

**Indian equities show resilience amidst global macroeconomic concerns; FII buying leads to strong rally..**

Index	Sep. 20, 2022	Sep.19, 2022	Change	% change	Open	High	Low
<b>Nifty</b>	17,816.25	17,622.25	<b>194.00</b>	<b>1.10</b>	17,770.40	<b>17,919.30</b>	17,744.40
<b>Sensex</b>	59,719.74	59,141.23	<b>578.51</b>	<b>0.98</b>	59,556.91	<b>60,105.79</b>	59,556.91

- 1) On Tuesday, Indian equities were buoyant led by good FII buying. The Nifty had witnessed strong gap up opening and later touched an intraday high of 17,919.30. Finally, the Nifty ended the day up by 194 points or 1.10 percent to end at levels of 17,816.25. The Sensex ended the day up by 578.51 points or 0.98 percent to end the day at levels of 59,719.74.

Among the Nifty 50 stocks, the major gainers were Apollo Hospitals, Cipla, Sun Pharma, Eicher Motors, Dr. Reddy's up in the range of 2.88 percent to 5.75 percent. On the other hand, the prominent losers were Shree Cement, Grasim, Nestle India, Power Grid, Coal India down in the range of 0.24 percent to 0.94 percent.

- 2) The broader markets too were upbeat today. The Nifty Midcap 100 index was up by 1.43 percent and on the other hand Nifty Smallcap 100 index was up by 1.11 percent respectively. In terms of sectoral indices performance, the major gainers were Nifty Healthcare index up by 3.44 percent, Nifty Pharma index up by 3.08 percent, Nifty Consumer Durables index up by 2.12 percent, Nifty Auto index up by 1.66 percent, Nifty Financial Services index up by 1.40 percent, Nifty Bank index up by 1.38 percent, Nifty Financial Services index 25/50 index up by 1.30 percent.
- 3) On Tuesday, FIIs net bought equities worth Rs.1,196.19 Crore. On the other hand, DIIs net bought equities worth Rs. 131.94 Crore. Month till date, FIIs have net bought equities worth Rs. 3,424.45 Crore and DIIs net sold equities worth Rs. 2,969.24 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 Advanced Enzyme Technologies closed up by 8.92 percent to Rs. 290.60 at the NSE on Tuesday. Advanced Enzymes is a research driven company with global leadership in the manufacturing of enzymes and probiotics. It is a specialized Business with high entry barriers. The Company provides eco-safe solutions to a wide variety of industries like human health care and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, speciality applications, textile processing and others. The Company is an integrated player with presence across the enzyme value chain. The Company is amongst the lowest cost manufacturers in the world (benchmarked both in terms of capex & opex).
- 2) Shares of Quess Corp ended up by 5.49 percent to Rs. 631.30 at the NSE on Tuesday. Established in Bengaluru in 2007, Quess Corp Limited is India's leading business services provider - that leverages its extensive domain knowledge and future-ready digital platforms to drive client productivity through outsourced solutions. Quess provides a host of technology enabled staffing and managed outsourcing services across processes such as sales & marketing, customer care, after sales service, back office operations, manufacturing, facilities and security management, HR & F&A operations, IT & mobility services etc. Quess has a team of ~470,000 employees, serving ~3000 clients across India, North America, APAC and the Middle East as on June 30, 2022.

Commenting on the Q1FY23 results, ED & Group CEO Mr. Guruprasad Srinivasan said, "We are delighted to report our highest ever headcount addition of 32.6k in a quarter along with a PAT growth of 52% YoY, reaffirming our execution capability. All our large businesses have continued to demonstrate exceptional growth, driving our

consolidated revenues up by 33% YoY and 5% QoQ. As we get into the festive season, usually the largest hiring season in India, we continue to invest in technology and have strengthened our business teams to take advantage of this opportunity. We are confident these investments will help gain market share and take our ROE to 20%."

- 3) Shares of Apollo Hospitals Enterprise moved up by 5.75 percent to Rs. 4,556 at the NSE on Tuesday. Mrs. Suneeta Reddy, Managing Director of the Company in its Q1FY23 analyst concall conducted earlier said "We have commenced fiscal year 2022-'23 on a very strong note. After two financial years marked by disruption, the start of this financial year is characterized by a more stable environment leading to normalized economic activity. We have seen an increase in volumes and occupancies accompanied by the return of planned high-end surgeries. This has enabled the healthcare services business to register a strong recovery in Q1FY23, with patient volumes and revenues higher as compared to Q1FY22 and quarter Q4FY22. Q1FY23 occupancy across the group was at 60%. IP volumes increased 9% quarter-on-quarter. The occupancy must also be viewed against the backdrop of ALOS of 3.38 days, down from 4.81 in Q1FY22, where COVID dominated, and 3.57 in Q4FY22. ARPOB also improved sequentially from Rs. 48,510 in Q4FY22 to Rs. 51,999 in Q1FY23, an increase of 7%. In a significant shift in payer mix, insurance revenue now contributes 41% of our overall revenue, up by 34% from pre-COVID times. Cash and insurance segments registered a quarter-on-quarter improvement of 15% in revenues. She further added " Our focus on Centers of Excellence has resulted in a quarter-on-quarter growth of 7% in Cardiac, 17% in Oncology, 12% in Neurosciences, 28% in Orthopedics, 19% in Gastro sciences and 18% in Transplants. Surgical revenue now is 68% of the total revenue, up from 60% during COVID times. We also have a promising uptick in the International patient volumes and revenues. We have reached 85% of our preCOVID levels on volumes and are par on revenues."

#### **Key recent major developments..**

- 1) The Reserve Bank on Tuesday said Central Bank of India has been removed from the Prompt Corrective Action Framework (PCAF) watchlist following improvement in various parameters and a written commitment that the state-owned lender will comply with the minimum capital norms. Of the three state-owned lenders under the RBI's PCA framework, Indian Overseas Bank and UCO Bank were removed from the watchlist in September 2021. Central Bank of India was put under the PCA framework in June 2017 due to its high net non-performing assets (NPAs) and low Return on Assets. In a statement, the RBI said the performance of Central Bank of India was reviewed by the Board for Financial Supervision and it was noted that as per the assessed figures for the year ended March 31, 2022, the bank was not in breach of the PCA parameters. (Source: Press Trust of India)

#### **Ajcon Global's observations and view..**

##### **1) Short term view:**

- a) On Tuesday, Indian equities showed resilience led by good FII buying amidst macroeconomic concerns. The good FII buying can be attributed to the fact that the domestic economy is doing well and is strongly placed as compared to the global peers which will attract investors.
- b) With no major domestic triggers in place, investors will keep an eye on the upcoming US Fed meet after high US CPI data. Any aggressive rate hike by the US Fed can lead to further fall in the domestic bourses. 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) We expect market to remain rangebound and expect stock specific action in midcaps and smallcaps space. Value buying is suggested to investors in quality names on any declines if US Fed throws up a surprise at its meeting. At the moment, short term traders can adopt the approach of sell on rise and buy on dips.
- d) 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. 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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