

**Key Benchmark indices across the globe**

Index	June 22, 2023	Prev. close	Change	% change	Open	High	Low
<b>Nifty</b>	18,771.25	18,856.85	<b>85.60</b>	<b>0.45</b>	18,853.60	18,886.60	18,759.50
<b>Sensex</b>	63,238.89	63,523.15	<b>284.26</b>	<b>0.45</b>	63,601.71	63,601.71	63,200.63
<b>Nikkei 225</b>	33,264.88	33,575.14	<b>310.26</b>	<b>0.93</b>	33,438.01	33,641.46	33,232.19
<b>Straits Times</b>	3,222.43	3,223.66	<b>1.23</b>	<b>0.04</b>	3,222.86	3,228.35	3,211.18
<b>Kospi</b>	2,593.70	2,582.63	<b>11.07</b>	<b>0.43</b>	2,575.65	2,597.76	2,575.65
<b>Dow Jones</b>	33,895.59#	33,951.52	<b>55.93</b>	<b>0.16</b>	33,883.69	34,003.56	33,829.17
<b>Nasdaq</b>	13,560.85#	13,502.20	<b>58.65</b>	<b>0.43</b>	13,442.40	13,577.52	13,441.56
<b>FTSE</b>	7,490.75#	7,559.18	<b>68.43</b>	<b>0.91</b>	7,559.18	7,559.18	7,458.35
<b>CAC</b>	7,194.11#	7,260.97	<b>66.86</b>	<b>0.92</b>	7,194.26	7,206.89	7,145.06
<b>DAX</b>	15,977.38#	16,023.13	<b>45.75</b>	<b>0.29</b>	15,867.65	15,988.21	15,810.48

#denotes levels of June 22, 2023 at the time of writing this report

**Key macroeconomic indicators**

Index	June 22, 2023	June 21, 2023
<b>Brent Crude Oil (\$ per barrel)</b>	74.05#	77.12
<b>Gold (\$ per ounce)</b>	1,913.31#	1,932.26
<b>Indian Rupee against US\$</b>	81.95	82.04
<b>India 10 year bond yield (%)</b>	7.09	7.07
<b>US 10 year G-sec (%)</b>	3.80#	3.72

#denotes levels of June 22, 2023 at the time of writing this report

**FII & DII activity**

Index	June 22, 2023	June 21, 2023
<b>FII activity (Rs. in Crore)</b>	<b>693.28</b>	<b>4,013.10</b>
<b>DII activity (Rs. in Crore)</b>	<b>219.42</b>	<b>550.36</b>

**Indian equities come under pressure; weak global cues affect investor sentiments..**

- 1) On Thursday, the Indian benchmark indices came under pressure. The Nifty opened on a negative note and later touched an intraday low of 18,759.50. Finally, the Nifty ended the day down by 85.60 points or 0.45 percent to end at levels of 18,771.25. On the other hand, the Sensex ended the day down by 284.26 points or 0.45 percent to end the day at levels of 63,238.89.
- 2) Among the Nifty 50 stocks, the major gainers were Divi's Laboratories, Larsen & Toubro, Tata Steel, HDFC, HDFC Bank up in the range of 0.56 percent to 1.10 percent. On the other hand, the major losers were Bajaj Finance, Tata Consumer Products, Asian Paints, Tata Motors, Power Grid Corporation of India down in the range of 1.80 percent to 2.33 percent.
- 3) The broader markets too came under pressure on Thursday. The Nifty Midcap 100 index was down by 1.06 percent and the Nifty Smallcap 100 index was down by 0.76 percent.
- 4) In terms of the sectoral indices performance, the major losers were Nifty PSU Bank index down by 1.67 percent, Nifty Realty index down by 0.80 percent, Nifty Oil & Gas index down by 0.79 percent, Nifty IT index down by 0.74 percent, Nifty FMCG index down by 0.72 percent, Nifty Consumer Durables index down by 0.71 percent, Nifty Healthcare index down by 0.68 percent.

- 5) On Thursday, FIIs have net sold equities worth Rs. 693.28 Crore. On the other hand, DIIs net bought equities worth Rs. 219.42 Crore. Month till date, FIIs have net bought equities worth Rs. 7,233.07 Crore and DIIs have net bought equities worth Rs. 6,706.84 Crore. In the month of May 2023, FIIs have net bought equities worth Rs. 27,856.48 Crore and DIIs have net sold equities worth Rs. 3,306.35 Crore.

### Sectors & Stocks

- 1) Shares of Sequent Scientific Limited ended up by 10.99 percent to Rs. 89.40 at the NSE on Thursday. Mr. Rajaram Narayanan - Managing Director of the Company in Q4FY23 analyst concall had said "We are the largest animal health company from India and amongst the top 25 in the world. We have a presence across nearly 100 countries and about two thirds of our revenue comes from regulated markets. We have a unique combination of strength in the formulations area, we have a front-end presence in key animal health markets of the world. And at the same time, we are the only company in India to have set up a U.S. FDA-approved greenfield veterinary API facility. So, that's a set of strengths, which stand with us as we build our next few years."

Commenting on the performance in Q4FY23 result, he had said "In Q4 FY23, we have continued to make structural adjustments, so that we are present and ready to win in the most attractive markets and customer segments. Our recent actions are showing results. Despite the headwinds in some markets, the overall formulation business has grown at 9.9% on CC basis for the full year. While the devastating earthquake in Turkey did not damage our facilities, it has impacted the demand in the Turkey market since the clinic and distribution infrastructure is yet to be restored. In continuation with our strategy to improve profitability, the manufacturing operations in our plant in Germany have been discontinued and will move to alternative low cost sites. We expect to see the benefit in the coming quarters.

He further added "While the overall market for Vet APIs was subdued in Q4 FY 23, we continue to receive over 70% of our API revenues from customers in regulated markets and anticipate a gradual pickup in the coming quarters. The focus remains on deepening our engagement with top animal health companies worldwide. During the year FY 23, we accelerated our filings, registering 5 VMFs and 3 CEPs. Our API business has started a significant initiative to improve long term competitiveness. We have invested in additional capacity for new business and expanded our R&D team to meet the requirements of new partnerships with leading Animal Health companies. The results of the quarter reflect a one time charge on the closure of manufacturing in Germany and the impact of recent events on Turkey. This sets up the company for stronger, sustained growth and profitability."

- 2) Shares of APL Apollo Tubes Limited ended up by 4.13 percent to Rs. 1,390 at the NSE on Thursday. APL Apollo Tubes is India's leading structural steel tube manufacturer. Since the company's inception in 1986, APL Apollo has developed pioneering products that have transformed the market landscape, setting the bar with innovative solutions for the customers and latest technologies in steel tube manufacturing. Headquartered at Delhi NCR, the Company operates 11 manufacturing facilities with a total capacity of 3.6 million tons. It has a pan-India presence with units strategically located in Sikandarabad (UP), Hyderabad, Bangalore, Hosur (Tamil Nadu), Raipur (Chhattisgarh), Dujana (UP), Malur (Karnataka) and Murbad (Maharashtra). APL Apollo's multi-product offerings include over 1,500 varieties for multiple building material structural steel applications. With state-of-the-art-manufacturing facilities, APL Apollo serves as a 'one-stop shop' for a wide spectrum of products, catering to an array of industry applications such as urban infrastructure and real estate, rural housing, commercial construction, greenhouse structures and engineering applications. The Company's vast 3-tier distribution network of over 800 Distributors is spread across India, with presence in over 300 towns and cities. Earlier, the Company had announced that the company has signed MoUs with its top distributors for sale of 2.4mn tons of structural steel tubes in FY24. These MoUs do not include sale from exports division, OEM division and sale of coated products from new Raipur plant, which are newly launched.

Commenting on Q4FY23 and FY23 result, Mr. Sanjay Gupta - Chairman of the Company had said "The Company reported its highest ever quarterly sales volume and EBITDA in Q4FY23. The value added products contributed 56% to our overall sales volume in FY23. Moreover the ramp up from our greenfield plant in Raipur will support sales volume and EBITDA growth in coming quarters. We continue to remain prudent with our working capital management which remains best in the building material sector."

- 3) Shares of Supreme Industries Limited ended up by 4.08 percent to Rs. 3,175 at the NSE on Thursday. Supreme Industries Limited is India's leading plastics product manufacturer, offering a wide and comprehensive range of plastic products in India. The company operates in various product categories viz. Plastic Piping System, Cross Laminated Films & Products, Protective Packaging Products, Industrial Moulded Components, Moulded Furniture, Storage & Material Handling Products, Performance Packaging Films and Composite LPG Cylinders. Supreme Industries has 28 technologically advanced manufacturing facilities located at various places spread across the country.

Commenting on the Company's performance in Q4FY23/FY23 result, Mr. M. P. Taparia, Managing Director of the Company had said: The Government at the Centre and States have taken several initiatives, like focus on Jal Jeevan Mission, Swatch Bharat Abhiyan, Sanitation, affordable housing, smart cities and many more, which all are boosting demand for plastic piping products. The initiatives are much more pronounced in the past year. The same trend continues from the beginning of this year also. The Company incurred a Capex of Rs. 398 crores in the year under review in plastic piping division at its various plants to build higher capacities, increased range and commissioning of three Greenfield projects at Guwahati (Assam), Erode (Tamilnadu) and Cuttack (Odisha). All three Greenfield plants have gone into production during the year one after the another.

He further added "The Company has successfully launched Electrofusion Olefins fittings and compression molded fitting with a portfolio of 179 Nos. The Company plans to increase the range substantially and add another 140 new products during the current year. The Company has produced PE/AL/PE pipe for house service connections. These type of pipes are now part of house connection design approved for "Nal se Jal" scheme. The compression type fittings for these pipes are also developed to offer complete system of Pe/AL/Pe Pipes applications."

### **Key developments**

- 1) The Bank of England raised interest rates by a bigger-than-expected half a percentage point on Thursday after it said there had been "significant" news suggesting British inflation would take longer to fall. The BoE's Monetary Policy Committee (MPC) voted 7-2 to raise its main interest rate to 5% from 4.5%, its highest since 2008 and its largest rate increase since February, following stickier inflation and wage growth since its policymakers met last in May. "The economy is doing better than expected, but inflation is still too high and we've got to deal with it," BoE Governor Andrew Bailey said after the decision. "If we don't raise rates now, it could be worse later," he added.

"There has been significant upside news in recent data that indicates more persistence in the inflation process," the MPC said. "Second-round effects in domestic price and wage developments generated by external cost shocks are likely to take longer to unwind than they did to emerge," it added. (Source: Reuters)

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

- 1) On Thursday, Indian benchmark indices came under pressure led by weak global cues. Midcaps and smallcaps too were under pressure. We expect market to remain volatile and stock specific action is likely to continue. At the time of writing this report, both US and European indices were under pressure as Bank of England raised interest rates and earlier Federal Reserve Chair Jerome Powell comments on controlling inflation affected investor sentiments.
- 2) Domestically, we suggest investors to remain stock specific and be wary of valuations of companies getting out of comfort zone. At the moment, companies in the sectors like NBFCs, Banking, Capital Goods, select companies in the Infrastructure space, Railways and Defence. Select companies in the new age business segment can also be considered as they have seen good improvement in performance in Q4FY23.
- 3) 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, manufacturing PMI and Services PMI data, increase in investment led spending and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Q4FY23 earnings season was decent. IT giants had reported weak performance but IT midcaps have delivered good Q4FY23 performance. Results announced by PSU Banks, NBFCs announced indicated good times for Banking and Financial Services sector. Private Banks too had reported decent Q4FY23 performance.
- 4) 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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