

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	24835	24525	25251	23603	21880	24622-25111	Buy at CMP. Targets at 25251/25651. Aggressive targets at 26000. Stop at 24511.
BANK NIFTY	51296	49511	53377	50759	47419	50045-52666	Sell between 52301-52322 zone. Aggressive targets at 49251. Stop at 53451.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
BALRAMPUR CHINI	461	383	501	418	403	Positive	Balrampur Chini Mills (BCM) was incorporated in the year 1975 and now having a market cap of Rs 7884 Crore — is one of the largest integrated sugar manufacturing companies in India — in a largest sugar consuming country. Meanwhile, BMC possesses a cane crushing capacity of 80,000 tonnes per day, distillery capacity of 1050 KL per day and saleable co-generation capacity of 175.7 megawatts. The Company has commissioned four distilleries in Balrampur, Babhnan, Mankapur and Gularia with a production capacity of 560 KLPD. The Company's distillery capacity is majorly dedicated to the production of ethanol for blending it with petrol and is supplied to Oil Marketing Companies. The total distillation capacity of the Company now stands at 1050 KLPD. The Company has a co-generation capacity of 278.47 megawatts. India's sugar consumption this year is poised to hit a record high as demand during the peak summer season gets a boost from heat waves and the mobilisation of millions for elections in the scorching temperatures. Higher consumption should lift local prices and boost margins of sugar producers such as Balrampur Chini. Simply buy at CMP, and on dips between 391-405 zone, targeting 479/491 mark and then aggressive targets at psychological 500 mark. Stop below 383. Holding Period: 5-8 Months.

BUY BALRAMPUR CHINI at CMP 461, Target 501

CMP	461
Target Price	501
52 Week H/L	485.90/343.50
P/E	21.48
EPS (TTM)	21.47
Promoter Holding/DIIs/FIIs	42.9/34.8/12.2
Book Value	161.37
Market Cap (INR)	9,306.69 crores

Daily Chart of BALRAMPUR CHINI :



Balrampur Chini Mills (BCM) was incorporated in the year 1975 and now having a market cap of Rs 9300 Crore — is one of the largest integrated sugar manufacturing companies in India — in a largest sugar consuming country. Meanwhile, BMC possesses a cane crushing capacity of 80,000 tonnes per day, distillery capacity of 1050 KL per day and saleable co-generation capacity of 175.7 megawatts. The Company has commissioned four distilleries in Balrampur, Babhnan, Mankapur and Gularia with a production capacity of 560 KLPD. The Company's distillery capacity is majorly dedicated to the production of ethanol for blending it with petrol and is supplied to Oil Marketing Companies. The total distillation capacity of the Company now stands at 1050 KLPD. The Company has a co-generation capacity of 278.47 megawatts.

India's sugar consumption this year is poised to hit a record high and might touch an unprecedented 30 million tonnes in the next 2024-25 season (October to September) on the back of a steady 2.2 per cent year-on-year growth rate. The net sugar consumption is consumption without accounting for ethanol diversion. The strong demand was due to intense heat wave and also because of concluded elections. During elections, consumption of beverages goes up manifold, while heat waves pushes up demand for soft drinks and confectionaries.

Higher consumption is likely to lift local prices and boost margins of sugar producers such as Balrampur Chini. The Company has grown its capacity by well-planned capacity expansion projects and the acquisition of existing companies.

By leveraging synergies between the Sugar and Distillate segments, BCM continues to maintain a solid balance sheet and generates healthy cash flows and has historically produced a high payout for shareholders through dividends and share buybacks. BCM strong balance sheet is primarily driven by structural changes in the industry and increased focus on working capital management. Improved working capital management also helped the firm maintain its ROCE at ~15% in the past three years.

On the PLA Project, BCM have contracted with renowned global technology providers, setting the stage for the development of India's first integrated sugar-to-PLA bioplastics facility, projecting a new avenue for growth and market leadership.

BCM reported a net profit of Rs 203.4 crore for the fourth quarter ending March 31, 2024, marking a 20% year-on-year (YoY) decline. The company's revenue from operations also witnessed a drop, decreasing 3.8 percent to Rs 1,434.3 crore compared to Rs 1,491.5 crore in the same period of the previous fiscal year.

Technically, brace yourselves for a momentum play on the daily and weekly time frames. The stock price should now attempt to rebound further on the daily/weekly time-frame. An impulse uptrend quite likely above 476 mark. Above 476 mark positive SAR series likely.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signalling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 403 zone. The level of 400-410 zone will act as a hurdle zone and any successive close above 410 will bigger buying momentum for aggressive long term investors.

Simply buy at CMP, and on dips between 400-410 zone, targeting 477/500 mark and then aggressive targets at psychological 517 mark. Stop below 383. Holding Period: 5-8 Months

Mehta Equities

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