

LM's Trade Mantra

08 Jan 2019



Trading Ideas

NIFTY 10900 CE (Jan) - BUY

CMP: 116.25
Target: 200
Stop-loss: 73

Nifty's recent contracting consolidation is getting ripe for a breakout with bulls having an upper hand

SUNPHARMA (Jan) - BUY

CMP: 431.80
Target: 454
Stop-loss: 421

A small 'flag' continuation pattern is under formation on the daily chart coupled with momentum oscillators trading with a bullish crossover

BHARTIARTL (Jan) - BUY

CMP: 325.65
Target: 345
Stop-loss: 314.50

Since December expiry, the stock has witnessed short covering to the tune of 10% and a close above 50 DEMA indicates short-term bullish setup

HINDALCO (Jan) - SELL

CMP: 209.75
Target: 197
Stop-loss: 216.50

Descending triangle breakdown on rising volumes is an ominous sign of forthcoming weakness



Fundamental Idea

LIBERTY SHOES LTD

CMP: Rs 168

Target Price: Rs 212

Potential Upside: 26%

Time Horizon: 3 months

Recommendation: Buy

Overview

Currently with an annual turnover exceeding INR.600 crore (U.S. \$150 million), Liberty Shoes figures amongst the top 5 manufacturers of leather footwear of the world producing more than 50,000 pairs a day using a capacity of more than 3 lakh square feet of leather per month.

Liberty dresses up the feet of the fashion-driven and quality-seeking customers in more than 25 countries, which includes major international fashion destinations like France, Italy and Germany, is the company's worldwide distribution network of 100 distributors, 400 exclusive showrooms and more than 5000 multi-brand outlets. Its commitment to quality is marked by a ISO 9001: 2000 process certification.



Fundamental Idea

Salient features

- 16 Brands – Presence in 25+ countries worldwide
- 65 years of experience
- Rs 665 crore annual turnover
- 4000 strong team of employees
- Producing more than 50000 pairs per day – 5000 new designs every year
- 400 exclusive showrooms – Expansion with 1000 exclusive showrooms

Valuation

We expect Liberty to report revenues of Rs 805 crore for FY2020. The Net profit After Tax is expected to be Rs 18 crore. The Earnings per share works out to Rs 10.6. This when discounted 20 times translates into a target price of Rs 212 implying an upside of 26% from current levels



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