

Key Benchmark indices across the globe

Index	March 20, 2023	March 17, 2023	Change	% change	Open	High	Low
Nifty	16,988.40	17,100.05	111.65	0.65	17,066.60	17,066.60	16,828.35
Sensex	57,628.95	57,989.90	360.95	0.62	57,773.55	57,829.23	57,084.91
Shanghai Composite	3,234.91	3,250.55	15.64	0.48	3,253.93	3,267.99	3,231.65
Hang Seng	19,000.71	19,518.59	517.88	2.73	19,352.90	19,382.97	18,829.11
Kospi	2,379.20	2,395.69	16.49	0.69	2,391.87	2,405.99	2,378.70
Nikkei 225	26,945.67	27,333.79	388.12	1.44	27,253.73	27,367.18	26,945.67
Dow Jones	32,070.61#	31,861.98	210.61	0.66	31,922.71	32,253.88	31,872.33
Nasdaq	11,620.85#	11,630.51	9.66	0.08	11,616.19	11,695.06	11,550.69
FTSE	7,410.13#	7,335.40	74.73	1.02	7,335.40	7,426.24	7,206.82
CAC	7,029.94#	6,925.40	104.54	1.51	6,900.90	7,049.76	6,796.21
DAX	14,940.68#	14,768.20	172.48	1.17	14,715.40	14,980.43	14,458.39

at the time of writing this report

Key macroeconomic indicators

Index	March 20, 2023	March 17, 2023
Brent Crude Oil (\$ per barrel)	72.55#	72.97
Gold (\$ per ounce)	1,976.91#	1,987.93
Indian Rupee against US\$	82.63	82.55
India 10 year bond yield (%)	7.23	7.23
US 10 year G-sec (%)	3.46#	3.40

FII & DII activity

Index	March 20 2023	March 17, 2023
FII activity (Rs. in Crore)	2,545.87	1,766.53
DII activity (Rs. in Crore)	2,876.64	1,817.14

Weak global cues drag down Indian equities; metal, PSU Banking and IT stocks were under tremendous pressure..

- 1) On Monday, the Nifty opened on a negative note and later touched an intraday low of 16,828.35. Finally, the Nifty ended the day down by 111.65 points or 0.65 percent to end at levels of 16,988.40. On the other hand, the Sensex ended the day, down by 360.95 points or 0.62 percent to end the day at levels of 57,628.95.
- 2) Among the Nifty 50 stocks, the major gainers were Hindustan Unilever, Bharat Petroleum Corporation Limited (BPCL), ITC, Grasim Industries, Kotak Mahindra Bank up in the range of 0.39 percent to 2.51 percent. On the other hand, the major losers were Bajaj Finserv, Adani Enterprises, Bajaj Finance, Hindalco Industries, Tata Steel down in the range of 2.34 percent to 4.21 percent.
- 3) The broader markets were under pressure today. The Nifty Midcap 100 index was down by 1.03 percent and the Nifty Smallcap 100 index was down by 0.98 percent.
- 4) In terms of sectoral indices performance, the major gainers were Nifty FMCG index up by 0.79 percent, Nifty Media index up by 0.12 percent. On the other hand, the major losers were Nifty Metal index down by 2.35 percent, Nifty PSU Bank index down by 1.74 percent, Nifty IT index down by 1.43 percent.
- 5) On Monday, FIIs net sold equities worth Rs. 2,545.87 Crore. On the other hand, DIIs net bought equities worth Rs. 2,876.64 Crore. Month till date, FIIs have net bought equities worth Rs. 3,862.32 Crore. On the other hand, DIIs

have net bought equities worth Rs. 19,039.04 Crore. In the month of February 2023, FIIs have net sold equities worth Rs. 11,090.64 Crore and DIIs net bought equities worth Rs. 19,239.28 Crore. In the month of January 2023, FIIs had net sold equities worth Rs. 41,464.73 Crore and DIIs net bought equities worth Rs. 33,411.85 Crore.

Sectors & Stocks

- 1) Shares of Aarti Drugs Limited ended up by 19.99 percent to Rs. 380.50 at the NSE on Monday. Aarti Drugs Limited was established in the year 1984 and forms part of \$6 Billion Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, Speciality Chemicals and produces Formulations with its wholly-owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs include Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

Commenting on the Q3FY23 result earlier, Mr. Adhish Patil, Chief Financial Officer – Aarti Drugs Limited said, “The company’s overall API revenue for the quarter grew by 9% YoY. However, due to a correction in raw material prices, the company made some price adjustments in order to defend its market share. Owing to API price correction, the company undertook inventory loss of approx. ₹ 6 crores as a prudent practice. All of this weighed on the gross margins by almost ~100 bps during the quarter. The company has increased the inventory levels of imported KSMs and other raw materials due to a sudden spike of Covid-19 cases and holidays related to a new year in China. API sales volume in exports were affected to some extent due to shortage of US Dollar in many countries. The finance cost also increased due to higher working capital requirements and rising interest rates. The company has already received commitments from the customers for the brownfield expansion products as well as has received committed line of order for a campaign based product. As a result, the company is eyeing to double the revenue from Specialty Chemicals business within the next 12 months through the ongoing brownfield expansion. He further added “The capex for 9MFY23 stood at ₹ 115 crores and is expected to be in the range of ₹ 200-250 crores for the entire FY23. Tarapur greenfield facility is expected to be completed well within the timeline which will enable the company to foray into new API therapy of Dermatology. The construction activity for the Gujarat capex has also been ramped up. Tarapur specialty chemicals facility will be fully ramped up post the installation of equipments which are being imported. These equipments are expected to arrive by April 2023. The company’s various capex initiatives are expected to be completed and fully scaled up over the period of next 2 years in a phased manner and are expected to bolster the topline and profitability growth.”

- 2) Shares of Cochin Shipyard Limited ended up by 3.41 percent to Rs. 459.15 after hitting an intraday high of Rs. 473.60 at the NSE on Monday. Cochin Shipyard Limited has bagged order from NAVSHUTTLE 1 AS and NAVSHUTTLE 2 AS, Lysaker Norway, Companies in the Samskip Group, headquartered in Netherlands, for the design and construction of a total of two nos. of Zero Emission Feeder Container Vessels with an option for two more vessels. The total project cost for the firm order is approximately Rs. 550 crore and the first vessel is to be delivered in 28 months and the second to be within 34 months. These ships can carry abt. 365 Nos. of 45-feet long high cube containers and are intended to serve the European Market where sustainable transportation solutions are in high demand.

Key developments

- 1) The government has taken various reforms following which asset quality of public sector banks has improved significantly with gross NPA ratio declining from the peak of 14.6 per cent in March 2018 to 5.53 per cent in December 2022, Parliament was informed on Monday. All PSBs are in profit with aggregate profit being Rs 66,543 crore in 2021-22, and that further increased to Rs 70,167 crore in first nine months of current financial year, Minister of State for Finance Bhagwat K Karad said in a written reply to Lok Sabha. At the same time, resilience has increased with provision coverage ratio of PSBs rising from 46 per cent to 89.9 per cent in December 2022, he said, adding capital adequacy ratio of PSBs improved significantly from 11.5 per cent in March 2015 to 14.5 per cent in December 2022. Total market cap of PSBs (excluding IDBI Bank, which was categorised as private sector bank in January 2019) increased from Rs 4.52 lakh crore in March 2018 to Rs 10.63 lakh crore in December 2022, he said. Karad also said banks, earlier placed under Prompt Corrective Action (PCA) framework by RBI, have made significant improvement.

Talking about various measures taken to improve the financial health of PSBs, Karad said, the government implemented a comprehensive 4R strategy of Recognising NPAs transparently, Resolution and recovery, Recapitalising PSBs, and Reforms in the financial ecosystem.

Major banking reforms undertaken by the government over the last eight years addressed credit discipline, responsible lending and improved governance, besides adoption of technology, amalgamation of banks, and maintaining general confidence of bankers, he said. (Source: Press Trust of India)



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

- 1) On Monday, Indian equities came under tremendous pressure and ended in negative terrain led by weak global cues. The recent correction is attributed to the fall of US based Silicon Valley Bank, Signature Bank and First Republic Bank. To add to the woes, the problems in banking giant Credit Suisse has also created panic in global investor community. UBS - Credit Suisse deal also went in vain and did not improve investor sentiments. Investors are now concerned about the stability of Banks in US and Europe which will affect the inflows in global equities.
- 2) As expected, the global headwinds has affected investor sentiments in the near term and would provide opportunities to investors at lower levels. Domestically, valuation of certain companies especially PSU Banks and select IT companies have turned attractive post the recent fall in Indian equity markets.
- 3) Going ahead, investors will closely watch the upcoming March 21-22 US Fed meeting.
- 4) Street participants will continue to watch global bond yields as it will dictate treasury performance of Banks, rupee movement against the US Dollar, crude oil price movement, economic activity in China, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- 5) 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. At the moment, companies in the sectors like Capital Goods, select companies in the Infrastructure space, Railways, Defence, Banking, NBFCs and select companies in the new age business segment can be considered.
- 6) It may be noted that majority of the Companies had delivered decent set of numbers in Q3FY23 results considering global concerns. Indian economy is performing strongly as indicated by manufacturing and services PMI data, good air passenger traffic, electricity and coal consumption 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 considering the high valuation in the large cap space.



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