

Pharma and Auto stocks lead the rally; Sensex and Nifty add 13 percent for the week..

Benchmark indices ended up by over 4 per cent gains on Thursday, in line with global peers that gained on hopes that the coronavirus pandemic was nearing its peak globally. That apart, hopes of more stimulus measures by the government also kept the investor sentiment upbeat.

The S&P BSE Sensex jumped 1,266 points or 4.23 per cent to settle at 31,160 amid heavy buying in index heavyweights such as HDFC, HDFC Bank, ICICI Bank, Reliance Industries (RIL), and Maruti. NSE's Nifty reclaimed the crucial 9,000 levels to end at 9,112, up 363 points or 4 per cent.

On a weekly basis, both Sensex and Nifty added around 13 per cent.

In the broader market, the S&P BSE MidCap index ended over 3.63 per cent higher at 11,374 and the S&P BSE SmallCap index added over 3 per cent to 10,294.

On the sectoral front, all the indices on the NSE ended in the green with the Nifty Auto index jumping over 10.5 per cent to 5,569 levels. Volatility index India VIX declined over 5 per cent to 49.56 levels.

Markets will remain closed tomorrow on account of Good Friday.

Key development

The Securities and Exchange Board of India (Sebi) has relaxed its guidelines for foreign portfolio investors (FPIs) seeking a Category-I licence, a move seen giving a boost to overseas investment in stocks. Investors from countries which are not Financial Action Task Force (FATF) members can still qualify for such registrations if the countries are specified by the Indian government. The move may benefit funds and investments routed through countries, such as Mauritius and those from West Asia, and aid overseas flows coming into India, said experts. At present, the FATF has 39 members, including Australia, Singapore, Luxembourg, South Korea, the US, the UK, and China. West Asian nations, such as Bahrain, Oman, Qatar, Kuwait, and the UAE are not its members. Nearly 80 per cent of FPIs were put under Category-I after the reclassification of three categories into two in September last year. Being part of Category I implies lower compliance burden, simplified know-your-customer (KYC) norms and documentation requirements, and fewer investment restrictions. Such investors can subscribe and issue offshore derivative instruments and are not subject to indirect transfer provisions. Most funds coming from Mauritius, Cayman Islands, Cyprus, and the British Virgin Islands are currently classified as Category-II. Despite its treaty amendment with India, Mauritius remains the second-largest source of FPI money.

Crude oil

Crude oil prices rose on expectations the world's largest oil producers would agree to cut production at a meeting later in the day as the industry grapples with a coronavirus-driven collapse in global oil demand.

Sectors and stocks

Sun Pharma regained the market-capitalisation of Rs. 1 trillion after a sharp rally in its stock price. The stock ended at Rs. 455.20 on the BSE, up over 4 per cent.

Shares of Cipla were up significantly by 16 per cent at Rs. 595, also its 52-week high on the BSE on Thursday after the drug firm received United States Food and Drug Administration's (USFDA) nod for the first generic Proventil HFA (albuterol sulfate) metered dose inhaler, used for conditions such as asthma. "The company has received final approval for its Abbreviated New Drug Application (ANDA) for Albuterol Sulfate Inhalation Aerosol 90mcg (base)/actuation, from the USFDA," Cipla said in its press release today. This is the first AB-rated generic therapeutic equivalent version of Merck Sharp & Dohme Corp's Proventil HFA Inhalation Aerosol. It is used for the treatment of acute episodes of bronchospasm or prevention of asthmatic symptoms, it added. Proventil HFA Inhalation Aerosol and its authorized generic equivalent had US sales of approximately US\$153 million for the 12-month period ending February 2020, according to IQVIA (IMS Health). The entire Albuterol Sulfate HFA Inhalation Aerosol market had US sales of approximately \$2.8 billion for the 12-month period ending February 2020. Albuterol is the first generic metered dose inhaler of Proventil HFA Inhalation Aerosol ever approved by FDA in the US and Cipla's first device-based inhalation product in the market, the management said. The company is planning shipments in a staggered manner.

Shares of automobile companies were trading higher for the third straight day on Thursday with the Nifty Auto index rallying 20 per cent in the past three days on value buying. Mahindra & Mahindra (M&M), Maruti Suzuki India, Bajaj Auto, Hero MotoCorp, Tata Motors and Motherson Sumi Systems from the Nifty Auto index were up in the range of 8 per cent to 11 per cent on the National Stock Exchange (NSE). Prior to April 3, in one month, the Nifty Auto index slipped 35 per cent,



AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

as compared to a 28 per cent decline in the Nifty 50 index. According to Moody's Investors Service, the most global automakers are contending with the coronavirus (Covid)-related drop in demand with a more significant liquidity buffer than a decade ago. Liquidity is particularly strong among most European and Asian auto manufacturers, which provides a degree of confidence in their ability to manage through the next few quarters of high cash burn. "Also, the sizable government aid packages announced in late March will be beneficial for the sector, especially large enterprises like auto manufacturers and provide liquidity support to their captive subsidiaries in case of need," said Falk Frey, Moody's Senior Vice President said in a press release on April 7.

M&M was up 8 per cent to Rs. 353, thus gaining 26 per cent in three days, after the company's board turned down a proposal to pump in fresh equity of \$406 million in its ailing South Korean subsidiary SsangYong Motor Co (SYMC) amid the ongoing Covid-19 crisis.

Shares of Titan Company was up by 10 per cent at Rs. 1,005 on the BSE on Thursday in late noon deals. This is despite the company saying its revenue growth for the March quarter (Q4), as well as the year (FY20), has been impacted severely due to a serious disruption in March on account of COVID-19 outbreak. The management said the company is working out its strategy to manage this crisis with particular focus on ensuring adequate liquidity is available till normalcy returns. Cost will be another major focus area for the company in these trying times. The revenue for the jewellery division, which accounts for a majority business of the company, declined 5 per cent year-on-year (YoY) due to lost sales in March. Revenue growth in January and February stood at around 16.5 per cent YoY, Titan said in a quarterly update note. The eyewear division, too, struggled to achieve growth in the quarter, primarily due to decline in trade channels. The disruption in March led to a 20 per cent drop in revenues for the quarter, it added

Shares of IDBI Bank advanced up to 10.5 per cent to Rs. 21.95 on the BSE on Thursday after the private lender said it has targeted to raise up to Rs. 7,500 crore through rupee bond in the current fiscal. At its meeting held on Wednesday, April 8, 2020, the Board of Directors approved the rupee bond borrowing limit of Rs. 7,500 crore for FY 2020-21 to be borrowed in one or more tranches, IDBI Bank said in a regulatory filing. "The borrowing programme comprises additional Tier I bonds up to Rs 3,000 crore, Basel III Tier 2 bonds up to Rs. 3,500 crore and senior/ infrastructure bonds up to Rs. 1,000 crore by way of private placement during 2020-21," it said. Separately, the board of directors also approved the proposal to sell bank's stake of up to 27 per cent in its life insurance joint venture IFLI.

Global markets

Global equities were up on Thursday owing to hopes the Covid-19 pandemic was nearing a peak and that governments would roll out more stimulus to support their economies, while expectations of a deal to cut oil production bolstered crude prices.

European stock markets gained for a fourth straight day. The pan-European STOXX 600 index was up 1.7 per cent, with battered travel and leisure stocks, autos, and mining companies leading early gains.



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 affiliates, 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.



AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

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
