

Rising crude oil prices and depreciating rupee played spoilsport today; Indian equities were under pressure today..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	53,026.97	53,177.45	150.48	0.28	52,623.15	53,244.84	52,612.68
Nifty	15,799.10	15,850.20	51.10	0.32	15,701.70	15,861.60	15,687.80

- 1) On Wednesday, Indian benchmark indices were under pressure led by fall in US benchmark indices with no major domestic triggers at the moment, rupee touching an all time low and rising bond yields. The Sensex witnessed a gap down opening of 554.3 points and touched an intraday low of 52,612.68. However, later during the day, the Sensex recovered by 632.16 points from intraday low and finally gave up all the gains and ended down by 150.48 points or 0.28 percent to end at levels of 53,026.97. On the other hand, Nifty was closed down by 51.10 points or 0.32 percent. Among the Sensex 30 stocks, the major losers were Hindustan Unilever, Axis Bank, Bajaj Finserv, Titan, Wipro down in the range of 1.59 percent to 3.46 percent. On the other hand, NTPC, Reliance Industries, Sun Pharma, Bharti Airtel were up in the range of 0.95 percent to 2.42 percent.
- 2) The broader markets too were under pressure today. The BSE MidCap index down by 0.70 percent, while the BSE SmallCap index was down by 0.18 percent.
- 3) In terms of sectoral indices performance, the major losers were the BSE Bankex index, BSE Information Technology, BSE Fast Moving Consumer Goods were down in the range of 1.01 percent to 1.20 percent.
- 4) Month till date, FIIs sold equities worth Rs. 56,974.32 Crore. On the other hand, DIIs have bought equities worth Rs. 45,221.03 Crore. In May 2022, FIIs had sold equities worth Rs. 54,292.47 Crore. On the other hand, DIIs bought equities worth Rs. 50,835.54.

Sectors and stocks

- 1) Shares of E.I.D. – Parry (India) closed up by 6.64 percent to Rs. 535.65 on the BSE after making an intraday high of Rs. 541.85. E.I.D. – Parry (India) Limited (EID) is engaged in the business of Sugar and Nutraceuticals. The Company is part of the Rs. 417 bn. Murugappa Group, one of India's leading business conglomerates. The Company is a leading sugar producer in South with 6 Sugar factories and a standalone distillery in South. The Company is first and amongst the few sugar manufacturers in India with a dedicated R&D wing and cane breeding programme. The Company's Nutraceuticals division has more than 3 decades of expertise in microalgae cultivation. In the Nutraceuticals space, E.I.D. Parry is a world leader in micro algae technology comprising spirulina and natural beta carotenoids. (Source: Company)
- 2) Shares of Bosch ended up by 5.98 percent to Rs. 15,529.10 after making an intraday high of Rs. 15,618.45 on the BSE today. Mr. Soumitra Bhattacharya, Managing Director of the Company in its Q4FY22 analyst concall conducted earlier said "Under the tractor and passenger vehicle segment the company has done better than the market. Although the company has marginally underperformed in the heavy commercial and light commercial segment, this is primarily driven by the fuel-mix change. We believe the company will grow better than the market once the semiconductor crises reduces and recedes with our opportunity primarily in LCV and pass car segment.

He further said "Modern India is a fast adopter of technology and legislation. India has successfully implemented the BS6 stage 1, the norms for on road vehicles in April 2020 and is gearing up for implementation of BS6 stage 2 emission norms which will be effective with effect from April, 2023. Bosch is fully prepared with technology of BS6 stage 2 and is already working with customers for CVs project executions. BS6 norms have reduced the gap with EU norms significantly and we are catching up with global standards in a quick way, example, being the introduction of real drive emissions and in-service conformity in BS6 stage 2, that captures the emission performance of vehicles in real drive conditions, which is a big step forward. Europe is currently discussing targets for EU7 legislation and India

yet to start discussions on the next legislation, which is BS7. Nevertheless, Bosch has created internal scenarios for the next legislative targets and has defined the technology roadmap for the same. The technology roadmap for these future legislation scenarios is accessible to Bosch worldwide region and hence Bosch India is well equipped to bring these technologies to India as well. Overall, there will be an opportunity for Bosch to once again bring world class products to India, and I would say not just world-class products, but innovative products as also in affordable price."

- 3) Shares of APL Apollo Tubes Limited ended up by 5.54 percent to Rs. 878.15 on the BSE after making an intraday high of Rs. 884.35. The Company had witnessed good performance in Q4FY22 result. Commenting on the Company's performance for FY22, Mr. Sanjay Gupta, Chairman, APL Apollo, said, "APL Apollo Tubes Ltd is the dominant leader in Indian structural steel tube industry. I feel proud of the way Team APL Apollo again executed a strong business continuity plan focused on Health, Cost and Cash and demonstrated all round performance. With our continuous focus on working capital and cost efficiencies, we performed better on all fronts in FY22: 1) EBITDA increased 39% and Net profit increased 55%, 2) Net working capital cycle sustained at 7days. 3) A final dividend at the rate of Rs.3.5 per share of the Company has been recommended by the Board of Directors today for the financial year ended 31 March 2022."

Mr. Anubhav Gupta - The Chief Strategy Officer of the Company in its Q4FY22 analyst concall conducted earlier had said " FY22 has been very eventful year when we started the financial year was a second wave of Corona which hit the nation badly and by the time we close the year there was Russia-Ukraine war which also kind of impacted the year in a big way, but I am very glad to share that we have ended FY22 on a very high note and we were able to make a perfect pyramid with sales volume growth of 7%, EBITDA rising by 39% and PAT rising by 55%. The volumes were soft in the first 9 months, but we picked up very strongly in the Q4 with 27% YoY growth and closed FY22 with the highest ever volume of 1.75 million tons. Our EBITDA per ton improved to Rs. 5,400 from Rs. 4,200 per ton this was driven by value addition, brand premium and market fold which we saw in the first half of FY22 and now we are confident that our margins going forward should be in range of Rs. 4,500 to Rs. 5,500 per ton."

- 4) Shares of Dhanvarsha Finvest ended up by 16.41 percent to Rs. 106.05 after making an intraday high of Rs. 109.25. From today, the Company's stock started getting traded on the NSE. Mr. Rohanjeet Juneja – Managing Director and Chief Executive Officer, in the Company's Q4FY22 analyst concall conducted earlier said "We are pleased to announce strong pre-tax earnings of 32.6 million for the quarter and a 106.7 million for the full year fiscal 2022. This translates to earnings growth of 976% year over year with a 3.6% ROA. Disbursements were 4.2 billion for the year up from 870 million a year ago led by MSME, Gold and business loans backed by our first loss default guarantee. With substantially higher disbursements revenues were up 187% year over year to 701 million up from 244 million in the previous year. This was led by very strong interest income growth up 272% year over year to 455 million from a 122 million in fiscal 2021. While our loan book has risen by almost 3x over the last 1 year to 3.06 billion. More importantly, the customer count has increased by almost 6x to 33,427 customers. Today, that number is up to almost 42,000 borrowers. The product composition of our loan book today is 49% in MSME business loans, 40% in gold loans, 6% in loans against property which is in one of mode and 5% in personal loans. Going forward, the focus of the company will be an MSME business and gold loans driven by strong tech distribution and lending as a service for large financials, which is tremendously profitable and capital efficient for Dhanvarsha's balance sheet."

Key recent major developments..

- 1) Globally, the U.S. economy contracted slightly more than previously estimated in the first quarter amid a record trade deficit and supply chain disruptions, government data showed on Wednesday. The Commerce Department's third estimate of gross domestic product also showed some underlying softness in the economy, with consumer spending revised lower and inventories higher than reported last month. This does not bode well for domestic demand and the economic outlook amid recession jitters as the Federal Reserve aggressively tightens monetary policy to tame inflation. Gross domestic product fell at a 1.6% annualized rate last quarter, revised down from the 1.5% pace of decline reported last month. The economy was initially estimated to have contracted at a 1.4% rate. It grew at a robust 6.9% pace in the fourth quarter. GDP was 2.7% above its level in the fourth quarter of 2019. Consumer spending, which accounts for more than two-thirds of the economy, grew at a 1.8% rate instead of the 3.1% pace reported last month. The downgrade reflected downward revisions to financial services and insurance as well as health care. Spending on long-lasting goods like motor vehicles and recreational goods was revised lower. (Source: Reuters)
- 2) The rupee touched an all time fresh low of 78.97 against the US Dollar on Wednesday led by unabated FII selling.

- 3) The GST Council on Wednesday deferred decision on levying a 28 per cent tax on casinos, online gaming, horse racing and lottery pending more consultations with stakeholders, Union Finance Minister Nirmala Sitharaman said.

The Finance Minister added that council approved exemptions and inverted duty structure suggested by BS Bommai GoM. The Group of Ministers (GoM), which is tasked to submit the report on rate rationalisation, has been given three more months, said Tarun Bajaj, the Revenue Secretary, during the Finance Ministry's press briefing.

Ajcon Global's observations and view..

- 1) **Short term view:** After today's fall amidst volatility, Indian benchmark indices are likely to remain rangebound and investors will keenly watch crude oil price movement. At the time of writing this report, US and European benchmark indices were under pressure which indicates a subdued start on Thursday for Indian indices as well. Indian rupee has been depreciating against the US dollar and hit a fresh all time low today which will play on the minds of investors. Investors will also keep an eye on fiscal deficit data, manufacturing PMI data, onset and progress of monsoon in different parts of the nation. Since the last few days, investor sentiments were improved to some extent led by the fall in prices of commodities like copper, aluminium, steel 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) **Strong line up of IPOs:** There is a strong line up of IPOs upcoming in the near future. We suggest investors to be careful with IPOs that are look expensive and understand the fundamentals based on risk reward profile before taking a decision to invest. 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. The significant fall in the recently listed companies also provide good entry points at the moment.
- 4) **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. Considering there are too many macroeconomic variables, we believe markets would give opportunities to enter quality stocks at reasonable valuation. Sector wise Financial sector (specially banking), Pharma, automobile, auto components, Infrastructure & food processing looks attractive at the current valuations.



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For research related queries contact:

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

CIN: L74140MH1986PLC041941

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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