



Stock Recommendation

“Attractive investment opportunities”

Jan 18, 2021

We have selected five fundamentally strong stocks for market participants presenting good entry point at current juncture. Stock recommendation include 1) Reliance Inds 2) HUL 3) Biocon 4) ITC and 5) Larsen & Toubro

Reliance Industries – BUY, CMP – Rs 1,937.6

- Reliance industries is one of India’s largest conglomerates engaged in energy, petrochemicals, retail and digital services.
- We have incorporated revenue and EBITDA growth of 8.8% and 15.2% CAGR over FY20-25 in the O&G segment in our estimates.
- At CMP of Rs 1937.6, the stock is trading at P/E of 31x on TTM basis.

HUL – BUY, CMP – Rs 2,351.9

- HUL is the leading player in FMCG industry having portfolio of 44 brands
- In Q2FY21, HUL reported a healthy set of numbers with 16.1% sales growth aided by consolidation of acquired brands (Horlicks, Boost, VWASH)
- AT CMP of Rs 2,351.9, the stock is trading at P/E of 54.8x on FY23E basis.

Biocon Ltd – BUY, CMP – Rs 456.75

- Biocon posted stable growth at 11% Y-o-Y in 2QFY21, mainly driven by strong growth in biosimilars and generic segment
- Management remains confident of achieving US\$ 1 billion for biosimilars BY FY22
- At CMP of Rs 456.75, the stock is trading at P/E of 18.5x on FY23E basis.

ITC – BUY, CMP – Rs 217.9

- The tobacco business is expected to regain normalcy by Q4. FMCG business is expected to deliver strong performance on the back of new launches and robust distribution channels.
- Hotels business is also expected to make progress as the economy gradually recovers further leading to an increase in business and leisure travel.
- At CMP of Rs 217.9, the stock is trading at P/E of 19.5 on TTM basis.

Larsen & Toubro – BUY, CMP – Rs 1354.6

- We expect Larsen & Toubro has received several high profile orders recently and with the economy opening up the pace of execution is expected to be faster.
- Larsen & Toubro is one of India’s largest engineering and construction companies, it is expected to benefit from expected rise in infrastructure spending by the government.
- At CMP of Rs 1354.6, the stock is trading a P/E of 16.7 on TTM basis.

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