

Indian equities give up gains and end in red; smallcaps outperform..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	58,340.99	58,664.33	323.34	0.55	58,839.32	58,968.12	58,143.44
Nifty	17,415.05	17,503.35	88.30	0.50	17,550.05	17,600.60	17,354.00

- 1) Indian benchmark indices ended in negative terrain after giving up gains in the last hour of trading session. The Sensex fell by 323.34 points and ended at levels of 58,340.99 The NSE Nifty was down by 88.30 points or 0.50 percent to end at levels of 17,415.05.
- 2) Among the Sensex 30 stocks, Maruti, Infosys fell by 2.5 percent each. ITC, Tech Mahindra were down by around 2 percent each. Larsen & Toubro, Reliance Industries, Tata Steel, Indusind Bank, Ultratech Cement and HDFC were the other major losers.
- 3) On the other hand, NTPC, ICICI Bank and Kotak Bank were up by a percent each. PowerGrid Corporation was the other notable gainer.
- 4) The BSE Midcap index was down by 0.6 percent. However, the Smallcap index was up by 0.4 percent.
- 5) In terms of sectoral performance, BSE Auto and IT indices declined by over a per cent each. FMCG, Capital Goods were the other prominent losers.

Sectors and stocks

- 1) Shares of sugar companies were upbeat today with most of the frontline companies trading higher by up to 11 per cent on the BSE in Wednesday's intra-day trade on positive outlook. Government's move to increase the ethanol prices year on year supports the framework of enhanced blending. In the SS 2021-22, diversion of 3.5 million tonnes (MT) of sugar for production of ethanol using B heavy molasses / juice / syrup is expected. The surplus sugar situation bodes well for the ethanol industry and with the government's support in the form of various policy reforms, it is likely that 10 per cent ethanol blending will be achieved by 2022 as envisaged in the ethanol blending program (EBP), CARE Ratings said in sugar sector update. Triveni Engineering & Industries, Dhampur Sugar Mills, Balrampur Chini Mills, Dwarkesh Sugar Industries, Uttam Sugar Mills, EID Parry and Avadh Sugar & Energy were up between 3 per cent and 11 per cent on the BSE. Among the individual stocks, Triveni Engineering & Industries rallied 11 per cent to Rs. 224, hitting a new high on the BSE. In past two trading days, the stock has rallied 19 per cent after the company signed a 10-year business agreement with GEAE Technology USA to locally manufacture the LM2500 gas turbine base and enclosure.
- 2) Shares of recently listed companies continued its upward trend. Shares of Latet View Analytics, One97 Communications (Paytm), auto parts & equipment company SJS Enterprises, and Fino Payments Bank rallied up to 20 per cent in intra-day trades Wednesday supported by heavy volumes.
- 3) Shares of Latet View Analytics which made a handsome debut on the India bourses yesterday continued its upward trend and was up by 19.68 percent today to end at Rs. 584.95. Yesterday, the shares of the Company listed at Rs. 530 per share on the BSE which was a 169 per cent premium to the issue price of Rs. 197. The stock ended yesterday at Rs. 4878.60, up 148.02 percent. Latet View Analytics IPO was received subscription of 339 times. The high networth individual (HNI) portion of the IPO had received nearly 882 times subscription. Retail portion was subscribed by 124x and the institutional investor portion saw over 150x subscription. The Company is among the leading pure-play data analytics services companies in the country. The company functions in areas such as consulting services, data engineering, business analytics and digital solutions. The company serves clients across countries in the United States, Europe, and Asia through its subsidiaries in the United States, Netherlands, Germany, United Kingdom, and Singapore, and its sales offices in San Jose, London, and Singapore. Proceeds from the fresh issue will be used for funding inorganic growth initiatives, working capital requirements of the

subsidiary Latent View Analytics Corporation, and investment in subsidiaries to augment their capital base for future growth and general corporate purposes.

Key recent major developments..

- 1) The euro fell on Wednesday after a survey showed German business morale deteriorated in November, while the Turkish lira remained under pressure as President Tayyip Erdogan defended rate cuts despite surging inflation. German business sentiment worsened for the fifth month as supply challenges in manufacturing and a spike in coronavirus infections clouded the growth outlook for Europe's largest economy. The Ifo institute said its business climate index fell to 96.5 from 97.7 in October. The euro fell 0.3% to its lowest level since early July 2020 at \$1.1205.
- 2) The number of Americans filing new claims for unemployment benefits fell to their lowest level since 1969 last week, pointing to sustained strength in the economy as a year marked by shortages and an unending pandemic winds down. Initial claims for state unemployment benefits tumbled 71,000 to a seasonally adjusted 199,000 for the week ended Nov.20, the Labor Department said on Wednesday. That was the lowest level since mid-November 1969. Claims have been declining since October, though the pace has slowed in recent weeks as applications approach the pre-pandemic average of about 220,000.
- 3) The United States said on Tuesday it would release 50 million barrels of oil from strategic reserves in a coordinated move with China, India, South Korea, Japan and Britain to cool prices after OPEC+ producers rebuffed calls for more crude. The White House issued the statement after a source in the U.S. administration said Washington had been hashing out a plan with major Asian energy consumers to drive down prices from near three-year highs. Britain had not previously been mentioned. U.S. President Joe Biden, facing low approval ratings amid rising inflation ahead of next year's congressional elections, has repeatedly called on the Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, to pump more oil.
- 4) Today, the foreign institutional investors (FIIs) were net sellers of equities worth Rs. 5,122.65 crore thus taking the total net selling to nearly Rs. 23,037.98 crore so far this month in the cash segment. This is following Rs. 25,572 crore worth selling in October 2021.
- 5) Niti Aayog on Wednesday proposed setting up of full-stack 'digital banks', which would principally rely on the internet and other proximate channels to offer their services and not physical branches, to mitigate the financial deepening challenges being faced in the country. The Aayog, in a discussion paper titled 'Digital Banks: A Proposal for Licensing & Regulatory Regime for India', makes a case and offers a template and roadmap for a digital bank licensing and regulatory regime for the country. Digital banks or DBs are banks as defined in the Banking Regulation Act, 1949 (B R Act), the paper said.
- 6) The inflows through systematic investment plans or SIPs in the mutual fund industry reached close to Rs. 67,000 crore in the first seven months of the ongoing fiscal. This comes following an inflow of Rs. 96,080 crore through the route in 2020-21, data with the Association of Mutual Funds in India (Amfi) showed.
- 7) The government has raised the goods and services tax (GST) on finished goods such as garments, textiles, and footwear from 5% to 12% with effect from January 2022. The Central Board of Indirect Taxes and Customs (CBIC) announced this on November 18. From January 2022, the GST rate on fabrics will be raised to 12 percent from 5 percent, and the GST rate on garments of any value has been raised to 12 percent, compared to the previous rate of 5 percent on items priced up to Rs. 1,000. Textiles (including woven fabrics, synthetic yarn, pile fabrics, blankets, tents, accessories such as tablecloths or serviettes, rugs and tapestries) have also seen their rates raised from 5% to 12%, while footwear of any value has seen its rate raised from 5% (up to Rs 1,000/pair) to 12%.
- 4) Prime Minister Narendra Modi on November 19 announced that the government would repeal the Farm Laws enacted by Parliament in September 2020. Although they were passed in Parliament, the laws were not implemented due to the protests in states like Punjab and Haryana at the Delhi borders.
- 5) The Department of Investment and Public Asset Management (DIPAM) has invited bids to sell six assets of Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) through its new asset monetisation portal. "Non core asset monetisation commences with the first set of six properties of BSNL/ MTNL bid out on the MSTC portal," DIPAM Secretary Tuhin Kanta Pandey tweeted. The government is planning to sell land parcels worth over Rs 600 crore in the first phase through the new online bidding platform. This will be the first sale of assets through the new e-bidding platform developed by state-run MSTC. created for monetisation by the NITI Aayog. The idea is to put idle land parcels of state-owned entities to use, and realise their value. The effort is on the lines of the National Monetisation Pipeline (NMP) -where the government aims to monetise underutilised assets, but would only

include non-core assets. Unlike the NMP, in case of PSUs' land sale, the ownership of assets will be transferred. Sale of non-core assets such as land parcels or real estate of over Rs. 100 crore is being managed by DIPAM, and is similar to the pipeline of core assets.

- 6) Vehicle registration in October including all segments fell 5.33 per cent year-on-year. The fall was a sharper 26.63 per cent when compared to October 2019, Federation of Automobile Dealers Association said in a statement on Thursday. A total of 1,364,526 units were retailed during the month compared to 1,441,299 units in October 2020. The fall in the YoY sales widens the gap with the October 19 volumes when 1,860,098 units were sold. Alluding to the 42-day festive period (October 7 to November 17), the dealer body said, it was the worst festive season for the automobile market in a decade with overall retail sales dropping by 20 per cent YoY and 20.82 per cent compared to 2019. "We have witnessed the worst festive season in the last decade. Semiconductor shortage which was already a full blown crisis showed its true colours when in spite of an above healthy demand, we could not cater to customer's needs," said Vinkesh Gulati, president, Federation of Automobile Dealers Association (FADA). While SUVs and luxury cars saw a huge shortage, demand for the entry level cars was subdued as customers in this segment are wary of spending and are prioritizing saving for emergencies.

Global markets

- 1) Today, the European markets started on a subdued note led by fresh Covid related restrictions announced in select countries. Majority of the Asian peer indices too were under pressure.
- 2) Globally, there are concerns over rising COVID-19 cases in Europe, US, and increasing US bond yields. Germany warned on Friday it may need to move to a full lockdown after Austria said it would reimpose strict measures to tackle rising infections.
- 3) Earlier, investors took confidence from the discussion between US president Joe Biden and his Chinese counterpart Xi Jinping. In a virtual meeting, Biden urged Xi not to allow competition between the two economic powers and closely linked trading partners to escalate into a conflict.

Ajcon Global's observations and view

- 1) Indian equities gave up gains and finally ended in red led by intense FPI selling. At the moment there are headwinds like weak global cues, valuation concerns and strengthening US dollar. Today's volatility was on expected lines ahead of F&O expiry on Thursday.
- 2) Before the correction started, the sentiments were strong led by good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri and Diwali, good manufacturing PMI data, strong October 2021 GST collections, good IIP data and IMF's forecast of India's GDP growth at 9.5 per cent in 2021 and at 8.5 per cent in 2022 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.
- 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 and not get carried away. It is advisable for investors to look out for stock specific opportunities at decent valuations considering growth outlook and management pedigree. Always remember, corrections in a bull market will keep markets healthy.
- 5) With Q2FY22 earnings season behind us, investors will track global cues like inflation data across the globe, US treasury yields, COVID-19 cases especially in Europe and US, crude 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, akash@ajcon.net

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Website: www.ajcononline.com

Registered and Corporate office

408 - (4th 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