

Trading Calls

MOTHERSUMI Long/Buy 20th August 2018

The stock recently topped out in 31 JUL 18 around 327 levels and then corrected over more than 11% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Weekly trend line break out is expected above 327 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 280-290 where congestion zone is seen which attributing further strength. Long Mothersume @ 309-313 and on dip towards 294-298 with SL of 279 for the target of 335 and 350 mark.

RELCAP Long/Buy 20th August 2018

Scrip has given falling channel breakout after giving short term consolidation on daily chart. From last few days, it has been trading in its congestion zone after giving Pole and Flag breakout which creates buying opportunity in the scrip again. Moreover, sustainability of RSI above 9 days EMA giving cues for upside momentum. Strong support is seen at near 398-400 marks. By looking all these factors, trader and investor can buy this scrip around 438-443 with the stop loss 398 for the target of 500 and 520 levels.

HINDALCO Long/Buy 20th August 2018

After hitting the peak of 284, stock slipped near 52 week low from where chances of developing of demand is higher and it has been trading in a range bound zone of 210 and 230 mark. As of now, formation of inverted H&S is giving cues to accumulate this stock at lower levels. The RSI also has bounced from the oversold zone and currently it has indicated a steep rise. As long as it sustains above 190, possibility of moving on upside is higher and it can hit our first target of 275 and second target is 300 with an ease.

TITAN Long/Buy 17th August 2018

Scrip rebounded from a low of 799, it bounced back on upside hit the high of 942 marks and started showing contracting in the form of small symmetrical triangle. This bounce back rally and contraction took the form of Pole and Pennant price pattern from last few days. Currently, it gave the breakout on upside where buying momentum is expected to accelerate further. Emergence of Inverted H&S pattern on daily time frame of chart suggesting Bulls can take a charge. Indicator and oscillator also showing favourable scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see a rally on upside till 1030 and 1060 mark.

PNB Long/Buy 17th August 2018

Daily chart of PNB reveals that demand is increasing and supply is diminishing. Rising trend line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. Emergence of Inverted H&S where right shoulder is about to form and Bullish Engulfing on daily chart augur well for the Bulls and indicate surge on upside. Apart from this, sustainability of MACD Histogram along with positive territory signals optimism, suggest upside move in the counter in coming sessions. Buy PNB at 81-83 and on dip towards 75-78 with SL of 73 target 100/110.

L&T FIN Long/Buy 17th August 2018

Scrip spurted from a low of 140, it showed pullback on upside marked the high of 185 marks and started consolidating there. This pullback rally and consolidation has taken the form of Pole and Flag price pattern from last few days. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Emergence of Cup and Handle pattern on daily time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside after giving the breakout above 186 and hit our target of 200 and 220 mark.

Market	Value	% Change
SGX Nifty	11592.00	0.07%

Nifty Key Levels

Support	S1 : 11500	S2 : 11485
Resistance	R1 : 11580	R2 : 11640

Market Outlook

Nifty closed with flying color as again it has closed with record high level. It witnessed a gap up opening and gap remained unfilled which indicates that Bulls are at dominating position with momentum which seems to be remain intact. Nifty is gradually moving towards our mentioned target of 11580 & 11640 levels where next resistance is seen. On the other hand, the gap area 11485-11500 shall act as an immediate support zone.

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
20-Aug-18	4,067	4,550	(483)
Aug-18	57,018	59,278	(1,239)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
20-Aug-18	3,598	3,005	593
Aug-18	43,464	42,491	973

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	0.56	1.75	7.01	10.91
Automobiles	0.85	1.04	1.02	4.13
Auto Components	0.56	1.75	7.01	10.91
Construction & Engineering	3.83	2.55	4.95	5.57
Construction Materials	0.16	1.56	11.12	(3.68)
Diversified Financial Services	0.65	(0.61)	5.45	11.74
Electrical Equipment	0.22	(0.04)	8.78	5.27
Energy	1.80	0.36	6.12	16.45
Financials	0.68	0.05	5.65	12.64
Health Care	0.94	5.75	11.33	17.26
Household Durables	0.05	0.28	6.72	18.81
Household & Personal Products	0.19	1.89	7.37	37.13
Information Technology	(0.57)	1.58	1.77	44.28
Metals/Mining/Minerals	1.90	0.79	10.29	4.69
Telecom	0.31	(0.43)	5.52	(19.23)
Utilities	0.76	(0.03)	6.41	(7.30)

Participant wise Open Interest In Equities Derivative (no. of contracts)

Long Position				
	DII	FII	Pro	Other
Future Index	32096	181776	21986	271039
Future Stock	37639	729340	166282	988026
Option Index Call	30578	248857	179189	328164
Option Index Put	96831	284332	146536	770939
Option Stock Call	0	32508	70311	349415
Option Stock Put	0	33938	59288	174550

Short Position				
	DII	FII	Pro	Other
Future Index	88030	171208	59600	188059
Future Stock	932058	431737	111407	446085
Option Index Call	0	80475	184036	522277
Option Index Put	0	189550	288135	820953
Option Stock Call	286	42311	147090	262547
Option Stock Put	0	34884	77162	155730

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500111	RELCAPITAL	31.7
500126	MERCK	31.5
532134	BANKBARODA	27.6
532848	DELTACORP	24.1
532482	GRANULES	23.5
509966	VSTIND	23.3
533519	L&TFH	23.1
517354	HAVELLS	22.8
517174	HONAUT	22.7
532827	PAGEIND	22.4

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
514034	JBFIND	40.3
532938	CAPF	31.0
532531	STAR	27.9
534139	SCHNEIDER	24.9
500294	NCC	23.6
508869	APOLLOHOSP	23.5
530001	GUJALKALI	23.5
503806	SRF	23.3
532331	AJANTPHARM	21.7
532149	BANKINDIA	20.9

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
538562	SKIPPER	(21.24)
511389	VIDEOIND	(20.84)
522275	ALSTOMT&D	(7.14)
532662	HTMEDIA	(6.95)
532654	MCLEODRUSS	(6.18)
500219	JISLJALEQS	(2.54)
523598	SCI	(1.68)
500645	DEEPAKFERT	(0.51)
532480	ALBK	(0.49)
532276	SYNDIBANK	1.03

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
530073	SANGHVIMOV	(16.75)
532977	BAJAJ-AUTO	(11.95)
523457	LINDEINDIA	(8.92)
500252	LAXMIMACH	(6.82)
500104	HINDPETRO	(5.61)
500411	THERMAX	(5.37)
519600	CCL	(4.84)
530965	IOC	(4.74)
532400	KPIT	(4.07)
531344	CONCOR	(3.23)

* ES- Earning Score is average of EM (Earning Momentum defined as relative performance in terms of operating profit growth) and EQ (Earning Quality defined as relative balance sheet strength in terms of debt and working capital)

* PS- Price Score is of a company is relative price performance in multiple time-frame

Analysis shown here is only for companies with market cap more than Rs 1,000 Cr.

VIEW

Once again Domestic market proved the first rule of Dow theory, " **Never buck the trend because trend is your friend**", trend is looking very strong as the sequence of higher highs and higher lows remains intact. We mentioned, "Dynamics remain in a predefined trajectory as long as it holds recent swing low which will act as crucial support", we maintain the same. Broader indices continued to play catch up with the benchmark and Falling wedge breakout is found in small-cap and mid-cap which is conducive for major Indices. We expect that unabated rally in Indices will continue as the market extended its winning streak to the fourth consecutive week.

NIFTY-

- Prevailing technical positive condition on higher time frame of chart helped market to sustain higher.
- Nifty continues to venture in to uncharted territory as it inched closer to 11500 marks and follow up buying support is needed to surge further higher.
- A decisive break and close above the immediate resistance of 11500 levels would further lift Nifty towards the levels of 11600 levels.
- Cluster of short term channel support and retest of medium term channel breakdown makes 11340 followed by 11230 a strong support, until this hold bias certainly remains positive.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11600	Psychological level
Resistance 1	11500	Immediate Resistance
Close	11470	
Support 1	11340	Low of current week
Support 2	11230	Point of polarity

Banknifty Weekly

20-Aug-18

After making negative divergences both in RSI and Stochastic, Banknifty gave some correction on the first day of last week. However it found a strong support near 27740 and thereafter started to give pullback from that level. At the end of the week Banknifty closed at 28128.50. It had a net gain of 0.02% over the previous week's close.

OBSERVATIONS:

- 1) Banknifty is moving in an **Upward rising Channel** and currently it is trading near its support areas. Therefore the continuation of up move is very likely from the current level.
- 2) According to the weekly chart, Banknifty gave a **Bullish Breakout** above 27650 and thereafter it is maintaining above this level since last couple of weeks. So this level becomes a short term crucial base of the index.
- 3) **Double Bottom** was formed near 27740 in the weekly chart.

Therefore the upward rally is likely to continue in Banknifty in the current week. Traders are advised to hold their long positions in the index by keeping a stop loss at 27739.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28650
Resistance 1	28378
Close	28128
Support 1	27739
Support 2	27650

VIEW

In line with our analysis of previous report, USDINR pair gave Pole and Flag breakout and our currency fell to fresh record low. While the current currency volatility was triggered by external events but chart reveals that internal macros are also looking unhealthy. Not only higher crude oil prices but also less export as compare to import are the biggest factors in our currency depreciation. Exports struggled, while we guzzled for gold and smart phone. The resulting rupee depreciation should aid our export and eventually help in controlling import demand but such adjustments take some time. In the meantime, RBI has to intervene judiciously, to control rupee depreciation so that permanent flows may better balance while staving off any pain. In coming sessions, Pair will take cues from trade talks between **US & China**, **FOMC minutes** and **Jackson Hole Symposium**.

TECHNICAL FACTORS-

- We highlighted, "Formation of **Pole and Flag breakout** above 69.20 level can lead to spurt on upside in the medium term which can be to the tune of 71 and 72.50 levels", this is still unfolding in pain.
- Now the support is shifted higher at the level of **69.40-69** zone where we were expecting Flag breakout followed by 68.30 marks
- However, Formation of **Shooting star** along with the **negative crossover** in **MACD** suggest dip towards our mentioned support.

CHART



STDC : Long / BUY

20-Aug-18

BSE Code	500400
NSE Symbol	HINDALCO
52wk Range H/L	1006/563
Mkt Capital (Rs Cr)	88,549.00
Av.Cash Volume(,000)	4412526
Open Interest	

Buy Price	214.5
Stop Loss	190
Target Price1	275
Target Price2	300
Upside in Tgt1	28%
Upside in Tgt2	40%

Technical Chart



STDC- BUY HINDALCO @221- 226 AND ON DIP TOWARDS 208-213 SL-190 (CLOSING BASIS) TGT-275, 300

After hitting the peak of 284, stock slipped near 52 week low from where chances of developing of demand is higher and it has been trading in a range bound zone of 210 and 230 mark. As of now, formation of inverted H&S is giving cues to accumulate this stock at lower levels. The RSI also has bounced from the oversold zone and currently it has indicated a steep rise. As long as it sustains above 190, possibility of moving on upside is higher and it can hit our first target of 275 and second target is 300 with an ease.

STDC : Long / BUY

20-Aug-18

BSE Code	500111
NSE Symbol	RELCAP
52wk Range H/L	797/334
Mkt Capital (Rs Cr)	24,952.00
Av.Cash Volume(,000)	3186202
Open Interest	

Buy Price	427
Stop Loss	398
Target Price1	500
Target Price2	520
Upside in Tgt1	17%
Upside in Tgt2	22%

Technical Chart



STDC- BUY RELCAP @ 438-443 AND ON DIP TOWARDS 416-422 SL-398 (CLOSING BASIS) TGT-500, 520

Scrip has given falling channel breakout after giving short term consolidation on daily chart. From last few days, it has been trading in its congestion zone after giving Pole and Flag breakout which creates buying opportunity in the scrip again. Moreover, sustainability of RSI above 9 days EMA giving cues for upside momentum. Strong support is seen at near 398-400 marks. By looking all these factors, trader and investor can buy this scrip around 438-443 with the stop loss 398 for the target of 500 and 520 levels.

STDC : Long / BUY

20-Aug-18

BSE Code	517334
NSE Symbol	MOHERSUMI
52wk Range H/L	274/395
Mkt Capital (Rs Cr)	24,952.00
Av.Cash Volume(,000)	3186202
Open Interest	

Buy Price	301.5
Stop Loss	279
Target Price1	335
Target Price2	350
Upside in Tgt1	11%
Upside in Tgt2	16%

Technical Chart



STDC- BUY MOTHERSUMI @ 309-313 AND ON DIP TOWARDS 294-298 SL-279 (CLOSING BASIS) TGT-335, 350

The stock recently topped out in 31 JUL 18 around 327 levels and then corrected over more than 11% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Weekly trend line break out is expected above 327 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 280-290 where congestion zone is seen which attributing further strength. Long Mothersume @ 309-313 and on dip towards 294-298 with SL of 279 for the target of 335 and 350 mark.

STDC : Long / BUY

17-Aug-18

BSE Code	500114
NSE Symbol	TITAN
52wk Range H/L	1006/563
Mkt Capital (Rs Cr)	83,549.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	925
Stop Loss	850
Target Price1	1030
Target Price2	1060
Upside in Tgt1	11%
Upside in Tgt2	15%

Technical Chart



STDC : BUY TITAN AT AND ON DIP TOWARDS 171-175 SL- 160 (CLOSING BASIS) TGT- 200,220

Scrip rebounded from a low of 799, it bounced back on upside hit the high of 942 marks and started showing contracting in the form of small symmetrical triangle. This bounce back rally and contraction took the form of Pole and Pennant price pattern from last few days. Currently, it gave the breakout on upside where buying momentum is expected to accelerate further. Emergence of Inverted H&S pattern on daily time frame of chart suggesting Bulls can take a charge. Indicator and oscillator also showing favourable scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see a rally on upside till 1030 and 1060 mark.

STDC : Long / BUY

17-Aug-18

BSE Code	532461
NSE Symbol	PNB
52wk Range H/L	231/72
Mkt Capital (Rs Cr)	23,036.00
Av.Cash Volume(,000)	25610532
Open Interest	

Buy Price	82
Stop Loss	73
Target Price1	100
Target Price2	110
Upside in Tgt1	22%
Upside in Tgt2	34%

Technical Chart



STDC : BUY PNB AT 81-83 AND ON DIP TOWARDS 75-78 SL- 73 (CLOSING BASIS) TGT- 100, 110

Daily chart of PNB reveals that demand is increasing and supply is diminishing. Rising trend line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. Emergence of Inverted H&S where right shoulder is about to form and Bullish Engulfing on daily chart augur well for the Bulls and indicate surge on upside. Apart from this, sustainability of MACD Histogram along with positive territory signals optimism, suggest upside move in the counter in coming sessions. Buy PNB at 81-83 and on dip towards 75-78 with SL of 73 target 100/110.

STDC : Long / BUY

17-Aug-18

BSE Code	533519
NSE Symbol	L&T FIN
52wk Range H/L	213/140
Mkt Capital (Rs Cr)	36,276.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	176.5
Stop Loss	160
Target Price1	200
Target Price2	220
Upside in Tgt1	13%
Upside in Tgt2	25%

Technical Chart



STDC : BUY L&T FIN AT 178-182 AND ON DIP TOWARDS 171-175 SL- 160 (CLOSING BASIS) TGT- 200,220

Scrip spurted from a low of 140, it showed pullback on upside marked the high of 185 marks and started consolidating there. This pullback rally and consolidation has taken the form of Pole and Flag price pattern from last few days. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Emergence of Cup and Handle pattern on daily time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside after giving the breakout above 186 and hit our target of 200 and 220 mark.

STDC : Long / BUY

17-Aug-18

BSE Code	524804
NSE Symbol	AUROPHARMA
52wk Range H/L	809/527
Mkt Capital (Rs Cr)	17,886.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	635
Stop Loss	580
Target Price1	750
Target Price2	800
Upside in Tgt1	18%
Upside in Tgt2	26%

Technical Chart



STDC : BUY AUROPHARMA AT 630-640 SL- 580 (CLOSING BASIS) TGT- 750, 800

Auropharma rebounded on the back of positive global cues that boded well for bulls and take the charge once again. There is multiple confluence of support at 580-600 levels coupled with RSI which has been sustaining above 60 mark showing a positive move on upside. Formation of Diamond price pattern on weekly chart suggest it has a potential to move on northward side in coming sessions. 200 DMA is lying around 630 which suggest its key support. Breakout came with decent volume which imply bullishness in the scrip. One can take entry with the stop loss of 580 for the target of 750 and 800 marks.

Rating : Long / Buy

16-Aug-18

BSE Code	500124
NSE Symbol	DRREDDY
52wk Range H/L	1887/2615
Mkt Capital (Rs Cr)	39054.49
Av.Cash Volume(,000)	415
Open Interest	4164750

Buy Price	2334
Stop Loss	2198
Target Price1	2447
Target Price2	2604
Upside in Tgt1	5%
Upside in Tgt2	12%

Technical Chart



Dr. Reddy's Laboratories gave a bullish breakout of a 'Reverse Head & Shoulder' pattern neck line above Rs2310 yesterday. A 'Golden Crossover' was also formed between 50 DMA & 200 DMA. These patterns are indicating some short upmove in the stock from the current level.

Therefore we advise traders to initiate long position in the stock near Rs 2334 with a stop loss of Rs 2198. The upside targets are Rs 2447 and Rs 2604.

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20-08-2018

Narnolia Financial Advisors Limited | Market Strategy Desk

R-25 : Long / BUY

16-Aug-18

BSE Code	500112
NSE Symbol	AXIS BANK
52wk Range H/L	635/447
Mkt Capital (Rs Cr)	1,06,335.00
Av.Cash Volume(,000)	18777302
Open Interest	

Buy Price	615
Stop Loss	554
Target Price1	720
Target Price2	780
Upside in Tgt1	17%
Upside in Tgt2	27%

Technical Chart



R-25:BUY AXIS BANK AROUND 615-620 AND AROUND 585-590 SL- 554 (CLOSING BASIS) TGT- 720, 780

Since long, Axis bank has been forming Ascending triangle pattern which suggest an upside movement. On weekly char it has already given Double bottom breakout and on daily chart it gave Flag breakout which indicate bullish momentum in the counter. Currently, stock is trading above its all significant moving averages which shows positive trend in the scrip. Monthly RSI gave trend line breakout which is also conducive for the price pattern. Based on the above technical structure, we are expecting an upside momentum in the stock in coming sessions.

R-25 : Long / BUY

16-Aug-18

BSE Code	500112
NSE Symbol	SBIN
52wk Range H/L	351/230
Mkt Capital (Rs Cr)	20,49,752.00
Av.Cash Volume(,000)	113967
Open Interest	

Buy Price	290
Stop Loss	255
Target Price1	340
Target Price2	380
Upside in Tgt1	17%
Upside in Tgt2	31%

Technical Chart



R-25:BUY SBIN AROUND 290-295 AND AROUND 270-275 SL- 255 (CLOSING BASIS) TGT- 340, 380

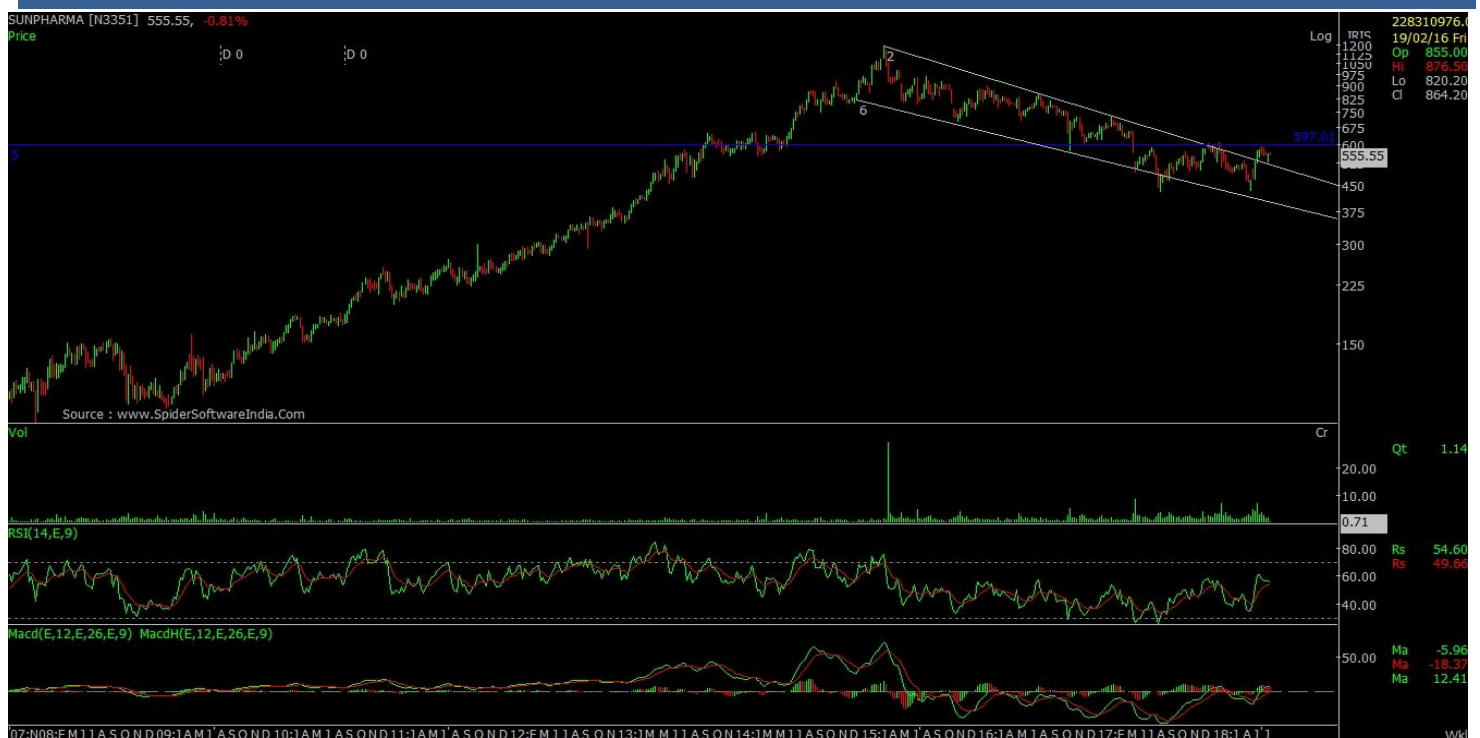
Stock bottomed out near the levels of 230-235 and has been forming cup and handle as being mother pattern on weekly chart. Emergence of Bullish engulfing showing upswing move towards channel resistance line from where stock can give breakout on upside . Scrip has respected the up trendline and prices has started running in the channel. Sustainability above 61.8% Fibonacci retracement of the fall from 351 to 230 marks also creating positive rhythm in the scrip. Declining MACD histogram and sustainability of RSI above 50 adds the conviction of going long for the target of 340 and 380 with SL of 255 marks.

R-25: BUY SUNPHARMA

13-Aug-18

BSE Code	524715	Buy Price	555
BSE Symbol	SUNPHARMA	Stop Loss	499
52wk Range H/L	433/	Target Price1	650
Mkt Capital (Rs Cr)	8,148.50	Target Price2	690
Av.Cash Volume(,000)	159830	Upside in Tgt1	17%
Open Interest	NA	Upside in Tgt2	38%

Technical Chart



STDC- BUY SUNPHARMA AT 555-560 OR ON DIP TOWARDS 525-532, SL BELOW 499 (CLOSING BASIS), T1- 650, T2-690

Scrip is running in the falling channel since long but now it seems to form double bottom pattern on weekly chart. As of now, it has been consolidating near its falling trend line from last few days. RSI stands above 60 mark lending its support to price action where as MACD is also looking firm showing positive rhythm in the scrip. Probability is higher that it can take support from falling trend line and surge higher in coming sessions. One can maintain buy on dips strategy at current price as risk rewards levels are looking favorable. Decent volume can trigger momentum on upside in coming days and it can accelerate toward northward direction.

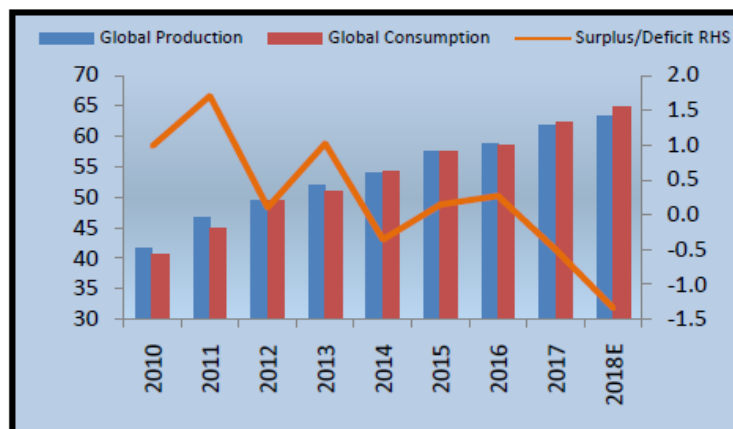
20-08-2018

Narnolia Financial Advisors Ltd | Market Strategy Desk

LME Aluminium Prices have sunk by almost a fifth from their peak due to escalating trade tensions between the U.S. and China that threaten global growth. Easing sanctions on Rusal by the U.S. have erased supply concerns after it extended the deadline for winding down operations until October. All this news together made the aluminium prices to wipe out its previous quarter gains; providing an opportunity to initiate buy at the support levels.

Global Aluminium Demand Supply

Global aluminium market is expected to be in deficit of 1.5-1.2 million tonnes this year. Supply constraints in China during winter will keep the supply situation tight even as the new supply comes in. From the demand side, stable growth in China, strong infrastructure demand and rising demand from automobile sector and fiscal policies in China will keep prices supported and push the global aluminium market in deficit.



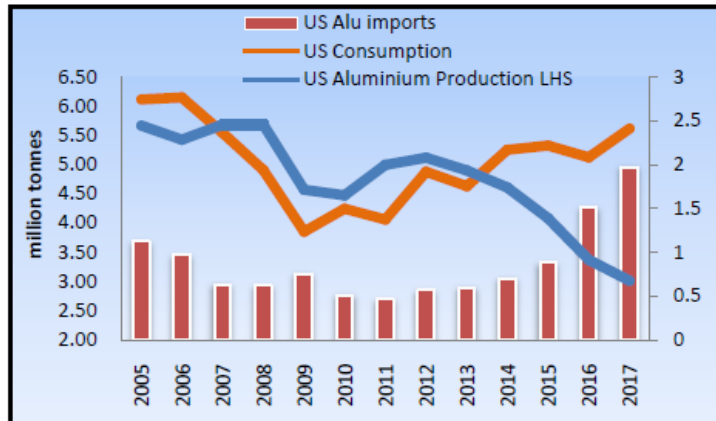
Source: Bloomberg, Narnolia Research

China Winter Curbs

Winter Curbs in China are aimed at reducing pollution levels in the country and worldwide as a whole. China's output curbs in winter starts from October this year and ends in March-19. During this period, the aluminium producers have to comply with 30 percent cut in output to maintain targeted level of pollution. Beijing has taken these steps to limit the use of coal for power generation as it leads to pollution. Aluminium smelters require large amount of electricity which is mostly generated from coal. Therefore, we expect a number of capacity closures in China during this period.

China Aluminium output has increased by just 0.2% on year on year basis in July while the output reduced by 2.2% during the first seven month of 2018 as compared to the same period last year. The fall in output has been due to delay in the start of new capacity as the old capacity shuts down. Higher aluminium exports from China in July are 519,000 tonnes, which is up by 18 percent as compared to last year. This rise has been ahead of US tariffs imposition on steel and aluminium products.

United States Scenario



The U.S. imports started to rise since 2013 from 2.89 million tonnes to 4.9 million tonnes in 2017 to fill the demand-supply gap due to the nation's drastic fall in production. Around 60% of aluminium is imported from Canada and rest from other countries like Russia, China, UAE etc. Strong US growth prospects will lead to increase in demand for aluminium as the nation will be unable to swiftly increase its production.

Demand Side

Aluminium demand is expected to remain in upward trajectory on strong pick-up in demand from world-wide. Global aluminium consumption growth is currently running at 4-5% every year. Aluminium consumption pattern in China will shift from infrastructure and power to automobiles and packaging on Chinese government policies following consumer driven growth approach. US demand is also on the rise for the next few years as the housing market recovers, car sales continue to show improvement and aluminium demand benefits from its new applications, particularly in the automotive sector.

Automakers are more and more turning to aluminum as they seek to reduce vehicle weights to meet stricter fuel-efficiency standards and thereby increasing the usage of aluminium in the automobile sector. Stringent regulation have been followed by United States and Europe which is now being followed by China as well encourages the producers to use light weighted aluminium in auto production.

Supply Curtailment to Support Prices

China – China's policy to cut its aluminium output by 30% during the winter period will limit the supply from the world's largest producer of aluminium. China accounts for more than 55% of global aluminium production. Therefore, any decline in output will affect the prices significantly.

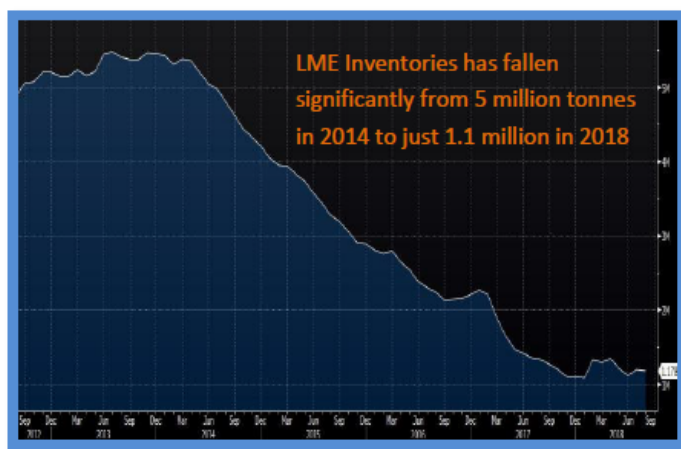
Rusal – Rusal, the world's largest aluminium producer says if the US sanctions are not lifted, some of the production will be halted in September. Under the terms of the sanctions, U.S. customers are compelled to stop business with Rusal by Oct. 23. The company also planned to idle the Nadvoitsy aluminium smelter which produces 12000 tons of output in 2017.

Brazil Alumina Smelter – Supply disruption in Brazil's alumina plant have inflated alumina prices (a raw material of aluminium) has increased the cost of production of aluminium. Brazil's Alunorte smelter, the world's largest alumina refinery has declared force majeure due to environmental concerns. Due to this, 50% of the Albras aluminium smelter in Brazil has planned to reduce its capacity by half on account of limited alumina supply. The smelter produces 460,000 tons of output annually.

Alcoa's Alumina in Australia - An indefinite Strike at Alcoa's Australia Alumina refinery has taken place over an enterprise agreement dispute. It accounts for around 9.3 million tonnes of capacity or some 8 percent of the world's alumina supply. This further adds tightness to the ongoing supply concerns in alumina market. Since, alumina comprises of 40% of aluminium cost, therefore any spike in alumina prices will put upward pressure in aluminium prices.

Tight Inventories

LME aluminium stocks have fallen by 50 percent in 2017 and continue to remain near lows in 2018. Cancelled warrants have started to rise this month and currently stand at 28%. LME inventories have been trading lower since 2014 with just 1.7 million tonnes remaining, providing support to the prices. However, Shanghai aluminium stocks have rose to the record high standing at 900,000 tonnes till date.



Source: Bloomberg, Narnolia Research

Outlook

We believe prices will remain firm on stable demand for aluminium, rising costs of raw materials like alumina and power which will increase the cost of production, lower inventories at LME, smelter hits in Brazil and Australia and capacity curbs in China are supporting factors and will contribute towards price increase. The only reason likely to discourage prices will be US-China tariff conflict which will negatively impact overall economic demand. We expect Aluminium prices to remain positive and test the levels of Rs 153-157 per kg on MCX in the coming quarter of 2018.

STDC : Long / BUY

10-Aug-18

BSE Code	512599
NSE Symbol	ADANIENT
52wk Range H/L	99/211
Mkt Capital (Rs Cr)	1,03,768.58
Av.Cash Volume(,000)	5508.67
Open Interest	

Buy Price	187
Stop Loss	165
Target Price1	230
Target Price2	260
Upside in Tgt1	23%
Upside in Tgt2	39%

Technical Chart



STDC- BUY ADANIENT @ 194-198 AND ON DIP TOWARDS 180-184 SL-165 TGT- 230, 260

Surprise upmove seen in Adanient after hitting a low of 114 marks and it gave a straight surge on upside till 202-208 zone. As of now, it is started consolidating and forming mast from last few days. Breakout is expected above 209 levels from where it will surge higher and gain momentum. Indicator and oscillators lending support to its price action. One can take long position at current levels with stop loss of 165 marks for the target of 230 and 260 marks.

STDC : Long / BUY

10-Aug-18

BSE Code	539957
NSE Symbol	MGL
52wk Range H/L	1377/772
Mkt Capital (Rs Cr)	1,03,768.58
Av.Cash Volume(,000)	6,72,201
Open Interest	

Buy Price	925
Stop Loss	875
Target Price1	1180
Target Price2	1220
Upside in Tgt1	28%
Upside in Tgt2	32%

Technical Chart



STDC- BUY MGL AT 940-950 OR DIP TOWARDS 910-920, SL – 875 (CLOSING BASIS), T1- 1180, 1220

After the correction from the high of 1377, this counter appears to be stabilizing around 800 levels and positioning itself for rally. Sustainability above Falling wedge breakout on weekly chart and Pole & Flag breakout on shorter time frame of chart indicate strength in the prices. Positive crossover in daily MACD is showing upside momentum. The RSI is sustaining above 60 from a bottoming formation which is bullish. Once it manages to push itself above 986, the move on upside can be swift. Hence, positional traders are advised to go long with a stop 875 for the target of 1180 and 1220 marks.

STDC : Long / BUY

9-Aug-18

BSE Code	532995
NSE Symbol	RECLTD
52wk Range H/L	184/89
Mkt Capital (Rs Cr)	9,592.77
Av.Cash Volume(,000)	5472192
Open Interest	

Buy Price	111.25
Stop Loss	102
Target Price1	130
Target Price2	136
Upside in Tgt1	17%
Upside in Tgt2	22%

Technical Chart



STDC:-BUY RECLTD @ 112-115 OR ON DIP TOWARDS 108-110 SL- 102 (CLOSING BASIS) TGT- 130, 136

Scrip spurted from a low of 89, it showed pullback on upside towards the high of 118 marks and started consolidating there. This pullback rally and consolidation has taken the form of Pole and Flag price pattern from last few days. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Inverted H&S on longer time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside and hit our target of 130 and 136 marks.

R-25 : Long / BUY

8-Aug-18

BSE Code	500295
NSE Symbol	VEDL
52wk Range H/L	355/270
Mkt Capital (Rs Cr)	40,721.89
Av.Cash Volume(,000)	10712428
Open Interest	

Buy Price	211.5
Stop Loss	179
Target Price1	260
Target Price2	275
Upside in Tgt1	23%
Upside in Tgt2	30%

Technical Chart



R-25:BUY VEDL AROUND 220-225 AND AROUND 205-210 SL- 179 (CLOSING BASIS) TGT- 260, 275

Scrip has witnessed a decent correction from the peak of 355 to show signs of bottoming out at around 215-220 levels and currently It gave falling channel breakout on weekly chart to show strength and is poised for an upward move in coming days with bias improving and turning out to positive. Back to back white candles above falling channel breakout also giving cues for going north in the stock. RSI seems to be bottoming out near oversold zone and Positive crossover in MACD also conducive for its upmove. With decent volume participation , we recommend buy in this stock.

STDC- BUY COLPAL

4-Aug-18

BSE Code	500830
BSE Symbol	COLPAL
52wk Range H/L	70/35
Mkt Capital (Rs Cr)	14,965.00
Av.Cash Volume(,000)	302274
Open Interest	NA

Buy Price	1104
Stop Loss	1050
Target Price1	1200
Target Price2	1240
Upside in Tgt1	9%
Upside in Tgt2	18%

Technical Chart



STDC- BUY COLPAL AT 1117-1123 OR ON DIP TOWARDS 1085-1095, SL BELOW 1050 (CLOSING BASIS), T1- 1200, T2-1240

After hitting a peak of 1281 level, scrip gave a sharp decline towards its lower levels then after it formed three white soldier which suggested bounce back. After that it showed some blip in the momentum and started consolidation in the range of 1110-1150 zone. Currently , it is on the verge of forming Inverted H&S which is hinting of upside move. RSI is looking firms with its respective levels whereas MACD is showing bullish crossover in its negative territory and both these parameters suggest the possibility of pullback on higher side.

STDC- BUY DLF

26-Jul-18

BSE Code	532178	Buy Price	185
BSE Symbol	DLF	Stop Loss	167
52wk Range H/L	273/153	Target Price1	215
Mkt Capital (Rs Cr)	8184.51	Target Price2	225
Av.Cash Volume(,000)	63,91,615.00	Upside in Tgt1	16%
Open Interest	NA	Upside in Tgt2	35%

Technical Chart



STDC- BUY DLF AT 187-190 OR ON DIP TOWARDS 177-180, SL BELOW 167 (CLOSING BASIS), T1- 215, T2-225

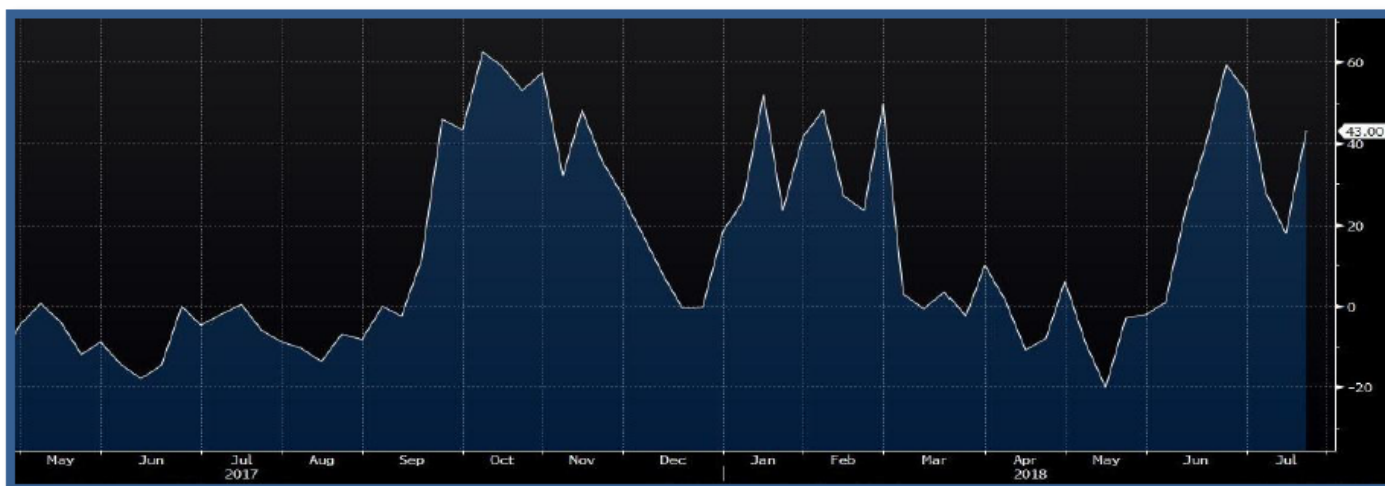
Prices of DLF has seen a sharp rebound after hitting a low of 168 where its key support is seen. Emergence of Tweezers bottom on weekly chart giving the possibility of pullback at higher side in coming sessions. Moreover, Prices are forming Falling wedge pattern on longer time frame of chart and resolute breakout is expected to come above 196-197 from where it will increase its velocity. RSI also gave trendline breakout after bottoming out near oversold zone and weekly MACD in uptrend along with declining histogram in negative territory thus supports bullish bias in the stock.

Zinc – Bargain Buy

24-Jul-18

Zinc prices have fallen by 23 percent during the last 30 days and it was the biggest loser among the metal complex. Zinc was the biggest hit as it was the only metal which had rallied the most and prices fell on lower deficit expectation and new zinc concentrate supply coming into the market and last and the most important reason is the US-China trade conflict. However, we believe selling in the counter is overdone and going forward we expect Zinc prices to turn positive ahead of drop in Chinese zinc production and lower inventories.

LME Zinc Cash-3M



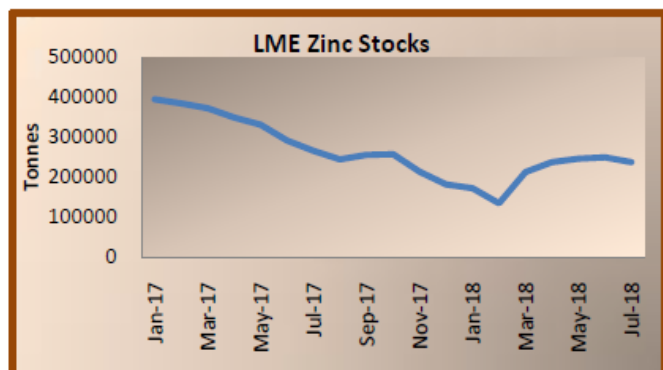
LME Zinc Cash to 3Month reversed its recent downfall and moved higher towards \$43 suggest the backwardation still in play and therefore, this scenario indicates supply tightness in the refined metal that will likely keep the short sellers away and prices supportive.

Zinc Still A Deficit Market

Zinc market is still in deficit, however the deficit this year is expected to be much smaller than the last year. As per ILZSG, Global zinc market balance continues to remain in deficit this year. The group expects the demand to exceed supply by 239,000 tonnes in 2018, although a lower deficit figure than the 460,000 tonnes in 2017.

Inventories falling in Both the Exchanges

Zinc inventories have been falling in both the Shanghai and LME warehouses, indicating a tightness to occur in future and hence the prices are expected to rise. Shanghai stock have dropped to just 58,000 tonnes, which is the lowest since 2008 level. And LME inventories are trending continuously lower since the last six trading sessions standing at 237,000 tonnes, down 60% since September 2015.



Source: Bloomberg, Narnolia Research



Source: Bloomberg, Narnolia Research

Fall in China's Zinc Output

A continuous fall in Zinc prices have reduced the smelting margins of the Chinese smelters which is prompting one of the largest China zinc producer Dongling to cut the refined production by 10%. Many zinc smelters have lengthened the maintenance to reduce output while some producers have curbed their production. Also, Chinese government push towards clean environment has constrained the production of most of the zinc mining, smelting and refining activities.

China's zinc production in June fell by 5% to 475,000 tons and further the output is expected to decline in July as well as more smelters undergoes maintenance.

Therefore, all the above factors mentioned makes us to come to a conclusion that the zinc prices are at an attractive buy levels and we expect MCX zinc prices to test 190-195 levels in the coming weeks.

12-Jul-18

Buy Price	212.5
Stop Loss	170
Target Price1	265
Target Price2	280
Upside in Tgt1	25%
Upside in Tgt2	65%

JINDALSTEL [N6733] 220.15, 1.10%

Price

Source : www.SpiderSoftwareIndia.Com

Vol

RSI(14,E,9)

Macd(E,12,E,26,E,9) MacdH(E,12,E,26,E,9)

Log IRIS 85.65 24/05/18 Th
Op 226.30
Hi 230.50
Lo 222.30
Cl 227.65

229.42
220.15

LK Qt 77.81
93.68

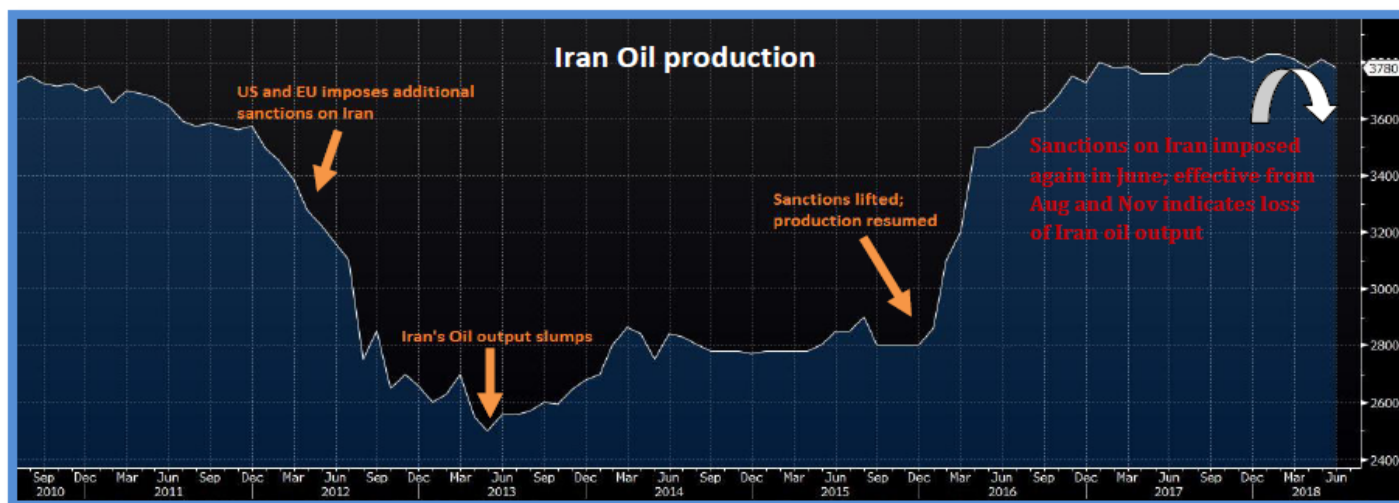
Re 38.58
Rs 45.58

Ma -2.71
Ma 0.68
Ma -3.39

STDC- BUY JSPL AT 220-225 OR DIP TOWARDS 195-200, SL BELOW 170 (CLOSING BASIS), T1- 265, T2-280

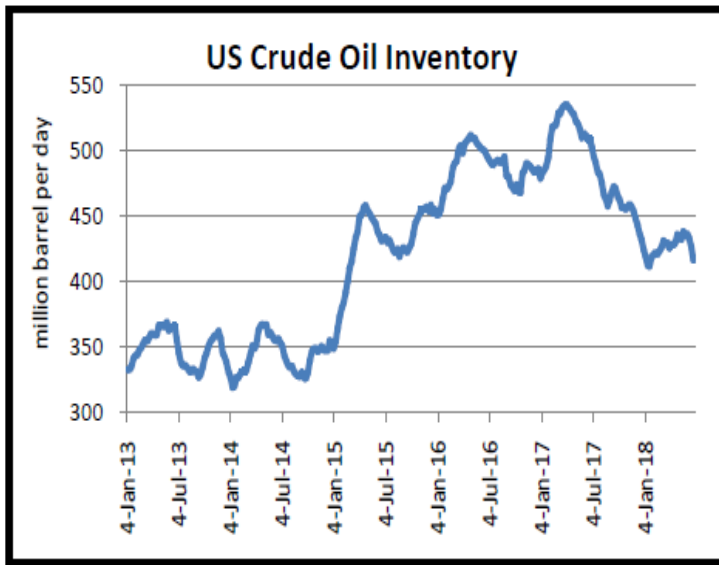
A bullish **Sea-pony harmonic pattern** is a bullish reversal pattern that is based on various Fibonacci ratios and one which marks the end of a price decline. By definition, point D is the inflection point as it is around this point, prices is expected to find a bottom and potentially reverses to the upside. Formation of **Morning star on daily chart** is likely to set stage of bottoming out around 215-220 zone. RSI seems to be **reversing from oversold zone** implying trend reversal. Currently it has been running in a falling channel and channel breakout is expected above 230 from where it can lead higher in the days ahead, potentially towards 265 and 280 mark.

Oil prices have remained steady at \$74 due to supply disruption in Libya, Canada and impending sanction on Iran, all of which increases the likelihood of big shortfall in the oil market. Bullish oil factors are ruling over Bearish factors as investors are currently assuming that the oil supply increase from OPEC will not suffice the current oil demand and prevailing supply curtailments.



Back in 2012, when US and EU imposed additional sanction on Iran which restricted Iran to export oil due to which the country's production fell towards 2 mbpd from the pre-sanctions level of 3.8 mbpd. Later in 2015, the sanctions were lifted and the country resumed its production towards pre-sanction level. **Last month in June, US withdrew from the deal and imposed sanctions on Iran that will repeat the episode of decline in Iran oil production and exports in the year 2018-19.** US sanctions are about snap back in two parts, with a first round returning in August, and with the toughest sanctions returning in early November. US has also warned that it will impose sanctions on foreign companies that do business with Iran, in an effort to cut Iran's exports of crude oil and condensates to zero from the current 2 million barrels per day. However, exemptions to few countries will be provided, with no criteria or specification given.

Iran's President Rouhani hinted at a threat to disrupt oil shipments from neighboring countries if Washington tries to cut its exports. "If they want to stop Iranian oil exports, we will not allow any oil shipment to pass through the Strait of Hormuz". About 20% of the world petroleum passes through this strait, making it highly important route for the international trade. Therefore, any blockage in the strait could disrupt the world oil supply.



“Loss of Iran oil supply can be replaced by US, leading to lower US crude inventories”.

If Iran stops exporting oil to other countries, this loss of supply can be replaced by higher exports from United States which may lead to drawdown in US inventories going forward, another supporting sign for oil prices.

To conclude, we can say that with no clear clarity from the outcome of the OPEC meeting along with several supply disruptions, there is a high volatility in crude oil keeping oil prices close to 2014 level high. Also, there is uncertainty relating to Iran sanctions as to how much production and exports would decline in future. Outage in Canada pipeline which can last through July end and indefinite conflict in Libya are supporting the crude oil prices. At present, total of 1.8-2.0 million barrels of unplanned supply outages have occurred in June 2018.

Gold Silver Ratio

Ratio simply provides insight into how the price of silver is behaving relative to the price of gold. The gold to silver ratio is the amount of silver it takes to purchase one ounce of gold. Gold-to-silver ratio is one of many indicators used to determine the right (and wrong) time to buy or sell one of the particular precious metal.

Formula

Gold Silver Ratio = Price of Gold per ounce/
Price of Silver per ounce

For example = Price of Comex gold is equal to \$1298 per ounce. The price of Silver is \$16.65. This information gives us the ratio value: $1298/16.65 = 77.95$

The ratio can rise either because the price of gold increased or the price of silver decreased. Similarly, the ratio can fall either because the price of gold decreased or the price of silver increased.

This ratio can be used as one of the factors to identify which commodity is likely to increase more as compared to the other. This means that when the ratio is high, investors tend to favor silver. When the ratio is low, investors tend to favor gold. However, it is difficult to identify the high and lows of the ratio.

Fundamental Qualities of Precious Metals

Gold is also seen as a form of currency and safe haven in times of political uncertainty and silver is increasingly used as an industrial metal. With the strong economic growth, industrial demand for Silver is set to rise as more than 50 percent of supply is used for industrial application like electronics, solar panels, battery sector etc.



Currently, Gold/Silver ratio is trading 78, which is near record levels and the price of Silver is trading at \$16.35 oz. The ratio is trading much above the average of 65. Higher ratio suggests the price of Silver is much cheaper than the Gold. It directs us that the Silver prices are expected to rally more than the gold prices or gold prices are expected to fall more than the silver. But, given the advantage of silver being an industrial metal and the stretched gold-to-silver ratio, we wouldn't be surprised to see silver prices continue to outperform gold.

NICKEL UPDATE

21-May-18

Nickel is the best performing metal on LME this year, gaining nearly 16 percent so far this year. Nickel prices are strengthening after making a low last year is driven by solid global demand. Also, increasing demand for electric vehicles is supporting the nickel prices.

	2016	2017	2018*	Jan-Mar18
Global Nickel Output	1989	2076	2227	530.6
Global Nickel Demand	2033	2192	2344	569.8
Surplus/Deficit RHS	-44	-116	-117	-39.1

Source: INSG, Narnolia Research

Figures in 000 tonnes

Global Nickel Deficit rose to 15,700 in March 2018, higher than the revised deficit of 6,000 tonnes in the previous month. During the period of Jan-Mar 2018, deficit widened to 39,100 tonnes from 27,100 tonnes in the same period of 2017. Global nickel is expected to remain in a deficit of 117,000 tonnes during the year 2018.

SUPPLY

Philippines is shuttering mines and slashing production from 347,000 million tonnes in 2016 to 230,000 million tonnes in 2017. The output of Indonesia is recovering after the export ban. Indonesia is overtaking Philippines and increasing its nickel ore exports to China.

NPI

Nickel pig iron (NPI) production in China in the first four months of 2018 reached 150,000 mt in nickel content, registering a 15.6% year-on-year increase due to the increased availability of Indonesian ore. NPI production in Indonesia has continued to increase due to the ramp up of new projects. Higher NPI production, however, can increase the global nickel supply and reduce the imports of refined nickel.

Demand Shift from Steel to Lithium-Ion Batteries

Nickel-containing batteries also had a positive effect on nickel usage, and this trend is expected to continue. Lithium-Ion Batteries is comprised of cobalt, lithium and nickel. Currently, a very small proportion of nickel is used for the production of batteries which improves the energy density of batteries and extends driving range. Lithium Ion batteries are used in Electric Vehicles China, again, is becoming the largest producer and consumer of electric vehicles.

Demand for nickel from the battery industry alone would reach 570,000 tonnes by 2025 which is more than 10 times the current demand of 33,000 tonnes.

Although stainless steel production will remain the largest end user for nickel, its share in global nickel demand will decrease to from 70% to 60% as the evolution of electric vehicles will accelerate nickel demand for batteries.

Stainless Steel Production

According to the International Stainless Steel Forum (ISSF), world stainless steel melting production reached 48.1 million tonnes in 2017, representing a 5.8% growth year-on-year, but production is expected to grow at a slower rate in 2018. In 2017, Indonesia started producing stainless steel and will continue to ramp up production.

New Energy Vehicle Sales in China

Mass production and sales of electric vehicles will transform the nickel market. Electric Vehicles is on track to become the dominant form of transportation in future. China's total new vehicles sales in 2017 stood at 7,77,000 units. This year, sales are rising at a pace of more than 120% every month as compared to same period last year. Electric Vehicle sales in China currently stand at 222,668 units during the Jan-Apr period this year. The government expects annual NEV output to hit 2 million in 2020, and NEV sales to make up 20 percent of the overall auto market by 2025.

NICKEL UPDATE

Stock Scenario

LME Nickel Stocks have fallen by 15 percent since the start of the year standing at 308,478 tonnes. Nickel stocks registered with the Shanghai Futures Exchange (ShFE), meanwhile, stands at just 33,000 tonnes, down from a 2016 peak of above 100,000 tonnes.

Cancelled Stocks, metal being taken off warrant in anticipation of physical load-out, has also been elevated. The ratio of cancelled to total LME tonnage has risen above 30 percent.

Outlook

Global nickel prices are majorly driven by higher demand from the battery sector and not due to higher demand from Stainless steel sector. We expect Nickel prices to remain firm in the coming quarter as well as strong electric vehicle sales and production is keeping nickel prices positive. We expect MCX Nickel prices to test 1150 and 1250 levels on the upside.

TECHNICAL OUTLOOK ON MCX NICKEL



In line with expectation, Nickel prices surged higher and met our first and second target of 980 and 1080 levels. Momentum is expected to continue in coming sessions as no reversal is seen on chart as of now. RSI has been trading near its falling trend line and breakout above this RSI trend line can trigger further upside momentum. Prices can extend up to 1155 (78.6% retracement of the fall from 1328 to 547) and 1250 levels where next resistance is seen. Now support is shifted higher at 900 level followed by 835 level and as long as it sustains above the same, upside view will remain intact.

BSE Code	500570
BSE Symbol	TATAMOTORS
52wk Range H/L	468/252.55
Mkt Capital (Rs Cr)	51,69,429
Av.Cash Volume(,000)	14213.35
Open Interest	NA

Buy Price	286
Stop Loss	249
Target Price1	335
Target Price2	377
Upside in Tgt1	17%
Upside in Tgt2	32%

Technical Chart



BUY TATAMOTORS around 285-287 and 265-267 SL 249(closing) target 335/377

Although Tata motors is trading lower, recent close above 270 levels shows support at lower levels. Prices have taken support as indicated on chart from Lower trend line of falling channel around 260 levels. It has turned back from strong support zone and previous aborted bottom, marked as a green rectangle on chart, suggests buying demand on lower levels. However recent close above 270 levels, shows weakening of down move and we expect prices to retrace towards 333 levels. We suggest buy on dip towards 266 levels for target of 335 / 377 keeping stop loss of 249 on closing basis.

VIEW

19-Jun-18

BSE Code	532898
BSE Symbol	POWERGRID
52wk Range H/L	226/189
Mkt Capital (Rs Cr)	1,03,768.58
Av.Cash Volume(,000)	6,72,201
Open Interest	NA

Buy Price	192
Stop Loss	173
Target Price1	225
Target Price2	235
Upside in Tgt1	17%
Upside in Tgt2	22%

Technical Chart



STDC- BUY POWERGRID AT 199-195 OR DIP TOWARDS 188, SL – 173 (CLOSING BASIS), T1- 225, 235

Daily chart of Powergrid reveals that demand is increasing and supply is diminishing. Sripe is about to complete **Ascending triangle pattern on hourly chart** which is displaying trend reversal at current juncture. Moreover, Scrip took support from **78.6%** retracement of the rally from 189 to 226 mark and formed **Morning Star** which indicate positive rhythm. Apart from this, **Declining MACD Histogram** signals optimism, suggest upside move in the counter in coming sessions.

VIEW

16-May-18

BSE Code	532454
BSE Symbol	BHARTIARTL
52wk Range H/L	565/361
Mkt Capital (Rs Cr)	49514
Av.Cash Volume(,000)	22,979.56
Open Interest	NA

Buy Price	371
Stop Loss	337
Target Price1	435
Target Price2	489
Upside in Tgt1	17%
Upside in Tgt2	32%

Technical Chart



STDC : Bharti airtel: Buy around 371-376 and 360-365 sl 337(closing) target 435/489.

From last few months script has been trading in the channel after hitting the high of 564, it again enter in the channel and retesting its previous resistance which now become its support , on weekly chart it has formed head and shoulder pattern and taken support from it neck line, which coincide with 200 week simple moving averages, and it has positive divergence in Money Flow index which also imply positive move on upside.

20-08-2018

Narnolia Financial Advisors Ltd - Market Strategy Desk

VIEW

15-May-18

BSE Code	532522
NSE Symbol	PETRONET
52wk Range H/L	275.65
Mkt Capital (Rs Cr)	198.2
Av.Cash Volume(,000)	1690759
Open Interest	NA

Buy Price	205
Stop Loss	173
Target Price1	238
Target Price2	270
Upside in Tgt1	16%
Upside in Tgt2	32%

Technical Chart



BUY PETRONET @ 205-210 SL-173 TGT-238, 270

After hitting high of 275 , scrip has seen correction till 61.8% Fibonacci retracement of the up move from 163 to 275 level which indicate halt in this fall.

Point of

Polarity due to falling red trendline suggest a support for the scrip

Demand zone is created due to its previous resistance which becomes its support at current juncture

PETRONET LNG LTD.

Industry Oil And Gas
Bloomberg PLNG IN
BSE Code 532522
NSE Code PETRONET

30 July 2018

RATING	BUY
CMP	230
Price Target	286
Previous Target	286
Potential Upside	24%

Stock Info

52wk Range H/L	275/198
Mkt Capital (Rs Cr)	34,762
Free float (%)	50%
Avg. Vol 1M (,000)	3318
No. of Shares (Crore)	150
Promoters Pledged %	0%

Volume growth outlook remains robust

Key Highlights

- ✓ Higher demand from power and fertilizer plant led volume growth of 16% YoY coupled with improved margins put PLNG into sweet pot.
- ✓ BPCL Kochi refinery has now stabilized, and is currently started offtaking gas of around 2 MMSCMD. The management has guided for sequential improvement in utilization and current volume offtake trend will continue in accordance with the BPCL off taking volumes.
- ✓ Ministry has allowed use of LNG gas in heavy transport vehicles. Company is now planning to open 20 new natural gas stations in our country and is trying to partner with OMC's to market natural gas to heavy vehicles in coming 2-3 years of timeframe.
- ✓ Company has taken 5% hike in realization in Jan 2018. Hike in realization has now reflected in the books by improved margins in the last quarter.
- ✓ Dahej capacity expansion to 17.5MMT is on track and is expected to come on stream in the month of March 2019.

1Q FY19 Result:

Petronet LNG has posted strong set of numbers with sales and PAT growth of 42% to Rs. 9169 Cr and 34% to Rs. 587 Cr. respectively in Q1 FY19. Higher volumes, improved realizations and better cost efficiencies techniques have helped PLNG to clock robust growth in the last quarter. Capacity utilization at Dahej terminal stands at 112% and Kochi at 10%. Capacity utilization at Kochi terminal remain subdued in last quarter due to no offtake from one client which was partially offset by the BPCL's Kochi refinery which is now stabilized and is taking around 2 MMSCMD gas from Petronet Kochi terminal.

View and Valuation

Considering volume growth to remain in the range of 9-11% in FY19 and improved margins at both terminals for next couple of years. We remain optimistic on this stock and expect revenue and PAT grow at 8% and 9% CAGR over FY18-20 respectively.

We value PETRONET at 16x FY20e EPS and maintain our previous target price of Rs.286 and recommend BUY.

Key Risks to our rating and target

- ♦ Weakness of rupee against dollar will make import of LNG costlier for the company
- ♦ Decline in the prices of the alternate fuel
- ♦ Any delay in supply of Gorgon Volume will lead to lower capacity utilization

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	27133	24616	30599	34209	35708
EBITDA	1586	2592	3312	3609	3776
EBIT	1265	2223	2901	3247	3408
PAT	913	1706	2078	2371	2560
EPS (Rs)	6	11	14	16	17
EPS growth (%)	1%	87%	22%	14%	8%
ROE (%)	14%	21%	21%	21%	19%
ROCE (%)	14%	23%	28%	27%	24%
BV	44	54	65	76	89
P/B (X)	3	4	4	3	2
P/E (x)	21	18	18	14	13

Research Analyst

ADITYA GUPTA

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BSE Code	500304
BSE Symbol	NIITLTD
52wk Range H/L	125/82.30
Mkt Capital (Rs Cr)	1,705.15
Av.Cash Volume(,000)	851.24
Open Interest	NA

Buy Price	108
Stop Loss	83.9
Target Price1	127
Target Price2	149
Upside in Tgt1	18%
Upside in Tgt2	38%

Technical Chart



STDC - NIIT LTD - BUY around 108-109 and 100-102, SL – 83.90, T1- 127,149

This stock is in uptrend, Formation of hammer imply up move, Golden crossover can give a positive trigger in coming session, currently it trading above golden cross over, it can take support of 102 level and extend upto 130 and above.

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