

## Week Gone

- ⇒ Wipro added 2.92%. The IT major announced that it has won a multi-year contract from Verifone, a global leader in payments and commerce solutions, to drive agility across its cloud services offerings.
- ⇒ Infosys and Rolls-Royce have signed a strategic partnership for sourcing engineering and R&D services for Rolls-Royce's civil aerospace business.
- ⇒ The Reserve Bank of India (RBI) on Friday (4 December) kept the policy repo rate unchanged at 4% while maintaining its 'accommodative' stance after the conclusion of the Monetary Policy Committee (MPC) meeting on Friday, 4 December 2020.

## Week Ahead

- ⇒ In China, balance of trade data for November will be unveiled on 7 December 2020.
- ⇒ The Bank of Japan's Tankan index for big manufacturers' sentiment in Q4 will be unveiled on 14 December 2020.
- ⇒ In the United States, factory orders and average hourly earnings will be published alongside then non-farm payrolls (NFP) for November on Friday (4 December 2020). Inflation data for November will release on 10 December 2020.

## Technical Overview

Index closed with a gain of 2.23% at 13259. Index opened with minor gap and closed at all-time high levels with decent gains. Going forward index has strong support in the zone of 13130-13050 levels. Till it maintains above this mentioned support zone index to scale higher towards 13330-13500-13700. While support past 13050 comes 12900-12730-12600..



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	04-Dec-20	27-Nov-20	Weekly % Chg
Nifty	13,259	12,969	2.2
Nifty Next 50	31,439	30,334	3.6
Nifty 100	13,396	13,080	2.4
Nifty 500	10,979	10,719	2.4
Nifty Midcap 100	20,197	19,715	2.4
Sensex	45,079	44,150	2.1
BSE 100 Index	13,386	13,051	2.6
BSE 200 Index	5,621	5,481	2.6
BSE 500 Index	17,432	16,995	2.6
BSE Mid-Cap	17,389	16,914	2.8
BSE Small Cap	17,317	16,875	2.6

## NIFTY TOP GAINERS (WEEKLY)

Scrip	04-Dec-20	27-Nov-20	Weekly % Chg
GAIL (India) Ltd.	119.8	102.7	16.7
ONGC	89.9	78.5	14.5
Hindalco	252.7	226.4	11.6
Sun Pharma.	569.1	511.7	11.2
Maruti Suzuki India	7,803.2	7,035.8	10.9

## NIFTY TOP LOSERS (WEEKLY)

Scrip	04-Dec-20	27-Nov-20	Weekly % Chg
HDFC Bank	1,385.60	1,440.85	-3.83
Kotak Mahindra Bank	1,846.25	1,907.10	-3.19
Bajaj Finance L	4,875.35	4,908.80	-0.68
HDFC Life Insurance	643.25	646.80	-0.55
HDFC	2,245.90	2,256.25	-0.46

## WORLD INDICES

Index	04-Dec-20	27-Nov-20	Weekly % Chg
Nikkei Index	26,751	26,645	0.4
Hang Seng Index	26,836	26,895	-0.2
Kospi Index	2,731	2,633	3.7
Shanghai SE Composite	3,445	3,408	1.1
Strait Times Index	2,840	2,856	-0.6
Dow Jones	30,146	29,872	0.9
NASDAQ	12,431	12,094	2.8
FTSE	6,550	6,342	3.3

## FOREX

Currency	04-Dec--20	27-Nov-20	Weekly % Chg
US\$ (Rs.)	73.8	74.0	-0.3
GBP (Rs.)	99.1	98.8	0.3
Euro (Rs.)	89.5	88.4	1.2
Yen (Rs.) 100 Units	71.0	71.0	0.0

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
04-Dec-20	9,863.8	6,894.2	2,969.6
03-Dec-20	14,473.2	10,835.7	3,637.4
02-Dec-20	9,295.5	8,938.1	357.4
01-Dec-20	11,337.3	8,095.3	3,242.0
<u>MTD</u>	44,969.7	34,763.3	10,206.4

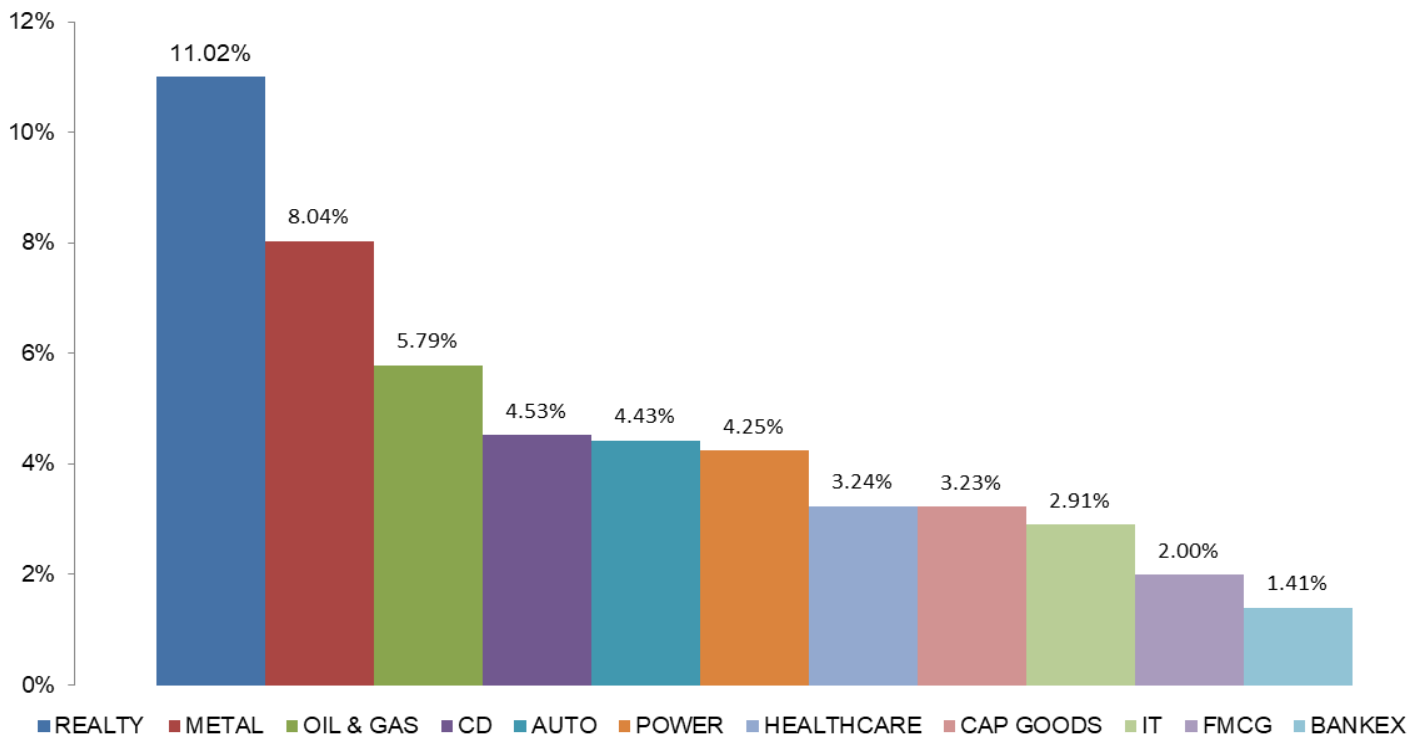
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
04-Dec-20	4,062.5	6,034.1	-1,971.6
03-Dec-20	4,693.0	6,132.8	-1,439.7
02-Dec-20	3,377.2	5,013.2	-1,636.0
01-Dec-20	3,644.5	4,687.7	-1,043.2
<u>MTD</u>	15,777.2	21,867.7	(6,090.5)

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	04-Dec-20	27-Nov-20	Weekly % Chg	04-Dec-20	27-Nov-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
CANBK	110.95	104.35	6.3	40640000	17895000	127.1
TATACHEM	488.15	391.55	24.7	5554000	3414000	62.7
SUNTV	447.05	440.8	1.4	10087500	6220500	62.2
HDFCLIFE	646.65	649.4	-0.4	18799000	13563000	38.6
AMARAJABAT	906.2	931.3	-2.7	1630000	1196000	36.3

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	04-Dec-20	27-Nov-20	Weekly % Chg	04-Dec-20	27-Nov-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
LICHSGFIN	350.1	331.4	5.6	11514000	18398000	-37.4
GAIL	119.7	103.0	16.2	19330900	23277600	-17.0
PFC	115.85	108.85	6.4	27125000	32500400	-16.5
BAJAJFINSV	9098	8803	3.4	745250	870875	-14.4
CHOLAFIN	371.6	383.9	-3.2	4450000	5195000	-14.3

## Capital Goods

## Company Background

Incorporated in 1946, Larsen & Toubro Limited (LT) is a technology, engineering, construction, manufacturing and financial services company. The Company's segments include Infrastructure, which is engaged in engineering and construction of building and factories, transportation infrastructure and heavy civil infrastructure; Power, which offers solutions for coal-based and gas-based thermal power plants; Heavy Engineering, which manufactures and supplies custom designed, engineered critical equipment and systems; Defense Engineering, which is engaged in designing, systems and platforms of defense and aerospace sectors, and Other segment includes communication projects (including military communications), hydrocarbon, marketing and servicing of construction and mining machinery etc. Moreover, the company operations are spread over 30 countries worldwide.

## Investment Rationale

## Established position in Engineering &amp; Construction business with diversified revenue stream

L&T's established position in the domestic E&C segment is supported by the ability to cater to several sectors, an established track record of more than seven decades, and a strong brand image. This revenue mix of projects, ranging from complex turnkey engineering, procurement, and construction (EPC) projects, to relatively simple construction activities. In-house design, engineering, and, importantly, fabrication capabilities for critical equipment and systems give a robust competitive advantage. These strong competencies across segments and sectors, along with a robust track record of completing projects have facilitated the robust brand image in India and abroad.

## Strategic approach to untap new opportunities for long term

Company has set out three plans with timeline for long to medium term which can leverage strengths, identify new opportunities and fresh competences. However, current fiscal year (FY21) is the terminal year for the current five-year vital arrangement (Lakshya 21), which has faced sharper cyclical headwinds along with unprecedented COVID-19 pandemic. Moreover, company will be undertaking the development of next five years' strategic plan for 'Lakshya 26'. This new plan's focus will be to reap benefits from the changes and development in various industry segments with a focus on new prospects of business growth in the future.

## Valuation and Outlook

Over the years, L&T has been a robust player in its core E&C business. Going ahead, the recently announced Atma Nirbhar Bharat scheme from the government of India is likely to help L&T on account of its diversified businesses across sectors like defense, infrastructure (roads, railways, metros, DRC), heavy engineering, IT (digitalization). The company's strong balance sheet and its long-term focus on asset-light model are expected to improve its return ratios despite ongoing challenging times. Moreover, its strong order backlog along and its presence across business verticals provide strong revenue visibility with a positive outlook. On the valuation front, We assign a BUY rating on the stock with the target price of INR.1394 (upside of 21% from Current levels) based on SOTP valuation method for 12-15 months.

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

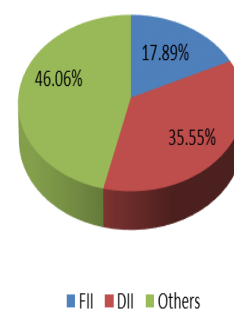
## Stock

CMP (INR)	1,149
Target Price (INR)	1,394
NSE Symbol	LT
BSE Code	500510
Bloomberg	LT IN
Reuters	LART.BO
<b>Key Data</b>	
Nifty	13,258
52WeekH/L(INR)	1383/661
O/s Shares (Mn)	1404.2
Market Cap (INR bn)	1614
Face Value (INR)	2

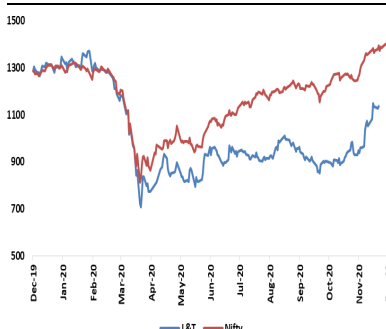
## Average volume

3 months	60,52,185
6 months	58,27,319
1 year	53,63,038

## Share Holding Pattern (%)



## Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
<b>Revenue</b>	<b>11,96,832</b>	<b>14,13,139</b>	<b>15,10,194</b>	<b>14,63,378</b>	<b>16,11,179</b>
<i>Revenue Growth (Y-o-Y)</i>	9.5%	18.1%	6.9%	(3.1%)	10.1%
<b>EBIDTA</b>	<b>1,65,551</b>	<b>2,18,317</b>	<b>2,30,848</b>	<b>1,60,972</b>	<b>1,86,897</b>
<i>EBIDTA Growth (Y-o-Y)</i>	(0.6%)	31.9%	5.7%	(30.3%)	16.1%
<b>Net Profit</b>	<b>73,699</b>	<b>89,051</b>	<b>95,490</b>	<b>84,876</b>	<b>99,893</b>
<i>Net Profit Growth (Y-o-Y)</i>	22.0%	20.8%	7.2%	(11.1%)	17.7%
<b>Diluted EPS</b>	<b>53.3</b>	<b>64.4</b>	<b>69.1</b>	<b>61.4</b>	<b>72.2</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	22.0%	20.8%	7.2%	(11.1%)	17.7%

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>13.8%</b>	<b>15.4%</b>	<b>15.3%</b>	<b>11.0%</b>	<b>11.6%</b>
NPM (%)	6.2%	6.3%	6.3%	5.8%	6.2%
<b>RoE (%)</b>	<b>13.4%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>11.7%</b>	<b>12.5%</b>
RoCE (%)	5.6%	6.5%	6.2%	22.1%	23.3%

## Valuation Ratios

<b>P/E (x)</b>	<b>21.6x</b>	<b>17.8x</b>	<b>16.6x</b>	<b>18.7x</b>	<b>15.9x</b>
EV/EBITDA	22.2x	18.2x	18.3x	9.9x	8.5x
<b>P/BV (x)</b>	<b>2.9x</b>	<b>2.5x</b>	<b>2.4x</b>	<b>2.2x</b>	<b>2.0x</b>
Market Cap. / Sales (x)	1.3x	1.1x	1.1x	1.1x	1.0x

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

**General Disclaimer**

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392