

K STREET

RULE THE MARKET

ISSUE: 138



CONTENTS

Editorial	1
News and Corporate Events	2
Market Snapshot	3
Beat the Street	4
Index Snippets	5

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From The Desk Of Research Head

Will FY21 be the year of equities?

Every investor wants to invest in the best investment options in such a way that he can achieve maximum return with minimal risk in a given tenure. The investment options that you choose should depend on your risk appetite, investment horizon, financial goals, investment objective, and liquidity needs. Historically, retail investors in India were exposed to very limited options including gold, real estate, equities, mutual funds, and fixed income products like bank FDs. Public Provident Fund (PPF), and Bank RDs. With the passage of time, thanks to financial engineering, investors today have a wide range of investment options including exchange-traded funds (ETFs), real estate investment trusts (REITs), and sovereign gold bonds. Given low financial literacy levels, a large section of the public switch in between fixed income products and equities depending on the euphoria in the markets

Now that stock markets are at all-time highs and fixed deposit (FD) and recurring deposit (RD) interest rates are at low levels, it is advisable for investors to focus on equities. Because of declining returns, fixed income assets have become unprofitable and unattractive for risk-averse investors and retired employees - who rely on such products to get a steady income. In an environment of high inflation, such low returns on capital tend to undermine capital and thus the aces dwindle. Although volatility is consistent and unavoidable in equities, in this scenario equities can be considered as investment options provided investors tread carefully.

Indian indices are up about 95% since their March lows, due to excess global liquidity and low interest rates. With central banks not in a hurry to pull back the liquidity in the near future and in fact are willing to pump in more if needed, the party in equities will continue. Given these factors, the year 2021 is going to be the year of equities.

Within equities, while large caps have led the rally so far there are quite a few sectors that are yet to participate in the rally like cyclical, sectors worst affected by social distancing norms including tourism, travel and hospitality, and outdoor entertainment related stocks. Within cyclical while metals stocks, more so in case of steel have already started moving up, other sectors like roads, infra, EPC players and real estate should start rallying now as it is widely expected that government would focus heavily on infra sector in the upcoming budget. Some other themes investors can focus on include turnaround stocks, cash-rich public sector enterprises (in anticipation of divestment/buybacks and high dividend payouts), and companies that enjoy near-monopoly in their industries.

Investors should build a judicious mix of large caps, cyclical, turnaround stocks, and beaten down well managed small and mid-caps with strong and solid fundamentals. Within large caps, while many large caps are trading at their 52-week highs, they should enter such stocks on dips perhaps on big down days. Investors may allot around 40% of their portfolio towards large caps, with balance equally allotted between cyclical, turnarounds, and quality small and mid-caps. However, in the current scenario, as the second wave of Covid is rampant, and as there is a shortage of oxygen and significant challenges in regards to medical equipment and logistics, may pose serious risks, improvement in the pace of recovery, pan India vaccine roll out by decreasing the applicable age limit and emergency approval of vaccines approved by foreign countries to overcome vaccine shortage should limit the damage to the markets. Once the signs of a flattening curve are visible, there should be no looking back for equities.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO

- Tata Motors: JLR is currently experiencing some COVID-19 supply chain disruption. As a result, JLR has adjusted production schedules for certain vehicles.
- Amara Raja Batteries: Life Insurance Corporation of India (LIC) acquired 1,99,500 equity shares (0.12% of paid-up equity) of Amara Raja on April 20, increasing total stake to 5.06% from 4.94% earlier.
- Swaraj Engines: The company reported a sharply higher profit at Rs. 32.6 Cr in Q4FY21 against Rs. 15.8 Cr in Q4FY20, revenue jumped to Rs. 304.9 Cr from Rs. 175.1 Cr YoY.
- Hero MotoCorp Ltd: The two-wheeler manufacturer has decided to stop vehicle production at its factories between 22 April and 1 May, as a result of the surge in cases Covid-19 across the country. The company has also partnered with Gogoro Inc. to accelerate the shift to electric mobility in India.

BANKING

- State Bank of India: SBI said IRDAI has imposed a penalty of Rs. 25 lakh on SBI General Insurance, the unlisted subsidiary of SBI, for non-compliance with minimum obligations under Motor Third-Party Business, for FY18.
- Federal Bank: The bank said its board of directors approved the appointment of Damodaran C as Chief Risk Officer of the bank for a period of 3 years from May 1, 2021, to replace Wilson Cyriac.
- DCB Bank Ltd: The private sector lender announced that it has acquired a minority equity stake of about 9% in non-bank financier Techfino Capital Pvt Ltd (TCPL) for an undisclosed sum.

CEMENT

- Visaka Industries: The company reported sharply higher consolidated profit at Rs. 30.87 Cr in Q4FY21 against Rs. 6.85 Cr in Q4FY20, revenue rose to Rs. 354.18 Cr from Rs. 227.7 Cr YoY.

CONSUMPTION

- Future retail may get 2-year relief on loan repayment.
- Nestle India: The company has reported a 14.6% year-on-year growth in the first-quarter profit at Rs. 602.25 Cr and also declared an interim dividend of Rs. 25 per share

CHEMICALS

- Rallis India: The company reported sharply higher consolidated profit at Rs. 8.12 Cr in Q4FY21 against Rs. 0.68 Cr in Q4FY20, revenue rose to Rs. 471.26 Cr from Rs. 346.29 Cr YoY.

FIN SERVICES

- Angel Broking: The company said the board of directors has appointed Narayan Gangadhar as the Chief Executive Officer of the company with effect from April 26.
- Insurance stocks: Union finance minister Nirmala Sitharaman told the Insurance Regulatory and Development Authority of India (Irdai) to speedily resolve the problem of covid-19 patients being denied cashless health insurance claims by hospitals and insurance companies.

IT

- Cyient: The company reported a higher consolidated profit at Rs 103.1 Cr in Q4FY21 against Rs. 95.4 Cr in Q3FY21, revenue rose to Rs. 1,093.1 Cr from Rs. 1,044.3 Cr QoQ.
- Sandhar Technologies: The company informed exchanges that step-down subsidiary Breniar Project S L, Spain has been liquidated on April 21, 2021. It may be noted that this company was not a material subsidiary and the liquidation of this subsidiary will not affect any business/accounting policies and will not have any significant impact on the accounts etc.
- Tata Elxsi: The company reported sharply higher profit at Rs. 115.16 Cr in Q4FY21 against Rs. 82.08 Cr in Q4FY20, revenue rose to Rs. 518.4 Cr from Rs. 438.88 Cr YoY. The company recommended a final dividend of Rs. 24 per share for FY21 and a one-time special dividend of Rs. 24 per share.
- Easy Trip Planners: Online travel company EaseMyTrip said it has tied up with local search engine JustDial for providing air travel services. The parent company, Easy Trip Planners Ltd, was listed on the stock exchanges last month and announced an interim 100% dividend of Rs. 2 per share on its equity shares earlier this week.

METAL

- Jindal Stainless: Cohesion MK Best Ideas Sub Trust acquired 30 lakh equity shares in Jindal Stainless at Rs. 75.55 per share. However, Kotak Special Situations Fund sold 75 lakh equity shares in the company at Rs. 75.59 per share on the NSE, the bulk deals data showed.

PHARMA & HEALTHCARE

- Narayana Hrudayalaya: After discontinuation of the plan to establish a 130-bedded hospital project in Nairobi, Kenya, the company said ISO Healthcare, Mauritius (on having received a partial return of capital from ISO Health, Kenya) has approved

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
AU Small Finance Bank Ltd	Financial Results	26-Apr-21
HDFC Life Insurance Company Ltd	Financial Results	26-Apr-21
Castrol India Ltd	Financial Results	26-Apr-21
SBI Cards and Payment Services Ltd	Financial Results	26-Apr-21
Tech Mahindra Ltd	Financial Results	26-Apr-21
Axis Bank Ltd	Financial Results	27-Apr-21
Bajaj Finance Ltd	Financial Results	27-Apr-21
Britannia Industries Ltd	Financial Results	27-Apr-21
HDFC Asset Management Company Ltd	Financial Results	27-Apr-21
Maruti Suzuki India Ltd	Financial Results	27-Apr-21
TVS Motor Company Ltd	Financial Results	27-Apr-21
Nippon Life India Asset Management Ltd	Financial Results	27-Apr-21
Bajaj Finserv Ltd	Financial Results	28-Apr-21
Biocon Ltd	Financial Results	28-Apr-21
Bombay Dyeing & Mfg Company Ltd	Financial Results	28-Apr-21
Tata Communications Ltd	Financial Results	28-Apr-21
Ambuja Cements Ltd	Financial Results	29-Apr-21
Bajaj Auto Ltd	Financial Results	29-Apr-21
Exide Industries Ltd	Financial Results	29-Apr-21
Hindustan Unilever Ltd	Financial Results	29-Apr-21
L&T Finance Holdings Ltd	Financial Results	29-Apr-21
Shriram Transport Finance Company Ltd	Financial Results	29-Apr-21
Tata Coffee Ltd	Financial Results	29-Apr-21
Titan Company Ltd	Financial Results	29-Apr-21
IndusInd Bank Ltd	Financial Results	30-Apr-21
Yes Bank Ltd	Financial Results	30-Apr-21

GLOBAL NEWS

- China to cut coal use share below 56% in 2021. China aims to cut its coal use to below 56% of energy consumption in 2021, the National Energy Administration (NEA) said in a statement on Thursday but said the fuel would still play a vital role in ensuring the nation's energy security.
- Hyundai Q1 profit triples, to adjust May auto production due to chip shortage. Unlike its rivals, the South Korean automaker started off production halts in the first quarter, thanks to a healthy chip inventory. But the shortage, exacerbated by factors including a fire at a chip factory in Japan and storms in Texas, is now catching up with Hyundai.

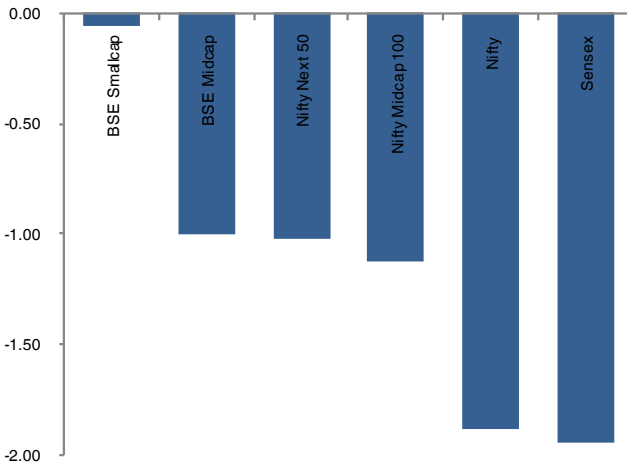
and completed partial buyback of shares and repaid the capital to Narayana Holdings amounting to \$ 4,36,043. The carrying value in the project as per consolidated financials of Narayana Hrudayalaya as of March 2020 is Rs. 2.824 Cr.

- PowerGrid Corporation of India: PowerGrid Infrastructure Investment Trust is likely to launch its initial public offering at the end of April, two people aware of the development told Mint. This will be the first time a state-owned entity is monetizing its infrastructure assets through the InvIT route.
- Torrent Power Ltd: The company will set up a 300 MW capacity solar power plant in Gujarat at an estimated cost of Rs. 1,250 Cr, the company.

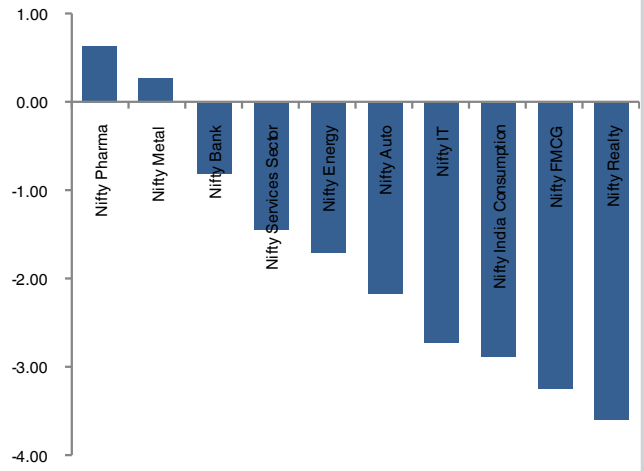
REALTY

- Indus Towers: The company reported a higher profit at Rs. 1,363.8 Cr in Q4FY21 against Rs. 1,360 Cr in Q3FY21, revenue fell to Rs. 6,491.8 Cr from Rs. 6,736.1 Cr QoQ.
- Dish TV: Former chairman of Zee Entertainment Enterprises (ZEE) Subhash Chandra said that he neither owns any stake in the DTH (direct-to-home) company nor does he have any management control of the firm amid rumors of Chandra looking at selling promoter family's pledged shares in the firm.

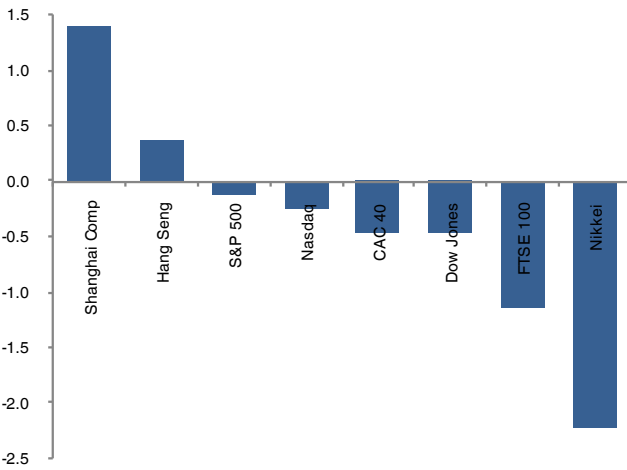
INDIAN INDICES (% CHANGE)



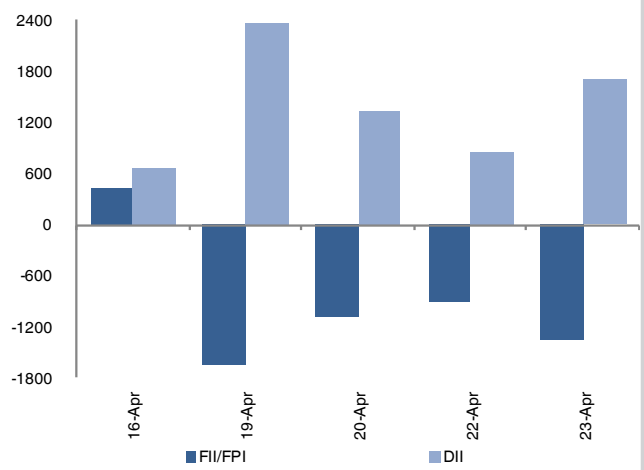
SECTORAL INDICES (% CHANGE)



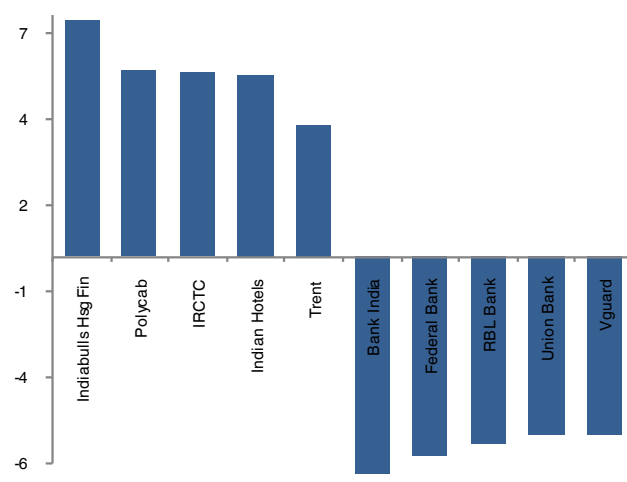
GLOBAL INDICES (% CHANGE)



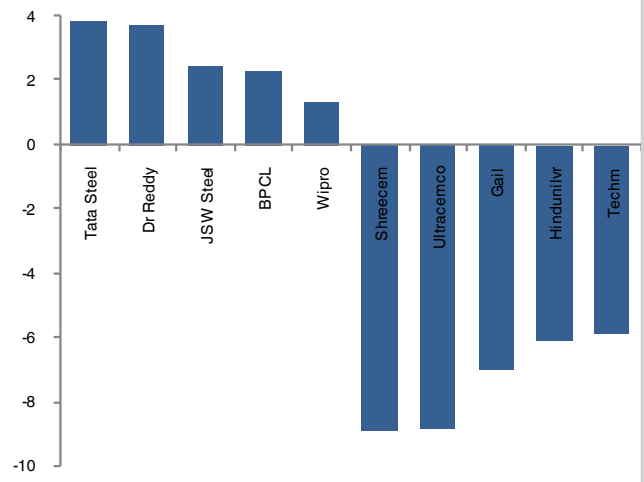
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

POWER GRID CORPORATION OF INDIA LTD



STOCK	POWERGRID
CMP	211
ACTION	BUY
ENTRY	209-210
AVERAGE	198
STOP LOSS	182
TARGET 1	240
TARGET 2	250

On the technical front, POWERGRID 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 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 198 levels. This may trigger a fresh round of buying which may take the stock towards 240 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 250 levels in the medium term. Any correction towards the recent support levels of 198 levels may be utilized to average the positions.

SBI LIFE INSURANCE COMPANY LTD



STOCK	SBILIFE
CMP	920
ACTION	BUY
ENTRY	910-915
AVERAGE	865
STOP LOSS	825
TARGET 1	1025
TARGET 2	1100

On the technical front, SBILIFE 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 984 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 825 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 1025 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 1100 levels in the short term. Any correction towards the recent support levels of 865 levels may be utilized to average the positions.



NIFTY (14341.35): Indian equity benchmark index Nifty 50 closed lower by 1.89% during the week. For the last year, 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. Stocks in Asia-Pacific were mixed on Friday, with the price of bitcoin tumbling below \$49,000. Investors continued to monitor the coronavirus situation in India as cases continue to climb, with more than 332,000 new daily infections registered on Friday. European markets closed slightly lower on Friday as global stocks searched for direction to end the week, with investors monitoring a slew of economic data and corporate earnings. In Europe, IHS Markit's eurozone flash PMI (purchasing managers' index) readings for April showed the economic recovery gathering pace across the bloc. The preliminary composite reading, which combines services and manufacturing, came in at 53.7 in April versus 53.2 in March. A GfK survey showed British consumer sentiment this month rising to its highest point since the pandemic as the economy begins to partially reopen. The U.K.'s composite PMI surged to 60.0 in April from 56.4 in March as the country embarks on a phased exit from lockdown. Domestically, for the week, on the data front, investors may focus on the Federal Fiscal Deficit (Mar) and Infrastructure Output (YoY) (Mar) on April 30th. On the derivatives front, open interest data suggests that the index may find its supports around 14200 followed by 14000 levels while on the higher side, 14800 and 15000 levels may act as resistance. US stocks rebounded on Friday as Wall Street reassessed concerns arising from news that the White House could seek a hike to the capital gains tax.



NIFTY BANK capped the losses to 0.80% during the week passed by while the broader index Nifty lost by 1.89%. 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, Faced with the unabated rise in COVID-19 infections, the Indian Banks' Association (IBA) has advised banks to restrict working hours between 10 am to 2 pm, showed a letter issued by the industry body. According to the letter, banks will continue to provide four mandatory services of accepting deposits, cash withdrawals, remittance, and government businesses. The SLBCs of each state and union territory will review the situation in their respective locations and decide on additional services that can be provided under the existing situation, it said. On the other hand, Karnataka Bank on Saturday said it is targeting to grow its business at 12 percent to over Rs 1.42 lakh crore in the current fiscal year and will gradually increase the share of the retail loan in its portfolio. In a communication to shareholders, the bank said it strives to see 2021-22 as a year of excellence on the back of its healthy business growth, 'Cost-Lite' liability portfolio, and strengthened fundamentals. Private sector lenders, led by ICICI Bank and SBI Cards, have seen robust growth in credit card issuances between December 2020 and February 2021, coinciding with the temporary halt on HDFC Bank sourcing new cards. In contrast, outstanding credit cards of HDFC Bank fell marginally to 1.51 crore at February-end this year from 1.53 crore as of December 31, 2020. As indicated by the derivatives data, BankNifty may face resistance at 32000 levels followed by 33000 levels. For the week ahead, support for the index can be pegged at 31500 levels followed by 31000 levels.