



# WEEKLY Newsletter

Private Client Group



# MARKET

## kya lag raha hai?



Thanks to the rally on Friday, which was supported by a significant increase in the US markets, Nifty ends another week with respectable gains. **Lower than-projected US inflation data led to a dramatic decrease in US bond yields and the dollar index, which fueled a robust surge throughout global share markets.** The Nifty ends at a fresh 52-week high, and Bank Nifty ends at a fresh all-time high, but the **broader market underperformed last week**; in fact, the midcap and smallcap indices both registered losses. The strengthening of the Indian rupee and consistent foreign funds flow further boosted the bull run. **Sensex and Nifty are at a 13-month high.**

Last week saw notable strength for the Rupee as well. **The sentiment will continue to be driven by the movement of the world markets.** The market will be keeping an eye on our domestic inflation statistics. **October inflation number, which will be released on Monday, is expected to be lower than 7%.** Also, there could be some moderation in the core inflation. However, if the inflation is above the threshold level of 6 percent, a further rate hike by the RBI can't be ruled out at the December Monetary Policy Committee (MPC) meeting, followed by a pause.

The Indian equity markets are constantly receiving funding from FIIs, and Friday marked their 11th straight trading session of purchases. As US bond yields and the dollar index decline, they might assist in the market reaching a new record high. However, domestic institutional investors were the sellers.

Q2FY23 earnings performance has been good so far, driven by bank results. **Now, as we enter the last few days of result season, the market focus going ahead will gradually shift towards global and domestic macro data points, that includes inflation, Central Banks action, amongst others.**

Currency fluctuations, elevated commodity, and logistics costs, and geo-political issues were the major inhibitors of growth. However, we expect a recovery starting in H2FY23 led by softening of commodity prices and reduced freight rates which is likely to boost demand. Meanwhile, the Federal Reserve is likely to slow the pace of its interest-rate increases in the near term.

**In nutshell, investors should keep a track of the rupee and the US dollar trend as well as movement of Brent crude oil.**

# ECONOMY

## ka haal chaal!



**Centre's direct tax receipts jump 26% to ₹8.71 trillion:** The central government's net direct tax collections this fiscal year jumped 26% from a year ago to ₹8.71 trillion, official data released on Friday showed.

Central Board of Direct Taxes (CBDT) said in a statement that tax collections up to 10 November represented 61.3% of the total budget estimate of direct tax collection in FY23. Gross corporate tax collection improved by 22%, while gross personal income tax collections, including security transaction tax (STT), improved by 40.6%. After the adjustment of refunds, the net growth in corporate collections is 24.51% and that in personal income tax collections excluding STT is 28.06%.

**Impact:** The growth in direct tax collections is good news for the government, which is having to bear a higher than initially anticipated burden on food and fertilizer subsidy outgo this year. The buoyancy in direct taxes and Goods and Services Tax (GST) could help offset the financial burden on account of subsidies. **To signal that the fiscal condition is comfortable, the Centre had in September lowered its borrowing target for FY23 by ₹10,000 crore to ₹14.21 trillion.**

**US Treasury removes India from its Currency Monitoring List:** The United States' Department of Treasury has removed India from its Currency Monitoring List, hours after Treasury Secretary Janet Yellen addressed US-India Businesses and investment Opportunities event in New Delhi on Friday. Along with India, the United States also removed Italy, Mexico, Thailand and Vietnam from its Currency Monitoring List. India had been on the list for the last two years.

China, Japan, Korea, Germany, Malaysia, Singapore, and Taiwan are the seven economies that are a part of the current Currency Monitoring List, the Department of Treasury said in its biannual report to the Congress. The biannual report also said that the countries that have been removed from the Currency Monitoring List have met only one out of three criteria for two consecutive reports.

The move came on a day when Secretary of the Treasury Janet Yellen visited New Delhi and held talks with Finance Minister Nirmala Sitharaman. **On her first visit to India, United States Treasury Secretary Janet Yellen quoted President Joe Biden, saying that India is an "indispensable partner to the United States".** Speaking at the US-India Businesses and investment Opportunities event in New Delhi, Janet Yellen said that the US will be extending support to India's presidency in G20 to achieve shared global priorities.

**India's forex drop by \$1.087 bn to \$529.994 billion:** India's foreign exchange kitty has dropped by \$1.087 billion to \$529.994 billion as on 4 November, said the Reserve Bank of India on 11 November. Earlier the central bank had said that India's forex reserves jump to \$531.081 billion in the week ending 28 October, 2022.

India's forex kitty had reached an all-time high of \$645 billion in October 2021. The country's reserves have been on the declining spree with the central bank deploying the kitty to defend the rupee amid pressures caused by global developments.

# CORPORATES ki khabrein



**Billionaire Hinduja brothers to end bitter family feud:** India's billionaire Hinduja family has agreed a worldwide truce in a long feud after a legal battle over the future of its global business empire, a London court ruling published on Friday showed. The Court of Appeal in London largely rejected an appeal over restrictions on reporting the dispute, which was contested in a specialist court in a case which centered on the health of 86-year-old patriarch Srichand Hinduja. **Impact/View:** The Hinduja family's business spans sectors including banking, chemicals and healthcare and employs roughly 200,000 people worldwide and their vast wealth put Srichand, Gopichand and the Hinduja family at the top of this year's The Sunday Times UK Rich List, with a net worth of more than 28 billion pounds (\$33 billion).

**Adani Group to launch open offer for NDTV on 22 November:** Adani group on Friday announced a revised timeline for its proposed open offer to acquire 26% public shareholding in NDTV, the news broadcaster said in a filing to stock exchanges. As per the filing, the Adani open offer is now proposed to open for subscription on 22 November and will close on 5 December. **Impact/View:** In August, Gautam Adani-led entities had acquired a lesser known company called Vishvapradhan Commercial Pvt Ltd (VCPL) which had lent over ₹400 crore to NDTV founders. VPCL had lent the amount more than a decade ago in exchange for warrants that allowed it to acquire a stake of 29.18% in NDTV at any time.

**BHEL logs Q2 net profit of ₹ 12 Cr on higher other income:** State-run BHEL on Friday reported a consolidated net profit of ₹12.1 crore for the quarter ended September on the back of rise in other income. BHEL's income from sales during the period under review increased marginally to ₹4,927.95 crore, from ₹4,910.62 crore. the company witnessed an over three-fold rise in its other income to ₹216.17 crore during the second quarter of FY23, taking the total income to ₹5,418.74 crore.

**LIC embedded value at ₹5443 billion as of end Sep:** LIC's determined India embedded value--the sum of net asset value and present value of future profits of a life insurance company--was at ₹5,442.91 billion as on 30 September, up marginally from ₹5,396.86 billion a year ago. LIC's total premium income rose to ₹1,32,631.72 crore in the second quarter of the current fiscal from ₹1,04,913.92 crore in the same period a year ago. **Impact/View:** India largest life insurer on Friday reported a jump in its September quarter net profit to ₹15,952 crore from ₹1,434 crore a year-ago, largely driven by a surge in premium income and massive gains from changes in its accounting policy along with investment income.

**Gautam Adani, Mukesh Ambani among 13 bidders for Future Retail:** Firms run by billionaires Gautam Adani and Mukesh Ambani are among the 13 companies that have submitted initial bids to acquire Future Retail Ltd, a filing by the debt-laden company said. Ambani's Reliance Retail Ventures Ltd, a subsidiary of Reliance Industries Ltd, submitted the expression of interest (EoI) under insolvency proceedings initiated to recover dues Future Retail owes to lenders. April Moon Retail Private Ltd, a joint venture between Adani Airport holdings and Flemingo group, also submitted an EoI. **View:** Future Retail was dragged into bankruptcy proceedings by banks after it defaulted on loans and its lenders rejected a ₹24,713-crore takeover of its assets by Reliance amid a legal challenge by Amazon.

# GLOBAL NEWS AND EVENTS



**India can buy as much Russian oil as it wants, outside price cap:** The United States is happy for India to continue buying as much Russian oil as it wants, including at prices above a G7-imposed price cap mechanism, if it steers clear of Western insurance, finance and maritime services bound by the cap, US Treasury Secretary Janet Yellen said on Friday.

The cap would still drive global oil prices lower while curbing Russia's revenues, Yellen said in an interview with Reuters on the sidelines of a conference on deepening U.S.-Indian economic ties. Russia will not be able to sell as much oil as it does now once the European Union halts imports without resorting to the capped price or significant discounts from current prices, Yellen added.

**India is now Russia's largest oil customer other than China.** Yellen's remarks were made after India's foreign minister said last week that his country would continue to buy Russian crude because it benefits India.

The cap is intended to cut Russia's oil revenues while keeping Russian crude on the market by denying insurance, maritime services and finance provided by the Western allies for tanker cargoes priced above a fixed dollar-per barrel cap. A historical Russian Urals crude average of \$63-64 a barrel could form an upper limit.

The cap is a concept promoted by the United States since the EU first laid out plans in May for an embargo on Russian oil to punish Moscow for its invasion of Ukraine.

(Source: **Inputs from Bloomberg Report**)

**Joe Biden set to meet Xi Jinping:** There are many issues between the US and China that other world leaders are increasingly warning of a worsening rift that could split the global economy. The stakes have never been higher as US President Joe Biden travels to Bali, Indonesia, for his first meeting with Chinese President Xi Jinping since taking office in 2021, promising to work to prevent the two countries' relationship from deteriorating and lessen the likelihood of a conflict over Taiwan. **However, the atmosphere in both China and the US is only inclining toward increased hostility, particularly regarding the island that China claims as its own.**

As a result of Democrats posting better-than-expected results in the midterm elections, which included keeping control of the Senate, Biden will arrive at the meeting on November 14 with a better hand than was anticipated. The meeting will take place alongside a Group of 20 summit. He will have more room to maneuver as a result, and Republicans will have a harder time thwarting his foreign policy agenda. In Cambodia, he told reporters, "I'm coming in stronger" to the meeting with Xi.

**For now, it is hoped that Biden and Xi can reach an agreement to resume military and climate cooperation that was suspended after House Speaker Nancy Pelosi's visit to Taiwan over the summer, which enraged China.** Beyond that, it will be more difficult to make progress. Republican House Leader Kevin McCarthy, who may be in position to succeed Pelosi, has expressed a desire to travel to Taipei, which might rekindle regional military concerns.

(Source: **Inputs from Al Jazeera Report**)

# TECHNICAL OUTLOOK



Amidst a rebound in international markets, the Nifty is getting closer to its all-time high; its previous all-time high was 18604 on October 21.

Technically, Nifty is coming out of a broadening wedge formation and closed at important resistance at 18350. If it manages to sustain above that level, then we can anticipate a rise toward 18550 and 18800 levels. On the downside, 18300 is a solid support and 17900-18000 area will operate as an immediate demand zone.

If we look at the derivative data, the put call ratio is sitting at 1.22 and the long exposure of FIIs to index futures is 62%, both of which point to a bullish tilt in the market. According to the open interest distribution chart, there are no substantial obstacles until 19000, while 18300 and 18000 serve as important support levels.

# CONVICTION PICKS



## Conviction Picks:

Company	Cmp	View	Support	Target (1-2 Yrs)
<b>Deep Industries Ltd</b>	261	<b>Accumulate</b>	235-245	375

**Deep Industries Ltd (DIL):** Pioneered natural gas compression services on charter hire basis in India and are one of the largest Company in India to provide high pressure Natural Gas Compression Services. DIL is also specialized in providing Drilling and Workover Services, Gas Dehydration Services, and also having expertise in Integrated Project Management Services. The Company has grown up to be a "One Stop Solution" provider for every need in Oil and Gas field operations by providing various equipment and services under rental and chartered-hire basis.

**Deep Industries is the market leaders in gas compression business in India with an estimated market share of ~75%.**

**Deep has a strong consolidated order book of over Rs 815 Cr which gives good revenue visibility for around next 2-3 years.**

The "Dolphin Offshore" Acquisition will not be immediately value accretive but will start contributing in Financials from FY24.

**Reasonable Valuation** of 12x (10 Yr Median PE 9x) and **Net Debt Free**. DIL has reduced its long-term debt from Rs 231 Cr in FY18 to Rs 17 Cr in FY22.

**Concern:** Q2 FY23 numbers were muted but the management has guided that H2 FY23 will be much better than H1FY23.

# KNOWLEDGE COLUMN



## Tribute to two of the real “Man of Steel”

**Within the space of four months, India’s steel industry has lost the two men who transformed India’s antiquated and inefficient steel sector into a modern, world-class and world-scale one.** The first to go, in June this year, was **Venkataraman Krishnamurthy**, India’s legendary public sector manager, who took SAIL from a loss of ₹350 crore to profits of ₹1,000 crore in the five years that he led the state-owned steelmaking behemoth. Now, he has been joined in the Valhalla for legendary managers by his private sector counterpart, **Dr Jamshed Jiji Irani**, former managing director of Tata Steel, who passed away on Monday at the age of 86.

**Both were turnaround men of extraordinary calibre.** But while Krishnamurthy’s talents were sought by successive prime ministers to transform loss-making state-owned entities into the crown jewels of India’s public sector – **Krishnamurthy first saved BHEL from collapse, then turned around SAIL and went on to transform GAIL and also founded Maruti Udyog – Irani was a Tata lifer.**

But the fact that he confined himself to a single employer and a single company does not make Irani’s achievements any less stellar. A complete Jamshedpur man, he brought to Tata Steel a refreshingly new way of going about its business. Irani joined the company, when it was still known as Tisco, in 1968. **Handpicked by Russi Mody, the then company boss and a larger than life personality,** Irani was then with the British Iron and Steel Research Association. The deep understanding of R&D that Irani possessed was what came in handy at Tata Steel, then faced with enormous challenges of high cost of production and cost structure that needed a makeover. His academic credentials were impeccable and included a masters and a doctorate in metallurgy from the University of Sheffield. **Irani set about transforming Tata Steel, setting in place the structure of what was to become known as the ‘Tata way’ of management.**

**TQM (Total Quality Management) as a concept was still not very well-established in India and Irani brought that to Tata Steel.** In an industry that was heavily dependent on a large workforce, **there was not one strike that took place from the time he took charge to when he called it a day in 2001,** thirty three years after joining the company.

# EARNINGS CALENDAR



Date	Company	Tentative Time
14 Nov	Grasim Industries	Time Not Available
14 Nov	IRCTC - Indian Railway Catering & Tourism Corp	Time Not Available
14 Nov	Bharat Forge	Time Not Available
14 Nov	Abbott India	Time Not Available
14 Nov	Balkrishna Industries	After Market
14 Nov	Biocon	Time Not Available
14 Nov	Linde India	Time Not Available
14 Nov	AIA Engineering	During Market
14 Nov	GMR Airports Infrastructure	After Market
14 Nov	Apollo Tyres	Time Not Available
14 Nov	Godrej Industries	Time Not Available
14 Nov	CESC	Time Not Available
14 Nov	Housing & Urban Development Corporation	During Market
14 Nov	JM Financial	Time Not Available
14 Nov	Jyothy Labs	During Market
14 Nov	KNR Constructions	Time Not Available
14 Nov	Indiabulls Housing Finance	Time Not Available
14 Nov	Hinduja Global Solutions	Time Not Available
14 Nov	FDC	After Market
14 Nov	Dilip Buildcon	Time Not Available
14 Nov	Oil and Natural Gas Corporation	Time Not Available

14 Nov	Radico Khaitan	Time Not Available
14 Nov	PNC Infratech	After Market
14 Nov	Swan Energy	Time Not Available
14 Nov	NBCC (India)	During Market
14 Nov	Sobha	After Market
14 Nov	MMTC	Time Not Available
14 Nov	Polyplex Corporation	Time Not Available
14 Nov	Lux Industries	During Market
14 Nov	Uflex	Time Not Available
14 Nov	Suprajit Engineering	Time Not Available
14 Nov	Varroc Engineering	Time Not Available
15 Nov	Rajesh Exports	After Market

# CORPORATE ACTIONS



Company	Event Type	Announced Date	Ex- Date	Dividend(Rs.)	Ratio
Motherson SWI	Bonus	30/09/2022	16/11/2022	-	2:5
Easy Trip	Bonus	10/10/2022	21/11/2022	-	3:1
Compuage Info	Rights	16/02/2022	14/11/2022	-	8:25
Destiny Logisti	Rights	30/05/2022	15/11/2022	-	1:1
Easy Trip	Splits	10/10/2022	21/11/2022	-	2:1
Amrutanjan Heal	Dividend - Interim	27/10/2022	14/11/2022	1.00	-
EPL	Dividend - Interim	28/10/2022	14/11/2022	2.15	-
Jamna Auto	Dividend - Interim	02/11/2022	14/11/2022	0.80	-
Power Grid Corp	Dividend - Interim	27/10/2022	14/11/2022	5.00	-
PowerGrid InvIT	Dividend - Interest	01/11/2022	14/11/2022	-	-
SMC Global Secu	Dividend - Interim	01/11/2022	14/11/2022	1.20	-
Aegis Logistics	Dividend - Interim	01/11/2022	15/11/2022	2.00	-
Amara Raja Batt	Dividend - Interim	03/11/2022	15/11/2022	2.90	-
Brookfield REIT	Dividend - ROC	03/11/2022	15/11/2022	-	-
Coal India	Dividend - Interim	04/11/2022	15/11/2022	15.00	-
IndiGrid InvIT	Dividend - ROC	03/11/2022	15/11/2022	-	-
Procter&Gamble	Dividend - Final	29/08/2022	15/11/2022	11.50	-
Bhagiradh Chem	Dividend - Interim	01/11/2022	16/11/2022	1.00	-
CAMS	Dividend - Interim	04/11/2022	16/11/2022	8.50	-
Bayer CropScien	Dividend - Interim	09/11/2022	17/11/2022	100.00	-
Gabriel India	Dividend - Interim	01/11/2022	17/11/2022	0.90	-
IRFC	Dividend - Interim	31/10/2022	17/11/2022	-	-

## **We are SEBI Registered “Research Analyst” INH300008881**

**This Report is Prepared by JRK Research Team for internal circulation.**

### **Connect with us:**

Write to us at [research@jrkgroup.in](mailto:research@jrkgroup.in)

WhatsApp +91 75960 65704

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