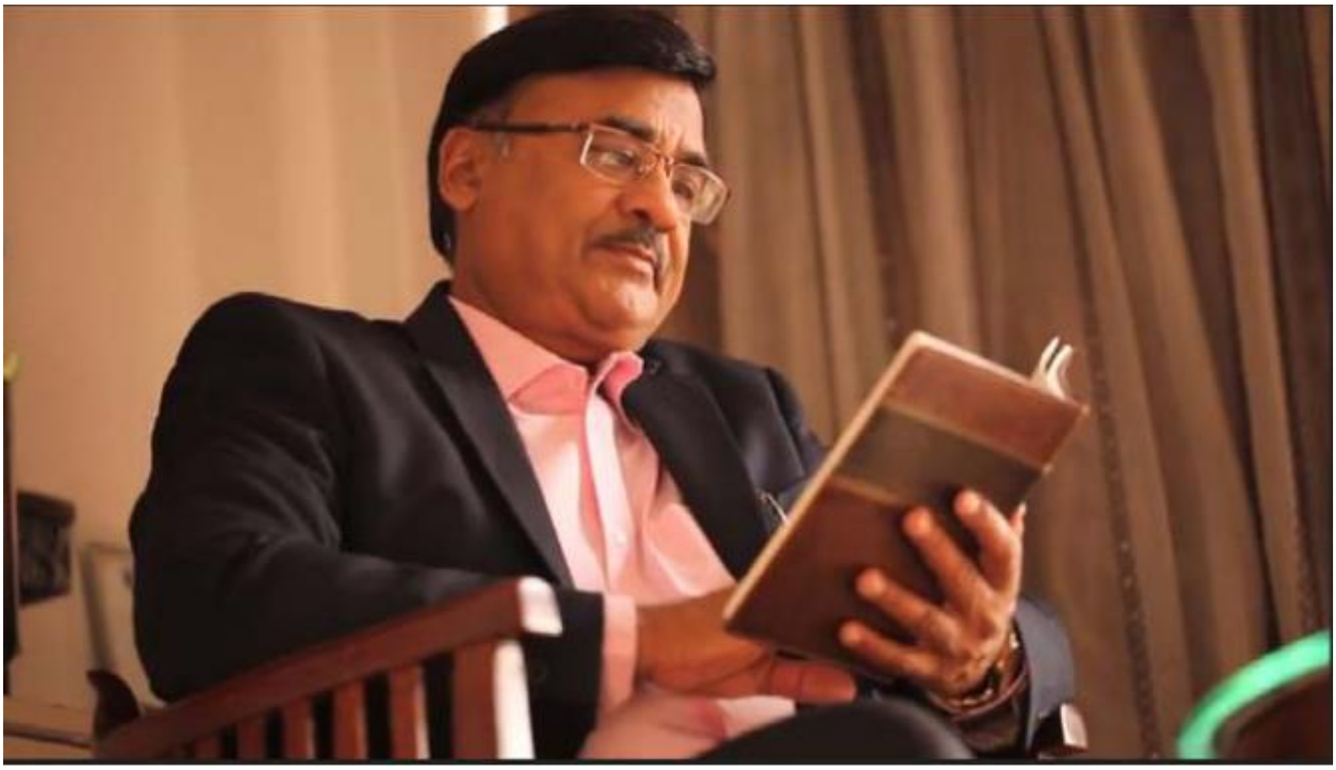

CA (Dr.) Ashok Ajmera's Weekly Column as on March 15, 2024

Crackdown by regulators led to the panic selling in broader market with midcap and smallcap stocks nose diving the most.

CA (Dr.) Ashok Ajmera's Weekly Column

All the broader market index nosedived during the week because of the regulators crackdown on the market. The midcap and smallcap indices faced the most heat.

The top gainers in the Nifty 50 index were TCS (up by 2.69%), Britannia (up by 1.74%), Bharti Airtel (up by 1.69%), HDFC Life (up by 1.67%) and Nestle (up by 1.67%). The major losers in in the Nifty 50 index were NTPC (down by 10.19%), Tata Steel (down by 9.89%), Coal India (down by 9.45%), Power Grid Corp (down by 9.12%) and Tata Motors (down by 8.99%).

Particulars	Close (15/03/2024: Friday)	Open (11/03/2024: Monday)	Previous Close (07/03/2024: Thursday)	Change (%)
Nifty 50	22,023.35	22,517.50	22,493.55	**-2.09%**
Sensex	72,643.43	74,175.93	74,119.39	**-1.99%**
Nifty Midcap 100	46,685.60	49,194.60	48,966.15	**-4.66%**
Nifty Smallcap 100	15,777.05	14,846.70	15,709.00	**-5.49%**
		Sectoral Indices		
Nifty Bank	46,594.10	47,792.20	47,835.80	**-2.60%**
Nifty Auto	20,192.30	21,213.40	21,126.80	-4.42%
Nifty IT	37,500.70	37,082.00	37,099.90	**1.08%**
Nifty PSU Bank	6,761.00	7,369.15	7,341.25	**-7.90%**
Nifty Fin Services	20,644.30	21,001.40	21,005.85	**-1.72%**
Nifty Pharma	18,718.45	19,313.20	19,194.10	**-2.48%**
Nifty FMCG	54,155.45	54,570.85	54,406.30	**-0.46%**
Nifty Metal	7,802.65	8,407.80	8,371.30	**-6.79%**
Nifty Realty	830.15	921.90	916.50	**-9.42%**
Nifty Media	1,822.50	1,997.40	1,988.35	**-8.34%**
Nifty Energy	37,583.10	40,251.40	40,301.80	**-6.75%**
Nifty Private Bank	23,323.00	23,827.15	23,848.15	**-2.20%**
Nifty Infra	7,988.05	8,324.60	8,329.30	**-4.10%**
Nifty Commodities	8,010.80	8,485.20	8,480.05	**-5.53%**
Nifty Consumption	9,858.50	10,045.55	10,021.00	**-1.62%**
Nifty PSE	8,722.35	9,593.00	9,598.80	**-9.13%**
Nifty Serv. Sector	27,876.80	28,177.80	28,225.10	**-1.23%**
Nifty Healthcare	11,705.80	12,091.65	11,990.25	**-2.37%**
Nifty Oil & Gas	11,058.80	11,776.45	11,768.25	**-6.03%**
Nifty INDIA MFG	11,658.90	12,187.70	12,135.10	**-3.92%**
		US Indices		
Dow Jones	38,714.78	38,667.21	38722.70	**-0.02%**
S&P 500	5,117.10	5,111.96	5123.68	**-0.13%**
NASDAQ 100	17,808.25	17,959.68	18018.45	**-1.17%**
		Commodities		
Gold (in Rs./ 10 gram)	65542	66023	66023	**-0.72%**
Brent Crude oil	85.26	81.84	81.82	**4.20%**

FII and DII activity

In the week gone by, FII were net sellers at Rs. 816.91 Crores and DII were net buyers at Rs. 14,147.75 Crores. In the previous week FII were net buyers at Rs. 9,999.21 Crores and DII were net buyers at Rs. 10.084.46 Crores. In the month of February 2024, FIIs had net sold equities worth Rs. 15.962.72 Crore and DIIs had net bought equities worth Rs. 25,379.30 Crore.

Sector Movement

The broader market closed in the negative territory with major fall seen in Nifty Realty and Nifty PSE both falling by 9%+ in the week gone by. Nifty IT was the only sector which closed in positive territory.

Global Market and Major Developments

Japan's GDP unexpectedly shrank 0.1% qoq in Q4 of 2023, missing market forecasts of a 0.3% growth and following a revised 0.8% fall in Q3, flash data showed. The economy fell into a recession for the first time in five years, as private consumption, which accounts for more than half of the economy, declined for the third successive quarter amid elevated cost pressure and lingering global headwinds (-0.2% vs -0.3% in Q3). The Reserve Bank of Australia kept its cash rates unchanged at 4.35% during its first meeting in 2024, as widely expected. The British economy expanded 0.2% month-over-month in January 2024, following a 0.1% fall in December, and matching market forecasts. Wholesale Prices MoM in Germany reported as -0.1% in Feb 2024 vs 0.1% in the previous release. Industrial production in the Euro Area plunged by 3.2% month-over-month in January 2024, marking a stark reversal from the downwardly revised 1.6% growth recorded in December and faring much worse than market projections of a 1.5% decline. The number of people claiming unemployment benefits in the US fell by 1,000 to 209,000 in the week ended March 8, 2024, below market expectations of 218,000. The Producer Price Index for final demand in the United States rose by 0.6% month-over-month in February 2024, marking the largest increase since last August and surpassing market expectations of a 0.3% advance.

Major Developments in Domestic Markets

1) Insurance data showed MAX Life Insurance, SBI Life Insurance, ICICI Prudential Life Insurance, HDFC Life Insurance & LIC February premium was up by 51%, 32%, 33%, 14% and 67% respectively

2) Tata Group stocks which performed well in the previous week witnessed selling pressure in this week as the value unlocking which was expected from Tata Sons IPO has now been delayed because the company announced rejig in the balance sheet.

3) DroneAcharya Aerial Innovations Limited announced that it has been awarded a significant service order from Adani to provide DGCA certified drone pilot training. It also secured a significant FPV drone pilot training contract from the Indian Army, marking a significant milestone in Indian Defence.

4) Balkrishna Industries Limited informed that the Income Tax Department is conducting search at the office premises and manufacturing units of the Company
5) Adani Wind Energy Kutchh Four Limited (“AWEK4L”), Wholly-owned subsidiary of Adani Green Energy Limited ("AGEL") has operationalized an incremental 126 MW of merchant wind power project in Gujarat. Together with 174 MW operationalized earlier, an aggregate of project capacity of 300 MW of wind power project is operationalized by AWEK4L.

6) February aviation data showed that domestic airline traffic up by 4.8% YoY & down by 3.7% MoM. Air India Market share inched up to 12.8% vs 12.2% MoM. Airline traffic is lowest in last 4 months.

7) During the week Supreme Court directed SBI to give all the data with regards to Electoral bonds. The data showed that future gaming and hotel services (Rs. 1368 crores) and Megha Engineering and Infrastructure limited (Rs. 966 crores) were the top two donors.

8) Letter of Acceptance (LOA) was issued by the BMC on 11/03/2024 in favor of D B Realty limited, for renting out approx. 186.52 acres of land parcels owned by the Firm. Under this tender, land admeasuring 186.52 Acres (7,54,859.64 Sq. Mtrs) shall be temporarily handed over to the BMC on a Leave and License for a duration of 3 years (can be further extended by 2 years) at a license fee of approx. Rs. 248 Cr average per annum (p.a.) over the duration of 5 years.

9) Power Grid Corporation of India Limited has executed Memorandum of Understanding (MoU) with Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) on 10th March, 2024 to incorporate a Joint Venture (JV) Company for development of Intra State Transmission System in the state of Rajasthan with an equity Participation of 74% by POWERGRID and 26% by RRVPNL. The proposed JV company shall undertake projects worth upto Rs. 10,000 crore in a phased manner.

10) Shaily Engineering Plastics Limited received the status of “Three Star Export House” alongwith “Certificate of Recognition” from the Directorate General of Foreign Trade (DGFT)

Events in the Coming Week

China Retail Sales YoY (Jan-Feb), Industrial Production YoY (Jan-Feb), Unemployment rate (Feb). EUR Inflation Rate YoY Final (Feb), Balance of Trade (Jan). USA NAHB Housing Market Index (Mar). BoJ Interest Rate Decision. RBA Interest Rate Decision. Krystal Integrated Services Limited and Popular Vehicles & Services Limited IPO are going to be listed on the Indian bourses in the next week.

Ajcon Global’s observations and view:

Short term view:

1) The impact of stern action taken by the Regulators as reported in our last week’s column, continued to drag the markets down as almost all indices remained in RED bearing the Nifty IT Index. Majority of Mid & Small Caps stocks hit their 52 lows. Since the Mutual Fund Industry is also asked by the Regulators to carry out stressed test, many of them have started taking measures to cut down their exposure in these categories. Many of these funds may continue to reduce their positions in the coming weeks.

2) Hon’ble Supreme Court coming down heavily on electoral bonds & making it transparent has also dented the market sentiments for obvious reasons as many of the lesser known corporates have donated to the political parties, huge amounts disproportionate to their size & profits. On the top of it, the announcement of General Elections is in offing & the markets may remain volatile till the elections.

3) As it is the markets are clearly in the overbought zone, so a cautious stance is recommended. We have been giving 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 further negative actions or news may bring them further down. In short run it us better to sit on cash to take advantage of corrections, which is imminent.

4) 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, considering the recent fall specific companies in the sectors like FMCG, Auto, Auto ancillaries, Banking, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, Infrastructure space and Railways, some of which are PSUs can be identified & added on decline.

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 & even the RBI has recently revised upward the GDP forecast for FY 24.

2) Structurally, Indian economy is poised to do well after major reforms implemented by the Government in last few years.

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