

K STREET

RULE THE MARKET

ISSUE: 131



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From The Desk Of Research Head

CVs market is gaining traction...finally

Wholesale volumes for February 2021 came on a strong note as we reached the end of the fiscal. During Feb'21, while PVs maintained momentum, 2W and tractors were steady as CVs started gaining traction. Looks like it is a long way down the road for 3W. During the fiscal 2021, auto industry has put up a strong show during the post lockdown recovery and the dent is not going to be as severe as expected initially. This was made possible by demand for personal mobility, launch of new models, pent up demand and attractive interest rates and innovative financing schemes by banks and NBFCs. While there were some minor aberrations in the form of supply chain obstacles, shortage of components like chips, for Indian players the ride has been smooth so far. Amid expectations that these shortages would intensify in the coming months, industry experts are not ruling out full-fledged recovery in the next fiscal driven by a slew of factors.

Sales of PVs registered sustained momentum riding on the wave of demand for personal mobility. This month's PV sales were driven by robust growth numbers registered by Maruti, Tata Motors and Hyundai. Maruti posted a growth of 11.8% in its domestic sales driven by compact segment and utility vehicles. After slowing down for a while, compact segment picked up pace by posting a growth of 15.3%. Utility segment's sales jumped 19%. Hyundai's sales growth maintained the pace of last month by growing 29% in February 2021. Tata Motors' sales jumped two-fold driven by new launches and M&M reported a 41% growth in its Feb'21 sales volumes.

Two wheelers maintained the pace with Royal Enfield, Bajaj Auto and TVS Motors leading the segment's overall growth. While Hero MotoCorp reported a 1.5% jump in its domestic sales, Royal Enfield picked up pace by posting a growth of nearly 10%. TVS Motors has been maintaining its fast paced growth by reporting volume growth of 21%. For 3W, however, its long way down the road before the segment starts to post growth numbers. However, for some 3W makes like Bajaj Auto, the exports market has eased and exports volumes have started picking up. During the month, Bajaj Auto registered a growth of 7% in both exports and domestic sales.

Recovery of CVs continues as Ashok Leyland, VECV and Tata Motors reported strong YoY growth led by higher demand from road infra, mining and e-commerce segments. Tractor makers continue to report strong growth in February 2021 led by all the leading players including M&M Tractors, VST Tractors and Tillers and Escorts, which reported 25%, 31% and 39% YoY growth respectively. Tractor sales growth was fuelled by announcement of price hikes, rural development schemes and sustained demand driven by higher rabi acreage.

As we are nearing the end of the fiscal 2021, this fiscal has been very eventful for the auto industry as it has seen near-zero volume growth for the first two months of the fiscal due to the lockdown. However, the industry took on the challenge and raised like a phoenix by tactfully dealing with challenges like shortage of labour, supply chain bottlenecks, shortage of raw materials and components even as the industry was caught off guard when the lockdown was announced. While the recovery has been very impressive with the dent caused by the lockdown and related consequences being mid-teens to high-teens for the fiscal over previous fiscal, industry experts are optimistic that the growth of the industry in the coming fiscal would continue, posting a higher growth.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO & AVIATION

- Jet Airways: The winning bidder for the now-defunct Jet Airways NSE 4.96% will have to apply for slots as there cannot be any deemed approval for the slots, according to submissions by the civil aviation ministry and regulator DGCA.
- VST Tillers: VST Tillers Tractors has entered into a share purchase agreement for investment in Series A Preferred Stock of Zimeno Inc. The investee company is in the development of an Electric Autonomous Tractor.

BANKING

- Kotak Mahindra Bank: Private sector lender Kotak Mahindra Bank will handle the salary account of the Indian army personnel, the bank said on Thursday. The bank has signed a memorandum of understanding (MoU) with the Indian Army here for a salary account.
- ICICI, HDFC Bank, SBI: Just State Bank of India, HDFC Bank, and ICICI Bank will have to offload equity worth Rs. 1.21 lakh Cr if the central bank goes ahead with its reported plan to make banks cap their stakes in insurance arms at 20%, says an ET report.
- Axis Bank: Private lender Axis Bank on Thursday said its one of the promoters, National Insurance Company Ltd (NICL), has asked it to classify the insurer as a public shareholder.
- Indian Bank: Indian Bank on Thursday reported three accounts as fraud to the RBI with a total outstanding of over Rs. 35 Cr. Three non-performing accounts, S Kumars Nationwide, Priya, and Yuvaraj Power Projects, have been declared as fraud.
- Kotak Mahindra Bank: In a separate development, Kotak Bank has sold 1,09,48,925 shares of FV of Rs. 10 each amounting to 10% equity stake of its arm ECA Trading Services, (erstwhile ACE Derivative and Commodities Exchange Ltd), to its wholly-owned unit Kotak Securities for a consideration of Rs. 1.98 Cr. The bank continues to hold a 20% stake in ECA.

CONSUMPTION

- Walmart's Flipkart Considers U.S. Listing With SPAC as Option: The Bengaluru-based online retailer has been weighing a
- U.S. initial public offering and it's now also looking at other options, the people said. Flipkart's advisers have approached several SPACs, said one of the people, who asked not to be identified as the information is not public. It is understood that Flipkart could seek a valuation of at least \$35 billion in a blank-check transaction.
- Asian Paints: Sattva Holding and Trading Pvt. Ltd has pledged 6,87,500 shares in Asian Paints to Julius Baer Capital (India) Pvt. Ltd, taking its total encumbered share capital to 2,37,91,531 shares or 2.48% of its stake in the paints manufacturer.
- Cabinet nod to the pact between India, Fiji for co-operation in the agriculture sector.
- Government mulls hiking MSP for jute.
- India's YoY sugar production till Feb jumps 20%: ISMA.
- Welspun India: The company's board of directors on 3 March approved raising of borrowing of up to a maximum of
- \$ 100 million (approximately Rs.750Cr.) through multiple modes including ESG bonds, nonconvertible debentures (NCDs), among others. The issuances may be made in multiple tranches in domestic as well as foreign markets. The company will now seek requisite approvals from shareholders for the fundraise
- Mahindra Logistics: The company with Bajaj Electricals has announced project 'Samridhi' for integrated logistics services. The two companies have signed an agreement for innovative logistics optimization and outsourcing arrangement. The deal is a complete end-to-end redesign and outsourcing of Bajaj Electricals' entire logistics by Mahindra Logistics, with the objectives of achieving enhanced and industry-best service levels, coupled with a logistics cost saving of more than 25%. The total contract value of this deal will be more than Rs. 1,000 Cr. over the next 5 years.

INFRA

- GG Engineering: TCG Funds Fund 1 acquired 1,78,800 equity shares in the company at Rs. 123 per share on the BSE.
- RailTel Corporation of India: Indian Railway's telecom infrastructure provider RailTel on Thursday launched its prepaid Wi-Fi service plans to provide high-speed internet at 4,000 railway stations across the country. To be sure, RailTel already provides free wi-fi service at more than 5,950 stations in the country, and the facility can be availed by anyone with a smartphone and an active connection after an OTP-based verification.
- Kilburn Engineering Ltd's board of directors authorized the issue of share capital from Rs. 30 Cr divided into 2,17,47,900 shares worth Rs. 10 apiece and 82,52,100 redeemable preference shares of Rs. 10 apiece to Rs. 56 Cr divided into 3,05,00,000 shares of Rs. 10 each and 2,55,00,000 cumulative redeemable preference shares of Rs. 10 each.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Mold-Tek Technologies Ltd	Dividend	08-Mar-21
Mold-Tek Packaging Ltd	Dividend	08-Mar-21
Supreme Engineering Ltd	Financial Results	08-Mar-21
Autolite (India) Ltd	Financial Results/Fund Raising	09-Mar-21
MindSpace Business Parks REIT	Fund Raising	09-Mar-21
Quick Heal Technologies Ltd	Buyback/Other business matters	10-Mar-21
REC Ltd	Dividend/Fund Raising	10-Mar-21
Renaissance Global Ltd	Dividend	11-Mar-21
Engineers India Ltd	Dividend	11-Mar-21
Bharat Dynamics Ltd	Dividend	12-Mar-21
BF Utilities Ltd	Financial Results	12-Mar-21
The Ramco Cements Ltd	Dividend	12-Mar-21
Ramco Industries Ltd	Dividend	12-Mar-21
BITES Ltd	Dividend	12-Mar-21

GLOBAL NEWS

- US workers may see light at end of the employment tunnel. The Labor Department data is expected to show the unemployment rate remained unchanged in February at 6.3 percent with the economy adding 200,000 jobs, an improvement from the 49,000 positions added the month prior.
- Moderna, IBM team up on COVID-19 vaccine distribution data. The companies will focus on using technology to help governments and healthcare providers address potential supply chain disruptions through information sharing.

- The Anup Engineering Ltd concluded a share buyback of 21,782 stocks worth Rs. 1.40 Cr on March 4.
- BL Kashyap and Sons: Acacia Partners LP sold 15,33,758 equity shares in the company at Rs. 15.16 per share on the NSE.
- ISGEC Heavy Engineering has received an order for waste heat recovery boilers from the cement industry. The order has been received from Shree Cement. These Boilers are to be set up at their Raipur unit and will be of 2 types, a PH Boiler to be installed at the pre-heater exhaust, and an AQC Boiler to be installed at the cooler exhaust from the 10500 TPD kiln.

INSURANCE & FINANCIAL SERVICES

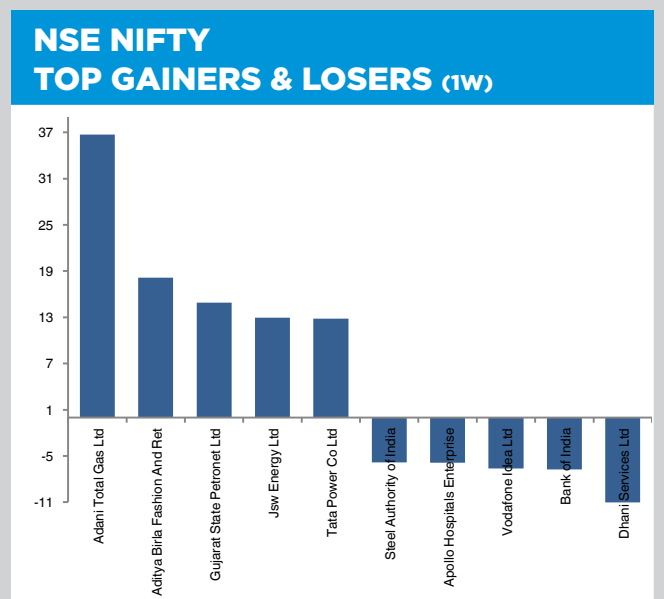
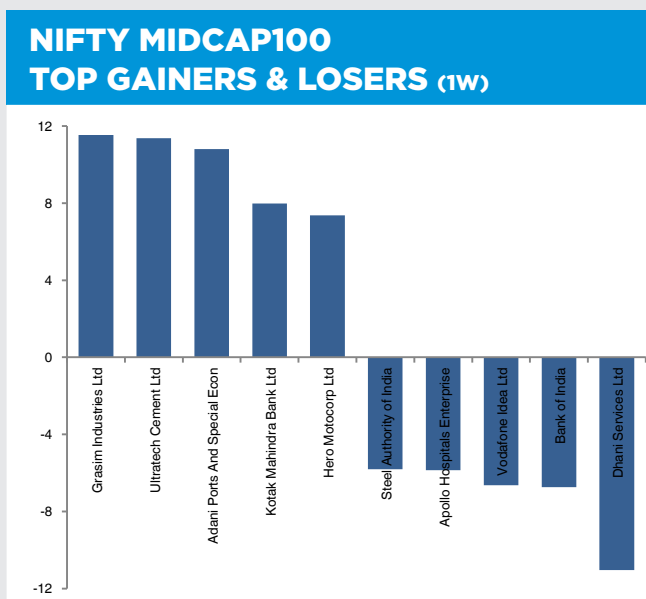
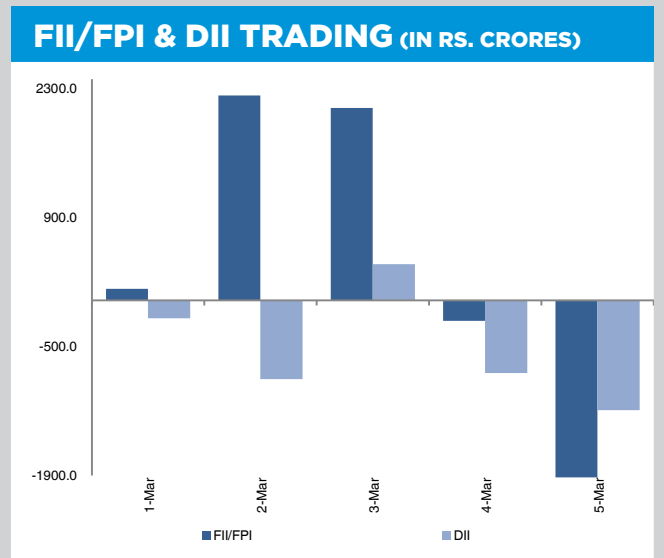
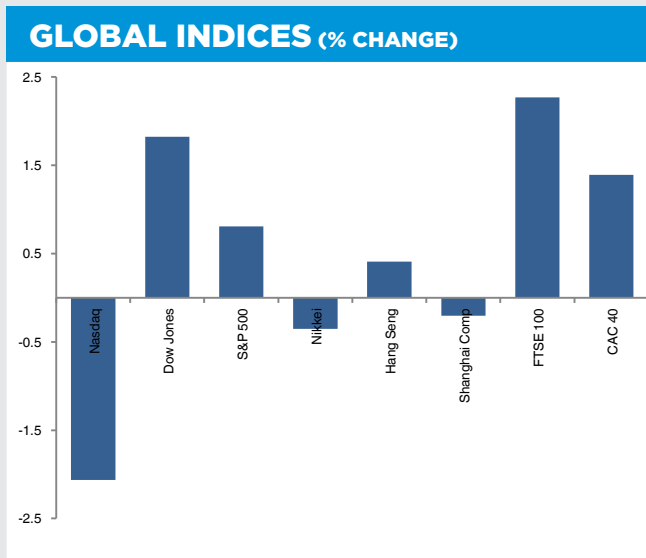
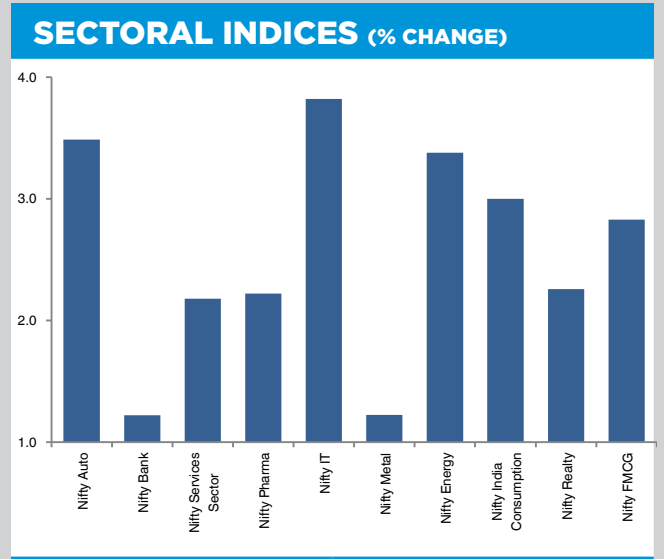
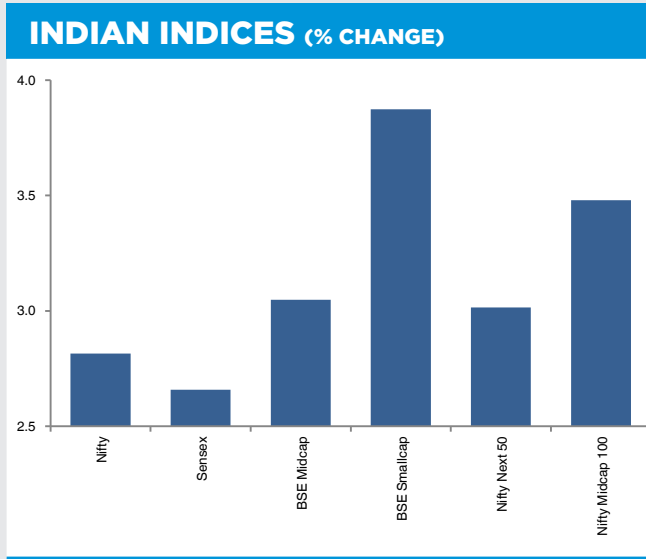
- Insurance stocks: According to the latest reports, RBI is concerned about banks holding majority stakes in their insurance arms. It has cautioned and indicated that it might cap banks' holdings in their insurance arms to just 20%. While nothing is concrete yet, if RBI goes ahead with its plans, then markets might see a deluge of share sales of insurance companies through a strategic sale.
- Wipro: Wipro to acquire UK-based Capco for \$ 1.45 Bn, in its biggest-ever acquisition. London-based Copco serves BFSI clients across the Americas, Europe, and Asia-Pacific regions. With this acquisition, Wipro claims to become one of the largest providers of integrated, end-to-end consulting, digital, cloud, and IT transformation services at scale.

NBFC

- Indiabulls Housing: Indiabulls Housing Finance has raised \$ 150 million (Rs. 1,091 Cr) by issuing foreign currency convertible bonds, the company said on Thursday.
- PHARMA & HEALTHCARE
- Shilpa Medicare: The drugmaker entered the women's intimate hygiene product segment with the launch of a cleansing spray with the brand name 'SwatchShil'.

TELECOM & MEDIA

- Vodafone Idea: Vi's big-ticket fundraising plans have hit an air pocket following differences with key members of the prospective lenders' consortium such as Oak Hill and Varde Partners over funding terms and furnishing of guarantees in case of payment defaults, people aware of the matter said.



Source: Karvy Research

HERO MOTOCORP LTD



STOCK	HEROMOTOCO
CMP	3460
ACTION	BUY
ENTRY	3420-3440
AVERAGE	3225
STOP LOSS	3080
TARGET 1	3850
TARGET 2	4000

On the technical front, HEROMOTOCO 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 at 3200 levels, the stock has witnessed a bounce and rallied to the 3510 levels. At the current juncture, the stock has formed a base at 3080 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 3225 levels. This may trigger a fresh round of buying which may take the stock towards 3850 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 4000 levels in the medium-term. Any correction towards the recent support levels of 3225 levels may be utilized to average the positions.

KOTAK MAHINDRA BANK LTD



STOCK	KOTAKBANK
CMP	1920
ACTION	BUY
ENTRY	1900-1910
AVERAGE	1808-1810
STOP LOSS	1696
TARGET 1	2150
TARGET 2	2200

On the technical front, KOTAKBANK 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 2049 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 1808-1810 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 2150 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 2200 levels in the short term. Any correction towards the recent support levels of 1808-1810 levels may be utilized to average the positions.

NIFTY (14938.10): Indian equity benchmark index Nifty 50 closed higher by 2.81% during the week. During the last two weeks, any rise in the index is witnessing a selling pressure towards the current levels from 15431 levels. 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 resume its bearish bias if it breaches and sustains below 14465 levels in future sessions. On the global front, shares in Asia-Pacific were mostly lower Friday as investors watched bond yields as well as technology stocks in the region. European markets closed lower on Friday as rising US bond yields continued to weigh on investor sentiment. States-side, the stock market resumed its sell-off on Friday pressured by the continued weakness in high-flying tech names, while a better-than-expected jobs report failed to boost sentiment. Domestically, for the week, on the data front, investors may focus on the Cumulative Industrial Production (Jan) releasing on and CPI (YoY) (Feb) releasing on Mar 12. On the derivatives front, open interest data suggests that the index may find its supports around 14500 followed by 14000 levels while on the higher side, 15500 and 16000 levels may act as resistance.



NIFTY IT Index is the best performing index this week with gains of 4% vs Nifty's gains of 3%. After gaining nearly 144% from covid correction's lows, the index has formed a double top and corrected till support zone of 24300. From the peak of 27176 hit on 14 Jan, the index has corrected nearly 12% and started rallying from Feb 1 2021 and has put up a triangle formation with base at 24300 levels. The index has started the week on a positive note with the index strongly bouncing back from the base of the triangle and by gaining 6% in the first 3 days of the week. However, in the last two days, it gave up nearly 2% due to general weakness in the broader markets and after hitting the upper boundary of the triangle formation. During the week, Mphasis is the only stock to close in the red with losses of -0.74%. Mindtree is the top gainer of the week with gains of 8%. Among Big 4 IT firms, Infy and Tech M gained by nearly 5% each during the week and aided the best performance of the index. Future course of action of the index would be decided on the direction of breakout from the triangle, which should happen during next week. 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 performed at par with the benchmark index (up 3.0% vs 2.8% for Nifty) this week. This, despite global cues to the contrary. Globally, as commodity prices shoot up, there is a worry that further stimulus packages can lead to high inflation. Bond yields point to the same outcome and Powell's comments this week asserted the same. However, post the announcement of GDP growth numbers for the Oct- Dec quarter in India (where India is amongst the few countries to post positive growth). Indian market rode on these positives and expectation of Govt. reducing the tax on fuel, which will ease inflation, boost consumption. However, as OPEC's stand to not increase output for crude become clear, the markets went into a sell off mode as high inflation and lower growth would have a negative impact on earnings. Govt. is expected to take a call on the tax on fuel in the near term but we believe the current global worries despite increased vaccination drive will continue to be worrisome for investors in the coming week. The index has rallied over 20% from the highs in March 2020 (post the covid related dip). Index edged higher from sub 5800 levels to close above 5900 for the week. 5800 is a strong support for the index and breaching which, the next major support to look forward to is 5400. However, immediate support levels are 5720 and 5640 while resistance can be seen at 6000 and 6100.

