

Don't miss the train! Join the bandwagon

Express Idea

Railway stocks have been a darling for traders especially in anticipation ahead of the Railway Budget. This sector which is long forgotten almost throughout the year, finds increased fund allocation towards the end of the financial year.

Our analysis of historical data suggests that the action in these stocks spark off almost a quarter ahead of the Railway Budget. A look back at the performance of railway stocks in the past five years throws a pleasant surprise as most of the railway stocks have chugged ahead and delivered handsome returns in a very short time.

Given below are few stocks which have fared pretty well in terms of percentage returns.

Date	KALINDEE Rail % returns	TEXRAIL % returns	TWL % returns
Nov 2011 to Feb 2012	8	(10)	8
Nov 2012 to Feb 2013	35	20	15
Nov 2013 to Feb 2014	16	42	31
Nov 2014 to Feb 2015	61	60	158
<b>Average returns</b>	<b>30</b>	<b>28</b>	<b>53</b>

## Our Recommendations:

### Kalindee Rail Engineering

- ✧ **Inverted Head & Shoulder breakout:** After taking support at its 100-WMA, the stock consolidated and pierced the neckline of the inverted H&S pattern confirming the breakout. If the pattern unfolds the way we expect it to, a potential target for the stock could be Rs. 170. On the down side Rs. 125 on a closing basis should be the stop loss.

### Texmaco Rail & Engineering

- ✧ **Cup & Handle breakout:** TEXRAIL has given a cup and handle breakout and the outburst was confirmed after price penetrated the neckline of the bullish pattern. The up-thrust is accompanied with a strong pickup in trading volumes. We expect TEXRAIL to carry forward the current momentum and make a dash towards the Rs165 mark. The pattern would be void if the stock closes below Rs. 125.

### Titagarh Wagons Limited

- ✧ **Symmetrical triangle breakout:** After being stuck in a narrow trading range for the past three months, the stock has broken out of a symmetrical triangle pattern. A projection of the upside from the pattern, we see the stock making a dash towards the Rs. 145 mark in medium term. On the downside, Rs. 109 is critical support for the stock.

November 20, 2015

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# Kalindee Rail Nirman (Engineers)

## Sustaining the trend reversal

On the weekly charts, KALINDEE had broken its four year declining trend in early 2014. Since then, the stock rallied over 33% in just three months. Post the smart rally, the stock once again slipped into a short term declining trend. This time around, KALINDEE has found strong support at its 100 WMA, which also coincides with the four-year declining trendline support and has managed to sustain the uptrend.

## Inverted Head & Shoulder breakout:

After taking support at its 100-WMA, the stock entered into a consolidation zone during which Kalindee formed an inverted head and shoulder pattern, which is considered to be a bullish one. It pierced the neckline of the pattern, which was placed at Rs135 and also managed to close above the same. The outburst is also accompanied with smart pickup in trading volumes confirming the breakout. In fact, KALINDEE's previous two days volumes have surpassed six months traded volumes. If the pattern unfolds the way we expect it to, a **potential target for the stock could be Rs170. If the stock slips below Rs. 125 on a closing basis, the above theory would be void.**

## Rounding bottom breakout:

On assessing the long term monthly chart, the stock is forming a classic rounding bottom pattern indicating the ongoing accumulation happening in the stock. If KALINDEE manages to close above the Rs140 mark, it would confirm a multi-month breakout and also a rounding bottom breakout on long term charts further stimulating our bullish view on the stock.

## Daily chart



Source: Spider Software India, India Infoline Research

**Rating:** BUY

**Target (3-6 months):** Rs170

**CMP:** Rs140

**Upside:** 20%

**Stop loss:** Rs125

**Sector:** Railway

Sensex: 28,355

52 Week h/l (Rs): 172 / 97

Market cap (Rscr) : 233

6m Avg vol ('000Nos): 59

Bloomberg code: KRNE IS

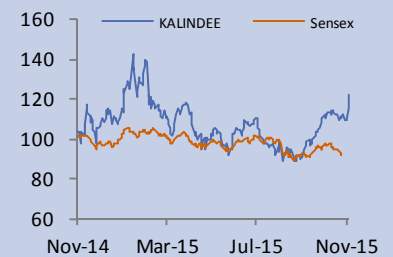
BSE code: 522259

NSE code: KALINDEE

FV (Rs): 10

Prices as on November 19, 2015

## Share price trend



## Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	41.6	41.6	42.9
Insti	3.5	8.7	7.0
Others	54.9	49.7	50.1

# Texmaco Rail & Engineering

## Flag Breakout:

After a sharp rally in TEXRAIL, the bull flag on the monthly chart seems to have provided a breather before yet again rallying off in the same direction as its primary trend. It has set the stage for a rapid and even larger rally. The stock took a pause and slipped for almost eight months giving opportunities to investors to accumulate the same, post which, TEXRAIL just blasted ahead indicating an end to the eight month declining trend.

## Cup & Handle breakout:

On analyzing the daily chart, TEXRAIL has also given a cup and handle breakout. The outburst was confirmed after price penetrated the neckline of the bullish pattern, which was placed at Rs. 131. In addition, the up-thrust is also accompanied with a strong pickup in trading volumes; the stock is trading well above all its moving averages. **We expect TEXRAIL to carry forward the current momentum and make a dash towards the Rs165 mark. The above pattern would be void if the stock closes below Rs. 125.**

## Daily chart



Source: Spider Software India, India Infoline Research

**Rating:** BUY

**Target (3-6 months):** Rs165

**CMP:** Rs139

**Upside:** 18.7%

**Stop loss:** Rs125

**Sector:** Railway

Sensex: 28,355

52 Week h/l (Rs): 171 / 100

Market cap (Rscr) : 2,938

6m Avg vol ('000Nos): 204

Bloomberg code: TXMRE IS

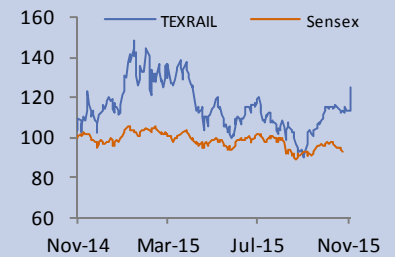
BSE code: 533326

NSE code: TEXRAIL

FV (Rs): 1

Prices as on November 19, 2015

## Share price trend



## Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	54.8	54.8	54.8
Insti	34.3	34.3	34.3
Others	10.9	10.9	10.9

# Titagarh Wagons Limited

## Symmetrical Triangle breakout:

TWL was stuck in a narrow trading range for the past three months. On analyzing the daily chart, the stock has been in a process of creating a coil or a contracting wedge, which is wide at the beginning and narrowing towards the end. This pattern usually forms during a trend as a continuation pattern. With TWL's primary trend being upwards, we expect the stock to move in the same direction. **A projection of the upside from the Symmetrical Triangle breakout, we see the stock making a dash towards the Rs145 mark in medium term. On the downside, Rs. 109 is critical support for the stock.**

## Taking support at its 200-DMA:

Historically, the 200-DMA has turned out to be an important support zone for TWL. Looking back at its significance, TWL has never breached below its 200-DMA since March 2014 and has almost bounced approximately on five occasions since then.

On the weekly chart, the stock has retraced almost 38.2% of its previous decline. From March '15 to June '15, the stock fell from a high of Rs. 174 to a low of Rs. 87. We expect, the current momentum would take TWL towards the first hurdle of 50% at Rs. 131 and once past that obstacle, we see 61.8% retracement level as the potential target, which also coincides with the Symmetrical Triangle breakout projection of Rs. 145.

## Daily chart



Source: Spider Software India, India Infoline Research

**Rating: BUY**

**Target (3-6 months): Rs145**

**CMP: Rs121**

**Upside: 19.8%**

**Stop loss: Rs109**

**Sector: Railway**

Sensex: 28,355

52 Week h/l (Rs): 175 / 47

Market cap (Rscr) : 1,390

6m Avg vol ('000Nos): 859

Bloomberg code: TWL IS

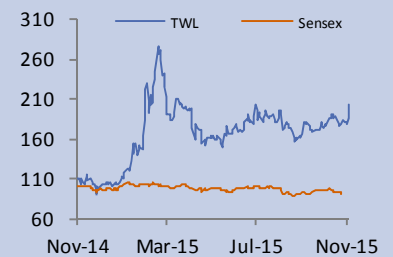
BSE code: 532966

NSE code: TWL

FV (Rs): 2

Prices as on November 19, 2015

## Share price trend



## Share holding pattern

(%)	Mar-15	Jun-15	Sep-15
Promoter	53.1	53.1	46.1
Insti	13.3	16.8	25.6
Others	33.7	30.2	28.3

## 'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

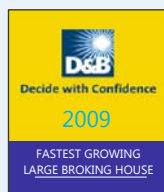
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