



Mr. Ashok Ajmera, CMD

Mr. Ajmera's column as on April 25, 2015

Markets remain under pressure owing to worries over corporate earnings and monsoon concerns..

Stock markets continued their slide for the second consecutive week to end at 3-month lows on the back of worries regarding corporate earnings and fears of sub-par monsoons. The lingering tax uncertainties seem to have also dampened sentiment.

In the trading week ended April 24, the 30-share Sensex shed 1004.16 points or 3.53 per cent at 27,437.94 and the 50-share Nifty is precariously placed above the 8,300 levels at 8,305, down 3.5 per cent.

In the broader markets, the BSE Mid-cap Index tumbled by 336.13 points or 3.12 per cent to settle at 10,435.64, while the Small-cap Index collapsed by 613.61 points or 5.28 per cent at 11,008.62. Indian markets witnessed weakness throughout the week as it lost -3.3%. Banknifty lost -1.80%. Almost all sectors broadly went through broad based selling and major weakness was seen in CNX Realty Index as it lost -7.7%. The second worst performing index was CNX IT which lost -5.7%. Top performers in the Nifty for the week was Tata Steel (+7%) whereas major weakness was seen in DLF (-10.9%) and Wipro (-10.80%).

All the sectoral indices ended in the red for the week, with auto, banks, IT and metals indices slipping below their 100-days moving averages.

The benchmark Sensex, which was up as much as eight per cent at one point during the year (all-time closing high of 29,681.77 on January 29), has erased its entire calendar year gains. After two weeks of losses, the Sensex at its current value of 27,437.94 is slightly below 27,499.42, where it started the year.



A poor start to the fourth-quarter earnings season has rattled investors; the likes of Infosys, TCS and MindTree reported disappointing numbers, and RIL's results also failed to enthuse the market participants.

The Indian Meteorological Department has stated that monsoons could be below average in 2015 due to the El Nino effect. A below-average rainfall could be detrimental to the economy as agriculture, which employs around two-thirds of the population, is largely dependent on monsoons. Below-normal monsoons would also weigh on inflation, halting policy rate cuts by the RBI and thereby proving to be a dampener to growth. The investor sentiment was also hurt by notices served by the income tax department, demanding payment of Minimum Alternate Tax (MAT) on investment by FIIs in the past few years.

Sectors and Stocks

The IT index led the loser's pack on the BSE, registering a cut of 643.62 points or 5.7 per cent, on account of the disappointing March quarter numbers delivered by the IT heavyweights. In the IT space, Infosys dived by as much as 6% on results day to end the week lower by 8.5% at Rs 2184 on the back of a fall in profits and revenues on quarter-on-quarter basis; Infosys disappointed with its fourth quarter numbers today. Wipro and Tech Mahindra lost between 8 per cent and 10 per cent each.

The auto index tumbled by 850.99 points or 4.45 per cent at 18,262.01. In the auto space, M&M skid 4.4% at Rs 1170.45, Tata Motors slipped 3.7% at Rs 515.30 and Bajaj Auto shed 3.3% at Rs 1996.85. In the auto-ancillaries space, Bosch nosedived by 14%, while Apollo Tyres, Motherson Sumi and Exide shed between 7 per cent and 9 per cent each.

The oil and gas index slumped by 424.45 points or 4.33 per cent at 9,385.94. Index heavyweight RIL lost 5.1% at Rs 879.40 despite reporting strong quarterly profits on the back of firm gross refining margins; ONGC, Petronet LNG and Oil India lost between 4 per cent and 9 per cent each.

The private sector lender ICICI Bank lost 0.64% at Rs 308.10 and car manufacturer Maruti Suzuki shed 2.82% at Rs 3539.80 ahead of their March quarter earnings to be announced on Monday.

Rupee

In the week ended April 24, the rupee ended the week at a three-and-a-half month low of 63.56 against the dollar on the back of month-end dollar demand and capital outflows from the equity markets, as foreign funds pulled out from domestic debt after the trade deficit widened and the government said foreign investors would have to pay a retrospective tax.



Ajcon GlobalTM
Your Friendly Advisor
Since 1986



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE

Outlook

Maruti Suzuki India, ICICI Bank, Idea Cellular, Bharti Airtel, Sesa Sterlite and HDFC are among the major companies scheduled to declare their numbers in the forthcoming week. Any earnings disappointments could drag the market further in the near term.

The movement of the rupee and foreign fund inflows will also dictate the trend on the bourses.

The April F&O expiry scheduled on Thursday would be an important factor in determining the near-term market trend.

The market participants would also keenly watch developments on the GST front, given the fact that the bill has been introduced in the Lok Sabha.

The markets would be shut for trading on Friday on account of May Day.



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE

Disclaimer

Ajcon Global Services Ltd. is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Ltd. research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information. Individuals employed as research analyst by Ajcon Global Services Ltd. or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and five days after the publication of a research report.

We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions in act as a principal in, and buy or sell the securities or derivatives thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

The information and opinions in this report have been prepared by Ajcon Global Services Ltd. and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Ltd. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Ltd. is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Ltd. from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Ltd. will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Ltd. accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Ltd. or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Ltd. or its associates have not received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

Ajcon Global Services Ltd. encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Ltd. or its analysts did not



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE

receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Ltd. nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that CA Ashok Ajmera, research analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Ltd. or its subsidiaries collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

It is confirmed that CA Ashok Ajmera research analyst do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Ltd. may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor Ajcon Global Services Ltd. have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Ltd. by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Ajcon Global Services Ltd. and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

For research related queries contact:

Mr. Akash Jain – Vice President (Research) at research@ajcon.net

CIN: L74140MH1986PLC041941

Website: www.ajcononline.com

Corporate and Broking Division : 408 – (4th Floor), Express Zone, “A” Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel’s, Western Express Highway, Malad (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062

Registered Office: 101, Samarth, Off. Hinduja Hospital, 151 Lt. P.N. Kotnis Road, Mahim (West), Mumbai – 400016. Tel: 022-24460335/36/40