

Key Benchmark indices across the globe

Index	Sep. 01, 2023	Prev. close	Change	% change	Open	High	Low
Nifty	19,435.30	19,253.80	181.50	0.94	19,258.15	19,458.55	19,255.70
Sensex	65,387.16	64,831.41	555.75	0.86	64,855.51	65,473.27	64,818.37
Nikkei 225	32,710.62	32,619.34	91.28	0.28	32,521.15	32,845.46	32,499.44
Kospi	2,563.71	2,556.27	7.44	0.29	2,551.93	2,568.42	2,551.04
Shanghai Composite	3,133.25	3,119.88	13.37	0.43	3,126.02	3,143.85	3,123.19
Dow Jones	34,837.71	34,721.91	115.80	0.33	34,904.56	34,979.18	34,720.70
Nasdaq	14,031.82	14,034.97	3.15	0.02	14,129.96	14,149.62	13,982.42
FTSE	7,464.54	7,439.13	25.41	0.34	7,439.13	7,492.63	7,439.13
CAC	7,296.77	7,316.70	19.93	0.27	7,310.68	7,358.53	7,294.49
DAX	15,840.34	15,947.08	106.74	0.67	15,936.34	15,984.59	15,840.25

Key macroeconomic indicators

Index	Sep. 01, 2023	August 31, 2023
Brent Crude Oil (\$ per barrel)	84.80	86.83
Gold (\$ per ounce)	1,914.16	1,939.74
Indian Rupee against US\$	82.71	82.78
India 10 year bond yield (%)	7.18	7.17
US 10 year G-sec (%)	4.18	4.09

FII & DII activity

Index	Sep. 01, 2023	August 31, 2023
FII activity (Rs. in Crore)	487.94	2,973.10
DII activity (Rs. in Crore)	2,294.93	4,382.76

Indian equities comeback strongly led by positive demand outlook; midcaps and smallcaps continue to outperform..

- 1) On Friday, the Indian benchmark indices ended in the positive terrain led by good GDP data and Manufacturing PMI data. In addition, positive demand outlook owing to the festive season ahead also improved sentiments. The Nifty opened on a positive note and later touched an intraday high of 19,458.55. Finally, the Nifty ended the day up by 181.50 points or 0.94 percent to end at levels of 19,435.30. On the other hand, the Sensex ended the day up by 555.75 points or 0.86 percent to end the day at levels of 65,387.16.
- 2) Among the Nifty 50 stocks, the major gainers were NTPC, Jio Financial Services, ONGC, JSW Steel, Tata Steel up in the range of 3.17 percent to 5.02 percent. On the other hand, the major losers were Cipla, HDFC Life Insurance Company, Dr. Reddy's Laboratories, Nestle India, Ultratech Cement down in the range of 0.33 percent to 1.01 percent.
- 3) The broader markets too were upbeat on Friday. The Nifty Midcap 100 index was up by 0.84 percent and the Nifty Smallcap 100 index was up by 1.17 percent.
- 4) In terms of the sectoral indices performance, the major gainers were Nifty Metal index up by 2.88 percent, Nifty Auto index up by 1.65 percent, Nifty PSU Bank index up by 1.60 percent, Nifty Oil & Gas index up by 1.56 percent, Nifty IT

index up by 1.12 percent, Nifty Bank index up by 1.02 percent. On the other hand, the major losers were Nifty Healthcare index down by 0.60 percent, Nifty Pharma index down by 0.56 percent.

- 5) In the week gone by, the Nifty closed up by 0.87 percent or 169.5 points to end at levels of 19,435.30. On the other hand, the Sensex ended up by 0.77 percent or 500.65 points to end at levels of 65,387.16.
- 6) On Friday, FIIs have net bought equities worth Rs. 487.94 Crore. On the other hand, DIIs net bought equities worth Rs. 2,294.93 Crore. In the month of August 2023, FIIs had net sold equities worth Rs. 20,620.65 Crore and DIIs had net bought equities worth Rs. 25,016.95 Crore.

Sectors & Stocks

- 1) Shares of Maruti Suzuki India Limited ended up by 3.16 percent to Rs. 10,320.10 after hitting an intraday high of Rs. 10,397.95 at the NSE on Friday led by strong monthly auto sales numbers in August 2023. In the week gone by, the shares of Maruti Suzuki India Limited have rallied by around 9 percent. According to the Company's press release, in August 2023, Maruti Suzuki India Limited sold a total of 189,082 units, which is its highest ever monthly sales volume. Total sales in the month include domestic sales of 158,678 units, sales to other OEM of 5,790 units and exports of 24,614 units.
- 2) Shares of Pokarna Limited ended up by 16.25 percent to Rs. 577 at the NSE on Friday. In the week gone by, shares of Pokarna Limited were up by around 27 percent. The Company is one of the leading exporters of Granite and the largest exporter of Quartz surface. The Company has presence in over 20 countries with an extensive and robust distribution network. In the Quartz segment, the Company is focused on key niches in the US market with clear roadmap to healthy margins. Pokarna Engineered Stone Limited (PESL) — wholly owned subsidiary of Pokarna Limited, is India's largest manufacturer and exporter of quartz surfaces.

In the Granite segment, the Company has Diverse / Rich offerings - Company's color palette includes over 75 varieties of granite sourced from India, Ukraine, Madagascar and Norway. In FY23, in terms of its granite segment's performance, the Company witnessed intense competition and escalated interest rates, which adversely affected its revenues and profitability. However, its vertical integration with captive quarries and state-of-the-art mining and processing infrastructure provided it with a competitive advantage in handling external adversities.

- 3) Shares of RailTel Corporation of India Limited (RailTel) ended up by 14.31 percent to Rs. 239.30 at the NSE on Friday. In the week gone by, the shares of RailTel have rallied by around 45 percent. RailTel Corporation a "Mini Ratna (Category-I)" PSU is one of the largest neutral telecom infrastructure providers in the country owning a Pan-India optical fiber network. The OFC network covers all important towns & cities of the country and several rural areas covering 70% of India's population. Presently, the optic fiber network of RailTel covers over 61000+ route kilometers and covers 6108+ railway stations across India. Our citywide access across the country is 21000+ kms.

RailTel has a strategic relationship with the Indian Railways and it undertakes a wide variety of projects including provision of mission critical connectivity services like IP based video surveillance system at stations, 'e-Office' services and implementing short haul connectivity between stations and long haul connectivity to support various organizations within the Indian Railways. RailTel also provide various passenger services including content on demand services and Wi-Fi across major railway stations in India.

- 4) Shares of Bharat Heavy Electricals Limited (BHEL) ended up by 11.75 percent to Rs. 135.50 at the NSE on Friday. Recently, BHEL has secured the order for setting up the 2x800 MW Supercritical Thermal Power Project Stage-II at Lara in Chhattisgarh through International Competitive Bidding. Scope of work includes Design, Engineering, Manufacture, Supply, Construction, Erection, Testing & Commissioning with Civil & Structural works for the EPC Package with Steam Generator capable of Biomass co-firing, Steam Turbine, Generator & Auxiliaries, emission control systems, control and instrumentation, balance of plant packages etc.
- 5) Shares of DCM Shriram Limited ended up by 11.23 percent to Rs. 1,036.80 at the NSE on Friday. Commenting on the performance for the quarter ending June 2023, in a joint statement, Mr. Ajay Shriram, Chairman & Senior Managing Director, and Mr. Vikram Shriram, Vice Chairman & Managing Director, said: Our Chemicals and Vinyl businesses are facing challenges as a result of global disruptions in demand, supply and costs. We are taking measures in terms of scale, costs and integration that will help us weather these tough times. Both our projects at Chemicals complex in Bharuch on Green Power & 120MW power plant will start bringing cost benefits during Q2/Q3' FY2024 and onwards. Other projects in chemicals business are also in advanced stages with expected commissioning in next six months.

Sugar business environment is positive. Global sugar prices are still elevated, with 2022-23 being a deficit year and expected in 2023-24 as well. Indian markets remained insulated from global markets as the export quota for the current year is already exhausted. Sugar margins in Uttar Pradesh continues to be suboptimal since sugar prices have not moved in tandem with the increase in sugarcane cost, that still continue to be higher in Uttar Pradesh. Our grain process at Ajbapur distillery was also commissioned which will add to our Ethanol production capacity. Fenesta & Shriram Farm Solution businesses continue to witness good momentum and have become significant contributors to growth.”

- 6) Shares of NTPC ended up by 5.02 percent to Rs. 231.35 at the NSE on Friday. Recently, the Board of Directors of the Company has accorded investment approval for Lara Super Thermal Power Project, Stage-II (2x800 MW) at an appraised current estimated cost of Rs. 15,529.99 crore. Earlier, NTPC Limited had signed Business Transfer Agreement for hiving off its mining business to NTPC Mining Limited, a wholly owned subsidiary of NTPC Mining Limited on 17 August 2023.

Key recent developments

- 1) The government on Friday cut special additional excise duty (SAED) on crude petroleum to Rs. 6,700 per tonne with effect from September 2. In the last fortnightly review on August 14, windfall tax on domestically produced crude oil was set at Rs 7,100 per tonne. Besides, SAED or duty on export of diesel will increase to Rs. 6 per litre from Rs. 5.50 per litre, currently. The duty on jet fuel or ATF will be doubled to Rs. 4 per litre effective Saturday, from Rs. 2 per litre currently, according to a finance ministry notification. It said SAED on petrol will continue at nil. India first imposed windfall profit taxes on July 1, 2022. (Source: Press Trust of India)

Ajcon Global's view on Indian equities in the near term

- 1) On Friday, Indian benchmark indices came back strongly led by good GDP data and Manufacturing PMI data, positive demand outlook led by upcoming festive season. We expect markets to remain volatile in the near term led by deficit rainfall and rising crude oil prices. We believe deficit rainfall in August can affect agriculture output which will result in subdued farmers' income. According to India Meteorological Department (IMD), even if the rainfall in September was to remain on the higher side, the June-September seasonal rainfall average is expected to be below normal for the season. This may result in some impact on sectors like Auto, Banking etc. Earlier, Chief Economic Advisor V Anantha Nageswaran was of the view that the economy is expected to grow at 6.5 per cent in the current fiscal notwithstanding deficient monsoon rains. He further added that there is no real cause for concern that inflation would spike out of control as both the government and the Reserve Bank are taking adequate steps to maintain supply and keep prices under check. The CEA said food inflation is likely to subside with the arrival of fresh stock and government measures. However, the impact of deficient rains in August is to be watched.
- 2) Domestically, we suggest investors to remain stock specific and be wary of valuations of companies getting out of comfort zone especially in smallcaps. At the moment, companies in the sectors like Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, select companies in the Infrastructure space, Railways can be considered. We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. Domestically, the economy is doing well which is evident from the recent GST collection data, increase in investment led spending and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Encouraging Q1FY24 results suggest that economy is doing well. Results announced by PSU Banks, NBFCs announced indicated good times for Banking and Financial Services sector. Private Banks too had reported good Q1FY24 performance.



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