

K STREET

RULE THE MARKET

ISSUE: 123



Credit offtake settles at low levels

Credit offtake in the economy stabilises at low levels of around 6% YoY in the month of November 2020. YTD gross bank credit growth moved into positive territory. YTD bank credit grew at 0.3% vs. -0.5% during previous month. An active credit market due to record low bond yields is contributing to this lacklustre growth. Non-food credit growth for November month came in at 6% in November 2020 vs 5.6% Oct 2020 and 7.2% during November 2019. Credit growth continued to hover around 5.5% to 6.0% levels for the fourth consecutive month in this fiscal. Despite transition of RBI rate cuts by banks, credit growth is yet to pick up.

Banks continue to remain selective in extending loans as they continue to conserve capital to absorb unexpected additional stress due to covid and uncertainties created by regulatory dispensation and Supreme Court injunction. As we highlighted in our previous notes, we continue to believe that going forward credit growth would remain subdued around these levels as banks continue to remain risk averse till clarity emerges on asset quality picture. We expect banks would continue to adopt selective approach by focusing on AAA rated corporate clients and top quality retail customer base even if it means sacrificing yields as declining cost of funds across the board would help them to offset it.

Industry credit for the month of November 2020 continued to stay in red zone but picked up to -0.7% as opposed to -1.7% during October 2020. Similar trend is visible YTD as well as YTD industrial credit picked up to -5.2% vs -3.9% during November 2019. Credit to MSMEs continues to be strong with a growth of 20.9% and 17.5% YoY and YTD respectively. Credit to large industries slightly picked up during November with a growth of -1.8% vs -3% in Oct 2020. Industrial credit was supported by increasing disbursements under government's Emergency Credit Line Guarantee Scheme (ECLGS) to MSMEs, which was extended to November 2020 from October 2020 earlier. It would be interesting to see how credit to medium industries performs during the month of December 2020 with government's ECLGS ending in November 2020.

Key noticeable trends during the month included agriculture and allied activities and services sector picked up growth while growth in personal loans stabilised at higher levels of 10%. Within personal loans, vehicle loans and consumer durable loans continued to stay robust and remain at elevated levels of 10% and 26% respectively. Loans against shares, which was growing higher for some time in the recent past has de-grew by -6.6% in the month of November 2020 for the first time in nearly past 4 months.

After creating hopes last month, services sector credit growth has slowed down to 8.8% during November 2020 from 9.5% posted during October 2020. This is due to deterioration of credit growth in Shipping and Professional Services by more than -20%. However, this was offset by strong growth posted by Wholesale trade, Tourism and Other services. While all segments within retail category exhibited minor improvements, larger segments like Housing continue to be steady around 8-10%. It is interesting note that despite after the end of festive season, retail categories have exhibited small improvements which could be due to pent up demand.

- DR. RAVI SINGH

Vice President & Head of Research

Team

Srinivas Krishnan Bobba
Sharath Kumar Jutur
Thomas V Abraham

Karvy Head Office

Karvy Stock Broking Limited, Plot No.31/P,
Karvy Millennium Towers, Nanakramguda,
Financial District, Gachibowli, Hyderabad,
Telangana-500032, India.

For More updates & Stock Research

Visit: www.karvyonline.com
Toll free: 1800 419 8283
Email: research@karvy.com

Analyst Certification

The following Karvy Research Desk, who is (are) primarily responsible for this report and whose name(s) is/ are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

Disclaimer: Karvy Stock Broking Limited [KSBL] is registered as a research analyst with SEBI (Registration No INZ000172733). KSBL is also a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources, the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections. Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity. KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions. KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report. Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report. It is confirmed that KSBL and Research Analysts, primarily responsible for this report and whose name(s) is/ are mentioned therein of this report have not received any compensation from the subject company mentioned in the report in the preceding twelve months. It is confirmed that Research Analyst did not serve as an officer, director or employee of the companies mentioned in the report. KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report. We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.

NEWS

AUTO

- Maruti Suzuki India, the country's largest carmaker, on Wednesday said its total production in December 2020 increased 33.78% to 1,55,127 units.

BANKING

- Union Bank of India said it has raised Rs. 1,000 Cr by issuing Basel III-compliant bonds on a private placement basis. The bank has issued Basel III-compliant Perpetual Debt Instruments in the nature of debentures eligible for inclusion in Additional Tier 1 Capital to the tune of Rs. 1,000 Cr, according to a regulatory filing.
- State Bank of India and Indian Oil Corporation (IOC) on Thursday launched a co-branded contactless RuPay debit card. A customer, anywhere in the country, can get the card by visiting the SBI's home branch, the bank said in a release.
- Bandhan Bank: Private lender Bandhan Bank said its loans and advances grew by 23% year-on-year to Rs. 80,255 Cr during the third quarter of the current fiscal. The advances were at Rs. 65,456 Cr in the year-ago period, it said.
- IDFC First Bank: The bank said the credit growth rose a marginal 0.7% to Rs. 1,10,499 Cr during the third quarter ended December 2020. The private sector lender had an outstanding loan of Rs. 1,09,698 Cr as of December 31, 2019, and on a quarterly basis, the loan growth was 3% from Rs. 1,06,828 Cr as on September 30, 2020, IDFC First Bank said in a regulatory filing
- Bank of Baroda said it has signed a pact with SIDBI to support the MSMEs with an online facility of submitting their loan restructuring proposals. Last year in November, SIDBI had launched a web portal - Asset Restructuring Module for MSMEs (ARM-MSME) - to help MSMEs take benefit of the RBI's one-time debt restructuring scheme.

CONSUMPTION

- Tata Consumer accelerates launches of immunity-boosting teas amid the pandemic: Tata Consumer Products has launched new teas with immunity-boosting ingredients such as tulsi, ginger, cardamom and brahmi is the second-largest tea company wants to capitalise on the rising health awareness amid Covid-19 pandemic. "Wellness is a Rs. 4 bn market in India and has been an ongoing trend for the last 4-5 years. However, because of the pandemic people are looking for more natural ingredients and immune-boosting wellness products. Some of the new tea variants were pre-pandemic plans but new consumer insights prioritised and accelerated the launches", Sushant Dash, president, TATA Consumer - packaged beverages (India,

BANGLADESH AND THE MIDDLE EAST) STATED

- Inflationary concerns could dampen recovery for FMCGs: Fast-moving consumer goods (FMCG) companies are seeing signs of recovery in the third quarter of FY21 after demand saw an uptick during the festive season. However, growing commodity inflation could impede this recovery. The rise in crude oil price could increase the cost of crude derivatives (a key raw material in most FMCG products), in turn impacting the margins as price hikes beyond certain levels considering the consumption scenario is not viable.
- SIAC Sets Panel For Final Verdict On Amazon-Future Group Case: The Singapore International Arbitration Centre (SIAC) is at the final stage of proceedings between Amazon-Future Group arbitrary case. Recently, the CEO of Future Group claimed that Reliance deal was a saviour for the company, while Amazon did not help it in times of need. Amazon had raised a petition with the SIAC to block the Reliance-Future deal.

IT

- HCL Technologies said that has partnered with Claim Genius an AI automation solutions provider for the auto insurance market, to jointly develop and market new AI claims management solutions.
- TCS will announce Q3 results on Friday. The Tata Group firm is expected to sustain the revenue momentum in the December 2020 quarter following pick up in the business activities. Net profit without considering one-off legal expenses in the previous quarter may show weakness in the third quarter given the salary increase and unfavourable currency movements.

METAL

- National Aluminium Company will invest around Rs. 30,000 Cr by the financial year 2027-28 on expansion and diversification, federal Coal & Mines minister Pralhad Joshi said.

NBFC

- DHFL: US-based Oaktree Capital has said its revised bid for the debt-ridden DHFL is unconditional and comes with a commitment of fresh capital infusion of Rs. 1,000 Cr for the revival of the company.
- Indiabulls Housing Finance: Big investors like Apollo PE can buy stakes in Indiabulls Housing Finance at Rs. 275-300 per share, according to a report in Zee Business. Apollo PE is likely to sign an agreement with the company and the deal is likely to fetch around Rs. 2,200-2,500 Cr to the NBFC.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Jindal Saw Limited	Other business matters	11-Jan-21
The Karnataka Bank Limited	Financial Results	12-Jan-21
Tata Elxsi Limited	Financial Results	12-Jan-21
Wipro Limited	Financial Results/Dividend	13-Jan-21
Infosys Limited	Financial Results	13-Jan-21
CESC Limited	Financial Results/Dividend	13-Jan-21
Reliance Industrial Infrastructure Limited	Financial Results	14-Jan-21
Tata Steel Long Products Limited	Financial Results	14-Jan-21
HCL Technologies Limited	Financial Results/Dividend	15-Jan-21
L&T Finance Holdings Limited	Financial Results	15-Jan-21
PVR Limited	Financial Results	15-Jan-21
HDFC Bank Limited	Financial Results	16-Jan-21

GLOBAL NEWS

- Virus impact keeps eurozone inflation negative. The Eurostat figures for December gave the 19-nation zone an inflation reading of minus 0.3 percent, the same level as in November. It has been negative since August.
- World food price index rises for the seventh month running in Dec -FAO. The Food and Agriculture Organization's food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 107.5 points last month versus 105.2 in November.

PHARMA & HEALTHCARE

- Biocon announced that its subsidiary Biocon Biologics has approved a primary equity investment by Abu Dhabi-based ADQ, one of the region's largest holding companies. As per the terms of the proposed agreement, ADQ will invest Rs. 555 Cr for a
- 1.80% minority stake in the biosimilar business, valuing Biocon Biologics at a post-money valuation of \$4.17 billion.

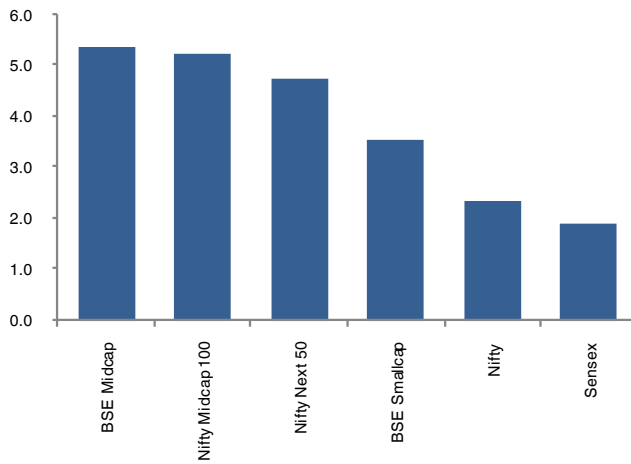
POWER

- SE Power: Elara India Opportunities Fund sold 21,44,704 equity shares of the company at Rs. 4 per share. However, Agarwal Shailendra Kumar acquired 22 lakh shares at the same price on the NSE.
- NHPC: Resolution Plan submitted by the company for Jalpower Corporation has been approved by NCLT.
- Tata Power completed the acquisition of 51% equity shares of TP Southern Odisha Distribution Limited and TP Western Odisha Distribution Limited for Rs. 127.50 Cr and Rs. 255 Cr, respectively.
- NTPC has served notices to six states and two union territories for non-payment of dues, PTI reported. NTPC has also made it clear that it will be forced to shut-off or restrict power supply if they fail to clear their dues.

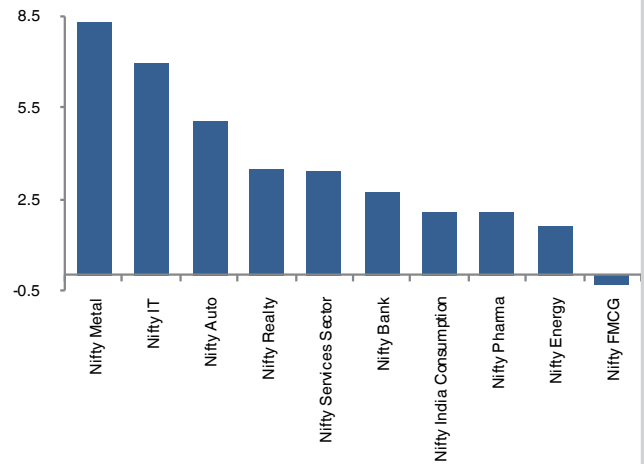
TELECOM & MEDIA

- Vodafone Idea (Vi): The telecom company has moved the Supreme Court seeking modification on its orders related to final adjusted gross revenue (AGR) dues of Rs. 58,254 Cr, which was calculated by the telecom department (DoT). Vi who has paid Rs. 7,854 Cr of the said dues has pointed out arithmetical errors in DoT's calculations. It has estimated the dues at Rs. 21,533 Cr. In the plea, Vi has cited errors like double counting and not a consideration of payments already made among others. Earlier, Bharti Airtel has also approached the apex court seeking a modification in its orders related to AGR dues.

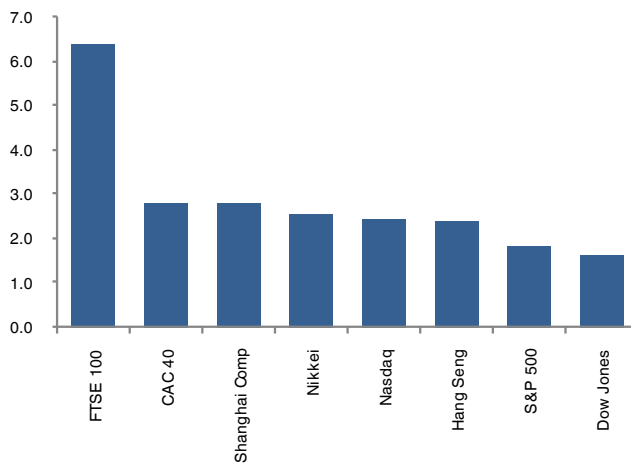
INDIAN INDICES (% CHANGE)



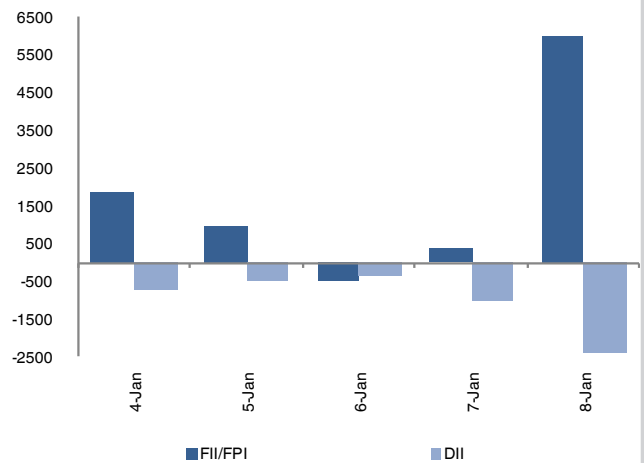
SECTORAL INDICES (% CHANGE)



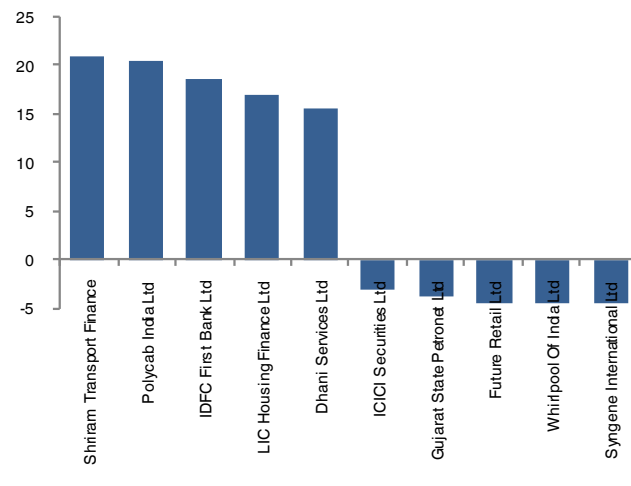
GLOBAL INDICES (% CHANGE)



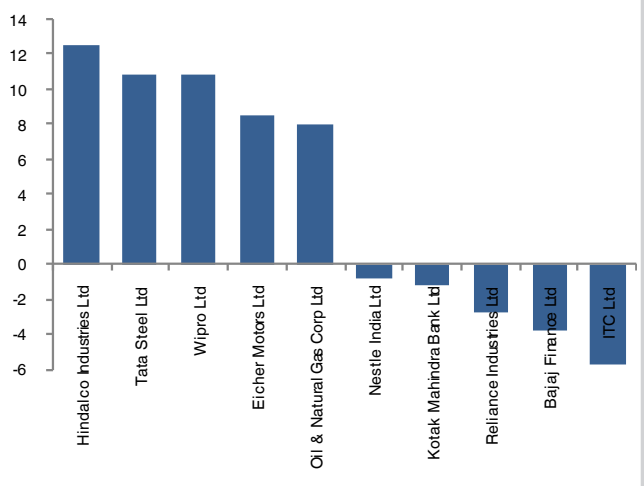
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

BEAT THE STREET - TECHNICAL ANALYSIS

Maruti Suzuki India Ltd



STOCK	MARUTI
CMP	8004
ACTION	BUY
ENTRY	7920-7950
AVERAGE	7690
STOP LOSS	7205
TARGET 1	8750
TARGET 2	9000

On the technical front, MARUTI has higher highs and higher lows on the daily charts and is currently placed above the long-term EMAs in the daily frame. In the recent past, after clocking a low of 7205 levels, the stock has witnessed a bounce and rallied to the current levels. At the current juncture, the stock has formed a base of around 7650-7700 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish from current levels and is witnessing a bounce from the support zone around 7700 levels. This may trigger a fresh round of buying which may take the stock towards 8750 plus levels. The stock is currently performing in line with the broader markets indicating the inherent strength in the counter and is trading well above the major long-term support levels. On the Bollinger band (20,2) the stock price is trading above the mean with the upper band facing in the northward direction indicating the price likely to move higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 60 levels indicating the intact bullishness in the stock. We expect the counter to continue its outperformance in the coming trading days as well and may move towards 9000 levels in the medium-term. Any correction towards the recent support levels of 7690 levels may be utilized to average the positions.

Tech Mahindra Ltd



STOCK	TECHM
CMP	1048
ACTION	BUY
ENTRY	1030-1035
AVERAGE	970
STOP LOSS	890
TARGET 1	1200
TARGET 2	1250

On the technical front, TECHM has higher highs and higher lows on the daily charts and is currently placed above the long-term supports. In the recent past, after clocking the high of 950 levels, the stock has witnessed a round of profit booking which dragged the counter towards the short-term moving average of 21- EMA on the daily charts. At the current juncture, the stock is forming a base around 890 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish at the current levels forming higher highs and higher lows. This may trigger a fresh round of buying which may take the stock towards 1200 plus levels. The stock's performance is in line with the broader markets indicating the inherent strength in the counter and is trading well above the long-term support levels. On the Bollinger band (20,2) the stock price is plotting above the mean indicating the price likely to trend higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 60 levels indicating the bullishness in the stock. We expect the counter to continue its outperformance in the coming trading weeks as well and may move towards 1250 levels in the short term. Any correction towards the recent support levels of 970 levels may be utilized to average the positions.

INDEX SNIPPETS

NIFTY (14344.65): Indian equity benchmark index Nifty 50 closed higher by 2.32% during the week. During the last nine months, the index witnessed a bounce towards the current levels after correcting from 12150 levels towards the low of 7511 levels. Technically, from March 2020, the index is forming higher highs indicating the strong bullish strength of the index. However, the index may resume its bearish bias if it breaches and sustains below 13130-13150 levels in future sessions. On the global front, shares in Asia-Pacific were mostly higher on Friday after stocks on Wall Street cruised to new record highs overnight. European markets traded higher Friday as global investors anticipate that a Democratic-controlled US government will lead to greater fiscal support. More positive news on the Covid-19 vaccine front may also boost sentiment Friday, as a laboratory study indicated that the Pfizer and BioNTech vaccine is effective against the new, highly-transmissible mutations of the virus found in the UK and South Africa. Domestically, for the week, on the data front, investors may focus on the CPI (YoY) (Dec) data releasing on Jan 12 and WPI Inflation (YoY) (Dec) data releasing on Jan 14. On the derivatives front, open interest data suggests that the index may find its supports around 14500 followed by 15000 levels while on the higher side, 14200 and 14000 levels may act as strong resistance.



NIFTY IT INDEX is the top performing index this week with gains of 7%. vs Nifty's gains of 2.3%. Nifty IT index is in a strong uptrend and is trading at all-time highs. The index has ended the week on a strong momentum ahead of beginning of results season with TCS being the first company to kick-start the results season on Jan 8. Expectation of better results from IT sector during an otherwise seasonally weak quarter has led the index to scale to fresh highs. The index started the week on a strong note and gained more than 5% in first two sessions of the week. After a brief correction, the index rallied 3.6% on the last trading day of the week to clock in the top performer tag for the week. During the week, the index made a fresh all time high of 26214 and closed above 26000 for the first time. We expect the index to continue with its uptrend as IT companies continue to report strong Q3FY21 results. During the week, all index components ended with gains with Info Edge, Wipro and L&T Infotech gaining more than 10% each. Info Edge is the top performer which gained 13% on expectations of value unlock potential due to the listing of Zomato through IPO later this year. Going forward we expect the index to see some resistance around 26500 and 27000. On the downside, we expect the index to see some support at 25150, followed by 24500.



NIFTY CONSUMPTION, though it moved 2.1% for the week (in line with the benchmark Nifty index, which inched higher by 2.3%), was amongst the least performing sectors during the week. This was on account of the focus once again shifting further towards long term growth, instead of the short term hurdles. Major events for the week include the increased vaccination in UK, the confirmation of Joe Biden as the next President by the US Congress (markets across the globe expect a new covid stimulus package to be announced soon) and domestically, the approval for two vaccines to be used amongst for emergency purposes. This provides impetus to look beyond the current gloom of rising covid cases. There were no specific stock or sector triggers during the week. The RIL-Future deal continues to be in the news and provided a negative bias for the stock, with Future Retail Ltd. ending lower for the week by -4.6%, and is amongst the top midcap losers. We expect the positive momentum on the index to continue with the underlying theme being about growth and economic revival, which inturn would mean increased consumption. Largely, we do not expect any additional triggers on either side for the markets in the coming week. Consumption index continues to trade at all-time highs and hence is largely in uncharted territory. The recovery and the subsequent break out to all time high levels have been largely without consolidation in between. The near term support levels for the index are 5800 and 5600.

