

Domestic bourses remain under significant pressure led by weak global cues; value buying suggested in quality names..

Index	Sep. 16, 2022	Sep.15, 2022	Change	% change	Open	High	Low
Nifty	17,530.85	17,877.40	346.55	1.94	17,796.80	17,820.05	17,497.25
Sensex	58,840.79	59,934.01	1,093.22	1.82	59,585.72	59,720.56	58,687.17

- 1) On Friday, Indian benchmark indices witnessed tremendous pressure led by concerns of likely aggressive rate hike by the US Fed in its upcoming meet. The Nifty had witnessed gap down opening and later touched a intraday low of 17,497.25. Finally, the Nifty ended the day down by 346.55 points or 1.94 percent to end at levels of 17,530.85. The Sensex ended the day down by 1,093.22 points or 1.82 percent to end the day at levels of 5,934.01.
- 2) Among the Nifty 50 stocks, the major losers were UPL, Tata Consumer Products, Tech Mahindra, Ultratech Cement, Infosys down in the range of 3.89 percent to 5.12 percent. On the other hand, the prominent gainers were IndusInd Bank and Cipla up in the range of 1.03 percent to 2.52 percent.
- 3) The broader markets were also under pressure. The Nifty Midcap 100 index was down by 2.84 percent and Nifty Smallcap 100 index was down by 2.56 percent respectively. In terms of sectoral indices performance, the major losers were Nifty Media index down by 4.07 percent, Nifty IT index down by 3.71 percent, Nifty Auto index down by 2.71 percent, Nifty PSU Bank index down by 2.35 percent, Nifty Oil & Gas index down by 2.26 percent, Nifty Consumer Durables index down by 2.21 percent.
- 4) In the week gone by, the Nifty declined by 1.7 percent or 302 points to levels of 17,531. On the other hand, Sensex fell by 1.6 percent or 952 points to levels of 58,841. On the other hand, in the last week, BSE Midcap index fell by 1.5 percent and the BSE Smallcap index fell by 1.1 percent.
- 5) On Friday, FIIs net sold equities worth Rs. 3,260.05 Crore. On the other hand, DIIs too net sold equities worth Rs. 36.57 Crore. Month till date, FIIs have net bought equities worth Rs. 1,915.95 Crore and DIIs net bought equities worth Rs. 3,006.50 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 Bharat Dynamics moved up by 6.98 percent to Rs. 929 at the NSE on Friday. Starting from an Anti Tank Guided Missile (ATGM) manufacturing company, it has forayed into the fields of Surface to Air Missile Weapon Systems, Air-to-Air Missile weapon System, under water weapon systems and associated equipments and also Refurbishment of missiles. The Company is the Sole manufacturer of Missiles and Torpedoes and also Weapon System integrator for Armed Forces. The Company Designed and developed Counter Measure Dispensing System (CMDS) for the Armed Forces. The Company is consistently a profit making company with strong operating performance.
- 2) Shares of Easy Trip Planners closed up by 5.91 percent to Rs. 416 at the NSE on Friday. EaseMyTrip is India's one of the largest online travel platform in terms of air ticket bookings, based on the Crisil Report-Assessment of the OTA Industry in India, February 2021. Furthermore, growing at a CAGR of 78% during FY20-22 in profits, it is one of the fastest-growing internet companies. Bootstrapped and profitable since its inception, EaseMyTrip offers end-to-end travel solutions including air tickets, hotels and holiday packages, bus tickets as well as ancillary value-added services. EaseMyTrip offers its users the option of zero-convenience fees during bookings. EaseMyTrip provides its users with access to more than 400 international and domestic airlines, over 1 million hotels as well as train/bus tickets and taxi rentals for major cities in India. Founded in 2008, EaseMyTrip has offices across various Indian



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cities, including Noida, Bengaluru, and Mumbai. Its international offices (as subsidiary companies) are in the Philippines, Singapore, Thailand, the UAE, the UK, the USA and New Zealand.

- 3) Shares of IIFL Wealth Management ended up by 5.77 percent to Rs. 1,805.20 at the NSE on Friday. Mr. Sanjay Wadhwa – Chief Financial Officer of the Company in its Q1FY23 analyst concall conducted earlier had said "While our AUM is not entirely insulated from mark to market fluctuations, however, our asset allocation framework, strong net flows for the quarter and robust revenue streams, have held us in good stead. Our continued focus on recurring revenues is paying off in volatile markets, as witnessed in the current quarter, i.e, Q1 FY23. From that aspect, jumping into our financials, we have seen growth across all the key metrics – in the form of AUM's, Net Flows, Revenues, Steady retentions, and Profitability. Happy to report, we clocked our highest ever OPBT or Operating Profit Before Tax in this quarter – Q1 FY 23. He further added "we recorded our highest OPBT clocking 207 crores, which was up 59% YoY and 10% QoQ. Our quarterly PAT stood at 160 crores, an increase of 35% YoY, down 4% QoQ. Importantly, our Tangible ROE, which is ROE excluding Goodwill and Intangibles, has held steady at 26% for the quarter, which was 20% in June 2021."

Key recent major developments..

- 1) Gross direct tax collections grew 30 per cent to Rs. 8.36 lakh crore till September 17 of current fiscal year on higher advance tax mop-up buoyed by the economic revival post pandemic, the finance ministry said on Sunday. After adjusting for refunds amounting to Rs. 1.35 lakh crore, net direct tax kitty grew 23 per cent to Rs. 7 lakh crore. Gross collection of direct taxes for 2022-23 stands at Rs. 8,36,225 crore compared to Rs. 6,42,287 crore in the year-ago period, registering a growth of 30 per cent, the ministry said in a statement. This includes revenue from Corporate Income Tax of Rs. 4.36 lakh crore and Personal Income Tax (PIT) of Rs. 3.98 lakh crore. Direct tax collections continue to grow at a robust pace, a clear indicator of the revival of economic activity post pandemic, as also the result of the stable policies of the government, focusing on simplification and streamlining of processes and plugging of tax leakage through effective use of technology, the ministry said. (Source: Press Trust of India)
- 2) Prime Minister Narendra Modi on Saturday unveiled the National Logistics Policy that seeks to address challenges facing the transport sector and bring down the logistics cost of businesses from 13-14 per cent to a single digit. At a grand launch event, he said the policy aims to expedite the last-mile delivery, helping businesses save time and money.

While the new policy addresses challenges of the logistics sector, it together with the infrastructure augmentation plan PM GatiShakti will address gaps, he said. For Indian products to capture world markets, the country has to strengthen its support system. "National Logistics Policy helps in making the support system modern." Modi said global experts are saying India is emerging as a democratic superpower and they are impressed by the extraordinary talent ecosystem of the country. "Experts are appreciating India's determination and progress." The government, he said, is using technology to strengthen the logistics sector. Faceless assessment has started in customs and e-way bills and FASTag are bringing efficiency to the logistics sector. Talking about the drone policy, he said drones will improve the logistics sector. The government, he said, is using technology to strengthen the logistics sector. Faceless assessment has started in customs and e-way bills and FASTag are bringing efficiency to the logistics sector.

He said the capacity of ports has been increased and the container vessel turnaround time has been cut to 26 hours from 44 hours previously. The Sagarmala project to connect ports and dedicated freight corridors has started to improve logistics connectivity and systematic infrastructure development work, he said.

"Reduced logistics cost and increased logistic efficiencies will energise the economy across sectors in multiple ways and take us many steps closer to emerging as a global manufacturing powerhouse," CII Director General Chandrajit Banerjee said in a statement. (Source: Press Trust of India)

- 3) The government on Friday cut the windfall profit tax on locally-produced crude oil in line with a fall in international rates, and reduced the levy on export of diesel and jet fuel (ATF) with effect from September 17. At the fifth fortnightly review, the government reduced tax on domestically-produced crude oil to Rs 10,500 per tonne from Rs 13,300 per tonne. The levy on the export of diesel was reduced to Rs 10 per litre from Rs 13.5. Also, the tax on Aviation Turbine Fuel (ATF) exports was cut to Rs 5 a litre from Rs 9 with effect from September 17, according to a finance ministry notification issued late Friday night. International oil prices have fallen to six-month lows this month, leading to a reduction in the windfall profit tax. The basket of crude oil that India buys has averaged \$92.67 per barrel in September as against \$97.40 in the previous month. (Source: Press Trust of India)

Ajcon Global's observations and view..

1) Short term view:

- a) On Friday, as expected, Indian benchmark indices were under significant pressure led by concerns of aggressive rate hike by US Fed after high US CPI data. Last week, we had advised investors to remain cautious especially in companies which have rallied ahead of fundamentals. Before Friday's significant fall, Nifty and Sensex had delivered good returns as FII buying was good.
- b) Any aggressive rate hike by the US Fed can lead to further fall. It may be noted, that ECB had already gone for aggressive rate hike to tame inflation and further rate hikes is now a possibility. This has affected overall global sentiments. Considering, too many macro economic variables at the moment and global developments, volatility will continue to stay.
- c) Value buying is suggested to investors in quality names at further declines. At the moment, short term traders can adopt the approach of sell on rise and buy on dips.
- d) Last week, the reduced WPI inflation data did not lift the investor sentiments as it is still in double digits. The recent subdued IIP numbers and higher CPI inflation data is also playing on the minds of the investor. The CPI inflation has remained above the RBI's comfort level of 6 percent. Considering the inflationary environment, it seems that RBI may hike interest rate in the upcoming monetary policy meeting.
- e) Street participants will keep an eye on developments related to ongoing war between Russia and Ukraine and its financial implications on the western world, crude oil price movement, rupee movement against the US Dollar and bond yields. 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.
- f) 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.



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