AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **March 09, 2021**

Financial stocks rally; Indian benchmark indices end in green..

1) Rally was witnessed in Financial and IT stocks that helped Indian benchmark indices to be in green on Tuesday. Most of the key sectoral indices on National Stock Exchange (NSE) ended the day in the red with the Nifty Metal index down 2.5 per cent at close, followed by the Nifty PSU Bank, Pharma, Realty, Media, and Auto indices, down between 0.5 per cent and 1.5 per cent. The Nifty Financial Services, Bank, and IT indices were the only gainers, up 2 per cent, 1.8 per cent, and 1 per cent, respectively.

2) The S&P BSE Sensex ended 584.4 points, or 1.16 per cent, higher at 51,025 levels led by gains in HDFC Bank, Kotak Mahindra Bank, HDFC, ICICI Bank, Asian Paints, HUL, and Bajaj Finance, the headline. The index topped the 51,000-mark in the intra-day deals and hit a high of 51,112.

3) On the NSE, the Nifty50 closed near the 15,100-mark at 15,098 levels, up 142 points or 0.95 per cent. Around 23 stocks declined on the Nifty index, as against 27 stocks that advanced. Of these, BPCL, Tata Steel, GAIL, Indian Oil, Tata Motors, Power Grid, and Cipla were the top drags.

4) The broader markets were under pressure today with the S&P BSE MidCap and SmallCap indices closing 0.6 per cent and 0.4 per cent down, respectively.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	51,025.48	50,441.07	**584.41**	**1.16**	50,714.16	**51,111.94**	50,396.10
Nifty	15,098.40	14,956.20	**142.20**	**0.95**	15,049.90	**15,126.85**	14,925.45

Crude oil

1) Oil prices were up on Monday as Saudi Arabian oil facilities were targeted by drone strikes just days after the largest crude exporting nations in the world said they would not increase output. Brent crude, surpassed US$70 per barrel for the first time in over a year, gaining $1.14 to $70.47 a barrel. It had rallied by US$2.62 on last Friday.

Sectors and stocks

1) Shares of SBI Life Insurance rallied by over 4 per cent to hit a 52-week high of Rs. 965 on the BSE in intra-day trade on Tuesday after reporting impressive growth (more than 60 per cent) in new business premiums (NBP) in the month of February. NBP is the premium acquired from new policies for a particular year. The stock surpassed its previous high of Rs 954.65, touched on January 8, 2021. It hit a record high of Rs. 1,030 on October 30, 2019. February 2021 saw life insurers recording impressive 21 per cent growth in NBP to Rs. 22,425 crore, compared with Rs. 18,533 crore in the same period, a year ago. Life Insurance Corporation of India (LIC) recorded 24 per cent growth in NBP to Rs. 12,921 crore, compared with Rs. 10,405 crore. Private insurers, on the other hand, saw their NBP growing 16 per cent in February to Rs. 9,505 crore, compared with Rs. 8,129 crore YoY.

2) Shares of Poly Medicure hit a new high of Rs. 804 after rallying 11 per cent on the BSE in intra-day trade on Tuesday. With today's gain, the stock of the medical equipment company has rallied by over 53 per cent over its qualified institutional placement (QIP) price of Rs. 524 per share. Last month, on February 19, Poly Medicure had raised Rs. 400 crore by allotting 7.63 million equity shares of the company to eligible qualified institutional buyers (QIB) at the issue price of Rs. 524 per share. Foreign portfolio investors (FPIs) Smallcap World Fund Inc and Lighthouse India III Equity Investors Limited had bought more than 1 per cent stake each in the company. UTI – Healthcare Fund had also purchased a 1 per cent stake, the shareholding pattern filed by the company post the QIP issue shows. The company said it proposed to utilise the net proceeds for funding suitable organic and inorganic growth opportunities, ongoing capital expenditure, other long-term and short-term requirements, pre-payment and/or repayment of outstanding borrowings and general corporate purpose, or any other purposes. Indian firms engaged in the medical devices sector are typically small and medium-scale enterprises, manufacturing products such as disposable and medical supplies and competing in low-priced, high-volume segments. Indian players like Hindustan Syringes and Poly Medicure hold a higher share of the consumables market than multi-national companies. Due to Covid-19 related medical requirements, manufacturing and demand for consumables

and disposables have increased significantly. Medical consumables and disposables grew as Ayushmaan Bharat helped increase health service penetration in India, aiding to growth in the medical procedure and treatments conducted in India. An increase in insurance penetration, medical treatments supported by the PMJAY Ayushmaan Bharat, and usage of technological and medical equipment in public, as well private hospitals, across rural and urban India also supported the medical devices industry. India is among the fast-growing markets for healthcare and medical devices in the Asia-Pacific region. With improving medical device regulations, setting up of the National Medical Devices Promotion Council, and the government's focus on manufacturing of medical device, there is an increasing potential for the Indian medical manufacturing industry, the company had said in the QIP placement document.

3) Shares of Dixon Technologies, on Tuesday, rallied by 5 per cent to Rs. 19,999.90 on the BSE in intra-day trade after the company fixed March 19, 2021 as the record date for 1:5 stock split i.e. from Rs. 10 to Rs. 2. The stock of the consumer electronics company hit a record high of Rs. 20,440 on February 25, 2021. Dixon Technologies said the company, through postal ballot, has approved sub-division of equity shares of the company from 1 equity share having face value of Rs. 10 each into 5 equity share having face value of Rs. 2 each fully paid up. The stock will turn ex-date for stock split Mach 18, 2021. The company's board of directors, at their meeting held on February 2, had approved the stock split. Generally, a company plans to go for a stock split to make the shares more affordable for small retail investors and increase liquidity. Dixon Technologies said the rationale behind the stock split is to encourage wider participation of small investors and to enhance the liquidity of the equity shares at the stock market. Meanwhile, the company's management remains upbeat about medium- to long-term opportunities in domestic electronic manufacturing. With continuously achieving scale across the key segments, the company is also focusing on increasing backward integration to improve margin profile and customer stickiness. In the past one year, the stock of Dixon Technologies has rallied 365 per cent as compared to a 43 per cent rise in the S&P BSE Sensex. In the past six months, it has rallied by 115 per cent, against 33 per cent gain in the benchmark index.

4) Shares of Bharat Petroleum Corporation (BPCL) declined by 6 per cent to Rs. 438 on the National Stock Exchange (NSE) in intra-day trade on Tuesday after BPCL Trust for Investment in Shares (BPCL Trust) sold up to 7 per cent of its stake in state-owned energy company through a block deal. On Monday, BPCL informed the stock exchanges that, a sub-committee of the board of directors of the company has approved the sale of BPCL equity shares which are held by the BPCL Trust for Investment in shares through accelerated book built offering of equity shares on the screen-based trading platform of the stock exchanges. The total number of equity shares being offered is up to 159 million equity shares or 7.33 per cent stake held by the above trust, it said. Earlier this month BPCL board had approved to sell the firm's holding in the Numaligarh Refinery Ltd (NRL) for Rs. 9,878 crore as part of its divestment process. The country's second-biggest state refiner is to sell its entire equity shares of 453.55 million equity shares in Numaligarh Refinery to a consortium of Oil India and Engineers India and may also include the state government of Assam, according to an exchange filing made by the company. The government on November 20, 2019, had accorded in-principle approval for strategic disinvestment of its shareholding in BPCL. According to media reports, the government had received three preliminary bids, including one from Vedanta, for selling its stake in BPCL.

Key recent major developments..

1) Retail sales of passenger vehicles rose by 10.59 per cent in February 2021 to 2,54,058 units from 2,29,734 units in the year ago period, while two-wheeler sales dropped by 16.08 per cent to 10,91,288 units from 13,00,364 units in the corresponding period last year. While the tractor segment reported 18.89 per cent growth in sales, the CV segment saw a fall of by 29.53 per cent, according to data from the Federation of Automobile Dealers Associations (FADA), the apex body of the automobile industry in India. Automobile registrations across the country dropped by more than 13 per cent in February, said FADA. FADA said that the passenger vehicle waiting period continued to remain as high as 8 months as scarcity of semi-conductors continued to linger around."The global semiconductor outrage has impacted the production of several PV models across the brands. This has significantly pushed the waiting period to as high as 8 months for some of the prominent models such as Hyundai Creta, Mahindra Thar & Nissan Magnite to name some," FADA said in a statement. FADA President, Vinkesh Gulati, said that while tractors continued to outperform the broader market, passenger vehicles witnessed double digit growth on a low base of last year as India started transitioning from BS-IV to BS-VI emission norms. This, coupled with the global semiconductor outrage, kept the waiting period of PVs as high as 8 months.

2) The global economic outlook has brightened as COVID-19 vaccine rollouts speed up in some countries and the United States launches a vast new stimulus package, the OECD said on Tuesday, hiking its forecasts. The world economy is set to rebound this year with 5.6% growth and expand 4.0% next year, the Organisation for Economic Cooperation and Development said in its interim economic outlook. That marked a sharp increase from its last outlook in early December, when the Paris-based policy forum forecast global growth of 4.2% this year and 3.7% next year. But significant risks loom over the improved outlook, notably in the form of how fast authorities get vaccine shots to people, how soon restrictions are lifted and whether new variants of the coronavirus are kept in

check. OECD on Tuesday also forecast India's GDP to grow at 12.6% in FY22, the highest among G20 countries. This also marked a sharp turnaround from a 7.4% contraction in previous fiscal. It noted that higher commodity prices will also raise inflation in net commodity importers, such as India and Turkey, relative to commodity exporters.

3) Capital expenditure in industrial sectors is expected to rise 45-55 per cent in financial year 2021-22 as the economy gains from a government's scheme to boost productivity, said a report by Crisil Research on Tuesday. The India Outlook Report expects gross domestic product (GDP) growth to be at 11 per cent in fiscal 2022, after an estimated 8 per cent contraction this fiscal. The next fiscal, like the current, will have a low base “optical” growth in the first half and a rebound in the second. The capex rise in pharmaceuticals, chemicals, textiles, cement, auto and ancillary, metals and oil and gas will come on the back of a 35 per cent contraction in capex in the current fiscal. It will be driven by core sectors and the government’s productivity linked incentive (PLI) scheme. Led by the oil and gas, that accounted for 30-32 per cent, close to 16000 manufacturing companies spent Rs. 3-3.5 trillion on capex annually over the past three years. “Without PLI, a meaningful recovery would have come only after two years in non-metal and cement sectors,” said the report. PLI is directed at sectors that account for 30-35 percent of non-oil import bills. For instance, automobiles and components worth Rs. 80,000 crore to Rs. 90,000 crore—the highest among all the sectors in value terms-- were imported from China and Korea in FY20. This was 20-25 per cent of India’s auto components requirements. The second largest was the IT hardware (laptop, personal computers, tablets and servers) sector that imported goods worth Rs. 25,000 crore to Rs. 30,000 crore from China and Hong Kong in FY20. This was 80-85 per cent of demand for such hard wares in the domestic market.

4) Last week on Friday, Prime Minister Narendra Modi said production linked incentive (PLI) scheme, which is aimed at boosting domestic manufacturing and exports, is expected to increase the country's production by US$ 520 billion in the next five years. Addressing a webinar, Modi said the government is continuously carrying out reforms to boost domestic manufacturing. In this year's Budget, about Rs. 2 lakh crore was earmarked for the PLI scheme for the next five years and "there is an expectation that the scheme would result in increasing the production by about US$ 520 billion in the next five years", he said. He added that there is also an expectation that the current workforce in the sectors, which will avail the benefits of the PLI scheme, will be doubled and job creation will also increase. The Prime Minister said the government is working to reduce compliance burden, further improve ease of doing business and cut down logistics costs for the industry. "PLI scheme would boost manufacturing in sectors from telecom to auto to pharma. PLI is aimed at expanding manufacturing and boosting exports," he said.

5) Prime Minister Narendra Modi last week said that the Central government has opened up several sectors including agriculture, space, atomic energy and Defence Research and Development Organisation (DRDO) for the talented youth of the country, adding that keeping knowledge and research within limits is an injustice to the nation. "It is an injustice to the nation to keep knowledge and research within limits. With this mindset, we are opening up several sectors such as agriculture, space, atomic energy and DRDO for our youth that is full of potential," PM Modi said while speaking at a webinar on the implementation of Union Budget 2021 in the education sector. He further added that in this year's budget, the government has given more focus on the making of institutions and their access. "For the first time in India, we are developing a National Research Foundation, at a cost of Rs 50,000 crore," the Prime Minister said. Talking about the reforms in the technology sector, PM Modi said, "There's a new tradition of Hackathons for start-ups in India. It will strengthen both the youth as well as the industry."

6) India's services activity expanded at the fastest rate in a year during February and companies noted the sharpest rise in overall expenses, a monthly survey said on Wednesday. The seasonally adjusted India Services Business Activity Index rose from 52.8 in January to 55.3 in February, pointing to the sharpest rate of expansion in output in a year amid improved demand and more favourable market conditions.The index was above the critical 50 mark that separates growth from contraction for the fifth month in a row during February as the roll-out of Covid-19 vaccines led to an improvement in business confidence towards growth prospects. While, new work intake expanded for the fifth straight month, panellists continued to indicate that the Covid-19 pandemic and travel restrictions curbed international demand for their services. "New export orders declined for the twelfth month running, albeit at the weakest rate since last March," the survey noted. Meanwhile, Indian private sector output rose at the quickest pace in four months during February. The Composite PMI Output Index, which measures combined services and manufacturing output, increased from 55.8 in January to 57.3 in February. "Economic activity is generally expected to recover in the final quarter of fiscal year 2020/21 after coming out of technical recession in Q3, and the latest improvement in the PMI indicators points to a strong expansion in the fourth quarter, should growth momentum be sustained in March," said Pollyanna De Lima, Economics Associate Director at IHS Markit.

7) In a bid to develop the 7,500 km coastline of India, the Ministry of Port Shipping and Waterways has created a list of 400 projects which have an investment potential of US$31 billion (Rs. 2.25 trillion). Speaking at the inaugural of ‘Maritime India Summit 2021’ through video conferencing on Tuesday, Prime Minister Narendra Modi invited the world to come to India and be a part of the country’s growth trajectory as it focuses on upgradation of infrastructure

and boosting reform journey. The capacity of major ports has increased to 1,550 million tonnes at present from 870 million tonne in 2014. Indian ports now have features such as Direct port Delivery, Direct Port Entry and an upgraded Port Community System (PCS) for easy data flow. “Our ports have reduced waiting time for inbound and outbound cargo,” he added. At present, mega ports with world-class infrastructure are being developed in Vadhavan, Paradip and Deendayal Port in Kandla. “Ours is a Government that is investing in waterways in a way that was never seen before. Domestic waterways are found to be cost effective and environment friendly ways of transporting freight. We aim to operationalise 23 waterways by 2030,” he said. India has as many as 189 lighthouses across its vast coastline and that the government has chalked out a plan to develop some of these spots into tourist destination. “We have drawn up a programme for developing tourism in the land adjacent to 78 lighthouses. The key objective of this initiative is to enhance development of the existing lighthouses and its surrounding areas into unique maritime tourism landmarks,” Modi informed. PM Modi announced that steps are also being taken to introduce urban water transport systems in key states and cities such as Kochi, Mumbai, Gujarat and Goa. The Government has recently widened the ambit of the maritime sector by renaming the Ministry of Shipping as Ministry of Ports, Shipping and Waterways so that work happens in a holistic manner.

8) India's exports marginally declined 0.25 per cent to US$27.67 billion in February while imports grew by 6.98 per cent to US$40.55 billion during the month, according to provisional data released by the commerce ministry on Tuesday. The trade deficit widened to US$12.88 billion in February as compared to US$10.16 billion in the year-ago period, the ministry said in a statement. The exports during April-February 2020-21 period stood at US$255.92 billion. In the same period a year ago, it was at US$291.87 billion, showing a negative growth of 12.32 per cent. Imports during April-February period too dipped 23 per cent to US$340.88 billion. In February 2021, Oil imports were US$8.99 billion, as compared to US$10.78 billion in February 2020, a decline by 16.63 per cent. Oil imports in April-February 2020-21 stood at US$72.08 billion, as compared to US$120.50 billion, showing a decline of 40.18 per cent.

9) India's Phase II of vaccination drive started last week for those above 60 years of age and within the age bracket of 45 to 59 years with specified comorbidities such as diabetes and heart ailments. India has given the first dose of covid antidote to 2.30 crores beneficiaries in the nation-wide vaccination till date. India became the fastest country in the world to reach the 6 million Covid-19 vaccination mark. About 18-19 vaccine candidates against COVID-19 are in the pipeline and in different clinical trial stages, Health Minister Harsh Vardhan had said earlier. He added, "About 18-20 vaccine candidates against COVID-19 are in the pipeline and are in preclinical, clinical and advanced stages. He further said that India will be supplying vaccines to 20-25 other countries.

10) The goods and services tax (GST) collection crossed the Rs. 1 lakh crore mark for the fifth month in a row in February. GST collection in the month stood at Rs. 1.13 lakh crore, 7 percent higher year-on-year, but lower than an all-time high of nearly Rs. 1.20 lakh crore in January, official data showed on March 1. "In line with the trend of recovery in the GST revenues over past five months, the revenues for the month of February 2021 are 7 percent higher than the GST revenues in the same month last year," the Finance Ministry said in a statement. Out of the total for February, Central GST was Rs. 21,092 crore, State GST was Rs. 27,273 crore, Integrated GST was Rs. 55,253 crore (including Rs. 24,382 crore collected on import of goods) and compensation cess was Rs. 9,525 crore (including Rs. 660 crore collected on import of goods).

11) India’s agriculture economy is ripe for a ‘revolution’ in post-harvesting and food-processing sectors. And, the Union Budget 2021-22 aims to achieve these goals, Prime Minister Narendra Modi said on March 1. Speaking at a webinar on the Budget’s agriculture-related announcements, the Prime Minister also said the private sector should increase its participation in areas such as agriculture research and development, storage and processing, as well as soil testing. “The time is ripe for a post-harvesting and food-processing revolution in India. This should have been done two-three decades ago. We have to make up for that lost time, and have to focus on processing facilities in rural areas,” PM Modi said.

12) India's gross domestic product expanded 0.4% in the three months ended December, after contracting for two consecutive quarters, according to government data released on Friday. The country's economic growth shrank 7.5% a quarter ago and grew 4.1% in the year-ago period. In its second advance estimates of national accounts, the National Statistical Office (NSO) has projected 8% contraction in 2020-21. In its first advance estimates released in January, it had projected a contraction of 7.7% for the current fiscal as against a growth of four% in 2019-20. The economy had shrunk by an unprecedented 24.4% in the first quarter this fiscal following the coronavirus pandemic and resultant lockdowns. However, in the second quarter, the GDP contraction was less at 7.5% due to an improvement in economic activities. "Significant recovery in manufacturing and construction augurs well for the support these sectors are expected to provide to growth in FY 2021-22. Real GVA in manufacturing has improved from a contraction of 35.9% in Q1 to a positive growth of 1.6% in Q3 while in construction the recovery has been from a contraction of 49.4% in Q1 to a positive growth of 6.2% in Q3.These sectors are vital to the

economy to achieve a growth of 11% or more in 2021-22 as they will be impacted most by the counter cyclical fiscal policy that budgets fiscal deficit at 6.8% of GDP," said Ministry of Finance in a statement.

13) Prime Minister Narendra Modi on February 26 said that the government formulated special schemes for India's startups and Micro, Small and Medium Enterprises (MSMEs) as they would be the identity of 'Aatmanirbhar Bharat'. Addressing a webinar on implementation of the Union Budget in financial services sector, PM Modi said that around 90 lakh enterprises were given credit worth Rs. 2.4 lakh crore under these special schemes. "Atmanirbhar Bharat will be built by our MSMEs and startups. They will be the identity of Atmanirbhar Bharat. Thus, we formulated special schemes for them during the coronavirus pandemic. Around 90 lakh enterprises have received a credit worth Rs 2.4 trillion (Rs 2.4 lakh crore) under these special schemes," PM Modi said. "Supporting MSMEs and startups, and expanding credit flow to them is key. The government has reformed and opened many sectors such as agriculture, coal and space for them. Now it is the responsibility of the financial sector to identify and help these aspirations from small towns and villages, and make them Atmanirbhar Bharat's strength," PM Modi added.

14) The government has an ambitious plan to monetise around 100 government-owned assets as part of the monetisation plan, said Prime Minister Narendra Modi when he spoke about various reforms undertaken in the Union Budget. "With this the government will be aiming to achieve Rs. 2.5 trillion investment, we are going ahead with the mantra of monetise and modernise," PM Modi said. Speaking at a webinar on privatisation by the Department of Investment and Public Asset Management (DIPAM), Modi said state-owned companies in four strategic sectors will be kept at bare minimum and that the government is committed to privatising PSUs in all sectors barring four strategic ones. Further, PM Modi urged for the feedback on the privatisation and monetisation initiative for swift implementation. Outlining the government focus going forward, PM Modi said that the government is working on Rs. 111 trillion national infrastructure pipeline (NIP) fund. "The government has no business to be in business. When government monetises, that space is filled by private sector of the country. Private sector brings investment and best global practices with them," he said.

15) Earlier, the Centre lifted the embargo on grant of government business to private banks, enabling banks to participate in all developmental activities. Prime Minister Narendra Modi also made a strong case for repealing archaic laws and making it easier to do business in India, stating that the centre and states need to work closely to boost economic growth. The Prime Minister also underlined the need for reducing compliance burden and repealing obsolete laws. He asked the states to form committees to reduce regulations which are no longer relevant in the wake of technology growth. PM Modi said states should attract investment using production-linked incentive (PLI) scheme.

16) Finance minister Nirmala Sitharaman earlier asked India Inc to exhibit their animal spirits to put Indian economy on a sustainable path of recovery, now that the Budget and the earlier government moves has given clarity on policies and tax rates. She also urged credit rating agencies to grade the economies in relative sense and not as silos. "I have been waiting to see greater investments from the private sector post-the corporate tax rate cuts. Now that the policy is clear, tax rates have been brought down, policy consistency has been underlined and ease of doing business is still going further, I would like now to see private investors and private industry in India coming forward with the so called animal spirit to show that it is possible to pull India up and keep it high as one of the fastest growing economies," she said in her address on the occasion of the foundation day of All India Management Association (AIMA).

17) The Reserve Bank of India (RBI) earlier came out with a slew of directions related to maintenance of liquidity coverage ratio, risk management, asset classification and loan-to-value ratio, among others, for HFCs. All non-deposit taking HFCs with an asset size of Rs. 10,000 crore and above, and all deposit taking HFCs irrespective of their asset size will have to achieve a minimum liquidity coverage ratio (LCR) of 50 per cent by December 1, 2021 and gradually to 100 per cent by December 1, 2025. No housing finance company shall grant housing loans to individuals up to Rs. 30 lakh with LTV ratio exceeding 90 per cent and above Rs. 30 lakh and up to Rs. 75 lakh with LTV ratio exceeding 80 per cent. The central bank said these directions, which shall come into force with an immediate ffect, are aimed at preventing the affairs of any HFCs from being conducted in a manner detrimental to the interest of investors and depositors.

18) Earlier, the Cabinet approved production-linked incentive (PLI) scheme worth Rs. 12,195 crore for telecom equipment manufacturing, Union minister Ravi Shankar Prasad said. He added that the government is positioning India as a global powerhouse for manufacturing, and has created a conducive environment for ease of doing business.

19) The Government of India is planning to spend around Rs. 7.5 trillion to build oil and gas infrastructure over the next five years, said Prime Minister Narendra Modi. Strong emphasis has been laid on the expansion of city gas distribution networks by covering 470 districts, the PM said, adding that the government is aiming to increase the

share of gas in the energy basket from 6.3 per cent currently to 15 per cent. He said the share of energy from renewable sources will be raised to 40 per cent by 2030.

Global markets

1) Asian equities recovered from earlier losses on Tuesday, lifted by firmer US equity futures and central bank comments aimed at soothing fears about rising by inflation. A pullback in US bond yields also buoyed equity markets.

2) Japan's Nikkei rallied 1.02 per cent on Tuesday afternoon, while MSCI's broadest index of Asia-Pacific shares outside Japan was 0.10 per cent higher. Chinese blue chips added 0.03 per cent.

3) In Europe, however, the pan-European STOXX 600 was down 0.1 per cent in early deals, with miners falling 1.9 per cent and automakers dropping 1 per cent. The German DAX also eased 0.3 per cent.

Ajcon Global's view

1) Indian equities ended in green led by rally in BFSI and IT space. Concerns like rise in Brent crude oil prices, weak global cues and increasing COVID-19 cases in Maharashtra are capping gains. However, key factors like positive GDP data, phase II of COVID-19 vaccinations drive going strongly, strong domestic monthly auto sales numbers suggests good days will last long and we are in structural bull run. The Nifty valuations are trading around 37-40x which looks expensive but with recent budget proposals one will need to watch out the effect on corporate earnings in Q4FY21 and FY22. Q3FY21 earnings season has been robust for majority of the players till date and re-rating has already happened in infrastructure, Banks, NBFCs, auto and overall PSUs sector. Q3FY21 earnings season has been good after strong results by Companies like TCS, Hindustan Unilever, Maruti, Tata Motors, Colgate, SBI, Central Bank, Bank of India, Union Bank of India, HDFC Bank, ICICI Bank, Shriram Transport Finance, IIFL Finance, Ajanta Pharma, Avenue Supermarts (Dmart), Tata Elxsi, Bajaj Auto, Ceat, JK Tyre, Bajaj Auto, Bajaj Electricals, Polycab, NMDC, BEML, Amber Enterprises, Route Mobile, J.B. Chemicals and Pharmaceuticals, Balaji Amines, Neuland Laboratories, Greenply Industries, Voltas, Happiest Mind Technolo and many more.

2) With good proposals presented in Union Budget 2021-22, RBI's Monetary Policy keeping rates unchanged, positive GDP data, robust GST collections in Feb. 2021, stellar show by majority of the Companies in Q3FY21 earnings season; all eyes would be now FPI liquidity after stellar run and especially COVID-19 cases number after Phase II of vaccination drive in India and spike of COVID-19 cases in Maharashtra.

3) PSU space as a whole was neglected in the past for many years but with recent announcements re-rating has happened and are also available at fair valuations considering majority of the Companies turning expensive post stellar show. We expect strong rally to continue in PSU space going forward after Prime Minister Narendra Modi announcements earlier while speaking at webinar on privatisation by the Department of Investment and Public Asset Management (DIPAM) regarding monetisation of around 100 government-owned assets as part of the monetisation plan. Investors would continue to look out for PSU names which were not in the limelight during the stellar rally.

4) Intermediate corrections which happened last week on Friday and Thursday are part and parcel of a big game which is also good for markets to remain healthy. Overall, Indian equities are expected to report strong show as GST collections were robust too in February 2021, economy recovering at a fast pace and Government putting a lot of emphasis and effort to implement the Strong Budget proposals in a timely and efficient manner. Investors will continue to keep a watch on US Treasury yields and COVID-19 cases numbers especially in Maharashtra. As India is now one of the few major economies to post positive GDP growth in the last quarter of calendar year 2020, buoyancy from FPIs is expected to remain. Stock specific opportunities would emerge and investors will keenly track PSUs which would benefit on Government's impetus on privatisation.

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