



Diwali Stock Picks 2021



29th October 2021
SSL Research Center

Last Year's Diwali Stock Picks Performance – 06th Nov 2020

Sr No	Symbol	Sector	Market Cap	Recommended Price - 06th Nov 2020	Target	Return (%)	Target Achieved Date
1	COLPAL	Personal Care	Large Cap	1507.2	1740	15.50	31/May/21
2	SHREECEM	Cement	Large Cap	22053.05	25800	17.00	08/Jan/21
3	ICICIBANK	Banks	Large Cap	442.8	520	17.40	28/Dec/20
4	TCS	Computers - Software	Large Cap	2707.45	3050	12.70	04/Jan/21
5	SUNPHARMA	Pharmaceuticals	Large Cap	509.15	610	19.80	06/Jan/21
6	COFORGE	Computers - Software	Mid Cap	2218.05	2814	26.90	04/Jan/21
7	MARICO	Personal Care	Mid Cap	380.5	470	23.50	06/May/21
8	ESCORTS	Tractors	Mid Cap	1285.45	1540	19.80	22/Sep/21
9	LAURUSLABS	Pharmaceuticals	Small Cap	276.8	355	28.25	21/Dec/20
10	SUPRAJIT	Auto Ancillaries	Small Cap	186.95	249	33.00	09/Feb/21

	06th Nov 2020	29th Oct 2021	Return (%)
NIFTY	12263.55	17671.65	44.10

Diwali Stock Picks - 2021

NIFTY : 17671.65

Sr No	Symbol	Sector	Market Cap	CMP (₹) as on 29th Oct 2021	Target (₹)	Return Potential (%)
1	TATASTEEL	Steel	Large Cap	1315.95	1630	23.86%
2	KOTAKBANK	Private Sector Bank	Large Cap	2031.15	2495	22.84%
3	LT	Engineering-Designing-Construction	Large Cap	1766.65	2150	21.70%
4	TVSMOTOR	Motorcycles/Scooters	LargeMid Cap	662.55	794	19.84%
5	OFSS	IT Enabled Services - Software	LargeMid Cap	4424.50	5250	18.66%
6	METROPOLIS	Healthcare Services Providers	Mid Cap	2962.20	3650	23.22%
7	TORNTPOWER	Power	Mid Cap	499.95	640	28.01%
8	WELSPUNIND	Fabrics and Garments	Small Cap	137.70	178	29.27%
9	DWARKESH	Sugar	Small Cap	70.60	95	34.56%
10	ORIENTCEM	Cements	Small Cap	162.80	218	33.91%

1. Tata steel Limited

CMP: ₹1315.95

Buy Target: ₹ 1630

Upside: 23.86%

Fundamental Observations

Tata Steel is a leading steel manufacturing company with operations spreading over 26 countries with a key presence in India, Netherlands and United Kingdom. Tata steel primarily engaged with customers in the automotive, construction, engineering, energy and power sectors. Revenue for Q1FY22 rose to approximately 109 percent to Rs. 53,372 Cr on YoY basis. The Domestic operations were backed by improved prices. The company reported slightly lower production at 7.88mn tons as compared to the previous quarter, the impact was due to seasonality and the second wave of COVID. Recently the company has installed a 30-megawatt generator at a British plant that will cut costs and its carbon footprint. Considering the present scenario in domestic as well as in international market, we expect robust domestic demand recovery in near future.

Technical View



After testing an all time high of 1534.50, TATASTEEL witnessed decent profit booking and entered in consolidation zone with normal volumes at its demand zone on weekly chart and suggesting next leg of rally can be expected in medium to long term scenario . TATASTEEL has been trading in long term rising upward sloping channel since March 2020. It indicated that the TATASTEEL will continue its northward journey and is expected to move towards 1534/1630 levels in short to medium term scenario. The support for the stock is placed at 1136/1050 levels. Keeping in mind, the above mentioned technical evidences, we suggest investors to buy TATASTEEL for medium term to long term gains.

2. Kotak Mahindra Bank Limited

CMP: ₹ 2031.15

Buy Target: ₹ 2495

Upside: 22.84%

Fundamental Observations

Kotak Mahindra Bank is providing diversified financial services to a wide range of banking and financial services including Retail Banking, Treasury and Corporate Banking, Investment Banking, Advisory Services, Asset Management, Life Insurance and General Insurance. The bank has reported a quarterly net profit of Rs 2,988.74 Cr in the quarter ended September, which rose 1.43 percent from Rs 2,946.62 Cr in the same quarter the previous year. Net interest income of the bank stood at Rs 5,345.41 Cr in the Q2FY22 rose around 6 percent from Rs 5051.85 Cr reported in Q2FY21. The private lender is planning to buy 10 percent stake in K Fintech and buy Volkswagen book as a strategic move to drive business growth and customer acquisition. Apart from this bank has made a bidding offer to buy Citi Bank's consumer business in India which is valued at around \$2 billion. We are positive on fundamentals expecting healthy business growth ahead in coming quarters.

Technical View



On the weekly chart, the KOTAKBANK has given a fresh breakout from the 'rounding bottom reversal pattern which is a bullish pattern and this indicates there are more buying than selling in the stock. If the stock trades/breaks once again above 2253(all time high) levels on weekly closing basis we expect highly optimistic medium to long term target of 2495/2550 levels on the upside. The gain in the stock price from a low of 1626 in July 2021 has been on back of increasing steady volumes, indicating buyers are accumulating the stock at lower levels for medium term to long term gains. We advise to buy KOTAKBANK for medium term to long term gains.

3. Larsen & Toubro Limited

CMP: ₹ 1766.65

Buy

Target: ₹ 2150

Upside: 21.70%

Fundamental Observations

Larsen & Toubro is an Indian multinational company engaged in core, high-impact sectors of the economy. The company's revenue and net profit jumped sequentially in the quarter ended September. The company has reported a 56 percent year-on-year growth in consolidated adjusted profit at Rs 1,723 Cr in the September 2021 quarter, driven by improved margins. The adjusted profit excluded exceptional items and discontinued operations. In the year-ago period, the profit was boosted by a one-time gain on divestment of electrical and automation business to Schneider Electric, France. The reported profit for the quarter at Rs 1,819.45 Cr, declined by 67 percent compared to Rs 5,520.27 Cr in the year-ago period. The company has registered 12 percent YoY growth in consolidated revenue. The company received orders worth Rs 42,140 Cr during the quarter, registering a robust growth of 50 percent over the corresponding period in the previous year. The construction arm of the company has secured a large order from Central Public Works Department to construct common central secretariat integrated buildings in New Delhi. With the strong order-book company will continue to lead in the sector.

Technical View



LT has given a fresh breakout from the head and shoulder pattern in the month July 2021 with good volumes on monthly chart signaling bullish sign for medium to long term investors. . It has been trading in the upward rising channel on the weekly chart since February 2010. The trend indicator ADX indicates the current trend is expected to witness further upside which could take the next technical level of 1950/2000. Overall technically the stock is likely to remain uptrend and it can move towards 2000/2150 levels. The support for the stock is seen at 1684/1597 levels. Therefore, Investors can buy and accumulate the LT at lower levels for medium term to long term gains.

4. TVS Motor Company Limited

CMP: ₹ 662.55

Buy Target: ₹ 794

Upside: 19.84%

Fundamental Observations

TVS Motor Company Ltd is the third largest two-wheeler manufacturer in India with annual sales of more than 3 million units and the annual capacity of 4.95 million vehicles. The company has reported 34 percent year-on-year growth in consolidated net profit to Rs 242 Cr for the quarter ended September 30. The company has reported 23 percent YoY growth in revenue from operations at Rs 6,491.18 Cr for the reported quarter. The company reported strong growth of approximately 31 percent in its operating profit to Rs 562 Cr, which is also the highest ever quarterly operating profit reported by the company. During the quarter, the company gave more focus on working capital management and improved operating performance which helped the company to generate operating free cash flow of Rs. 1,090 Cr. Earlier, the management had announced Rs 10 billion investment towards the development of EV product portfolio and incrementally a new subsidiary will be created for EV-focused products and technologies. With the strategic planning for the EV segment company will be leading in the two-wheeler market segment.

Technical View



After testing a low of 495, the stock has been moving upwards with steady volumes for breaking the key resistance zone 662-666 levels. Breakout of key resistance level of 662-666 levels would invite fresh bullish breakout on the upside and then it can move towards 724/794 levels in short to medium term scenario. The stock has been trading above its long term EMAs (100 & 200 days on Monthly chart) since August 2020 suggesting that long term positive outlook. Monthly momentum turned from negative to positive recently from elevated levels (Support zone of 495-520) which is a strong signal that the cross will see further strength in the short to medium term. we recommend investors to buy TVSMOTOR for upside potential of 20.30%.

5. Oracle Financial Services Software Limited

CMP: ₹ 4424.50

Buy

Target: ₹ 5250

Upside: 18.66%

Fundamental Observations

Oracle Financial Services Software Ltd engaged in providing financial software, custom application development, consulting, IT infrastructure management, and outsourced business processing services to the financial services industry. Oracle Financial Services Software Limited is a subsidiary of Oracle Global (Mauritius) Limited. The company's dedicated in-house R&D centers have produced products that are used by banks in more than 140 countries around the world. The company has reported a 14.15 percent jump in net profit of Rs 447.55 Cr in the quarter ended September 2021 as compared to Rs 392.07 Cr in the previous quarter ended September 2020. Sales rose 6.98 percent to Rs 1280.97 Cr in the quarter ended September 2021 as against Rs 1197.39 Cr during the previous quarter ended September 2020. Based on overall financial performance we recommend OFSS to Buy for medium to long term.

Technical View



OFSS has signaled a breakout from “ V shape recovery” on the monthly chart and closed above the resistance line of 4375. Additionally, this was supported with good volumes indicating that lower level buying was seen in OFSS, which augurs well for the near run. The Weekly chart structure on OFSS is looking positive as the stock has been trading with in upward sloping channel since February 2021 and it can move towards 5145/5350 levels. However, on the downside, selling pressure can be expected only if the stock breaks below 4015/3938 on weekly closing basis. Keeping in mind the above-mentioned observations, we suggest investors to buy/accumulate OFSS for medium term to long term gains.

6. Metropolis Healthcare Limited

CMP: ₹ 2962.20

Buy Target: ₹ 3650

Upside: 23.22%

Fundamental Observations

Metropolis Healthcare Limited is one of the leading diagnostics companies in India. The Company owns a chain of diagnostic centers across India, South Asia, Africa and the Middle East. For the quarter ended June 2021 company has reported a net profit of Rs. 74.89 Cr, up by 2481.97 percent from Rs. 2.90 Cr in June 2020. The company's net sales for the quarter stood at Rs 326.76 Cr increase of 128.3 percent from Rs. 143.13 Cr in June 2020. While EBITDA increased to Rs. 106.14 Cr in the quarter ended June 2021 up as compared to Rs. 15.26 Cr. The company is planning to add 90 labs and 1800 service points over the next three years. Recently the company has completed the acquisition of Hitech Diagnostic Centre along with its subsidiary Centralab Healthcare Services Private Limited. This acquisition will enable the company to gain market share by strengthening its leadership position in the South India market and increasing the B2C share of the business. Thus, we expect the company will continue to grow further in the coming years.

Technical View



The stock has been trading in rising upward sloping channel on the weekly chart since March 2020. The stock has been trading above its long term 100/200 days exponential moving averages with steady volumes and a break above 3035/3095 levels will signify a continuing strength amongst the bulls. Technically, the chart structure on METROPOLIS is looking strong and a move above 3095 could lead to a fresh directional move in the same direction and it could test 3240 and 3280 levels. If the stock sustains above 3280 with good volumes, it would test the next level of 3350/3450 in long term scenario. The support levels for METROPOLIS can be seen at 2680 and 2610. Based on above-mentioned observations, Investors are advised to buy/accumulate METROPOLIS for medium term to long term gains.

7. Torrent Power Limited

CMP: ₹ 499.95

Buy

Target: ₹ 640

Upside: 28.01%

Fundamental Observations

Torrent Power is engaged in the business of generation, transmission and distribution of Electricity and of manufacture and sale of Cables. Significant demand for electricity from commercial as well as industrial customers has contributed to boosting the profits of the company by 82 percent in Q2FY22. The company has reported a profit after tax of Rs 368.84 Crs for the quarter ended September 30, 2021, as compared to Rs 202.17 Cr in the corresponding period last year. The company's revenue from operations rose to Rs 3,648 Cr, up by 17 percent from Rs 3,129 Cr in a year-ago period. The company has a total generation capacity of 4,900MW with the renewable capacity of 1,808MW (including under development). The company has huge growth potential in the renewable generation segment with the opportunity of a flexible generation to sell pooled renewable gas at a competitive cost for the long term. Apart from this company has a strong distribution platform for taking advantage of upcoming franchisee and privatization along with an excellent operational track record.

Technical View



TORNTPOWER has been rallying smartly from a day's low of 66.60 in fourth week of August 2013 and recently tested an all time of 544.90 as the stock witnessing lower level as well as fresh buying at every declines. The stock has given a clear breakout on the upside from the long term resistance level of 375 on weekly chart with good volumes. The stock has been trading above its long term 200 day WEMA of 153 since June 2017 with good volumes on the weekly chart and this means long term trend on TORNTPOWER is likely to remain positive. The chart structure looks bullish and any move above 545 levels could bring more buying back into action and could see the stock testing at 580 and 640 levels. On the downside, the long term support level for TORNTPOWER is seen at 437/375 levels. We recommend to buy TORNTPOWER for long term gains.

8. Welspun India Limited

CMP: ₹ 137.70

Buy

Target: ₹ 178

Upside: 29.27%

Fundamental Observations

Welspun India Limited is one of the largest home textile manufacturers in the world. The Company offers a wide spectrum of Home & Technical textile products and Flooring solutions. The company has reported the highest ever quarterly revenue performance reported by Home textiles and Flooring individually with an 11 percent increase in net profit to Rs 199.06 Cr for the quarter ended September 30 as compared to Rs 180 Cr during the same quarter last year. The company's sales rose 26 percent to Rs 2487.63 Cr in the reported quarter as compared to Rs 1,974 Cr during the same quarter the previous year. The company is installing an additional TT capacity of 16,600 MT per annum at its Anjar plant which will be operational by Q4FY22. Benefit from undergoing capacity expansion will start from this quarter onwards with revenue potential of around Rs 12,000 million from the second year onwards. With the continuous focus on innovation, branding, and sustainability, we believe the company has good prospects in the coming years.

Technical View



On the weekly chart, the stock has been moving in a bullish Price channel since January 2021. It is a continuation pattern that slopes up or down and is bound by main trend line and channel line. A break below channel line support (126-120) would be bearish and indicate an acceleration of the decline. The main trend line indicates the stock can expect to move up further and it can test at 170 and breakout of 170 would take the stock at 210/240 levels in long term scenario. Also the stock has given a bullish breakout from the key resistance level of 120 on monthly chart suggesting positive bias and uptrend may continue as long as the stock is holding above 120 levels. We suggest Investors to buy and accumulate WELSPUNIND for potential return of 28%.

9. Dwarikesh Sugar Industries Limited

CMP: ₹ 70.60

Buy Target: ₹ 95

Upside: 34.56%

Fundamental Observations

Dwarikesh Sugar Industries Ltd is primarily engaged in the manufacturing of sugar and allied products with a strong presence in fields such as sugar manufacturing, power and ethanol/ industrial alcohol production. Recently the company has reported a more than 100 percent jump in net profit at Rs 39.63 Cr for the quarter ended September 30, 2021. The company had reported a net profit of Rs 17.74 Cr in the corresponding quarter last year. The total income of the company rose 20.91 percent during the quarter under review at Rs 506.17 Cr compared to Rs 418.62 Cr in the year-ago period. The company has a sugar crushing capacity of 21,500 TCD, a distillery capacity of 163 KLD & a co-generation capacity of 91 MW. The company is undertaking a distillery capacity addition of 170 KLD with an investment of Rs 230 Cr. The distillery will be commissioned by July 2022. The company has focused on cost control through plant efficiencies and logistics management and for operating efficiently company is continuously making improvements in operating parameters along with research and development. The structural efforts will continue to boost the company's earnings.

Technical View



The stock moved up sharply on heavy volumes from the March 2020 low of 13.35 and it now faces a resistance at 80 and 84 levels and should have a minimum upside till that level. If DWARKESH eventually approves the bullish breakout from rounding bottom reversal pattern on the weekly chart as well as monthly chart then new buying comes in and this suggesting the stock is projected the medium term target of 106-110 levels. If the stocks sustains above 110 , it can extend the rally towards levels of 125. However, 62/59 is the medium to long term key support level for DWARKESH. Therefore, Investors can buy and accumulate the DWARKESH at lower levels for medium term to long term gains.

10. Orient Cement Limited

CMP: ₹ 162.80

Buy Target: ₹ 218

Upside: 33.91%

Fundamental Observations

Orient Cement Ltd is engaged in the manufacture and sale of Cement. The company's manufacturing facilities are located in Telangana, Karnataka and Maharashtra. The company produces two types of cement i.e. Pozzolana Portland Cement (PPC) & Ordinary Portland Cement. The company has reported a 28 percent jump in revenue from operations at Rs 616.11 Cr in Q2FY22 from Rs 480.18 Cr reported in the same quarter previous year. Orient Cement has registered 63 percent growth in net profit at Rs 56.88 Cr in the reported quarter. The company has a total manufacturing capacity of 8.5 MNTPA and the proposed expansion plan of 2 mntpa (Clinker) and 1 mntpa (Grinding) at the Devapur facility is expected to be operational by the end of FY24 at a capital outlay of Rs 1,600 Cr. The cement demand is expected to grow at approx 10 percent year on year in the ongoing financial year driven by a revival in spending on infrastructure and housing segment.

Technical View



The stock has been consolidating between 145 and 170 levels over the past two months. Technically, the monthly candlestick chart structure looks very positive as the stock has been trading above its long term 200 day WEMA since December 2020. The rising demand line on ORIENTCEM is suggesting that if the stock breaks the upper trading range of 170-173.50, and then it can move towards next key technical top level of 184. Breakout of 184 levels would take the stock at 218/232 levels. The support for the stock is seen at 145 and 135-128 levels. This uptrend could get damaged if the stock closes below 128 levels. We advise, Investors are advised to buy and accumulate ORIENTCEM at current levels for long term gains.

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