

Key Benchmark indices across the globe

Index	July 05, 2023	Prev. close	Change	% change	Open	High	Low
Nifty	19,398.50	19,389.00	9.50	0.05	19,405.95	19,421.60	19,339.60
Sensex	65,446.04	65,479.05	33.01	0.05	65,493.68	65,584.33	65,256.49
Nikkei 225	33,338.70	33,422.52	83.82	0.25	33,165.06	33,389.22	33,041.14
Straits Times	3,185.38	3,203.77	18.39	0.58	3,203.53	3,203.85	3,182.97
Kospi	2,579.00	2,593.31	14.31	0.55	2,593.47	2,601.99	2,578.66
Hang Seng	19,110.38	19,415.68	305.30	1.60	19,355.06	19,378.90	19,095.60
Shanghai Composite	3,222.95	3,245.35	22.40	0.70	3,240.05	3,241.84	3,218.60
Dow Jones	34,366.86#	34,418.47	52.61	0.15	34,254.56	34,372.82	34,226.98
Nasdaq	13,828.49#	13,816.77	11.71	0.08	13,772.10	13,838.17	13,767.36
FTSE	7,437.46#	7,519.72	82.26	1.09	7,519.72	7,519.72	7,434.66
CAC	7,302.62#	7,369.93	67.31	0.91	7,327.78	7,352.12	7,294.60
DAX	15,916.89#	16,039.17	122.28	0.76	15,930.16	15,982.96	15,901.39

#denotes levels of July 05, 2023 at the time of writing this report

Key macroeconomic indicators

Index	July 05, 2023	July 04, 2023
Brent Crude Oil (\$ per barrel)	76.37#	76.25
Gold (\$ per ounce)	1,923.72#	1,925.09
Indian Rupee against US\$	82.22	82.03
India 10 year bond yield (%)	7.11	7.12
US 10 year G-sec (%)	3.92#	3.84

#denotes levels of July 05, 2023 at the time of writing this report

FII & DII activity

Index	July 05, 2023	July 04, 2023
FII activity (Rs. in Crore)	1,603.15	2,134.33
DII activity (Rs. in Crore)	439.01	785.48

Stock specific action continues; midcaps and smallcaps witness buoyancy..

- 1) On Wednesday, the Indian benchmark indices ended in a mixed zone. The Nifty opened on a positive note and later touched an intraday of 19,421.60. Finally, the Nifty ended the day up by 9.50 points or 0.05 percent to end at levels of 19,398.50. On the other hand, the Sensex ended the day down by 33.01 points or 0.05 percent to end the day at levels of 65,446.04.
- 2) Among the Nifty 50 stocks, the major gainers were Bajaj Auto, Divis Laboratories, HDFC Life Insurance Company, Maruti Suzuki India, Hero Motocorp up in the range of 3.50 percent to 5.94 percent. On the other hand, the major losers were HDFC Bank, HDFC, Eicher Motors, UPL, Tata Consumer Products down in the range of 1.06 percent to 2.99 percent.
- 3) The broader markets were upbeat on Wednesday. The Nifty Midcap 100 index was up by 0.71 percent and the Nifty Smallcap 100 index was up by 0.74 percent.

- 4) In terms of the sectoral indices performance, the major gainers were Nifty FMCG index up by 1.82 percent, Nifty Media index up by 1.49 percent, Nifty PSU Bank index up by 1.03 percent, Nifty Oil & Gas index up by 0.84 percent, Nifty Healthcare index up by 0.75 percent, Nifty Pharma index up by 0.71 percent.
- 5) On Wednesday, FIIs have net bought equities worth Rs. 1,603.15 Crore. On the other hand, DIIs net sold equities worth Rs. 439.01 Crore. In the month of June 2023, FIIs have net bought equities worth Rs. 27,250.01 Crore and DIIs have net bought equities worth Rs. 4,458.23 Crore.

Sectors & Stocks

- 1) Shares of Aegis Logistics Limited ended up by 7.54 percent to Rs. 353 at the NSE on Wednesday. Mr. Raj Chandaria - Chairman and Managing Director of the Company in Q4FY23 analyst concall had said "In FY23, we delivered growth through a combination of mergers and acquisitions and organic growth. And we have now embarked on the largest capex implementation in the history of the company and it's progressing well. We have once again delivered record-breaking performance in FY23. The revenues increased by 86% to INR8,627 crores versus INR4,631 crores on a consolidated basis. The EBITDA of INR804 crores was an increase of 37% compared to FY22 and the highest ever. The profit after tax was INR511 crores, representing a growth of 33% over FY22. He further added "Furthermore, as the new projects now being implemented are commissioned, we are confident that the positive momentum that we saw in FY23 will be sustained in FY24 and onwards."
- 2) Shares of Bharat Heavy Electricals Limited ended up by 7.19 percent to Rs. 93.15 at the NSE on Wednesday. Bharat Heavy Electricals Limited (BHEL) has signed a Technical Assistance and License Agreement with General Electric Technology GmbH Switzerland for Gas Turbines. BHEL has been manufacturing and supplying GE-design Gas Turbines to various customers in India and abroad since 1986. Under this extension Agreement, BHEL will gain enhanced rights for existing /uprated and new Gas Turbine models. BHEL, in partnership with GE, is the market leader for Gas Turbines in India. As on date, BHEL has supplied about 230 GE-design Gas Turbines to various oil refineries, process industries and utilities in India and to various overseas customers. In addition, for the last 25 years, BHEL GE Gas Turbine Services (BGGTS) - a 50: 50 JV between BHEL and GE, is providing aftermarket support for engineering, repair and maintenance services to various customers. India's focus on achieving net zero emissions and including green hydrogen in the energy mix will also require future-ready power technologies. As per the agreement, BHEL will also be able to supply Gas Turbines with fuel blends viz. Hydrogen, Methanol, Syngas, etc. and in hybrid configuration contributing towards accelerating the energy transition in India; and through Aero-derivative Gas Turbines helping in grid balancing vis-à-vis the nation's ambitious renewable energy build-up target.

The Agreement will also give a boost to India's 'Aatmanirbhar Bharat' and 'Make in India' initiatives as BHEL will indigenously manufacture state-of-the-art Gas Turbines and their spares at its Hyderabad facility.

- 3) Shares of MOIL Limited ended up by 6.21 percent to Rs. 177.75 at the NSE on Wednesday. MOIL Limited is a Schedule-A, Miniratna Category-I CPSE under the administrative control of Ministry of Steel, Government of India. MOIL is the largest producer of manganese ore in the country, contributing ~45% of the domestic production. It operates eleven mines in the state of Maharashtra and Madhya Pradesh. The company has ambitious vision of more than doubling its production to 3.50 million tonnes by 2030. MOIL is also exploring business opportunities in the State of Gujarat, Rajasthan, Chhatisgarh and Odisha, besides other areas in the State of Madhya Pradesh.

Maintaining the production tempo, MOIL has achieved best ever quarterly manganese ore production of 4.36 lakh MT in the first quarter of FY'24, registering a substantial growth of 35% over corresponding period last year (CPLY). Production of 1.5 lakh MT in June month is also best ever production of any June month since inception. At sales front, MOIL has recorded best ever first quarter sales performance and registered sales of 3.96 lakh MT in the first quarter of the current financial year, with a growth of 39% percent over CPLY.

Continuing its thrust on exploration activities, MOIL has carried out best ever quarterly exploratory core drilling of 20,086 metres in the first quarter of FY'24, which is 3.8 times during CPLY. This will not only form the basis of enhanced production from its existing mines but will also be the foundation of opening new Manganese mines in the country. MOIL has also recorded highest production of Electrolytic Manganese Dioxide (EMD) during the quarter. EMD is a 100% import substitution product, used mostly for pharmaceuticals and manufacturing of batteries.

- 4) Shares of Genus Power Infrastructures Limited (Genus) continued its yesterday's rally and ended up by 20 percent to Rs. 169.05 at the NSE on Wednesday. The Company is the largest manufacturer of "smart meters" and has an integrated manufacturing facility that has supported its widespread installation of meters across India. With an in-



house R&D centre and deep experience in Operations & Maintenance (O&M) of smart meters, Genus is a market leader in India in the metering business.

The Company had announced the signing of definitive agreements with Gem View Investment Pte Ltd, an affiliate of GIC, Singapore ("GIC") for: Setting up of a Platform ("Platform") for undertaking Advanced Metering Infrastructure Service Provider ("AMISP") concessions. GIC will hold 74% (seventy four percent) stake while Genus will hold 26% (twenty six percent) stake in the Platform. The partners have committed to an initial pipeline with a capital outlay of (approx.) USD 2,000,000,000 (USD Two billion). Genus would be the exclusive supplier to the Platform for smart meters and associated services; and

Investment by Chiswick Investment Pte Ltd, an affiliate of GIC, of up to INR 519,00,00,000 (INR Five Hundred and nineteen crores) by way of a preferential allotment of warrants which shall constitute (if and when GIC elects to exercise such warrants) 15% (fifteen percent) of the issued and paid-up share capital of Genus on a fully diluted/as converted basis.

The transactions are subject to the approval of Genus shareholders and fulfilment of customary closing conditions to the satisfaction of the GIC affiliates.

This represents the largest transaction in the smart metering space in the country and positions Genus at the forefront of the smart metering revolution underway in the country. With these transactions, Genus would supplement its manufacturing and execution prowess with access to capital. Genus will scale up the deployment of energy "smart meters" across India, supporting energy security and transition through grid optimization and efficiency.

According to the Company's press release, Government of India ("GoI") is implementing the National Smart Metering Project, under the Revamped Distribution Sector Scheme (RDSS), with a plan to install 250,000,000 (Two hundred and fifty million) meters by 2025 with an estimated investment of USD 30,000,000,000 (USD Thirty billion). With technical and commercial losses exceeding 15% (fifteen percent) for all major Indian utilities leading to high financial losses, smart metering projects under the RDSS scheme are conceptualised to reduce such losses, improve operational efficiency of DISCOMs and improve their financial sustainability by providing results linked financial assistance. Smart meters are also at the core of operationalizing the recently announced Time of the Day Metering (ToD) announced by GoI. AMISP concessions are awarded by various state utilities under RDSS with a concession life of upto 10 (ten) years and concessionaires receive a monthly service charge during this period for installing and maintaining meters and the associated infrastructure.

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

- 1) On Wednesday, Indian benchmark indices were mixed. However, buoyancy was witnessed in the midcaps and smallcaps space. Strong FII buying continued in the month of July 2023 after strong FII buying in the month of June 2023 and May 2023. Monthly auto sales numbers announced till date have been mixed. The launches of new models by two wheeler companies have garnered investors interest. We expect stock specific action likely to continue in the broader markets. After the recent rally, profit booking is also not ruled out. 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 Banking, NBFCs, Real Estate, Capital Goods, select companies in the Infrastructure space, Railways and Defence can be considered.
- 2) 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 business updates of some companies suggest that economy is doing well. Earlier, Q4FY23 earnings season was also decent. Results announced by PSU Banks, NBFCs announced indicated good times for Banking and Financial Services sector. Private Banks too had reported decent Q4FY23 performance. However, IT giants had reported weak performance but IT midcaps had delivered good Q4FY23 performance.
- 3) Recent inflation data was good with India's WPI inflation data lowest since November 2015 at -3.48 percent (lowest in seven-and-a-half years). India's retail inflation data had fallen to a 25 month low in May 2023 and Index of Industrial Production (IIP) data which stood at 4.2 per cent in April 2023 as against 1.1 percent in March 2023 which lifted investor sentiments. While the global central banks especially in US and Europe are grappling with issues like balancing inflation and growth; however, Reserve Bank of India is balancing inflation and growth in a good manner.



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