

MOST Market Outlook

21st February 2017

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8878	8970	9000	8820	8750

'Nifty index managed to hold 8800 zone and witnessed sustain buying interest till the end of session. It continued its higher top – higher bottom formation and respecting its major support trend line by connecting the bottoms of 7893 and 8327. It formed a Bullish candle on daily chart and supports are shifting higher from 8720 to 8800. Now till it hold above 8820 zone this rally may extend towards 8968 and 9000 while on the downside multiple supports are seen near to 8820 and 8750.

Market Drivers

- ✓ Indian markets continued to head higher helped by metals, software, oil stocks. TCS announced buyback of 3 percent equity at a price of 2850. The company would use about 16000 cr for the buyback. The move will help improve return on equity for TCS. This helped boost stock price of Infosys as well. Expectations will remain of buyback from Infosys. Among results, Ambuja cements were marginally better than expectation. Software, oil companies, metals gave a boost to index which sustained past the 8850 levels as well. While Nifty is yet to reach highs, other broad market indices are at new highs. Technically 8970 levels on Nifty seem on cards from a near term perspective.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
MINDTREE	BUY	474.4	467	490

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
IT	POSITIVE

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	6640275	-251850
Bank Nifty 23-Feb	21000	1088280	121280

Corporate Action:

NA

Trading Idea - Derivatives

STRATEGY : Dishtv Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 92.5 CE	Buy	1	0.8	0.9
23 FEB 95 CE	Sell	1	0.4	0.35

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8800	5645850	1167825
Bank Nifty 23-Feb	20000	981480	107120

Security in Ban period:

CEATLTD, HDIL, IBREALEST, IFCI, JPASSOCIAT, TV18BRDCST, UNIONBANK, WOCKPHARMA

Target Profit: Rs.9000 SL Rs 3000

Trading Calls

MINDTREE

MBP INR 474.4

Buy

Target INR 490



- ✓ It is making higher highs – higher lows from last three sessions and given a decisive close above its 50 DMA near to 475, reaffirms the strength
- ✓ Thus recommending to buy for the target of 490 with the stop loss of 467 levels

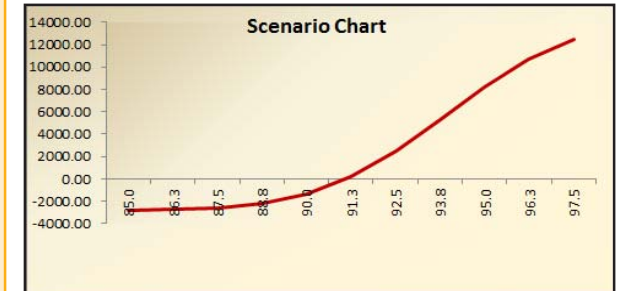
Derivatives Idea

Dishtv

Buy 1 Lot 92.5 CE

Sell 1 Lot 95 CE

Bull Call Spread



- ✓ DISHTV had witnessed accumulation in open interest in past few trading session
- ✓ Put built-up at 90 could act as a vital support, while unwinding in 90 CE could propel momentum towards 94-95 on immediate basis
- ✓ As we are participating bullish momentum, Bull Call Spread is recommended

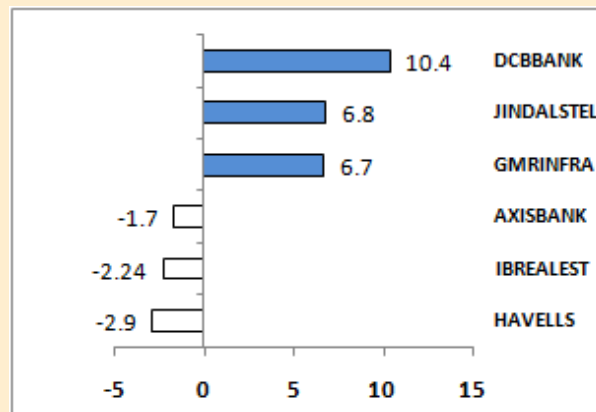
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-433	9006	10879
DII	828	-1605	25386

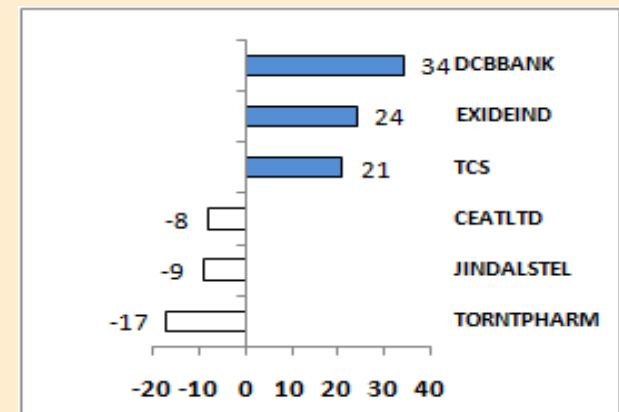
FII F&O

Institution	Net B/S	OI
Index Future	-1141	Short
Index Options	-824	Writing
Stock Futures	540	Long

Major Price % Change



Major OI % Change



Morning Meet Notes

Research Notes

Havells acquires Lloyds consumer durables division

- ✓ Havells acquires Lloyds consumer durables for INR 16bn, deal to be completed by March 2017
- ✓ To help company foray into consumer durables (TV, washing machine, refrigerators, AC), expected to grow at double digit rate due to lower penetration, urbanisation
- ✓ To gain access to Lloyd's 10k plus dealer network, Lloyd 14% share in Room AC
- ✓ Deal done at P/sales of 0.9x/0.7x/0.6x on FY17/18/19E sales & P/E of 22x/16.8x/14x on FY17/18/19E EPS. This appears favorable compared to Voltas and Blue Star, whose UCP businesses are valued at ~22-25x FY19E EPS
- ✓ Value HAVL at 30x FY19E EPS (v/s 32x earlier) to account for lower margins and return ratios post Lloyd acquisition
- ✓ Downgrade to Neutral, 3% upside

TCS Buyback

- ✓ Board approved buyback of 2.85% equity (~56m shares) at INR2,850, tender offer amounts to ~41% company's INR390b cash balance and ~19% of net worth. total payout including normalized dividend should be ~95% of PAT,
- ✓ TCS announced the appointment of V Ramakrishnan (Ramki) as its CFO. He has been a member of the TCS Finance team for 17+ years

Ambuja Cement (TP 277, 16% upside)

- ✓ Volumes -7.1% YoY (+11% QoQ; in-line) due to cash crunch in trade segment, where ACEM has a strong presence, EBITDA/ton declined 4% QoQ
- ✓ Adj. PAT rose 28% YoY (-37% QoQ) on lower effective tax rate 7% v/s 36%
- ✓ Better utilization headroom in the faster growing regions (north and east) should offer some resilience, raise CY17E/CY18E est by 6%, trades at 141 USD/ Ton

PI Industries (TP 1046, upside 21%)

- ✓ Sales -4.5% YoY on account of sluggishness in CSM exports (-12% YoY)
- ✓ EBITDA margins expanded by 100bps on favourable product mix
- ✓ Adj PAT up 30% YoY, commercialised 3 new molecules this quarter
- ✓ Revise our earnings downwards by 9%/8% for FY18/FY19 , 25% CAGR stock, ROCE of 28%, value at 24x FY19E Eps

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