

Larsen & Toubro

| | |
|------------------|---|
| Estimate changes | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | LT IN |
| Equity Shares (m) | 1376 |
| M.Cap.(INRb)/(USDb) | 5219 / 56.9 |
| 52-Week Range (INR) | 4195 / 2965 |
| 1, 6, 12 Rel. Per (%) | -4/8/1 |
| 12M Avg Val (INR M) | 7175 |

Financials Snapshot (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|-------------|---------|---------|---------|
| Net Sales | 2,931.6 | 3,378.0 | 3,869.6 |
| EBITDA | 306.1 | 353.7 | 402.9 |
| PAT | 178.2 | 215.0 | 252.2 |
| EPS (INR) | 129.7 | 156.4 | 183.5 |
| GR. (%) | 21.4 | 20.6 | 17.3 |
| BV/Sh (INR) | 794.9 | 902.7 | 1,029.1 |

Ratios

| | | | |
|----------|------|------|------|
| ROE (%) | 17.2 | 18.4 | 19.0 |
| RoCE (%) | 9.7 | 10.7 | 11.3 |
| Payout | 31.1 | 31.1 | 31.1 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (X) | 29.3 | 24.3 | 20.7 |
| P/BV (X) | 4.8 | 4.2 | 3.7 |
| EV/EBITDA (X) | 17.0 | 14.7 | 12.9 |
| Div Yield (%) | 1.0 | 1.3 | 1.5 |

Shareholding pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| DII | 42.8 | 43.1 | 41.5 |
| FII | 20.9 | 20.3 | 21.8 |
| Others | 36.3 | 36.5 | 36.8 |

FII Includes depository receipts

CMP: INR3,794

TP: INR4,600 (+21%)

Buy

Execution pace was weak, eyeing improvement from 4QFY26

LT's consolidated 3QFY26 earnings were slightly below our estimates due to weaker-than-expected execution for core E&C. Revenue growth for core E&C, which has remained weak for the last two quarters, is expected to ramp up from 4QFY26. On the positive side, order inflows remained strong at INR1.2t, driven by large order wins in domestic and international markets, providing healthy visibility for revenue. An improved prospect pipeline of INR5.9t (up 7% YoY), further reduction in NWC and healthy RoE give comfort in an environment where domestic execution and margin performance in select segments were weak. We tweak our estimates to factor in 9MFY26 performance and arrive at a revised SoTP-based TP of INR4,600 (INR4,500 earlier), based on 27x two-year forward earnings for core business and a 25% holding company discount to subsidiaries. We reduce our target multiple a notch to bake in slightly lower growth in execution and margin. Retain BUY.

Results slightly weaker than expectations

LT reported consolidated revenue/EBITDA/PAT of INR714b/INR74b/INR41b, up 11%/19%/22% YoY. Consolidated revenue/EBITDA/PAT missed our estimates by 5%/4%/5%, while EBITDA margin was broadly in line with our estimate at 10.4%. For the core E&C business, order inflows came in 55% above our estimate at INR1.2t, up 18% YoY, even on a high base of last year. Domestic/international order inflows increased 28%/8% YoY for the quarter. Domestic and international mix was healthy in overall inflows due to large order wins in hydrocarbon and power sectors. This resulted in the core order book increasing 30% YoY to INR7.3t. Core E&C revenue came in at INR529b (up 11% YoY), 6% below our estimate, mainly due to slightly weaker execution in domestic markets and in the infrastructure segment as execution of water projects remains slow. Overall core E&C international execution increased 22% YoY. For 3QFY26, core E&C EBITDA margin improved 50bp YoY to 8.1% for the core business.

Segmental margins were weak in energy segment

For 3QFY26, core E&C EBITDA margin improved 50bp YoY to 8.1% for the core business, in line with our estimates as weak performance in energy segment was offset by better performance in 'Others' segment.

- **Infrastructure segment** margin stood at 6.1%, up 60bp YoY, driven by enhanced operational efficiency and focused cost management.
- **Energy segment** margin stood at 5.9% vs. 8.3% in 3QFY25. The margin decline was due to cost pressure in select onshore Hydrocarbon projects, along with new orders in CarbonLite Solutions business being at an early stage of execution, where margin recognition has not yet commenced.
- **Hi-tech manufacturing** margin stood at 18.3% vs. 18.2% in 3QFY25.
- **Others segment** EBITDA margin improved significantly to 32.8% from 27.5% in the previous year, aided by the Realty business.

Execution pace to ramp up from 4QFY26

Execution performance for core E&C has remained weak for the last two quarters despite a strong order book. This was impacted by weak execution across domestic water projects, resulting in the company slowing down execution in line with receivable collections. Along with this, certain projects in energy division are yet to reach revenue recognition levels. The company has maintained full-year revenue growth guidance of 15% YoY, thereby reflecting a strong ramp-up in 4QFY26.

Prospect pipeline remains strong

LT's prospect pipeline for 4QFY25 stands at INR5.9t, up 7% YoY, spread across infra at INR4.02t (vs. INR4t last year), hydrocarbon at INR1.26t (vs. INR1.44t), carbon at INR0.4t (vs. INR0.01t), Hi-tech at INR0.42t (vs. INR0.07t last year). This pipeline is strong despite volatile oil prices as LT remains focused on urban development, infrastructure, gas, renewables, AI and data centre in the international markets and B&F, thermal power, power T&D, urban infra, metals and minerals in the domestic markets. LT aims to add nearly 4-5GW of thermal power projects over the next two years out of the total opportunity of 10-15GW ordering in the sector. It is also eyeing opportunities in nuclear EPC projects. We factor in order inflows to grow at 13% CAGR over FY25-28 for core E&C segment.

Well hedged for commodity and currency fluctuations

LT's order book comprises 55% of fixed-price contracts and 45% variable-pricing contracts. It has well hedged its exposure across currencies and commodities and is currently not impacted by higher commodity prices or currency fluctuations. Impact on the margins in select segments such as infrastructure and energy is primarily coming from certain legacy projects executed at lower margins. These projects are expected to get over in 2-3 quarters. To bake in the impact of these projects, we slightly reduce our margin estimates and expect core E&C margins at 8.5%/8.6%/8.6% for FY26/27/28.

Guidance maintained

LT has maintained its guidance of 15% YoY revenue growth and 8.5% EBITDA margin, while it has increased its guidance on overall order inflow growth far exceeding the initial estimate of 10% YoY. NWC guidance is further improved to 10% of sales vs. 12% of sales earlier.

Valuations and view

At the current price, for core E&C, LT is trading at 27x/23x/19x P/E on FY26/27/28E earnings. We tweak our estimates to factor in 9M 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 reduce our core business valuation multiple by a notch to bake in weak execution and slightly lower margin for select segments. We **maintain BUY with a revised two-year forward TP of INR4,600** (INR4,500 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 earnings model

(InR b)

| Y/E March - INR b | FY25 | | | | FY26E | | | | FY25 | FY26E | FY25E | Est |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|------------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | | |
| Net Sales | 551 | 616 | 647 | 744 | 637 | 680 | 714 | 900 | 2,557 | 2,932 | 751 | -5 |
| YoY Change (%) | 15.1 | 20.6 | 17.3 | 10.9 | 15.5 | 10.4 | 10.5 | 21.0 | 15.7 | 14.6 | 16.1 | |
| Total Expenditure | 495 | 552 | 584 | 662 | 574 | 612 | 640 | 800 | 2,293 | 2,626 | 673 | |
| EBITDA | 56 | 64 | 63 | 82 | 63 | 68 | 74 | 101 | 264 | 306 | 77 | -4 |
| YoY Change (%) | 15.3 | 13.0 | 8.6 | 13.4 | 12.5 | 7.0 | 18.6 | 22.7 | 12.5 | 15.8 | 23.6 | |
| Margins (%) | 10.2 | 10.3 | 9.7 | 11.0 | 9.9 | 10.0 | 10.4 | 11.2 | 10.3 | 10.4 | 10.3 | |
| Depreciation | 10 | 10 | 10 | 11 | 10 | 11 | 11 | 11 | 41 | 43 | 12 | -12 |
| Interest | 9 | 9 | 8 | 7 | 8 | 8 | 6 | 8 | 33 | 30 | 9 | -32 |
| Other Income | 9 | 11 | 10 | 11 | 14 | 14 | 14 | 9 | 41 | 50 | 11 | 35 |
| PBT before EO expense | 47 | 56 | 53 | 75 | 59 | 63 | 72 | 90 | 231 | 284 | 67 | 8 |
| Extra-Ord expense | - | - | - | -5 | - | - | 13 | - | -5 | 13 | - | |
| PBT | 47 | 56 | 53 | 80 | 59 | 63 | 58 | 90 | 236 | 270 | 67 | -13 |
| Tax | 12 | 14 | 13 | 19 | 15 | 16 | 20 | 23 | 59 | 75 | 17 | |
| Rate (%) | 26.4 | 26.0 | 25.0 | 23.5 | 26.2 | 26.0 | 34.2 | 26.0 | 25.0 | 27.8 | 26.0 | |
| MI & P/L of Asso. Cos. | 7 | 7 | 6 | 6 | 7 | 8 | 6 | 6 | 27 | 26 | 6 | |
| Reported PAT | 28 | 34 | 34 | 55 | 36 | 39 | 32 | 61 | 150 | 169 | 43 | -25 |
| Adj PAT | 28 | 34 | 34 | 51 | 36 | 39 | 41 | 61 | 147 | 178 | 43 | -5 |
| YoY Change (%) | 11.7 | 5.4 | 14.0 | 18.8 | 29.8 | 15.6 | 22.1 | 18.7 | 13.0 | 21.4 | 27.9 | |
| Margins (%) | 5.1 | 5.5 | 5.2 | 6.9 | 5.7 | 5.8 | 5.7 | 6.8 | 5.7 | 6.1 | 5.7 | |

| Y/E March - INR b | FY25 | | | | FY26E | | | | FY25 | FY26E | YoY (%) | FY26E | Est |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | | | |
| Segmental revenue | | | | | | | | | | | | | |
| Consolidated (ex-services) | 386 | 445 | 473 | 569 | 458 | 490 | 523 | 702 | 1,873 | 2,174 | 10.6 | 555 | -6 |
| Infrastructure Projects | 269 | 320 | 321 | 389 | 288 | 318 | 337 | 474 | 1,354 | 1,416 | 4.9 | 367 | -8 |
| Energy Projects | 85 | 89 | 111 | 122 | 125 | 131 | 127 | 162 | 399 | 544 | 15.2 | 136 | -7 |
| Hi-Tech Manufacturing | 18 | 21 | 24 | 34 | 32 | 28 | 33 | 39 | 96 | 132 | 34.3 | 33 | 0 |
| Others | 14 | 16 | 17 | 24 | 14 | 14 | 26 | 27 | 72 | 81 | 55.0 | 19 | 33 |
| IT & Technology Services | 115 | 118 | 121 | 125 | 126 | 133 | 135 | 136 | 479 | 530 | 12.1 | 135 | 0 |
| Financial Services | 37 | 38 | 39 | 38 | 40 | 42 | 45 | 44 | 155 | 170 | 15.4 | 45 | 0 |
| Development Projects | 13 | 14 | 14 | 12 | 12 | 15 | 12 | 19 | 56 | 58 | -19.2 | 16 | -27 |
| Total Revenues | 551 | 616 | 647 | 744 | 637 | 680 | 714 | 900 | 2,611 | 2,932 | 10.5 | 751 | -5 |
| Net reported revenue | 551 | 616 | 647 | 744 | 637 | 680 | 714 | 900 | 2,557 | 2,932 | 10.5 | 751 | -5 |
| Segmental EBITDA | | | | | | | | | | | | | |
| Consolidated (ex-services) | 29 | 34 | 36 | 56 | 35 | 38 | 43 | 68 | 155 | 184 | 18.6 | 45 | -6 |
| Infrastructure Projects | 16 | 19 | 18 | 31 | 16 | 20 | 21 | 39 | 84 | 96 | 16.3 | 24 | -14 |
| Energy Projects | 7 | 8 | 9 | 10 | 9 | 10 | 8 | 12 | 34 | 38 | -18.1 | 11 | -31 |
| Hi-Tech Manufacturing | 3 | 3 | 4 | 7 | 5 | 4 | 6 | 9 | 17 | 23 | 35.0 | 6 | -1 |
| Others | 3 | 4 | 5 | 9 | 5 | 4 | 9 | 8 | 21 | 26 | 84.8 | 4 | 99 |
| IT & Technology Services | 23 | 25 | 23 | 23 | 25 | 27 | 27 | 28 | 93 | 106 | 18.1 | 27 | -2 |
| Financial Services | 9 | 10 | 9 | 8 | 10 | 10 | 11 | 10 | 36 | 41 | 25.2 | 11 | 1 |
| Development Projects | 2 | 2 | 2 | 4 | 2 | 2 | 2 | 5 | 11 | 12 | 5.4 | 3 | -16 |
| Total EBITDA | 64 | 70 | 69 | 91 | 72 | 77 | 82 | 111 | 295 | 342 | 18.8 | 86 | -4 |
| Less: Implied eliminations | -8 | -7 | -7 | -9 | -8 | -9 | -8 | -10 | -31 | -36 | | -9 | |
| Net reported EBITDA | 56 | 64 | 63 | 82 | 63 | 68 | 74 | 101 | 264 | 306 | 18.6 | 77 | -4 |
| EBITDA margin (%) | | | | | | | | | | | | | |
| Consolidated (ex-services) | 7.6 | 7.6 | 7.6 | 9.9 | 7.6 | 7.8 | 8.1 | 9.7 | 8.3 | 8.5 | 60bp | 8.1 | 2 bp |
| Infrastructure Projects | 5.8 | 6.0 | 5.5 | 8.0 | 5.7 | 6.3 | 6.1 | 8.3 | 6.2 | 6.8 | 60bp | 6.5 | -40 bp |
| Energy Projects | 8.7 | 8.8 | 8.3 | 8.1 | 7.3 | 7.3 | 5.9 | 7.4 | 8.6 | 7.0 | -240bp | 8.0 | -210 |
| Hi-Tech Manufacturing | 17.4 | 12.8 | 18.2 | 19.5 | 15.1 | 14.7 | 18.3 | 21.8 | 17.4 | 17.8 | 10bp | 18.5 | -20 bp |
| Others | 23.4 | 25.1 | 27.5 | 36.7 | 32.9 | 31.3 | 32.8 | 31.1 | 28.8 | 32.0 | 530bp | 22.0 | 1080 |
| IT & Technology Services | 20.0 | 21.0 | 18.7 | 18.2 | 19.5 | 20.2 | 19.7 | 20.6 | 19.4 | 20.0 | 100bp | 20.2 | -50 bp |
| Financial Services | 25.9 | 25.4 | 22.2 | 22.2 | 24.8 | 25.0 | 24.1 | 21.8 | 23.5 | 23.9 | 190bp | 24.0 | 10 bp |
| Development Projects | 17.0 | 15.5 | 15.8 | 32.9 | 17.8 | 10.9 | 20.6 | 28.3 | 19.0 | 19.9 | 480bp | 18.0 | 260 bp |
| Total EBITDA margin (%) | 11.6 | 11.4 | 10.7 | 12.3 | 11.2 | 11.3 | 11.5 | 12.3 | 11.3 | 11.7 | 80bp | 11.4 | 9 bp |
| Net reported EBITDA margin | 10.2 | 10.3 | 9.7 | 11.0 | 9.9 | 10.0 | 10.4 | 11.2 | 10.3 | 10.4 | 70bp | 10.3 | 8 bp |
| Order inflow | 544 | 630 | 987 | 721 | 766 | 968 | 1,164 | 522 | 2,882 | 3,420 | 18.0 | 749 | 29 |
| Order book | 4,944 | 5,140 | 5,642 | 5,792 | 6,129 | 6,672 | 7,333 | 7,039 | 5,792 | 7,039 | 30.0 | 6,865 | -3 |



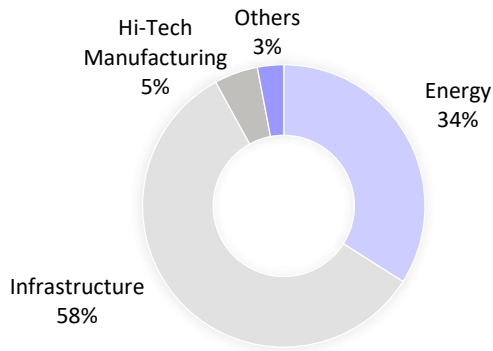
Conference call highlights

- **Order book:** LT's consolidated order inflows during the quarter stood at INR1.4t (+17% YoY), taking the total order book to INR7.3t as of Dec'25 (+30% YoY). Approximately 92% of the total order book derives from infrastructure and energy segments. Geographically it is split evenly with 51% from domestic markets and 49% from international markets. The domestic portion totals INR3.8t, featuring a diverse mix from central government (12%), state government (22%), PSUs (30%), and private sector (36%). Notably the private sector share has grown significantly from 21% in Mar'25, driven by traction in thermal power storage systems, real estate and operating capacities in ferrous and non-ferrous sectors. In international order book of INR3.8t, 75% comes from the Middle East.
- **Execution:** Project execution remains steady across most businesses, aligning with expectations, despite sector-specific challenges. Group revenue reached INR714b in 3QFY26, with international revenue making up 54%. Projects and manufacturing revenue stood at INR523b (+11% YoY). Infrastructure revenue grew modestly by 5% YoY, hampered by domestic water and effluent treatment slowdowns, yet international execution stayed strong. Energy segment revenue increased 15% YoY to INR127b, reflecting progress on a larger book. High-tech manufacturing revenue surged 34% YoY due to ramp-ups in precision engineering and favorable job mixes.
- **Prospect pipeline:** The prospect pipeline for 4QFY26 stands at INR5.9t (+7% YoY), led by carbon-like solutions and precision engineering. Infrastructure prospects stand at INR4t (flat YoY), with domestic at INR2.6t and international at INR1.4t. Infra segment pipeline includes transportation (19%), civil infrastructure (19%), water (18%), buildings and factories (15%), power transmission (11%), renewables (9%), and metals & minerals (9%). Energy prospects stand at INR1.7t, with hydrocarbons at INR1.3t (mostly international) and carbon-like solutions at INR0.4t (largely domestic). High-tech manufacturing prospects stand at INR0.42t (vs. INR0.07t last year). Domestic prospects show rising private sector share (35%), offsetting pauses in areas like water.
- **GCC ordering:** GCC region GDP growth projected at 4%-4.5% in CY26, with Saudi Arabia and UAE prioritizing digital AI data centers, urban development and renewables. The Middle East constitutes 75% of LT's international order book. Kuwait projects faced temporary cancellations due to budget issues, but management expects re-tenders this calendar year. Strong pipeline spans Saudi, Qatar, UAE and Kuwait, with positive atmosphere. Private sector orders in the region offer better payment terms and flexibility enhancing prospects.
- **Hyderabad Metro:** Hyderabad Metro operations improved with higher average fares post-May'25 hike from INR38 to INR47 per passenger. Average daily ridership stood at 414,000 passengers, slightly below last year's 445,000. This led to a reduced net loss of INR1.9b in 3QFY26 from INR2b last year. LT reached in-principle understanding with Telangana government for full stake acquisition. Terms include INR20b payment for equity and government assuming INR130b debt. Development project segment also includes Nabha Power, with focus on operational enhancements.

- **Nabha Power:** Nabha Power, the 1400MW coal-based plant in Punjab, saw revenue decline due to lower power demand. Cost efficiencies drove margin improvements despite softer demand. Plant contributes to energy portfolio diversification. Focus remains on efficiency amid demand fluctuations.
- **Strategic highlights:** LT transferred its realty business to L&T Realty Properties via a slump sale for greater scale, agility and financial strength to capitalize on India's real estate growth. Precision engineering partnered with General Atomics to manufacture medium-altitude long-endurance (MALE) remotely piloted aircraft systems (RPAS) in India. Heavy engineering business of the company signed MoU with US-based Nuclear Energy Corporation to provide nuclear heat transfer solutions globally. Data center business has been rebranded to L&T Vyoma, expanding in Mumbai, Chennai and Bangalore for hyperscale computing.
- **FY26 guidance:** Order inflow would exceed guidance of 10% YoY growth, with scope of ultra-mega orders. Revenue guidance is maintained at 15% YoY growth, with a major ramp-up expected in 4QFY26, with core E&C margins targeted at 8.5% for FY26. NWC-to-revenue improved to 8.2% and the company is now targeting it to be at 10% by FY26-end, better than prior 12% guidance.

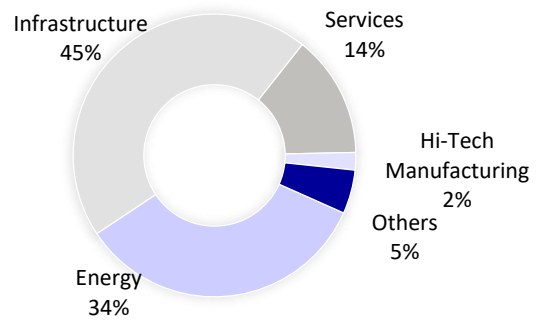
Key Exhibits

Exhibit 1: Segmental breakup of INR7.3t order book



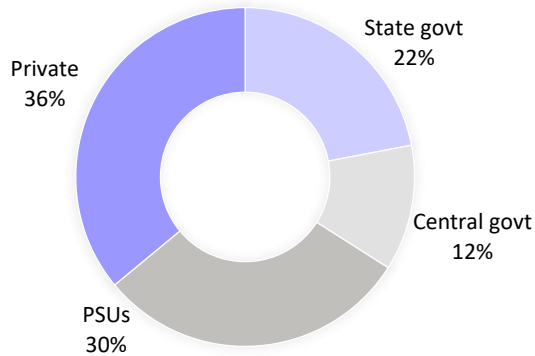
Source: Company, MOFSL

Exhibit 2: Segmental breakup of INR1.4t order inflows



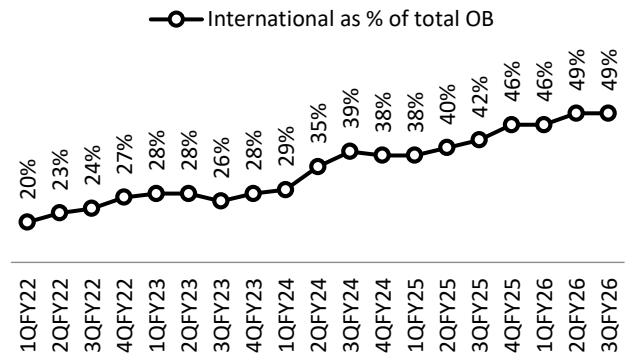
Source: Company, MOFSL

Exhibit 3: Order book largely comprises public sector orders (64%); private sector forms 36%



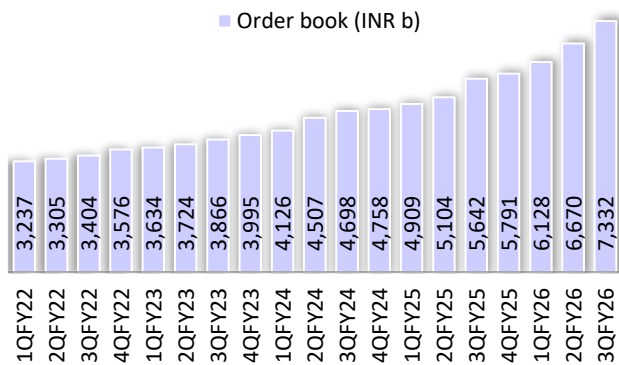
Source: Company, MOFSL

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



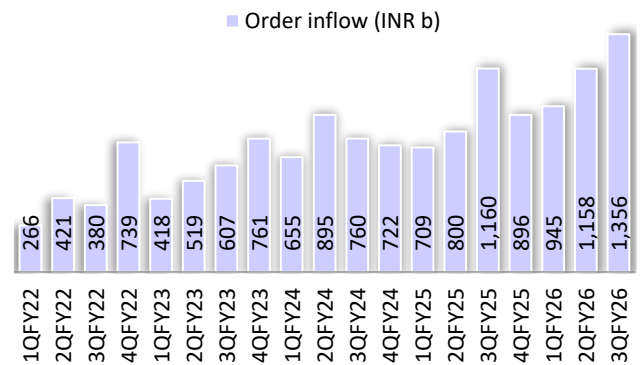
Source: Company, MOFSL

Exhibit 5: Order book has been robust recently, boosted by inflows from the domestic and export markets



Source: Company, MOFSL

Exhibit 6: Overall order inflows were up 17% YoY mainly due to uptick in energy and infra segments



Source: Company, MOFSL

Exhibit 7: E&C revenue increased 11% YoY

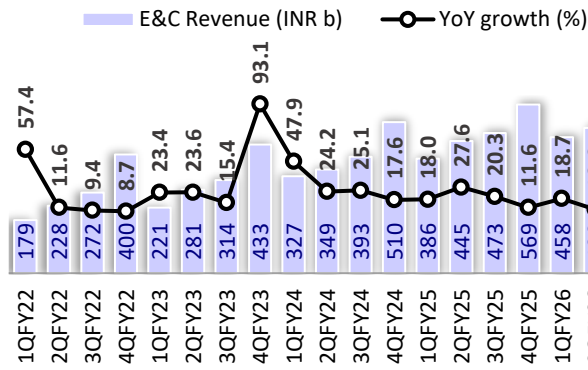


Exhibit 8: E&C EBITDA margin improved 50bp YoY

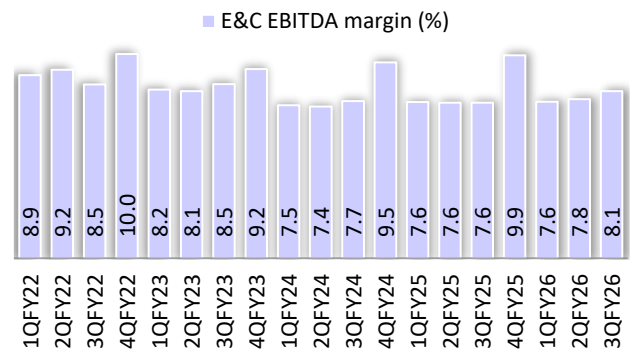


Exhibit 9: NWC-to-sales ratio has seen a steady decline as LT continues to strengthen its balance sheet

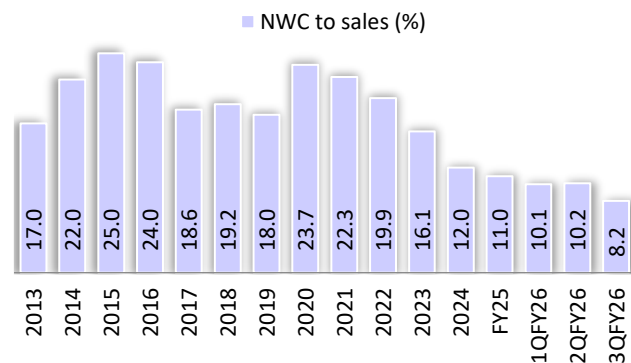


Exhibit 10: RoE witnessing gradual improvement as NWC-to-sales ratio improved over the years

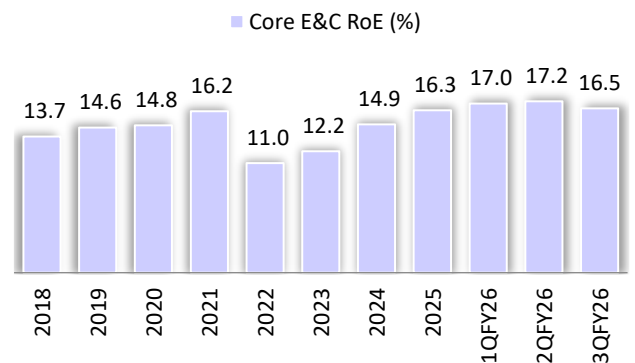


Exhibit 11: LT's prospect pipeline announced at the beginning of the year vs. LT's actual share during the year

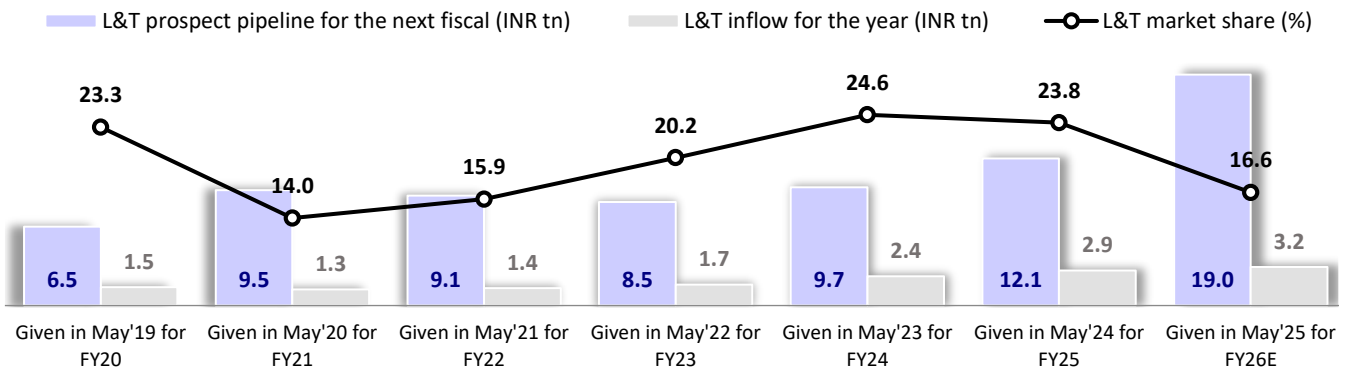
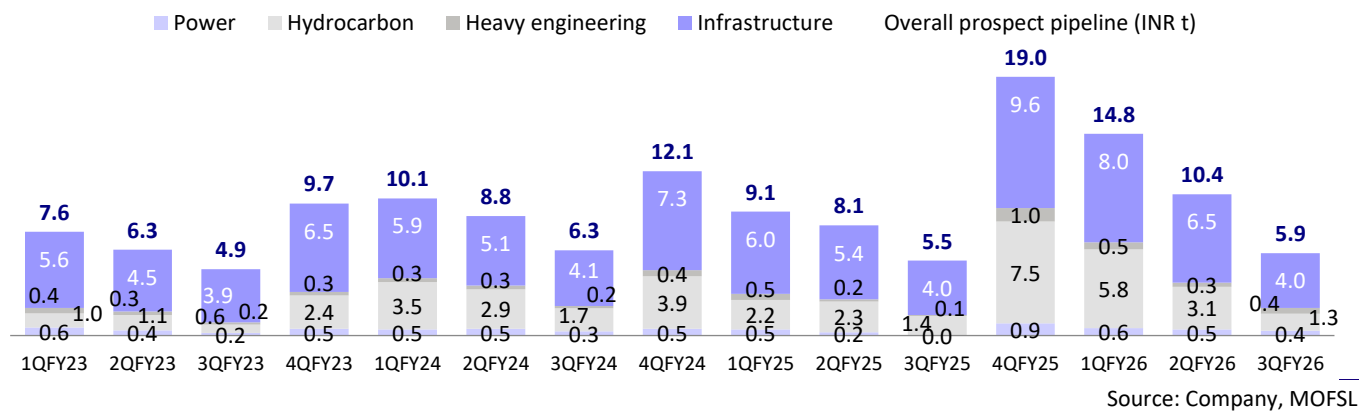


Exhibit 12: Strong prospect pipeline of ~INR6t for 4QFY26, led by infra and hydrocarbon segments



Source: Company, MOFSL

Financial Outlook

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

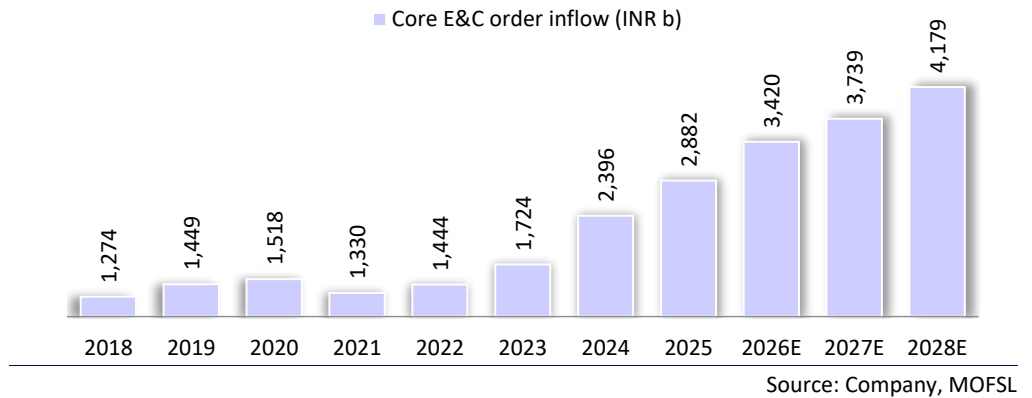


Exhibit 14: Robust tendering pipeline to support order book growth

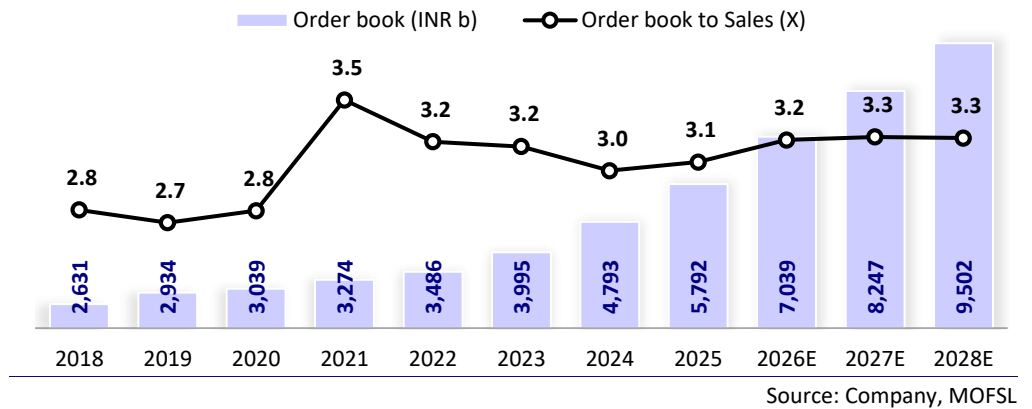


Exhibit 15: Consolidated revenue trend (INR b)

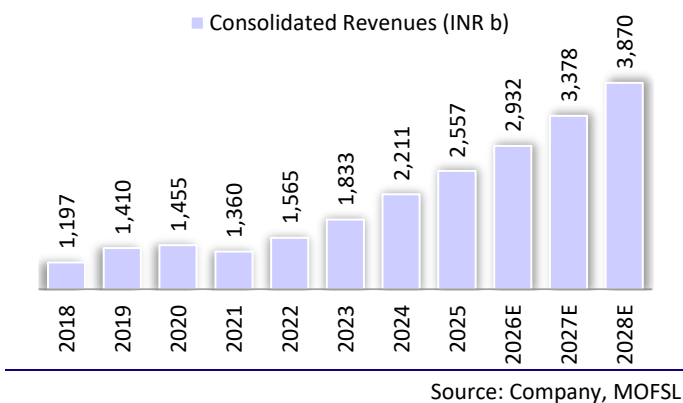


Exhibit 16: Core E&C revenue trend (INR b)

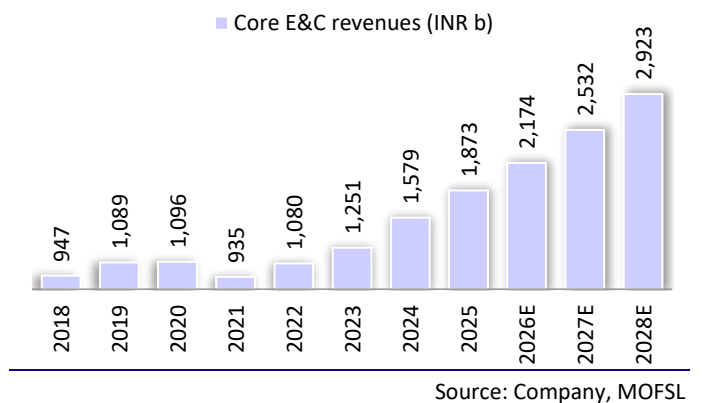
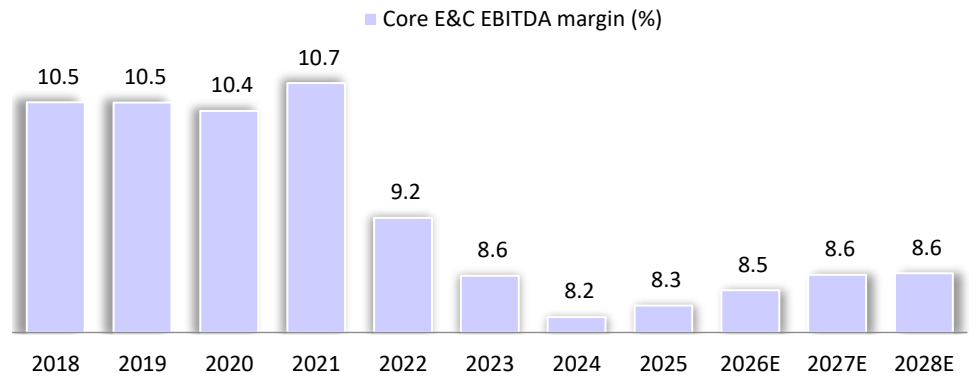


Exhibit 17: E&C EBITDA margin to improve as legacy projects are completed (%)



Source: Company, MOFSL

Exhibit 18: LT SOTP-based TP of INR4,600 (vs INR4,500 earlier), including 25% holding discount in subsidiaries (INR/share).

| | Earnings/Book (INR m) | Target multiple (x) | Value (INR b) | Valuation basis | Stake (%) | Value (INR b) | 2yr Fwd Per share (INR) |
|---------------------------|--------------------------|------------------------|------------------|-----------------------|--------------|------------------|----------------------------|
| Core E&C business | 1,68,008 | 27 | 4,486 | P/E | 100.0 | 4,486 | 3,263 |
| L&T Finance Holdings | | | 796 | (at MOFSL TP) | 66.0 | 525 | 382 |
| LTI-Mindtree | | | 2,249 | (at MOFSL TP) | 68.7 | 1,545 | 1,124 |
| L&T Technology Services | | | 466 | (at MOFSL TP) | 73.8 | 344 | 250 |
| Hyderabad Metro | 24,390 | 1.0 | 24 | P/B | 100.0 | 24 | 18 |
| Power development | 26,000 | 1.2 | 31 | P/B | 100.0 | 31 | 29 |
| Total subsidiaries | | | | 25% holding co. disc. | | 1,852 | 1,353 |
| Grand total | | | | | | | 4,616 |

Source: Company, MOFSL

Exhibit 19: We tweak our estimates slightly to factor in 9M 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 | 29,31,581 | 29,64,581 | (1.1) | 33,78,009 | 33,91,859 | (0.4) | 38,69,623 | 38,75,293 | (0.1) |
| EBITDA | 3,06,073 | 3,09,866 | (1.2) | 3,53,656 | 3,56,984 | (0.9) | 4,02,872 | 4,09,016 | (1.5) |
| EBITDA (%) | 10.4 | 10.5 | -1 bps | 10.5 | 10.5 | -6 bps | 10.4 | 10.6 | -14 bps |
| Adj. PAT | 1,77,575 | 1,78,514 | (0.5) | 2,14,296 | 2,13,051 | 0.6 | 2,51,429 | 2,51,422 | 0.0 |
| EPS (INR) | 129.2 | 129.9 | (0.5) | 155.9 | 155.0 | 0.6 | 182.9 | 182.9 | 0.0 |

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 | 2,932 | 3,378 | 3,870 |
| Change (%) | 3.2 | -6.5 | 15.1 | 17.1 | 20.6 | 15.7 | 14.6 | 15.2 | 14.6 |
| Raw Materials | 974 | 867 | 997 | 1,166 | 1,460 | 1,710 | 1,960 | 2,258 | 2,587 |
| Gross Profit | 481 | 493 | 568 | 667 | 752 | 848 | 972 | 1,120 | 1,283 |
| Employees Cost | 231 | 248 | 297 | 372 | 412 | 468 | 536 | 618 | 708 |
| Other Expenses | 86 | 89 | 88 | 87 | 105 | 116 | 129 | 148 | 172 |
| Total Expenditure | 1,291 | 1,204 | 1,383 | 1,626 | 1,976 | 2,293 | 2,626 | 3,024 | 3,467 |
| % of Sales | 88.8 | 88.5 | 88.4 | 88.7 | 89.4 | 89.7 | 89.6 | 89.5 | 89.6 |
| EBITDA | 163 | 156 | 182 | 208 | 235 | 264 | 306 | 354 | 403 |
| Margin (%) | 11.2 | 11.5 | 11.6 | 11.3 | 10.6 | 10.3 | 10.4 | 10.5 | 10.4 |
| Depreciation | 25 | 29 | 29 | 35 | 37 | 41 | 43 | 48 | 53 |
| EBIT | 139 | 127 | 153 | 173 | 198 | 223 | 263 | 306 | 350 |
| Int. and Finance Charges | 28 | 39 | 31 | 32 | 35 | 33 | 30 | 26 | 25 |
| Other Income | 24 | 34 | 23 | 29 | 42 | 41 | 50 | 51 | 58 |
| PBT bef. EO Exp. | 134 | 122 | 144 | 170 | 204 | 231 | 284 | 331 | 383 |
| EO Items | -7 | -82 | -1 | -1 | -1 | -5 | 13 | 0 | 0 |
| PBT after EO Exp. | 141 | 205 | 145 | 171 | 205 | 236 | 270 | 331 | 383 |
| Total Tax | 33 | 41 | 42 | 45 | 49 | 59 | 75 | 87 | 100 |
| Tax Rate (%) | 23.2 | 33.2 | 29.1 | 26.2 | 24.1 | 25.0 | 27.8 | 26.4 | 26.2 |
| Minority Interest | 13 | 14 | 17 | 21 | 25 | 26 | 27 | 30 | 32 |
| AI | 1 | 0 | 1 | -1 | -0 | -0 | 1 | 1 | 1 |
| Reported PAT | 95 | 151 | 87 | 105 | 131 | 150 | 169 | 215 | 252 |
| Adjusted PAT | 90 | 68 | 86 | 104 | 130 | 147 | 178 | 215 | 252 |
| Change (%) | 4.0 | -24.5 | 25.9 | 20.6 | 25.2 | 13.0 | 21.4 | 20.6 | 17.3 |
| Margin (%) | 6.2 | 5.0 | 5.5 | 5.7 | 5.9 | 5.7 | 6.1 | 6.4 | 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 | 1,090 | 1,238 | 1,412 |
| Net Worth | 667 | 759 | 824 | 893 | 864 | 977 | 1,093 | 1,241 | 1,415 |
| Minority Interest | 95 | 121 | 130 | 142 | 162 | 177 | 205 | 234 | 266 |
| Total Loans | 1,410 | 1,346 | 1,255 | 1,207 | 1,163 | 1,324 | 1,288 | 1,311 | 1,371 |
| 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 | 2,554 | 2,755 | 3,020 |
| Gross Block | 497 | 570 | 531 | 594 | 634 | 681 | 743 | 819 | 903 |
| Less: Accum. Deprn. | 98 | 127 | 133 | 168 | 204 | 246 | 289 | 337 | 389 |
| Net Fixed Assets | 399 | 443 | 427 | 426 | 430 | 436 | 454 | 482 | 514 |
| 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 | 3,014 | 3,395 | 3,860 |
| Inventory | 57 | 58 | 59 | 68 | 66 | 77 | 88 | 101 | 116 |
| Account Receivables | 407 | 422 | 461 | 447 | 488 | 537 | 616 | 710 | 813 |
| Cash and Bank Balance | 151 | 162 | 190 | 225 | 154 | 230 | 238 | 310 | 438 |
| Loans and Advances | 1,061 | 991 | 955 | 889 | 951 | 1,070 | 1,123 | 1,180 | 1,240 |
| Others | 652 | 607 | 662 | 719 | 773 | 828 | 949 | 1,094 | 1,253 |
| Curr. Liability & Prov. | 875 | 875 | 980 | 1,052 | 1,201 | 1,310 | 1,501 | 1,728 | 1,981 |
| Other Current Liabilities | 840 | 838 | 939 | 1,009 | 1,157 | 1,252 | 1,434 | 1,652 | 1,893 |
| Provisions | 35 | 38 | 42 | 44 | 44 | 58 | 67 | 77 | 88 |
| Net Current Assets | 1,455 | 1,366 | 1,347 | 1,296 | 1,230 | 1,431 | 1,513 | 1,666 | 1,879 |
| Appl. of Funds | 2,168 | 2,210 | 2,191 | 2,211 | 2,156 | 2,447 | 2,554 | 2,755 | 3,020 |

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 | 129.7 | 156.4 | 183.5 |
| Cash EPS | 83.7 | 70.8 | 84.0 | 100.9 | 121.3 | 136.8 | 161.1 | 191.2 | 221.8 |
| BV/Share | 485.4 | 551.9 | 599.5 | 649.8 | 628.2 | 710.4 | 794.9 | 902.7 | 1,029.1 |
| DPS | 0.0 | 36.0 | 22.0 | 30.0 | 28.0 | 34.0 | 38.1 | 48.6 | 57.0 |
| Payout (%) | 30.8 | 39.1 | 34.9 | 39.4 | 29.5 | 31.1 | 31.1 | 31.1 | 31.1 |
| Valuation (x) | | | | | | | | | |
| P/E | 57.6 | 76.4 | 60.6 | 50.3 | 40.2 | 35.5 | 29.3 | 24.3 | 20.7 |
| Cash P/E | 45.3 | 53.6 | 45.2 | 37.6 | 31.3 | 27.7 | 23.6 | 19.8 | 17.1 |
| P/BV | 7.8 | 6.9 | 6.3 | 5.8 | 6.0 | 5.3 | 4.8 | 4.2 | 3.7 |
| EV/Sales | 3.6 | 3.8 | 3.3 | 2.8 | 2.4 | 2.0 | 1.8 | 1.5 | 1.3 |
| EV/EBITDA | 31.9 | 33.4 | 28.6 | 25.1 | 22.2 | 19.7 | 17.0 | 14.7 | 12.9 |
| Dividend Yield (%) | 0.0 | 0.9 | 0.6 | 0.8 | 0.7 | 0.9 | 1.0 | 1.3 | 1.5 |
| FCF per share | 24.7 | 159.5 | 117.3 | 138.1 | 102.3 | 40.9 | 86.8 | 95.8 | 117.4 |
| Return Ratios (%) | | | | | | | | | |
| RoE | 14.0 | 9.6 | 10.9 | 12.1 | 14.8 | 16.0 | 17.2 | 18.4 | 19.0 |
| RoCE | 6.3 | 5.2 | 5.9 | 7.1 | 8.8 | 9.2 | 9.7 | 10.7 | 11.3 |
| RoIC | 6.9 | 5.1 | 6.7 | 8.3 | 10.0 | 10.7 | 11.3 | 12.6 | 13.6 |
| 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 | 1.3 |
| 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 | 2.0 | 2.0 | 1.9 |
| Interest Cover Ratio | 5.0 | 3.3 | 4.9 | 5.4 | 5.6 | 6.7 | 8.8 | 11.9 | 13.8 |
| 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

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|
| (INR b) | | | | | | | | | |
| OP/(Loss) before Tax | 143 | 230 | 144 | 170 | 204 | 231 | 244 | 302 | 353 |
| Depreciation | 25 | 29 | 29 | 35 | 37 | 41 | 43 | 48 | 53 |
| Interest & Finance Charges | 20 | 25 | 21 | 14 | 11 | 9 | 30 | 26 | 25 |
| Direct Taxes Paid | -40 | -35 | -46 | -51 | -53 | -56 | -75 | -87 | -100 |
| (Inc)/Dec in WC | -78 | 100 | 48 | 54 | -14 | -121 | -75 | -81 | -84 |
| CF from Operations | 69 | 350 | 196 | 221 | 185 | 104 | 167 | 208 | 246 |
| Others | -2 | -121 | -5 | 7 | -3 | -13 | 0 | 0 | 0 |
| CF from Operating incl EO | 67 | 228 | 192 | 228 | 183 | 92 | 167 | 208 | 246 |
| (Inc)/Dec in FA | -33 | -9 | -30 | -38 | -42 | -35 | -48 | -76 | -84 |
| Free Cash Flow | 34 | 219 | 161 | 190 | 141 | 56 | 119 | 132 | 161 |
| (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 | -68 | -96 | -104 |
| Issue of Shares | 0 | 0 | 0 | 0 | -123 | 0 | -0 | 0 | 0 |
| Inc/(Dec) in Debt | 138 | -87 | -84 | -45 | -41 | 157 | -36 | 24 | 59 |
| Interest Paid | -29 | -33 | -34 | -35 | -41 | -42 | -30 | -26 | -25 |
| Dividend Paid | -46 | -40 | -25 | -31 | -42 | -38 | -52 | -67 | -78 |
| Others | -1 | 8 | -9 | -5 | -8 | -11 | 27 | 30 | 32 |
| CF from Fin. Activity | 64 | -153 | -152 | -116 | -254 | 66 | -91 | -40 | -13 |
| Inc/Dec of Cash | 48 | 21 | 3 | 29 | -50 | 2 | 8 | 72 | 129 |
| Opening Balance | 0 | 151 | 162 | 190 | 225 | 154 | 230 | 238 | 310 |
| Closing Balance | 151 | 162 | 190 | 225 | 154 | 230 | 238 | 310 | 438 |

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|----------------------------------|--|
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Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|-----------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |
| Mr. Neeraj Agarwal | 022 40548085 | na@motilaloswal.com |
| Mr. Siddhartha Khemka | 022 50362452 | po.research@motilaloswal.com |

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 dpgrievances@motilaloswal.com.