

FIRST CALL

India Equity Research


Edelweiss
 Ideas create, values protect

April 05, 2013

CONTENTS**Latest Research**

- "Global Pulse" : The Mosaic Company - India phosphate imports seen subdued
- 'BRAVEHEART EdelFlash': Bharti Airtel- High Court quashes 3G stay order
- **Bond Vector** - Caution ahead of FY14 borrowing program kickoff

Regular Features

- Sales Trader's Commentary
- Insider Trades & Bulk Deals
- Technical Updates
- Eye Catchers

Sectoral Movements

Ticker	% Change				
	4-Apr-13	1 D	1 M	3 M	1 Y
Banking	12,789	(1.9)	(5.5)	(13.0)	7.2
IT	7,073	(2.7)	(1.8)	14.9	8.1
Pharmaceuticals	8,203	(0.5)	3.6	(0.0)	24.9
Oil	8,280	(1.1)	(5.5)	(6.5)	1.7
Power	1,656	(1.8)	(5.5)	(18.5)	(23.3)
Auto	9,688	(0.4)	(9.6)	(16.4)	(3.7)
Metals	8,492	(1.8)	(7.0)	(24.8)	(25.2)
Real Estate	1,776	(3.4)	(8.8)	(19.2)	(1.2)
FMCG	5,825	(1.5)	2.6	(1.0)	29.3
Capital Goods	8,979	(1.6)	(3.4)	(19.1)	(13.3)

India	Change in %			
	4-Apr-13	1-d	1-mo	3-mo
Nifty	5,575	(1.7)	(3.6)	(7.3)
Sensex	18,510	(1.6)	(3.3)	(6.4)
CNX 500	4,379	(1.8)	(3.5)	(9.6)

Global Indices				
	4-Apr-13	1-d	1-mo	3-mo
DJIA	14,606	0.4	2.5	8.7
NASDAQ	3,225	0.2	0.0	4.0
Hang Seng	21,870	(2.1)	(3.0)	(6.3)
Nikkei 225	13,074	3.5	11.9	22.3

Net Inv (INR Bn)			
2-Apr-13	Buy	Sell	Net
FII Cash	23.7	27.1	(3.4)
FII F&O	229.7	228.0	1.7
MF Cash	3.4	2.5	0.9

Value Traded - India (INR Bn)	Change in %			
	4-Apr-13	1-d	1-mo	3-mo
BSE Cash	15.5	(21.0)	(13.7)	(40.1)
NSE Cash	92.6	(12.2)	(10.9)	(26.5)
NSE F&O	1,453.3	(30.5)		

Forex/Money Market	Change in %			
	4-Apr-13	1-d	1-mo	3-mo
INR/USD	54.9	(0.8)	(0.0)	0.3
USD/EUR	1.3	(0.1)	(1.0)	(1.5)
USD/YEN	0.0	0.7	4.0	10.5
10 Yr G-Sec	8.1	-	1.0	(0.4)

Commodities (USD/Mt to n)	Change in %			
	4-Apr-13	1-d	1-mo	3-mo
Copper	8,382	0.7	(3.7)	(8.0)
Aluminium	2,702	0.9	(3.8)	(8.4)
*Gold	1,552.0	(0.2)	(1.5)	(6.3)
*Silver	26.9	(0.3)	(6.4)	(11.1)
**NYMEX	93	(13)	3.5	0.2
*USD/Troy Ounce		**USD/bbl		

Agri Commodities (INR/QT)	Change in %			
	4-Apr-13	1-d	1-mo	3-mo
Sugar	3,340.0	(0.3)	(1.3)	(3.0)
^INR/Maund		^^INR/KG		

Open Interest (INR mn)			
Volume	4-Apr-13	3-Apr-13	% Change
Futures	355,327	352,301	0.9
Call	417,029	374,775	11.3
Put	353,256	345,976	2.1
Total	1,125,612	1,073,051	4.9

Put Call Ratios			
Volume	4-Apr-13	3-Apr-13	% Change
PCR	0.84	0.74	13.6
WPCR	1.32	0.84	57.1
OIPCR	0.75	0.82	(8.8)
Total OI/ Volun	0.77	0.99	(22.1)

Nifty IVs at 15 - 16% levels.

FII Activity* (INR Mn) (3-Apr)

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STOCKS IN NEWS

HC tells **Bharti** to hang up on 3G roaming pacts (ET)

Essar Oil exits CDR, takes ECB route to refinance Re Debt (ET)

L&T joint venture likely to bag INR 15 bn road project in Abu Dhabi (ET)

HUL inks pact to acquire Aquagel chemicals (ET)

NMDC cuts high grade ore prices by 7% (ET)

Nalco cut prices by INR 3,000 per Tonne (ET)

Rel Power's Sasan project starts commercial ops (ET)

Sugar sector decontrolled for 2 years (DNA)

Govt to sell 10% in **Coal India**, eyes INR 200 bn (DNA)

Indian Hotels moves HC against Taj Mahal hotel auction (BS)

Axis bank raises select deposit rates by 30 bps (BS)

Tata Comm sells Chennai land INR 1.92 bn (BS)

SALES TRADERS COMMENTARY

On Thursday, Indian equities extended losses in the post noon trade as political uncertainty and early elections worries dampened sentiments. All sectoral indices were trading in the red with realty, IT, financials and consumer durables stocks down.

The BSE Sensex ended 292 points down at 18510 and Nifty slipped 98 points to 5574. Major gainers in the 30-share index were Dr. Reddy's Laboratories (3.03%), Coal India (2.53%), Hindustan Unilever (1.90%), Mahindra & Mahindra (0.69%) and Tata Motors (0.08%).

Major losers were Infosys (2.82%), Sterlite Industries (India) (2.82%), Jindal Steel & Power (2.78%), Bharti Airtel (2.48%) and Tata Consultancy Services (2.29%).

The Realty index was down 3.39%. Major losers were Housing Development and Infrastructure (4.02%), Anant Raj (3.64%), D L F (3.46%), Godrej Properties (1.67%) and Indiabulls Real Estate (1.36%).

The IT index slipped 2.45%. Major losers were H C L Technologies (3.77%), Infosys (2.82%), Mahindra Satyam (0.73%), Oracle Financial Services Software (0.52%) and Mphasis (0.38%).

The TECK index was down 2.44%. Major losers were Idea Cellular (5.25%), Reliance MediaWorks (4.35%), Bharti Airtel (2.48%), Oracle Financial Services Software (0.52%) and Mphasis (0.38%).

The Bankex dipped 1.89%. Major losers were Bank of Baroda (2.5%), I C I C I Bank (2.19%), Federal Bank (1.26%), Bank of India (1.01%) and H D F C Bank (0.96%).

Major losers in the BSE Midcap were CORE Education and Technologies (5.79%), Aban Offshore (3.16%), Alstom India (1.67%), A B G Shipyard (1.43%) and Allahabad Bank (1.22%).

Major losers in the BSE Smallcap were Aanjaneya Lifecare (4.98%), A2Z Maintenance & Engineering Services (4.74%), Styrolution ABS (India) (2.8%), Trident (1.36%) and Aarti Industries (0.57%).

Globally, Asia ended mixed—Nikkei ended 272 points higher at 123634 and Hang Seng slipped 30 points to 22337. European indices were also trading mixed.





THE MOSAIC COMPANY

India phosphate imports seen subdued

Global Pulse | Agriculture

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The Mosaic Company's (Mosaic) Q3FY13 EBITDA grew 5.6% YoY owing to strong volume growth despite lower realization. However, PAT grew 26.4% YoY primarily on account of forex gains. The company expects global phosphate as well as potash prices to stay stable in coming quarter. Mosaic's potash realization is expected to be lower by 1-9% QoQ due to change in product mix. However, phosphate realization is likely to be stable QoQ. The company believes that India is unlikely to import phosphate in CY13. Lower imports, in our view, will facilitate liquidation of excess inventory and also lead to lower trading in FY14; it will also result in higher manufacturing volumes. Mosaic believes potash imports will continue as Indian players have already entered into import contracts for FY14. We believe, despite multiple headwinds in FY13, short-term challenges persist for Indian non-urea fertilizer industry on account of excessive inventory. However, monsoon and subsidy rate for FY14 are key factors to watch out.

India's phosphate import is likely to be weak in FY14

Mosaic is witnessing strong demand for phosphate/potash and improved sentiments across geographies owing to attractive farm economics. Nevertheless, in the Indian context, Mosaic believes subsidy policy continues to hurt soil health and fertilizer sales. It believes the country is unlikely to import phosphate in CY13. However, potash imports are likely to continue as Indian players have already entered into contracts for FY14.

Higher volume drives the quarter

Mosaic's net sales grew 2.4% YoY primarily on account of 2% and 62.3% YoY growth in phosphate and potash volumes, respectively. However, realization of potash and phosphate were lower by 15% and 7.5% YoY. Potash gross margin declined by ~810bps YoY to ~41% primarily on account of lower realization, un-realized loss on derivatives and higher labor cost. However, phosphate margin was up by 200bps YoY to ~18% led by lower raw material cost despite lower realization. The company made a forex gain of USD32m versus forex loss of USD44mn in Q3FY12. It led to strong growth of 26.4% YoY in PAT.

EDELWEISS RATINGS

Not rated

MARKET DATA (B: MOS US)

CMP (USD)	: 58.52
52-week range (USD)	: 63.4 / 44.4
Share in issue (mn)	: 425.7
M cap (USD mn)	: 24,911.4

PRICE PERFORMANCE (%)

	Stock	S&P500
1 month	0.29	1.87
3 months	(0.17)	5.95
12 months	8.69	11.06

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Consolidated financials

Year to May	Q3FY13	Q3FY12	% change	Q2FY13	% change
Revenue (USD mn)	2,241	2,190	2.4	2,536	(11.6)
EBITDA (USD mn)	572	542	5.6	707	(19.0)
PAT (USD mn)	345	273	26.4	628	(45.0)



FLASH NOTE



BHARTI AIRTEL

High Court quashes 3G stay order

India Equity Research | Telecom



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A division bench of the Delhi High Court, Thursday, vacated a stay order to the Department of Telecommunications (DoT) notice which had been served on Bharti Airtel (Bharti) for INR3.5bn penalty. The DoT notice had also ordered the discontinuance of Bharti's 3G services in circles where it did not win spectrum in the 2010 auction. We believe, this will have low impact on the operations as currently Bharti has very small base in the overall 3G space. Of this small base, the seven circles under the intra circle roaming (ICR) pact are miniscule. It has 5.2mn subscribers using 3G services. vs overall subscriber base of 193.1mn. We expect Bharti to contest the Delhi High Court decision. Maintain 'BUY' with a target price of INR397.

Case history

Bharti had obtained 3G spectrums in 13 circles viz. Delhi, Mumbai, Andhra Pradesh, Karnataka, Tamil Nadu, Uttar Pradesh (West), Rajasthan, West Bengal, Himachal Pradesh, Bihar, Assam, North East, Jammu & Kashmir in the 2010 auctions. Further in seven circles namely Haryana, Maharashtra, Uttar Pradesh (East), Kolkata, Gujarat, Kerala and Madhya Pradesh it is providing 3G services through ICR pacts with Vodafone and Idea. DoT had earlier sent notices to operators stating the illegality of providing 3G services through ICR pacts and slapped a penalty of INR500mn per circle. Bharti had obtained a stay on this notice which has now been vacated by the Delhi High Court.

Our view: Low impact; maintain 'BUY'

While data business remains a key area for all telecom operators including Bharti, we believe this order will not have much of an impact on operations as currently 3G is too small in the overall context. Bharti currently has just 5.2mn 3G subscribers vs. overall subscriber base of 193.1mn. Further we believe Bharti will contest this order. In case the judgment goes against it, Bharti can either provide 2G or 4G services depending on the licence it holds in these seven circles. Maintain 'BUY/ Sector Outperformer' recommendation / rating on the stock.

Financials

Year to March	FY12	FY13E	FY14E	FY15E
Revenue (INR mn)	714,508	805,760	894,910	990,281
Rev. growth (%)	20.1	12.8	11.1	10.7
EBITDA (INR mn)	236,573	248,999	302,408	330,477
Net profit (INR mn)	42,572	25,757	70,893	83,634
Diluted shares (mn)	3,798	3,798	3,798	3,798
Diluted EPS (INR)	11.2	6.8	18.7	22.0
EPS growth(%)	(30.0)	(39.5)	175.2	18.0
Diluted P/E	24.4	40.3	14.7	12.4
EV/ EBITDA (x)	7.3	6.8	5.2	4.5
ROACE (%)	8.8	7.5	11.3	12.5

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Low
Sector Relative to Market	Equal weight

MARKET DATA (R: BRTI.BO, B: BHARTI IN)

CMP	: INR 274
Target Price	: INR 397
52-week range (INR)	: 370 / 238
Share in issue (mn)	: 3,797.5
M cap (INR bn/USD mn)	: 1,039 / 19,106
Avg. Daily Vol.BSE/NSE('000)	: 5,537.2

SHARE HOLDING PATTERN (%)

	Current	Q2FY13	Q1FY13
Promoters*	68.5	68.5	68.5
MF's, FI's & BK's	8.2	8.5	8.4
FII's	17.3	16.4	16.9
Others	6.0	6.6	6.2

* Promoters pledged shares : NIL
(% of share in issue)

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Telecom Index
1 month	(13.4)	(0.8)	(4.6)
3 months	(16.3)	(5.6)	(6.3)
12 months	(16.8)	5.9	(9.7)

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BOND VECTOR

Fixed Income Daily

India Fixed Income Research

Caution ahead of FY14 borrowing program kickoff

- The markets started the day on a very positive note in what seemed like a continuation of the buying momentum witnessed in yesterday's session. However, caution took over soon as the market braces for the first auction of the FY14 government borrowing schedule.
- Participants preferred to stay light on positions in order to accommodate the fresh supply wave in more than a month and the anticipation is that cut-off yields can tilt to the higher end. As a result early gains were given up as the session progressed and gilts had a largely flat closing.
- The 10-Y benchmark briefly rallied to 7.94%, but could not hold on to those levels for too long and slipped to close the day flat at 7.96%.
- The 1-Y OIS ended the day flat at 7.40-7.46%, while the 5-Y OIS ended the day at 7.19-7.25% vs 7.20-7.26%.

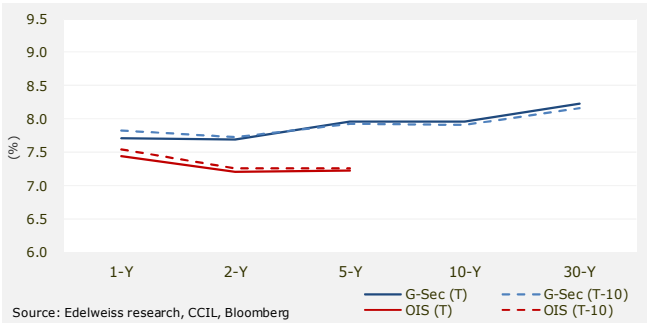
Non-SLR Market

RINL placed 3M CP worth INR 3bn @ 8.35%. IOCL placed 2M CP worth INR 6bn @ 7.98%. Cadila Healthcare Limited placed June-end maturity CP worth INR 1.25bn @ 8.09%. IDFC PD Limited placed 2M CP worth INR 1bn @ 8.20%. Bajaj Finserv Limited placed 2M CP worth INR 2.85bn @ 8.02%.

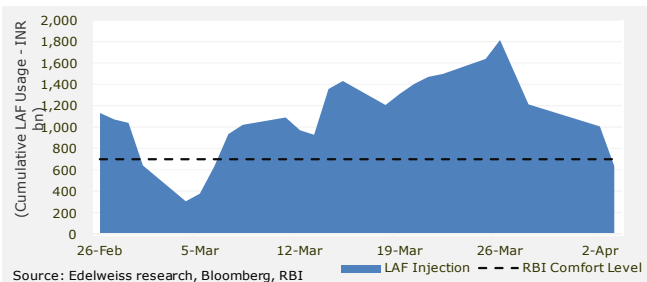
Money Market

Liquidity conditions eased further and are currently at levels that suggest comparatively lower strain, provided it is able to sustain in this region. While LAF deficit moved into the RBI's comfort zone at INR 635bn, the call rates went as low as 6.50% resulting in a borrowing WAR of 7.32% vs 7.36%.

India Yield Curve – G-Sec & OIS



Liquidity Situation – LAF borrowing at INR falls to 635bn



Yield Curve			
	4-Apr	3-Apr	Change*
Govt. Bonds			
8.19% 2020	7.96%	7.95%	1
8.15% 2022	7.96%	7.96%	0
9.15% 2024	8.13%	8.12%	1
8.33% 2026	8.05%	8.06%	0
Corp. Bond			
5 yrs	8.72%	8.75%	-3
10 yrs	8.72%	8.75%	-3
Corp. Bond (Non-PSU)			
2 yrs	9.15%	9.20%	-5
5 yrs	9.05%	9.10%	-5
10 yrs	9.00%	9.00%	0
CD			
3 mth	8.25%	8.25%	0
6 mth	8.45%	8.45%	0
1 yr	8.60%	8.65%	-5
CP			
3 mth	8.50%	8.50%	0
6 mth	8.75%	8.75%	0
1 yr	9.10%	9.10%	0
Swap			
1 Yr	7.44%	7.44%	1
2 Yr	7.21%	7.20%	0
5 Yr	7.22%	7.23%	0

* Change in basis points

Other Indicators*	4-Apr	3-Apr	Change
Crude (USD/bbl)	107.7	107.1	0.5%
Gold (USD/Oz)	1546	1558	-0.8%
USDINR	54.89	54.44	-0.8%
1Y INR NDF Prem.	7.04%	6.95%	0.09%
Dollar Index	83.24	82.72	0.6%
Nifty	5575	5673	-1.7%
MIBOR (o/n)	7.46%	7.61%	-0.15%
LIBOR (1mth)	0.20%	0.20%	0.00%

* Figures as on 17:30 hrs IST

Source: Edelweiss research, Bloomberg, CCIL

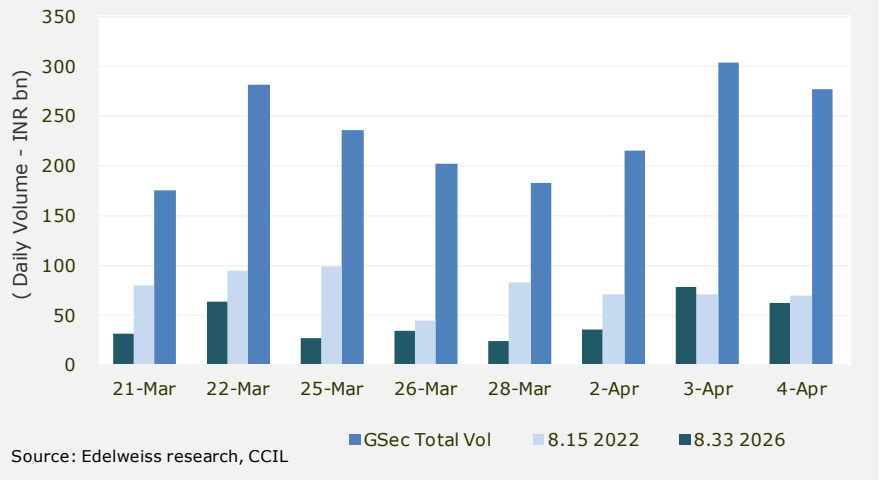
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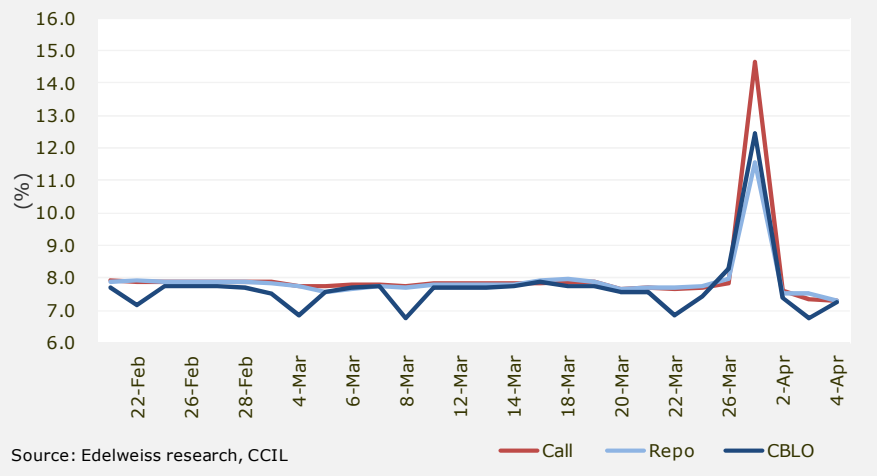
April 04, 2013

G-Sec Activity



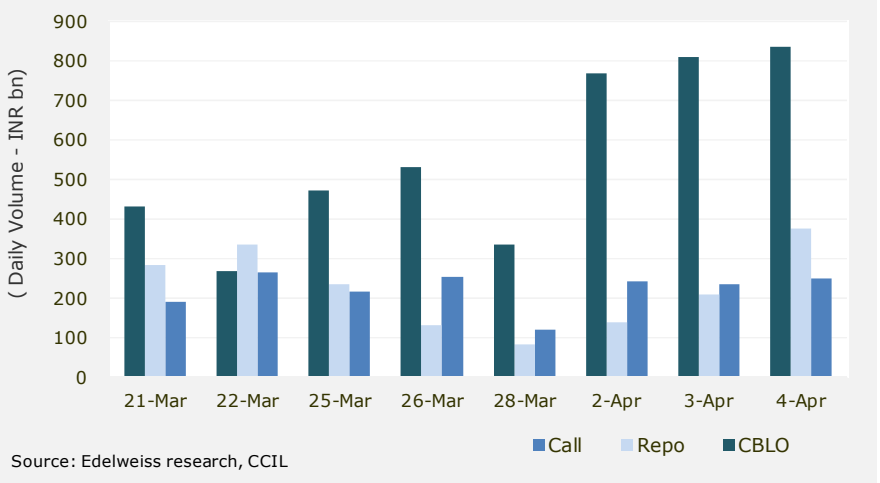
WAR	4-Apr	3-Apr
CBLO	7.24%	6.76%
Repo	7.29%	7.52%
Call	7.32%	7.36%

Overnight Money Market Yields



Volume (INR bn)	4-Apr	3-Apr
CBLO	833.6	808.8
Repo	376.6	210.7
Call	250.4	233.4

Overnight Money Market Activity



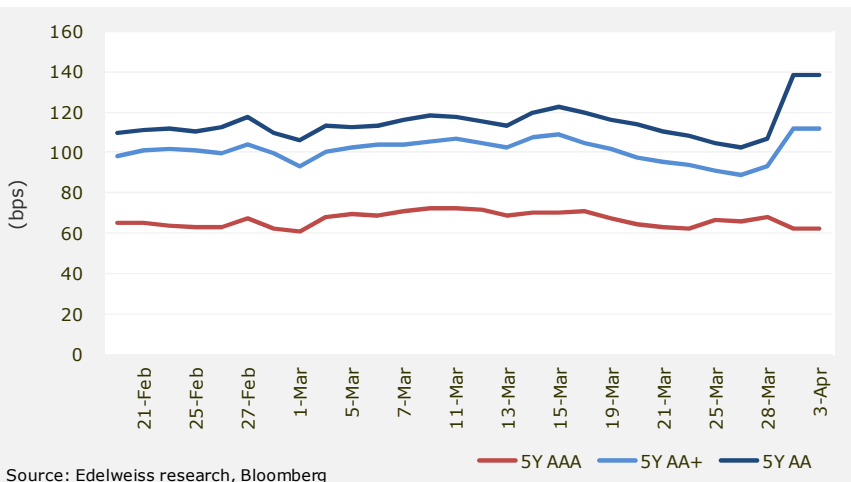
Tenor	AAA	AA+	AA
1Y	80	138	162
5Y	62	112	138
10Y	59	118	146

*AA+ and AA spread as per Bloomberg
As per previous session yields

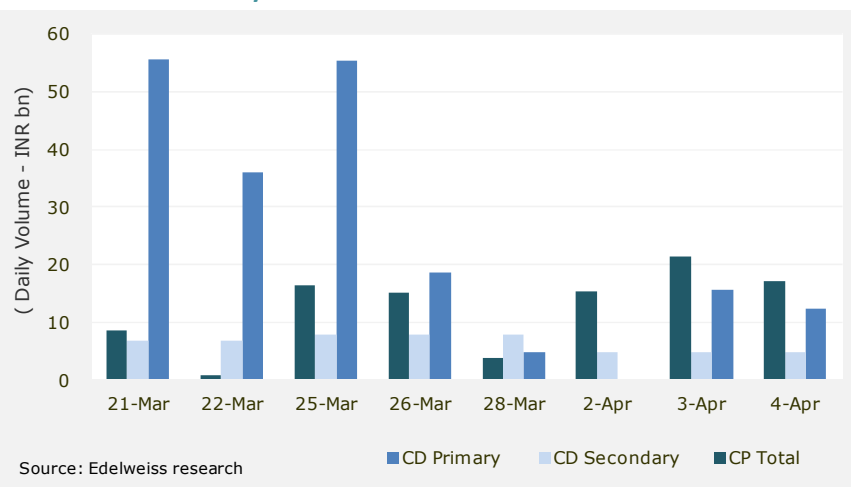
Volume (INR bn)	4-Apr	3-Apr
CD Primary	12.50	15.75
CD Secondary	5.00	5.00
CP Total	17.15	21.55
Total	34.65	42.30

INR bn	2-Apr	1-Apr	MAR
FII	-4.72	24.95	50
MF	160.45	-0.13	687

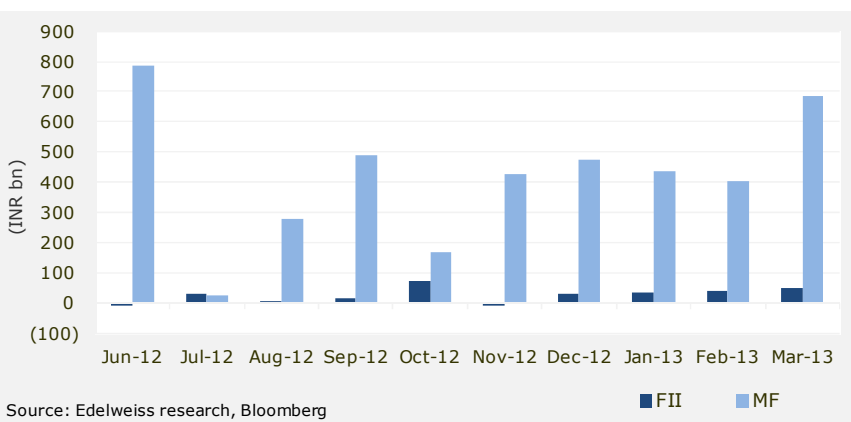
5Y Corporate Bond Spreads



Short-term Debt Activity – CDs & CPs



Net Debt Flows – FII + MF



Event Calendar – India & Global

	Events & Updates	Expected	Actual	Prior
2-Apr	EU - Unemployment Rate FEB	12.00%	12.00%	11.90%
3-Apr	US - ADP Employment Change MAR	200K	158K	198K
4-Apr	US - Initial Jobless Claims	353K	-	357K
	EU - PMI Composite MAR	46.50	46.50	46.50
	EU - ECB Announces Int. Rates	0.75%	0.75%	0.75%
5-Apr	US - Change in Non-Farm Payrolls MAR	200K	-	236K
	US - Unemployment Rate MAR	7.70%	-	7.70%

INSIDER TRADES

Company Name	Acquirer/Seller	B/S	Qty Traded	
Action Construction Equipments	Mrs. Mona Agarwal	Buy	23572	
Amtek India	Amtek Auto	Buy	2200000	
Andhra Petrochemicals	Dr B B Ramaiah	Buy	55000	
Atlanta	Vaikuntam Realty	Buy	55000	
Axis Bank	Life Insurance Corporation of	Buy	1372200	
Baroda Extrusion	Challenger Systems India	Buy	60000	
Bhilwara Technical Textiles	Sita Nirman	Buy	110601	
Bombay Dyeing & Manufacturing Company	Ness N Wadia	Buy	50573	
Chambal Fertilisers & Chemicals	Texmaco Rail & Engineering	Buy	499000	
Chambal Fertilisers & Chemicals	Earthstone Holding	Buy	50000	
Deep Industries	Sheetal R Savla	Buy	687500	Preferential Offer
Deep Industries	Rupesh K Savla	Buy	687500	Preferential Offer
Future Capital Holdings	Dayside Investment	Buy	68244	
Gujarat Craft Industries	Woodland Consultancy Services	Buy	30000	Preferential Offer
HCL Infosystems	HCL Corporation	Buy	92330	
HDFC Bank	GSV Surya Prasad	Buy	44000	
INDSIL HYDRO POWER AND MANGANESE	Sunmet Holdings India	Buy	15500	
Jaykay Enterprises	Dr. Gaur Hari Singhania	Buy	452500	
Kirloskar Industries	Atul C Kirloskar	Buy	17687	
Mukand	Jeewan	Buy	15000	
Nelcast	P Divya	Buy	28436	
Nitin Spinners	Sushila Devi Nolkha	Buy	29482	
Parsvnath Developers	Pradeep Kumar Jain & Sons (HUF)	Buy	100265	
Parsvnath Developers	Pradeep Kumar Jain	Buy	147222	
Picturehouse Media	PVP Global Ventures	Buy	23152	
Rolta India	M/s. Rolta Shares & Stocks . . Promoter group entity	Buy	25000	
Usher Agro	Vinod Kumar Chaturvedi (Promoter)	Buy	30000	
Videocon Industries	Nippon Investment & Finance	Buy	52479	
Atharv Enterprises	Sushila Ramswarup Jaju	Sell	21500	
Coromandel International	M A Alagappan	Sell	30000	off market
Dabur India	Mr. Sunil Duggal	Sell	15000	
HDFC Bank	Anil Jaggia	Sell	23895	
HDFC Bank	Navin Puri	Sell	19000	
Hind Syntex	Chandra Mohan	Sell	113602	off market
Hind Syntex	Hind Carpets	Sell	237900	off market
Hind Syntex	Hind Filters	Sell	3259600	off market
Hind Syntex	Ravi Mohan	Sell	231400	off market

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Company Name	Acquirer/Seller	B/S	Qty Traded
Ispat Industries	Navoday Exim	Sell	10606600
Ispat Industries	Kartik Credit	Sell	8884146
Ispat Industries	Dankuni Investments	Sell	103201
ITC	Mr. S S H Rehman	Sell	20000
Liberty Phosphate	Liberty Urvarak	Sell	722928 offmarket
National Aluminium Company	The President of India	Sell	156938918
Sulabh Engineers & Services	Krishna Agarwal	Sell	50700

BULK DEALS

Date	Company Name	Acquirer/Seller	B/S	Qty Traded	Price
4-Apr-13	Asian Granito India	Gandiv Investment	Sell	150000	38
4-Apr-13	Asian Granito India	Minal Patel	Buy	621100	38
4-Apr-13	Asian Granito India	Pasha Finance	Sell	471100	39
4-Apr-13	Brilliant Securities	Shah Nishith	Buy	118250	119
4-Apr-13	DCM	Chartered Capital & Investment	Buy	100000	68
4-Apr-13	DCM	Innovate Securities	Sell	100000	68
4-Apr-13	Globus Constructors & Developers	Intelife Computers	Buy	600026	31
4-Apr-13	Globus Constructors & Developers	Om Parkash & Sons Huf	Sell	600000	31
4-Apr-13	Greenply Industries	Kotak India Focus Fund li	Sell	129800	415
4-Apr-13	Jay Mahesh Infra	Aaria Gold	Buy	37888	50
4-Apr-13	Jay Mahesh Infra	Yadaiah Pasupula	Sell	50000	50
4-Apr-13	KAVITA FAB	Haldiram Foods International	Sell	51000	40
4-Apr-13	KAVITA FAB	Shatrunjaya Estates	Buy	36000	40
4-Apr-13	Krishnadeep Trade & Investments	Manjudevi H Salecha	Buy	58384	41
4-Apr-13	Kwality Credit & Leasing	Deora Finance	Sell	54421	51
4-Apr-13	LAKHOTIA POL	Intensive Finance	Buy	72000	36
4-Apr-13	LAKHOTIA POL	Intensive Softshare	Buy	132000	36
4-Apr-13	LAKHOTIA POL	Sanjoyog Trade-Link	Buy	260000	35
4-Apr-13	LAKHOTIA POL	Star Fincap	Sell	48000	35
4-Apr-13	LAKHOTIA POL	Zawar Sales	Sell	68000	35
4-Apr-13	Steel Exchange India	Blooming Steelcons Llp	Sell	396675	73
4-Apr-13	Steel Exchange India	Smarm Securities	Buy	392939	73
4-Apr-13	Technocraft Industries (India)	Bharat Patel	Buy	508941	57
4-Apr-13	Technocraft Industries (India)	Hdfc Trustee Co.. A/C Hdfc Growth Fund	Sell	524745	57
4-Apr-13	Trent	Arisaig India Fund	Buy	437000	1,017
4-Apr-13	Trent	Birla Sunlife Trustee Co A/C Birla Sun Life Tax Reli	Sell	186972	1,017

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TECHNICAL UPDATES

Nifty witnessed severe selling pressure in the second half of the session after a rather shaky session on Wednesday, bears maintained firm control of the market on back of weak global cues and nervous sentiments locally resulting in a severe sell-off for the second session in a row with Nifty plunging 100 points intraday and closed with a loss of 1.73% below the 200 day SMA pivot. The index opened with a gap down and showed signs of recovery in the morning session, but at onset of European market opening it took a U-turn and failed to close the gap, thus resulting in a sharp sell-off. Although volumes were a shade below average, the market breadth was extremely weak (A/D ratio of 1:3.2) suggesting a fear in the broader markets. Volatility, represented by India VIX has jumped back up to 15.85 levels, closing above its 200DMA indicating frantic hedging activity. **Momentum oscillators have turned bearish once again led by bearish price action, but there are signs of positive divergence suggesting the index could be in its final stages of the corrective phase.** As per Elliott Waves, Nifty is likely to complete its three-wave correction at 5535 i.e. a breach of November low of 5548. However one needs to see signs of recovery around 5550/5535 for the index to attempt a bottom formation. Continuation of weakness below 5535 has potential to take the index down to 14th September bullish gap area between 5447/5527.

As a result of yesterday's carnage, all sectoral indices ended the day in red. Biggest loss was seen in shares from Realty (-3.39%), IT (-2.45%) and Banking (-1.89%); whereas Autos (-0.42%) and Healthcare (-0.52%) managed to outperform. Broader markets got back in underperformance mode with losses of 1.84% and 2.08% for the Mid-cap and Small-cap indices respectively.

Bullish Setups: LPC, GUJS, MSIL

Bearish Setups: BHEL, BHARTI, HMCL, JSP, TATA, UNSP



Nifty Index

Bloomberg Code	NIFTY Index
Spot Price	5,574
Resistance 1	5,603
Resistance 2	5,644
Support 1	5,535
Support 2	5,500
Nifty 20 SDMA	5,768
Nifty 50 SDMA	5,856
Nifty 200 SDMA	5,638
Adv : Dec [NSE]	359 : 1156
Turnover Rs Crs.	10,808
BSE+NSE cash	

Indicator	Outlook	Points*
Candlestick	Positive	1
Stochastic	Positive	1
Moving Avg	Negative	(1)
RSI	Neutral	0
ADX	Neutral	0
MACD	Neutral	0
Aggregate	Positive	1

EYE CATCHERS

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Coal India Limited	21	4,025	3.0	245
HDIL	12	30,604	(5.3)	(4)
ACC	11	481	(2.0)	(9)
Sesa Goa	10	6,580	(3.7)	(7)
Dr Reddy's	9	532	2.8	93
Tatasteel	9	16,630	(3.9)	(16)
Jain Irrigation System	9	12,068	(6.8)	33
Jindal Steel & Power	8	6,487	(4.3)	(12)

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
CNX IT	(17)	21	(2.7)	73
Biocon	(16)	1,441	(2.6)	55
Godrej Ind	(13)	505	(2.4)	89
Gujarat State Petro Ltd	(9)	2,260	(3.0)	24
IDBI	(9)	9,952	1.1	59
Wipro	(8)	2,594	(0.8)	(5)
Welspun Guj	(7)	9,972	(3.7)	(67)
REC	(6)	3,430	1.3	2

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