



Larsen & Toubro Ltd Intrinsic Value Calculation

Applying the Futurecaps Intrinsic Value framework to LT (NSE/BSE) — data as of Jul 2026

This report applies the Intrinsic Value framework described by Futurecaps Stocks, adapted from Benjamin Graham's *The Intelligent Investor*, to Larsen & Toubro Ltd using current publicly available financial data.

1. Current Snapshot — Larsen & Toubro Ltd (NSE/BSE)

Metric	Value
Sector	Infrastructure / Capital Goods (Industrials)
Current Market Price (CMP)	Rs. 3,894
Market Cap	Rs. 5,35,675 Cr
Stock P/E	32.6
Book Value / share	Rs. 794
Dividend Yield	0.97%
ROCE	14.6%
ROE	15.9%
EPS (TTM)	Rs. 116.92

2. Framework Inputs

The framework requires three inputs — EPS, a projected growth rate (G), and a no-risk reference return (Y), typically a bank fixed deposit rate:

Input	Value Used	Basis
EPS	Rs. 116.92	Trailing twelve months (TTM), consolidated
G (Growth Rate)	17%	3-year compounded profit growth
Y (No-Risk Return)	6%	SBI 5-year fixed deposit rate

Note: L&T's profit growth has been strong on a 3-year view (17%) on the back of a large order book, though 5-year compounded growth (3%) reflects a slower stretch in between.

3. Intrinsic Value Calculation

$$\text{Intrinsic Value} = \text{EPS} \times (8.5 + 2G) \times 4.4 / Y$$

Substituting Larsen & Toubro Ltd's figures (EPS = 116.92, G = 17, Y = 6):

$$\text{Intrinsic Value} = 116.92 \times (8.5 + 34) \times 4.4 / 6 = 116.92 \times 31.17 \approx \text{Rs. 3,644}$$

4. Margin of Safety & Fair Value

Larsen & Toubro Ltd is a large-cap constituent of the Nifty 50 / BSE Sensex, so a 20% margin of safety is applied, per the framework's guidance for large-caps.

$$\text{Fair Value} = \text{Intrinsic Value} - 20\% = \text{Rs. 3,644} \times 0.80 \approx \text{Rs. 2,915}$$

Metric	Value
Intrinsic Value	Rs. 3,644
Margin of Safety (large-cap)	20%
Fair Value	Rs. 2,915
Current Market Price (CMP)	Rs. 3,894
Decision	SELL

5. Decision Rule Applied

Decision	Condition	LT Status
BUY	CMP < Fair Value	No
HOLD	Fair Value < CMP < Intrinsic Value	No
SELL	CMP > Intrinsic Value	Yes

6. Takeaway

At a CMP of Rs. 3,894, L&T; trades above both its estimated Fair Value (Rs. 2,915) and Intrinsic Value (Rs. 3,644) on this framework, placing it in SELL territory, with the market pricing in continued execution on its infrastructure order book.

This is an educational, formula-based estimate — not investment advice. Intrinsic Value depends heavily on the growth and discount-rate assumptions used, both of which are inherently uncertain. Please do your own research or consult a qualified financial advisor before making investment decisions.

Fair Value is the Maximum Price you should pay for a stock.

Want stocks trading at a steep discount to Intrinsic Value? [Click here to claim your FREE Multibagger @ 90% Intrinsic Value Discount!](#)

Source: Futurecaps Stocks Intrinsic Value framework; company public financial filings and stock exchange disclosures, data as of Jul 2026.