AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **March 17, 2021**

Broad based sell of witnessed; rising COVID-19 cases dented investor sentiments..

1) Indian equities continued to bleed for the fourth consecutive session led by broad-based sell-off. All the sectoral indices ended the day in the red with the Nifty Realty, Metal, and PSU Bank indices dropping up to 3 per cent. The Nifty Pharma, Private Bank, and Auto indices, meanwhile, skid up to 2 per cent.

2) At the headline level, the benchmark S&P BSE Sensex ended at 49,802 levels, down 562 points or 1.12 per cent, while the Nifty50 settled at 14,721 levels, down 189 points or 1.27 per cent. In the intra-day trade, the Sensex and the Nifty indices hit a low of 49,719 and 14,696 levels, respectively.

3) 26 of the 30 constituents on the Sensex and 48 of the 50 constituents on the Nifty declined on the indices today with BPCL, Tata Motors, ONGC, Coal India, Adani Ports, NTPC, Reliance Industries, Sun Pharma, Hero MotoCorp, IndusINd Bank, and SBI leading the list of losers. All these counters declined between 2 per cent and 5 per cent.

4) On the upside, only ITC, Infosys, HDFC, and TCS ended the day in the green, advancing up to 1.5 per cent.

5) Broader markets today underperformed their large-cap peers with the S&P BSE MidCap index declining by 2.28 per cent, while the S&P BSE SmallCap index fell by 2.12 per cent.

6) Investors wealth has declined by over Rs. 5.55 trillion in four trading days.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	49,801.62	50,363.96	**-562.34**	**-1.12**	50,436.02	**50,561.12**	49,718.65
Nifty	14,721.30	14,910.45	**-189.15**	**-1.27**	14,946.55	**14,956.55**	14,696.05

Sectors and stocks

1) Shares of SBI Cards and Payment Services declined up to 5.12 per cent to Rs. 969.6 on the BSE in the intra-day trade on Wednesday after over 40 million equity shares changed hands via block deal. At close, the stock was quoting 4.4 per cent lower at Rs. 977.

2) Shares of Delta Corp continued its rally on Wednesday. It was up by 8 per cent to hit a 14-month high of Rs. 201.95 on the BSE in an otherwise weak market. The stock of the largest gaming company in India was trading at its highest level since January 2020. Delta Corp is the largest and the only listed company engaged in India's casino gaming industry. The Company is also the sole organised player in the industry. It operates in all the formats of gaming i.e. Live Casino, Electronic Casino and Online gaming. Delta Corp in the financial year 2019-20 (FY20) annual report said that India is among the top five online mobile gaming countries globally. The gaming industry is undergoing a massive evolution due to increasing mobile penetration. There has been over 20 per cent growth in casual gaming because of smartphones. The count of online gamers in India grew 31 per cent in 2019 to reach around 365 million and is expected to reach 440 million by 2022. Meanwhile, ace investor Rakesh Jhunjhunwala (4.31 per cent) and his wife Rekha Jhunjhunwala (3.19 per cent) collectively held 7.5 per cent stake in Delta Corp as on December 31, 2020, the shareholding pattern data shows.

3) Shares of Indigo Paints hit their lowest level since listing at Rs. 2,375, down 2.8 per cent on the BSE in intra-day trade on Wednesday. The stock was trading lower for the fourth straight day, having fallen 5.5 per cent during the period. With four days of decline, the stock of Indigo Paints has corrected 29 per cent from its high of Rs. 3,348 touched on February 3, 2021.

4) On the contrary, shares of Vedanta hit a fresh 52-week high of Rs. 230, up 2 per cent on the BSE, in the intra-day trade on Wednesday after the promoter, Vedanta Resources Plc, raised the open offer price for buying shares in flagship Indian firm to Rs. 235 per share from Rs. 160 per share earlier. At close, the stock was at Rs. 223, down 1 per cent.

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Key recent major developments..

1) States have to take "quick, decisive" steps to stop the emerging second peak of Covid-19, said Prime Minister Narendra Modi on Wednesday, urging chief ministers to adopt the test, track and treat as they stop wastage of vaccines. “The confidence we have gained in reaching this point in our fight against the pandemic should not turn to negligence. While we do not want to create any panic, we have to take steps to rid ourselves of this trouble,” PM Modi said in a virtual address called as Covid-19 cases rise in states.

2) S&P Global Ratings on Wednesday said the recovery across Asia's emerging economies would withstand rising US yields so long as this reflects an improving growth outlook and reflation rather than a monetary shock.US yields are rising mostly due to expectations of higher growth, rather than fears of imminent tightening, or monetary-policy shock. This time around, initial conditions in Asia are sturdier than they were in 2013, the rating agency said. It said current account surpluses, low inflation (for the most part), higher real interest rates, and fatter foreign-exchange reserve buffers give regional policymakers more flexibility and should allow central banks to remain focused on supporting recovery.The US-based agency, however, said that if markets price a policy mistake and US real yields surge higher, risks of a 'taper tantrum' rise, with India and Philippines most exposed. In 2013, US yields leaped after the US Federal Reserve indicated it would begin unwinding its quantitative easing program. The resulting panic over rising credit costs led to sharp outflow from emerging markets, including Asia's, and forced central banks to hike interest rates. Since then, S&P said, the central banks in India and Thailand have been more aggressive in building up reserve buffers. It said the effect of USD 1.9 trillion in stimulus on US inflation and rates remains uncertain and markets can react in a non-linear way if inflation expectations surge above central bank targets and imminent tightening is priced in. "In this case, we may see real yields (rather than inflation expectations) jump and the US dollar appreciate at the same time. In our view, this would trigger disorderly capital outflows from Asia's emerging markets. India and the Philippines are the most vulnerable at the current juncture," S&P added.

3) Around 78.27 lakh (7.8 million) domestic passengers travelled by air in February 2021 which is 36.71 per cent lower than the corresponding period last year, Indian aviation regulator DGCA said on Wednesday. As per the Directorate General of Civil Aviation (DGCA), 77.34 lakh people travelled by air within the country in January. While IndiGo carried 42.38 lakh passengers in February, a 54.2 per cent share of the total domestic market, SpiceJet flew 9.62 lakh passengers which is 12.3 per cent share of the market, according to data shared by the DGCA. Air India, GoAir, Vistara and AirAsia India carried 9.16 lakh, 5.81 lakh, 5.4 lakh and5.21 lakh passengers respectively in February, it showed. The occupancy rate or load factor of the six major Indian airlines was between 67.9 per cent and 78.9 per cent in February, it stated. "The passenger load factor in the month of Feb 2021 has shown increasing trend compared to previous month primarily due to beginning of tourist season," the DGCA said.

4) The Cabinet has cleared a Bill to set up a government-owned development financial institution (DFI) with an initial paid up capital of Rs. 20,000 crore so that it can leverage around Rs. three trillion from markets in a few years to fill the space of providing long term funds to infrastructure projects as well as for development needs of the country. To put it in perspective, Rs three trillion constitutes a bit less than three per cent of Rs 111 trillion, which is the cost of over 7,000 projects in the National Infrastructure Pipeline for 2019-20 to 2024-25. Besides, the government will give Rs 5,000 crore as grants to the institution, Finance Minister Nirmala Sitharaman told media after the Cabinet meeting. The DFI will be fully government-owned initally and the promoter's stake will be brought down to 26 per cent in the next few years, she said. "We have acknowledged that both development and financial objectives will matter for setting up a DFI. We have mentioned it in the Budget and even as the Budget session is on, the Cabinet has already cleared setting up of DFI. With this, we will have an institution and institutional arrangement which will help in raising long term funds," she said.On speculations that infrastructure finance body IIFCL would be merged with the proposed DFI, financial services secretary Debasish Panda said the new institution will start on a "clean slate". Once the institution is set up, its board will decide about acquistion or merger of other companies, he said. The government will provide ten-year tax exemptions to funds invested in DFI to attract long term players such as insurance and pension funds. Besides, concessions from stamp duty would be given for which Indian Stamp Act will be amended.

5) India has given the first dose of covid antidote to 3.50 crores beneficiaries in the nation-wide vaccination till date. India's Phase II of vaccination drive 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 is gaining strong momentum. 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 had also added, "About 18-20 vaccine candidates against COVID-19 are in the pipeline and are in preclinical, clinical and advanced stages. "

6) The wholesale price-based inflation rose for the second consecutive month in February to 4.17 per cent, as food, fuel and power prices spiked. The WPI inflation was 2.03 per cent in January and 2.26 per cent in February last

year. After witnessing months of softening of prices, the food articles in February saw 1.36 per cent inflation. In January it was (-) 2.80 per cent. In vegetables the rate of price rise was (-) 2.90 per cent in February, against (-) 20.82 per cent in January. Inflation in pulses was 10.25 per cent in February, while it fruits it was 9.48 per cent, and in fuel and power basket it was 0.58 per cent. The RBI in its monetary policy last month kept interest rates unchanged for the fourth consecutive meeting and said that the near-term inflation outlook has turned favourable. Retail inflation, based on the consumer price index, was at 5.03 per cent in February, data released last week showed.

7) Industrial production growth re-entered the negative territory by contracting 1.6 per cent in January, while retail inflation soared to a three-month high of 5.03 per cent in February on costlier food items.

8) 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.

9) 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.

10) 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.

11) Earlier, 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.

12) 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.

13) 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).

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.

Global markets

1) Asian and European indices dropped on Wednesday as investors waited to see if the US Federal Reserve will signal a faster path toward policy normalisation than previously expected. The US central bank ends a two-day meeting later in the day.
2) An index of regional equities excluding Japan pulled back 0.5 per cent, led by declines in South Korea’s Kospi. The Shanghai Composite index lost 0.3 per cent and Hong Kong’s Hang Seng fell 0.3 per cent. Japan's Nikkei 225 was flat to slightly lower, while the broader Topix index bucked the trend to rise 0.1 per cent. In Europe, the pan-European STOXX 600 index edged 0.02 per cent lower.

Ajcon Global’s view

1) Indian equities witnessed broad based sell off on Wednesday owing to concerns of rising in COVID-19 cases and localised restrictions to control the spread of virus. In addition, concerns like high inflation, contraction of IIP, high bond yields and elevated crude prices are affecting investor sentiments. Going ahead investors will keep a watch on US bond yields ahead of the outcome of the US Fed policy meeting, COVID-19 cases number on daily basis amidst vaccination drive and FPI liquidity after new concerns stated above.

2) Key factors like positive GDP data, phase II of COVID-19 vaccinations drive going strongly, strong GST collections in Feb. 2021, good proposals presented in Union Budget 2021-22, RBI's Monetary Policy keeping rates unchanged, stellar show by majority of the Companies in Q3FY21 earnings season suggests that 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.

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 are part and parcel of a big game will keep happening is also good for markets to remain healthy. Benchmark indices have been hovering around 37-40x which is very steep and it needed a reason to correct which was provided by weak macroeconomic data, spike in bond yields and resurgence of COVID-19 cases. 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. In addition, the Government is putting a lot of emphasis and effort to implement the Strong Budget proposals in a timely and efficient manner.

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

Ajcon Global Services 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

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