

Indian Markets	CMP	% chg 1d	% chg 3m	% chg 6m	% chg ytd
Nifty	9,429	(1.0)	6.9	16.8	15.2
Sensex	30,435	(0.7)	6.9	16.4	14.3
BSE Small Cap	15,362	(2.0)	14.1	29.4	27.5
Midcap	14,751	(2.2)	9.9	22.2	22.6
INR/USD	64.85	(1.1)	(3.1)	(4.8)	4.7
Developed/Emerging markets					
Dow Jones	20,663	0.3	0.2	9.5	4.6
S&P 500	2,366	0.4	0.6	8.4	5.7
Nasdaq	5,626	0.8	5.7	17.0	15.7
Nikkei	19,519	(0.2)	1.5	8.6	2.1
Hang Seng	25,178	0.2	4.8	12.7	14.4
Bovespa	61,597	(8.8)	(9.1)	2.7	2.3
DAX	12,590	(0.3)	7.1	18.1	9.7
FTSE	7,436	(0.9)	1.9	9.7	4.1
SGX Nifty	9,452	0.2	7.1	17.0	15.5

Top gainers			Top losers		
Underlying Security	CMP	% chg	Underlying security	CMP	% chg
Cummins	1,054	3.7	CESC	830	(14.9)
TCS	2,536	3.3	IDBI	70	(7.9)
Hind Copper	69	2.8	JSW Steel	191	(7.4)
Hexaware	256	1.8	IOB	28	(6.6)
GSPL	173	0.7	Synd. Bank	87	(5.7)

Recent eco. data	Actual	Cons.	Upcoming eco. data	Cons.	Previous
India CPI	3.0	3.5	Canada CPI	0.5	0.2
India IIP	2.7	1.5	Australia Unemploy Rate	5.9	5.9
US CPI	0.2	0.3	Canada Retail Sales	0.4	(0.6)
India WPI	3.9	4.8	UK Unemploy Rate	4.7	4.7
US Retail Sales	0.4	0.6	Canada Mfg Sales	1.1	(0.2)

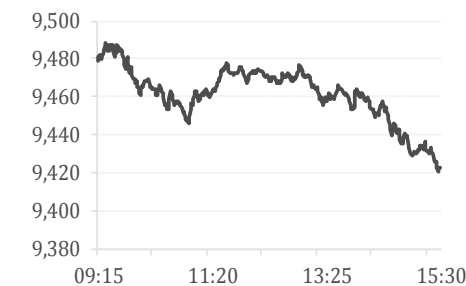
FIIs & DIIs cash activity (Rs cr)			
	Previous day	MTD	YTD
FII Equity	(361)	739	27,707
DII Equity	898	1,625	12,161
FII Debt	2,052	12,664	61,528
DII Debt	(1,598)	(4,928)	160,483

## Playing it safe!

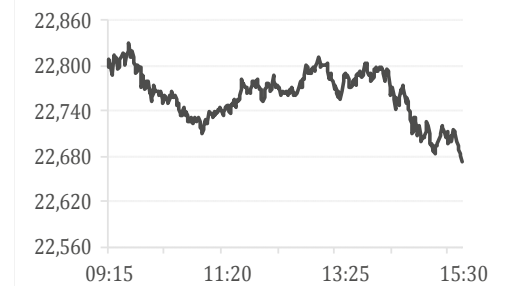
*To play it safe is not to play. - Robert Altman*

After three days of record highs, the Thursday thud saw one of the worst falls for the main indices in the last couple of months. Investors will hope this is just a temporary consolidation and not a change in direction. US indices, which were in turmoil as Washington headlines hurt sentiment, have rebounded. Measures of jobless claims and regional manufacturing were better than expectations signalling that economic growth is on a firm footing. Weakness in the emerging market currencies helped the dollar gain some strength. The outlook is a flat start. Indices may see a turnaround as cautious investors may choose to play safe and slowly pick up large caps. The developments on the GST front will bring some cheer as most rates are frozen now.

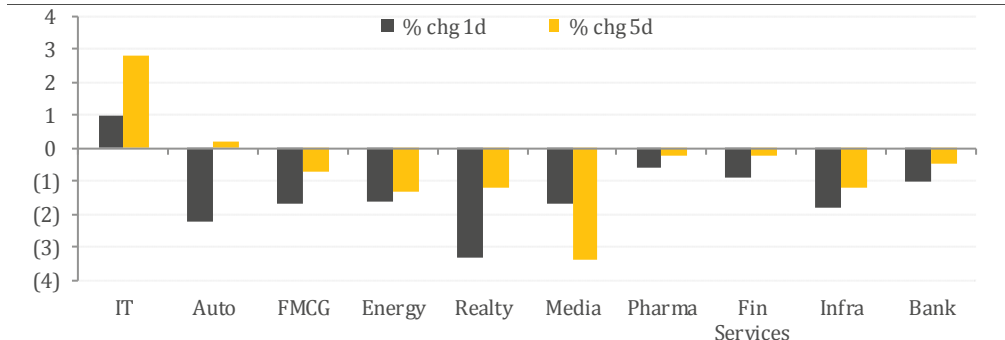
Nifty intra-day movement



Banknifty intra-day movement



Sectoral movement



### Corporate News

- In a major overhaul, the RP-Sanjiv Goenka Group is set to unveil a fourway split of **CESC**, the conglomerate's holding company. Goenka plans to demerge CESC into stand-alone listed entities focused on four business verticals - retail, BPO, power generation & transmission and power distribution. (ET)
- **General Motors** Co will stop selling cars in India from the end of this year, drawing a line under two decades of battling in one of the world's most competitive markets where it has less than a one per cent share of passenger car sales. (BL)
- Global home furnishings retailer **IKEA** will open its second store in the country in Navi Mumbai in January 2019 with an investment of around Rs. 1,000 crore, the company said. The store will be spread across 4,30,000 square feet and is expected to employ 700 direct co-workers and another 1,500 for providing services including assembly, and delivery. (BL)
- Swedish luxury car maker **Volvo Cars** today announced plans to start vehicle assembly operations in India this year. The assembly operations will be located near Bengaluru and will focus on models based on Volvo's SPA modular vehicle architecture, Volvo Cars said in a statement. (BL)
- Infosys, the second largest information technology (IT) services firm in the country, will maintain its annual campus hiring at 20,000 this year, but is looking at engineers with new skills such as digital and analytics. (BS)
- Employees of the state-run **Hindustan Paper Corporation** have gone for a sit-in demonstration at the company's headquarters in Kolkata demanding payment of wages. (BL)

### Economy News

- On day one of its crucial meeting in Srinagar, the **Goods and Services Tax (GST) Council** approved all nine rules for the rollout of the new indirect tax regime. The GST rate for all but six out of the 1,211 items was decided on the first day, and the tax rate for gold, footwear, branded items and bidi would be decided tomorrow. Common use products like hair oil, soaps and toothpaste will be charged with a single national sales tax or GST of 18 per cent instead of present 22-24 per cent tax incidence through a combination of central and state government levies. (BS)
- McKinsey & Co said that the current provisions of Indian banks were inadequate and there was a gap of at least Rs 6 lakh crore that should be filled to provide for stressed assets. "The situation warrants extensive institutional interventions," it said, adding the banking sector might need Rs 1.85-2.75 lakh crore of additional capital support till FY22 to manage their business. (BS)

### Upcoming Events

- May 19: New Zealand Visitor Arrivals, New Zealand Credit Card Spending, German PPI, Eurozone Current Account, Canada CPI, Canada Core Retail Sales, Canada Common CPI, Canada Median CPI, Canada Retail Sales, Eurozone Consumer Confidence

## 'Best of Research' - Model Portfolio



WEALTH MANAGEMENT

### OBJECTIVE

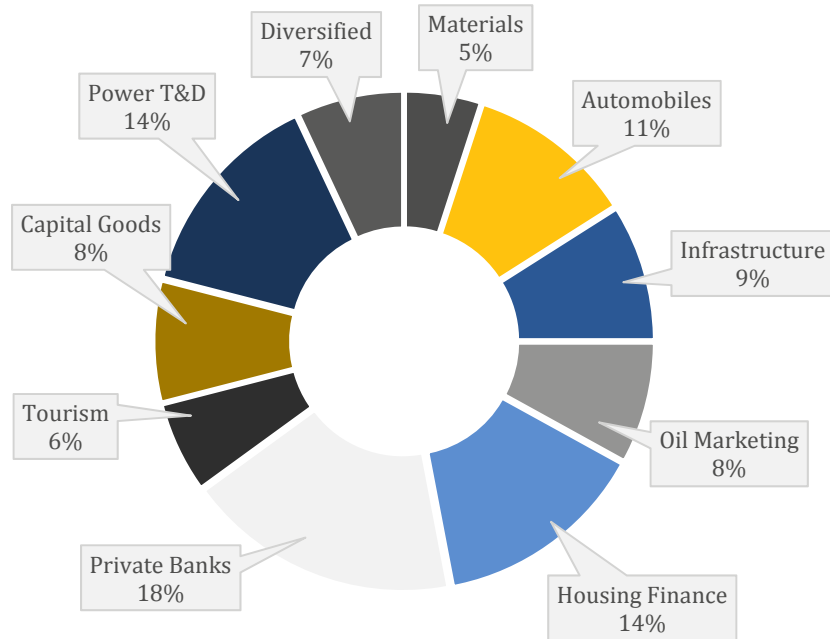
To offer a weighted portfolio of the best risk-adjusted equity related stocks in the diversified universe, for long term wealth creation. The focused list of securities comprises the top pick/s by every analyst in our award-winning team, benchmarked versus the Nifty.

### Best of Research - Portfolio Composition

Company Name	Sector	CMP (Rs)	M Cap (Rs cr)	Weight (%)	Sector Stance	P/E FY19 (x)	P/B FY19 (x)	ROE FY19 (%)	ROCE/ROA FY19 (%)
Reliance Industries	Diversified	1,327	431,579	7.0	-	11.3	1.3	12.1	11.1
Indian Oil Corporation	Oil Marketing	440	213,611	8.0	Neutral	9.5	1.9	21.3	20.9
ICICI Bank	Private Banks	308	179,402	10.0	Neutral	14.3	2.1	11.4	1.4
Tata Motors	Automobiles	438	139,901	11.0	Neutral	7.2	2.4	16.4	16.8
LIC Housing Finance	Housing Finance	675	34,072	6.0	Positive	12.5	2.3	19.2	1.4
Can Fin Homes	Housing Finance	2,671	7,111	8.0	Positive	18.1	4.3	26.4	2.0
Sterlite Technologies	Infrastructure	161	6,399	4.0	Positive	22.0	4.6	23.3	21.8
KEC International	Power T&D	236	6,074	8.0	Positive	14.3	2.5	19.0	23.5
The Karnataka Bank	Private Banks	166	5,611	8.0	Neutral	6.7	1.0	12.2	0.9
Lakshmi Machine Works	Capital Goods	4,544	4,979	8.0	Negative	17.5	2.5	15.4	22.5
Cox & Kings (India)	Tourism	223	3,942	6.0	Neutral	7.7	1.1	15.2	13.8
PNC Infratech Ltd	Infrastructure	148	3,792	5.0	Positive	13.3	2.0	17.0	21.0
Apar Industries	Power T&D	830	3,175	6.0	Positive	14.7	2.4	17.0	27.0
Mangalam Cement	Materials	350	934	5.0	Negative	9.9	1.4	15.1	15.8

Source: Company, IIFL Research, ROA used for Housing Finance and Banks

## Portfolio Sectoral Weight



Source: IIFL Research

### Disclaimer

The purpose of the Presentation is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging a Portfolio Advisor or Portfolio Manager. The Presentation is for informational purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other investments mentioned in it. We do not represent that any information, including any third party information, is accurate or complete and it should not be relied upon without proper investigation on the part of the investor/s. Investments in securities/equity related instruments are subject to market risk. These risks could be security specific or market specific and arising from company, industry, political, economic (both domestic and global), etc, factors. Past performance of IIFL or any of its director/s or principal officer/s does not indicate the future performance of any current or future fund or scheme advised or managed by IIFL. There is no assurance or guarantee that the objectives of any fund or scheme advised or managed by IIFL will be achieved. IIFL Wealth Management or any of its director/s or principal officer/employees does not assure/give guarantee for any return on the funds/securities given by the Investor or under any schemes to be offered under any Discretionary or Non-discretionary services. Portfolio value of investment in the scheme can go up/down depending on factors & forces affecting securities markets. IIFLW or its associates are not liable or responsible for any loss or shortfall arising from operations and affected by the market condition. Securities Investment is subject to market risks and IIFL makes no representation, assurance or guarantee that objective of any of the scheme under the Portfolio Management Service (PMS) will be achieved. The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure document. The investor should carefully read all disclosure documents before investing and shall not make IIFL and/or its associates/employees liable for any risks/losses pertaining to any product/scheme launched by IIFLW by time to time.

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- Portfolio is only a guide.
- Calculation based on End of the Day prices
- Portfolio on fully deployed basis. No cash
- Fractional shares not rounded off while calculating NAV

# Minda Industries - BUY

## Steaming ahead

### Stellar performance continues

Minda Industries continued to deliver strong performance with Q4 FY17 consolidated revenues, operating profit and PAT coming in higher than estimates. Scale up of operations at alloy wheels business, consolidation of Roki Minda and organic growth in switches, lighting and horns business led to a consolidated revenue growth of 32.2% yoy. OPM at 11.7% expanded by 32bps yoy driven by increased contribution from higher margin businesses such as alloy wheels and rise in utilization at new JVs. PAT growth of 35.8% yoy was buoyed by better than forecasted other income.

### Conservative revenue guidance for FY18E and FY19E

The company has guided for a revenue growth of 25% for FY18E and 15-20% for FY19E. The growth will be driven by 1) full year consolidation of Roki Minda from FY18 (only 6 months in FY17), 2) 100% consolidation of the Asean business, 3) further scale up in Alloy wheels capacities and utilization levels, 4) commencement of operations for recently formed JVs with Katolec, Onkyo and TT Electronics over the next 9-12 months, 5) consolidation of companies such as Mindarika Pvt Ltd, Minda Nabtesco, MI Torica and Minda F-Ten Pvt Ltd and 6) growth in passenger car and two wheeler sales in the country.

### Maintain BUY with a revised target of Rs650

As highlighted above, we expect Minda Industries to report industry beating revenue CAGR. Profitability should improve further on the back of operating leverage benefits and consolidation of higher margin businesses. With strong cash flow generation, top quartile earnings growth and robust balance sheet, we find the valuations reasonably attractive at FY19E P/E of 14.4x. We maintain our BUY recommendation with a revised 1-year price target of Rs650.

Analyst: Prayesh Jain



WEALTH MANAGEMENT

CMP (Rs) 447	12-mts Target (Rs) 650	Upside 18.8%	
<b>Stock data</b> (As on May 18, 2017)		<b>Sector: Auto Component</b>	
Sensex:	30,435	<b>Stock performance</b> 	
52 Week h/l (Rs):	571 / 213		
Market cap (Rs mn) :	47,120		
Enterprise value (Rs mn):	52,057		
6m Avg t/o (Rs mn):	48		
FV (Rs):	2		
Div yield (%):	0.3		
Bloomberg code:	MNDA IS		
BSE code:	532539		
NSE code:	MINDAIND		
<b>Shareholding pattern (%)</b>			
Promoter			67.9
FII+DII			14.6
Others			17.5

Figure 1: Result table (Consolidated)

Rs mn	Q4 FY17	Q4 FY16	% yoy	Q3 FY17	% qoq
Net sales	9,481	7,173	32.2	8,846	7.2
OPM (%)	11.7	11.4	32bps	12.1	-43bps
Other income	35	18	89.5	43	(19.5)
Depreciation	(360)	(282)	27.7	(376)	(4.1)
Interest	(70)	(54)	28.5	(93)	(24.3)
Exceptional items	-	26	-	-	-
PBT	712	523	36.2	647	10.1
Tax	(131)	(67)	95.5	(133)	(1.2)
PAT	581	456	27.5	514	13.1
Minority Interest	(65)	(68)	(4.5)	(82)	(20.5)
Income from JVs	62	38	63.0	15	310.0
APAT	578	426	35.8	447	29.1

Source: Company, IIFL Research

**Figure 2: Capex plan over the next 18 months**

	Rs mn
<b>Investment</b>	
For consolidation	2,000
Equity investments in JV and other projects	1,500
Maintenance capex	1,500
Total	5,000
<b>Source</b>	
QIP	3,000
Internal accruals	2,000

Source: Company, IIFL Research

### Update on JV with TT Electronics

The company has recently formed a 50:50 JV with TT Electronics for manufacturing of reverse parking systems and facilities will be set up in Manesar within 9 months. As per current regulations, it is not mandatory to install these systems in cars. However, the company expects regulations to be changed to that effect in due course. Majority of the demand is met through imports and TT Electronics is a key supplier. Minda Industries expects Rs2.5bn revenues within three years on assumption that product is not made mandatory. Currently, not more than 10% of the cars in India have these systems.

### Update on JV with Katolec

The JV with Katolec will be providing services related to automotive electronics and will start with providing services pertaining to PCB drawings. While the boards will be imported, the circuit designing and installing will be done by the JV. The facility is being set up at Pune and initially the services will be used for in house consumption. Later on, third party services will also be provided.

### Update on alloy wheels capacity

At Bawal near Manesar the company commenced a capacity of 30,000 wheels per month in April 2016, scaled it up to 60,000 units in June 2016 and then further raised capacity to 90,000 units in March 2017. This will be raised to 120,000 per month by August 2017. In Gujarat, the company is setting up a new

plant with a capacity of 60,000 units per month which will commence operations in April 2018. For majority of the expansion, the company has firm orders in place.

**Figure 3: Standalone results table**

Rs mn	Q4 FY17	Q4 FY16	% yoy	Q3 FY17	% qoq
Net sales	3,996	3,806	5.0	4,002	(0.1)
Operating profit	371	370	0.3	384	(3.4)
OPM (%)	9.3	9.7	-43bps	9.6	-31bps
Other income	10	62	(83.5)	38	(73.1)
Depreciation	(131)	(153)	(14.6)	(124)	5.7
Interest	(23)	(22)	4.4	(37)	(37.0)
PBT	227	256	(11.4)	261	(13.1)
Tax	(25)	(34)	(25.2)	(72)	(64.9)
PAT	202	223	(9.4)	190	6.5
PAT Margin	5.1	5.9	-80bps	4.7	31bps

Source: Company, IIFL Research

**Figure 4: Financial summary (Consolidated)**

Y/e 31 Mar (Rs m)	FY15	FY16	FY17E	FY18E	FY19E
Revenues	22,321	25,273	35,050	44,897	52,280
yoy growth (%)	30.8	13.2	38.7	28.1	16.4
OPM (%)	6.8	9.2	10.9	11.4	11.7
Reported PAT	680	1,111	1,681	2,607	3,282
yoy growth (%)	847.3	63.5	51.2	55.1	25.9
EPS (Rs)	8.6	14.0	21.2	30.2	38.0
P/E (x)	63.8	39.0	25.8	18.1	14.4
Price/Book (x)	11.9	9.2	7.0	4.1	3.2
EV/EBITDA (x)	30.0	20.1	12.7	10.0	8.0
Debt/Equity (x)	0.6	0.8	0.9	0.4	0.3
RoE (%)	21.5	28.1	32.0	29.9	25.3
RoCE (%)	14.6	20.8	23.9	25.0	24.3

Source: Company, IIFL Research



# Bank of Baroda - Accumulate

## Growth comes back!

### Encouraging signs of growth; focus on better quality of lending

Bank of Baroda posted an impressive 11% qoq growth in its domestic advances which comprise 72% of its overall loan portfolio. In Q4 FY17, improved traction was witnessed across all the lending segments on sequential basis; retail and agri credit growth was very strong in particular. Within retail lending, home loans and other non-auto loans witnessed rejuvenation with the bank aggressively distributing them after strengthening the operating model. Though growing 6% qoq, the large & mid corporate lending portfolio was flat on yoy basis due to reduction in exposure to stressed sectors of infra, iron & steel, textiles, engineering and food processing. The quality of this portfolio has improved significantly as the share of high rated advances has increased, while contribution of unrated exposures has declined substantially in yoy comparison. In FY18, the bank is targeting a strong 15% yoy growth in domestic advances and 10% growth in overall advances. Current capital position of Tier-1 ratio at 10% should just about support this; however, the bank intends to raise capital for growth in succeeding years.

### Domestic NIM stable; credit cost higher on elevated slippages

In spite of the deposits mix improving materially and C/D ratio posting a smart recovery, the domestic NIM was stable qoq at 2.5%. This was on account of migration to MCLR lending and one-off interest reversal on SDR/S4A accounts. On average basis, domestic CASA ratio was higher 170bps qoq and nearly 800bps yoy. International NIM witnesses an uptick of 20bps qoq driven by improvement in portfolio yield. Gross NPL ratio fell by 100bps qoq to 10.5% largely on the back of strong growth in loan book. Fresh slippages at Rs35.6bn (a bulk from the restructured pool) were actually higher than preceding two quarters. Consistent recovery and upgrades at Rs20bn+ combined is encouraging though. The management chose to do higher provisioning (credit cost at 265 bps annualized) to improve PCR further to 67%, one of the best amongst PSU Banks.

Analyst: Rajiv Mehta, Franklin Moraes



WEALTH MANAGEMENT

CMP (Rs) 188	12-mts Target (Rs) 204	Upside 8.6%
Stock data (As on May 18, 2016)		Sector: Financials
Sensex:	30,435	<b>Stock performance</b> 
52 Week h/l (Rs):	202 / 128	
Market cap (Rs mn) :	432,606	
Enterprise value (Rs mn):	-	
6m Avg t/o (Rs mn):	1,783	
FV (Rs):	2	
Div yield (%):	0.0	
Bloomberg code:	BOB IN	
BSE code:	532134	
NSF code:	BANKBARODA	
<b>Shareholding pattern (%)</b>		
Promoter		59.2
FII+DII		32.4
Others		8.4

Figure 1: Result table

Y/e 31 Mar (Rs m)	Q4 FY17	Q3 FY17	% qoq	Q4 FY16	% yoy
Total Interest Income	1,08,752	1,04,061	4.5	1,10,144	(1.3)
Interest expended	(72,933)	(72,717)	0.3	(76,840)	(5.1)
<b>Net Interest Income</b>	<b>35,819</b>	<b>31,344</b>	<b>14.3</b>	<b>33,304</b>	<b>7.6</b>
Other income	19,773	17,750	11.4	17,747	11.4
<b>Total Income</b>	<b>55,591</b>	<b>49,093</b>	<b>13.2</b>	<b>51,051</b>	<b>8.9</b>
Operating expenses	(25,390)	(23,141)	9.7	(25,326)	0.3
Provisions	(26,230)	(20,795)	26.1	(68,577)	(61.8)
PBT	3,972	5,157	-	(42,852)	-
Tax	(2,425)	(2,630)	-	10,551	-
<b>Reported PAT</b>	<b>1,547</b>	<b>2,527</b>	<b>-</b>	<b>(32,301)</b>	<b>-</b>

Source: Company, IIFL Research

**Figure 2: Business mix**

Y/e 31 Mar (Rs m)	Q4 FY17	Q3 FY17	% qoq	Q4 FY16	% yoy
Loans	38,32,592	34,99,601	9.5	38,37,700	(0.1)
Deposits	60,16,752	58,98,589	2.0	57,40,379	4.8

Source: Company, IIFL Research

**Figure 3: Key Ratios**

Y/e 31 Mar (Rs m)	Q4 FY17	Q3 FY17	chg qoq	Q4 FY16	chg yoy
<b>NIM (%)</b>	<b>2.2</b>	<b>2.1</b>	<b>0.1</b>	<b>2.2</b>	<b>0.02</b>
<b>C/D (%)</b>	<b>63.7</b>	<b>59.3</b>	<b>4.4</b>	<b>66.9</b>	<b>(3.2)</b>
Non-int inc (%)	35.6	36.2	(0.6)	34.8	0.8
<b>Cost to Income (%)</b>	<b>45.7</b>	<b>47.1</b>	<b>(1.5)</b>	<b>49.6</b>	<b>(3.9)</b>
<b>Gross NPA (%)</b>	<b>10.5</b>	<b>11.4</b>	<b>(0.9)</b>	<b>10.0</b>	<b>0.5</b>
Net NPA (%)	4.7	5.4	(0.7)	5.1	(0.3)
<b>CAR (%)</b>	<b>12.2</b>	<b>12.6</b>	<b>(0.3)</b>	<b>13.2</b>	<b>(0.9)</b>

Source: Company, IIFL Research

## FY18 should be much better; valuation reasonable, rate Accumulate

FY18 should mark the turn of profitability cycle for BoB as NIM start to recover and credit cost starts to moderate. As per the management, resolution at some large stressed accounts remains key for the bank to surpass 10% RoE during the year. With a reasonably high level of provisioning on these exposures, BoB is well placed though. Additionally, a sound capital position and execution on a clear transformation path differentiate the bank from its peers. Valuation at 1.2x FY19 P/ABV is lower than many smaller PSBs.

**Figure 4: Financial summary,**

Y/e 31 Mar (Rs m)	FY15	FY16	FY17	FY18E	FY19E
Total operating income	59,628	177,388	202,714	220,563	253,101
yoy growth (%)	20.2	0.8	14.3	8.8	14.8
Op. profit (pre-prov)	30,286	71,507	109,490	119,881	141,344
Net profit	14,355	(53,953)	13,832	37,116	58,511
yoy growth (%)	39.8	-	-	168.3	57.6
EPS (Rs)	39.3	(23.4)	6.0	15.1	22.3
Adj.BVPS (Rs)	239.7	86.1	92.6	115.6	154.1
P/E (x)	4.8	(8.1)	31.4	12.5	8.4
P/BV (x)	0.8	2.2	2.0	1.6	1.2
ROE (%)	16.4	(13.8)	3.5	8.7	11.7
ROA (%)	0.9	(0.8)	0.2	0.5	0.7
Dividend yield (%)	4.3	0.0	0.0	1.1	1.6
CAR (%)	12.9	13.2	12.2	12.5	12.9

Source: Company, IIFL Research



A scintillating rally racing towards 9500 in Tuesday's trade, followed by a sharp sell-off regressing to the 9420 zone reminds us of the famous adage 'Clouds that thunder, do not always rain'. Lack of broad based participation and deteriorating index breadth meant the bulls were always walking on a tightrope atop Mount 9.5k. An overnight sell-off in US markets, coupled with a domino effect across the globe, finally knocked the bulls off in a dramatic Thursday thud. Retracement on the downside could extend further after the index closed below the three digit gann number of 9460. First line of defense as per the gann rule of 8 is placed around 9330 (from the base of the rally that began on 26th December 2016). Nifty Midcap100 index lost 2.2% in Thursday's trade, as it reversed lower from the upper-end of current gann channel placed around 1849(0) and, in the process, broke below the support of an ascending trendline, suggesting stocks from the midcap space are likely to correct sharply in the near term

### Fund action

- SBI Mutual Fund bought ~2mn shares of Apollo Hospitals at Rs1246

### Leaders

Company	CMP (Rs)	52-wk high	Deviation %
Pidilite	775	783	(1.0)
HDFC Bank	1,557	1,574	(1.1)
SBI	303	309	(1.9)
Hexaware	256	261	(2.1)
HUL	990	1,012	(2.2)

### Laggards

Company	CMP (Rs)	52-wk Low	Deviation %
GSK Phar.	2,407	2,397	(0.4)
Inox Wind	157	156	(0.6)
Coal India	276	273	(1.1)
RCOM	31	31	(1.3)
TataMotDVR	265	257	(2.8)

\* Based on deviation from 52-week high/low

### Proximity to 20-DMA

Company	CMP (Rs)	20-DMA	Deviation %
Piramal E.	2,799	2,558	9.4
TCS	2,536	2,348	8.0
Tata Steel	486	450	8.0
Indian Bank	352	330	6.7
-	-	-	-

### Proximity to 50-DMA

Company	CMP (Rs)	50-DMA	Deviation %
Piramal Ent.	2,799	2,192	27.7
Indian Bank	352	294	19.7
Bank Of India	179	152	17.8
REC	219	190	15.3
Synd. Bank	87	76	14.5

\* Based on deviation from moving averages

### High delivery stocks

Company	% Delivery	CMP (Rs)	% chg
Vakrangee	93.0	347	(0.6)
P&G	92.0	7,644	(0.3)
Pfizer	91.0	1,751	(0.3)
Apollo Hosp.	87.0	1,246	(2.6)
M&M	86.0	1,353	(1.9)

### Low delivery stocks

Company	% Delivery	CMP (Rs)	% chg
BOB	16.0	187	(2.2)
Just Dial	11.0	514	(2.0)
CESC	12.0	830	(14.9)
Rajesh Exp.	13.0	638	(0.6)
Al. Bk.	14.0	83	(4.9)

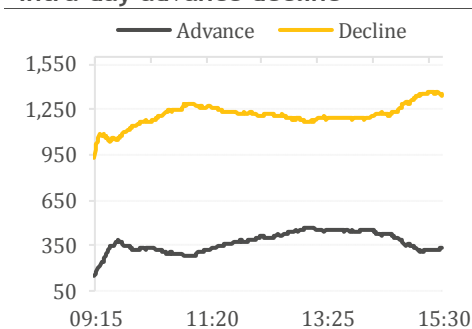
### Spurt in volumes

Company (mn)	Day's Vol.	2-week Avg. Vol	10-DMA	CMP (Rs)	% chg
SBI	15	15	300	303	(1.5)
Tata Steel	13	11	451	486	(1.5)
Bob	20	11	188	187	(2.2)
Axis Bank	9	8	508	492	(2.1)
JSW Steel	21	8	196	191	(7.4)

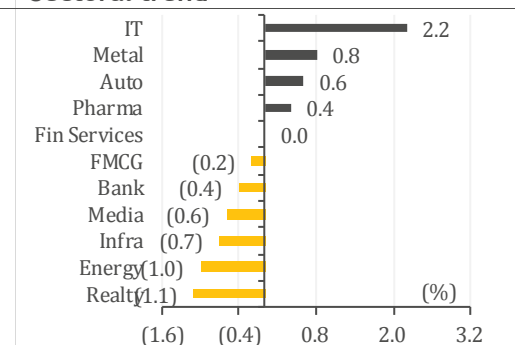
### Index Pivot

Index	Last close	Support	Pivot	Resistance
Nifty	9,429	9,401	9,445	9,472
Sensex	30,435	30,360	30,468	30,542
Nifty Bank	22,699	22,627	22,731	22,802
Nifty IT	10,546	10,376	10,541	10,710

### Intra-day advance decline



### Sectoral trend



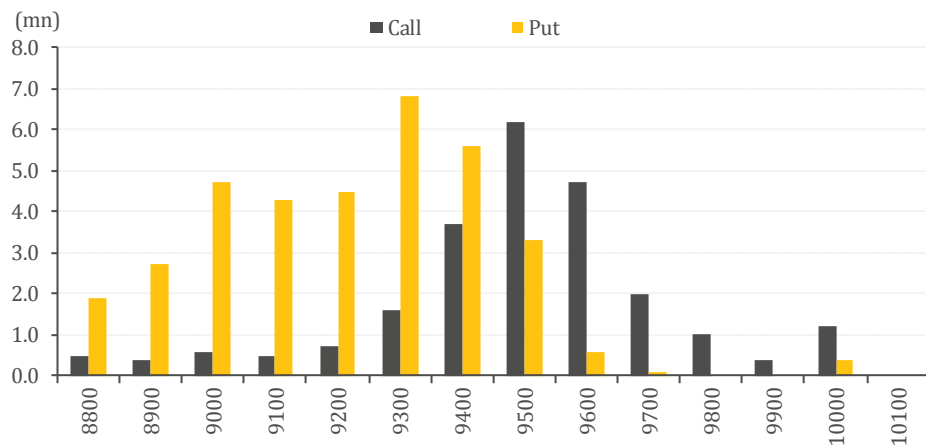
\* Calculations based on 10-DMA

### Index snapshot

	Futures	% Chg	Spot	Basis	Next Month	OI in shs	OI % Chg	PCR OI	PCR Vol	ATM IV's	Rollovers	Max call build-up	Max put build-up
Nifty	9,441	(1.0)	9,429	12.00	9,442	267,281	(11.0)	1.30	1.40	10.2	11.5%	9,500	9,300
Bank Nifty	22,708	(1.0)	22,699	9.00	22,667	87,689	(2.8)	1.19	0.93	12.8	6.5%	23,000	22,000

- Nifty tanked in line with global peers, as volatility making a comeback for equities. SGX Nifty indicates flat opening for the day.
- Massive churn in options data in last couple of days, unwinding on puts seen at 9,400/9,500 strikes from FII's along with addition of ~9lacs shares in 9,500 strike calls.
- India VIX was up ~11% for the day closing at 11.78 levels.
- FIIs index futures long/short ratio at 1.91x vs 1.94x with massive buying of ~48k contracts on index puts.
- Midcap high beta stocks tanked as index corrected sharply.

### Nifty open interest distribution



**Securities in ban period:** Bharatfin, Canbk, Capf, Ceatld, Cesc, Hdil, Icil, Idbi, Ifci, Infibeam, Jindalstel, Jain irrigation, Jpassociat, Jswenergy, Orientalbank, Tv18.

### Futures open interest gainers

Scrip	OI (lacs)	% OI Chg	CMP (Rs)	% Chg	Action
Ceatld	24	20.6	1,755	2.8	Long Build up
IDBI	535	15.5	70	(7.9)	Short Build up
Apollohosp	21	14.0	1,251	(2.2)	Short Build up
Bharatforg	44	11.2	1,057	(6.0)	Short Build up
Glenmark	93	7.4	677	(3.3)	Short Build up
BHEL	370	7.0	165	(3.5)	Short Build up
BEL	250	6.7	175	(3.3)	Short Build up

### Futures open interest losers

Scrip	OI (lacs)	% OI Chg	CMP (Rs)	% Chg	Action
Hindunilvr	94	(11.6)	990	(1.9)	Long Unwinding
Justdial	33	(9.0)	513	(2.5)	Long Unwinding
Gmrinfra	7	(8.1)	1,054	3.2	Short Covering
Kotakbank	145	(7.5)	945	(0.7)	Long Unwinding
Eichermot	1	(7.1)	28,434	(2.6)	Long Unwinding
Colpal	9	(6.9)	982	0.2	Short Covering
Jetairways	49	(6.8)	522	(1.5)	Long Unwinding

### FIIs derivative activity

Trading turnover	Index Fut*	Stock Fut*	Index Calls*	Index Puts*
FIIs	(2,076)	(15,118)	(11,297)	48,512
DIIs	(1,973)	(1,488)	0	-858
Prop	6,765	(1,631)	(23,045)	63,005
HNI Clients	(2,716)	18,237	34,342	(110,659)

\* No of contracts

### Commodities

After a stellar upside yesterday, **gold** prices have now pared some of its gains. Nevertheless, evolving political developments and murkier legislative outlook in US is keeping yellow metal very much in the reckoning. In the latest, Justice Department appointed ex-FBI Director Robert Mueller as special counsel to monitor the investigation of Russia's role in 2016 U.S. elections as well as any possible collusion by President Donald Trump's campaign associates. Meanwhile, several U.S. congressional panels are demanding a testimony from ex-FBI Director James Comey in order to figure out whether President Trump was involved in any practice of obstruction of justice.

After showing some resistance initially, base metals eventually were weighed down by weakness in global equities.

**Oil** markets remain relatively resilient, with traders looking forward to OPEC meeting on May 25th, where expectations call for an extension of production cuts till the early part of next year. Saudis and Russians have shown inclination of cutting output till March 2018 and it seems that several other producers will also endorse the same

### FX

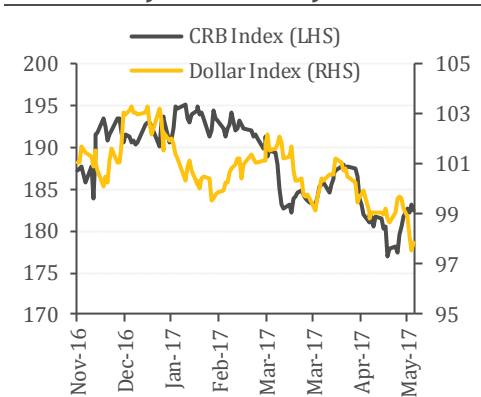
**British Pound** surged above 1.3 mark against the greenback, the highest level since September last year. The currency derived cues from the strength in retail sales number, which grew 2.3% in April (mom) after a 1.4% drop in March. On yoy basis, April reading grew 4%.

Commodities (US\$ terms)	Last Price	% chg 1d	% chg ytd
Gold (troy oz)	1,250	0.3	9.0
Silver (troy oz)	16.7	0.4	4.5
Copper (MT)	5,590	0.2	1.0
Aluminium (MT)	1,919	(0.2)	13.3
Zinc (MT)	2,545	0.5	(1.2)
Lead (MT)	2,071	(0.1)	2.7
Nickel (MT)	9,125	(0.5)	(8.9)
WTI Crude (bbl)	49.8	1.0	(7.3)
Br. Crude (bbl)	53.0	0.8	(6.8)
NG (mmBtu)	3.20	0.6	(14.0)

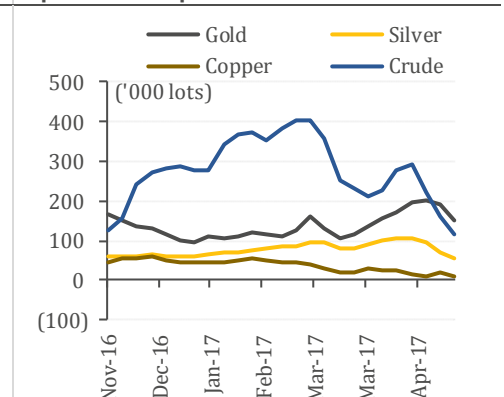
Currencies	Last price	% chg 1d	% chg ytd
USD/INR	65.00	(1.0)	4.8
EUR/INR	72.00	(1.0)	(0.7)
GBP/INR	84.00	(2.0)	(1.2)
JPY/INR	0.58	0.6	(0.4)
EUR/USD	1.10	0.0	5.6
GBP/USD	1.30	0.1	4.9
USD/JPY	111.00	0.0	5.2
USD/CNY	7.00	0.0	0.8
USD/Real	3.00	(7.0)	(3.6)
USD Index	98.00	0.0	(4.3)

Commodity Dynamics	Latest	Week ago	1m ago	6m ago	1yr ago
SPDR Gold ETF (tonnes)	852	852	849	921	856
iShares Silver ETF (mn oz)	342	339	326	350	335
LME Cu Stocks ('000 MT)	340	337	255	254	157
LME Al Stocks ('000 MT)	1,515	1,565	1,746	2,158	2,571
LME Zn Stocks ('000 MT)	345	347	359	445	388
LME Pb Stocks ('000 MT)	184	178	169	189	180
LME Ni Stocks ('000 MT)	380	382	369	366	404
US Crude stocks (mn bbl)	521	523	533	490	508
US Oil Rig Count	712	703	672	452	328

Commodity v/s Currency



Speculative positions on CME



### Asset Allocation

Model Portfolios	Conservative (%)		Moderately Conservative (%)		Balanced (%)		Moderately Aggressive (%)		Aggressive (%)	
	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA
Asset Allocations	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA
Equity	10	10	30	30	45	45	55	55	70	70
Fixed Income	80	85	58	63	41	46	25	30	8	13
Real Estate	0	0	5	5	7	7	10	10	12	12
Alternatives	5	5	5	2	5	2	8	5	8	5
Liquid Assets	5	0	2	0	2	0	2	0	2	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

SAA – Strategic Asset Allocation; TAA – Tactical Asset Allocation

Source: IIFL Research

### Strategic and Tactical Asset Allocations across Model Portfolios

Strategic Asset Allocation (SAA) is the long term asset allocation strategy for a client that is arrived at on the basis of risk assessment and investment objectives. There are five model portfolios that have asset allocations to suit different risk profiles. The model portfolios have been optimized using historical risk and returns across asset classes. Every month the IIFLW investment Committee formalizes monthly tactical views on the markets and their impact on various asset classes.

Tactical views on each asset are with a one year time horizon and Tactical Asset Allocation (TAA) is a +/- 5%-10% change to a Client's broader Strategic Asset Allocation.

### Asset Class View

Asset Class	Tactical View
Fixed Income	Neutral
Equity	Overweight
Real Estate	Neutral
US Dollar	Overweight
Gold	Overweight
Market Neutral	Overweight
Liquid Assets	Underweight

### Sector View for listed equities

Sector	Weight
Agriculture	Neutral
Auto	Neutral
Capital Goods	Underweight
Cement	Underweight
Consumer Discretionary	Neutral
Financials	Overweight
FMCG	Neutral
Infrastructure	Overweight
IT	Underweight
Metals & Mining	Neutral
Oil & Gas	Overweight
Pharma	Neutral
Telecom	Underweight
Utilities	Neutral

## IIFL Wealth Research bags 2 Best Analyst Awards

IIFL Wealth Research has bagged two prestigious awards at the *Zee Business Market Excellence Awards 2016*.

**Prayesh Jain** was conferred the Best Analyst Award for Auto sector and **Bhavesh Gandhi** bagged the Best Analyst Award for Pharma sector.

Besides the twin awards, IIFL Wealth Research was also nominated in the categories of Oil/Gas, Banking and Industrials.

*IIFL Wealth Research, as you know, has always prided itself on its unique value proposition in a swarming market space of cut-throat competition, among other things, on our wealth of actionable ideas, tailored portfolio approach and thorough research in line with client needs and priorities, distinctive practice of following up with Call Success post recommendations and a vast coverage universe of as many as 300 companies (comprising 70% of India's equity mcap).*

In the past, the research team has won Zee Biz Awards under different categories; Bloomberg has rated our research as the most accurate, while we have twice been winners of Business Standard Smart Portfolios, having received awards at the hands of luminaries including President Pranab Mukherjee, Prime Minister Narendra Modi and Minister of State Piyush Goyal.

### Recommendation parameters for fundamental reports:

**Buy** = >15%+

**Accumulate** = 5% to 15%

**Reduce** = -10% to 5%

**Sell** = >-10%

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