

SEC/PAM/2020

July 22, 2020

The Secretary BSE Limited Phiroze Jeebhoy Towers, Dalal Street, MUMBAI - 400 001 STOCK CODE: 500510	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 STOCK CODE: LT
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Dear Sirs,

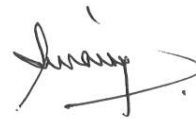
Sub.: Q1/FY21 Analyst Presentation.

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of Analyst Presentation on financials of Q1/ FY21 which will be uploaded on our Investor Website <https://investors.larsentoubro.com/>

We request you to take note of the same.

Thanking you,

Yours faithfully,
for **LARSEN & TOUBRO LIMITED**



**SIVARAM NAIR A
COMPANY SECRETARY
(FCS 3939)**

Encl. as above



Analyst Presentation

Q1 FY21
July 22, 2020



Disclaimer

This presentation contains certain forward looking statements concerning L&T's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and

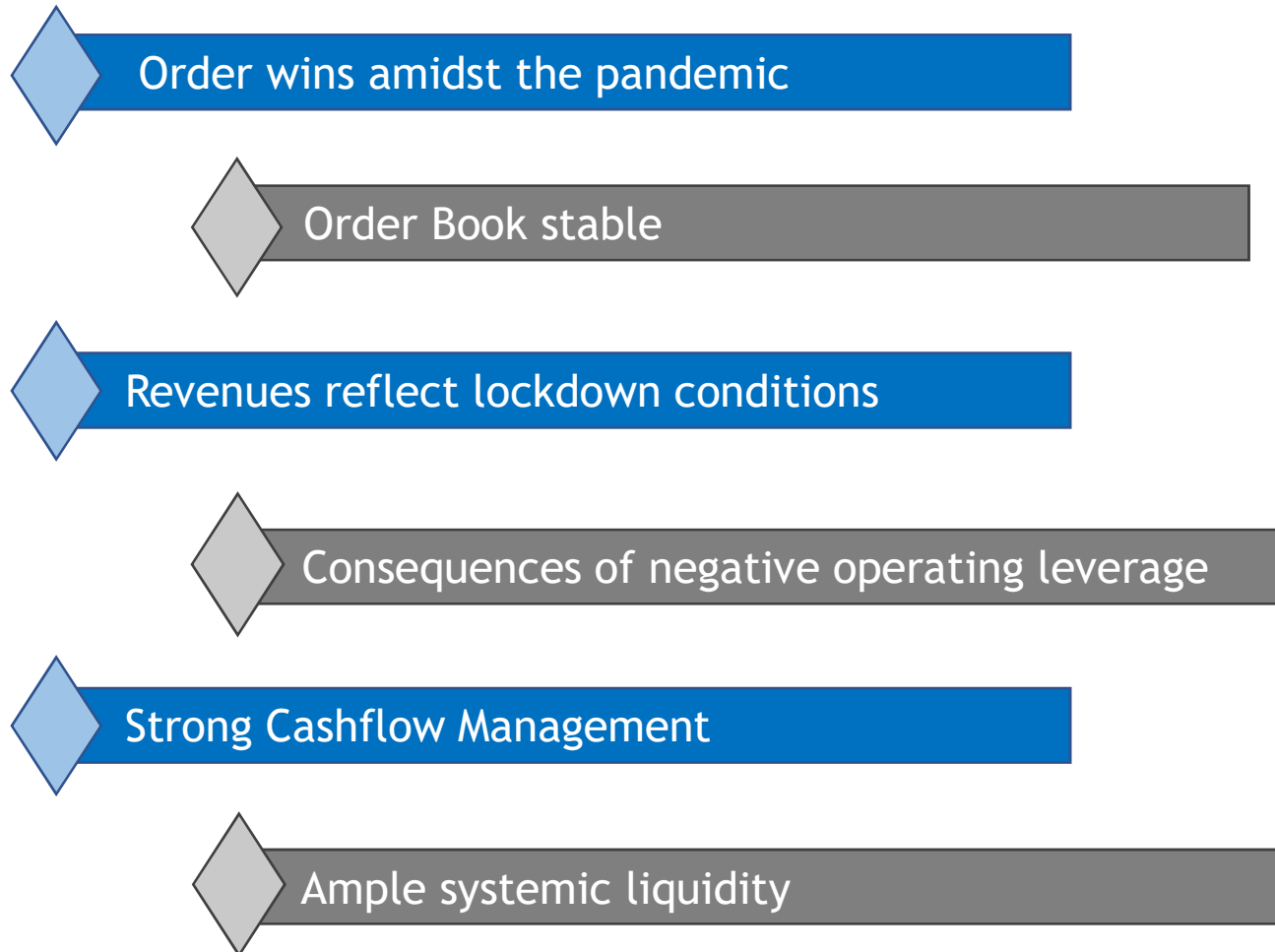
retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

01 Group Performance Highlights



Q1 FY21: An Unprecedented Quarter





Key Financial Indicators

(Amount in ₹ bn)

Q1 FY20	Particulars	Q1 FY21	% Var
387	Order Inflow	236	-39%
2940	Order Book	3051	4%
296	Revenue	213	-28%
31	EBITDA	16	-47%
15	PAT	3	-79%
23.9%	Net Working Capital	26.8%	
15.4%	RONW (TTM) (%)	12.7%	-

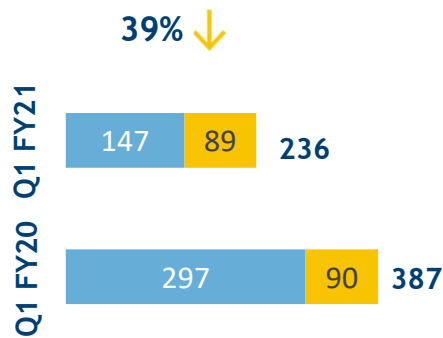
02 Group Performance Summary



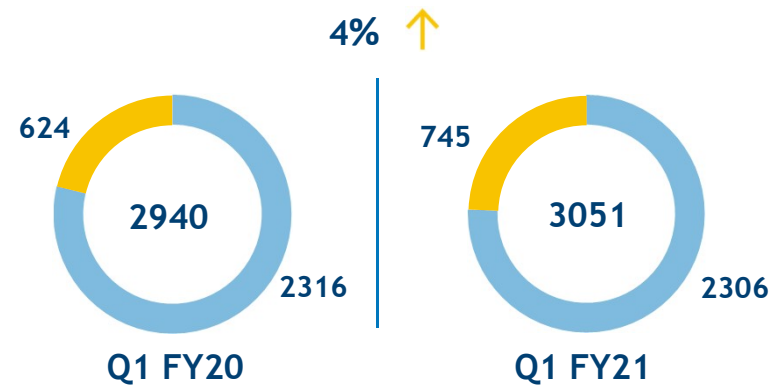
Q1 FY21 Order Inflow/Order Book

(Amount in ₹ bn)

Order Inflow



Order Book



■ Domestic ■ International

- Ordering activity has continued despite pandemic concerns, though with time delays
- Priority for Infra: Sectors like Water, Heavy Civil and Power T&D
- Encouraging prospect pipeline
- Portfolio diversity and dependence on Public capex and PSU investments mitigates cyclicality



Group Performance - Sales & Costs

Rs Billion	Q1 FY20	Q1 FY21	% Var
Revenue	296.4	212.6	-28%
<i>International Rev.</i>	31%	45%	
MCO Exp.	179.4	92.3	-49%
Fin. Charge Opex*	20.8	21.0	1%
Staff Costs	45.5	61.5	35%
Sales & Admin.	20.0	21.5	8%
Total Opex	265.7	196.4	-26%

* Finance cost of financial services business and finance lease activity

- Pandemic shadows Q1 revenues across verticals. IT&TS businesses smoothly transition to WFH model
- MCO expense variation largely due to higher proportion of IT&TS business and cost control initiatives
- Fin charge Opex largely represents borrowing costs of FS business
- Staff cost increase on Mindtree consolidation and resource augmentation in Service businesses
- Higher SG&A charge mainly on credit provisions in Fin. Serv business & Mindtree consolidation; partly mitigated by overhead expense savings



Group Performance - Profit Parameters

Rs Billion	Q1 FY20	Q1 FY21	% Var
EBITDA	30.7	16.2	-47%
Fin. Cost	(5.9)	(10.6)	80%
Depreciation	(4.6)	(6.7)	46%
Other Income	6.3	7.8	22%
Tax Expense	(7.9)	(2.1)	-74%
JV/Associate PAT Share	(1.6)	(1.0)	-38%
Non-controlling Int.	(3.4)	(1.8)	-48%
Discontinued Operations	1.1	0.1	
Recurring PAT	14.7	1.9	-87%
Exceptionals	-	1.1	
Reported PAT	14.7	3.0	-79%

- Finance cost commensurate with increased borrowings and full commissioning of Hyd. Metro
- Higher depreciation charge mainly on account of Mindtree consolidation
- Other income reflective of treasury investment and higher yield
- Share of JV/Associate PAT largely comprises results of IDPL, Power Eqpt. and Forgings JVs
- NCI variation largely due to lower Fin. Serv. profits partly offset by Mindtree consolidation
- E&A business classified as discontinued operations
- Exceptional item represents gains on divestment of wealth management business

03 Segment / Key Subsidiaries



Segment Composition



Infrastructure

Buildings & Factories (B&F)
 Transportation Infra (TI)
 Heavy Civil infra (HC)
 Water & Effluent Treatment (WET)
 Power T&D (PT&D)
 Metall. & Mat. Handling (MMH)



Power

EPC- Coal & Gas
 Thermal Power Plant
 Construction
 Electrostatic Precipitator
 Power Equipment
 Mfg. *



Heavy Engineering

Process Plant Equipment
 Nuclear Power Plant
 Equipment
 Piping Centre & Forgings *



Defence Engineering

Defence
 Aerospace
 Shipbuilding



Hydrocarbon

Onshore
 Offshore



IT & TS

Information Technology
 Technology Services



Financial Services

Rural Lending
 Housing Finance
 Wholesale Finance
 Asset Management



Developmental Projects

Roads / Trans. Line *
 Metros
 Power



Electrical & Automation

Electrical Standard Products
 Electrical Systems & Equipment
 Metering & Protection
 Control & Automation



Others

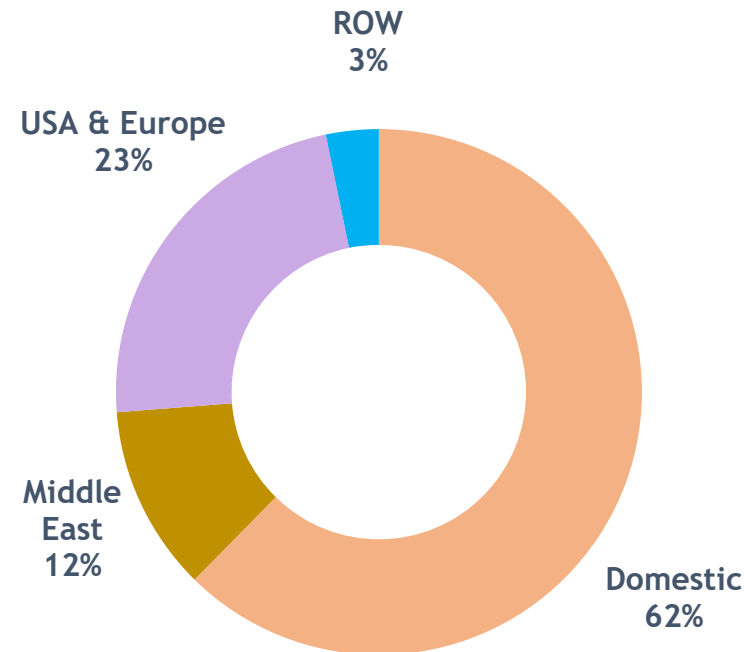
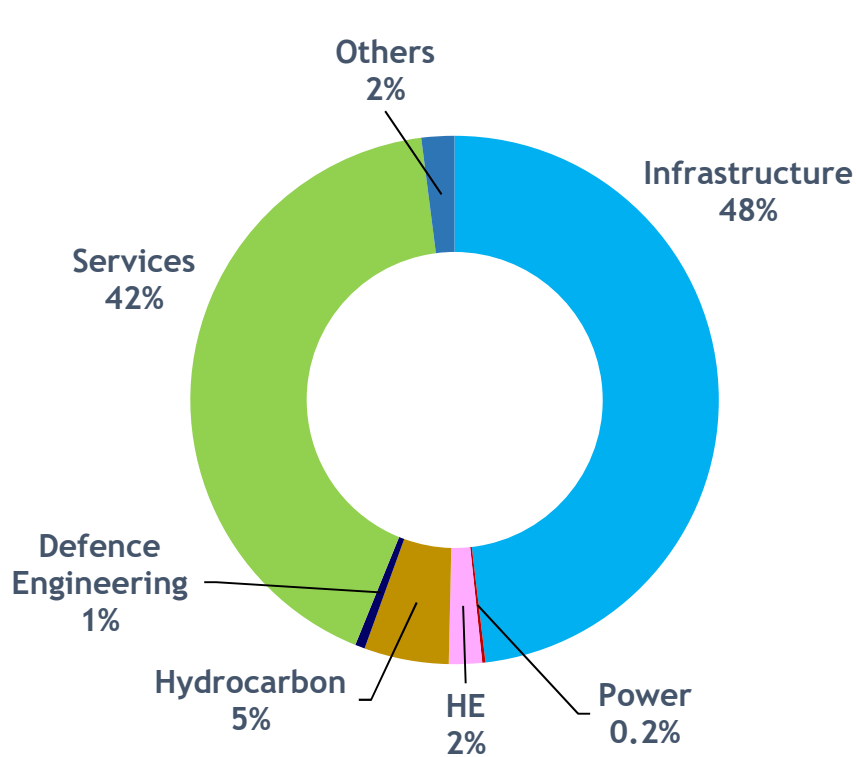
Realty
 Industrial Products & Machinery
 Smart World & Comm.(SW&C)

E&A Segment is classified a discontinued operations and consolidated at PAT level

* Consolidated at PAT level



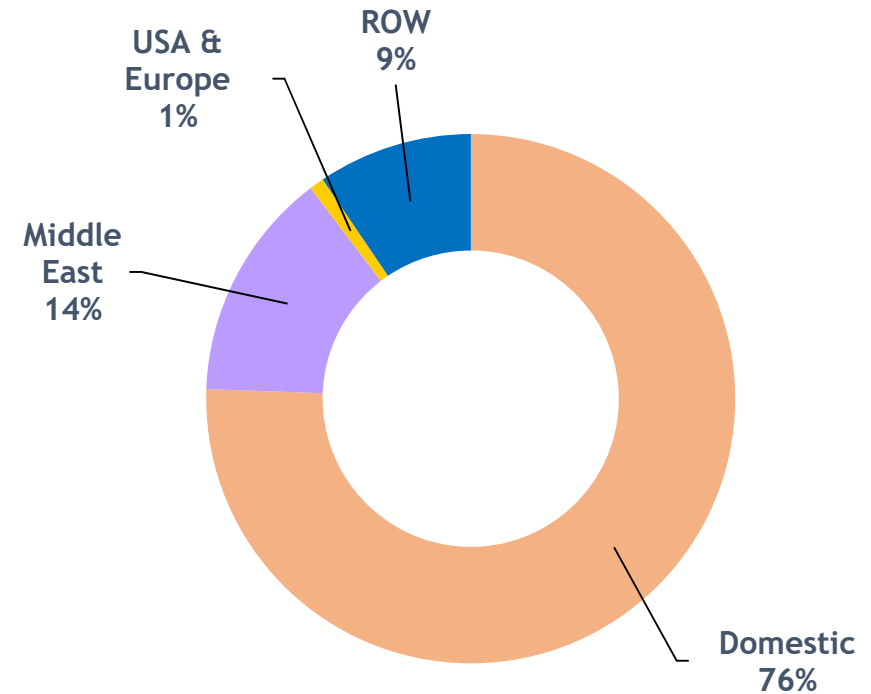
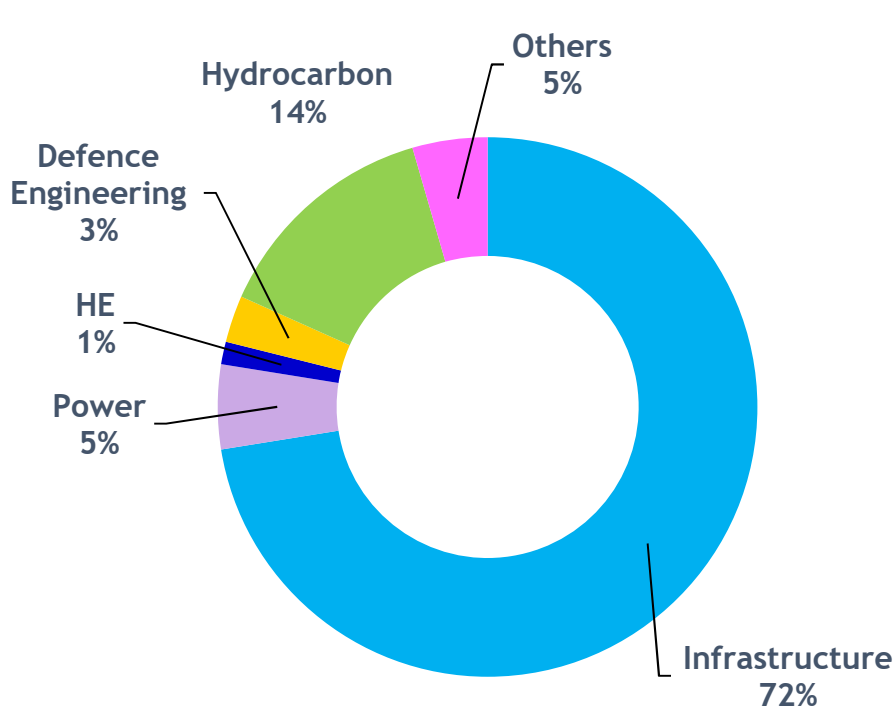
Q1 FY21 Order Inflow Composition



Order Inflow Rs 236 Bn



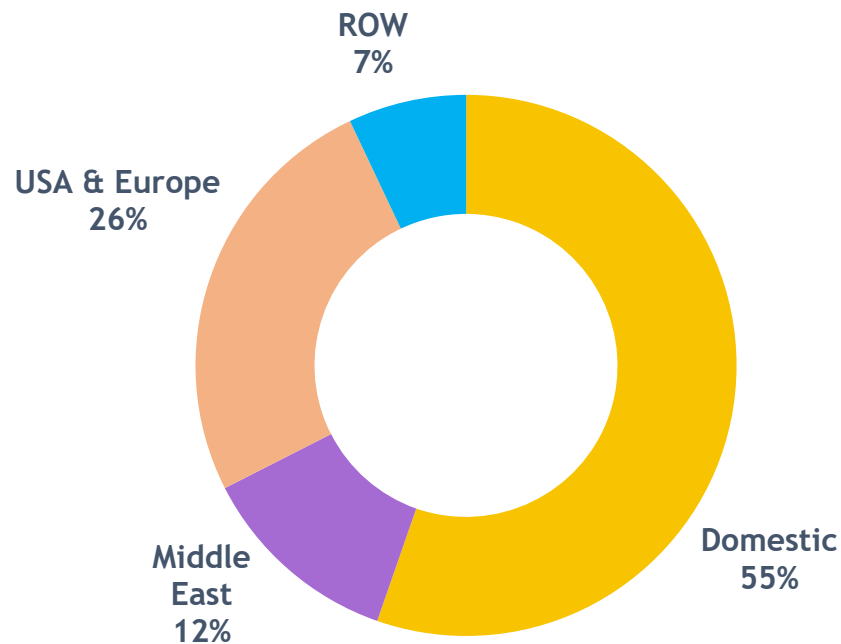
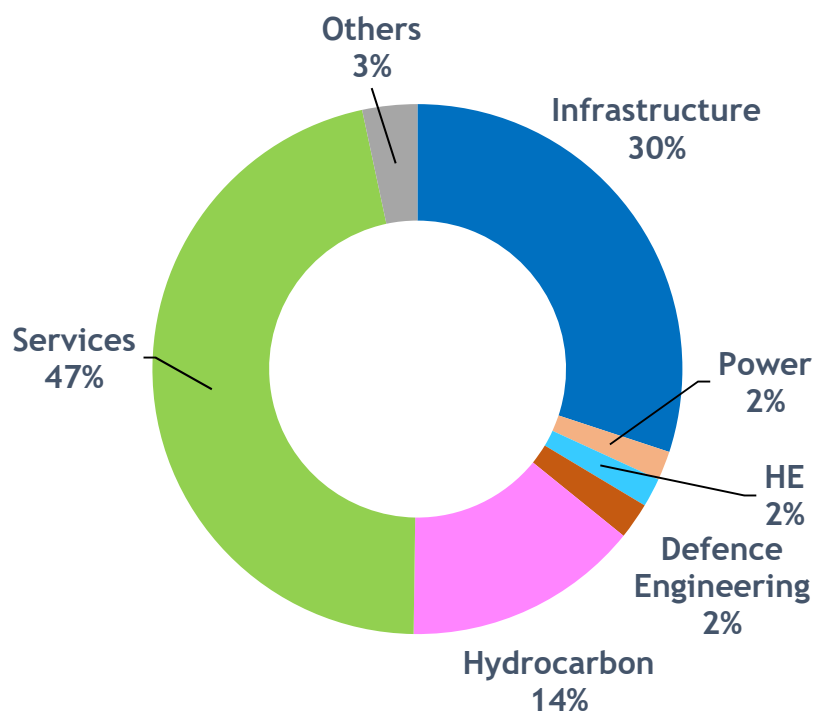
Q1 FY21 Order Book Composition



Order Book Rs 3051 Bn



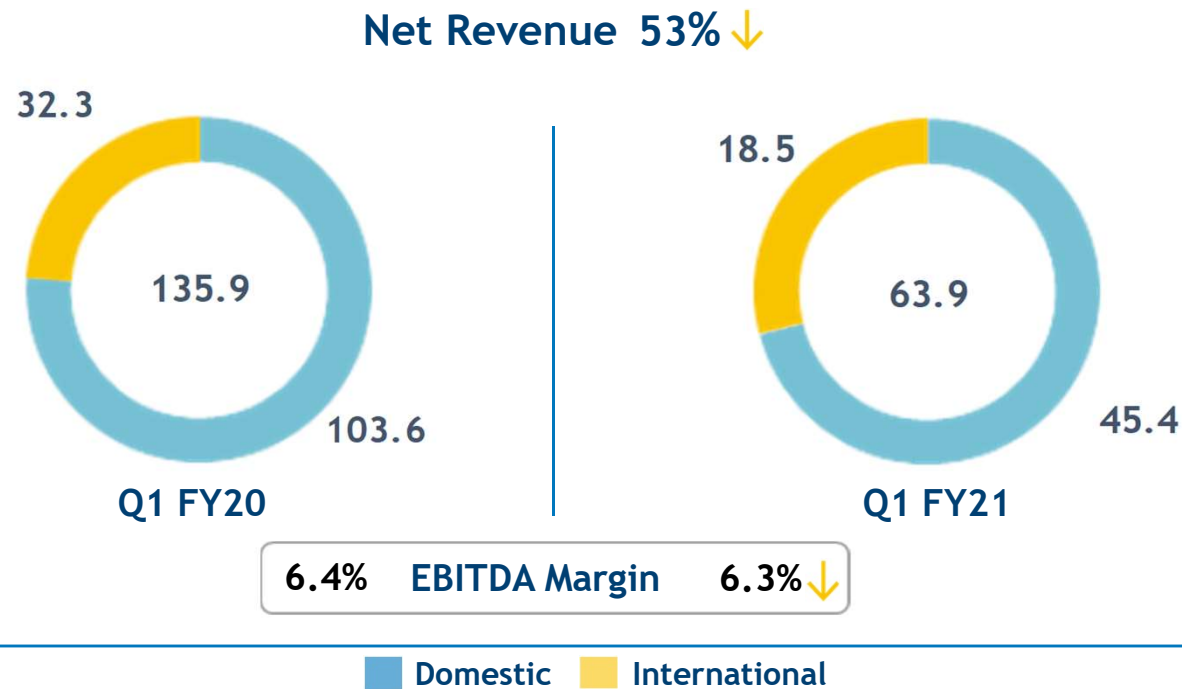
Q1 FY21 Revenue Composition



Revenue Rs 213 Bn

Infrastructure Segment

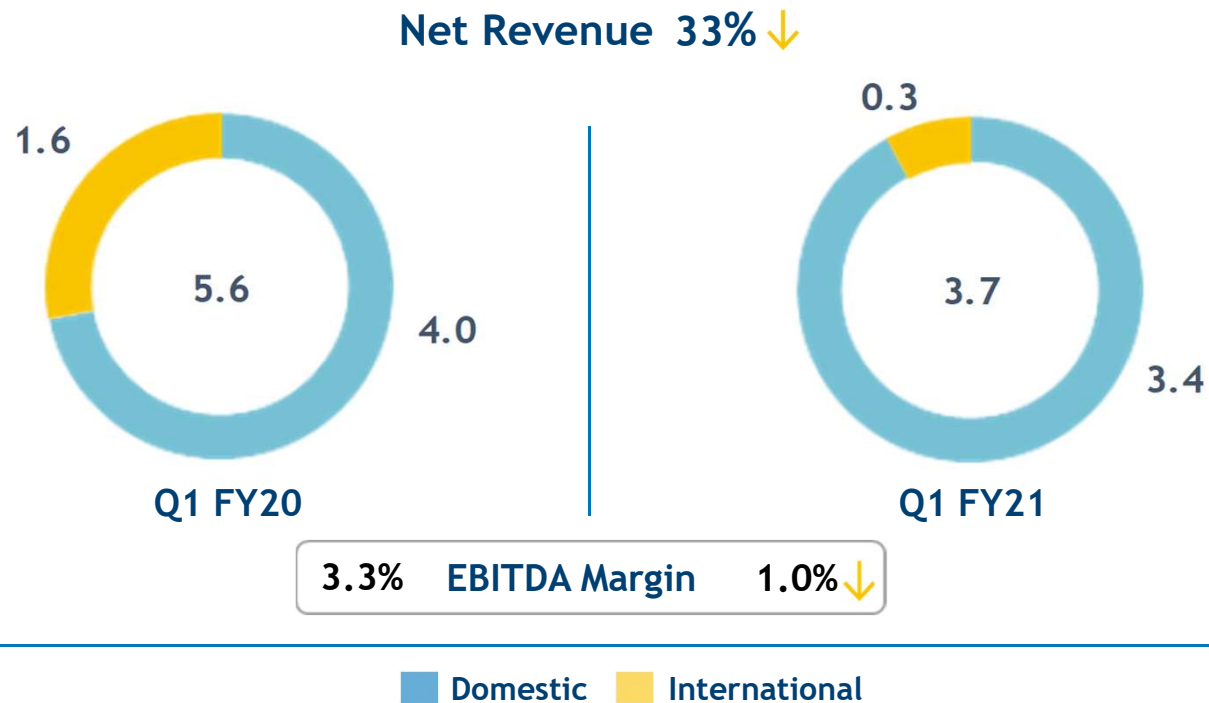
(Amount in ₹ bn)



- Early signs of ordering activity pick-up (both domestic and international)
- Execution hindered by lockdown across all verticals; graded resumption with limited workforce and disrupted supply chain
- Stable margins attributable to favourable input cost and expense control

Power Segment

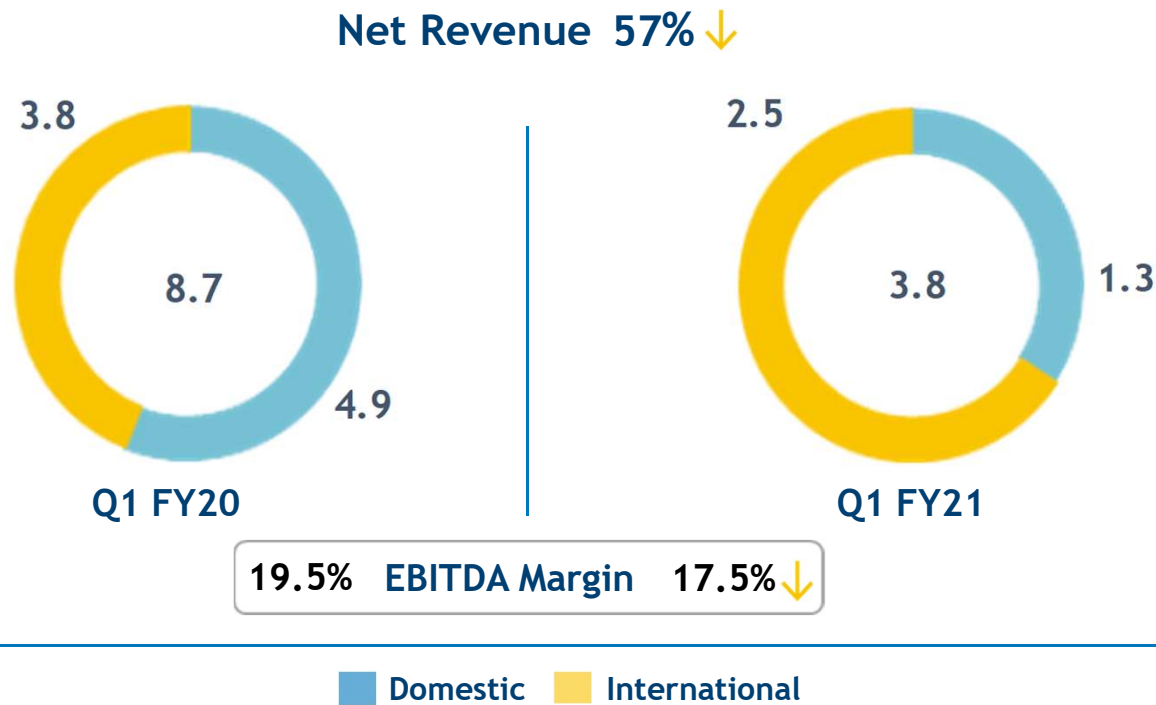
(Amount in ₹ bn)



- No prospects targeted for award in Q1
- Revenue decline reflects gradual resumption of operations during the quarter
- High value orders won last year yet to cross margin recognition threshold
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

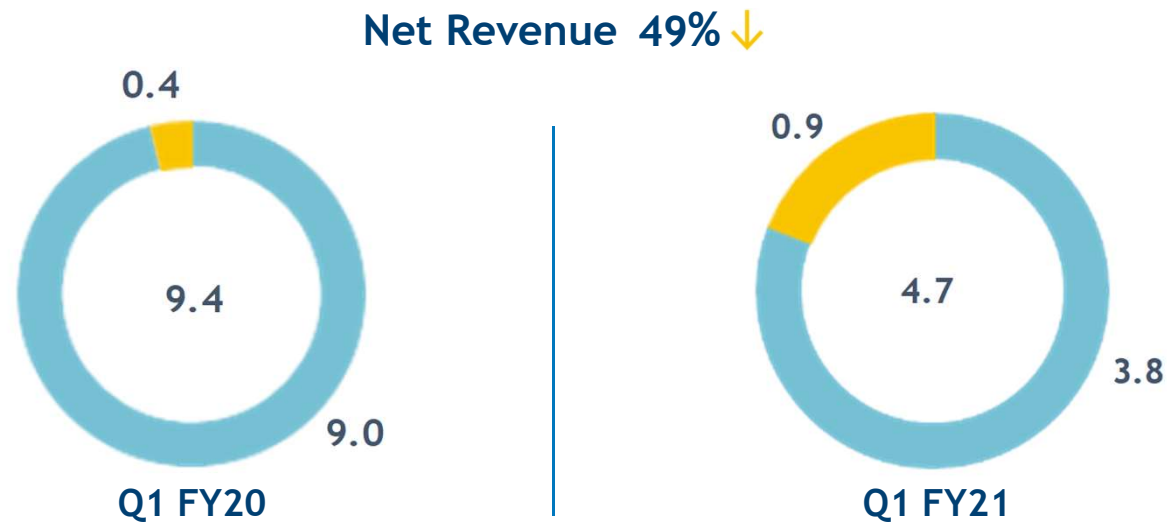
(Amount in ₹ bn)



- Order wins (including international) despite global pandemic
- Phased ramp up constricts revenues for the quarter.
- Margin variation on low capacity utilisation and under recoveries

Defence Engineering Segment

(Amount in ₹ bn)



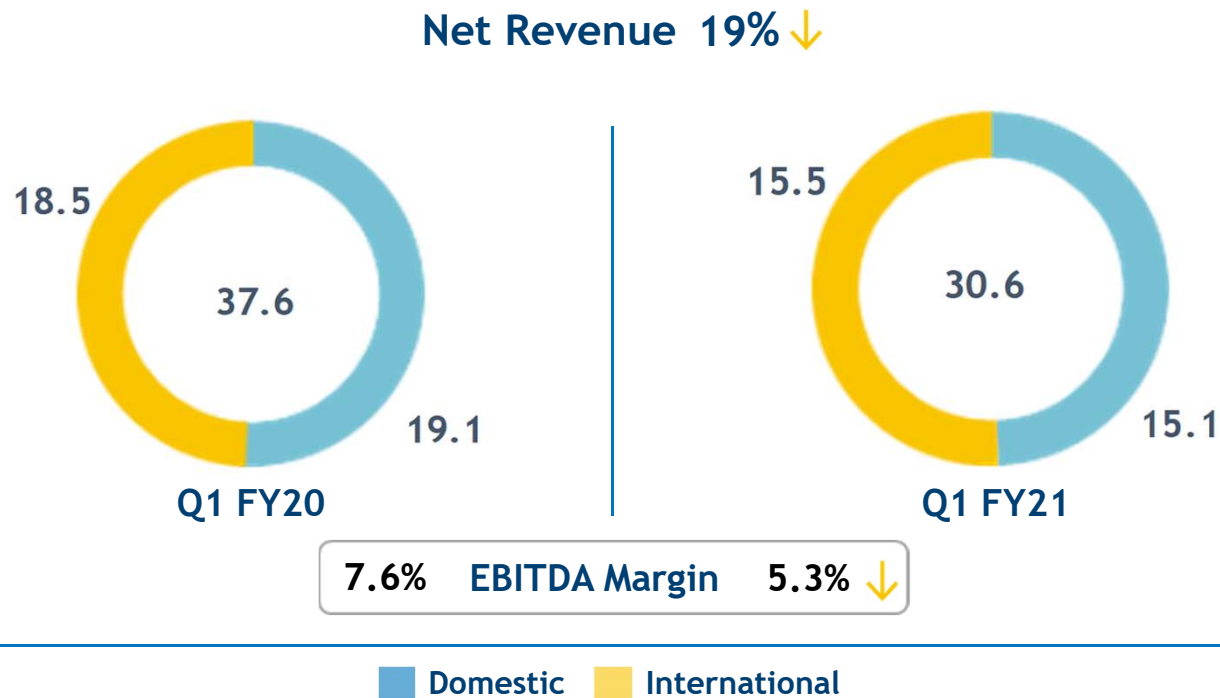
16.6% EBITDA Margin 12.9% ↓

■ Domestic ■ International

- Ordering from MoD getting deferred due to pandemic
- Supply chain constraints hamper execution during Q1
- Margins affected by job mix and under-recoveries

Hydrocarbon Segment

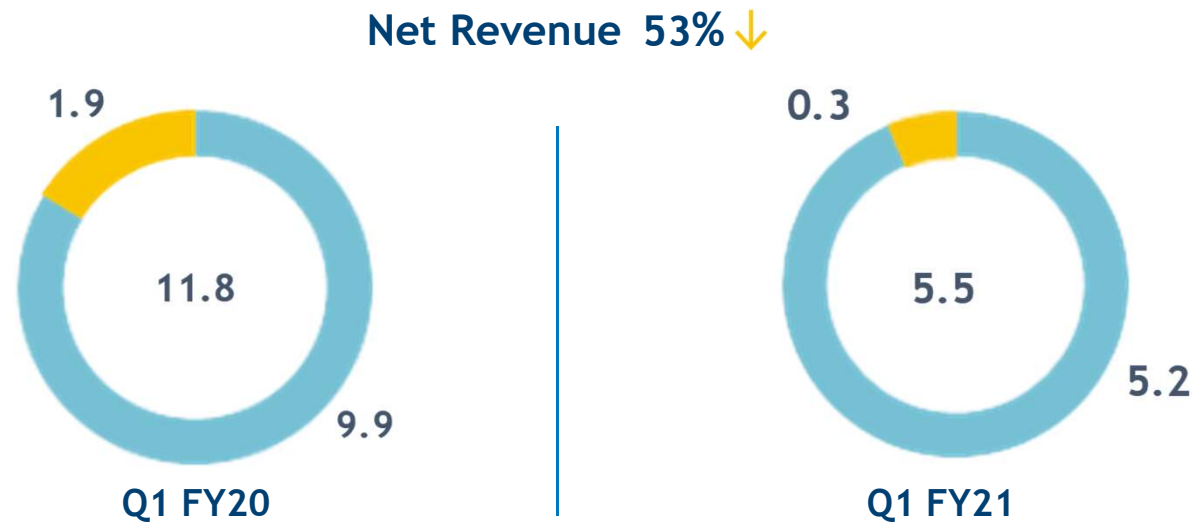
(Amount in ₹ bn)



- Slowdown in order inflows due to depressed oil prices
- Revenue growth impacted by low utilisation at yards and constraints on execution at job sites
- Cost provisions and under-recovery of overheads in a restricted execution environment

Developmental Projects Segment

(Amount in ₹ bn)



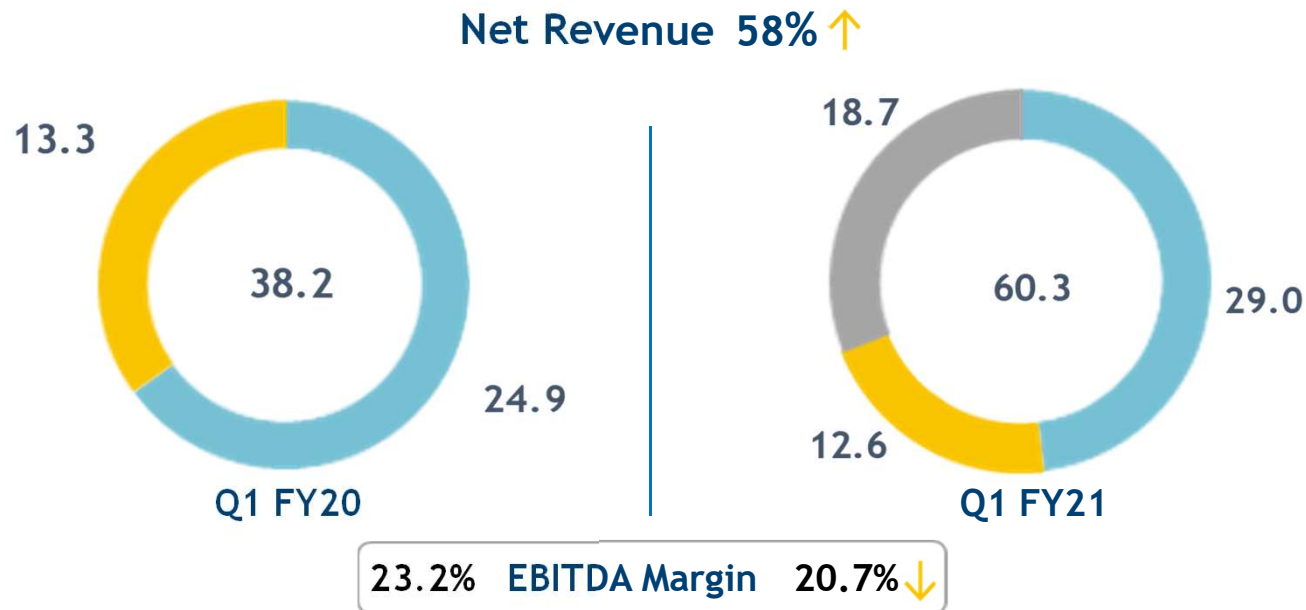
10.0% EBITDA Margin 7.0% ↓

■ Nabha ■ Hyd. Metro

- Segment includes Power Development business (Nabha), Hyderabad Metro
- Roads & TL concessions (housed in IDPL) are consolidated at PAT level under Equity method
- Revenue largely contributed by Power Development Business. Lower power demand during lockdown leads to revenue decline
- Hyd. Metro: Fully commissioned in Feb-2020; Operations remained under lockdown for the entire quarter. Under-recovery of fixed Opex, Depreciation and Interest expenses

IT & Technology Services Segment

(Amount in ₹ bn)

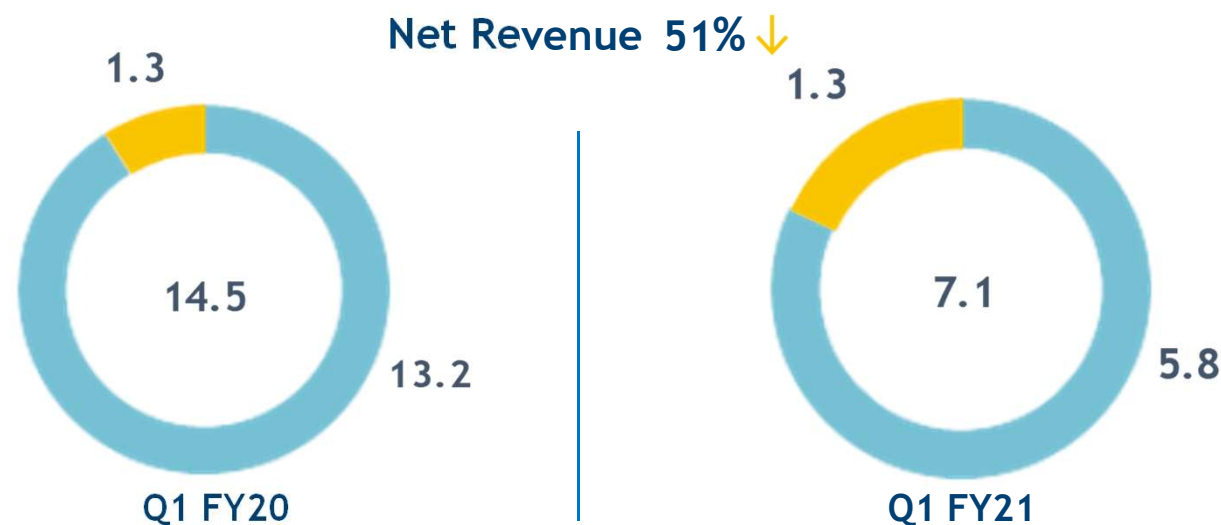


■ IT ■ TS ■ Mindtree

- LTI revenue growth led by Manufacturing, CPG, Retail and Pharma , Energy and utilities and BFS
- LTTS revenue largely contributed by strong growth in Medical devices vertical
- Mindtree revenue growth led by Communications, Media and Technology vertical
- Quick transition to WFH at the onset of pandemic
- Headwinds being seen on pricing and staff furloughs

Others Segment

(Amount in ₹ bn)



19.9% EBITDA Margin 6.7% ↓

■ Domestic ■ International

- Segment comprises Construction & Mining Equipment, Rubber processing Machinery, Industrial Valves, Realty businesses and Smart World & Communications
- Q1 revenues impacted by significantly lower handover in Realty business; Low demand environment impacts Industrial Valves, and Construction & Mining Equipment revenues; SW&C execution affected by lockdown.
- Margin drop due to under-recovery of overheads on low volumes

L&T Finance Holdings Group

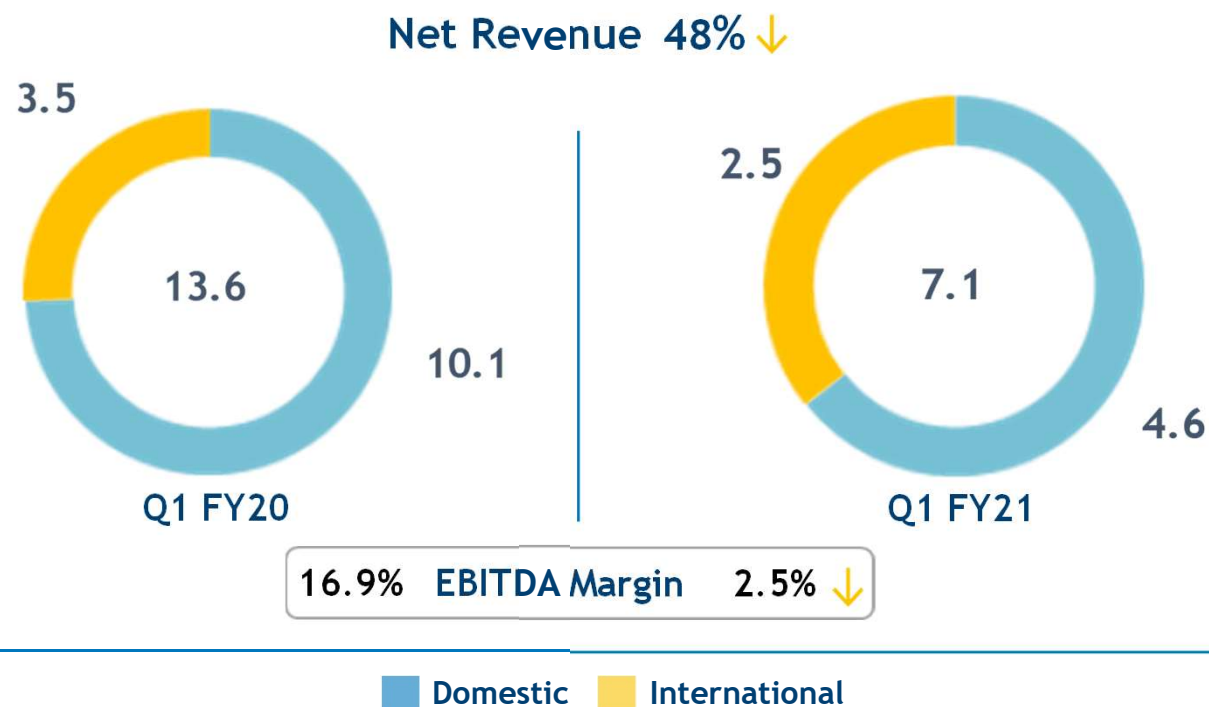
Rs Bn	Q1 FY20	Q1 FY21	% Var
Income from Operations	34.6	32.8	-5%
PAT (Net of NCI)	3.5	0.9	-73%
Mutual Fund Average AUM	735.0	583.6	-21%
Net Loan Book	999.0	988.8	-1%
Gross Stage 3 Assets	5.7%	5.2%	
Net Stage 3 Assets	2.5%	1.7%	
Networth	139.9	148.8	6%

- Strategy revolved around re-commencement of on ground operations, tightening of credit measures, resumption of disbursements and maintenance of liquidity on Balance Sheet.
- The business continues its focus on retailisation of the loan book, prudent ALM, improving asset quality and increasing diversity of funding sources
- Increased statutory and macro prudential provisions decreases profits for the quarter; partly mitigated by gains on divestment of wealth management business

Note: Gross Stage 3 Assets include GNPA > 90 DPD + Impaired assets (S4A, SDR, 5:25, etc.) where regulatory forbearances are available + Identified standard assets which are under incipient stress

Electrical & Automation Segment

(Amount in ₹ bn)



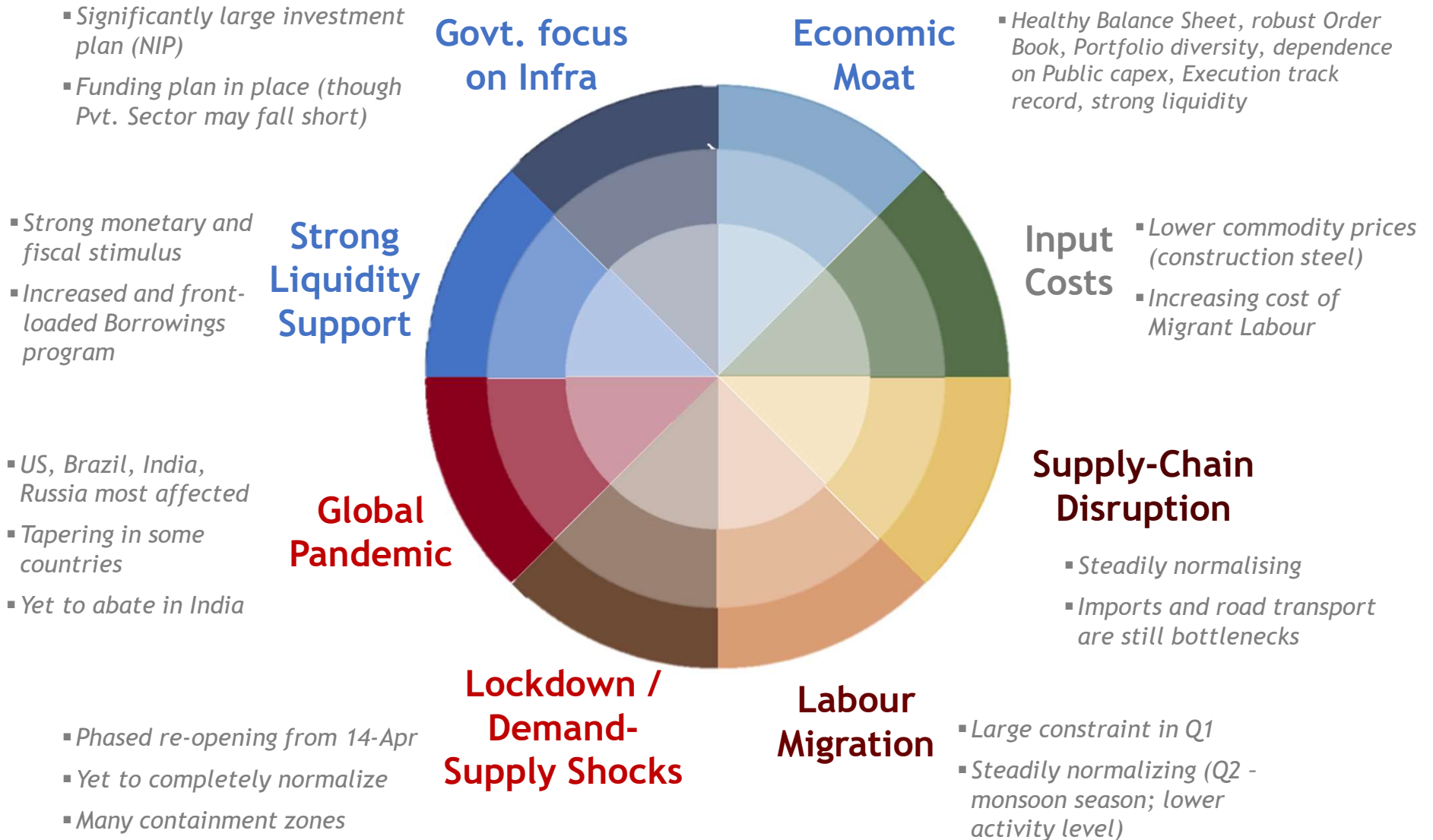
- Sharp contraction in revenues during a lockdown quarter
- Fixed overheads of manufacturing units charged to profits amidst low capacity utilisation

E&A is classified as discontinued operations in Financial Statements

04 The Environment & Outlook



The Environment & the Outlook



Thank You



Turn overleaf for Annexures



Segment Margin

Segment (Rs Cr)	Q1 FY21			Q1 FY20		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Ex-Services business:						
Infrastructure Segment	6393	400	6.3%	13594	873	6.4%
Power Segment	374	4	1.0%	561	18	3.3%
Hydrocarbon Segment	3062	163	5.3%	3763	285	7.6%
Heavy Engineering Segment	378	66	17.5%	874	171	19.5%
Defence Engineering Segment	473	61	12.9%	935	155	16.6%
Other Segment	714	48	6.7%	1449	288	19.9%
Total (ex-services)	11394	742	6.5%	21176	1790	8.5%
Services Business:						
IT, TS & Mindtree Segment	6028	1246	20.7%	3820	888	23.2%
Financial Services Segment	3284	118	3.6%	3462	762	22.0%
Developmental Projects Segment	554	39	7.0%	1178	118	10.0%
Total (Services)	9866	1403	14.2%	8460	1768	20.9%
Total	21260	2145	10.1%	29636	3558	12.0%
EBIDTA to PAT (Q1 FY21)						
Particulars	Financial Services	IT&TS	Dev. Projects	Ex-Services	Corporate	Total
EBIDTA	118	1246	39	743	477	2623
Depreciation, Finance Cost & Tax Expense	29	(557)	(425)	(453)	(579)	(1985)
Non-controlling interest	(53)	(197)	-	9	-	(241)
Share in profit/(loss) of JV and associate	-	-	(62)	(46)	7	(101)
PAT from discontinued operations	-	-	-	-	-	7
Segment PAT as per Advt.	94	492	(448)	253	(95)	303



Balance Sheet

Rs Billion	Jun-20	Mar-20	Incr / (Decr)
Equity & Reserves	675	667	8
Non Controlling Interest	99	95	3
Borrowings - Financial Services	939	939	1
Development Projects	218	202	16
Others	395	269	126
Sources of Funds	2,326	2,173	153
Fixed Assets	154	156	(1)
Intangible Assets & Investment Property	312	314	(2)
Loans towards Financing Activities	910	909	2
Finance lease receivable	88	89	(0)
Net Non-Current Assets	151	153	(1)
Current Investments, Cash & Cash Equivalents	429	278	151
Net Current Assets	257	251	6
Assets held for Sale (net)	24	24	(0)
Application of Funds	2,326	2,173	153
Gross Debt/Equity Ratio	2.01	1.85	



Cash Flow

Rs Bn	Q1 FY20	Q1 FY21
Operating Profit	37.4	17.8
Changes in Working Capital	(67.0)	(4.0)
Direct Taxes paid	(8.7)	(5.0)
Net Cash from Operations (A)	(38.3)	8.8
Net Investment in Fixed Assets (incl. Intangible)	(4.7)	(3.6)
Net (Purchase)/ Sale of Long Term investments	(61.3)	3.4
Net (Purchase)/ Sale of Current investments	39.8	(133.3)
Loans/Deposits made with JV/Associate Cos.	(0.5)	(0.6)
Interest & Dividend Received	3.6	3.4
Net Cash from/(used in) Invest. Act. (B)	(23.1)	(130.7)
Issue of Share Capital / Minority	6.4	0.1
Net Borrowings	87.8	146.3
Disbursements towards financing activities	(12.5)	0.9
Interest & Dividend paid	(8.0)	(9.6)
Net Cash from Financing Activities (C)	73.7	137.7
Net (Dec) / Inc in Cash & Bank (A+B+C)	12.3	15.8



Share in Profit/(Loss) of JVs/Associates

Rs Bn	Q1 FY20	Q1 FY21
MHPS JVs	0.31	0.11
IDPL & Subs.	(1.65)	(0.62)
Special Steels and Heavy Forgings	(0.37)	(0.41)
Others	0.08	(0.09)
Total	(1.63)	(1.01)