

July 27, 2020



Current Price: ₹904.55

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	1554.05/661.05
Mkt. Cap.(Rs Cr)	126998.12
Latest Equity(Subscribed)	280.80
Latest Reserve (cons.)	66442.44
Latest EPS (cons.) -Unit Curr.	59.09
Latest P/E Ratio -cons	15.31
Latest Bookvalue (cons.) -Unit Curr.	475.24
Latest P/BV - cons	1.90
Dividend Yield -%	1.99
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2020
Foreign	21.04
Institutions	35.54
Govt Holding	0.5
Non Promoter Corp. Hold.	1.34
Public & Others	41.59

Financial results

Particulars	In Cr.		
	Qtr Ending Jun. 20	Qtr Ending Jun. 19	Var. (%)
Sales	21259.97	29635.95	-28
OPM (%)	7.6	10.4	
OP	1620.47	3068.35	-47
Other inc.	777.4	634.99	22
PBIDT	2397.87	3703.34	-35
Interest	1055.9	586.65	80
PBDT	1341.97	3116.69	-57
Dep.	672.23	461.46	46
PBT	669.74	2655.23	-75
EO	224.72	0	
PBT after EO	894.46	2655.23	-66
Current Tax	256.44	794.79	-68
PAT	638.02	1860.44	-66
Share of Profit / (Loss) from associates	-101.14	-162.82	-38
PAT after share of P/L from associates	536.88	1697.62	-68
Profit (Loss) from discontinued Biz (net of tax)	7.05	112.08	-94
PAT before MI	543.93	1809.7	-70
Minority interest	240.79	337.12	-29
PAT after Minority Interest but before EO (Net of tax)	303.14	1472.58	-79
EPS	1.57	10.5	

Larsen and Toubro Ltd.'s quarterly Profit misses Estimates, Ordering activity in infra and water to pick up in the later part of current fiscal

Larsen & Toubro the engineering construction to software major has registered 28% fall in consolidated revenue to Rs 21259.97 crore for the quarter ended Jun 2020. Lower sales together with 280 bps contraction in operating profit margin to 7.6%, the operating profit was dragged down by 47% to Rs 1620.47 crore. But with other income stand higher by 22% to Rs 777.40 crore, the fall at PBIDT was restricted at 35% to Rs 2397.87 crore. But with interest and depreciation stand higher, the PBT was down by 75% to Rs 669.74 crore. With EO being an income of Rs 224.72 crore for the quarter (compared to nil in corresponding previous period), the PBT after EO was down by 66% to Rs 894.46 crore. However with taxation down by 68% to Rs 256.44 crore, the PAT was down by 66% to Rs 638.02 crore. Eventually, the net profit after MI was down by 79% to Rs 303.14 crore with share of loss from JV/associate stand lower as well as minority interest was down by 29% to Rs 240.79 crore and profit from discontinued business stand lower.

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 June 30, 2020 have been consolidated and included in the financials of the company for the quarter ended Jun 2020. Resultantly, the figures for the current periods are not comparable with the previous periods.

Consolidated Segment Results				In Cr.
Sales	Qtr Ended Jun. 20	Qtr Ended Jun. 19	Var. (%)	% to Total
Infrastructure	6456.06	14037.61	-54	29
Power	380	563.24	-33	2
Heavy Engineering	425.13	991.53	-57	2
Defence Engineering	476.49	969.15	-51	2
Electrical & Automation	754.87	1423.66	-47	3
Hydrocarbon	3070.1	3768.73	-19	14
IT & Technology Services	6043.38	3844.39	57	27
Financial Services	3284.19	3462.1	-5	15
Developmental Projects	554.3	1178.38	-53	2
Others	768.36	1193.76	-36	3
Total	22212.88	31432.55	-29	100
Less Revenue of discontinued operations	754.87	1423.66		
Less Inter segment revenue	198.04	372.94		
Net sales	21259.97	29635.95	-28	
PBIT				
Infrastructure	244.8	697.54	-65	16
Power	-5.01	8.61	PL	0
Heavy Engineering	54.29	159.88	-66	4
Defence Engineering	24.95	120.81	-79	2
Electrical & Automation	17.79	173.19	-90	1
Hydrocarbon	117.86	246.82	-52	8
IT & Technology Services	966.99	784.23	23	64
Financial Services	99.48	746.28	-87	7
Developmental Projects	-38.55	93.72	PL	-3
Others	22.9	265.36	-91	2
PBT before tax and interest	1505.5	3296.44	-54	100
Less: Result of discontinued operations	17.79	173.19	-90	
Less: Inter-Segment margin on Capital Jobs	2.48	9.21	-73	
Less: Interest	1055.9	586.65	80	
Add: Other unallocable income	465.13	127.84	264	
Add: EO income		0		
PBT	894.46	2655.23	-66	

- Downside in revenue for the period was largely due to lower revenue from non-service business. Revenue for the period was impacted by nation-wide lockdown, resulting in halting of manufacturing and construction activities, non-availability of labour and disruptions to the supply chain ecosystem in domestic market.
- While non service business excluding that of Electrical & Automation, which is classified as discontinued was down by 47% to Rs 12130.44 crore. However the service revenue (ITTS& Financial services) was up by 28% to Rs 9327.57 crore driven largely by higher ITTS revenue

partly aided by Mind-tree revenue which was not there in corresponding previous period.

- The core infrastructure business registered 54% fall in revenue to Rs 6456.06 crore (or 29% of sales). Similarly the revenue of power was down by 33% (to Rs 380 crore or 2% of sales), heavy engineering (HE) was down by 57% (to RS 425.13 crore or 2% of sales), defence engineering (DE) was down by 51% to (to RS 476.49 crore or 2% of sales) and that of hydrocarbon was down by 19% (to Rs 3070.10 crore or 14% of sales). The revenue of Development projects was down by 53% to Rs 554.30 crore and that of others was down by 36% to Rs 768.36 crore.
- The segment revenue of IT&TS and financial services was up by 57% (to Rs 6043.38 crore or 27% of total sales) and that of Financial service was down by 5% (to Rs 3284.19 crore or 15% of total sales). Jump in revenue of IT &TS was largely due to completion of acquisition of Mindtree during Q2FY20.
- Consolidated EBIT (excluding that of discontinued E&A segment) was down by 52% to Rs 1487.71crore with both service and non service business register fall in revenue. While non service business register a fall of 74% to Rs 421.24 crore that of service was down by 30% to Rs 1066.47 crore dragged largely by 87% fall in segment profit of financial service to Rs 99.48 crore. The segment profit of ITTS was up by 23% to Rs 966.99 crore.
- The segment profit of Infrastructure was down by 65% to Rs 244.80 crore. The segment profit of HE& DE was down by 66% (to Rs 54.29 crore) and 79% (to Rs 24.95 crore) respectively. The segment profit of hydrocarbon was down by 52% to Rs 117.86 crore. That of power was a loss of Rs 5.01 crore compared to a profit of Rs 8.61 crore in the corresponding previous period. The development projects registered a segment loss of Rs 38.55 crore compared to a profit of Rs 93.72 crore in the corresponding previous period.

Order book

The Consolidated Order Book of the Group stood at Rs 305083 crore as at June 30, 2020, with international Order Book constituting 24% of the total Order Book. Order book of infrastructure segment stood at Rs 221115 crore as at June 30, 2020, with the international order book constituting 22% of the total Order Book

Ordering activity has continued despite pandemic concerns, though with time delays. In Q1FY21, the company at group level has bagged orders worth Rs 23574 crore, a fall of 39%yoy. Order inflow is characterised by low interest towards fresh investment and deferment of award decisions. International orders during the quarter at Rs 8872 crore constituted 38% of the total order inflow.

Infrastructure segment in Q1FY21 secured orders worth Rs 11349 crore (down 32%yoy) and of which about RS 1653 crore is international orders. Major orders received included a large barrage project, rural water supply schemes, an expressway project and some international orders in Power Transmission and Distribution. International orders worth Rs 1653 crore constituted 15% of the total order inflow of the segment during the quarter, mainly from Middle East region.

Outlook

The Indian economy has witnessed simultaneous demand and supply shocks consequent on multi-phased lockdowns imposed by the Central and State Governments in an attempt to contain the pandemic. Government announced several measures to alleviate the effect of the economic distress such as loan moratoriums, extension of concession periods, increase in the borrowing programs of the Central and State Governments, announcement of 'Atmanirbhar Bharat Abhiyaan' package which included structural reforms as well as relief measures.

With partial lifting of lockdown and graded resumption of business operations, the domestic economy is expected to improve incrementally over the next few quarters. Ordering activity in roads, urban infra particularly health care, railways, Water distribution and waste-water treatment and irrigation sub-segments are expected to pick up in the later part of the fiscal year. On the global front, the coronavirus continues to cause concern and economic activity is expected to remain depressed for most of the current fiscal. World over, geo-political disputes with China are escalating and businesses globally are contemplating strategic shifts in the supply chain sourcing ecosystem. Further with increasing protectionist policies and soft oil prices, timelines and strength of economic recovery remains uncertain. Against the backdrop of this intractable business environment, the Company has been pursuing a multi-pronged strategy to weather the economic crisis and restoring normalcy in business operations, while complying with all Governmental directives and measures to ensure safety of its customers, employees and contract staff. Labour availability and productivity, working capital levels, Balance Sheet health and pick-up in execution pace is constantly monitored. The Company's focus continues to be on responsible resumption, profitable execution of its large Order Book with higher operational efficiencies, liquidity management, tight expense control and successful transitioning to a new work environment.

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