

## Indian Equity Market Summary

- Indian equities dipped for the fourth straight week.
- The market was mainly affected by disappointing quarterly earnings announcements and after the finance minister clarified that the higher surcharge announced in the budget on foreign portfolio investors (FPIs) registered as a trust would not be withdrawn.
- Weak global cues in the form of US-China trade uncertainty weighed on the benchmarks, too.
- A sell-off in shares of auto and capital goods firms brought in more losses into the market. S&P BSE Auto (the biggest sectoral decliner) and S&P BSE Capital Goods lost around 6% and 3.4%, respectively.
- However, some losses were recouped aided by positive domestic macroeconomic cues and gains in information technology (IT) stocks.

## Other Major Domestic News

- India's trade deficit printed at \$15.28 billion in as against \$16.6 billion in 2018.
- India's forex reserves jumped by \$2.23 billion to a new record high of \$426.42 billion on July 27<sup>th</sup>, 2019.
- The government cleared seven amendments to the insolvency law, seeking to speed up resolution and fixing loopholes.
- The government reduced the interest rate on general provident fund for July-September quarter to 7.9% compared with 8% in the previous quarter
- Securities and Exchange Board of India (SEBI) Chairman Ajay Tyagi wrote to the finance ministry seeking a review of the budget proposal that mandates transferring 75% of the market regulator's surplus funds to the central government. He also said the budget proposal of increasing the minimum public shareholding to 35% from 25% would be difficult to enforce.
- The Reserve Bank of India (RBI) continued with daily reverse repo auctions to drain away excess liquidity – the banking regulator held reverse repo operations of overnight, seven-day, and three-day durations for a total notified Rs 6,85,000 crore.
- Government bond prices rose sharply. Yield of the 10-year benchmark 7.26% 2029 paper settled at 6.36%.

## Global Market Summary

- US stocks ended in the red mainly on lack of progress in US-China trade talks
- Asian equities posted varied performance. Japan's Nikkei index lost 1% due to renewed concerns over the US-China trade situation and disappointing domestic exports data.
- The Chinese economy advanced 6.2 percent year-on-year in the second quarter of 2019, slowing from a 6.4 percent expansion in the previous three-month period and matching market expectations.

## Domestic Markets

	Current Month	Previous Month	Change %
BSE Sensex	37481.12	39,686.50	-5.56
Nifty	11118.00	11,865.60	-6.30
Nifty Mid 100	15921.20	17684.35	-9.97
NIFTY 500	9044.95	9713	-6.88
BSE Small cap	12692.18	14282.61	-11.14

## Global Markets

	Current Month	Previous Month	Change %
Dow Jones	27252.36	26,717.43	2.00
NASDAQ	8286.48	8091.16	2.41
S&P 500	3,013.18	2,964.33	1.65
FTSE100	7,582.76	7,549.27	0.44
Shanghai Composite	2,932.51	3,044.90	-3.69

## Policy Rates

	Previous Rates	Current Rates	Change in Bps
Reverse Repo	5.75	5.5	25bps
Repo	6	5.75	25bps
CRR	4	4	-
SLR	18.75	18.75	-

## Commodities

	Current Month	Previous Month	Change %
Gold 10 gm	35,910.00	34,655.00	3.62
Silver 1 Kg	44,962.00	40,578.00	10.8
Crude Oil (\$/Barrel)	57.2\$	65.10\$	-12.14

## Currency in terms of INR

	Current Month	Previous Month	Change %
USD	68.87	69.1675	-0.43
Euro	76.84	77.671	-1.07
GBP	83.78	87.461	-4.21
JPY	0.63	0.6363	-0.99

- The annual inflation rate in the United Kingdom was at 2 percent in June 2019, unchanged from the previous month and matching market expectations.
- The annual inflation rate in the Euro Area rose to 1.3 percent in June 2019, slightly above a preliminary and market expectations of 1.2 percent.
- Hong Kong's Hang Seng index jumped 1% primarily on hopes of a rate cut by the Fed later this month, and upbeat Chinese retail sales and factory output data.

## Domestic Macro Indicators

	Current	Previous
Monthly CPI Inflation	3.18%	3.05%
Monthly WPI inflation	2.02%	2.45%
IIP	3.1%	4.32%
GDP	5.8%	6.6%

## Why should we invest in SMEs and MSMEs?

- Given market volatilities and Corporate Governance irregularities, investors have become more selective, to balance the Risk and Return matrix, portfolio allocation to SMEs is the best way to maximize returns.
- Positive Post IPO price performance & attractive valuation is keeping investors engaged in SME investing.
- To unlock the true potential of SMEs & MSMEs and strengthening SME & MSME ecosystem, developing favorable access to finance is most essential.
- Along with Government also Private Organizations, Banks and market intermediaries are looking forward to contribute towards broad basing capital market initiatives for MSMEs.
- Apart from financial assistance, MSMEs require well timed holding and mentoring at crucial stages of business life cycle. Widespread awareness programs, skill development, recognition, peer learning & getting Indian MSMEs visible on global map should be part of MSME growth agenda adding upto formalization & leading to inclusive growth of Indian economy.
- Number of entrepreneurs bringing their companies to market remain high due to positive investor sentiment & growing popularity amongst fund houses & institutional investors.
- Marginal decline in number of listings is present, however fund raising in records is high.
- There has been an increase in average IPO size depicting company's being able to raise higher amounts of funds.
- Exit to Private Equity & Venture Capital funds can be provided through SME IPO route.
- Anchor investor participation seen in top IPOs. Regulators also reduced minimum anchor size from Rs 10 Cr. To Rs. 2 Cr. for SME IPO.
- Migration trend continues with increasing number of companies opting to migrate to Main Board. Now migration is possible even before completing 2 years of listing.

## *“Small Steps, Big Impacts”*

### Anomaly caught this month:

#### July Rebound Theory:

Based on empirical financial evidence, it has been found that investors tend to build long positions towards the end of June as the market seems to be near its support level and jumps sharply in the month of July. In the past 26 years, the benchmark Sensex has jumped an average 12.3 per cent from its June lows to July highs.

Investors who placed bets based on this theory, however, are caught on the wrong foot this year. The Sensex difference between June 2019 lows and July 2019 highs is only 3 per cent.

Most shares have declined in July amid sharp sell-off by foreign portfolio investors (FPIs) hurt by the increase in tax surcharge.

At Gretex we aim for



## “Targeting the Target”

### Achievements of Gretex Corporate Services:

- 17 IPOs.
- 8 Open Offers.
- Valuation of 30+ companies.

## Why Gretex ?

### Our Services are widespread in:

- IPO launches
- De-listings
- Open Offer
- Exit Offer
- Corporate Restructuring
- Buy back
- Mergers & Acquisitions
- Valuation of Shares and Debentures
- Sweat Equity
- Private Equity
- Venture Capital
- Offshore Financing
- ESOP

## Chairman's Message:

### Budget Overview:

Hello Readers,  
The most awaited Union Budget 2019 was released on July 5<sup>th</sup> by India's first fulltime woman Finance Minister, Smt. Nirmala Sitharaman. The government has sought to draw balance between fiscal discipline and welfare announcements. Focusing mainly on Infrastructure development, Startups, and MSME growth, Government has proposed Rs.350 Crores to be allocated for 2% interest subvention for GST registered MSME on fresh or incremental loans. Also, loan of Rs.1 crore for MSMEs will be cleared within 59 minutes through an online portal. Government will also be creating a payment platform for MSMEs to enable filing of bills and payment. It also deals with social and economic issues faced by common people. The salaries individuals, medium and small enterprises and women are given a little ease.

### Financial Overview:

The country's financial services sector consists of the capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross national savings (GDS) as a percentage of Gross Domestic Product (GDP) stood at 30.50 per cent in 2019. The total amount of Initial Public Offerings increased to Rs 84,357 crore (US\$ 13,089 million) by the end of FY18. IPO's reached to US\$ 1.94 billion in FY19.

The Government of India has taken various steps to deepen the reforms in the capital markets, including simplification of the Initial Public Offer (IPO) process which allows qualified foreign investors (QFIs) to access the Indian markets.

-Thanking You  
**Alok Harlalka**

## Chronicles of this month:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	<b>1</b> India Inc sees private equity deals worth \$1.14bn	<b>2</b> Govt working on new credit scheme for MSMEs to encourage job creation	<b>3</b>	<b>4</b> India's trade deficit widened with 25 nations.	<b>5</b> Budget Released.	<b>6</b> Indian economy grows to \$2.75 trillion despite slowing global economy.
<b>7</b> RBI announced as the regulator of HFCs	<b>8</b> Indian Sovereign Bond announced to the world.	<b>9</b>	<b>10</b> Nifty50 holds 100-DMA	<b>11</b> S&P 500 hits 3000 for first time as Fed cuts rates	<b>12</b> PE/VC investments cross \$23 billion, 27% higher	<b>13</b>
<b>14</b>	<b>15</b> 9/10 firms lose Rs.88609 Cr. in m-cap.	<b>16</b> World bank planned to offer \$250 million to Kerala	<b>17</b> SEBI provides new format for compliance report on corporate governance	<b>18</b> FPI pulls out Rs. 4120 Cr, highest this year.	<b>19</b> India's current balance deficit grew to \$68bn.	<b>20</b>
<b>21</b> Haryana Govt and BSE ink pact to facilitate MSMEs raise capital.	<b>22</b> SME Credit lending grows at 15.6% YoY.	<b>23</b> Gold touches all time high of Rs. 35,970.	<b>24</b> IMF's forecast of India's GDP to 7%	<b>25</b> ADB sanctions Rs. 1925 Cr. Power project in Tripura	<b>26</b>	<b>27</b>
<b>28</b> China hacks free trade route, Chokes Punjab cycle industry.	<b>29</b> Govt identifies 3-4 regional rural banks for IPOs.	<b>30</b> India benefited modestly from US-China trade war	<b>31</b> Reliance Jio became India's Largest Telecom Operator.			

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