

Key Benchmark indices across the globe

Index	Dec. 30, 2022	Dec. 29, 2022	Change	% change	Open	High	Low
Nifty	18,105.30	18,191.00	85.70	0.47	18,259.10	18,265.25	18,080.30
Sensex	60,840.74	61,133.88	293.14	0.48	61,329.16	61,392.68	60,743.71
Shanghai Composite	3,089.26	3,073.70	15.56	0.51	3,084.52	3,096.31	3,082.20
Nikkei 225	26,094.50	26,093.67	0.83	-	26,288.00	26,321.37	26,067.92
Kospi	2,236.40	2,280.45	44.05	1.93	2,265.73	2,272.67	2,236.38
Nasdaq	10,466.48	10,478.09	11.61	0.11	10,368.37	10,468.31	10,324.70
CAC	6,473.76	6,573.47	99.71	1.52	6,533.12	6,540.51	6,470.64
DAX	13,923.59	14,071.72	148.13	1.05	14,005.84	14,008.97	13,922.55

Key macroeconomic indicators

Index	Dec. 30, 2022	Dec. 29, 2022
Brent Crude Oil (\$ per barrel)	85.91	83.46
Gold (\$ per ounce)	1,823.86	1,815.14
Indian Rupee against US\$	82.744	82.758
10 year G-sec (7.262032)	7.327%	7.311%
US 10 year G-sec	3.882%	3.826%

FII & DII activity

Index	Dec. 30, 2022	Dec. 29, 2022
FII activity (Rs. in Crore)	2,950.89	572.78
DII activity (Rs. in Crore)	2,266.20	515.83

Benchmark indices in red; Q3FY23 earnings season and COVID-19 developments will drive market direction..

- 1) On Friday, Indian benchmark indices ended in red. The Nifty had witnessed a positive opening and later touched an intraday high of 18,265.25. Later, the Nifty gave up all the gains and hit an intraday low of 18,080.30. Finally, the Nifty ended the day down by 85.70 points or 0.47 percent to end at levels of 18,105.30. On the other hand, the Sensex ended the day down by 293.14 points or 0.48 percent to end the day at levels of 60,840.74.
- 2) Among the Nifty 50 stocks, the major gainers were Bajaj Finserv, Bajaj Auto, Titan Company, ONGC, Coal India up in the range of 1.53 percent to 2.34 percent. On the other hand, the major losers were SBI Life, Eicher Motors, Grasim Industries, ICICI Bank, Bharti Airtel down in the range of 1.50 percent to 1.99 percent.
- 3) For the week, the Nifty and Sensex were up by 1.7 per cent this week. For CY2022 Nifty ended up by 4.3 percent while the Sensex was up by 4.44 percent.
- 4) The broader markets were upbeat on Friday. The Nifty Midcap 100 index was up by 0.50 percent while the Nifty Smallcap 100 index was up by 0.75 percent respectively.
- 5) In terms of sectoral indices performance, the major gainers were Nifty PSU Bank index up by 1.51 percent, Nifty Realty index up by 0.95 percent, Nifty Consumer Durables index up by 0.65 percent, Nifty Media index up by 0.55 percent, Nifty Metal index up by 0.54 percent.
- 6) On Friday, FIIs net sold equities worth Rs. 2,950.89 Crore. On the other hand, DIIs net bought equities worth Rs. 2,266.20 Crore. In the month of December 2022, FIIs have net sold equities worth Rs. 14,231.09 Crore and DIIs net bought equities worth Rs. 24,159.13 Crore. In the month of November 2022, FIIs had net bought equities worth Rs. 22,546.34 Crore and DIIs net sold equities worth Rs. 6,301.32 Crore.

Sectors & Stocks

- 1) Shares of H.G. Infra Engineering ended up by 7.04 percent to Rs. 616 at the NSE on Friday. H.G. Infra Engineering Limited has been declared as L-1 bidder by Delhi Metro Rail Corporation Limited (the "DMRC") for a construction project. The scope of the project includes Part Design and Construction of Elevated Viaduct and four Elevated Stations viz. Keshopur, Paschim Vihar, Peeragarhi & Mangolpuri (Excluding Architectural Finishing works of stations, Steel FOB & PEB works of stations) from P2 (excl.) to PP88 (excl.) [Chainage 3118.108 mt. to 6080.447 mt.] and from P103 (excl.) to Mangolpuri Station (incl.) [Chainage 6462.547 mt. to 7012.051 mt.] of Janakpuri West to R.K. Ashram Corridor (Extn. of Line-8) of Phase- IV of Delhi MRTS. The construction period is 24 months. DMRC estimated project cost is Rs. 398.63 Crore. H.G. Infra Engineering Bid Project cost stood at Rs. 412.11 Crore.

Mr. Harendra Singh - Chairman and Managing Director of the Company in the Company's Q2FY23 analyst concall said "As a listed company, over the last five years, we have ensured that all our efforts are in a direction which create superior shareholder value, and we will continue to focus on building sustainable long-term value on for them. Our strong focus is always on growing bottom line, maintaining strong balance sheet and selection of high-quality projects to augment our order book. Taking on to road, as you can see that coming to the NHAI tendering status, NHAI has set full year target of 6,500 kilometers of road projects to be awarded this year which is a bit slow in the first half of the financial year, which is likely to pick up in the second half of this year, which gives us the opportunity for winning new projects and further strengthening of our order book as a priority sector. " He further added " Our strong focus is on operational efficiencies , cost optimization and strong project execution skills that give us the confidence to close this financial year close to our earlier stated guidelines with 25% growth year-on-year and EBITDA margin close to 16% plus as compared to last year. Our key focus ahead will be on winning selective projects that complement our order book and ensure efficiencies. Our goal is to achieve additional guiding numbers of INR 4,000 crores to INR 5,000 crores new order inflow in this financial year."

- 2) Shares of PNB Housing Finance ended up by 5.16 percent to Rs. 528.95 at the NSE on Friday. PNB Housing Finance Limited is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The Company's asset base comprises retail loans and corporate loans. The retail business focusses on organized mass housing segment financing for acquisition or construction of houses. In addition, it also provides loan against properties and loans for purchase & construction of non-residential premises. Corporate loans are mainly to developers for construction of residential / commercial properties, corporate term loans and lease rental discounting. PNB Housing Finance is a deposit taking Housing Finance Company. The Company has 105 branches with presence in 74 cities, 46 outreach locations and 22 Hubs.

The disbursements during H1 FY22-23 grew by 49% YoY to Rs. 7,045 crore. For Q2 FY22-23 stood at Rs. 3,594 crore compared to Rs. 2,961 crore in Q2 FY21-22 registering an increase of 21%. Retail disbursement was 98% of total disbursements in H1 FY22-23. During H1 FY22-23, the Company disbursed gross amount of Rs. 225 crore under Colending in 20:80 ratio. Asset under Management (AUM) stood at Rs. 65,730 crore as on 30th Sept 2022 as compared to Rs. 70,870 crore as on 30th Sept 2021 (as per IndAS). Gross Non-Performing Assets (as per IndAS) reduced by 3.7% QoQ to Rs. 3,502 crore as on 30th Sept 2022. The GNPA as a percent of Loan Asset (IndAS) is 6.06% as on 30th Sept 2022 as compared to 6.35% as on 30th June 2022. Retail GNPA reduced by 7.2% during the quarter to Rs. 1,769 crore (3.39% of Retail Loan Asset) as on 30th Sept 2022. Corporate GNPA remained stable QoQ to Rs. 1,734 crore (30.37% of Corporate Loan Asset) as on 30th Sept 2022. Net NPA, as per IndAS, stood at 3.59% of the Loan Assets as on 30th Sept 2022 as compared to 4.26% as on 30 th June 2022. The Company's CRAR based on IndAS stood at 24.1%% as on 30 th Sept 2022, of which Tier I capital was 21.8% and Tier II was 2.3% as compared to 20.7% as on 30 th Sept 2021, of which Tier I capital was 17.8% and Tier II capital was 2.8%. Profit after Tax increased by 12% YoY and 12% QoQ to Rs. 263 crore. Net Interest Income improved by 29% YoY and 75% QoQ to Rs. 649 crore. Pre provision Operating Profit improved by 35% YoY and 62% QoQ to Rs. 584 crore. Net Interest Margin stood at 4.14% in Q2 FY23 as compared to 3.01% in Q2 FY22 and 2.36% in Q1 FY23.

Commenting on Q2FY23 performance earlier, Mr. Girish Kousgi, Managing Director & CEO said: "The demand in the mortgage industry continues to remain robust. As we capitalize on the retail sector, we are also focusing on affordable segment. We have 39 locations operationalized as on 30th Sept 2022, which we intend to expand to over 65 locations by the end of the financial year 2023. The Company is steadfast in its commitment of growing its retail loan asset, improving asset quality while being profitable."

- 3) Shares of Punjab & Sind Bank ended up by 4.97 percent to Rs. 33.80 at the NSE on Friday. In Q2FY23, the Bank has witnessed good growth in its Operating profit led by jump in NII and Non - Interest Income. In addition, the Cost/Income ratio has also improved but it is still higher as compared to other PSU Banks. The Bank's asset quality is also improving which was seen in this quarter as well. The Bank is well capitalised for strong credit growth ahead, provided the proactive policies are put in place in this regard. The Bank does not have exposure to big accounts and is

SMA2 is very small at Rs. 288 Crore as on Q2FY23 which safeguards it from slippages. We are however of the opinion that considering its low base and looking at great opportunities available in Indian Economy, the bank needs to accelerate its Credit growth going even beyond the growth in the system and tighten its belt to take the benefit of these opportunities as has been done by all other Public Sector Banks. The past legacies should be handled separately and should not be allowed to come in the way of its future growth.

Key developments

- 1) The GST collections for December 2022 stood at Rs. 1,49,507 crore - 2.5 per cent more than Rs. 1,45,867 crore collected in November 2022, according to figures released by the Finance Ministry on Sunday. However, on year-on-year basis, GST revenue collected for December 2022 was 15 per cent higher than collections of December 2021, which was Rs. 1,29,780 crore. Monthly GST revenues more than Rs 1.4 lakh crore for 10 straight months in a row, the figures mentioned. The gross GST revenue collected during December 2022 is Rs. 1,49,507 crore, of which CGST is Rs. 26,711 crore, SGST is Rs. 33,357 crore, IGST is Rs. 78,434 crore (including Rs 40,263 crore collected on import of goods) and cess is Rs 11,005 crore (including Rs 850 crore collected on import of goods). The government has settled Rs. 36,669 crore to CGST and Rs. 31,094 crore to SGST from IGST as regular settlement. The total revenue of the Centre and the states after regular settlements in December 2022 is Rs. 63,380 crore for CGST and Rs. 64,451 crore for the SGST. (Source: IANS)
- 2) India's power consumption logged a double-digit growth of over 11 per cent to 121.19 billion units in December 2022 compared to the year-ago period, according to government data. The robust growth of power consumption indicates sustained momentum of economic activities in December. Experts say power consumption and demand will further increase in January due to use of heating appliances, especially in the northern parts of the country, and further improvement in economic activities. In December 2021, power consumption stood at 109.17 billion units (BU), higher than the 105.62 BU in the same month of 2020, the data showed. The peak power demand met, which is the highest supply in a day, rose to 205.03 gigawatt (GW) in December 2022. The peak power supply stood at 183.24 GW December 2021 and 182.78 GW in December 2020. The peak power demand met was 170.49 GW in the pre-pandemic December 2019. Electricity consumption in December 2019 stood at 101.08 BU. (Source: Press Trust of India)
- 3) The country is expected to produce 997.14 million tonnes (MT) of coal in the coming financial year. Of the projected figure, state-owned CIL's output is likely to be 760 MT, followed by Singareni Collieries Company Ltd (SCCL) at 75 MT, and captive and others at 162.14 MT, according to government data. During 2024-25, the country is expected to produce 1,111.60 MT of coal, which includes 850 MT by Coal India Ltd (CIL), 181.60 MT by captive and others and 80 MT by SCCL, as per the data. While in FY'26 India's production is expected at 1,288.39 MT, in FY'27 the figure is likely to reach 1,342.80 MT. Coal India accounts for over 80 per cent of domestic coal output. The country is targeting a production of 911 MT in the current fiscal. However, the total demand for coal in 2022-23 is estimated is 1,087 MT. (Source: Press Trust of India)
- 4) China's abrupt reversal of its Covid Zero policy pushed economic activity — its service sector in particular — to the slowest pace since February 2020, as the virus swept through major cities and prompted people to stay home and businesses to shut. The official manufacturing purchasing managers index fell to 47 this month from November's 48, the National Bureau of Statistics said Saturday. That was worse than an estimate of 47.8 in a Bloomberg survey of economists.

The non-manufacturing index, which measures activity in the construction and services sectors, declined to 41.6 from 46.7 in November, lower than the consensus estimate of 45. A reading below 50 indicates contraction, while anything above suggests expansion. Both readings were the lowest level since February 2020. The services PMI, a sub-index of the non-manufacturing gauge, fell to 39.4 from 45.1 in November. That's the lowest reading since February 2020 and the fourth consecutive month that it has contracted. (Source: Bloomberg)

Ajcon Global's view on Indian equities in the near term

- 1) Indian equities ended in red on the last trading day of CY22 led by profit booking. Going forward, investors will keenly track Monthly auto sales numbers, upcoming Q3FY23 earnings season and management commentary. In addition, investors will anticipate key developments especially in sectors like Defence, Railways, Electric Vehicles, Renewable Energy, Infrastructure etc. in the run up to the upcoming Union Budget in February 2023.
- 2) No doubt, there are headwinds like recent COVID-19 developments in China, Japan, South Korea, recession concerns in Europe and expectations of US Fed likely to hike interest rates in the future. However, we believe and once again reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. At



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the moment, sectors like Banking, NBFCs, Capital Goods, select companies in the infrastructure space, railways and new age business segment can be considered.

- 3) Street participants will continue to watch COVID-19 developments in China and its impact on global supply chain, domestic fiscal deficit numbers, rupee movement against the US Dollar, economic activity in China after recent COVID-19 developments , global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- 4) It may be noted that majority of the Companies had delivered good set of Q2FY23 results considering global concerns. Indian economy is performing strongly as indicated by good manufacturing and services PMI data, robust GST collections, strong direct tax collections, and good economic activity amidst macroeconomic challenges. We suggest investors to be stock specific and consider companies from the midcaps and smallcaps space.



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