



Market News

The Monetary Policy Committee (MPC) kept rates unchanged (reverse repo rate at 3.35%, repo rate at 4%), and held on to its accommodative stance for “as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy”

However, the decision to maintain an accommodative stance was not unanimous this time. Prof Jayanth Varma expressed his dissent (we shall get details of his views in the Minutes of the policy on 20 August). Thus it was a 5-1 vote in favour of retaining accommodative policy bias.

We did see an increase in Variable rate reverse repo (VRRR) amount from Rs 2 tn to Rs 4 tn. Here again, while markets were expecting the amount at one go, the RBI has chosen a graded increase in the amount over next one month. Thus, a baby step towards liquidity normalisation has begun.

Shares of Glenmark Life Sciences on Friday closed with a premium of almost 4 percent against its issue price of Rs 720.

Earlier in the day, the stock was listed at Rs 751.10, a gain of 4.31 percent from the issue price on the BSE. As trade progressed, it jumped 11.10 percent to Rs 799.95 during the day. It closed at Rs 748.20, a gain of 3.91 percent.

Mahindra & Mahindra (M&M) and Mahindra Vehicle Manufacturer (MVML) on August 6 reported a 23 times jump in Q1FY22 net profit at Rs 934 crore. The company's net profit in the same quarter of the previous year was at Rs 39 crore.

Q1FY22 profit prints were slightly lower than market expectation. CNBC-TV18 poll of analysts had expected it to be around Rs 940 crore.

The companies combined (M&M+MVML) revenue for the quarter under observation came at Rs 11,763 crore, up 110.5 percent from Rs 5,589 crore reported in the same quarter last year. This was also below the CNBC-TV18 poll of Rs 12,112 crore.

Shares of Vodafone Idea Limited (VIL) cracked 25 percent in intraday trade on August 5 to hit their 52-week low of Rs 4.55 on BSE.

The stock, however, pared losses and ended 1.49 percent lower at Rs 5.94.

This stock seems to be in a tailspin and for the past few years, investors have been wondering if the company will remain a going concern, owing to its acute financial stress.

In the calendar year 2021, the shares of the troubled telco have eroded 44 percent of their market value. 2.61, which it hit on November 15, 2019.

Results & Corporate Action

Result Calendar	
Date	Company Name
07 August 2021	<u>DIVISLAB</u> , <u>BANKBARODA</u>
09 August 2021	<u>SHREECEM</u> , <u>MRF</u>
10 August 2021	<u>JINDALSTEL</u> , <u>SIEMENS</u> , <u>LUPIN</u> , <u>MFSL</u> , <u>TRENT</u> , <u>POWERGRID</u> , <u>MANAPPURAM</u> , <u>MOTHERSUMI</u> , <u>COALINDIA</u>
11 August 2021	<u>CUMMINSIND</u> , <u>BATAINDIA</u> , <u>CADIL AHC</u> , <u>PIDILITIND</u>
12 August 2021	<u>ASHOKLEY</u> , <u>HEROMOTOCO</u> , <u>PFC</u> , <u>EICHERMOT</u> , <u>BHARTFORG</u> , <u>IRCTC</u> <u>AUROPARMA</u> , <u>PAGEIND</u> , <u>NMDC</u> <u>TATASTEEL</u> , <u>BPCL</u>
13 August 2021	<u>APOLLOHOSP</u> , <u>ONGC</u> , <u>SUNTV</u> , <u>IGL</u> <u>GRASIM</u> , <u>GLENMARK</u>

 MARKET-HUB				
Corporate Action	Company Name	Type & Percentage	Record Date	Ex-Date
BONUS	CSL Fin	Bonus Ratio (2:1)	10-08-2021	09-08-2021
BONUS	<u>Earum Pharmace</u>	Bonus Ratio (1:1)	10-08-2021	09-08-2021
BONUS	<u>Alphalogic Tech</u>	Bonus Ratio (27:10)	10-08-2021	09-08-2021
BONUS	<u>Kshitij Polylin</u>	Bonus Ratio (1:6)	10-08-2021	09-08-2021
BONUS	Sun Retail	Bonus Ratio (3:5)	17-08-2021	13-08-2021
SPLITS	Sun Retail	Old fy 10 New fy 1	~	13-08-2021
DIVIDEND	COFORGE LTD.	Interim (130%)	10-08-2021	09-08-2021
DIVIDEND	Hawkins Cooker	Interim (900%)	10-08-2021	09-08-2021
DIVIDEND	Graphite India	Final (250%)	10-08-2021	09-08-2021
DIVIDEND	Eicher Motors	Final (1700%)	~	09-08-2021
DIVIDEND	Cipla	Interim (250%)	~	09-08-2021
DIVIDEND	<u>Honeywell Autom</u>	Final (850%)	11-08-2021	10-08-2021
DIVIDEND	<u>ICICI Securitie</u>	final (270%)	~	10-08-2021
DIVIDEND	IWML	Interim (1750%)	11-08-2021	10-08-2021
DIVIDEND	Pfizer	Final (300%)	~	11-08-2021
DIVIDEND	Munjaj Showa	Final (225%)	~	12-08-2021
DIVIDEND	Grasim	Special (200%)	~	12-08-2021
DIVIDEND	<u>Suven Pharma</u>	Final (100%)	17-08-2021	13-08-2021
DIVIDEND	RPG Life	Final (90%)	17-08-2021	13-08-2021



Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 16349.35 in Downside 15834.65



NIFTY WEEKLY CHART



BANKNIFTY WEEKLY CHART

Nifty Spot in Upcoming Week:-

Nifty down side 15900 support and up side 16500 is resistance .

Bank Nifty in Upcoming week:-

Banknifty up side 36220 is resistance if close above this level then next target 37000 possible.

Recommendation for next week

Serial No.	Stock Name Cash segment	Above Below / Add HOLD	CMP as on 07.08.2021	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	RPGLIFE (BUY)	ABOVE 539	509		499		600
2	ABAPITAL(BUY)	ABOVE 122.50	121.95		115.90		137/151
3	ITC(BUY)	ABOVE 217	214.25		212		230-240

Commodity Market

COPPER Investors can sell on rise with stop loss 760 down side target will be 700 to 675 possibility.



CRUDEOIL:- buy in deep with sl 4850 upside target 5400 possibility.



SILVER:- Investors can sell on rise with stop loss 68800 down side target will be 64500 possibility.



GOLD:- Investors can sell on rise with stop loss 48455 down side target will be 47000 possibility.



Currency Market (Cash Levels)

USDINR:- Investors can buy in deep with stop loss 73.90 upside target will be 74.80 to 75.80 possibility.



GBPINR: - Investors can buy in deep with stop loss 102.20 upside target will be 104 to 105 possibility



EURINR :- Investors can buy in deep with stop loss 87.30 upside target will be 88.60 possibility



JPYINR:- Investors can buy in deep with stop loss 66.90 upside target will be 68.50 possibility.



Currency CASH LEVEL	DEMAND ZONE LEVEL		CLOSE	SUPPLY ZONE LEVEL	
	D2	D1		S1	S2
USDINR	73.00	73.90	74.18	74.80	75.50
GBPINR	102.00	102.90	103.22	104.40	105.00
EURINR	86.50	87.00	87.76	88.80	89.40
JPYINR	66.50	67.00	67.68	68.05	68.50

Currency Corner

Premium / Discount (USD/ INR) Based on Forward Rates	
Duration	Premium
One month Forward	0.23
Three month Forward	0.54
Six month	1.34
One year	3.05

RBI reference Rates	
Currency	Rates
USD	74.18
GBP	103.28
Euro	87.37
100 Yen	67.55

IT'S NOW OR NEVER FOR THE INDIAN TELECOM INDUSTRY

The writing on the wall is quite clear now. The government including the judiciary has failed to acknowledge it. Vodafone Idea, one of the major telecom companies in India with about 27 crore subscribers, is in its final lap, unless some out-of-the-box remedial action is not taken by the government. It should privatize BSNL instead of dumping Rs 70,000 crores to support it and give the same to VI as a soft loan payable over thirty years. Thus, protecting competition in the marketplace, and attendant economic and consumer benefits.

VI has an outstanding debt of nearly Rs. 1.8 lakh crore, coupled with uncertainty on new investments and investors. One of the primary reasons for such a monstrous debt is the adjusted gross revenue dispute, which stretched out for more than two decades. VI has about Rs 60,000 crore as AGR liability, Rs 23,000 crore as bank debts, and Rs 96,000 as deferred spectrum obligations.

The telecom industry is a critical economic multiplier, which cuts across all sections of society and is the base of communications and connectivity. During the Covid-19 lockdown last year, the industry enabled about 35% of the GDP, while directly contributing about 6% of the GDP. A decade ago, the telecom industry was overcrowded with as many as 12 players jockeying for a place in the sector. Right now, only four telecom companies are operating in the market, one being the state-run Bharat Sanchar Nigam Ltd. Alas, it is running on outdated 3G services, resulting in lesser subscribers compared to the other operators.

Shifting Sands to Quicksand

The government and the Supreme Court have the cardinal responsibility for the decline of the telecom industry in India. Under the 1999 Telecom Policy, the AB Vajpayee government had the sense and vision to move the telecom operators from the fixed annual license fee to the revenue sharing model.

Because, the license fee model was unviable in running the services. Right now, telecom companies pay a percentage of their revenue as license fees to the government. Alas, the definition of revenue was not clarified in the new agreements. This was the cause of the long-running case at the apex court.

In the new deal, DoT assured the operators that they would be consulted on the definition and TRAI will settle the matter. Without consulting both, the DoT decided to claim a share of the gross revenue, rather than the telephone business revenue. The rationale given by DoT was that it would pose fewer interpretation challenges.

For the DoT, it seems that the telecom operators were making bumper profits, without sharing it with the government. Unfortunately, even the Supreme Court could not see both the smaller or the bigger picture, and larger public interest. All pleas by the operators to the court on several occasions failed. Ridiculously, in its last judgment on Sept. 1, 2020, the court added that for assuring the payment of dues, the directors and managers of the telecom companies will be personally liable.

Perhaps, for this reason, Kumar Mangalam Birla resigned from the board of VI, which sent its shares tumbling. This event followed a media report about Birla's letter to the Cabinet Secretary requesting the government or any other entity that the government may consider, to take over his 27% stake in VI, as a last resort to save the company.

The Way Out

This would turn the telecom sector into a duopoly with Bharti Airtel and Reliance Jio Info COMM as the only two telecom operators in the market, while BSNL would be an 'also ran' horse in the race. In any event, when the competition in the market decreases, it would adversely affect consumer welfare including impact on innovation, quality of services, pricing, etc. Thus, it is imperative that the government must intervene right now to save the industry and protect the consumers and economy.

Even as the Vodafone Group Plc CEO Nick Read clarified that the group would not put in any additional equity in India, this support by the government would go a long way in helping VI survive and compete in the market. The government should also rationalize license fees and spectrum usage charges.

Additionally, the government must privatize BSNL. The finance minister in her union budget speech this year said that the government would retain only the bare minimum public sector units. This is a welcome stance, but BSNL should have featured in the list. In 2019, the union cabinet also approved a Rs 70,000-crore revival package for BSNL and MTNL, out of which almost 43% or Rs 29,937 crore was pent towards a voluntary retirement scheme for employees above 50 years of age.

As the situation stands right now, the telecom industry, especially VI needs hand-holding and hard support from the government to survive. It is in the interest of

consumers and the economy that competition amongst the telecom companies is sustained.

As India readies itself for 5G, a competitive telecom market would prove to be the foundation for its widespread adoption, reachability, affordability, and quality. Hence, as a country, we must strive for competition and excellence, and the government including the judiciary must do its part to protect competition in the marketplace, so that the economy and consumers benefit.

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