



CA (Dr.) Ashok Ajmera's Weekly Column as on February 02, 2024

The domestic market rejoiced and made an all-time high this week as there was no negative policy change announced during the budget.



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The domestic bourse witnessed a mixed week as the Nifty 50 and Sensex closed positively. DII's sustained positive net purchases signaling investor confidence. Notably, post-budget, 100 stocks surged between 10-47%, underscoring sectoral momentum and market resilience amid volatility. We continue to monitor FII activity amid caution signals regarding expensive valuations, particularly in small and mid-cap stocks.

The top gainers in the Nifty 50 index were BPCL (up by 17.70%), Power Grid Corp. (up by 12.87%), Adani Ports (up by 10.05%), ONGC (up by 9.91%) and Adani Enterprise (up by 9.12%). The major losers in the Nifty 50 index were Larsen (down by 6.05%), Titan Company (down by 4.19%), ITC (down by 3.41%), Bajaj Finance (down by 3.35%) and Bharti Airtel (down by 0.84%).

FII and DII activity

In the week gone by, FII were net sellers at 2,008.7 Crores and DII were net buyers at 10,102.6 Crores. In the previous week FII were net sellers at 12,739.96 Crores and DII were net buyers at 8,982.65 Crores. In the month of January 2024, FIIs had net sold equities worth Rs. 35,977.87 Crore and DIIs had net bought equities worth Rs. 26,743.63 Crore.

Sector Movement

Nifty PSU banks was the outperforming sector of the week, closing at an all-time high during the week, up by 11.47%. Nifty Energy, Nifty PSE and Nifty Oil and gas also saw great momentum during the week. The worst performing sector was Nifty Media which was down by 0.26% and Nifty FMCG which was down by 0.17%.

Global Market and Major Developments

The US market had an exceptional week as all the major indices closed at an all time high. The Federal Reserve kept the Fed funds rate unchanged at a 23-year high of 5.25%-5.5% for a fourth consecutive meeting in January 2024, in line with expectations. Policymakers added that they do not expect it will be appropriate to reduce the rates until they have gained greater confidence that inflation is moving sustainably toward 2%. The inflation rate in the Euro Area went down to 2.8% year-on-year in January 2024 from 2.9% in the previous month, in line with market expectations, a preliminary estimate showed. Meanwhile, the core rate, which excludes volatile food and energy prices, continued to ease to 3.3%, above forecasts of 3.2% but still reaching its lowest level since March 2022. The official NBS Non-Manufacturing PMI for China edged up to 50.7 in January 2024 from 50.4 in December, slightly above market forecasts of 50.6. It was the 13th straight month of expansion in services activity and the strongest pace since last September, despite falls in new orders (47.6 vs 47.5 in December), foreign sales (45.2 vs 50.9), and employment (47.0 vs 47.1). Exports from South Korea surged 18% from a year earlier to USD 54.8 billion in January 2024, slightly above market forecasts of a 17.8% gain, accelerating from a downwardly revised 5.0% rise in the prior month.

Major Developments in Domestic Markets

1. Adani Power on January 25 reported a consolidated net profit of Rs 2,737.96 crore for the quarter ended December 31, 2023. The net profit for the same quarter in the year-ago period was Rs 8.77 crore.
2. Samina Hamied stepped down from her role as the executive vice-chair of Cipla. However, she will continue to remain associated with the company as a non-executive director who is liable to retire by rotation.
3. SJVN has secured the full quoted capacity of a 100 MW solar power project through an eReverse Auction conducted by Gujarat Urja Vikas Nigam (GUVNL). The company successfully bagged the said project at Rs 2.54 per unit on a build-own-operate basis. This ground-mounted solar project will be developed by its wholly owned subsidiary, SJVN Green Energy, at a tentative cost of Rs 550 crore.

Particulars	Close (02/02/2024: Friday)	Open (29/01/2024: Monday)	Previous Close (25/01/2024: Thursday)	Change (%)
Nifty 50	21853.80	21433.10	21352.60	2.35%
Sensex	72085.63	70968.10	70700.67	1.96%
Nifty Midcap 100	48477.00	47406.10	47208.65	2.69%
Nifty Smallcap 100	16277.85	15503.25	15409.40	5.64%
Sectoral Indices				
Nifty Bank	45970.95	45171.50	44866.15	2.46%
Nifty Auto	19380.50	18631.00	18614.90	4.11%
Nifty IT	37325.25	36553.80	36496.20	2.27%
Nifty PSU Bank	6609.75	5990.60	5929.70	11.47%
Nifty Fin Services	20434.05	20246.40	20099.40	1.66%
Nifty Pharma	17972.10	17511.35	17532.55	2.51%
Nifty FMCG	55118.40	55058.15	55214.10	-0.17%
Nifty Metal	8078.25	7766.65	7719.65	4.65%
Nifty Realty	856.20	825.05	823.55	3.96%
Nifty Media	2129.05	2157.70	2134.60	-0.26%
Nifty Energy	38077.70	35542.25	35203.85	8.16%
Nifty Private Bank	23453.50	23228.80	23051.10	1.75%
Nifty Infra	7946.15	7700.55	7656.70	3.78%
Nifty Commodities	8105.85	7801.10	7733.65	4.81%
Nifty Consumption	9633.10	9514.35	9532.55	1.05%
Nifty PSE	9005.00	8410.50	8334.50	8.04%
Nifty Serv. Sector	27543.35	27076.60	26951.40	2.20%
Nifty Healthcare	11392.55	11041.65	11099.50	2.64%
Nifty Oil & Gas	11111.50	10291.20	10183.30	9.11%
Nifty INDIA MFG	11365.40	11032.40	11012.70	3.20%
US Indices				
Dow Jones	38654.43	38115.83	38109.44	1.4%
S&P 500	4958.62	4892.95	4890.96	1.4%
NASDAQ 100	17642.73	17438.03	17421.01	1.3%
Commodities				
Gold (in Rs./ 10 gram)	62562	62080	61964	1.0%
Brent Crude oil	77.39	83.88	83.10	-6.9%



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4. Reserve Bank of India (RBI) allowed Life Insurance Corporation (LIC) to acquire an additional 4.8 percent stake in the lender, taking its stake to 9.99 percent.
5. Adani enterprise is in talks with global private equity firms and Indian banks to raise up to \$3 billion.
6. Maharashtra Seamless has received 2 contracts with an aggregate basic value of Rs 116 crore from Indian Oil Corporation for the supply of seamless pipes.
7. Lemon Tree Hotels signed a franchise agreement for its upcoming properties in Motihari, Bihar, under the 'Lemon Tree Hotel' brand.
8. Tata Technologies registered a 14.7 percent on-year growth in consolidated profit at Rs.170.22 crore for the quarter ended December 2023. Revenue from operations also grew by 14.7 percent to Rs.1,289.5 crore compared to the year-ago period.
9. BLS E-Services, a digital services provider launches its IPO on January 30, 2024. The company's extensive network enables them to offer a wide range of (B2C) and (G2C) services. The IPO price band has been fixed in the range of Rs 129 to Rs 135 per equity.
10. Muthoot Microfin net profit for the October-December period more than doubled to Rs 124.60 crore from the year-ago period. Net interest income (NII) surged 53.07 percent to Rs 343.07 crore and total income jumped 52.61 percent to Rs 584.83 crore.
11. Nova Agritech made a decent debut, with the shares of the company listing at a 36.5 percent premium over the IPO price, on January 31. The shares opened at Rs 55 on the NSE and Rs 56 on the BSE against an issue price of Rs 41.
12. RBI banned Paytm payments bank from accepting deposits or top-ups, Paytm assured that the UPI services were unaffected, they plan to migrate merchants accepting UPI payments to other banks. Paytm app and services are still operational in partnership with various banks.
13. Indian Overseas Bank has become the fifth public sector lender to surpass Rs 1 lakh crore in market capitalisation, IOB joined the list of peers like India's largest lender State Bank of India, Bank of Baroda, Punjab National Bank and Union Bank of India.
14. PNB board approved the raising of equity capital for a total of up to Rs 7,500 crore in one or more tranches during FY25 through Qualified Institutions Placement (QIP)/Follow-on Public Offer (FPO) or any other permitted mode or a combination. PNB posted an over three-fold increase in its profit to Rs. 2,223 crores for the third quarter ended December 2023. The bank had earned a net profit of Rs 629 crore in the same quarter a year ago.
15. Bank of Baroda (BOB) on January 31 reported a net profit of Rs 4,579.33 crore for the December quarter of the financial year 2023-24, up 18.9 percent from the year-ago period.
16. Bank of India (BoI) reported a 62 per cent year-on-year (y-o-y) jump in third quarter standalone net profit at ₹1,870 crore against ₹1,151 crore in the year-ago quarter.
17. State-owned Punjab & Sind Bank on Wednesday reported a 69 per cent decline in its net profit to Rs 114 crore for the third quarter ended December 2023. The bank had earned a net profit of Rs 373 crore in the same quarter a year ago.
18. The core sector growth slowed to a 14-month low of 3.8% in Dec weighed by base normalisation. While seven out of eight sectors witnessed a year-on-year increase in output, growth was seen moderating in most sectors

Interim Budget 2024 Updates

1. The worries about food has been eliminated through free ration for 80 crore people.
2. The government is focused on growing the MSME and making them globally competitive by providing timely and adequate finances, relevant technologies and appropriate training. To meet the investment needs government will prepare the financial sector in terms of size, capacity, skills and regulatory framework.
3. 1 crore households will get 300 units of free electricity every month through the rooftop solarisation.
4. To encourage private sector investment to scale up research and innovation significantly in sunrise domains a corpus of Rs. 1 lakh crore will be established with fifty-year interest free loan.
5. The capex target for the next year has been set at Rs. 11,11,111 crores an increase of 11.1% accounting for 3.4% of GDP.
6. Expansion of existing airports and development of new airports will continue expeditiously.
7. Expansion of Metro Rail and NaMo Bharat will be supported in large cities focusing on transit-oriented development. Towards achieving the target of net zero by 2070, viability gap funding will be provided for harnessing offshore wind energy potential for initial capacity of one giga-watt, Coal gasification and liquefaction capacity of 100 MT will be set up by 2030.
8. The major sectors that are going to benefit include housing finance, infrastructure, green energy, railway infrastructure, fertilizer, tourism etc. Companies like HUDCO, Coromandel international, Madras Fertilizers, Zuari Agro, Chambal Fertilizers, National Fertilizers, Godrej Agro, PIIND, Bayer Crop, KSCL, Venkeys, Co, Agritech, TWL, Jupiter Wagon, BEML, BHEL, Borosil renewables, tata power, adani green, waaree renewables ltd, S&W Solar, CONCOR, L&T, Suzlon, Olectra Green, JBM Auto, Inoxwind, Thomas Cook, TFCIL, Praveg, ITDC, Avanti Feeds, Apex Frozen

Events in the Coming Week

As per Monetary Policy Statement, 2023-24 statement, the next meeting of the MPC is scheduled during February 6-8, 2024.

423 companies are coming up with their results next week. Few names among the bunch are, SBI, Reliance power, Bharti Airtel, BSE Ltd., Tata chemical, Ask automotive, Britannia industries, Godrej properties, Trident, GSFC, Cigniti tech, Dollar industries, IOL chemical and pharmaceutical, Sobha, Shalby, Subex, Tata consumer product, Nestle, Patanjali, United breweries, Martin industries, Venkys, Kokuyo camlin, IRFC, MRF, etc.

Ajcon Global's observations and view:

Short term view:

1) The Q3 results are a mixed bag, but with a positive bias. Banking sector results mainly PSBs are encouraging. The Federal Reserve kept the Fed funds rate unchanged in line with expectations. RBI may also hold rates in the coming week. However, other Global concerns remain the same. The continuing rally in the domestic market inspite of continued selling by the foreign investors may eventually bring the markets down



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. The market is clearly in the overbought zone, so a cautious stance is recommended. We have already given warning signals with regards to expensive valuation in small and midcap stocks. We continue to advise partial profit booking in blue chips which have given good rally in recent past and substantial profit booking in small and midcap stocks as any negative results or news can bring them under pressure. It is always better to sit on cash to take advantage of corrections, which is imminent.

2) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the smallcap pack. At the moment, specific companies in the sectors like FMCG, Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, Infrastructure space and Railways many of which have not yet caught the fancy of the market can identified & added.

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 Q3/FY 24 results suggest that economy is doing well.

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 etc.

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