

Market Outlook

Indian markets are likely to open positive tracking gains in global markets mostly supported by optimism that major economies will start recovering with relaxation from lockdown. However, global news flows and earning outcomes of domestic players would be key monitorables.

Markets Yesterday

- Domestic markets remained closed on Monday. On Friday, they ended lower dragged by banks and financials as RBI policy measures failed to cheer market participants
- US markets remained closed on Monday. On Friday, they ended a volatile session slightly higher despite escalating US-China tensions

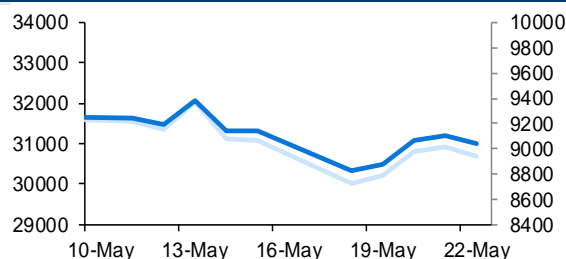
Key Developments

- Torrent Pharma's Q4FY20 revenues are expected to grow ~3% YoY to ₹ 1924 crore. Domestic formulations are expected to grow mere ~3% due to product rationalisation. US business is expected to grow 5% YoY amid currency tailwinds and growth in base business. EBITDA margins are expected to remain at 25-26%. Net profit growth is expected to be muted at ₹ 209 crore. Lower financial cost and depreciation is likely to get offset by higher tax rate (22% vs. -1% in Q4FY19)
- Orient Cement reported a weak set of numbers. The company reported a 14.7% decline in revenues to ₹ 654.5 crore for Q4FY20. EBITDA declined 18.5% YoY to ₹ 124.7 crore while EBITDA margins contracted 132 bps YoY to 19.1%. PAT declined 40% YoY to ₹ 44 crore driven by lower operating profits and higher depreciation and finance costs

Today's Highlights

Results: Torrent Pharma, Blue Dart, VIP Industries, Deepak Nitrite, Wonderla Holidays, Firstsource solutions, Kewal Kiran Clothing, Newgen Software

Index Movement



— BSE (LHS) — NSE (RHS)

	Close	Previous	Chg (%)	MTD(%)	YTD(%)	P/E (1yrfwd)
Sensex	30,673	30,933	-0.8	-9.0	-25.6	18.1
Nifty	9,039	9,106	-0.7	-8.3	-25.7	18.0

Institutional Activity

	CY18	CY19	YTD CY20	Yesterday	Last 5 Days
FII (₹cr)	-68,503	40,893	-84,139	-1,354	-7,954
DII (₹cr)	1,07,388	44,478	86,555	-344	5,508

World Indices – Monthly performance

Germany	Nikkei	Nasdaq	Kospi	U.K.
11,391	21,135	9,325	2,020	5,993
10.2%	9.7%	8.0%	7.0%	4.2%
France	Dow Jones	Shanghai	NSE	BSE
4,540	24,465	2,818	9,039	30,673
3.4%	2.9%	0.3%	-1.6%	-2.3%

Nifty Heat Map

Zee Ent.	163 6.0%	M&M	426 4.4%	Cipla	639 3.7%	Shree Cement	19,910 3.4%	Infosys	692 3.0%
Asian Paints	1,618 2.8%	Ultratech	3,639 1.9%	TechM	530 1.8%	Britannia	3,167 1.8%	Maruti	5,134 1.7%
Hero Moto	2,151 1.5%	TCS	2,020 1.5%	IOC	76 1.4%	UPL	371 1.2%	Dr Reddy	3,893 1.2%
Grasim Ind	532 1.0%	Kotak Bank	1,160 0.9%	HUL	1,988 0.9%	Bharti Infratel	208 0.8%	NTPC	91 0.8%
BPCL	315 0.6%	Sun Pharma	469 0.6%	Coal India	125 0.6%	Titan	850 0.0%	Wipro	189 -0.1%
Bharti Airtel	593 -0.2%	Nestle	16,215 -0.5%	L&T	816 -0.6%	Reliance Ind.	1,432 -0.7%	SBI	151 -0.7%
HCI Tech	530 -0.8%	GAIL	87 -0.9%	ONGC	76 -1.1%	Eicher	13,922 -1.2%	Vedanta	89 -1.2%
ITC	186 -1.4%	Tata Motors	83 -1.5%	Power Grid	156 -1.9%	Adani Ports	311 -2.1%	JSW Steel	166 -2.2%
HDFC Bank	839 -2.4%	Indusind Bank	338 -2.4%	Tata Steel	274 -3.3%	Bajaj Auto	2,554 -3.3%	Hindalco	125 -3.6%
ICICI Bank	291 -4.4%	Bajaj Finance	1,895 -4.8%	Bajaj Finserv	4,316 -4.9%	HDFC Ltd	1,516 -5.1%	Axis Bank	337 -5.7%

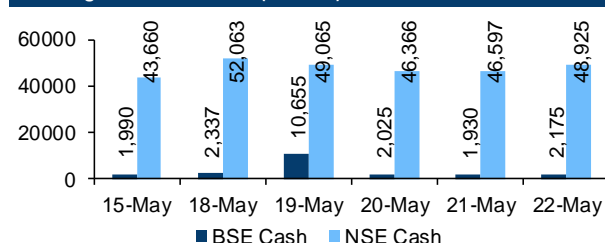
Markets Today

Commodities	Close	Previous	Chng (%)	MTD(%)	YTD(%)
Gold (₹10 gm)	47,000	47,056	-0.1	4.5	20.0
Silver (₹kg)	48,270	48,338	-0.1	16.4	2.2
Crude (\$/barrel)	35.9	35.5	1.0	36.1	-47.9
Copper (\$/tonne)	5,289	5,391	-1.9	3.9	-12.8
Currency					
USD/INR	76.0	75.6	0.5	-1.1	-6.0
EUR/USD	1.1	1.1	-0.5	-0.5	-2.8
USD/YEN	107.5	107.4	0.1	-0.3	1.0
ADRs					
HDFC Bank	36.7	37.2	-1.3	-14.2	-41.3
ICICI Bank	7.8	8.0	-2.8	-18.2	-47.1
Tata Motors	5.5	5.6	-2.0	-5.9	-56.9
Infosys	9.1	8.9	1.3	-3.3	-13.5
Dr Reddys Labs	51.4	50.6	1.7	-1.2	24.6
Wipro	3.0	3.0	-1.3	-8.8	-20.0

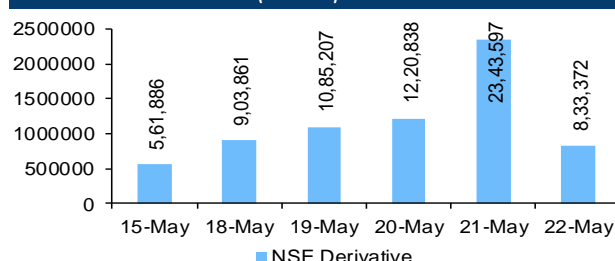
Key Data Points

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	3.00%	4.00%
RBI Repo Rate	N/A	4.40%	5.15%
RBI Reverse Repo Rate	N/A	3.75%	4.00%
CPI YY	Mar	5.84%	6.58%
Current Account Balance	Q4	-1.4bln \$	-6.5bln \$
Exports - USD	Apr	10.36%	21.41%
FX Reserves, USD Final	Apr	479.50%	475.60%
GDP Quarterly yy	Q4	4.70%	4.50%
GDP Annual	2019	6.80%	7.20%
Imports - USD	Apr	17.1 bln \$	31.2 bln \$
Industrial Output yy	Mar	-16.70%	4.60%
Manufacturing Output	Mar	-20.60%	3.10%
Trade Deficit - RBI	Q4	-38.1bln \$	-46.2bln \$
WPI Food yy	Mar	4.91%	7.80%
WPI Fuel yy	Mar	-10.12%	-1.76%
WPI Inflation yy	Mar	1.00%	2.26%
WPI Manuf Inflation yy	Mar	0.34%	0.42%

Exchange Cash Turnover (₹ crore)



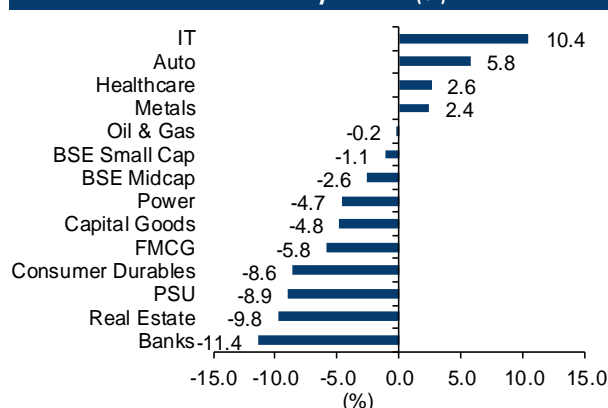
NSE Derivative Turnover (₹ crore)



Corporate Action Tracker

Security name	Action	Ex Date	Record Date	Status	Price (₹)
Sun Pharma	Buyback			Ongoing	425.00
Sterlite Technologies	Buyback			Ongoing	150.00
ACC	Dividend	19-May-20	20-May-20		14.00
Ambuja Cements	Dividend	19-May-20	20-May-20		1.50
Hindustan Zinc	Dividend	19-May-20	20-May-20		16.50






Sectoral Performance – Monthly Returns (%)













Key News for Today




Company/Industry	News	View	Impact
Avenue Supermarkets	Avenue Supermarkets revenues for Q4FY20 grew 24% YoY to ₹ 6255.9 crore. However, March revenues grew at a slower rate of 11%. Restrictions on sales of general merchandise & apparel (27.3% of revenues) led gross margins to decline 110 bps YoY to 13.6% in Q4FY20. Higher other income and lower tax rate aided profitability with net profit growth of 44% YoY to ₹ 276 crore	Though April revenues were down 45% YoY, post relaxation in lockdown in certain states, green shoots were visible with company posting 17% MoM growth in first half of May. DMart's response to crisis has been encouraging with execution of initiatives like DMart on Wheels model for large housing societies to counter lower footfall at its stores & expansion of DMart ready model to majority of its stores. Recent capital infusion into business (~ ₹ 4100 crore) also enhanced the liquidity position of the company providing it financial strength to tide over uncertain market scenario	↕

JSW Steel	JSW Steel reported an operationally steady Q4FY20 performance. However, reported PAT was impacted by exceptional expense of ₹ 805 crore during the quarter. Consolidated operating topline was at ₹ 17887 crore (down 20% YoY, 1% YoY), broadly in line with our estimate of ₹ 17178.3 crore. Standalone reported EBITDA/tonne was at ₹ 8703/tonne (₹10119 per tonne in Q4FY19 and ₹5598 per tonne in Q3FY20), higher than our estimate of ₹ 6750/tonne. Standalone EBITDA was at ₹ 3220 crore while consolidated EBITDA was at ₹ 2975 crore (up 21% QoQ, down 33% YoY), higher than our estimate of ₹ 2659 crore. Impacted by one-offs, the ensuing consolidated PAT for Q4FY20 was at ₹ 187 crore (flattish QoQ, down by 87% YoY) vs. our estimate of ₹ 332.8 crore	Operationally, JSW Steel reported a steady performance wherein EBITDA per tonne came in higher than our estimates on the back of higher gross profit margins. Raw materials costs per tonne was at ₹ 19662 per tonne (₹ 25051 per tonne in Q4FY19 and ₹ 21489 per tonne in Q3FY20). However, overall FY21 is likely to be challenging for the Indian steel sector on account of Covid-19 related concerns. The management expects demand to remain sluggish in H1FY21. It is expected to revive in H2FY21. Furthermore, Dolvi expansion has also been postponed to H2FY21 from H1FY21	↔
Bata	Bata reported revenue de-growth of 8.8% YoY to ₹ 619.7 crore . Gross margins continued their upward trend with expansion of 170 bps YoY to 58.8%. However, owing to negative operating leverage (employee and other expenses up 235 bps each), EBITDA margins contracted 360 bps YoY to 10.3%. Absolute EBITDA de-grew 32.3% YoY to ₹ 64.0 crore. Lower other income and higher effective tax rate (33% vs. 16.1% in Q4FY19) led PAT to decline 50% YoY to ₹ 44.0 crore	Bata's revenues grew reasonably by 8% in January-February but store closures due to Covid-19 negatively impacted revenue growth for the quarter. Post relaxation in certain states Bata has reopened ~ 400 stores (33% of stores). To counter the ongoing crisis, it has enhanced its e-commerce footprint by ramping up presence in online marketplaces and rolling out home delivery across 900+ stores. On the balance sheet front, the company continues to have a strong liquidity position with cash & bank balance of ₹ 962 crore and being debt free, which would enable it to tide over the current market uncertainty better than smaller peers	↔
Trent Ltd	Trent's Q4FY20 results were impacted by Covid-19, which led revenues to grow just 8% YoY (for YTD February 2020, revenues grew at a healthy pace of 33%). EBITDA margins (adjusting Ind-AS-116) declined 180 bps YoY to 3.2% with EBITDA declining 31% YoY to ₹ 23.2 crore. PBT for the quarter (adjusting for Ind-AS 116) fell 43% YoY to ₹ 10.4 crore. Reported PBT was at ₹ 6.7 crore. Write-down with respect to deferred tax assets impacted PAT. Hence, the company reported PAT of ₹ 2.6 crore vs. ₹ 15.9 crore in Q4FY19	Though Q4FY20 was weak, the company registered strong revenue growth in YTD FY20 (pre-Covid-19 up to February 2020) with Westside registering double digit same store sales growth (SSSG) exhibiting strong demand for its products. We expect the company to be a beneficiary of pent up demand when the market scenario normalises. Also, on the balance sheet front, the company continues to have a strong liquidity position with cash and current investments worth ₹ 725 crore, which would enable it to tide over the current crisis better than peers with high leveraged balance sheets	↔
Bosch	Bosch reported subdued Q4FY20 results. Net standalone sales fell 18.6% YoY to ₹ 2,237 crore. Standalone margins were down 353 bps YoY to 15.3% amid negative operating leverage, with standalone PAT down to ₹ 81 crore	The management estimated a 15-40% drop in OEM production across segments during FY21E and said the industry would take four years to regain FY19 volumes. For Bosch, softness in demand and shift away from diesel powertrain is set to continue to weigh on topline. However, cost focus is seen aiding margin uptick by FY22E	👎
ICICI Securities	Retail Research		

Music Broadcast	Music Broadcast reported a weak set of numbers for Q4FY20. Revenues saw a steep decline of 44% YoY to ₹ 45.9 crore as radio ad scenario remained challenging throughout the quarter and was further affected in last week of quarter due to lockdown. EBITDA was at -₹ 5.3 crore as it was impacted by lower topline and higher other expenses (includes one time expense of ₹ 9.5 crore owing to loss allowance on doubtful debts & deposits and legal fees). Consequently, the company reported net loss of ₹ 8.9 crore, against PAT of ₹ 18.4 crore in Q4FY19	MBL's operating performance was disappointing, notwithstanding the weak macroeconomic scenario. Considering the lockdown affected only last week of the quarter, topline was weaker than anticipated. We seek management commentary on outlook ahead as though radio consumption has increased in lockdown period, monetisation in terms of ad revenue for listenership gains will be difficult	
Birla Corporation	Revenues for Q4FY20 fell 10% YoY to ₹ 1,690 crore, led by 13% YoY drop in volumes as dispatches were affected in March. Realisations increased YoY by 4% to ₹ 5,060/t and EBITDA/t saw a growth of 28% YoY to ₹ 1,012/t. On an absolute basis, EBITDA increased 11% YoY to ₹ 344.6 crore and PAT for the quarter increased 52% YoY to ₹ 194.7 crore.	While the company has higher debt on their books, it has not opted for moratorium on its loans. Post partial lifting of lockdown, its plants are running at 80-100% utilisation. Hence, the healthy operational performance and limited capex would continue to support liquidity, going forward	
Wabco India	Wabco India reported a dismal Q4FY20 performance. Net sales came off by 38.9% YoY to ₹ 405 crore. Margins dipped 88 bps QoQ to 12.8% despite 158 bps gross margin expansion. Consequent PAT in Q4FY20 was at ₹ 32 crore, down 39.6% YoY	Continued CV slump weighed on Wabco's performance during the quarter. The stock, however, is not expected to react negatively amid impending open offer being on the cards near CMP	
HDFC Ltd	HDFC reported strong NII, asset quality indicating pain in non-individual portfolio ahead. Moratorium opted was at 26% by value on overall book and 21% in individual loans. Loan book grew 10.9% YoY. GNPA ratio up ~63 bps QoQ to 1.99% (GNPA - ₹8973 crore vs ~₹ 5869 crore QoQ), led by increase in non-individual GNPA. Net interest income increased ~17% YoY to ₹ 2953 crore, better than estimates. Provisions made at ₹1274 crore after hefty ₹2995 crore in Q3FY20 is large factoring Covid-19 provisions built in. Accordingly, PAT came at ₹ 2232 crore	Sharp surge in non individual (corporate) loans NPA by 180 bps indicate stress building in. With growth already moderating incrementally we expect disbursements further slowing down. Wholesale book would need gradual restructuring factoring post Covid real estate scenario on commercial side. Remain cautious in the near term, though size and leadership enables sustainability beyond doubt	
Bharti Airtel	Media reports indicate that Bharti Telecom is likely to sell \$1 billion worth of shares in Bharti Airtel (~15 crore shares, 2.75% stake) via block deal. Floor price is pegged at ₹ 358, i.e. 6% discount to Friday's closing price	This money is likely to be used by Bharti Telecom to pare their debt. We also note that some debt was taken to subscribe for rights issue last year by promoters. The stock will likely react negatively given deal floor lower than CMP but block should have enough demand given the strong potential	

IDFC First	IDFC First delivered a steady performance despite a challenging environment. Excluding treasury gains, operational performance remained steady. However, higher provision impacted earnings trajectory with PAT at ₹ 72 crore. Also, ~35% of customers opted for moratorium, lower than peers. Provision was at ₹ 679 crore, including ₹ 225 crore related to Covid. GNPA & NNPA ratio improved ~23 bps, ~29 bps to 2.60%, 0.94%, respectively. Stressed pool reduced by ₹313 crore, provided 49% for the same. Apart from this, 50% has been provided for telecom exposure at ₹ 3244 crore. Funded asset came in at ₹ 107400 crore with wholesale book witnessing degrowth while retail book growth was healthy. CASA accretion continued to remain robust with growth of 28% QoQ to ₹ 20661 crore with CASA ratio at 33.7%.	In the current scenario, substantial exposure to SME segment makes the bank prone to near asset quality concerns. However, relatively lower proportion of moratorium, healthy progress on balance sheet restructuring and recently raised capital provides comfort. Given the price point and a prudent management, makes risk reward favourable. We remain positive on the stock	
Indian CV sector	All India Transporters Welfare Association (AITWA), a body representing more than 9 million road transport service providers, has called on members to not buy any new trucks in FY21E	The body has lamented lack of direct stimulus from the government amid near zero capacity utilisation at present. The call, if followed through with, would seriously hurt CV recovery and further elongate revival cycle. The development would be particularly negative for Tata Motors and Ashok Leyland (combined ~80% market share as of FY20 in M&HCV goods segment)	
Tata Motors	Media reports say Tata Motors-owned Jaguar Land Rover (JLR) is in talks with the UK government for a £1 billion temporary funding for dealing with the Covid-19 crisis	While such infusion would help manage running costs during the pandemic, details of the possible funding are as yet uncertain. JLR as of Q3FY20 had cash and equivalents of £3.9 billion against debt of £6.1 billion	
ITC	ITC has acquired a 100% stake in Kolkata based Sunrise Food Pvt Ltd. The company is in the business of basic & blended spices and mustard oil with the brand name 'Sunrise'. Though we do not know the sales of the acquired company and the deal size, various media reports suggest Sunrise Brand has ~₹ 1000 crore sales in FY20 and the deal size is ~₹1800-2000 crore	Sunrise Foods is largely present in eastern states in India and operates through four factories in Agra, Bikaner, Jaipur and Kolkata. ITC is also present in spices business under Aashirwad Brand and is a leader in Telangana, Andhra Pradesh markets. The acquisition will help increase the penetration of Sunrise brand across country while leveraging ITC's wide distribution network. The acquisition is part of ITC's strategy to increase its FMCG business to ₹ 1 lakh crore (FY19 sales ₹ 12500 crore) sales by 2030. We believe pulses & spices categories are large and completely dominated by unbranded or semi branded products, which presents a big opportunity to shift the consumer demand towards packaged food specifically in current circumstances where consumers would be increasingly preferring packaged/branded food products over loose/semi branded ones	

Ipca, Cadila Healthcare	WHO has temporarily suspended hydrochloroquine trials as part of its solidarity trials for drugs showing promise against Covid-19. This announcement comes post a study published in the Lancet journal showed higher mortality rates and arrhythmias in patients given the said anti-malarial drug.	We were expecting additional traction for repurposing of HCQ for Covid 19 treatment. This development may hamper near term incremental traction especially for Ipca and Cadila. But this is unlikely to have significant negative implication on the earnings.	
IT Sector	As per media sources a new bill has been introduced in the US which proposes to give preference to individuals educated in the US while granting H-1B and L-1 work visas. The bill proposes to prohibit companies with over 50 employees, of which at least half are H-1B or L-1 holders, from hiring additional H-1B employees, disclose higher information and preventing companies replacing American employees from H1B visa employees.	While the bill becoming a law is uncertain. Even if it becomes a law many Indian IT companies (esp large caps) have shifted to higher localisation and companies are leveraging subcontractors to reduce visa dependencies. In addition, the new work from home situation due to Covid 19 could also lead to higher offshoring.	
Indian beer sector	As per media sources, Statewise excise data indicates that volume sales of beer declined about 60% in Telangana, Karnataka and Rajasthan, while the fall was steeper at more than 80% in West Bengal and Madhya Pradesh	April-June quarter typically accounts for nearly 45% of annual beer sales and the steep hike in beer prices at same rate as hard liquor will lead to a considerable time for recovery for the beer sector.	
Dedicated Freight Corridor (DFC)	As per media sources, Senior officials of DFCCIL have written to district magistrates of their respective areas, requesting them to provide available migrant labourer willingly to work in ongoing construction of DFC. The migrant workers can hence get jobs near their home towns after some basic training	Officials and contractors of both Eastern and Western DFC have already started the process in this regard at Prayagraj and Mirzapur in UP, Sonnagar (Bihar), Ludhiana (Punjab) parts of Maharashtra, Gujarat, Haryana and other states where construction is going on. The process could ensure that the various phases of the project gets completed near time.	
Indian Ports sector	As per estimates of ICRA, container segment may witness a decline of 12-15% during FY21, while the bulk cargo throughput may shrink up to 5-8% due to COVID-19 crisis	Across the major cargo categories (declined 21%), petroleum, oil and lubricant (POL), thermal coal and container segment witnessed significant contraction in the month of April. Also, the credit profile of port sector companies is expected to witness pressure in the near to medium term	
IT Sector	As per media sources, National Association of Software and Service Companies (NASSCOM) has asked for abolition of OSPs (Other Service Provider), under the Department of Telecom, under which certain kind of work (such as voice calls) cannot be shifted to homes. This will make work from home a new normal. The industry body has also asked for easing of labour laws and extension of SEZ for five years.	These measures if implemented will help IT sector to shift some of the work permanently to work from home thereby saving rental expenses (1-2% of revenues) and depreciation expenses. In addition to this, extension of SEZ could rationalise its tax expenses. Further, as per media reports it has been suggested that lockdown in the US is easing this will also trigger growth for IT companies.	

Oil producers	As per media reports, government will offer a relief package to domestic oil producers. The package is expected to provide relief on royalty, cess & other levies and waiver of royalty on production from offshore field.	Oil producers currently pay ₹ 4500 per tonne (~US\$ 8/bbl) cess and royalty for onshore and offshore fields is at 20% and 10% respectively. If relief on royalty and cess is provided, it will provide relief for upstream oil companies like ONGC.	
Linc Pen and Plastics	The company has notified that its manufacturing facilities in the state of West Bengal (South 24 Parganas) have been impacted due to cyclone "Amphan" on 20th May 2020.	The company is assessing the damage and has necessary insurance cover for the same. It expects the impact to be limited and not material in nature	
Staffing companies	As per media sources, the government is planning to defer minimum wage hike this year. Further, the government focus is to simplify labour codes.	Deffering of minimum wage hike will help enterprises reducing their operating cost and also hire more workforce in long term. Simplification of labour codes is also long term positive for staffing companies as it will attract more enterprises in India and increase ease of doing business.	

Key developments (Continued...)

- Honeywell reported a mixed set of Q4FY20 numbers. While revenues declined 13% YoY, profit before tax increased by 13% YoY
- Astral Poly Technik reported weak set of numbers for Q4FY20. A significant revenue loss in the month of March'20 owing to lockdown has offset a strong revenue growth of ~17% reported during the first two months of Q4FY20. Revenue and PAT of the company declined by ~19% and 20% YoY to ₹ 629 crore and ₹ 52 crore respectively. Company recorded a strong EBITDA margin on account of benefit of anti-dumping duty on CPVC resins imports from China and Korea. However, lockdown across the country and slow pick up in the construction activities likely to keep Astral's piping (~77% of revenue) and adhesive (~23% of revenue) products demand under check for FY21E
- DCB Bank reported operationally steady quarter, but higher provision at ₹ 63 crore related to Covid impacted earnings. It has provided moratorium to all customers with opt out option except NBFC and large corporates. This led to ~60% of its customers opting for moratorium (Home loans – 52% by value and Business loans/LAP – 56% by value) as of end of April 20. GNPA and NNPA ratio increased QoQ by ~31 bps and ~13 bps to 2.46% and 1.16% respectively. Advances growth decelerated 7.5% YoY to ₹ 25438 crore. This is largely due to muted growth across segment including corporate and SME book, except mortgage portfolio which grew at 12.3% YoY. Opex remained a tad lower resulting in 327 bps QoQ improvement in CI ratio to 51.09%
- Just Dial reported healthy Q4FY20 numbers on profitability side. While revenues were flat QoQ and up 1.2% YoY to ~₹ 234 crore, Net profit increased 22.6% QoQ and 21.6% YoY to ₹ 76 crore
- Nucleus declared healthy set of Q4FY20 numbers. The company's revenues increased ~6% QoQ and 9% YoY. The company's PAT increased ~21% QoQ and ~65% YoY
- Mahindra CIE provided a business update. It is currently operating at 20-25% capacity both in India and in Europe. While the company noted that its supply chain is not expected to face any disruption, it did flag migrant labour availability as an issue in its Indian operations
- Infosys has resumed operations in second phase with 15% of employees expected to return to office.
- As per media sources, the Competition Commission of India (CCI) is examining the acquisition of a unit of Uber Eats by Zomato. CCI is examining two factors whether the deal is anti-competitive and whether it should have been notified about the transaction.
- The government imposed a nationwide lockdown on March 25 to prevent spread of the coronavirus pandemic which has impacted production, demand and supply of steel in India. According to the World Steel Association India's crude steel output declined over 65 % to 3.13 million tonnes (MT) (9.02MT in April 2019) during April 20'. Furthermore, global steel output also declined 13% to 137.09 MT compared to 157.67 MT in April 19
- As per media sources, electricity demand is now closing towards pre-lockdown levels due to heat wave condition across the country. The total peak-hour electricity demand has touched 157 GW, similar to pre-Covid level but 12% lower than last year. On May 23, the demand was 3656 million units vs. 3944 million units on May 25, 2019
- India's domestic gas production in April fell 18.6% YoY to 2.2 BCM as ONGC's production declined 15.3% to 1.7 BCM. The reduced production was on account of lower gas offtake from consumers as demand declined due to lockdown

Key developments (Continued...)

- The government appointed agency has recommended increase in Minimum support price for the key crops for upcoming Kharif season 2020 in the range of 2-5% on YoY basis. It is more of a customary increase with no material impact on inflation. The government is likely to approve the same in its upcoming cabinet meeting
- As per media sources, Kotak Mahindra Bank has reduced interest on savings deposits by 0.5% with effect from 25th May 2020. The bank had already slashed savings rate twice last month. As per the revised rates, daily balance over ₹ 1 lakh would earn 4% interest vs 4.5% earlier while balances under ₹ 1 lakh would fetch 3.50% against 4% earlier
- India's crude oil processing in April declined 28.8% to 3.6 mbpd, the biggest drop in last 18 years. Indian refiners operated at 72% of total capacity as demand declined due to lockdown
- Oil minister said that fuel demand is currently at 65% of May 2019 level and will reach pre-Covid level in June as economic activities pick up. He also said that India has currently stored oil at 20% of its annual oil demand (~40 MMT) and is exploring the possibility to store oil in US. He added that timing of BPCL's divestment will depend on market conditions
- IL&FS has invited Eols for purchase of its 26% stake in ONGC Tripura power plant JV. As per media reports, ONGC will also bid for this stake
- The Department of Telecom has selected public sector firm MSTC as auctioneer for conducting the next round of spectrum sale. Reports also indicate that It may take around two months for MSTC Ltd to design and develop software for e-auction of spectrum that may lead to the start of bidding for airwaves in the second half of September or early October
- Some CGD companies have asked to the government for excise duty exemption and deferment of tax compliance till December 2020. They also asked for loan restructuring and moratorium on interest payment
- Fitch ratings has downgraded issuer default ratings (IDRs) of Tata steel and JSW Steel to BB- minus from BB, with outlook negative, on expectations of decline in steel demand in India in FY21. The agency has also downgraded JSW Steel and Tata Steel's senior unsecured rating to 'BB-' from 'BB'
- Suzuki Motors Gujarat has resumed manufacturing operations from May 25, meaning all of Maruti Suzuki's plants are now operational
- Goodyear India has appointed Mr. Sandeep Mahajan as Managing Director with effect from June 1, 2020. Mr. Mahajan has over 29 years of experience with MNCs, and has been with Goodyear for 8 years. Outgoing Managing Director Mr. Rajeev Anand has been appointed as Executive Chairman till September 30, 2020
- As per media sources, HCL Technologies, Zoho Corp, PeopleLink and few others have been shortlisted by the Government of India to develop made in India video conferencing solution
- Solar Industries has informed the exchange that an accident occurred on the evening of May 23, 2020 in the tumbling section of one of their filling and pressing plant. The accident took place while tumbling operation was in progress. The accident has resulted in the unfortunate death of two workmen and injuries to four others. The operation of Detonator division has been temporarily suspended
- Aster DM has acquired 100% stake in Warseps Healthcare, Kerala through its subsidiaries for a cash consideration of ~ ₹ 10 lakh. Warseps operates in the medical devices industry and has some IP rights to some of its ongoing research. The acquisition will add medical device manufacturing (and related business activities) to Aster DM's current healthcare service portfolio
- According to media sources, Karnataka might allow hotels to reopen, subject to certain conditions
- As per media reports, Telecom players have urged regulator Trai to move forward quickly on the issue of fixing floor price for tariffs, saying the matter is imperative to ensure that the sector is sustainable and in a position to bear the deferred spectrum and AGR dues
- As per media reports, amid expected revenue crunch, NHAI has started work on new strategies to tap long terms investments from different sources such as insurance, pension and overseas funds and bodies such as World Bank, ADB etc
- Amid severe labour shortage & strict social distancing norm during lockdown period, FMCG companies are looking to automate operations at their factories & distribution supply chain network. The companies fear that a part of the labour workforce may not return to cities even after lockdown is over
- FMCG companies are witnessing higher sales of smaller SKUs in rural India with large part of the labour returning to villages. On the other hand, Urban India witnessing higher sales of larger packs with consumer preferring to stock up to reduce the frequency of their visits to stores

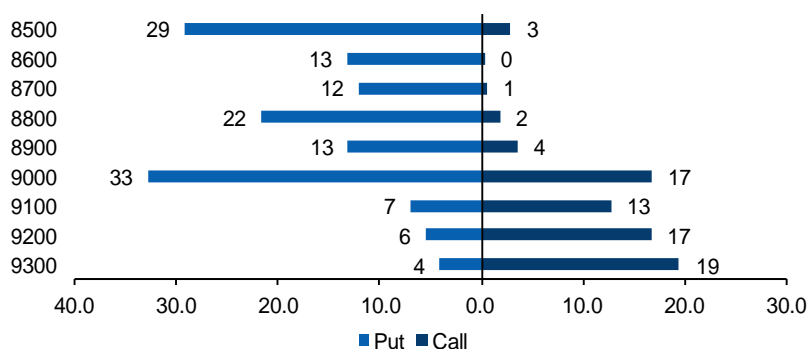
Nifty Daily Charts



Pivot Points

Index/Stocks	Trend	Close	S1	S2	R1	R2
SENSEX	Negative	30672.6	30396	30119	31029	31385
Nifty 50	Negative	9039.3	8954	8871	9135	9233
ACC Ltd	Neutral	1227.1	1180	1132	1258	1288
Axis Bank Ltd	Negative	337.0	326	316	353	370
HINDALCO INDS	Neutral	124.9	124	122	126	128
SBI	Negative	150.9	148	146	155	158
HINDUSTAN PETRO	Positive	182.2	178	174	186	190
MUTHOOT FINANCE	Negative	805.3	779	751	832	859
Tata Motors	Negative	82.8	82	81	84	85
MRF LTD	Negative	57434.1	56992	56551	57882	58331
BAJAJ AUTO LTD	Negative	2553.8	2520	2485	2611	2669
TCS	Positive	2020.4	1978	1934	2049	2076
ITC LTD	Positive	186.4	184	181	191	195
CIPLA LTD	Neutral	639.4	618	598	650	662
PIRAMAL ENTERPRI	Neutral	953.3	924	896	973	992
Reliance Industries	Neutral	1431.6	1420	1408	1452	1471
BHARTI AIRTEL	Neutral	593.2	589	583	599	603
EQUITAS HOLDINGS	Negative	41.7	40	38	45	48

Nifty Call – Put Strike (Number of shares in lakh) – May 2020



Technical Outlook

Equity benchmarks extended correction over third consecutive weeks amid rise in volatility. Nifty concluded the week at 9039, down 98 points or 1.1%. In the coming session, Nifty futures is likely to open on a positive note tracking firm global cues. We believe, sustenance above Friday's high (9124) would lead to acceleration of upward momentum, else consolidation amid stock specific action. Hence, intraday dip towards 9090 – 9110 should be used to create long position for 9195.

Key point to highlight during last week is that, despite Monday's sharp decline index managed to hold key support threshold of 8800 throughout the week and forming a higher base at 8800. Over past three weeks index has retraced 61.8% of preceding four weeks rally (8055-9890), lack of faster retracement signifies healthy consolidation that would bring stability in the market and pave the way to head towards upper band of consolidation placed at 9300 in the coming weeks.

CNX Nifty Technical Picture

Nifty 50	Intraday	Short Term
Trend	Up	Range Bound
Support	9060-9000	8800
Resistance	9180-9240	9300
20 day EMA		9138.0
200 day EMA		10661.0

Advances/Declines

	Advances	Declines	Unchanged
BSE	932	1365	153
NSE	660	1098	109

Daily Technical Calls

Daily Technical Calls
1. Buy Britannia Industries in the range of 3168.0-3174.0
2. Buy Dr Reddy Laboratories in the range of 3878.0-3884.0
All recommendations of May Future

[See Momentum Pick for more details](#)

Intraday Derivative Strategy

i) Maruti

Buy MARUTI MAY Fut at |5110.00 - |5115.00
CMP: 5113
Target 1: 5173 Target 2: 5263
Stop Loss : 5053

ii) CESC

Sell CESC MAY Fut at |552.00 - |553.00
CMP : 552.5
Target 1: 546.5 Target 2: 537.5
Stop Loss: 558.5

[See Derivatives view for more details](#)

Results/Events Calendar

11	May Monday	12	May Tuesday	13	May Wednesday	14	May Thursday	15	May Friday	16	May Saturday
Sonata Software Motilal Oswal Fin.Services CH CPI YoY		Syngene Nestle India Havells India Sterlite Technologies Bandhan Bank		Mphasis Maruti Suzuki Kotak Mahindra Bank Shaeffler Godrej Consumer		Biocon,Escorts Zensar TV Today Network Tata Consumer Product Mahindra Lifespace		Nippon Life AMC Cipla, Tata Chemical Mahindra Financial Services IIFL Securities			
18	May Monday	19	May Tuesday	20	May Wednesday	21	May Thursday	22	May Friday	23	May Saturday
Bharti Airtel		Bajaj Finance Ltd. Larsen & Turbo Info. Ltd. Gabriel India, Nesco Sanofi India,MPS Apollo Tyres, LTI		Dr.Reddy's,Kalpataru (KPTL) UltraTech Cem,Grindwell Ajanta Pharma,Chennai Petro. Mahindra Logis.,Bajaj Auto GHCL,JK Lakshmi Cement		Bajaj Finserv,HawkinCook. Tata Metaliks VST Indus. Colgate,Apcotex Hindustan Zinc		Supreme Industries,BASF Essel Propack,IDFC First Bosch,Bayer CropScience Wabco,Trent,Birla Corp Orient Cement,JSW Steel		Avenue Supermart Chambal Fertilisers DCB Bank Nucleus Software	
25	May Monday	26	May Tuesday	27	May Wednesday	28	May Thursday	29	May Friday	30	May Saturday
Music Broadcast JSPL Astral Poly Bata		Firstsource Solutions Deepak Nitrite Torrent Pharma Wonderla Holidays Blue Dart,VIP Industries		Dabur Sun Pharma KPIT,Adity Birla Fashion Tube Investments United Spirits		Lupin,Heidelberg Cement Radico,Ceat Prism Johnson TVS Motors Federal Bank		Jagran Prakashan,NCC Sundaram Clayton,Majesco Sagar Cement,Voltas Lemon Tree, Metropolis KEC International		Kanpur Plastipack Amara Raja Affle,Amber Enterprise Polycab India CH Non-Manufacturing PMI	
01	June Monday	02	June Tuesday	03	June Wednesday	04	June Thursday	05	June Friday	06	June Saturday
V-Guard IN Nikkei Markit Manuf PMI UK Manufacturing PMI US Manufacturing PMI		Granules India TCI Motherson Sumi JP Services PMI CH Caixin Services PMI		Oriental Hotels IN Nikkei Services PMI UK Services PMI EU Unemployment Rate		UK Construction PMI EU Retail Sales US Trade Balance		Larsen & Toubro US Unemployment Rate		CH Exports CH Imports CH Trade Balance	
08	June Monday	09	June Tuesday	10	June Wednesday	11	June Thursday	12	June Friday	13	June Saturday
JP M3 Money Supply		Hero MotoCorp EU GDP YoY JP PPI YoY CH CPI YoY CH PPI YoY		US CPI MoM US Fed Int Rate Decision		US PPI MoM US PPI MoM		Eicher Motors JP Industrial Prod. YoY UK Trade Balance IN CPI YoY IN Industrial Production		CH Industrial Production CH Retail Sales	

Major Economic Events this Week

Date	Event	Country	Period	Actual	Expected
Date	Event	Country	Period	Expected	Previous
26-May	CB Consumer Confidence	US	Mar	88.0	86.9
26-May	New Home Sales	US	Mar	490K	627K
26-May	Industrial Profit	CH	Apr	--	-34.90%
28-May	Consumer Confidence	EU	Apr	-18.8	-18.8
28-May	GDP QoQ (Q1)	US	Mar	-4.8%	-4.8%
28-May	Initial Jobless Claims	JP	Apr	2100K	2438K
28-May	Unemployment Rate	JP	Apr	2.7%	2.5%
28-May	Industrial Production	JP	Apr	-5.1%	-3.7%
28-May	Retail Sales(YoY)	JP	Apr	-11.5%	-4.7%
29-May	Retail Sales(YoY)	UK	Apr	-22.2%	-5.8%
29-May	GDP Quarterly YoY (Q4)	IN	May	2.1%	4.7%
29-May	FX, Reserves USD	IN	May	--	487.04B
29-May	Federal Fiscal Deficit	IN	Apr	--	10,364.9B

Result Preview

Company	Revenue	Chg(%)	EBITDA	Chg(%)	PAT	Chg(%)
Crore	Q4FY20E	YoY	QoQ	Q4FY20E	YoY	QoQ
Torrent Pharma	1,924.0	3.7	-2.1	490.6	3.7	-9.1
					209.4	-0.2 -16.6

Recent Releases

Date	Report
May 22, 2020	Company Update – Hawkins Cooker
May 22, 2020	Monetary Policy Update
May 22, 2020	Result Update – VST Industries
May 22, 2020	Result Update – Hindustan Zinc
May 22, 2020	Sector Update – Multiplex Sector



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