

**K**

**STREET**



**RULE THE MARKET**

**ISSUE: 152**



## CONTENTS

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

### Team

Srinivas Krishnan Bobba  
Sharath Kumar Jurur

### 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](http://www.karvyonline.com)  
Toll free: 1800 419 8283  
Email: [research@karvy.com](mailto:research@karvy.com)

### Analyst Certification

The following Karvy Research Desk, who is (are) primarily responsible for this report and whose name(s) is/ are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

## From The Desk Of Research Head

### China's clampdown on businesses rattles global markets

The NASDAQ Golden Dragon China Index, which follows the 98 biggest US-listed Chinese stocks has corrected almost 15% in two trading sessions early this week. The index has corrected nearly 45% after hitting record high in February 2021. This saw around \$770 Bn being wiped out in market cap during the last five months. This has been the biggest rout for US-listed Chinese stocks since the 2008 financial crisis.

The markets in mainland China crashed to their lowest levels during 2021. Hang Seng fell nearly 8.5% in just two days at the beginning of the week. Shanghai Composite corrected nearly 5% during the week. China's blue-chip CSI300 index corrected nearly 7% during the week. This sent ripples over global markets, which saw major markets ending in red for most part of the week.

The latest blow came as a result of Beijing's overhaul, rather clampdown on swathes of businesses right from education sector and tech companies ranging from food delivery apps to online music streaming services during previous weekend. This saw leading stocks from these sectors correcting between 40% and 50% in just two trading sessions of the week. Meituan, which runs China's biggest food delivery apps saw its shares lose more than 32% on Monday and Tuesday. Hong Kong listed Scholar Education Group corrected more than 45% in just two trading sessions. Shares of New Oriental Education & Technology Group plummeted more than 47% after their company's US shares lost more than half of their market value on July 23.

The shakeout in China's \$120 Bn private tutoring sector follows China administration's crack down on educational institutions which required them to register as non-profit organizations. This along with other capital controls including preventing them from going public; restriction on listed companies from investing in educational institutions and finally capital controls on these companies from raising funds from foreign entities.

This apart, China's State Administration for Market Regulation (SAMR) issued new rules for improving employment conditions for delivery workers. The measures announced for the online food delivery companies include minimum wage requirement, ease of work load for the delivery staff and providing proper training for the delivery workers. Tencent corrected nearly 16% in the first two trading sessions of the week in Hong Kong after the regulator ordered the company to end exclusive music licensing deals with major record labels around the globe. Regulators said that the move was aimed keeping a check on company's dominance of online music streaming in the country.

Global investors have been monitoring the developments in China since the beginning of the year. China has been notorious globally for its ways of dealing with businesses. Not long ago Chinese authorities called off Ant Financial's IPO and dismantled the technology giant built by Jack Ma, who suspiciously went missing for weeks after attending meeting with the Chinese authorities. Additionally, Chinese e-commerce giant Alibaba had to accept a record \$2.8 Bn fine after an official investigation that the company has abused its market position for years. This resulted in Chinese markets eroding market value of investors, only to confirm global investors' concerns about gripping control of the ruling administration on not just companies but equity markets as a whole.

Fearing global backlash in terms of hindering global aspirations of China's leading companies and bottlenecking of funding channels of many of these companies, the Chinese authorities, however, handed an olive branch to the businesses towards the weekend which stabilised the markets briefly. Chinese authorities said that the restrictions are one-off event and other businesses should not be concerned about such events. In a video conference with banking executives the Chinese authorities said that the market reaction was overdone and these worries were unwarranted. However, markets were not to be convinced and the markets expressed their anguish by pushing the shares almost into a bear-market territory.

**- DR. RAVI SINGH**

Vice President & Head of Research

Disclaimer: Karvy Stock Broking Limited [KSBL] is registered as a research analyst with SEBI (Registration No INZ000172733). KSBL is also a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources, the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections. Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity. KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions. KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report. Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report. It is confirmed that KSBL and Research Analysts, primarily responsible for this report and whose name(s) is/ are mentioned therein of this report have not received any compensation from the subject company mentioned in the report in the preceding twelve months. It is confirmed that Research Analyst did not serve as an officer, director or employee of the companies mentioned in the report. KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report. We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.

## NEWS

### AUTO

- TVS Motor Company Q1FY22: The company reported a consolidated net loss of Rs. 15 Cr for the first quarter ended June
- 30. The company had reported a net loss of Rs. 183 Cr in the April-June quarter of the 2020-21 financial year.
- Tata Motors: The company is looking to increase prices of its entire range of passenger vehicles from next week as it aims to offset the steep rise in procurement cost of essential materials like steel and precious metals, as per a top company official.
- Ashok Leyland: The Hinduja Group company will invest up to \$ 200 Mn (nearly Rs. 1500 Cr) in its EV journey through its UK-based subsidiary Switch Mobility in the next few years, according to company officials.
- Maruti Suzuki Q1FY22: India's leading car maker reported a PAT of Rs. 440 Cr for Q1FY22 as against a loss of Rs. 249.4 Cr during last year due to low base effect in the corresponding quarter due to nationwide lockdown. During March quarter the company reported a PAT of Rs. 1166.1 Cr.

### BANKING

- Axis Bank: RBI imposed a penalty of Rs. 5 Cr for contravention of certain provisions of directions issued by the Central Bank, including on the cyber security framework.
- IDBI Bank: The bank aims to bring down its bad loan ratio to 15% of total advances by the end of this fiscal through a combination of loan book growth and selling bad loans to the national bad bank, company's CEO Rakesh Sharma said. As of June 30 2021, IDBI Bank's GPA ratio stood at 22.71%.

### CAPITAL GOODS & ENGG.

- Grindwell Norton Q1FY22: The company reported higher profit at Rs. 63.73 Cr in Q1FY22 against Rs. 28.30 Cr in Q1FY21, revenue rose to Rs. 439.34 Cr from Rs. 232.42 Cr YoY.
- ISGEC Heavy Engineering: Subsidiary Isgec Hitachi Zosen and joint venture company bagged breakthrough order for a PTA reactor.

### CEMENT

- JK Lakshmi Cement: The company reported higher standalone net profit at Rs. 118.7 Cr in Q1FY22 against Rs. 44.4 Cr in Q1FY21, revenue surged to Rs. 1,231.5 Cr from Rs. 825 Cr YoY.
- Orient Cement: Promoters (Central India Industries and Shekhavati Investments and Traders) revoked pledge of 88 lakh shares on July 26.

### CONSUMPTION

- Raymond Q1FY22: The company reported a consolidated net loss of Rs. 157.10 Cr for the quarter ended June 2021. The company had posted a net loss of Rs. 247.60 Cr during the April-June quarter of the previous fiscal. However, its revenue from operation rose over four-fold to Rs. 825.70 Cr as against Rs. 163.16 Cr in the corresponding period of the previous fiscal.
- HSIL Q1FY22: The company reported profit at Rs. 11.26 Cr in Q1FY22 against loss of Rs. 17.35 Cr in Q1FY21, revenue jumped to Rs. 416.18 Cr from Rs. 251.55 Cr YoY.
- United Breweries Q1FY22: The company reported consolidated profit at Rs. 30.94 Cr in Q1FY22 against loss of Rs. 114.5 Cr in Q1FY21, revenue jumped to Rs. 2,652.63 Cr from Rs. 1,262.82 Cr YoY.
- Nestle India Q1FY22: The company reported a PAT growth of 10.6% YoY to Rs. 538.5 Cr, missing street estimates. The company's sales jumped by 13.8% YoY due to favorable base effect.

### INFRA

- Adani group stocks: The National Securities Depository Ltd (NSDL) has clarified that only the GDR accounts of Abula Investments, APMS Investment and Cresta Fund - three foreign portfolio investors having stakes in Adani group companies have been frozen.
- The Anup Engineering: PGIM India Small Cap Fund acquired 50,000 equity shares in the company at Rs. 1,024.77 per share on the NSE, the bulk deals data showed.

### IT

- TechM Q1FY22: Tech Mahindra's (TechM) Q1FY22 net profit came in at Rs. 1,353 Cr, up 39.2 per cent year-on-year (YoY) 25 per cent sequentially. Broad-based growth across segments and verticals allowed the company to deliver strong numbers. Revenue for the quarter grew 12 per cent YoY at Rs. 10,198 Cr. It was up 4.8 per cent sequentially.
- Route Mobile: The company reported higher consolidated profit at Rs. 34.32 Cr in Q1FY22 against Rs. 26.93 Cr in Q1FY21, revenue jumped to Rs. 377.52 Cr from Rs. 309.61 Cr YoY

### METAL & MINING

- Hindalco Industries: CRISIL Ratings has upgraded its rating on the non-convertible debentures of the company to AA+/stable from AA/positive.

## FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Housing Development Finance Corporation Ltd	Financial Results	02-Aug-21
Punjab National Bank	Financial Results	02-Aug-21
Adani Ports and Special Economic Zone Ltd	Financial Results	03-Aug-21
Bank of India	Financial Results	03-Aug-21
Bharti Airtel Ltd	Financial Results	03-Aug-21
Dabur India Ltd	Financial Results	03-Aug-21
Adani Enterprises Ltd	Financial Results	03-Aug-21
Godrej Properties Ltd	Financial Results	03-Aug-21
Tata Consumer Products Ltd	Financial Results	03-Aug-21
Bosch Ltd	Financial Results	04-Aug-21
Godrej Consumer Products Ltd	Financial Results	04-Aug-21
Hindustan Petroleum Corporation Ltd	Financial Results	04-Aug-21
Apollo Tyres Ltd	Financial Results	04-Aug-21
State Bank of India	Financial Results	04-Aug-21
Tata Communications Ltd	Financial Results	04-Aug-21
Titan Company Ltd	Financial Results	04-Aug-21
Cipla Ltd	Financial Results	05-Aug-21
GAIL (India) Ltd	Financial Results	05-Aug-21
REC Ltd	Financial Results	05-Aug-21
Tata Chemicals Ltd	Financial Results	05-Aug-21
BEML Ltd	Financial Results	06-Aug-21
Berger Paints (I) Ltd	Financial Results	06-Aug-21
Hindalco Industries Ltd	Financial Results	06-Aug-21
Mahindra & Mahindra Ltd	Financial Results	06-Aug-21
National Aluminium Company Ltd	Financial Results	06-Aug-21
Strides Pharma Science Ltd	Financial Results	06-Aug-21
Tata Power Company Ltd	Financial Results	06-Aug-21
Torrent Power Ltd	Financial Results	06-Aug-21
Volta Ltd	Financial Results	06-Aug-21
Hindustan Copper Ltd	Financial Results	07-Aug-21
Bank of Baroda	Financial Results	07-Aug-21

## GLOBAL NEWS

- Failing to ensure wider access to COVID vaccines could undermine global eco recovery: WTO report. The Director-General's mid-year report on trade-related developments presented to members on Thursday calls on WTO member countries to ensure that markets remain open and predictable.
- US economy contracted 19.2% during COVID-19 pandemic recession. The pace of recovery from the pandemic downturn, the deepest going back to 1947, was equally stunning. The Commerce Department's Bureau of Economic Analysis said gross domestic product rebounded at a historic average rate of 18.3% between the second and fourth quarter of 2020.

### NBFC

- HDFC: The country's largest HFC said that it has enhanced its existing limit to raise capital through medium-term notes to up to \$ 2.8 Bn (Rs. 20,875.65 Cr).

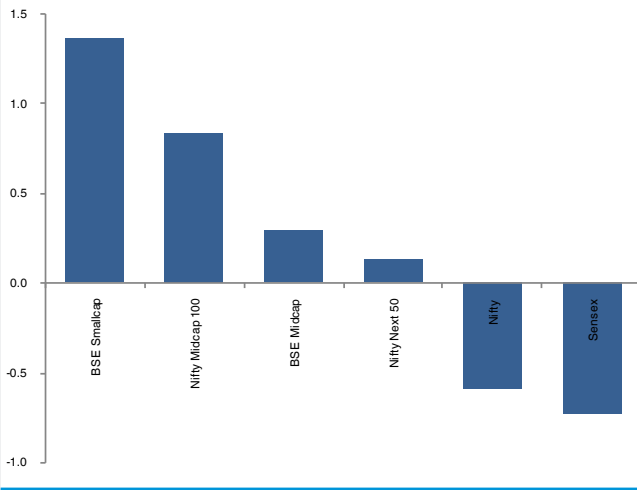
### OIL & GAS

- Mangalore Refinery and Petrochemicals: The company approved raising up to Rs. 5,000 Cr through issue of NCDs. Enhanced borrowing powers to Rs. 33,500 Cr from Rs. 25,000 Cr.
- Mahanagar Gas Q1FY22: The company reported sharply higher profit at Rs. 204.08 Cr in Q1FY22 against Rs. 45.25 Cr in Q1FY21, revenue jumped to Rs. 666.85 Cr from Rs. 277.47 Cr YoY.

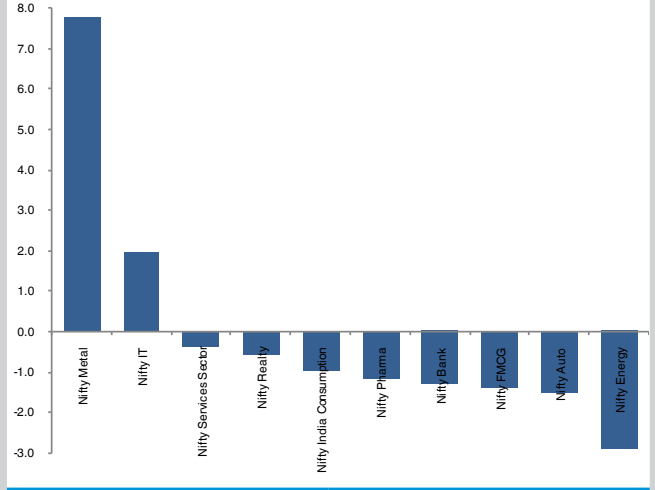
### PHARMA & HEALTHCARE

- RPG Life Sciences Q1FY22: The company reported higher profit at Rs. 13.58 Cr in Q1FY22 against Rs. 9.06 Cr in Q1FY21, revenue jumped to Rs. 108.13 Cr from Rs. 91.65 Cr YoY.
- Sanofi India: The company said its board has approved the proposal to transfer and sale of its nutraceuticals business to Universal Nutriscience Pvt Ltd for Rs. 587 Cr. Universal Nutriscience is a strategic partnership between Kedara Capital, a home grown PE firm and Universal Medicare.

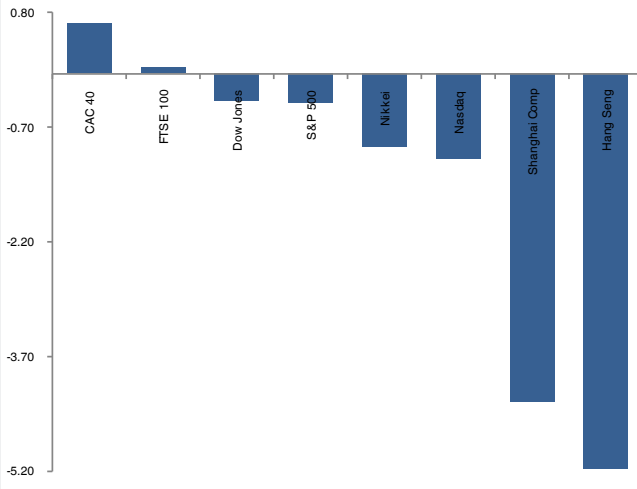
## INDIAN INDICES (% CHANGE)



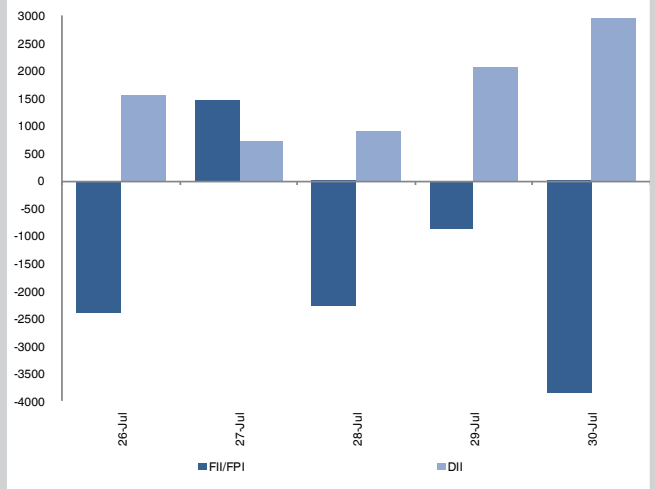
## SECTORAL INDICES (% CHANGE)



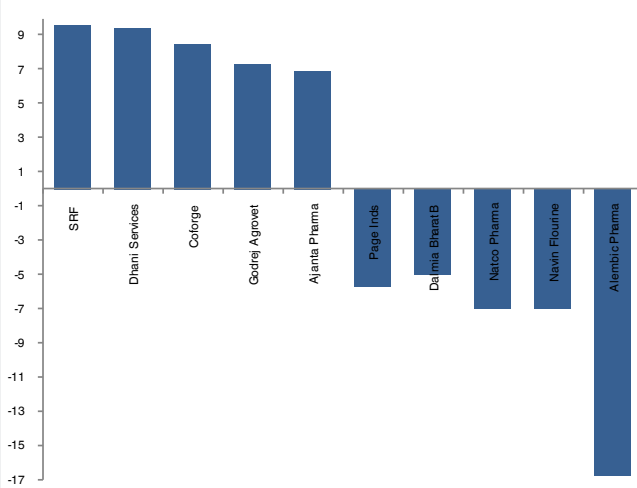
## GLOBAL INDICES (% CHANGE)



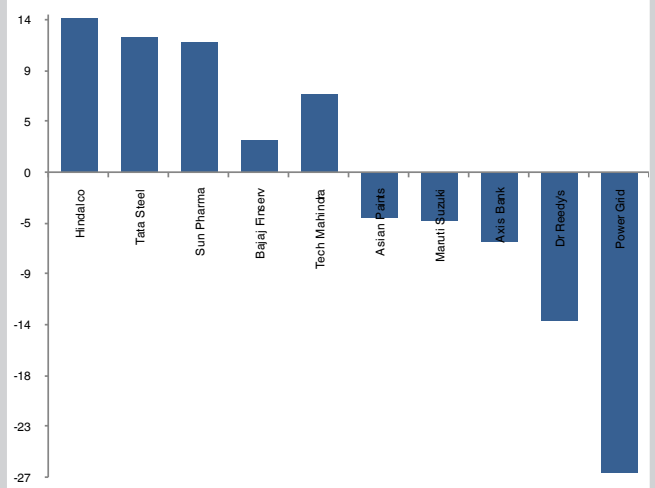
## FII/FPI & DII TRADING (IN RS. CRORES)



## NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



## NSE NIFTY TOP GAINERS & LOSERS (1W)



Source: Karvy Research

## HCL TECHNOLOGIES LTD



STOCK	HCLTECH
CMP	1022
ACTION	BUY
ENTRY	1005-1010
AVERAGE	970
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 970 levels. This may trigger a fresh round of buying which may take the stock 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 is 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 970 levels may be utilized to average the positions.

## NTPC LTD



STOCK	NTPC
CMP	119
ACTION	BUY
ENTRY	117-118
AVERAGE	114
STOP LOSS	107
TARGET 1	135
TARGET 2	140

On the technical front, NTPC 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 122 levels, the stock has witnessed a correction to the 116 levels. At the current juncture, the stock has formed a base of around 107 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 114 levels. This may trigger a fresh round of buying which may take the stock 135 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 is 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 140 levels in the medium term. Any correction towards the recent support levels of 107 levels may be utilized to average the positions.



**NIFTY (15763.05):** Indian equity benchmark index Nifty 50 closed lower by 0.59% 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 declined again on Friday, heading for their worst month since March 2020, as volatile trading continued for Chinese tech stocks amid regulatory actions in China and Hong Kong's Hang Seng index tumbled. June retail sales rose 0.1% from a year earlier, less than forecasts for a 0.2% gain. European stocks retreated on Friday after closing the previous session at all-time highs, as investors reacted to another deluge of corporate earnings and economic data. The rapid spread of the delta Covid-19 variant and the regulatory measures in China continued to weigh on sentiment in Europe, but European shares were still on course for a sixth consecutive month of gains. On the data front, the euro zone economy posted a sharper rebound than expected in the second quarter to grow by a quarterly 2%, according to EU statistics office Eurostat. Euro zone inflation climbed to 2.2% in July, its highest rate since October 2018 and above the European Central Bank's 2% target. However, ECB policymakers have indicated that they expect temporary overshoots. US stocks fell on Friday amid a slide in Amazon shares, but the S&P 500 notched its sixth straight positive month. Weaker-than-expected readings on the US economy further eased concerns about the Federal Reserve dialing back asset purchases. Domestically, for the week, on the data front, investors may focus on the RBI's Interest Rate Decision on August 6th. On the derivatives front, open interest data suggests that the Nifty index may find its supports around 15700 followed by 15500 levels while on the higher side, 15800 and 15900 levels may act as resistance.



**NIFTY BANK** underperformed Nifty this week as Nifty Bank lost around -1.3% as opposed to Nifty's losses of -0.6%. Bank Nifty started the week on a weak note and lost in four of the five trading sessions of the week. During the week, after forming a doji on the first trading day of the week, index weakened and corrected to take support at 100 DMA. Additionally, the formation of doji coincided with index facing resistance with 25 DMA and 50 DMA. This has led to the breaking of the trend of index moving in the range. Because of this, the index broke the trend of trading in the range and reversed the trend only to take support at 100 DMA which is below the lower band of the trading or consolidation range. The markets started by reacting negatively to HDFC Bank's disappointing Q1FY21 results. This was followed up by another set of disappointing numbers being announced large private sector banks including Kotak Bank, Axis Bank, Indusind Bank and ICICI Bank. While all the large banks have reported jump in profitability, one common trend that was observed across the board was stress on asset quality. Management commentary was also negative on asset quality front due to the pandemic. While the profitability of the banks improved led by lower provisions, loan book growth was impacted due to the adverse impact of the pandemic and lockdown. Among index components, while AU Small Finance Bank was top performer of the week with gains of 3.89% and Axis Bank is the top loser with losses of 6%. Among large banks, while ICICI Bank ended the week with most gains of 1.7%, Kotak Bank and HDFC Bank ended with losses of 4% and 1% respectively. Among middle-sector banks, RBL Bank and Bandhan Bank ended down more than 5%. Nifty Bank may face resistance at 35800 followed by 37000. Nifty Bank may take support at 34500-34000 support zone, followed by 32000.