ArihantCapital
Generating Wealth

Sales Note

Arihant Morning Daily

Nov 16th, 2022

Market Data

Index	Closing	% Chg	% YTD
BSE Sensex	61,873	0.29	6.21
Nifty 50	18,403	0.41	6.05
Nifty Midcap 50	8,675	0.00	3.15
BSE Smallcap	29,058	0.40	6.21

World Indices	Closing	% Chg	% YTD
Nikkei	27,986	-0.02	-2.82
Hang Sang	18,277	-0.42	-21.9
Dow Jones	33,593	-0.17	-7.56
Nasdaq	11,358	1.45	-27.4
FTSE 100	7,369	-0.21	-0.20

Currency	Closing	% Chg	% YTD
USD/INR	81.31	0.31	9.4
EUR/INR	84.3	0.53	0.33
EUR/USD	1.03	0.22	-8.3

Commodity	Closing	% Chg	% YTD
BRENT CRUDE	72.4	0.29	16.50
GOLD/TROY Oz.	1,779	0.14	-4.94
SILVER/TROY Oz.	21.6	0.65	-14.01

Indian ADRs	Closing	Net Chg	% Chg
Dr. Reddy's Lab	55.03	0.58	1.07
HDFC Bank	69.43	1.10	1.61
ICICI Bank	23.05	0.60	2.67
Infosys	19.76	0.21	1.07
Tata Motors	27.03	-0.07	-0.26
Wipro	4.990	0.000	0.00

52 Week High		
Script	Closing Price	52 Wk High Price
ACE	333	348
AKZOINDIA	2,305	2,390
AMBUJACEM	587	593

52 Week Low		
Script	Closing Price	52 Wk Low Price
COSMOFIRST	674	658
DCMSHRIRAM	892	890
GLOBUSSPR	736	700

FII & DII Activities (INR Cr)		
Market Segment	Last Trading Session	Year to Date
Index Futures	110	(15,128)
Stock Futures	(1,242)	17,303
Net Future Position	**(1,132)**	**2,175**
Index Options	(2,010)	5,38,047
Stock Options	69	(83)
Net Options Position	**(1,942)**	**5,37,964**
FII In cash Segment	(221)	(2,73,387)
DII In cash Segment	(549)	2,51,721
Net Cash Position	**(771)**	**(21,666)**

Stock /Industry Specific News

- Bikaji Foods International will make its grand debut on the bourses on November 16. The issue price has been fixed at INR 300 per share.
- Tata Consultancy Services; TAP Air Portugal, the flag carrier airline of Portugal, has selected TCS as a strategic partner, to accelerate its digital transformation and drive innovation. The company will establish an Airline Digital Center (ADC) in Portugal, staffed with consultants with deep domain knowledge of the airline industry, solution architects and technology experts.
- M&M Farm Equipment Sector inaugurated its first dedicated farm machinery plant (non-tractor) in Pithampur, Madhya Pradesh. The company will manufacture farm machinery equipment under the Mahindra and Swaraj brands.
- IndiGo CarGo commences operations with its first freighter flight between Delhi & Mumbai. IndiGo has commenced operations of its first A321 Freighter aircraft between Delhi and Mumbai, effective from 15th November.
- Escorts Kubota’s Division Escorts Agri Machinery to Increase Prices Of Tractors From Today. Price hike to offset the impact of cost inflation.
- ONGC reported 30% fall in net profit for September quarter after the government levied windfall tax to take away gains arising from spurt in international oil and gas prices. ONGC’s net profit fell to INR 12,825 crore compared with INR 18,347 crore a year ago. ONGC on Monday said its board has declared an interim dividend of INR 6.75 per equity share of face value of INR 5 each i.e. at 135 % for the financial year 2022-23.
- Bharat Electronics PSU has signed an MoU with Yantra India (YIL), a defence PSU for cooperation in the areas of ammunition hardware and military-grade components to jointly address the requirements of Indian defence and export markets. The company also signed an MoU with US-based Profense LLC for cooperation in the manufacturing and marketing of light weapons. It also signed an MoU with SVC Tech Ventures LLP for cooperation in the manufacturing and marketing of heavy-duty blast doors, and with Defence PSU Hindustan Shipyard for joint development, manufacturing and product upgrades of identified products and systems.
- Wipro announced new retail solutions based on Microsoft Cloud and Cloud for Retail.
- Reliance Power; Piramal Capital and Housing Finance Limited has withdrawn its application against the company to initiate corporate insolvency resolution process under Section 7 of the Insolvency and Bankruptcy Code.
- Biocon Ltd. said that it will fund the Viatris deal through debt and equity. The deal is likely to be completed in the upcoming quarters. The company also said that the Initial Public Offering of Biocon Biologics will take time and will not happen in the next twelve months.

Inside Arihant’s Morning Daily

- **Govt to trim fiscal deficit in FY24, follow glide path**

Govt to trim fiscal deficit in FY24, follow glide path

The Centre will trim its fiscal deficit meaningfully in 2023-24 by using a portion of the fiscal space available in the year, including savings of `1 trillion from the discontinuation of the free grains scheme and lower subsidies on fertilisers and cooking gas due to a moderation seen in global commodity prices, a senior official told FE.

It will use some of the space available from savings on subsidies to keep capital expenditure at a robust level, though a sharp increase in the overall expenditure is unlikely, the official added.

“We have to see how much capex can be increased in 2023-24 as there is a fiscal deficit reduction path outlined by the finance minister,” the official said. According to the glide path, the Centre has to bring down the fiscal deficit to 4.5% of GDP by 2025-26.

“We are likely to close 2022-23 with a fiscal deficit very much around the budgeted level as a percentage of GDP (6.4%), even though expenditures will rise,” the official added.

Of course, the Centre is unlikely to be ultra-aggressive in fiscal tightening in 2023-24 to avoid any negative impact on growth. It will seek to contain its already-elevated gross market borrowing in the next fiscal at a lower level of GDP than in 2022-23, as it intends to mitigate its elevated debt as well as interest burden.

The Centre will likely spend an additional `2.8 trillion on major subsidies compared with `3.18 trillion budgeted for 2022-23, including about `1.24 trillion on the free grains scheme, `1.3 trillion on fertiliser subsidy and `22,000 crore on cooking gas subsidy. The FY23 budget estimate (BE) was `2.06 trillion for food subsidy, `1.05 trillion for fertilisers and `5,812 crore for petroleum.

The Russia-Ukraine war has led to a spike in fertiliser and fuel subsidies as global prices of the relevant commodities remained elevated. Imported fertiliser costs almost doubled in less than a year. Despite the lowering of the distress level among masses after the pandemic, the government extended the free grains scheme for the first nine months of the current fiscal.

According to an FE analysis, the net (post-devolution) tax revenue for the Centre could be around `2.5 trillion higher than the BE of `19.3 trillion. This would provide comfort to fund additional expenditure on subsidies even though non-tax revenues may see a shortfall of about `50,000 crore in 2022-23. Savings of about `70,000-80,000 crore from the existing budget heads will help keep the deficit at the targeted level for 2022-23. Higher nominal GDP growth due to elevated inflation than budgeted will also help.

“Hopefully, if prices come down, there will be some relief on some of the subsidies next year, especially fertilisers and petroleum,” the official said, adding that discontinuation of the free grains scheme will yield a substantial reduction in food subsidies.

“We anticipate that a moderate fiscal correction would be attempted next year, with a fiscal deficit in the range of 5.5-6%, depending on factors such as the market-driven level of fertiliser subsidy and whether free food grains are provided in the coming fiscal,” rating agency Icra’s chief economist Aditi Nayar said.

The Centre is unlikely to raise its Budget size substantially for the next fiscal, upon the bloated revised estimate (RE) for FY23. The budget spending may rise by around `2 trillion to `41.4 trillion in the 2022-23RE over the BE.

However, given its sustained focus on productive spending to spur economic growth, the budgetary capex could still witness a decent expansion.

However, the pace of rise in capex in 2023-24 will be lower than the budgeted 27% for this fiscal to `7.5 trillion (including `1 trillion in long-term, interest-free loans to states for capex) due to the already high base and the limited capacity of departments to scale up such spending substantially year after year. But the tightening of growth in revenue expenditure will likely continue in 2023-24, despite elections in 2024.

Source: Financial Express

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	Arihant House
Andheri Ghatkopar Link Road	E-5 Ratlam Kothi
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 3016100
Tel: (91-22) 42254800	Fax: (91-731) 3016199
Fax: (91-22) 42254880	

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800Fax. 022-42254880