

Indian equities bounce back led by short covering and value buying; all eyes on US inflation data..

Index	Oct.12, 2022	Oct. 11, 2022	Change	% change	Open	High	Low
Nifty	17,123.60	16,983.55	140.05	0.82	17,025.55	17,142.35	16,960.05
Sensex	57,625.91	57,147.32	478.59	0.84	57,312.49	57,687.64	57,085.92

- 1) On Wednesday, Indian benchmark indices were upbeat led by short covering and value buying. However, there are headwinds like rising global bond yields, concerns of rupee depreciation against the US dollar, rising COVID-19 cases in China, escalation of war between Russia and Ukraine, recent US Fed comments and recessionary concerns in US and Europe have dampened investor sentiments.
- 2) The Nifty had a witnessed a positive opening and touched an intraday high of 17,142.35. Finally, the Nifty ended the day up by 140.05 points or 0.82 percent to end at levels of 17,123.60. On the other hand, the Sensex was up by 478.59 points or 0.84 percent to end at levels of 57,625.91.
- 3) Among the Nifty 50 stocks, the major gainers were Powergrid, Coal India, Axis Bank, Bajaj Auto, NTPC up in the range of 2.45 percent to 3.48 percent. On the other hand, the major losers were Asian Paints, Adani Enterprises, Dr. Reddy's, Bharti Airtel, ICICI Bank down in the range of 0.32 percent to 1.51 percent.
- 4) The broader markets too were upbeat today. The Nifty Midcap 100 index was up by 0.62 percent while the Nifty Smallcap 100 index was up by 0.80 percent.
- 5) In terms of sectoral indices performance, the major gainers were Nifty Realty index up by 1.62 percent, Nifty PSU Bank index up by 1.51 percent, Nifty FMCG index up by 1.49 percent, Nifty Private index up by 1.28 percent.
- 6) On Wednesday, FIIs net sold equities worth Rs. 542.36 Crore. On the other hand, DIIs net bought equities worth Rs. 85.32 Crore. Month till date, FIIs have net sold equities worth Rs. 7,330.60 Crore and DIIs net bought equities worth Rs. 5,677.63 Crore.

Sectors and stocks

- 1) Shares of Raymond ended up by 13.07 percent to Rs. 1,243 at the NSE on Wednesday. Earlier, The Company witnessed strong performance in Q1FY23, after record performances in H2 of FY22, with highest Q1 revenue and profitability in last 10 years. Capitalizing on market buoyancy and strong wedding demand, ably supported by expansive distribution helped propel sales. B2C businesses continue to grow with sustained sentiments and strong consumption across markets. Garmenting business demonstrated resilience with a strong order book. The sustained demand from home buyers contributed to its real estate business with diverse product offerings. Q1 witnessed temporarily high inventory on account of higher production to address the upcoming festival and wedding season sales. This led to increase in working capital resulting in an increase in net debt by Rs. 222 Cr to Rs. 1,310 Cr. However, the Company will continue its debt reduction plans and the current net debt will be further reduced in the current financial year.

Commenting on the strong quarter performance, Mr. Gautam Hari Singhania, Chairman & Managing Director, Raymond Limited said, "At Raymond, our continued focus on operating and financial parameters across businesses, supported by expansive network, quality products and services led to highest first quarterly revenue and profitability. The growing demand in both - domestic and international markets along with new customer acquisitions in international markets has been rewarding for the quarter. Furthermore, our real estate project is



progressing well with sales velocity and construction pace of both the projects at Thane. This helps us to deliver strong performance for our Real estate business."

- 2) Shares of JBM Auto closed up by 11.65 percent to Rs. 450 at the NSE on Wednesday. JBM Auto Ltd., has dexterously amalgamated ITS strengths and R&D acumen to make its products future-ready ahead of time. The Company is actively pursuing application of alternative materials and technologies to address the dynamics of its new business categories like Electric Vehicles. The Company transformed itself from Auto Systems into an OEM and further today as an E-mobility Ecosystem provider. JBM Auto has moved its focus from products to sustainability, thus also venturing into zero emission 100% electric buses. Over the last 3 years, the Company's ECOLIFE range of electric buses have been plying in various states of India such as Gujarat, Maharashtra, Delhi, Andaman & Nicobar, Karnataka, Telangana, Goa, etc.
- 3) Shares of La Opala RG Limited ended up by 8.32 percent to Rs. 385.50 at the NSE on Wednesday. La Opala RG Limited was the first to introduce opal glass and crystal glass in India (company established in 1987). The Company is engaged in the manufacture and marketing of opal glass tableware and 24% lead crystalware products. The company is the largest opalware manufacturer in India. The company's total capacity across its two plants (Sitarganj and Madhupur) was 36,000 MTPA, effective from the first quarter of the current financial year. The capacity at Sitarganj (Uttarakhand) increased from 4000 MTPA in FY08 to 31,000 MTPA (metric tonnes per annum); the Madhupur (Jharkhand) capacity was 5,000 MTPA. La Opala collaborated with South Korea's Hosan Glass for technical assistance to manufacture opal glassware in 1988. A range of 24% lead crystal glassware (Solitaire) was introduced by La Opala in technical collaboration with South Korea's Doosan Glass in 1996. This diversification was funded through an IPO in 1995. The Company is reinforcing its longstanding opalware market leadership in India while exporting to more than 30 countries.
- 4) Shares of Mazagon Dock Shipbuilders Limited ended up by 6.25 percent to Rs. 614.95 at the NSE on Wednesday. According to the Company's FY22 Annual Report, the Company's objective is to achieve 20% Post Tax return on equity in line with DPE's guidelines with improved order position and profitability. The Company has been consistently making profit and distributing dividend for the past 17 years. 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 cuttingedge 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. " "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.", he said.

He further added "For the financial year 2022-2023, the value of order book that we have, it is about 43,343 Crores which essentially comprises of a 4 in number project 15 Bravo a missile guided destroyer, 4 in number project 17 Alpha Stealth Frigate and six Scorpene submarine of which four already delivered similarly one destroyer is already delivered and the second one will be end of this month or mid of next month as I talked before. In a short time horizon, we have almost an order book about 35000 Crores which is available, which essentially majorly constitutes an RFP which is going to come out for construction of 8 in number New Generation Corvettes which is pegged at about 33000 Crores."

Key recent major developments..

- 1) Federal Reserve officials committed to raising interest rates to a restrictive level in the near term and holding them there to get inflation back to their target, though several said it would be important to calibrate the pace of rate hikes to mitigate adverse risks to the economy. "Several participants noted that, particularly in the current highly uncertain global economic and financial environment, it would be important to calibrate the pace of further policy tightening with the aim of mitigating the risk of significant adverse effects on the economic outlook," according to minutes from their Sept. 20-21 gathering released Wednesday in Washington. (Source: Bloomberg)
- 2) OPEC on Wednesday cut its 2022 forecast for growth in world oil demand for a fourth time since April and also trimmed next year's figure, citing slowing economies, the resurgence of China's COVID-19 containment measures and high inflation. Oil demand will increase by 2.64 million barrels per day (bpd) or 2.7% in 2022, the Organization of the Petroleum Exporting Countries (OPEC) said in a monthly report, down 460,000 bpd from the previous forecast. "The world economy has entered into a time of heightened uncertainty and rising challenges, amid ongoing high inflation levels, monetary tightening by major central banks, high sovereign debt levels in many regions as well as ongoing supply issues," OPEC said in the report.

The lower demand outlook gives additional context for last week's move by OPEC and its allies, known as OPEC+, to make their largest cut in output since 2020 to support the market. The United States criticized the decision. Even after the downgrade, OPEC still expects demand growth to be stronger this year and next than the International Energy Agency, which issues its latest forecasts on Thursday. Next year, OPEC sees oil demand rising by 2.34 million bpd, 360,000 bpd less than previously forecast, to 102.02 million bpd. OPEC still expects demand in 2023 to exceed the pre-pandemic rate of 2019.

OPEC cut its 2022 global economic growth forecast to 2.7% from 3.1%, trimmed next year's figure to 2.5% and said there was potential for further weakness. "Major downside risks still exist," OPEC said, adding there was a limited upside potential from such factors as fiscal measures in the European Union and China, and any resolution to the Ukraine war. (Source: Reuters)

- 3) In his address to the Russian Energy Week International Forum, President Vladimir Putin said Russia is ready to resume gas supplies via one link of the Nord Stream 2 pipeline that remains operational, local media reported. The Russian leader said gas could still be supplied by one remaining intact part of the Nord Stream 2 pipeline. The ball was in the EU's court on whether it wanted gas supplied via the pipeline, he said. Putin said, "Russia is ready to start such supplies. The ball is in the court of the EU. If they want, they can just open the tap." (Source: IANS)

Ajcon Global's observations and view..

Short term view:

- a) On Wednesday, Indian equities bounceback strongly led by short covering and value buying. There are headwinds like rising bond yields, concerns of rupee depreciation against the US dollar, weak global cues like increasing COVID-19 cases in China, escalation of war between Russia and Ukraine, recent US Fed comments which indicate a hawkish stance going forward and recessionary concerns in US and Europe.
- b) Going ahead, investors will keep an eye on domestic CPI and WPI inflation data, US inflation data and Q2FY23 earnings season and management commentary of the Companies for the future outlook. Street participants will also 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.
- c) Domestically, there are positive factors like 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.
- d) 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 direct tax collections, robust 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. We expect stock specific action in the midcaps and smallcaps space. At the moment sectors like Auto and auto ancillaries, Banking,



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

NBFCs, Capital Goods, Railways, select companies in the infrastructure space and new age business segment can be considered.



Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.



It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries contact:

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

CIN:L74140MH1986PLC041941

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

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