

WEEKLY COMPASS

Weekly Alerts You Can Use!

CORPORATE ACTIONS

Stocks	Ex-Date	Purpose	Amount (Rs)	Record Date
NIHAR INFO GLOBAL LTD.	13 Dec 2021	E.G.M.	-	13 Dec 2021
HINDUSTAN ZINC LTD.	14 Dec 2021	Interim Dividend	18.00	14 Dec 2021
NMDC LTD.	14 Dec 2021	Interim Dividend	9.01	14 Dec 2021
TTK PRESTIGE LTD.	14 Dec 2021	Stock Split From Rs.10/- to Rs.1/-	-	14 Dec 2021
RAJESH EXPORTS LTD.	15 Dec 2021	Dividend	1.00	15 Dec 2021
B.N.RATHI SECURITIES LTD.	16 Dec 2021	Right Issue of Equity Shares	-	16 Dec 2021
CHEVIOT CO.LTD.	16 Dec 2021	Buy Back of Shares	-	16 Dec 2021
Earum Pharmaceuticals Ltd	16 Dec 2021	Stock Split From Rs.10/- to Rs.2/-	-	16 Dec 2021
KEWAL KIRAN CLOTHING LTD.	16 Dec 2021	Bonus issue 4:1	-	16 Dec 2021
MPS LTD.	16 Dec 2021	Buy Back of Shares	-	16 Dec 2021
Shankar Lal Rampal Dye-Chem Ltd	16 Dec 2021	Bonus issue 1:1	-	16 Dec 2021
Vedanta Limited	16 Dec 2021	Interim Dividend	-	16 Dec 2021

OFFER TO BUY

Company name	Start Date	Close Date	Offer Price (Rs.)	Proposed Acquisition (No. of shares)	CMP (Rs.)
DATASOFT APPLICATION SOFTWARE (INDIA) LTD	09-Dec-21	22-Dec-21	3.25	2,94,280	-
AKSHARCHEM (INDIA) LTD	08-Dec-21	21-Dec-21	590.00	1,69,491	444.75
CHOKSI IMAGING LTD.	30-Nov-21	13-Dec-21	41.00	10,14,000	43.05

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	17511	17001	17805	17769	16186	17201-17801	Buy only above 17601. Targets at 17805/18001. Stop at 17275.
BANK NIFTY	37106	36201	38001	38264	35717	35901-38001	Buy at CMP. Targets at 38001 /39251. Stop at 36201.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
STATE BANK OF INDIA (SBIN)	495	403	563	490	426	Positive	State Bank of India is India's largest bank. The bank operates 22,224 branches globally and has a vast network of 63,906 ATMs/CDMs. It provides a wide range of financial services, such as insurance, credit cards and asset management, through its subsidiaries. SBI is our preferred bet in the PSU banks on amidst is size and should benefit immensely from the pick-up in economic activity in the Indian economy, with a sturdy PCR, healthy capitalization, a strong liability franchise, and an improved asset quality outlook. Also, lower repo rates may help with quick recovery in credit growth. The biggest positive trigger in favor of SBI is no sharp deterioration in assets quality. CASA ratio stood at 46.0% as on June 2021. CASA deposits remained stable compared to previous quarter. Look to accumulate at CMP, and on dips between 435-450 zone, targeting 563/601 and then aggressive targets at 701 with stop below 403. Holding Period: 9-12 months.

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The other key positive catalysts:

- The biggest positive trigger in favor of SBI is no sharp deterioration in assets quality. Asset quality continued to surprise positively with gross slippages at 0.7% in Q2FY22. The gross non-performing asset (NPA) ratio fell 42 basis points (bps) sequentially to 4.9% and the net NPA ratio was down 25 bps at 1.52%. SBI's total restructured book for resolution of Covid-related stress stood at Rs 30,312 crore, accounting for 1.2% of its loan book.
- CASA ratio stood at 46.24% as on Sept 2021, up 85 bps y-o-y. CASA deposits remained stable compared to previous quarter.
- The gross advances grew 6.17% y-o-y to Rs 25.31 lakh crore as on September 30, 2021. Retail loans grew 15.2% y-o-y, while the corporate loan book shrank 4%. SBI has a pipeline of Rs 1.15 lakh crore and it expects that term loans to the tune of Rs 2.25 lakh crore will be availed by companies.
- Capital Adequacy Ratio (CAR) too has improved 26bps YoY to 13.06% as on Jun 2021 (excluding Q1FY22 Profit).
- NII reached Rs. 31,184cr (10.7% YoY); domestic NIM margin of 3.09%
- The standalone net profit rose 67% year-on-year (y-o-y) to Rs 7,627 crore in Q2FY22 driven by an improvement in asset quality and a sharp drop in provisions.
- The bank is well capitalised with the level of the credit risk that it faces on backdrop of almost 75% of the loan portfolio comprising of secured loans (or loans covered by government guarantees)
- It's quite likely that stabilization in credit costs and improved growth outlook should lead to double-digit ROEs of 13-15% by FY22-23E.

Technically, brace yourselves with the sequence of a higher high/low formation on daily/weekly and monthly time frames. On the very long term charts, SBI has signaled a massive breakout from a 15-year old higher consolidation zone. An impulse uptrend is seen forming on the weekly time scale too, with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 423 zone. The level of 423-437 zone will act as a strong hurdles zone and any corrective declines to these support levels will witness strong buying action from long term investors.

Look to accumulate at CMP, and on dips between 435-450 zone, targeting 563/601 and then aggressive targets at 701 with stop below 403. Holding Period: 12-15 months.

Daily Chart of SBIN:

