

Domestic bourses end in green; midcaps and smallcaps continue to rally..

Index	Oct.06, 2022	Oct. 04, 2022	Change	% change	Open	High	Low
Nifty	17,331.80	17,274.30	57.50	0.33	17,379.25	17,428.80	17,315.65
Sensex	58,222.10	58,065.47	156.63	0.27	58,314.05	58,578.76	58,173.70

- 1) On Thursday, Indian benchmark indices ended in green amidst volatility led by improved demand outlook in the ongoing festive season. The Nifty had a gap up opening and later touched an intraday high of 17,428.80. Finally, the Nifty gave up early gains and ended the day up by 57.50 points or 0.33 percent to end at levels of 17,331.80. The Sensex ended the day up by 156.63 points or 0.27 percent to end the day at levels of 58,222.10.

Among the Nifty 50 stocks, the major gainers were JSW Steel, Coal India, Hindalco, Tata Steel, Larsen & Toubro up in the range of 2.06 percent to 4.94 percent. On the other hand, the losers were Bharti Airtel, Hindustan Unilever, HDFC, IndusInd Bank, Divis Lab down in the range of 1.33 percent to 2.56 percent.

- 2) The broader markets too were upbeat. The Nifty Midcap 100 index was up by 1.26 percent and Nifty Smallcap 100 index was up by 1.24 percent.
- 3) In terms of sectoral indices performance, the major gainers were Nifty Metal index up by 3.25 percent, Nifty Media index up by 2.73 percent, Nifty Realty index up by 2.08 percent, Nifty IT index up by 1.57 percent.
- 4) On Thursday, FIIs net bought equities worth Rs. 279.01 Crore. On the other hand, DIIs net sold equities worth Rs. 43.92 Crore. Month till date, FIIs have net bought equities worth Rs. 2,214.22 Crore and DIIs net bought equities worth Rs. 478.84 Crore.

Sectors and stocks

- 1) Shares of Bharat Forge Limited ended up by 7.91 percent to Rs. 762.95 at the NSE on Thursday. Earlier, Kalyani Powertrain Limited (KPTL), a wholly owned subsidiary of Bharat Forge Ltd. and a leading global supplier of critical chassis and powertrain components, joined hands with Harbinger Motors Inc. (Harbinger), a company revolutionizing the medium-duty commercial electric vehicle industry, to form a joint venture focused on developing electric drivetrain solutions for the commercial vehicle market. The new JV, named ElectroForge, will leverage the strengths of both the partners to offer best-in-class drivetrains developed for the Class 3 through 8 markets, delivering superior efficiency and cost competency. The partnership will perfectly balance the forward-thinking innovation of Harbinger's experienced EV team and the vast manufacturing knowledge and scalability of Bharat Forge. "This collaboration marks the beginning of a new chapter for commercial electric powertrains," said John Harris, CEO of Harbinger. "Both companies bring class-leading manufacturing and intellectual capital that enables us to scale an industry solution that will blend efficiency with unmatched value." "For over 20 years, Bharat Forge has been one of the leading suppliers of safety critical components for chassis and engines to the global commercial vehicle markets. As this sector is electrified, we have joined hands with Harbinger in bringing world-class products to support customers globally in their electrification journey. The JV accelerates our efforts and adds to the existing product portfolio in Power Electronics & light weighting solutions for the EV space." said Amit Kalyani, Deputy Managing Director of the Company.
- 2) Shares of Persistent Systems Limited closed up by 7.61 percent to Rs. 3,550 at the NSE on Thursday. Commenting on Q1FY23 performance, Mr. Sandeep Kalra, Chief Executive Officer and Executive Director, Persistent Systems said: "We are delighted to start the new fiscal year with an exceptional performance — delivering 11.1% sequential and 44.8% year-over-year growth as well as our highest ever TCV booking of \$394M. We strengthened our team by adding over 3,000 colleagues, pushing us beyond the 20,000-employee mark. Our differentiated Digital Engineering

expertise, trusted delivery model, robust client relationships and strong partner ecosystem continue to fuel our growth. In addition, we are confidently working with our clients to help them navigate and thrive in the evolving economic environment."

- 3) Shares of Mishra Dhatu Nigam Limited ended up by 7.49 percent to Rs. 230.20 at the NSE on Thursday. The Company has been supplying strategic materials to the nation for last four decades, serving strategic sectors of nation such as Defence, Energy and Aerospace with its wide range of superalloys and special steel. In the 'strategic materials' (superalloys) category, the Company leverages its distinct manufacturing facilities, homegrown value chain, market share, and long-standing client relationships as competitive advantages. The Company's growth is accelerated by a number of government measures, including the encouragement of indigenisation, new offset policies for Transfer of Technology, improved FDI, and the most recent patent regulations. The Company's R&D division concentrates on technological research, new product development, and indigenisation as part of 'Atmanirbhar Bharat'. For critical applications, the Company has locally sourced a number of products over the past five years, including the high-pressure compressor disc for the Jaguar aircraft, the super alloy blade blanks for the Adour engine, the composite armouring for the MI 17 helicopter, the MIDHANI KAVACH for bulletproof jackets, the crucial Steam Generator (SG) tubes for the energy sector, and many others.
- 4) Shares of Mazagon Dock Shipbuilders Limited continued its buoyancy and ended up by 6.63 percent to Rs. 593.15 at the NSE on Thursday. In the last four trading sessions, the stock has closed up by 31.49 percent.

Mazagon Dock Shipbuilders Limited is one of India's leading shipbuilding yards, having evolved from a single unit, small ship repair company to a multi-unit and multi-product company. Mazagon Dock Shipbuilders Limited, also known as "Ship Builders to the Nation," is one of India's leading Defence public sector undertaking shipyards, operating under the Ministry of Defence. India's only shipyard to have built destroyers and conventional submarines for the Indian Navy; one of the initial shipyards in India to manufacture Corvettes (Veer & Khukri Class) in India. Over the years, the Company has grown to become the premier Warship building yard in India. By investing in cutting-edge technologies and sophistication of the product line, the Company has institutionalised shipbuilding in the nation and generated opportunities for increasing production capacity to serve both Indian and overseas customers.

Vice Admiral Narayana Prasadji retired from Indian Navy and currently CMD at Mazagon Dock in the Company's Q1FY23 analyst concall conducted earlier said "As you are aware Mazagon Dock Shipbuilders Limited is the oldest shipyard in India with the inception in 1774, incorporated in 1934, and taken over by the Government of India in 1960. MDL is the only shipyard in India to build Destroyers a class of ship which is about 7000 tons of displacement and two different types of Submarines for the Indian Navy and is also one of the unique shipyards in the world with such diverse range of products such as Destroyers, Frigates, Conventional Submarines, Corvettes, Missile Vessels, Offshore Patrol Vessels, etc. It is a listed public limited company incorporated and governed under the Companies Act. MDL is also a CPSE under the administrative control of Ministry of Defence having total workforce of approximately 10,000 person. "

He added "From the time it was taken over by the Government of India in 1960 MDL has built around 800 vessels including 26 captive warships, 6 submarines, and 631 commercial vessels, 243 of which were exported to Mexico, France, UK, Iran, Yemen, Mozambique, etc. Besides MDL has also built 63 offshore platforms, three process platforms, and two jack up rigs.

Key recent major developments..

- 1) The World Bank on Thursday projected a growth rate of 6.5 per cent for the Indian economy for the fiscal year 2022-23, a drop of one per cent from its previous June 2022 projections, citing deteriorating international environment. In its latest South Asia Economic Focus released ahead of the annual meeting of the International Monetary Fund and the World Bank, the Bank, however, noted that India is recovering stronger than the rest of the world. The Indian economy grew by 8.7 per cent in the previous year. "The Indian economy has done well compared to the other countries in South Asia, with relatively strong growth performance... bounced back from the sharp contraction during the first phase of COVID," Hans Timmer, World Bank Chief Economist for South Asia, told PTI in an interview.

India, he said, has done relatively well with the advantage that it doesn't have a large external debt, there are no problems coming from that side, and that there is prudent monetary policy, he observed. The Indian economy has done especially well in the services sector and especially service exports. "But we have downgraded the forecast for the fiscal year that just started and that is largely because the international environment is deteriorating for India

and for all countries. We see kind of an inflection point in the middle of this year, and first signs of slowing across the world," he said. (Source: Press Trust of India)

- 2) Growth in India's services industry slumped in September to a six-month low, led by a substantial easing in demand amid high inflation, a private survey showed. The S&P Global India services Purchasing Managers' Index fell to 54.3 in September from August's 57.2, much lower than the Reuters poll expectation for a gentle drop to 57.0.

Despite staying above the 50-mark separating growth from contraction for the fourteenth straight month - the longest stretch of expansion since October 2016 - the index fell to its lowest since March. "The Indian service sector has overcome many adversities in recent months, with the latest PMI data continuing to show a strong performance despite some loss of growth momentum in September," noted Pollyanna De Lima, economics associate director at S&P Global Market Intelligence. Although the new business sub-index, a measure of demand, cooled significantly to its lowest since March it was above 50 for the fourteenth month in a row. International demand, which has not revived since the onset of the pandemic, remained sub-50 amid global woes although the drop in September was the weakest since January. (Source: Reuters)

Ajcon Global's observations and view..

- 1) **Short term view:**
 - a) On Thursday, Indian equities ended in green amidst volatility led by domestically improved demand outlook in the festive season as indicated by good sales reported in the consumer durables, apparels segment and monthly auto sales numbers so far announced by the companies. In addition, the monthly business updates released by various companies depict a good performance.
 - b) However, the rising crude oil prices could play a spoilsport and affect investor sentiments.
 - c) We reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. Indian benchmark indices are expected to perform well considering strong GST collections and good economic activity amidst macroeconomic challenges. There are headwinds like rupee depreciation against the US dollar, concerns of slowdown in US, Europe and China and the recent developments in Russia will continue to affect investor sentiments in the near term.
 - d) Domestically, investors would keenly watch Q2FY23 earnings season and management commentary of the Companies for the future outlook.
 - e) Street participants will keep an eye on rupee movement against the US Dollar and global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world. At the moment sectors like Auto and auto ancillaries, Banking, NBFCs, Capital Goods, select companies in the infrastructure space and new age business segment can be considered.



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For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, research@ajcon.net, akash@ajcon.net

CIN:L74140MH1986PLC041941

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Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062