

Bulls remain in control; companies engaged in EV space and IT stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	60,616.89	60,395.63	221.26	0.37	60,342.70	60,689.25	60,281.52
Nifty	18,055.75	18,003.30	52.45	0.29	17,997.75	18,081.25	17,879.15

- 1) Indian benchmark indices were upbeat today led by rally in index heavyweights 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 on daily basis, the hospitalisation rates are also lower. The restrictions imposed too by various states so far are not a major dampener to economic activity.
- 3) The Sensex ended up by 221.26 points or 0.37 percent to end at levels of 60,616.89. Today, Nifty was up by 52.45 points or 0.29 percent to end at levels of 18,055.75.
- 4) Among Sensex 30 stocks, HDFC was the top gainer, followed by Reliance Industries, HCL Tech, TCS, Infosys, Tech Mahindra, and HDFC Bank. All these counters were up between 1 per cent an 4.4 per cent. On the other hand, Tata Steel (down 3.4 per cent), Bajaj Finance, Kotak Bank, ITC, and Dr Reddy's were the top laggards.
- 5) Stock specific action was witnessed in the the broader markets were upbeat today. The BSE Midcap index and BSE Smallcap indices ended flat.
- 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 JBM Auto were locked at the 5 per cent upper circuit at Rs. 1,565.20, hitting a new high on the BSE. The stock of automotive company was trading higher for the fourth straight day, rallying by 27 per cent during the period. On Monday, January 10, 2022, JBM Auto announced the acquisition of 51 per cent stake in JBM Green Energy Systems Private Limited and JBM EV Industries Private Limited through its subsidiary JBM Electric Vehicles Private Limited. Post this stake acquisition, JBM Green Energy Systems Private Limited and JBM EV Industries Private Limited have become the indirect subsidiaries of JBM Auto Limited, the company said.

JBM Green Energy is engaged in manufacturing complete lithium-ion battery packs for electric vehicles, thereby working towards setting new benchmarks of localisation for manufacturing of electric vehicles as outlined in various government policy initiatives. With the same objective of enhancing indigenization, JBM EV Industries manufactures key aggregates and auto systems for electric vehicles.

JBM Auto's 100 per cent electric buses ECOLIFE were already operating in various states such as Karnataka, Gujarat, Delhi-NCR region, Maharashtra, Andaman & Nicobar, etc. The company provides complete e-mobility ecosystem right from electric vehicles, charging infra, power infra to maintenance and support, thereby, providing optimum value to its customers.

- 2) Shares of Greaves Cotton continued its rally from yesterday and hit an all-time high at Rs. 249.70 rallying by 19.24 per cent on the BSE in Tuesday's intra-day trade on the back of heavy volumes. Thus far in the month of January 2022, in six trading days, the stock has rallied by around 59 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.

- 3) Shares of AU Small Finance Bank (SFB) hit a 10-week high of Rs. 1,308, up 5.9 per cent on the BSE in Tuesday's intra-day trade. The stock of the private sector lender was trading at its highest level since October 28, 2021. It had hit a 52-week high of Rs. 1,389 on August 24, 2021. "Q3FY22 was near-normal quarter for the Bank with strong growth seen in advances, disbursements and deposits across all businesses and customer segments supported by a good festive season. The customer cashflows continue to improve supporting recovery trends and asset quality in the quarter.", AU Small Finance said in its provisional business update on January 4, 2022. Thus far in the month of January, in the last six trading days, the market price of AU SFB has appreciated by 24 per cent after it reported a sequential growth of 10.6 per cent and yearly growth of 26.5 per cent in total assets under management (AUM) to Rs 42,027 crore in the October-December quarter (Q3FY22). In comparison, the S&P BSE Sensex was up 4 per cent so far in the current month. However, in the past six months, the stock has underperformed the market with a gain of 7 per cent, as compared to a 16 per cent rally in the S&P BSE Sensex.
- 4) Shares of Hinduja Global Solutions (HGS) rallied by 5 per cent to Rs. 2,985.70 on the BSE in Tuesday's intra-day trade as the company announced buyback plan after an over 25 per cent correction in its stock price from record high level touched last week. "A meeting of the board of directors of Hinduja Global Solutions will be held on January 14, 2022, to consider and explore quantum/ timings of buy-back of equity shares of the company," HGS said in an exchange filing. The board will also consider potential mergers & acquisition opportunities, the company said.
- 5) Shares of Vodafone Idea fell by 22.5 per cent to Rs 11.5 on the BSE in today's intraday trade after the company's board approved conversion of adjusted gross revenue (AGR) and spectrum liabilities into equity. With today's fall, the stock of the telecom services provider has corrected 31.5 per cent from its 52-week high level of Rs. 16.79 touched on December 10, 2021.

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.

- 6) 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.
- 7) 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.
- 8) 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.
- 9) 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 has already witnessed significant spike in COVID-19 cases post. However, there was some relief too as Mumbai's Covid-19 cases fall fourth day in a row.
- 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) The sentiments have been upbeat led by RBI's accommodative stance in its Monetary Policy, good GDP data, robust GST collections, strong manufacturing PMI, expectations of strong Q3FY22 earnings season, 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. However, there are concerns like hawkish stance of global central banks, headwinds like global inflation and valuation concerns.
- 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) Market participants will keenly track Q3FY22 earnings season, economic activity in 3rd wave of COVID-19 and state level restrictions, eye 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.



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