

# L&T snaps up nearly \$4 bn order from Saudi Aramco

## Engineering firm's shares hit new high

AMRITHA PILLAY

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Engineering conglomerate Larsen & Toubro (L&T) has secured a multi-billion-dollar contract from Saudi Aramco, according to informed sources. A West Asian business intelligence website estimated the total value of the order at \$3.9 billion.

According to MEED (formerly Middle East Economic Digest), L&T is one of the three contractors to win different packages for Saudi Aramco's \$10 billion expansion at its Jafurah unconventional gas production project in Saudi Arabia.

L&T has been chosen as the contractor for Package 1, valued at \$2.9 billion, and Package 3, worth \$1 billion, according to the MEED report.

"Aramco has awarded the project to L&T," confirmed a source, although specific project value details were not divulged.

With a combined value of \$3.9 billion (equivalent to ₹32,455 crore at an exchange rate of ₹83.22 per US dollar), this represents one of L&T's largest order wins in recent history in value terms.

To provide context for the magnitude of this latest order win, during the entire three-month period ending June 2023, L&T reported total order wins amounting to ₹65,520 crore.

The Street responded favourably to this news, propelling L&T shares to a new high of ₹2,854.95 in intraday trade on the BSE, closing at ₹2,847.05, a 4.26 per cent increase from the previous day's close, despite the official order announcement still pending. Additionally, for the first time ever, L&T's market capitalisation crossed the ₹4 tril-

## L&T'S MEGA DEAL WINS

▶ JUL '23

C3 package for Mumbai-Ahmedabad high-speed rail

▶ APR '23

Offshore packages from west Asian client

▶ DEC '22

Packages for AM/NS India's expansion

▶ JAN '22

Offshore packages from overseas client

▶ JAN '21

Dual feed cracker unit for HPCL

▶ NOV '20

C6 package for Mumbai-Ahmedabad high-speed rail

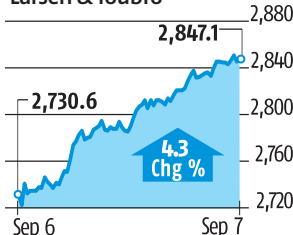
▶ OCT '20

C4 package for Mumbai-Ahmedabad high-speed rail

Note: Mega deals refer to those more than ₹7,000 crore in value

Source: Company announcements

## DEAL BOOST Share price in ₹ Larsen & Toubro



Source: Bloomberg

lion threshold, reaching a high of ₹4.01 trillion in intraday trade before closing at ₹4 trillion. Executives at L&T declined to provide a comment on this development. An email query sent to Saudi Aramco on Thursday remained unanswered at the time of this report. Turn to Page 8 ▶

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## L&T...



Beginning in 2019, L&T ceased disclosing the specific value of its individual order wins, instead categorising them as either 'significant' or 'mega', with mega referring to orders exceeding ₹7,000 crore in value.

In 2023 thus far, L&T has announced two mega category projects: a package for the Mumbai-Ahmedabad high-speed rail corridor and multiple hydrocarbon contracts from an undisclosed West Asian client.

Notable past mega category project wins by L&T include the South West Gas Fields Development Project for Sonatrach in Algeria, the Oil & Gas Subsea Project for Oil and Natural Gas Corporation, expansion projects for ArcelorMittal Nippon Steel India, and other hydrocarbon ventures in Saudi Arabia.

West Asia continues to be a major source of order wins for India's largest engineering company.

As of June 2023, about a quarter of L&T's ₹4.12 trillion order book consisted of projects originating from this region, predominantly in the renewable energy and hydro-

carbon sectors.

## Rupee...

"The RBI was there today (Thursday); that's why it didn't touch 84, otherwise it would have closed near the 84 a dollar level," he added.

However, another section of the market believes that the local currency might top out at the current levels.

"We expect that the USDINR pair should top out near 83.20-25 levels again as domestic fundamentals are still better off, and the RBI can start rescue operations to make the 'U-turn'. Broadly, we believe that the fair value of the rupee is near 82.00 to 82.20 and it could start moving towards the same very soon," Amit Pabari, MD at CR Forex, said.

## India Inc...

By the end of FY21, 235 companies had at least one independent director who had served for more than 10 years. This number dropped to 213 by the end of FY22, and to 198 by the end of FY23. The most recent figure could not be confirmed immediately.

The study on board composition by IiAS has also highlighted issues with large boardrooms. The report notes that 18 companies have board sizes of 15 or more, including firms like Escorts, ITC, L&T, and Dabur. In such cases, the larger board size accommodated family members and promoter representatives, the study observed.

"A board size exceeding 15 complicates reaching a consensus and poses operational challenges. We also discour-