

Buoyancy witnessed in Indian equities across the board; realty, auto, banking, IT, pharma and sugar stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	54,647.33	53,424.09	1,223.24	2.29	53,793.99	54,893.73	53,367.52
Nifty	16,345.35	16,013.45	331.90	2.07	16,078.00	16,418.05	15,990.00

- 1) Indian equities continued to rally and were strong today led by value buying and after Ukraine President Volodymyr Zelenskyy said that he has "cooled down regarding the question of a NATO membership for his country", which was a key reason why Russia went to war with its neighbour.
- 2) The Sensex was up by whopping 1,223.24 points or 2.29 percent to end at levels of 54,647.33. On the other hand, the Nifty was up by 331.90 points or 2.07 percent to end at levels of 16,345.35. Among the Sensex 30 stocks, Asian Paints, Reliance Industries, and Bajaj Finance were up in the range of 5-6 per cent. IndusInd Bank, M&M, Bajaj Finserv, Tata Motors, Adani Ports, HDFC Bank, Maruti Suzuki, Ultratech Cement, and Tech Mahindra were up in the range of 3-4 per cent. On the other hand, Shree Cement, ONGC, Power Grid, NTPC, Coal India, and Tata Steel slipped by over 1 per cent each.
- 3) The broader markets were also upbeat today led by value buying. The BSE MidCap index was up by 2.37 percent and the BSE SmallCap index was up by 2.16 percent.
- 4) In terms of sectoral performance, Nifty Realty and Nifty Auto index were up by 3 per cent each; the Nifty Bank, Financial Services, Private Bank and PSB indices, up 2 per cent each; and the Nifty IT and Pharma indices, up 1 per cent.
- 5) FIIs sold equities worth Rs. 4,818.71 crore on Wednesday. On the other hand, DIIs bought equities worth Rs. 3,275.94 crore. Month till date, FIIs sold equities worth Rs. 39,058 crore. On the other hand, DIIs bought equities worth Rs. 27,696.49 crore. In the month of February 2022, FIIs sold equities worth Rs. 45,720.07 crore. On the other hand, DIIs have bought equities worth Rs. 42,084.07 crore.

Sectors and stocks

- 1) Shares of Dwarikesh Sugar hit a new high of Rs. 113.70, on rallying 9 per cent on the BSE in Wednesday's intra-day trade on expectation of strong earnings. We had recommended Dwarikesh Sugar Industries at Rs. 74.8 on Samvat 2078 Muhurat Trading day - Nov. 04, 2021 with a target price of Rs. 100 (target price achieved on 17th Jan, 2022). The stock of the company has rallied by 41 per cent in the past eight trading days. In the last one week, the stock outperformed the market by surging 25 per cent, as against a 3 per cent decline on the S&P BSE Sensex.

Dwarikesh Sugar is an Uttar Pradesh based sugar company with sugar crushing capacity of 21,500 TCD, distillery capacity of 163 KLD & co-generation capacity of 91 MW. In October-December quarter (Q3FY22), the company reported a near four-fold jump in profit after tax (PAT) at Rs. 28.88 crore, as against Rs 7.47 crore in Q3FY21. Total income grew 56 per cent year-on-year to Rs 602 crore from Rs. 385 crore in a year ago quarter. Sugar segment sales growth was led by higher domestic sales quota and increase in sugar realisation.

Dwarikesh Sugar in its Q3FY22 concall had said - "so far as the distillery segment is concerned, we have sold about 3.92 Crores liters of ethanol in the nine months period, which is as compared to 1.89 Crores liters of ethanol that we had sold in the previous year nine months. Our term loan profile is lean and trim, all the loans that we carry in our books are at subsidized rate of interest and our rating continues to be A+ although ICRA has recently revised our outlook from stable to positive which means in due course we should get the much deserved upgrade in our rating. Short-term rating for the commercial papers program is A1+ ". The Company said that the estimated sugar production during the ensuing season 2021-22 is in excess of 31 million tons after considering 3.4 million tons of sugar sacrifice in favor of ethanol. The management said "So far as the ethanol season year is concerned from our Dwarikesh Nagar plant we expect to supply about 5.4 Crores liters of ethanol and the new plant which is going to come up and which will be operational in June 2022"

- 2) Shares of Sun Pharmaceutical Industries were up by 3.5 per cent at Rs. 885.80 on the BSE in Wednesday's intra-day trade, rallying 8 per cent in the past two trading days. The stock of the Company were close to its 52-week high level of Rs. 902.50 touched on February 4, 2022. On Tuesday, the company announced after market hours that its subsidiary, Taro Pharmaceuticals USA Inc, has completed the acquisition of subsidiary companies of Galderma. It paid \$99.279 million for the entire transaction. In the past three months, Sun Pharma has outperformed the market by gaining 16 per cent, as against an 8-per cent decline in the benchmark index.
- 3) Shares of airline companies InterGlobe Aviation and SpiceJet rallied up to 8 per cent on the BSE in Wednesday's intra-day trade after the government announced resumption of international flights from March 27, 2022. The move is expected to boost international capacity and will help soften airfares, which have been increasing due to increased demand and rise in crude oil prices. Among the individual stocks, IndiGo rallied by 8 per cent to Rs. 1,722 and SpiceJet 7 per cent to Rs. 60.75 in intra-day trade. In the past one month, shares of IndiGo declined 27 per cent, as compared to near a 8 per cent fall on the benchmark index. The stock of SpiceJet hit a 52-week low at Rs. 53.30 on Monday, March 7, 2022.

Key recent major developments..

- 1) Domestically, retail investors have invested in Rs. 19,705 crore in equity-oriented mutual fund (MF) schemes in February, 2022. This was the 12th consecutive month of inflows into the equity category. The data from Association of Mutual Funds in India (Amfi) shows that all the 11 categories of equity funds recorded net inflows. Among the equity categories, flexicap and sectoral funds saw net inflows of Rs 3,873.56 crore and Rs 3,441 crore respectively. Inflows through the systematic investment plan (SIP) continued to remain strong at Rs 11,437.70 crore, only Rs 79 crore lower compared to January. Total assets under management of SIP fell to Rs 5.49 trillion in February as against Rs 5.76 trillion in January due to the correction in the market.
- 2) WTI crude futures fell to below \$120 per barrel amidst volatility on Wednesday. US oil prices have gained more than 30% since Russia invaded Ukraine and hit their highest since 2008 at above \$130 this week amid fears of further supply disruptions and escalating sanctions, exacerbated by uncertainties about the possible return of Iranian crude to global markets. Earlier, Brent crude oil had surged past \$132 a barrel after United States announced a formal ban on import of Russian crude oil. Till date, crude oil prices have jumped massively led by supply disruptions amidst Russia - Ukraine war. The release of 60 million barrels by United States from its strategic reserves did not result in cooling off crude oil till yesterday. Despite the significant rise in crude oil prices, the Organization of Petroleum Exporting Countries (OPEC) and its allies, including Russia, have opted to maintain a 400,000 barrel per day increase in output in March.
- 3) Globally, the foreign ministers of Russia and Ukraine Sergey Lavrov and Dmitry Kuleba respectively are expected to meet on the sidelines of a multilateral conference in Antalya, Turkey on Thursday March 10, according to Russian radio station Sputnik, who quoted its country's foreign ministry spokesperson. The meeting will be trilateral with the Turkish Foreign Minister participating in the peace talks.
- 4) Russian President Vladimir Putin will hold a meeting with members of his government on Thursday and the main topic will be measures to minimise the impact of sanctions on the Russian economy, the Kremlin said in a statement.
- 5) The European Union said on Wednesday it was stepping up sanctions over Russia's invasion of Ukraine, including targeting more Russian individuals and adding banks in Moscow's ally Belarus. The 27-nation bloc was blacklisting 160 more Russian parliamentarians and oligarchs, was banning exports of maritime navigation technology to Russia and was including crypto-assets under its punitive measures, European Commission President Ursula von der Leyen said. The EU was also targeting the banking sector in Belarus, where Russia has amassed troops it used to attack Ukraine.
- 6) Oil prices continued to spike on Tuesday, with Brent surging past \$132 a barrel on expectations that the United States and Britain will announce a formal ban on Russian oil imports, raising supply concerns.
- 7) A Western ban on Russian oil imports may more than double the price to \$300 a barrel and prompt the closure of the main gas pipeline to Germany, Russia warned on Monday, as talks on Ukraine hardly advanced amid efforts to agree on civilian safe passage. Seeking to ratchet up the pressure on Russian President Vladimir Putin, the United States said Washington and its European allies were considering banning Russian oil imports. Oil prices spiked to their highest levels since 2008. "A rejection of Russian oil would lead to catastrophic consequences for the global market," said Russian Deputy Prime Minister Alexander Novak, saying the price could more than double to over \$300 per barrel.

- 8) Earlier, The International Monetary Fund warned Russia's war with Ukraine and the subsequent sanctions imposed upon President Vladimir Putin's country will have a "severe impact" on the global economy. "While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty, the economic consequences are already very serious," the Washington-based lender said in a statement on Saturday. "Price shocks will have an impact worldwide, especially on poor households for whom food and fuel are a higher proportion of expenses," the IMF said. "Should the conflict escalate, the economic damage would be all the more devastating. The sanctions on Russia will also have a substantial impact on the global economy and financial markets, with significant spillovers to other countries." The Fund said central banks will need to "carefully monitor the pass-through of rising international prices to domestic inflation, to calibrate appropriate responses." Governments will need to find ways to support the most vulnerable households and help offset rising living costs. "This crisis will create complex policy trade-offs, further complicating the policy landscape as the world economy recovers from the pandemic crisis," the Fund said.
- 9) Earlier, Global financial services provider firm Moody's Analytics said "Global gas prices are expected to rise if any material and sustained escalation in the conflict between Russia and Ukraine puts constraints on Russia's gas exports." Russia is the world's largest exporter of gas. The majority of its gas exports stay in Europe, with Germany, Italy, Turkey, Austria and France the largest recipients, the consulting firm said adding nevertheless, Asia's largest economies - China, Japan, South Korea and India - all source some of their gas needs from Russia. Japan's largest supplier is Australia, but it also has long-term contracts with Russia, Malaysia, Qatar, and Brunei, the rating agency said. "And although there are other large global producers that could reroute supplies, it would take time to build infrastructure and increase liquefied natural gas processing capacity." In the meantime, however, global supplies would stay tight, it added.
- 10) Domestically, Gross Goods and Services Tax (GST) revenue collections in February (for sales in January) jumped by 17.6 per cent year-on-year to Rs. 1.33 lakh crore, data released by the Finance Ministry on Tuesday showed. This is the fifth consecutive month of GST collections being more than Rs. 1.30 lakh crore. The gross GST revenue collected in the month of February 2022 stood at Rs. 1,33,026 crore of which Central GST is Rs. 24,435 crore, State GST is Rs. 30,779 crore, Integrated GST is Rs. 67,471 crore (including Rs. 33,837 crore collected on import of goods) and cess is Rs. 10,340 crore (including Rs. 638 crore collected on import of goods).
- 11) Domestically, in a key development, GDP growth rate for the October-December quarter of 2021-22 stood at 5.4 per cent as against 0.7 per cent growth in the corresponding period a year ago, with the construction sector recording a contraction of 2.8 per cent and manufacturing sector registering a meagre growth of 0.2 per cent. In its second advance estimates of national accounts, the National Statistical Office (NSO) has projected 8.9 per cent growth in 2021-22. In its first advance estimates released in January, it had projected 9.2 per cent growth for 2021-22 as against a contraction of 6.6 per cent in 2020-21.

Global markets

- 1) Asian peer indices ended in red on Wednesday with Japan's Nikkei slipping by 0.3 per cent, South Korea's Kospi and China's Shanghai Composite declining by over 1 per cent each, and Hong Kong's Hang Seng slipped by 0.7 per cent.
- 2) European equities were also upbeat today after Ukraine President Volodymyr Zelenskyy comments which suggested that Ukraine is not keen now for NATO membership.

Ajcon Global's observations and view

- 1) Indian equities were buoyant today after Ukraine President Volodymyr Zelenskyy talk suggested that Ukraine was no longer insisting on NATO membership which has led to this war with Russia. Today, value buying was seen across the board as markets were in oversold terrain. Russia's invasion of Ukraine with full scale military attack on its key cities has created havoc in capital markets across the globe. The war has directly impacted crude oil prices which has rattled investors sentiments across the globe. Apart from war between Russia and Ukraine, there are strong headwinds like high crude oil prices and fears of US Fed hiking interest rates, fears of liquidity tightening and hawkish stance of global central banks amidst spike in global inflation and strong FII selling. All eyes on the likely repercussions of the ongoing war on global economy. We believe investors should be very selective and can gradually enter in quality stocks on pessimism in staggered manner.
- 2) It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree amidst the ongoing crisis. It would be advisable to avoid companies having exposure to Russia, Ukraine and Eastern European countries. Additionally, companies dependent on crude oil and crude oil derivatives will face

significant margin pressure. Supply chain disruptions would also pose a challenge for companies and hence investors need to be careful in selection of stocks.

- 3) Always remember, steep corrections and crash in a structural bull market will keep markets healthy. Structurally, Indian economy is poised to do well after major reforms like thrust on digital economy after demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, reforms in power, one of its kind Union Budget announced last year which focused on investment led spending to drive growth with impetus on Privatisation, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on renewables sector, Ethanol blending, scrapping policy etc. India today has emerged as a potential destination for investment.
- 4) Before the significant correction, the domestic sentiments were upbeat as in third wave of COVID-19 led by Omicron variant did not have a major impact on the economy. In addition, factors like good growth in merchandise exports, RBI's accommodative stance in its Monetary Policy, good GDP data, robust GST collections, PLI incentives in various sectors, strong vaccination drive, faster than expected economic recovery in Unlock phase, expectations of strong Q3FY22 earnings season, good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri, Diwali, Christmas, New Year and good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis.
- 5) There is a strong line up of IPOs and focus would be on LIC IPO considering its scale. As per media reports, Finance Minister Nirmala Sitharaman's interview suggested that the FM may consider another look at the timing of Life Insurance Corporation of India IPO amidst Russia's invasion of Ukraine which has rattled financial markets. We suggest investors to be careful about the forthcoming IPOs and understand the fundamentals based on risk reward profile. No doubt, IPOs of sectors in limelight like E-Commerce, Insurance, companies engaged in Digital space, Speciality chemicals, Companies business model suited to new age, companies having business model which caters to the demands of Electric Vehicles would always gain maximum attention. However, investors need to be careful with expensive IPOs whose valuations are beyond logic. The carnage witnessed in some of the recently listed companies makes a case for investors to be more cautious.
- 6) Domestically, positive factors like dovish stance of RBI in its Monetary policy, growth-oriented Union Budget presented by the Finance Minister (we believe the Budget is growth oriented with significant focus on capex. Emphasis is laid on Agriculture, MSMEs, Housing, Digital ecosystem, Defence, Electric Vehicles and Solar Power) and strong GST collections will support bulls. With Q3FY22 earnings season coming to an end, investors will now keenly track global cues like global inflation data (upcoming US and China inflation numbers) and crude oil price movement. Going ahead, with monthly auto sales (weak numbers), GST collections and Q3 GDP data (subdued) out, investors will keep an eye on the result of assembly elections in Uttar Pradesh, Punjab, Goa, Manipur and Uttarakhand due tomorrow on March 10, 2022.



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For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, research@ajcon.net, akash@ajcon.net

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Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062