

## Larsen & Toubro Ltd

Larsen & Toubro is a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations.

L&T has been steady at its operations with a reported 5 years sales CAGR of 10.6%. It has maintained guidance of 10-12% order inflow growth, 12-15% revenue growth and stable operating margins in comparison with last year. L&T announced order inflows (ex-E&A, ex-Services) in the range of Rs. 21,000 to Rs. 34,000 crore for Q2FY2020 till date taking its order inflows for H1FY2020 to Rs. 51,000 to Rs. 64,000 crore. Power vertical saw marquee improvement in order inflows comprising 22-26% share of H1 order intake as against 2% in FY2019. Infrastructure (46-48% share) and Hydrocarbon (24-25%) continued healthy order inflow trend. Considering, on an average 60% of L&T's order intake in a fiscal year is skewed towards H2, the order inflow guidance of 10-12% for FY2020 seems achievable.

The stock is currently trading at 3x of its book value and generates an ROCE of 13.9%. The company also pays dividend of average 25%. Considering the strong order book of the company, we recommend BUY.

## BUY

CMP ₹1,379

### Stock Info

Sector	Construction&Engineering
Market Cap (₹ cr)	1,93,536
Beta	1.0
52 Week High / Low	1607/1182
Avg. Daily Volume	2,08,641
Face Value (₹)	2
BSE Sensex	36,977
Nifty	10,948
Reuters Code	LART.BO
Bloomberg Code	LT IN

### Shareholding Pattern (%)

Promoters	0.0
MF / Banks / Indian FIs	37.3
FII / NRIs / OCBs	19.7
Indian Public / Others	41.4

Abs. (%)	3m	1yr	3yr
Sensex	(4.2)	(1.9)	31.2
LT	2.1	6.8	37.2

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### Disclosure of Interest Statement

### L&T Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)