

### Indian benchmark indices bounce back; banking stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	57,633.65	56,747.14	<b>886.51</b>	<b>1.56</b>	57,125.98	<b>57,905.63</b>	56,992.27
<b>Nifty</b>	17,176.70	16,912.25	<b>264.45</b>	<b>1.56</b>	17,044.10	<b>17,251.65</b>	16,987.75

- 1) Indian benchmark indices ended in green after being under significant pressure on Monday and last Friday. Rally in US equities yesterday improved investor sentiments which supported today's rally.
- 2) The Sensex was up by 886.51 points or 1.56 percent to end at levels of 57,633.65. Among the Sensex 30 stocks, Tata Steel was the top gainer, up around by 4 per cent. Axis Bank and ICICI Bank were up 3.5 per cent each. Kotak Bank and SBI were 2.5 per cent each. Asian Paints was the only loser in the Sensex.
- 3) The Nifty was up by 264.45 points to end at levels of 17,176.70.
- 4) The broader markets too were in green today. Both the BSE Midcap index and BSE Smallcap index were up by a percent each.
- 5) In terms of sectoral performance, the BSE Metal index was up by 3.3 percent, Bankex and Realty indices were up by 2.5 percent each.

### Sectors and stocks

- 1) Shares of IFCI continued its rally for the second straight day on back of heavy volumes. The stock has rallied 9 per cent to Rs. 16.29 on the BSE in Tuesday's intra-day trade, and was trading closer to its 52-week high of Rs. 16.40 touched on June 24, 2021. In the past one week, the stock has rallied by 39 per cent, after the rating agency said that the rating outlook will be changed to 'Stable' if IFCI's strategic importance to the government of India (GoI) increases significantly along with the infusion of sizeable capital.
- 2) Shares of FSN E-Commerce Ventures (Nykaa) were down 2.55 per cent at Rs. 2,135 on the BSE in Tuesday's intra-day deal ahead of the lock-in period of anchor investors getting over. The stock of fashion and cosmetics online retailer was trading lower for fourth straight day, falling 14 per cent during the period. The lock-in period for anchor investors will get over on Wednesday, December 8. The company had raised Rs 2,396 crore from anchor investors ahead of its initial share-sale last month. The company had allocated a total of 21,296,397 equity shares to anchor investors at Rs. 1,125 a share, aggregating to Rs. 2,395.84 crore. With the past four days' decline, it has corrected 17 per cent from its high of Rs. 2,574 hit on November 26, 2021. The stock hit a low of Rs. 1,994.10 on its listing day i.e. November 10, 2021.
- 3) Shares of CarTrade Tech hit a new low of Rs. 881, down 1 per cent on the BSE in Tuesday's intra-day trade in an otherwise firm market. The stock has now fallen as much as 46 per cent from its issue price of Rs. 1,618 per share. The stock of the company that operates online platforms for buying and selling of vehicles was quoting at its lowest level since its listing on August 20, 2021. It hit a high of Rs 1,610 on listing day, failing even to touch its issue price. Since October 29, 2021, the stock price of CarTrade Tech has slipped 24 per cent after the company reported a net loss for the second straight quarter of current fiscal. CarTrade Tech's platforms operate under several brands: CarWale, CarTrade, Shriram Automall, BikeWale, CarTrade Exchange, Adroit Auto and AutoBiz. Through these platforms, it enables new and used automobile customers, vehicle dealerships, vehicle OEMs and other businesses to buy and sell its vehicles in a simple and efficient manner

### Key recent major developments..

- 1) The coronavirus Omicron variant is likely to reinforce a downgrade of the International Monetary Fund's (IMF) outlook on the global economy, IMF Managing Director Kristalina Georgieva said on Friday. "Let's be very frank: A

new variant that may spread very rapidly can dent confidence and in that sense, we are likely to see some downgrades of our October projections for global growth," Georgieva said at a live-streamed discussion on the global economy. Georgieva said that even before the emergence of the Omicron variant, the IMF had already been concerned about a loss in the momentum of global growth due to the negative impacts of the Delta variant. "The Delta variant proved to be a disruption that caused some additional delays in production" of goods in the United States and China, the leading engines for world growth, she said.

- 2) Activity in India's dominant services sector continued to grow at a robust pace last month supported by a strong recovery in domestic demand, a private survey showed, but elevated price pressures remained a major concern. The Services Purchasing Managers' Index, compiled by IHS Markit, eased to 58.1 in November from 58.4 in October, but last month's rate of growth was the second-best in over a decade and well above the 50-mark separating growth from contraction for a fourth straight month.
- 3) India's Goods and services tax (GST) collections hit Rs. 1.31 trillion in November, the second-highest in a month since the country introduced this indirect tax system in 2017. The highest monthly collection, at close to Rs. 1.40 trillion, had come in April this year. GST revenues in November were 25 per cent higher than those in the same month last year and 27 per cent more than the corresponding month in the pre-Covid year 2019-20. The collections were also 1.1 per cent higher than the Rs. 1.30 trillion collected in October this year. A finance ministry statement said the GST collection in November was second only to that in April 2021, which had got a push from year-end revenues. It was also higher than last month's collection, which had included the impact of returns required to be filed quarterly, it said. "This is very much in line with the trend in economic recovery," it said. Official data released on Tuesday showed that the economy grew 8.4 per cent during the second quarter of the current financial year. It also surpassed the corresponding pre-covid period of 2019-20 by a tad 0.3 per cent. In the previous quarter, economic growth had declined 9.2 per cent compared to the pre-covid period, even as it rose 20.1 per cent year-on-year.
- 4) IHS Markit Purchasing Managers' Index (PMI) survey fostered confidence on the manufacturing front as the index rallied up to a ten-month high in November due to high domestic demand. PMI rose to 57.6 in November from 55.9 in the previous month, the highest figure since January this year. Moreover, the headline figure was well above its long-run average of 53.6. In the PMI lexicon, a figure above 50 points to growth, while the one below this mark denotes contraction.
- 5) India's GDP (gross domestic product) growth rate for the second-quarter for the financial year 2021-22 came in at 8.4%, as against a contraction of 7.4% in the corresponding period of the previous fiscal year, government data showed on Tuesday. Economic recovery strengthened in the July-September quarter, helped by a pick-up in consumer spending, though the spread of the Omicron coronavirus variant raises fears for the future. "GDP at Constant (2011-12) Prices in Q2 2021-22 is estimated at Rs 35.73 lakh crore, as against Rs 32.97 lakh crore in Q2 2020-21, showing a growth of 8.4 percent as compared to 7.4 percent contraction in Q2 2020-21. Quarterly GVA at Basic Prices at Constant (2011-12) Prices in Q2 2021-22 is estimated at Rs 32.89 lakh crore, as against Rs 30.32 lakh crore in Q2 2020-21, showing a growth of 8.5 percent," said Ministry of Statistics & Programme Implementation.
- 6) The fiscal deficit for 2020-21 was 9.3 per cent of the Gross Domestic Product (GDP), better than 9.5 per cent projected in the revised estimates in the Budget in February. The central government's fiscal deficit at end-October worked out to be 36.3 per cent of the annual budget target for 2021-22 due to an improvement in the revenue collection, according to official data released on Tuesday. Fiscal deficit or the gap between expenditure and revenue was 119.7 per cent of the budget estimate of 2020-21 during the corresponding period last year. In actual terms, the deficit was Rs. 5,47,026 crore at end-October, 2021 against the annual estimate of Rs. 15.06 trillion, while total expenditure was Rs. 18.27 trillion, said the data released by the Controller General of Accounts (CGA).

## Global markets

- 1) Today, the European markets started on positive note. US benchmark index - Nasdaq too was upbeat, up by 1.89 percent.
- 2) Asian peer indices ended in green. Kospi rallied by 0.62 per cent. Hang Seng and Taiwan Weighted were up by 2.72 per cent and 0.61 per cent, respectively. Japan's Nikkei was up by 1.89 percent and Shanghai Composite up by 0.16 percent.

### **Ajcon Global's observations and view**

- 1) Indian equities witnessed bounceback today mirroring rally in Asian equities and US benchmark indices. Rally was witnessed across the globe as investors believed that Omicron variant risk may not be that lethal as feared.
- 2) Before the last few days significant correction, the sentiments were upbeat led by fall in crude oil prices, good GDP data, robust GST collections, strong manufacturing PMI, good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri and Diwali and good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis. However, RBI measures to gradually reduce liquidity can remain an overhang. In addition, there are headwinds like global inflation, valuation concerns and strengthening US dollar.
- 3) There is a strong line up of IPOs. We suggest investors to be careful about the forthcoming IPOs and understand the fundamentals before riding the boom based on risk reward profile. However, IPOs of sectors in limelight like E-Commerce, Insurance, Digital, Speciality chemicals, Companies business model suited to new age, companies having business model which caters to the demands of Electric Vehicles would always gain maximum attention. However, investors have to be careful with expensive IPOs.
- 4) The discovery of new COVID-19 variant - Omicron is a matter of concern. It is advisable to stay away from companies which have ran ahead of fundamentals and valued beyond logic. It would be prudent to stay with quality names at decent valuations in uncertain times. It is advisable for investors to stick to defensives for some time and also look out for stock specific opportunities considering growth outlook and management pedigree. Always remember, corrections in a bull market will keep markets healthy.
- 5) Investors will track global cues like COVID-19 cases led by the Omicron variant across the globe, global inflation data, oil price movement and developments in China.
- 6) Domestically, going ahead, all eyes would be on RBI's MPC meet outcome.



## Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.



It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

### **Analyst Certification**

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

### **For research related queries contact:**

Mr. Akash Jain – Vice President (Research) at, [research@ajcon.net](mailto:research@ajcon.net), [akash@ajcon.net](mailto:akash@ajcon.net)

CIN:L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

**Website:** [www.ajcononline.com](http://www.ajcononline.com)

### **Registered and Corporate office**

408 - (4<sup>th</sup> Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062