

Larsen & Toubro Ltd (2024-25)

Index

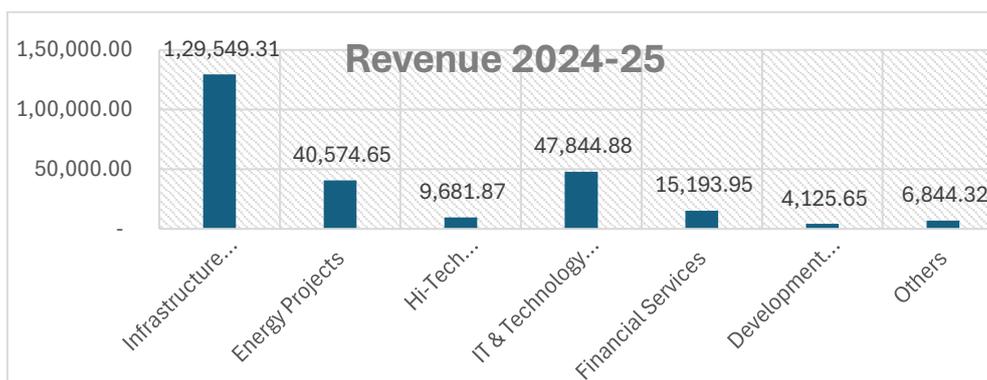
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Note:

- Figures described are in crores
- Data Fetched from official investor relations page of Larsen and Toubro.
[Official Website](#)
[Investor Relations](#)
[annual report 2024-25](#)

1. Business Summary

- What does company do? L&T operates as a diversified engineering and EPC conglomerate with core strength in infrastructure execution. Revenue is primarily generated from project-based contracts (Infrastructure & Energy), supported by high-margin IT and asset-light services businesses. The business model combines capital-intensive execution with relatively stable technology cash flows.
- Key segments: Infrastructure and Development, Hi-Tech Manufacturing, Power and Transmission and Information Technology Services.
- Revenue mix: A 50.7% of revenue is generated through Infrastructure segment, 15.7% of revenue is generated through its Energy Projects, 3.9% through Hi-Tech Manufacturing, 18.7% is generated through Information and Technology Services, 5.9% is generated through Financial Services, 2.1% is generated through Development Projects and 3% is generated through Other Segments.



- Geography Mix: The group serves pan-India and has about 19 plants and 29 offices in India. Whereas talking about International Position Group has its presence for about 58 countries with total 13 office, company is focused mainly on countries in the region of Africa and Middle East.

2. Segment Analysis

2.1. Segment Revenue Distribution

2.1.(a). Revenue and Profitability

Segment	Total Revenue	% Mix	EBIT	EBIT Margin
Infrastructure Projects	1,31,314.52	50.70%	6,921.45	5.27%
Energy Projects	40,689.17	15.71%	3,137.07	7.71%
Hi-Tech Manufacturing	10,180.86	3.93%	1,459.05	14.33%
IT & Technology Services	48,453.32	18.71%	7,682.15	15.85%
Financial Services	15,193.95	5.87%	3,491.31	22.98%
Development Projects	5,372.41	2.07%	757.16	14.09%
Others	7,816.40	3.02%	1,934.81	24.75%
Total	2,59,020.63	100.00%	25,383.00	9.80%

2.1.(b). Domestic Vs Foreign Revenue

Segment	Domestic	Foreign	Total	% Domestic	% Foreign
Infrastructure Projects	75,739.21	53,810.10	1,29,549.31	58.46%	41.54%
Energy Projects	13,899.37	26,675.28	40,574.65	34.26%	65.74%
Hi-Tech Manufacturing	7,620.76	2,061.11	9,681.87	78.71%	21.29%
IT & Technology Services	3,726.38	44,118.50	47,844.88	7.79%	92.21%
Financial Services	0.37	0.00	0.37	100.00%	0.00%
Development Projects	4,125.65	-	4,125.65	100.00%	0.00%
Others	5,963.06	881.26	6,844.32	87.12%	12.88%
Total	1,11,074.80	1,27,546.25	2,38,621.05	46.55%	53.45%

2.1.(c). ROCE

Segment	Capital Employed	ROCE
Infrastructure Projects	25,002.74	27.68%
Energy Projects	2,482.31	126.38%
Hi-Tech Manufacturing	2,250.01	64.85%
IT & Technology Services	37,703.17	20.38%
Financial Services	23,876.60	14.62%
Development Projects	18,062.76	4.19%
Others	8,663.00	22.33%
Total	1,18,040.59	21.50%

2.1.(d). Order Book

Segment	Value	% Value
Infrastructure Projects	3,57,073.00	61.66%
Energy Projects	1,65,754.00	28.62%
Hi-Tech Manufacturing	40,388.00	6.97%
Others	15,921.00	2.75%
Total	5,79,136.00	100.00%

2.1.(e). Order Inflow Composition

Segment	Value	% Value
Infrastructure Projects	1,73,226.00	48.57%
Energy Projects	87,569.00	24.55%
Hi-Tech Manufacturing	18,282.00	5.13%
IT & Technology Services	47,845.00	13.42%
Others	29,710.00	8.33%
Total	3,56,632.00	100.00%

2.1.(f). Book to Bill (Order Inflow/ Revenue) and Order Book / Revenue

Segment	Value	Segment	Value
Infrastructure Projects	1.34	Infrastructure Projects	2.76
Energy Projects	2.16	Energy Projects	4.09
Hi-Tech Manufacturing	1.89	Hi-Tech Manufacturing	4.17
IT & Technology Services	1.00	Others	1.45
Others	2.71	Total	2.28
Total	1.41		

Key Observations and Risk Included:

- 1. The group's main source of revenue is from Infrastructure Projects contributing about a 50.7% of its total revenue with a less EBIT margin about a 5.27% which is way lower than other segments contributing it is a risk for other segments if margin pressure is faced.*

If we look revenue contribution of Domestic and Foreign which is 58.5% Vs 41.5% respectively make it well positioned in both domestic and foreign markets also foreign contributions includes some risk of geopolitical policy shift that may cause revenue drops which was also mentioned in Risk Disclosure.

When we see Return on Capital Employed (ROCE) the sector is doing well with about 27.7% it is above groups average.

Out of Total Order Book segment keep 61.7% for itself which make it a huge order book holder, but we must also consider that Infrastructure segment naturally have bigger order number compared to other segments we need to look how are the completion done and margins for the same.

Out of total order inflows the segment contributes 48.7% which again shows a strong position of the segment in the company's future cash flows, revenue generations and profits.

Keeping in mind India's increasing capex spending it makes group well positioned in the sector as it is leading in the sector. So, we may expect good a consistent revenue growth in the following sector.

- 2. Energy Projects contributes about 15.7% of the revenue with a decent EBIT margin 7.71%, Energy operates at mid-level margin but below group blended margin due to contribution of higher-margin IT and Financial Services segments.*

Revenue distribution Domestic Vs Foreign is 34.3% and 65.7% percent respectively which makes this segment dependent on Foreign Orders, any geopolitical shift will hurt this segment badly as huge portion is contributing by Foreign.

Energy segment reports exceptionally high ROCE due to low net capital employed, likely driven by advance receipts and contract structure. Sustainability of such returns depends on working capital dynamics rather than margin expansion alone.

We see the segment holding 28.6% of the total order book making it 2nd highest contributor in order book with decent margins.

Segment brings 24.5% of order inflow of total inflows which makes it a attractive in revenue contribution.

Overall, in future India power consumption will increase if the segment faces foreign pressure, it can see more domestic option. Also depreciating Rupee against Dollar is also benefits the segment as higher revenue is contributed by foreign.

3. *Hi-Tech Manufacturing contributed 3.9% of the revenue with a 14.3% EBIT margin which keeps it above the average of Group.*

Domestic Vs Foreign Revenue is 78.7% and 21.3% respectively which shows that the segment has a high interest in domestic markets with a good EBIT margin.

Looking at ROCE of this sector which is 64.8% making it standing above 3 times above Group's average that significantly shows how well it position itself in Group.

The segment contributes 7% of total order book with a great EBIT margin.

Out of total order inflow segment contributes 5.1% which is not expected with the segment we may expect higher order inflow in upcoming years.

The following sector is also enjoying India's growing capex spending over time we can see high growth in the revenue.
4. *Information and technology service share 18.7% of the group revenue make it 2nd largest revenue contributor to the group revenue with an EBIT margin of 15.8% making it well profitable segment.*

The segment is heavily dependent on foreign revenue about 92.2% of its total revenue Vs only just 8.8% Domestic contribution, weakening demand of IT services globally make the segment a high-risk zone.

Looking a ROCE which is 20.4% bit lower than Group's average.

The segment contributes 13.4% of total order inflows with good margins making to high profit business.

The main risk here is that weakening demand of IT services globally and the segment is exposed to global IT spending cycles. AI-led automation may alter demand patterns, requiring continuous capability upgrades.
5. *Financial services share 5.9% of Group's revenue with a good EBIT margin of 23% making it stand above Group's Average.*

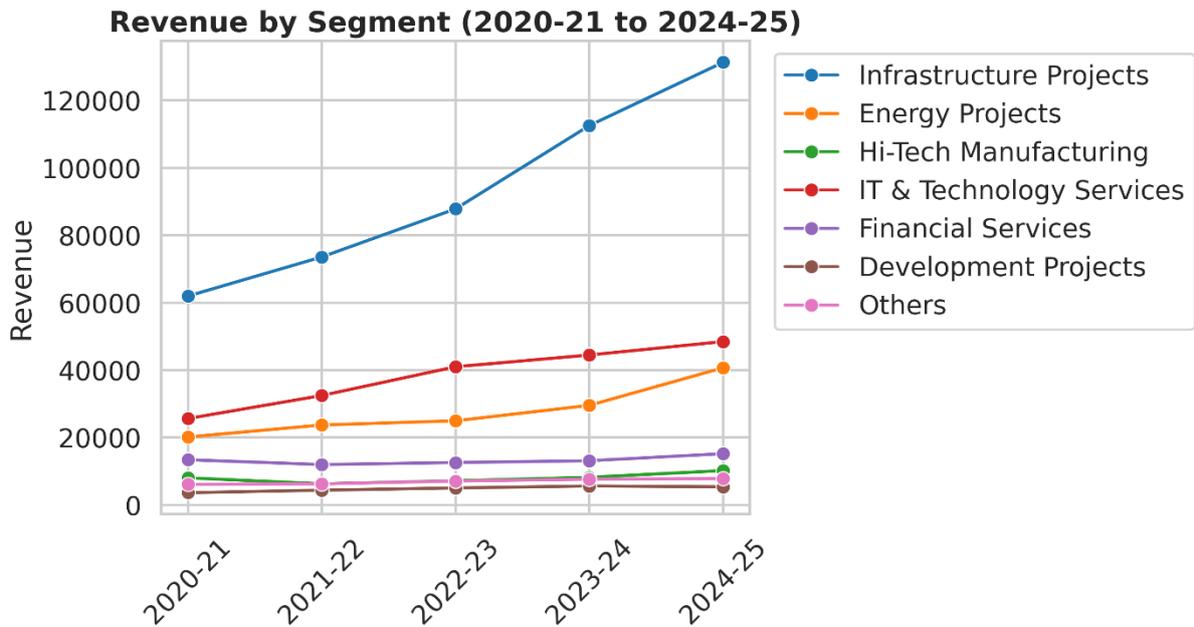
ROCE is 14.6% for this segment which is lower than Group's average.

Following segment comes with a good opportunity as India's growing GDP per capita will benefit this segment over time.
6. *Development Projects contribute 2.1% of total revenue with a 14.1% EBIT margin make it well managed in margin we may expect the revenue contribution increase in the segment as government of India is spending huge in developing its infrastructure with that it makes it well positioned.*

Seeing the ROCE standing at 4.2% makes us say that the segment is heavy asset driven segment.

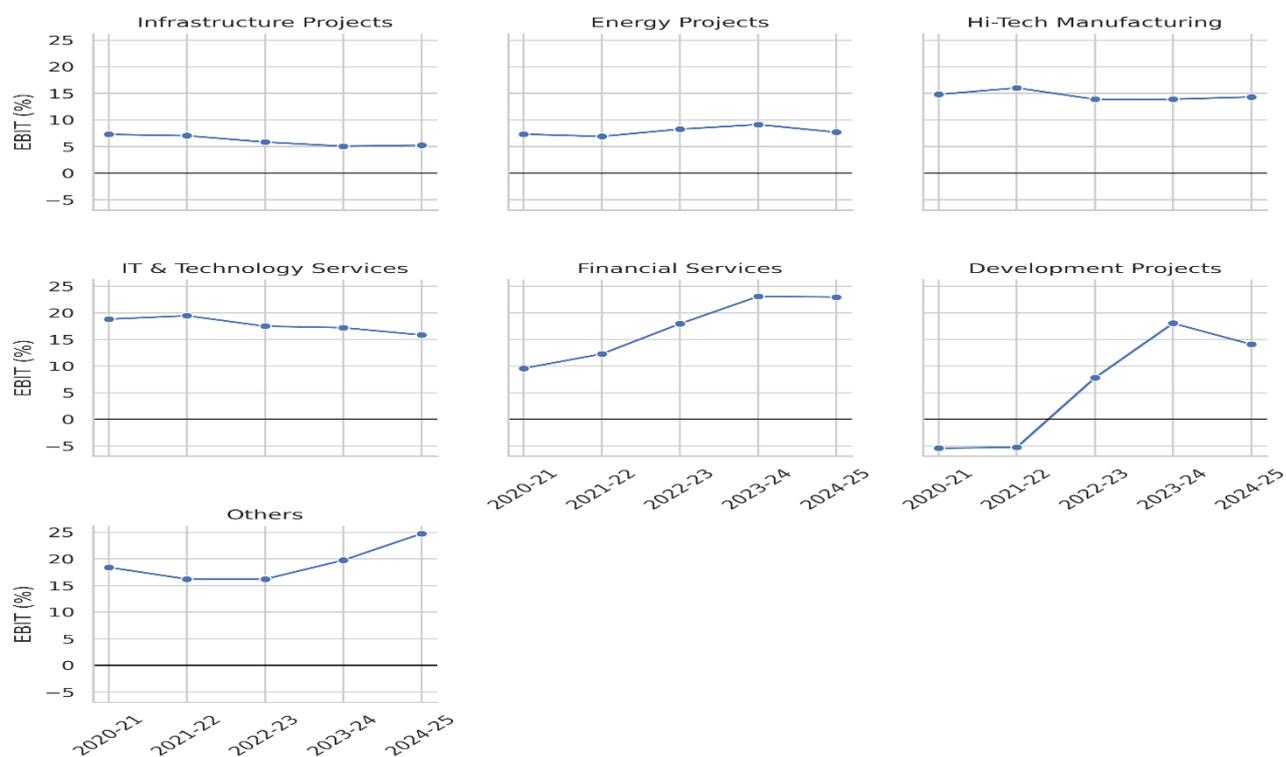
2.2. Segment Revenue Trends

2.2.(a). Revenue Trends Segment Wise



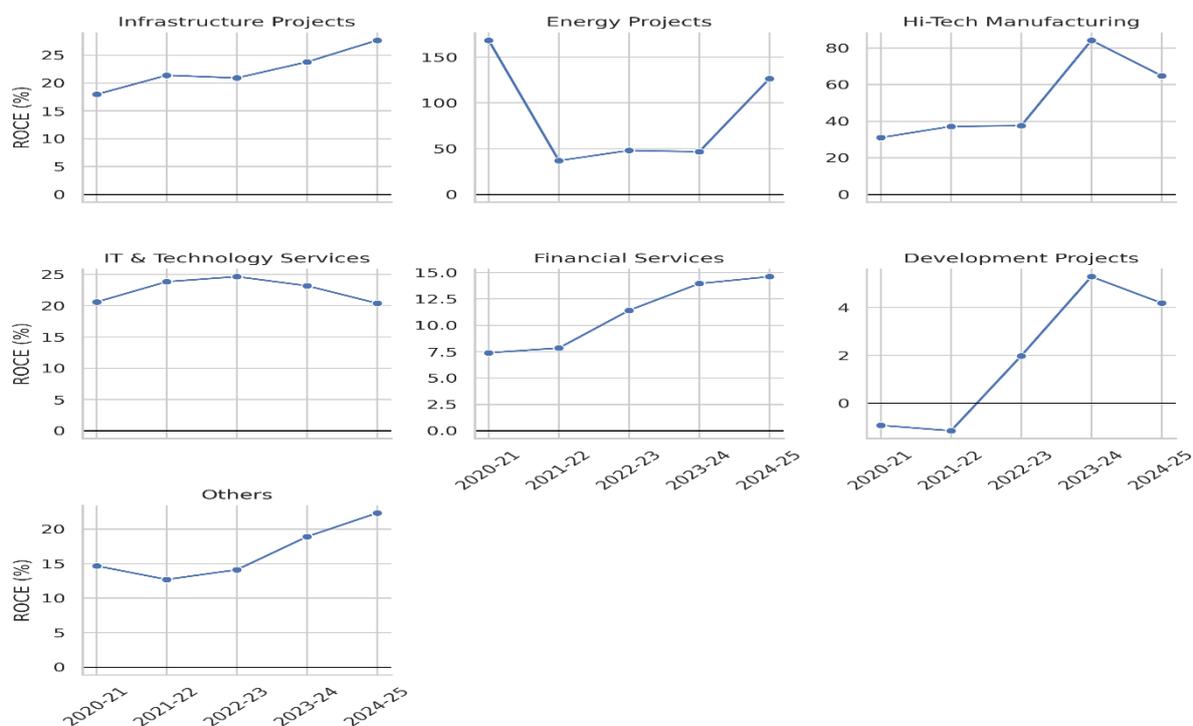
% Revenue Growth						
Segment	2020-21	2021-22	2022-23	2023-24	2024-25	
Infrastructure Projects	NA	18.72%	19.39%	28.16%	16.67%	
Energy Projects	NA	17.65%	5.24%	18.36%	37.75%	
Hi-Tech Manufacturing	NA	-22.03%	14.31%	14.45%	24.22%	
IT & Technology Services	NA	26.69%	26.29%	8.50%	8.95%	
Financial Services	NA	-10.69%	5.04%	4.24%	15.91%	
Development Projects	NA	20.60%	15.14%	11.76%	-4.41%	
Others	NA	2.78%	12.93%	7.84%	2.50%	
Total	NA	14.19%	17.03%	19.13%	17.14%	

2.2.(b). % EBIT Margins Trends Segment Wise



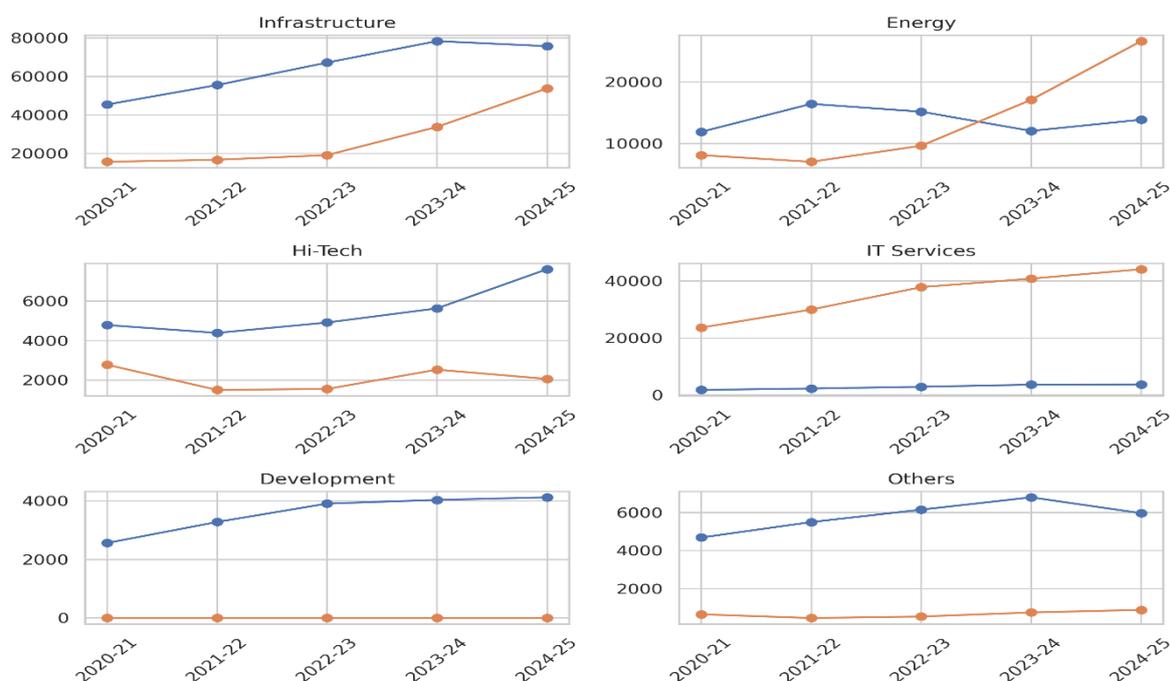
Segment	EBIT				
	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure Projects	4,521.54	5,182.41	5,140.18	5,720.93	6,921.45
Energy Projects	1,480.47	1,640.13	2,066.69	2,700.63	3,137.07
Hi-Tech Manufacturing	1,189.67	1,003.94	995.24	1,139.77	1,459.05
IT & Technology Services	4,823.20	6,320.51	7,171.74	7,658.79	7,682.15
Financial Services	1,285.78	1,469.80	2,258.78	3,028.41	3,491.31
Development Projects	-196.55	-230.59	391.77	1,014.73	757.16
Others	1,122.96	1,015.76	1,146.36	1,507.70	1,934.81
Total	14,227.07	16,401.96	19,170.76	22,770.96	25,383.00

2.2.(c). % ROCE Margins Trends Segment Wise



Segment	% ROCE				
	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure Projects	17.96%	21.39%	20.91%	23.79%	27.68%
Energy Projects	168.39%	36.88%	48.07%	46.63%	126.38%
Hi-Tech Manufacturing	31.06%	37.19%	37.54%	84.22%	64.85%
IT & Technology Services	20.58%	23.83%	24.64%	23.18%	20.38%
Financial Services	7.40%	7.85%	11.42%	13.96%	14.62%
Development Projects	-0.92%	-1.15%	1.98%	5.29%	4.19%
Others	14.67%	12.70%	14.11%	18.90%	22.33%
Total	14.26%	15.66%	17.70%	20.13%	21.50%

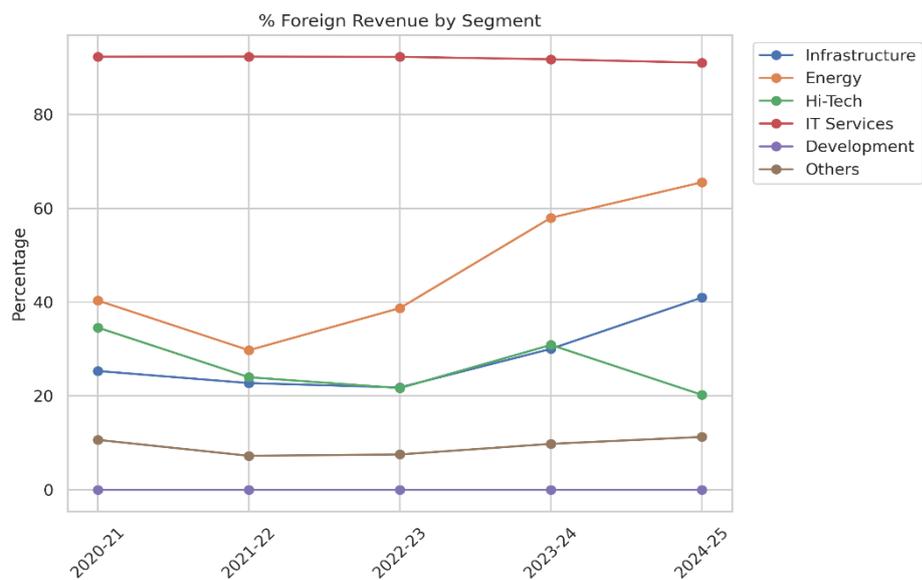
2.2.(d). Domestic Vs Foreign Mix



% Foreign Revenue Growth					
Segment	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure Projects	NA	6.68%	14.50%	76.44%	59.14%
Energy Projects	NA	-13.27%	37.02%	77.23%	55.72%
Hi-Tech Manufacturing	NA	-45.88%	3.23%	63.09%	-18.56%
IT & Technology Services	NA	26.72%	26.20%	7.90%	8.09%
Development Projects	NA	NA	NA	NA	NA
Others	NA	-30.13%	17.55%	40.21%	17.99%
Total	NA	9.47%	23.36%	38.25%	34.20%

% Domestic Revenue Growth					
Segment	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure Projects	NA	22.21%	21.01%	16.63%	-3.36%
Energy Projects	NA	38.10%	-7.71%	-20.57%	15.11%
Hi-Tech Manufacturing	NA	-8.30%	11.97%	14.58%	35.21%
IT & Technology Services	NA	26.70%	26.95%	25.76%	1.96%
Development Projects	NA	27.99%	19.18%	3.20%	2.18%
Others	NA	17.33%	11.89%	10.53%	-12.24%
Total	NA	22.82%	14.66%	10.26%	0.45%

2.2.(e). Foreign Exposure



% Foreign Revenue of Total Revenue of Segment					
Segment	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure Projects	25.32%	22.75%	21.82%	30.04%	40.98%
Energy Projects	40.35%	29.75%	38.73%	57.99%	65.56%
Hi-Tech Manufacturing	34.58%	24.00%	21.67%	30.88%	20.24%
IT & Technology Services	92.34%	92.36%	92.30%	91.78%	91.05%
Development Projects	0.00%	0.00%	0.00%	0.00%	0.00%
Others	10.64%	7.24%	7.53%	9.79%	11.27%
Total	36.65%	35.14%	37.04%	42.98%	49.2%

Key Observations and Risk Included:

- 1. The infrastructure segment has delivered strong revenue growth over the past five years, nearly doubling in scale, supported by rising domestic capex and increasing international order inflow.*

While EBIT margins have moderated marginally, they remain broadly stable despite significant scale expansion, indicating execution discipline. However, sustained margin compression could dilute the benefits of operating leverage. ROCE has improved from approximately 20% to 27% over the period, suggesting enhanced capital utilization and improved operational efficiency.

The segment remains primarily domestically driven, though foreign revenue contribution has increased meaningfully since FY23. Expanding international exposure supports growth diversification but also introduces greater sensitivity to geopolitical developments, execution risks in overseas markets, and currency volatility.

Conclusion:

The Infrastructure segment demonstrates strong scale-driven growth with improving capital efficiency. Margin stability amid expansion reflects operational strength; however, future performance will depend on sustained execution discipline, working capital management, and prudent management of rising international exposure.
- 2. The Energy segment reported strong revenue growth of approximately 37.7% year-on-year, significantly above the group's average growth rate. This expansion reflects strong order execution and rising contribution from international projects. EBIT margins remain relatively stable despite the sharp increase in revenue, indicating effective cost management and operational discipline. Stable margins alongside strong revenue growth suggest that profitability quality has been maintained during expansion.*

ROCE for the segment has remained highly volatile over the years, ranging from exceptionally high levels in FY21 to moderate levels in subsequent years before rising again in the current year. Such volatility is likely driven by fluctuations in capital employed, particularly due to advance payments from customers and project execution cycles that temporarily reduce net capital employed. While current ROCE appears strong, the wide dispersion across years indicates that returns may be influenced more by working capital dynamics than by structural margin expansion.

Foreign revenue contribution has increased significantly over the past few years, with international projects forming a growing share of the segment's revenue mix. This enhances growth visibility and diversification but also exposes the segment to geopolitical, execution, and currency-related risks.

Conclusion:

The Energy segment demonstrates strong growth momentum with stable margins, reflecting sound execution and cost control. However, the volatility in ROCE suggests sensitivity to project-level capital dynamics. Increasing international exposure supports growth but introduces higher geopolitical and currency risk, making disciplined project selection and execution critical for sustained performance.

- 3. The Hi-Tech Manufacturing segment has delivered steady revenue growth over the past few years, supported primarily by rising domestic demand and continued expansion in core engineering and manufacturing capabilities. EBIT margins have remained broadly stable despite revenue growth, indicating operational efficiency and cost discipline during expansion. Margin stability alongside growth suggests that the segment has been able to scale without materially compromising profitability. ROCE remained relatively stable in the initial years within the 35–40% range before witnessing a sharp increase in FY24, followed by moderation in the current year. The spike in ROCE appears to be driven by lower net capital employed, likely due to advance payments from customers and project execution dynamics. The subsequent normalization aligns with revenue expansion and conversion of advances into operating assets, indicating that ROCE volatility is influenced by working capital movements rather than structural profitability changes. Foreign revenue contribution for the segment has been volatile, showing significant fluctuations over the past few years. In contrast, domestic revenue has demonstrated consistent growth, indicating strengthening domestic demand and a relatively stable home-market order pipeline. While inconsistent foreign revenue introduces some variability in growth visibility, strong domestic execution provides a stabilizing base for the segment.*

Conclusion:

The Hi-Tech Manufacturing segment shows steady revenue expansion with stable margins and structurally strong ROCE. While international revenue contribution remains volatile, consistent domestic growth supports stability. Sustained performance will depend on maintaining execution efficiency, managing working capital dynamics, and improving stability in international order inflows.

- 4. The Information and Technology sector showed a good growth in first 2 years within range of 20%-25 but got slowed in last 2 year dropping to 8%-10% range mostly due to weakening demand of IT service in market cause of AI automation taking lead in the enterprise.*

Seeing EBIT margins also declining in last year where the margins were standing at 20% in 2021-22 got dropped to 15% this year making that the segment is facing weakening demand and margin pressure at the same time.

ROCE of the segment had also saw a decline in past few years it is standing at 25% in the year 202-23 saw a decline of 5% till this year standing at 20%, group didn't able to manage operational efficiencies while facing both margin problems and revenue weaknesses.

The segment is well supported/depended by the foreign revenue it is well exposed to foreign revenue making it quite risky when geopolitical uncertainty is faced by the country.

Conclusion:

Overall segment is under high pressure with both revenue and margin decline, on above that risk of AI lead automation adoption by the global markets making it in a near-term pressure.

- 5. Financial Services a show a negative growth in the year 2021-22 which was 10.7% decline, in 2 years saw a growth of about 4%-5% and in current it shows a growth of 15.7% showing growth potential in the segment.*

Whereas despite slow growth overall in revenue didn't affect the EBIT it shows a strong margin where it was standing at 10% in the year 2020-21 got more than double this year standing at 22%.

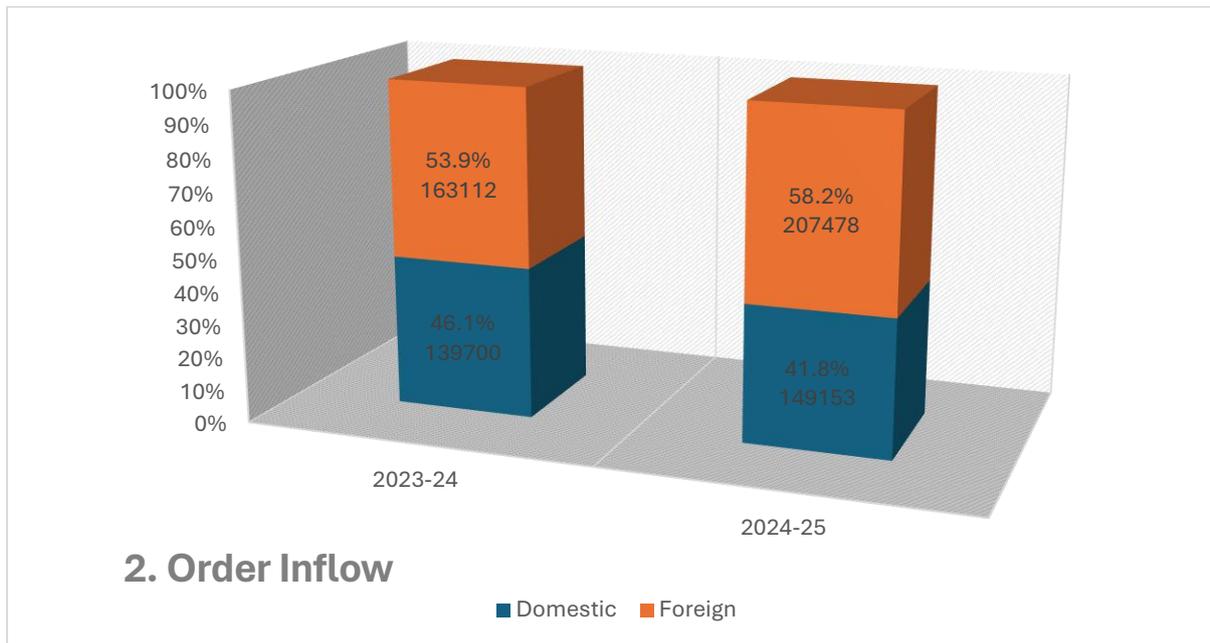
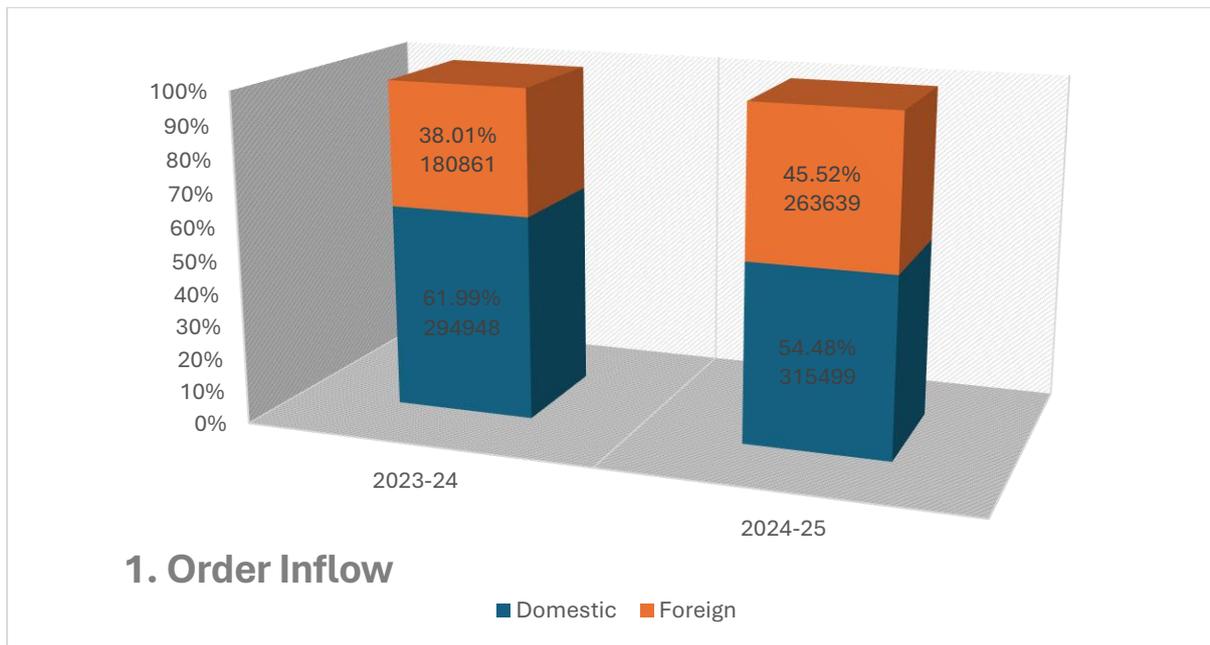
As EBIT margins where improving the effect showed in ROCE it also rose to 15% from 8% in the last few years, from that we can say group has managed to effectively utilize the capital in the segment.

Conclusion:

The segment remains to be a strongly growing as the margins are improving and capital utilization is optimised.

3. Consolidated Analysis

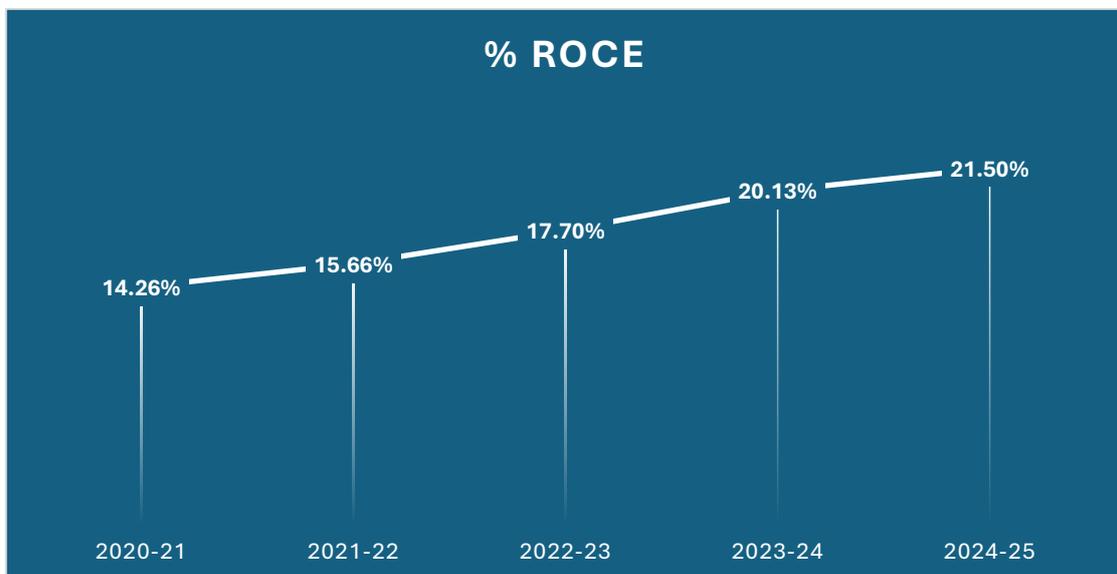
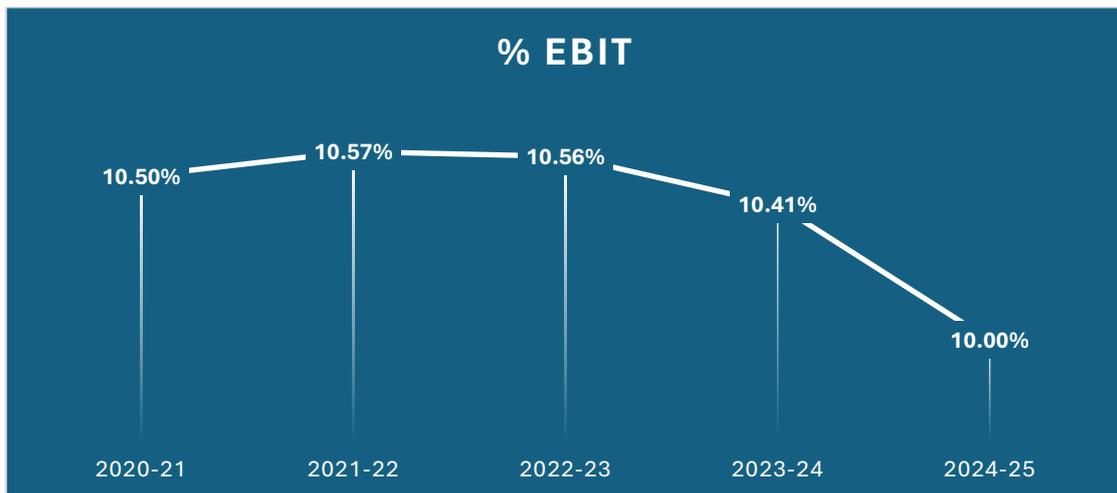
3.1. Order Book and Inflow



Key Observations:

We see that firm is expanding its operation in foreign market as high order inflows is being seen over 2 years and a good growth in overall order book standings and inflows.

3.2. Revenue Growth and Margins



Key Observations:

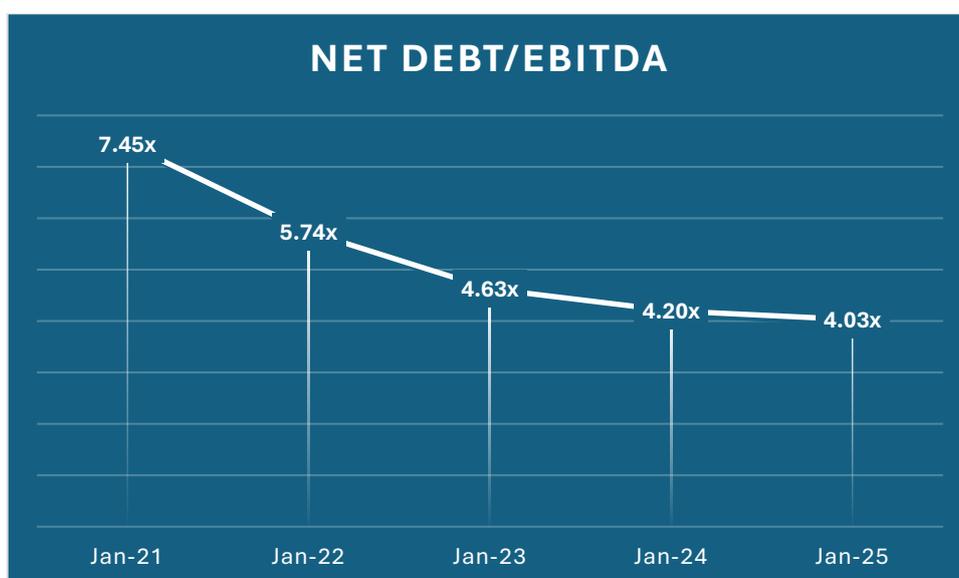
Observing that revenue is growing but margins shrinking 5% over the five years, making that revenue growth is strong it is leveraging the decline in margins. Despite strong growing revenue that group has managed to achieve operational effectiveness as ROCE is persistently increasing as it was 14.2% during 2020-21 now it is optimized to 21.5% making it a well-managed in operations and capital efficiency.

4. Ratio Analysis

4.(a). Ratio Table

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Debt to Equity					
<i>Total Debt</i>	1,32,605.26	1,23,468.23	1,18,513.38	1,14,039.77	1,29,559.34
<i>Equity</i>	87,920.06	95,373.73	1,03,567.22	1,02,549.66	1,15,403.68
Ratio	1.51x	1.29x	1.14x	1.11x	1.12x
Net Debt to EBITDA					
<i>Net Debt (Total Debt - Cash)</i>	1,16,363.76	1,04,515.06	95,993.78	98,681.38	1,06,594.00
<i>EBITDA</i>	15,624.10	18,204.61	20,753.28	23,493.65	26,434.74
Ratio	7.45x	5.74x	4.63x	4.2x	4.03x
Current Ratio					
<i>Current Assets</i>	1,94,966.83	2,08,203.08	2,22,204.32	2,18,588.60	2,45,341.71
<i>Current Liabilities</i>	1,37,408.01	1,59,440.58	1,62,065.99	1,77,109.46	2,01,970.90
Ratio	1.42x	1.31x	1.37x	1.23x	1.21x
Working Capital Days					
<i>Receivables</i>	42,229.78	46,139.32	44,731.53	48,770.95	53,713.68
<i>Inventory</i>	5,820.54	5,943.32	6,828.78	6,620.19	7,670.55
<i>Payables</i>	45,745.23	51,365.62	49,784.12	53,292.88	52,459.34
<i>Revenue</i>	1,35,979.03	1,56,521.23	1,83,340.70	2,21,112.91	2,55,734.45
Days	6.19	1.67	3.54	3.46	12.74
Cash Conversion Cycle					
Receivable Days (Debtor days)	113.4	107.6	89.1	80.5	76.7
Inventory Days	24.5	21.7	21.4	16.5	16.4
Payable Days	192.58	187.70	155.82	133.21	111.99
Days	-54.7	-58.4	-45.4	-36.2	-19.0

4.(b). Ratio Trends



Key Observations:

Company is focusing on lowering its debt component as the Debt/Equity Ratio is dropped from 1.5x to 1.1x and also it is been seen in Net Debt/EBITDA Ratio that signal how many years would company take it to recover its debt from profits which is also significantly dropped from 7.5x to 4x which overall suggest that company is focused more on remove it debt component but these are not reflected on revenue growth and margins as of now.