

## DIWALI PICKS 2016



Stock Name	Buy Price	Target
<b>Lakshmi Machine Works</b>	<b>Rs 4605</b>	<b>Rs 5376</b>

### Lakshmi Machine Works:

Lakshmi Machine Works Limited (LMW) is one of the top manufacturers of entire range of Textile Spinning Machinery from Blow Room to Ring Spinning. It manufactures and sells textile machinery, machine tools, and castings in India and internationally. It operates in four divisions: Textile Machinery, Machine Tool, Foundry and Advance Technology Centre. Given its current size and stature, the textile industry will play an important role in the Make in India initiative. We assign BUY ratings for the stock on the back of strong ROCE, a robust balance sheet, export growth and improving market share (64%).

Stock Name	Buy Price	Target
<b>L &amp; T Finance Holdings</b>	<b>Rs 103</b>	<b>Rs 148</b>

### L&T Finance:

Established in 2007, L&T Finance Holdings Limited provides a diverse range of financial products and services across the corporate, retail, housing and infrastructure finance sectors, as well as mutual fund products and investment management services, through direct and indirect subsidiaries. The Company was promoted by Larsen & Toubro Limited, one of India's leading company with interests in engineering, construction, electrical and electronics manufacturing, information technology and financial services. L&T Finance Holdings (LTFH) is now focusing on high yield segments and is winding down its low-margin businesses. LTFH will focus on only three areas, namely Rural Finance, Housing Finance and Wholesale Finance. LTFH has been tweaking its portfolio mix in favor of B2C businesses compared to B2B businesses and has reduced its B2B loan book composition from 81% in FY2011 to 39% in FY2016. B2C businesses are less prone to cyclicity, and being more granular, can be managed well by strong management.



Stock Name	Buy Price	Target
<b>Orient Refractories</b>	<b>Rs 115</b>	<b>Rs 142</b>

### **Orient Refractories:**

Orient Refractories Ltd. was formed in 2011 as a result of demerger of refractories business from Orient Abrasives. Austria based, RHI group acquired 70% stake in the demerged company by buying the promoter stake and making an additional offer in open market. We like Orient for its strong position in refractories space in India. The Company managed well its operations in even toughest environment, while further recovery in steel prices is expected to benefit the Company. At current price of Orient Refractories Ltd. is trading at 16.5x FY18e earnings. We retain our buy call on Orient Refractories Ltd. with a target price of Rs. 142 implying an upside of 30% from the current level.

Stock Name	Buy Price	Target
<b>Magma Fincorp</b>	<b>Rs 121</b>	<b>Rs 153</b>

### **Magma FinCorp:**

Magma Fincorp, established in 1989, is one of the India's largest retail-finance companies. The company is having a total asset under management of more than INR 18,000 crore (USD 3 billion approx). The company is having a diversified product portfolio comprising of commercial vehicles, construction equipment, passenger car and utility vehicles, tractor, used vehicles, and SME loans. In addition, the company has also started gold loans, affordable housing loans and insurance business. Focusing on higher return segments; the company has restructured product portfolio and focusing on high income generating segments like mortgage, SME, tractor and used assets resulting the company's NIM has improved and AUM had declined slightly. The company's SME loans are doing well and management is targeting a 14% AUM share by FY18 from 10% now, while agri customer cash flows are expected to do better on account of higher production in country. Overall, the company is expected to perform better due to higher crops production, improved NIM and de-stressing of NPA.

## TECHNICAL CALLS

### BSE Sensex : (CMP – 28091)

#### Trend: Bullish

- BSE sensex has been moving in a channel formation on the weekly chart, the chart below clearly showcases how the support and resistance trend line are working perfectly.
- The budget day low of 22494 was exactly at the channel support and the bounce back after which has been quite sharp taking most of the traders by surprise.
- At present the index is consolidating its run up and we expect this correction to be more of time wise rather than price wise.
- We continue to hold our target for BSE sensex at 33700 level and recommend any dip in the index as a buying opportunity.

#### BSE Sensex (Weekly chart):



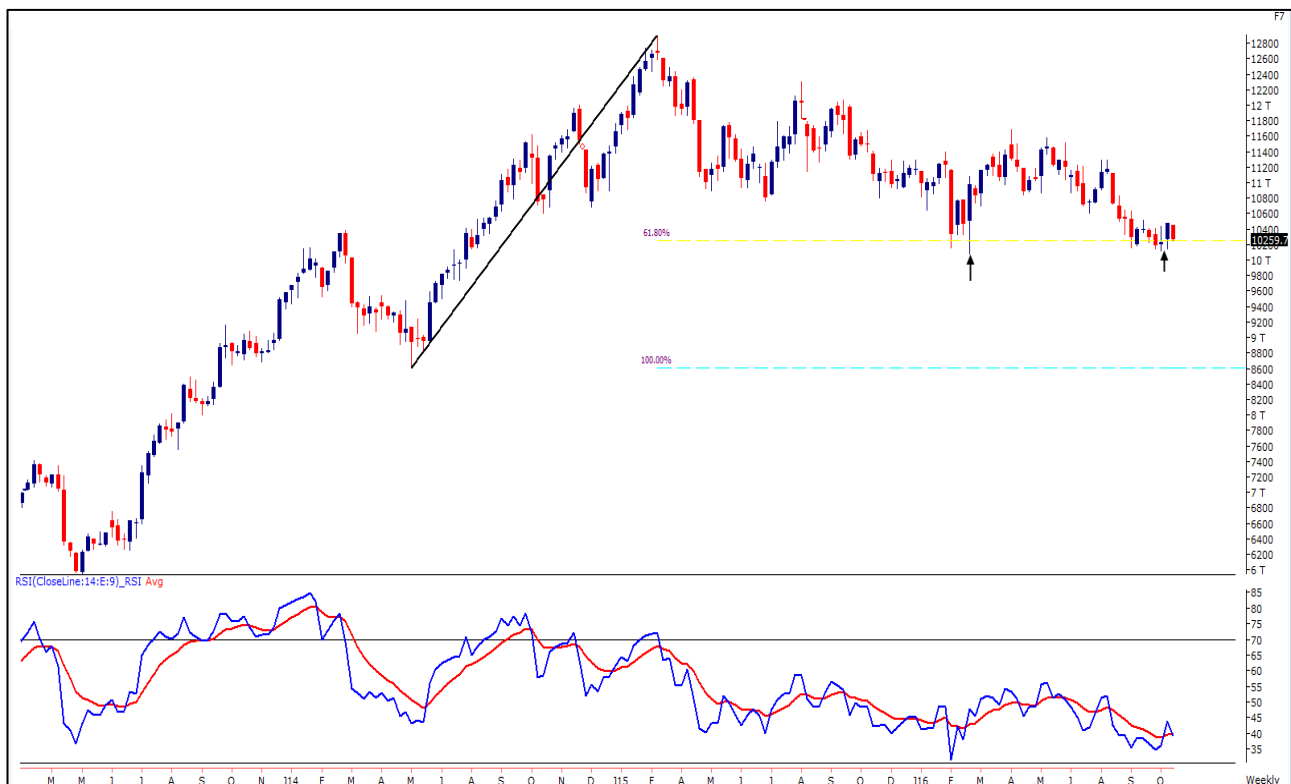
## NIFTY IT.

### Trend: Bullish

- IT sector has been one of the underperformers during the past 1.5 years owing to different reasons.
- However, on the weekly chart prices are forming a base near 61.8% Fibonacci retracement of its rise from 8610 to 12908.
- We are even witnessing a double bottom formation on the weekly chart with positive divergence in RSI indicator.

View	Entry Level	Target (Rs)	Target (%)
Buy	10300 - 10100	12000	17.65

### NIFTY IT (Weekly chart):



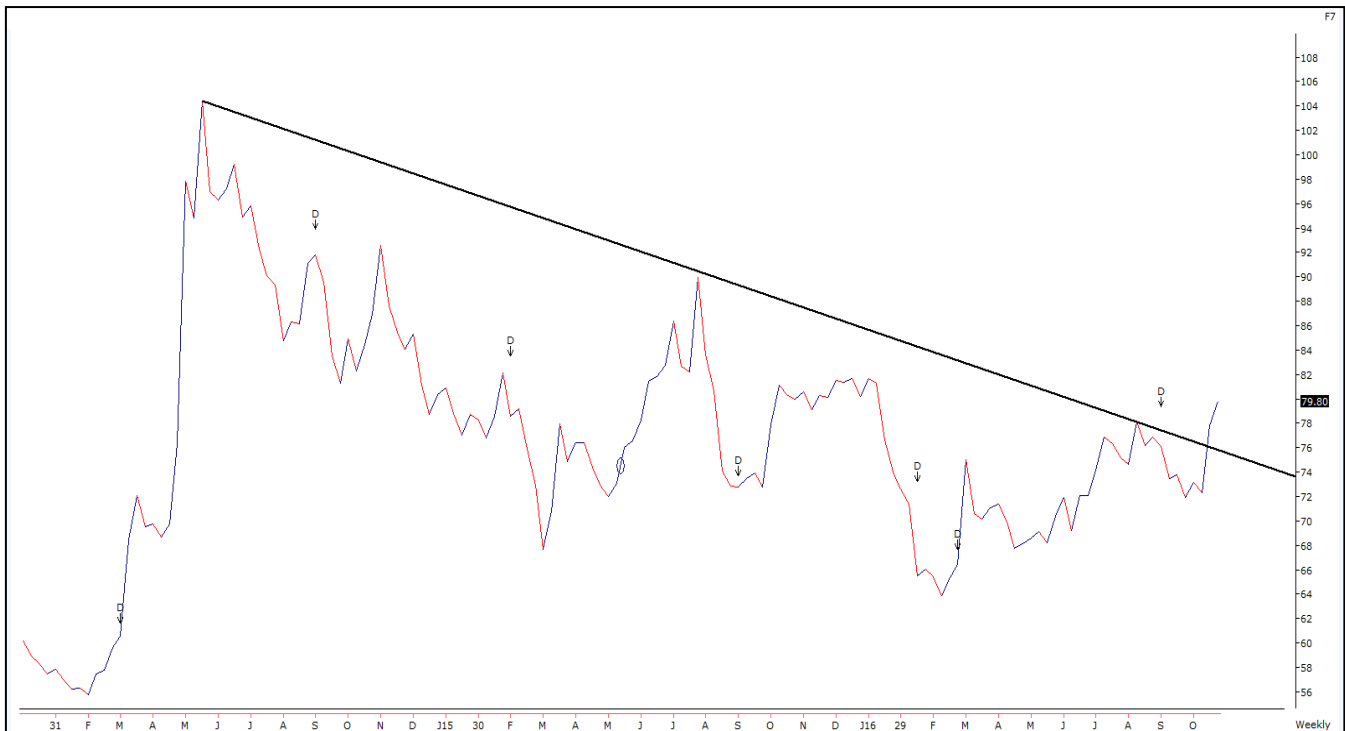
**Stock: NLC India Ltd.**

View	Entry Level	Target (Rs)	Target (%)
Buy	80 – 75	113.6	42

**Trend: Bullish**

- NLC India on the weekly line chart has given a breakout from downward sloping trend line at INR 76.00
- The RSI momentum oscillator on the weekly chart is positively poised
- We advise traders to buy this stock in the range of 80 - 75.

**NLC India (Weekly chart):**



## Stock: Dr. Reddy Laboratories Ltd.

View	Entry Level	Target (Rs)	Target (%)
Buy	3200 – 3150	3840	21

### Trend: Bullish

- The stock has been one of the major underperformer in the pharmaceutical sector over the past 1 year. The stock has corrected over 35% over the past 1 year.
- The stock has managed to hold on to its trend line support constructed by joining the lows of 23<sup>rd</sup> August 2013 and 22<sup>nd</sup> January 2016.
- The MACD although in negative territory is signaling a positive crossover.

### Dr. Reddy Laboratories Ltd (Weekly chart):





## DIWALI 2015 PICKS: PERFORMANCE

Stock Name	Entry Price (In Rs)	Target Price (In Rs)	CMP (In Rs)	% Change	Peak Price During Year (In Rs)
Larsen & Tubro	1377	1700	1485	8%	1615 - 27 July 2016
HDFC Bank	1080	1491	1248	16%	1318 - 23 Sep 2016
Infosys	1138	1404	1017	-11%	1279 - 03 June 2016
Yes bank	758	1184	1308	73%	1449 - 06 Sep 2016
Bata	468	710	483	3%	614 - 01 Aug 2016
Bajaj Corp	412	500	401	-3%	473 - 01 Jan 2016
Eid parry	170	200	259	52%	278 - 10 Oct 2016
Gabriel	87	121	125	43%	126 - 29 Sep 2016
Cosmo Films	249	290	413	66%	432 - 20 Oct 2016

You may continue to Hold - HDFC Bank, Yes Bank and Cosmo Films



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