

Retail Equity Research

Larsen & Toubro Limited

Sector: Construction & Engineering

13th November, 2025

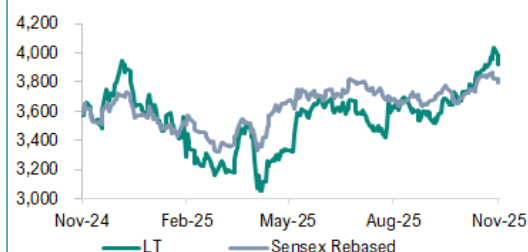
BUY

Key Changes						Target	Rating	Earnings	Target	Rs. 4,409
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame				CMP	Rs. 3,953
Large Cap	LT:IN	84,467	LT	500510	12 Months				Return	+12%

Data as of: 12-11-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	543,815		
52 Week High — Low (Rs.)	4,063 - 2,968		
Enterprise Value (Rs. cr)	671,635		
Outstanding Shares (cr)	137.6		
Free Float (%)	85.1		
Dividend Yield (%)	0.9		
6m average volume (cr)	0.2		
Beta	1.1		
Face value (Rs.)	2.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	0.0	0.0	0.0
FII's	19.8	19.3	19.5
MFs/Institutions	42.7	43.5	43.4
Public	21.2	21.1	21.0
Others	16.3	16.1	16.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	8.0%	17.8%	9.7%
Absolute Sensex	3.0%	3.7%	5.9%
Relative Return	5.0%	14.1%	3.8%

*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	255,734	294,193	338,620
Growth (%)	15.7	15.0	15.1
EBITDA	26,435	31,383	36,880
EBITDA Margin (%)	10.3	10.7	10.9
Adj. PAT	14,562	18,355	21,934
Growth (%)	12.3	26.0	19.5
Adj. EPS	105.9	133.4	159.5
Growth (%)	12.3	26.0	19.5
P/E	33.0	29.4	24.6
P/B	4.9	4.9	4.2
EV/EBITDA	23.0	21.3	18.3
ROE (%)	18.1	19.4	20.2
D/E	1.1	1.0	0.9

Strong Order Inflow Boosts Revenue Growth

Larsen & Toubro Ltd (L&T) is an engineering and construction (E&C) conglomerate with presence in the information technology (IT) and financial services sectors. The company has operations in more than 30 countries.

- Consolidated revenue in Q2FY26 grew 10.4% to Rs. 67,984cr, driven by revenue growth in the energy (+47.5% YoY), hi-tech manufacturing (+30.1% YoY), and IT and technology services (+11.6% YoY) sectors. However, revenue from infrastructure projects declined 0.6% YoY.
- Order inflow increased 45.0% YoY to Rs. 115,800cr owing to strong growth in both international and domestic orders, led by infrastructure and hydrocarbon energy projects.
- EBITDA increased 7.0% YoY to Rs. 6,806cr owing to the higher topline. However, EBITDA margin decreased by 30bps to 10.0% because of a margin compression in the IT and technology services portfolio.
- The reported PAT increased by 14.0% to Rs. 4,687 crore, owing to higher EBITDA, non-operating income, and a drop in finance costs.

Outlook & Valuation

L&T's performance in Q2FY26 was robust, with strong growth in order inflow and revenue increase in all segments, except for infrastructure projects. The company anticipates healthy revenue growth and a significant increase in order inflow, indicating a promising performance in the future. Furthermore, its healthy order book is expected to drive strong performance in the upcoming quarters. The government's continued investment in infrastructure and the manufacturing sector is likely to provide substantial growth opportunities for the company, bolstering its prospects for sustained success. Recent strategic MOUs and partnerships in the company's renewables, green energy, defense, and semiconductor businesses have laid a strong foundation for future growth, positioning the company for long-term success. Therefore, **we reiterate our BUY rating on the stock with a revised target price of Rs. 4,409, based on SOTP valuation.**

Quarterly Finance Consolidated

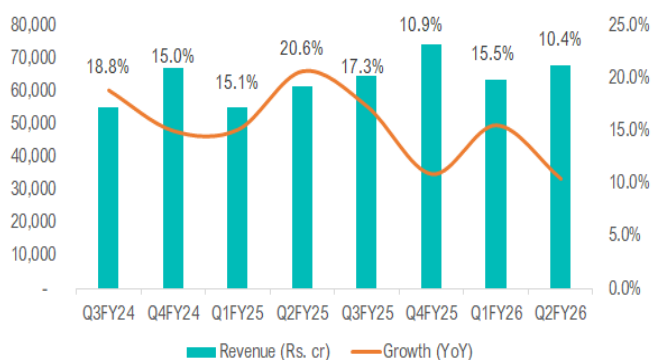
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	67,984	61,555	10.4	63,679	6.8	131,662	116,674	12.8
EBITDA	6,806	6,362	7.0	6,318	7.7	13,124	11,977	9.6
Margin (%)	10.0	10.3	-30bps	9.9	10bps	10.0	10.3	-30bps
EBIT	5,715	5,338	7.1	5,284	8.1	10,999	9,956	10.5
PBT	6,336	5,555	14.1	5,860	8.1	12,196	10,232	19.2
Rep. PAT	4,687	4,113	14.0	4,326	8.4	9,013	7,553	19.3
Adj. PAT	3,926	3,395	15.6	3,617	8.5	7,543	6,181	22.0
Adj. EPS (Rs.)	28.5	24.7	15.6	26.3	8.5	54.8	45.0	22.0



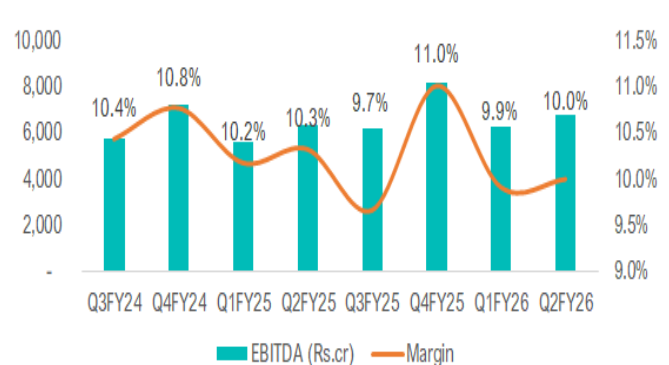
Key concall highlights

- The order book rose 31% YoY to Rs. 667,000 cr in Q2FY26, with India contributing 51%, the Middle East 41% and rest of the world 8%.
- The company maintained its revenue growth guidance at 15% for FY26, along with a 10% growth in group order inflows. The pipeline for the near term is worth ~Rs. 10.4 trillion.
- In Q2FY26, 46% of the order inflow was from the infrastructure segment, 33% from energy, 16% from services, 2% from hi-tech manufacturing and 3% from others.
- In terms of geographical composition, 54% of the order inflow was from the Middle East, 35% from India, 10% from the US and Europe, and 1% from the rest of the world.
- While 44% of the revenue in the quarter was from India, 37% was from the Middle East, 17% from the US and Europe, and 2% from the rest of the world.

Revenue



EBITDA



SOTP Valuation

Particulars	Basis	Multiple	% holding	Value (Rs. cr.)	Value/share (Rs.)
Core E&C	FY27E P/E	23.0x	100%	416,384	3,027
Financial Services	Geojit TP	-	66%	49,170	357
Developmental Projects	FY27E P/BV	1.3x	51%	12,724	93
Hydrocarbon	FY27E P/BV	2.1x	100%	66,824	486
LTIMindtree	Geojit TP	-	69%	115,314	838
L&T Technology services	FY27E P/E	14.6x	74%	20,054	146
Others	FY27E P/BV	1.2x	100%	9,570	70
Conglomerate discount		12%		-83,495	-607
Total				606,545	4,409

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs. cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	294,473	338,492	294,193	338,620	-0.1	0.0
EBITDA	32,690	38,699	31,383	36,880	-4.0	-4.7
Margins (%)	11.1	11.4	10.7	10.9	-40bps	-50bps
Adj. PAT	18,741	21,684	18,355	21,934	-2.1	1.1
Adj. EPS	136.3	157.7	133.4	159.5	-2.1	1.1



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	183,341	221,113	255,734	294,193	338,620
% change	17.1	20.6	15.7	15.0	15.1
EBITDA	20,753	23,494	26,435	31,383	36,880
% change	13.9	13.2	12.5	18.7	17.5
Depreciation	3,502	3,682	4,121	4,396	4,563
EBIT	17,251	19,811	22,314	26,986	32,316
Interest	3,207	3,546	3,334	3,510	3,715
Other Income	2,971	4,229	4,586	5,914	6,506
PBT	17,015	20,494	23,565	29,390	35,108
% change	16.3	20.5	15.0	24.7	19.5
Tax	4,484	4,947	5,891	7,788	9,304
Tax Rate (%)	26.4	24.1	25.0	26.5	26.5
Reported PAT	12,531	15,547	17,673	21,601	25,804
PAT att. to common shareholder-	10,471	13,059	15,037	18,355	21,934
Adj.*	-136	-94	-475	-	-
Adj. PAT	10,335	12,966	14,562	18,355	21,934
% change	20.6	25.5	12.3	26.0	19.5
No. of shares (cr)	140.5	137.5	137.5	137.6	137.6
Adj. EPS (Rs.)	73.5	94.3	105.9	133.4	159.5
% change	20.6	28.3	12.3	26.0	19.5
DPS (Rs.)	30.0	34.0	34.0	35.3	36.8

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	16,033	19,229	21,795	25,998	30,367
Non-cash adj.	1,365	422	-570	3,510	3,715
Other adjustments	-	-	-	-	-
Changes in W.C	5,379	-1,385	-12,064	-10,181	-15,037
C.F. Operation	22,777	18,266	9,161	19,327	19,046
Capital exp.	-3,793	-4,210	-3,541	-5,884	-6,772
Change in inv.	-5,545	238	-8,009	-945	-850
Other invest.CF	1,027	6,135	-3,968	-3,700	-3,700
C.F - Investment	-8,312	2,163	-15,518	-10,529	-11,323
Issue of equity	10	-12,270	9	-	-
Issue/repay debt	-4,497	-4,102	15,715	800	2,163
Dividends paid	-3,091	-4,217	-3,850	-4,856	-5,061
Other finance.CF	-3,995	-4,824	-5,318	-3,510	-3,715
C.F - Finance	-11,572	-25,413	6,557	-7,567	-6,613
Chg. in cash	2,893	-4,984	200	1,231	1,110
Closing Cash	22,520	15,358	22,965	24,196	25,306

Balance Sheet

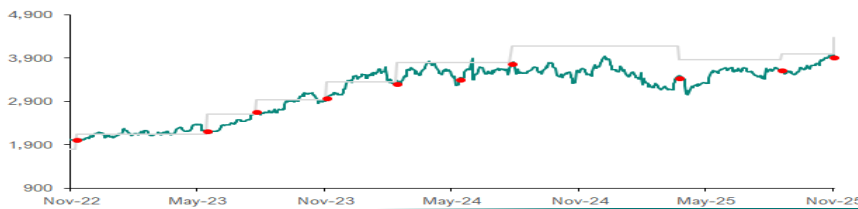
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	22,520	15,358	22,965	24,196	25,306
Accts. Receivable	44,732	48,771	53,714	62,369	72,803
Inventories	6,829	6,620	7,671	10,767	13,102
Other Cur. Assets	148,124	147,839	160,992	182,339	210,255
Investments	12,585	12,882	13,103	14,032	14,866
Gross Fixed As-sets	27,669	31,879	35,420	41,304	48,076
Net Fixed Assets	11,336	13,298	14,129	17,904	19,432
CWIP	2,949	2,897	2,391	2,869	3,443
Intangible Assets	28,061	27,623	28,466	25,603	25,609
Def. Tax -Net	3,985	3,864	3,793	3,907	4,024
Other Assets	49,232	60,985	72,301	76,001	79,701
Total Assets	330,352	340,136	379,524	419,987	468,540
Current Liabilities	104,280	119,029	129,331	152,179	177,746
Provisions	870	987	1,124	1,180	1,239
Debt Funds	120,923	116,418	132,661	133,461	135,624
Other Liabilities	712	1,152	1,005	1,025	1,047
Equity Capital	281	275	275	275	275
Res. & Surplus	89,045	86,084	97,381	110,879	127,752
Shareholder Funds	89,326	86,359	97,656	111,154	128,027
Minority Interest	14,241	16,190	17,748	20,987	24,858
Total Liabilities	330,352	340,136	379,524	419,987	468,540
BVPS	636	628	710	808	931

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	11.3	10.6	10.3	10.7	10.9
EBIT margin (%)	9.4	9.0	8.7	9.2	9.5
Net profit mgn.(%)	5.7	5.9	5.9	6.2	6.5
ROE (%)	14.0	18.0	18.1	19.4	20.2
ROCE (%)	7.7	9.0	9.0	10.2	11.2
W.C & Liquidity					
Receivables (days)	89.1	80.5	76.7	77.4	78.5
Inventory (days)	38.4	29.9	29.0	36.5	38.3
Payables (days)	279.8	240.8	198.3	213.9	217.5
Current ratio (x)	1.4	1.2	1.2	1.2	1.2
Quick ratio (x)	0.6	0.6	0.6	0.6	0.6
Turnover & Leverage					
Gross asset T.O (x)	7.1	7.4	7.6	7.7	7.6
Total asset T.O (x)	0.6	0.7	0.7	0.7	0.8
Int. covge. ratio (x)	5.4	5.6	6.7	7.7	8.7
Adj. debt/equity (x)	1.2	1.1	1.1	1.0	0.9
Valuation					
EV/Sales (x)	2.3	2.9	2.4	2.3	2.0
EV/EBITDA (x)	20.1	27.1	23.0	21.3	18.3
P/E (x)	29.4	40.0	33.0	29.4	24.6
P/B (x)	3.4	6.0	4.9	4.9	4.2



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
28-Jul-23	BUY	2,941
06-Nov-23	BUY	3,348
15-Feb-24	BUY	3,799
15-May-24	BUY	3,806
29-Jul-24	BUY	4,179
26-Mar-25	BUY	3,863
21-Aug-25	BUY	4,002
13-Nov-25	BUY	4,409

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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