

Indian equities were buoyant today led by positive global cues; IT, banking, metal stocks rally..

| Index | Today's Close | Prev. close | Change | % change | Open | High | Low |
|---------------|---------------|-------------|---------------|-------------|-----------|------------------|-----------|
| Nifty | 16,278.50 | 16,049.20 | 229.30 | 1.43 | 16,151.40 | 16,287.95 | 16,142.20 |
| Sensex | 54,521.15 | 53,760.78 | 760.37 | 1.41 | 54,069.30 | 54,556.66 | 54,034.97 |

- 1) On Monday, Indian benchmark indices were upbeat led by positive global cues and majority of the Indian companies witnessing good performance in Q4FY22 result till date. The Nifty had witnessed a gap up opening of 102.2 points and the rally intensified in the later part of the day. Finally, the Nifty ended the day up by 229.30 points or 1.43 percent to end at levels of 16,278.50. Among the Nifty 50 stocks, the prominent gainers were Hindalco, IndusInd Bank, Infosys, Tech Mahindra, Bajaj Finserv up in the range of 3.50 percent to 4.75 percent. On the other hand, Sensex closed up by 760.37 points or 1.41 percent to end the day at levels of 54,521.15.
- 2) The broader markets too ended in the positive terrain on Monday. The Nifty Midcap 100 index was up by 1.40 percent and the Nifty Smallcap 100 index was up by 1.59 percent.
- 3) In terms of sectoral indices performance, the major gainers were the Nifty IT index, Nifty PSU Bank index, Nifty Metal Index, Nifty Private Bank index up in the range of 2.29 percent to 3.17 percent.
- 4) Today, FIIs net bought equities worth Rs. 156.08 Crore. On the other hand, DIIs too net bought equities worth Rs. 844.33 Crore. Month till date, it has been observed that FIIs intensity of selling has reduced and has net sold equities worth Rs. 10,303.05 Crore as against FII selling of Rs. 43,305.75 Crore in the month of June 2022 (upto June 20, 2022 (markets were closed on June 18, 2022 -Saturday and June 19, 2022 - Sunday). On the other hand, DIIs net bought equities worth Rs. 8,211.37 Crore (month till date) as against Rs. 50,835.54 Crore in the same period of June 2022.
- 5) On Monday, the rupee had touched a record low of 80 and finally ended at 79.98 against the US Dollar. We believe RBI interventions has helped slowdown the pace of rupee fall considering the aggressive FII selling since the war between Russia and Ukraine started.

Sectors and stocks

- 1) Shares of Poonawalla Fincorp moved up by 7.14 percent to Rs. 266.30 on Monday at the NSE. Poonawalla Fincorp Limited (Formerly known as Magma Fincorp Limited) is a Cyrus Poonawalla group promoted non-deposit taking systemically important non-banking finance company (ND-SI-NBFC), registered with the Reserve Bank of India (RBI). The Company started operations nearly three decades back and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). Consequent to raising capital of Rs 3,456 Crore in May'21, the Company is now part of Poonawalla Group with majority stake owned by Rising Sun Holdings Private Limited, a company owned and controlled by Mr. Adar Poonawalla. Commenting on Poonawalla Fincorp's performance in Q4FY22, CA Abhay Bhutada, Managing Director, Poonawalla Fincorp said "We are excited to enter the new financial year with momentum by our side. FY22 has been a year of consolidation for us, and we made considerable progress in line with our Consolidate, Grow and Lead strategy. We are well poised to grow as the execution excellence of consolidation phase propels us now into the growth orbit. As we grow the focus will continue to be on building a sustainable business on pillars of technology and digital first approach, customer centricity, risk management and the alternate distribution channels of Digital, Direct and Partnerships."

The Company's Assets Under Management (AUM) for FY22 increased to Rs. 16,579 Crore, recording a growth of 17% over FY21 while disbursements stood at Rs. 9,494 Crore, growing by 158% over FY21. Housing subsidiary Poonawalla Housing Finance Limited (PHFL) crossed the Rs. 5000 Crore AUM mark in Mar'22. NIM increased by 65



bps YoY to 8.9%. Consolidated PBT for FY22 stood at Rs. 492 Crore against a loss of Rs. 749 Crore in FY21. PAT for FY22 stood at Rs. 375 Crore. Collections continued to remain buoyant with collections efficiency of 108.4% in Mar'22.

- 2) Shares of Larsen & Toubro Infotech ended up by 6.20 percent to Rs. 4,221 on the NSE. Commenting on the Q4FY22 performance of the Company Sudhir Chaturvedi, President Sales & Executive Board Member said "We are pleased to report 26.6% YoY revenue growth in constant currency. We added 4 Global Fortune 500 logos to our client list in Q1, taking our total Global Fortune 500 customers to 77. We are also happy to announce 4 large deal wins during the quarter with net new TCV of US\$ 79mn." Nachiket Deshpande, Chief Operating Officer & Executive Board Member said "Our healthy pipeline will ensure that we maintain our large deal momentum. Our sustained net headcount addition reflects our confidence and continued focus to deliver strong growth in FY23".

We believe will continue to do well in the coming quarters and are impressed by its performance in the Q4FY22result.

- 3) Shares of Easy Trip Planners closed up by 7.02 percent to Rs. 403.20 on Monday at the NSE. Recently, EaseMyTrip, India's second-largest online travel platform, has expanded its international footprint by incorporating a wholly-owned foreign subsidiary in New Zealand as part of its global expansion strategy. The company has forayed into New Zealand anticipating a huge pent-up global demand for the travel and tourism sector in the coming months. As a part of this new phase of expansion, the company will launch a localized travel search engine in New Zealand to enable the customers in the region to enjoy the value-based services of EaseMyTrip. The subsidiary will also replicate the lean and cost-effective operating model with no minimum paid-up capital. The brand has successfully adopted a similar model in India for over 14 years and will continue to pass on maximum benefits to customers in the respective region.

EaseMyTrip is India's second-largest online travel platform in terms of air ticket bookings, based on the Crisil Report-Assessment of the OTA Industry in India, February 2021. Furthermore, growing at a CAGR of 78% in profits during FY20-22, it is one of the fastest-growing internet companies. Bootstrapped and profitable since its inception, EaseMyTrip offers 'End to End' travel solutions including air tickets, hotels and holiday packages, rail and bus tickets as well as ancillary value-added services. EaseMyTrip offers its users the option of zero-convenience fees during bookings. EaseMyTrip provides its users with access to more than 400 international and domestic airlines, over 1 million hotels as well as train/bus tickets and taxi rentals for major cities in India. Founded in 2008, EaseMyTrip has offices across various Indian cities, including Noida, Bengaluru, and Mumbai. Its international offices (as subsidiary companies) are in the Philippines, Singapore, Thailand, the UAE, the UK, and the USA.

Key recent major developments..

- 1) In a key development, Yes Bank will invest up to Rs. 350 crore for a potential 20 percent stake in asset reconstruction company JC Flowers, which has emerged as the base bidder for the lender's bad loans worth Rs 48,000 crore. The private sector lender is planning to raise up to USD 1 billion in FY23 to bolster its core capital base once the NPA challenge is over, its managing director and chief executive Prashant Kumar told reporters here on Monday. The bank's core equity ratio stands at 11.5 percent right now and will go to over 14 percent after the capital raise, he said, adding that even though the market conditions are not conducive right now, it would like to conclude the process in FY23 itself.

Kumar said he feels the transfer of gross non-performing assets of over Rs 48,000 crore - which is legacy corporate loans gone bad - to the asset reconstruction company (ARC) will take care of the biggest challenge faced by the bank as it will reduce the NPAs to under 2 percent from the present 14 percent. He also said the bank has already begun a Swiss challenge process to have the highest bidder for the stock of NPAs and JC Flowers will have the right to match the price. When asked about challenges faced by JC Flowers, Kumar said the ownership issues at the entity have been "resolved" to Yes Bank's satisfaction. The entire process of getting the best bidder under the Swiss challenge and transfer of assets to the ARC will take up to 75 days, he said. (Source: Press Trust of India)

Ajcon Global's observations and view..

- 1) **Short term and medium term view:**
 - a) Indian equities were upbeat today led by positive global cues and mirroring performing of global equity indices. Asian peer indices too ended in green on Monday. Both European and US benchmark indices were trading in positive terrain at the time of writing this report. We expect Indian equities to be positive considering good demand



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outlook for Indian companies and majority of the Companies have reported good Q4FY22 performance so far. However, after recent run up, some profit booking is warranted.

- b) Going ahead, investors will take cues from European Central Bank (ECB) and Bank of Japan monetary policy meetings scheduled in this week. There are also fresh concerns that Europe may get into recession if Russia cuts natural gas supply to European industries which affected market sentiments.
 - c) Street participants will keenly watch economic developments in US and European countries COVID-19 related developments in China, crude oil price movement, rupee movement against the US Dollar and bond yields. Investors will track Q1FY23 earnings performance and take cues from the management commentary especially on raw materials price front and its outlook for future considering the recent fall in commodity prices, pricing scenario and supply chain related developments as it has a huge bearing on logistics costs, guidance on growth especially companies having exposure to US and European markets.
 - d) US Fed meet will be an important event for global equities. Earlier, US inflation hit a 41 year high and investors now expecting rate hike of 75bps by the US Fed which we believe is discounted by the markets.
 - e) Domestically, factors like RBI's intervention to support the rupee, marginal reduction in WPI inflation, good IIP data and reduced retail inflation will support positivity. In the medium term, Indian equities are expected to remain positive led by factors like fall in crude oil prices and recent fall in prices of the commodities like copper, aluminium, steel prices augur well for Indian companies and economy as a whole. Fundamentally, the decline in crude oil prices will help rupee to stabilise as it will reduce imported inflation. Sectors like Paints, Oil Marketing Companies, Specialty Chemicals stands to benefit from decline in crude oil prices.
- 2) **Long term view:** 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 sector, 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.
- 3) **Approach suggested for investors:** It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree. History has proved that after any crisis, equities recover strongly and give stellar returns. One should also remember that not every fall is worth buying and investors should evaluate the Company based on fundamentals and valuation before taking any decision. We recommend investors for the near term to Buy quality names on dips and sell on rise considering the volatility in the market in the near term led by too many macroeconomic variables at the moment. We believe markets would give opportunities to enter quality stocks at reasonable valuation. Sectorally speaking, Financial sector (specially banking), Pharma, auto-mobile, auto components, Infrastructure & food processing looks attractive at the current valuations.



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SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

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