

**CMP : Rs.1,630**

**STOCK INFO**

BSE	500510
NSE	LT
Bloomberg	LT IN
Reuters	LART.BO
Sector	Construction & Engineering
Face Value (Rs)	2
Equity Capital (Rs mn)	1,224
Mkt Cap (Rs mn)	998,831
52w H/L (Rs)	1656.9/971.0
3m Avg Daily Volume (BSE + NSE)	1,666,614

**SHAREHOLDING PATTERN**

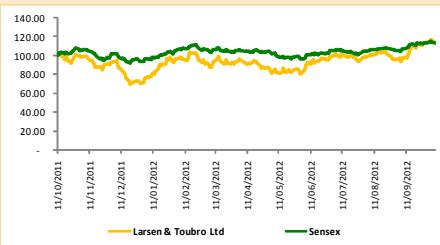
	%
(as on 30th Jun. 2012)	
Promoters	-
FII's	14.1
DII's	38.4
Public & Others	47.5

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
L&T	19	14	16
SENSEX	5	7	14

Source: Capitaline, IndiaNivesh Research

**L&T v/s SENSEX**



Source: Capitaline, IndiaNivesh Research

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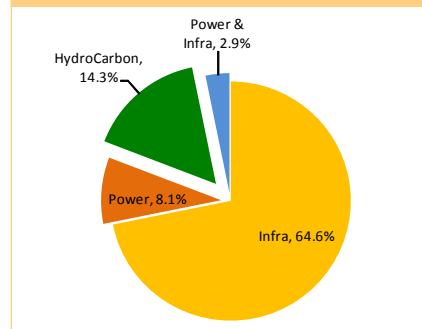
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**Update on L&T Order Wins: Do current Trends see signs of revival?**

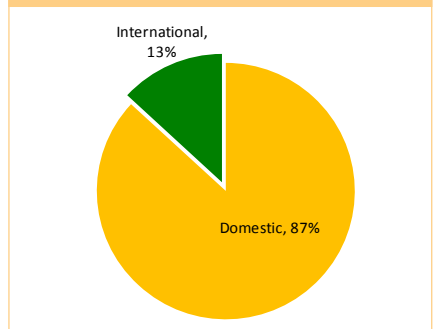
- L&T has publicly reported order wins to the tune of Rs 143 bn during Q2FY13E. Most of these order wins have been from the low-margin Buildings, Factories & Residential projects (from Infrastructure segment) sub-segment. On a whole, we expect the company to report ~Rs 165 bn worth of project wins in Q2FY13E.
- If we look at the segment wise mix of these new projects won (as per order wins announced), ~65% of them are from the Infra segment and ~14% from Hydro-Carbons vertical.

**Q2FY13 Order Inflow Mix (Segment)**



Source: Company Filings; IndiaNivesh Research

**Q2FY13 Order Inflow Mix (Geography)**



Source: Company Filings; IndiaNivesh Research

- Further, if we look at geographical mix, then, ~87% of the project wins were from Domestic markets and the remaining project wins were from Middle-East markets (mainly from Oman, UAE).
- Post these order wins at Q2FY13E-end, we expect the order book of the company to be ~Rs 1,558 bn thereby giving revenue visibility for another 2 years.
- On one hand, we are seeing a trend that L&T has been impacted due to slow-down in award activity and on order hand management in their Q1FY13 concall sounded confident of attaining 15-20% growth in the order Inflows for FY13E.

L&T is expected to report ~11.8% increase in its H1FY13 order inflows when compared to H1FY12 numbers. This leaves the company with a quarterly run-rate of Rs 225.5-243.1 bn to attain 15-20% growth in FY13 Order inflows.

- After taking in to account the fact that, award activity happens to be more during H2, the volume of current quarter order wins are somewhat satisfactory. After taking in to account **recent reform announcements**, **there exists a possibility for the company to attain lower end of its FY13E guidance.**
- We would also like to highlight an emerging trend, here. In the last few quarters majority of the new order wins from the Infra segment have been from Buildings & Factories sub-segment. We are of the view that Buildings & Factories segment currently accounts for less than 5% of the order book. If other Infra sub-segments do not see a quicker revival than L&T may see marginal shift in its order book towards Buildings & Factories segment, thereby putting pressure on the margins. With likely cool down in raw materials prices, other operating levers coming into play we sense that it would address the impact of this low margin business.

**Valuation**

At CMP of Rs 1,630, L&T (on consolidated basis) is trading at FY13E and FY14E, P/E multiple of 18.7x and 16.8x, respectively.

## Company Update

Segment	Project	Date of Ann.	Location	Client	Cont. Val (Rs mn)
Infra	Construction of new integrated terminal at Chandigarh airport	13-Aug-12	Chandigarh	Airport Authority of India	6,740.0
Infra	Construction of IT campus	13-Aug-12	Hyderabad		
Infra	Construction of 23 residential towers	21-Aug-12	India		3,600.0
Infra	Various ongoing projects	28-Aug-12	India		3,160.0
Infra	Design & construction of IT tower and residential towers & various ongoing projects	03-Sep-12	Mumbai		4,740.0
Infra	Design and construction of hospital and residential towers in Mumbai	27-Sep-12	Mumbai		1,650.0
Infra	Construction of residential towers	28-Sep-12	Chennai, Mumbai & Bangalore		13,310.0
Infra	Construction of residential towers, cement plants & factory structures	26-Sep-12	Pan-India		6,970.0
Infra	Design and construction of four lane flyover, rail over bridges and viaducts	13-Aug-12	Kolkata	Kolkata Metropolitan Development Authority	2,750.0
Infra	Construction of 171 MW Hydroelectric power project	21-Aug-12	Uttarakhand	NTPC	7,810.0
Infra	Construction of significant stretches of Kishangarh-Udaipur-Ahmedabad highway	21-Aug-12	Rajasthan-Gujarat	GMR Infra	6,450.0
Infra	Construction of elevated viaducts & stations of Phase-III	03-Sep-12	Delhi	Delhi Metro Rail Corporation Ltd (DMRCL)	3,770.0
Infra	Various ongoing Infrastructure Projects	27-Sep-12	India		4,800.0
Infra	Construction of roads, PH services, electrical services	13-Aug-12	Chandigarh	Greater Mohali Area Development Authority	1,550.0
Infra	Construction of 74 MLD water treatment plant along with Civil and Electro mechanical works	28-Aug-12	Rajasthan	Public Health & Engineering Dept, Rajasthan	5,180.0
Infra	50 MGD & 25 MGD water supply scheme for PCPIR at Dahej	12-Sep-12	Dahej	Gujarat Industrial Developments Corporation	7,930.0
Infra	10 MLD RO-based seawater desalination plant	12-Sep-12	India		
Power	Supply & Installation of 220/33kV grid station in UAE	21-Aug-12	UAE	UAE based Customer	2,580.0
Power	Continuous power supply	13-Aug-12	Hassan, HN Pura	Dom. & Int. Clients, inc. of Chamundeshwari Electricity Supply Corporation Ltd (CESC), UAE based customer	6,070.0
Power	Construction of 220kV and 765 kV switchyard	13-Aug-12	India		
Power	Supply & Installation of 220/33kV grid station	13-Aug-12	UAE		
Power	Construction of 11 KV distribution network	28-Aug-12	UAE	UAE based Customer	1,680.0
Power	Supply, erection, testing and commissioning of 5 substations	12-Sep-12	India	PGCIL	1,220.0
Infra	Doubling the lanes of Rewari-Manheru section	3-Sep-12	Rewari-Manheru	Rail Vikas Nigam Ltd	2,120.0
Infra	Electrification work between Guntakal-Raichur-Wadi stations and construction, track work and signalling in Lucknow and Izatnagar divisions	26-Sep-12	Guntakal-Raichur-Wadi	Rail Vikas Nigam Ltd	5,440.0
HydroCarbon	EPC of Saih Rawl Depletion Compression phase 2 (SRDC2) project	27-Aug-12	Oman	Petroleum Development Oman LLC	13,020.0
HydroCarbon	EPC of four wellhead platforms at Mukta, Bassein and Mumbai High South fields	27-Aug-12	Mumbai	ONGC	7,490.0
Infra	Various ongoing projects	13-Aug-12	India		2,970.0
Infra	Various Ongoing projects	12-Sep-12	India		1,500.0
Power & Infra	Transmission lines, Bulk Material Handling, Water & Effluent Treatment Business Units	28-Sep-12	India		4,130.0
<b>Reported Order Wins (Q2FY13)</b>					<b>143,020.0</b>

Source: Company Filings; IndiaNivesh Research



Trust.....we earn it.

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