

LM's Trade Mantra

18 Dec 2018



Trading Ideas

TATASTEEL (Dec) - BUY

CMP: 524.25
Target: 558
Stop-loss: 507

Bullish 'cup & handle' pattern on hourly scale after a potential double bottom at 500, and bullish signal on momentum oscillators

RAMCOCEM - BUY

CMP: 646.40
Target: 690
Stop-loss: 621

Stock has rallied to close at a 2-½ month high and trades above 21 & 50 day EMAs coupled with MACD crossing above zero line in positive momentum territory.

UBL (Dec) - BUY

CMP: 1302
Target: 1400
Stop-loss: 1255

Stock is witnessing rising price on expanding volumes after a falling trend line breakout which suggests bulls taking control

BALRAMCHIN - BUY

CMP: 105.75
Target: 114
Stop-loss: 101.50

Bullish 'pennant' formation preceded by a strong rally and buy signal on MACD suggests resumption of uptrend after a brief consolidation



Fundamental Idea

EID PARRY INDIA LTD

CMP: Rs 210

Target Price: Rs 256

Potential Upside: 22%

Time Horizon: 3 months

Recommendation: Buy

Overview

E.I.D. – Parry (India) Limited (E.I.D. Parry) is a listed company engaged in the business of Sugar and Nutraceuticals. The Company is a part of the INR 300 Billion Murugappa Group, one of India's leading business conglomerates. Founded in 1788, 'Parry' has been a household name for over 225 years. The Company holds the distinction of setting up India's first sugar plant at Nellikuppam in 1842 and even today continues to pioneer new paths in each of its businesses.

Amongst the leading sugar manufacturers in India, E.I.D. Parry's 9 sugar plants are spread across South India. These state-of-the-art plants with a total sugarcane crushing capacity of 43,400 TCD, co-generation capacity of 160 MW and Distillery capacity of 234 KLPD across units are located at Nellikuppam, Pugalur, Pudukottai, Pettavathalai and Sivaganga in Tamil Nadu, Ariyur in Puducherry, Sankili in Andhra Pradesh and Bagalkot, Haliyal and Ramdurg in Karnataka.



Fundamental Idea

The Company is among the world leaders in neem based bio-pesticides with the Neemazal brand, holding a distinctive presence both in India and overseas markets. The manufacturing facility of the Bio Products business, the only one of its kind for the extraction of pure azadirachtin in the world, is located at Thygavalli, Tamil Nadu.

E.I.D. Parry is a pioneer and world leader in organic spirulina and micro algal products in the Nutraceuticals space. 'Parrys Spirulina', with 3 major international certifications, is sold in more than 41 countries across the globe. The highly specialised manufacturing Plants of the Nutraceuticals business for micro algal production are located at Oonaiyur and Saveripuram in Tamil Nadu.

Valuation

We expect a subdued performance from the standalone sugar business of EID Parry. The Standalone Book value per share comes to Rs 96 per share. The company's investment Group companies prominently Coromandel International comes to Rs 416 per share. Overall applying a Holding Company Discount of 50% the valuation per share comes to Rs 256 per share implying an upside of 22% from the current valuations.

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