

MARKET pulse.se



INVESTMENTZ.COM

INVESTOR FIRST

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

Overall Outlook

- Domestic & Global Update

Investment Idea

- ISGEC Heavy Engineering Limited

Technical View

- Nifty View
- Bank Nifty View
- The Federal Bank Limited (FEDERALBNK)

Techno Funda

- LTIMINDTREE Limited (LTIM)

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

Contents

Overall Outlook.....	4
Investment Idea	6
Technical View.....	13
TechnoFunda.....	16
Derivatives Report.....	17
Retail Research Call Performance Report.....	18
Event Calendar.....	19

Indian Outlook:

The Indian equity Market paused its positive momentum & closed monthly in negative territory. Nifty and Sensex ended negative monthly closing of around -2.5% and -2.5% respectively. It witnessed profit booking & re-tested breakout levels in this short-term correction. The broader market remained an outperformer & continued its positive momentum for 5th Consecutive month. BSE Midcap & BSE Small cap ended monthly in positive territory with a sharp gain of around 2.5% and 6.18% respectively. FPI sold equity worth ₹ 20620.65 crore and DII bought worth ₹ 25016.95 crore for the month of August.

Q1FY24 earning season ended well. The Company has shown growth in the topline & bottom line and sharp improvements in the EBITDA margin of companies due to a fall in commodity prices. India's S&P global India Manufacturing PMI rose to 58.6 for the month of August. It's showing continued growth momentum in the manufacturing sector due to new order inflow & robust demand environment. The core sector expanded 8% in July as all eight segments recorded growth for the first time in 14 months. CPI for July jumped & came to around 7.40% due to a sharp rise in food inflation. It's going to remain at elevated levels for a couple of months due to rise in fruits, vegetables & grain prices. The monsoon development & arrival of new crops will be the key to moderate food inflation going forward.

RBI kept the policy rate unchanged in the August meeting. It also suggests a softening stance regarding future interest rate hikes supporting growth. Their ultimate aim is to target inflation below 4% and future policy action will be towards that aim & data dependent. Monsoon developments are to watch out in the coming months to control food inflation. The Fiscal & Monetary authorities are taking measures to curb the price rise.

Corporate earnings growth momentum, Strong GST collection, Capex cycle revival, Strong credit growth, strong domestic demand, softening commodity prices, stability in the Rupee, and Retail equity appetite through direct and mutual fund investments are the strong fundamental forces to drive equity market for higher levels targets in medium to long term.

The geopolitical concern (Russia- Ukraine war), Rise in Inflation & global slowdown due to high-interest rates will be an uncertain risk that can hamper the overall economic growth of the country.

We continue to be bullish on some of the sectors like Auto and Auto Ancillary, Cements, Defence, Railways, consumer durables, FMCG, Capital goods and Engineering, Infrastructure, Construction, Banking, and Financials, etc. which are going to be outperformers in the rally ahead. Some of the laggard sectors also have some value buying opportunities to accumulate at lower levels including Information Technology, Specialty Chemicals and Metals, etc.

The market has strong support of 19200 to 18800 levels in the short term & 18000 to 17800 levels for medium-term perspectives. We are re-iterating the same view for higher levels targets of around 21000 to 22000 levels in the medium to long term perspectives..

Global Outlook:

Global Indices particularly Dow Jones, S&P 500, and NASDAQ composite ended a negative month & lost around -2.4%, -1.8%, and -2.2% respectively. The US market witnessed short-term correction & profit booking from higher levels. Technically, it managed to find support at the lower end of the Channel in this correction, till it holds a medium-term trend looks positive till its proven otherwise.

S&P global composite PMI came to 52.4 for the month of July. These numbers indicate sluggish growth due to a decline in new order win & slowdown in manufacturing activity. The PMI numbers show no improvements from the last couple of months.

The Second estimate for annualized US GDP Growth was revised downward to 2.1% from an earlier estimate of 2.4%. The US economy is still resilient due to strong employment levels & consumer spending in spite of higher interest costs.

Minutes of the meeting of July FED Policy released in the month of August. FED Governor clearly indicated that their efforts to bring down inflation toward the target range of 2% through policy action. There will be a Pause in the September Policy meeting decision. The future course of any policy action is data-dependent & wants to evaluate earlier rate hikes effects on the economy. Many analysts already stated that it is close to pivot levels & end of the hike in the policy rate cycle.

The escalating geopolitical tensions raise serious concerns about the fragmentation of the global economy & the financial system. Economic slowdown worry due to the rising interest scenario will continue to be a headwind for the world economy. Chinese policymakers are providing stimulus for the Revival of the Chinese economy.

Brent Crude oil prices closed 3rd consecutive month in positive territory. It's trading around \$87.80 levels. It's trading near the higher end of the range. There is a sharp supply cut by OPEC+ & a voluntary monthly supply cut by Russia & Saudi Arabia for price stability and that may extend for the month of October as well. On the other hand, EIA & many global agencies are predicting an increase in global demand in the second half of CY23. It has strong resistance at \$89 to \$ 90 levels. Breaching of these levels due

to any uncertain reason will lead to a sharp rise in crude oil prices & its potential risk for global economies & particularly countries like India.

Conclusively, the Indian market remained an outperformer in spite of global headwinds. The market has given a breakout from this timewise consolidation range on the upside as expected. The structural long-term equity bull market for India is intact driven by strong domestic driving forces as mentioned above. The corporate earning is improving in FY24 as expected & mentioned earlier. It's a positive trigger for Indian equity markets.

We feel India is in a very good spot in this economic slowdown worry because of its favourable policy reforms and domestic growth. There is an uptick in private Capex Revival visible in the country & indicating strong signs for medium to long-term GDP growth of the country as per recent comments by both Our Chief Economic Advisor and finance minister in their interviews.

We continue to reiterate the same view, one should BUY stock specific at current levels or any kind of decline or consolidation for 2 to 3 years Investment perspectives.

Global Indices Performance

Index	31-Jul-23	31-Aug-23	Change MoM
Dow Jones	35,559	34,722	-2.4%
S&P 500	4,589	4,508	-1.8%
Nasdaq	14,346	14,035	-2.2%
CAC 40	7,498	7,317	-2.4%
DAX	16,447	15,947	-3.0%
FTSE 100	7,698	7,439	-3.4%
Nikkei 225	33,172	32,619	-1.7%
Hang Seng	20,079	18,382	-8.5%
Shanghai	3,291	3,133	-4.8%
Nifty 50	19,754	19,254	-2.5%
BSE Sensex	66,528	64,831	-2.5%
Brent Crude (\$)	85.2	86.8	1.9%
WTI Crude (\$)	81.7	83.6	2.3%

Sources : Yahoo Finance /BSE

Domestic & Sectoral Indices Performance

Index	31-Jul-23	31-Aug-23	Change MoM
Nifty 50	19,754	19,254	-2.5%
Nifty IT	29,928	31,165	4.1%
Nifty Next 50	45,287	44,416	-1.9%
Nifty Bank	45,651	43,989	-3.6%
NIFTY MIDCAP 100	37,721	39,119	3.7%
Nifty 500	17,059	16,924	-0.8%
Nifty 100	19,679	19,205	-2.4%
Nifty Midcap 50	10,823	11,183	3.3%
Nifty Realty	567	558	-1.5%
Nifty Infra	6,115	5,947	-2.8%
Nifty Energy	26,854	25,723	-4.2%
Nifty FMCG	52,637	51,093	-2.9%
Nifty MNC	22,491	21,927	-2.5%
Nifty Pharma	14,992	15,096	0.7%
Nifty PSE	5,511	5,457	-1.0%
Nifty PSU Bank	4,621	4,467	-3.3%
Nifty Serv Sector	25,294	24,709	-2.3%
India VIX	10.4	12.1	15.8%
Nifty Auto	15,708	15,670	-0.2%
Nifty Metal	6,758	6,659	-1.5%
Nifty Media	2,062	2,293	11.2%

Sources : NSE

Accumulate

Key Data

DATE	29.08.2023
Reco Price	695-705
Target	950
Sector	Capital Goods - Industrial Engineering
BSE Code	533033
NSE Code	ISGEC
EPS (FY23)	26.72
Face Value (Rs.)	1.00
Market Cap (Mn)	51,856
52-week High/Low (Rs)	767.00 / 418.25

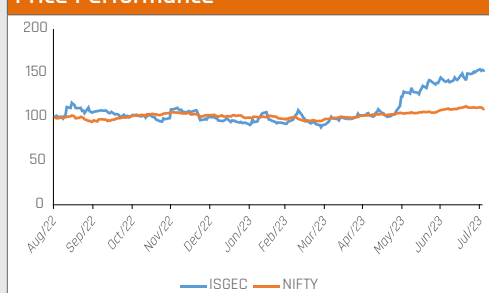
Source : NSE, BSE

Shareholding pattern (June-2023)

	%
Promoters	62.43
DII's	8.17
FII's	2.77
Public	26.61
Government	0.01
Total	100.00

Source : NSE, BSE

Price Performance



Rebase to 100

ISGEC Heavy Engineering Limited

Company Background

ISGEC Heavy Engineering Limited (ISGEC), was incorporated as a public company under the ISGEC Group in 1933, manufactures heavy engineering equipment and provides related EPC/turnkey services. The Company's segments include manufacturing of machinery and equipment and engineering, procurement, and construction (EPC).

The manufacturing of machinery and equipment segment is engaged in manufacture of process plant equipment's, presses, castings, boiler tubes and panels and containers. The engineering, procurement and construction segment consists of projects and turnkey solutions for sugar plants, distilleries, power plants, boilers, air pollution control equipment's, buildings, and factories. The Company manufactures process plant equipment, mechanical and hydraulic presses, steel and iron castings, boiler pressure parts, and built-to-print equipment.

Outlook and Valuation

ISGEC Heavy Engineering Ltd. is a multi-product, multi-location public company that has been delivering engineering solutions to global customers for the past 90 years. The company holds a robust market position in the capital goods segment, along with several technology joint ventures (JVs) and strategic partnerships with international majors. With a track record spanning over 75 years in the industry, coupled with its capacity to adopt and indigenize technology, the company is well-positioned to drive growth in the future. Given these factors, we believe ISGEC Heavy Engineering Limited is well-equipped to capitalize on emerging opportunities. Looking ahead, **we anticipate a CAGR of ~12% in the company's revenue over FY23-FY26E**. Hence, we recommend ISGEC Heavy Engineering Limited with a target price of Rs 950, based on FY26E EPS of Rs 50.04, and a forward PE valuation multiple of 19. It currently trading at below 5 year Median PE valuation. It indicates a value BUY opportunity with growth potential at the current levels. Hence, **we recommend an ACCUMULATE rating for the long term.**

Financial Snapshot (Consolidated):

Particulars (in Mn.)	FY23	FY24E	FY25E	FY26E	CAGR % (FY23-FY26E)
Sales	63,990.40	69,749.54	78,526.99	89,094.42	11.66%
EBITDA	4,729.00	5,524.16	6,470.62	7,510.66	16.67%
EBITDA Margin %	7.39%	7.92%	8.24%	8.43%	
PAT (Adjusted)*	1,964.90	2,496.91	2,816.73	3,677.94	23.24%
PAT Margin %	3.07%	3.58%	3.59%	4.13%	
EPS (₹)	26.73	33.97	38.32	50.04	
D/E (x)	0.54	0.45	0.43	0.38	
ROE (%)	8.53%	10.09%	10.19%	11.70%	
ROCE (%)	5.55%	6.97%	7.10%	8.47%	

*PAT Adjusted includes excluding minority interest and exceptional items.

Source: Company, ACMIIL Retail Research

Investment Idea

Company at a Glance

- Global Presence: Equipment Supply in 91 Countries
- Diversified Portfolio: Manufacturing, EPC, Sugar & Ethanol Segments Catering to Esteemed Clients
- Eminent Board and Management Team
- Strategic Technology Collaborations with Prominent Global Enterprises
- Sturdy Order Book & Solid Credit Profile (Rated AA Stable and A1+ by ICRA)

Company & Business Overview

ISGEC Heavy Engineering Limited is a diversified heavy engineering company engaged in manufacturing and project businesses with an extensive global presence.

Business Segments

A) Engineering Procurement and Construction (EPC)

The company possesses proven expertise in establishing captive and independent waste-to-energy power plants on an EPC basis. It has successfully executed power plant projects using various fuels, including Petcoke, Coal, Oil and Gas, Waste Heat Recovery, MSW-based fuels, among others. With a portfolio encompassing over 60 diverse power plant projects, the company has garnered experience in contracting for more than 1600 MW of power plants on an EPC basis. Additionally, the company features in-house manufacturing capabilities for key project equipment such as Boilers, ESP, Water Solutions, FGD, and more. It maintains EPC offices in Uttar Pradesh, Tamil Nadu, and Maharashtra.

B) Manufacturing of Machinery and Equipment

The company engages in the manufacturing of Boilers, Diffusers, and Process House Equipment for Sugar Plants, Refineries, and Distilleries. It also specializes in the operation and maintenance of Sugar, Co-generation, and Distillery Plants. Over the years, the company has successfully completed 180 Sugar/Distillery/Refinery Projects and has installed 720 cane-crushing mills across 49 countries globally. These achievements establish ISGEC as the world's largest supplier of sugar plants and machinery.

C) Sugar

ISGEC's roots trace back to the establishment of Saraswati Sugar Mills in 1933, with an initial sugarcane crushing capacity of 400 tonnes per day. Over time, it has evolved into one of India's largest sugar mills, currently crushing 13,000 tonnes per day. The company's manufacturing facility is situated in Yamunanagar, Haryana. Notably, in FY23, exports accounted for 13.2% of the total turnover, with the company allocating an export quantity of 32,447 tonnes of sugar.

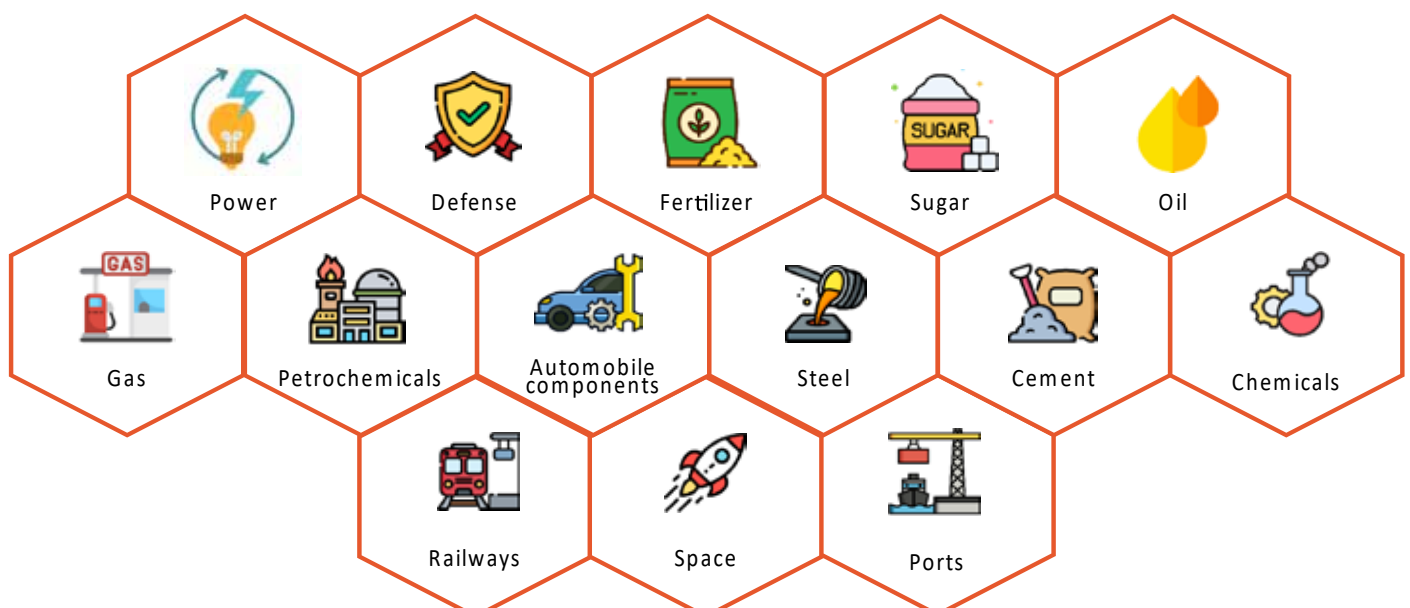
Manufacturing Facilities

The company possesses 6 manufacturing facilities in India, comprising 4 in Haryana, 1 in Uttar Pradesh, and 1 in Gujarat. Additionally, the company maintains 2 overseas manufacturing facilities situated in Canada and the Philippines.

EPC Offices

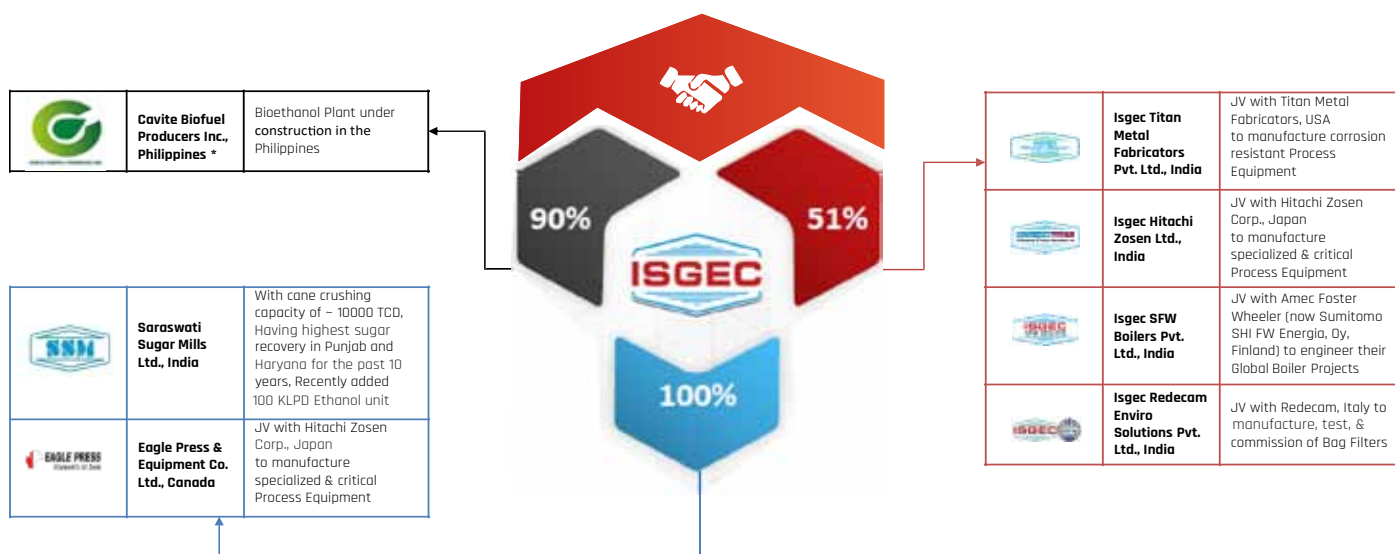
The Company has 3 EPC offices in India including Uttar Pradesh, Tamil Nadu, and Maharashtra.

Company Caters to a wide range of Industries



Source: Company, ACMIIL Retail Research

Corporate Structure (Subsidiaries & Joint Ventures)



Source: Company, ACMIIL Retail Research

Investment Rationale

Continued Government Focus on Infrastructure Spending for Growth Opportunities:

The growth of the engineering sector hinges on the nation's infrastructure development, particularly in power, mining, oil and gas, refinery, steel, automotive, and consumer durables. ISGEC's substantial production base enables it to manufacture a diverse range of machinery and equipment, catering to industry segments ranging from defense, oil and gas, refinery, nuclear, chemical and petrochemicals, machine tools, consumer durables, fertilizers, automobiles, textiles, steel, cement, paper, construction, and mining. This diversity propels the company's growth momentum moving forward.

In-house Design & Manufacturing Capability and Synergies through Various JV's & Tie-ups:

ISGEC operates as an engineering, procurement, and construction (EPC) company and an equipment/machinery fabricator in the capital goods sector. This is supported by its long-term technical tie-ups/alliances with several globally recognized heavy engineering companies, coupled with its in-house design and manufacturing capability. The company's revenue visibility over the medium to long term is well-diversified across industry segments, customers, and geographies, encompassing a broad spectrum of product segments.

Market Leadership:

The company asserts its leadership by holding the No. 1 / No. 2 position in most business lines, including Hydraulic and Mechanical Presses, Sugar Plants, CFB Boilers (Circulating Fluidized Bed), Traveling Grate Boilers, Liquefiable Gas Containers, Process Equipment Fired Boilers, Oil and Gas Boilers Bubbling, Bed Boilers, and Large Steel Castings made to order. Additionally, in 2021, the company ranked 253 among Fortune 500 companies operating in the EPC segment.

Strong Manufacturing Capabilities for Competitive Advantage:

Formerly known as Saraswati Industrial Syndicate Ltd., ISGEC manufactures and markets heavy engineering equipment, mechanical and hydraulic presses, and castings. The company also produces process plant equipment, such as reactors, high-pressure vessels, shell and tube exchangers, columns and towers, high-pressure boiler drums, and boiler pressure parts. Their product range includes presses, including mechanical and hydraulic straight-sided presses and mechanical gap frame presses; as well as boilers, encompassing dump grate boilers, traveling grate boilers, atmospheric fluidized bed combustion boilers, circulating fluidized bed combustion boilers, oil/gas-fired boilers, waste heat recovery boilers, deaerators, and related spare parts.

Focus on Philippines Project to Enhance Ethanol Production:

Construction progress at the Cavite Biofuels' ethanol plant in the Philippines remains steady, although intensive rains over recent months have slightly affected the pace of work. The plant is expected to be completed, undergo a test run for ethanol production from molasses by September 2023, and commence commercial production in November 2023. Management anticipates generating annual revenue from January 2024 in the range of INR 5 billion to 5.5 billion.

Investment Idea

Established Position as a Leading EPC Player:

With captive manufacturing and fabrication facilities spanning key product segments such as presses, boilers, and process equipment, ISGEC benefits from synergies with its EPC segment, distinguished by sound design and execution capabilities.

ESG Footprints:

The company continually takes initiatives to incorporate Environmental, Social, and Governance (ESG) principles throughout its operations and value chain. Over the years, the company has actively reduced its carbon footprint, making its ongoing operations more sustainable in a highly carbon-efficient manner.

Additional Key Growth Drivers

- The government's announcement for new thermal power plants, likely to come up by 2030, will provide opportunities in the Ash Handling business due to the scarcity of contractors and technology providers. ISGEC has entered into a technical collaboration with a US company for this product.
- The company expects revenue growth to be in double digits this financial year, with different products having varying execution timelines.
- ISGEC's slow-moving, long-duration projects will progressively decrease, leading to potential margin improvements and a reduction in working capital in the coming quarters.
- The company is not observing any unusual movements with respect to oil and gas orders and anticipates orders from sectors like specialty chemicals, cement, and automobiles.
- The Philippines has a 10% blending requirement for ethanol, yet the country's existing production is only about 5%, creating a shortage in ethanol demand that the company will be addressing.
- The company has crossed the INR 2,000 crore annual mark in the manufacturing business with double-digit growth rates and foresees similar growth in the future.
- The order book position is favorable. Consolidated orders in hand as of June 30, 2023, amount to Rs. 8,422 crore (75% is for the project business and 25% is for the manufacturing business).
- The Eagle Press subsidiary did not perform well last year due to low order bookings, but sales have improved, and the company anticipates a turnaround this year.
- At Saraswati Sugar Mills, ISGEC has completed the expansion of its ethanol plant capacity from 100 KLPD to 160 KLPD, with the expanded capacity becoming operational on June 18, 2023.

Company's Strong Marquee Clients



Source: Company, ACMIIL Retail Research

Industry Overview

India's Capital Goods manufacturing industry serves as a robust foundation for engagement across sectors such as Engineering, Construction, Infrastructure, and Consumer Goods, among others. The engineering sector is the largest among the industrial sectors in India and holds immense strategic importance for the country's economy due to its close association with manufacturing and infrastructure. India exports transport equipment, capital goods, other machinery/equipment, and light engineering products such as castings, forgings, and fasteners to various countries around the world. The demand for services in the engineering sector is being driven by capacity expansion in various industries such as cement, automotive and auto ancillaries, electricity, mining, oil and gas, refinery, steel, chemicals, sugar, and consumer durables. India maintains a competitive advantage in terms of manufacturing costs, market knowledge, technology, and innovation in various engineering sub-sectors.

The engineering sector in India has experienced remarkable growth in recent years. Furthermore, the Indian government's policies and reforms aimed at boosting manufacturing, such as the Make in India initiative and the Production-Linked Incentive (PLI) schemes, are beginning to yield positive outcomes. These initiatives are expected to contribute to the overall sustainable GDP growth of the country throughout this decade, as noted by many experts.

In June 2023, India's Manufacturing Purchasing Managers' Index (PMI) recorded a robust figure of 58.5, reaching a level close to its highest point. This indicates strong manufacturing activities supported by overall demand and order inflow across various sectors. Such public capex initiatives and government policies are expected to stimulate private capex revival across industries and contribute to the overall GDP growth of the country. The government has also introduced several policies aimed at promoting the adoption of environmental solution technologies in new capex projects across industries. Additionally, incentives and schemes have been implemented to encourage the use of renewables and alternative energy sources in industries, along with importation benefits.

The engineering industry is diversified and broadly categorized into two major segments - heavy engineering and light engineering. Most of the leading players are engaged in the production of heavy engineering goods. The expected expansion of the heavy engineering industry can be attributed to increased demand and capacity expansion in end-user industries such as infrastructure, power, mining, oil & gas, refinery, steel, automobiles, and consumer durables. The heavy engineering industry is one of the largest and key sectors in the world. It produces machinery, capital goods, as well as components and parts for various industries. The global machinery market grew from USD 3,542.77 billion in 2022 to USD 3,810.37 billion in 2023 and is expected to reach USD 4,928.07 billion in 2027.

Key Industry Growth Drivers

- The government's robust push towards infrastructure development, with an allocation of ₹10 lakh crores in the Union Budget 2023-24, will create lucrative opportunities for the heavy engineering industry.
- The Union Environment Ministry's directive for thermal power plants to install pollution control technologies and adhere to new emission norms by December 31, 2026, is likely to result in increased demand for emission control equipment.
- India's emphasis on green energy, highlighted by the G20 Presidency and an outlay of ₹19,700 crores for the recently launched National Green Hydrogen Mission, will enhance focus on hydrogen projects.
- To meet India's rising energy demand, the Oil & Gas industry is projected to attract investments nearing \$250 billion in the next 10 years.
- The Ethanol Blending Programme (EBP) aims to achieve 20% blending by FY2025-26. This requirement calls for an additional 700 crores liters of ethanol production annually, creating significant opportunities for businesses in Boilers, Sugar Plants, and Distilleries.

Investment Idea

Story in Charts (Values in Mn.)

Exhibit 1: Sales Growth

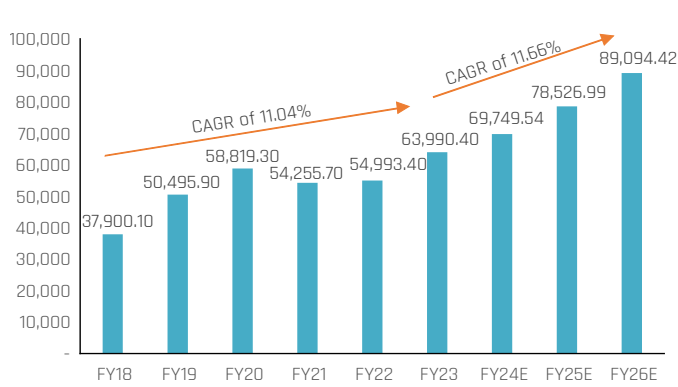


Exhibit 2: EBITDA & EBITDA Margin (%)

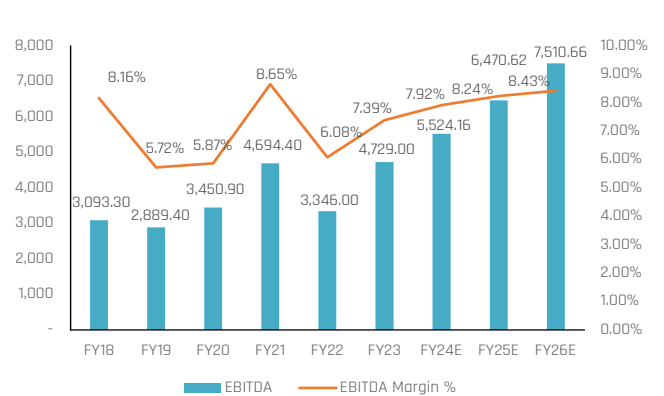


Exhibit 3: PAT & PAT Margin (%)

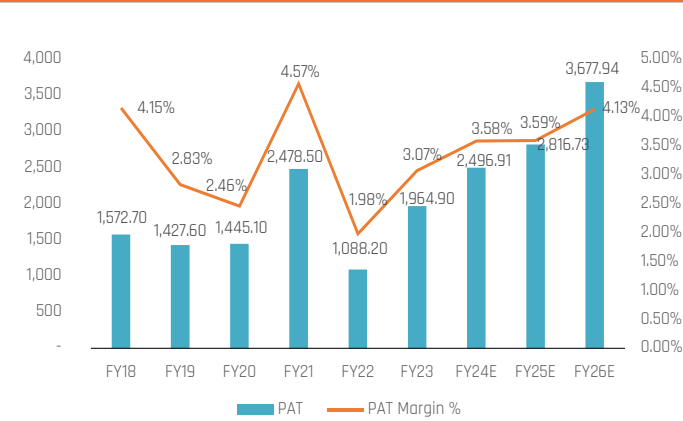


Exhibit 4: Segment wise breakup

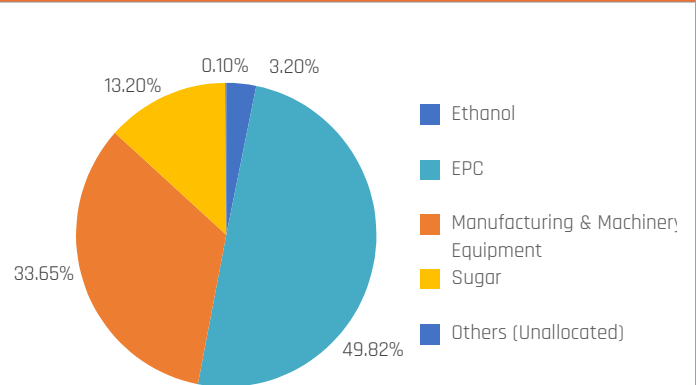
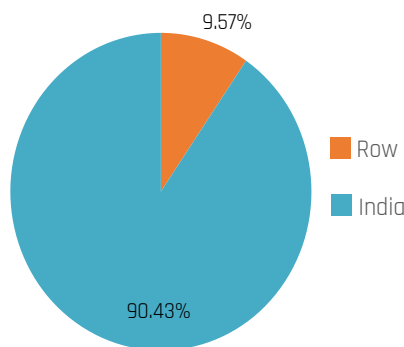


Exhibit 5: Location wise breakup



Source: Company, ACMIL Retail Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (in Mn.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	37,900.10	50,495.90	58,819.30	54,255.70	54,993.40	63,990.40	69,749.54	78,526.99	89,094.42
Expenses	34,806.80	47,606.50	55,368.40	49,561.30	51,647.40	59,261.40	64,225.37	72,056.37	81,583.76
EBITDA	3,093.30	2,889.40	3,450.90	4,694.40	3,346.00	4,729.00	5,524.16	6,470.62	7,510.66
EBITDA Margin %	8.16%	5.72%	5.87%	8.65%	6.08%	7.39%	7.92%	8.24%	8.43%
Other Income	564.20	653.20	313.70	516.20	127.00	122.20	220.00	230.00	250.00
Depreciation	807.50	824.80	1,011.90	1,008.60	1,013.60	1,043.00	1,264.40	1,727.84	1,598.92
Interest	339.40	448.40	608.20	643.90	878.40	907.90	822.14	864.72	840.70
PBT	2,510.60	2,269.40	2,144.50	3,558.10	1,581.00	2,900.30	3,657.62	4,108.07	5,321.04
Tax	826.50	829.30	653.20	1,027.50	431.10	844.90	1,060.71	1,191.34	1,543.10
PAT	1,684.10	1,440.10	1,491.30	2,530.60	1,149.90	2,055.40	2,596.91	2,916.73	3,777.94
PAT (Adjusted)*	1,572.70	1,427.60	1,445.10	2,478.50	1,088.20	1,964.90	2,496.91	2,816.73	3,677.94
PAT Margin %	4.15%	2.83%	2.46%	4.57%	1.98%	3.07%	3.58%	3.59%	4.13%
EPS	21.40	19.42	19.66	33.72	14.81	26.73	33.97	38.32	50.04
D/E	0.13	0.20	0.56	0.49	0.58	0.54	0.45	0.43	0.38

*PAT Adjusted includes excluding minority interest and exceptional items.

Source: Company, ACMIIL Retail Research

Risks and Concerns

- Rise in commodity prices (particularly metals) may impact execution and margins.
- Economic slowdown due to external and internal factors can affect the overall GDP growth of the country.
- Any unexpected change in government policies and regulations.
- Supply chain disruption due to prevailing geopolitical risks is expected to impact the company's financials.

NIFTY



Chart as on 01/09/2023

NIFTY - WEEKLY CHART

- The index started the month on a negative note and continued to show weakness throughout the entire month. However, it closed the last week of August on a positive note at 19,435.
- On a weekly scale, the index witnessed a breakout of the rounding bottom pattern in the July series. According to this pattern, as long as the index holds support of 16,828, it could test the levels of 20,900-21,000.
- Recently, the index on a weekly scale has formed an inverted hammer candlestick pattern, suggesting strength. Following this pattern, as long as the index holds support at 19,230, bullish momentum is expected to continue.
- The short-term support for the index is placed close to 18927, where the 21-WEMA is placed. Moreover, the previous breakout point is placed near 18890. Thus, any dips around 19000-18900 would offer good buying opportunities in the short term.
- On a weekly basis, the momentum indicator RSI is above the centre point, indicating strength. Therefore, adopting a buy-on-dips strategy is advisable for the Nifty.
- For the short term, 19,250 and 18,890 will serve as support levels, whereas 19,600 and 20,000 will serve as resistance levels.

BANKNIFTY-WEEKLY CHART



Chart as on 01/09/2023

BANK NIFTY - WEEKLY CHART

- The index witnessed strong selling pressure in August. As a result, the index reached a low of 43,600. However, by the end of the last week of August, the index had settled on a positive note at 44,436.
- From a technical perspective, the index experienced a breakout of the rounding bottom pattern in the June series and resumed its upward journey. However, in the August series, the index witnessed profit booking and retraced back to its breakout point. According to this rounding bottom pattern, the index could potentially reach levels of 49,000 to 50,000 in the medium term.
- In the short term, the 45,000 level will serve as a resistance point. Once it manages to sustain levels above 45,000, the next targets are 46,000 to 46,500.
- The immediate support for the index is located near 43,867, where the 21-week exponential moving average (21-WEMA) is positioned.
- The momentum indicator RSI on the weekly scale is placed above the centre point, indicating strength.
- For the short term, 43,860 and 43,390 will act as support points, whereas 45,000 and 46,500 will act as resistance points.

THE FEDERAL BANK LIMITED (FEDERALBNK)



Chart as on 01/09/2023

THE FEDERAL BANK - WEEKLY CHART

- On a weekly scale, the stock has witnessed a breakout of a channel pattern, as highlighted in the chart above. According to this pattern, the stock could potentially test levels of 155-160 in the medium term.
- The breakout is accompanied by strong volume, which denotes strong participation near the breakout.
- The 34-week exponential moving average (34-WEMA) is positioned near 130, which will act as strong support for the stock.
- The momentum indicator RSI on a weekly scale is currently placed above the center point and has experienced a breakout of short-term consolidation, indicating strength.
- Based on the above technical setup, we recommend buying FEDERALBNK in the range of 138-142 with a stop loss of 130 on a closing basis, targeting 155-160 in the short to medium term.

LTIMINDTREE LIMITED (LTIM)



Chart as on 01/09/2023

LTIMINDTREE WEEKLY CHART

Technical Outlook

- On a weekly scale, the stock has formed an ascending triangle pattern, as highlighted in the chart above. The stock is on the verge of breaking out of this pattern. According to this pattern, the stock could 6000 in the medium term.
- The 34-week exponential moving average (34-WEMA) is positioned near 4,879, which will serve as strong support in the short term.
- The momentum indicator RSI on a weekly scale is currently placed above the center point, indicating strength.
- Based on the above technical setup, we recommend accumulating LTIM at the 5300 and on dips near 5,000 if comes with a stop loss of 4,790 on a closing basis for the targets of 5700-6000 in the short to medium term

Technical Outlook

- We believe that LTIM's prudent strategies along with an efficient sales force would lead to market share gains in large accounts and new deal wins. Hence, we expect LTIM to deliver industry-leading revenue growth in the long term on account of consistent large deal wins and deal pipeline, a higher digital mix, prudent account mining strategies, and a marquee client base.
- The company has an enhanced and established market position in key end-user industries and benefits from sound operating efficiency. It earned 37% of its revenue from the banking, financial services, and insurance (BFSI) sector, 24% from high-tech, media, and entertainment sectors, 17% from the manufacturing and resources sector, 15% from retail, fast-moving consumer goods (FMCG), travel, transport and hospitality, and the remaining 7% from health, life sciences and public services diversified.
- The company launched Canvas.ai, a Generative AI platform, showing encouraging early results in various use cases.
- In the last five years FY18-FY23, the Company's operating revenues and profitability have grown by a CAGR of 35% and 32% respectively. Further, during the same period, the company's operating profit grew by a CAGR of 39%. Further company has managed to maintain its operating margin in the range of 16-22% during the same period. **Hence we recommend to "ACCUMULATE" the stock.**

SEPTEMBER SERIES VIEW

In August series, the bears retained control over Dalal Street as domestic indices closed the month in negative territory. Multiple factors contributed to the sell-off, including concerns over rising inflation leading to potential interest rate hikes, disruptions from the Ukraine war affecting global supply chains, and continued selling by foreign investors all added to the sell-off. Finally, Nifty slid more than 2% during the August series and closed at 19254 with loss of 406 points (EoE) indicating neutral to negative bias for the short term. On the expiry day, the Nifty futures rollover stood at 78%, which is higher as compared to the last three series average rollover of 77% indicating some short position carry forward. Nifty will begin the September series with the open interest at 1.06 crore shares, compared to 1.33 crore shares at the commencement of the August series. Market-wide rollovers stood at 92% as compared to the average rollovers of 92% in the last three series. Going forward, monthly auto sales data, Rupee movement against the Dollar, bond yields, Fiis flow, global cues, FOMC Meeting, tensions between Russia and Ukraine, and crude oil price movement will dictate the trend on the bourses next month.

DERIVATIVES INDICATORS

The volatility index, India VIX, shoot up by 14.72% and closed at 12.06 vs. 10.51 levels (EoE) of the previous month. We expect volatility will remain continue due to global and economic data. Another leading derivatives indicator, Nifty PCR, opened on a higher note this month at 1.19 against last month's 0.90.

BANKNIFTY

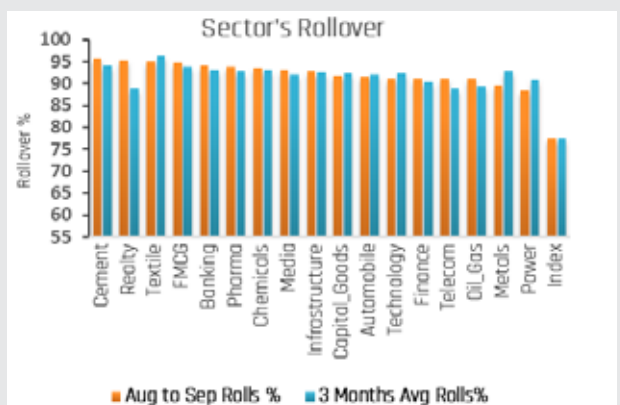
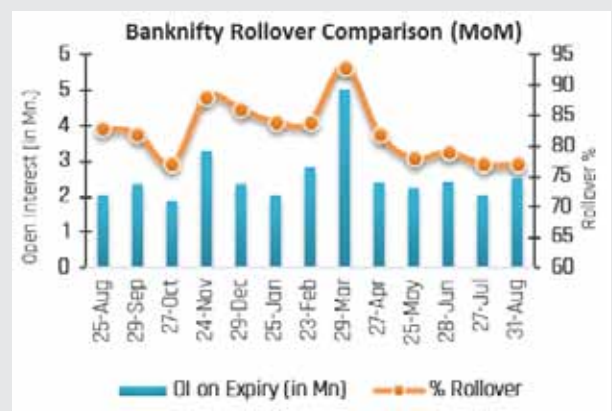
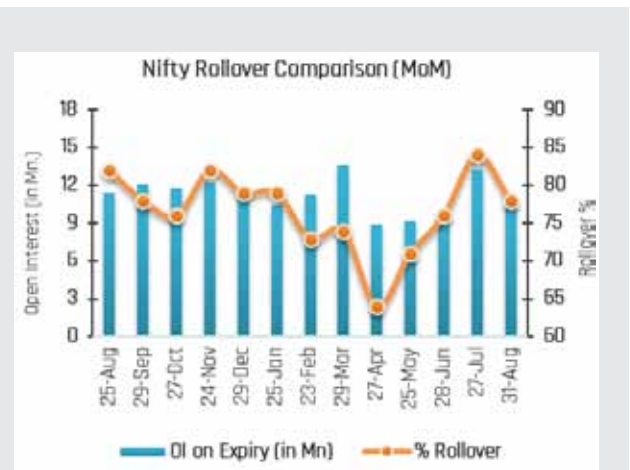
The index saw low rolls of 77% as compared with the 3M average of 78%. BankNifty will start the August series with OI of 2.52 Mn shares as compared with OI of 2.07 Mn shares at the beginning of the August series. As per technical, support for the index stands around 43900 and 43000 whereas resistance stands at 44530 and 45000 for the short term.

SECTOR/STOCK ROLLOVER ACTIVITY

- From the sectoral action, rollovers accelerated for **CEMENT, REALTY, FMCG, PHARMA, CHEMICALS** and **MEDIA**, sectors in September expiry. However, low rollovers were seen in **POWER, REALTY, METALS, TECHNOLOGY** and **AUTOMOBILE** sectors stocks on expiry day as compared to three month's average as highlighted in the chart.
- Within the Nifty50 space, index heavy weights such as **BRITANNIA, WIPRO, SBILIFE, HEROMOTOCO,** and **SUNPHARMA** saw aggressive rollover in the September series while low rolls were seen in **INFY, BAJAJ-AUTO, NTPC, KOTAKBANK** and **CIPLA** compared with the 3M average rollover.
- From the **Midcap** space, **DELTACORP, TATACOMM, PETRONET, TORNTPHARM,** and **SHRIRAMFIN** saw high rollovers whereas **VEDL, SBICARD, GMRINFRA, ESCORTS,** and **COFORGE** saw lower rollover compared with the 3M average.

Stocks to watch out based on Rollover Analysis:

POSITIVE	
ATUL	Strong Rollover of 96% compared with 3 months average of 89%.
LUPIN	Strong Rollover of 94% compared with 3 months average of 89%.
TATAPOWER	Strong Rollover of 97% compared with 3 months average of 95%.
LTIM	Rollover of 91% compared with 3 months average of 91%.
NEGATIVE	
PETRONET	Rollover of 93% compared with 3 months average of 81%.
MFSL	Rollover of 76% compared with 3 months average of 80%.



MT Medium Risk Calls												
Calls Performance	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Calls Activated	36	22	24	40	29	18	57	27	59	64	68	32
Successful	18	17	14	21	18	10	39	21	43	44	44	18
Unsuccessful	18	5	10	19	11	8	18	6	16	20	24	14
Success Rate	50%	77%	58%	53%	62%	56%	68%	78%	73%	69%	65%	56%

MT High Risk Calls												
Calls Performance	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Calls Activated	53	24	20	24	13	10	19	15	9	11	20	27
Successful	32	16	14	13	7	8	12	11	7	8	15	20
Unsuccessful	21	8	6	11	6	2	7	4	2	3	5	7
Success Rate	60%	67%	70%	54%	54%	80%	63%	73%	78%	73%	75%	74%

Positional Calls												
Calls Performance	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Calls Activated	20	7	17	11	9	14	9	8	10	9	17	18
Successful	13	6	16	4	6	12	6	8	10	9	13	14
Unsuccessful	7	1	1	7	3	2	3	0	0	0	4	4
Success Rate	65%	86%	94%	36%	67%	86%	67%	100%	100%	100%	76%	78%

Momentum Call												
Calls Performance	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Calls Activated	22	13	11	20	12	16	12	15	10	7	13	10
Successful	16	9	6	11	6	10	6	12	7	3	10	8
Unsuccessful	6	4	5	9	6	6	6	3	3	4	3	2
Success Rate	73%	69%	55%	55%	50%	63%	50%	80%	70%	43%	77%	80%

Techno Funda												
Calls Performance	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Calls Activated	-	-	-	-	-	-	-	1	1	1	1	2
Successful	-	-	-	-	-	-	-	1	1	1	1	2
Unsuccessful	-	-	-	-	-	-	-	0	0	0	0	0
Success Rate	-	-	-	-	-	-	-	100%	100%	100%	100%	100%

Event Calendar September

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 • IN S&P Global Manufacturing PMI	2
3	4	5 • IN S&P Global Manufacturing PMI • IN S&P Global Services PMI	6	7	8 • US Fed William Speech	9
10	11 • Passenger Vehicles Sales YoY	12 • Industrial Production YoY • Manufacturing Production YoYY	13	14 • IN WPI Inflation YoY • IN WPI Food Index YoY • IN WPI Manufacturing YoY • IN Inflation Rate YoY & MoM	15 • Industrial Production YoY • Manufacturing Production YoY	16
17	18	19 • Fed Open Market Committee Meet for Interest Rates	20 • Fed Open Market Committee Meet for Interest Rates	21	22	23
24	25	26	27	28 • Expiry of Near Month Derivative Contract	29 • Government Budget Value AUG	30

Result Updates
 Economic & Other Event

ACMIIL Retail Research Products

Informational Products	Recommendation Products
Morning Notes	Momentum Calls
Market Watch	Positional Calls
Investor First Magazine	Smart Delivery Calls
IPO/NCD/ETF/OFS/BOND	Investment Ideas
Market Pulse	Master Trades High Risk
RBI Monetary Policy	Master Trades Medium Risk
Union Budget Report	Techno-Funda
Weekly Derivative Synopsis	Top Mutual Fund Schemes
Rollover Snapshot	Portfolio Review
Rollover Analysis	Stock Basket

For More Information on Retail Research Products please visit
<https://www.investmentz.com/research-services>

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Retail Research Desk

Email: retailresearch@acm.co.in

Research Analyst Registration Number:
INH000002483

CIN: U65990MH1993PLC075388

ACMIIL is a SEBI registered Stock Broker, Merchant Banker, Portfolio Manager, Research Analyst and Depository Participant. It is also a AMFI registered Mutual Fund Distributor. Its associate/group companies are Asit C. Mehta Commodity Services Limited, Nucleus IT Enabled Services, and Asit C. Mehta Financial Services Limited (all providing services other than stock broking, merchant banking and portfolio management services.).

Disclosures

ACMIIL/its associates and its Research analysts have no financial interest in the companies covered on the report. ACMIIL/its associates and Research analysts did not have actual/beneficial ownership of one per cent or more in the companies being covered at the end of month immediately preceding the date of publication of the research report. ACMIIL/its associates or Research analysts have no material conflict of interest, have not received any compensation/benefits for any reason (including investment banking/merchant banking or brokerage services) from either the companies concerned/third parties with respect to the companies covered in the past 12 months. ACMIIL/its associates and research analysts have neither managed or co-managed any public offering of securities of the companies covered nor engaged in market making activity for the companies being covered. Further, the companies covered neither are/nor were a client during the 12 months preceding the date of the research report. Further, the Research analyst/s covering the companies covered herein have not served as an officer/director or employee of the companies being covered

Disclaimer:

This report is based on information that we consider reliable, but we do not represent that it is accurate or complete and it should not be relied upon such. ACMIIL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the report. To enhance transparency we have incorporated a Disclosure of Interest Statement in this document. This should however not be treated as endorsement of the views expressed in the report.

You are also requested to refer to the disclaimer (which is deemed to be part and parcel and is applicable to this research report as well) :
<http://www.investmentz.com/disclaimer>

Download Investmentz App



Follow us on:

