

THE DAILY

Date: 01 June 2021



DOMESTIC INDICES

	Close	Points	% Change
SENSEX	51937	515	1.00
NIFTY	15583	147	0.95
MIDCAP	21758	97	0.45
SMALL CAP	23596	117	0.50

SECTORAL INDICES

	Close	Points	% Change
METAL	18877	416	2.25
OIL & GAS	16472	221	1.36
REALTY	2680	35	1.33
BANKEK	40345	481	1.21
POWER	2816	34	1.21
Finance	7795	71	0.92
CD	33389	229	0.69
Healthcare	24535	118	0.48
CG	22498	21	0.10
TECK	12262	1	0.01
AUTO	23541	-31	-0.13
IT	27585	-43	-0.15

BSE 200 GAINERS/LOSERS

GAINERS	%	LOSERS	%
NAM-INDIA	6.18	M&M	-4.53
GUJGAS	4.95	BANKBARODA	-3.76
FRETAIL	4.95	GSPL	-2.64
ABB	4.85	AJANTPHARM	-2.62
GAIL	4.72	NAUKRI	-2.57

ADVANCE/DECLINES

	BSE	%
ADVANCES	1744	51
DECLINES	1492	44
UNCHANGED	191	6

INSTITUTIONAL ACTIVITY

Rs Cr	31/05/21	28/05/21	June Total
FII	2412	914	3326 (prov.)
DII	180	1275	1455 (prov.)

Indian markets could open flat to mildly higher, in line with Asian markets that are largely up today. US markets were shut on Monday due to the Memorial day holiday.....

European stocks were headed for a fourth straight monthly gain on May 31, but May was set to end on a weaker note after inflation picked up in Germany and data was soft out of China and Japan. Market closures due to holidays in London and the U.S. also kept many investors on the sidelines.

China's factory activity expanded at the fastest pace this year in May as domestic and export demand picked up, though sharp rises in raw material prices and strains in supply chains crimped some companies' production, a business survey showed on Tuesday. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) rose to 52.0 last month, the highest level since December and inching up from April's 51.9.

On Monday, the Organization for Economic Cooperation and Development lifted its global economic output forecasts for 2021 thanks to vaccines and U.S. fiscal stimulus. Its U.S. growth forecast was lifted to 6.9% from 6.5%, while growth for the eurozone was boosted to 4.3% from 3.9% and China growth was raised to 8.5% from 7.8%.

South Korea exports logged their sharpest expansion in 32 years in May, marking another robust month of shipments fueled by stronger consumer demand globally as many economies start to reopen. Surging chip and car shipments helped power a 45.6% surge in South Korea's exports from a year earlier.

The data released by the Indian government shows that the GDP in FY21 has contracted, for the first time since 1980-81. A contraction of 7.3 percent was reported in the financial year 2020-21. In the fourth quarter of FY21, the GDP has grown by 1.6 percent (vs forecast 0.9%). In the year-ago quarter, the GDP grew by 3 percent while in the previous quarter, GDP growth was 0.5 percent.

India's fiscal deficit for 2020-21 was at 9.3 per cent of the gross domestic product (GDP), lower than 9.5 per cent estimated by the Finance Ministry in the revised Budget estimates. The revenue deficit at the end of the fiscal was 7.42 per cent.

The output of eight core sectors jumped by 56.1 per cent in April mainly due to a low base effect and uptick in production of natural gas, refinery products, steel, cement and electricity.

Asian stocks were steady early Tuesday as traders await gauges of manufacturing activity and key American jobs data later in the week to help assess the economic outlook.

Indian benchmark equity indices continued their uptrend on May 31 with Nifty hitting fresh record high ahead of the Q4 GDP data due for release in the evening. At close, the Nifty was up 147.10 points or 0.95% at 15582.80.

GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	34529	64.81	0.19
S & P 500	4204	-0.11	0.00
NASDAQ	13749	12.46	0.09
FTSE	7023	2.94	0.04
CAC	6447	-36.94	-0.57
DAX	15421	-98.85	-0.64
NIKKEI	28751	-109.08	-0.38
SHNAGAI	3606	-9.78	-0.27
HANG SENG	29255	111.13	0.38
BOVESPA	126216	654.36	0.52

EXCHANGE RATES

	Value	% Change
USD/INR	72.5	0.20
EURO/USD	1.223	0.06
USD/GBP	1.424	0.21
USD/JPY	109.4	-0.13

COMMODITIES

	Value	%
Gold (\$ / Oz)	1915.5	0.54
Silver (\$ / Oz)	28.4	1.26
Crude Oil Futures	67.7	2.04
Brent Oil (\$ / Barrel)	70.2	1.28

BOND YIELD

	Value %	Chg bps
IND10 Yr Bond Yield	6.022	+0.018

ADR

	Value \$	%
Dr Reddys Labs	71.4	-1.18
HDFC Bank	76.5	1.19
ICICI Bank	18.0	-0.88
Tata Motors	21.7	-2.03
Wipro	7.93	0.13
Vedanta Ltd	14.83	-0.40
INFOSYS	19.34	0.89

Nifty rose for the seventh consecutive session reaching and closing at fresh record highs. It has closed May with a 6.5% gain almost matching the February gains. The contribution to this rise was broad-based on May 31. Overall advance decline ratio was also mildly positive. 15634 is the next resistance for the Nifty while 15470 is the support.

India's GDP grew 1.6% in Q4, contracts 7.3% in FY21:

India's Gross Domestic Product (GDP) for the January-March quarter (Q4) grew by 1.6 per cent, while the GDP for the entire financial year 2020-21 (FY21) contracted 7.3 per cent, as per the provisional estimates of GDP released by the Ministry of Statistics and Programme Implementation (MoSPI). The FY21 Gross Value Added (GVA) at basic prices came at -6.2 per cent while the Q4 GVA at basic prices was at 3.7 per cent. In the fourth quarter, the manufacturing sector, which had risen by 1.7 per cent in Q3, registered a growth of 6.9 per cent. Apart from this, the agriculture, forestry and fishing sector grew 3.1 per cent in Q4. Agriculture has been the only sector to register a growth in all the four quarters. Among the other industries, a contraction was seen in trade, hotels, transport, communication and services related to broadcasting at 2.3 per cent in Q4, better from a contraction of 7.9 per cent in Q3. The construction sector showed a growth of 14.5 per cent, from a growth of 6.5 per cent in Q3.

India's fiscal deficit stood at 9.3% of GDP in 2020-21:

India's Fiscal deficit for 2020-21 was at 9.3 per cent or ₹18.21 lakh crore of the gross domestic product (GDP), lower than 9.5 per cent estimated by the Finance Ministry in the revised Budget estimates, according to the CGA data. Net tax receipts were ₹14.24 lakh crore, while total expenditure was ₹35.11 lakh crore, the data showed.

Defence Ministry notifies second negative import list:

The Defence Ministry has notified the second negative import list — now renamed as the 'positive indigenisation list' — of 108 items that can now be only purchased from indigenous sources. The new list takes the total number on the list to 209. It is planned to be implemented progressively with effect from December 2021 to December 2025, the Defence Ministry said. "The second list lays special focus on weapons and systems which are currently under development/trials and are likely to translate into firm orders in the future. Like the first list, import substitution of ammunition which is a recurring requirement has been given special focus," a Ministry statement said. The 'second positive indigenisation list' comprises complex systems, sensors, simulator, weapons and ammunitions like helicopters, next generation corvettes, Air Borne Early Warning and Control (AEW&C) systems, tank engines, medium power radar for mountains, Medium Range Surface to Air Missile (MRSAM) weapon systems and many more such items to fulfil the requirements of Indian armed forces, it stated. As part of efforts to boost the domestic defence industry and promote defence exports, last August, the government notified first 'positive indigenisation' list comprising 101 items. The Ministry is also soon expected to put out the final version of the 'Defence Production and Export Promotion Policy (DPEPP) 2020', the draft of which was released last August for public feedback.



Jubilant Pharma to invest US\$ 92mn to expand Sterile Injectable manufacturing capacity:

Jubilant Pharma Limited, a wholly-owned subsidiary of Jubilant Pharmova Limited, announces US\$ 92mn investment to expand sterile injectable manufacturing capacity at its Spokane site in Washington, US. This investment is being made to set up a high speed 400 vials a minute injectable fill line with isolator technology, which will enhance the Spokane facility's capacity by 50%. This expansion will also include two 300 sq feet Lyophilizers. This expansion will be spread over 50,000 sq feet at the Spokane facility and will be commercially operational by the end CY24.

Aurobindo Pharma Q4 FY21 result update:

Aurobindo Pharma reported numbers almost in line with estimates. Revenue for the quarter declined 2.5% YoY at Rs 6002cr, as against estimate of Rs 6098cr. EBITDA margin contracted 60bps YoY at 21.2%. Net profit declined 7% YoY at Rs 802cr, as against expectation of Rs 784cr. US formulation revenue of Rs 2856cr vs. Rs 2990cr in Q4FY20, registering a decline of 4.5% YoY. US formulation revenue ex-Natrol increased by 5.3% YoY. Europe formulation revenue came in 6% lower at Rs 1553cr due to stocking up during the pandemic in Q4FY20. Growth Markets revenue witnessed 18.8% YoY decline to Rs 306cr. ARV revenue increased 28.7% YoY at Rs 491.2cr. API revenue for the quarter grew 5% YoY at Rs 794.3cr. R&D expenses for the quarter stood at Rs 457cr or 7.6% of revenues. It received final approval for 9 ANDAs from US FDA including 3 injectables. US formulation business increased by 7.3% YoY to Rs 12,325cr. Excluding Natrol, the US formulation revenue increased by 8.2% over last year. Europe formulation revenue grew 2.3% YoY at Rs 6061cr. Growth Markets business recorded 6% YoY growth at Rs 1438cr. ARV revenue increased 48.8% YoY to Rs 1863cr. API revenue remained flat for the year stood at Rs 3086cr. Company derived 93% of revenue from international markets and 7% from domestic market. R&D expenses stood at Rs 1510cr or 6.1% of revenues. Company received final approval for 42 ANDAs from US FDA including 17 injectables. Aurobindo reported Net Profit after JV share, minority interest at Rs 5,335cr as against Rs 2,845cr in the corresponding previous period, witnessed a growth of 87.5% YoY. Excluding exceptional items (net of tax), adjusted net profit has increased by 10.5% in FY21. As on Mar-2021, on a cumulative basis, the company filed 639 ANDAs with US FDA and received approval for 468 ANDAs including 29 tentative approvals. Company has launched 19 products during the quarter including 10 injectables. Adjusted EPS for FY21 stood at Rs 53.5. At CMP, the stock trades at 15x FY23E EPS. ARPOB for India business improved to Rs 11 million in Q4FY21 compared to Rs 9.9 million in Q4FY20. ARPOB for Cayman came at USD 2 million in Q4FY21 as against USD 1.5 million in Q4FY20. Margins improved sequentially across all Indian cluster regions. Consolidated net debt stood at Rs 486 cr as on March 2021, reflecting net debt to equity ratio of 0.43x (Out of which, debt worth US\$ 39mn is foreign currency denominated).

Chaman Lal Setia Exports Ltd Q4FY21 Result Update:

Q4FY21 Overall Results were broadly in-line with estimates. Revenue for the quarter stood at Rs 225.6cr, 1.1%/15.8% YoY/QoQ. EBITDA for the quarter was at Rs 30.9cr, +1%/12.4% YoY/QoQ. EBITDA margin was flat/down 41bps YoY/QoQ and stood at 13.7%. PAT for the quarter stood at Rs 21.4cr +4%/9.4% YoY/QoQ. EPS for the quarter stood at Rs 4.13. Board announced dividend of Rs 0.56 per share for FY21.

Narayana Health Ltd Q4FY21 Result Update:

Q4FY21 Overall Results were better than estimates. Revenue for the quarter stood at Rs 837.7cr 12.8%/11.6% YoY/QoQ. EBITDA for the quarter was at Rs 141.4cr +48.4%/38.5% YoY/QoQ. EBITDA margin expanded ~405bps/325bps YoY/QoQ and stood at 16.9%. PAT for the quarter stood at Rs 68.01cr as against Rs 11.9cr in Q4 last year; Rs 40.8cr in the previous quarter. EPS for the quarter stood at Rs 3.35. India revenue grew 9.5% YoY at Rs 700cr. Cayman Islands (HCCI) revenue recorded 30% YoY increase at US\$ 18.5mn.

Rupa & Co. Q4FY21 Result update:

Q4FY21 Overall Results were better than our estimates. Consolidated Revenue for the quarter stood at Rs. 454 up 153/31% YoY/QoQ v/s Expectation of Rs. 368Cr. Consolidated revenues for FY21 stood at Rs. 1312Cr up 35% over FY20. EBITDA for the quarter stood at Rs. 91Cr up 1050/41% YoY/QoQ v/s Expectation of Rs. 65Cr. EBITDA Margin for the quarter stood at 20% which expanded by 1560/140 bps on a YoY/QoQ basis. EBITDA for FY21 stood at Rs. 257Cr which grew by 126% over FY20 while margins for the year stood at 19.6% which expanded by 790bps over FY20. The company reported best-ever operating performance in the year which was mainly driven by cost rationalization and lower A&P spends which stood at 4% for FY21 v/s an average of 7-7.5% historically. PAT for the quarter stood at Rs. 66Cr v/s a loss of Rs. 4.3Cr in Q4FY20. On a sequential basis, PAT grew by 51%. EPS for the quarter stood at Rs. 8.3 while for FY21 EPS stood at Rs. 22.



Radico Khaitan Ltd. Q4FY21 result preview:

Revenue is expected to grow by 10% YoY led by 2/20/6% YoY growth in P&A/Regular/Non-IMFL. Volume growth of 9% (+10% P&A & +9% Popular) is expected as continued traction in home consumption supported demand, despite localized lockdowns impacting pubs and bars. Gross margin to expand by 15bps YoY to 50% (- 400bps in Q4FY20 and +232bps in Q3FY21) on easing of ENA inflation. EBITDA margin is expected to expand by 56bps YoY to 14.6% (flat in Q4FY20 and +238bps in Q3FY21). EBITDA is expected to grow by 15% YoY, but decline by 24% QoQ. Key monitorables are commentary on product launches, competitive intensity & pricing strategy, commodity inflation outlook and post COVID-19 change in the debt repayment plan.

ITC Limited Q4FY21 result preview:

ITC is expected to post 9.7% YoY growth in revenue to Rs. 12,530 Cr with gross cigarette revenue growth of 5% (-7% in Q4FY20 and +4% in Q3FY21) while non-cigarette business is expected to grow 13% YoY with Hotels witnessing a decline of 30% YoY while FMCG/Agri/Paper revenue is expected to grow by 10/30/12% YoY. Cigarette EBIT to grow by 11% YoY (-12% in Q4FY20 and -8% in Q3FY21) and FMCG EBIT margin at 6.7% (4.6% in Q4FY20 and 5.8% in Q3FY21). Overall EBITDA margin expansion of 106bps YoY to 37.5% is expected (-100bps in Q4FY20 and -437bps in Q3FY21) with EBITDA to grow by 13% YoY (-9% in Q4FY20 and -7% in Q3FY21). Key monitorables are recovery in cigarette volume and mix impact on margin, FMCG business EBIT margin, recovery in Paper Business led by FMCG sector recovery and outlook on Agri and Hotel businesses.

Gujarat Gas Ltd Q4FY21 result preview:

Gujarat Gas is likely to report growth in revenue by 18.5% YoY to Rs 3160 crore and the company could report net profit of Rs 250 crore, which is up by 1.7% YoY in Q4FY21. We expect volumes at 10.5 mmscmd with revival in industrial demand. Gujarat Gas took an industrial price hike of Rs 5/scm on Jan 21. Non-Morbi industrial volumes and expansion of the CNG network remains a key outlook for volume growth.

Important news/developments to influence markets

- India's annual economic growth rate picked up in January-March compared with the previous three months. Gross Domestic Product (GDP) grew 1.6% in January-March compared with the same period a year earlier. India's GDP in real terms (inflation-adjusted) contracted 7.3 per cent during 2020-21.
- India's construction sector, growing by 14.5 per cent during the quarter, compared to the same period in the previous year. All but two sectors—mining and hotels—have returned to the positive zone.
- India's federal fiscal deficit for 2020/21 that ended on March 31 stood at 18.21 trillion rupees (\$251 billion), or 9.3% of country's gross domestic product (GDP). Net tax receipts were 14.24 trillion rupees, while total expenditure was 35.11 trillion rupees. On Feb. 1, the government revised its fiscal deficit target for 2020/21 to 9.5% of GDP, instead of its original target of 3.5% of GDP.
- Japan's industrial output extended gains in April, factory output grew 2.5% from the previous month in April, as higher production of general-purpose and electrical machinery offset a contraction in cars and transportation equipment output, the rise in output was better than the previous month's 1.7% gain.
- In April, Japan's retail sales soared 12.0% year-on-year, mainly due to statistical base effects but also strong appetite for general merchandise and clothing. Retail sales, however, shed 4.5% on a seasonally adjusted basis compared to the previous month, as consumer sentiment struggled with the most recent measures to stem a halt in coronavirus infections.

Daily Technical View on Nifty

Observation: Markets surged higher on Monday to close with healthy gains. It was the seventh consecutive session of gains for the Nifty. The Nifty finally gained 147.15 points or 0.95% to close at 15,582.8. Broad market indices like the BSE Mid Cap and Small Cap indices gained less, thereby under performing the Sensex/Nifty. Market breadth was positive on the BSE/NSE.

Sectorally, the top gainers were the BSE Metal, Telecom, Oil and Gas, Realty and Bankex indices. The top losers were the BSE IT and Auto indices.

Zooming into the 60 minute chart, we can see that the Nifty opened on a weak note but soon recovered from the lows which coincided with the 20 period MA on the 60 min chart.

The short term trend therefore remains up as the Nifty continues to make higher bottoms and higher tops on the 60 min chart over the last few sessions and also continues to trade above the 20 period MA on the same time frame.

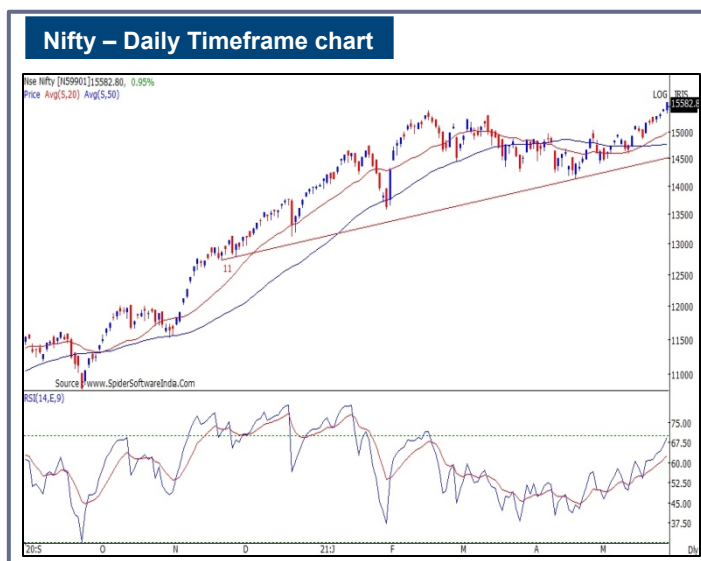
On the daily chart, the Nifty continues to hold above a rising trend line that has held the important lows of the last few months. This implies that the index remains in an intermediate uptrend. The Nifty has also recently made higher bottoms at 14416, 14591 and 14884 and continues to trade above the 20 and 50 day SMA, which gives further evidence of an uptrend. The 14-day RSI at 69.23 is not overbought, which again suggests scope for more upsides towards new life highs.

Conclusion: The 1-2 day trend of the Nifty remains up with the Nifty making higher bottoms on the 60 min chart over the last few sessions and also continuing to trade above the 20 period MA on the same time frame.

On the larger daily timeframe, an upward sloping trend line continues to support the index with the Nifty also recently making higher bottoms at 14416, 14591 and 14884 and continuing to trade above the 20 and 50 day SMA, which gives further evidence of an uptrend.

While we expect the Nifty to move higher and make new life highs in the coming sessions, we also remain open to short term corrections and price consolidations. Crucial supports are at 15374.

Nifty	View for 1-2 days	Reversal	7-Day View	Reversal
15583	Bullish	15525	Bullish	15374
	Target 15700		Target 15800	



SHORT TERM TRADING CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET	UPSIDE %	VALID TILL
1	31-MAY-21	BUY	NIFTY JUNE FUT	15577.7-15510	15,571.1	15,480	15,700	1	3-JUN-21
2	26-MAY-21	BUY	LTTS JUNE FUT	2695.95-2637	2,727.0	2,629	2,819	3	2-JUN-21
3	28-MAY-21	BUY	TATA CHEMICAL JUNE FUT	690-699.50	699.0	686	735	5	4-JUN-21
4	31-MAY-21	BUY	DLF JUNE FUT	285-290.3	289.0	283	305	6	7-JUN-21
5	31-MAY-21	BUY	IGL JUNE FUT	531.25-521	532.0	518	553	4	7-JUN-21
6	21-MAY-21	BUY	Bharti Airtel	530.85-515	534.9	510	557	4	1-JUN-21
7	27-MAY-21	BUY	TATA MOTORS	321.80-312	318.8	309	338	6	7-JUN-21
8	27-MAY-21	BUY	BEML	1305-1320.85	1,302.1	1,294	1,390	7	10-JUN-21
9	31-MAY-21	BUY	MOIL	174-177.75	180.7	172	187	4	14-JUN-21

OPEN CASH POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	11-FEB-21	BUY	SUN TV	522.0	541.7	390.0	640.0	735.0	36	11-AUG-21
2	24-MAY-21	BUY	SOBHA DEVELOPERS	468.4	491.3	450.0	505.0	550.0	12	24-AUG-21
3	25-MAY-21	BUY	EDELWEISS	66.0	65.2	60.0	72.5	80.0	23	25-AUG-21

*= 1st Target Achieved

OPEN DERI POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	21-MAY-21	BUY	GODREJ PROPERTIES JUNE FUT*	1329.0	1374.5	1329.0	1398.0	1466.0	7	TILL 24TH JUNE 21
2	26-MAY-21	BUY	NAUKRI JUNE FUT	4538.8	4385.0	4320.0	4760.0	4980.0	14	TILL 24TH JUNE 21
3	28-MAY-21	BUY	L&T FINANCE HOLDING JUNE FUT	92.5	94.1	87.6	99.6	-	6	TILL 24TH JUNE 21

OPEN E-MARGIN POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	6-APR-21	BUY	SUN PHARMA*	616.7	668.3	570.0	663.0	757.0	13	6-OCT-21
2	16-APR-21	BUY	AXIS BANK *	669.0	750.7	626.0	712.0	790.0	5	16-JUL-21
3	11-MAY-21	BUY	COROMANDEL INTERNATIONAL*	751.5	801.3	751.5	810.0	860.0	7	11-AUG-21
4	18-MAY-21	BUY	TITAN *	1513.5	1596.3	1513.5	1600.0	1690.0	6	18-AUG-21
5	19-MAY-21	BUY	NIACL	163.5	163.3	150.0	177.0	200.0	22	19-AUG-21
6	19-MAY-21	BUY	TV 18 BROADCAST*	38.0	41.8	38.0	43.0	50.0	20	19-AUG-21
7	21-MAY-21	BUY	BLUE DART	5917.2	6012.7	5300.0	6640.0	7100.0	18	21-AUG-21
8	25-MAY-21	BUY	ZEEL	203.5	209.4	188.0	219.0	250.0	19	25-AUG-21
9	26-MAY-21	BUY	JYOTH LAB	151.5	155.1	139.0	167.0	-	8	26-AUG-21
10	26-MAY-21	BUY	BOMBAY BURMAH TRADING	1245.0	1303.3	1145.0	1375.0	-	6	26-AUG-21
11	27-MAY-21	BUY	SUN TECK	275.8	286.9	255.0	305.0	335.0	17	27-AUG-21

*= 1st Target Achieved

QUARTERLY RESULTS ANNOUNCED

COMPANY	Q4FY21		YoY (%)		QoQ (%)		Remarks
	Sales (Rs Cr)	NP (Rs Cr)	Sales	NP	Sales	NP	
Rupa & Co.	454.0	66.0	153	NA	31	51	Above Expectations
Narayana Health	837.76	68.01	12.8	469.1	11.6	66.6	Above Expectations
Chaman Lal Setia Exports	225.61	21.38	1.1	4.0	15.8	9.4	Inline with Expectations
Aurobindo Pharma	6002	802	-2.5	-5.7	-5.7	-4.2	In line with expectations

PL: Profit to Loss, LP: Loss to Profit, LL: Loss to Loss

*Adjusted



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