Dated: 30 Oct 2025

Larsen & Toubro (LT) – ADD

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.3,958	Rs. 4,200

Rationale:

- L&T reported a 4-5% miss across key metrics on transient issues, yielding unchanged growth/margin guidance.
- Reported another quarter of strong order inflows, coupled with a strong prospect pipeline still left for H2, led to L&T upgrading its order inflow growth guidance.
- Our assessment of competition, customer commentary and improved positioning of L&T in large-sized orders lends comfort.
- Prospects of capital allocation exist across segments (new energy, precision electronics, defense).
- We increase FY26-28 order estimates by 5-9% & FY27/28 core E&C estimates by 3-5%.
- We roll forward to an FV of Rs4,200 from Rs3,850 at December 2027 SoTP and build in a 0.5X higher multiple (23X) on core E&C earnings. ADD stays.

Positives:

- Order Backlog grows ~30% yoy, strong pipeline and good positioning augurs well.
- Core E&C order inflows grew 54% yoy in Q2FY26 and 48% in H1FY26.
- Order backlog crosses at Rs6.13 lakh cr comprises 46% share of overseas.
- Order pipeline remains strong at Rs10.4 lakh cr +28% yoy.
- Maintained 15% yoy growth guidance for group revenues and 8.5% full-year EBITDA margin for core business.

Negatives:

- Core E&C revenue/EBITDA grew a modest 10%/12% yoy.
- Q2FY26: 4-5% miss driven by transient weakness execution and margin.

(E&C: Engineering & construction, EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit aft tax, SoTP: Sum of the parts)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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