

SEC/PAM/2021

July 26, 2021

The Secretary BSE Limited Phiroze Jejeebhoy 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.: **Analyst Presentation.- Q1/FY 22**

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/FY22 which will be uploaded to 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



LARSEN & TOUBRO

Analyst Presentation - Q1 FY22



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.

L&T Tech Park, Bengaluru

01 Group Performance Highlights



Ahmed Bin Ali Stadium,
Doha, Qatar

Navigating against the tide as second wave swells...

Delay in tendering
& awards in Q1
Prospects bright

Order Inflows

Order Book at
near record high
levels

Order Book

Strong growth on
low base despite
productivity
challenges

Revenue

EBITDA margin
improvement on
better overhead
recovery

Margin

Improved Gross
& Net Debt levels
at Group level

Leverage

Preserved cash in
a seasonally weak
quarter

Liquidity

Being pursued
rigorously

Return Ratios



Key Financial Indicators

(Amount in ₹ bn)

Q1 FY21	Particulars	Q1 FY22	% Var (y-o-y)
236	Order Inflow	266	13%
3051	Order Book	3237	6%
213	Revenue	293	38%
7.6%	EBITDA (%)	10.8%	
2	Operational PAT	12	>100%
3	Overall PAT	12	>100%
26.8%	Net Working Capital	22.9%	
12.7%	RONW (TTM) (%)*	17.2%	

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

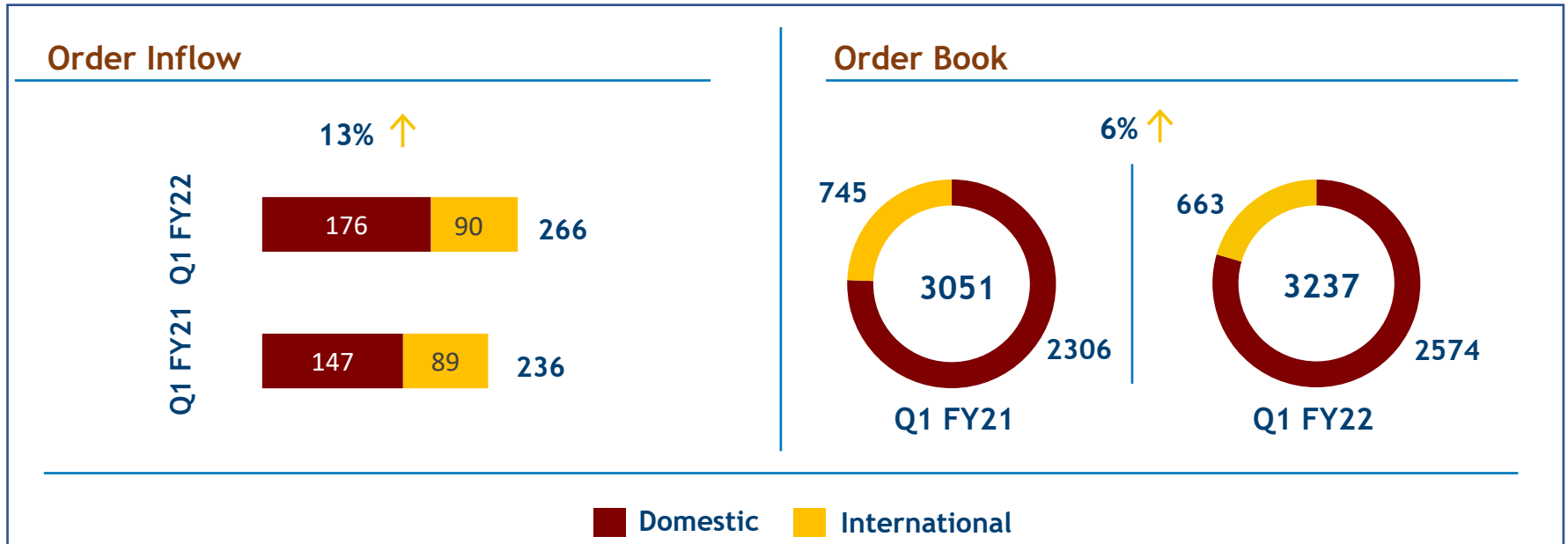
02 Group Performance



Floating Solar Project,
Tirupati, Andhra Pradesh

Q1 FY22 Order Inflow/Order Book

(Amount in ₹ bn)



- Q1 order Inflows from Infra, Hydrocarbon, Power, Heavy Engineering and Industrial Machinery business
- Ordering momentum impacted by subdued tendering and award activity
- Strong prospects pipeline
- Large & diversified order book provides multi-year revenue visibility



Group Performance - Sales & Costs

Rs Billion	Q1 FY21	Q1 FY22	% Var
Revenue	212.6	293.3	38%
International Rev.	45%	38%	
MCO Exp.*	92.3	154.4	67%
Fin. Charge Opex**	21.0	15.7	-26%
Staff Costs	61.5	68.8	12%
Sales & Admin.	21.5	22.8	6%
Total Opex	196.4	261.6	33%
EBITDA	16.2	31.7	96%
EBITDA %	7.6%	10.8%	

- E&C revenues drive growth amidst continuing pandemic
- MCO expense variation largely reflective of increase in activity level and higher input costs
- Reduction in Finance Charge Opex is a function of reduced borrowing cost and lower average liabilities in FS business
- Resource augmentation and pay revisions in service businesses drive staff cost
- Q1 SG&A reflective of activity levels

* Manufacturing, Construction and Operating expenses

**Finance cost of financial services business and finance lease activity



Group Performance - Profit Parameters

Rs Billion	Q1 FY21	Q1 FY22	% Var
EBITDA	16.2	31.7	96%
Fin. Cost	(10.6)	(8.3)	-22%
Depreciation	(6.7)	(7.2)	7%
Other Income	7.8	6.5	-17%
Tax Expense	(2.1)	(7.2)	>100%
JV/S&A PAT Share	(1.0)	(0.3)	-76%
Non-controlling Int.	(1.8)	(3.6)	>100%
Operational PAT	1.8	11.7	>100%
Discontinued Operations	0.1	-	
Exceptionals (net of tax and NCI)	1.1	-	
Reported PAT	3.0	11.7	>100%

- Better overhead recovery contributes to EBITDA growth
- Finance cost commensurate with reduced level of borrowing
- Other income reflective of level of treasury investments & yields earned during the quarter
- Share of JV / Associate PAT primarily comprises results of IDPL & Power JVs
- Q1 NCI variation largely due to improved profitability of services portfolio

03 Segment Performance Analysis



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



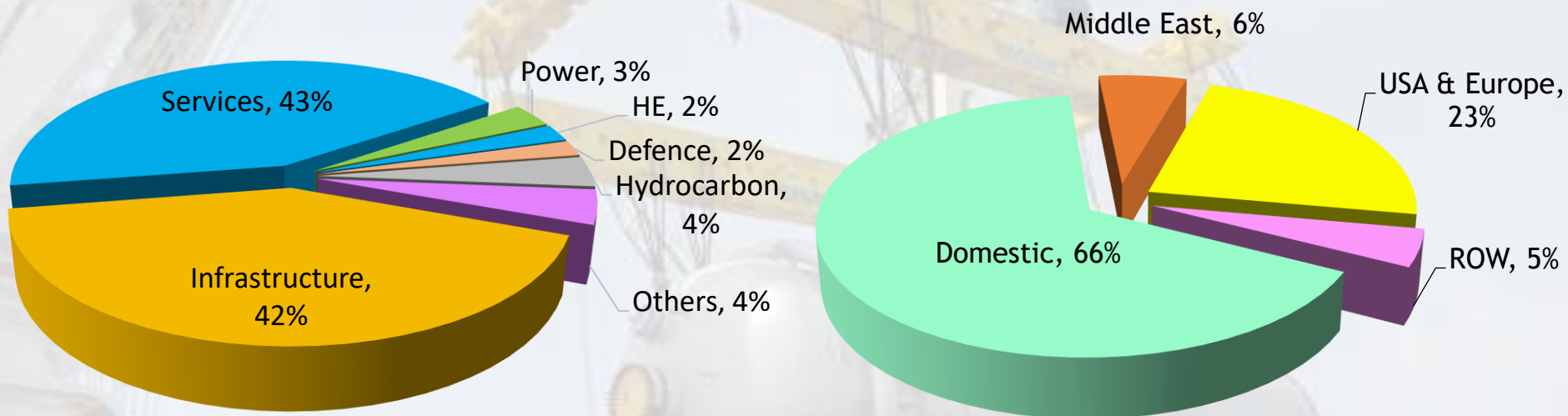
Others

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

* Consolidated at PAT level



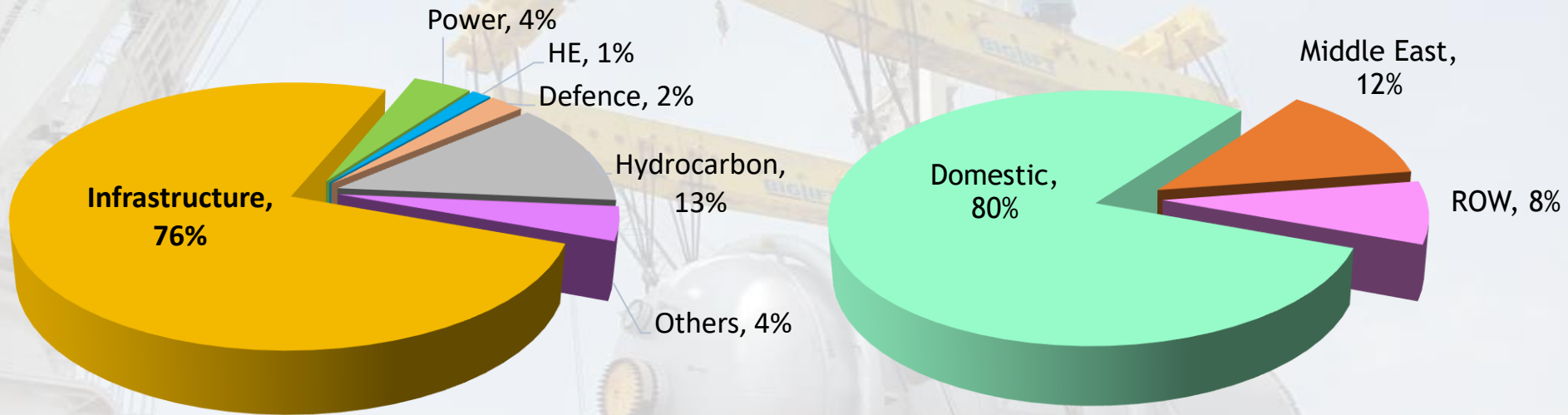
Order Inflow Composition



Q1 FY22 Rs 266 Bn



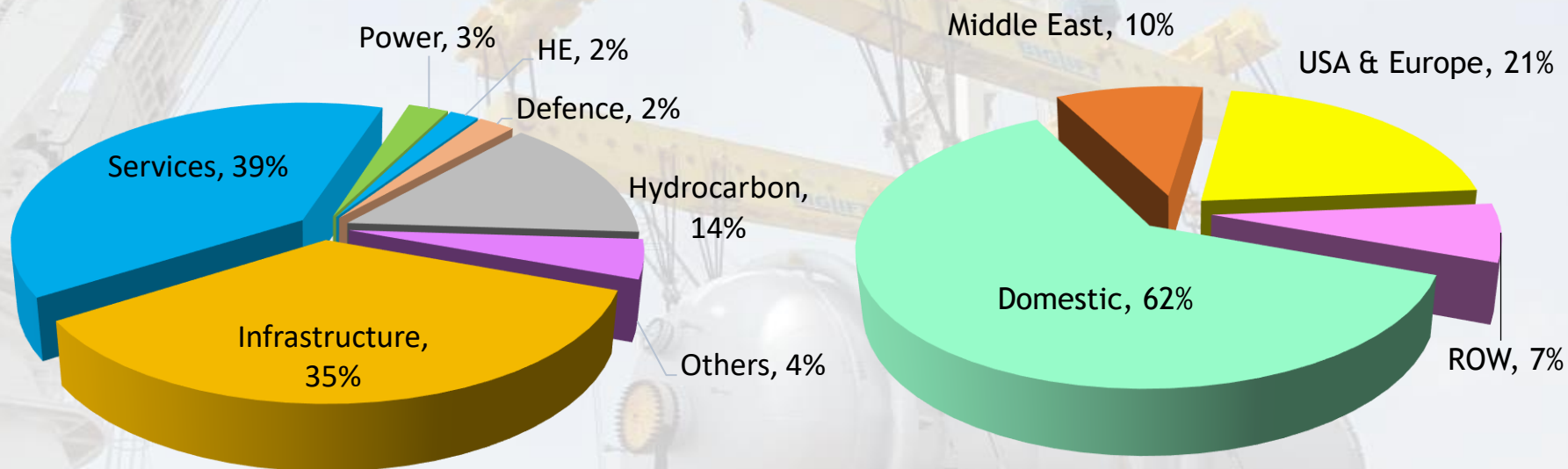
Order Book Composition



Q1 FY22 Rs 3237 Bn



Revenue Composition

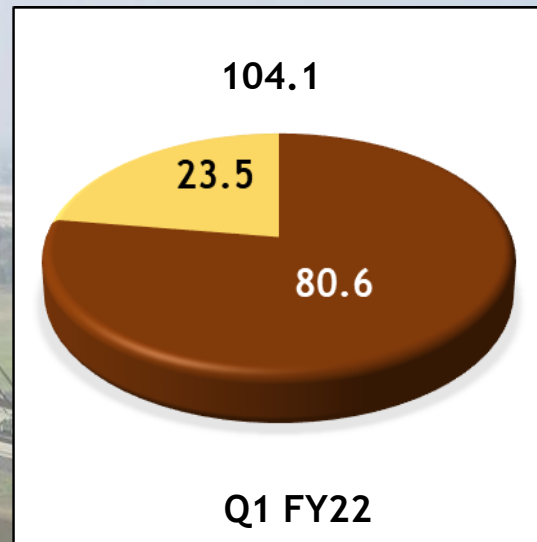
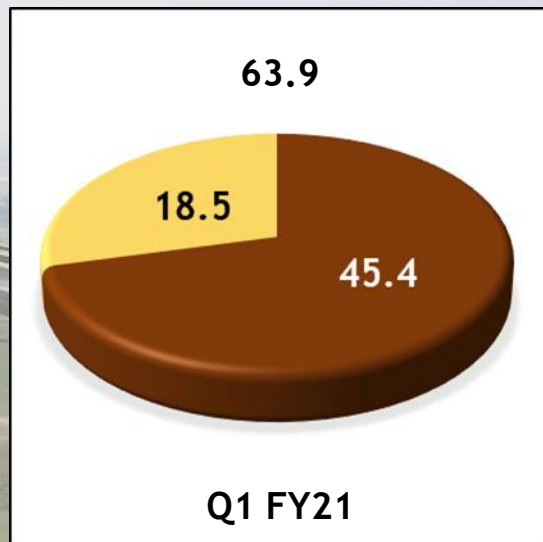


Q1 FY22 Rs 293 Bn

Infrastructure Segment

Net Revenue 63% ↑

(Amount in ₹ bn)



6.3% EBITDA Margin 7.1% ↑

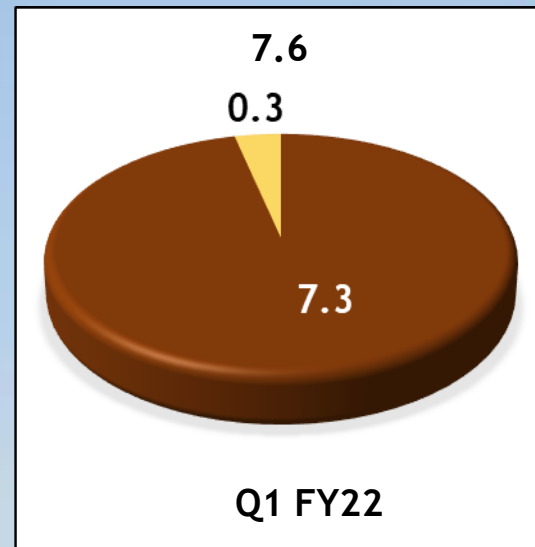
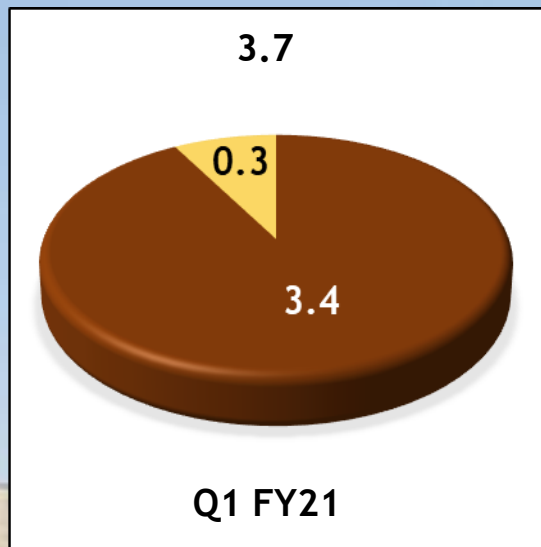
Domestic International

- Disrupted ordering momentum in Q1, multiple award deferments seen
- Strong execution growth over low base of LY, despite impact of Covid 2nd wave
- Better job mix and improved overhead recovery aids margin

Power Segment

Net Revenue > 100% ↑

(Amount in ₹ bn)



1.0% EBITDA Margin 2.5% ↑

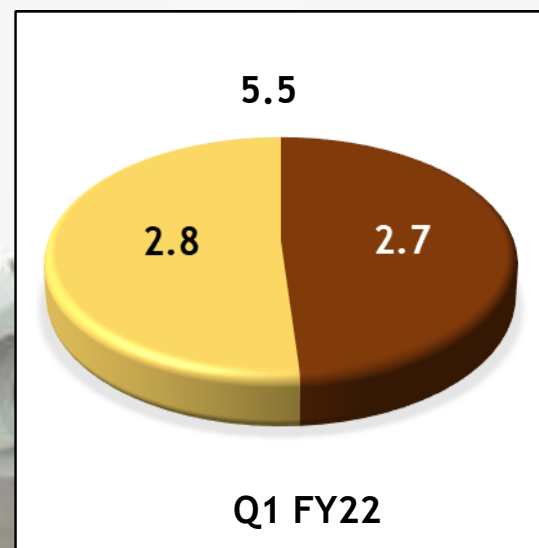
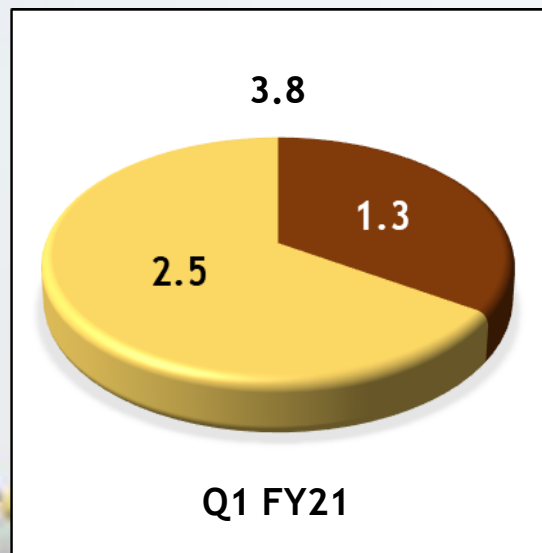
■ Domestic ■ International

- FGD win in Q1, healthy order book on the back of large wins in FY20
- Better execution progress drives growth in revenue and margin
- Profits of Boiler, Turbine and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

Net Revenue 45% ↑

(Amount in ₹ bn)



17.5% EBITDA Margin 17.9% ↑

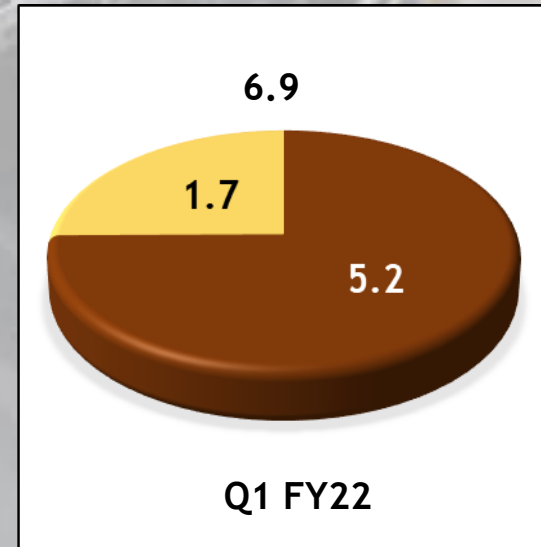
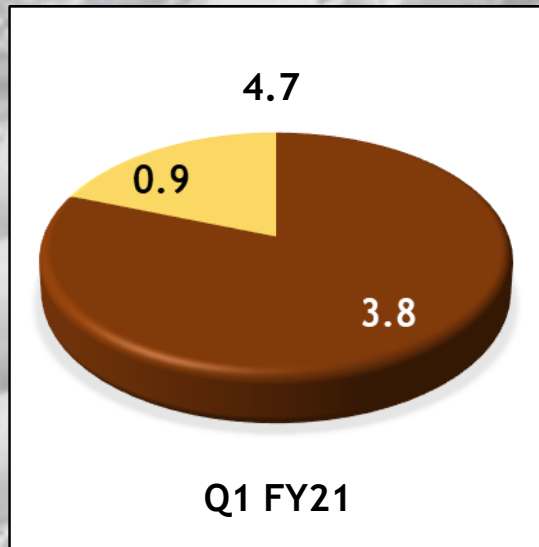
Domestic International

- Multiple order wins in Refinery, Oil & Gas verticals
- Improved project execution across multiple jobs leads revenue recovery in Q1
- Margins in line with higher revenues

Defence Engineering Segment

Net Revenue 46% ↑

(Amount in ₹ bn)



12.9% EBITDA Margin 20.3% ↑

Domestic International

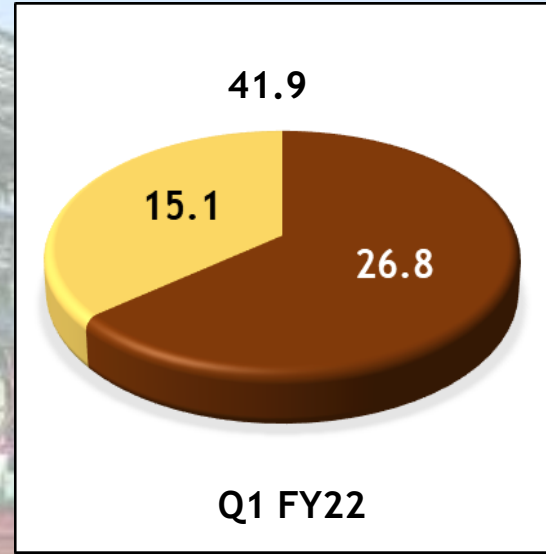
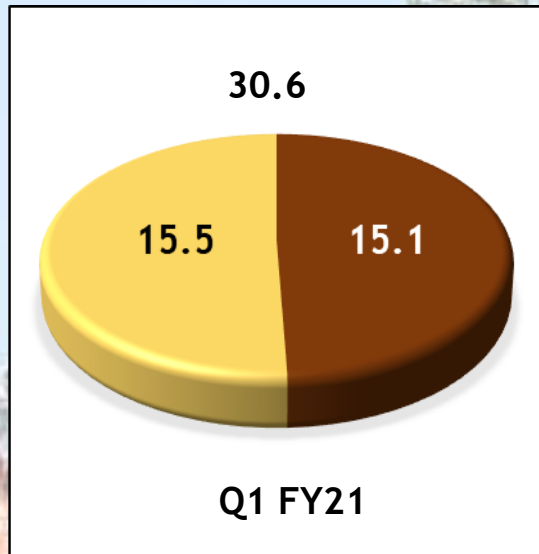
- Policy pronouncements around indigenisation to drive order inflows in medium to long term
- Better job progress drives revenues in Q1
- Margin contributed by cost savings / contingency releases in certain jobs

The business does not manufacture any explosives nor ammunition of any kind, including cluster munitions or anti-personnel landmines or nuclear weapons or components for such munitions. The business also does not customise any delivery systems for such munitions

Hydrocarbon Segment

Net Revenue 37% ↑

(Amount in ₹ bn)



5.3% EBITDA Margin 9.6% ↑

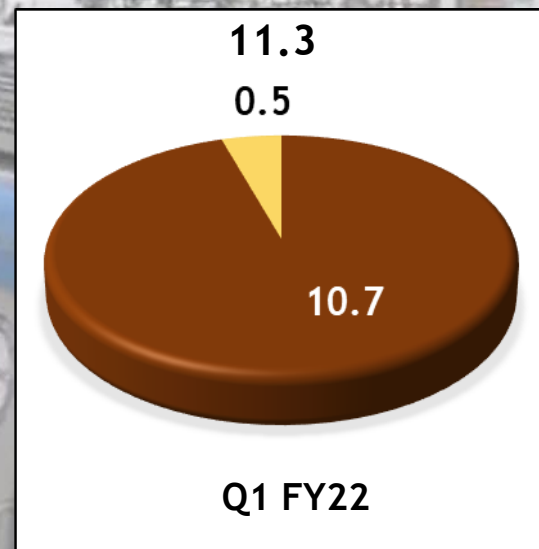
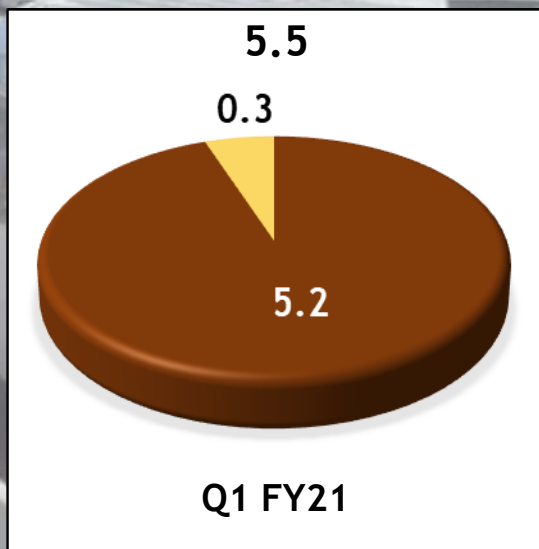
Domestic International

- Subdued order inflows during the quarter
- Strong execution activities drive revenues in Q1
- Q1 margin aided by one-time claim & cost savings

Developmental Projects Segment

Net Revenue >100%↑

(Amount in ₹ bn)



7.0% EBITDA Margin -0.4%↓

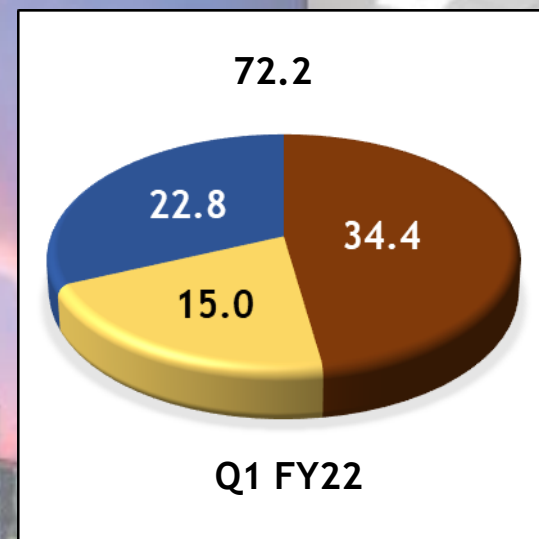
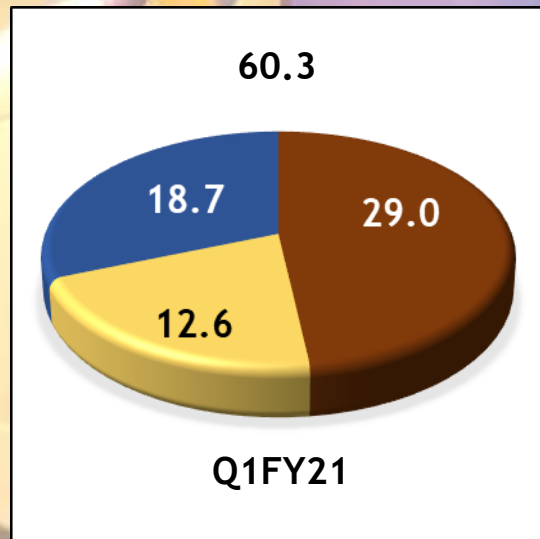
Power Development Hyd Metro

- Segment includes Power Development business (Thermal and Hydro) and Hyderabad Metro
- Revenue largely contributed by Power Development Business. Consequent to strong power demand, Nabha operates at 90% PLF, whereas Metro ridership is reflective of continuing pandemic
- Segment margin impacted by OPEX under recovery in Metro and non-recognition of Nabha margin
- Roads & TL concessions (part of IDPL) are consolidated at PAT level under the Equity method

IT & Technology Services Segment

Net Revenue 20% ↑

(Amount in ₹ bn)



20.7% EBITDA Margin 23.1% ↑

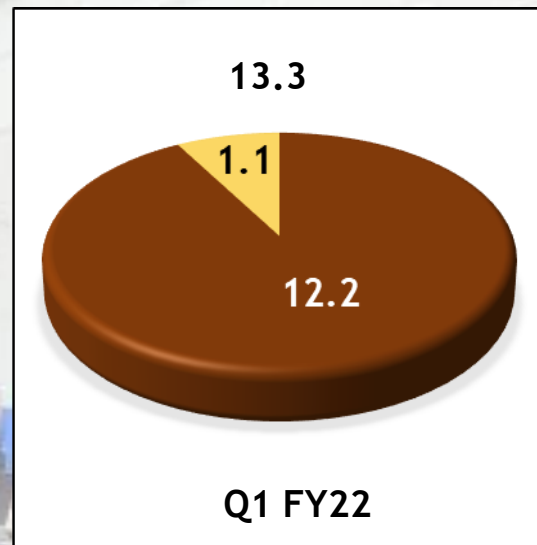
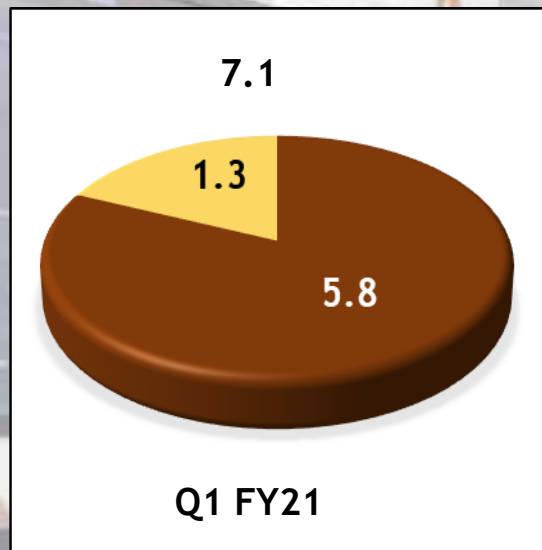
■ LTI ■ LTTS ■ Mindtree

- LTI revenue growth led by BFS, Hi-Tech, Media and Entertainment, Manufacturing and CPG, Retail & Pharma
- Mindtree revenue growth led by Travel, Transportation & Hospitality, Retail, CPG & Manufacturing and Communications, Media & Technology
- LTTS revenue growth largely contributed by Plant Engineering, Industrial Products, Transportation and Telecom & Hi-tech
- Margin improvement led by improved utilization, onshore: offshore mix and operational efficiencies

Others Segment

Net Revenue 86% ↑

(Amount in ₹ bn)



6.7% EBITDA Margin 15.2% ↑

Domestic International

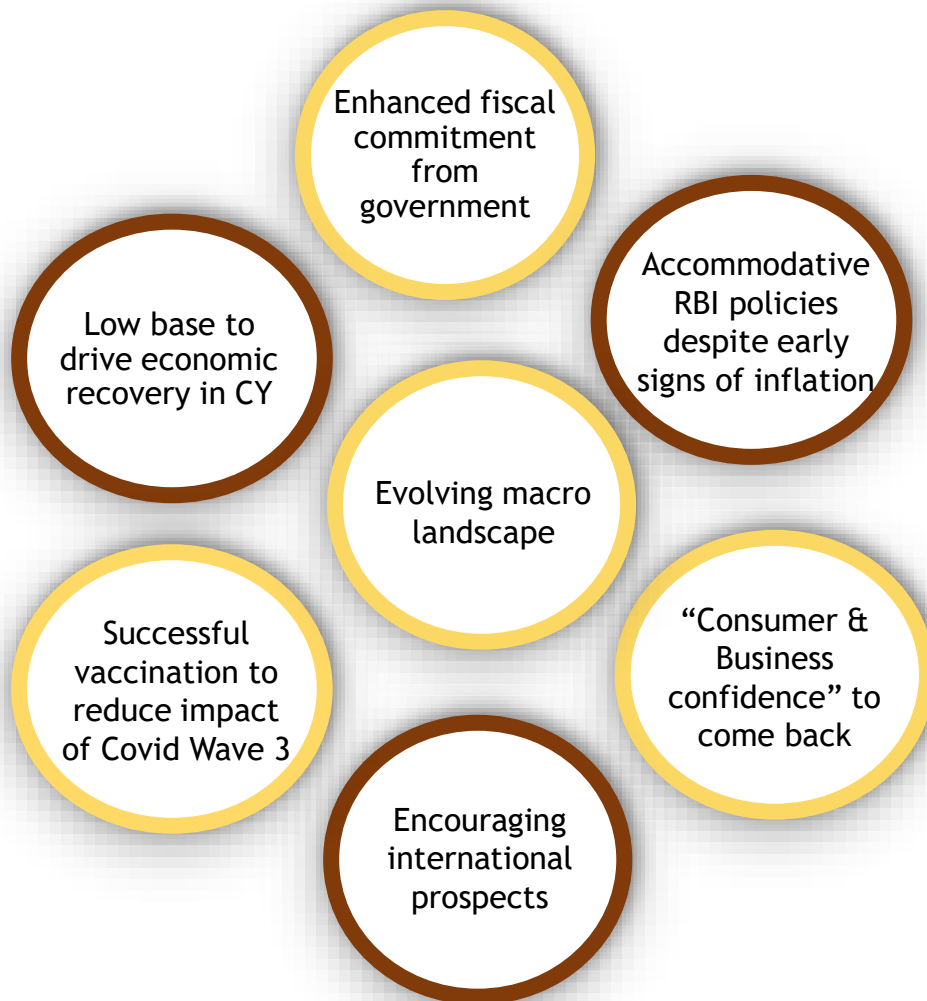
- Segment comprises Realty, Construction & Mining Equipment, Rubber Processing Machinery, Industrial Valves and Smart World & Communications
- Broad based revenue and margin growth across businesses

Financial Services Segment

Rs Bn	Q1 FY21	Q1 FY22	% Var
Income from Operations	32.8	30.6	-7%
Reported PAT (Net of NCI)	1.5	1.8	20%
PAT (Net of NCI) accruing to the group	0.9	1.1	17%
Mutual Fund Average AUM	583.6	755.3	29%
Book	988.8	884.4	-11%
Gross Stage 3 Assets	5.2%	5.8%	
Net Stage 3 Assets	1.7%	2.1%	
Net worth (excl NCI)	148.8	189.9	28%

- Q1 revolved around pick up in rural & infra disbursements, robust collections, improved NIMs & Fees and maintenance of adequate liquidity on Balance Sheet
- The business continues to pursue the strategy of higher retaili-sation of its loan book, diversification of liabilities, maintaining prudent ALM and targeting sustainable NIMs
- Sufficient growth capital available

The Road Ahead..... Belief that economic growth will return



Risk: Wave 3 disproportionately worse

Key Determinants Ahead

- Enabling environment for execution
- Sustained capex ordering from Govt / PSUs
- Liquidity
- Private Capex revival

Focus Areas



How L&T is currently positioned

- Healthy Order Book
- Strong Balance Sheet
- Proven ability to execute large projects
- Growing IT & TS services portfolio



Thank You

Investor Relations:

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Balance Sheet

Rs Billion	Mar-21	Jun-21	Incr / (Decr)
Equity & Reserves	759	772	14
Non Controlling Interest	121	124	4
Borrowings - Financial Services	865	824	-40
Development Projects	206	187	-19
Others	255	250	-6
Sources of Funds	2205	2158	-48
Fixed Assets (incl ROU assets)	138	137	-1
Intangible Assets & Investment Property	310	309	-1
Loans towards Financing Activities	861	799	-62
Finance lease receivable	70	69	-1
Net Non-Current Assets	150	155	5
Current Investments, Cash & Cash Equivalents	473	451	-21
Net Current Assets	203	236	33
Assets held for Sale (net)	0.03	-	-0.03
Application of Funds	2205	2158	-48
Gross Debt / Equity Ratio	1.51	1.41	
Net Debt / Equity Ratio	1.00	0.93	



Cash Flow

Rs Bn	Q1 FY21	Q1 FY22
Operating Profit	18.1	33.6
Changes in Working Capital [(Inc)/Dec]	(3.8)	(34.7)
Direct Taxes (Paid) / Refund [Net]	(5.0)	(6.9)
Net Cash from / (used in) Operations (A)	9.3	(7.9)
Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(3.6)	(3.5)
Net (Purchase) / Sale of Long Term investments	3.3	(2.6)
Net (Purchase) / Sale of Current investments	(133.3)	18.5
Loans/Deposits made with JV/Associate Cos.	(0.6)	0.0
Interest & Dividend Received	3.4	3.1
Net Cash from /(used in) Invest. Act. (B)	(130.8)	15.5
Issue of Share Capital / NCI	0.1	0.1
Net Borrowings [Inc/(Dec)]	146.8	(61.6)
Loans towards financing activities (Net)	0.9	66.8
Interest & Dividend paid	(10.1)	(15.2)
Net Cash from / (used in) Financing Activities (C)	137.7	(9.9)
Net (Dec) / Inc in Cash & Bank (A+B+C)	16.1	(2.3)



Segment Margin

Segment (Rs Cr)	Q1FY21			Q1FY22		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Ex-Services business:						
Infrastructure Segment	6393	400	6.3%	10409	736	7.1%
Power Segment	374	4	1.0%	759	19	2.5%
Hydrocarbon Segment	3062	163	5.3%	4190	401	9.6%
Heavy Engineering Segment	378	66	17.5%	548	98	17.9%
Defence Engineering Segment	473	61	12.9%	689	140	20.3%
Other Segment	714	48	6.7%	1329	202	15.2%
Total (ex-services)	11394	743	6.5%	17925	1596	8.9%
Services Business:						
IT, TS & Mindtree Segment	6028	1246	20.7%	7222	1671	23.1%
Financial Services Segment	3284	(107)	-3.3%	3061	257	8.4%
Developmental Projects Segment	554	39	7.0%	1126	(5)	-0.4%
Total (Services)	9866	1178	11.9%	11410	1923	16.9%
Total	21260	1921	9.0%	29335	3519	12.0%
EBIDTA to PAT (Q1 FY22)						
Particulars	IT&TS	Financial Services	Dev. Projects	Ex-Services*	Corporate	Total
EBIDTA	1671	257	(5)	1596	300	3819
Depreciation	(289)	(23)	(86)	(294)	(26)	(717)
Segment Result (as per Adv)	1383	234	(91)	1302	274	3102
Finance Cost & Tax Expense	(385)	(61)	(370)	(188)	(543)	(1546)
Non-controlling interest	(295)	(62)		0		(357)
Share in profit/(loss) of JV and associate			(45)	20		(25)
PAT	703	111	(505)	1134	(269)	1174

* Note: Interest cost and tax provisions are reflected under Corporate

Share in Profit/(Loss) of JVs/Associates

Rs Bn	Q1 FY21	Q1 FY22
Boiler/Turbine JVs	0.11	0.24
IDPL & Subs.	(0.62)	(0.45)
Special Steels and Heavy Forgings	(0.41)	-
Others	(0.09)	(0.04)
Total	(1.01)	(0.25)