



Long Term Auto Pick

(a technical perspective)

04th September 2024



Rating: Buy SONACOMS @ 700 - 722 (Add on dips till 640-662)

Upside Potential: 24.47%

Technical View:

Sona BLW Precision Forgings Limited is an India-based automotive technology company and engaged in designing, manufacturing and supplying engineered automotive systems and components such as differential assemblies, gears, conventional and micro-hybrid motors, BSG systems and EV Traction motors across all vehicle categories. Sona BLW precision forgings have grown the global market share of differential gears from 7.2% in CY 2022 to 8.1% in CY 2023 and from 4.0% to 4.2% in starter motors.

SONACOMS - Weekly Chart:

SONACOMS [N4684] 710.80, 4.02%

Price Avg(E,3) Avg(E,9) Avg(E,100) Avg(E,200)



On March 27, 2023, SONACOMS has shown a strong recovery after bouncing back from its key demand zone of 400-420, forming a double bottom chart pattern on the weekly chart, a classic signal for a bearish-to-bullish trend reversal. Since then, the stock has maintained a steady uptrend, consistently trading with in upward sloping channel (forming higher highs and higher lows) on the weekly price chart.

In July 2024, SONACOMS experienced a positive breakout from a symmetrical triangle pattern, with its long-standing downward-sloping trendline acting as a strong resistance. Also, the stock rebounded with a V-shaped recovery on the daily as well as weekly chart retracing precisely from its Golden Fibonacci level of 0.618 along with the 50-day EMA being present as a strong support around the 640-660 range which stands as a strong confluence for medium to long term investors.

Recommendation

CMP (₹) as on 04th September 2024	710.80
Buy on Dips till (₹)	640 - 662
Target 1 & 2 (₹)	885 & 963
Stoploss (₹)	618
Time Frame	8- 12 Months

Nifty/Sensex	25,279.85 / 82,555.44
BSE Code	543300
NSE Symbol	SONACOMS
Bloomberg Code	SONACOMS:IN
Industry :	Auto Components & Equipments
Market Cap(₹ Cr)	41,651.28
Face Value(₹)	10
52 week High/Low	764.50 / 488.10



Long Term Auto Pick

(a technical perspective)

04th September 2024



Rating: Buy SONACOMS @ 700 - 722 (Add on dips till 640-662)

Upside Potential: 24.47%

The technical oscillator, Stochastic also continue to remain in the positive zone indicating that the buying pressure can be witnessed at the lower levels. Momentum indicators such as OBV and RSI on the daily chart confirm the stock's potential continuation of the uptrend. The trend indicator ADX indicates the current trend is expected to witness further upside which could take the key resistance levels of 764/795.

Furthermore, the stock is trading above both its 100-day EMA and 200-day EMA, considered a positive confluence for medium to long-term investors. Resistance for the stock is expected at 763/794 levels, and a breakout above 795 could potentially propel the stock to establish a new all-time high and reach the projected target levels of 885/909/963 in the medium to long term. On the flip side, support levels for the stock are identified at 660/643. Based on these observations, we are continuing to be positive on SONACOMS and would recommend investors consider purchasing SONACOMS and accumulating buy on dips for medium to long-term gains.

Technical Indicators/Overlays

Bollinger Bands	858.05 / 572.05
3 days & 9 Days EMA	691 & 880
Annualised Volatility	40.5
ADX	23.16
MACD	49.32
RSI	64.59
Average True Range(ATR)	86.73
AD Line	11.05 Cr

Share Holding Pattern

Particulars	30-June-24 (%)
Promoters & Promoter Group	29.71
FPIs	32.03
MFs/Insti	29.51
Public	8.75
Others	0



Long Term Auto Pick

(a technical perspective)

04th September 2024

Research Desk

S. Devarajan	Head - Technical & Derivatives Research	devarajan.s@way2wealth.com
Jebaris Nadar	Research Associate	jebarisn@way2wealth.com

Disclaimer

Analyst Certification: I, Devarajan Sadasivam, research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavourable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Way2Wealth Brokers Pvt. Ltd. (CIN U67120KA2000PTC027628) SEBI Rgn. No. : INH200008705.

Registered Office:Rukmini Towers, 3rd& 4thFloor, # 3/1, Platform Road, Sheshadripuram, Bangalore - 560 020,

Website: www.way2wealth.com Email: research@way2wealth.com

Way2wealthResearch is also available on Bloomberg WTWL<GO>