MARKET-HUB
NEWS LETTER

Beyond Research,
Beyond Advice

31th December 2022
Issue – 530

Market News

Elin Electronics shares remained under pressure throughout the session on their debut day (December 30), tracking a downtrend in equity markets. The benchmark indices lost all their gains in late trade, thereby ending half a percent lower on the last trading session of the CY 2022.

The stock opened at Rs 244 and failed to even touch its issue price of Rs 247 throughout the session. And as the day progressed it extended a southward journey to hit a day's low of Rs 225.60.Sah Polymers is the last public issue opening for subscription in December, taking the total for the month to seven initial public offerings (IPOs). The offer has received bids for 48.04 lakh shares against the IPO size of 56.1 lakh shares, that is, a subscription rate of 86 percent on December 30, the first day of bidding.Retail investors are in the forefront, buying all the allotted shares. The reserved portion was subscribed 2.07 times.High networth individuals (HNIs) have bid for 100 percent shares of the portion set aside for them, while qualified institutional buyers (QIBs) have subscribed 38 percent of the allotted quota.

Welspun Enterprises Ltd on December 30 announced a share buyback plan of Rs 235 crore, at a price of Rs 200 apiece, along with the rollout of a special dividend of Rs 7.50 per equity share.

"The company will undertake buyback of 1,17,50,000 equity shares of Rs 10 each at the buyback price of Rs 200 per equity share, for an aggregate amount of Rs 235 crore," a regulatory filing stated.

Shares of Ashoka Buildcon Ltd (ABL) jumped over 4 percent on December 29, after the company said it has bagged an order worth Rs 755 crore from Madhya Pradesh PoorvKshetra Vidyut Vitaran (MPPKVVCL) .The stock hit an intraday high of Rs 91.85 a share and rose as much as 4.2 percent in the early deals. At 9.45am, the stock was trading at Rs 89.55 on the BSE, up 1.6 percent from its previous close.

Results & Corporate Action

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Corporate Action only for information	Company Name	Type & Percentage	Record Date	Ex-Date
BONUS	Globe Commercial	Bonus Ratio 1:1	07-Jan-23	06-Jan-23
BONUS	Rama Steel Tubes	Bonus Ratio 4:1	06-Jan-23	06-Jan-23
BONUS	SecUR Credential	Bonus Ratio 3:1	04-Jan-23	04-Jan-23
BONUS	G M Polyplast	Bonus Ratio 6:1	04-Jan-23	04-Jan-23
BONUS	Naysaa Securi.	Bonus Ratio 15:10	31-Dec-22	30-Dec-22
BONUS	Globe Commercial	Bonus Ratio 1:1	07-Jan-23	06-Jan-23
SPLIT	Svarnim Trade Ud	Old fv 1 New fv 10	01-Jan-23	01-Jan-23
RIGHTS	Vaxfab Enterp.	Rights Ratio 6:1	03-Jan-23	03-Jan-23
RIGHTS	Family Care	Rights Ratio 127:100	03-Jan-23	03-Jan-23
RIGHTS	Vaxfab Enterp.	Rights Ratio 6:1	03-Jan-23	03-Jan-23

Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 18265.25 in Downside 17774.25.

NIFTY WEEKLY CHART

BANKNIFTY WEEKLY CHART

Nifty Spot in Upcoming Week:-

Nifty up side strong supply zone 18500 down side strong demand zone 17750.

Bank Nifty in Upcoming week:-

Banknifty up side strong supply zone 43650 down side strong demand zone 41550.

Recommendation for next week

Serial No.	Stock Name Cash segment	Above / Below / Add HOLD	CMP as on 31.12.2022	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	BAJAJHCARE(BUY)	CMP 444	444		415		555
2	PNBHOUSING (BUY)	AROUND 508	533		490		700
3	USHAMART (BUY)	HOLD 143	172	150			200

Commodity Market

COPPER:- :- Investors can buy in deep with stop loss 709 up side target will be 740 possibility

CRUDEOIL:- Investors can sell on rise with sl 6800 down side target 5700-5600 possibility.

SILVER:- Investors can buy in deep with stop loss 65000 up side target will be 70500 possibility.

GOLD:- Investors can buy in deep with stop loss 53300 up side target will be 56000 possibility.

Currency Market (Cash Levels)

USDINR:- Investors can sell on rise 82.80 TO 83.00 range with sl 83.40 down side target 82.00 to 81.30 possibility, Investors can buy in deep around 80.15 with stop loss of 79.70 up side target will be 82.00 possibility.

GBPINR: - Investors can sell on rise 102.00 to 103.00 range with sl 104.10 down side target 96.00 possibility, Investors can buy in deep around 96.00 with stop loss of 95.00 up side target will be 100.00 possibility.

EURINR:- Investors can sell on rise 89.00 to 90.00 range with sl 91.20 down side target 86.00 possibility, Investors can buy in deep around 85.00 with stop loss of 84.00 up side target will be 88.00 possibility.

JPYINR:- Investors can sell rise with stop loss of 65.00 down side target will be 60.00 to 59.00 possibility.

Currency CASH LEVEL	DEMAND ZONE LEVEL		CLOSE	SUPPLY ZONE LEVEL	
	D2	D1		S1	S2
USDINR	81.00	82.00	82.73	83.00	84.00
GBPINR	97.00	99.00	99.53	100.50	101.50
EURINR	86.00	87.50	88.16	89.00	90.00
JPYINR	61.00	61.50	62.74	63.50	64.00

Currency Corner

Premium / Discount (USD/ INR) Based on Forward Rates	
Duration	Premium
One month Forward	0.14
Three month Forward	0.40
Six month	0.81
One year	1.61

RBI reference Rates	
Currency	Rates
USD	82.83
GBP	99.72
Euro	88.00
100 Yen	62.00

Winner Takes All' in India's New, Improved Economy (Part: 1)

Marcellus Investment Manager.

Friends, over the past decades the market-cap of the Indian stock market has gone up substantially. But only 18-20 companies have contributed to the most of such growth. It is important for us to understand what were those local and global factors that were responsible for such concentrated growth? Also, what did these 18-20 companies do right to reap from the changing environment. Marcellus Investment Manager's Saurabh Mukherjea and Nandita Rajhansa gave a detailed understanding of such development. OF course this is going to be a long article to be divided over several issues. We believe this is a must read not only from the investors' view point but also from a businessman's perspective. Happy reading.

Capitalizing on the exponential surge in digital transactions and the massive improvements in transport infrastructure and market structure seen over the past decade, a handful of Indian companies – no more than 20 – are taking home ~80% of the profits generated by the Indian economy. Simultaneously, a mere 20 companies account for 80% of the $1.4 trillion of wealth created by the Nifty over the past decade. Understanding these drivers of economic and financial polarization is now critical for achieving success in the Indian stock market.

"… three big revolutions will be—democratizing credit through AA [Account Aggregation Framework], democratizing commerce through ONDC; and essentially making the delivery of products much simpler and cheaper with logistics' transformation. These three steps will lay the foundation for equitable commercial activity for both goods and services. India will move from a pre-paid cash informal economy to a post-paid formal cashless productive economy." - - Nandan Nilekani in an interview with the Livemint, 2022.

India's smallest businesses epitomize the rise of a new, more efficient economy

We are seeing the rise of a new, more efficient, more digital and more scalable India. An example of this is the local chai vendor who has set up shop just outside our office in the Andheri East suburb of Mumbai. A year ago, when the tea stall started business, the said vendor was selling 500-600 cups per day. Today, the vendor sells around 7,000-8,000 cups of beverages per day i.e., 15x growth in one year. Spotting a gap in the market, a cigarette vendor set up shop next to the tea vendor, four months ago. From clocking revenues per day of Rs 1,000/day in his first few weeks, the cigarette vendor now generates Rs. 8,000 per day.

Both of these vendors receive the vast majority of their payments via Unified Payments Interface (UPI), a real time mobile-based payment system. According to them, when they started their tea and cigarette stalls hardly 20-30% of people used to pay via UPI. Today, almost 70-80% of their customers pay via UPI (the remainder still use cash). According to National Payments Corporation of India (NPCI), peer-to-merchant (P2M) UPI transactions recorded 138% YOY growth in November 2022. In November alone, India recorded 4 billion peer-to-merchant transactions

Among categories which recorded high volumes of approved UPI transactions in November were groceries and supermarkets, eating places and restaurants, games, department stores, pharmacies, etc. (source: Financial Express, 2022).

The polarization of profits and of wealth India

UPI and the digitization of business activity in India is one of the several factors driving an exponential surge in the concentration of corporate profitability in India. As explained in this note, improvements in transport infrastructure (e.g., the highway network has doubled over the past decade), the introduction of GST (in 2017) and new business models which have migrated from the developed world to India over the past decade, are resulting in India's 20 largest profit generators earning a staggering 80% of the nation's profits as compared to around 40% a decade ago. This in turn is leading to an increasingly polarized stock market.

In the decade ending 31st March 2012, the Nifty added around $440 bn in market cap. In these ten years, ~80% of the value generated came from 17 companies and the median Total Shareholder Return (TSR) CAGR was 26% for these 17 companies. Moving forward by a decade, in the decade ending March 31st, 2022, the Nifty added ~$1.4 trillion in market cap. And 80% of the value generated in these ten years came from just 20 companies whose median TSR CAGR was 18%.

Wealth creation in India is being driven by a dozen and a half companies. Another way to understand this is to look at the polarization in Free Cash-Flows to Equity (FCFE). A decade ago, the top 20 FCFE generating companies in the Nifty (in the decade ending March 2012) accounted for just 23% of India Inc's FCFE. Moving forward by a decade, if we look at the top 20 FCFE generating companies in the Nifty in the decade ending 31st March 2022, they account for 51% of India Inc's FCFE

Polarization in the Indian stock market therefore has TWO separate dimensions:

· A handful of companies – precisely TWENTY – are now taking close to 80% (on a 3-year moving average basis) of the profits and more than half of the FCFE generated by the Indian corporate sector

Even though the concentration has reduced on an absolute basis in FY22 vis-à-vis FY20 and FY21, the uptrend is quite distinct and clear. This profit concentration in the hands of the top 20 companies and an even greater concentration of cashflows in the past decade has allowed strong franchises (with healthy PAT to FCFE conversion rates) to reinvest in their businesses and thus outgrow their competition. And it has nothing to do with Quantitative Easing (QE) by central banks or with Covid.

Just TWENTY companies have accounted for 80% of the wealth created by the Nifty in the decade ending March 2022. In comparison, 17 companies accounted for the same proportion of the wealth created by the Nifty in the decade ending Mar 2012, meaning wealth creation has consistently remained concentrated in the hands of a few dominant franchises over the last decade

The drivers of polarization in the Indian stock market

So why is this happening? Two different dynamics – one Indian and one global – are at play here. We begin by highlighting the Indian dynamic at play which is the networking of the Indian economy over the past decade.

(Let’s wait for the Part:2 of this article)

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