

Morning Call

12 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	60,136	60,059	0.13%
Nifty Index	17,946	17,895	0.28%
NSEBANK INDEX	38,294	37,775	1.37%
NSEAUTO INDEX	11,376	11,079	2.67%
NSEIT INDEX	35,180	36,402	-3.36%

Market depth	Advance	Decline	T/O(bn)
NSE	1,121	901	786
BSE	1,914	1,520	12

Indices	Close	Previous	Chg. %
DJIA	34,496	34,746	-0.72%
NASDAQ	14,486	14,580	-0.64%
S&P 500	4,361	4,391	-0.69%
DAX	15,199	15,206	-0.05%
CAC 40	6,571	6,560	0.16%
FTSE 100	7,147	7,096	0.72%
HANG SENG	25,325	24,838	1.96%
SSE INDEX	3,592	3,592	-0.01%
NIKKIE 225	28,498	28,049	1.60%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATAMOTORS	9.1	TCS	-6.3
COALINDIA	4.4	TECHM	-2.7
MARUTI	3.4	INFY	-1.8
POWERGRID	3.3	HCLTECH	-1.4
GRASIM	3.2	BRITANNIA	-1.2

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	44.2	30.4	13.7
STOCK FUT	148.7	159.2	-10.4

Markets ended flat to slightly higher despite mixed global cues and a disappointing earnings report from TCS

- Tata Motors shares jumped as much as 9.1 percent to extend gains for the third day after the company informed stock exchanges that underlying demand for Jaguar Land Rover products remains strong with order books at record levels.
- Coal India rallied 4.4 percent after reports that it will seek approval from its board for divestment of 10 percent of paid-up capital in CMPDIL.

Global & Asian market overview

- **European stocks** turned in a mixed performance on Monday with investors largely making cautious moves amid concerns about inflation and higher interest rates.
- **US stocks** After moving to the upside early in the session, stocks moved mostly lower over the course of the trading day. With the downturn on the day, the major averages added to the modest losses posted during last Friday's session.
- **Asian stocks** ended on a mixed note as a soft U.S. jobs report did little to allay fears that the Federal Reserve will begin tapering its massive bond purchases as early as next month.

Industry Buzz

- **Adani Green Energy:** Total Operational Capacity nearly doubled to 5,410 MW on YoY basis. Sale of Energy up by 61% YoY at 1,901 million units in Q2 FY22 versus 1,182 million units in Q2 FY21.
- **Tata Motors:** Tata Motors Group global wholesales in Q2 FY22, including Jaguar Land Rover, were at 2,51,689 units, up 24% year-on-year. Global wholesales of commercial vehicles and Tata Daewoo range were at 89,055 units, up 57% YoY. Global wholesales of passenger vehicles were at 1,62,634 units, up 11% YoY. Global wholesales for Jaguar Land Rover were 78,251 units.

- **Ujjivan Small Finance Bank:** Total deposits up 31% year-on-year at Rs 14,090 crore in Q2 FY22 compared to Rs 10,743 crore last year. CASA Ratio at 22% compared to 16% last year. Gross loan book up 4% at Rs 14,508 crore Vs Rs 13,890 crore.
- **PI Industries:** The company has executed two joint venture agreements with Polymath Holdings, LLC for undertaking the business of manufacturing and selling the products for biochemistry processes and biochemical-enabled pharmaceutical intermediates.
- **Kaveri Seed Company:** Closed buyback of equity shares on Monday. It has bought back 20.07 lakh shares, at an average price of Rs 597.50 per share, for an aggregate amount of Rs 119.94 crore.
- **Zee Entertainment Enterprises:** In an open letter to the Zee Entertainment's shareholders, Invesco Fund has raised questions regarding its management, governance and value destruction.
- **TVS Group stocks:** Competition Commission of India has approved internal restructuring of TVS Group.

- **HCL Technologies:** The company has partnered with Google Cloud to launch healthcare and life sciences solutions for customers.
- **Welspun Enterprises:** Appointed Sanjay Sultania as Chief Financial Officer of the company w.e.f. October 11.
- **Schaeffler India:** Board of Directors will consider subdivision of equity shares on October 28.
- **Ugro Capital:** Board to meet on October 14 to consider raising funds by way of issuance of non-convertible debentures through public issue.

Earnings Update

- **HFCL Q2 FY22 (Consolidated, QoQ):** Revenue down 7% at Rs 1,122.05 crore Vs Rs 1,206.87 crore Net profit down 7% at Rs 81.61 crore Vs Rs 87.83 crore Ebitda down 9% at Rs 169.15 crore Vs Rs 186.25 crore Margin at 15.1% Vs 15.4%
- **Delta Corp Q2 FY22 (Consolidated, QoQ):** Revenue down 2% at Rs 74.72 crore Vs Rs 75.87 crore Net loss at Rs 22.57 crore Vs Rs 28.93 crore
- **Tata Metaliks Q2 FY22 (QoQ):** Revenue up 7% at Rs 644.84 crore Vs Rs 602.97 crore Net profit down 42% at Rs 54.62 crore Vs Rs 94.72 crore Ebitda down 35% at Rs 99.79 crore Vs Rs 153.51 crore Margins at 15.5% Vs 25.5%

Results Today

- Bhansali Engineering Polymers, GM Breweries, Indbank Merchant Banking Services, Ind Bank Housing, JTL Infra, and DRC Systems India

Indian Macro

- The Reserve Bank is likely to change the stance of its monetary policy and hike rates from the first quarter of 2022, a Japanese brokerage said. The central bank will start with liquidity normalisation moves this month, narrowing the difference between the rate at which it funds the system and at which it absorbs excess liquidity in December, Nomura said. It can be noted that the latest move by the Reserve Bank of India (RBI) last week to narrow the excess liquidity in the system through stated targets is being seen by some as the normalisation of the policy, which has been very accommodative since the onset of the pandemic to boost growth. The brokerage upped its consumer price index (CPI) inflation target for 2022 to 5.2 per cent from 5 per cent earlier.
- The Finance Ministry said it has released Rs 9,871 crore of revenue deficit grant to 17 states. The states which will receive money from the grant as recommended by the 15th Finance Commission are Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Karnataka, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttarakhand and West Bengal. "The Department of Expenditure, Ministry of Finance has released 7th monthly installment of Post Devolution Revenue Deficit (PDRD) Grant of Rs. 9,871.00 crore to the States here today. With the release of this installment, a total amount of Rs 69,097.00 crore has been released to eligible states as Post Devolution Revenue Deficit Grant (PDRD) in the current financial year," an official statement said.
- The Reserve Bank of India (RBI) appears to be conditioning the markets for an eventual normalisation even as it draws an insular approach, contrasting the rising evidence of normalisation across major central banks. We think it is only a transient differentiation and we expect the RBI to adopt a more overt articulation after the US Fed embarks upon quantitative easing (QE) taper in November 2021. Expecting core inflation to gain momentum on the back of elevated Wholesale Price Index (WPI) inflation and narrowing demand gap, we see a reasonable chance of the RBI also hiking rates in 2022.
- Strategic reforms and the rapid vaccination drive have placed the country on the path to swift recovery by enabling the economy to "navigate the ravaging waves" of the COVID-19 pandemic, according to the Finance Ministry's Monthly Economic Review. Sustained and robust growth in agriculture, a sharp rebound in manufacturing and industry,

resumption of services activity, and buoyant revenues suggest that the economy is progressing well, the September review said. "India is well-placed on the path to swift recovery with growth impulses visibly transmitted to all sectors of the economy... Strategic reforms undertaken so far along with new milestones in vaccination drive have enabled the economy to navigate the ravaging waves of the COVID-19 pandemic," it said.

Global Macro

- The Chinese offshore yuan traded at 6.45 against the US dollar in October, not far from a two-week peak of 6.43 hit earlier in the month, amid rising expectations of a possible partial removal of US trade tariffs following talks between senior Chinese and US officials during the weekend. In addition, tighter liquidity conditions in the onshore interbank money market following the PBOC's move to withdraw cash from the banking system provided some support. Elsewhere, the greenback remained close to a one-year high as the US Federal Reserve is seen tapering its massive stimulus scheme next month.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	733	730	739	742	749
ASIANPAINT	3281	3266	3313	3327	3359
AXISBANK	780	773	787	794	801
BAJAJ-AUTO	3830	3806	3855	3880	3905
BAJAJFINSV	17506	17338	17776	17944	18214
BAJFINANCE	7751	7675	7828	7903	7980
BHARTIARTL	687	680	691	698	703
BPCL	451	448	453	457	459
BRITANNIA	3801	3781	3851	3871	3921
CIPLA	908	902	915	921	929
COALINDIA	193	188	196	201	204
DIVISLAB	5060	4979	5142	5224	5306
DRREDDY	4856	4795	4889	4949	4982
EICHERMOT	2826	2792	2862	2897	2933
GRASIM	1621	1585	1643	1680	1702
HCLTECH	1260	1203	1292	1349	1382
HDFC	2727	2706	2748	2769	2790
HDFCBANK	1610	1582	1628	1656	1674
HDCLIFE	712	708	718	722	728
HEROMOTOCO	2837	2823	2858	2873	2893
HINDALCO	482	472	486	496	500
HINDUNILVR	2634	2620	2650	2664	2680
ICICIBANK	702	692	711	722	730
INDUSINDBK	1160	1153	1177	1185	1202
INFY	1660	1629	1695	1726	1761
IOC	130	129	132	133	135
ITC	234	229	237	242	245
JSWSTEEL	668	662	673	679	684
KOTAKBANK	1947	1916	1976	2007	2036
LT	1701	1692	1724	1733	1756
M&M	882	869	892	906	916
MARUTI	7483	7254	7649	7878	8044
NESTLEIND	18974	18892	19085	19166	19277
NTPC	143	139	145	148	150
ONGC	164	162	165	167	169
POWERGRID	191	187	193	197	199
RELIANCE	2618	2594	2669	2692	2743
SBILIFE	1198	1190	1208	1217	1227
SBIN	462	452	468	478	485
SHREECEM	27795	27477	27946	28265	28415
SUNPHARMA	824	812	830	843	849
TATACONSUM	811	805	819	825	832
TATAMOTORS	401	378	411	434	444
TATASTEEL	1299	1284	1313	1329	1343
TCS	3639	3601	3698	3737	3796
TECHM	1377	1357	1406	1426	1454
TITAN	2346	2327	2376	2394	2424
ULTRACEMCO	7280	7245	7345	7379	7444
UPL	735	730	745	750	759
WIPRO	638	621	652	669	683

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.

Cholamandalam Securities Limited
Member: BSE, NSE, MSE
Regd. Office: Dare House,2 (Old) # 234 N.S.C Bose Road, Chennai – 600 001.
Website: www.cholawealthdirect.com
Email id – customercarewm@chola.murugappa.com
CIN U65993TN1994PLC028674

Chola Securities Limited (CSL), AMFI registered mutual fund distributor, is a leading southern India based Stock broker. Our focus area of coverage within the Indian market is Mid and Small caps with a focus on companies from southern India.

Our Institutional Equities services are carried out in partnership with RCCR, a boutique Investment research and Corporate Advisory firm founded by a team with extensive experience in the Asset management industry.

RESEARCH			
Kedar S Kadam	DGM & Head of Research	+91-44 - 4004 7361	kedarsk@chola.murugappa.com
Mugilan K	Technical Analyst	+91-44 - 4004 7353	mugilank@chola.murugappa.com
Arjun Prasad Pasumarthi	Fundamental Analyst	+91-44 - 4004 7363	arjunpp@chola.murugappa.com
Nilesh Patil	Fundamental Analyst	+91-44 - 4004 7266	nileshmp@chola.murugappa.com
Ammar Haider	Associate	+91-44 - 4004 7360	amarh@chola.murugappa.com
Balaji H	Compliance Officer	044-30007226	balajih@chola.murugappa.com
Gayathri Devi	Customer service	1800 425 4477	gayathrids@chola.murugappa.com

DISCLAIMER:

This report is for private circulation and for the personal information of the authorized recipient only, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not provide individually tailor-made investment advice and has been prepared without regard to any specific investment objectives, financial situation, or any particular needs of any of the persons who receive it.

The research analyst(s), Cholamandalam Securities Limited (CSL), AMFI registered mutual fund distributor, who is primarily responsible for this report certifies that: (1) all of the views expressed in this report accurately reflect his or her personal opinions about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Cholamandalam Securities Limited makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete.

The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein Cholamandalam Securities Limited reserves the right to make modifications and alterations to this statements as may be required from time to time without any prior approval. Cholamandalam Securities Limited, its affiliates, directors and employees may from time to time, effect or have effect an own account transaction in or deal as agent in or for the securities mentioned in this report. The recipient should take this into account before interpreting the report.

All investors may not find the securities discussed in this report to be suitable. Cholamandalam Securities Limited recommends that investors independently evaluate particular investments and strategies. Investors should seek the advice of a financial advisor with regard to the appropriateness of investing in any securities / investment strategies recommended in this report. The appropriateness of a particular investment or strategy will depend on an investor's individual preference. Past performance is not necessary a guide to future performance. Estimates of future prospects are based on assumptions that may not be realized. Re-publication or redistribution in any form, in whole or in part, is prohibited.

No part of this material may be duplicated in any form and/or redistributed without Cholamandalam Securities Limited prior written consent.

The news items appearing in this are collected from various media sources and we make no representations that it is complete or accurate

Cholamandalam Securities Limited

(A subsidiary of Cholamandalam Investment and Finance Company Ltd.)

Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India

Tel: 91.44.30007172 / 91.44.30007370 Fax: 91.44.30007373

Website: www.cholawealthdirect.com

CIN – U65993TN1994PLC028674