Pick of the Week

13th April 2026

Larsen & Toubro Ltd

BSE: 500510 | NSE: LT

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**3,910/-**	**4,496/-**	**15.0%**

Larsen & Toubro Ltd (L&T) is among India's leading Engineering & Construction (E&C) companies with a proven track record in executing large and complex infrastructure projects. The company also has meaningful stakes in L&T Technology Services (~73.6%), LTIMindtree (~68.5%), and L&T Finance Ltd (~66%), providing diversification into technology and financial services

Key investment rationale:

- **Geopolitical tension in Middle-East unlikely to have any meaningful impact on business:** More than 1/3rd of L&T's order book is derived from the Middle East, largely in hydrocarbon, Power T&D, and infrastructure segments. Despite ongoing conflicts, around 95% of projects remained operational, reflecting strong execution resilience. Any signs of easing of tensions is expected to improve execution pace, reduce logistics and input costs, and support margin recovery.
- **Strong growth during 3QFY26 despite seasonal headwinds in execution:** The company reported a strong performance during 3QFY26, driven by record-breaking order inflows of Rs 1.36 tn and a robust order book reaching Rs 7.33 tn. Growth was primarily led by strong performance in the high-tech manufacturing, energy projects, and IT & technology services segments. The international revenues were significant, accounting for ~54% of the total group revenue.
- **Order book inflow and backlog remained robust:** Order inflows grew ~17% YoY to Rs 1.35 tn during the quarter, taking the total order book to Rs 7.33 tn, up ~30% YoY. The current backlog stands at 2.7x of 9MFY26 consolidated revenue and 5.2x of standalone revenue, providing strong visibility. The share of private sector orders in the domestic book increased to 36% (from 21% in Mar'25), led by thermal power, real estate, and metals.
- **L&T optimistic on winning cancelled L1 orders from Kuwait**: Management addressed concerns regarding cancellation of eight Kuwait projects worth over $8 billion, where L&T was L1. These orders were not part of the current order book. Given their strategic importance for Kuwait's production targets, they are likely to be re-tendered within the year, and L&T remains well positioned to compete.
- **Guidance maintained; Valuation appears reasonable:** Management is confident in meeting or exceeding its previously set targets for FY26. On order inflow, company now expects to exceed its 10% growth guidance for the full year, following a 30% growth surge in the first nine months of FY26. L&T remains reasonably confident in achieving its full-year revenue growth guidance of 15%, relying on the typically high execution momentum in the 4QFY26. At CMP, the stock is trading at FY26E/FY27E P/E multiples of 30.1x/24.7x, respectively, based on Bloomberg consensus consolidated earnings.

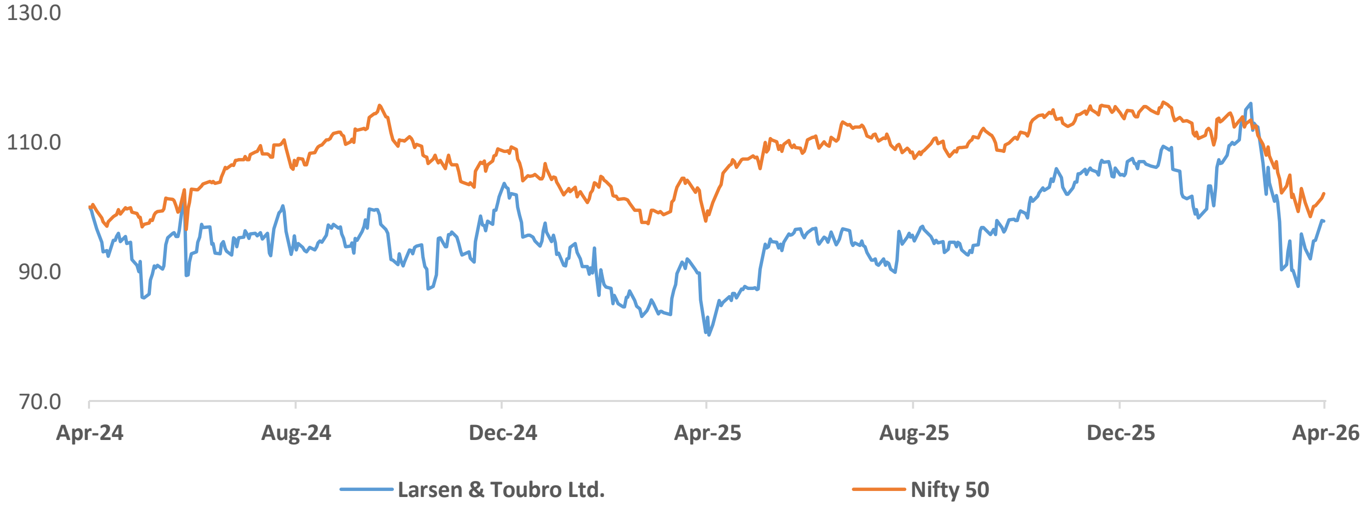
Key risks: Prolonged geopolitical tensions; capex slowdown; execution risks arising from manpower shortages; volatility in order inflows.

Financial Summary (Consolidated)

Particulars (Rs cr)	FY24A	FY25A	FY26E	FY27E
Net Sales	2,21,112.9	2,55,734.5	2,91,803.8	3,38,824.3
EBITDA	23,493.7	26,434.7	30,320.8	35,425.4
Net Profit	13,194.4	14,562.3	18,033.8	21,873.9
EBITDA Margin (%)	10.6	10.3	10.4	10.5
RoE (%)	14.9	16.3	17.2	18.5
P/E (x)	41.6	37.0	30.1	24.7

Source: Bloomberg, SSL Research

Stock Performance (2-Years)



Source: Bloomberg, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
-	-	-	-	-

SBICAP Securities Limited
(CIN): U65999MH2005PLC155485
SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017| Research Analyst : INH000000602
IRDA : CA0103 | PFRDA Registration No: POP 26092018
Registered & Corporate Office: Marathon Futurex, Unit No. 1201, B-Wing, 12th Floor, N M Joshi Marg,
Mafatlal Mill Compound, Lower Parel East, Mumbai 400013
For any information contact us:
(022) 6854 5555 | E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in

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Name	Qualification	Designation
Sudeep Shah	MMS-Finance	VP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Vinit Mishra	B.Com	Research Associate - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst - Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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Sunny Agrawal

Sunny Agrawal
DVP – Fundamental Research

Sudeep Shah.

Sudeep Shah
VP – Technical & Derivative Research