

'OTHERS' SEGMENT



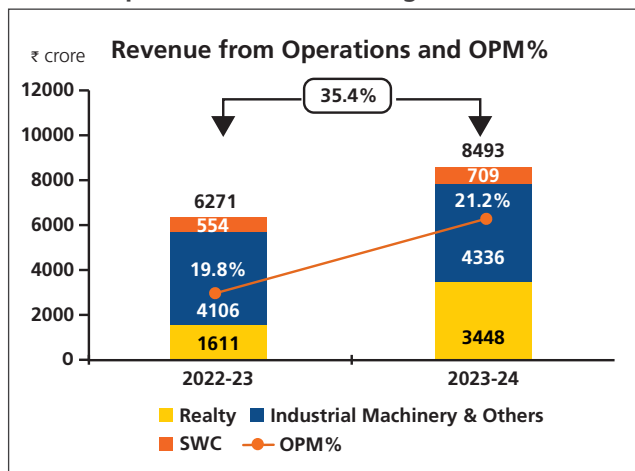
The Gateway, Sewri, Mumbai, Maharashtra

The 'Others' Segment comprises:

- a) Realty Business
- b) Industrial Machinery, Products & Others comprising Construction & Mining Equipment, Rubber Processing Machinery, and Industrial Valves
- c) Smart World & Communication (Residual portion)

L&T completed the divestment of the carved-out portion of Smart World & Communication business to L&T Technology Services Limited (LTTS) on April 01, 2023.

Financial performance of the segment



Revenue for the segment registered a growth of 35.4%, from ₹ 6,271 crore in FY 2022-23 to ₹ 8,493 crore in FY 2023-24. The growth was largely in the Realty business due to the higher handover of flats. Additionally, there was

an improvement in the Valves business revenues given the higher demand and in the Smart World & Communication business due to better execution. Lower consumer spending in the global automotive industry impacted the revenue of the Rubber Processing Machinery business.

The operating margin for FY 2023-24 improved to 21.2% from 19.8% for the previous year, mainly due to higher revenue in the Realty business.

The funds employed by the segment as on March 31, 2024, at ₹ 7,975 crore, have increased by 1.7% over the previous year, largely in line with the previous year.

Realty Business

Overview

L&T Realty is positioned amongst the top real estate developers in India, with a development potential of 70 million sq. ft. across the residential, commercial, and retail segments in Mumbai, Navi Mumbai, Bengaluru, NCR, and Chennai. The business model includes the development of own land, partnership with land/development right owners, and the sale & leasing of commercial spaces.

Residential Segment

1. The Gateway, Mumbai

The Gateway, Sewri, Mumbai, is a premium residential project launched during the year. It is the epitome of luxury, standing tall amidst the grandiose skyline of South Mumbai. The residence offers uninterrupted views of the Arabian Sea as well as the world-renowned Sewri mudflats.


Artist's Impression
Elixir Reserve, Powai, Mumbai, Maharashtra
2. Island Cove, Mumbai

A residential project, Island Cove, Mahim, launched during the year, is positioned as a gateway to the City of Dreams, adorned with a timeless charm. In the midst of the bustles of the Mahim suburb, Island Cove will be an aspirational destination for home buyers with the design of a sanctuary - an intersection of luxury, comfort, and connectivity.

3. Emerald Isle, Mumbai

Nestled in the sprawling serenity of Powai, L&T Realty Emerald Isle is an oasis of luxury, offering its residents spacious and elegant homes spread over 90 acres and being developed in phases. It is a planning masterpiece – built on three levels of parking to afford a traffic-free podium and a host of amenities amidst its central greens.

4. Elixir Reserve, Mumbai

This is a premium residential project in Powai that is enveloped in a picturesque setting. This project is replete with state-of-the-art amenities, including an ICSE school, commercial offices, and retail spaces within close proximity. The project is nestled amidst lush greenery, a serene lake, and a picturesque hillock, positioned as a fusion of man's quest for the highest luxury and nature's bounty.

5. Crescent Bay, Mumbai

With the Arabian Sea as the backdrop, Crescent Bay is a six-tower residential complex at Parel with the perfect setting for an exclusive lifestyle. The highlight of this project is a sky deck and other lifestyle amenities on level 21. The project is completed and occupied by 1300+ families.

6. Seawoods Residences, Navi Mumbai

Part of India's first Transit-Oriented Mixed-Use Development, the Seawoods Development is spread across over 40 acres. Seawoods Residences offers unmatched connectivity and is surrounded by breathtaking views. The project has garnered sufficient interest from consumers. Nearly 75% of Phase I and II were handed over in the current financial year. Phase III launch has brought in new customers to the large resident community and cemented L&T's name in the Navi Mumbai region.

7. Rejuve 360, Mumbai

Designed on the wellness thought, this residential complex is focussed on the theme - rejuvenation of mind, body, and soul. Conveniently located in Mulund West, the project has sustained its position among premium developments in this micro-market.



Artist's Impression

L&T's Innovation Campus, Powai, Mumbai, Maharashtra

8. 77 Crossroads, Mumbai

It is a gated community situated in Ghatkopar and has functional residences with unmatched comforts and conveniences. The location provides easy access to every corner of the city.

9. Raintree Boulevard, Bengaluru

Conceptualised on the live-work-play theme, Raintree Boulevard is a 65-acre mixed-use development project located in the high-growth micro-market of Hebbal, Bengaluru. Situated just 20 minutes away from the airport, the project offers fine living and best-in-class amenities. Further, L&T Tech Park and a large format mall are within walking distance from the project.

10. Avinya Enclave, Chennai

Launched during the year, this project is spread over a 40-acre mixed-use development in Manapakkam, Chennai, and is located opposite the main L&T campus. From exceptional amenities on the premises to the best retail outlets, commercial hubs, and top social infrastructure in proximity, the residences are crafted to grant a timeless living experience in every sense.

Commercial Segment

1. Seawoods Grand Central, Navi Mumbai

The Seawoods Grand Central offers 2.6 million sq. ft. of Grade A development with a unique combination of commercial and retail business spaces. It is one of the most successful transit-oriented developments in the country.

2. Commercial Towers at Powai, Mumbai

Designed to provide superior workspaces, it is part of a larger integrated development promoting the 'Walk to Work' concept. It is one of the coveted corporate addresses in Powai, Mumbai with proximity to excellent social infrastructure. Much of this development has already been completed, and some of it has been divested as well.

3. Technology Park, Bengaluru

Located in the rapidly growing micro market of Hebbal, the project has the scope of development of 3.4 million sq. ft. of commercial office spaces. Tech Park-1 (Phase 1) office space, having an area of 1.2 million sq. ft., is completed. The offices with unmatched connectivity and well-designed spaces are set to become the most favoured address for many technology companies.

4. L&T Innovation Campus, Chennai

The 6.5 million sq. ft. L&T Innovation Campus, a mixed-use development sprawled over 40-acre located at Manapakkam, Chennai (IT Hub). Phase 1 comprises two towers, 'Ananda I' and 'Ananda II', with a built-up area of 1.7 million sq. ft., which was recently launched in March 2024. It brings together a world-class innovation business/IT hub and an eclectic mix of leisure and lifestyle amenities, with a lush central parkland at its core. The development offers the convenience of Walk to Work.



Seawoods Grand Central, Navi Mumbai, Maharashtra

5. Other Commercial Developments

Other commercial developments of L&T Realty include those in Faridabad, which is the only LEED gold-rated building in the entire Faridabad region, serving several multinational marquee clients. The other is in Mahape, Navi Mumbai, which, besides being LEED gold-certified, offers a range of premium amenities. Another development is the upcoming state-of-the-art office space in Whitefield – the entertainment hub of Bengaluru.

New Growth Opportunities

Residential

L&T Realty and Housing Development Finance Corporation's (HDFC) real estate arm, HDFC Capital Advisors, will be entering into an agreement to set up a residential development and investment platform. The joint platform shall be structured as an Alternative Investment Fund (AIF) and will invest in mid-market residential projects. Both L&T Realty and HDFC Capital Advisors will make sponsorship investments into this platform, and L&T Realty will be responsible for the execution of the projects.

Commercial

L&T Realty and the Singapore-listed CapitaLand India Trust Management Pvt. Ltd., trustee-manager of CapitaLand India Trust (CLINT), have entered into a non-binding agreement for a commercial platform to develop ~6 million sq. ft. of prime office spaces across Bengaluru, Chennai, and Mumbai.

Under this platform, L&T will build and develop office spaces, while CLINT will market the office spaces. CLINT will gradually acquire the ownership of these properties in a phased manner from FY 2024-25 onwards.

Business Environment

The business environment continues to remain robust as residential sales surged across the top 7 cities by 30%+ in 2023 despite the rise in both interest rates and housing prices. Affluent housing (Premium and Luxury properties priced above ₹ 4 crore) has grown 75% in 2023 over the previous year. The shift was also witnessed towards Tier 2 cities, which was not only spurred by aspirational living but also due to infrastructure upgradation and seamless connectivity, indicating fundamental swings that will navigate the sector towards new horizons.

Industry reports indicate that a total of 59.6 million sq. ft. was transacted across the leading eight markets in the country, constituting a 15% y-o-y growth in the year 2023. Further, the office market witnessed 42.9 million sq. ft. of new office space additions in 2023.

Office leasing volumes were marginally lower than the all-time high of 60.6 million sq. ft. achieved in 2019. Bengaluru was the leader in the leasing market with a volume of 12 million sq. ft.+ in 2023, followed by Chennai and NCR as the top three markets. Similarly, Chennai also recorded strong growth during the year. Further, the vacancy levels decreased by 94 basis points over last year to 16% in 2023.



Raintree Boulevard, Bengaluru, Karnataka

Back-to-office policies of corporates and demand for Global Capability Centres (GCC) are expected to keep the momentum intact. This year's improved investor and developer sentiments have made the commercial and retail real estate categories more vibrant. The increasing number of Real Estate Investment Trusts (REITs) is an encouraging sign, further facilitating faster recycling of capital in an otherwise capital-intensive sector.

Major Achievements

- ▣ Launched three new residential projects: The Gateway (Sewri), Island Cove (Mahim), and Avinya Enclave (Chennai Innovation Campus)
- ▣ Inauguration of Phase 1 comprising two towers, 'Ananda I' and 'Ananda II' in Chennai Innovation Campus
- ▣ Hand over of Residential spaces:
 - Around 0.88 million sq. ft. in Seawoods, Navi Mumbai
 - Approx 0.55 million sq. ft. in Raintree Boulevard, Bengaluru
- ▣ Leasing and Sale of Commercial Office spaces:
 - Leased Tech Park 1 at Bengaluru with an area of 1.13 million sq. ft.
 - In Seawoods, a commercial tower with an area of 1.02 million sq. ft. sold in March 2024

Outlook

Strong sales momentum witnessed in FY 2023-24 is likely to be sustained during FY 2024-25 as well. Residential inventories are low, and mortgages have remained flat. Going forward, interest rate cuts will further add tailwinds to the momentum.

Despite price hikes, affordability is improving across markets as income growth outstrips price changes. A fear of increased rates in future is tempting home buyers to lock in the price today. Further, changing demographics, viz. rapid urbanisation, family nuclearisation, rising income levels, and renewed need for home ownership, are expected to drive growth in residential real estate.

Homebuyers' preferences for bigger homes, large-gated communities, better amenities, and attractive pricing will sustain the demand for premium housing.

The reintroduction of back-to-office and redundancy of remote working have positively affected the residential real estate industry widely. Also, many corporates and offices that adopted the remote working model earlier will now be required to expand their employee accommodation base, leading to a surge in property demand.

India's commercial real estate is set for strong growth, driven by robust macroeconomic fundamentals, domestic consumption resilience, and cost-effective business operations that attract corporate offices. The emerging markets viz. Data Centers, Industrial Parks, and Flex Spaces (a hybrid of industrial and office spaces) are gaining traction and are likely to witness rapid growth.

Environment, Sustainability, and Governance are the key variables for achieving success in the Indian real estate industry. Transparency and stakeholder interaction are becoming increasingly important. Such growing awareness places developers like L&T Realty in a strong position.



GD 705 Motor Grader

Construction Equipment & Others

Overview

The Construction Equipment & Others (CE&O) business includes the manufacture and marketing of construction and mining equipment and equipment for the tyre manufacturing industry, broadly segregated into Construction & Mining Machinery (CMM) and Rubber Processing Machinery (RPM). CMM further comprises the Construction & Mining Equipment business unit (CMB) within L&T and L&T Construction Equipment Limited (LTCEL), a wholly owned subsidiary of L&T.

The CMM division is engaged in the business of distribution and after-sales support for hydraulic excavators and dump trucks manufactured by Komatsu India Private Limited (KIPL) and other mining and construction equipment manufactured by Komatsu worldwide. It also handles the distribution and after-sales support for a range of construction equipment, including wheel loaders, vibratory compactors, and hydraulic excavators manufactured by LTCEL. In addition, the business handles distribution and after-sales support for other mining equipment, viz., surface miners, sand plants, crushing solutions, and apron feeders manufactured by L&T's Minerals & Metals business in Odisha.

LTCEL, located in Doddaballapura, near Bengaluru, Karnataka, manufactures vibratory compactors, wheel loaders, hydraulic excavators, asphalt paver finishers, pneumatic tyred rollers, skid steer loaders, hydraulic power packs, cylinders, pumps, motors, and other components.

The RPM business, located in Kancheepuram near Chennai, is engaged in building rubber processing machines and tyre automation systems for the global tyre industry and has supplied equipment to various tyre majors in over 46 countries across the globe. The division also supports certain customers in the tyre industry with 'build to print' products and customised machinery as well.

The Product Development Centre (PDC), based in Coimbatore, with its highly skilled design team, renders engineering and product development support for CMM and RPM businesses.

Business Environment

Construction & Mining Machinery Business (CMM)

The investment in the construction and mining sectors is one of the key demand drivers of the CMM business.

In FY 2023-24, the Government's continued thrust on infrastructure building was evident from higher budgetary allocations for highway construction. However, due to factors such as state elections, erratic monsoons, and floods in parts of Northeast India, the road construction industry witnessed subdued activity during the year.



PC 2000 Hydraulic Excavator and HD 785 Dump Truck

In the mining sector, coal and iron ore production registered a growth of 11% and 7% respectively over the previous year. In the cement sector, the installed capacity increased from 590 MT to 620 MT, with overall production moving higher to 435 MT in FY 2023-24.

The market demand for wheel loaders and vibratory compactors grew by 3% and 33% respectively whereas the demand for premium excavators dropped by 3% in FY 2023-24.

The business team created awareness amongst its customers and helped them evaluate equipment with regard to benefits of overall life cycle costs. This aided in warding off stiff competition from cheaper mining equipment manufacturers, especially in the dump truck, tipper, and wheel loader segments.

Rubber Processing Machinery Business (RPM)

The demand for tyre-making machinery is directly correlated to the growth momentum in the automobile, agriculture, and mining sectors.

The global automotive industry has been weighed down by slow consumer spending, high interest rates, and supply chain disruption. Technological shifts, changes in consumer behaviour, and disruptions in the global supply chain have prompted many automobile manufacturers to use innovation and technology to meet these emerging challenges.

The Indian automobile industry has an enormous demand potential, supported by a large consumer base. Further, India is on track to become the largest EV market by 2030, with a total investment opportunity of more than USD 200 billion over the next ten years.

Government measures such as imposing anti-dumping and countervailing duties, as well as promoting domestic manufacturing, have substantially reduced tyre imports from Southeast Asia and China. On the flip side, the increasing cost of raw materials is impacting profit margin, while dependence on imports for certain raw materials continues.

As per the ATMA (Automotive Tyre Manufacturer's Association) report, the domestic tyre industry has made investments of over ₹ 35,000 crore in the last three years, aided by improved efficiency via debottlenecking and fresh capacity creation.

Major Achievements

Construction & Mining Machinery Business (CMM)

- Received the largest order from the Aditya Birla Group in the cement space for the supply of equipment along with a parts maintenance contract for ten years
- Supplied 7000th PC 130 excavator and 11000th PC 210 excavator from Komatsu India Private Ltd (KIPL)
- Reached the milestone of completing 25 years of partnering with KIPL



Off The Road Mechanical Tyre Curing Press



Truck Bus Hydraulic Tyre Curing Press

- Supply of 1000th apron feeder during the year
- The largest limestone crusher, 2000 TPH, was commissioned at JK Cement, Panna
- Received the Best Service Partner of the Year award from Tata Steel

Rubber Processing Machinery Business (RPM)

- Developed and exported the biggest Off The Road (OTR) Hydro Mechanical Tyre Curing Press (HMTCP) to Continental Tyres, Portugal
- Developed and supplied tyre Building Machines to Yokohama, India
- Successfully commissioned the first-ever Hydraulic Tyre Curing Press for Bridgestone, USA

Product Development Centre (PDC)

- The PDC, along with LTCEL, designed and developed a solar-powered mobile cart (solar E-cart), which is environmentally friendly uses an alternate power source
- PDC, along with LTCEL, designed and developed Cam Injection Car for the Mumbai–Ahmedabad High-Speed Rail project
- Developed and rolled out prototype of wheel loader, vibratory compactor, excavator, pneumatic tyre roller, and skid steer loader as required under the new CEV-V emission norms

Significant Initiatives

Construction & Mining Machinery Business (CMM)

- Launch of new variants of Komatsu excavators PC81 and PC136
- Introduction of a long-term Machine Care Programme (MCP) of 5 years/12,500 hours for various Komatsu excavator models
- Launch of new Komatsu 3-ton excavator PC35MR 3T and entry into mini excavator segment
- Collaborated with Komatsu India to increase localisation content to a minimum of 50% in their 60T dump trucks
- Introduction of equipment performance system in mining equipment to help customers monitor their entire fleet performance on a daily basis

Rubber Processing Machinery Business (RPM)

- Formation of Manufacturing Engineering & Systems (MES) to achieve uniform processes/practices on the shop floor and enhance safe working conditions
- Model Vendor concept, which ensures the process improvements through structured training programmes on planning, procurement, quality, inventory, tooling, safety, etc., is being extended to vendors



Single Stage Tyre Building Machine

Outlook

Construction & Mining Machinery Business (CMM)

With the Government's continued thrust on investments in infrastructure, the construction activity is expected to pick up pace during the coming year and the construction equipment market is expected to grow by 6%. The development of roads, railways, ports, metro rail projects, airports, irrigation infrastructure, etc., is expected to drive demand in the cement and metal sectors, which, in turn, will create sustained demand for excavators, dump trucks, dozers, and other road construction and mining equipment. The business plans to strengthen its position in the premium segment by increasing its focus on large contractors, large irrigation projects, and coal OB (overburden) removal contractors.

In the Parts and Services segment, the business plans to capture a higher market share by providing long-term service contracts to its customers. Further, various sales promotion activities are being organised to improve the sale of parts.

Rubber Processing Machinery Business (RPM)

The global tyre demand is likely to be robust, and tyre companies are poised for investments in selected segments.

New raw materials and design technologies will enable tyre makers to increase revenue despite challenging market conditions. According to Smithers' 'The Future of Global Tyres to 2028', the tyre market is expected to record a CAGR growth of 5.2% over the next five years to reach USD 337 billion in 2028.

For India, ICRA has forecasted a CAGR growth of 6-9% across automotive segments over the medium to long-term. Supporting underlying factors such as rising per capita income, moderate interest rates, favourable policy environment, and improving infrastructure are factors expected to aid demand.

The business has a great advantage as compared to the European competitors due to its wide product range across all segments and also being a market leader in machinery for the Off-The-Road, Agriculture, and Mining sectors. In addition, the wide acceptance of new-generation Hydraulic Curing Presses by the global tyre majors has further strengthened the business position with a continued focus on maintenance contracts, value-added programming services, and upgradation kits as per customer requirements.



Special Projects Cell at L&T Valves Kancheepuram, Tamil Nadu

L&T Valves Limited

Overview

L&T Valves (LTVL), a wholly-owned subsidiary of L&T, is a leader in flow control solutions with a global customer base. The business leverages sixty-plus years of manufacturing excellence to serve key sectors such as oil & gas, defence, nuclear & aerospace, power, petrochemicals, chemicals, water, and pharmaceuticals across the globe. LTVL manufactures a wide range of products such as Gate, Globe, Check, Ball, Butterfly, Double Block Bleed Valves, and automation solutions. The portfolio includes products monogrammed API600, API594, API6D, API609 & API603, valves with CE, ATEX, and Safety integrity level (SIL) certifications, as well as IoT-ready digital solutions. With a large installed base across countries, L&T Valves also runs a global aftermarket business to support its customers in valve repair and rectification services, onsite training, project management consulting, and maintenance contracts.

The business has a global manufacturing presence with a state-of-the-art facility in Kancheepuram (Tamil Nadu, India) and two facilities set up in the USA and Saudi Arabia through its wholly-owned subsidiaries. In addition, the business has its own internal engineering department and a research and development centre staffed with a technically empowered team. LTVL's products demonstrate safety, reliability, and quality for diverse industries.

Business Environment

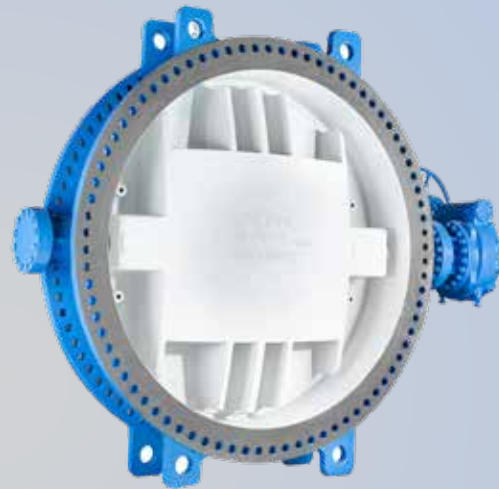
Investments continued in the oil and gas sector in the International and Indian markets, which led to higher demand for valves. This demand growth was mainly driven by rising global energy consumption and geopolitical tensions, leading to higher spending in oil & gas exploration and production activities. The shift towards cleaner energy sources like Liquefied Natural Gas (LNG) created additional demand for valves used in its transportation, storage, and regasification. The rapidly evolving Green Hydrogen market aids the demand for specialised valves.

During the financial year, the business witnessed challenges in terms of the Red Sea shipping crisis, which has disrupted global trade and supply chains. Stringent environmental and safety regulations also posed challenges for the manufacturers in meeting compliance standards.

The market for industrial valves is characterised by significant fragmentation. With an increased focus by customers on faster deliveries and lower costs, the market environment is highly competitive. However, given the geographical spread of its demand base, channel and product expansion strategies, the company has established a good reputation amongst its peers.



Large-size Triple-offset Butterfly Valve supplied to a greenfield refinery project



One of the 40 large-size valves installed at a major lift irrigation system

Outlook

The business is closely monitoring key demand indicators such as crude oil prices, capacity additions across industries, client leverage and liquidity, project CapEx spending, GDP trends, and environmental regulations in the relevant geographies.

The global valve industry in oil & gas and petrochemicals faces a dynamic future shaped by a mix of challenges. These include the introduction of the Inflation Reduction Act (IRA) by the US government, 'Panchamrit' by the Indian government to increase the non-fossil fuel capacity, and targets undertaken by various other countries towards Net Zero emission, impact investments in exploration and production, and oil prices, leading to demand volatility for valves. The oil & gas sector is responding to these regulations by way of enhanced investments in LNG and Carbon Capture and Storage (CCS). While renewable energy is key, it might not be able to completely replace fossil fuels in every sector in the medium-term.

Green Hydrogen generation emerges as a viable alternative to reduce emissions where significant investments are currently being made. The Green Hydrogen revolution presents exciting opportunities for the valve industry.

In the Indian market, the business outlook is positive for petrochemicals, water treatment, speciality chemicals, iron & steel plants, and power sectors, in which major investments are expected.

Within the given business environment, the targeted market share gains through a diverse portfolio of products and industries, initiatives focussing on geographical expansion, supply chain resilience, digitisation, operational excellence, and a strengthened aftermarket team. These would help the business build a strong order book whilst delivering higher customer satisfaction in the years to come.