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Market wrap

Nov. 14, 2022

Indian equities come under pressure; healthcare stocks rally..

Index	Nov.14, 2022	Nov.11, 2022	Change	% change	Open	High	Low
Nifty	18,329.15	18,349.70	20.55	0.11	18,376.40	18,399.45	18,311.40
Sensex	61,624.15	61,795.04	170.89	0.28	61,765.86	61,916.24	61,572.03

- 1) On Monday, Indian equities came under pressure led by profit booking. The Nifty had witnessed a gap up opening and later touched an intraday high of 18,399.45. Finally, the Nifty gave up all the gains and ended the day down by 20.55 points or 0.11 percent to end at levels of 18,329.15. The Sensex ended the day down by 170.89 points or 0.28 percent to end the day at levels of 61,624.15.

Among the Nifty 50 stocks, the major losers were Dr. Reddy's, Coal India, ITC, Hindustan Unilever, State Bank of India down in the range of 1.46 percent to 3.78 percent. On the other hand, the prominent gainers were Hindalco, Apollo Hospitals, Tata Motors, Grasim, Powergrid up in the range of 1.39 percent to 5.76 percent.

- 2) The broader markets too were under pressure today. The Nifty Midcap 100 index was up by 0.06 percent and on the other hand Nifty Smallcap 100 index was up by 0.48 percent respectively. In terms of sectoral indices performance, the major losers were Nifty Media index down by 2.40 percent, Nifty FMCG index down by 1.35 percent, Nifty PSU Bank index down by 0.60 percent.
- 3) On Monday, FIIs net bought equities worth Rs. 1,089.41 Crore. On the other hand, DIIs net bought equities worth Rs. 47.18 Crore. Month till date, FIIs have net bought equities worth Rs. 13,579.15 Crore and DIIs net sold equities worth Rs. 5,597.69 Crore. In the month of October 2022, FIIs have net sold equities worth Rs. 489.06 Crore and DIIs net bought equities worth Rs. 9,276.97 Crore.

Sectors and stocks

- 1) Shares of Krishna Institute of Medical Sciences ended up by 9.20 percent to Rs. 1,580.90 at the NSE on Monday. Commenting on Q2FY23 performance of the Company, Dr. B. Bhaskara Rao, Chairman & Managing Director said: It has been a very productive quarter for us. We set foot in Nagpur with the acquisition of Kingsway Hospitals (renamed now as KIMS-Kingsway Hospitals). Our continuous commitment to provide the best medical technology to our patients saw us acquire 2 advanced robotic machines for Orthopedics, a state of the art OCT machine and a Cardiac laser for the benefit of Cardiac patients and an EVIS X1 endoscopy unit with AI for Gastroenterology Centre. But more than this, our biggest satisfaction is when we see our patients going back home healthy. We are confident that we will be able to meet the expectations set for FY 23. We attracted excellent clinical talent across the group. We now have a strength of over 1600 doctors.

Founded by Dr. B. Bhaskara Rao and headquartered in Hyderabad, KIMS Hospitals is one of the largest corporate healthcare groups in Telangana and AP, providing multi-disciplinary integrated healthcare services, with a focus on tertiary and quaternary healthcare at affordable cost. The Krishna Institute of Medical Sciences (KIMS) is the one largest corporate healthcare groups with a network of 13 hospitals and over 4000 beds spread across Telangana (Secunderabad, Kondapur, Gachibowli, Paradise Circle, and Karimnagar), Andhra Pradesh (Nellore, Rajahmundry, Srikakulam, Ongole, Vizag, Anantapur, and Kurnool) and Maharashtra (Nagpur). The Group offers a comprehensive bouquet of healthcare services in specialties and super specialties across more than 25 fields. The Group's flagship at Secunderabad is one of the largest hospitals in India with a capacity of 1,000 beds in a single location.

- 2) Shares of Raymond ended up by 6.48 percent to Rs. 1,285.15 at the NSE on Monday. Mr. Amit Agarwal, Group CFO of the Company in its Q2FY23 concall said "The Company's consolidated revenues has grown by 38% to Rs. 2,191 Crore from Rs. 1,583 Crore in the second quarter of fiscal 2022, driven by strong demand across all businesses in



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both domestic and exports markets. I am delighted to share that we have clocked highest ever revenue and have achieved highest quarter two EBITDA of Rs. 358 Crore with EBITDA margin of 16.3% in last 10 years. It's heartening to share that we have a PAT of Rs. 159 Crore which is a growth of 198% as compared to Rs. 53 Crore in Q2 of last year. Also, as compared to pre-pandemic levels of same quarter, we have delivered profitable growth across segments with the revenues in Q2FY23 higher by 15% vs Rs. 1,913 Crore in Q2FY20 and EBITDA margin at 16.3% in Q2FY23 was higher by about 390 basis points vs. 12.4% in Q2FY20. Our Q2 reported PAT of Rs. 159 Crore is 89% higher as compared to ₹84 Crores in Q2FY20."

- 3) Shares of Life Insurance Corporation of India ended up by 5.81 percent to Rs. 664.20 at the NSE on Monday. For the half year ended September 30th, 2022, LIC registered an increase of 23.87% in the Total Premium Income at Rs 2,30,456 crore as compared to Rs. 1,86,053 crore for the half year ended September 30th 2021 during the previous year. The Profit after Tax (PAT) for the half year ended September 30th, 2022 was Rs 16,635 crore as compared to Rs. 1,437 crore for the half year period ended September 30th, 2021. The current period profit has increased due to transfer of an amount of Rs. 14,271.80 crore (net of tax), pertaining to the accretions on the available solvency margin, from non par to shareholders account. The amount of Rs. 14,271.80 crore comprises of Rs 5,580.72 crore for the quarter ended September 30th, 2022 besides Rs. 4,148.78 crore and Rs. 4,542.31 crore for the preceding two quarters respectively. The business momentum continues to be strong for LIC and as a result the overall market share by First Year Premium Income (as per IRDAI) increased to 68.25% for the half year ended September 30th 2022 as compared to full year market share of 63.25% for FY 2021-22. On an Annualised Premium Equivalent (APE) basis the total premium was Rs 25,228 crore for the six month period ended September 30th, 2022. Of this Rs 14,643 crore (58.04%) was accounted for by the Individual Business and Rs 10,585 crore (41.96%) by the Group Business. Within the Individual Business, the share of Par products on APE basis was 91.01% percent and balance 8.99% percent was due to Non Par products. A total of 83,59,029 policies were sold in the individual segment during the half year ended September 30th, 2022 thereby registering an increase of 13.55% over the similar six month period last year when 73,61,410 policies were sold.

For the half year ended September 30th, 2022, the persistency ratio on premium basis for the 13th month and 61st month were 77.62% and 62.77% respectively. The comparable persistency ratios for the corresponding half year ending September 30th 2021 were 78.77% and 60.57% respectively. For the half year ended September 30th, 2022, the persistency ratio on number of policies basis for the 13th month and 61st month were 65.21% and 51.61% respectively. The comparable persistency ratios for the corresponding half year ended September 30th, 2021 were 67.69% and 49.38% respectively. Therefore the persistency has improved both on premium and number of policies basis for the 61st month.

Key recent major developments..

- 1) OPEC on Monday cut its forecast for 2022 global oil demand growth for a fifth time since April and also trimmed next year's figure, citing mounting economic challenges including high inflation and rising interest rates. Oil demand in 2022 will increase by 2.55 million barrels per day (bpd), or 2.6%, the Organization of the Petroleum Exporting Countries (OPEC) said in a monthly report, down 100,000 bpd from the previous forecast. "The world economy has entered a period of significant uncertainty and rising challenges in the fourth quarter of 2022," OPEC said in the report. "Downside risks include high inflation, monetary tightening by major central banks, high sovereign debt levels in many regions, tightening labour markets and persisting supply chain constraints." (Source: Reuters)
- 2) India's retail price inflation eased to 6.77 percent year-on-year in October 2022, down from September's five-month high of 7.41 percent, helped by slower rises in food prices and a strong base effect. Still, the reading came in slightly above market expectations of 6.73 percent, and remained above the central bank's 2-6 percent target range for a 10th consecutive period. (Source: Trading Economics)
- 3) India's annual wholesale price index (WPI) inflation for the month of October 2022 eased to 8.39% year-on-year, in single digit and the lowest since March 2021, helped by a fall in commodity prices, the government data showed on Monday. "Decline in the rate of inflation in October 2022 is primarily contributed by fall in the price of mineral oils, basic metals, fabricated metal products, except machinery and equipment; textiles; other non-metallic mineral products; minerals etc," the commerce and industry ministry said on Monday.

Ajcon Global's observations and view..

- 1) **Short term view:**
 - a) On Monday, Indian benchmark indices came under pressure led by profit booking. There are headwinds like US dollar appreciation against the Indian rupee, rising crude oil prices.



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- b) At the time of writing this report, US benchmark indices were under pressure. On the other hand, European benchmark indices were trading in green.
- c) Domestically, till date, majority of the Companies have delivered good set of Q2FY23 results considering global concerns. 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.
- 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 robust GST collections, strong direct tax collections, good manufacturing PMI data and good economic activity amidst macroeconomic challenges. We expect stock specific action in the midcaps and smallcaps space. At the moment sectors like Auto and auto ancillaries, Banking, NBFCs, Capital Goods, Railways, select companies in the infrastructure space and new age business segment can be considered.



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