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Market wrap

Nov. 15, 2022

Domestic bourses end in green; railway stocks rally..

Index	Nov.15, 2022	Nov.14, 2022	Change	% change	Open	High	Low
Nifty	18,403.40	18,329.15	74.25	0.41	18,362.75	18,427.95	18,282.00
Sensex	61,872.99	61,624.15	248.84	0.40	61,630.05	61,955.96	61,436.90

- 1) On Tuesday, Indian benchmark indices ended in green. The Nifty had witnessed a gap up opening and later touched an intraday high of 18,427.95. Finally, the Nifty ended the day up by 74.25 points or 0.41 percent to end at levels of 18,403.40. The Sensex ended the day up by 248.84 points or 0.40 percent to end the day at levels of 61,872.99
- 2) Among the Nifty 50 stocks, the major gainers were Powergrid, ONGC, ICICI Bank, Bharti Airtel, Hero Motocorp up in the range of 1.84 percent to 2.41 percent. On the other hand, the major losers were HDFC Life, Grasim, Cipla, ITC, UPL down in the range of 0.46 percent to 1.01 percent.
- 3) The broader markets too were upbeat today. The Nifty Midcap 100 index was marginally up by 0.01 percent and on the other hand Nifty Smallcap 100 index was up by 0.26 percent respectively. In terms of sectoral indices performance, the major gainers were Nifty Bank index up by 0.70 percent, Nifty Private Bank index up by 0.67 percent, Nifty Auto index up by 0.64 percent, Nifty Financial Services index up by 0.59 percent, Nifty Metal index up by 0.47 percent. On the other hand, the major losers were Nifty Media index down by 0.20 percent, Nifty Realty index down by 0.11 percent.
- 4) On Tuesday, FIIs net sold equities worth Rs. 221.32 Crore. On the other hand, DIIs net sold equities worth Rs. 549.28 Crore. Month till date, FIIs have net bought equities worth Rs. 13,357.83 Crore and DIIs net sold equities worth Rs. 6,146.97 Crore. In the month of October 2022, FIIs have net sold equities worth Rs. 489.06 Crore and DIIs net bought equities worth Rs. 9,276.97 Crore

Sectors and stocks

- 1) Shares of Fusion Micro Finance Limited (FMFL) made a weak stock market debut with its shares witnessing a decline of over 9 per cent to Rs 334.40 on Tuesday. The stock listed at Rs. 360.50, down 2 per cent as against its issue price of Rs. 368 per share on the BSE. On the NSE, the shares made a debut at Rs. 359.50. The stock finally ended the day down by 12.12 percent to Rs. 323.40 at the NSE on Tuesday. The Company's IPO was overall subscribed by 2.95 times. The qualified institutional buyers (QIBs) portion was subscribed 8.59 times, while the portion reserved for non-institutional investors was subscribed 1.38 times. However, retail individual investors were subscribed just around 51 per cent or 0.51 times, the data showed. FMFL provides financial services to unserved and underserved women in rural and semi-rural areas across India. As of June 30, 2022, total AUM stood at Rs 7,389 crore.
- 2) Shares of Rail Vikas Nigam Limited (RVNL) ended up by 12.92 percent to Rs. 61.60 at the NSE on Tuesday. Recently, the Company has been declared successful bidder in an International project in Maldives named as Development of UTF (Uthuru Thila Falhu- Island) Harbour. This is a strategic project of Govt. of India. The estimated project costs is Rs. 1544.6 Crore (approx.). The Company was established with the mandate of fast track implementation of rail infrastructure projects working for and on behalf of Ministry of Railways as an executing arm. The contribution of the Company in building of rail infrastructure in the Country is amply demonstrated by its remarkable performance and presence in 26 locations across the country with 34 functional project implementation Unit (PIU). The company is executing projects in all the Zonal Railways and 19 States of the Country.

The Company is in the business of executing all types of railway projects including new lines, doubling, gauge conversion, railway electrification, metro projects, workshops, major bridges, construction of cable stayed bridges, institutional buildings etc. The Company functions as an executing arm of Indian Railways and works for and on



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behalf of the Ministry for projects assigned to it for execution. It generally works on a turnkey basis and undertakes the full cycle of project development from conceptualization to commissioning including stages of design, preparation of estimates, calling and award of contracts, project and contract management, etc. RVNL's major client is the Indian Railways and other clients include various central and state government ministries, departments, and public sector undertakings. RVNL has also started participating in Metro, Highways and other infrastructure sectors through competitive bidding. As part of its original mandate, RVNL has successfully set up five project specific Special Purpose Vehicles (SPVs) for execution of important rail connectivity projects in PPP mode. Four SPVs have already been commissioned for traffic. More SPVs are in different stages of being set up under Indian Railways' participative policy framework.

- 3) Shares of Mazagon Dock Shipbuilders ended up by 5.12 percent to Rs. 841.10 at the NSE on Tuesday. The Company had launched third 'P17A' Nilgiri Class Stealth Frigate namely 'Taragiri' on 11th September 2022. In Q2FY23, the Company bagged ship repair orders for: MV Albastross, Tag-10, Offshore Adventure, MV Kalpana. The Company initiated Manufacturing of Indigenous Midget Submarine. According to the Company's FY22 Annual Report, the Company's objective is to achieve 20% Post Tax return on equity in line with DPE's guidelines with improved order position and profitability. The Company has been consistently making profit and distributing dividend for the past 17 years. Mazagon Dock Shipbuilders Limited is one of India's leading shipbuilding yards, having evolved from a single unit, small ship repair company to a multi-unit and multi-product company. Mazagon Dock Shipbuilders Limited, also known as "Ship Builders to the Nation," is one of India's leading Defence public sector undertaking shipyards, operating under the Ministry of Defence. India's only shipyard to have built destroyers and conventional submarines for the Indian Navy; one of the initial shipyards in India to manufacture Corvettes (Veer & Khukri Class) in India. Over the years, the Company has grown to become the premier Warship building yard in India. By investing in cutting edge technologies and sophistication of the product line, the Company has institutionalised shipbuilding in the nation and generated opportunities for increasing production capacity to serve both Indian and overseas customers.

Key recent major developments..

- 1) India's exports entered negative territory after a gap of about two years, declining sharply by 16.65 per cent to USD 29.78 billion in October, mainly due to global demand slowdown, even as trade deficit widened to USD 26.91 billion, according to data released by the commerce ministry on Tuesday. Key export sectors, including gems and jewellery, engineering, petroleum products, ready-made garments of all textiles, chemicals, pharma, marine products, and leather, recorded negative growth during October. Imports during the month under review rose by about 6 per cent to USD 56.69 billion on account of increase in the inbound shipments of crude oil and certain raw materials such as cotton, fertiliser and machinery. (Source: Press Trust of India).

Commerce Secretary Sunil Barthwal said the October trade data was impacted by the Diwali and Dussehra festive season as factory workers tend to go on leave. "This is a seasonal blip... We will assess whether this is a trend that will persist after looking at how November trade numbers turn out... The WTO has reduced global trade growth forecasts and the IMF has downgraded GDP growth projections. We are constantly watching the data and we will see," he said

Ajcon Global's observations and view..

1) Short term view:

- a. On Tuesday, Indian benchmark indices were back in green led by reduced CPI and WPI inflation which lifted investor sentiments. However, there are headwinds like US dollar appreciation against the Indian rupee, rising crude oil prices. We expect Indian equities to rally led by positive global cues. In addition, the domestic consumption is strong and investment led spending will augur well for overall demand.
- b. At the time of writing this report, US benchmark indices rallied significantly led by reduced US WPI data. On the other hand, European benchmark indices were trading in green.
- c. Domestically, till date, majority of the Companies have delivered good set of Q2FY23 results considering global concerns. Street participants will also keep an eye on rupee movement against the US Dollar and global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- d. We reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. Indian economy is performing strongly as indicated by robust GST collections, strong direct



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tax collections, good manufacturing PMI data and good economic activity amidst macroeconomic challenges. We expect stock specific action in the midcaps and smallcaps space. At the moment sectors like Auto and auto ancillaries, Banking, NBFCs, Capital Goods, Railways, select companies in the infrastructure space and new age business segment can be considered.



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