

Investors turn cautious ahead of the US Fed meet and after new tensions emerging between Russia and its western counterparts; domestic bourses come under pressure..

Index	Sep. 21, 2022	Sep.20, 2022	Change	% change	Open	High	Low
Nifty	17,718.35	17,816.25	97.90	0.55	17,766.35	17,838.70	17,663.60
Sensex	59,456.78	59,719.74	262.96	0.44	59,504.14	59,799.04	59,275.40

- 1) On Wednesday, Indian equities were under pressure as investors turn cautious ahead of the US Fed meet and Russia's President Putin declared partial military mobilization in Russia denting investor sentiments. The Nifty had witnessed a gap down opening and later touched an intraday low of 17,663.60. Finally, the Nifty ended the day down by 97.90 points or 0.55 percent to end at levels of 17,718.35. The Sensex ended the day down by 262.96 points or 0.44 percent to end the day at levels of 59,456.78.

Among the Nifty 50 stocks, the major losers were Shree Cement, Adani Ports, Power Grid, IndusInd Bank, Ultratech Cement were down in the range of 2.85 percent to 5.94 percent. On the other hand, the prominent gainers were Britannia Industries, Hindustan Unilever, ITC, Apollo Hospitals, Bajaj Finance up in the range of 0.78 percent to 2.91 percent.

- 2) The broader markets too were under pressure today. The Nifty Midcap 100 index was down by 0.74 percent and on the other hand Nifty Smallcap 100 index was down by 1.03 percent respectively. In terms of sectoral indices performance, the major losers were Nifty Metal index down by 2.09 percent, Nifty Pharma index down by 1.39 percent, Nifty Realty index down by 1.29 percent, Nifty Healthcare index down by 1.04 percent. On the other hand, only Nifty FMCG index ended in the positive terrain, up by 1.18 percent.
- 3) On Wednesday, FIIs net sold equities worth Rs. 461.04 Crore. On the other hand, DIIs net bought equities worth Rs. 538.53 Crore. Month till date, FIIs have net bought equities worth Rs. 2,963.41 Crore and DIIs net sold equities worth Rs. 2,430.71 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 Central Bank of India ended up by 6.39 percent to Rs. 21.65 after hitting an intraday high of Rs. 23.40. The stock rallied after Reserve Bank of India (RBI) said that "Central Bank of India is taken out of the PCA restrictions subject to certain conditions and continuous monitoring. RBI said that "The performance of the Central Bank of India, currently under the Prompt Corrective Action Framework (PCAF) of RBI, was reviewed by the Board for Financial Supervision. It was noted that as per the assessed figures of the bank for the year ended March 31, 2022, the bank is not in the breach of the PCA parameters. " RBI further added "The bank has provided a written commitment that it would comply with the norms of Minimum Regulatory Capital, Net NPA and Leverage ratio on an ongoing basis and has apprised the RBI of the structural and systemic improvements that it has put in place which would help the bank in continuing to meet these commitments."
- 2) Shares of Go Fashion (India) closed up by 6.28 percent on the NSE at Rs. 1,270.75 on Wednesday. Commenting on the Q1FY23 result, Mr. Gautam Saraogi, CEO, Go Fashion (India) Limited had said, "We have started FY23 with a very strong performance in the first quarter. Our Revenues stood at Rs. 165 crores, highest ever quarterly revenues at Go Fashion. EBITDA and PAT stood at Rs. 53 crores and Rs. 24 crores, respectively. Our volumes have also grown exponentially. This has been on the back of improved product portfolio by continually adding new products across all bottom wear categories. We continue to invest in brand-building initiatives which will help us to gain visibility and also to focus and grow our online sales channels to benefit from evolving customer trends in our market. During the last quarter, we launched three new films on a PAN India platform for 6 weeks. Each of our films



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showcases the individual triumphs & journeys of women. The Company has taken a new warehousing facility in Bhiwandi, Maharashtra of 12,177 sq. feet. This will help to cater faster and better to the western regions of the country. In Q1 FY23, the Company has added 30 new stores and in line with the growth strategy to open more doors closer to the consumer, the company is pushing ahead with expansion and plans to expand store foot-print across geographies by adding around 120-130 new stores every year. We are also looking at omnichannel engagements for a seamless consumer experience, building on a technology-driven growth strategy to reach consumers across all cities. We look forward to continuing our innovative and creative approach and launch more designs while providing more brand destinations for our consumers which will help us grow and gain market share in the coming years."

- 3) Shares of Krishna Institute of Medical Sciences moved up by 4.76 percent to Rs. 1,346.15 at the NSE on Wednesday. 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 largest corporate healthcare group in Telugu states with a network of 12 hospitals and over 3600 beds spread across Telangana (Secunderabad, Kondapur, Gachibowli, Paradise Circle, and Karimnagar) and Andhra Pradesh (Nellore, Rajahmundry, Srikakulam, Ongole, Vizag, Anantapur, and Kurnool). 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.

Commenting on the performance, Dr. Bhaskara Rao Bollineni – Founder and Managing Director of the Company said: "Q1 FY 23 has begun on a robust note. The influx of patients across units has been steady and has helped us post a historical high revenue for a quarter ever. The integration of Sunshine Hospitals is now complete. We are focusing on building new departments there and replicating the KIMS model of affordable healthcare. The Orthopedics wing of Sunshine continues to deliver stellar performance. We are optimistic that the remaining 3 quarters will see steady growth and helps us achieve the targets set for FY 23."

In the Company's Q1FY23 analyst concall conducted earlier he said "As you are aware last year, we entered into a definitive agreement to acquire a majority stake in the prestigious Sunshine Hospital which has national reputation in the orthopedics segment. Now that the process of acquisition is complete. We are able to witness demonstrable results in Q1 2022-2023. In the coming quarters as the indication gathers further steam coupled with revenue growth and rationalization of cost, we expect the acquisition to give much better results. We remain very optimistic about the potential of the acquisition. The combined strength of these two entities are expected to yield good results due to enhanced patient reach, increased in patient comfort and professional expertise. KIMS has already carved a special niche for itself in the areas like organ transplantation, neurosciences, oncological sciences, renal sciences and gastro sciences. The acquisition of Sunshine Hospitals will enable us to reach more patients particularly from the orthopedic segment."

Key recent major developments..

- 1) Russia's President Vladimir Putin declared a "partial mobilization," calling up 300,000 reservists, in a major escalation of his flagging invasion of Ukraine, which he portrayed as a fight to the death with the US and its allies. As Russia moves to annex occupied Ukrainian territory, Putin also renewed his warnings of a nuclear threat. "When the territorial integrity of our country is threatened, we will certainly use all the means at our disposal to protect Russia and our people," he said in a televised national address Wednesday. "This is not a bluff." "Those who are trying to blackmail us with nuclear weapons should know that the wind patterns can also turn in their direction," the president said, accusing the US and allies of seeking to "destroy" Russia. (Source: Bloomberg News).
- 2) The dollar jumped to a new two-decade high on Wednesday, as comments from Russia's President Vladimir Putin rattled markets ahead of another likely aggressive rate hike from the U.S. Federal Reserve. Putin ordered Russia's first mobilisation since World War Two, warning the West that if it continued what he called its "nuclear blackmail" that Moscow would respond with the might of all its vast arsenal. The news propelled the dollar index, which measures the greenback's value against other major currencies, more than 0.5% higher to 110.87 - its highest level since 2002. European currencies bore the brunt of selling in foreign exchange markets as Putin's comments exacerbated concern about the economic outlook for a region already hit hard by Russia's squeeze on gas supplies to Europe. The euro was fell to a two-week low of \$0.9885, within sight of two-decade lows hit earlier this month. It was last down 0.6% at \$0.9912. (Source: Reuters)
- 3) The Union Cabinet, chaired by Prime Minister Narendra Modi on Wednesday approved the Rs. 19,500-crore proposal of the Ministry of New and Renewable Energy (MNRE) for the second tranche of the 'production-linked incentive' (PLI) scheme for solar equipment manufacturing. This is part of 'National programme on High Efficiency

Solar PV Modules' for achieving manufacturing capacity of giga watt (Gw) scale in high efficiency solar photovoltaic (PV) modules. The Cabinet in a statement said that about 65,000 Mw per annum manufacturing capacity of fully and partially integrated, solar PV modules would be installed. The scheme will bring direct investment of around Rs. 94,000 crore and will lead to creation of manufacturing capacity for allied equipment in the solar manufacturing chain," said the statement. The Cabinet said "The national programme on High Efficiency Solar PV Modules aims to build an ecosystem for manufacturing of high efficiency solar PV modules in India, and thus reduce import dependence in the area of Renewable Energy. It will strengthen the Atamnirbhar Bharat initiative and generate employment".

Ajcon Global's observations and view..

1) Short term view:

- a) On Wednesday, Indian benchmark indices were under pressure as investors turned cautious of the US Fed meet. The street expectation is that the US Fed would hike interest rates by 75 bps, which we believe is discounted by the markets. However, any aggressive rate hike like 100 bps by the US Fed can lead to further fall in the domestic bourses. Overall, Indian equities have shown good resilience amidst macroeconomic concerns as the domestic economy continues to do well and is strongly placed as compared to the global peers which will attract investors.
- b) Investors will keenly track the developments from the US Fed meet after high US CPI data. The recent developments in Russia will also affect investor sentiments in the near term. Considering, too many macro economic variables at the moment and global developments, volatility will continue to stay. At the time of writing this report, US benchmark indices and European indices were trading in the positive terrain.
- c) We expect market to remain range bound in the medium term. However, markets can come under pressure in the short term if the war between Russia and Ukraine intensifies and the US Fed goes for aggressive rate hike. However, considering the fact that Indian economy has navigated the economic challenges in a good manner, we expect positive stock specific action in the 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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