

SEC/PAM/2019

October 23, 2019

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

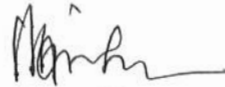
Sub.: Q2/H1 FY20 Analyst Presentation.


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 FY20 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**



**N. HARIHARAN**  
**EXECUTIVE VICE PRESIDENT &**  
**COMPANY SECRETARY**  
**(ACS 3471)** 

Encl : as above



# Analyst Presentation

Q2/H1 FY20  
October 23, 2019



# 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 - Q2 FY20



**Recurring PAT**  
**+24%**



**Order Inflow**  
**+20%**



**Order Book**  
**Rs 3.03 Tn**

**EBITDA**  
**+14%**



**Revenue**  
**+15%**



# Key Financial Indicators

(Amount in ₹ bn)

Q2 FY19	Q2 FY20	% Var	Particulars	H1 FY19	H1 FY20	% Var
403	483	20%	Order Inflow	751	870	16%
			Order Book	2782	3032	9%
307	353	15%	Revenue	577	650	13%
35	40	14%	EBITDA	63	71	13%
22	25	13%	Reported PAT	34	40	16%
			Net Working Capital	20%	23%	
			RONW (TTM) (%)	15.2%	15.8%	+60bps



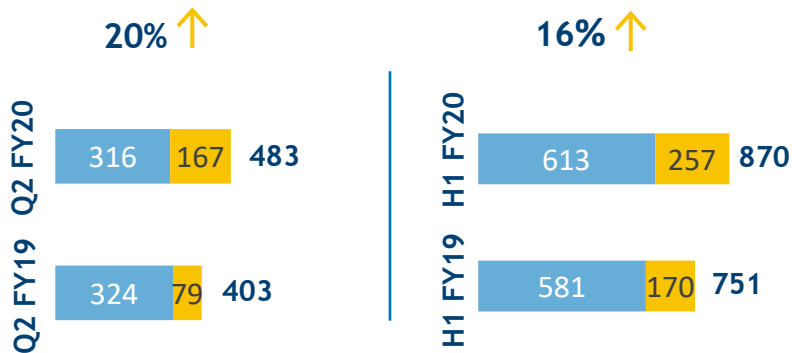
# 02 Group Performance Summary



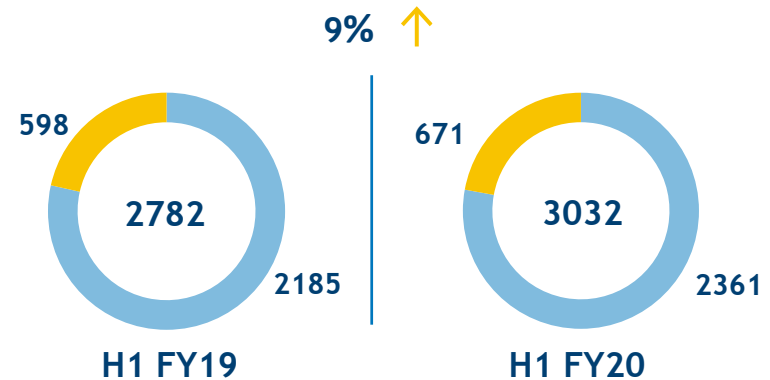
# Q2/H1 FY20 Order Inflow/Order Book

(Amount in ₹ bn)

## Order Inflow



## Order Book



■ Domestic ■ International

- Growth in Order Inflows obtained from International business
- Prospect pipeline for H2 encouraging in volatile environment
- Robust Order Book provides hedge against cyclicalities





# Group Performance - Sales & Costs

Q2 FY19	Q2 FY20	% Var	Rs Billion	H1 FY19	H1 FY20	% Var
306.8	353.3	15%	Revenue	576.8	649.6	13%
33%	34%	1%	International Rev.	34%	33%	-1%
192.0	208.6	9%	MCO Exp.	356.8	388.0	9%
17.9	20.2	13%	Fin. Charge Opex*	34.4	41.0	19%
44.0	61.4	39%	Staff Costs	85.3	106.9	25%
17.5	22.8	30%	Sales & Admin.	37.2	42.8	15%
271.4	313.1	15%	Total Opex	513.8	578.7	13%

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

- Q2 revenue growth driven by Infra, Hydrocarbon and IT&TS businesses
- Fin charge opex is consequent on larger debt
- Staff cost increase on resource augmentation in Service businesses & Mindtree consolidation
- SG&A expenses higher on Mindtree consolidation & credit costs in Financial Services business



# Group Performance - EBITDA to PAT

Q2 FY19	Q2 FY20	% Var	Rs Billion	H1 FY19	H1 FY20	% Var
35.4	40.2	14%	<b>EBITDA</b>	63.0	70.9	13%
(4.0)	(6.9)	72%	Fin. Cost	(7.6)	(12.7)	67%
(4.8)	(6.3)	32%	Depreciation	(10.8)	(10.9)	1%
4.1	6.0	46%	Other Income	6.4	12.3	93%
(8.2)	(7.9)	-3%	Tax Expense	(17.1)	(15.9)	-7%
(1.0)	0.4		JV/S&A PAT Share	1.6	(0.3)	
(3.6)	(2.4)	-33%	Non-controlling Int.	(6.2)	(5.8)	-6%
1.4	2.2		Discontinued Operations	2.2	3.3	
20.4	25.3	24%	<b>Recurring PAT</b>	32.5	40.9	26%
1.9	-		Exceptionals	1.9	(0.9)	
22.3	25.3	13%	<b>Reported PAT</b>	34.5	40.0	16%

- Finance cost commensurate with debt levels and phased commencement of Hyd. Metro
- Higher depreciation charge on account of Mindtree/RoU Assets
- Growth in other income arising from treasury gains
- JV/S&A PAT reflects IDPL Roads, Forgings & Power JVs performance
- E&A business classified as discontinued operations
- Reduction in NCI reflects lower profits in Service Businesses







# Income Tax Expense

The Parent Company and some of the subsidiaries have computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly,

- a) The provision for current and deferred tax has been determined at the rate of 25.17%
- b) The deferred tax assets and deferred tax liabilities as on April 1, 2019 have been restated at the rate of 25.17%
- c) The unutilised credit for minimum alternate tax as on April 1, 2019 has been written-off
- d) Barring IT&TS, most group companies plan to migrate to new tax regime



# 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

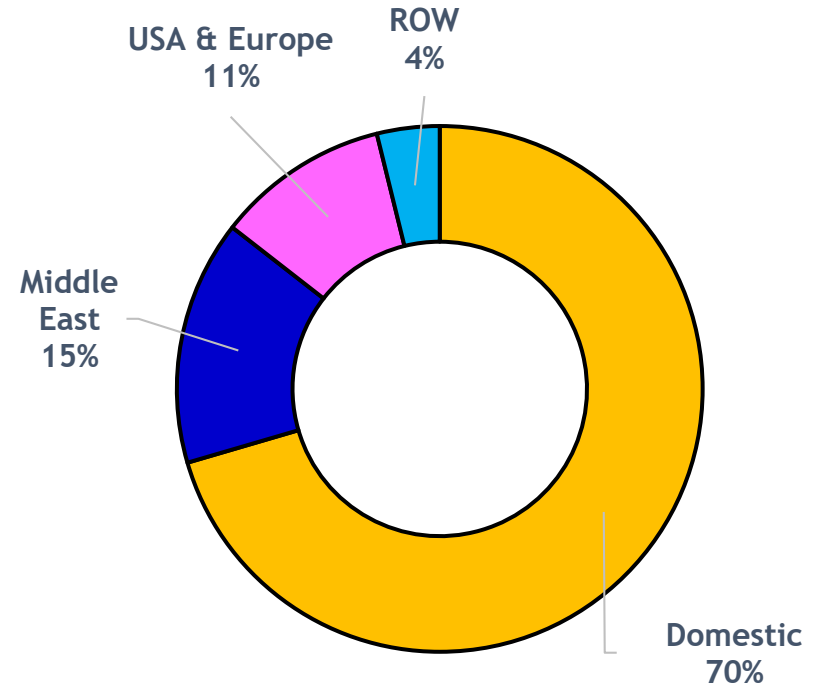
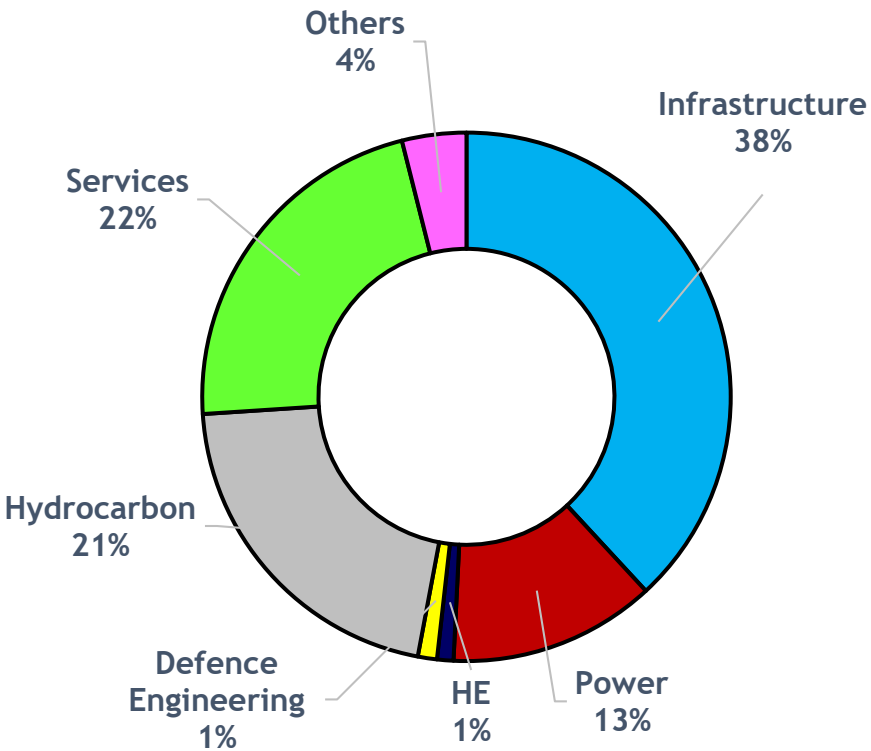
Realty  
 Industrial Products &  
 Machinery

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

\* Consolidated at PAT level



# H1 FY20 Order Inflow Composition

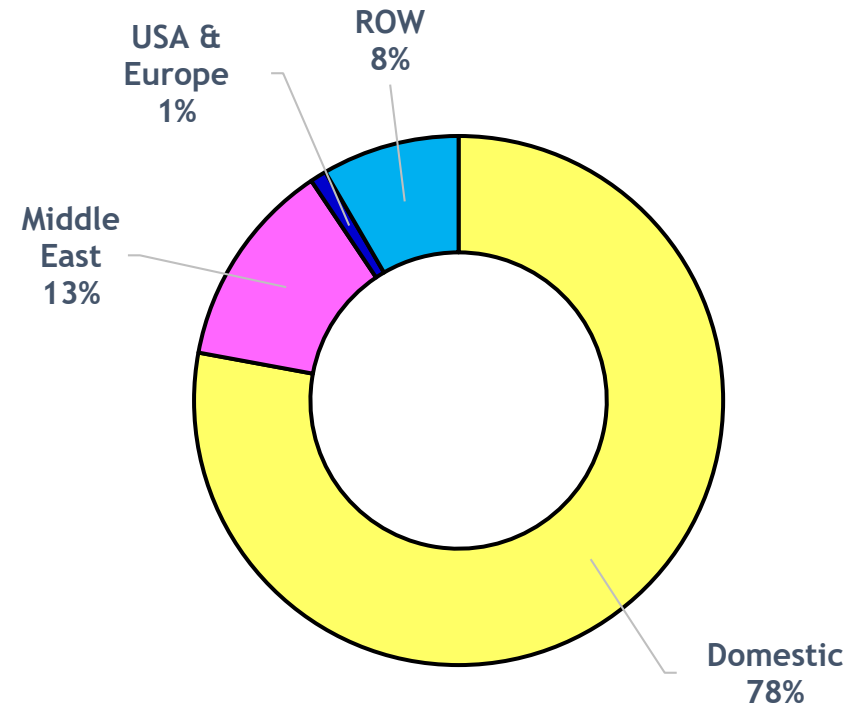
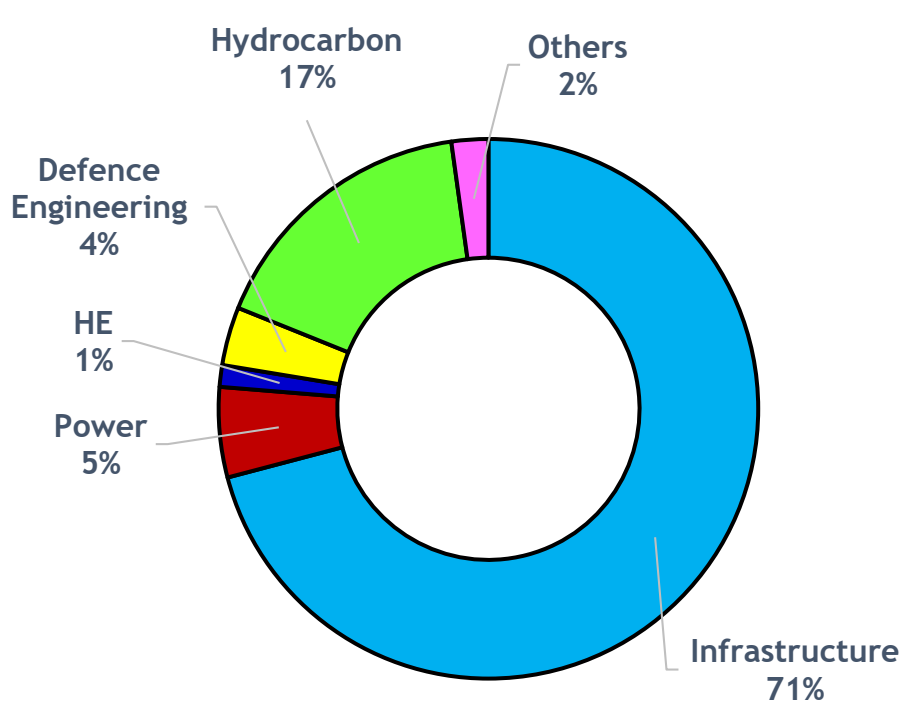


**Order Inflow Rs 870 Bn**





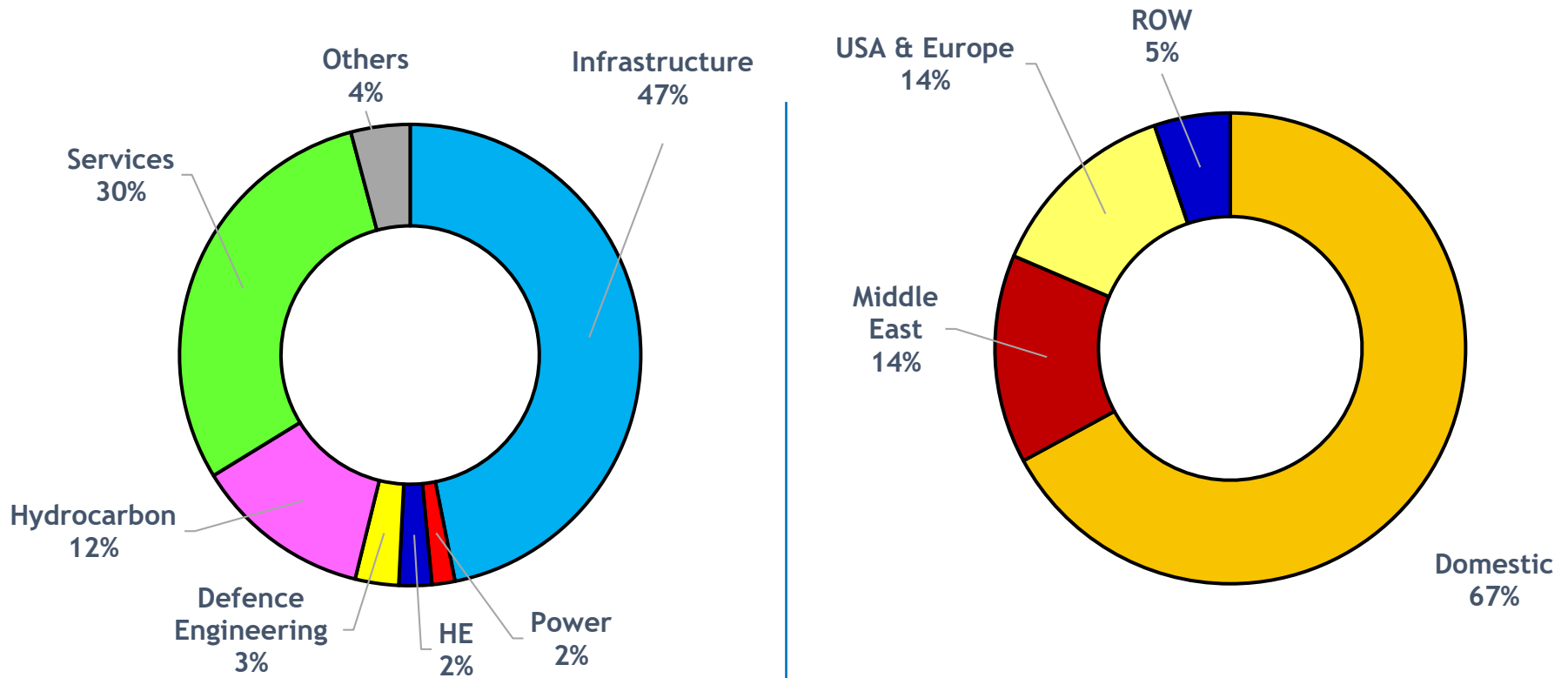
# H1 FY20 Order Book Composition



**Order Book Rs 3032 Bn**



# H1 FY20 Revenue Composition



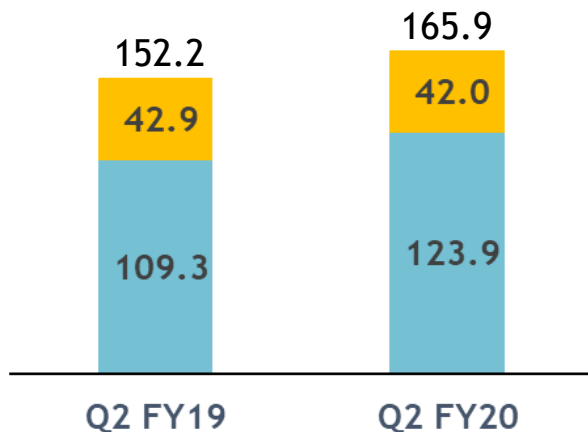
Revenue Rs 650 Bn



# Infrastructure Segment

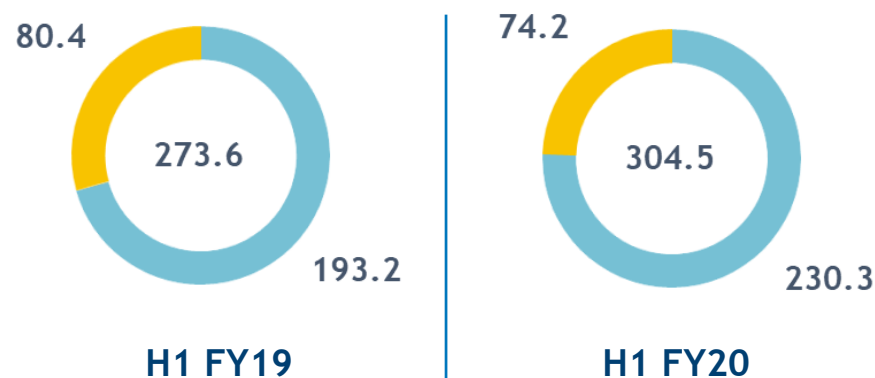
(Amount in ₹ bn)

Net Revenue 9% ↑



6.8% EBITDA Margin 7.1%

Net Revenue 11% ↑



6.8% EBITDA Margin 6.8%

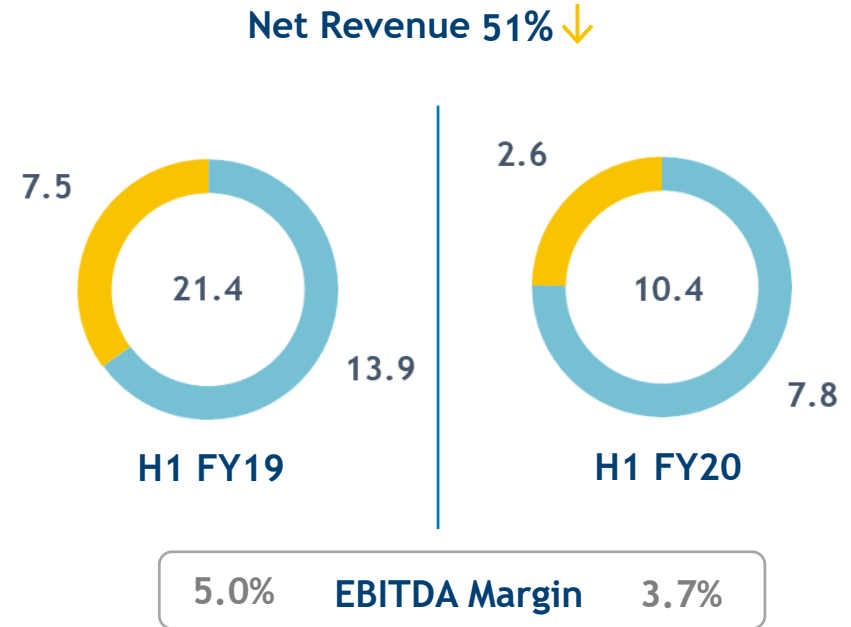
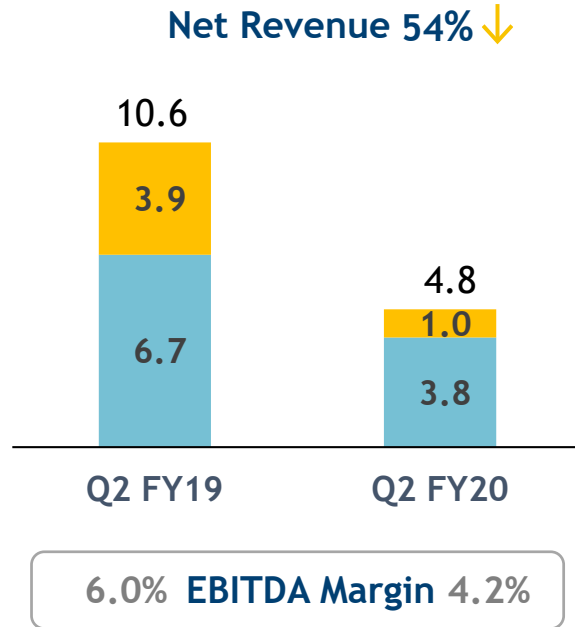
■ Domestic ■ International

- Public sector continues to drive Order Inflows
- Strong domestic revenue growth on robust order book conversion
- Margins reflect stage of execution and job mix



# Power Segment

(Amount in ₹ bn)



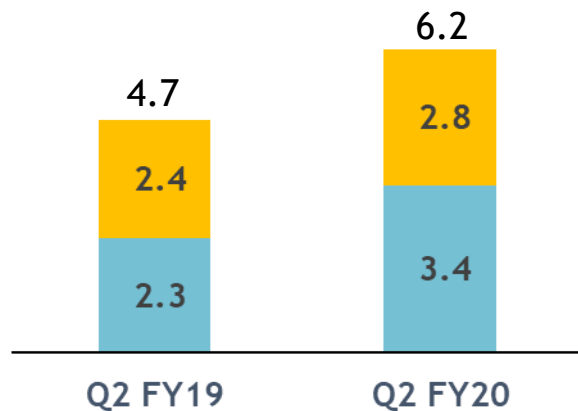
■ Domestic ■ International

- Strong order inflows in H1 replenishes order book
- Revenue decline reflects depleted opening order book
- 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

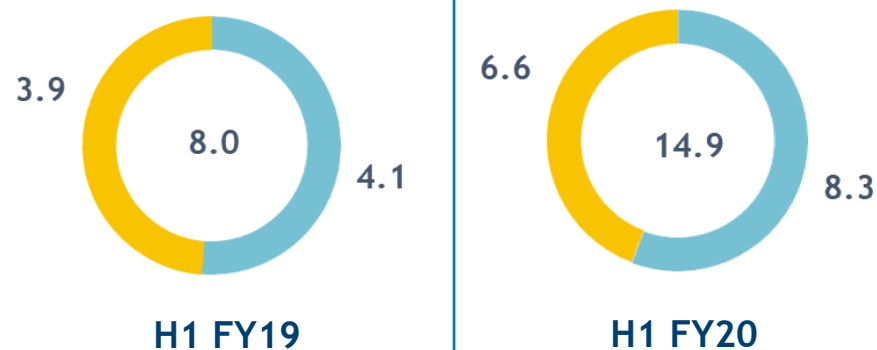
(Amount in ₹ bn)

Net Revenue 33% ↑



24.2% EBITDA Margin 24.9%

Net Revenue 87% ↑



29.1% EBITDA Margin 21.7%

■ Domestic ■ International

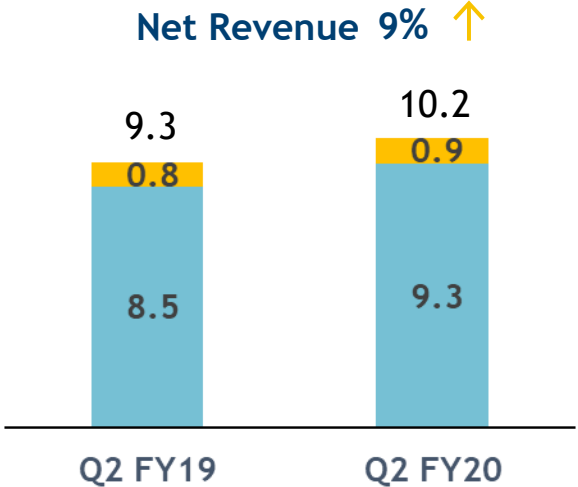
- Q2 Order Inflows impacted by deferments
- Strong revenue growth driven by large opening Order Book
- Global competence, technology differentiation, proven track record and cost efficiencies yield strong margins



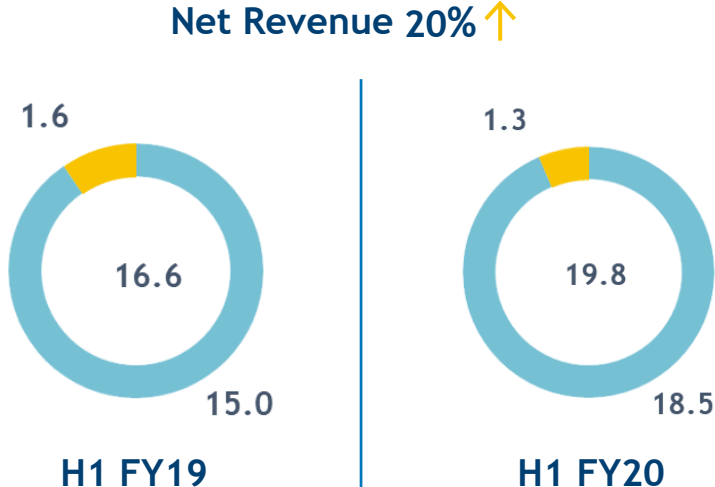


# Defence Engineering Segment

(Amount in ₹ bn)



25.0% EBITDA Margin 17.9%



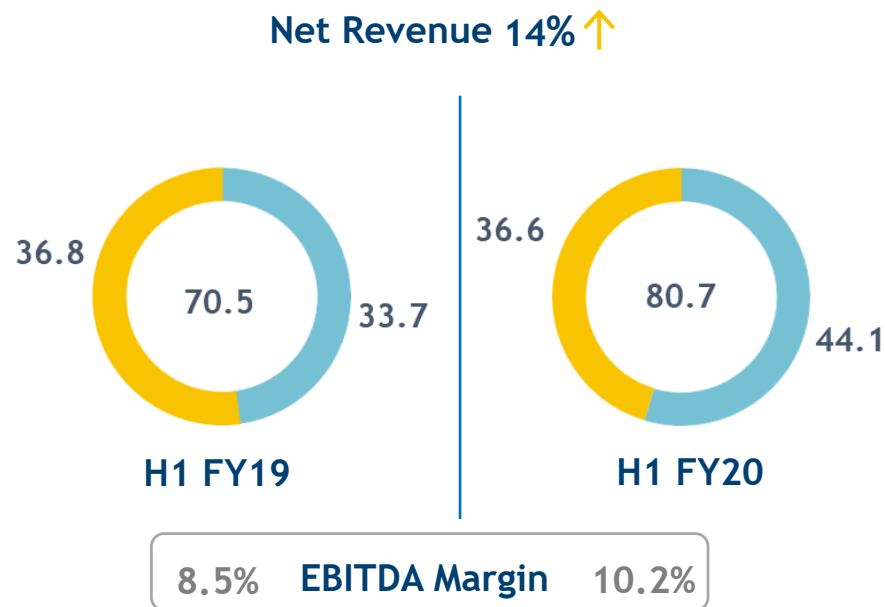
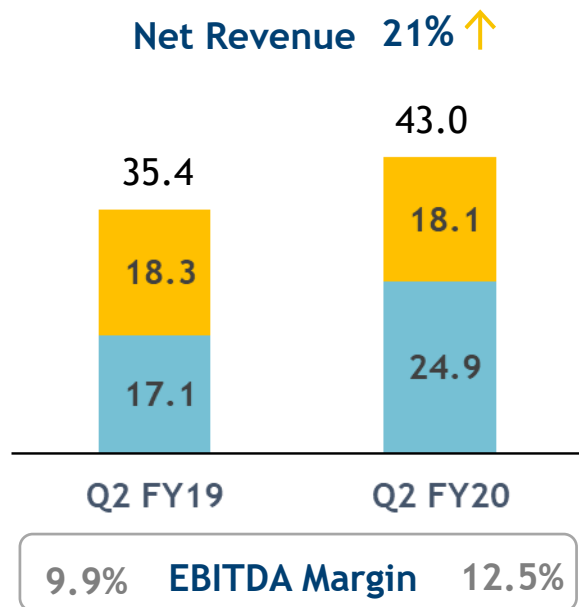
18.9% EBITDA Margin 17.2%

■ Domestic ■ International

- Current policy continues to inhibit private sector participation
- Execution of tracked artillery gun order continues to drive revenue growth & margins
- Margins reflect stage of execution, job mix and operational efficiency

# Hydrocarbon Segment

(Amount in ₹ bn)

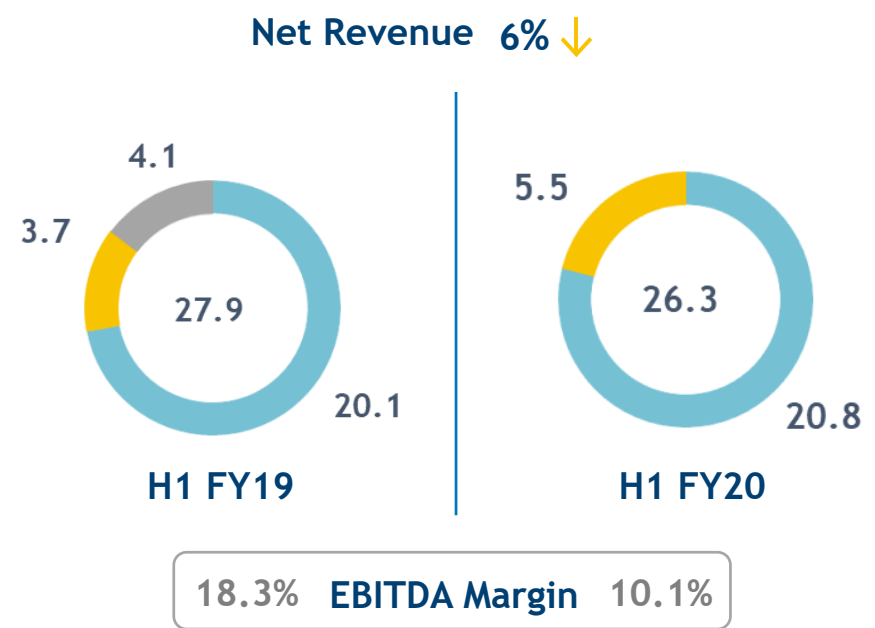
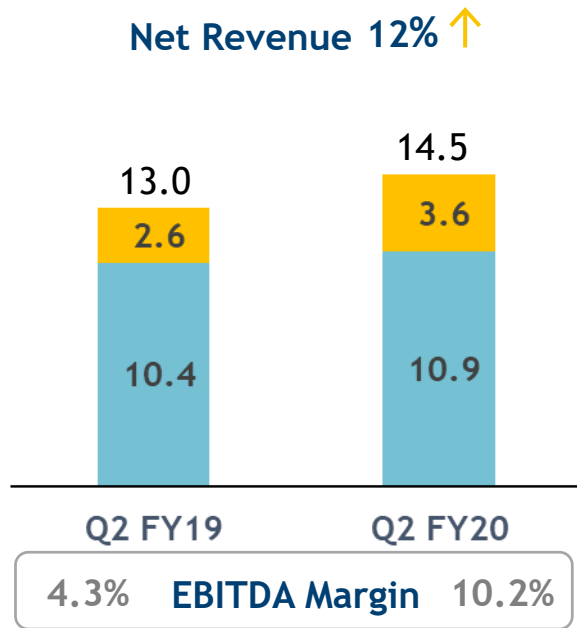


■ Domestic ■ International

- Significant Order Inflows obtained from domestic & international markets
- 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)



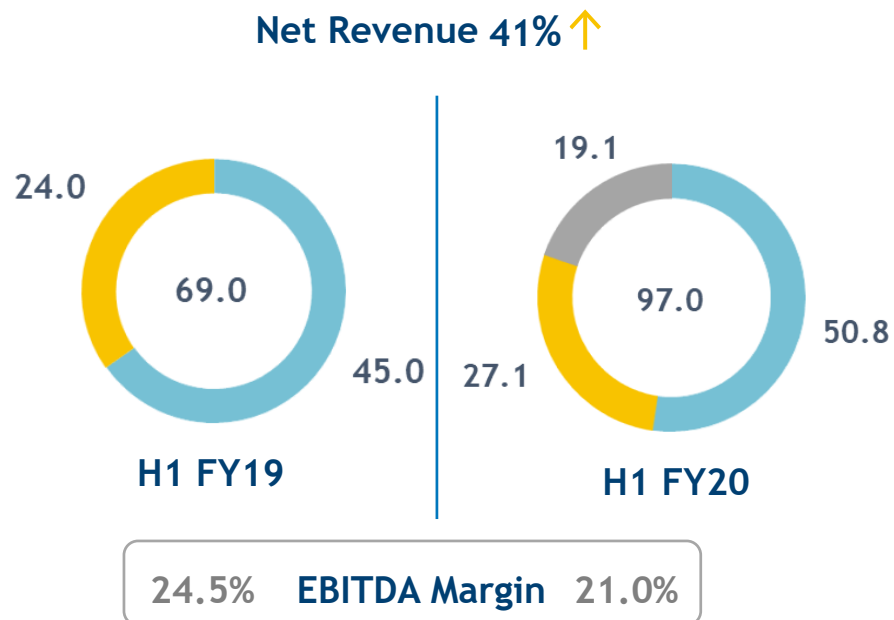
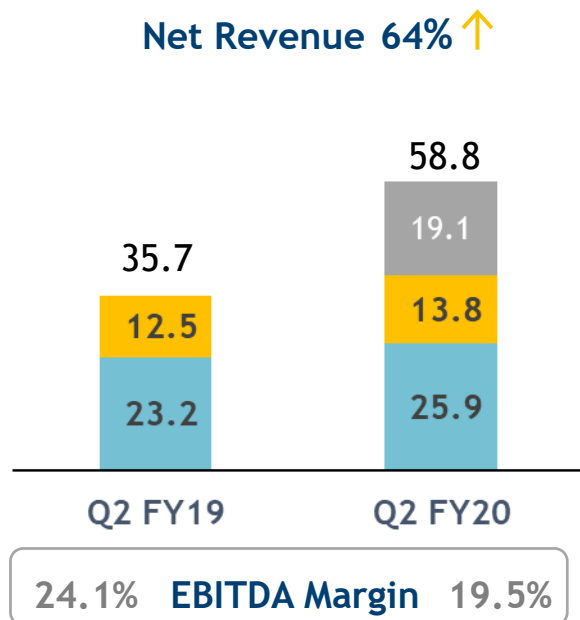
■ Nabha ■ Hyd. Metro ■ Kattupalli Port

- Segment includes Power Development business, Hyderabad Metro
- Revenue largely contributed by Power Development Business
- Hyd. Metro: Partial CoD of 30 Km in Nov'17, 16 km in Sept'18 and 9 km in Mar'19. Total of 55 km
- Margin profile still emerging
- IDPL (Roads & TL) consolidated at PAT level under Equity method



# IT & Technology Services Segment

(Amount in ₹ bn)



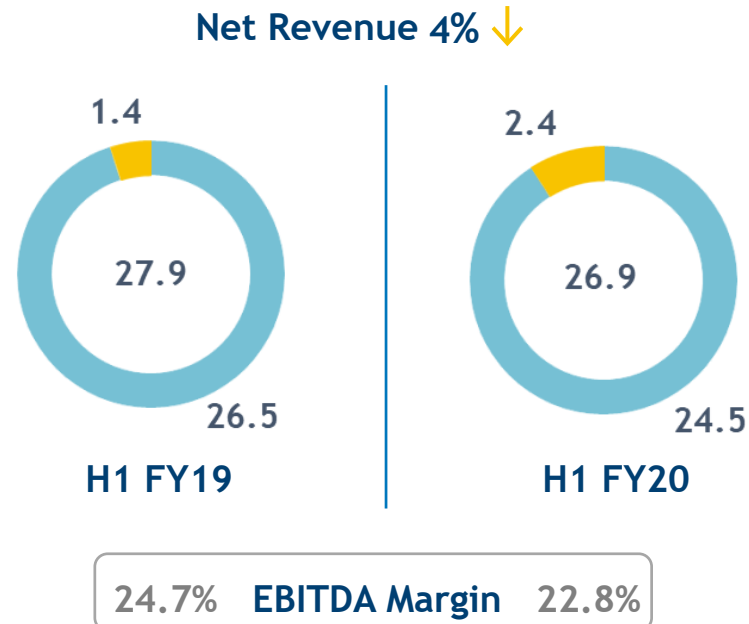
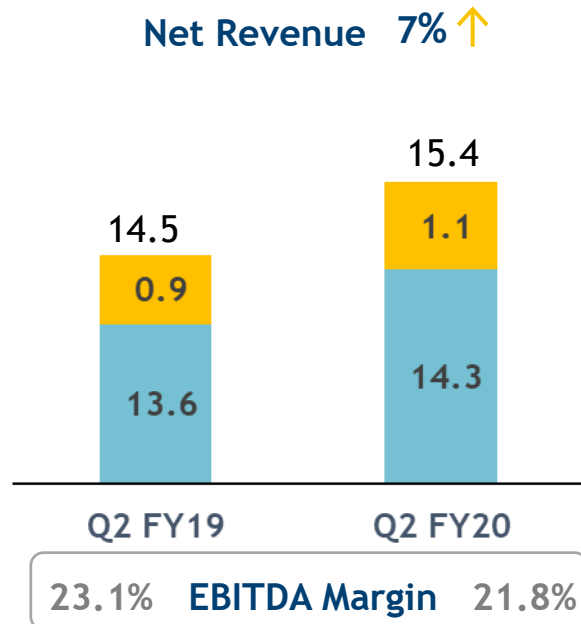
■ IT ■ TS ■ Mindtree

- Mindtree results consolidated in Q2
- LTI revenue growth led by Manufacturing and Energy & Utilities
- LTTTS revenue growth led by Transportation, Plant Engineering and Medical Devices verticals
- Mindtree revenue growth led by Travel & Hospitality & High tech & Media
- 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
- Q2 revenue growth driven by realty & valves
- Margin drop due to business mix variation

# L&T Finance Holdings Group

Q2 FY 19	Q2 FY 20	% Var	Rs Bn	H1 FY 19	H1 FY 20	% Var
32.2	36.1	12%	Income from Operations	63.3	72.1	14%
3.9	1.1	-71%	PAT (Net of NCI)	7.4	4.6	-38%
Mutual Fund Average AUM				737.5	692.1	-6%
Net Loan Book				912.0	1,002.6	10%
Gross Stage 3 Assets				7.1%	6.0%	
Net Stage 3 Assets				2.8%	2.8%	
Networth				123.2	139.8	

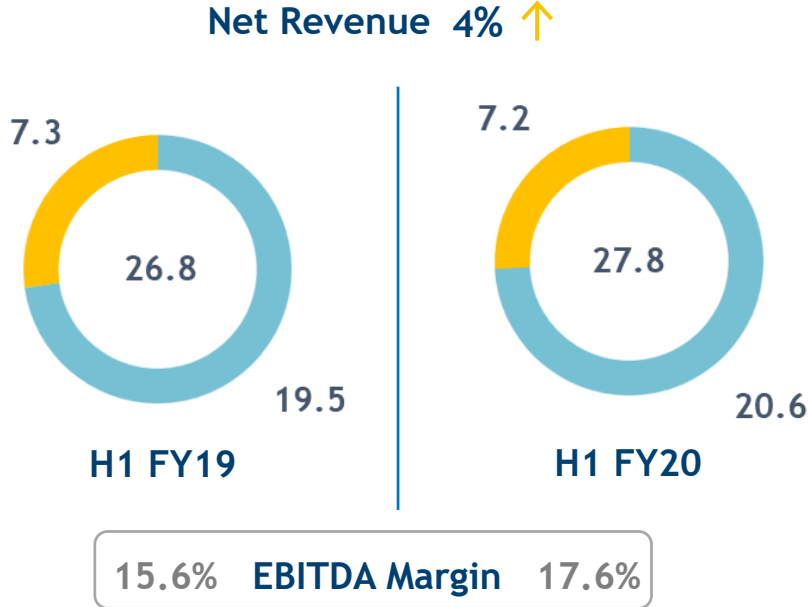
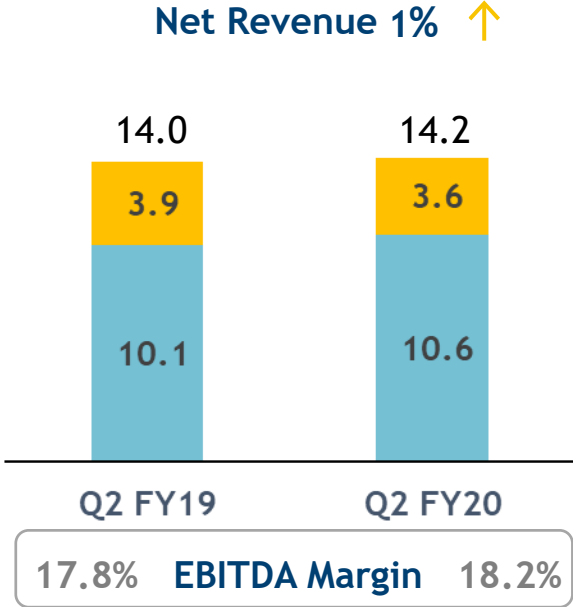
\* PAT excludes NCI

- Growth in a 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 impact arising out of DTA restatement

*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)



■ Domestic ■ International

- Flat revenue growth in a soft demand environment
- Margin increase reflects operational efficiencies and better realisations

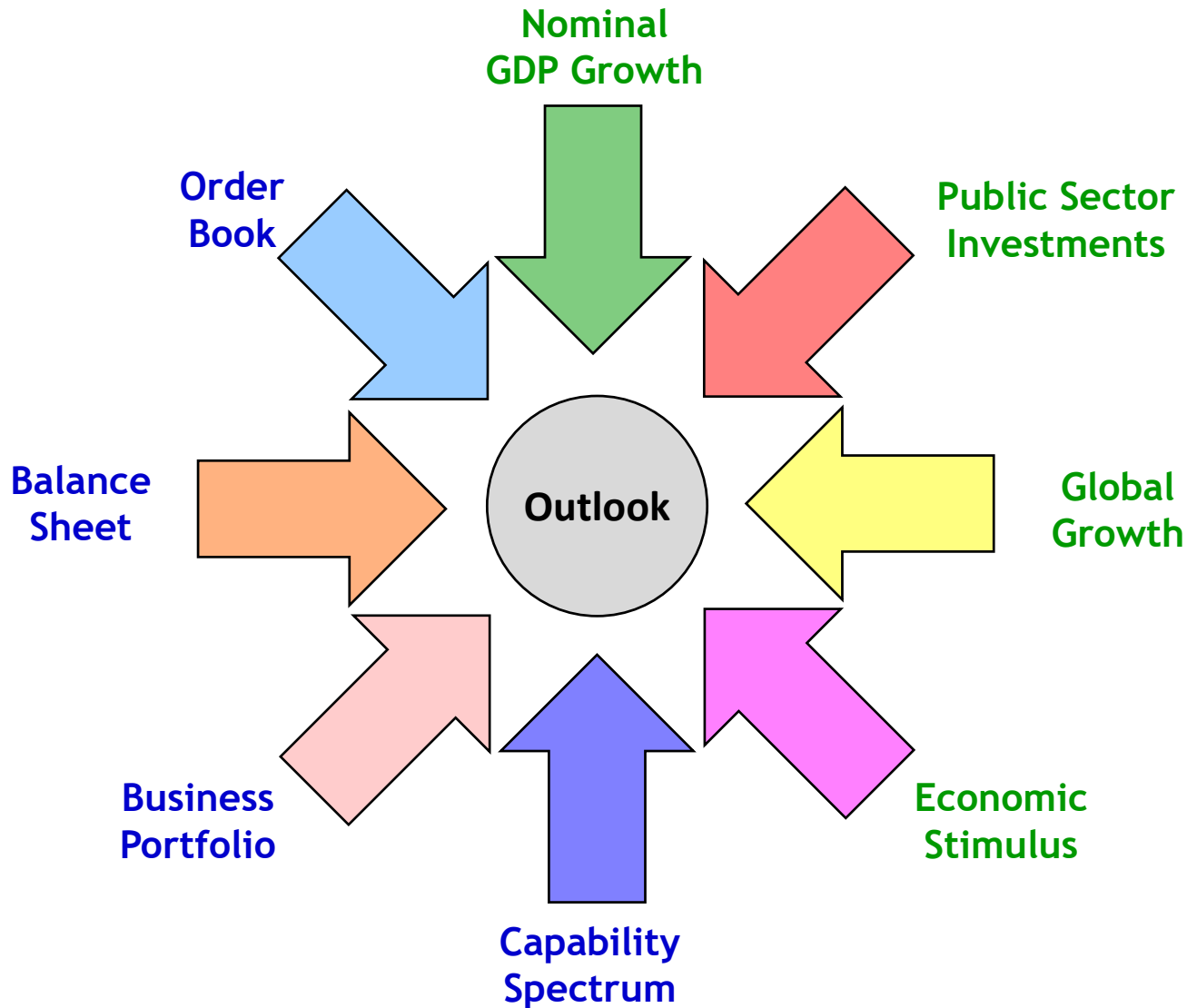
*E&A is classified as discontinued operations in Financial Statements*



# 04 The Environment & Outlook



# The Environment & the Outlook





*Thank You*



*Turn overleaf for Annexures*



# Segment Margin

Segment	H1 FY20			H1 FY19		
	Net Revenue (Rs. Crore)	EBITDA (Rs. Crore)	EBITDA %	Net Revenue (Rs. Crore)	EBITDA (Rs. Crore)	EBITDA %
<b>Ex-Services business:</b>						
Infrastructure Segment	30455	2061	6.8%	27359	1871	6.8%
Power Segment	1045	39	3.7%	2139	107	5.0%
Hydrocarbon Segment	8065	822	10.2%	7054	598	8.5%
Heavy Engineering Segment	1493	324	21.7%	799	233	29.1%
Defence & Aerospace	1982	341	17.2%	1657	313	18.9%
Other Segment	2692	613	22.8%	2790	690	24.7%
<b>Total (ex-services)</b>	<b>45731</b>	<b>4200</b>	<b>9.2%</b>	<b>41797</b>	<b>3812</b>	<b>9.1%</b>
<b>Services Business:</b>						
IT & TS Segment	9696	2036	21.0%	6897	1687	24.5%
Financial Services Segment	6907	1536	22.2%	6196	1550	25.0%
Developmental Projects Segment	2631	265	10.1%	2792	510	18.3%
<b>Total (Services)</b>	<b>19233</b>	<b>3838</b>	<b>20.0%</b>	<b>15885</b>	<b>3747</b>	<b>23.6%</b>
<b>Total</b>	<b>64,964</b>	<b>8,038</b>	<b>12.4%</b>	<b>57,682</b>	<b>7,560</b>	<b>13.1%</b>
<b>EBITDA TO PAT (H1 FY20)</b>						
Particulars	<b>Financial Services</b>	<b>IT &amp; TS</b>	<b>Dev. Projects</b>	<b>Ex-Services</b>	<b>Corporate</b>	<b>Total</b>
EBITDA	1536	2036	265	4200	284	8322
Depreciation, Finance Cost & Tax Expense	-807	-829	-243	-1331	-739	-3950
Non-controlling interest	-266	-308	0	-6	-0	-580
Share in profit/(loss) of JV and associate			-76	31	16	-29
Exceptional items			-94			-94
PAT from discontinued operations						331
<b>Profit After Tax</b>	<b>463</b>	<b>899</b>	<b>-147</b>	<b>2893</b>	<b>-440</b>	<b>4000</b>

E&A included for comparison purpose





# Balance Sheet

Rs Billion	Sep-19	Mar-19	Incr / (Decr)
Equity & Reserves	633	624	9
Non Controlling Interest	91	68	23
Borrowings - Financial Services	890	915	(25)
Development Projects	197	191	6
Others	242	149	93
<b>Sources of Funds</b>	<b>2,054</b>	<b>1,948</b>	<b>107</b>
Fixed Assets	152	134	18
Intangible Assets & Investment Property	309	217	92
Loans towards Financing Activities	934	913	20
Finance lease receivable	89	90	(1)
Net Non-Current Assets	135	180	(45)
Current Investments, Cash & Cash Equivalents	163	257	(94)
Net Current Assets	250	156	93
Assets held for Sale (net)	23	0	23
<b>Application of Funds</b>	<b>2,054</b>	<b>1,948</b>	<b>107</b>
Gross Debt/Equity Ratio	1.8	1.8	



# Cash Flow

Q2 FY19	Q2 FY20	Rs Bn	H1 FY19	H1 FY20
39.8	45.6	Operating Profit	67.7	83.0
(0.7)	(18.8)	Changes in Working Capital	(36.0)	(85.6)
(13.2)	(12.9)	Direct Taxes paid	(22.3)	(21.7)
<b>25.9</b>	<b>13.9</b>	<b>Net Cash from Operations (A)</b>	<b>9.3</b>	<b>(24.2)</b>
(7.1)	(5.5)	Net Investment in Fixed Assets (incl. Intangible)	(13.7)	(10.2)
(10.6)	21.4	Net (Purchase)/ Sale of Long Term investments	(7.3)	(39.9)
(66.1)	26.8	Net (Purchase)/ Sale of Current investments	(81.8)	66.6
(0.2)	0.2	Loans/Deposits made with JV/Associate Cos.	(0.4)	(0.2)
0.8	1.9	Interest & Dividend Received	3.2	5.4
<b>(83.2)</b>	<b>44.9</b>	<b>Net Cash from/(used in) Invest. Act. (B)</b>	<b>(99.9)</b>	<b>21.8</b>
24.6	(4.5)	Issue of Share Capital / Minority	30.5	1.9
137.5	(13.6)	Net Borrowings	166.3	74.5
(58.4)	(9.0)	Disbursements towards financing activities*	(72.2)	(21.5)
(32.1)	(35.6)	Interest & Dividend paid	(41.3)	(44.1)
<b>71.6</b>	<b>(62.7)</b>	<b>Net Cash from Financing Activities (C)</b>	<b>83.2</b>	<b>10.8</b>
<b>14.4</b>	<b>(3.9)</b>	<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>(7.4)</b>	<b>8.4</b>

\* included under Net Cash from operations under statutory financial statements

# Share in Profit/(Loss) of JVs/Associates

Q2 FY19	Q2 FY20	Rs Bn	H1 FY19	H1 FY20
0.39	0.61	MHPS JVs	0.81	0.93
(0.88)	(0.01)	IDPL & Subs.	1.67	(0.73)
(0.35)	(0.36)	Special Steels and Heavy Forgings	(0.71)	(0.72)
(0.13)	0.15	Others	(0.14)	0.23
<b>(0.96)</b>	<b>0.40</b>	<b>Total</b>	<b>1.63</b>	<b>(0.29)</b>

# 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 (Sep 2019)

**Rs 86 Bn**

Equity Invested at SPV level  
 (Sep 2019)

**Rs 6 Bn**

Balance Equity Commitment  
 (Sep 2019)