

Larsen & Toubro Ltd.

BUY

CMP	Rs. 1628
Target Price	Rs. 2000
Time Frame	5-8 months
Risk	Medium
Sector	Construction & Engineering.



Price & Volume Analysis

% Change from previous Day	2.65%
% Change from previous Month	2.29%
52 Week High	1677
52 Week Low	843
Weekly H/L	1667/1568
Deliverable	31.05%
Book Value / Share	430
EPS	102.45
Market Cap (Rs. CR)	2,30,033

Incorporated in 1946, Larsen is an Indian multinational engineering & construction (E&C) conglomerate engaged in EPC Projects, Hi-Tech Manufacturing and Services. Larsen has presence in IT & financial services sectors and operates in over 50 countries.

The firm is engaged in core, high impact sectors of the economy and our integrated capabilities span the entire spectrum of 'design to delivery'. Larsen has strong, customer-focused approach and the constant quest for top-class quality has enabled the firm to attain and sustain leadership in its major lines of business for over eight decades.

Larsen now commands a market cap of Rs 230,033 Crore.

Momentum Analysis

RSI (14, E9) Monthly	66.16
Smoothed RSI	67.75
Stochastic oscillator monthly (1,3,3)	60.03

The momentum oscillators are in an excellent bullish cycle mode as the Relative Strength Indicator (RSI) is trending north and Stochastic indicators especially on monthly time frames are indicating reverse divergences. Buy signals are generated in weekly charts too. Long remains the play.

Support & Resistance Analysis

Support 1	1537
Support 2	1449
Resistance 1	1701
Resistance 2	2001

Brace yourselves for a major breakout play on the daily charts with recent sequence of higher high intact on the weekly/monthly charts. An impulse uptrend is seen forming on the weekly time scale, with positive SAR series, as the price pattern has just been confirmed on its close above its all-time-highs on monthly charts.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 1400 zone.

Simply buy at CMP, and on dips between 1535-1550 zone, targeting 1701 mark and then at psychological 2000 mark. Holding Period: 5 Months+.

Trend Analysis

Moving Average - 50 Days	1569
Moving Average - 200 Days	1413
ADX (14d)	18.38
Bollinger Band Weekly	1715-1291
MACD Weekly	76.2

The uptrend seems quite sustainable as the price is seen comfortably trading above its 50 and 200-day moving average and most importantly is just signaling a massive breakout on the weekly charts. The general rule is if a stock is trading above its 200-DMA, the trend is largely upward.

CONCLUSION

- # Signs of pick-up in economic activity are visible amidst waning pandemic and lockdown restrictions being eased. Also, with normal monsoon, agriculture sector is likely to remain buoyant and most importantly, the economy is likely to witness robust rebound on backdrop of fiscal stimulus packages by central banks across globe. The vaccination efforts gathering momentum also acts as positive catalyst.
- # Q1FY22 revenue grew 38.0% YoY and net-profit jumped nearly four-fold to Rs 1,174 crores on backdrop of solid order book coupled with large project executions and robust E&C growth amidst pandemic.
- # International orders were 20% of the total order book of Rs 323721 crore as on June 30, 2021. Order inflow at Rs. 266bn (+13% YoY), bagged orders worth Rs. 26,557cr in Q1FY22.
- # EBITDA margin expanded 320bps YoY to 10.8% on operational efficiencies. EBITDA rose 95.7% YoY, while PAT increased 825.8% YoY.
- # Average execution cycle is 27 months. During the quarter, orders were received in various segments like Metros, Rural Water Supply, Minerals and Metal, Residential, Power Transmission and Distribution, Power and Hydrocarbon Offshore sectors.
- # The sustained high oil prices are expected to boost the investment momentum in GCC nations.
- # High liquidity, improved leverage, prospective pipeline with better utilization and production is expected to continue in the near-term.



Mehta Equities Ltd

903, 9th Floor, Lodha Supremus, Dr. E. Moses Road,
Adjacent to Konark Empress Building,
Worli Naka, Worli, Mumbai - 400018

info@mehtagroup.in

For Grievances

grievance@mehtagroup.in

T : +91 22 61507101

F : +91 22 61507102

The Forever Young Portfolio is a report containing everything you need to have...a clear, precise and detailed view on a rising stock. This detailed multi-analyzed Macro-technical analysis report is a smart way to get into a winning stock or exit a losing stock.

We comb through a list of prominent stocks and look for return of 10% plus return.

DISCLAIMER: This is solely for information of clients of Mehta Equities Ltd and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Mehta Equities Ltd its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Mehta Equities Ltd or any of its subsidiaries or associates 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 recommendation or any action taken on basis of this information.

Technical analysis studies market psychology, price patterns and volume levels. It is used to forecast future price and market movements. Technical analysis is complementary to fundamental analysis and news sources. The recommendations issued herewith might be contrary to recommendations issued by Mehta Equities Ltd in the company research undertaken as the recommendations stated in this report is derived purely from technical analysis. Mehta Equities Ltd has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Mehta Equities Ltd makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available purposes. The recommendations and suggested price levels are intended purely for trading purposes. The recommendations are valid for the day of the report however trading to information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational ends and volumes might vary substantially on an intraday basis and the recommendations may be subject to change. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.

© Copyright 2020. Mehta Group All rights reserved

MEL - SEBI REG. NO. INZ000175334, INH000000552, INP000005971, IN-DP-CDSL-35-99 CIN NO. MEL-U65990MH1994PLC078478
DOWELL - RBI REG. NO. U6599MH1995PTC289390 NBFC REG. NO. B 05.05.05176
MCMPL - CIN NO. U67110MH2007PTC170377