

When Much Avoided Becomes More Favorable



It's All About Understanding A Glass Half Empty Or Half Full ?

Hot Money: What Is The First Step Towards Building An Organized Entity?

Smart Money: To Do So The First Step Is Always To Put Your Own House In Order

Under the new political leadership, India economy is trying to put its own house in order and to do so the first and foremost challenge is to organize the public sector enterprises. As per the recent data published by OECD, India rank 7th in terms of PSU shares in the country. In last two decades Indian PSUs undergo number of changes and now in different sectors we are at par with multinationals. So far PSU have suffered on account of three reasons;

1. Lack of policy action which in turn treated as a policy paralysis
2. Lack of capital availability
3. Implementation and execution delay of projects.

Recent leadership change in the center is a possible trigger for turnaround as more than anything else this PSU requires transparency, right policy and beyond that a clear cut execution structure in place to lift its performance. Recent development in coal sector and its online auction of coal mines is a real example to understand how one by one the current government is putting each of the PSU on auto pilot mode. Looking at the approach of current government we think the government is not in a hurry for a double digit growth trajectory but try to convey a message that we are in the process of putting our house in order first and this exercise itself will help us to achieve double digit growth rate in coming years.

Going forward based on the ongoing exercise under taken by the current government we are expecting below given five changes to take place in PSUs which will help them to lift their performance

1. Will go through a series of leadership change at every key execution levels.
2. Key implementation and execution with specific time deadline
3. More technology driven approach and not more manpower driven framework
4. Restructuring is a new name of the old game
5. To focus on what not to do rather than what to do

We have identified nine companies from Maharatna, Navratna and Miniratna category where we are expecting that the worst is behind us and this nine companies will deliver much higher return in coming years.

SR NO	NAME	MARKET CAP IN CR*	CMP*	TARAGET	SR NO	NAME	MARKET CAP IN CR*	CMP*	TARAGET
1	HINDCOPPER	5,981.53	64.55	88	6	NHPC	24,416.97	19.85	27
2	HMT	3,198.13	42.40	58	7	NMDC	46,803.47	118.00	160
3	MMTC	5,305.00	52.75	75	8	OIL	27,877.68	463.85	615
4	NATIONALUM	10,540.91	40.90	57	9	SJVN	9,989.95	24.20	33
5	NFL	1,339.28	27.30	37					

CMP & Market Cap as on 26-06-2015
Source: Company Data Base

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HINDCOPER 64.55

TIME FRAME 12 TO 18 MONTHS

TARGET 88



On weekly chart since last three weeks stock is forming higher bottom higher top indicating strong accumulation at current levels. it had been observed that delivery base volume is also picking up along with price rise indicating a price volume breakout. Going forward stock likely to face minor resistance in the range of 68 and 72 but looking at the buying momentum stock will surpass such levels. one can go long at current levels and on decline for a price target of 88.

HMT 42.40

TIME FRAME 12 TO 18 MONTHS

TARGET 58



After forming its intermediate high at 77 odd levels in the month of January 2015, stock witness stiff sell off on weekly charts. In recent past stock formed bottom at 33.50 levels. Since then stock witness a buying momentum and testing higher highs on weekly chart. Going forward we expect stock to move in to consolidation. Since the short term trend is up so one can expect strong upside in near future. One can go long at current levels and on decline for a price target of 58.

MMTC 52.75

TIME FRAME 12 TO 18 MONTHS

TARGET 75



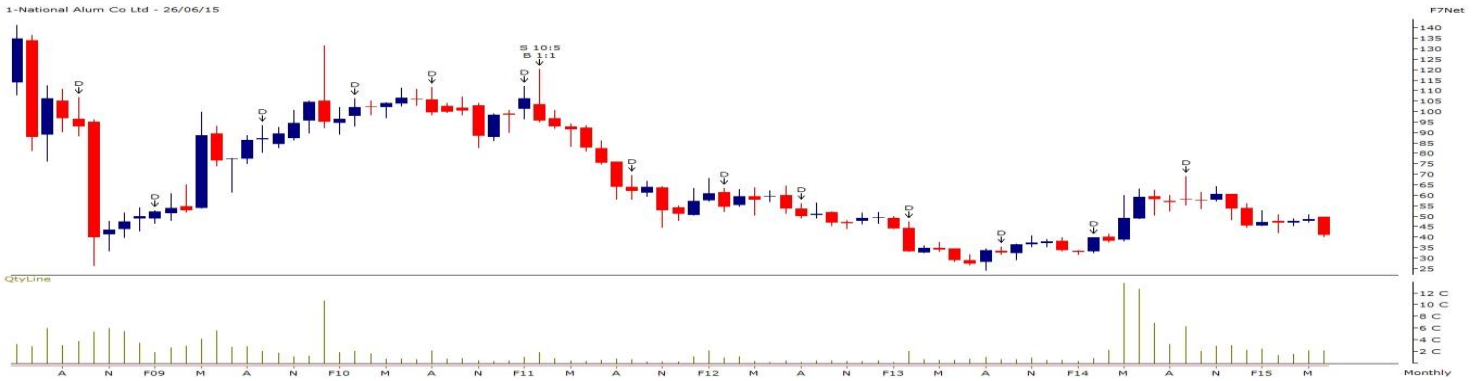
Since last two weeks stock is forming higher high and higher low indicating strong accumulation. The recent price move is supported with volume indicating a strong commitment by strong hands. Since the stock has spent quality time in consolidation for a longer period of time such up move can take the stock to test much higher levels in coming weeks and months. One can go long at current level and on decline for a price target of 75.

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NATIONALUM 40.90

TIME FRAME 12 TO 18 MONTHS

TARGET 57



Since last three weeks stock is consolidating in a tight range between the price range of 40.15 on the downside and 44.60 on the upside. On weekly chart stock formed double bottom at 40.60 odd levels. Since the short term trend is weak so stock may face some selling pressure in near future but such weakness should be used to accumulate the stock. One can go long at current level and on declines for a price target of 57.

NFL 27.30

TIME FRAME 12 TO 18 MONTHS

TARGET 37

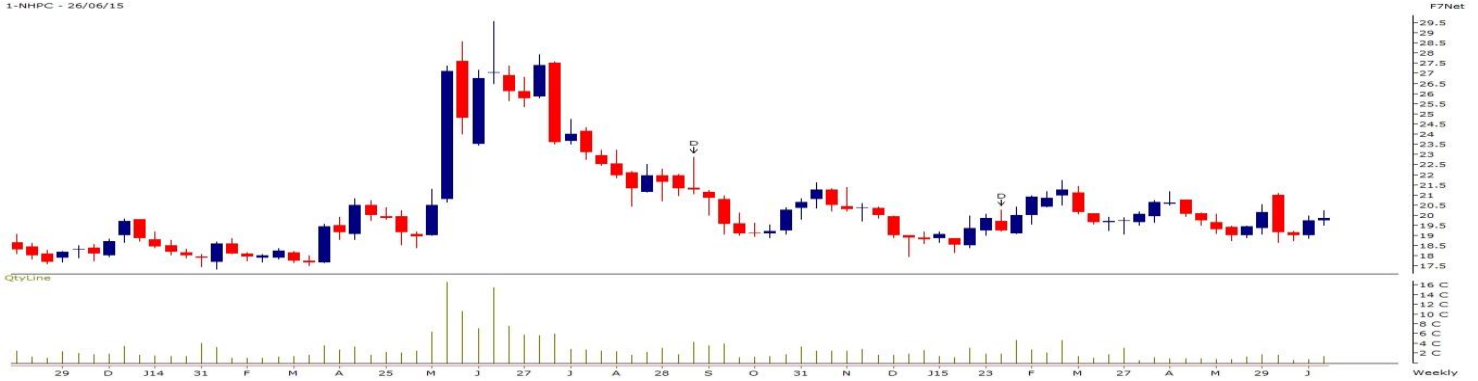


On monthly chart since last four months stock is forming lower top lower bottom formation indicating perfect distribution at higher levels. Since the short term trend is weak so going forward stock likely to face some selling pressure but on the downside trading range of 25.50 to 26.30 likely to act as a strong support. One can accumulate at current level and on decline for a price target of 37.

NHPC 19.85

TIME FRAME 12 TO 18 MONTHS

TARGET 27



Stock is moving in a broad consolidation between 21.75 on the upside and 17.95 on the downside since last six months. During this consolidation twice stock made an attempt to trade above 21.75 but unable to do so and formed double top at this levels. In recent past stock formed double bottom at 18.70. Weekly chart advocate much higher levels in coming months. One can go long at current levels and on decline for a price target of 27.

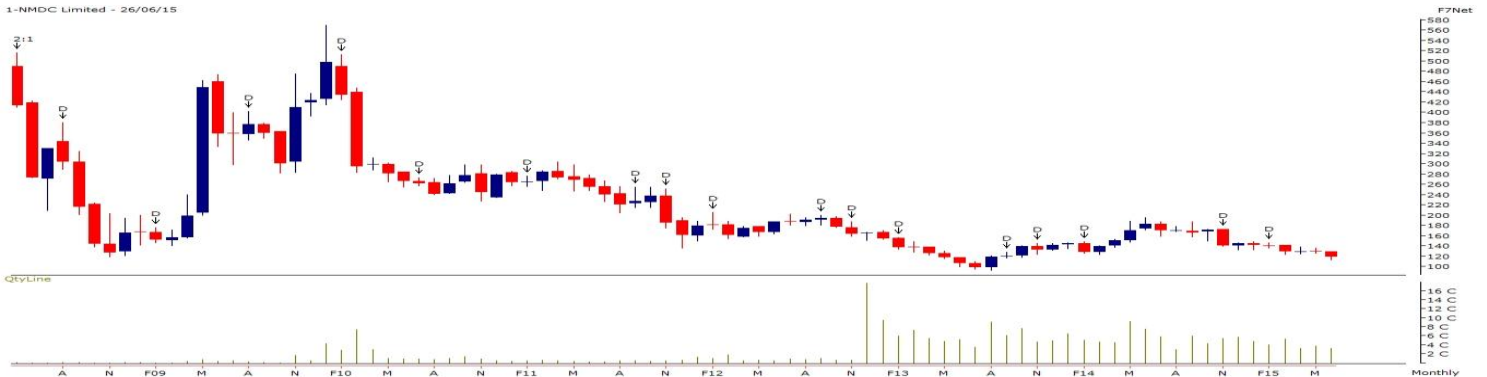
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NMDC 118

TIME FRAME 12 TO 18 MONTHS

TARGET 160



Stock continues to face selling pressure on every rise since last few quarters indicating weakness in near future. From the recent high stock witnessed close to 40% fall with lower volume indicating temporary weakness in the counter. Going forward stock likely to pause the current fall between the range of 108 to 115 but such weakness should be considered as a buying opportunity. One can go long at current level and on decline for a price target of 160.

OIL 463.85

TIME FRAME 12 TO 18 MONTHS

TARGET 615

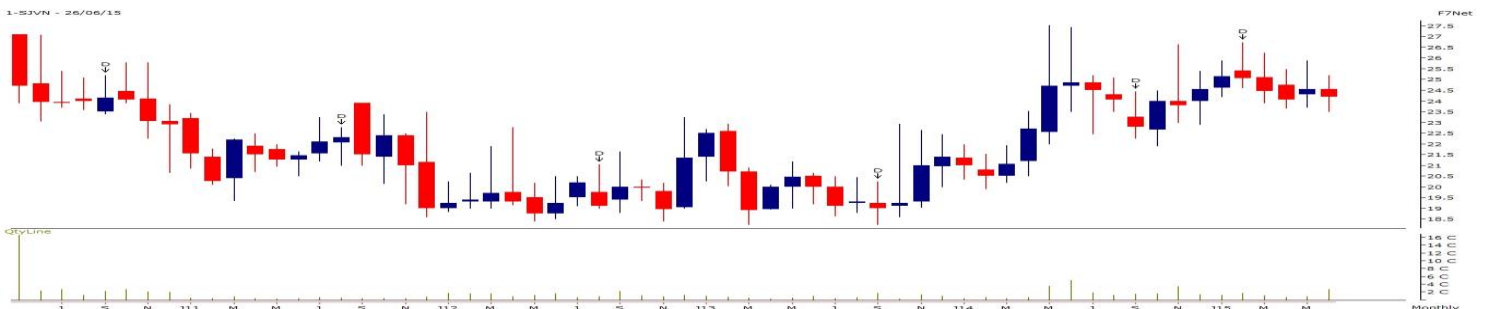


In recent past on monthly chart stock seems to have formed bottom at 450 levels. Since last three months stock is forming higher lows without forming higher high indicating limited downside coupled with limited upside. We expect stock to move in to consolidation for next one to two months followed by a strong up move. One can go long at current level and on declines for a potential target of 615.

SJVN 24.20

TIME FRAME 12 TO 18 MONTHS

TARGET 33



Stock witnessed price volume breakout on daily chart. Going forward if stock manage to close above 25.50 then there are strong chances that stock will enter in to a new trading range between the price range of 26 and 28. Stock likely to test higher levels in coming weeks and months based on its daily chart pattern. One can go long at current levels and on decline for a price target of 33.

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