

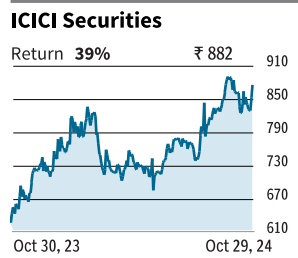


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TODAY'S PICK.

ICICI Securities (₹882.30): BUY

Gurumurthy K bl, research bureau



The upmove in ICICI Securities is slowly gaining momentum. The 2.8 per cent rise on Tuesday has taken the share price well above the ₹855-860 resistance zone.

Prior to this rise, the stock formed a strong base above ₹820. The short-term outlook is bullish. The broad ₹865-855 region is likely to provide support going forward.

ICICI Securities share price can rise to ₹930-950 in a week or two. A break above ₹950 can take the stock up to ₹980 and higher eventually in the short term. Traders can go long now at ₹882.

JV partner of listed company's arms may be a related party

IN FOCUS. SEBI's informal guidance in Bajaj Allianz matter may widen scope of RPT norms

Ashley Coutinho Mumbai



UNDER RADAR. SEBI, in its guidance, has said RPT norms will apply to Bajaj Allianz General Insurance Company with respect to a reinsurance transaction between it and Allianz

A recent informal guidance by the market regulator in the matter of Bajaj Allianz General Insurance Company (BA) could widen the ambit of what constitutes related-party transactions (RPT) and impact subsidiaries of listed companies that have joint venture (JV) partners.

Until now, a plain reading of the law suggested that the applicability of RPT norms is restricted to related parties of listed entities and does not include a transaction between a subsidiary of a listed entity and a party which is not a related party of the listed entity.

This would mean that RPTs of unlisted subsidiaries with their unlisted related parties do not fall under SEBI's regulatory ambit.

THE MATTER

Bajaj Finserv has a 74 per cent stake in BA and the remaining 26 per cent is held by Alliance SE. There was a reinsurance transaction between BA and Alliance SE. Alliance SE is not a related party of Bajaj Finserv. This is

labeled by SEBI, RBI or IRDAI, where listed companies are often required to operate via separate entities," said Binoy Parikh, Executive Director, Katalyst Advisors.

JV partners, being strategic investors with active roles in subsidiary operations, are likely to engage in transactions with the subsidiary.

GUIDELINE IMPACT

"The informal guidance, although not a binding precedent, will significantly impact listed companies with JVs through their subsidiaries, particularly in sectors regu-

lated by SEBI, RBI or IRDAI, where listed companies are often required to operate via separate entities," said Binoy Parikh, Executive Director, Katalyst Advisors.

JV partners, being strategic investors with active roles in subsidiary operations, are likely to engage in transactions with the subsidiary.

"When these subsidiaries engage in transactions with their JV partners — whether capital transactions or those conducted in the ordinary course of business — shareholder approval of the listed entity will be required if materiality thresholds are breached. This will impact the timelines and such transactions will be at the mercy

of public shareholders," said Parikh.

"Unlisted subsidiary companies may now be required to comply with SEBI's listing or LODR norms with respect to identifying 'related parties' and 'related party transactions' compliance, despite the fact that only the Companies Act is applicable to such unlisted companies.

"This would be practically difficult for foreign subsidiaries of Indian companies for which neither the Indian Companies Act nor SEBI's listing norms are applicable," said Gaurav Pingle, a practising company secretary.

He said that the scope of related parties under SEBI's listing regulations is already much wider than that under Companies Act. "For ease of doing business and compliance, the RPT regulations need to be aligned."

Divay Rastogi, Counsel at DMD Advocates, said the guidance seeks to clarify that a transaction between a subsidiary of listed entity and a related party of the subsidiary (which is not a related party of the listed entity) will fall within the ambit of the proviso to Regulation 23(1).

Sensex, Nifty climb again, led by banking stocks

Anupama Ghosh Mumbai

Benchmark indices extended their gains for the second consecutive session on Tuesday, primarily led by banking stocks, with State Bank of India driving the surge.

The BSE Sensex closed at 80,369.03, rising 363.99 points or 0.45 per cent, while the Nifty 50 ended at 24,466.85, advancing 127.70 points or 0.52 per cent.

"The domestic market is trying to show some signs of recovery from the recent lows as the Diwali festival approaches. A notable decline in crude oil prices is bolstering market sentiment, though it also indicates a potential slowdown in global demand," said Vinod Nair, Head of Research at Geojit Financial Services.

DISPLAY OF STRENGTH

The banking sector demonstrated remarkable strength, with the Bank Nifty climbing 1,061.40 points or 2.07 per cent to close at 52,320.70. The Nifty Financial Services index also posted strong gains, rising 495.95 points or 2.08 per cent to end at 24,357.80.

According to Deepak Jasani, Head of Retail Research at HDFC Securities, "Banks, including PSU banks, did

well for the second consecutive session. Broad market indices rose more than the Nifty even as the advance decline ratio rose to 1.47:1."

PSU banks have shown strength following positive initial earnings reports, while the auto sector's decline has been attributed to disappointing results.

State Bank of India emerged as the top gainer, surging 5.05 per cent, followed by Bharat Electronics (up 4.89 per cent), Eicher Motors (up 3.38 per cent), HDFC Life (up 3.32 per cent), and SBI Life (up 3.18 per cent).

The auto sector witnessed significant pressure with Maruti Suzuki leading the losses, dropping 4.16 per cent, followed by Tata Motors (-3.92 per cent), Hero MotoCorp (-2.88 per cent), Dr Reddy's Laboratories (-2.52 per cent), and Sun Pharmaceutical Industries (-2.04 per cent).

Market breadth remained positive, with 2,242 stocks advancing and 1,623 declining on the BSE. A total of 3,991 stocks were traded, with 126 remaining unchanged.

The session saw 132 stocks reaching their 52-week highs, while 78 touched their 52-week lows. Thirteen stocks hit the upper circuit, while two reached the lower circuit.

Day trading guide

Table with 5 columns: S1, S2, R1, R2, COMMENT. Nifty 50 Futures. 24470. 24400, 24280, 24510, 24620. Go long on a break above 24510. Keep the stop-loss at 24620.

Table with 5 columns: S1, S2, R1, R2, COMMENT. HDFC Bank. ₹1751. 1725, 1700, 1770, 1800. Go long only above 1770. Keep the stop-loss at 1760.

Table with 5 columns: S1, S2, R1, R2, COMMENT. Infosys. ₹1839. 1830, 1800, 1850, 1885. Go short only below 1830. Keep the stop-loss at 1840.

Table with 5 columns: S1, S2, R1, R2, COMMENT. Reliance Ind. ₹1340. 1330, 1320, 1360, 1380. Range bound. Avoid trading the stock for some time now.

Table with 5 columns: S1, S2, R1, R2, COMMENT. SBI. ₹833. 826, 818, 840, 848. Go long on dips at 830 and 828. Keep the stop-loss at 824.

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Sky Gold raises ₹270 crore from 3 domestic institutions

Press Trust of India Mumbai

Gold jewellery-focused Sky Gold on Tuesday announced a ₹270 crore capital raise from Kotak Mahindra Life Insurance, Motilal Oswal MF and Bank of India Mutual Fund. The listed company also announced the addition of two clients, including Titan subsidiary Caratlane and P N Gadgil Jewellers.

The company raised ₹270 crore through an equity sale to domestic institutions including the insurer and two asset managers, a statement said.

UTILITY OF FUNDS

The funds will be utilised for expanding the product portfolio, capital infusion into subsidiaries, expansion into UAE, Middle East, Malaysia and Singapore, and possible acquisitions, as per an official statement.

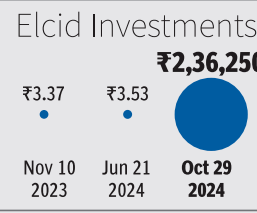
Its managing director and chief financial officer Mangesh Chauhan termed the addition of new clients as a pivotal step in the growth journey, and added that it is well equipped to cater to industry demands through its facility based in Navi Mumbai.

The company will focus on transparency, best corporate governance practices, technological changes going forward, he added.

The Sky Gold scrip closed ₹3,355.30 a piece on the BSE on Tuesday.

One-day wonder! Elcid Investments jumps from ₹3.5 to ₹2,36,250

Our Bureau Mumbai



Shares of Elcid Investments, an investment company, rose a staggering 6.7 million per cent on Tuesday to ₹2,36,250 apiece, surpassing IIRF as the highest-priced stock in India in absolute terms.

This was after a special call auction "with no price bands" was held for the stock that last traded at ₹3.5 per share, and has a book value of more than ₹4 lakh per share.

"This massive discount left existing shareholders unwilling to sell. To address this undervaluation, the exchanges organised a special auction session for holding companies with deep discounts compared to their book value. This session led to a fair value discovery of its price," said Raj Gaikar, Research Analyst, SAMCO Securities. Elcid Investments holds a 1.28

per cent stake in Asian Paints, with a stake value of ₹3,616 crore, according to Gaikar. Even at ₹2.3 lakh per share, Elcid trades at a price-to-book multiple of just 0.38, he said.

SEBI CIRCULAR

A 2024 SEBI circular had proposed a new mechanism to improve the price discovery of investment companies (ICs) and investment holding companies (IHCs).

ICs primarily invest in stocks, mutual funds and debentures, while IHCs hold most of their assets in group companies.

Both ICs and IHCs have no other active line of operation. Investments are their primary assets and also their source of income.

"SEBI noticed that many ICs and IHCs are trading significantly below their book value. To help improve liquidity, fair price discovery and the overall investor interest in the stocks of such companies, SEBI introduced a framework for 'special call auction with no price bands' for these stocks," said a note by Zerodha.

For this auction to be held, the ICs and IHCs should be listed on an exchange for at least one year and not suspended from trading, with at least 50 per cent of its assets as investments in other listed companies.

The six-month Volume Weighted Average Price (VWAP) of the scrip has been less than 50 per cent of its book value per share based on the value of the listed stocks it holds.

Nifty 50 Movers

Table listing Nifty 50 Movers with columns: Company, Close(₹), Pts, PE, Wt(%)

Nifty Next 50 Movers

Table listing Nifty Next 50 Movers with columns: Company, Close(₹), Pts, PE, Wt(%)

Afcons Infrastructure IPO sails through with 2.63x subscription

Our Bureau Chennai

The initial public offering (IPO) of Afcons Infrastructure, the flagship infrastructure, engineering, and construction company of the Shapoorji Pallonji group, sailed through on the last day, thanks to institutional investors' bidding.

The IPO was subscribed 2.63 times, even as the portion reserved for retail investors did not get 100 per subscription (subscribed 0.94 time or 94 per cent). However, QIB portion was subscribed 3.79 times, NIIs 5.05 per cent and employees by 1.67 times. The ₹5,430-crore IPO consisted of a mix of fresh issues of up to ₹1,250 crore and

an offer of sale of up to ₹4,180 crore by the promoter. It came out with a price band of ₹440-463.

CAPITAL EXPENDITURE

The proceeds from its fresh issuance will be used to the extent of ₹80 crore for capital expenditure towards the purchase of construction equipment, ₹320 crore for funding long-term working capital requirements, ₹600 crore for prepayment or scheduled repayment of a portion of certain outstanding borrowings, and acceptances availed by the company, and general corporate purposes.

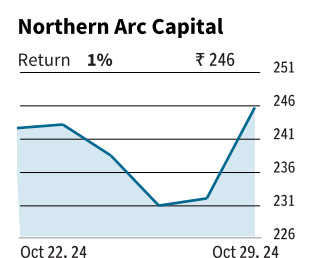
Afcons operates across five major infrastructure business verticals: Marine and Industrial, encompassing projects such as

ports, harbours, dry docks, LNG tanks, and material handling systems; Surface transport, including highways, interchanges, mining infrastructure, and railways; Urban infrastructure, covering metro works, bridges, flyovers, and elevated corridors; Hydro and Underground, comprising dams, tunnels, and water-related projects; and Oil and Gas, involving offshore and on-shore projects in the oil and gas sector.

ICICI Securities, DAM Capital Advisors, Jefferies India, Nomura Financial Advisory and Securities (India), Nuvama Wealth Management, and SBI Capital Markets are the book-running lead managers, and Link Intime India is the registrar of the issue.

Northern Arc stock ends 6.4% higher on Q2 results

Our Bureau Chennai



Shares of Chennai-based Northern Arc Capital Ltd (NACL) jumped 8.6 per cent in intra-day trade on Tuesday to ₹252 on the BSE after the company posted strong quarterly results.

NACL, which got listed on the bourses last month, reported a 24 per cent increase in consolidated net profit at ₹96 crore for the quarter ended September 2024 as against ₹79 crore reported in the same period last year. Total income increased 34 per cent to ₹585 crore (₹437 crore)

and net interest income rose to ₹288 crore (₹196 crore).

Standalone net profit climbed 54 per cent to ₹112.13 crore (₹72.80 crore).

On the asset-quality front, the gross non-performing assets

(NPAs) ratio stood at 0.60 per cent, while net NPAs stood at 0.18 per cent as of September 30, 2024.

IPO IN SEPT

During the quarter, NACL, formerly known as IFRM Capital Finance, raised fresh equity capital of ₹500 crore through an initial public offering.

The stock on Tuesday closed at ₹246.85, below the IPO price of ₹263, but a gain of 6.4 per cent over the previous day's close ₹232.10. The stock hit a high of ₹351 and a low of ₹226.80 since its listing on September 24.

Veritas Finance Limited advertisement including company details, financial statement for Q3 2024, and contact information.