

WEEKLY COMPASS

Weekly Alerts You Can Use!

CORPORATE ACTIONS

Stocks	Ex-Date	Purpose	Amount (Rs)	Record Date
PANCHSHEEL ORGANICS LTD.	06 Dec 2021	Bonus issue 1:1	-	07 Dec 2021
CHARTERED LOGISTICS LTD.	07 Dec 2021	E.G.M.	-	-
Grandeur Products Ltd	08 Dec 2021	Amalgamation	-	09 Dec 2021
BNK CAPITAL MARKETS LTD.	09 Dec 2021	Dividend	2.50	-
DUGAR HOUSING DEVELOPMENTS LTD.	09 Dec 2021	E.G.M.	-	-
Oriental Aromatics Ltd	09 Dec 2021	Interim Dividend	1.50	10 Dec 2021
RIDHI SYNTHETICS LTD.	09 Dec 2021	Right Issue of Equity Shares	-	10 Dec 2021
SHIVAM AUTOTECH LTD.	09 Dec 2021	Right Issue of Equity Shares	-	10 Dec 2021
T T LTD.	09 Dec 2021	Interim Dividend	1.00	10 Dec 2021
WEIZMANN LTD.	09 Dec 2021	Buy Back of Shares	-	10 Dec 2021
Seacoast Shipping Services Ltd	10 Dec 2021	E.G.M.	-	-

OFFER TO BUY

Company name	Start Date	Close Date	Offer Price (Rs.)	Proposed Acquisition (No. of shares)	CMP (Rs.)
CHOKSI IMAGING LTD	30-Nov-21	13-Dec-21	41.00	10,14,000	42.50
GOLDIAM INTERNATIONAL LTD.	26-Nov-21	09-Dec-21	1200.00	3,80,000	851.95
EAST INDIA SECURITIES LTD.	30-Nov-21	06-Dec-21	1306.00	10,08,000	1250.00

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	17197	16782	17564	17814	16134	16801-17451	Sell at CMP. Targets at 16851/16376. Stop at 17501.
BANK NIFTY	36497	34651	38001	38361	35714	34651-37251	Sell at CMP. Targets at 35451/4651. Stop at 38301.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
DR REDDY'S LAB	4596	4445	4935	4778	4902	Negative	DR REDDYS LAB has been a major underperformer from the Pharma space. A probable double top pattern on the weekly charts followed by bearish candles on the monthly charts plus a bearish engulfing pattern on the daily charts and most importantly, the momentum oscillators signaling major weakness. Establishing short positions at CMP should be the preferred trading strategy, targeting 4526/4445 and then aggressive targets seen at 4135-4150 zone. Stop above 4935. Holding Period: 1-2 Months.

Incorporated in the year 1984, **Dr. Reddy's Laboratories Ltd (DRL)** is an Indian pharmaceutical manufacturer with portfolio including pharmaceutical generics, 60+ APIs, custom pharmaceutical services, biosimilar, diagnostic kits and differentiated formulations. DRL has 13 formulation facilities, nine API manufacturing facilities, one biologics facility and several R&D centres across the globe.

- # Dr Reddy's (DRL) revenue consists of US (37%), India (18%), Russia and CIS (12%), Europe (8%), RoW (6%) and API (16.8%).
- # Revenues from Emerging Markets at Rs. 1,300cr (+50% YoY and +42% QoQ) particularly from Russia, Romania, CIS countries.
- # DRL delivered a miss on earnings for the quarter ending Sept 2021, Sales of Pharmaceutical Services segment has gone down 1.62% to Rs 1,018.70 crore
- # Pricing pressure witnessed on some key products – Atrovastatin, Metoprolol, Liposomal Doxorubicin, Buprenorphine and Naloxone
- # DRL's COVID-19 products launched until now, including Sputnik V vaccine, Remdesivir, Avigan (Favipiravir), 2-deoxy-D-glucose (2-DG) in India as well as overseas. Currently, the company is conducting clinical trials for Sputnik Light, Molnupiravir and is also developing several other COVID drugs for treatment ranging from mild to severe conditions.

Daily Chart of Dr. REDDY'S LAB:



The street will also spy with one big eye on the uncertainty evolving around Indian economy amidst general concerns about a new strain of COVID-19 – B.1.1.529, which is assigned the Greek letter "Omicron" by the World Health Organization (WHO) – possesses several deadly mutations and was identified recently in Africa, with cases detected in Hong Kong and Europe as well. Risk likely to prevail amidst slower than anticipated production of the second dose of Sputnik V, heavy cold storage requirements, pending WHO approval, and low demand at private hospitals have put brakes on the complete rollout of the Russian vaccine in India.

More than six months have passed but Sputnik has not been yet commercially available across India. Out of India's total 116 crore vaccinations, only 11.13 lakh doses were that of Sputnik V.

Technically, Dr. Reddy's Laboratories Ltd (DRL) stock price pattern appears ugly at current levels.

Technically speaking, the biggest negative catalyst is prevailing overbought technical conditions as the recent down trend in the stock price 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 4903 levels.

Firstly, overbought technical conditions prevail on the daily 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 4445 mark. Aggressive downside risk below a 4450 close is at 4135-4150 zone.

Establishing short positions at CMP should be the preferred trading strategy, targeting 4526/4445 and then aggressive targets seen at 4135-4150 zone. Stop above 4935. Holding Period: 1-2 Months.

Mehta Group

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