

**Midcaps and smallcaps face significant pressure; Benchmark indices buck the trend and end in green..**

- 1) The S&P BSE Sensex index was up by 226 points, or 0.41 per cent, and closed at 55,556 levels while the Nifty50 index settled below the 16,500-mark at 16,488, up 37 points or 0.23 per cent.
- 2) In terms of sectoral performance, Nifty IT, Financial Services and Bank closed with gains. The IT index was up by 1.7 percent and even hit a new high in intra-day session. Meanwhile, Nifty Media was the worst loser, down 1.7 percent. Nifty Auto too lost over 1 percent and Nifty Realty by 0.99 percent.
- 3) In the broader markets, the BSE MidCap and SmallCap indices fell by 0.9 per cent and 1.5 per cent, respectively.

| Index         | Today's Close | Prev. close | Change        | % change    | Open      | High             | Low       |
|---------------|---------------|-------------|---------------|-------------|-----------|------------------|-----------|
| <b>Sensex</b> | 55,555.79     | 55,329.32   | <b>226.47</b> | <b>0.41</b> | 55,695.84 | <b>55,781.17</b> | 55,240.29 |
| <b>Nifty</b>  | 16,496.45     | 16,450.50   | <b>45.95</b>  | <b>0.28</b> | 16,592.25 | <b>16,592.50</b> | 16,395.70 |

**Sectors and stocks**

- 4) Cement manufacturer Nuvoco Vistas Corporation made a weak debut on the bourses as the company's shares listed at Rs. 471, 17 per cent below its issue price of Rs. 570 per share on the BSE on Monday. On the National Stock Exchange (NSE), the stock opened at Rs. 485, 15 per cent down against its issue price, the exchange data shows. However, the stock rebound from its opening level and moved higher to Rs. 538.60 on the BSE in intra-day trade. The initial public offering (IPO) of Nuvoco Vistas Corporation had received a tepid response, with the issue garnering 1.71 times subscription. The non-institutional investors and retail investors portion was subscribed by 66 per cent and 73 per cent, respectively, while the portion for Qualified Institutional Buyers (QIBs) was subscribed 4.23 times, data shows. Nuvoco Vistas Corporation (NVCL), a part of Nirma Group Company, is the fifth largest cement company in India and the largest cement company in East India in terms of capacity. It is also one of the leading ready-mix concrete manufacturers with 49 ready-mix concrete (RMC) plants across India. As of March 2021, it has a total installed cement capacity of 22.32 MT with 11 plants (eight in east, three in north). It also has 151.2 MW power plants (105 CPP, 44.7 MW WHRS and 1.5 MW solar), which caters to 50.4 per cent of its power requirements.
- 5) Shares of Nestle India continued its rally, hitting a new high and Rs. 20,000 mark for the first time on Friday as the stock rose 1 per cent on the National Stock Exchange (NSE) amid expectations of healthy revenue growth. The stock of the packaged foods company surpassed its previous high of Rs 19,641.10 touched on Friday, August 20, 2021. Thus far in the month of August, Nestle India has rallied 13 per cent, as compared to a 5.6 per cent rise in the Nifty50 index. For the April-June 2021 quarter (Q2CY21), Nestle India had reported slightly better-than-expected revenue growth of 13.8 per cent year-on-year (YoY) on a base impacted by COVID-19 induced lockdown, with production disruptions across factories. Domestic revenue growth witnessed a growth of 13.7 per cent on YoY basis, driven by volume and mix, albeit on a low base. Key products (in-home consumption) sustained traction and posted strong double-digit growth.
- 6) Shares of Arvind Fashions hit a 52-week high of Rs. 263.50 as they rallied 10 per cent on the BSE in intra-day trade on Monday after the company's board approved the preferential allotment of equity shares aggregating to Rs. 439 crore to various marquee investors, including promoters at the price of Rs. 218.50. In the past eight trading days, the stock of the country's leading casual and denim player has rallied 33 per cent on the BSE. "The marquee investors who participated in the fundraise are Akash Bhanshali, existing shareholders including ICICI Prudential Mutual Fund, various foreign institutional investors (including University of Notre Dame Du Lac, GP Emerging Markets Strategies L.P., The Ram Fund L.P.), Ashish Dhawan and other investors. Aura Merchandise Pvt. Ltd., a promoter entity has also participated in the preferential issue for an amount of Rs 40 crore," Arvind Fashions said in a press release.



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS

- 7) Ujjivan Small Finance Bank (SFB) hit a new low of Rs. 17.80, and was down 10 per cent in intra-day trade today before recovering partially. In the past two trading days, the stock has declined by 27 per cent following the resignation of Nitin Chugh from the position of Managing Director (MD) and CEO of the bank w.e.f. close of business hours on September 30, 2021, citing personal reasons. "The Bank has received a letter dated August 18, 2021, from Mr. Nitin Chugh, tendering his resignation from the position of Managing Director and CEO of the Bank w.e.f. close of business hours on September 30, 2021," Ujjivan SFB said in an exchange filing.
- 8) Shares of Ujjivan Financial Services fell by 13 per cent to Rs. 154.15 in intra-day trade today, declining by 24 per cent in past two trading days. Ujjivan Financial Services is holding company of Ujjivan SFB. Meanwhile, Rajesh Jogi, independent director of Ujjivan Financial Services, has also resigned from the board of the Company effective from Sunday, August 22, 2021. Jogi is also on the board of Ujjivan SFB as an additional director (non-executive, non-independent category), the company said.
- 9) Amara Raja Batteries hit a 52-week low of Rs. 679.45, down 3 per cent on the BSE in intra-day trade on Monday after the Andhra Pradesh High Court has extended the suspension of the company's two plants for flouting pollution norms. The notice was issued by of the AP Pollution Control Board (APPCB). Following the development, the stock has slipped below its previous low of Rs. 693 touched on July 30, 2021. "The Hon'ble High Court of Andhra Pradesh heard the matter on August 16, 2021 and has extended the interim suspension of said orders of APPCB by six weeks. The next hearing is scheduled on September 27, 2021. The copy of the order is awaited," Amara Raja Batteries said in exchange filing. The company further stated that it has always placed highest priority on the environment, health and safety of its workforce and communities around it. "We take this opportunity to once again thank all our stakeholders who reposed faith in us and we will continue to strive to meet all their expectations," the company said.

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

- 1) Finance Minister Nirmala Sitharaman on Monday announced a pipeline of assets that the Centre is looking to monetise to the tune of Rs. six trillion over four years ending financial year 2024-25. This would constitute 14 per cent of the union government's outlay under the National Infrastructure Pipeline. It covers 20 asset classes spread over 12 line ministries and departments. The top three sectors by value are roads, railways and power. Announcing the plan, Sitharaman said," the asset monetisation programme is aimed at tapping private sector investment for new infrastructure creation. This is necessary for creating employment opportunities, enabling high economic growth and seamlessly integrating the rural and semi-urban areas for overall public welfare."
- 2) The world's first DNA plasmid vaccine, indigenously developed ZyCoV-D, the Cadila Healthcare (Zyudus Cadila) three dose vaccine for Covid-19 received the emergency use authorisation from the Drugs Controller General of India (DCGI) for use in adolescents 12 years old and above. This makes it India's first Covid-19 vaccine to be available for this age group. The vaccine has many other firsts. For one it is based on DNA plasmid technology, secondly it will be administered using needle-free injection system (NFIS), and thirdly it remains stable in room temperatures for three months. This is also a three-dose vaccine given on day zero, day-28 and day-56.
- 3) Last week, Finance Minister Nirmala Sitharaman said that she expects inflation to remain in the prescribed range during the current fiscal. The RBI has been mandated to keep inflation at 4 per cent, with tolerance level of 2 per cent on either side. She expressed confidence that the revenue would be buoyant in the coming months. Both Goods and Services Tax (GST) and direct taxes have improved in the past few months, the minister said. On the demand pick up, she said there is enough liquidity in the market and credit growth is expected to pick up in the coming festive season.
- 4) According to the data released by the Ministry of Commerce and Industry, India exported goods worth US\$35.43 billion in July 2021, the highest first time ever in a month, due to recovery in key global markets and robust demand, Outbound shipments grew by nearly 50 per cent over July 2020, which can be partly attributed to a favourable base. As compared to pre-Covid level, the growth was 35 per cent from July 2019. Merchandise exports and imports had plummeted in the first few months of 2020-21, with the imposition of lockdown measures to curb the spread of Covid-19. On a sequential basis, outbound shipments grew at their fastest this fiscal year, witnessing an 9-per cent jump. The growth was led by higher demand for engineering goods, gems and jewelry, textiles and apparels, chemicals and electronic goods.
- 5) India's industrial production grew 13.6 per cent in June from the year-ago period due to the low-base effect, data released by the Ministry of Statistics and Programme Implementation showed. The impact of a low-base declined in June as compared to the last two months. In April and May, growth was 134.6 per cent and 28.6 per cent, respectively, thereby portraying an exaggerated picture of industrial activity. Factory output, measured by Index of



**AJCONGLOBAL**

YOUR FRIENDLY FINANCIAL ADVISORS

Industrial Production (IIP), has been growing sharply since March due to a favourable base effect as industrial activity came to a virtual halt a year ago following the nationwide lockdown. In June 2020, IIP contracted 16.6 per cent. On a sequential basis, IIP grew 5.7 per cent from May, in line with the opening up of the economy, with states gradually easing restrictions after region-wise lockdown during the second wave in April-May. However, it still remained below April's level, indicating that the pace of recovery is slow.

- 6) Around 50.07 lakh domestic passengers travelled by air in July, 61 per cent higher than the 31.13 lakh who travelled in June, the country's aviation regulator said on Friday. According to the Directorate General of Civil Aviation (DGCA), 21.15 lakh people and 57.25 lakh had travelled within the country by air in May and April, respectively. The sudden drop in domestic air traffic in May was due to the second wave of the Covid-19 pandemic that had badly hit the country and its aviation sector.
- 7) Finance Minister Nirmala Sitharaman earlier assured India Inc that the government is ready to do everything required to revive and support economic growth. There are indicators which suggest that the economy is buoyant and recovery is taking place post lifting of COVID-19 restrictions by states, she said while addressing the CII Annual Meeting 2021. She further said foreign direct investment has seen a growth of 37 per cent so far this fiscal, while forex reserves increased to \$620 billion as of July. She also exhorted the industry to come forward and invest in the economy. Indian economy has not reached the level where Reserve Bank of India can begin pulling back liquidity as Asia's third largest economy is still recovering from the shock of two major waves of coronavirus, Finance Minister Nirmala Sitharaman said on Thursday.
- 8) India's retail inflation eased to a three-month low in July, back within the Reserve Bank's tolerance level (2 per cent-6 per cent) after staying above the upper band for two straight months, government data released on Thursday showed. The consumer price index (CPI) based inflation cooled to 5.59 per cent in the last month from 6.26 per cent in June. Food inflation fell substantially to 3.96 per cent in July from 5.15 per cent in June.
- 9) The RBI in latest monetary policy review has kept the rates and stance unchanged and pledged to remain accommodative in the near future, while raising its inflation forecast to 5.7 per cent during 2021-22. RBI projected 5.9 per cent in the second quarter, 5.3 per cent in third, and 5.8 per cent in the fourth quarter of the fiscal, with risks broadly balanced. CPI inflation for Q1FY23 is projected at 5.1 per cent. Meanwhile, Industrial output for the month of June rose 13.6 per cent, in a sign that the low base effect of the last year is waning.

## **Global markets**

- 1) Global equities were in green. However, there are concerns about the rampant spread COVID-19 Delta variant and tapering monetary stimulus in US which would remain an overhang. Earlier, the US Federal Reserve suggested tapering of the Fed's stimulus plan by late 2021. Tensions in Afghanistan and its side effects can also hamper investor sentiments.
- 2) PMI survey data suggested that business activity in the euro zone grew strongly in August - although fears that new coronavirus strains may lead to renewed restrictions limited the optimism.
- 3) Japan's economy rebounded more than expected in the second quarter after slumping in the first three months of this year, data showed, a sign consumption and capital expenditure were recovering from the Coronavirus (Covid-19) pandemic's initial hit. The world's third-largest economy grew an annualised 1.3% in April-June after a revised 3.7% slump in the first quarter, preliminary gross domestic product (GDP) data showed on Monday, beating a median market forecast for a 0.7% gain.
- 4) US consumer price inflation stood at 5.4% YoY in July, taking so. UK GDP grew by 4.8% QoQ in Q2 as activity and demand rebounded with the easing of covid restrictions.
- 5) Eurozone inflation in July rose to 2.2% YoY above European Central Bank's target.
- 6) Earlier, Goldman Sachs Group Inc. downgraded its economic growth forecast for China as measures to contain the fast-expanding Covid-19 resurgence curb spending. The economists cut their projection for quarter-on-quarter growth of gross domestic product in the third quarter and also lowered their full-year GDP growth forecast to 8.3% from 8.6%, according to a report released late Sunday.

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

- 1) After turmoil last week in metal stocks, today significant hammering was witnessed in midcaps and smallcaps. The fall was due for long time as they had rallied significantly over a period of time on high liquidity. However, large caps held their head high. As a result benchmark indices ended in green.
- 2) Bulls will remain in hunt due to factors like good Q1FY22 earnings season so far with most of the Companies reporting good performance, strong management commentary in Q1FY22 by majority of the Companies, growth in Industrial production and ease in retail inflation expansion in Services PMI in July on a monthly basis, better than expected China's economic data, positive US employment data and other positive US economic indicators, rally in commodities, economic activity picking up at fast pace after unlock in major states, significant decline of COVID-19 cases in the second wave with decent vaccination drive are supporting sentiments. In addition, the country gearing up and taking all the measures to prepare itself for likely third COVID-19 wave. In addition to liquidity provided by FPIs in equities, there is good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis.
- 3) India has given the covid antidote to 58.25 crores beneficiaries in the nationwide vaccination. Investors are also hopeful that vaccine shortages will be resolved in some months as vaccine manufacturers' ramp up supplies. The entry of new vaccines is also expected to ease the supply crunch.
- 4) We expect markets to remain choppy for some time with negative bias. We suggest investors to be careful about the forthcoming IPOs too and understand the fundamentals before riding the boom.
- 5) It is advisable for investors to look out for stock specific opportunities. We believe intermediate corrections will keep markets healthy. With Monthly Auto sales numbers and RBI's Monetary policy out, investors will track global cues especially on spread of COVID-19 variants and key developments in China, movement in crude oil prices and metals, ongoing Q1FY22 earnings season, vaccination drive and economic activity and COVID-19 cases in India. We suggest looking at fundamentally strong midcaps and small caps backed by good management after a good fall.



## 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)

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