AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **Jan. 10, 2022**

Indian equities were buoyant today; all eyes on ongoing Q3FY22 earnings season..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	60,395.63	59,744.65	**650.98**	**1.09**	60,070.39	**60,427.36**	59,987.18
Nifty	18,003.30	17,812.70	**190.60**	**1.07**	17,913.30	**18,017.45**	17,879.15

1) Indian benchmark indices were buoyant today as Asian peer indices were upbeat today and investors discounting likely strong Q3FY22 earnings season.

2) In addition, the sentiments have been upbeat as Omicron variant symptoms are milder and death rates been lower so far as compared to devastating Delta variant. Despite significant spike in COVID-19 cases, restrictions imposed by various states so far are not a major dampener to economic activity.

3) The Sensex ended up by 650.98 points or 1.09 percent to end at levels of 60,395.63. Today, Nifty was up by 190.60 points or 1.07 percent to end at levels of 18,003.30.

4) In terms of sectoral performance, Among sectors, the Nifty PSU Bank index was the leading outperformer with a 3.3-per cent rally on the NSE. Among individual shares, Bank of Baroda, PNB, and Canara Bank rose up to 5 per cent. Nifty Realty, Bank, and Auto indices were up by around 2 per cent each.

5) The broader markets were upbeat today. The BSE Midcap index was up by 0.7 percent while BSE Smallcap indices were up by 1.2 percent.

6) For the CY 2021, Sensex delivered a good return of 22 per cent or up by 10,503 points, after having touched a new life-time high of 62,245 on October 19, 2021. Growth oriented budget, devastating second wave of COVID-19 well managed, strong vaccination drive, faster than expected economic recovery in Unlock phase, PLI incentives in various sectors, strong demand witnessed post lockdown and in festive season, strong Q2FY22 earnings season contributed to the significant rally.

Sectors and stocks

1) Shares of Ipca Laboratories fell by 6 per cent to Rs. 1,029.60 on the BSE in Monday's intra-trade as the stock turned ex-date for 1:1 split. The stock was down 8 per cent from its day's high of Rs 1,124, after it opened at Rs. 1,118.85 on the BSE. Each fully paid-up equity share of Rs 2 each of the company has been sub-divided into 2 fully paid-up equity shares of Re. 1- each.

2) Shares of Greaves Cotton hit an all-time high at Rs. 193.30, rallying by 11 per cent on the BSE in Monday’s intra-day trade on the back of heavy volumes. The stock surpassed its previous high of Rs 184.25 registered on June 24, 2021. Thus far in the month of January 2022, in six trading days, the stock has rallied by 40 per cent after the company’s arm Greaves Electric Mobility, a leading electric two and three-wheeler manufacturer, sold over 10,000 units in December 2021. Greaves Cotton's e-mobility arm Greaves Electric Mobility on January 2 said it sold over 10,000 units in December 2021. This includes both electric 2-wheelers (E2W) and 3-wheelers (E3W) segments. Ampere, fastest growing e-mobility brand, reported a record growth of almost 6 times revenue growth in December versus the same month last year and E3W business grew by 101 per cent in volume terms, the company said in statement. It said that the October-December quarter (Q3) quarter was significant from many perspectives for Greaves Electric Mobility with the company acquiring 100 per cent stake in electric 3-wheeler company ELE (e-rickshaws) and completing acquisition of 26 per cent stake in another electric 3-wheeler company MLR Auto (Teja brand), along with the launch of Ranipet mega EV factory, one of the biggest EV factories in the country. Ampere vehicles have received significant demand in the market.

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Key recent major developments..

1) Emerging economies must prepare for US interest rate hikes, the International Monetary Fund said, warning that faster than expected Federal Reserve moves could rattle financial markets and trigger capital outflows and currency depreciation abroad. In a blog published Monday, the IMF said it expected robust US growth to continue, with inflation likely to moderate later in the year. The global lender is due to release fresh global economic forecasts on Jan. 25. It said a gradual, well-telegraphed tightening of U.S.monetary policy would likely have little impact on emerging markets, with foreign demand offsetting the impact of rising financing costs. It said emerging markets with high public and private debt, foreign exchange exposures, and lower current-account balances had already seen larger movements of their currencies relative to the US dollar. The fund said emerging markets with stronger inflation pressures or weaker institutions should act swiftly to let currencies depreciate and raise benchmark interest rates.

2) The US Federal Reserve’s minutes suggested that Fed officials thinking about faster rate hikes and gradual reduction of its balance sheet.

3) The US Labor Department said on last Friday that the nation’s unemployment rate fell to a healthy 3.9 percent from 4.2 percent in November.

4) India’s manufacturing activity lost some momentum in December easing to a three month low after hitting a 10 month high in November, amid fears that the rapidly spreading third wave of the Coronavirus (Covid-19) pandemic may hit consumer sentiment and output. Data released by the analytics firm IHS Markit showed that the Purchasing Managers’ Index (PMI) for manufacturing fell to 55.5 in December from 57.6 in November. A reading above 50 indicates expansion in economic activity and a number below that signals contraction. “Companies continued with their stock-building initiatives, as evidenced by another robust upturn in buying levels. Business confidence strengthened, but sentiment was again dampened by concerns surrounding supply-chain disruptions, Covid-19 and inflationary pressures,” the data analytics firm said.

5) India's exports in December 2021 was up by 37 per cent on an annual basis to USD 37.29 billion, the highest-ever monthly figure, government data showed on Monday. Outbound shipments during April-December 2021 crossed USD 300 billion, exceeding the exports of 2020-21, as per data by the commerce ministry. Addressing a press conference, Commerce Minister Piyush Goyal said India's exports of goods will cross USD 400 billion this fiscal.

6) GST revenue collected in December 2021 was over Rs. 1.29 trillion, 13 per cent higher than the same month last year, the Finance Ministry said on Saturday. Though the collection was lower than Rs. 1.31 trillion mopped up in November, December is the sixth month in a row when revenue from goods sold and services rendered stood at over Rs. 1 trillion. The gross GST revenue collected in the month of December 2021 is Rs. 1.29 trillion, of which CGST is Rs. 22,578 crore, SGST is Rs. 28,658 crore, IGST is Rs. 69,155 crore (including Rs. 37,527 crore collected on import of goods) and cess is Rs. 9,389 crore (including Rs. 614 crore collected on import of goods)," the Finance Ministry said in a statement. The revenues for December 2021 are 13 per cent higher than the GST revenues in the same month last year (Rs 1.15 trillion) and 26 per cent higher than December 2019. The average monthly gross GST collection for the third quarter (October-December) of the current year has been Rs 1.30 lakh crore against the average monthly collection of Rs 1.10 trillion and Rs 1.15 trillion in the first and second quarter, respectively. "Coupled with economic recovery, anti-evasion activities, especially action against fake billers have been contributing to the enhanced GST. The improvement in revenue has also been due to various rate rationalisation measures undertaken by the Council to correct inverted duty structure," the ministry said.

7) The Goods and Service Tax Council, in its 46th meeting in Delhi, had decided to defer the hike in GST rate for textiles to 12 percent from 5 percent. The matter was referred to an existing Group of Ministers on GST rate rationalisation, said Finance Minister Nirmala Sitharaman on Friday. It was a brief meeting, triggered by a letter sent to me by Finance Minister of Gujarat. We will retain the status quo and not go to 12 percent from 5 percent, in the case of textile,” Sitharaman said at a media briefing after the Council meeting.

8) Output of eight core sectors rose by 3.1 per cent in November as against a contraction of 1.1 per cent in the same month last year, according to government data released on Friday. Barring crude oil and cement, all other sectors recorded positive growth in November. In October, these core sectors' output had grown by 8.4 per cent. The growth rate of the eight infrastructure sectors - coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity - stood at 13.7 per cent during April-November this fiscal as against a negative growth of 11.1 per cent during the same period last fiscal.

Ajcon Global's observations and view

1) Indian benchmark indices ended in green. However, there are some concerns of increasing COVID-19 cases domestically. Delhi and Mumbai have already witnessed significant spike in COVID-19 cases. In addition, there are concerns like hawkish stance of global central banks, headwinds like global inflation, valuation concerns and strengthening of US dollar.

2) For the CY 2021, Sensex delivered a good return of 22 per cent or up by 10,503 points, after having touched a new life-time high of 62,245 on October 19, 2021. Nifty has delivered a return of 24.1 per cent for CY 2021. Growth oriented budget, devastating second wave of COVID-19 well managed, strong vaccination drive, faster than expected economic recovery in Unlock phase, PLI incentives in various sectors, strong demand witnessed post lockdown and in festive season, strong Q2FY22 earnings season contributed to the significant rally.

3) Before the significant correction earlier, the sentiments were upbeat led by RBI's accommodative stance in its Monetary Policy, good GDP data, robust GST collections, strong manufacturing PMI, good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri, Diwali, Christmas, New Year and good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis.

4) 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.

5) 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 in uncertain times. It is advisable for investors to stick to defensives for some time and also look out for stock specific opportunities considering growth outlook and management pedigree. Always remember, corrections in a bull market will keep markets healthy.

6) Structurally, Indian equities are poised to do well after major reforms like thrust on digital economy after demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, reforms in power, one of its kind Union Budget announced last year which focussed on investment led spending to drive growth with impetus on Privatisation, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on renewables sector, Ethanol blending, scrapping policy etc. India today has emerged as a potential destination for investment.

7) We expect upside in Indian equities as FPIs have returned post New Year Celebrations. Market participants will keenly track Q3FY22 earnings season, economic activity in 3rd wave of COVID-19 and state level restrictions, on expectations from different stakeholders from the upcoming Union Budget, global cues like COVID-19 cases led by the Omicron variant across the globe, global inflation data, oil price movement and developments in China.

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 affliates, 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.

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

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, akash@ajcon.net

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

AKASH
AJAY
JAIN

Digitally signed by AKASH AJAY JAIN
DN: c=IN, o=Personal, 2.5.4.20=b226ee7c5ed3d1a9b0882e3a6df517cd0afe94a43222207631a6f495c5b8eb24, postalCode=400055, st=MAHARASHTRA, serialNumber=2175639688e828dc21788bcf87dda9f4e184adfc49b352c194a519495cc1ffd3, cn=AKASH AJAY JAIN, l=MUMBAI, pseudonym=ebf7c9d498e64a22b52ca30490ebe8f6, email=AKASH_JAIN1984@HOTMAIL.COM
Date: 2022.01.10 19:45:49 +05'30'