

Indian equities end in positive terrain; midcaps and smallcaps too rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	58,795.09	58,340.99	454.10	0.78	58,363.93	58,901.58	58,143.86
Nifty	17,536.25	17,415.05	121.20	0.70	17,417.30	17,564.35	17,351.70

- 1) Indian benchmark indices were back in green. The Sensex was up by 454.10 points and ended at levels of 58,795.09 The NSE Nifty was up by 121.20 points or 0.70 percent to end at levels of 17,536.25. Among the Sensex 30 stocks, Reliance Industries was up by 6.3 percent. ITC was up by 1.7 percent. Other gainers include Infosys, Tech Mahindra and Titan. On the other hand, Indusind Bank, Hindustan Unilever, ICICI Bank and Maruti declined by over a percent.
- 2) The BSE Midcap index was up by 0.7 percent and Smallcap index was up by 1.0 percent.
- 3) In terms of sectoral performance, BSE Energy index was up by 4.6 percent. The Healthcare and Realty indices were up by 1.7 percent and 1.8 percent respectively. The Oil & Gas and IT indices were up by a percent each.

Sectors and stocks

- 1) Shares of Reliance Industries (RIL) closed up by 6.02 per cent at Rs 2,492.95 after the company's board decided to implement a scheme of arrangement to transfer gasification undertaking into a wholly-owned subsidiary (WOS). RIL made the announcements on Wednesday after market hours. The board has approved a scheme as a going concern on slump sale basis for a lump sum consideration equal to the carrying value as on the appointed date i.e. March 31, 2022. RIL said the Scheme will also enable the company to evaluate unlocking the value of syngas, with a collaborative and asset-light approach involving induction of investor(s) in the gasifier subsidiary and capturing value of upgradation in RIL through partnerships in different chemical streams, the company said. On November 24, RIL in media release said that the Gasification project at Jamnagar was set up with the objective to produce syngas to meet the energy requirements as refinery off-gases, which earlier served as fuel, were repurposed into feedstock for the Refinery Off Gas Cracker (ROGC). This enables production of olefins at competitive capital and operating costs. Syngas as a fuel ensures reliability of supply and helps reduce volatility in the energy costs. Syngas is also used to produce Hydrogen for consumption in the Jamnagar refinery, the company said. With optionality in applications for Syngas, the nature of risk and returns associated with the gasifier assets will likely be distinct from those of the other businesses of the Company. This distinct business profile also provides the opportunity to potentially attract a different pool of investors and strategic partners for the gasification assets and new materials and chemicals projects, RIL said.
- 2) Shares of GlaxoSmithKline Pharmaceuticals (GSK Pharma) hit a fresh 52-week high at Rs. 1,824.65, rallying 12.67 percent on the BSE in Thursday's intra-day trade on improved business outlook. The stock of the drug maker has surpassed its previous high of Rs. 1,766 touched on July 27, 2021. It had hit a record high of Rs 1,925 on March 31, 2016. In Q2FY22, the company's standalone profit before tax or PBT (before exceptional) grew 42 per cent year on year (YoY) to Rs. 271 crore from Rs. 191 crore in a year ago quarter. Revenue grew 13 per cent YoY at Rs. 992 crore. EBITDA margin improved 430 basis point to 27.62 per cent from 23.32 per cent in Q2FY21. As the acute market showed signs of recovery, the company's established brands grew in their respective therapeutic portfolios. Augmentin and Calpol regained their place amongst the top five brands in the Indian Pharmaceuticals Market (1PM). "Our promoted portfolio also gained market share, while products from our innovation and specialty pipeline continued to make inroads to serve more patients," the management said. We had recommended GSK Pharma at Rs. 1,575.15 on Aug. 20, 2021. The stock has yielded an upside of 15.7 percent from our recommended price.
- 3) Shares of Latent View Analytics which made a handsome debut on the India bourses yesterday continued its upward trend and was up 20 percent today to end at Rs. 702.35 as against yesterday closing of Rs. 584.95. Earlier, 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. Latent 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) Benefiting from strong consumer demand and high commodity prices, Indian companies will show significant growth in EBITDA over next 12-18 months, according to Moody's. The rating agency, which has 22 Indian corporates under its scanner, said growing government spending on infrastructure will support the demand for steel and cement. Also, rising consumption, push for domestic manufacturing and benign funding conditions will support new investments. The effects of supply chain disruptions will ease as semiconductor supplies ramp over the next few months, it added. The steady progress in vaccinations against Coronavirus (Covid-19) will support a sustained recovery in economic activity. The economic growth will rebound strongly in India. It has pegged growth in gross domestic product at 9.3 per cent for FY22 and 7.9 per cent for FY23. While overall economic sentiment is upbeat, the rating agency did sound a word of caution. If new waves of infections were to occur, it could trigger fresh lockdowns and erode consumer sentiment. Such a scenario would dampen economic activity and consumer demand, potentially leading to subdued EBITDA growth of less than 15-20 per cent for Indian companies over the next 12-18 months.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) 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.

- 8) 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 good note. Earlier, European equities were under pressure led by fresh Covid related restrictions announced in select countries. Majority of the Asian peer indices too ended in green.
- 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 ended in green after being under pressure yesterday. At the moment there are headwinds like weak global cues, valuation concerns and strengthening US dollar.
- 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.



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- 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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