

Indian benchmark indices end in red as investors react to US Fed meet outcome; midcaps and smallcaps rally..

Index	Sep. 22, 2022	Sep.21, 2022	Change	% change	Open	High	Low
Nifty	17,629.80	17,718.35	88.55	0.50	17,609.65	17,722.75	17,532.45
Sensex	59,119.72	59,456.78	337.06	0.57	59,073.84	59,457.58	58,832.78

- 1) On Thursday, Indian equities were under pressure as investors reacted to the rate hike of 75 bps by the US Fed. The Nifty had witnessed a gap down opening and later touched an intraday low of 17,532.45. Finally, the Nifty ended the day down by 88.55 points or 0.50 percent to end at levels of 17,629.80. The Sensex ended the day down by 337.06 points or 0.57 percent to end the day at levels of 59,119.72.

Among the Nifty 50 stocks, the major losers were Power Grid, HDFC Bank, Axis Bank, HDFC, ONGC were down in the range of 1.76 percent to 3.08 percent. On the other hand, the prominent gainers were Titan, Hindustan Unilever, Asian Paints, Maruti Suzuki India, Eicher Motors up in the range of 1.85 percent to 2.79 percent.

- 2) The broader markets were upbeat today. The Nifty Midcap 100 index was up by 0.34 percent and on the other hand Nifty Smallcap 100 index was up by 0.60 percent respectively. In terms of sectoral indices performance, the major losers were Nifty Private Bank index down by 1.42 percent, Nifty Bank index down by 1.39 percent, Nifty Financial Services index down by 1.38 percent. On the other hand, the prominent gainers were Nifty Media index up by 1.85 percent, Nifty Metal index up by 0.41 percent, Nifty Pharma index up by 0.31 percent.
- 3) On Thursday, FIIs net sold equities worth Rs. 2,509.55 Crore. On the other hand, DIIs net bought equities worth Rs. 263.07 Crore. Month till date, FIIs have net bought equities worth Rs. 453.86 Crore and DIIs net sold equities worth Rs. 2,167.64 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 KPIT Technologies ended up by 11.19 percent to Rs. 666.60 at the NSE on Friday. KPIT Technologies announced the acquisition of Technica Engineering, a company specializing in production-ready system prototyping (combination of network system architecture, hardware prototyping, integration), automotive ethernet products, and tools for validation. According to the Company's press release - This will create across-the-stack expertise offering a one-stop shop for the industry to transform towards Software-Defined Vehicle (SDV). Technica Engineering is headquartered in Munich and has a presence in Spain, Tunisia, and the USA, with a team of 600+ engineers. The deal is expected to be closed by the end of October 2022, post fulfillment of customary closing conditions, and at the end of it, Technica Engineering will be fully owned by KPIT Technologies. The deal will be EPS accretive upon consolidation. "Mobility industry is using software to drive innovation and is creating a post-vehicle sale business model driven by delivering services to end consumers. We are constantly looking for possibilities to help accelerate our client's vision. With Technica Engineering, we will strengthen value and scale of operations across the stack. We have common strategic clients who will benefit, and we also get access to leading disruptor mobility tech companies." said Mr. Kishor Patil, Co-founder, CEO and MD of KPIT Technologies.

"SDV demands a significant change in the electronics architecture moving from distributed-low-compute devices to central-high-compute. Rapid prototyping of high-compute hardware and vehicle architecture is critical to validate changes in architecture as the industry makes this transition. Together we will offer a one-stop shop for the industry to migrate rapidly towards SDV by speeding up prototyping and software access and reducing workflow complexities for clients." said Mr. Anup Sable, CTO at KPIT Technologies.



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

- 2) Shares of Aptus Value Housing Finance India closed up by 7.23 percent to Rs. 319 at the NSE on Thursday. Aptus Value Housing Finance India Limited is amongst the fastest growing & profitable affordable housing finance Company with a network of 211 branches catering to over 89,000 active live accounts in Tamil Nadu (including the Union Territory of Puducherry), Andhra Pradesh, Karnataka, Telangana and Odisha. The company offers home loans for purchase and self-construction of residential property, home improvement, extension loans, loan against property and business loans, primarily to first time home buyers belonging to the low and middle-income groups.

Commenting on the results, Mr. M Anandan, Chairman & Managing Director, Aptus Value Housing Finance India Limited, said, "During Q1FY23, we disbursed Rs. 525 crores registering a growth of 113% year on year. We have built a strong branch network of 211 branches to deliver quality service to our customers. The Company is well capitalised with a net worth of over Rs. 3000 crores. As on June 30, 2022, we have maintained a sufficient on balance sheet liquidity of over Rs. 1300 crores including undrawn sanctions in the form of cash and cash equivalents. With strong capital base and prudent borrowing practices, we have positive ALM across tenors. The business in this quarter geared up for strong growth in disbursements and collection efficiencies have come back to pre covid levels with considerable improvement in soft buckets. 30 + DPD which was at 9.91% as on 31 March 2022 has come down to 6.48% though GNPA's have risen marginally. Gross NPA was at 1.75% as on June 30, 2022. We continued to grow consistently and delivered an AUM growth of 30% Year on Year. PAT has grown at 62% and our ROA and ROE is one of the best in the Industry. Our rating was upgraded to AA- from A+ by CARE during the quarter. ICRA has maintained our rating at AA-."

- 4) Shares of Hitachi Energy India ended up by 6.30 percent to Rs. 3,630 at the NSE on Thursday. In Q1FY23, the Company booked orders worth Rs. 3,054.6 crore, up 309.7 percent YoY, mainly driven by utilities as energy transition gathers pace. Rail orders continued and industrial customers ordered products like digital transformers to improve efficiencies. Service orders included automation of transmission infrastructure, HVDC asset management solutions and spare parts supplies. Products for grid infrastructure and power quality technologies continued to boost exports that contributed more than 20 percent to the order intake. The order backlog at the end of the quarter witnessed a robust growth to Rs. 6,777.2 crore, the highest in three years, providing revenue visibility for coming quarters.

In Q1FY23, the Company won a major order from Adani Mumbai Electric Infrastructure to provide a high voltage direct current (HVDC) transmission system linking Kudos to Mumbai. Mumbai is experiencing a rapid increase in electricity consumption, seeing peak demand increasing to 3,850 megawatts (MW) in 2022. Utilities are therefore ramping up to meet rising demand for reliable power supplies with minimum environmental impact. Hitachi Energy's 80-kilometer, 1,000 MW HVDC link will help increase supply of power to the city by almost 50 percent with minimal losses. The HVDC connection will strengthen the existing AC transmission infrastructure, and support Mumbai's Climate Action Plan. The 50-kilometer underground stretch of the link will save almost 2.3 square kilometers of space – equivalent to twice the area of Shivaji Park, Mumbai.

Earlier, Honorable Chief Minister of Karnataka, Shri Basavaraj Bommai along with Claudio Facchin, CEO of Hitachi Energy and N Venu, Managing Director and CEO, India and South Asia, Hitachi Energy, inaugurated a new and larger facility of Power Quality Products manufacturing in Doddaballapur, Bengaluru. "Hitachi Energy works closely with customers, governments, institutions, and partners, to enable a sustainable energy future by deploying state-of-art technologies. We have a rich heritage and extensive footprint in this country and this new manufacturing unit for power quality solutions reinforces our commitment to facilitate India's energy transition to net-zero" said Claudio Facchin, CEO, Hitachi Energy. "It also supports the Make in India initiative and strengthens our long-standing presence in Karnataka as we look forward to collaborating across stakeholders for the success of our shared vision," he added.

Key recent major developments..

- 1) The Indian rupee dropped to a record low versus the U.S. dollar on Thursday, as Asian currencies declined on concerns over the pace and quantum of U.S. Federal Reserve's policy tightening ahead. The rupee closed at a record low of 80.86 to the dollar, down from 79.9750 in the previous session. It was the biggest single-day fall for the local unit since Feb. 24. (Source: Reuters)
- 2) World leaders at the United Nations on Thursday called for Moscow to be held accountable for human rights violations in Ukraine as Russian Foreign Minister Sergei Lavrov defended Moscow's war and accused its neighbor of committing atrocities. Addressing a meeting of the U.N. Security Council on atrocities committed in Ukraine since Russia's Feb. 24 invasion, Lavrov accused Ukraine of creating threats against Russian security and "brazenly trampling" the rights of Russians and Russian-speakers in Ukraine. "I can assure you that we will never accept this," said Lavrov, who came to the council chamber to speak and then left. "Everything I've said today simply confirms



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

that the decision to conduct the special military operation was inevitable." He said countries supplying weapons to Ukraine and training its soldiers were parties to the conflict, adding that "the intentional fomenting of this conflict by the collective West remained unpunished." U.S. Secretary of State Antony Blinken pledged that Washington would continue to support Ukraine to defend itself. "The very international order we've gathered here to uphold is being shredded before our eyes. We can't let President Putin get away with it," Blinken told the council.

U.N. chief Antonio Guterres told the meeting that talk of a nuclear conflict is "totally unacceptable." Russian President Vladimir Putin on Wednesday threatened to use nuclear weapons to defend Russia. Guterres told the council ministerial meeting that he was concerned about the plans for "so-called 'referenda'." "Any annexation of a state's territory by another state resulting from the threat or use of force is a violation of the U.N. Charter and of international law," Guterres said. (Source: Reuters)

Ajcon Global's observations and view..

1) Short term view:

- a) On Thursday, Indian benchmark indices were under pressure as investors reacted to 75 bps hike in interest rates by US Fed which was in line with street expectation. However, midcaps and smallcaps were upbeat today which indicates that Indian equities are resilient and navigating macroeconomic challenges and global developments in a swift manner.
- b) We expect short covering and believe that market will rally as the domestic economy continues to do well and is strongly placed as compared to the global peers which will attract investors. However, depreciating rupee against the US dollar will play on investors mind. Value buying is suggested to investors in quality names on further declines. At the moment, short term traders can adopt the approach of sell on rise and buy on dips.
- c) However, the recent developments in Russia will affect investor sentiments in the near term to some extent. 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 negative terrain.
- d) Domestically, 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 Auto and auto ancillaries, Banking, NBFCs, Capital Goods, select companies in the new age business segment can be considered.



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