

Key Benchmark indices across the globe

Index	Jan. 03, 2023	Jan.02, 2023	Change	% change	Open	High	Low
Nifty	18,232.55	18,197.45	35.10	0.19	18,163.20	18,251.95	18,149.80
Sensex	61,294.20	61,167.79	126.41	0.21	61,074.88	61,343.96	61,004.04
Shanghai Composite	3,116.51	3,089.26	27.25	0.88	3,087.51	3,119.86	3,073.05
Kospi	2,218.68	2,225.67	6.99	0.31	2,230.98	2,230.98	2,180.67
Nasdaq	10,389.21	10,466.48	77.27	0.74	10,562.06	10,613.06	10,388.05
FTSE	7,538.94	7,451.74	87.20	1.17	7,451.74	7,626.40	7,448.69
CAC	6,618.17	6,594.57	23.60	0.36	6,580.09	6,696.10	6,580.09
DAX	14,158.44	14,069.26	89.18	0.63	14,116.07	14,293.87	14,083.76

Key macroeconomic indicators

Index	Jan. 03, 2023	Jan. 02, 2023
Brent Crude Oil (\$ per barrel)	85.0	85.9
Gold (\$ per ounce)	1,833	1,824
Indian Rupee against US\$	82.89	82.75
10 year G-sec (7.262032)	7.32%	7.34%
US 10 year G-sec	3.75%	3.87%

FII & DII activity

Index	Jan. 03, 2023	Jan. 02, 2023
FII activity (Rs. in Crore)	628.07	212.57
DII activity (Rs. in Crore)	350.57	743.35

PSU stocks rally; all eyes on Q3FY23 earnings season..

- 1) On Tuesday, Indian benchmark indices ended in green. The Nifty had witnessed a negative opening and later touched an intraday high of 18,251.95. Finally, the Nifty ended the day up by 35.10 points or 0.19 percent to end at levels of 18,232.55. On the other hand, the Sensex ended the day up by 126.41 points or 0.21 percent to end the day at levels of 61,294.20.
- 2) Among the Nifty 50 stocks, the major gainers were HDFC Life, SBI Life, Axis Bank, Titan Company, Tata Consultancy Services up in the range of 1.55 percent to 4.54 percent. On the other hand, the major losers were Hindalco Industries, JSW Steel, Britannia, Mahindra & Mahindra, Reliance Industries down in the range of 0.78 percent to 1.70 percent.
- 3) The broader markets were upbeat on Tuesday. The Nifty Midcap 100 index was up by 0.23 percent while the Nifty Smallcap 100 index was up by 0.27 percent respectively.
- 4) In terms of sectoral indices performance, the major gainers were Nifty Consumer Durables index up by 1.29 percent, Nifty Healthcare index up by 0.83 percent, Nifty Financial Services 25/50 index up by 0.80 percent, Nifty IT index up by 0.78 percent, Nifty PSU Bank index up by 0.72 percent, Nifty Pharma index up by 0.72 percent, Nifty Private Bank index up by 0.63 percent.
- 5) On Tuesday, FIIs net sold equities worth Rs. 628.07 Crore. On the other hand, DIIs net bought equities worth Rs. 350.57 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 Bank of Maharashtra ended up by 5.89 percent to Rs. 32.35 at the NSE on Tuesday. The Bank had delivered strong overall performance in Q2FY23 with good credit growth and NII growth, good treasury performance despite macroeconomic headwinds like rising bond yields making it one of the most efficient PSU Bank with Cost/Income ratio of 38.82 percent, impressive CASA which stood at 56.27, improvement in asset quality, net NPAs below 1 percent, well provided for Stressed Book (PCR further improved to 96.06 percent), strong capital adequacy & consistent improvement in RoE and RoA. As per the Bank's Managing Director & CEO - Shri. A. S. Rajeev, the bank aims to maintain NIM in the range of 3.50%, advances growth of 20-22% (can go upto 25%), which is very encouraging and required in order to bring the bank in the main stream of PSBs.
- 2) Shares of Mazagon Dock Shipbuilders ended up by 5.55 percent to Rs. 831.90 at the NSE on Tuesday. Mazagon Dock Shipbuilders Limited ("MDL") continues its saga of 'self-reliance' 'AatmaNirbhar Bharat' and 'Make in India' Initiative of the Government of India, with the delivery of the fifth Scorpene Submarine 'VAGIR' of Project P-75 on 20 December 2022 to the Indian Navy, subsequently to be commissioned into Indian Navy as INS Vagir. Speaking on the occasion, CMD MDL said that with the delivery of Vagir, India further cements its position as a submarine building nation and that MDL has lived up to its reputation as one of India's leading shipyards with capacity and capability to meet requirements and aspirations of the Indian Navy in all dimensions. The delivery of five Submarines namely, Kalvari, Khanderi, Karanj, Vela and now Vagir, reaffirmed India's membership in the exclusive group of submarine building nations. In Q2FY23, the Company bagged ship repair orders for: MV Albastross, Tag-10, Offshore Adventure, MV Kalpana. The Company initiated Manufacturing of Indigenous Midget Submarine. According to the Company's FY22 Annual Report, the Company's objective is to achieve 20% Post Tax return on equity in line with DPE's guidelines with improved order position and profitability.

The Company has been consistently making profit and distributing dividend for the past 17 years. Mazagon Dock Shipbuilders Limited is one of India's leading shipbuilding yards, having evolved from a single unit, small ship repair company to a multi-unit and multi-product company. Mazagon Dock Shipbuilders Limited, also known as "Ship Builders to the Nation," is one of India's leading Defence public sector undertaking shipyards, operating under the Ministry of Defence. India's only shipyard to have built destroyers and conventional submarines for the Indian Navy; one of the initial shipyards in India to manufacture Corvettes (Veer & Khukri Class) in India. Over the years, the Company has grown to become the premier Warship building yard in India. By investing in cutting edge technologies and sophistication of the product line, the Company has institutionalised shipbuilding in the nation and generated opportunities for increasing production capacity to serve both Indian and overseas customers.

- 3) Shares of Rail Vikas Nigam ended up by 4.96 percent to Rs. 71.95 at the NSE on Tuesday. The Company was established with the mandate of fast track implementation of rail infrastructure projects working for and on behalf of Ministry of Railways as an executing arm. The contribution of the Company in building of rail infrastructure in the Country is amply demonstrated by its remarkable performance and presence in 26 locations across the country with 34 functional project implementation Unit (PIU). The company is executing projects in all the Zonal Railways and 19 States of the Country.

The Company is in the business of executing all types of railway projects including new lines, doubling, gauge conversion, railway electrification, metro projects, workshops, major bridges, construction of cable stayed bridges, institutional buildings etc. The Company functions as an executing arm of Indian Railways and works for and on behalf of the Ministry for projects assigned to it for execution. It generally works on a turnkey basis and undertakes the full cycle of project development from conceptualization to commissioning including stages of design, preparation of estimates, calling and award of contracts, project and contract management, etc. RVNL's major client is the Indian Railways and other clients include various central and state government ministries, departments, and public sector undertakings. RVNL has also started participating in Metro, Highways and other infrastructure sectors through competitive bidding. As part of its original mandate, RVNL has successfully set up five project specific Special Purpose Vehicles (SPVs) for execution of important rail connectivity projects in PPP mode. Four SPVs have already been commissioned for traffic. More SPVs are in different stages of being set up under Indian Railways' participative policy framework.

- 4) Shares of Power Finance Corporation (PFC) ended up by 4.38 percent to Rs. 156.25 at the NSE on Tuesday. Power Finance Corporation Limited (PFC) is India's largest government-owned NBFC and provides funding to the Indian power sector. PFC is the nodal agency for Revamped Distribution Sector Scheme (RDSS), Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS), and Bid Process Co-ordinator for Independent Transmission Projects (ITPs). PFC improved its balance sheet position in FY22. PFC has diversified into funding infrastructure projects in irrigation, waste to energy and water treatment sectors and also into new and emerging sectors like e-mobility, utility



scale energy storage etc. Taking the initiative forward, PFC has recently sanctioned financial assistance to projects in infrastructure sectors including metro rail, petroleum refining, bio ethanol manufacturing and nuclear energy. With PFCs growing balance sheet size, diversification into newer infrastructure areas is expected to gather steam in the coming years. PFC is aligned with the push for clean energy sources by the Government of India and society. PFC has started to focus more and more on financing of renewable energy projects.

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

- 1) Indian equities ended in green on Tuesday as quarterly business updates of certain Banks suggested good loan growth which improved investor sentiments. 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 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 after China's reopening, 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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