



CA (Dr.) Ashok Ajmera's Weekly Column as on December 1, 2023

Domestic market touched record high levels backed by the positive economic data.



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Domestic bourses ended in positive territory with Nifty 50 gaining 2.39% and Sensex ending with gain of 2.29% backed by the positive economic data from domestic market and the easing of bond yields and crude prices. The week witnessed bumper IPO listing with IREDA listing at Rs. 50 (~56% premium over issue price), Tata Technologies Limited got listed at Rs. 1200 (~140% premium over issue price), Gandhar Oil Refinery India Limited got listed at Rs. 298 (~75% premium over issue price), Flair Writing Industries got listed at Rs. 503 (~65% premium over issue price) but closed at 10% lower circuit at Rs. 450.90. Fedbank Financial Services Limited was the only issue listing at Rs. 138 a discount of 1.43% on NSE.

Among the Nifty 50 major gainer were Axis Bank (up by 9.53%), Britannia (up by 7.03%), BPCL (up by 6.67%), Adani Enterprise (up by 6.17%), Hero Motocorp (up by 5.96%) and major losers were IndusInd Bank (down by 1.03%), Power Grid Corp (down by 0.12%). The Nifty midcap 100 closed at record high level for 3rd straight week and Nifty Smallcap 100 closed at record high levels.

FII and DII activity

In the week gone by FII were net buyers at Rs. 10,593.19 Crores and DII were net buyers at Rs. 4,353.55. In the month of November 2023, FIIs had net bought equities worth Rs. 5,795.05 Crore and DIIs had net bought equities worth Rs. 12,762.14 Crore.

Sector Movement

Nifty Bank which has been underperforming the broader market, participated in this week's up move ending in positive territory up by 2.39%. Nifty Pharma, Nifty Metal, Nifty Auto, Nifty Realty, Nifty Healthcare, Nifty PSE, Nifty Consumption, Nifty Commodities, Nifty Infra and Nifty India MFG all these indices touched record high level during the week.

Global Market and Major Developments

Dow Jones, S&P 500 and NASDAQ 100 all closed in positive territory for the 5th straight week. Sales of new single-family houses in the United States fell by 5.6% to a seasonally adjusted annualized rate of 679 thousand in October 2023, well below forecasts of 723 thousand. The Federal Reserve Bank of Dallas's general business activity index for manufacturing in Texas deteriorated for the third straight month, reaching -19.9 in November 2023, its lowest since July this year. OPEC+ oil producers agreed to output cut totalling to 2.2 million barrels per day. OPEC+ also invited Brazil to join the group of oil producers.

Major Developments in Domestic Markets

- 1) The Ministry of Mines, launched the first tranche auction of critical and strategic minerals on 29th November, 2023. Twenty blocks of critical and strategic minerals being auctioned were spread across the country.
- 2) The Defence Acquisitions Council (DAC) approved the proposal to purchase 97 Tejas Aircraft and 156 Prachanda Helicopters for a mega deal worth Rs 1.60 lakh crore, Hindustan Aeronautics Limited (HAL) is the domestic supplier of Tejas and Prachanda aircraft.
- 3) The Board of Directors of Tata Consultancy Services Ltd, at its meeting held on October 11, 2023 had approved a proposal to buy back up to 4,09,63,855 Equity Shares of the Company for an aggregate amount not exceeding ₹17,000 crores, representing 1.12% of the total paid up

Particulars	Close (01/12/2023: Friday)	Open (28/11/2023: Tuesday)	Previous Close (24/11/2023: Friday)	Change (%)
Nifty 50	20,267.90	19,844.65	19,794.7	2.39
Sensex	67,481.19	66,063.72	65,970.04	2.29
Nifty Midcap 100	43,382.40	42,200.95	42,050.45	3.17
Nifty Smallcap 100	14,239.30	13,922.45	13,827.5	2.98
Sectoral Indices				
Nifty Bank	44,814.90	43,851.55	43,769.1	2.39
Nifty Auto	17,489.05	17,092.00	17,040.35	2.63
Nifty IT	32,589.70	32,115.85	32,055.15	1.70
Nifty PSU Bank	5,134.55	4,990.45	4,977.2	3.16
Nifty Fin Services	20,211.00	19,685.45	19,652	2.84
Nifty Pharma	16,257.05	15,980.80	15,954.5	1.90
Nifty FMCG	53,538.1	52,670.20	52,576.9	2.42
Nifty Metal	7,087.00	6,949.05	6,874.25	3.09
Nifty Realty	723.05	703.65	702.95	2.86
Nifty Media	2,355.65	2,291.45	2,283.45	3.16
Nifty Energy	29,559.75	28,736.45	28,558.75	3.15
Nifty Private Bank	23,279.00	22,831.90	22,791.80	2.14
Nifty Infra	6,651.65	6,460.65	6,438.40	3.31
Nifty Commodities	6,924.9	6,706.55	6,667.85	1.00
Nifty Consumption	9,044.45	8,806.50	8,788.6	2.91
Nifty PSE	6,911.85	6,587.85	6,534.7	5.77
Nifty Serv. Sector	25,725.20	25,141.25	25,082.95	2.56
Nifty Healthcare	10,322.55	10,097.95	10,087.25	2.33
Nifty Oil & Gas	8,518.80	8,198.85	8,161.2	4.38
Nifty INDIA MFG	10,351.40	10,132.6	10,092.1	2.57
US Indices				
Dow Jones	36,245.51	35,376.44	35,390.16	2.42
S&P 500	4,594.64	4,554.86	4,559.34	0.77
NASDAQ 100	15,997.58	15,969.72	15,982.01	0.10
Commodities				
Gold (in Rs./ 10 gram)	61,597	61,597	61,364	3.25
Brent Crude oil	79.1	80.17	80.1	1.25
The US indices and commodities opening price is as on Monday 27/11/23.				



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equity share capital, at Rs. 4,150 per Equity Share. Company announced that the buyback will open on 1st December, 2023, Friday and close on 7th December, 2023, Thursday.

4) Netweb Technologies India Limited (Netweb), announced that it is now a manufacturing partner for the NVIDIA Grace CPU Superchip and GH200 Grace Hopper Superchip MGX server designs. Netweb will build and produce more than ten server variations under its Tyrone range of AI systems meant for a wide range of AI and high-performance computing/supercomputing applications.

5) Infosys announced its collaboration with Shell New Energies UK Ltd ("Shell"), an international energy company, to accelerate adoption of immersion cooling services for data centers and it has also collaborated with Tennis Australia, Tennis Victoria, and Tennis New South Wales to nurture future leaders in the states of Victoria and New South Wales. Infosys Finacle, part of EdgeVerve Systems, a wholly-owned subsidiary of Infosys, and Bank of Commerce (BankCom), an affiliate of San Miguel Corporation (SMC) group and one of the fast-growing universal banks in the Philippines, announced the bank's decision to select Infosys Finacle Suite for its core banking transformation.

6) The Promoter Group of DB Realty has sold 1.46 Crore shares of the Company during the week reflecting a 2.91% stake in the Company and have raised Rs. 301 Cr by sale of shares. A substantial portion of the proceeds from the sale of the said shares (net of tax) has been infused back by the promoters into the Company as repayment of related party transactions and unsecured interest free loan. The funds so infused has enabled the Company to retire its entire debt and therefore the Company on a standalone basis shall be debt free on or before 30th November 2023.

7) Commenting on Festive Period Retails, FADA President, Mr. Manish Raj Singhania said, "During the 42-day festive period of FY2023 (which starts on 1st day of Navratri and ends 15 days' post Dhanteras), we reached a new milestone with vehicle sales climbing to 37.93 lakh, a 19% increase from last year's 31.95 lakh. Significant growth was observed in the two-wheeler, three-wheeler, commercial vehicles and passenger vehicles, with respective rises of 21%, 41%, 8%, and 10%. Conversely, the tractor segment experienced a slight decline of 0.5%. Record-breaking sales were reported in several categories, with rural areas particularly contributing to the surge in two-wheeler purchases. Despite initial underperformance during Navratri, particularly in the passenger vehicle sector, the situation improved by Deepawali, ending with a 10% growth rate. While SUVs were the highest demanded vehicles, inventory levels for passenger vehicles remain a significant concern as OEMs continue to push further dispatch thus keeping the inventory rate at near to all time high levels. Tractors, which saw an 8.3% decrease in sales during Navratri, made a remarkable recovery, ending the festive period with only a 0.5% decrease. This turnaround highlights the robust purchasing power in rural India." Bajaj Auto Limited reported 31% rise in its 2WH+CV sales, Mahindra and Mahindra Limited reported 5% increase in its tractor sales and their auto sector reported 21% growth in the overall sales, Escorts Kubota Limited Agri Machinery Business division reported a rise of 3.7% and the construction equipment value was up by 20.9%. Tata Motors Limited sales in the domestic & international market for November 2023 stood at 74,172 vehicles, compared to 75,478 units during November 2022, a fall of 1.73%. In November 2023, Maruti Suzuki India Limited sold a total of 164,439 units as against 159,044 units in the previous year. Ashok Leyland reported a 3% decline in its overall sales in November 2023 compared to November 2022.

8) India's GDP grew by 7.6% in Q2FY24 v/s consensus estimate of 6.8%. India's core sector growth rises from 9.2% in September 2023 to 12.1% in October 2023. India's April-October 2023 core sector growth came at 8.6% versus 8.4% in April-October 2022. Fiscal deficit of central government widened to Rs. 8.04 Lakh Crore in April-October from Rs. 7.02 Lakh Crore in April- September. The first seven-month deficit of FY24 accounts for 45% of the full year target of Rs. 17.87 Lakh Crores.

Events in the Coming Week

In the coming week USA factory order (MOM), Germany Export data (MoM), Germany Balance of Trade (Oct), South Korea GDP growth rate (QoQ), China's Caixin Composite PMI and Caixin Services PMI, Australia's RBA interest rate decision, Australia's GDP Growth Rate, India's S&P Global Composite PMI (Nov), S&P Global Services PMI (Nov) and RBI's Monetary Policy Meet (MPC) meet scheduled to begin on December 6th 2023 and end on December 8th 2023.

Ajcon Global's observations and view:

Short term view:

1) The Q2FY24 result season has ended and many companies have come out with good numbers for the quarter. Further the market will take cues from the data pertaining to the demand during the recently concluded festive season, the final results of state election expected to come out on 3rd December, 2023, movement in global & domestic bond yields and crude oil prices. Always remember corrections in a structural bull market will keep markets healthy.

2) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the smallcaps pack. At the moment, companies in the sectors like FMCG, Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, select companies in the Infrastructure space and Railways can be considered.

Long term view

1) We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. Domestically, the economy is doing well which is evident from the recent GST collection data, increase in investment led spending and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Encouraging Q2FY24 results suggest that economy is doing well.



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2) Structurally, Indian economy is 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 sector, 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

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