

# Weekly Newsletter

16 Jan 2021

## Index – Nifty Next 50

The Nifty Next 50 is one of the major broader indices of NSE. The Nifty Next 50 represents 50 companies from Nifty 100 after excluding the Nifty 50 companies. The Index was launched on December 24, 1996 and has 50 constituents from 14 different sectors. Consumer goods sector has the highest weightage of 28.62%, followed by financial services with a weightage of 19.96%. Based on constituents, Avenue Supermarts and Adani Green Energy has the highest weightage, 4.56% each.

### Sector Representation

Sector	Weight(%)
CONSUMER GOODS	28.62
FINANCIAL SERVICES	19.96
PHARMA	12.87
IT	6.52
POWER	5.89
OIL & GAS	5.80
CEMENT & CEMENT PRODUCTS	3.54
AUTOMOBILE	3.40
SERVICES	3.05
CHEMICALS	2.98
TELECOM	2.40
METALS	1.83
CONSTRUCTION	1.59
INDUSTRIAL MANUFACTURING	1.55

### Top constituents by weightage

Company's Name	Weight(%)
Avenue Supermarts Ltd.	4.56
Adani Green Energy Ltd.	4.56
Info Edge (India) Ltd.	4.00
Tata Consumer Products Ltd.	3.91
ICICI Lombard General Insurance Company Ltd.	3.67
Dabur India Ltd.	3.34
Godrej Consumer Products Ltd.	3.10
Bandhan Bank Ltd.	3.01
Pidilite Industries Ltd.	2.98
Aurobindo Pharma Ltd.	2.87

On a 1-month basis, the index has given a return of 5.09%, while on a 1-year basis, the index has returned 16.57%.

As on Dec 31, 2020, the index had a P/E of 41.24, P/B of 4.45, and dividend yield of 1.07%.

The Nifty Next 50 index closed at 33,780.95 for the week, down 1.6% for the week. 18 stock gained, 1 stock remain unchanged, and 31 stocks declined for the week.

Top Performers for the week among Nifty Next 50 constituents

NSE Symbol	Company	Market Cap (₹ in crores)	Stock Price		% change
			09-01-2021	16-01-2021	
BANKBARODA	Bank of Baroda	34,724	66	75	15.0%
DLF	DLF	69,173	246	280	13.5%
PEL	Piramal Enterprises	36,653	1,519	1,628	7.2%
BOSCHLTD	Bosch	43,548	13,860	14,740	6.3%
LUPIN	Lupin	49,573	1,037	1,092	5.3%

Worst Performers for the week among Nifty Next 50 constituents

NSE Symbol	Company	Market Cap (₹ in crores)	Stock Price		% change
			09-01-2021	16-01-2021	
BANDHANBNK	Bandhan Bank	59,354	419	369	-12.1%
HINDZINC	Hindustan Zinc	1,15,858	301	273	-9.2%
NAUKRI	Info Edge (India)	64,467	5,401	5,040	-6.7%
ADANIGREEN	Adani Green Energy	1,48,229	1,015	949	-6.5%
MUTHOOTFIN	Muthoot Finance	48,263	1,282	1,203	-6.1%

## IPO

There are two IPO issues opening next week. The issues of Indian Railway Finance Corporation (IRFC) and Indigo Paints.

The IRFC issue opens on Monday, Jan 18, 2021 and closes on Wednesday, Jan 20, 2021. The issue price band is ₹25 – ₹26 and the lot size is 575 shares. The company plans to raise close to ₹4,600 crores through the issue.

The issue of Indigo Paints opens on Wednesday, Jan 20, 2021 and closes on Friday, Jan 22, 2021. The price band for the issue is ₹1488 - ₹1490 per equity share of face value of ₹10 each. Bids can be made at a minimum of 10 equity shares and in multiples of 10 equity shares thereafter. Company plans to raise ₹1,170 crores through the issue of which ₹300 crores is fresh issue of equity shares, while ₹870 crores is offer for sale by existing shareholders.

## Corporate Results

Companies have started declaring their financial results for the quarter ended December 2020.

Among major companies, TCS, Infosys, Wipro has announced their Dec 2020 quarter results.

TCS reported a revenue of ₹42,015 crores for the Dec 2020 quarter, up 5.42% compared to Dec 2019 quarter. Company made a Net profit of ₹9,142 crores, up 12.25% year-on-year. The equity shares of TCS currently trade at ₹3,233 per share. At this price, the stock trades at a P/E of 38.84 and P/B of 12.58. Company had a market capitalisation of ₹11,96,032 crores.

Infosys reported a revenue of ₹25,927 crores for the Dec 2020 quarter, up 12.27% compared to Dec 2019 quarter. Company made a Net profit of ₹5,672 crores, up 28.29% year-on-year. The equity shares of Infosys currently trade at ₹1,345 per share. At this price, the stock trades at a P/E of 30.8 and P/B of 8.00. Company had a market capitalisation of ₹5,72,893 crores.

Wipro reported a revenue of ₹15,670 crores for the Dec 2020 quarter, up 1.29% compared to Dec 2019 quarter. Company made a Net profit of ₹3,164 crores, up 27.09% year-on-year. Company announced an interim dividend of ₹1 per equity shares. The equity shares of Wipro currently trade at ₹439 per share. At this price, the stock trades at a P/E of 24.73 and P/B of 4.14. Company had a market capitalisation of ₹2,50,646 crores.

## IIP – Nov 2020

The Index of Industrial Production data for November 2020 was released on 12 January 2021. The Index of Industrial Production (IIP) for November 2020 stood at 126.3. That is a decline of 1.94% year-on-year and a decline of 2.24% month-on-month. The IIP measures the industrial activity of Indian Economy.

On sectoral basis, IIP consists of 3 sectors: Mining, Manufacturing, and Electricity. Mining had a share of 14.37%, Manufacturing 77.63%, and Electricity 7.99% in the index. The mining IIP stood at 104.5 for the month, down 7.27% year-on-year and up 6.41% month-on-month. The manufacturing IIP stood at 128.5, down 1.68% year-on-year and down 2.36% month-on-month. The Electricity IIP stood at 144.8, up 3.5% year-on-year and down 10.72% month-on-month.

On a use-based classification, IIP has six classification. They are Primary goods (34.04% weight), Capital goods (8.22%), Intermediate goods (17.22%), Infrastructure/Construction goods (12.34%), Consumer durables (12.84%), and Consumer non-durables (15.33%). On a year-to-year basis, all declined, except Infrastructure/Construction goods sector. On a month-on-month basis, Primary goods and Consumer non-durables increased, whereas, other 4 sectors declined.

## CPI Inflation – Dec 2020

The inflation based on Consumer Price Index for Dec 2020 is 4.59%. For Nov 2020, the CPI inflation was 6.93%. Food inflation for Dec 2020 is 3.41%, compared to 9.50% in Nov 2020. The Consumer Price Index (CPI) and the Consumer Food Price Index (CFPI) declined on month-on-month basis. CPI for Dec 2020 is 158.5, while in Nov 2020 it was at 160.7. Similarly, CFPI declined to 159.1 in Dec 2020 compared to 164.9 in Nov 2020.

CPI has six constituents. Food and Beverages; Pan, tobacco & intoxicants; Clothing and Footwear; Housing; Fuel and light; Miscellaneous. Among these, 2 constituents had an inflation rate greater than the general CPI. They are pan, tobacco and intoxicants & Miscellaneous. Pan, tobacco, and intoxicants has an extremely low weight of 3.26% in the index. But miscellaneous has a weight of 27.26% in the index.

Miscellaneous has 6 sub-segments. They are Household goods and services; Health; Transport and communication; Recreation and amusement; Education; Personal care and effects. Among these 6, 4 of them, Health, Transportation, Recreation and amusement, and Personal care and effects sub-segments inflation rate was higher than the general CPI. Recreation and amusement have an extremely low weight of 1.37%. But the other three, Health, Transport and communication, Personal care and effects had a weight of 6.83%, 7.60%, and 4.25% respectively, in the general CPI.

High inflation rate for these 3 sub-segments existed in Nov 2020 also. The decline in general CPI in Dec 2020 is mainly due to the decline in inflation rate of the food and beverage segment, which has a weight of 54.18% in CPI. On a month-on-month basis, inflation rate for the sub-segment Personal care and effects declined. So, it is the sub-segments of 'health' and 'transport and communication' where inflationary pressure exists currently.

## WPI Inflation – Dec 2020

The inflation rate based on Wholesale Price Index (WPI) stood at 1.22% for the month of Dec 2020. The Wholesale Price Index for Dec 2020 is 124.5, it was 124.2 in Nov 2020. For Nov 2020, the WPI inflation rate was 1.55%.

WPI has 3 segments. Primarily articles with a weight of 22.6%, Fuel & Power with a weight of 13.2%, and Manufactured products with a weight of 64.2%. Among these, inflation rate for primary articles and fuel & power remained negative for Dec 2020 at -1.61% and -8.72% respectively. The inflation rate for Manufactured products for Dec 2020 is 4.24%.

Manufactured products segment has 17 sub-segments. Among these, 3 sub-segments have shown high inflation rate in Dec 2020. Two of them has a low weight in the index. The other one is Base Metals. The sub-segment 'Base Metals' has a weight of 9.65% in WPI. The inflation rate for 'Base Metals' in the month of Dec 2020 is 11.49%.