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# Fate of bills in House to guide marts



**C. Kutumba Rao**  
**Market Khabar**

Supported by positive global cues after US Fed statements, short covering and bargain buying at lower levels; markets staged a comeback after three weeks of losses.

The Sensex and the Nifty closed 259 points and 95 points higher at 25,869 and 7,857 respectively.

Steps like clearance of FPO of Coal India and IPO of Cochin Shipyard, steps to fast track road projects and incentives to boost exports failed to excite the marketmen. Selling from FIIs continued to be a dampener.

The Seventh Pay commission's recommendations imply an increase of ₹1,02,000 crore salary bill for Central government.

Though optimistic, analysts say automobile, consumer durables and real estate companies to gain most from the pay hikes; pessimists say the government will find it extremely difficult to hike capital expenditure and also

defer its fiscal consolidation road map. With the Winter Session of the Parliament set to begin on November 26, investors will keenly watch the fate of Bills like the GST.

Current geo-political turmoil triggered by Paris terrorist attacks makes forecasting of global markets especially difficult, say analysts. Truncated 4-day trading week coupled with F&O settlement could trigger heightened volatility in the coming week.

For the week ahead, chartists predict trading range of 25,300-26,300 and 7,665-8,025. Immediate supports for the indices are at 25,600 and 25,300 and 7,760 and 7,650.

Next global downturn seems most likely to originate in China, where heavy debt, excessive investment, and population decline may undermine growth. Accumulate quality stocks with medium to long term horizon for gains.

### STOCK SCAN

■ **RPG Life Sciences Limited**, an integrated pharmaceutical company, develops, manufactures, and markets branded formulations, generic dosage forms, and synthetic and fermentation active pharmaceutical ingredients (APIs) in India and internationally. It offers synthetic APIs in various therapeutic categories, including immuno-suppressants, anti-psychotic/anti-depressant and anticancer.

It also provides generics primarily in the area of immunosuppressant therapy; finished dosage formulations for various therapies. Buy for medium term target of ₹375.

■ **India Glycols Limited** holds the distinction of being the only green petrochemical company of its kind.

It is one of the leading manufacturers of glycols, ethoxylates and

PEGs, performance chemicals, glycol ethers and acetates, natural gums and potable alcohol. It is the first and only company in the world to have commercialised the production of ethylene oxide, its derivatives and glycols from renewable agricultural resources, namely molasses or sugar cane. Buy for medium term target of ₹200.

■ **Cholamandalam Investment and Finance Company Limited** is a comprehensive financial services provider offering vehicle finance, home loans, home equity loans, SME loans, investment advisory services, stock broking and a variety of other financial services to customers.

Rating upgrade from CRISIL reflects improving trend in asset quality and profitability.

Buy for target price of ₹1000.

### F&O

Ahead of the settlement week, short covering provided some relief to beleaguered bulls.

Sentiment indicators like implied volatility, put/call ratio, VIX and open interest suggest consolidation with upward bias for next fortnight. Punters tip buying of December 8,000 strike call option for surprising gains.

In the option segment, highest open interest concentration was seen at 8,000 strike call option and 7,700 strike put option defining the Nifty range of 7,700-8,000. Rollovers indicate outperformance from IT, Oil & Gas and FMCG counters in near term.

Reports of renegotiation of costly long term contracts provided impetus to gas counters GAIL and Petronet LNG. Buy on rumors, sell on news.

Sustained buying interest was seen in select automobile stocks. Stay invested in TVS Motors, M&M and Bajaj Auto for further gains.

Accumulate at lower levels Tata Power and JSW Energy. After the recent volatility, bank stocks are beginning to show positive signs of upward move.

(C. Kutumba Rao is an avid follower of stock markets. This newspaper is not liable for decisions made on the basis of this column. Views expressed in the article are personal views of the writer.)