margin.

The company has the advantage of parent backing and strong cash position.

In utilities, there are huge growth opportunities. The company has brought major energy saving solution in commercial building. Data centers consume huge energy and the company is on process to bring energy-saving solution for these industries.

The company always has healthy mix of projects and products. It has been very robust in managing the risk and also in arranging fund for the projects.

The company's profitability growth path will not be diluted.

The company will not move to T&D segment, as its business is to manufacture the products for power industry. Siemens will continue to be product and solution provider.

There has not been substantialgrowth in smart metering, which it was expected. Growth in smart metering is slow. The company sees strong growth opportunities in smart grids.

In captive power plant (CPP), the company doesn't see significant uptick in Greenfield projects. The project will be more Brownfield and de-carbonization will happen in CPP.

Greaves Cotton Management Conference Call Highlights

The Deal
Abdul Latif Jameel commits to invest up to US$220mn in Greaves Electric Mobility (GEMPL). The deal is one of the largest single tranche growth capital investments in Indian E2W/E3W sector.

The company is committed to grow the business with right-level of financial prudence. It does not leave any opportunity in E2W and E3W space.

Abdul Latif Jameel will initially invest US$150mn for 35.8% stake in the company. Greaves (and ESOP holders) will have 64.2% in GEMPL on fully diluted basis.

GEMPL has an option to draw down US$70mn within 12 months at a pre-agreed valuation formula.

The deal was finalized through competitive process. The valuation of US$150mn is based on ~6.5x on trailing revenue basis.

The Board of Directors of respective companies approved the transaction, which is albeit subject to customary approvals and completion of agreed conditions.

The company will utilise the investment in E2W/E3W for new products, associated technologies, brand building and to enhance manufacturing capacity as well as to build significant presence in international markets and build brand 'Ampere'.

Post this deal, Greaves Cotton group will have consolidated net cash of>Rs. 1,300 crore for growth investment.

Abdul Latif Jameel Background

Abdul Latif Jameel is an independent, family-owned, diversified global investor and operator.

Founded in 1945, Abdul Latif Jameel has a presence in more than 30 countries in over six continents and employs 11,000 people worldwide. It is one of the leading Toyota distributors globally for over 65 years.

Jameel family is early-stage investor and the third-largest shareholder of US electric vehicle manufacturer Rivian.

The family has also invested in other cutting-edge innovators such as US venture-backed aerospace company, Joby Aviation through its global investment arm, JIMCO.

Objective of the deal

This strategic tie-up will accelerate the Greaves Electric Mobility's EV penetration in 2W and 3W segments.

Greaves Electric Mobility reported positive Profit before tax of Rs 4 crore in 4QFY22. Proposed investment will provide capital to enter next phase of growth.

The company will leverage Abdul Latif Jameel's extensive global experience in automotive market and early-stage growth journey.

As part of transaction, Greaves Cotton has received encouraging response from many strategic investors. The company chose Abdul Latif Jameel because of its experience in EV and automobile and thus bringing in right balance of the old world and new areas of technology in EV. The company expects to benefit from the strategic tie-up and scale up its global presence for its journey to the next phase of growth.

The importance of this strategic tie-up is to build the products that customers want, associated technologies and scaling up of business globally for B2B and B2C and increasing manufacturing capacity from 20,000 units now to 1mn units. The company wants to build it up an aspirational brand.

The company has a good talent pool in every section including engineering, technology and marketing.

> **The company's focus will be premium model in terms of features and technology. It is focusing on delivering to Indian preference and then to global customers.**

The company will strive to manage both growth and profit.

Capital allocation

Major chunk of the fund will go in to product development, inorganic partnership and enhance 2W and 3W products.

The larger part of the wallet (capital raised) will go to technology and product development, second will go to manufacturing capacity and third will go to strategic tie-up or inorganic growth and rest will go to brand building and distribution.

Role of strategic partner

Abdul Latif Jameel will support business for long-term and they have done the same for others strategic partners as well. As the GEMPL is already profitable, the funding will be used for capex.

As partner, Abdul Latif Jameel will be present on the board. Abdul Latif Jameel complements Greaves Cotton with technology, international access and knowledge curve in scaling up an EV company. They have deep presence in 30 countries.

Focus areas

The company has internal business plan in E2W and E3W space, it has focus on B2B and B2C customers. Team is focused on 2W and EVs. In last 3 years, the company has introduced multiple products.

The company's focus will be premium model in terms of features and technology. It is focusing on delivering to Indian preference and then to global customers.

Mantra for Greaves Cotton has always been to focus on profitable growth and that will not change. Addition of significant capital gives a lot of flexibility in terms of products, technology, branding and M&A,

which the company was not able to initiate earlier.

Indian 2W market and trend

Indian 2W is a 20mn market (in terms of volume) pre-pandemic, which came down significantly post pandemic. The company believes the unit economics are there and thus the opportunity in India is great. B2B opportunity needs applications-based products and the company has large focus on that.

The company believes there are opportunities in E2W and E3W space. It considers this as growth capital and deploy in growth areas. It intends to focus on markets and consumers to achieve desired result.

The company sees demand in E2W, as the petrol prices increased significantly. It witnessed strong volume growth in E2W and E3W, as it sold 17,000 units in April and May.

The company is building relationship with the suppliers, as the supply chain constraint is still there.

The company sees increasing demand in E2W and E3W and both in B2B and B2C segments.

The mobility pattern across the globe will change, going forward and change will be in distribution and business model.

The company sees the opportunity and when the opportunity evolves, it will capitalize on that with their internal goal. In next 36 months, the company will be able to see the results.

Goal

Over next 3-5 years, the company aims to build significant leadership and focus on both B2B and B2C in both E2W and E3W and see focused on products, which leads to higher speed and performance and newer designs.

The company's global CTO is working with the strategic partners. It has strategic partners and the teams are working with the partners. The company has a very experienced supply chain system as well.

The company will import lithium cells and chips, while battery packs will be sourced domestically.

The company works with the suppliers from India as well as the original source and aims to build quantity with quality in next 2 quarters.

As economies of scale kicks in, the company will not averse to take need-based price hikes. Average Selling Price (ASP) has grown significantly over the last 2 years. Thus, the company will make a combination of all 3 factors and take the price increase decision accordingly.

The company's goal is always own design technology in order to optimize the cost. In auto industry, the scale matters and thus, the company is in process to increase the scale. The company is looking at bottom-line growth as well as market share growth.

The company will not utilize the capital to entering into E4W segment. Its focus will remain on E2W and E3W.

Technology goals will be focused on battery pack design and BMS.

Indian 2W is a 20 mn market (in terms of volume) pre-pandemic, which came down significantly post pandemic. The company believes the unit economics are there and thus the opportunity in India is great.

Ampere has been long track record for >13years and sees continued focus on technology and safety. Ampere is a start-up and the company has stepped up on developing manufacturing, where Greaves Cotton has expertise.

GEMPL reported robust volume growth in FY22

GEMPL's volume grew by 129% YoY to 62,500 units in FY22 from 27,000 in FY21.

In 4QFY22, its revenue grew by 251% YoY and 31% QoQ to Rs. 237 crore, while EBITDA stood at Rs. 11 crore. It reported positive PBT in 4QFY22.

The company will build the brand 'Ampere' and the capital will be utilized in building dealerships and branding.

Associated Alcohols & Breweries Management Conference Call Highlights

Background

Associated Alcohol & Beverages primarily is present in all aspects of alcohol.

Diageo is one of the largest buyers of ENA.

In IMIL business, the company has presence in MP (second largest player). The company enjoys 25% market share in MP.

The company holds franchise of USL products in Madhya Pradesh.

In popular segment, the company has its own products and also the franchise products.

The company has presence in 5 states i.e., Kerala, Delhi, Chhattisgarh, Madhya Pradesh, Uttar Pradesh.

Associated Alcohol does job work for USL. After Diageo took the control of USL, it focuses on regional players. USL is working on to set up 5-6 players across India whom they can work with.

Sugar manufacturing companies

also produce ENA and they used it in ethanol. The demand supply gap is increasing in Ethanol.

Capex

The company sees great traction in IMFL. It also focuses on CSD and exports in IMFL segment. In pre-COVID time, the company recorded healthy exports and it sees good demand, going forward.

In IMFL, the company is focusing on premium products and planning to set up a Malt plant.

Associated Alcohol started doing job work for USL with 30,000 cases and now targeting for 3 lakh cases per month.

The company will set up 100 KLPD ENA plant for ethanol production. It will use this plant for manufacturing of both ENA and Ethanol and will prefer that product, which will have better pricing. The company is also planning to set up single malt plant.

The company will set up new ENA capacity for ethanol production, as the ethanol price is attractive.

The company expects the plant to get commercialized by Mar'23. Post commercialization of plant, the company will reach 100% utilization within next 2-3 months.

The company will incur Rs.120 crore capex for setting up this plant and expects annual revenue potential of Rs.200-250 crore, with margin potential of 7-10%. The margin in ENA is~8-12%.

The company is contemplating some modification to produce 70,000-100,000 liters per day.

As the demand for Ethanol is increasing, the company which will set up ethanol plant early will get the first mover advantage. The demand for Ethanol is high on the back of government targets of achieving 10% of ethanol blending.

The selling of pure ENA is not a big task for the company, as it is known for producing quality ENA.

Focus to remain debt light

The company's philosophy is to be debt light.

The company has expanded its capacity from 3-4.5mn though it has the option to increase it to 8.5mn but for that the company needs to take debt.

The company is now planning to set up unit and it is viable.

Raw material price inflation

The impact of raw material prices is significant, which has gone up substantially. Notably, it has been able to pass on the cost by increasing prices of ENA and value-added products.

Raw material price increased in February and March, thus the company has easily passed on the prices by quoting higher contract price.

Depending on cost benefit, the company purchases rice and maize. As the maize prices have gone up substantially, the company now uses rice, which saw good yield.

Coal price has gone up substantially from Rs.7,000/tonne to Rs. 12,000/tonne.

Though the management expects margin to see sequential improvement in 1QFY23, it will remain under pressure.

The impact of raw material prices is significant, which has gone up substantially. Notably, it has been able to pass on the cost by increasing prices of ENA and value-added products.

Business strategy

For IMIL business, the company has no large strategy. In IMIL, the company will grow at market rate, as the government determines the volume and company delivers it.

In IMFL, the company focuses on premiumization.

The company doesn't focus on advertising or incurs any brand expense. People are ready to accept the new brands and that gives the opportunity for the players like Associated Alcohol &Breweries, which doesn't have deep pockets.

The company has 4 decades of experience. Around 50-60% customers have fixed shop to buy liquor.

The company follows the bottom-up approach.

IMIL business has limited growth opportunity, while IMFL has huge growth potential

There is tendering process for IMIL every year. This year, the company tendered for 17 districts vs. 9 districts last year. There has been threshold in IMIL, as this has been decided by the government.

Every district has different quantity. Indore is the largest district, which consumes large cases.

Last year, the company sold 4mn cases of IMIL and in this year, the company will sell 5 million cases.

MP accounts 50% in IMFL business. Every state has distinct consuming pattern like brandy is preferred in Kerala.

IMFL products have seen exponential growth. The company plans to enter into another 2-3 states.

In the next 5 years, the proprietary brand is expected to grow at 30%.

The company's success in Kerala lies in its innovation strategy. Kerala is known for brandy consumption; thus, company entered the state with white brandy products. The company entered into brown brandy category as well.

FY22 was challenging due to COVID impact. In Kerala, the company will grow more than market growth.

MP has grown substantially due to premiumization growth. Kerala remained stagnant in FY22.

Impact of USL selling its popular brand portfolio

There is no threat in bottling side amidst USL selling its popular brand. McDowell rum, the main brand, is still with USL while USL sold Bagpiper and White Mischief. Bagpiper and White Mischief account for 20% of its contracted IMFL business.

The company is now focusing on McDowell and DSP, which is still with USL.

The company approached to USL for certain popular products, but USL is interested in selling the whole bouquet of popular products.

Acquisition of Mount Everest brewery

Mount Everest Brewery is the fastest growing breweries in India. The company is the highest selling beer brand in MP. Associated Alcohol mulls merging Mount Everest Brewery with itself. Mount Everest produces 1mn cases last year and will produce 2 million cases this year.

Mount Everest Brewery generates Rs.3bn annual revenue, while the margin is less, as the beer is volume-led business. The company is focusing on craft beer.

Lemount, Mount's 6000 and Dabang

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are the brands of Mount Everest Brewery. The company manufactures beer for United Breweries. Beer is available in MP, Chhattisgarh, Delhi, Kerala and North Eastern states.

Beer sales zoomed in recent months especially after April and May. Mount Everest Brewery is located in the heart of the country. There are entry barriers for beer manufacturing, as it needs capex of ~Rs. 100-150 crore, while the entry barrier is low for IMFL, as the manufactures can buy ENA from outside and bottle it and sell.

Margin across segments

IMIL has margin of 13-14%, while ENA's margin stands at ~8-10% and for ethanol it is 12%.

Margin in IMFL will improve owing to launch of premium products like Zin. The margin is now stands at 18%, which will improve to 21%, going forward.

Zin will be priced below Rs. 1,500 (most Zin prices are above Rs. 1,500) in order to increase market share through higher volume.

From licensed IMFL products, the company earns 10% margin, which can improve to 13-15%.

ENA price realization stands at Rs. 59/liter, which has moved up due to higher food grain prices.

If the raw material prices remain stable, 16-17% margin is sustainable. The sustainable margin does not take beer business into account.

Relationship with Diageo

In 2017, Associated Alcohol entered into an exclusive franchise agreement with Diageo-USL to distill, blend, bottle and market some of their key popular brands in the state of Madhya Pradesh.

Previously, the company was a job work partner for Diageo and now it has become a strategic partner for Diageo. The company supplies quality ENA to Diageo and bottling units. Diageo is now a mammoth and needs 4-5 partners across the country, who can handle its business and manufacturing. The company is one of those partners for Diageo. There is husband-wife relationship with Diageo.

Associated Alcohol sells 20% of total ENA to USL and~35% of USL products in IMFL segment. Whatever ENA is left after captive consumption, the company sells ~70% to USL. The company generates ~Rs. 160-170 crore from USL through sell of ENA and franchise IMFL products.

For entire vodka, USL sources ENA from the company.

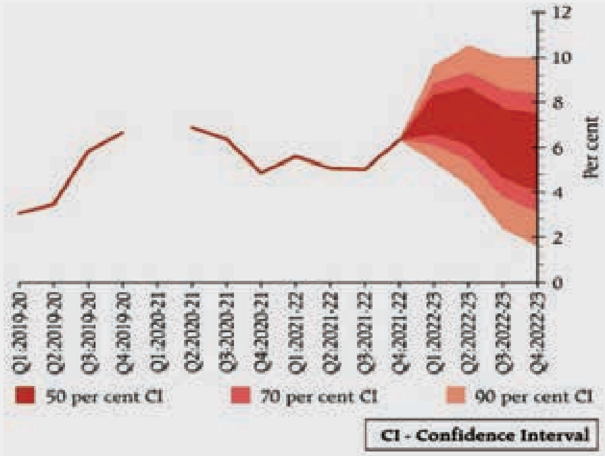
Earlier, the company has a 3-year contract with USL, which is a 3+2 years contract now.

Economy review

The Reserve Bank of India (RBI) delivered yet another repo rate hike of 50bps following 40bps hike in off-cycle MPC meeting, taking the repo rate to 4.9%. With a cumulative rate hike of 90bps since 4th May, repo rate is now only 25bps below its pre-pandemic level of 5.15%. The MPC was unanimous in its decision and remained focused on 'withdrawal of accommodation' to ensure inflation remains within target, going forward. Moreover, the RBI acknowledged that inflationary pressures have become broad-based and remain largely driven by supply shocks. Even though, the latest CPI inflation print at 7% for the month of May 2022 was lower (after hitting 7.79% in April), the decline was largely on high base. Rather experts believe that inflation has not peaked, as it is likely to breach 8% in the coming months. The high expectations are largely on account of second order effects and through wages and rents thus leading to higher inflation expectations. In fact, the RBI has revised FY23 CPI inflation forecast from 5.7% to 6.7% and believes that inflation is likely to remain near upper tolerance band of 6% for first three quarters of this year. The RBI in fact has stated that 75% of upward revision in FY23 inflation projections was on account of food inflation. On growth, the RBI retained FY23 real GDP estimates at 7.2%, which would of course be challenged if private investments remain muted. The RBI would have been forced to raise rates even if inflation had been under its comfort range simply because the Fed has become aggressive, else the INR would have devalued drastically. Notably, Japanese yen has depreciated considerably since Japanese central bank continues to be forever 'dove'. In its last monetary policy, the Fed has raised rates by 75bps and is expected to follow up by similar quantum in next 2-3 policies as well. Thus, inflationary expectations are running wild across the world and in order to protect currencies, the central banks need to match up with the Fed. The INR had to bear the brunt and have seen major correction and is presently ruling near 78 vs. Dollar. However, without the RBI's intervention (by selling dollars of course), INR would have so far reached levels of 80 already. Of course, to prop up the INR, India has lost some US$40bn of forex reserves. Besides, the situation has changed with the current account to come under pressure in FY23, which would again put pressure on INR, as the foreign investors continue to remain sellers on stock exchanges. The RBI has however, prepared well in advance and built up reserves and bought dollars upfront in anticipation of such a scenario and largely to avoid a 'taper tantrum' kind of scenario.

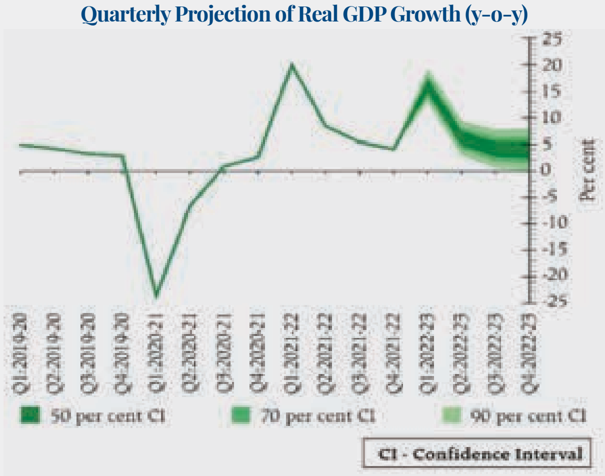
The RBI has however, prepared well in advance and built up reserves and bought dollars upfront in anticipation of such a scenario and largely to avoid a 'taper tantrum' kind of scenario.

Quarterly Projection of CPI Inflation (y-o-y)



Source: RBI

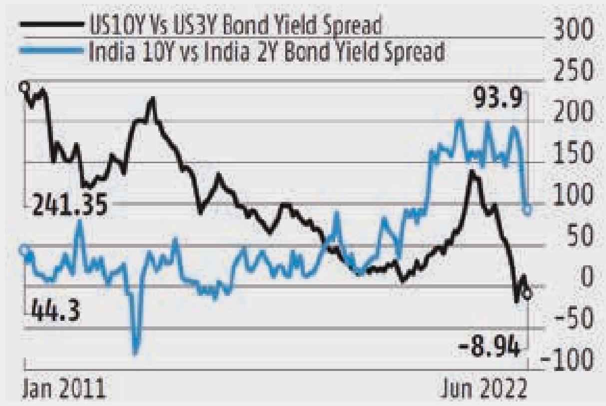
Quarterly Projection of Real GDP Growth (y-o-y)



Source: RBI

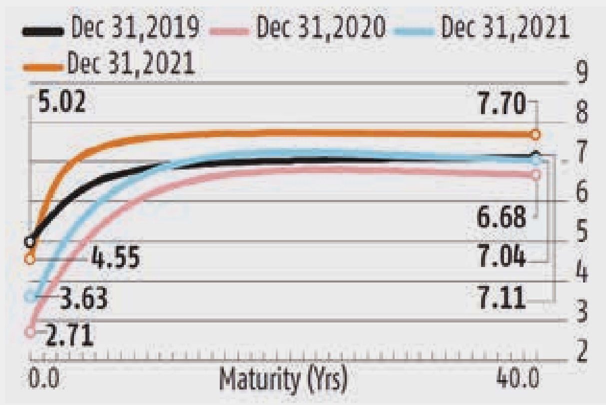
In fact, it is not only true for India alone rather for the entire emerging market space where the central bankers have been ahead of the curve in paring back pandemic-era stimulus, while storing away more in foreign currency reserves. Among the 16 major currencies tracked by Bloomberg, two to gain this year come from the developing world: Brazil's real and Mexico's peso. Surprisingly, the bond market in emerging markets is in a better shape than the developed markets. Experts anticipate increased selloff in US and higher yield in corporate bonds thus, more than doubling the average yield in past year, while the losses are expected to be smaller in the emerging market corporate debt. Besides, experts believe that the emerging market-developed market growth differential to widen, as the US slips closer to recession. The chance of US economy going into a recession in FY23 is running high. Since the investors and bond market in US expect sharp hike in policy rate by central banks to fight inflation, the yield curve has inverted in the US. In the US, the yield on short-maturity bonds, such as 3-year and 5-year government bonds, is now at 3.45%, higher than the yield on long-tenure paper, such as 10-year bonds, which are at 3.36%. Naturally, the yield spread is negative in the US, while for India, the differential between 10-year Government of India bond and 2-year government bond declined to 28-month low of 94bps from 185bps in March 2022, states an article by Business Standard. This has resulted in flattening of yield curves in India and is expected to continue to remain so, as the RBI maintains a hawkish monetary policy. However, experts have ruled out inversion of yield curve in India. Yield curve did invert in September 2015 as well as in May-August 2013, which coincided with sell-offs in equity markets. Madan Sabnavis, chief economist, Bank of Baroda however, believes that "the yield on 10-year bonds is far lower than what it should have been if the markets were left to themselves. The RBI is very sensitive to 10-year yields and tries its best to keep it anchored," According to Standard Chartered Plc, a supply glut is set to hit India's government bond market and drive benchmark yields toward 8% by year-end. According to the financial institution, excess supply of sovereign as well as state debt may total as much as Rs. 6.3 trillion ($81bn) this fiscal year, which will be difficult to get absorbed by the market with interest rates normalizing to higher trajectory, while liquidity surplus decreasing. So far, there has been decent demand for INR bonds, despite selloff in global debt and it is crucial for government's borrowing programme to spur growth, while tax cuts erode public revenue. Thus, these factors would further result in flattening of yield curve in India. Further, if the RBI opts for normalization of the monetary policy and intervenes less in the market, interest rates are bound to go up.

Spread on long-tenure and short-tenure bonds in the US and India (basis points)



Source: Business Standard, Bloomberg

Change in zero coupon yield curve in India in recent years (zero-coupon rate %)

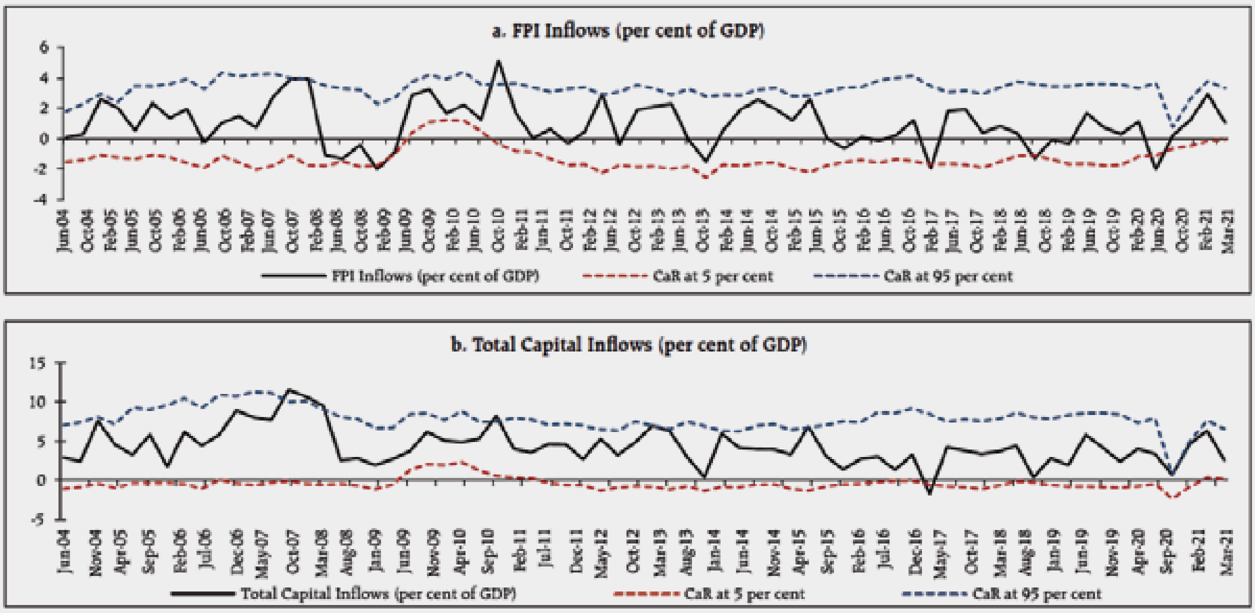


Source: Business Standard, Bloomberg

According to a report issued by the RBI in its monthly issue, the apex bank stated that capital flows into India are majorly triggered by growth differentials and domestic term premia, while global risk aversion is the main push factor driving capital outflows. The study stated that there is 5% chance of portfolio investments amounting to 3.2% of GDP (US$100.6bn/year) flowing out from India in response to historical shock to any individual determinant (like COVID-induced contraction in real GDO, GFC-led interest rate differential or rise in VIX). Further, the magnitude of outflows could be as high as 7.7% of GDP if the shocks to all determinants are combined to trigger an extreme risk scenario, which are generally considered to be tail risks or black swan events. These estimates assume significance when assessed against the total stock of portfolio investment in India of US$288bn and short-term trade credit of US$110.5bn at the end of December 2021. India however, remains a favourite off-late in attracting capital among emerging market economies (EMEs). Even after the onset of pandemic, EMEs faced capital outflows in 2020, while India remained a host for capital inflows, including portfolio investment, throughout the year. Since the start of 2022, however, the combination of synchronized monetary policy tightening and the Russian-Ukraine war have caused outflows and even the FDI has ebbed. Composition of capital has been consistent over the years with the FDI accounting for more than half, followed by portfolio flows with a share of 30% in which equity and debt account for 60% and 40%, respectively. However, as highlighted by the RBI study, India needs to maintain these high levels of liquid reserves in event of capital flight and that too over and above the standard metrics of import and debt servicing cover, so as to stabilize the economy against potential shocks. Hence, capital flows are indeed double-edged sword and certainly challenging when the current account deficit is expected to deteriorate to ~3% of GDP in FY23 from 1.2% in FY22.

The study stated that there is 5% chance of portfolio investments amounting to 3.2% of GDP (US$100.6bn/year) flowing out from India in response to historical shock to any individual determinant (like COVID-induced contraction in real GDO, GFC-led interest rate differential or rise in VIX).

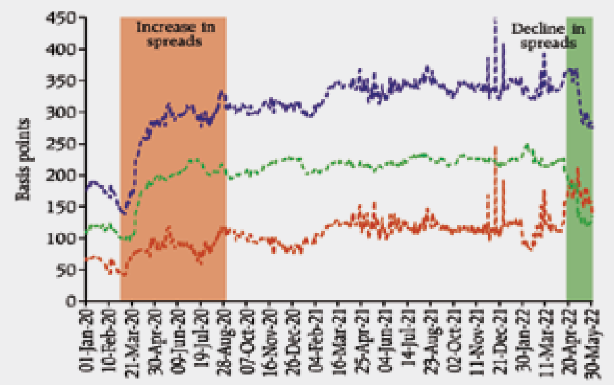
Capital Flows at Risk



Source: RBI Bulletin June 2022

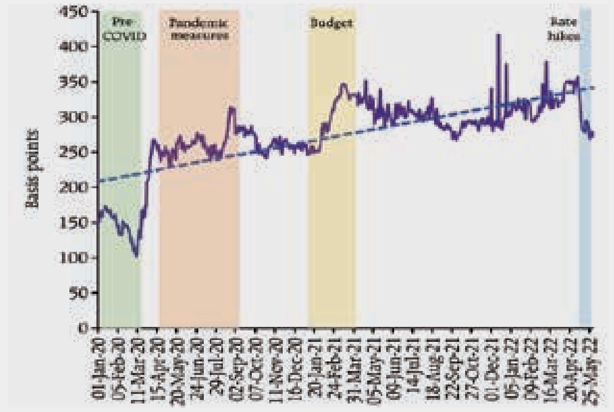
Another recent analysis in the RBI's monthly issue 'What is the Yield Curve Telling Us About the Economy?' states that animated debates have ensued with regard to negative 'long-term spread' or inverted yield curve in the US. People, who are critical of the opinion, point towards other yield gaps and 'near-term forward spreads' to support their arguments conveying no such early warning of an impending downturn in the economic activity (Engstrom and Sharpe, 2022). Slope of the yield curve or the spread between long-term and short-term yields has been regarded as a valuable predictor of future macroeconomic developments. A contrarian view is that the presence of other factors such as liquidity and risk premiums make it tough to separate ex ante real rates and expected inflation that are supposed to be embedded in the nominal interest rate (Patra et al., 2021a). The RBI analysis however, states that extracting the information content in the yield curve on macroeconomic prospects, which is essentially an empirical exercise, has not found much appeal in the Indian context. However, the analysis has attempted to do so; nevertheless, it should be regarded as exploratory. Based on the suitable model, the RBI found that in the Indian context, rather than the slope of the yield curve, it is the level and curvature containing useful information on market expectations about economic prospects and inflation expectations. The analysis further states that the level of the yield curve has increased since 2021 after a steep decline during the pandemic. The yield curve is rather concave compared to 2019 levels, which suggests prospects of recovery, higher inflation expectations and hence market expectations of front-loaded monetary policy. The analysis further observed that 95.6% of total trading volume in government securities (g-sec) is in the residual maturity segment of up to 15 years, based on daily data in 2021-22. "During 2022 so far, increasing levels have co-existed with declining spreads, especially in the 2 years to 10 years segment. The spread between 3 months and 2 years yields increased, resulting in an increase in curvature (concavity) of the yield curve, indicative of an upbeat economic outlook amidst rising inflation expectations. The long-term spread (between 3-months and 10-years yields) also declined sharply indicating expectations of monetary policy tightening, going forward" said the study. The study believes that in the Indian context, changes in the slope of the yield curve are not very informative about future economic growth rather curvature provides interesting insights into future macroeconomic developments largely due to fragmentation of demand across maturity segments. The study states that as the long-term maturity bonds are held by insurance companies and provident fund, they are subjected to infrequent trading due to 'buy and hold' strategy, while short-term to medium-term maturities (up to 10 years) witness frequent trading according to evolving macroeconomic scenarios. Thus, the mid-segment of yield curve is expected to be more sensitive to evolving developments, which would characterize the curvature as being more representative of market sentiments and expected outcomes than other latent factors. As the stated curvature is captured by evolving state of economy and emerging developments, curvature declined when liquidity and economic activity went for a toss during pandemic. As the government and central bank together implemented measures, curvature improved subsequently. Thus, the analysis states that an increase in economic activity (as measured by the output gaps) and higher inflation are associated with increase in level of yield curve and reduction in slope and curvature. However, the RBI study states that correlations of slope and curvature and macro-outcomes (economic activity and inflation) and the policy rate do not produce expected results. "This could be due to the fact that simple correlations ignore the complex underlying inter-linkages. This deficiency can be overcome by using a yield-macro model adapted to India-specific characteristics of the debt market to which we now turn" states the study. The study summed up by stating that "the yield curve is indicating an improvement in long-term growth prospects and an up-shift in ex ante inflation expectations. At the same time, the fact that the yield curve has become steeper and concave reconfirms expectations of tighter monetary policy in the period ahead."

Yield Curve Spreads



Source: RBI Bulletin June 2022

Yield curve - Curvature



Source: RBI Bulletin June 2022

Level of the Yield Curve

Source: RBI Bulletin June 2022

START-UP CORNER

At Ashika Capital, we are extremely passionate about fostering symbiotic relationships that are aimed at building and sustaining high-growth founder led businesses. We strongly believe that financial capital is the first stepping stone to build a scalable, sustainable and impactful business. Therefore, our endeavour is to identify great entrepreneurs in pursuit of building businesses that carry magnanimous investment potential. Here is an INSIGHT into businesses that we have worked/working with –

Hesa

Hesa is a unified tech platform that has already connected 3.5 mn+ rural customers to 75+ Corporates, SMEs, Banks, & NGOs. With the support & efforts of Hesaathis, their on-ground workforce, they are helping clients and partners take their businesses to each and every village in India.

Having 4 service lines & 52 sub-service lines, they provide end-to-end solutions for individuals, the farming community, & brands, including banking, insurance, agro-based opportunities, & FMCG. Their focus on social commerce has made them the perfect rural partner for marquee brands like Reliance General Insurance, P&G, Prestige, Himalaya, etc.

Kazam

Kazam is an EV Enterprise SaaS company that is providing software to enable charging points to build the EV charging infrastructure across India. Kazam is also on track to provide international solutions in Europe.

They have 5200 Assets Under Management & orders for 30,000 assets As India's EV revolution expands, Kazam will be the backbone & foundation that plugs in the fuel for this growth. Kazam like Shopify provides an asset agnostic software that creates a discoverable charging point, provides a payment layer, analyzes data on load management & provides information on vehicle & battery health.

Bada Business

Founded in 2019, by Dr. Vivek Bindra, who over the last 10 years has transformed from an Iskcon monk to Asia's biggest entrepreneurship business coach, Bada Business is empowering SMEs to scale up, by providing them with business network, upskilling education and problem-solving support ecosystem

Bada business is creating an ecosystem comprising of Linkedin + Upwork for SMEs. It has created a business training platform and entrepreneurship ecosystem, with an aim to solve real-world problems faced by 200Mn SMEs and other aspiring entrepreneurs. With a massive and loyal reach of 32mn+ engaged users, Bada Business has trained 50,000+ SMEs, ranging from turnovers of INR 50M to 10,000M per annum covering all sectors of business within the country.

Bada Business is using content as a backbone to creating engaging community first, and plans to build in services marketplace on top, post hitting 10mn+ of MAU engaged userbase. Besides, their BB Junior platform provides courses from K-12 covering not just National boards like CBSE and ICSE, but also the likes of Nepal Board and multiple state boards.

These are the top three business opportunities that interested stakeholders can pursue from an investment standpoint. If you are interested to know more about these companies from the perspective of business operations, investment thesis, exit opportunities and more, please drop in a line to us at ib@ashikagroup.com.

Annual *Financial Performance*

Nifty 50 Company Performance for FY22 (Rs. Cr.)

Company Name	Net Sales	YoY Change	EBITDA	YoY Change	Net Profit	YoY Change	EBITDA Margin	Change (bps)	PAT Margin	Change (bps)
Automobile	**529642**	**14.7%**	**55900**	**-7.3%**	**9331**	**386.4%**	**10.6%**	**-251**	**1.8%**	**135**
Bajaj Auto	33145	19.5%	5250	6.6%	6166	26.9%	15.8%	-191	18.6%	109
Eicher Motors	10298	18.1%	2172	22.0%	1677	24.5%	21.1%	67	16.3%	84
Hero MotoCorp	29245	-5.0%	3369	-16.2%	2473	-16.6%	11.5%	-153	8.5%	-117
M & M	90171	21.4%	14683	7.4%	6577	262.9%	16.3%	-213	7.3%	485
Maruti Suzuki	88330	25.5%	5706	6.6%	3880	-11.6%	6.5%	-114	4.4%	-184
Tata Motors	278454	11.5%	24720	-19.1%	-11441	Loss	8.9%	-335	-4.1%	128
Banks	**654725**	**5.3%**			**129357**	**39.6%**			**19.8%**	**486**
Axis Bank	68846	6.9%			14119	96.2%			20.5%	933
HDFC Bank	135936	5.7%			38053	19.5%			28.0%	323
ICICI Bank	95407	7.0%			25110	36.6%			26.3%	570
IndusInd Bank	30822	6.3%			4611	62.6%			15.0%	518
Kotak Mahindra Bank	33740	2.8%			12089	21.0%			35.8%	539
State Bank Of India	289973	4.3%			35374	57.9%			12.2%	414
Cement	**66905**	**16.6%**	**15162**	**-2.5%**	**9721**	**25.0%**	**22.7%**	**-443**	**14.5%**	**98**
Shree Cement	14306	12.9%	3648	-8.3%	2377	2.8%	25.5%	-592	16.6%	-164
Ultratech Cement	52599	17.6%	11514	-0.5%	7344	34.4%	21.9%	-397	14.0%	175
Chemicals	**75341**	**24.7%**	**14333**	**8.5%**	**6657**	**10.8%**	**19.0%**	**-284**	**8.8%**	**-111**
Asian Paints	29101	34.0%	4804	-1.1%	3031	-3.5%	16.5%	-586	10.4%	-404
UPL	46240	19.5%	9529	14.1%	3626	26.3%	20.6%	-98	7.8%	42
Consumer Goods	**187721**	**17.4%**	**44368**	**18.0%**	**30900**	**14.7%**	**23.6%**	**12**	**16.5%**	**-38**
Britannia Industries	14136	7.6%	2202	-12.3%	1525	-18.2%	15.6%	-353	10.8%	-340
Hindustan Unilever	52446	11.5%	12857	10.6%	8879	11.1%	24.5%	-21	16.9%	-7
ITC	65205	22.7%	20658	21.5%	15243	15.8%	31.7%	-30	23.4%	-138
Nestle India	14709	10.2%	3592	12.2%	2145	3.0%	24.4%	44	14.6%	-102
Tata Cons. Prod.	12425	7.1%	1719	11.3%	936	9.2%	13.8%	53	7.5%	15
Titan Company	28799	33.1%	3341	93.8%	2173	123.3%	11.6%	364	7.5%	305
Finance	**232196**	**4.1%**			**33502**	**23.3%**			**14.4%**	**225**
Bajaj Finance	27864	18.4%			6350	60.5%			22.8%	598
Bajaj Finserv	68406	12.9%			4557	1.9%			6.7%	-72
HDFC	135926	-2.2%			22595	20.6%			16.6%	314
Healthcare	**105586**	**18.3%**	**24631**	**19.6%**	**11988**	**27.6%**	**23.3%**	**26**	**11.4%**	**83**
Apollo Hospitals	14663	38.9%	2185	92.1%	1056	602.1%	14.9%	413	7.2%	578
Cipla	21763	13.6%	4553	7.1%	2517	4.7%	20.9%	-128	11.6%	-99
Divi's Lab	8960	28.6%	3882	35.7%	2960	49.2%	43.3%	229	33.0%	457
Dr. Reddy's Lab	21545	13.1%	3768	-2.6%	2183	11.8%	17.5%	-283	10.1%	-12
Sun Pharma	38654	15.4%	10244	21.0%	3273	12.7%	26.5%	122	8.5%	-20
Insurance	**150109**	**-2.2%**			**2833**	**0.6%**			**1.9%**	**5**
HDFC Life Ins Co	67,126	-6.2%			1,327	-2.5%			2.0%	7
SBI Life Ins Co	82,983	1.3%			1,506	3.4%			1.8%	4

Company Name	Net Sales	YoY Change	EBITDA	YoY Change	Net Profit	YoY Change	EBITDA Margin	Change (bps)	PAT Margin	Change (bps)
IT	**523004**	**18.9%**	**129782**	**11.8%**	**91732**	**17.4%**	**24.8%**	**-157**	**17.5%**	**-23**
HCL Tech	85651	13.6%	20530	2.4%	13499	21.1%	24.0%	-263	15.8%	98
Infosys	121641	21.1%	31491	12.9%	22110	14.3%	25.9%	-187	18.2%	-108
TCS	191754	16.8%	53057	14.0%	38327	18.2%	27.7%	-68	20.0%	23
Tech Mahindra	44646	17.9%	8020	18.0%	5566	25.7%	18.0%	1	12.5%	77
Wipro	79312	28.1%	16684	12.9%	12230	13.3%	21.0%	-281	15.4%	-201
Metal & Mining	**695103**	**51.7%**	**155534**	**79.1%**	**91907**	**191.0%**	**22.4%**	**343**	**13.2%**	**633**
Coal India	109714	21.9%	24691	32.5%	17358	36.7%	22.5%	181	15.8%	171
Hindalco Industries	195059	47.8%	28347	61.4%	13730	294.2%	14.5%	123	7.0%	440
JSW Steel	146371	83.3%	39007	93.7%	20665	161.2%	26.6%	142	14.1%	421
Tata Steel	243959	55.9%	63490	108.1%	40154	436.1%	26.0%	653	16.5%	1167
Oil & Gas	**1685965**	**46.5%**	**209471**	**38.3%**	**117909**	**44.5%**	**12.4%**	**-74**	**7.0%**	**-10**
BPCL	432570	42.2%	19137	-10.2%	11682	-27.7%	4.4%	-258	2.7%	-261
ONGC	531762	47.5%	79874	61.4%	45522	179.2%	15.0%	130	8.6%	404
Reliance Industries	721634	48.4%	110460	36.8%	60705	23.6%	15.3%	-129	8.4%	-169
Power	**174286**	**15.3%**	**76846**	**11.4%**	**33500**	**25.6%**	**44.1%**	**-153**	**19.2%**	**158**
NTPC	132669	19.0%	40280	18.6%	16676	13.9%	30.4%	-10	12.6%	-55
Power Grid Corp.	41616	5.0%	36567	4.5%	16824	39.8%	87.9%	-41	40.4%	1006
Others	**384703**	**18.2%**	**111014**	**15.6%**	**25202**	**334.6%**	**28.9%**	**-64**	**6.6%**	**477**
Adani Ports	15934	27.0%	8879	2.1%	4728	-5.3%	55.7%	-1359	29.7%	-1012
Bharti Airtel	116547	15.8%	57534	26.8%	4255	LP	49.4%	427	3.7%	1864
Grasim Industries	95701	25.3%	20431	9.6%	7550	75.4%	21.3%	-304	7.9%	225
Larsen & Toubro	156521	15.1%	24170	3.7%	8669	-25.2%	15.4%	-170	5.5%	-298
Nifty 50	**5465286**	**25.5%**	**837043**	**25.6%**	**594537**	**49.2%**	**15.3%**	**0**	**10.9%**	**173**

Nifty 50 Annual Performance for last 10 years (Ex. Bank)

Rs. Cr.	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Net Sales	2091488	2356383	2396471	2344152	2724277	2975471	3547946	3504770	3354610	4428256
Growth	12%	13%	2%	-2%	16%	9%	19%	-1%	-4%	32%
Operating Expenses	1764140	1970539	2000225	1923454	2252606	2457815	2933622	2916002	2687964	3591213
Growth	13%	12%	2%	-4%	17%	9%	19%	-1%	-8%	34%
% of Sales	84%	84%	83%	82%	83%	83%	83%	83%	80%	81%
Operating Profit	327348	385843	396246	420698	471671	517655	614324	588768	666646	837043
Growth	8%	18%	3%	6%	12%	10%	19%	-4%	13%	26%
OPM	16%	16%	17%	18%	17%	17%	17%	17%	20%	19%
Other Income	42640	46889	47870	48994	57770	59654	62110	74001	73776	66312
Growth	14%	10%	2%	2%	18%	3%	4%	19%	0%	-10%
Depreciation	83671	98749	109329	116453	131280	148992	168945	190960	207079	223772
Growth	7%	18%	11%	7%	13%	13%	13%	13%	8%	8%
Interest	34619	42348	48644	56888	62684	74801	97971	121528	117782	109540
Growth	17%	22%	15%	17%	10%	19%	31%	24%	-3%	-7%
Tax	72394	80714	83294	78511	94643	103591	109651	71902	109496	130623
Growth	15%	11%	3%	-6%	21%	9%	6%	-34%	52%	19%
Tax Rate	30%	29%	30%	28%	29%	29%	30%	25%	28%	23%
Net Profit	169674	200706	193094	206873	227233	257311	260430	213994	275832	428846
Growth	1%	18%	-4%	7%	10%	13%	1%	-18%	29%	55%
NPM	8%	9%	8%	9%	8%	9%	7%	6%	8%	10%
Market Cap	2833859	3443381	4278391	4076312	4636313	5157378	5816626	4817650	8173804	10058637
Growth	9%	22%	24%	-5%	14%	11%	13%	-17%	70%	23%
PE Ratio	16.7	17.2	22.2	19.7	20.4	20.0	22.3	22.5	29.6	23.5

Nifty 50 Sectoral Performance (Rs. Cr.)

Segment	No. of Companies	Sales			EBITDA			PAT			Market Cap		
		FY12	FY17	FY22	FY12	FY17	FY22	FY12	FY17	FY22	FY12	FY17	FY22
Automobile	6	310001	502691	529642	40132	61910	55900	24057	27786	9331	251088	611304	691445
Banks	6	249210	446563	654725				35088	37444	129357	468074	1128210	2417527
Cement	2	25032	38308	66905	5840	7726	15162	3022	4054	9721	52724	168895	277301
Chemicals	2	17304	33537	75341	2893	5909	14333	1544	3666	6657	37105	139825	354229
Consumer Goods	6	78450	133424	187721	15982	26851	44368	11167	17752	30900	345001	693310	1331837
Finance	3	36342	95505	232196				7207	15150	33502	111657	368251	1144421
Healthcare	5	29726	71625	105586	7876	17212	24631	5980	10544	11988	132201	289211	554899
Insurance	2	13760	61195	150109				556	1842	2833			225888
IT	5	141152	318607	523004	35288	76804	129782	27821	60554	91732	544207	1008869	2956637
Metal & Mining	4	310505	364586	695103	42371	54056	155534	24113	10462	91907	303908	317787	577667
Oil & Gas	3	717927	899594	1685965	88068	112743	209471	48648	63041	117909	500389	760855	2066813
Others	4	163761	254166	384703	39845	64378	111014	12703	16920	25202	258518	406163	965677
Power	2	76334	107740	174286	24038	44081	76846	13116	18170	33500	184265	240094	282133
Nifty 50	50	2169502	3327540	5465286	323506	513842	1232568	215020	287386	594537	3189137	6132773	13846473
Nifty Ex BFSI	39	1870190	2724277	4428256	302332	471671	837043	172170	232950	428846	2609406	4636313	10058637
Nifty Ex BFSI & Oil & Gas	36	1152264	1824683	2742290	214263	358928	627572	123521	169909	310937	2109018	3875457	7991824

Segment	No. of Companies	Sales growth (%)			EBITDA growth (%)			PAT growth (%)		
		FY22	5 yr CAGR	10 yr CAGR	FY22	5 yr CAGR	10 yr CAGR	FY22	5 yr CAGR	10 yr CAGR
Automobile	6	14.7	1.1	5.5	-7.3	-2.0	3.4	386.4	-19.6	-9.0
Banks	6	5.3	8.0	10.1				39.6	28.1	13.9
Cement	2	16.6	11.8	10.3	-2.5	14.4	10.0	25.0	19.1	12.4
Chemicals	2	24.7	17.6	15.8	8.5	19.4	17.4	10.8	12.7	15.7
Consumer Goods	6	17.4	7.1	9.1	18.0	10.6	10.8	14.7	11.7	10.7
Finance	3	4.1	19.4	20.4				23.3	17.2	16.6
Healthcare	5	18.3	8.1	13.5	19.6	7.4	12.1	27.6	2.6	7.2
Insurance	2	-2.2	19.7	27.0				0.6	9.0	17.7
IT	5	18.9	10.4	14.0	11.8	11.1	13.9	17.4	8.7	12.7
Metal & Mining	4	51.7	13.8	8.4	79.1	23.5	13.9	191.0	54.4	14.3
Oil & Gas	3	46.5	13.4	8.9	38.3	13.2	9.1	44.5	13.3	9.3
Others	4	18.2	8.6	8.9	15.6	11.5	10.8	334.6	8.3	7.1
Power	2	15.3	10.1	8.6	11.4	11.8	12.3	25.6	13.0	9.8
Nifty 50	50	25.5	10.4	9.7	17.0	19.1	14.3	49.2	15.6	10.7
Nifty Ex BFSI	39	32.0	10.2	9.0	25.6	12.2	10.7	55.5	13.0	9.6
Nifty Ex BFSI & Oil & Gas	36	24.4	8.5	9.1	21.8	11.8	11.3	60.1	12.8	9.7

Segment	No. of Companies	EBITDA margin (%)			PAT margin (%)			Market Cap (%)		P/E Ratio		
		FY22	5 yr Avg.	10 yr Avg.	FY22	5 yr Avg.	10 yr Avg.	5 yr CAGR	10 yr CAGR	FY12	FY17	FY22
Automobile	6	10.6	11.6	12.6	1.8	1.7	3.9	2.5	10.7	10.4	22.0	74.1
Banks	6				19.8	12.3	12.4	16.5	17.8	13.3	30.1	18.7
Cement	2	22.7	22.6	21.3	14.5	11.3	11.0	10.4	18.1	17.4	41.7	28.5
Chemicals	2	19.0	19.6	18.3	8.8	9.5	9.5	20.4	25.3	24.0	38.1	53.2
Consumer Goods	6	23.6	24.3	22.8	16.5	17.0	15.7	13.9	14.5	30.9	39.1	43.1
Finance	3				14.4	14.4	16.3	25.5	26.2	15.5	24.3	34.2
Healthcare	5	23.3	21.0	23.4	11.4	10.2	13.0	13.9	15.4	22.1	27.4	46.3
Insurance	2				1.9	2.8	3.3					79.7
IT	5	24.8	24.5	24.7	17.5	18.1	19.0	24.0	18.4	19.6	16.7	32.2
Metal & Mining	4	22.4	18.0	15.8	13.2	8.6	6.4	12.7	6.6	12.6	30.4	6.3
Oil & Gas	3	12.4	12.4	12.2	7.0	6.0	6.3	22.1	15.2	10.3	12.1	17.5
Others	4	28.9	26.6	25.2	6.6	2.8	4.6	18.9	14.1	20.4	24.0	38.3
Power	2	44.1	43.3	39.9	19.2	17.1	17.2	3.3	4.4	14.0	13.2	8.4
Nifty 50	50	22.6	21.5	18.4	10.9	8.7	9.0	17.7	15.8	14.8	21.3	23.3
Nifty Ex BFSI	39	18.9	18.1	17.4	9.7	8.0	8.3	16.8	14.4	15.2	19.9	23.5
Nifty Ex BFSI & Oil & Gas	36	22.9	21.4	20.3	11.3	9.3	9.4	15.6	14.3	17.1	22.8	25.7

Nifty 500 Sectoral Performance (Rs. Cr.)

Segment	No. of Companies	Sales			EBITDA			PAT			Market Cap		
		FY12	FY17	FY22	FY12	FY17	FY22	FY12	FY17	FY22	FY12	FY17	FY22
Agri	10	46622	57126	65162	4890	6393	7577	1491	2327	3824	17398	37238	129164
Automobile & Ancillaries	27	403811	612961	729848	50140	80172	78854	29684	36871	25438	348524	927964	1130124
Bank	21	509151	803684	1149389				63207	33461	172088	656347	1410789	2805782
Capital Goods	22	139507	111400	127378	18366	7184	15379	11599	8581	11129	171957	276110	492880
Cement	11	87918	126467	245740	18631	23780	50545	10601	11538	25370	142533	335602	550578
Chemicals	30	106771	142951	269605	14660	20851	43399	7738	11524	25194	112072	357491	977878
Construction	20	114829	182737	247316	22479	35417	42168	7240	11735	15300	170903	280554	605585
Consumer Durables	7	15983	22730	31654	1065	2013	2268	496	1444	1413	14278	59099	106999
Consumer Goods	28	149152	229207	325682	22920	39512	62939	15190	25535	43259	465110	1043790	1943123
Finance	28	121507	267878	522810				21860	36842	76135	269408	733395	1639840
Healthcare	35	89309	188869	269507	19553	42402	58144	12023	25913	30280	268832	722206	1095000
Hospitality	3	5429	7814	6055	962	1205	719	249	169	-252	12277	23284	48150
IT	22	173134	368221	602890	41011	84742	145474	30487	66384	121305	593158	1124630	3393049
Logistics	8	24257	33870	61889	4720	10241	17047	2369	6377	9074	54467	135985	250794
Media & Entertainment	8	10379	16453	27569	2037	3757	7026	667	2879	2872	28889	106504	99178
Metal & Mining	18	488540	622391	1175310	82393	94934	281387	51165	29554	156989	612978	649270	1313315
Oil & Gas	12	1449320	1471246	3079939	127764	158736	309739	64559	102841	178202	700256	1186335	2399045
Plastic Products	6	14136	20619	39998	2073	3315	7076	859	1783	4183	5564	34708	94366
Power	9	136312	189779	275629	41263	68762	106174	19703	26560	43322	278003	360400	489152
Services	6	90920	57612	95358	1225	1994	3077	787	1312	1498	95444	44716	76910
Telecom	8	118164	166198	192374	32758	47505	80119	3616	-1207	-23416	175539	203848	584187
Textile	10	25101	40199	58454	3244	7232	11780	793	3335	7138	12119	73140	226547
Nifty 500	349	4320251	5740413	9599556	579666	729358	1664052	356384	445757	930345	5206057	10127058	20451644
Nifty Ex BFSI	300	3689593	4668851	7927357	512154	740148	1330888	271316	375454	682121	4280302	7982873	16006022

Segment	No. of Companies	Sales growth (%)			EBITDA growth (%)			PAT growth (%)		
		FY22	5 yr CAGR	10 yr CAGR	FY22	5 yr CAGR	10 yr CAGR	FY22	5 yr CAGR	10 yr CAGR
Agri	10	-7.0	2.7	3.4	-20.1	3.5	4.5	-26.0	10.4	9.9
Automobile & Ancillaries	27	14.7	3.6	6.1	2.4	-0.3	4.6	187.8	-7.2	-1.5
Bank	21	1.9	7.4	8.5				53.5	38.8	10.5
Capital Goods	22	26.3	2.7	-0.9	179.4	16.4	-1.8	89.6	5.3	-0.4
Cement	11	18.3	14.2	10.8	4.4	16.3	10.5	15.6	17.1	9.1
Chemicals	30	32.6	13.5	9.7	22.2	15.8	11.5	25.4	16.9	12.5
Construction	20	8.5	6.2	8.0	-10.9	3.6	6.5	-1.3	5.4	7.8
Consumer Durables	7	13.3	6.8	7.1	-2.9	2.4	7.8	-8.8	-0.4	11.0
Consumer Goods	28	36.1	7.3	8.1	18.2	9.8	10.6	17.7	11.1	11.0
Finance	28	3.6	14.3	15.7				7.9	15.6	13.3
Healthcare	35	9.5	7.4	11.7	-1.4	6.5	11.5	-2.6	3.2	9.7
Hospitality	3	59.2	-5.0	1.1	LP	-9.8	-2.9	Loss	PL	PL
IT	22	19.0	10.4	13.3	13.2	11.4	13.5	37.5	12.8	14.8
Logistics	8	39.5	12.8	9.8	24.9	10.7	13.7	17.6	7.3	14.4
Media & Entertainment	8	21.6	10.9	10.3	31.2	13.3	13.2	3.0	0.0	15.7
Metal & Mining	18	47.9	13.6	9.2	66.9	24.3	13.1	113.2	39.7	11.9
Oil & Gas	12	75.2	15.9	7.8	41.2	14.3	9.3	30.3	11.6	10.7
Plastic Products	6	33.8	14.2	11.0	8.2	16.4	13.1	6.6	18.6	17.2
Power	9	17.1	7.7	7.3	11.6	9.1	9.9	17.9	10.3	8.2
Services	6	3.6	10.6	0.5	33.7	9.1	9.7	131.6	2.7	6.6
Telecom	8	8.0	3.0	5.0	15.0	11.0	9.4	Loss	Loss	PL
Textile	10	43.8	7.8	8.8	60.6	10.2	13.8	86.3	16.4	24.6
Nifty 500	349	31.5	10.8	8.3	49.2	17.9	11.1	52.5	15.9	10.1
Nifty Ex BFSI	300	39.9	11.2	7.9	26.3	12.5	10.0	59.7	12.7	9.7

Segment	No. of Companies	EBITDA margin (%)			PAT margin (%)			Market Cap (%)		P/E Ratio		
		FY22	5 yr Avg.	10 yr Avg.	FY22	5 yr Avg.	10 yr Avg.	5 yr CAGR	10 yr CAGR	FY12	FY17	FY22
Agri	10	10.5	11.2	11.6	3.2	4.1	5.9	28.2	22.2	11.7	16.0	33.8
Automobile & Ancillaries	27	12.4	13.1	10.8	7.4	6.0	3.5	4.0	12.5	11.7	25.2	44.4
Bank	21				12.4	4.2	15.0	14.7	15.6	10.4	42.2	16.3
Capital Goods	22	13.2	6.4	12.1	8.3	7.7	8.7	12.3	11.1	14.8	32.2	44.3
Cement	11	21.2	18.8	20.6	12.1	9.1	10.3	10.4	14.5	13.4	29.1	21.7
Chemicals	30	13.7	14.6	16.1	7.2	8.1	9.3	22.3	24.2	14.5	31.0	38.8
Construction	20	19.6	19.4	17.1	6.3	6.4	6.2	16.6	13.5	23.6	23.9	39.6
Consumer Durables	7	6.7	8.9	7.2	3.1	6.4	4.5	12.6	22.3	28.8	40.9	75.8
Consumer Goods	28	15.4	17.2	19.3	10.2	11.1	13.3	13.2	15.4	30.6	40.9	44.9
Finance	28				18.0	13.8	14.6	17.5	19.8	12.3	19.9	21.5
Healthcare	35	21.9	22.5	21.6	13.5	13.7	11.2	8.7	15.1	22.4	27.9	36.2
Hospitality	3	17.7	15.4	11.9	4.6	2.2	-4.2	15.6	14.6	49.3	137.9	-190.8
IT	22	23.7	23.0	24.1	17.6	18.0	20.1	24.7	19.1	19.5	16.9	28.0
Logistics	8	19.5	30.2	27.5	9.8	18.8	14.7	13.0	16.5	23.0	21.3	27.6
Media & Entertainment	8	19.6	22.8	25.5	6.4	17.5	10.4	-1.4	13.1	43.3	37.0	34.5
Metal & Mining	18	16.9	15.3	23.9	10.5	4.7	13.4	15.1	7.9	12.0	22.0	8.4
Oil & Gas	12	8.8	10.8	10.1	4.5	7.0	5.8	15.1	13.1	10.8	11.5	13.5
Plastic Products	6	14.7	16.1	17.7	6.1	8.6	10.5	22.1	32.7	6.5	19.5	22.6
Power	9	30.3	36.2	38.5	14.5	14.0	15.7	6.3	5.8	14.1	13.6	11.3
Services	6	1.3	3.5	3.2	0.9	2.3	1.6	11.5	-2.1	121.2	34.1	51.3
Telecom	8	27.7	28.6	41.6	3.1	-0.7	-12.2	23.4	12.8	48.6	-168.9	-24.9
Textile	10	12.9	18.0	20.2	3.2	8.3	12.2	25.4	34.0	15.3	21.9	31.7
Nifty 500	349	13.4	12.7	17.3	8.2	7.8	9.7	15.1	14.7	14.6	22.7	22.0
Nifty Ex BFSI	300	13.9	15.9	16.8	7.4	8.0	8.6	14.9	14.1	15.8	21.3	23.5

Note: In our calculation we have excluded companies which don't have 10 years of financial data.

Technical view

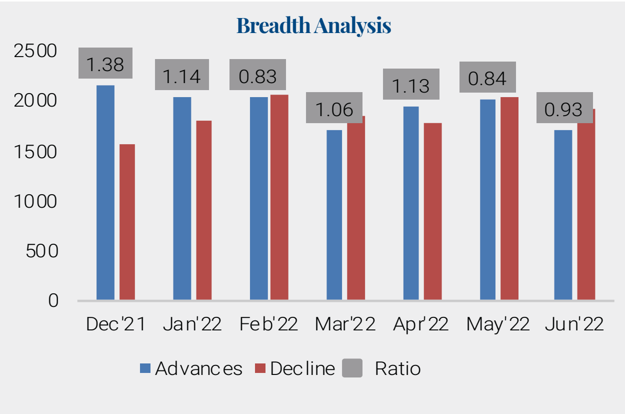
During the month there was an intensified selling pressure in the broader market owing to which the benchmark Indices declined and set the ball rolling to breach the previous swing low (Mar'22) and closed decisively below it. Overall there has been a consecutive lower low formation for the past 8-months and according to the Dow Theory such development changes the present stance in Index to negative. The fall has been severe and steeper than earlier swings of Oct'21-Dec'21, Jan'22-Mar'22 and Apr'22-May'22. The first downswing took 42 sessions for ~12% fall, the second swing took 33 sessions for ~14% correction, the third swing took 24 sessions for ~15% correction, while currently, we saw ~10% correction within a span of 10 days. Hence, it defines the intensity of current downswing. The upswings were however, short-lived and were almost half the downswings. Overall, Nifty has corrected by 22% since the high of Oct'21 and as per technical analysis, a bear market is one when a market experiences prolonged price decline with the prices falling by 20% or more from the recent highs amid widespread pessimism and negative investors' sentiment. The US market has already slipped into a bear market with the S&P-500 down >20% from its peak and the tech-heavy NASDAQ has crashed 33% from the highs even the MSCI ACWI Index, which contains stocks from both emerging and developed markets largely, on account of larger-than-anticipated policy tightening by the global central banks. Markets have not yet discounted a full-blown US recession and its impact on corporate earnings. So, unless inflation shows signs of peaking and then declining, the bearish trends may persist.

Decline in the broader market Indices is of larger concern now. Advance-Decline Ratio (ADR) has been negative for the past few months. Small-cap and mid-cap are declining faster than the benchmark Index and have lost relative momentum compared to Nifty 500. Over 80% stocks in Nifty 500 universe are trading below their 200-DMA following the sell-off in equity markets, which is an important technical gauge for market sentiment. This is the lowest reading since May 27, 2020, when 88% of stocks were trading below their 200-DMA. About 75% of stocks in Nifty 50 are trading below the 200 DMA, which reflects the current weakness. Historically, reading of percentage of stock above 200 DMA below 15 signifies extreme pessimism. From behavioral perspective such levels are produced when the sentiment is bearish and participation turns low thereby leading to a durable bottom formation from medium-term perspective. Therefore, the current reading of 14 (which is the lowest since March 2020) might signify a pull-back.

% of stocks below 200 DMA

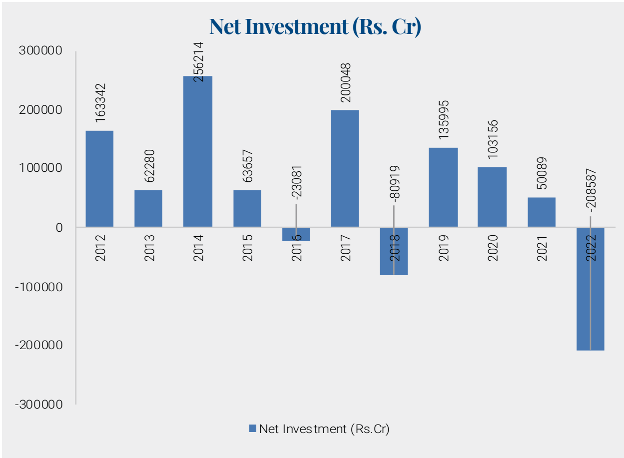
Significant correction	Nifty	NSE 500
Feb-08	91	82
Mar-11	65	70
Feb-16	93	84
Mar-20	95	88
Jun-22	76	83

The ADR for stocks traded on BSE has remained below 1 for the second straight month. If the market trend fails to improve, this will be the first time since March 2020 when ADR has remained below 1 for two successive months. ADR gives an indication of market breadth. An ADR less than 1 indicates more stocks have fallen than those that have gained during the month. So far this month, ADR is 0.77 with 1,618 stocks advancing and 2,091 declining. ADR for May was 0.84, with 1,718 stocks advancing and 2,037 declining. Since April 2020, this is only the fifth month when ADR is below 1. Strong retail flows through direct investing have underpinned positive market breadth subsequent to the pandemic. A drop in ADR is also an indication that retail interest could be waning. Empirically, net advance - decline below -450 signifies market sentiment at its bearish extreme. Current reading of -473 indicates extreme oversold market conditions and impending pull-back. Sectorally, all major indices ended in red weighed by Metal, Media and Realty.



Net foreign fund outflow from India in 2022 has crossed the Rs. 2-lakh-crore mark, the biggest annual figure ever and more than double the previous high of Rs. 80,917 crore recorded in 2018. Of the total, over 90% (~Rs. 1.9 lakh crore), was because of selling by Foreign Portfolio Investors (FPIs) in the stock market, as per CDSL data. June is the ninth consecutive month, in which the FPIs have been net sellers in India, taking the total to nearly Rs. 2.5 lakh crore during the period. So far this month, the FPIs have net sold stocks worth nearly Rs. 25,000 crore. The long-short ratio in index futures - a measure of the number of bullish positions versus bearish ones of overseas investors - stood at 12%. A low reading means foreign investors are bearish. The previous low was 12.4% on February 28, 2020, when concerns over the spread of COVID had erupted. A falling ratio clearly speaks about the negative market setup, but at the same time, a much lower ratio also indicates extreme pessimism, which could turn into short covering if any small positive trigger happens from the global or domestic market. Hence, it seems that the FPIs outflow could continue for a few more months, at least till the time there is clarity about how far the US Fed will move to tighten liquidity. Apart from India, other emerging markets, including Taiwan, Indonesia, South Korea and the Philippines are also facing the heat, resulting in a substantial selloff.

FPIs outflow could continue for a few more months, at least till the time there is clarity about how far the US Fed will move to tighten liquidity



Fed Rate Hike Pattern

Markets across the globe took a hammering after the US Federal Reserve raised its key interest rate by 75bps, the highest since 1994. Historical data however, show that the markets have recovered over 3-6 months after the rate increase. Since 2015, the Fed has increased interest rate 11 times (excluding the recent one). Out of 11 occasions, Nifty has declined only 4 times over one month and three times over three months. On seven occasions, the Nifty gained one month after the increase in Fed rate. Dow Jones rose in 7 of these 11 instances over the next one month and eight times over three months. Between Dec'15 and Dec'18, the Fed increased rates by 200bps; the Nifty gained ~40%, while the Dow Jones Index gained 31%. Between March and December 2018, the Fed rate went up by 100bps, and the Nifty gained ~9%.

Performance of Indian & US Indices

Dates	Fed Rate (%)	Change (%)	Nifty Returns (%)			Dow Jones Returns (%)		
			1 Mth	3 Mths	6 Mths	1 Mth	3 Mths	6 Mths
02-02-2005	2.50	0.25	4.67	-6.41	16.2	3.24	-3.21	-1.09
22-03-2005	2.75	0.25	-5.48	4.01	19.72	-2.41	1.32	-1.77
03-05-2005	3.00	0.25	7.49	20.69	40.49	2.89	3.57	6.15
30-06-2005	3.25	0.25	4.13	17	32.41	3.56	1.93	5.2
09-08-2005	3.50	0.25	5.85	6.16	37.27	-0.19	-0.28	3.44
20-09-2005	3.75	0.25	-7.08	10.26	36.47	-1.91	3.39	7.51
01-11-2005	4.00	0.25	13.08	24.63	33.46	4.86	4.74	6.61
13-12-2005	4.25	0.25	1.37	13.88	10.8	1.28	2.33	2.87
31-01-2006	4.50	0.25	4.98	18.54	14.15	1.48	4.4	4.65
28-03-2006	4.75	0.25	5.51	-11.48	9.99	2.04	-0.98	8.73
10-05-2006	5.00	0.25	-23.65	-14.43	6.97	-6.45	-4.03	5.73
29-06-2006	5.25	0.25	4.43	19.39	38.35	0.26	4.45	11.72
16-12-2015	0.25-0.50	0.25	-4.04	-3.75	9.92	-9.92	-2.8	3.51
14-12-2016	0.50-0.75	0.25	2.66	11.05	19.97	0.47	5.28	8.79
15-03-2017	0.75-1.00	0.25	0.73	5.75	9.91	-2.37	1.81	9.18
14-06-2017	1.00-1.25	0.25	2.79	4.94	10.54	1.23	3.48	18.69
13-12-2017	1.25-1.50	0.25	4.79	2.29	7.41	4.95	1.71	0.47
21-03-2018	1.50-1.75	0.25	4.03	5.47	2.93	-0.89	0.07	4.15
13-06-2018	1.75-2.00	0.25	1.49	3.97	-0.01	-0.72	3.05	-5.25
26-09-2018	2.00-2.25	0.25	-9.26	-3.53	6.08	-6.43	17.41	0.8
19-12-2018	2.25-2.50	0.25	-0.55	5.15	6.57	5.93	10.99	16.7
16-03-2022	0.25-0.50	0.25	2.95	-7.32	-9.51	1.14	-10.86	-9.97
04-05-2022	0.75-1.00	0.50	-0.56	-	-	-3.41	-	-

Source: Economic Times

Long-term Technical Support

On technical parlance from Oct'21 onwards, the Index had been trading amidst the downward sloping channel line with upper panel of the pattern being draw adjoining the highs of Oct'21 (18,604), Jan'22 (18,350) and Apr'22 (18,114). During the month, the lower panel of the pattern was breached, which concludes the end of 5th wave of the bearish channel. As we know, Channel is a continuation chart pattern having a negative slope. The estimated trade length of the last leg of channel is 45 days and hence, it can be expected the negative bias in the market can extend for another 1-1.5 month with a downside target of 14,200 (channel target). However, Nifty is still trending at long-term support of rising trendline. From the high of 6,357 in 2008, if we draw a trendline connecting the highs, the support is placed at ~14,800-15,000 levels. Hence, as Nifty is trading at around the 15,300-level, it can be expected that the ongoing correction might end between 14,800-15,000 levels due to presence of multiple supports.

Short-term Trend - Negative

Nifty has corrected by over 8% (low of 15,183) in June 2022 (the biggest fall since March 2020) and trending at the long-term support area of 14,900-15,200. On short-term chart, index has broken down from bearish cup and handle pattern at 15,700 and hit the low of 15,183. The short bullish blips retested the breakdown and again regained the negative momentum indicating the bears are in control of short-term trend. The gap area has been

proving sturdy for the bears and hurdle for the bulls. Hence, the traders should hunt for short opportunities on rise until 15,900-16,000-band is crossed. The bulls need to cross the 15,900-16,000-levels as confirmation of reversal.

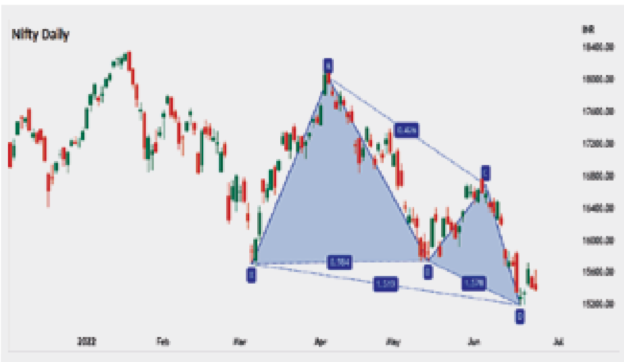
Moving Averages

Currently, Nifty is trending below the short-term and the long-term average of 20/50/100/200. Presence of 'Death Cross', with short-term average of 50 falls below 200 DMA, reflects recent price weakness. Despite its ominous name, the 'Death Cross' is not a market milestone worth dreading, but in recent period it is accompanied by chart pattern of bearish 'Channel' breakdown, which gives strong confirmation of negative momentum with price eventually entering the bearish phase. Additionally, 100WEMA plays a key role for the investors, which is placed at 15,400. Since 2008, whenever the prices tested or hovered around 100WEMA, it offered an opportunity for the investors. Considering a +/-2% deviation from the average, it coincides with the trendline support (mentioned earlier). On shorter duration, Nifty has moved far away from the 20WMA (8.4%). The 20WMA works like a magnet in the market, as it always wants to be closer to the price. Historically, the Nifty rarely moves more than 6% from the 20WMA. On daily time frame, 50DMA is 1.5% away at 16,538. The 200DMA is 11% away at 17,231. Hence, it is key to note that crucial trend deciding level for the market is now seen at 16,500 (20WMA & 50DMA) and for a counter trend rally to materialize, the Index needs to close above it.

Oscillators

The momentum oscillator RSI has bounced from the oversold zone and is positively placed, which could fuel the up-move. The daily RSI is currently at 37 and a move above 55 will assure the bullish confirmation of the Index. It has come out of the oversold zone during the last few days of consolidation. MACD histogram shows a decline in bearish momentum. But the MACD line is still far away from the zero line but turning back from the oversold zone. While other momentum indicators like TSI and KST too has given bearish signal. The ADX (25.85) shows bear strength, as the negative directional indicator - DMI is above the +DMI. Generally, if the prices moves above the 20DMA, the +DMI might cross the -DMI. However, the longer-term picture provides a different connotation, as the weekly stochastic oscillator recorded bearish crossover, indicating extended correction. Past few weeks' corrective phase hauled weekly stochastic oscillator in extreme oversold territory (placed at 22), indicating impending pull-back, while the monthly RSI is already below the 60-level and nearing to its historical support level of 55, which reigns all the reason to expect an impending pull-back. Hence, considering the overall chart structure, the Index is expected to witness buying interest on small decline towards the key support zones (14,800-15,000) to repeal a bounce towards 16,500-16,700.

Harmonic Buildup: As the fear in the market is at an extreme level of 2008-09 and 2020, present dip is an excellent opportunity for the investors to accumulate the best-outperforming stocks. Recent dip to the low of 15,183 shows partial Harmonic pattern build-up. The Sea Horse pattern is a variation of ABCD pattern. The Impulse move in downtrend recognized as A-B, while Fibonacci retracement of A-B to the extent of 38.2%-50% makes up the C. While the point D makes up 161.8-261.8% of B-C. In Nifty, the start of FY22 the high of 18,095 has been marked as A, while the low of May'21 at 15,735 is marked B and the pull-back rally of June'21 at 16,793 is marked as C (retraced by >38.2%). Now according to the said theory, the D level has a magnitude of 161.8-261.8% of B-C, which measures around 14,025-15,080. Hence, in case the pattern materializes, 1st leg of support for Nifty corresponds with the support level of 15,000 mentioned earlier. Currently, Nifty has provided a pull-back taking support from 15,200 (150% retracement). The trade-action point is after the price reversal and trading above the retracement at C level (16,793), while for the bottom hunters, the key turning or trend reversal points for Nifty is seen at around 15,000-level.



Elliot Wave Forecast: As per Elliot Wave theory, on weekly time frame the bounce after 7,511 of Mar'20 is considered as the start of wave (5) of the larger super cycle. It seems inner wave (i) of (5) completed from 7,511-9,989, while wave (ii) seems to have completed from 9,989-8,806 and wave (iii) at 18,604 and wave (iv) or (v) may be in progress. Minimum 38.2% projected correction of wave (iv) is placed at 14,800-14,900. Nifty has already entered in this major support zone and witnessing consolidation. On short-time frame i.e. in daily chart, the decline progress of wave (iv) starts after marking high of 18,604. Wave (iv) has unfolded into a complex corrective wave structure. Present price structure might unfold into a 'Double/Triple Three' where a combination two corrective structure is likely to be revealed. Wave 'W' seems to have evolved into a Zig-Zag formation, while the high of 18,114 can be marked as 'X'. Hereon the Wave 'Y' can be a subdivision of Zig-Zag, Triangle or a Triple three. Hence, for Zig-Zag formation maximum downside can be seen at around 14,400-level (considering wave A = wave B). For Triangle, if the recent low of 15,183 if considered as end of 3rd leg, then the Index is likely to trade amidst 15,100-16,700 and finally for Triple three combination, the broader range for Nifty is 14,800-17,500. Therefore, it seems downside in Nifty is limited till 14,400 (Zig-Zag) with probability remains high of Nifty regaining strength from 14,800 (Triple three).

Going ahead, considering the present setup, Nifty needs to decisively close above 16,000-level along with improving market breadth that will confirm end of corrective phase and open the door for extended pull-back. Failure to do so would lead the index to undergo consolidation in 16,000-15,100 range amid stock-specific action. On upsides, 16,000-level remains the key monitorable, as it is confluence of June'22 gap-down area on June 13 (16,172-15,886), the 23.6% retracement of entire rally since Mar'20 and the downward sloping trendline adjoining the highs of Apr'22 (18,114) and June'22 high (16,794). While on the lower end, breach of 15,200 on a closing basis would lead to extended correction towards major support zone of 14,800-14,600 (38.2% retracement of Mar'20 rally). Bear market correction historically seen with a maximum magnitude of 18-21 months and the current correction is already eight months old so, one can expect the correction to end in another six months, while in the worst case scenario, it might extend for another 13 months.

Other Indices

Bank Nifty: After a sharp 11% decline in the past few weeks, Bank Nifty has approached oversold territory in oscillators with RSI reading of 35 and stochastic at 15 suggesting that aggressive short at lower levels should be avoided, as technical pull-backs could not be ruled out. However, the Index needs to start forming higher high-low in the daily chart on a sustained basis for the technical pull-back to materialize. Inability to do so would keep the negative bias intact and lead to an extended correction towards 31,000 in the near-term. The crucial 31,000-level happens to be the 80% retracement of previous major rally of December 2020-October 2021 (28,97641,829). Immediate hurdle for the Index is seen at around 34,000-34,346 (gap down area).

Harmonic Build-up: In the last six months i.e. since Oct'20, the Index has unfolded into an ABCD harmonic pattern. In the weekly time frame, the pattern begins with a decrease in price AB (41,829-34,018), followed by a reversal and a rise BC (34,018-39,424) at 61.8% retracement of AB. The BC move then reverses into a new bearish move CD (39,424-32,155), which goes below the bottom made at point B. Recent low in Bank Nifty is at 32,290 i.e. point D of the said harmonic pattern still remains valid and can be implied that prices are about to change direction.

Nifty Mid-cap: Nifty Mid-cap has approached the key support of 50% retracement of CY21 rally. On the oscillator front too, the Index has been dragged into oversold region and with weekly stochastic reading of 19 followed by support generated from 100EMA for the past few week indicating of an impending pull-back. However, trend continues to remain down and does not indicate any reversal until the Index provides a decisive close above the 27,050 to mark that a bottom is in place.

Nifty Small-cap: Past few months of correction has dragged the index lower and breached the important support levels at every interval. The Index is now sustaining above 78.2% retracement of CY21 rally amid oversold prices conditions. From Dec'21 onwards, the prices are trading within the downward sloping channel line and presently, it seems that the prices have halted at the lower panel of the pattern coinciding with 100WEMA at around 8,000-8,200. Hence, sustaining above which might tempt the bulls to take charge.

Sectors to Watch:

Nifty Realty Index: Realty index broke out of 10-years consolidation in July'21 at 370 and hit the high of 560 in Nov'21. As market corrects, realty index is down by ~35% in last 7 months. The 10-yrs consolidation breakout is retested at 370 giving the investors an opportunity to accumulate the best outperforming stocks. The 50% Fibonacci retracement level from the low of 160 to high of 560 also coincides around 360. RSI in weekly time frame is also approaching the buying level, as the price action is at strong support zone. Hence, present setup provides an excellent low risk- high reward trade setup and the investors can accumulate Realty stocks with a medium-term approach.

Nifty Auto Index: Auto sector has witnessed a sustainable up-move over the last few weeks. Presently, the sector is placed at the edge of an upside breakout of cluster resistance of up and down sloping trendline of around 10,600. Hence, a sharp up-move from here could attract a sharp positive impact on the sector. Positive chart pattern like higher tops and bottom is still in place in the weekly time frame. On oscillator front, no sign of reversal can be seen yet, while the weekly 14 period RSI continues to remain positive.

Global Market

Dow Jones: The index extended declining trend tracking Fed policy outcome. As a result, the index settled the month below the crucial 31,000-mark. The weekly price action forming bearish candle carrying lower high low, indicates prolonged correction. Going ahead, a decisive close above gap area of 32,500 would be required for a meaningful pull-back to materialize in the absence of which extended correction can be seen. On the down side, 200WMA at around 29,300 would now act as the key support.

Commodity

Gold: Amid strong US dollar, gold prices eased during the month and settled at 1,840. The weekly price action formed an Inside day bar indicating continuous upside pressure in the yellow metal around 1,900-mark. Lack of faster retracement on either side indicates extended consolidation in the broad range of 1,900-1,780. Going forward, the recent breakdown area at around 1,880-1,900 remains strong resistance.

Brent Crude: Brent prices reversed sharply lower over the past two weeks amid growing fears of US recession and dollar strength, leading prices to settle at $113. The prices failed to surpass $125-mark and reacted sharply lower resulting in an Evening Star like bearish reversal pattern at 61.8% retracement of mid-March rally of 98-139. In the process, the prices also breached a trendline connecting past six week lows, which indicates waning upward momentum and upsides is capped at $125 in the near-term. Going forward, a decisive breach of 105 would make current decline strongest since March 2022 and take the prices towards lower band of past three months (95).

LME Copper: LME Copper sank to a ten month low during last month, as the outlook for demand deteriorated after the US Federal Reserve's large rate hike fueled the worries about recession and data from China indicated weak growth. The weekly price action formed a sizable bear candle for the third consecutive week with a lower high low signaling continuation of corrective bias. Prices trading below the psychological 9,000-mark will open downside towards June 2021 lows of 8,200 in the coming weeks.

Currency

USD-INR: The INR continues to depreciate led by outflows of about $27bn from the Indian stocks this year, and strength in the Dollar driven by Federal Reserve interest-rate hikes. The USD-INR presently trades at the higher band of the rising wedge with $79 remaining a key hurdle in the short-term. On the Oscillators front, the INR continues to trade in neutral price region, which indicates room for further upside.

World economic calendar
July 2022

Monday	Tuesday	Wednesday	Thursday	Friday
				1
				IN: S&P Global India PMI Mfg JN: Jobless Rate US: ISM Manufacturing CH: Caixin China PMI Mfg JN: Tokyo CPI Ex-Fresh Food YoY
4	5	6	7	8
EC: PPI YoY EC: Sentix Investor Confidence	**IN: S&P Global India PMI Services** US: Durable Goods Orders US: Factory Orders UK: S&P Global/CIPS UK Services PMI CH: Caixin China PMI Services	US: MBA Mortgage Applications US: ISM Services Index US: S&P Global US Services PMI EC: Retail Sales MoM	US: Initial Jobless Claims US: ADP Employment Change US: Trade Balance JN: Leading Index CI JN: Coincident Index	US: Change in Nonfarm Payrolls JN: BoP Current Account Balance US: Unemployment Rate US: Wholesale Inventories MoM JN: Trade Balance BoP Basis
11	12	13	14	15
JN: Core Machine Orders MoM JN: Machine Tool Orders YoY	**IN: Industrial Production YoY** **IN: CPI YoY** JN: PPI YoY US: NFIB Small Business Optimism EC: ZEW Survey Expectations	US: CPI MoM UK: Industrial Production MoM UK: Manufacturing Production MoM CH: Trade Balance UK: Trade Balance GBP/Mn	**IN: Wholesale Prices YoY** **IN: Trade Balance** JN: Industrial Production MoM US: Initial Jobless Claims US: PPI Final Demand MoM	CH: GDP YoY US: U. of Mich. Sentiment US: Retail Sales Advance MoM US: Industrial Production MoM CH: Industrial Production YoY
18	19	20	21	22
UK: Rightmove House Prices MoM US: NAHB Housing Market Index UK: CBI Trends Total Orders	EC: CPI YoY UK: Jobless Claims Change US: Housing Starts UK: ILO Unemployment Rate 3Mths US: Net Long-term TIC Flows	UK: CPI YoY US: Existing Home Sales EC: Consumer Confidence UK: RPI MoM JN: Tokyo Condominiums for Sale YoY	US: Initial Jobless Claims EC: ECB Main Refinancing Rate US: Leading Index JN: BOJ Policy Balance Rate US: Philadelphia Fed Business Outlook	JN: Jibun Bank Japan PMI Mfg US: S&P Global US Manufacturing PMI JN: Natl CPI YoY UK: Retail Sales Inc Auto Fuel MoM UK: GfK Consumer Confidence
25	26	27	28	29
IN: Bloomberg July India Economic Survey US: Dallas Fed Manf. Activity US: Chicago Fed Nat Activity Index	US: Conf. Board Consumer Confidence US: New Home Sales US: Richmond Fed Manufact. Index US: FHFA House Price Index MoM JN: PPI Services YoY	US: FOMC Rate Decision (Upper Bound) US: Durable Goods Orders US: Wholesale Inventories MoM US: Pending Home Sales MoM JN: Leading Index CI	US: Initial Jobless Claims US: GDP Annualized QoQ UK: Nationwide House PX MoM EC: Consumer Confidence US: Personal Consumption	**IN: Eight Infrastructure Industries** JN: Industrial Production MoM JN: Jobless Rate US: U. of Mich. Sentiment EC: GDP SA QoQ

IN: India, US: United States, EC: European Union, UK: United Kingdom, CH: China, JN: Japan

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		  • Finance Restructuring
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		  • ESOP Valuation
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NSE Market Achievers Award 2017
REGIONAL RETAIL MEMBER OF THE YEAR 2017 – EASTERN INDIA

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Gyanada e-learning initiative launching soon!

Ashika Group supports charitable foundation to fuel the aspirations of young girls in India.

With our vision to develop essential 21st century capacities, computational thinking and working with computer-based systems, we will be launching our e-learning module by September,2020.

It has been designed as two sub-initiatives: **Every Child Can Code (ECCC)** *and* **Makers in the making (MIM)**.

Updates on the Gyanada Labs In-School program

Our updates for the month of June 2022:

- With the support of Morning Star CSR, we have supported 3 schools and 1 non-profit with a total of 32 computer systems in Mumbai and Beed district, Maharashtra.
- 21 students participated in an online activity on carbon footprint organised by ConnectFor in Mumbai
- The new academic year has started on June 15,2022. We are teaching grades 1 to 10. We are teaching approx 1500 students.

Help us change computer education for children in low income schools. Support us set up 10 Gyanada labs in to low-income schools in the coming academic year.

In the coming academic year, we aim to set up 10 Gyanada labs in 10 schools. In every school we want to set up 15 low cost Raspberry pi computers. Every Gyanada lab will impact the lives 800-1000 children every year. The labs will enable the schools to provide quality computer education that is open source and affordable.

The cost of 1 Raspberry pi enabled system is INR 12000.

The cost of 5 Raspberry pi enabled system is INR 60000

The cost of 1 child receiving computer education for a year is INR 225

Please support our mission to enable the lives of more than **8000 school children** in the coming academic year. To support kindly click here https://tinyurl.com/58tsr29a

If you are interested to join one of the sessions to experience our way of learning, feel free to reach out to our founder, Rinsa at +91 8451856662 or write to us at info@gyanada.org

We, at Gyanada Foundation, engage students in practical learning. For this we provide kids with Gyanada Lab Kits. To help us fund these kits, visit: https://gyanada.org/donate.html. You can also write to us at rinsa@gyanada.org or connect with us at 9819044922. Our bank details are:

GYANADA FOUNDATION HDFC Bank, Stephen House Branch, Current A/c No. 50200002885400

IFSC CODE: HDFC0000008

MICR CODE: 700240002

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