AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **February 25, 2021**

Reliance Industries, metal, auto, pharma, PSU Banks stocks and Government Companies having non-core assets rally; domestic bourses end in green on F&O expiry day..

1) Equity benchmark indices were hovering around near day's high for most of the trading session on F&O expiry day. However, in the last hour of the trade it gave up marginal gains.

2) Rally in Reliance Industries, TCS, Axis Bank, NTPC, and IndusInd Bank helped the S&P BSE Sensex to settle the F&O series for the month of February at 51,039 levels, up 258 points or 0.5 per cent. With a 4.8 per cent gain, NTPC remained the top performing stock on the Sensex today, followed by up to 4.4 per cent gains in ONGC, Reliance Industries, IndusInd Bank, Axis Bank, and Power Grid.

3) On the downside, ICICI Bank, that dipped 2 per cent on profit booking, ended the session as the top drag. Nestle India , L&T, Titan Company, HUL, UltraTech Cement, and HDFC were some of the other top losers.

4) On the NSE, the Nifty50 index failed to reclaim the 15,100-mark on the closing basis and ended at 15,097 levels, up 115 points or 0.47 per cent.

5) In the broader markets, the S&P BSE SmallCap index outperformed its large-cap peer today with a close at 20,305 levels, up 1.4 per cent. The index hit a record high of 20,321 points in Thursday's intra-day trade and surpassed its previous high of 20,183 touched on January 15, 2018. With the rise in markets and having tasted success, most experts believe that the interest of retail investors in the markets, especially the small-caps is here to stay – at least for now.

6) The S&P BSE MidCap index, on the other hand, settled at 20,334 levels, up 1 per cent.

7) Among individual sectors, metal stocks witnessed a stellar rally with the Nifty Metal index closing 4 per cent higher. That apart, the Nifty Realty index closed with 1.7 per cent gains while the Nifty PSU Bank, Pharma, and Auto indices ended 1 per cent higher each.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	51,039.31	50,781.69	**257.62**	**0.51**	51,207.61	**51,386.12**	50,991.76
Nifty	15,097	14,982.00	**115.35**	**0.77**	15,079.85	**15,176.50**	15,065.35

Sectors and stocks

1) Shares of Reliance Industries Ltd. (RIL) were up 4 per cent at Rs. 2,150 on the BSE in intra-day trade on Thursday, having gained 6 per cent in the past two trading days after the company announced the proposal to hive off its oil-to-chemical (O2C) business into an independent unit. The stock was trading at its highest level since October 21, 2020. It had hit a record high of Rs. 2,369 in September last year. RIL in a presentation on Tuesday, February 23, announced the initiation of the formal process of carving out the O2C business into a wholly-owned independent subsidiary. The management reorganised the refining and petrochemical businesses into O2C to facilitate holistic and agile decision making, pursue attractive opportunities for growth with strategic partnerships, and drive its downstream business. The company had already received approval from the Securities and Exchange Board of India (Sebi) and stock exchanges to create this subsidiary. It now requires the approval of equity shareholders and creditors, regulatory authorities, and the income-tax authority, besides the National Company Law Tribunals (NCLTs) in Mumbai and Ahmedabad. RIL said the approval process had commenced and is expected to be completed by the second quarter of the 2021-22 financial year.

2) Shares of Max Financial Services, on Thursday, were locked in 10 per cent upper circuit at Rs. 938.65, also its record high, on the BSE, after the Insurance Regulatory and Development Authority of India (IRDAI) gave its approval for the acquisition of up to 12 per cent stake in Max Life Insurance (Max Life) by Axis Bank and its subsidiaries Axis Capital and Axis Securities (Axis Entities). As per the proposed transaction, Axis Entities have the right to acquire up to 19 per cent stake in Max Life, of which, Axis Bank proposes to acquire up to 9 per cent, and Axis Capital Limited and Axis Securities Limited together propose to acquire up to 3 per cent of the share capital of

Max Life in the first leg of the transaction. In addition, Axis Entities have the right to acquire an additional stake of up to 7 per cent in Max Life, in one or more tranches, which they intend to acquire over the course of the next few years. The IRDAI approval was an integral step in this long-awaited joint venture transaction which was first announced in April 2020. Max Life is the fourth-largest private life insurer in India while Axis Bank is the third-largest private bank. The two companies have shared a successful business relationship for over a decade, providing long-term saving and protection products to nearly 20 lakh customers. The total premium generated through this relationship has aggregated to over Rs. 40,000 crore. Both companies have invested extensively in product and need-based sales training, thereby leading to consistent increase in productivity. Max Financial Services (MSFL) is part of the leading business conglomerate — the Max Group. Focused on Life Insurance, MSFL owns and actively manages a 93.1 per cent stake in Max Life Insurance, India's largest non-bank, private life insurance company. MFSL earned revenue of Rs. 18,242 crore in FY20.

3) Shares of IIFL Securities, on Thursday, shot up 17 per cent to hit a record high of Rs. 65.60 on the BSE in intra-day, thereby surging 40 per cent in the past two trading days, after the company emerged as the successful bidder for demat accounts held by Karvy with National Securities Depository (NSDL) and Central Depository Services (India) (CDSL). On February 6, depositories NSDL and CDSL had said that trading as well as demat accounts held by Karvy Stock Broking (Karvy) will be transferred to another member or participant through a formal bidding process on the basis of laid down eligibility criteria. In accordance with the above, IIFL Securities had participated in the formal bidding process for transfer of demat accounts held by Karvy. "This is to inform you that IIFL Securities Ltd. has emerged as the successful bidder for demat accounts held by Karvy with NSDL and CDSL. The said transfer of demat accounts is subject to remittance of the bid amount and submission of the necessary documents in relation thereto," IIFL Securities said in a stock filing. IIFL Securities will get 1.11 million demat accounts with custody value of Rs 3.01 trillion as on January 31, 2021, the company said. IIFL Securities is one of the key capital market players in the Indian financial services space. IIFL Securities along with its subsidiaries offers advisory and broking services, financial products distribution, institutional research and investment banking services.

4) Shares of Rashtriya Chemicals and Fertilizers (RCF) rallied up to 19.93 per cent at Rs. 67.70, also its 52-week high, on the BSE in intra-day trade on Thursday after rating agency ICRA reaffirmed credit ratings of the company's instruments and revised outlook to 'positive' from 'stable'. The revision in outlook to 'Positive' factors in the disbursal of additional subsidy announced under the Atma Nirbhar Bharat Package 3.0 for the fertilizer sector which is expected to reduce the subsidy arrears of RCF which would, in turn, lead to decline in short-term borrowings and interest costs and consequently, strengthen the debt coverage metrics, ICRA said in rating rationale. RCF is in discussion with the Department of Fertilisers (DoF) for consideration of minimum fixed of Rs 2,300 /MT and any resolution in favour of the company would further strengthen its profitability and liquidity position. ICRA also notes the healthy operating profits registered by industrial chemicals segment in 9M FY2021 because of lower cost of production owing to better energy efficiency and decline in natural gas prices, it said. ICRA further said the ratings continue to factor in the high financial flexibility of the company by virtue of the large sovereign ownership and its ability to access debt markets at competitive rates to support its liquidity profile. The ratings also factor in the established position of RCF as one of the largest urea manufacturers in India having vertically integrated operations in fertilisers and chemicals coupled with healthy operating efficiency of the company's urea operations reflected in high plant utilisation levels. Besides RCF, Gujarat State Fertilisers & Chemicals (GSFC), Gujarat Narmada Valley Fertilizers & Chemicals and Chambal Fertilisers & Chemicals from the fertilisers stocks were also up with decent gains.

Key recent major developments..

1) Nirav Modi, the diamond merchant wanted in India on charges of fraud and money laundering in the estimated $2-billion Punjab National Bank (PNB) scam case, on Thursday lost his legal battle against extradition as a UK judge ruled that he does have a case to answer before the Indian courts.The 49-year-old appeared via videolink from Wandsworth Prison in south-west London and showed no emotion as District Judge Samuel Goozee handed down his judgment at Westminster Magistrates' Court in London. "I am satisfied on the evidence that a prima facie case of fraud and money laundering is established," said Judge Goozee, as he read out parts of his judgment in court and concluded that he will send his ruling to the UK's Secretary of State, Priti Patel. It is the Cabinet minister who is authorised to order an extradition under the India-UK Extradition Treaty and has two months within which to make that decision.

2) 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.

3) The Centre has lifted the embargo on grant of government business to private banks, enabling banks to participate in all developmental activities. "Private banks can now be equal partners in development of the Indian economy, furthering the government's social sector initiatives and enhancing customer convenience," Finance Minister Nirmala Sitharaman tweeted on Wednesday.

4) India will start the next stage of vaccinations for those above 60 years of age and those above 45 with comorbidities such as diabetes and heart ailments from March 1, the government announced in the cabinet briefing on Wednesday. The vaccine will be given for free in over 10,000 government hospitals and will come for a price which is yet to be decided in more than 20,000 private centres. “The health ministry in the next 3-4 days would announce the price at which private hospitals would be providing the vaccine,” Prakash Javadekar, environment minister told reporters. The list of comorbidities which will be given priority in vaccination among those above 45 years of age will also be announced soon by the health ministry. India has given the first dose of covid antidote to 1.26 crores beneficiaries in the nation-wide vaccination till date. India became the fastest country in the world to reach the 6 million Covid-19 vaccination mark. About 18-19 vaccine candidates against COVID-19 are in the pipeline and in different clinical trial stages, Health Minister Harsh Vardhan had said earlier. He added, "About 18-20 vaccine candidates against COVID-19 are in the pipeline and are in preclinical, clinical and advanced stages. He further said that India will be supplying vaccines to 20-25 other countries.

5) On Monday, the Monetary Policy committee (MPC) minutes were released. "Growth, although uneven, is recovering and gathering momentum, and the outlook has improved significantly with the rollout of the vaccine programme in the country. The growth momentum, however, needs to strengthen further for a sustained revival of the economy and for a quick return of the level of output to the pre-Covid trajectory," said RBI Governor Shri Shaktikanta Das. He added "The sharp correction in food inflation has improved the near-term headline inflation outlook, although core inflation pressures persist". High frequency indicators suggest that the economic recovery is normalising fast in both rural and urban areas. The agricultural sector has been resilient throughout the pandemic and its prospects appear bright in view of higher rabi sowing and comparatively better reservoir levels. Manufacturing activity is picking up. Although initial revival was propelled by pent-up demand, indications are that growth impulses are now being driven by pick-up in activity across manufacturing and services. Forward looking surveys conducted by the Reserve Bank signal greater optimism from manufacturing with the expectation of an expansion in production volumes and new orders in Q4:2020-21 and the following two quarters. The purchasing managers’ index for manufacturing is in expansionary zone and was above its long-period average in January 2021. Trends in railway freight traffic, toll collection, goods and service tax collections, e-way bills and steel consumption suggest that services sector activity is also recovering. The purchasing managers’ index for services is in the expansion territory. Services and infrastructure sector reported increase in turnover in Q3 and expected further improvement through Q2:2021-22 as reported by firms participating in the Reserve Bank’s services and infrastructure survey.

6) Last week on Saturday, Prime Minister Narendra Modi made a strong case for repealing archaic laws and making it easier to do business in India, stating that the centre and states need to work closely to boost economic growth. Addressing the sixth Governing Council meeting of NITI Aayog, the Prime Minister said that the private sector should be given full opportunity to become a part of government's Aatmanirbhar Bharat programme. "Centre and states should work together for the nation's progress... The government has to respect and give due representation to the private sector for economic progress," Modi said. He said that the positive response to the Union Budget 2021-22 indicates that the country wants to move forward on the path of development at greater speed. Modi said that the initiatives taken by the government would provide opportunity to everyone to participate in nation building to its full potential. Referring to the farm sector, the Prime Minister said that efforts should be made to produce agriculture items like edible oil and reduce their imports. "This can be done by guiding farmers," he said, adding the money being spend on imports can go to the accounts of farmers," he said. The Prime Minister also underlined the need for reducing compliance burden and repealing obsolete laws. He asked the states to form committees to reduce regulations which are no longer relevant in the wake of technology growth. Modi said states should attract investment using production-linked incentive (PLI) scheme.

7) Finance minister Nirmala Sitharaman on last Saturday asked India Inc to exhibit their animal spirits to put Indian economy on a sustainable path of recovery, now that the Budget and the earlier government moves has given clarity on policies and tax rates. She also urged credit rating agencies to grade the economies in relative sense and not as silos. "I have been waiting to see greater investments from the private sector post-the corporate tax rate cuts. Now that the policy is clear, tax rates have been brought down, policy consistency has been underlined and

ease of doing business is still going further, I would like now to see private investors and private industry in India coming forward with the so called animal spirit to show that it is possible to pull India up and keep it high as one of the fastest growing economies," she said in her address on the occasion of the foundation day of All India Management Association (AIMA).

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

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

10) The Cabinet had approved the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) between India and Mauritius to encourage and improve trade between the two countries. The Agreement is a limited agreement, which will cover trade in goods, rules of origin, trade in services, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, dispute settlement, movement of persons, telecom, financial services, customs procedures and cooperation in other areas. The CECPA will be the first trade agreement to be signed by India with a country in Africa, information and broadcasting minister Prakash Javdekar said.

11) The Government of India is planning to spend around Rs. 7.5 trillion to build oil and gas infrastructure over the next five years, said Prime Minister Narendra Modi. Strong emphasis has been laid on the expansion of city gas distribution networks by covering 470 districts, the PM said, adding that the government is aiming to increase the share of gas in the energy basket from 6.3 per cent currently to 15 per cent. He said the share of energy from renewable sources will be raised to 40 per cent by 2030.

12) The wholesale price index (WPI)-based inflation rate rose to 2.03 per cent in January from 1.22 per cent in the previous month as fuel and non-food manufactured products faced price pressures. Economists feel there is no further room for rate cuts by the monetary policy committee of the Reserve Bank of India in the current cycle. The WPI inflation rose because it consists of mainly manufactured items which have a weight 64.23 per cent. Besides, fuel and power have 13.15 per cent weight. Both these categories surged in inflation or decreased in the deflation rates. Core inflation rate (that on manufactured items sans processed food products) rose to a 27-month high 5.1 per cent in January.

13) The consumer price index (CPI)-based inflation rate, on the other hand, fell to a 16-month low of 4.06 per cent from 4.59 per cent over this period. While the directions of CPI and WPI inflation rates look divergent, a deeper analysis showed that items within each of them moved more or less in tandem.

14) The country's exports grew by 6.16 per cent to US$27.45 billion in January, according to data by the commerce ministry. Imports too grew by 2 per cent to about US$42 billion, leaving a trade deficit of US$14.54 billion during the month under review, the data showed. Exports during April-January this fiscal dipped by 13.58 per cent to US$228.25 billion, while imports declined by 25.92 per cent to US$300.26 billion.

15) Indian tech industry continues to be a net hirer with significant focus on digital upskilling amidst COVID-19 crisis. The industry is expected to add over 138,000 net new hires in FY2020-21, taking total employee base to 4.47 million in FY2020-21. Digital talent pool is expected to cross 1.17 million, growing at 32 per cent over last year.

16) Investing in digital continues to rise as an imperative for the industry, with organisations building their capabilities and aligning business models to digital practices--up to 28-30 per cent of the industry revenues was recorded for digital.

17) Global rating agency Moody's on last Thursday said that India's economic recovery reduces the risk of a sharp deterioration in public sector banks' (PSBs) mildly improving asset quality. However, the capital shortfalls will remain despite a likely government equity infusion and this makes banks vulnerable to unexpected shocks and restricting credit growth.

18) According to the Federation of Automobile Dealers Association (FADA), the automobile registrations declined by 9.66 percent in January 2021 on YoY basis after showing a year-on-year (YoY) growth in December, 2020. Registration data compiled from the Centre's VAHAN portal reflect retail sales of automobiles. All categories except tractors were in the red, it said, adding that YoY, two-wheeler (2W), three-wheeler (3W), commercial vehicle (CV) and passenger vehicle (PV) registrations fell 8.78 per cent, 51.31 per cent, 25 per cent and 4.46 per cent, respectively. Tractors continued to see strong momentum with a YoY growth of 11.14 per cent, FADA said. The association added that non-availability of vehicles due to scarcity of semiconductors, fading pent-up demand and recent price hikes coupled with no festivities and auspicious days landed January registrations in the negative zone. While dealer inventory for PVs continued to fall and come in the range of 10-15 days, 2W inventory stayed put at 30-35 days, it said. PV retail sales in January were recorded at 2,81,666 units, as a semiconductor shortage impacted the segment, compared with 2,94,817 units in January 2020. Similarly, 2W sales declined to 11,63,322 units (12,75,308 units).

19) The Reserve Bank of India (RBI) earlier announced its plan to buy bonds worth Rs. 20,000 crore under Open Market Operations (OMO) to support the government's borrowing programme. "On a review of current liquidity and financial conditions, therefore, the Reserve Bank has decided to conduct purchase of government securities under OMO for an aggregate amount of Rs 20,000 crore on February 10, 2021," the central bank said in a press release.

20) The RBI kept the repo rate unchanged at 4 per cent and maintained the policy stance as 'accomodative' in its bi-monthly monetary policy meeting. Besides, it projected the GDP growth of 10.5 per cent in FY22 for India while projection for CPI-based inflation was revised to 5.2 per cent for Q4FY21. RBI governor Shaktikanta Das also announced normalisaton of CRR which, he said, would open up space for a variety of market operations to inject additional liquidity. Furthermore, absence of any concrete measures as expected by a set of bond traders weighed on the yields with 10-yr Gsec yields jumping 8bps from 6.07 per cent to 6.15 per cent. In another development, Das announced direct online participation by retail investors in Government securities in both primary and secondary market is a big initiative which will broaden the investor base.

21) Activity in India's services sector expanded for the fourth straight month in January as the Covid-19 vaccination roll-out drove business optimism, a private survey showed on Wednesday. The IHS India Services Business Activity Index rose to 52.8 in January from 52.3 in December, suggesting the pace of growth was moderate. The 50-point mark separates expansion from contraction. But it should be noted that the PMI is a month-over-month indicator, showing improvement over the previous month, and not over the previous year. "The Indian services sector enjoyed good levels of activity in January, with new business volumes rising for the fourth successive month and growth rates for both measures picking up from December," said Pollyanna De Lima, Economics Associate Director at IHS Markit. "The service sector looks set to sustain growth and confidence towards hiring may improve as COVID-19 concerns diminish," De Lima added.

22) In the Union Budget 2021-22, the FM announced capital expenditure of Rs. 5.54 trillion for FY22 (sharp increase of 34.5%) over last year's Rs. 4.39 trillion for FY21. Further, she announced the FY22 disinvestment target at Rs 1.75 trillion. Life Insurance Corporation of India (LIC) will go for an initial public offering (IPO) in FY22 as well. Further, allocation of Rs. 20,000 crore toward setting up a development financial institution (DFI) to have lending portfolio of Rs. 5 trillion over the next three year with the aim to mobilise funding required fulfilling National Infrastructure Plan (NIP).

23) FY21 fiscal deficit was pegged at 9.5 per cent of GDP. The optimism despite higher borrowing and a wider fiscal deficit, was on account of the positive measures to revive the Covid-19 hit economy. That said, while the fiscal deficit number and the gross borrowing estimates are a tad higher-than-expected, the money is being put to good use. The government plans to borrow around Rs. 12 trillion in FY22 and has pegged fiscal deficit at 6.8 per cent of the gross domestic product (GDP). Sitharaman said the government will be borrowing an additional Rs. 80,000 crore in this fiscal to meet its deficit for 2020-21, pegged at 9.5 per cent of the GDP. Therefore, the total gross borrowing this fiscal would be Rs. 14 trillion.

24) As per the budget proposals, the government plans to start the process of privatisation for two more public sector banks, other than IDBI Bank, and two insurance companies in fiscal 2021-22 which is a bold move. Remember, privatisation of banks has been promised long by successive governments but there has not been much of a progress. PSU stocks have rallied post the announcements as investors cheered the proposal. Privatisation of PSBs has not been taken by governments also because this is a politically sensitive decision.

25) Stressed Asset Resolution: Asset Reconstruction Company Limited and Asset Management Company to be set up. This entity, called as a 'bad bank', will give a big reprieve to NPA-ridden banks by absorbing the toxic assets and freeing them to pursue fresh lending. A bad bank will act as an aggregator of all stressed assets in the system. It is set up to buy the bad loans and other illiquid holdings of another financial institution. Once toxic assets are

transferred to this entity, attempts for an early resolution by experts begins while originating banks can focus on their business. The bad bank idea has been supported by senior bankers and other financial sector experts citing that the idea will help for quicker bad asset resolution. The recovery through debt recovery tribunals and Insolvency and bankruptcy code (IBC) mechanism has been limited to only a few large cases. A bad bank could help in better bad loan resolution through an ARC model. In May 2020, when the IBA submitted its proposal to a government but the concept didn't take off at that point.

26) The extension of tax exemption schemes in Affordable Housing will have a strong positive effect on various sectors related to it.

27) The Government provided benefits to sectors which focus "Aatmanirbhar Bharat" or a self-reliant India in difficult times of COVID-19. The Budget would encourage industries to be 'vocal for local' for a future-ready India.

28) To make India future ready for any pandemic crisis in future, Healthcare sector got benefits with increased allocation and more specific allocation of Rs. 35,000 crores towards COVID-19 vaccination drive.

29) GST collections surged to an all-time high of about Rs. 1.20 lakh crore in January,2021 as economic activities picked up after the withdrawal of stringent lockdown restrictions. Mop-up from the Goods and Services Tax (GST), which is levied when a consumable item is sold or a service such as travel booking rendered, in January was 8 per cent higher than such receipts in the same month of 2020. In a statement, the Finance Ministry said the January collections were the highest ever since the implementation of the nationwide tax in July 2017. The previous best was in December 2020 when Rs. 1,15,174 crore was collected. This is the fourth straight month of over Rs. 1 lakh crore tax collections, a sign of strong recovery.

30) India forecast robust economic growth of 11% for the fiscal year beginning on April 1 in its annual economic survey, on the back of the beginning of a nationwide coronavirus vaccination drive and a rebound in consumer demand. The Indian economy, which the International Monetary Fund singled out as a global bright spot only a few years ago, is set to contract 7.7% in this fiscal year, to March 31, the deepest contraction in four decades, the government said in the survey. But the government predicts the rollout of vaccines against COVID-19 will re-energise Asia's third-largest economy with 11% growth next year, putting it on track to post the strongest growth since India liberalised its economy in 1991. "With the economy's returning to normalcy brought closer by the initiation of a mega vaccination drive, hopes of a robust recovery in services sector, consumption, and investment have been rekindled," said the survey.

Global markets

1) Global equities were up on Thursday after U.S. Federal Reserve Chair Jerome Powell reaffirmed interest rates would stay low for a long time. In Asia, MSCI's ex-Japan Asia-Pacific shares index rose 1.5 per cent while Japan's Nikkei gained 1.7 per cent. Hong Kong's Hang Seng index was up by 1.5 per cent.

2) In Europe, the pan-European STOXX 600 index was up 0.4 per cent, London's FTSE 100 gained 0.4 per cent, while Spain's CAC advanced 0.45 per cent.

Ajcon Global's view

1) On F&O expiry day, rally was witnessed in majority of the sectors with cyclicals remaining in limelight. Metal companies, Government companies having non - core assets were star performers along with index heavyweights like Reliance Industries, TCS etc. We expect rally to continue amidst intermediate small corrections on profit booking. We believe intermediate corrections will happen and is part of a bull run. Increasing COVID-19 cases in Maharashtra is worrisome and can have an impact on overall market sentiments.

2) Bull run is created after one of its kind of Budget presented with significant outlay for investment led spending across infrastructure building like roads, power, railways, airports, ports, shipping, waterways etc. and with no changes in capital gains taxes or securities transaction tax (STT) or any form of Covid-19 pandemic-related tax which brought happiness at Dalal Street. Various PSUs have been rerated as Privatisation agenda of the Government has made investors happy as its a bold move. Sentiments were upbeat post Budget as Government chose to revive growth which is the need of the hour owing to unprecedented crisis of COVID-19 and let fiscal prudence take a backseat (allowed fiscal deficit to remain high). Overall, the FM presented a reformist budget and good measures for the banking sector in 2021 especially with respect to the privatisation agenda. FPIs too cheered Budget announcements and have re-rated various sectors.

3) The Nifty valuations are trading around 37-40x which looks expensive but with recent budget proposals one will need to watch out the effect on corporate earnings in Q4FY21 and FY22. Q3FY21 earnings season has been robust for majority of the players till date and re-rating has already happened in infrastructure, Banks, NBFCs, auto and overall PSUs sector.Q3FY21 earnings season has been good after strong results by Companies like TCS, Hindustan Unilever, Maruti, Tata Motors, Colgate, SBI, Central Bank, Bank of India, Union Bank of India, HDFC Bank, ICICI Bank, Shriram Transport Finance, IIFL Finance, Ajanta Pharma, Avenue Supermarts (Dmart), Tata Elxsi, Bajaj Auto, Ceat, JK Tyre, Bajaj Auto, Bajaj Electricals, Polycab, NMDC, BEML, Amber Enterprises, Route Mobile, J.B. Chemicals and Pharmaceuticals, Balaji Amines, Neuland Laboratories, Greenply Industries, Voltas, Happiest Mind Technolo and many more.

4) With Union Budget 2021-22 presented, RBI's Monetary Policy keeping rates unchanged, stellar show by majority of the Companies in Q3FY21 earnings season; all eyes would be now FPI liquidity after stellar run and especially COVID-19 cases number after sudden spike in Maharashtra. The Budget proposals are long term in nature. The implementation of all these budget provisions may take some time and hence it is wise to take some profits from the table. We have been earlier advising to book partial profits which investors have been doing since last week and selling continued till Monday on fresh concerns. The market will now give stock specific opportunities based on recent budget proposals and Q3FY21 earnings performance especially in midcaps and smallcaps space which is being seen on daily basis.

5) 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 yesterday 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 look out for PSU names which were not in the limelight during the stellar rally which was witnessed today.

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