AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Market wrap **December 30, 2020**

Benchmark indices touch fresh all-time highs; buoyancy witnessed in midcaps and smallcaps space..

1) The benchmark indices opened higher for the sixth straight session, logging their fresh all-time highs, before quickly paring the gains and spending rest of the session fluctuating between gains and losses.

2) The S&P BSE Sensex ended the session 133 points, or 0.28 per cent, higher at 47,746. The index hit an intra-day high and low of 47,808 and 47,358, respectively. The broader Nifty50 index ended the session at 13,981. The index came close to hitting the 14,000-mark in intra-day, but could only hit a high of 13,997.

3) Out of the 30 Sensex constituents, 18 ended the day in green. UltraTech Cement (up 4%) was the top Sensex gainer, followed by Bajaj Finance and Maruti Suzuki (both up 2%). On the other hand, IndusInd Bank and Sun Pharma fell 1 per cent each.

4) The Nifty sectoral indices ended mixed, with Nifty Metal and Nifty Auto indexes, both up 1 per cent, leading the list of gainers.

5) In the broader markets, the S&P BSE MidCap and SmallCap indexes ended 0.5 and 0.37 per cent higher, respectively.

Sectors and stocks

1) Shares of Coromandel International declined by 6 per cent to Rs. 802 on the BSE on Wednesday after more than 2 per cent stake of the fertilser company changed hands in opening deals. Earlier, in June 2, Coromandel International's holding company viz., E.I.D. - Parry (India) had sold 5.85 million equity shares held in the Company through open market at a price of Rs 629.91 per share. EID Parry had said the proceeds of sale will be used to bring down the debt of the company. Meanwhile, the stock of EID Parry hit a 52-week high of Rs 365.75, rallying 10 per cent on the BSE in early morning trade in an otherwise range-bound market.

2) Shares of Steel Authority of India (SAIL) was up by 5 per cent to hit an over two-year high of Rs. 67.85 on the BSE in Wednesday's session amid expectations of further improvement in performance due to the realisation of uptick in the domestic market and progressively lower proportion of exports. The stock of the state-owned company was trading at its highest level since November 2018. In the past two months, the share price of the stock has more-than-doubled after the company reported a consolidated net profit of Rs. 437 crore in the July-September quarter (Q2FY21) on back of strong operational performance. It had posted a net loss of Rs. 286 crore in the same quarter of previous fiscal and a loss of Rs 1,226 crore in the June quarter (Q1FY21). The company's consolidated revenue from operations grew 20 per cent to Rs. 16,925 crore from Rs. 14,128 crore in the year-ago quarter. At present, SAIL, under the Ministry of Steel, is the country's largest steel maker having a total installed capacity of about 21 million tonne per annum (MTPA). The company has set up a target to more than double its capacity to 50 MTPA by 2030. The management said the company is determined to perform better in future and is geared up to take all necessary actions to remain a world-class domestic steel producer towards building an Atmanirbhar Bharat. Although steel demand in India may decrease in 2020 but in 2021 it is expected to be extremely strong on the back of government's infrastructure investments, production linked incentives, support for rural economy through infra development. Restarting of construction activities across India and recovery in the auto industry are also likely to support demand.

3) Shares of India Cements was up by 13 per cent, hitting 34-month high of Rs. 163.80 on the BSE on Wednesday on the back of heavy volumes in an otherwise range-bound market. The stock of the cement manufacturer surpassed its previous high of Rs. 164, hit on November 26, 2020. It was trading at its highest level since February 2018. Radhakishan Damani, the retail tycoon, and his family hold about 20.4 per cent stake in India Cements as of September 30, 2020, the shareholding pattern data shows. In the past month, the stock has underperformed the market and declined 8 per cent after the company reported 18.6 per cent year on year declined in overall volume of clinker and cement at 21.07 lakh tons in July-September quarter (Q2FY21). In comparison, the S&P BSE Sensex rallied 7 per cent during the same period, till Tuesday. The management said a sluggish performance by the cement industry in the last quarter of last year was further damaged by Covid from March onwards. It is only in South India with a substantial capacity overhang; recovery is likely to be slow. The capacity utilisation in South was much lower than other regions and there is a faint possibility given the reduction of Covid activity that utilisation levels can improve, the company said while announcing Q2FY21 results on November 6, 2020. There are also reports of pick up in house building and construction activity in semi urban and urban centres aided by the rebound, work from home concept and return of migrant labour. This along with an expected fresh stimulus measure from the

Government with focus on increased public spending on irrigation, road building and other projects is expected to improve the cement demand, it said.

Key recent developments

1) UK on Wednesday became the first country in the world to approve a coronavirus vaccine developed by Oxford University and AstraZeneca as it battles a major winter surge driven by a new, highly contagious variant of the virus. AstraZeneca said the authorisation was for a two dose regime, and that the vaccine had been approved for use for emergency supply. Britain has ordered 100 million doses of the vaccine. “The government has today accepted the recommendation from the Medicines and Healthcare products Regulatory Agency (MHRA) to authorise Oxford University/AstraZeneca’s COVID-19 vaccine for use,” the health ministry said. The pandemic has already killed 1.7 million people around the world, sown chaos through the global economy and upended normal life for billions since it began in Wuhan, China, a year ago. UK and South Africa in particular are grappling with new variants of the coronavirus, which the government and scientists say are more contagious; many countries have responded by banning passenger flights and blocking trade.

2) The Union Cabinet on Wednesday approved an interest subvention of Rs. 4,573 crore for new distilleries producing ethanol, which can be used for doping in petrol, Oil Minister Dharmendra Pradhan said. India will need about 1,000 crore litre of ethanol for doping in petrol by 2030 with a view to cut dependency on imports for meeting oil needs, he said adding that the nation currently has a capacity of 684 crore litres. He added that the Cabinet approved a modified scheme to enhance ethanol distillation capacity in the country for producing first-generation ethanol from feed stocks such as cereals (rice, wheat, barley, corn and sorghum), sugarcane and sugar beet.

3) According to rating agency ICRA, asset quality pressure on banks in India is likely to moderate with net non-performing assets (NPAs) declining to 2.5 per cent by March 2022 (FY22) from an estimated 3.1 per cent in March 2021. The loan restructuring volume is likely to be lower at 2.5-4.5 per cent of advances than initial estimates of 5-8 per cent of advances, it added. Icra said in a statement that moratorium on loan repayments is over, though the Supreme Court directive on asset classification is awaited. In this backdrop, the Gross NPAs are likely to rise to 10.1-10.6 per cent by March 2021 from 7.9 per cent in September 2020. The Net NPAs would also move up to 3.1-3.2 respectively by March 2021 from 2.2 per cent as of September 2020 on elevated credit provisions during H2FY21 as well. However, Net NPAs and credit provisions will subsequently trend lower in FY22 as the banks have reported strong collections on loan portfolio. Most banks reporting collections of over 90 per cent. The loan restructuring requests much lower than previously estimated due to sharper than expected improvement in economic activities and liquidity support through emergency credit line guarantee scheme.

4) Last week, the Union Cabinet 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.

5) Earlier, Prime Minister Narendra Modi (PM Modi) 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.

6) 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 Biotec Group Co. have been dispensed in the country since they were granted emergency-use authorization in July.

7) 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.

8) 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.

9) 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.

10) 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.

11) 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.

12) 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.

13) 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 Britain approved a COVID-19 vaccine developed by AstraZeneca and Oxford University, while bets of more U.S. fiscal aid and massive vaccination efforts spurred hopes of a strong global economic recovery next year.

2) The pan-European STOXX 600 rose 0.1 per cent, hovering near a 10-month high hit in the previous session. Most markets in the region were subdued due to thin volumes in a holiday-shortened week. The German DAX was flat, while French and Spanish stocks slipped 0.1 per cent each.

3) MSCI’s gauge of Asia-Pacific shares excluding Japan rose 1.2 per cent to hit a record high, led by gains in Chinese shares. Japan’s Nikkei share average, however, lost 0.45 per cent on its last trading day of 2020.

AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Ajcon Global's view

1) Domestically, all eyes would be on Q3FY21 earnings season which is expected to be good. Union Budget and budget related stocks will remain focus in 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 New Year, equities would consolidate amidst high volatility for some time.

2) Globally, sentiments have improved after the United Kingdom's historic trade deal with the European Union and US President Donald Trump signed into law a $2.3 trillion pandemic aid and spending package. 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.

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. However, there is still value in midcaps and smallcaps space.

AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

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, 022-67160431 (D)

CIN:L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

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