

Domestic bourses were upbeat today and shrug off macroeconomic concerns; buying witnessed across the board..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	57,356.61	56,579.89	776.72	1.37	57,066.24	57,442.24	56,904.51
Nifty	17,200.80	16,953.95	246.85	1.46	17,121.30	17,223.85	17,064.45

- 1) Indian equities were upbeat today led by value buying. However, there are headwinds like comments of rate hike by US Fed, increasing COVID-19 cases and lockdown in China, high global inflation led by crude oil prices and commodity prices, intensification of war between Ukraine and Russia, rising bond yields globally and rupee depreciation.
- 2) The Sensex was up by 776.72 points or 1.37 percent to end at levels of 57,356.61. On the other hand, the Nifty was up by 246.85 points or 1.46 percent to end at levels of 17,200.80. Among the Sensex 30 stocks, M&M, Powergrid, Titan, Indusind Bank, Bajaj Finance, Reliance Industries, L&T, SBI were up in the range of 2.28 percent to 4.11 percent. On the other hand, Axis Bank, Asian Paints, Maruti and TCS ended in red.
- 3) In terms of sectoral performance, Nifty Realty index was up by 3.5 percent and Nifty Auto index was up by 3 per cent, respectively.
- 4) The broader markets too were upbeat today. The BSE Midcap index was up by 1.62 per cent and the BSE Smallcap index was up by 0.76 per cent.
- 5) Today, FIIs sold equities worth Rs. 1,174.05 Crore. On the other hand, DIIs bought equities worth Rs. 1,643.84 Crore. Month till date, FIIs sold equities worth Rs. 33,683.09 Crore. On the other hand, DIIs bought equities worth Rs. 23,680.77 Crore. In the month of March 2022, FIIs sold equities worth Rs. 43,281 Crore. On the other hand, DIIs bought equities worth Rs. 39,677 Crore in March 2022.

Sectors and stocks

- 1) Shares of Mahindra CIE Automotive rallied by 13 per cent to Rs 225 on the BSE in Tuesday's intra-day trade, after the company reported stable standalone operational performance in the March quarter (Q1CY22). The Company witnessed an improvement in EBITDA margin by 310 basis points (bps) to 15.5 per cent in Q1CY21, as against 12 per cent in Q4CY21. The company reported standalone profit after tax of Rs. 169 crore in Q1CY22, against a loss of Rs. 76 crore in Q1CY21. Sequentially, the company registered a profit of Rs 43 crore in Q4CY21. Meanwhile, the stock rallied 20 per cent in the past two trading days.
- 2) Shares of Meghmani Finechem hit a record high of Rs. 1,469.55 on rallying 14 per cent on the BSE in Tuesday's intra-day trade. The stock has rallied by 28 per cent in the past two trading days after the company reported a robust operating and financial performance for March quarter (Q4FY22). In the past seven weeks, the stock of the specialty chemicals has rallied by 91 per cent from a level of Rs. 771 on March 7, 2022.

Commenting on the results Mr Maulik Patel; Chairman and Managing Director – MFL said: This has been a landmark year for MFL. We made a debut on stock exchange as an independent entity in August 2021. I am pleased to announce, we have delivered record financial performance. We have achieved highest ever Revenue & PAT of Rs. 1,551 Cr and Rs. 253 Crore. This is a testimony of our team's effort of delivering excellence despite the tough external environment. Our strong operational efficiency and internal cost control measures allowed us to maintain margins even with the inflationary pressure. I am happy to announce a 5-year vision of achieving Rs. 5,000 crores in revenue by FY27, translating to a revenue CAGR of 25% from hereon. This growth will come from higher revenue contribution of value-added derivatives & specialty chemical. We have announced to enter in Chlorotoluene & its value chain and in phased manner we will keep on announcing our further capex in the future. We continue to move forward in our strategic direction of expanding scale, strengthening integration and achieving low cost of operations

Meghmani Finechem Limited ("MFL"), incorporated in 2007, is a leading manufacturer of Chlor-Alkali products and value-added Derivatives. The company has state of the art manufacturing facilities in Gujarat, Dahej – a leading PCPIR region in the country. MFL's Dahej facility is a fully integrated complex with a well-established infrastructure and Captive Power Plants. The company is India's 4th largest manufacturer of Caustic Soda, Chlorine and Hydrogen and a leading manufacturer of Caustic Potash, Chloromethanes and Hydrogen Peroxide. MFL got listed on August 18, 2021 as an independent entity. MFL is now expanding its product base to include derivative and specialty chemical products like Epichlorohydrin (ECH), Chlorinated Polyvinyl Chloride (CPVC) and Chlorotoluene & its value chain, which are a key raw material for multiple end user industries, which are presently catered by 100% import. The company is focused on sustainable value creation for all its stakeholders and has been awarded with the Responsible Care certificate.

Key recent major developments..

- 1) Indian edible oil markets heaved a sigh of relief after Indonesia, which is the world's largest producer of palm oil, clarified that the export ban announced late last week won't be applicable to crude palm oil but will only cover shipments of refined, bleached, deodorised (RBD) palm olein. This in a way is also beneficial to the Indian local refining industry as any move to curb import of refined oils boost domestic oilseeds crushing and refining.
- 2) Brent crude futures declined to 4.1 per cent to US\$102.32 a barrel and WTI oil shed 3.5 per cent to \$98.54 a barrel.
- 3) Earlier, Federal Reserve Chairman suggested that US Fed could raise interest rates by 50 bps points at their meeting early next month and begin reducing their US\$9 trillion asset portfolio.
- 4) Global bonds added to this year's epic rout as traders brace for the Federal Reserve to raise interest rates at the most aggressive pace since 1982. The policy-sensitive two-year yield climbed as much as six basis points on Friday to 2.74%, the highest since late 2018, after Fed Chair Jerome Powell said "it is appropriate in my view to be moving a little more quickly." That shrank the premium 10-year notes offer over two-year securities, sending the yield gap below 20 basis points. "I think there's something in the idea of front-end loading," Powell said during an International Monetary Fund panel discussion, adding that a half-percentage point hike in May "is on the table." (Bloomberg)
- 5) Globally, in a key development, G7 finance ministers said they have provided and pledged together with international community additional support to Ukraine exceeding \$24 billion for 2022 and beyond, adding that they were prepared to do more as needed. In a statement, the ministers said they regretted Russia's participation in international forums, including G20, International Monetary Fund and World Bank meetings this week. "International organisations and multilateral fora should no longer conduct their activities with Russia in a business-as-usual manner," the ministers said. (Reuters)
- 6) Earlier, Ukrainian President Volodymyr Zelensky has said in a video address "Russian forces have begun the battle for the Donbas region, but Ukraine will defend itself. "Now we can say that Russian troops have started the battle for Donbas, for which they have been preparing for a long time. A very large part of the entire Russian army is now focused on this offense," Zelensky said. "No matter how many Russian troops are driven there, we will fight," he added.
- 7) The International Monetary Fund, in its latest World Economic Outlook report, has slashed its forecast for India's FY23 gross domestic product growth to 8.2 per cent, saying that higher commodity prices will weigh on private consumption and investment. This was one of the steepest cuts for emerging economies compared to the IMF's January WEO forecasts. Saying that global economic prospects have worsened significantly due to commodity price volatility and disruption of supply chains caused by the war in Europe, IMF cut its global growth outlook for calendar year 2022 to 3.6 per cent from 4.4 per cent, and said that both Russia and Ukraine could experience large GDP contractions.
- 8) Domestically, "Thermal plants across the country are grappling with a coal shortage as the power demand in the states has increased, and a number of states are not able to bridge the gap between demand and supply because of insufficient coal stocks at thermal plants," All India Power Engineers Federation (AIPEF) spokesperson VK Gupta said in a statement. Gupta stated that coal shortages indicate a power crisis in the making. As per Central Electricity Authority's (CEA) latest daily coal report, the coal stock at 81 out of a total of 150 thermal power stations using domestic coal is critical as per guidelines, the statement said.
- 9) Domestically, the wholesale price inflation hit a four-month high of 14.55 percent in March, data released on Monday showed. "The high rate of inflation in March, 2022 is primarily due to rise in prices of crude petroleum and natu-

ral gas, mineral oils, basic metals, etc., due to disruption in the global supply chain caused by the Russia-Ukraine conflict." the Commerce and Industry Ministry said in a statement.

- 10) Globally, US inflation jumped at its fastest pace in more than 40 years, with costs for food, gasoline, housing and other necessities squeezing American consumers and wiping out the pay raises that many people have received. The Labour Department said on Tuesday that its consumer price index jumped 8.5 per cent in March from 12 months earlier the biggest year-over-year increase since December 1981. Prices have been driven up by bottlenecked supply chains, robust consumer demand and disruptions to global food and energy markets worsened by Russia's war against Ukraine. The government's report also showed that inflation rose 1.2 per cent from February to March, up from a 0.8 per cent increase from January to February. The March inflation numbers were the first to capture the full surge in gasoline prices that followed Russia's invasion of Ukraine on February 24.
- 11) Domestically, CPI inflation spiked to a 17-month high in March led by a big jump in prices of food and manufactured goods, official data showed. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on Tuesday, inflation based on the Consumer Price Index (CPI) rose to 6.95% in March from 6.07% in the previous month.
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Ajcon Global's observations and view..

- 1) Indian equities were back in green led by value buying. However, there are concerns like comments of rate hike by US Fed, intensification of war between Ukraine and Russia, increasing COVID-19 cases in China, concerns of high inflation across the globe, rising bond yields globally and rupee depreciation.
- 2) It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree amidst the ongoing crisis. History has proved that after any crisis, equities recover strongly and give stellar returns. 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.
- 3) It would be advisable to avoid companies having exposure to Russia, Ukraine and Eastern European countries for the time being. Additionally, companies dependent on crude oil and crude oil derivatives will face margin pressure. Supply chain disruptions would also pose a challenge for companies and hence investors need to be careful in selection of stocks.
- 4) 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.
- 5) There is a strong line up of IPOs and focus would be on LIC IPO considering its scale. 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) Before the significant correction led by war between Russia and Ukraine in Ukraine, 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, growth-oriented Union Budget presented by the Finance Minister (we believe the Budget is growth oriented with significant



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focus on capex - emphasis is laid on Agriculture, MSMEs, Housing, Digital ecosystem, Defence, Electric Vehicles and Solar Power). In addition, factors like good growth in merchandise exports, RBI's dovish 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, strong Q3FY22 earnings season and management commentary and good spike in retail participation from Tier II and Tier III cities have supported the bulls.

- 7) All eyes would be on upcoming LIC IPO considering its scale, Q4FY22 earnings season (focus would be on management commentary with regards to demand outlook, how companies are dealing with input cost pressures and supply chain disruptions) which will drive market direction.
- 8) We expect volatility to continue led by F&O expiry, global macroeconomic factors which are affecting companies Q4FY22 performance.



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For research related queries contact:

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

CIN:L74140MH1986PLC041941

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

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