



Current Price: ₹955.30

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	1591.60/661.05
Mkt. Cap.(Rs Cr)	134113.80
Latest Equity(Subscribed)	280.78
Latest Reserve (cons.)	62980.34
Latest EPS (cons.) -Unit Curr.	70.05
Latest P/E Ratio -cons	13.64
Latest Bookvalue (cons.) -Unit Curr.	450.61
Latest P/BV - cons	2.12
Dividend Yield -%	1.88
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2020
Foreign	19.02
Institutions	37.52
Govt Holding	0.38
Non Promoter Corp. Hold.	2.05
Public & Others	41.03

Financial results

Particulars	In Cr.		
	Qtr Ending Mar. 20	Qtr Ending Mar. 19	Var. (%)
Sales	44245.28	43303.40	2
OPM (%)	11.60	12.20	
OP	5121.04	5279.07	-3
Other inc.	660.48	610.97	8
PBIDT	5781.52	5890.04	-2
Interest	820.84	506.51	62
PBDT	4960.68	5383.53	-8
Dep.	710.94	435.43	63
PBT	4249.74	4948.10	-14
EO	0.00	0.00	
PBT after EO	4249.74	4948.10	-14
Current Tax	966.29	1234.38	-22
PAT	3283.45	3713.72	-12
Share of Profit / (Loss) from associates	146.65	-127.24	LP
PAT after share of P/L from associates	3430.10	3586.48	-4
Profit (Loss) from discontinued Biz (net of tax)	132.39	202.41	-35
PAT before MI	3562.49	3788.89	-6
Minority interest	365.42	370.65	-1
PAT after Minority Interest but before EO (Net of tax)	3197.07	3418.24	-6
EPS	22.77	24.37	

Larsen and Toubro Ltd.'s quarterly Profit beats Estimates

Larsen & Toubro the engineering construction to software major has registered 2% growth in consolidated revenue to Rs 44245.28 crore for the quarter ended Mar 2020. However with 60 bps contraction in operating profit margin to 11.6%, the operating profit was down by 3% to Rs 5121.04 crore. As other income stand higher by 8% to RS 660.48 crore, the fall at PBIDT was restricted at 2% to Rs 5781.52 crore. But with interest and depreciation stand higher, the PBT was down by 14% to Rs 4249.74 crore. With EO being nil for the quarter as well as corresponding previous period, the PBT after EO was down by 14% to Rs 4249.74 crore. However spurred by 22% fall in taxation, the de-growth at PAT moderated to stand at 12% to Rs 3283.45 crore. Eventually, the fall in net profit after MI was restricted at 6% to Rs 3197.07 crore gained largely by Rs 273.89 crore swing in share of profit from JV/associate to Rs 146.65 crore.

The Company acquired control of Mindtree upon completion of open offer on July 2, 2019. The revenue and expenses of Mindtree for the quarter ended Mar 31, 2020 have been consolidated and included in the financials of the company for the quarter ended Mar 2020. Resultantly, the figures for the current periods are not comparable with the previous periods.

- Upside in revenue for the period was facilitated by growth in revenue of services business (IT&TS and Financial Services) of the company. Service business revenue was up by 40% to Rs 9826.98 crore. Excluding the revenue of services business and discontinued Electrical

Consolidated Segment Results

Sales	Qtr Ended	Qtr Ended	Var. (%)	In Cr.
	Mar. 20	Mar. 19		% to Total
Infrastructure	25559.68	27093.55	-6	56
Power	565.28	934.3	-39	1
Heavy Engineering	701.63	899.45	-22	2
Defence Engineering	928.11	1108.39	-16	2
Electrical & Automation	1239.08	1715.51	-28	3
Hydrocarbon	4979.19	4324.25	15	11
IT & Technology Services	6461.31	3826.76	69	14
Financial Services	3365.67	3182.34	6	7
Developmental Projects	981.48	1082.93	-9	2
Others	1206.61	1412.76	-15	3
Total	45988.04	45580.24	1	100
Less Revenue of discontinued operations	1239.08	1715.51		
Less Inter segment revenue	503.68	561.33		
Net sales	44245.28	43303.4	2	
PBIT				
Infrastructure	2626.56	3088.29	-15	49
Power	203.17	28.39	616	4
Heavy Engineering	105.65	169.51	-38	2
Defence Engineering	123.63	170.2	-27	2
Electrical & Automation	187.68	291.35	-36	4
Hydrocarbon	502.3	386.41	30	9
IT & Technology Services	1023.03	763.08	34	19
Financial Services	446.71	749.8	-40	8
Developmental Projects	-9.58	-60.26	-84	0
Others	150.5	155.04	-3	3
PBT before tax and interest	5359.65	5741.81	-7	100
Less: Result of discontinued operations	187.68	291.35	-36	
Less: Inter-Segment margin on Capital Jobs	37.23	16.14	131	
Less: Interest	820.84	506.51	62	
Add: Other unallocable income	-64.16	20.29	-416	
Add: EO income				
PBT	4249.74	4948.1	-14	

& Automation (E&A), the segment revenue of the company was down by 5% to Rs 34921.98 crore and this is largely due to subdued performance from the core infrastructure business which accounts for more than 45% of the consolidated revenue of the company.

- The core infrastructure business registered 6% fall in revenue to Rs 25559.68 crore (or 56% of sales). Fall in revenue was due to execution challenges including slow moving orders, stoppage of AP Jobs, funding constraints and impact of Covid 2019. Similarly hit by depleted opening order book the revenue of power sector registered a fall of 39% to Rs 565.28 crore (or 1% of sales). Equally the segment revenue of heavy engineering and

Defence Engineering segments registered a fall of 22% (to Rs 701.63 crore or 2% of sales) and 16% (to Rs 928.11 crore or 2% of sales) respectively. However the revenue of Hydrocarbon was up by 15% to Rs 4979.19 crore (or 11% of sales). While the segment revenue of development projects was down by 9% to Rs 981.48 crore that of others was down by 15% to Rs 1206.61 crore.

- The segment revenue of IT&TS and financial services was up by 69% (to Rs 6461.31 crore or 14% of total sales) and 6% (to Rs 3365.67 crore or 9% of total sales). Jump in revenue of IT &TS was largely due to completion of acquisition of Mindtree during current fiscal which was consolidated for the quarter.
- Consolidated EBIT (excluding that of discontinued E&A segment) was down by 5% to Rs 5171.97 crore as profit of both service and non service business report decline for the quarter. The service business EBIT was down by 3% to Rs 1469.74 crore dragged largely by 40% fall in segment profit of Financial Services to Rs 446.71 crore. Though segment profit of IT&TS was up by 34% to Rs 1023.03 crore that could not fully offset the muted performance of Financial Services.
- The EBIT of non service business (excluding that of discontinued E&A segment) was down by 6% to Rs 3702.23 crore with all segment barring that of Hydrocarbon and power report lower profit for the period. Segment profit of Hydrocarbon was up by 30% to Rs 502.30 crore driven by higher sales as well as expansion in segment margin (by 120 bps to 10.1%). Similarly the segment profit of Power business was up by whopping 616% to Rs 203.17 crore largely driven by whopping 3290 bps expansion in segment margin to 35.9%. But the segment profit of core Infrastructure was down by 15% to Rs 2626.56 crore hit by both lower sales as well as 110 bps contraction in segment margin to 10.3%. Similarly the segment profit of Heavy Engineering and Defence Engineering was down by 38% (to Rs 105.65 crore) and 27% (to Rs 123.63 crore) respectively hit by both lower sales and lower margin. The development projects reported lower segment loss at Rs 9.58 crore against Rs 60.26 crore in the corresponding previous period. The segment profit of others was down by 3% to Rs 150.50 crore.
- The segment revenue of discontinued electrification & Automation was down by 28% to Rs 1239.08 crore. Its segment profit was down by 36% to Rs 187.68 crore. Based on the progress of the divestment process and its current status, the Group continues to classify its Electrical & Automation (E&A) business as discontinued operations. Accordingly, the financial results of E&A business have been disclosed separately for the periods presented.

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and capitalised assets taken on operating lease. The transition was effected using modified retrospective method. The impact of transition on the profit after tax for the quarter ended Mar 2020 is not material.

Yearly performance

Sales for the period was up by 8% to Rs 145452.36 crore driven by sharp 33% growth in revenue its service business (IT&TS & Financial services together) to Rs 36157.60 crore. The revenue of non service business was up by 1% to Rs 110884.50 crore with its core infrastructure business report marginal 1% growth in revenue to Rs 73777.31 crore. With OPM marginally down by 10 bps to 11.2%, the operating profit was up by 7% to Rs 16328.98 crore. Spurred further by 29% leap in OI to Rs 2360.90 crore, the PBIDT was up by 9% to Rs 18689.88 crore. However dented by higher interest and depreciation cost, the PBT was flat at Rs 13430.95 crore. EO for the quarter was nil compared to an income of Rs 294.75 crore in corresponding previous period. Thus on inflated base the PBT after EO was down by 2% to Rs 13430.95 crore. With taxation stand lower by 20% to Rs 3263.20 crore, the PAT was up by 5% to Rs 10167.75 crore.

With share of profit from JV being Rs 71.96 crore (against a loss of RS 21 crore), the growth at

PAT (after share of profit from JV) was 6% to Rs 10239.71 crore. After accounting for higher profit from discontinued operations (up 15% to Rs 654.57 crore) and higher minority interest (share of profit up 3% to Rs 1345.25 crore) the PAT after MI was up by 7% to Rs 9549.03 crore.

Order book

The Order inflow for the quarter ended March 31, 2020 stood at Rs 57,785 crore, registering a growth of 5%yoy, with significant orders received in Infrastructure segment. The Consolidated Order Book of the group stood at ₹ 303,857 crore as at March 31, 2020, registering a growth of 4% over March, 2019.

Other developments

The Hon'ble National Company Law Tribunal, Chennai Bench vide order dated March 10, 2020 and the Hon'ble National Company Law Tribunal, Mumbai Bench vide order dated April 24, 2020 have approved the scheme of amalgamation of L&T Shipbuilding Limited (wholly-owned subsidiary) with the Company ('the Scheme'), the appointed date being April 1, 2019. Accordingly, the effect of the Scheme has been given in the standalone financials of the Company for the year 2019-20 and 2018-19.

The Board of Directors recommended a final dividend of Rs 8 per equity share of face value of 2 each in addition to the interim dividend of Rs 10 per equity share paid in March, 2020

Outlook

The Indian economy has been struck by the coronavirus pandemic at a time when some green shoots of economic recovery were being forecasted after a prolonged bout of growth slowdown. The lockdown imposed towards the end of FY 2019-20, in an attempt to prevent community transmission of the virus, has unfortunately led to both demand and supply shocks to the economy. Even though the Government has announced a wide ranging raft of stimulus measures designed to alleviate stress in various sectors, it is likely that economic growth will still take a few quarters more to revive to healthy levels. On the global front, oil prices remain soft in a scenario of demand-supply realignments and geopolitical developments leading to fiscal imbalances in oil producing countries. The US-China trade spat also appears to be escalating and spreading to other countries in bipolar fashion, leading to uncertainty in economic activity in different geographies. Against this backdrop of domestic challenges and global volatility and the uncertainty about timelines by which normalcy will be restored, the Company has taken a number of measures designed to weather the economic crisis. These measures include building sufficient liquidity on the Balance Sheet, adapting business models to incorporate work-at-home practices wherever feasible, optimising digital initiatives to facilitate site execution, engaging with customers to refresh contractual rights and obligations, sharply focusing on all items of costs to maximise economic benefits, taking care of the large sub-contracted labour force at work sites, complying with all Governmental directives while working to remobilise the workforce to commence execution of projects and strengthening practices to ensure that staff are safe and well during this period. While the initial quarters of FY 2020-21 are expected to be adversely affected by the current upheaval, we expect growth revival in the later part of the financial year assuming things get better from here.

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