

K **ST** ₹ **REET**



RULE THE MARKET

ISSUE: 120



2020 – Journey to the bottom... and top

Year 2020 will go as a standout year in living memory, thanks to the pandemic and the disruption it brought to the normal life in the form of lockdowns and social distancing. For stock market investors, it was a year of many surprises – both negative and positive. It has been a roller coaster ride for the markets and investors alike. For investors, the ride has been more of a financial, psychological and emotional one. It has been a remarkable journey for the markets to the bottom – induced by covid and the phoenix-like rise from the nadir of the correction. Over 79% rally in the headline Nifty from March lows was unprecedented, thanks to the co-ordinated stimulus from the developed world. Buoyed by positive news on vaccine front and sustained recovery in lead economic indicators, markets are scaling new highs each day.

We entered the year 2020 on a weak note. Global economy was reeling under fear of US-China trade war. All economic indicators were pointing to a bleak picture with consumption lagging behind. Private investment was also at multi-year lows. The only hope was on government spending to trigger capex and subsequently private spending. Even on this front it was more on promises and less on delivery. The banking sector was dealing with multiple problems in terms of defaults from marquee names and NBFC liquidity crisis. Government tried doing its bit by announcing relief measures and spending package. Before we could digest the impact of government's initiatives, we were hit by covid scare and the ensuing lockdown.

As we entered uncharted territories full of uncertainties in terms of the time it takes to arrive at a medical breakthrough and uncertainty surrounding lifting of lockdown, markets went into tizzy and corrected to 7500 levels not seen since 2016. Thanks to the timely response by global central banks, markets were awash with liquidity. Record lows, uncertainty and liquidity is a deadly combination for markets to rally as the investors took a step back and pondered that it's not end of the world. While the smart money started moving into opportunities for bottom fishing, broader markets started looking for triggers.

The biggest triggers came in the form of race to the vaccine and the results of clinical trials in each phase of testing. While the eyes were set on the vaccine, the run up to the US presidential elections attracted attention. However, things like Brexit talks, speculation about second wave and new lockdowns amid rising deaths and spiking cases distracted the markets every now and then. As the uncertainty about US elections faded and congressional updates on scope for second round of US stimulus package kept the hopes alive. These set of events kept the rally in global markets alive and markets started scaling new highs. Back in India, while the rally was triggered by some bottom fishing in some quality large caps, as the rally matured and investors saw the light at the end of the tunnel in form of efficacy of difference covid vaccine candidates, rally started becoming more broad-based and spread into small and mid caps.

While everything was hunky dory in secondary markets, primary markets were not left behind as companies garnered a whopping Rs. 30,000 Cr through IPOs, which is second highest mop up in the past decade. While the IPO show was kick-started by pandemic beneficiaries like pharma and IT sectors, euphoria soon spread to a variety of sectors. The investor appetite was so strong that the actual amount raised by companies through IPOs was much smaller when compared to the overall investor appetite as these issues were oversubscribed between 3x to 150x. Of the total 14 issues, except three issues, remaining 11 posted strong listing gains. With both primary markets and secondary markets are lively and upbeat, there is a sense of overheating in the markets. As long as central banks' liquidity taps are on and investor hopes are undeterred, the rally would continue.

- DR. RAVI SINGH

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NEWS

AUTO

- Tata Motors to acquire the remaining stake in bus-making JV with Marcopolo for a consideration of Rs. 99.96 Cr. According to Tata Motors, this decision was taken as Marcopolo S.A has decided to exit from the joint venture and offered to sell its 49% shareholding in the JV to the company. TTML further said that all technologies related to bus body parts manufacturing will continue to vest with Tata Motors. Marcopolo SA will continue to license the Marcopolo trademarks to TTML for three years with a non-compete provision.
- Hero MotoCorp will increase the prices of all its vehicles by up to Rs. 1,500 from 1 January. The hike was announced in order to offset the impact of rising input costs.
- Maruti Suzuki India is developing a compact sport-utility vehicle (SUV) that would be based on its popular Baleno hatchback, two people directly aware of the company's plans said. Code-named 'YTB', the new model is likely to be designed as a coupe or a mini crossover.

BANKING

- Axis Bank has said retail non-performing assets will be higher in the third and fourth quarter of FY21 and will go back to the pre-covid levels only in the new fiscal. The third-largest private sector lender, however, said that the asset quality situation is much better than what was feared initially and stressed that it has adequate provisions to take care of the reverses.
- Canara Bank: Life Insurance Corporation of India has acquired 6.28 crore shares through the QIP, taking its total shareholding in the bank to 8.35% from 4.533%.
- Videocon Industries NPA resolution: The committee of creditors has approved the resolution plan submitted by Twin-Star Technologies Limited. The resolution plan has been filed with the National Company Law Tribunal, Mumbai. ICICI Bank has got one of the largest exposures to the company.
- IndusInd Bank said Sebi has granted a one-month extension for its promoters to infuse residual capital in lieu of conversion of warrants, issued to them last year, worth over Rs. 2,695 Cr into equity.
- Lakshmi Vilas Bank, which was amalgamated with DBS Bank India last month, said that the trading in its equity shares will be withdrawn (delisted) with effect from December 18, 2020, pursuant to a gazette notification dated November 25, issued by the Department of Financial Services, Ministry of Finance.
- According to sources of Zee Business reverse merger of IDFC Limited and IDFC First Bank is possible. Shareholders of IDFC Limited will get 1.4 shares of IDFC First Bank. For this purpose, the company is waiting for RBI guidelines on NBFC.
- Punjab National Bank and Life Insurance Corp (LIC) controlled IDBI Bank managed less than their targeted amounts through a qualified institutional placement (QIP) despite offering the maximum permissible 5% discount to investors highlighting the challenges that government-owned lenders face in raising capital from the market.

CEMENT

- Sagar Cements: HDFC Mutual Fund reduced stake in the company to 4.61% from 6.66% earlier.

CONSUMPTION

- Jubilant FoodWorks forays into biryani business with 'Ekdam': The new brand is part of the company's strategy to expand its portfolio in India's food services market that has diversified to include home-deliveries, dine-ins and takeaways. It is also filling gaps in cuisines that are popular among Indian diners.

INFRA

- BEML: Equity Intelligence India acquired 2.65 lakh equity shares in the company at Rs. 847.63 per share on the NSE.
- ISGEC Heavy Engineering secured a new order for Rs. 431 Cr.
- MSTC: Life Insurance Corporation of India reduced its stake in the company to 5.91% from 7.94% earlier.
- Sunedison Infrastructure: The board has accorded its approval for capital contribution to be made by the company Rs. 18,66,53,582 in Sherisha Solar LLP, under the provisions of the Limited Liability Partnership Act

IT

- Tata Consultancy Services' share buyback programme of up to Rs. 16,000 Cr commences and closes on January 1. Last month, TCS shareholders had approved a proposal to buy back up to 5.3 crore shares of the company at Rs. 3,000 per scrip.
- Info Edge India's arm Info Edge Ventures has raised Rs. 375 Cr from Singapore's Temasek, about 50% of its Rs. 750 Cr early-stage venture capital fund, backed by Info Edge (India) Ltd. The fund, which was launched in January, focuses on investments in early-stage technology startups in India.

NBFC

- Dewan Housing Finance: Lenders to DHFL will meet to evaluate the latest offers, after four rounds of bidding. The banks will consider bids from Piramal Group, Oaktree Capital, and Adani group.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Chemcon Speciality Chemicals	Other business matters	21-Dec-20
Satia Industries	Other business matters	21-Dec-20
Snowman Logistics	Fund Raising	21-Dec-20
Shrenik	Fund Raising/Other business matters	22-Dec-20
Spandana Sphoorty Financial	Fund Raising	22-Dec-20
Vertoz Advertising	Stock Split/Other business matters	22-Dec-20
Gujarat Mineral Development Corporation	Annual General Meeting/Dividend - Rs 2 Per Share	22-Dec-20
Anant Raj	Annual General Meeting/Dividend - Re 0.08 Per Share	22-Dec-20
Rashtriya Chemicals and Fertilizers	Annual General Meeting/Dividend - Rs 2.84 Per Share	22-Dec-20
20 Microns	Other business matters	23-Dec-20
Dhampur Sugar Mills	Other business matters	23-Dec-20
Majesco	Interim Dividend	23-Dec-20
Jullundur Motor Agency (Delhi)	Buy Back	23-Dec-20
Valiant Organics	Bonus 1:1	24-Dec-20
BF Utilities Limited	Financial Results	26-Dec-20

GLOBAL NEWS

- Post-Brexit deal in 'serious situation', warns UK PM as talks go on. UK Prime Minister Boris Johnson has warned that a no-deal Brexit is now a "very likely" outcome as a trade agreement with the European Union (EU) remained in a "serious situation" just under two weeks before the December 31 deadline for the end of the transition period.
- Google's legal perils keep growing, with a third antitrust suit filed by American states. The cascade of lawsuits against Google, which the company says it will fight in court, are indicative of the growing backlash against the largest tech companies, a movement that increasingly looks like it will usher in major changes for some of the world's most popular digital services.
- Srei Infrastructure: Lenders to Srei group are planning to conduct forensic audits of two companies, Srei Infrastructure Finance and Srei Equipment Finance, two people aware of the development said. A final decision will be taken at a core group meeting of lenders to be held in the coming weeks.

OIL & GAS

- BPCL's board has approved buying out Oman Oil Company's stake in the Bina refinery project in Madhya Pradesh on mutually agreeable terms. The BPCL board at its meeting on Thursday also approved merging Bharat Gas Resources Ltd (BGRL) with itself.
- ONGC, Oil India: Oil climbed to a nine-month high after government data showed a fall in US crude stockpiles last week, while progress towards a US fiscal stimulus deal and strong Asian demand also buoyed prices.

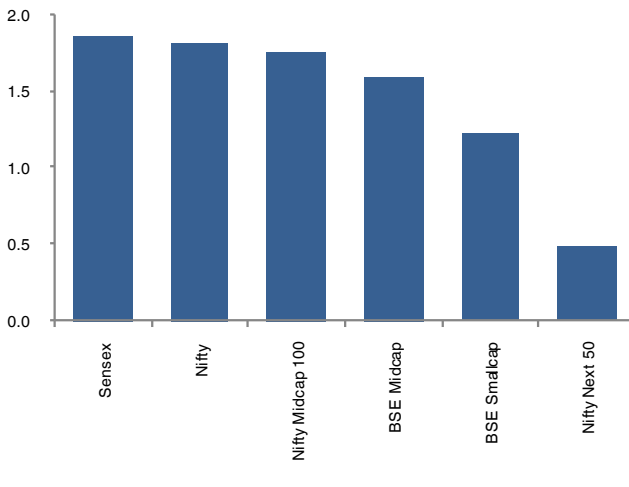
PHARMA & HEALTHCARE

- Dishman Carbogen's promoter, Adimans Technologies, proposes to sell 6.9 million shares of the company through an offer for sale. The floor price for the offer is Rs. 145.70 per share.

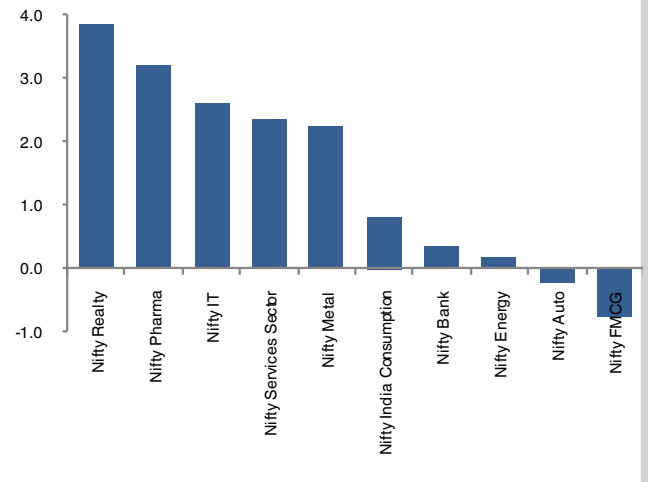
TELECOM & MEDIA

- Zee Entertainment's board has approved the acquisition of film production and distribution business as a going concern, on a slump sale basis from Zee Studios (formerly known as Essel Vision Productions), a wholly-owned subsidiary of the company for a cash consideration as per its business transfer agreement.
- Private telecom operators Vodafone Idea and Bharti Airtel may have to spend 5-10% more on network gear if Chinese vendors Huawei and ZTE are left out of India's list of trusted supplier sources, said industry executives and analysts.

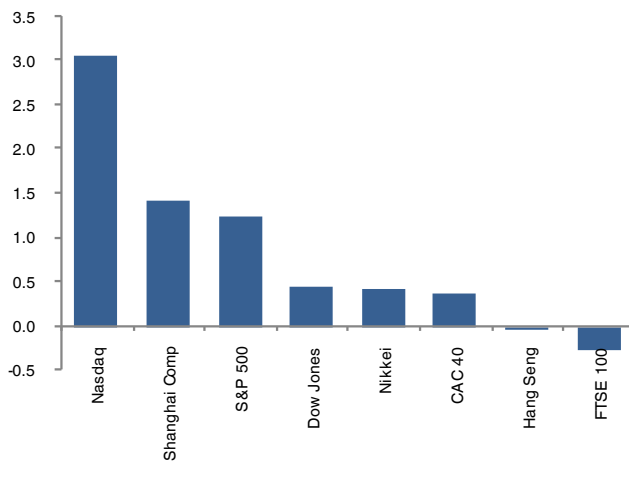
INDIAN INDICES (% CHANGE)



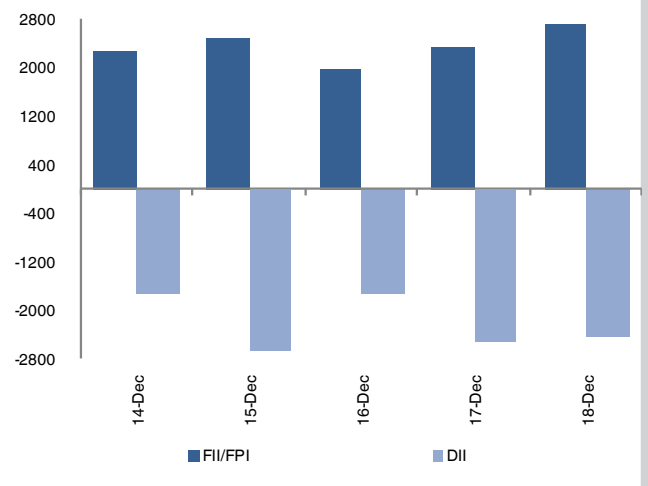
SECTORAL INDICES (% CHANGE)



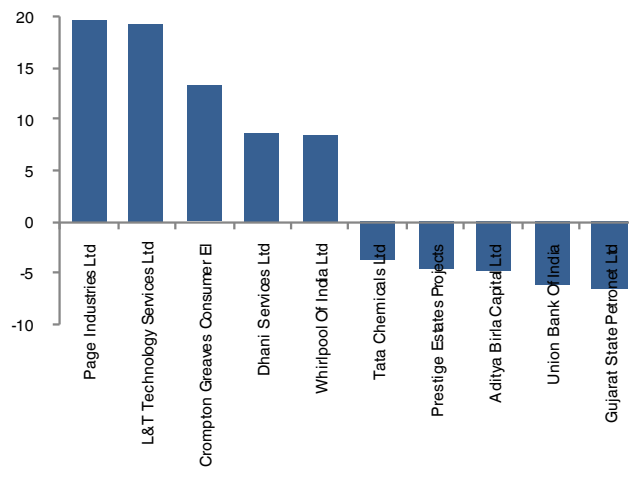
GLOBAL INDICES (% CHANGE)



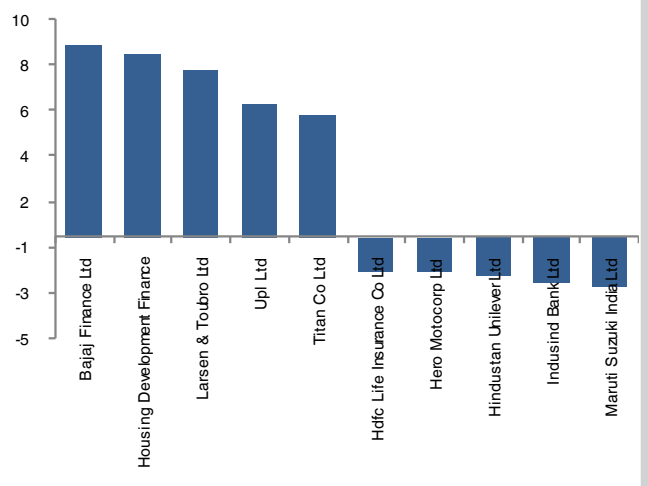
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

BEAT THE STREET - TECHNICAL ANALYSIS

Dr. Reddy's Laboratories Ltd



STOCK	DRREDDY
CMP	5243
ACTION	BUY
ENTRY	5200-5225
AVERAGE	4955
STOP LOSS	4656
TARGET 1	5850
TARGET 2	5900

On the technical front, DRREDDY has higher highs and higher lows on the daily charts and is currently placed above the long-term EMAs in the daily frame. In the recent past, after clocking a low of 4656 levels, the stock has witnessed a bounce and rallied to the current levels. At the current juncture, the stock has formed a base of around 4955 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish from current levels and is witnessing a bounce from the support zone around 4656 levels. This may trigger a fresh round of buying which may take the stock towards 5850 plus levels. The stock is currently performing in line with the broader markets indicating the inherent strength in the counter and is trading well above the major long-term support levels. On the Bollinger band (20,2) the stock price is trading above the mean with the upper band facing in the northward direction indicating the price likely to move higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 60 levels indicating the intact bullishness in the stock. We expect the counter to continue its outperformance in the coming trading days as well and may move towards 5900 levels in the medium-term. Any correction towards the recent support levels of 4955 levels may be utilized to average the positions.

Infosys Ltd



STOCK	INFY
CMP	1186
ACTION	BUY
ENTRY	1175-1180
AVERAGE	1100
STOP LOSS	1077
TARGET 1	1325
TARGET 2	1400

On the technical front, INFY has higher highs and higher lows on the daily charts and is currently placed above the long-term supports. In the recent past, after clocking the high of 1186 levels, the stock has witnessed a round of profit booking which dragged the counter below the long-term moving average of 21- EMA on the daily charts. At the current juncture, the stock is forming a base around 1077 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish at the current levels forming higher highs and higher lows. This may trigger a fresh round of buying which may take the stock towards 1325 plus levels. The stock's performance is in line with the broader markets indicating the inherent strength in the counter and is trading well above the long-term support levels. On the Bollinger band (20,2) the stock price is plotting above the mean indicating the price likely to trend higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 60 levels indicating the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading weeks as well and may move towards 1400 levels in the short term. Any correction towards the recent support levels of 1100 levels may be utilized to average the positions.

INDEX SNIPPETS

NIFTY (13760.55): Indian equity benchmark index Nifty 50 closed higher by 1.83% during the week. During the last eight months, the index witnessed a bounce towards the current levels after correcting from 12150 levels towards the low of 7511 levels. Technically, from March 2020, the index is forming higher highs indicating the strong bullish strength of the index. However, the index may resume its bearish bias if it breaches and sustains below 11950-11970 levels in future sessions. On the global front, Shares in Asia-Pacific were mostly lower on Friday as investors reacted to developments from the Bank of Japan. The Bank of Japan on Friday announced a six-month extension of its special program aimed at easing corporate financing pressures amid the coronavirus pandemic. European markets closed lower on Friday as British and European leaders struck a pessimistic tone about the prospect of a post-Brexit trade deal. On Wall Street, US stocks slipped from record highs on Friday as lawmakers rushed to bridge differences on additional coronavirus stimulus measures. On the derivatives front, open interest data suggests that the index may find its supports around 13700 followed by 13500 levels while on the higher side, 13800 and 14000 levels may act as strong resistance.



NIFTY PSU BANK is one of the worst performing sectors of the market and has started correcting after sustained outperformance. This week Nifty PSU Banks lost -3.4% when compared to Nifty's gains of 1.8%. After slightly correcting during the previous week, this week the index started on a weak note and made lower lows and lower highs with a losing streak of 4 out of 5 trading days. After hitting a high of 1900 during previous week, the index corrected nearly 7% in two days and has put up a dead cat bounce during the end of previous week. Another bearish signal for the index is that the index has formed a death cross, wherein a longer duration moving average crosses below shorter duration moving average from upside which is considered a bearish signal on charts. In case of Nifty PSU Bank index, 200 DMA has crossed both 50 DMA and 100 DMA from above. Fundamentally, inability to raise targeted funds through QIP by PNB and IDBI Bank has dampened the sentiment for PSU Banks and exhibited the investor concerns about PSU Banks at a time when private banks could easily sail through their QIP issues. This week except Indian Bank all the banks ended in red. While Indian Bank continued its winning streak by gaining 1.5% for the week, PNB is the worst performer for the week with losses of 10%. Nifty PSU Bank might face resistance at 1809, followed by 1900. On the downside, the index may take support at 1736, followed by 1670.



NIFTY CONSUMPTION INDEX improved 80 bps in the past week (as against the Nifty which closed higher for the 7th straight week, up by 180 bps). Improving IIP numbers bodes well for consumption and it has been factored in well in the market movements over the last few weeks. Also, there were stock specific movements that led to the growth last week such as Page Industries, (which moved up 18%) as a result of the company being cleared of. Despite the improvement in numbers, what would be interesting is to see the numbers next quarter, wherein the comparisons will shift from month on month basis and from pent up demand to real economic numbers. We believe most of the expectations are factored in could witness a consolidation phase in the coming week / till the end of the calendar year. Post lockdown the nifty consumption index had fallen over 30%. Since then, the index has completely recovered and had a clear breakout from 5200 levels on 6th Nov 2020 and the momentum has relentlessly carried the index to 5850 levels since. As the index is in uncharted territory and far off from the long term support levels, we expect the index to be range bound and find new support and resistance levels within these new highs. The long term support 5200 and 4900 while we expect the index to consolidate within the region of 4800 and 4600 in the coming week.

