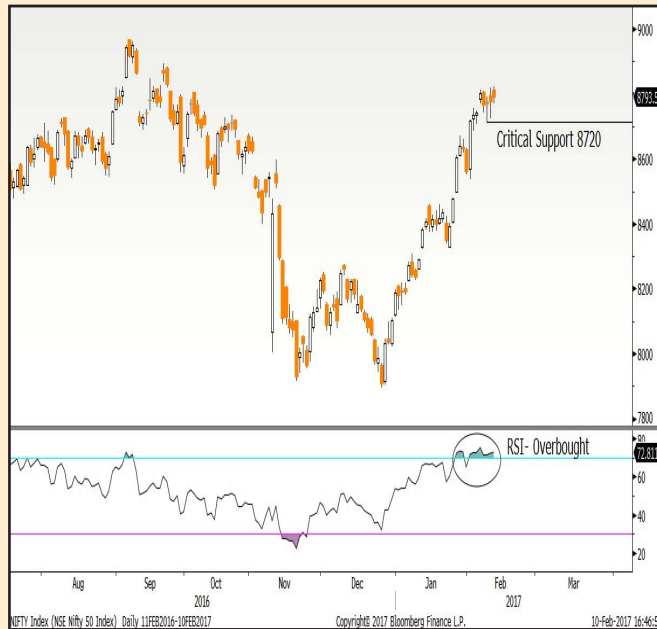


Nifty Chart



Nifty Outlook

| Nifty Fut. | R1 | R2 | S1 | S2 |
|------------|------|------|------|------|
| 8809 | 8860 | 8980 | 8720 | 8600 |

Nifty remained consolidative throughout the week as it formed multiple narrow ranged bodies. Though the daily RSI has been reporting an overbought state, the occurrence of consecutive long wicks reiterates the strength in the 8720 support. Therefore the level remains critical for the sequence of higher highs & higher lows on the intraday scale to continue. Only a sustained breach below the 8720 would indicate loss in momentum & push the index lower towards its intermediate supports around 8600.

Currency (USDINR) Outlook

| USDINR | S1 | S2 | R1 | R2 |
|--------|-------|-------|-------|-------|
| 66.95 | 66.75 | 66.45 | 67.15 | 67.25 |

Sideways-to-negative move will be seen as long as 67.20 - 67.25 is capped as key resistance area.

Market Drivers

- ✓ Indian markets held ground with Nifty closing around the 8800 levels despite RBI holding rates and changing stance to Neutral. Rupee appreciated to sub 67 levels. While banking stocks consolidated, some recovery was seen in software space. Tcs, Techm and Infu were among the gainers. Among results, Coal India, Bank of Baroda was below expectations. Global cues are positive with metals seeing gains. Metal companies should see gains in domestic market as well. Overall markets could continue to see positive bias driven by global cues, positive flows.

Trading Idea - Cash & Future

| Scrip | Reco | CMP | SL | Target |
|-------|------|-------|-----|--------|
| TechM | BUY | 499.9 | 474 | 530 |

Corporate Action:

| | |
|------------|-------------------------------|
| ACGL | Interim Dividend - INR - 5.00 |
| HIKAL | Interim Dividend - INR - 0.60 |
| LALPATHLAB | Interim Dividend - INR - 1.30 |
| OIL | Interim Dividend - INR - 9.50 |

Security in Ban period:

BANKINDIA, CEATLTD, HDIL, JINDALSTEL, JPASSOCIAT, ORIENTBANK, RCOM, UNIONBANK, WOCKPHARMA

Sectoral Outlook

| Sector | Outlook |
|--------|----------|
| IT | POSITIVE |
| ENERGY | POSITIVE |

Trading Idea - Derivatives

STRATEGY : Infy Modified Bull Call Spread

| Instrument | B/S | Lot | Reco | CMP |
|----------------|------|-----|------|-----|
| 23 FEB 980 CE | Buy | 1 | 12 | 12 |
| 23 FEB 1000 CE | Sell | 1 | 6.5 | 6.5 |
| 23 FEB 920 PE | Sell | 1 | 3.5 | 3.5 |

Target Profit: Rs.6000 SL Rs.2600 Hedge below: Rs. 930

Highest Call OI

| Instrument | Strike | OI | Chg in OI |
|-------------------|--------|---------|-----------|
| Nifty 23-Feb | 9000 | 6890925 | 563475 |
| Bank Nifty 23-Feb | 21000 | 722960 | 54080 |
| Bank Nifty 16-Feb | 21000 | 453400 | 175440 |

Highest Put OI

| Instrument | Strike | OI | Chg in OI |
|-------------------|--------|---------|-----------|
| Nifty 23-Feb | 8500 | 6148575 | 74400 |
| Bank Nifty 23-Feb | 19500 | 751720 | 560 |
| Bank Nifty 16-Feb | 20000 | 246640 | 73680 |

MOST Market Outlook

13th February 2017

Trading Calls

TechM

Buy

CMP INR 499.9

Target INR 530



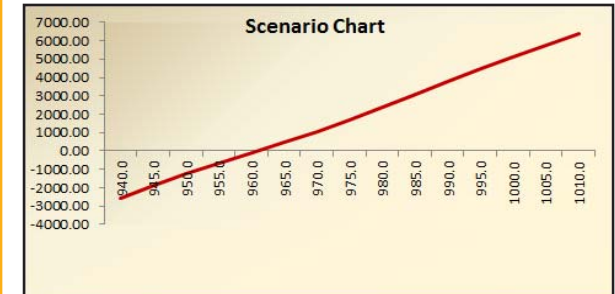
- ✓ Positive sector outlook & the breakout from the weekly consolidation augur well for the momentum
- ✓ Declines towards 490 should be used to add longs with a stop below 474 & an intermediate target upto 530

Derivatives Idea

Infy

Modified Bull Call Spread

Buy 1 Lot 980 CE
Sell 1 Lot 1000 CE
Sell 1 Lot 920 PE



- ✓ Infy is in Long- Long unwinding cycle
- ✓ Positive sector outlook along with upward shift in option band augurs well for an upside momentum. Further unwinding in 960 and 980 CE could lead to an option trigger
- ✓ Considering approaching expiry and to benefit from theta decay, Modified Bull call Spread is recommended

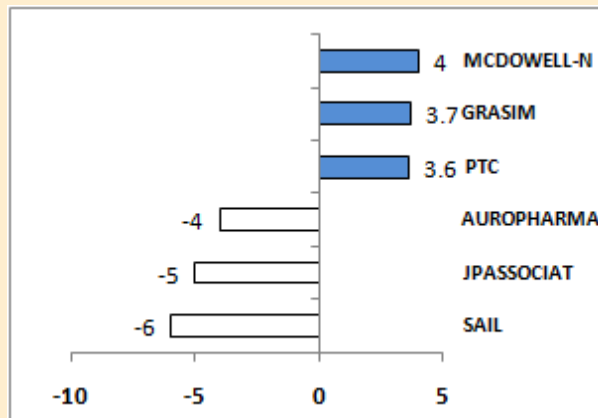
FII & DII Activity (Rs. in Cr)

| Cat. | Amt | MTD | YTD |
|------|------|------|-------|
| FII | 505 | 1086 | 2959 |
| DII | -225 | 2279 | 29270 |

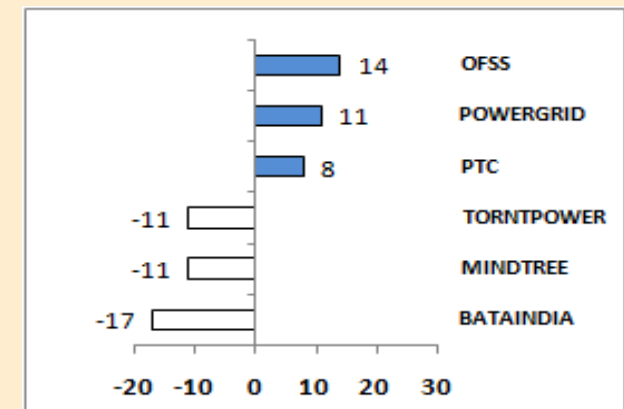
FII F&O

| Institution | Net B/S | OI |
|---------------|---------|------|
| Index Future | 243 | Long |
| Index Options | 852 | Long |
| Stock Futures | 76 | Long |

Major Price % Change



Major OI % Change



Morning Meet Notes

Research Notes

- ✓ Index of Industrial Production (IIP) declined 0.4% YoY in December 2016, +5.7% in November; IIP grew only 0.3% YoY in 9MFY17, -2% YoY in the manufacturing sector, capital goods -3% YoY, consumer goods fell -6.9% YoY
- ✓ demonetization hurt industrial sector, as all labor-intensive industries, such as textiles, apparels, tobacco and leather products, witnessed a contraction.
- ✓ Expect IIP growth of ~1% YoY in FY17, as against 2.4% in FY16

SBI: (CMP - 276, TP 350, Recom. BUY, 27% upside)

- ✓ Pat inline, 31% YoY Ppop growth, GNPA's flat QoQ, CASA +35% YoY, NIMS at 2.74%, Retail remains growth driver at 18% YoY growth, Net slippages declined 19% QoQ
- ✓ Lowest NSL of 6.7%, PCR of 63%, healthy capitalization (CET1 of ~10%), strong liability franchise (CASA ratio: 46.5%) and focus on core operating profitability, highly geared to economic upcycle and improvement in asset quality

M&M: (CMP - 1278, TP 1506, Recom. BUY, 18% upside)

- ✓ 2% vol growth YoY, tractors 22% YoY, -8% YoY in auto sales, margins impacted due to high RM, Adj. PAT declined by 7% YoY, tractor industry vol guidance declined to 8-10%, Effective tax rate likely to rise by ~4pp
- ✓ New launched to trigger growth, MPV, compact SUV, Tractors
- ✓ Cut est by 5-8% FY17/18

Aurobindo Pharma (CMP - 706, TP 1050, Recom. BUY, 49% upside)

- ✓ PAT EBITDA came below est by 7.5/5%, on slowdown in US sales growth, 12% YoY
- ✓ Deferment of key launches and pricing pressure (base business down ~13% YoY and 7% QoQ)
- ✓ Momentum to pick in coming quarters on the back of key launches including Epzicom and Meropenem
- ✓ EU business turns around on profitability, net debt reduced by USD 74mm, trades at 14x FY18E EPS 25% dis to peers, value at 20x FY19E EPS

BOB (CMP: 188, TP: 221, Reco BUY: 17% upside)

- ✓ NII up 16% yoy, Ppop +52% YoY, PAT 69% below est, due to elevated NPL provisions, NIMS contracted to 2%, PCR at 64.5%
- ✓ Slippages increased QoQ, but in our view, management is focused on cleaning up the balance-sheet and laying foundation for healthy growth rates, Cut est by 39%, value at 1.2x Dec P/BV

Power Grid: (CMP - 200, TP 238, Recom. BUY, 19% upside)

- ✓ 20% PAT growth, momentum of cap remains strong, 22k cr worth projects awarded till dEc 2016, 93k cr projects to be executed over next 3years
- ✓ Inventory remains strong at 139cr, to help earnings growth
- ✓ Huge potential for energy demand growth in India (2) rising share of renewables

Currency Ideas

USDINR



- ✓ USDINR (Feb. contract) remains weak as long as 67.20 curtain the higher side. Higher resistance is placed at 67.50 marks.
- ✓ Strong short-term support is at 66.75 followed by 66.55 - 66.45 zone.
- ✓ Selling on rise is advised

JPYINR



- ✓ JPYINR opened gap down in the previous session and has closed near days low at 58.92 marks.
- ✓ Price has retraced 50% of its previous rise from 57.35 to 60.50.
- ✓ Strong short-term resistances are now at 59.30 / 59.65 whereas 58.65 / 58.55 are expected to provide supports.
- ✓ Selling on rise is advised as long as 59.60 curtain the higher side

MOST Market Outlook

13th February 2017

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