



**Mr. Ashok Ajmera, CMD & CEO**

**Mr. Ajmera's column as on 6th August, 2016**

**Total Market Capitalisation of BSE listed companies touches all time high; GST passed in Rajya Sabha..**

### **Domestic bourses performance**

Helped by a strong stock market show, the total valuation of BSE-listed companies surged to an all-time high of Rs 109 lakh crore. At the close of trade, the total market capitalisation (m-cap) of BSE-listed companies rose to Rs 1,09,17,053 crore or USD 1.63 trillion. Investor wealth of BSE-listed firms, measured by market capitalisation, had seen a previous record high of Rs 1,08,03,154 crore on July 25, 2016. The BSE Sensex rallied 363.98 points or 1.31 per cent to settle at 28,078.35 on Friday.

TCS is the most valued Indian firm with a m-cap of Rs 5,21,946.66 crore followed by RIL (Rs 3,29,013.53 crore), HDFC Bank (Rs 3,17,052.47 crore), ITC (Rs 3,03,750.88 crore) and Infosys (Rs 2,45,175.87 crore). BSE is among the world's 10 largest exchanges in terms of market value while it is the biggest for number of firms listed on its platform.

Over 2,900 companies trade on BSE. On the exchange, 1,841 scrips advanced, while 894 declined and 171 remained unchanged.

Domestic bourses were flat during the week. Nifty and Sensex marginally up this week by 0.52% and 0.06% respectively. In terms of sectors Metals, Automobiles and Cement were the winners of the week. Engineering, Finance and Media sectors were the notable losers this week.

### **Key developments**

Reserve Bank of India Governor Raghuram Rajan on Friday met finance minister Arun Jaitley and is believed to have discussed the macroeconomic situation ahead of his last



monetary policy review scheduled on Tuesday. Rajan's meeting with Jaitley took place in the backdrop of the government on Friday notifying 4 per cent inflation target for the next five years, based on which the proposed Monetary Policy Committee would decide on policy rates going forward. This was one of the key reforms suggested by the RBI under Rajan's leadership.

The RBI also announced this month its plan to give bank licences on tap, a departure from the existing practice wherein licences were given after a gap of many years. Rajan will announce his last scheduled monetary policy review on August 9. He would be demitting office on September 4 after completing a three-year term. The RBI had maintained status quo on interest rate in its June monetary policy review. The Central bank has reduced interest rate by 150 basis points since January 2015 with an aim to boost economic growth, but Rajan has faced criticism for slow reduction in rates. The government is yet to announce Rajan's replacement.

### **GST update**

Lok Sabha is set to take up the GST Bill for passage on Monday during which Prime Minister Narendra Modi will intervene, even as the Centre today continued efforts for its early ratification by the state assemblies. Giving the information that Lok Sabha will take up the GST Bill on Monday, a senior Union minister said that the measure is likely to be passed the same day. "The Prime Minister will intervene during he debate on the GST Bill in Lok Sabha," the minister said. The opposition had attacked Modi for not intervening during the debate on the bill in Rajya Sabha on Wednesday. Congress leader Jairam Ramesh had said this was the first occasion in independent India that the Prime Minister was not present during the passage of a Constitution Amendment Bill. He had dubbed it as "PM-mukt Parliament". Meanwhile, BJP issued a whip to its members in the Lower House to remain present on August 8. Aiming for early implementation of Goods and Services Tax (GST), top central ministers have spoken with nine chief ministers of NDA-ruled states to ensure that the constitutional amendment is ratified by state assemblies at the earliest. Some chief ministers of BJP-ruled states have given an assurance to call special sessions of their respective assemblies to ratify the bill. The GST Bill has to be ratified by at least 16 states in 30 days after it is passed by Parliament.

On Wednesday, Rajya Sabha had approved the bill with an overwhelming majority. Six official amendments, including scrapping of one per cent additional tax, were moved by the government which were approved by an overwhelming majority in the Upper House. The bill was passed by Lok Sabha earlier. Now it has to go back to the Lower House for incorporating the amendments approved by Rajya Sabha. Once implemented, GST will subsume various taxes including excise, services tax, octroi and other levies and the proceeds will be shared between the Centre and the states. Instead of goods being taxed multiple times at different rates, under the new GST regime goods would be taxed at the point of consumption.

### **Global Markets**

US stocks notched their best day in a month on Friday, with the S&P 500 and Nasdaq closing at record highs after a second straight month of robust labor market data boosted optimism that economic growth is accelerating.



The US Labor Department report showed that nonfarm payrolls rose by 255,000 in July, far outpacing expectations for a gain of 180,000. While the unemployment rate remained unchanged at 4.9 percent, it held below the 5 percent mark associated with full employment.

The S&P 500 ended at 2,182.87, its eighth closing high of the year, powered by a 1.9 percent gain in financials, which would be primed for a profit boost should the Federal Reserve raise interest rates.

Employment numbers were weak in April and May, and a surprisingly strong reading in June left investors unsure of the state of the economy. The June employment number was revised to 292,000 from 287,000.

The Fed may still wait for gross domestic product growth to improve and inflation to move closer to its 2 percent target before pulling the trigger on a rate hike. The probability of a hike doubled to 18 percent for September after the jobs report and rose to about 46 percent for December, according to CME Group's FedWatch tool.

The Dow Jones industrial average rose 191.21 points, or 1.04 percent, to 18,543.26, the S&P 500 gained 18.57 points, or 0.86 percent, to 2,182.82 and the Nasdaq Composite added 54.87 points, or 1.06 percent, to 5,221.12. The Nasdaq surpassed a record set in July 2015. For the week, the Dow rose 0.6 percent, the S&P 500 gained 0.4 percent and the Nasdaq advanced 1.1 percent. Bristol-Myers plunged 16 percent after its lung cancer drug failed in a late-stage study while Merck, which makes a rival drug, rose 10.4 percent. Bristol-Myers was the biggest drag on the S&P 500, while Merck gave the benchmark index its biggest boost. Advancing issues outnumbered declining ones on the NYSE by a 2.64-to-1 ratio; on Nasdaq, a 2.57-to-1 ratio favored advancers. The S&P 500 posted 29 new 52-week highs and no new lows; the Nasdaq Composite recorded 126 new highs and 21 new lows.

### **Week ahead and Ajcon's view:**

In the biggest tax reform since Independence, the national sales tax or GST Bill was on Wednesday approved by the Rajya Sabha to replace a raft of different state and local taxes with a single unified value added tax system to turn the country into world's biggest single market. The 66-year-old Constitution, which gives power to Centre to levy taxes like excise, and empowers states to collect retail sales taxes, was amended through the 122nd Constitution Amendment Bill. Prime Minister Narendra Modi said the GST will "also be the best example of cooperative federalism" and "Together we will take India to new heights of progress". Goods and services tax (GST) is now listed for passage as well as consideration in the Lok Sabha next week. Any deferral in passing of bill will put pressure on Benchmark indices. Earnings season has been a mixed bag so far especially in large caps. Monsoons have been above normal which has aided in domestic bourses moving up strongly.

Markets would take cue from RBI Monetary Policy on August 09, 2016. We advise investors to remain stock specific and look for Companies whose valuations provide Margin of safety.

### **CA Ashok Ajmera**



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.

Ajcon Global Services Ltd. is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

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 as prescribed under SEBI Research Analyst Regulations.

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

Ajcon Global Services Ltd. or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

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.



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE

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 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 or any other Research Analysts of this report has not received any compensation from the company 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 Directors including their relatives, 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 or any other Research Analysts of Ajcon Global 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.

### **Analyst Certification**

I, CA Ashok Ajmera, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.



**Ajcon Global**<sup>TM</sup>  
Your Friendly Advisor  
Since 1986

STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE



**For research related queries contact:**

Mr. Akash Jain – Vice President (Research) at [research@ajcon.net](mailto:research@ajcon.net)

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

**Website:** [www.ajcononline.com](http://www.ajcononline.com)

**Corporate and Broking Division :** 408 – (4<sup>th</sup> 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