



Action:
BUY

CMP: ₹828

TGT:
₹890

Stop Loss:
₹787

Time frame: 4
WEEKS

Sona BLW Precision Forgings Limited is an India-based automotive technology company providing systems and components for electrified and non-electrified powertrain segments. The Company designs, manufactures, and supplies systems and components for mobility original equipment manufacturers (OEMs). The Company is a supplier of driveline and traction motor solutions to the global electric vehicle (EV) market. It develops and delivers mechanical, electrical, electronic systems and components, as well as automotive software and semiconductor chip design services for various forms of mobility. Its railway equipment business is engaged in supplying railway components. Its railway equipment product portfolio includes brakes, couplers, suspension systems, and rubber components. It is a global supplier with manufacturing and assembly facilities, research and development (R&D) centers, and engineering capability centers across India, the United States, Serbia, Mexico, and China.

Key Data

Nifty	23232.25
Sector	Auto Components
52 Week H/L(Rs)	843.90/402.55
Market Cap (Rs Cr)	51824.50
Face Value (Rs)	10.00
Daily Oscillator Direction	
20 DEMA	+ve
50 DEMA	+ve
100 DEMA	+ve
200 DEMA	+ve

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TECHNICAL RATIONALE

- Trendline: Broke above the downward sloping trendline near ₹803, signalling a potential trend reversal.
- Retest: Successfully retested the breakout zone around ₹800, confirming previous resistance has turned into support.
- RSI: RSI at 60 indicates improving bullish momentum with room for further upside.
- Moving Averages: Trading above 20/50/100/200 DEMA, reflecting a strong bullish trend across timeframes.
- Volume: Trading volume is above the 10-day average, supporting the validity of the breakout.
- We recommend to buy at current market price ₹828 with short-term target of ₹890 and keep a stop-loss at 785.

TECHNICAL GLOSSARY:

- **Symmetrical Triangle Breakout:** A chart pattern where the price consolidates within converging trendlines, forming lower highs and higher lows. A breakout above the upper trendline signals bullish momentum, while a breakdown below the lower trendline indicates bearish movement. Volume expansion during the breakout strengthens confirmation.
- **Channel/trendline Breakout:** A technical event where the price moves above the resistance or below the support line of a price channel/trendline, signaling a potential trend continuation or reversal.
- **Retest:** The price action where the stock revisits a previously broken resistance (now acting as support) to confirm the breakout's validity.
- **MACD (Moving Average Convergence Divergence):** A trend-following momentum indicator that shows the relationship between two moving averages of the stock price. Used to identify bullish or bearish signals.
- **Positive Crossover (MACD):** Occurs when the MACD line crosses above the signal line, often interpreted as a buy signal or bullish momentum.
- **RSI (Relative Strength Index):** A momentum oscillator that measures the magnitude of recent price changes to evaluate whether a stock is overbought (above 70) or oversold (below 30).
- **DEMA (Daily Exponential Moving Average):** A type of moving average that places a higher weight on recent prices, making it more responsive to recent price changes compared to a simple moving average (SMA). It is widely used in technical analysis to identify trends, support/resistance levels, and momentum.
- **A higher high occurs** when the price reaches a new peak above the previous high, indicating strong buying pressure and an ongoing uptrend in the market.
- **A higher low forms** when the price pulls back but remains above the previous low, signaling sustained buying interest and confirming the continuation of an uptrend.
- **The signal line in technical analysis** is a smoothed moving average of an indicator, such as the MACD, used to generate buy or sell signals by identifying crossovers, confirming trends, and enhancing decision-making for traders and investors.



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