

Larsen & Toubro

Estimate changes 

TP change 

Rating change 

| | |
|-----------------------|---------------|
| Bloomberg | LT IN |
| Equity Shares (m) | 1376 |
| M.Cap.(INRb)/(USDb) | 5444.6 / 61.7 |
| 52-Week Range (INR) | 4017 / 2965 |
| 1, 6, 12 Rel. Per (%) | 2/12/11 |
| 12M Avg Val (INR M) | 7223 |

Financials Snapshot (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|-------------|---------|---------|---------|
| Net Sales | 2,968.3 | 3,408.9 | 3,908.7 |
| EBITDA | 310.5 | 360.0 | 415.0 |
| PAT | 179.0 | 212.9 | 254.1 |
| EPS (INR) | 130.2 | 154.9 | 184.9 |
| GR. (%) | 21.9 | 19.0 | 19.4 |
| BV/Sh (INR) | 800.1 | 906.9 | 1,034.3 |

Ratios

| | | | |
|----------|------|------|------|
| ROE (%) | 17.2 | 18.1 | 19.0 |
| RoCE (%) | 9.7 | 10.4 | 11.2 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (X) | 30.4 | 25.5 | 21.4 |
| P/BV (X) | 4.9 | 4.4 | 3.8 |
| EV/EBITDA (X) | 17.5 | 15.1 | 13.1 |
| Div Yield (%) | 1.0 | 1.2 | 1.5 |

Shareholding pattern (%)

| As On | Sep-25 | Jun-25 | Sep-24 |
|----------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| DII | 43.1 | 43.2 | 40.3 |
| FII | 20.3 | 20.2 | 22.7 |
| Others | 36.5 | 36.5 | 37.0 |

FII Includes depository receipts

CMP: INR3,958

TP: INR4,500 (+14%)

Buy

Positives come from improving domestic inflows and non-core divestment

LT's consolidated 2QFY26 PAT was largely in line with our estimate, despite a revenue miss of 5%, mainly due to lower-than-expected revenue from core E&C. On the positive side, a sharp outperformance was seen in order inflows for the core E&C, which stood at INR968b vs. our estimate of INR722b, and EBITDA margin improved by 20bp YoY. NWC and RoE continued to witness improvement YoY. Order inflow mix was fairly diversified across domestic and international. Order prospect pipeline is up 29% YoY at INR10.4t for remaining 6MFY26 and the company has maintained a win ratio of 19-20% in 2Q order wins. We had highlighted in our previous result update ([Link](#)) that with the current win rate, LT can comfortably exceed its order inflow growth guidance of 10%. Management, during the call, has given the guidance of order inflow growth of far more than 10%, revenue growth of 15% and EBITDA margin of 8.5% for FY26. LT has reached an in-principle understanding with Government of Telangana to divest its stake in Hyderabad Metro, which we believe is a big positive. Revival in domestic order inflows and non-core asset divestment should lead to valuation re-rating for the stock. We tweak our estimates to factor in 1HFY26 performance of core business and IT subsidiaries and arrive at a revised SoTP-based TP of INR4,500 (INR4,300 earlier), based on 28x two-year forward earnings for core business and a 25% holding company discount to subsidiaries.

In-line PAT

On a consolidated basis, revenue grew 10% YoY to INR680b, while EBITDA rose 7% YoY to INR68b for 2QFY26. Margin was down YoY at 10.0%, while PAT increased 16% YoY to INR39b (in line with our estimate). For core E&C, revenue came in at INR490b (up 10% YoY), 7% below our estimate mainly due to slightly weaker execution in domestic markets and in the infrastructure segment as execution of water projects remained slow. International execution increased 24% YoY. EBITDA growth stood at 16% YoY, while EBITDA margin expanded 20bp YoY to 7.8%. NWC-to-sales ratio stood at 10.2% and RoE improved to 17.2%. Consolidated inflow increased 45% YoY to INR1.2t, while core E&C order inflow grew 54% YoY to INR968b, driven by both domestic (+41% YoY) and international geographies (+62% YoY). Thus, the core order book grew 30% YoY to INR6.7t. The international segment now forms 49% of the total order book. Within international, 84% comes from the Middle East.

Opportunities in domestic markets

LT is witnessing improvement in order inflow prospects from domestic markets. Over the next 2-3 years, the company is eyeing opportunities worth 10-15GW of thermal power projects, along with opportunities from nuclear and hydro power, strong inflows from buildings and factories, particularly from real estate, and opportunities from transportation infra, metals and mining, as well as defense. We expect these opportunities to bring improvement in domestic order inflows for the company over time. LT is going slow on water projects on account of payment delays. Water segment currently forms 7% of the total order book.

International geographies offer strong prospects on renewable side

International inflows for LT remain strong across infrastructure and energy segment. LT remains focused on projects across geographies like Saudi Arabia, Kuwait, Qatar and UAE, driven by diversification into renewables and gas-to-power projects. During the quarter, the company secured multiple large EPC orders in Saudi Arabia and the UAE across onshore gas, offshore structures, and energy infrastructure.

In-principle understanding to divest stake in Hyderabad Metro

LT has reached an in-principle understanding with Telangana govt to divest its stake in Hyderabad Metro and it plans to conclude this transaction by 4QFY26. Under the arrangement, the entire debt of INR130b of Hyderabad Metro would be taken over by SPV floated by Telangana govt and LT will receive an equity of INR20b vs. its adjusted equity of INR10b (INR75b actual equity adjusted with accumulated losses of INR65b in Hyderabad Metro). Divestment of this stake would reduce the debt and interest burden from the consolidated financials.

Expanding into new-age and technology-driven sectors

LT is steadily diversifying into new-age sectors aligned with global sustainability and technological trends. Under its Lakshya 2031 roadmap, the company has identified electronics manufacturing, renewable energy, and semiconductors as key growth pillars. In renewables, LT signed an MoU with Etochu Corporation of Japan for a 300ktpa green ammonia project at Kandla, Gujarat, marking its entry into large-scale green hydrogen and ammonia production. It is also executing the EPC scope for the Yanbu Green Ammonia project in Saudi Arabia, covering solar, wind, and battery storage systems. In semiconductors, its subsidiary L&T Semiconductor Technologies acquired design assets and IP from Fujitsu General Electronics, enhancing its expertise in power modules and advanced chip design while partnering with IISc Bengaluru to establish a national 2D innovation hub for next-generation semiconductor research. These initiatives demonstrate LT's transition from a conventional EPC company to a technology-driven engineering leader with a growing footprint in green energy, electronics, and digital infrastructure.

Strengthening aerospace capabilities through AMCA program

LT has formed a consortium with Bharat Electronics (BEL) for the AMCA program of the Indian Air Force. The consortium's scope of work includes development of the prototype airframe, jigs and fixtures, system integration, and flight certification for the next-generation stealth fighter. The shortlisting of eligible bidders is expected by 3QFY26, followed by the issue of the RFP in 4QFY26, and award of the prototype contract by 4QFY27. The prototype delivery and test flight are planned for FY29-30, after which serial production is expected to commence. LT's prior experience in fabricating critical structures and subsystems for the light combat aircraft (LCA) program, along with its advanced manufacturing and system integration capabilities, provides a strong foundation for its participation.

Valuations and view

At the current price, for core E&C, LT is trading at 30x/25x/21x P/E on FY26/27/28E earnings. We tweak our estimates to factor in 1H performance for the core business as well as the IT companies. We thus expect core E&C revenue/EBITDA/PAT to grow at a CAGR of 16%/18%/22%. We value the company at 28x P/E two-year forward earnings for core business and 25% holding company discount for subsidiaries. **We maintain BUY with a revised TP of INR4,500 (INR4,300 earlier).** Our SOTP revision takes into account the revised valuations of subsidiaries.

Key risks and concerns

A slowdown in order inflows, delays in the completion of mega and ultra-mega projects, a sharp rise in commodity prices, an increase in working capital, and increased competition are a few downside risks to our estimates.

Consolidated - Quarterly Earning Model

(INR b)

| Y/E March - INR b | FY25 | | | | FY26E | | | | FY25 | FY26E | FY25E | Est |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | Var (%) |
| Net Sales | 551 | 616 | 647 | 744 | 637 | 680 | 761 | 891 | 2,557 | 2,968 | 715 | -5 |
| YoY Change (%) | 15.1 | 20.6 | 17.3 | 10.9 | 15.5 | 10.4 | 17.7 | 19.8 | 15.7 | 16.1 | 16.2 | |
| Total Expenditure | 495 | 552 | 584 | 662 | 574 | 612 | 683 | 789 | 2,293 | 2,658 | 645 | |
| EBITDA | 56 | 64 | 63 | 82 | 63 | 68 | 78 | 101 | 264 | 311 | 70 | -3 |
| YoY Change (%) | 15.3 | 13.0 | 8.6 | 13.4 | 12.5 | 7.0 | 24.5 | 23.6 | 12.5 | 17.5 | 9.8 | |
| Margins (%) | 10.2 | 10.3 | 9.7 | 11.0 | 9.9 | 10.0 | 10.2 | 11.4 | 10.3 | 10.5 | 9.8 | |
| Depreciation | 10 | 10 | 10 | 11 | 10 | 11 | 11 | 10 | 41 | 42 | 11 | 3 |
| Interest | 9 | 9 | 8 | 7 | 8 | 8 | 9 | 10 | 33 | 34 | 9 | -11 |
| Other Income | 9 | 11 | 10 | 11 | 14 | 14 | 9 | 10 | 41 | 47 | 11 | 22 |
| PBT before EO expense | 47 | 56 | 53 | 75 | 59 | 63 | 67 | 91 | 231 | 280 | 62 | 2 |
| Extra-Ord expense | - | - | - | -5 | - | - | - | - | -5 | - | - | |
| PBT | 47 | 56 | 53 | 80 | 59 | 63 | 67 | 91 | 236 | 280 | 62 | 2 |
| Tax | 12 | 14 | 13 | 19 | 15 | 16 | 18 | 24 | 59 | 73 | 16 | |
| Rate (%) | 26.4 | 26.0 | 25.0 | 23.5 | 26.2 | 26.0 | 26.0 | 26.3 | 25.0 | 26.2 | 26.2 | |
| MI & P/L of Asso. Cos. | 7 | 7 | 6 | 6 | 7 | 8 | 7 | 6 | 27 | 28 | 7 | |
| Reported PAT | 28 | 34 | 34 | 55 | 36 | 39 | 43 | 61 | 150 | 179 | 39 | 1 |
| Adj PAT | 28 | 34 | 34 | 51 | 36 | 39 | 43 | 61 | 147 | 179 | 39 | 1 |
| YoY Change (%) | 11.7 | 5.4 | 14.0 | 18.8 | 29.8 | 15.6 | 27.5 | 18.3 | 13.0 | 21.9 | 14.3 | |
| Margins (%) | 5.1 | 5.5 | 5.2 | 6.9 | 5.7 | 5.8 | 5.6 | 6.8 | 5.7 | 6.0 | 5.4 | |

| Y/E March - INR b | FY25 | | | | FY26E | | | | FY25 | FY26E | YoY (%) | FY26E | Est |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | 2QE | Var (%) |
| Segmental revenue | | | | | | | | | | | | | |
| Consolidated (ex-services) | 386 | 445 | 473 | 569 | 458 | 490 | 565 | 692 | 1,873 | 2,206 | 10.0 | 528 | -7 |
| Infrastructure Projects | 269 | 320 | 321 | 389 | 288 | 318 | 377 | 475 | 1,354 | 1,457 | -0.6 | 353 | -10 |
| Energy Projects | 85 | 89 | 111 | 122 | 125 | 131 | 136 | 145 | 399 | 537 | 47.4 | 127 | 3 |
| Hi-Tech Manufacturing | 18 | 21 | 24 | 34 | 32 | 28 | 33 | 39 | 96 | 132 | 33.5 | 31 | -11 |
| Others | 14 | 16 | 17 | 24 | 14 | 14 | 19 | 33 | 72 | 81 | -14.1 | 17 | -17 |
| IT & Technology Services | 115 | 118 | 121 | 125 | 126 | 133 | 135 | 140 | 479 | 534 | 12.5 | 129 | 3 |
| Financial Services | 37 | 38 | 39 | 38 | 40 | 42 | 45 | 44 | 155 | 170 | 8.6 | 44 | -6 |
| Development Projects | 13 | 14 | 14 | 12 | 12 | 15 | 16 | 14 | 56 | 58 | 10.8 | 15 | 6 |
| Total Revenues | 551 | 616 | 647 | 744 | 637 | 680 | 761 | 891 | 2,611 | 2,968 | 10.4 | 715 | -5 |
| Net reported revenue | 551 | 616 | 647 | 744 | 637 | 680 | 761 | 891 | 2,557 | 2,968 | 10.4 | 715 | -5 |
| Segmental EBITDA | | | | | | | | | | | | | |
| Consolidated (ex-services) | 29 | 34 | 36 | 56 | 35 | 38 | 46 | 69 | 155 | 188 | 12.7 | 40 | -5 |
| Infrastructure Projects | 16 | 19 | 18 | 31 | 16 | 20 | 25 | 38 | 84 | 99 | 4.4 | 21 | -6 |
| Energy Projects | 7 | 8 | 9 | 10 | 9 | 10 | 11 | 16 | 34 | 45 | 22.3 | 10 | 0 |
| Hi-Tech Manufacturing | 3 | 3 | 4 | 7 | 5 | 4 | 6 | 9 | 17 | 24 | 53.3 | 5 | -20 |
| Others | 3 | 4 | 5 | 9 | 5 | 4 | 4 | 6 | 21 | 19 | 7.1 | 4 | 9 |
| IT & Technology Services | 23 | 25 | 23 | 23 | 25 | 27 | 27 | 28 | 93 | 107 | 8.2 | 24 | 10 |
| Financial Services | 9 | 10 | 9 | 8 | 10 | 10 | 11 | 10 | 36 | 41 | 6.9 | 11 | -4 |
| Development Projects | 2 | 2 | 2 | 4 | 2 | 2 | 3 | 5 | 11 | 12 | -22.1 | 2 | -32 |
| Total EBITDA | 64 | 70 | 69 | 91 | 72 | 77 | 87 | 112 | 295 | 347 | 9.3 | 78 | -1 |
| Less: Implied eliminations | -8 | -7 | -7 | -9 | -8 | -9 | -9 | -11 | -31 | -36 | | -8 | |
| Net reported EBITDA | 56 | 64 | 63 | 82 | 63 | 68 | 78 | 101 | 264 | 311 | 7.0 | 70 | -3 |
| EBITDA margin (%) | | | | | | | | | | | | | |
| Consolidated (ex-services) | 7.6 | 7.6 | 7.6 | 9.9 | 7.6 | 7.8 | 8.1 | 10.0 | 8.3 | 8.5 | 20bp | 7.6 | 21 bp |
| Infrastructure Projects | 5.8 | 6.0 | 5.5 | 8.0 | 5.7 | 6.3 | 6.5 | 8.0 | 6.2 | 6.8 | 30bp | 6.0 | 30 bp |
| Energy Projects | 8.7 | 8.8 | 8.3 | 8.1 | 7.3 | 7.3 | 8.0 | 10.8 | 8.6 | 8.4 | -150bp | 7.5 | -20 bp |
| Hi-Tech Manufacturing | 17.4 | 12.8 | 18.2 | 19.5 | 15.1 | 14.7 | 18.5 | 23.5 | 17.4 | 18.3 | 190bp | 16.5 | -180 |
| Others | 23.4 | 25.1 | 27.5 | 36.7 | 32.9 | 31.3 | 22.0 | 18.6 | 28.8 | 24.1 | 620bp | 24.0 | 730 bp |
| IT & Technology Services | 20.0 | 21.0 | 18.7 | 18.2 | 19.5 | 20.2 | 20.2 | 20.1 | 19.4 | 20.0 | -80bp | 19.0 | 120 bp |
| Financial Services | 25.9 | 25.4 | 22.2 | 22.2 | 24.8 | 25.0 | 24.0 | 21.9 | 23.5 | 23.9 | -40bp | 24.5 | 50 bp |
| Development Projects | 17.0 | 15.5 | 15.8 | 32.9 | 17.8 | 10.9 | 18.0 | 33.4 | 19.0 | 19.9 | -460bp | 17.0 | -610 |
| Total EBITDA margin (%) | 11.6 | 11.4 | 10.7 | 12.3 | 11.2 | 11.3 | 11.4 | 12.6 | 11.3 | 11.7 | -10bp | 10.8 | 47 bp |
| Net reported EBITDA margin | 10.2 | 10.3 | 9.7 | 11.0 | 9.9 | 10.0 | 10.2 | 11.4 | 10.3 | 10.5 | -30bp | 9.8 | 25 bp |
| Order inflow | 544 | 630 | 987 | 721 | 766 | 968 | 749 | 691 | 2,882 | 3,174 | 53.6 | 722 | 34 |
| Order book | 4,944 | 5,140 | 5,642 | 5,792 | 6,129 | 6,672 | 6,855 | 6,761 | 5,792 | 6,761 | 29.8 | 6,322 | 6 |



Conference call highlights

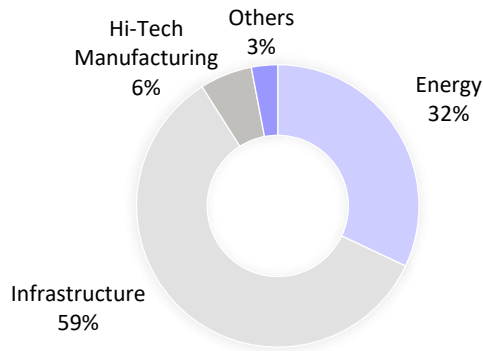
- **Execution:** The company reported consolidated revenue of INR680b in 2QFY26, +10% YoY, driven by strong execution in the energy and Hi-Tech manufacturing segments. International revenues constituted 56% of the total during the quarter. Execution in the infrastructure projects segment was relatively subdued due to extended monsoons and slower progress in rural water supply projects but the same is expected to pick up in 2H.
- **Order book up 31% YoY:** The order book at the end of 2QFY26 stood at INR6.7t. Order inflows during the quarter reached INR1.2t, up 45% YoY. The order book is evenly split between domestic (51%) and international (49%) operations. The domestic order book consists of orders from PSUs (32%), state governments (24%), the central government (14%), and the private sector (30%). The share of the private sector in the total order book has been on a rise for the past 4-5 quarters owing to increased real estate developments in commercial, residential, and data centers.
- **Strong ordering prospects for 2HFY26:** The company has a robust order prospect pipeline of INR10.4t for 2HFY26, +29% YoY. Infrastructure contributes INR6.5t (vs. INR5.4t last year, +20% YoY) to the pipeline, with segments such as heavy civil infra (16%), transportation (21%), renewables (11%), power T&D (14%), buildings and factories (13%), water (15%), and minerals and metals (10%). The total prospect pipeline for energy segment stands at INR3.6t, with INR2.9t (vs INR2.3t last year, +30%) from hydrocarbon, INR0.46t (vs INR0.24t last year) from carbon-lite, and INR0.18t (vs INR0.01t last year) from green energy - majority from international markets. Heavy engineering and precision prospects stood at INR0.3t vs. INR0.16t last year.
- **Working capital remains comfortable:** LT demonstrated strong discipline in working capital management, with net working capital improving to 10.2% of sales as of Sep'25 vs. 12.2% a year ago. This improvement was aided by better collections, tighter control over receivables, and restrained execution on projects facing delayed payments. Improved capital efficiency also supported a healthy ROE of 17.2%, up 110bp YoY, reflecting stronger profitability and balance sheet management.
- **GCC ordering:** LT continues to see strong order traction from the GCC, which accounts for about 84% of its international order book. In 2Q, LT secured multiple large EPC orders in Saudi Arabia and the UAE across onshore gas, offshore structures, and energy infrastructure. The regional pipeline remains robust with multi-billion dollar opportunities in Saudi Arabia, Qatar, Kuwait, and the UAE, driven by diversification into renewables and gas-to-power projects. Management remains confident of sustaining healthy GCC inflows over the next few years, supported by disciplined bidding and deep local partnerships.
- **Hyderabad Metro performance:** Management said that average daily ridership decreased to 439,000 pax/day in 2QFY26 from 468,000 in 1QFY25. However, average fare revisions from INR38 per passenger to INR46 per passenger helped to boost revenue. The company has reached an in-principle understanding where the Government of Telangana will take over the debt and equity of LT.
- **Strategic partnerships:** During the quarter, LT entered into partnerships in renewables, green ammonia, defense, and semiconductors. Key initiatives

include a green ammonia JV with Itochu Corporation, a defense collaboration with BEL for the AMCA program, and the acquisition of power module design assets from Fujitsu to bolster semiconductor capabilities.

- **FY26 guidance:** For FY26, management has mentioned that it will exceed its previous order inflow guidance of 10% with scope of more ultra-mega orders. Revenue growth guidance of 15% YoY is maintained, aided by execution ramp-up in 2H FY26, while the core E&C margin is targeted to be at 8.5% on better operating leverage and efficiency gains in the second half. The company expects to maintain net working capital-to-revenue ratio of 12%.

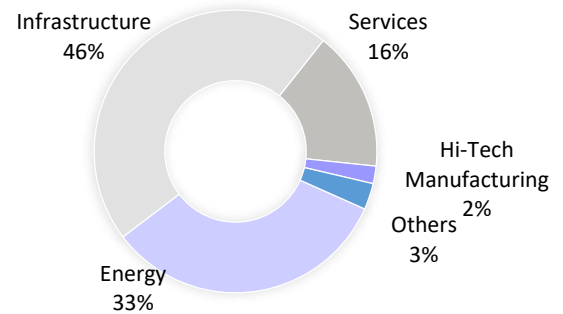
Key Exhibits

Exhibit 1: Segmental breakup of INR6.7t order book



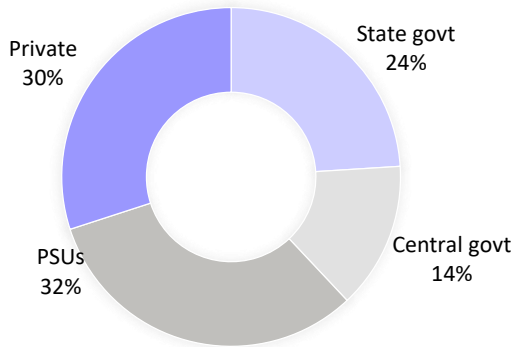
Source: Company, MOFSL

Exhibit 2: Segmental breakup of INR1.2t order inflows



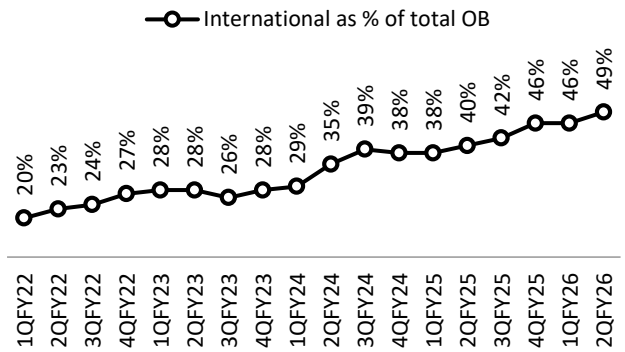
Source: Company, MOFSL

Exhibit 3: Order book largely comprises public sector orders (70%); private sector forms 30%



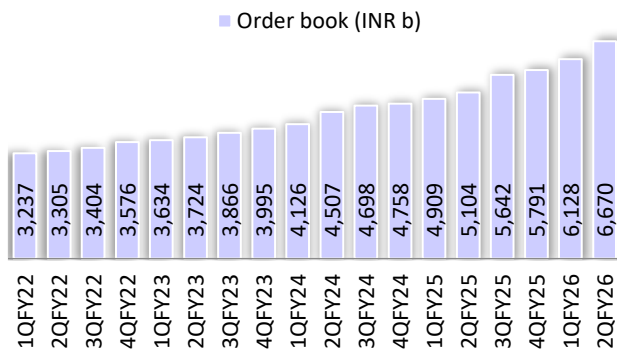
Source: Company, MOFSL

Exhibit 4: Share of international projects in overall OB at peak in 2QFY26



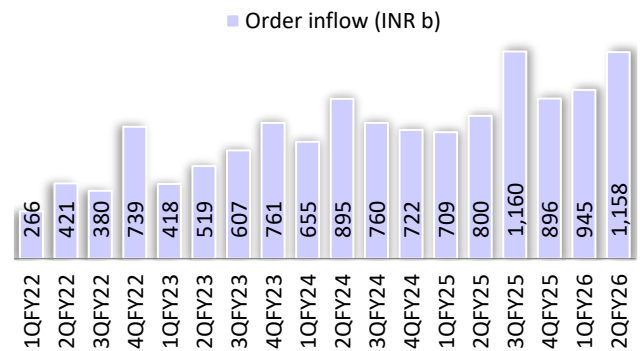
Source: Company, MOFSL

Exhibit 5: Order book has been robust in recent quarters, boosted by inflows from the Middle East



Source: Company, MOFSL

Exhibit 6: Overall order inflows were up 45% YoY mainly due to uptick in energy and infra segments



Source: Company, MOFSL

Exhibit 7: E&C revenue increased 10% YoY

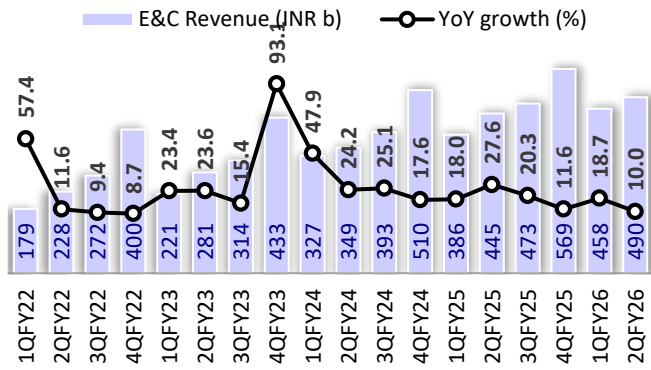


Exhibit 8: E&C EBITDA margin improved 20bp YoY

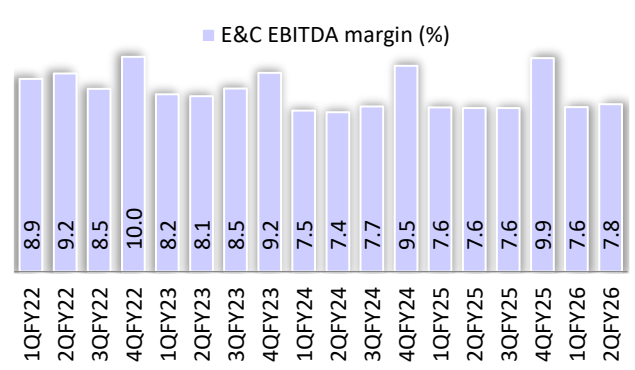


Exhibit 9: NWC-to-sales ratio has seen a steady decline as LT continues to strengthen its balance sheet

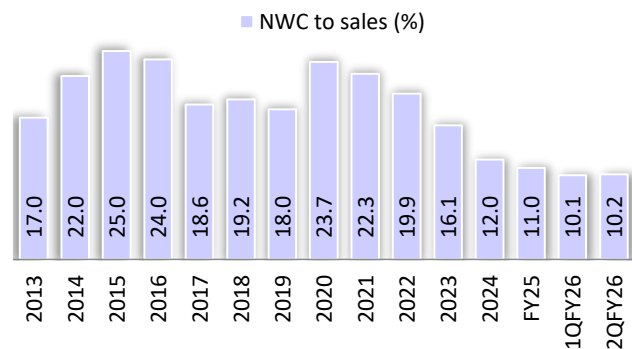


Exhibit 10: RoE witnessing gradual improvement as NWC-to-sales ratio improved over the years

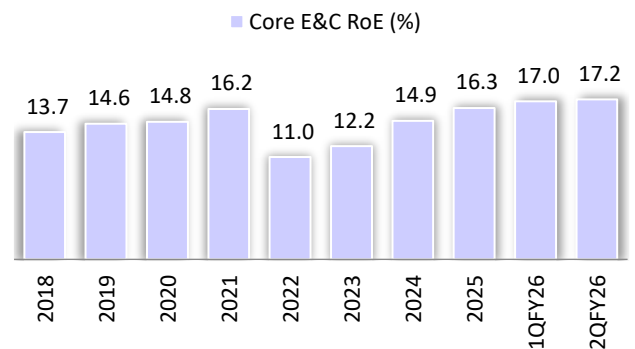


Exhibit 11: LT's prospect pipeline announced at the beginning of the year vs. LT's actual share during the year

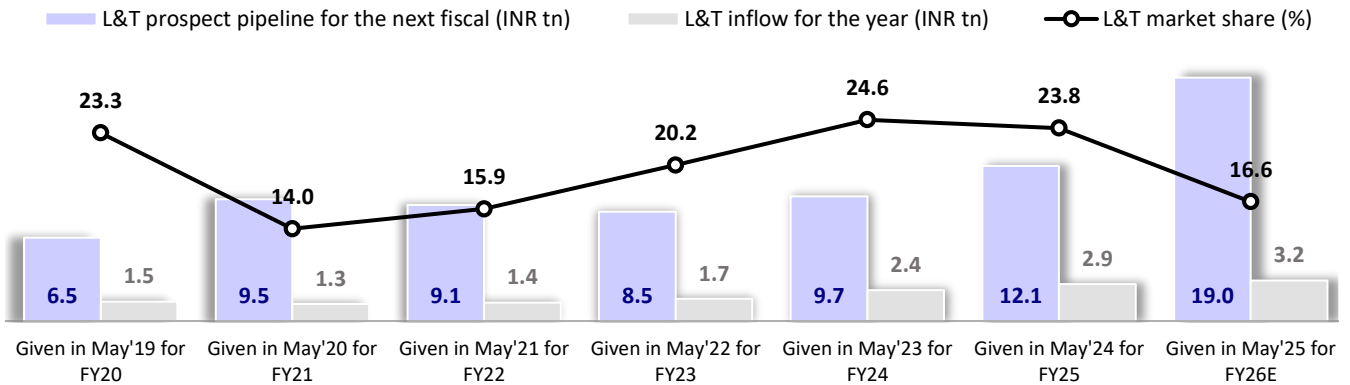
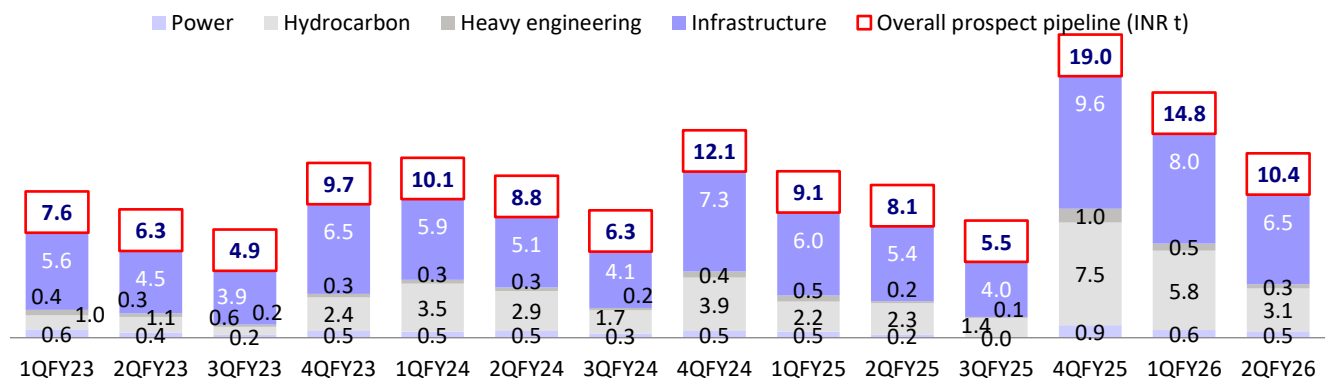


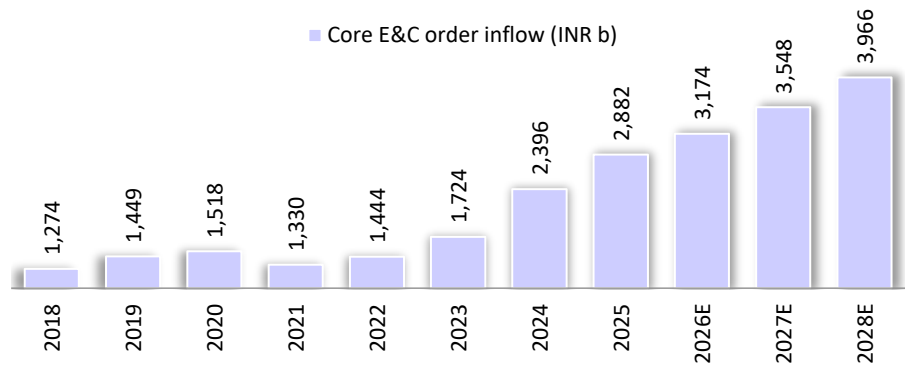
Exhibit 12: Strong prospect pipeline of INR10.4t of LT led by infra and hydrocarbon segments



Source: Company, MOFSL

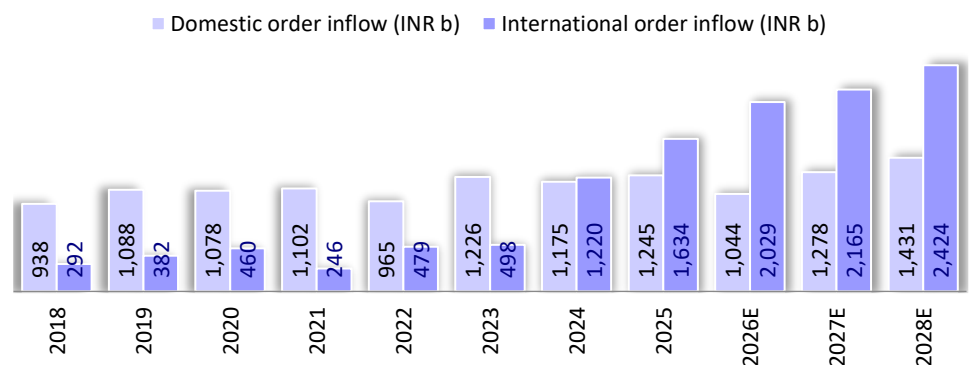
Financial Outlook

Exhibit 13: Core E&C order inflow trend (INR b)



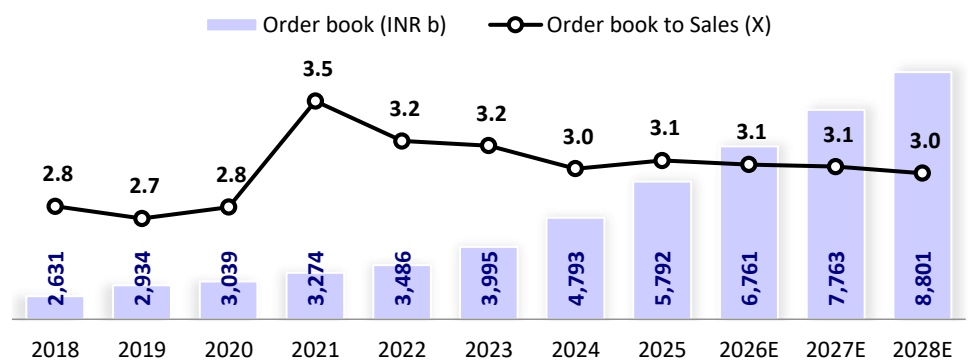
Source: Company, MOFSL

Exhibit 14: Geography-wise order inflow trend (INR b)

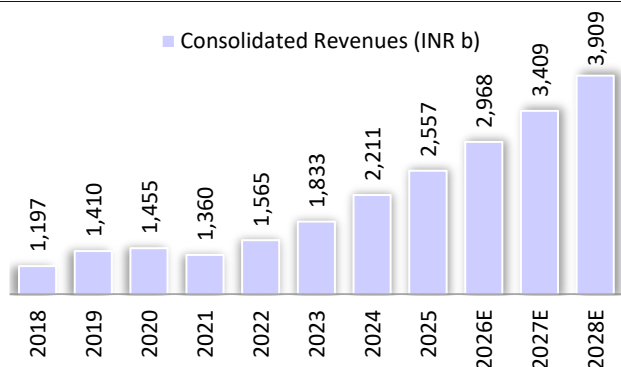


Source: Company, MOFSL

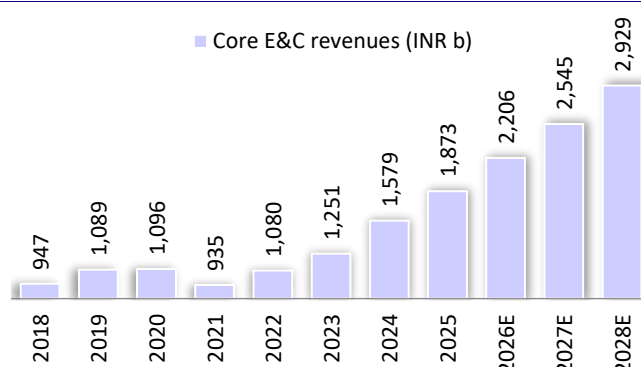
Exhibit 15: Robust tendering pipeline to support order book growth



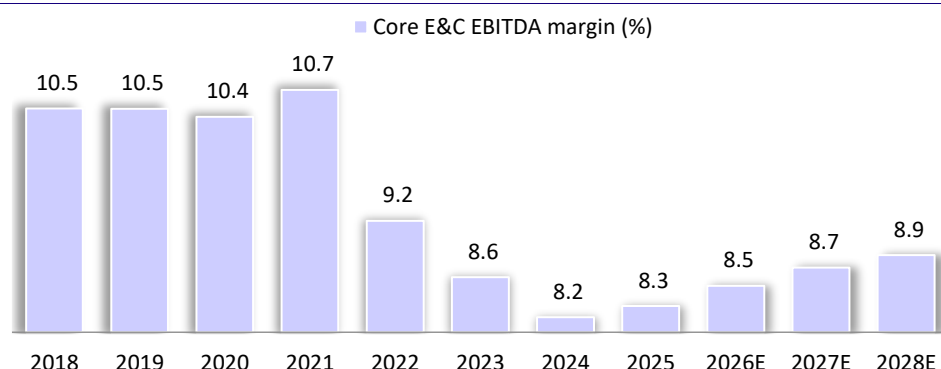
Source: Company, MOFSL

Exhibit 16: Consolidated revenue trend (INR b)


Source: Company, MOFSL

Exhibit 17: Core E&C revenue trend (INR b)


Source: Company, MOFSL

Exhibit 18: E&C EBITDA margin to improve as legacy projects are completed (%)


Source: Company, MOFSL

Exhibit 19: LT- SOTP-based target price increased to INR4,500 (vs INR4,300 earlier) to factor in revised valuations of subsidiaries (INR/share)

| | Earnings/Book (INR m) | Target multiple (x) | Value (INR b) | Valuation basis | Stake (%) | Value (INR b) | Sep-27 Per share (INR) |
|---------------------------|-----------------------|---------------------|---------------|-----------------------|-----------|---------------|------------------------|
| Core E&C business | 1,62,575 | 28 | 4,471 | P/E | 100.0 | 4,471 | 3,252 |
| L&T Finance Holdings | | | 796 | (at MOFSL TP) | 66.0 | 525 | 382 |
| LTI-Mindtree | | | 1,968 | (at MOFSL TP) | 68.7 | 1,352 | 983 |
| L&T Technology Services | | | 466 | (at MOFSL TP) | 73.8 | 344 | 250 |
| Hyderabad Metro | 24,390 | 1.0 | 24 | P/B | 100.0 | 24 | 23 |
| Power development | 26,000 | 1.2 | 31 | P/B | 100.0 | 31 | 29 |
| Total subsidiaries | | | | 25% holding co. disc. | | 1,707 | 1,251 |
| Grand total | | | | | | | 4,503 |

Source: Company, MOFSL

Exhibit 20: We tweak our estimates slightly to factor in 1H performance for the core business as well as the IT companies

| (INR M) | FY26E | | | FY27E | | | FY28E | | |
|------------|-----------|-----------|---------|-----------|-----------|---------|-----------|-----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 29,68,332 | 29,67,925 | 0.0 | 34,08,857 | 34,10,028 | (0.0) | 39,08,681 | 39,10,290 | (0.0) |
| EBITDA | 3,10,537 | 3,10,842 | (0.1) | 3,60,027 | 3,60,141 | (0.0) | 4,14,992 | 4,14,975 | 0.0 |
| EBITDA (%) | 10.5 | 10.5 | -1 bps | 10.6 | 10.6 | 0 bps | 10.6 | 10.6 | 0 bps |
| Adj. PAT | 1,78,316 | 1,78,692 | (0.2) | 2,12,218 | 2,12,475 | (0.1) | 2,53,383 | 2,53,575 | (0.1) |
| EPS (INR) | 129.7 | 130.0 | (0.2) | 154.4 | 154.6 | (0.1) | 184.3 | 184.5 | (0.1) |

Source: MOFSL

Financials and valuations

Consolidated - Income Statement

(INR b)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Income from Operations | 1,455 | 1,360 | 1,565 | 1,833 | 2,211 | 2,557 | 2,968 | 3,409 | 3,909 |
| Change (%) | 3.2 | -6.5 | 15.1 | 17.1 | 20.6 | 15.7 | 16.1 | 14.8 | 14.7 |
| Raw Materials | 974 | 867 | 997 | 1,166 | 1,460 | 1,710 | 1,984 | 2,279 | 2,613 |
| Gross Profit | 481 | 493 | 568 | 667 | 752 | 848 | 984 | 1,130 | 1,296 |
| Employees Cost | 231 | 248 | 297 | 372 | 412 | 468 | 543 | 623 | 715 |
| Other Expenses | 86 | 89 | 88 | 87 | 105 | 116 | 130 | 146 | 166 |
| Total Expenditure | 1,291 | 1,204 | 1,383 | 1,626 | 1,976 | 2,293 | 2,658 | 3,049 | 3,494 |
| % of Sales | 88.8 | 88.5 | 88.4 | 88.7 | 89.4 | 89.7 | 89.5 | 89.4 | 89.4 |
| EBITDA | 163 | 156 | 182 | 208 | 235 | 264 | 311 | 360 | 415 |
| Margin (%) | 11.2 | 11.5 | 11.6 | 11.3 | 10.6 | 10.3 | 10.5 | 10.6 | 10.6 |
| Depreciation | 25 | 29 | 29 | 35 | 37 | 41 | 42 | 49 | 54 |
| EBIT | 139 | 127 | 153 | 173 | 198 | 223 | 268 | 311 | 361 |
| Int. and Finance Charges | 28 | 39 | 31 | 32 | 35 | 33 | 34 | 36 | 38 |
| Other Income | 24 | 34 | 23 | 29 | 42 | 41 | 47 | 56 | 65 |
| PBT bef. EO Exp. | 134 | 122 | 144 | 170 | 204 | 231 | 280 | 331 | 388 |
| EO Items | -7 | -82 | -1 | -1 | -1 | -5 | 0 | 0 | 0 |
| PBT after EO Exp. | 141 | 205 | 145 | 171 | 205 | 236 | 280 | 331 | 388 |
| Total Tax | 33 | 41 | 42 | 45 | 49 | 59 | 73 | 88 | 101 |
| Tax Rate (%) | 23.2 | 33.2 | 29.1 | 26.2 | 24.1 | 25.0 | 26.2 | 26.4 | 26.1 |
| Minority Interest | 13 | 14 | 17 | 21 | 25 | 26 | 29 | 32 | 34 |
| AI | 1 | 0 | 1 | -1 | -0 | -0 | 1 | 1 | 1 |
| Reported PAT | 95 | 151 | 87 | 105 | 131 | 150 | 179 | 213 | 254 |
| Adjusted PAT | 90 | 68 | 86 | 104 | 130 | 147 | 179 | 213 | 254 |
| Change (%) | 4.0 | -24.5 | 25.9 | 20.6 | 25.2 | 13.0 | 21.9 | 19.0 | 19.4 |
| Margin (%) | 6.2 | 5.0 | 5.5 | 5.7 | 5.9 | 5.7 | 6.0 | 6.2 | 6.5 |

Consolidated - Balance Sheet

(INR b)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity Share Capital | 2.8 | 2.8 | 2.8 | 2.8 | 2.7 | 2.8 | 2.7 | 2.7 | 2.7 |
| Total Reserves | 664 | 756 | 821 | 890 | 861 | 974 | 1,097 | 1,244 | 1,419 |
| Net Worth | 667 | 759 | 824 | 893 | 864 | 977 | 1,100 | 1,247 | 1,422 |
| Minority Interest | 95 | 121 | 130 | 142 | 162 | 177 | 206 | 238 | 271 |
| Total Loans | 1,410 | 1,346 | 1,255 | 1,207 | 1,163 | 1,324 | 1,387 | 1,455 | 1,529 |
| Deferred Tax Liabilities | -24 | -15 | -18 | -34 | -33 | -34 | -34 | -34 | -34 |
| Other liabilities | 20 | 0 | 0 | 3 | 1 | 3 | 3 | 3 | 3 |
| Capital Employed | 2,168 | 2,210 | 2,191 | 2,211 | 2,156 | 2,447 | 2,662 | 2,908 | 3,191 |
| Gross Block | 497 | 570 | 531 | 594 | 634 | 681 | 752 | 827 | 913 |
| Less: Accum. Deprn. | 98 | 127 | 133 | 168 | 204 | 246 | 288 | 337 | 390 |
| Net Fixed Assets | 399 | 443 | 427 | 426 | 430 | 436 | 464 | 490 | 522 |
| Capital WIP | 77 | 5 | 20 | 41 | 41 | 27 | 14 | 14 | 14 |
| Total Investments | 238 | 396 | 396 | 448 | 456 | 553 | 573 | 593 | 613 |
| Curr. Assets, Loans&Adv. | 2,329 | 2,241 | 2,328 | 2,349 | 2,431 | 2,741 | 3,131 | 3,554 | 4,038 |
| Inventory | 57 | 58 | 59 | 68 | 66 | 77 | 89 | 102 | 117 |
| Account Receivables | 407 | 422 | 461 | 447 | 488 | 537 | 623 | 716 | 821 |
| Cash and Bank Balance | 151 | 162 | 190 | 225 | 154 | 230 | 333 | 452 | 594 |
| Loans and Advances | 1,061 | 991 | 955 | 889 | 951 | 1,070 | 1,123 | 1,180 | 1,240 |
| Others | 652 | 607 | 662 | 719 | 773 | 828 | 961 | 1,104 | 1,266 |
| Curr. Liability & Prov. | 875 | 875 | 980 | 1,052 | 1,201 | 1,310 | 1,519 | 1,742 | 1,997 |
| Other Current Liabilities | 840 | 838 | 939 | 1,009 | 1,157 | 1,252 | 1,452 | 1,665 | 1,908 |
| Provisions | 35 | 38 | 42 | 44 | 44 | 58 | 67 | 77 | 89 |
| Net Current Assets | 1,455 | 1,366 | 1,347 | 1,296 | 1,230 | 1,431 | 1,612 | 1,811 | 2,042 |
| Appl. of Funds | 2,168 | 2,210 | 2,191 | 2,211 | 2,156 | 2,447 | 2,662 | 2,908 | 3,191 |

Financials and valuations

Ratios

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Basic (INR) | | | | | | | | | |
| EPS | 65.8 | 49.7 | 62.6 | 75.4 | 94.5 | 106.8 | 130.2 | 154.9 | 184.9 |
| Cash EPS | 83.7 | 70.8 | 84.0 | 100.9 | 121.3 | 136.8 | 160.9 | 190.4 | 223.9 |
| BV/Share | 485.4 | 551.9 | 599.5 | 649.8 | 628.2 | 710.4 | 800.1 | 906.9 | 1,034.3 |
| DPS | 0.0 | 36.0 | 22.0 | 30.0 | 28.0 | 34.0 | 40.5 | 48.1 | 57.5 |
| Payout (%) | 30.8 | 39.1 | 34.9 | 39.4 | 29.5 | 31.1 | 31.1 | 31.1 | 31.1 |
| Valuation (x) | | | | | | | | | |
| P/E | 60.0 | 79.5 | 63.2 | 52.4 | 41.8 | 37.0 | 30.4 | 25.5 | 21.4 |
| Cash P/E | 47.2 | 55.8 | 47.0 | 39.2 | 32.6 | 28.9 | 24.6 | 20.8 | 17.7 |
| P/BV | 8.1 | 7.2 | 6.6 | 6.1 | 6.3 | 5.6 | 4.9 | 4.4 | 3.8 |
| EV/Sales | 3.7 | 4.0 | 3.5 | 3.0 | 2.5 | 2.1 | 1.8 | 1.6 | 1.4 |
| EV/EBITDA | 33.3 | 34.8 | 29.8 | 26.2 | 23.1 | 20.6 | 17.5 | 15.1 | 13.1 |
| Dividend Yield (%) | 0.0 | 0.9 | 0.6 | 0.8 | 0.7 | 0.9 | 1.0 | 1.2 | 1.5 |
| FCF per share | 24.7 | 159.5 | 117.3 | 138.1 | 102.3 | 40.9 | 88.8 | 102.4 | 125.7 |
| Return Ratios (%) | | | | | | | | | |
| RoE | 14.0 | 9.6 | 10.9 | 12.1 | 14.8 | 16.0 | 17.2 | 18.1 | 19.0 |
| RoCE | 6.3 | 5.2 | 5.9 | 7.1 | 8.8 | 9.2 | 9.7 | 10.4 | 11.2 |
| RoIC | 6.9 | 5.1 | 6.7 | 8.3 | 10.0 | 10.7 | 11.7 | 12.7 | 14.0 |
| Working Capital Ratios | | | | | | | | | |
| Fixed Asset Turnover (x) | 2.9 | 2.4 | 2.9 | 3.1 | 3.5 | 3.8 | 3.9 | 4.1 | 4.3 |
| Asset Turnover (x) | 0.7 | 0.6 | 0.7 | 0.8 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 |
| Inventory (Days) | 14 | 16 | 14 | 14 | 11 | 11 | 11 | 11 | 11 |
| Debtor (Days) | 102 | 113 | 108 | 89 | 81 | 77 | 77 | 77 | 77 |
| Leverage Ratio (x) | | | | | | | | | |
| Current Ratio | 2.7 | 2.6 | 2.4 | 2.2 | 2.0 | 2.1 | 2.1 | 2.0 | 2.0 |
| Interest Cover Ratio | 5.0 | 3.3 | 4.9 | 5.4 | 5.6 | 6.7 | 7.8 | 8.6 | 9.5 |
| Net Debt/Equity | 1.5 | 1.0 | 0.8 | 0.6 | 0.6 | 0.6 | 0.4 | 0.3 | 0.2 |

Consolidated - Cash Flow Statement

(INR b)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|
| OP/(Loss) before Tax | 143 | 230 | 144 | 170 | 204 | 231 | 252 | 301 | 355 |
| Depreciation | 25 | 29 | 29 | 35 | 37 | 41 | 42 | 49 | 54 |
| Interest & Finance Charges | 20 | 25 | 21 | 14 | 11 | 9 | 34 | 36 | 38 |
| Direct Taxes Paid | -40 | -35 | -46 | -51 | -53 | -56 | -73 | -88 | -101 |
| (Inc)/Dec in WC | -78 | 100 | 48 | 54 | -14 | -121 | -77 | -82 | -88 |
| CF from Operations | 69 | 350 | 196 | 221 | 185 | 104 | 179 | 216 | 258 |
| Others | -2 | -121 | -5 | 7 | -3 | -13 | 0 | 0 | 0 |
| CF from Operating incl EO | 67 | 228 | 192 | 228 | 183 | 92 | 179 | 216 | 258 |
| (Inc)/Dec in FA | -33 | -9 | -30 | -38 | -42 | -35 | -57 | -75 | -86 |
| Free Cash Flow | 34 | 219 | 161 | 190 | 141 | 56 | 122 | 141 | 173 |
| (Pur)/Sale of Investments | 39 | -176 | -24 | -90 | 27 | -137 | -20 | -20 | -20 |
| Others | -88 | 131 | 18 | 44 | 36 | 17 | 0 | 0 | 0 |
| CF from Investments | -83 | -54 | -37 | -83 | 22 | -155 | -77 | -95 | -106 |
| Issue of Shares | 0 | 0 | 0 | 0 | -123 | 0 | -0 | 0 | 0 |
| Inc/(Dec) in Debt | 138 | -87 | -84 | -45 | -41 | 157 | 63 | 68 | 74 |
| Interest Paid | -29 | -33 | -34 | -35 | -41 | -42 | -34 | -36 | -38 |
| Dividend Paid | -46 | -40 | -25 | -31 | -42 | -38 | -56 | -66 | -79 |
| Others | -1 | 8 | -9 | -5 | -8 | -11 | 29 | 32 | 34 |
| CF from Fin. Activity | 64 | -153 | -152 | -116 | -254 | 66 | 2 | -3 | -10 |
| Inc/Dec of Cash | 48 | 21 | 3 | 29 | -50 | 2 | 104 | 118 | 143 |
| Opening Balance | 0 | 151 | 162 | 190 | 225 | 154 | 230 | 333 | 452 |
| Closing Balance | 151 | 162 | 190 | 225 | 154 | 230 | 333 | 452 | 594 |

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NOTES

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|----------------------------------|--|
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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

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Grievance Redressal Cell:

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.