

Buoyancy continues at Dalal Street; return of FIIs lifts investor sentiments..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Nifty	16,605.25	16,520.85	84.40	0.51	16,523.55	16,626.95	16,483.90
Sensex	55,681.95	55,397.53	284.42	0.51	55,391.93	55,738.49	55,270.75

- 1) On Thursday, Indian benchmark indices continued their buoyancy amidst see saw movement led by weekly F&O expiry as majority of the Indian companies witnessed good performance in Q4FY22 result till date. The Nifty had witnessed a marginal gap up opening of 2.7 points. Finally, the Nifty ended the day up by 84.40 points or 0.51 percent to end at levels of 16,605.25. Among the Nifty 50 stocks, the prominent gainers were IndusInd Bank, Bajaj Finance, Tata Consumer, UPL, Larsen & Tubro up in the range of 2.63 percent to 8.10 percent. On the other hand, Sensex closed up by 284.42 points or 0.51 percent to end the day at levels of 55,681.95.
- 2) The broader markets too ended in the positive terrain on Thursday. The Nifty Midcap 100 index was up by 1.38 percent and the Nifty Smallcap 100 index was up by 0.77 percent.
- 3) In terms of sectoral indices performance, the major gainers were the Nifty PSU Bank index, Nifty Media index, Nifty Private Bank Index, Nifty Oil & Gas index up in the range of 1.17 percent to 1.63 percent.
- 4) Today, FIIs net bought equities worth Rs. 1,799.32 Crore. On the other hand, DIIs net sold equities worth Rs. 312.29 Crore. Month till date, it has been observed that FIIs intensity of selling has reduced and has net sold equities worth Rs. 5,746.39 Crore as against FII selling of Rs. 46,006.96 Crore in the month of June 2022 (upto June 21, 2022). On the other hand, DIIs net bought equities worth Rs. 7,568.13 Crore (month till date) as against Rs. 53,901.95 Crore in the same period of June 2022.

Sectors and stocks

- 1) Shares of Aegis Logistics rallied by 15.76 percent to Rs. 244.65 on the NSE. Commenting on Q4FY22 performance of the Company, Mr. Raj Chandaria - Chairman and Managing Director in the Q4FY22 analyst concall conducted earlier said "We continue to see a rebound for the gas division with sourcing and distribution volumes improving and throughput remaining stable. Starting with the throughput volumes, the LPG volumes for the year handled at our three terminals of Mumbai, Haldia and Pipavav were 2.86 million metric tons versus 2.91 million metric tons in the previous year, despite a very low first quarter. So Q4 volumes were 800,800 metric tons versus 752,000 metric tons in the previous quarter, with Q4 clocking the second highest lifetime volumes. Haldia had good volumes and Mumbai continued to operate at full capacity with all three oil companies IOC, HPCL and BPCL bringing imports. The LPG rail gantry at Pipavav continued to perform well and is delivering considerable cost savings to our customers, which is in turn driving improved Aegis Logistics Limited May 31, 2022 Page 3 of 12 volumes at Pipavav. The bulk industrial segment delivered 38,580 metric tons in Q4 versus 29,662 metric tons in the previous quarter and aggregating to 114,058 metric tons during the year versus 56,107 metric tons a year earlier representing a 50% growth over the previous year and margins remained stable."

He further added "The commercial and domestic cylinder segment, which sells to hotels, restaurants and small scale industries under the Aegis pure gas brand and to the domestic household segment under the Aegis Chota Sikander brand was steady with Q4 sales of 6,568 metric tons versus 6,414 metric tons in the previous quarter but for the year as a whole sales volume ended at 24,334 metric tons versus 19,524 metric tons a year earlier registering a 25% increase. So we have now commissioned five bottling plants during the year, which should bring additional volumes to this segment in the current year. Auto gas sales were slightly higher at 6,185 metric tons in Q4 versus 5,961 metric tons in Q3 and 21,700 metric tons during the whole year versus 19,785 metric tons a year earlier, which represents an increase of around 10%, margins remain stable and healthy."



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- 2) Shares of KPR Mill Limited continued its rally from the previous day and rallied by 7.46 percent to Rs. 598.65. In the last two days, the stock has rallied by 16.04 percent. The Company is one of the largest vertically integrated textile player with presence across the entire value chain - from "fibre to fashion" The Company uses best quality cotton 'Shankar 6' as the raw material for consistent quality. The Company has strategic investment in Wind Power Projects & Co-gen plant for captive consumption. The Company has marquee relationships with more than 1,200 regular domestic clients for yarn and fabric and around 60 Countries for garments. The Company is one of the largest yarn manufacturers in India. The entire yarn capacity upgraded to value added yarn(Compact, Melange, Color Melange, PC, Slub, Grindle & Vortex yarn). The Company is one of the largest Knitted garment manufacture.
- 3) Shares of ABB India rallied by 6.70 percent to Rs. 2,772.75 at the NSE on Thursday. Commenting on Q1CY2022 results, Mr. Sanjeev Sharma, Country Head and Managing Director, ABB India said "I am very proud of the team at ABB India who delivered a good start to the year by not only building but accelerating the growth momentum in the face of multiple external uncertainties. All parameters have posted solid growth in the first quarter of CY2022. The surge in orders and one of the strongest order backlog in recent times, demonstrate the high preference for ABB products and the deep customer connect. Factors like ABB technology advantage, our diverse portfolio, and global leverage have enhanced our resilience amidst geopolitical challenges and inflationary pressures."

The Company said in its press release that "Total orders surged to INR 2,291 crore, the highest for the first quarter in the last five years. The year also started with a healthy increase in export orders across multiple businesses. This demonstrates consistency in leveraging the growth momentum and customer connect across segments, in domestic markets and globally. Electrification was marked by higher orders across divisions especially in smart power and distribution business. Motion Business Area witnessed uptick in systems drives and HV and LV motors continuing the short cycle opportunities. Process Automation gained from conversions in steel industry and refinery segment with higher focus on resource efficiency and clean energy transitions. Energy management systems was another area for order inflows. Service comprising of system upgrades made up a significant portion of the order basket for Robotics and Discrete Automation."

Key recent major developments..

- 1) In a key development, The European Central Bank raised interest rates by more than expected on Thursday as concerns about runaway inflation trumped worries about growth, even while the euro zone economy is suffering from the impact of Russia's war in Ukraine. The ECB raised its benchmark deposit rate by 50 basis points to zero percent, breaking its own guidance for a 25 basis point move as it joined global peers in jacking up borrowing costs. It was the ECB's first rate increase in 11 years. Policymakers also agreed to provide extra help for the 19-country currency bloc's more indebted nations - Italy among them - with a new bond purchase scheme intended to cap the rise in their borrowing costs and so limit financial fragmentation. Ending an eight-year experiment with negative interest rates, the ECB also lifted its main refinancing rate to 0.50%, and promised more hikes, possibly as soon as its Sept. 8 meeting with more to follow later. (Source: Reuters)

Ajcon Global's observations and view..

1) Short term and medium term view:

- a) Indian equities were upbeat today led by good FII buying and decent performance by majority of the companies in Q1FY23 result. US benchmark indices and most of European Indices were trading in positive terrain at the time of writing this report. We expect Indian equities to be positive considering good demand outlook for Indian companies. However, after recent run up, some profit booking is warranted.
- b) Street participants will keenly watch economic developments in US and European countries COVID-19 related developments in China, crude oil price movement, rupee movement against the US Dollar and bond yields. Investors will track Q1FY23 earnings performance and take cues from the management commentary especially on raw materials price front and its outlook for future considering the recent fall in commodity prices, pricing scenario and supply chain related developments as it has a huge bearing on logistics costs, guidance on growth especially companies having exposure to US and European markets.
- c) US Fed meet will be an important event for global equities. Earlier, US inflation hit a 41 year high and investors now expecting rate hike of 75bps by the US Fed which we believe is discounted by the markets.
- d) Domestically, factors like RBI's intervention to support the rupee, marginal reduction in WPI inflation, good IIP data and reduced retail inflation will support positivity. In the medium term, Indian equities are expected to remain positive led by factors like fall in crude oil prices and recent fall in prices of the commodities like copper, aluminium,



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steel prices augur well for Indian companies and economy as a whole. Fundamentally, the decline in crude oil prices will help rupee to stabilise as it will reduce imported inflation. Sectors like Paints, Oil Marketing Companies, Speciality Chemicals stands to benefit from decline in crude oil prices.

- 2) **Long term view:** Always remember, steep corrections and crash in a structural bull market will keep markets healthy. 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 renewables sector, Ethanol blending, scrapping policy etc.
- 3) **Approach suggested for investors:** It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree. History has proved that after any crisis, equities recover strongly and give stellar returns. One should also remember that not every fall is worth buying and investors should evaluate the Company based on fundamentals and valuation before taking any decision. We recommend investors for the near term to Buy quality names on dips and sell on rise considering the volatility in the market in the near term led by too many macroeconomic variables at the moment. We believe markets would give opportunities to enter quality stocks at reasonable valuation. Sectorally speaking, Financial sector (specially banking), Pharma, automobile, auto components, Infrastructure & food processing looks attractive at the current valuations.



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