

Key Benchmark indices across the globe

Index	April 21, 2023	April 20, 2023	Change	% change	Open	High	Low
Nifty	17,624.05	17,624.45	0.40	-	17,639.75	17,663.20	17,553.95
Sensex	59,655.06	59,632.35	22.71	0.04	59,538.79	59,781.36	59,412.81
Shanghai Composite	3,301.26	3,367.03	65.77	1.99	3,364.00	3,367.61	3,301.26
Nikkei 225	28,564.37	28,657.57	93.20	0.33	28,590.55	28,778.37	28,527.80
Kospi	2,544.40	2,563.11	18.71	0.74	2,556.70	2,559.44	2,532.32
Dow Jones	33,808.96	33,786.62	22.34	0.07	33,843.43	33,858.83	33,688.57
Nasdaq	12,072.46	12,059.56	12.90	0.11	12,046.85	12,097.15	11,986.82
FTSE	7,914.13	7,902.61	11.52	0.15	7,902.61	7,936.11	7,886.46
CAC	7,577.00	7,538.71	38.29	0.51	7,551.50	7,577.00	7,518.32
DAX	15,881.66	15,795.97	85.69	0.54	15,782.58	15,899.62	15,706.83

Key macroeconomic indicators

Index	April 21, 2023	April 20, 2023
Brent Crude Oil (\$ per barrel)	86.63#	81.10^
Gold (\$ per ounce)	2,003.96#	2,004.34^
Indian Rupee against US\$	82.10	82.15
India 10 year bond yield (%)	7.19	7.22
US 10 year G-sec (%)	3.57	3.55

#denotes closing levels of April 22, 2023, ^ denotes closing levels of April 21, 2023

FII & DII activity

Index	April 21, 2023	April 20, 2023
FII activity (Rs. in Crore)	2,116.76	1,169.32
DII activity (Rs. in Crore)	1,632.66	832.72

All eyes on PSU Banks Q4FY23 results; stock specific action to continue based on Q4FY23 earnings performance..

- 1) On Friday, the Indian benchmark indices ended flat. The Nifty opened on a positive note and later gave up all the gains and touched an intraday low of 17,553.95. Finally, the Nifty ended the day flat, just down by 0.40 points to end at levels of 17,624.05. On the other hand, the Sensex ended the day up by 22.71 points or 0.04 percent to end the day at levels of 59,655.06.
- 2) Among the Nifty 50 stocks, the major gainers were ITC, Tata Consultancy Services, Britannia Industries, Wipro, Cipla up in the range of 1.32 percent to 1.92 percent. On the other hand, the major losers were HDFC Life, Tech Mahindra, Adani Enterprises, SBI Life, Tata Steel down in the range of 1.76 percent to 3.16 percent.
- 3) The broader markets were under pressure on Friday. The Nifty Midcap 100 index was down by 0.42 percent and the Nifty Smallcap 100 index was down by 0.34 percent.
- 4) In terms of the sectoral indices performance, the major gainers were Nifty Media index up by 1.33 percent, Nifty FMCG index up by 0.89 percent, Nifty IT index up by 0.69 percent, Nifty Pharma index up by 0.48 percent, Nifty Healthcare index up by 0.30 percent. On the other hand, the major losers were Nifty Realty index down by 2.13 percent, Nifty Metal index down by 1.37 percent, Nifty Auto index down by 1.03 percent, Nifty PSU Bank index down by 0.84 percent.

- 5) In the week gone by, the Nifty declined by 1.14 percent to levels of 17,624.05. On the other hand, the Sensex fell by 1.28 percent to end at levels of 59,655.06. However, the broader markets were upbeat in the week gone by.
- 6) On Friday, FIIs net sold equities worth Rs. 2,116.76 Crore. On the other hand, DIIs net bought equities worth Rs. 1,632.66 Crore. Month till date, FIIs have net bought equities worth Rs. 316.67 Crore and DIIs too have net bought equities worth Rs. 342.32 Crore. In the month of March 2023, FIIs have net bought equities worth Rs. 1,997.70 Crore. On the other hand, DIIs have net bought equities worth Rs. 30,548.77 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 Cyient Limited ended up by 5.83 percent to Rs. 1,154.90 at the NSE on Friday. The Company had witnessed good performance in Q4FY23 result. Group revenue at INR 1,751.4 crores, with QoQ growth of 8.2% and YoY growth of 48.3%. Consolidated Services Revenue at INR 1448.9 crores, with QoQ growth of 5% and YoY growth of 47.3%. Group CC Revenue Growth at 6.6% QoQ and 39.1% YoY. Normalized^ Group EBIT of INR 249.4 crores, with a margin of 14.2%. Normalized^ PAT at INR 176 crores, with QoQ growth of 8.1% and YoY growth of 14.1%. Core Services* Order Intake grew by 13.3% YoY. Offshoring for Core Services* at 53.4% (Note: ^Excluding exceptional items and one-off M&A expenses, *Organic Services Business of Cyient).

Commenting on Q4FY23 results, Krishna Bodanapu, Executive Vice Chairman & Managing Director, Cyient, said, "This quarter, we won five large deals worth over USD 185 million and saw a 38.4% CC YoY growth in Consolidated Services Revenue. We also completed three strategic acquisitions to extend our service offerings portfolio and enter newer markets. I thank our dedicated associates, trusted partners, and customers for enabling us to have a successful FY23."

Karthikeyan Natarajan, Executive Director, and CEO, Cyient, said, "As we get into the new financial year, we will focus on partnering with our customers to design Digital and Connected Enterprises, Sustainable Industries, and an Autonomous World. We continue to enable the technology-led transformation that will help our customers solve problems that matter. And to do this, we are determined to invest in upskilling our associates. The recognition of 'Great Place to Work' in India is further evidence of our commitment to building an inclusive and equitable workplace."

- 2) Shares of Delhivery Limited ended up by 3.83 percent to Rs. 350 at the NSE on Friday. Delhivery is India's largest fully-integrated logistics services provider. With its nationwide network covering over 18,500 pin codes, the company provides a full suite of logistics services such as express parcel transportation, PTL freight, TL freight, cross-border, supply chain, and technology services. Delhivery has successfully fulfilled over 1.9 billion shipments since inception and today works with over 26,000 customers, including large & small e-commerce participants, SMEs, and other enterprises & brands.

Earlier, commenting on Q3FY23 result, Mr. Sahil Barua, Managing Director & Chief Executive Officer, Delhivery had said "Leading indicators of our business - service precision, network speed and quality parameters all continue to show positive traction. We have had a good end to the year and this momentum has carried into 2023. We are confident of continued improvement in our transportation business, especially PTL, and overall profitability metrics".

Key developments

- 1) Reliance Industries Limited came out with its Q4FY23 result on Friday (21st April, 2023) after the market hours.

Quarterly Performance (Q4 FY23 vs Q4 FY22):

Gross Revenue stood at ₹ 239,082 crore (\$ 29.1 billion), up 2.8% Y-o-Y, supported by continuing growth momentum in consumer businesses. Digital Services segment achieved 15.4% Y-o-Y growth while Retail segment grew by 19.4% Y-o-Y. Revenue from Oil & Gas segment doubled Y-o-Y on account of higher price realisations. However, this was partially offset by decrease in revenue from O2C business on account of sharp decrease in crude oil prices and lower price realisation on downstream products.

EBITDA increased by 21.8% Y-o-Y to ₹ 41,389 crore (\$ 5.0 billion), on account of: a) Higher revenue and increase in margins in Digital Services Segment. b) Favorable mix, sourcing benefits and operating efficiencies in Retail segment.



c) Higher transportation fuel cracks and optimised feedstock cost partially offset by lower downstream chemical margins in O2C segment, d) Better gas price realization and higher volumes in the Oil & Gas segment.'

Depreciation increased by 43.2% Y-o-Y to ₹ 11,456 crore (\$ 1.4 billion) due to expanded asset base across all the businesses and higher network utilization in Digital Services business. Finance costs increased by 63.6% Y-o-Y to ₹ 5,819 crore (\$ 708 million) primarily due to higher interest rates and loan balances. Tax Expenses of ₹ 2,787 crore (\$ 339 million) in 4Q FY23 were lower on account of lower deferred tax in Q4 FY23. Profit after tax improved by 18.3% Y-o-Y at ₹ 21,327 crore (\$ 2.6 billion). The Capital Expenditure for the quarter ended March 31, 2023 was ₹ 44,413 crore (\$ 5.4 billion)

Commenting on the results, Shri. Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said: "I am happy to note Reliance's initiatives in digital connectivity and organized retail are driving greater efficiencies in the economy and contributing to India's emergence as one of the fastest growing economies in the world. Jio continues to digitally empower millions of citizens across the nation, extending True 5G reach to 2,300+ cities and towns in a short span of 6 months. With steady growth in mobility and FTTH subscriber base and an expanding bouquet of content and digital services, the Jio business continues to deliver impressive growth in operating profits. Retail business registered excellent growth numbers backed by expansion of physical and digital footprint and a significant increase in footfall. We continue to expand our product base across consumption baskets, ensuring our customers get world-class products at affordable prices. Our retail team has an unwavering focus on enhancing consumer experience and ease of shopping."

He further added "O2C segment posted its highest-ever operating profit despite global uncertainties and disruptions in commodity trade flows. Our oil and gas segment also delivered very strong growth and is now poised to contribute nearly 30% of India's domestic gas production. This year we have proposed to demerge our financial services arm and list the new entity "Jio Financial Services Ltd.". This gives our shareholders an opportunity to participate in an exciting new growth platform from inception. Implementation of our New Energy giga factories at Jamnagar is making significant progress. This puts us on track to achieve our goals of transitioning to cleaner energy and enabling sustainable growth. I believe Reliance's significant investments and strategic partnerships in the renewable energy vertical will help transform the energy landscape of India and the world, in the coming years."

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

- 1) On Friday, Indian benchmark indices ended flat. Stock specific action was witnessed in different sectors as well. Going forward, on Monday, investors would react to Q4FY23 performance of Reliance Industries Limited. Additionally, investor sentiments would improve considering strong performance of ICICI Bank in Q4FY23 result. All eyes would be now PSU Banks Q4FY23 earnings performance which is expected to be good in terms of improved credit growth considering strong momentum in the economy, higher recoveries, controlled slippages and further improvement in the asset quality. The valuations of PSU Banks also look attractive.
- 2) Overall, the markets have been lacklustre as Q4FY23 earnings season has started on weak note as IT giants have reported weak performance. However, the quarterly business updates of PSU Banks, NBFCs announced till date indicates good times for Banking and Financial Services sector.
- 3) 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 Banking, NBFCs, Capital Goods, select companies in the Infrastructure space, Railways, Defence and select companies in the new age business segment can be considered. In addition select companies in Diagnostics and Pharma sector can be considered as COVID-19 cases have started increasing in India.
- 4) Globally, earlier, US inflation fell to 5 percent in March 2023 and is at the lowest point in almost 2 years. The efforts made globally by authorities to restore confidence amongst the investors after the recent turmoil in the US and European Banking system has also yielded results in the form of some improvement in the 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. In addition, the Indian Banking has proved to be resilient to global factors and macroeconomic headwinds. This will infuse confidence amongst investor community which will attract FIIs inflows. 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 tussle between China and Taiwan, key implications of ongoing war between Russia and Ukraine.



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