

**Buoyancy continues in Indian equities; pharma, sugar and metal stocks continue to rally..**

- 1) Indian benchmark indices ended in green for the fourth consecutive session on Monday led by positive global cues and strong Q4FY21 earnings season.
- 2) The BSE Sensex was up by 295.94 points or 0.60 per cent to close at 49,502.41. About seven of the 30 constituents ended the day in the red including UltraTech Cement, Infosys, HCL Tech, Reliance Industries, Asian Paints, Bajaj Finserv, and Axis Bank. The stocks declined up to 1.3 per cent.
- 3) On the NSE, the Nifty50 index reclaimed the crucial 14,900-mark and extended its rally to as high as 14,967 during the day. It ended the day at 14,942 levels, up 119 points or 0.8 per cent, riding on the back of gains in Coal India, UPL, Hindalco, Indian Oil Corporation, Tata Motors, L&T, and Divis Labs. These stocks rallied up to 8 per cent.
- 4) Sectorally, BSE metal, capital goods, healthcare, power, utilities and industrials indices rose up to 3.53 per cent while IT closed lower. In the broader market, the midcap and smallcap indices rallied up to 0.97 per cent.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	49,502.41	49,206.47	<b>295.94</b>	<b>0.60</b>	49,496.05	<b>49,617.47</b>	49,412.05
<b>Nifty</b>	14,942.35	14,823.15	<b>119.20</b>	<b>0.80</b>	14,928.35	<b>14,966.90</b>	14,892.50

**Sectors and stocks**

- 1) Shares of sugar manufacturers and its ancillaries continued to be in upward momentum, rallying up to 75 per cent in the past one month on positive outlook, on Monday. The sugar industry is well poised to benefit from, both, global and domestic factors such as tight global demand-supply situation, favourable policies, push for higher ethanol blending in India and higher ethanol capacity addition. Individually, Dhampur Sugar Mills, Praj Industries, Dwarikesh Sugar Industries and Triveni Engineering & Industries rallied in the range of 14 per cent to 19 per cent on the BSE in the intra-day trade on Monday while Dalmia Bharat Sugar and Industries, Uttam Sugar Mills, Avadh Sugar and Balrampur Chini Mills were up between 9 per cent and 10 per cent. In comparison, the benchmark S&P BSE Sensex was up 0.68 per cent. In the past one month, market prices of Dhampur Sugar Mills, Dwarikesh Sugar Industries and Triveni Engineering have rallied in the range of 73 per cent to 75 per cent, as compared to a 2 per cent gain in the benchmark index.
- 2) Shares of pharmaceutical companies were on a roll at the bourses on Monday, with the Nifty Pharma index hitting an all-time high of 14,172, after rising 3 per cent on the National Stock Exchange (NSE) on the back of strong rally in stocks like Sun Pharmaceutical Industries, Torrent Pharma, Alkem Laboratories, Divis Laboratories, Lupin and Dr Reddys Laboratories. The pharma index surpassed its previous high of 14,020.70, touched in intra-day trade on April 7, 2015. Since April, the Nifty Pharma index has outperformed the market by rallying 15 per cent, against 1.7 per cent gain in the Nifty50 index. In the past one month, the market values of Cadila Healthcare, Lupin, Dr Reddys Laboratories, Divis Laboratories, Aurobindo Pharma and Sun Pharma have appreciated between 10 per cent and 21 per cent. In comparison, the benchmark index was up less than 1 per cent in that the period.
- 3) Shares of CSB Bank hit a 52-week high as it rallied by 10 per cent to Rs. 284.95 on the BSE in intra-day trade on Monday after the lender reported an impressive March quarter result (Q4FY21) with a net profit of Rs. 42.89 crore as against a loss of Rs. 59.7 crore in Q4FY20. The bank surpassed its previous high of Rs. 279.75 touched on March 8. It had hit an all-time high of Rs. 314 on December 5, 2019. CSB Bank has a strong base in Kerala along with a significant presence in Tamil Nadu, Karnataka, AP, Telengana and Maharashtra. In Q4FY21, the net interest income (NII) grew 75 per cent year-on-year (YoY) at Rs. 275.70 crore as against Rs. 157.54 crore in the year-ago quarter. Total non-interest income was up 30 per cent YoY at Rs. 112.32 crore, backed by improved treasury profits, processing fee, Banca commission, Priority Sector Lending Certificates (PSLC) income etc. The improvements in the various ratios supported a higher net interest margin (NIM), which expanded 169 basis points (bps) to 5.42 per cent from 3.73 per cent. The bank's gross non-performing assets (NPA) as a percentage of advances has come down from 3.54 per cent to 2.68 per cent or by 86 bps. Net NPA as a percentage of advances decreased from 1.91 per cent to 1.17 per cent. Provision coverage ratio improved to 84.89 per cent as on Q4FY21 from 80.02 per cent as on Q4FY20. For the entire financial year 2020-21 (FY21), the bank recorded an all-time high net profit of Rs. 218.40



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS

crore as against Rs. 12.72 crore in FY20, an increase of 1,617 per cent. In FY21, the operating profit was Rs. 613.21 crore, 119 per cent higher than the FY20 operating profit of Rs. 280.58 crore. The management said during FY21, while the industry grew by approximately 12 per cent in deposits and 6 per cent in advances, we could outperform by recording a 21 per cent and 27 per cent growth in deposits and advances, respectively. In terms of the overall business, the bank has grown a fourth of the total business it grew in the past 99 years. "While going digital will be the mantra, we also plan to add close to 200 branches to our network in FY 22 so that there is the proper mix of brick and click banking. Though we may have to wait for a month or so to fully understand the impact of the second wave of Covid-19, we are optimistic in our outlook to continue the good work in FY 22 as well," it said.

- 4) Shares of Hindustan Copper (HCL) hit an over eight-year high and were locked in the upper circuit of 10 per cent at Rs. 189.20 on the BSE in Monday's session on expectations of improved demand outlook. The stock of the state-owned copper company has rallied 25 per cent in the past three trading days. It was quoting at its highest level since November 2012. Copper demand is expected to grow at 7-8 per cent in India. Growing demand from the power sector in view of the government laying thrust on renewable energy and increasing demand from the households for consumer durables will boost demand for copper in India. The manufacturing of electric vehicles (EV) will also augment the consumption of copper as EVs use four times more copper than traditional internal combustion engines. Copper is essential to EV technology and its supporting infrastructure and the evolving market will have a substantial impact on copper demand. The government initiatives will further increase the growth of copper consuming industries.

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

- 1) Globally, strong sales in China helped German luxury carmaker BMW to stronger profits in the first three months of the year even as its home market Germany trailed the ongoing recovery in global car markets from the worst of the pandemic shutdowns. BMW said that its sales in China nearly doubled in the quarter to 230,120 vehicles, partly reflecting the shutdowns in early 2020 as China was hit first by the pandemic. Sales in the overall Asia region however exceeded even pre-pandemic levels. Sales were up by double-digit percentages in most of Europe and in the US. An exception was the company's home market in Germany, where sales dropped 5 per cent. The earnings underscored the German auto industry's strong connections with China; competitor Volkswagen said Wednesday that it recorded a 61 per cent increase in first-quarter unit sales there, helping it sharply increase profits.
- 2) U.S. job growth unexpectedly softened in April from the prior month, suggesting that difficulty attracting workers is slowing momentum in the labor market. Payrolls increased 266,000 after a downwardly revised 770,000 March increase, according to a Labor Department report Friday that fell well short of projections.
- 3) The finance ministry on last Friday said that the second wave of coronavirus (Covid-19) has posed a downside risk to economic activity in the April-June quarter of financial year 2022. However, it expects a muted economic impact as compared to the first wave. The finance ministry's Department of Economic Affairs (DEA) in its Monthly Economic Review for April said "the second wave in India is witnessing a much higher caseload with new peaks of daily cases, daily deaths and positivity rates and presents a challenge to ongoing economic recovery. With infections forcing localised or state-wide restrictions, there is a downside risk to growth in the first quarter of FY22. However, there are reasons to expect a muted economic impact as compared to the first wave. The experience from other countries suggests a lower correlation between falling mobility and growth as economic activity has learnt to operate 'with Covid-19,' the report said. In April, due to the second Covid-19 wave in India, the momentum in economic recovery since the first wave has moderated. However, agriculture continues to be the silver lining with record foodgrain production estimated in the ensuing crop year on the back of predicted normal monsoons.
- 4) Last week, The Reserve Bank of India (RBI) announced a Covid-19 healthcare package of Rs. 50,000 crore for vaccine makers, medical equipment suppliers, hospitals and patients in need of funds, as it opened up another round of restructuring of loans for individual and small borrowers for up to two years. RBI governor Shaktikanta Das, in an unannounced press conference Wednesday morning, announced measures to help the economy during India's second wave of Covid-19 infections. Loans, which can be given till March 31, 2022, by banks will be classified as priority sector loans for three years or repayment whichever is earlier. The classification comes with a softer loan rate. Banks can put their surplus liquidity worth the loans they give under the scheme with the RBI, using a special liquidity window earning reverse repo rate plus 40 basis points. This will work as an incentive for banks to expand their loan books, said Das. Individual borrowers and small businesses with loan outstanding of up to Rs 25 crore, and who did not avail for moratorium or restructuring relief last year, can ask for restructuring of their loans for up to 2 years. The window remains open up to 30 September, and banks will have to do the restructuring within 90 days of getting the request. Individual borrowers and small businesses that availed the facility last year but banks allowed restructuring of less than two years can now avail the facility and tell banks to increase the residual repayment window to up to two years in total. The RBI will also have a special long-term repo operation window for small finance banks, whereby the banks can borrow funds up to Rs 10,000 crore at repo rate for deploying for fresh loans



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS

SFBs, to be deployed for fresh lending of up to Rs 10 lakh per borrower. Besides, the RBI extended some measures taken last year for banks and other entities to help during the pandemic. "The immediate objective is to preserve human life and restore livelihoods through all means possible," governor Das said in his speech.

- 5) India's manufacturing sector activity was flat in April 2021, as rates of growth for new orders and output eased to eight-month lows amid the intensification of the COVID-19 crisis, a monthly survey said on Monday. The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) was at 55.5 in April, little changed from March's reading of 55.4. In PMI parlance, a print above 50 means expansion while a score below 50 denotes contraction. "The PMI results for April showed a further slowdown in rates of growth for new orders and output, both of which eased to eight-month lows amid the intensification of the COVID-19 crisis," said Pollyanna De Lima, Economics Associate Director at IHS Markit. Lima also noted that "the surge in COVID-19 cases could dampen demand further when firms' financials are already susceptible to the hurdle of rising global prices."
- 6) The gross Goods and Services Tax (GST) revenue collection for the month of April 2021 touched a record high of Rs. 1,41,384 crore, of which CGST was Rs. 27,837 crore, SGST Rs. 35,621, and IGST Rs. 68,481 crore. GST collections have consistently crossed Rs. 1 trillion mark for the last seven months. "Despite the second wave of coronavirus pandemic affecting several parts of the country, Indian businesses have once again shown remarkable resilience by not only complying with the return filing requirements but also paying their GST dues in a timely manner during the month," the government said in an official statement. During April, the revenues from domestic transaction (including import of services) are 21 per cent higher than the revenues from these sources during the last month. "These are clear indicators of sustained economic recovery during this period. Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, Income-tax and Customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue," the government said.
- 7) India's eight key infrastructure industries growth reached a 32-month high of 6.8 per cent in March as compared to a year earlier, mainly due to a low base, data released by the commerce and industry ministry showed. Core sector output had contracted 37.9 per cent in April last year, with the imposition of a nationwide lockdown. While the pace of contraction declined in the subsequent months, positive growth was seen only in December and January. In fact in February, there was a degrowth of 3.8 per cent after mild growth in the previous months. The cumulative growth during April-March (2020-21) was 7 per cent.
- 8) The euro zone economy declined less than expected in the first three months of the year, preliminary data showed on Friday, while headline inflation picked up as expected on a surge in energy prices. The European Union's statistics office Eurostat said gross domestic product in the 19 countries sharing the euro contracted 0.6% quarter-on-quarter for a 1.8% year-on-year fall. The euro zone's first quarter contraction was mainly caused by a 1.7% quarterly slump in its biggest economy Germany, though mitigated by 0.4% quarterly growth in second biggest France.
- 9) US economic growth accelerated in the first quarter, fueled by massive government aid to households and businesses, charting the course for what is expected will be the strongest performance this year in nearly four decades. Gross domestic product increased at a 6.4% annualized rate last quarter, the Commerce Department said on Thursday in its advance estimate of GDP for the first three months of the year. That was the second-fastest GDP growth pace since the third quarter of 2003 and followed a 4.3% rate in the fourth quarter. Personal consumption, the biggest part of the economy, surged an annualised 10.7%, the second-fastest since the 1960s. The United States' economy is reviving rapidly as compared to its global rivals, thanks to two additional rounds of COVID-19 relief money from Washington as well as easing anxiety over the pandemic, which has boosted domestic demand and allowed services businesses like restaurants and bars to reopen. Former President Donald Trump's government provided nearly \$3 trillion in relief money early in the pandemic, leading to record GDP growth in the third quarter of last year. That was followed by nearly \$900 billion in additional stimulus in late December. President Joe Biden's administration offered another \$1.9 trillion rescue package in March, which sent one-time \$1,400 checks to qualified households and extended a \$300 unemployment subsidy through early September.
- 10) Prime Minister Narendra Modi earlier urged all citizens to be vaccinated and exercise caution, saying the "storm" of infections had shaken India. India has given the first dose of covid antidote to 17.01 crores beneficiaries in the nation-wide vaccination till date.
- 11) 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.

- 12) 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.
- 13) 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.
- 14) 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.

#### **Crude oil**

- 1) Crude oil prices were up after cyber attack shut down a US pipeline operator that provides nearly half of the US east coast's fuel supply. Brent crude rose 0.5 per cent to \$68.64 per barrel, while US crude ticked up 0.5 per cent to \$65.23 a barrel.

#### **Global markets**

- 1) Globally, equities touched new high on Monday on expectations that interest rates will continue to remain low and the economies will continue their recovery. MSCI's gauge of stocks across the globe hit a fresh record high and was up 0.1 per cent.
- 2) Europe's STOXX 600 regional benchmark was up 0.1 per cent in early deals, while MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.4 per cent.

#### **Ajcon Global's observations and view**

- 1) Indian equities continued to rally as companies continue to report strong performance in Q4FY21 and positive global cues lifted investor sentiments. In addition, RBI measures amidst second wave of COVID-19 has been taken well by the street. However, there are concerns on slow start to vaccination drive for adults in the age group of 18-45 years owing to shortage in certain states. The continuous sharp spike of COVID-19 cases in the second wave along with more deaths on daily basis is a serious matter of concern. At present, the country is in war footing to fight this pandemic save the lives of COVID-19 patients. The tools and resources are falling short to fight this devastating pandemic. The vaccination coverage for major population will also take lot of time and efforts which was looking easier earlier.
- 2) The Globally, US President Joe Biden proposing to hike the capital gains tax rate for wealthy individuals in the range of 39 - 42 percent to support social spending can also dampen investor sentiments across the globe.
- 3) 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. No doubt the country is facing the second wave of COVID-19 crisis on war footing; there are still positives that the Country has to offer. Key domestic factors like record GST collections in April 2021, positive GDP data, good proposals presented in Union Budget 2021-22 will always keep bulls in the hunt for long term. Improved US GDP data, good stimulus package in US and reduced unemployment rate in US will also support bulls. The Nifty valuations are trading in the range of 35x-40x which looks expensive amidst the high intensity of second wave of COVID-19.
- 4) Q4FY21 results season has been good so far led by Reliance Industries, Hindustan Unilever, Bajaj Finserv, Bajaj Finance, Shriram Transport Finance, SAIL, Tata Steel, Tata Elxsi, HDFC Life, SBI Cards, Castrol, Marico, Angel Broking etc. No doubt Q4FY21 results have been strong and encouraging but the second wave of COVID-19 would impact Q1FY22 results.
- 5) 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 corrections led by strict localised restrictions and lockdown in certain states. We have still not witnessed a steep correction so far. Investors will track ongoing Q4FY21 earnings season



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS

and management commentary on future scenario. Going ahead, investors will track monthly auto sales numbers, ongoing Q4FY21 earnings season, management commentary on future scenario and intensity of COVID-19 second wave and resultant situation in the country.



## Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited 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 Limited 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 Limited 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 Limited 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 Limited 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 Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited 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 Limited 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 Limited 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 Limited 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 Limited 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 Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited 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 Limited 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 Limited 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 Limited 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 Limited 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 Limited 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, [research@ajcon.net](mailto:research@ajcon.net)

CIN:L74140MH1986PLC041941

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

**Website:** [www.ajcononline.com](http://www.ajcononline.com)

### **Registered and Corporate office**

408 - (4<sup>th</sup> 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