

K **STREET**



RULE THE MARKET

ISSUE: 146



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From The Desk Of Research Head

Personal loans come to the rescue of credit growth

Systemic credit growth for April 2021 inched up marginally to 5.7% from 5.5% YoY growth reported in March 2021. Month-on-month the credit growth decelerated. Growth in food credit accelerated to 10.8% YoY driven by 11.3% YoY growth in credit to Agriculture and Allied activities. Industrial credit reported a sequential decline of -0.8% as credit to large industries is yet to pick up due to weak capex cycle and risk averse lenders. Services sector credit is yet to pick up, as key services are hit by the pandemic. Personal loan growth came to the rescue to support overall systemic credit growth, by growing 12.6% YoY. Personal loan growth was led by gold loans, vehicle loans and credit cards.

Credit to Priority Sector came in at 6.5% YoY. Within priority sector, loan growth was driven by credit to Agriculture and Allied Activities and credit to medium enterprises. Rural growth remained unaffected by the pandemic thanks to the strong growth in Agriculture. This phenomenon has aided credit growth to agriculture and allied activities. Credit growth to Medium enterprises has been very strong ever since the announcement of ECLGS scheme. Now that the scheme has been extended, we expect the buoyancy in credit to Medium enterprises to continue in the near future. We expect the credit growth to bounce back in the near term once the lockdown restrictions are lifted. But persistent pick up in systemic credit growth hinges on pick up in capex cycle and private sector consumption, which are hit by the pandemic currently.

Industrial credit growth remained subdued at 0.4% after showing acceleration in March 2021 due to seasonal factors. Other than pandemic related issues factors affecting industrial credit include low capex cycle and 1.9% deceleration in credit to large industries, which constitute 82% of overall credit to industries. Credit to micro and small industries grew at 3.8%. Credit to medium industries continues to accelerate and at a growth rate of 43.8%, it reached all-time high. With the extension of ECLGS scheme, we expect the pace to continue in the near future. Among industries, credit growth was driven by roads on robust infra spending. However, segments such as engineering, construction, chemicals and telecom witnessed sustained e-growth.

Personal loan growth accelerated to 12.6% YoY. This is the highest level of growth since the first wave of the pandemic in March 2020. The credit growth to retail customers accelerated at fastest pace after hitting 10-year low of 9.5% in January 2021. This was driven by strong growth in segments including home loans, vehicle loans, gold loans and credit cards. Vehicle loan growth inched up to 32-month high of 17.1% driven by increased preference for personal mobility, easy financing and launch of new models. Credit card receivables grew by 17.1% YoY as pandemic induced liquidity crunch in some segments of households promoted use of credit cards. We expect retail loan growth will maintain its pace in tandem with the pace of bounce back from the second wave disruption.

Credit growth to services sector continued to decelerate and came in at 1.2% YoY. Credit growth in key segments of services including NBFCs, travel and hospitality and other services continued to adversely affect the overall credit growth of the services sector. Trade credit growth is among the few segments of the Services sectors, which remained unaffected. While overall trade credit growth came in at 10.5%, credit to Wholesale trade continued to grow at robust pace and came in at 22% YoY.

- DR. RAVI SINGH

Vice President & Head of Research

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NEWS

AUTO & AVIATION

- Jet Airways: The airline's shareholders refused to approve the financial results for fiscals 2019-20 and 2018-19. The development comes shortly before the bankruptcy court's decision on a revival plan for the grounded airline.
- Suprajit Engineering: Investors Sundaram Clayton and TVS Motor Company sold almost all their stake in the company, selling 56,62,205 equity shares at Rs. 280 per share and 28,09,186 shares at Rs. 280.73 per share, the NSE bulk deals data showed.

BANKING

- HDFC Bank: The lender will do whatever it takes to ramp up its digital banking infrastructure, chief information officer Ramesh Lakshminarayanan said. The lender also said that it will refund commissions to auto loan customers who had "availed of" a bundled GPS device between FY14 and FY20.
- Kotak Mahindra Bank: The lender's life insurance arm is expected to incur a loss of up to Rs. 275 Cr for the quarter ended June 2021, the lender said, adding that the number of claims has increased due to high fatalities during the second wave of the covid-19 pandemic.
- Federal Bank: The lender's board has approved an Rs. 916.25 Cr fundraise via equity issue to World Bank arm International Finance Corporation and associates. The board also decided to raise up to Rs. 4,000 Cr by issuing equity shares or other instruments through various modes and Rs. 8,000 Cr by the issuance of debt securities in Indian or foreign currency.
- PNB: Companies owned by fugitive diamondaire Mehul Choksi have allegedly siphoned off over Rs. 6,344.96 Cr from the Punjab National Bank (PNB) using fraudulent letters of undertaking and foreign letters of credit, the CBI has alleged in its supplementary charge sheet, detailing the agency's three-year-long investigation.
- SBI: The country's largest lender said that its central board will meet next week to consider raising additional tier-1 (AT-1) capital for the current fiscal. The bank said it plans to raise AT-1 capital by way of issuance of Basel III compliant debt instruments in US dollar or Indian rupee through a public offer or private placement to overseas and/or Indian investors during FY22. AT-1 bonds, also called perpetual bonds, carry no maturity date but have a call option.
- Punjab & Sind Bank: The PSU lender said it has declared Lanco Infratech Ltd as a fraud account. The NPA account, Lanco Infratech Ltd, with outstanding dues of Rs. 215.17 Cr has been declared as fraud and reported to RBI as per regulatory requirements, the bank said.

CONSUMPTION

- TTK Prestige: The company's performance during the year FY21 improved with an all-time high net sales of Rs. 2,033 Cr, up 5% from Rs. 1,937 Cr a year ago. The consolidated turnover and profit before tax of the company were at Rs. 2,187 Cr compared to Rs. 2,073 Cr a year ago. The company's board has recommended a final dividend of Rs. 30 per share for FY21, totaling to Rs. 50 per share including the interim dividend already paid.

INFRA

- Coal India: Considering a price increase amid rising costs and increasing capital expenses, said Chairman Pramod Agrawal during an analyst call. The company has planned Rs. 170 billion CAPEX for the fiscal year that started April versus about Rs. 130 billion in the prior year. May cut its shipment target of 740 million tons and production goal of 670 MT set for FY22. Net staff count reducing 13,000-14,000 every year and it's likely to fall at a faster rate in the coming years, Agrawal said.

INSURANCE & FINANCIAL SERVICES

- Max Financial Services: The company's promoter, Max Ventures Investment Holdings Pvt Ltd, sold shares worth Rs. 783 Cr through an open market transaction. As per block deal data on NSE, the promoter sold over 7.83 million shares of Max Financial Services Ltd at an average price of Rs. 1000.8 aggregating to Rs. 782.88 Cr.

IT

- Nazara Technologies: The company has signed a binding term sheet to acquire Middle East- and Turkey-based mobile gaming publishing agency Publishme for \$ 2.7 million, through a primary and secondary transaction. Nazara will pick up a 69.82% stake in the company, as it looks to strengthen its presence in the Middle East and North Africa (MENA) region.
- Wipro: The company's unit, Wipro IT Services, will issue US dollar-denominated notes worth \$ 750 million on 23 June. Net proceeds of will be used to refinance existing

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Jaiprakash Associates Limited	Financial Results	21-Jun-21
Info Edge (India) Limited	Financial Results	21-Jun-21
Oil India Limited	Financial Results	21-Jun-21
Aban Offshore Limited	Financial Results	21-Jun-21
Bharat Electronics Limited	Financial Results	22-Jun-21
NMDC Limited	Financial Results	22-Jun-21
Apollo Hospitals Enterprise Limited	Financial Results	23-Jun-21
Ashok Leyland Limited	Financial Results	24-Jun-21
Oil & Natural Gas Corporation Limited	Financial Results	24-Jun-21

GLOBAL NEWS

- US leading indicator points to further economic recovery in May. A gauge of future U.S. economic activity increased for the third consecutive month in May, suggesting the economy continued to recover from the recession caused by the novel coronavirus outbreak.
- Britain and Australia announce free trade deal. Britain and Australia announced a free trade deal which London said would eliminate tariffs on all British goods and boost jobs and businesses across the country.

debt and general corporate purposes. The notes are proposed to be listed on Singapore Exchange Securities Trading Ltd. The notes carry a coupon of 1.50% per annum and will mature on 23 June 2026, Wipro said.

METAL

- NLC India: Allotted 10,000 Commercial Papers of the face value of Rs. 5 lakh each aggregating to Rs. 500 Cr on June 17.
- JSW Steel: Promoter Sahyog Holdings created a pledge of 1.07 crore shares on June 12.

NBFC

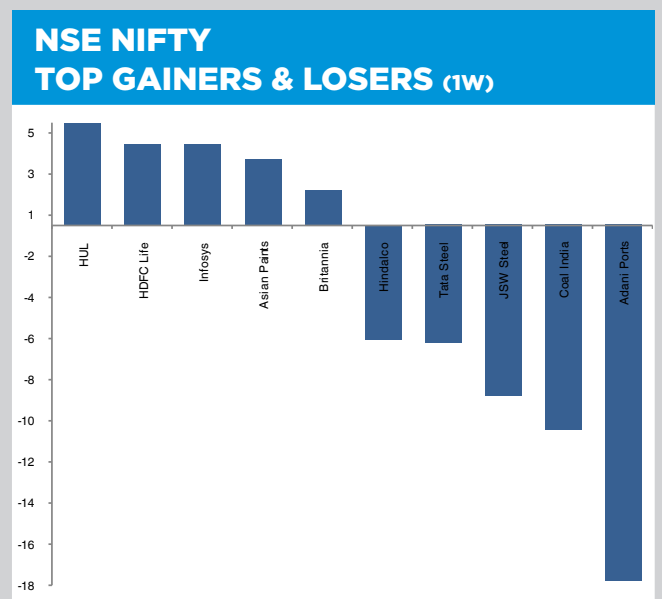
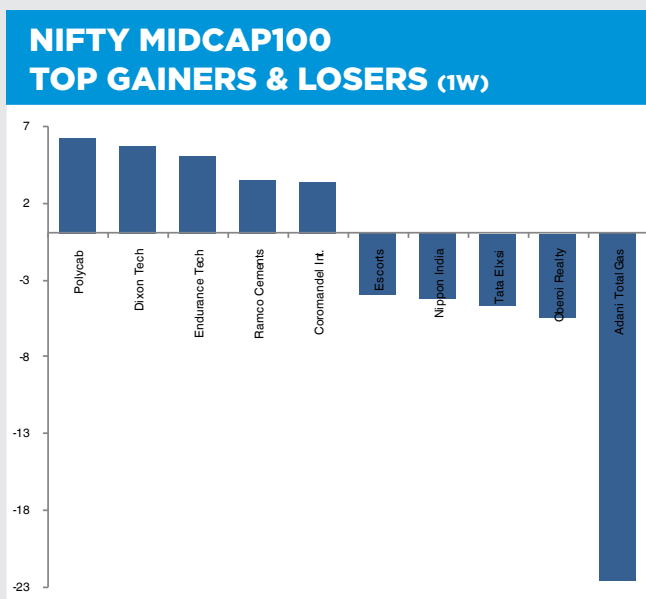
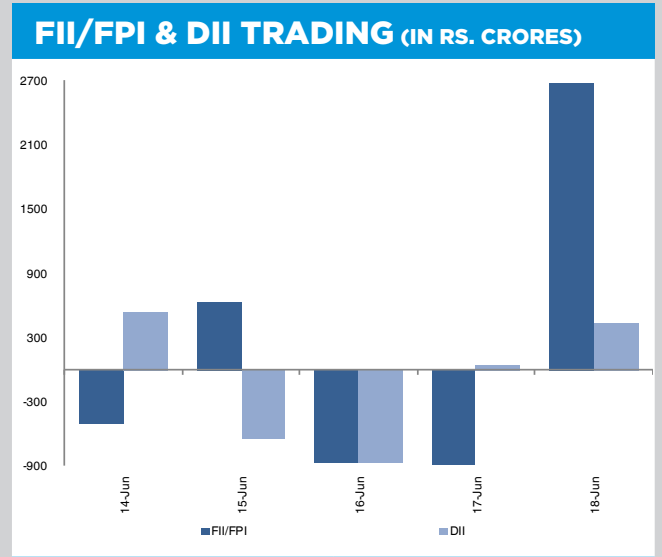
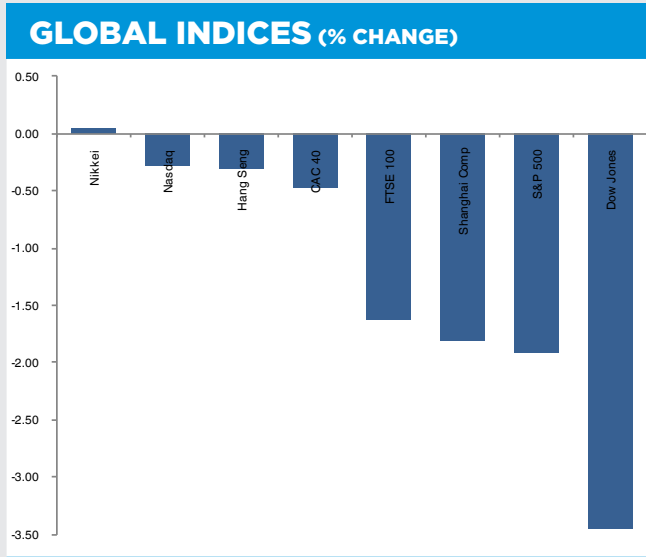
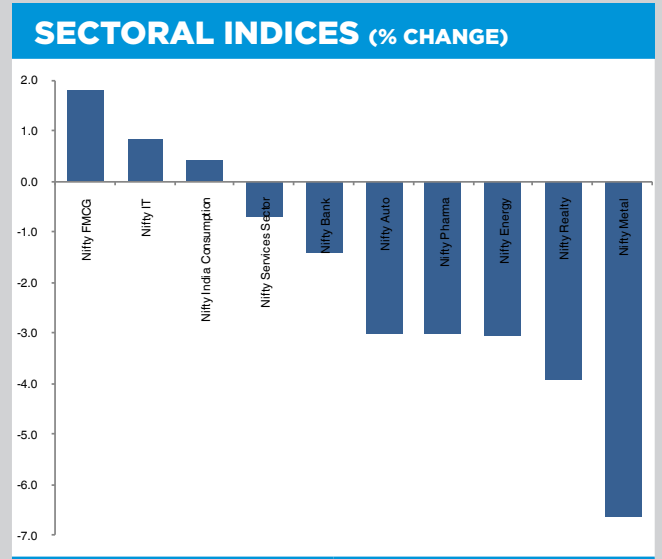
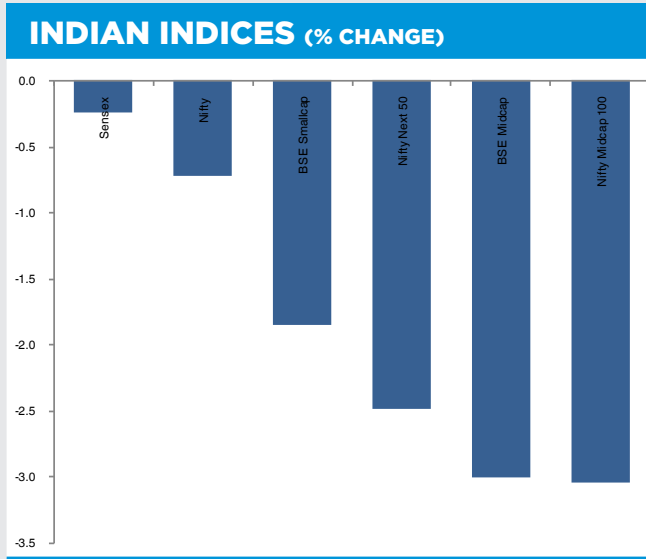
- DHFL: A section of retail investors of Dewan Housing Finance Ltd (DHFL) are planning to approach the Supreme Court against any move by the National Company Law Tribunal (NCLT) to delist the mortgage lender's shares as part of its resolution plan. In their petition, the investors have accused NCLT and market regulator Securities and Exchanges Board of India (Sebi) of failing to adequately inform investors about the impending delisting.

PHARMA & HEALTHCARE

- Natco Pharma Q4FY21: The drugmaker said its consolidated net profit declined 43% to Rs. 53 Cr for the quarter ended 31 March, compared to Rs. 93 Cr a year ago. For FY21, the company posted a consolidated net profit of Rs. 442 Cr as compared with Rs. 458 Cr a year ago.
- Novartis India Q4FY21: The pharmaceutical company reported March quarter net profit for fiscal 2021 of Rs. 9.7 Cr, up a 43% from Rs. 6.78 Cr a year ago. Revenue from operations stood at Rs. 99.29 Cr, compared to Rs. 93.7 Cr in the year-ago
- quarter. FY21 net profit jumped over two-fold to Rs. 20.9 Cr from Rs. 10.08 Cr in the previous fiscal.

POWER

- Power Grid Corporation of India: The state-owned company's March quarter consolidated net profit was up 6% to Rs. 3,526.23 Cr, from Rs. 3,313.47 a year ago. For FY21, the company's consolidated net profit stood at Rs.12,036.46 Cr, compared to Rs.11,059.40 Cr a year ago.
- Adani Transmission: Incorporated a wholly-owned subsidiary called ATL HVDC for transmission, distribution, and supply of power and other infrastructure services.



Source: Karvy Research

BHARTI AIRTEL LIMITED



STOCK	BHARTIARTL
CMP	541
ACTION	BUY
ENTRY	535-537
AVERAGE	520
STOP LOSS	499
TARGET 1	580
TARGET 2	625

On the technical front, BHARTARTL 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 623 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 500 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 520 levels. This may trigger a fresh round of buying which may take the stock towards 580 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 625 levels in the medium term. Any correction towards the recent support levels of 520 levels may be utilized to average the positions.

EICHER MOTORS LTD



STOCK	EICHERMOT
CMP	2706
ACTION	BUY
ENTRY	2680-2690
AVERAGE	2605
STOP LOSS	2500
TARGET 1	2950
TARGET 2	3050

On the technical front, EICHERMOT 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 3037 levels, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 200- EMA on the daily charts. At the current juncture, the stock is forming a base around 2500 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 2950 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 3050 levels in the short term. Any correction towards the recent support levels of 2605 levels may be utilized to average the positions.



NIFTY (15683.35): Indian equity benchmark index Nifty 50 closed lower by 0.73% during the week. During the last four months, the index witnessed a bounce towards the current levels after correcting from 15431 levels towards the low of 14151 levels. Technically, from April 2021, 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 15310 levels in future sessions. Shares in Asia-Pacific were mixed on Friday as investors monitored moves in the commodities space after prices fell sharply on Thursday. The Bank of Japan on Friday kept monetary policy steady and announced an extension of the duration of its pandemic-relief program. European stocks retreated on Friday, as global markets monitor falling commodity prices while continuing to digest a hawkish pivot from the US Federal Reserve. May's UK retail sales fell 1.4% month-on-month, official statistics revealed Friday, falling well short of the 1.6% expansion expected by economists. The German Producer Price Index rose 1.5% month-on-month in May, more than doubling the 0.7% consensus forecast. Stocks fell on Friday, with the Dow Jones Industrial Average posting its worst weekly loss since October, as traders worried the Federal Reserve could start raising rates sooner than expected. The decline in stocks came as the Fed's actions caused a drastic flattening of the so-called Treasury yield curve. This means the yields of shorter-duration Treasuries rose while longer-duration yields like the benchmark 10-year declined. The retreat in long-dated bond yields reflects less optimism toward economic growth, while the jump in short-end yields shows the expectations of the Fed raising rates. On the derivatives front, open interest data suggests that the Nifty index may find its supports around 15500 followed by 15000 levels while on the higher side, 15800 and 16000 levels may act as resistance.



NIFTY BANK underperformed Nifty this week as it closed down -1.4% when compared to Nifty's losses of -0.7%. While Nifty started the week on a positive note by gaining 0.80% on the first trading day of the week, weakness was still visible in the chart. The index ended in red on four out of five trading days. Technically, Nifty saw a deep cut during the week and corrected all the way to 33900. However, the index took support at 100 DMA and bounced back sharply. In the recent past 100 DMA has worked as a strong technical indicator as the index has obeyed the indicator on many occasions. Remains to be seen how the index moves from now on as the index has managed to end the week around important support zone of 34500-34600. Fundamentally, India's largest lender State Bank of India (SBI) and Yes Bank announced their plans to raise funds. HDFC Bank faced a technical glitch yet again as its mobile app did not function during the week. However, the management promptly addressed the issue and reiterated that it will take necessary steps to resolve the technical issue once forever. However, the stock did not react much to the negative news. Banks have firmed up plans to liquidate the movable and immovable assets of Vijay Mallya after they were given access by the Enforcement Directorate. While all the index components ended the week in red, PSU Banks were hit badly during the week when compared to their private sector peers. Large public sector banks including SBI, Punjab National Bank and IDFC First Bank lost nearly 4% during the week. RBL Bank is this week's worst performer, which ended down -5.3%. While large private sector banks including ICICI Bank, HDFC Bank and Axis Bank ended with modest losses, remaining index components lost between -1% and -2%. Nifty Bank may face resistance at 35700 followed by 37000. Nifty Bank may take support at 34500-34000 support zone, followed by 32000.