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BY ASIT C. MEHTA INVESTMENT INTERMEDIATES LTD

Dear Investors,

MARKET PULSE, the monthly report from ACMIL, aims to provide insightful perspectives on all aspects of the market, the Fundamental, Technical, and Derivatives. The report contents

## **Market Update**

- Domestic & Global Update

## **Stocks for Long Term**

## **Technical Report**

- Nifty View
- Bank Nifty View

## **Derivatives Report**

- Rollover Report

## **Retail Research Call Performance**

## **Event Calendar**

MARKET PULSE aims to capture the market in all its hues and colors and provides a range of information that helps in making wise investment decisions.

Regards,  
Research Team  
ACMIL

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## Domestic Market Update

After an overwhelming election victory of the BJP led NDA government, the benchmark indices, Nifty and Sensex hit an all-time high of 12,103 and 40,309. However, this was short lived and Nifty and Sensex closed down 1.1% and 0.80% in June on reports of weakening economic growth, rising crude prices, and delay in monsoon. Meanwhile, midcap and smallcap indices were down 2% and 4% respectively. The midcap and smallcap indices continue to underperform the Nifty/Sensex on account of weakness in overall markets. In June, there were some cases of defaults by corporate. Rating of a few corporate was downgraded to default rating by major rating agencies. This led to risk aversion among the midcap and smallcap stocks. Monsoon continues to be delayed in most parts of India leading to delayed sowing in most corps. There is a risk of slowdown in economy on account of weak monsoon. On the positive side, RBI's latest financial stability report reiterates that India's financial system remains stable and gross non-performing assets may decline to 9% in March 2020, from 9.3% in March 2019. Auto sector monthly numbers indicate that the industry continues to remain under stress. IT stocks faced some weakness due to Rupee appreciation. Further, FIIs continue to be net seller as FIIs sold stocks worth Rs.688 Crore and DIIs continue to be net buyer as DIIs bought stock worth Rs.3643 Crore. Meanwhile, Finance Minister Ms. Nirmala Sitharaman presented her first maiden Budget in July presenting the government's vision for the next decade in Budget 2019-20. The Budget gave an indication of development of the infrastructure sector in the country, further opening up the economy to FDI. We believe this Budget focused on resolving problems faced by stress related sectors such as housing, financial, MSMEs, water, and rural, and can have positive long-term benefit on the economy. On the macro side, RBI in the second bi-monthly monetary policy, cut the repo rate by 25bps to 5.75% from 6.00% with change in policy stance from neutral to accommodative. This was the third consecutive rate cut by the RBI and much needed as the economic growth faltered to a 5-year low of 5.8% during Q4FY19. With an accommodative stance of RBI, there may be another rate cut in August, which should reduce cost of borrowing for the corporate sector.

Global as well as domestic bond yields have also come down, which is a positive for equities. Going ahead, the domestic market will eye the following events very closely:

1. Q1FY20 Result
2. Monsoon Progress
3. Crude oil and Rupee movement

## Global Market Update

Global markets have rallied in June on hopes of rate cut by the US Fed and anticipation of a resolution in trade dispute between the US and China at the recently concluded G-20 summit. The Dow Jones Industrial Average rallied 7.2% this month, notching its best June performance since 1938. The S&P 500 posted its best first half of a year since 1997, soaring 17.3% and reaching an all-time high. On the economic data side, the US added 224,000 jobs in June, which was well above the market estimate. The unemployment rate edged higher to 3.7% but was still near a 50-year low. Crude oil prices surged more than 7% in June as concerns over energy demand eased amid positive signs in US China trade talks and as deepening US-Iran conflict raised fears about potential disruption to oil supplies. Gold prices also surged more than 7% in June as the Dollar dropped and the US Fed opened the door for a potential rate cut in July. This was biggest gain since June 2016.

## Global Indices Performance

Index	31-May-19	28-Jun-19	Change MoM
Dow Jones	24815	26600	7.19%
S&P 500	2752	2942	6.90%
Nasdaq	7453	8006	7.42%
CAC 40	5208	5539	6.36%
DAX	11726	12399	5.74%
FTSE 100	7161	7426	3.70%
Nikkei 225	20601	21276	3.28%
Hang Seng	26901	28542	6.10%
Shanghai	2899	2978	2.73%
Nifty 50	11923	11789	-1.12%
BSE Sensex	39714	39395	-0.80%
Brent Crude (\$)	61.9	64.4	4.04%
WTI Crude (\$)	53.3	58.2	9.19%

Sources: Yahoo Finance /BSE

## Asian Paint

Asian Paint is India's largest paint company and third largest paint company in Asia. Further, it is also ninth largest paint company in the world. The company has five decades of market leadership position in India with 27 paint manufacturing facilities globally. It has operation across 16 countries with total revenue of \$2.7bn on consolidate basis. Company has strong presence in decorative as well as industrial segment, both domestically as well as globally. Further, home improvement business i.e. kitchen as well bath fitting segment is also performing well. Moreover, company has commissioned two large paint manufacturing units of 300,000 KL /annum each at Mysuru and Visakhapatnam during the year. This additional production capacity would be sufficient to provide for the growth over the next few years. Also, recent budget push to real estate sector in terms of higher interest rate deduction on affordable housing as well as construction of 1.95cr houses would provide good boost to building material sector i.e. paints, ply, ceramics, consumer durables etc. During FY19, company's consolidate revenue grew 14.9% whereas profit after tax grew 5.9% due to cost pressure. However, easing of crude oil prices from a peak of \$85 per barrel to almost \$65 would provide some cost respite to the company. Hence, this would improve margin on YoY basis. Strong brand leverage as well pan India presence we believe will boost volume growth in the coming years. Hence, we are positive on the stock from a long-term perspective.

## Cochin Shipyard Limited

Cochin Shipyard Limited (CSL) is the largest ship building yard spread across 170 acres of land. This "Miniratna" is India's largest ship building and repairing company with 39% domestic market share and provides services in defence and commercial segments. CSL's technical efficiency capability has helped it secure ship building orders from internationally renowned companies from Europe and the Middle East. Currently, they are building India's first indigenous Air Defines Ship and various other utility vessels. CSL has signed a pact with Kolkata Port Trust to commence ship repairing at CKSUR catering to Defence, Offshore, and Commercial Segments, which would boost its repairing order book further. They have also signed a MoU with Andaman & Nicobar Administration for setting up integrated ship repairing ecosystem at Port Blair which will add on maintenance services of Administration owned vessels and skill development for the islanders. CSL ended FY19 with a strong order book of Rs.116007mn backed by six new ship building orders; it is 3.9x the revenues providing promising revenue visibility. In FY19 CSL reported Revenue/EBITDA/PAT of Rs.31889mn/Rs.7960mn/Rs.4778mn, growing by 25%/22%/21% respectively. Margins were slower at 24.9% (operating margin) and 14.9% (PAT margin) due to higher provisions and tax expenses. During the year, ship building segment revenue grew 23% YoY to Rs.21302mn whereas Ship repairing segment reported 33.5% revenue growth to Rs.8319mn. Order book for the year stands 3.9x the revenues providing promising revenue visibility for future. Government's strong emphasis on manufacturing defence equipments and vehicles under Make in India would benefit CSL as they are already working on vessel projects for Indian Navy. Import of defence equipments has been exempted from custom duty will be a relief. Also, in the budget the government has emphasized linking inland waterways and increasing the number of cargo terminals to expedite water transportation. This could positively impact CSL as this would increase vessel orders and repairs. Hence we recommend Cochin Shipyard Limited for long-term perspective.

## Finolex Ind

Finolex Industries Ltd (Finolex) is one of the leading suppliers of PVC pipes and fittings for the agriculture and non-agricultural sectors. It is the only PVC pipe manufacturing company in India, which enjoys backward integration with its own PVC resins manufacturing unit. It is one of the leading and most trusted brands, commanding more than 20% market share in the organized segment. With government ambitious mission to provide "Har Ghar Jal" through piped water by 2024 along with allocating Rs. 10000cr in Budget 2019-20, up 81% on YoY basis, under National Rural Drinking Water Mission would benefit PVC pipe companies such as Finolex Ind. Further, the Budget has increased allocation under Pradhan Mantri Krishi Sinchai Yojana i.e. irrigation, which is up 17% to Rs. 9700cr on YoY basis. This would also aid demand for agri pipes in the coming quarters. Custom duty on ethylene dichloride (EDC) has been reduced to 0% from 2%. This is a minor positive for pipe companies, as EDC is used as RM for manufacturing PVC resin. During FY19, the company's revenue and profitability has grown 13% and 17% respectively. Further, the company has plans to enhance its capacity to 4,40,000 tonnes p.a. by FY21 from 3,70,000 tonnes in FY19. We believe incremental volume will drive future volume growth. Hence, we are positive on the stock from a long-term perspective.

## ICICI Bank

ICICI Bank is India's second largest bank with an asset size of Rs. 12,38,794 crore. The bank provides a complete suite of products to meet diverse customer needs with pan India reach. As on March 2019, the bank had a network of 4,874 branches and 14,987 ATMs spread across different cities and towns. Of the total banking outlets, 50.1% are in semi-urban and rural areas with 556 branches in villages. ICICI Bank has a well-diversified loan portfolio of Rs. 5,86,647 cr as on March 2019, with retail and wholesale credit constituting around 60% and 40% respectively. Moreover, as on March 2019, the bank's deposits and CASA ratio stood at Rs. 6,52,920 cr and 49.6% respectively. Over the past few years, ICICI Bank was facing higher pressure on profitability due to asset quality concerns. Further, the management issue was also at the forefront leading the stock to underperform. However, we believe

recent change in management and improvement in asset quality would aid in higher profitability in the coming quarters. The recent NBFC crisis would help strong banks to gain market share in the coming years. During FY19, ICICI Bank witnessed 17.29% growth in net interest income with loan book growing at 14.5% on consolidated basis. The bank reported net profit of Rs. 4254cr. Further, Gross NPA declined by 214bps to 6.70% and net NPA declined by 271bps to 2.06% on YoY basis respectively. Moreover, provision coverage ratio stood at 70.6% along with capital adequacy ratio of 16.89% as at March 2019 respectively. Finally, the bank guided to credit cost as a percentage of average advances to be in the range of 1.2-1.3% in FY20 from 3.50% in FY19. It also targets 15% consolidated ROE by June 2020. Hence, we are positive on the stock from a long-term perspective.

## ITC Limited

ITC Limited (ITC) is well-recognized diversified businesses conglomerate a leading tobacco player, having significant presence in industries such as Hotels, IT, FMCG, Stationary, Lifestyle Retailing, Packaging, and Paperboards & Specialty Papers. For FY19, total revenue increased by 12.7% YoY, led by 11% YoY growth in cigarettes business, 25% growth in hotels business, 16% growth in agri and paper business. Given the slowdown in consumption demand, FMCG grew just 9.7% YoY. EBITDA and PAT margin was maintained at 23% and 16.5% respectively. During FY20, ITC has entered the shower gel business under its Fama brand to rapidly grow its personal care segment. India's shower Gel market is worth Rs.250Cr, growing 35% YoY. ITC have 23% market share in the soap industry, which is worth Rs.16000Cr, growing 10% YoY. ITC's top brands Vivel and Fama has crossed Rs.500Cr brand value. ITC's FMCG portfolio has Rs.1000Cr plus brands. Aashirvaad has a turnover of over Rs.4000Cr, Sunfeast of over Rs.3000Cr, Bingo of Rs.1500Cr, and Yipee and Classmate have turnover of Rs.1000Cr each. ITC entered the dairy segment with the launch of Sunfeast Wonderz Milk in the Southern region during FY19 and is broadening its dairy beverages portfolio with milkshake products, aiming to achieve 5-10% market share by FY20-end. The milkshake market in India is around Rs.1000Cr. ITC is also planning to export its dry fruits-based dairy beverages badam milkshake to Dubai and Saudi Arabia. They have 10% market share in Rs.2000Cr worth Indian fruit beverages segments with nine flavours of fruit juices. Soon, they will launch vegetable juices and is evaluating opportunities in the water segment as well. The government has come up with several plans and reforms to double farm income and PPP model in agriculture would also benefit FMCG companies in the long run. ITC's hotel business is flourishing well with 105 properties across 70 locations. They have four brands covering different segments with total 9750 rooms. Soon, they will open up hotels in Kolkata, Ahmadabad, Bhubaneswar, Guntur, Amritsar, and Colombo in Sri Lanka. We recommend ITC with long-term perspective.

## KEC International Ltd

KEC Intl is the flagship company of RPG group. An Engineering, Procurement, and Construction (EPC) major, the company has successfully delivered projects in key sectors such as Power Transmission & Distribution, Railways, Civil, Solar, Smart Infra, and Cables. The company has footprint in more than 100 countries with 40% business coming from outside India. It has outperformed across diversified businesses with Non T&D revenue increasing to 36% in FY19 from 12% in FY14. Further, the recent Budget announcement of massive spending across sectors such as infrastructure, railway, smart cities, and power & metro projects would give support to well-diversified and strong execution capabilities of companies such as KEC Intl. This would also boost order book in the coming years. During FY19, the company's revenue and profit has grown at a CAGR of 9.4% and 5.6% respectively. However, outstanding order book of Rs. 20307cr gives revenue visibility for the next 12-18 months. Further, the company is guiding to 15-20% revenue growth in FY20 with operating margin remaining stable at 10.5%. Hence, we are positive on the stock from a long-term perspective.

## LIC Housing Finance Limited

LIC Housing Finance Limited (LIC) is the second largest housing finance company in India. The company provides finance to individuals for purchase or construction of house, to builders and developers engaged in the business of construction. LIC along with HDFC covers 57% of the total housing finance market in India. The company operates through nine regional offices across India and has the largest marketing network of 249 marketing offices with 23 back offices covering 450 centres. They also have representative offices in Dubai and Kuwait. The company has around 10,000 marketing intermediaries to guide through the loan processes and employee ~2095 employees. They are intensifying to reach tier II and III cities to reap opportunities arising from affordable housing project. During FY14-18, loan growth was 16% CAGR and revenue and PAT grew at a CAGR of 12.73% and 10.87% respectively. Retail home loans are 75% of total portfolio whereas developer loans are 6% and remaining is LAP. Developer loan portfolio is around Rs.120000mn spread across the top 10 cities with exposure to around 200 builders and nearly 40% is repeat business. The average ticket size for retail home loans is Rs.28 lakh, Rs.13 lakh for LAP, Rs.48Cr for developer loan, and Rs.15 lakh for PMAY. For FY19, Net Interest Income grew 21% YoY to Rs.42964mn with profit growth of 21.4% YoY to Rs.24310mn. Disbursements grew 7.2% YoY to Rs.1865000mn and Loan book growth was 17% YoY to Rs.1946500mn. Cost-to-Income was 10.6%. GNPA is 1.53% and NNPA is 1.07%, lowest compared with peers.

The government has proposed to move control of HFCs from National Housing Board to RBI, which would be positive for housing finance companies as it would improve stability in the sector in the long term. In the budget, 1.95Cr houses are proposed to be

built under the second phase of PMAY (FY20-22) with all the basic amenities. Moreover, under the direct tax, it is proposed to allow additional deduction of Rs.1.5 lakh for the interest paid on housing loans over and above current Rs.2 lakh deduction. This deduction will be allowed for loans borrowed up to March 31, 2020 for purchase of an affordable house valued up to Rs.45 lakh. These steps would be a big boost for the NBFCs and HFCs. Hence, we recommend LIC Housing Finance for long-term perspective.

## Larsen & Toubro Limited

Larsen & Toubro (LT) is the biggest infrastructure player in India building airports, commercial and retail buildings, affordable housing and high-end residential real estate, roads and highways, defence & aerospace equipments, special steels & forgings, EPC for steel and power plants, and infrastructure for Oil & Gas technology. They are also part of Mumbai-Ahmadabad high speed rail project, rapid electrification of railway lines and track up gradation. Total spending on Metro Rail networks in the country over the next few years are expected to be in the region of Rs.400000Cr which will provide ample project opportunities for the infrastructure companies. LT is also aggressive in power projects and eyes for upcoming 8 GW of thermal projects in the power EPC space as well as tenders for retro fitting existing power plants with state-of-the-art emission control equipment. LT with the experience of three decades is well-positioned for the smart city projects including intelligent traffic management, surveillance systems, smart electric grids & lighting, fibre optic cabling and transport & logistics systems. During FY19 they successfully executed gas-fired power plant projects in Bangladesh and are now targeting other neighbouring countries for similar projects. Company also have work contract in global geographies like Middle East, Africa, China, Malaysia, Bangladesh and Sri Lanka. As on 31 March 2019, order book was at Rs.293427Cr (+12% YoY) with an order inflow of Rs.176834Cr growing by 16% YoY. Of the total orders, 26% are from international markets. Revenues were Rs.141007Cr, up 18% YoY with PAT of Rs.8905Cr, up 21% YoY. During FY20, LT acquired controlling stake in Mindtree Limited which would grow its IT & TS business portfolio and making it largest Indian IT company. LT also merged one of its subsidiaries L&T Ship Building Limited which is engaged in the business of shipbuilding, naval architecture, marine engineering, ocean engineering, heavy engineering and general engineering with itself to strengthen their marine and naval engineering segment. LTSB currently operates a modern shipyard from Kattupalli, Chennai that is engaged in the construction of shipyards, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships and undertakes repairs and refits of both defence and commercial ships. In the Union Budget, government embarks on linking waterways, bigger roads and better water management systems, this complete infrastructure plans would benefit LT immensely. Moreover better Defence projects under Make in India will bring in more orders for LT. Hence we recommend Larsen & Toubro for long-term perspective.

## Mahindra & Mahindra Limited

Mahindra & Mahindra (M&M) is one of the leading automobile manufacturers with forte in SUVs and farm Tractors. This \$20.7bn company offer a wide range of products and solutions ranging from SUVs to electric vehicles, pickups, commercial vehicles, tractors, two-wheelers and construction equipment. They commenced exports in the 1960s, and today, their vehicles and tractors can be found in all six habitable continents of the world. They have 57 manufacturing facilities around the world with 22 facilities in India, 12 in Africa, seven in USA, four in Turkey, two each in Australia, South Korea and Italy, one each in Brazil, China, France, Finland and Mexico. They have 11 R&D centres set across Australia, Finland, France, India, Italy, Japan, South Korea, Spain, Turkey, UK and USA. They were the first one to introduce electric three wheeler in country and have set up first-of-its-kind electric vehicle technology manufacturing facility in Bengaluru, Karnataka, with a total investment of Rs.100Cr. In F19, they applied a total of 152 patent applications taking IPR to a cumulative of 1,268 and also filed a total of 435 design applications so far. For FY19, Revenue/EBITDA/PAT was Rs.52848Cr/Rs.7530Cr/Rs.5430Cr respectively growing by 11.1%/6.9%/29.6% respectively. It was the first time that company's top line crossed Rs.50000Cr and bottom line crossed Rs.5000Cr. R&D expenses increased by 28% to Rs.2643Cr, being 5% of revenues. In terms of volume, total sales were 607548 units, up 10.76% YoY; where in tractor sales were 330436 units up 3.4% YoY despite of slowdown in rural demand, total exports were 38456 units. In India as well in global markets automobile sector is going through headwinds due to sluggish demand leading to higher inventory with the makers and to balance out the situation companies are cutting down their production. For June 2019, company's production was 36346 units (down 21% YoY), sales were 39397 units (down 5%) and exports were 3060 units (down 11%). Having said that we believe with the new proposals in the recent union budget, automobile sector would be placed in better place. In the budget GST on electric vehicle has been cut down to 5% from 12% to encourage the manufacturing and usage of EVs. M&M would be the biggest beneficiary compared to peers as they manufacture EV across the vehicle segments. An additional income tax deduction of Rs. 1.5 lakh on the interest paid on loan for purchasing Electric Vehicles has been proposed to encourage the demand. More over subsidies of EV components has been announced under the FAME II scheme to lower the manufacturing cost. Electric two-wheelers below Rs.1.5 lakh will be subsidised by Rs. 20,000 per vehicle and three wheelers of Rs.5 lakh will be subsidised by Rs. 50,000. Electric cars that are priced up to Rs. 15 lakh and made in India will get subsidy of Rs.1.5 lakh. Government has planned reforms to improve agriculture ecosystem and double the farmer's income by 2022, which is believed to improve the spending power of rural India leading to increase consumption demand. All these factors abet well for auto sector and hence we recommend Mahindra & Mahindra for long-term perspective.

## State bank of India (SBIN)

SBIN is India's largest commercial bank in terms of profits, assets, deposits, branches, number of customers, and employees with an asset size of Rs. 38,88,467cr as on March 2019. The bank provides a wide range of products and services to individual customers, commercial enterprises, large corporate, public bodies, and institutional customers. As on March 2019, the bank had a pan-India network of more than 22,000 domestic branches and 208 foreign branches 58,415 ATMs. Further, as on March 2019, the bank's total advances stand at Rs. 22,93,454cr, with deposits standing at Rs. 29,11,386cr. Over the past few years, corporate facing banks have witnessed higher loan loss provisioning and elevated NPA levels amid higher RBI regulatory norms. However, with majority of NPA problems being put behind owing to faster resolution process under the NCLT for stressed companies would provide good recovery in loans for large corporate facing banks. We believe SBIN would be one of the biggest beneficiaries of the same. The recent announcement in Budget 2019-20 to provide Rs. 70000cr as growth capital is positive for PSU banks and SBIN in particular in the short to medium term. Further, SBIN would be the largest beneficiary of credit growth revival on the back of higher public and private spending. During FY19, the bank witnessed 18.03% growth in net interest income with loan book growing at 12% on consolidate basis. The bank reported net profit of Rs. 2299cr versus loss of Rs. 4556cr on YoY basis. Further, Gross NPA declined by 338bps to 7.53% and net NPA declined by 272bps to 3.01% on YoY basis respectively. The bank also enjoys a high CASA ratio of 48.49%. This would help the bank with cheap and sustainable capital. Hence, we are positive on the stock from a long-term perspective.

## Ultratech Cement

UltraTech is among the largest global cement manufacturers and possesses a consolidated capacity of 102.75 million tonnes per annum of grey cement (including 4.00 million tonnes per annum under commissioning), a capacity of 0.68 million tonnes per annum of white cement and two wall care putty plants at the close of FY19. The company's distribution network comprises a network of 49 cement plants. It also includes more than 100 ready mix concrete plants, 650 warehouses, and 200 railheads in India. We believe recent Budget push for the infrastructure sector as well as real estate sector would provide long-term volume growth support to the cement industry. Infrastructure spending of Rs. 100lac cr in the next five years along with construction of 1.95cr affordable housing would boost cement demand across India. Cement supply addition into the system would be low compared with demand growth. This augurs well for the company in terms of improving capacity utilization as well as the pricing scenario. Further, easing of input cost pressure would aid in higher operating profit in the coming quarters. During FY19, the company's sales volume/sales value/profit after tax was up 19.9%/21.6%/10.1% respectively. Higher capacity addition along with ramp-up of utilization would boost profit growth in the coming years. Hence, we are positive on the stock from a long-term perspective.



## NIFTY



Chart as on 9th July 2019

### Nifty- Weekly Chart

In the June series, Nifty has seen consolidation in the band of 11600 to 12100 and ended the month on a marginally negative note. Technically, the index is making a higher top, higher bottom formation indicating uptrend. On weekly scale, the index is placed close to bullish gap support, which is placed close to 11420. Moreover, trendline support is placed close to 11400. Thus, 11400 will act as strong support followed by 11215 where 50 WEMA is placed. On daily chart, the index is facing resistance around 11800 where it has formed a bearish gap. Moreover, psychological barrier for Nifty is placed close to 12000 mark. RSI oscillator is positively poised but not crossing its previous high, which is a point of concern.

For the July series, 11400 and 11200 will act as support point whereas 11800 and 12000 will act as resistance points

## BANKNIFTY



Chart as on 9th July 2019

### BankNifty- Weekly Chart

In the June series, Bank Nifty has seen consolidation in the band of 30200 to 31800 and ended the month on a marginally negative note. Technically, the index is making a higher top, higher bottom formation indicating uptrend. On weekly scale, the index is placed close to 20WEMA of 29965 and bullish gap is placed at 29560 to 30111. Thus, 29500 will act as strong support point for the short term followed by 28500 where 50 WEMA is placed. On the higher side, 31000 and its 31800 will act as strong resistance points. RSI oscillator is positively poised but not crossing its previous high, which is point of concern.

For the July series, 29500 and 28500 will act as support points whereas 31000 and 31800 will act as resistance points.

## JULY SERIES VIEW

Last month, the benchmark index – Nifty registered a new lifetime high of 12103 after historic majority verdict of BJP, but the forecast of a delay in the onset of the southwest monsoon, rising crude oil prices, and concerns over global trade tensions triggered selling pressure. Meanwhile, Reserve Bank of India cut repo rate by 25 basis points, the lowest in nine years. Finally, Nifty Spot settled on a negative note at 11841, down 0.88% (EoE) indicating uncertainty for the short term. If Nifty trades and closes above 12000, bulls can stretch the rally until 12200-12500 levels. On the expiry day, Nifty Futures rollover stood at 80%, which is higher than the average rollover of 73% of the last three series. Nifty will start the July series with an OI of 1.92 Cr shares compared with OI of 1.91 Cr shares at the beginning of the June series. Market-wide rollovers stood in line at 91% compared with the average rollovers of 91% in the last three series. Going into July, key events that would act as market triggers would include, Union Budget 2019-20, global markets trends, trade war tensions, Q1FY20 earnings, the movement of Rupee against the Dollar, and crude oil price movement will dictate the trend on the bourses in the near term. We expect Nifty to remain volatile during the July series due to Union Budget 2019-20 and US-China trade war.

## DERIVATIVES INDICATORS

During the month, minor volatility was seen in the market, India VIX closed lower at 14.64 vs. 15.61 of the previous month indicating low volatility in the market. Another leading derivative indicator, Nifty PCR, opened on a lower note this month at 1.51 against last month's 1.64.

## BANKNIFTY

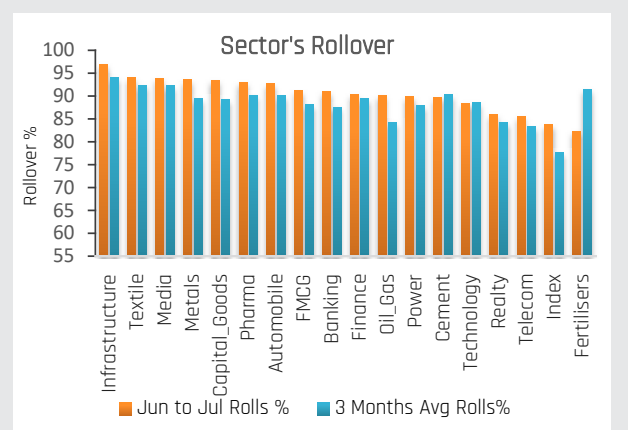
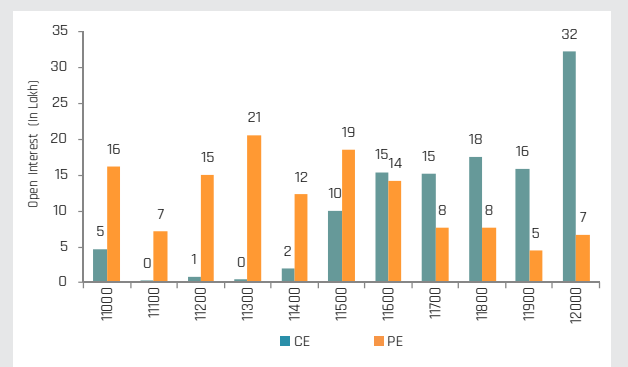
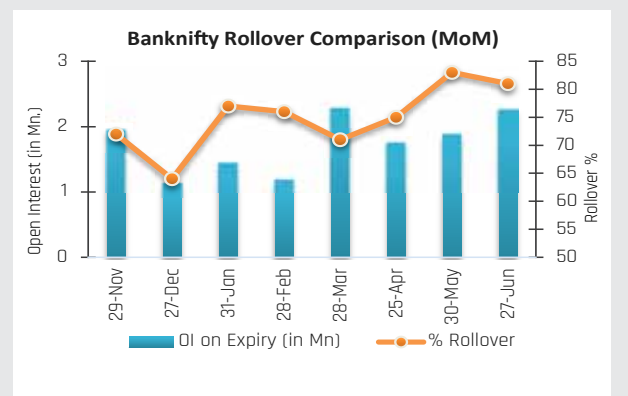
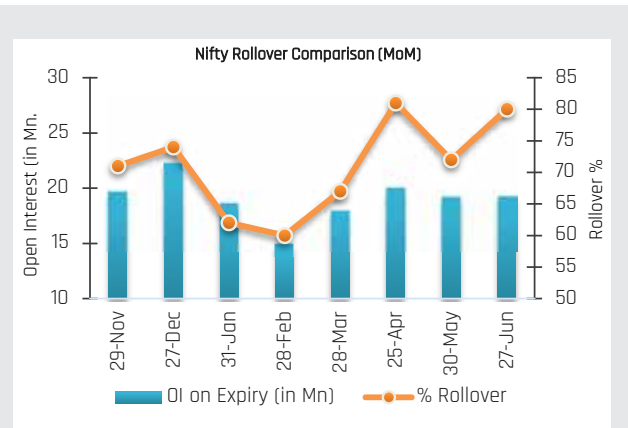
The index saw higher rolls of 81% compared with the 3M average of 75%. BankNifty will start the July series with an OI of 2.26 Mn shares compared with OI of 1.88 Mn shares at the beginning of the Jun series. As per options data, support for the index is around 29500 and 28500 whereas resistance stands at 31500 and 32000 for the short term.

## OPTION ANALYSIS

From the OI Concentration (25-July Series), addition of open interest on the call options front exists at the strike prices of 11800 and 12000 (with nearly 17.60 lacs and 32.25 lacs shares outstanding). This indicates that these levels would act as the resistance zone on the upside. On the Put options front, addition of open interest is at the strike prices of 11300 and 11000 (with nearly 20.61 lacs and 16.21 lacs shares outstanding respectively), indicating a stronger support zone on the downside.

## SECTOR/STOCK ROLLOVER ACTIVITY:

- From the sectoral action, rollovers accelerated for **Infrastructure, Textile, Metals, Banking, Power, Realty, Automobile, and Capital Goods** stocks on expiry. However, low rollovers were seen in **Fertilizers, Cement, and Technology** stocks.
- Within the Nifty50 space, index heavyweights such as **HINDPETRO, GAIL, HDFCBANK, IBULHSGFIN, SBIN, and POWERGRID** saw aggressive rollover in the July series while low rolls were seen in **UPL, ADANI PORTS, NTPC, TATASTEEL, and SUNPHARMA** compared with the 3M average.
- From the midcap space, **GODREJCP, AMARAJABAT, MARICO, MINDTREE, BHEL, and CONCOR** saw high rollovers whereas **BHARATFIN, NIITTECH, APOLLOTYRE, TATAGLOBAL, and BSOFT** saw lower rollover compared with the 3M average.



## Stocks to watch out based on Rollover Analysis:

POSITIVE	
POWERGRID	Strong rollover of 87% compared with 3 month avg of 75% indicating long position carried forward
SBIN	Strong rollover of 92% compared with 3 month avg of 81% indicating long position carried forward
LT	Strong rollover of 88% compared with 3 month avg of 79% indicating long position carried forward
ASIANPAINT	Strong rollover of 91% compared with 3 month avg of 84% indicating long position carried forward
NEGATIVE	
NIITTECH	Weak rollover of 64% compared with 3 month avg of 93% indicating cut down long position.
YESBANK	Strong rollover of 96% compared with 3 month avg of 87% indicating short position carried forward.

MT Medium Risk Calls												
Calls Performance	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Calls Activated	8	8	8	5	7	4	16	13	17	13	30	20
Successful	3	4	4	2	6	3	9	8	9	9	19	10
Unsuccessful	5	4	4	3	1	1	7	5	8	4	11	10
Success Rate	38%	50%	50%	40%	86%	75%	56%	62%	53%	69%	63%	50%

MT High Risk Calls												
Calls Performance	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Calls Activated	3	7	2	13	11	8	2	6	7	4	12	2
Successful	2	3	1	6	8	6	1	4	2	3	9	2
Unsuccessful	1	4	1	7	3	3	1	2	5	1	3	0
Success Rate	67%	43%	50%	46%	73%	75%	50%	67%	29%	75%	75%	100%

Positional Calls Technical Trade												
Calls Performance	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Calls Activated	17	14	23	34	13	9	10	9	11	12	22	19
Successful	8	11	10	22	7	8	5	7	6	10	16	9
Unsuccessful	9	3	3	12	6	1	5	2	5	2	6	10
Success Rate	47%	79%	43%	65%	54%	89%	50%	78%	55%	83%	73%	47%

Momentum Call												
Calls Performance	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Calls Activated	46	40	45	49	49	43	59	43	46	42	37	63
Successful	33	23	22	27	38	28	33	25	30	32	19	43
Unsuccessful	13	17	23	22	11	15	26	18	16	10	18	20
Success Rate	72%	58%	49%	55%	78%	65%	56%	58%	65%	76%	51%	68%

Techno Funda												
Calls Performance	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Calls Activated	1	-	1	-	-	-	-	-	-	-	-	2
Successful	1	-	0	-	-	-	-	-	-	-	-	2
Unsuccessful	0	-	1	-	-	-	-	-	-	-	-	0
Success Rate	100%	-	0%	-	-	-	-	-	-	-	-	100%

## Investment Idea

Date	Company	Rec	Rec Price	Close Rate	Target	Remarks	Profit / Loss per Share	Gain / Loss %	Status	Close Date
9 Oct 17	EIHOTEL	Accu	137.50	184	183.00	Profit of Rs.46.5/-	46.50	33.82%	Successful	8 Jan 18
10 Oct 17	BOROSIL	Accu	895.00	1122.5	1078.00	Profit of Rs.227.5/-	227.50	25.42%	Successful	17 Jan 18
10 Oct 17	NRBBEARING	Accu	125.50	158	155.00	Profit of Rs.32.5/-	32.50	25.90%	Successful	28 Nov 17
12 Oct 17	CYIENT	Accu	525.00	629	629.00	Target Achieved	104.00	19.81%	Successful	19 Jan 18
7 Nov 17	HATSUN	Accu	740.00	892.5	900.00	Profit of Rs.152.5/-	152.50	20.61%	Successful	13 Nov 17
4 Dec 17	SANGHIIND	Accu	118.50	143.5	145.00	Profit of Rs.25/-	25.00	21.10%	Successful	28 Dec 17
5 Dec 17	ALLCARGO	Accu	177.5	215.00	230.00	Part Profit of Rs.37.5/-	37.50	21%	Successful	27 Dec 17
21 Dec 17	KAJARIACER	Accu	710-720		872.00	Open				
29 Dec 17	GNA	Accu	435.00	542.5	539.00	Target Achieved	107.50	24.71%	Successful	16 Apr 18
29 Dec 17	ZENSARTECH	Accu	885.00	1090	1084.00	Target Achieved	205.00	23.16%	Successful	23 Apr 18
7 Feb 18	GREAVESCOT	Accu	130-132		190.00	Open				
27 Feb 18	MOLDTKPAC	Accu	320-330		398.00	Open				
5 Mar 18	LICHSGFIN	Accu	505-515		672.00	Open				
2 Apr 18	EVERESTIND	Accu	492.5	589.00	613.00	Part Profit of Rs.37.5/-	96.50	20%	Successful	21 Aug 18
4 Apr 18	GPPL	Accu	141.5	77.00	180.00	Loss of Rs.64.5/-	-64.50	-45.58%	Unsuccessful	26 Feb 19
19 Apr 18	MANPASAND	Accu	430	220.00	537.00	Loss of Rs.210/-	-210.00	-48.84%	Unsuccessful	1 Jun 18
30 Apr 18	HEIDELBERG	Accu	156	196.00	196.00	Profit of Rs.40/-	40.00	26%	Successful	20 May 19
7 Jun 18	KEC	Accu	340-345		439.00	Open				
4 Jul 18	ASHOKLEY	Accu	125-130		170.00	Open				
13 Jul 18	FCONSUMER	Accu	46-47		59.00	Open				
25 Jul 18	ZEEMEDIA	Accu	27.5	13.10	60.00	Loss of Rs.14.40/-	-14.40	-52.36%	Unsuccessful	7 Feb 18
6 Aug 18	GABRIEL	Accu	148-152		182.00	Open				
23 Aug 18	INDIANHUME	Accu	285.00	355	364.00	Profit of Rs.70/-	70.00	24.56%	Successful	21 Dec 18
29 Aug 18	GRINDWELL	Accu	520-530		635.00	Open				
22 Oct 18	FINPIPE	Accu	475.00	574	570.00	Target Achieved	99.00	20.84%	Successful	30 Oct 18
23 Oct 18	JKPAPER	Accu	158-162		191.00	Open				
24 Oct 18	GULFOILLUB	Accu	707.50	872	872.00	Target Achieved	164.50	23.25%	Successful	17 Jan 19
25 Oct 18	GODREJCP	Accu	707.5	850.00	890.00	Part Profit of Rs.142.5/-	142.50	20%	Successful	19 Dec 18
25 Oct 18	DBCORP	Accu	164.00	204	209.00	Profit of Rs.40/-	40.00	24.39%	Successful	15 Mar 19
26 Oct 18	rites	Accu	240.00	297	297.00	Target Achieved	57.00	23.75%	Successful	13 Nov 18
5 Dec 18	CCL	Accu	260-270		321.00	Open				
5 Dec 18	BRIGADE	Accu	202.50	255	252.00	Target Achieved	52.50	25.93%	Successful	18 Mar 19
31 Dec 18	JKCEMENT	Accu	710.00	866	866.00	Target Achieved	156.00	21.97%	Successful	29 Mar 19
4 Jan 19	MGL	Accu	890-900		1185.00	Open				
26 Feb 19	MARICO	Accu	335-345		411.00	Open				
4 Apr 19	ITDCEM	Accu	128-132		158.00	Open				
4 Apr 19	COCHINSHIP	Accu	384-390		490.00	Open				
<b>Institutional Investment Idea Open Calls</b>										
1 Jun 16	Atulauto	Accu	495-505		565-570	Open				
17 May 18	PHILIPCARB	Accu	230-240		348.00	Open				
5 Dec 18	VARROC	Accu	710-720		840.00	Open				
23 Apr 19	MAHINDCIE	Buy	215-225		284.00	Open				
6 Jun 19	RADICO KHAITAN LTD	Buy	334.00		419.00	Open				
25 Jun 19	M&M FIN. SERVICES LTD	Accu	390-395		452.00	Open				

## Call Tracker

Positional Call Top 5 Gainer										
Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P/L per Share	Gain / Loss %	Closed Date	
31-May	DLF	Sell	191	202.6	175.5	170-166	15.5	8.12%	14-Jun	
27-May	GRASIM	Sell	927.5	972.6	862.5	840-820	65	7.01%	6-Jun	
20-Jun	BANKBARODA	Buy	116.5	109	124	128-132	7.5	6.44%	28-Jun	
23-Apr	DMART	Buy	1305	1265	1386	1470-1500	81	6.21%	26-Jun	
20-Jun	M&M	Buy	617.5	588	655	670-700	37.5	6.07%	27-Jun	
Positional Call Loser										
3-Jun	LEMONTREE	Buy	73.5	67.8	67.5	82-86	-6	-8.16%	13-Jun	
28-May	ASTRAZEN	Buy	2030	1883.3	1883.3	2310-2330	-146.7	-7.23%	6-Jun	
Techno -Funda (Positional) Top Gainer										
4-Apr	FINPIPE	Buy	474.5	435	505.5	560	31	6.53%	11-Jun	
24-May	APOLLOTYRE	Buy	187.5	178.7	201.5	220-230	14	7.47%	4-Jun	
Master Trade Medium Risk Top Gainer										
Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P / L per Lot	Gain / Loss per Lot	Lot	Closed Date
28-Jun	BANKNIFTY 31200 CE 4-JULY	Buy	265	130	315	500-550	50	1000	20	28-Jun
07-Jun	NIFTY 11800 PE 13 JUN	Buy	44.5	15	56.5	80-90	12	900	75	07-Jun
24-Jun	NIFTY 11750 CE 27-JUNE	Buy	43.5	17	55.5	70-80	12	900	75	25-Jun
26-Jun	NIFTY 27 JUN 11800 PE	Buy	24		36	60	12	900	75	26-Jun
10-Jun	NIFTY 11900 PE 13-JUNE	Buy	37.5	14	48.5	80	11	825	75	10-Jun
Master Trade Medium Risk Top Losers										
29-May	HDFCBANK JUN 2400 PE	Buy	42.5	20	24	80 -85	-18.5	-4625	250	03-Jun
21-Jun	LT 1560 CE JUNE	Buy	16.5	5	5	35-40	-11.5	-4312.5	375	25-Jun
Master Trade High Risk Top Gainer										
Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P / L per Lot	Gain / Loss per Lot	Lot	Closed Date
31-May	ACC JUN FUT	Buy	1693.5	1662	1719	1750	25.5	10200	400	3-Jun
3-Jun	HDFC JUN FUT	Sell	2212.5	2252	2212	2140	0.5	3750	500	6-Jun
	HDFC 2160 PE JUNE	Sell	28		21		7			
Momentum Call Top Gainer										
Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P / L per Lot	Gain / Loss per Lot	Lot	Closed Date
24-Jun	AMARAJABAT JUNE FUT	Buy	604	587	619	640	15	10500	700	25-Jun
4-Jun	MCDOWELL-N JUN FUT	Sell	574.5	585.3	566.5	555	8	10000	1250	6-Jun
10-Jun	BHARTIARTL JUN FUT	Sell	364.5	371	359.5	350	5	9255	1851	11-Jun
6-Jun	NIITTECH JUNE FUT	Buy	1312	1296	1324	1340	12	9000	750	7-Jun
29-May	BATAINDIA JUN FUT	Buy	1330	1307.7	1345	1360-1370	15	8250	550	3-Jun
Momentum Call Top Loser										
21-Jun	VOLTAS JUN FUT	Sell	618	630.3	630.3	595-590	-12.3	-12300	1000	24-Jun
12-Jun	LICHSGFIN JUN FUT	Buy	547	536	536	565-570	-11	-12100	1100	13-Jun

# Event Calendar

## July 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 <ul style="list-style-type: none"> <li>Monthly Auto sales Number</li> <li>Nikkei Manufacturing PMI JUN</li> </ul>	2	3 <ul style="list-style-type: none"> <li>Nikkei Services PMI JUN</li> </ul>	4	5 <ul style="list-style-type: none"> <li>US Unemployment Rate Jun</li> </ul>	6
7	8	9	10 <ul style="list-style-type: none"> <li>Himachal Futuristic Communications Ltd.</li> </ul>	11 <ul style="list-style-type: none"> <li>CCL PRODUCTS (INDIA) LTD.</li> </ul>	12 <ul style="list-style-type: none"> <li>3I Infotech Ltd.</li> <li>Hathway Cable &amp; Datacom Ltd</li> <li>Indusind Bank Ltd.</li> <li>Infosys Ltd.</li> <li>Karnataka Bank Ltd.</li> <li>Reliance Industrial Infrastructure Ltd.</li> </ul>	13 <ul style="list-style-type: none"> <li>Dewan Housing Finance Corporation Ltd.</li> <li>Avenue Supermarts Ltd</li> </ul>
14	15 <ul style="list-style-type: none"> <li>Bajaj Consumer Care Ltd</li> <li>TATA METALIKS LTD.</li> </ul>	16 <ul style="list-style-type: none"> <li>DCB Bank Limited</li> <li>Federal Bank Ltd.</li> <li>Hdfc Asset Management Company Ltd</li> <li>Multi Commodity Exchange Of India Ltd.</li> </ul>	17 <ul style="list-style-type: none"> <li>Mindtree Ltd.</li> <li>Tata Elxsi Ltd.</li> <li>Wipro Ltd.</li> <li>Yes Bank Ltd.</li> </ul>	18 <ul style="list-style-type: none"> <li>ACC Ltd.</li> <li>Colgate-Palmolive (India) Ltd.</li> <li>Cyient Limited</li> <li>Larsen &amp; Toubro Infotech Ltd</li> <li>Trident Ltd.</li> </ul>	19 <ul style="list-style-type: none"> <li>Bandhan Bank Ltd</li> <li>Dabur India Ltd.</li> <li>Icici Lombard General Insurance Company Ltd</li> <li>Jm Financial LTD.</li> <li>L&amp;T FINANCE HOLDINGS LTD.</li> <li>L&amp;T Technology Services Ltd</li> <li>Mahindra CIE Automotive Limited</li> <li>Phillips Carbon Black Ltd.</li> <li>Rbl Bank Ltd</li> </ul>	20 <ul style="list-style-type: none"> <li>Amara Raja Batteries Ltd.</li> <li>Hdfc Bank Ltd</li> </ul>
	<ul style="list-style-type: none"> <li>WPI Inflation Rate YoY Jun</li> <li>WPI Manufacturing YoY Jun</li> </ul>					
21	22 <ul style="list-style-type: none"> <li>Coromandel International Ltd.</li> <li>Glaxosmithkline Pharmaceuticals Ltd.</li> <li>Icici Securities Ltd</li> <li>Kotak Mahindra Bank Ltd.</li> <li>Lakshmi Machine Works Ltd.</li> <li>Tvs Motor Company Ltd.</li> </ul>	23 <ul style="list-style-type: none"> <li>DCM Shriram Limited</li> <li>HDFC Life Insurance Company Ltd</li> <li>Hindustan Unilever Ltd.</li> <li>Niit Technologies Ltd.</li> <li>SBI Life Insurance Company Ltd</li> <li>SKF India Ltd</li> </ul>	24 <ul style="list-style-type: none"> <li>Asian Paints Ltd.</li> <li>ICICI Prudential Life Insurance Company Ltd</li> <li>Intellect Design Arena Ltd</li> <li>Jubilant Foodworks Ltd</li> <li>Maharashtra Scooters Ltd.</li> <li>Shriram Transport Finance Co.Ltd.</li> <li>Syngene International Ltd</li> </ul>	25 <ul style="list-style-type: none"> <li>Ambuja Cements Ltd.</li> <li>Bajaj Finserv Ltd.</li> <li>Bajaj Finance Limited</li> <li>Biocon Ltd.</li> <li>Gruh Finance Ltd.</li> <li>Mphasis Ltd.</li> <li>Persistent Systems Ltd.</li> <li>Pvr Ltd.</li> <li>Tata Coffee Ltd.</li> <li>Tata Motors Ltd.</li> <li>Tata Motors Ltd - DVR</li> </ul>	26 <ul style="list-style-type: none"> <li>ABB India Limited</li> <li>Atul Ltd.</li> <li>Bajaj Auto Ltd.</li> <li>Bajaj Holdings &amp; Investment Ltd.</li> <li>GIC Housing Finance Ltd.</li> <li>Jsw Steel Ltd.</li> <li>Mahindra Lifespace Developers Ltd.</li> </ul>	27 <ul style="list-style-type: none"> <li>ICICI Bank Ltd.</li> </ul>
28	29 <ul style="list-style-type: none"> <li>DR.REDDY'S LABORATORIES LTD.</li> <li>GHCL LTD.</li> <li>KANSAI NEROLAC PAINTS LTD.</li> <li>Navin Fluorine International Limited-\$</li> <li>Orient Cement Ltd</li> </ul>	30 <ul style="list-style-type: none"> <li>Axis Bank Ltd.</li> <li>Cholamandalam Investment And Finance Company Ltd</li> <li>Hero Motocorp Ltd.</li> <li>Nocil Ltd.</li> <li>Pnb Housing Finance Ltd</li> <li>Prism Johnson Ltd</li> <li>Tech Mahindra Ltd.</li> </ul>	31 <ul style="list-style-type: none"> <li>Government Budget Value Jun</li> <li>Fed Interest Rate Decision</li> </ul>			
		<ul style="list-style-type: none"> <li>Fed Interest Rate Decision</li> </ul>				

Result Updates
  Economic Event



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