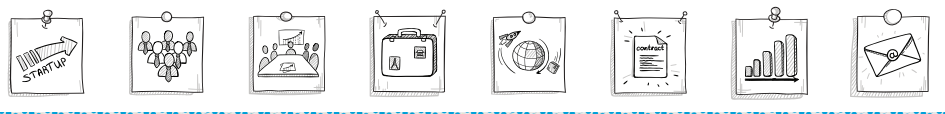


# INVESTMENT MAGAZINE

5<sup>TH</sup> EDITION



**NEWSLETTER: Jio's Game-Changing Move:  
Disrupting the Financial Services Sector with BlackRock**



**EIC-Investment Analysis:  
HDFC Bank: The Powerhouse of the Banking Industry.**



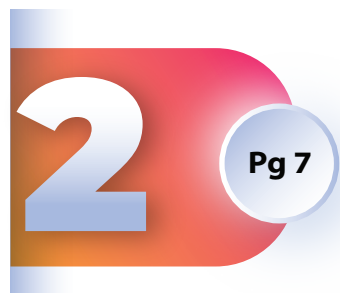
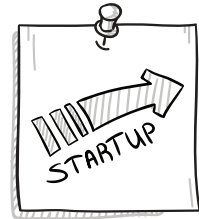
# INDEX



Pg 6

## Infographic

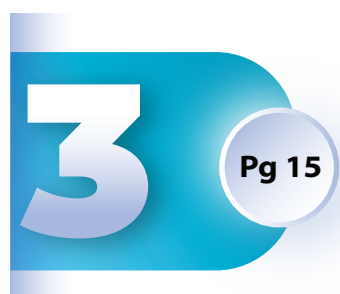
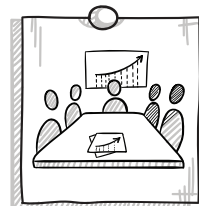
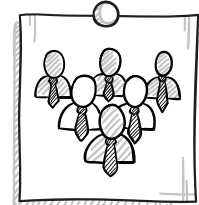
Infamous market crashes:  
A history of boom and bust



Pg 7

## EIC-Investment Analysis:

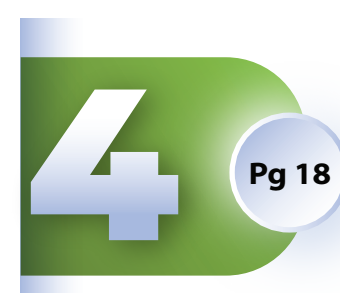
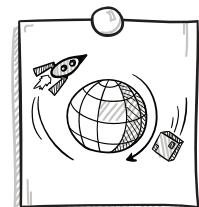
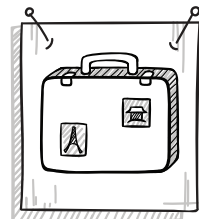
HDFC Bank: The Powerhouse of the  
Banking Industry.  
Epic merger of titans, aiming to  
capture a larger market share.



Pg 15

## NEWSLETTER-I

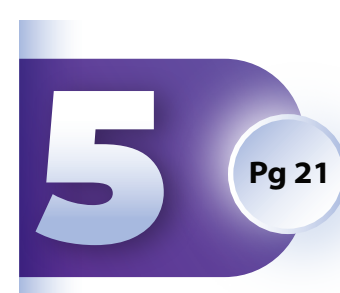
Jio's Game-Changing Move: Disrup-  
ting the Financial Services Sector  
with BlackRock



Pg 18

## NEWSLETTER-II

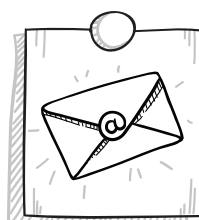
The Phoenix's Flight:  
How Adani Group's Resurgence  
Ignited a Nation's Spirit



Pg 21

## Financial Jargons

Dow Theory  
Piercing Pattern  
What does this indicate in the  
market?



# ABOUT COMPANY

Wisbees is a dynamic financial research company based in Bhubaneswar, Odisha, India. Founded by a team of finance enthusiasts, our mission is to satisfy the thirst of Indian readers for financial knowledge. We specialize in delivering valuable financial information in an easily understandable story format, ensuring that our clients gain a comprehensive understanding of the subject matter.

## MISSION

*To ensure, "Right to Financial Information."*

## & VISION

*Wisbees exists because we believe that everyone deserves a better financial future.*

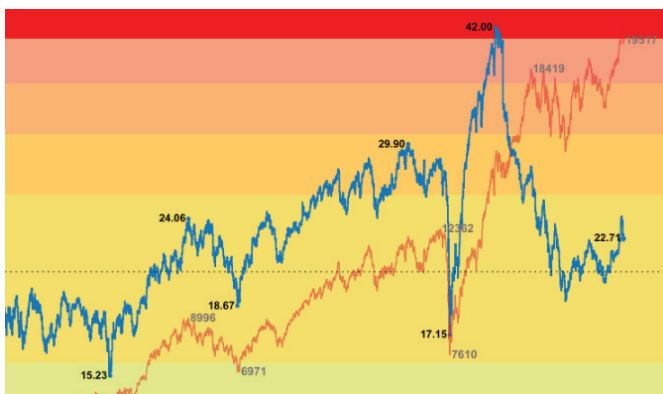


# EDITOR STATEMENT

Fitch recently downgraded the US credit rating from AAA to AA+ for the first time since its inception in 1994. This development holds significance for the Indian economy, given its strong ties to the US economy. While the chances of a further deterioration in the US creditworthiness are deemed low, the fear of such a scenario could lead to market volatility in the coming days.

At Wisbees, we remain optimistic about India's resilience to global market volatility. Despite the potential uncertainties, the Nifty PE-chart indicates that the market valuation remains reasonable, with the PE-ratio trading at 22.7, close to its historical median. This favorable valuation might explain why Foreign Investors have continued to invest in the Indian market.

Source:nifty-pe-ratio.com



Our HDFC Bank EIC report highlights the keen interest of Foreign Portfolio Investors (FPIs) in the banking and financial services sector. Additionally, capital goods, automobiles, and FMCG have been among the top sectors attracting FPI attention. However, we have noticed a growing interest from FIIs in the IT sector, with investments of approximately 1630 crores in the last 15 days of July. Furthermore, the healthcare and pharma sectors have also started gaining traction among foreign investors.

This week, we focused on the financial service sector, considering the heavy investments by FPIs in banks and financial services. As a result, we anticipate the market to exhibit choppy behavior (sideways movement) over the next few days, with a gradual increase in momentum afterward. Technically, the 19100-19200 range appears as a strong support level, which was a breakout zone in the past.



**GOURI SANKAR DASH**  
EDITOR-IN-CHIEF



# EDITORIAL TEAM

**SRITAM PRUSTY**



**AVINASH ROU**



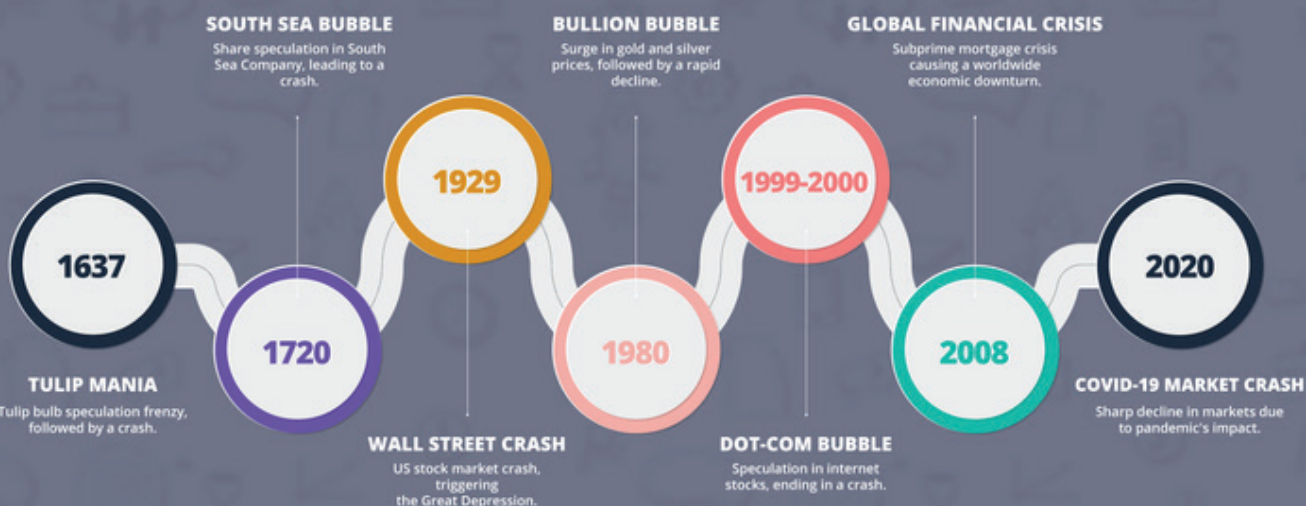
**PRATIKHYA DAS**



**Purba Bhattacharjee**



## INFAMOUS MARKET CRASHES A HISTORY OF BOOM AND BUST

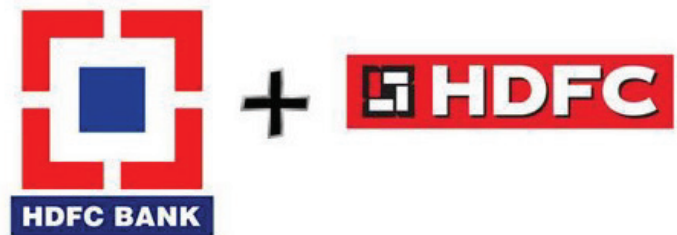


## EIC-Investment Analysis:

### HDFC Bank: The Powerhouse of the Banking Industry.

### Epic merger of titans, aiming to capture a larger

### market share. [HDFC BANK - An EICT Analysis: Should You Invest?](#)



## Story

**Do you know why the 2008 global financial crisis happened? Why did Lehman Brothers become its focal point?**

Financial services are the lifeblood of any economy. The crisis was primarily caused by irresponsible banking, poor governance, and inadequate risk management. Lehman Brothers had taken excessive leverage, making risky investments in the housing market. When the housing market collapsed, the bank's assets plummeted in value, leaving them unable to cover their debts.

In the wake of this banking industry incident, Basel III norms were introduced by the "Basel Committee," which raised capital requirements for banks, bolstering the global banking system. Thanks to the various parameters set by the Basel Committee, the likelihood of a banking crisis is now considerably reduced.

### **However, are we entirely immune to a similar incident occurring again?**

Not entirely! While the chances of a crisis are lower, they are not completely avoidable, as evidenced by the crises faced by Silicon Valley Bank and Credit Suisse. We will discuss this concern further in detail in the Economic Analysis section. When seeking a bank less likely to fail, we may opt for one considered "Too big to fail." One such bank is HDFC Bank. It holds the distinction of being India's largest bank by Market Capitalization and the second-largest by Asset size, after the State Bank of India. Banks like HDFC Bank are often backed by government policies and regulations to prevent any economic crisis arising from their operations. Stay tuned!

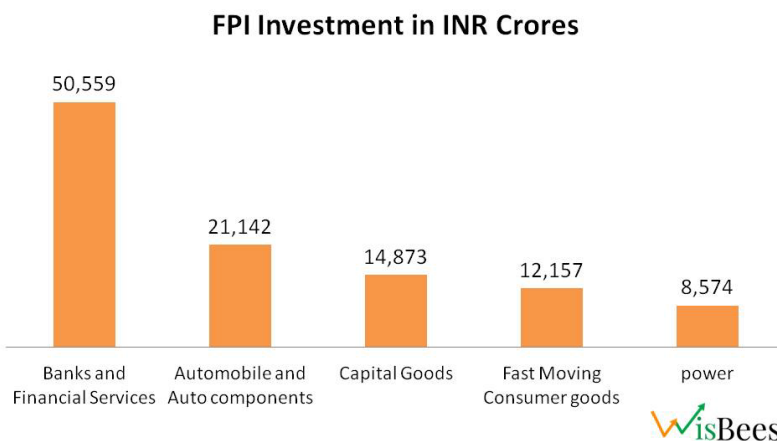
## Main story- HDFC Bank and It's Merger

Following the merger, my curiosity was piqued as I delved into what analysts were saying about HDFC Bank's valuation on Bloomberg terminal. To my surprise, over 95% of analysts have given a buy rating for HDFC Bank. This led me to conduct further research, and today, I'll be discussing India's largest bank by Market Capitalisation - HDFC Bank and its strategic merger plans that have cemented its position as a banking powerhouse.

### “FPI's new Obsession: Banking and Financial Services”

At Wisbees, we delved into the data from NSDL FPI Monitor, examining the investment trends of FPIs over the past four months. The findings were eye-opening.

FPIs poured a substantial investment of nearly 51k Crores into the Banking and Financial Service sector, closely followed by investments in Autos, Capital goods, and FMCG.



But wait, what prompts this sudden shift towards banking in India, given the turmoil in the global banking scene, as seen with Silicon Valley Bank and Credit Suisse's disastrous failures?

To understand the rationale behind this trend, let's take a moment and conduct a comprehensive 360-degree EICT Investment analysis on HDFC Bank to determine if it's truly investment-worthy.

#### In Short

HDFC Bank appears appealing to investors due to:

- Strategic branch expansion
- Enhanced customer engagement
- Targeted cross-selling efforts

The confidence in investing in HDFC Bank is strengthened by:

- FPI's robust cash flow in the banking and financial services sector

A significant cross-sell opportunity arises as:

- Approximately 70% of HDFC customers currently do not utilize the bank's services
- Around 98% of HDFC Bank customers have not taken home loans from the bank

The Net Interest Margin (NIM) may experience a slight decline after the merger, but it is expected to improve soon with:

- The reduction of HDFC's borrowing cost

The merger is not expected to have a major impact on Return on Assets (ROA).

The bank's risk-absorbing capacity is continually improving with:

- An increase in Tier 1 and Tier 2 Capital.



## Economic Analysis

So now answering to the question- Can We Avoid SVB Crisis and Credit Suisse Incidents?

we must first understand the root causes of these banking catastrophes.

### Why SVB Failed?

The downfall of Silicon Valley Bank (SVB) was a perfect storm of poor governance, inadequate risk management, and unfortunate circumstances. Traditionally, banks thrive by accepting deposits and providing loans to fuel economic growth. However, SVB deviated from this path, heavily investing in long-term bonds for higher profitability. Unfortunately, these bonds were highly susceptible to interest rate fluctuations. As interest rates surged, the bond prices plummeted, resulting in a staggering loss of 1.8 Billion USD.

### Why Credit Suisse Failed?

Credit Suisse, on the other hand, faced significant credit risk and reputational damage. The bank heavily invested in two funds, Archegos and Greensill capitals, both of which collapsed in 2022 due to margin calls on their stock investments. Additionally, the company faced challenges with various scandals, leading to top executives stepping down.

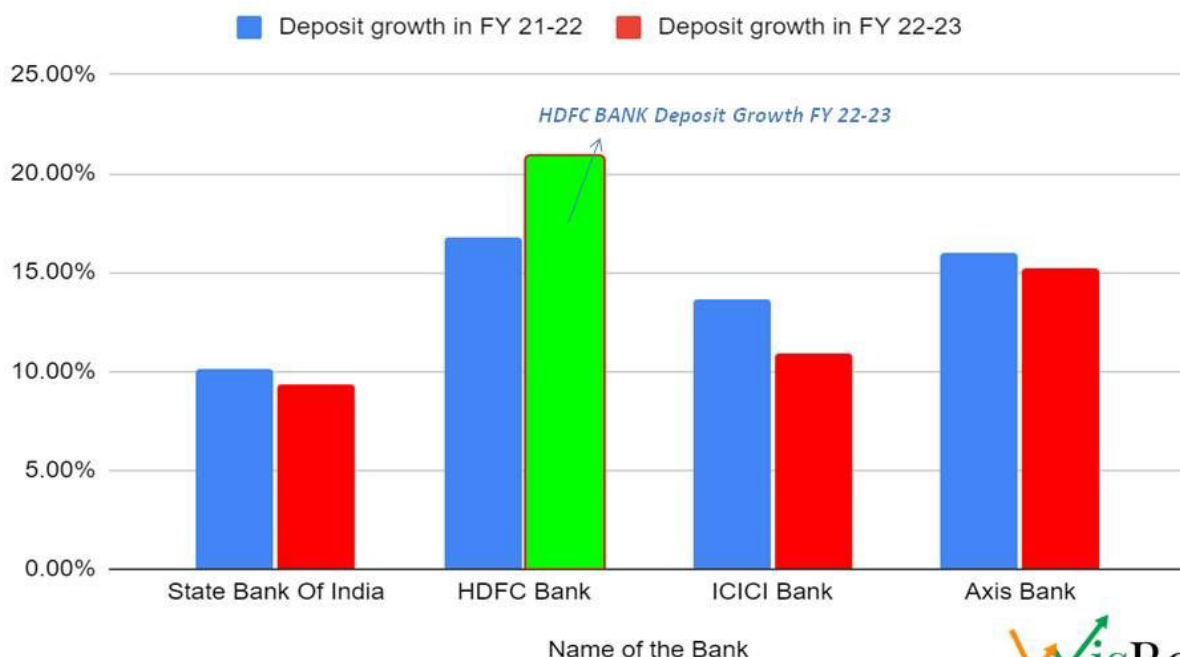
"Deposits serve as the lifeblood/raw material of a bank.

A bank faces the risk of crashing when people withdraw their deposits in panic."

### How did Indian banks, such as HDFC Bank, respond to this news?

Astonishingly, Indian banks behaved very differently during the global crisis. While deposits were being withdrawn from banks worldwide, especially in Europe, HDFC Bank witnessed a significant increase in deposits. This surge amounted to an impressive 20.84% rise from the previous year growth 16.82%. Additionally, both current deposits and savings deposits grew by 14.3% and 9.9%, respectively. These figures demonstrate the remarkable resilience of our economy amidst the global downturn, instilling optimism in Indian banks.

Note: Although all banks experienced positive deposit growth, HDFC Bank in India stood out among other large banks by showcasing the highest growth rate in deposits. This speaks volumes about the trust and customer-oriented products offered by HDFC Bank. Below is a comparison.



Now, let's discuss the other economic factors that are impacting Indian banks.

## Other Tailwinds:

Several points support this notion:

**Resilience to Economic Downturn:** India's positive GDP growth is significantly influenced by consumer spending, which flows through banks. As one of the fastest-growing economies, India attracts substantial attention from investors. In FY 22-23, our GDP growth soared at a remarkable rate of 7.2%, surpassing major economies, driven by robust domestic consumption demand.

**Favorable Demographics and Increased Disposable Income:** With 65% of India's population being young and in their working age, the banking industry receives a favorable boost. The youth's inclination towards adopting digital banking solutions and technology-driven services further augments this trend. The average median age of India's population is 28.4 years.

**Election 2024 and Capex Boost:** The government of India is infusing significant capital into the system to expand infrastructure. This liquidity positively impacts banks, fostering growth opportunities. The budget for 2023-24 declared a capital expenditure of 10 lakh crore, contributing to enhanced rural consumption, which, in turn, benefits the banking sector.

With these favorable factors at play, Indian banks have witnessed a remarkable increase in total assets, rising by 10% from 2017 to 2020, reaching a substantial value of \$2,559.1 billion. Comparatively, South Korea and Chinese banking industries experienced growth rates of 8.5% and 8.9%, respectively.

## Headwinds (Negative Factors):-

Indian banks have shown impressive resilience amidst the regional banking turmoil in the US and Europe. Nevertheless, the global turmoil's ripple effects may still impact domestic markets, fueled by factors such as high inflation and geopolitical tensions.

Now, before we delve into the Industry Analysis, let's first take a closer look at all the significant information concerning the merger.

### Financial Titans' Union: The Epic Merger of HDFC BANK and HDFC!

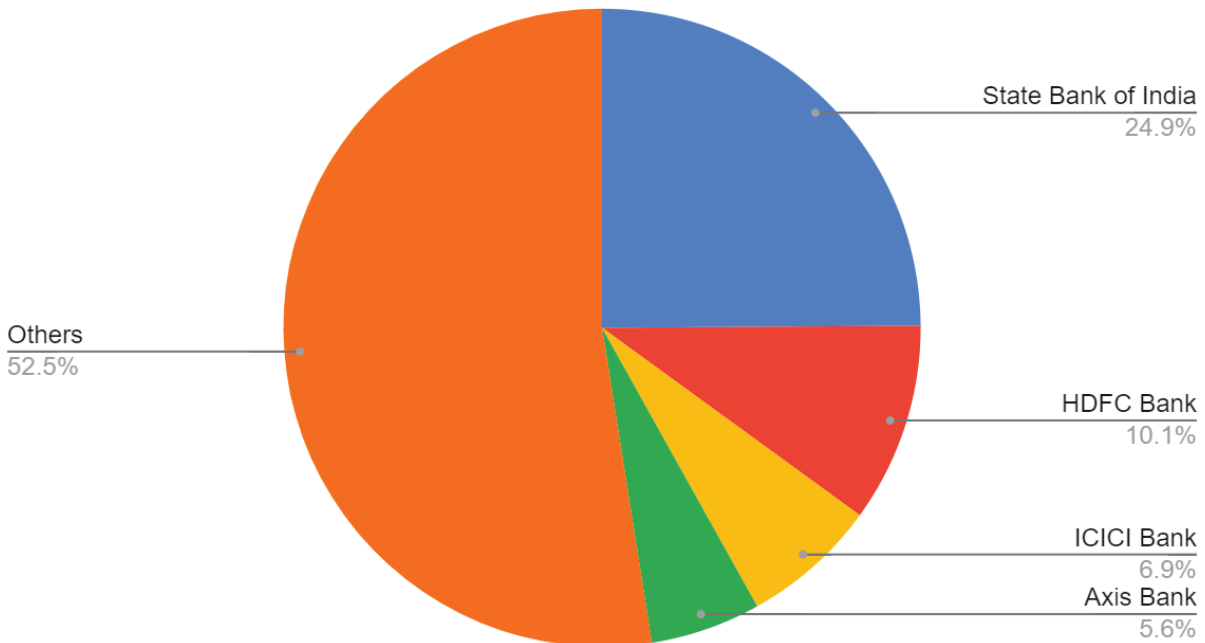
The driving force behind the merger is to create a banking behemoth. Astonishingly, almost 70% of HDFC customers currently do not utilize the bank's services, but with the merger, they can now be offered bank accounts, tapping into a vast untapped market. Similarly, around 98% of HDFC Bank customers have not taken home loans, presenting a tremendous opportunity to sell home loans and enhance the customer experience. Through cross-selling, HDFC will expand its product offerings, including saving accounts, personal loans, insurance cover, and housing loans, ultimately providing a more comprehensive and enriching experience for its customers.

## Industry Analysis

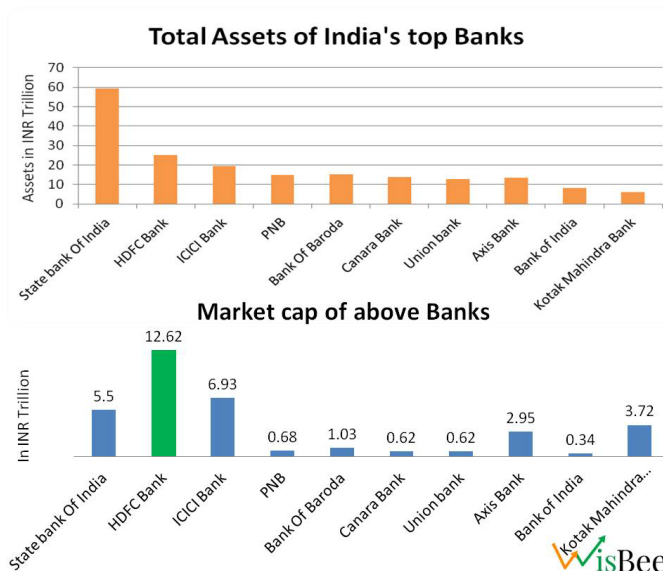
The Indian banking system has achieved unprecedented strength, evident from the remarkable rise in profitability with the ROA (Return on Assets) surging to 1.1% in 2023 from a mere -0.2% in 2018. HDFC Bank has played a pivotal role in this transformation. With the merger taking place on July 1st, HDFC Bank ascended to the position of the world's 7th largest lender by Market Capitalisation, surpassing even esteemed institutions like Morgan Stanley and Bank of China.

Despite the remarkable progress, there remains an under-penetration of banking services in India. Currently holding a market share of 10.1%, HDFC Bank aims to further expand its reach through cross-selling after the merger. While the bank dominates in urban areas and cities, it seeks to gain a stronger foothold in the semi-urban and rural markets. The bank's management has expressed intentions to achieve this goal through a strategic combination of branch expansion and other initiatives.

### Market shares



### HDFC - A Banking Giant: Second Largest by Assets, Numero Uno by Market Capitalization!



Despite being the second-largest in terms of asset size, HDFC Bank outshines with a higher market capitalization. This remarkable feat can be attributed to its impressive earning per share growth.

#### Market Leadership:-

As a market leader, HDFC BANK has dominated the Auto Loan segment, credit cards, and personal loans since 2011, solidifying its position as a front-runner in the banking industry.

#### What is the industry's growth rate?

Based on IBEF research, the industry is currently growing at an impressive rate of 10.92%. Notably, in the above figure, we observed HDFC Bank outperforming its peers and the industry, with deposits growing at a remarkable rate of 20.84%.

## Analysing the Company

The valuation of HDFC Bank, which was once perceived as significantly higher than its peer companies, has now taken a shift towards being available at a highly discounted price. Let's conduct a thorough analysis, carefully examining the facts. As is our practice, we prioritize understanding the business before delving into financial analysis. This entails exploring the company through a series of pertinent questions.

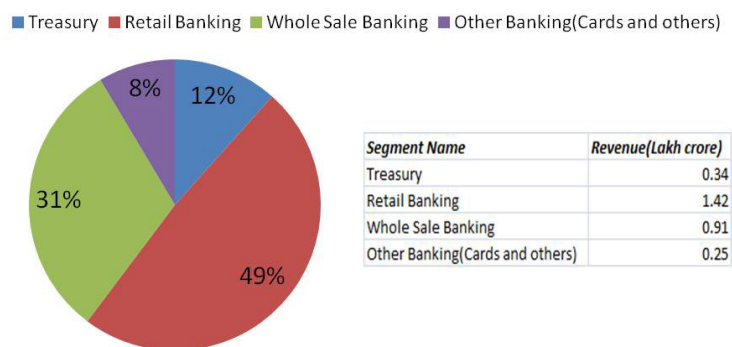
## What constitutes the Core Business and Revenue mix of HDFC Bank?

As India's largest bank, HDFC Bank earns its revenues primarily from three segments: Treasury, Retail Banking, and Wholesale Banking. Out of these three, the highest revenue comes from Retail Banking. Yes, you heard that right! Almost 49% of its revenue is derived from retail loans, and with the strategic merger decision, the bank aims to further expand its presence in this sector.

(Note: Treasury Income refers to the income generated by the bank through various investing, trading, and hedging activities using surplus funds available after providing loans. Wholesale loans are also commonly known as corporate loans.)

With Retail Banking loans being a major contributor, now the 70% of HDFC Limited's customers who haven't utilized banking services can potentially contribute more to this segment through cross-selling. Additionally, Priority Sector Lending (lending to Agri, MSME, Education) has emerged as one of the significant growth drivers.

Revenue Mix -FY2023



### Moat of HDFC Bank

The company falls under the category of "Too Big to Fail," signifying that banks of this nature serve as a strong backbone for the entire Indian economy and are consistently supported by government schemes. With a significant market share and a robust network, the bank can always maintain good deposit accounts, including Current and Savings accounts.

### Expansion Target

With a strategic Capex target of establishing 1500-2000 branches in the next 4-5 years, the company aims to expand its presence in the Rural and Semi-Urban markets. This proactive approach is expected to draw in a higher influx of deposits for the bank.

## Analysing Financials

**Revenue Growth:** The Operating Revenue increased by 20%, while most of its competitors are lagging behind HDFC Bank in their growth rate.

**Net Interest Margin (NIM):** NIM is almost the same as the operating profit margin, representing the difference between the interest income a bank earns from its loans and investments and the interest it pays on deposits and borrowings.

A higher NIM indicates that the bank is earning more from its core lending and investment activities. Despite experiencing a high growth of 20.84% in Deposits, HDFC Bank has maintained a NIM of 4.1%, showcasing its effective utilization of deposits to generate interest income.

HDFC Bank's NET INTEREST MARGIN is higher than most of its peers.

**Strong Capital Adequacy Ratio, Return On Equity & Return on Assets:**

The bank is maintaining a healthy and strong capital adequacy ratio of 19.3%, surpassing the required rate set by RBI at 11-12%.

The Return on Equity is one of the highest in the industry at 17.4%. Although the ROE may dip initially after the merger, it is expected to return to pre-merger levels after a few quarters.

The Return on Assets currently stands at 2.07% and is expected to remain unaffected, even with the merger.

**Risks**

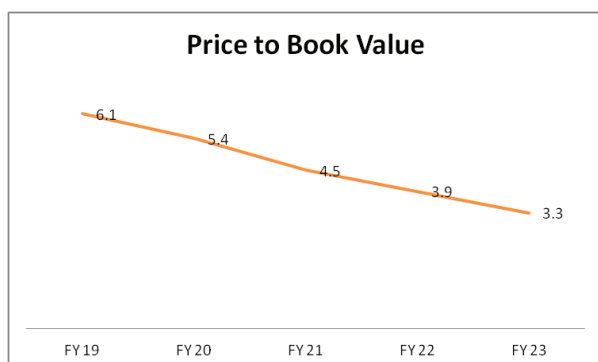
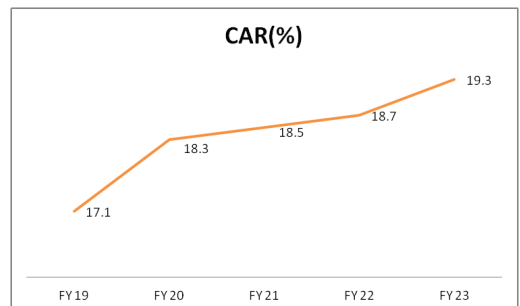
HDFC Bank has maintained one of the lowest levels of Non-Performing Assets in the industry.

**Decreasing Gross NPA (GNPA) – Improved Asset Quality:** The GNPA of the bank has reduced from 1.17% to 1.12%, indicating a positive improvement in asset quality.

**Declining Net NPA – Effective Management of Bad Loans:** The Net NPA has also decreased from 0.32% to 0.27%, showcasing the bank's ability to write off (absorb) some of its bad loans efficiently.

**Increasing Capital Adequacy Ratio (CAR)-**

The Capital Adequacy Ratio, a key measure of a bank's financial strength, demonstrates HDFC Bank's ability to absorb potential losses. The CAR has consistently increased, reflecting the bank's heightened risk appetite and robust financial position, making it stronger than ever.



**Valuation**

The P/E ratio (Price to Earning) should not be considered in the case of a bank as earnings are volatile. Instead, the P/B ratio (Price to Book Value) is considered more appropriate for evaluating banks. In this regard, the bank appears to be more affordable based on its valuations, with the Price to Book Value having declined to 3.3%, the lowest it has been compared to previous levels.

**Technical Tadka:-**

The chart is quite intriguing as we observe HDFC Bank's performance on the daily chart. The stock is exhibiting an Ascending Triangle pattern, indicating an upward trend. Additionally, it is trading above its 200-day moving average.



Once the upper resistance area is breached, the stock is poised to reach new highs.

## Conclusion:-

"Leadership Continues to Shine"

After a comprehensive analysis of HDFC Bank, taking mergers into consideration, the bank emerges as a robust and low-risk contender with improved asset quality and reduced NPAs. The company has consistently displayed steady growth in its numbers. Although the margin numbers may be affected in the initial quarters post-merger, the long-term outlook appears promising, particularly with HDFC Limited's reduced cost of borrowing, strengthening the bank's position. HDFC Bank's leadership across different segments remains strong and is expected to continue further. The confidence in investing in HDFC Bank is bolstered by FPI's strong cash flow in the banking and financial services sector.

Several key points make it appealing to investors, including strategic branch expansion, enhanced customer engagement, and targeted cross-selling efforts.

From a technical stand point, the bank appears poised to break out of an Ascending Triangle, suggesting potential upward movement in the stock price.

Disclaimer:- We are not a SEBI registered Investment Advisor. This is not a recommendation but only a case of sample analysis that might help you to do fundamental research on various companies.

Below is what we see of the Stock Price.

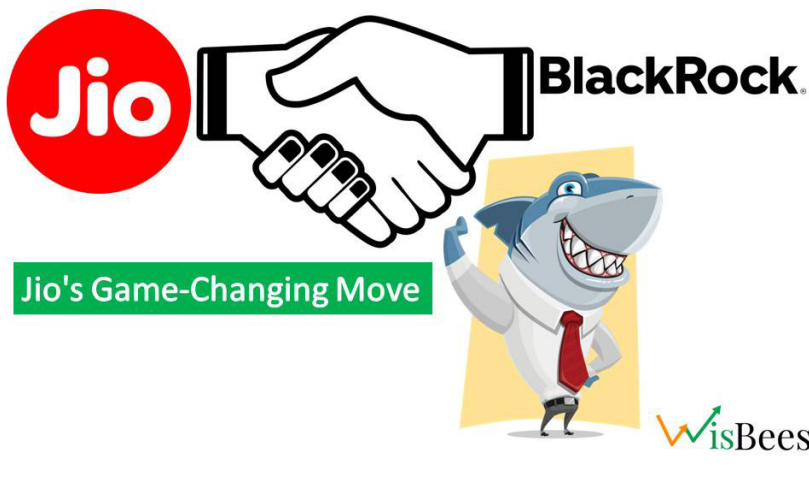
View:- Six Month to One year

CMP:- 1643

Target:- 2100 and above

## NEWSLETTER

## Jio's Game-Changing Move: Disrupting the Financial Services Sector with BlackRock



### Anecdote

India's powerhouse, Reliance Industries Ltd, has a remarkable track record of outperforming its peers in every sector it ventures into, be it retail, telecom, oil, or natural gas. And now, brace yourselves for their grand entry into the Non-Banking Financial Company (NBFC) sector through their wholly-owned subsidiaries, Reliance Strategic Investments Ltd. (RSIL) or Jio Financial Services Ltd. (JFSL).

The question on everyone's mind is - will Mukesh Ambani, the visionary leader behind Reliance, once again disrupt this industry, just like they did in the telecom sector?

### In short

The \$300 million Joint Venture (50:50) between JFS and BlackRock aims to provide tech-enabled access to innovative investment solutions for Indian investors, making them a formidable player in the financial services industry.

The successful demerger of JFSL allows it to expand and flourish as a separate entity, boosting its potential for long-term value creation.

JFSL's history of disrupting the telecom industry through Jio raises expectations for similar performance in the NBFC sector, especially with the expertise of the former chairman of ICICI Bank leading the way.

The partnership between JFS and BlackRock could present a significant challenge to existing Asset Management companies in India, as they seek to capture a share of the market.

The collaboration between JFS and BlackRock isn't an isolated occurrence; similar successful collaborations have reshaped industries in the past, introducing new possibilities and financial solutions to the Indian market.

A groundbreaking event took place on 12th July when the National Stock Exchange (NSE) conducted a 45-minute special pre-open session for Reliance on the 20th of July. This session, unlike regular market hours, played a crucial role in determining the price of the soon-to-be-listed subsidiary of RIL. It marked a historic moment as it was the first time ever in the history of the Indian stock market that the share price of a newly listed company was decided by market participants during the pre-open session.

**So, what's the price at which JFSL shares will be available?**

Unlike an initial public offering (IPO), the price discovery for JFSL shares was done during the special pre-open session. The listing price was revealed to be a constant ₹261.85, derived from the difference between Reliance's closing price of ₹2,841.85 on Wednesday and the price of ₹2,580 during the special session on Thursday. Interestingly, the estimated price of ₹160 to ₹190 had far surpassed Dalal Street's expectations, making it an exciting revelation for investors.

The valuation was also derived from the Thursday session, making it the most valuable NBFC after the Bajaj-Twins - Bajaj Finance and Bajaj Finserv. At a valuation of around 1.77 Lakh Crore or \$20 Billion, it ranks among the top 40 most valuable companies by market capitalization in the Indian stock market. At NSE, JFSL will be listed at a price of Rs. 273 per share.

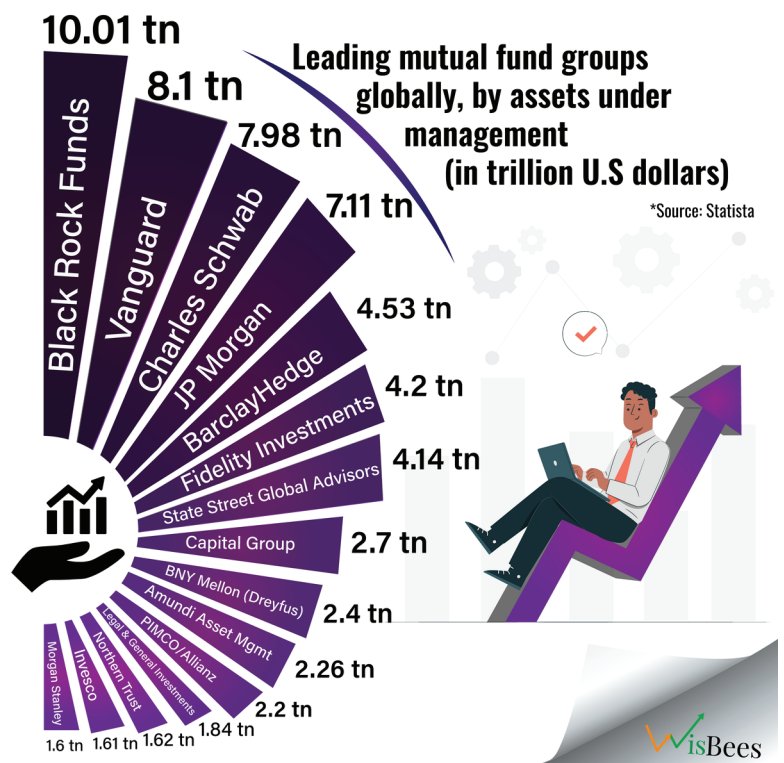
However, analysts have estimated the share price to be between 160-190, but on the 20th July session, Dalal Street rated it more than 30% premium.

Why is that? Reports say JFSL owns 6.1% of RIL shares, which boosts its valuation. As a result, it may receive an AAA-rating for now. In the first quarter of the financial year 2023, they reported a net profit of Rs. 145 Cr on revenue of Rs. 215 Cr. In FY21 and FY22, the company reported net profits of 1.23 Cr and 1.68 Cr, respectively. Since then, the numbers have grown manifold. Moreover, it's just the first quarter of the year, and we may see even better numbers in this fiscal year.

**Jio BlackRock Joint Venture**

Do you know the mighty Black Rock?

BlackRock, the largest Asset Management Firm globally with above \$10 Trillion Assets under Management, surpassing Vanguard funds, has now joined hands with JIO, setting the stage for a potential disruption in the Financial Service Industry in India. Earlier, Black Rock had a tie-up with DSP Mutual funds, which ended in 2018. With the successful demerger of JFSL as a separate entity, the company is set to expand and flourish, creating long-term value. Additionally, they've announced an exciting \$300 million Joint Venture (50:50) with Black-Rock, aiming to provide millions of Indian investors with tech-enabled access to affordable and innovative investment solutions. Means both Blackrock and Jio will invest \$150 Mn (1200 Cr INR) each in this Joint



Venture. Jio BlackRock will leverage BlackRock's expertise in investment management, risk management, product excellence, technology, operations, and market insights, while JFS will bring in-depth local market knowledge, digital infrastructure capabilities, and robust execution skills. Together, they present a new player in the Indian market, armed with a unique combination of scope, scale, and resources.



This move could pose a formidable challenge to the existing Asset Management companies in India. As it stands, the top 10 AMCs in the country already control a whopping 80% of the total assets.

The move to separate JFSL as a distinct entity was strategic, as it allows NBFCs like JFSL to borrow money from banks and financial institutions without showing debt on RIL's balance sheet, which investors and shareholders would surely appreciate.

Given Jio's history of disrupting the telecom industry, there's reason to believe that the entry into the NBFC sector will bring about somewhat similar performance. Particularly, with the former chairman of ICICI Bank at the helm, known for taking the bank to the No.1 position during his tenure (now at the 2nd position after HDFC Bank), history might repeat itself in a fresh challenge - this time in the NBFC space, not a bank. The potential for greatness is undeniable, making this partnership all the more intriguing.

### **Have there been any previous collaborations similar to JSFL and Black Rock in the past?**

This isn't the first time this has happened; it has occurred successfully on numerous occasions in the past.

In this exciting journey, HDFC Bank partnered with the cool Standard Life to give birth to HDFC Life Insurance - a force to reckon with in the insurance world. Meanwhile, SBI, the country's biggest public sector bank, joined hands with GE Capital to bring you the ultimate credit card experience - SBI Cards and Payment Services Limited.

But wait, there's more! ICICI Bank, known for its bold moves, formed a great bond with Prudential plc from abroad, leading to the birth of ICICI Prudential Life Insurance - a dream team that's been setting new standards in the life insurance game.

Not to be outdone, Bajaj Finserv flaunted its financial magic and joined forces with Allianz, creating the formidable Bajaj Allianz General Insurance. And let's not forget the brilliant move by Kotak Mahindra Bank, teaming up with Old Mutual to create a financial masterpiece - Kotak Mahindra Old Mutual Life Insurance.

The Aditya Birla Group also stepped up to the plate, partnering with Sun Life Financial to create Aditya Birla Sun Life Insurance - a dynamic duo all set to redefine the insurance landscape.

In this thrilling financial adventure, these partnerships bring together unique strengths and global expertise, offering a wide range of financial solutions that captivate the Indian market like never before.



## NEWSLETTER

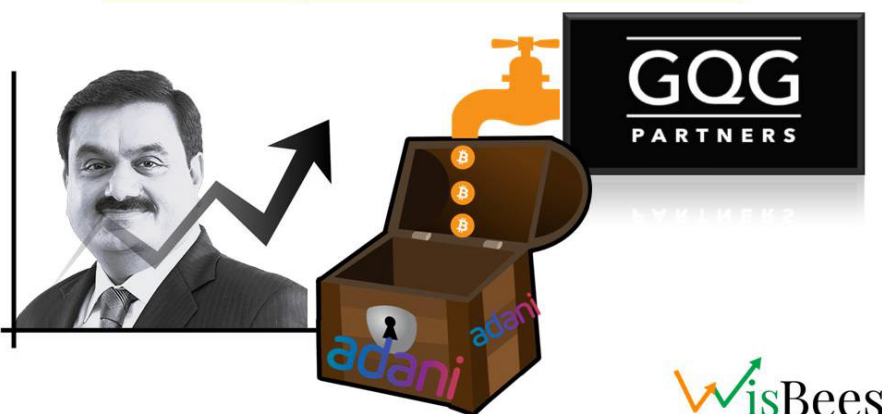
### The Phoenix's Flight:

## How Adani Group's Resurgence Ignited a Nation's Spirit

### Adani Group's Remarkable Comeback

#### The Chaos...

In early 2022, the Adani Group, a towering giant in India's corporate landscape with interests in ports, logistics, power generation, and green energy, found itself engulfed in a storm of crisis. Like a fierce tempest, fraud accusations from US short-seller Hindenburg Research unleashed a torrent of panic, triggering a massive sell-off that wiped out over \$150 billion from the value of Adani's listed companies.



As panic spread among investors and market confidence wavered, Gautam Adani, the billionaire founder, was determined to steer the group back on track. Amid the turmoil, GQG Partners LLC, a global investment firm, saw an opportunity in the Adani Group's fundamentally strong assets and India's growing economy. In early 2023, GQG Partners and other investors decided to make a bold move and buy stakes worth approximately \$1 billion in two key Adani Group companies.

#### The Bold Investment Move

The chosen companies were Adani Enterprises Ltd., the flagship entity of the group, and Adani Green Energy Ltd., a subsidiary focused on sustainable energy solutions. GQG Partners' Chief Investment Officer, Rajiv Jain, expressed his belief in the group's potential and its valuable infrastructure assets, including ports, coal mines, and power transmission facilities, all of which aligned with India's ambitious growth plans.

#### Impact on the Market

On a fateful Wednesday morning in March 2023, large block trades were executed for both Adani Enterprises and Adani Green Energy in Mumbai. The trade for Adani Enterprises involved 18 million shares, representing approximately 1.6% of its outstanding stock. Meanwhile, Adani Green Energy saw a substantial 35.2 million shares change hands. The transactions sent a strong signal to the market, attracting attention from investors globally.

The block trade for Adani Enterprises was settled at 2,300 rupees per share, marking a premium to its previous closing price of 2,284.45 rupees. On the other hand, Adani Green Energy's shares were traded at prices ranging from 920 rupees to 924.75 rupees, a slight discount to the previous day's close. These favourable prices fueled a renewed interest in Adani Group stocks, causing Adani Enterprises to soar by 5.2%, its most significant rally since the crisis, and Adani Green Energy to close just 0.3% lower after initially facing a 6.8% dip.

The positive momentum extended beyond the two main companies. Adani Transmission Ltd., another group entity, saw its shares surge by 5.9%. The broader market was also bullish, with key benchmarks reaching new record highs.

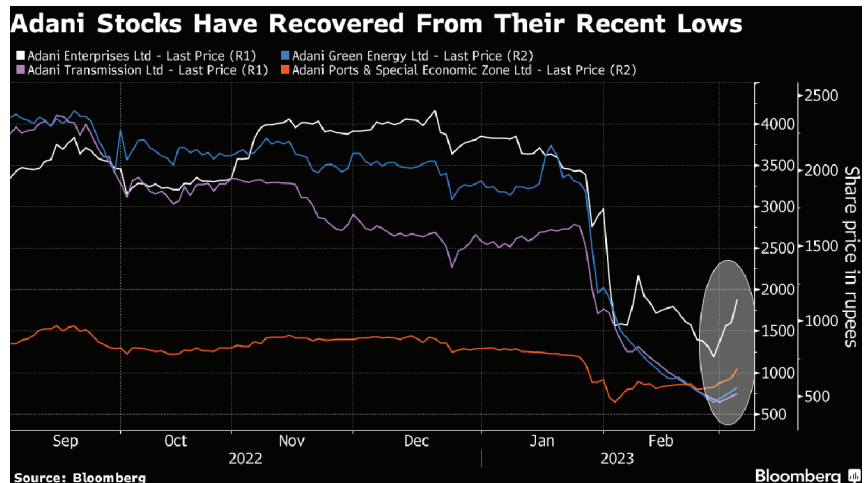
**Benefits for Indian Investors**

The investment by GQG Partners and other investors served as a much-needed confidence booster for the Adani Group. It reaffirmed the market's faith in the group's assets and management, signaling that the worst of the crisis was behind them. As a result, the group's other listed entities experienced a revival as well, adding approximately \$15 billion to their market value in just one week, significantly reducing their earlier losses of \$153 billion.

GQG LLC's Adani Stocks Portfolio			
Stock Name	Number of Shares	Buy Price	Total Investment in INR Billion
Adani Enterprises	38.7M	1410.86	54.6
Adani Ports and SEZ	88.6M	596.2	52.8
Adani Transmission	28.4M	668.4	19
Adani Green Energy	55.6M	504.6	28.1

Source: Bloomberg

The Adani Group's strategic response to the crisis, which involved scrapping acquisitions and proactively addressing debt concerns, also played a crucial role in restoring investor trust. This, combined with the foreign investor's vote of confidence, contributed to India's stock market reclaiming its position as the world's fifth-largest market, with a market capitalization of \$3.3 trillion by early 2023.



India's stable earnings outlook and one of the highest GDP growth rates among major economies made it an attractive destination for foreign funds. Since the start of April 2022, foreign investors had poured in \$5.7 billion into Indian stocks, bolstered by the nation's economic potential.

The Adani Group's phoenix-like revival served as a testament to the resilience of India's financial markets and the opportunities it offered to investors. With renewed optimism and an invigorated vision, the Adani Group set its sights on the future, ready to capitalize on India's growth trajectory and usher in a new era of success and prosperity. As the Adani story unfolded, it inspired Indian investors to consider the potential rewards of investing in their nation's thriving companies and contributed to the nation's journey toward economic progress.

---

The story of Adani's resurgence and the billion-dollar investment by GQG Partners LLC and other investors holds several potential benefits for Indian investors:

- 1. Boosting Confidence:** International investors like GQG Partners showed faith in Adani Group, boosting investor confidence in India's stock market. Global investment signals value in Indian companies and growth prospects.
- 2. Positive Impact on Stocks:** Adani Group's rebound showcases Indian companies' resilience, inspiring local investors to consider Indian stocks for potential value appreciation.
- 3. Impetus for Infrastructure:** Investors' interest in Adani's infrastructure assets sparks interest in the sector, benefiting other infrastructure companies too.
- 4. Reinforcing Economic Growth:** Foreign investors' confidence in India's stable earnings and high GDP growth reaffirms India as an emerging economic powerhouse.
- 5. Market Resilience:** Adani's recovery highlights India's financial markets' resilience, fostering long-term investment approaches.
- 6. Attracting More Investments:** Foreign funds pouring into Indian stocks stimulate economic growth and development, benefiting the nation and its investors.
- 7. Global Prominence:** India's resurgence cements its position as a key player in the global financial landscape, attracting more investments.



## Financial Jargons

### Dow Theory

Dow Theory is a fundamental principle of technical analysis used extensively in the Western world, even before the discovery of candlesticks. In fact, the theory was never published by Charles Henry Dow (1851-1902) himself. He was a journalist, founder, and the first editor of the famous "The Wall Street Journal," and the co-founder of Dow Jones and Company. The theory was derived from the 255 articles written by him. After his demise, William Peter Hamilton, Robert Rhea, and E. George Schaefer represented it as Dow Theory.

- **Market Efficiency:** Dow Theory operates on the efficient markets hypothesis, implying that asset prices incorporate all available information, except for unforeseeable events like political assassinations or natural disasters.
- **Three Types of Trends:** Dow Theory recognizes three primary trends - primary (long-lasting), secondary (temporary corrections), and minor (short-term fluctuations).
- **Phases of Primary Trends:** Primary trends go through three phases - accumulation (smart investors buy or sell discreetly), public participation (more investors join the trend), and distribution (smart investors start selling).
- **Indices Confirmation:** The overall market sentiment is confirmed when multiple indices move in the same direction, providing a more accurate picture of the market's health.
- **Volume as Confirmation:** The trading volume is essential in confirming trend strength; rising prices with higher volume validate a robust trend, while low volume during corrections suggests a weak trend.
- **Trends' Persistence:** Dow Theory suggests that trends continue until a definitive reversal occurs, and traders must be cautious about mistaking minor fluctuations for trend reversals.

### Piercing Pattern

The Piercing Pattern is a bullish candlestick pattern used by technical analysts to signal a potential trend reversal in the market. It forms over two periods and consists of a long red candlestick followed by a long green candlestick that opens below the previous day's close but closes above the mid-point of the previous day's candlestick. The pattern suggests that after a period of selling pressure, buyers have gained control and are pushing prices higher.

Similar to a bullish engulfing pattern the green candle opens below the previous long red candle and covers 50% or more but not 100% of the same candle. If the market closes below the piercing pattern by way of a long red candlestick, then the downtrend is likely to continue.

### What does this indicate in the market?

The bears had control over the market indicated by big red candles with lower highs and lower lows. Now, the next candle opens lower with a gap indicating a bearish move, and then the price experiences a strong upthrust by the bulls giving a close somewhere between more than 50% and less than 100% of the previous candle.

Published on TradingView.com, April 17, 2023 15:50:19 IST  
ONGC:NSE:633601, 1D O:159.10 H:160.45 L:158.20 C:160.05



TradingView

### Example

Let's take an example, we have taken ONGC on a daily time frame and it is clearly visible also we have marked that on 7th December 2017, the piercing pattern was formed. As we have discussed earlier the pattern satisfies all the conditions and is also confirmed by a large bullish candle. After which the price went up like a rocket giving a good amount of return of about 20% within two months.

