

MOST Market Outlook

21st, June 2016

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8251	8270	8320	8220	8180

'8330 remains a significant level to track as 'Spinning Top' formation near the resistance re-confirms the significance of the level. A breach above 8330 would eject nifty into a new orbit. Until then it could continue to gyrate within the range of 8320-8180 during the week.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.41	67.30	67.22	67.50	67.80

Buying only sustained break above 67.50 is advised targeting 67.80 - 67.90 area.

Sectoral Outlook

Sector	Outlook
NBFC	Positive
CEMENT	Positive

Market Drivers

- ✓ Markets took in stride Mr. Rajan's deciding to pursue academia on completion of his tenure as RBI Governor in September. Yesterday's momentum was fueled by news flow coming from UK where opinion poll is now indicating 'Brexit' may not happen. Further, monsoon progress into Maharashtra helped sentiments further. Enabling policy measures for FDI in retail, pharmaceutical, aviation and defense helped negate the negative sentiments. US and European markets posted smart recovery in last session. This morning Asian markets are trading firm while currencies are range bound. We expect our markets to open on flattish note, thereafter some volatility is expected.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
SKS MICRO	BUY	695	680	734
JK LAKSHMI	BUY	390	375	420

Trading Idea - Derivatives

STRATEGY - TCS Ratio Call Spread

Instrument	B/S	Lot	Reco	CMP
Jun 2650 CE	Buy	1	19	42.5
Jun 2700 CE	Sell	2	8.3	21

Target Profit : 9500 Stop Loss : 500 (Hedge above 2740)

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Jun	8300	6300825	-219150
Bank Nifty 23-Jun	18000	323040	63780
Bank Nifty 30-Jun	18000	582000	35250

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Jun	8000	7685650	-209175
Bank Nifty 23-Jun	17000	296550	94620
Bank Nifty 30-Jun	17000	651810	9000

✓ MOST Market Outlook

21st, June 2016

Trading Calls

SKS MICRO

MBP INR 695
Target INR 734

Buy



- ✓ 'Breakout from the continuation pattern reaffirms the secular uptrend to remain intact
- ✓ Momentum could be participated with a stop at 680 for a pattern target upto 734

JK LAKSHMI

MBP INR 390
Target INR 420

Buy



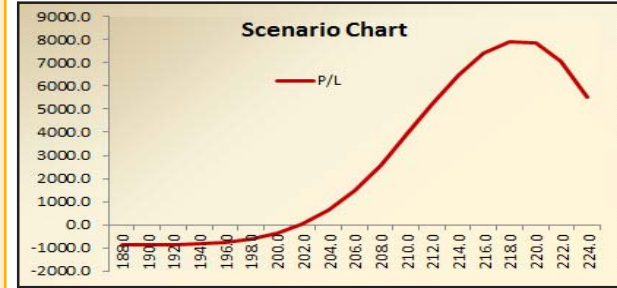
- ✓ 'Positive sector outlook & breakout from 'Rounding' augurs well for the uptrend to remain firm
- ✓ The pattern indicates a move upto 420 which could be traded with a stop at 375

Derivatives Idea

TCS

Buy 1 Lot 2650 CE
Sell 2 Lots 2700 CE

Ratio Call Spread



Target Profit : 9500 Stop Loss : 500

- ✓ TCS is in long- long unwinding cycle. Put built up at 2550 could act as immediate support
- ✓ Unwinding in 2600 CE could provide further momentum on higher side
- ✓ Considering stable volatility and to benefit from theta decay, Call Ratio spread is recommended

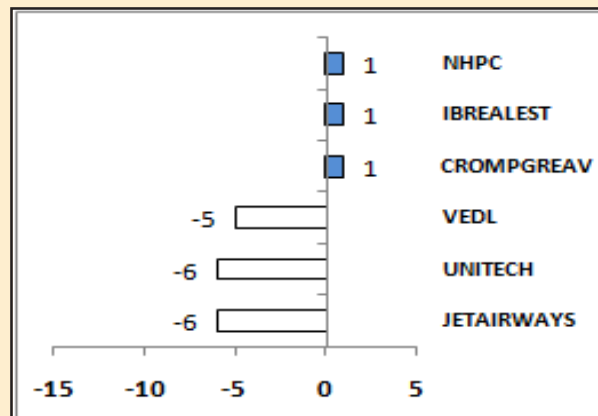
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-537	3187	-41815
DII	724	-1917	60880

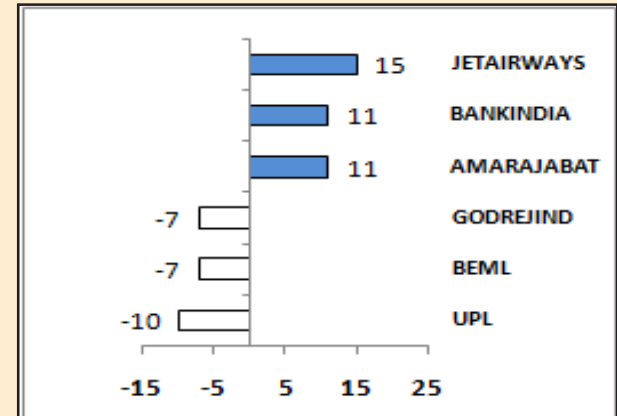
FII F&O

Institution	Net B/S	OI
Index Future	-1336	Short
Index Options	-1055	Writing
Stock Futures	290	Long

Major Price % Change



Major OI % Change



Morning Meet Notes

- ✓ Rains reached half of India

Research Notes

CG CONSUMER ELECTRICALS: INITIATING COVERAGE (CMP: INR 134, TP: INR 165)

- ✓ Revenue breakup: Fans: 45%, Lighting: 29%, Pumps: 20%, appliances: 6%
- ✓ Market Share: Fans: 27%, lighting: 6%, appliances: 10%, pumps: 7%
- ✓ FMCG experience management brought in, Ex Pidi CFom Ex- P&G MD; promoters are Advent and Temasek
- ✓ Light industry to grow at 10% over FY16-19E to INR 915bn [appliances: 15% CAGR, fans & lighting :12%, switches: 11%]
- ✓ Appliances lower penetration, Fans: premiumization, Lighting: switch to LED

5 keys drivers:

- ✓ **GST:** 25% of sector unorganized; price gap will reduce
- ✓ **Housing for all:** Commercial real estate bottomed out, residential to bottom out next yr; gov to add 30m houses by next 3yrs
- ✓ **7th pay:** 24% increase in pay and allowances & state governments could also do this ; expect to impact light electrical & not fans as arrear component is small
- ✓ **Village electrification** to drive demand higher
- ✓ **Disposable income:** 5% CAGR Fy12-16; 8% CAGR increase over next 2 yrs; MSP and MNREGA a positive for rural income

Key changes:

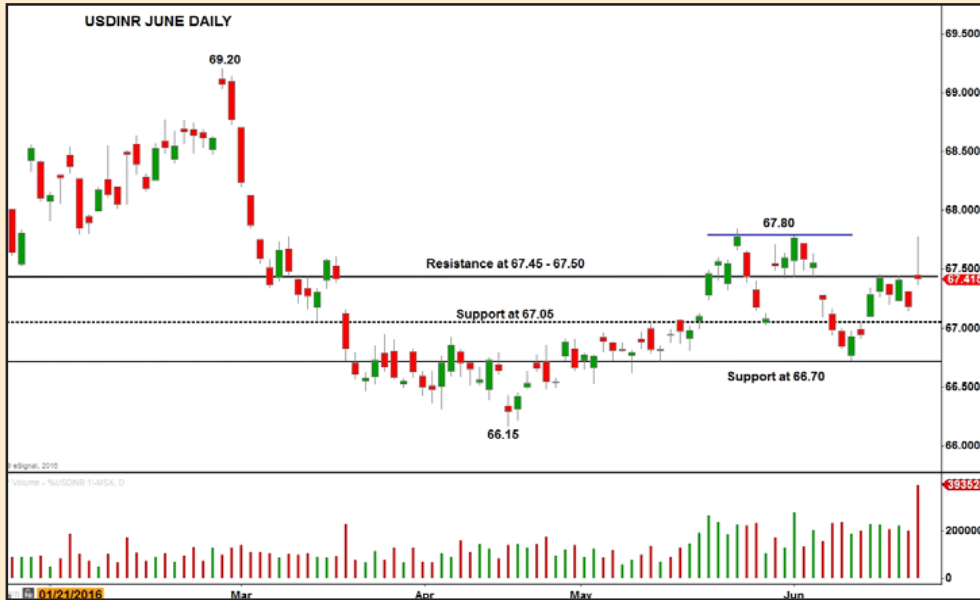
- ✓ **Premiumization:** Fans [decorative fans], switches [aesthetic switches], kitchen appliances [multi function]
 - ✓ **Distribution reach:** Bajaj Electrical - 5lk outlets, CG Consumer - 1.5 lakh outlets
 - ✓ **Advertising spend:** To go up from 2.5% to 3-4%
 - ✓ **Brand extension:** New product categories such as air coolers and consumer appliances
- ✓ **Sales & PAT CAGR: 15% & 20% over FY16-18E, FY16 ROE & ROCE: 52% & 28%, Value at 30x FY18E EPS, TP of INR 165**

EVEREADY: CHANNEL CHECKS

- ✓ Removal of anti dumping duty had hurt: unorganised increased to 9% from negli
- ✓ Channel checks suggest duty to be levied by 2Q FY17
- ✓ Onset of monsoon, recovery in demand for flashlights
- ✓ Govt LED order execution on track
- ✓ Trades at 15x FY18 PE

Currency Ideas

USDINR



- ✓ USDINR opened with a positive note in the previous session, but price failed to sustain at higher levels and turned lower closing at 67.41
- ✓ Key resistance remains at 67.50 and price sustained trade above the same will confirm further positive move targeting 67.80 - 67.90 levels
- ✓ Immediate supports are at 67.30 - 67.22 whereas critical support remains at 67.05
- ✓ Buying above 67.50 is advised for the session

EURINR



- ✓ As seen on daily chart, EURINR failed to break below its critical support of 75.44 and closed the previous session with a positive note at 76.39
- ✓ Recent low 75.85 will act as immediate support whereas major support remains at 75.44 (rising trend line)
- ✓ Dip buying will be advised as long as price holds above support and the pair could target 76.65 - 76.95 levels for short-term

MOST Market Outlook

21st, June 2016

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/or 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 to 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