

L&T Ltd (LT) - BUY

Company Update

Current Market Price (CMP)
Rs. 1443

Target Price
Rs. 1720

Our fair value of Rs 1720 implies an upside of 19.2% from current market price.

Rationale:

- Government's impetus on infrastructure spending bodes well for L&T.
- This should lead to quick order realization and eventual scale-up in execution.
- EPS growth of 60.4% and 23.5% in FY22E and FY23E, respectively.
- Trading at P/E of 17.9x and 14.5x on FY22E and FY23E EPS, respectively.
- We raise our target multiple P/E to 17x from 15x earlier.

Company update:

Positives:

- We envisage an uptick in infrastructure spending from FY23.
- Volume boost with benign competition may yield pricing gains.
- We see meaningful gains for L&T in overseas markets beyond Middle East.
- In Defense, we note scope for exports becoming a good opportunity.

Negatives:

- State budgeted spending has not matched with actual spending in recent years.

[Click here](#) For detailed report dated 1st February 2021. Note: CMP & valuation may differ due to difference in dates



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