



## Market News

ATC Telecom Infrastructure on April 26 sold its entire 2.87 percent stake in Vodafone Idea comprising 144 crore shares, at an average price of Rs 12.78. The total value of the shares sold by ATC stood at Rs 1840.32 crore.

Citigroup Global Markets Mauritius picked up 49.12 crore shares at Rs 12.7 per share and later sold 98.74 lakh shares at Rs 13.47 per share. This resulted in Citigroup Global Markets Mauritius buying 0.73 percent stake.

The Maruti Suzuki India Limited fell 2 percent in the afternoon trade on April 26, ahead of its fourth quarter result announcement later in the day.

India's largest car manufacturer is expected to report a net profit rise of Rs 3,916 crore, up almost 50 percent from the year-ago period, a Moneycontrol poll of nine brokerages has estimated. Revenue is expected to jump 21 percent to Rs 38,772 crore.

"The rise in revenue (would be) led by higher overall unit sales, better product mix, a higher proportion of SUV and export sales," Axis Securities said in a note.

Shares of non-bank finance lender Bajaj Finance plunged around 8 percent in early trade on April 26 after the company's Q4 earnings report showed a decline in net interest margin. The company's net interest margin eroded 21 basis points in the fourth quarter on a QoQ basis to around 10 percent.

At 11.42 am, shares of Bajaj Finance were trading at Rs 6,744 on the NSE, lower by over 7 percent. Kotak Institutional View

Even though the lender's earnings look in line, brokerage firm Kotak Institutional Equities believes a normalization in business parameters (growth in mid-20s, NIM compression due to rising rates and shifting business mix, reversion in credit costs) will put near-term pressure and drive EPS cuts for Bajaj Finance, even as overall performance remains healthy. Indian pharma player Laurus Labs expects improvement in EBITDA margins in the coming year, supported by better asset utilisation and productivity gains while continuing new initiatives, the company said in a press statement on April 25, post its Q4 results.



## Result Calendar



**DATE :- 29-APR-24**

**COMPANY NAME :- TATACHEM, BSOFT, TRENT, ULTRACEMCO**

**DATE :- 30-APR-24**

**COMPANY NAME:- EXIDEIND, CHOLAFIN, IOC, INDUSTOWER, HAVELLS**

**DATE :- 01-MAY-24**

**COMPANY NAME :- AMBUJACEM**

**DATE :- 02-MAY-24**

**COMPANY NAME:- DABUR, COFORGE, COALINDIA**

**DATE :- 04-MAY-24**

**COMPANY NAME:- KOTAKBANK**

Corporate Action	Company	Type & Percentage	Record Date	Ex-Date
<b>Bonus</b>	<b>Nidhi Granites</b>	<b>Bonus Ratio 1:1</b>	<b>02-05-2024</b>	<b>02-05-2024</b>
<b>Split</b>	<b>Bhagiradh Chem</b>	<b>Old FV 10 New FV 1</b>	<b>02-05-2024</b>	<b>02-05-2024</b>
<b>Rights</b>	<b>Billwin Ind</b>	<b>Rights Ratio 1:1</b>	<b>29-04-2024</b>	<b>29-04-2024</b>
<b>Rights</b>	<b>Orient Trade</b>	<b>Rights Ratio 1:1</b>	<b>03-05-2024</b>	<b>03-05-2024</b>
<b>Dividends</b>	<b>360 ONE WAM</b>	<b>Interim 350.00</b>	<b>02-05-2024</b>	<b>02-05-2024</b>
<b>Dividends</b>	<b>CRISIL</b>	<b>Interim 700.00</b>	<b>03-05-2024</b>	<b>03-05-2024</b>
<b>Dividends</b>	<b>ABB India</b>	<b>Interim 1190.00</b>	<b>03-05-2024</b>	<b>03-05-2024</b>
<b>Dividends</b>	<b>Sanofi India</b>	<b>Interim 1170.00</b>	<b>03-05-2024</b>	<b>03-05-2024</b>

## Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 22625.95 and in Downside 22198.15.



NIFTY WEEKLY CHART



BANKNIFTY WEEKLY CHART

## Nifty Spot in Upcoming Week:-

Nifty down side 22300 is strong support buy in deep up side target 22900 to 23400 possibility.

## Bank Nifty in Upcoming week:-

Bank Nifty down side 47700 is strong support if not close below this level then up side target 48900 possibility.

## Recommendation for next week

Serial No.	Stock Name Cash segment	Above Below / Add HOLD	CMP as on 27.04.2024	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	PETRONET (BUY)	HOLD 300	308.65	298			350
2	GLENMARK (BUY)	HOLD 1035	1080		970		1150
3	ITI (BUY)	AROUND 280	293		269		325-335

# Commodity Market

**COPPER CMP (858):-** Investors can buy in deep around level 820 with sl 814 up side target 875 to 900 possibility.



**CRUDEOIL CMP (6995):-** Investors can sell on rise around level 7380 to 7420 with stop loss 7525 down side target will be to 6700 to 6500 possibility buy in deep around 6550 with sl 6380 up side target 7000 possibility.

**SILVER CMP (81327):-** Investors can buy on every deep with stop loss of 78000 closing basis up side target will be 89000 to 91000 possibility.



**GOLD CMP (71486):-** up side 72900 to 73400 is resistance down side 69900 to 69200 is strong support.

## The Mega Opportunity in Indian Megacaps (Part 2)

This article is presented by Saurabh Mukherjea's Marcellus Investment Manager via their blog.

**Although India's 20 most profitable listed companies (the 'Megacaps') account for around 50% of the profits generated by the BSE 500 companies, these Megacaps account for just 34% of the BSE500's market cap (down from 41% a decade ago and 45% nearly two decades ago). Indian retail investors' fascination with SmallCaps seems to be the primary reason for the decline in the market cap weight of the Megacaps. As a result, on a P/FCF basis, not only are the Megacaps cheaper than every other segment of the Indian stock market, but they are also trading at the lowest valuations we have seen for Megacaps since 2016.**



## ...and the Megacaps' market capitalization share got compressed

Even as the profit share of India's Megacaps has remained steady over the past decade, their market cap share has fallen relentlessly – from 41% of the BSE500's market cap in 2013 to around 34% now. Interestingly, this anomalous situation does not exist in the only other large stock market in the world which has thrived over the past decade, the United States. In fact, if we were to look at the concentration of profits for the top 20 companies in the US vis-à-vis the S&P 500, it has risen over the last 10 years, but so has their market capitalization concentration. The table below highlights how the Indian and American stock markets have moved in opposite directions when it comes to profit concentration vs market cap concentration.

Countries	PAT Concentration (%)		PAT concentration change (% points)	Mcap Concentration (%)		Mcap concentration change (% points)
	2013	2023		2013	2023	
United States	39%	42%	3.2%	30%	36%	6.4%
India	49%	50%	0.3%	41%	34%	-6.5%

Source: Marcellus Investment Managers, Ace Equity, Bloomberg; top 20 in India and US selected basis PAT; broad based index used in India is BSE 500 whereas for the US it is S&P 500; data analysed from Dec-13 to Dec-23

So, why is profit concentration in India moving in the opposite direction to market cap concentration when the same is NOT happening in the United States?

The 6%-point rise in market capitalization concentration in the USA is largely a result of the rise of passive investing in the country. Researchers from UCLA and the University of Minnesota argue in their prescient paper on the subject that flows in the United States have become more 'inelastic' to valuation and price changes owing to a massive rise in passive investing. To be precise, passive funds' share in the ownership of an average listed American company has more than trebled

from 6% in 2013 to 19% in 2023. In fact, according to the Investment Company's Factbook, fee-based advisers had 41% of their clients' money invested in ETFs in 2021, up from 10% in 2011). What this essentially means is that the American stock market has created a dynamic where large companies keep attracting investors through passive investing, just by dint of their market cap.

In contrast, in India, whilst the profit concentration of the top 20 has remained steady at around 50% in the last decade, their market capitalization concentration has reduced by nearly 7% points, meaning equity markets in India have actually punished the best profit generators in the country vis-à-vis the rest of the companies.

## Rise of the Indian retail investor (and of SmallCaps)

A key reason for the divergence between profit vs mkt cap concentration in India is the meteoric rise of the Indian retail investor. As the table below shows, in the aftermath of Covid, retail investors have flooded into the Indian stock market. In fact, the number of demat accounts has increased from ~40 mn in 2020 to ~140 mn now, growing by 3.5x in the span of just 3 years!

**Exhibit 4: Retail investors' ownership of the free floating stock in the Indian market has risen sharply since March 2020**

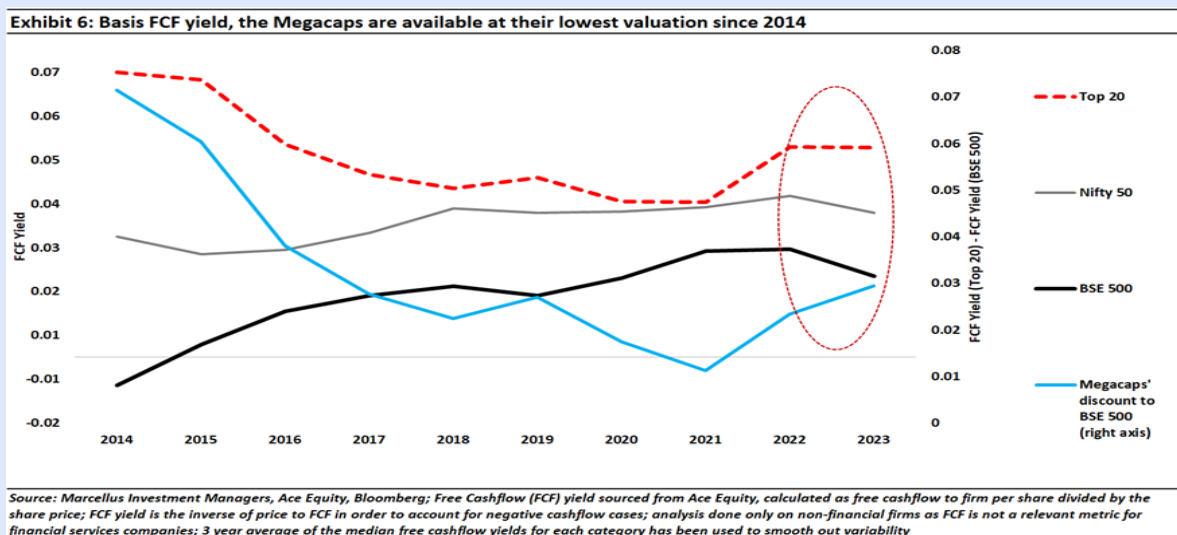
Date	Domestic MFs	Banks, FIs & insurance	FIs*	Non-promoter corporate	Retail
Mar-20	16.1	11.2	42.4	6.7	17.2
Jun-20	15.8	11.2	41	6.4	17.6
Sep-20	15.5	10.5	41.6	5.8	18.3
Dec-20	14.7	10.1	43.3	5.9	17.9
Mar-21	14.5	10.2	42.9	6.3	18
Jun-21	14.6	10	41.9	6.4	18.9
Sep-21	14.8	9	41.6	6.9	18.9
Dec-21	15	8.8	39.9	7.6	19.6
Mar-22	15.7	9.1	39.1	7.3	19.7
Jun-22	16.4	9.6	38.1	7.6	19.7
Sep-22	16.5	11.9	38.5	5.7	19.1
Dec-22	16.6	12	38.8	3.7	18.9
<b>Change between Mar 2020 and Dec 2022</b>	<b>0.5</b>	<b>0.8</b>	<b>-3.6</b>	<b>-3</b>	<b>1.7</b>

*Source: Marcellus Investment Managers, CMIE Prowess, NSE EPR (sourced from NSE India Ownership Tracker - Mar '23); \* - FI ownership includes ownership through depository receipts held by custodians; all units in % terms*

## Why does any of this matter?

The disproportionate interest that Indian retail investors have taken in stocks beyond the Megacaps has made the 20 largest profit generators cheaper: (a) relative to their recent history; and (b) relative to the rest of the Indian stock market.

To quantify exactly how big an opportunity this is we looked at the free cashflow yields (i.e. the inverse of the Price / Free cashflow) of the Megacaps (the top 20 by PAT), ultra large caps (the Nifty 50), and the broader market (the BSE 500). We found that the FCF yield differential between Megacaps and BSE 500 has widened (see exhibit below) to levels not seen since 2016 i.e., on a P/FCF basis, **Indian Megacaps are the cheapest they have been – relative to the broader Indian market – since 2016.**



To the extent that the same economic opportunities are available for all Indian companies, there is no reason for the 20 largest profit generators to trade at a discount to the rest of the Indian stock market. Therefore, this ~300 bps discount between the Megacaps and the BSE500 should get closed in in the years to come as the Megacaps rally towards fair value.

### HEAD OFFICE

B/230-231, International Trade Center, Majura Gate, Ring Road, Surat-2. (Guj.) India Ph: 0261-40 60 750, 246 27 90 Fax: 0261-246 27 91 www.markethubonline.com E-Mail: info@markethubonline.com

**IA SEBI REGISTRATION NO.:INA000005333**

#### Disclaimer:

We do not represent that information provided by us is accurate or complete and it should not be relied upon as such. The advice provided here is just for knowledge purpose only. The user assumes the entire risk of any use made or not made of this information. INVESTMENT IN EQUITY, MUTUAL FUND, EQUITY, CURRENCY & COMMODITY DERIVATIVES IS SUBJECT TO RISK. WE ARE DISTRIBUTOR OF MUTUAL FUND Client should read the Risk Disclosure Document (RDD) & Do's and Don'ts issued by SEBI & relevant exchanges before investing