

SEC/PAM/2022

May 12, 2022

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

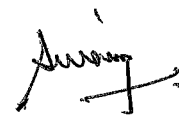
**Sub.: Analyst Presentation.- FY 22**

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of Analyst Presentation on financials of FY22 which will be uploaded to our Investor Website <https://investors.larsentoubro.com>

We request you to take note of the same.

Thanking you,

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



**SIVARAM NAIR A**  
**COMPANY SECRETARY**  
① (FCS 3939)

Encl. as above



**LARSEN & TOUBRO**

# **Analyst Presentation Q4 / FY22**

**May 12<sup>th</sup>, 2022**



# 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, geopolitical risks and Covid 19 pandemic 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

## Key Highlights



# Resilient performance in a volatile global macro backdrop



## Order Inflows

Ordering momentum picks up in Q4  
Prospects bright



## Order Book

Large, Growing & Diversified



## Revenue

Balancing “Execution” and  
“Cash Generation”



## Margin

Q4 impact due to delayed  
settlement of budgeted  
claims



## Liquidity

Robust operational cash  
flows, NWC improves



## Leverage

Improved Gross & Net Debt  
levels at Group



## Return Ratios

On the path to achieving  
Strat Plan goal

*Stable Indian macros despite global headwinds*

# Key Financial Indicators

(Rs. bn)

Q4 FY21	Q3 FY22	Q4 FY22	(y-o-y)	(q-o-q)	Particulars	FY21	FY22	(y-o-y)
507	504	739	46%	47%	Order Inflow	1755	1930	10%
					Order Book	3274	3576	9%
481	396	529	10%	34%	Revenue	1360	1565	15%
13.3%	11.5%	12.3%			EBITDA (%)	11.5%	11.6%	
34	21	36	6%	76%	Operational PAT	70	86	23%
33	21	36	10%	76%	Overall PAT	116*	87	-25%

Particulars	FY21	FY22
Net Working Capital	22.3%	19.9%
RONW (TTM) (%)	16.2%*	11.0%

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

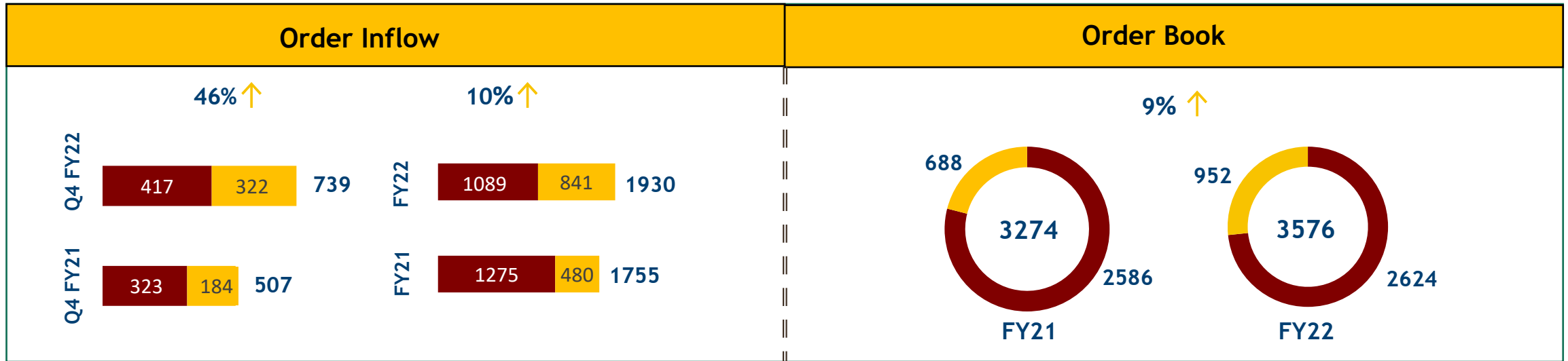
02

# Group Performance



# Q4/FY22 Order Inflow/Order Book

(Amount in Rs. bn)



■ Domestic ■ International

- Q4 order inflows mainly from Infrastructure, Hydrocarbon & Defence; increased share of international orders
- Domestic award finalisation delays despite robust tendering activity
- Strong prospects pipeline for FY23
- Higher composition of international orders in Order Book



# Group Performance - Sales & Costs

Q4 FY21	Q4 FY22	% Var	Rs Billion	FY21	FY22	% Var
480.9	528.5	10%	Revenue	1359.8	1565.2	15%
33%	33%		<i>International Rev.</i>	37%	36%	
311.9	347.7	11%	MCO Exp.*	790.1	937.9	19%
18.2	14.4	-21%	Fin. Charge Opex**	76.9	59.5	-23%
63.5	79.7	25%	Staff Costs	247.5	297.3	20%
23.5	21.5	-8%	Sales & Admin.	89.0	88.3	-1%
417.0	463.3	11%	Total Opex	1203.6	1383.0	15%
63.9	65.2	2%	EBITDA	156.2	182.2	17%
13.3%	12.3%		EBITDA %	11.5%	11.6%	

## Remarks for the Quarter

- Infrastructure and IT&TS businesses drive revenue growth
- MCO expense variation is reflective of job progress, revenue mix and higher input costs
- Reduction in Finance Charge Opex is a function of lower average liabilities & reduced borrowing cost in FS business
- Resource augmentation in services businesses drives staff cost
- SG&A reflective of lower credit costs and FX gains
- Cost headwinds and delayed claim certification in Projects & Manufacturing businesses impacts EBITDA margin in Q4

\* Manufacturing, Construction and Operating expenses

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

# Group Performance - Profit Parameters

## Remarks for the Quarter

Q4 FY21	Q4 FY22	% Var	Rs Billion	FY21	FY22	% Var
63.9	65.2	2%	<b>EBITDA</b>	156.2	182.2	17%
(8.5)	(7.1)	-17%	Fin. Cost	(39.1)	(31.3)	-20%
(8.2)	(7.7)	-6%	Depreciation	(29.0)	(29.5)	2%
10.3	5.2	-50%	Other Income	34.3	22.7	-34%
(20.9)	(15.6)	-25%	Tax Expense	(40.1)	(42.2)	5%
1.6	1.3	-17%	JV/S&A PAT Share	0.1	1.3	>100%
(4.0)	(5.2)	29%	Non-controlling Int.	(12.7)	(17.5)	37%
34.2	36.2	6%	<b>Operational PAT</b>	69.7	85.7	23%
(1.2)	-		Discontinued Operations	82.4	-	
-	-		Exceptionals (net of tax and NCI)	(36.2)	1.0	
32.9	36.2	10%	<b>Reported PAT</b>	115.8	86.7	-25%







- Finance cost commensurate with reduced level of borrowing at Parent, Metro refinancing aids improvement
- Other income reflective of level of treasury investments during the quarter
- Share of JV / Associate PAT primarily comprises results of L&T IDPL and Power JVs
- NCI variation largely due to improved profitability of services portfolio
- Operational PAT variance primarily on treasury operations, lower depreciation & tax expense

04




Segment  
Performance  
Analysis



# Segment Composition

 <b>Infrastructure</b>	 <b>Hydrocarbon</b>	 <b>Power</b>	 <b>Heavy Engineering (HE)</b>	 <b>Defence Engineering</b>	 <b>Others</b>
<ul style="list-style-type: none"> <li>Buildings &amp; Factories (B&amp;F)</li> <li>Transportation Infra (TI)</li> <li>Heavy Civil infra (HC)</li> <li>Water &amp; Effluent Treatment (WET)</li> <li>Power T&amp;D (PT&amp;D)</li> <li>Metall. &amp; Mat. Handling (MMH)</li> </ul>	<ul style="list-style-type: none"> <li>Onshore</li> <li>Offshore</li> </ul>	<ul style="list-style-type: none"> <li>EPC- Coal &amp; Gas</li> <li>Thermal Power Plant</li> <li>Construction</li> <li>Electrostatic Precipitator</li> <li>Power Equipment</li> <li>Mfg. *</li> </ul>	<ul style="list-style-type: none"> <li>Process Plant Equipment</li> <li>Nuclear Power Plant</li> <li>Equipment</li> <li>Piping Centre</li> <li>Forgings*</li> </ul>	<ul style="list-style-type: none"> <li>Defence</li> <li>Aerospace</li> <li>Shipbuilding</li> </ul>	<ul style="list-style-type: none"> <li>Realty</li> <li>Industrial Machinery &amp; Products</li> <li>Smart World &amp; Comm.(SW&amp;C)</li> <li>Sufin</li> <li>Edutech</li> </ul>

## Projects and Manufacturing

 <b>IT &amp; TS</b>	 <b>Financial Services</b>	 <b>Developmental Projects</b>
<ul style="list-style-type: none"> <li>Information Technology</li> <li>Technology Services</li> </ul>	<ul style="list-style-type: none"> <li>Rural Lending</li> <li>Housing Finance</li> <li>Wholesale Finance</li> <li>Asset Management (Held for sale)</li> </ul>	<ul style="list-style-type: none"> <li>Roads / Trans. Line *</li> <li>Metros</li> <li>Power Generation</li> </ul>

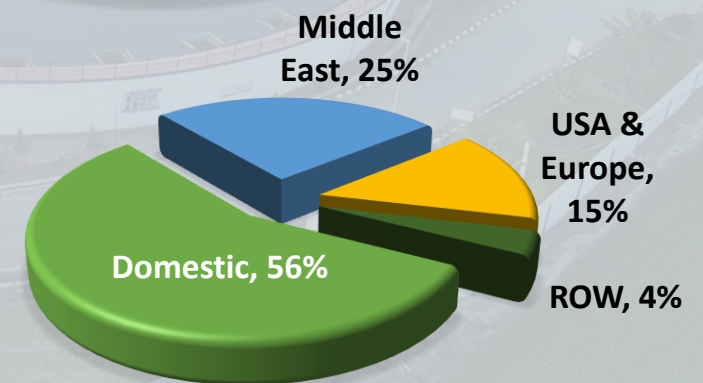
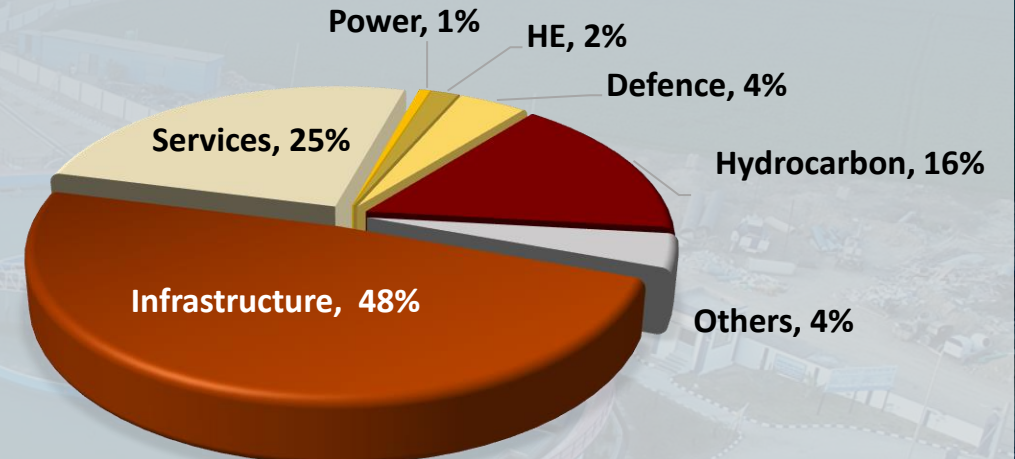
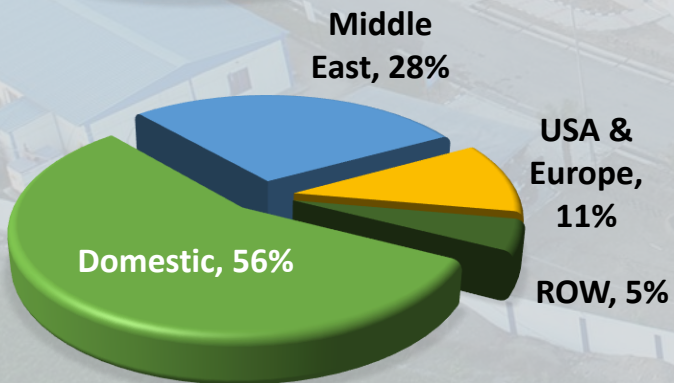
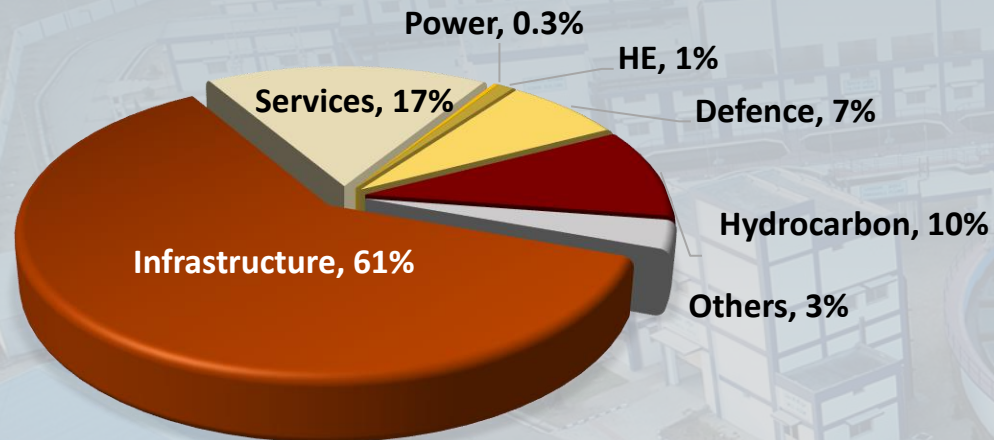
## IT&TS, FS and Concessions

\* Consolidated at PAT level

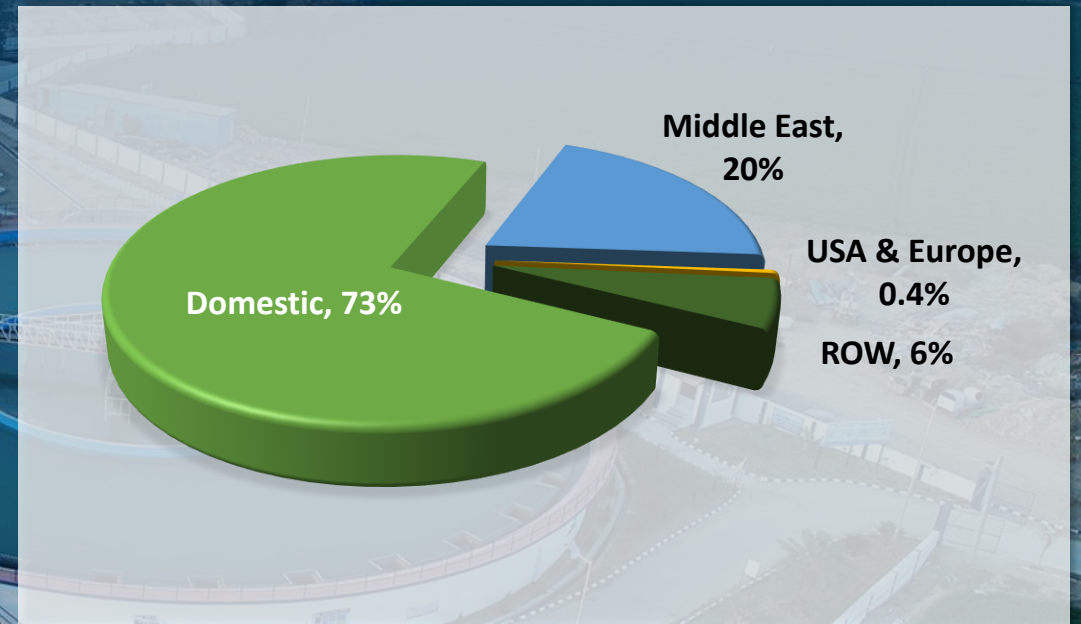
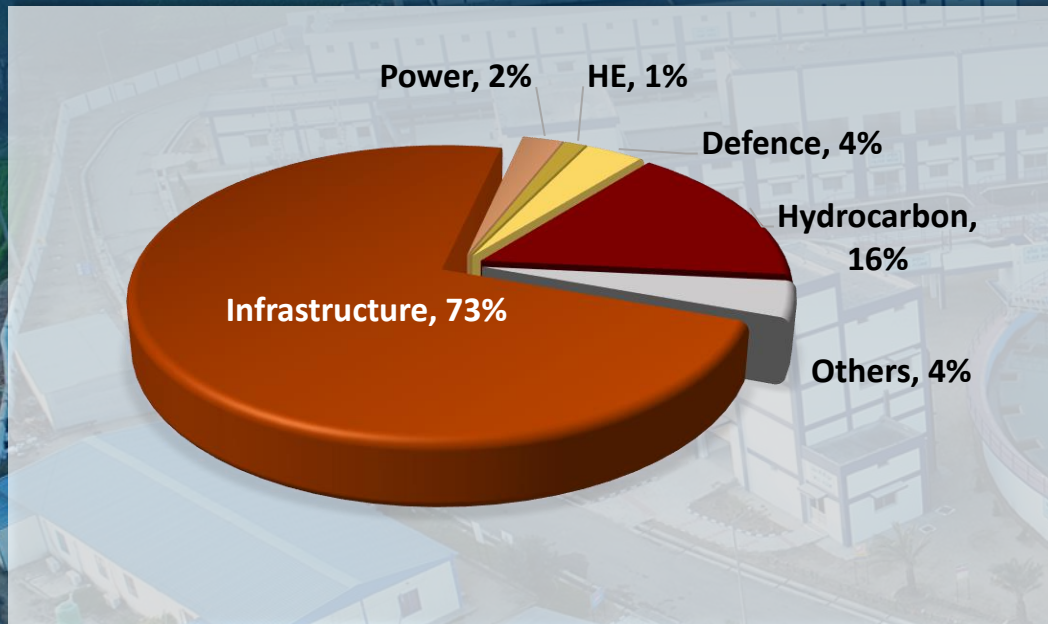
# Order Inflow Composition

Q4 FY22 Rs. 739 Bn

FY22 Rs. 1930 Bn



# Order Book Composition as on 31-Mar-22

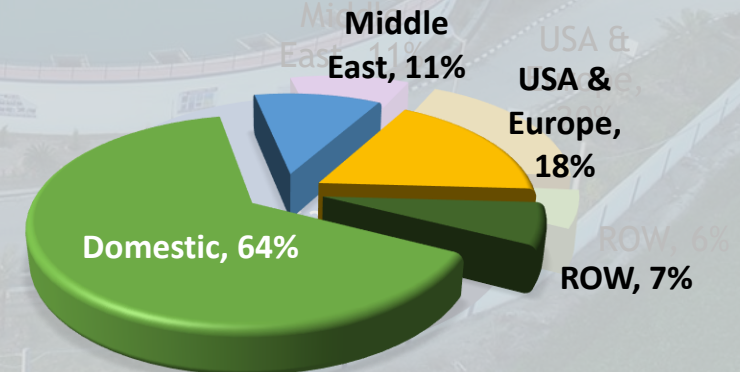
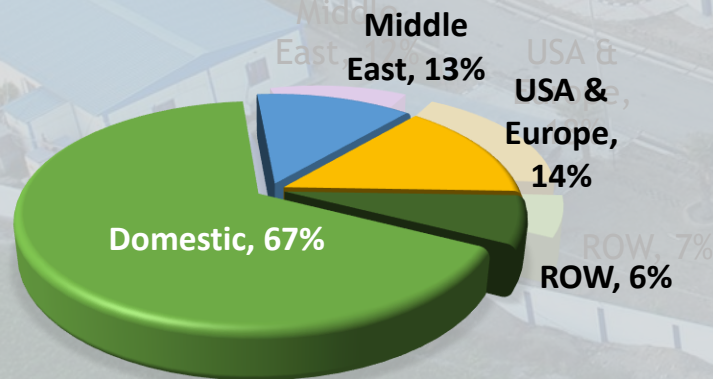
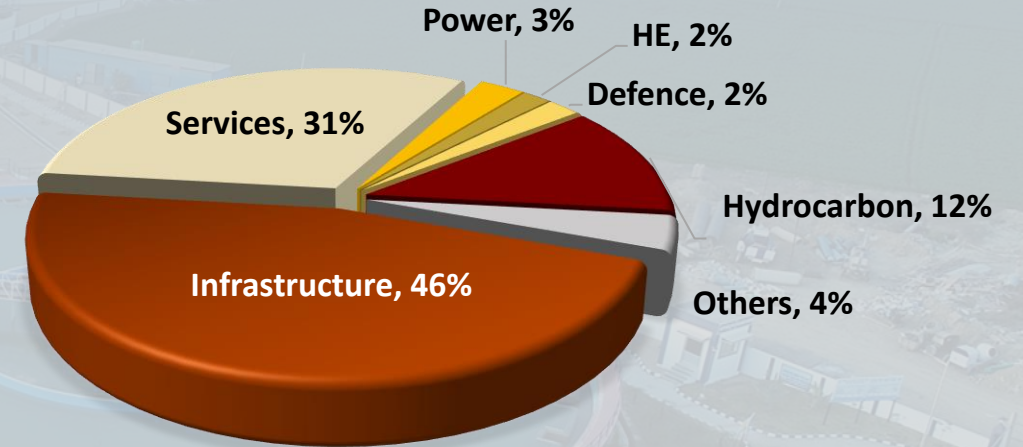
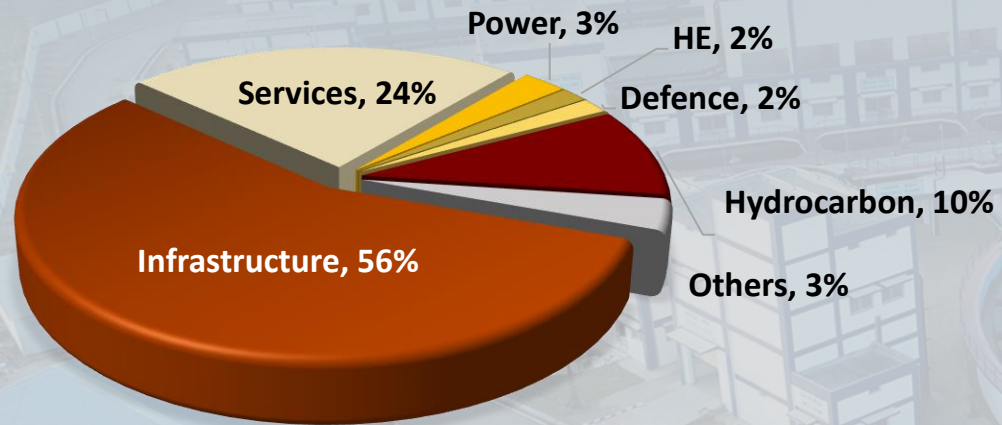


**Order Book Rs. 3576 Bn**

# Revenue Composition

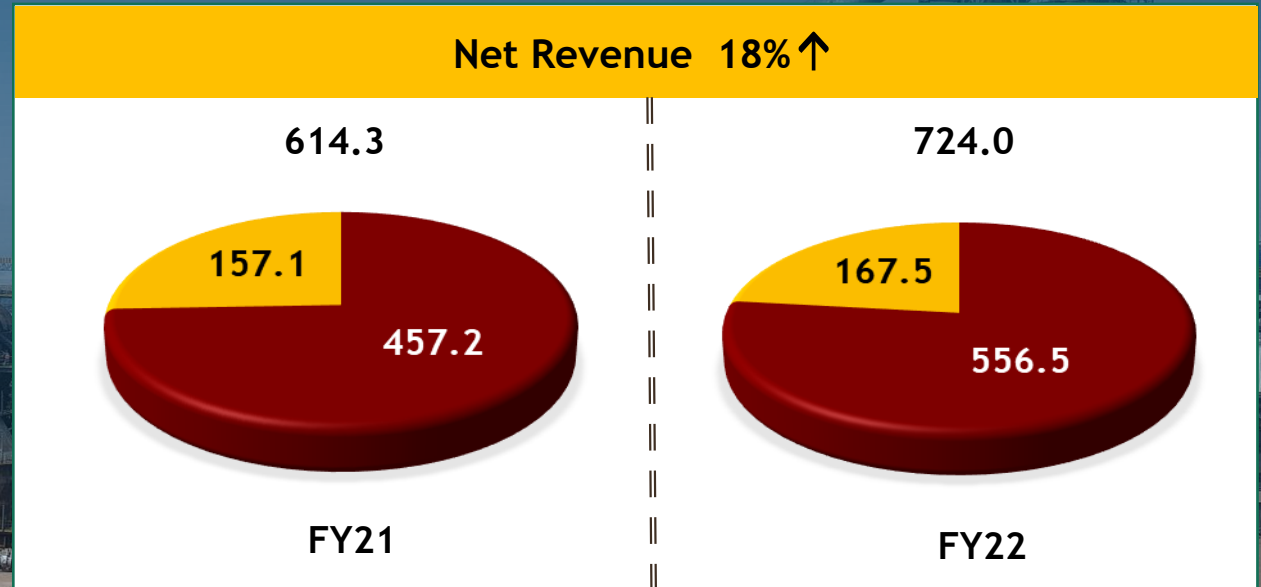
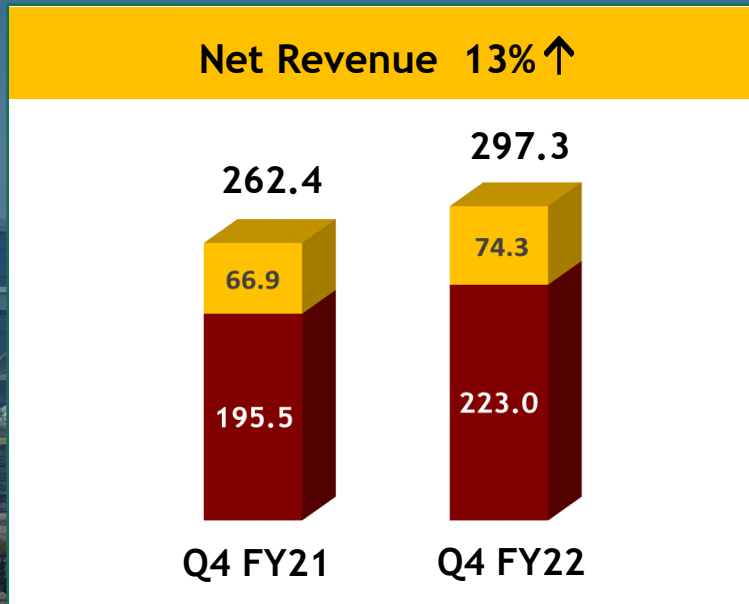
Q4 FY22 Rs. 529 Bn

FY22 Rs. 1565 Bn



# Infrastructure Segment

(Amount in Rs. bn)



11.5% EBITDA Margin 9.2% ↓

8.5% EBITDA Margin 8.2% ↓

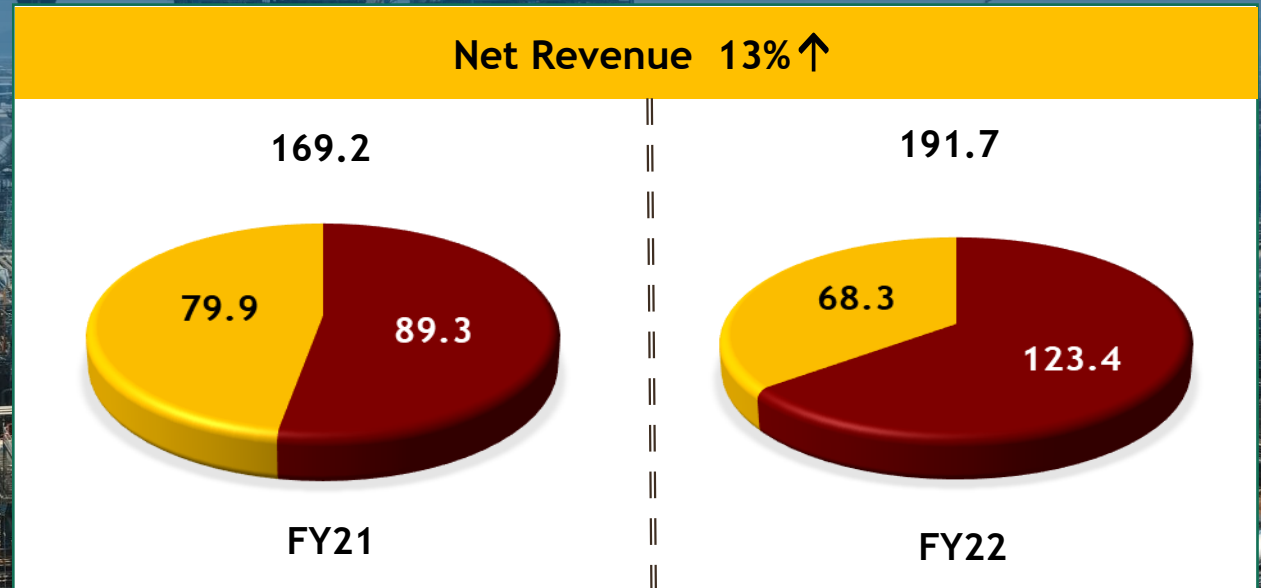
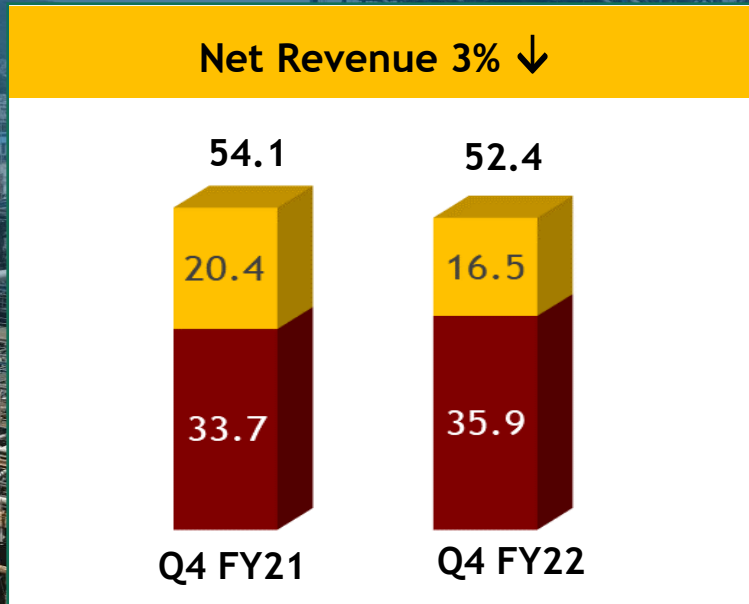
■ Domestic ■ International

- Strong pickup in order inflows in Q4; renewed traction in International markets
- Healthy prospect pipeline for FY23
- Normalised execution during the quarter
- Commodity price headwinds & delay in claims certification impacts Q4 margin



# Hydrocarbon Segment

(Amount in Rs. bn)



12.5% EBITDA Margin 9.7% ↓

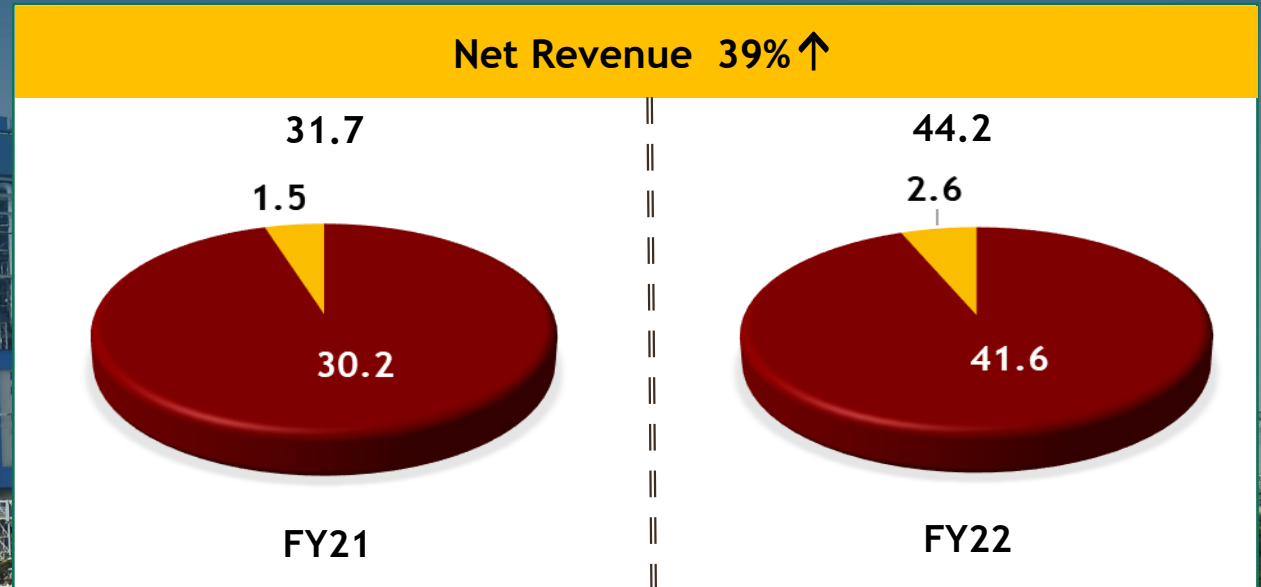
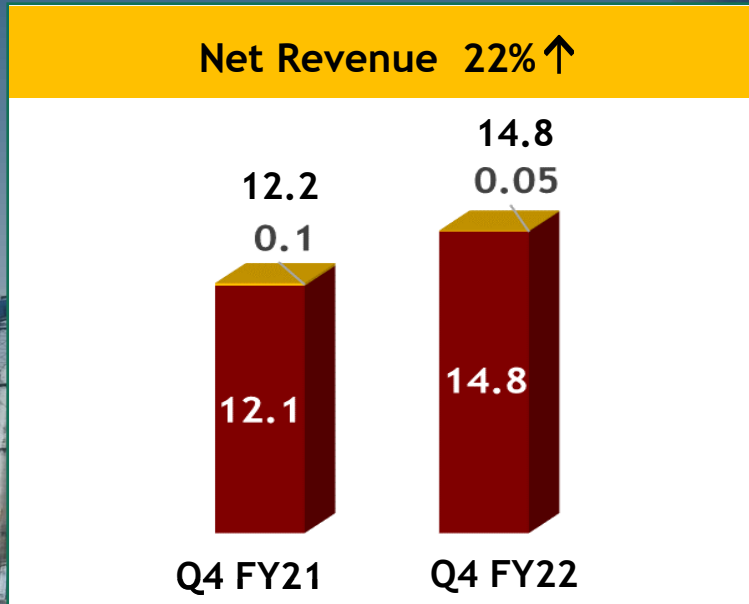
9.2% EBITDA Margin 8.7% ↓

■ Domestic ■ International

- Receipt of multiple domestic & international orders buoys order book
- Q4 Revenue impacted due to temporary supply chain disruption
- Q4 PY margin had benefit of cost savings upon job closures

# Power Segment

(Amount in Rs. bn)



8.5% EBITDA Margin 5.2% ↓

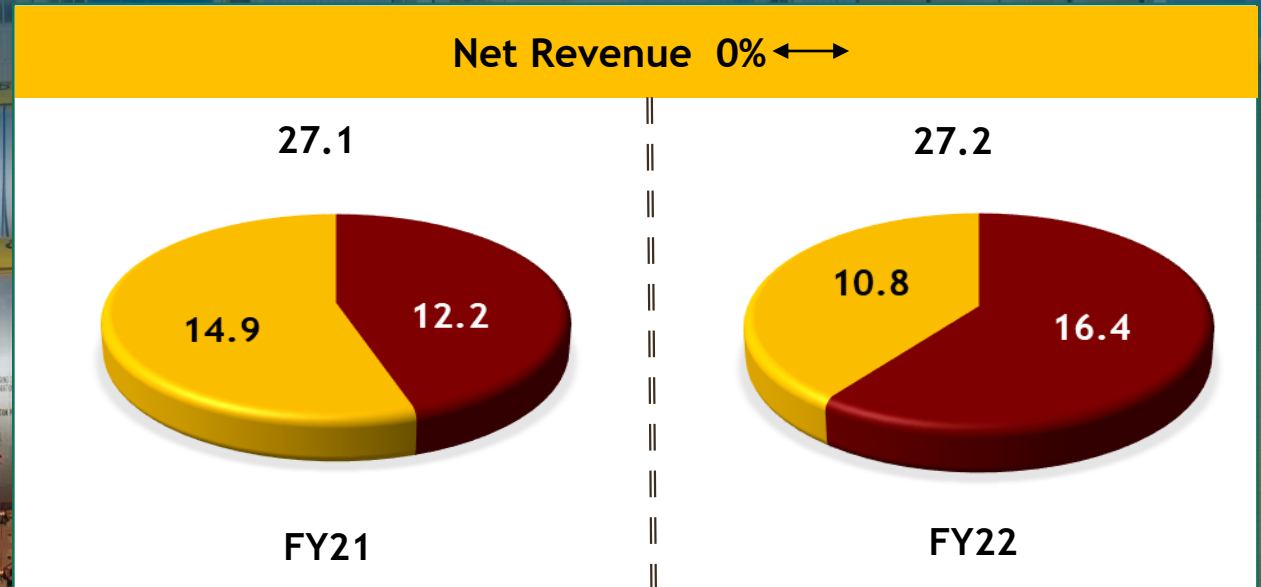
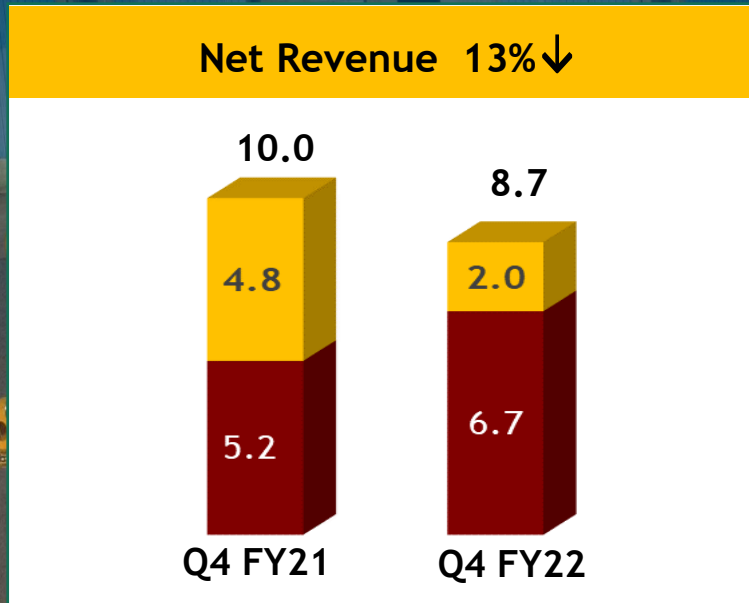
4.6% EBITDA Margin 3.9% ↓

■ Domestic ■ International

- Subdued ordering environment continues in thermal business
- Opening order book drives healthy execution
- Q4 PY margin benefits from release of cost provisions in few projects
- Profits of Boiler, Turbine & other JV companies are consolidated at PAT level under equity method

# Heavy Engineering Segment

(Amount in Rs. bn)



**29.3% EBITDA Margin 24.7% ↓**

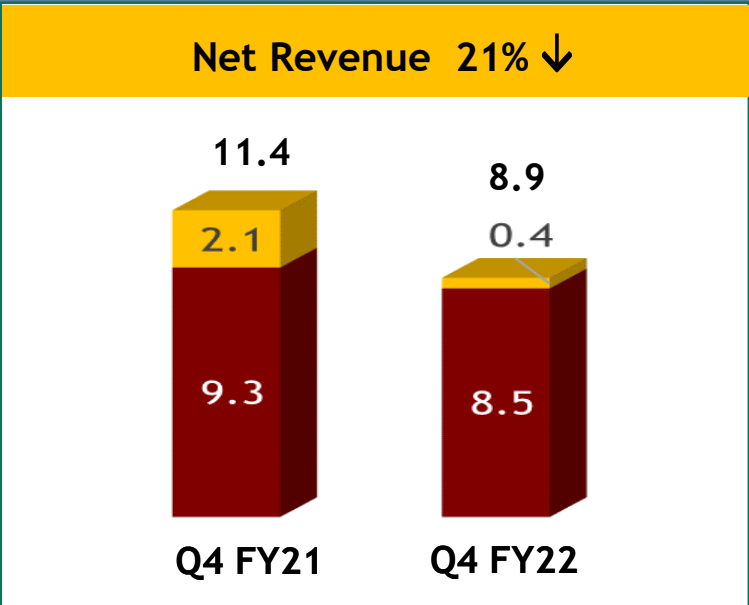
**19.7% EBITDA Margin 19.0% ↓**

■ Domestic ■ International

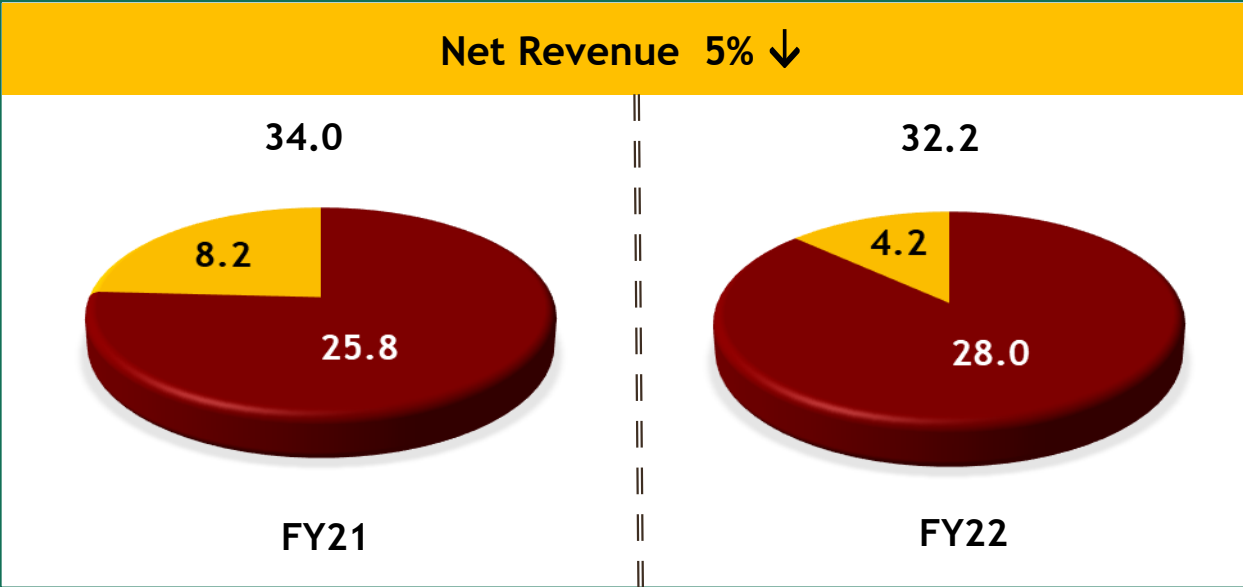
- Deferral of awards impacted order inflows during the quarter
- Late receipt of orders in current year impacts revenue in Q4
- Q4 PY margin had benefit of price variation & early completion bonus

# Defence Engineering Segment

(Amount in Rs. bn)



29.3% EBITDA Margin 23.3% ↓



22.2% EBITDA Margin 20.2% ↓

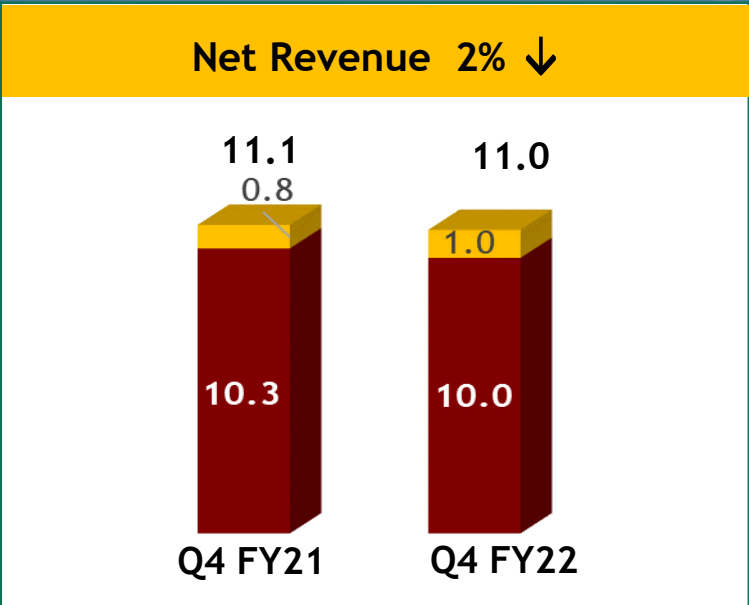
■ Domestic ■ International

- Robust order inflow growth in Q4. Positive medium-term outlook
- Revenue reflective of stage of execution; Q4 PY had benefit of ramp up in large jobs nearing completion
- Cost savings on completed jobs in Q4 PY led to margin buoyancy

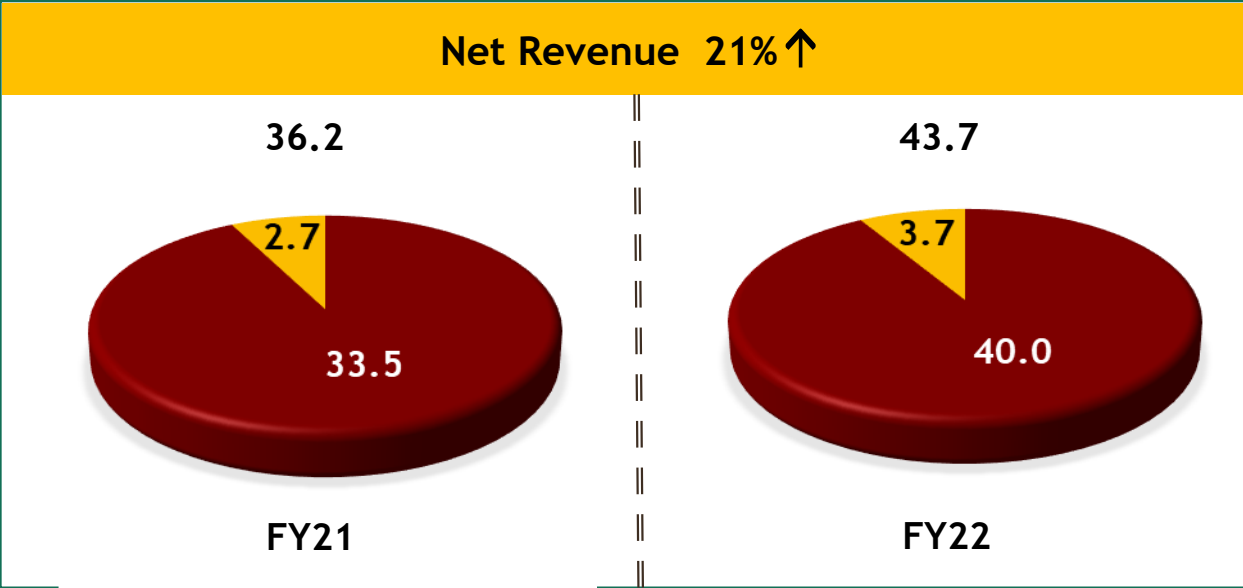
*The business does not manufacture any explosives nor ammunition of any kind, including cluster munitions or anti-personnel landmines or nuclear weapons or components for such munitions. The business also does not customise any delivery systems for such munitions*

# Developmental Projects Segment

(Amount in Rs. bn)



**8.5% EBITDA Margin 2.4% ↓**



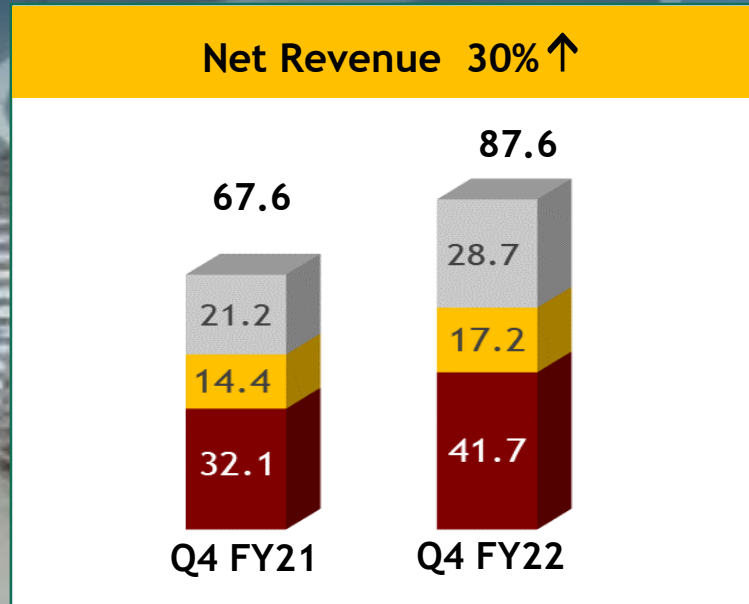
**5.4% EBITDA Margin 2.3% ↓**

■ Power Development    ■ Hyd Metro

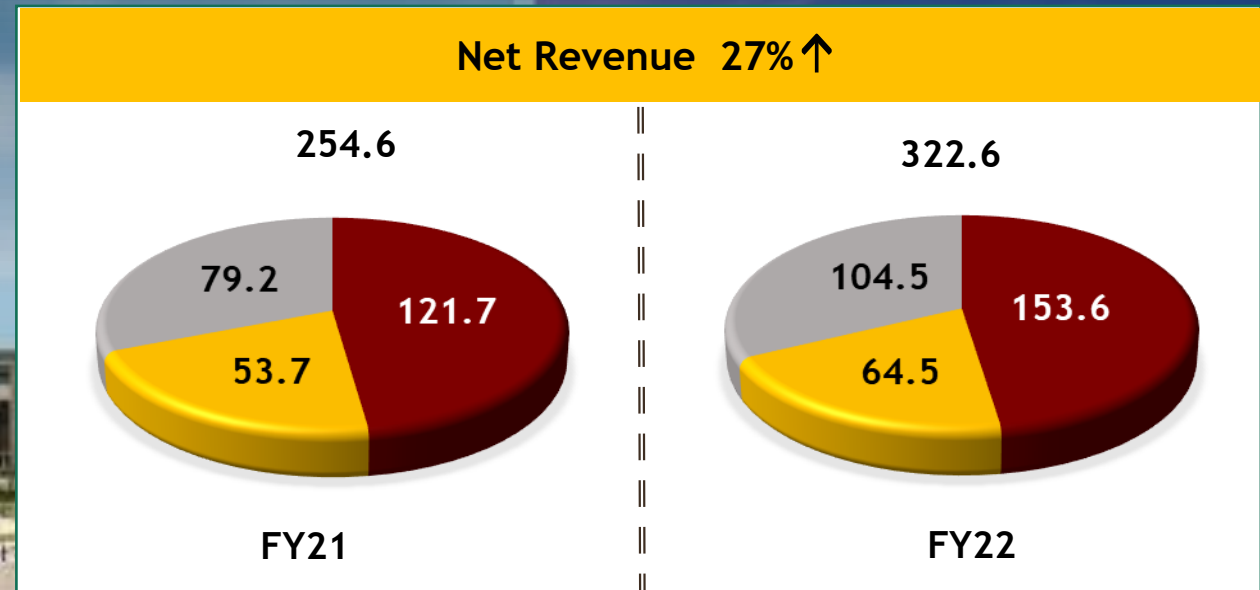
- Segment includes Power Development business (Thermal - Nabha Power & Hydel up to the date of its divestment i.e. 30<sup>th</sup> August 2021) and Hyderabad Metro
- Nabha PLF was impacted due to planned maintenance during Q4; and subsiding Covid 3<sup>rd</sup> wave leads to improved metro ridership
- Segment margin contributed by Metro operations; Q4 PY had impact of an exceptional item in Nabha margin
- Roads & TL concessions (part of L&T IDPL) are consolidated at PAT level under the Equity method

# IT & Technology Segment

(Amount in Rs. bn)



24.5% EBITDA Margin 24.1% ↓



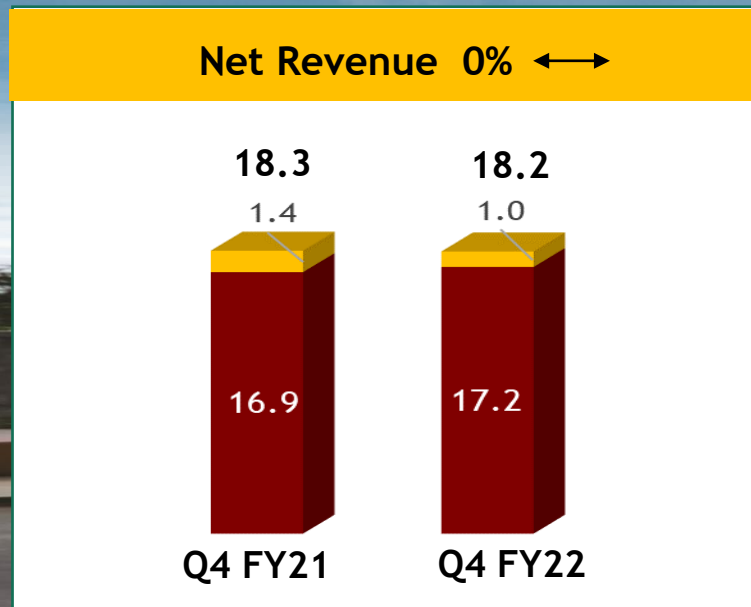
23.5% EBITDA Margin 23.6% ↑



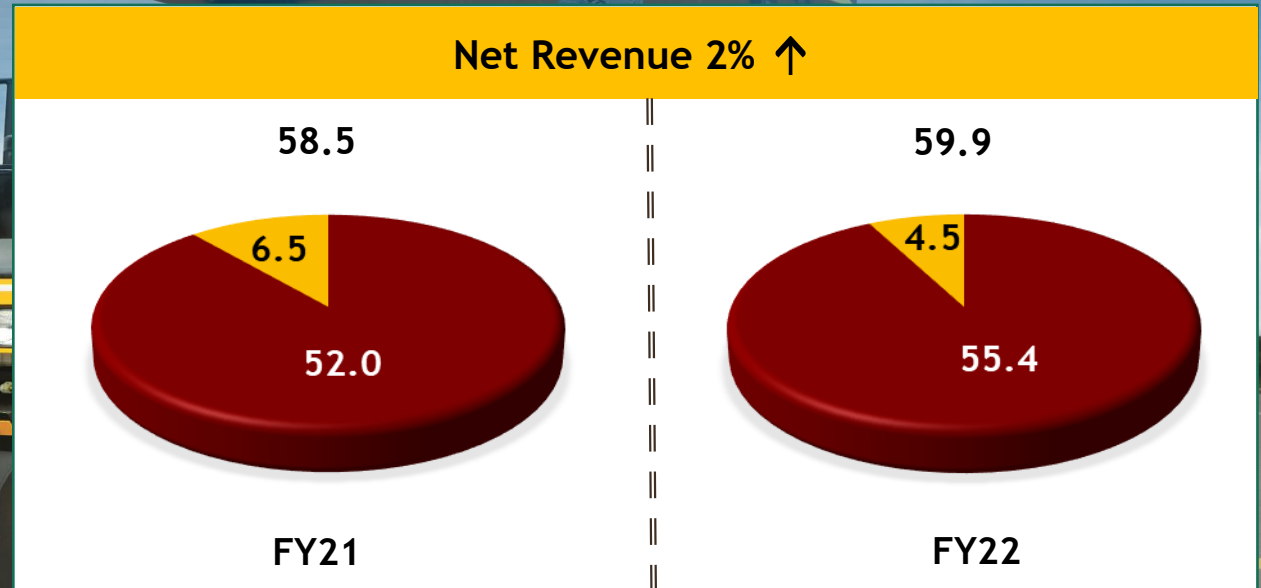
- LTI revenue growth led by BFSI and Hi-Tech, Media & Entertainment
- LTTS revenue growth led by Transportation and Industrial Products
- Mindtree revenue growth led by Travel, Transportation & Hospitality and Retail, CPG & Manufacturing
- Margin is a function of utilization, wage cost, onshore: offshore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

# Others Segment

(Amount in Rs. bn)



14.1% EBITDA Margin 19.3% ↑



21.0% EBITDA Margin 17.4% ↓

■ Domestic ■ International

- Segment comprises Realty, Industrial Machinery & Products and Digital businesses
- Strong Q4 revenue growth in Realty and Industrial Machinery
- Broad based improvement in margin across businesses in Q4 CY

# Financial Services Segment

Q4 FY21	Q4 FY22	% Var	Rs. Bn	FY21	FY22	% Var
33.8	29.6	-12%	Income from Operations	134.0	119.7	-11%
2.7	3.4	28%	Reported PAT	9.7	10.7	10%
1.8	2.2	21%	PAT (Net of NCI) accruing to the group	6.3	6.8	8%
			Book	940.1	883.4	-6%
			Gross Stage 3 Assets	4.97%	3.80%	
			Net Stage 3 Assets	1.57%	2.00%	
			Net worth	187.7	199.5	6%

- Strategic deliverables revolve around “Higher Retaili-sation”, strong asset quality and improvement in ROA
- Strong disbursements in Q4 in focus areas
- Share of Retail Book at 51%
- Sufficient growth capital available



# Environment & Outlook

Covered as part of the Strat Plan

# Annexures



# Balance Sheet

Rs Billion	Mar-21	Mar-22	Incr / (Decr)
Equity & Reserves	759	824	65
Non Controlling Interest	121	130	9
Borrowings - Financial Services	865	841	-23
Development Projects	206	181	-25
Others	255	213	-43
<b>Sources of Funds</b>	<b>2205</b>	<b>2188</b>	<b>-17</b>
Fixed Assets (incl ROU assets)	138	137	-1
Intangible Assets & Investment Property	310	302	-8
Loans towards Financing Activities	861	814	-47
Finance lease receivable	70	65	-4
Net Non-Current Assets	150	175	25
Current Investments, Cash & Cash Equivalents	473	487	15
Net Current Assets	203	199	-4
Assets held for Sale (net)	0.03	8	7
<b>Application of Funds</b>	<b>2205</b>	<b>2188</b>	<b>-17</b>
Gross Debt / Equity Ratio	1.51	1.29	
Net Debt / Equity Ratio	1.00	0.82	



# Cash Flow

Q4 FY21	Q3 FY22	Q4 FY22	Rs Bn	FY21	FY22
67.3	46.9	67.2	Operating Profit	163.4	189.6
46.1	(26.9)	52.4	Changes in Working Capital [(Inc)/Dec]	52.5	6.2
(12.4)	(11.6)	(13.2)	Direct Taxes (Paid) / Refund [Net]	(34.7)	(45.5)
<b>101.0</b>	<b>8.4</b>	<b>106.4</b>	<b>Net Cash from / (used in) Operations (A)</b>	<b>181.3</b>	<b>150.3</b>
1.5	(8.7)	(12.4)	Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(9.2)	(30.4)
(23.6)	(3.3)	(5.5)	Net (Purchase) / Sale of Long Term investments	100.9	(3.2)
33.4	11.5	(10.6)	Net (Purchase) / Sale of Current investments	(159.3)	(12.9)
(0.4)	(0.3)	-	Loans/Deposits made with JV/Associate Cos.	(1.5)	(1.5)
6.3	2.7	3.4	Interest & Dividend Received	14.8	11.3
<b>17.2</b>	<b>1.9</b>	<b>(25.2)</b>	<b>Net Cash from /(used in) Invest. Act. (B)</b>	<b>(54.3)</b>	<b>(36.7)</b>
11.1	(1.5)	(5.6)	Issue of Share Capital / NCI	8.1	(10.1)
(125.1)	(25.6)	18.9	Net Borrowings [Inc/(Dec)]	(90.5)	(86.8)
49.1	9.3	(47.0)	Loans towards financing activities (Net)	47.2	41.4
(6.1)	(6.3)	(3.9)	Interest & Dividend paid	(70.4)	(55.0)
<b>(71.0)</b>	<b>(24.0)</b>	<b>(37.7)</b>	<b>Net Cash from / (used in) Financing Activities (C)</b>	<b>(105.6)</b>	<b>(110.5)</b>
<b>47.1</b>	<b>(13.8)</b>	<b>43.5</b>	<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>21.4</b>	<b>3.1</b>



# Segment Margin – Q4 FY22

Segment (Rs Cr)	Q4 FY21			Q4FY22		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Segment	26240	3020	11.5%	29727	2735	9.2%
Hydrocarbon Segment*	5412	677	12.5%	5237	511	9.7%
Power Segment	1216	103	8.5%	1480	77	5.2%
Heavy Engineering Segment	999	293	29.3%	869	214	24.7%
Defence Engineering Segment	1136	333	29.3%	894	208	23.3%
Other Segment	1830	258	14.1%	1825	352	19.3%
<b>Total (Projects &amp; Manufacturing)</b>	<b>36834</b>	<b>4684</b>	<b>12.7%</b>	<b>40031</b>	<b>4096</b>	<b>10.2%</b>
IT, TS & Mindtree Segment	6763	1655	24.5%	8761	2108	24.1%
Financial Services Segment	3377	753	22.3%	2963	509	17.2%
Developmental Projects Segment	1114	94	8.5%	1096	26	2.4%
<b>Total (Services &amp; Concessions)</b>	<b>11254</b>	<b>2503</b>	<b>22.2%</b>	<b>12820</b>	<b>2642</b>	<b>20.6%</b>
<b>Total</b>	<b>48088</b>	<b>7187</b>	<b>14.9%</b>	<b>52851</b>	<b>6738</b>	<b>12.8%</b>

Particulars	EBITDA to PAT (Q4 FY22)					
	IT&TS	Financial Services	Dev. Projects	Projects & Manufacturing <sup>#</sup>	Corporate	Total
EBITDA	2108	509	26	4096	298	7036
Depreciation	(317)	(28)	(82)	(315)	(26)	(769)
<b>Segment Result</b>	<b>1790</b>	<b>480</b>	<b>(56)</b>	<b>3781</b>	<b>271</b>	<b>6267</b>
Finance Cost & Tax Expense	(482)	(140)	(291)	(203)	(1145)	(2260)
Non-controlling interest	(390)	(123)	-	(7)	3	(518)
Share in profit/(loss) of JV and associate			93	39		132
<b>PAT</b>	<b>918</b>	<b>217</b>	<b>(253)</b>	<b>3609</b>	<b>(870)</b>	<b>3621</b>

\*Adjusted EBITDA for Q4FY21

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



# Segment Margin –FY22

Segment (Rs Cr)	FY21			FY22		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Segment	61431	5227	8.5%	72404	5920	8.2%
Hydrocarbon Segment*	16925	1549	9.2%	19175	1671	8.7%
Power Segment	3174	147	4.6%	4418	172	3.9%
Heavy Engineering Segment	2712	536	19.7%	2724	517	19.0%
Defence Engineering Segment	3396	754	22.2%	3218	650	20.2%
Other Segment	5853	1227	21.0%	5988	1040	17.4%
<b>Total (Projects &amp; Manufacturing)</b>	<b>93491</b>	<b>9439</b>	<b>10.1%</b>	<b>107927</b>	<b>9971</b>	<b>9.2%</b>
IT, TS & Mindtree Segment	25463	5986	23.5%	32256	7613	23.6%
Financial Services Segment	13404	1372	10.2%	11971	1574	13.1%
Developmental Projects Segment	3621	194	5.4%	4368	100	2.3%
<b>Total (Services &amp; Concessions)</b>	<b>42488</b>	<b>7552</b>	<b>17.8%</b>	<b>48594</b>	<b>9287</b>	<b>19.1%</b>
<b>Total</b>	<b>135979</b>	<b>16991</b>	<b>12.5%</b>	<b>156521</b>	<b>19258</b>	<b>12.3%</b>

Particulars	EBITDA to PAT (FY22)					
	IT&TS	Financial Services	Dev. Projects	Projects & Manufacturing <sup>#</sup>	Corporate	Total
EBITDA	7613	1574	100	9971	1226	20484
Depreciation	(1203)	(104)	(330)	(1206)	(105)	(2948)
<b>Segment Result</b>	<b>6410</b>	<b>1470</b>	<b>(231)</b>	<b>8765</b>	<b>1122</b>	<b>17536</b>
Finance Cost & Tax Expense	(1744)	(426)	(1477)	(463)	(3233)	(7342)
Non-controlling interest	(1389)	(367)	-	(2)	8	(1750)
Share in profit/(loss) of JV and associate			21	107		128
Exceptional Items (net of tax)					97	97
<b>PAT</b>	<b>3277</b>	<b>678</b>	<b>(1687)</b>	<b>8408</b>	<b>(2006)</b>	<b>8669</b>

\*Adjusted EBITDA for FY21

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



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

Q4 FY21	Q4 FY22	Rs Bn	FY21	FY22
0.89	0.32	L&T Power JVs	1.95	1.51
0.81	0.93	L&T IDPL Group	-0.64	0.21
-	-	L&T Special Steels and Heavy Forgings	-0.73	-
-0.10	0.07	Others	-0.44	-0.44
<b>1.60</b>	<b>1.32</b>	<b>Total</b>	<b>0.14</b>	<b>1.28</b>



**LARSEN & TOUBRO**

**Lakshya 2026**





# Macro Context - Medium Term (3-5 years)

## Domestic

- Structural reforms to improve quality of India's growth
- Pickup in "Manufacturing" in this "MAKE" decade
- Country expected to post top quartile growth among emerging nations: likely comeback of the Indian consumer
- Capex resurgence
  - Government focus on investment revival (NIP / NMP / DFI / Public Procurement initiatives / new PPP models)
  - Return of Private Capex (Improved business confidence, demand outlook, strong Balance Sheet and PLI incentives)
- Evolution of "Digital Infrastructure"
- ESG focus – Renewables, Green Hydrogen

## International

- Enhanced GCC capex post recovery in oil prices
- Growing opportunities in Africa – enhanced bi-lateral / multi-lateral funding support
- Rearrangement of global supply chain & consequent shift in export hubs
- Establishment of "New World Order" - amidst ongoing geopolitical developments
- "Corrosion of globalization" amidst thrust towards "Localisation"
- Continued Capital flows into "High yielding" markets

## Risks

- Geo-political conflicts and volatile oil prices impacting Indian Macros (Growth / Inflation / current account / fiscal deficit)
- US interest rate hikes impacting capital flows into India
- Continued supply chain constraints and talent management
- Vision of Government policy frameworks: to set the course of nations across the globe

# Previous Strategic Plan (FY17-21)

## *Resilient Performance despite Macro headwinds*

- 1** Macro backdrop: Subdued macros in the initial three years further worsened by Covid in the final years of the Strategic Plan (FY17-21)
- 2** Business portfolio performance:
  - Projects & Manufacturing: Navigating headwinds despite lacklustre Public & Private Capex
  - Emerged as a Top Performing E&C conglomerate globally in the past five years
  - Tech portfolio: Delivers outperformance over Tier-1 & Tier 2 IT companies
  - Successful integration of Mindtree; services businesses helps balance E&C cyclicity during this period
  - Capital unlocking through phased divestments
- 3** Capability spectrum, sustained international presence and strong Balance Sheet helps ride the tide in challenging times

# Current Strategic Plan (FY22-26)

Value accretive growth of the current businesses

Exit / Reduce exposure to non-core businesses

Develop business offerings to ride the energy transition wave

Scale up Digital and E-Commerce businesses

Business sustainability through focus on ESG and shareholder value creation

# Emerging Business Portfolio

## EPC Projects

### Construction

Buildings & Factories

Heavy Civil

Water

Power T&D

Transportation Infra

Minerals & Metals

### Energy

Hydrocarbon

Power

Green EPC

## Hi-Tech Manufacturing

Heavy Engineering

Defence

Electrolyzers

Battery

## Services

### IT & TS

LTI + Mindtree

LTTS

Data Centers &  
Platforms (Sufin &  
EduTech)

### Financial Services

## Others

Realty

Smart World &  
Communications

Industrial Machinery &  
Products

## Development Projects

Hyderabad Metro

Green Energy - BOO

# FY26 Strategic Plan Objectives (1/2)

## Projects

Construction, Hydrocarbon, Power, Green EPC

- Value accretive growth
- Order Inflows: Selective bidding approach. Pursue opportunities in line with Global ESG trends (Green EPC)
- Revenues: Target early completion
- Profitability: Driven by Resources productivity / Operational Excellence / Digitization initiatives

## Hi-Tech Manufacturing

Defence, Heavy Engineering, Electrolyzers, Battery

- New Initiatives:
  - Electrolyzers &
  - Battery manufacturing (through JVs)
- Existing businesses
  - Order Inflows: Defence indigenization programmes
  - Revenues: Accrual from strong Order Book
  - Profitability: Through Design excellence/automation/value engineering/on-time delivery

## Services - IT & TS

LTI + Mindtree & LTTS

- Momentum from existing & emerging technology trends (Cloud, Digital, AI, Industry 4.0)
- Augment “Digital” talent
- Inorganic growth opportunities

### Data Centers & Platforms

- Data Centers: Physical Infrastructure + Cloud Services
- Platforms (EduTech and Sufin)- E commerce B2B

### Value creation:

- **Projects & Hi-Tech Manufacturing:** Combination of Margin improvement and lower Capital Employed
- **IT&TS:** Scaling up in a strong demand environment

# FY26 Strategic Plan Objectives (2/2)

## Financial Services

### L&T Finance Holdings

- Thrust towards “Retailisation”
- “Digital” to drive retail growth
- From “product” to “customer” focus(upselling/cross selling)
- Portfolio reorganization
- “Shrink” to “Grow”

## Concessions

### Hyderabad Metro, Nabha, IDPL, Green

- Exit Roads and Power concessions
- Hyderabad Metro: Capital restructuring, improved operations & TOD monetization. Phased exit over time
- Green BOO opportunities

## Others

### Realty, Smart World & Communications, Industrial Machinery & Products

- Realty: Growth in Residential & Commercial through multiple formats
- SWC: From EPC to Smart Solutions
- Grow CE&O and Valves till exit

# Group Financial Targets

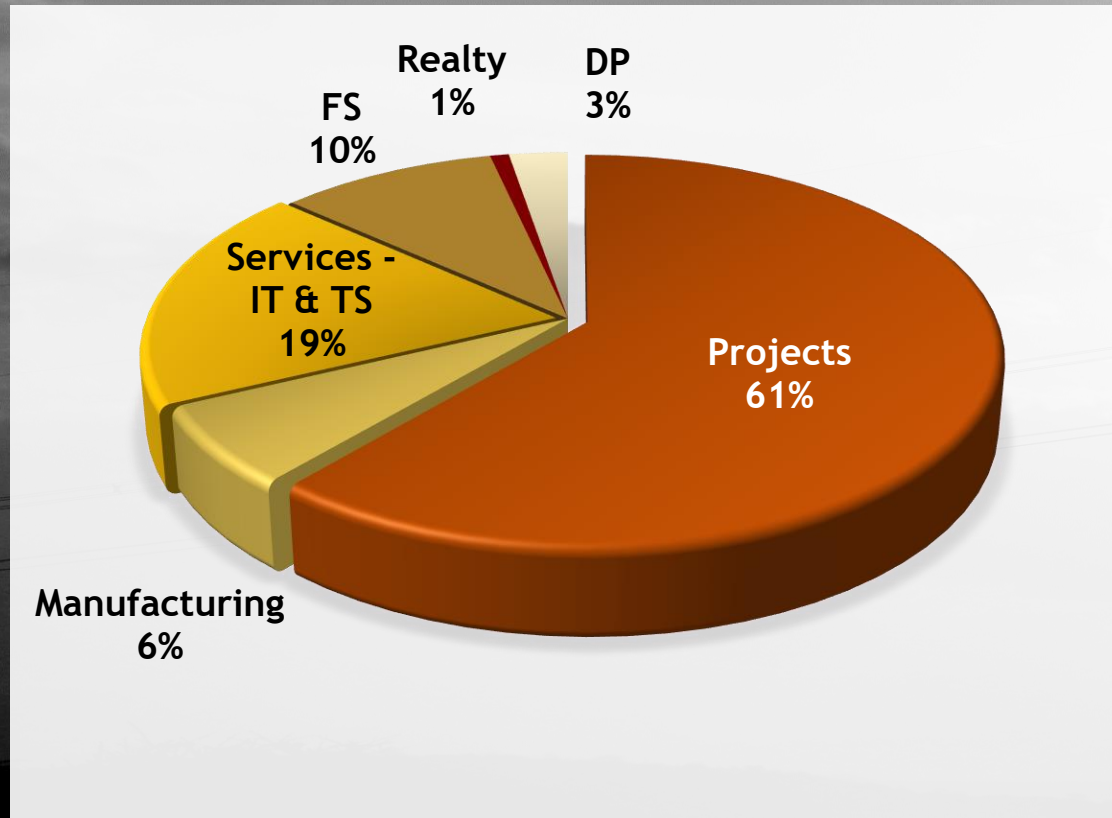
Rs Trillion, %	FY21	FY22	FY26	CAGR (FY21 - FY26)
Order Inflows	1.7	1.9	3.4	14%
Revenue	1.4	1.6	2.7	15%
ROE	10%*	11%	18%+	

\*(excl. exceptionals)

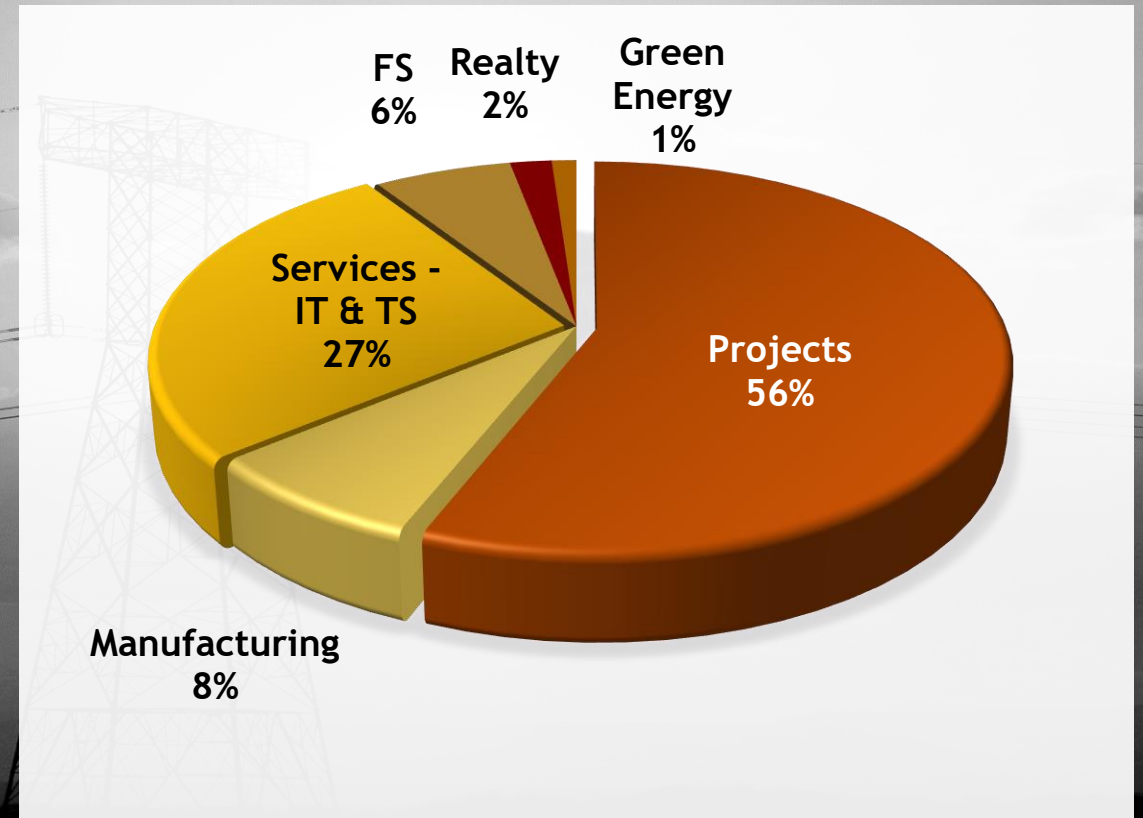
*Focus on sustainable growth and shareholder value creation*

# Revenue Composition

FY21 Rs 1360 Bn



FY26 Rs 2740 Bn



Green Energy BOO, Electrolyzers and Battery through JVs



# Cash Generation and Capital Allocation

## Cash Generation

- Operations – Improved profitability and lower capital employed
- Divestments – Concessions and sub-scale businesses

## Capex

- Existing businesses: Projects, Manufacturing & Realty

## Acquisitions

- IT&TS – White spaces

## Investments

- Digital Platforms & Data centers
- Green Energy Portfolio: Through JVs

## Debt Repayments

- Over the plan period

## Cash Return to Shareholders

Combination of Dividend & Buyback (Post adequate cash buffers on Balance Sheet)

# Sustainability Targets

# Environment



## Climate Change

CURRENT			GOING FORWARD	
Total Emissions	Mn tCO2e	<b>0.8</b>	<b>Net Zero</b>	<b>2040</b>
Emission Intensity	tCO2e/Rev Rs bn	<b>790-815</b>	Emission Intensity Reduction	<b>40 % by 2026</b>
Renewable energy	%	<b>11</b>	Renewable (% of consumption)	<b>50 % by 2026</b>
Trees Planted	Mn nos. cumulative	<b>4.4</b>	Efficiency improvement	<b>2 % - 2.5 %/ Yr</b>
			Trees Planted	<b>1.5 to 2 Mn/Yr</b>
			Scope-3 assessment	<b>Being mapped</b>



## Water Security

Total Consumption	Mn KL	<b>9.6</b>	<b>Net Zero</b>	<b>2035</b>
Intensity	Mn KL/Rev Rs bn	<b>10.6-11.4</b>	Efficiency Improvement	<b>6-9%/ Yr</b>
Water recycling	%	<b>7.2</b>	Water recycling	<b>7.5-9% by FY26</b>



## Green Business

Water infra, solar, FGDs, green buildings: **30%**

Including Green Hydrogen, Energy storage: **40% by FY26**

# Social



## Safety

	FY20	FY21
Fatality	41	25
Severity rate	204.3	143.6
Safety training hrs (Mn)	5.1	3.2

### Major initiatives

**ZERO HARM TARGET**

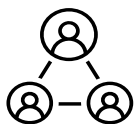
- EHS Council
- Knowledge sharing platforms for lessons learnt
- Cross-business audits from FY23
- Senior Management Audits
- Surveillance Ratings
- AR/ VR awareness programmes
- Vision analytics/ AI – hazard detection

\*Severity Rate: Number of man-days lost per million man-hours worked



## Human Resources

	Current	FY26	Initiatives
Gender Diversity %	6%	10%	<b>RENEW</b> – second career phase, increase intake % at entry level, developing women leaders in Tier-1,2. <b>WINSPIRE</b>
Vocational skilling program on construction trades through CSTIs (Mn man hours)	0.9	1.3	<b>NEW:</b> ESG training programmes initiated, e.g., Human Rights, BRSR etc.



## Community Welfare

### Corporate Social Responsibility (CSR)

#### Thrust areas:

- Water & sanitation
- Education
- Health
- Skills building

- Number of lives impacted: **1.2 million (Target 1.5 million by FY26)**
- Collaboration with **9 CSTIs and 27 ITIs**, over 35000 youths trained
- Project Neev for providing designed training programmes to differently abled
- Vocational training for women
- **ICDP: 12,545** households across **13,223** hectares, since FY19

# Governance

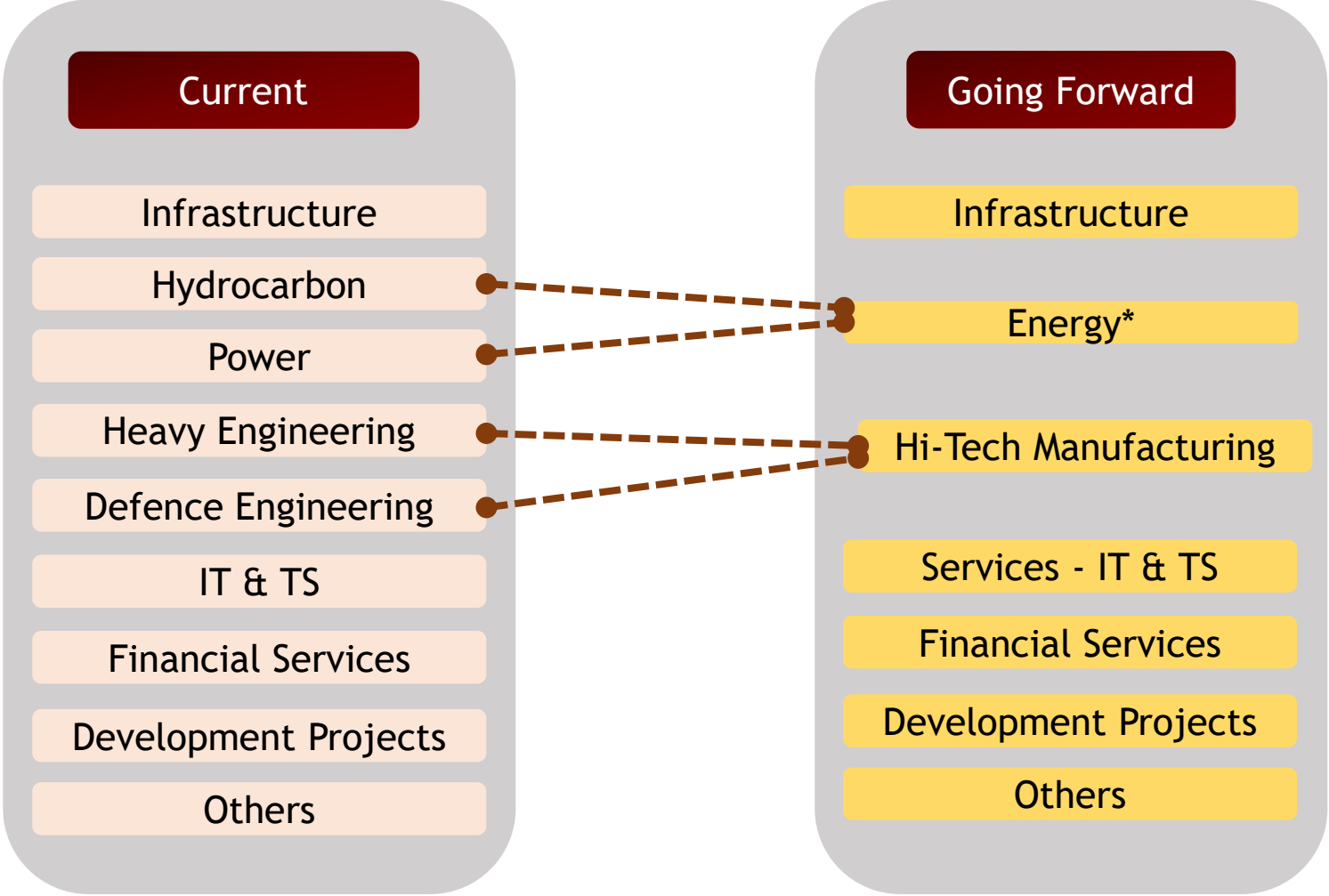
ASPECTS	CURRENT	GOING FORWARD
Board	<ul style="list-style-type: none"> <li>▪ Independent directors: <b>44%</b> (Requirement - 33%)</li> <li>▪ Gender diversity: 5.6%</li> </ul>	Goals for EDs and Business Heads on Environment and Safety parameters
Corporate Policies	<ul style="list-style-type: none"> <li>▪ <b>Supplier Code of Conduct</b></li> <li>▪ <b>Other policies:</b> Sustainability, EHS, GSCM, HR, CSR, Protection of Women’s Rights at Workplace, Whistle Blower, Risk Management, Related Party Transaction, Quality, Determination of Materiality of Event or Information, Determination of material subsidiary, Prevention of Insider Trading, Internal Controls Policy</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Equal Opportunities Policy</b></li> <li>▪ <b>Public Advocacy Policy</b></li> <li>▪ <b>Anti-bribery and Anti-corruption (ABAC) Policy</b></li> </ul>
Review Mechanisms	<ul style="list-style-type: none"> <li>▪ Board committees: <b>CSR &amp; ESG , Risk Management, Audit, Nomination &amp; Remuneration, Stakeholders</b></li> <li>▪ <b>ECOM/ IC level Reviews</b></li> <li>▪ <b>Green Campus Steercom</b></li> <li>▪ <b>EHS Committee</b></li> <li>▪ <b>Various Councils: IT, Project Management, HR, Materials &amp; Logistics</b></li> </ul>	

# Governance

ASPECTS	CURRENT	GOING FORWARD
Disclosures	<ul style="list-style-type: none"> <li>▪ BRR &amp; BRSR</li> <li>▪ Carbon Disclosure Project (CDP)</li> <li>▪ Dow Jones Sustainability Index (DJSI)</li> </ul>	<ul style="list-style-type: none"> <li>▪ IFRS Standard for ESG Reporting</li> </ul>
Frameworks	<ul style="list-style-type: none"> <li>▪ AA1000 standards for reporting</li> <li>▪ Global reporting Initiative (GRI) standards</li> <li>▪ International <b>Integrated Reporting</b> Council (IIRC) guidelines</li> <li>▪ Sustainable Development Goals (SDGs)</li> <li>▪ United Nations Global Compact (UNGC)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Taskforce on Climate-Related Financial Disclosures (TCFD)</li> </ul>

# Thank You

# Segment Reclassification Going Forward



\*includes Green EPC





*Thank You*

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