

MOST Market Outlook

3rd February 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
ZEEL	BUY	505	495	522

Corporate Action:

AMBITION Bonus issue 1:2

Security in Ban period:

HDIL, IBREALST, JINDALSTEL, JPASSOCIAT, ORIENTBANK

Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8744	8760	8800	8700	8670

'On the daily scale the breakout from the continuation pattern indicates the up move could extend further 8860. Though the momentum oscillators RSI has been reporting an overbought situation but the Trend Strength Indicator (ADX) warrants further stimulus in the coming sessions. 8530 becomes the key support level for the existing up move.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.55	67.20	67.05	67.70	67.85

The pair is likely to trade in a lower range between intraday resistance at 67.70 and supports at 67.20-67.05 zone.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
MEDIA	NEUTRAL

Trading Idea - Derivatives

STRATEGY UPDATE : ITC Modified Call Butterfly Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 280 CE	Buy	1	3.45	4.4
23 FEB 290 CE	Sell	2	1.45	1.9
23 FEB 295 CE	Buy	1	1	1.35

Target Profit: Rs.20000 SL: Rs.3700 Limited profit: Rs. 10000 above 295

Market Drivers

- ✓ Nifty closed marginally higher yesterday. Consolidation was expected after the sharp upmove seen in market on the day of budget. Banking, financials continued to see investment interest but the recovery in index was largely helped by recovery in software and pharma names. Pull back rally was seen in this sector. Net institutional activity was muted. PSU banks, mid cap banks saw momentum. MFIs in the financial space saw smart gains. Recovery was seen in beaten down sectors like software and pharma. Broad consolidation at higher levels could continue for index while the market focus will move to earnings. Stock specific action on account of the same could continue.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	6175950	63075
Bank Nifty 23-Feb	20000	723440	19600
Bank Nifty 09-Feb	20500	313720	204480

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	5143575	763425
Bank Nifty 23-Feb	19500	636560	77480
Bank Nifty 09-Feb	19000	198280	132040

Trading Calls

ZEEL

Buy

MBP INR 505
Target INR 522



- ✓ 'Rising Three' formation on the daily scale exhibits strength in the ongoing trend
- ✓ The existing move could extend towards 522 & hence trading bets could be initiated upto 505 with a stop below 495

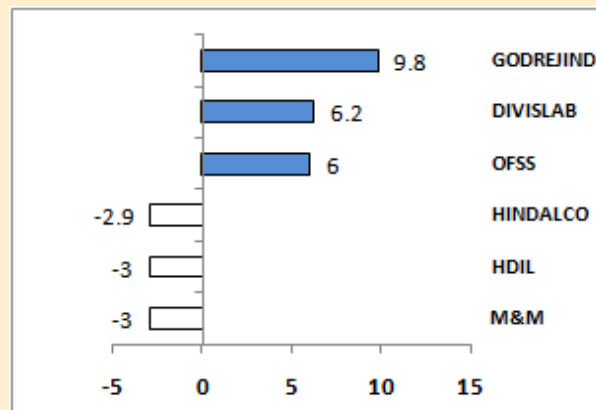
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	109	201	2074
DII	-111	1023	28014

FII F&O

Institution	Net B/S	OI
Index Future	-259	Short
Index Options	3338	Long
Stock Futures	-858	Short

Major Price % Change

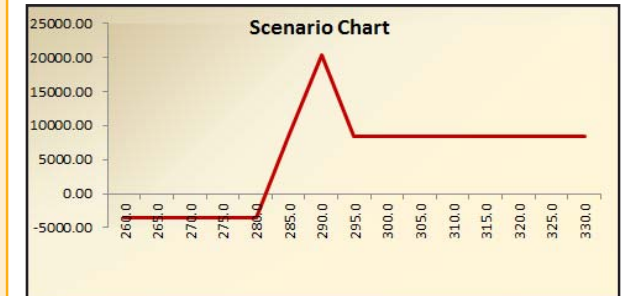


Derivatives Idea

ITC

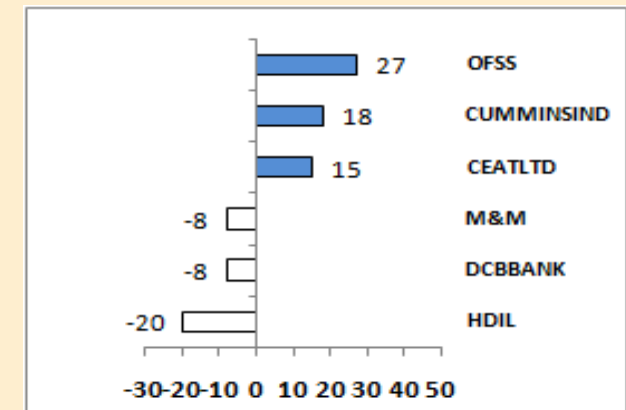
Modified Call Butterfly Spread

Buy 1 Lot 280 CE
Sell 2 Lot 290 CE
Buy 1 Lot 295 CE



- ✓ ITC is long-long unwinding cycle
- ✓ Proximity of stock to highest call congestion at 270, raises expectation of strong upward momentum in case of any option trigger
- ✓ Stock witnessed in line rollover of 79% along with carried forward open interest
- ✓ To participate the upward momentum, Modified Call Butterfly Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

Glenmark Pharma: SIGNIFICANT BEAT

- ✓ Net sales grew ~43% YoY (+13% QoQ) to ~INR24.6b (v/s est ~INR23.4).
- ✓ EBITDA grew 105% YoY (+74% QoQ) to ~INR6.9b (v/s est INR5.4b). EBITDA margins increased ~850bp YoY (+980bp QoQ) to 28.1% (v/s est 23%)
- ✓ PAT growth of ~181% YoY to ~INR4.7b (v/s est ~INR3.1b)

EQUITAS HOLDINGS: SIGNIFICANT BEAT

- ✓ PAT grew 4% YoY to INR449m (~4% beat). Strong NII growth of 48% YoY. AUM was largely flat QoQ at INR71b. GNPA at 2.46%.
- ✓ we expect AUM CAGR of 30% over FY16-21E. Maintain BUY TP 240.

Bulls & bears (Strategy: A positive start to the new year....)

- ✓ Positive start to the year
- ✓ In-line earnings growth; management commentary alleviates demonetization fears
- ✓ Valuations at 10-year average; Mid-cap valuation premium expands M-o-M
- ✓ Budget overhang behind; focus should return to earnings

Sensex v/s other markets

	Index Value	Mkt Cap (USD T)	MoM Chg (%)		PE (x)		Prem / Disc to India PE (%)		PB (x)		RoE (%)	
			Local Currency	In USD	CY15 / FY16	CY16 / FY17	CY15 / FY16	CY16 / FY17	CY15 / FY16	CY16 / FY17	CY15 / FY16	CY16 / FY17
India	27,656	1.7	4	5	20.9	20.3			3.0	2.8	14.5	13.6
Japan	19,041	5.3	0	3	21.2	18.9	2	-7	1.7	1.7	7.9	9.0
US	2,279	25.7	2	2	20.9	17.6	0	-14	3.1	2.7	14.8	15.6
Indonesia	5,294	0.4	0	1	32.2	14.7	54	-27	2.6	2.1	8.2	14.4
UK	7,099	3.2	-1	1	39.0	14.4	87	-29	2.1	1.8	5.3	12.3
Taiwan	9,448	1.0	2	6	15.6	13.6	-25	-33	1.6	1.6	10.5	11.9
China	3,159	6.6	2	3	16.1	13.4	-23	-34	1.8	1.4	10.9	10.7
Brazil	64,671	0.8	7	11	-	12.8	-	-37	1.7	1.5	-0.3	11.8
MSCI EM	909	8.1	5	5	17.5	12.3	-16	-39	1.6	1.4	9.0	11.6
Korea	2,068	1.3	2	7	14.9	9.7	-29	-52	1.0	0.9	6.7	9.6
Russia	4,972	0.6	1	3	8.1	6.5	-61	-68	0.7	0.7	8.7	10.9

Currency Ideas

USDINR



- ✓ NSE USDINR (Feb. contract) traded below key short-term support near 67.70 before closing near 67.55.
- ✓ DGCX USDINR has now breached another important support level near 67.40.
- ✓ Immediate bias continues to look negative below 67.70 - which could now act as a stiff resistance - and the current decline could extend lower towards 67.20 followed by 67.05
- ✓ Selling is advised.

EURINR



- ✓ NSE EURINR (Feb. contract) has been facing resistance near 73.40-73.50 since the past few sessions.
- ✓ Although the pair has been steadily inching higher, failure to breach this resistance could result in short-term correction.
- ✓ A dip towards channel support line near 72.50 could thus be expected and sustained breach below the same would be strongly negative for the same.
- ✓ Lower support is seen at 72.20 / 72.00 level.

MOST Market Outlook

3rd February 2017

Dharmesh Kant (Head - Retail Research)
Dharmesh.Kant@motilaloswal.com

Sacchitanand Uttekar (Technical Analyst)
Sacchitanand.Uttekar@motilaloswal.com

Tina Gadodia (Derivatives Analyst)
Tina.Gadodia@motilaloswal.com

Disclaimer: This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is under the process of seeking registration under SEBI (Research Analyst) Regulations, 2014.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

A graph of daily closing g prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

1. Analyst ownership of the stocks mentioned above
2. Served as an officer, director or employee

No
No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 6, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: (91-22) 30894200 Fax: (91-22) 22885038. E-mail: info@motilaloswal.com