

LARSEN & TOUBRO LIMITED

May 09, 2024



It's all about Imagineering

Current Price: ₹ 3485.20

STOCK DATA

BSE Code	500510
NSE Symbol	LT
Reuters	LART.BO
Bloomberg	LT IN

VALUE PARAMETERS

52 W H/L(Rs)	3859.65/2168.65
Mkt. Cap.(Rs Cr)	479099.5
Latest Equity(Subscribed)	274.93
Latest Reserve (cons.)	78136.89
Latest EPS (cons.) -Unit Curr.	92.02
Latest P/E Ratio -cons	37.87
Latest Bookvalue (cons.) -Unit Curr.	570.41
Latest P/BV - cons	6.11
Dividend Yield -%	0.98
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	26.59
Institutions	37.69
Govt Holding	0.23
Non Promoter Corp. Hold.	1.10
Public & Others	34.40

Consolidated Financial Results

In Cr.

Particulars	Qtr Ending Mar. 24	Qtr Ending Mar. 23	Var. (%)
Total Income	67,078.68	58,335.15	14.99
OPM (%)	12.87	14.32	-145bps
OP	8,632.21	8,354.24	3
Other income	1,156.18	740.91	56
PBIDT	9,788.39	9,095.15	8
Net Finance Charges	2,345.35	2,334.29	0
PBDT	7,443.04	6,760.86	10
Depreciation	1,021.20	853.50	20
PBT before EO	6,421.84	5,907.36	9
EO	70.29	0.00	
PBT after EO	6,351.55	5,907.36	8
Tax expense	1,418.30	1,460.62	-3
PAT	4,933.25	4,446.74	11
Minority Interest	617.05	471.80	31
Share of Profit of Associates	9.63	11.84	-19
Profit after Minority Interest and Share of profit of Associates	4,395.99	3,986.78	10
EPS (Rs)	31.47	28.37	

Larsen & Toubro Q4FY24 Results: rises 10% YoY to Rs 4,396 cr, Order Inflow exceeds ₹ 3 lakh crore for FY'24; 31% y-o-y, in line with Estimates

For the quarter ended March 31, 2024, the Consolidated Revenues at ₹ 67,079 crore recorded a y-o-y growth of 15%. The share of international revenues during the quarter was 45%. The PAT includes an exceptional gain (net of tax) of ₹ 94 crore, attributed to the divestment of stake in L&T IDPL (L&T Infrastructure Development Projects Limited). For the quarter ended March 31, 2024, the PAT at ₹ 4,396 crore, registered a growth of 10% y-o-y basis.

The company has achieved Consolidated Revenues of ₹ 221,113 crore for the year ended March 31, 2024 recording a healthy y-o-y growth of 21%, facilitated by a strong execution of a large order book in the Projects & Manufacturing businesses. International revenues during the year at ₹ 95,086 crore constituted 43% of the total revenues largely led by a ramp up in execution of multiple international projects. The Company for the year ended March 31, 2024, posted a Consolidated Profit After Tax (PAT) of ₹ 13,059 crore, registering a robust growth of 25% compared to the previous year.

The Board of Directors has recommended a final dividend of ₹ 28 per equity share, for the approval of shareholders.

The Company received orders worth ₹ 302,812 crore at the group level during the year ended March 31, 2024, registering a robust y-o-y growth of 31%. During the year, orders were received across multiple segments like Onshore & Offshore verticals in Hydrocarbon, Metros, Urban Transit Systems, Airports, Roads & Bridges, Residential, Renewables, Transmission & Distribution and the Precision Engineering sectors. International orders at ₹ 163,112 crore during the year comprised 54% of the total order inflow with higher ordering momentum

witnessed in GCC countries.

The order inflow for the quarter ended March 31, 2024 stood at ₹ 72,150 crore, registering a marginal de-growth of 5% over the corresponding quarter of the previous year. Domestic order inflow grew by 17% as compared to the corresponding quarter of the previous year. International orders at ₹ 25,217 crore constituted 35% of the total. The consolidated order book of the group as on March 31, 2024, is at ₹ 475,809 crore registers growth of 20% over the previous year, with the share of international orders at 38%.

Segment performance

Infrastructure Projects Segment –

The Infrastructure Projects segment secured order inflow of ₹ 142,589 crore, during the year ended March 31, 2024, registering a healthy growth of 22%, as compared to the previous year, aided by capex spend by government and continued investment buoyancy in the Middle East region. International orders at ₹ 54,641 crore constituted 38% of the total order inflow of the segment during the year.

The segment secured orders of ₹ 31,340 crore, during the quarter ended March 31, 2024, registering a degrowth of 24% over the corresponding quarter of the previous year, largely due to the receipt of some high-value orders in the previous year. International orders constituted 22% of the total order inflow for the quarter.

The segment order book stood at ₹ 311,665 crore as on March 31, 2024, with the share of international orders at 27%. For the year ended March 31, 2024, the customer revenues at ₹ 112,551 crore registered a healthy y-o-y growth of 30%, aided by robust execution momentum of a diversified order book portfolio. International revenues constituted 30% of the total customer revenues of the segment during the year.

The segment recorded customer revenues of ₹ 38,035 crore for the quarter ended March 31, 2024, registering a y-o-y growth of 22%. International revenues constituted 36% of the total customer revenues of the segment during the quarter. The EBITDA margin of the segment during the year ended March 31, 2024 was at 6.2%. Margin for the year remained subdued, attributed to costs essentially arising out of supply chain and logistical issues. The same should be overcome as we go forward.

Energy Projects Segment –

The Energy Projects segment secured orders valued at ₹ 73,788 crore during the year ended March 31, 2024, registering a substantial growth of more than 100% on y-o-y basis with receipt of two ultra-mega orders in Onshore vertical & a mega order in the Offshore vertical of Hydrocarbon business and receipt of a few Flue Gas Desulpharization orders in the Power business. International order inflow constituted 87% of the total order inflow during the year aided by higher Oil & Gas capex spend by GCC customers.

The segment secured orders of ₹ 13,120 crore, during the quarter ended March 31, 2024, registering a significant growth of 48% over the corresponding quarter of the previous year on the receipt of multiple international orders in Hydrocarbon business. International orders constituted 52% of the total order inflow for the quarter. The segment order book was at ₹ 118,189 crore as on March 31, 2024, with the international order book constituting 80%.

For the year ended March 31, 2024, the customer revenues at ₹ 29,539 crore registered a growth of 19% y-o-y on the back of improved order book execution in the Hydrocarbon business. International revenues constituted 58% of the total customer revenues of the

segment during the year.

The segment achieved customer revenues of ₹ 8,205 crore during the quarter ended March 31, 2024, recording a modest growth of 4% y-o-y. International revenues had a share of 61% of the total customer revenues for the quarter. The EBITDA margin of the segment at 10.0% for the year ended March 31, 2024 improved compared to 9.1% over previous year, primarily on account of cost savings and customer reimbursements, in both Hydrocarbon and Power businesses.

IT & Technology Services (IT&TS) Segment

The segment recorded customer revenues of ₹ 44,473 crore for the year ended March 31, 2024, registering y-o-y growth of 7%, reflecting moderate growth, as concerns on global macroeconomic condition impacted customer spends in the IT&TS sector.

International billing contributed 92% of the total customer revenues of the segment for the year ended March 31, 2024. The aggregate revenues of the two listed subsidiaries (LTIMindtree Limited and L&T Technology Services Limited) in this segment at USD 5,451 Mn registered a y-o-y growth of 5%.

The segment recorded customer revenues of ₹ 11,244 crore for the quarter ended March 31, 2024, recording a y-o-y growth of 3%. International billing contributed 91% of the total customer revenues. In USD terms, aggregate revenues of the two listed subsidiaries in the segment revenues of 1,375 Mn for the quarter grew 2% on a y-o-y basis. The EBITDA margin for the segment was at 20.4% for the year ended March 31, 2024 is largely in line with previous year.

Financial Services Segment

The segment recorded income from operations at ₹ 13,109 crore during the year ended March 31, 2024, registering y-o-y growth of 4% with a sharp focus on retail loans. The segment recorded income from operations at ₹ 3,598 crore during the quarter ended March 31, 2024, registering y-o-y growth of 15%.

The total Loan Book at ₹ 85,565 crore grew by 6% as compared with March 2023 at ₹ 80,893 crore mainly due to higher retail disbursements across various verticals in Rural and Urban Finance. The Retail loan book increased by 31% while wholesale loan book shrunk by 72% during the year. The Retail loan book now constitutes 94% of the total loan book as on March 31, 2024, achieving its Lakshya targets well ahead of FY 2025-26. The segment PBT for the year ended March 31, 2024 increased to ₹ 3,028 crore as compared to ₹ 2,259 crore in the previous year due to better NIM+Fees and lower credit costs arising out of favourable revenue mix (higher Retail portfolio).

Development Projects Segment

The segment recorded customer revenues of ₹ 5,620 crore during the year ended March 31, 2024 registering a growth of 12% over the previous year, driven by monetization of a commercial property and higher ridership in Hyderabad Metro. For the quarter ended March 31, 2024, the customer revenues at ₹ 1,258 crore, recorded a growth of 2% y-o-y.

The segment EBIT for the year ended March 31, 2024 registered a profit of ₹ 1,015 crore with a substantial growth over the previous year, primarily aided by the gain on sale of commercial property in Hyderabad Metro.

Management Comment

Commenting on the results, S.N. Subrahmanyan, Chairman and Managing Director said: "The year has concluded on a very strong note for us. We have secured Order Inflows of more than ₹ 3 lakh crore and Order Book is around ₹ 4.75 lakh crore, reflecting the continued trust reposed on us by all our esteemed clients. During the year, we successfully completed the maiden Buyback of Equity Shares, in line with our aim to improve shareholder value. Furthermore, in addition to the special dividend of ₹ 6 per share paid to our equity shareholders during the year, we are recommending a final dividend of ₹ 28 per share for the financial year 2023-24. In line with our Lakshya 2026 plan to divest from non-core businesses, we concluded the sale of our stake in L&T IDPL. We are confident that our new age businesses such as Green Energy, Semiconductor Chip Design, Digital Platforms and Data Centers will harness the power of technology and compliment the growth of our traditional core businesses in accelerating our strides towards our perspective plan targets. Recently, some of our marquee projects were inaugurated / completed such as Atal Setu and Coastal Road project in Mumbai. The Company also played its part in the construction of the iconic Ram Mandir at Ayodhya which was consecrated on January 22, 2024. This faith posed by our customers on our capabilities to complete iconic and complex engineering projects in a time-bound manner with highest standards of quality and safety continues.

Despite the ongoing geo-political turmoil globally, the growth story of India continues to power forward and we as a Company are proud to be an integral part of this change. The tailwinds of India's economic growth will continue due to the impact of structural reforms, strengthening physical and digital infrastructure, improving institutional strength and strong governance."

Outlook

India's economic growth continues to display resilience and strong growth. Domestic activity has exhibited strong performance on the back of robust domestic demand. Better capacity utilization in the manufacturing sector, buoyancy in auto and real estate, healthy corporate balance sheets, strong credit momentum, higher tax collections and acceptable levels of inflation are aiding the growth prospects of the Indian economy. India's growth momentum is likely to continue in the medium term backed by the sustained strength in domestic demand, easing of inflationary pressures, focussed fiscal spending by the government and a strong manufacturing revival through new age greenfield investments and brownfield expansion across sectors. A combination of public and private capex spending is expected to propel India's growth in the years to come.

On the global front, the US economy has shown persistence so far, but the inflation levels have led to the postponement of the rate cut decision by the Fed. Further, US Presidential elections in November is expected to contribute to the economic volatility. Elsewhere, the UK and Europe economies are still fragile and concerns around real estate bubble in China could further dampen economic revitalization.

The Middle East region is also feeling the impact of the conflict in West Asia. An escalation or spread of the conflict and disruptions in the Red Sea, could have an adverse economic impact on the region. Besides continued investments in Oil & Gas, structural reforms in these countries remain critical to boosting growth in the medium term by way of diversification into clean energy and other industrial sectors such as mineral processing.

Headwinds from geopolitical tensions, volatility in international financial markets, geoeconomic fragmentation, continuing sea route trade disruptions, and extreme weather events, pose risks to the outlook. Nevertheless, India due to its structural reforms, strengthening physical and

digital infrastructure as well as upbeat business and consumer confidence is in a relatively superior position to withstand these multiple challenges. In this backdrop, the Company will continue to focus on profitable execution of its strong order book as well as positioning itself for tapping into emerging opportunities. A record high Order Book, a strong Balance Sheet, a well-diversified business portfolio and proven execution capabilities enables the Company to steer through the current volatile business environment. The Company as always, remains committed to maximizing sustainable value to all its stakeholders.

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.-4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High Court.