

Outlook



The Nifty previous session ended 0.93% down at 11,085.40. It opened on a positive note, however, failing to sustain above 11,250 led to intraday sell off towards ending the day in red. Violent sell off in the second of the session is truly a concern. Closing below 11,100 implies this down trend may roll down towards 11,040 and 10,980.

On the hourly chart; RSI turned downward following violent sell off in the second half, which implies weakness is likely to persist as long as it trades below 11,230.

Nifty patterns on multiple time frames suggest; it finished off with a bearish candle on the daily chart, which is an indication of fresh weakness. Immediate resistances are placed around 11,160 and 11,230.

Nifty Crucial Supports & Resistances for tomorrow-
Supports- 11040, 10980 Resistances- 11160, 11230

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Open Positional Calls-

T+7 Positional Buy-

Cash Segment: Buy ITC on dips @ 266-265, TGT- 275, SL- below 260

T+7 Positional Option Pair Strategy-

Leg 1: Buy GRASIM 29Aug 790-CE (1 Lot=750) @ 23.00

Leg 2: Sell GRASIM 29Aug 800-CE (1 Lot=750) @ 20.00

Trade ends if GRASIM-Cash (CMP- 769.00) closes blow 740.00



Market Turnover (In Crore) 29-07-2019

Name	Last	Previous
NSE Cash	35247.64	31214.11
NSE F&O	1360911.98	898331.92
BSE Cash	2,278.30	2,106.58
BSE F&O	*NA	*NA

FII Derivatives Flow (In Crore) 26-07-2019*

Instrument	Purchase	Sale	Net
Index Future	2175.74	3813.68	-1637.94
Index Option	192748.3	190740.6	2007.66
Stock Future	12650.32	12459.69	190.63
Stock Option	5339.5	5359.05	-19.55

Institutional Flow (In Crore) 29-07-2019*

Institution	Purchase	Sale	Net
FII	3439.74	4144.16	-704.42
DII	4643.99	3292.35	1351.64

NIFTY Top Gainers

Name	%1D	%5D	Day Vol	Avg 5 Day Vol
Bharti Airtel	3.35	0.63	12722092	5160189
TCS	2.31	3.16	2851672	2372786
HCL Tech	0.80	1.25	1067237	1459647
ITC	0.43	-0.65	13233351	10890570
HUL	0.39	1.57	747251	1387122

NIFTY Top Losers

Name	%1D	%5D	Day Vol	Avg 5 Day Vol
Sun Pharma	-4.80	-4.63	9461831	6594722
Hero Motocorp	-6.06	-8.52	1582385	853164
Indiabulls Finance	-6.40	-18.21	31793317	11876450
Indusind Bank	-6.63	-5.61	8804120	4040737
Yes Bank	-9.18	-5.07	120979045	141274300

Bulk and Block Deals

<https://www.nseindia.com/products/content/equities/equities/bulk.htm>
<http://www.bseindia.com/markets/equity/EQReports/BulknBlockDeals.aspx>

Market in Retrospect

Indian equity benchmark NSE Nifty 50 ended near a five-month low.

Today, the Nifty 50 closed at 11,085.40, down 0.93%. The broader market index represented by the NSE Nifty 500 Index down by 1.15%. The market breadth was tilted in favor of sellers. About 1,422 stocks declined and 351 shares advanced on NSE.

Bharti Airtel was the top gainer, gaining by 3.35%, followed by TCS & HCL Technologies, which gained by 2.31% & 0.80% respectively. Yes Bank was the top loser, losing by 9.18%, followed by Indusind Bank, Indiabulls Housing Finance, which fell by 6.63% & 6.40% respectively.

*Data not updated till 6:00PM

Market in Detailed (Updated after 4:00 PM)

Indian Indices								Global Indices								LME							
Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y	Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y	Naem	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
Sensex	37397.24	-289.13	-0.77	-1.54	-5.07	-4.19	-0.26	Dow Jones	27221.35	28.90	0.11	0.18	2.34	2.36	7.57	Gold(\$/Ounce)	1427.94	1.01	0.07	0.71	1.30	11.24	16.90
Nifty	11085.40	-103.80	-0.93	-2.17	-5.97	-5.64	-2.07	Nasdaq	8293.33	-36.88	-0.44	1.09	3.59	2.45	8.69	Silver(\$/Ounce)	16.47	0.01	0.05	0.42	7.52	10.14	6.30
BSE M Cap	13546.02	-216.88	-1.58	-2.66	-8.52	-9.02	-15.13	S&P 500	3020.97	-4.89	-0.16	1.20	2.69	2.55	7.79	Aluminium	1787.00	9.75	0.55	-0.10	0.41	-1.47	-13.02
BSE S Cap	12649.74	-275.96	-2.13	-4.21	-11.16	-13.50	-23.52	FTSE100	7698.28	12.08	0.16	1.88	3.68	3.78	-0.03	Copper	6000.00	59.00	0.99	0.05	0.30	-6.29	-4.37
Nifty MC 100	15704.70	-307.35	-1.92	-3.32	-11.04	-10.60	-16.47	CAC40	5554.38	-44.93	-0.80	-1.10	0.31	-0.54	1.18	Zinc	2486.50	38.50	1.57	3.43	-3.06	-14.86	-6.36
BSE Auto	15280.05	-330.88	-2.12	-5.88	-14.66	-18.89	-37.35	DAX	12226.90	-191.16	-1.54	-2.12	-1.39	-0.95	-4.47	Lead	2041.50	-15.75	-0.77	1.95	6.49	4.24	-4.12
BSE Capgoods	17427.52	-64.46	-0.37	-3.04	-12.23	-3.34	-3.84	Mexico IPC	41276.67	602.89	1.48	0.16	-4.37	-7.45	-16.96	Currency							
BSE FMCG	11006.99	-39.16	-0.35	-0.55	-3.12	-6.44	-7.71	Brazil Bovespa	103482.60	663.70	0.65	-0.45	2.49	7.40	28.91	Name	Rate	Net Chng	%1D	%5D	%1M	%3M	%1Y
BSE Metal	9455.73	-318.07	-3.25	-9.08	-14.87	-17.87	-24.95	Russian RTS	1356.01	2.43	0.18	0.78	-1.77	8.62	16.66	INR	68.87	0.14	-0.20	0.11	0.12	1.00	-0.27
BSE Oil&Gas	13097.71	-286.35	-2.14	-6.61	-11.52	-14.72	-12.40	Japan Nikkei	21709.31	92.51	0.43	0.41	2.04	-2.47	-3.71	USD Index	98.10	0.05	0.05	0.40	2.05	0.63	3.97
BSE Healthcare	12584.62	-212.78	-1.66	-1.53	-2.36	-12.41	-10.89	Hang Seng	28146.50	40.09	0.14	-1.12	-1.39	-5.23	-2.04	YUAN	6.88	-0.01	0.19	-0.02	-0.42	-2.12	-0.94
BSE Power	1954.05	-16.62	-0.84	-3.72	-6.68	-0.79	-1.02	Taiwan Index	10830.90	-54.83	-0.50	-1.06	0.93	-1.25	-1.84	GBP	1.22	-0.01	-0.41	-2.18	-3.73	-6.62	-7.34
BSE Realty	2072.20	-25.70	-1.23	-2.77	-5.87	3.16	0.01	Shanghai Comp	2952.34	11.33	0.39	1.81	-0.89	-4.09	2.90	EUR	1.11	0.00	0.02	-0.04	-1.23	-0.61	-4.78
BSE ConsDur	22461.56	-150.98	-0.67	-2.23	-14.03	-5.92	8.55	KOSPI	2038.68	9.20	0.45	-2.99	-4.32	-7.48	-11.11	YEN	108.61	-0.17	0.16	-0.35	-0.15	2.59	2.24
BSE Bank	32582.61	-617.57	-1.86	-1.01	-6.83	-2.24	4.62	Malaysia KLCI	1642.69	-5.27	-0.32	-0.77	-1.76	0.02	-7.21	Agro Commodities							
BSE IT	15639.46	103.37	0.67	0.63	-0.09	-3.84	8.52	Jakarta Comp	6377.00	77.96	1.24	-0.42	0.29	-1.21	5.79	Name	Price	Net Chng	%1D	%5D	%1M	%3M	%1Y
Bond Markets								Indian Indices								Coffee	100.65	-0.50	-0.49	-1.61	-8.04	5.45	-19.58
Name	Yield	Net Chng	%1D	%5D	%1M	%3M	%1Y	Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y	Cotton	63.62	-0.59	-0.92	-0.17	-3.72	-15.95	-21.31
US	2.05	-0.01	-0.60	-1.37	2.37	-17.95	-30.95	Philippine SE	8150.46	-38.06	-0.46	-1.22	1.88	2.49	4.85	Sugar	12.13	0.06	0.50	1.25	-3.88	-4.41	-2.18
UK	0.64	-0.01	-1.68	-6.95	-22.81	-45.74	-52.12	Thai Exch	1706.49	-11.48	-0.67	-1.22	-1.38	2.39	0.27	Wheat	501.25	-2.25	-0.45	2.87	-4.93	14.51	-15.58
Brazil	4.45	-0.04	-0.98	-2.18	-6.81	-14.70	-17.75	Indian Indices								Soybean	902.25	-2.00	-0.22	-0.17	-2.25	3.14	-1.93
Japan	-0.15	-0.01	-4.90	-5.63	5.06	-275.00	-247.06	Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y	Freight							
Australia	1.20	-0.01	-0.41	-8.58	-8.93	-32.63	-54.55	NYMEX Crude	57.40	0.53	0.93	1.11	-1.83	-10.19	-18.15	Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
India	6.40	-0.01	-0.17	-1.69	-6.95	-13.63	-17.83	BRENT Crude	64.35	0.65	1.02	0.83	-0.59	-9.24	-12.87	Baltic Dry	1922.00	-15.00	-0.77	-12.28	41.95	90.11	12.86
Switzerland	-0.72	-0.01	-1.41	-13.09	-35.80	-143.05	-71800	Natural Gas	2.13	0.02	0.95	-6.11	-6.40	-19.00	-19.64	Baltic Dirty	632.00	-2.00	-0.32	0.96	-7.06	-0.32	-17.71
Germany	-0.40	-0.01	-1.79	-12.11	-21.71	-3161.54	-189.24									SG Dubai HY	6.45	0.10	1.57	-12.01	68.85	131.18	-1.07

Con-call Highlights

GHCL

- Demand slowdown, price softening. Over supply are evident in the Inorganic Chemical Business. Soda Ash Import has grown. Slow down impacted home textile business as well.
- The company recorded 2.49 Lk ton Soda ash production this quarter. Volume expansion took place due to higher demand, . Sharp fall in energy cost & brown field expansion of the company. There is pricing pressure in the Soda Ash. There are evidences of oversupply of Soda Ash which made the price correction. Over supply is due to China & Turkey. Soda Ash recorded 2% drop in the price during July. Further 2% price correction is expected during Q3. Chinese price corrected 10-15%. Import price dropped by USD55/MT in India. Raw material price fell in tandem with the fall in the Soda Ash price which helped to maintain Margin.
- US-China trade war is impacting spinning Industry adversely. Spinning margin expansion will take place after new crop would come up in the month of Oct.
- Soda Ash Demand is always ahead of total production in India. Every yr. 200K ton of extra demand is coming up in India.~10% Volume growth is expected in FY20, ~5% Vol growth in FY11 & ~5% in FY22.
- RSPL came up with their Soda Ash capacity last yr. RSPL supplied 200 K MT. this yr. Plant is not fully commissioned. So more supply from the company is expected going forward. Total 3-3.5 Lk ton Capacity is coming up this year.
- Capex for FY20 would be INR350 cr. The New green field project is expected to be operational after 3 yrs.

Navin Flourine

- Inorganic Business grew on account of higher prices. Demand from Stainless steel industries was softer than expected. Good traction from Export market. Expect Volume momentum to continue throughout the year. . Refrigerant business also had some contribution in Margin improvement & margin is sustainable of this business going forward. . Drop in the OEM demand is compensated by Export business & new molecules launch.
- Specialty Business is working to improve project flows in Life sciences & crop sciences segment. New product launch earlier gave good momentum. Margin expansion in the segment is backed by pricing power.
- Specialty chemical segment of the company is working with new molecules. The company received got good traction from launch of new molecules in last couple of quarters. They Did de bottlenecking in one product, benefit of this is likely to reflect from Q2FY20. De-bottle necking had requirement of additional infrastructure. Hence, the company went for a Shutdown of one of the production line related to the product. The company lost almost 1 month production for that particular product.
- Weak opening pipeline in CRAMs business. . 2 of the customers postponed their campaign which impacted performance of the CRAMs business. Customer development & deepening the relationship with existing customers have been taken as a priority for the development of the sector.
- The company won multiyear supply agreement for one molecule with one client in CRAMs segment, this will translate into revenue from this yr. One of the customers is going to launch their product at the end of FY20 which is currently at phase III trial & Navin Fluro will start supplying API for them from this year. This is the 1st commercial API of Navin Fluorine.

Gokaldas Exports Ltd

- The company is expanding relationship with existing clients for various brands as well as onboarding new clients which is contributing significantly to the topline. The Co. has increase its productivity by 3%.
- Currently operating at full utilization level.
- Primary focus is on rev. growth with proper execution and planning alongside operational efficiency- expectation to grow well above the industry as the start (seasonally weak) has been impressive. Q3 and Q4 margins are higher owing to product mix (jackets & outerwear against summer wears). Reasonably confidence of sustaining performance in the coming
- India in early traction position – Augers well for the Co The industry in India has huge potential backed by China’s increasing labour costs, declining working age population and US-China trade war. Vietnam and Bangladesh although important garment production centres, will neither be able to produce at a scale that matches China, both in terms of volume and integration of supply chains in the long run. India benefits from its integrated presence in the cotton and rayon textiles sector alongside higher cotton quality and better lead time.
- For the last 10 years the co. was under financial stress and thus not much capex was made. Only maintenance capex was there. Capacity expansion in plan for both brownfield and greenfield. The Co. is investing in modernization of existing facilities as well as incremental prodn lines. The co. also plans to build 2 new facilities at remote areas where cost would be low. The aim is to increase productivity, improve quality and minimize wastage.
- ICRA upgrades credit rating to ‘BBB Outlook Positive’ (from ‘BBB Minus Outlook Stable’) on consistent improvement in operational and financial performance backed by customer diversification and improved efficiency.
- The Co. has its facilities in the renting space and so had to capitalize rents owing to IND AS116 leading to a higher EBITDA and Impacted PAT owing to higher int. expense to the tune of around INR7 crores.
- Employee expenses have increased since wage cost have increased since April due to higher DA and provided INR5 cr for expected wage revision which might get implemented from April itself.
- Gross debt is at INR405 crores out of which INR95 cr pertaining to Bills of Exchange while the rest to pertains to pre-shipment.
- The co. expects to enter the tax bracket in FY21.

Welspun India Ltd

- Topline growth of 11.6% was backed by currency exchange fluctuation contributing 4.8% and ROSL change and volume growth of 3.4% each.
- Borrowing has come down significantly - Net Debt stands at INR2815 cr. as against INR3028 cr. as on Mar'19. Core business i.e. Home Textile reduced debt by INR412 in Q1 backed by substantial cash flow generation in the core business, Receivable days have come down with better management and some Govt. receivables were received during the quarter.
- In the flooring business- the company has almost come to the end of its capex cycle. Invested INR850 cr as on 30th Jun'19 out of INR1100 cr. Strong ecosystem available in INdia where the co. can source its products. Contribution to the topline is expected from H2FY20. Project is on schedule, machineries are getting commissioned gradually. In 3-5 years dom-export ratio would be 50:50. US-China trade opens up opportunities for the same. Targeting European market as well. 32 distributors and ~400 dealers have been appointed so far pan-India.
- Mgmt. expects double digit growth for the full year, however slight variances could be there on a quarterly basis. During H2 flooring business will also come into play- expected to contribute around INR150 cr.
- Hospitality and E-comm in US is the primary focus area- a lot of traction is seen over there.
- There is a slowdown in the dom. Market, however the Co. is having growth because there is a huge chunk of small or unorganized players which is getting converted to organized segments- Here there is opportunity for the co. to consolidate or source the products.
- Capex during Q1FY20 was INR200 cr- out of which INR166 cr. was in favour of flooring business. Capex guidance to be INR600 cr. for the full year however callibration will be there depending on the availability of cash flow.
- Inventory and debtors have come down while payable days has increased leading to a significant improvement in Cash Conversion Cycle which is at 83 days from 95 days.
- Significant traction being seen in the bed sheet segment.
- Due to IND AS116 EBITDA was impacted by 0.5% to the tune of INR8.4 cr. whereas there was no impact on PBT.

Result Update

Castrol India

- Topline of the company grew 2% YoY at INR1039.6 cr. during the second quarter.
- Gross Margin of the company improved 480 bps at 54%. EBITDA of the company grew 13% YoY at INR284 cr. during the quarter under review. EBITDA margin expanded by 260 bps YoY at 27.3%.
- Net Profit of the company grew 11% YoY at INR183 cr. in this quarter. Net Profit Margin stood at 17.6%.
- On the half yearly basis topline of the company grew 4% YoY at INR2016 cr. Gross Margin improved by 220 bps at 54%. Half yearly EBITDA grew 8% YoY at INR567 cr. EBITDA Margin stood at 28%. Half yearly Net Profit of the company grew 6.3% YoY at INR6368 cr. Net Profit Margin stood at 18%.

Welspun India Ltd

- Revenue from Operations went up by 11.6% y-o-y to INR728 crores. Other income was down by 71.5% to INR8 cr. as against INR29 crores same period PY.
- Gross profit for the co. went up by 10.6% to INR871 crores with a slight fall in the margin by 45 bps at 50.4%.
- EBITDA for the company increased by 22.5% to INR363 cr with a margin of 21% which expanded by 187 bps.
- PAT for the company went up by 17.5% to INR156 cr with a margin of 9% which expanded by 57 bps. Profitability was impacted due to significant fall in other income.
- Cost of materials consumed was up by 9% whereas Interest cost increased by 9.2%

Axis Bank

Axis Bank posted 95.42% YoY rise in net profit at INR1370.08 crore for the quarter ended June on the back of higher net interest income and other income. Net profit of INR701.09 crore in the corresponding quarter last year. Other income rose 32.27% to INR3868.76 crore for the quarter ended June 2019 against INR2924.99 crore for the same quarter last year. Net interest income or the difference between interest earned on loans and that paid on deposits, of the bank increased 13.10% YoY to INR5843.65 crore for the quarter ended June 2019 against INR5166.80 crore in the corresponding quarter last year. Provisions increased 14.29% on a year-on-year basis to INR3,814.58 crore in Q1FY20 over INR3337.70 crore in Q1FY18. They had set aside INR2711.43 crore for the Jan-Mar quarter. Asset quality of the lender improved during the quarter with percentage of gross non-performing assets coming in at 5.25% against 5.26% on a quarter-on-quarter basis. Percentage of net NPA declined to 2.04% from 2.06% on QoQ basis.

Tech Mahindra

- Tech Mahindra missed Bloomberg estimate in respect of Revenue, EBITDA & Net Profit. Top line of the company grew 5% YoY at INR8741 cr.
- EBITDA fell 3% YoY at INR1314 cr. EBITDA margin also compressed by 120 bps at INR1314 cr. However the company managed to post 5% growth in their Net Profit backed by increased Other Income. Other income of the company was reported at INR321 cr versus INR281 cr. last year same quarter. Net Profit of the company stood at INRINR957 cr.Net profit Margin stood almost flat at 11%.
- Vertical wise communication business contributed 42%, Manufacturing contributed 19.4%,BFSI contributed 12.8%, Technology, media & Entertainment vertical contributed 7.6%,Retail, transport & logistics contributed 6.2% to the top line of the company at the end of Q2FY20.
- The company added 4 clients in the USD1 million bracket & 1 client in the USD50 million bracket. The revenue contribution of top 10 clients stood at 30.7% while attrition rate increased 200 bps YoY at 21% at the end of the second quarter. The utilization rate of the company also shrunk 100 bps YoY at 80%.
- Geography wise America business contributed 47.6%, Europe contributed 27.6% & rest of World contributed 24.8% at the end of the quarter under review.

Piramal Enterprises

Piramal Enterprises Ltd reported a 21% jump in June-quarter net profit from a year ago due to high revenue and a fall in other expenses. Consolidated net profit for the quarter stood at INR461 crore, against INR382 crore a year ago. Revenue rose 21% to INR3,506 crore during the first quarter, from INR2,902 crore in the same quarter last year. Other expenses fell 2% to INR1,400 crore. The company said its total loan book grew 20% year-on-year to INR56,605 crore. Housing finance loan book, which constitutes 11% of the company's overall loan book, grew four times to INR6,110 crore from the year ago. In the pharma segment, revenue grew 12% to INR1,173 crore, while healthcare insights and analytics' revenue rose 15% to INR319 crore during the quarter. Global Pharma EBITDA margins stood at a robust 22% during the quarter.

DLF

DLF reported a net profit jumped 140.08% (over two-fold) to INR414 crore for the quarter ended 30 June 2019, as the company strengthened its cash reserves and pared debt. Its net profit stood at INR172.44 crore in the year-ago period. The real estate firm's total income declined 7.04% to INR1540.95 crore during the same period from INR1657.67 crore in the corresponding period of the previous year.

Dr Reddy's Lab

Dr Reddy's Laboratories posted a 45.31% rise in consolidated net profit at INR662.8 crore for the June quarter. The company had reported a net profit of INR456.1 crore in the corresponding period of 2018-19. Revenues during the period rose to INR3,843.5 crore as compared with INR3,720.7 crore in the year-ago period.

Shoppers Stop

Shoppers Stop reported a consolidated net loss of INR10.17 lakh for the quarter ended June 30, 2019. The company had posted a net profit of INR4.73 crore in the corresponding quarter a year-ago. Total income during the quarter under review stood at INR856.32 crore, as against INR858.1 crore in the year-ago period.

Events

CORPORATE ACTION BONUS / RIGHTS / STOCK SPLIT / DIVIDEND / FCCB / M&A / WARRANTS ETC.

Company	Record Date	Ex-Date	Details
Khadim India Ltd			Cash dividend of INR1 effective 31/07/2019
Subros Ltd			Cash dividend of INR1.3 effective 31/07/2019
Cipla Ltd			Cash dividend of INR3 effective 31/07/2019
Dredging Corp of India Ltd			Cash dividend of INR3 effective 31/07/2019
Ramco Cements Ltd			Cash dividend of INR3 effective 31/07/2019
Emami Ltd			Cash dividend of INR4 effective 31/07/2019
Apar Industries Ltd			Cash dividend of INR9.5 effective 31/07/2019
Cummins India Ltd			Cash dividend of INR10 effective 31/07/2019
Novartis India Ltd			Cash dividend of INR10 effective 31/07/2019
Rane Holdings Ltd			Cash dividend of INR11 effective 31/07/2019
Kirloskar Industries Ltd			Cash dividend of INR21 effective 31/07/2019
Akzo Nobel India Ltd			Cash dividend of INR24 effective 31/07/2019
Shree Cement Ltd			Cash dividend of INR35 effective 31/07/2019

Domestic Events

- **Upcoming Result:-** Ajanta Pharma., Allahabad Bank., Apollo Tyres., Ashok Leyland., Blue Dart Express., Eicher Motors., Future Retail., HCL Infosystems., Hester Biosciences., Indian Energy Exchange., IOCL., Jagran Prakashan., Mahindra Holidays & Resorts India., Maithan Alloys., MAS Financial Services., Petronet LNG., Star Cement., Symphony., Tata Global Beverages., Trent., UPL.
- India Eight Core Sector Growth June 2019., India Fiscal Deficit June 2019.

Global Events

- China NBS Manufacturing and Non Manufacturing PMI for July 2019.,
- Japan Consumer Confidence for July 2019.,
- Japan Housing Starts for June 2019.,
- Euro Area GDP for Q2 2019.,
- Euro Area Unemployment Rate and Inflation for July 2019.,
- The U.S. Fed Interest Rate Decision.,
- The U.S. ADP Employment Change for July 2019.,
- The U.S. MBA Mortgage Application for the week ended July 26, 2019.

Source of News : The content may have been taken from The Economic Times, Business Standard, Business Line, Mint and other leading financial newspapers and financial portals BSE,NSE, Bloomberg, Moneycontrol & others.

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