

Opportune

Exclusively curated opportunities to re-enter fundamentally strong companies at attractive valuations!

BUY – Larsen & Toubro Ltd (L&T)

CMP: ₹1,848 (Upside Potential: 8.2%) as on 26th Sept 2022

Fair Value (FV): ₹2000 | Time Period: 12 months

Why Invest?

- L&T has most parts of variables under control given a strong order backlog, healthy working capital situation and a resilient balance sheet.
- Management indicated a healthy prospect pipeline of Rs7.6 lakh cr for 9MFY23 and the company has maintained a selective approach in targeting prospects.
- Based on strong prospect pipeline, L&T has maintained its guidance on order inflow and revenue growth of 12-15%, margin at around 9.5% and working capital to sales of around 20-22% for the full year FY23E.
- Sectoral data points on ordering and RM (raw material) price trends may boost the case for L&T beating its guidance, though need to sustain.
- Order book at the end of Q1FY23 stood at Rs3.63 lakh cr. We expect high-teens CAGR in core E&C (Engineering & Construction) EPS. We arrive at sum of the parts (SoTP) based FV of Rs2000.

Maintain BUY with **FV Rs-2000**

Read Full Report

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