

# WEALTH WEEKLY

## Weekly Alerts You Can Use!

### Weekly View: Nifty, Bank Nifty:

| Indices    | CMP   | Support | Resistance | 50 DMA | 200 DMA     | Range       | Preferred Trade   |
|------------|-------|---------|------------|--------|-------------|-------------|---|
| NIFTY      | 17807 | 17501   | 18211      | 18180  | 17185-18101 | 17621-      | Sell at CMP. Targets at 17501/17251/16931. Stop at 18351. |
| BANK NIFTY | 41668 | 40351   | 42935      | 42081  | 37892       | 40401-42751 | Sell at CMP. Targets at 40771/40351/39675. Stop at 43101. |

### Medium Term Pick:

| Stocks | CMP  | Support | Resistance | 50 DMA | 200 DMA | Bias     | Preferred Trade   |
|--------|------|---------|------------|--------|---------|----------|---|
| SRF    | 2219 | 2151    | 2377       | 2405   | 2424    | Negative | Incorporated in 1970, <b>SRF</b> is engaged primarily in the manufacturing of industrial and speciality chemical intermediates. The company has diversified into packaging films, technical textiles and coated and laminated fabrics. SRF gets 43% of its revenue from the chemical business. Packaging film business which contributes around 40% of the total revenue. Technically, the stock price pattern appears ugly at current levels. <b>Establishing short positions at CMP should be the preferred trading strategy, targeting 2151/2131 and then aggressive targets seen at 2002 zone. Stop above 2377. Holding Period: 1-2 Months.</b> |

|                          |           |
|--------------------------|-----------|
| CMP                      | 2219      |
| Target Price             | 2151      |
| 52 Week H/L              | 2865/2002 |
| P/E                      | 29.90     |
| EPS                      | 74.22     |
| P/BV                     | 7.68      |
| Book Value               | 288.92    |
| Market Cap (in ₹ crores) | 65,787    |

Daily Chart of SRF :



#### SRF (CMP 2219): Weakening Momentum/Massive breakdown.

Incorporated in 1970, SRF is engaged primarily in the manufacturing of industrial and speciality chemical intermediates. The company has diversified into packaging films, technical textiles and coated and laminated fabrics. SRF gets 43% of its revenue from the chemical business. Packaging film business which contributes around 40% of the total revenue.

SRF reported a stellar quarter as it reported a 25.9 percent year-on-year rise in consolidated net profit at Rs 481 crore for the quarter ended September 30, 2022 on the back of the company's strong chemical business performance. EBITDA margins however contracted to 21.6% as against street expectations of 25%, primarily led by higher input cost

FY23 capex guidance too has been raised to INR3,000–3,300cr supported by new capex of INR1,200–1,500cr in the chemicals segment. Management too sees this as a good outsourcing opportunity contract renegotiations quite likely in the near term.

#### That said, technically, the stock price pattern appears ugly at current levels.

Bearish technical conditions witnessed amidst last week's sell-off in the stock price that could trigger some more corrective declines and also on backdrop ugly looking charts, there is limited room for upside. The 200-DMA of the stock is around 2425 levels.

Firstly, overbought technical conditions prevail on the monthly charts on backdrop of a probable dark cloud cover pattern on the monthly charts. The momentum oscillators are seen shifting in sell mode signaling further sharp corrective down move. The stock price has already signaled a break down from a "lower consolidation zone" on the daily — confirmation of the same below 2211 mark. Immediate downside risk below a 2400 close is at psychological 2000 zone.

**Simply sell at CMP, targeting 2151 mark and then aggressive targets at psychological 2000 mark. Stop above 2377. Holding Period: 1-2 Months.**

### Mehta Equities

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