

February 02, 2023



**Current Price:** ₹ 2144.55

## STOCK DATA

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

## VALUE PARAMETERS

|                                      |                 |
|--------------------------------------|-----------------|
| 52 W H/L(Rs)                         | 2297.30/1456.80 |
| Mkt. Cap.(Rs Cr)                     | 301387.38       |
| Latest Equity(Subscribed)            | 281.07          |
| Latest Reserve (cons.)               | 81553.88        |
| Latest EPS (cons.) -Unit Curr.       | 71.32           |
| Latest P/E Ratio -cons               | 30.07           |
| Latest Bookvalue (cons.) -Unit Curr. | 582.30          |
| Latest P/BV - cons                   | 3.68            |
| Dividend Yield -%                    | 1.03            |
| Face Value                           | 2               |

## SHARE HOLDING PATTERN (%)

| Description as on        | % of Holding<br>31/12/2022 |
|--------------------------|----------------------------|
| Foreign                  | 25.34                      |
| Institutions             | 39.43                      |
| Govt Holding             | 0.23                       |
| Non Promoter Corp. Hold. | 1.08                       |
| Public & Others          | 33.93                      |

## Consolidated Financial Results

| Particulars   | Qtr Ending | Qtr Ending | In Cr.   |
|---|------------|------------|----------|
|   | Dec. 22    | Dec. 21    | Var. (%) |
| Sales   | 46389.72   | 39562.92   | 17       |
| OPM (%)   | 10.90      | 11.40      | -50 bps  |
| OP  | 5073.04    | 4528.79    | 12       |
| Other inc.  | 755.03     | 571.39     | 32       |
| PBIDT   | 5828.07    | 5100.18    | 14       |
| Interest  | 802.45     | 813.80     | -1       |
| PBDT  | 5025.62    | 4286.38    | 17       |
| Dep.  | 825.18     | 732.46     | 13       |
| PBT   | 4200.44    | 3553.92    | 18       |
| Current Tax   | 1270.50    | 1057.06    | 20       |
| PAT   | 2929.94    | 2496.86    | 17       |
| Share of Profit / (Loss) from associates                  | -7.47      | 20.28      | LP       |
| PAT after share of P/L from associates                    | 2922.47    | 2517.14    | 16       |
| EO (net of tax)   | 135.99     | 0.00       |          |
| PAT after EO (net of tax)                                 | 3058.46    | 2517.14    | 22       |
| Minority interest   | 505.54     | 462.40     | 9        |
| PAT after Minority Interest but before EO<br>(Net of tax) | 2552.92    | 2054.74    | 24       |
| EPS (Rs)  | 17.59      | 14.63      |          |

## Larsen & Toubro Q3 result, Net profit rises 24% to Rs 2,553 crore, beats expectations

Net sales (including other operating income) of Larsen & Toubro has increased 17% to Rs 46389.72 crore. While the project & manufacturing (P&M) revenue was up 16% to Rs 31950.83 crore that of services and concession was up by 22% (to RS 13953.64 crore) and 13% (to RS 1106.68 crore) respectively. The EBIT was up 51% to RS 4643.36 crore with segment profit of P&M was up 132% to Rs 2313.27 crore and that of services was up 10% to Rs 2335.67 crore. The segment profit of concessions was a loss of Rs 5.58 crore against a loss of Rs 48.02 crore. Operating profit margin has declined from 11.4% to 10.9%, leading to 12% rise in operating profit to Rs 5073.04 crore. Other income rose 32% to Rs 755.03 crore. PBIDT rose 14% to Rs 5828.07 crore. Provision for interest down 1% to Rs 802.45 crore. Provision for depreciation rose 13% to Rs 825.18 crore. Profit before tax grew 18% to Rs 4,200.44 crore. Provision for tax was expense of Rs 1270.5 crore, compared to Rs 1057.06 crore. Effective tax rate was 29.35% compared to 29.57%. Thus PAT was up 17% to Rs 2929.94 crore. Share of profit from associate was an expense of Rs 7.47 crore against an income of Rs 20.28 crore. EO (net of tax) was and income of Rs 135.99 crore against nil. Minority interest increased 9.33% to Rs 505.54 crore. Net profit attributable to owners of the company increased 24% to Rs 2,552.92 crore.

Sales of Infrastructure segment has gone up 19.26% to Rs 22,205.65 crore (accounting for 47.23% of total sales). Sales of IT & Technology Services segment has gone up 24.67% to Rs 10,605.05 crore (accounting for 22.56% of total sales). Sales of Financial Services segment has gone up 12.73% to Rs 3,348.59 crore (accounting for 7.12% of total sales). Sales of Development Projects segment has gone up 13.44% to Rs 1,106.68 crore (accounting for 2.35% of total sales). Sales of segment has gone up 1.51% to Rs 1,535.96 crore (accounting for

## Segment Results

In Cr.

| Sales                                      | Qtr Ending Dec.22 | Qtr Ending Dec.21 | Var. (%)  | % to total |
|--|-------------------|-------------------|-----------|------------|
| Infrastructure                             | 22205.65          | 18619.03          | 19        | 47         |
| Energy Projects                            | 6346.15           | 5967.64           | 6         | 13         |
| Hi-Tech Manufacturing                      | 1863.07           | 1548.47           | 20        | 4          |
| IT & Technology Services                   | 10605.05          | 8497.96           | 25        | 23         |
| Financial Services                         | 3348.59           | 2970.55           | 13        | 7          |
| Developmental Projects                     | 1106.68           | 975.56            | 13        | 2          |
| Others                                     | 1535.96           | 1512.64           | 2         | 3          |
| <b>Total</b>                               | <b>47011.15</b>   | <b>40091.85</b>   | <b>17</b> | <b>100</b> |
| Less Revenue of discontinued operations    |                   |                   |           |            |
| Less Inter segment revenue                 | 621.43            | 528.93            | 17        |            |
| Net sales                                  | 46389.72          | 39562.92          | 17        |            |
| <b>PBIT</b>                                |                   |                   |           |            |
| Infrastructure                             | 1304.22           | 114.66            | 1037      | 28         |
| Energy Projects                            | 496.56            | 440.45            | 13        | 11         |
| Hi-Tech Manufacturing                      | 248.03            | 253.25            | -2        | 5          |
| IT & Technology Services                   | 1705.27           | 1682.55           | 1         | 37         |
| Financial Services                         | 630.40            | 434.02            | 45        | 14         |
| Developmental Projects                     | -5.58             | -48.02            | -88       | 0          |
| Others                                     | 264.46            | 189.81            | 39        | 6          |
| PBT before tax and interest                | 4643.36           | 3066.72           | 51        | 100        |
| Less: Result of discontinued operations    |                   |                   |           |            |
| Less: Inter-Segment margin on Capital Jobs | 16.40             | 20.26             | -19       |            |
| Less: Interest                             | 802.45            | 813.80            | -1        |            |
| Add: Other unallocable income              | 375.93            | 321.26            | 17        |            |
| Add: EO income                             | 135.99            |                   |           |            |
| <b>PBT</b>                                 | <b>4336.43</b>    | <b>2553.92</b>    | <b>70</b> |            |

3.27% of total sales). Inter-segment sales rose Rs 538.15 crore to Rs 621.43 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 14.13% to Rs 4,643.36 crore. PBIT of Infrastructure segment rose 17.01% to Rs 1,304.22 crore (accounting for 28.09% of total PBIT). PBIT of IT & Technology Services segment rose 0.28% to Rs 1,705.27 crore (accounting for 36.72% of total PBIT). PBIT of Financial Services segment rose 45.25% to Rs 630.40 crore (accounting for 13.58% of total PBIT). PBIT of Development Projects segment rose 88.38% to Rs -5.58 crore (accounting for -0.12% of total PBIT). PBIT of segment rose 52.46% to Rs 264.46 crore (accounting for 5.70% of total PBIT). PBIT margin of Infrastructure segment fell from 5.99% to 5.87%. PBIT margin of IT & Technology Services segment fell from 19.99% to 16.08%. PBIT margin of Financial Services segment rose from 14.61% to 18.83%. PBIT margin of Development Projects segment rose from negative 4.92% to negative 0.50%. PBIT margin of segment rose from 11.46% to 17.22%. Overall PBIT margin fell from 10.15% to 9.88%.

### Order book update

Order inflow for the group for Q3FY23 stood at Rs 60710 crore, a growth of 21%YoY driven largely by Infra and Hydrocarbon orders. Order inflow for 9mFY23 was Rs 154429 crore, a

growth of 30%YoY with international orders account for 33% of the order inflow.

Group order book as end of Dec 31, 2022 stood at Rs 386588 crore with international share of it stand at 26%. Of the domestic order book about 20% is private sector, 9% Central Government, 31% states government, 40% PSUs. About 91% of the order book is infra and energy.

### **Infrastructure Projects Segment**

The Infrastructure Projects segment secured order inflows of Rs. 32,530 crores, during the quarter that ended December 31, 2022, registering a significant growth of 28%, as compared to the corresponding quarter of the previous year. International orders at Rs. 2,936 crore constituted 9% of the total order inflow of the segment during the quarter.

The segment order book stood at Rs. 278,967 crores as on December 31, 2022, with the share of international orders at 22%.

The segment recorded customer revenues of Rs. 21,944 crore for the quarter that ended December 31, 2022, registering a y-o-y growth of 20%, driven by the smooth execution of a large order book. International revenues constituted 21% of the total customer revenues of the segment during the quarter.

The EBITDA margin of the segment during the quarter that ended December 31, 2022, was at 7% vis-à-vis 7.1% recorded in the corresponding quarter of the previous year. The margin for the quarter remained stable amidst continuing cost pressures.

### **Energy Projects Segment**

The Energy Projects segment secured orders valued at Rs. 9,051 crores during the quarter that ended December 31, 2022, registering a growth of 12% y-o-y on receipt of a large domestic offshore oil & gas order in the Hydrocarbon business. International order inflow constituted 14% of the total order inflow of the segment during the quarter.

The segment order book was at Rs. 72,000 crores as on December 31, 2022, with the international order book constituting 50%.

The segment achieved customer revenues of Rs. 6,333 crore during the quarter that ended December 31, 2022, recording a moderate growth of 7% y-o-y. International revenues had a share of 40% of the total customer revenues for the quarter.

The EBITDA margin of the segment at 8.7% for the quarter that ended December 31, 2022, improved compared to 8.3% over the corresponding quarter of the previous year, on account of execution cost savings in certain Hydrocarbon projects.

### **Hi-Tech Manufacturing Segment**

The segment secured orders valued at Rs. 1,931 crore during the quarter that ended December 31, 2022, registering a decline of 36% over the corresponding quarter of the previous year, largely due to subdued ordering witnessed in the Defence Engineering business. Export orders constituted 43% of the total order inflow of the segment during the quarter.

The order book of the segment was at Rs. 19,869 crores as on December 31, 2022, with the share of export orders at 16%.

The segment posted customer revenues of Rs. 1,673 crores for the quarter that ended December 31, 2022, registering growth of 14% over the corresponding quarter of the previous year with accelerated progress in a few jobs. Export sales comprised 21% of the total customer

revenues for the quarter.

The EBITDA margin of the segment at 17.5% for the quarter that ended December 31, 2022, registered a decline, compared to 19.9% reported in the corresponding quarter of the previous year, since the previous year quarter had the benefit of a key job crossing the margin recognition threshold.

### **IT & Technology Services (IT&TS) Segment**

During the quarter, L&T Infotech Limited and Mindtree Limited successfully completed their merger and started operating as a merged entity viz. LTIMindtree Limited.

The segment recorded customer revenues of Rs. 10,517 crore for the quarter that ended December 31, 2022, registering a y-o-y growth of 25%, reflecting the continuing demand for tech-enabled services. International billing contributed 93% of the total customer revenues of the segment for the quarter that ended December 31, 2022. The aggregate revenue of the two listed subsidiaries (LTIMindtree and L&T Technology Services) in this segment at USD 1,295 Mn registered a moderate sequential growth of 2%.

The EBITDA margin for the segment was at 19.2% for the quarter that ended December 31, 2022, as compared to 23.6% in the corresponding quarter of the previous year. The segment margin was impacted mainly due to one-time merger integration expenses in LTIMindree.

### **Financial Services Segment**

The segment reflects the performance of L&T Finance Holdings, a listed subsidiary. The segment recorded income from operations at Rs. 3,349 crore during the quarter that ended December 31, 2022, registering a y-o-y growth of 13%, mainly attributed to higher disbursements in a retail business, as the subsidiary continues to focus on its strategy of the higher realization of the loan book.

The total Loan Book at Rs. 88,426 crores grew by 3% as compared with December 2021 at Rs. 85,552 crores. Retail loan books increased by 34% while wholesale loan books shrunk by 24% in the last year. The Retail loan book constitutes 64% of the total loan book as on December 31, 2022.

The segment PBT for the quarter that ended December 31, 2022, increased to Rs. 630 crore as compared to Rs. 434 crore in the corresponding quarter of the previous year due to better NIM+Fees and lower credit costs arising from improved asset quality.

During the quarter, LTFH concluded the sale of mutual fund business to HSBC AMC.

### **Development Projects Segment**

The segment recorded customer revenues of Rs. 1,106 crores during the quarter that ended December 31, 2022, registering growth of 13% over the corresponding quarter of the previous year, driven by a higher PLF in the Nabha Power Plant and an increase in ridership in Hyderabad Metro.

The segment EBIT for the quarter that ended December 31, 2022, registered a loss of Rs. 6 crores as compared to a loss of Rs. 48 crores during the corresponding quarter of the previous year, primarily aided by improved metro ridership.

During the quarter, the Company entered into a share purchase agreement, to sell its entire shareholding in L&T Infrastructure Development Projects Limited, a joint venture, primarily

engaged in the development and operation of the toll road and power transmission assets. Accordingly, the investment in the joint venture has been classified as "Held for Sale", pending receipt of necessary approvals.

### "Others" Segment

"Others" segment comprises (a) Realty, (b) Industrial Valves (c) Smart World and Communication (SWC) businesses (d) Construction Equipment & Mining Machinery, and (e) Rubber Processing Machinery.

Customer revenues during the quarter that ended December 31, 2022 at Rs. 1,468 crore registered a modest growth of 1% y-o-y, primarily due to a lower pace of execution in the SWC business. Export sales constituted 9% of the total customer revenues of the segment during the quarter, majorly relating to Industrial Valves and Rubber Processing Machinery businesses.

During the quarter that ended December 31, 2022, the segment EBITDA margin at 19.6%, has improved compared to 14.7% during the corresponding quarter of the previous year mainly driven by a favorable sales mix in the Construction Equipment & Mining Machinery and Rubber Processing Machinery and profit on the sale of property in the Realty business.

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