

Indian Markets	CMP	% chg 1d	% chg 3m	% chg 6m	% chg ytd
Nifty	10,303	(0.5)	4.0	10.6	25.9
Sensex	33,219	(0.5)	4.5	11.0	24.8
BSE Small Cap	17,498	(1.0)	11.9	12.6	45.3
Midcap	16,417	(0.8)	8.3	10.8	36.4
INR/USD	64.96	0.1	2.1	1.0	4.6
Developed/Emerging markets					
Dow Jones	23,563	0.0	6.9	12.3	19.2
S&P 500	2,594	0.1	4.8	8.2	15.9
Nasdaq	6,346	0.4	7.2	11.8	30.5
Nikkei	23,217	1.3	17.6	17.0	21.5
Hang Seng	29,102	0.7	4.8	16.9	32.3
Bovespa	74,363	2.7	9.9	12.2	23.5
DAX	13,382	0.0	10.1	5.0	16.6
FTSE	7,530	0.2	0.4	2.6	5.4
SGX Nifty	10,376	0.2	4.6	11.0	26.8

Top gainers			Top losers		
Underlying Security	CMP	% chg	Underlying security	CMP	% chg
Just Dial	463	5.8	MMTC	87	(10.0)
Mphasis	739	4.6	Arvind	414	(9.0)
Glaxo. Cons.	5,697	4.5	Relcapital	504	(6.2)
Tech M	490	4.1	PC Jewel.	334	(4.9)
Jet Airways	624	3.9	Karur Vysya Bank	120	(4.4)

Recent eco. data	Actual	Cons.	Upcoming eco. data	Cons.	Previous
India Eight Core	5.2	2.6	China CPI	1.7	1.6
US Unemploy Rate	4.1	4.2	UK Industrial Production	0.3	0.2
Canada Employ Change	35.3K	15.3K	UK Mfg Production	0.3	0.4
India Services PMI	51.7	50.7	US Unemploy Claims	231K	229K
UK Services PMI	55.6	53.3	UK Construction Output	(0.6)	0.6

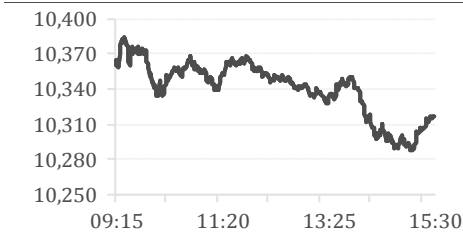
FIIs & DIIs cash activity (Rs cr)			
	Previous day	MTD	YTD
FII Equity	(3,838)	4,390	42,897
DII Equity	3,038	(138)	95,273
FII Debt	(366)	955	146,668
DII Debt	2,657	2,657	328,970

Comfort and convenience

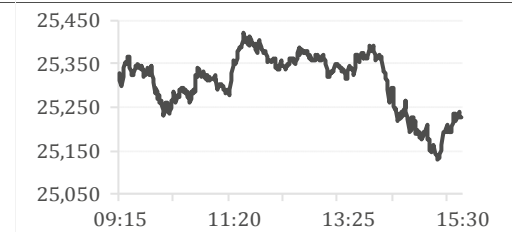
The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy. - Martin Luther King, Jr.

The market seems to be lacking comfort for now as it seeks fresh triggers to justify its run-up. Tax rates on 80 pc items of top 28 pc slab will possibly be slashed when the GST council meets today. The main indices suffered a setback on Wednesday as banks, metals, oil & gas and some auto stocks caused a drag. The outlook is a flat start. Tata Motors, HPCL and Aurobindo Pharma will announce their corporate earnings. Some attention will be on Himachal Pradesh which is set to go to polls today. Wall Street closed at a record high once again. Asian markets followed its buoyancy and are near a decade high. US President Donald Trump is in Beijing and a joint media meet with Chinese President Xi Jinping will be closely watched.

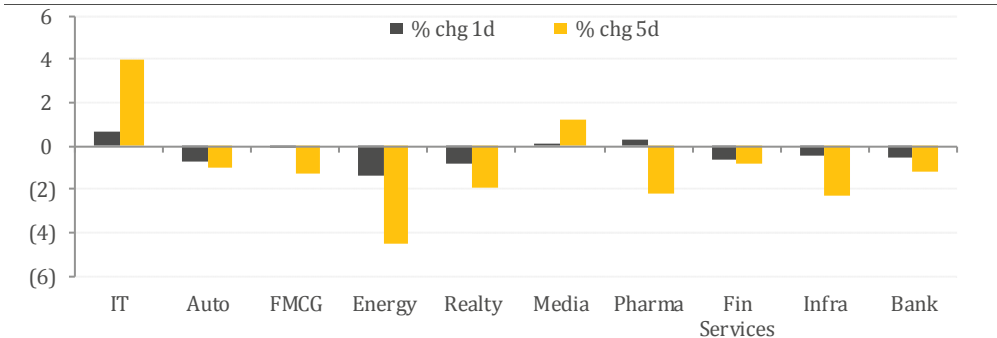
Nifty intra-day movement



Banknifty intra-day movement



Sectoral movement



Corporate News

- **Bharti Airtel** introduced new postpaid and prepaid plans
- **HCL Info** gets tax demand notice for Rs. 312cr; company will appeal to authority
- **Jet Airways** offers up to 30% discount on international flight fares till Nov.14
- **Pricol** entered into a joint venture with Hong Kong based-Zorg industries for the manufacture and supply of parking assistance systems for the Indian mark

Economy News

- Direct tax collection sees 15% rise in April- October FY18
- India initiates anti-dumping probe against cheap paper imports from 3 nations
- IBBI enacts stricter norms for approval process of resolution plans
- Country as a place for business is a lot more attractive than its ranking: Panagariya

Results table

Rs mn	Revenue	YoY %	PAT	YoY %
Aban Offshore Ltd.	3,292	(17.5)	(2,777)	(1.1)
Arvind Ltd.	26,285	12.8	645	(15.3)
Asahi India Glass Ltd.	6,247	(5.9)	382	1.3
Ashok Leyland Ltd.	60,469	23.1	3,343	13.5
Balkrishna Industries Ltd.	11,145	17.9	2,030	(16.4)
Bharat Forge Ltd.	12,580	34.4	2,037	60.5
Bombay Dyeing & Manufacturing Company Ltd.	6,922	34.8	528	244.4
CESC Ltd.	20,880	3.6	2,470	2.1
Chennai Petroleum Corporation Ltd.	104,957	(2.1)	3,151	221.3
City Union Bank Ltd.	3,549	17.8	1,448	17.0
E.I.D. Parry (India) Ltd.	51,153	8.7	3,491	66.4
Future Consumer Ltd.	7,505	33.1	(55)	50.7
Greenply Industries Ltd.	4,461	(4.8)	364	3.7
Gujarat Alkalies & Chemicals Ltd.	5,950	1.3	1,064	21.7
Gujarat State Fertilizers & Chemicals Ltd.	15,403	(6.0)	792	(36.6)
Ingersoll-Rand (India) Ltd.	1,611	(7.6)	220	10.4
IRB Infrastructure Developers Ltd.	11,227	(13.0)	2,347	65.1
ITD Cementation India Ltd.	4,730	5.4	193	50.9
JK Lakshmi Cement Ltd.	7,767	5.9	132	(46.9)
KRBL Ltd.	7,155	0.1	1,033	4.9
La Opala RG Ltd.	740	14.5	238	24.2
Mahanagar Gas Ltd.	5,880	2.4	1,248	22.1
Muthoot Finance Ltd.	16,649	20.5	4,542	53.1
Navneet Education Ltd.	1,834	6.3	166	(10.5)
Oriental Bank Of Commerce	12,517	(4.9)	(17,499)	PL
Pidilite Industries Ltd.	15,299	0.0	2,518	9.6
Rain Industries Ltd.	30,508	33.0	2,534	93.3
Shree Cement Ltd.	21,368	(7.1)	2,115	(27.4)
Take Solutions Ltd.	3,709	13.0	367	13.4

News source: ACE Equity, Bloomberg Quint.

Thermax Ltd.	10,331	(5.7)	578	(18.3)
United Breweries Ltd.	27,380	24.5	938	246.9
VA Tech Wabag Ltd.	8,865	14.0	369	43.6
Vardhman Textiles Ltd.	15,231	1.9	1,318	(70.2)
Voltas Ltd.	10,367	5.6	944	13.9

Upcoming Events

- Nov 09: Japan Bank Lending, Japan Core Machinery Orders, Japan Current Account, Australia Home Loans, China CPI, China PPI, France Unemployment Rate, German Trade Balance, China M2 Money Supply, China New Loans, UK NIESR GDP Estimate, Canada NHPI, US Unemployment Claims, US Final Wholesale Inventories
- Nov 10: Japan M2 Money Stock, French Industrial Production, French Prelim Private Payrolls, Italian Industrial Production, UK Manufacturing Production, UK Goods Trade Balance, UK Construction Output, UK Industrial Production, US Prelim UoM Consumer Sentiment, US Prelim UoM Inflation Expectations

JK Lakshmi Cement Ltd - BUY

In line quarter; Better days ahead

JK Lakshmi (JKLC) revenues grew by 18.5% yoy to touch Rs7.76bn, higher than our estimate of Rs7.21bn. Topline beat was solely due to improved realization (+4% qoq as against our expectation of ~2% drop), largely boosted by eastern operations. The 10% volume growth was in line with our estimate, aided by commencement of new units. Despite a thumping realization jump, Ebitda/ton stood at Rs. 505/ton (matching our estimate), impacted by swollen cost of power, freight and personnel. PAT stood at Rs132mn above our estimate primarily on back of higher other income (+66% yoy). Use of cost-efficient pet-coke makes JKLC one of the most efficient cement players in power and fuel consumption. The company is adding another 20mw at its eastern unit, which will enhance its CPP to +120mw. Further, it is erecting pyro section at Udaipur Cement Works besides a railway siding at Durg. This would help reduce average lead distance, thereby, lowering overall freight cost. Thanks to the above-mentioned developments, JKLC EBITDA/ton should recuperate towards +700 levels by FY19. We Retain BUY with a one-year PT of Rs. 550.

Impressive realization

JKLC reported +10%yoy improvement in dispatches, which was largely steered by the stabilization of new units. To our surprise, blended cement realisation was up 4% qoq basis vis-à-vis our expectation of a 2% drop based on the prevailing pricing scenario in the northern market. Going forward, traction in Government led infra & housing projects coupled with improvement in sand availability should translate into a strong H2 for JKLC. We build-in a 11% volume CAGR for the company over FY17-19E.



CMP (Rs) 436		12-mts Target (Rs) 550	Upside 26%
Stock data (As on November 08, 2017)		Sector: Cement	
Sensex:	33,219	Stock performance 	
52 Week h/l (Rs):	537 / 329		
Market cap (Rsmn) :	51,345		
Enterprise value (Rs mn):	70,992		
6m Avg t/o (Rs mn):	48		
Bloomberg code:	JKLC IS		
BSE code:	500043		
NSE code:	JKLAKSHMI		
FV (Rs):	5		
Div. Yeild (%)	0.2		
		Shareholding pattern (%)	
		Promoters	45.9
		FII + DII	28.8
		Others	25.3

Figure 1: Result table

(Rs mn)	Q2 FY18	Q2 FY17	% yoy	Q1 FY18	% qoq
Revenue	7,767	6,556	18.5	9,011	(13.8)
Operating Profit	954	937	1.9	1,203	(20.7)
OPM (%)	12.3	14.3	(200 bps)	13.4	(107 bps)
Other Income	169	179	(5.6)	102	66.0
Depreciation	(447)	(412)	8.5	(439)	1.8
Interest	(489)	(471)	3.8	(492)	(0.7)
Exceptional item	-	-	-	-	-
PBT	188	233	(19.4)	374	(49.8)
Tax	(56)	16	(452.5)	(91)	(39.1)
PAT	132	249	(46.9)	283	(53.3)
Other Comp. gain/(loss)	(2)	1		(2)	-
Reported PAT	132	249	(46.9)	283	(53.3)
Adjusted PAT	134	248	(45.9)	281	(52.2)

Source: Company, IIFL Research

Cost escalation overshadows realization beat

Operating margins for JKLC stood at 12.3% (as against our expectation of 13.3%). Margins was lower than our estimates despite a thumping beat in realisation as cost escalation in power, freight and personnel cost led to lower operational efficiency. On cost front, freight expenses stood at Rs. 1,083/ton, a rise of 19% over Q1 numbers despite no railway surcharge levied in the current quarter. Power and Fuel cost stood at Rs. 950/ton; jump of Rs. ~120/ton sequentially, this rise can be attributed to increase in pet coke procurement cost. The company plans to lower its power and fuel cost and plans to set-up another 20MW thermal power plant at its Durg facility.

Figure 2: Key Matrix

Key Matrix	Q2 FY18	Q2 FY17	% yoy	Q1 FY18	% qoq
Volume	1.89	1.72	10.0	2.29	(17.5)
Realisations	4,110	3,816	7.7	3,936	4.4
EBITDA/ton	505	545	(7.4)	526	-3.9

Source: Company, IIFL Research

Figure 3: Financial Summary

Y/e 31 Mar (Rs m)	FY15	FY16	FY17	FY18E	FY19E
Revenues	23,071	26,199	29,104	36,634	41,578
yoy growth (%)	12.2	13.6	11.1	25.9	13.5
OPM (%)	15.1	10.4	12.6	16.6	17.4
Reported PAT	956	(76)	811	2,205	3,013
yoy growth (%)	2.7	PL	LP	171.8	36.6
EPS (Rs)	13.5	-	6.9	18.7	25.6
P/E (x)	28.9	-	56.6	20.8	15.2
Price/Book (x)	3.4	3.5	3.3	2.9	2.4
EV/EBITDA (x)	16.4	22.4	17.3	9.9	8.0
Debt/Equity (x)	1.1	1.2	1.3	1.0	0.8
RoE	12.0	0.1	6.1	14.9	17.4
RoCE (%)	9.3	5.5	8.8	15.5	17.5

Source: Company, IIFL Research

Bharat Forge - BUY

Strong show, getting future ready

Strong results led by favorable product mix

Bharat Forge (BFL) reported a stronger than expected performance in Q2 FY18 led by a beat in revenues as well as margins. Revenues at Rs12.6bn were higher than estimates by 3% while OPM at 29.4% came in 140bps higher than our forecasts. Resultantly, PAT at Rs2,037mn was higher than forecasts by 7.5%. The beat was driven by a favorable product mix wherein contribution of higher margin industrial exports jumped from 14% in Q2 FY17 to 27% in Q2 FY18. Other income was also higher than estimates led by increased cash on balance sheet. Performance of wholly owned subsidiaries too was robust with 25.4% yoy revenue growth and 75.9% yoy jump in PBT.

Getting future ready with a new plant

The company has bought 100 acres of land in Andhra Pradesh to set up a new plant to manufacture products based on aluminium, magnesium and other metals that will play a key role in lightweighting of vehicles aimed at reducing emissions, improving fuel efficiency and evolution of electric vehicles. The products will cater to automotive, engineering, aerospace and other segments. In the first Phase Rs2bn will be invested wherein plant will be set up in 18-20 months and will be fully scaled up within the next 6-12 months. At full scale up in the first phase the company expects an Asset turnover of 1:1, which is expected to increase after the first phase. BFL is hopeful of this site emerging into a megasite like Baramati. With regards to raw material sourcing the company is confident as aluminium is available in India and magnesium can be sourced throughout the world. Knowhow for these products will not be a major issue as most of the products will be migrating from its own steel forging processes.

Analyst: Prayesh Jain



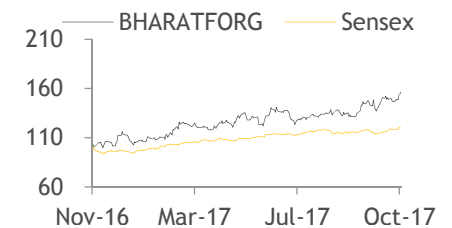
CMP (Rs) 728 **12-mts Target (Rs) 858** **Upside 17.9%**

Stock data (As on November 8, 2017)

Sector: Auto components

Sensex:	33,219
52 Week h/l (Rs):	739 / 382
Market cap (Rs mn) :	340,229
Enterprise value (Rs mn):	351,983
6m Avg t/o (Rs mn):	856
FV (Rs):	2
Div yield (%):	0.5
Bloomberg code:	BHFC IS
BSE code:	500493
NSE code:	BHARATFORG

Stock performance



Shareholding pattern (%)

Promoter	45.8
FII+DII	33.2
Others	21.1

Figure 1: Result table

Rs mn	Q2 FY18	Q2 FY17	% yoy	Q1 FY18	% qoq
Revenues	12,580	8,909	41.2	12,008	4.8
Operating profit	3,694	2,477	49.2	3,333	10.8
OPM (%)	29.4	27.8	1.6	27.8	1.6
Other income	366	309	18.4	259	41.2
Depreciation	(781)	(726)	7.6	(774)	0.9
Interest	(217)	(189)	14.4	(185)	16.9
PBT	3,063	1,870	63.8	2,633	16.3
Tax	(1,026)	(601)	70.5	(882)	16.2
Tax rate (%)	33	32	4.1	34	(0.1)
PAT	2,037	1,269	60.6	1,751	16.3

Source: Company, IIFL Research

Upgrade to BUY

BFL is set to witness multifold growth in all its segments. CV exports are gaining traction from strong class VIII sales in US markets where estimates for CY18 range from 10-12% yoy growth. Domestic CV market is also looking upbeat. On the passenger car front, the company is scaling up supplies to new customers as well as existing ones both in domestic and international markets. On the industrial side of the business, with crude oil prices heading north, there has been a marked recovery in investments globally. Also, BFL is looking to gain better traction driven by the development of new products. In the defense segment, the artillery guns have seen initial round of testing and will go through user trials for the next 15-18 months. In the aerospace segment, the company has won orders for another platform of Boeing airplanes. This along with new plant will ensure a sustained revenue growth in the next 3-4 years. Margins will remain strong as mix tilts towards higher margin products. With regards to capacity, the company is operating at 75% utilization rate for forging and 80% utilization of machining capacity. However, through debottlenecking it plans to expand forging capacities by 10-12%, which will ensure that demand is met without any major capex. Over the next two years it envisages Rs3.5bn capex, bulk of which will be spent in FY18. We expect a 24% FY17-20E PAT (pre-exceptional) CAGR. Valuations of 25.5x FY20E appears attractive. Upgrade to BUY with a revised 1-year price target of Rs858.

Figure 2: Cost analysis

As % of net sales	Q2 FY18	Q2 FY17	bps yoy	Q1 FY18	bps qoq
Raw materials	35.0	34.4	61	35.0	1
Staff costs	8.5	10.1	(164)	8.9	(35)
Other expenditure	27.1	27.6	(53)	28.3	(126)
Total expenditure	70.6	72.2	(157)	72.2	(161)

Source: Company, IIFL Research

Figure 3: Financial summary

Y/e 31 Mar (Rs m)	FY16	FY17	FY18E	FY19E	FY20E
Revenues	76,465	63,961	78,470	90,120	103,417
yoy growth (%)	0.3	(16.4)	22.7	14.8	14.8
Operating profit	14,213	12,510	16,149	19,213	22,031
OPM (%)	18.6	19.6	20.6	21.3	21.3
Pre-exceptional PAT	6,555	6,976	8,493	11,056	13,315
Reported PAT	6,500	8,260	8,493	11,056	13,315
yoy growth (%)	(14.8)	27.1	2.8	30.2	20.4
EPS (Rs)	14.1	15.0	18.2	23.7	28.6
P/E (x)	51.7	48.6	39.9	30.7	25.5
Price/Book (x)	9.5	7.7	6.5	5.4	4.5
EV/EBITDA (x)	25.3	28.1	21.4	17.6	14.9
Debt/Equity (x)	0.7	0.5	0.4	0.3	0.2
RoE (%)	18.7	17.5	17.7	19.2	19.2
RoCE (%)	18.6	14.0	18.0	20.3	21.3

Source: Company, IIFL Research

Cipla - Reduce

Upsides priced in!

Quarterly rebound with a margin surprise

Cipla clocked a solid rebound in Q2 margin on back of strong cost control despite a reversal in gross margin. Revenues jumped 16% driven by post GS-led revival in domestic sales while on an adjusted basis, India revenues up 12% yoy. US business marginally declined on price erosion but would see the impact of Sevelamer launch in Q3; albeit company sounded a cautious tone on the size of opportunity since 3 additional players have been approved in a month. Gross margin reversed as Q1 included one-time benefit and also higher quantities of batch supplies bumped up COGS.

Q2 call: 'steady margin upside; gross margin to normalize in H2'

Key highlights of Q2 call 1) Q2 gross margin reversed due to one-time benefit in Q1 and high quantity of batch supplies included in Q2 COGS; guides to 64% gross margin in H2 FY18 2) US revenues down due to pricing pressure; Sevelamer has seen 3 additional approvals in 35 days plus an authorized generic so market pricing is behaving what it should with 5 players; it would have been better if launches had been staggered 3) R&D costs to inch up in H2 due to rise in clinical trial spending; cost control would show up most in FY19 which can add 100bps to margin 4) One time amortization charge on Invagen purchase due to launch delay which has been offset by similar compensation included in other income

US upside factored in; rollover to FY20 and retain Reduce

Cipla has been a beneficiary of small base in US which has side stepped erosion that has afflicted other larger billion dollar plus businesses of peers. Moreover, management guidance of 1 differentiated launch per quarter gives at least some semblance of visibility (though Sevelamer type play out is a clear risk) while India/SA would chug along at steady rate. We roll over valuation to FY20 basis but retain Reduce with revised 1-year PT of Rs600.

Analyst: Bhavesh Gandhi



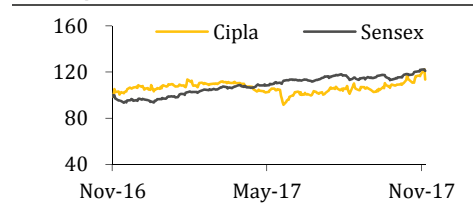
CMP (Rs) 621	12-mts Target (Rs) 600	Downside 1.5%	
Stock data (As on November 08, 2017)			
Sensex:	33,219	Stock performance 	
52 Week h/l (Rs):	663/479		
Market cap (Rs mn) :	489,941		
Enterprise value (Rs mn):	505,022		
6m Avg t/o (Rs mn):	885		
FV (Rs):	2		
Div yield (%):	0.3		
Bloomberg code:	CIPLA IN		
BSE code:	500087		
NSE code:	CIPLA		
Shareholding pattern (%)			
Promoter			37.3
FII+DII			37.5
Others			25.2

Figure 1: Result table

(Rs mn)	Q2 FY18	Q1 FY18	% qoq	Q2 FY17	% yoy
Net sales	7,893	6,482	21.8	8,794	(10.2)
RM & packing	(2,029)	(937)	116.4	(1,970)	3.0
Purchase of traded goods	(105)	(883)	(88.1)	(592)	(82.3)
Staff	(1,595)	(1,585)	0.6	(1,375)	16.0
R&D	(981)	(940)	4.3	(1,117)	(12.2)
Other expenditure	(1,433)	(1,122)	27.7	(1,963)	(27.0)
OPM (%)	22.7	15.6	705 bps	20.2	248 bps
Depreciation	(257)	(218)	17.4	(206)	24.4
Interest	(4)	(9)	(60.7)	(11)	(67.9)
PBT	1,608	789	103.9	1,567	2.6
Tax	(366)	(155)	136.2	(332)	10.3
Effective tax rate (%)	22.7	19.6	311 bps	21.2	158 bps
PAT	1,216	667	82.4	1,198	1.5

Source: Company, IIFL Research

Figure 2: Revenue mix

Revenues	Q2 FY18	Q1 FY18	% qoq	Q2 FY17	% yoy
India Branded generics	16,460	12,710	29.5	14,690	12.0
US formulations	6,180	6,460	(4.3)	6,640	(6.9)
SA	9,210	7,500	22.8	8,780	4.9
Emerging markets	4,540	4,630	(1.9)	4,110	10.5
Europe	1,510	1,640	(7.9)	1,330	13.5
APIs	2,130	1,300	63.8	1,150	85.2
Others	800	1,010	(20.8)	810	(1.2)
Total	40,830	35,250	15.8	37,510	8.9

Source: Company, IIFL Research

Figure 3: Financial summary

Y/e 31 Mar (Rs m)	FY16	FY17	FY18E	FY19E	FY20E
Revenues	137,901	146,302	161,553	185,049	212,101
yoy growth (%)	21.5	6.1	10.4	14.5	14.6
Operating profit	24,797	24,758	29,887	37,935	46,662
OPM (%)	18.0	16.9	18.5	20.5	22.0
Reported PAT	13,600	10,064	15,408	21,065	27,138
yoy growth (%)	15.2	(26.0)	53.1	36.7	28.8
EPS (Rs)	16.9	12.5	19.2	26.2	33.8
P/E (x)	36.0	48.6	31.7	23.2	18.0
P/BV (x)	4.2	3.9	3.5	3.1	2.7
EV/EBITDA (x)	19.4	20.8	17.2	13.3	10.5
Debt/Equity (x)	0.0	0.3	0.3	0.2	0.2
ROE (%)	11.8	8.0	11.1	13.3	14.8
ROCE (%)	16.1	8.4	11.6	13.9	15.7

Source: Company, IIFL Research

As we approach the first anniversary of the landmark Demonetization drive that shook the markets, charts of key indices are feeling the same old shivers. Days of narrow ranges at the top and inability of the BankNifty to build on the upside post the three-month range breakout above 25,200 caused a fall on the second consecutive day. Yet another bearish candle has confirmed overhead resistance around 10,450-10,500 zone. In Wednesday's trade, it marked a low of 10,286 which is placed near the 180 degree move from the peak of 10,490, the same is also marked near the second line of defence as per the gann rule of 8. Weakness could persist only if the index fails to sustain above 10,300 mark.

Fund action

- Three Pillars PTE sold ~199mn shares of Bharti Airtel at Rs481
- Merrill Lynch and UBS bought ~23mn shares and ~25mn shares respectively of Bharti Airtel at ~Rs481.

Leaders				Laggards			
Company	CMP (Rs)	52-wk high	Deviation %	Company	CMP (Rs)	52-wk Low	Deviation %
IGL	1,567	325	382.5	Videocon	15	15	(0.3)
P&G	8,846	8,866	(0.2)	Lupin	841	837	(0.5)
Bharat Forge	731	739	(1.1)	Star	776	768	(1.0)
TCS	2,735	2,768	(1.2)	Apollo Hos.	989	976	(1.4)
Axis Bank	545	552	(1.3)	Crisil	1,798	1,766	(1.8)

* Based on deviation from 52-week high/low

Proximity to 20-DMA				Proximity to 50-DMA			
Company	CMP (Rs)	20-DMA	Deviation %	Company	CMP (Rs)	50-DMA	Deviation %
IGL	1,567	313	400.6	IGL	1,567	293	434.8
Hind Cop.	95	73	30.1	MMTC	87	62	40.3
Indian Bank	370	306	20.9	UBL	1,137	871	30.5
Adani Ent,	152	130	16.9	Indian Bank	370	289	28.0
Titan	743	640	16.1	PNB	189	151	25.2

* Based on deviation from moving averages

High delivery stocks

Company	% Delivery	CMP (Rs)	% chg	Company	% Delivery	CMP (Rs)	% chg
Alembic Ph.	96.0	516	0.1	Adani Ent,	9.0	152	2.1
GPPL	95.0	135	(1.4)	Jet Airways	10.0	624	3.9
AIA	93.0	1,431	3.0	BOI	11.0	194	(0.6)
GSPL	87.0	206	(1.7)	Union Bank	12.0	163	(1.9)
Indusind Bank	80.0	1,674	1.2	Hexaware	13.0	337	0.5

Low delivery stocks

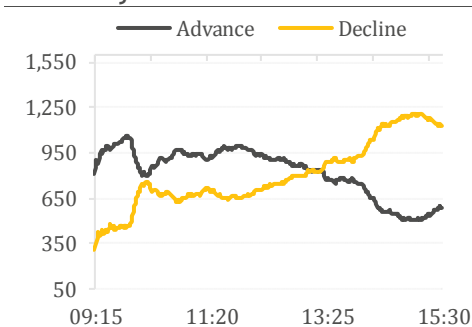
Spurt in volumes

Company (mn)	Day's Vol.	2-week Avg. Vol	10-DMA	CMP (Rs)	% chg
Axis Bank	20	15	519	545	3.4
Bharti Airtel	45	15	515	495	(3.7)
Ashok Leyland	32	12	126	119	(2.4)
Vedanta	10	8	337	322	(4.1)
Adani Ent,	14	6	138	152	2.1

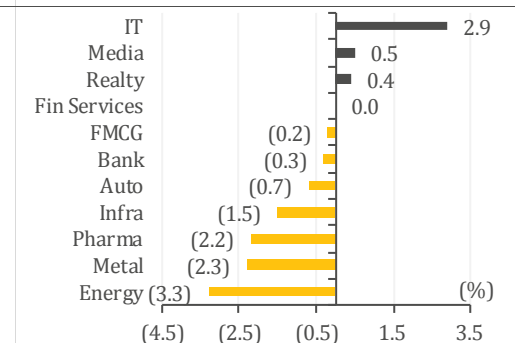
Index Pivot

Index	Last close	Support	Pivot	Resistance
Nifty	10,303	10,264	10,324	10,362
Sensex	33,219	33,089	33,287	33,416
Nifty Bank	25,184	25,058	25,247	25,374
Nifty IT	11,246	11,194	11,250	11,302

Intra-day advance decline



Sectoral trend



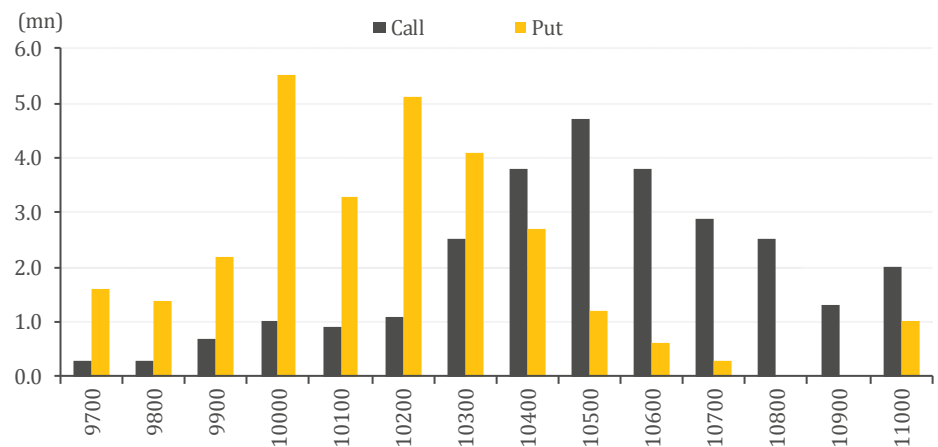
* Calculations based on 10-DMA

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	10,355	(0.5)	10,303	52.00	10,393	328,740	(0.3)	1.40	1.00	11.5	5.6%	10,500	10,000
Bank Nifty	25,299	(0.4)	25,184	115.00	25,352	56,830	1.1	0.98	0.95	15.1	3.8%	26,000	25,000

- Nifty ended lower for the consecutive session, fresh shorts were seen in BankNifty futures. SGX Nifty indicating flat to positive opening towards 10,380.
- Nifty strike 10400/10500 call saw massive open interest additions. On the flip side, maximum open interest base on put is placed at 10000 (OI at 55 lakh) strike followed by 10200 put (OI at ~51 lakh).
- FII's index futures long/short ratio was seen at 1.39x vs 1.47x with addition of 9k short index futures positions.
- Focus will be on stock specific, Nifty could consolidate between 10,250-10,450 (spot levels) band in near term.

Nifty open interest distribution



Securities in ban period: DHFL, HDIL, IBRealEstate, India Cement, Infibeam, Jet Airways, JSW Energy and RCom.

Futures open interest gainers

Scrip	OI (lacs)	% OI Chg	CMP (Rs)	% Chg	Action
Bhartiartl	520	24.5	497	(4.1)	Short Build up
Tatamotors	667	15.5	441	(3.1)	Short Build up
Coalindia	215	13.8	280	(0.7)	Short Build up
Jetairways	84	10.2	627	3.6	Long Build up
Colpal	17	9.9	1,028	(1.1)	Short Build up
Tataelxsi	19	7.2	891	1.7	Long Build up
Orientbank	157	7.1	128	(5.9)	Short Build up

Futures open interest losers

Scrip	OI (lacs)	% OI Chg	CMP (Rs)	% Chg	Action
OFSS	1	(11.2)	3,666	0.1	Short Covering
Pidilitind	20	(7.4)	771	1.2	Short Covering
Castrolind	144	(7.1)	395	(4.4)	Long Unwinding
Cipla	87	(6.7)	625	2.3	Short Covering
Unionbank	157	(6.5)	164	(1.8)	Long Unwinding
Jublfood	16	(6.1)	1,623	1.1	Short Covering
UBL	27	(5.9)	1,141	(1.6)	Long Unwinding

FII's derivative activity

Trading turnover	Index Fut*	Stock Fut*	Index Calls*	Index Puts*
FII's	(7,883)	(28,955)	(6,433)	(8)
DII's	(2,002)	(2,149)	0	708
Prop	3,389	7,259	(35,887)	3,666
HNI Clients	6,496	23,845	42,320	(4,366)

* No of contracts

Commodities

Gold prices scaled higher on indications that US tax reforms will be likely delayed given the growing resistance to it from several Republican Senators and Democrats. There is an argument within the Congress that the proposed tax cuts are more tilted towards corporates rather than the households. Also, there are concerns over tax cuts aggravating the fiscal imbalance. It is estimated that the tax bill will add US\$1.7 trillion to the deficit over the next ten years. It will be interesting to be see how resolute Trump administration remains on the tax reforms, with pressure clearly mounting on them due to lack of any legislative achievement.

In **non-ferrous** markets, participants digested Chinese trade numbers, which showed October exports rising 6.9% (yoy), while imports were up by 17.2%. The country reported a trade surplus of \$39.17bn. Meanwhile, China's Antaike sees total nickel consumption in the Chinese battery sector to reach 49,000 tons this year, including 11,000 tons that will be used in power cells for Electric Vehicles. Nickel Demand from EV is projected to rise further to 45,000 tons by 2020 and to 150,000 tons in 2025.

Oil futures initially moved lower on speculation that US may impose a total embargo on Venezuelan oil exports. However, oil prices later pared gains on EIA report stating rise in US production and weekly stockpiles. US crude production is now reported at 9.62mbpd, the highest level on record. In China, October oil imports slowed, registering a thirteen month low.

FX

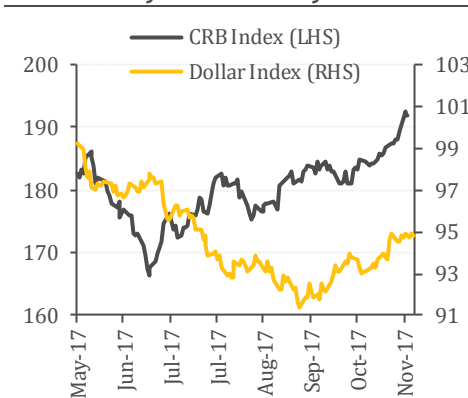
US dollar is holding ground despite uncertainty over legislative deadlock in Washington. Meanwhile, Yen hovers around multi-week lows, as victory of PM Abe in the recent snap national elections has reinforced the expectations that loose monetary policy will prevail for a considerable period of time. However, long term growth remains elusive given the weak demographic profile of the nation.

Commodities (US\$ terms)	Last Price	% chg 1d	% chg ytd
Gold (troy oz)	1,281	0.0	11.7
Silver (troy oz)	17.1	0.2	7.2
Copper (MT)	6,859	0.1	23.9
Aluminium (MT)	2,111	0.1	24.7
Zinc (MT)	3,183	(0.3)	23.6
Lead (MT)	2,518	0.4	24.9
Nickel (MT)	12,660	(0.3)	26.4
WTI Crude (bbl)	56.9	0.2	6.0
Br. Crude (bbl)	63.7	0.3	12.0
NG (mmBtu)	3.20	(0.4)	(15.1)

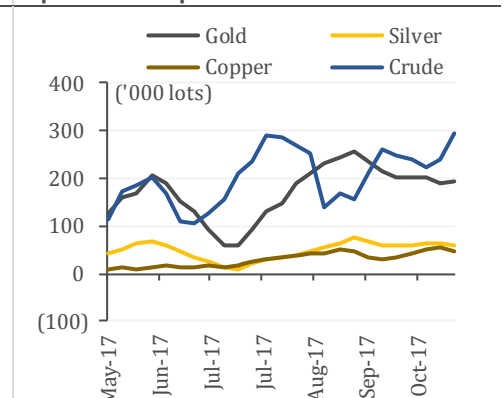
Currencies	Last price	% chg 1d	% chg ytd
USD/INR	65.00	0.0	4.6
EUR/INR	75.30	0.0	(4.9)
GBP/INR	85.30	0.0	(2.1)
JPY/INR	0.57	(0.3)	1.6
EUR/USD	1.16	0.0	10.2
GBP/USD	1.31	(0.1)	6.2
USD/JPY	114.00	0.0	2.6
USD/CNY	6.63	0.0	4.8
USD/Real	3.25	1.0	0.1
USD Index	94.90	0.0	(7.2)

Commodity Dynamics	Latest	Week ago	1m ago	6m ago	1yr ago
SPDR Gold ETF (tonnes)	843	850	854	852	950
iShares Silver ETF (mn oz)	318	319	326	335	359
LME Cu Stocks ('000 MT)	263	274	293	352	292
LME Al Stocks ('000 MT)	1,177	1,186	1,247	1,592	2,121
LME Zn Stocks ('000 MT)	242	254	251	339	449
LME Pb Stocks ('000 MT)	147	149	155	177	188
LME Ni Stocks ('000 MT)	381	381	387	381	363
US Crude stocks (mn bbl)	457	455	465	528	483
US Oil Rig Count	729	737	750	697	441

Commodity v/s Currency



Speculative positions on CME



Asset Allocation

Model Portfolios	Conservative (%)		Balanced (%)		Aggressive (%)	
	SAA	TAA	SAA	TAA	SAA	TAA
Asset Allocations	SAA	TAA	SAA	TAA	SAA	TAA
Equity	14	14	49	49	76	76
Fixed Income	76	76	40	46	8	20
Real Estate	0	0	5	0	10	0
Alternatives	5	0	5	0	5	0
Liquid Assets	5	10	1	5	1	4
Total	100	100	100	100	100	100

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	Neutral
Gold	Underweight
Liquid Assets	Underweight

Sector View for listed equities

Sector	Weight
Agriculture	Overweight
Auto Components	Neutral
Automobile - 4Ws	Overweight
Automobile - 2Ws	Neutral
Capital Goods - BTG	Underweight
Capital Goods – T&D	Overweight
Cement	Underweight
Consumer Discretionary	Overweight
Housing finance	Overweight
MFI's	Neutral
Private Bank	Overweight
PSU Bank	Neutral
FMCG	Neutral
Infrastructure	Overweight
IT	Neutral
Metals & Mining	Neutral
Oil & Gas E&P	Overweight
Oil Marketing	Neutral
Gas Utilities	Neutral
Pharma	Underweight
Telecom	Overweight
Power 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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