OVERALL FINANCIAL REVIEW 2025-26

I. L&T CONSOLIDATED

As the economic environment continues to evolve, shaped by geopolitical developments, the Company has delivered a well-rounded performance across its businesses, covering diverse sectors and geographies. The Company remained focused on maximising shareholder value by divesting identified non-core assets, driving operational excellence through digital initiatives to enhance cost competitiveness, strengthening working capital discipline and funds management, and ensuring effective and profitable execution of its robust order book.

During the year, in line with its strategy to exit non-core businesses, the Company entered into a Securities Purchase Agreement (SPA) with Torrent Power Limited for the divestment of its entire stake in Nabha Power Limited (NPL). NPL owns and operates a 2x700 MW supercritical thermal power plant at Rajpura, Punjab. The required regulatory approvals are currently being pursued, and the transaction is expected to be completed in Q1 FY 2026-27.

The Company has executed a Share Purchase Agreement on April 29, 2026 with Hyderabad Metro Rail Limited, a Government of Telangana Enterprise, for disposal of its entire shareholding in L&T Metro Rail (Hyderabad) Limited (L&TMRHL), a subsidiary of the Company. L&TMRHL is a special purpose vehicle (SPV) created to undertake the business of constructing, operating and maintaining a metro rail system, including transit-oriented development (TOD) in Hyderabad.

Further, the Company's technology arm, L&T Technology Services (LTTS) has entered into a business transfer agreement to sell the Smart World & Communication business. The divestment will enable capital allocation towards 'Engineering Intelligence', which is a high-growth focus area for LTTS.

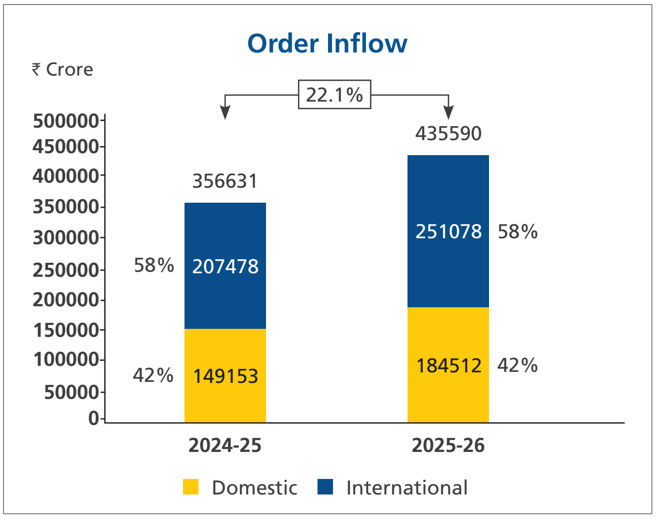
In FY 2025-26, the Company reorganised the Hydrocarbon business into three distinct units, namely the Onshore business, the Offshore business and the Offshore Wind business. Additionally, the financial arm of the Company, L&T Finance Limited, successfully concluded the acquisition of the gold loan business of Paul Merchants Finance Private Limited (PMFPL).

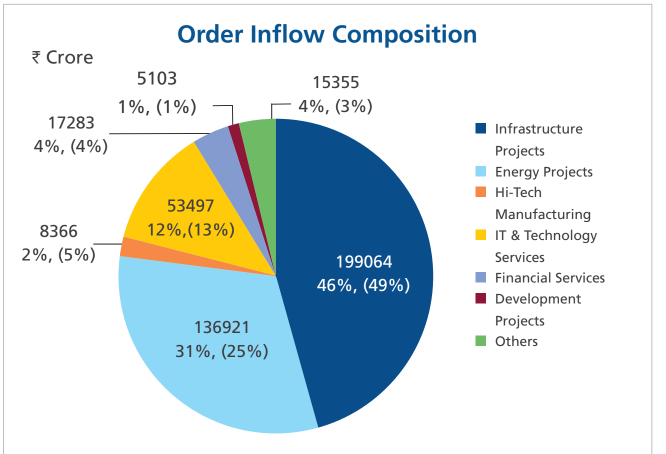
During the year, the Company entered a Scheme of Arrangement for the transfer of its Realty business to its wholly-owned subsidiary, L&T Realty Properties Ltd., by way of a slump sale. The transaction is contingent upon receipt of requisite regulatory approvals. Further, the Company has successfully completed the transfer of its L&T-SuFin e-commerce platform business to its wholly-owned subsidiary, SuFin Limited. The move is part of the Company's strategic restructuring to streamline its operations and house its digital commerce initiatives under a dedicated subsidiary.

In FY 2025-26, the Company's listed subsidiary - LTIMindtree Limited - was rebranded as LTM Limited, reflecting its strategic evolution into an AI centric 'Business Creativity Partner' role that integrates advanced technology with human insight. Further, the Company has consolidated its data center operations under the Larsen & Toubro Vyoma brand (previously operating as L&T-Cloudfiniti). Larsen & Toubro Vyoma extends the Company's core engineering and manufacturing expertise into the digital economy, with a forward-looking approach to data infrastructure that emphasises scalability, security, sustainability and responsible AI.

As at March 31, 2026, the L&T Group comprised 90 subsidiaries, 5 associate companies, 9 joint ventures and 35 jointly held operations. The majority of the Group's entities serve as strategic extensions of the Company's diversified business model, enabling expansion into new geographies, technologies and specialised business segments.

Order Inflow and Order Book



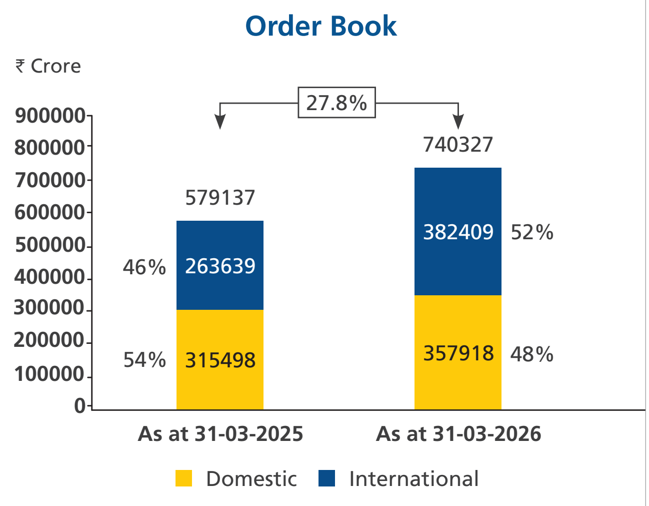


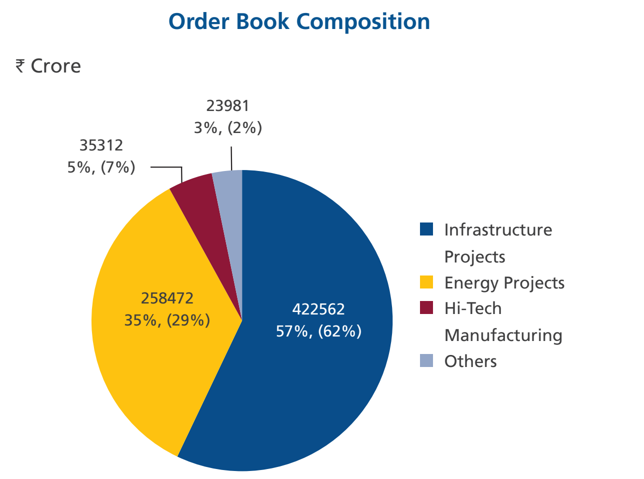
Total Order Inflow: ₹ 435,590 crore during FY 2025-26
[Figures in brackets relate to previous year]

L&T Group achieved record order inflows of ₹ 4,35,590 crore during FY 2025-26, registering a growth of 22.1% over the previous year, the highest in the Company's history. The growth was driven by the strong investment momentum in West Asia, sustained policy-led capex impetus by the Government of India, and an increasing participation of private sector enterprises in the domestic market. The buoyancy in West Asian businesses resulted in international orders accounting for 58% of total order inflows, reflecting a stable geographic mix.

The year witnessed the booking of some noteworthy orders across businesses. The Infrastructure segment received an international High-Speed Rail order under the Heavy Civil Infrastructure unit; multiple RE and transmission projects from West Asia under the Power Transmission & Distribution and Renewables businesses; multiple ultra-mega orders in the Hydrocarbon business across its verticals; and domestic BTG orders within the CarbonLite Solutions business.

The Infrastructure segment continued to be the largest contributor to the Company's business portfolio, accounting for 46% of the overall order inflow, compared with 49% in the previous year.





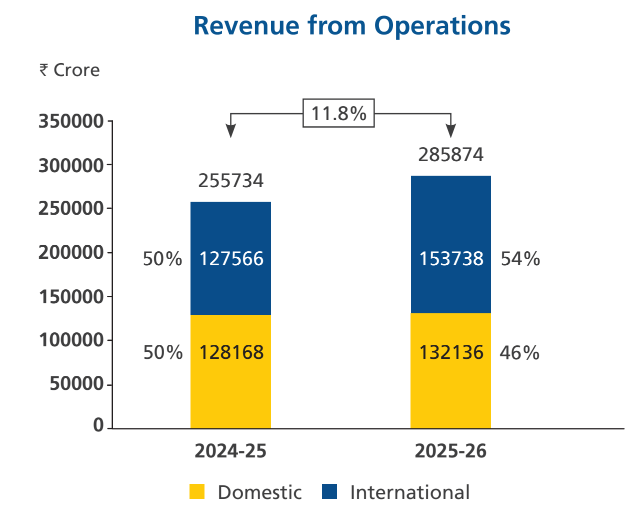
Total order Book: ₹ 740,327 crore as at March 31, 2026
[Figures in brackets relate to previous year]

As at March 31, 2026, the order book is at a record level of ₹ 7,40,327 crore, providing strong multi-year revenue visibility for the Group. The infrastructure segment remained the largest contributor to the consolidated order book, accounting for 57% of the total as at the year-end.

The order book registered a growth of 27.8% on a y-o-y basis, primarily driven by the intake of several high-value orders during the year. As on March 2026, around 61% of the total order book comprised orders received from Government of India, state governments (including local authorities) and public sector enterprises, both domestic and international. The share of the private sector has increased to 39% of the total order book as on March 2026, compared with 28% as on March 2025. Of the domestic order book, 19% of the orders are funded by multilateral agencies.

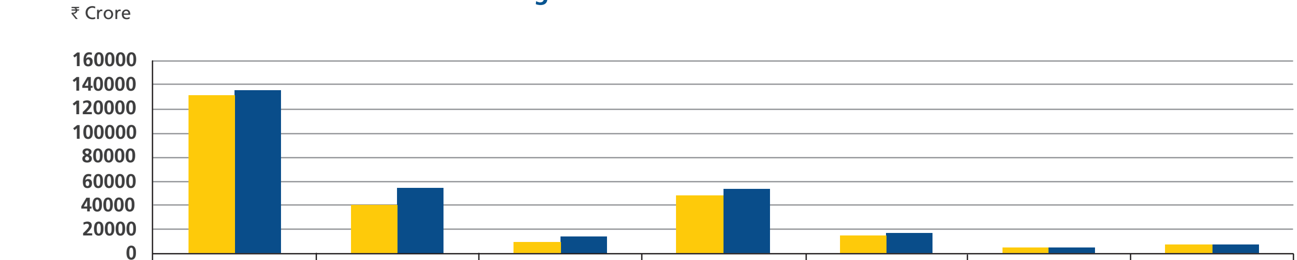
The share of the international orders in the consolidated order book increased from 46% to 52%, on account of higher international order intake during the year.

Consolidated Revenue from Operations



L&T Group recorded revenue of ₹ 2,85,874 crore during FY 2025-26, registering a growth of 11.8% y-o-y. The growth was primarily driven by execution progress across project and manufacturing businesses. The share of international revenue at the Group level increased to 54% in FY 2025-26, compared with 50% in the previous year, reflecting strong execution and order conversion in overseas markets.

Segment - wise Revenue

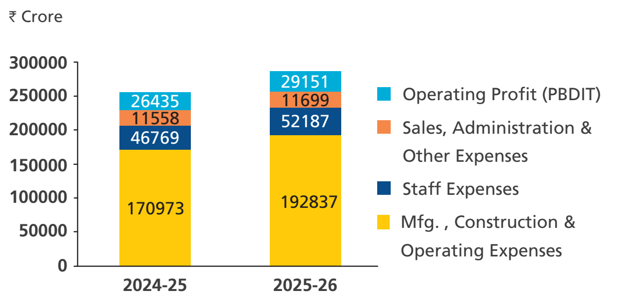


	Infrastructure Projects	Energy Projects	Hi-Tech Manufacturing	IT & Technology Services	Financial Services	Development Projects	Others
FY 2024-25	131315	40677	10181	48453	15194	5389	7816
FY 2025-26	135345	54889	14489	53947	17283	5119	7978

During the year, growth was visible across most of the segments. FY 2025-26 revenue growth was driven by strong execution in Energy Projects, IT & Technology Services and Hi-Tech Manufacturing, reflecting improved order conversion and scaling of technology-led businesses. Infrastructure revenue remained stable, Financial Services recorded steady growth, while there was a marginal decline in Development Projects business.

Operating Expenses and PBDIT

Operating Expenses and PBDIT



Manufacturing, Construction and Operating (MCO) expenses for FY 2025-26 were at ₹ 1,92,837 crore representing an increase of 12.8% over the previous year. These expenses primarily comprise the cost of construction materials, raw materials and components, sub-contracting expenses, and interest costs in the Financial Services business. MCO expenses constituted 67.5% of revenue, compared with 66.9% in the previous year, mainly due to cost pressures in some projects within the portfolio of Project & Manufacturing businesses.

Staff expenses for the year FY 2025-26 were at ₹ 52,187 crore, an increase of 11.6% over the previous year, reflecting a combination of employee additions and salary revisions.

As a percentage of revenue, staff costs remain broadly stable. The Group continues to focus on productivity improvements, digitalisation and manpower optimisation across its businesses.

Sales and administration expenses increased to ₹ 11,699 crore, a modest increase of 1.2% y-o-y. These expenses accounted for 4.1% of revenue, compared with 4.5% in the previous year.

The Group's operating profit for FY 2025-26 increased to ₹ 29,151 crore, registering a growth of 10.3% y-o-y, largely driven by higher business volumes. The EBITDA margin for FY 2025-26 was 10.2%.

Overall margin performance was impacted by execution-related time and cost pressures in the Infrastructure and Energy segments, including higher provisioning on contract assets and customer receivables. Cost optimisation and execution-related savings achieved in select projects partially mitigated the impact on margins.

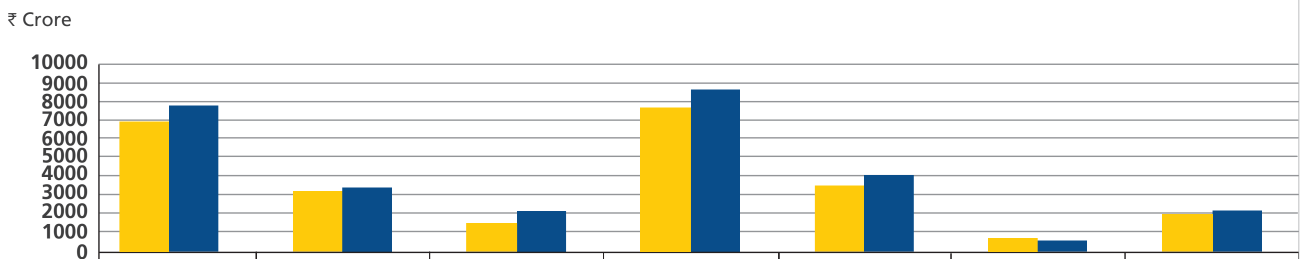
Depreciation and Amortisation Charge

Depreciation and amortisation charges for FY 2025-26 increased to ₹ 4,365 crore from ₹ 4,121 crore in the previous year, registering an increase of 5.9%, mainly reflective of higher capital expenditure spend across the Group in recent years.

Profit Before Interest and Tax

Segment-wise composition of PBIT for FY 2025-26 is represented below:

Segment-wise PBIT



	Infrastructure Projects	Energy Projects	Hi-Tech Manufacturing	IT & Technology Services	Financial Services	Development Projects	Others
FY 2024-25	6921	3178	1459	7682	3491	716	1935
FY 2025-26	7760	3374	2105	8634	4032	539	2086

The segment-wise PBIT registered improvement over the previous year across all businesses except Development Projects, where a higher gain on the sale of commercial property of Hyderabad Metro was recorded in the previous year.

Other Income

Other Income, comprising interest, dividend and other earnings from treasury operations, increased to ₹ 5,761 crore in FY 2025-26, registering a growth of 39.7% over ₹ 4,125 crore in the previous year. The increase was primarily driven by effective treasury management and improved yields on surplus funds.

Finance Cost

The interest expenses for FY 2025-26 declined to ₹ 2,849 crore, registering a reduction of 14.6% compared to ₹ 3,334 crore in the previous year. The decline was supported by lower average borrowing at the Group level, along with a reduction in the borrowing rate. Accordingly, the average interest cost for FY 2025-26 was lower by 20 basis points (bps) as compared to the previous year.

Tax Expense

Income tax charge for FY 2025-26 was at ₹ 6,816 crore, representing an increase of 15.7% over ₹ 5,891 crore in the previous year, due to higher profits and an increase in the effective tax rate.

Exceptional Items

Exceptional items during the year mainly included a one-time impact related to the revision in gratuity liabilities pursuant to the implementation of the New Labour Codes.

In the previous year, Exceptional Item is towards the part reversal of impairment of funded exposure in L&T Special Steels and Heavy Forgings Private Limited (LTSSHF).

Consolidated Profit after Tax and EPS

Consolidated Profit after Tax (PAT) for FY 2025-26 stood at ₹ 16,084 crore, an increase of 7.0% over ₹ 15,037 crore in the previous year. The increase is primarily attributable to improved activity levels and efficient treasury operations.

Consolidated Basic Earnings per Share (EPS) for FY 2025-26 at ₹ 116.93 improved over the previous year at ₹ 109.36.

Return on Consolidated Net Worth

Consolidated Net Worth, as at March 31, 2026, stood at ₹ 1,09,290 crore, reflecting a net increase of ₹ 11,634 crore compared to the position as at March 31, 2025. The Return on Net Worth (RONW) for FY 2025-26 declined to 15.5%, compared to 16.3% in the previous year, primarily due to the one-time impact arising from the revision in gratuity liability due to implementation of the New Labour Codes.

Liquidity and Gearing

Cash flow from Operations (including change in loans and advances towards financing activities) for FY 2025-26 increased to ₹ 16,741 crore as compared to ₹ 9,151 crore in the previous year, supported by healthy execution and efficient working capital management. During the year, borrowings increased by ₹ 6,609 crore to sustain higher level of operations mainly in Financial Services business and additional funds were generated mainly from treasury and dividend income.

Funds were mainly utilised for surplus investments of ₹ 8,745 crore, capital expenditure of ₹ 4,469 crore and payment of dividend of ₹ 4,676 crore. Further, funds were utilised for net interest payment of ₹ 3,183 crore and investments of ₹ 1,553 crore in subsidiary, associates and joint ventures during FY 2025-26.

Consequently, there was a net increase of ₹ 2,846 crore in the cash balances as at March 31, 2026, compared to the beginning of the financial year.

Consolidated Fund Flow Statement ₹ crore

Particulars	FY 2024-25	FY 2025-26
Operating activities	9151	16741
Additional borrowings (net of repayment)	15203	6609
Treasury and dividend income	2228	3028
ESOP proceeds (net)	9	8
Sources of Funds	**26591**	**26386**
Capital expenditure (net)	3541	4469
Purchase of investments	13701	8745
Net Investment	494	1553
Dividend paid	3850	4676
Interest paid	3609	3182
Payment to minority interest (net)	1196	915
Increase in cash balance	200	2846
Utilisation of Funds	**26591**	**26386**

Total Group borrowings as at March 31, 2026, were lower at ₹ 1,21,683 crore compared to ₹ 1,29,559 crore as at March 31, 2025. The decrease was primarily driven by repayments at the parent level. Further, borrowings related to Hyderabad Metro and Nabha Power have not been considered, as both businesses have been classified as 'Asset(s) Held for Sale'.

At the Group level, the gross debt-to-equity ratio decreased to 0.95:1 as at March 31, 2026, from 1.12:1 as at March 31, 2025. Additionally, the net debt-to-equity ratio decreased to 0.35:1 as at March 31, 2026, from 0.60:1 as at March 31, 2025.

Details of significant changes in key financial ratios along with explanation:

In compliance with the requirement of Listing Regulations, the key financial ratios of the Group have been provided hereunder, along with explanations only for significant changes, defined as changes of 25% or more as compared to the previous financial year:

Sr. No.	Particulars	FY 2024-25	FY 2025-26	% Growth
(i)	Gross Debt Equity Ratio	1.12	0.95	15.7%
(ii)	PBDIT as % of net revenue	10.3%	10.2%	-1.4%
(iii)	Net Working Capital % of Sales* (Excluding Financial Services & Corporate)	11.0%	4.1%	62.6%
(iv)	Interest Coverage ratio# (Excludes Financial Services and Finance Lease Activity)	6.75	9.19	36.1%

*The significant change in Net Working Capital % of Sales is on account of receipt of customer advances on award of new orders and higher vendor credit.

#The significant change in the Interest Coverage Ratio for FY 2025-26 has been due to improvement in profits and reduction in average borrowings, primarily at the L&T Standalone level.

II. L&T STANDALONE

L&T's standalone financials reflect the performance of Infrastructure Projects, Energy Projects, Hi-Tech Manufacturing and Others segments. The Others segment comprises Realty, Smart Infrastructure & Communication, Construction & Mining Machinery, Rubber Processing Machinery, E-commerce / digital platforms and data centers.

Brief Summary of Performance at Standalone Level:

Parameters (in ₹ crore)	FY 2024-25	FY 2025-26	% Growth y-o-y
Order Inflow	2,39,336	2,90,574	21%
Share of International Order Inflow	50%	47%	
Revenue	1,42,509	1,53,680	8%
Share of International Revenue	29%	33%	
Order Book	4,70,444	6,13,235	30%
Share of International Order Book	35%	43%	
PBDIT	11,588	12,565	8%
Recurring PAT	10,396	13,130	26%
Exceptional Item*	475	(6,843)	
Overall PAT	10,871	6,287	-42%
Net Worth	71,896	74,533	4%
RONW (%)	15.9%	8.6%	
EPS (in Rs.)	79.06	45.71	

*Exceptional item for FY 2025-26 includes one-time impact of revision in gratuity liability due to New Labour Codes and impairment of investment in LTMRHL. The impact of the same is being reflected in RONW% and EPS for FY 2025-26.

Liquidity and Gearing

Business operations generated cash flows of ₹ 21,928 crore during the year, compared to ₹ 12,703 crore in the previous year. The increase is attributable to improved volumes and better working capital management. The proceeds from treasury income of ₹ 1,723 crore and dividend income from S&A companies at ₹ 3,403 crore have been utilised towards repayment of borrowings (incl. repayment of lease liability) worth ₹ 10,136 crore, purchase of surplus investments of ₹ 4,825 crore and net investment in S&A companies at ₹ 1,151 crore. Further, capex payments of ₹ 1,915 crore, dividend payments of ₹ 4,676 crore and interest payments of ₹ 1,896 crore were also made during the year.

There was a net increase of ₹ 2,464 crore in the cash balances as at March 31, 2026, compared to the beginning of the year.

Fund flow statement ₹ crore

Particulars	FY 2024-25	FY 2025-26
Operating activities	12703	21928
Treasury and dividend income	4237	5127
ESOP Proceeds	9	8
Sources of Funds	**16949**	**27063**
Capital expenditure (net)	2039	1915
Repayment of Borrowings (net of additional borrowings)	680	10136
Purchase of Other investments	7150	4825
Net investment	1391	1151
Dividend paid	3850	4676
Interest paid	2192	1896
Increase / (decrease) in cash balance	(353)	2464
Utilisation of Funds	**16949**	**27063**

Total borrowings as at March 31, 2026, declined to ₹ 11,773 crore, compared to ₹ 21,935 crore in the previous year. The gross debt-to-equity ratio decreased to 0.16:1 as at March 31, 2026, from 0.31:1 as at March 31, 2025. After considering cash and cash equivalents, the Company was in a net debt-free position at the end of the year.