



Analyst Presentation

Q3/9M FY20
January 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



Performance Highlights - Q3 FY20





Key Financial Indicators

(Amount in ₹ bn)

Q3 FY19	Q3 FY20	% Var	Particulars	9M FY19	9M FY20	% Var
406	416	2%	Order Inflow	1157	1286	11%
			Order Book	2812	3063	9%
342	362	6%	Revenue	919	1012	10%
38	41	10%	EBITDA	101	112	12%
20	24	15%	PAT	55	64	16%
			Net Working Capital	19.6%	23.5%	
			RONW (TTM) (%)	15.7%	15.7%	-

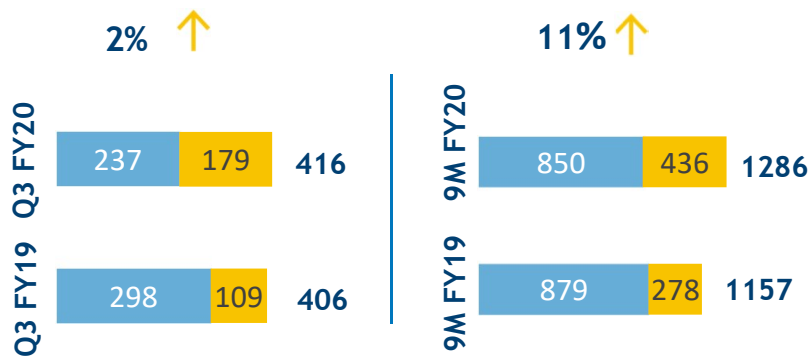
02 Group Performance Summary



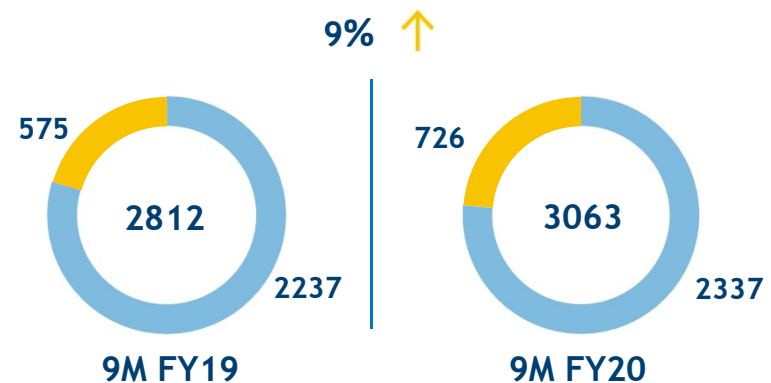
Q3/9M FY20 Order Inflow/Order Book

(Amount in ₹ bn)

Order Inflow



Order Book



■ Domestic ■ International

- Growth in Order Inflows in Q3 and 9M is largely driven by International business
- Domestic prospects have witnessed deferral in award decisions
- Domestic prospect pipeline for Q4 is encouraging in a subdued environment
- Portfolio diversity of the Order Book mitigates cyclicity



Group Performance - Sales & Costs

Q3 FY19	Q3 FY20	% Var	Rs Billion	9M FY19	9M FY20	% Var
342.3	362.4	6%	Revenue	919.2	1012.1	10%
32%	36%	4%	International Rev.	33%	34%	1%
225.4	218.5	-3%	MCO Exp.	582.2	606.5	4%
19.8	20.0	1%	Fin. Charge Opex*	54.2	61.1	13%
44.5	61.3	38%	Staff Costs	129.8	168.3	30%
15.2	21.4	40%	Sales & Admin.	52.5	64.1	22%
304.8	321.3	5%	Total Opex	818.7	900.0	10%

* Finance cost of financial services business and finance lease activity

- Q3 revenue growth driven by Hydrocarbon and IT&TS businesses
- Fin charge opex represents borrowing costs of FS business
- Staff cost increase on resource augmentation in Service businesses & Mindtree consolidation
- SG&A expenses higher on Mindtree consolidation & credit provisions

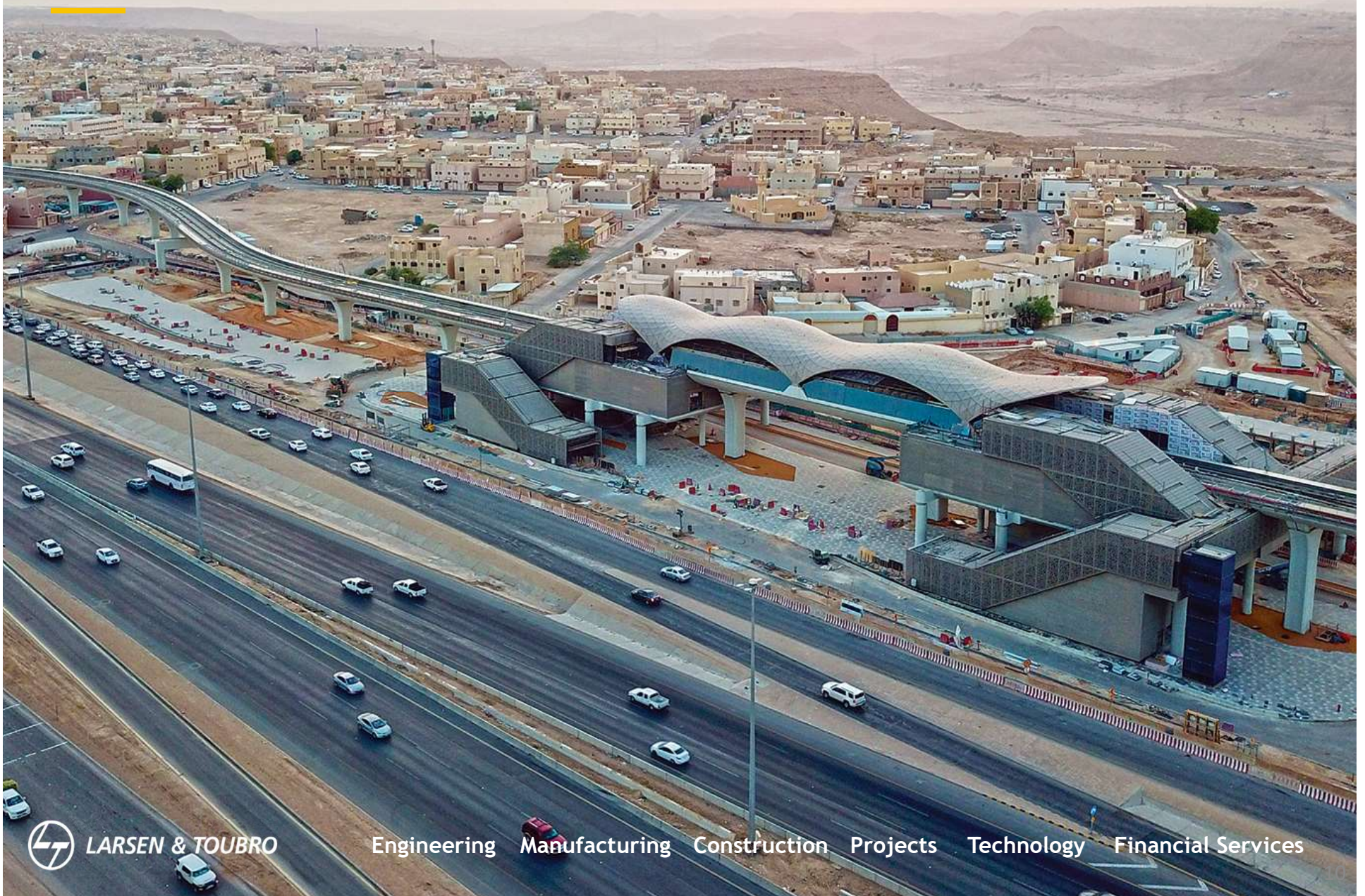


Group Performance - Profit Stack

Q3 FY19	Q3 FY20	% Var	Rs Billion	9M FY19	9M FY20	% Var
37.5	41.2	10%	EBITDA	100.5	112.1	12%
(5.3)	(7.1)	33%	Fin. Cost	(13.0)	(19.8)	53%
(4.1)	(6.6)	63%	Depreciation	(14.9)	(17.5)	18%
5.9	4.7	-19%	Other Income	12.3	17.1	39%
(11.3)	(7.1)	-37%	Tax Expense	(27.3)	(23.0)	-16%
(0.6)	0.5		JV/S&A PAT Share	1.1	(0.7)	
(3.2)	(4.0)	25%	Non-controlling Int.	(9.4)	(9.8)	4%
1.4	1.9		Discontinued Operations	3.7	5.2	
20.4	23.5	15%	Recurring PAT	52.9	63.5	20%
-	-		Exceptionals	1.9	-	
20.4	23.5	15%	Reported PAT	54.9	63.5	16%

- Finance cost commensurate with debt levels and phased commencement of Hyd. Metro
- Higher depreciation charge on account of Mindtree/RoU Assets
- Lower other income in Q3 reflective of lower short term investments
- JV/S&A PAT performance reflects IDPL Assets, Forgings & Power JVs
- NCI change mainly on account of Mindtree consolidation
- E&A business classified as discontinued operations

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)
Smart World & Comm.(SW&C)



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

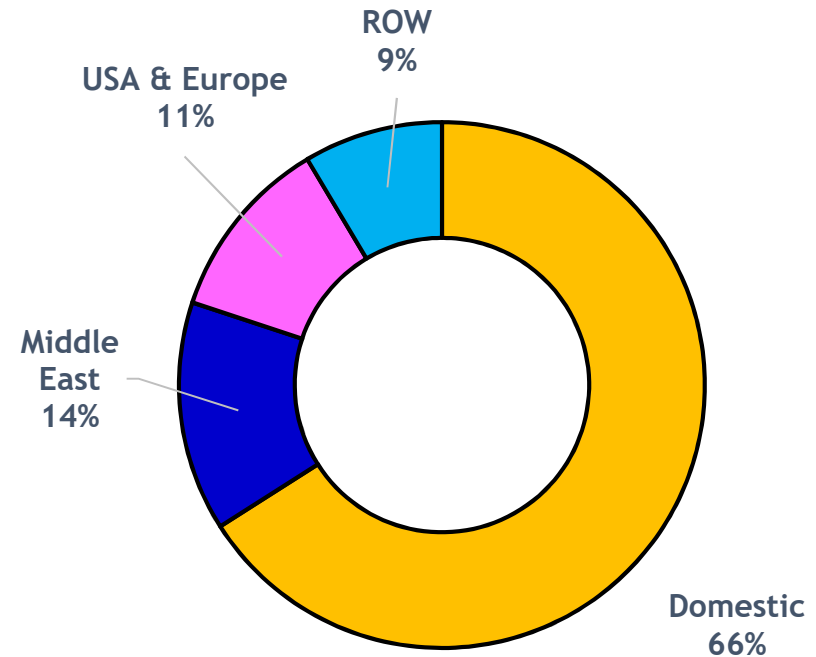
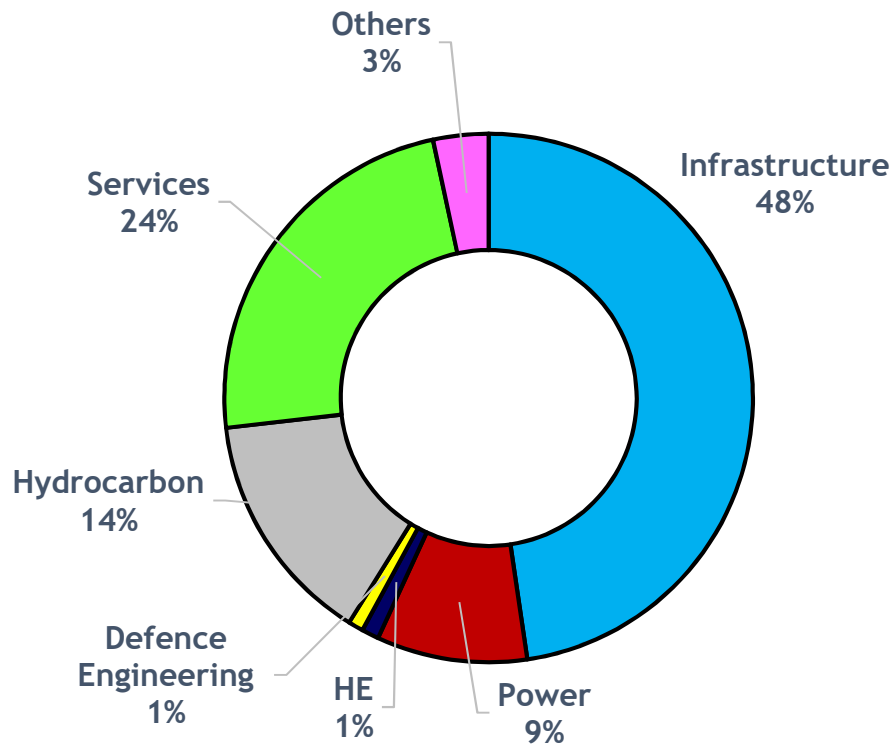
Realty
Industrial Products &
Machinery

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

** Consolidated at PAT level*



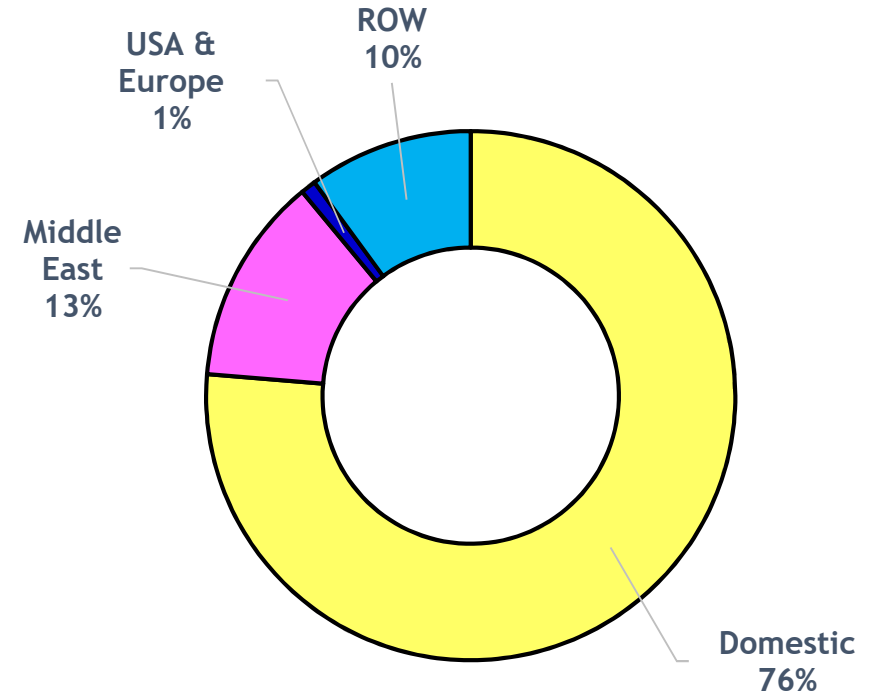
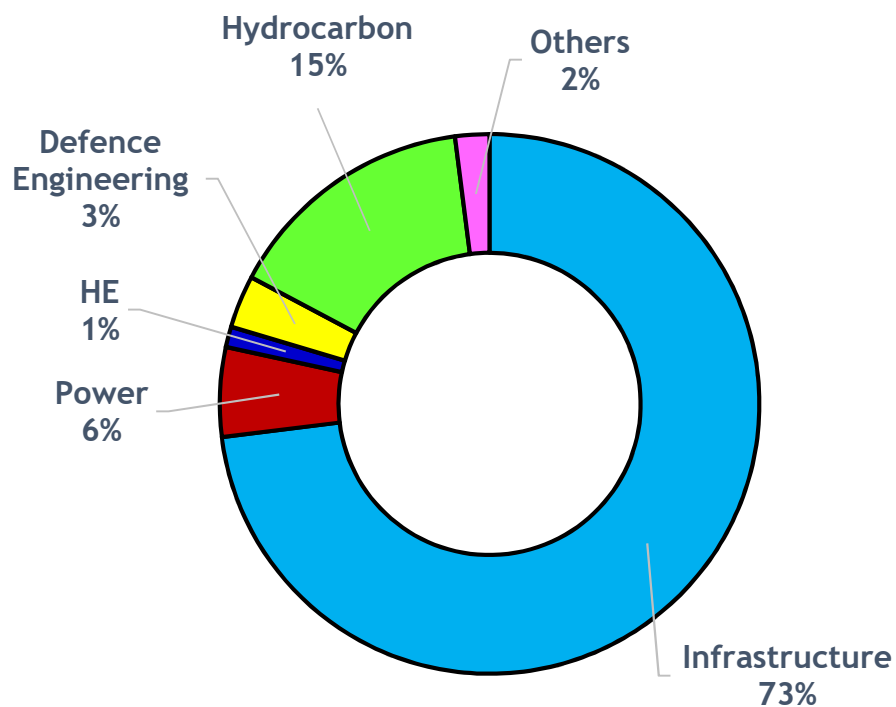
9M FY20 Order Inflow Composition



Order Inflow Rs 1286 Bn



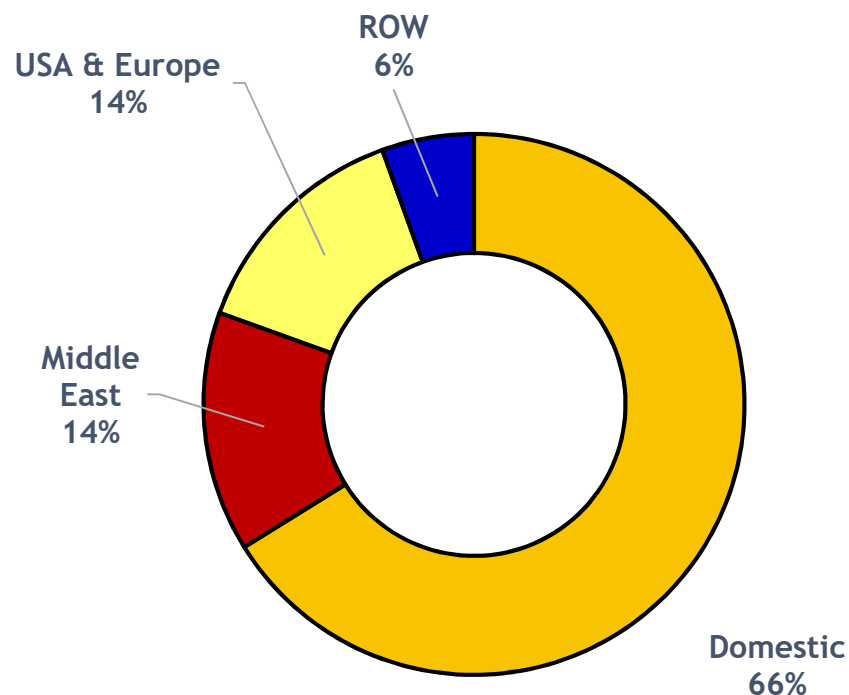
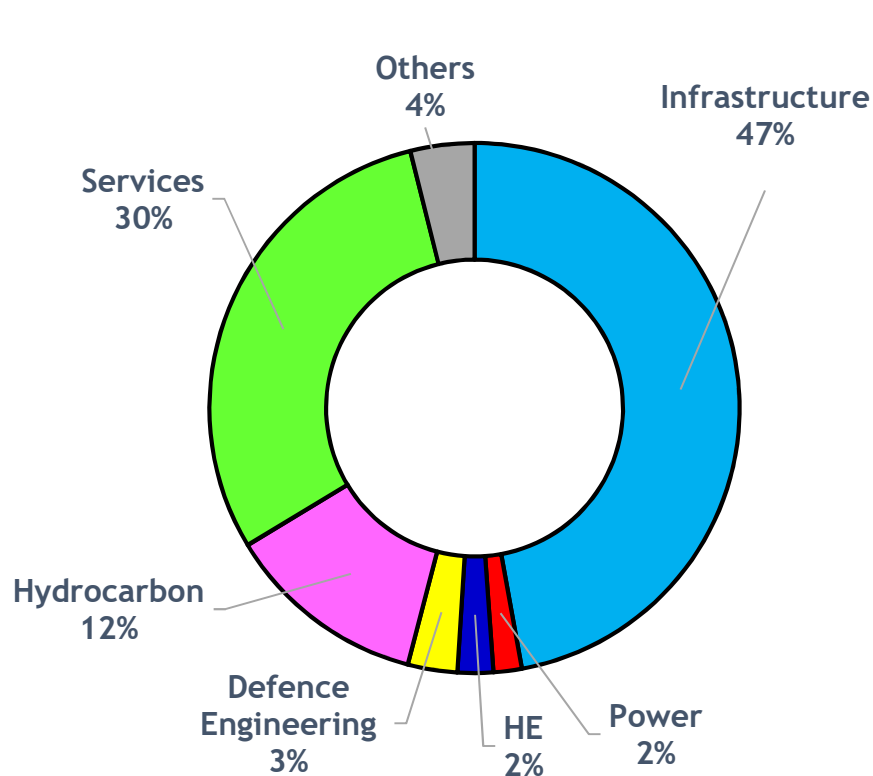
9M FY20 Order Book Composition



Order Book Rs 3063 Bn



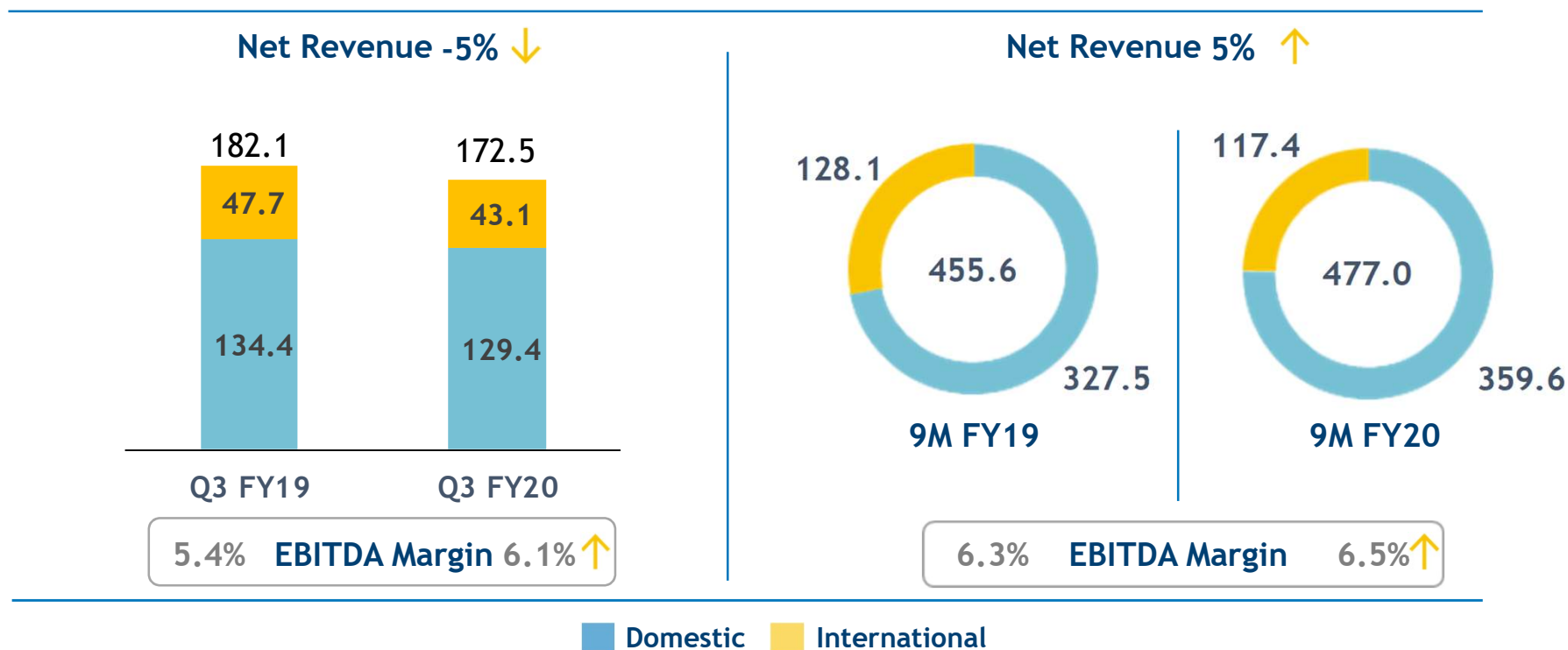
9M FY20 Revenue Composition



Revenue Rs 1012 Bn

Infrastructure Segment

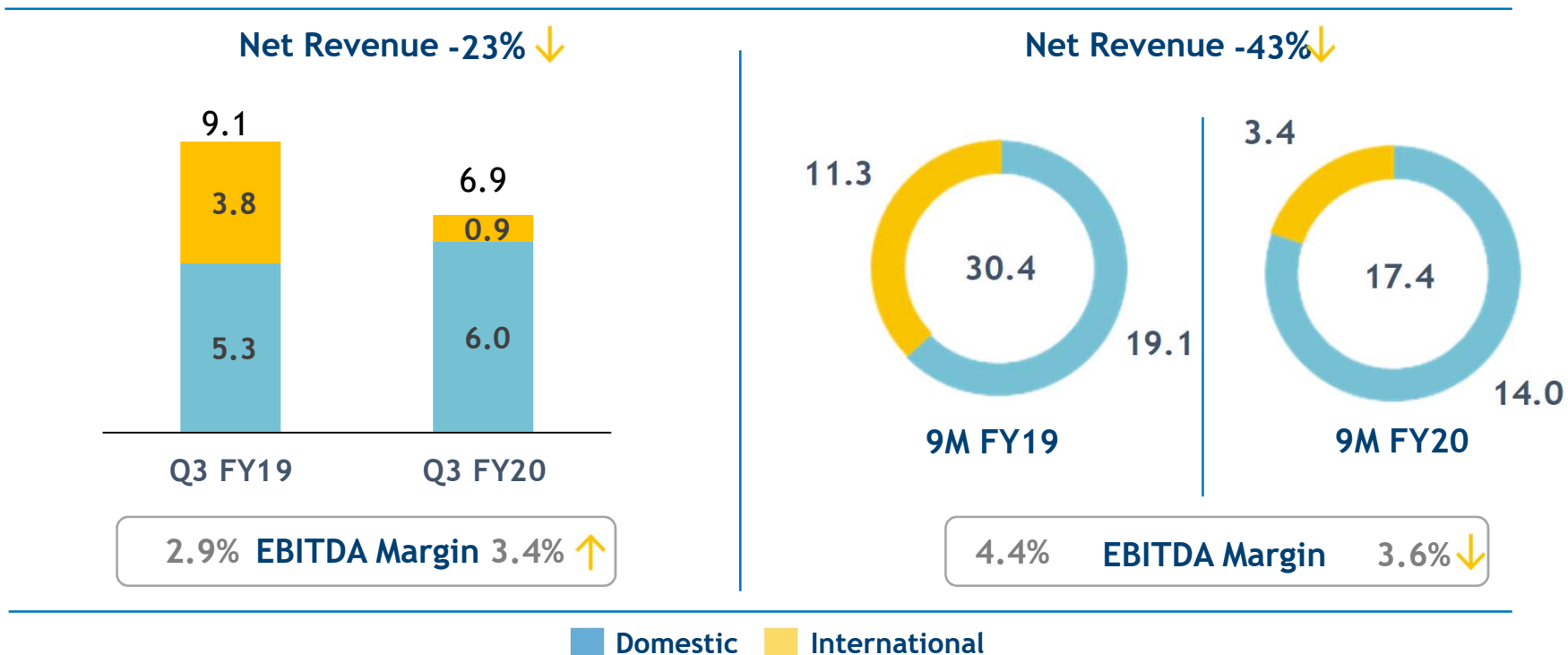
(Amount in ₹ bn)



- International business drives order inflows in Q3
- Muted revenues in Q3 arising out of execution challenges and preservation of working capital levels
- Margins reflect stage of execution and job mix

Power Segment

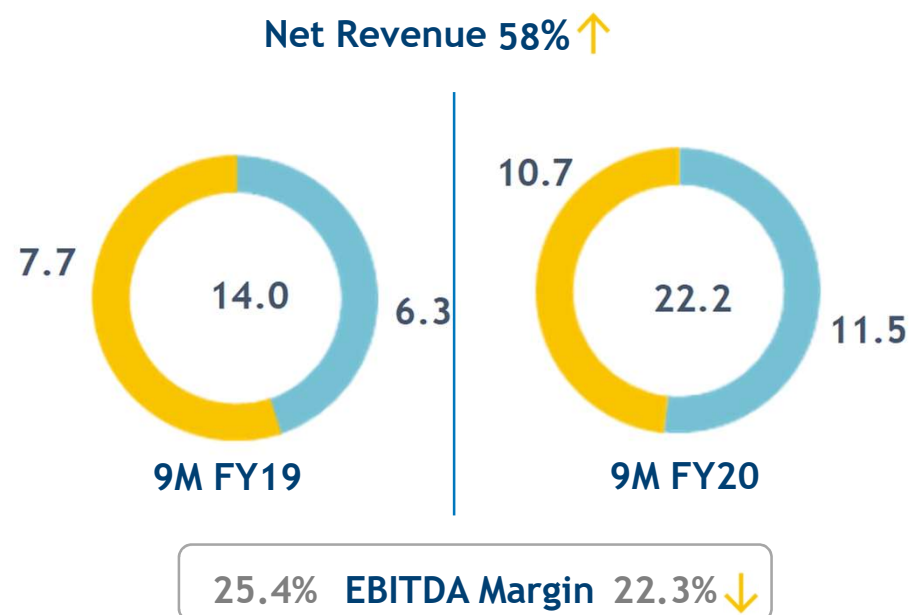
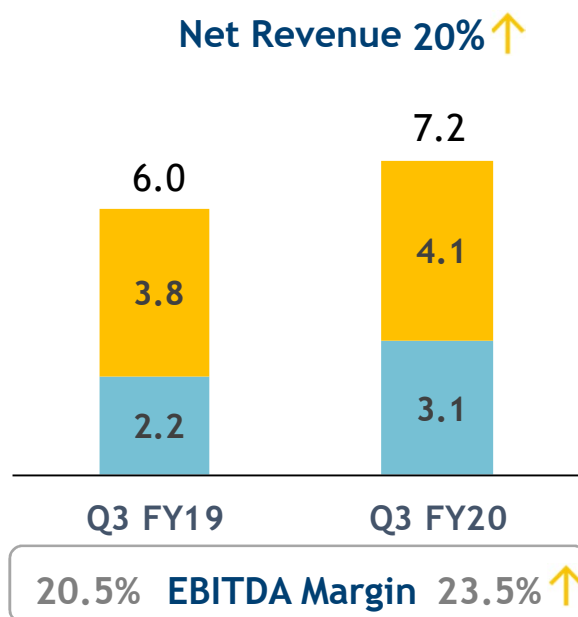
(Amount in ₹ bn)



- Strong order inflows in current year replenishes order book
- Revenue decline reflects depleted opening order book and tapering of International jobs
- Margins reflective of job mix & stage of execution
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

(Amount in ₹ bn)

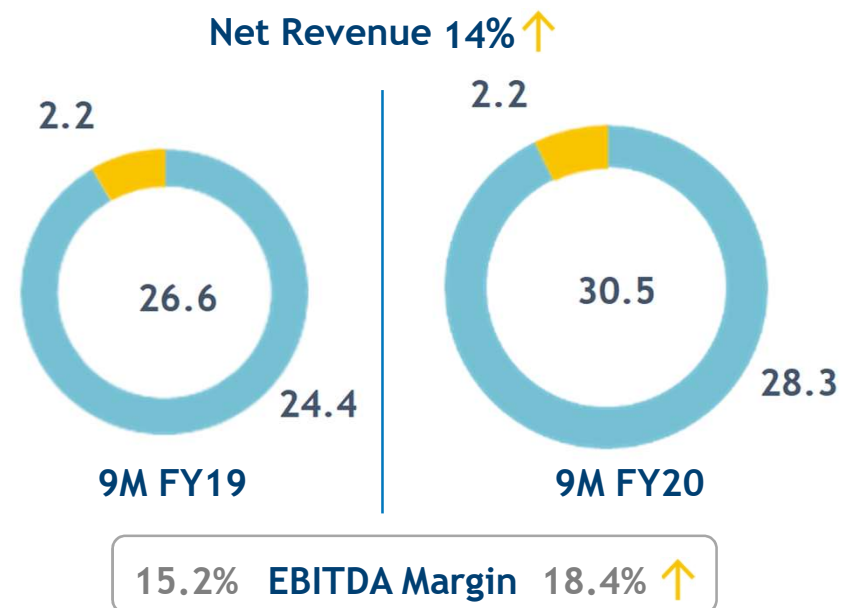
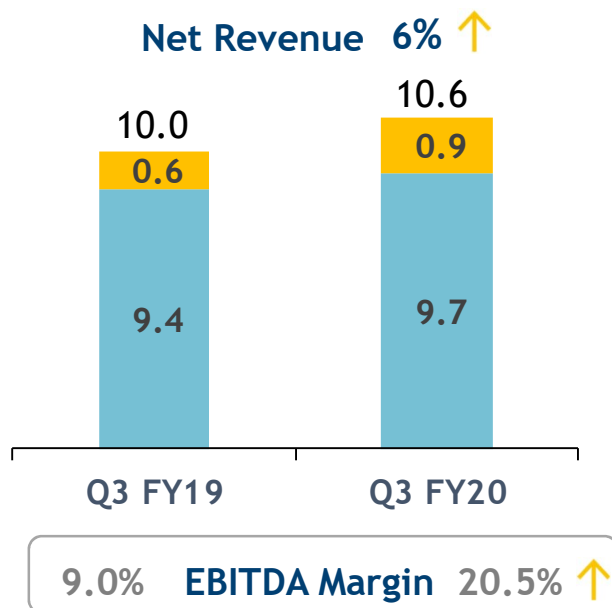


■ Domestic ■ International

- Order Inflows in current year impacted by deferments
- Strong revenue growth driven by large opening Order Book
- Global competence, technology differentiation, proven track record and cost efficiencies yield strong margins

Defence Engineering Segment

(Amount in ₹ bn)

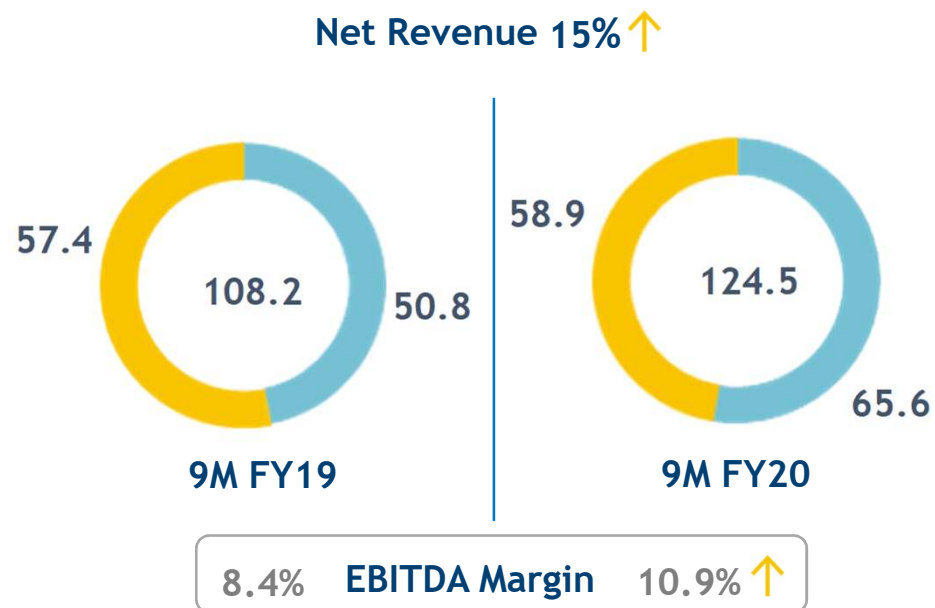
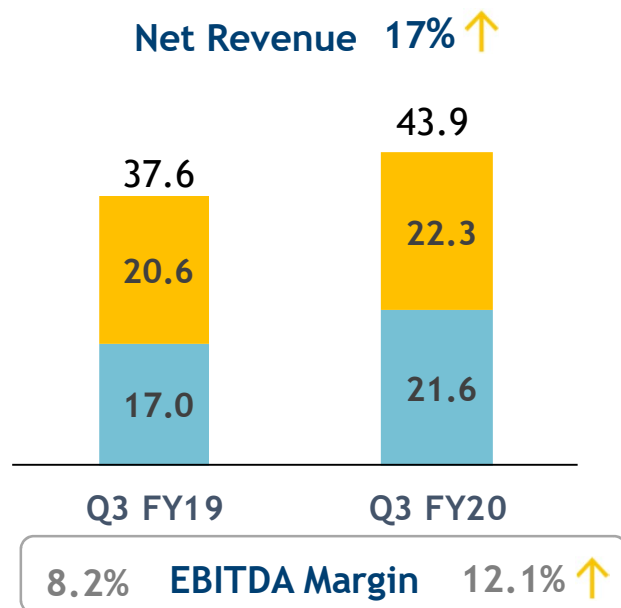


■ Domestic ■ International

- Private sector continues to await favourable policy environment
- Progress on tracked artillery gun order contributes to revenue growth
- Margins reflect stage of execution, job mix and operational efficiency

Hydrocarbon Segment

(Amount in ₹ bn)

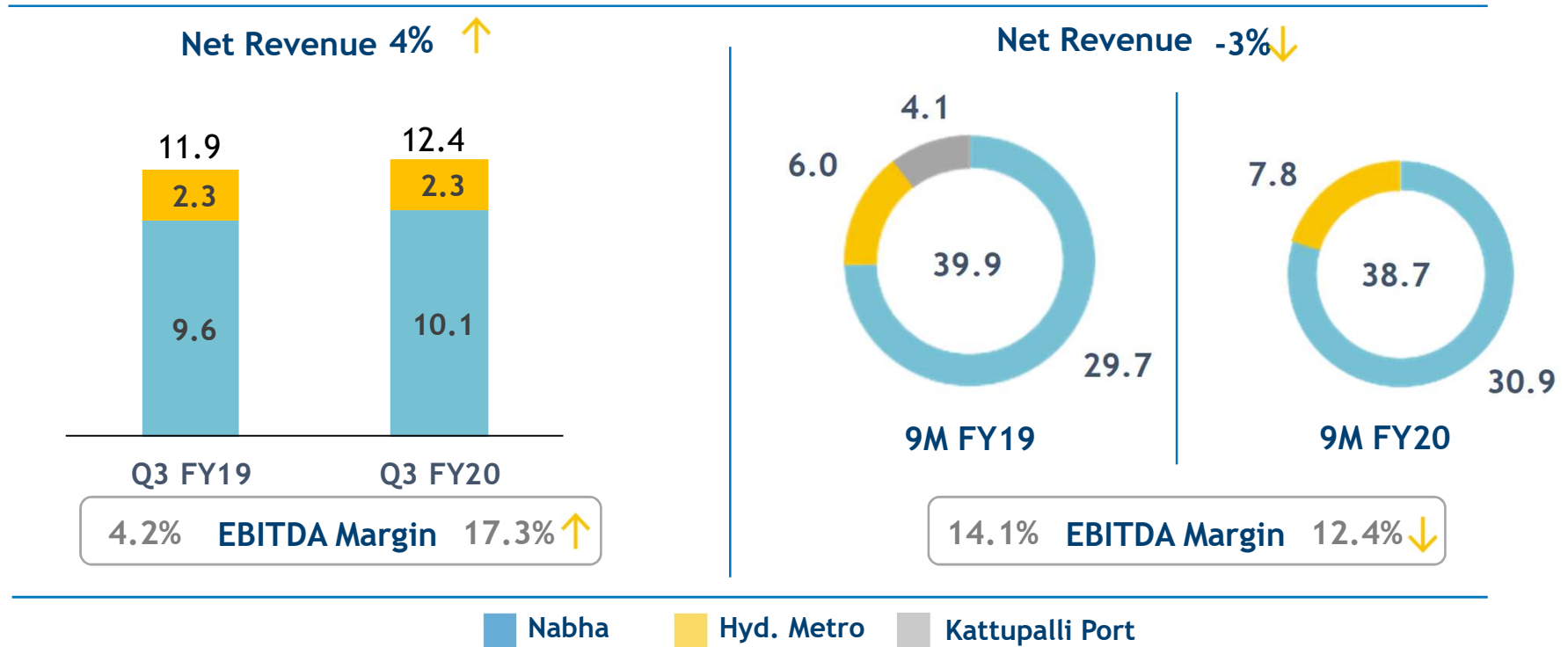


■ Domestic ■ International

- Significant Order Inflows obtained from domestic & international markets in current year
- Strong revenue growth on the back of large opening Order Book
- Margins contributed by efficient execution, job mix & claims

Developmental Projects Segment

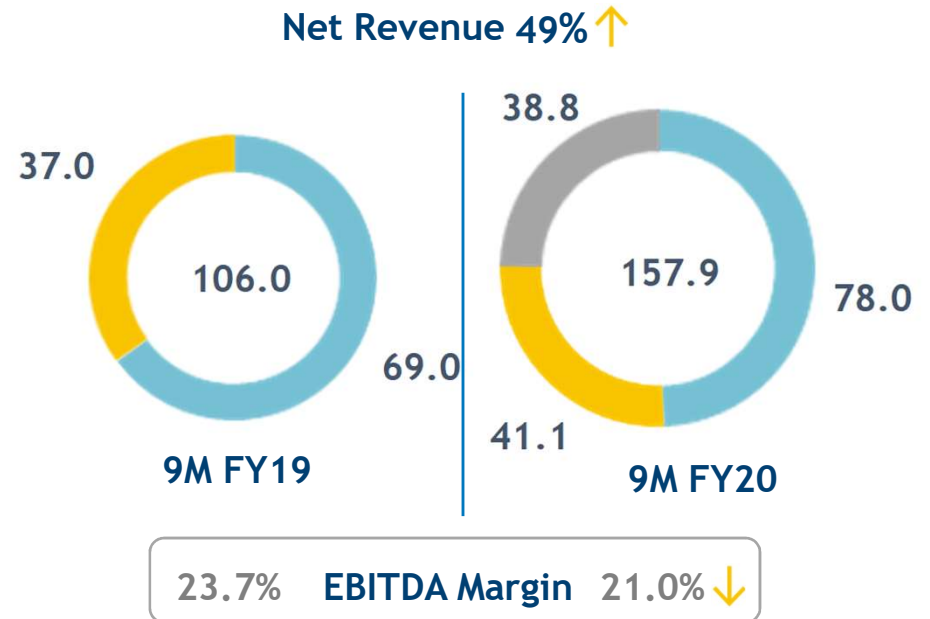
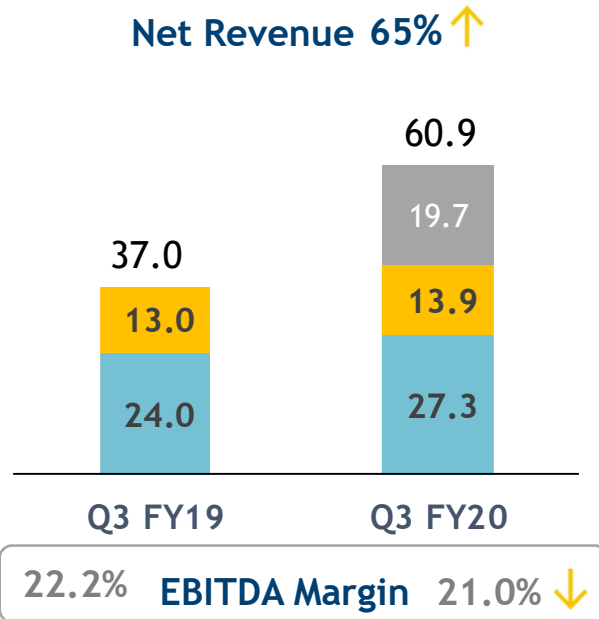
(Amount in ₹ bn)



- Segment includes Power Development business, Hyderabad Metro
- Revenue largely contributed by Power Development Business
- Hyd. Metro: Partial CoD of 57 km
- Margin profile still emerging
- IDPL (Roads & TL) consolidated at PAT level under Equity method

IT & Technology Services Segment

(Amount in ₹ bn)

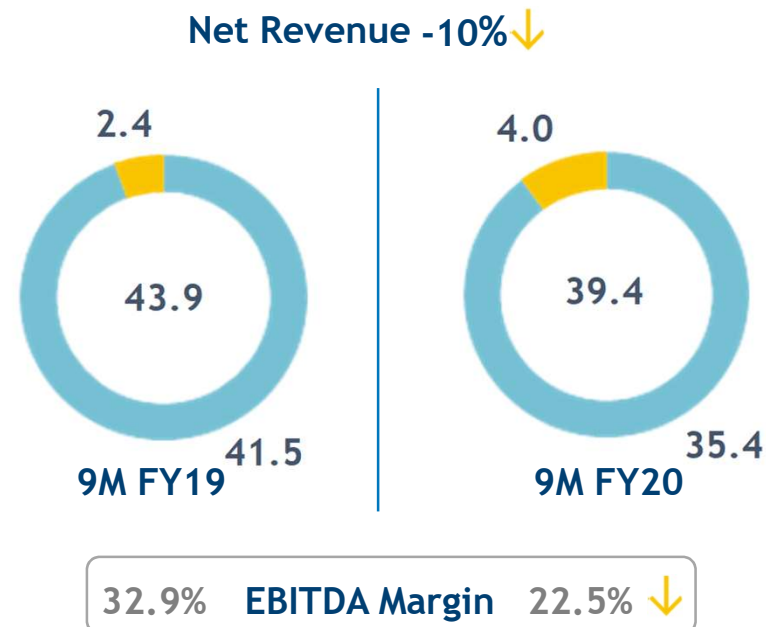
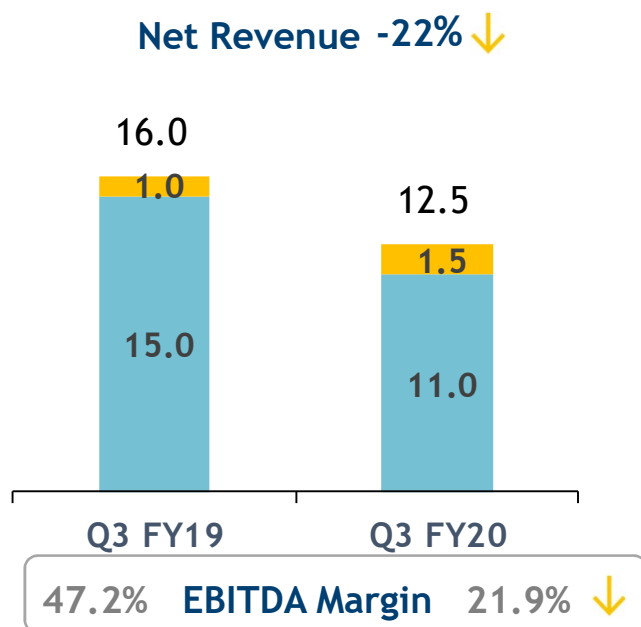


■ IT ■ TS ■ Mindtree

- Mindtree results consolidated from Q2 FY20
- LTI revenue growth led by Manufacturing, Energy & Utilities and CPG, Retail and Pharma
- LTTS revenue growth led by Medical Devices, Plant Engineering and Transportation verticals
- Mindtree revenue growth led by High tech & Media and Travel & Hospitality
- Margin variation is outcome of increased resource cost

Others Segment

(Amount in ₹ bn)



■ Domestic ■ International

- Segment comprises Construction & Mining Equipment, Rubber processing Machinery, Industrial Valves and Realty businesses
- Improved traction being witnessed in sales of reasonably priced residential apartments
- PY revenue included lumpy sale of commercial premises
- Higher PY margins arising out of commercial property sale

L&T Finance Holdings Group

Q3 FY 19	Q3 FY 20	% Var	Rs Bn	9M FY 19	9M FY 20	% Var
32.6	35.5	9%	Income from Operations	94.6	104.6	11%
3.9	3.8	-2%	PAT (Net of NCI)	11.3	8.4	-26%
Mutual Fund Average AUM				690.8	715.9	4%
Net Loan Book				947.1	994.5	5%
Gross Stage 3 Assets				6.7%	5.9%	
Net Stage 3 Assets				2.6%	2.7%	
Networth				129.8	146.1	

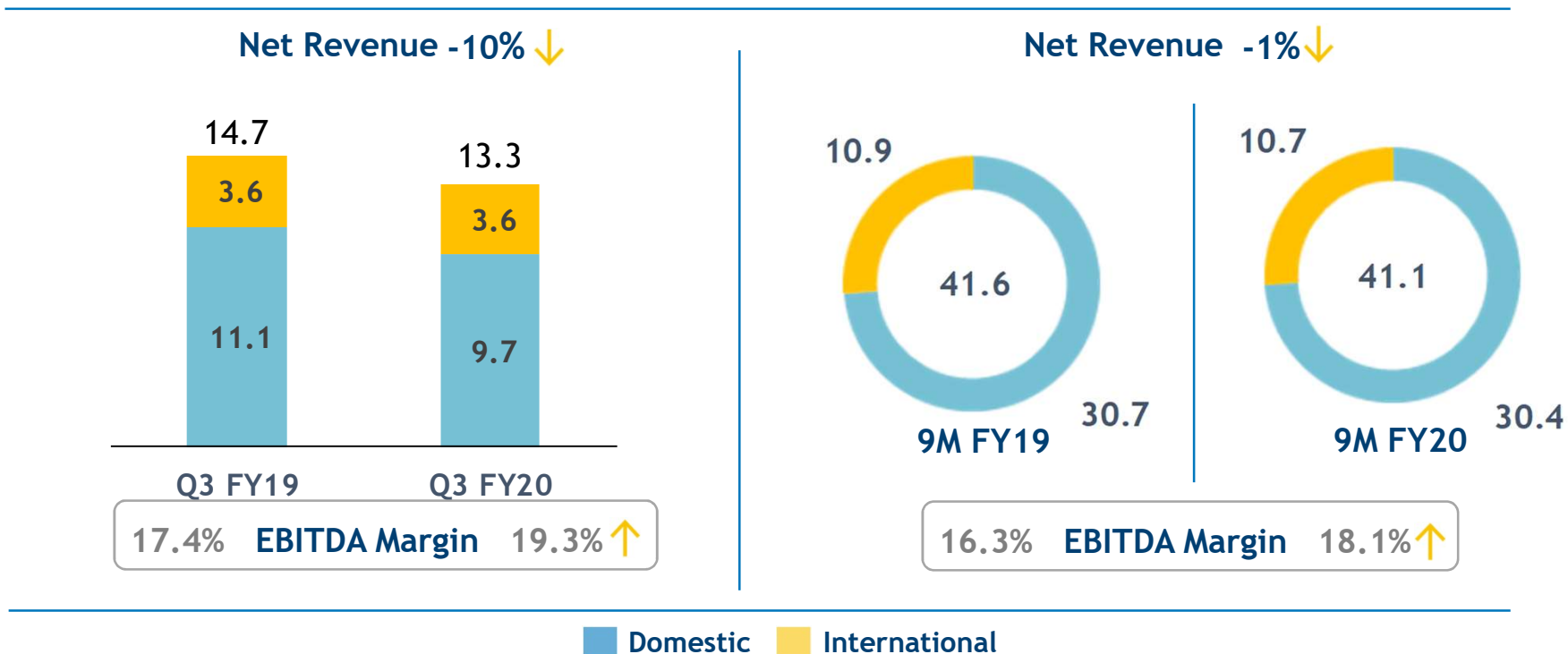
* PAT excludes NCI

- Growth despite challenging environment
- Focus continues on retailisation of loan book, robust NIMs & Fee Income, prudent ALM, asset quality and increasing diversity of funding sources
- Company opts for lower tax rate, one time effect arising out of DTA restatement impacts 9M profits

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)



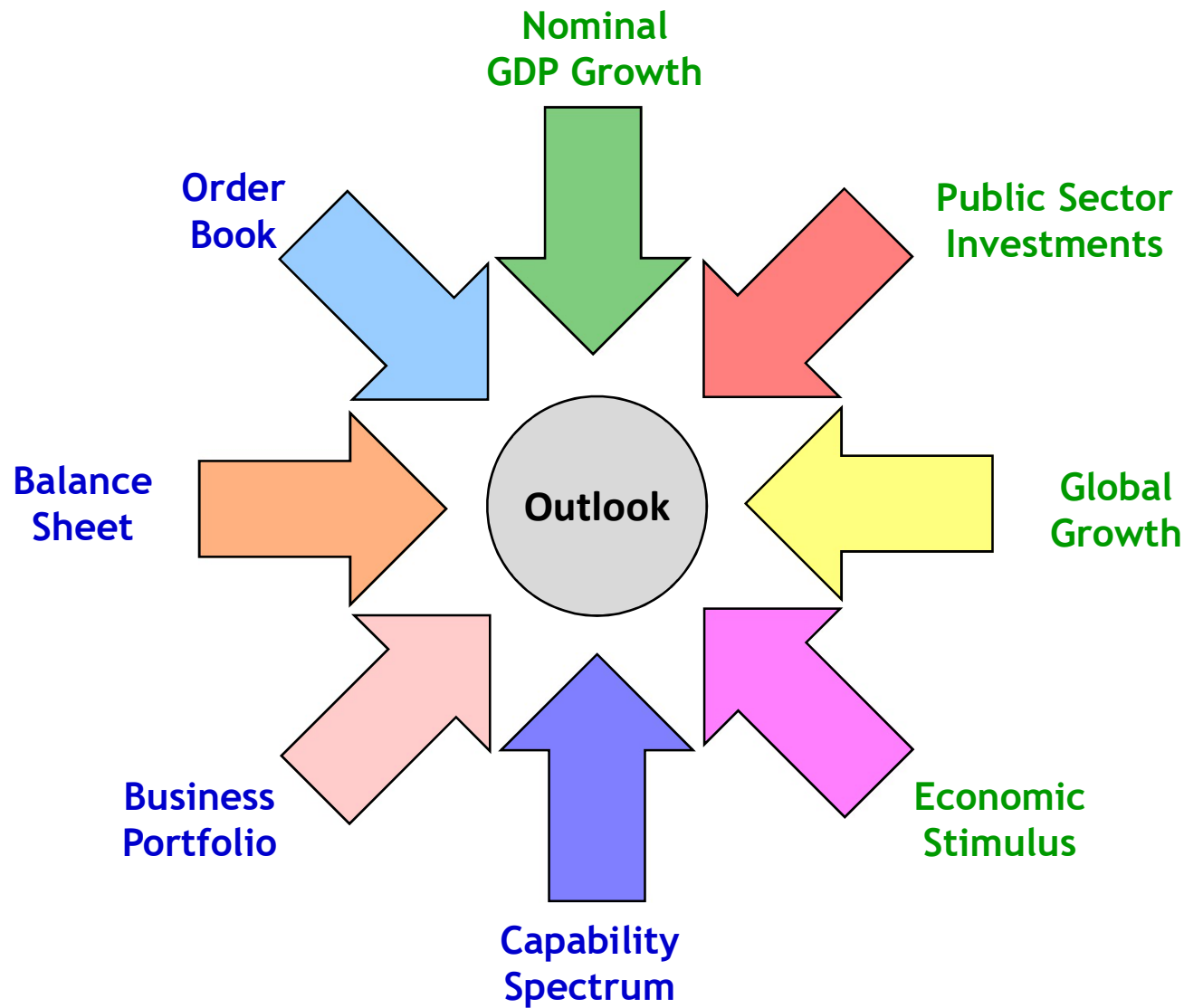
- Muted revenue arising from a soft demand environment
- Margin increase reflects operational efficiencies and other cost optimization initiatives

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)	9M FY20			9M FY19		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Ex-Services business:						
Infrastructure Segment	47704	3110	6.5%	45564	2851	6.3%
Power Segment	1739	62	3.6%	3044	133	4.4%
Hydrocarbon Segment	12452	1352	10.9%	10815	906	8.4%
Heavy Engineering Segment	2216	495	22.3%	1403	356	25.4%
Defence & Aerospace	3045	559	18.4%	2662	403	15.2%
Other Segment	3940	886	22.5%	4389	1444	32.9%
Total (ex-services)	71096	6464	9.1%	67878	6094	9.0%
Services Business:						
IT, TS & Mindtree Segment	15786	3314	21.0%	10599	2509	23.7%
Financial Services Segment	10457	2291	21.9%	9455	2338	24.7%
Developmental Projects Segment	3869	479	12.4%	3985	560	14.1%
Total (Services)	30111	6085	20.2%	24039	5407	22.5%
Total	101207	12549	12.4%	91917	11501	12.5%
EBIDTA to PAT (9M FY20)						
Particulars	Financial Services	IT&TS	Dev. Projects	Ex-Services	Corporate	Total
EBIDTA	2291	3314	479	6464	367	12916
Depreciation, Finance Cost & Tax Expense	(971)	(1383)	(385)	(2012)	(1280)	(6031)
Non-controlling interest	(481)	(512)	-	9	4	(980)
Share in profit/(loss) of JV and associate	-	-	(130)	25	31	(74)
PAT from discontinued operations	-	-	-	-	-	522
Segment PAT as per Advt.	839	1420	(36)	4486	(878)	6352

E&A included for comparison purpose



Balance Sheet

Rs Billion	Dec-19	Mar-19	Incr / (Decr)
Equity & Reserves	658	624	35
Non Controlling Interest	95	68	26
Borrowings - Financial Services	928	915	13
Development Projects	195	191	4
Others	247	149	98
Sources of Funds	2,123	1,948	175
Fixed Assets	150	134	16
Intangible Assets & Investment Property	312	217	94
Loans towards Financing Activities	946	904	42
Finance lease receivable	88	90	(2)
Net Non-Current Assets	148	180	(32)
Current Investments, Cash & Cash Equivalents	189	257	(68)
Net Current Assets	266	166	100
Assets held for Sale (net)	23	0	23
Application of Funds	2,123	1,948	175
Gross Debt/Equity Ratio	1.8	1.8	



Cash Flow

Q3 FY19	Q3 FY20	Rs Bn	9M FY19	9M FY20
35.3	45.6	Operating Profit	102.9	128.7
(1.8)	(11.4)	Changes in Working Capital	(37.8)	(97.0)
(13.2)	(9.4)	Direct Taxes paid	(35.6)	(31.0)
20.3	24.9	Net Cash from Operations (A)	29.6	0.7
(10.4)	(9.0)	Net Investment in Fixed Assets (incl. Intangible)	(24.1)	(19.1)
(5.4)	(11.4)	Net (Purchase)/ Sale of Long Term investments	(12.6)	(51.2)
(29.1)	(37.7)	Net (Purchase)/ Sale of Current investments	(110.9)	28.9
(0.1)	(0.3)	Loans/Deposits made with JV/Associate Cos.	(0.5)	(0.6)
2.3	2.6	Interest & Dividend Received	5.6	8.0
(42.6)	(55.8)	Net Cash from/(used in) Invest. Act. (B)	(142.6)	(34.0)
(0.9)	(1.1)	Issue of Share Capital / Minority	29.6	0.8
24.4	32.9	Net Borrowings	190.7	107.4
(7.9)	14.7	Disbursements towards financing activities*	(80.1)	(6.8)
(6.9)	(5.9)	Interest & Dividend paid	(48.3)	(50.0)
8.7	40.6	Net Cash from Financing Activities (C)	91.9	51.4
(13.7)	9.7	Net (Dec) / Inc in Cash & Bank (A+B+C)	(21.1)	18.1

* included under Net Cash from operations under statutory financial statements



Share in Profit/(Loss) of JVs/Associates

Q3 FY19	Q3 FY20	Rs Bn	9M FY19	9M FY20
0.32	0.43	MHPS JVs	1.13	1.35
(0.59)	0.47	IDPL & Subs.	1.08	(1.19)
(0.37)	(0.30)	Special Steels and Heavy Forgings	(1.08)	(1.03)
0.08	(0.12)	Others	(0.06)	0.11
(0.56)	0.48	Total	1.06	(0.75)

Concessions Business Portfolio - 14 SPVs



Roads and Bridges

Portfolio:
10 projects (1048 Km)
10 Operational

Project Cost:
Rs 108 bn



Transmission Lines

Portfolio:
1 project (482 Km)
- Operational

Project Cost:
Rs15 bn



Metros

Portfolio:
1 project (71.16 Km)
- Under-implementation

Project Cost:
Rs190 bn



Power (Excl. Projects under DPR)

Portfolio:
2 projects (1499 MW)
1 Operational

Project Cost:
Rs 115 bn

Rs 428 Bn

Total Project Cost (Dec 2019)

Rs 86 Bn

Equity Invested at SPV level
(Dec 2019)

Rs 12 Bn

Balance Equity
Commitment/ICD/VGF
(Dec 2019)