

Indian equities end in green with rally in midcaps and smallcaps; IT stocks continue to rally..

- 1) Indian benchmark indices were up as buying was witnessed in information technology, realty, and financial stocks. Heavy-weights Infosys, Hindustan Unilever, TCS, ITC, and Bajaj Finance were the top Sensex contributors today.
- 2) The benchmark S&P BSE Sensex ended the day 437 points, or 0.95 per cent, higher at 46,444 levels, rallying by 545 points from the day's low. The broader Nifty50 reclaimed 13,600-mark and settled 135 points, or 1 per cent, higher at 13,601 levels.
- 3) IT stocks outperformed the markets for second consecutive day as stock-specific news flow supported the sentiment. At the index level, Nifty IT and the S&P BSE IT indices hit their respective fresh record highs. Among individual stocks, Tata Consultancy Services (TCS), Infosys, HCL Technologies, Tech Mahindra, Larsen & Toubro (L&T) Infotech and Mphasis from the Nifty IT index scaled their respective fresh record peak.
- 4) Nifty Realty index (up 4 per cent) and Nifty PSU Bank index (up 2 per cent) were other sectoral gainers.
- 5) In the broader market, S&P BSE MidCap and SmallCap indices outrun the frontline indices today, settling 2.44 per cent and 2.65 per cent higher, respectively.

Sectors and stocks

- 1) Infosys was up by 2 per cent at Rs. 1,249, up 6 per cent in the past two trading days after the company said it has won a multi-year deal from German automotive major Daimler to drive hybrid-cloud powered innovation and IT infrastructure transformation. The company has not shared deal specifics. After the receipt of all regulatory approvals, Daimler AG will transform its IT operating model and infrastructure landscape across workplace services, service desk, data center, networks and SAP Basis together with Infosys, the company said in a press release.
- 2) Shares of telecom operator Vodafone Idea rallied by over 12 per cent to Rs. 10.68 on the BSE in intra-day trade on Wednesday as the government remained uncertain on appealing against an arbitration award relating to retrospective tax demand against the company's British promoter Vodafone Plc. On September 24, the Permanent Court of Arbitration at the Hague ruled that the Indian government seeking Rs. 22,100 crore in taxes from telecom giant Vodafone — using retrospective legislation — was in "breach of the guarantee of fair and equitable treatment" under the bilateral investment protection pact between India and the Netherlands.
- 3) Shares of Ramco Systems rallied by 10 per cent to scale fresh 52-week high of Rs. 620.55 on the BSE on Wednesday after the company said it has signed a multi-million-dollar agreement with "a Global Fortune 500 major". "We are pleased to intimate you that Ramco Systems has signed a multi-million-dollar agreement with a Global Fortune 500 major to unify and transform its Payroll for 18 countries in Asia Pacific region on Ramco's Managed Payroll Services. With this win, we have added three Fortune 500 brands as clients for Ramco Global Payroll, in Q3 2020," the company said in a filing to exchanges. Complete with chatbots, voice, and AI/ML, Ramco HR and Global Payroll addresses operational HR modules including Core HR, Time & Attendance & Global Payroll with statutory compliance across 50+ countries. On December 14, the company had informed the exchanges about multi-million dollar agreements with multiple companies based in Europe, Asia, and America. "Ramco Aviation, Aerospace & Defense signed an agreement with a leading European MRO (Maintenance, Repair & Overhaul) for delivering full suite Ramco Aviation Software to digitally transform their MRO business, consisting of line maintenance, heavy maintenance, engine shops, component shops and supply chain. Ramco ERP, meanwhile, signed an agreement with Agrifields DMCC, one of the largest companies in the trading of fertilizers and other agricultural inputs in the middle east, for implementing Ramco ERP Suite including modules for inventory, procurement, production, maintenance, along with real-time integration to plant operations via RTI (Real-Time Integrator) for its operations in Philippines," the company had said.
- 4) Dish TV shares were up by 17 per cent to quote at Rs. 16.3 apiece, also its 52-week high, on the BSE on Wednesday on the back of heavy volume. For July to September quarter of FY21, DishTV India Ltd reported a consolidated net profit of Rs 64.51 crore. The company had reported a net loss of Rs 96.37 crore in the July-September quarter a year ago. Its revenue from operations during the period fell 5.24 per cent to Rs 846.36 crore, compared with Rs 893.18 crore in the year-ago period. DishTV India Group CEO Anil Dua said, "Our performance during the quarter was in line with our larger strategic decisions such as disciplined acquisition and sensible capital investment. Lower overall revenues were more than offset by our expense management measures." Its subscription revenue stood at Rs. 765.7 crore, down 3.32 per cent as against Rs. 792 crore a year ago. Meanwhile, its

advertisement income was Rs. 8.3 crore, down 76.61 per cent as against Rs. 35.5 crore in the corresponding quarter a year ago.

- 5) Shares of Borosil Renewables (BRL) rallied 13 per cent to hit a new high of Rs. 211 on the BSE in Wednesday's intra-day trade on the back of heavy volumes on strong growth outlook. In the past eight trading days, the stock has rallied by 60 per cent, as compared to a 0.25 per cent rise in the S&P BSE Sensex. Last week, BRL had successfully raised Rs. 200 crore through a qualified institutions placement (QIP) issue. The company said the funds raised through this QIP will help to undertake planned expansion and that it is excited to capitalise on the business opportunity that industry offers. It further said the funds raised via the issue are planned to be utilized to service its capital expenditure requirements for a brownfield expansion to more than double its solar glass production capacity from 450 tons per day (TPD) to 950 TPD. In 2019, BRL had expanded its glass capacity from 180 TPD to 450 TPD, which is equivalent to the production of 2.5 gigawatts of solar modules annually. It would now further expand the capacity to 950 TPD. Meanwhile, the government is set to levy duty at 9.71 per cent on textured tempered coated or uncoated glass imports (of which the company is the sole manufacturer in India) from Malaysia. The Borosil group company is engaged in the manufacturing of low iron solar glass for application in photovoltaic panels, solar thermal flat plate collectors and greenhouses and is the only solar glass manufacturer in India. The company services India's solar panel manufacturers while simultaneously exporting its products to Europe, Turkey, and North America.
- 6) Wipro rallied by nearly 4 per cent to Rs. 377, after the company announced a significant strategic digital and IT partnership deal with METRO AG, the leading global wholesale company that is redefining the food service distribution industry. The stock was trading close to its record high of Rs. 382 touched on October 13, 2020. The estimated deal value for the duration of the first 5 years is approximately \$700 million. With the intention to extend up to 4 additional years, it can be a potential spend of up to \$1 billion, Wipro said in a press release.

Key recent developments

- 1) The Union Cabinet on Wednesday approved revision in guidelines for providing direct to home (DTH) services in the country under which licenses would be issued for 20 years, Union minister Prakash Javadekar said. He said the change in guidelines would also allow 100 per cent FDI in the DTH sector. While the Commerce Ministry had spoken of 100 per cent FDI in the DTH sector, the guidelines of the Information and Broadcasting Ministry needed to be changed. Changes have been approved for 100 per cent foreign direct investment in the sector. Till now, the FDI was limited to 49 per cent, Javadekar told a media briefing. The TRAI was consulted in this regard, he added.
- 2) India has suspended flights from and to the UK from Tuesday midnight till December 31, joining others in announcing travel bans over a new strain of the coronavirus in the European country. Europe and regions from Canada to Hong Kong suspended travel links to the UK, as a full lockdown came into force in London and southeast England to contain a mutation to the coronavirus.
- 3) Prime Minister Narendra Modi (PM Modi) on Saturday addressed the Foundation Week of the Board of Commerce and Industry of India (ASSOCHAM) through video conferencing and appealed to the industrialists, full strength for Aatma Nirbhar Bharat in the coming years. PM Modi said, during this period of COVID-19 pandemic, there has been a record FDI in India. He said, we have a special focus on manufacturing to achieve the goal of self-reliant India. The PM said that we are constantly doing reforms to encourage manufacturing. The country today stands with Enterprise and Wealth Creators giving opportunities to millions of youth.
- 4) President Donald Trump on Friday signed legislation that could kick Chinese companies off of U.S. exchanges unless American regulators can review their financial audits, a move likely to further escalate tensions between the two countries. The President has long railed against China for what he calls unfair trading practices, and slapped tariffs on billions of dollars in imports.
- 5) China said it has already administered more than 1 million coronavirus vaccines since July and plans a phased rollout going forward that will initially target workers at higher risk of infection, as the country seeks to be at the vanguard of the global Covid-19 immunization effort. Vaccines developed by Sinovac Biotech Ltd. and the state-owned China National Biotech Group Co. have been dispensed in the country since they were granted emergency-use authorization in July.
- 6) Serum Institute of India will seek approval for a two full-dose regimen from the Indian drug regulator after its partner, Oxford University, cited data from early trials and said following such a regimen showed a better immune response. After phase 3 trials, Oxford, which is developing the Covid-19 vaccine Covishield with AstraZeneca, had said a full dose followed by a half-dose regimen showed 90 per cent efficacy, while a full two-dose regimen showed 62 per cent efficacy. However, it had said more work needed to be done to affirm that result.



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- 7) Reliance Industries (RIL) and BP earlier announced the start of production from the R Cluster, ultra-deep-water gas field in block KG D6 off the east coast of India. RIL and BP are developing three deepwater gas projects in block KG D6 – R Cluster, Satellites Cluster and MJ – which together are expected to meet ~15% of India's gas demand by 2023. These projects will utilise the existing hub infrastructure in KG D6 block. RIL is the operator of KG D6 with a 66.67% participating interest and BP holds a 33.33% participating interest.
- 8) S&P Global Ratings earlier raised India's growth projection for the current fiscal to (-) 7.7 per cent from (-) 9 per cent estimated earlier on rising demand and falling COVID infection rates. "Rising demand and falling infection rates have tempered our expectation of COVID's hit on the Indian economy. S&P Global Ratings has revised real GDP growth to negative 7.7 per cent for the year ending March 2021, from negative 9 per cent previously," S&P said in a statement. The US-based rating agency said its revision in growth forecast reflects a faster-than-expected recovery in the quarter through September. For the next fiscal, it projected India's growth to rebound to 10 per cent. India's gross domestic product fell 7.5 per cent in the July-September quarter, against a contraction of 23.9 per cent in the April-June quarter. S&P said India is learning to live with the virus, even though the pandemic is far from defeated and reported cases have fallen by more than half from peak levels, to about 40,000 per day. The feared resurgence following the recent holiday season has yet to materialise. "It is no surprise that India is following the path of most economies across Asia-Pacific in experiencing a faster-than-expected recovery in manufacturing production," S&P Global Ratings Asia-Pacific chief economist Shaun Roache said. Manufacturing output was about 3.5 per cent higher in October 2020, compared to the year-ago period, while the output of consumer durables rose by almost 18 per cent. "This recovery underscores one of the more striking aspects of the COVID-19 shock -- the resilience of manufacturing supply chains. Again, as with demand, some slowing of output momentum has emerged more recently," S&P said.
- 9) The Wholesale Price Index (WPI) based inflation rose to 1.55 percent in November - a nine month high, as manufactured products turned costlier, while food prices eased. WPI inflation in October 2020 was at an eight-month high of 1.48 percent as manufactured products turned costlier. November 2019 WPI inflation was at 0.58 percent, due to increase in prices of food articles. Food inflation for November 2020 is at 4.27 percent compared to 5.78 percent in October 2020. Primary articles inflation is at 2.72 percent, down 0.8 percent month-on-month (MoM) from 4.74 percent in October 2020. Manufactured products inflation is at 2.97 percent, up 0.8 percent MoM compared to 2.12 percent in October 2020, and all commodities index is up 0.3 percent MoM. Fuel and power inflation stood at -9.87 percent, up by 0.2 percent MoM, compared to -10.95 percent in October 2020.
- 10) India's retail inflation for November stood at 6.93 percent against 7.61 percent in October. Vegetables inflation for November came in at 15.63 percent, oils and fat at 17.86 percent, meat and fish at 16.67 percent, and pulses and products at 16.67 percent.
- 11) Industrial production rose 3.6 per cent in October, mainly due to better performance of manufacturing and electricity generation sectors, official data showed on Friday. According to the Index of Industrial Production (IIP) data, manufacturing and electricity generation sectors registered a growth of 3.5 per cent and 11.2 per cent, respectively. The mining sector witnessed a contraction of 1.5 per cent in October. The IIP had contracted by 6.6 per cent in October 2019.
- 12) Earlier, The Reserve Bank of India (RBI) revised its forecast of economic growth for the current fiscal year (2020-21) to minus 7.5 per cent compared to its earlier forecast of minus 9.5 per cent. RBI governor Shaktikanta Das said the change in forecast has been prompted by a surge in demand in both rural as well as urban areas. The second half of the fiscal year is expected to show positive growth despite disruptions caused by coronavirus pandemic, he added.
- 13) Prime Minister Narendra Modi earlier said that experts believe that the wait for a COVID-19 vaccine will not be long and it may be ready in a few weeks, asserting the vaccination drive in India will begin as soon as scientists give the nod. In his remarks here at an all-party meeting held virtually, he said healthcare workers involved in treating COVID-19 patients, frontline workers, who include police personnel and municipal staff, and old people suffering from serious conditions would be inoculated on priority. Noting that there have been questions about the price of the COVID-19 vaccine, the prime minister said it is natural to have such queries and asserted that public health will be accorded top priority in the matter and states will be fully involved. In his concluding address at the meeting called by the Union government to discuss the pandemic situation, Modi sought to address most burning aspects of the issue, ranging from India's vaccine readiness to its pricing, and reiterated that the country has done better than even some developed countries and those with better health infrastructure in tackling the pandemic.
- 14) Goods and service tax (GST) collections for November 2020 stood at Rs. 1.04 lakh crore, marginally lower than Rs 1.05 lakh crore collected in October this year, but higher than Rs. 1.03 lakh crore collected in the same month last year. Economic recovery is clearly evident from improved GST collections data. GST Collections crossed the Rs. 1 lakh crore mark for the second time since April, after last month's Rs. 1.05 lakh crore.

Global markets

- 1) European equities were up on Wednesday as a report that a Brexit trade deal could be struck later in the day cheered investors amid concerns over the passage of a much-awaited US pandemic aid bill. The pan-European STOXX 600 index traded 0.4%.
- 2) However, London's FTSE 100 lagged as the pound gained on the news and weighed on shares of internationally focused firms on the index.
- 3) In Asia, Japan's Nikkei ended 0.33 per cent higher while South Korea's Kospi added nearly 1 per cent. Hong Kong's Hang Seng closed 0.8 per cent higher.

Ajcon Global's view

- 1) Globally, all eyes would be on the new strain of coronavirus developments in other parts of the world after its emergence in Europe. Investors will keep an eye on the progress of COVID-19 vaccine roll out and its efficacy in various countries after these new developments.
- 2) Domestically, all eyes would be on Union Budget and budget related stocks will remain focus in coming weeks and January 2021 ahead of Union Budget to be announced in February 2021. Investors would remain stock specific in coming weeks. As we are heading to Christmas and New Year, equities would consolidate amidst high volatility for some time.
- 3) Nifty valuations are expensive led by significant spike of FPI liquidity in the past few months especially in last 2 months. Hence we advise, partial profit booking.

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