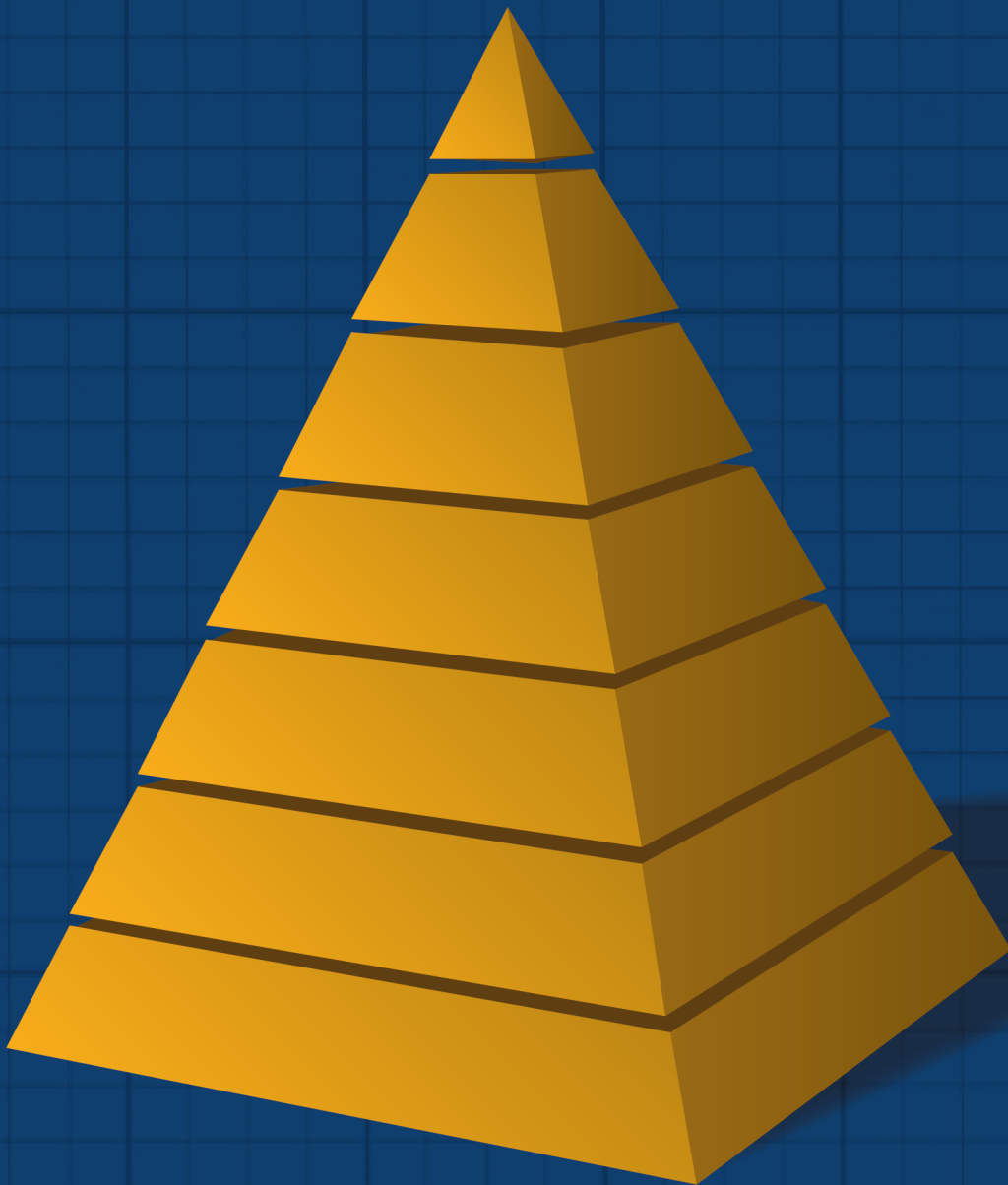


TECHNO FUNDA

Super 7 Picks - March 2023



BP WEALTH

Techno Funda Report - March 2023

Index

Company	Recommendation	Price (Rs)	Entry Range (Rs)	Target Price (Rs)	Stop Loss (Rs)	Page No.
ABCAPITAL	BUY	155	CMP-150	172	143	1
ASIANPAINT	BUY	2829	CMP-2775	3100	2660	2
CROMPTON	BUY	311	CMP-304	350	288	3
MUTHOOTFIN	SELL	950	934	800	1000	4
TORNTPOWER	BUY	511	CMP-494	565	474	5
VBL	BUY	1359	CMP-1320	1520	1258	6
ZYDUSLIFE	BUY	473	CMP-460	525	440	7

Technical View (Daily Chart)

NSE:ABCAPITAL, 1W 0142.05 H155.50 L140.10 C154.55 +12.40 (+8.72%)



Decisive breakout from Cup & Handle price pattern with strong volumes

Execution Data

Target (Rs)	172
Stop loss (Rs)	143
Buying Range (Rs)	CMP-150
Last Close Price (Rs)	155
% change Weekly	8.72

Weekly Oscillator Direction

13 WMA	UPWARD
21 WMA	UPWARD
50 WMA	UPWARD
RSI	BUY MODE
MACD	BUY MODE

Technical View

1. The price action on the weekly timeframe broke out from a cup and handle price pattern formed at the rock bottom.
2. The elongated multi-year sideways trend with higher volumes nodes showcases institutional sponsorship.
3. This supports a stronger accumulation at the base. It further went into a relatively smaller base of accumulation with strength in the relative performance compared to the benchmark index.
4. The weekly RSI pulled back from near the median level to over 63 without any divergence which shows thrust in the price momentum.

We recommend to BUY ABCAPITAL at CMP-150 for the target of 172 with a stop loss of 143 in short term

Investment Rationale

Strong performance in the NBFC business backed by a higher focus on Retail and SME mix

The NBFC business of Aditya Birla Capital Ltd. (ABCL) registered a 47% year-on-year (YoY) growth in its overall loan book to Rs.72, 994 crores. This increase in the overall loan book was driven by the company's aim to increase the focus on its Retail and SME segments wherein it recorded a 59% YoY growth in its loan book. Additionally, in Q3FY23 the share of the Retail and SME mix rose to 73% of the total disbursements. The total disbursements doubled to Rs. 13,099 crores in Q3FY23 compared to Rs. 6,623 crores in Q3FY22.

Robust growth in the First Year Premium (FYP) and healthy expansion of VNB margins in the Life Insurance Business

The Company's Life Insurance business segment recorded a 25% YoY growth in its FYP to Rs. 1,824 crores in 9MFY23 which is significantly higher than the industrial growth rate of 16%. Additionally, the total renewal premium grew at a 20.5% CAGR between the 9MFY21-9MFY23 period. Moreover, the Net VNB margins expanded by 430 bps YoY to 15.5% in 9M FY23, and the business recorded a consistent improvement in its persistency ratios as well (13th-month persistency stood at 86% compared to 84% a year ago).

Sector Outlook

Neutral

Stock

BSE code	540691
NSE Symbol	ABCAPITAL
Bloomberg	ABCAP IN
Reuters	ADTB.BO

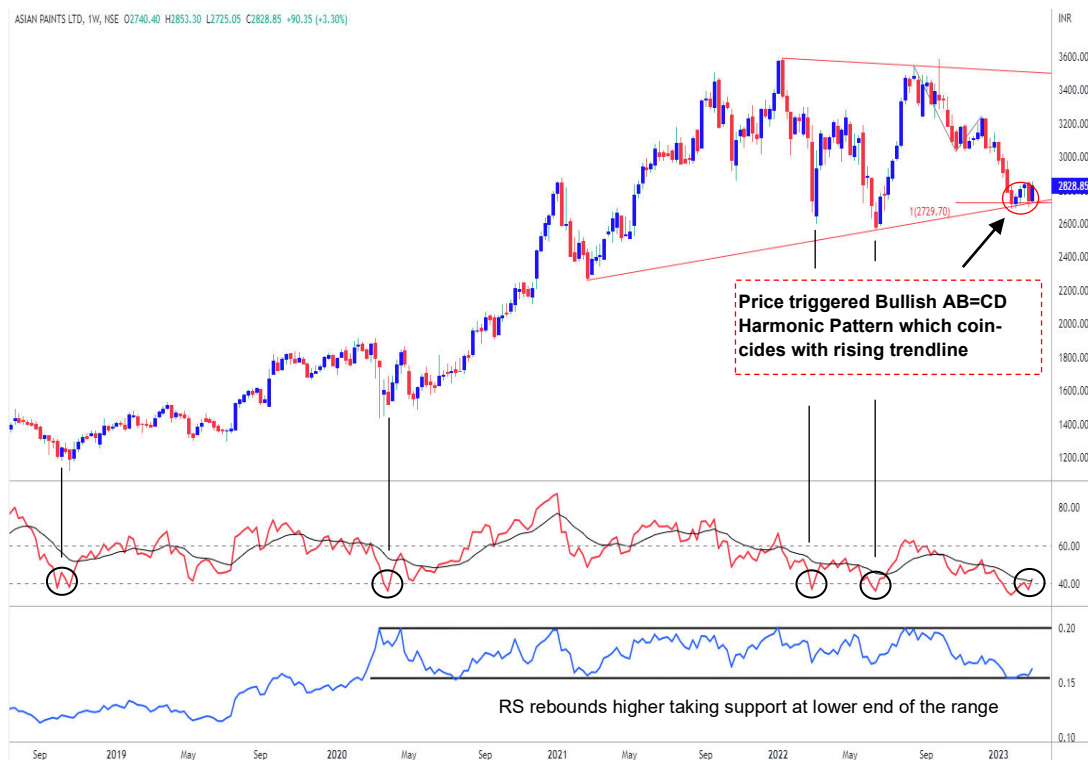
Key Data

Nifty	17,594
52WeekH/L(Rs)	162/86
O/s Shares (mn)	2,417
Market Cap (Rs bn)	373
Face Value (Rs)	10

Average volume

3 months	4,396,060
6 months	3,965,780
1 year	4,049,310

Technical View (Weekly Chart)



Execution Data

Target (Rs)	3100
Stop Loss (Rs)	2660
Buying Range (Rs)	CMP-2775
Last Close Price (Rs)	2829
% change Weekly	3.30

Weekly Oscillator Direction

13 WMA	DOWNWARD
21 WMA	DOWNWARD
50 WMA	DOWNWARD
RSI	BUY MODE
MACD	NEUTRAL MODE

Technical View

- Since August 2022, price have remained under pressure and has plummeted nearly twenty five percent. After the round of selloff, now prices are showing some sign of bullish price action with better risk to reward opportunity.
- On the weekly chart, stock has completed bullish AB=CD Harmonic Pattern suggests reversal in trend from bearish to bullish. Also, around the same juncture, price has support of intermediate upsloping trendline and 88.6% retracement line of its prior whole advance from 2560 to 3583.
- Relative Strength (RS) line against Nifty50 have rebounded higher from the lower end of the range indicates improvement in trend strength.
- RSI has dropped to historical support readings, where historically price has reversed higher and have formed a durable bottom.

We recommend to BUY ASIANPAINTS at CMP-2775 for the target of 3100 with a stop loss of 2660 in short term.

Investment Rationale

Market Leader in the Decorative segment

Asian Paints Ltd (APL) is the market leader in the Indian paint manufacturing industry having a strong distribution network of 70,000 dealers which is 2x more than the No. 2 player. In Q3FY23, APL's operating margins improved strongly on a quarterly and yearly basis driven by deflation in some of the raw material prices as well as continued work on driving operational efficiencies across businesses. APL achieved a volume CAGR of 16% during FY20-23 which was still higher than the historical pre-Covid volume (CAGR of ~14%) which shows outperformance and efficiency.

Massive CAPEX plans are underway to stay ahead of competitors

APL's total envisaged CAPEX is Rs. 87.5bn for the next three to four years out of which Rs. 67.5bn will be towards enhancing its manufacturing capacity by 58% (to ~2.7 mn tonnes), backward integration, and acquisitions. The Balance of Rs. 20bn will go towards setting up a new water-based manufacturing facility with a capacity of 4 Lakh KI per annum. We believe the CAPEX and first movers advantage will help APL maintain its leadership position through market share gains even with the entry of big players with existing dealer networks.

Sector Outlook

Positive

Stock

BSE code	500820
NSE Symbol	ASIANPAINT
Bloomberg	APNT IN
Reuters	ASPN.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	3583/2560
O/s Shares (mn)	959
Market Cap (Rs bn)	2,714
Face Value (Rs)	1

Average volume

3 months	1,107,580
6 months	1,105,030
1 year	1,328,050

Technical View (Weekly Chart)

CROMPTON GREAVES C, 1W, NSE O300.10 H315.75 L293.50 C311.05 +12.15 (+4.06%)



Execution Data

Target (Rs)	350
Stop loss (Rs)	288
Buying Range (Rs)	CMP-304
Last Close Price (Rs)	311
% change weekly	4.06

Weekly Oscillator Direction

13 WMA	DOWNWARD
21 WMA	DOWNWARD
50 WMA	DOWNWARD
RSI	BUY MODE
MACD	BUY MODE

Technical View

1. In Oct 2020, the stock surpassed the supply zone of 300-295 with strong volumes, highlighting bullish signal for medium term trend.
2. Post breakout, stock rallied higher to new life highs and post that price witnessed profit booking dropping to earlier resistance zone.
3. Recently, the stock reversed taking support around its previous resistance zone denotes polarity into play and indicates a robust price action.
4. At the support zone, stock has formed a Morning Star candlestick pattern, which is bullish pattern in nature and validates bullish view on price.
5. The momentum indicator RSI, has formed bullish divergence against price and has given bullish moving average crossover, compliments a bullish bias on price

We recommend to BUY CROMPTON at CMP-304 for the target of 350 with a stop loss of 288 in short term.

Investment Rationale

Well-diversified Revenue Portfolio

Crompton Greaves Consumer Electricals Ltd. (CGCEL) has a well-diversified business profile across the ECD segment contributing about 80% to the total consolidated revenue in Q3FY23 and the lighting segments contributing 20%. The ECD and the lighting segments contributed 86% to the EBIT in Q3FY23 and 14% to the EBIT, respectively. Under the ECD business, the company's product portfolio is diversified across fans, pumps, water heaters, air coolers, and other smaller appliances. CGCEL has a strong pan-India presence and benefits from a vast distribution network that has helped it capture a large market share from small players over FY21-FY22.

Strategic planning and focus will drive the future growth

CGCEL has accelerated its transition to BLDC and star-rated fans in anticipation of gaining an early advantage over its peers when demand for new Fans normalizes. The Company's conscious efforts to optimize its manufacturing costs will ensure the pricing of new Fans within an acceptable range and ramp up its production at factories to meet future demand. The appliance category has grown to become ~Rs. 800 crore business from Rs. 225 crores three-four years back..

Sector Outlook

Neutral

Stock

BSE code	539876
NSE Symbol	CROMPTON
Bloomberg	CROMPTON
Reuters	CROP.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	431/291
O/s Shares (mn)	636
Market Cap (Rs bn)	198
Face Value (Rs)	2

Average volume

3 months	1,478,860
6 months	1,737,080
1 year	1,930,950

Technical View (Weekly Chart)



Execution Data

Target (Rs)	800
Stop loss (Rs)	1000
Buying Range (Rs)	934
Last Close Price (Rs)	950
% change Weekly	-1.57

Weekly Oscillator Direction

13 WMA	DOWNWARD
21 WMA	DOWNWARD
50 WMA	DOWNWARD
RSI	SELL MODE
MACD	SELL MODE

Technical View

1. The stock price encountered gradual selloff post hitting the life high.
2. Post selloff, price turned sideways forming sort of descending triangle pattern and prices are currently placed around the neckline of the pattern. Also, around the same juncture 61.8% retracement line coincides, breakdown from the same shall signal second leg of decline.
3. The price has tagging lower Bollinger bands denotes weakness in price.
4. The relative strength line and RSI indicator are heading lower highlights lack of strength and momentum, hence validates bearish bias in price.

We recommend to SELL MUTHOOTFIN below 934 for the target of 800 with a stop loss of 1000 in short term

Investment Rationale

Weak loan growth due to increased competition from the Banks and NBFCs

In Q3FY23, there was a marginal increase in the gold loan book and no. of customers remained flat on a quarterly basis. Also, Muthoot Finance was not able to increase its share in the fresh loan to the new customers both in terms of volume and value. This was mainly on account of increased competition from other similar NBFCs and the bank's target focus to increase Gold loan disbursements which was very much visible in the Company's Q3FY23 nos. The Company's major share in the Gold loans disbursement which is declining will have a major effect on its profitability. Also, the Company's Housing finance segment's AUM declined as the RBI's Interest Rate hikes are showing an effect on the segment.

Limitations due to the major focus on the Southern part of India

Muthoot Finance's operations are largely in the Southern part of India where it has 59% of the Branch Network and 47% of the total loan book from the region. The Company would have to restructure its business development strategies to focus on other regions for diversification and increase its Revenue from other segments as well apart from Gold Loan Segment.

Sector Outlook

Neutral

Stock

BSE code	533398
NSE Symbol	MUTHOOTFIN
Bloomberg	MUTH IN
Reuters	MUTT.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	1,448/945
O/s Shares (mn)	401
Market Cap (Rs bn)	381
Face Value (Rs)	10

Average volume

3 months	515,680
6 months	694,860
1 year	817,710

Technical View (Weekly Chart)



Execution Data

Target (Rs)	565
Stop loss (Rs)	474
Buying Range (Rs)	CMP-494
Last Close Price (Rs)	511
% change Weekly	2.83

Weekly Oscillator Direction

13 WMA	UPWARD
21 WMA	UPWARD
50 WMA	UPWARD
RSI	BUY MODE
MACD	BUY MODE

Technical View

1. Post hitting life high of 606, price turned into a hibernation mode, trading in a broad range of 160 -180 points (600-430 levels).
2. This year, in late January, price rebounded higher finding support around lower band of the mentioned range with supportive momentum and volumes.
3. Price trading above all key moving averages (20,50,100,200) highlights strength in trend. Last week price resolved higher breaking the downsloping resistance trendline indicates bullish momentum to continue ahead.
4. The RSI is trading above median with breaking resistance trendline, thus sustenance above the same is anticipated to attract further bullish momentum.

We recommend to BUY TORNTPOWER at CMP-494 for the target of 565 with a stop loss of 474 in short term

Investment Rationale

The strong market position in the power distribution business with a diverse consumer base

Torrent Power (TPL) enjoys a strong market position as the Company is the sole power distribution licensee for Ahmedabad, Surat, Gandhinagar, and DNDD, as the second licensee for Dahej SEZ, and DSIR, and the power distribution franchisee for Bhiwandi, Agra, and SMK. With the takeover of DNDD, TPL now sells power directly to more than 3.94 million consumers across the domestic, industrial, and commercial divisions. An urban-centric and diversified customer base enables collection efficiency of nearly 100% in Ahmedabad, Gandhinagar, Surat, and Dahej SEZ.

Strategic Acquisition and Expansion Plans

During FY22, TPL completed the acquisition of a 51% stake in Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Ltd. The acquired company's operations have added to the profits in recent quarters. TPL has further planned a strong annual CAPEX of Rs. 15bn which will boost the return ratios going ahead. Apart from this, to further increase capacity and solidify their distribution network from its existing installed generation capacity of 4160 MW, renewable projects of 736 MW are under development.

Sector Outlook

Neutral

Stock

BSE code	532779
NSE Symbol	TORNTPOWER
Bloomberg	TPW IN
Reuters	TOPO.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	610/415
O/s Shares (mn)	481
Market Cap (Rs bn)	245
Face Value (Rs)	10

Average volume

3 months	665,930
6 months	585,430
1 year	622,070

Technical View (Daily Chart)



Execution Data

Target (Rs)	1520
Stop loss (Rs)	1258
Buying Range (Rs)	CMP-1320
Last Close Price (Rs)	1359
% change Weekly	5.18

Weekly Oscillator Direction

13 WMA	UPWARD
21 WMA	UPWARD
50 WMA	UPWARD
RSI	BUY MODE
MACD	BUY MODE

Technical View

1. The price action corrected 23% from its 52W high tracking the broader market on modest supply. In the interim, the price based and formed a reversal pattern which is the first positive sign.
2. The price action staged in a double bottom pattern breakout sighting the first confirmation of reversal which is the second positive.
3. The price action then chased a sideways trend with stronger relative strength compared to Nifty indicating further accumulation. This garnering of strength is observed as the third positive sign.
4. The weekly RSI is trading at 62 showing strength in the price momentum.

We recommend to BUY VBL at CMP-1320 for the target of 1520 with a stop loss of 1258 in short term

Investment Rationale

Market leader and geographic diversity in the domestic and global markets

Varun Beverages Ltd.(VBL) is the second largest franchisee for PepsiCo in the world (outside the US) and the largest in India which has the sole franchisee operations in Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe. The Company incorporated a new subsidiary, Varun Beverages RDC SAS, in the Democratic Republic of Congo in Africa. The Company's consistent focus on ramping up operations via organic and inorganic routes has helped it to strengthen its market position and enhance geographical diversity. Varun Beverages has a presence in 27 states and seven union territories in India (except Andhra Pradesh, Jammu & Kashmir and Ladakh), accounting for more than 85% of the beverage sales of PepsiCo in India. The Company performed well in Q4CY22 on the back of a strong performance from Southern and Western markets. These markets are growing at a much faster pace than other regions. Benefits from the dominant position of VBL in the franchisee operations of PepsiCo in India and overseas geographies will continue to aid the business.

Deeper Penetration and acceptance of Refrigeration in Rural areas

The Company is strongly focusing on deeper penetration in the domestic market, especially in the South and West regions and encashing on the growing traction in those markets. To further strengthen the market the Company is increasing its distribution network and the number of routes covered in the South and West. The increasing penetration of refrigerators in semi-urban and rural areas goes well for VBL's products, as the customer base is expanding at a rapid pace in these regions.

Sector Outlook

Neutral

Stock

BSE code	540180
NSE Symbol	VBL
Bloomberg	VBL IN
Reuters	VARB.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	1432/584
O/s Shares (mn)	650
Market Cap (Rs bn)	883
Face Value (Rs)	10

Average volume

3 months	22,64,700
6 months	20,93,400
1 year	16,57,080

Technical View (Weekly Chart)



Execution Data

Target (Rs)	525
Stop loss (Rs)	440
Buying Range (Rs)	CMP-460
Last Close Price (Rs)	473
% change Weekly	1.39

Weekly Oscillator Direction

13 WMA	UPWARD
21 WMA	UPWARD
50 WMA	UPWARD
RSI	BUY MODE
MACD	BUY MODE

Technical View

1. The price action eventuated a breakout from basing pattern of the cup and handle on a relatively stronger volume and a breakaway gap further validating the breakout.
2. The price action retested the breakout zone and witnessed a tepid pullback thereby validating strength in support.
3. The weekly relative performance to Nifty remains strong and showcases strength in the price action.
4. The RSI is trading neutrally at 67, showing thrust in the momentum strength.

We recommend to BUY ZYDUSLIFE at CMP-460 for the target of 525 with a stop loss of 440 in short term

Investment Rationale

India Formulation business to accelerate growth

Zydus Lifesciences is an Indian branded formulation business constituting ~30% of its revenue in 9MFY23. The company has a vast portfolio, with 12 brands generating sales greater than Rs. 1bn. The company derives ~20% of its domestic revenue from the NLEM products, which should grow in double digits, with a WPI-linked price increase in FY23. Further, The Company has a field force of 5,800 MR, which translates into productivity of Rs. 6.9 lakh/MR per month. We expect MR productivity to improve further, with the company now moving towards biosimilars, thus increasing the growth momentum and revenue contribution from the India formulation business.

New launches in US business provide growth visibility

Zydus lifesciences' US sales comprise ~43% of sales and are likely to maintain high single-digit growth. The key products that could shape the growth of its US business are transdermal products such as gTrokendi XR and gRevlimid. We expect these launches to add to US sales growth going ahead. The company also has filed 440 ANDAs cumulatively in the US as of 9MFY23, of which, 91 are pending approval with the USFDA. Further, we expect the price erosion in the US market to continue which will be offset mainly by new product launches. This has enabled growth visibility for the Company.

Sector Outlook

Neutral

Stock

BSE code	532321
NSE Symbol	ZYDUSLIFE
Bloomberg	ZYDUSLIF IN
Reuters	CADI.BO

Key Data

Nifty	17,594
52WeekH/L(Rs)	482/319
O/s Shares (mn)	1012
Market Cap (Rs bn)	479
Face Value (Rs)	1

Average volume

3 months	1,152,130
6 months	1,286,950
1 year	1,363,770



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