

Domestic bourses remain upbeat; higher US CPI inflation data will dent sentiments..

Index	Sep. 13, 2022	Sep.12, 2022	Change	% change	Open	High	Low
Nifty	18,070.05	17,936.35	133.70	0.75	18,044.45	18,088.30	18,015.45
Sensex	60,571.08	60,115.13	455.95	0.76	60,408.29	60,635.28	60,381.02

- 1) On Tuesday, Indian benchmark indices ended in green led by positive global cues. The Nifty had witnessed strong gap up opening and later touched an intraday high of 18,088.30. Finally, the Nifty ended the day up by 133.70 points or 0.75 percent to end at levels of 18,070.05. The Sensex ended the day up by 455.95 points or 0.76 percent to end the day at levels of 60,571.08.
- 2) Among the Nifty 50 stocks, the prominent gainers were Bajaj Finserv, Tata Consumer Products, IndusInd Bank, Britannia, Bharti Airtel up in the range of 1.88 percent to 4.74 percent. On the other hand, the major losers were Shree Cement, Cipla, Eicher Motors, Divis Lab, BPCL down in the range of 0.47 percent to 0.85 percent.
- 3) The broader markets remained upbeat on Tuesday. Both Nifty Midcap 100 index and Nifty Smallcap 100 index were up by 0.16 percent respectively. In terms of sectoral indices performance, the major gainers were Nifty Metal index up by 1.28 percent, Nifty Consumer Durables index up by 0.97 percent, Nifty Financial Services index up by 0.91 percent.
- 4) On Tuesday, FIIs net bought equities worth Rs. 1,956.98 Crore and DIIs net sold equities worth Rs. 1,268.43 Crore. In the month of August 2022, FIIs have net bought equities worth Rs. 22,025.62 Crore and DIIs net sold equities worth Rs. 7,068.63 Crore.

Sectors and stocks

- 1) Shares of KRBL ended up by 12.79 percent to Rs. 41.05 at the NSE on Tuesday. The Company is India's largest exporter of branded basmati rice with footprint in > 90 countries. The Company's flagship brand "India Gate" is well established in India. Today, KRBL leading player in branded basmati rice. The Company has integrated operations with world's largest rice milling capacity and the world's largest plant in Punjab, India. KRBL has largest contract farming network coverage for rice. The Company has strong financial position; healthy internal accruals and liquidity with low reliance on debt. The Company's Q1 FY23 Gross profit margin improved due to higher avg. realization in basmati rice by 25%. EBITDA Margin was affected by higher advertising costs.
- 2) Shares of PB Fintech closed up by 11.61 percent to Rs. 563.70 at the NSE on Tuesday. Mr. Yashish Dahiya - Chairman and CEO of the Company in its Q1FY23 concall had said "Our core businesses, the Insurance Marketplace Policybazaar and the Credit Marketplace Paisabazaar, grew at 59% year-on-year, and have now been adjusted EBITDA-positive for a second quarter running. Out of the total revenue, the credit linked revenue was Rs. 84 crores for the last quarter. For our insurance business, we had an adjusted EBITDA of Rs. 18 crores positive for the last quarter. For complicated products like health and life insurance, we have been extending our customer connect beyond remote calling by giving consumers the convenience to have physical meetings at their home or office and in their local language. We are happy that customers have accepted this wholeheartedly and the results continue to encourage. We have also extended onground claims support in 114 cities as of date. Our renewals revenue is now at Rs. 270 crores annual run rate, and as we have previously mentioned roughly 85% of this flows directly to the bottom line. Paisabazaar, our credit marketplace continues to grow very well and has rebounded strongly from COVID. We are now at an annual run rate of Rs. 11,200 crores disbursement and 4.3 lakh credit cards issued. We have over 29.5 million customers who have accessed the credit score platform in 823 towns. This number represents 13% of India's active credit score consumers. 75% of these consumers are from non-metros. With increasing digitization, the digital marketplace like ours obviously stands to benefit."

- 3) Shares of Allcargo Logistics ended up by 9.97 percent to Rs. 416.50 at the NSE on Tuesday. Mr. Ravi Jakhar, Group Chief Strategy Officer of the Company in its Q1FY23 concall had said "As we started this new financial year faced with challenges of Ukraine war, lockdowns in China and a unique combination of inflationary and recessionary risks against all adversities and head winds we increased our volumes substantially year-on-year as well as quarter-on-quarter in our mainstay international supply chain business which contributes to nearly 90% of our revenues. Allcargo was the company that effectively created the CFS business and the LCL consolidation business in the country."
- 4) Shares of Relaxo Footwear closed up by 7.67 percent to Rs. 1,086.95 at the NSE on Tuesday. Commenting on Q1FY23 results and performance, Mr. Ramesh Kumar Dua, Managing Director of the Company said "The company reported modest performance during the quarter and operating margins were subdued due to higher input costs. Going forward we expect steady revenue growth with improvement in margins due to settling down of the raw material (EVA) prices as the global unrest settles down. We are regularly aligning our strategy and product portfolio to match consumers evolving expectations. High value closed footwear category is expected to maintain growth momentum supported by re-opening of offices, schools and colleges. India's consumption of per pairs at 1.9 as compared to 3.3 pairs in China, 6.4 pairs in Japan and 8.1 in USA, provides ample opportunity to footwear players and Relaxo being one of the largest company in this space shall benefit from this. Aggressive marketing & distribution strategy, strong supply chain, owned manufacturing facilities and professional team will go a long way in the growth of the Company. Overall, we believe the Indian growth story to remain intact as India being a preferred destination for investments amidst global asset shifts towards emerging economies."

Key recent major developments..

- 1) Globally, The pace of U.S. consumer price inflation remained close to a four-decade high, up 8.3% in August from the same month a year ago, the Labor Department said Tuesday. After the release of the data, US benchmark indices were under tremendous pressure.
- 2) Domestically, Vedanta Group Chairman Anil Agarwal on September 13, 2022 announced that the Vedanta-Foxconn joint venture had selected Gujarat for setting up its display fabrication and semiconductor facility. Agarwal made the announcement in a series of tweets. "History gets made! Happy to announce that the new Vedanta-Foxconn semiconductor plant will be set up in #Gujarat. Vedanta's landmark investment of ₹ 1.54 lakh crores will help make India's #Atmanirbhar Silicon Valley a reality." Vedanta and Taiwan's Foxconn signed a Memorandum of Understanding with the Gujarat government on Tuesday to set up to set up a \$20 billion semiconductor project.

Ajcon Global's observations and view..

- 1) **Short term view:**
 - a) On Tuesday, Indian benchmark indices continued to remain upbeat. As expected, stock specific action continued in midcaps and smallcaps space. At the time of writing this report, both US benchmark indices and the European equity indices were under pressure led by rise in US consumer price inflation data.
 - b) Higher US CPI data has affected global sentiments. We expect a gap down opening for the Indian bourses on Wednesday. Considering, too many macro economic variables at the moment and global developments, volatility will continue to stay. Sell on rise and buy on dips strategy is suggested for investors.
 - c) Domestically, the subdued IIP numbers and higher CPI inflation data would affect investor sentiments to some extent in the near term. Going ahead, investors will keep an eye on domestic WPI inflation data and US Fed meet. Street participants will keenly watch economic developments in US and European countries, crude oil price movement, rupee movement against the US Dollar and bond yields.
 - d) There are headwinds like fresh concerns of rate hike by US Fed after jump in US CPI data and good US employment report. Earlier, ECB had hiked interest rates to control inflation and further rate hikes is now a possibility. In addition, higher gas prices in Europe and slowdown in China has also affected sentiments. However, we believe, the domestic economy is doing well and is strongly placed as compared to the global peers which will attract investors.



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- e) Domestically, good GST collections in August 2022, strong manufacturing and services PMI data, improved demand outlook in ongoing festive season, will improve sentiments amidst global macroeconomic concerns. We suggest investors to buy on declines and look for opportunities in the midcaps and smallcaps space. At the moment sectors like Banking, NBFCs, Auto and auto ancillaries, select companies in the new age business segment can be considered.

2) **Long term view:**

Structurally, Indian economy is poised to do well after major reforms like thrust on digital economy after demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, reforms in power sector, one of its kind Union Budget announced last year which focused on investment led spending to drive growth with impetus on Privatisation, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on infrastructure and renewables sector, Ethanol blending, scrapping policy etc.



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