

Benchmark indices end in red; Pharma and Speciality chemical companies rally..

- 1) Benchmark indices were volatile and witnessed a see - saw movement in gains and losses with bears winning the battle with the bulls. Negative global cues dampened investor sentiments. In addition, there are concerns over the second wave of Covid-19 in the country.
- 2) After starting gap-down, the benchmark S&P BSE Sensex initially witnessed a gap - down opening and later recovered all the losses and was up nearly 200 points to hit a high of 48,265 in the intra-day deals. However, in end bears outperformed bulls. At the end, the Sensex was down by 202 points, or 0.42 per cent, to end at 47,878.45 levels.
- 3) On the NSE, Nifty50 closed at 14,341 levels, down 65 points or 0.45 per cent. The index hit a high and low of 14,461 and 14,273 in the intra-day deals.
- 4) Over 30 constituents in the Nifty ended the session in the red including Britannia (down 2.6 per cent), Dr Reddy's Labs, M&M, Wipro, Grasim, Hindalco, and Tech Mahindra. On the Sensex, HUL, ICICI Bank, Bharti Airtel, and Infosys closed as top laggards.
- 5) On the upside, NTPC (up 4 per cent), Power Grid, HDFC Life, SBI Life, BPCL, Coal India, and HDFC outperformed the benchmark indices.
- 6) The overall market breadth remained in the favour of the bulls, courtesy rally in the broader markets. The S&P BSE MidCap index gained 0.2 per cent today while the S&P BSE SmallCap index added 0.5 per cent riding on the back of gains in Confidence Petroleum India, HFCL, MTNL, Panacea Biotech, Indian Bank, Indian Hotel, Muthoot Finance, and Varroc Engineering. The overall advances on the BSE were 1,566 while 1,357 were the declines. About 170 counters remained unchanged.
- 7) On a weekly basis, the Sensex fell by 1.95 percent or 953.58 points and Nifty declined by 1.89 percent or 276.5 points. This was the third weekly consecutive fall after restrictions and lockdowns were imposed in various states the curb the spread of coronavirus in the second wave.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	47,878.45	48,080.67	202.22	0.42	47,863.81	48,265.39	47,669.55
Nifty	14,341.35	14,406.15	64.80	0.45	14,326.35	14,461.15	14,273.30

Sectors and stocks

- 1) Shares of Cadila Healthcare rallied by 3.4 percent after the Company on Friday announced that it has received restricted emergency use approval from the Indian drug regulator, Drug Controller General of India (DCGI), for the use of 'Virafin', Pegylated Interferon alpha-2b (PegIFN) in treating moderate coronavirus infection in adults. The approval follows promising results from a late-stage study of the drug, and comes in the middle of a massive wave of COVID-19 cases in India, which has overwhelmed its health system and left many hospitals short of critical oxygen supplies. "A single dose subcutaneous regimen of the antiviral Virafin will make the treatment more convenient for the patients. When administered early on during Covid, Virafin will help patients recover faster and avoid much of the complications. Virafin will be available on the prescription of medical specialist for use in hospital/institutional setup," the company said in a filing. Speaking on the development, Sharvil Patel, Managing Director of Cadila Healthcare said, "The fact that we are able to offer a therapy which significantly reduces viral load when given early on can help in better disease management. It comes at a much-needed time for patients and we will continue to provide them access to critical therapies in this battle against Covid-19." In its Phase-3 clinical trials, the therapy had shown better clinical improvement in the patients suffering from Covid-19. "During the trials, a higher proportion of patients administered with PegIFN arm were RT PCR negative by day 7. The drug ensures faster viral clearance and has several add-on advantages compared to other anti-viral agents," the company said. We had recommended Cadila Healthcare as part of our Diwali pick at Rs. 418 with a target price of Rs. 520. The

stock has surpassed our target and has reached level of Rs. 570 - upside realised of 36 percent from our recommended price.

- 2) Shares of Laurus Labs hit a new high of Rs. 467.90, up 3 per cent on the BSE in intra-day trade on Friday in an otherwise subdued market. In the past one month, the stock has rallied 30 per cent on the expectation of a strong performance by the company's formulations segment. In comparison, the S&P BSE Sensex has shed 4 per cent during the same period. Laurus Labs on Thursday announced that the board of directors of the company are scheduled to meet on April 29, 2021, to consider and approve the audited financial results of the company for the financial year ended March 31, 2021. The company said the board will also consider the proposal for payment of a third interim dividend for FY 2020-21 and fixation of record date for determining the eligibility of shareholders (if approved). While announcing its Q3 results on January 28, Laurus Labs said its generic API (Active Pharmaceutical Ingredient) division recorded a healthy growth of over 100 per cent for the quarter, led by higher growth in antiretroviral (ARV) API business which in turn was led by higher volume of first-line products. The formulations business showcased a growth of over 120 per cent for the nine months ended December due to higher business from low-and middle-income countries (LMIC). Custom synthesis continues to maintain its growth trajectory with a healthy pipeline and with good visibility, the company said.
- 3) Shares of Alkyl Amines Chemicals rallied by 8 per cent to Rs. 6,386 on the BSE in intra-day trade on Friday, up 11 per cent in the two trading days, after the company fixed May 12 as the record date for the subdivision of face value of equity shares from Rs. 5 to Rs. 2. The stock will turn ex-date for the stock split on May 11. The stock of the specialty chemicals maker surpassed its previous high of Rs. 6,299 touched on April 8. In the past six months, the stock of Alkyl Amines has rallied 109 per cent as compared to a 17.5 per cent rise in the benchmark S&P BSE Sensex. In three years, the stock has rallied by 851 per cent as against a 39 per cent rise in the benchmark index. Earlier, in September 2014, the company had subdivided the face value of its equity shares from Rs 10 paid-up to Rs 5 paid-up. Alkyl Amines has witnessed good performance in FY21. The Company has registered a 20- 25 per cent growth in the topline in the past three quarters. Margins have increased mainly due to benign raw material prices, which have hardened now. The company is optimistic about growth next year. The momentum in pharma continues to remain strong as more and more pharma companies are investing in Capex. The Production-Linked Scheme is faring well for the company too.

Key recent major developments..

- 1) Earlier, Prime Minister Narendra Modi addressed the nation on the current situation of Covid-19 pandemic in India. During the address, PM Modi stressed on the fact that India needs to be saved from a complete lockdown and rather, requested stated to focus on micro containment zones to curb the virus spread. "We have to save India from lockdown, I request states to focus on micro containment zones and use the option only as the last resort," said PM Modi in his speech. PM Modi has been holding several virtual interactions and high-level meetings with state and central ministers, leading doctors and pharma companies in order to come out with solutions for the rampant increase in Covid-19 cases in the country. The meetings also threw light on the prime minister's orders to boost Covid-19 vaccination in the country.
- 2) In a major key development amidst the second wave of COVID-19 pandemic, the Union government on Monday took a major decision to further liberalise the vaccination process. Under the phase-3 strategy of inoculation, the government opened up vaccination to everyone above 18 years. "In a meeting chaired by Prime Minister Narendra Modi, an important decision of allowing vaccination to everyone above the age of 18 from May 1 has been taken," said the government in an official statement. "The Prime Minister said that the government has been working hard from over a year to ensure that maximum numbers of Indians are able to get the vaccine in the shortest possible of time," it said. The government has been working hard from over a year to ensure that maximum numbers of Indians are able to get the vaccine in the shortest possible of time, said PM Modi. India has given the first dose of covid antidote to 13.54 crores beneficiaries in the nation-wide vaccination till date.
- 3) The country's exports jumped by 60.29 per cent to \$34.45 billion in March even as the outbound shipments contracted by 7.26 per cent during the full 2020-21 fiscal to \$290.63 billion. Imports too grew by 53.74 per cent to \$48.38 billion in March, but dipped by 18 per cent to \$389.18 billion during April-March 2020-21, according to the government data released on Thursday. Trade deficit during March 2021 widened to \$13.93 billion from \$9.98 billion in March 2020. The trade deficit during the full fiscal, however, narrowed to \$98.56 billion as against \$161.35 billion during 2019-20, the data showed.
- 4) The wholesale price-based inflation was up to over 8-year high of 7.39 per cent in March on rising crude oil and metal prices. Also, the low base of March last year, when the data was computed with a low response rate due to the nationwide lockdown, contributed to a spike in inflation in March 2021. The WPI inflation was 4.17 per cent in February and 0.42 per cent in March 2020. This is the third straight month of up-tick seen in the wholesale price



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

index (WPI) based inflation. "The annual rate of inflation stood at 7.39 per cent (provisional) for the month of March 2021 over March 2020," the Commerce and Industry Ministry said. Such a high level of WPI was last recorded in October 2012, when inflation was 7.4 per cent.

- 5) The Index of Industrial Production (IIP) which measures industrial output in India fell by 3.6 percent in February. India's industrial output has declined by 11.3 percent in the April-February period of FY21, as compared to the same period of the previous year.
- 6) Consumer Price Index-based inflation (CPI) for the month of March stood 5.52 percent as against 5.03 percent in February. Official data released on April 12 shows that retail inflation in March stayed within the Reserve Bank of India's (RBI) medium term inflation target of 4(+/-2 per cent) for the fourth consecutive month. The combined food price inflation rose to 4.94 percent in March, as compared to 3.87 percent in February.
- 7) The net direct tax collection for the fiscal ended March 31 stood at Rs. 9.45 lakh crore, an increase of 5 per cent over the revised estimates in the Union Budget. Central Board of Direct Taxes (CBDT) Chairman P C Mody on Friday said the income tax department has exceeded the revised estimates despite issuing substantial refunds in the 2020-21 fiscal. During the fiscal, the net corporate tax collection stood at Rs. 4.57 lakh crore, while net personal income tax was Rs. 4.71 lakh crore. Another Rs. 16,927 crore came from securities transaction tax (STT). The direct tax collection target set in the revised estimates (RE) for 2020-21 was Rs. 9.05 lakh crore. The collection was 5 per cent higher than the RE, but was 10 per cent lower than the mop up in 2019-20.
- 8) India's drug regulator, the Drugs Controller General of India (DCGI) last week approved Russian Covid-19 vaccine Sputnik V for 'restricted use in emergency situations' in India. This was a day after the Subject Expert Committee (SEC) gave its thumbs up to the vaccine. Hyderabad-based Dr Reddy's Laboratories (DRL) has collaborated with the Russian health ministry to obtain regulatory approval for import of the vaccine in India. The health ministry said in an official statement: "After detailed deliberation, the SEC recommended for grant of permission for restricted use in emergency situations subject to various regulatory provisions. DRL has collaborated with National Research Center for Epidemiology and Microbiology of the Ministry of Health of the Russian Federation for obtaining regulatory approval for import for marketing in India."
- 9) The second wave of Coronavirus (Covid-19) infections is credit-negative and poses threat to economic recovery in India, according to global rating agency Moody's. The second wave of infections presents a risk to growth forecast as the reimposition of virus management measures will curb economic activity and could dampen market and consumer sentiment. However, given the focus on "micro-containment zones" to deal with the current wave of infections, as opposed to a nationwide lockdown, the impact on economic activity will be less severe than that seen in 2020. India's very low Coronavirus death count (only about 170,179 deaths have been recorded as of April 12) and relatively very young population also help mitigate risks. Gross Domestic Product (GDP) is still likely to grow in double digits in 2021 given the low level of activity in 2020. Retail and recreation activity across India had dropped by 25 per cent as of April 07, 2021 compared to February 24, 2021, according to Google mobility data. This was mirrored in the Reserve Bank of India's March consumer confidence survey which showed a deterioration in perceptions of the economic situation and expectations of decreased spending on nonessential items, it added.
- 10) Foreign portfolio investors (FPI) put in a record amount of Rs. 2.74 trillion (US\$37 billion) during the 12 month ended March 2021. The previous best for the highest-ever FPI flows in a financial year was in FY13, when overseas investors had pumped in Rs. 1.4 trillion (US\$25.8 billion), data provided by NSDL showed. The Finance Ministry said on Tuesday the sharp inflows last fiscal were due the government's policy initiatives and economic recovery. "The robust FPI flows came on the back of faster-than-expected economic recovery supported by multiple tranches of innovatively designed stimulus packages. The government and regulators had also undertaken major policy initiatives directed at improving ease of access and investment climate for FPIs in the recent past," it said in a press release. "The increase in aggregate FPI investment limit in Indian companies from 24 per cent to the sectoral cap has been a catalyst for increase in weightage of Indian securities in major equity indices, thus mobilising massive equity inflows, both passive and active, into Indian capital markets," said the ministry.
- 11) The International Monetary Fund (IMF) has raised its projection for India's economic growth in the current financial year by one percentage point to 12.5 per cent. The forecast, published in the IMF's World Economic Outlook, suggests India would again become the fastest-growing large economy in the world. In fact, India is the only country among major world economies that is projected to grow at a double-digit rate during FY22. China comes closest, with a forecast of 8.4 per cent economic expansion. The IMF also sees India's gross domestic product (GDP) growing by 6.9 per cent, a rate 10 basis points higher than its earlier projection, in the next financial year. Should that happen, India would become the most rapidly expanding large economy in the world; the closest competitor, China, is projected to grow by 5.6 per cent. The IMF's projection for India in the current financial year is the upper end of a range that the World Bank's forecast recently. Considering the uncertainty caused by Covid-19 cases, the



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

World Bank gave a range for India's economic growth – from 7.5 per cent to 12.5 per cent – in FY22. However, it also said India was likely to grow by 10.1 per cent during the year.

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

Global markets

- 1) European equities were on track for their first weekly loss in eight on Friday as a surge in global coronavirus cases offset optimism about a strong earnings season. The pan-European STOXX 600 fell by 0.2 per cent.
- 2) In Asia, Japan's Nikkei ended 0.57 per cent, while South Korea's Kospi was up by 0.27 per cent.

Ajcon Global's view

- 1) Weak global cues like US President Joe Biden proposing to hike the capital gains tax rate for wealthy individuals to 39.6% to help pay for a raft of social spending that addresses long-standing inequality lead to a sell of US equities which dampened investor sentiments across the globe. Indian benchmark indices too followed the trend. In addition, the ongoing second wave of COVID-19 in India is affecting investor mood.
- 2) However, the upcoming mass vaccination drive for above 18 years old will help in arresting the significant spike in COVID-19 cases. One must remember, this too shall pass. This time situation is different as there is availability of vaccines and good pipeline of vaccines coming up in future, vaccination drive growing strongly which would help mitigate the COVID-19 crisis. In addition, Pharma companies are working hard to tackle the second wave. The Government and Central Bank have too learnt their lessons to deal with the pandemic from the first wave of COVID-19.
- 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. Key domestic factors like record GST collections in March 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 but with recent budget proposals one will need to watch out the effect on corporate earnings in Q4FY21 and FY22. In addition, the monsoon forecast is also good. Globally, Central banks are in the mood of accommodative monetary policy. The US Federal Reserve on March 17, 2021 suggested that it was in no hurry to raise interest rates through all of 2023, even as it talked about a V-shaped recovery in the world's largest economy.
- 4) We believe India economic recovery from COVID-19 crisis will surpass major economies. As India is now one of the few major economies to post positive GDP growth in the last quarter of calendar year 2020, foreign investors will get attracted to Indian equities. Moody's Analytics said India's economy is likely to grow by 12 per cent in CY2021 following a 7.1 per cent contraction last year as near-term prospects have turned more favourable. Investors will continue to focus on quality names in Defensive sectors like Pharma, FMCG and ITC amidst significant spike of COVID-19 cases on daily basis in second wave.
- 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 temporary corrections led by strict localised restrictions and lockdown in certain states. Investors will track ongoing Q4FY21 earnings season and management commentary on future scenario.



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

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