

**Indian benchmark indices witness pressure; selling witnessed in index heavyweights..**

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	58,283.42	58,786.67	<b>503.25</b>	<b>0.86</b>	59,103.72	<b>59,203.37</b>	58,242.80
<b>Nifty</b>	17,368.25	17,511.30	<b>143.05</b>	<b>0.82</b>	17,619.10	<b>17,639.50</b>	17,355.95

- 1) Indian benchmark indices ended in red today led selling in index heavyweights.
- 2) The Sensex was down by 503.25 points or 0.86 percent to end at levels of 58,283.42. Among the Sensex 30 stocks, Bajaj Finance and Bajaj Finserv fell by 3 percent and 2.1 percent, respectively. Reliance Industries was down by 1.9 percent. Mahindra & Mahindra, Nestle, SBI, HDFC, Tata Steel, Hindustan Unilever and Kotak Bank were the other major losers. On the positive front, Axis Bank and Tech Mahindra were up by around 2.5 per cent each. PowerGrid Corporation and Maruti were the other notable gainers.
- 3) The Nifty was down by 143.05 points or 0.82 percent to end at levels of 17,368.25.
- 4) The broader markets too were under pressure today. Both the BSE Midcap index and BSE Smallcap index were down by 0.5 percent and 0.2 percent respectively.

**Sectors and stocks**

- 1) Shares of Tega Industries made a handsome debut in Indian stock markets, with its equity shares listed at Rs. 760, a 68 per cent premium over its issue price of Rs 453 per share on the National Stock Exchange (NSE). On the BSE, the stock opened at Rs 753, a 66 per cent higher versus its issue price, the exchange data showed. Initial public offering (IPO) of Tega Industries had received a robust response from the all category investors with demand for shares exceeding those on offer by a whopping 219 times. Tega was the sixth most subscribed IPO in India, and it had received the third highest subscription this year. The retail portion of the IPO was subscribed 29 times, the HNI portion 666 times, and the institutional investor portion 215 times. Tega is a leading manufacturer and distributor of specialized 'critical to operate' and recurring consumable products for the global mineral beneficiation, mining and bulk solids handling industry. The IPO was entirely an offer for sale. We had recommended "SUBSCRIBE" to the issue.
- 2) Shares of Minda Industries rallied by 8 per cent to Rs. 1,019, hitting a new 52-week high on the BSE in Monday's intra-day trade, after the auto ancillary company announced a fresh round of capex and investment spends. The auto components maker announced last Friday that it has entered into a joint venture (JV) agreement with FRIWO AG Germany to manufacture and supply various electric vehicle components in the Indian subcontinent with a planned capex of Rs. 390 crore in the next six years. "Minda Industries, the flagship company of UNO Minda Group, and FRIWO AG have entered into a joint venture agreement to combine their manufacturing prowess and technical expertise to manufacture and supply various electric vehicle (EV) components in the Indian Subcontinent. The combined entity will offer full line e-drive-solutions for electrical two-and three wheelers in the Indian subcontinent market, combining extremely robust hardware and an outstanding software architecture," the company said in a press release.

Further, the company expects surge in two wheel electric vehicles over next 5-6 years in India. While joint venture plans to incur capex of around Rs. 390 crore over a period of next 6 years to support such growth in India, the outlay in initial two years would be around Rs. 160 crore. "Minda Industries Ltd plans to invest Rs. 71 crore in one or more tranches as equity investment to partly fund the above expenditure. The remaining funding requirement will be met through mix of internal accruals, equity investment and debt," it said.

- 3) Shares of Computer Age Management Services (CAMS) fell by 7 per cent to Rs. 2,690.55, hitting a six-month low on the BSE in Monday's intra-day trade, on the back of heavy volumes. The stock of the financial services company hit its lowest level since June 10, 2021. It had hit a 52-week high of Rs. 4,064 on September 1, 2021 and a 52-week

low of Rs. 1,473.20 on December 11, 2020. CAMS is a technology-driven financial infrastructure and services provider to mutual funds and other financial institutions. The Company is India's largest registrar and transfer agent (RTA) of mutual funds with an aggregate market share of approximately 70 per cent based on mutual fund average assets under management (AAUM) managed by its clients. Its mutual fund clients include all the top five mutual funds in the country as well as ten of the fifteen largest mutual funds in the country (based on AAUM during September '2021).

### **Key recent major developments..**

- 1) India's retail inflation in the month of November marginally rose to 4.91 percent, accelerating towards the upper limit of Reserve Bank of India's target range as fruit and vegetable prices climbed, the government data showed on Monday. The Consumer Price Index (CPI) based retail inflation was 4.48 percent in October 2021 and 6.93 percent in November 2020. As per the data released by the National Statistical Office (NSO), food inflation was at 1.87 percent in November this year compared to 0.85 percent in the preceding month. Retail fuel prices rose 13.35 percent in November year-on-year compared to 14.35 percent in the previous month, the data showed.
- 2) The Index of Industrial Production (IIP) witnessed a growth of 3.2 percent in October 2021, compared to the corresponding period previous year, as per the data released by the government on December 10. The IIP growth rate has marginally slowed down as compared to September 2021, when a 3.3 percent surge was recorded as per the revised estimates. In October, a high production was recorded by the manufacturing and electricity sectors. In terms of use-based classification, the indices stood strong for intermediate goods and infrastructure/construction goods. "For the month of October 2021, the quick estimates of IIP with base 2011-12 stands at 133.7. The indices of industrial production for the mining, manufacturing and electricity sectors for the month of October 2021 stand at 109.7, 134.7 and 167.3, respectively," the Ministry of Statistics & Programme Implementation said in a statement. The indices stood at 128.5 for primary goods, 90.3 for capital goods, 143.7 for intermediate goods and 151.8 for infrastructure/construction goods during the month, the ministry said.
- 3) Passenger vehicle sales in the country declined by 19 percent in November as the shortage of semiconductors continued to impact vehicle production and subsequent deliveries to dealers, auto industry body SIAM said on Friday. Passenger vehicle (PV) dispatches to dealers last month stood at 2,15,626 units, down 19 per cent from 2,64,898 units in November 2020. Similarly, total two-wheeler sales declined sharply by 34 per cent to 10,50,616 units in November, from 16,00,379 units in the year-ago period. Motorcycle dispatches dropped to 6,99,949 units in November, as compared to 10,26,705 units in the same month last year. Scooter dispatches stood at 3,06,899 units last month, as against 5,02,561 units in the same period last year. Total three-wheeler dispatches stood at 22,471 units, down 7 per cent from 24,071 units in November 2020. Total automobile sales across categories dropped to 12,88,759 units last month, as against 18,89,348 units in the year-ago period. "Industry continues to face headwinds due to global semiconductor shortage. In the festive season, industry was hoping to make up for the lost ground, but the sales in the month of November 2021, were the lowest in seven years for passenger vehicles, the lowest in 11 years for two-wheelers and the lowest in 19 years for three-wheelers," Society of Indian Automobile Manufacturers (SIAM) Director General Rajesh Menon said in a statement.
- 4) Reserve Bank of India's (RBI) six-member Monetary Policy Committee (MPC) has maintained status quo on key rates in its bi-monthly policy statement for the ninth consecutive time, as announced by Governor Shaktikanta Das on Wednesday. The RBI continues to maintain its 'Accommodative' stance with five MPC members voting in favour of the same. The repo rate, has been kept unchanged at 4 percent whereas the reverse repo rate, remains the same at 3.35 percent. The Marginal Standing Facility (MSF) & Bank Rate also remain unchanged at 4.25 percent. Real GDP growth is projected at 17.2 percent for Q1 and at 7.8 percent for Q2 of 2022-23. RBI retains the gross domestic product (GDP) growth target at 9.5% in FY22. RBI's Governor Shaktikanta Das said that cut in excise duty on petrol, diesel to bring down inflation rate on durable basis.
- 5) Fitch Ratings on Wednesday cut India's economic growth forecast to 8.4 per cent for the current fiscal year ending March 31, 2022, but raised GDP growth projection for the next financial year to 10.3 per cent. Fitch had in October forecast a GDP growth of 8.7 per cent in 2021-22 (April 2021 to March 2022) fiscal and 10 per cent in FY23. "We have cut our FY22 (financial year ending March 2022) GDP growth forecast, to 8.4 per cent (-0.3 pp). GDP growth momentum should peak in FY23, at 10.3 per cent (+0.2 pp), boosted by a consumer-led recovery and the easing of supply disruptions," Fitch said in its Global Economic Outlook.
- 6) 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.

- 4) 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.
- 5) 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.

#### **Global markets**

- 1) Asian peer indices ended on a mixed note today. Shanghai Composite and Nikkei 225 were up by 0.40 percent and 0.71 percent respectively. Kospi fell by 0.28 per cent while Taiwan Weighted fell by 0.33 per cent.
- 2) The European markets started on a subdued note on concerns over COVID-19 variant Omicron as first death due to this variant was reported in UK. US benchmark index - Nasdaq was down by 0.35 percent.
- 3) US consumer prices rose last month at the fastest annual pace in nearly 40 years as the consumer price index increased 6.8 percent in November 2021 from November 2020, according to Labor Department data released Friday. Fast increase in inflation and persistent inflation will erode the value of money which pressurise the Federal Reserve to tighten policy. The widely followed inflation gauge rose 0.8% from October, exceeding forecasts and extending a trend of sizable increases that began earlier this year.

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

- 1) Indian equities ended in red today led by selling in index heavyweights. Investors reacted to subdued IIP numbers released on last Friday and global concerns over COVID-19 variant Omicron.
- 2) Before today's correction, the sentiments were upbeat led by RBI's accommodative stance in its Monetary Policy, recent 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 of 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) 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.



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### **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)

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**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