

MOST Market Outlook

31st January 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
PETRONET	BUY	385	377	430

Corporate Action:

DBCORP	Interim Dividend - INR - 4.00
PERSISTENT	Interim Dividend - INR - 6.00
SIEMENS	Dividend - INR - 6.00

Security in Ban period:

IBREALEST, JINDALSTEL

Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8655	8680	8705	8620	8602

'Nifty remained confined within its previous day's range & also formed a 'Spinning Top'. The momentum indicators have entered the overbought zone ahead of the event, the immediate resistance for the move could be around 8740 (78.6% retracement of the previous weekly wave) while a breach below its previous daily swing low around 8500 could distort the bullish sequence. Hence we expect the index to remain within the range in the coming sessions ahead.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.17	67.95	67.80	68.30	68.42

The pair is likely to trade in a range between intraday support at 67.95 and resistance at 68.30 level.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
FMCG	NEUTRAL

Trading Idea - Derivatives

STRATEGY : INFY Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
2 FEB 960 CE	Buy	1	23	23
2 FEB 1000 CE	Sell	1	6.2	6.2
2 FEB 900 PE	Sell	1	9.5	9.5

Target Profit: Rs.10000 SL: Rs.4000 Hedge: Sell Future below 930

Market Drivers

- Indian markets were subdued yesterday. Action was primarily in telecom stocks on back of a likely Vodafone Idea merger. Vodafone confirmed of talks with Idea. Idea, Bharti, Rcom were among the prominent gainers. Bharti Infratel lost ground as tenancies could get impacted as the number of players reduces. Results continued to be positive from Bajaj Finance, HDFC and Tech Mahindra. Among key results to watch out for are ICICI Bank, Bajaj Auto. RBI relaxation on withdrawals also augurs well. Markets will be focused on the budget. Given the run up ahead of budget and slightly weakish global cues, one can expect market to be tentative ahead of the event.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	4520925	881475
Bank Nifty 23-Feb	20000	515600	48240
Bank Nifty 02-Feb	20000	470600	137160

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8400	3898350	227925
Bank Nifty 23-Feb	19000	480080	19280
Bank Nifty 02-Feb	19000	310040	7000

Trading Calls

Petronet LNG

CMP INR 385

Buy

Target INR 430



- ✓ 'Positive sector outlook & the recent breakout from the triangle formation was well supported with volumes
- ✓ The current decline provides a good reward to risk opportunity for trading longs
- ✓ A stop can be placed below 377 for an initial target up to 430

Derivatives Idea

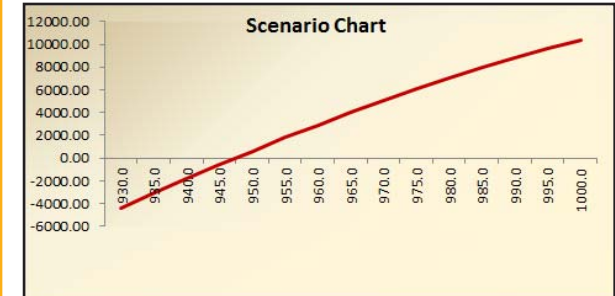
INFY

Buy 1 Lot 960 CE

Sell 1 Lot 1000 CE

Modified Bull Call Spread

Sell 1 Lot 900 PE



- ✓ INFY witnessed good accumulation in OI and positions were rolled over to February series
- ✓ Stock is trading near its highest Put congestion indicating support in place
- ✓ Move above 960 could lead to option trigger
- ✓ As we want to participate bullish momentum, Modified Bull Call Spread is recommended

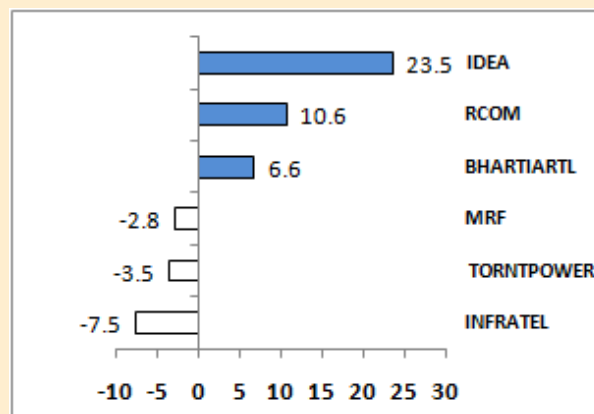
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	607	-932	-11514
DII	40	4985	40348

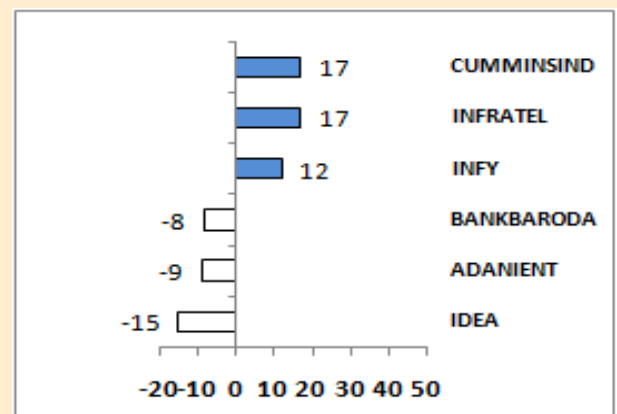
FII F&O

Institution	Net B/S	OI
Index Future	-369	Short
Index Options	-137	Writing
Stock Futures	516	Long

Major Price % Change



Major OI % Change



Morning Meet Notes

Research Notes

- ✓ RBI has withdrawn all limits with respect to Current Accounts and other related business accounts
- ✓ ATM withdrawals removed

Company	Sales	%Y/Y	EBITDA	%Y/Y	PAT	%Y/Y	Rationale	Comments
Shree Cement	18.4	2.2	4.7	-7.1	2.4	1.6	BUY/19006/l	1. 5% vol growth, -7% YoY realisation due to focus in North & East markets, unitary costs 6% YoY 2. Power business loss at EBITDA of 10cr, expect EBITDA/ EPS CAGR of 24%/37% over FY17-FY19, value at 13x FY19E EV/EBITDA, profitability improvement, market share gains by aggressive capacity addition, 21% upside
Granules	3.6	4.2	0.8	12.7	0.4	43.5	BUY/160/l	1. EBITDA higher due to product mix change & capacity expansion, finished dosage 33% YoY, PFI & API disappointed led by capacity constraints, growth to come back next Q 2. 6 Andas by end FY17, expect asset turns of 2x over next few yrs, Gagilapur CRAMS facility reinspection to start tomo 3. Trades at 10x FY19E, 30% EPS CAGR, 38% upside
HDFC	25.8	18.0	24.5	19.5	17.0	11.9	BUY/1580/A	1. 17% YoY AUM, individual growth +3% YoY due to demoni, GNPA at 0.8%, corp loans 15% YoY, retail +17% YoY 2. Cut FY18E/19E by 4% to factor in high competitive intensity in the retail segment, 16% upside
Bajaj Finance	27.0	31.1	10.3	33.5	5.6	36.0	BUY/1276/BA	1. AUM +33% YoY, 2W,3W +36% YoY, Bajaj Auto sales: 45% vs 33% last Q, consumer durables +5% YoY 2. Personal cross sell loans +59% YoY, rural loan book +100% YoY on small base, GNPL at 1.4% 3. Continue to reap benefits on consumer demand, trades at 5.2x FY19E BV, raise est by 5-7%, 21% upside
Tech Mahindra	75.6	12.8	11.9	0.4	8.6	12.8	BUY/550/A	1. 5.4% CC rev growth, strong pick up in BFSI n ROW, deal wins best in last 6 Q, LTM deal wins 16% YoY 2. Gradual recovery in Communications, with continued traction in Enterprise, raise USD est by 9/13% over FY17-19, value at 13x FY19E EPS, 17% upside
Infoedge	1.9	7.3	0.5	22.3	0.5	116.7	BUY/1075/B	1. Growth slows down, EBITDA margin miss by 400bps, 99acres hit by demoni 2. Cut earnings estimate for FY18/19 by 6%/7%, Zomato, Naukri, 99acres performance key to stock n valuation 3. SOTP based TP upside of 25%
Emami	7.3	0.2	2.6	3.7	2.0	4.8	BUY/1260/l	1. Vol growth of -2.6% YoY, Int -16% YoY, CSD -12% YoY, Domestic 3% YoY, GM expansion led to EBITDA margin expansion 2. Navratna -4% YoY, Zandu -6% YoY, Handsome -18% YoY, management exp double digit vol growth in 2018, 24% upside

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