

Key Benchmark indices across the globe

| Index | June 19, 2023 | Prev. close | Change | % change | Open | High | Low |
|---------------------------|------------------------|-------------|---------------|-------------|-------------------------|-------------------------|-------------------------|
| Nifty | 18,755.45 | 18,826.00 | 70.55 | 0.37 | 18,873.30 | 18,881.45 | 18,719.15 |
| Sensex | 63,168.30 | 63,384.58 | 216.28 | 0.34 | 63,474.21 | 63,574.69 | 63,047.83 |
| Shanghai Composite | 3,255.81 | 3,273.33 | 17.52 | 0.54 | 3,271.16 | 3,271.16 | 3,251.78 |
| Hang Seng | 19,912.89 | 20,040.37 | 127.48 | 0.64 | 19,983.40 | 20,000.22 | 19,718.43 |
| Kospi | 2,609.50 | 2,625.79 | 16.29 | 0.62 | 2,618.06 | 2,619.44 | 2,600.49 |
| Dow Jones | 34,299.12 [^] | 34,408.10 | 108.98 | 0.32 | 34,464.02 ^{^^} | 34,588.68 ^{^^} | 34,285.69 ^{^^} |
| Nasdaq | 13,689.57 [^] | 13,782.82 | 93.25 | 0.68 | 13,859.07 ^{^^} | 13,864.06 ^{^^} | 13,680.95 ^{^^} |
| FTSE | 7,588.48 [#] | 7,581.84 | 6.64 | 0.09 | 7,642.72 | 7,642.72 | 7,581.84 |
| CAC | 7,314.05 [#] | 7,388.65 | 74.60 | 1.02 | 7,353.31 | 7,362.44 | 7,302.63 |
| DAX | 16,201.20 [#] | 16,357.63 | 156.43 | 0.97 | 16,272.21 | 16,302.29 | 16,189.57 |

#denotes levels of June 19, 2023 at the time of writing this report, [^] denotes closing levels of June 16, 2023, ^{^^}denotes levels of June 16, 2023

Key macroeconomic indicators

| Index | June 19, 2023 | June 16, 2023 |
|--|-----------------------|---------------|
| Brent Crude Oil (\$ per barrel) | 75.82 [#] | 76.61 |
| Gold (\$ per ounce) | 1,947.96 [#] | 1,957.36 |
| Indian Rupee against US\$ | 81.94 | 81.95 |
| India 10 year bond yield (%) | 7.05 | 7.03 |
| US 10 year G-sec (%) | 3.77 [#] | 3.73 |

#denotes levels of June 19, 2023 at the time of writing this report

FII & DII activity

| Index | June 19, 2023 | June 16, 2023 |
|------------------------------------|-----------------|---------------|
| FII activity (Rs. in Crore) | 1,030.90 | 794.78 |
| DII activity (Rs. in Crore) | 365.20 | 681.33 |

Domestic bourses come under pressure; broader markets remain upbeat..

- 1) On Monday, the Indian benchmark indices ended in red led by profit booking. The Nifty opened on a positive note and touched an intraday high of 18,81.45. Finally, the Nifty erased all the gains closed the day, down by 70.55 points or 0.37 percent to end at levels of 18,755.45. On the other hand, the Sensex ended the day down by 216.28 points or 0.34 percent to end the day at levels of 63,168.30.
- 2) Among the Nifty 50 stocks, the major gainers were HDFC Life, Bajaj Finance, Bajaj Finserv up in the range of 1.01 percent to 3.03 percent. On the other hand, the major losers were Adani Enterprises, Hero Motocorp, Kotak Mahindra Bank, Adani Ports, Axis Bank down in the range of 1.51 percent to 3.91 percent.
- 3) However, the broader markets were upbeat on Monday. The Nifty Midcap 100 index was up by 0.04 percent and the Nifty Smallcap 100 index was up by 0.27 percent.
- 4) In terms of the sectoral indices performance, the major gainers were Nifty PSU Bank index up by 0.96 percent, Nifty IT index up by 0.42 percent, Nifty Healthcare index up by 0.21 percent, Nifty Pharma index up by 0.17 percent. On the other hand, the major losers were Nifty Media index down by 0.89 percent, Nifty Private Bank index down by 0.89

percent, Nifty Realty index down by 0.73 percent, Nifty FMCG index down by 0.60 percent, Nifty Oil & Gas index down by 0.54 percent, Nifty Metal index down by 0.45 percent.

- 5) On Monday, FIIs have net sold equities worth Rs. 1,030.90 Crore. On the other hand, DIIs too net sold equities worth Rs. 365.20 Crore. Month till date, FIIs have net bought equities worth Rs. 5,855.87 Crore and DIIs have net bought equities worth Rs. 3,964.55 Crore. In the month of May 2023, FIIs have net bought equities worth Rs. 27,856.48 Crore and DIIs have net sold equities worth Rs. 3,306.35 Crore.

Sectors & Stocks

- 1) Shares of Mishra Dhatu Nigam Limited ended up by 9.12 percent to Rs. 287.25 at the NSE on Monday. Dr. Sanjay Kumar Jha - the Company's Chairman & Managing Director in the Company's Q4FY23 concall had said "In export area, there's a tremendous progress, in the sense that many new alloys we have developed and we have supplied to the overseas customers. And there is a good indication for this year based on that we are expected to get a good amount of orders coming from export market also. In addition to that, this year has seen a highest ever order booking from the aerospace. We have got Rs.130 crores aerospace order, the highest in the history of MIDHANI. At the same time, super alloys category, we have booked almost Rs.138 crores order also. Titanium, of course, we are doing earlier also, but this year also titanium has done a good order booking. And direct export which earlier used to take the deemed export also into our account, so this year we have focused on the direct export which we have got almost an order booking of Rs.35 crores in the last year from that side and good indications are there. With regards to some of the highlights on the export, he said "We have supplied Alloy called Alloy 108 rings to the USA and that firm is supplying to the SpaceX for their launch vehicle. So this was a very small amount of order, but it has gone for the evaluation. Once it is successfully evaluated they are going to place the order for these rings from our company."
- 2) Shares of eClerx Services Limited ended up 6.32 percent to Rs. 1,764 at the NSE on Monday. eClerx Services Limited provides business process management, automation and analytics services to a number of Fortune 2000 enterprises, including some of the world's leading financial services, communications, retail, fashion, media & entertainment, manufacturing, travel & leisure and technology companies. The Company employs about 16,100 people across Australia, Canada, Germany, India, Italy, Netherlands, Philippines, Singapore, Thailand, UK and the USA.

Mr. Srinivasan Nadadhur - Chief Financial Officer of the Company in Q4FY23 analyst concall had said "Top-line growth was flat in this quarter, attributable to softness in client demand, impacting onshore revenues and our digital business. U.S. dollar revenues came in at \$85.6 million, which is up 0.6% Q-on-Q in USD terms and 0% in constant currency terms. Total revenue for the quarter was INR 6,984 million, down 0.9% Q-on-Q because of lower other income. On the positive side, we demonstrated robust performance on margins on account of lower delivery and subcontracting costs. EBITDA margin for the quarter was INR 2,119 million at 30.3% and net profit was INR 1,325 million at 19%, an expansion of 36 bps Q-on-Q. Overall, FY'23 was a strong year for us, both on the revenue and the margins front. Revenue for the year was \$332.7 million, up 17% in USD terms and 19% in constant currency terms. And net profit was INR 4,888 million, also up about 17%. He had further added "We continue to increase wallet share with top clients. We now have 18 clients with \$3 million plus bucket, up from 16% in the same quarter last year. The number of clients in the \$0.5 million plus bucket is now 76%, up from 64% in Q4 of last year".

- 3) Shares of Five-Star Business Finance Limited ended up by 7.42 percent to Rs. 644.20 at the NSE on Monday. Five-Star Business Finance Limited is a Non-Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India with a network of 373 branches catering to around 294,000 active live accounts in Tamil Nadu (including the Union Territory of Puducherry), Andhra Pradesh, Telangana, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh and Chattisgarh. The Company primarily offers small loans for business purposes, asset creation and other economic purposes to micro-entrepreneurs and selfemployed individuals after due underwriting of their cashflows and backed by the collateral of their house property.

Commenting on Q4FY2023/ FY2023 results, Mr Lakshmiopathy Deenadayalan, Chairman & Managing Director, Five-Star Business Finance Limited, said, Five Star probably witnessed the best quarter in Q4 with both business and collections registering extremely strong numbers. During the quarter, we disbursed 1,110 Crores of loans as against 910 Crores in the previous quarter. Fully year disbursement was at Rs 3,391 crores registering a growth of 93% year on year. We added 73 branches during FY2023 resulting in a strong branch network of 373 branches to deliver quality service to our customers. We had a collection efficiency of 100.5% for the quarter and the strong growth in disbursements and collection efficiencies pave the way for a strong trajectory across growth, quality and profitability. We continued to grow consistently and delivered an AUM growth of 37% Year on Year. PAT for FY2023 has grown at 33% as compared to the previous FY and our ROA and ROE stand as one of the best in the Industry. During the year, the company has been assigned a rating of AA- by ICRA and India Ratings, which is also a testimony to the company's strength.



In the Company's Q4FY23 concall he said "Five-Star is into a niche segment where the challenges and the competitors are low. We cater to lending to an unlent segment, broadly to single and small shopkeepers, self-employed, and the cash salary segments of this country; where we see a lot of opportunity and the edge what Five-Star has of 20 years of lending to them and the collection model that what we have set up exactly suits to the earn and pay customers."

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

- 1) On Monday, Indian benchmark indices came under pressure led by profit booking. However, midcaps and smallcaps continued to outperform.
- 2) Globally, the ECB hiking key interest rate acted as a dampener to the overall upbeat mood. Investor sentiments were upbeat after US Fed kept interest rates unchanged led by cooling down of US Consumer Price Index (CPI).
- 3) We suggest investors to remain stock specific and be wary of valuations of companies getting out of comfort zone. At the moment, companies in the sectors like NBFCs, Banking, Capital Goods, select companies in the Infrastructure space, Railways and Defence. Select companies in the new age business segment can also be considered as they have seen good improvement in performance in Q4FY23.
- 4) We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. Domestically, the economy is doing well which is evident from the recent GST collection data, manufacturing PMI and Services PMI data, and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Q4FY23 earnings season has been decent. IT giants had reported weak performance but IT midcaps have delivered good Q4FY23 performance. Results announced by PSU Banks, NBFCs announced indicates good times for Banking and Financial Services sector. Private Banks too had reported decent Q4FY23 performance.
- 5) Recent inflation data was good with India's WPI inflation data lowest since November 2015 at -3.48 percent (lowest in seven-and-a-half years). India's retail inflation data had fallen to a 25 month low in May 2023 and Index of Industrial Production (IIP) data which stood at 4.2 per cent in April 2023 as against 1.1 percent in March 2023 which lifted investor sentiments. While the global central banks especially in US and Europe are grappling with issues like balancing inflation and growth; however, Reserve Bank of India is balancing inflation and growth in a good manner.



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