

K STREET

RULE THE MARKET

ISSUE: 132



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From The Desk Of Research Head

Credit Offtake remains sticky at 6%

Credit offtake in the economy has turned sticky and is growing around 6% levels for months now. Non-food credit too came in at 5.7% vs 8.5% during same period last year. YTD bank credit slowed down over previous year with gross bank credit growth coming in at 2.5% for FY21 vs 3.5% registered during same period in FY20. Credit to Agriculture and allied activities has picked up pace and surpassed previous years' growth numbers during the month of Jan 2021. Credit to Agriculture and allied activities posted a growth of 9.9% (9.5% YTD) vs 6.5% (3.8% YTD). Industrial credit growth continued to remain in negative terrain even as Medium industrial credit rose sharply by 19.1%. Industrial credit was dragged by negative credit growth in large industries.

Services sector credit growth stabilized around 8.4% vs 8.9% posted during Jan 2020, led by strong growth in Aviation 120% YoY in Jan 2021 and 91% YTD vs significant contraction during corresponding previous period. Post lifting of lockdown and because of the pace towards normalcy increasing in the wake of vaccine rollout, the Aviation sector is relying on the credit to mop up working as well as growth capital. Personal loans continue to lag behind growth posted during corresponding previous periods. Growth in personal loans is driven by consumer durables and Housing. RBI in its latest report reiterated our view that credit growth in the economy has turned sticky because of private lenders turning risk averse. With only two months to close the fiscal, we expect the credit growth for the fiscal to come in at around 6%-7%.

Industry credit continues to remain in negative territory despite sharp scale up in credit to Medium industries powered by government's ECLGS scheme. However, this could not move the needle much as credit to large industries is still reeling under pressure with a de-growth of -2.5% during Jan 2021 and -5.8% YTD vs 2.8% during Jan 2020 and -2.5% YTD during fiscal 2020. Extension of ECLGS scheme could have been the growth driver for growth in credit to Medium industries. Credit to large industries is stymied with various factors including banks focusing on AA-rated and above companies and predominantly working capital loans. Another factor that is hurting credit to large industries is increased reliance on credit substitutes.

Retail credit growth slowed down a bit by registering a growth of 9.1% vs. 9.5% in December 2020 and 17% recorded during year-ago period. Year to date, retail credit growth was at 6.7% vs 12.5% in FY20. While consumer durable goods kept up pace and continued to drive retail loans, the momentum has cooled off a bit because of end of festive season and because of pent up demand post end of lock down feeding into loan growth for consumer durables. With the onset of summer and expectations of hot summer than previous years, the expectations of strong credit demand for consumer durables during summer might be adversely impacted as these goods have become expensive due to rationalization of import duties in Budget 2021.

Services sector credit growth came in at 8.4% vs 8.9% in year ago period. However, YTD credit to services sector growth marched ahead of previous years growth at 1.6% vs 0.7%. January's Services sector credit growth was driven by Aviation, which registered a growth of 120% in Jan 2021 and 91% YTD vs contraction of -60.5% and -64.5% during corresponding previous period respectively. Wholesale Traders (25%) and Shipping led credit offtake in Services Sector. Even credit to public financial institutions too saw significant pick up of growth in Jan 2021, with a growth of 150% and 71% YTD as most of the stalled projects are set to restart as the opening up of the economy post lockdown is picking up pace.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO & AVIATION

- **Tata Motors:** Tata Motors Ltd expects its commercial vehicle sales to sharply rebound next fiscal, in line with an industry recovery, after two years of double-digit sales decline, a senior company executive said, as India's largest truck and bus maker bets on a better-than-expected economic revival and greater government focus on the infrastructure sector.
- **Bharat Forge:** Bharat Forge has further increased its stake in associate company Aeron Systems Pvt Ltd by investing Rs. 4 Cr taking total holding in the company to 36%. Aeron Systems offers technology-based products and services including IoT Devices, inertial sensors, intelligent air quality monitoring, and display systems, and automatic weather stations.
- **Mahindra & Mahindra:** According to media sources, M&M got RBI's approval to reduce its stake in its ailing Korean subsidiary SsangYong Motor, putting the distressed sale of the Korean unit on fasttrack.
- **Tata Motors:** Tata Motors yesterday unveiled its new models - T.6, T.7, and T.9, in its newest range of intermediate and Light Commercial Vehicles (I&LCV), the ultra-sleek T-series at a starting price of Rs. 13,99,000 (ExOshowroom Delhi).

BANKING

- **IDBI Bank:** The troubled state-owned industrial lender has come out of RBI's prompt corrective action (PCA) framework after four years, has managed to improve its score on three out of the four parameters tracked by the regulator.

CONSUMPTION

- **Marriott hotels** to add 7 new properties in India as visitors check-in.
- **Oyo's Singapore subsidiary** secures a \$200 million term loan from SoftBank.

INFRA

- **Essar Shipping:** The National Company Law Appellate Tribunal has stayed the order of the National Company Law Tribunal's order for the constitution of a committee of creditors in the matter of initiation of corporate insolvency resolution, a request for which was filed by Essar Shipping's creditors on March 2.
- **Anup Engineering** acquired 61,084 equity shares of itself at Rs. 641.01 per share on the NSE.
- **NBCC India:** The company received contracts for the construction of a cooling tower (NDCT) CT-1, 3, and 5 for Yadadri Thermal Power Station, (5x800 MW) owned by Telangana State Power Generation Corporation.
- **HIL:** The company has commercialized Birla Aerocon Flat Board production, at Faridabad plant, Haryana. This augmented company's established presence in the building solutions segment.
- **INSURANCE & FINANCIAL SERVICES**
- **Insurance Stocks:** Cabinet yesterday approved a proposal to raise the FII limit in insurance companies from the current 49% to 74%, paving the way for increases in foreign JV partners' holding in their Indian insurance JVs. This also aids banks with a significant stake in their insurance subsidiaries and are looking to offload it partially to beef up their capital position.

IT

- **Infosys:** The IT services major said that it has extended its strategic collaboration with Newmont Corporation, the world's largest gold mining company, by five years. This association will help standardize and digitize delivery models across its mine sites, Infosys BPM said in a statement.
- **Happiest Minds Technologies Ltd:** The IT company announced its partnership with Iltant Technologies to deliver identity and access management security services.

METAL

- **JSW Ispat Special Products Ltd:** Care Ratings revised the ratings on the company's borrowing facilities. It revised the rating on the long-term bank facilities A-; Stable from BBB+; Stable. Moreover, the ratings on long-term, short-term facilities were revised to A-; Stable/ CARE A2+ from CARE BBB+; Stable/ Care A2.
- **JSW Steel:** The crude steel production in February 2021 declined to 13.06 lakh tonnes from 13.20 lakh tonnes in the same month last year. The average capacity utilization was 93% during February 2021.

MINING

- **NMDC Ltd:** The state-owned company's board of directors has announced an interim dividend of Rs. 7.76 per share of face value Rs. 1 for FY21, it said in a regulatory filing.
- **Ashapura Minechem:** Promoter entity Ashapura Industrial Finance increased shareholding to 15.83% from 15.78% via open market transaction.

NBFC

- **Magma FinCorp:** Magma FinCorp yesterday said that its shareholders have approved the proposal to raise Rs. 3,456 Cr by issuing preference shares to Adar Poonavala controlled Rising Sun Holdings Ltd.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Allcargo Logistics Limited	Dividend	15-Mar-21
Mishra Dhatu Nigam Limited	Dividend	15-Mar-21
National Aluminium Company Limited	Dividend/Other business matters	15-Mar-21
Bharat Petroleum Corporation Limited	Dividend	16-Mar-21
Indian Oil Corporation Limited	Dividend	16-Mar-21
Bharat Electronics Limited	Dividend	16-Mar-21
Jyoti Structures Limited	Financial Results	17-Mar-21
The United Nilgiri Tea Estates Company Limited	Dividend	17-Mar-21
kwalty limited	Financial Results	18-Mar-21

GLOBAL NEWS

- **US stimulus** offers a 'significant' boost to the global economy: IMF. The IMF will update its forecasts on the US and global economy early next month at the start of its spring meeting.
- **Global debt crisis unlikely in near-term** despite more defaults: S&P. Global debt to GDP has been rising for many years and the pandemic simply exacerbated the trend. While global debt hit a record 201 trillion dollars at the end of last year, equivalent to 267% of GDP. S&P projects it will ease to 258 percent by the end of this year before steadying at around 255 to 256%.
- **REC and PFC:** REC and PFC have entered into a pact with Bhutan-based Kolongchhu Hydro Energy Ltd (KHEL) to finance its 600 Megawatt hydroelectric project at Trashiyangtse, Bhutan. KHEL is a 50-50 JV between India's SJVN and Druk Green Power, Bhutan.

OIL & GAS

- **HPCL:** The oil marketing company has launched a first of its kind, EV (electric vehicle) charger, in collaboration with Magenta EV Systems. Branded as "ChargeGrid Flare", it is incorporated within energy-efficient streetlamp columns, encouraging EV adoption, said Hindustan Petroleum Corporation Ltd (HPCL).

PHARMA & HEALTHCARE

- **Dr Reddy's:** Expert committee will review Dr Reddy's covid vaccine candidate Sputnik for further approvals to allow it to be used on an emergency basis.
- **PLI for Pharma:** Government has approved for PLI scheme for the pharma industry by approving a total of 33 applications with committed investments of Rs. 5082.65 Cr, under the Production Linked Incentive Scheme for API, an official release yesterday said.
- **AstraZeneca:** Denmark, Norway, and Iceland suspend the use of AstraZeneca's covid vaccine candidate over reports of serious cases of blood clots. Denmark is the first country to announce the ban on a temporary basis. The vaccine was jointly developed by Oxford University.
- **AstraZeneca India:** The company has received import and market permission in form CT-20 (subsequent new drug approval) from DGCA India, for Osimertinib 40 mg / 80 mg film-coated tablets (Tagrisso TM), paving the way for the launch of Osimertinib 40 mg / 80 mg tablets in India into new disease areas.

POWER

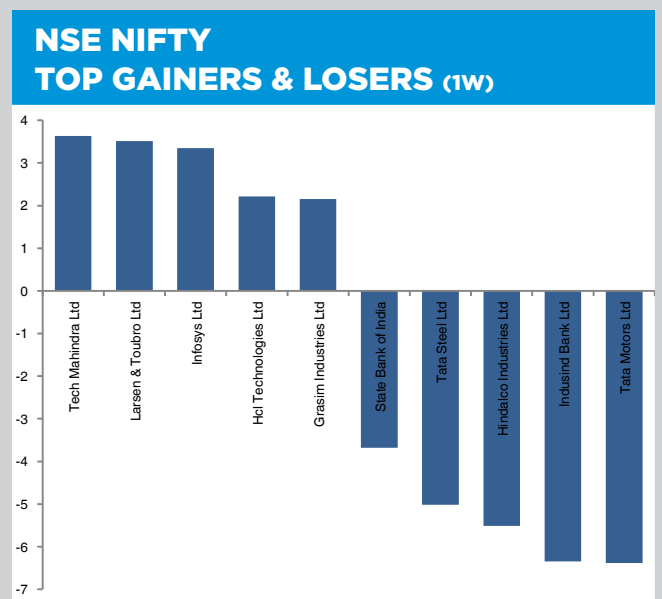
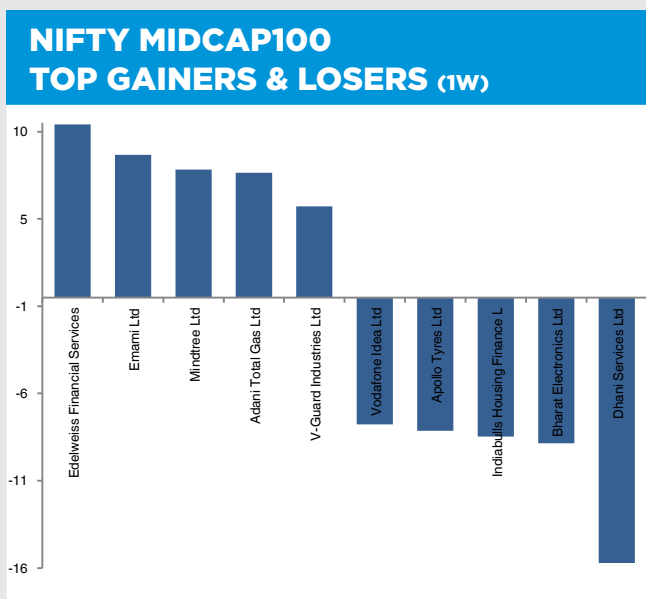
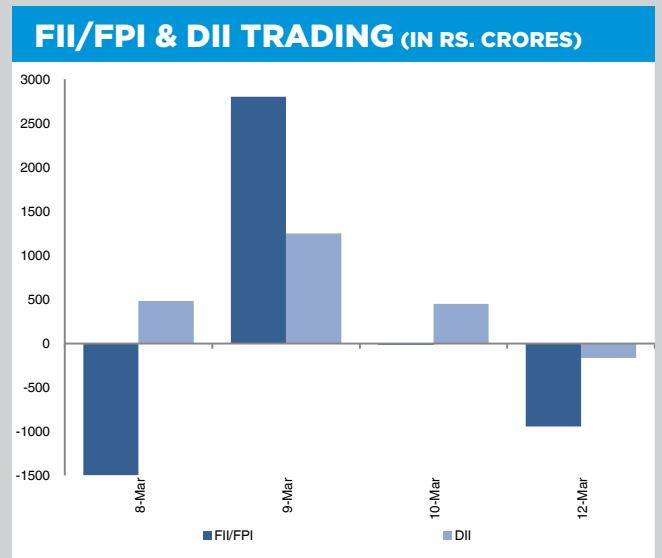
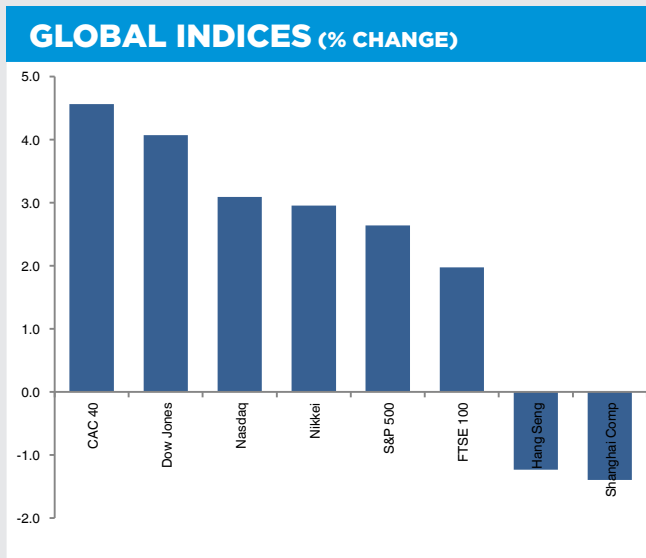
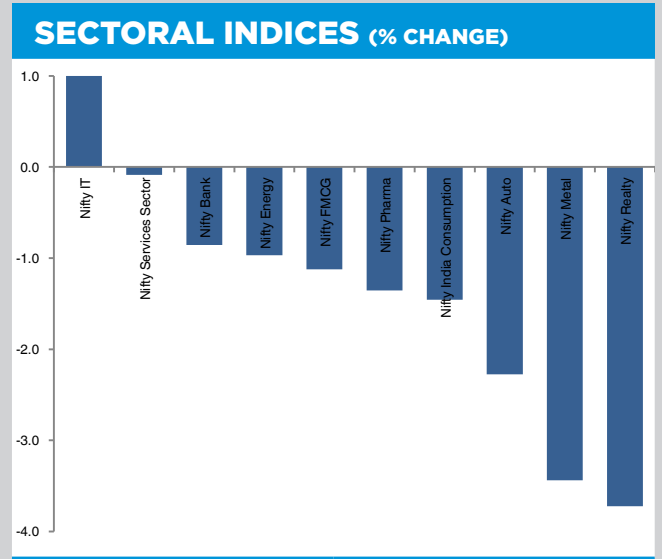
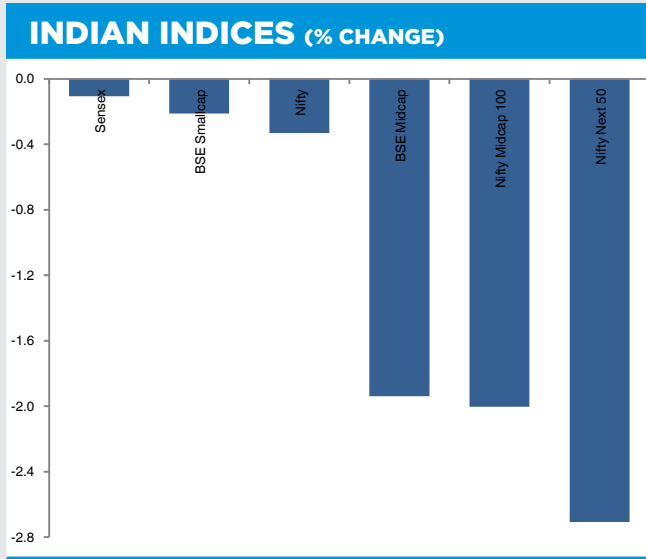
- **Electrotherm (India):** Shradha H Vyas resigned as Chief Financial Officer (CFO) of the company.

REALTY

- **Prestige Estates Projects** has completed phase 1 of the proposed transaction with Blackstone Group. Phase 1 of the transaction included the sale of twelve assets/undertakings comprising of completed retail, office, and hotel assets. The enterprise value forming part of phase 1 is approximately Rs. 7,467 Cr out of the total enterprise value of approximately Rs. 9,160 Cr. Phase 2 of the transaction is expected to get completed by the end of next quarter.

TELECOM & MEDIA

- **MTNL:** Government has deferred the merger of MTNL with BSNL due to financial reasons including higher debt of BSNL, Communications, IT and Electronics Minister Ravi Shankar Prasad said yesterday.



Source: Karvy Research

POWER GRID CORPORATION OF INDIA LTD



STOCK	POWERGRID
CMP	220
ACTION	BUY
ENTRY	218-219
AVERAGE	205
STOP LOSS	182
TARGET 1	260
TARGET 2	270

On the technical front, POWERGRID 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 high of 238 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 182 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 205 levels. This may trigger a fresh round of buying which may take the stock towards 260 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 50 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 270 levels in the medium-term. Any correction towards the recent support levels of 205 levels may be utilized to average the positions.

BAJAJ AUTO LTD



STOCK	BAJAJ-AUTO
CMP	3751 (Spot Levels)
ACTION	SELL
ENTRY	BLW 3734
AVERAGE	4005
STOP LOSS	4237
TARGET 1	3200
TARGET 2	3100

On the technical front, BAJAJ-AUTO has higher lows and lower lows on the daily charts and is currently placed below the short-term moving averages. In the recent past, after clocking the high of 4361 levels, the stock has witnessed a round of profit booking which dragged the counter below the short-term moving average of 21-DEMA on the daily charts. At the current juncture, the stock is forming a ceiling around 4237 levels on the higher side and is all set to move lower below 3200 levels. The overall chart structure of the counter looks bearish at the current levels forming higher lows and lower lows. This may trigger a fresh round of selling which may take the stock towards 3100 levels. The stock is underperforming compared to the broader markets indicating the inherent weakness in the counter and is trading well below the short-term support levels. On the Bollinger band (20,2) the stock price is plotting below the mean indicating the price likely to trend lower. Analyzing the recent volume price action, the volumes are significant in the recent down move indicating strong hands have started supplying the stock at current levels. On the oscillator's side, RSI (14) is trading in the bearish zone of below 50 levels indicating the bearishness in the stock. We expect the counter to continue its underperformance in the coming trading weeks as well and may move towards 3100 levels in the short to medium term. Any upward rally towards the recent resistance levels of 4005 levels may be utilized to average the positions.

NIFTY (15030.95): Indian equity benchmark index Nifty 50 closed higher by 0.62% during the week. For the last ten 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 turn bearish if it breaches and sustains below 14465 levels in future sessions. On the global front, Asia-Pacific markets drifted higher Friday, taking cues from Wall Street where US stocks climbed to record highs overnight. European markets retreated slightly on Friday, but are still on course for a positive week, as a rise in Treasury yields resurfaced some investor caution. The European Central Bank on Thursday vowed to ramp up its bond-buying efforts “significantly” in the second quarter after borrowing costs rose across the continent, with European bond yields following US Treasury yields higher over the past month. Investors were worried that rising bond yields could derail Europe’s economic recovery, by increasing the borrowing costs for countries that are already struggling with the coronavirus crisis. Domestically, for the week, on the data front, investors may focus on the WPI Inflation (YoY) (Feb) and Trade Balance (Feb) data releasing on Mar 15. On the derivatives front, open interest data suggests that the index may find its supports around 15000 followed by 14500 levels while on the higher side, 15500 and 16000 levels may act as resistance.



NIFTY IT Index is the best performing index this week as well with gains of 3% vs Nifty’s gains of 1%. The index started the week on a positive note by gaining 3 days out of total 4 trading days during the week led by buoyancy in the markets. However, the index ended the last day of the week in red due to weak broader markets and after hitting the upper end of the triangle formation we mentioned last week, which has a base at 24300 levels. Mindtree is the top gainer this week as well with gains of another 9%. Mid-cap IT stocks are in strong momentum and stocks like Mindtree, L&T Technology and KPIT Technologies have hit record highs during the week. Mid-cap IT stocks caught analysts’ fancy as the demand outlook for IT stocks has further improved with passage of \$1.9 Tn covid relief bill in the US. This is expected to increase client spending by US firms as many Indian IT service providers derive large chunk of revenues from the US. Among Big 4 IT firms, except TCS, Infy and HCL Tech gained by more than 4% as Wipro and TCS gained around 1%. Tech M has gained 4.51% as prospects for the company look bright as the world is gearing up for 5G roll out. Info Edge is the worst performer of the week with losses of nearly 2.81% on profit booking. We expect the index to face resistance around 26000 and 27160. On the downside, we expect the index to see some support at 24284.1, followed by 22915



NIFTY CONSUMPTION ended the week lower by 1.3%, as against the benchmark Nifty index closing nearly flat for the week. Globally, commodity prices have significantly shot up, there is a worry that further stimulus packages can lead to high inflation – USA approved \$1.3tn relief package. The aftermath of the same in recent times has lead to raise in inflation to 5.03%, while IIP contracted to 1.6%. While the India markets continued to rally in the early part of the week, the markets started to factor in the same as expectations of govt. interference to lower cost of living has not been met during the week. It is expected that given the higher tax collection in the fiscal, Govt will look into the possibility of reduction of tax rates for crude related products. However, keeping in tune with the global sentiments, we expect the week to be negative for the consumption index. While further hike in petrol and diesel prices may be kept at a halt, the likely announcement of lower taxes on the same is now not expected till the last week of March 2021. While the index has managed to bounce back from 5800 levels (post the double top), we remain cautious on any upside in the coming week. The index continues to make lower highs. Immediate support levels for the index are 5865 and 5800 below which we can expect a sharp fall in the index. Resistance can be seen at 6010 and 6200 levels.

