



HAPPY  
*Diwali*

**DIWALI PICKS 2018  
FROM THE  
TECHNICAL DESK**

## Past Performance

### Diwali Picks 2016-17

Diwali Picks	Entry	1 Year Price	Returns
Bajaj Finance	1115	1727	55%
Kotak Mahindra Bank	780	987	26%
Motherson Sumi	218	324	50%
PC Jewellers	252.5	356	41%
Portfolio Returns			43%
Nifty Index			14%
Alpha			29%

### Diwali Picks 2017-18

Diwali Picks	Entry	1 Year Price	Returns
National Aluminium	82	70	-15%
NIIT Technologies	595	1164	96%
Bharat Forge	640	585	-9%
Radico Khaitan	172	404	135%
MCX	1103	700	-37%
Average			34%
Mid Cap			-7%
Alpha			41%

Stocks To Buy	Entry	Potential Target
Axis Bank Ltd	603	900
Aurobindo Pharma Ltd	790	1200
PVR Ltd	1423	1850
Muthoot Finance Ltd	445	700
Firstsource Solutions Ltd	57	100
<b>Potential Portfolio Return</b>		<b>53%</b>

\* Assuming equal investment in each stock



**Banking** : Axis Bank Ltd surprised investors by reporting a cracker of a performance for the second quarter. The private sector lender's net profit jumped a stupendous 83% because of lower provisioning. Axis Bank's slippages fell to ₹2,777 crore, the lowest in six quarters. The in the leadership position could be an added catalyst.



**Pharma** : The sector outlook has remained gloomy and in a consolidation for the last 3-4 years. However in mid 2018 we seen the equal weighted chart of the pharma index break out of its consolidation. Along side large cap pharma stocks beating street expectation in the previous quarter results.



**Media** : With rising geographical presence and ability to raise ticket prices across properties, PVR is expected to generate 18-25 per cent revenues growth for the remaining part of the present fiscal year. During the quarter under review, the company's revenues growth of 28 per cent to Rs 714 crore beat Street estimates of 21 per cent growth.



**NBFC:** The NBFC sector has been the outperformer in this bull rally, however post the sept-oct NBFC crash most of the NBFCs are down 20-25%. The sector exposure of those NBFCs were in the real estate and housing market, but majorly all NBFCs witnessed a correction. Post the correction, Muthoot finance has started to outperform other NBFCs, while housing finance companies still face downward pressure.



**IT:** Mid cap IT stocks seen a huge run up in the previous year, FSL was one of the outperformers as the stock gave a return of 145% in in less than a year. It was also one of the first stocks to correct, almost correcting 35% from its recent June highs. The current trend in the Midcap IT stocks have almost reached the end of the corrective phase.



# Buy Axis Bank CMP 603, MCAP INR 1,55,074 Cr.



\* Stock has completed a 180 week correction/consolidation phase as highlighted in the chart. Post the previous breakout in 2014 we seen the stock give a substantial return. Currently the stock has bounced from its long term trendline and is trading near to its all time high levels. We expect the stock to touch 900 in the next 12-15 months.

# Buy Auro Pharma CMP 790, MCAP INR 45,885 Cr.



\* AuroPharma is has broken out of its channel pattern /consolidation phase, the stock has also retested its channel breakout levels and bounced to its 52 week highs. Currently on the smaller timeframe stock has broken out of its flag pattern. We can expect a target of 1200 in the next 12-15 months.



Buy PVR Ltd CMP 1423 , MCAP INR 6630 Cr.



\* PVR is in an uptrend since 2012, the stock has been consolidating in the last eight months . The stock is near its channel breakout. On the shorter timeframe stock has broken out of its inverse H&S pattern indicating the momentum could bring in a larger breakout of the consolidating channel .We could see the stock touch 1850 in the next 12-15 months.



# Buy Muthoot Finance CMP 445 , MCAP INR 17,883 Cr.



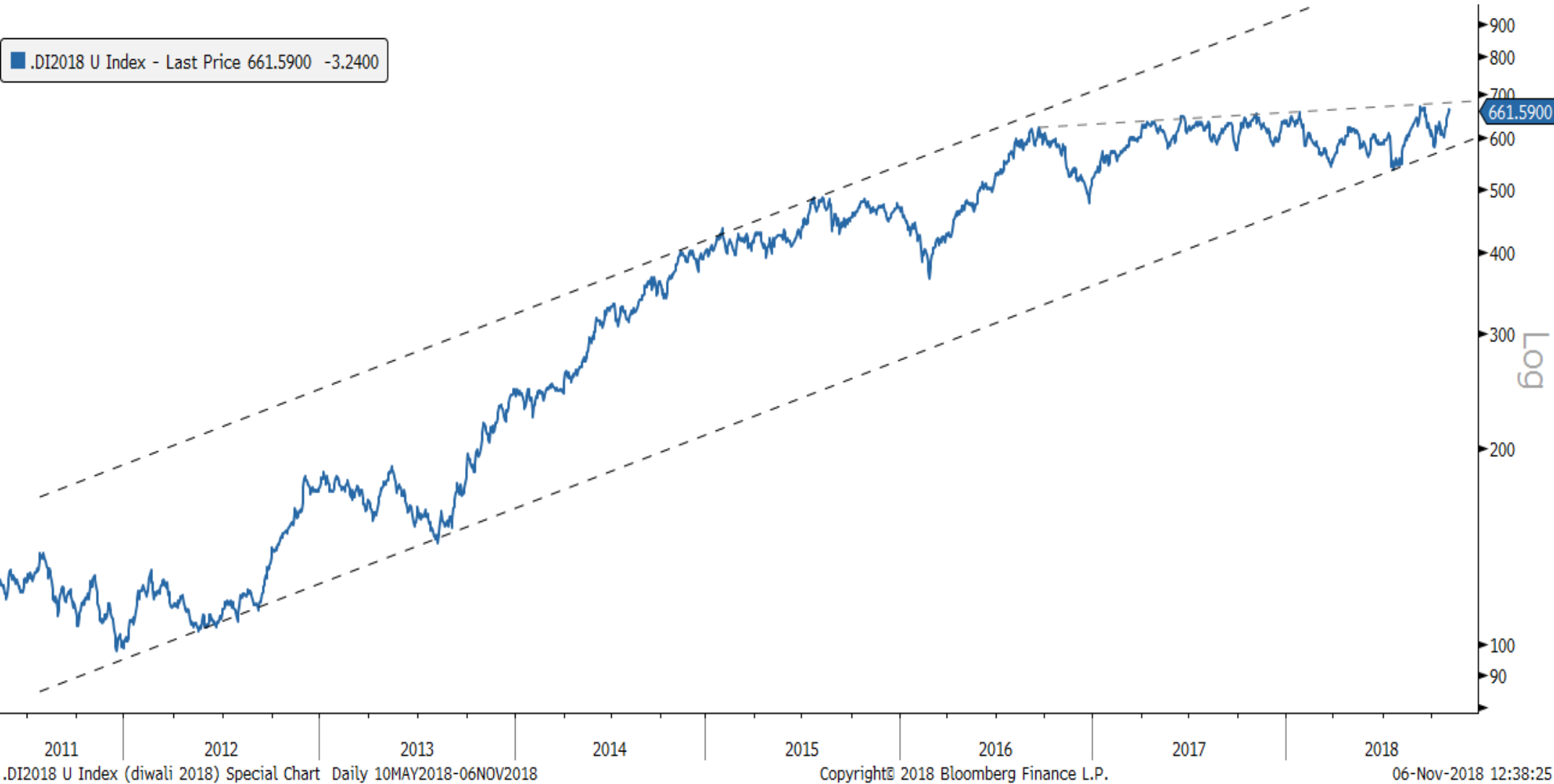
\* Since the uptrend starting in 2013 stock has moved in an upward sloping channel keeping a drawdown of 30% approx, currently the stock has completed a similar drawdown and reversed. Trading near a breakout, we expect the stock to pick momentum and achieve a target of 700 according to the upward sloping channel.

# Buy Firstsource Solutions Ltd. CMP 57, MCAP INR 4000 Cr.



\* First Source Ltd has retested its previous break out level after hitting a 10 year high. The stock is expected to bounce from this demand area to resume its uptrend and could achieve a target of 100 in the next 12- 15 months

# Diwali Basket Portfolio Curve



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