

# Gladiator Stocks

New recommendations						Time Frame: 6 Months
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
27-Jul-20	Hindustan Zinc	HINZIN	202-210	238.00	185.00	16.0%

Open recommendations						Time Frame: 6 Months
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
23-Jul-20	SMS Pharma	75.00	88.00	68.00	76.00	1%
16-Jul-20	Cipla	662.00	750.00	595.00	653.00	-1%
15-Jul-20	Tata Consultancy Services	2,220.00	2,550.00	2,060.00	2,202.00	-1%
24-Jun-20	Asian Paints	1,755.00	2,020.00	1,580.00	1,756.00	0%
10-Jun-20	Lupin	916.00	1,080.00	835.00	841.00	-8%
2-Jun-20	Bata India	1,408.00	1,625.00	1,230.00	1,278.00	-9%
1-Jun-20	Procter&Gamble Health	4,200.00	5,090.00	3,570.00	4,015.00	-4%
1-Jun-20	Pidilite Industries	1,470.00	1,670.00	1,320.00	1,374.00	-7%

All the recommendations are in Cash segment

July 27, 2020

## Open Recommendations

### Momentum Picks

Scrip	Action
Aarti Industries	Buy
Relaxo	Buy
SBI	Buy
Duration: 14 Days	

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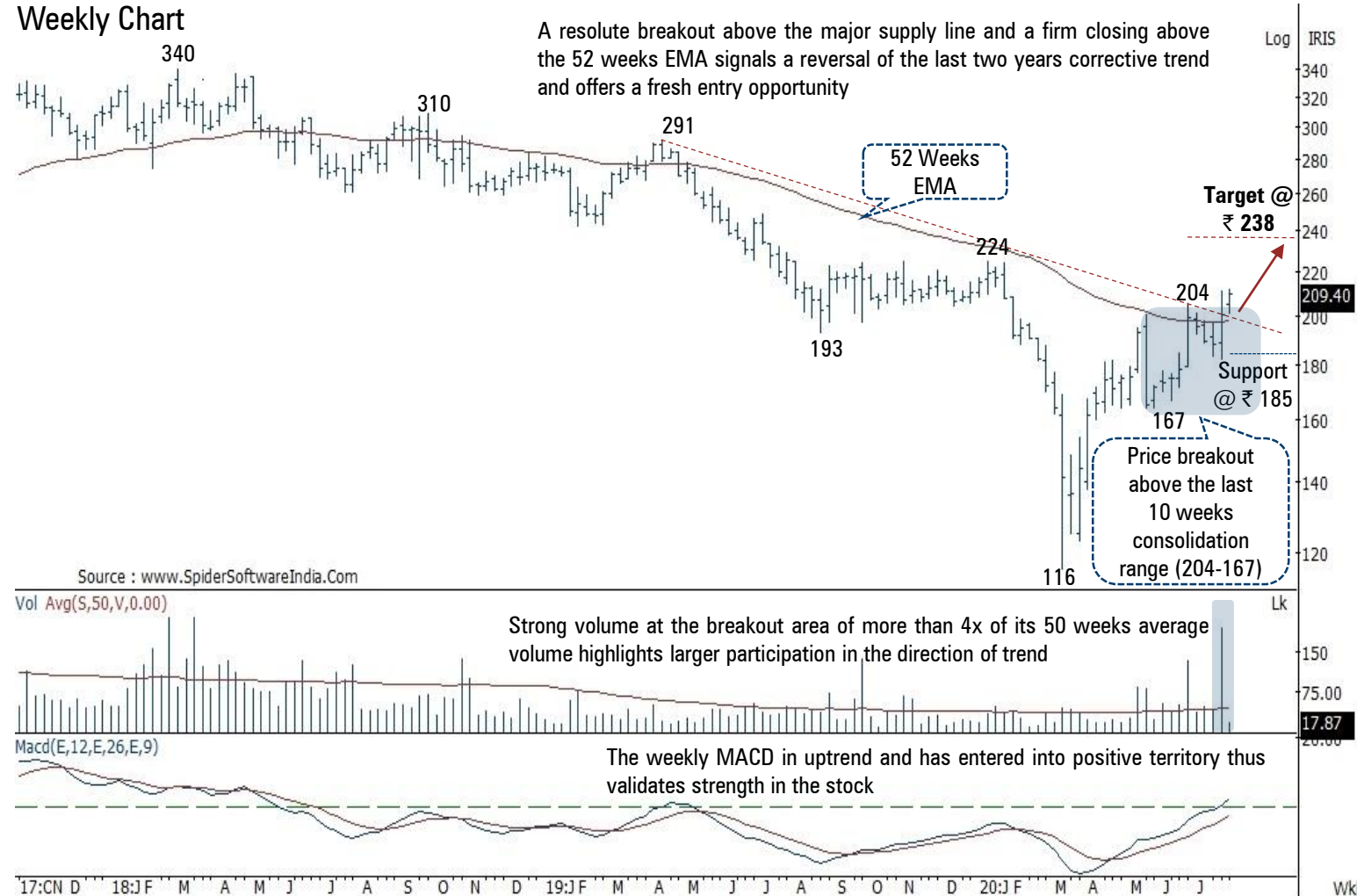
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# Hindustan Zinc (HINZIN): Firm closing above 52 weeks EMA, major supply line breakout signals reversal of corrective trend

<b>Rec. Price</b>	<b>202.00-210.00</b>	<b>Target</b>	<b>238.00</b>	<b>Stop loss</b>	<b>185.00</b>	<b>Upside</b>	<b>16%</b>
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## Weekly Chart

A resolute breakout above the major supply line and a firm closing above the 52 weeks EMA signals a reversal of the last two years corrective trend and offers a fresh entry opportunity



- The stock generated a breakout above the supply line joining the highs of April 2019 (₹ 291) and June 2020 (₹ 204) currently at ₹ 196, signalling reversal of the last two year's corrective trend. Thus, this offers a fresh entry opportunity
- In the process, the share price has also closed above the last 10 week's consolidation range (₹ 204-167) and the 52 weeks EMA (currently at ₹ 197) for the first time since April 2019 highlighting strength and continuation of the current up move
- It has support at ₹ 185 levels as it is the confluence of the current month's low (₹ 183) and the 61.8% retracement of the current up move (₹ 167 to ₹ 212)
- The weekly MACD is in an up trend and sustaining above its nine period's average. Thus, it has entered positive territory, thus validating strength
- We expect the stock to continue its up move and head towards ₹ 238 level in the medium term as it is the measuring implication of the last 10 week's consolidation range breakout. This is also confluence of the 61.8% retracement of the CY19-20 decline (₹ 310-116) placed at ₹ 238

Source: Bloomberg, ICICI Direct Research

Recommended on I-click to gain on 27<sup>th</sup> July 2020 at 11:07

July 27, 2020

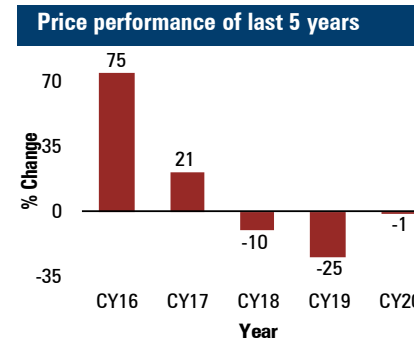
ICICI Securities Ltd. | Retail Equity Research

- Hindustan Zinc (HZL) has a huge reserve base, which provides strong earnings visibility. During the year, total ore reserves increased from 92.6 million tonnes (MT) at the end of FY19 to 114.7 MT at the end of FY20 while mineral resources totalled 288.3 MT. Total R&R was unchanged at 403 MT from a year ago as ore consumed during the year was replenished. Total contained metal in ore reserves was 7.95 MT of zinc, 2.07 MT of lead and 256.2 million ounces of silver. The mineral resources contain 15.87 MT of zinc, 5.93 MT of lead and 641.8 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years
- For FY21E, the company has guided that zinc CoP (before royalty) would remain below US\$1000/tonne (Q1FY21 CoP before royalty and adjusted for one-time costs was at US\$954/tonne). On volumes, the company guided that both mined metal and finished metal production in FY21 will be higher than last year and is expected to be at 925-950 KT each while saleable silver production is projected at ~650 tonne
- Over the last decade, HZL has increased its silver production by 4.1x to over 600 tonnes (currently contributing 13% to overall topline). Going forward, plans are to increase silver production to ~1000 tonnes going ahead, through higher production from existing, new deposits and also through enhanced recovery process. Hence, the recent rise in silver prices augurs well for the company
- As on June 30, 2020, HZL's net cash & cash equivalents were at ₹ 15480 crore and is invested in high quality debt and other fixed income instruments

Particulars	
	₹ Crore
Market Capitalization	83,577
Total Debt (FY20)	611
Cash and Investments (FY20)	22,207
EV	61,981
52 week H/L (₹)	229 / 122
Equity capital	845.1
Face value (₹)	₹ 2

Financials					
₹ crore	FY19	FY20	FY21E	FY22E	
Revenue	21,118	18,561	16,932	23,122	
EBITDA	10,670	8,847	7,553	11,537	
EBITDA Margin	50.5	47.7	44.6	49.9	
Net Profit	7,956	6,805	5,235	7,941	

Valuation					
₹ crore	FY19	FY20	FY21E	FY22E	
EPS (₹)	18.8	16.1	12.4	18.8	
P/E (x)	11.0	12.9	16.7	11.0	
RoE (%)	23.7	16.9	14.5	19.0	
RoCE (%)	29.2	20.8	20.0	26.0	



## Summary Performance - Recommendations till date

Total Recommendations	540	Open	8
Closed Recommendations	532	Yield on Positive recommendations	17.0%
Positive Recommendations	390	Yield on Negative recommendations	-8.0%
Closed at cost	16		
Strike Rate	76%		

# Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
21-Jul-20	State Bank of India	Buy	188.00-195.00	220.00	177.00	14 Days
22-Jul-20	Relaxo	Buy	618.00-634.00	679.00	585.00	14 Days
24-Jul-20	Aarti Industries	Buy	935.00-955.00	1035.00	895.00	14 Days

All the recommendations are in Cash segment

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# Price history of past three years

## Hindustan Zinc

HINDZINC [N1424] 209.30, 4.55%  
Price



Source : [www.SpiderSoftwareIndia.Com](http://www.SpiderSoftwareIndia.Com)

- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

## Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

# Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				





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