

SEC/PAM/DEC2020/2021

January 25, 2021

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

Sub.: Q3/9M FY21 Analyst Presentation.

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of Analyst Presentation on financials of Q3/9M FY21 which will be uploaded on our Investor Website <https://investors.larsentoubro.com/>

We request you to take note of the same.

Thanking you,

Yours faithfully,
for **LARSEN & TOUBRO LIMITED**


SIVARAM NAIR A
COMPANY SECRETARY
(FCS 3939)

Encl. as above



LARSEN & TOUBRO

Analyst Presentation

Q3/9M FY21
Jan 25, 2021



Disclaimer

This presentation contains certain forward looking statements concerning L&T's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and

retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

01 Group Performance Highlights



Q3 FY21- Strong sequential recovery continues



Prestigious order wins

Order Book at record high

Revenue momentum picks up despite productivity challenges

Sequential improvement in operational PAT

Robust operational free cash flow

Most high frequency economic indicators near pre Covid 19 levels by end December 2020





Key Financial Indicators

(Amount in ₹ bn)

Q3 FY20	Q2 FY21	Q3 FY21	% Var (y-o-y)	% Var (q-o-q)	Particulars	9M FY20	9M FY21	% Var (y-o-y)
416	280	732	76%	>100%	Order Inflow	1286	1248	-3%
					Order Book	3063	3311	8%
362	310	356	-2%	15%	Revenue	1012	879	-13%
11.4%	10.7%	12.0%			EBITDA (%)	11.1%	10.5%	
22	11	23	4%	>100%	PAT (Continuing Operations)	58	35	-39%
24	55	25	5%	-55%	Overall PAT	64	83	31%

Particulars	9M FY20	9M FY21
Net Working Capital	23.5%	26.2%
RONW (TTM) (%)*	15.7%	16.5%

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

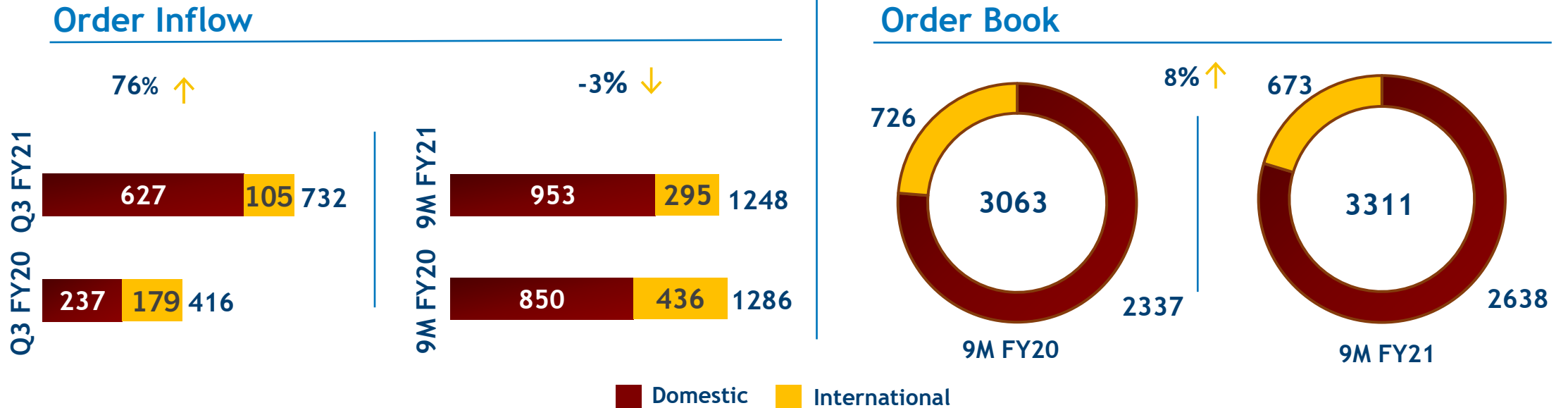


02 Group Performance Summary



Q3/9M FY21 Order Inflow/Order Book

(Amount in ₹ bn)



- Strong Domestic ordering activity in Infra & Hydrocarbon, prospects for thermal power generation remains muted
- Government focus on key sectors of Metro/RTS/HSR, Roads and Expressways, Water, Renewables and Power Transmission and Distribution
- Encouraging prospect pipeline for Q4
- Portfolio diversity mitigates cyclicity and large proportion of orders from Govt/PSUs reduces credit risk
- Private Capex yet to pick up momentum





Group Performance - Sales & Costs

Q3 FY20	Q3 FY21	% Var	Rs Billion	9M FY20	9M FY21	% Var
362.4	356.0	-2%	Revenue	1012.1	878.9	-13%
35%	36%		International Rev.	34%	39%	
218.5	210.8	-4%	MCO Exp.	606.5	478.2	-21%
20.0	17.9	-11%	Fin. Charge Opex*	61.1	58.7	-4%
61.3	61.7	1%	Staff Costs	168.3	184.1	9%
21.4	22.8	7%	Sales & Admin.	64.1	65.5	2%
321.2	313.2	-3%	Total Opex	900.0	786.6	-13%
41.2	42.8	4%	EBITDA	112.1	92.4	-18%

* Finance cost of financial services business and finance lease activity

- E&C revenues register strong QoQ growth.
- MCO expense variation largely reflective of job progress, revenue mix and cost control initiatives
- Fin charge Opex substantially represents borrowing costs of FS business
- Q3 Staff cost flat; resource augmentation in service businesses mitigated by expense reduction in other businesses
- SG&A charge in Q3 is mainly due to credit provisions partly offset by overhead savings



Group Performance - Profit Parameters

Q3 FY20	Q3 FY21	% Var	Rs Billion	9M FY20	9M FY21	% Var
41.2	42.8	4%	EBITDA	112.1	92.4	-18%
(7.0)	(9.6)	37%	Fin. Cost	(19.8)	(30.6)	55%
(6.6)	(7.0)	6%	Depreciation	(17.5)	(20.9)	19%
4.7	10.6	>100%	Other Income	17.0	24.0	41%
(7.1)	(10.4)	46%	Tax Expense	(23.0)	(19.2)	-16%
0.5	0.1		JV/S&A PAT Share	(0.7)	(1.5)	
(4.0)	(3.9)	-2%	Non-controlling Int.	(9.8)	(8.7)	-11%
21.6	22.6	4%	Operational PAT	58.3	35.5	-39%
1.9	2.1		Discontinued Operations	5.2	83.6	
			Exceptionals (net of tax and NCI)		(36.2)	
23.5	24.7	5%	Reported PAT	63.5	82.9	31%











- Finance cost commensurate with increased borrowings and full commissioning of Hyd. Metro
- Depreciation charge includes impact of Metro capitalisation
- Other income reflective of higher level of treasury investments and yields earned during the quarter
- Share of JV/Associate PAT largely comprises results of IDPL and Power JVs
- Discontinued operations in Q3 is an aggregate of
 - a) Additional consideration, net of contractual adjustments against sale of the Electrical & Automation business
 - b) Gains on divestment of Servowatch Systems Limited (UK)



03 Segment / Key Subsidiaries



Segment Composition

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

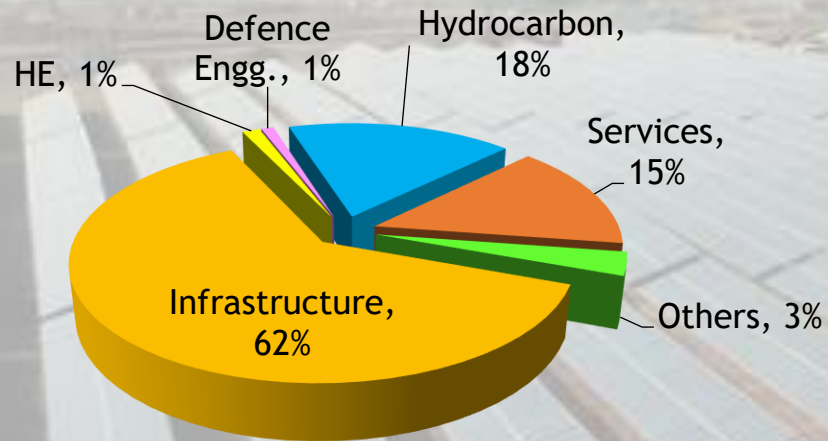
Electrical & Automation Segment is classified as discontinued operations and consolidated at PAT level

* Consolidated at PAT level

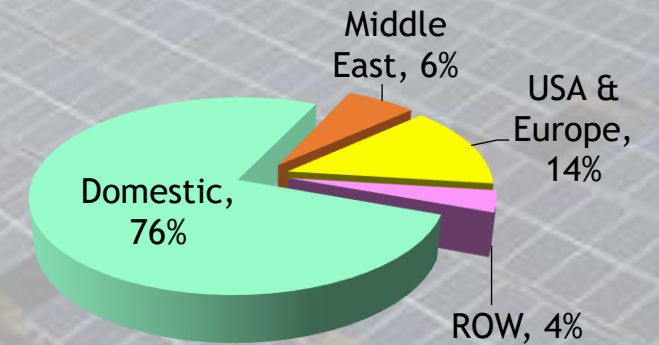
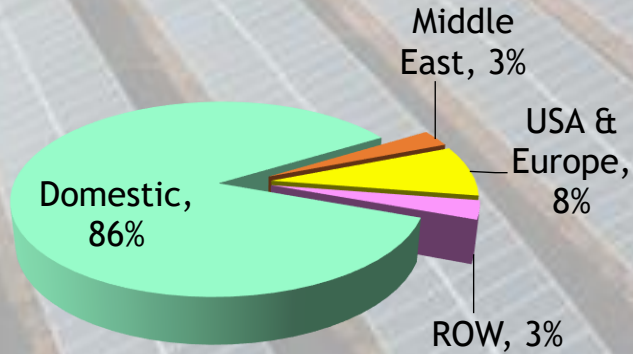
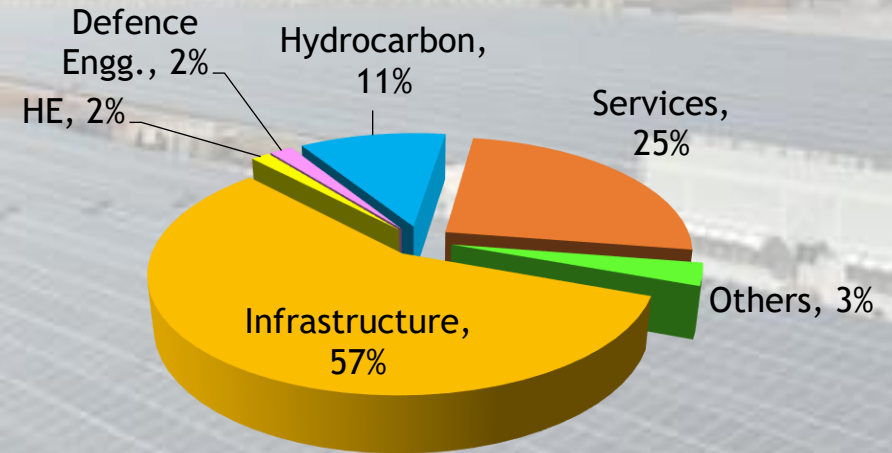


Order Inflow Composition

Q3 FY21 Rs 732 Bn

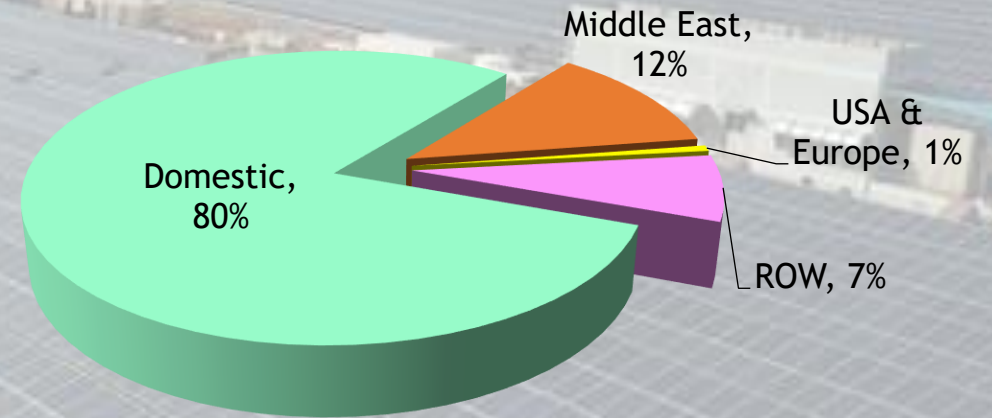
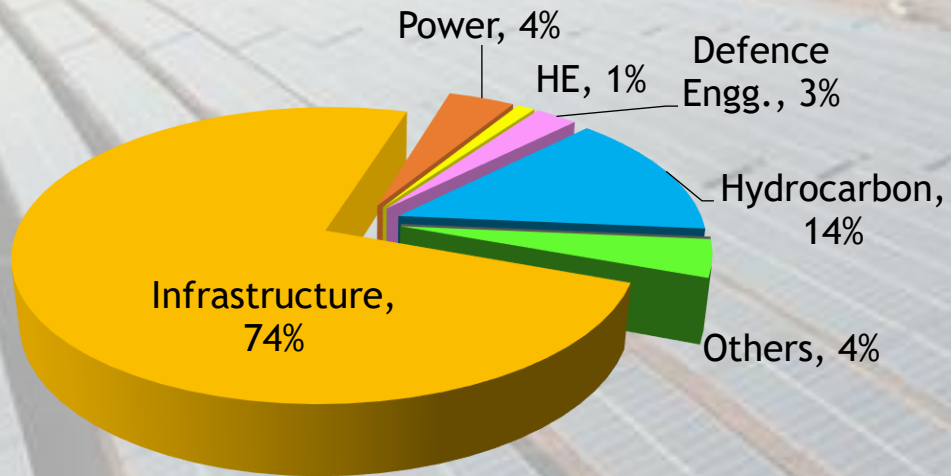


9M FY21 Rs 1248 Bn





9M FY21 Order Book Composition

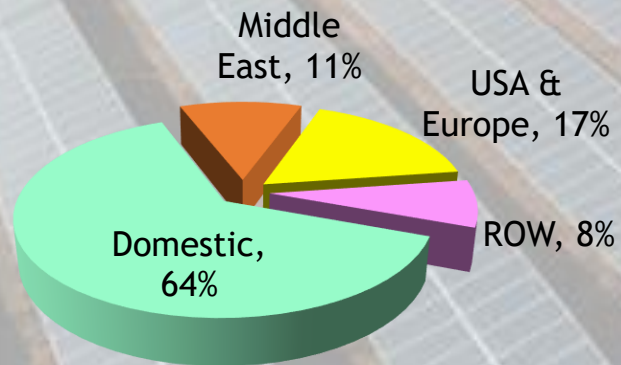
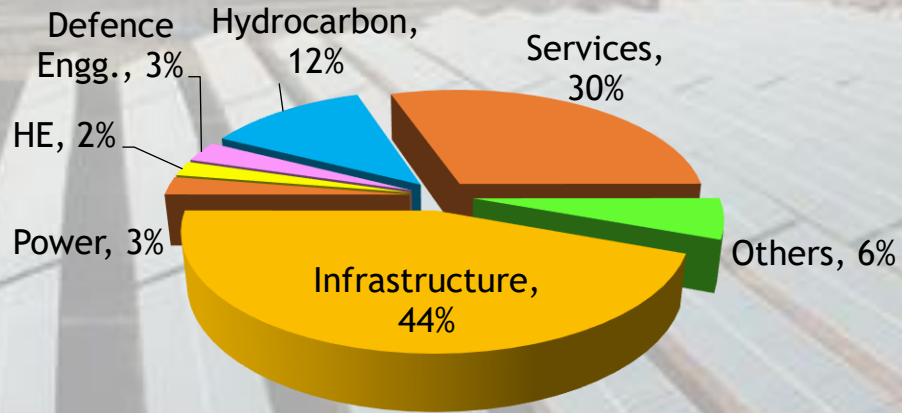


Order Book Rs 3311 Bn

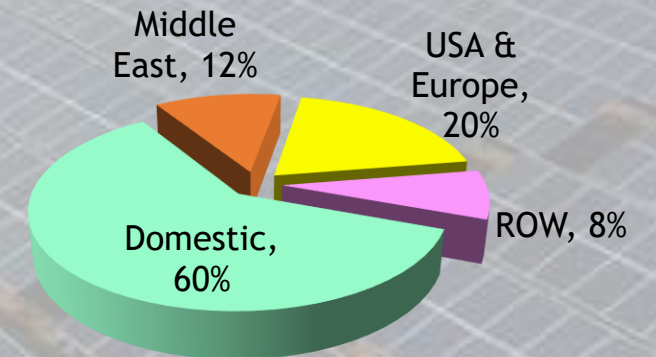
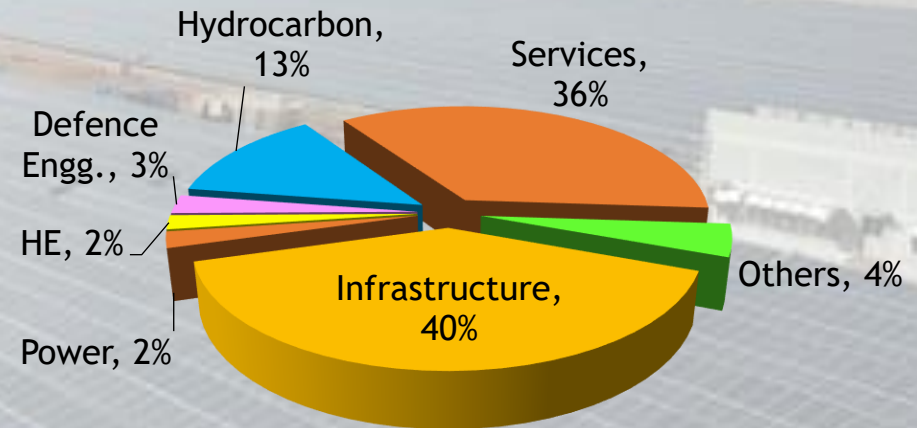


Revenue Composition

Q3 FY21 Rs 356 Bn



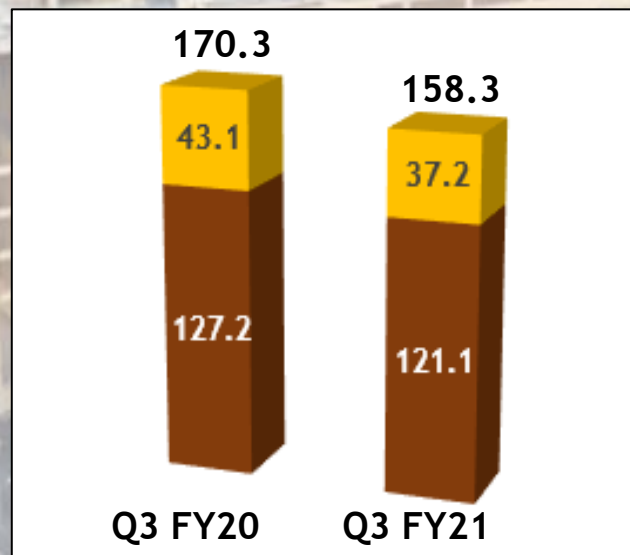
9M FY21 Rs 879 Bn



Infrastructure Segment

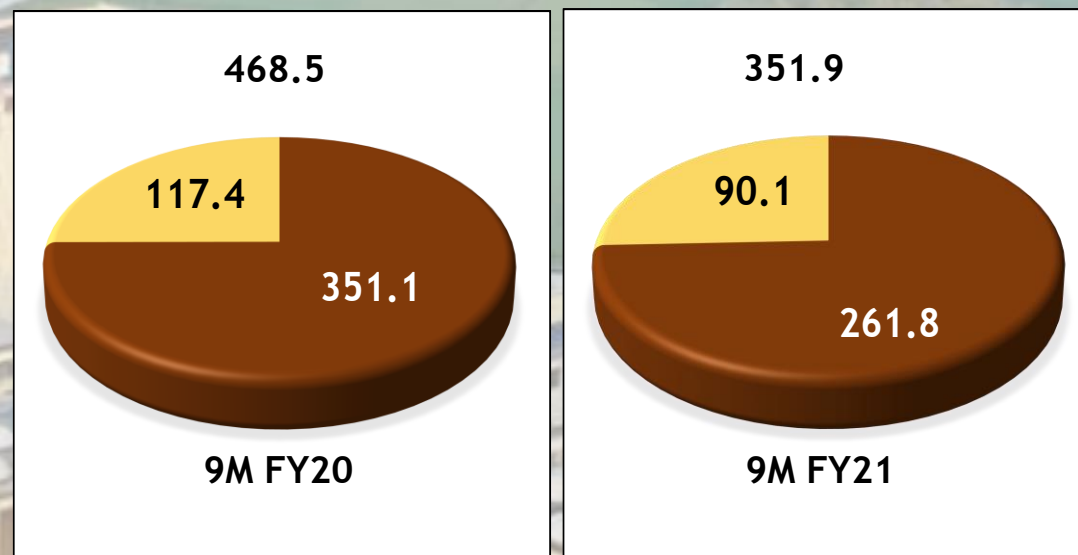
(Amount in ₹ bn)

Net Revenue -7% ↓



6.1% EBITDA Margin 6.2% ↑

Net Revenue -25% ↓



6.6% EBITDA Margin 6.3% ↓

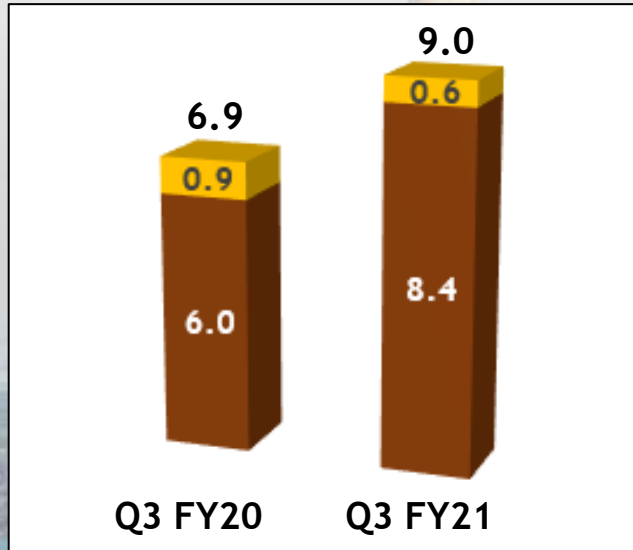
Domestic International

- Strong ordering momentum in Q3, encouraging prospect pipeline
- Sequential improvement in execution on higher work force mobilisation and supply chain normalisation, however strict safety protocols moderates progress
- Margin is a function of job mix and site productivity

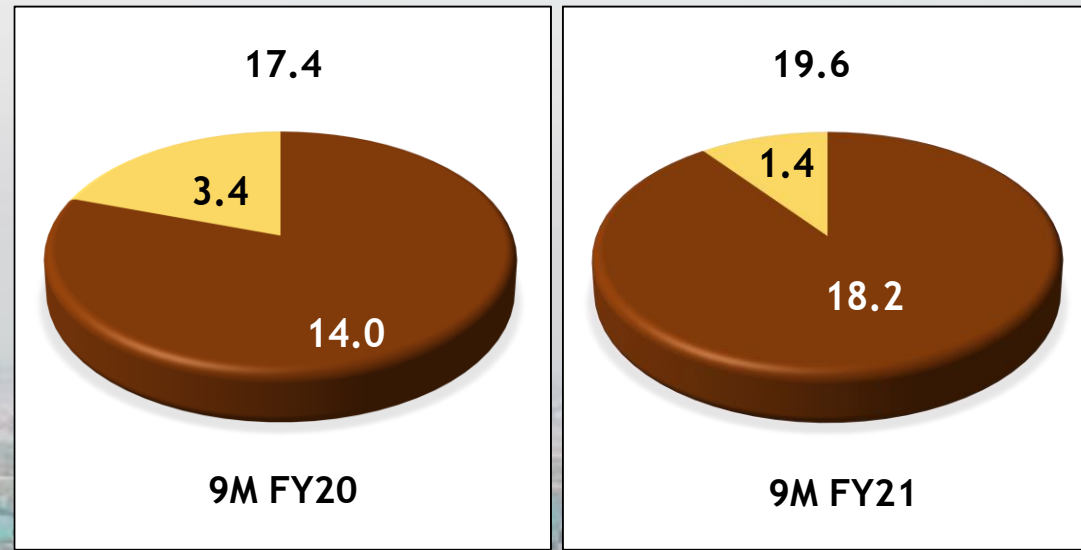
Power Segment

(Amount in ₹ bn)

Net Revenue 29% ↑



Net Revenue 13% ↑



3.4% EBITDA Margin 2.0% ↓

3.5% EBITDA Margin 2.2% ↓

Domestic International

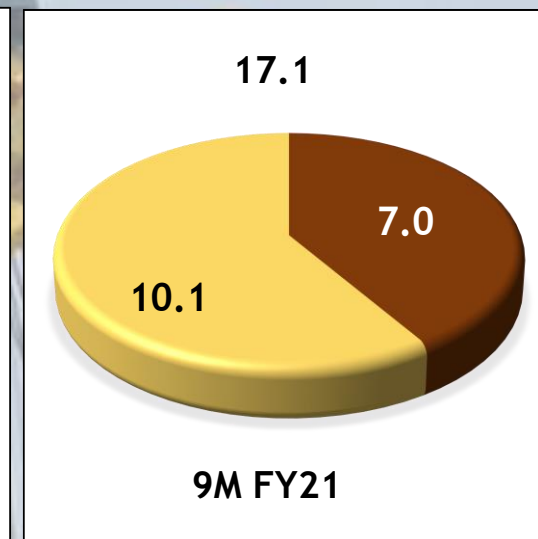
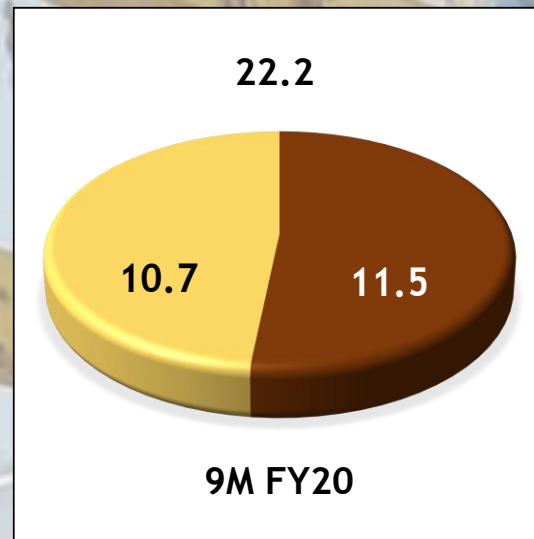
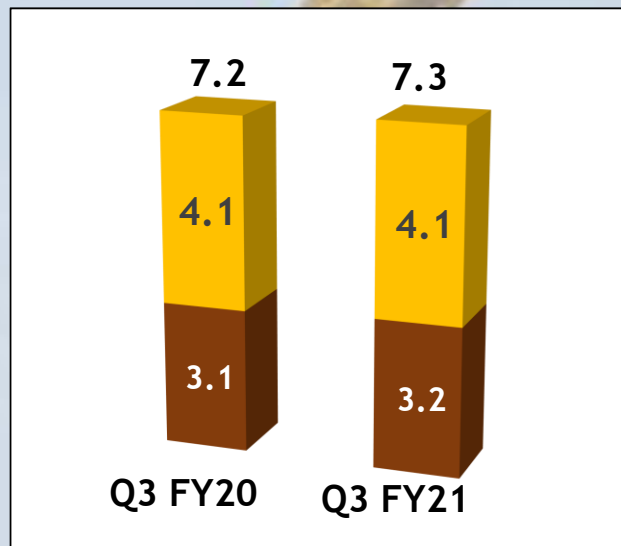
- Award deferments seen in 9M, healthy order book on back of large wins in FY20
- Revenue increase in Q3 driven from opening order book
- Major part of order book yet to cross margin recognition threshold
- Profits of Boiler, Turbine and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

(Amount in ₹ bn)

Net Revenue 1% ↑

Net Revenue -23% ↓



23.5% EBITDA Margin 20.0% ↓

22.3% EBITDA Margin 14.2% ↓

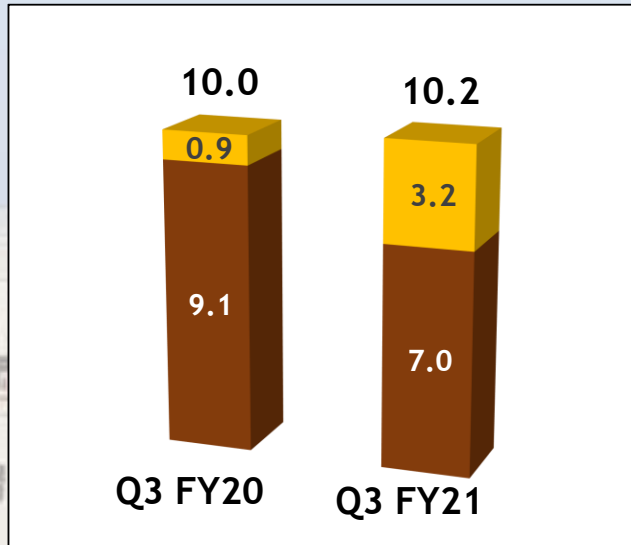
Domestic International

- Robust order wins despite a challenging environment
- Better capacity utilisation aids revenue recovery in Q3
- Q3 Margin reflective of job mix

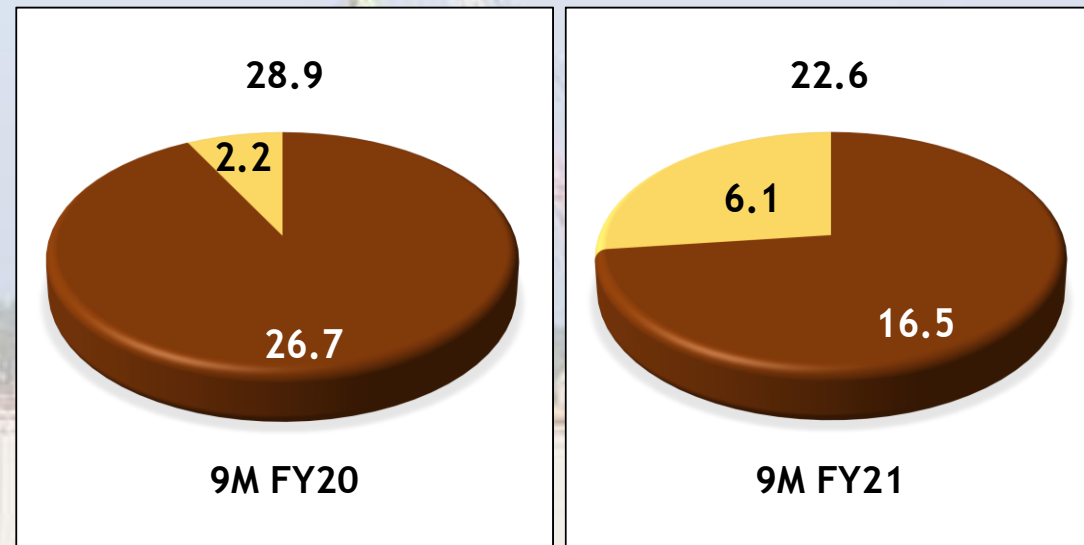
Defence Engineering Segment

(Amount in ₹ bn)

Net Revenue 2% ↑



Net Revenue -22% ↓



20.9% EBITDA Margin 16.9% ↓

18.6% EBITDA Margin 18.6% ↔

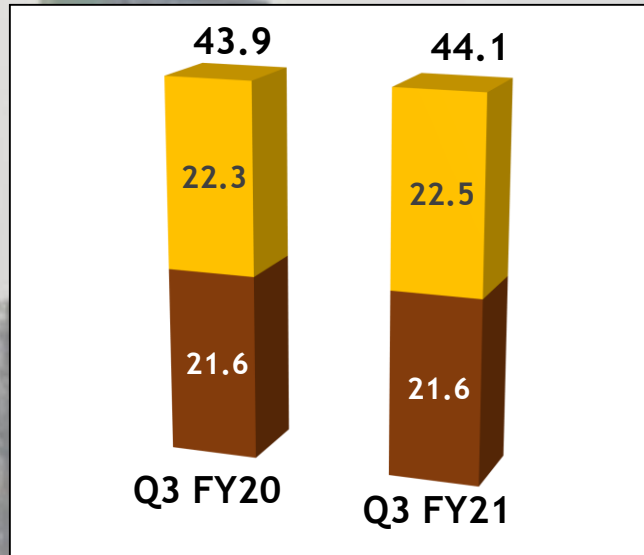


- Multiple small value orders replenish opening order book
- Recent policy pronouncements encouraging for domestic industry; implementation over course of time
- Final stages of execution of a large order drives revenue in Q3
- Margins reflective of job mix and stage of execution

Hydrocarbon Segment

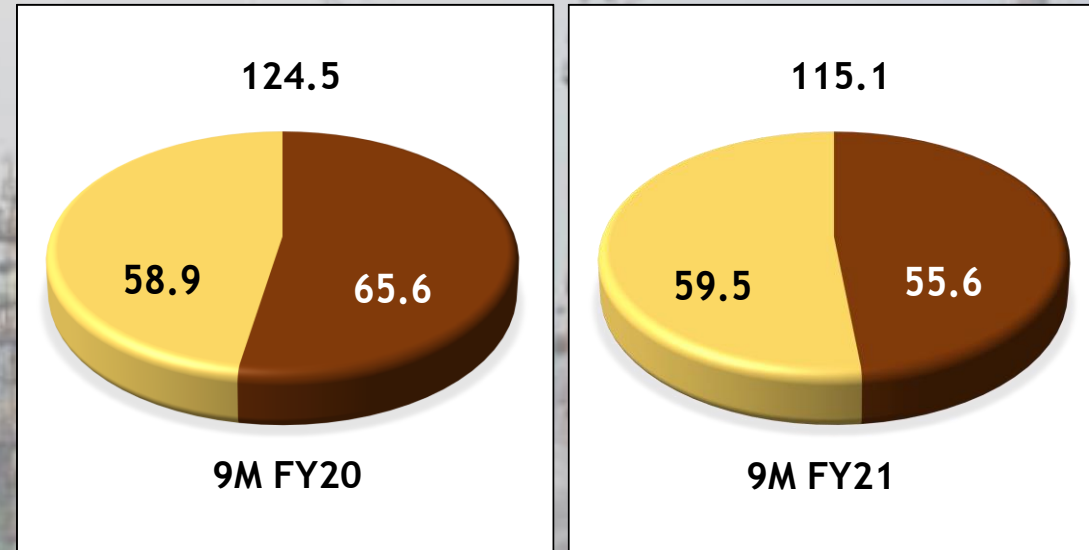
(Amount in ₹ bn)

Net Revenue 0.5% ↑



12.1% EBITDA Margin 12.2% ↑

Net Revenue -8% ↓



10.9% EBITDA Margin 9.1% ↓

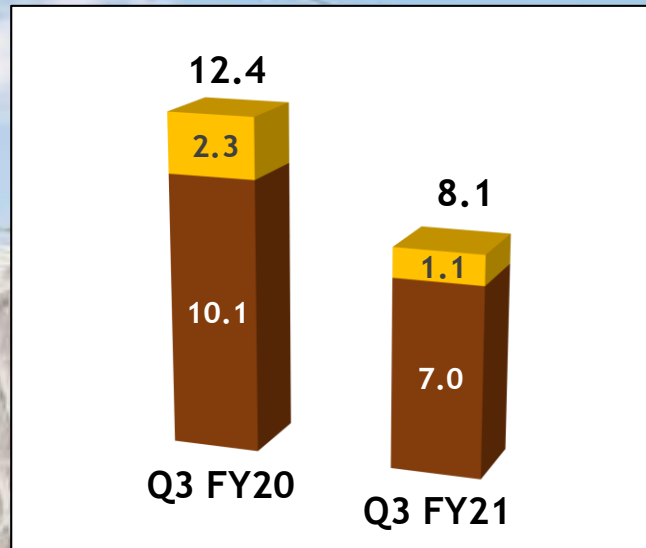
Domestic International

- Big domestic order wins in Q3 replenishes order book
- Improved activity level aid revenues in Q3
- Margins contributed by efficient execution and job mix

Developmental Projects Segment

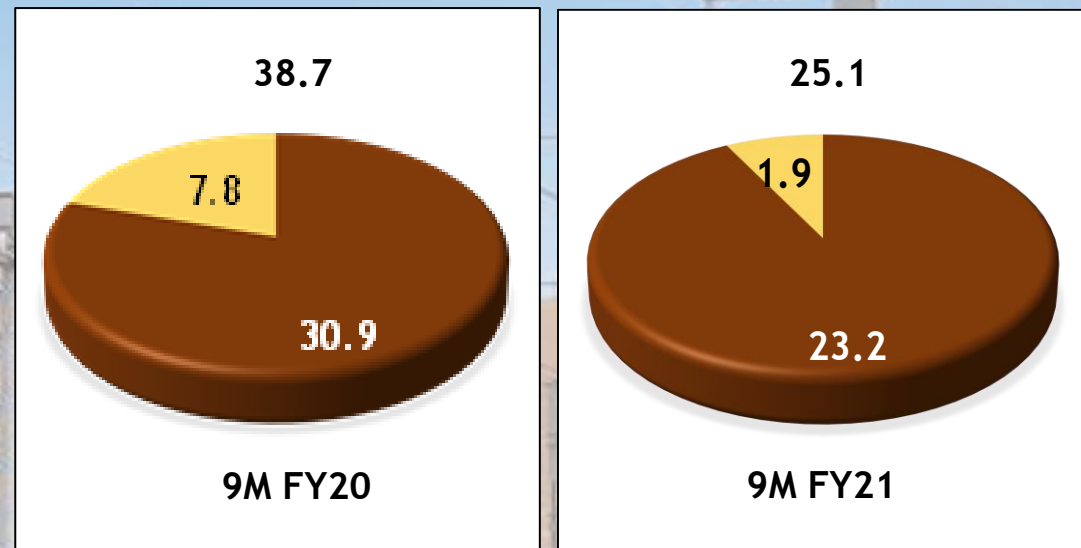
(Amount in ₹ bn)

Net Revenue -34% ↓



17.3% EBITDA Margin 0.1% ↓

Net Revenue-35% ↓



12.4% EBITDA Margin 4.0% ↓

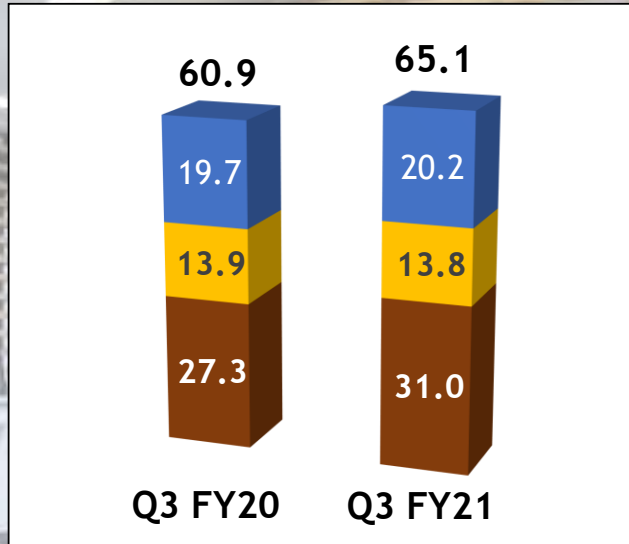


- Segment includes Power Development business (Thermal and Hydro) and Hyderabad Metro
- Roads & TL concessions (housed in IDPL) are consolidated at PAT level under the Equity method
- Revenue largely contributed by Power Development Business. Decline in revenue attributed to lower PLF in Nabha
- Metro margin impacted by OPEX under recovery

IT & Technology Services Segment

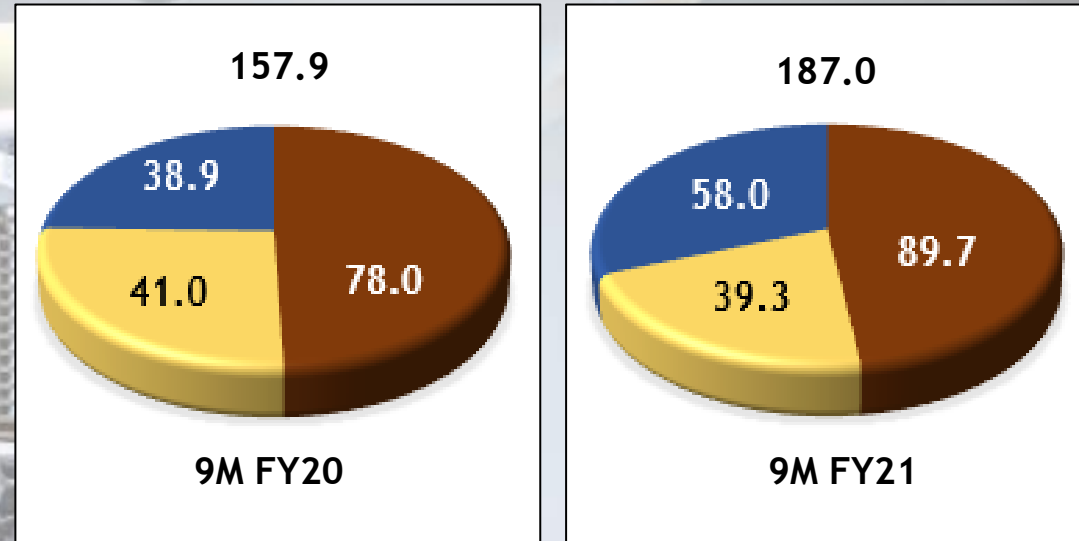
(Amount in ₹ bn)

Net Revenue 7% ↑



21.0% EBITDA Margin 25.5% ↑

Net Revenue 18% ↑



21.0% EBITDA Margin 23.2% ↑

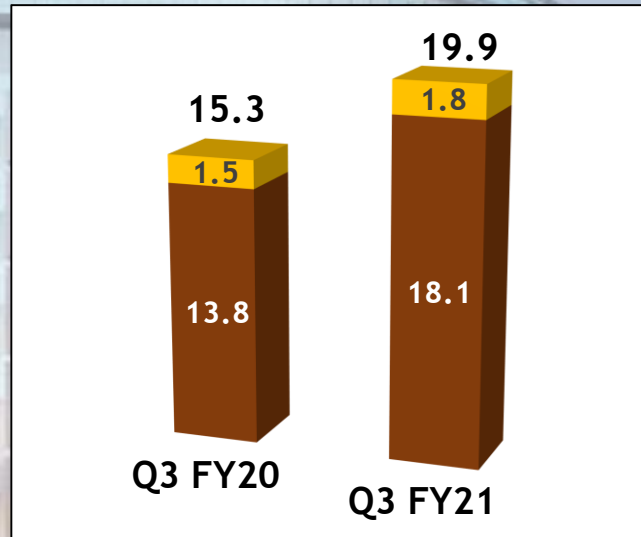


- LTI revenue growth led by BFS, Manufacturing, High Tech Media and Entertainment, CPG, Retail and Pharma
- LTTS revenue largely contributed by strong growth in Medical devices and Telecom & Hitech vertical
- Mindtree revenue growth led by Communications, Media & Technology and Retail, CPG & Manufacturing
- All entities are successfully operating on WFA model
- Margin improvement aided by improved utilization, onshore:offshore mix and operational efficiencies

Others Segment

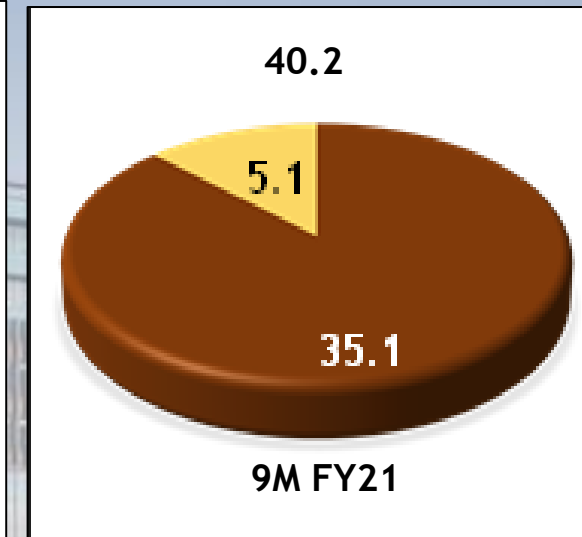
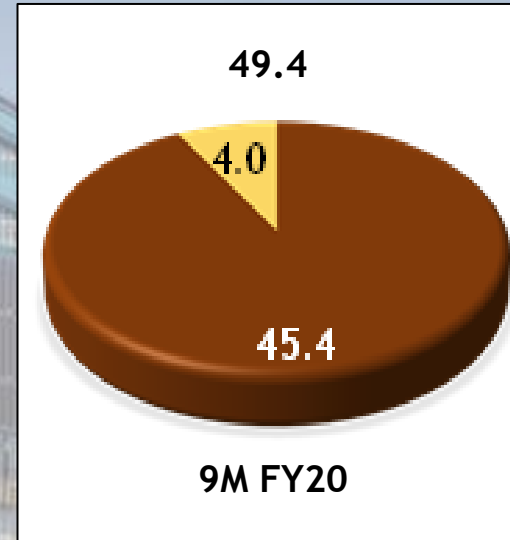
(Amount in ₹ bn)

Net Revenue 30% ↑



18.7% EBITDA Margin 34.3% ↑

Net Revenue -19% ↓



18.9% EBITDA Margin 24.1% ↑

Domestic International

- Segment comprises Realty, Construction & Mining Equipment, Rubber Processing Machinery, Industrial Valves, and Smart World & Communications
- Strong Q3 revenue growth led by Realty, Smart World & Communications and Valves
- Higher Q3 margin due to sale of commercial space by Realty

Financial Services Segment

Q3 FY20	Q3 FY21	% Var	Rs Bn	9M FY20	9M FY21	% Var
35.5	34.0	-4%	Income from Operations	104.6	100.3	-4%
3.8	1.9	-51%	PAT (Net of NCI)	8.4	4.5	-47%
Mutual Fund Average AUM				715.9	689.8	-4%
Book				994.5	1001.0	1%
Gross Stage 3 Assets				5.9%	5.1%	
Net Stage 3 Assets				2.7%	1.9%	
Networth				146.1	155.1	6%

- In line with the objective of delivering top quartile ROE, the business continues to pursue the strategy of higher retailisation of its loan book, prudent ALM and maintaining a sustainable NIM
- Q3 revolved around significant disbursements in rural and Infra, robust collections, improved NIMs + Fees, and maintenance of adequate liquidity on Balance Sheet
- Q3 PAT degrowth is largely due to enhanced credit cost provisions

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

The Environment & the Outlook



The Environment & the Outlook

H1 FY21

- Covid 19 Spread/Lockdown
- Economic contraction
- Falling tax collections
- Government stimulus
- RBI monetary easing
- Low business confidence

A Tale of two halves

H2 FY21

- Covid 19 Spread contained in India, though global concerns remain
- Resumption to pre Covid 19 economic activity
- High frequency economic indicators improve
- RBI continues accommodative stance
- Capex ordering push from government
- Expectations of an expansionary Union Budget
- Inflation within tolerance limits

Key Determinants ahead

Successful vaccination efforts

Sustained capex ordering from Govt/PSUs

Private capex revival

Address funding constraints

How L&T is currently positioned

Healthy Order book

Strong liquidity position

Proven competency to execute large projects

A growing IT&TS Portfolio



Thank You



Balance Sheet

Rs Billion	Dec-20	Mar-20	Incr / (Decr)
Equity & Reserves	730	667	63
Non Controlling Interest	105	95	10
Borrowings - Financial Services	912	939	(26)
Development Projects	208	202	6
Others	332	269	63
Sources of Funds	2,288	2,173	115
Fixed Assets	139	156	(17)
Intangible Assets & Investment Property	311	314	(3)
Loans towards Financing Activities	926	909	17
Finance lease receivable	70	89	(19)
Net Non-Current Assets	134	151	(17)
Current Investments, Cash & Cash Equivalents	452	278	174
Net Current Assets	255	253	2
Assets held for Sale (net)	0.2	24	(24)
Application of Funds	2,288	2,173	115
Gross Debt/Equity Ratio	1.74	1.85	



Cash Flow

Q3 FY20	Q2 FY21	Q3 FY21	Rs Bn	9M FY20	9M FY21
45.4	35.6	42.8	Operating Profit	128.4	96.2
(11.6)	(1.2)	11.4	Changes in Working Capital [(Inc)/Dec]	(97.2)	6.4
(9.4)	(6.8)	(10.5)	Direct Taxes paid	(31.0)	(22.3)
24.4	27.6	43.7	Net Cash from Operations (A)	0.2	80.2
(9.0)	(3.6)	(3.5)	Net Investment in Fixed Assets (incl. Intangible)	(19.1)	(10.7)
(11.4)	127.8	(6.5)	Net (Purchase)/ Sale of Long Term investments (Net of Tax)	(51.2)	124.5
(37.7)	(98.8)	38.6	Net (Purchase)/ Sale of Current investments	28.9	(193.5)
(0.3)	-	(0.5)	Loans/Deposits made with JV/Associate Cos.	(0.6)	(1.2)
2.6	3.9	2.1	Interest & Dividend Received	8.0	9.4
(55.9)	29.3	30.1	Net Cash from/(used in) Invest. Act. (B)	(34.1)	(71.4)
(1.1)	(1.7)	(1.3)	Issue of Share Capital / Minority	0.8	(3.0)
32.9	(98.9)	(12.7)	Net Borrowings [Inc/(Dec)]	107.4	34.7
14.7	16.4	(19.3)	Disbursements towards financing activities	(6.8)	(2.0)
(5.8)	(19.4)	(35.2)	Interest & Dividend paid	(49.9)	(64.3)
40.7	(103.6)	(68.6)	Net Cash from Financing Activities (C)	51.5	(34.5)
9.2	(46.7)	5.2	Net (Dec) / Inc in Cash & Bank (A+B+C)	17.6	(25.7)



Segment Margin

Segment (Rs Cr)	9M FY20			9M FY21		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Ex-Services business:						
Infrastructure Segment	46850	3083	6.6%	35191	2207	6.3%
Power Segment	1739	62	3.5%	1958	43	2.2%
Hydrocarbon Segment	12452	1352	10.9%	11512	1045	9.1%
Heavy Engineering Segment	2216	495	22.3%	1712	243	14.2%
Defence Engineering Segment	2894	538	18.6%	2260	420	18.6%
Other Segment	4945	934	18.9%	4023	969	24.1%
Total (ex-services)	71096	6464	9.1%	56657	4927	8.7%
Services Business:						
IT, TS & Mindtree Segment	15786	3314	21.0%	18700	4330	23.2%
Financial Services Segment	10457	2291	21.9%	10027	619	6.2%
Developmental Projects Segment	3869	479	12.4%	2508	100	4.0%
Total (Services)	30111	6085	20.2%	31234	5049	16.2%
Total	101207	12549	12.4%	87891	9976	11.4%
	EBIDTA to PAT (9M FY21)					
Particulars	Ex-Services*	IT&TS	Financial Services	Dev. Projects	Corporate	Total
EBIDTA	4927	4330	619	100	1660	11636
Depreciation, Finance Cost & Tax Expense	(1620)	(1843)	(112)	(1301)	(2196)	(7072)
Non-controlling interest	19	(720)	(234)	-	-	(935)
Share in profit/(loss) of JV and associate	(14)	-	-	(145)	14	(145)
Exceptional Items (net of tax)	-	-	176	-	(3732)	(3556)
PAT from discontinued operations	-	-	-	-	8362	8362
PAT	3312	1767	449	(1346)	4108	8290

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



Share in Profit/(Loss) of JVs/Associates

Q3 FY20	Q3 FY21	Rs Bn	9M FY20	9M FY21
0.43	0.47	Boiler/Turbine JVs	1.35	0.90
0.47	(0.30)	IDPL & Subs.	(1.19)	(1.45)
(0.30)	-	Special Steels and Heavy Forgings	(1.03)	(0.73)
(0.12)	(0.09)	Others	0.11	(0.18)
0.48	0.09	Total	(0.75)	(1.45)