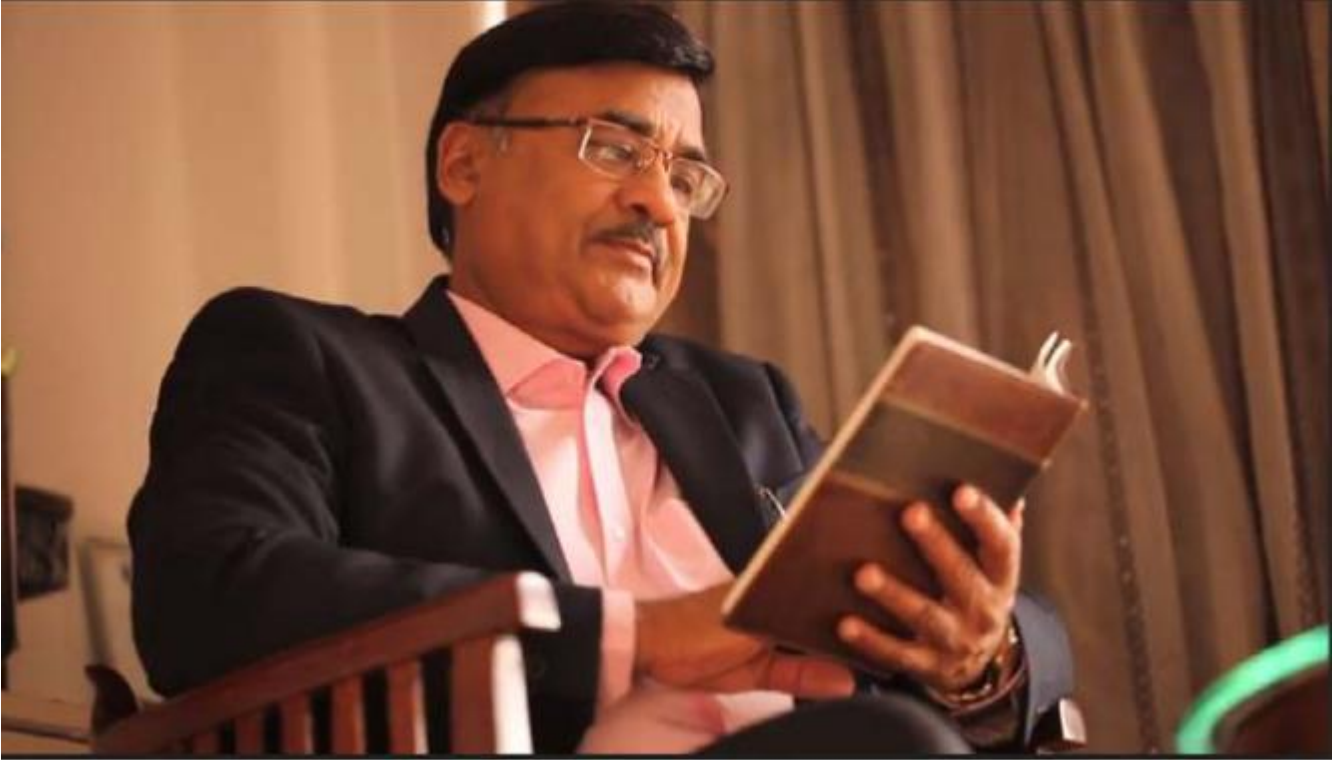




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CA (Dr.) Ashok Ajmera's Weekly Column as on January 19, 2024

The week opened on a very positive note with broader market indices hitting an all-time high, but could not hold on to the gains.



CA (Dr.) Ashok Ajmera's Weekly Column

The domestic bourse saw a volatile week with profit booking witnessed during the week. Both, the Nifty 50 and the Sensex closed in a negative territory. The broader market opened on a positive note touching the all-time high but could not sustain those levels and the bears took over. The markets have been overvalued for a while and we will be seeing profit bookings every now and then.

The top gainers in the Nifty 50 index were ONGC (up by 8.77%), Apollo Hospital (up by 7.02%), Tech Mahindra (up by 6.83%), BPCL (up by 5.79%) and Coal India (up by 4.97%). The major losers in the Nifty 50 index were LTIMindtree (down by 9.54%), HDFC Bank (down by 9.53%), IndusInd Bank (down by 7.95%), Adani Enterprise (down by 6.58%) and Divis Labs (down by 4.99%).

FII and DII activity

In the week gone by, FII were net sellers at 22,427.08 Crores and DII were net buyers at 11,432.04 Crores. In the previous week FII were net sellers at Rs. 3901.27 Crores and DII were buyers at Rs. 6894.47 Crores. In the month of December 2023, FIIs had net bought equities worth Rs. 31,959.78 Crore and DIIs had net bought equities worth Rs. 12,942.25 Crore.

Sector Movement

Nifty Oil and Gas was the outperforming sector of the week, hitting an all-time high during the week, up by 3.38%. Nifty PSE was another sector which saw good momentum during the week. The worst performing sector was Nifty Private banks which was down by 4.53%.

Global Market and Major Developments

The US market closed in the positive territory with NASDAQ 100 being the outperformer. The adjusted experimental unemployment rate in the United Kingdom remained unchanged at 4.2% in the three months leading up to November 2023, in line with market expectations. Annual inflation rate in the UK unexpectedly rose to 4% in December 2023 from a nearly two-year low of 3.9% in November, and above forecasts of 3.8%. The Chinese economy expanded 5.2% YoY in Q4 of 2023, faster than a 4.9% growth in Q3 but less than market forecasts of 5.3%. China's industrial production grew by 6.8% year-on-year in December 2023, accelerating from a 6.6% gain in the prior month and beating market forecasts of 6.6%. The inflation rate in the Euro Area was confirmed at 2.9% in December 2023, up from an over two-year low of 2.4% seen in November. It also marked the first uptick in inflation since April, mainly driven by energy-related base effects. Housing starts in the US declined 4.3% month-over-month to an annualized 1.46 million in December 2023, but above market forecasts of 1.426 million. It is the first decline in four months

Major Developments in Domestic Markets

- 1) BHEL won EPC contract worth Rs 15,000 crore for an order of 3x800 MW NLC Talabira Thermal Power Project (NTTPP) in Odisha's Jharsuguda district. The major equipment will be manufactured at BHEL's Trichy, Haridwar, Hyderabad, Jhansi, Bengaluru, Ranipet, Bhopal, Rudrapur, and Varanasi plants.
- 2) Khanij Bidesh India Ltd. (KABIL), a joint venture of NALCO Ltd, Hindustan Copper Ltd., and Mineral Exploration Company Ltd., have inked a deal with Argentina's CAMYEN SE for a lithium mining venture.

Particulars	Close (19/01/2024: Friday)	Open (15/01/2024: Monday)	Previous Close (12/01/2024: Friday)	Change (%)
Nifty 50	21622.40	22053.15	21,894.55	-1.24
Sensex	71683.23	73049.87	72,568.45	-1.22
Nifty Midcap 100	47815.95	47797.05	47512.60	0.64
Nifty Smallcap 100	15487.45	15642.90	15,544.65	-0.37
Sectoral Indices				
Nifty Bank	45701.15	47891.05	47,709.80	-4.21
Nifty Auto	18694.60	18796.65	18715.20	-0.11
Nifty IT	37069.25	37538.45	36,521.70	1.50
Nifty PSU Bank	5945.10	5904.50	5860.80	1.44
Nifty Fin Services	20425.35	21374.50	21,300.70	-4.11
Nifty Pharma	17388.00	17423.25	17,347.45	0.23
Nifty FMCG	56640.50	56795.40	56,485.75	0.27
Nifty Metal	7732.35	7941.40	7898.35	-2.10
Nifty Realty	868.50	886.55	881.05	-1.42
Nifty Media	2369.90	2467.60	2446.05	-3.11
Nifty Energy	34985.30	35190.85	34,969.95	0.04
Nifty Private Bank	23537.75	24746.50	24,653.85	-4.53
Nifty Infra	7665.90	7595.15	7,561.15	1.39
Nifty Commodities	7732.20	7800.60	7,755.00	-0.29
Nifty Consumption	9640.10	9653.40	9,613.20	0.28
Nifty PSE	8311.70	8147.45	8077.95	2.89
Nifty Serv. Sector	27229.45	28158.65	27,906.55	-2.43
Nifty Healthcare	11005.90	10980.20	10,946.30	0.54
Nifty Oil & Gas	10359.00	10098.05	10,019.95	3.38
Nifty INDIA MFG	11092.60	11137.05	11,089.60	0.03
US Indices				
Dow Jones	37863.81	37493.54	37,592.99	0.72
S&P 500	4839.82	4772.35	4,783.84	1.17
NASDAQ 100	17314.00	16775.10	16,832.92	2.86
Commodities				
Gold (in Rs./ 10 gram)	61988	62502	62,362	-0.64
Brent Crude oil	78.65	77.76	78.35	0.38



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- 3) HDFC bank reported their Q3 FY24 earnings during the week gone by and the numbers were unable to beat the street estimates, even though India's largest private sector bank's net profit rose 33 percent YoY in Q3FY24, which was near expectations, it included a one-time tax rate gain. HDFC Bank's net interest income (NII) grew 24 percent YoY during the quarter, falling below street estimates. On the other hand, provisions rose as much as much 50 percent.
- 4) IREDA announced a partnership with Indian Overseas Bank (IOB) to co-finance renewable energy projects in India.
- 5) Lupin got the USFDA approval for their hypertension drug. The propranolol hydrochloride extended-release capsules (hypertension drug) will be manufactured at the company's Pithampur facility.
- 6) ICICI Pru Life October-December 2023 quarter results came way below the Street estimates, along with a sharp fall in margins. The impact on margins was mainly due to change in product mix, the management said in earnings con-call.
- 7) Despite achieving its highest ever quarterly deal pipeline in Q3, LTIMindtree Q3 earnings miss the street estimates. The management of LTIMindtree expects a challenging macroeconomic environment and delays in client decision making to remain a problem on its Q4 performance as well.
- 8) Aarti Industries won a Rs 6,000-cr chemical deal with a multinational conglomerate in which the contract involves the supply of the chemicals for a period of 4 years. This is the second such contract signed by the company in the last month. On December 27, the company entered into a long-term, nine-year contract with a global agrochemical company, with a revenue potential exceeding Rs 3,000 crore.
- 9) Oracle Financial Services Software reports robust Q3 earnings. The company's net profit jumped nearly 70 percent on-year to Rs 740.8 crore, and revenue from operations jumped 26 percent to Rs 1,823.6 crore.
- 10) SEBI chairperson Madhabi Puri Buch said that they are probing three cases, but did not reveal the nature of investigation, nor did she say whether the cases are related to mainboard IPOs or SME IPOs.
- 11) RIL earnings beat the street estimates in Q3. Reliance Industries' net profit jumped 10.9 percent from a year earlier to Rs 19,641 crore for the fiscal third quarter, beating analyst estimates. Gross revenue from operations of India's most valuable company rose 3.2 percent YoY to Rs 2.48 lakh crore.
- 12) Paytm's revenue grew 38 percent year-on-year (YoY) to Rs 2,850 crore in the October-to-December quarter. The reason behind the increase in revenue is accelerated gross merchandise value growth, higher device addition, and growth of financial services business.
- 13) RBL Bank declared its fiscal third-quarter results, which missed the projections made by the Street. The Bank's October-December standalone net profit grew 12 percent YoY to Rs 233 crore. But, excluding the contingent provision on AIF investment of Rs 115 crore, net profit swelled 53 percent YoY to Rs 319 crore. The bank has put aside Rs 115 crore for the provision on AIF investments. The net interest income increased 21 percent on-year to Rs 1,546 crore; while net interest margin widened to 5.52 percent.
- 14) UltraTech Cement, part of the Aditya Birla Group, reported a 68 percent on-year increase in net profit for the October-December quarter at Rs 1,777 crore on the back of higher volume and lower costs. Revenue rose 8 percent on-year to Rs 16,740 crore. The UltraTech results exceeded analyst expectations with an EBITDA of Rs 3,250 crore (up 39 % YoY).

Events in the Coming Week

151 companies are coming up with their results next week. Few names among the bunch are, Coforge Ltd., Zensar technologies, Man industries, Axis bank, JSW energy, Havells India, United spirits, Tata elxsi, L&T Finance holdings, Tanla platforms, Mahanagar gas, Karnataka bank, Indian oil corporation, Bajaj auto, DLF, Tata steel, Tech Mahindra, Canara bank, UCO bank, Birla soft, Exide industries, JSW steel, Cipla, Shriram finance, AU small finance bank, Tata technologies, ACC, Cyient and Kfin technologies.

Ajcon Global's observations and view:

Short term view:

- 1) The Q3 result season has started, and the market has started reacting to the results, which are showing mixed signs viz. while RIL results were positive, HUL results were a bit disappointing. At the same time results of both PSBs Bank of Maharashtra & Central Bank of India were very positive. The major other factors that will be guiding the markets is the upcoming interim budget, global & domestic bond yields, global economic data, crude oil prices & war. Situation in Ukraine- Russia / Israel- Hamas going forward. The continuing rally in the domestic market has brought the market in the overbought zone and so a cautious stance is recommended. Always remember corrections in a structural bull market will keep markets healthy. We have already given warning signals with regards to expensive valuation in small and midcap stock. 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. The markets are showing signs of consolidation with higher volatility which is evident as the India VIX made a high of 15.705 in the week gone by.
- 2) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the small cap 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.



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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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