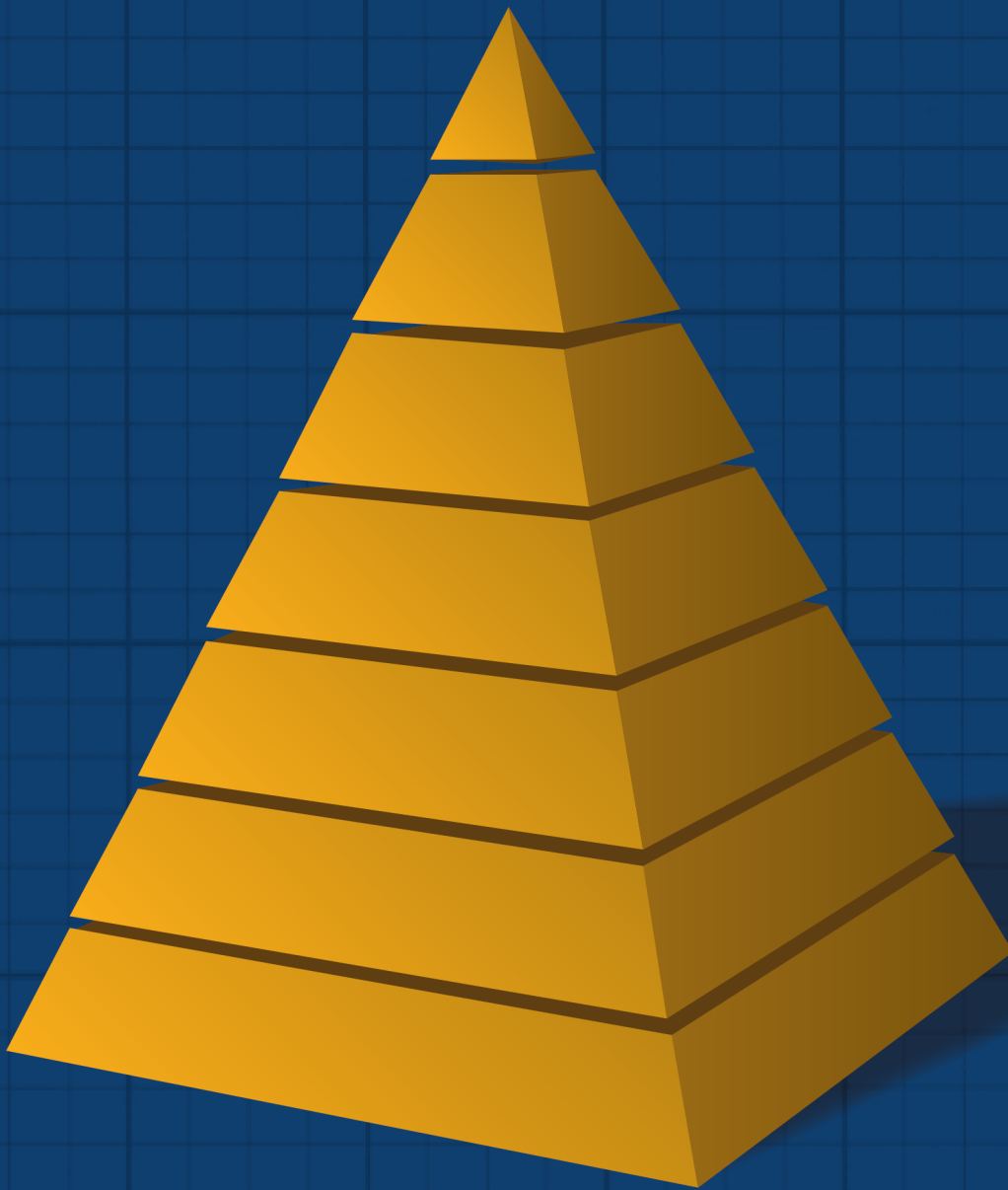


# TECHNO FUNDA

Super 7 Picks - June 2019



BP WEALTH



## Techno Funda Report - June 2019

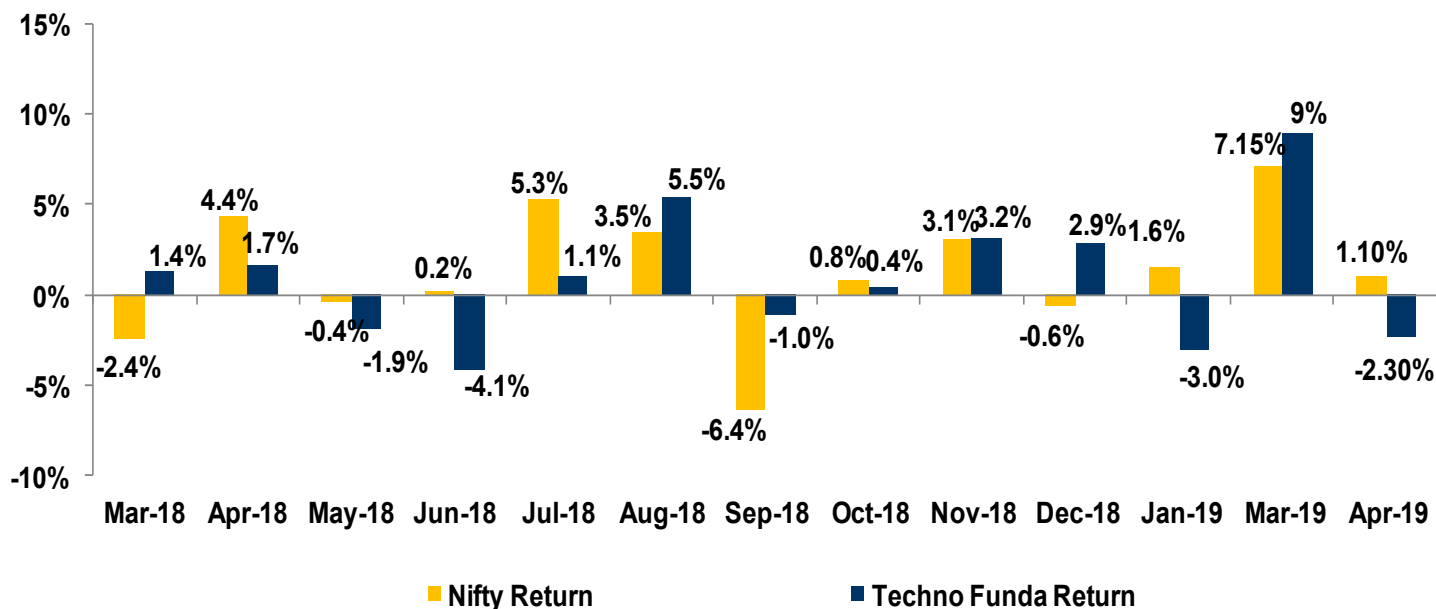
## Index

Company	Recommendation	Price (Rs)	Entry Range (Rs)	Target Price (Rs)	Stop Loss (Rs)	Page No.
CESC Ltd	BUY	745	CMP-720	830	686	1
Cummins India Ltd	BUY	790	CMP-760	930	720	2
Gail Ltd	BUY	361	CMP-350	410	333	3
Godrej Industries Ltd	BUY	492	CMP-470	595	450	4
Mahindra & Mahindra Ltd	BUY	647	640-620	730	589	5
Tata Global Beverages Ltd	BUY	244	CMP-230	270	220	6
Welspun Corp Ltd	BUY	142	138-130	170	125	7



## Techno Funda Report - June 2019

## Performance Tracker



Performance Tracker November 2018					
Sr. No.	Company	Recommendation	Reco Price (Rs)	Target Price (Rs)	Status
1	ABB India Ltd	Buy	1318-1280	1540	Profit booked at 1409
2	Ashok Leyland	Buy	117.7-113	142	Stoploss Triggered
3	Cummins India	Buy	768-740	910	Profit booked at 807
4	DLF	Buy	165-160	200	Profit booked at 180
5	Federal Bank	Buy	82.4-78	97	Profit booked at 85.3
6	Havells	Buy	646-625	730	Profit booked at 697
7	VEDL	Buy	208.9-201	258	Exit at 196

Techno Funda Return For Nov, 2018 : 3.17% , Nifty Return For Nov, 2018 : 3.1%

Performance Tracker December 2018					
Sr. No.	Company	Recommendation	Reco Price (Rs)	Target Price (Rs)	Status
1	Apollo Hospitals	Buy	1265-1220	1450	Stoploss Triggered
2	Century Textiles	Buy	921-880	1030	Profit booked at 919
3	Federal Bank	Buy	85.3-82	100	Profit booked at 94
4	Godrej Consumer Products	Buy	730	845	Target Achieved
5	Lupin	Buy	887-850	1050	Stoploss Triggered
6	Siemens	Buy	951-920	1100	Profit booked at 1043
7	Torrent Power	Buy	271-259	320	Stoploss Triggered

Techno Funda Return For Dec, 2018 : 2.86% , Nifty Return For Dec, 2018 : -0.6%



## Techno Funda Report - June 2019

## Performance Tracker January 2019

Sr. No.	Company	Recommendation	Reco Price (Rs)	Target Price (Rs)	Status
1	Bajaj Auto Ltd	Buy	2734	3100	Stoploss Triggered
2	Bharti Airtel Ltd	Buy	310-322	380	Exit at 312
3	Canara Bank	Buy	272-283	324	Stoploss Triggered
4	Cummins India Ltd	Buy	810-832	970	Exit at 796
5	Engineers India Ltd	Buy	122-127	153	Stoploss Triggered
6	Indraprastha Gas Ltd	Buy	269-278	320	Profit booked at 290
7	ONGC Ltd	Buy	146	173	Exit at 142

**Techno Funda Return For Jan, 2019 : -3.00% , Nifty Return For Jan, 2019 : 1.60%**

## Performance Tracker March 2019

Sr. No.	Company	Recommendation	Reco Price (Rs)	Target Price (Rs)	Status
1	Bank of India	Buy	83-85	103	Target Achieved
2	Bharat Forg Ltd	Buy	490-505	588	Profit Booked at 542.35
3	Can Fin Homes Ltd	Buy	265-277	340	Target Achieved
4	Godrej industries Ltd	Buy	480-494	565	Profit Booked at 533.50
5	Grasim Industries Ltd	Buy	760-792	920	Profit Booked at 857.9
6	Jet Airways (India) Ltd	Buy	215-233	285	Target Achieved
7	Jindal Stel & Power Ltd	Buy	147-153	184	Not Initiated

**Techno Funda Return For March, 2019 : 9.00% , Nifty Return For March, 2019 : 7.15%**

## Performance Tracker April 2019

Sr. No.	Company	Recommendation	Reco Price (Rs)	Target Price (Rs)	Status
1	Bharat Electrical Ltd	BUY	87-92	113	Exit at 88.25
2	DLF Ltd	BUY	175-185	219	Exit at 174.35
3	Emami Ltd	BUY	404	470	Exit at 386.90
4	Motherson Sumi Ltd	BUY	145-155	178	Exit at 144.45
5	PNB Housing Finance Ltd	BUY	900-938	1160	Stoploss triggered
6	State Bank Of India Ltd	BUY	305-315	365	Exit at 312.65
7	Tata Global beverages Ltd	BUY	199-208	250	Exit at 213.45

**Techno Funda Return For April, 2019 : -2.30% , Nifty Return For April, 2019 : 1.10%**

Technical View (Weekly Chart)

4-CESC Ltd. - 31/05/19



Execution Data

Target (Rs)	830
Stop loss (Rs)	686
Buying Range (Rs)	CMP-720
Last Close Price (Rs)	744.90
% change weekly	0.22

Weekly Oscillator Direction

13 WMA	Upwards
21 WMA	Upwards
50 WMA	Upwards
RSI	Buy Mode
MACD	Buy Mode

Technical View

The stock has reversed taking support around 50% retracement of its entire up move from 315 to 926. After long sideways consolidation the stock has witness upside breakout and also breakout from falling intermediate trend line resistance which is bullish signal for short term trend. Breakout has accomplished with surge in volumes which increases the reliability of breakout. MACD had earlier given a bullish crossover and is now resuming its up move after converging around its average which compliments the bullish view of price. We recommend to BUY CESC in the range of CMP-720 for the target of 830 with a stop loss of 686 in short term.

Investment Rationale

Power generation subsidiaries doing well

At the power generation subsidiaries level, the performance of Haldia and Chandrapur plant remained strong in the past couple of quarters. Haldia Energy reported energy sold volumes of 424 crore units during FY19. The subsidiary reported revenues and PAT of INR 22.9bn and INR3.2bn for FY19, respectively. At the same time, PLFs of the subsidiary were at 87.6% vs. 86.11% in FY18. On the other hand, the Chandrapur plant reported improved generation to INR2.95bn units in FY19 compared to INR 2.2.bn units in FY18. Currently, Chandrapur has short-term PPAs for Unit 1 while Unit 2 is fully tied up under long term PPA. It reported revenues of INR11.8bn and a reduced loss of INR930 mn in FY19. The recently acquired distribution licences reported revenues of INR14.8 bn.

Healthy cash flow generation with steady future outlook

We believe that in the medium term the current valuations will sustain given the cash flow generation will be used to reward shareholders as the company increased the payout ratio in FY19 as other cash flow guzzlers have already been demerged. A further scale up of distribution business and reduced losses at Chandrapur can rerate the stock.

Sector Outlook

Neutral

Stock

BSE code	500084
NSE Symbol	CESC
Bloomberg	CESC IN
Reuters	CESC.BO

Key Data

Nifty	11,923
52WeekH/L(Rs)	1,048/631
O/s Shares ( mn)	132
Market Cap (Rs bn)	98.8
Face Value (Rs)	10
<b>Average volume</b>	
3 months	3,52,746
6 months	4,41,649
1 year	5,58,197

### Technical View (Weekly Chart)

4-CUMMINS INDIA LIMITED - 31/05/19



### Execution Data

Target (Rs)	930
Stop loss (Rs)	720
Buying Range (Rs)	CMP-760
Last Close Price (Rs)	790.05
% change Weekly	4.25

### Weekly Oscillator Direction

13 WMA	Upwards
21 WMA	Upwards
50 WMA	Upwards
RSI	Buy Mode
MACD	Buy Mode

### Technical View

The stock has been trading descending channel from last four years and for past few months stock has been reversing finding support at internal up sloping trend line, recently also the stock has reversed after taking support at this trend line and also has formed bullish reversal candlestick which is bullish signal for short term trend and suggests the stocks to move higher towards the upper trend line in near term. MACD has given bullish crossover which is bullish signal and compliments bullish view of price We recommend to BUY CUMMINSIND in the range of CMP-760 for the target of 930 with a stop loss of 720 in short term.

### Investment Rationale

#### Recent M&A can add Synergies

The recent media reports indicate that Cummins India is in forefront for acquiring KOEL at valuation of \$500Mn. CIL has been facing stiff competition in Domestic genset market from KOEL itself in recent years which has led to margin pressures. Hence after this acquisition CIL would hold significant market share position in Genset business and achieve higher scale benefits. The company is also expected to gain from this acquisition in other ancillary business like lubricants and spares which are higher margin business.

#### Expected recovery in CV's & Export Market can drive growth

Cummins has 50:50 JV with Tata Motors for manufacturing engines. Tata Motors has been gaining volumes in CV industry recently and CVs are using higher HP and this in turn is expected to drive demand for Engines, thus directly driving operating leverage benefits for CIL. The recovery in demand for engine sin emerging markets and expected industrial recovery in India are expected to drive demand for both mid-HP and High-HP engines.

### Sector Outlook

Positive

### Stock

BSE code	500480
NSE Symbol	CUMMINSIND
Bloomberg	KKC IN
Reuters	CUMM.BO

### Key Data

Nifty	11,923
52WeekH/L(Rs)	885/612
O/s Shares (mn)	277
Market Cap (Rs bn)	215
Face Value (Rs)	2

### Average volume

3 months	4,62,934
6 months	5,79,199
1 year	5,55,676



#### Technical View (Weekly Chart)

4-GAIL (India) Limited - 31/05/19



#### Execution Data

Target (Rs)	410
Stop loss (Rs)	333
Buying Range (Rs)	CMP-350
Last Close Price (Rs)	361
% change Weekly	5.66

#### Weekly Oscillator Direction

13 WMA	Upwards
21 WMA	Upwards
50 WMA	Upwards
RSI	Buy Mode
MACD	Buy Mode

#### Technical View

The stock has been trading in up sloping parallel channel from past more than 2 years and now stock witnessed breakout from internal falling resistance trend line which is bullish signal and suggests price to move higher to test higher trend line of channel. Also, breakout is seen with sharp surge in volumes which increases the reliability of breakout. MACD had earlier given a bullish crossover and is resuming up move after converging around its average which is bullish signal and compliments bullish view of price.. We recommend to BUY GAIL in the range of CMP-350 for the target of 410 with a stop loss of 333 in short term.

#### Investment Rationale

##### It has dominant position in India's gas pipeline network

GAIL has dominant position in India's gas pipeline network with 11400 km operational in hand out of 16900 km. Going forward it would be playing the major role in increasing gas pipe line connectivity to 35000 km by FY2023. Company would be incurring capex of around INR 7000 crores and INR 9600 crores in FY20 and FY21 respectively. Thereafter around INR 7000 crores of capex would incur per annum for next 4-5 years.

##### Gas transmission and marketing business is likely to be in sweet spot

Natural Gas transmission business revenue was up 23% YoY on back of 20% jump in transmission tariff to INR 1493/tscm and 3% increase in transmission volumes to 109 mmscmd. In the near term, transmission volumes will increase as the Kochi-Mangalore pipeline gets commissioned in 1HFY20. Completion of JHBDPL will boost volumes post 2HFY22. Company would have advantage of benign spot prices and strong demand for RLNG for industrial customers to garner healthy margins.

#### Sector Outlook

Positive

#### Stock

BSE code	532155
NSE Symbol	GAIL
Bloomberg	GAIL IN
Reuters	GAIL.BO

#### Key Data

Nifty	11923
52WeekH/L(Rs)	398/296
O/s Shares (Rs mn)	2255
Market Cap (Rs bn)	821
Face Value (Rs)	10

#### Average volume

3 months	4115650
6 months	4403360
1 year	4866690

## MISCELLANEOUS

### Technical View (Weekly Chart)

4-Godrej Industries Ltd. - 31/05/19

Price finding support at long term rising trend line which coincides with previous trough and short term falling trend line.



### Technical View

The stock has reversed sharply finding support around long term up sloping trend line which is drawn connecting the previous troughs which is bullish signal for medium term trend. Also the recent trough is formed near previous trough which also coincides with short trend falling trend line which is bullish signal and suggests recent trough to hold in near term. RSI has formed positive divergence with price which is bullish signal and compliment bullish view of price. We recommend to BUY GODREJIND in the range of CMP-470 for the target of 595 with a stop loss of 450 in short term.

### Investment Rationale

#### Diverse business segments reduce dependence on single business

On a consolidated basis, GIL is a conglomerate with interests and leadership positions across diverse areas. Its standalone business is structured into three major business divisions (oleochemicals, estate management, and finance and investments). However, on a consolidated basis, its interests are spread across diverse business areas (including property development, oil palm plantation, animal feeds and agri-inputs, dairy, personal care, household care, and high-end grocery retailing, among others), through its subsidiaries, associate companies and JVs. It enjoys leadership position in oleo-chemical industry with prominent position in various sub segments.

#### Embedded value of investment portfolio significantly higher than book value

The company has a sizeable market value buffer on its investments (excess of market value over the book value of investments amounted to ~INR.300bn on March 31, 2019). This supports GIL's capital structure and imparts significant liquidity support. The company has a track record of monetising these investments (as reflected in the recent divestment in GAVL) to support its cash flows, a trend expected to continue.

### Execution Data

Target (Rs)	595
Stop loss (Rs)	450
Buying Range (Rs)	CMP-470
Last Close Price (Rs)	491.75
% change Weekly	0.00

### Weekly Oscillator Direction

13 WMA	Downwards
21 WMA	Downwards
50 WMA	Downwards
RSI	Sideways mode
MACD	Sideways Mode

### Sector Outlook

Positive

### Stock

BSE code	500164
NSE Symbol	GODREJIND
Bloomberg	GDSP IN
Reuters	GODI.BO

### Key Data

Nifty	11,923
52WeekH/L(Rs)	657/434
O/s Shares (mn)	336
Market Cap (Rs bn)	165.2
Face Value (Rs)	1

### Average volume

3 months	4,16,253
6 months	4,02,897
1 year	4,81,445



### Technical View (Weekly Chart)

4-Mah & Mah Ltd. - 31/05/19

BollBand(CloseLine:S:20:20:2)\_BollBand\_Upper BollBand\_Lower

**Price finding support at multiple rising trend line which is coinciding near the same juncture.**



### Execution Data

Target (Rs)	730
Stop Loss (Rs)	589
Buying Range (Rs)	640-620
Last Close Price (Rs)	647.05
% change Weekly	-2.77

### Weekly Oscillator Direction

13 WMA	Downwards
21 WMA	Downwards
50 WMA	Downwards
RSI	Sideways Mode
MACD	Sideways Mode

### Technical View

The stock has reversed sharply finding support around long term upsloping trend line which is drawn connecting the previous troughs, also near the same juncture stock has support from short term trend line which suggests the recent trough to act as strong support for medium term trend. Also it has formed Morning star a bullish reversal candlestick which is bullish signal and suggests stock to move higher in near term. Moreover, Bollinger band has formed bullish divergence with price which is bullish signal. MACD had earlier given bullish crossover and is now resuming its up move after converging around its average which is bullish signal and compliments bullish view of price. We recommend to BUY M&M in the range of 640-620 for the target of 730 with a stop loss of 589 in short term.

### Investment Rationale

#### New Launches in SUV's and MPV segment to drive the revenue growth going ahead

Mahindra and Mahindra is a market leader and has gained a dominant share in UV segment. During FY 19, M&M launched new compact XUV300 which received an optimistic response which enabled to increase its UV sales with a growth of ~49% in volumes. Recently, company launched Marazzo in MPV segment with an expectations of obtaining market share through the acceptance in fleet operations. With expected recovery in rural disposable income, against a backdrop of favourable monsoon as well as increase infrastructure spending by the Government of India, However, with healthy response to these two launches XUV300 in the compact SUV segment and Marazzo in MPV segment, passenger UV segment is expect to drive healthy growth in FY20.

#### Increase in tractor segment volumes backed by higher MSP and infrastructure spending

With forecast of fourth consecutive year of normal monsoons enabled with higher MSPs and growing infrastructure investments (10-20% of tractor demand), Company is expecting an attractive long-term demand which will further enable to boost the volumes and to achieve market share. From FY19-21, an increasing demand in non-tractor mechanization (implements, harvesters, etc.), will help in stronger revenue growth. However company expects a tractor volume to grow at 6-8% CAGR during same period.

### Sector Outlook

Positive

### Stock

BSE code	500520
NSE Symbol	M&M
Bloomberg	MM IN
Reuters	MAHM.BO

### Key Data

Nifty	11923
52WeekH/L(Rs)	992/598
O/s Shares (mn)	1243.21
Market Cap (Rs bn)	804.4
Face Value (Rs)	5

### Average volume

3 months	34,91,500
6 months	38,34,690
1 year	34,08,660

### Technical View (Weekly Chart)

4-Tata Global Beverages Lim - 31/05/19

Price has reversed sharply from its previous resistance zone and has given breakout from Falling Wedge and Inverse head and shoulder price pattern



MACD is resuming its up move after converging around its moving average

### Execution Data

Target (Rs)	270
Stop loss (Rs)	220
Buying Range (Rs)	CMP-230
Last Close Price (Rs)	244
% change Weekly	3.87

### Weekly Oscillator Direction

13 WMA	Upwards
21 WMA	Upwards
50 WMA	Upwards
RSI	Buy Mode
MACD	Buy Mode

### Technical View

The stock reversed after finding support around its previous resistance zone and post that stock witnessed breakout from Falling wedge a bullish reversal pattern which is bullish signal for medium term trend. Also, near same juncture that stock gave breakout from inverse Head & Shoulder a bullish reversal pattern which is bullish signal for short term trend. MACD had earlier given a bullish crossover and is now resuming its up move after converging around its average which is bullish signal and compliments bullish view of price. We recommend to BUY TATAGLOBAL in the range of CMP-230 for the target of 270 with a stop loss of 220 in short term.

### Investment Rationale

#### Leading brand in the domestic packet-tea industry

Tata global continues to be the largest branded packet tea company in India in volume terms. Volumes of the company's brands are supported by various factors including a steady increase in tea consumption in India, its brand strength with an established distribution network, launch of premium segment products, widening market reach with increasing rural penetration and other key marketing initiatives undertaken by the company. The company has established brands across all categories of packet teas, namely economy, popular and premium.

#### Tata Global - Tata Chemicals consumer merger

Tata Group has announced demerger of Tata Chemicals' (TCL) consumers business into Tata Global Beverages (TGBL). As part of the deal, TCL's consumer business, which includes sourcing, packaging, marketing, distribution & sales of its Tata Salt, pulses & spices under Sampann brand, snacks business and detergent powder, Tata Dx, will be transferred to TGBL. The merged entity would be known as Tata Consumer Products Ltd. Synergies are expected to arise from the merger, both in terms of revenue and cost, as distribution and media buying would be more efficient. The group expects a pretax synergy of 2-3% of combined India branded business revenue, which will be realized over the next 12-18 months.

### Sector Outlook

Positive

### Stock

BSE code	500800
NSE Symbol	TATAGLOBAL
Bloomberg	TGBL.IN
Reuters	TAGL.BO

### Key Data

Nifty	11923
52WeekH/L(Rs)	285/177
O/s Shares (Rs mn)	631
Market Cap (Rs bn)	153
Face Value (Rs)	1

### Average volume

3 months	3366930
6 months	2635890
1 year	2779000

#### Technical View (Weekly Chart)

4-WELSPUN CORP LIMITED - 31/05/19



#### Execution Data

Target (Rs)	170
Stop loss (Rs)	125
Buying Range (Rs)	138-130
Last Close Price (Rs)	142.30
% change Weekly	-1.49

#### Weekly Oscillator Direction

13 WMA	Upwards
21 WMA	Upwards
50 WMA	Upwards
RSI	Buy Mode
MACD	Buy Mode

#### Technical View

The stock has reversed taking support at long term up sloping trend line which is drawn connecting its previous troughs. Also the recent low collides with lower trend line which is drawn parallel to the upper trend line which suggests recent through to hold in near term. After reversal the stock saw sharp reversal and has now surpassed internal down sloping trend line which is a bullish signal and suggests the stock to head towards the upper trend line. RSI has surpassed falling trend line which suggests strength in price and compliments bullish of price. We recommend to BUY WELCORP in the range of 138-130 for the target of 170 with a stop loss of 125 in short term.

#### Investment Rationale

##### Greater revenue visibility backed by prominence in major global markets

Welspun Corp Limited is among the world's largest welded line pipe manufacturers. Currently, company has a manufacturing capacity of 2.425 Million MTPA across five manufacturing plants in India (Dahej and Anjar in Gujarat and Mandya in Karnataka), the US (Little Rock, Arkansas) and Saudi Arabia (Dammam). The company's order book stands at INR 150bn (1.71 Mn tonnes), to be executable over the next 1-2 years. The company's multi-locational line pipe capacity – spread across India, US and Saudi Arabia – helped us become a local player in each of these key markets and overcome any local content restrictions. Additionally, exceptional track record, customer pre approval, technical edge and strong customer relationships gives an edge over competitors globally.

##### Turning Saudi JV profitable

Welspun Corp entered Saudi Arabia in 2011 and established business through its JV. Currently, the legacy loss making orders will be blended with high profitable orders from Q4FY19 onwards. Out of total order book of 1.656 million MT as on Q3FY19, share of Saudi JV is 823 thousand MT which is around 50% of total order book. This reflects strong revenue visibility for next two years. The EBITDA loss making legacy orders of 100 thousand MT out of this is to be executed in 15-18 months. Thus, blending with profitable order execution would help to lift margins up.

#### Sector Outlook

Positive

#### Stock

BSE code	532144
NSE Symbol	WELCORP
Bloomberg	WLCO.IN
Reuters	WGSR.BO

#### Key Data

Nifty	11923
52WeekH/L(Rs)	187/89
O/s Shares (Rs mn)	265
Market Cap (Rs bn)	38
Face Value (Rs)	5

#### Average volume

3 months	827750
6 months	666190
1 year	949280

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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