**ValueMax**

**Monthly Investment Ideas**

*ValueMax* helps clients to take a long stance on stocks from the **S&P BSE-100** universe. Comprising monthly technical investment ideas, *ValueMax* will have 10 stock recommendations, which will be issued at the beginning of every month. The selection and recommendation criteria will be based on **technical analysis**.

*ValueMax* will be made available to the dealers and relationship managers through Karvy Mail. A brief technical report on the ideas will also be released, justifying our view on the stocks and the reason for the selection. The report will also be uploaded on **Karvy online websites**. Book profit/exit messages will be communicated during the **LIVE market** on **NEST** (trading terminal) under the head **ValueMax**.

Please find the *ValueMax* investment ideas for **October 2016**.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Sector</th>
<th>CMP</th>
<th>Action</th>
<th>Average</th>
<th>SL</th>
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*CMP:* Current Market Price;  *SL:* Stop Loss;  *Tgt:* Target

*Note:* All charts are sourced from Spider Software.
AUROPHARMA is one of our preferred counters from the Pharma space. The stock has outperformed NIFTYPHARM during the last month and has generated 8.17% return whereas the NIFTYPHARM closed with a marginal negative return of 0.25%. Currently the stock is trading well above its 21/50/100/200 DEMA levels on daily charts exhibiting strength in the counter for the medium term perspective.

Analyzing the recent price action, the stock has given a decisive break out on the daily charts above 820 levels at the end of the September month 2016 with huge number of trading volumes. Thereafter, the counter again retested the said breakout and gave a smart pullback on the higher side.

On the technical set up, the counter is trading well above its short to medium term moving averages rolling above the mean of the Bollinger on the daily charts. We expect the stock to roll on the upper band in the coming trading sessions and outperformer its peer in the coming trading month. The Parabolic SAR (Stop & Reverse) is comfortably trading below the price on daily as well as on weekly chart, which reflects buying will remain intact in the counter in near term.

We expect the counter to surpass its all time high levels in the coming trading sessions and may test 950 plus levels in the near term perspective. Therefore, it is evident that stock is likely to surge higher and outperformed its peers in coming trading weeks and heading towards the mention targets.

Our take: Considering all the above data facts, we recommend short to medium term investors to enter the stock at the current levels for targets of around 935-960 levels and any correction towards 815 can be utilized to average the stock keeping stop loss below 780 levels.
CANBK is a state owned commercial bank. After steep price correction in last year stock formed a strong base and witnessed smart recovery in last couple of months.

The stock price after cloaking an high of 478.65 in the end of Jan’15 witnessed steeper price correction till 156 levels made in end of Feb’16, where the said correction got arrested and post which prices witnessed smart recovery in last couple of months which is still ongoing. Up till July’16 stock was trading below its long term 200-DEMA from last many months, post which in the recovery mode stock price managed to surpass and sustain above the long term average which indicates that the said correction got over and fresh leg of impulsive move has been started.

In last couple of sessions stock price is consolidating in a range forming Flag & Pole like formation and managing to sustain above its 21-DEMA, indicates that bulls are in control and likely to take prices higher in sessions to come, and the fact is supported by surge in volume in last few sessions.

On the technical setup, 14-period RSI on daily chart is float above 50-levels, whereas on weekly chart it is approaching overbought territory, reaffirms underlying strength in the counter.

Based on above technical observations we expect prices give breakout from technical consolidation and likely surge with further strength, over the coming month.

**Our take:** The stock price is likely to give breakout from consolidation and move higher over the coming month. Hence one may consider buying stock at current market price and average the stock price on any dip towards 290 levels for the upside target of 345 and 360, placing a stop loss below 275 levels.
HCLTECH in the previous month has outperformed the Nifty IT index. The index has generated a negative return of around 2.41%, whereas the stock has generated a return of around positive 2.74%. The stock was also the biggest gainer amongst all the stocks listed in the Nifty IT index.

The stock has seen a decent correction on the monthly charts from the consolidation range breakout of around 887 - 1023 levels. The stock at current levels is taking resistance around its 21-DEMA on the charts above which the stock might start a fresh journey towards making new high.

The Parabolic SAR is trading well below the price indicating up trend in the stock will remain intact in the counter. The stock is making higher highs and higher lows on the monthly charts which suggest that the stock has inherent strength in it.

Among the indicators, the 14-day RSI is pointing northwards where the RSI is on the verge of giving the positive crossover with 9 days signal line on monthly charts indicating the strength in the counter. The stock is trading well above all major moving averages on the daily charts reflecting strength in the counter.

Our take: The above discussed development suggests that the stock is well placed to take it up move which enhances the confidence among the market participants. Hence we are recommending buy in the stock with stop loss placed around 700 with an expected targets 900 and 940 levels.
**Key levels**

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- **HINDALCO** has moved from the lows of sub 60 to 155-160 in a span of six months posting a staggering return of over 100% in such a short time frame. The stock has outperformed the benchmark Index by a large margin that has moved 26% and the sectoral Index that has clocked gains of nearly 75% during the same time.

- The stock has witnessed a consolidation post the profit booking that came in at 162-164 levels and has moved lower. Fibonacci Retracements drawn from the high of 198.90 to the low of 58.80 signifying the price has taken support at the 61.80% zone of the mentioned move and resumed uptrend. This suggests the stock is likely to continue its positive trend and dips should be used to buy into the counter.

- Adding to the above technical parameter, the price pattern is forming higher highs and higher lows on the daily chart and is well placed above the major moving averages buoyed by volumes, reiterating our positive stance in the counter. With the current chart structure and recent consolidation witnessed in the price, the stock can be bought for potential gains from a short term perspective.

- Bollinger Bands plotted on the daily chart indicate the price has taken support at the lower end of the band and has moved and closed above the mean suggesting the price is could expand on the higher side from a short term perspective. On the indicator front, the daily RSI has generated a bullish crossover providing further technical evidence of supporting our bullish view on the stock.

**Our take:** Going forward, with the current technical set up of the stock, we expect the positive run to continue in the counter. Therefore, we recommend to ‘BUY’ for the target of 167.50 and then 172 with stop loss placed below 138 for the month.
**HINDPETRO**

**Sector:** ENERGY  
**CMP:** 423.95  
**Action:** BUY  
**Average:** 400  
**SL:** 385  
**Tgt 1:** 465  
**Tgt 2:** 478

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**Key levels**

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<td>200 day EMA</td>
<td>329.98</td>
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- HINDPETRO is one of our preferred counters from the Energy sector. The stock has been an outperformer and generated more than 4 times returns in comparison to the benchmark Nifty Energy. The stock is in the cycle of higher highs and higher lows and is expected to continue its gains in the current month.

- The stock has given a “Bullish Flag Pattern” breakout on weekly line chart around 416-417 levels on the back of more than average traded volumes and made its all time high of 423.95 levels on closing basis. The stock has almost doubled in a short time frame of 6-7 months from the lows of 227 levels and is expected to continue its momentum in the upcoming trading sessions.

- On weekly chart the stock has seen a consolidating phase where it was trading in a narrow range of 30 points ranging from 390-420 levels. On the oscillator front, 14 week RSI is trading somewhere around the upper band of 69-70 levels affirming the bullish stance in the counter.

- The Bollinger band (20, 2) is also rising on daily chart and price is trading near its upper band. Also there is no sign of any reversal in the stock suggest the inherent strength in the counter to take the prices in uncharted area. The stock is also trading well above its 21/50/100/200 day EMA levels on daily chart.

- Among the indicators, parabolic SAR on daily chart is trading below the price, suggesting buying will remain intact with the counter in near term. Among the oscillators front, the 14-week RSI and MACD line has cooled off from over bought levels and both are still pointing northwards indicating the strength in the counter.

**Our take:** The recent price action suggests that the positive momentum in the stock is likely to continue and the counter is expected to trade higher in the coming sessions. Thus, we recommend buying the stock for the targets of 465-478 levels and add further on any dip towards 400 levels with a stop loss placed below 385 levels.
BHARTI INFRATEL Limited stock price has significantly outperformed its broader and sectoral indices for the month of September 2016. The stock has gained 4.15%, while NIFTY 50, NIFTY 100 and NIFTY INFRASTRUCTURE have lost around 1.99%, 1.74% and 4.82% respectively.

On the weekly charts, the stock is forming a downward sloping channel and breach of the pattern, the stock has the potential to retest its all time highs in the coming quarters. Adding to it, the stock has seen a massive rally during the period of June-July 2016 and started consolidating in the rally range over last two months. However the trading and deliverable volumes on the up move days are higher than compared with the down days indicating strong players are accumulating the stock and the probability of upside break out of the said channel is higher.

On the daily Bollinger Band set up, the stock has been getting support at the mean and is bouncing towards the upper band of the set up over last one month, indicating its positivity and strength in the counter, while on the weekly Bollinger Band set up, the stock is currently placed slightly above the mean of the setup after rising from lower Bollinger band, indicating probability of touching the higher end of the band in the near term is high which is currently placed near 405.

Among the indicators the MACD setup on daily charts has a positive crossover and is trading in the positive zone and sustaining well above the mean line over last one month and on weekly charts the stock has just crossed the mean line and flirting with it, indicating fresh up move in the counter is still pending.

Our take: Considering the above data facts, we recommend short to medium term investors to enter the stock at the current levels for targets of previous major swing highs zones of 410 and 425-430 zones, while any correction towards previous swing lows of 335-338 can be utilized to average the stock keeping stop loss below previous major unfilled gap up area and swing lows of 320.
M&MFIN ended the previous month with a gain of 2.26% outperforming the BSE 100 which lost over 1.75%. The stock is in a strong uptrend since February 2016 and it rallied from 166.09 to record its all time high of 337.15 in September 2016. The stock is in a secular uptrend forming higher highs and higher lows. The stock is consolidating above a runaway gap near its all time high in daily chart and has given a breakout from the consolidation indicating fresh leg of rally.

The stock is trading well above its 21/50/100/200 day EMA levels in daily charts as well as in weekly charts indicating strength in the counter in all time frames. Other leading indicator Heiken candlesticks suggest positive trend in daily and weekly charts.

On the daily charts as well as in weekly chart the stock has touched its Bollinger band upper band and the band is widening indicating the positive momentum in the stock.

Among the indicators, parabolic SAR (Stop & Reverse) is trading below the price, suggesting buying will remain intact with the counter in near term while, RSI (14) heading towards the over-bought territory indicating the strength in the uptrend in the stock.

Our take: The recent price action suggests the momentum in the stock to continue in the coming month as well. Thus, we recommend buying the stock for targets of 404 and 424 levels with a stop loss placed below 325 levels.
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<tr>
<td>TATAMOTORS</td>
<td>AUTO</td>
<td>534.85</td>
<td>BUY</td>
<td>510</td>
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<td>580</td>
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- The stock is in secular uptrend making higher highs and higher lows on the monthly chart. On the monthly chart, volume is higher compared to previous two months. On the weekly chart, the stock retested the support level of 514 amid heavy sell off seen in the market due to geo-political tensions. However, it rebounded from that level next day to close around 535.

- In the broader time frame, stock has formed double bottom pattern and rallied from the low of around 270 to 600 in the time frame of almost six months. It tested the support level of 514 and rebounded from there in the month just gone by. On the daily chart it is trading in a downward sloping channel and any breakout above that level can take the stock higher.

- On the monthly chart, MACD continues to trade above its signal line indicating upside momentum in the stock likely to continue.

- On the daily chart, the stock rebounded and closed above its 50 DEMA which is a crucial support level for the stock. Also, 14 day RSI briefly broke its support of 45.38 on account of extraordinary events but quickly rebounded to close above that level in the next and last trading session of the month.

**Our take:** Traders can buy this stock at current level keeping stop-loss of 490 for the upside target of 580-600 for one month perspective.
UBL has been in the limelight of the market participants from past few trading weeks after the counter made a spectacular rally of more than 15% in a short time frame of two weeks. The counter has been on the radar of the traders after the stock has given a falling trend line breakout on the daily charts drawn from the swing high of 974.60 levels. Even the volumes after the said breakout surged in comparisons with the daily trading volumes.

Analyzing the recent price volume action, the stock has been making higher highs and higher lows from past few trading weeks surpassing its major short to medium term moving averages. Even the volumes have been on the higher side indicating strong hands have started accumulating the stock around current levels. The stock looks well poised to move higher in the coming days towards triple digit figure and may surpass the same.

Historically, after making a panic low of 690 levels in the month of May 2016, the stock made smart pullback towards 750-780 plus levels and went into sideways consolidation mode around its 200-DEMA on the daily charts. Thereafter the stock gave massive breakout surpassing its long term moving average and continued the northwards journey towards 900 levels.

On the indicator front, Parabolic SAR has been trading below the current market price of the stock indicating possible upside can’t be ruled out in the short term period. Even the 14-Day RSI is trading in the comfortable zone affirming our bullish stance on the counter.

At current juncture, the stock is trading with bullish bias and is expected to test the triple digit mark in a short time frame of 3-4 trading weeks. Any dips towards 840 levels should be utilized as a good averaging opportunity.

**Our take:** Considering all the above data facts, we recommend short to medium term investors to enter the stock at the current levels for the potential targets of 1000-1030 levels. And any dips towards 840 levels can be utilized to average the stock keeping strict stop loss placed below 810 levels.
**ValueMax**

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### Key levels

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- Zee Entertainment Enterprise Limited (ZEEL) is one of India’s leading television media and entertainment companies. The counter has been contributed more return on the monthly basis and generated 1.34% returns in comparison to the benchmark whereas, Nifty Media generated 0.13%. The stock is making higher highs and higher lows on daily and also stock surged nearly 4.22% in the last week.

- The stock has given breakout from **“SYMMEETRICAL TRAIGLE PATTERN”** on daily chart near 537 levels and closed above the said pattern and made its all time high of 558.75 levels with more than average volume confirmed the pattern significance. The stock has seen strong buying interest from past consecutive six months and outperformed some of its peer group significantly suggest strength in the counter.

- The advance variable moving averages like Variable index dynamic average (VIDYA) is also showing strength and price is still trading above the said average and still there is no sign of any reversal in the counter suggest the strength in the counter. The stock is also trading well above its 21/50/100/200 day EMA levels on daily charts as well.

- Among the indicators, parabolic SAR (Stop & Reverse) on weekly charts is trading below the price, suggesting buying will remain intact with the counter in near term. Among the oscillators front, the 14-week RSI (71.15) and there is no sign of any reversal this supports our bullish stance in this counter.

- Historically, the stock is rising from 350 to current level of 546 which is almost 156% in less than 6 months with minor pullbacks and we are expecting the stock may further go upside to test 598-620 levels in next month. From the above observations it is evident that stock is likely to surge higher and move towards its resistance levels of 629 by next month.

**Our take:** Considering all the above data, we recommend traders to enter the stock at the current levels for targets of 598 – 619 levels and any correction towards 523 can be utilized to average the stock keeping stop loss below 502 levels on end of the day basis.
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