

# **K** **STREET**



**RULE THE MARKET**

**ISSUE: 157**



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## From The Desk Of Research Head

### Low base drives Q1FY22 GDP growth to 20.1%

India's GDP growth for Q1FY22 accelerated to 20.1% on low base. The growth rate comes despite the drag caused by second wave of coronavirus which forced states to impose localized lockdowns. The 20.1% growth rate reported during the quarter that ended on June 30 is record growth rate, which came on the back of contrasting economic scenario seen during the previous year same quarter. The first quarter of FY2021 saw the economic activity in the country to come to a standstill due to nationwide lockdown imposed during significant period of the quarter – two of the three months to be precise. While the growth rate optically looks impressive, if looked through this contrasting scenario, it is very concerning.

The overall GDP growth of 20.1% could not make up for the contraction of -24.4% seen during Q1FY21. This resulted in a lower real GDP magnitude by a wide margin of Rs. 3.3 Tn, compared to Q1FY21 level. The positive take away from the GDP data is the strong growth in core sectors including agriculture, electricity, gas and the likes, which did really well when compared to their levels seen during Q1FY20 levels. Other positives noticeable on the demand side include commendable performance of the exports sector. However, contribution of government sector both from demand and output sides is major disappointment.

Analysis of high-frequency indicators released till now remained resilient. But future may not be the same for the economy. With each state government is relaxing lockdown restrictions phase-wise, things are looking up. However the risk of third wave remains. Automobile industry, which is generally the first industry to show signs of weakness during lean times, is reeling on the hopes of pent up demand. Now that companies have restarted operations we expect the auto industry to pick up the pace in the coming quarters. We expect that the pent up demand will consume the piled up inventory at dealer level and expectations of better monsoons and economic recovery should help auto volumes going forward.

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.

While GDP growth was slightly below expectations, economic growth has been reviving impressively since July and has picked up momentum. The pick up in the pace of vaccination and recovery are impressive and leave scope to believe that the economy will open up further boosting the growth caused by pent up demand. However, we remain wary of the rising covid cases in states like Kerala and of late at the national level, indicating the onset of third wave in the country. The future of the economic activity hinges on the evolution of delta variant cases and the how resistant the new variants are to the vaccinations.

**- DR. RAVI SINGH**

Vice President & Head of Research

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## NEWS

### AUTO & AVIATION

- Mahindra & Mahindra: Mahindra & Mahindra to observe 'no production day' in its automotive division plants for 7 days. This is estimated to result in a reduction in production volumes by around 20-25% in the month of Sep 2021, according to the company's announcement.
- Hero MotoCorp: Hero MotoCorp reported a 22% dip in two-wheeler sales at 4,53,879 units in the month of August 2021. The company dispatched 5,84,456 units in August 2020.
- Ashok Leyland: Ashok Leyland said that its CEO Nithin Seth is leaving the company after serving 11 years to pursue an alternative career outside the company. Seth led a strong team to build the company's LCB business and other businesses.
- Minda Corp: Minda Corp said that it has entered into a definitive agreement to acquire a 26% stake in EV charging solutions company EVQPOINT Solutions through its wholly-owned arm Spark Minda Green Mobility Solutions.

### BANKING

- J&K Bank: J&K Bank has approved raising of equity share capital up to Rs. 1,000 Cr in one or more tranches. The bank will also raise Rs. 1,000 Cr by way of non-convertible debentures on a private placement basis.
- Kotak Mahindra Bank: Kotak Bank said that it has completed the 8% stake sale in Airtel Payments Bank to Bharti Enterprises for a consideration of Rs. 294.80 Cr.
- Axis Bank: Axis Bank has successfully raised \$600 Mn from offshore investors by selling sustainable AT-1 bonds at a coupon rate of 4.1%. The bank launched the issue with initial pricing guidance of 4.4%.
- State Bank of India: SBI has raised Rs. 4,000 Cr through AT1 bonds, offering a coupon rate of 7.72%. The bank received an overwhelming response by receiving bids worth Rs. 10,000 Cr against base issue size of Rs. 1000 Cr.
- Equitas Small Finance Bank: The bank yesterday announced its partnership with Google Pay to allow users to open FDs through Google Pay without having to open a bank account with the bank. The bank said that it has been offering this initiative by connecting APIs built by Fintech infra provider Sethu fir Equitas Bank.

### CAPITAL GOODS & ENGG.

- Hindustan Aeronautics Ltd: Hindustan Aeronautics announced that it will conduct a meeting of the Board of Directors of the company on September 21, 2021, to consider the sub-division of equity shares of the Company.

### CONSUMPTION

- Aditya Birla Fashion Retail: The company has announced a raising of Rs. 4000 Cr through unsecured redeemable NCDs at an FV of Rs. 10 lakhs each on a private placement basis.
- Bajaj Electricals: The continuing shareholders of Nirlep have decided to exercise the call option on Bajaj Electricals to acquire an additional stake of 19.78% in Nirlep. Bajaj Electricals acquired a 79.58% stake in Nirlep in 2018.

### INFRA

- IRB Infrastructure Developers: The company has emerged as a preferred bidder for Chittoor - Thachur Six Laning Highway Hybrid Annuity Project in Tamil Nadu.

### IT

- Just Dial: Just Dial has allotted 2.12 crore equity shares at a price of Rs. 1,022.25 per equity share to Reliance Retail, a subsidiary of Reliance Industries. Reliance Retail now holds a 40.98% stake and has acquired sole control of Just Dial.
- Wipro: Wipro announced the appointment of Mohammed Areff as Country Head and Managing Director for Middle East operations.

### METAL & MINING

- Vedanta: The mining major and Anil Agarwal-led Vedanta Limited announced on Wednesday that its board has approved an interim dividend of Rs. 18.50 per

## FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
Ahlada Engineers Limited	Dividend	06-Sep-21
Emami Realty Limited	Financial Results	06-Sep-21
National Aluminium Company Limited	Dividend	06-Sep-21
Nuvoco Vistas Corporation Limited	Financial Results	06-Sep-21
Visu International Limited	Financial Results	07-Sep-21
Kwality limited	Financial Results	08-Sep-21
Windlas Biotech Limited	Financial Results	08-Sep-21

## GLOBAL NEWS

- US Federal Reserve likely to announce taper in November, former Fed official says. Waiting until November will give policymakers more data on the labor market's recovery and economic growth, Lockhart told the Reuters Global Markets Forum (GMF). Xi
- Jinping says China will set up 3rd stock exchange in Beijing. The announcement comes as China's companies face mounting hurdles to raising money on Wall Street or in other Western markets, where some of its biggest enterprises have raised billions of dollars.

share for FY22 will amount to Rs. 6,877 Cr. This is the company's first dividend for the current fiscal with the record date set for the purpose of payment of this dividend on September 9, 2021".

- Shyam Metalics and Energy: The company's subsidiary Shyam Sel & Power completed the acquisition of Shree Vrenkatehwara Electrocast.
- Vedanta: The company approved the first interim dividend of Rs 18.50 per equity share for the financial year 2021-22 amounting to Rs. 6,877 Cr.

### NBFC

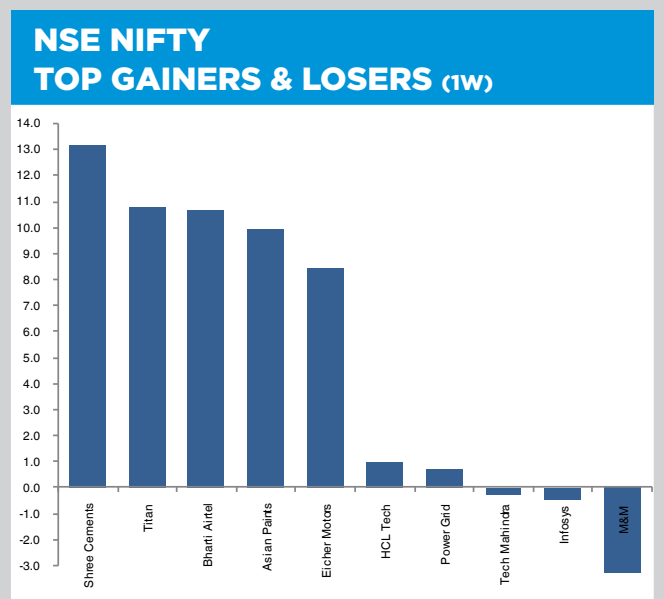
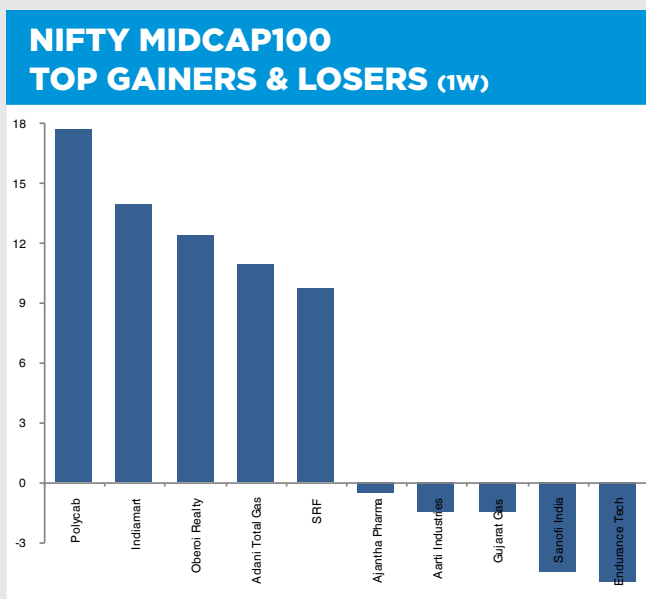
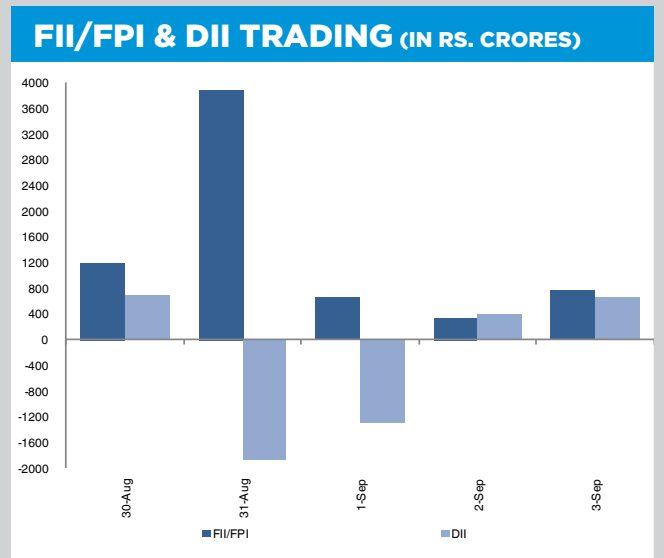
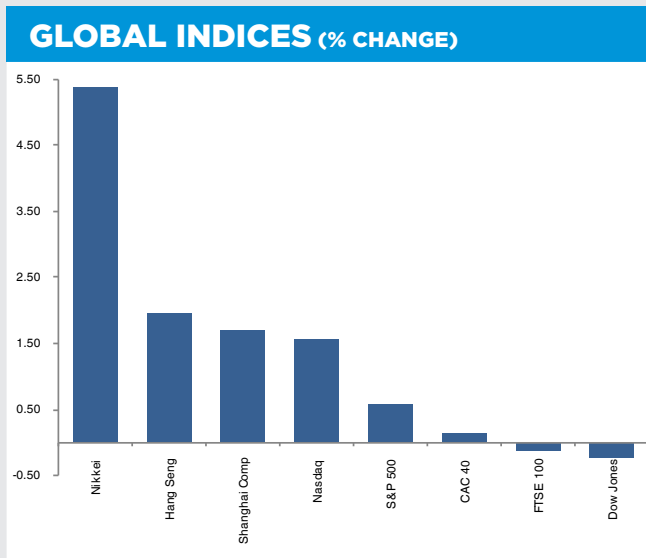
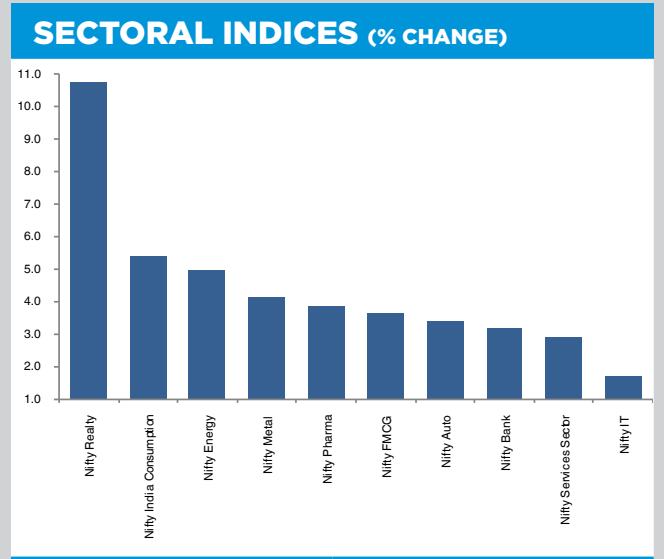
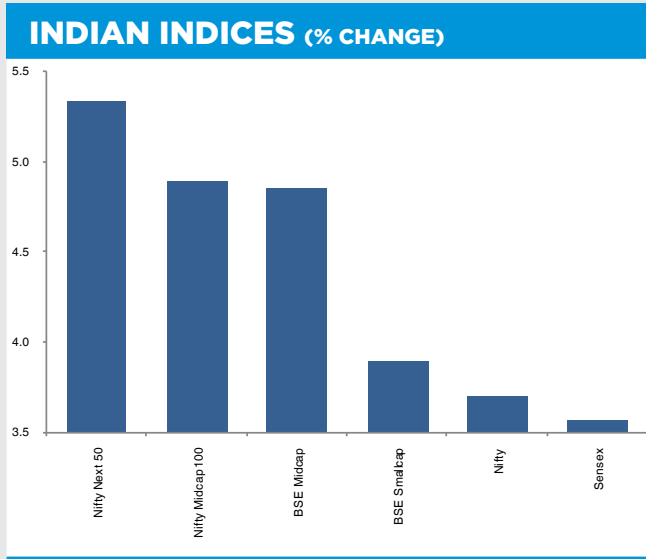
- PNB Housing Finance: SEBI has filed an appeal with the Supreme Court against Securities Appellate Tribunal (SAT)'s verdict in the PNB Housing-Carlyle deal case. Last month, SAT delivered a split verdict over PNB Housing's share allocation to Carlyle Group. SAT had allowed the company to go ahead with taking shareholder vote on the proposal, without disclosing the results.

### PHARMA & HEALTHCARE

- Dr. Reddy's Laboratories and Natco Pharma: Dr. Reddy's Laboratories and Natco Pharma have launched the generic version of the cancer drug Revlimid in the Canadian markets.
- Granules India: Granules has received a license from DRDO to manufacture and market COVID-19 treatment drug 2- Deoxy- D-Glucose (2-DG).
- Rossari Biotech: Rossari Biotech has completed the acquisition of the first tranche of 76% of Tristar Intermediaries. The company had announced that it will acquire 100% in Tristar Intermediaries nearly two months ago. 76% of the equity share capital was to be acquired upon the closure of the transaction, and the balance was 24% over the next three years.

### POWER

- Adani Green Energy: The company on Thursday that it has raised \$ 750 million to fully fund equity needs for its under-construction pipeline. The fully-funded pipeline is on track to be the world's largest renewable energy platform by 2030, as per the firm.
- NHPC: State-owned REC sold 6,17,85,467 equity shares in the company at Rs. 27.19 per share on the NSE.



Source: Karvy Research

## GLAND PHARMA LTD



STOCK	GLAND
CMP	3990
ACTION	BUY
ENTRY	Above 3950-3970
AVERAGE	3765
STOP LOSS	3340
TARGET 1	4650
TARGET 2	4800

On the technical front, GLAND 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 4350 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 3340 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 3765 levels. This may trigger a fresh round of buying which may take the stock towards 4650 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 4800 levels in the medium term. Any correction towards the recent support levels of 3765 levels may be utilized to average the positions.

## JINDAL STEEL & POWER LTD



STOCK	JINDALSTEL
CMP	393
ACTION	BUY
ENTRY	388-390
AVERAGE	365
STOP LOSS	296
TARGET 1	490
TARGET 2	500

On the technical front, JINDALSTEL 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 501 levels, the stock has witnessed a correction to the 357 levels. At the current juncture, the stock has formed a base around 296 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 365 levels. This may trigger a fresh round of buying which may take the stock 490 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 500 levels in the medium term. Any correction towards the recent support levels of 365 levels may be utilized to average the positions.



**NIFTY (17323.60):** Indian equity benchmark index Nifty 50 closed higher by 3.70% during the week. During the last five 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 15925 levels in future sessions. On the global front, shares in Japan jumped on Friday after Prime Minister Yoshihide Suga said he will not be running in the upcoming leadership election. Suga bowing out of the leadership race for his party paves the way for a new prime minister. Suga has been under fire for his handling of the Covid situation in Japan, which included the hosting of the Tokyo Summer Olympic Games while the city was under a state of emergency. Shares in Asia-Pacific were mostly higher on Friday, with Chinese stocks declining over concerns about slowing growth. European markets closed lower on Friday as investors reacted to key economic indicators out of the eurozone and the US. Eurozone business activity remained robust in August despite the impact of the Delta variant of Covid-19 and broad supply chain problems. German polling on Thursday showed the Social Democrats opening up a five-point lead over Chancellor Angela Merkel's Christian Democratic Union in the run-in to the September 26 national election in Europe's largest economy. The Dow Jones Industrial Average retreated on Friday and the S&P 500 slipped from a record high after the August jobs report came in short of expectations, showing the impact of the delta-fueled Covid resurgence. Nonfarm payrolls increased by 235,000 in August, the Labor Department said Friday. The report marks a significant slowdown from July's revised number of 1.053 million. Domestically, on the derivatives front, open interest data suggests that the Nifty index may find its supports around 17200 followed by 17000 levels while on the higher side, 17500 and 18000 levels may act as resistance.



**NIFTY BANK** underperformed Nifty this week as Nifty Bank gained around 3.2% as opposed to Nifty's gains of 3.7%. Bank Nifty started the week on a positive note by gaining more than 2% on opening day of the week after the index took support 25 DMA last week. In the recent past 25 DMA has worked as a strong support for the index and has bounce back strongly whenever it hit it. In continuation of momentum matching with that of broader indices, Nifty Bank ended in green on all of this week's trading days except on Friday. The strong momentum in indices was led by global liquidity and strong FII buying in domestic markets. With the 2% gains on the first trading day of the week, Nifty Bank decisively broke out of the consolidation zone between 36300 and 34500, where it has been moving since May 2021. Extending the momentum, Nifty Bank hit near term high of 37135, this was last seen in March 2021. With this up move the index appears to have resumed its uptrend, which over the past two weeks appears to have broken due to the index's choppiness. Nifty Bank currently is trading above all near term moving averages – 25 DMA, 50 DMA and 100 DMA, which confirms the view. Going forward, with absence of any fundamental triggers, we expect Bank Nifty to either consolidate or slide lower as we expect the index to face some resistance around 37700 levels seen in February 2021. Among index components, except AU Small Finance Bank, all the components ended in green. AU small Finance Bank is this week worst performing index component which ended down 9%. Among gainers, medium sized banks including IDFC First Bank and Federal Bank stood as top performers by gaining 7.4% and 6.3% respectively. Among large banks, except Axis Bank other large banks ended the week with decent gains ranging between 1.5% and 4.5%. Axis Bank ended the week with gains of 6%. Nifty Bank may face resistance at 37700 followed by 40000. Nifty Bank may take support at 36300, followed by 34500.