

Weekly Equity Spotlight

31st October 2024

SSL Research Centre

Weekly Equity Spotlight

A. Weekly Equity Picks - A short-term POSITIONAL bet for Investor-Trader / Trader-Investor

B. Strategy Objective:

- ✓ Take advantage of the technical selling in the market and identify scrip which are mispriced; capitalize on the directional as well as the consolidating market; Capture the sectoral rotation in the market.
- ✓ While selecting the stocks, emphasis is given on fundamentals, and prospective event flow in the market. This is supported and endorsed by technical indicators and derivative data.
- ✓ While the stock fundamentals are sound, stop loss is recommended for the leveraged traders based on the individual's risk appetite at the support level indicated in the technical view. The trade should be closed once the target is achieved or eight weeks, whichever happens earlier.
- ✓ The product carries weekly equity market outlook and two-to-three trading/investment ideas with a time horizon ranging from one to eight weeks targeting a potential return of 4-5% for the large caps and 6-8% for the mid-cap/small-cap during the given timeframe.

C. Frequency: After weekly closing.

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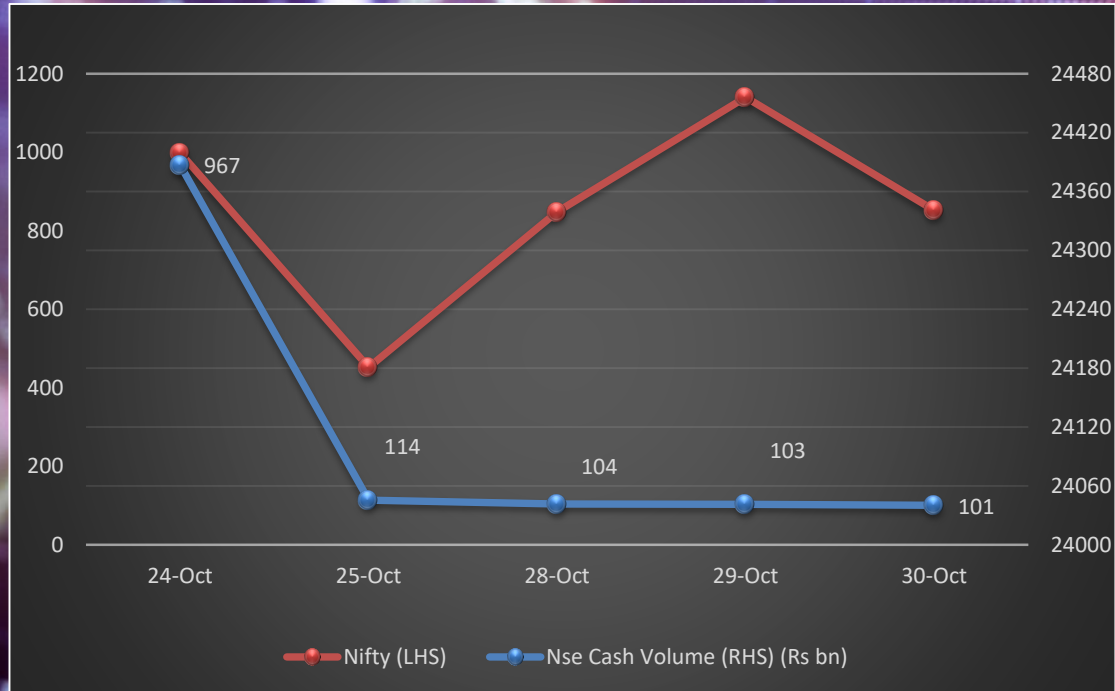
NIFTY Outlook (24,205.35) - Weekly Chart



The Nifty 50 ended October with a sharp decline of 6.22%, closing at 24,205, marking its steepest monthly drop since March 2020, when it fell 23.25% amid the pandemic. The index has now corrected 8% from its peak of 26,277 in late September. We attribute India's underperformance to high valuations, persistent FII outflows, and concerns over slowing earnings growth. In the near term, this trend is likely to persist, with only mild pullbacks anticipated rather than a decisive reversal. On monthly expiry day, markets faced pressure, with the Nifty slipping nearly half a percent amid volatility. The index hit resistance at the 50 EMA on the hourly chart, causing a pullback toward the 24,200 level. Sentiment remains weak as long as the Nifty trades below 24,500, with potential selling pressure on any rises toward this level. Key support is at 24,000, with resistance levels at 24,530 and 24,780.

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NSE Turnover - Equities



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REDINGTON: BUY (Target 225)

CMP @194.66



With a market cap of ₹15,143.75 crore, stands as the second-largest player in India's IT hardware sector after Tejas Networks, representing a substantial 27.12% of the sector. Its annual revenue reached ₹92,116.27 crore, accounting for 92.91% of the industry, and saw a 12.69% growth, outperforming the sector's average revenue decline of -6.09%. In the recent quarter, revenue grew 12.04% year-over-year to ₹24,952.22 crore, well above the sector's average of 1.8% YoY growth. The company's Interest Coverage Ratio is a strong 5.56, indicating that it can comfortably cover its interest obligations. With a Return on Equity of 16.14% and no promoter pledges, Redington shows a solid financial foundation and efficient capital management within the competitive IT hardware industry. Technically from the last 2 days the stock has shown great performance with increased volumes as it moves in the higher direction breaking the short term resistance of 190. We expect the script to continue the rise in the short term reaching the level of 225 in the upcoming 2 - 3 weeks, a Stop loss of 173 can be maintained. Considering the significant upside, traders and investors are advised to buy REDINGTON for the return of 7-15%.

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