

"Larsen & Toubro Limited Q1 FY-21 Earnings Conference Call"

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MANAGEMENT: MR. ARNOB MONDAL – LARSEN & TOUBRO LIMITED MR. HARISH BARAI – LARSEN & TOUBRO LIMITED



Moderator:

Ladies and gentlemen good day and welcome to the Larsen & Toubro Limited Q1 FY21 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Arnob Mondal. Thank you and over to you sir.

Arnob Mondal:

Very good morning, ladies and gentlemen. I hope all of you and your near and dear are safe in these difficult times. The format that we will follow for this conference call is the usual format whereby initially my colleague Mr. Harish Barai will make a presentation; he will walk you through the presentation. The presentation was uploaded on our website last night and I hope that all of you have downloaded it from the website because he will keep on referring to slide number so and so. After the presentation is over we will open the session to questions and answers. With that I would like to hand it over to Harish. Harish please go ahead.

Harish Barai:

Thank you, Mr. Mondal and good morning, ladies and gentlemen. Once again a very warm welcome to all of you into the Q1 FY21 earnings call of Larsen & Toubro Limited.

I will move onto the next slide which is Slide #2 on disclaimer. Essentially, 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 would materially differ from those in such forward-looking statements. Disclaimers assume special importance in times like this.

The remaining portion of the statement, I will take it as read and move onto the next slide which is Slide #4; Q1 FY21 an unprecedented quarter. There will be rare incidences in history where you start the financial year with a lockdown. Our Group's performance therefore in Q1 FY21 has to be seen in the context of the macroeconomic environment we operate in since FY21 started with a lockdown on account of the pandemic it disrupted economic activities in the quarter. More than two thirds of India's economic activity was shut or working at reduced capacities during April with progressive improvements witnessed during May and June. Happy to report that Group has secured orders of Rs. 236 billion in Q1 FY21 in an otherwise very challenging quarter and our order book at Rs. 3051 billion is stable.

Coming to revenues:

The operations gradually resumed with requisite precautions during the quarter given limited availability of workforce and disrupted supply chain. There have been sequential improvements in execution in each month of the quarter. During the quarter we have tried to prioritize those jobs that can ramp up faster. Negative operating leverage kicks in due to muted revenues in Q1 and the consequences of negative operating leverage have impacted EBITDA and PAT for the quarter. Surprisingly due to ample liquidity in the system and the fact that both the central and the state governments have front loaded their borrowing programs for the year, our collections therefore in Q1 have been robust. We have not had to draw down on the cash reserves on our



balance sheet to fund operations. This is also evident when you glance through the cash flow statement. If we were to summarize our performance we could just say noteworthy performance in an unprecedented quarter.

With those comments I will move on to the slide on key financial indicators.

Q1 FY20 numbers are on the left part of the slide and Q1 FY21 numbers are on the right portion of the slide. Our order inflows for Q1 FY21 as I said at 236 billion has registered a decline of 39% over Q1 FY20. Our order book as on 30th June '20 at Rs. 3051 billion is up 4% over June '19. Revenue for Q1 FY21 at Rs. 213 billion has registered a decline of 20% over Q1 FY20. Our EBITDA and PAT at Rs. 16 billion and Rs. 3 billion respectively have registered a decline of 47% and 79% respectively. For the reasons mentioned in the previous slide the results of this quarter are not comparable with the previous quarters presented.

Some comments on working capital, our networking capital to sales have moved up from 23.9% in June '19 to 26.8% in June '20. As I mentioned in the previous slide our cash flow management for the quarter has been good, thanks to the payments that have been regularly flowing from the public space. Consequently, our operations have predominantly been funded from collections and our absolute levels of net working capital has marginally moved up from March '20 to June 20. NWC to sales at 26.8% as on June '20 is largely on account of the fall in the denominator. The trailing 12 months sales as you know has moved lower because of our Q1 FY21 performance.

Coming to return on net worth:

Consequences of negative operating leverage impact, EBITDA and flows into PAT as well which impacts our return on net worth. Our return on net worth on a trailing 12 month basis stood at 12.7% for the June quarter.

With those comments I will move on to the next slide which is Q1 FY21 order inflow order book. Order inflow numbers again on the left, order book on the right. Although order inflows for Q1 FY21 at 236 billion is down 39% it is good to note that ordering activity has continued despite pandemic concerns though with some time delays. Our Q1 FY21 domestic order inflow of Rs. 147 billion has largely being contributed by the infrastructure segment in areas like water, heavy civil and power transmission and distribution. Our Q1 FY21 international order inflow of Rs. 89 billion almost flat compared to Q1 FY20, largely due to Mindtree consolidation. Having said that we have seen some international order inflows in Infrastructure, Hydrocarbon and Heavy Engineering segment during this quarter. To conclude it is heartening to note that order inflows domestic and international have continued to flow in Q1 despite pandemic and lockdown. At the end of June '20 and for the remaining nine months of this financial year FY21 we see total bottoms up project pipeline of around Rs. 6.32 trillion in our core businesses of which about Rs. 5.07 trillion is domestic and 1.24 trillion is international. So far the government has ensured that project execution continues and payments to contractors are released. Now



hopefully the government may turn its focus on new awards which will aid economic recovery and generate employment.

Coming to order book:

Portfolio diversity as well as our dependence on government and PSU investments mitigates cyclicality. Today we have six business verticals where each of their order book is between 9% to 15% of the overall company order book. They are buildings and factories, Water, Power Transmission and Distribution, Heavy Civil Infra, transportation Infra and Hydrocarbon. Diversity of order book helped and future revenue growth is not dependent on the fortunes of any single vertical. Again 82% of our domestic order book of Rs. 2306 billion as on June '20 is dominated by Central and State Government as well as PSUs. In times like these it is good to have government risk on the balance sheet.

With those comments I will move on to the next slide which is Group performance sales and costs:

This is Slide #8. Now pandemic shadows Q1 revenues across verticals, on the other hand IT&TS businesses smoothly transitioned to a work from home model. Consequently, our revenues for Q1 FY21 at Rs. 212.6 billion has registered a decline of 28%. Favorable MCO expense variation is largely due to higher proportion of IT&TS businesses including Mindtree consolidation and secondly due to cost control initiatives within the group. Last part of the cost of IT&TS businesses reside in staff cost and sales and administration expenses which are given below. Finance charge OPEX largely represents borrowing cost of the financial services business. Staff cost at Rs. 61.5 billion for Q1 FY21 is up 35% over Q1 FY20, largely due to Mindtree consolidation and resource augmentation in our service businesses. Staff cost of 21,955 minds of Mindtree amounting to Rs. 1277 crores have been consolidated in the Q1 staff cost. Excluding Mindtree the staff cost is up 7% for the quarter. Sales and administration cost at Rs. 21.5 billion, up 8% for Q1 FY21 is mainly on account of credit provisions in the financial services business. Secondly Mindtree consolidation also contributed to increase in sales and administration costs partly mitigated by overhead expense savings at a group level. Consequently our total OPEX at Rs. 196.4 billion for Q1 FY21 registers a decline of 26% over Q1 FY20.

With those comments I will move on to the next slide Group performance, profit parameters:

For reasons explained in the previous slide our EBITDA for Q1 FY21 at Rs. 16.2 billion as I said has registered a decline of 47% over Q1 FY20. Finance cost and Rs. 10.6 billion for Q1 FY21 is commensurate with increased borrowings and interest cost on full commissioning of Hyderabad Metro. Higher depreciation charge at Rs. 6.7 billion for Q1 FY21 is mainly on account of Mindtree consolidation. Other income of Rs. 7.8 billion for Q1 FY21 is reflective of the level treasury investments and higher returns earned during the quarter. As you are all aware both the long-term and short-term yields have moved lower during Q1. Share of JV associates that largely comprises results of IDPL, power equipment and forging JVs. NCI radiation is largely due to lower Finserv profit partly offset by Mindtree consolidation. E&A business as you



are aware is classified as discontinued operations, exceptional item of Rs. 1.1 billion represents gain divestment of wealth management business by the financial services group. Consequently for reasons explained above our PAT for Q1 FY21 at Rs. 3 billion has registered a decline of 79% over the comparable quarter of the previous year.

With those comments I will move on to the next slide which is Slide #11, segment composition:

This slide on segment composition is essentially for reference purposes based on the progress of the divestment process the company continues to classify electrical and automation business as discontinued operations and disclose the financial results thereof separately for the previous periods presented. Information technology is mentioned within the IT&TS segment includes Mindtree as well. Effective from 1st April 2020 Smart World & Communication business as we transferred from infrastructure segment to the other segment concurrently military communication has been transferred from Defense Engineering to Smart World & Communication. Figures for the previous periods have been reclassified to confirm the classification for the current period.

With those comments we will move on to the slide on Q1 FY21 order inflow composition:

Again the slide for reference purposes only, in a lockdown quarter it is encouraging to see 48% of our total order inflows being contributed by infrastructure. Hydrocarbon and heavy engineering have also contributed 5% and 2% respectively. For obvious reasons the share of services as a percentage of total order inflow stood at 42% for the quarter.

Moving onto the split between domestic and international 62% of our order inflows are domestic and 38% international, a healthy chunk of domestic order inflows in Q1 is from infrastructure. Coming to international; a significant portion of international order inflows is from IT&TS businesses. Having said that as I mentioned earlier as well Infra, Hydrocarbon and Heavy Engineering have also contributed to international order wins during this quarter.

With those comments I will move on to the next slide which is Q1 FY21 order book composition:

As you can see 72% of our total order book of Rs. 3051 billion is from infrastructure and 14% from hydrocarbon. Within Infra as I mentioned earlier the order book is very well diversified across the five large verticals.

Coming to geographical spread of the order book:

Since we are predominantly and India centric company 76% of our total order book is India-based and within that 82% is from Central Government, State Government and PSUs combined and the remaining 18% is from the private sector. Our international order book is 24% of the total order book. As you are aware over the last couple of years we have consciously moved away from the Middle East. This approach has borne fruit and about 42% of our international order book today is non-Middle East.



With those comments we will move on to the next slide which is Q1 FY21 revenue composition:

This is an interesting slide in a way because services business as you know we have been mentioning for quite long that it adds as a good hedge in the portfolio of businesses which is dominated by core E&C business and a quarter like this where pandemic shadows revenues across core businesses, Services portfolio comes to the rescue of the total revenues of Rs. 213 billion for Q1 FY21 Services and Infra contribute 47% and 30% respectively.

Moving onto the geographical split of revenues:

55% of our total revenues are domestic and 45% of our total revenues are international. These percentages appear a little skewed towards international primarily because of the contribution of the IT&TS business.

With those comments I will move on to the next slide, which is the Infrastructure segment, Slide #15:

Infrastructure segment as you are aware is the largest segment within the group and obviously the financial fortune of this segment impacts Group performance, quick comment on order inflows before we move onto other parameters; as I mentioned earlier we have seen early signs of ordering activity pickup within the segment in both domestic and international space during this quarter. Areas like heavy civil, water, power T&D has done well whereas we are yet to see pickup in other areas. Healthy list of order prospects exist at a ground level. Hopefully the ordering activity should pick up once the government has a reasonable fix on its finances which again is to a large extent dependent on the progressive pickup in economic activities. Revenues for Q1 FY21 at Rs. 63.9 billion has registered a decline of 53% over Q1 FY20, execution was hindered by lockdown across all verticals. During the quarter we have witnessed a graded resumption with limited workforce and a disrupted supply chain. Good news as I said earlier is that client selections have continued during the quarter and we did not have to finance this execution from our own balance sheet. Margins for Q1 FY21 at 6.3% have broadly remained stable as compared to Q1 FY20, mainly attributable to the favorable input cost and expense control.

With those comments we will move on to the next segment which is the Power segment:

Now no prospects were being targeted for award in the power business in Q1 of FY21, you would recollect that in Q1 of last financial year this business had secured a large order for ultra super-critical thermal power plant. Order book of this segment is at around 5% of the company's total order book and a couple of quarters of low order wins would not impact this business segment. Revenues at Rs. 3.7 billion for Q1 FY21 registered a decline of 33% largely reflective of grated resumption of operations during the quarter. The high-value order won last year as I mentioned is yet to cross the margin recognition threshold, this explains the margin variation from the .3% in Q1 FY20 to 1% in Q1 FY21. Finally as you are aware for business margins



appear optically low because boiler and Turbine JV as well as the other Power JV companies are consolidated at the PAT level under the equity method.

We will move on to the next slide which is Heavy Engineering segment:

Quick comment on order inflow before we move on to other financial parameters. Surprisingly this segment secured orders during Q1 FY21 despite pandemic and lockdown. International orders consider that 70% of the total order inflow of this segment during the quarter. Phased ramp-up constricts revenues for the quarter; the decline in revenues was mainly in the refinery business which in the previous year includes simultaneous execution of multiple high-value reactor orders as well as due to lower manufacturing activity during the current lockdown period. Revenues for Q1 FY21 at Rs. 3.8 billion registered a decline of 57% over Q1 FY20. Coming to margins; margin variation between Q1 FY21 and the corresponding quarter of the previous financial year is largely explained by low capacity utilization and under recoveries.

We will move on to the next slide; Defense Engineering segment:

Quality bottleneck, fiscal constraint and lengthy MOD procurement procedures have continued to beset investment momentum in this sector for many years now. Consequently large order inflows are missing and order inflows in the current quarter comprises of multiple small value orders. Having said that the recent government announcements on time bound Defense procurement procedures and faster decision making awakens hope for the future, announcements around separate budget provisioning for domestic capital procurement is also a positive. Not sure at the moment if the recent skirmishes around the border areas results in an immediate benefit to domestic manufacturers. Having said that I would like to mention here that for the first time in the history of Defense online remote inspection was initiated enabling milestone clearances at our end. Revenues for Q1 FY21 at Rs. 4.7 billion registered a decline of 49% over Q1 FY20 largely due to delay in procurement of material on account of nationwide lockdown. Margin variation is largely explained by job mix and under recoveries.

We will move on to the next slide it is Slide #19, the Hydrocarbon segment:

Slowdown in order inflows in Q1 is largely due to muted tendering activity in a low oil price scenario. Order inflow during this quarter is driven by international wins. This business today is sitting on an order book which is around 2.5 years of revenue. Revenue for Q1 FY21 at Rs. 30.6 billion registered a decline of 19% over Q1 FY20, mainly due to low utilization at yards and constraints on execution at job sites. Cost provisions and under recovery of overheads in a restricted execution environment has impacted margins for the quarter.

Will move on to the next segment which is the Developmental Project segment:

As you know this developmental project segment comprises of power development business and Hyderabad Metro. Here again roads and transmission lines concessions which are house in LIC, IDPL are consolidated at a PAT level under the equity method, so obviously the numbers



presented in this slide do not include roads as well as transmission lines. During Q1 FY21 the revenue of the business segment at Rs. 5.5 billion registered a decline of 53% over Q1 FY20. The revenue decline in this segment is largely attributable to the power development business, lower power demand during the lockdown leads to revenue decline in the power development business. As far as Metro is concerned you're aware we fully commissioned the Metro in February of 2020. Operations of the Metro have remained under lockdown for the entire quarter. There has been under recovery of fixed OPEX depreciation and interest expenses during Q1 FY21.

We will move on to the next slide which is the IT & Technology Services segment:

As Mindtree was consolidated from second quarter of FY19-20 the previous period Q1 FY19-20 does not include the performance of Mindtree Limited. Hence the current period is not compatible with the previous period on a like to like basis. Therefore the revenues of this segment at Rs. 60.3 billion for Q1 FY21 has registered a growth of 58% over Q1 FY20. However we would like to mention here that even excluding Mindtree this segment has recorded positive growth in Q1 FY21 over the comparable quarter of the previous year during these challenging times. All the three companies in the IT&TS segment are listed companies and they had their earnings call as well, so all the numbers in detail are available in public domain. An array of business verticals have contributed to the growth within each of the companies during Q1, the details are mentioned in the slide. It is important to note that each of the listed IT subsidiaries have smoothly transitioned to a work from home environment right at the onset of the pandemic with encouragement and support from customers. Margin variation is an outcome of some headwinds in pricing and staff furloughs.

With those comments I will move on to the next slide which is the other segment:

Other segment now comprises of Construction and Mining Equipment, Rubber Processing Machinery, Industrial Valves, Realty business and Smart World & Communication. Q1 FY21 revenues of this segment at Rs. 7.1 billion has registered a decline of 51% over the corresponding quarter of the previous year. Q1 revenues have been impacted by significantly lower handovers in our Realty business, low demand environment impacts Industrial Valves as well as Construction and Mining Equipment revenues and Smart World & Communications revenue has been affected by lockdown. Margin drop is largely explained by and the recovery of overheads on low volumes.

Will move on to the next slide which is the L&T Finance Holdings Group:

L&T Finance Holdings again is a listed company and they have their earnings call as well, so all numbers are available in the public domain. In terms of operations for Q1 FY21 at Rs. 32.8 billion has registered a decline of 5% over Q1 of FY20. Now the strategy for the Group during these challenging times has revolved around recommencement of on ground operations, further tightening of credit measures, steady resumption of disbursements and maintenance of adequate liquidity on the balance sheet. The Group over the last couple of years has demonstrated



tremendous resilience despite the challenges surrounding the NBFC space. L&T Finance Holdings and all its lending subsidiaries have been reaffirmed AAA from all the core rating agencies. The business continues to focus on retailization of the loan book, wouldn't asset liability management, improving asset quality and increasing diversity of the funding sources. Profit after tax for Q1 FY21 has largely been impacted by increased statutory and macro prudential provisions, partly offset by gains on divestment of wealth management business.

We will move on to the next slide, which is Electrical and Automation, Slide #24:

As mentioned earlier E&A business has been classified as discontinued operations in FY20. You would've observed in the earlier slide that PAT from E&A business is being aggregated as a separate line item in our profit and loss account. Q1 FY21 revenues at Rs. 7.1 billion registered a decline of 48% over the Q1 FY20 largely reflective of lockdown condition, secondly fixed overheads of manufacturing units charge to the profits amidst low capacity utilization impact margins for the quarter.

I will now hand over the presentation to my senior colleague Mr. Arnob Mondal to take you through the slide on environment and outlook, post which we will take the Q&A. Thank you.

Arnob Mondal:

Thank you Harish. Before getting into the actual slide on the environment and outlook, I would just like to give a few comments. As Harish said of course it is a very unusual quarter and it's not to be construed at as representative of any normal quarter or extrapolated for a year I think all of you realize that and considering the uncertainty that is still prevailing in the environment we have again decided not to give any guidance on either order inflows of revenues or margins. One thing which I think I would specifically like to mention which is a defining feature of this particular quarter is a significant headway that we made on our liquidity management. We managed to keep ourselves fairly liquid. We managed to raise resources; of course we will not use those resources as those are the funds used in funding working capital because that is one area where we are focused in way detail. Our philosophy was as far as possible we will try to restrict our working capital outflow to the extent that we collect and I think we have done very decent job on that front. So that I think is a defining feature of the current quarter. I think everybody realizes the impact that COVID has had on both revenues and PAT.

As far as many people have been asking about labor availability and operational sites primarily because the issue of the migrant labor was highlighted in so many different forms of both mainstream as well as social media. Yes, sometimes during May after large number of sites became operational availability of labor became a question. The labor workforce plummeted significantly but we have seen a steady increase thereafter. It fell to around 70,000 labor at one point of time from a peak of 220,000 labors. So obviously we were hamstrung by that but fortunately we have seen steady increase in labor and we have been adding labor at around 1500 additions a days or so. Currently we are at a total strength of around 190,000 labors which is a reasonable strength to work for, particularly in Q2 which is normally beset by monsoon in any case.



Another small thing which I would like to amplify on something that Harish touched upon, if you see the total order book of 3,05,000 crores and you take out the 75,000 crores or so which is the order book attributable to international projects, in the domestic markets our total unexecuted order book is 2,30,000 crores approximately which 82% he mentioned was public sector here, so that's correct. Now within this 82% around 50 is by Center and State and 32 is from PSUs. As you would all be aware the PSU revenue models are different. They are not directly dependent on tax collections and things like that. So they have their own revenue generation model. 50% of the domestic order book which were dependent on Central and State obviously will depend upon to some extent the fiscal resources, the liquidity resources, I won't say fiscal as such. Another thing that needs to be considered is that out of this 50% close to half are multilaterally funded, so there again that gives us a natural comfort. Harish also mentioned the contribution of IT and Technology Services business and this is something that we have been talking about for a long time and at least in the last 5 years we have been reiterating that this business lends a lot of stability to the cyclicality of our core business in addition to the fact that it has much healthier bottom-line and return profile and that has clearly been borne out by the current quarter where even if you take out Mindtree IT& Technology Services businesses grew recently and along with Mindtree it has to a large extent contributed significantly to the revenues close to 45% odd.

Now one other thing which he also mentioned is that in financial services we got some exceptional income from sale of the wealth management business which is shown as an exceptional item. However for those of you who would have attended the call on L&T Financial Services earnings call would also realize that over and above the COVID provisions that they did, the COVID provisions of course centered around the increased statutory provisions is mandated by RBI as well as the increased macro prudential provisions that they did because of the COVID environment. But over and above that the gains that they got from the wealth management business were used to put in further provisions on a similar amount and those further provisions are sitting in the sales and admin expenses and not in exceptional.

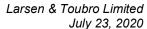
We have also had fairly significant savings in overhead expense control and that has obviously contributed to better bottom lines than what many people originally expected. Coming to the slide again it's a bit of a complicated slide if we go to read the fine print, I would urge you not to read on the fine print, essentially what we have tried to do is that we have tried in this slide we have tried to put out in different buckets the various external and the internal factors that have been affecting our operations particularly in this quarter. Obviously the global pandemic is well-known and the countries like US, Brazil, India and Russia the most affected and while the pandemic has been tapering in many countries in India the curve is yet to show signs of flattening, hopefully that will happen. I think the lockdown everybody realizes that the lockdown administered both demand and supply shocks to the economy and that is why we have had phased reopening apart from the multi-phased lockdown itself and we are yet to completely normalized because there are still many containment zones across the country, including some facilities. For example Tamil Nadu has large number of containment zones including for example our Hydrocarbon Kattupalli facility is also struggling there obviously because of lockdown conditions. Labor migration I briefly referred to on what we saw and this of course



was the largest constraint that we faced in Q1 and from what I understand this is a constraint that all construction companies and the engineering and construction companies faced, we are seeing steady normalization and hopefully within the next few quarters it should normalize. Supplychain disruption was not as severe as the labor availability issues and that of course is steadily normalizing even though some imports and transport bottleneck still persist here and there. As far as input costs are concerned it is a fact that we have been seeing lower commodity prices particularly in areas of construction steel. However we are seeing a trend increasing cost of labor migration, labor cost of migrated labor who are coming back and we do think that will lead to an increase in labor costs overall. However fair bit of the contracts that we have from the public sector particularly have labor cost in inflation built in into the contract, so we should hopefully be able to pass on some portion of the increased cost as well. and in case of commodity price declined even though cement has gone up but steel has come down a bit, maybe around 5%-6% or so. In the case of commodity price decline we obviously stand to benefit on our fixed price projects. we have seen strong liquidity support from the government, I think everybody is aware of the extremely large stimulus measures of which the small part was fiscal and a major part was monetary but be that as it may the government also realizes that this year is going to be the year when tax collections will fall short of not only what they are projected but is likely to fall short by, I have no idea but maybe around 5 lakhs to 7 lakhs crores or so from even last year. Now what the government is doing is that because they have decent headroom on the debt to GDP ratio they have increased originally budgeted borrowings program by around—going by reports which various economists have brought out in the past—the increased borrowing program would be around 9 lakh crores around which 5 lakh crores would be on Center and 4 lakh crores would be additionally raised by states and these would be front ended, for example around 70% of the total borrowings program is expected to be completed by in the first half itself. So that ensures that the government at least and state has adequate liquidity and that is one of the reasons why we also see collections coming from both Center and State in a reasonably decent manner. Obviously the government is focusing on infrastructure, I think during the lockdown the released 300 page report on the national infrastructure plan which is a significantly large investment plan and they have also given some idea of the funding and even though 20% odd which we are envisaging from the private sector, this is up to 2025, may fall a bit short if private sector does not see bump up in investment momentum but at least the Center, State and PSU spends should be by and large in line with the plan. So the plan doesn't appear to be wishful thinking.

Lastly, I think we realized that we have an economic moat, our organization has an economic moat. We have a healthy balance sheet; we have got a very large unexecuted order book which gives us multiyear revenue visibility. Our portfolio diversity to a larger extent has been mitigating the impact of cyclicality. As Harish also mentioned dependence on public CAPEX at this point of time is not a bad thing to have. If we are largely dependent on private CAPEX we may have been more badly affected and it of course our execution track record is well proven and apart from that we carry strong liquidity on the balance sheet.

With that I would like to open the session to question and answer. Over to you Janise.





Moderator:

We will now begin the question and answer session. We take the first question from the line of Subhadip Mitra from JM Financial.

Subhadip Mitra:

I have two questions, firstly you did mention about the labor situation improving. So my understanding as per the last quarter's call was that you were expecting to reach about 2-2.2 lakh kind of labor by end of July, we are currently at 1.9 is what you mentioned. So by when do you see labor reaching an optimal level and how do you see probably execution picking up in second and third quarter.

Arnob Mondal:

Subhadip I think there was a small misinterpretation on your part, what we said was that during the period sometime in Q4, January-February when typically execution obviously ramps up in Q4, our total peak labor workforce was around 2,25,000 and at the end of the year or sometime during the quarter when we talked that point of time power labor force was around 1,40,000. So it has come to 1,20,000 of course that would be probably around 70% of peak requirement but one thing you must also keep in mind is that during monsoon season labor requirement may be down a bit. But yes, what we said that it will take some time for us to come back to a normal operating requirement, not come back to peak, so that could still be a couple of quarters away.

Subhadip Mitra:

I was just referring to the slide on the balance sheet and just looking at the borrowings part of the other borrowings which is extra financial services and development projects, so there is a sharp spike there I believe in the borrowings part. So just wanted to understand that this is provisional borrowings that we have taken anticipating working capital pressure in future or if you can throw some light on that?

Arnob Mondal:

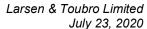
Yes that additional borrowing was essentially to for two things, one was to sort of tank up on liquidity because in the month of April entire world was in turmoil and India was completely locked down and nobody had any idea on how long it would remain because economic conditions would pan out. So we raised a fair bit of borrowings during that period, of course now 4000 to 5000 crores or so earmarked for repayment of the earlier borrowings which will fall due for repayment during the course of the year, normally we tend to raise resources just before repayment but in this particular case we raised that money in advance. So it was essentially for two things, one is to raise money in advance to earmark for repayment of borrowings and the other was to increase liquidity on the balance sheet.

Subhadip Mitra:

By when do you see the proceeds of the E&A sale coming in?

Arnob Mondal:

We are very clear both Schneider and L&T are committed to the deal. The deal is still on but the only problem is that in India unfortunately some of the documentation that needs to be completed has to be done in physical form and cannot be done electronically. For example transfer of land to the new entity, they require signed the document. So we are all waiting for international travel to open up after which people can come to India and sign whatever documents are required for registration because that's an essential part of the deal, transfer of the existing businesses and assets to the new entity. So till that happens we are sort of keeping everything abeyance, everything else is in a state of readiness but we will have to wait to see when that happens and





going back recent news reports that the government has said that they will try to create air bubbles between different countries or dedicated flights to and fro, fully that will alleviate the international travel. So ones that international travel gets opened up in a limited or full manner I think we should see this deal getting concluded.

Moderator:

We take the next question from the line of Mohit Kumar from IDFC Securities.

Mohit Kumar:

I have two questions, first on order inflow—of course it's difficult to just going to paint a picture—but if you can throw some light on international side and on the domestic side and are you seeing any kind of deferral of execution especially on the international side given the low oil prices? I will comeback with second question later.

Arnob Mondal:

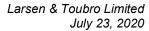
As far as order inflow is concerned we have seen bit of a pickup in ordering activity and obviously till things stabilize I don't think you will see a rush of orders coming through and particularly since we are largely dependent on it Center, State and Public Sector undertakings and many of the senior people in these organizations are maybe not so tech savvy, they would not like to do everything electronically. So I think we will have to wait for things to stabilize even though the pipeline appears very decent. In fact Harish mentioned around Rs. 6.3 trillion of prospect pipeline and its 6,30,000 crores which around 500 crores is in our Infra segment, Power and MMH is another 50,000 crores, Hydrocarbon is around 70,000 crores and Heavy Engineering and Defense is around approximately 10,000 crores or so. Oil prices obviously, low oil prices have caused concern on ordering of international ordering particularly in Hydrocarbon space. Our piece to understand that if oil remains at around \$40 a barrel of course it's been moving up quite a bit. That is not a very good price point for oil producing countries to put out CAPEX. However once it crosses \$50 a barrel it certainly alleviates the fiscal equation in oilproducing countries and people do start to look at CAPEX and going by many international reports it does seem as they are predicting that oil will go back to around between \$50 to \$65 a barrel, so we will have to wait and see. Once oil comes back to a decent level, above \$50 barrel I think we can expect to see some ordering. So while the prospect pipeline is there both on international and domestic timelines for that is very-very uncertain and this point of time it's anybody's guess on when these will actually get awarded. As of now these appear to be on horizon, hopefully they will not get dropped. So that is a situation on the ordering on the investment front going forward. But as I said earlier world and India is in such an uncertain state of mind that we would not like to try to speculate our conjecture on timelines of when ordering can come back in a very decent manner.

Mohit Kumar:

My second question is on the development projects portfolio, did you book Nabha Power revenues assuming 100% availability during the quarter or we assume there is lower PAT and related to that what are the amortization provided for Hyderabad Metro in Q1 FY21 and what kind of cash for the development business would require to meet all the commitments in FY21 in an environment where the revenues remain subdued?

Arnob Mondal:

Hyderabad Metro they were shut quite some time and one of the reasons was that State of Punjab was not taking, there was no demand. I think during lockdown the demand was minuscule, so





they did not have to resort to the priority list and ask for power from IPPs. So obviously the PLF fell significantly in line with the falling revenues. However you mentioned PAF, PAF was at a fairly high level. In fact PAF was at around 87% level which is more than the threshold required plant availability which is more than the threshold required for getting the capacity charges. So while there was a close to 50% fall in the total revenues the plant availability was at a high-level because we had adequate stocks of coal and we are ready to switch on at a moment's notice. So that was a situation as far as Nabha is concerned. What was your question on Hyderabad Metro?

Mohit Kumar:

What was the amortization provided on fare collection life for Hyderabad Metro in Q1 FY21?

Arnob Mondal:

As there is no collection, it was under lockdown and it is still under lockdown. So for the whole of the quarter there was no collection, there was in fact we had to keep on bearing fixed expenses. There was a negative EBITDA and you talked about amortization, amortization was around 70 crores odd during the quarter, the amortization that means depreciation and amortization part.

Mohit Kumar:

And the question was what kind of cash for the development business you require to meet all the commitments in FY21 in case the revenue remains subdued?

Arnob Mondal:

I would not like to speculate on that. What you are asking for is to for me to also build-in some sort of conjecture on the revenue and EBITDA, Nabha should not require anything. If at all anything we will require it will probably be required Hyderabad Metro not in Nabha.

Moderator:

We take the next question from the line of Venugopal Garre from Bernstein.

Venugopal Garre:

My first question I just wanted to touch upon the labor availability part. Now from what I see your revenues are primarily a function of a both availability of sites wherein of course there are some containment zones, the number two is availability of full labor. Now looking at this commentary you made that roughly about 230 or 240 K is what is the peak labor requirement which I understand is usually during a March quarter, but you are already at 190 now. So post monsoon which is the December quarter you seem to have at least adequate labor and availability for the normal December quarter because that's not a peak quarter anyway. So if containment zones are meaningful enough hindrance from getting back to a revenue growth in a normal quarter because labor doesn't seem to be a challenge at least, so that's my first question?

Arnob Mondal:

Firstly yes, you are right most of our sites are operational, around 95% more than that are operational. It's only a few sites here and there which are in containment zones which are not operating, just a handful of sites. But you mentioned labor, I think we also need to recognize that till the virus is not eradicated from the face of the earth or until everybody in the country at least is vaccinated we have to follow social distancing norms, so even during normal operation it's not as the execution will go big bang back to what it could have been a normal boom period. So those constraints are still there as far as execution is concerned. So some constraints in execution in spite of reasonably large workforce will still continue.



Venugopal Garre:

The second thing is on the margin side, wanted to really understand we were actually very surprised looking at infra margins honestly, 50% decline in revenues and yet you have held up your margins on a YOY basis. You mentioned some margin levers especially around overheads where probably people under appreciated the ability to bring down overheads etc. So can you give some qualitative color on that aspect and more importantly because we want to really see if that's a sticky thing which can actually help you through the year and also because I'm assuming that labor is also coming back at a higher cost, so is there any risk around margins because of that or everything is a pass through?

Arnob Mondal:

Everything is certainly not a pass through. It could have a bit of an impact on margins as increased labor but I also mentioned that many of our contracts have labor inflation pass through which are typically things like formula for example some contracts would have formula linked to dearness allowances pass through formula. However at the same time we do stand to benefit from lower commodity prices and particularly in steel even though price of cement has gone up a bit, steel should give us some benefit. It has given us some benefit in Q1 already, so to that extent I think we are not in a situation where input cost escalation will hit us in a big way. Secondly across organization everybody's has been focusing on number one reducing discretionary expenses and trying to cut down on all sorts of overhead expenses, trying to change business model so as to ensure we operate in more lean-mean and trim fashion. So just to give you an idea, this has borne fruit in many respects. Obviously one big saving is on travel and conveyance and because everything is being done online—just like today we are talking on an audio call instead of basically meeting—and obviously businesses also been apart from cooperate expenses businesses have also been at the forefront of trying to curtail expenses. To give you an idea in this quarter alone received around 200 crores of normal expenses which are around half was on travel, around 100 crores saving was on travel. But 200 crores is not a small number and this is in spite of the fact that Mindtree added out of the 100 crores even after taking that into account in the sales and admin expense which people automatically assume that large part of that is fixed. But the fact is that at an organization level and obviously infra segment has been able to save on their overheads as well as on the input costs as far as material consumption is concerned.

Moderator:

We take the next question from the line of Abhishek Puri from Axis Capital.

Abhishek Puri:

Just wanted to check with you on the current quarter numbers, we have lost 40 days of complete lockdown and yet our core engineering revenues are down only 46%, so is there some catch-up that we have done and would that catch-up pay out in the coming quarters also despite you being skeptical about the labor availability and the containment zones? So would it be possible to see normalcy earlier than expected is what I'm trying to understand?

Arnob Mondal:

We hope so but Abhishek please don't mistake my commentary for pessimism on the labor front. I think 190,000 labor workforce that we have is a very decent number which enables us to execute in a very decent fashion. So we are not pessimistic, always saying is that we are cautious on when things will completely normalized, so yes as I mentioned some sites are in containment zones but those are just a handful. In fact even the large projects in Mumbai are progressing, the



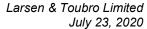
coastal road, the Trans Harbour Link and the Metro Projects all are functioning in a decent manner, so it's not pessimism but at the same time we don't think that it could take anything between 2 to 3 quarters for things to normalize. That is all we said and I must also say that we can't just apply a thumb rule saying that the revenues 45%, catch-up and stuff like that because every site had its own local condition. Firstly while some factories were on out to start operating in a very limited manner from 14th of April onwards, site started gradually reopening from 20th of April. But that doesn't mean that we suddenly opened up all sites on 20th of April. That depended on permissions at the local level whether it be local DM or Gram Panchayat or Taluka and stuff like that and obviously that reopening came with a whole lot of conditions, for example some sites may have reopened with the restriction that we could only operate at 30% workforce, some sites may have reopened the with the restriction that we could operate at 50%. So every site had its own declare it is and obviously these along with the gradual resumption of the workforce would have led to imbalances across-the-board. So I don't think one can really apply any thumb rule or say whether we manage to get some catch-up and I don't think we will be able to catch up on the revenue loss during the course of the year. That is my personal opinion so it is not an organizational point of view. But the revenue shortfall in one quarter and you mentioned 40 day lockdown; it was not completely 40 day everywhere as I said. So no numbers but at the same time its may be very difficult for us to sort of catch-up on lost revenue. These are not lost revenues; these are the execution that has got postponed. That's about it.

Abhishek Puri:

Could you also spell some. segments that would do better than others in the near term like we saw Hydrocarbon has fallen lesser than others in the current quarter, so more of international business here. So has that become 100% normal versus the others in India where we are facing a lot more challenges due to containment zones?

Arnob Mondal:

To that extent Hydrocarbon, of course Hydrocarbon has its own set of challenges. I think everybody knows that and Hydrocarbon also their margins were to some extent affected because of change in the job mix. Last year had a number of high margin jobs and the total portion of jobs which is crossed margin recognition were almost double that of the current year, some foreseeable losses. There is lockdown loss, under recovery. So they had their own challenges but yes international locations obviously have not been as badly affected as domestic even though every now and then we have seen some partial closures or partial lockdown or partial restrictions in a number of international sites. So here again I would not like to speculate apart from the fact that businesses with a higher exposure to international particularly I think the Information Technology and Technology Services is known to everybody one don't wherein markets are still very volatile. But Hydrocarbon and Heavy Engineering which are also they get almost half their revenues from international locations. Hydrocarbon of course means on the ground execution at those locations, in case of Heavy Engineering it is more export of equipment to those countries. So yes probably they may be less affected by the domestic lockdown but at the same time it's not that they don't have any domestic operations. Heavy Engineering of course is completely manufacturing or domestic. So pardon me for not giving you a clear answer but that would be speculative on my part.





Abhishek Puri:

In terms of the order inflow, you mentioned order prospects of 0.3 billion. If I remember correctly, my memory serves me right I think last year it was about 8.5 billion, so are we looking at 20%-25% decline in prospects and maybe I understand order finalization can be very different, it all depends on how the market competition and intensity is. So to that extent are we looking at 20% odd production overall and when we know the prospects why can't we give a guidance?

Arnob Mondal:

No, Abhishek, two things. Firstly I don't think it is a clear function of some arithmetical back on envelope calculation, number one. The reason being that even while trying to get a fix on the prospect pipeline, the fair bit of judgment is involved; for example some business as maybe looking at a prospect but which is very-very remote under the existing circumstances where without any clarity on when things will resume back to normalcy. So to some extent it's a judgmental call, there may be prospects which are not part of this but at the same time we also need to recognize that the economy has significantly decelerated. So in these times people are not really talking—many of the public sector customers—particularly who would be maybe doing some drawing board calculations on some projects would obviously put that in the background. So it's not amenable to clear interpolation or extrapolation, so to that extent it's not a mathematical, science or an art. I had also mentioned that the timelines of ordering so called 6,30,000 crores of prospects—so called because we don't know whether this will actually get ordered out or when they will get ordered out—and the sheer uncertainty obviously precludes us from making any sort of projection as far as order inflow numbers are concerned. So that is why we have refrained from giving a guidance.

Abhishek Puri:

But in terms of some of the segments that you would be more keen, or we should assume that high government exposure and PSU exposure sectors will do better than the private ones for sure?

Arnob Mondal:

Yeah at this point of time it does look as if sectors which are more exposed to Government and PSUs where prospects will probably look more concrete where people did not financially better but look a bit more concrete than those which are exposed to private sector.

Moderator:

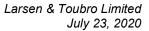
We take the next question from the line of Aditya Bhartia from Investec.

Aditya Bhartia:

Arnob just want to understand how significant the benefit of lower commodity cost is because there are quite a few contracts which have a pass through and in that context how is it that we've been able to hold up onto our infra margins despite such a sharp decline in revenues?

Arnob Mondal:

I think we have already addressed that. The large part of it was because of; firstly you also need to recognize that infra is a segment which consumes a lot of material as well as sub-contracted labour. And those typically tend to be variable forget about the 20 days lockdown period but both labour and sub-contracted labour and materials tend to be variable so to that extent the margins won't get affected where it did benefit obviously was on the margin front on the overhead reduction front. So to that extent I think yes, it's not that we didn't benefit from commodity prices, I did mention that yes we have benefitted somewhat but those are not humongously large benefits, not humongously large benefits.





Aditya Bhartia: You would say the bigger cost benefit would have come from SGA cost savings as opposed to

commodity costs?

Arnob Mondal: I would not like to get into that level of granularity Aditya, sorry to disappoint you but also keep

> in mind that because of the lower revenues obviously the material consumed was significantly lower as well. If the revenues fall by 50%, material consumption will also fall by 50%. So the

savings on commodities will also be restricted to that extent.

Aditya Bhartia: And regarding lower crude prices I mean you indicated that order inflows in the Middle East

> could get impacted if crude prices remained where they are and possibly above \$50 things start normalising but could you explain us do these lower crude prices also impact the execution pace

or cash flow collections or cash collections in the material manner in the Middle East?

Arnob Mondal: Not really because Middle East countries that we operate in they clearly respect sanctity in

> contract and yes if some particular country is under fiscal stress they may request us whether we can maybe elongate the execution timelines, so to that extent one or two projects may go through that but it is not as if the lower oil prices will directly affect execution. Ordering becomes

uncertain obviously but execution may not get that dramatically affected.

Aditya Bhartia: So from that perspective as far as cash collection is concerned whether domestically or

internationally we are not seeing any significant challenges I take.

Arnob Mondal: Challenges are always there but I mentioned right from the beginning that one of our main focus

areas during this pandemic was on liquidity management. So our philosophy is that as far as

possible we will spend only as much as we can collect.

Moderator: We take the next question from the line of Sumit Kishore from JP Morgan.

Sumit Kishore: My first question is that we had heard about conducive ongoing customer negotiations with

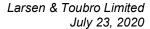
> regards to the cost overrun which had happened due to the COVID disruption. We had also heard about a Rs. 5 billion odd per month fixed overhead that you would have incurred through the lockdown period. My question is how are those negotiations progressing and how much of the fixed overhead have actually been booked in expenses in the first quarter and how much is sitting

in work in progress?

Arnob Mondal: Very difficult question to answer but number one, as far as negotiations are concerned, those are

> ongoing and we have not yet had any significant number of customers agreeing in writing to reimburse us on lockdown costs even though we are pursuing it and obviously it will till we get a formal commitment from customers or till we get the actual money we don't account for it. Once they agree to it we'll add that to the contract value but in the meantime contract values do not get increased. Yes, we were incurring around 500 crores a month on subcontracted labor workforce during lockdown of course seven days of that which went in the previous quarter in

> Q4 in last year and part of it would have obviously would have got charged off to P&L this quarter as well which would be part of the COVID impact actually. So while I will not be able





to quantify in the exact number, we do have premise on what our overheads have charged us but for example infra alone would have charged us close to 150 crores of overheads or so but I will not be able to give you exact details because each project would be different. Some projects where some lockdown costs would have been incurred which have very little percentage of completion done till then obviously part of that would be added to the total project cost. And some projects where a large amount of execution has already happened, large part of that would get charged off.

Sumit Kishore:

My second question is lot of debate around the labour number but I thought that 1,90,000 in July is possibly higher on a year on year basis, so same time last year, would that be a correct assessment?

Arnob Mondal:

Honestly, we would not be able to give you a clear answer on that but do keep in mind that execution obviously would be a bit more difficult in the current quarter compared to the same quarter last year.

Sumit Kishore:

It's not a numerical. There are inefficiencies because of social distancing and other issues?

Arnob Mondal:

Yes.

Sumit Kishore:

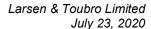
Just to understand your prospect pipeline better, of the 6.6 trillion how much is domestic and how much is overseas and within overseas given all the focus on Africa, ASEAN, how much is Middle East how much is Africa? Similarly, in domestic roughly how much is PSU, Center, State and Private, very rough indication?

Arnob Mondal:

See I will not be able to give you absolute level of details but out of 6.3 trillion around 1.2 trillion or so is international of which there are three main businesses, one is where we see recent prospects internationally, one is of course Hydrocarbon. Hydrocarbon is almost equally spread between domestic and international. The other businesses is in Water as well as in Power T&D. Water and Power T&D are other businesses which see decent international prospects and of course as far as Water is concerned, they are looking at Middle East in a very concentrated manner. Power T&D is of course we have successfully managed to diversify the business portfolio across multiple geographies including Africa, ASEAN countries and countries like Vision ASEAN countries like Thailand, Malaysia, Philippines, Indonesia they are typically one of the first businesses to get into different countries from the Infra segment part. So there the, they're outlook is very broad based constitutes both Middle East as well as non-middle-east countries. Difficult for me to give you a clear idea but roughly speaking close to half of their prospects would be Africa and ASEAN countries and half of the Middle East approximately, very-very approximately.

Moderator:

We take the next question from the line of Atul Tiwari from Citigroup.





Atul Tiwari: My question is on the increase in debt in the development project business of about 16 billion.

So fair to assume that it relates to Hyderabad Metro's pending payments being made and what

will be the total debt finally and should we expect more increase in that number?

Arnob Mondal: As far as the increase in debt in developmental businesses is concerned, one is around half the

increase has come from Nabha and half from Hyderabad Metro. Nabha because obviously during the lockdown they also wanted to sort of tank up on liquidity to some extent. Hyderabad Metro a large part of the debt maybe 700 crores or thereabouts is essentially money that they've raised

to and these are undrawn banking incidently to repay some of the creditors that they had.

Atul Tiwari: So any rough idea about how much is the final debt on Hyderabad metro today and will it go up

in future or is it more or less done?

Arnob Mondal: Its more or less done of course it depends upon how we also look at transit oriented development

part and that we still yet to look at detailed plans but at this point of time as far as Hyderabad

Metro is concerned total debt is around 15,000 crores odd approximately.

Moderator: We take the next question from the line of Sujit Jain from ASK Investments.

Sujit Jain: With China-India geopolitical issues Chinese firms are not being allowed in infra projects. We

have JVs with Chinese firms on the one hand and on the other hand does that creates an

opportunity, net of these two how it plays out for L&T?

Arnob Mondal: Firstly wherever contracts have been signed and wherever we are already working whether it be

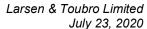
joint working or whether it be import of equipment from China or even in some cases exporting maybe one-off cases we do but like most countries which follow rule of law India also recognizes sanctity of contract very-very clearly. So I don't think those contracts will be allowed to suddenly nobody will change the rules of the game halfway through, so those contracts will play out going forward. Of course going forward we'll obviously recognize geopolitical equations that India is currently facing, so we'll obviously look for alternative sources source of supply and try to broaden the supply chain ecosystem and if you have been keeping track on geopolitical events and the spinoff effects of those, the consequential effects of those you would also realize that now many companies are looking to India in a very serious manner. So to that extent supply chain sourcing ecosystem automatically increases as well. So I don't think there's much of a concern on existing contracts. Going forward we'll have to be very-very careful on our

international sourcing in relation to geopolitical situation.

Sujit Jain: And in terms of opportunities because now they cannot participate?

Arnob Mondal: Firstly let the ordering pick up and then I think we'll comment on that. I would not like to

speculate on that beforehand.





Sujit Jain: And the potential loss of revenues quantifies that 15,000 crores at the end of last quarter,

lockdowns continued till May. Obviously, these revenues are not lost, they are postponed. So

what is that number that has moved to?

Arnob Mondal: See 15,000 crores was not last quarter. In the current quarter revenues, the impact of COVID

has been approximately 12,000 crores.

Moderator: The next question is from the line of Puneet Gulati from HSBC.

Puneet Gulati: I have two questions. Number one, can you give some on what is the fixed cost burn on

Hyderabad Metro?

Arnob Mondal: Fixed cost would approximately be around 70 odd crores a quarter, approximately.

Puneet Gulati: And this is excluding interest, right?

Arnob Mondal: Yes, excluding interest.

Puneet Gulati: And any debt repayment dues this year?

Arnob Mondal: 50-70 crores. Hyderabad Metro we've raised our moratorium actually.

Puneet Gulati: So 50 crores per quarter plus interest cost is the only fixed cost that you have.

Arnob Mondal: Yeah approximately. Interest I mentioned depreciation would be around 70 crores and obviously

the interest would be on the interest charge has to be accrued in any case whether we avail a

moratorium or not.

Puneet Gulati: So cash cost is only 52 crores?

Arnob Mondal: Yeah approximately 50 crores.

Puneet Gulati: Secondly can you give some sense of what percentage of your core business contracts are fixed

price contracts and where there is a pass through?

Arnob Mondal: Approximately 55% of our order book is essentially core business is variable contracts which

have pass-throughs.

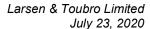
Puneet Gulati: Both on labor and the material side?

Arnob Mondal: No, labor would be a bit different. I don't have the numbers readily with me for labor part but

these are essentially on material.

Puneet Gulati: So 55% of order book has pass through with variables. So 45% is where you will typically

benefit on the.....





Arnob Mondal: Correct.

Puneet Gulati: So on the Heavy Engineering side also the margins are quite good, was it again largely in the

section of the material cost?

Arnob Mondal: Heavy Engineering not necessarily, they have only material cost.

Puneet Gulati: So what would have resulted in the strong numbers for the Heavy Engineering which still did

almost 17.5% EBIDTA?

Arnob Mondal: This is to a large extent Heavy Engineering as well large part of their costs are variable, so to

that extent their margins would not necessarily but there was still a 2% reduction. So that 2%

reduction is obviously because of the under recovery of fixed overheads.

Puneet Gulati: But on a 50% revenue it was actually quite good I thought.

Arnob Mondal: But I cannot give you granular level details on each business and in case of heavy engineering

of course you should also keep in mind that depreciation is also fixed overhead for all manufacturing businesses whether it be, Heavy Engineering or Defence or Electrical and

Automation.

Puneet Gulati: And lastly on the Infra side because of lower commodity price and on the other side there is an

escalation on labour. Would you get to keep the margins that you made in 1Q or do you think there is a risk of it getting renegotiated when you go for other cost escalations getting

renegotiated?

Arnob Mondal: I would not even like to speculate on something on that Puneet. The current quarter Q1 was so

unprecedented in nature and obviously the impact of a complete black swan event that has taken the entire world by surprise. So to that extent I would not even like to speculate on whether the margins are sustainable, whether it'll go up, whether it'll go down, whether it will lead to different negotiations, all that is completely speculative. So I have to disappoint you but I cannot

give you an answer to that question.

Moderator: We take the next question from the line of Apoorva Bahadur from Jefferies.

Apoorva Bahadur: Firstly you said that we incurred roughly 500 crores odd per month on subcontracted labor force

during lockdown. So now that 90% of sites are back on are we still incurring roughly 50 crore

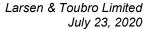
of this overhead?

Arnob Mondal: No that was only during lockdown. Obviously that was a very different situation from a current

environment.

Apoorva Bahadur: So we're not incurring this expense any longer?

Arnob Mondal: No.





Apoorva Bahadur: If you could share, give some colour on any potential slow moving orders in the order book or

there are any certain states which have not really picked up in terms of payments?

Arnob Mondal: State Governments obviously do keep on delaying payments every now and then and that is not

something new. It's not peculiar to this quarter, so there is not much difference but yes in the past, MP and Rajasthan were lagging behind as far as payments are concerned. Some of those have started picking up again in the current quarter thankfully. I think the Andhra Pradesh part

is well-known to everybody.

Apoorva Bahadur: And on slow-moving order part?

Arnob Mondal: Slow-moving, there are some orders which are not moving but I would hesitate to characterize

them as slow-moving as such.

Apoorva Bahadur: And how large will this part be which is right now not moving, if you could share that?

Arnob Mondal: Should not be humongously large may be between 5000 to 7000 crores or so.

Moderator: We take the next question from the line of Ashish Shah from Centrum Broking.

Ashish Shah: Just a last bit on the margin discussion I know we have spoken enough. Would the other income

which is of about 140 crores YOY, would a part of the other income been attributable to infra segments, could that have pushed up the margin a little bit, I want to understand this? I am just saying when we take the segmental margins as reported they include maybe some portion of the

other income attributable to the each segment?

Arnob Mondal: Yeah, some portion yes.

Ashish Shah: I am just saying taken a qualitative judgment, would that have been an influencing factor or you

don't think that's a very material attributing factor to the margin been flattish YOY?

Arnob Mondal: No that is not a very attributable factor.

Ashish Shah: Second is we had spoken about some sort of a support to the Hyderabad Metro as well as the

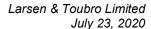
financing business out of the E&A proceeds. Are we in a position to give any point of numbers

or any indicative numbers what kind of support are we looking at now?

Arnob Mondal: Firstly as far as Hyderabad Metro is concerned we don't intend to increase the debt from

additional debt on the SEV books. In fact part of the debt is also as I mentioned is from L&T and part is mezzanine debt, in fact we also have around E&A of 20 crores of income from ICDs to Hyderabad Metro at the parent level which gets eliminated at a consolidated level but which shows up as part of the interest cost in SCV. As far as the funding support is concerned Hyderabad Metro hopefully, we will also get the VGF from the government which is pending for some time and that could be used to retain it to the parent and as far as funding support is

concerned we will have to wait till E&A proceeds come in before the we can give you a better





color on what we intend to, how much of that we intend to use to reduce debt on SCV books. We will have to wait a bit more.

Ashish Shah: Lastly in the other segment, any indication on how much would have been the Realty segment

for the quarter?

Arnob Mondal: The Realty obviously has borne the brunt of the pandemic and I think it's a very well-known

thing. So other segment yes Realty is to a large extent responsible for the drop in segment revenues but at the same time it's not as if everything has completely, it is not there for around half the drop in segment revenues in other this from Realty. It's not as in everything has completely stopped for example, we handed over close to between something close to 60 flats in Bangalore during the quarter, even during this situation. So it's not as if everything has come to a standstill but yes Realty has been affected because revenues as you would recollect realized

based upon handover of flats.

Moderator: We take the next question from the line of Renjith Sivram from ICICI Securities.

Renjith Sivaram: Just wanted to understand the 500 crores per month, how much would have been actually

incurred and how much is there in the results which we have disclosed of this Rs 500 crores

which we have actually accounted for?

Arnob Mondal: Renjith I think that 500 crores was a number that we talked about when the lockdown started on

25th of March and we said 500 crores per month but we also said that sites started gradually opening up from 28th of April onwards. So those 2 months would be a fair I would say a guess estimate, but each project would have its own calculation. This Rs 500 crores was an estimate at that point of time and it would not be too far off the mark but that would for me to give you an answer would be in collecting this sort of granular level detail from 700 to 800 sites. I don't think that is possible in the existing circumstances and even if we do get that information we obviously cannot get into that level of detail. So I will have to disappoint you on that front. I did mention how we have treated the lockdown costs but beyond that request you not to ask for

further detail.

Renjith Sivaram: But what would be the fixed overheads in infrastructure, if you can help us?

Arnob Mondal: Sorry.

Renjith Sivaram: What will be our fixed overhead under Infrastructure segment?

Arnob Mondal: No I don't think we will be able to again give you that level of granular level details.

Renjith Sivaram: Because if the revenue fell down by 50%, so how much was the fall, you told 200 crores. If 200

crores the fall in the fixed overhead of the Infra segment or is it 200 crores a fall...?



Arnob Mondal: Please I mentioned 200 crores at a reduction in normal sales and admin, so this is excluding the

provisions that we make for the non-linear part that is provision for doubtful receivables or the financial services provisions. I mentioned that in normal operating level sales and admin expenses we saw a 200 crores reduction in spite of our total increase of this after considering a 100 crores additional sales and admin expenses due to consolidation of Mindtree. I did not say that we save 200 crores on infra segment, please do not read that. Infra expenses I did mention that we have charged-off close to 150 crores of overheads during the quarter. Obviously they

have also saved apart from the overheads that have been charge-off, they are saved.

Renjith Sivaram: So 150 crores is the reduction in the overhead in the Infra segment, is that understanding correct?

Arnob Mondal: No, I did not say 150 crores is the reduction in overhead. All I said is that the overheads charged

to P&L was around 150 crores in the Infra segment.

Renjith Sivaram: So is there any change, the provisions were lower or was there any provision write-off which

supported us to show such kind of margins in Infra?

Arnob Mondal: I think I have answered the margin question on Infra in fairly good detail. Beyond that I cannot

keep on repeating the same thing on factors which are affecting. You please do not ask me to dis-aggregate the entire margin of Infra into the minutest detail on overhead increase, overhead saving, travel increase, travel saving, increase in material cost, on cement, reduction on steel, how much of it we have accounted for as pass-through. So I will not be able to give you that

level of color.

Renjith Sivaram: Okay fair enough sir because that has been one of the major surprised element compared to what

we were expecting, that's the reason why we...

Arnob Mondal: I know, I understand that.

Renjith Sivaram: We have yesterday after media reports I think SNS has told that 8 trillion prospects from

government have come down to 4 trillion, so what was that?

Arnob Mondal: Actually he did mention that normally an 8 trillion worth of spending happens but that is

probably the spending the Central and State Governments do which obviously could come down in the current year. I would not like to get into, that's a very macroeconomic level discussion but I clearly indicated earlier that on a macro front the Central and State Government yes, they will definitely see a shortfall in tax collections but hopefully the additional borrowings program should be able to allow them to make up for a part of the tax shortfall collection. In addition to the additional resources that they will be getting by imposition of increased Cess on petroleum products, in fact that could lead to another 1 lakh crores additional inflow in the central roads

and infrastructure fund itself.

Renjith Sivaram: Any large iconic projects like high-speed rail or anything which can be a large element in terms

of the ordered pipeline which you look forward to?



Arnob Mondal: No at this point of time we would not be able to give you any details on that.

Moderator: We take the next question from the line of Varun Ginodia from Ambit Capital.

Varun Ginodia: Just two quick questions, number one is on sub-contracting charges. So you said that, that is like

a variable cost, so ideally the proportion of that as percentage of revenues should remain steady over previous year but I see a steep decline in sub-contracting charges as percentage of revenue. So what is driving that so if you can give some explanation on that? That was my first question.

Arnob Mondal: In these times we cannot apply normal marginal costing principles, in these times.

Varun Ginodia: Because the proportion to sales I thought I mean that should remain constant so CWIP should

come down?

Arnob Mondal: Not necessarily see again sub-contracting at times also has sub-contracting with material. So to

that extent it's not directly.

Varun Ginodia: It also includes some part of material cost as well in that particular heading that's what you are

saying?

Arnob Mondal: Yeah some part of the material cost would be included as well.

Varun Ginodia: And the construction material line item that also saw a steep decline. So that is largely driven by

lower steel prices or is there something else as well into that?

Arnob Mondal: It's more because of consumption of material.

Varun Ginodia: No there is a line item called construction material consumed and the consumption of raw

material is a separate line. So that is fine but the construction material line item that saw a steep decline, so I think that is largely driven by lower steel prices or something else because there is a decline of 8 percentage points year-on-year. So does the steel price explain that portion or there

is something else as well in that?

Arnob Mondal: No, it is not because of steel, actually if you are looking that individual line items construction

material and raw material; raw material is more for manufacturing, construction material is more material that is used in sites. As I mentioned you cannot directly attribute it to different businesses as such and at the same time when you are looking at revenues you are also looking

at revenues including services business, correct?

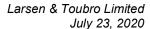
Varun Ginodia: I removed the services business from that to have an apple-to-apple comparison. So when I

removed that there is a decline of 8 percentage points year-on-year in 1Q, so wanted to get a

sense if it's.....

Arnob Mondal: No to a large extent it would be depending upon stage of aggregation. Like for example in the

early stages it is more construction material or not early stages, in the middle of the stage it is





more construction material used whereby for the later stages less construction material is used. So it would vary from project to project. It is not amenable to a straight linear extrapolation.

Varun Ginodia: And my second question is on the China part. So can you give like what portion of your order

book is dependent on China supply chain as of today, if there is a way to quantify that total

amount of orders dependent on Chinese vendors?

Arnob Mondal: Sorry to disappoint you but I would not be able to give you that sort of detail.

Varun Ginodia: And in terms of going forward on that, we will be finding alternative sources of those vendors

either domestically or from other geographies. So that will be the way forward to deal with that,

right?

Arnob Mondal: That will be our philosophy.

Varun Ginodia: Yeah, that will be the philosophy to deal with that.

Moderator: Next question is from the line of Uttham Kumar from Spark Capital.

Uttham Kumar: First one is just to understand because of this no containment zones that are being defined, what

percentage of order book split we can see in the domestic side on urban and non-urban

geographies?

Arnob Mondal: International sites are all operational, it's not that those are hit, it's only the domestic sites where

a few sites in some urban locations have got affected, that's about it and... I didn't understand your question. Actually if at all any site would get affected it would mainly be in buildings &

factories one or two sites here and there.

Uttham Kumar: Of the 82% of the government share of order book what could be the share of State Government

orders of the total 82%?

Harish Barai: 37% of the domestic order book is from the state government, 37% of the domestic order book.

Uttham Kumar: Of the core business.

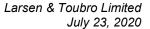
Harish Barai: Order book is all core businesses only.

Uttham Kumar: Can we get the EBITDA breakup of the development projects between Nabha and Hyderabad

Metro?

Arnob Mondal: Sorry can you repeat your question?

Uttham Kumar: The breakup of EBITDA in development projects between Nabha and Hyderabad Metro?





Arnob Mondal: Nabha was positive and Hyderabad Metro was obviously negative because of fixed operational

expenses even though we got some miscellaneous income here and there but largely that.

Uttham Kumar: And also on this Hyderabad Metro what could be the timeline for implementing during this

policy in action and monetizing this land banks that we have and unlock capital, what could be

the rough timeline like FY22 can we see that happen?

Arnob Mondal: I would not care to speculate on that. We will definitely work towards FY22 for sure. Let's see

how things normalize because commercial real estate has to again come back to near normal

levels again in Hyderabad and we are exploring all options for that.

Uttham Kumar: On the Defense orders given that limited competition; what could be the action that we can see

in this FY at least, are we seeing some preparation worth happening on some new orders?

Arnob Mondal: Defense ordering time and again we have told markets that timelines tend to get so elongated

that it would be speculative to even try to give some idea of the timelines on when things can happen. So, in fact we were expecting some orders in Q1 but because of the current situation those have got pushed forward. Hopefully we will get that in Q2, hopefully we will have to wait

and see.

Moderator: We take the next question from the line of Ajinkya Bhat from Macquarie.

Ajinkya Bhat: I just had one question again on the infrastructure margin. So you have talked about clearly about

the commodity prices and other factors. Just one question is there any contribution from a number of projects crossing the margin recognition threshold in this quarter because in the initial remarks Harish mentioned that you did focus on essentially those projects where ramp up could be done faster. So, could that really be one of the reasons why your margins have surprised

everyone?

Arnob Mondal: Not really, not because I have any large project has suddenly crossed margin recognition not

because of that.

Ajinkya Bhat: Can you just give us qualitatively what are these areas where you saw faster ramp up of projects,

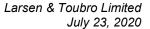
be it either the specific sectors where you are able to ramp up faster or may be specific work components like for example, just to give you an example say design & engineering is something that can be done on a computer with a software, right, with an AutoCAD software so maybe less likely to be disrupted by a lockdown. Are these nitty-gritties something that has helped the

execution in infra?

Arnob Mondal: Not so much, when you are executing anything between 700 to 800 projects at any point of time;

some project going faster on the design front and some project going slower would not really swing the needle to that extent but very broadly speaking, sites which are bit more remote, away from urban centers obviously tend to have tendered to bounce back in terms of execution a bit

faster than those projects in urban or semi-urban areas, that's about it. Beyond that I will not be





able to give you further color and yes you did raise a very valid point that lot of the design work fortunately we managed to transition to a work from home environment.

Ajinkya Bhat: Is it also just for my understanding, is it also possible that when you are facing worker shortage

is it possible to move additional machinery and ramp up execution, is that possible in many of

the project or can the man not really be substituted by the machines?

Arnob Mondal: No, man cannot be so easily substituted. This is a very short period of time; most of our projects

like anything between 2 to 3 years to execute and one quarter pandemic happens is not that we can suddenly substitute a whole bunch of that. It is a very-very gradual process. At one point of time the total workforce that we used to employ was in excess of 3 lakh crores obviously we brought it down to 300,000 labor. We brought it down to around 2,25,000 at a peak. So that has happened over a period of time. It has taken a couple of years but that is also an impact of the

digitization initiatives that we have taken but it cannot be done so quickly.

Moderator: We take the next question is from the line of Girish Achhipalia from Morgan Stanley.

Girish Achhipalia: Partly the question was answered during the last speaker. Just one bookkeeping number 6.3 lakh

crores, is there any quantification that you can give on the state side, how big that number could

be?

Arnob Mondal: No I would not be able to give you, I am sorry but I would not be able to give those details.

Girish Achhipalia: Would it be similar to the order book composition or it could be very different?

Arnob Mondal: Could be a bit different for example almost all the water projects for example our state, most of

them are State projects. So and water is the large prospected, even though the part of the prospect is also international but water is one area where we are seeing significant prospects, large part

of that would be states.

Moderator: Next question is from the line of Keshav Lahoti from Angel Broking.

Keshav Lahoti: Is it possible for you to throw some color on daily revenue run rate per day. Currently what

would be your guess, we are at (+) 90% per day compared to the same year ago or some sort of

range is also fine.

Arnob Mondal: I am sorry but I did not understand your question. Voice is also slightly indistinct so could you

repeat the question?

Keshav Lahoti: Actually you have given us the labor number but probably the labor and the executions are not

the one and the same thing. So my question is what would be your revenue run rate, what would be the revenue you will be earning per day compared to the same period a year ago, maybe some

sort of range you can give 80% to 90% or 90% to 100%?

Arnob Mondal: I would not be able to give you that color, sorry to disappoint you.



Moderator: Next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: My question is large part of order book is funded by multilateral agencies so because of COVID

are we seeing any constraint on the funds coming in from there and delivering payment on those

projects?

Arnob Mondal: Actually the multilateral funded projects, payments go according to milestones. So if we execute

and we cross a particular mile so on and payment becomes due that comes. It is more on the

execution front rather than on anything else.

Parikshit Kandpal: Because there could be certification delays or site visits by the independent engineers or coming

from more on that, the manpower which is on that multilateral side where engineers are not able to reach the site because of constraints like in case of Trans Harbour Link of some of the Mumbai projects. So it was coming more from that side so though funds may be there but because of

constraints on certification that would be delays in collections and dispersal of payments?

Arnob Mondal: I completely agree with you Parikshit. I think you have answered your question yourself but on

a serious note yes if we have delays like that, ultimately if the documentation is not complete

we will not get payment. So, in a current situation there could be instances like that.

Parikshit Kandpal: So the second question was more related towards earlier part of the participant. So what we are

seeing, in my coverage universe I have lot of EPC companies who have reached on an average anywhere from 60% to 80% of labor availability and execution is far like more ahead than what

is the labor availability, segregation efficiencies, few cases as high as 90%, some cases at 60%. So it's almost like a one-to-one correlation and there are studies that typically in construction

labor; so labor availability and execution is very more of a linear relationship. So I do understand

you have projects in containment zones but the labor number which you have quoted, so despite

social distancing I would have thought this number to be much lower but you are still at the normal monsoon level of labor at 1.9 lakh. So what gives us this confidence that we should have

such kind of a labor force and is my assumption correct that though you are not giving any color

on what could be the execution but it could be more somewhere around that range or may be

lower or higher, something like that if you can touch upon? I'm not asking any range.

Arnob Mondal: I think your question was far too complicated for me to answer, number one. Secondly, I would

not be able to compare L&T's execution with that of peers. Many of the peers would probably be a bit more sectoral, we are much more broad-based. So to that extent I will not be able to give

you any further color on the segregation front and you are asking a bit of a speculative question.

Parikshit Kandpal: My answer is you already have the numbers right now so last month or couple of months average

executions, so you have that number. I am not asking about future so what is happening in next month or next week, so I am saying what you have already achieved say a week back or so on

an average basis?



Arnob Mondal: See Parikshit I upfront very clearly said that please do not go by a mathematical interpolation or

an extrapolation. These are very-very different times and these are changing on a daily basis. You cannot use a back of the envelop calculation and arrive at some execution run rate which you think will happen. That may or may not reflect reality so I would refrain from any sort of

interpolations or extrapolations on that front.

Parikshit Kandpal: My question is we have seen in this month typically if there have been bids almost, we have seen

L&T losing 7000 to 8000 crores of order where we have bid significantly higher versus the plant cost as well as the lowest bidder. Is there any change in a trend on strategy of bidding because of late there was limited competition; you were way off than the cost of the projects and even

the (L1) bidders?

Arnob Mondal: No I would not speculate on that either. What competition does and competition may be

significantly lower. Some person may given and outlier bid, I would not be able to comment on that. Fact is we are not, we have not changed our bidding strategy, we still try to build up our cost at the most economic level at the minimum threshold margins for that particular segment and put in our bid. If somebody bids at 20% lower or 30% lower or 20% higher that is something

which I will not be able to comment on. We have not shown our bidding strategy.

Parikshit Kandpal: And this 150 crores which we have given to the PM CARES Fund has it been expense in this

quarter or ..?

Arnob Mondal: That 150 crores PM CARES Fund contribution was expense/ in Q4 itself.

Moderator: We take the next question from the line of Amber Singhania from Asian Markets Securities.

Amber Singhania: Just some more color I wanted to understand from the prospects on domestic side as you

 $mentioned\ about\ international\ some\ segments.\ If\ you\ can\ give\ some\ color\ about\ this\ Rs.\ 5\ trillion$

of domestic pipeline, which segments are there, a broad color on that project segments?

Arnob Mondal: I will not be able to give you complete details but very-very roughly speaking Water is one of

the strongest segments, both domestic...are you talking about only about domestic or domestic

and international?

Amber Singhania: International you already have given color on Hydrocarbon, Water and Power T&D, so more

from the domestic side pipeline in this piece of question.

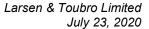
Arnob Mondal: Domestic side if you ask me Water, Heavy Civil, Power T&D all of them are approximately 1

lakh crores or so each and the remaining is almost equally divided between building & factories

and transportation infra.

Amber Singhania: Just one thing that we are seeing that the tenders are getting delayed continuously for example

like projects like Green Corridor and Power T&D and all. So are you seeing the similar kind of





situation in other segments also where government tenders have there and what is our outlook in terms of what kind of delays we can see in these large tenders and all?

Arnob Mondal: Yes obviously, the tendering activity is getting delayed and power segments particularly. So I

think you trust upon something which is very common. In fact a number of power plants have been appearing on our prospect list for over a year now but delay in tendering is practically there

across the board. In the current times that is something which cannot be avoided.

Amber Singhania: In the pipeline of building & factories are you factoring in any number from our own projects

on the real estate side and how these are...?

Arnob Mondal: These are external projects.

Moderator: Next question is from the line of Aditya Mongia from Kotak Securities.

Aditya Mongia: First question which I had was more on whether you are seeing in the marketplace, the ability to

price in this working capital pressure in the margins that you can book? Second the question I am asking you is that are peers of yours and you starting to build up this high working capital

cost in your bid margin?

Arnob Mondal: I don't really know what you mean by high working capital cost. The working capital that we

carry today, our own projects that are already under execution and that has more or less we have managed to keep that under control even though as a percentage of sale it may have shown an increase because as Harish mentioned, denominator has gone down which we see this quarter revenues fallen significantly. So it's not that as if that is really affecting our bidding pricing as such and typically at the time of bidding we tend to look more a PBIT margins which does not include the interest and tax primarily because interest is the function of the central treasury and

tax is the entire company wide one single pan number.

Aditya Mongia: So a related question would be that so there has been some deviations, so the customer has

become much more demanding in terms of what kind of working capital he will put on the contractors ahead. Now which is happening for some time, I'm not talking about one-to-one in general in past 2-3 years it's been happening. Now in this context we have a reasonably good liquidity position and we also are getting back labor at a fast pace which peers of yours may not be getting. Do you foresee a scenario wherein L&T starts getting some bit of competitive

advantage and start gaining market share?

Arnob Mondal: I hope that what you say happens but very-very speculative. For example in future if Chinese

people are, if Chinese players are not allowed to bid for on the ground EPC work for example in underground Metros and that could lead to a better chance but at the same time please keep in mind that in this situation everybody is desperate to get an order. One outlier bid can completely spoil the equation of it. So as long as things are under L1 situation it is not possible to really speculate on whether we can increase our market share or not and as far as the working capital

is concerned yes it has increased but I think that is also a function of our dependence on public



sector to a very large extent. In fact 10 years back proportion of private sector was far higher and at that point of time we used to operate on lesser working capital levels but today large dependency on public sector, working capital levels have gone up.

Aditya Mongia:

The question that I have next was on, so we took a round of order cancellations in 4Q and that was more related to issues beyond COVID which were there prior to COVID. We have seen let's say now a quarter when we would have interacted with these customers, they will be much more informed now. If you could comment on the risk of any order cancellations happening out of the 3 trillion back up that you have at this point of time?

Arnob Mondal:

I mentioned that we are not really seeing any cancellations as such. So what you are asking, again it's a bit of speculative question. So I will have to let that pass Aditya.

Aditya Mongia:

Just a last clarification from my side, I think you or Harish talked about the domestic backlog share of State project being 37%. I recall a lower number of about 27% at the end of FY20 as per the annual reports, so I just thought I will check with you whether both these numbers are the kind of the same series or am I getting it wrong?

Arnob Mondal:

If you take the current domestic order book of 2,30,000 crores share of state is 37%, State Government. When I say State Government I also include local authorities.

Aditya Mongia:

So this number was 27% as per the annual report including local authorities inside the annual

Arnob Mondal:

See what you are looking at is the total order book. Total order book, the State Government is 28%.

Aditya Mongia:

Now I got the linkage. Thanks a lot.

report?

Arnob Mondal:

What I am talking is about is the domestic part. If you take the total 3,05,000 crores, 28% it is a State Government share, total.

Moderator:

Thank you. Ladies and gentlemen that was the last question for today. As there are no further questions, I would now like to hand the conference over to Mr. Arnob Mondal for his closing comments. Over to you sir.

Arnob Mondal:

Thank you ladies and gentlemen for a very-very long and interactive session and I think I have already said what I wanted to say but with that wish you all the best and stay safe everybody. Thank you.

Moderator:

Thank you. On behalf of Larsen & Toubro Limited that concludes this conference. Thank you all for joining, you may now disconnect your lines.