

**Indian equities bounceback; Financials lead the show..**

- 1) Indian equities came back strongly as the upcoming mass vaccination drive for above 18 years from May 01, 2021 would help controlling second COVID-19 wave. Positive global cues also supported the rally. From the day's low of 47,204, the benchmark S&P BSE Sensex bounced back over 900 points to hit a high of 48,143 on the back of buying in financial and metal counters.
- 2) At close, Sensex was up by 375 points or 0.79 percent to touch levels of 48,081. The broader Nifty50, on the other hand, was up by 255 points higher from the day's low to settle at 14,406, up 110 points or 0.77 per cent.
- 3) About 18 of the 30 constituents on the Sensex and 27 of the 50 constituents on the Nifty ended the day in the green with Wipro, ICICI Bank, JSW Steel, Tata Steel, HDFC, Bajaj Auto, and BPCL topping the charts on the latter. On the Sensex, HDFC Bank, Bajaj Finance, Kotak Mahindra Bank, and SBI were the additional gainers. All these stocks were up in the range of 2 per cent to 3.5 per cent.
- 4) Shree Cement, Titan, Tata Consumer Products, HUL, Nestle India, Asian Paints, and Ultratech Cement ended the day as top losers on the Nifty, down up to 3 per cent.
- 5) The Nifty Bank index ended at 31,783, up 2.15 per cent. Meanwhile, the Nifty Financial Services, Private Bank, and Metal indices were up 2.2 per cent, 1.8 per cent, and 1.7 per cent, respectively.
- 6) On the contrary, pharma and IT stocks pared their gains and ended in the red today. All the three defensive indices - Nifty IT, FMCG, and Pharma -- slipped up to 0.75 per cent on the NSE.
- 7) The broader markets, however, underperformed at the bourses with the S&P BSE MidCap and SmallCap indices closing 0.28 per cent and 0.59 per cent higher, respectively.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	48,080.67	47,705.80	<b>374.87</b>	<b>0.79</b>	47,501.71	<b>48,143.16</b>	47,204.50
<b>Nifty</b>	14,406.15	14,296.40	<b>109.75</b>	<b>0.77</b>	14,219.15	<b>14,424.75</b>	14,151.40

**Sectors and stocks**

- 1) Shares of Tata Steel were up 5 per cent at Rs 936.50 on the BSE in intra-day trade on Thursday after Tata Steel BSL, a subsidiary of the company, reported a strong operational performance for the quarter ended March 2021 (Q4FY21). The stock of Tata Steel BSL surged 6 per cent to Rs 61.25 in intra-day trade, quoting close to its 52-week high of Rs 62 touched on April 8. Tata Steel BSL's consolidated net profit more-than-doubled to Rs 1,913 crore in Q4FY21, against Rs 913 crore in December quarter (Q3FY21). Consolidated revenue from operations jumped 24 per cent to Rs 7,321 crore from Rs 5,881 crore in the previous quarter. EBITDA witnessed a growth of 25 per cent to touch Rs. 257 crore on a sequential basis. The growth in EBITDA was driven by higher-than-expected volumes and realisation. Sales volumes rose 4 per cent quarter-on-quarter (QoQ) to 1.19 mt.
- 2) Shares of sugar companies continued its rally on Thursday. In the past one month, Balrampur Chini Mills, Dalmia Bharat Sugar and Triveni Engineering have rallied in the range of 30 per cent to 43 per cent on expectation of improved earnings. In comparison, the S&P BSE Sensex was down nearly 4 per cent during the same period. With the government's aggressive stance on increasing ethanol blending with petrol to levels of 20 per cent by 2025, the industry is undertaking huge capacity expansion programmes to meet the ethanol requirement of 10 billion litre by 2025. This distillery capacity addition to utilise the B-Heavy & sugarcane juice route to produce ethanol, would be earnings accretive after the significant increase in ethanol prices in last two years. Balrampur Chini Mills hit a new high of Rs. 273 on Thursday, rallying 9 per cent on the BSE in intra-day trade. In the process, the stock surpassed its previous high of Rs. 272.05 hit on April 15. In the past one month, it has rallied by 34 per cent.



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- 3) Shares of Swaraj Engines rallied 8 per cent to Rs. 1,471 on the BSE in the intra-day trade on Thursday after the company reported a strong performance in March quarter (Q4FY21) by achieving its highest-ever quarterly profit of Rs. 32.56 crore, up 105.6 per cent over the previous year quarter. The company achieved its best-ever Q4 engine sales of 33,831 units, up 62 per cent year on year (YoY) and 8 per cent quarter on quarter (QoQ). While the net operating revenue grew 74 per cent YoY at Rs. 305 crore, earnings before interest, taxes, depreciation, and amortization (Ebitda) jumped 97.5 per cent YoY at Rs. 46.20 crore and Ebitda margins improved 179 basis points to 15.1 per cent. The margins for the quarter were supported by improvement in gross margins as well as operating leverage benefits. The company said the impressive growth witnessed in the tractor industry and resultant higher engine demand emerged during Q4 of fiscal 2021 which helped it to post a strong quarterly financial performance. Besides, Swaraj Engines also announced a total dividend of Rs 69 per share for the financial year 2020-21 (FY21), including a special dividend of Rs 19 per share, implying dividend payout of around 90 per cent, with EPS for FY21 at Rs 76.2 per share. Swaraj Engines is primarily in the business of supplying engines to the Swaraj division of Mahindra & Mahindra (M&M).
- 4) Shares of Panacea Biotech were locked in the 10 per cent upper circuit for the second straight day, at Rs. 323.70, hitting an over 12-year high on the BSE on Thursday. The stock of the biotechnology company was trading at its highest level since August 2008. It had hit a record high of Rs. 487 on April 21, 2006. Thus far in the month of April, the market price of Panacea Biotech has rallied by 83 per cent after the company and the Russian Direct Investment Fund (RDIF) agreed to produce 100 million doses of Sputnik V vaccine in India per year. In comparison, the S&P BSE Sensex has declined 4.4 per cent so far in the current month. "The Russian Direct Investment Fund (RDIF), and Panacea Biotec announced cooperation to produce 100 million doses per year of Sputnik V, the world's first registered vaccine against coronavirus," the company said in a press release on April 4. Production of Sputnik V at Panacea Biotec sites will help facilitate global supply of Sputnik V to international partners of RDIF. To date, Sputnik V has been registered in 59 countries globally with a total population of over 1.5 billion people. The efficacy of Sputnik V is at 91.6 per cent as confirmed by the data published in the Lancet, one of the world's oldest and most respected medical journals. Panacea Biotec is an innovation driven Biotechnology company doing research and development, manufacturing, sales, distribution and marketing of pharmaceuticals, vaccines and biosimilars. The company has the product portfolio of highly innovative prescription products in important therapeutic areas such as pain management diabetes management renal-disease management anti-osteoporosis anti-tubercular gastro-intestinal care products and vaccines. The Company has collaborations and tie-ups with leading national and international research organizations and corporations. Serum Institute of India Private Limited, the world's largest vaccine manufacturer by number of doses produced and sold globally, held 4.98 per cent stake in Panacea Biotech.

#### **Key recent major developments..**

- 1) Earlier, Prime Minister Narendra Modi addressed the nation on the current situation of Covid-19 pandemic in India. During the address, PM Modi stressed on the fact that India needs to be saved from a complete lockdown and rather, requested states to focus on micro containment zones to curb the virus spread. "We have to save India from lockdown, I request states to focus on micro containment zones and use the option only as the last resort," said PM Modi in his speech. PM Modi has been holding several virtual interactions and high-level meetings with state and central ministers, leading doctors and pharma companies in order to come out with solutions for the rampant increase in Covid-19 cases in the country. The meetings also threw light on the prime minister's orders to boost Covid-19 vaccination in the country.
- 2) In a major key development amidst the second wave of COVID-19 pandemic, the Union government on Monday took a major decision to further liberalise the vaccination process. Under the phase-3 strategy of inoculation, the government opened up vaccination to everyone above 18 years. "In a meeting chaired by Prime Minister Narendra Modi, an important decision of allowing vaccination to everyone above the age of 18 from May 1 has been taken," said the government in an official statement. "The Prime Minister said that the government has been working hard from over a year to ensure that maximum numbers of Indians are able to get the vaccine in the shortest possible of time," it said. The government has been working hard from over a year to ensure that maximum numbers of Indians are able to get the vaccine in the shortest possible of time, said PM Modi. India has given the first dose of covid antidote to 13.23 crores beneficiaries in the nation-wide vaccination till date.
- 3) The country's exports jumped by 60.29 per cent to \$34.45 billion in March even as the outbound shipments contracted by 7.26 per cent during the full 2020-21 fiscal to \$290.63 billion. Imports too grew by 53.74 per cent to \$48.38 billion in March, but dipped by 18 per cent to \$389.18 billion during April-March 2020-21, according to the government data released on Thursday. Trade deficit during March 2021 widened to \$13.93 billion from \$9.98 billion in March 2020. The trade deficit during the full fiscal, however, narrowed to \$98.56 billion as against \$161.35 billion during 2019-20, the data showed.



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- 4) The wholesale price-based inflation was up to over 8-year high of 7.39 per cent in March on rising crude oil and metal prices. Also, the low base of March last year, when the data was computed with a low response rate due to the nationwide lockdown, contributed to a spike in inflation in March 2021. The WPI inflation was 4.17 per cent in February and 0.42 per cent in March 2020. This is the third straight month of up-tick seen in the wholesale price index (WPI) based inflation. "The annual rate of inflation stood at 7.39 per cent (provisional) for the month of March 2021 over March 2020," the Commerce and Industry Ministry said. Such a high level of WPI was last recorded in October 2012, when inflation was 7.4 per cent.
- 5) The Index of Industrial Production (IIP) which measures industrial output in India fell by 3.6 percent in February. India's industrial output has declined by 11.3 percent in the April-February period of FY21, as compared to the same period of the previous year.
- 6) Consumer Price Index-based inflation (CPI) for the month of March stood 5.52 percent as against 5.03 percent in February. Official data released on April 12 shows that retail inflation in March stayed within the Reserve Bank of India's (RBI) medium term inflation target of 4(+/-2 per cent) for the fourth consecutive month. The combined food price inflation rose to 4.94 percent in March, as compared to 3.87 percent in February.
- 7) The net direct tax collection for the fiscal ended March 31 stood at Rs. 9.45 lakh crore, an increase of 5 per cent over the revised estimates in the Union Budget. Central Board of Direct Taxes (CBDT) Chairman P C Mody on Friday said the income tax department has exceeded the revised estimates despite issuing substantial refunds in the 2020-21 fiscal. During the fiscal, the net corporate tax collection stood at Rs. 4.57 lakh crore, while net personal income tax was Rs. 4.71 lakh crore. Another Rs. 16,927 crore came from securities transaction tax (STT). The direct tax collection target set in the revised estimates (RE) for 2020-21 was Rs. 9.05 lakh crore. The collection was 5 per cent higher than the RE, but was 10 per cent lower than the mop up in 2019-20.
- 8) India's drug regulator, the Drugs Controller General of India (DCGI) last week approved Russian Covid-19 vaccine Sputnik V for 'restricted use in emergency situations' in India. This was a day after the Subject Expert Committee (SEC) gave its thumbs up to the vaccine. Hyderabad-based Dr Reddy's Laboratories (DRL) has collaborated with the Russian health ministry to obtain regulatory approval for import of the vaccine in India. The health ministry said in an official statement: "After detailed deliberation, the SEC recommended for grant of permission for restricted use in emergency situations subject to various regulatory provisions. DRL has collaborated with National Research Center for Epidemiology and Microbiology of the Ministry of Health of the Russian Federation for obtaining regulatory approval for import for marketing in India."
- 9) The second wave of Coronavirus (Covid-19) infections is credit-negative and poses threat to economic recovery in India, according to global rating agency Moody's. The second wave of infections presents a risk to growth forecast as the reimposition of virus management measures will curb economic activity and could dampen market and consumer sentiment. However, given the focus on "micro-containment zones" to deal with the current wave of infections, as opposed to a nationwide lockdown, the impact on economic activity will be less severe than that seen in 2020. India's very low Coronavirus death count (only about 170,179 deaths have been recorded as of April 12) and relatively very young population also help mitigate risks. Gross Domestic Product (GDP) is still likely to grow in double digits in 2021 given the low level of activity in 2020. Retail and recreation activity across India had dropped by 25 per cent as of April 07, 2021 compared to February 24, 2021, according to Google mobility data. This was mirrored in the Reserve Bank of India's March consumer confidence survey which showed a deterioration in perceptions of the economic situation and expectations of decreased spending on nonessential items, it added.
- 10) Foreign portfolio investors (FPI) put in a record amount of Rs. 2.74 trillion (US\$37 billion) during the 12 month ended March 2021. The previous best for the highest-ever FPI flows in a financial year was in FY13, when overseas investors had pumped in Rs. 1.4 trillion (US\$25.8 billion), data provided by NSDL showed. The Finance Ministry said on Tuesday the sharp inflows last fiscal were due the government's policy initiatives and economic recovery. "The robust FPI flows came on the back of faster-than-expected economic recovery supported by multiple tranches of innovatively designed stimulus packages. The government and regulators had also undertaken major policy initiatives directed at improving ease of access and investment climate for FPIs in the recent past," it said in a press release. "The increase in aggregate FPI investment limit in Indian companies from 24 per cent to the sectoral cap has been a catalyst for increase in weightage of Indian securities in major equity indices, thus mobilising massive equity inflows, both passive and active, into Indian capital markets," said the ministry.
- 11) The International Monetary Fund (IMF) has raised its projection for India's economic growth in the current financial year by one percentage point to 12.5 per cent. The forecast, published in the IMF's World Economic Outlook, suggests India would again become the fastest-growing large economy in the world. In fact, India is the only country among major world economies that is projected to grow at a double-digit rate during FY22. China comes closest, with a forecast of 8.4 per cent economic expansion. The IMF also sees India's gross domestic product (GDP)



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growing by 6.9 per cent, a rate 10 basis points higher than its earlier projection, in the next financial year. Should that happen, India would become the most rapidly expanding large economy in the world; the closest competitor, China, is projected to grow by 5.6 per cent. The IMF's projection for India in the current financial year is the upper end of a range that the World Bank's forecast recently. Considering the uncertainty caused by Covid-19 cases, the World Bank gave a range for India's economic growth – from 7.5 per cent to 12.5 per cent – in FY22. However, it also said India was likely to grow by 10.1 per cent during the year.

- 12) The goods and services tax (GST) collection crossed the Rs. 1 lakh crore mark for the sixth month in a row in March 2021 and a new record of Rs. 1,23,902 crore (GST) collected in the month of March 2021 was created. "The gross GST revenue collected in the month of March 2021 is at a record of Rs. 1,23,902 crore of which CGST is Rs. 22,973 crore, SGST is Rs. 29,329 crore, IGST is Rs. 62,842 crore (including Rs. 31,097 crore collected on import of goods) and cess is Rs. 8,757 crore (including Rs. 935 crore collected on import of goods)," an official release stated. GST collection in the month of February stood at Rs. 1.13 lakh crore. In line with the trend of recovery in the GST revenues over past five months, the revenues for the month of March 2021 are 27 percent higher than the GST revenues in the same month last year. During the month, revenues from import of goods were 70 percent higher and the revenues from domestic transaction (including import of services) were 17 percent higher than the revenues from these sources during the same month last year, the Ministry of Finance said. The GST revenue witnessed growth rate of (-) 41%, (-) 8%, 8% and 14% in the first, second, third and fourth quarters of this financial year, respectively, as compared to the same period last year, clearly indicating the trend in recovery of GST revenues as well as the economy as a whole.

### Global markets

- 1) Global equities were up on Thursday as to bet on economic recovery in the United States and other developed markets.
- 2) MSCI's broadest global gauge of stocks was up 0.2 per cent in early European deals, while Europe's top indexes posted stronger gains ahead of the European Central Bank's monetary policy outcome. The broad STOXX Europe 600 was up 0.5 per cent.
- 3) In Asia, Japan's Nikkei 225 rose 2.4 per cent and MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3 per cent.

### Ajcon Global's view

- 1) Indian equities were up led by improved sentiments owing to upcoming mass vaccination drive for above 18 years old. Significant surge of COVID-19 cases continue in the second wave and now crossing figure of above 3,00,000 cases in a single day which is worrisome and creating anxiety across the nation. However, one should remember this time situation is different as there is availability of vaccines and good pipeline of vaccines coming up in future, vaccination drive growing strongly which would help mitigate the COVID-19 crisis. In addition, the Government and Central Bank too have learnt their lessons to deal with the pandemic from the first wave of COVID-19.
- 2) Going ahead investors will keep a watch on COVID-19 cases number on daily basis amidst significant spike and vaccination drive, Q4FY21 earnings season, movement of US bond yields and FPI liquidity.
- 3) Key domestic factors like record GST collections in March 2021, positive GDP data, good proposals presented in Union Budget 2021-2 will keep bulls in the hunt. Positive global cues like US President Joe Biden's proposed \$3 trillion infrastructure package, improved US GDP data and reduced unemployment rate in US will also support bulls. The Nifty valuations are trading in the range of 35x-40x which looks expensive but with recent budget proposals one will need to watch out the effect on corporate earnings in Q4FY21 and FY22. In addition, the monsoon forecast is also good. Globally, Central banks are in the mood of accommodative monetary policy. The US Federal Reserve on March 17, 2021 suggested that it was in no hurry to raise interest rates through all of 2023, even as it talked about a V-shaped recovery in the world's largest economy.
- 4) We believe India economic recovery from COVID-19 crisis will surpass major economies. As India is now one of the few major economies to post positive GDP growth in the last quarter of calendar year 2020, foreign investors will get attracted to Indian equities. Moody's Analytics said India's economy is likely to grow by 12 per cent in CY2021 following a 7.1 per cent contraction last year as near-term prospects have turned more favourable.
- 5) Investors will now continue to focus on quality names in Defensive sectors like Pharma, FMCG and ITC amidst significant spike of COVID-19 cases on daily basis in second wave.



- 6) We recommend investors to look out for stock specific opportunities. The current second wave of rising of COVID-19 cases will give opportunities to investors on temporary corrections led by strict localised restrictions and lockdown in certain states. Investors will track ongoing Q4FY21 earnings season and management commentary on future scenario.

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