

SEC/PAM/2020

October 28, 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.: Q2/H1 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 Q2/H1 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**



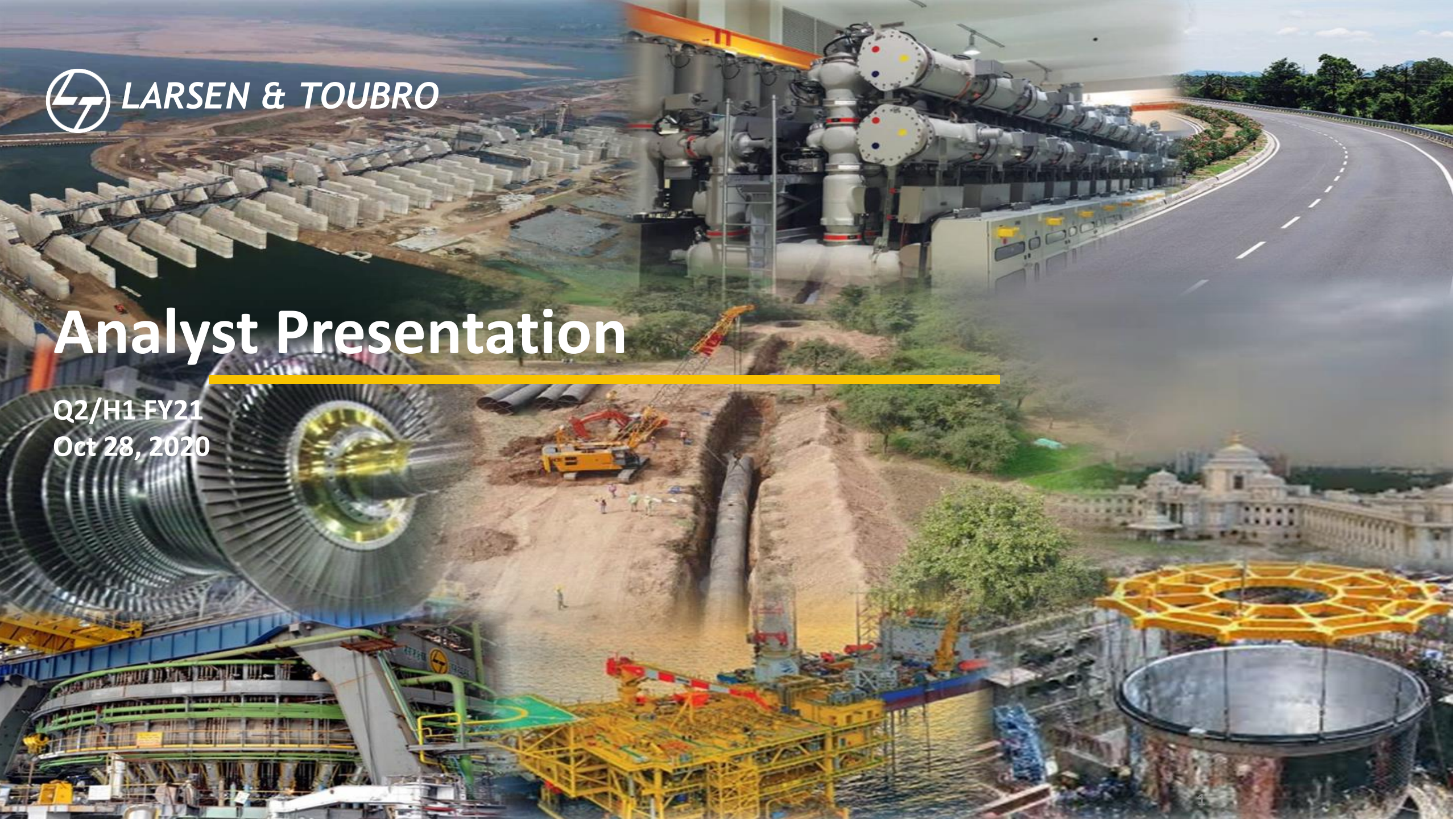
SIVARAM NAIR A
COMPANY SECRETARY
(FCS 3939) 

Encl. as above



Analyst Presentation

Q2/H1 FY21
Oct 28, 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.

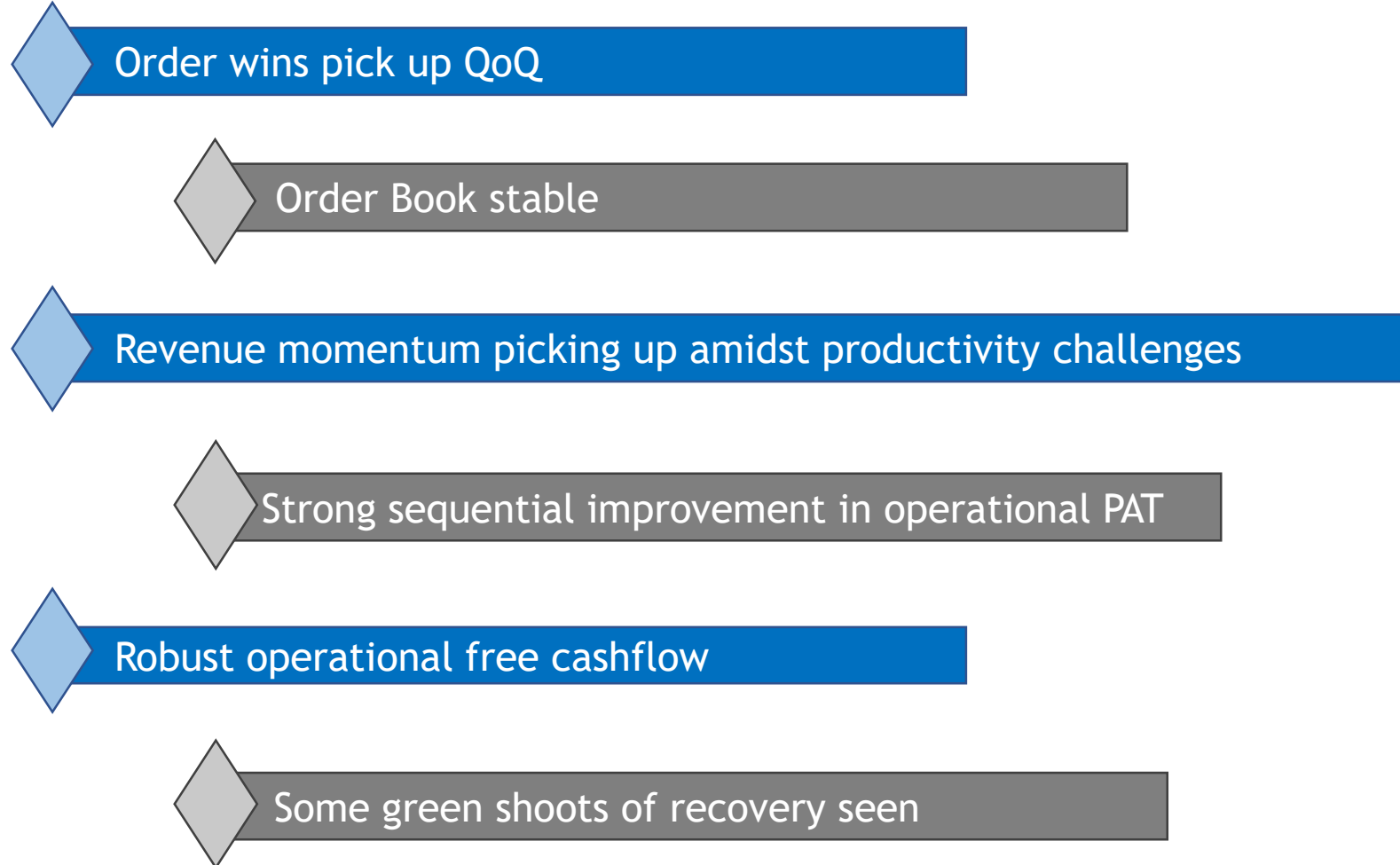
The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.



01 Group Performance Highlights



Q2 FY21: Sequentially strong quarter





Key Financial Indicators

(Amount in ₹ bn)

Q2 FY20	Q2 FY21	% Var	Particulars	H1 FY20	H1 FY21	% Var
483	280	-42%	Order Inflow	870	516	-41%
			Order Book	3032	2989	-1%
353	310	-12%	Revenue	650	523	-20%
40	33	-17%	EBITDA	71	50	-30%
25	55	>100%	PAT*	40	58	46%
			Net Working Capital	23.2%	26.7%	
			RONW (TTM) (%)*	15.8%	16.8%	-

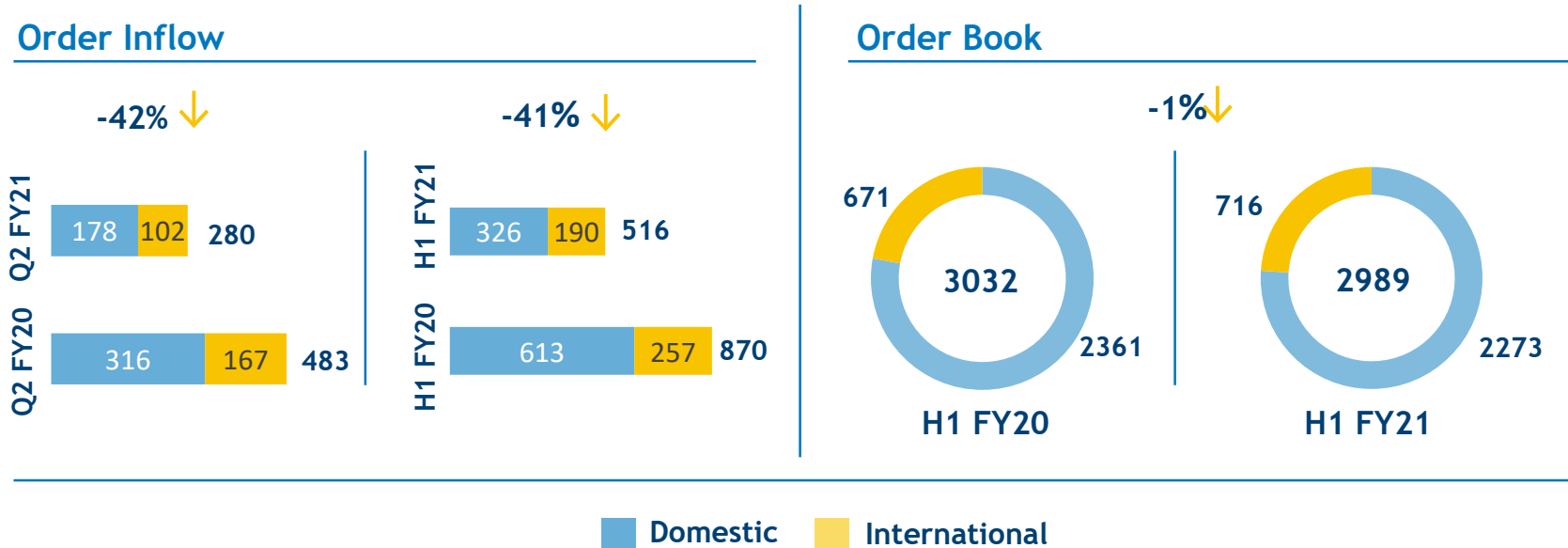
* Includes gain on divestment of Discontinued (E&A) business

02 Group Performance Summary



Q2/H1 FY21 Order Inflow/Order Book

(Amount in ₹ bn)



- Ordering activity in Infra relatively strong despite pandemic concerns, Power Generation and Hydrocarbon muted
- Government focus on key sectors of Water, Power T&D, Metro/RRTS, Railways, Roads and Expressways
- Encouraging prospect pipeline
- Portfolio diversity and dependence on Public Capex investments mitigates cyclicity and reduces credit risk



Group Performance - Sales & Costs

Q2 FY20	Q2 FY21	% Var	Rs Billion	H1 FY20	H1 FY21	% Var
353.3	310.3	-12%	Revenue	649.6	522.9	-20%
34%	39%	-	International Rev.	33%	41%	-
208.6	175.1	-16%	MCO Exp.	388.0	267.4	-31%
20.2	19.8	-2%	Fin. Charge Opex*	41.0	40.9	-0.3%
61.4	60.8	-1%	Staff Costs	106.9	122.4	14%
22.8	21.2	-7%	Sales & Admin.	42.8	42.7	-
313.1	277.0	-12%	Total Opex	578.7	473.4	-18%

* Finance cost of financial services business and finance lease activity

- E&C revenues register strong QoQ growth.
- MCO expense variation largely reflective of job progress, revenue mix and cost control initiatives
- Fin charge Opex largely represents borrowing costs of FS business
- Q2 Staff cost largely flat; resource augmentation in service businesses mitigated by expense reduction in other businesses
- Lower SG&A charge in Q2 on overhead savings partly offset by credit provisions



Group Performance - Profit Parameters


Q2 FY20	Q2 FY21	% Var	Rs Billion	H1 FY20	H1 FY21	% Var
40.2	33.3	-17%	EBITDA	70.9	49.6	-30%
(6.9)	(10.4)	52%	Fin. Cost	(12.7)	(21.0)	65%
(6.3)	(7.1)	13%	Depreciation	(10.9)	(13.9)	27%
6.0	5.6	-6%	Other Income	12.3	13.4	9%
(7.9)	(6.8)	-15%	Tax Expense	(15.9)	(8.8)	-44%
0.4	(0.5)		JV/S&A PAT Share	(1.2)	(1.5)	25%
(2.4)	(3.0)	25%	Non-controlling Int.	(5.8)	(4.8)	-17%
23.1	11.1	-52%	Operational PAT	36.7	12.9	-65%
2.2	81.5		Discontinued Operations	3.3	81.5	
-	(37.3)		Exceptionals (net of tax and NCI)	-	(36.2)	
25.3	55.2	>100%	Reported PAT	40.0	58.2	46%

- Finance cost commensurate with increased borrowings and full commissioning of Hyd. Metro
- Depreciation charge includes impact of Metro capitalisation
- Other income reflective of level of treasury investments and yields earned during the quarter
- E&A business classified as discontinued operations, reflects performance up to 31st Aug 2020 and includes Gains on Divestment
- Exceptional item represents impairment of Forgings JV and Power Development businesses

03 Segment / Key Subsidiaries



Segment Composition

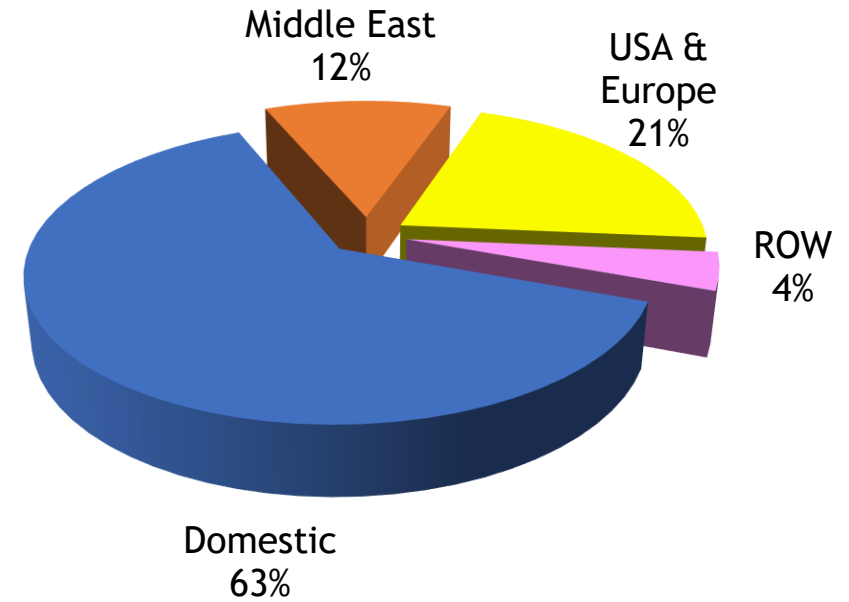
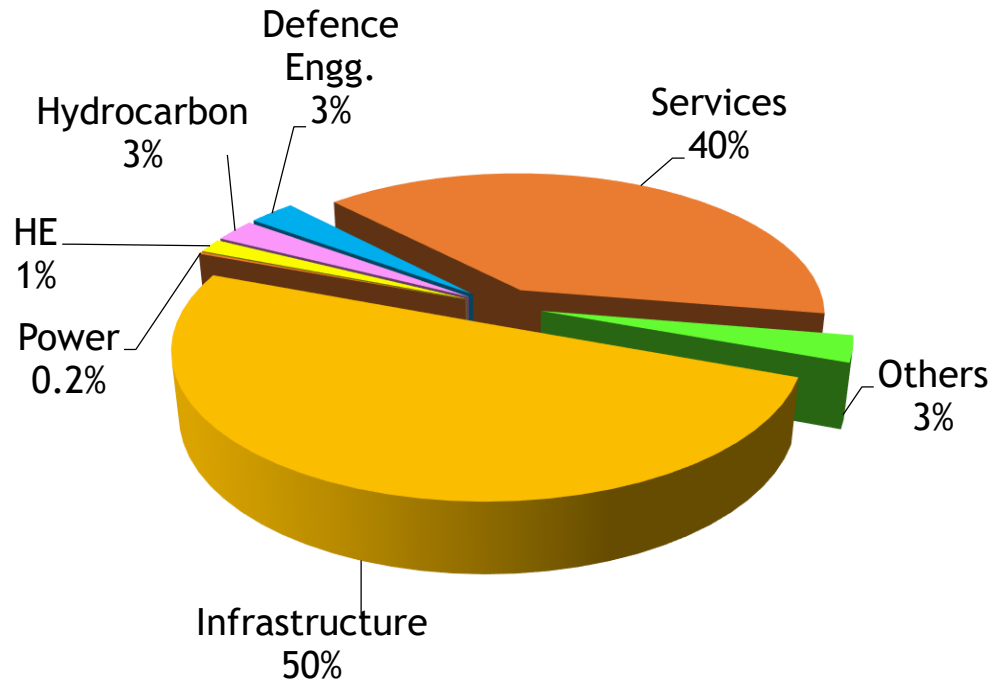
 <p>Infrastructure</p> <p>Buildings & Factories (B&F) Transportation Infra (TI) Heavy Civil infra (HC) Water & Effluent Treatment (WET) Power T&D (PT&D) Metall. & Mat. Handling (MMH)</p>	 <p>Power</p> <p>EPC- Coal & Gas Thermal Power Plant Construction Electrostatic Precipitator Power Equipment Mfg. *</p>	 <p>Heavy Engineering</p> <p>Process Plant Equipment Nuclear Power Plant Equipment Piping Centre & Forgings *</p>	 <p>Defence Engineering</p> <p>Defence Aerospace Shipbuilding</p>	 <p>Hydrocarbon</p> <p>Onshore Offshore</p>
 <p>IT & TS</p> <p>Information Technology Technology Services</p>	 <p>Financial Services</p> <p>Rural Lending Housing Finance Wholesale Finance Asset Management</p>	 <p>Developmental Projects</p> <p>Roads / Trans. Line * Metros Power</p>	 <p>Others</p> <p>Realty Industrial Products & Machinery Smart World & Comm.(SW&C)</p>	 <p>Electrical & Automation</p> <p>Electrical Standard Products Electrical Systems & Equipment Metering & Protection Control & Automation</p>

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

* Consolidated at PAT level



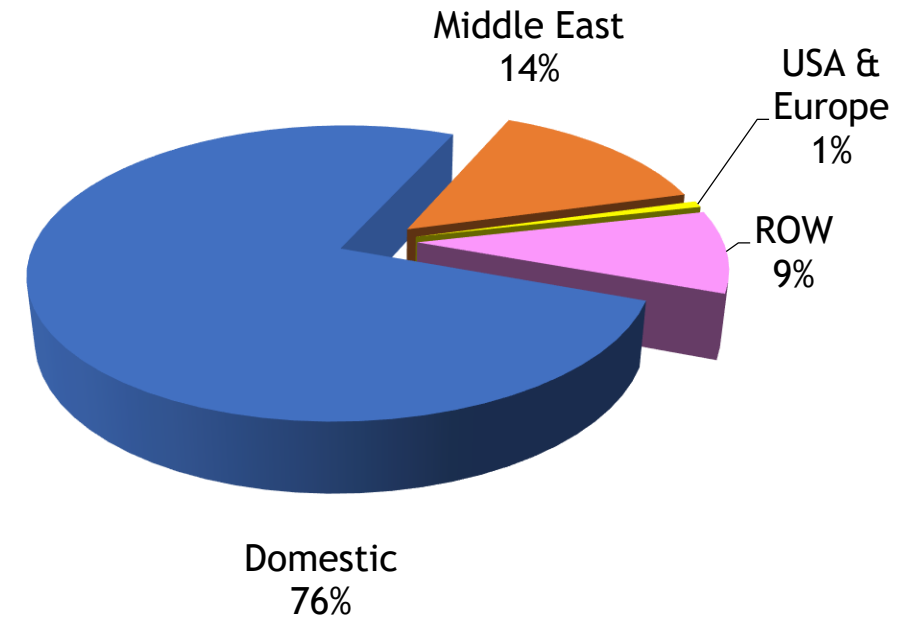
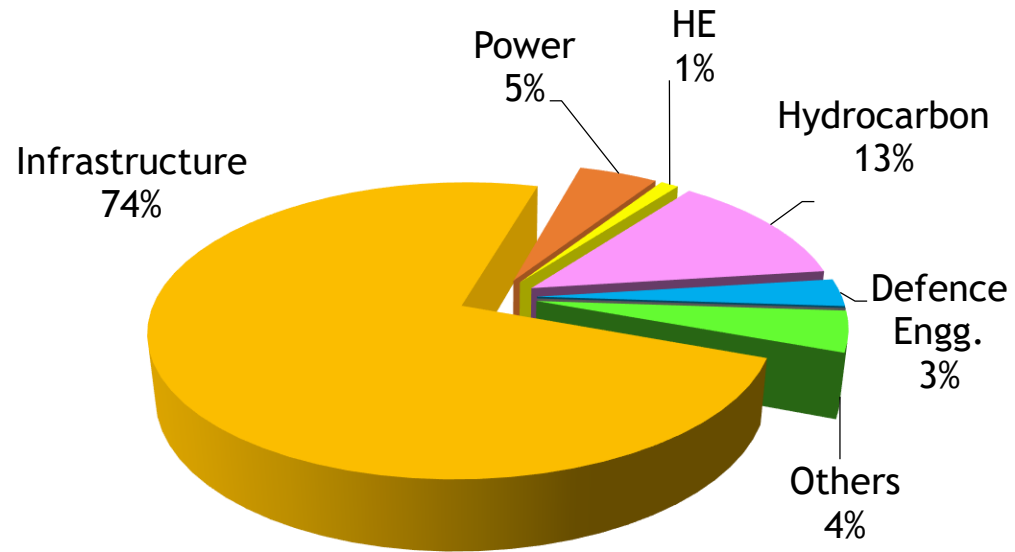
H1 FY21 Order Inflow Composition



Order Inflow Rs 516 Bn



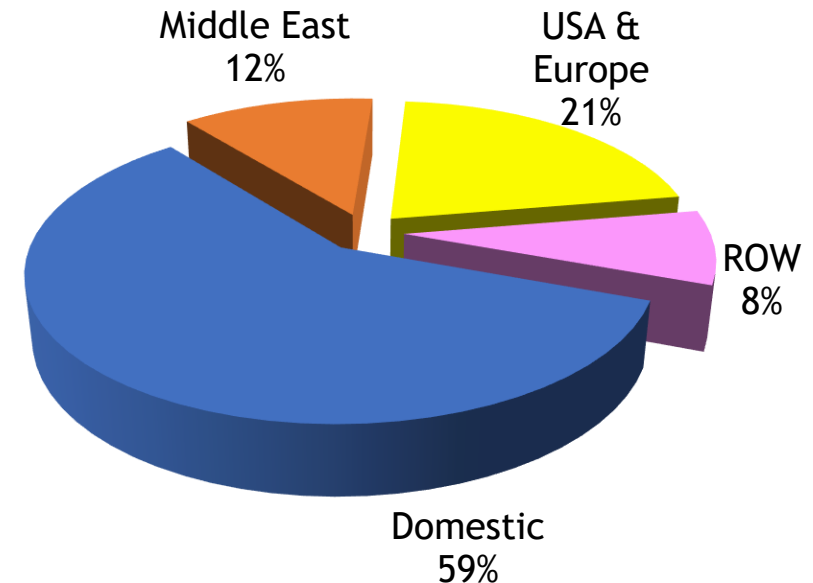
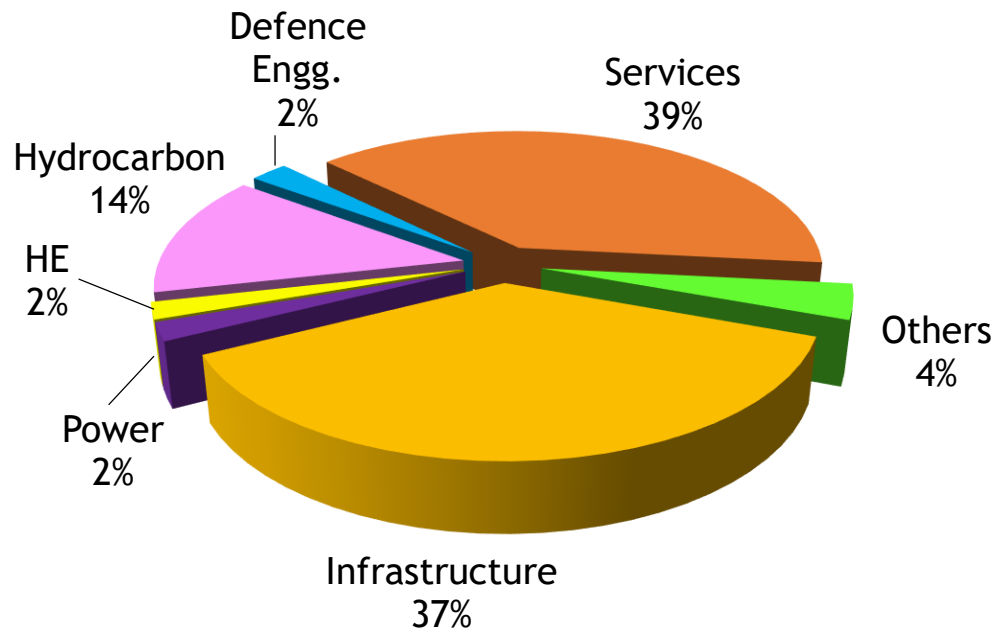
H1 FY21 Order Book Composition



Order Book Rs 2989 Bn



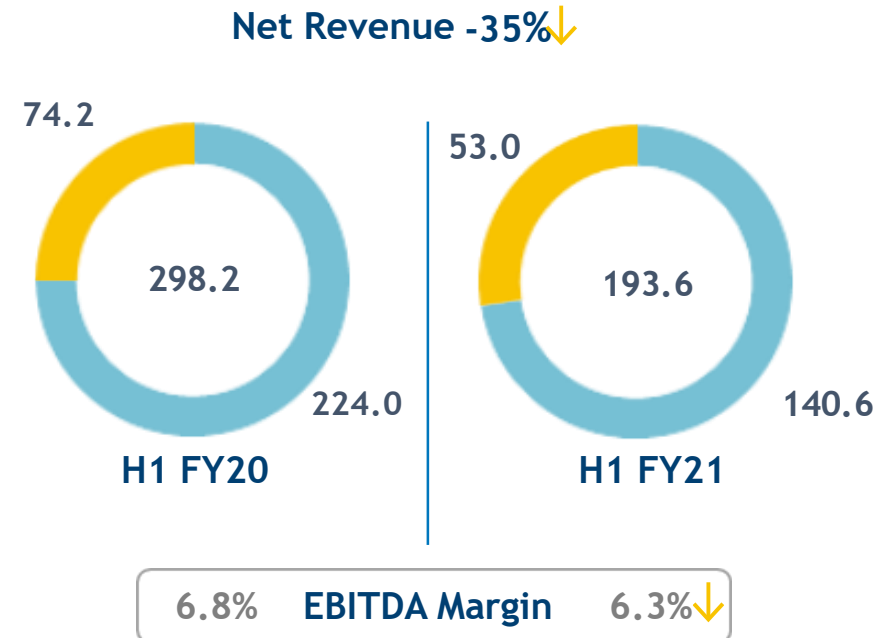
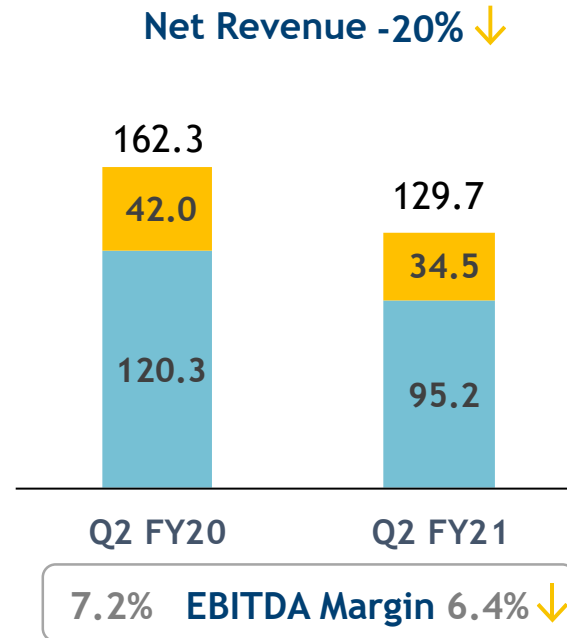
H1 FY21 Revenue Composition



Revenue Rs 523 Bn

Infrastructure Segment

(Amount in ₹ bn)

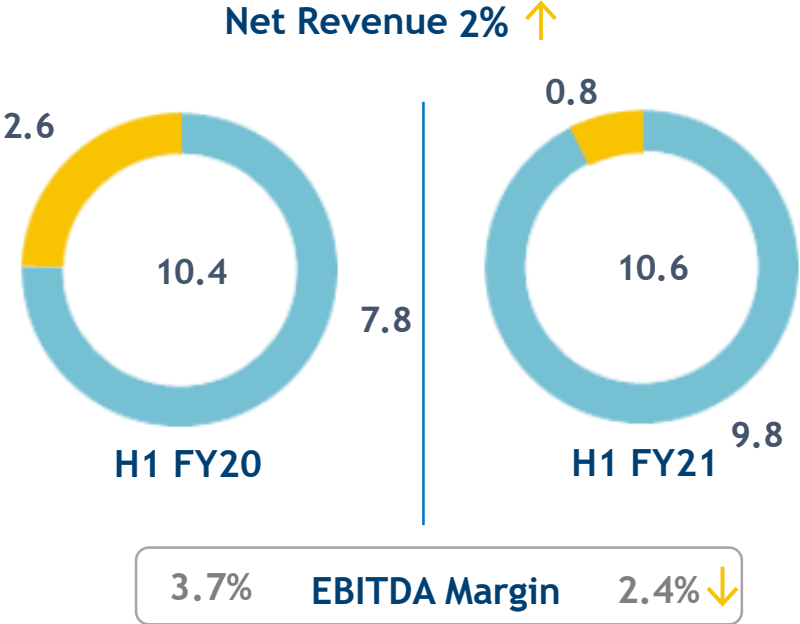
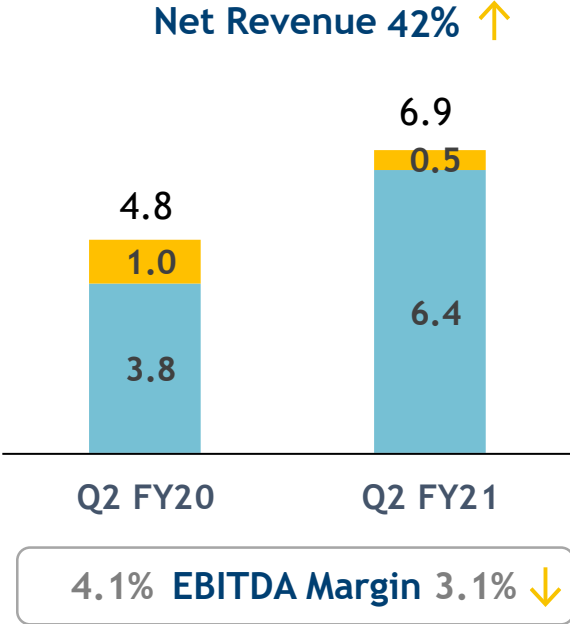


■ Domestic ■ International

- Sequential improvement in ordering momentum in Q2; encouraging prospect pipeline
- Execution picks up in Q2 on the back of higher work force availability and supply chain normalisation;
- Margins affected by productivity challenges and job mix

Power Segment

(Amount in ₹ bn)

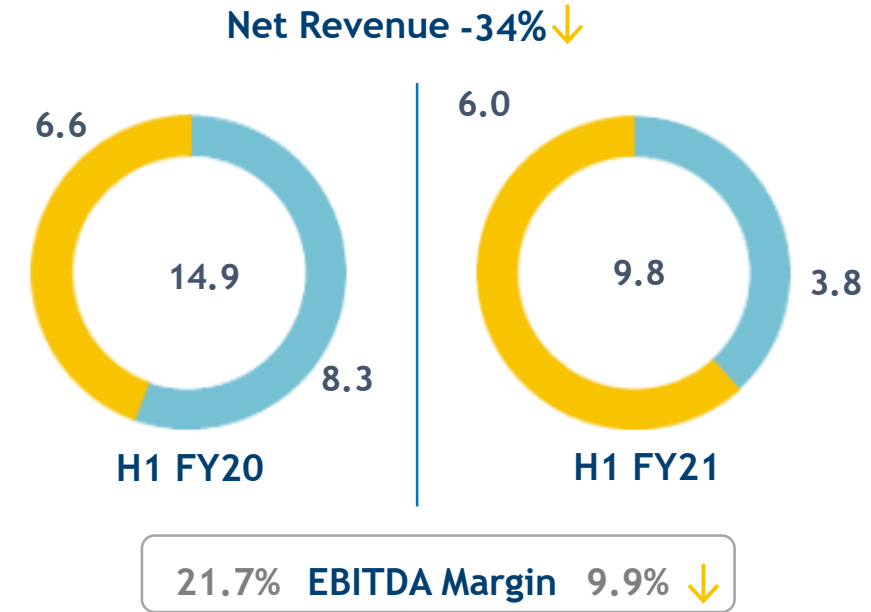
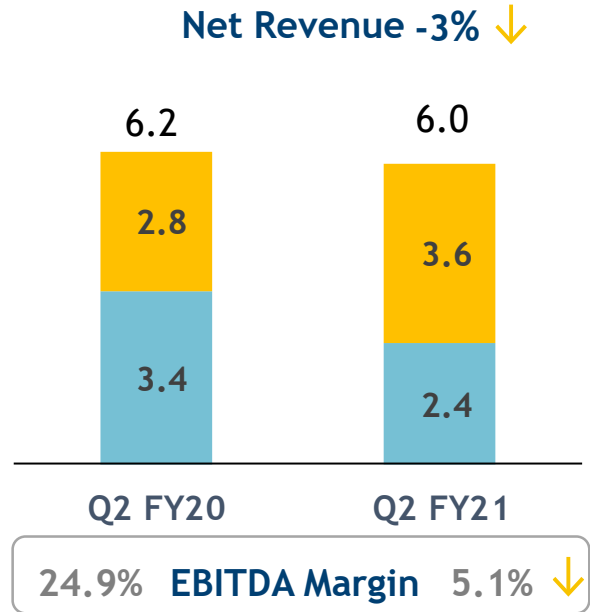


■ Domestic ■ International

- Award deferments seen in H1, healthy opening order book on back of large wins in FY20
- Revenue increase in Q2 driven by large opening order book
- Major part of order book yet to cross margin recognition threshold
- Profits of Boiler, Turbine and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

(Amount in ₹ bn)

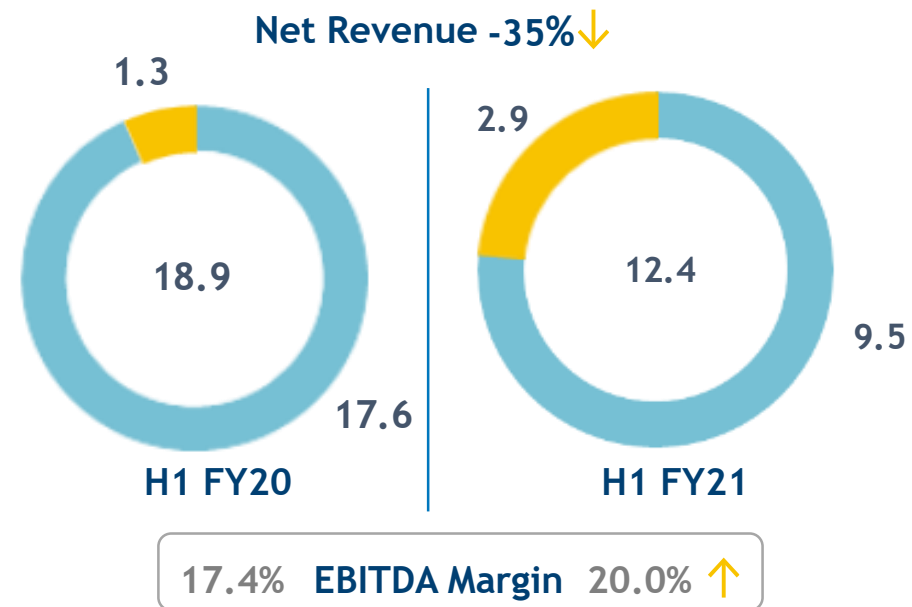
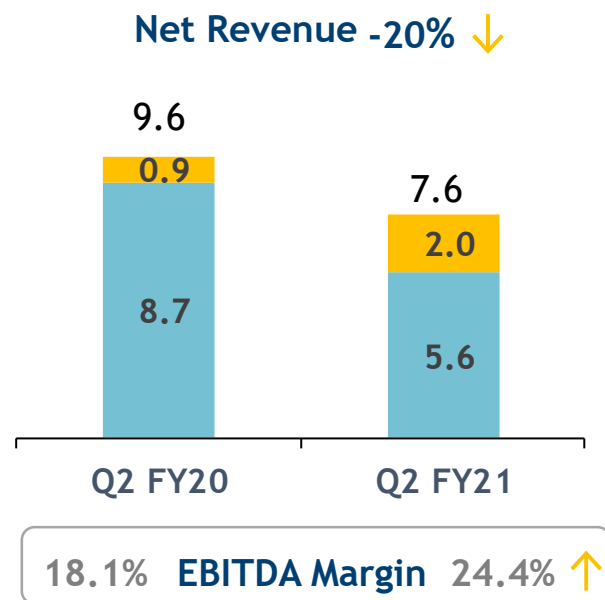


■ Domestic ■ International

- Muted order wins in pandemic environment
- Better capacity utilisation aids revenue recovery in Q2
- Q2 Margin affected by a one-time warranty provision

Defence Engineering Segment

(Amount in ₹ bn)

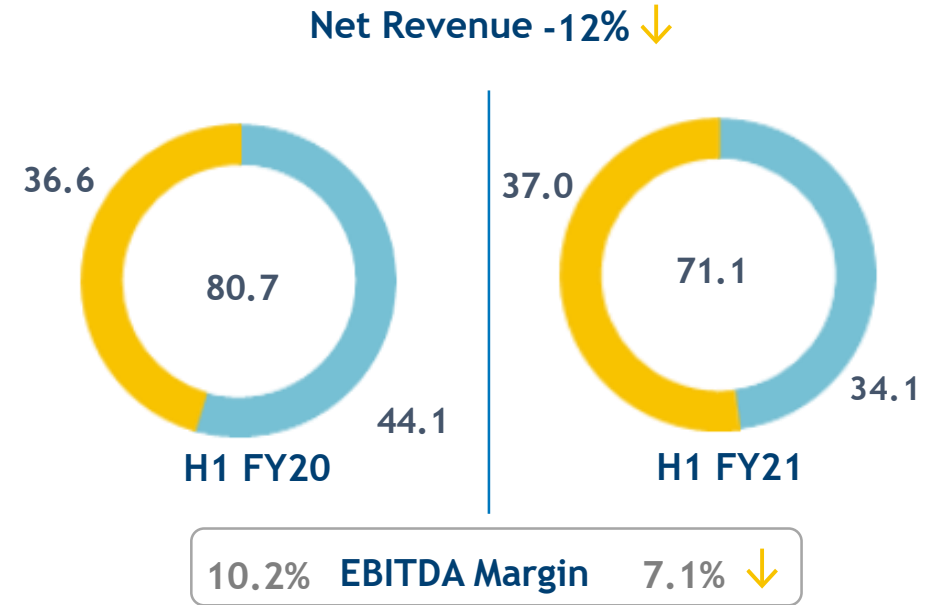
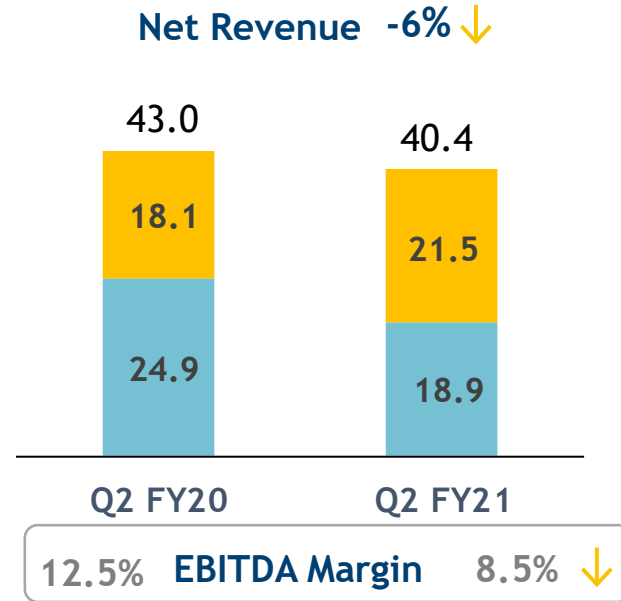


■ Domestic ■ International

- Significant order win in current year replenishes opening order book
- Recent policy pronouncements encouraging for domestic industry; implementation over course of time
- Revenue decline consequent on tapering of a large order
- Margins reflective of Job mix

Hydrocarbon Segment

(Amount in ₹ bn)

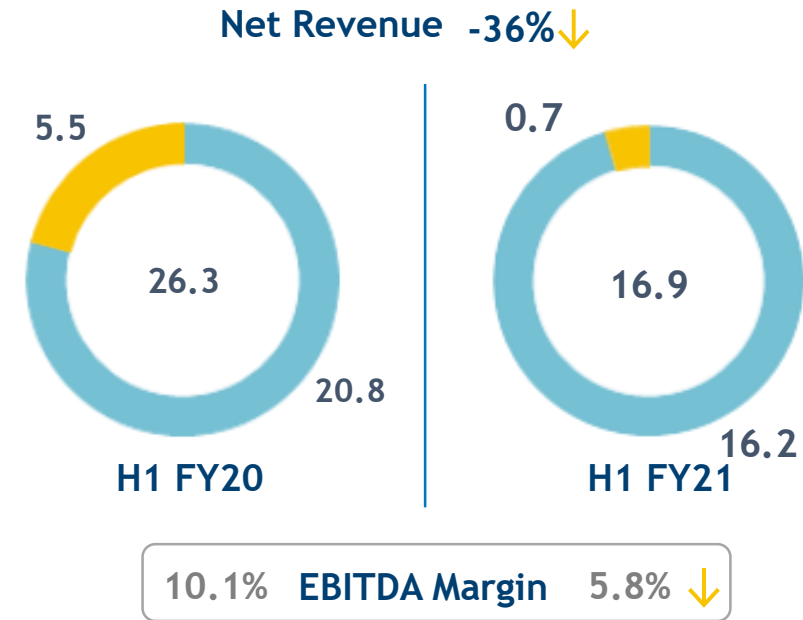
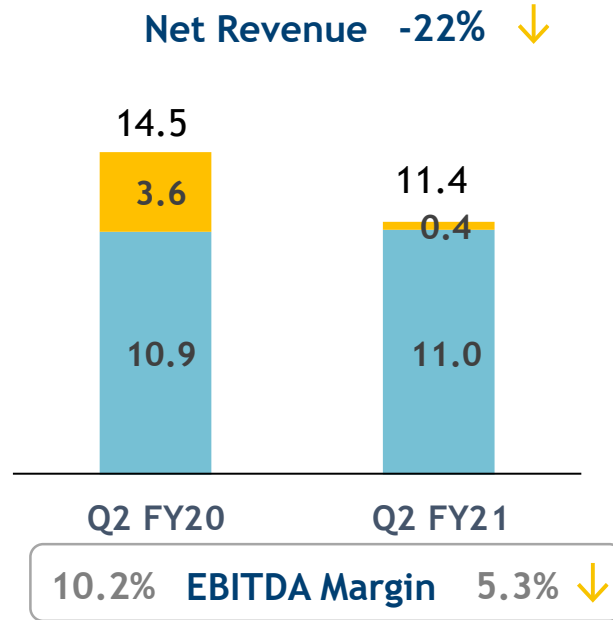


■ Domestic ■ International

- Muted order inflow due to lower capex/depressed oil prices
- Improved activity level aid revenues in Q2
- PY Margins were aided by client settlements

Developmental Projects Segment

(Amount in ₹ bn)

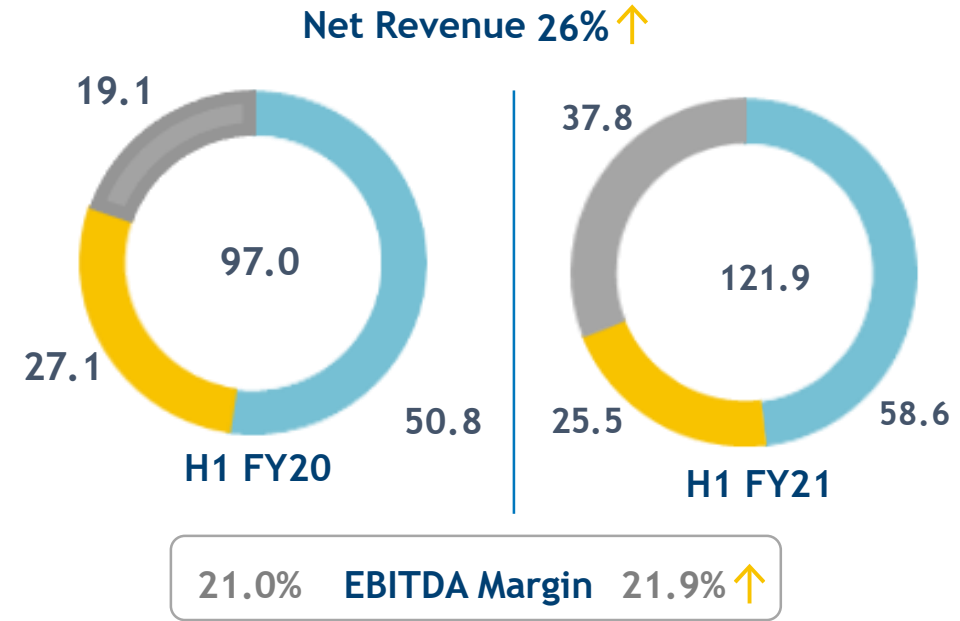
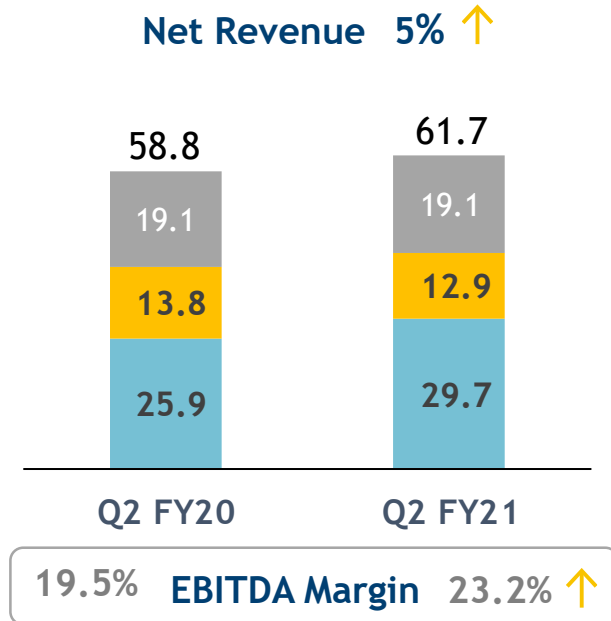


■ Nabha ■ Hyd. Metro

- 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.
- Hyd. Metro: Fully commissioned in Feb-2020; Operations remained under lockdown for large part of Q2. Under-recovery of fixed Opex impacts EBITDA.

IT & Technology Services Segment

(Amount in ₹ bn)

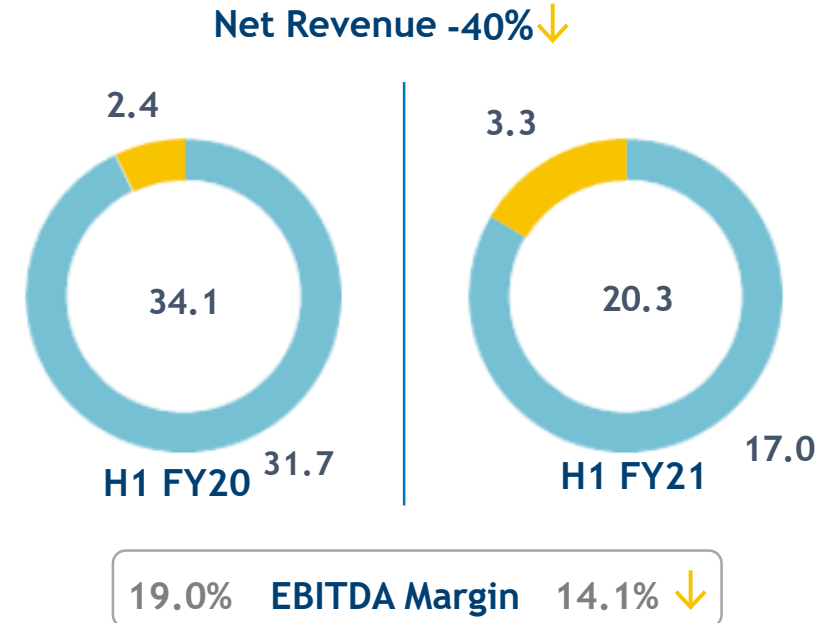
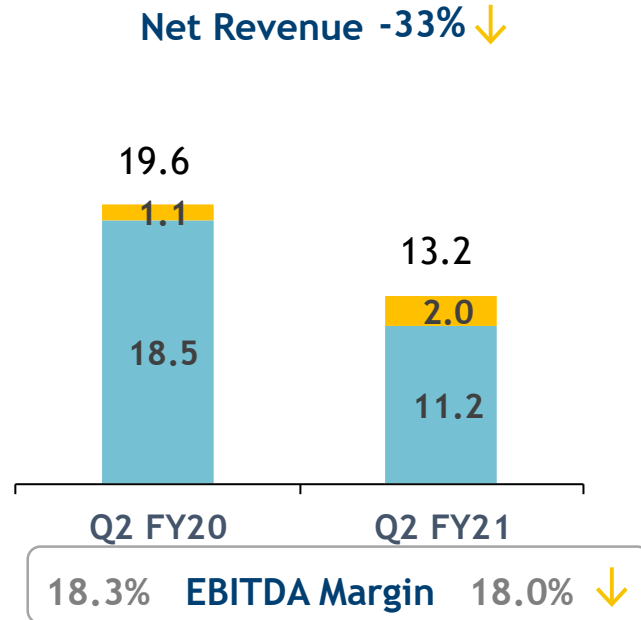


■ LTI ■ LTTS ■ Mindtree

- LTI revenue growth led by BFS, Manufacturing, High Tech Media and Entertainment, CPG, Retail and Pharma
- LTTS revenue largely contributed by strong growth in Medical devices vertical
- Mindtree revenue led by Communications, Media and Technology vertical
- All businesses have adopted to WFA model
- Margins aided by improved utilization, onshore:offshore mix and operational efficiencies

Others Segment

(Amount in ₹ bn)



■ Domestic ■ International

- Segment comprises Construction & Mining Equipment, Rubber Processing Machinery, Industrial Valves, Realty and Smart World & Communication
- Revenue shrinkage largely due to Realty slowdown
- Realty
 - Sector significantly affected by pandemic
 - Revenue decline due to lower handover of residential apartments
 - However, recovery being seen at mid market price points
- Margin normalcy aided by cost rationalization and business mix



L&T Finance Holdings Group

Q2 FY20	Q2 FY21	% Var	Rs Bn	H1 FY20	H1 FY21	% Var
34.4	33.4	-3%	Income from Operations	69.1	66.3	-4%
1.1	1.7	53%	PAT (Net of NCI)	4.6	2.6	-43%
Mutual Fund Average AUM				692.1	630.6	-9%
Net Loan Book				1,002.6	988.2	-1%
Gross Stage 3 Assets				6.0%	5.2%	
Net Stage 3 Assets				2.8%	1.7%	
Networth				139.8	151.6	8%

- The business pursues strategy on retailisation of the loan book, prudent ALM, improving asset quality and increasing diversity of funding sources on an ongoing basis
- Focus in Q2 centered around re-commencement of disbursements, controlling credit costs, collection efficiency and maintenance of adequate liquidity buffers
- Strong pickup seen in rural disbursements on good monsoons and government initiatives
- Previous year Q2 was impacted by DTA remeasurement under new tax regime

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



The Environment & Outlook

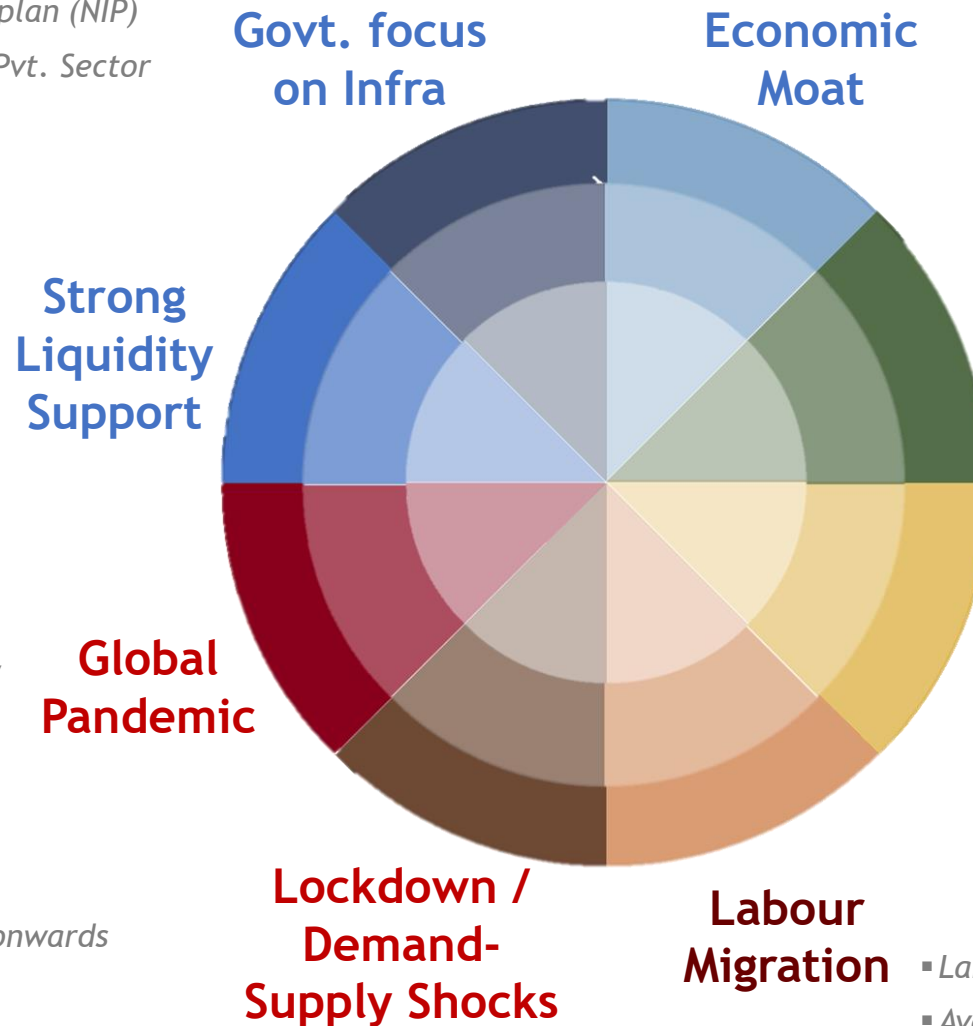
The Environment & the Outlook

- Significantly large investment plan (NIP)
- Funding plan in place (though Pvt. Sector may fall short)
- Pick-up in tendering activity

- Strong monetary and fiscal stimulus
- Increased and front-loaded Borrowings program

- US, Brazil, India, Russia most affected
- Resurgence in some countries, notably in Europe
- Signs of abatement in India

- Phased re-opening from 14-April onwards
- Phased re-opening of economy
- Supply-chain approaching near-normal levels



- Healthy Balance Sheet, robust Order Book, Portfolio diversity (cyclicality hedge), dependence on Public capex, Execution track record, strong liquidity, stable and growing services business

- Soft commodity prices (construction steel, cement, construction aggregates) - some inflation currently being witnessed
- Moderate increase in Labour costs

Macro-economic trends

- Steady improvement from August onwards
- Positive trends seen in some key indicators (Mfg-PMI, IIP, Electricity demand, GST collections, auto/2-wheeler sales, tractor sales, Rail freight traffic, Exports, Fx Reserves, MCLR, Bank Deposit growth, Fastag collections, NPCI UPI payments, Net FDI...)
- Travel & Hospitality sectors still weak

- Large constraint in Q1
- Availability improved throughout Q2; currently achieved normal levels
- Social distancing affecting labour productivity

Thank You



Turn overleaf for Annexures



Segment Margin

Segment (Rs Cr)	H1 FY21			H1 FY20		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Ex-Services business:						
Infrastructure Segment	19363	1225	6.3%	29824	2039	6.8%
Power Segment	1061	25	2.4%	1045	38	3.7%
Hydrocarbon Segment	7105	507	7.1%	8065	822	10.2%
Heavy Engineering Segment	979	97	9.9%	1493	324	21.7%
Defence Engineering Segment	1238	248	20.0%	1891	328	17.4%
Other Segment	2034	286	14.1%	3413	648	19.0%
Total (ex-services)	31780	2388	7.5%	45731	4200	9.2%
Services Business:						
IT, TS & Mindtree Segment	12195	2674	21.9%	9696	2036	21.0%
Financial Services Segment	6626	246	3.7%	6907	1536	22.2%
Developmental Projects Segment	1694	99	5.8%	2631	265	10.1%
Total (Services)	20515	3019	14.7%	19233	3838	20.0%
Total	52295	5407	10.3%	64964	8038	12.4%
	EBIDTA to PAT (H1 FY21)					
Particulars	Financial Services	IT&TS	Dev. Projects	Ex-Services	Corporate	Total
EBIDTA	246	2674	99	2388	885	6292
Depreciation, Finance Cost & Tax Expense	(29)	(1169)	(861)	(995)	(1313)	(4366)
Non-controlling interest	(131)	(432)	-	18	-	(545)
Share in profit/(loss) of JV and associate	-	-	(115)	(53)	14	(154)
Exceptional Items (net of tax)	176	-	-	-	(3732)	(3556)
PAT from discontinued operations	-	-	-	-	8153	8153
PAT as per Advt.	263	1073	(877)	1358	4007	5823



Balance Sheet

Rs Billion	Sept-20	Mar-20	Incr / (Decr)
Equity & Reserves	723	667	56
Non Controlling Interest	102	95	7
Borrowings - Financial Services	909	939	(30)
Development Projects	199	202	(3)
Others	358	269	89
Sources of Funds	2,291	2,173	118
Fixed Assets	141	156	(15)
Intangible Assets & Investment Property	313	314	(1)
Loans towards Financing Activities	916	909	7
Finance lease receivable	71	89	(18)
Net Non-Current Assets	133	151	(18)
Current Investments, Cash & Cash Equivalents	468	278	190
Net Current Assets	249	253	(4)
Assets held for Sale (net)	0.3	24	(24)
Application of Funds	2,291	2,173	118
Gross Debt/Equity Ratio	1.78	1.85	



Cash Flow

Q2 FY20	Q2 FY21	Rs Bn	H1 FY20	H1 FY21
45.6	35.6	Operating Profit	83.0	53.3
(18.6)	(1.2)	Changes in Working Capital [(Inc)/Dec]	(85.6)	(5.0)
(12.9)	(6.8)	Direct Taxes paid	(21.7)	(11.8)
14.1	27.6	Net Cash from Operations (A)	(24.2)	36.5
(5.5)	(3.6)	Net Investment in Fixed Assets (incl. Intangible)	(10.2)	(7.2)
21.4	127.8	Net (Purchase)/ Sale of Long Term investments	(39.9)	131.1
26.8	(98.8)	Net (Purchase)/ Sale of Current investments	66.6	(232.0)
0.2	-	Loans/Deposits made with JV/Associate Cos.	(0.2)	(0.6)
1.9	3.9	Interest & Dividend Received	5.4	7.3
44.9	29.3	Net Cash from/(used in) Invest. Act. (B)	21.8	(101.5)
(4.5)	(1.7)	Issue of Share Capital / Minority	1.9	(1.6)
(13.3)	(98.9)	Net Borrowings [Inc/(Dec)]	74.5	47.4
(9.0)	16.4	Disbursements towards financing activities*	(21.5)	17.4
(36.1)	(19.4)	Interest & Dividend paid	(44.1)	(29.0)
(62.9)	(103.6)	Net Cash from Financing Activities (C)	10.8	34.1
(3.9)	(46.7)	Net (Dec) / Inc in Cash & Bank (A+B+C)	8.4	(30.9)

* included under Net Cash from operations under statutory financial statements



Share in Profit/(Loss) of JVs/Associates

Q2 FY20	Q2 FY21	Rs Bn	H1 FY20	H1 FY21
0.61	0.32	Boiler/Turbine JVs	0.93	0.43
(0.01)	(0.52)	IDPL & Subs.	(1.66)	(1.15)
(0.36)	(0.32)	Special Steels and Heavy Forgings	(0.72)	(0.73)
0.15	(0.01)	Others	0.22	(0.09)
0.40	(0.53)	Total	(1.23)	(1.54)