AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **March 30, 2021**

Buoyancy witnessed in Indian equities amidst continuous spike in COVID-19 cases; rally witnessed in IT, Pharma and metals..

1) The Indian benchmark indices outperformed its Asian counterparts on Tuesday led by positive global cues like US President Joe Biden's proposed $3 trillion infrastructure package.

2) The headline S&P BSE Sensex and the Nifty50 indices each settled over 2 per cent higher today supported by gains in IT, pharma, and metal stocks.

3) The Sensex index settled above the 50,000-mark for the first time since March 23 at 50,136 levels, up 1,128 points or 2.33 per cent. The broader Nifty50 index, on the other hand, closed tad below the 14,850-mark at 14,845 levels, up 338 points or 2.33 per cent.

4) Infosys, Power Grid, HUL, HCL Tech, TCS, Nestle, and NTPC, HDFC twins were the outperforming stocks on the 30-share BSE barometer today, up between 3 per cent and 4 per cent, while UPL, JSW Steel, Tata Steel, Shree Cement, Wipro, and Divis Labs were the top stocks on the Nifty.

5) On the downside, M&M, Axis Bank, Bharti Airtel, and Hindalco were the only stocks in the red, down up to 0.32 per cent.

6) The broader markets, however, underperformed and closed with around a per cent gain. The S&P BSE MidCap index ended 0.98 per cent higher while the S&P BSE SmallCap index gained 1.3 per cent.

7) On the sectoral front, the Nifty IT, Pharma, and Metal indices advanced nearly 3 per cent each on the NSE, while the Nifty FMCG and Financial Services indices closed with up to 2.5 per cent gains. On the contrary, the Nifty Realty index ended 0.03 per cent down in a firm market.

8) Investor's wealth increased by Rs 3.5 lakh crore on Monday, as the entire BSE market capitalisation rose to Rs. 2,04,77,472.33 crore, from Rs. 2,01,27,350.70 crore in the previous trading session.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	50,136.58	49,008.50	**1128.08**	**2.30**	49,331.68	**50,268.45**	49,331.68
Nifty	14,845.10	14,507.30	**337.80**	**2.33**	14,628.50	**14,876.30**	14,617.60

Sectors and stocks

1) Shares of online gaming company Nazara Technologies rallied by as much as 84 per cent over their issue price during their trading debut on Tuesday. The stock failed to hold on to the gains as wealthy investors rushed to book profits. Heaving selling was witnessed in the counter and it hit 20 per cent lower limit over the discovered price of Rs 1,990. The discovered price is arrived at after an hour-long pre-open session in order to curb volatility. A stock is allowed to gain or fall a maximum of 20 per cent over the discovered price. The stock ended the day at Rs 1,592, with a gain of 45 per cent over its IPO price of Rs 1,101.

2) Shares of Titan Company hit an over six-week high of Rs. 1,562, up 4 per cent on the BSE, in the intra-day trade on Tuesday on expectation of a healthy revenue growth on the back of continued expansion in store network as well as opportunities presented by large share of unorganized sector in the industry. The stock was trading at its highest level since February 11, 2021 and is 4 per cent away from its record high level of Rs. 1,621, touched on January 6 this year. In the past one month, Titan has outperformed the market by gaining 11 per cent, as against a 1.2 per cent rise in the S&P BSE Sensex. However, in the past one year, the stock has gained 65 per cent, as compared to a 75 per cent rally in the benchmark index. Titan's jewellery segment is expected to drive sustained growth in revenues and accruals. The segment showed high resilience to Covid-19 related disruptions and reported a 16 per cent year on year (YoY) growth in October-December quarter (Q3FY21) (net of bullion sales), Icra said. The rating agency, on March 15, upgraded the long-term rating from "AA+" to "AAA" with stable outlook. It also affirmed

short-term rating and rating for the fixed deposit programme. The rating upgrade reflects expectations that Titan, a Tata group entity, will be able to leverage strong brands and market leadership position in the jewellery segment to drive sustained growth in revenues and accruals, Icra said. Meanwhile, Titan's jewellery segment witnessed a healthy revenue expansion at a compound annual growth rate (CAGR) of 18.7 per cent and margin expansion from FY16 to FY20. This was aided by improvement in market share as well as additions to the store network.

Key recent major developments..

1) With India in the grip of the second covid-19 wave, the government said that the situation was going from bad to worse with serious cause for concern in some states, even as it expected a fast uptake in the vaccination from April 1 onwards."No state and no part of the county should be complacent. Trends show that the virus is still very active and can penetrate our defences. When we think we have controlled it, it strikes back. There is a concern we should all be mindful of," said V K Paul, member-health, Niti Aayog while addressing a weekly briefing on covid situation in India.

2) India has given the first dose of covid antidote to 6.11 crores beneficiaries in the nation-wide vaccination till date. 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. The Government last week allowed people above 45 years to get vaccinated from April 1, 2021. The Cabinet also decided that the second dose of the vaccine can be taken between four and eight weeks, on the advice of doctors. It was allowed to be taken between four to six weeks earlier, but scientists have now said that taking the second dose between four and eight weeks gives improved results.

3) JSW Steel group closed a Rs. 19,350-crore transaction with lenders to acquire Bhushan Power & Steel (BPSL) last week on Friday, ending a corporate insolvency resolution process (CIRP) that has stretched more than three and a half years. The Rs. 19,350-crore transaction has been funded by a mix of equity and debt. As part of the payment, a sum of Rs. 8,614 crore in Piombino Steel Limited (PSL) was arranged through a mix of equity, optionally convertible instruments and debt. Of this, an amount of Rs 8,550 crore was invested in a special purpose vehicle (SPV), Makler Private Limited, the bidding company; the balance Rs. 10,800 crore was funded by debt. JSW informed the stock exchanges that following the implementation of resolution plan that included payment of Rs. 19,350 crore to financial creditors of BPSL and merger of the SPV, PSL holds 100 per cent equity shares in BPSL. Seshagiri Rao, joint managing director and chief financial officer, JSW Steel, said that the company takes charge of the asset today. In a letter to BPSL employees, Sajjan Jindal, chairman of JSW group said that BPSL was the largest acquisition in the history of JSW Steel. "This acquisition not only aligns with our core business and purpose but also establishes our presence and accelerates our growth vision in eastern India," he said. "I am aware how difficult it is to build a greenfield steel plant of this size and this asset is indeed a testament to your tireless efforts," he further said.

4) RBI Governor Shaktikanta Das said earlier that the central bank does not at the moment foresee a downward revision of the economic growth forecast for 2021-22. The central bank had in February forecast India's FY22 real Gross Domestic Product (GDP) growth at 10.5 percent.The comments came amidst concerns after the recent surge in COVID-19 cases.The RBI Governor made the comments while speaking at the India Economic Conclave. He said digital players will increasingly have a critical role across the banking sector in India, which is emerging as Asia's financial technology (FinTech) hub. "FinTech is expected to challenge the financial sector with innovations and its exponential growth. Harnessing FinTech for customer services will effectively control costs and expand the banking and nonbanking businesses," Das said. The increased use of digital payments induced by the pandemic can fuel a rise in digital lending in the current decade, he said. The RBI had said that the working group, which was set up in January would study all aspects of digital lending activity of both regulated and unregulated players to put in place an appropriate regulatory approach. The Governor said "IT systems need to be developed to handle the exponential surge in the number of transactions." The Governor cited the example of Unified Payments Interface (UPI) which took three years from 2017 to reach a monthly count of 1 billion transactions, but doubled to 2 billion a month in a short span of another year.

5) Last week, The Supreme Court (SC) pronounced verdict on loan moratorium case on Tuesday and declined to extend the six months loan moratorium, observing further that the waiver of complete interest is not possible. The apex court said that the waiver of complete interest is not possible as it affects depositors. However, it said that any amount collected as compound interest shall be adjusted to the next installment payable instead of refunding it to the borrower irrespective of the loan amount. Pronouncing its verdict on a batch of pleas by various trade associations, seeking an extension of loan moratorium and other reliefs in view of the Covid-19 pandemic, the Court partly allowed the petitions which had challenged the decision of the Centre and RBI to restrict waiver of interest on interest to certain categories of borrowers who had availed loans of less than Rs 2 crore. The Centre had earlier submitted before the top court that if it were to consider waiving interest on all the loans and advances to all categories of borrowers for the six-month moratorium period announced by RBI, then the amount foregone would

be more than Rs. 6 trillion. “If the banks were to bear this burden, then it would necessarily wipe out a substantial and a major part of their net worth, rendering most of the lenders unviable and raising a very serious question mark over their very survival,” it had said.

6) Earlier, Maruti Suzuki India said it will increase the prices of vehicles in April, citing the adverse impact of rising input costs over the past one year. "Over the past year the cost of company's vehicles has been impacted adversely due to increase in various input costs," the company said in an exchange filing. "Hence, it has become imperative for the company to pass on some impact of the above additional cost to customers through a price increase," it said. This price increase is likely to vary for different models. The company however did not share details about the quantum of the price hike it intends to take from next month. The country's largest carmaker's service network has crossed 4,000 outlet mark across the country, covering 1,989 towns and cities. The auto major said it has added 208 new service workshops in 2020-21, despite tough conditions due to the Covid-19 pandemic.

7) In a relief to the bond market, the government had cancelled the last bond auction of the current financial year, scheduled on March 26. The government had planned to raise Rs. 20,000 crore through the auction, but the Reserve Bank of India (RBI) notified on its website that it stands cancelled now “on review of the position of cash balance” of the government. This was not entirely unexpected by the market, said a bond dealer, as there were rumors in the market already that the last auction would be cancelled. The bond market had a scare last week as a short-term bond was quoted at a yield of (-)1.5 per cent, which meant the bond was offered in the market for a face value of more than Rs 100. It turned out to be a case of a fat finger, and the trade was not executed. But the market is under pressure to cover their short positions for which they need to buy bonds. Coupled with the cancellation of auctions, this should be good news for the market, and the yields should fall more. The 10-year bond yields closed at 6.18 per cent on Monday, from their previous close of 6.19 per cent.

8) Bond markets across the world are hampering the nascent recovery, the Reserve Bank of India (RBI) said in its monthly bulletin for March. The central bank urged the local investors to help it ensure an ‘orderly evolution of the yield curve’. “As countries rush to inoculate their populations, the global economy should regain lost momentum in Q2. Bond vigilantes could, however, undermine the recovery, unsettle financial markets and trigger capital outflows from emerging markets," the RBI wrote in its state of the economy report. For the Indian bond market, in particular, the report noted: “The Reserve Bank is striving to ensure an orderly evolution of the yield curve, but it takes two to tango and forestall a *tandav*.” The central bank is clearly using all the platforms at its disposal to engage with the bond market. Governor Shaktikanta Das in the past has also asked the market to be cooperative and not combative, but the market has recently started demanding higher yields seeing the US yields and oil prices heading north, and is asking for more secondary market support from the RBI.

9) S&P Global Ratings had said earlier that 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.

10) 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.

11) 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.

12) 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).

13) 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 equities were up on Tuesday as investors remained focused on the global vaccination program rather than the hedge fund default that hit international banking stocks overnight.

2) The MSCI's broadest index of Asia-Pacific shares outside Japan was 0.6 per cent higher, while mainland China's CSI300 index rose 1 per cent. Hong Kong's Hang Seng Index added 1.2 per cent.

3) Japan's Nikkei, however, was flat.

4) In Europe, the pan-European STOXX 600 index rose 0.5 per cent the German DAX rose 0.6 per cent.

Ajcon Global's view

1) Indian equities were buoyant on Monday following Asian equities trend and positive global cues like US President Joe Biden's proposed $3 trillion infrastructure package, improved US GDP data and reduced unemployment rate. However, domestically, there is a significant spike in COVID-19 cases which is a matter of serious concern especially in states like Maharashtra, Punjab in the second wave. In addition, localised restrictions owing to jump in COVID-19 cases, US Bond yields trading a high range, rise in inflation, contraction of IIP too are lingering in investors mind and causing worries. Going ahead investors will keep a watch on COVID-19 cases number on daily basis amidst significant spike and vaccination drive, movement of US bond yields, FPI liquidity after new concerns stated above. 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.

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 will augur well for the 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.

3) 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.

4) Investors will continue to 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. 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.

5) We recommend investors to be stock specific and suggest investors not to get carried away with unknown names. Stock specific opportunities would emerge on corrections. The resurgence of COVID-19 cases is a serious matter of concern.

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