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 is also available 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 April 2018.

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<th>Stock</th>
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<th>CMP</th>
<th>Action</th>
<th>Average</th>
<th>SL</th>
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<tr>
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*CMP*: Current Market Price;  *SL*: Stop Loss;  *TGT*: Target

Note: All charts are sourced from Spider Software.
### Stock Analysis

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#### Key levels

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- BAJFINANCE was in a consolidation phase since its all time high of 1985 and has formed a descending triangle chart pattern during the phase in daily line chart and has given breakout from the pattern with jump in volume and a breakaway gap.
- The stock is trading well above all of its major moving average levels in daily charts indicating strength in the counter in all time frames and supporting our bullish bias.
- Among the leading indicators, Parabolic SAR and Heiken candlesticks indicate positive trend in daily chart as well as weekly chart.
- Stock has been sustaining above the mean and is moving towards the upper band in Bollinger band in the weekly chart and the bands are expanding, supporting our bullish conviction about the stock.
- Among the oscillators, MACD is trading above the signal line with broadening bands in daily charts which suggests positive momentum in the counter. Another major indicator Stochastic suggests positive momentum in the counter.

**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 1973 and 2035 levels with a stop loss placed below 1590 levels.
COALINDIA has outperformed its key benchmark index Nifty 50 and its sectoral index NIFTY METALS for the first quarter of 2018. The stock has gained 14% during the same period while NIFTY 50 has lost around 4%, whereas its sectoral index NIFTY METALS has also lost more than 10%, thereby making COALINDIA a major gainer in those two key indices. COALINDIA has been trading near its lifetime support levels (lows) for the last six months and has witnessed a significant bounce from the 240-260 zone accompanied with above average volumes on the monthly chart. The stock price has broken the streak of lower lows on the same chart indicating that going forward the recent low is most likely to hold, reversing the trend to positive from the medium term perspective.

On the daily charts, the stock is forming an inverted head and shoulders pattern, with volumes on the up moves higher than the down moves suggesting a strong breakout above neckline is possible and may move much higher in the coming quarters. The stock has closed at the highest levels in 11 months in February and has outperformed this month, indicating strong hands are in the counter and this new found momentum is expected to continue. The stock is currently trading well above its major moving averages on the daily chart after successfully closing above the previous swing high of 264-265 which also happens to be the level where the 200 day moving average runs through, confirming the change of trend in the counter to positive.

On the indicator front, the monthly RSI has generated a bullish crossover as a long bullish candle stick has been formed which has been supported with above average volumes, all indicating to a positive bias in the counter and reiterating our view on the stock.

Our take: Considering the above data facts, we recommend short to medium term investors to enter the stock at the current levels and any dip towards the short term moving averages may be used to add more keeping stop loss below previous major swing lows for the targets of 52 wk highs and much higher.
The stock has closed the month with a positive return of 5.06% and outperformed Nifty Pharma significantly. Where Nifty Pharma has closed the month marginally in green and generated 0.37%. The stock is in uptrend and making higher highs on weekly charts.

The price action in the stock reflects that any meaningful dip in the stock attracts market participants which help stocks to resume its up move.

The stock has resumed its up move after making swing low of around 533 levels and bounce in the stock has seen supportive volume formation on daily charts. Prior to that, the stock has seen profit taking from its lifetime high of 1381.60 levels which has dragged the stock to the low of around 533 levels. Thereafter, the stock has resumed its up move and retraced 61.8% of retracement levels drawn from the high of 1381.60 levels to the low of 532.65 levels and managed to close well above the same.

The recent bounce in the stock from its swing low of around 533 levels has given “U” shape recovery on weekly charts which indicates strength in the counter and stock is well placed to take its up move. On the momentum setup, 14-period weekly RSI is pointing northwards after giving positive crossover with signal line on daily time frame which is showing strength in the counter. The Parabolic SAR is trading below the price on weekly charts whereas on daily charts which indicates uptrend in the stock to remain intact.

**Our take:** The stock is on the verge of giving price breakout around 1130-1135 levels. The move above the said levels will provide fresh trigger to the stock and stock can touch 1200-1225 levels in near term. Hence, we are suggesting buy in the stock for the target of 1225 levels with stop loss placed below 1000 levels.
**EXIDEIND**

**Auto Ancillary**

222.85

BUY

211

205

242

248

- The stock is in the cycle of higher highs and higher lows from the lows on the daily charts and is currently placed above its major moving averages. The counter has been one of the outperformers among the auto ancillary space in the last month. The counter managed to form base around the support levels of 205-210 and is all set to move higher towards its recent peaks. The volumes have been encouraging in the recent consolidation indicating strong hands have started accumulating the stock at lower levels.

- In the short term time frame, analyzing the price volume action, the stock seems to be extremely poised to move higher towards the psychological mark of 245-250 levels. On the other side, the Bollinger band (20, 2) on the daily charts is also pointing northwards with price rolling on its mean indicating the direction of the counter is on the long side with supports on the lower side shifting higher with the lower band. Also the Parabolic SAR is also trading well below the current market price of the counter indicating northward movement is likely to continue.

- The stock is also trading above the cluster of major short and long term moving averages with technical indicator 14 day RSI showing reading in the comfortable zone, clearly indicating the bullish trend is likely to remain intact in the counter. On the other hand, the overall chart structure of the counter seems to be bullish from a medium term perspective till the stock price is trading above 205-210 levels on the lower side, while dips towards the recent support levels of 211 may be utilized to average the stock.

**Our Take**: Taking the above data facts into consideration, we recommend short term traders to enter the stock at the current levels for the potential targets of 242-248 levels. Any dip towards the 211 levels may be utilized to average the stock with a strict stop loss placed below 205 levels.
### Key levels

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<td>50 day EMA</td>
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<td>200 day EMA</td>
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- **HINDUNILVR** has been defying the broader market fall and has been holding onto the psychological 1300 levels on a weekly closing basis from the past few weeks. The overall chart structure of the FMCG MNC looks good as the stock is just moving out of its consolidation zone around current levels. As mentioned earlier, in the recent past, the stock has been consolidating comfortably above all the mentioned EMA's like the 21, 50 and 200 day EMA at Rs.1319, Rs.1324 & Rs.1236 respectively, thereby indicating the inherent strength in the counter. Though the stock ended the month of March 2018 with a meager gain of 0.52%, it outperformed the broader index Nifty (-2.59%) by a significant margin during the same period even as the global sentiment was dampened due to various reasons.

- The stock also has immediate hurdle around the Rs.1375 mark, crossing and sustaining above which a good round of buying could be seen in the counter in its run up towards reclaiming the lifetime highs and in its run up to the mentioned target levels. As far as technical parameters are concerned, quarter the ADX (43.26) on the weekly timeframe is also currently trading well above the 25 mark indicating that the stock is likely to gather more momentum if it surpasses the immediate resistance around Rs.1375-1425 zone on a sustainable basis.

- On the other hand, the 14 period RSI on weekly charts is currently at 58.86 levels, just a tad above the RSI Avg. The RSI has already given a positive crossover above the RSI Avg (58.73) clearly indicating that there is sufficient room for the stock to move higher. On the fundamental front, the company is expected to come out with good numbers in the last quarter. Hence, we are anticipating the positive momentum to continue in this counter.

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**Our take:** We expect HINDUNILVR to continue its uptrend towards the target levels in the uncharted territory. Therefore, we recommend buying the FMCG major around current levels, average around Rs.1260 with a strict stop loss placed below Rs.1199 for potential upside targets of Rs.1469 - Rs.1480 in about a month’s time.
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<td>200 day EMA</td>
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- LT has reclaimed the psychological 1300 mark on a weekly closing basis after 4 weeks of lull, clearly suggesting the re-entry of bulls in the counter from levels around 1270. The overall chart structure of the Capital Goods major looks good as the stock is just trying to move out of its consolidation zone around 1250-1315 levels.

- As mentioned earlier, the stock in the recent past has been consolidating, and this consolidation has been happening comfortably above all the mentioned EMA’s like 21, 50 and 200 day EMA at Rs.1301, Rs.1306 & Rs.1225 respectively, thereby indicating the counter is in the firm grip of the bulls. The stock ended the month of March, 2018 with a reasonable gain of 1.46% simultaneously outperforming the broader index Nifty (-2.59%) by a considerable margin during the same period. The stock also has immediate hurdle around the Rs.1340 -1360 zone, therefore crossing and sustaining above the said zone, an excellent round of buying may come in the counter in its run up towards the targets and also helping the stock in penetrating through the lifetime high area yet again.

- As far as technical parameters are concerned, the ADX (29.83) on the weekly timeframe is also currently trading just above the 25 mark suggesting that the stock is likely to witness more momentum if the stock surpasses the immediate resistance zone mentioned above, on a sustainable basis.

- On the other hand, the 14 period RSI on weekly charts is currently at 56.78 levels, just a tad below the RSI Avg. The RSI is also on the verge of giving a positive crossover above the RSI Avg (57.68) clearly indicating that there is enough room for the stock to outperform on the upside. On the fundamental front, the company is expected to come out with good numbers in the last quarter. Hence, we are anticipating the positive momentum to continue in this counter.

**Our take:** We expect the stock to continue its uptrend towards the mentioned target levels in the uncharted territory. Therefore, we recommend buying LT around current levels with a time horizon of 1 month and average the stock on dips around Rs.1250 with a strict stop loss placed below Rs.1180 for potential upside targets of Rs.1442 - Rs.1460.
PIDILITIND has closed the week with a positive return of 1.73% and outperformed Nifty significantly whereas Nifty has closed the week with a positive return of 1.16% return. The stock has formed a strong base close to 100 DEMA on daily charts placed around 1610 levels.

Prior to that, the stock has seen a steady profit taking from the life time highs of 971 levels which has dragged the stock to the low of around 845 levels in span of two months. Thereafter, the stock has bounced well and is taking support at 100 EMA and 21 EMA on every dip.

The recent bounce from the said support levels has placed the stock above its major moving averages on daily charts, which indicates strength in the counter. CCI(60) and Stoc(5,3,3) indicators in daily chart is showing bullish divergence indicating the stock is being accumulated by stronger hands on every dip.

On the momentum setup, 14-period weekly RSI is pointing northwards after giving positive crossover with signal line and, on daily time frame oscillator is currently rising towards overbought territory reaffirming underlying strength in the counter. The Parabolic SAR trading below the price on daily charts is strong enough to indicate the up move in the stock to remain intact.

Our take: Considering all the above data, we recommend traders to enter the stock at the current levels for the higher targets of 995 followed by 1030 levels and any correction towards 870 levels can be utilized to average the stock keeping stop loss below 845 levels on closing basis.
**TECHM** has become one of the largest companies in the Indian IT-ITeS market. In last couple of months, stock price has gradually moved higher exhibiting buying interest in the counter.

In the month passed by, the stock has gained 4.25%, whereas NIFTY IT index has lost 2.32% on monthly closing basis exhibiting sheer outperformance of the stock in comparison to its benchmark index.

The stock has placed an all time high of 749 in the start of Feb’15, post which it consistently dragged lower till 356 levels made in the start of June’17. Technically, stock has retraced exactly Golden Fibonacci Ratio 61.8% projected from the lows of 132 to an all time high of 749, depicting strong reversal point for the stock.

After placing a swing low of 356 in the start of June’17, stock witnessed a gradual but steady recovery in last couple of months; importantly the stock has consistently formed higher highs-higher lows since then. Currently, stock holds well above its major 200-DEMA and also above its 21 & 50-DEMA.

On the weekly technical setup, momentum oscillator 14-period RSI has tested overbought levels in the recent past and now cooling-off from the highs while on the daily setup it is consistently holding above 40-levels, reaffirming underlying strength in the counter. Also on Bollinger Band (20,2) stock price after testing lower band smartly rebounded towards upper band.

**Our take:** The stock price is surging higher and high from last few weeks and it seems that the momentum is likely to continue over coming sessions as well which may take prices further higher over the coming month. Hence, one may consider buying stock at current market price and average the stock price on any dip towards 600 level for the upside target of 704 and 735, placing a stop loss below 575 levels.
UPL stock has been in the cycle of making higher highs and higher lows on the charts suggesting a bullish bias on the charts from a short to medium term perspective.

On the weekly charts, the stock is currently consolidating on the charts between the levels placed at 691-734 levels and has just closed a notch below the said resistance level. Any breakout on the charts from the said levels with above average volumes on the charts can take the stock up to 777-780 levels.

On the monthly charts, the stock after taking a support placed around 680 levels and in the current closing month, the stock is trading well above the said support level which is a positive sign for the stock if considered on a shorter term time frame.

The stock is trading above all of the long, medium and short term major moving averages which supports the bullish bias for the stock. On the momentum oscillator front, the 14-day RSI is slightly trading below the 9-DEMA which suggests that the downward trend in the stock might continue. But if the stock breaches the said levels of 734 levels and touches 770 levels from a short term perspective, then one might expect some reversal in the stock.

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 800-830 levels. And any correction towards the 675 levels can be utilized to average the stock keeping strict stop loss placed below 665 levels.
ZEEL has gained around 1.07% during the week whereas NIFTY 50 has closed the week with gains of around 1.16%. During the month of March 2018, the stock has given a positive return of 1.80% outperforming the broader index i.e. NIFTY 50 which has given a negative return of 3.61% month on month basis. The stock is expected to continue to outperform in the coming trading sessions as well.

The stock after clocking fresh life time high of 619 levels on 29th January, 2018 witnessed profit taking around the higher levels which dragged the stock towards 546.95 on March 5th, 2018, correcting more than 11% from the said higher levels with minor pullbacks. The stock has been witnessed to find support around its 200-DEMA on the daily charts and stage a bounce from the said moving averages. This has been observed on a couple of occasions in the recent past. The stock is likely to honor the 200-DEMA on the daily charts in the near term as well which is placed around 550 levels. The upward journey is likely to remain intact in the counter and it is expected to trade in the northward direction in the coming trading sessions.

The stock is trading above its 21/50/100/200-DEMA on the daily and weekly charts, indicating strength in the counter in the said time frames. Among the indicators, the 14-day RSI has already given a positive crossover with the 9-day signal line on the daily charts and weekly charts, reaffirming the bullish biasness in the counter is likely to continue in the near term. The Parabolic SAR is placed below the price on the daily charts, re-iterating our positive stance 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 trading sessions. Thus, we recommend buying the stock for the targets of 627-645 levels and add further on any dip towards 550 levels with a stop loss placed below 525 levels.
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