

**Buoyancy continues at Dalal Street as investors turn optimistic ahead of upcoming mass vaccination drive..**

- 1) Indian equities continued its rally on expectations that Covid-19 cases could soon peak especially in the economically important state of Maharashtra which lifted investor sentiments on Wednesday. In addition, strong start to Q4FY21 earnings season and global support to defeat COVID-19 second wave in India aided the rally.
- 2) Healthy buying in the financial counters ahead of the monthly expiry of the F&O contracts of April due tomorrow further lifted benchmark indices 1.6 per cent on Wednesday. Today was the third consecutive day of gains at the bourses.
- 3) The Sensex was up by 790 points to end the day at 49,734 levels. In the intra-day deals, the index had vaulted 857 points to hit a high of 49,801. On the NSE, the broader Nifty50 index reclaimed the 14,800-mark for the first time since April 9 and closed at 14,864, up 211 points. It hit a high of 14,890 earlier today. Bajaj Finance, up 8 per cent, was the top Nifty gainer today after the consumer durable financier, on Tuesday, reported a 42 per cent jump in consolidated net profit at Rs 1,347 crore for the fourth quarter of the fiscal ended March 2021. Eicher Motors, IndusInd Bank, Bajaj Finserv, ICICI Bank, Kotak Mahindra Bank, SBI, and Bajaj Auto were the other outperforming stocks on the 50-share index. On the downside, Britannia Industries, Hindalco Industries, HDFC Life, Nestle India, HCL Tech, and Tata Steel were the top laggards in a firm market. The stocks ended lower between 0.5 per cent and 2 per cent.
- 4) Broader markets, however, witnessed relatively leaner trade today. The S&P BSE MidCap index ended 0.99 per cent up while the S&P BSE SmallCap index added 0.7 per cent.
- 5) Among key sectoral indices, the Nifty Realty index fell by 0.6 percent. The Nifty Metal and Pharma indices slipped 0.3 per cent each.
- 6) On the contrary, the Nifty Bank index soared 3 per cent on the NSE today and ended at 33,723. The Nifty Private Bank, PSU Bank, and Financial Services indices too climbed over 2.5 per cent each.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	49,733.84	48,944.14	<b>789.7</b>	<b>1.61</b>	49,066.64	<b>49,801.48</b>	49,066.64
<b>Nifty</b>	14,864.55	14,653.05	<b>211.50</b>	<b>1.44</b>	14,710.50	<b>14,890.25</b>	14,694.95

**Sectors and stocks**

- 1) Shares of Bajaj Finance were up by as much as 9 per cent to Rs. 5,307 apiece on the BSE on Wednesday even as the NBFC posted lower-than-expected March quarter result (Q4FY21). The stock ended as the top gainer on the Sensex with an 8 per cent gain (Rs 5,279) on the BSE. In comparison, the benchmark S&P BSE Sensex closed 1.6 per cent higher. The consumer durable financier, on Tuesday, reported a 42 per cent jump in consolidated net profit at Rs. 1,347 crore for the fourth quarter of the fiscal ended March 2021. The company's net profit stood at Rs. 948 crore in the January-March period of the preceding fiscal year 2019-20. The company's assets under management as of March 31, 2021 increased by 4 per cent to Rs. 1.52 trillion as against Rs. 1.47 trillion a year ago.
- 2) Shares of State Bank of India were up by 3 per cent to touch Rs. 364 on the BSE on Wednesday after the bank's board approved to raise \$2 billion through a public offer or private placement. "The Executive Committee of the Central Board in its meeting on 28th April, 2021 has approved to examine the status and decide on long term fund raising in single/multiple tranches up to \$ 2 billion through a public offer and/or private placement of senior unsecured notes in US Dollar or any other convertible currency during FY22," it said in an exchange filing. The bank in January concluded the issuance of \$600 million (about Rs 4,500 crore) from bonds to fund the expansion of the overseas business. Funds were raised through senior unsecured fixed rate notes with maturity of five and a half years years and coupon of 1.80 percent payable semi-annually under Regulation-S, SBI said.
- 3) Shares of Anupam Rasayan scaled a fresh 52-week high of Rs. 666, up 6 per cent, on the BSE in intra-day trade on Wednesday after the company bagged an order worth Rs. 1,100 crore from a multinational life sciences company.



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The shares of the speciality chemicals firm which got listed on the bourses on March 24, 2021, have risen 20 per cent over its issue price of Rs. 555. "The company has received and signed Letter of Intent (LoI) amounting to Rs. 1,100 crore from one of the top 10 multinational life sciences company for supplying life sciences related speciality chemicals," Anupam Rasayan said in an exchange filing. The company will be providing multiple products to the multinational firm for the next five years, it added. Anupam Rasayan has over 53 domestic and international customers, including 17 multinational companies. Commenting on the order win, Anand Desai, Managing Director at the firm said, "Securing order from a leading multinational company in the light of prevailing global uncertainty is a testament to our research and development process, latest technology, infrastructure and quality of our existing products."

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

- 1) The Indian economy is projected to grow at 11 per cent in the current financial year amid the "strong" vaccine drive, said ADB on Wednesday, while cautioning that the recent surge in COVID cases may put the country's economic recovery at "risk". "India's economy is expected to grow 11 per cent in fiscal year (FY) 2021, which ends on March 31, 2022, amid a strong vaccine drive," ADB said in its flagship Asian Development Outlook (ADO) 2021 released on Wednesday. However, the Asian Development Bank (ADB) cautioned that the surge in COVID-19 cases may put the country's economic recovery at risk. For FY2022, India's GDP is expected to expand at 7 per cent, it added.
- 2) Credit rating agency S&P Global said on Wednesday the second wave of COVID-19 infections in India could impede the country's economic recovery and expose other nations to further waves of outbreaks. "In addition to the substantial loss of life and significant humanitarian concerns, S&P Global Ratings believes the outbreak poses downside risks to GDP and heightens the possibility of business disruptions," the rating agency said in a note. India's healthcare system has been overwhelmed, with the world's second most populous country reporting more than 300,000 new COVID-19 cases daily over the past six days and the death toll set to cross 200,000. S&P, which has a long-term credit rating of 'BBB-' on India, just one notch above junk, said it may have to revise its base-case assumption of 11% growth over fiscal 2021/2022, especially if wider containment measures are re-imposed. S&P expects the consumer retail and airport sectors to have a dragged out recovery with localized lockdowns and curfews in several parts of the country, and said the Indian banking sector continued to face a "high level of systemic risk".
- 3) Prime Minister Narendra Modi earlier urged all citizens to be vaccinated and exercise caution, saying the "storm" of infections had shaken India with daily new COVID-19 cases crossing 3,00,000 figure. The United States said it was deeply concerned by the massive surge in coronavirus cases in India and would rapidly send aid. India has given the first dose of covid antidote to 14.78 crores beneficiaries in the nation-wide vaccination till date.
- 4) S&P Global Platts has cut India's 2021 demand forecast for oil products by 9 per cent to 400,000 barrels per day (b/d) now, as compared to 440,000 b/d estimated last month. The latest revision, S&P Global Platts said, was done after taking into account the surging Covid cases across the country that have triggered lockdowns and mobility curbs across key economic hubs in India. With several states under lockdown, Platts believes India's gasoline consumption is expected to drop in the near-term to around 700,000 barrels per day in April. "That's down about 11 per cent from March. Hopes of recovery gaining traction are picked from June onwards," Platts said. A silver lining, however, could be railways that still chugs along - transporting key essentials across the country. A Crisil report suggests that the impact of the second Covid-19 wave on industrial activities thus far remains small, aided by movement of goods across the rail network.
- 5) 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.
- 6) The wholesale price-based inflation was up to over 8-year high of 7.39 per cent in March on rising crude oil and metal prices. Also, the low base of March last year, when the data was computed with a low response rate due to the nationwide lockdown, contributed to a spike in inflation in March 2021. The WPI inflation was 4.17 per cent in February and 0.42 per cent in March 2020. This is the third straight month of up-tick seen in the wholesale price index (WPI) based inflation. "The annual rate of inflation stood at 7.39 per cent (provisional) for the month of March 2021 over March 2020," the Commerce and Industry Ministry said. Such a high level of WPI was last recorded in October 2012, when inflation was 7.4 per cent.



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- 7) 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.
- 8) 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.
- 9) 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.
- 10) 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."
- 11) 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.
- 12) 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.
- 13) 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 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.



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14) 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) Globally equities were trading near record highs. The dollar and global bond yields also were up on Wednesday.
- 2) Japan's Nikkei was up by 0.2 per cent, South Korea's Kospi fell by 1 per cent, and Australia's S&P/ASX200 index gained 0.44 per cent.
- 3) European equities were trading higher on Wednesday on expectations of a bumper earnings season following strong results from Deutsche Bank, Lloyds Banking Group and other lenders.
- 4) The pan-European STOXX 600 index rose 0.1 per cent in early trading, with the region's banking sector up 1.1 per cent.

### **Ajcon Global's view**

- 1) Bulls were in limelight today led by optimism ahead of mass vaccination drive amidst strong registrations on CoWIN App, medical support offered by global fraternity to defeat second wave of COVID-19 and declining trend of COVID-19 cases in Maharashtra. In addition, companies have posted strong Q4FY21 results so far. Strong management commentary by ICICI Bank post result announcements, strong set of numbers in Q4FY21 by Bajaj Finance, HDFC Life, SBI Cards, Castrol have aided in rally. There is a silver lining amidst ongoing second wave of COVID-19 as Mumbai- India's financial capital sharp dip in daily cases, lowest in about a month and Maharashtra also witnessed good decline in COVID-19 cases. 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. However, 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 can dampen investor sentiments across the globe.
- 2) 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.
- 3) We believe India's 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.





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