

## Market Fundamentals

### India

- Key benchmark indices edged lower on the last trading session of the week as weakness in European and Asian stocks hit sentiment adversely on the domestic bourses.
- Index heavyweight and cigarette maker ITC edged lower in choppy trade. Another index heavyweight Reliance Industries (RIL) also fell. Bank stocks edged lower. Punjab National Bank (PNB) tumbled after weak Q2 results. Shares of two-wheeler makers dropped. Tyre stocks were in demand. Pharma stocks rose on defensive buying.

### US

- An unexpected surge in US jobs growth in October drove Wall Street stocks higher on Friday and in turn boosted the dollar and bond yields by raising expectations the Federal Reserve could scale back its economic stimulus as soon as December.

### Europe

- European markets edged lower, with France underperforming after a rating downgrade, although many investors felt increasing signs of a world economic recovery would support equities in the longer term.

### Asia

- Asian shares edged away from a four-week low on Monday, while the dollar rose against the euro and yen as a surprise surge in US jobs growth signaled the world's largest economy was on a firmer footing.

### India Outlook

- Markets expected to open lower as investor attention turned to a key policy meeting in China and amid concern that the US Federal Reserve may soon decide that the US economy is strong enough to begin paring stimulus after a brighter-than-expected US jobs report.

## Market News

### PM's Monitoring Group clears projects worth INR 4300bn

The Prime Minister's Project Monitoring Group (PMG), set up to track stalled large investment projects, has cleared 128 projects worth over INR 4300bn so far. Of this, PMG has given priority to troubled projects from the power sector and has resolved all issues on 94 projects, entailing an investment of over INR 3800bn. Besides, issues in 34 projects of oil and gas, railways, steel, roads and highways, shipping, civil aviation and mines have also been resolved. They involve investments of over INR 500bn. In total, it has so far compiled a list of 378 stalled projects for want of various types of clearances, entailing investments over INR 17230bn.

### Tata Motors Q2 net up 71%, JLR margin expands 300 bps

India's largest commercial vehicle manufacturer Tata Motors beat expectations on every parameter with the second quarter (July-September) consolidated net profit surging nearly 71% y/y on Jaguar Land Rover boost. However, standalone business continued posting losses amid weak economic environment. Revenues increased 31.1% y/y to INR 568.8bn in three-month period ended September 2013. During the same period, consolidated EBITDA rose 62% y/y to INR 86.3bn, while operating profit margin expanded 300 basis points to 15.2%.

## Indian Markets

Index	Current	Previous	% Chg
Sensex	20666	20823	-0.8
Nifty	6141	6187	-0.8
SGX Nifty*	6123	6180	-0.9

## World Markets

Index	Current	Previous	% Chg
DJIA	15762	15594	+1.1
Nasdaq	3919	3857	+1.6
FTSE	6708	6697	+0.2
Nikkei*	14255	14087	+1.2
Hang Seng*	22762	22744	+0.1
Strait Times*	3184	3177	+0.2
Kospi*	1986	1985	+0.1
Shanghai Composite*	2098	2106	-0.4

## Trade Value (INR bn)

	08-11	07-11	06-11	05-11	01-11
BSE	20	19	18	17	27
NSE	76	81	71	65	109
NSE F&O	118	161	109	97	291

## ADR Gainers/Losers (in \$)

Gainers	Price	%	Losers	Price	%
Tata Motors	30.8	+3.7	HDFC Bank	33.3	-1.5
Dr Reddy's	39.0	+1.9	ICICI Bank	34.5	-0.8
Wirpo	11.2	+0.5			

## Mutual Funds/FII Investments (INR bn)

	08/11	Total in Nov	Total (Jan 13- till date)
Mutual Funds#	-1.4	-1.4	-110.4
FIIs	+4.8	+29.4	+1089.7

## Forex / Money Markets

Forex	11/11	08/11
USD/INR	62.47	62.48
EUR/USD*	1.34	1.34
10 yr GOI Yield (%)	8.90	8.91

## Commodities

Commodities	11/11	08/11
Brent Crude Oil (\$/bbl)	105.65	105.63
Gold (oz/\$)	1286.20	1290.50
Silver (oz/\$)	21.38	21.61

\* - Values as at 7.00AM IST # - As on 06 Nov 2013

\*\* Closed

## Tech Mahindra

On a roll

OUTPERFORM, TECHM IN, CMP INR 1675.0, Price Target INR 1650.0

- Tech Mahindra (TECHM) maintained the trend of a positive revenue surprise in 2QFY14, with a 4.7% q/q growth in USD terms, ahead of IER's estimates.
- Strong deal momentum, led by enterprise side - USD 500mn TCW in deal wins in 2QFY14 and strength in the non-BT telecom vertical to help sustain the revenue momentum.
- Wage hike in 4QFY14 and onsite intensive deal ramp-ups are near-term margin headwinds. Strong execution should, however, help manage the margins, in IER's view.
- TECHM remains IER's key pick outside of Top 4; Maintain OP.

**2QFY14 – strong results:** Consolidated revenues grew 4.7% q/q to USD 758mn, net of the +0.5%/-0.3% inorganic/cross-currency impact. BT's downward trend continued; traction was stronger in non-BT telecom clients (+7% q/q, IER's est.) and enterprise (non-telecom) verticals (+7% q/q). Normalised EBITDA at 22.5% (+238bp q/q) was in line. Normalised PAT was INR 6.7bn, below our INR 7.0bn estimate, on higher FX loss and higher taxes.

**Deal momentum robust:** TECHM won at least 13 deals worth USD 500mn TCW in 2QFY14. Pick-up in non-telecom deal wins (9 out of the 13 wins in the non-telecom space) has been in line with IER's view, although the pace of the deal wins is a welcome surprise. On the telecom side, TECHM has been able to offset BT's decline through improved traction and likely wallet share gains in accounts, such as KPN and AT&T, in IER's view. We estimate that non-BT organic telecom revenues have grown at a CQGR of 4.1% over 1QFY13-2QFY14.

**Margin management is key to the upgrade cycle:** TECHM announced a 7.5%/2.5% offshore/onsite wage hike, which will impact its 4QFY14 margins by c.200bps. Further, IER thinks onsite-centric deal transition/ramp-ups could keep near-term margins under check. However, TECHM's strong execution momentum should help manage the near-term pressures, in IER's view.

**IER's 'play-the-scale' theme has shaped well:** IER's three-step re-rating thesis for TECHM is playing out well (*Size does matter*, 27 June 2012). The stock has rallied strongly: +65% since the legal approval for the merger, versus the BSE IT Index's 42%. However, following the c.47% PER rerating YTD, stock movement should track the EPS upgrade cycle in the near term, in IER's view. IER reiterates OP.

## Ashok Leyland

No near-term triggers

IN-LINE, AL IN, CMP INR 17.0, Price Target INR 16.0

- Ashok Leyland's 2QFY14 loss was higher than expected (PBT loss of INR 1.35bn versus IER's estimate of INR 942mn) as margin fell to 2.2% versus IER's estimate of 2.9%.
- Margin was impacted by the higher discounts (+5% q/q).
- With no visibility of a volume recovery even in FY15, IER lowers its FY15E earnings by 9% to INR 1.4 per share.
- The stock appears fully valued at 12x FY15E earnings. It is likely to remain range-bound until some visibility emerges on economic recovery. Given the lack of near-term triggers, IER maintains In-Line.

**2Q operating performance disappoints:** Ashok Leyland's 2Q operating margin of 2.2% was lower than IER's estimate of 2.9%. This was due to higher-than-expected discounts for the quarter – the average discount increased to ~INR 167,000/unit from INR 159,000/unit. Hence, contribution per vehicle declined 2% q/q.

**Ashok Leyland posts higher-than-expected loss:** EBITDA for the quarter declined 83% y/y to INR 563mn (below IER's estimate of INR 838mn). As a result, the loss at the PBT (before extra-ordinary) level at INR1.35bn was far greater than IER's estimate of INR 942mn. Nevertheless, due to profit from the sale of the Defiance Testing unit (PAT of INR 483mn) and tax write-back of INR 663mn (due to deferred tax assets led by the allowance for R&D and capex), reported loss came in much lower at INR 251mn.

**FY15E earnings cut by 9%:** Given no visibility of a volume recovery even in FY15, IER lowers its FY15E earnings by 9% to INR 1.4 per share.

**Valuation:** The stock has rallied recently without any material change in fundamentals or any visibility of an economic recovery. The stock appears fully valued at 12x FY15E earnings and at 6.8x EV/EBITDA, and is likely to remain range-bound until some visibility emerges on economic recovery, in IER's view. Maintain In- Line and price target of INR 16 – as we roll forward to Sep'15E earnings. IER's earnings may face further downside pressure if volumes fail to recover even in FY15E.

## Bharat Heavy Electricals

Green shoots emerging

OUTPERFORM, BHEL IN, CMP INR 135.7, Price Target INR 182.0

- BHEL is L1 for orders worth ~INR 105bn and favourably placed for orders worth ~INR 50bn. Hence, it looks well-placed to beat IER's FY14 order inflow estimate of INR 250bn.

- Given improved order visibility and commencement of despatches to slow moving accounts such as Bajaj Hindustan and Monnet Power, concerns about execution, receivables and order inflow are receding.
- IER cuts its earnings estimates for FY14/15E by 15% each to account for the increase in contractual and bad debt provisions as seen in the 2Q14 results.
- IER maintains OP with a PT of INR 182 (1.2x FY15E BV).

**Visibility in order inflow improves:** BHEL seems well-placed to beat IER's FY14 order inflow estimate of INR 250bn. It won orders worth INR 50bn in 1HFY14; it is L1 for orders worth ~INR 105bn and favourably placed for orders worth INR 50bn. Projects where BHEL is L1 are Unchacar (500MW), Darlapalli (1,600MW STG), 206MW HEP and 700MW Praanhita. Apart from this, management said that 10GW of additional orders will come up for bidding by March 2014. The award of NLC (1,000MW) allays fears about BHEL becoming uncompetitive in CPP given the expiry of its CFBC technology license, in IER's view.

**2Q14 results below estimates due to higher provisioning:** Although revenues declined 15% y/y as IER expected, adjusted EBITDA margin declined 11.7ppt y/y to 5%. This decline was due to higher provisioning (INR 3bn of bad debts and INR 2bn contractual and LD provisioning). As a result, adjusted PAT was INR 6.5bn (down 50% y/y), below IER's estimate of INR 9.9bn.

**Cut IER's estimates to factor in 2QFY14 results:** IER cuts its FY14/15E EPS by 15% each as IER lowers its margin assumptions by 340bps and 270bps, respectively, to account for higher provisioning going forward. IER's estimates suggest that BHEL will achieve its MoU targets, which could get it a "very good" rating.

**Valuations:** With order visibility improving and despatches to Bajaj Hindustan and Monnet power commencing, concerns about execution, receivables and orders are receding. BHEL has historically not traded below its book value for a sustained period. Hence, at 1x PB, the stock seems to be pricing in the worst, in IER's view. IER maintains its Outperform rating on the stock with a price target of INR 182 (PB of 1.2x FY15E BV).

## Tata Motors

**Impressive JLR performance offsets standalone woes  
OUTPERFORM, TTMT IN, CMP INR 384.1, Price Target INR 435.0**

- Tata Motors' earning grew 58% y/y to INR 32.9bn, in line with IER's estimate of INR 32.2bn
- The poor performance at the standalone entity (loss of INR 5.8bn) was more than offset by the strong performance at JLR (net profit up 36% y/y).
- Led by volume ramp-up and improved margins at JLR, IER raises its FY14E/15E earnings by 10%/16%, respectively

- Valuations appear attractive given strong earnings growth and improving return ratios, maintain Outperform.

**Consolidated earnings in line with IER's estimates:** The poor performance at the standalone entity (loss of INR 5.8bn) was more than offset by JLR's strong performance (PAT growth of 36% y/y). As a result, Tata Motors posted 58% y/y earnings growth to INR 32.9bn, in line with IER's estimate of INR 32.2bn.

**JLR posts strong earnings growth:** Strong volume growth and an improved mix (both product and geographic) more than offset the adverse currency impact. Hence, operating margin improved 170bps y/y to 16.5%. This led to robust PAT growth of 36% y/y to GBP 414mn.

**Standalone entity continues to be under stress:** Given the slowdown across all its business segments and record high discounts, operating margin remained under pressure at 2%. Adjusted for the forex loss, the standalone business reported a loss of INR 5.8bn.

**Valuation:** IER expects JLR's volume momentum to continue, led by strong demand for its recently launched Range Rover Sport, new Range Rover and Jaguar XF Sportsbrake variant. Given the improving product mix and strong volume growth from emerging economies, we expect JLR's margins to stabilise at c.16.5%. To factor in the strong volume growth and margin stability at JLR, we increase our earnings by 10%/16% for FY14/15E, respectively. Further, commendable is the fact that despite the huge capex (GBP 1.1bn in 1H14), JLR posted free cash flow of GBP 89mn. Valuations appear attractive given strong earnings growth and improving return ratios. Maintain Outperform with a revised 12- month SoTP-based PT of INR 435 - JLR valued at 4x one year fwd EV/EBIDTA, core business valued at 12x on year fwd PE.

## INDIA EQUITY RESEARCH FOCUS LIST

(Price Targets are for 12-Month Investment Horizon)

Sr. No.	Country	Stock Name	BB code	Sector	Recommendation	Price as on 08/11/2013	IER fair value	% Up /downside to IER fair value
1	IN	Bajaj Auto	BJAUT IN Equity	Automobiles & Parts	IN-LINE	2065.9	2053.0	-0.6%
2	IN	Hero Motocorp	HMCL IN Equity	Automobiles & Parts	UNDERPERFORM	2092.5	1825.0	-12.8%
3	IN	Mahindra & Mahindra	MM IN Equity	Automobiles & Parts	IN-LINE	878.6	954.0	8.6%
4	IN	Maruti Suzuki	MSIL IN Equity	Automobiles & Parts	OUTPERFORM	1580.6	2046.0	29.4%
5	IN	Tata Motors	TTMT IN Equity	Automobiles & Parts	OUTPERFORM	384.2	435.0	13.2%
6	IN	Exide Industries	EXID IN Equity	Automobiles & Parts	UNDERPERFORM	122.8	110.0	-10.4%
7	IN	Amara Raja Batteries	AMRJ IN Equity	Automobiles & Parts	OUTPERFORM	304.7	335.0	9.9%
8	IN	Motherson Sumi	MSS IN Equity	Automobiles & Parts	OUTPERFORM	275.6	315.0	14.3%
9	IN	Bharat Forge	BHFC IN Equity	Automobiles & Parts	IN-LINE	293.8	254.0	-13.5%
10	IN	Coal India	COAL IN Equity	Basic Resources	OUTPERFORM	291.3	341.1	17.1%
11	IN	ACC	ACC IN Equity	Construction & Materials	IN-LINE	1089.7	1179.0	8.2%
12	IN	Ambuja Cement	ACEM IN Equity	Construction & Materials	IN-LINE	176.7	166.0	-6.1%
13	IN	Grasim Industries	GRASIM IN Equity	Construction & Materials	OUTPERFORM	2677.4	3638.0	35.9%
14	IN	Ultra Tech	UTCEM IN Equity	Construction & Materials	OUTPERFORM	1928.0	2127.0	10.3%
15	IN	Tata Steel	TATA IN Equity	Construction & Materials	IN-LINE	355.8	337.0	-5.3%
16	IN	JSW Steel	JSTL IN Equity	Construction & Materials	OUTPERFORM	866.4	875.0	1.0%
18	IN	Hindustan Aluminium	HNDL IN Equity	Construction & Materials	UNDERPERFORM	116.5	97.0	-16.7%
19	IN	National Aluminium	NACL IN Equity	Construction & Materials	UNDERPERFORM	38.8	55.0	41.8%
20	IN	Asian Paints	APNT IN Equity	Consumer	IN-LINE	556.6	411.0	-26.2%
21	IN	GAIL (India)	GAIL IN Equity	Oil & Gas	IN-LINE	339.5	358.0	5.4%
22	IN	Reliance Industries	RIL IN Equity	Oil & Gas	IN-LINE	876.0	907.0	3.5%
23	IN	ONGC	ONGC IN Equity	Oil & Gas	OUTPERFORM	277.4	430.0	55.0%
24	IN	Oil India	OINL IN Equity	Oil & Gas	OUTPERFORM	459.9	633.0	37.6%
25	IN	IOCL	IOCL IN Equity	Oil & Gas	OUTPERFORM	213.3	251.0	17.7%
26	IN	BPCL	BPCL IN Equity	Oil & Gas	OUTPERFORM	351.9	349.0	-0.8%
27	IN	Petronet LNG	PLNG IN Equity	Oil & Gas	OUTPERFORM	124.8	185.0	48.2%
28	IN	Cairn India	CAIR IN Equity	Oil & Gas	OUTPERFORM	311.1	370.0	19.0%
29	IN	Infosys Technologies	INFO IN Equity	Technology	IN-LINE	3360.1	3260.0	-3.0%
30	IN	TCS	TCS IN Equity	Technology	OUTPERFORM	2090.9	2410.0	15.3%
31	IN	Wipro	WPRO IN Equity	Technology	OUTPERFORM	481.6	550.0	14.2%
32	IN	HCL Technologies	HCLT IN Equity	Technology	OUTPERFORM	1114.3	1390.0	24.7%
33	IN	Tech Mahindra	TECHM IN Equity	Technology	OUTPERFORM	1675.0	1650.0	-1.5%
34	IN	Redington India	REDI IN Equity	Technology	OUTPERFORM	61.9	70.0	13.2%
35	IN	NIIT Technologies	NITEC IN Equity	Technology	OUTPERFORM	294.7	340.0	15.4%
36	IN	Mindtree	MTCL IN Equity	Technology	OUTPERFORM	1384.8	1460.0	5.4%
37	IN	Bharti Airtel	BHARTI IN Equity	Telecommunications	OUTPERFORM	344.0	404.0	17.4%
38	IN	Idea Cellular	IDEA IN Equity	Telecommunications	OUTPERFORM	164.3	196.0	19.3%
39	IN	Bharti Infratel	BHIN IN Equity	Telecommunications	OUTPERFORM	167.3	210.0	25.5%
40	IN	ITC	ITC IN Equity	Personal & Household Goods	OUTPERFORM	319.6	350.0	9.5%



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41	IN	Hindustan Unilever	HUVR IN Equity	Personal & Household Goods	IN-LINE	585.2	590.0	0.8%
42	IN	Nestle	NEST IN Equity	Personal & Household Goods	UNDERPERFORM	5763.2	4732.0	-17.9%
43	IN	Colgate Palmolive India	CLGT IN Equity	Personal & Household Goods	UNDERPERFORM	1239.3	1096.0	-11.6%
44	IN	GSK Consumer	SKB IN Equity	Personal & Household Goods	IN-LINE	4631.8	3954.0	-14.6%
45	IN	Marico	MRCO IN Equity	Personal & Household Goods	IN-LINE	209.5	223.0	6.4%
46	IN	Dabur India	DABUR IN Equity	Personal & Household Goods	IN-LINE	163.4	166.0	1.6%
47	IN	Godrej Consumer Products	GCPL IN Equity	Personal & Household Goods	OUTPERFORM	855.6	513.0	-40.0%
48	IN	DLF	DLFU IN Equity	Real Estate	OUTPERFORM	152.6	290.0	90.0%
49	IN	Sobha Developers	SOBHA IN Equity	Real Estate	OUTPERFORM	317.8	566.0	78.1%
50	IN	Prestige Estates Projects	PEPL IN Equity	Real Estate	OUTPERFORM	138.5	212.0	53.1%
51	IN	Phoenix Mills	PHNX IN Equity	Real Estate	OUTPERFORM	223.9	317.0	41.6%
52	IN	Titan Industries	TTAN IN Equity	Retail	IN-LINE	234.4	226.0	-3.6%
53	IN	Allahabad Bank	ALBK IN Equity	Finance	UNDERPERFORM	91.3	66.0	-27.7%
54	IN	Axis Bank	AXSB IN Equity	Finance	IN-LINE	1119.2	990.0	-11.5%
55	IN	Bank of Baroda	BOB IN Equity	Finance	IN-LINE	601.6	550.0	-8.6%
56	IN	Bank of India	BOI IN Equity	Finance	UNDERPERFORM	219.9	125.0	-43.2%
57	IN	HDFC	HDFC IN Equity	Finance	IN-LINE	809.4	820.0	1.3%
58	IN	HDFC Bank	HDFCB IN Equity	Finance	OUTPERFORM	652.5	740.0	13.4%
59	IN	ICICI Bank	ICICIB IN Equity	Finance	OUTPERFORM	1049.9	1105.0	5.2%
60	IN	IDFC	IDFC IN Equity	Finance	IN-LINE	106.1	150.0	41.4%
61	IN	IndusInd Bank	IIB IN Equity	Finance	IN-LINE	428.5	380.0	-11.3%
62	IN	Punjab National Bank	PNB IN Equity	Finance	UNDERPERFORM	522.3	435.0	-16.7%
63	IN	State Bank of India	SBIN IN Equity	Finance	UNDERPERFORM	1744.3	1445.0	-17.2%
64	IN	Shriram Transport	SHTF IN Equity	Finance	OUTPERFORM	562.2	850.0	51.2%
65	IN	Union Bank	UNBK IN Equity	Finance	IN-LINE	128.1	120.0	-6.3%
66	IN	Yes Bank	YES IN Equity	Finance	IN-LINE	354.3	330.0	-6.8%
67	IN	Adani Ports and SEZ	ADSEZ IN Equity	Infrastructure	OUTPERFORM	148.4	189.0	27.4%
68	IN	Jaiprakash Associates	JPA IN Equity	Infrastructure	OUTPERFORM	47.5	105.0	121.1%
69	IN	Adani Enterprises	ADE IN Equity	Infrastructure	OUTPERFORM	217.0	291.0	34.1%
70	IN	Larsen & Toubro	LT IN Equity	Capital Goods	OUTPERFORM	974.9	965.0	-1.0%
71	IN	Bharat Heavy Electricals	BHEL IN Equity	Capital Goods	OUTPERFORM	135.7	182.0	34.1%
72	IN	Thermax	TMX IN Equity	Capital Goods	OUTPERFORM	627.6	750.0	19.5%
74	IN	Jubilant Foodworks	JUBI IN Equity	Food & Beverage	IN-LINE	1259.7	1047.0	-16.9%
75	IN	NTPC	NTPC IN Equity	Power Utilities	OUTPERFORM	152.6	200.0	31.1%
76	IN	Power Grid Corp	PWGR IN Equity	Power Utilities	OUTPERFORM	96.1	150.0	56.2%
77	IN	Tata Power	TPWR IN Equity	Power Utilities	UNDERPERFORM	82.4	85.5	3.8%
78	IN	Adani Power	ADANI IN Equity	Power Utilities	UNDERPERFORM	35.3	36.0	2.0%
79	IN	Jaiprakash Power	JPVL IN Equity	Power Utilities	UNDERPERFORM	19.0	28.7	51.5%
80	IN	Zee Entertainment	Z IN Equity	Media	OUTPERFORM	265.8	295.0	11.0%

## INDIA EQUITY RESEARCH PASSIVE COVERAGE LIST

(Price Targets are for 12-Month Investment Horizon)

Sr. No.	Country	Stock Name	BB code	Sector	Recommendation	Price as on 08/11/2013	IER fair value	% Up /downside to IER fair value
1	IN	Ashok Leyland	AL IN Equity	Automobiles & Parts	IN-LINE	17.0	16.0	-5.6%
2	IN	TVS Motor	TVSL IN Equity	Automobiles & Parts	IN-LINE	49.5	44.0	-11.0%
3	IN	Apollo Tyres	APTY IN Equity	Automobiles & Parts	OUTPERFORM	71.7	68.8	-4.0%
4	IN	Amtek Auto	AMTK IN Equity	Automobiles & Parts	OUTPERFORM	67.8	60.0	-11.6%
5	IN	Bosch	BOS IN Equity	Automobiles & Parts	IN-LINE	8709.2	8600.0	-1.3%
6	IN	India Cements	ICEM IN Equity	Construction & Materials	OUTPERFORM	50.9	65.0	27.7%
7	IN	Shree Cement	SRCM IN Equity	Construction & Materials	IN-LINE	4421.0	4337.0	-1.9%
8	IN	SAIL	SAIL IN Equity	Construction & Materials	UNDERPERFORM	66.1	48.0	37.7%
9	IN	Hindustan Zinc	HZ IN Equity	Construction & Materials	OUTPERFORM	134.6	131.7	-2.2%
10	IN	NMDC	NMDC IN Equity	Construction & Materials	IN-LINE	136.9	123.9	-9.5%
11	IN	MOIL	MOIL IN Equity	Construction & Materials	OUTPERFORM	229.6	206.0	-10.3%
12	IN	Kansai Nerolac	KNPL IN Equity	Consumer	IN-LINE	1132.0	1117.0	-1.3%
13	IN	HPCL	HPCL IN Equity	Oil & Gas	OUTPERFORM	218.9	221.0	1.0%
14	IN	Indraprastha Gas	IGL IN Equity	Oil & Gas	OUTPERFORM	275.6	430.0	56.1%
15	IN	Gujarat State Petronet	GUJS IN Equity	Oil & Gas	OUTPERFORM	61.4	94.0	53.2%
17	IN	Oracle Financial Services	OFSS IN Equity	Technology	OUTPERFORM	3165.0	3022.4	-4.5%
18	IN	eClerx Services	ECLX IN Equity	Technology	IN-LINE	1143.0	850.0	-25.6%
19	IN	Reliance Communication	RCOM IN Equity	Telecommunications	UNDERPERFORM	140.0	155.0	-9.7%
20	IN	P&G Hygiene & Healthcare	PGHH IN Equity	Personal & Household Goods	IN-LINE	2800.7	2678.0	-4.4%
21	IN	Britannia	BRIT IN Equity	Personal & Household Goods	OUTPERFORM	919.9	859.0	-6.6%
22	IN	Unitech	UT IN Equity	Real Estate	UNDERPERFORM	17.1	16.7	2.1%
23	IN	Oberoi Realty	OBER IN Equity	Real Estate	OUTPERFORM	186.5	167.7	-10.1%
24	IN	Indiabulls Real Estate	IBREL IN Equity	Real Estate	OUTPERFORM	66.6	55.4	-16.9%
25	IN	Aurobindo Pharma	ARBP IN Equity	Healthcare	OUTPERFORM	260.4	191.5	-26.5%
26	IN	Cadila Healthcare	CDH IN Equity	Healthcare	UNDERPERFORM	715.7	685.0	4.5%
27	IN	Cipla	CIPLA IN Equity	Healthcare	OUTPERFORM	423.2	433.1	2.4%
28	IN	Dr Reddy's Laboratories	DRRD IN Equity	Healthcare	OUTPERFORM	2402.3	2380.0	-0.9%
29	IN	Lupin	LPC IN Equity	Healthcare	OUTPERFORM	884.2	853.7	-3.4%
30	IN	Sun Pharmaceuticals	SUNP IN Equity	Healthcare	IN-LINE	601.5	556.5	-7.5%
31	IN	Torrent Pharmaceuticals	TRP IN Equity	Healthcare	IN-LINE	482.2	441.9	-8.4%
32	IN	Glenmark Pharmaceutical	GNP IN Equity	Health Care	OUTPERFORM	524.3	500.0	-4.6%
33	IN	Biocon	BIOS IN Equity	Health Care	OUTPERFORM	372.5	332.7	-10.7%
34	IN	Ranbaxy Laboratories	RBXY IN Equity	Health Care	IN-LINE	421.7	332.2	-21.2%
35	IN	Apollo Hospitals Enterprise	APHS IN Equity	Health Care	OUTPERFORM	889.4	884.0	-0.6%
36	IN	LIC Housing Finance	LICHF IN Equity	Finance	IN-LINE	212.1	196.2	-7.5%



**INDIA EQUITY RESEARCH PASSIVE COVERAGE LIST**

(Price Targets are for 12-Month Investment Horizon)

Sr. No.	Country	Stock Name	BB code	Sector	Recommendation	Price as on 08/11/2013	IER fair value	% Up /downside to IER fair value
37	IN	M&M Financial Services	MMFS IN Equity	Finance	OUTPERFORM	295.2	245.0	-17.0%
38	IN	Shriram City Union Finance	SCUF IN Equity	Finance	OUTPERFORM	1045.1	1300.0	24.4%
39	IN	Essar Ports	ESRS IN Equity	Infrastructure	OUTPERFORM	58.0	146.0	151.7%
40	IN	Gujarat Pipavav Port	GPPV IN Equity	Infrastructure	OUTPERFORM	56.4	67.0	18.8%
41	IN	Reliance Infrastructure	RELI IN Equity	Infrastructure	OUTPERFORM	451.8	623.0	37.9%
42	IN	GMR Infrastructure	GMRI IN Equity	Infrastructure	IN-LINE	23.5	25.0	6.6%
43	IN	GVK Power and Infrastructure	GVKP IN Equity	Infrastructure	IN-LINE	7.9	14.0	78.3%
44	IN	IRB Infrastructure Developer	IRB IN Equity	Roads	OUTPERFORM	89.8	233.0	159.6%
45	IN	IL&FS Transportation Network	ILFT IN Equity	Roads	OUTPERFORM	119.9	274.0	128.6%
46	IN	Ashoka Buildcon	ASBL IN Equity	Roads	OUTPERFORM	55.9	112.0	100.5%
48	IN	ABB India	ABB IN Equity	Capital Goods	UNDERPERFORM	621.1	445.0	-28.4%
49	IN	TTK Prestige	TTKPT IN Equity	Durable Household Products	IN-LINE	3277.8	3179.0	-3.0%
50	IN	Aditya Birla Nuvo	ABNL IN Equity	Conglomerate	OUTPERFORM	1229.9	1500.0	22.0%
51	IN	PVR	PVRL IN Equity	Film Exhibition	IN-LINE	560.3	560.0	0.0%
52	IN	Dish TV India	DITV IN Equity	Media	IN-LINE	54.8	47.0	-14.2%
53	IN	Sun TV Network	SUNTV IN Equity	Media	OUTPERFORM	413.5	500.0	20.9%
54	IN	Great Eastern Shipping	GESCO IN Equity	Transportation & Logistics	OUTPERFORM	289.8	385.0	32.9%

Source: Data source NSE, BSE

## Technical Analysis

	SENSEX	NIFTY
Resistance 2	20938	6218
Resistance 1	20836	6188
<b>Close</b>	<b>20666</b>	<b>6141</b>
Support 1	20616	6123
Support 2	20498	6090

### Key Moving Averages

#### Short Term Averages

5 DEMA 20852 6200

10 DEMA 20875 6207

#### Medium Term Averages

20 DEMA 20733 6160

40 DEMA 20389 6053

#### Long Term Averages

100 DEMA 19888 5923

200 DEMA 19596 5869

### Key Technical Indicators

RSI (14) 51.7 51.9

Stochastic (14, 5, 3) 54.1 57.7



### Sectoral Trend

Sector	Bias
Bankex	Positive
Capital Goods	Positive
Consumer Durables	Positive
FMCG	Positive
Healthcare	Positive
IT	Neutral
Metal	Positive
Oil & Gas	Neutral
Power	Neutral
TECK	Neutral
Auto	Positive
Realty	Negative

Source: MetaStock

### Market Outlook

#### Daily Chart Analysis:

- The market continued drifting lower for the fourth consecutive session on Friday. Nifty is likely to bounce back from the current levels. However, near term weakness continues unless Nifty goes above 6340.
- Resistances are at 6190 and 6240. Supports are at 6150 and 6100.

#### Indicators:

- RSI is trading in neutral zone.
- Stochastic is trading in neutral zone.

#### Sectoral Analysis:

- Metal, Capital Goods sectors are likely to out-perform. Realty is likely to under-perform.

### Derivative Statistics

Nifty Snapshot			
	08/11	07/11	Chg
Near Futures	6,186.6	6,227.3	-40.7
Near Basis	45.9	40.0	5.8
Mid Futures	6,237.4	6,275.5	-38.1
Mid Basis	96.6	88.3	8.4
Near Month OI *	20.3	20.8	-0.5
Mid Month OI *	2.0	1.8	0.2
Rollover (%)	9.6	8.3	1.4

Nifty Sentiment Indicator			
	08/11	07/11	Chg
PCR (OI)	1.1	1.2	0.0
PCR (Vol)	1.0	1.0	0.0
IV Call (%) #	16.7	16.7	0.0
IV Put (%) #	18.6	19.3	-0.7
HV (%) ^	14.3	13.8	0.0

FI Net F&O Activity (Rs mn)			
Instrument	08/11	07/11	06/11
Index Futures	-10,872.7	105.5	-9,328.1
Index Options	6,682.0	3,357.3	4,649.5
Stock Futures	-3,340.6	-186.9	-3,117.3
Stock Options	154.1	-192.7	71.8
Total	-7,377.2	3,083.2	-7,724.1

FI Open Interest (Rs bn)			
	08/11	07/11	Chg
Index Futures	152.0	151.8	0.3
Stock Futures	283.5	278.2	5.3

#### Stock Futures Watch

##### Top OI Gainers

Scrip Name	LTP	% OI Chg	% Price Chg	% Fut Vol Chg
IBREALEST	67.2	25.8	9.1	83.8
Tata Motors	388.8	25.3	1.4	100.2
Bharti Airtel	347.1	16.1	-1.2	-6.5
Maruti	1,594.5	15.9	-1.9	60.9
Dena Bank	60.1	15.7	1.4	-22.2

##### Top OI Losers

Union Bank	130.0	-6.0	0.8	-38.1
Auro. Pharma	262.7	-4.3	8.6	206.1
Titan Ind.	237.6	-4.0	-3.3	2.2
Sun TV	414.5	-3.6	-6.3	178.4
Wipro	489.5	-3.0	0.0	-44.3

#### Abbreviations

OI: Open Interest, IV: Implied Volatility, HV: Historical Volatility, PCR: Put Call Ratio, Prm: Premium, LTP: Last Traded Price

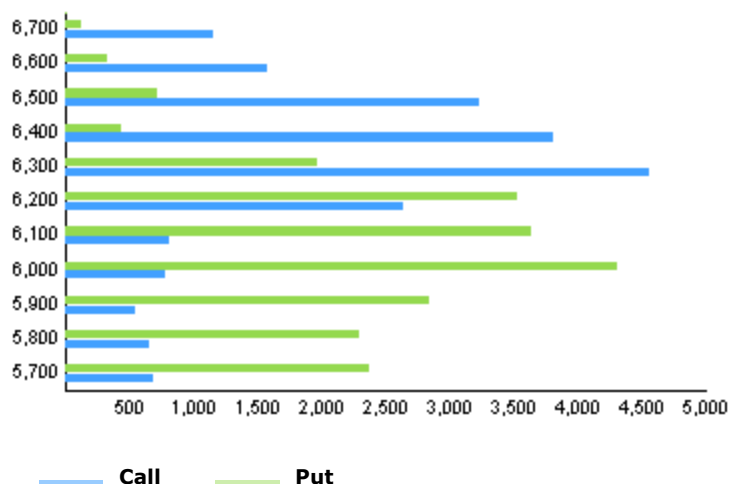
\* in mn; # Annualised ^ HV 66 days annualised

#### Market Outlook

- Nifty November future ended at 46 points premium as against 40 points premium in the previous session. Nifty Futures shed OI and ended 41 points down.
- Implied Volatility for Nifty ATM strikes ended at 17%.
- Nifty PCR Open Interest ended at 1.1.
- Nifty November 6400, 6500 strike Call added significant OI
- Nifty November 6000, 6100 strike Put added OI.

#### Inference:

- Resistance at 6400 and Support at 6000.



#### Stock Options Watch

##### Top stock Option Volume & OI Gainers Call

Scrip Name	Strike	Expiry	% OI Chg	% Prm Chg	IV	HV
Reliance Ind.	880	26/12	15,000	-0.5	24.7	16.0
HDFC	820	26/12	4,100	-0.5	25.2	29.2
Sun TV	420	28/11	1,580	-0.6	47.4	40.9
Tata Steel	365	28/11	800	0.4	41.5	36.8
Ranbaxy	490	28/11	667	0.4	51.3	38.6

##### Top stock Option Volume & OI Gainers Put

Auro. Pharma	250	28/11	6,250	-0.7	42.3	54.5
Sun Pharma	400	28/11	2,000	18.0	90.4	25.4
MCDOWELL-	2,100	28/11	1,800	0.1	47.1	26.1
HDFC	820	26/12	571	1.0	24.9	29.2
TECHM	1,600	28/11	491	-0.7	34.7	39.7

Sources: NSE, SEBI, SCWM

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