

Buoyancy witnessed at Dalal Street; FIIs and DIIs were net buyers today..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Nifty	16,929.60	16,641.8	287.80	1.73	16,774.85	16,947.65	16,746.25
Sensex	56,857.79	55,816.32	1041.47	1.87	56,267.55	56,914.22	56,236.45

- 1) On Thursday, Indian benchmark indices were buoyant after US benchmark indices witnessed good rally as US Fed hiked interest rate by 75 bps which was already discounted by markets. The Nifty had witnessed a gap up opening of 133.05 points and gained further momentum during the day to touch a high of 16,947.65. Finally, the Nifty ended the day up by 287.80 points or 1.73 percent to end at levels of 16,929.60. Among the Nifty 50 stocks, the prominent gainers were Bajaj Finance, Bajaj Finserv, Tata Steel, Kotak Bank, SBI Life up in the range of 3.78 percent to 10.46 percent. On the other hand, Sensex closed up by 1041.47 points or 1.87 percent to end the day at levels of 56,857.79.
- 2) The broader markets too ended in the positive terrain on Thursday. The Nifty Midcap 100 index was up by 0.84 percent while the Nifty Smallcap 100 index was up by 0.85 percent.
- 3) In terms of sectoral indices performance, the major gainers were the Nifty IT index, Nifty Financial Services 25/50 index, Nifty Financial Services index, Nifty Metal index, Nifty Bank index, Nifty Media index up in the range of 1.38 percent to 2.41 percent.
- 4) Today, FIIs net bought equities worth Rs. 1,637.69 Crore and DIIs too net bought equities worth Rs. 600.29 Crore. Off late it has been observed that in a few days the FIIs have turned net buyers instead of sellers.

Sectors and stocks

- 1) Shares of Bajaj Finance moved up by 10.63 percent to Rs. 7,076.60 Crore on the NSE. The Company witnessed strong performance in Q1FY23. The Company witnessed excellent performance across balance sheet growth, portfolio quality and profitability. The Company witnessed highest ever new customer acquisition in Q1. Overall, the Company strong start to the fiscal. The Company is back to all long term guidance metrics for the last 3 quarters. It is on track to go fully digital across all products and services on app (January 2023) and web (March 2023). AUM growth continues to be secular across all lines of businesses. Core AUM was up 31% at Rs. 2,04,018 crore as against Rs. 1,56,115 crore as of 30 June 2021. In Q1, the Company booked 7.42 MM new loans as against 4.63 MM in Q1 FY22. In Q1, overall B2B business disbursements grew by 83%. B2B disbursements were Rs. 16,121 crore in Q1 FY23 as against Rs. 8,797 crore in Q1 FY22. The Company continues to protect its margin profile across businesses. The Company has started increasing pricing across products gradually from June 2022. 10. In Q1, cost of funds was 6.64%. Liquidity buffer stood at Rs. 11,584 crore as of 30 June 2022. Given the strong ALM management, the impact of recent interest rate hikes on cost of funds will be gradual. GNPA & NNPA stood at 1.25% and 0.51% as of 30 June 2022 as against 1.60% and 0.68% as of 31 March 2022. 15. Overall stage 2 assets stood at Rs. 3,569 crore as of 30 June 2022 as against Rs. 3,861 crore as of 31 March 2022. Overall stage 3 assets stood at Rs. 2,539 crore as of 30 June 2022 as against Rs. 3,133 crore as of 31 March 2022.
- 2) Shares of IFB Industries ended up by 10.61 percent to Rs. 1,001.15 on the NSE ahead of its Q1FY23 result today which was not released at the time of writing this report. According to the Company's Q4FY22 press release "The Company's Q4FY22 results witnessed low growth of 10% in Q4 and YTD growth of 22%. However, volume growth has been negative in some product categories because of very low sales in April and May due to the pandemic and thereafter it had moderate performance in a few large branches causing overall growth to be low (net of price increase)-negative EBIDTA in Q4 of Rs. 6.77 Crore and very low EBIDTA of Rs. 68.19 Crore on YTD basis is as a result of the low sales in the months mentioned, high commodity prices throughout the year which includes high



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freight, higher semi-conductor prices, etc and as stated, moderate performance in a few branches causing overall EBIDTA to be very low and unacceptable. Many corrective actions have been taken including change in management in certain areas, etc. Noticeable improvement in sales has been seen in April and May. However, a lot more needs to be done to improve EBIDTA. We think substantial correction will be made by the end of Q1." said the press release.

- 3) Shares of Bharat Dynamics closed up by 7.01 percent to Rs. 782.15 on the NSE. Bharat Dynamics Limited (BDL) was established in Hyderabad in the year 1970 as a Government of India Enterprise under the Ministry of Defence. BDL was nominated as a Mini- Ratna – Category – I Company by the Government of India in 2000. Starting from an Anti Tank Guided Missile (ATGM) manufacturing company, the Company 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 Sole manufacturer of Missiles and Torpedoes and also Weapon System integrator for Armed Forces. The Company has designed and developed Counter Measure Dispensing System (CMDSD) for the Armed Forces. The Company is consistently a profit making company with strong operating performance. The Company's FY22 PAT stood at Rs.500 Cr ore and Revenue stood at Rs. 2817 Crore (Gross).

Key recent major developments..

- 1) In a key development, The American economy shrank an annualized 0.9% on quarter in Q2 2022, following a 1.6% drop in Q1 and technically entering a recession, the advance estimate showed. Most investors were expecting a 0.5% growth although some were betting on a negative reading. Inventories and business investment were the main drags. Inventories declined mostly at general merchandise stores as well as motor vehicle dealers. Residential investment sank 14%, structures 11.7% and equipment 2.7%. At the same time, PCE slowed and grew 1%, with spending on goods falling 4.4% and government consumption went down 1.9%, partially reflecting the sale of crude oil from the Strategic Petroleum Reserve. On the other hand, net trade made a positive contribution for the first time in two years, as exports jumped 18%, led by industrial supplies, materials and travel and imports were up 3.1%. Fed Chair Powell recently said he did not believe the US was in a recession and pointed to strength in the labour market. (Source: Trading Economics)

Ajcon Global's observations and view..

- 1) **Short term and medium term view:**
 - a) Indian equities were upbeat today led by optimism in US markets yesterday as US Fed increased interest rate by 75 bps which was discounted by the markets. In addition, decent performance by majority of the companies in Q1FY23 result considering the macroeconomic challenges has supported investor sentiments. US benchmark indices were trading in negative terrain led by subdued GDP growth data and most of European Indices were trading in positive terrain at the time of writing this report. We expect Indian benchmark indices to be positive considering good demand outlook for Indian companies. However, after recent run up, some profit booking is warranted. Going ahead, investors will keep an eye on RBI's MPC meet next week.
 - 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) 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, 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



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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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