

**Key Benchmark indices across the globe**

Index	Oct. 05, 2023	Prev. close	Change	% change	Open	High	Low
<b>Nifty</b>	19,545.75	19,436.10	<b>109.65</b>	<b>0.56</b>	19,521.85	19,576.95	19,487.30
<b>Sensex</b>	65,631.57	65,226.04	<b>405.53</b>	<b>0.62</b>	65,598.26	65,753.20	65,433.34
<b>Nikkei 225</b>	31,075.36	30,526.88	<b>548.48</b>	<b>1.76</b>	30,733.65	31,083.90	30,565.32
<b>Kospi</b>	2,403.60	2,405.69	<b>2.09</b>	<b>0.09</b>	2,423.35	2,426.61	2,402.50
<b>Dow Jones</b>	32,955.08#	33,129.55	<b>174.47</b>	<b>0.53</b>	33,085.30	33,162.30	32,935.20
<b>Nasdaq</b>	13,101.05#	13,236.01	<b>134.96</b>	<b>1.02</b>	13,228.12	13,246.66	13,087.88
<b>FTSE</b>	7,456.35#	7,412.45	<b>43.90</b>	<b>0.59</b>	7,412.45	7,488.60	7,409.74
<b>CAC</b>	6,998.10#	6,996.73	<b>1.37</b>	<b>0.02</b>	7,009.82	7,025.50	6,970.59
<b>DAX</b>	15,066.44#	15,099.92	<b>33.48</b>	<b>0.22</b>	15,113.94	15,157.70	15,048.42

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

**Key macroeconomic indicators**

Index	Oct. 05, 2023	Prev. close
<b>Brent Crude Oil (\$ per barrel)</b>	84.20#	85.81
<b>Gold (\$ per ounce)</b>	1,815.53#	1,821.08
<b>Indian Rupee against US\$</b>	83.25	83.24
<b>India 10 year bond yield (%)</b>	7.21	7.24
<b>US 10 year G-sec (%)</b>	4.72#	4.74

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

**FII & DII activity**

	Oct. 05, 2023	Oct. 04, 2023
<b>FII activity (Rs. in Crore)</b>	<b>1,864.20</b>	<b>4,424.02</b>
<b>DII activity (Rs. in Crore)</b>	<b>521.41</b>	<b>1,769.49</b>

**Indian benchmark indices bounce back led by cooling off oil prices and easing of bond yields; stock specific action continues..**

- 1) On Thursday, the Indian benchmark indices ended in the positive terrain led by fall in crude oil prices. The Nifty opened on a positive note and touched an intraday high of 19,576.95. Finally, the Nifty ended the day up by 109.65 points or 0.56 percent to end at levels of 19,545.75. On the other hand, the Sensex ended the day up by 405.53 points or 0.62 percent to end the day at levels of 65,631.57.
- 2) Among the Nifty 50 stocks, the major gainers were Bajaj Auto, Larsen & Toubro, Mahindra & Mahindra, Titan Company, Tata Consultancy Services up in the range of 1.48 percent to 2.15 percent. On the other hand, the major losers were Power Grid Corporation of India, Hindalco Industries, NTPC, Cipla, Nestle India down in the range of 0.38 percent to 1.21 percent.
- 3) The broader markets too were upbeat on Thursday. The Nifty Midcap 100 index was flat and the Nifty Smallcap 100 index was up by 0.63 percent.
- 4) In terms of the sectoral indices performance, the major gainers were Nifty Media index up by 1.58 percent, Nifty IT index up by 0.99 percent, Nifty Auto index up by 0.85 percent, Nifty Bank index up by 0.57 percent, Nifty Consumer Durables index up by 0.56 percent, Nifty Financial Services index up by 0.51 percent. On the other hand, the major losers were Nifty PSU Bank index down by 0.51 percent, Nifty Healthcare index down by 0.37 percent, Nifty Pharma index down by 0.30 percent, Nifty Metal index down by 0.25 percent.

- 5) On Thursday, FIIs have net sold equities worth Rs. 1,864.20 Crore. On the other hand, DIIs net bought equities worth Rs. 521.41 Crore. In the month of September 2023, FIIs had net sold equities worth Rs. 26,692.16 Crore and DIIs had net bought equities worth Rs. 20,312.65 Crore.

### Sectors & Stocks

- 1) Shares of Utkarsh Small Finance Bank Limited ended up by 16.07 percent to Rs. 59.60 at the NSE on Thursday. The Bank's loan Portfolio grew by 31.4% YoY to Rs. 14,394 Crore as on June 30, 2023. The Bank's microfinance portfolio accounted for 63% of total loan portfolio and non-microfinance portfolio accounted for 37% of loan book. The Bank boasts of a strong asset quality with net NPAs at 0.33% as on June 30, 2023 vs. 0.39% as on March 31, 2023. In addition to provision in accordance with RBI IRAC norms, the Bank continues to build floating provision which stood at Rs. 106 Crore as on June 30, 2023 vs. Rs. 93 Crore as on March 31, 2023. The Bank's SMA-1 & SMA-2 book were within a tight control at 0.7% and 0.6% respectively, as on June 30, 2023, which is lower vis-a-vis 0.8% & 0.7%, respectively, as on March 31, 2023. Deposits of the Bank grew by 35.6% YoY to Rs. 13,967 Crore as on June 30, 2023. The Bank continued to expand its General Banking franchise which stood at 257 banking outlets as on June 30, 2023, out of these ~44% are branches opened in last two years. The Bank's net interest margin (NIMs) remained in a healthy range of 9–10% which stood at 9.2% in Q1, FY24 vs. 9.7% in Q1, FY23. Re-pricing of interest rates in Bank's key lending segment (microfinance), which reflect with a lag-on-account fixed rate of interest, will have a positive impact on Bank's yield on advances over next few quarters. The Bank's profit after tax increased by 20% during Q1, FY24 to Rs. 107 Crore vs. Rs. 89 Crore in Q1, FY23. The Bank's return on assets and return on equity remains at healthy 2.3% and 21.1% respectively, during Q1, FY24. Bank is continuously expanding its footprints, which is currently present in 26 States & UTs through a network of 851 banking outlets with a customer base of >37 lakh.

Commenting on Q1FY24 result, Mr. Govind Singh, MD and CEO, Utkarsh Small Finance Bank said, "We are witnessing a healthy scaling up of our franchise towards microfinance & others retail loans i.e. MSME, housing and wheels segment as well as deposits build-up. Our endeavor is to be consistent in performance which leads us to focus on productivity and yield with granularity attached to it is the "Business-as-Usual" model for us. The Bank has raised equity capital of Rs. 500 Crore through IPO exercise which provides sufficient headroom for our growth plans. Our Return on Assets and Return on Equity stood at a healthy 2.3% and 21.1% respectively, during Q1, FY24, and the Bank continues to invest in people, presence, products & processes / technology."

- 2) Shares of eClerx Services Limited ended up by 9.81 percent to Rs. 2,039 at the NSE on Thursday. Mr. Srinivasan Nadadur – Chief Financial Officer of the Company in Q1FY24 analyst concall had said "We experienced a sequential decline in top line attributable to weak demand and budget cuts, which resulted in a reduction of technology and onshore spend, a decline in project renewals, and unanticipated project closures, particularly among our larger clients in the digital and the financial markets businesses. He further added "Coming to the outlook, we should be able to recover most of the top line reduction of Q1 in this current quarter. But we expect weakness in technology spend and client-specific challenges to continue for the next couple of quarters. As in previous years, we expect margins to steadily improve through the rest of the year. However, we believe margins for the full fiscal year will end up somewhat below the lower end of our stated view."
- 3) Shares of SIS Limited ended up by 8.44 percent to Rs. 475 at the NSE on Wednesday. According to the Company's Investor presentation, the Company is the fastest growing security and facility management solutions brand in India, with an extensive pan India footprint, ranked as #1 player in both – Security and Facility Management and #2 in Cash Logistics. SIS also offers security solutions in Australia, New Zealand and Singapore and is the #1 security solutions provider in Australia. The Company's ROCE and OCF/EBITDA remained in double digits in both the high growth and even during the moderate growth phase. Due to the company's recession resistant model, SIS had only a temporary hit on its margins, and is now on track to achieve pre-Covid level margins. Margin improvement initiatives in the Security Solutions – India segment led to consistent improvement in EBITDA margins % over the last 3 quarters. This will serve as a template for other SBUs and is likely to further increase the group level margins.
- 4) Shares of Apollo Micro Systems Limited closed the day up by 6.99% to Rs. 69.65 at the NSE on Thursday. Established in 1985, Apollo Micro Systems is a pioneer in Design, Development and assembly of Custom-Built Electronics and Electro-mechanical solutions. Company offers solutions based on state-of-the-art technologies for Aerospace, Defense & Space as primary customers and also caters solutions for Railways, Automotive and Home Land Security markets. Its wide spectrum of technological solutions and end to end design, assembly & testing capabilities gives it an edge over the competition. Company's products are used across multiple industries including Aerospace Systems, Ground Defence, Space, Avionics Systems, Homeland Security, and Transportation. Company present facility is occupied by Design and manufacturing teams spread across 55,000 Sq.ft., will split into three units with different activities carried in multiple locations. Company has a team of 300+ employees, including 150+ employees in R&D.



According to the Company's recent business update, the Company proposes to set up a state-of-the-art defence equipment manufacturing facility in Hardware Park, Hyderabad subject to approval by the Board of Directors of the Company. The company has estimated total investment in the upcoming ventures to be around Rs 150 Crores. The proposed new units will add an additional infrastructure of 3,00,000 Sq ft to its existing infrastructure and will house a defence electronics and electro-mechanical manufacturing facility capable of handling bulk production. The new units will include a clean room for product ionization of Inertial Systems, RF Systems and for Space Applications. They will also be equipped with complete Environmental Test Facilities including EMI-EMC facility which will be accredited with NABL Laboratories. This facility will also establish an exclusive Test Facility for testing and calibration of Navigational Systems Like INS, IMU, AHRS and many more.

In order to develop ground breaking technologies and create a comprehensive defence ecosystem the company has recently incorporated a wholly owned subsidiary - APOLLO DEFENCE INDUSTRIES PRIVATE LIMITED. This subsidiary will focus on forming alliances and technological partnerships with various international companies to provide cutting edge defence solutions and serve the nation. The company has also signed multiple Transfer of Technology (ToT) agreements with Defence Research and Development Organisation (DRDO).

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

- 1) Indian equities ended in the positive terrain on Thursday led by cooling of crude oil prices and easing of the bond yields. We expect stock specific action to continue in the midcaps and smallcaps space. Positive demand outlook led by ongoing festive season would keep bulls in the hunt. Investors will continue to watch global bond yields, rupee movement against the US Dollar, crude oil price movement and domestic economic activity in the festive season.
- 2) Going forward, investors will keenly watch Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) meet. Street participants expect that RBI may maintain status quo. Investors will keenly eye the MPC commentary considering the rise in crude oil prices.
- 3) 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 FMCG, PSU Banks, 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. The recent business updates announced by few Banks, NBFCs and companies in other sectors were encouraging.



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