

SEC/PAM/2021

October 27, 2021

The Secretary BSE Limited Phiroze Jeejeebhoy 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.- Q2/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 Q2/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 - Q2/H1 FY22



October 27, 2021

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 Innovation Campus, Chennai

01

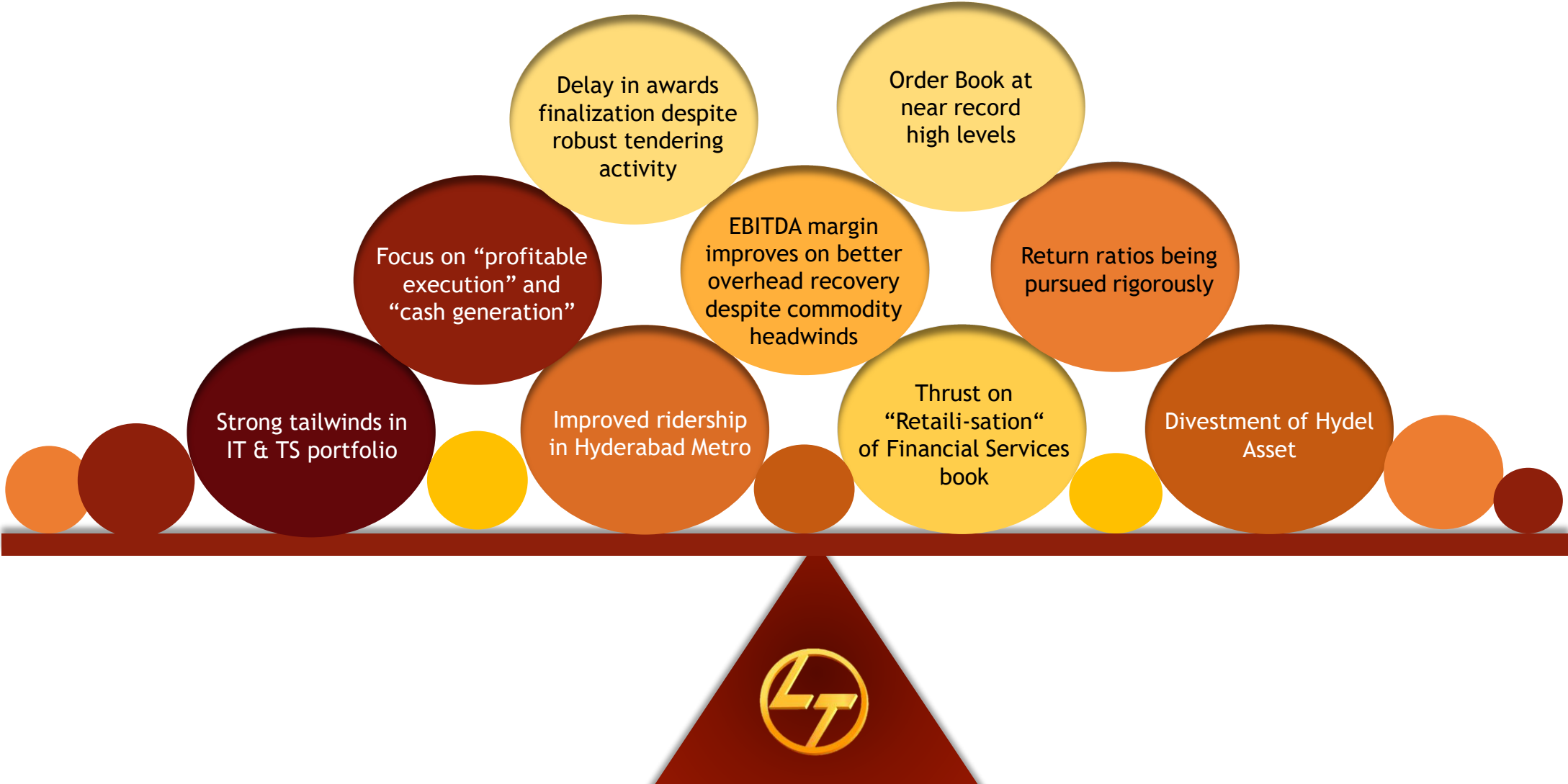
Key Highlights



Rishikesh-Karnaprayag Rail Link Package 2

Striking a balance between “Profitable Growth” & “Capital Employed”

This far.....and beyond





Key Financial Indicators

(Amount in ₹ bn)

Q2 FY21	Q1 FY22	Q2 FY22	% Var (y-o-y)	% Var (q-o-q)	Particulars	H1FY21	H1FY22	% Var (y-o-y)
280	266	421	50%	59%	Order Inflow	516	687	33%
					Order Book	2989	3305	11%
310	293	348	12%	19%	Revenue	523	641	23%
10.7%	10.8%	11.5%			EBITDA (%)	9.5%	11.2%	
11	12	17	56%	47%	Operational PAT	13	29	>100%
55	12	18	-67%	55%	Overall PAT	58	30	-49%

Particulars	H1FY21	H1FY22
Net Working Capital	26.7%	22.0%
RONW (TTM) (%)*	16.8%	11.8%

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

02

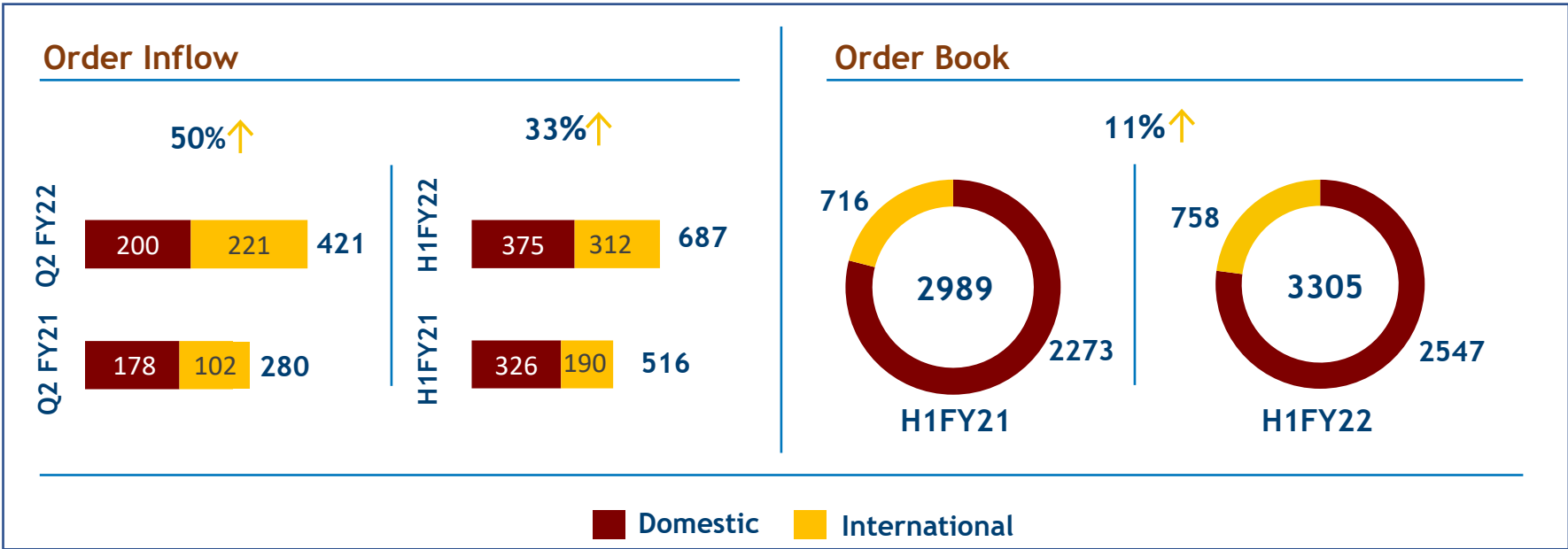
Group Performance



Project under construction in Colombo

Q2/H1 FY22 Order Inflow/Order Book

(Amount in ₹ bn)



- Q2 Order Inflows from Hydrocarbon, Infrastructure, Heavy Engineering, Realty and Industrial Machinery businesses
- Delay in awards finalization despite robust tendering activity
- Strong prospects pipeline for H2
- Large and diversified order book provides multi-year revenue visibility



Group Performance - Sales & Costs

Q2 FY21	Q2 FY22	% Var	Rs Billion	H1 FY21	H1 FY22	% Var
310.3	347.7	12%	Revenue	522.9	641.1	23%
39%	35%		<i>International Rev.</i>	41%	37%	
175.1	197.4	13%	MCO Exp.*	267.4	351.8	32%
19.8	14.9	-25%	Fin. Charge Opex**	40.9	30.6	-25%
60.8	72.5	19%	Staff Costs	122.3	141.3	16%
21.2	22.9	8%	Sales & Admin.	42.8	45.7	7%
277.0	307.8	11%	Total Opex	473.4	569.4	20%
33.3	39.9	20%	EBITDA	49.6	71.7	45%
10.7%	11.5%		EBITDA %	9.5%	11.2%	

- Projects & Manufacturing and IT&TS businesses drive revenue growth
- MCO expense variation is reflective of job progress, revenue mix 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 in service businesses drives staff cost
- SG&A reflective of activity levels
- Improved overhead recovery contributes to EBITDA growth

* Manufacturing, Construction and Operating expenses

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



Group Performance - Profit Parameters

Q2 FY21	Q2 FY22	% Var	Rs Billion	H1 FY21	H1 FY22	% Var
33.3	39.9	20%	EBITDA	49.6	71.7	45%
(10.4)	(7.8)	-25%	Fin. Cost	(21.0)	(16.1)	-23%
(7.1)	(7.3)	2%	Depreciation	(13.9)	(14.5)	4%
5.6	5.3	-5%	Other Income	13.4	11.8	-12%
(6.8)	(8.8)	31%	Tax Expense	(8.8)	(16.0)	81%
(0.5)	0.0		JV/S&A PAT Share	(1.5)	(0.2)	-84%
(3.0)	(4.1)	36%	Non-controlling Int.	(4.8)	(7.7)	60%
11.1	17.2	56%	Operational PAT	12.9	29.0	>100%
81.5	-		Discontinued Operations	81.5	-	
(37.3)	1.0		Exceptionals (net of tax and NCI)	(36.2)	1.0	
55.2	18.2	-67%	Reported PAT	58.2	29.9	-49%

- Finance cost commensurate with reduced level of borrowing at parent
- Other income reflective of level of treasury investments & yield earned during the quarter
- Share of JV / Associate PAT primarily comprises results of L&T IDPL and Power JVs
- NCI variation largely due to improved profitability of services portfolio
- Exceptionals (net of tax & NCI) represents :
 - a. Gain on divestment of stake in a Hydel power plant
 - b. Tax expense on transfer of NxT digital business from Parent to Mindtree

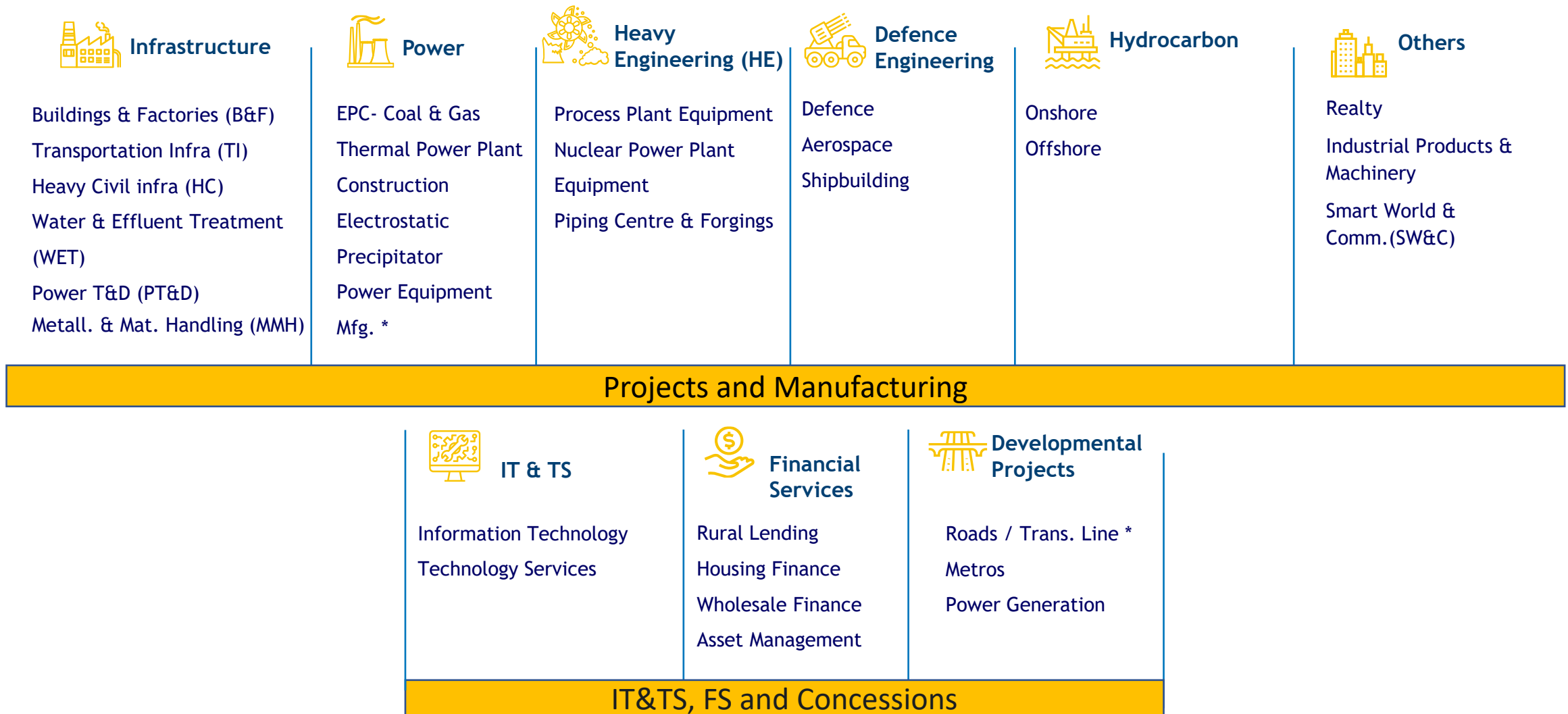
03

Segment Performance Analysis



Provided Critical subsystems for most of India's space missions

Segment Composition

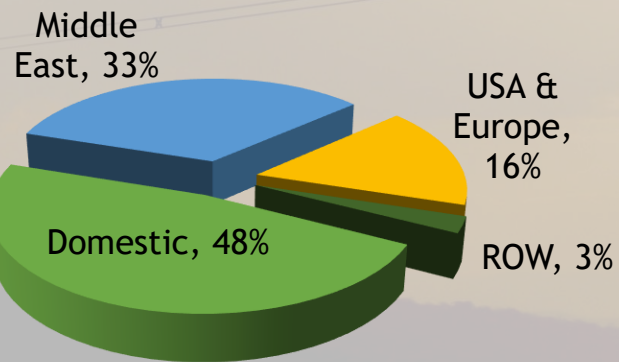
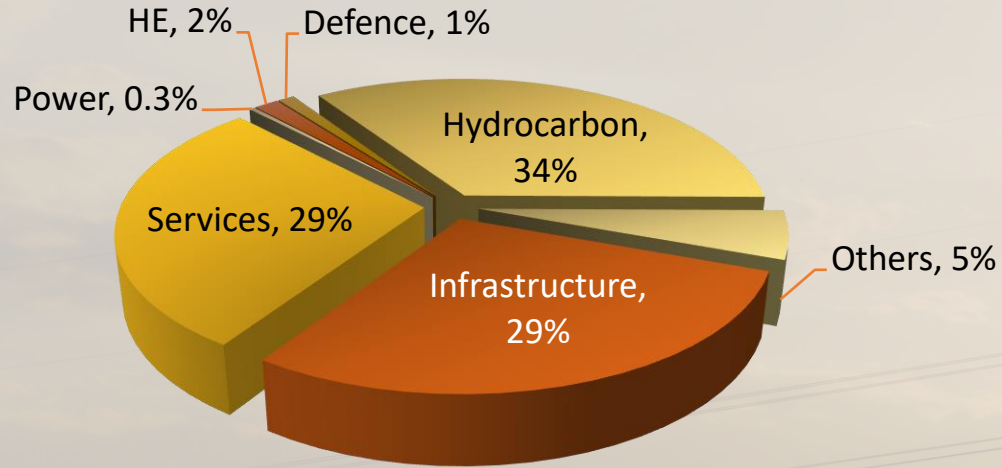


* Consolidated at PAT level

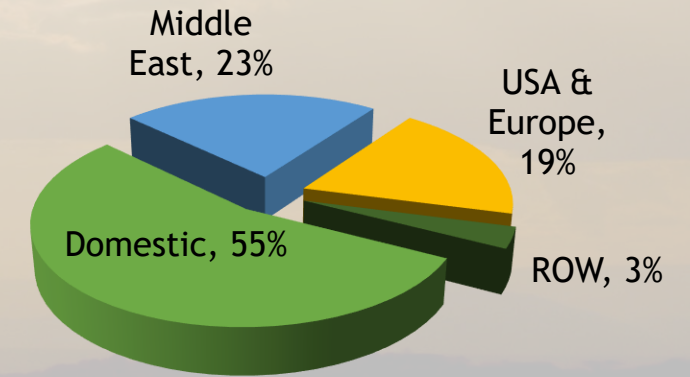
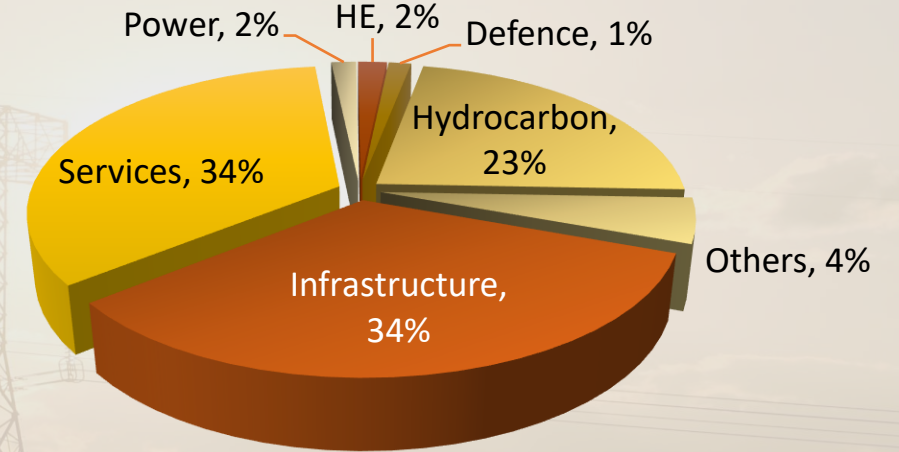


Order Inflow Composition

Q2 FY22 Rs 421 Bn

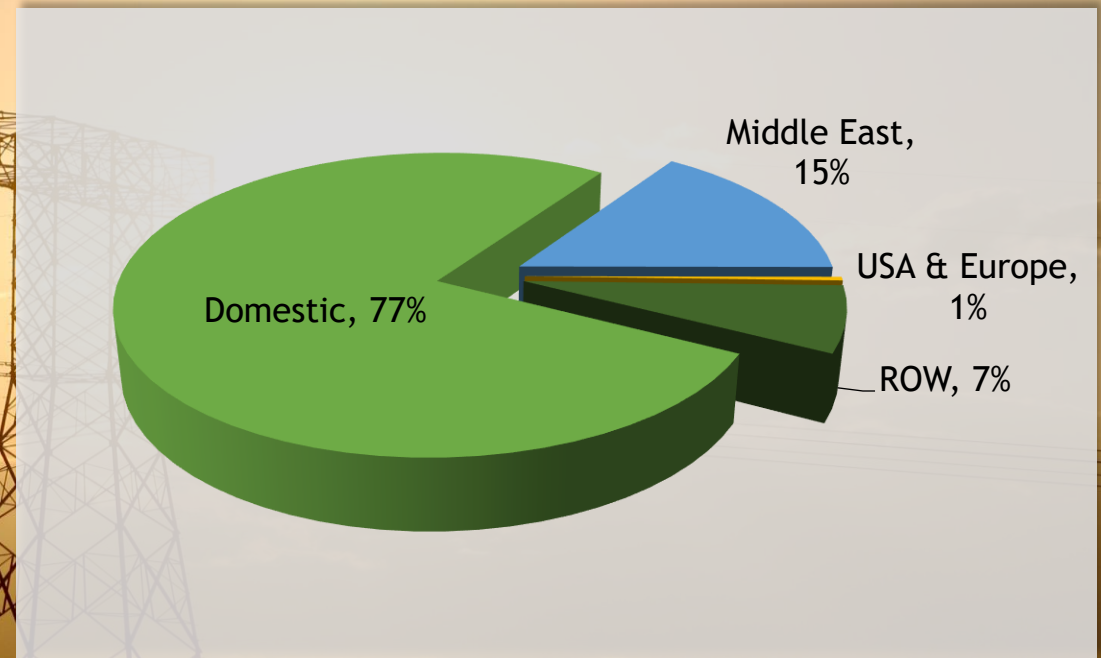
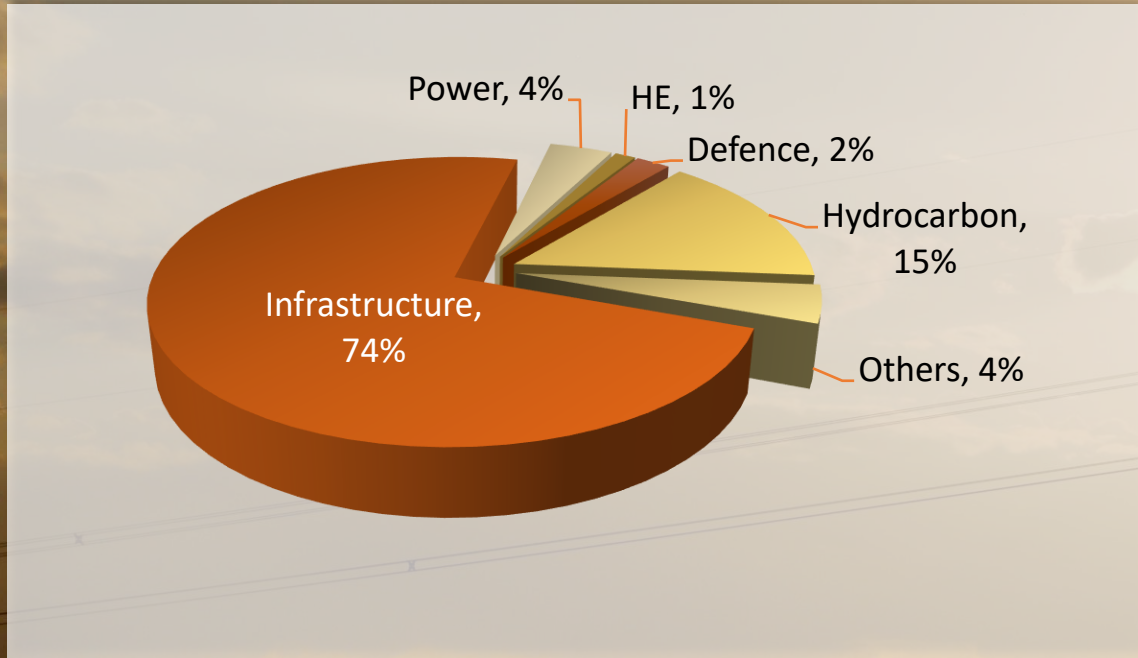


H1 FY22 Rs 687 Bn





Order Book Composition as on 30-Sep-21

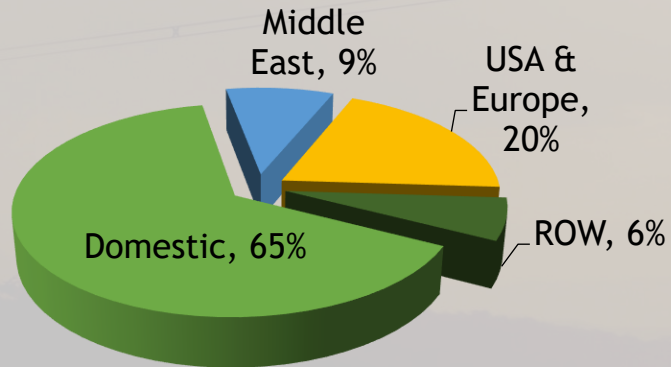
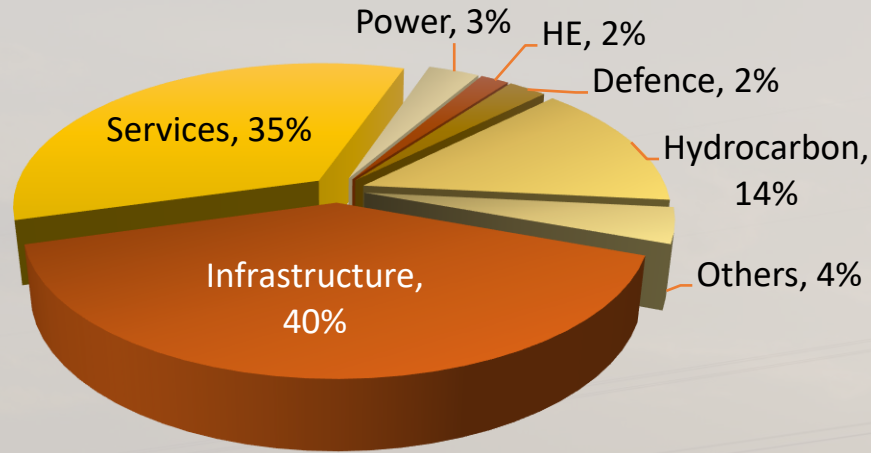


Order Book Rs 3305 Bn

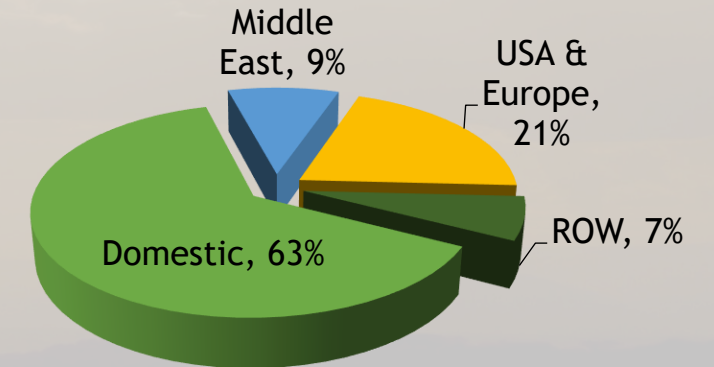
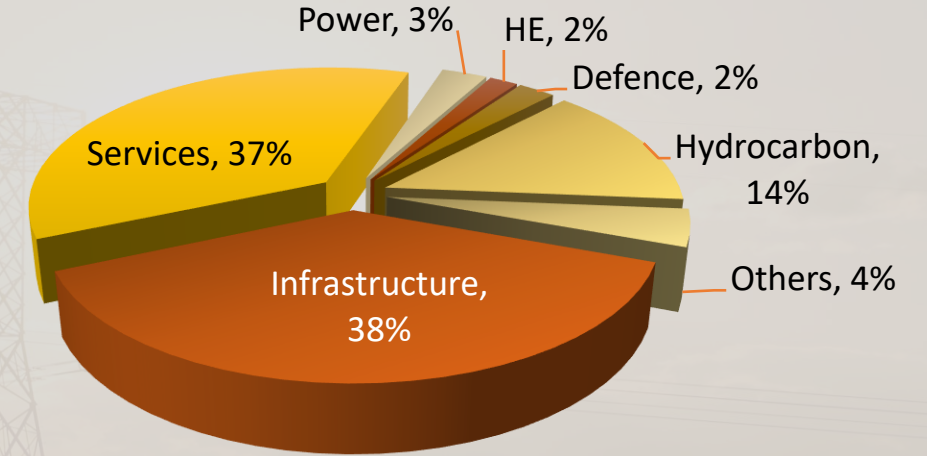


Revenue Composition

Q2 FY22 Rs 348 Bn

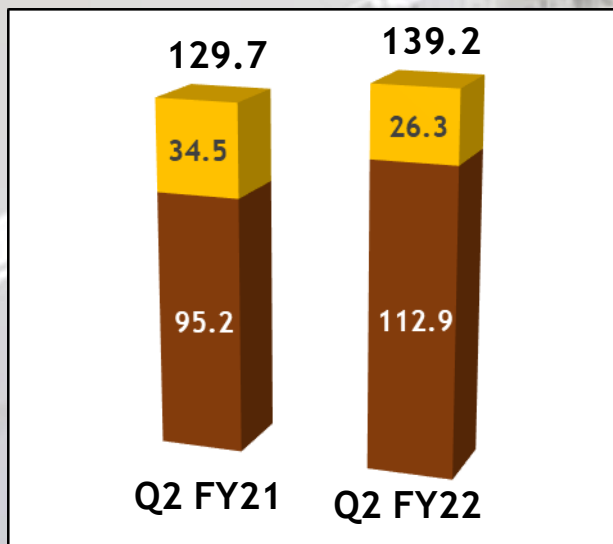


H1 FY22 Rs 641 Bn



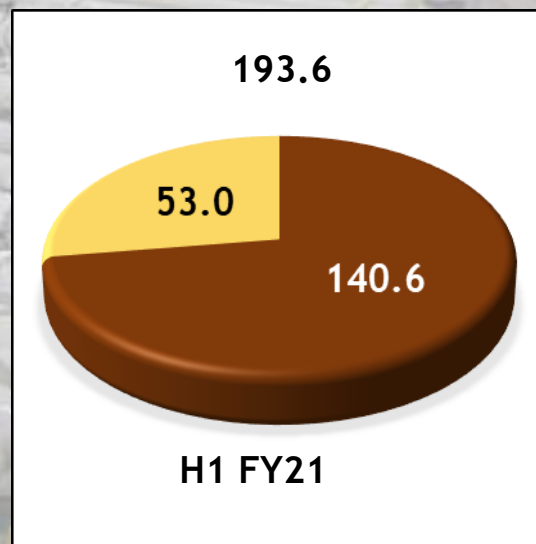
Infrastructure Segment

Net Revenue 7% ↑

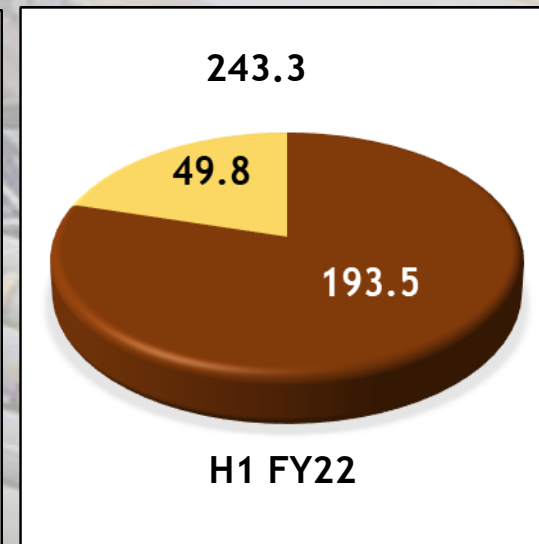


6.4% EBITDA Margin 8.3% ↑

Net Revenue 26% ↑



6.3% EBITDA Margin 7.8% ↑



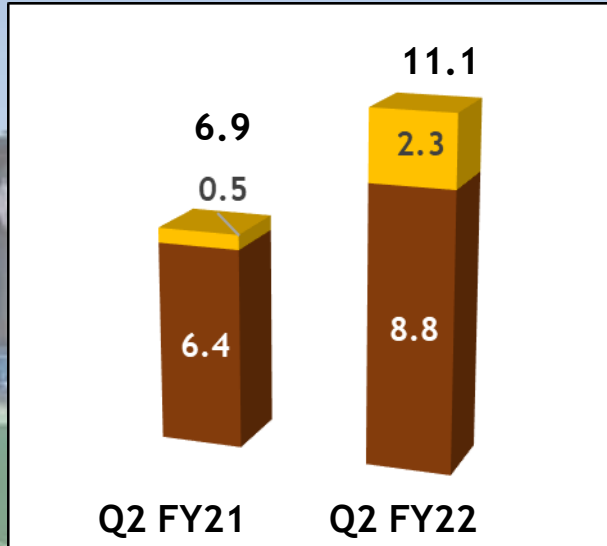
(Amount in ₹ bn)

■ Domestic ■ International

- Robust new order announcements and tendering activity; some delays in awards finalization
- Strong prospect pipeline in H2
- “Calibrated execution” in line with cash inflows during Q2
- Better job mix and improved overhead recovery aids margin despite commodity headwinds

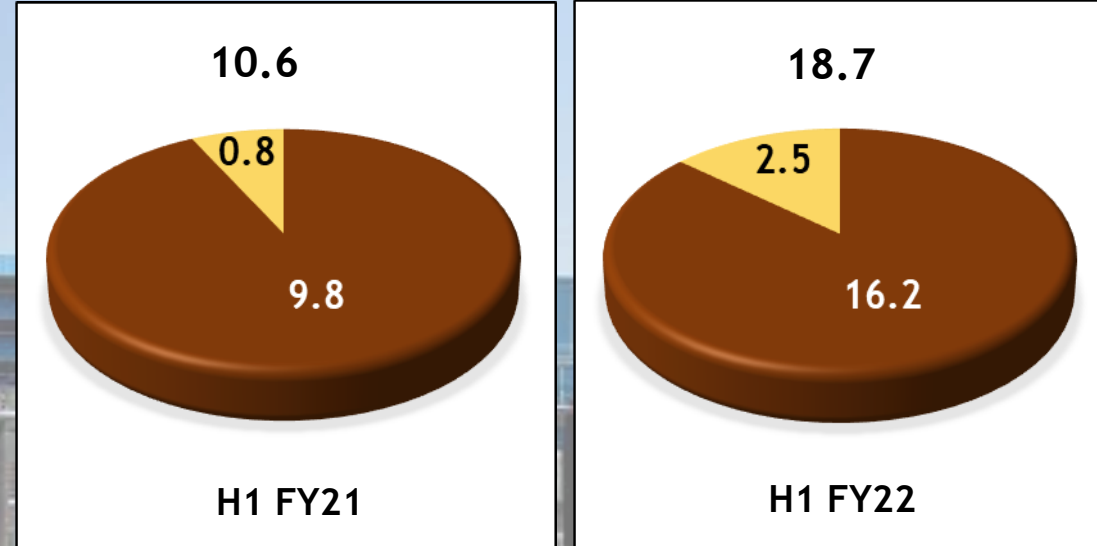
Power Segment

Net Revenue 62% ↑



3.1% EBITDA Margin 2.7% ↓

Net Revenue 77% ↑



2.4% EBITDA Margin 2.6% ↑

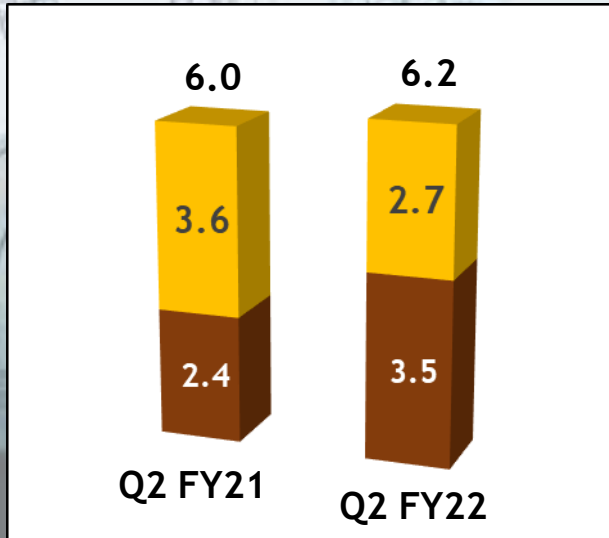
(Amount in ₹ bn)

■ Domestic ■ International

- Subdued ordering environment continues
- Large opening order book drives healthy execution
- Margin reflective of stage of execution and under recoveries
- Profits of Boiler, Turbine & other JV companies are consolidated at PAT level under equity method

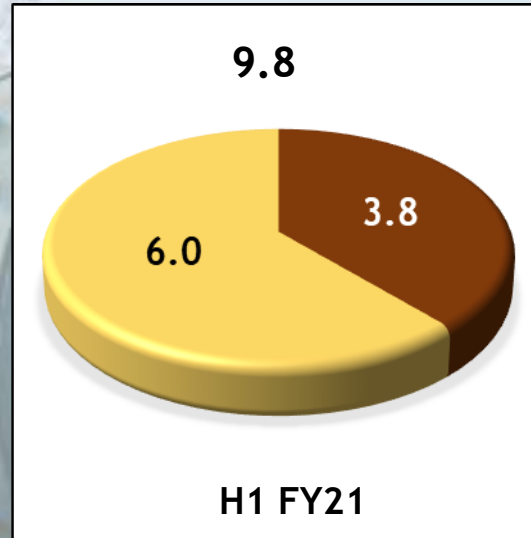
Heavy Engineering Segment

Net Revenue 4% ↑

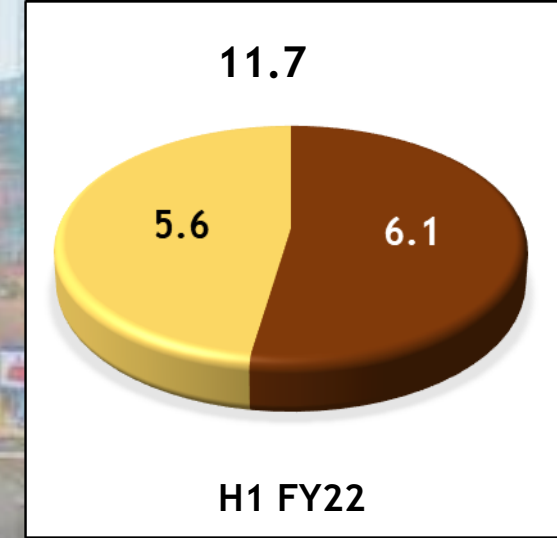


5.1% EBITDA Margin 15.7% ↑

Net Revenue 20% ↑



9.9% EBITDA Margin 16.7% ↑



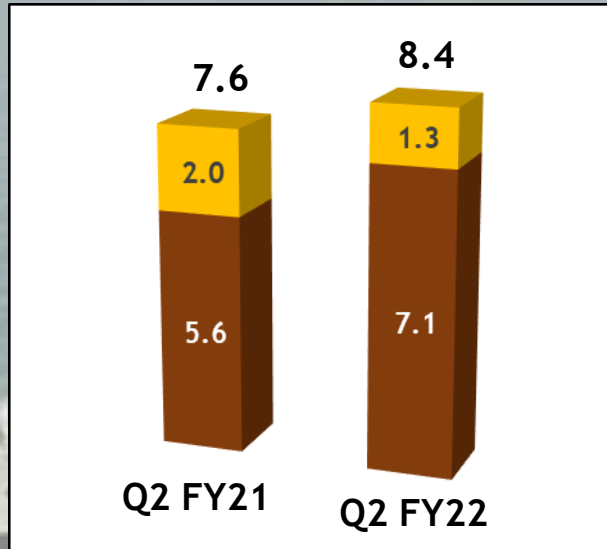
(Amount in ₹ bn)

Domestic International

- Multiple order wins in Refinery, Oil & Gas vertical
- Job specific challenges & slower execution impacts revenue in Q2
- PY margin were impacted by a one-time warranty provision

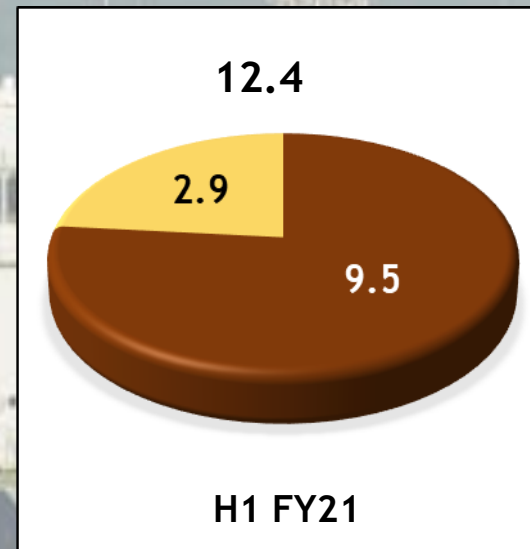
Defence Engineering Segment

Net Revenue 10% ↑

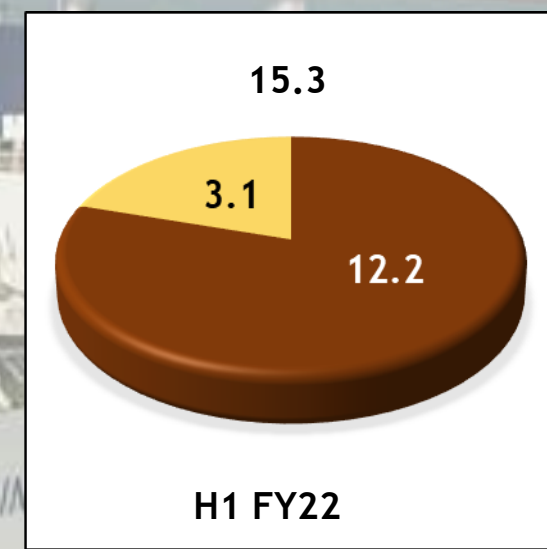


24.4% EBITDA Margin 13.7% ↓

Net Revenue 24% ↑



20.0% EBITDA Margin 16.7% ↓



(Amount in ₹ bn)

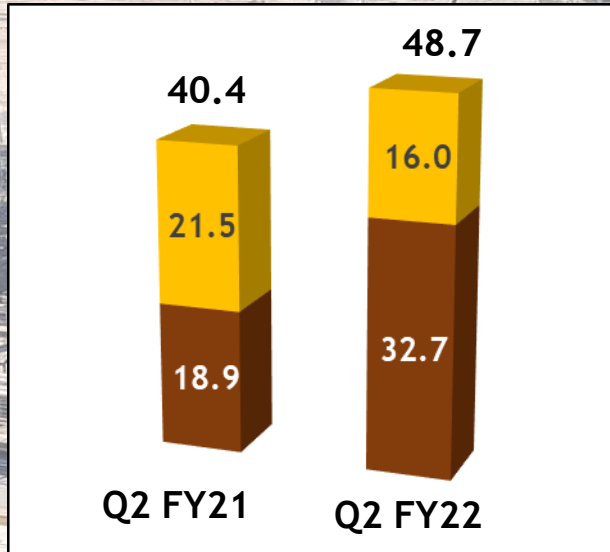
■ Domestic ■ International

- Order inflows impacted due to award deferrals
- Jobs progress drives revenue in Q2
- Margin a function of job mix; PY margins aided by cost savings / contingency releases on job completion

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

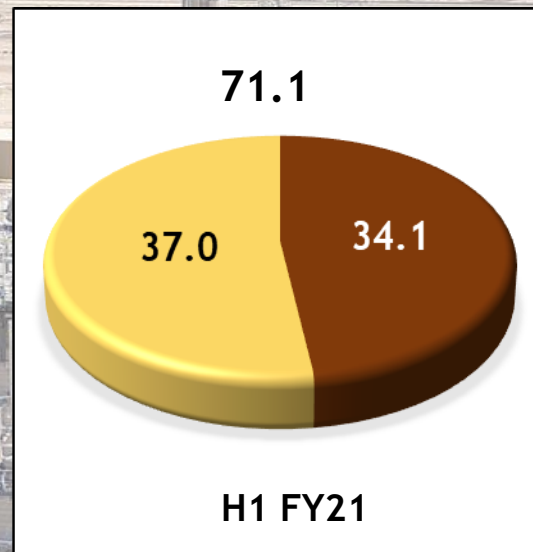
Hydrocarbon Segment

Net Revenue 20%↑

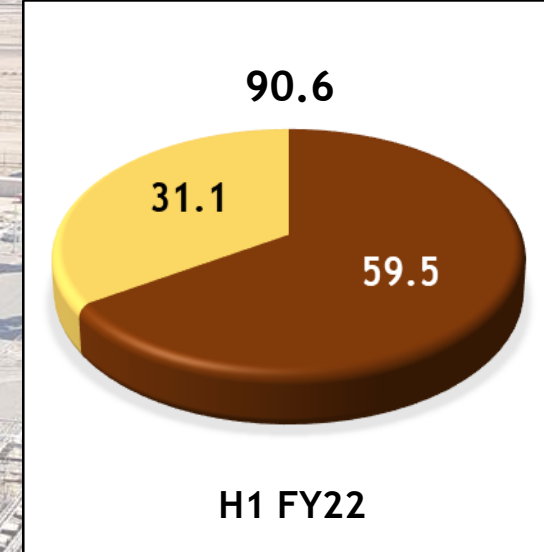


8.5% EBITDA Margin 8.3% ↓

Net Revenue 27%↑



7.1% EBITDA Margin 8.9% ↑



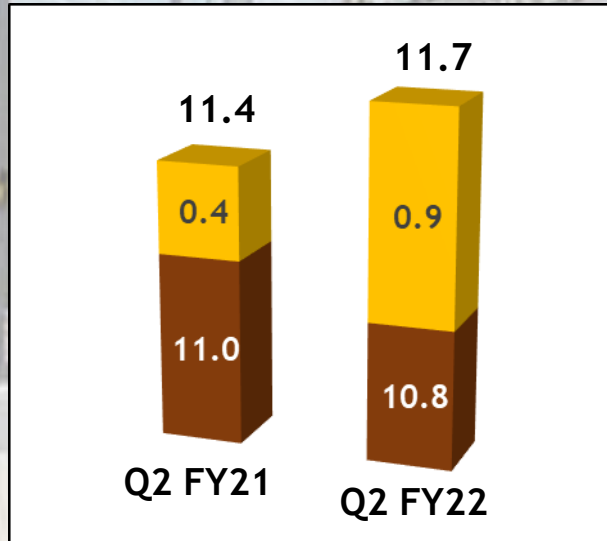
(Amount in ₹ bn)

Domestic International

- Receipt of a high value international order buoys order book
- Peaking of execution activity in onshore jobs drive revenues in Q2
- No major margin variation in Q2 as compared to PY

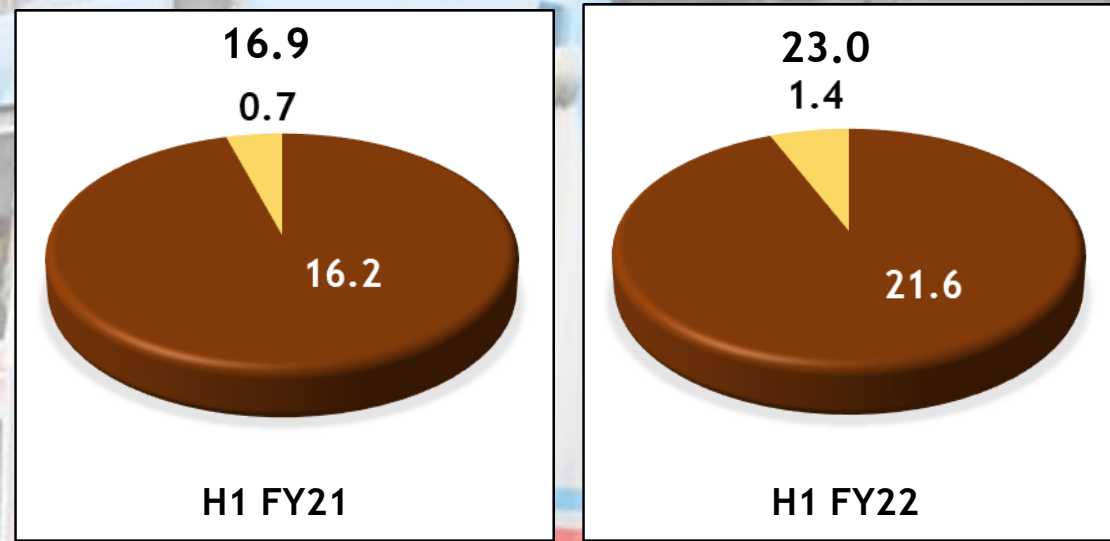
Developmental Projects Segment

Net Revenue 3% ↑



5.3% EBITDA Margin 4.1% ↓

Net Revenue 36% ↑



(Amount in ₹ bn)

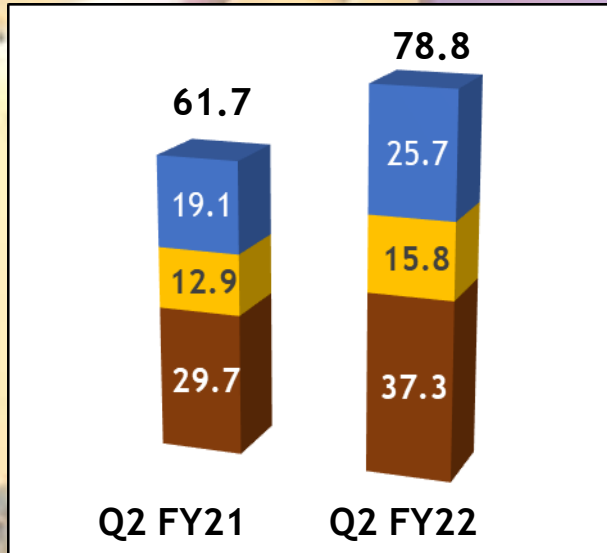
5.8% EBITDA Margin 1.9% ↓

■ Power Development ■ Hyd Metro

- Segment includes Power Development business (Thermal & Hydel up to the date of divestment) and Hyderabad Metro
- Lack of coal availability impacts Nabha revenue in Q2; whereas subsiding Covid 2nd wave leads to improved Metro ridership
- Segment margin impacted by non recognition of Nabha margin from Q3FY21
- Roads & TL concessions (part of L&T IDPL) are consolidated at PAT level under the Equity method

IT & Technology Segment

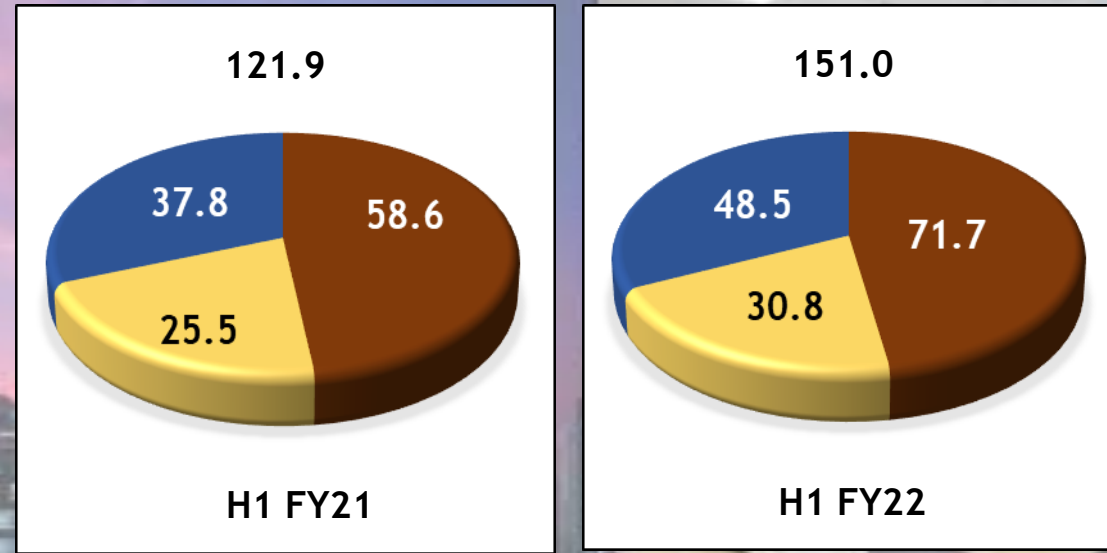
Net Revenue 28% ↑



23.2% EBITDA Margin 23.3% ↑

Net Revenue 24% ↑

(Amount in ₹ bn)



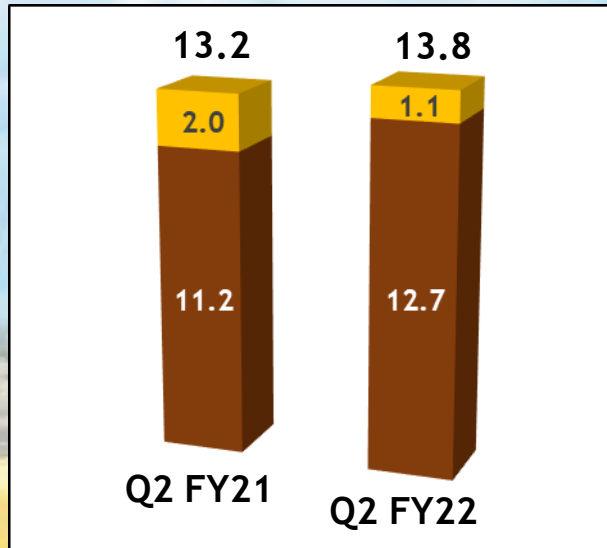
21.9% EBITDA Margin 23.2% ↑



- LTI revenue growth led by Hi-Tech, Media & Entertainment, BFS and Manufacturing
- Mindtree revenue growth led by Travel, Transportation & Hospitality and Retail, CPG & Manufacturing
- LTTS revenue growth led by Plant Engineering & Industrial Products
- Margin is a function of utilization, wage cost, onshore : offshore mix and operational efficiencies

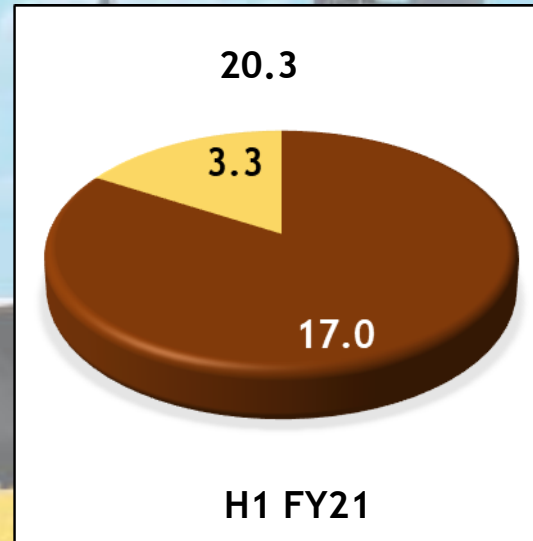
Others Segment

Net Revenue 4% ↑

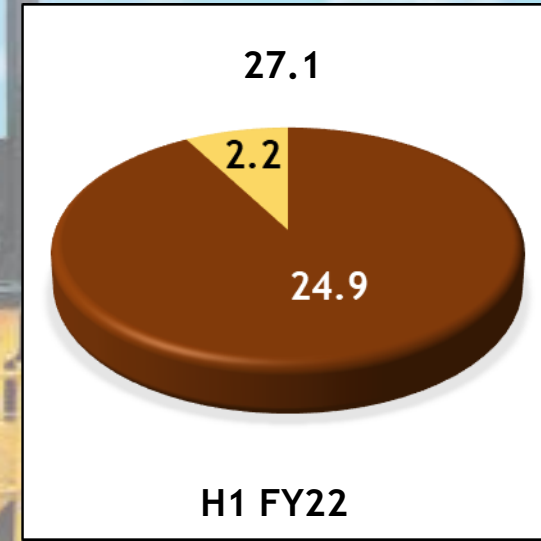


18.0% EBITDA Margin 20.8% ↑

Net Revenue 33% ↑



14.1% EBITDA Margin 18.1% ↑



(Amount in ₹ bn)

■ Domestic ■ International

- Segment comprises Realty, Industrial Machinery, Valves and Smart World & Communications
- Strong revenue growth in Realty and Industrial Machinery business; Smart World & Communications and Valves businesses report muted revenues
- Realty and Industrial Machinery businesses drive margin growth

Financial Services Segment

(Amount in ₹ bn)

Q2 FY21	Q2 FY22	% Var	Rs Bn	H1 FY21	H1 FY22	% Var
33.4	29.8	-11%	Income from Operations	66.3	60.4	-9%
2.7	2.2	-15%	Reported PAT	4.1	4.0	-3%
1.7	1.4	-16%	PAT (Net of NCI) accruing to the group	2.6	2.5	-4%
Mutual Fund Average AUM				630.6	782.7	24%
Book				988.2	869.4	-12%
Gross Stage 3 Assets				5.24%	5.74%	
Net Stage 3 Assets				1.71%	2.81%	
Net worth				151.6	192.1	27%

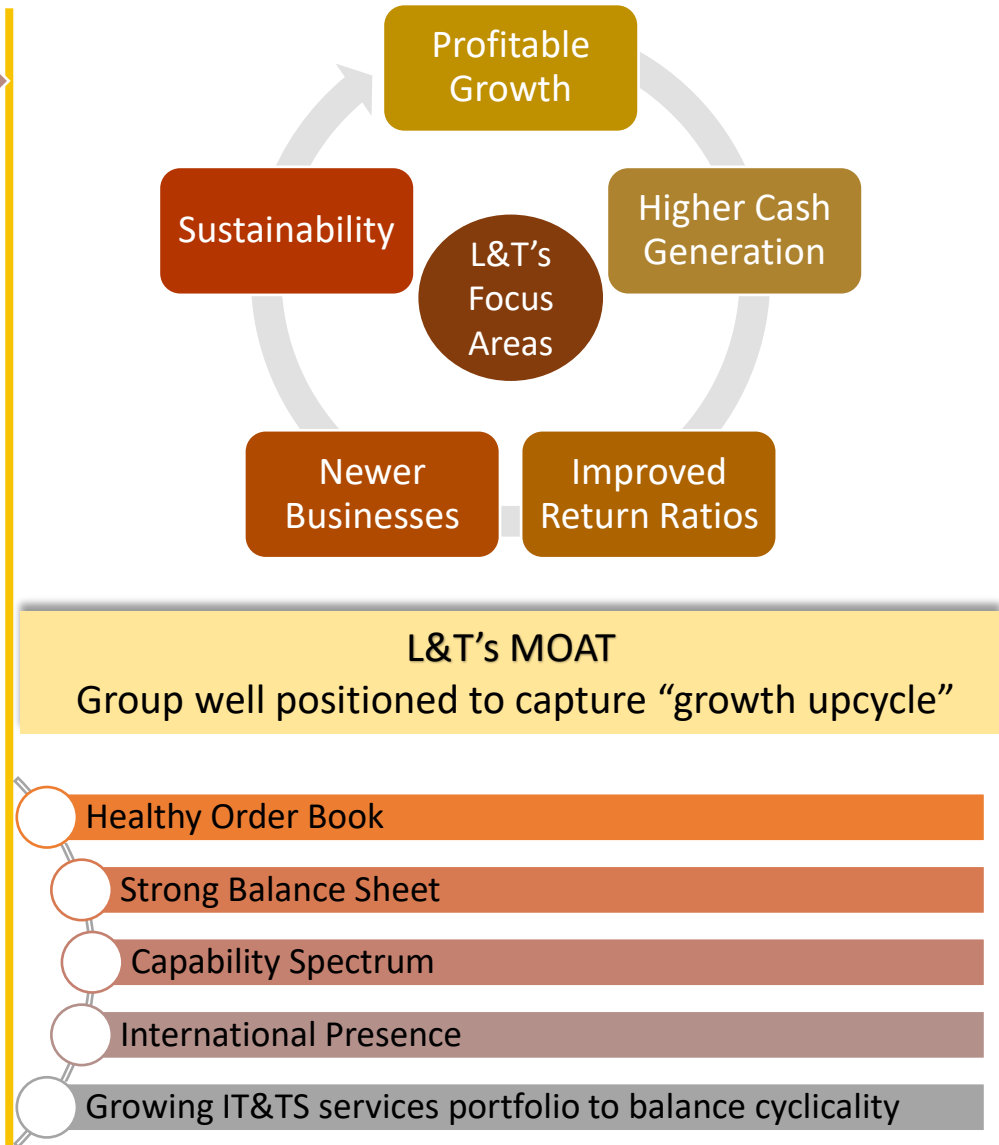
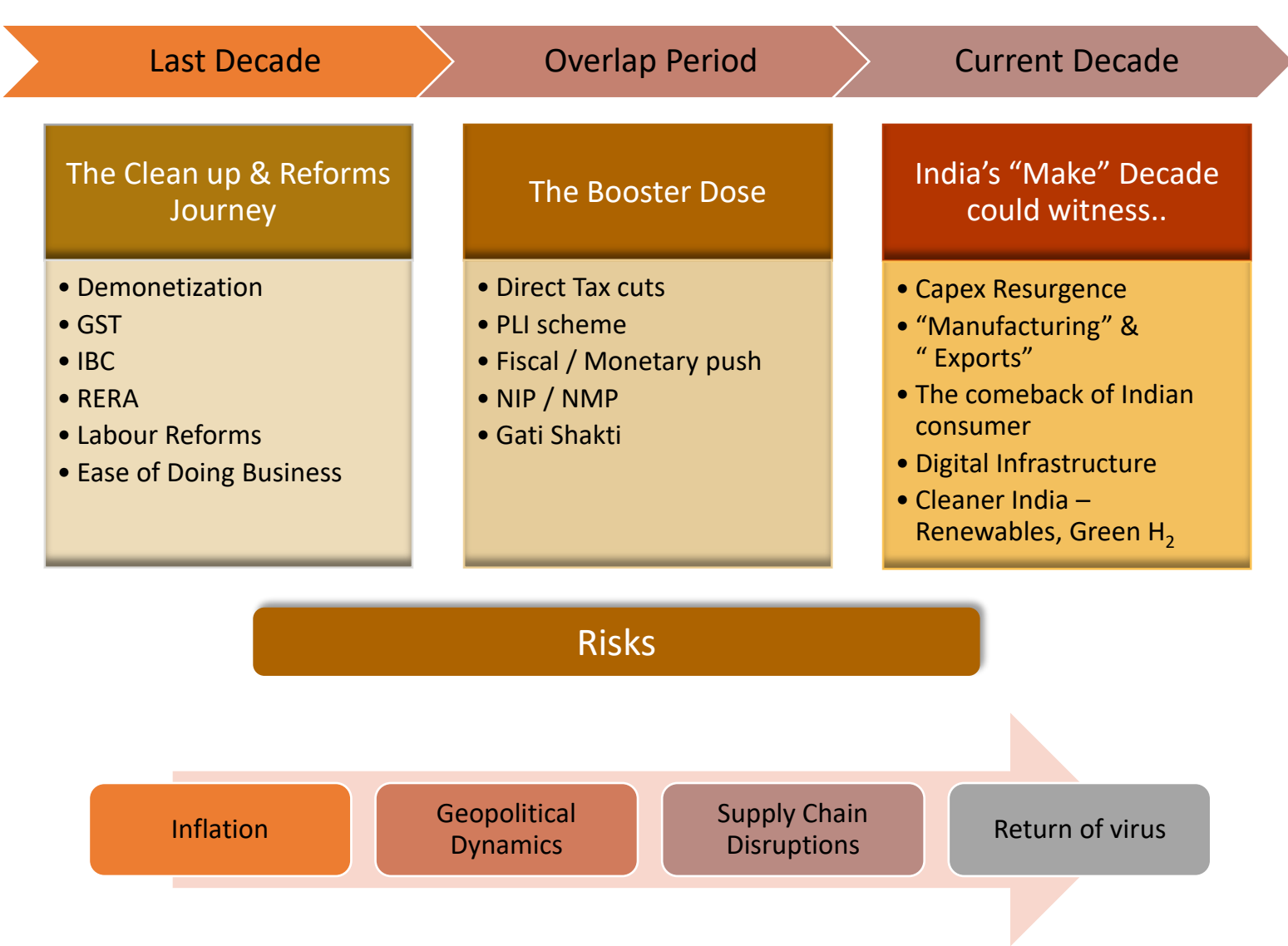
- Q2 revolved around pick up in retail disbursements, strong collections, improved NIMs & Fees and maintenance of adequate liquidity on Balance Sheet
- The business continues to pursue the strategy of higher “retaili-sation” of its loan book, diversification of liabilities, maintaining prudent ALM and targeting sustainable NIMs
- Sufficient growth capital available

04

Environment & Outlook



India's current decade of inclusive growth



05

ESG Disclosures

Sustainable progress for a better world



Early movers in reporting



Link: [Integrated Report | L&T Corporate \(Intsustainability.com\)](https://www.intsustainability.com)

FY21 Integrated Report is the 14th consecutive year of sustainability disclosures

Sustainability Awards and Recognition



Ranked No.1
in Engineering & Capital Goods
Sector as per Crisil ESG rating in
India(Overall Rank 22)



Received the 'Grant Thornton
Bharat SABERA Award' for 'Best
Integrated Reporting' in Dec 2020

Commitments

Carbon Neutral
2040

Water Neutral
2035

Thrust Areas

- Energy Conservation
- Renewable Energy
- GHG Emission Reduction
- Water Efficiency
- Materials Management
- Increasing Green Portfolio
- Improving Vendor Sustainability
- Employee engagement, Safety and well-being
- Community development health, education, water and Sanitation and skill building



Thank You

Investor Relations:

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Harish Barai (Harish.Barai@larsentoubro.com)

Shalmali Dange (Shalmali.Dange@larsentoubro.com)



Balance Sheet

Rs Billion	Mar-21	Sep-21	Incr / (Decr)
Equity & Reserves	759	765	7
Non Controlling Interest	121	126	6
Borrowings - Financial Services	865	827	-37
Development Projects	206	185	-21
Others	255	238	-17
Sources of Funds	2205	2142	-63
Fixed Assets (incl ROU assets)	138	131	-7
Intangible Assets & Investment Property	310	308	-2
Loans towards Financing Activities	861	794	-67
Finance lease receivable	70	68	-2
Net Non-Current Assets	150	168	18
Current Investments, Cash & Cash Equivalents	473	455	-18
Net Current Assets	203	218	15
Assets held for Sale (net)	0.03	-	-0.03
Application of Funds	2205	2142	-63
Gross Debt / Equity Ratio	1.51	1.40	
Net Debt / Equity Ratio	1.00	0.97	



Cash Flow

Q2 FY21	Q1 FY22	Q2 FY22	Rs Bn	H1FY21	H1FY22
35.2	33.6	41.9	Operating Profit	53.3	75.5
(1.2)	(34.7)	12.2	Changes in Working Capital [(Inc)/Dec]	(5.0)	(22.4)
(6.8)	(6.9)	(13.8)	Direct Taxes (Paid) / Refund [Net]	(11.8)	(20.7)
27.3	(7.9)	40.4	Net Cash from / (used in) Operations (A)	36.5	32.4
(3.6)	(3.5)	(5.7)	Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(7.2)	(9.3)
127.8	(2.6)	8.2	Net (Purchase) / Sale of Long -Term investments	131.1	5.7
(98.8)	18.5	(29.2)	Net (Purchase) / Sale of Current investments	(232.0)	(10.7)
-	-	(1.2)	Loans/Deposits made with JV/Associate Cos.	(0.6)	(1.2)
3.9	3.1	2.1	Interest & Dividend Received	7.3	5.2
29.3	15.5	(25.8)	Net Cash from /(used in) Invest. Act. (B)	(101.5)	(10.3)
(1.7)	0.1	(3.1)	Issue of Share Capital / NCI	(1.6)	(3.0)
(98.5)	(61.6)	(18.5)	Net Borrowings [Inc/(Dec)]	48.3	(80.1)
16.4	66.8	12.2	Loans towards financing activities (Net)	17.4	79.0
(19.9)	(15.2)	(29.5)	Interest & Dividend paid	(30.0)	(44.7)
(103.6)	(9.9)	(38.9)	Net Cash from / (used in) Financing Activities (C)	34.1	(48.8)
(47.1)	(2.3)	(24.3)	Net (Dec) / Inc in Cash & Bank (A+B+C)	(30.9)	(26.6)



Segment Margin – Q2 FY22

Segment (Rs Cr)	Q2FY21			Q2FY22		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Segment	12969	825	6.4%	13923	1152	8.3%
Power Segment	687	21	3.1%	1114	30	2.7%
Hydrocarbon Segment	4044	343	8.5%	4867	402	8.3%
Heavy Engineering Segment	601	30	5.1%	624	98	15.7%
Defence Engineering Segment	765	187	24.4%	845	116	13.7%
Other Segment	1321	238	18.0%	1379	287	20.8%
Total (Projects & Manufacturing)	20386	1645	8.1%	22752	2085	9.2%
IT, TS & Mindtree Segment	6167	1428	23.2%	7876	1832	23.3%
Financial Services Segment	3342	353	10.6%	2976	350	11.8%
Developmental Projects Segment	1140	60	5.3%	1170	48	4.1%
Total (Services & Concessions)	10649	1841	17.3%	12021	2230	18.6%
Total	31035	3487	11.2%	34773	4316	12.4%

Particulars	EBITDA to PAT (Q2 FY22)					
	IT&TS	Financial Services	Dev. Projects	Projects & Manufacturing*	Corporate	Total
EBITDA	1832	350	48	2085	211	4527
Depreciation	(295)	(28)	(83)	(296)	(26)	(729)
Segment Result	1537	322	(35)	1790	185	3798
Finance Cost & Tax Expense	(415)	(99)	(380)	(177)	(593)	(1664)
Non-controlling interest	(335)	(80)	-	3		(413)
Share in profit/(loss) of JV and associate			(26)	27		1
Exceptional Items (net of tax)					97	97
PAT	787	143	(442)	1643	(311)	1819

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



Segment Margin – H1 FY22

Segment (Rs Cr)	H1FY21			H1FY22		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Segment	19363	1225	6.3%	24332	1888	7.8%
Power Segment	1061	25	2.4%	1873	49	2.6%
Hydrocarbon Segment	7105	507	7.1%	9057	804	8.9%
Heavy Engineering Segment	979	97	9.9%	1173	196	16.7%
Defence Engineering Segment	1238	248	20.0%	1534	255	16.7%
Other Segment	2034	286	14.1%	2708	489	18.1%
Total (Projects & Manufacturing)	31780	2388	7.5%	40676	3682	9.1%
IT, TS & Mindtree Segment	12195	2674	21.9%	15098	3503	23.2%
Financial Services Segment	6626	246	3.7%	6037	607	10.1%
Developmental Projects Segment	1694	99	5.8%	2296	43	1.9%
Total (Services & Concessions)	20515	3019	14.7%	23431	4153	17.7%
Total	52295	5407	10.3%	64108	7835	12.2%

Particulars	EBITDA to PAT (H1 FY22)					
	IT&TS	Financial Services	Dev. Projects	Projects & Manufacturing*	Corporate	Total
EBITDA	3503	607	43	3682	512	8346
Depreciation	(584)	(51)	(169)	(590)	(52)	(1446)
Segment Result	2920	555	(126)	3092	459	6900
Finance Cost & Tax Expense	(800)	(160)	(750)	(365)	(1136)	(3210)
Non-controlling interest	(630)	(143)	-	3		(770)
Share in profit/(loss) of JV and associate			(71)	47		(24)
Exceptional Items (net of tax)					97	97
PAT	1490	253	(947)	2777	(579)	2994

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



Share in Profit/(Loss) of JVs/Associates

Q2 FY21	Q2 FY22	Rs Bn	H1 FY21	H1 FY22
0.39	0.43	L&T Power JVs	0.54	0.73
(0.52)	(0.26)	L&T IDPL Group JVs	(1.15)	(0.71)
(0.32)	-	L&T Special Steels and Heavy Forgings JV	(0.73)	-
(0.07)	(0.17)	Others (incl associates)	(0.20)	(0.26)
(0.53)	0.01	Total	(1.54)	(0.24)