

K ₹ STREET

RULE THE MARKET

ISSUE: 136



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From The Desk Of Research Head

FY21 Auto Volumes - Dent not as deep as expected

Finally, the FY2021 has come to an end for the auto industry. The fiscal was unprecedented and memorable for many reasons, be it supply shortages or near zero growth for couple of months due to the pandemic and consequent lockdown. The year was challenging for the industry and has taken it back to more than 5 years. However, some players have ended the fiscal on a positive note for variety of reasons. The dent has been much lighter than expected at the start of the fiscal. This was possible due to factors including a) low base effect b) easy finance and low interest rates c) preference to personal mobility over public transport due to the pandemic and d) launch of new models increasing the range of new and affordable models across the segments. When it comes to March monthly volumes, all the segments reported robust growth due to base effect. The notable fact is that CVs continued to post growth in volumes.

All the PV makers reported robust volume growth for the month of March 2021 on account of low base. Key notable trend is that the growth in SUV segment has continued to remain higher due to increased demand led by launch of new models and availability of easy finance. India's largest car maker Maruti Suzuki reported a growth of 99% during the month of March 2021. YoY, Maruti's sales growth was 1.5%. Maruti has been reporting high volume growth in the past few months driven by high growth in SUVs. For Maruti, growth has been due to demand for its successful models and preference for personal mobility, its sales volumes for mini segment is much higher than March 2019 units.

Within two-wheelers (2W), Hero has reported a growth of 72% in March 2021 due to a combination of factors including favourable base, launch of new high-end models in collaboration with foreign partners and sustained recovery in exports markets like Latin America. TVS Motor reported nearly two-fold increase in volumes during March 2021 driven by strong demand for high-end models due to easy availability of finance and strong replacement demand. Eicher Motors, which has strong presence in high-end models reported similar trend. For three-wheelers, March month sales came in higher due to favourable base effect, for the fiscal the dent seems to be deeper than any other segment and it is a long way for the segment.

Recovery of CVs continues as Ashok Leyland, VECV and Tata Motors reported MoM growth led by higher demand from road infra, mining and e-commerce segments. Tractor makers continue to report strong growth in March 2021 led by all the leading players including M&M Tractors, VST Tractors and Tillers and Escorts reporting robust growth numbers. Tractor sales growth was fuelled by announcement of price hikes, rural development schemes and sustained demand driven by higher rural acreage. Cash flows in the hands of rural households continue to remain healthy due to government schemes.

While covid and consequent lockdown has hit the growth of the industry adversely and has taken the industry back to 4-5 years, the dent is not as deep as initially expected. When it comes to FY22, the industry is expecting the growth momentum to continue on the back of positive sentiment created by the new scrappage policy and normal monsoon. However, there are still some risks that might disrupt the growth path. While the chip shortage has not impacted the industry so far, it is expected to start to show effect from now on. Rising country-wide covid cases are increasing the risks of lockdowns in the country. In such a case, we might expect supply side bottlenecks and labour shortages once again. However, this can be avoided if the pace of vaccine rollout is increased and most of the nation is covered.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO

- **CEAT:** CEAT in its BSE filing said it had entered into a Third Addendum Agreement to the existing Share Subscription and Shareholders' Agreement with Tyresmore Online Private Limited, an associate of the company and other parties, for making a future investment of up to Rs. 2.4 Cr in Tyresmore, to acquire an additional 3.47% of the post-issue total share capital of Tyresmore. Upon completion of the investment, the total holding of CEAT in Tyresmore would be 44.17%.
- **Ashok Leyland:** Ashok Leyland's unit Switch Mobility Automotive and Siemens have entered into a Memorandum of Understanding to build a co-operative technological partnership in the electric commercial mobility segment and execute mobility projects in India. "Siemens' charging infrastructure management software solution would enhance the energy-efficient operations of the chargers", the company in its BSE filing said.
- **JK Tyre Industries:** Credit rating firm, India Ratings and Research said that it has assigned a long-term issuer rating 'IND A- / Stable' to Cavendish Industries Ltd, a unit of JK Tyre and Industries Ltd.

BANKING

- **ICICI Bank:** India's second-largest private lender, has improved its position by two notches in a ranking of banks in the Asia-Pacific region based on market capitalization. The bank, which was ranked 17th in the list of top 20 banks in the first quarter of 2020, has been ranked the 15th in the first quarter of 2021.
- **Dhanlaxmi Bank:** Private sector lender Dhanlaxmi Bank witnessed over 7% year-on-year growth in its total deposits during the financial year ended March 2021, while advances rose over 4%.

CONSUMPTION

- **Godrej Consumer (GCPL):** Expects 4Q Consol Sales Growth at 'Mid-Twenties'
- **Future Retail:** Amazon has moved the Supreme Court challenging the Delhi High Court's division bench order that had vacated a stay on Kishore Biyani-led Future Group proceeding with its Rs. 24,713 Cr. asset sale to Reliance Industries.
- **Timex Group:** Timex Group India said it is in receipt of an anonymous whistleblower complaint. The anonymous communication contains allegations in relation to the operations of the company. The company's audit committee has initiated a fact-finding exercise into the allegations through an independent law firm.

INFRA

- **A2z Infra Engineering:** Ace investor Shankar Sharma sold 12,13,091 equity shares of A2z Infra Engineering at Rs. 4.35 per share, the bulk deals data available on the NSE showed. As per the December quarter 2020 shareholding pattern, Shankar Sharma held a 4.08% stake in A2z Infra.
- **IRB Infrastructure Developers:** CARE revised credit rating on company's non-convertible debentures of Rs. 200 Cr to 'A' from 'A+' while maintaining stable outlook, IRB Infrastructure said in its BSE filing.

IT

- **Zensar Technologies:** Zensar Technologies has entered into a global strategic partnership with US-based Clamatic. This new, innovative partnership leverages the respective strengths of Clamatic and Zensar to create compelling value for both companies and their mutual clients, the company in its BSE filing said.
- **Infosys:** Infosys and ArcelorMittal have entered into to strategic partnership wherein Infosys will lead the digital transformation of the steel conglomerate.

METAL

- **JSW Steel:** The company said it achieved crude steel production of 4.19 million tonnes in Q4FY21, a growth of 2% quarter-on-quarter and 6% year-on-year. The company's average capacity utilization improved from 91% in Q3FY21 to 93% for Q4FY21. However, the capacity utilization during the month of March 2021 was 96%.
- **Hindustan Copper:** Hindustan Copper in its BSE filing said the company opened its qualified institutional placement issue for subscription on April 7. The floor price has been fixed at Rs. 125.79 per equity share.
- **Prakash Industries:** In Q4FY20-21, Prakash Industries achieved its highest ever sales of around 2,72,142 tonnes of steel, recording a growth of 8.85% (QoQ basis) and 31.16% (YoY basis). In FY21, the company achieved the highest ever sales of around 9,54,760 tonnes of steel, a growth of 3.13% over FY20 despite disruptions due to the COVID-19 pandemic.
- **Vedanta Ltd:** The voluntary open offer to buy 65.1 crore shares in Vedanta Ltd at Rs. 235 apiece received offers for 37.42 crore shares or 57.49% of the offer size, according to stock exchange data.
- **Jindal Steel & Power Ltd:** The company has expressed interest to set up a container manufacturing unit at Paradip, as part of its commitment to 'Atmanirbhar Bharat' and 'Make in Odisha' initiatives.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Tata Consultancy Services Ltd	Financial Results/Dividend	12-Apr-21
Muthoot Finance Ltd	Dividend	12-Apr-21
California Software Company Ltd	Financial Results	12-Apr-21
Infosys Ltd	Financial Results/Dividend	14-Apr-21
Jyoti Structures Ltd	Financial Results/Other business matters	14-Apr-21
Reliance Industrial Infrastructure Ltd	Financial Results/Dividend	14-Apr-21
Tata Metaliks Ltd	Financial Results/Dividend	14-Apr-21
Blue Blends (I) Ltd	Financial Results	15-Apr-21
MindTree Ltd	Financial Results/Dividend	15-Apr-21
The Tinplate Company of India Ltd	Financial Results/Dividend	15-Apr-21
Wipro Ltd	Financial Results/Dividend	15-Apr-21
GTPL Hathway Ltd	Financial Results/Dividend	16-Apr-21
ICICI Lombard General Insurance Company Ltd	Financial Results/Dividend	17-Apr-21
HDFC Bank Ltd	Financial Results	17-Apr-21
Bhansali Engineering Polymers Ltd	Financial Results	18-Apr-21

GLOBAL NEWS

- **China's auto sales surge 75% in March,** the 12th straight monthly gain. Sales reached 2.53 million vehicles in March, up 74.9% year-on-year, data from the China Association of Automobile Manufacturers (CAAM) showed.
- **Economic activity rebounds globally even as infection rates rise:** Moody's. Financial conditions remain supportive in the US and Euro area, and they continue to improve in the UK. In contrast, the recovery of the financial condition in emerging markets has stalled with conditions tightening in China, Brazil, Turkey, and Argentina.

NBFC

- **Srei Infrastructure Finance:** In a BSE filing, subsidiary Srei Equipment Finance said it had received an expression of interest for up to \$ 250 million capital infusion in the company from international PE funds. The international private equity funds are US-based Arena Investors LP and Singapore's Makara Capital Partners.
- **Muthoot Finance:** The gold loan non-banking financial company launched its 25th issue of secured public non-convertible debentures (NCDs) with an aim to raise up to Rs. 1,700 Cr. The NCD is offering an effective yield in the range of 6.60% to 8.25% per annum.
- **Escorts Finance:** The company has agreed to sell transfer its entire shareholding of 10.81% in Escorts Securities Ltd to Choice International Ltd unit Choice Equity Broking Pvt. Ltd, Escorts Finance said in a regulatory filing.

PHARMA & HEALTHCARE

- **Thyrocare Technologies:** Arindam Haldar resigned from his current post - Chief Executive Officer - of Thyrocare Technologies, for personal reasons. He had joined Thyrocare Technologies in September 2020.

POWER

- **Kalpataru Power Transmission:** Kalpataru Power Transmission Ltd unit Kalpataru Power Do Brasil Participacoes Ltd has completed the acquisition of a 51% stake in Fasttel Engenharia Ltd, a Brazilian EPC Company headquartered in the City of Curitiba, State of Paraná, Brazil.

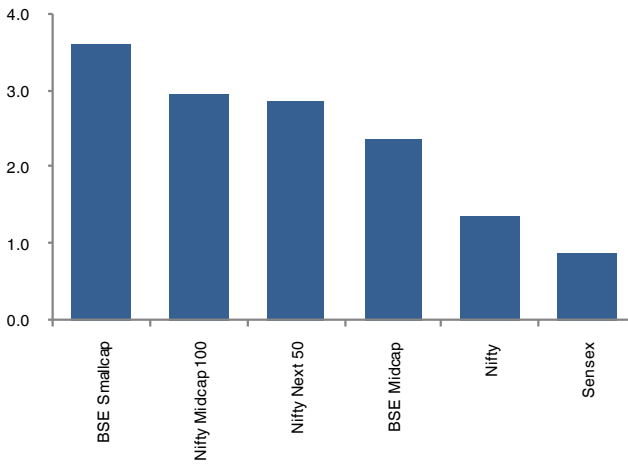
REALTY

- **Ritesh Properties & Industries Ltd:** The company issued 42 lakh optionally fully convertible debentures (OFCD) of face value Rs. 10 each, priced Rs. 22 apiece, via preferential allotment to Findoc Finvest Pvt. Ltd. One OFCD will be converted into one equity share of the company at the option of the holder, after 6 months and before 18 months from the allotment, the company said.

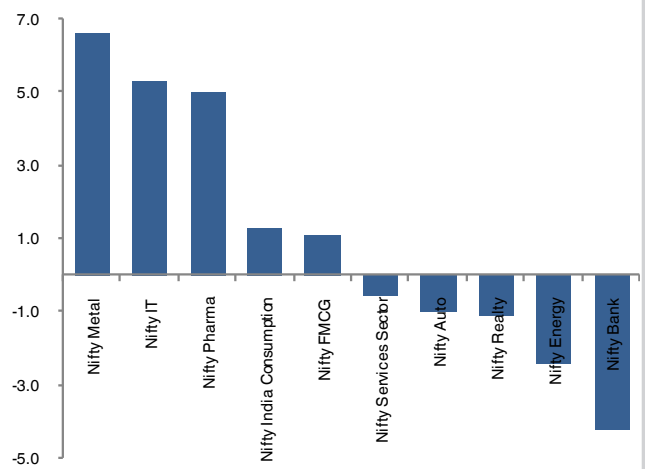
TELECOM & MEDIA

- **Bharti Airtel:** According to media sources, the department of telecom (DoT) plans to slap Videocon Telecommunications' adjusted gross revenue (AGR) dues of Rs. 1,376 Cr on Bharti Airtel.
- **Vodafone Idea:** The company launched internet of things (IoT) solutions comprising connectivity, hardware, network, application, analytics, security, and support for enterprises that seek to digitize their businesses, the company said in a statement.

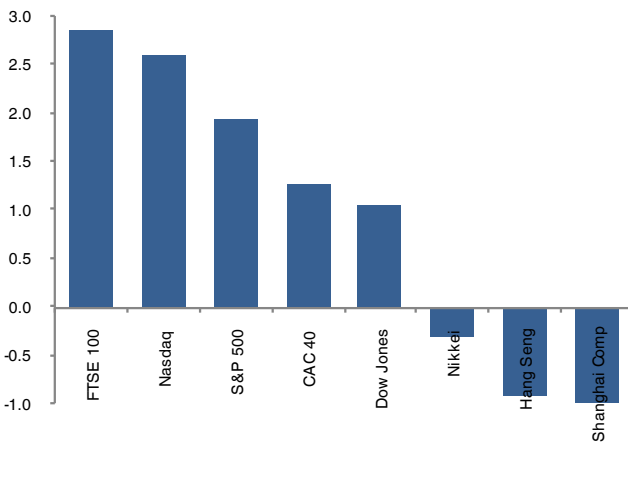
INDIAN INDICES (% CHANGE)



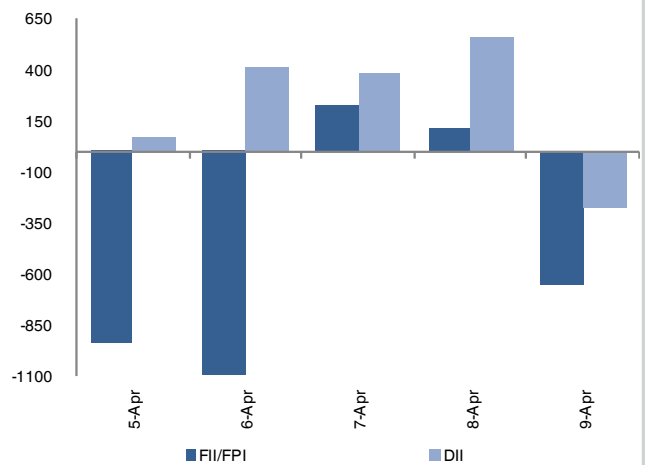
SECTORAL INDICES (% CHANGE)



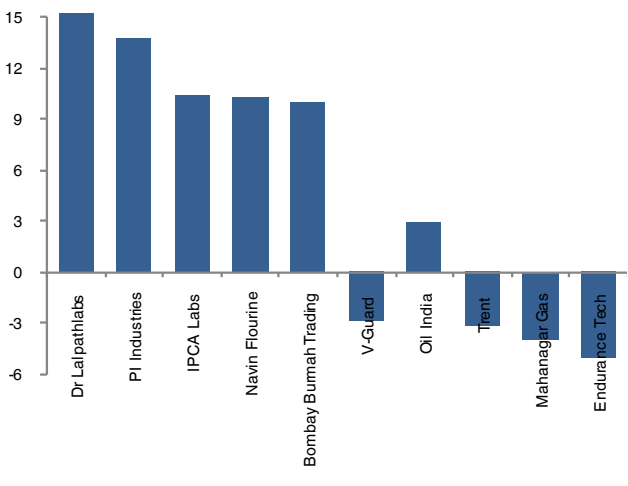
GLOBAL INDICES (% CHANGE)



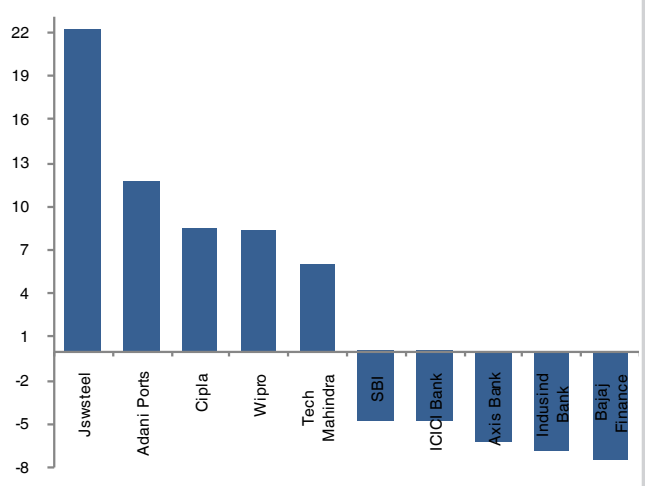
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

INDRAPRASTHA GAS LTD



STOCK	IGL
CMP	543
ACTION	BUY
ENTRY	535-538
AVERAGE	505
STOP LOSS	480
TARGET 1	600
TARGET 2	630

On the technical front, IGL has higher highs and higher lows on the daily charts and is currently placed above the short-term EMAs in the daily frame. In the recent past, after clocking a high of 594 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 480 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 505 levels. This may trigger a fresh round of buying which may take the stock towards 600 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 630 levels in the medium-term. Any correction towards the recent support levels of 505 levels may be utilized to average the positions.

TECH MAHINDRA LTD



STOCK	TECHM
CMP	1051
ACTION	BUY
ENTRY	1040-1045
AVERAGE	965
STOP LOSS	915
TARGET 1	1150
TARGET 2	1200

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 1081 levels, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 21- EMA on the daily charts. At the current juncture, the stock is forming a base around 965 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 1150 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 1200 levels in the short term. Any correction towards the recent support levels of 965 levels may be utilized to average the positions.



NIFTY (14834.85): Indian equity benchmark index Nifty 50 closed marginally lower by 0.22% 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 14265 levels in future sessions. Benchmark Indian equity indices closed marginally lower on Friday, as states imposed curbs to combat covid-19. On the global front, shares in Asia-Pacific were mostly lower on Friday after the S&P 500 on Wall Street cruised to yet another record closing high overnight. Mainland Chinese stocks closed lower as official data released Friday showed Chinese consumer and producer inflation rising in March as compared with a year ago. European markets were mixed, searching for direction after touching record highs in the previous session. German industrial output in February fell 1.6% from the previous month, the Federal Statistics Office revealed Friday, well below a consensus forecast of a 1.5% rise. Stateside, investors largely shrugged off an unexpected jump in jobless claims from last week. The Labor Department reported first-time claims for the week ended April 3 totaled 744,000, well above the expectation for 694,000 from economists surveyed by Dow Jones. Fed Chairman Jerome Powell called the economic recovery “uneven”, signaling that monetary policy will remain loose until a more robust recovery is attained, which sent U.S. Treasury yields lower. Domestically, for the week, on the data front, investors may focus on the CPI (YoY) (Mar) releasing on April 12th and WPI Inflation (YoY) (Mar) on April 7th. On the derivatives front, open interest data suggests that the index may find its supports around 14800 followed by 14500 levels while on the higher side, 15000 and 15500 levels may act as resistance.



NIFTY BANK has under-performed Nifty this week as Nifty ended flat and Nifty Bank lost nearly 4%. The index started the week on a negative note as it lost nearly 3.5% on the first trading day of the week after long weekend. The index tried to consolidate around the key support zone of 32000-32500 for the much of the week and finally ended the week below it. While a dovish RBI and its accommodative stance with a pledge to keep a check on yields despite higher government borrowing was expected to lift the sentiment for financials, it hardly lasted a day. On the day of RBI policy meet the index rallied 1.5% and is the only positive day for the index during the week. But soon correction resumed and the index ended the week in the red. Despite -15% correction from its peak it hit on Feb 16, the index is still trading above 100 DMA, while it breached other short term DMAs – 25 DMA and 50 DMA. After making repeated attempts during the week to breach 100 DMA, the index finally closed below 100 DMA. It remains to be seen how the index behaves during the next week. With results season kick-starting with HDFC Bank declaring numbers on next Saturday, we expect the tone of the index will be set by the earnings. All the heavy weights saw a bigger correction during the week by losing more than -4%. Indusind Bank Axis Bank are the worst performers of the week with losses of more than -6% on concerns related to higher NPAs as the regulatory dispensation on NPA recognition and IBC Proceedings. Other heavyweights including SBI, HDFC Bank and ICICI Bank lost more than -4% on worries over spike in NPAs and future business prospects amid rising covid cases and most of the states announcing partial lockdowns. Bandhan Bank is the only stock ending in green with gains of around 2.7%. The index may face resistance at 34770 followed by 37700. Nifty Bank may take support at 32000-32100, followed by 30800.