

K STREET

RULE THE MARKET

ISSUE: 130



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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

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From The Desk Of Research Head

Government's PL I Scheme to boost domestic manufacturing

Production Linked Incentive Scheme (PLI) is meant for enhancing India's manufacturing capabilities and enhancing exports by supporting domestic exporters through various incentives. Thus, helping them to beef up their position. The scheme aims to give companies incentives on incremental sales of FY21 from products manufactured in domestic units. While the scheme also invites foreign companies to set up local manufacturing units, it also encourages Indian companies to set up or expand domestic manufacturing units and to generate more employment with an aim to reduce reliance on imports.

The scheme's first avatar was in the form of incentives given to local electronics manufacturers to encourage them to manufacture locally as electronics are among the top 3 imported items in India. This was announced as a part of National Policy on Electronics on April 1 2020 by the IT Ministry. Later government expanded similar incentives to key exporting sectors including Auto and Auto components, pharma and healthcare, speciality chemicals, textiles, speciality steel and food processing. The motive behind this expansion is to promote exports and help domestic manufacturers and create employment during these tough times. The PLI scheme will be implemented by the respective ministries. The scheme is being implemented with an outlay of Rs. 1.46 Tn

The scheme is being implemented across 10 key specific sectors with an objective to make Indian companies from these sectors globally competitive. The key objective of the scheme is to make India an integral part of global supply chain by attracting investments in areas of core competency and cutting edge technology, ensure efficiencies, create economies of scale and enhance exports from these sectors.

Further, the scheme also meets PM's call for an Atma Nirbhar Bharat, which envisages policies for the promotion of an efficient, equitable and resilient manufacturing sector in the country. Growth in production and exports of Indian industrial goods will not only expose Indian companies to global competition but also to their ideas that is expected to enhance Indian manufacturers' capabilities to innovate. Promotion of domestic manufacturing sector and creation of a conducive manufacturing ecosystem will bring the twin benefits of integration with global supply chain and establish backward linkages with the MSME sector in the country which will lead to overall growth in the economy and create huge employment opportunities.

As with any government schemes, implementation is the key to success of the scheme. While the intent is good as it incentives investment and production, local manufacturers must deliver on the sales and investment fronts. To the extent, while the rules and eligibility criteria are liberal, performance parameters are stiff as laid down by the respective ministries and it is on the manufacturers to meet these stringent parameters to claim the benefits. For instance, in case of mobile manufacturers (of value more than Rs. 15,000 or more per piece), manufacturers must invest Rs. 250 Cr and show an incremental output of Rs. 4000 Cr to claim the 6% benefit. It is prudent to adopt carrot and stick approach, since not all companies might have the scale and it prompts them to make additional investment if they are to derive the benefits of the scheme.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO & AVIATION

- Ashok Leyland:** The CV maker has completed the acquisition of a 38% stake in Hinduja Tech Ltd (HTL) from Nissan International Holdings BV for a total consideration of Rs. 70.20 Cr. HTL has now become a wholly-owned subsidiary of the company.
- Jet Airways:** The National Company Law Tribunal (NCLT), which is hearing the resolution plan of the grounded carrier Jet Airways, granted time till March 2 to aviation regulator DGCA to respond on the airline's slots issue.
- Schaeffler India:** The company is looking to leverage the IT infrastructure and competence available in India, which offers a high level of cost competitiveness, to develop solutions for the global need as well as for the domestic market, a top company executive has said.
- Maruti Suzuki:** Suzuki unveiled its 5-year plan, which lays emphasis on promoting hybrids, introducing EVs, strengthening SUV space, promoting CNG cars and driving rural demand in India. Broadly addressing major investor concerns on SUV presence & EV preparedness.

BANKING

- HDFC Bank:** HDFC Bank has acquired 4995 shares at Rs. 10 each issued by Ferbine Ltd. Ferbine has been incorporated to make an application to RBI to set up a PAN India umbrella entity for retail payments.
- Bank of Baroda:** Bank of Baroda approved the opening and issue of its share sale through QIP. The issue price was fixed at Rs. 85.98 per share and the bank may offer a discount of not more than 5% on floor price.
- Kotak Bank:** The bank has agreed to acquire 4995 shares at Rs. 10 per share amounting to a 9.99% stake in payments infrastructure company Ferbine Pvt Ltd.
- Indian Bank:** The lender has decided to exercise the call option on its outstanding AT 1 perpetual bonds worth Rs. 2500 Cr on March 30, 2021.
- SBI:** State Bank of India and Shapoorji Pallonji Real Estate Thursday signed a Memorandum of Understanding (MoU) to enable faster processing of home loans, approvals and to provide other benefits.

CONSUMPTION

- India's foodgrain production to rise 2% in 2020-21: Government.

INFRA

- Texmaco Infrastructure:** Board meeting is scheduled for March 2 to consider the delisting proposal after discussing and taking into account various factors and the Merchant Banker's due diligence report.
- Elecon Engineering:** Promoter entity Prayas Engineering released a pledge on 5.56% equity.
- Dilip Buildcon** emerged as the lowest bidder for 2 HAM projects of Rs. 2,241 Cr under Bharatmala Scheme in Tamil Nadu and Puducherry.
- Dredging Corporation of India** signed the historical MoU to construct the first-ever trailing suction hopper dredger in Indian Shipyard for the first time in Republic India with Cochin Shipyard.
- IRB Infrastructure Developers:** Subsidiary Thane Ghodbunder Toll Road Private Limited successfully completed the concession period of Thane Ghodbunder BOT Project on February 23 and handed over the project to Maharashtra State Road Development Corporation.

IT

- HCL Tech:** HCLT's US unit HCL America Inc, will issue dollar-denominated fixed-rate senior unsecured notes worth \$ 500 Mn, according to a regulatory filing. The guarantee is subject to the aggregate liability of the company not exceeding \$ 525 Mn.
- Infosys:** IT services major Infosys on Thursday said it will add 300 local jobs in Pennsylvania as part of its ongoing hiring plans in the US.
- Affle India:** Affle Holdings Pte Ltd, a promoter of Affle (India) Ltd, on Wednesday offloaded 3 lakh shares of the company worth over Rs. 161 Cr through an open market transaction.

MINING

- Ashapura Minechem:** Promoter entity Ashapura Industrial acquired 50,000 shares in the company, increasing stake to 15.69%.

NBFC

- Indiabulls Housing Finance** said that it has issued FCCBs (Foreign Currency Convertible bonds) worth Rs. 1091 Cr, maturing in 2026. It is the first such issuance by the NBFC. The initial conversion price is Rs. 242 per share, fully paid. The stock closed at Rs. 225.45.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Power Grid Corporation of India Ltd	Dividend/Other business matters	01-Mar-21
Linde India Ltd	Financial Results/Dividend	01-Mar-21
Jagran Prakashan Ltd	Buyback	02-Mar-21
Techindia Nirman Ltd	Fund Raising/Other business matters	02-Mar-21
Texmaco Infrastructure & Holdings Ltd	Voluntary Delisting/Other business matters	02-Mar-21
Thangamayil Jewellery Ltd	Dividend	02-Mar-21
Dangee Dums Ltd	Financial Results	03-Mar-21
Marico Ltd	Dividend	03-Mar-21
Coal India Ltd	Dividend	05-Mar-21

GLOBAL NEWS

- USFDA** says a single-dose shot from J&J prevents severe COVID. Food and Drug Administration scientists on Wednesday confirmed that overall the vaccine is about 66% effective at preventing moderate to severe COVID-19, and about 85% effective against the most serious illness. The agency also said J&J's shot is safe.
- Huawei**, controversial in the West, is going strong in the Gulf. Gulf countries including Saudi Arabia and the United Arab Emirates have not only chosen Huawei for their 5G rollouts but have also partnered with the company to develop "smart cities".

- Dewan Housing Finance:** The NBFC has filed an application for submission of the resolution plan of Piramal Capital and Housing Finance (PCHFL) with NCLT.

OIL & GAS

- RIL:** Reliance Industries Ltd on Wednesday sought bids from buyers for 0.82 million standard cubic meters per day of gas from its Sohagpur coal-bed methane block (west) in Madhya Pradesh, according to a notice inviting offer. The gas has priced a minimum of \$ 6 at the current oil price.

PHARMA & HEALTHCARE

- Dr Reddy's:** A subject expert committee (SEC) of the Central Drugs Standard Control Organization (CDSCO) on Wednesday deferred its decision on the emergency licensure for the Sputnik V vaccine and sought additional data on the immunogenicity of the vaccine from the applicant Dr Reddy's Laboratories, a senior government official said. Dr Reddy's had applied to the Drugs Controller General of India (DCGI) VG Somani, who heads CDSCO, for an emergency licence for the Russian Sputnik V vaccine.
- Strides Pharma Science:** Receives USFDA approval Ibuprofen OTC oral suspension.
- Cadila Healthcare:** DGCA is said to grant emergency approval to the Zyds Covid vaccine in March. Cadila also secured export orders from various foreign countries.

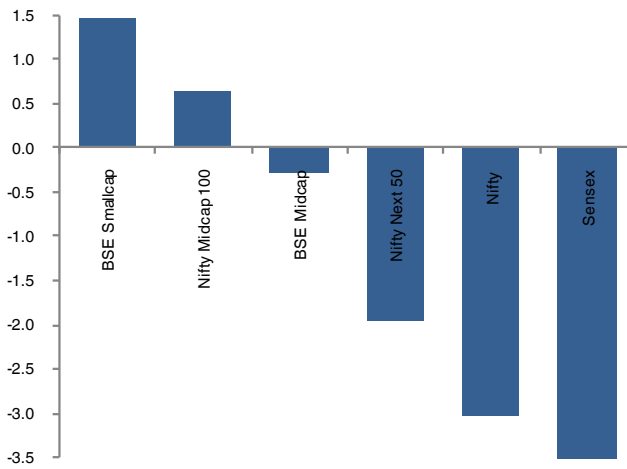
REALTY

- Indiabulls Real Estate:** The Competition Commission of India (CCI) has approved the proposed merger of NAM Estates Pvt Ltd and Embassy One Commercial Property Developments Pvt Ltd into Indiabulls Real Estate Ltd (IBREL).
- Artefact Projects Ltd:** The board of directors of the Artefact Projects Ltd considered and approved the allotment of 2,00,000 equity shares of Rs. 10/- each to non-promoters at a price of Rs. 32/- per share (including a premium of Rs. 22/-) per share, upon exercise of an option for conversion of warrants and against receipt of the balance amount of warrant issue price, pending against these warrants.

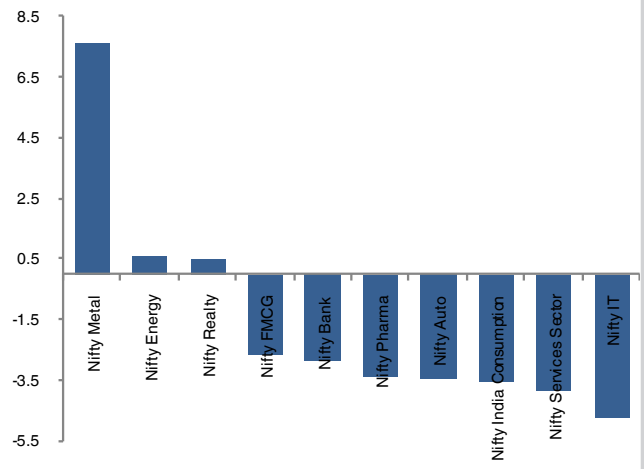
TELECOM & MEDIA

- Bharti Airtel:** The telecom operator will conduct an extraordinary general meeting on 19 March to seek the approval of board members on the proposal of issuance of equity shares of the company on a preferential basis through a special resolution. The company had raised \$ 1.25 billion overseas, it said on Thursday.
- Prime Focus:** Shareholders of Prime Focus Ltd, including Reliance Media Works Financial Services, has moved the Securities Appellate Tribunal (SAT) over the price of open offer made by promoters of the company.

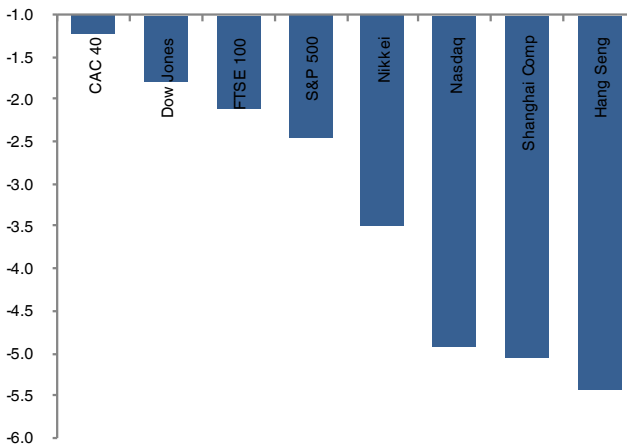
INDIAN INDICES (% CHANGE)



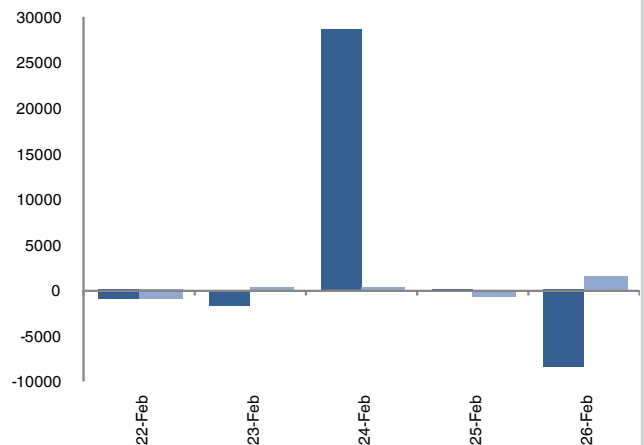
SECTORAL INDICES (% CHANGE)



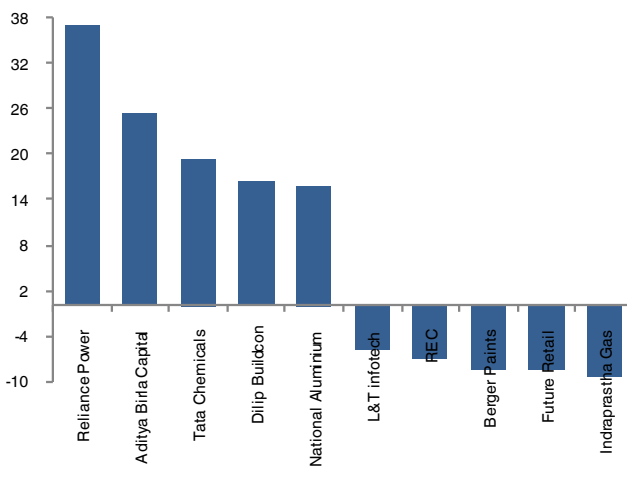
GLOBAL INDICES (% CHANGE)



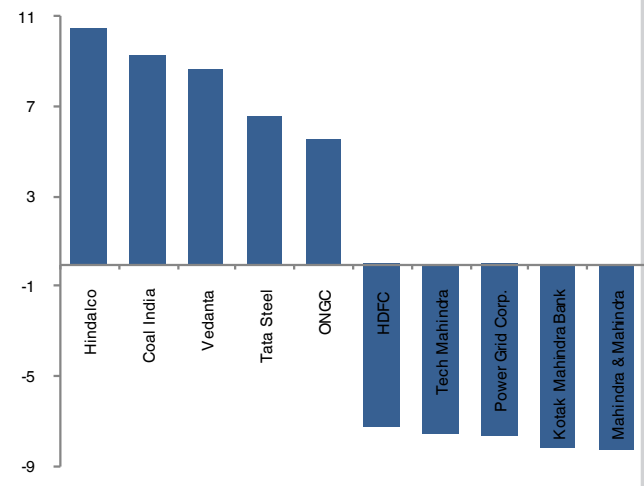
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

ADANI GREEN ENERGY LTD



STOCK	ADANIGREEN
CMP	1148
ACTION	BUY
ENTRY	1130-1140
AVERAGE	1005
STOP LOSS	900
TARGET 1	1400
TARGET 2	1450

On the technical front, ADANIGREEN 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 900 levels, the stock has witnessed a bounce and rallied to the 1210 levels. At the current juncture, the stock has formed a base at 1005 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 1005 levels. This may trigger a fresh round of buying which may take the stock towards 1400 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 1450 levels in the medium-term. Any correction towards the recent support levels of 1005 levels may be utilized to average the positions.

COLGATE-PALMOLIVE (INDIA) LTD



STOCK	COLPAL
CMP	1570
ACTION	BUY
ENTRY	1550-1560
AVERAGE	1495-1500
STOP LOSS	1460
TARGET 1	1680
TARGET 2	1725

On the technical front, COLPAL 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 1676 levels, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 50- EMA on the daily charts. At the current juncture, the stock is forming a base around 1495-1500 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 1680 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 50 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 1725 levels in the short term. Any correction towards the recent support levels of 1495-1500 levels may be utilized to average the positions.

NIFTY (14529.15): Indian equity benchmark index Nifty 50 closed lower by 3.02% during the week. During the last ten days, the index witnessed a selling pressure towards the current levels from 15431 levels. Technically, the index has formed a fresh lower low after breaking the support zone at 14635 levels indicating the bearish strength in the index. However, the index may resume its bullish bias if it breaches and sustains above 14635 levels in future sessions. On the global front, Stocks in Asia-Pacific fell sharply on Friday following an overnight drop on Wall Street as a rapid rise in bond yields rattled investor sentiment. European stocks retreated slightly on Friday after global markets were roiled by a sudden spike in bond yields that sent investors fleeing highly valued segments of the market. The yield on the US 10-year Treasury note briefly surpassed 1.6% on Thursday, its highest in over a year, fueled by expectations for higher economic growth and inflation on the back of Covid vaccine rollouts, the prospect of significant fiscal stimulus from Washington and pent-up consumer demand. Domestically, for the week, on the data front, investors may focus on the Nikkei Markit Manufacturing PMI (Feb) releasing on Mar 01 and Nikkei Services PMI (Feb) releasing on Mar 03. On the derivatives front, open interest data suggests that the index may find its supports around 14300 followed by 14000 levels while on the higher side, 14800 and 15000 levels may act as resistance.



NIFTY PSU BANK'S this week's performance is on par with Nifty as both the indices closed down -3%. After starting the week on the negative note, the index was down nearly 3% for the week in the first two trading sessions of the week but after taking support at around the support zone of 2360-2390, the index soon rallied 4% in the next two trading sessions. In fact the index ended the week right at the support of 2392. At one point of the time, the index sat on 1% gains for the week. But after Friday's crash, the index ended the week down nearly -3%. On Friday the index lost nearly 4% as global rout in the bond markets triggered profit booking and since PSU Banks were one of the best performers of the recent times, the index saw a deeper cut in Friday's trade. During the week other than privatization candidates including Bank of Maharashtra, Indian Overseas Bank and Union Bank of India all the components ended in red. While Bank of Maharashtra ended up 3%, Central Bank of India is the top loser which ended down -11%. Technically, during the week, the index could not breach the support zone of 2360-2390 during the week and closed exactly at the support of 2390. Nifty PSU Bank might face resistance at 2480, followed by 2660. On the downside, the index may take support at 2390, followed by 2200.



NIFTY CONSUMPTION underperformed (down 3.7%) the broader Nifty index (down 3%) on worries of rising cost of living. Rising bond yields point to a peak in the equity markets for the near term as commodity and fuel prices rise, leading to higher inflation. Worries of lower consumption as a result has spooked the market in the later days of the week. The US too is currently facing headwinds regarding higher bond yields and thus, the global market in itself is witnessing sell off at the moment. The Friday release of GDP data will add some reprieve in the week ahead as India becomes one of the first major countries globally to come out of recession phase and post 0.4% GDP growth in the Oct - Dec 2020 quarter. However, despite the positives, we expect the rising crude and commodity prices to have a significant bearing on the markets in the coming week. RBI expects inflation at current levels of 4% +/- 2% points on either side to keep price stability and provide good growth over the next 5 years. Inflation at above 6% may result in RBI to re visit the current rates regime. The index has rallied 19% from the highs in March 2020 (post the fall subsequent and recovery). The index has created a double top Since Dec 2020 and with the index closing below the 5800 levels, the consumption index's bottom can be expected at 5400 levels. However, immediate support levels are 5720 and 5640 while resistance can be seen at 5860 and 6000.

