

## Trading Calls

### USDINR VIEW 28th June 2018

Indian currency gave highest weekly close ever due to weak macro variable factors, broad dollar strength and declining asian peers but RBI intervention aided recovery in weak Rupee. Occurance of Negative divergence along with Bearish belt hold at top on daily chart imply some blip in this momentum . It can take a dip towards 68 and 67.70 mark in coming sessions. Resistance stands at 69.30 mark. However, on crossing above 69.30 mark, it can extend up to 70 mark

### TATA MOTORS Long/Buy 27th June 2018

Tatamotors sustaining on make or break level, as its near to its 52 week low, but it got as support on 200sma on monthly chart, it is still sustaining above the neck line of double top price pattern. Positive divergence in RSI in lower time frame of chart which indicate the possibility of bounce back from the neck line., more or point of poarlity near the zone of 265-267, alos indicate optimism in coming session. STDC : Buy TATAMOTORS around 285-287 and 265-267 SL 249(closing) target 335/377

### TV18 BRDCST Long/Buy 26th June 2018

Emergence of Inverted H&S pattern after a sharp decline towards 49 mark indicates up move but follow-through buying is expected to come above 59 mark. Indicator and oscillators are lending support to price action. It is also forming a flag which is a continuation pattern, showing strength in the scrip. At current juncture, Risk and reward ratio are looking favourable to take long position. STDC- BUY TV18 BRDCST @ 57-58 OR ON DIP TOWARDS 55 SL-49 (CLOSING BASIS) TGT-68, 72

### POWER GRID Long/Buy 19th June 2018

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.

### ITC Long/Buy 29th May 2018

Stock bottomed out near the levels of 247-250 and formed double bottom on weekly chart. Series of long legged doji near channel support line showing upswing move towards channel resistance line from where stock can give breakout on upside . Buy ITC around 270-275 OR ON DIP TOWARDS 255-260 SL -225 (Closing Basis) Target 310/330

### BHARTIARTL Long/Buy 16th May 2018

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

Market	Value	% Change
SGX Nifty	10617.50	0.41%

### Nifty Key Levels

Support	S1 : 10550	S2 : 10530
Resistance	R1 : 10605	R2 : 10680

### Market Outlook

Nifty trading range 10550-10680!

Thursday, Nifty opened around 10660, made a high of 10674, then after making a low of 10557 closed lower around 10671(-82), however entire day traded with negative bias within a range was 117 points.

Bulls capitulate against Bears as Nifty continues to witness erosion and tumbled below 50 DMA whereby selling all across the sectors was seen all together whereby carnage is seen in midcaps and small caps. Nifty 100 DMA is trading around 10530, unless these levels are not breached, one can expect bounce back towards 10650 levels. On FNO rollover side- Nifty rollover from June to July 64% which is slightly lower than 3MA with negative roll cost of -.17%. Lower rolls with slightly lower roll cost suggests that position are light and thus a consolidative move within a range of 10450-10850 for July series. We continue to maintain sell on rally, till it is trading below 10650 levels.

However, key resistances are around 10605-10680 and immediate supports are seen around 10550-10530.

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
28-Jun-18	7,374	8,325	(952)
Jun-18	102,804	112,896	(10,092)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
28-Jun-18	6,089	5,647	443
Jun-18	74,212	62,328	11,883

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.60)	(4.38)	(7.49)	1.90
Automobiles	(1.06)	(3.33)	(2.53)	4.46
Auto Components	(0.60)	(4.38)	(7.49)	1.90
Construction & Engineering	(0.99)	(4.52)	(12.03)	0.76
Construction Materials	(1.29)	0.21	(7.16)	(9.77)
Diversified Financial Services	(2.09)	(2.94)	(3.48)	8.76
Electrical Equipment	(1.76)	(3.88)	(9.97)	(5.69)
Energy	(2.26)	(8.06)	(4.40)	8.69
Financials	(1.09)	(1.80)	(2.66)	8.08
Health Care	(1.15)	(1.61)	3.76	0.32
Household Durables	(0.27)	(3.57)	(8.07)	10.41
Household & Personal Products	(0.42)	0.45	1.83	31.28
Information Technology	(0.57)	0.85	3.23	39.57
Metals/Mining/Minerals	(0.54)	(3.63)	(7.48)	11.32
Telecom	0.25	1.48	(2.23)	(10.58)
Utilities	(0.93)	(4.12)	(9.95)	(7.56)

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

Long Position				
	DII	FII	Pro	Other
Future Index	31738	73950	15739	189267
Future Stock	29258	630598	136576	968886
Option Index Call	30906	150098	98664	349757
Option Index Put	80591	270807	132693	314129
Option Stock Call	0	727	16716	112480
Option Stock Put	0	2160	28943	47676

Short Position				
	DII	FII	Pro	Other
Future Index	31733	137289	17315	124357
Future Stock	891431	479044	77377	317466
Option Index Call	0	75460	162908	391057
Option Index Put	0	78838	130586	588796
Option Stock Call	0	2085	46140	81698
Option Stock Put	0	673	16343	61763

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
534758	CIGNITITEC	38.3
500660	GLAXO	15.6
500126	MERCK	15.2
500257	LUPIN	14.6
524715	SUNPHARMA	13.4
500087	CIPLA	13.2
532827	PAGEIND	11.3
501455	GREAVESCOT	10.9
532466	OFSS	9.4
500034	BAJFINANCE	9.4

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500092	CRISIL	6.6
500302	PEL	5.2
532889	KPRMILL	2.0
532268	ACCELYA	1.7
532538	ULTRACEMCO	0.8
508869	APOLLOHOSP	0.7
523367	DCMSHRIRAM	-0.8
532636	INDIAINFO	-1.0
532835	ICRA	-1.7
534816	INFRATEL	-2.4

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500185	HCC	(30.54)
523204	ABAN	(28.10)
500645	DEEPAKFERT	(25.42)
500219	JISLJALEQS	(24.56)
533096	ADANIPOWER	(24.33)
511389	VIDEOIND	(21.06)
532276	SYNDIBANK	(20.81)
530943	SABTN	(20.33)
532749	ALLCARGO	(19.47)
509496	ITDCM	(19.32)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
530813	KRBL	(38.37)
500378	JINDALSAW	(32.91)
500116	IDBI	(23.64)
522205	PRAJIND	(18.30)
532221	SONATSOFTW	(17.91)
519600	CCL	(17.59)
532144	WELCORP	(17.24)
532370	RAMCOSYS	(17.01)
532374	STRTECH	(16.81)
505533	WESTLIFE	(16.26)

\* 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.

## Nifty Weekly

25-Jun-18

Last week, Market was in a roller-coaster mode. At the beginning, it slipped on the back of trade war news and then recovered on the news of crude oil price decline in the later part of week. Small cap and Mid cap sectors are dwindling but major Indices are looking relatively stronger. Medium term positive view remains intact as long as indices trade within an upward sloping channel.

**NIFTY-**

- a) **Successive higher close of last four weeks** in Nifty showing strength
- b) Sustainability of **RSI near 60** mark is indicating upward biasness
- c) **Bullish Engulfing** on daily chart having bullish connotation
- d) Confluence of Fibonacci retracements of various leg at single point imply robust support at **10700 level** and Nifty will remain strong till it hold above this level.
- d) Volatility remain subdued indicating the positivity in the consolidating market

On the flip side, Nifty has to **surpass a falling trend line** which joins the high of 11170 with the subsequent lower tops. Unless this happens, it will vulnerable to some more consolidation.

-A decisive breakout above 10930 can witness an upmove till 11075 levels while a close below 10700 can lead to correction till 10550 levels

**BANK NIFTY-**

Bullishness will continue till it sustains above rising trend line. Resistance is seen at **26810 followed by 27050** and Support lies at **26360 followed by 26000 levels**.

## CHART ANALYSIS



## SUPPORT &amp; RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	10930	Peak of Gravestone Doji
Resistance 1	10840	Current week peak
Close	10821	
Support 1	10700	Confluence of Fibonacci retracement
Support 2	10550	Low of Dragon Fly Doji

## Technical Chart



Indian currency gave highest weekly close ever due to weak macro variable factors, broad dollar strength and declining asian peers but RBI intervention aided recovery in weak Rupee. Occurrence of Negative divergence along with Bearish belt hold at top on daily chart imply some blip in this momentum . It can take a dip towards 68 and 67.70 mark in coming sessions. Resistance stands at 69.30 mark. However, on crossing above 69.30 mark, it can extend up to 70 mark

## Spread View: Sell Zinc Buy Lead

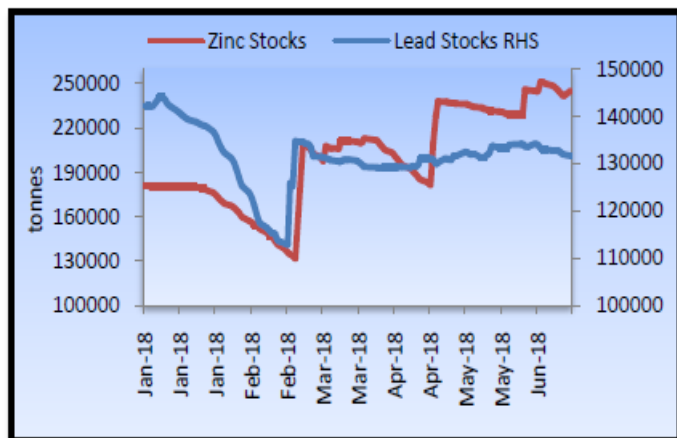


Lead Zinc ratio had turnaround drastically on expectation of huge deficit in Zinc reversing from 20 in the year 2013 to -20 during the end of 2014. However, lead is also a by-product in zinc mines. Similarly, the situation seems to have turned around. As the supply crunch situation in China is increasing, we believe Lead prices to remain fundamentally stronger than Zinc prices.

Lead prices are expected to remain strong on concerns over potential shortage of Lead mine supply. Environmental inspections at secondary

lead smelters in China have reduced lead scrap supply in recent months which contributes nearly 60 percent to the lead primary supply. "Tighter lead market, expectation of new zinc mine supply, rising LME Zinc stocks and on low cancelled warrants zinc ratio makes us to come to a conclusion to actively short zinc and buy lead." Therefore, we expect the ratio Sell Zinc and Buy Lead to become narrow towards -35 to -30. At present the ratio is trading at -45 as on 19<sup>th</sup> June 2018.

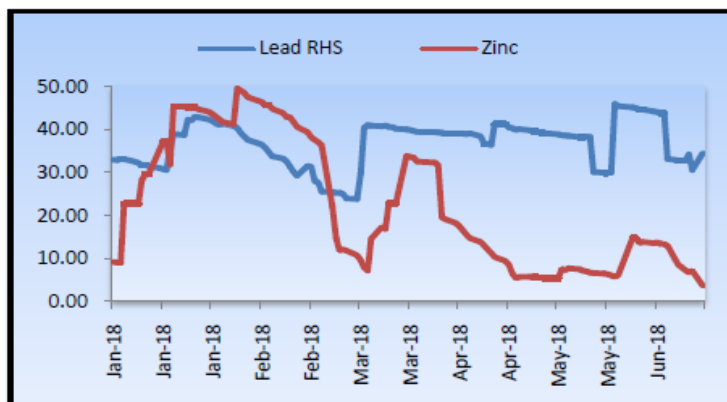
## Inventory Scenario



Source: Bloomberg, Narnolia Research

LME Zinc stocks have stalled the falling trend and its slowing rising while LME Lead has maintained its falling trend for the past six months. Similarly Shanghai stocks of both the metal indicates us that the Zinc stocks have started to rise while Lead stocks are still in the downtrend.

## Cancelled Warrants (% of LME stocks)



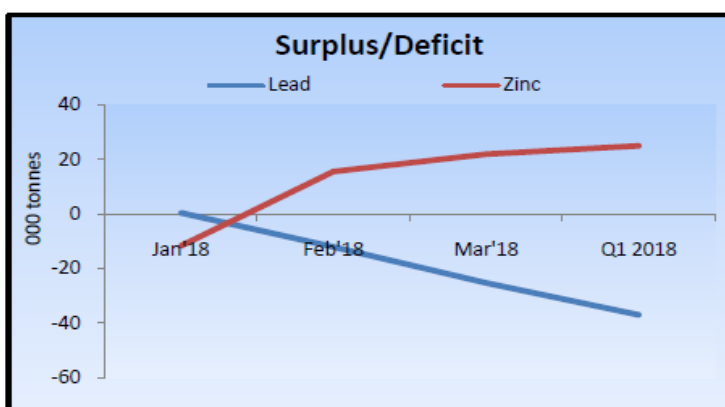
Source: Bloomberg, Narnolia Research

## COMMODITY

Cancelled Warrants to LME stocks indicates the amount of inventory actually marked for delivery on daily basis. If the ratio is high, it is a bullish signal and vice versa.

Looking at the chart, we can conclude the Lead Cancelled warrant ratio is higher than the Zinc which means Lead prices are expected to remain stronger than the zinc prices.

## Global Demand-Supply



According to the data released by the ILZSG, the global market for refined zinc metal was in surplus by 25000 tonnes over the first quarter of 2018 with total reported inventories rising by 118000 tonnes over the same period, While world refined lead metal demand exceeded supply by 37000 tonnes during the first quarter of 2018 and total reported stock levels decreased by 26000 tonnes.

## Various Possible Outcome of Spread Call:

1. Both Lead and zinc prices rise, but lead outperform
2. Both Lead and zinc prices fall, but zinc to fall more
3. Lead price to rise, zinc price fall
4. Lead prices unchanged, while zinc prices fall
5. Lead rise, while zinc prices unchanged

## Conclusion:

"Tighter lead market, expectation of new zinc mine supply, rising LME Zinc stocks and on low cancelled warrants zinc ratio makes us to come to a conclusion to actively short zinc and buy lead." Therefore, we expect the ratio Sell Zinc and Buy Lead to become narrow towards -35 to -30. At present the ratio is trading at -45 as on 19<sup>th</sup> June 2018.



**"As per our Spread View on Sell Zinc Buy Lead released on 20<sup>th</sup> June 2018 on TQU, Target has been achieved as the Spread ratio (Sell Zinc and Buy Lead) have narrowed towards -35 on MCX dated 25<sup>th</sup> June 2018 capturing the 22% of profit gain."**

**Outlook Given on 20<sup>th</sup> June 2018:**

"Tighter lead market, expectation of new zinc mine supply, rising LME Zinc stocks and on low cancelled warrants zinc ratio makes us to come to a conclusion to actively short zinc and buy lead." Therefore, we expect the ratio Sell Zinc and Buy Lead to become narrow towards -35 to -30. At present the ratio is trading at -45 as on 19<sup>th</sup> June 2018.

Among the various possible outcomes mentioned in our Spread Call View (Sell Zinc and Buy Lead) our 4<sup>th</sup> possibility played the role as **"Lead prices remained unchanged, while zinc prices fell"**

## 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.

# COMMODITY

## 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.

## VIEW

27-Jun-18

BSE Code	500570
BSE Symbol	TATAMOTORS
52wk Range H/L	468.35/270
Mkt Capital (Rs Cr)	50,087.42
Av.Cash Volume(,000)	1,90,77,416
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



**STDC : Buy TATAMOTORS around 285-287 and 265-267 SL 249(closing) target 335/377**

**Tatamotors sustaining on make or break level, as its near to it s 52 week low, but it got as support on 200sma on monthly chart, it is still sustaining above the neck line of double top price pattern. Positive divergence in RSI in lower time frame of chart which indicate the possibility of bounce back from the neck line., more or point of poarlity near the zone of 265-267, alos indicate optimism in coming session.**

29/06/2018

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**VIEW**
**26-Jun-18**

BSE Code	532800	Buy Price	57
BSE Symbol	TV18BRDCST	Stop Loss	49
52wk Range H/L	70/34	Target Price1	68
Mkt Capital (Rs Cr)	2.06	Target Price2	72
Av.Cash Volume(,000)	6,72,201	Upside in Tgt1	19%
Open Interest	NA	Upside in Tgt2	26%

**Technical Chart**


**STDC- BUY TV18BRDCST AT 57-58 OR DIP TOWARDS 55, SL – 49 (CLOSING BASIS),**

Emergence of Inverted H&S pattern after a sharp decline towards 49 mark indicates up move but follow-through buying is expected to come above 59 mark. Indicator and oscillators are lending support to price action. It is also forming a flag which is a continuation pattern, showing strength in the scrip. At current juncture, Risk and reward ratio are looking favourable to take long position.

29/06/2018

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## 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

Daily chart of Powergrid reveals that demand is increasing and supply is diminishing. Srip 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

29/06/2018

Narnolia Securities Ltd | Retail Technical Research

LTDC

29-May-18

BSE Code	500875
BSE Symbol	TATAMOTORS
52wk Range H/L	353/250
Mkt Capital (Rs Cr)	235,094.00
Av.Cash Volume(,000)	8829841
Open Interest	NA

Buy Price	273
Stop Loss	225
Target Price1	310
Target Price2	330
Upside in Tgt1	14%
Upside in Tgt2	21%

## Technical Chart



**LTDC : Buy ITC around 270-275 OR ON DIP TOWARDS 255-260 SL -225 (Closing Basis) Target 310/330**

Stock bottomed out near the levels of 247-250 and formed double bottom on weekly chart. Series of long legged doji near channel support line showing upswing move towards channel resistance line from where stock can give breakout on upside. Script has respected the up trendline and prices has started running in the channel. Declining MACD histogram and sustainability of RSI above 50 adds the conviction of going long for the target of 310 and 330 with SL of 225 mark.



VIEW

16-May-18

BSE Code	532454	Buy Price	371
BSE Symbol	BHARTIARTL	Stop Loss	337
52wk Range H/L	565/361	Target Price1	435
Mkt Capital (Rs Cr)	49,514.00	Target Price2	489
Av.Cash Volume(,000)	22,979.56	Upside in Tgt1	17%
Open Interest	NA	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.

29/06/2018

Narnolia Securities Ltd Retail Technical Research

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 LIMITED

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

Wednesday, May 16, 2018

<b>RATING</b>	<b>BUY</b>
<b>CMP</b>	<b>208</b>
<b>Price Target</b>	<b>286</b>
<b>Previous Target</b>	<b>286</b>
<b>Potential Upside</b>	<b>38%</b>

## Stock Info

52wk Range H/L	275/198
Mkt Capital (Rs Cr)	31,395
Free float (%)	50%
Avg. Vol 1M (000)	2621
No. of Shares (Crore)	150
Promoters Pledged %	1%

## Volume growth remain key trigger

### Key Highlights

- ☒ Petcoke (alternate fuel) prices has surged by 16% in Q4 FY18, and Petronet is likely to be benefited from this hike. Hence we factor 21% volume growth YoY in Q4.
- ☒ BPCL Kochi refinery has now stabilized, Capacity utilization at Kochi terminal range between 15%-20% for the last 3 quarters and offtake by BPCL refinery will gradually go up. Further 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 plans a pilot project of LNG trucking in 2018 which will open new doors of LNG demand in the domestic market.
- ☒ Company has taken 5% hike in realization in Jan 2018. Company will slowly pass on the incremental cost of imported LNG on its cutomers.
- ☒ Dahej capacity expansion to 17.5MMT is on track and is expected to come on stream in the month of June-July 2018.

### 4Q FY18 Result:

Petronet LNG is expected to perform well in the upcoming quarter on the back of incremental volume at both Dahej and Kochi terminal. Dahej terminal is likely to be benefited from higher offtake by the power and fertilizer plants led by the sharp upsurge in the prices of the alternate fuel in Q4 FY18. Further, BPCL's Kochi refinery expansion is now stabilized and likely to take higher volume offtake from Petronet Kochi terminal. We expect that volume growth to remain in the range of 15-17%(due to lower base) in FY18 and 11% in FY19.

### View and Valuation

Considering healthy volume growth at both terminal while maintaining the margins at its current level. We remain optimistic on this stock and expect revenue and PAT grow at 12% and 16% CAGR respectively over FY18-20.

**We value PETRONET at 16x FY20e EPS and arrive at a 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	29892	32625	34568
EBITDA	1586	2592	3258	3565	3777
EBIT	1265	2223	2835	3139	3348
PAT	913	1706	2110	2423	2693
EPS (Rs)	6	11	14	16	18
EPS growth (%)	1%	87%	24%	15%	11%
ROE (%)	14%	21%	22%	21%	20%
ROCE (%)	14%	23%	27%	25%	23%
BV	44	54	65	77	91
P/B (X)	3	4	4	3	2
P/E (x)	21	18	17	13	12

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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BSE Code	INE238A01034
BSE Symbol	AXISBANK
52wk Range H/L	627.50/447.80
Mkt Capital (Rs Cr)	1,40,614.79
Av.Cash Volume(,000)	62574.37
Open Interest	NA

Buy Price	540
Stop Loss	472
Target Price1	585
Target Price2	630
Upside in Tgt1	8%
Upside in Tgt2	17%

## Technical Chart



**STDC : Buy AXIS BANK baround 540-545 and 520-525 sl 472 target 585/630**

Axis bank trading above 200 wsma and given breakout of Triangle pattern, All Oscillator are in uptrend. it has stock resistance zone at 630 level.



R-25

7-May-18

## VIEW

After hitting a low of 860, scrip showed sharp momentum on upside till 1221 level due to positive divergence along with Hammer at lower levels.

On a weekly chart, Infy formed Pole and Flag pattern which comes in continue bullish formation.

In addition, pair has been consolidating above double bottom breakout on weekly chart, which suggest bullishness in the prices near term

Moreover, price is sustaining above all higher moving averages also supportive for the prices

Stock has formed a strong base around 1055-1090 zone and has reversed after the formation of Bullish belt hold which is a positive sign

ADX is also looking supportive as it has been sustaining near 40 levels indicating strong trend

Although

RSI also highlighting further gains in the coming session

On contrary, MACD negative crossover can force to take a dip towards 1090-1100 levels from where buyer can get opportunity to buy this scrip again.

**R25 CALL: BUY INFY @ 1135-1155 and 1090-1100 SL -1055 (CLOSING BASIS) TGT-1350, 1450**

## CHART ANALYSIS





RATING	BUY
CMP	1173
Price Target	1350
Previous Target	1233
Potential Upside	15%

### Stock Info

52wk Range H/L	1220/862
Mkt Capital (Rs Cr)	256176
Free float (%)	87%
Avg. Vol 1M (,000)	377
No. of Shares (Crore)	229
Promoters Pledged %	0%

### Key Highlights

- Infosys shared the four pillars of its strategic plan for strong FY19 & FY20 performance [1] scaling agile digital, [2] energizing the core, [3] reskilling people and [4] expanding localization of talent.
- Infosys 's strategy has been progresssing well with 11.1% contribution from new service s(Cloud Ecosystem, Big data and Analytics , API and Micro service , Data and Mainframe modernization , Cyber)
- With continued investments in sales & marketing plan for Branding, Injecting digital specialists into accounts, Scaling large accounts, Shaping large deals, Acquiring new accounts and Enabling sales via continuous anytime-anywhere learning will improve the performance going forward.

### 4QFY18 Result: Strong performance in Revenue and Magin

Revenue for the quarter were Rs 18083 crore vs Rs 17794 crore with a sequential growth of 1.6% QOQ and 5.8% YOY. Revenue from Digital offerings was at \$ 2.79 billion (25.5% of total revenue) for FY18 which grew at 3.6% sequentially in 4QFY18. Operating margin for the quarter was at 24.7% which was impacted by higher variable pay and declined utilization, but the impact was more than offset by benefit from currency, onsite reduction and expenses reduction. PAT declined 28% QOQ led by impairment loss in respect of panaya. The board of directors recommended a final dividend of Rs 20 .50 per share amounting to Rs 5349 crores including DDT. Management expected to achieve 6% to 8% in constant currency terms excluding the revenue from current acquisition. Also, BFS is expected to be better for FY19 . The traction in faster-growing segments such as E&U, Communications and Insurance remains intact.

### View and Valuation

The recent quarterly result, strong growth in New service(now contributes 11.1% of total revenue) and focus on digital business has showed positive performance for FY18. With the new management strategy for Scaling the Agile digital business, energizing the client's core technology landscape via AI and automation , Re -skilling other employees , and expanding the localization in markets as US , Europe and Australia has filled us with confidence for growth in FY19.

**Thus we recommend BUY on the stock with the target price at Rs 1350(15x FY20EPS)**

### Research Analyst

**NIHARIKA OJHA**  
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KEY FINANCIAL/VALUATIONS	FY15	FY16	FY17	FY18	FY19E
Net Sales	53319	62441	68485	70522	75729
EBITDA	14871	17120	18605	19010	19874
EBIT	17284	18982	19981	20341	20447
PAT	12372	13678	14353	16028	15069
EPS (Rs)	108	60	63	74	69
EPS growth (%)	-42%	-45%	5%	17%	-6%
ROE (%)	26	24	22	24	22
ROCE (%)	29	28	26	25	26
BV	444	253	302	298	337
P/B (X)	5	5	3	4	3
P/E (x)	20	20	16	16	17

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BSE Code	513599
NSE Symbol	HINDCOPPER
52wk Range H/L	110/56
Mkt Capital (Rs Cr)	1771.98
Av.Cash Volume(,000)	3590.42
Open Interest	NA

Buy Price	77
Stop Loss	61.9
Target Price1	98
Target Price2	115
Upside in Tgt1	27%
Upside in Tgt2	49%

## Technical Chart



**STDC - BUY HINDCOPPER AT 77-79 and 70-72, SL 61.90, TARGET 98,115**

Lower band of andrew pitch fork showing support of inatial level from where bounce back can be expect to its Center band, RSI is trading above 50 showing up move in coming session and price can extend upto 99 levels, view may remain intact till it sustain above the level of 67

29/06/2018

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