

Market Outlook

Indian markets are expected to open flat to positive on the back of mixed global cues. Global news flows, Q2FY19 earnings and FII flows trend remain key monitorables.

Markets Yesterday

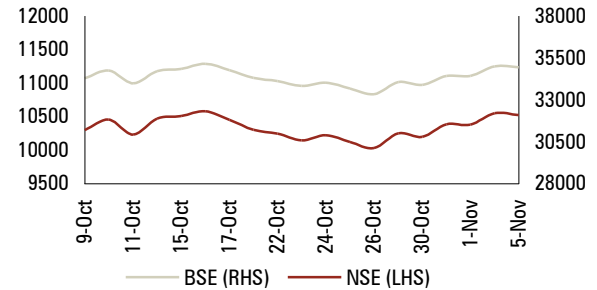
- Domestic markets ended in the negative zone on the back of profit booking by traders
- US markets ended on a mixed note ahead of midterm elections that are to be held today

Key Developments

- For Q2FY19, Graphite India's standalone performance is likely to remain healthy on the back of healthy realisations. Capacity utilisation is expected to remain elevated at ~95%. The topline is expected to increase 289.3% YoY and 1.2% QoQ to ₹ 1798 crore. The impact of higher price needle coke is likely to come in from the current quarter moderating the EBITDA margin to 62.4% (vs. 73.2% in Q1FY19 and 28.1% in Q2FY18). EBITDA is likely to come in at ₹ 1122 crore while PAT is expected to come in at ₹ 771 crore. On a consolidated basis, we expect the company to report a topline of ₹ 1990 crore, EBITDA of ₹ 1249 crore and PAT of ₹ 857 crore
- Sterlite Technologies has informed the stock exchanges that it has won a ₹ 1,512-crore deal to set up a broadband network to connect over 4,000 villages of Maharashtra. Media reports also say it is working on a prototype for last-mile connectivity using its newly unveiled fibre (FTTx) with Reliance Jio

Today's Highlights

Results: Voltas, Graphite India

Index Movement (past month)


	Close	Previous	Chg (%)	MTD(%)	YTD(%)	P/E (1yr fwd)
Sensex	34,951	35,012	-0.2	1.5	2.6	20.3
Nifty	10,524	10,553	-0.3	1.3	-0.1	19.3

Institutional Activity

	CY16	CY17	YTD CY18	Yesterday	Last 5 Days
FII (₹ cr)	14,049	-40,663	-74,869	12	-1,621
DII (₹ cr)	11,320	91,032	107,912	-622	2,210

World Indices – Monthly performance

NSE	BSE	Nikkei	U.K.	France
10,524	34,951	22,270	7,104	5,101
2.0%	1.7%	0.8%	-2.9%	-4.8%
Germany	Shanghai	Dow Jones	Nasdaq	Kospi
11,495	2,644	25,462	7,329	2,087
-5.1%	-5.5%	-5.6%	-5.9%	-8.4%

Nifty Heat Map

SBI	295.0 3.4%	Axis Bank	624.4 2.3%	UPL	724.3 1.8%	Wipro	324.1 1.8%	HCL Tech	1,020.8 1.6%
RIL	1,090.3 1.4%	Ultratech	3,774.6 1.2%	Coal India	264.4 1.1%	Bajaj Finserv	5,558.9 1.0%	Hindalco	242.4 0.8%
TECHM	696.4 0.8%	Grasim	853.4 0.7%	GAIL	372.0 0.6%	Tata Steel	577.5 0.6%	Maruti	7,177.3 0.6%
Infosys	666.0 0.6%	Bajaj Auto	2,672.6 0.6%	Yes Bank	210.1 0.5%	Lupin	853.7 0.4%	Bharti Airtel	303.2 0.4%
HDFC Bank	1,956.0 0.3%	HUL	1,640.1 0.1%	Sun Pharma	571.6 0.0%	Dr Reddy	2,420.9 -0.1%	Bharti Infratel	262.0 -0.1%
Asian Paints	1,244.1 -0.2%	Tata Motors	189.8 -0.3%	Kotak Bank	1,129.5 -0.3%	Eicher	22,552.3 -0.5%	L&T	1,350.2 -0.6%
Zee Ent.	438.4 -0.7%	Titan	863.7 -0.8%	Bajaj Finance	2,359.4 -1.0%	M&M	775.5 -1.0%	TCS	1,890.9 -1.2%
Adani Ports	329.6 -1.2%	ITC	279.6 -1.3%	ICICI Bank	349.7 -1.4%	ONGC	155.0 -1.5%	Vedanta Ltd	222.5 -1.5%
Hero Moto	2,847.8 -1.7%	HDFC Ltd	1,792.9 -1.7%	Power Grid	186.1 -2.0%	NTPC	153.5 -2.8%	HPCL	233.2 -2.9%
BPCL	291.8 -3.5%	Indusind Bank	1,486.5 -3.6%	IBULHSG FIN	834.1 -4.2%	IOC	140.3 -5.4%	Cipla	563.1 -7.3%

Markets Today

	Close	Previous	Change (%)	MTD(%)	YTD(%)
Commodities					
Gold (₹/10 gm)	31,739	31,565	0.6	0.1	8.5
Silver (₹/kg)	38,372	38,299	0.2	1.3	0.1
Crude (\$/barrel)	72.8	73.2	-0.5	-3.5	8.9
Copper (\$/tonne)	6206.5	6319	-1.8	2.8	-13.9
Currency					
USD/INR	73.13	72.44	1.0	1.1	-12.7
EUR/USD	1.14	1.14	0.0	0.8	-5.0
USD/YEN	113.30	113.19	0.1	-0.3	-0.5
ADRs					
HDFC Bank	90.7	91.3	-0.6	2.6	-10.2
Tata Motors	12.9	12.8	1.3	4.5	-61.4
Infosys	9.4	9.3	1.6	-2.3	14.1
Dr Reddys Labs	33.4	32.8	1.7	-3.5	-12.6

Key Data Points

KEY ECONOMIC INDICATORS

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	4.00%	4.00%
RBI Repo Rate	N/A	6.50%	6.25%
RBI Reverse Repo Rate	N/A	6.25%	6.00%
CPI YY	September	3.77%	3.69%
Current Account Balance	Q2	-15.8bln \$	-13bln \$
Exports - USD	September	27.95bln \$	27.84bln \$
FX Reserves, USD Final	w/e	393.52bln \$	394.47bln \$
GDP Quarterly yy	Q1	8.20%	7.70%
GDP Annual	12M	6.60%	7.10%
Imports - USD	September	41.98bln \$	45.24bln \$
Industrial Output yy	August	4.30%	6.60%
Manufacturing Output	August	4.60%	7.00%
Trade Deficit - RBI	Q2	-45.7bln \$	-41.6bln \$
Trade Deficit Govt - USD	September	13.98%	17.39bln \$
WPI Food yy	September	-0.21%	-4.04%
WPI Fuel yy	September	16.65%	17.73%
WPI Inflation yy	September	5.13%	4.53%
WPI Manufacturing Inflation yy	September	4.22%	4.43%

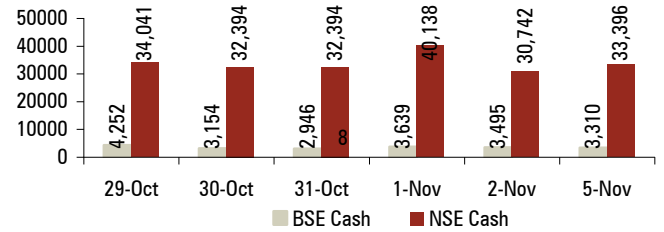
Sectoral Index

Sector	Close	Previous	Change	% Change	Volume
Auto	20626.41	20695.37	-68.96	(0.33)	4522000
Banks	29052.6	29016.4	36.2	0.12	13517000
BSE Small Cap	11792.74	11901.39	-108.65	(0.91)	66926000
Capital Goods	18056.81	18129.41	-72.6	(0.40)	6501000
Consumer Durables	19598.45	19698.69	-100.24	(0.51)	10467000
FMCG	8304.6	8368.14	-63.54	(0.76)	1023000
Healthcare	17870.57	18140.06	-269.49	(1.49)	1830000
IT	11396.98	11501.95	-104.97	(0.91)	1254000
Metals	13091.38	13071.93	19.45	0.15	5642000
Mid Cap	10993.02	11070.76	-77.74	(0.70)	64406000
Oil & Gas	13473.38	13667.66	-194.28	(1.42)	9404000
Power	1957.72	1989.26	-31.54	(1.59)	11894000
PSU	7194.47	7216.69	-22.22	(0.31)	26682000
Real Estate	1746.6	1719.93	26.67	1.55	2217000

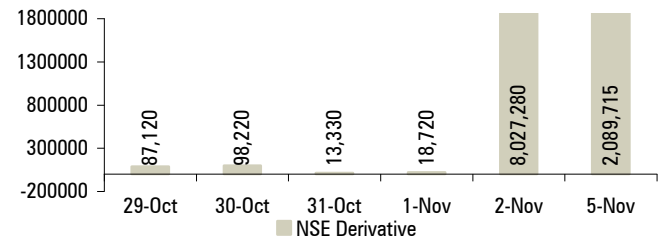
Key News for Today

Company/ Industry	News	View	Impact
Goodyear India (GIL)	For Q2FY19, Goodyear India's revenues grew 17.2% YoY to ₹ 489 crore. EBITDA declined 20% YoY to ₹ 65 crore. EBITDA margins contracted 620 bps YoY (up 247 bps QoQ) to 13.3%, mainly impacted by raw material cost, which reduced gross margins. Subsequently, PAT declined 31.4% YoY to ₹ 28.7 crore	We believe most tyre players faced margin pressures because of elevated raw material cost. However, the extent of margin contraction on a YoY basis negatively surprised us. Further, the strong traction in tractor & CV demand will benefit GIL (as they account for ~66% of its revenues). GIL has a healthy balance sheet and cash & bank balance at ₹577 crore (which is ~26% of market cap), debt free status and decent return ratios. Hence, we remain positive on the stock from a long term point of view	↔

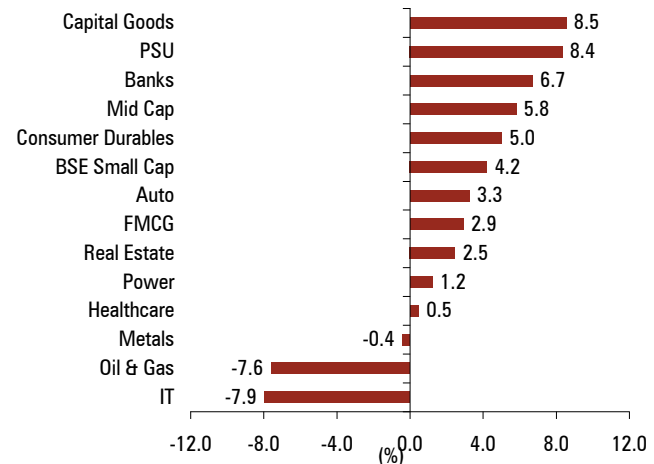
Exchange Cash Turnover (₹ crore)

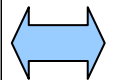


NSE Derivative Turnover (₹ crore)



Sectoral Performance – Monthly Returns (%)



Shree Pushkar Chemical & Fertilizers	The company reported steady performance in Q2FY19. On the standalone basis, net Sales for the quarter stood at ₹ 103.2 crore, up 7.1% YoY. EBITDA stood at ₹ 17.4 crore with corresponding EBITDA margins at 16.9%, down 115 bps. PAT in Q2FY19 stood at ₹ 11.1 crore, up 6.7% YoY	The Q2FY19 performance is tad below our expectation (on the margin front) given the bump up in dye intermediate prices during the quarter. However the volume led growth is sustained at the company and should result in incremental sales & profit growth going forward.	
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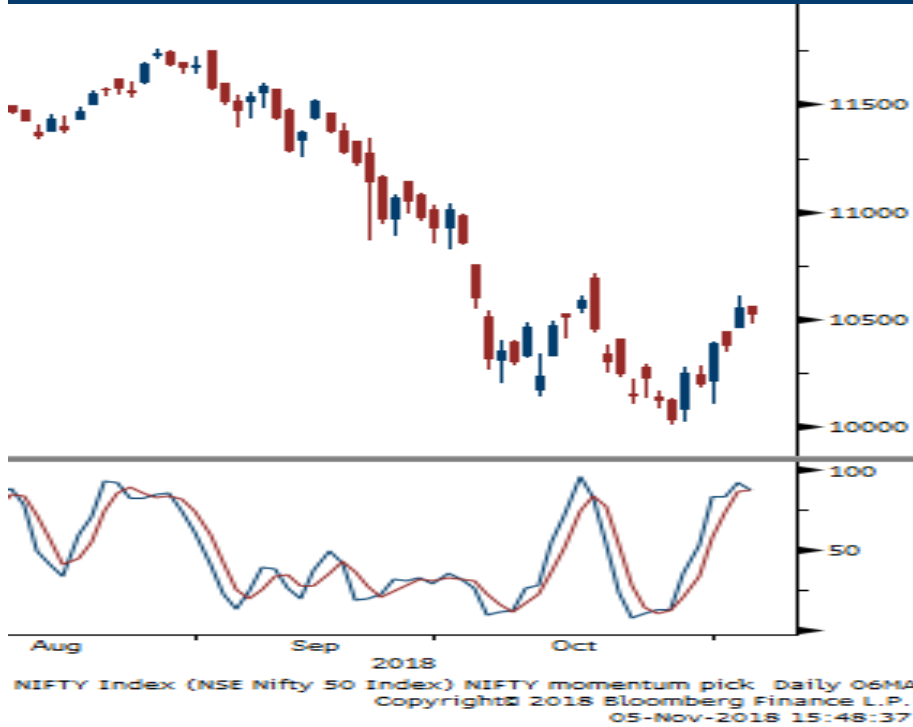
Key developments (Continued...)

- State Bank of India (SBI) reported a strong set of Q2FY19 numbers with PAT of ₹ 944 crore vs. expected loss, led by exceptional gain of ₹ 1560 crore arising from transfer of one business and lower provision at ₹ 12,094 crore. Lower corporate slippages at ₹ 3189 crore led to moderation in gross slippages at ₹ 10,888 crore. Accordingly, GNPA ratio improved ~74 bps QoQ to 9.95%. Healthy growth in advances at 8.5% YoY and ~29 bps YoY improvement in domestic margins kept NII growth healthy at 12.5% YoY. Exposure to NBFC was at ₹ 150010 crore (7.6% of advances) while exposure to IL&FS is not substantial. The watchlist continued to decline to ₹ 20359 crore vs. ₹ 24633 crore QoQ
- Balkrishna Industries' (BIL) Q2FY19 results were below our expectations on all parameters. Revenues came in at ₹ 1,325 crore (up 18.9% YoY) vs. our expectation of ₹ 1,424 crore. EBITDA margin were at 25.1% (down 226 bps YoY & 115 bps QoQ) below our expectation of 28.8%. Reported PAT came in at ₹ 222 crore (up 9.5% YoY) vs. our expectation of ₹ 262 crore
- Timken India reported Q2FY19 numbers. The numbers are not comparable to historical numbers as the company has reported consolidated numbers (post-merger of Timken and ABC) for the first time. Revenues came in at ₹ 413.8 crore. Gross margins and EBITDA margins came in at 44.5% and 17%, respectively. Absolute EBITDA came in ₹ 70.4 crore. PAT came in at ₹ 34.6 crore for the quarter
- Bosch reported Q2FY19 results that were below our expectations on all parameters. Revenue came in at ₹ 3,201 crore (up 13.8% YoY), below our estimate of ₹ 3,263 crore. EBITDA margin was at 18.6% (up 56 bps YoY but down 93 bps QoQ), below our expectation of 19.1%. PAT increased 18.9% YoY to ₹ 420 crore vs. our estimate of ₹ 436 crore. The company has announced a buy-back of up to 10.28 lakh equity shares at share price of ₹ 21,000 per share aggregating to ₹ 2,159 crore (represents 3.37% of the paid up capital)
- Wabco India's (WIL) Q2FY19 results were above our expectations on all parameters. Revenues came in at ₹ 743 crore (up 21.8% YoY), above our expectation of ₹ 733 crore. EBITDA margins came in at 16.6% (down 26 bps YoY; however up 323 bps QoQ), above our estimate of 15%. Subsequently, reported PAT came in at ₹ 95.5 crore (up 23.1% YoY), above our expectation of ₹ 79 crore
- Exide Industries' (EIL) Q2FY19 revenue & margins came in below our estimates. However, PAT was above our estimate & was supported by one-time exceptional gain. Revenues grew 14.7% YoY to ₹ 2,720 crore, below our estimate of ₹ 2,752 crore. EBITDA margins came in at 12.2% (down 25 bps YoY & 187 bps QoQ) below our estimate of 14.2%. Reported PAT increased 98.1% YoY to ₹ 268 crore, above our estimate of ₹ 218 crore. The board has declared an interim dividend of ₹ 1.60 per share for FY19. The record date for the same has been fixed as November 17, 2018
- Indraprastha Gas reported a decent set of numbers for Q2FY19 with revenues up 26% YoY to ₹ 1564 crore and PAT up 11% YoY to ₹ 187.2 crore. Increase in volumes by 13% YoY to 5.9 mmscmd mainly contributed to higher profitability
- Gail reported a good set of numbers for Q2FY19 with profits increasing 49.9% YoY to ₹ 1963 crore above our estimate of ₹ 1423.9 crore mainly on account of robust profitability in the natural gas trading business. The performance of gas transmission, petchem and LPG segments were also steady with better profitability on a YoY basis
- Sun Pharma's subsidiary Taro Pharma has reported better-than-expected operational Q2FY19 results. Revenues declined 6% YoY to US\$159 million. EBITDA margins contracted 476 bps to 49.8%. EBITDA declined 15% YoY to US\$79.2 million. Net profit grew 19% YoY to US\$62.5 million. The Taro Board of Directors has declared a US\$500 million special cash dividend
- Power Grid reported Q2FY19 results below our estimates as lower-than-expected revenues and higher-than-expected other expenses marred profitability. Reported revenues came in at ₹ 8,283 crore vs. estimate of ₹ 8447.3 crore. EBITDA came in at ₹ 6,972.5 crore, significantly below our estimate of ₹ 7,306.9 crore. Higher-than-expected other costs at ₹ 857.6 crore vs. estimates of ₹ 675.8 crore was the key reason for the shortfall. PAT was at ₹ 2,309 crore vs. our estimate of ₹ 2,433.8 crore mainly on back of lower revenues and EBITDA
- Orient Cement came up with its quarterly numbers with revenues growing ~7% YoY to ₹ 561 crore from ₹ 523 crore. EBITDA came in at ₹ 38 crore witnessing a decline of 55% from ₹ 84 crore a year ago due to higher power & fuel and freight costs. The company posted a net loss of ₹ 16.75 crore vs ₹ 10.15 crore profit in Q2FY18

Key developments (Continued...)

- Phoenix Mills reported a strong set of numbers in Q2FY19 with revenues growing 9% YoY to ₹ 404.78 crore. EBITDA margins were at 50% while PAT grew strongly by 49% YoY to ₹ 62 crore
- Media sources said Tata Group is in advanced talks to buy a controlling in debt-laden Jet Airways from the promoters. Besides buying Jet promoter's stake, the Tata Group is also looking to buy out the stake of Etihad Airways
- As per media sources, Navneet's wholly owned subsidiary, Indiannica has launched 14 new series of curriculum textbooks for English, Hindi, Maths, Science, Computer Science, and Social Studies. These new series are an addition to the bouquet of specialised solutions, as per ICSE and CBSE curriculum
- According to media sources, Tata Consultancy Services (TCS), will be facing a US jury on allegation of bias in firing against Americans

Nifty Daily Chart



Technical Outlook

Benchmark indices witnessed a choppy trading session, fuelled by weak Asian clues. The Nifty settled at 10524, down 29 points or 0.3%. The price action formed a small bear candle with a lower shadow, indicating a breather post last week's sharp up move of 600 points that hauled the daily stochastic oscillator in overbought territory (at 87). Hence, on expected lines, the index took a breather and is likely to extend it for a day or two. However, we believe such a breather would help the index to work out of overbought conditions and, in turn, make the market healthy. As we do not expect the index to breach the immediate support area of 10200, any dip towards 10300-10350 should be used as an incremental buying opportunity in quality stocks. In coming session, holding above last sessions low (10477) would keep pullback options open or else continuance of stock specific action amid elevated volatility owing to the outcome of the US mid-term election and FOMC rate decision.

Pivot Points

Index/Stocks	Trend	Close	S1	S2	R1	R2
S&P BSE SENSEX INDEX	Neutral	34947.6	34799.0	34487.0	35110.0	35422.0
Nifty 50	Neutral	10524.0	10481.0	10399.0	10563.0	10645.0
ACC LTD	Positive	1474.4	1436.0	1376.0	1496.0	1556.0
AXIS BANK LTD	Positive	624.4	617.0	601.0	633.0	649.0
HDFC BANK LTD	Neutral	1956.0	1942.0	1921.0	1964.0	1986.0
STATE BANK IND	Positive	295.0	286.0	270.0	303.0	319.0
HOUSING DEV FIN	Neutral	1792.9	1770.0	1719.0	1821.0	1872.0
MARUTI SUZUKI IN	Positive	7177.3	7073.0	6879.0	7268.0	7463.0
TATA MOTORS LTD	Neutral	189.8	187.0	182.0	191.0	196.0
MAHINDRA & MAHIN	Neutral	775.5	769.0	755.0	784.0	799.0
BAJAJ AUTO LTD	Neutral	2672.6	2635.0	2570.0	2699.0	2764.0
TATA CONSULTANCY	Negative	1890.9	1875.0	1832.0	1917.0	1960.0
INFOSYS LTD	Negative	666.0	659.0	648.0	671.0	683.0
CIPLA LTD	Negative	563.1	541.0	480.0	601.0	661.0
OIL & NATURAL GA	Neutral	155.0	151.0	140.0	162.0	173.0
RELIANCE INDS	Positive	1090.3	1073.0	1046.0	1101.0	1129.0
BHARTI AIRTEL	Neutral	303.2	299.0	291.0	306.0	313.0
DLF LTD	Neutral	173.2	168.0	161.0	176.0	183.0

CNX Nifty Technical Picture

Nifty 50	Intraday	Short Term
Trend	Up	Up
Support	10500-10475	10200
Resistance	10580-10610	10750
20 day EMA		10466
200 day EMA		10714

Advances/Declines

	Advances	Declines	Unchanged
BSE	1267	1340	185
NSE	864	893	318

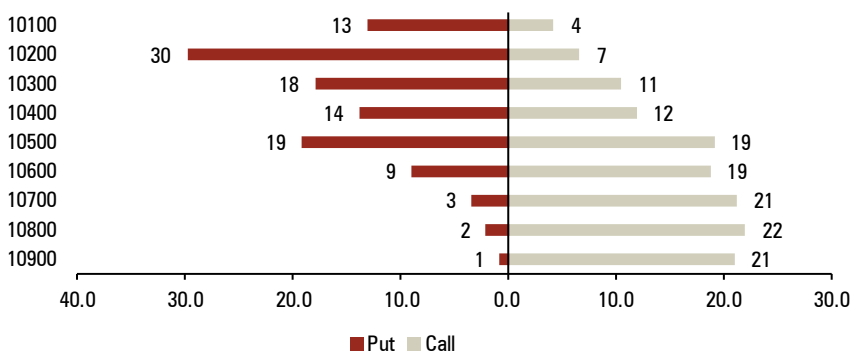
Daily Technical Calls

1. Buy Reliance Industries in the range of 1092.00-1096.00
2. Sell Jubilant Foodworks in the range of 1070.00-1075.00

*All recommendations are of November Future

See Momentum Pick for more details

Nifty Call – Put Strike (Number of shares in lakh) – November 2018



Intraday Derivative Strategy

i) Tata Motors

Buy TATMOT NOV Fut at ₹ 194.00-194.40

CMP: 191

Target 1: 198 Target 2: 204

Stop Loss: 190

ii) Indusind Bank

Sell INDBA NOV Fut at ₹ 1478.00-1481.00

CMP: 1490

Target 1: 1460 Target 2: 1430

Stop Loss: 1500

See Derivatives view for more details

Results/Events Calendar

22	October Monday	23	October Tuesday	24	October Wednesday	25	October Thursday	26	October Friday	27	October Saturday
Asian Paints, Hindustan Zinc Kansai Nerolac, HOEC TVS Motors, Alembic Pharma Oberoi Realty, Inox Leisure Japan All Ind Activity Index		Bajaj Finance, HCL Tech Bajaj Finserv Ambuja Cement Rallis India EU Consumer Confidence		Bajaj Auto, TTK Prestige Bharti Infratel, Jyothy Labs Wipro, Syngene Int, KPIT Sterlite Tech., SKF India Kotak Mahindra Bank		Airtel, Biocon, PVR, Dish TV Yes Bank, V-Guard, BHEL Maruti, Kewal, Music Broadcas Kajaria, JSW Steel, DB Corp Varun Bev, Bodal, Heidelberg		Mahindra Lifespace Nestle India, Bharat Elec Dr. Reddy's Lab Shoppers Stop, ITC US GDP Annualized QoQ		Control Print	
29	October Monday	30	October Tuesday	31	October Wednesday	01	November Thursday	02	November Friday	03	November Saturday
Colgate, Hester Bio Action Const., Sagar Cement Swaraj Engines, Wonderla CPCL, BPCL, LIC Housing Supreme Ind, Solar Ind		Tech Mahindra, ABB, IRB Infoedge, Bank of Baroda Ramco Cem, Birla Corp Pidilite, Nocil, Teamlease Concor, JK Tyre, Talwalkar		Dabur, BlueDart, Jagran EIH Asso., Tata Motors EPC Ind, HEG, AIA, L&T Vedanta, Kalpataru, Lupin United Spirits, Escorts		Trent, Marico, Mah. Seamless Firstsource, VST Industries Taj GVK, Eclerx, HPCL, OCCL Bajaj Elec, Greaves Cotton GSK Cons, Somany, Apcotex		Axis Bank, TCI, IOC, NTPC Sonata Software, ENIL TV Today, Hindalco, KEC ABFRL, Elgi Equipments Bharat Forge, D-Link, Sun TV		TCI Express Gujarat Gas, GSPL Torrent Pharma, Linc Pen Cadila, JK Cement ONGC, Ashoka Buildcon	
05	November Monday	06	November Tuesday	07	November Wednesday	08	November Thursday	09	November Friday	10	November Saturday
Wabco India, GAIL, Bosch Cipla, Exide, Indraprastha Gas Timken India, PGCIL Balkrishna Ind, Goodyear SBI, Century Plyboards		Voltas Graphite India EU PPI YoY		China Foreign Reserves		China Trade Balance Japan BoP Current Account Ba US Initial Jobless Claims		Amara Raja, Sobha Titan, India Cements VST Tillers & Tractors China CPI YoY US Wholesale Inv MoM			
12	November Monday	13	November Tuesday	14	November Wednesday	15	November Thursday	16	November Friday	17	November Saturday
Oil India, Greenply Ind Shree Cement Aurobindo Pharma Coal India, Eicher Motors Dredging Corp		Mahanagar Gas, Pokarna Ineos Styrolution, Nesco Sun Pharma, NCC, PNC Indoco Remedies Ashok Leyland, Tata Steel		Motherson Sumi, NBCC Thermax, United Breweries Prabhat Dairy, CESC India Wholesale Prices YoY UK CPI YoY		India Trade Balance US Initial Jobless Claims		US Industrial Prod MoM EU CPI YoY			
19	November Monday	20	November Tuesday	21	November Wednesday	22	November Thursday	23	November Friday	24	November Saturday
Japan Trade Balance		US Housing Starts		US Initial Jobless Claims		Japan Natl CPI YoY		Nikkei Japan PMI Mfg Markit US PMI Mfg			

Major Economic Events this Week

Date	Event	Country	Period	Actual	Expected
5-Nov	Markit Services PMI	US	Oct F	54.8	54.6
5-Nov	Nikkei PMI Services	IN	Oct	52.2	--
6-Nov	PPI YoY	EC	Sep	--	4.3%
Date	Event	Country	Period	Expected	Prior
7-Nov	Foreign Reserves	CH	Oct	\$3055B	\$3087B
8-Nov	Trade Balance	CH	Sep	\$34.85 B	\$31.69B
8-Nov	BoP Current Acc Bal	JN	Oct	¥1786.5 B	¥1838.4 B
8-Nov	Initial Jobless Claims	US	Nov	214,000	214,000
9-Nov	CPI YoY	CH	Oct	2.5%	2.5%
9-Nov	Wholesale Inv MoM	US	Sep F	0.3%	0.3%
9-Nov	Ind Prod YoY	UK	Sep	0.4%	1.3%
9-Nov	GDP YoY	UK	3Q P	1.5%	1.2%
9-Nov	PPI YoY	CH	Oct	3.3%	3.6%

Result Preview

Company	Revenue			EBITDA			PAT		
	Q2FY19E	YoY	QoQ	Q2FY19E	YoY	QoQ	Q2FY19E	YoY	QoQ
Voltas Ltd.	1,112.1	7.3	-48.2	84.7	-1.2	-65.2	81.8	-14.2	-56.3
Graphite India	1,798.1	289.3	1.2	1,122.4	764.0	-13.7	771.0	757.6	-10.1

Revenue = Nil; EBITDA = PPP for Banks and NBFC

Recent Releases

Date	Report
November 06, 2018	Result Update – Tata Communications
November 06, 2018	Result Update – Somany Ceramics
November 06, 2018	Result Update – Axis Bank
November 06, 2018	Result Update – Hindalco Industries
November 06, 2018	Result Update – NTPC



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