

Morning Call

13 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	54,844	54,526	0.58%
Nifty Index	16,364	16,282	0.50%
NSEBANK INDEX	35,937	35,806	0.36%
NSEAUTO INDEX	10,181	10,140	0.40%
NSEIT INDEX	32,245	31,670	1.82%

Market depth	Advance	Decline	T/O(bn)
NSE	1,598	413	559
BSE	2,314	898	43

Indices	Close	Previous	Chg. %
DJIA	35,500	35,485	0.04%
NASDAQ	14,816	14,765	0.35%
S&P 500	4,461	4,448	0.30%
DAX	15,938	15,826	0.70%
CAC 40	6,882	6,858	0.36%
FTSE 100	7,193	7,220	-0.37%
HANG SENG	26,518	26,660	-0.53%
SSE INDEX	3,525	3,533	-0.22%
NIKKIE 225	28,015	28,071	-0.20%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
POWERGRID	6.0	EICHERMOT	-4.0
TECHM	4.5	DRREDDY	-0.8
TATAMOTORS	3.8	CIPLA	-0.5
LT	2.6	ONGC	-0.5
HCLTECH	2.4	IOC	-0.5

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	29.3	20.4	8.9
STOCK FUT	125.3	119.5	5.7

Markets hit fresh record highs amid the expiration of weekly derivative contracts

- Power Grid Corp topped the gainers list to rise as much as 6 percent after the company said it would infuse Rs. 425 crore in its joint venture Energy Efficiency Services Limited (EESL).
- IRCTC, the tourism and catering arm of Indian Railways, surged 4.7 percent after announcing a stock-split.

Global & Asian market overview

- **European stocks** extended their winning streak as the mood remained positive amid continued optimism about earnings and economic recovery. Worries about the rapidly spreading delta variant of the coronavirus and the resultant restrictions on travels in several places weighed and limited markets' upside. Still, several benchmarks in the region recorded their multi-month highs.
- **US stocks** closed higher, after what turned out to be a somewhat lackluster session. Data showing an acceleration in producer prices and a drop in jobless claims suggested the economy is well and truly on the recovery track.
- **Asian stocks** ended broadly lower amid increasing COVID-19 risks and concerns over the recent regulatory crackdown in China. The downside remained capped as a tame U.S. inflation reading suggested the Federal Reserve might not be in a hurry to tighten policy.

Industry Buzz

- **Tata Power:** Tata Power Solar Systems, a wholly owned subsidiary of the company, has bagged an order worth Rs 386 crore. The subsidiary will construct 50MWp Solar PV Plant with 50MWh Battery Energy Storage System project at Phyang village in Leh, Ladakh. The commercial operation date for this project is set for March 2023. With this project, the order pipeline of Tata Power Solar now stands at approximate order value of Rs 12,414 crore.

- **Coal India:** Plans to increase prices of the fuel sold through long-term contracts. The company is in talks with stakeholders, including the government, and all are on board with the plan, considering costs have risen, Chairman Pramod Agrawal said. Costs are rising due to higher diesel prices and the company will start making provisions for a workers' wage increase from the quarter that began in July. The company saw 30% premiums over notified prices in e-auction sales. Premiums could rise in coming months due to huge demand for coal and the surge in international prices, Agrawal added. Expects production of about 640 million tons versus target of 670 million tons in the current fiscal year ending March. Shipments seen at about 700 million tons versus 740 million tons target.
- **Future Group stocks:** Future Coupons Pvt. has filed a fresh petition in Supreme Court challenging a high court ruling that ordered a complete halt to selling its assets to Reliance Industries Ltd. The firm has challenged the high court's March 18 order to enforce a Singapore tribunal's halt to the sale. The Supreme Court has not allotted a date for hearing the new case as yet, according to a Bloomberg report.

- **SRF:** Gujarat Pollution Control Board has issued directions to suspend operations in P2 and two other allied plants in Dahej Chemicals Complex. The company sees no material effect on operations from GPCB directions.

Earnings Update

- **Tata Steel's Q1FY22 (Consolidated, QoQ):** Revenue up 6.79% at Rs 53,371.8 crore Vs Rs 49,977.4 crore (Bloomberg estimate: Rs 52,304.5 crore) Ebitda up 13.6% at Rs 16,110.5 crore Vs Rs 14,184.1 crore (Bloomberg estimate: Rs 16,051.1 crore) Margin at 30.2% Vs 28.4% PAT up 34.1% at Rs 8,906.95 crore Vs Rs 6,644.2 crore (Bloomberg estimate: Rs 8,518.05 crore) Spent Rs 2,011 crores on capex Work on the Pellet plant, the Cold Roll Mill complex and the 5 MTPA expansion at Kalinganagar is ongoing Gross debt decreased to Rs 84,237 crore Net debt declined to Rs 73,973 crores Expects to bring down debt significantly by end of current of financial year Net debt to Ebitda improved to 1.59x1 Net debt to equity improved to 0.91x Steel deliveries at Tata Steel Europe increased by 17.4% YoY to 2.33 million tons
- **Hero MotoCorp Q1FY22 (Standalone, QoQ):** Revenue down 37% at Rs 5,487 crore Vs Rs 8,686 crore (Bloomberg estimate: Rs 5,847.4 crore) Net Profit down 58% at Rs 365.44 crore Vs Rs 865 crore (Bloomberg estimate: Rs 463 crore) Ebitda down 57% at Rs 515 crore Vs 1211 crore (Bloomberg estimate: Rs 617 crore) Margin at 9.4% Vs 13.9% (Bloomberg estimate: 10.6%)
- **Aurobindo Pharma Ltd Q1FY22 (Consolidated, QoQ):** Revenue down 5% at Rs 5,701.98 crore Vs Rs 6,001.50 crore (Bloomberg estimate: Rs 6,158.83 crore) Net profit down 4% at Rs 769.97 crore Vs Rs 801.58 crore (Bloomberg estimate: Rs 825.29 crore) Ebitda down 5% at Rs 1,209.38 crore Vs Rs 1,274.67 crore (Bloomberg estimate: Rs 1,313.75 crore) Margins constant at 21.2% (Bloomberg estimate: 21.3%) Declared an interim dividend of Rs 1.50 per share Approved scheme of amalgamation between Auronext Pharma, Mviyes Pharma Venture and Aurobindo Pharma The company will subscribe to Rs 420 crore of fresh shares in Cronus Pharma. Aurobindo will own 51% of Cronus after the investment.
- **Eicher Motors Q1FY22 (Consolidated, QoQ):** Revenue down 33% at Rs 1,974 crore Vs Rs 2,940 crore (Bloomberg estimate: Rs 1,833.6 crore) Profit down 55% at Rs 237 crore Vs Rs 526 crore (Bloomberg estimate: Rs 233 crore) Ebitda down 43% at Rs 363 crore Vs Rs 634 crore (Bloomberg estimate: Rs 358 crore) Margin at 18.4% Vs 21.6% (Bloomberg estimate: 19.5%) Vinod K Dasari has stepped down as the chief executive officer of Royal Enfield B Govindarajan, chief operating officer at Royal Enfield since 2013, will take on the responsibility of leading the two-wheeler brand effective August 18. Chip shortage may hamper production for ongoing quarter and possible through the rest of the year as well: Siddhartha Lal Royal Enfield total exports stood at 17,493 units Announced local motorcycle assembly unit in Colombia
- **Ashok Leyland Q1FY22 (Standalone, QoQ):** Revenue down 58% at Rs 2,934.59 crore Vs Rs 7,000.49 crore (Bloomberg estimate: Rs 2,830.8 crore) Net loss at Rs 282.29 crore Vs Net profit of Rs 241.17 crore (Bloomberg estimate: Net loss of Rs 212.9 crore) Ebitda loss at Rs 156.5 crore Vs Ebitda profit at Rs 534.16 crore (Bloomberg estimate: Ebitda loss of Rs 14.47 crore)
- **Redington (India) Q1FY22 (Consolidated, QoQ):** Revenue down 13% at Rs 13,454.05 crore Vs Rs 15,503.94 crore Net profit down 22% at Rs 236.67 crore Vs Rs 302.51 crore Ebitda down 19% at Rs 344.28 crore Vs Rs 425.10 crore Margin at 2.6% Vs 2.7%
- **Rashtriya Chemicals and Fertilizers Q1FY22 (Consolidated, QoQ):** Revenue up 4% at Rs 2,390.70 crore Vs Rs 2,295.31 crore Net profit up 35% at Rs 207.48 crore Vs Rs 153.51 crore Ebitda down 12% at Rs 206.67 crore Vs Rs 234.08 crore Margin at 8.6% Vs 10.2% Approved issue of secured/unsecured NCDs aggregating up to Rs 1000 crore in next twelve months through private placement basis
- **Ujjivan Financial Services Q1FY22 (Consolidated, YoY):** Net Interest Income down 11% at Rs 434.57 crore Vs Rs 489.59 crore Net loss at Rs 82.68 crore Vs Net profit of Rs 65.05 crore Appointed Carol Furtado as the Chief Executive Officer effective August 13
- **Dish TV India Q1FY22 (Consolidated, QoQ):** Revenue down 3% at Rs 730.97 crore Vs Rs 751.75 crore Net profit at Rs 50.24 Vs Net loss of Rs 1,408.65 crore Ebitda up 3% at Rs 438.77 crore Vs Rs 426.04 crore Margin at 60% Vs 56.7%
- **Housing And Urban Development Corporation Q1FY22 (Consolidated, QoQ):** Revenue up 2% at Rs 1,790.31 crore Vs Rs 1,759.38 crore Net profit down 23% at Rs 404.57 crore Vs Rs 526.28 crore Ebitda down 12% at Rs 1,681.98 crore Vs Rs 1,905.71 crore Margin at 93.9% Vs 108.3%

- Thyrocare Technologies Q1FY22 (Consolidated, QoQ): Revenue up 12% at Rs 164.65 crore Vs Rs 146.84 crore (Bloomberg estimate: Rs 157.9 crore) Net profit up 47% to Rs 55.58 crore Vs Rs 37.75 crore (Bloomberg estimate: Rs 42.33 crore) Ebitda up 38% at Rs 71.23 crore Vs Rs 51.53 crore (Bloomberg estimate: Rs 62.13 crore) Margin at 43.3% Vs 35.1% (Bloomberg estimate: 39.3%)

Results Today

- Godrej Industries, Grasim Industries, NBCC (India), NHPC, Oil and Natural Gas Corporation, Hindustan Aeronautics, Indraprastha Gas, Inox Wind, Burger King India, Sun TV Network, Allcargo Logistics, Archies, D B Corp, Gayatri Projects, Glenmark Pharmaceuticals, Gujarat Mineral Development Corporation, GMR Infrastructure, Godfrey Phillips India, Indian Railway Finance Corporation, IL&FS Investment Managers, Inox Wind Energy, Jammu & Kashmir Bank, Jagran Prakashan, Madhucon Projects, Maharashtra Seamless, Mawana Sugars, Orbit Exports, Orchid Pharma, Petronet LNG, SEAMEC, Sintex Industries, Suven Pharmaceuticals, Suzlon Energy, Tide Water Oil (INDIA), Ucal Fuel Systems, Uttam Galva Steels, Visa Steel, Vivimed Labs and ZEE Learn

Indian Macro

- The retrospective tax law, a draconian government overreach, enacted by the Congress-led United Progressive Alliance (UPA) II in 2012, born out of hubris and a twisted sense of sovereignty, was given a formal burial by the Bharatiya Janata Party (BJP)-led National Democratic Alliance government through introduction of a new Bill in Lok Sabha on August 5. It may have brought some sense of relief to weary investors who can never predict the wayward ways of our bureaucracy that has perfected the art of laying booby traps to snare unsuspecting investors after luring them into India. Prime Minister Narendra Modi in his inimitable penchant for pithy slogans had accused Congress of 'tax terrorism' during the run up to the 2014 elections which catapulted him to power. The BJP vowed then to scrap the tax if it came to power, but developed selective amnesia soon after winning the elections.
- With the highest gold purchase on a half-yearly basis, the Reserve Bank of India's (RBI) gold reserves, in proportion of its forex reserves, has crossed 700 tonnes for the first time, a report said on August 12. The central bank purchased a record 29 tonnes of gold, as part of its forex reserves, in the first half of calendar year 2021, Business Standard reported. This takes the RBI's total gold reserves to 705.6 tonnes, as of June 30, 2021. This marks a nearly 27 percent surge in the past two years. The gold holding of the RBI, at the start of 2018, had stood at 558.1 tonnes.
- Sugar mills have exported 5.11 million tonnes of the sweetener so far in the ongoing 2020-21 marketing year ending September, with maximum shipments to Indonesia, trade body AISTA. About 2,02,521 tonnes of sugar is under loading. An additional 6,78,237 tonne of sugar is in transit for delivery to port-based refineries, it said. Mills have contracted to export the entire 6 million tonne sugar quota assigned by the food ministry in January this year, All India Sugar Trade Association (AISTA) said in a statement. An additional 8,00,000 tonnes of sugar has been contracted under the OGL (open general license) route without subsidy support.
- The Digital India programme is one of the flagship programmes of the Government of India, and among multiple other dimensions, it has a strong focus on making India's payment landscape go paperless, faceless and cashless. With the Reserve Bank of India (RBI) ensuring 24X7 Real Time Gross Settlements (RTGS) and National Electronic Funds Transfer (NEFT) along with the rising popularity of the United Payments Interface (UPI), it makes a case to understand and evaluate the digital payments landscape in India. Economic theory states that money has three primary functions — as a medium of exchange, a store of value, and a unit of account. The form of money has evolved over time from stone to gold and other metal coins to paper notes and, finally, to electronic currency now. In today's day and age, cash is being viewed more as a store of value rather than a means to make payments.

Global Macro

- The number of Americans filing new claims for unemployment benefits dropped for a third straight period to 375 thousand in the week ending August 7th, moving closer to a pandemic low of 368 thousand reached at the end of June and adding to signs of a solid recovery in the US labor market despite the lingering threat of the Delta variant. The total number of claimants is likely to decline further in the coming weeks as more states roll off federal enhanced unemployment benefits ahead of their official September expiration date at the national level.
- Producer prices for final demand in the US rose 1 percent from a month earlier in July of 2021, higher than market forecasts of 0.6 percent, and following a 1 percent rise in June. Nearly three-fourths of the PPI rise is due to a 1.1 percent advance in services costs, the largest increase since data were first calculated in December 2009. Cost of goods increased 0.6 percent. Year-on-year, producer prices 7.8 percent, the largest advance since 12-month data were first calculated in November 2010.
- Oil pulled back after rising in the previous two sessions, with WTI crude futures trading below \$69 a barrel as investors balance prospects of an economic rebound in the US and Europe while rising coronavirus cases in China clouds the outlook. Meantime, US President Joe Biden urged OPEC to boost supply more quickly to tame rising gasoline prices. OPEC on Thursday left its forecasts for growth in oil demand in 2020 and 2022 unchanged but lifted expectations for growth in supply outside the organization while the IEA cut oil demand for the second half of the year by 550,000 barrels a day. Official government figures on Wednesday showed US crude stockpiles fell 0.447 million barrels in the week ending August 6th, below market expectations of a 1.1 million barrels draw and after the API report on Tuesday pointed to a 0.816 million barrels drop.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	699	694	705	709	715
ASIANPAINT	2965	2948	2975	2993	3003
AXISBANK	753	748	758	763	768
BAJAJ-AUTO	3744	3720	3761	3785	3802
BAJAJFINSV	14185	14033	14283	14435	14533
BAJFINANCE	6141	6094	6198	6245	6302
BHARTIARTL	615	610	622	627	634
BPCL	441	435	448	455	462
BRITANNIA	3608	3590	3626	3644	3661
CIPLA	899	895	907	911	920
COALINDIA	143	142	145	146	148
DIVISLAB	4886	4850	4908	4944	4966
DRREDDY	4677	4652	4715	4739	4778
EICHERMOT	2541	2502	2641	2680	2780
GRASIM	1480	1471	1497	1506	1524
HCLTECH	1076	1056	1089	1110	1122
HDFC	2652	2635	2663	2680	2692
HDFCBANK	1495	1483	1501	1513	1520
HDFCLIFE	668	661	672	679	682
HEROMOTOCO	2769	2759	2785	2796	2812
HINDALCO	432	428	438	443	449
HINDUNILVR	2377	2359	2395	2413	2431
ICICIBANK	698	691	700	707	710
INDUSINDBK	1027	1017	1037	1046	1057
INFY	1674	1663	1685	1696	1708
IOC	103	103	104	105	106
ITC	206	204	210	212	216
JSWSTEEL	741	735	748	754	761
KOTAKBANK	1776	1754	1783	1805	1812
LT	1602	1569	1614	1647	1659
M&M	766	759	780	786	801
MARUTI	6960	6922	7022	7059	7122
NESTLEIND	18026	17969	18137	18194	18305
NTPC	117	116	118	120	121
ONGC	115	114	117	118	119
POWERGRID	181	173	185	193	196
RELIANCE	2099	2092	2113	2120	2134
SBILIFE	1123	1114	1137	1145	1159
SBIN	425	422	428	430	433
SHREECEM	26344	26141	26703	26906	27265
SUNPHARMA	773	769	777	781	785
TATACONSUM	767	759	772	781	785
TATAMOTORS	302	294	305	312	315
TATASTEEL	1420	1404	1432	1448	1460
TCS	3326	3305	3347	3368	3389
TECHM	1344	1293	1370	1422	1447
TITAN	1801	1767	1815	1849	1864
ULTRACEMCO	7393	7340	7487	7541	7634
UPL	772	765	779	785	792
WIPRO	601	597	605	610	613

Trading guidelines

- This model is based on the premise that the PIVOT is the most important price level that decides the intraday trend. Much like how the door or a window hangs by a hinge and sways in the wind, the intraday trend also hangs by this PIVOT LEVEL and swings because of the demand-supply, volatility and market sentiments prevailing in the market. Hence its importance in intraday trading.
- Wait for the market price to stabilize after opening in the first 30 minutes of trading.
- Opening Price is considered around close of previous day. Avoid BUYING if prices open abnormally high and avoid selling if prices open too low.
- If the market price is stable above the pivot level after 20-30 minutes of opening, then GO LONG and book profit near the resistant level (R1 & R2)
- If the market price is stable below the pivot level after 20-30 minutes of opening, then GO SHORT and book profit near the support level (S1 & S2)

Stop loss

Since you are aware of the 'potential returns' at the time of initiating an intraday trade (difference between the entry price and profit targets), you should set up an appropriate STOP LOSS around 1% above / below of the trade price or a level comfortable to you, to protect yourself if the market turns and goes against you.

Alternate strategy

If you have already initiated a trade with clear-cut profit targets and a stop loss level, and find during the course of the trading day that the market turns and goes the other way and crosses the TREND LEVEL, then trade again: For instance, if your first trade was a LONG trade and the market price drops through the TREND LEVEL to lower price levels, then GO SHORT and if your first trade was a SHORT trade and the market price rises through the TREND LEVEL to higher price levels, then GO LONG.

S1, S2 are the immediate support levels.

R1, R2 are the immediate resistance levels.

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