

# Too much 'Wise'

## Strategies

### 1) Technical Analysis: -

#### a) Waddah Attar Explosion :-

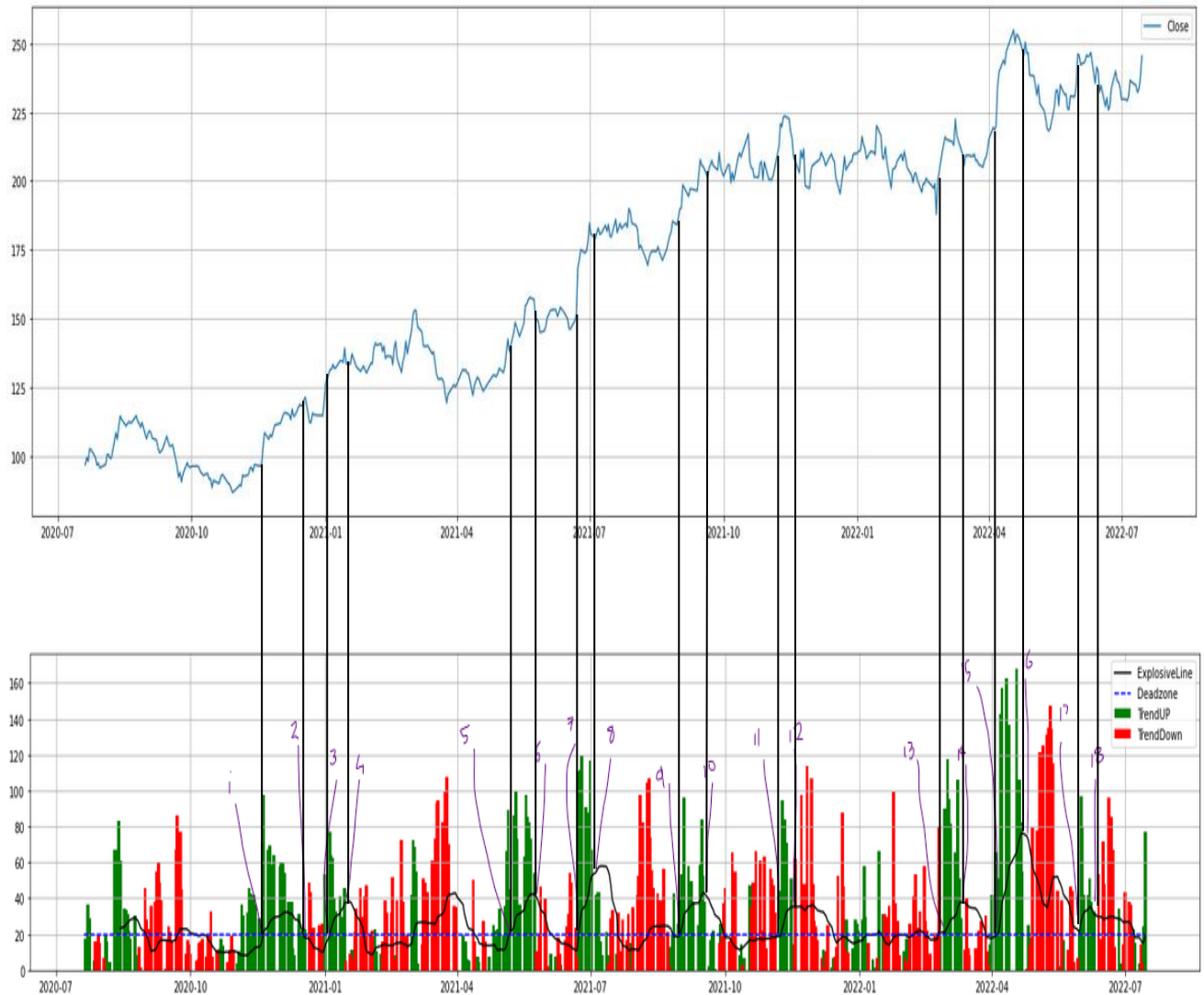
Waddah attar explosion uses MACD along with Bollinger Bands to indicate start of the price explosion situations quite accurately.

Strategies for waddah attar explosion indicator :

- i) When the green bars are above the 'Deadzone' (marked with blue dashed line) and the green bars also go above the 'Explosion Line' (black line) indicates a **BUY** position.
- ii) When either the bar or the explosion line goes below the 'deadzone' no trade should be done
- iii) When the green bars go below the explosion line sell the stock.
- iv) When the red bars go above the explosion line and is above the deadzone, sell the stock.



## Interpretation:-



Implementing our strategy, we can see that : -

- i) From 1 to 2 there is an obvious profit. Indicator Correct
- ii) From 3 to 4 also there is profit. Indicator Correct
- iii) From 5 to 6 also there is profit. Indicator Correct
- iv) From 7 to 8 also there is profit. Indicator Correct
- v) From 9 to 10 also there is profit. Indicator Correct
- vi) From 11 to 12 there is no profit no loss.
- vii) From 13 to 14 there is profit. Indicator Correct

- viii) From 15 to 16 there is huge profit. Indicator Correct
- ix) From 17 to 18 there is loss. Indicator Wrong

We see that the indicator provides us with profit 7 of 9 times.

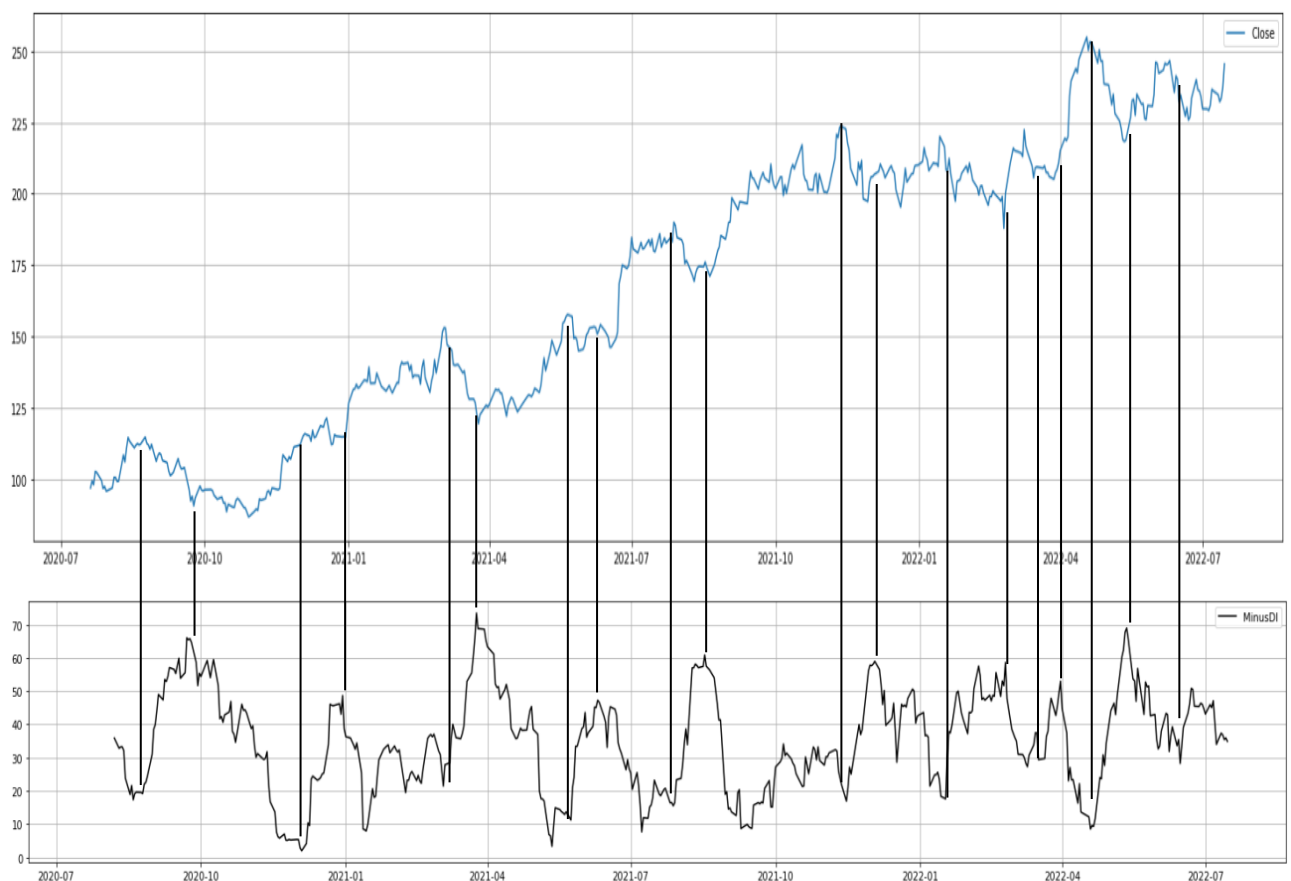
## b) Negative Directional Indicator:-

The Negative Directional Indicator (-DI) measures the presence of a downtrend.

### Strategy:-

An upward sloping negative directional indicator indicates that the downtrend is strengthening.

### Interpretation:-



- As we can see the MinusDI indicator does get the downward trend right a lot of times, but it cannot be used alone as there are a lot of errors if used alone.

## 2) Fundamental Analysis:-

### a) Price to Earnings Ratio (P/E Ratio) :-

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

#### Strategies:-


- i) A high P/E ratio could mean that a company's stock is overvalued, or that investors are expecting high growth rates in the future.
- ii) A P/E ratio holds the most value to an analyst when compared against similar companies in the same industry or for a single company across a period.
- iii) The companies historical data for P/E ratios can be used to understand the nature of the company's stock.

## Interpretation

 BEL • 268.70 INR +13.80 +5.41%

 See more on advance

| Currency: INR           | 2015  | 2016  | 2017  | 2018  | 2019 | 2020  | 2021  |
|-------------------------|-------|-------|-------|-------|------|-------|-------|
| Valuation ratios        |       |       |       |       |      |       |       |
| Price to earnings ratio | 21.10 | 23.94 | 24.37 | 12.05 | 9.93 | 14.52 | 21.41 |
| Price to sales ratio    | 40.17 | 4.14  | 3.43  | 1.90  | 1.42 | 2.19  | —     |

 **VOLTAS** • 1011.40 INR -18.25 -1.77%

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#### Valuation ratios


|                         |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Price to earnings ratio | 23.77 | 26.80 | 35.87 | 41.07 | 30.64 | 63.13 | 81.69 |
| Price to sales ratio    | 1.61  | 2.27  | 3.22  | 2.93  | 2.07  | 4.41  | 5.20  |

 **HAVELLS** • 1257.00 INR +33.75 +2.76%

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#### Valuation ratios

|                         |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Price to earnings ratio | 16.65 | 59.18 | 46.01 | 61.35 | 40.83 | 62.94 | 60.40 |
| Price to sales ratio    | 2.65  | 4.76  | 3.76  | 4.79  | 3.18  | 6.29  | 5.19  |

 **HCLTECH** • 924.45 INR +7.05 +0.77%

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#### Valuation ratios

|                         |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Price to earnings ratio | 15.35 | 14.47 | 15.58 | 14.79 | 10.72 | 23.95 | 23.37 |
| Price to sales ratio    | 2.77  | 2.62  | 2.69  | 2.48  | 1.68  | 3.54  | 3.68  |

We can see that:-

- 1) BEL's P/E ratio has been steadily increasing from the past few years.
- 2) As BEL's P/E ratio is comparatively lower than the companies in its domain it is undervalued. This suggests that the stock should be considered to be bought. Lower P/E ratio shows that the company shares more of its profit to the shareholders. Since, BEL has seen profit in long terms its stock can be considered to be bought.

### **b) Price to Sales Ratio (P/S Ratio):-**

The price to sales ratio (Price/Sales or P/S) is calculated by taking a company's market capitalization (the number of outstanding shares multiplied by the share price) and divide it by the company's total sales or revenue over the past 12 months.

The lower the P/S ratio, the more attractive the investment. Price-to-sales provides a useful measure for sizing up stocks.

### **Strategy:-**

Buying lower P/S ratio stocks are preferred.

To understand which stocks have lower P/S ratio we have to compare the company's stock with other companies of the same trade.

### **Interpretation:-**

As we can see BEL's stocks have the lowest P/S ratio of all the shown companies. Hence BEL's Stocks are attractive.