

Key Benchmark indices across the globe

Index	Dec. 14, 2022	Dec. 13, 2022	Change	% change	Open	High	Low
Nifty	18,660.30	18,608.00	52.30	0.28	18,671.25	18,696.10	18,632.90
Sensex	62,677.91	62,533.30	144.61	0.23	62,685.94	62,835.11	62,591.28
Shanghai Composite	3,176.53	3,176.33	0.20	0.01	3,178.55	3,189.84	3,168.59
Nikkei 225	28,156.21	27,954.85	201.36	0.72	28,005.03	28,195.69	27,993.78
Kospi	2,399.25	2,372.40	26.85	1.13	2,380.81	2,400.18	2,379.44
Straits Times	3,278.57	3,271.28	7.29	0.22	3,280.44	3,293.47	3,274.96
Hang Seng	19,673.45	19,596.20	77.25	0.39	19,775.33	19,859.75	19,528.71
Nasdaq	11,331.10#	11,256.81	74.29	0.66	11,248.09	11,338.89	11,242.32
FTSE	7,496.47#	7,502.89	6.42	0.09	7,502.89	7,504.49	7,461.68
CAC	6,728.55#	6,744.98	16.43	0.24	6,727.75	6,733.85	6,694.33
DAX	14,463.44#	14,497.89	34.45	0.24	14,453.54	14,470.74	14,375.95

#Dec. 14, 2022 levels at the time of writing this report

Key macroeconomic indicators

Index	Dec. 14, 2022	Dec. 13, 2022
Brent Crude Oil (\$ per barrel)	81.4	80.7
Gold (\$ per ounce)	1,808	1,808
Indian Rupee against US\$	82.45	82.81
Dollar index	103.84	103.98
10 year G-sec (7.262032)	7.22%	7.27%
US 10 year G-sec	3.49%	3.50%

FII & DII activity

Index	Dec. 14, 2022	Dec. 13, 2022
FII activity (Rs. in Crore)	372.16	619.92
DII activity (Rs. in Crore)	926.45	36.75

All eyes on the US Fed meet; Indian benchmark indices end in green..

- On Wednesday, Indian benchmark indices were upbeat as US CPI numbers were encouraging which indicated that US Fed may not be so aggressive in hiking the interest rates. The Nifty had witnessed a positive opening and later touched an intraday high of 18,696.10. Finally, the Nifty ended the day up by 52.30 points or 0.28 percent to end at levels of 18,660.30. On the other hand, the Sensex ended the day up by 144.61 points or 0.23 percent to end the day at levels of 62,677.91.
- Among the Nifty 50 stocks, the major gainers were Hindalco, JSW Steel, ONGC, UPL, Eicher Motors up in the range of 1.72 percent to 2.40 percent. On the other hand, the major losers were Nestle India, ICICI Bank, Bharti Airtel, Asian Paints, Hindustan Unilever down in the range of 0.86 percent to 1.62 percent.
- The broader markets too were upbeat on Wednesday. The Nifty Midcap 100 index was up by 0.60 percent and the Nifty Smallcap 100 index was up by 0.71 percent respectively.
- In terms of sectoral indices performance, the major gainers were Nifty Realty index up by 1.45 percent, Nifty Metal index up by 1.25 percent, Nifty IT index up by 1.15 percent, Nifty Media index up by 1.05 percent. On the other hand, the major losers were Nifty FMCG index down by 0.43 percent.
- On Wednesday, FIIs net bought equities worth Rs. 372.16 Crore. On the other hand, DIIs net bought equities worth Rs. 926.45 Crore. Month till date, FIIs have net sold equities worth Rs. 4,803.87 Crore and DIIs net bought equities

worth Rs. 8,748.20 Crore. In the month of November 2022, FIIs have net bought equities worth Rs. 22,546.34 Crore and DIIs net sold equities worth Rs. 6,301.32 Crore.

Sectors & Stocks

- 1) Shares of PNB Housing Finance ended up by 8.34 percent to Rs. 480 at the NSE on Wednesday. PNB Housing Finance Limited is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The Company's asset base comprises retail loans and corporate loans. The retail business focusses on organized mass housing segment financing for acquisition or construction of houses. In addition, it also provides loan against properties and loans for purchase & construction of non-residential premises. Corporate loans are mainly to developers for construction of residential / commercial properties, corporate term loans and lease rental discounting. PNB Housing Finance is a deposit taking Housing Finance Company. The Company has 105 branches with presence in 74 cities, 46 outreach locations and 22 Hubs.

The disbursements during H1 FY22-23 grew by 49% YoY to Rs. 7,045 crore. For Q2 FY22-23 stood at Rs. 3,594 crore compared to Rs. 2,961 crore in Q2 FY21-22 registering an increase of 21%. Retail disbursement was 98% of total disbursements in H1 FY22-23. During H1 FY22-23, the Company disbursed gross amount of Rs. 225 crore under Co-lending in 20:80 ratio. Asset under Management (AUM) stood at Rs. 65,730 crore as on 30th Sept 2022 as compared to Rs. 70,870 crore as on 30th Sept 2021 (as per IndAS).

Gross Non-Performing Assets (as per IndAS) reduced by 3.7% QoQ to Rs. 3,502 crore as on 30th Sept 2022. The GNPA as a percent of Loan Asset (IndAS) is 6.06% as on 30th Sept 2022 as compared to 6.35% as on 30th June 2022. Retail GNPA reduced by 7.2% during the quarter to Rs. 1,769 crore (3.39% of Retail Loan Asset) as on 30th Sept 2022. Corporate GNPA remained stable QoQ to Rs. 1,734 crore (30.37% of Corporate Loan Asset) as on 30th Sept 2022. Net NPA, as per IndAS, stood at 3.59% of the Loan Assets as on 30th Sept 2022 as compared to 4.26% as on 30th June 2022. The Company's CRAR based on IndAS stood at 24.1%% as on 30th Sept 2022, of which Tier I capital was 21.8% and Tier II was 2.3% as compared to 20.7% as on 30th Sept 2021, of which Tier I capital was 17.8% and Tier II capital was 2.8%.

Profit after Tax increased by 12% YoY and 12% QoQ to Rs. 263 crore. Net Interest Income improved by 29% YoY and 75% QoQ to Rs. 649 crore. Pre provision Operating Profit improved by 35% YoY and 62% QoQ to Rs. 584 crore. Net Interest Margin stood at 4.14% in Q2 FY23 as compared to 3.01% in Q2 FY22 and 2.36% in Q1 FY23.

Commenting on Q2FY23 performance earlier, Mr. Girish Kousgi, Managing Director & CEO said: "The demand in the mortgage industry continues to remain robust. As we capitalize on the retail sector, we are also focusing on affordable segment. We have 39 locations operationalized as on 30th Sept 2022, which we intend to expand to over 65 locations by the end of the financial year 2023. The Company is steadfast in its commitment of growing its retail loan asset, improving asset quality while being profitable."

- 2) Shares of Sona BLW Precision Forgings was up by 6.45 percent to Rs. 478.90 at the NSE on Wednesday. Mr. Vivek Vikram Singh - (MD and Group CEO) in the Q2FY23 analyst concall had said "We now have 37 EV programs across 23 different customers. The program which we won, like I said, is to an existing customer in India where we have been supplying differential gears for their ICE as well as EV variants for years. But we are now moving up to supplying differential assemblies for their next generation of born electric vehicles. " He further added "Geographically, things have been quite volatile as you can see Europe and Asia used to be 40% of our revenue in FY22 and this is reduced to only about 25% in H1. The gaps of course have been filled up by the US and Indian markets which continue to be quite robust. They have increased to 42% and 32% respectively."

Mr. Kiran Deshmukh - Group CTO in Q2FY23 earnings concall said "We have successfully developed net-shaped spiral bevel gears. Perhaps, for the first time in the world, spiral bevel gears made by forming rather than cutting the gear teeth have been commercialized and we will soon be supplying these gears to global farm equipment manufacturers. This development is big because it is poised to do to the automotive spiral and hypoid gears, what this technology did to the straight bevel gears several decades ago. Because net-shaped gears are made with lesser steel and have a more favorable grain structure than their machine counterparts, they offer an unmatched price performance pressure. With decades of expertise in designing and making net-formed straight bevel gears, we can now provide the same benefits for spiral bevel gears. Soon our customers will be able to get Spiral and Hypoid gears far superior to the current machined gears at a competitive cost."

- 3) Shares of Punjab & Sind Bank ended up by 4.90 percent to Rs. 42.85 at the NSE on Wednesday. In Q2FY23, the Bank has witnessed good growth in its Operating profit led by jump in NII and Non - Interest Income. In addition, the Cost/Income ratio has also improved but it is still higher as compared to other PSU Banks.

The Bank's asset quality is also improving which was seen in this quarter as well. The Bank is well capitalised for strong credit growth ahead, provided the proactive policies are put in place in this regard. The Bank does not have exposure to big accounts and its SMA2 is very small at Rs. 288 Crore as on Q2FY23 which safeguards it from slippages.

We are however of the opinion that considering its low base and looking at great opportunities available in Indian Economy, the bank needs to accelerate its Credit growth going even beyond the growth in the system and tighten its belt to take the benefit of these opportunities as has been done by all other Public Sector Banks. The past legacies should be handled separately and should not be allowed to come in the way of its future growth.

Key developments

- 1) The wholesale price index (WPI)-based inflation rate for November decelerated sharply to a 21-month low of 5.85 percent. "Decline in the rate of inflation in November 2022, is primarily contributed by fall in prices of food articles, basic metals, textiles, chemicals & chemical products and paper & paper products as compared to the corresponding month of the previous year," the commerce and industry ministry said.

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

- 1) The fall in domestic WPI inflation and India's Finance Minister comments that the Centre will be able to meet its fiscal deficit targets will lift investor sentiments. Going ahead, investors will keep an eye on upcoming US Fed's meet after US CPI numbers indicated that US Fed may not be aggressive in hiking interest rates.
- 2) At the moment, sectors like Auto and auto ancillaries, NBFCs, Banking, Capital Goods, select companies in the infrastructure space and new age business segment can be considered.
- 3) Street participants will continue to watch rupee movement against the US Dollar, economic activity in China after relaxation in COVID-19 led lockdown in China, global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- 4) We reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. Majority of the Companies have delivered good set of Q2FY23 results considering global concerns. Indian economy is performing strongly as indicated by good manufacturing and services PMI data, robust GST collections, strong direct tax collections, and good economic activity amidst macroeconomic challenges. We suggest investors to be stock specific and consider companies from the midcaps and smallcaps space.



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