

TRIDENT LIMITED

Date: 05/03/2024

CMP: 41.30 • Target: 48-52 • Stoploss: 35

Time Frame: 3-6 months

TRIDENT-WEEKLY CHART



Chart as on 05th Mar 2024

Technical Outlook

- The stock has recently broken out of a cup and handle pattern on a weekly scale, as shown in the chart provided. Following the breakout, the stock registered a high, witnessed some profit booking and retraced back to the breakout point of the pattern.
- The breakout was accompanied by high trading volume, indicating strength in the breakout.
- A trend line support is located near 37 levels, presenting a good buying opportunity during price dips.
- As per the cup and handle pattern, the medium-term target for the stock is around 56. However, in the short term, the stock may face resistance in the range of 48-52 levels.
- On a weekly scale, the Relative Strength Index (RSI) is positioned above the midpoint, indicating strength in the stock.
- Based on the technical setup described above, we recommend accumulating TRIDENT in the range of 41-41.60 and on dips around 37-37.60 with a stop loss of 35 on closing basis for a price target of 48 and 52 in short term.

Fundamental Rationale

- Trident Limited is an India-based company, which is engaged in manufacturing, trading, and selling Textiles (Yarn, Terry Towels & Bedsheets) and Paper & Chemicals. The Textiles segment includes yarn, towel, bedsheets, and dyed yarn manufacturing (including utility service). The Paper and Chemical segment includes paper and sulfuric acid (including utility service).
- The Company is expected to remain healthy with increasing revenue contribution of bed linen and terry towels. The company is one of the largest manufacturers and exporters of terry towels in India, and following its entry into the bed linen segment, has positioned itself among the leading home textile players in the country.

- Business profile remains healthy marked by Trident being the second largest player in home textiles and yarn manufacturing segments in India. Additionally, India is expected to sign FTA (Free Trade Agreements) with UK this year while it has already signed FTA with Australia, providing India a level playing field in the home textile export market. These substantial increase in scale of operations leading to market share gain and sustenance of profitability to remain key growth driver.
- Trident's strong focus on the 'Make in India' aims to promote local manufacturing and reduce the dependence on imports. It has established a robust domestic manufacturing presence, with state-of-the-art production facilities in Punjab and Madhya Pradesh that emphasis on local production which has also enabled them to offer competitive pricing for their products, helping them to establish a strong foothold in both domestic and international markets.
- Company's strong commitment to sustainability has given a distinctive edge in the market. These factors have contributed to the growth and expansion, both nationally and internationally, and has enabled them to maintain their position as a leading industry player. In the last three years FY20-FY23, company operating revenues and profitability have grown by a CAGR of 10% and 9% respectively. During the same period, the company's operating profit grew by a CAGR of 4%. Hence we recommend "**ACCUMULATE**" the stock.

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