

LARSEN & TOUBRO

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	3,958
12 month price target (INR)	4,680
52 Week High/Low	4,017/2,965
Market cap (INR bn/USD bn)	5,445/61.6
Free float (%)	85.1
Avg. daily value traded (INR mn)	6,908.8

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	0%	0%	0%
FII	19.48%	19.33%	19.80%
DII	43.34%	43.48%	42.71%
Pledge	0%	0%	0%

FINANCIALS

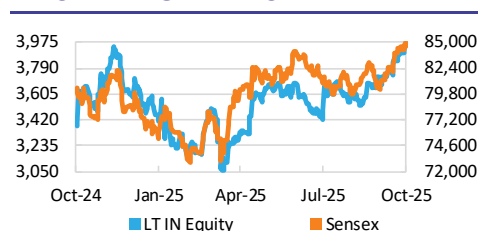
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	25,57,345	29,25,468	33,61,921	39,03,190
EBITDA	2,64,347	3,19,915	3,65,868	4,21,427
Adjusted profit	1,45,623	2,10,280	2,45,703	3,00,163
Diluted EPS (INR)	105.9	152.9	178.7	218.3
EPS growth (%)	14.8	44.4	16.8	22.2
RoAE (%)	15.8	20.0	20.3	21.4
P/E (x)	37.4	25.9	22.1	18.1
EV/EBITDA (x)	22.9	19.2	16.1	13.3
Dividend yield (%)	0.8	1.2	1.4	1.7

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	29,25,468	33,61,921	0.0%	0.4%
EBITDA	3,19,915	3,65,868	0.0%	0.3%
Adjusted profit	2,10,280	2,45,703	0.0%	0.4%
Diluted EPS (INR)	152.9	178.7	0.0%	0.4%

PRICE PERFORMANCE



Stellar OI to drive growth beyond FY27

L&T reported 10% YoY core revenue growth, missing Street's estimate by 4% due to extended monsoon led execution delays. Core OPMs improved 20bp YoY to 7.8% while OIs surged 54% YoY led by mega Hydrocarbon wins. Management reaffirmed FY26 guidance of 15% revenue growth and 8.5% core OPMs, noting OI growth will surpass the 10% target (H1 inflows +48% YoY) with further USD4.5bn under L1.

Maintain 'BUY' given OB at 3.6x FY25 sales (INR6.67tn) and INR10.4tn pipeline for H2FY26 (+29% YoY) mainly across Infra and Hydrocarbon, further underpinning multi-year growth visibility. We are tweaking up FY27E/28E EPS by +0.4%/+3% and raise TP to INR4,680 (earlier INR4,200), valuing the core business at 25x FY28E EPS.

Buoyant inflows, core OPMs improve during Q2; positive outlook

Core order inflows came in at INR968bn during Q2FY26, growing 53.6% YoY (led by *Infrastructure and Hydrocarbon business*) with decent execution uptick (+10% YoY at INR490bn) and core OPMs at 7.8% (7.6% in Q2FY25). Consolidated revenue grew 10.4% YoY to INR680bn led by Energy (+47% YoY) and Hi-Tech Manufacturing segments (+34% YoY). A healthy backlog of INR6.67tn (3.6x FY25 core sales) along with INR10.4tn prospects pipeline for H2FY26 gives strong visibility over next few years. A strong performance in a seasonally weak H1 implies only better growth in H2-heavy EPC business. NWC/sales was 10.2% and RoE at 17.2% (+110bp YoY).

Prospect pipeline +29% YoY to INR10.4tn (H2FY25: INR8.1tn) on infra (INR6.5tn versus INR5.42tn), hydrocarbon (INR2.93tn versus INR2.17tn). Carbon-lite (INR0.46tn versus INR0.24tn), green energy (INR0.18tn vs INR0.01tn) on overseas gas-to-power potential, precision & heavy engineering (INR0.31tn versus INR0.16tn).

Guidance/Hyderabad Metro: L&T reached an agreement with Telangana government to sell its entire equity stake (total ~INR20bn) in Hyderabad Metro by end-FY26. CFO (ex-financial services) was INR106bn versus INR61bn in H1FY25. Management is confident of exceeding FY26 OI growth guidance of 10% while retaining guidance of 15% revenue growth; 8.5% core OPMs, 12% NWC/revenues.

Key variables to watch out for over next 12–18 months

We believe core OPMs have bottomed out at ~8.2% and are likely to remain around 8.3–8.5% along with 15% sales growth, through FY27/28E—as more projects hit margin milestones. H2FY26 is likely to be execution-heavy after a weak H1 (hit by heavy monsoons). With conversion of Middle East L1 orders (~USD4.5bn) and a normal H2 inflow run-rate, we expect *FY26 OI to register 12–15% growth*.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	6,79,835	6,15,546	10.4	6,36,789	6.8
EBITDA	68,064	63,620	7.0	63,177	7.7
Adjusted Profit	39,261	33,953	15.6	36,172	8.5
Diluted EPS (INR)	28.0	24.2	15.6	25.8	8.5

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	25,57,345	29,25,468	33,61,921	39,03,190
Gross profit	8,47,615	10,19,836	12,05,773	14,29,314
Employee costs	4,67,687	5,61,224	6,73,469	8,08,162
Other expenses	1,15,581	1,38,698	1,66,437	1,99,724
EBITDA	2,64,347	3,19,915	3,65,868	4,21,427
Depreciation	41,212	36,427	39,478	43,508
Less: Interest expense	33,344	28,371	32,973	27,590
Add: Other income	41,248	28,506	30,089	28,120
Profit before tax	2,30,899	2,83,253	3,23,136	3,78,079
Prov for tax	58,914	52,973	63,433	63,916
Less: Other adj	4,748	0	0	0
Reported profit	1,50,371	2,10,280	2,45,703	3,00,163
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,45,623	2,10,280	2,45,703	3,00,163
Diluted shares o/s	1,375	1,375	1,375	1,375
Adjusted diluted EPS	105.9	152.9	178.7	218.3
DPS (INR)	32.1	45.9	53.6	65.5
Tax rate (%)	25.5	18.7	19.6	16.9

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	66.9	65.1	64.1	63.4
Employee cost (% of rev)	18.3	19.2	20.0	20.7
Other exp (% of rev)	4.5	4.7	5.0	5.1
EBITDA margin (%)	10.3	10.9	10.9	10.8
Net profit margin (%)	5.7	7.2	7.3	7.7
Revenue growth (% YoY)	15.7	14.4	14.9	16.1
EBITDA growth (% YoY)	12.5	21.0	14.4	15.2
Adj. profit growth (%)	12.3	44.4	16.8	22.2

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.0	5.0	5.0	5.0
USD/INR (average)	79.0	79.0	79.0	79.0
OI growth (% YoY)	17.8	6.8	7.4	8.0
E&C OI growth (% YoY)	20.3	10.0	8.6	9.3
Rev growth (% YoY)	15.5	14.8	14.9	16.1
E&C Rev growth (% YoY)	18.4	16.1	16.5	17.4
Capex (INR bn)	(151.4)	(49.2)	(53.0)	(57.8)
Tax rate (%)	25.5	18.7	19.6	16.9

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	37.4	25.9	22.1	18.1
Price/BV (x)	5.6	4.8	4.2	3.6
EV/EBITDA (x)	22.9	19.2	16.1	13.3
Dividend yield (%)	0.8	1.2	1.4	1.7

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	2,750	2,750	2,750	2,750
Reserves	9,73,806	11,21,001	12,92,993	15,03,108
Shareholders funds	9,76,556	11,23,752	12,95,744	15,05,858
Minority interest	1,77,481	1,77,481	1,77,481	1,77,481
Borrowings	12,95,593	14,66,330	14,66,330	14,66,330
Trade payables	12,83,354	15,50,498	17,81,818	20,68,691
Other liabs & prov	24,328	24,328	24,328	24,328
Total liabilities	37,57,312	43,42,389	47,45,701	52,42,688
Net block	1,41,286	1,41,286	1,41,286	1,41,286
Intangible assets	83,485	83,485	83,485	83,485
Capital WIP	23,909	23,909	23,909	23,909
Total fixed assets	2,48,679	2,48,679	2,48,679	2,48,679
Non current inv	4,45,180	4,45,180	4,45,180	4,45,180
Cash/cash equivalent	2,29,653	3,33,415	5,61,763	8,44,224
Sundry debtors	5,37,137	9,36,150	10,75,815	12,49,021
Loans & advances	3,64,944	3,64,944	3,64,944	3,64,944
Other assets	13,03,246	13,72,814	13,94,637	14,21,700
Total assets	37,57,312	43,42,389	47,45,701	52,42,688

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	2,31,040	2,83,253	3,23,136	3,78,079
Add: Depreciation	41,212	36,427	39,478	43,508
Interest (net of tax)	8,845	28,371	32,973	27,590
Others	(12,839)	(28,506)	(30,089)	(28,120)
Less: Changes in WC	(1,084)	(2,01,437)	69,832	86,603
Operating cash flow	91,607	65,135	3,71,897	4,43,744
Less: Capex	(1,51,385)	(49,161)	(52,955)	(57,765)
Free cash flow	(59,778)	15,974	3,18,943	3,85,980

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	15.8	20.0	20.3	21.4
RoCE (%)	11.5	12.0	12.5	13.3
Inventory days	11	18	18	18
Receivable days	77	117	117	117
Payable days	183	193	193	193
Working cap (% sales)	33.8	36.4	29.6	23.3
Gross debt/equity (x)	1.1	1.1	1.0	0.9
Net debt/equity (x)	0.9	0.9	0.6	0.4
Interest coverage (x)	6.7	10.0	9.9	13.7

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	14.8	44.4	16.8	22.2
RoE (%)	15.8	20.0	20.3	21.4
EBITDA growth (%)	12.5	21.0	14.4	15.2
Payout ratio (%)	30.3	30.0	30.0	30.0

Q2FY26 Conference Call Highlights

Opening remarks

- Economic outlook remains optimistic. GDP growth projected at 6.5–7% (steady capex). Economic growth in Middle East is likely to remain stable.
- L&T onshore and offshore have received ultra-mega orders in Middle East totalling to ~INR300bn and is L1 in another USD4.5bn worth projects.
- Entered strategic MoUs and partnerships during the quarter in multiple sectors such as
 - **Renewables:** i) Aqua power green ammonia in Saudi Arabia for EPC of solar + wind BESS + related T&D solutions); ii) 300KTPA green ammonia at Kandla with Itochu of Japan
 - **Defence:** Partnership with BEL for AMCA.
 - **Semiconductors:** Acquisition of power module design assets of Fujitsu (R&D + design + IP for power module tech)
- **Hyderabad Metro:** Reached an in-principle understanding with Government of Telangana for entire equity stake sale in Hyderabad Metro, expected to finalise by FY26-end.
- **Order inflows** at INR1.16tn, 45% YoY growth of which P&M at INR968bn, 54% YoY growth - International OI mix is at 65% versus 62% in Q2FY25.
- Group revenue grew 10% YoY. P&M margin improved to 7.8% in Q2FY26 (versus 7.6% in Q2FY25). NWC/revenues at 10.2% (200bp decline YoY). RoE at 17.2% (110bp improvement YoY).
- **Prospects pipeline** at INR10.4tn for H2FY26 versus INR8.1tn for H2FY25, increase of 29% YoY. Infra and hydrocarbon segments are main drivers. Infra at INR6.5tn versus INR5.42tn in Q2FY25. Hydro at INR2.93tn versus INR2.17tn in Q2FY25. Carbon-lite at INR0.46tn versus INR0.24tn in Q2FY25. Green energy at INR0.18tn versus INR0.01tn in Q2FY25, led by gas to power related opportunities outside India. Precision & heavy engineering at INR0.31tn versus INR0.16tn in Q2FY25.
- **OB at INR6.67tn grew 31% YoY.** P&M – domestic mix at 51% and international at 49%. INR3.27tn international backlog out of which 84% is coming from ME and 16% from RoW. Domestic - 14% central, 24% state, 32% PSUs and 30% private sector (versus 21% in Mar'25). 91% of backlog from infra and energy. 3% slow moving orders. No orders deleted this quarter.
- INR680bn revenue, 10% YoY. International revenue mix at 56%. Energy (48% YoY), Hi-Tech Manufacturing (33% YoY) and IT Services (13% YoY) drove revenue growth; subdued execution in Infrastructure. P&M revenues at INR490bn, 10% YoY. Group EBITDA margin is 10% versus 10.3% in Q2FY25 (EBITDA margin decline primarily due to margin compression in the IT & TS portfolio). Reported PAT at INR39bn, +16% YoY.
- CFO (ex-financial services) inflows at INR106bn versus of INR61bn in H1FY25.
- **Infra:** OI grew +6% YoY. International OI mix at 69% – RE, Power T&D, B&F and M&M. INR6.50tn prospects – INR4.25tn domestic and INR2.25tn international. Transportation 21% mix, heavy civil 16% mix, water 15% mix, Power T&D 14%, RE 11% mix, B&F 13% mix and M&M 10% mix.

- **Energy:** OI at INR382bn (multiple ultra-mega onshore and offshore packages). 93% of hydro prospects are international. Subdued margin primarily due to cost overruns in certain competitively priced domestic and international projects nearing completion.
- **Precision & heavy engineering:** OI deferrals. Backlog at INR391bn (INR328bn of precision engineering and INR62bn for heavy engineering). Pipeline at INR315bn (INR251bn of precision engineering and INR64bn for heavy engineering).
- **IT & TS:** INR133bn revenues, 13% YoY. Margin variation due to subdued margins towards LTTS.
- **L&T Finance:** highest every retail disbursement. RoA at 2.41%
- **Hyderabad Metro:** INR39 avg. ticket price in Q2FY25 to INR46 in Q2FY26. Avg. ridership 0.439 mn/day in Q2FY26. PAT loss of INR1.75bn.
- **FY26 guidance:** Confident of exceeding OI guidance. 10%/15% group OI/revenues. NWC/revenues guidance at ~12%. Core OPMs at ~8.5%.

Questions & answers

Q. Kuwait – tendering pipeline.

A. L1 position in three bids out five adding to \$4.5bn. Completing process for getting additional funding which is to come through by next quarter. Pipeline looks strong in Saudi, Qatar, Kuwait, and UAE.

Q. Execution challenges in ME.

A. Strong system present in ME. Cognizant of the exposure and customers are paying well. No payment risk is foreseen. Execution risk can be supply chain and logistics management and workforce availability – have overcome most of these challenges.

Q. Electronics manufacturing services investment and potential.

A. Precision electronics part is already there in Coimbatore. Under Lakshya plan – various options are being explored. Too early to comment on investment potential.

Q. Infrastructure segment. Margins. Sustainability. Private sector orders.

A. Infrastructure revenues stagnant due to extended monsoons across country. Because of payment related issues in water segment also affected the execution. H2 for infra segment is far more busy hence 15% P&M growth on revenues remains intact. Infra margins will be slightly northwards already baked in overall margins guidance. Private sector orders payments will be faster – improvement in WC situation. Margins will be specific to project related.

Q. Water segment and domestic mix. Payment challenges.

A. Order book is INR400bn (7% of total OB). Projects are related to Jal Jeevan project, execution to smoothen in subsequent quarters.

Q. Realty margins. Roadmap for the segment.

A. Profitability/margins are based on handing over of residential units and hence growth of this segment can fluctuate accordingly. Trying to expand presence in Mumbai, NCR, Bengaluru, Chennai by acquisition of new land, joint development route etc. OB is INR120bn and unsold inventory is INR40bn for near term.

Q. Hyderabad metro stake sake.

A. Total investment has been ~INR70bn. Hyderabad metro has a debt of INR130bn (of which ~INR80bn is medium term non-convertible debentures) as of today, which

will be taken by the buyer. Losses are factored in consolidated numbers. Impact of impairment taken in L&T standalone results. L&T will get cash consideration (~INR20bn) against equity stake sale – this has nothing to do with the loan received by the SPV. In Consol – it is valued at INR10bn.

Q. Order inflow from state and central is lower – outlook on the same.

A. Private sector share in OI has gone up because of higher commercial/residential real estate segment incl. data centres and Carbon-lite related ordering. Private power plant players are also expanding capacities, which has driven the mix higher. Hydel, hydro, roads, infra – large prospects are there from central government as well.

Q. Domestic orders growth.

A. Major order of pumped storage from private side worth ~INR34bn and multiple commercial and real estate orders also

Q. Hydrocarbon margins. Reason for cost overrun.

A. It is a phasing issue given some projects are old legacy projects, which are being executed. Some large legacy will be closed soon and cost overruns are because they were awarded in Covid.

Q. Partnership with BEL on AMCA.

A. ADA is likely to shortlist eligible bidders for AMCA expected in current quarter. RFP will be out in Q4FY26. Winner for the prototype will be announced in Q4FY27. L&T and BEL are currently equal partners in the JV. Work division will be assessed after RFP comes out. Prototype will be delivered in FY28-29; serial production is 8-9 years away.

Q. Power equipment - 10-15GW of ordering. Current utilization levels.

A. Working on expanding capacities by almost 5.5-6GW and planning to expand even further. Do not expect Chinese products to come in.

Q. Landing platform docks prospects.

A. It does not feature in current prospect pipeline.

Q. Green ammonia projects. Capex on the same.

A. Green ammonia project with ITOCHU is still under evaluation.

Q. ME renewables and T&D. L&T's market share.

A. L&T is one of the largest EPC contractors in ME for renewables working with big customers. Project execution is mostly before time. More than 18GW opportunity is already there and ~15GW will be there in the next 2-3 years.

Exhibit 1: Financial snapshot (INR mn)

Year to March	Q2FY26	Q2FY25	YoY %	Q1FY26	QoQ %	FY25A	FY26E	FY27E
Revenues (net)	6,79,835	6,15,546	10.4	6,36,789	6.8	25,57,345	29,25,468	33,61,921
Raw material	4,52,953	4,10,125	10.4	4,19,372	8.0	17,09,729	19,05,632	21,56,148
Staff cost	1,29,860	1,14,557	13.4	1,26,384	2.7	4,67,687	5,61,224	6,73,469
Other operating expenses	28,958	27,244	6.3	27,857	4.0	1,15,581	1,38,698	1,66,437
Total expenditure	6,11,771	5,51,925	10.8	5,73,613	6.7	22,92,997	26,05,553	29,96,053
EBITDA	68,064	63,620	7.0	63,177	7.7	2,64,347	3,19,915	3,65,868
Depreciation	10,918	10,238	6.6	10,333	5.7	41,212	36,427	39,478
EBIT	57,146	53,382	7.1	52,844	8.1	2,23,136	2,83,487	3,26,390
Interest	7,628	8,844	(13.7)	7,816	(2.4)	33,344	28,371	32,973
Other income	13,843	11,013	25.7	13,568	2.0	41,248	28,506	30,089
Add: Exceptional items								
PBT	63,361	55,551	14.1	58,595	8.1	2,31,040	2,83,623	3,23,506
Tax	16,490	14,423	14.3	15,340	7.5	58,914	52,973	63,433
Less: Minority Interest	(7,519)	(7,036)	6.9	(7,010)	7.3	26,362	20,000	14,000
Add: Share of profit from associates	(91)	(140)	(35.0)	(74)	22.7	(141)	(370)	(370)
Adjusted Profit	39,261	33,953	15.6	36,172	8.5	1,45,623	2,10,280	2,45,703
Equity capital (FV:INR 2)								
# of shares (mn) Diluted	1,375	1,375		1,375		1,375	1,375	1,375
Diluted EPS (INR)	28.5	24.7	15.6	26.3	8.5	105.9	152.9	178.7
as % of net revenues								
Direct Cost	66.6	66.6		65.9		66.9	65.1	64.1
Employees Cost	19.1	18.6		19.8		18.3	19.2	20.0
Other Expenditure	4.3	4.4		4.4		4.5	4.7	5.0
EBITDA	10.0	10.3		9.9		10.3	10.9	10.9
Dep., amortisation & Impairment	1.6	1.7		1.6		1.6	1.2	1.2
Interest	1.1	1.4		1.2		1.3	1.0	1.0
Tax rate	2.4	2.3		2.4		2.3	1.8	1.9

Source: Company, Nuvama Research

Exhibit 2: L&T core snapshot (INR mn)

	Q2FY25	Q1FY26	Q2FY26	YoY growth	H1FY25	H1FY26	YoY growth
Net Revenues							
Infrastructure	3,19,540	2,87,570	3,17,590	-0.6%	5,88,620	6,05,160	2.8%
Energy	88,730	1,24,700	1,30,820	47.4%	1,73,680	2,55,520	47.1%
Heavy Engineering & Defense	20,630	32,270	27,540	33.5%	39,080	59,810	53.0%
Others	16,480	13,930	14,160	-14.1%	30,230	28,090	-7.1%
L&T (ex-services) ex E&A	4,45,380	4,58,470	4,90,110	10.0%	8,31,610	9,48,580	14.1%
EBITDA							
Infrastructure	19,172	16,391	20,008	4.4%	34,779	36,400	4.7%
Energy	7,808	9,103	9,550	22.3%	15,199	18,653	22.7%
Heavy Engineering & Defense	2,641	4,873	4,048	53.3%	5,851	8,921	52.5%
Others	4,136	4,583	4,432	7.1%	7,354	9,015	22.6%
L&T (ex-services) ex E&A	33,758	34,950	38,038	12.7%	63,183	72,989	15.5%
EBITDA Margin							
Infrastructure	6.0%	5.7%	6.3%		5.9%	6.0%	
Energy	8.8%	7.3%	7.3%		8.8%	7.3%	
Heavy Engineering & Defense	12.8%	15.1%	14.7%		15.0%	14.9%	
Others	25.1%	32.9%	31.3%		24.3%	32.1%	
L&T (ex-services) ex E&A	7.6%	7.6%	7.8%		7.6%	7.7%	
Order Inflow							
Infrastructure	4,95,220	4,10,240	5,26,860	6.4%	8,95,750	9,37,100	4.6%
Energy	77,590	3,14,200	3,81,560	391.8%	1,65,510	6,95,760	320.4%
Heavy Engineering & Defense	39,200	18,890	25,820	-34.1%	75,970	44,710	-41.1%
Others	18,280	22,880	33,890	85.4%	37,460	56,770	51.5%
L&T (ex-services) ex E&A	6,30,290	7,66,210	9,68,130	53.6%	11,74,690	17,34,340	47.6%

Source: Company, Nuvama Research

Exhibit 3: Core EPS estimates

Core EPC metrics				
Particulars (INR mn)	FY25	FY26E	FY27E	FY28E
EBITDA – Core E&C	1,54,719	1,78,779	2,10,106	2,42,778
Adjusted PAT (Core E&C)	1,27,099	1,47,557	1,73,867	2,00,209
Adjusted core EPS	92.4	107.3	126.4	145.6

Source: Company, Nuvama Research

Exhibit 4: SotP summary

Particulars	Basis	Multiple	INR mn	INR / share
Core EPC				
Enterprise value	Sept'27 EPS	25	50,01,226	3,637
Core EPC - Equity value (A)			50,01,226	3,637
Subsidiaries				
IT & Tech Services	20% disc to CMP	1	11,05,111	804
Financial services	20% disc to CMP	1	3,30,034	240
Subsidiaries value (B)			14,35,145	1,044
Total valuation (A+B+C)			64,36,371	4,680

Source: Company, Nuvama Research

Exhibit 5: L&T prospects pipeline (INR tn)

L&T prospects pipeline (INR tn)	Q2FY25	Q2FY26	FY23	FY24	FY25	FY26
Total	8.1	10.4	8.5	9.7	12.1	19.0
YoY%		28.4%		14.1%	24.4%	57.0%
Infrastructure	5.4	6.5	5.7	6.5	7.3	9.6
YoY%		19.9%		13.6%	11.5%	33.0%
By geography						
Domestic	4.1	4.3	4.6	5.2	5.4	5.7
International	1.3	2.3	1.2	1.3	1.9	4.0
By segment						
Water	0.9	1.0	1.2	1.4	1.5	1.0
Power Transmission, Renewables and Distribution	0.8	1.6	1.3	1.2	1.5	2.8
Transportation Infra	1.5	1.4	1.1	1.2	1.5	1.6
Buildings and Factories	0.8	0.8	0.9	0.8	1.2	1.1
Heavy Civil Infra	1.0	1.0	1.0	1.4	1.0	2.5
Minerals and Metals	0.4	0.7	0.2	0.4	0.5	0.7
Hydrocarbons	2.2	2.9	-	2.4	3.9	7.5
YoY%		35.0%			58.2%	93.5%
Power	0.2	0.5	-	0.5	0.5	0.9
YoY%		91.7%			0.0%	80.0%
Heavy & Precision Systems	0.2	0.3	-	0.3	0.4	0.3
YoY%		93.8%			40.0%	-17.1%
Green energy	0.0	0.2	-	0.0	0.1	0.7
YoY%		1700.0%			150.0%	600.0%

Source: Company, Nuvama Research

Company Description

Larsen & Toubro (L&T), headquartered in Mumbai, is a technology-driven engineering and construction company, and one of the largest players in India's private sector. It has additional interests in manufacturing, services and IT. A strong customer-focused approach and constant quest for top-class quality has enabled the company attain and sustain leadership in major lines of businesses over seven decades. L&T has international presence with a global spread of offices. With factories and offices located around the country, further supplemented by a wide marketing and distribution network, L&T's image and equity extend to virtually every district of India. The company's recent focus on export market will help optimise its growth potential, especially in hydrocarbons and infrastructure.

Investment Theme

Diversified business dominance imparts unique flexibility: L&T has a dominant position and market share in most operating verticals, be it transportation, oil & gas, factories & building, process projects and industrial structures. This imparts flexibility to cherry-pick projects, which helps optimise overall business profitability. Transportation, factories and buildings segments to drive growth: Strong projects pipeline over the next five years in verticals like transportation (railways, metro and roads) and factories and buildings augurs well for L&T. Moreover, proven execution record and huge balance sheet equip it to garner a higher share of the huge INR40tn infra capex opportunity over FY21-23E. Cash flow/RoE focus: L&T has been amongst the few players to exit from non-core businesses generating huge balance sheet muscle over recent years. Utilisation of these proceeds, including incremental surplus from E&C cash flows to reward stakeholders could generate reasonable stakeholder returns in our view.

Key Risks

Economy slowdown: Weakness in domestic investment could impact our current growth assumptions and award of large projects and thus pose a downside risk, especially spending from states given higher sensitivity for L&T. Capital allocation: L&T faces a daunting task of return optimization given cyclical challenges and several sub-optimal manufacturing assets (shipyard, forgings, power JVs etc). Any further deterioration or slower demand ramp up remains a key risk.

Additional Data

Management

Group Chairman	S N Subrahmanyam
President	Subramanian Sarma
WTD & CFO	Shankar Raman
Chief Investor Relations Ofcr	Parameswaran Ramakrishnan
Auditor	Deloitte Haskins & Sells LLP

Holdings – Top 10*

	% Holding		% Holding
Life Insurance	13.01	Blackrock Inc	1.72
ICICI Prudentia	4.64	HDFC AMC	1.68
SBI Funds Manag	4.47	Nippon Life Ind	1.49
FMR LLC	2.53	UTI AMC	1.41
Vanguard Group	2.13	ICICI Prudentia	1.15

*Latest public data

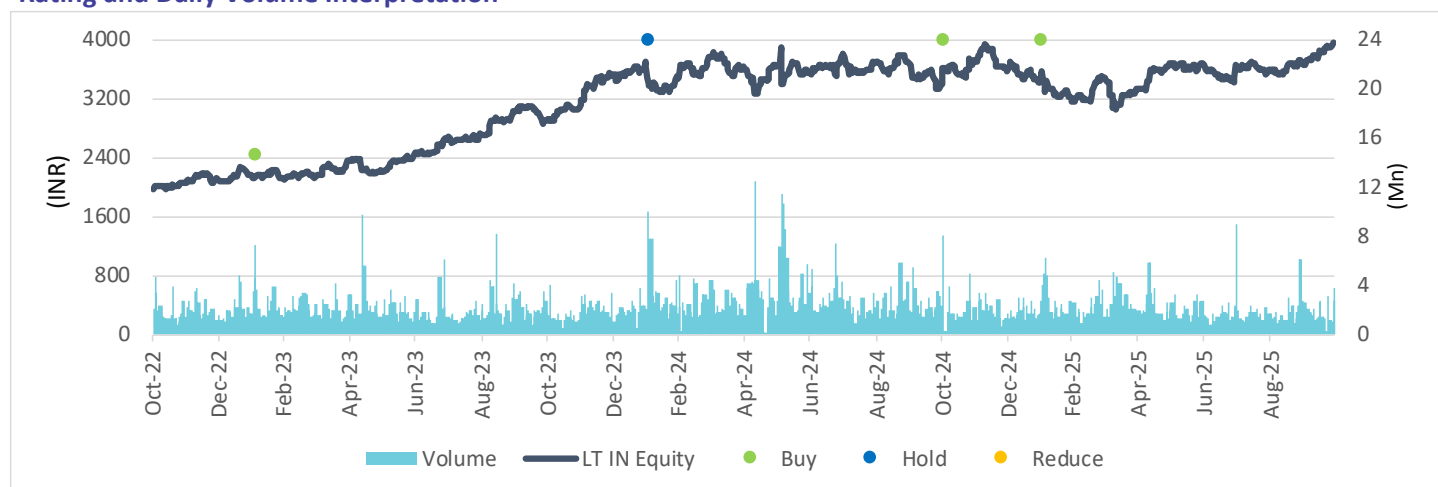
Recent Company Research

Date	Title	Price	Reco
29-Jul-25	In-line result; gigantic pipeline at pla; <i>Result Update</i>	3,495	Buy
08-May-25	Order inflow growth extends into FY26; <i>Result Update</i>	3,323	Buy
30-Jan-25	Strong broad-based growth on track; <i>Result Update</i>	3,501	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
08-Oct-25	Engineering capital goods	and HV T&D to power ahead; <i>Sector Update</i>
26-Sep-25	Engineering capital goods	and Decadal capex across grid and thermal; <i>Sector Update</i>
20-Aug-25	Engineering capital goods	and Power transmission OEMs shine; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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