

May 31, 2019

TECHNICAL PICK

GUJARAT STATE FERTILIZERS & CHEMICALS LTD

BUY

CMP: Rs 110

TARGET PRICE: Rs121-132

TIME : 3-6 months

Overview: Gujarat State Fertilizers & Chemicals Limited (GSFC) is an Indian manufacturer of fertilizers and Industrial Chemicals. GSFC was founded in 1962. Oil and gas discoveries in Bombay High and South Basin triggered the birth of 8 new generation fertilizer plants to fulfil the growing food needs of India.

SNAPSHOT

Market Cap (Cr)	4399
52 week H / L (Rs)	124.75 / 85.60
BSE Code	500690
NSE Code	GSFC



Investment Rationale: Stock price has given a breakout from a traditional reversal pattern i.e. Inverted Head and Shoulder formation. Same pattern breakout was observed in RSI. At a breakout level, spike in volume was witnessed. Stochastic oscillator has given a positive crossover. Trend following indicators are already in buy mode. As shown in the chart, 50WMA which was acted as a strong resistance which is now successfully breached.

Recommendation: We recommend a BUY on the company at current market price of Rs110 or decline upto Rs 105 with the closing stop loss of Rs90 for a target of Rs121-Rs132 with the perspective of 3-6 months.

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