AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Market wrap **April 01, 2020**

Auto, Banking and IT stocks fall significantly; Global equities too remain under pressure..

Indian equities witness tremendous selling pressure on Wednesday as concerns over economic fallout due to nationwide lockdown to contain the spread of coronavirus (Covid-19) pandemic weighed on the investor sentiment. The S&P BSE Sensex lost 1,203 points or over 4 per cent to end at 28,265 while NSE's Nifty ended at 8,254, down 344 points or 4 per cent. Markets will remain closed on Thursday (April 2) on account of Ram Navami.

Meanwhile, MSCI has deferred its decision on increasing foreign inclusion factor (FIF) for the Indian markets. Many were hoping the index provider would increase India's weight after news rules pertaining to FPI limits kicked in from April 1. This came as a surprise negative development for the markets, which were as it facing weak trades after the opening bell.

Among Sensex stocks, Tech Mahindra (down over 9 per cent) emerged as the biggest loser on the index. TCS (down over 6 per cent), and Infosys (down 5.65 per cent) were next on the losers' list.

It was a bad day for auto stocks as well as most automakers posted dismal sales figures for March. Maruti Suzuki India Ltd (MSIL), the country's largest passenger car manufacturer, for instance, reported 47 per cent year-on-year fall in its total sales to 83,792 units while Ashok Leyland reported a whopping 90 per cent decline in total vehicles sales at 2,179 units.

As a result, Nifty Auto index ended 1.73 per cent lower at 4,649 levels with 13 out of 15 constituents ending in the red.

More than 250 stocks on the BSE hit a fresh 52-week low that includes names like Eicher Motors, PVR, Oberoi Realty, and TVS Motor Company.

Nifty Bank index ended around 5 per cent lower at 18,202.50 levels. The government's proposed PSB merger scheme came into effect from today. The consolidation, that will merge 10 PSBs into four, comes at a time when the country and financial system is grappling with adverse fallout of the Covid-19 pandemic.

In the broader market, the S&P BSE MidCap index declined by 2 per cent to touch levels of 10,340 while the S&P BSE SmallCap index lost over a per cent to end at 9,507-mark.

India's fiscal deficit in 2020-21 may shoot up to 6.2 per cent of the GDP from 3.5 per cent government estimate as a fallout of the Covid-19 economic stimulus package, Fitch Solutions said on Wednesday. With businesses disrupted due to the lockdown and its ripple effects, revenue will come under "heavy pressure" and may force the government to look towards additional borrowing and/or a higher central bank dividend to fund its expenditure, it said. "At Fitch Solutions, we are revising our forecast for India's FY2020/21 (AprilMarch) central government fiscal deficit to widen to 6.2 per cent of GDP, from 3.8 per cent of GDP previously (estimated by Fitch Solutions), which reflects our view that the government will miss its initial target of 3.5 per cent by a wider margin," the agency said.

Crude oil
Crude oil touched US$25 a barrel on Wednesday, within sight of its lowest in 18 years, as a report showing a big rise in US inventories and a widening rift within OPEC heightened oversupply concerns.

Sectors and stocks
Shares of city gas distribution companies rallied up to 10 per cent intra-day on the BSE on Wednesday after the government cut the domestic natural gas price for the April-September period to US$2.39 per million British thermal unit (mBtu). Among individual stocks, Indraprastha Gas surged 10 per cent to Rs. 427.70 and Gujarat Gas gained 6.04 per cent to Rs. 246.65. Adani Gas was up 5.5 per cent while Mahanagar Gas and GAIL India were both up over 2 per cent each in an otherwise weak market. The new price for domestic natural gas is the lowest in six years since the NDA government introduced the new pricing formula in November 2014. The rate for gas produced from difficult fields will be US$5.61 mBtu on gross calorific value basis. This ceiling price will be applicable for deepwater, ultra-deepwater, and high pressure-high temperature areas, including the under-development fields of Reliance Industries in KG-D6 block in Eastern Offshore.

Shares of Biocon witnessed a rise of over 2 percent after the company received an establishment inspection report (EIR) for its Malaysia facility. "Biocon Sdn Bhd, a subsidiary of Biocon has received the EIR from the US Food and Drug Administration (USFDA) for the pre-approval inspection (PAI) of its insulin manufacturing facility in Malaysia, for insulin glargine," the company said in a regulatory filing. The inspection was conducted between February 10 and February 21, 2020, it said. The company further said, the Inspection has been closed with a voluntary action indicated (VAI) classification in the EIR, for the three observations issued at the conclusion of the inspection in Feb 2020. The closing of the USFDA

Inspection of Malaysia facility is an important milestone in the company's journey of developing insulin glargine for patients in the US. The insulin glargine (Semglee) application filed by the company's partner Mylan, with the USFDA pathway, is currently under review, it said.

Shares of steel manufactures were under pressure on Wednesday and fell by up to 10 per cent on the National Stock Exchange (NSE) on concerns that the first quarter of the current financial year (Q1FY21) could be a record-low quarter in terms of sales and operating profit on the back of exceptionally weak demand. Jindal Steel & Power (JSPL) shares were locked in 10 per cent lower circuit at Rs. 74.30, its lowest level since January 10, 2017 on the NSE. In the past two months, the stock has plunged 56 per cent, as compared to 25 per cent decline in the Nifty 50 index. Steel Authority of India (SAIL), JSW Steel, and Tata Steel were down in the range of 3 per cent to 4 per cent, against 2.2 per cent fall in the Nifty Metal index.

Oil & gas stocks witnessed a fall after bigger-than-expected rise in US inventories and a widening rift within OPEC heightened oversupply fears. BPCL, HCPL, IOC, ONGC and Reliance Industries shed 2-3 percent each.

The S&P BSE Auto index was down 1.5 percent, led by losses in TVS Motor, MRF, Cummins India, Tata Motors, M&M, Maruti Suzuki. Maruti Suzuki India Ltd reported a 47 percent fall in overall sales for the month of March. Shares of TVS Motor Company hit an over four-year low of Rs. 279, down 6 per cent, on the BSE on Wednesday on concerns that sales volume in the month of April could decline significantly due to the lockdown until April 14 amid the outbreak of coronavirus (Covid-19) pandemic. The stock was trading at its lowest level since March 2016. In the past two months, it has tanked 40 per cent as compared to a 25 per cent decline in the benchmark S&P BSE Sensex.

Global markets

Global equities declined significantly on Wednesday as the coronavirus threat ensured an ugly start to the second quarter for equities and commodities. Tokyo's Nikkei slumped 4.5 per cent after the worst plunge in factory activity in almost a decade. The pan-European STOXX 600 sank 3.2 per cent and Wall Street futures dived 3.1 per cent after a dire forecast of likely US coronavirus deaths. Blue-chip Chinese stocks failed to hold their gains, however, though Australian shares bounced 3.5 per cent.

AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Disclaimer

Ajcon Global Services Ltd. is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Ltd. research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Ltd. is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Ltd. or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Ltd. or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Ltd. and are subject to change without any notice. 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 Ajcon Global Services Ltd. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Ltd. is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Ltd. from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. 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. Ajcon Global Services Ltd. 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. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Ltd. accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Ltd. or its associates 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.

Ajcon Global Services Ltd. encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Ltd. 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. Accordingly, neither Ajcon Global Services Ltd. nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Ltd. or its subsidiaries collectively or Directors including their relatives, 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.

It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Ltd. 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 Ajcon Global Services Ltd. 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 Ajcon Global Services Ltd. by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, 022-67160431 (D)

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office
408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062