



## Market News

Market witnessed extreme volatility but managed to close higher for the second straight week ended January 20 as mixed cues, including better Q3 earnings, reopening of Chinese economy, and weak US consumer data led to renewed concerns over further rate hike by the Federal Reserve going ahead and continued FII selling. The selling from Foreign Institutional Investors (FIIs) continued in this week also, as they offloaded equities worth Rs 2,461.03 crore, while domestic institutional investors (DIIs) bought equities worth of Rs 3,383.72 crore. However, in this month till now, FIIs offloaded equities worth Rs 19,880.11 crore and DIIs bought equities worth Rs 16,182.38 crore.

Reliance Retail, the retail arm of diversified conglomerate Reliance Industries, clocked 17 percent year-on-year (YoY) jump in revenue from operations at Rs 67,634 crore in the quarter ended December 2022.

Consolidated revenue for Reliance Retail stood at Rs 57,717 crore in the same period last year. Net profit for

the quarter rose 6.2 percent YoY to Rs 2,400 crore, from Rs 2,259 crore in Q3 FY22. The company said it recorded its highest ever footfalls at 201 million across formats and geographies, registering a growth of 25 percent YoY. LTIMindtree, the IT services unit of infrastructure major Larsen & Toubro, registered a 16 percent sequential fall in consolidated profit at Rs 1,000.7 crore for the quarter ended December FY23, with double-digit fall in operating profit and sharp increase in other expenses (up 37 percent QoQ). Consolidated revenue from operations for the quarter at Rs 8,620 crore increased by 4.8 percent compared to previous quarter, the company said in its BSE filing. The same increased 25.3 percent YoY.

Private sector lender RBL Bank on January 20 reported a 34 percent year-on-year growth in standalone profit at Rs 209 crore for the quarter ended December FY23, largely driven by a drop in provisions with improvement in asset quality.

## Results & Corporate Action

Result Calendar	
Date	Company Name
21 January 2023	IDFCFIRSTB, ICICIBANK, SBILIFE, KOTAKBANK, ULTRACEMCO
23 January 2023	AXISBANK, CANBK, SYNGENE, TATACOMM, CONCOR,
24 January 2023	GRANULES, MCDOWELL-N, COLPAL, TVSMOTOR, PIDILITIND, MARUTI, INDUSTOWER, HDFCAMC, SBICARD
25 January 2023	TATAMOTOR, DLF, CIPLA, DRREDDY, BAJAJAUTO, IGL, DIXON, TORNTPHARM
27 January 2023	VEDL, BAJFINANCE,
28 January 2023	BEL, NTPC,

				
Corporate Action only for information	Company Name	Type & Percentage	Record Date	Ex-Date
SPLIT	Fourth Dimensio	Old fv 10 New fv 2	23-Jan-23	23-Jan-23
DIVIDEND	Wipro	Interim 50	25-Jan-23	24-Jan-23
DIVIDEND	NALCO	Interim 20	27-Jan-23	25-Jan-23
DIVIDEND	Persistent	Interim 280	27-Jan-23	25-Jan-23
DIVIDEND	Havells India	Interim 300	28-Jan-23	25-Jan-23
DIVIDEND	Hind Zinc	Interim 650	30-Jan-23	27-Jan-23



Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 18183.75 in Downside 17853.65.



NIFTY WEEKLY CHART



BANKNIFTY WEEKLY CHART

Nifty Spot in Upcoming Week:-

Nifty up side strong supply zone 18200 to 18270 down side strong demand zone 17760 to 17660.

Bank Nifty in Upcoming week:-

Banknifty up side strong supply zone 42900 to 43300 down side strong demand zone 41650 to 41300.

Recommendation for next week

Serial No.	Stock Name Cash segment	Above Below Add HOLD	CMP as on 21.01.2023	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	ANATRAJ(BUY)	HOLD 116.50	120.70		107		155
2	SALZERELEC (BUY)	AROUND 283	289		268		311-325
3	IMFA(BUY)	HOLD 291	305	277			365

# Commodity Market

**COPPER:-** :- Investors can sell around 797-805 with sl 815 down side target 760 possibility.



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



**SILVER:-** Investors can buy around 65500 with stop loss 62800 up side target will be 73500 possibility.



**GOLD:-** Investors can buy in deep with stop loss 54950 up side target will be 57000 possibility.

# Currency Market (Cash Levels)

**USDINR:-** Investors can sell on rise 81.94 TO 82.20 range with sl 82.50 down side target 81.00 to 80.00 possibility.



**GBPINR: -** Investors can sell on rise 101.50 to 102.50 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:-** buy in deep around 61.50 with stop loss of 59.50 up side target will be 64.00 to 67.00 possibility.

Currency CASH LEVEL	DEMAND ZONE LEVEL		CLOSE	SUPPLY ZONE LEVEL	
	D2	D1		S1	S2
<b>USDINR</b>	80.00	80.50	81.12	81.60	82.00
<b>GBPINR</b>	97.50	98.50	100.12	100.50	101.50
<b>EURINR</b>	86.00	87.00	87.86	89.00	90.00
<b>JPYINR</b>	61.00	62.00	63.60	64.00	67.00



## Currency Corner

Premium / Discount (USD/ INR) Based on Forward Rates	
Duration	Premium
One month Forward	0.12
Three month Forward	0.38
Six month	0.79
One year	1.58

RBI reference Rates	
Currency	Rates
USD	81.21
GBP	100.53
Euro	87.98
100 Yen	62.92

## **Winner Takes All' in India's New, Improved Economy (Part: 4 and the Last)**

### **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 the 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.

This is the last episode of this article, where we will see two more case studies.

## Case #2: Dr. Lal PathLabs

The Indian market remains dominated by smaller diagnostic chains who attract business either through doctor incentivization or on the back of reputation built by the local pathologist running the lab. We believe 80% of the diagnostics market in India is accounted for by such local labs.

From 2005 onwards, the team at Dr Lal PathLabs led by Dr. Om Manchanda has moved away from the old practice towards a hub-and-spoke supply chain led retail business model by:

- Going closer to the customer through gradual expansion of Collection Centers & Labs. From ~820 collection centers a decade ago, Dr Lal now has ~4,730 collection centers, ~2x as many as the second largest diagnostics firm in India.
- Optimizing sample collection logistics and lab automation to reduce report generation time from ~8-12 hours a decade ago to ~3-5 hours now.

Over the past 15 years, it has become part of the firm's DNA to constantly invest in technology-based systems and processes to improve the turnaround time, improve quality of reports and become efficient.



For example, the firm's recent 'Control Tower' initiative which enables monitoring of a sample lifecycle and identification/correction of bottlenecks has allowed Dr. Lal to meet the ETR (Estimated Time for Report) more than 90% of the time vs. 80% earlier.

On the back of this Control Tower initiative, Dr. Lal will be able to further reduce turn-around-time or TAT by eliminating bottlenecks in the sample journey through real time monitoring. This initiative has enabled sharing real time tracking of samples with its B2B clients (e.g., hospitals), further building the stickiness of the firm with them.

Another initiative has been implementation of 'Digital Pathology' which is a major mindset shift where doctors are trained to use digital screens to read samples instead of microscopes improving TAT (since samples can be viewed from anywhere even over mobile screens). These initiatives have allowed Dr. Lal to grow its revenues by ~6x and their profits by ~8x over the last 10 years.

### Case #3: HDFC Bank

From its inception in 1995, HDFC Bank has been consistent in the way it has built its business. Very early on the bank was able to figure out that building a low-cost liability franchise with a robust risk-management system in place for lending is a recipe for success.

Then as the bank grew bigger and older, management started unlocking the value embedded in the reams of data collected by HDFC Bank in its first two decades of its existence.

One case in point is the 10 second personal loan innovation by the bank. Existing customers are given a credit score based on their transactions and payment records (behavioural score of spending habits or past repayments). This is then cascaded with the score of the credit bureau and meshed with a social score (by capturing an individual's internet consumption patterns). After analyzing data (which is continuously updated), the bank awards a credit score on the basis of an algorithm. All such customers are then 'pre-approved' for a specific loan amount at a certain rate. Once the customer confirms the loan requirement with a click, it gets disbursed immediately. In 2022, the personal loans segment is ~10% of the loan book for the bank and is growing at 20%+ CAGR. Now HDFC Bank has embarked on a new challenge to fund even 'New to Bank' customers using algorithm-based digital end to end solutions.

It is the gradual buildup of strong systems and processes over the years, and the reinvestment of profits into these key aspects of the business that has helped HDFC Bank to race well-ahead of its peers. This in turn has been reflected in consistently high RoEs over the years and higher incremental market share gains; as we had mentioned in our July 2022 newsletter, The Never-Ending Generosity of the Public Sector – Over FY12-22, HDFC Bank's incremental market share in advances as well as deposits has been the highest amongst its peers - 15.8% (for advances) and 12.1% (for deposits).

In fact, even if we look at just the last decade, HDFC Bank's PAT as a percentage of total Indian corporate sector's PAT risen from 1.5% in FY12 to 3.4% in FY22. Once HDFC Ltd merges with HDFC

Bank next year, the combined entity will account for an astonishing 5% of India Inc's PAT.

Therefore, a trifecta of higher reinvestments in intangibles (systems & processes, databases, algorithms), resultant higher RoEs, and higher incremental market share gains has helped HDFC Bank compound wealth for its shareholders at 25% p.a. for the last 23 years! To put this in context, the BSE 500 index in the same time period has compounded at just 13% p.a.

Friends, we know this was the very long series. But as we informed, it is useful not only from the investors' perspective but also from the ones who are in business. Hope, it was an interesting one.

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