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STREET



RULE THE MARKET

ISSUE: 137



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From The Desk Of Research Head

Credit Growth - Highest in 6 months

Systemic credit growth in the economy has picked up finally and came in at 6.5%, highest in past 6 months. Non-food credit growth too came in at 6.5% vs 5.7% YoY posted during Jan '21. YTD bank credit growth has been picking up gradually from negative zone in the initial months of opening up of the economy to 3.3% in Feb 2021. Non-food credit growth too picked up to 6.5% in Feb 2021 YoY vs growth of 5.7% recorded in Jan 2021. Industrial credit growth remained flattish in Feb 2021 but still remained in negative territory both for Feb 2021 and on YTD basis.

While a positive uptick in credit growth across the categories and industries is a positive development indeed, the big question to ask is will the uptick in credit growth sustain. The credit growth so far during the fiscal has picked up gradually in tandem with the opening up of the economy post lockdown. While the risk of second wave is looming as it poses risk to the credit growth going forward, expect to close FY21 with a credit growth of 3%-4%.

Industry credit growth came in flattish but remained in negative zone. For the month of February 2021, the industrial credit growth was up -0.2% but YTD, it remains deep in negative zone and has remained sticky around -4% to -5% for the past 7 months. Credit to large industries, which constitutes around 80% to overall industrial credit and nearly a quarterly of the systemic credit is the real culprit. Credit to large industries still remain in deep red zone due to a) subdued industrial capex activity b) risk averse banks and c) lot of industries still in deleveraging mode. We expect the scenario to continue with downside risks. Key downside risks include a) risk of concentrated short lockdowns in select locations b) banks may continue to remain averse to lending to the sector due to expected spike in NPAs as regulatory dispensations end and d) end of ECLGS scheme.

Retail credit has been the driving force behind the overall credit growth. It has contributed nearly 78% of overall incremental credit YTD over previous year. Retail credit has shown a sharp uptick during Feb 2021 by growing 8.6% YTD vs 6.7% during Jan 2021. Within retail loans the growth was led by home loans, gold loans and other personal loans. Home loans contribute nearly half of total retail loans. The primary factors behind strong traction in home loans include attractive schemes by illiquid builders to clear inventory, record low home loan interest rates, tax benefits and other incentives announced by central government in budget to kick start ailing real estate sector and attractive incentives announced by banks .

After remaining sticky around 8.8% for about 3 months, credit to services sector finally saw an uptick to 9.3%. YTD credit to services sector has finally picked up to 3.5% from 1.6% seen in Jan 2021. The services sector was the last one to recover and came out of the negative territory in Jan 2021. While there are some downside risks to the credit growth to services sector growth due to rising covid cases and increasing risk of social distancing norms, the key constituents of services sector namely trade and NBFCs which put together constitute 56% of total credit to services sector are expected to remain resilient from these risks. Other segments of the services sector including transport operators, aviation, tourism and hotels and commercial real estate, which put together, constitute 18% of total services sector credit might get negatively impacted due to imposing of social distancing norms.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO

- **Maruti Suzuki:** According to the ET report, Maruti Suzuki expects its passenger vehicle division to grow at 20% YoY. While the management believes this growth number over FY21 is on a low base, the management believes that the growth would be far away from the peak of FY19.
- **Bajaj Auto:** After opening bookings for its new Chetak EV scooter on the auspicious occasion of Gudi Padwa, within 48 hours, the company stopped accepting new bookings. Without disclosing the number of new bookings, the management said that it would review the supply situation and announce the next round of booking opportunities in the future.
- **Mahindra & Mahindra:** M&M in a press release said that its newly launched off-roader Thar has crossed 50,000 bookings within 6 months of the launch. Further, it said that it will stop the production of XUV500 after launching XUV700.
- **Tata Motors:** Tata Motor's subsidiary JLR sees significant positive free cash flow during Q4. The company expected to break even to positive cash flow for FY21.

BANKING

- **PSB Stocks:** Acquirers of public sector banks that are up for privatization would be allowed to hold a minimum of 26% and would be given a longer time frame to trim it down to this level, flexibility that the government thinks will help elicit a good response from investors.
- **SBI:** Government has appointed Anil Kumar Sharma to central board of SBI with immediate effect, the bank said citing a Department of Financial Services notification dated April 13, 2021

CONSUMPTION

- **India Monsoon Rains Seen Normal With No La Nina,** Skymet Says.
- **India's Palm Oil Imports in March Climb From Nine-Month Low.**

INFRA

- **Ashoka Buildcon:** The company has received a Letter of Award (LoA) from Gujarat Rail Infrastructure Development Corporation (G-RIDE) for the project - Gauge Conversion of Bechrji - Ranuj section, with 25 KV AC electrification in Ahmedabad division of Western Railway. The accepted project cost is Rs. 333.625 Cr.
- **ISGEC Heavy Engineering:** Goldman Sachs increased stake in the company to 1.88% (or 13,83,655 equity shares) at the end of March quarter 2021, from 1.33% (or 9,75,423 equity shares) in December quarter 2020.
- **Adani Ports:** India CCI Approves Gangavaram stake purchase by Adani Ports.
- **Reliance Infra:** G R Infra Holders Seek to Sell up to 11.5M Shares in IPO
- **Shipping Corp:** Appoints consultant for Asset Sale Plan.
- **Shipping Corporation of India:** The company has appointed M/s Corporate Professionals Capital Pvt Ltd as the consultant for undertaking demerger, to have off or transfer its non-core assets and "assets held for sale".
- **Adani Enterprises:** Adani Road Transport Ltd has incorporated a subsidiary company namely, Panagarh Palsit Road Pvt Ltd.

IT

- **Wipro Q4FY21:** Wipro reported a consolidated net profit of Rs. 2,972.3 Cr for March quarter of the financial year 2020-21 (Q4FY21), up 27.78% YoY; on a QoQ basis, the profit increased marginally by 0.14%. Revenue from operations climbed 3.4% YoY to Rs. 16,245.4 and 3.67% QoQ. EBIT margin expanded 340 bps on a YoY basis. Guided for revenue growth of 2-4% for the Q1FY22 quarter.
- **Infosys Q3FY21:** Revenue in CC Terms grew by 2%. QoQ and 9.6% YoY - lower than our and street expectation. The reported top-line came at \$ 3,613 Mn, a growth of 13% YoY. The digital business reported YoY growth of 39% YoY. New deals of
- **\$ 2.1Bn** is in line with the company average. But lower than last quarter numbers. EBIT Margin came at 24.5%, which is 99 bps lower than last quarter. The revenue guidance of 12-14% was in line with expectations. But margin guidance of 22-24% is lower than FY21 reported numbers. The company announced Rs. 9,200 Cr @ Rs. 1,750 was in line with expectations. Infosys stock outperformed TCS in recent times. But, the company in this quarter underperformed TCS on all parameters, like growth, deal sign, margin, and attrition.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Bajaj Consumer Care Ltd	Financial Results	19-Apr-21
ACC Ltd	Financial Results	19-Apr-21
CRISIL Ltd	Financial Results	19-Apr-21
ICICI Prudential Life Insurance Company Ltd	Financial Results	19-Apr-21
Network18 Media & Investments Ltd	Financial Results	20-Apr-21
5Paisa Capital Ltd	Financial Results	20-Apr-21
TV18 Broadcast Ltd	Financial Results	20-Apr-21
Welspun Investments and Commercials Ltd	Financial Results	20-Apr-21
Tata Steel Long Products Ltd	Financial Results	20-Apr-21
ICICI Securities Ltd	Financial Results	21-Apr-21
Tejas Networks Ltd	Financial Results	21-Apr-21
VST Industries Ltd	Financial Results	21-Apr-21
Majesco Ltd	Financial Results	21-Apr-21
Indus Towers Ltd	Financial Results	22-Apr-21
Cyient Ltd	Financial Results	22-Apr-21
Fineotex Chemical Ltd	Financial Results	22-Apr-21
Rallis India Ltd	Financial Results	22-Apr-21
Sasken Technologies Ltd	Financial Results	22-Apr-21
Tata Elxsi Ltd	Financial Results	22-Apr-21
HCL Technologies Ltd	Financial Results	23-Apr-21
Mahindra & Mahindra Financial Services Ltd	Financial Results	23-Apr-21
ICICI Bank Ltd	Financial Results	24-Apr-21

GLOBAL NEWS

- **China's Q1 GDP growth seen hitting record 19%** as domestic, global demand recovers. "We expect a strong bounce back in Q1 GDP this year, mainly driven by the low base in Q1 2020, but also due to higher exports and improving domestic demand," said Raphie Hayat, Senior Economist with Rabobank.
- **EU to borrow around 150 billion euros annually for recovery fund.** The financing for the EU economic plan agreed at 750 billion euros at 2018 prices, but totaling around 800 billion euros at current prices would be through auctions and syndication through a primary deal network to enable regular payouts to EU governments as they complete agreed with stages of projects.

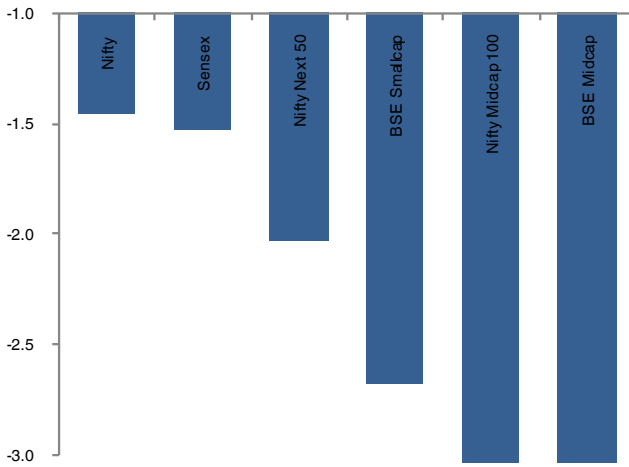
METAL

- **Tata Steel:** The steel major on Thursday unveiled its transformation plans for a steel tube making site in the UK's East Midlands, which it said will give the business the best chance of a strong future.
- **Vedanta:** 37.42 crore shares of the company were validly tendered in the voluntary open offer. Post this acquisition, the promoter shareholding in Vedanta Ltd will increase from the current 55.1% to 65.2%.
- **JSW Steel:** The company's subsidiary JSW Steel Italy S.r.l has completed the acquisition of a 30.73% stake GSI Lucchini
- **S.p.A.** In December 2020, a share purchase agreement had been executed between subsidiary JSW Steel Italy S.r.l. and Industrial Development Corporation, South Africa, for acquiring 30.73% share capital of GSI for 1 million euro.
- **Tata Metaliks:** The company's net profit in Q4FY21 fell 2.66% to Rs. 74.99 Cr from Rs. 77.04 Cr, while revenue rose to Rs. 663.64 Cr from Rs. 524.25 Cr, YoY

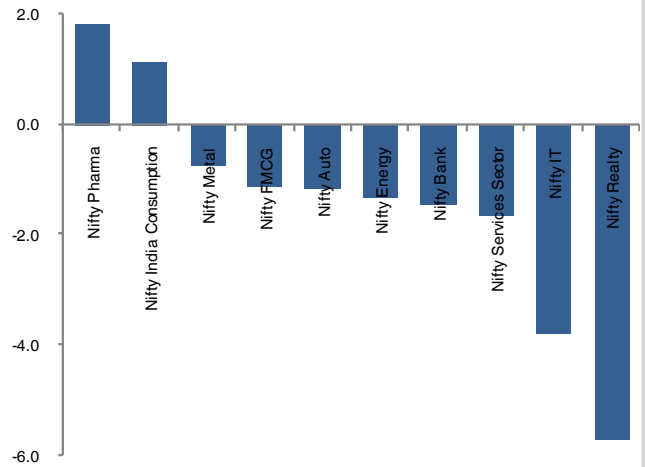
POWER

- **NHPC:** The company will form a joint venture with JKSPDCL, 'Ratle Hydroelectric Power Corporation Ltd', to implement an 850-megawatt (MW) hydroelectric project in the Chenab river basin.
- **GE Power India:** The company's board approved the acquisition of a 50% stake in NTPC GE Power Services Pvt Ltd for Rs. 7.2 Cr.

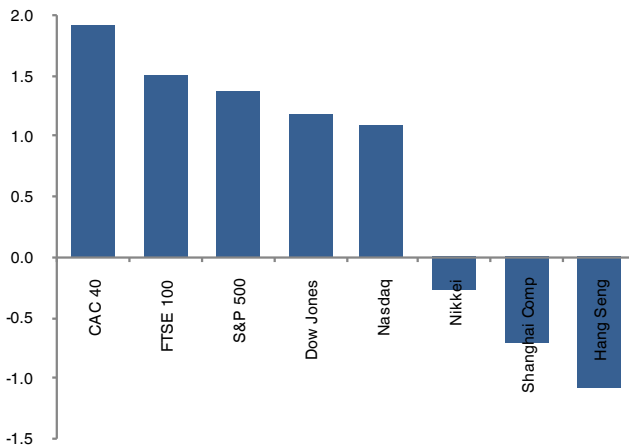
INDIAN INDICES (% CHANGE)



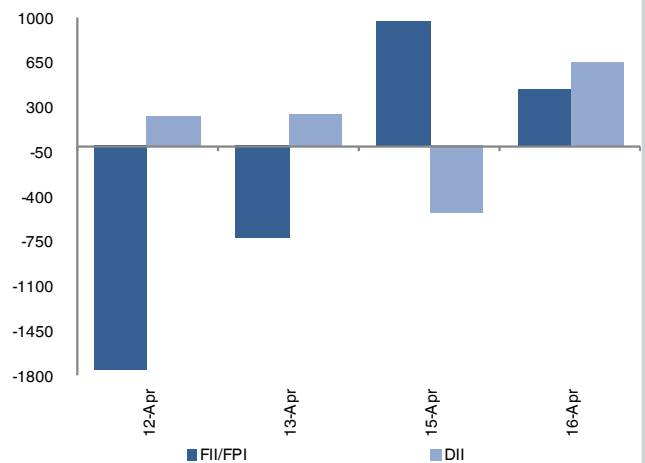
SECTORAL INDICES (% CHANGE)



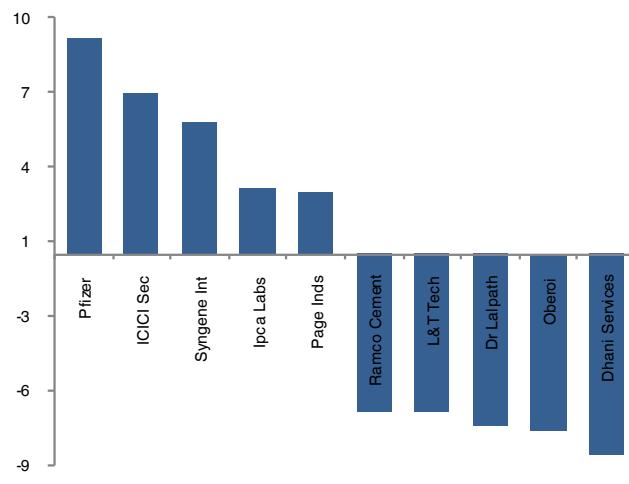
GLOBAL INDICES (% CHANGE)



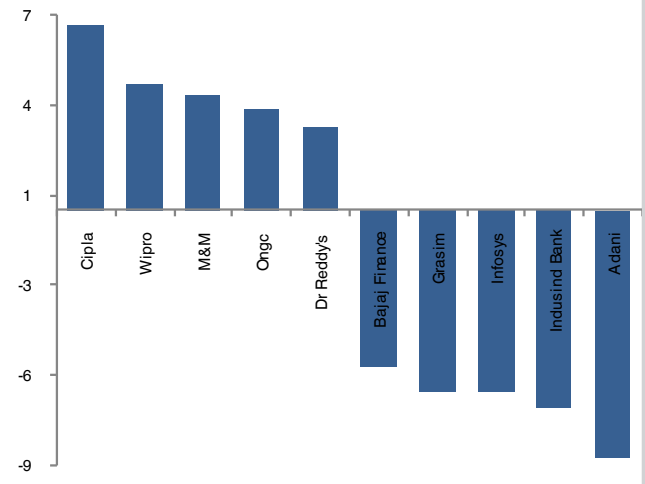
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

HCL TECHNOLOGIES LTD



STOCK	HCLTECH
CMP	1016
ACTION	BUY
ENTRY	1005-1010
AVERAGE	965
STOP LOSS	930
TARGET 1	1100
TARGET 2	1150

On the technical front, HCLTECH 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 1067 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 930 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 965 levels. This may trigger a fresh round of buying which may take the stock towards 1100 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 1150 levels in the medium term. Any correction towards the recent support levels of 965 levels may be utilized to average the positions.

OIL & NATURAL GAS CORPORATION LTD



STOCK	ONGC
CMP	107
ACTION	BUY
ENTRY	105-106
AVERAGE	98
STOP LOSS	87
TARGET 1	130
TARGET 2	135

On the technical front, ONGC 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 122 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 87 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 130 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 135 levels in the short term. Any correction towards the recent support levels of 98 levels may be utilized to average the positions.



NIFTY (14617.85): Indian equity benchmark index Nifty 50 closed lower by 1.46% 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. The Indian equity benchmarks edged higher on Friday led by gains in HDFC, HDFC Bank, Infosys, Kotak Mahindra Bank and ITC. Shares in Asia-Pacific edged higher on Friday as investors reacted to the release of Chinese economic data. China's gross domestic product surged 18.3% in the first three months of the year from a year ago, the country's National Bureau of Statistics said Friday. European markets continued to rally on Friday after notching record highs the previous session, as investors take heart from strong US economic data and recovery prospects. Eurozone inflation ramped up in March, Eurostat confirmed on Friday, with consumer prices across the bloc rising 0.9% month-on-month, driven primarily by services and energy. US stocks rose on Friday as the market's rally to records carried on amid strong earnings from blue-chip companies as well as solid data signaling a snapback in the economy. Investor sentiment was boosted by a slew of economic data this week that pointed to a rebound in consumer spending, sentiment, and the jobs market. The S&P 500 and the Dow posted their fourth straight positive week, while the tech-heavy Nasdaq has registered gains for three weeks in a row. 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, 15000 and 15500 levels may act as resistance.



NIFTY BANK: This week both Nifty Bank and Nifty performed on par with each other as both the indices lost 1.45% for the week. Technically, from May 2020, the index is forming higher highs indicating the secular uptrend in the index. However, the index may resume its bearish bias if it breaches and sustains below 29685 levels in future sessions. On the news front, Citi's decision to quit the Indian market has thrown up an opportunity for domestic private banks that are looking to scale up their credit card business. The biggest player in the card business, HDFC Bank, is hamstrung by the restrictions placed by the Reserve Bank of India (RBI) on acquiring fresh customers. SBI, besides benefiting from the slowdown in issuance by rivals, is also seen as a contender for Citi's cards business. On the other hand, with a sharp rise in Covid-19 cases across the country, bank unions are now showing their concerns towards bank employees. Bank unions are requesting safety measures for workers. They have now urged the Ministry of Finance to reduce the working days while seeking permission to run bank branches with a bare minimum staff. On the data front, Bank credit has grown at its slowest pace ever recorded indicating weak demand for loans, especially from companies, and also a gradual shift by the higher-rated borrowers to the bond market. Credit growth slowed further to 5.6% in the fiscal ended March 2021 compared with 6.1% reported in fiscal 2020, RBI data showed. This is the slowest pace of growth since the data available on the RBI website as far back as 1965. As indicated by the derivatives data, Bank Nifty may face resistance at 32500 levels followed by 33000 levels. For the week ahead, support for the index can be pegged at 31000 levels followed by 30500 levels.