

# The Daily

Oct 27, 2023





DOMESTIC INDICES			
	CLOSE	POINTS	% CHANGE
SENSEX	63148	-901	-1.41
NIFTY	18841	-281	-1.47
MIDCAP	30592	-328	-1.06
SMALL CAP	36205	-116	-0.32

SECTORAL INDICES			
	CLOSE	POINTS	% CHANGE
POWER	4317	12	0.29
IT	30645	-257	-0.83
BANKEX	47692	-481	-1.00
CG	45133	-473	-1.04
TECK	13774	-162	-1.16
REALTY	4548	-56	-1.22
HEALTHCARE	26981	-337	-1.24
CD	43877	-626	-1.41
FINANCE	9181	-136	-1.46
METAL	22113	-347	-1.54
OIL & GAS	17850	-279	-1.54
AUTO	36234	-667	-1.81

BSE 200 GAINERS/LOSERS			
GAINERS	%	LOSERS	%
JSWENERGY	6.76	SUPREMEIND	-4.82
SONACOMS	6.69	BERGEPAIN	-4.37
ADANIPOWER	5.01	PAYTM	-4.32
ADANIENSOL	3.46	LODHA	-4.30
SOLARINDS	3.03	M&M	-4.06

ADVANCE/DECLINES		
	BSE	%
ADVANCES	1422	37
DECLINES	2235	59
UNCHANGED	143	4

INSTITUTIONAL ACTIVITY			
Rs Cr	25-10-2023	26-10-2023	OCT TOTAL
FII	-4237	-7703	-28556
DII	3569	6558	29022

**Indian markets could open mildly lower, in line with mostly lower Asian markets today and negative US markets on Oct 26**

U.S. stocks booked back-to-back losses on Thursday, with the S&P 500 index ending at the lowest level since May, while the Nasdaq Composite slid further into correction territory following another batch of disappointing megacap company earnings. A blockbuster report on summertime economic growth and retreating Treasury yields failed to bolster market sentiment.

A preliminary reading on third-quarter U.S. GDP came in hotter than expected on Thursday morning, with data from the Commerce Department showing the economy grew at an annualized pace of 4.9%, surpassing the 4.7% pace that Wall Street had expected.

Consumer spending, the main engine of U.S. growth, rose at a 4% clip from July to September.

U.S. Treasury yields also slipped on Thursday, with the 10-year rate down 10.9 basis points to 4.843%, after briefly topping 5% for the first time since 2007 earlier this week.

The European Central Bank on Thursday paused on interest-rate hikes for the first time since summer 2022, while the Bank of Canada Wednesday kept benchmark rates unchanged for a second straight meeting, saying steeper borrowing costs are dampening consumption and bringing supply and demand closer to balance.

China's industrial profits grew at a slower rate in September, but showed signs of improvement over the first nine months of the year as Beijing pushes to shore up the economic recovery. Industrial profits rose 11.9% from a year earlier in September, down from the 17.2% increase recorded in August, the National Bureau of Statistics said Friday. In the January to September period, industrial profits fell 9.0%, easing from the 11.7% drop seen in the first eight months of the year.

Asian equities gave up early gains despite cautious optimism that solid post-market US tech earnings are set to spur a rebound on Wall Street. Amazon.com Inc. and Intel Corp. both gained in after-trading hours.



GLOBAL INDICES			
	CLOSE	POINTS	% CHANGE
DOW JONES	32784	-251.63	-0.76
S & P 500	4137	-49.54	-1.18
NASDAQ	14110	-272.07	-1.89
FTSE	7355	-59.77	-0.81
CAC	6889	-25.59	-0.37
DAX	14731	-161.13	-1.08
NIKKEI	31056	453.72	1.48
SHANGHAI	3001	12.37	0.41
HANG SENG	17279	244.00	1.43
BOVESPA	114777	1947.00	1.73

EXCHANGE RATES		
	VALUE	% CHANGE
USD/INR	83.2	0.20
EURO/USD	1.056	0.04
USD/GBP	1.214	0.08
USD/JPY	150.2	-0.12

COMMODITIES		
	VALUE	% CHANGE
GOLD (\$ / Oz)	1997.5	0.01
SILVER (\$ / Oz)	23.0	0.38
CRUDE OIL FUTURES	84.2	1.18
BRENT OIL (\$ / Barrel)	89.0	1.18

BOND YIELD		
	VALUE	ABS CHANGE
IND10 YEAR BOND YIELD	7.366	+0.023

ADR		
	VALUE	% CHANGE
DR REDDY'S LAB	64.6	-2.28
HDFC BANK	56.8	-0.84
ICICI BANK	22.1	0.32
TATA MOTORS	25.1	0.00
WIPRO	4.48	-1.32
VEDANTA LTD	16.50	0.00
INFOSYS	16.32	-0.37

Nifty fell again for the sixth consecutive session on October 26 even as a series of poor corporate results in the US cast a shadow on the global risk appetite already impacted by the conflict in the Middle east. At close, Nifty was down 1.39% or 264.9 points at 18857.3. Nifty continues to fall relentlessly. On Thursday it fell with a downgap and is now close to its 200 DEMA of 18830. The upgap support at 18829 is also close by. It could now bottom out for the time being over the next 1-2 days and 18691-18829 could be a support while 18972 could be the initial resistance.

### ONGC hopes to recover over \$500 million dividend as sanctions on Venezuela eased

Oil and Natural Gas Corp hopes to recover over \$500 million in dividends pending since 2014 for its stake in Venezuelan projects as sanctions on the nation were eased. The Biden administration eased sanctions on Venezuela's oil sector after the government and opposition parties reached a deal for the 2024 election, in the most extensive rollback of Trump-era restrictions on Caracas.

### Airtel planning to launch upgraded FWA to support indoor, outdoor coverage

Bharti Airtel is planning to launch an upgraded version of Xstream AirFiber, its fixed wireless access (FWA) offering, which will support both indoor and outdoor surroundings of a premises. As per a company executive, the carrier has done extensive testing for the outdoor unit solution and a pan-India launch will be announced soon.

### Adani Group seeking to raise \$4 billion to fund green hydrogen plans

Adani Group is seeking to raise as much as \$4 billion to help develop manufacturing plants that would produce low-cost green hydrogen, according to people familiar with the matter. Adani New Industries Ltd., a wholly owned subsidiary of flagship company Adani Enterprises Ltd., will take the lead raising the money from domestic and international banks and is in early-stage talks with several lenders, the people said, asking not to be identified because the details are private.

### Asian Paints Ltd. – Q2FY24 result key takeaways

Revenue for Q2FY24 at Rs. 8452 Cr, down 0.1% YoY and down 7.7% QoQ. Gross Margin for Q2FY24 at 43.19% (+746 bps YoY, +44 bps QoQ). EBITDA for Q2FY24 at Rs 1690 Cr, up 37.6% YoY and down 19.3% QoQ and EBITDA Margin for Q2FY24 at 19.99% (+547 bps YoY, -287 bps QoQ). Reported PAT for Q2FY24 at Rs. 1205 Cr, up 54% YoY and down 22% QoQ. EPS for the quarter stood at Rs. 12.57.



6% volume growth and flat value sales in Decorative Business (India). Erratic monsoon impacted market sentiment potentially leading to deferment of sales to October given the late Diwali this year. Strong revenue growth trajectory in Industrial Business, Overall, 1.1% revenue growth for the Coatings Business in India. Soft demand in Home Décor; continued to strengthen with foray with new collections, network and store expansions. International Business supported by robust growth in Middle East; overall constrained by macro - economic challenges in key markets of South Asia and Egypt. Moderating raw material prices coupled with operational efficiencies resulted in improved operating margins

### **Colgate-Palmolive (India) Ltd. - Q2FY24 result key takeaways**

Revenue for Q2FY24 at Rs. 1471 Cr, up 6% YoY and up 12% QoQ. Gross Margin for Q2FY24 at 68.77% (+502 bps YoY, +55 bps QoQ). EBITDA for Q2FY24 at Rs 482 Cr, up 18.2% YoY and up 17.8% QoQ and EBITDA Margin for Q2FY24 at 32.77% (+337 bps YoY, +165 bps QoQ). Reported PAT for Q2FY24 at Rs. 340 Cr, up 22.3% YoY and up 24.3% QoQ. EPS for the quarter stood at Rs. 12.50. The Stock is currently trading at 30x FY25E EPS.

Domestic business registered a 6.6% YoY increase. Toothpaste segment witnessing higher single-digit growth. Declared a first interim dividend of Rs.22/- per equity share

### **Railtel Corporation Ltd. - Q2FY24 result review**

Revenue up 39.8% at Rs 599.2 cr Vs Rs 428.7 cr (YoY). EBITDA up 14.8% at Rs 115.3 cr Vs Rs 100.4 cr (YoY) while EBITDA margins stood at 19.2% Vs 23.4% (YoY). Net profit up 23.6% at Rs 68.2 cr Vs Rs 55 cr (YoY).

### **Laxmi Organic Industries Q2 FY24 result update**

Revenue for the quarter remained flat YoY at Rs 652.2cr. EBITDA margin improved 150bps YoY at 5.9%. Net profit increased 24.4% YoY at Rs 10.7cr. Other Income increased 193% YoY at Rs 8.2cr.

EPS for the quarter stood at Rs 0.4 and it stood at Rs 1.84 for H1FY24. At CMP, the stock trades at 33.5x FY25E EPS.

### **Coromandel International Q2 FY24 result update**

Revenue for the quarter declined 30.8% YoY at Rs 6988cr as against estimate of Rs 7484cr. EBITDA margin improved 470bps YoY at 15.2% as compared to expectation of 13.8%. Net profit grew 2.2% YoY at Rs 756.8cr. Other Income was up 44% YoY at Rs 44.8cr.

Nutrient and Allied Business revenue for the quarter was at Rs. 6,307cr as against Rs. 9,461cr, a year ago. Segment EBIT for the quarter was at Rs. 998cr vs. Rs. 955cr, a year ago.

Crop Protection revenue stood at Rs. 722cr as against Rs. 702cr for the quarter ended September 2022. EBIT for the quarter was at Rs. 88cr vs. Rs. 103cr in Q2 FY23.

EPS for the quarter stood at Rs 25.7 and it stood at Rs 42.4 for H1FY24. At CMP, the stock trades at 13.5x FY25E EPS.

### **Taro Pharma Q2 FY24 result update**

Net sales stood at US\$ 148.2 million as compared to US\$ 130.5 million. Gross profit was at \$73.6 million (49.7% of net sales) compared to \$47 million (36% of net sales). Company derived ~85% of sales from US & Canada while the balance from Israel and RoW markets.

R&D expenses came in at \$14.3 million, up by \$2.8 million, due to increased clinical studies.

Operating profit stood at \$4.7 million; excluding the impact from the certain one-time charges, operating profit was \$10.9 million compared to operating loss of \$6.8 million in the previous year quarter.



Interest and Other financial income was at \$14 million as compared to \$4.3 million.

Tax expenses were at \$9.1 million as compared to tax benefits of \$2.1 million in the prior year quarter.

Net income was at \$8.5 million compared to net loss of \$2.8 million. Excluding the impact of certain one-time charges, net income stood at \$14.3 million.

As of Sep, 2023, cash and equivalents and marketable securities (both short and long-term) stood at US\$ 1.3 billion.

Taro Pharma is Sun Pharma's subsidiary and the company holds 78.5% stake in Taro.

### **Allsec Technologies Q2 FY24 result update**

Revenue for the quarter grew 19.3% YoY at Rs 112.4cr. Net profit was up 2.5% YoY at Rs 16.2cr. It was impacted by one-off provision towards receivables of Rs 2.1cr in the quarter. Other Income declined 43.7% YoY at Rs 2.45cr.

Board declared an interim dividend of Rs 30 per share for FY24. EPS for the quarter stood at Rs 10.7 and it stood at Rs 21 for H1FY24. At CMP, the stock trades at 16.5x FY24E EPS.

### **Reliance Industries Ltd Q2FY24 result preview**

Reliance is likely to report 2% YoY de growth in consolidated revenues to Rs 225,300 crore. Its EBITDA could increase by 21% YoY to Rs 37850 crore and EBITDA margin for the quarter may improve to 16.8% against 13.6% YoY. Net profit could rise by 21.4% YoY to Rs 18,800 crore in Q2FY24.

With an expectation of GRM at US\$12/bbl vs. US\$ 9.8/bbl Singapore GRM in Q2FY24, Reliance refining throughput could rise a ~1% QoQ and 3% YoY to 17.3 million tons.

We expect EBITDA at Rs 15,900 crore for O2C Business (+4% YoY and +33% QoQ). Reliance Jio EBITDA is expected to deliver 4% QoQ rise in Q2FY24.

We expect ~10mn subscriber addition and ARPU is likely to rise by 1% QoQ to ~Rs 183 in Q2FY24 vs. Rs 181 in Q1FY24.

Updates on new energy business, growth in retail store additions, progress on 5G rollout, operational status at KG Basin, and any further pricing action in telecom will be key monitorable.

### **Maruti Suzuki Q2FY24 result preview**

Revenue for the quarter is likely to grow 25% year-on-year (YoY). Net profit, meanwhile, is seen rising 55% YoY. Maruti has reported a volume growth of 7% during the quarter, aided by higher sales in the SUV segment.

### **TTK Prestige - Q2FY24 result preview**

We model 5% YoY fall in revenue with cookers/cookware/appliances revenue falling by 5/5/5% YoY. We model EBITDA margin contraction of 125bps YoY to 13.5%. EBITDA to decline by 13% YoY. Key monitorables include performance of new launches, and export orders.



## Important news/developments to influence markets

### US Pending Home Sales Unexpectedly Rebound

Pending home sales in the United States rose by 1.1% from the previous month in September of 2023, trimming the 11-month high 7.1% plunge in the previous period and surprising market expectations of a 1.8% drop.

### US GDP Grows More than Expected in Q3

The US economy expanded an annualized 4.9% in the third quarter of 2023, the most since the last quarter of 2021, above market forecasts of 4.3% and a 2.1% expansion in Q2, the advance estimate showed.

### US Unemployment Claims Bounce from 9-Month Low

The number of Americans filing for unemployment benefits rose by 10,000 to 210,000 on the week ending October 21st, above market expectations of 208,000.

### ECB Pauses Rate Hike Cycle

The European Central Bank kept interest rates at multi-year highs during its October meeting, marking a significant shift from its 15-month streak of rate hikes and reflecting a more cautious "wait-and-see" stance among policymakers, influenced by the gradual easing of price pressures and concerns about an impending recession.

### US Durable Goods Orders Rise the Most in Over 3 Years

New orders for manufactured durable goods in the United States surged by 4.7% month-over-month in September 2023, rebounding from a 0.1% contraction in August and significantly surpassing market expectations of a 1.7% rise.





Index	CMP	View	R1	R2	S1	S2
<b>Nifty Nov Future</b>	<b>18965</b>	Negative	19050	19160	18850	18745
<b>Bank Nifty Nov Future</b>	<b>42627</b>	Negative	43110	43550	42270	41860

## Daily Technical View on Nifty

### Formation of 'Three Black Crows' pattern..

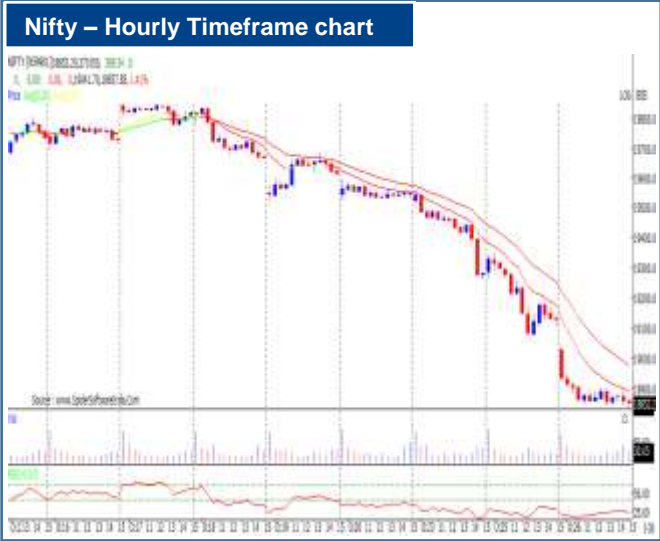
**Observation:** The carnage in Dalal Street continued on Thursday, as Nifty witnessed sharp weakness for the third consecutive sessions and closed the day lower by 264 points. After opening with a downside gap of 95 points, the market continued its weakness in the early to mid part of the session. It later shifted into a range bound movement with weak bias in the later part and closed near the lows. The opening downside gap remains unfilled.

A long bear candle was formed on the daily chart with gap down opening. One may observe three long bear candles in the last three sessions, which is indicating a bearish three black crows pattern, which signal down trend continuation pattern for the short term.

Nifty is currently placed at the support of 200 day EMA for the first time since past April 2023. Though, Nifty is placed at the key moving average supports, still there is no indication of any reversal pattern building up at the lows. The negative pattern like lower tops and bottoms of larger degree is intact on the daily chart and the market finding support to form a new lower bottom of the sequence. Still there is no indication of any bottom formation at the lows.

**Conclusion:** The short term trend of Nifty continues to be negative. Having moved into oversold region, there is a chances of upside bounce occurring from the lows.

A decisive move below 18800 levels could open next downside of 18500-18600 levels in the near term.





## OPEN SHORT-TERM TRADING CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET	UPSIDE %	VALID TILL
1	26-OCT-23	BUY	NIFTY NOV FUT	18978-18900	18,965.00	18,883.0	19,180.0	1.1	31-OCT-23

## OPEN E-MARGIN POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	6-SEP-23	BUY	SUN PHARMA	1143.06-1105	1103.7	1084.0	1214.0	1265.0	15	6-DEC-23
2	26-SEP-23	BUY	DEEPAK FERTILIZERS	594-631	617.2	569.0	698.0	728.0	18	26-DEC-23
3	11-OCT-23	BUY	RELIANCE INDS	2247-2341	2226.5	2177.0	2481.0	2690.0	21	11-JAN-24

\*= 1st Target Achieved





## QUARTERLY RESULTS ANNOUNCED

COMPANY	Q2FY24		YOY (%)		QOQ (%)		REMARK
	SALES (RS CR)	NP (RS CR)	SALES	NP	SALES	NP	
Asian Paints Ltd.	8452	1205	-0.1%	54.0%	-7.7%	-22.0%	Below expectation
Colgate-Palmolive India Ltd.	1471	340	6.0%	22.3%	12.0%	24.3%	Above expectation



## Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murlu V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

# #HDFCsecMythBusters



**Scan the code to  
download our mobile app now!**

Global Investing, Basket Investing are not a Exchange traded product and all disputes related to the distribution activity of Global Investing and Basket Investing will not have access to Exchange investor redressal forum or Arbitration mechanism. Involvement of HDFC securities is restricted to Referral only. HDFC securities does not offer this product directly to customers <https://www.hdfcsec.com/globalinvesting>. Account would be opened after all procedure relating to IPV and client due diligence is completed. Investment in securities market are subject to market risks, read all the related documents carefully before investing. SEBI registration & disclaimers: <https://www.hdfcsec.com/article/disclaimer-1795>.  
The information is only for consumption by the client and such material should not be redistributed.