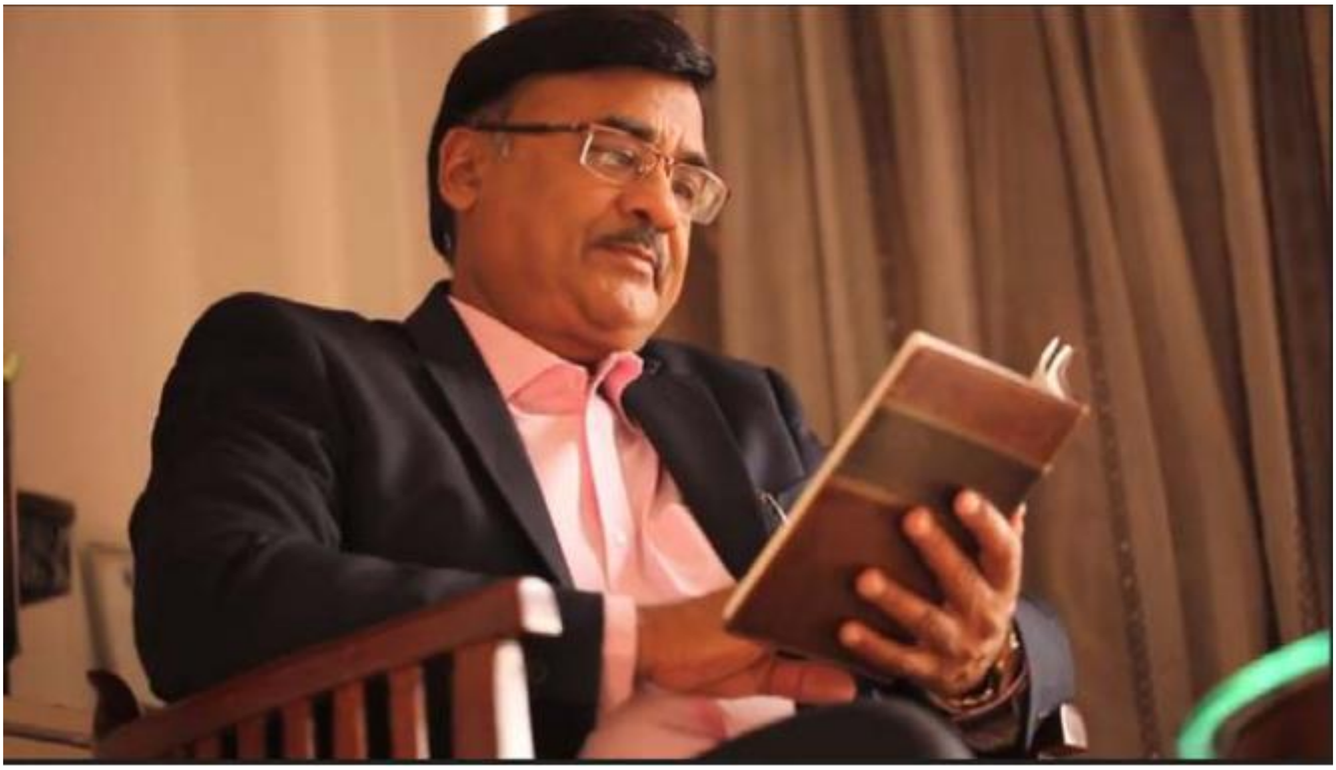

CA (Dr.) Ashok Ajmera's Weekly Column as on March 22, 2024

Broader markets saw recovery from lower levels backed on the positive Fed meet outcome.

CA (Dr.) Ashok Ajmera's Weekly Column

All the broader market indices showed some strength backed on the positive fed meet outcome. After witnessing a fall mid-week, the week ended on a higher note as the US Fed kept the rate constant for 5th consecutive meet triggering the upside bias in the market.

The top gainers in the Nifty 50 index were Maruti Suzuki (up by 7.50%), Tata Steel (up by 7.13%), Bajaj Auto (up by 7.12%), Apollo Hospital (up by 6.56%) and Eicher Motors (up by 6.48%). The major losers in in the Nifty 50 index were Infosys (down by 7.66%), Tata Consumer Products (down by 7.38%), TCS (down by 7.31%), Wipro (down by 5.78%) and HCL Tech (down by 5.43%).

FII and DII activity

In the week gone by, FII were net sellers at Rs. 8,365.53 Crores and DII were net buyers at Rs. 19,351.54 Crores. In the previous week FII were net sellers at Rs. 816.91 Crores and DII were net buyers at Rs. 14,147.75 Crores. In the month of February 2024, FIIs had net sold equities worth Rs. 15.962.72 Crore and DIIs had net bought equities worth Rs. 25,379.30 Crore.

Sector Movement

The worst performing sector of the week was Nifty IT as during the week, global IT major Accenture cut its guidance which put the Indian IT majors under pressure. Nifty Realty was best performing sector showing signs of reversal from the lower levels.

Global Market and Major Developments

Dow Jones made a new all-time high in the week gone by. Japan's core machinery orders, which exclude those for ships and electric power companies, rose 2.7% month-on-month to 838.8 billion yen in December 2023, reversing from a 4.9% decline in November and exceeding market expectations for a 2.5% gain. China's retail sales increased by 7.4% year-on-year in December 2023, missing market consensus of 8.0% and slowing from a 10.1% jump in November. China's industrial production grew by 6.8% year-on-year in December 2023, accelerating from a 6.6% gain in the prior month and beating market forecasts of 6.6%. The consumer price inflation rate in the Euro Area declined to 2.6% year-on-year in February 2024, down from 2.8% in the previous month, but remaining slightly above market expectations of 2.5%, a preliminary estimate showed. Foreign direct investment (FDI) into China fell by 11.7% year-on-year to CNY 112.71 billion or $15.66 billion in January 2024. Compared with the previous month, however, FDI surged by 20.4%. The Reserve Bank of Australia kept its cash rates unchanged at 4.35% during its first meeting in 2024, as widely expected. The ZEW Indicator of Economic Sentiment for Germany rose for a seventh consecutive month to +19.9 in February 2024, reaching its highest level in a year and surpassing market expectations of +17.5, amidst hopes that major central banks will start cutting interest rates this year. Building permits in the United States went down by 0.3% to a seasonally adjusted annual rate of 1.489 million in January 2024, down from December's 1.493 million and compared with a preliminary estimate of 1.470 million. Housing starts in the US slumped 14.8% month-over-month to an annualized 1.331 million in January 2024, the lowest since August and missing market forecasts of 1.46 million. Net Long-term TIC Flows in the United States increased to 197.9 USD Billion in August from 21.4 USD Billion in July of 2022. Japan's trade deficit narrowed sharply to JPY 1,758.311 billion in January 2024 from JPY 3,506.43 billion in the same period of the prior year, compared with market consensus of a gap of JPY 1,925.9 billion. The European Central Bank maintained its interest rates at historically high levels during its March meeting, as policymakers balanced concerns over a looming recession with persistently elevated underlying inflationary pressures. The main refinancing operations rate remained at a 22-year pinnacle of 4.5%, with the deposit facility rate unchanged at an unprecedented 4%. Meanwhile, the ECB has projected inflation to average 2.3% in 2024 (compared to 2.7% in December projections), 2.0% in 2025 (compared to 2.1%), and 1.9% in 2026. The HCOB Germany Manufacturing PMI was revised slightly higher to 42.5 in February 2024 from a preliminary of 42.3. The S&P Global UK Composite

Particulars	Close (22/03/2024: Friday)	Open (18/03/2024: Monday)	Close (15/03/2024: Friday)	Change (%)
Nifty 50	22096.75	21990.10	22,023.35	**+0.33%**
Sensex	72831.94	72587.30	72,643.43	**+0.26%**
Nifty Midcap 100	47312.85	46669.10	46,685.60	**+1.34%**
Nifty Smallcap 100	15056.75	14858.10	15,777.05	**+1.41%**
		Sectoral Indices		
Nifty Bank	46863.75	46458.75	46,594.10	**+0.58%**
Nifty Auto	21046.40	20189.85	20,192.30	**+4.32%**
Nifty IT	35188.40	37458.85	37,500.70	**-6.17%**
Nifty PSU Bank	6888.50	6753.40	6,761.00	**+1.89%**
Nifty Fin Services	20783.55	20572.95	20,644.30	**+0.67%**
Nifty Pharma	18815.60	18713.40	18,718.45	**+0.52%**
Nifty FMCG	53775.70	54144.30	54,155.45	**-0.70%**
Nifty Metal	8130.80	7781.60	7,802.65	**+4.21%**
Nifty Realty	874.50	829.80	830.15	**+5.34%**
Nifty Media	1849.80	1827.25	1,822.50	**+1.50%**
Nifty Energy	38411.55	37497.25	37,583.10	**+2.20%**
Nifty Private Bank	23452.60	23287.90	23,323.00	**+0.56%**
Nifty Infra	8146.40	7988.85	7,988.05	**+1.98%**
Nifty Commodities	8203.95	7991.55	8,010.80	**+2.41%**
Nifty Consumption	9994.55	9857.40	9,858.50	**+1.38%**
Nifty PSE	8968.25	8732.20	8,722.35	**+2.82%**
Nifty Serv. Sector	27622.80	27796.25	27,876.80	**-0.91%**
Nifty Healthcare	11851.30	11707.10	11,705.80	**+1.24%**
Nifty Oil & Gas	11233.00	11055.55	11,058.80	**+1.48%**
Nifty INDIA MFG	12029.00	11669.70	11,658.90	**+3.17%**
		US Indices		
Dow Jones	39475.91	38826.93	38,714.78	**+1.97%**
S&P 500	5234.17	5154.77	5,117.10	**+2.29%**
NASDAQ 100	18339.44	18024.24	17,808.25	**+2.98%**
		Commodities		
Gold (in Rs./ 10 gram)	65858	65348	65542	**+0.48%**
Brent Crude oil	85.52	85.35	85.26	**+0.30%**

PMI came in at 53.0 in February 2024, just below the initial estimate of 53.3, and showing minimal change from January's figure of 52.9. The Bank of England kept the key Bank Rate unchanged at a 16-year high of 5.25% for the fourth consecutive time during its first meeting of 2024, in line with market expectations. The number of people claiming unemployment benefits in the US fell by 1,000 to 209,000 in the week ended March 8, 2024, below market expectations of 218,000.

Major Developments in Domestic Markets

1) The Anup Engineering entered into definitive share purchase agreement to acquire 100% equity shares of Mabel Engineering Private Limited. The board of the company also approved Issue of Bonus Equity Shares in the proportion of 1:1 subject to approval from shareholders.

2) Salasar Techno Engineering Limited announced the acquisition of M/s EMC Limited (under Liquidation) for Rs. 178 crores.

3) DroneAcharya Aerial Innovations announced that they have secured a contract to supply IT Hardware to Ministry of Defence for setting up Drone Lab in Jammu and Kashmir (J&K).

4) India’s 2024 general election dates have been staggered from April 19 to June 1, per the Election Commission of India (ECI).

5) Board of Directors of Avenue Supermarts limited approved acquisition of 26% stake in the equity share capital of FP Ampere Energy Private Limited, a wholly owned subsidiary of Fourth Partner Energy Private Limited subject to signing of Transaction documents. Also the Company opened two new stores today at Kuchaman (Rajasthan) and at Anakapalle, Visakhapatnam (Andhra Pradesh) in the week gone by.

6) Garden Reach Shipbuilders Limited signed a Contract with Ministry of External Affairs {MEA), Govt. of India for short refit of Seychelles Coast Guard Ship Zoroaster, a Fast Patrol Vessel which was constructed and supplied by GRSE to the Government of Seychelles. The total contract value shall be approx. Rs. 26.45 crore (Excluding Taxes).

7) Mahindra LifeSpace received an Order from the Office of Tahsildar and Executive Magistrate, Bhiwandi to make payment of Rs.10,62,69,108/- for alleged non-adherence to certain applicable provisions of the Maharashtra Land Revenue Code, 1966. With reference to the aforementioned matter, the Company believes that it has a strong case on merits and is pursuing suitable legal avenues, including contesting the Order with the competent authority.

8) Welspun Corp Limited’s associate company East Pipes Integrated Company for Industry (EPIC), Saudi Arabia’s leading manufacturer of HSAW Pipes announced the mutual agreement with Aramco to stop and cancel an SAR 153 million (Approx. Rs 339 crore) contract.

Ajcon Global’s observations and view:

Short term view:

As we have been recommending profit booking in midcap and smallcap pack. Over the last one and a half month we have seen many of these small & midcap stocks stocks correct in the range of 17%-47%. To name a few;

Name	Price as on 31st January 2024	Price as on 22nd March 2024	Change (%)
Angel One Ltd	3285.35	2660.65	-19.01%
Vaibhav Global Ltd	496.60	378.10	-23.86%
PNB Housing Finance Ltd	784.60	640.15	-18.41%
Jyothy Labs Ltd	515.15	424.25	-17.64%
Capri Global Capital Limited	236.90	202.20	-14.64%
GMM Pfaulder Ltd	1552.10	1249.60	-19.48%
ITI Ltd.	341.05	261	-23.47%
Gujarat State Fertilizer Ltd.	299.40	200.45	-33.04%
IIFL Finance Ltd	623.45	334.25	-46.38%

1) While the main reason of the fall was over price of stocks beyond a comfort zone, the Regulator's warnings & actions added fuel to the fire. The recent downtrend in the secondary markets also punctured the IPOs euphoria to some extent. Though, we except to see some more corrections, the stock specific buying may emerge at these lower levels.

2) Hon'ble Supreme Court continued its stern action on the full disclosure of electoral bonds making it transparent, which will have its own effect on the stocks of particular Corporate groups.

3) The announcement of of General Elections coupled with some action by Agencies may remain keep the markets volatile. We continue to advise partial profit booking in some overpriced small and midcap stocks as we expect some more fall.

4) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the small & mid cap pack.

Long term view

1) 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 & even the RBI has recently revised upward the GDP forecast for FY 24.

2) Structurally, Indian economy is poised to do well after major reforms implemented by the Government in last few years.

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