

SEC/PAM/2019

July 23, 2019

The Secretary BSE Limited Phiroze Jeebhoy Towers, Dalal Street, MUMBAI - 400 001 STOCK CODE: <b>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 STOCK CODE: <b>LT</b>
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Dear Sirs,

**Sub.: Analyst Presentation-Q1FY20**

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of updated Analyst Presentation, which will be uploaded to our Investor Website <http://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



Q1 FY20  
July 23, 2019

# Analyst Presentation



## 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.



# Presentation Outline



01

Group Performance Highlights

02

Group Performance Summary

03

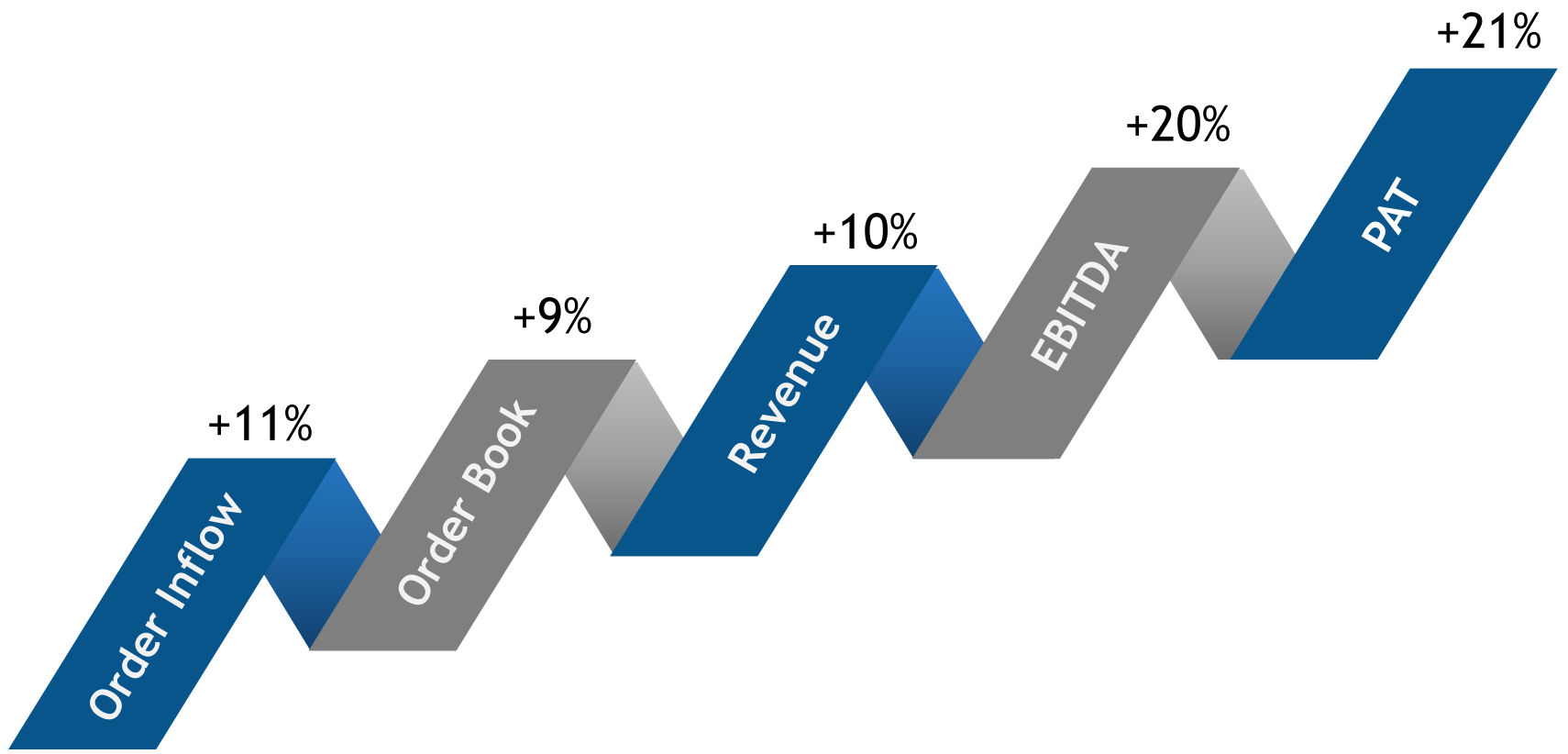
Segment / Key Subsidiaries

04

The Environment & the Outlook



# Performance Highlights - Q1 FY20





## Key Financial Indicators

Amount in Rs bn

Q1 FY19	Particulars	Q1 FY20	% Var
348	Order Inflow	387	11%
2687	Order Book	2940	9%
270	Revenue	296	10%
28	EBITDA	33	20%
12	Reported PAT	15	21%
21%	Net Working Cap (Incl. E&A)	23%	2%
14.6%	RONW (TTM) (%)	15.4%	+80bps



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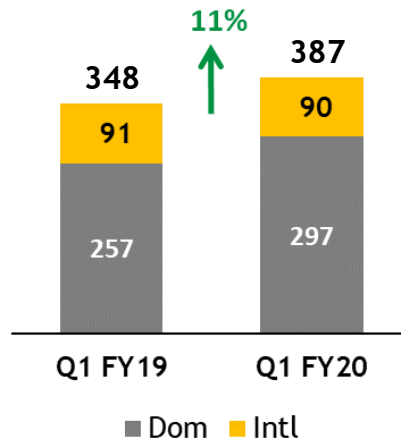
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The Environment & the Outlook

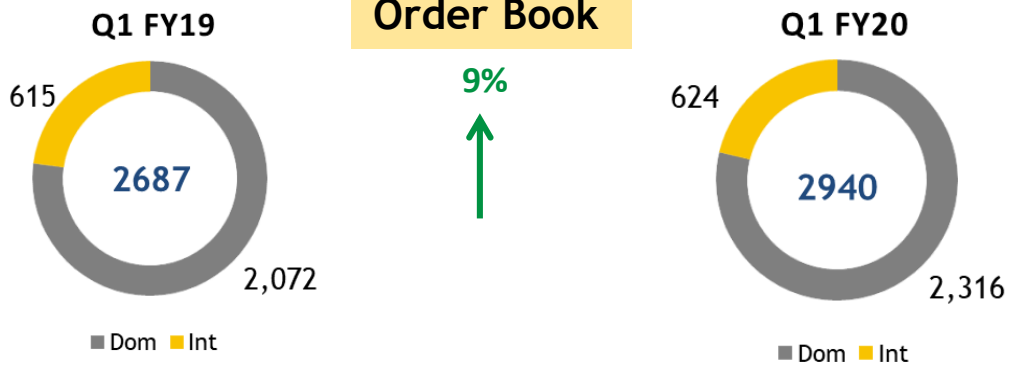
# Q1 FY20 Order Inflow / Order Book

Amount in Rs bn

## Order Inflow



## Order Book



- Order Inflow momentum sustained through PSU & Private Sector orders
- Award delays slow down International Order Inflow
- Robust Order Book provides hedge against cyclicality



## Group Performance - Sales & Costs

Rs Billion	Q1 FY19	Q1 FY20	% Var
<b>Revenue</b>	<b>270.0</b>	<b>296.4</b>	10%
<i>International Rev.</i>	35%	31%	-3%
MCO Exp.	164.9	179.4	9%
Fin. Charge Opex*	16.6	20.8	26%
Staff Costs	41.3	45.5	10%
Sales & Admin.	19.7	17.5	-12%
<b>Total Opex</b>	<b>242.5</b>	<b>263.2</b>	9%

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

- Revenue growth driven by Infra, Heavy Engineering , IT&TS and Fin Serv businesses
- Higher Fin charge opex reflects increase in borrowing costs and larger loan book
- Staff cost increase on account of resource augmentation in Services business
- Reduced SGA expenses due to lower provisions

## Group Performance - EBITDA to PAT

Rs Billion	Q1 FY19	Q1 FY20	% Var
<b>EBITDA</b>	<b>27.6</b>	<b>33.2</b>	<b>20%</b>
Other Income	2.3	3.8	69%
Fin. Cost	(3.6)	<b>(5.9)</b>	61%
Depreciation	(6.0)	<b>(4.6)</b>	-24%
Tax Expense	(8.9)	<b>(7.9)</b>	-11%
JV/S&A PAT Share	2.6	<b>(0.7)</b>	
Non-controlling Int.	(2.6)	<b>(3.4)</b>	31%
Discontinued Operations	0.9	<b>1.1</b>	31%
<b>PAT before Exceptional</b>	<b>12.1</b>	<b>15.7</b>	<b>29%</b>
Exceptional item	-	<b>(0.9)</b>	
<b>Reported PAT</b>	<b>12.1</b>	<b>14.7</b>	<b>21%</b>

- Growth in other income on higher investment base
- Finance cost commensurate with debt levels and phased commencement of Hyd. Metro
- JV/S&A PAT reflects IDPL Roads & Forgings performance. PY includes one time INVIT gain
- E&A business classified as discontinued operations
- Exceptional item represents impairment in road SPV referred to NCLT



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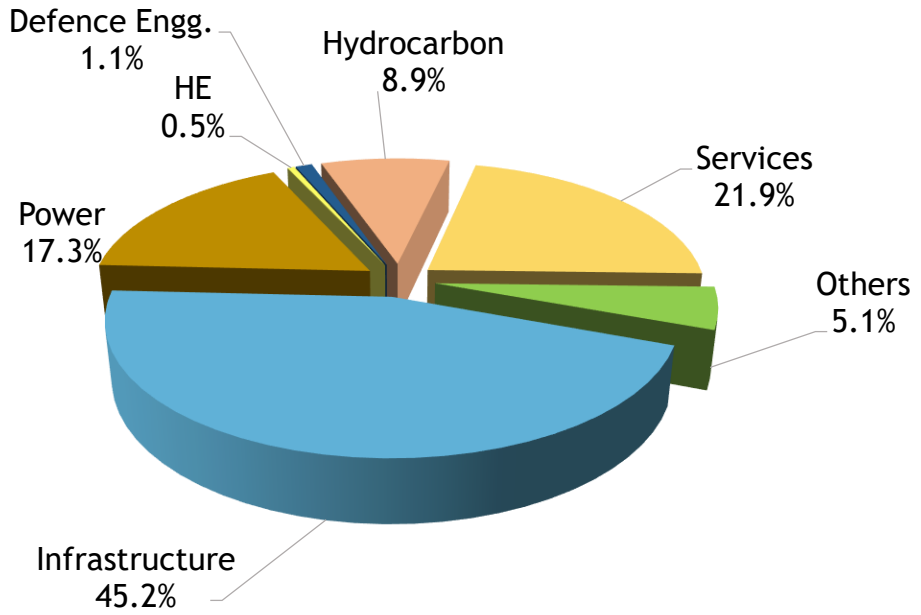
# Segment Composition

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

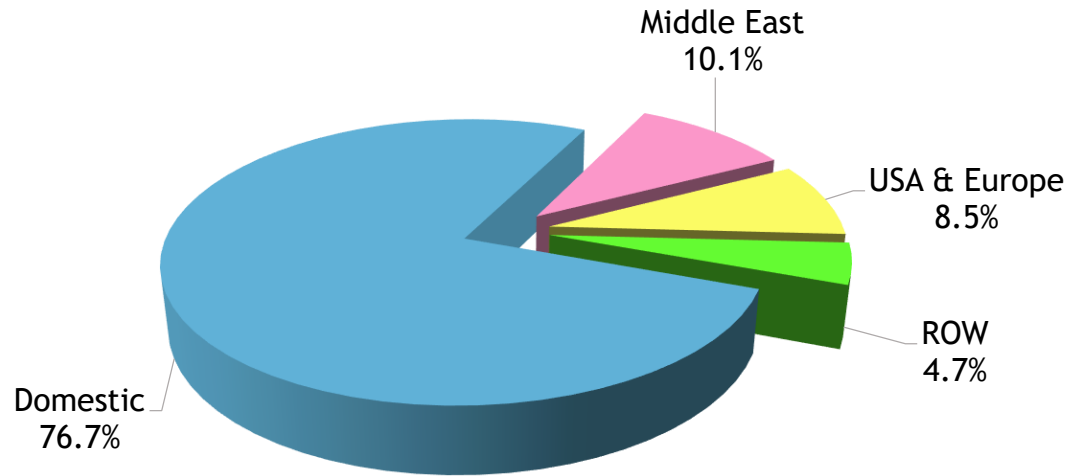
\* Consolidated at PAT level

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

# Q1 FY20 Order Inflow Composition

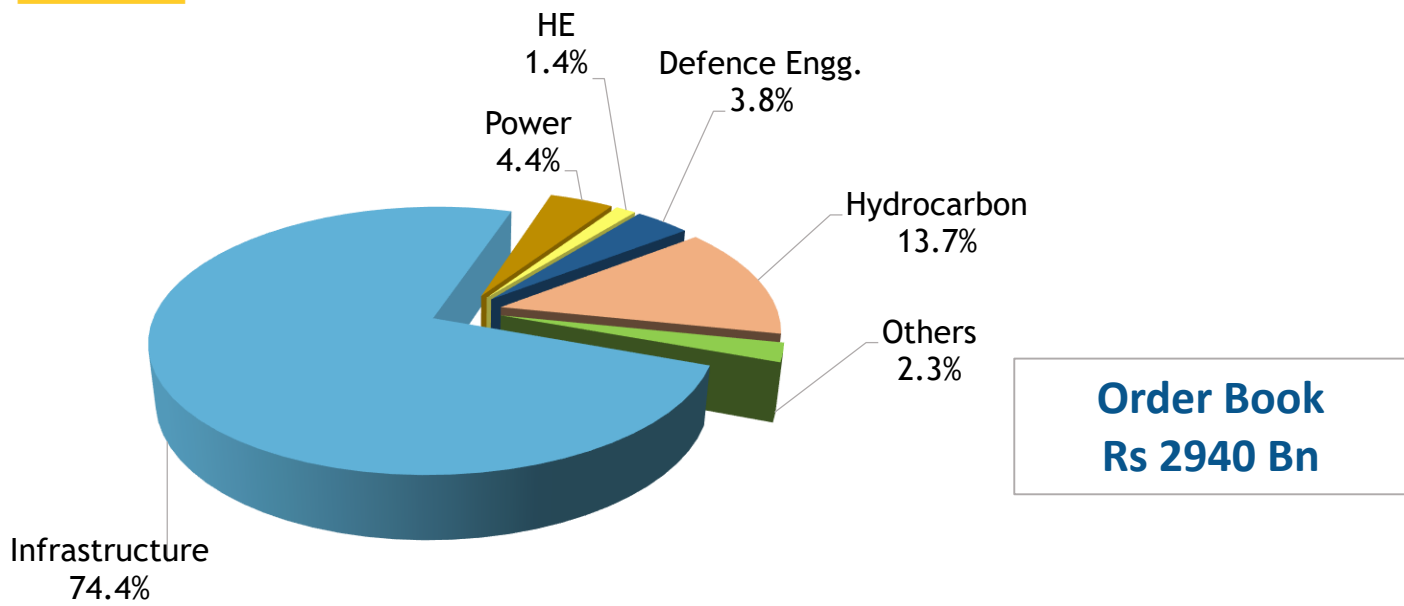


**Order Inflow  
Rs 387 Bn**

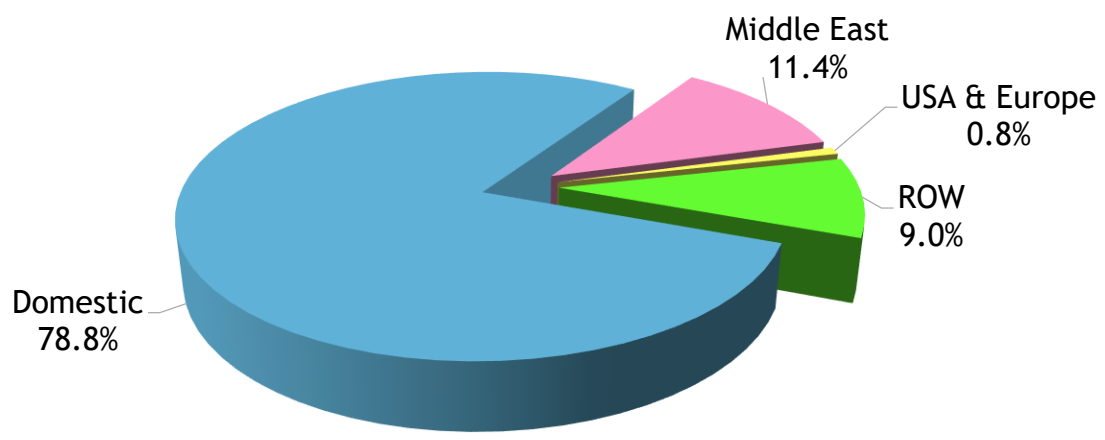




# Q1 FY20 Order Book Composition

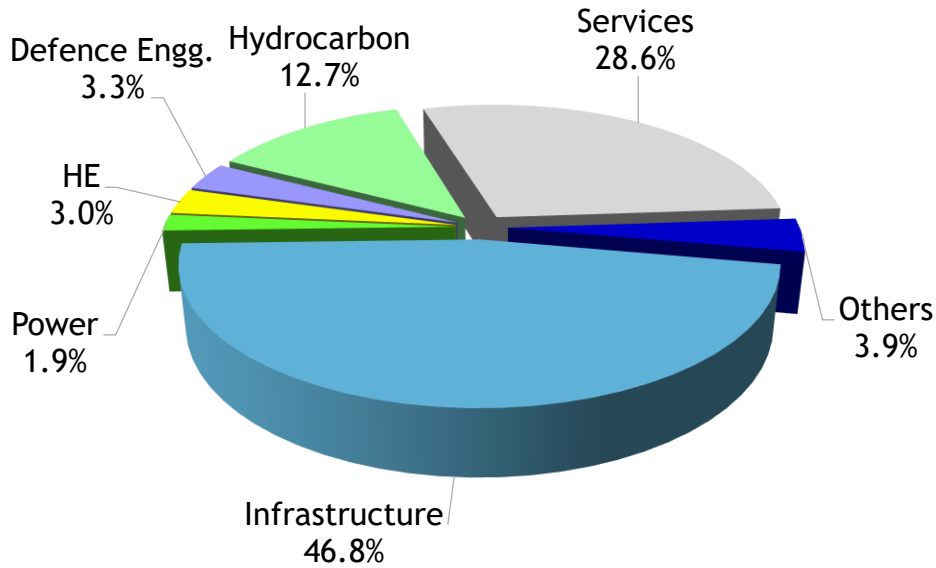


**Order Book  
Rs 2940 Bn**

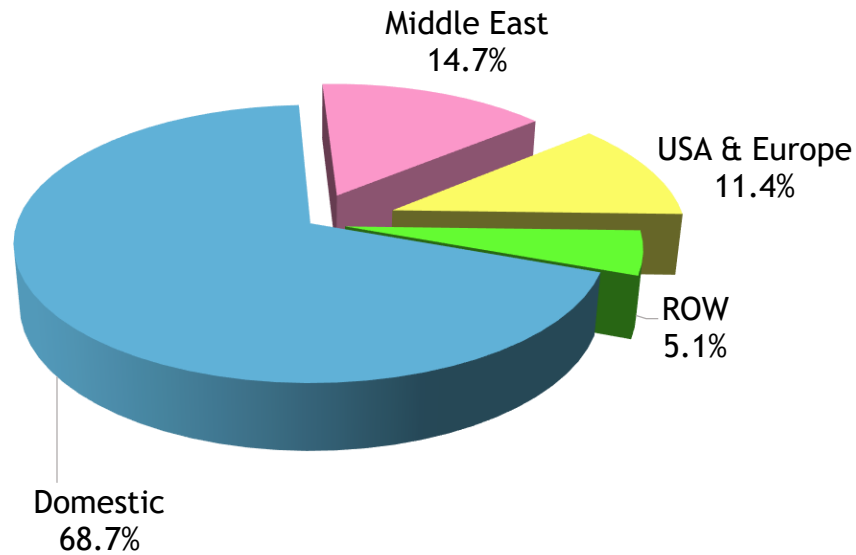




# Q1 FY20 Revenue Composition



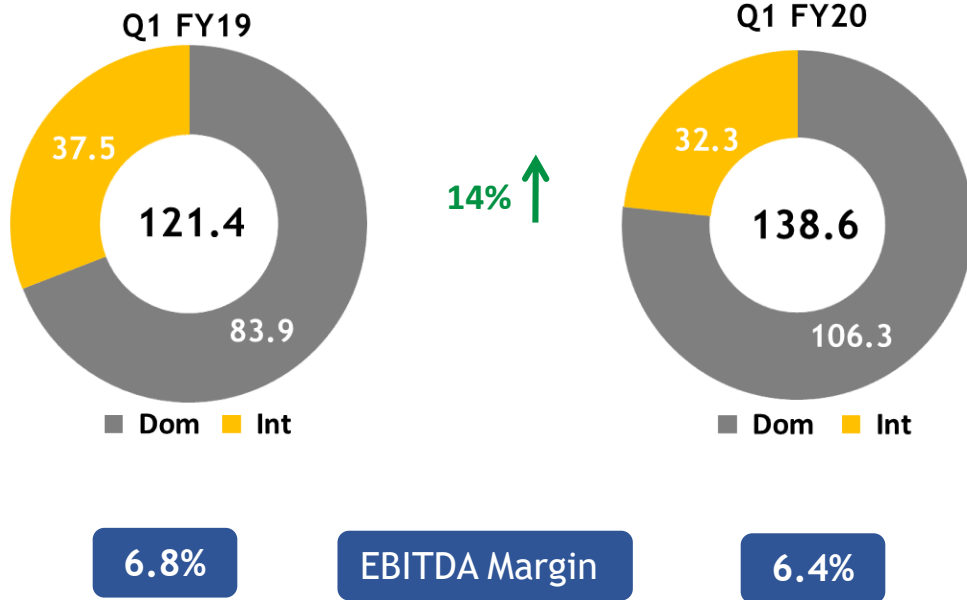
**Revenue  
Rs 296 Bn**



# Infrastructure Segment

Amount in Rs bn

## Net Revenue



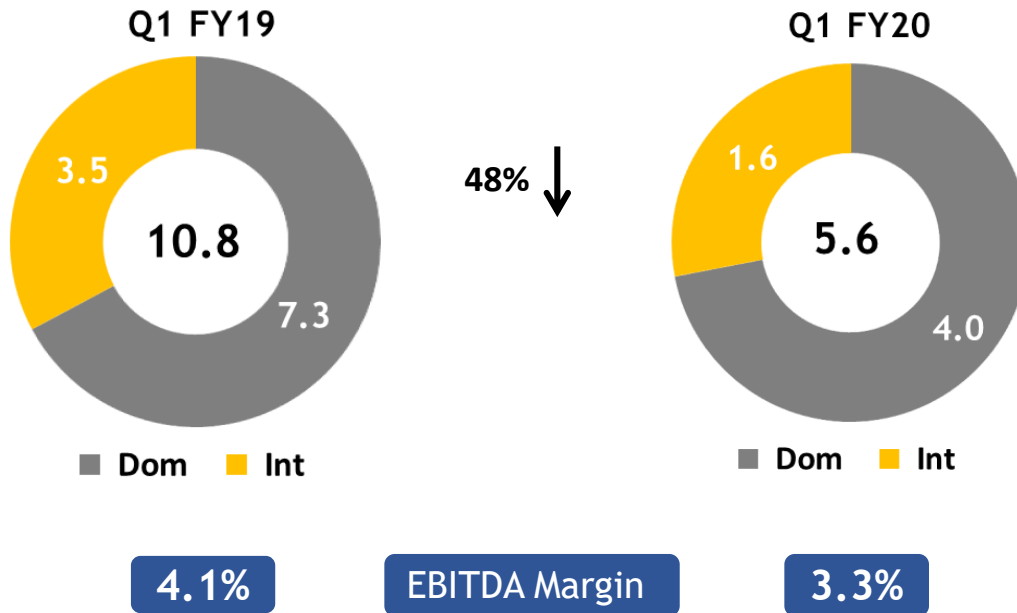
- Order Inflow contributed by Public & Private sector
- Strong revenue growth on robust order book conversion across business verticals
- Margins reflect stage of execution and job mix



# Power Segment

Amount in Rs bn

Net Revenue

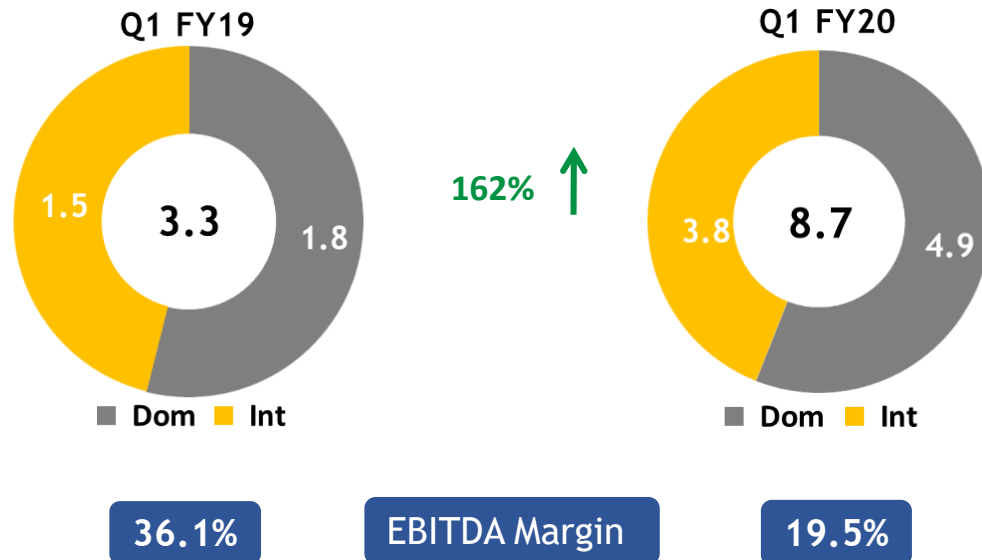


- Receipt of large EPC order replenishes Q1 Order Book
- FGD & SCR investments provide opportunity within demand supply imbalances in the sector
- Revenue decline reflects low opening order book
- Margins reflective of job mix & stage of execution
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

# Heavy Engineering Segment

Amount in Rs bn

## Net Revenue

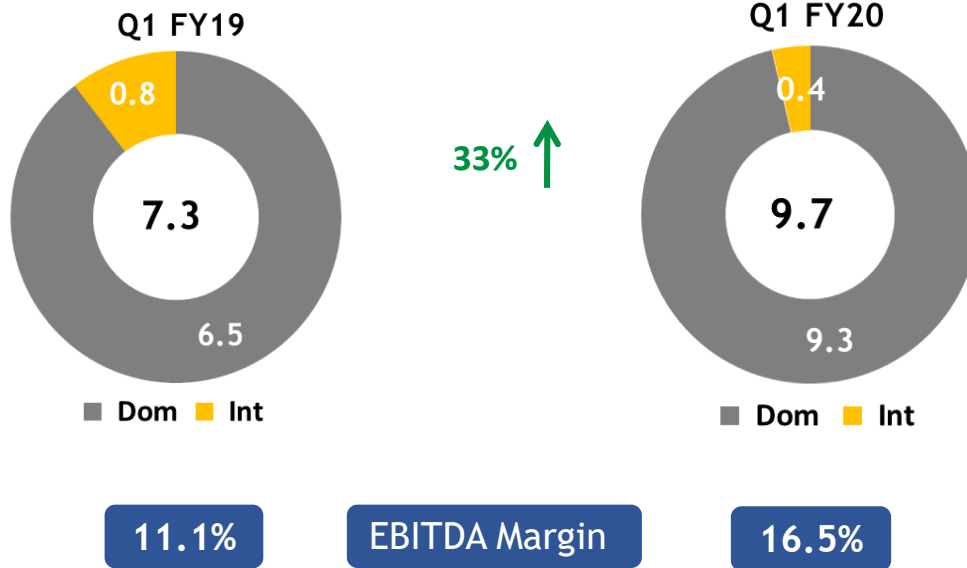


- Q1 Inflows impacted by deferments
- Stellar revenue growth driven by healthy opening Order Book
- Global competence, technology differentiation, proven track record and cost efficiencies yield strong margins. PY included gains from provision reversals

# Defence Engineering Segment

Amount in Rs bn

## Net Revenue

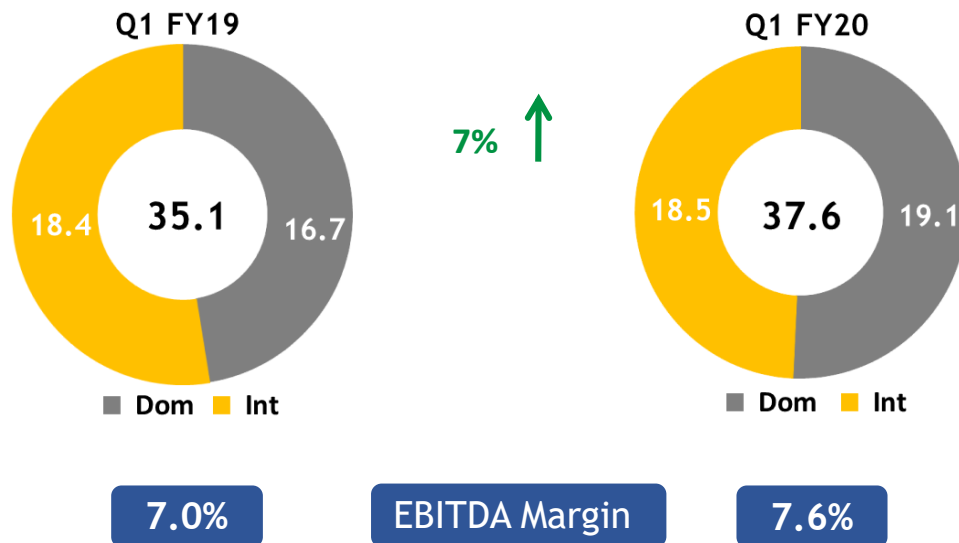


- Slow pace of policy change continues to inhibit private sector participation
- Execution of tracked artillery gun order continues to drive revenue growth & margins
- Margins reflect stage of execution, job mix and operational efficiency.

# Hydrocarbon Segment

Amount in Rs bn

## Net Revenue

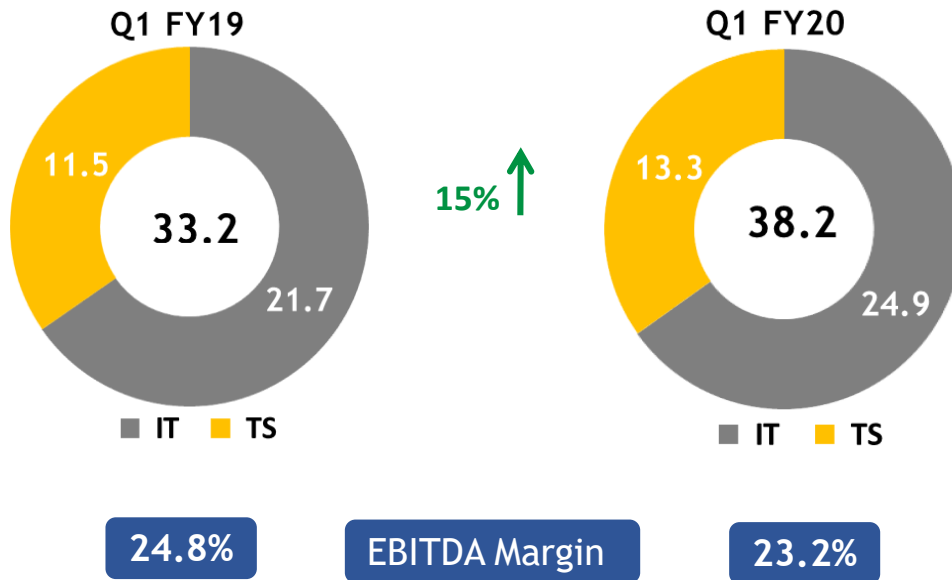


- Q1 Order Inflows from domestic awards
- Revenue growth on the back of higher Order Book
- Firm oil prices leading to healthy prospect pipeline
- Stable margins maintained through efficient execution

# IT & Technology Services Segment

Amount in Rs bn

## Net Revenue

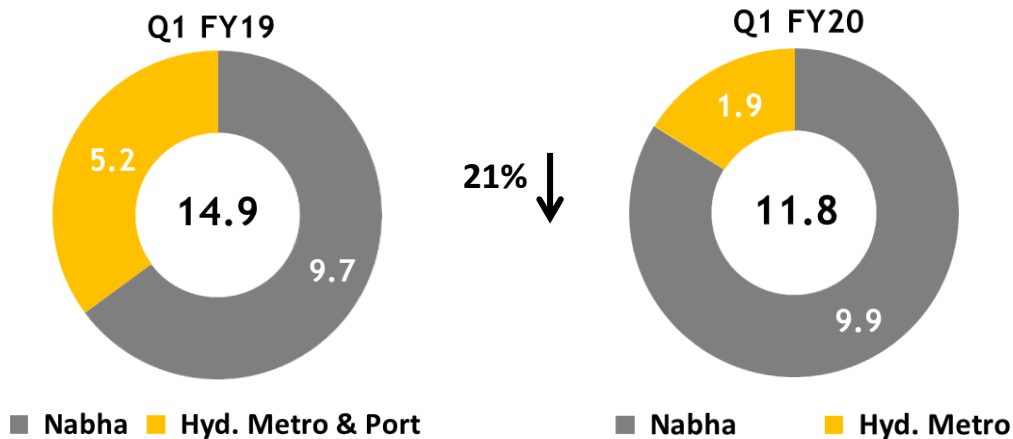


- LTI revenue growth led by CPG, Retail & Pharma, High-Tech, Media & Entertainment, and Energy & Utilities
- LTTS revenue growth led by Transportation, Plant Engineering and Medical Devices verticals
- Margin reduction on increased staff costs and higher visa fees

# Developmental Projects Segment

Amount in Rs bn

Net Revenue



30.4%

EBITDA Margin

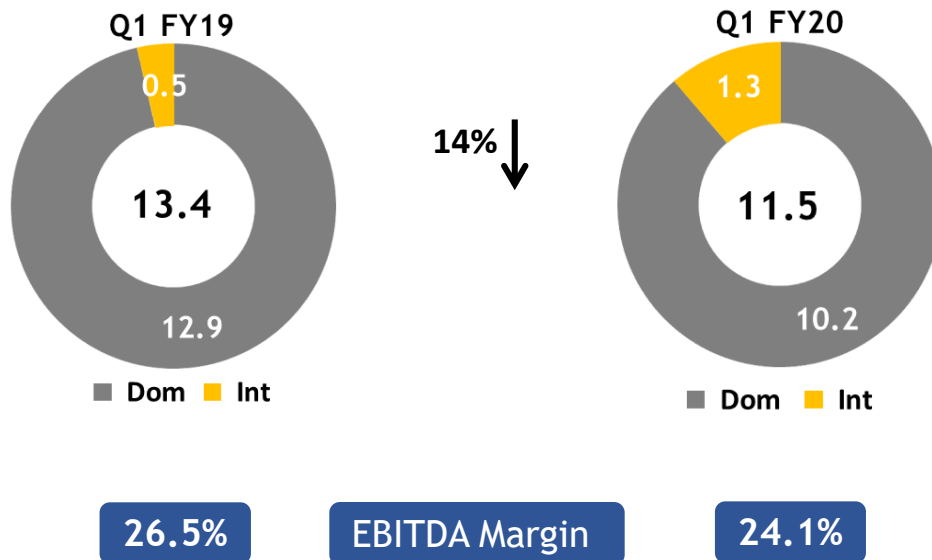
10.0%

- Segment includes Power Development business, Hyderabad Metro
- Kattupalli Port divestment drove revenues & margins for PY
- Revenue largely contributed by Power Development Business
- Hyderabad 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

# Others Segment

Amount in Rs bn

## Net Revenue



- Segment comprises Construction & Mining Equipment, Rubber processing Machinery, Industrial Valves and Realty businesses
- PY revenues included bulk handover of apartments in Parel project
- Margin fluctuation due to business mix variation

## L&T Finance Holdings Group

Rs Bn	Q1 FY19	Q1 FY20	% Var
Income from Operations	30.6	34.6	13%
PAT (Net of NCI)	3.6	3.5	-2%
Mutual Fund Average AUM	711.2	735.0	3%
Net Loan Book	863.2	999.0	16%
Gross Stage 3 Assets	7.9%	5.7%	-220bps
Net Stage 3 Assets	3.2%	2.5%	-70 bps
Networth	119.5	139.9	17%

- Strong growth in a challenging environment
- Focus continues on retailisation of loan book, robust NIMs & Fee Income, prudent ALM, quality of assets and increasing the diversity of funding sources
- PAT impacted by credit provision on exposure to an HFC

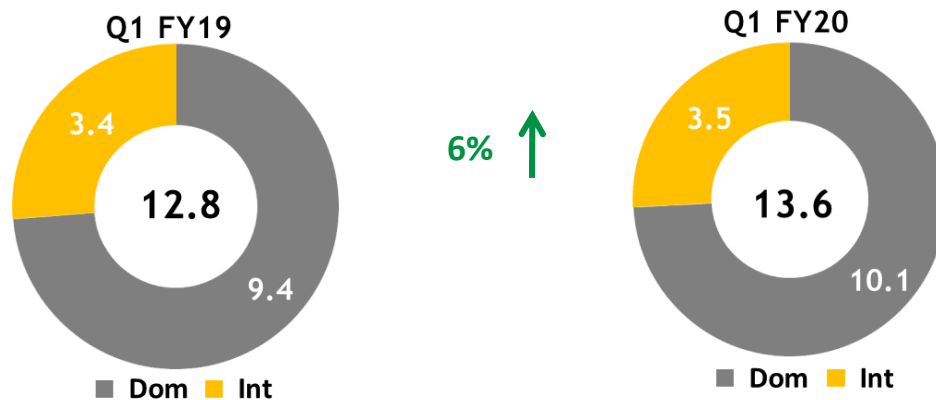
*Note: Gross Stage 3 Assets include GNPA > 90 DPD + Impaired assets (S4A, SDR, 5:25, etc.) where regulatory forbearances are available + Identified standard assets which are under incipient stress*



# Electrical & Automation Segment

Amount in Rs bn

## Net Revenue



13.3%

EBITDA Margin

16.9%

- Revenue growth aided by Standard Products and Meters business
- Margin increase reflects operational efficiencies and better realisation

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



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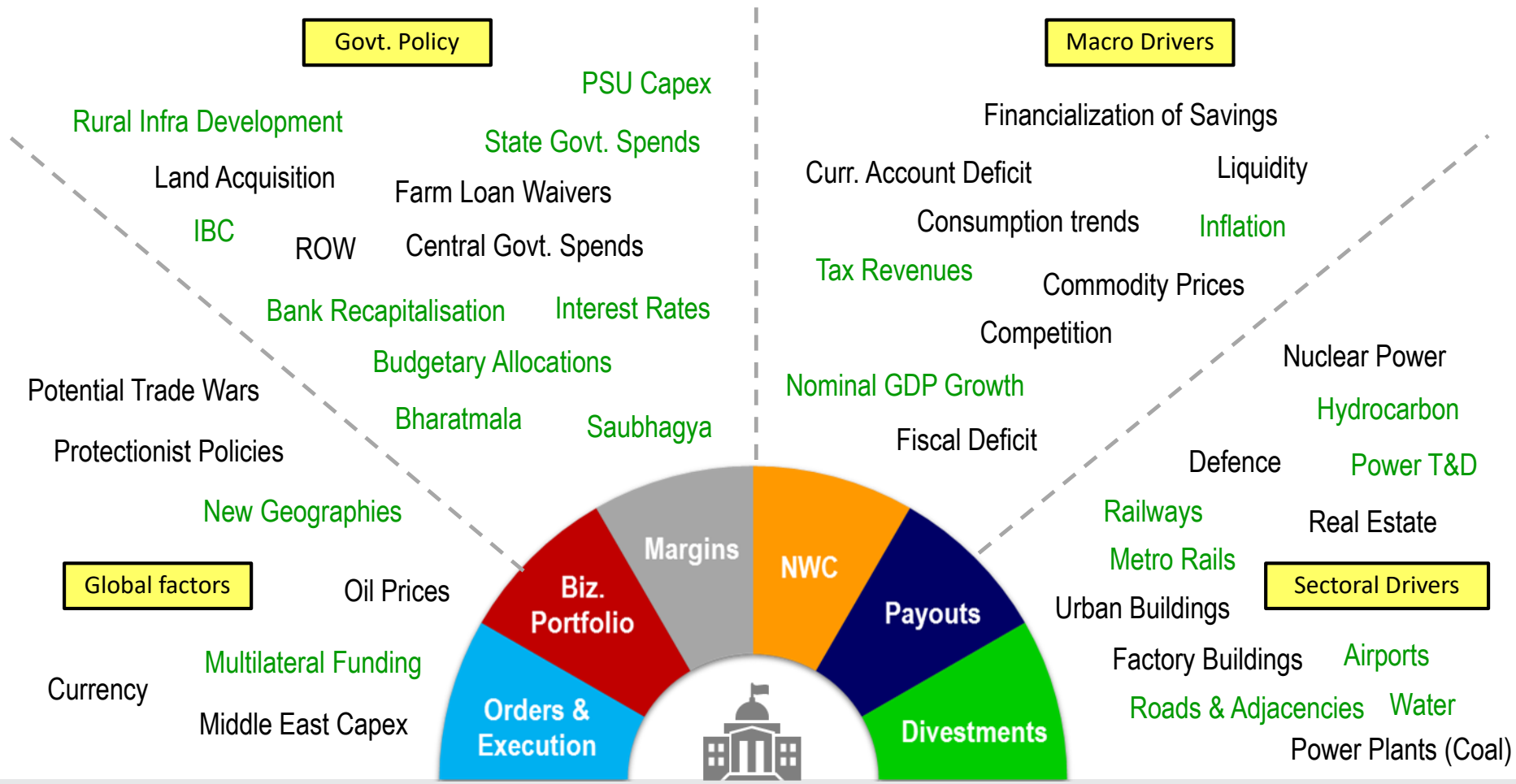
Segment / Key Subsidiaries

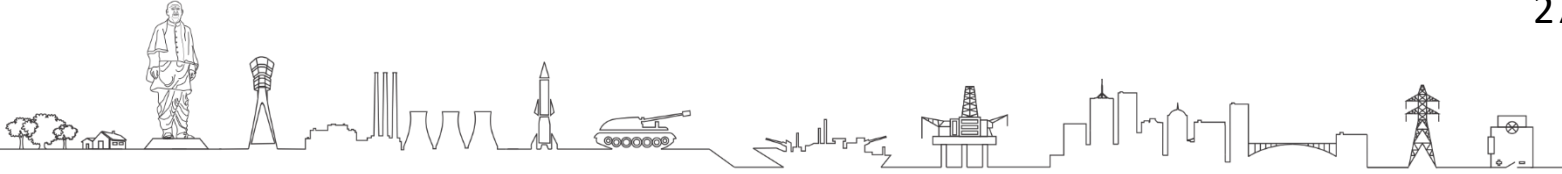
04

The Environment & the Outlook



# The Environment & the Outlook





# Thank You

*Turn overleaf for Annexures*

# Segment Margins

Amount in Rs Cr

Segment	Q1 FY20			Q1 FY19			Remarks
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %	
<b>Ex-Services business:</b>							
Infrastructure Segment	13,865	881	6.4%	12,135	830	6.8%	
Power Segment	561	18	3.3%	1,080	44	4.1%	
Hydrocarbon Segment	3,763	285	7.6%	3,511	247	7.0%	
Heavy Engineering Segment	874	171	19.5%	333	120	36.1%	
Defence & Aerospace	965	160	16.5%	727	81	11.1%	
E&A Segment	1,359	230	16.9%	1,279	169	13.3%	
Other Segment	1,148	277	24.1%	1,342	356	26.5%	
<b>Total (ex-services)</b>	<b>22,535</b>	<b>2,021</b>	<b>9.0%</b>	<b>20,407</b>	<b>1,848</b>	<b>9.1%</b>	
<b>Services Business:</b>							
IT & TS Segment	3,819	888	23.2%	3,324	824	24.8%	
Financial Services Segment	3,462	762	22.0%	3,058	740	24.2%	
Developmental Projects Segment	1,178	118	10.0%	1,494	454	30.4%	
<b>Total (Services)</b>	<b>8,460</b>	<b>1,768</b>	<b>20.9%</b>	<b>7,876</b>	<b>2,019</b>	<b>25.6%</b>	
<b>Total</b>	<b>30,994</b>	<b>3,788</b>	<b>12.2%</b>	<b>28,283</b>	<b>3,867</b>	<b>13.7%</b>	
Less: Segment Depreciation		492			456		Includes Depreciation for E&A (considered under PAT for Discontinued Operations in Financial Statements)
Less: One-time Realty Provisions		-			-754		One-off item not considering in computing normalised margins at Business Vertical level
<b>Segment PBIT</b>		<b>3,296</b>			<b>2,657</b>		

E&A included for comparison purpose

## Balance Sheet

Rs Billion	June-19	Mar-19	Incr / (Decr)
Equity & Reserves	640	624	16
Non Controlling Interest	73	68	5
Borrowings - Financial Services	929	915	14
Development Projects	201	191	10
Others	213	149	63
<b>Sources of Funds</b>	<b>2,056</b>	<b>1,948</b>	<b>108</b>
Fixed Assets	127	134	(7)
Intangible Assets & Investment Property	208	217	(9)
Loans towards Financing Activities	941	909	32
Finance lease receivable	89	90	(1)
Net Non-Current Assets	224	180	44
Current Investments, Cash & Cash Equivalents	220	257	(36)
Net Current Assets	223	160	63
Assets held for Sale (net)	23	0	23
<b>Application of Funds</b>	<b>2,056</b>	<b>1,948</b>	<b>108</b>
Gross Debt/Equity Ratio	1.9	1.8	

## Cash Flow

Rs Billion	Q1 FY20	Q1 FY19
Operating Profit	37.4	27.9
Changes in Working Capital	(66.9)	(31.9)
Direct Taxes paid	(8.7)	(9.4)
<b>Net Cash from Operations (A)</b>	<b>(38.2)</b>	<b>(13.4)</b>
Net Investment in Fixed Assets (incl. Intangible)	(4.5)	(6.5)
Net (Purchase)/ Sale of Long Term investments	(61.4)	3.4
Net (Purchase)/ Sale of Current investments	39.8	(15.7)
Loans/Deposits made with JV/Associate Cos.	(0.7)	(0.2)
Interest & Dividend Received	3.8	2.4
<b>Net Cash from/(used in) Invest. Act. (B)</b>	<b>(23.0)</b>	<b>(16.7)</b>
Issue of Share Capital / Minority	6.4	5.9
Net Borrowings	88.1	28.8
Disbursements towards financing activities*	(12.5)	(17.0)
Interest & Dividend paid	(8.5)	(9.3)
<b>Net Cash from Financing Activities (C)</b>	<b>73.5</b>	<b>8.4</b>
<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>12.3</b>	<b>(21.8)</b>

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



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

Rs Bn	Q1 FY19	Q1 FY20
MHPS JVs	0.42	0.31
IDPL & Subs.	2.55	(0.72)
Special Steels and Heavy Forgings	(0.36)	(0.37)
Others	(0.02)	0.08
<b>Total</b>	<b>2.59</b>	<b>(0.69)</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: Rs 15 bn

**Balance Equity Commitment  
(June 2019): Rs 8Bn**

**Equity Invested at SPV level  
(June 2019): Rs 85Bn**

**Total Project Cost  
(June 2019): Rs 428Bn**



**Power (Excl. Projects under DPR):**  
Portfolio: 2 projects (1499 MW)  
1 Operational  
Project Cost: Rs 115 bn



**Metros:**  
Portfolio: 1 project (71.16 Km)  
- Under-implementation  
Project Cost: Rs 190 bn