

THE DAILY

Date: 05 May 2021



DOMESTIC INDICES

	Close	Points	% Change
SENSEX	48254	-465	-0.95
NIFTY	14497	-138	-0.94
MIDCAP	20220	-102	-0.50
SMALL CAP	21886	-125	-0.57

SECTORAL INDICES

	Close	Points	% Change
OIL & GAS	14990	107	0.72
CG	20384	12	0.06
POWER	2506	-6	-0.25
REALTY	2436	-13	-0.53
BANKEX	36758	-212	-0.57
Finance	7197	-45	-0.63
METAL	17965	-117	-0.65
IT	26135	-191	-0.73
TECK	11743	-105	-0.89
AUTO	21494	-218	-1.01
CD	31329	-351	-1.11
Healthcare	23326	-356	-1.50

BSE 200 GAINERS/LOSERS

GAINERS	%	LOSERS	%
PNB	8.70	LTTS	-7.91
NIACL	5.85	TATACONSUM	-4.75
BANKBARODA	5.55	JUBLFOOD	-3.91
UNIONBANK	4.86	CIPLA	-3.41
GAIL	4.69	GLENMARK	-3.35

ADVANCE/DECLINES

	BSE	%
ADVANCES	1328	42
DECLINES	1637	52
UNCHANGED	176	6

INSTITUTIONAL ACTIVITY

Rs Cr	04/05/21	03/05/21	May Total
FII	-1772	-2289	-7526 (prov.)
DII	987	553	2959 (prov.)

Indian markets could open mildly higher, in line with largely positive Asian markets today and despite mixed US markets on Tuesday.....

While the Dow managed to end up, other U.S. stock indexes finished lower Tuesday, with the Nasdaq suffering its worst one day fall since March, as investors sifted through comments from U.S. Treasury Secretary Janet Yellen who said interest rates could rise a bit if the economy overheated. The Nasdaq ended sharply lower on Tuesday as investors dumped megacap growth stocks to seek shelter in more defensive parts of the market, amid concerns on rising interest rates and uncertainty over an upcoming jobs report.

U.S. Treasury Secretary Janet Yellen said Tuesday that interest rates may have to rise to keep a lid on the burgeoning growth of the U.S. economy brought on in part by trillions of dollars in government stimulus spending. Later she said that she sees no inflation problem brewing, downplaying earlier comments.

The U.S. trade deficit rose 5.6% in March to a record \$74.4 billion (highest ever since data has been compiled from Jan 1992), reflecting a robust appetite for consumer goods as the economy gains speed. Data also showed U.S. factory orders rose 1.1% in March. Durable-goods orders rose a revised 0.8%. The trade imbalance with China increased more than 22% to \$36.9 billion. The deficit with Mexico rose 23.5% to \$8.4 billion.

Asian shares were largely up on Wednesday even as sentiment took a knock from a selloff in large cap Wall Street tech darlings, combined with talk of rising U.S. interest rates. Markets in China and Japan remain closed for public holidays. South Korean markets are also shut.

Reserve Bank of India Governor Shaktikanta Das will make an unscheduled speech Wednesday, amid a ferocious new coronavirus wave that is devastating the country. The address will be broadcast at 10 a.m. local time, the RBI said on Twitter.

Indian benchmark indices fell for the second time in three days on May 04, following concerns over FPI selling in the recent past and further action expected to combat the Covid situation. The Nifty started to fall post 1250 Hrs. At close the Nifty was down 138 points or 0.94% to 14497.

Nifty has come under pressure as India's official tally of coronavirus infections surged past 20 million, Indian Premier League cricket tournament has been suspended with immediate effect and Corporate management commentary remained cautious on Q1 performance due to lockdowns. Fears of stricter lockdowns also brought caution amongst traders. 14416-14634 is the band for the Nifty over the near term.

GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	34133	19.80	0.06
S & P 500	4164	-28.74	-0.69
NASDAQ	13634	-261.62	-1.88
FTSE	6928	-41.36	-0.59
CAC	6252	-56.15	-0.89
DAX	14875	-361.92	-2.38
NIKKEI	28813	-241.34	-0.83
SHNAGAI	3447	-28.04	-0.81
HANG SENG	28546	266.12	0.94
BOVESPA	117712	-1497.48	-1.26

EXCHANGE RATES

	Value	% Change
USD/INR	73.9	-0.06
EURO/USD	1.202	0.06
USD/GBP	1.391	0.16
USD/JPY	109.2	-0.09

COMMODITIES

	Value	%
Gold (\$ / Oz)	1780.5	0.06
Silver (\$ / Oz)	26.6	0.28
Crude Oil Futures	66.3	0.99
Brent Oil (\$ / Barrel)	69.6	1.00

ADR

	Value \$	%
Dr Reddys Labs	69.1	-2.03
HDFC Bank	69.2	-0.86
ICICI Bank	16.0	-2.27
Tata Motors	19.5	-1.02
Wipro	7.13	-0.97
Vedanta Ltd	14.21	1.28
INFOSYS	18.11	-0.49

Adani Ports can abandon Myanmar project if found to be violating US sanctions:

Adani Ports and Special Economic Zone Ltd said could abandon a Myanmar container terminal project and write down the investment if it is found to be in violation of sanctions imposed by the United States.

"In a scenario wherein Myanmar is classified as a sanctioned country under the Office of Foreign Assets Control (OFAC), or if OFAC opines that the project violates the current sanctions, (Adani Ports) plans to abandon the project and write down the investments," the company said.

India's top carmaker Maruti Suzuki slices production as lockdowns hit sales:

Maruti Suzuki India Ltd. may halve its production capacity as an overwhelming surge of coronavirus infections shuts some of its sales outlets in the South Asian nation. As per the Maruti Chairman R.C. Bhargava "The problem is on the sales side because in several states there is a partial lockdown and there's a curfew in some states and the dealers who sell the cars are having to close down, half the sales outlets are closed at the moment."

Microfinance repayment collection starts falling again:

Microfinance repayment collection has again started falling with the sharp rise in the rate of infections in some regions along with area wise containments and partial lockdowns. Rating company ICRA has estimated a sequential 8-10% drop in collections in April 2021 and the same may dip further if the second wave cannot be controlled.

JSW Steel's unit signs agreement with Allegheny Technologies:

JSW Steel, the steel maker announced that its US subsidiary has signed a long-term agreement with Allegheny Technologies Inc. (ATI) for the conversion of carbon steel slabs into hot rolled coils.

NMDC output grows to 3.13 MT in Apr; sales jumps to 3.09 MT

NMDC posted a 74% jump in its iron ore output at 3.13 million tonne (MT) in April 2021. The company had produced 1.80 MT iron ore in April 2020, NMDC said in a BSE filing. During the said month, NMDC has recorded a growth in its sales as well. In April 2021, its sales was at 3.09 MT, higher from 1.38 MT in same month last year.

Mahindra & Mahindra looks to support SsangYong's EV business:

Even as the cash-strapped SsangYong Motors is struggling to stay afloat, its parent company Mahindra & Mahindra is looking to support the electric vehicle (EV) business at the Korean car maker. Mahindra plans to develop and supply the electric SUV drivetrain on its 'MESMA 350' platform. This powertrain is suitable for converting existing ICE (internal combustion engine) vehicles to electric and for making ground-up EVs.



L&T Infotech Ltd Q4FY21 Result Update:

L&T Infotech reported better than expected numbers in Q4FY21, with a strong deal pipeline. Consolidated revenue grew by 3.7% QoQ and 8.6% YoY to Rs 3269 crore vs. expectation of Rs 3,249 crore in rupee terms, driven by healthy growth momentum across segments and geographies. Constant currency revenue growth at 4.4% QoQ and 7.1% YoY. Revenue in US\$ terms was up by 4.6% QoQ and 9.1% YoY to US\$ 447 mn vs. expectation of US\$ 446mn.

EBIT declined by 2.7% QoQ and it increased by 25.9% YoY to Rs 633 crore vs. expectation of Rs 605 crore in Q4FY21. EBIT margin ramped down by 120bps QoQ and improved 520bps YoY to 19.4% in Q4FY21. Net Profit grew by 5.1% QoQ and 27.8% YoY to Rs 545 crore, supported by strong demand-led revenue growth. PAT margin was up by 20bps QoQ and 250bps YoY to 16.7% in Q4FY21.

For FY21, consolidated revenue grew by 13.7% YoY to Rs 12369.8, and it increased by 9.5% to US\$ 1,670 mn in US\$ terms and in constant currency revenue growth was 8.8% on YoY basis. Net profit grew by 27.5% YoY to Rs 1938 crore. L&T Infotech announced two large deals with cumulative net new TCV of USD 278 million. Company's total active clients stood at 427 as of 31 March, 2021 vs. 419 as of 31 December, 2020, and 424 active clients, as on 31 March, 2020. Company added 14 new clients in Q4FY21. The company added 2008 net employees and total number of employees stood at 35,991 as of 31 March, 2021 and TTM attrition is 12.3% vs. 16.5% in Q4FY20.

Earnings per share was at Rs 110.3 in FY21 vs. Rs 86.6 and at a CMP of Rs 3,847, stock trades at 23.7x FY23E EPS. The company has recommended a final dividend of Rs 25 per equity share (Face value of Re 1) for FY21. Total dividend for FY21 is Rs 40 per equity share, including the interim dividend of Rs 15 per equity share declared in October 2020.

Alembic Pharma Q4 FY21 Result Update:

Sales were below estimates while margin was in line with estimates for the quarter. Revenue for the quarter grew 6% YoY at Rs 1280cr. US formulation revenue slipped 18% YoY at Rs 475cr. Ex US International revenue registered strong 77% YoY growth at Rs 233cr. API revenue increased 38% YoY at Rs 214cr. Domestic formulation revenue grew 5% YoY at Rs 358cr. Speciality business grew 21% YoY at Rs 219cr. Acute segment declined 28% YoY at Rs 94cr. Alembic registered strong growth in Gynaecology, Anti-diabetic, Ophthalmology and Orthopaedic segment.

EBITDA margin contracted 40bps YoY at 26.7% due to lower gross margin. Gross margin declined 250bps YoY at 75.5%. Company reported 11.6% YoY rise in net profit at Rs 250.7cr on lower tax expenses.

Company reported 17% YoY growth in revenue at Rs 5393cr. US generics revenue grew 9% YoY at Rs 2163cr. Domestic formulations business grew 5% YoY at Rs 1497cr. API revenue increased 35% YoY at Rs 955cr. Ex US International business recorded 57% YoY growth at Rs 779cr. Ex US revenue growth was led by new launches across key markets like Europe, Canada, Australia and South Africa.

EBITDA margin for the year improved 390bps YoY at 30.2% on lower other expenses and better gross margin. Gross margin improved 70bps YoY at 76.7%. Net profit increased 42% YoY at Rs 1178cr on strong revenue and robust operational performance. Board has approved Rs 14 per share as final dividend for FY21.

Alembic has filed 13 ANDAs in the quarter and 29 ANDAs in FY21; it has received 20 products approvals from the US FDA in FY21. Company has approval for 139 products and has launched 92 products in the US as on Mar-2021. R&D expenses for the quarter stood at Rs 195cr (15.2% of revenue) and Rs 670cr (12.4% of revenue) for FY21.

RBL Bank Q4FY21 result update:

RBL Bank reported a 34 per cent year-on-year decline in net profit to Rs 75 crore, which was below estimates. The decline in profit was largely on account of higher provisioning in the quarter.

The net interest income in the quarter slumped 11 per cent on-year to Rs 906 crore, which was also below Street's estimates.

However, the lender reported an improvement in asset quality for the quarter. The bank's gross non-performing assets ratio was at 4.34 per cent as against 4.57 per cent on a proforma basis a quarter ago. Similarly, net NPA ratio stood at 2.12 per cent as against 2.52 per cent a quarter ago.

Operating performance in the quarter was firm as pre-provision operating profit rose 17 per cent on-year to Rs 877 crore. However, net interest margin contracted 70 basis points on-year to 4.2 per per cent due to reversal of interest income on slippages.

The lender said that slippages from the BB and below rated loan book were at 10 per cent in the previous financial year but it expects to revert to normal trend of 5-7 per cent in 2021-22.

The asset quality of business loans deteriorated in the quarter to 1.85 per cent from 1.75 per cent a quarter ago on a pro forma basis. At the same time, the quality of retail books improved to 2.49 per cent from 2.82 per cent.

It registered a 26 per cent growth in deposits to Rs 73,121 crore but loan book grew merely 1 per cent to Rs 58,623 crore. The muted loan growth performance was largely due to the 12 per cent decline in wholesale book, whereas the retail loan book surged 13 per cent.

Greaves Cotton Limited Q4FY21 result update:

Greaves cotton reported 34.8% YoY growth and 5.2% QoQ growth in revenue to Rs 520.4 crore. Operating profit grew at a 76.2% on YoY basis and declined by 15.5% on QoQ basis to Rs 41.6 crore. EBITDA margin contracted by 195 bps QoQ basis to 8.0% mainly due to jump in employee expenses and other expenses. Reported Net Profit stood at Rs 13.7 crore declined by ~35% as compared to previous quarter.

Important news/developments to influence markets

- The Bank of England reports that consumer credit fell by around £500m in March, including net repayments on credit cards (£0.4 billion) and other forms of consumer credit (£0.2 billion).
- The seasonally adjusted UK Manufacturing PMI rose to 60.9 in April, up from 58.9 in March and above the earlier flash estimate of 60.7.
- Total Vehicle Sales in the United States increased to 18.50 Million in April from 17.70 Million in March of 2021.
- Redbook Index in the United States increased by 14.20 percent in the week ending May 1 of 2021 over the same week in the previous year.
- The U.S. trade deficit jumped again in March to a record \$74.4 billion. The trade gap widened 5.6% from \$71.1 billion in February.
- New orders for U.S.-made goods rebounded in March. The Commerce Department said on Tuesday that factory orders increased 1.1% in March after falling 0.5% in February.



Daily Technical View on Nifty

Sell on rise again at the highs...

Observation: After showing fine upside recovery from the lows on Monday, Nifty witnessed a sharp sell on rises action on Tuesday and showed sharp weakness. After opening on an upside gap of 53 points, Nifty made an attempt to move up in the early part of the session. Intraday weakness got triggered from a day's high of 14723 and the market started weakness from the highs. Intraday upside recovery attempt has failed and the weakness got intensified in the afternoon to later part of the session and the market closed near the lows.

A long negative candle was formed after a opening higher and the negative candle has engulfed more than 3/4th of previous bullish candle of Monday. This is negative indication and signal a lack of strength in the market to sustain highs or sharp sell on rise is underway. This pattern could signal further weakness down to the immediate support of 14400 or lower in the short term.

A decisive move below 14400 could pull Nifty down to a crucial lower support band of 14200 - 14150 levels and that support area is expected to offer support for the market from the lower levels. The higher bottom formation at the low of 14416 of Monday has not been confirmed on Tuesday and that pattern is now placed at the danger of negation.

Nifty as per weekly chart indicate that the market is struggling to sustain the highs, after a fine intra-week upmove of last week.

Conclusion: The lack of strength to sustain the highs continued in the market and the fine upside bounce of previous session has been negated. The market could slide down further and the next set of supports are seen around 14400 and the next 14200-14150 levels, where one may expect another round of upside bounce from the lows. On the way up 14600-14650 could act as a hurdle.

Nifty	View for 1-2 days	Reversal	7-Day View	Reversal
14496	Negative	14650	Bullish	14150
	Target 14400		Target 14900	



SHORT TERM TRADING CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET	UPSIDE %	VALID TILL
1	4-MAY-21	SELL	BANK NIFTY MAY FUT	32439-32640	32,445.0	32750	31900	2	7-MAY-21
2	4-MAY-21	SELL	NIFTY MAY FUT	14552.80-14620	14,551.9	14650	14425	1	7-MAY-21
3	4-MAY-21	BUY	BANK NIFTY 32000 APR PUT OPTION (12TH MAY EXPIRY)	572.25	542.0	450	750	38	7-MAY-21
4	3-MAY-21	BUY	MARUTI MAY FUT	6624.5-6425	6,544.8	6328	6955	6	27-MAY-21
5	3-MAY-21	BUY	DLF MAY FUT	249.75-245	247.2	243	258	4	6-MAY-21
6	30-APR-21	BUY	DIVIS LAB	4093-3940	3,985.4	3900	4350	9	11-MAY-21
7	3-MAY-21	BUY	DEEPAK NITRAITE	1917.35-1860	1,863.8	1832	2014	8	12-MAY-21
8	4-MAY-21	BUY	B SOFT	242-246.45	241.9	239.7	260	8	7-MAY-21
9	4-MAY-21	BUY	CAPLIN POINT	512.50-494	510.9	490	537.5	5	13-MAY-21
10	4-MAY-21	BUY	RPSGVENT	354-366.50	371.4	349	395	6	18-MAY-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	490.1	390.0	640.0	735.0	50	11-AUG-21
2	3-MAY-21	BUY	HATSUN AGRO	805.3	837.3	725.0	907.0	1050.0	25	3-AUG-21
3	4-MAY-21	BUY	CARE RATING	515.4	523.3	455.0	578.0	650.0	24	4-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	1-APR-21	BUY	CUB MAY FUT*	161.5	168.0	149.0	170.0	190.0	13	TILL 27TH MAY 21
2	19-APR-21	BUY	GRANULES INDIA MAY FUT	338.0	335.0	312.0	370.0	-	10	TILL 27TH MAY 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	645.2	570.0	663.0	757.0	17	6-OCT-21
2	16-APR-21	BUY	AXIS BANK *	669.0	700.4	626.0	712.0	790.0	13	16-JUL-21
3	28-APR-21	BUY	HERITAGE FOODS LTD	359.6	362.5	330.0	395.0	440.0	21	28-JUL-21
4	3-MAY-21	BUY	CCL PRODUCTS*	271.2	301.6	245.0	308.0	349.0	16	3-AUG-21
5	4-MAY-21	BUY	NATCO PHARMA	931.8	933.6	850.0	1020.0	1170.0	25	4-AUG-21
6	4-MAY-21	BUY	RCF	75.5	73.9	69.3	83.0	-	12	4-AUG-21
7	4-MAY-21	BUY	RAMCO INDUSTRIES	282.5	284.7	250.0	318.0	360.0	26	4-AUG-21

*= 1st Target Achieved

DATA & EVENTS

QUARTERLY RESULTS ANNOUNCED

COMPANY	Q4FY21		YoY (%)		QoQ (%)		Remarks
	Sales (Rs Cr)	NP (Rs Cr)	Sales	NP	Sales	NP	
L&t Infotech	3269.4	545.2	8.6	27.8	3.7	5.1	Above Expectation
PL: Profit to Loss, LP: Loss to Profit, LL: Loss to Loss							



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