

Investment Picks

12th August 2024



FINSERV



INDEPENDENCE

DAY



Buying range: 515-535 Target: 670 Upside: 27% Time: 12 Months

Fundamental Outlook

- ✓ Chambal Fertilisers & Chemicals Ltd is engaged in production of Urea from its own manufacturing plants. It also markets/ deals in other fertilisers and agri-inputs. Company has ~13% of the total Urea produced in the country.
- ✓ Government has provided special packages on DAP over and above the NBS subsidy rates on need basis to ensure smooth availability of DAP at affordable prices to farmers. Guidelines on evaluation of reasonableness of MRPs fixed by the P&K Fertilizer companies also ensure availability of fertilizers at affordable prices to farmers. To ensure DAP remains affordable for farmers, the government has introduced a one-time special package for 2024-25 due to geopolitical issues affecting procurement. This package offers ₹3,500 per MT to P&K fertilizer companies from April 1 to December 31, 2024, on actual sales. The guidelines for evaluating MRP reasonableness also help maintain affordable prices. This will be beneficial for Fertilizer stocks and eventually beneficial for Chambal Fertiliser.

Technical Outlook

- ✓ The share price of Chambal Fertilizers has generated a breakout above the rounding formation of the last two years signaling strength and acceleration of the up move.
- ✓ The breakout is supported by strong volume highlighting larger participation at the breakout area. We expect the stock to extend up move and head towards 670 levels in the coming year being the 161.8% external retracement of the entire breather (516-250).



Source – Spider Software/ Bloomberg/ Bajaj Broking Research

Buying range: 53-57

Target: 72

Upside: 31%

Time: 12 Months

Fundamental Outlook

- ✓ PFS is an infrastructure finance company which provides a vast array of services to entities in the energy value chain. Company invests in equity or gives debt to power projects in generation, transmission, distribution, and fuel sources, fuel related infrastructure, equipment manufacturers and engineering, procurement and construction (EPC) contractors, renewables, transmission, road HAM, annuity projects, e-mobility projects, other sustainable infrastructure projects etc. PFS also offers long-term and short-term loans, in addition to providing both fund and non-fund-based financial assistance as debt or structured debts.
- ✓ Company has resilient Business Model which has Robust credit appraisal management system and processes, Seamless operational risk management system, Maintain adequate liquidity and focus on cash flow generation, System for effective monitoring of compliance of loan conditions, Enhanced focus on Early Warning Signal and Stress Resolution.

Technical Outlook

- ✓ The stock during last month has generated a breakout above the bullish Flag like formation in the monthly chart signaling continuation of the up move.
- ✓ The stock is resuming up move after five months base formation and is likely to head higher towards 72 levels in the coming quarters being the 123.6% external retracement of the recent breather (68-33).



Source - Spider Software/ Bloomberg/ Bajaj Broking Research

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