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STREET



RULE THE MARKET

ISSUE: 139



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Team

Srinivas Krishnan Bobba
Sharath Kumar Jutur

Karvy Head Office

Karvy Stock Broking Limited, Plot No.31/P,
Karvy Millennium Towers, Nanakramguda,
Financial District, Gachibowli, Hyderabad,
Telangana-500032, India.

For More updates & Stock Research

Visit: www.karvyonline.com
Toll free: 1800 419 8283
Email: research@karvy.com

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From The Desk Of Research Head

The Battle Continues

As FY21 comes to a close and FY22 begins, the battle on the macroeconomic front continues. While the damage to the public life was controlled last year by timely announcement of lockdown, the economy suffered with all leading macroeconomic indicators hitting all-time lows. But once the first wave started subsiding, economy bounced back sharply due to pent-up demand. But towards the end of fiscal 2021, as the second wave of surge in covid cases picked up, the grim state of India's healthcare infrastructure came to the fore. Given the risks to the economy, government cannot afford for another full-fledged nation-wide lockdown as was done during last fiscal. It remains to be seen how economy fares in FY22 amid rising covid cases and deaths and announcement of fresh small lockdowns in various locations.

Analysis of high-frequency indicators released till Feb-Mar 2021 remained resilient. But future may not be the same for the economy. While major economic institutes are yet to revise India's FY22 growth estimates downside, day-by-day downside risks to India's growth are increasing. Automobile industry, which is generally the first industry to show signs of weakness during lean times, is already facing pressures. According to industry estimates, auto dealers are sitting on inventory of 40-45 days, highest in the recent past post recovery from covid wave I. With nearly one-fourth of dealer network already shut, the number of inventory days might further increase in the coming days. Almost all major auto manufacturers have announced factory shutdowns for fifteen days starting from May 1 2021 citing different reasons. While some have preponed annual maintenance shutdown, some have expressed the responsibility to save oxygen for medical purposes; some auto manufacturers have cited employee safety as major reason for shutdown. Whatever the reason maybe, auto manufacturing during the May 2021 might suffer big time hurting the industrial output.

With daily cases tally crossing 350000, coupled with rise in death toll, the situation is likely to aggravate further. The rampant spread of virus is likely to prompt risk aversion among public, resulting in reduced mobility and spread of supply-side bottlenecks spreading to other sectors as well. While the recovery rate and availability of prevention and cure of the disease is comforting, shortage of vaccines and oxygen are hindering the pace of vaccine roll out and recovery rate. While the cases were concentrated and restricted to specific states till recently, now the case tally is more dispersed throughout the country and fast spreading to smaller towns. Now the onus lies both on the general public and the government to handle situation. While the general public needs to behave responsibly by self-imposing social distancing norms and taking sufficient precautions and care to break the chain of spread of virus, government needs to address the issues being faced in the form of shortage of vaccines and oxygen. It needs to make sure that vaccines are made available sufficiently to vaccination centres, as some of the centres are shut due to shortage of vaccines. Government should address this issue as soon as possible and make sure that entire nation across age-groups are vaccinated before end of this calendar year.

While the government is maintaining ultra-loose monetary and fiscal policy, the moment pace of vaccine roll out picks up and second wave peaks out before June (as per estimates), economic growth should start picking up once again from H2FY22. With the onset of monsoon, coupled with fall in daily case tally, pent up demand should kick in and help revival in economy. This coupled with government's fiscal and demand boosting measures like expansion of PLI scheme to include other sectors, vehicle scrappage policy, infra capex and easy availability of finance to boost private capex and continued support to MSME sector, which is backbone of the economy, things should start looking up for the economy by the end of fiscal 2022.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO

- Bajaj Auto Q4FY21: Net profit up 14.6% at Rs. 1551.28 Cr Vs Rs. 1353.99 Cr (YoY) and Revenue up 26.1% at Rs. 8596.1 Cr Vs Rs. 6815.85 Cr (YoY). Rahul Bajaj resigns from the company as Chairman of Bajaj Auto with effect from closing business hours of April 30, 2021. He will serve as Chairman Emeritus of the company for the next five years. Niraj Bajaj, who is a non-executive director of the company will serve the company as Chairman from May 1, 2021.
- Exide Industries Q4FY21: Net profit up 29.5% at Rs. 321.87 Cr Vs Rs. 248.47 Cr (YoY) and Revenue up 31.3% at Rs. 4562.86 Cr Vs Rs. 3474.68 Cr (YoY).
- Auto stocks: Automobile companies are set to halt manufacturing at their plants for 15 days starting May 1 as covid cases surge. While some companies like Maruti have advanced annual maintenance shutdown, some are citing the safety of their employees. The shutdown comes when a fourth of their retail outlets remain shut due to surging covid cases and auto companies are sitting on dealer inventory of 45-50 days. The temporary closure would help companies to prepare for upcycle when the pandemic subsides.
- Hero MotoCorp: India's largest two-wheeler manufacturer announced that it will halt production at all four plants for 15 days owing to large inventory pile-up at dealer network amid rising covid cases, keeping in mind employee safety.
- Maruti Suzuki: Maruti Suzuki said that it is advancing its car maintenance program from June to May 1 to make oxygen available for medical needs, as active covid cases continue to raise. The company further said that while oxygen in small quantities is used by car manufacturers, it is used in large quantities by component manufacturers. Both of the company's manufacturing plants located in Gujarat and Haryana will remain shut from May 1 to May 9.
- RattanIndia Enterprises: The company has acquired a substantial stake in EV two-wheeler maker Revolt Intellicorp for Rs. 150 Cr to foray into the fast-expanding electric vehicle business. It will have a 50% board presence in the Gurugram- headquartered Revolt Intellicorp Pvt Ltd with Rajiv Rattan heading the company's board as its chairman.
- Sundaram Clayton Ltd Q4FY21: Reported 48.35% YoY growth in consolidated revenues at Rs. 6,440 Cr. The consolidated Net Profit was up by 18-fold at Rs. 167 Cr.

BANKING

- AU Small Finance Bank Q4FY21: Net profit up 38.1% at Rs. 168.97 Cr Vs. Rs. 122.32 Cr (YoY) and NII up 18.2% at Rs. 655.83 Cr Vs. Rs. 554.95 Cr (YoY). Gross NPA at 4.25% Vs 0.99% (QoQ) Net NPA at 2.18% Vs 0.24% (QoQ).
- ICICI Bank: ICICI Bank launched a digital and contactless platform for merchants. The service christened Merchant Stack is targeted at nearly 2 Cr retail merchants to provide banking services digitally.
- SBI: The executive committee of the central board has approved long-term fundraising in single or multiple tranches up to \$2 billion, SBI said in a filing. The funds are to be raised through a public offer and/or private placement of senior unsecured notes in the U.S. dollar or any other convertible currency during FY22.

CEMENT

- Ambuja Cements: The company reported sharply higher standalone profit at Rs 664.6 crore in Q4FY21 against Rs 399 crore in Q4FY20, revenue jumped to Rs 3,621.4 crore from Rs 2,827.5 crore YoY.

CONSUMPTION

- IndiaMART InterMESH Ltd. Q4FY21: Reported consolidated Total Revenue from Operations of Rs. 180 Cr in Q4FY21, a growth of 6% YoY due to improvement in realization from existing customers and an increase in the number of paying subscription suppliers. Net Profit was at Rs. 56 Cr, representing a growth of 26% YoY. The board has declared a final dividend of Rs. 15.00 per share, subject to shareholder approval.
- Hindustan Unilever Q4FY21: Net revenue in Q4FY21 stood at Rs.12220 Cr, which increased by 35% YoY from Rs. 9055.0 Cr in Q4FY20. The net profit in Q4FY21 came in at Rs 2190.0 Cr that increased by 44.84%, as compared to Q4FY20 when it reported Rs1512 Cr. Board has recommended a final dividend of Rs. 17.00 per share.
- Titan Company Q4FY21: Net profit up 65.6% at Rs. 568 Cr Vs Rs. 343 Cr (YoY) and Revenue up 59.1% at Rs. 7494 Cr Vs Rs. 4711 Cr (YoY). The board has proposed a final dividend of Rs. 4.00 per share.

NBFC

- Shriram Transport Finance Company Q4FY21: Net profit at Rs. 754.93 Cr Vs Rs. 223.38 Cr (YoY) and Revenue up 8% at Rs. 4493.97 Cr Vs Rs. 4161.86 Cr (YoY).
- L&T Finance Holdings Q4FY21: Net profit down -30.9% at Rs. 266.85 Cr Vs Rs. 386.15 Cr (YoY) and Revenue up 1.8% at Rs. 3415.16 Cr Vs Rs. 3353.7 Cr (YoY).
- Aavas Financiers Q4FY21: Net profit up 46.4% at Rs. 87.44 Cr Vs Rs. 59.72 Cr (YoY) and Revenue up 23.5% at Rs. 289.44 Cr Vs Rs. 234.42 Cr (YoY).

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
SBI Life Insurance Company Ltd	Financial Results	03-May-21
Kotak Mahindra Bank Ltd	Financial Results	03-May-21
IDBI Bank Ltd	Financial Results	03-May-21
Tata Chemicals Ltd	Financial Results	03-May-21
RBL Bank Ltd	Financial Results	04-May-21
Adani Ports and Special Economic Zone Ltd	Financial Results	04-May-21
Suven Life Sciences Ltd	Financial Results	04-May-21
Adani Enterprises Ltd	Financial Results	05-May-21
CEAT Ltd	Financial Results	05-May-21
Deepak Nitrite Ltd	Financial Results	05-May-21
SRF Ltd	Financial Results	05-May-21
Tata Steel Ltd	Financial Results	05-May-21
Adani Power Ltd	Financial Results	06-May-21
Century Textiles & Industries Ltd	Financial Results	06-May-21
Coforge Ltd	Financial Results	06-May-21
Hero MotoCorp Ltd	Financial Results	06-May-21
Raymond Ltd	Financial Results	06-May-21
Tata Consumer Products Ltd	Financial Results	06-May-21
Housing Development Finance Corporation Ltd	Financial Results	07-May-21
Reliance Power Ltd	Financial Results	07-May-21
Dabur India Ltd	Financial Results	07-May-21
UltraTech Cement Ltd	Financial Results	07-May-21
IDFC First Bank Ltd	Financial Results	08-May-21

GLOBAL NEWS

- European Union regulators accuse Apple of antitrust breach over App Store rules. The EU's executive Commission said Friday it objected to Apple's way of doing business, which it said ends up costing consumers more and limiting their choice.
- AstraZeneca delivers 68 million doses of COVID-19 vaccine in the first quarter. The Anglo-Swedish drugmaker on Friday reported \$275 million in revenue from sales of the vaccine, or the equivalent of \$4.04 per dose. AstraZeneca has pledged that it will deliver the vaccine on a non-profit basis as long as the pandemic lasts.

INSURANCE & FINANCIAL SERVICES

- Indiabulls: Los Angeles-based \$149 billion Ares Management Corp-backed asset reconstruction company, Assets Care & Reconstruction Enterprise (Acre), has agreed to buy out a majority of the assets owned by Sameer Gehlaut-promoted Indiabulls ARC in a deal likely to be signed as soon as Friday, two people associated with the transaction said, according to a report in ET.

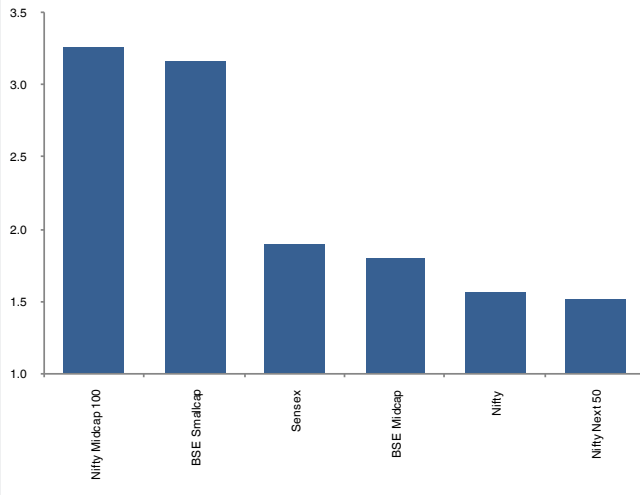
PHARMA & HEALTHCARE

- Laurus Labs Q4FY21 Result: Revenue came at Rs 1,411.9 Cr increased by 68.2% YoY, (Rs 839.2 crore in Q4FY20). The company reported net profit at Rs 296.7 Cr, increased by 169.2% YoY (Rs 110.2 Cr in Q4FY20). Board approved payment of an interim dividend of Rs. 0.80 per share.
- Biocon Biologics Q4FY21: Biocon Biologics reported a jump of 53% in revenues to Rs. 664 Cr; EBITDA stood at Rs. 164 Cr. EBITDA margin came in at 25%.

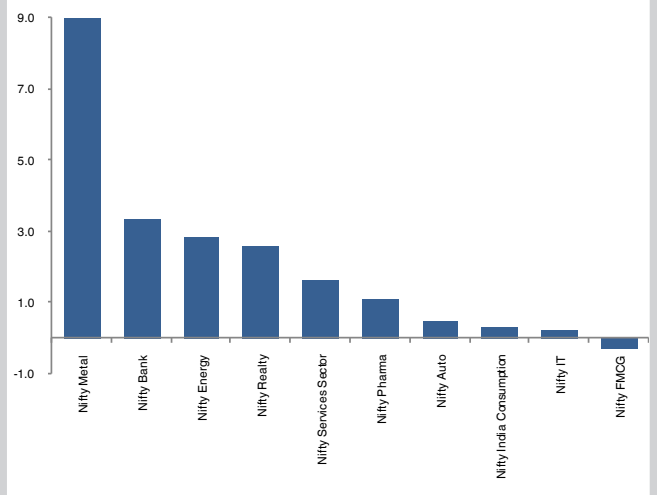
REALTY

- Puravankara: ICRA has maintained the previous rating and assigned a long-term rating of BBB+ and outlook has been improved to Positive from Stable and has maintained the previous short-term rating of A2 for Rs 3,000 crore bank facilities of Puravankara.

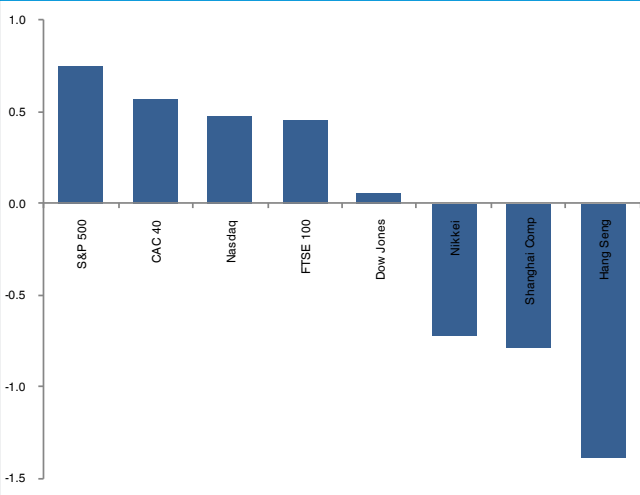
INDIAN INDICES (% CHANGE)



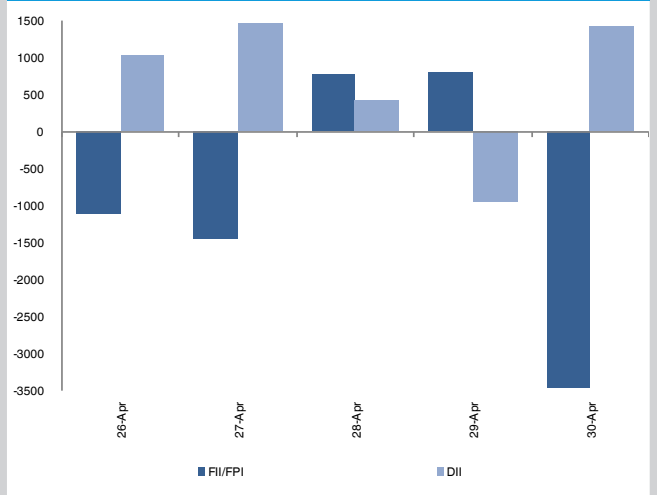
SECTORAL INDICES (% CHANGE)



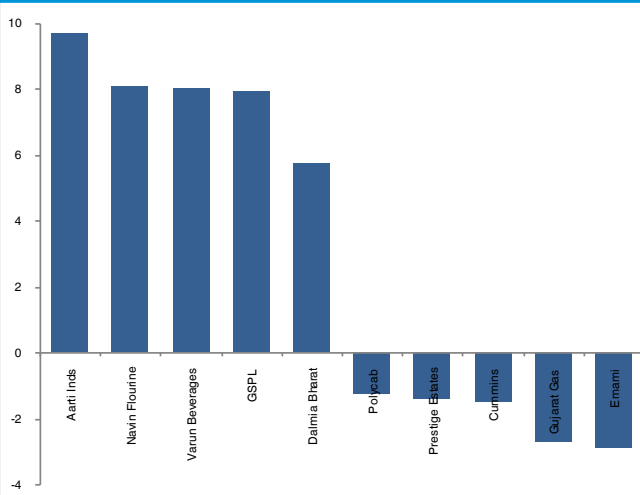
GLOBAL INDICES (% CHANGE)



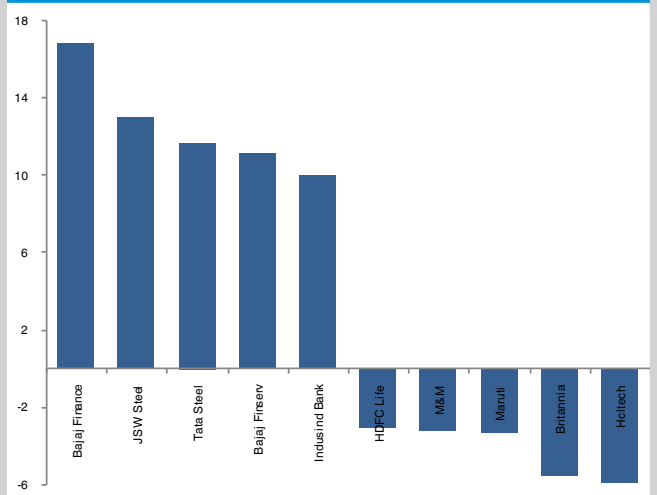
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

COAL INDIA LTD



STOCK	COALINDIA
CMP	133
ACTION	BUY
ENTRY	131-132
AVERAGE	125
STOP LOSS	119
TARGET 1	150
TARGET 2	155

On the technical front, COALINDIA 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 163 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 119 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 125 levels. This may trigger a fresh round of buying which may take the stock towards 150 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 155 levels in the medium term. Any correction towards the recent support levels of 125 levels may be utilized to average the positions.

GRASIM INDUSTRIES LTD



STOCK	GRASIM
CMP	1401
ACTION	BUY
ENTRY	1385-1390
AVERAGE	1280
STOP LOSS	1190
TARGET 1	1650
TARGET 2	1700

On the technical front, GRASIM 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 1472 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 1190 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 1650 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 1700 levels in the short term. Any correction towards the recent support levels of 1280 levels may be utilized to average the positions.



NIFTY (14631.10): Indian equity benchmark index Nifty 50 closed higher by 1.01% 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. Asia-Pacific markets struggled for gains Friday as investors turned cautious, despite a positive finish stateside in the previous session. Data showed China's factory activity expanded at a slower-than-expected pace in April as the official manufacturing Purchasing Manager's Index fell to 51.1, from 51.9 in March. European stocks closed lower on Friday after data showed a contraction in eurozone economic growth in the first quarter. The euro zone's gross domestic product fell 0.6% in the first quarter, according to preliminary data released by Europe's statistics office Eurostat on Friday morning. It means that the bloc suffered a second technical recession in just over a year, although economists are hopeful of an economic recovery in the coming months. Stateside, the major averages slipped on Friday as investors took profits amid a flurry of earnings results and a robust profit beat from e-commerce giant Amazon. More strong economic data was released on Friday, continuing a trend that's lifted stocks all month. March spending jumped a better-than-expected 4.2%, while personal incomes surged by a massive 21.1% amid more fiscal stimulus. Domestically, for the week, on the data front, investors may focus on the Manufacturing PMI (Apr) releasing on May 3rd and Services PMI (Apr) on May 5th. 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 has outperformed Nifty this week as Bank Nifty ended up 3% vs Nifty's gains of 2% for the week. Nifty Bank started the week on a positive note and gained during 3 out of 5 trading sessions of the week. While the index gained 6.2% in first three trading sessions of the week, yesterday's loss of 2.8% resulted in gains of 3% for the week. Nifty bank faced resistance around 34280 and corrected sharply. Also, during the week, Bank Nifty faced resistance at 50 DMA and reversed sharply. During the week, while the index closed below 100 DMA, it took support at 25 DMA. With results season kick-starting and all major banks except Kotak Bank and Indusind Bank declared upbeat results for Q4FY21, Bank Nifty has opened the week on a positive note and showed strong momentum. Next week's direction would be set by Indusind Bank and Kotak Bank's results. However, despite declaring strong set of numbers for Q4, markets are worrying about the asset quality risks amid surging covid cases as lockdown risks are looming across key geographies. While all major banks have provided adequately for asset quality risks and have built in strong capital buffers, we might see spike in NPAs as recoveries and collections would take a toll and result in temporary spike in NPAs for the sector. During the week all index components ended in green except HDFC Bank, which ended with losses of -0.13%. While the bank declared stable set of Q4 numbers, frequent technical glitches and continued restrictions on the bank from acquiring fresh credit card customers has remained an overhang on the stock. Federal Bank and Indusind Bank are the star performers of the week with double digit gains. Indusind Bank started rallying after the bank reported strong business update for Q4FY21 on expectations of stellar performance in Q4FY21 and gained 10% for the week. Federal Bank gained 11%. Among heavy weights Axis Bank and ICICI Bank gained more than 5% on reporting strong set of Q4FY21 numbers. The index may face resistance at 34300 followed by 36470. Nifty Bank may take support at 32000-32100, followed by 30800.