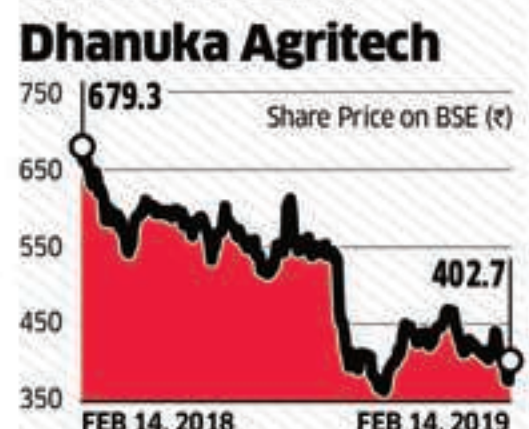


# What to Buy, Sell and Hold



**Kotak Institutional Equities** has maintained add rating on **Dhanuka Agritech** and revised fair value to ₹435 from ₹500. Dhanuka's third quarter results were sharply below estimates, led by a decline in volumes and margins amid a weak rabi season, said Kotak Institutional. The management remained optimistic on recovery in revenue growth and improvement in margins in FY2020 assuming a normal monsoon, driven by recent price hikes and new product launches, the brokerage said. The brokerage has cut FY19-20 EPS estimates by 13-21% factoring in a weaker revenue growth and lower margins. Shares of Dhanuka Agritech ended up 7% at ₹402.70 on Thursday.

**Elara Capital** has maintained accumulate rating on **Prestige Estates Projects** and revised target price to ₹235 from ₹300. Prestige has scaled up its annuity income but a continued rise in net debt has been disappointing, said Elara. Timely monetization in the commercial segment over the next 12 months will be critical for debt reduction, the brokerage said. At an EV of ₹150 billion, the company offers a compelling value, given high visibility of annuity income, said Elara. Adjusted for value of these assets, the development business and forthcoming leased portfolio are attractively valued at ₹50 billion, the brokerage said. Shares of Prestige Estates ended down 1.08% at ₹197.05 on Thursday.

**Deutsche Bank** has maintained buy rating on **Hindalco Industries** and cut target price to ₹255 from ₹290. Hindalco's third quarter domestic EBITDA was below estimates on weaker-than-expected aluminium and copper division performance, the bank said. The brokerage has retained buy rating due to potential upside to the aluminium price on increasing global deficit coupled with supply rationalization and strong 17% recurring earnings CAGR and a 9% EBITDA CAGR (excluding Aleris) in FY18-21. The bank said valuations are compelling as the stock trades at 24% discount to its past 10-year average 1-year forward EV/EBITDA multiple. Shares of Hindalco Industries ended down 3.11% at ₹191.70 on Thursday.

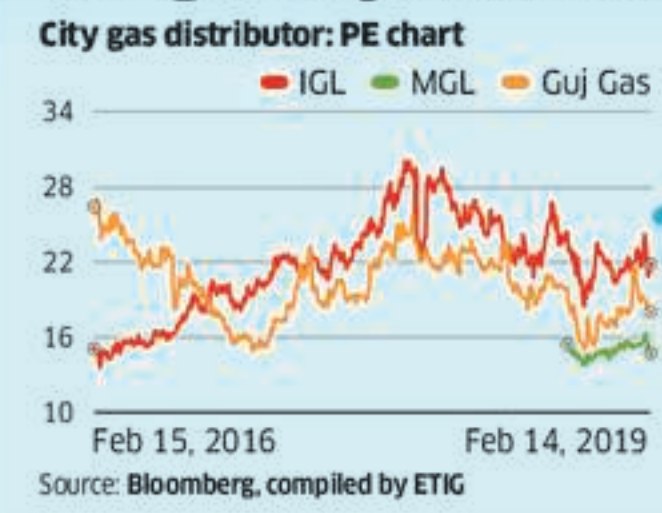
**Ambit Capital** has maintained sell rating on **Tata Motors** with a target price of ₹150. JLR's volumes would continue to dip due to combined impact of weak portfolio diversification, market slowdown and rising competition, said Ambit. The brokerage said pressure from dealers for higher margins would weaken JLR's already beaten down margins. Shares of Tata Motors ended up 3.2% at ₹159.65 on Thursday.

## INDRAPRASTHA GAS & MAHANAGAR among others face a hit on volumes and higher share of expensive imports if govt stops allocation of low-priced domestic gas to them

# Gas Policy Changes to Push Up Prices, Hit City Distributors

**Ashutosh.Shyam@timesgroup.com**  
ET Intelligence Group: The proposal by a high-powered committee to the Ministry of Petroleum and Natural Gas (MoPNG) to withdraw the facility of allocating low-priced domestic gas is likely to impact city gas distributors (CGD) including Indraprastha Gas (IGL), Mahanagar Gas (MGL), and Gujarat Gas. The proposal may result in 40-45% jump in gas prices thereby reducing the attractiveness of alternative fuels. Compressed natural gas (CNG) is 31-36% cheaper than Petrol and diesel. The risk of volume contraction will be the highest for IGL as its domestic gas accounts for more than 75% of its sales volume. The withdrawal of the facility would force CGD companies to increase the proportion of higher priced imported gas. The imported gas costs around ₹37.8 per kg, nearly double that of the domestic gas. Under the current arrangement,

### Tough Days Ahead



the CGD companies get nearly 110% of the previous year's consumption of CNG and PNG as firm allocation for the next fiscal. The blended cost for CGD companies remains low at an average of around \$4 per MMBtu since three-fourth of the domestic gas is supplied under the allocation policy at around \$3.4 per MMBtu. Currently, the long-term imported



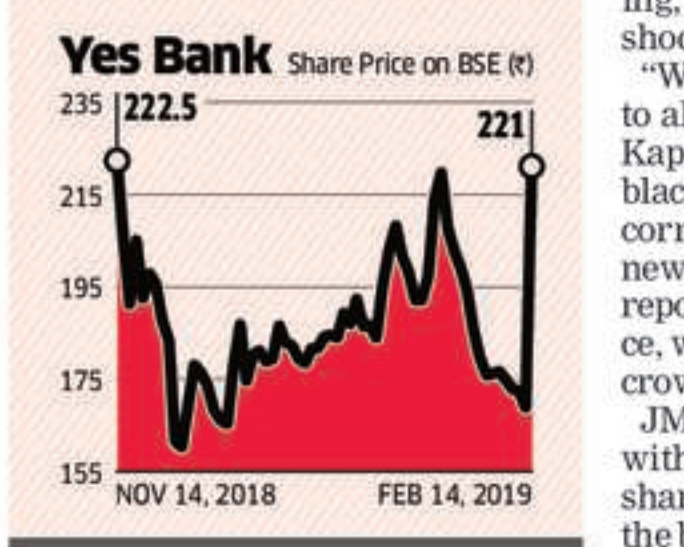
gas prices are higher by \$4-5 per MMBtu than the domestic prices. Past data shows a direct correlation of CGD volume growth and the extent of allocation of the low-priced domestic gas. IGL's volume had fallen in single digit between FY13 and FY14 when it increased the share of imported gas which resulted in 80% increase in CNG price. The

government later administered 100% domestic gas allocation at the end of 2013 and volumes gradually increased since then. IGL and MGL volumes are expected to grow by 12.8% and 9.6% in FY19 respectively after growing by 12.9% and 5.1% in the previous fiscal. The advantage of cheaper CNG over Petrol has been the strength of CGD companies, and they have the ability to pass the incremental cost to the consumer with ease due to lower prices. As a result, the EBITDA per cm of IGL was in the range of ₹5.7-5.8 in the past four fiscal years. For MGL, it improved to ₹7.9 per cm in FY18 from ₹5.9 in FY14. The stable margins and improved return on equity of CGD companies resulted in 30-40% higher price-earnings multiple than the long-term average. Analysts expect that the government may not take the risk of steep price hike ahead of the general election. However, CGD companies may have to increase the proportion of imported gas over the long-term.

## RESERVE BANK'S REPORT was a positive surprise for investors who had expected the FY18 divergence to remain elevated

# Brokerages Toast Yes Bank for Passing RBI Test, Stock Soars

**Joel.Rebello@timesgroup.com**  
Mumbai: Yes Bank shares surged to a three-month high after the lender said the Reserve Bank of India hadn't found any deviation in its reporting of bad loans and as brokers upgraded the stock. The shares climbed 31% to ₹221 at the close on the BSE on Thursday, the highest level since November 14, when they ended at ₹222.50. Analysts said the RBI's report removed an overhang on the bank's valuation. JM Financial and Sharekhan upgraded the bank's shares to 'buy' and others predicted the stock will continue to rise in the days to come.



assessment showed it to be at ₹4,926 crore, a divergence of ₹4,177 crore. For FY17, the bank reported NPAs of ₹2,018.6 crore, while the RBI assessed them at ₹3,374 crore, widening the divergence to ₹6,355 crore. A higher divergence meant a bank would have to provide more for NPAs, impacting its profits. This was considered to be the main reason for the RBI to curtail the tenure of CEO Rana Kapoor last year. "The question of why the RBI ordered Kapoor to go remains unanswered. We believe it is time for the RBI to increase transparency on decisions that have a significant impact on minority shareholders," analysts at US investment bank Jefferies said. A divergence number higher than last year's would have been worry-

ing, but a "nil" divergence comes as a shock, Jefferies said. "We had thought the RBI's refusal to allow the reappointment of Rana Kapoor as CEO of Yes Bank was a black swan event - indeed, the stock corrected by around 30% after the news. However, with the RBI's audit report now citing 'nil' NPL divergence, we seem to have mistaken a mere crow for a swan," Jefferies said. JM Financial upgraded the bank with a new target price of ₹275 per share. "We had turned cautious on the bank in the second quarter, given an interim inability to address the gap between perceived asset quality worries and headline stress ratios, despite its superior loss rates on a predominantly wholesale portfolio. The regulator's communication that NPL divergences have been addressed also indicate a streamlining of processes at the bank and the regulator's comfort with the change," JM Financial said. Motilal Oswal said that the RBI's report vindicates Kapoor's performance. "With two of the key overhangs addressed (management and divergence), we expect the bank to now look at the capital raise issue over the next few months, which will help drive a gradual improvement in its operating performance," the brokerage said. It has a target price of ₹270 per share.

## Bhart 22 ETF Raises ₹40k cr on Last Day

**Our Bureau**  
Mumbai: Bharat 22 ETF, backed by ICICI Mutual Fund, has raised more ₹40,000 crore till 7 pm, sources said. The issue was open for subscription till Thursday. Through the ETF, the government proposed to raise ₹3,500 crore with the option to retain additional amount as per instructions from the government. The government may retain ₹10,000 crore. The follow-on offer of Bharat 22 ETF is part of the disinvestment programme announced by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance.

## 3.3 Cr Adani Ports Shares Released

**Our Bureau**  
Mumbai: Nearly 3.31 crore pledged shares of Adani Ports amounting to 1.60% stake in the company have been released by the two lenders, according to regulatory filings on the stock exchanges. These shares were pledged by the company's promoters - Gautam Adani and Rajesh Adani on behalf of SB Adani Family Trust - and were encumbered in favour of IDBI Trusteeship Services and Axis Trustee Services. As on Dec 31, 2018, 45.51% of the promoter's shares were pledged. Adani Port stock declined 7% in the past month. — Our Bureau

# Profit, Sales Growth for 4 Straight Quarters: 23 Stocks That Fit the Bill

The list includes top wealth creators such as Reliance Industries, TCS, HCL Tech, RBL Bank, Bajaj Finance and LIC Housing Finance

**Rahul.Oberoi@timesinternet.in**  
ETMarkets.com: When Dalal Street was busy talking earnings revival, Tata Motors delivered a shock with its record loss for December quarter. But as many as 23 companies on BSE managed to beat all the hiccups and reported both top line and bottom line expansion for the fourth straight quarter since the third quarter of 2017. From the SENSEX pack, oil-to-telco behemoth Reliance Industries (RIL) reported an 8.8% year-on-year growth in December quarter profit at Rs 10,251 crore compared with Rs 9,516 crore in Q2FY18, Rs

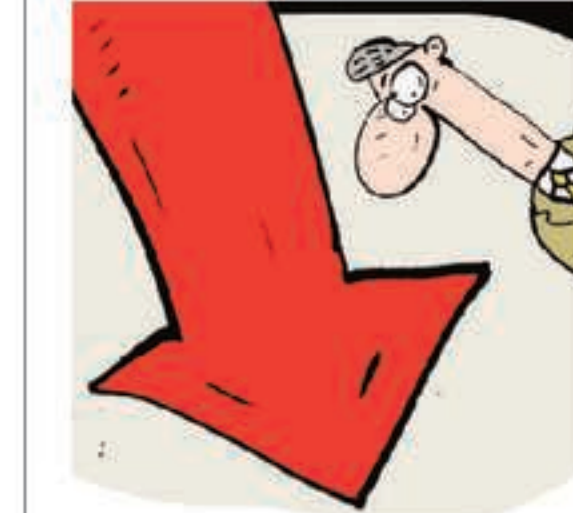
9,459 crore in Q1FY19, Rs 9,435 crore in Q4FY18 and Rs 9,420 crore in Q3FY18. Net sales, too, grew on a quarter-on-quarter basis through this period. Brokerage Elara Capital has an 'accumulate' rating on RIL with a price target of Rs 1,333. The stock was hovering around Rs 1,230 on February 14. Software major Tata Consultancy Services, too, have been posting steady profit growth over the past few quarters. The bottom line stood at Rs 8,105 crore in Q3FY19, Rs 7,901 crore in Q2FY19, Rs 7,340 crore in Q1FY19, Rs 6,904 crore in Q4FY18 and Rs 6,531 crore in Q3FY18. BoB Capital Markets has a 'buy' rating on TCS with a price target

of Rs 2,390. Shares of the IT firm traded at Rs 2,055 on Thursday. IT player HCL Technologies and NBFC Bajaj Finance, mortgage lender LIC Housing Finance, gas distributor Indraprastha Gas were some of the other companies that have seen steady growth in sales and profit over the past four consecutive quarters. Others on the list include Mphasis, RBL Bank, Teamlease Services, Manappuram Finance, Sterlite Technologies, Phillips Carbon Black, DCB Bank, Ganesha Ecosphere, IOL Chemicals & Pharma and Kennametal India. Geojit Financial Services has 'hold' ratings on Mphasis and LIC Housing Finance with a target

price of Rs 1,134 and Rs 480, respectively. Ganesha Ecosphere is engaged in the manufacture of recycled polyester staple fibre (RPSF) and recycled polyester spun yarn (RPSY) from pre and post-consumer polyethylene terephthalate (PET) bottle scrap. The company reported 56% YoY rise in net profit at Rs 14.40 crore for Q3FY19 on a 47.10% YoY increase in net sales at Rs 265.10 crore. Emkay Global is positive on Sterlite with a 12-month target price of Rs 520. IOL Chemicals reported 834.50% year-on-year (YoY) rise in Q3FY19 net profit and over 82% jump in net sales. Kennametal India, Stylam Industries, Transpek India, and SRG Housing Fi-

nance posted over 100% YoY rise in net profit during the quarter under review. Mastek, Bharat Gears, Transpek Industry, GMM Pfaudler, Stylam Industries, Hester Biosciences, and SRG Housing Finance were the other names on the list. GMM Pfaudler has been seeing good growth in user industries such as agrochemicals and pharmaceuticals, which are seeing robust capex owing to slowdown in China, according to Angel Broking. The company posted 48% YoY rise in net profit and 33% expansion in net sales in Q3FY19. Angel Broking has an 'accumulate' rating on GMM Pfaudler with a 12-month price target of Rs 1,200.

## Day Trading Guide



Nifty has fallen vertically below the level of 10,800 and stopped at 10,718 on Thursday. Nifty narrowed its trading range and gave a closing just below 10,750. In the last 12 months Nifty visited 10,750 several times and recovered back when Nifty turned oversold. If Nifty crosses 10,800 in today's trading session, then we should look for a buying opportunity in the market, keeping a final

stop loss at 10,745 for the same. Above 10,800 we should look for adding long positions. On the higher side we can expect minimum 10,850 and maximum 10,900 in next few days. Below 10,810 we can expect one more round of selling towards 10,650/10,620.

**Tech Picks** **SHRIKANT CHOUBHAN**  
Senior VP - Technical Research

**BAJAJ FINANCE** **BUY**  
Stock has made higher low formation near strong support zone on daily charts.  
LAST CLOSE > ₹2,609.20 STOP LOSS > ₹2,560  
TARGET ₹2,710

**ICICI BANK** **BUY**  
Stock is near strong support zone with positive RSI divergence in daily chart.  
LAST CLOSE > ₹343.95 STOP LOSS > ₹336.50  
TARGET ₹360

**PRAJIND** **BUY**  
Stock is in strong up trend and every dip should be used to create long position.  
LAST CLOSE > ₹136.15 STOP LOSS > ₹132.5  
TARGET ₹143

**TCS** **SELL**  
Stock has halted near retracement level and can be shorted with good risk to reward ratio.  
LAST CLOSE > ₹2,044.60 STOP LOSS > ₹2,105  
TARGET ₹1,940

**F&O Strategy** **SAHAJ AGRAWAL**  
DVP-Derivatives, Research

**FUTURE: SELL BEL FUT FEB ON 75 SL 78 TGT 68**  
Descending Triangle breakdown seen on Weekly Charts.

**OPTIONS:**  
**NIFTY Long Call: BUY 10900CE at 65; SL :30; TGT :120**  
Nifty has been undergoing through a corrective phase in the past few trading sessions. However, a major Trend line support is seen at around 10,700, which could be used to initiate longs. A breakout above 10,810 may trigger fresh buying and will have the potential to propel Nifty towards 11,000-11,050. On the downside, breach below 10,650 can invite significant selling pressure and hence a Long Call strategy is apt.

**Fx Technical** **ANINDYA BANERJEE**  
DVP: Currency & Interest Rate Derivatives

**USD/INR: Buy between 70.70/71.00 TP 71.70/72.30 SL 70.50**

**Commodity Calls** **KOTAK COMMODITIES**

COMMODITY	EXCHANGE	STRATEGY
Gold (Apr)	MCX	Buy at 32,800/32,750 TP 33,150/33,200 SL 32,650
Crude (Feb)	MCX	Buy at 3,800/3,780 TP 3,930/3,940 SL 3,725
Zinc (Feb)	MCX	Buy at 185.00/184.60 TP 189.50/190.50 SL 183.00
Castor Seed (Mar)	NCDEX	Buy at 5,280/5,260 TP 5,410/5,420 SL 5,200

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

MARKET SNAPSHOT				TURNOVER				ADVANCE & DECLINE				HIGHS & LOWS				FII ACTIVITY (₹ Cr)				MF ACTIVITY (₹ Cr)				
SENSEX	NIFTY	BSE	NSE	Date	Turn	Shares	Trades	Date	Turn	Shares	Trades	Advances	Declines	Unchanged	52WK High	52WK Low	Net Buy	Net Sell	Date	Buy	Sell	Net Buy	Net Sell	
36055.08	10786.10	44,292	48,520	14/2	2601	2084	14,35	14/2	2120	1807	12,47	232	194	25	99	13,26	13,26	4165	4165	12/2	2479	1503	976	1217
36055.08	10786.10	44,292	48,520	13/2	2120	1807	12,47	13/2	2120	1807	12,47	232	194	25	99	13,26	13,26	4165	4165	8/2	1924	2785	861	10174
36055.08	10786.10	44,292	48,520	12/2	2166	1696	11,81	12/2	2166	1696	11,81	2734	1347	117,67	13,26	13,26	4165	4165	7/2	3468	3069	399	1435	
36055.08	10786.10	44,292	48,520	11/2	2336	1781	12,14	11/2	2336	1781	12,14	2734	1347	117,67	13,26	13,26	4165	4165	6/2	2124	1745	378	742	
36055.08	10786.10	44,292	48,520	8/2	2686	2701	13,41	8/2	2686	2701	13,41	30054	16796	120,44	13,26	13,26	4165	4165	2/2	1939	1824	1347	7862	

**52 WEEK AT NSE** **ALL TIME AT NSE**

**Turnover Cash Market** **ET Indices**

**Positive Breakouts** **Negative Breakouts**

**Best Returns on BSE** **Worst Returns on BSE**

**Market-Wide Position Limit** **Top Sectoral OI Gainers**

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