Stock markets settle flat in muted trade; Adani Ports spurts over 5%

NEW DELHI, DEC 26: Benchmark indices Sensex and Nifty ended flat in listless trading on Thursday amid a lack of near-term triggers and unabated foreign fund outflows.

The 30-share BSE benchmark Sensex dipped 0.39 points to settle at 78,472.48 in a muted trade. During the morning trade, it had jumped 425.5 points or 0.54 per cent to 78,898.37.

The NSE Nifty eked out gains of 22.55 points or 0.1 per cent to 23,750.20 on the monthly expiry day.

From the 30 blue-chip stocks, Titan, Asian Paints, Nestle, Tech Mahindra, Reliance Industries, Zomato, Larsen & Toubro and Bajaj Finserv were among the laggards.

Adani Ports, Mahindra & Mahindra, Maruti, Sun Pharma, Bharti Airtel and Tata Motors were among the gainers.

In Asian markets, Tokyo and Shanghai settled in the positive territory while Seoul ended lower. US markets were closed on Wednesday for Christmas.

Foreign Institutional Investors (FIIs) offloaded equities worth Rs 2,454.21 crore on Tuesday, according to exchange data.

The Indian stock markets were closed on Wednesday because of Christmas.

Global oil benchmark Brent crude climbed 0.53 per cent to USD 73.97 a barrel.

After gyrating between highs and lows, the 30-share BSE index declined 67.30 points to 78,472.87 on Tuesday. Nifty dipped 25.80 points or 0.11 per cent to 23,727.65.

RBI stance, corporate hirings may have led to demand slowdown: Finmin

NEW DELHI, DEC 26: Structural factors may have contributed to a slowdown in India's GDP growth in the first half of the current fiscal, the finance ministry said on December 26, adding that a combination of monetary policy stance and macroprudential measures by the central bank could have contributed to the demand slowdown.

The central bank kept the repo rate unchanged in 2024 at 6.5 percent, though it shifted its stance from 'withdrawal of accommodation' to 'neutral' in the October policy.

Hiring and compensation practices in the corporate sector have also played their part in slowing urban consumption growth, the finance ministry added in its monthly economic review for November 2024.

India's real GDP grew 5.4 percent during Q2 of FY25 and 6 percent for H1 of FY25. The slowdown in growth was primarily concentrated in some manufacturing sections compared to the previous quarter.

When it comes to consumption, rural demand has been trending higher than its urban counterpart.

Several high-frequency indicators, including sales of personal vehicles and fast-moving consumer goods (FMCGs), credit growth as well as fuel usage have been pointing at a more pronounced slowdown in urban consumption.

As per data from Federation of Automobile Dealers Associations (FADA), In the two-wheeler segment, sales in rural markets sharply rose by 19.93 percent YoY in November 2024, while in urban areas, it was at a much lower 9.08 percent. A similar trend was seen in passenger vehicles as well.

In fact, after accelerating to a seven-quarter high of 7.4 percent in Q1 FY25, Private Final Consumption Expenditure or PFCE, slowed down to 6 percent during July-September. PFCE is a key indicator to measure spending incurred by households.

In its monthly economic review for November 2024, the ministry said given signs of a pick up in urban depend and expectations of food prices easing going ahead, there are good reasons to believe that the outlook for growth in H2 of FY25 is better than what we have seen in the first half of the current fiscal.

The RBI has projected CPI inflation at 4.8 percent for FY25, with Q3 at 5.7 percent and Q4 at 4.5 percent.

"The farm sector outlook is optimistic, generating hopes that food price pressures will decline gradually," according to the review.

The finance ministry acknowledged the Reserve Bank of India's decision to lower the cash reserve ratio from 4.5 percent to 4 percent in its policy meeting in December 2024.

"That should help boost credit growth, which has slowed a little too much and quickly in FY25," the ministry said in its review.

Sumitomo Mitsui Financial Group infuses Rs 3,000 cr into SMFG India Credit via rights issue

NEW DELHI, DEC 26: Sumitomo Mitsui Financial Group, Inc (SMFG) made Rs 3,000-crore equity infusion in SMFG India Credit Co. Ltd (formerly Fullerton India Credit Co. Ltd.) (SMICC) through a rights issue. This investment also includes Rs 300 crore directed towards its wholly-owned subsidiary, SMFG India Home Finance Co. Ltd. (formerly Fullerton India Home Finance Co. Ltd) (SMFG Grihashakti).

As of September 30, 2024, SMICC's Asset Under Management (AUM) stood at Rs 49,800 crore, showcasing a year-on-year growth sof 25.1%. SMFG in April 2024 had infused Rs 1,300 crore in SMICC through rights issue and with this latest capital infusion of Rs 3,000 crore, SMICC has received the highest-ever fund infusion of Rs 4,300 crore for any financial year since inception. "This strategic investment reflects SMFG's unwavering focus on supporting SMICC's growth trajectory and enhancing financial inclusion across the Nation," said SMICC.

Post this infusion, SMICC's Capital Adequacy Ratio (CAR) is expected to strengthen further, reinforcing the company's robust financial foundation, it added.

On this landmark infusion, Pankaj Malik, Chief Financial Officer, SMFG India Credit said: "This fund infusion demonstrates the confidence that SMFG places in the growth potential of the Indian market and SMFG India Credit's vision. The enhanced capital base not only allows us to scale our business operations but also solidifies our ability to serve a diverse customer base with innovative financial solutions. As we continue to expand, our focus remains steadfast on driving financial inclusion and empowering underserved communities across the country."

Anya Polytech SME IPO sees 11.23x subscription on Day 1 amid strong retail, NII demand

NEW DELHI, DEC 26: The initial share sale of Anya Polytech & Fertilizers saw 11.23 times on the first day of bidding, December 26, despite no bids from qualified institutional buyers and muted trading in the equity markets.

The company , which manufactures HDPE & PP bags, and zinc sulphate fertilizers, plans to raise Rs 44.8 crore through public issue of 3.2 crore equity shares at the upper end of price band of Rs 13-14 per share.

Investors applied for 25.72 crore equity shares against the offer size of 2.29 crore shares via 23,451 applications, the subscription data on the NSE showed.

Retail and non-institutional investors were at the forefront to support the issue, bidding 20.78 times and 7.9 times their allotted quotas. Qualified institutional buyers have not participated in the offer yet.

The company , which also manufactures micronutrient mixture and trades in the single super phosphate, has already raised Rs 12.74 crore through its anchor book on December 24. It has issued 91 lakh shares to seven anchor investors including Zeta Global Funds, NAV Capital, Aarth AIF, Nexus Equity Growth Fund, and Next Orbit Growth Fund, at a price of Rs 14 per share.

Uttar Pradesh-based Anya Polytech will utilise IPO proceeds (excluding offer expenses) for capital expenditure & working capital requirements. Further, the some funds will also be used for setting-up 1 x 2 TPH biofuel pellet plant by Yara Green Energy, and the remainder for general corporate purposes.

Anya Polytech will close its public issue on December 30, and list its equity shares on the NSE Emerge, effective January 2. The sole merchant banker handling the issue is Beeline Capital Advisors.

Telegram becomes profitable, surpasses $1 billion in revenue for 2024

NEW DELHI, DEC 26: Telegram has reached a huge milestone—it's now officially profitable. Telegram cofounder Pavel Durov announced on X that the messaging app made over $1 billion in revenue in 2024. By the end of the year, Telegram had more than $500 million in cash reserves, exluding its crypto assets.

A big part of this success came from Telegram Premium, the platform's paid subscription service.

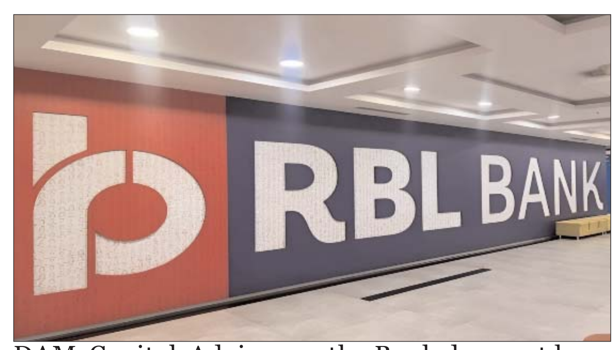
Premium subscribers tripled in 2024, reaching over 12 million users. Ads also brought in more money, with advertising revenue growing several times compared to previous years.

Over the past four years, Telegram borrowed about $2 billion to keep expanding. This fall, the company used favorable bond prices to repay a significant chunk of its debt, which shows its growing financial stability. However, Durov noted there's still work to do to fully strengthen the company's finances.

Telegram's profitability wasn't just about ads and subscriptions. The platform rolled out creative money-making features like Stars, Gifts, Giveaways, Mini Apps, the Affiliate Platform, Telegram Business, and Telegram Gateway. These additions gave Telegram multiple revenue streams while staying true to its core principles—respecting user privacy and maintaining independence.

Reaching profitability is a big step for Telegram, showing that social media platforms can succeed financially without compromising on user rights. It's a clear sign that with the right strategies, innovation, and focus, platforms can thrive in a competitive market.

RBL Bank divested entire 8.2% stake in DAM Capital after the IPO for Rs 163 crore



NEW DELHI, DEC 26: RBL Bank has divested its entire 8.16% stake in DAM Capital through an OFS during the public issue that was open between December 19-23 for a sum of Rs 163.32 crore, excluding taxes, the company said in an exchange filing on December 26. The bank said it now does not hold any equity stake in the investment bank after the transaction.

The corporate action was initiated on December 26, a day before the listing of the pure play investment bank.

"RBL Bank participated in the Initial Public Offering (IPO) of DAM Capital Advisors (DAM Capital) through an offer for sale process and divested its entire holding i.e. 57,71,000 equity shares of face value of Rs. 2 each, representing 8.16% of the issued and paid-up equity share capital of DAM Capital. Following the above transaction, the Bank does not have any equity shareholding in DAM Capital," a company filing said.

The 57.71 lakh shares represent 8.16% equity in DAM Capital which was sold through offer for sale, as part of IPO of DAM Capital. Prior to this, RBL Bank had sold 10.60 lakh shares, representing 1.50% stake in DAM Capital in the secondary market, the lender informed. This secondary market transaction was below the threshold limit requiring disclosure, as per SEBI regulations.

The Rs 840 crore IPO of DAM Capital closed on December 23 to with a massive 81.88 times subscription. Qualified institutional buyers were at the forefront of boosting the subscription numbers, bidding 166.33 times their allotted quota, followed by non-institutional investors who bought 98.47 times their reserved portion.

Alibaba, E-Mart to create $4 billion e-commerce JV in South Korea

NEW DELHI, DEC 26: Alibaba Group Holding Ltd. agreed to merge its South Korean operations with E-Mart Inc.'s e-commerce platform to better compete in the country's fast-paced online retail sector.

AliExpress International and Gmarket are creating a 50-50 joint venture, according to a stock exchange filing by E-Mart which confirmed a report by Bloomberg News. The companies plan to make further investments in the JV, which will own 100% of Gmarket.

The new entity could be valued at about $4 billion, people familiar with the matter told Bloomberg, asking not to be identified discussing confidential information.

E-Mart shares rose 5.5% in Seoul, giving the company a market value of $1.4 billion. Alibaba's Hong Kong-listed stock has gained around 11% this year, valuing the firm at more than $200 billion.

The deal would help the companies face off against local rivals including Naver Corp. and Coupang Inc. This month, South Korea's consumer confidence dropped by the most since the outbreak of Covid-19, battered by the political turmoil triggered by President Yoon Suk Yeol's declaration of martial law and his impeachment.

Alibaba has been seeking to expand its international footprint to make up for slower growth in its core Chinese e-commerce business. The internet pioneer's domestic e-commerce operations reported anemic growth in the September quarter, dragging down financial results that benefited from progress in its cloud division and international business, which encompasses Lazada and the Temu-like AliExpress.

Once a dominant player in China's e-commerce field, Alibaba is struggling to grow amid competition from rising rivals like PDD Holdings Inc. and ByteDance Ltd. That's forced a hard pivot under the leadership of co-founder Eddie Wu, who took on the chief executive officer role more than a year ago, toward consolidating its core businesses and focusing investment into the most promising growth areas.

Alibaba is now integrating its domestic and international e-commerce operations, under the leadership of Jiang Fan, and has been steadily selling off holdings it doesn't consider essential.

Alibaba last week agreed to sell its Intime department store business to Youngor Fashion Co. for around $1 billion in a move to offload noncore assets.

The deal will see the Chinese e-commerce giant record a loss of 9.3 billion yuan ($1.3 billion) on its initial investment in Intime.

E-Mart has been expanding its e-commerce business both organically and via acquisitions. In 2021, it acquired a controlling stake in eBay Inc.'s South Korean online marketplace for about $3 billion, expanding its customer base in categories such as groceries and general merchandise.

Deloitte ignored red flags raised by lender in Zee Entertainment audit case: NFRA

NEW DELHI, DEC 26: Deloitte is under regulatory scanner for ignoring red flags in its audit of Zee Entertainment, with the National Financial Reporting Authority (NFRA) highlighting serious lapses. On December 23, National Financial Reporting Authority (NFRA) imposed a Rs 2 crore fine on Deloitte, barred partner A.B. Jani from audits for five years, and restricted another partner, Rakesh Sharma, for three years. This order adds to regulatory issues, which Deloitte has faced.

Deloitte is expected to challenge the NFRA order, potentially leading to prolonged litigation, possibly reaching the Supreme Court. NFRA's orders can be contested at the National Company Law Appellate Tribunal (NCLAT) or in High Courts.

The case dates to March 2020 when Yes Bank, one of the many lenders of the ZEE group sent an email to Deloitte, raising concerns over alleged governance failures in the company and which it described as a "colossal failure of the finance audit as a control function."

The crux of the issue is around a Rs 200 crore fixed deposit (FD) given by Zee as a guarantee to Yes Bank for loans to Essel Green Mobility, a group entity. NFRA found that neither the creation nor the redemption of this FD had board or shareholder approval. Despite this, Deloitte did not raise any red flags or conduct further investigations as mandated by the Companies Act.

The Rs 200-crore fixed deposit (FD) maintained by Zee with Yes Bank was due for maturity on September 10,2019. However, Yes Bank prematurely closed the FD on July 24,2019 and the lender used the amount to settle the loans due from seven related parties of Zee, including Essel Green Mobility.

This led to a conflict between Zee and Yes Bank since neither the Zee board nor its shareholders had given any approval for closure of the FD. Zee questioned how Yes Bank could unilaterally wind-up the FD without board approval of Zee. However, Yes Bank was acting based on letter of comforts(LOCs) given by Zee promoter Subhash Chandra.

Three months later, on September 18,2019 the seven related parties together transferred the Rs 200 crore back to Zee saying Yes Bank had 'erroneously' transferred the money to them. Zee and Yes Bank decided to settle the issue without any further escalation.

NFRA found that neither the creation nor the redemption of this FD had board or shareholder approval as mandated by law. Despite this, Deloitte did not raise any red flags or conduct further investigations as mandated by the Companies Act

The NFRA order further highlights key lapses by Deloitte. The regulator noted that Deloitte neither responded to specific governance and financial red flags raised by Yes Bank in its email to the auditor nor it took any steps to address them.