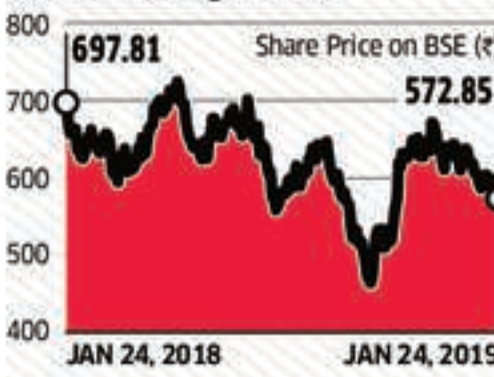


# What to Buy, Sell and Hold

## United Spirits



■ **Jefferies** has maintained hold rating on **United Spirits** and raised target price to ₹640 from ₹630. The firm has cut EPS estimates for FY20-FY21 by around 3% given the lower-than-expected margins during the third quarter. United Spirits is witnessing healthy earnings growth in FY19 given lapping up of favourable base, price hikes from states and benign RM in first half, said Jefferies. The firm believes the tailwinds are subsiding and FY20 might see slower pace of top-line growth and margin expansion in United Spirits. Shares of United Spirits ended down 1.4% at ₹572.85.

■ **IIFL** has add rating on **InterGlobe Aviation** with a target price of ₹1,220. Industry demand-supply equation is not favourable, given aggressive capacity expansion by Indigo, said IIFL. However, if competitors choose to cut or at least not add capacity, the scenario may turn for the better, it added. Given the miss in the third quarter, the brokerage expects wider loss in FY19. IIFL has maintained FY20-FY21 EPS estimates. The fall in crude is a relief, but it can go either way from here, said IIFL. Shares of InterGlobe Aviation ended up 6% at ₹1,174.4 on Thursday.

■ **HSBC** has maintained buy rating on **ITC** with a target price of ₹330. The key unknown for ITC's investment case remains the lack of visibility on the guide path to taxation now that the general election is nearing and last year was without any taxation increases broadly, said HSBC. Volumes seem to have stabilized, which paves the way for price increases in the event of any taxation change, said HSBC. Shares of ITC ended up 0.4% at ₹278.90 on Thursday.

■ **Kotak Institutional Equities** has retained buy rating on **Ujjivan Financial Services** with a fair value of ₹350. The brokerage has maintained positive view and sees near-term triggers from clarity on management change, listing of subsidiary and recovery in return on equity as loan growth has normalized and operating expenses have peaked. Shares of Ujjivan Financial Services ended up 4% at ₹295.75 on Thursday.

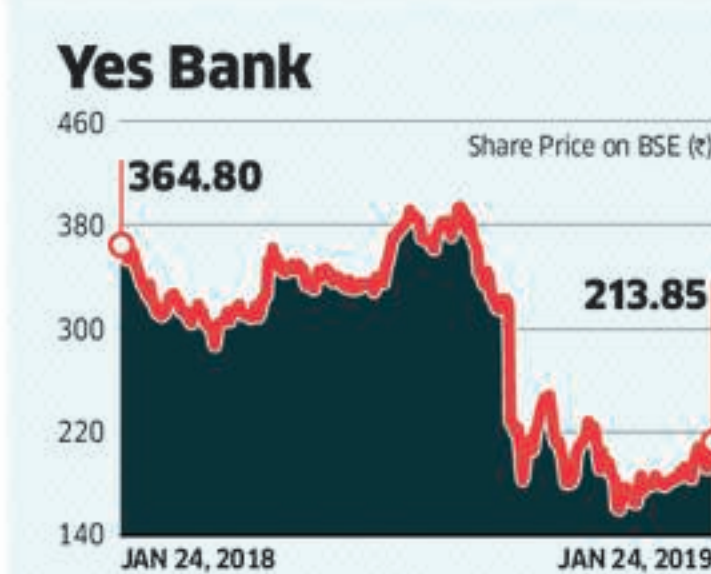
■ **CLSA** has retained outperform rating on **Bharti Infratel** with a target price of ₹315. Bharti Infratel's key concern of tenancy exits by Vodafone Idea is playing out, said CLSA, adding that it awaits management inputs on incremental exits and penalties. CLSA expects Bharti Infratel to add 14,500 collocations annually from FY20 and sees EBITDA growth returning from FY21. On Thursday, shares of Bharti Infratel ended down 5.2% at ₹263.40 on BSE.

**IL&FS EXPOSURE HURTS** Bank hopes to recover some IL&FS money from asset sales; In other good signs, the loan book rises 42% and net interest income grows 41%

# Yes Bank Profit Falls 7% in Q3; Provisions Surge on IL&FS Hit

Joel.Rebello@timesgroup.com

**Mumbai:** Yes Bank's profit fell 7% in the third quarter ended December 2018, compared with a year-ago, as the bank had to make a hefty provision for loans given to debt laden IL&FS. Net profit fell to ₹1,001 crore, or ₹4.3 per share, from ₹1,077 crore, or ₹4.7 per share a year ago. Total provisions increased to ₹550 crore from ₹421 crore a year ago as the private lender had to set aside ₹508 crore as NPA provisions, including ₹478 crore for loans linked to IL&FS. Senior group president Rajat Monga said the bank's credit costs will increase to 80 basis points of its total loan book, up from the bank's guidance of 70 basis points at the start of the year due to slippage from the IL&FS loan. One basis point is 0.01 percentage point. Gross NPAs increased to 2.10% of the bank's loan book, up from 1.72% a year ago and higher than 1.60% reported in the quarter ended September 2018. The bank's provision coverage ratio dropped to 44% from 48% in September 2018. "We believe that the provisions are adequate as we expect to see some results from the asset sales initiated in this account in the next three to six months. There is already some sufficient and visible interest in



ported in the quarter ended September 2018. The bank's provision coverage ratio dropped to 44% from 48% in September 2018. "We believe that the provisions are adequate as we expect to see some results from the asset sales initiated in this account in the next three to six months. There is already some sufficient and visible interest in

these businesses," said Monga. Yes Bank has a total exposure of ₹2,530 crore to IL&FS out of which ₹1,913 crore is classified as NPA with a provision of 25%. The remaining ₹617 crore, including ₹529 crore exposure to the maritime companies of the infrastructure group, is still considered as standard and is hence being

provided at 15%. Operationally, however, the bank did well with loan book increasing 42% and net interest income (NII) grew 41%, led by an identical growth in the bank's loan book. The bank's stock rose 8% as investors welcomed the appointment of new CEO Ravneet Gill who will take over from March 1. Yes Bank had to appoint a new CEO after promoter CEO Rana Kapoor was denied an extension by the RBI last year. The bank's board will meet on January 29 to consider a transitional arrangement in February until Gill takes over from March 1. The bank's board also appointed two additional directors on its board, replacing Vasanth Gujarathi and R Chandraashekar, both of whom had quit the bank in November. Former additional chief secretary of Gujarat Maheshwar Sahu and former chief information officer at HDFC Bank Anil Jaggi have been appointed additional directors.



## Deals Ahead of CESC Demerger

The demerged entities of RPS Sanjiv Goenka Group's CESC are set to list on the domestic bourses on Friday. Ahead of their debut, CESC Ventures and Spencer's Retail have seen some deals in the grey market. On Thursday, shares of Spencer's Retail changed hands between ₹280 and 300 per share, while CESC Ventures was trading between ₹600 and ₹650. Many punters bought these shares on hopes that they will list at least 10% above their unofficial prices on Thursday, said brokers. Under demerger scheme, CESC holders with 10 shares got 6 shares of ₹5 each in retail arm and additional 2 shares of ₹10 each in CESC Ventures, which will hold tech & realty businesses.

Contributed by Rajesh Mascarenhas

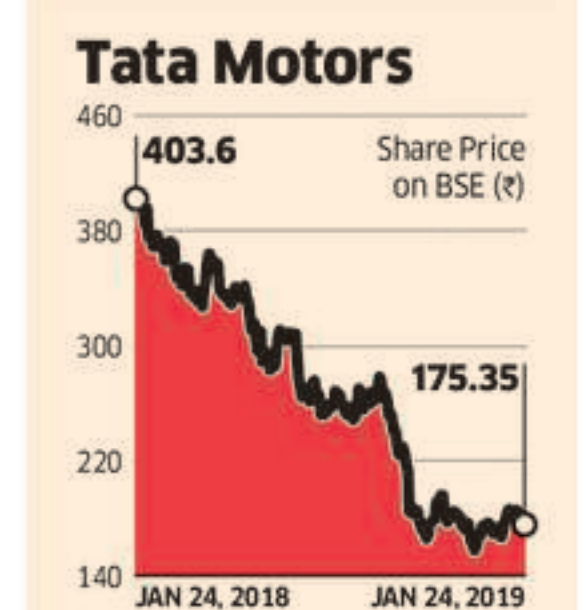
## CITES POSSIBLE DOWNTURN, TOUGH COMPETITION

# CLSA Retains 'Sell' on TaMo, Stock May Decline Up to 14%

Brokerage says co's India business has cyclically peaked while JLR volumes continue to be under pressure

Our Bureau

**Mumbai:** Foreign brokerage CLSA has maintained 'sell' rating on Tata Motors saying that India business has cyclically peaked while Brexit uncertainty is rising and JLR volumes remain under pressure. The brokerage's target price of ₹150 on the stock implies a potential downturn of 14.4% from Thursday's closing levels. Shares of Tata Motors declined 2.7% to close at ₹175.35 on the BSE after the brokerage retained the 'sell' call. The stock has fallen 63% since 2017. "Despite the sharp stock fall and



Competition to grow due to Ashok Leyland's improved ability. India's truck industry is in the 5th year of upcycle. In last four decades, upturns have lasted for 4 years. Stock may appear cheap but is unlikely to perform.

## Straight Drive | A roundup of top events and moves on the Street

### ITC Sees Nominal Gains

Shares of ITC closed 0.4% higher at ₹278 on BSE after reports that it has hiked prices by 3-5% on premium brands with immediate effect to ease the margin pressure. Its margins missed estimates in December quarter. They came in at 37.8% against 39.8% on a yearly basis. Analysts in an ETNow poll had projected 40% margins for the quarter.

### ICICI Bank Ends Lower

Shares of ICICI Bank ended 0.7% lower at ₹365 amid re-

ports that CBI has booked former ICICI Bank CEO Chanda Kochhar, her husband Deepak Kochhar and Videocon group MD Venugopal Dhoot in connection with alleged cheating and irregularities in loans sanctioned by the bank to the group in 2012.

### UltraTech Falls on Q3 Show

UltraTech Cement reported a 13.6% drop in consolidated profit at ₹394 crore for December quarter. The company said its numbers were hurt by 11% rise in costs, largely due to higher fuel expenses and a depreciation in the rupee. The stock closed 1.5% down at ₹3,790.25.

### NIIT Plunges 7% Post Q3 Fall

Shares of NIIT plunged 7.1% to ₹86.50 after the company reported a 1.5% fall in its consolidated net profit for the December quarter. The company said it saw an adverse forex impact of ₹5.2 crore in the quarter under review, "predominantly due to the restatement of receivables".

### Edelweiss Falls Despite Q3 Gain

Shares of Edelweiss Financial Services plunged 5.3% to ₹151 after it reported an 18.2%

increase in consolidated profit at ₹258.35 crore for third quarter. Its total income increased 25.5% to ₹2,790.69 crore in the quarter under review against ₹2,224.23 crore in the December quarter of 2017-18, it said.

### IndiGo Flies 6% Higher

The stock closed 6% up at ₹1,174 as its Q3 profit fell 75% on weak operating performance. Analysts said numbers reflected successful implementation of a carefully crafted strategy of gaining share – up 3% in past 2 quarters – with a slight consideration for gaining pricing power.

### 112 Signal Potential Fall

Momentum indicator moving average convergence divergence, or MACD showed bearish crossovers on 112 counters on BSE. The ones among them were KPIT Technologies, Tata Motors, Vedanta, Graphite India, Axis Bank, Adani Ports and Kajoria Ceramics. On the other hand, stocks such as PNB Housing Finance, Voltas, Indo Borax, Jindal Drilling, Den Networks and Symphony were among those 36 that showed bullish crossovers on the exchange.

Nishant Kumar/ETMarkets.com

## Day Trading Guide

Kotak Securities



Nifty is currently trading in a range of 10,800 & 10,990. Based on the short term formation of the market, we can expect upward continuation today if market crosses the level of 10,875 and further to levels of 10,925. In case market breaks 10,800, we should expect a sharp decline to levels of 10,700. Trading as per given levels is advisable.

## Tech Picks

SHRIKANT CHOUHAN Senior VP, Technical Research

### BRITANNIA

Stock is in strong uptrend after breakout from bullish consolidation.

LAST CLOSE > ₹3,216.85 STOP LOSS > ₹3,166

### TECH M

Stock has given breakout from symmetrical triangle with volumes.

LAST CLOSE > ₹727.75 STOP LOSS > ₹712

### MANAPPURAM

Stock has given range breakout on daily chart with rise in volumes

LAST CLOSE > ₹99.05 STOP LOSS > ₹97.5

### LUPIN

Stock is near breakout zone after consolidation for a while on daily chart.

LAST CLOSE > ₹868.40 STOP LOSS > ₹852

## F&O Strategy

SAHAJ AGRAWAL DVP-Derivatives, Research

SELL TATAELXSI JAN FUT @940 SL 980 TGT 880

Descending Triangle Breakdown on Daily charts

### OPTIONS:

Long Nifty Call: BUY NIFTY JAN10900 CE @70 SL 30 TGT 130/150

In the recent past Nifty has been trading sideways between 10800 - 11000. However, the broader trend still remains up. There is also a trend line support at 10770 which may be used as stop loss to initiate longs.

## Fx Technical

ANINDYA BANERJEE DVP, Currency & Interest Rate Derivatives

USD/INR: BUY BETWEEN 70.70/71.00 TO 71.80/90 SL 70.30

## Commodity Calls

AUROBINDA PRASAD GAYAN VP Research, Kotak Commodities

COMMODITY	EXCHANGE	STRATEGY
Silver (Mar)	MCX	Sell at 39180/39200 TP 38740/38650 SL 39600
Crude (Feb)	MCX	Sell at 3810/3820 TP 3700/3680 SL 3870
Nickel (Jan)	MCX	Sell at 826/828 TP 810/805 SL 842
Ref Soy oil (Feb)	NCDEX	Sell at 767/768 TP 759/758 SL 772

# Ultratech Market-Share Focus to Pay Off When Prices Rise

From ET Markets Page 1

Given this structure, UltraTech has little room to raise prices but play a clear strategy of enhancing its capacity utilisation by generating higher volumes than the industry.

In the quarter, while the industry's sales volume grew by 10% UltraTech's grew by 14%. Also, UltraTech is operating at a capacity utilisation of 75% when the industry is operating at 70%. Following this strategy, UltraTech would have greater operating leverage, which means its cost per unit of selling cement in the long run becomes cheap. In such a strategy, the bigger the player, the higher are the benefits on margin and earnings improvements.

In the coming quarters, with the strategic acquisitions of Century Cement and Binani Cement and the completion of the integration of JP Associates plants, UltraTech would strengthen its position on a pan-India basis. Once price increases become possible, UltraTech would benefit considerably, given the fact that it has already done the groundwork of installing high

## SHOT IN THE ARM

Strategic acquisitions of Century Cement and Binani Cement would strengthen its pan-India presence

In the quarter under review, UltraTech's earnings per share (EPS) at ₹14.3 was 23% lower than Bloomberg's estimates of ₹18.6. Thanks to the company's focus on market share, its revenues for the quarter grew by 19% to ₹9,258 crore. But high power and fuel and freight expenses due to unfavourable pet coke prices in the quarter hurt its earnings.

The company's net profit fell by 14% to ₹394 crore in the quarter under review in comparison with the same quarter last year.

On the valuation front, according to Bloomberg, considering FY20 earnings, the company is trading at EV/EBITDA of 14.68. This is at a slight premium to its past five-year average EV/EBITDA of 13.30, offering limited upside to investors.

## Market Intelligence Powered By: ETIG Database www.etintelligence.com

MARKET SNAPSHOT	TURNOVER	ADVANCE & DECLINE	HIGHS & LOWS	FII ACTIVITY (₹ Cr.)	MF ACTIVITY (₹ Cr.)
SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84	SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84	SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84	SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84	SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84	SENSEX 36146.55 NIFTY 10844.05 High 35996.68 Low 35996.68 Close 36195.10 Change(Abs) 86.63 52Wk High (Aug 28) 39899.65 52Wk Low (Mar 23) 2483.84 3Yr High (Feb 29) 39899.65 3Yr Low (Feb 29) 2483.84

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