

Key Benchmark indices across the globe

Index	March 16, 2023	March 15, 2023	Change	% change	Open	High	Low
Nifty	16,985.60	16,972.15	13.45	0.08	16,994.65	17,062.45	16,850.15
Sensex	57,634.84	57,555.90	78.94	0.14	57,510.80	57,887.46	57,158.69
Shanghai Composite	3,226.89	3,263.31	36.42	1.13	3,244.47	3,257.43	3,224.72
Hang Seng	19,203.91	19,539.87	335.96	1.75	19,197.97	19,388.77	19,109.07
Kospi	2,377.91	2,379.72	1.81	0.08	2,357.98	2,382.79	2,346.11
Nikkei 225	27,010.61	27,229.48	218.87	0.81	26,796.67	27,057.54	26,632.92
Dow Jones	31,992.83#	31,874.57	118.26	0.37	31,646.05	32,031.81	31,571.46
Nasdaq	11,608.90#	11,434.05	174.85	1.53	11,384.87	11,609.85	11,365.49
FTSE	7,415.64#	7,344.45	71.19	0.97	7,344.45	7,458.64	7,331.49
CAC	7,028.50#	6,885.71	142.79	2.07	6,987.63	7,032.73	6,876.61
DAX	14,952.86#	14,735.26	217.60	1.48	14,973.84	14,990.24	14,664.17

at the time of writing this report

Key macroeconomic indicators

Index	March 16, 2023	March 15, 2023
Brent Crude Oil (\$ per barrel)	73.53#	73.69
Gold (\$ per ounce)	1,916.22#	1,918.10
Indian Rupee against US\$	82.73	82.60
India 10 year bond yield (%)	7.35	7.36
US 10 year G-sec (%)	3.47#	3.44

FII & DII activity

Index	March 16, 2023	March 15, 2023
FII activity (Rs. in Crore)	282.06	1,271.25
DII activity (Rs. in Crore)	2,051.45	1,823.94

Domestic bourses end in green amidst significant volatility; stock specific action to continue..

- 1) On Thursday, the Nifty opened on a positive note and later touched an intraday low of 16,850.15. Finally, the Nifty erased all the intraday losses and ended the day up by 13.45 points or 0.08 percent to end at levels of 16,985.60. On the other hand, the Sensex ended the day, up by 78.94 points or 0.14 percent to end the day at levels of 57,634.84
- 2) Among the Nifty 50 stocks, the major gainers were Bharat Petroleum Corporation Limited (BPCL), Hindustan Unilever, Asian Paints, Nestle India, Titan Company up in the range of 2.12 percent to 6.02 percent. On the other hand, the major losers were Hindalco Industries, Tata Steel, IndusInd Bank, JSW Steel, HDFC Life down in the range of 1.01 percent to 5.08 percent.
- 3) The broader markets were mixed today. The Nifty Midcap 100 index was up by 0.09 percent. On the other hand, the Nifty Smallcap 100 index was down by 0.52 percent.
- 4) In terms of sectoral indices performance, the major gainers were Nifty Media index up by 4.16 percent, Nifty FMCG index up by 1.14 percent, Nifty Realty index up by 1.11 percent, Nifty Pharma index up by 0.94 percent. On the other hand, the major losers were Nifty Metal index down by 2.58 percent, Nifty IT index down by 0.69 percent, Nifty Private Bank index down by 0.07 percent.

- 5) On Thursday, FIIs net sold equities worth Rs. 282.06 Crore. On the other hand, DIIs net bought equities worth Rs. 2,051.45 Crore. Month till date, FIIs have net bought equities worth Rs. 8,174.72 Crore. On the other hand, DIIs have net bought equities worth Rs. 14,345.26 Crore. In the month of February 2023, FIIs have net sold equities worth Rs. 11,090.64 Crore and DIIs net bought equities worth Rs. 19,239.28 Crore. In the month of January 2023, FIIs had net sold equities worth Rs. 41,464.73 Crore and DIIs net bought equities worth Rs. 33,411.85 Crore.

Sectors & Stocks

- 1) Shares of Medplus Health Services Limited ended up by 8.38 percent to Rs. 703 at the NSE on Thursday. The Company has the second largest pharmacy network nationally, with leadership position in the markets it operates. Mr. Madhukar R. Gangadi, Chief Executive Officer and Managing Director of the Company in the analyst Q3FY23 concall had said "As on 31st December we cater to the healthcare and household needs of neighborhoods in 497 cities, across seven states through a network of 3557 pharmacy stores. We have now expanded into 43 new cities during the current quarter. We are continuing with our store expansion program. We have added 1080 stores in the last twelve months that's called med stores. In Q3 we have opened 246 stores and the highest additions of 65 and 58 were in Tamil Nadu and Maharashtra, respectively. In Q3 58% of our store openings have been in Tier-2 cities and beyond. We have 1523 of 3557 stores in Tier-2 cities and beyond. These are good markets from our store economics standpoint and MedPlus continues to expand in these markets because of the maturity of its operations and supply chain capability. There were 17 closures in Q3 versus 14 closures in Q2. Overall, there are net additions of 229 in Q3 versus 348 in Q2. For the last twelve months, net additions have been 1080."

He further added "32% of all of our stores are less than a year, 17% are between one and two years and 51% of the stores are two years and older. So, we ended Q3 with 49% of our stores been in the less than two years age bracket. In comparison for Q3 FY22, 36% of our stores are less than two-year-old. All stores below two year age bracket are still in the ramp-up phase and from a financial point they are a drag on the operating EBITDA. However, as they mature we expect these stores to contribute in our profits. We closely track the time to break even for our new stores. The stores opened between July 21 and June 22, 69% of the stores achieved breakeven within six months of operations. To give you a sense of how rapid the ramp up to breakeven is and to six months and beyond level -79% of stores broke even in the 7th month, and more than 10% broke even in just one month after that."

- 2) Shares of ICICI Prudential Life Insurance Company Limited ended up by 6.73 percent to Rs. 409.90 at the NSE on Thursday. The Company's press release filed with exchanges said "we wish to inform you that based on the recommendation of the Board Nomination and Remuneration Committee ("BNRC"), the Board of Directors ("Board") of the Company has, at their meeting held today, noted that Mr. N. S. Kannan, Managing Director & Chief Executive Officer (MD & CEO), will superannuate from the services of the Company on the completion of tenure of his appointment on June 18, 2023. Further, the Board has, based on the recommendation of BNRC, inter-alia, approved the following matters, subject to approval of Insurance Regulatory and Development Authority of India, shareholders and such other statutory approvals as may be applicable: (a) The appointment of Mr. Anup Bagchi (DIN: 00105962), presently Executive Director, ICICI Bank and Non-executive Director of the Company, as the MD & CEO of the Company for a period of five consecutive years with effect from June 19, 2023 or the date of regulatory approval(s), whichever is later and; (b) To ensure a seamless transition, the appointment of Mr. Bagchi as the Executive Director & Chief Operating Officer of the Company with effect from May 1, 2023 subject to regulatory approval(s)."

The press release further added "The Board of Directors of ICICI Prudential Life have placed on record their appreciation of Mr. Kannan's distinguished service and stellar contribution to the growth and success of ICICI Group over the last thirty years across a variety of roles, including as MD & CEO of ICICI Prudential Life and as Executive Director of ICICI Bank. During his tenure at ICICI Prudential Life, Mr. Kannan has successfully steered the Company through a variety of challenges including the more recent COVID-19 pandemic challenge to build ICICI Prudential Life as a resilient and well-diversified franchise that can successfully seize and capitalise on emerging opportunities, and has taken the Company forward on the path of doubling its FY2019 value of new business by FY2023 despite these challenges."

Key developments

- 1) The European Central Bank has carried through with a large interest rate increase Thursday, brushing aside predictions it might dial back as U.S. bank collapses and troubles at Credit Suisse fed fears about the impact of higher rates on the global banking system. The ECB hiked rates by half a percentage point Thursday, underlining its determination to fight high inflation. In a post-meeting statement, the bank called the banking sector in the 20 countries using the euro currency resilient, with strong finances. It says it's monitoring current market tensions closely and stands ready to respond as necessary to preserve price stability and financial stability in the euro area. ECB head Christine Lagarde said last week that it was very likely the bank would raise its benchmarks by a half-percentage point, part of a series of



rapid rate hikes aimed at getting inflation down from 8.5% far above the bank's target of 2%. That was before Silicon Valley Bank in the U.S. went under last week after suffering losses on government-backed bonds that fell in value due to rising interest rates. (Source: The Associated Press)

- 2) Credit Suisse's shares soared 30 per cent on Thursday after it announced it will move to shore up its finances by borrowing up to nearly USD 54 billion from the Swiss central bank, bolstering confidence as fears about the banking system moved from the US to Europe. It was a massive swing from a day earlier, when shares of Switzerland's second-largest commercial bank plunged 30 per cent on the SIX stock exchange after its biggest shareholder said it would not put more money into the Swiss lender. That dragged down other European banks after the collapse of some US banks stirred fears about the health of the global banks. Credit Suisse, which was beset by problems long before the US bank failures, said Thursday that it would exercise an option to borrow up to 50 billion francs (USD 53.7 billion) from the central bank. This additional liquidity would support Credit Suisse's core businesses and clients as Credit Suisse takes the necessary steps to create a simpler and more focused bank built around client needs, the bank said. (Source: The Associated Press)
- 3) India on Thursday approved the capital acquisition of indigenously-developed military hardware worth Rs 70,584 crore as part of a mega procurement plan that is expected to significantly boost domestic defence manufacturing. The approval to the procurement proposals was accorded by the Defence Acquisition Council (DAC) chaired by Defence Minister Rajnath Singh, officials said. The go-ahead to the fresh procurement proposals came amid the nearly three-year-long standoff along the Line of Actual Control in eastern Ladakh with China. The DAC accorded Acceptance of Necessity (AoN) for capital acquisition amounting to Rs 70,584 crore and all the procurement will be made under the Buy (Indian-Indigenously Designed, Developed and Manufactured) category. The total approval granted for capital acquisition in the financial year 2022-23 now stands at Rs 2,71,538 crore, of which 98.9 per cent will be sourced from Indian industries, the officials said. (Source: Press Trust of India)

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

- 1) On Thursday, Indian equities ended in a positive terrain after witnessing volatility throughout the day. The recent correction is attributed to the fall of US based Silicon Valley Bank and Signature Bank. To add to the woes, the problems in banking giant Credit Suisse has also created panic in global investor community. Developments with regards to helping hand or bail out of Credit Suisse would improve investor sentiments to some extent.
- 2) We believe that global headwinds would affect investor sentiments in the near term and would provide opportunities to investors at lower levels. Domestically, valuation of certain companies and especially PSU Banks have turned attractive post the recent fall in Indian equity markets.
- 3) Street participants will continue to watch global bond yields as it will dictate treasury performance of Banks, rupee movement against the US Dollar, crude oil price movement, economic activity in China, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- 4) 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. At the moment, companies in the sectors like Capital Goods, select companies in the Infrastructure space, Railways, Defence, Banking, NBFCs and select companies in the new age business segment can be considered.
- 5) It may be noted that majority of the Companies had delivered decent set of numbers in Q3FY23 results considering global concerns. Indian economy is performing strongly as indicated by manufacturing and services PMI data, good air passenger traffic, electricity and coal consumption data, robust GST collections, strong direct tax collections and good economic activity amidst macroeconomic challenges. We suggest investors to be stock specific and consider companies from the midcaps and smallcaps space considering the high valuation in the large cap space.



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

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