

OTHERS

'Others' business comprises:

- a. Realty Business
- b. L&T Valves Limited
- c. Construction Equipment & others

REALTY BUSINESS

Overview:

L&T Realty is positioned amongst the top real estate developers in India, with a total portfolio of over 70 Mn sq. ft. across segments like residential, commercial and retail in key metro cities, viz. Mumbai, Bengaluru and Chennai. L&T Realty is focused on delivering higher value to its customers through efficient designs, cutting-edge technologies and superior project management skills. The business model involves development of large land banks in metro cities, partnership with co-developers and sale/lease of commercial spaces.

Residential Segment

1. Emerald Isle (Mumbai)

This flagship residential project, the finest gated community at a premium location, is part of a prime



Rejuve 360 - Mulund, Mumbai

real estate development in Powai, spanning over 90 acres. Phase I has been completed and is now occupied by over 780 residents. Development of further phases of the project is in full swing.

2. Crescent Bay (Mumbai)

Situated at the most desirable location – Parel, with the Arabian Sea as the backdrop – Crescent Bay is a residential complex with the perfect setting for an extraordinary life. Crescent Bay raises urban living to top-notch quality, with a sky deck and associated amenities on level 21. It is currently occupied by 1000+ residents and the last tower is being built.

3. Raintree Boulevard (Bengaluru)

Conceptualized on the live-work-play idea, Raintree Boulevard is a 65-acre mixed-use project located in the premium, high-growth micro-market of Bengaluru. The project offers premium flats with elegant and majestic layouts, along with the leisure of fine-living and best-in-class amenities. The project also includes fully furnished studio units, which were launched in March 2020.



Seawoods Residences, Navi Mumbai

4. Seawoods Residences (Navi Mumbai)

Part of India's first Transit-Oriented Development, Seawoods Residences is part of a large development spread across over 40 acres. The project offers unmatched connectivity and is surrounded by breathtaking views. Launched in June 2019, the project received an excellent response and was sold out within a month.

5. Rejuve 360 (Mumbai)

This residential complex is designed around wellness, and is focused on the rejuvenation of mind, body and soul. Conveniently located in the bustling neighbourhood of Mulund West, Mumbai, it is planned to stand 57 storeys tall. Phase I was launched recently and gained traction quickly.

Commercial Segment

1. L&T Business Towers (Mumbai)

L&T Business Towers offers commercial office space that taps into the excesses of nature, gives an uninterrupted view of Powai lake, and has cutting-edge technological features. It is a part of a mixed-use development, designed on the live-work-play concept.

2. Seawoods Grand Central (Navi Mumbai)

India's first Transit-Oriented Development (TOD) is spread across 40 acres and offers 2.6 Mn sq. ft of Grade A development with a unique combination of commercial and retail business spaces coupled with the captive local train station. It offers spacious, well-planned and completely customizable office spaces.

3. L&T Business Park (Mumbai)

Designed to provide superior workspaces, L&T Business Park is one of the most coveted corporate addresses in Powai, Mumbai. It offers about 1 Mn. sq. ft. of high-quality, Grade A office spaces, which are occupied by marquee MNC clients.

4. Technology Park, Bengaluru

Located in the premium and rapidly growing micro market, the project has the potential for development of commercial office spaces of 3.3 Mn. Sq. ft., which is being taken up in phases. With unmatched connectivity and well-designed spaces, it is set to become the most favoured address for many technology companies.

Business Environment

Over the last few years, though reforms and changes like demonetization, RERA, GST, IBC, and the ban on



Emerald Isle Phase II, Powai, Mumbai

Artist's Impression

subvention schemes have caused disruption; these measures also have helped the sector by bringing about much-needed transparency, accountability and fiscal discipline. The resultant stress on over-stretched balance sheets has witnessed a higher rate of collaborations. The ensuing consolidation has further strengthened the position of L&T Realty in the market.

In FY 2019-20, the residential segment witnessed an increase of 21% in new launches in key metro cities, with affordable housing contributing significantly to this supply. Residential sales also gained momentum, recording a y-o-y rise of 5%. Nearly 52 Mn. sq. ft. of Grade A office space was completed, of which 46 Mn. sq. ft. was absorbed in the top 7 cities in the year 2019. The office space market grew at a robust 40% y-o-y with net absorption across the top seven cities – creating a new record. This growth in demand was led mainly by the expansion of IT/ITeS (42% of overall leasing) and co-working operators (14% of overall leasing) in cities with robust fundamentals and planned infrastructure improvements. However, retail sector leasing was hit as consumer spending went down, resulting in 35% reduction in retail leasing activity in the top 7 cities.

The maiden Real Estate Investment Trust (REIT), which aimed to attract private investments and relieve the burden on formal banking institutions, was listed in 2019. This has set the stage for other real estate developers to consider

the REIT as a vehicle to raise funds. The Government of India (GoI), on its part, has introduced various fiscal measures and policy reforms like the special window for funding of stalled affordable and middle-income projects, the Insolvency & Bankruptcy Code (Amendment) Bill 2019, digitization of land records and reduction in corporate tax rates. Indian real estate attracted USD 6.2 Bn of private equity investments in the year.

The last quarter of FY 2019-20 threw up a unique challenge in the form of the COVID-19 pandemic, first threatening the health and safety of individuals and then in the form of uncertainties in business continuity. While the situation continues to remain fluid, the long-term impact of this can perhaps only be assessed in the time to come.

Major Achievements

- Successful launch of two new premium residential projects in Mumbai. Project Seawoods Residences was sold out within a month of the launch and project Rejuve 360, Mulund, gained robust traction in the toughest micro market of Mumbai
- Phase I of project Raintree Boulevard was completed on time and hand-over started
- Blackstone Group made investments in Seawoods Grand Central project



L&T Seawoods Grand Central, Navi Mumbai

Artist's Impression

Awards and Recognition

L&T Realty has been conferred many national and international awards for the brand as well as individual projects during the year. A few of them are listed below:

- Business Excellence in Real Estate – CNN News 18 Real Estate Award
- Best Corporate Social Responsibility Practices and Institution Building – World HRD Congress
- Most Customer Centric Company & Best Use of Voice of Customer – Customer FEST Leadership Award
- Smart Real Estate Project of the Year, Luxury Project of the Year, Best Residential Luxury Project of the Year – ET Now – Real Estate Awards 2020
- Iconic Excellence in Residential Development - 4th Times Realty Icons 2019 Awards
- Commercial Project of the year (L&T Business Towers) - Abu Dhabi Real Estate Leadership Awards
- Received Sword of Honour from British Safety Council, UK

Significant Initiatives

Digitalisation

L&T Realty is working on multiple digital initiatives covering all aspects of the business. A state-of-the-art smart office complex is being built in Powai aiming at the manifold

improvement of employee safety, health and efficiency. The I-BEMS IOT solution, an employee mobile app and – to improve quality further – a mobile-based inspection app called 'SQAD' have been implemented. The BIM solution has been adopted for an advanced design process, and soon 4D BIM initiatives will be started to track progress visually. To provide a better customer experience at each touchpoint, the Salesforce ecosystem for digital marketing, sales and CRM has been implemented, complemented by deploying augmented reality solutions and digital flipbooks.

Innovation

Besides excellence in design and development, L&T Realty strives for innovation in every project. Emerald Isle (Phase 2) features the first residential building in Mumbai constructed with pre-finished bathroom PoDs (Prefabricated on Demand), leading to reduction in finishing time and delivery of an enhanced quality product.

Human Resources

L&T Realty makes every effort to generate a never-ending desire to collaborate, learn and build a talent pool to stay relevant to customers' needs at all times. The business is focused on creating a young vibrant organization; currently the average age in the organization is 37 years. With emphasis on gender diversity, L&T Realty has one of the highest number of women employees in the Indian real estate sector.



L&T Tech Park, Hebbal, Bengaluru

Artist's Impression

Focusing on the employees' physical and mental well-being, a one-of-its-kind programme 'Couch to 5K / 10K' was initiated this year, in which employees were professionally trained and motivated towards their own well-being through specially organized city marathons. The business has been providing avenues for capability building and continuous learning and this year clocked 1,920 man-days of dedicated personnel training.

Risks and Concerns

As the after-effects of COVID-19 evolve, the real estate sector is expected to be considerably impacted. Markets have shown a negative sentiment towards real estate sector. Further, the lockdown and stalling of construction activity will lead to delayed construction schedules, which will be further impacted by the unavailability of labour. On the demand side, the lockdown has affected customer walk-ins; and buying decisions have been deferred due to the uncertainty regarding the return of normalcy. For the next few quarters, office space demand is also expected to remain subdued as the expansion plans and capital expenditures of major corporates has been put on hold.

Outlook

Before COVID-19, the Indian real estate sector was slowly coming out of the difficult phase. The residential segment was in distress and the commercial segment was doing well. Post the advent of the pandemic, the distress spread

across the industry chain. The commercial segment has been largely dependent on US companies for a large part of the annual offtake. As the impact of COVID-19 is maximum in the US, companies may defer their expansion or office consolidation plans. The segment is expected to contract 20 – 30% in the short term before it starts to gain traction again.

Near-term troubles are certain for the sector. However, with Government support, the medium-to-long-term outlook is positive. Other asset classes becoming riskier in the current situation, smart investors, especially HNIs, are expected to take advantage of the investment opportunities. Big real estate funds are facing their own challenges; however, many believe in the long-term story of the country and are expected to continue with their investments to capture attractive valuations.

The softening of interest rates would encourage buyers who are re-looking at investment options, as hard assets will be more lucrative than stock markets. NRIs may want to own a house back in India, considering the uncertain economic environment in their host countries.

Developers will focus on conserving cash and optimizing resources. New launches will be paused for next few quarters and, as a measure to pool in liquidity, the focus would be on selling the inventory in hand. The marketing approach to reach customers is already undergoing a change, with enhanced digital outreach to sell directly.



100 inch Triple-offset Butterfly Valve

In the changed business scenario, the industry is looking at a big wave of consolidation. L&T Realty is set to take advantage of the situation and is confident of its growth and expansion, given its strong business framework and the brand connect with its customers.

■ L&T VALVES LIMITED

Overview:

L&T Valves (LTVL) is a leading manufacturer of industrial valves with a global manufacturing presence. The business leverages six decades of manufacturing excellence to serve key sectors of the economy – such as oil and gas, defence, nuclear & aerospace, power, petrochemicals, chemicals, water and pharmaceuticals – in India and overseas. L&T Valves manufactures a wide range of products, such as Gate, Globe, Check, Ball, Butterfly, Plug and Control valves, as well as automation solutions. The business also runs a global after-market business to support its installed base with service and spares needs.

The business has three state-of-the-art facilities in Tamil Nadu and Gujarat in India, and has established two new facilities in the USA and Saudi Arabia respectively. LTVL's products enhance safety, reliability and performance in industries across the world.

Business Environment

Market indicators such as prices of crude oil and natural gas, environmental norms for fugitive emissions as well as economic parameters of GDP growth, pace of urbanization and capital investment in projects remain the key drivers of demand for LTVL. The business environment in most of these parameters remained stable through the first three quarters in FY 2019-20. The investment climate across sectors was lukewarm with an increased thrust on cost reduction and faster implementation. LTVL has maintained its portfolio spread in terms of domestic v/s international business. In FY 2019-20, approximately 40% of its order inflows were secured from overseas markets.

With structural challenges ailing the power sector, there were no significant capacity additions in the thermal power space. However, the new fugitive emission norms introduced by the GoI opened up some opportunities in the form of Flue Gas Desulfurization (FGD) projects.

Major Achievements

Major Orders Received

The business focussed on diligent build-up of its order book during FY 2019-20 with a focus on improvement in margins and on-time delivery performance. Some of the order highlights include:

- Critical valves for naval applications from the MoD



Double Block & Bleed Plug Valve



Forged Steel High Pressure Gate & Globe Valves

- LNG Canada project from JGC and Fluor JV
- Duqm Refinery project from UTE-TR
- Supply of Remotely Operated Shut-off valves to IOCL
- BAPCO Modernization Programme for Technip, TR and Samsung JV

Moreover, LTVL progressed well on its journey to improve the product mix by increasing the share of pre-configured and after-market orders by 10% during the year.

Major product achievements:

Manufacture and supply of complex engineering products viz:

- 76" Class 150 Triple Offset Butterfly Valve
- 6" Class 150 Titanium Trunnion Mounted Ball Valve
- Top Entry Cryo Triple Offset Butterfly Valve (16" & 20")

Awards

- Green Channel status awarded by DGQA, Ministry of Defence, Gov. L&T Valves Limited is the first private enterprise to secure this status
- EEPC award for export performance

- Health & Safety award from National Safety Council, Tamil Nadu chapter

Significant Initiatives

LTVL continued its emphasis on strategic initiatives in three key areas of business viz.: Front-end Sales; Operations and Supply chain. Some of the key initiatives under each of these areas is listed below:

Front-end Sales

- Improvement in customer experience and engagement through the customer connect programme
- Branding agreement with leading valve manufacturers
- Securing key customer approvals
- Frame agreements with key EPC companies and distribution tie-ups in US and Europe

Operations

- Operational excellence initiatives for faster conversion cycles
- Sales and operations planning, to accelerate shipments
- Operationalising manufacturing facilities in USA and KSA including quality and ISO certifications
- Expanding contract manufacturing capacity
- Use of Augmented Reality tools to give real-time plant tours and conduct product inspections



R&D Facility – Flow Co-efficient Test



Jamnagar Plant

Supply chain

- Capacity enhancement for raw material inputs to provide supply chain sustainability
- Geographical diversification of supply chain with focus on cost and quality
- Consolidation of its input sources in India

Cost reduction

- Fixed and variable cost reduction initiatives across the business spectrum
- Design optimization
- Cost reduction strategies in sourcing and logistics

The business's focus to pursue opportunities in the global distribution space gained momentum during the year mainly in the Americas and Europe. It also entered into branding agreements with some global majors during the year.

Digitalisation

Digitalisation initiatives at LTVL largely were focussed on process automation through ERP and material management during the year. Key initiatives included:

- Bar coding of key input components such as castings and forgings
- Automated full kit availability and management module

- Management of pattern allocation to foundries
- Automated supplier evaluation and allocation
- AR-based real-time plant tour and product inspections
- Fully automated product costing system

Environment, Health and Safety

Environment, Health and Safety are at the core of LTVL's operations and the business remains committed to achieving EHS excellence in its workplaces. Various initiatives in the area of health, safety and environment helped the business achieve a 'zero man-days lost' record during the year.

- Emissions maintained well below statutory requirement
- Maintaining water consumption at the same level despite increase in production by 40%
- Single use, throw-away plastic items restricted across manufacturing locations
- Daylight harvesting through solar dome installation on building tops
- Tree-plantation drive undertaken at Coimbatore campus
- Reduction in diesel consumption through reduced DG set operation
- Common air-line testing to reduce energy consumption by 1.2L units using VFD compressor
- Increase in usage of LED light panels and LED flood lamps



Digital Solutions for valves

Human Resources

The business has built a committed and experienced team of professionals over the decades. Special emphasis is laid on training and development of the workforce. In addition to competency building programmes, focus is also laid on soft skills and leadership development. Various engagement initiatives are undertaken to motivate employees and maintain a harmonious workplace.

During the year, the business launched a focussed initiative, committed to drive change management and talent development under the flagship programme DISHA. At the heart of this programme is the improvement of the effectiveness of LTVL's workforce in the marketplace. Developmental initiatives, including training, mentoring and coaching programmes, were organized for upskilling high-potential employees. Cross-functional collaboration workshops were identified as another key focus area and a programme series was launched during the year to achieve the team goals.

Risks and Concerns

The industrial valves market is a highly fragmented space. With an increased focus by customers on faster deliveries and lower costs, the market environment is highly competitive. However, given the geographical spread of the demand base, the business has a high market share gain

potential through its geographical, channel and product expansion strategies.

The post-COVID-19 market scenario remains fraught with uncertainty. Further, the business has major linkage to the fortunes of the oil & gas segment, which is currently facing major turmoil. Some of the major risks identified are weakening demand, supply chain disruption, liquidity crunch, delays in project awards, availability of labour workforce and working capital management.

LTVL has a robust risk management framework in place and has taken several initiatives to mitigate the risks, viz.

- Market share gain strategies through geographical, product and channel expansions
- Building alternative revenue streams through brand labelling
- Consolidating Aftermarket business presence
- Refining its product mix with focus on standard products
- Global manufacturing presence
- Global supply chain
- Enhanced Contract Manufacturing capacity
- Improving cost competitiveness through cost reduction measures
- Operational excellence initiatives to improve delivery performance



L&T 9020sx Wheel Loader



Komatsu PC210-10M0 Hydraulic Excavator

Outlook

The business is closely monitoring key demand indicators such as crude oil prices, capacity additions, liquidity, project capex spending and GDP trends in the relevant geographies. It does expect a slowdown in the market in the coming year if the lockdown across the world continues for a longer than expected duration thereby affecting its demand indicators and prospects. The dip in oil prices normally affects the valve industries by one-year time lag. Capital spending is expected to stay tepid for a few quarters in the new financial year. Liquidity may also pose a challenge due to the COVID-19 pandemic for the first two quarters of next year.

The initiatives on geographical expansion of markets and operations, product mix, focus on aftermarket business, brand labelling, etc., provide immense opportunities and will act as mitigation measures. The business is taking adequate steps to maintain liquidity and preserve cash.

Once the situation normalises, the entity is geared to expand its market share gain strategies and to develop an alternative supply chain to enhance its cost and delivery efficiency. With a strong order book, it continues to position itself as a brand that maintains high customer focus and high standards of quality and design. It also expects the COVID-19 pandemic to provide opportunities for its maintenance, repair and operations segment. With the oil prices expected to redeem in Q4 of FY 21, and the fragmented nature of the global valve market together

with the strategies deployed by LTVL, the outlook remains positive.

■ CONSTRUCTION EQUIPMENT & OTHERS

Overview:

The Construction Equipment & Others (CE&O) business manufactures, distributes and provides after-sales support for construction and mining equipment for diverse industries and applications. The business also manufactures and markets Tyre Curing Presses and Tyre Building Machines and provides solutions for the tyre manufacturing industry globally.

The CE&O business consists of two broad business segments, namely, Construction & Mining Machinery (CMM) and Rubber Processing Machinery (RPM). CMM further comprises Construction & Mining Machinery business unit (CMB) and L&T Construction Equipment Limited (LTCEL), a wholly owned subsidiary of L&T. Under a scheme of arrangement the business under LTCEL has been transferred on going concern basis to a new entity L&T Construction Machinery Limited (LTCML) on receipt of approval from NCLT. In April 2019, L&T fully exited its investment in L&T Kobelco Machinery



L&T 990HF Tandem Compactor



L&T Surface Miner - KM404

Private Limited (LTKMPL) with Kobe buying the 51% stake held by L&T, while L&T continued to represent LTKMPL for marketing its products.

The CMB division focuses on distribution and after-sales service for hydraulic excavators and dump trucks manufactured by Komatsu India Private Limited (KIPL) and other mining and construction equipment manufactured by Komatsu worldwide. It also handles the distribution and providing of after-sales support for a range of construction equipment including wheel loaders, compactors and hydraulic excavators manufactured by LTCML and Mining Tipper Trucks manufactured by Scania India. CMB's offerings include products such as surface miners, sand plants, crushing solutions and apron feeders, manufactured by L&T at Kansbahal Works.

LTCML, located in Doddaballapura near Bengaluru, manufactures vibratory compactors, wheel loaders, hydraulic excavators, asphalt paver finishers, pneumatic tyred rollers, skid steer loaders, hydraulic power packs, cylinders, pumps and other components.

LTRPM, located in Kancheepuram near Chennai, manufactures and markets rubber processing machinery, i.e. mechanical and hydraulic tyre curing presses, tyre building machines, conveyor systems and tyre automation systems for the global tyre industry, including India.

The Product Development Centre (PDC), based at Coimbatore, renders engineering and product development support for all the businesses.

Business Environment

Construction & Mining Machinery Business (CMM)

The construction and mining sectors are the key demand drivers of the CMM business.

During the year, highway construction activity decreased as compared to the previous year as the overall contract awarding activity fell. Further prolonged slowdown in real estate projects continue to weigh on the business.

The Union budget FY 2020-21 proposes to invest about ₹ 82,000 crore on road construction and ₹ 70,000 crore on Railways. With the above budget proposals, construction activity is expected to pick up pace during the coming year.

In the mining sector, coal production registered a growth of ~3.8% over the previous year. The Indian Government has approved an ordinance that opens up the coal sector by allowing commercial coal mining as well as removing end-use restrictions. The move is likely to increase the coal mining activity in the coming years. Iron ore production too registered a growth of ~6.7% over the previous year.



Scania G440 Heavy Tipper



Komatsu PC1250 Hydraulic Excavator loading Komatsu HD785 Dump Truck in opencast project

The installed capacity in the cement sector has increased from 480 MT to 499 MT in FY 2019-20, with an increase in overall production from 334 MT to 344 MT in FY 2019-20.

The above positives are likely to boost the demand for mining equipment.

However, the NBFC crisis' continuing to impact liquidity in the economy, coupled with stiff competition from domestic and Chinese mining equipment manufacturers, has impacted growth.

Rubber Processing Machinery Business (RPM)

The demand for the machinery manufactured by the LTRPM unit is dependent on tyre demand and is indirectly linked to the automobile industry.

FY 2019-20 was not a good year for automotive market globally. Currently, the automobile industry is at crossroads due to an increased preference for shared mobility. Coupled with a fall in demand is the technology shift towards greener electric cars. The protracted slowdown has taken a toll on the automotive industry, with 2-4% de-growth in automobile sales across the world.

The automobile industry witnessed one of its sharpest declines in domestic sales due to subdued demand and consumer sentiments, besides lower production in view of the transition to BS VI emission norms, affecting wholesale

despatches. Due to the severe challenges, the industry witnessed a decline in production of 14.73% compared to FY 2018-19. Despite the current situation, the Indian automobile sector still has enormous potential and is anticipating demand growth.

The global tyre market reached a volume of 3.2 billion units in 2019-20, growing at a CAGR of around 4% during 2014-2019. However, the sales growth tapered in 2019, with growth seen in select geographies only. In line with automobile sales, the OEM tyre market has come down approximately by 2-4%. The replacement tyre demand continues to be mostly flat and stable due to higher passenger vehicles on road. Along with this, the growing infrastructure activities in both the developed and developing countries, combined with agricultural activities is giving a boost to tyre sales in select segments.

The Indian tyre market has reached a consumption volume of 185 million units in 2019-20. The market is currently being driven by the increasing use of radial tyres, especially for buses and trucks. There has been the constant threat of cheaper imports from China, etc. Tyre industry investments have been slow due to uncertain demand growth. There has been a marked slowdown in industry investment starting almost from Q2' FY20. Tyre majors across the globe are concentrating on realising the money out of their earlier investments and are choosing to either cancel or defer their orders.



OTR Mechanical Tyre Curing Press



PCR Floor Mounted Hydraulic Tyre Curing Press

Significant Initiatives

Construction & Mining Machinery Business (CMM)

CMB introduced a number of business expansion activities during FY 2019-20. It introduced new equipment models of construction and mining equipment such as Komatsu PC 210-10M0 excavator and SCANIA G440 Mining Tipper truck with better machine capabilities and attachments for piling equipment from MOVAX, which helped in partially mitigating the depressed market. With the availability of spares being brought closer to customer sites, the availability guarantee of the machines has been maintained at the present levels of ~90% to achieve customer confidence, thereby increasing sales of spares for the business.

With a continued focus on capturing the hiring segment, CMB promoted lease financing programmes with low investment and low EMI. In order to retain customers and overcome the competition, CMB has been educating customers on evaluating the equipment on the basis of lower life-cycle costs, quick serviceability, etc.

To ensure faster servicing of equipment, CMB increased the dealer workshop network from 3 locations in FY 2017-18 to 9 in FY 2019-20.

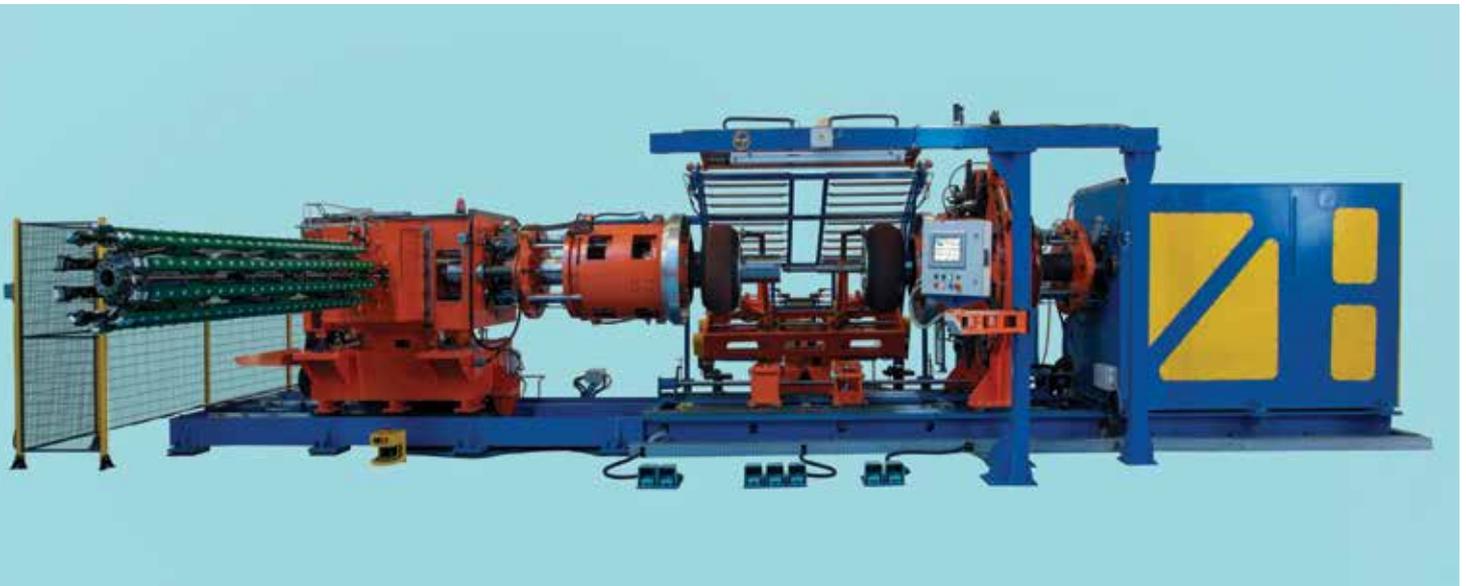
Rubber Processing Machinery Business (RPM)

LTRPM has successfully launched various new products in the market:

- Floor-mounted passenger car Hydraulic Tyre Curing press in India and Germany
- Compact V-orientation passenger car Hydraulic Curing press
- Zeus single stage two-wheeler Tyre Building Machine (TBM) to Thailand
- OTR Tyre Building Machine successfully commissioned in USA
- Custom-built products like Batch-off Units and Lube-spray machine

LTRPM developed an 'In-house Panel shop' to assemble the control panels required in its products. This special focus gives significant cost benefits and an opportunity to supply the panels to other customers as well. The formation of a 'Technology Centre' is helping it to adapt advanced technologies for the tyre industry and add futuristic products to its portfolio.

LTRPM also strengthened its portfolio of Tyre Handling Automation Solutions and increased its focus on product



OTR tyre Building Machine

support and services. Apart from these, the unit continues to focus on process initiatives including design process modernisation, long-term vendor contracts, product reliability enhancements, digitalisation, automated submerged arc welding, etc.

It is working on service offerings to the tyre industry like maintenance contracts and value-added programming services. The unit is also working on upgradation kits to help its customers to improve the productivity of existing machines with minimal investment.

LTRPM won the Prestigious Gold plus Award for Business Excellence from CII. It has also won a Gold Award in the Indian Green Manufacturing challenge and in 5S won a Platinum Award and a Sustenance award from ABK- AOTS Dosokai.

Digitalisation

Digitalisation in CMB has been one of the focus areas in the past year. During the year, a new initiative, 'EQUIPCARE', was implemented to serve the customers' post-sales service requirements. An App - 'Customer Connect' - is being developed to help customers access complete service information pertaining to their machines on their mobile phones. Migration to SAP S4 HANA was completed during the year, helping the users to process data faster.

On the digital front, the LTRPM business has established a system for the Total Productivity Management (TPM) track, monitoring adaptive feed and collision monitoring in the manufacturing process. The unit also has initiated digitalisation of customer connectivity through the proposed E-CRM portal.

Environment, Health and Safety

Safety Officers are appointed at all the units and report to management personnel. They are responsible for ensuring that the safety practices are strictly adhered to. Safety audits are conducted regularly to ensure that the safety practices are in place and are being followed.

The manufacturing unit of RPM is certified in OHSAS under Integrated Management Systems. LTCML has been certified for its Integrated Management System (Environmental Management systems as per ISO 14001:2004 and OHSAS 18001:2007 for Occupational Health and Safety Management systems).

Human Resources

The business has progressively built a team of committed professionals across its manufacturing plants and corporate offices. Emphasis on training and development of the workforce has been the focus area. Additionally, competency building programmes for leadership

development and various engagement initiatives have been undertaken to sustain the employees' motivation and maintain a harmonious workplace.

The Industrial Relations scenario has remained cordial in the manufacturing units of the business. There were no cases of violations during the year under the whistle-blower policy and the policy on 'Protection of Women's Rights at Workplace'.

Risks and Concerns

Increased market competition and macro-economic volatility are continuing concerns for the business.

Due to the lockdown because of COVID-19 and its economic impact, it is anticipated that the customers may request for deferment of orders or extension of credit. In the CMB business, immediate availability of contract workmen at the customer sites post lifting of the lockdown will pose a challenge.

Outlook

CMB plans to strengthen its position in the premium segment and increase its focus on large contractors, large irrigation projects and coal OB (over burden) removal contractors. With a targeted spend plan of over ₹ 100 lakh crore by the government in the next 5 years in infrastructure, there is a large scope for CMB to achieve higher business volumes.

Government initiatives in infrastructure development in roads, railways, irrigation, ports, urban & rural infra, affordable housing, etc., are expected to drive demand in the cement and metal sectors, which in turn will boost demand for excavators, dump trucks, dozers and other road construction and mining equipment. With ~60% of demand for mining equipment coming from coal PSUs, CMB is planning to target selective tenders along with Komatsu.

The dozer segment is expected to grow by ~18%. Demand for Komatsu excavators is expected to increase by ~10%

for FY 2020-21. The motor graders segment is expected to increase by ~10%. CMB also expects the spares and auxiliaries' business to grow by ~4%.

In the parts and services segment, CMB plans to introduce newer and more innovative, user-friendly spares. It is also in discussion with the dealers to develop component repair service for construction equipment. However, as an aftermath of COVID-19, major capex or investments are likely to be deferred by the customers, thus impacting the order inflow.

Post COVID-19, people may continue to observe social distancing norms even after the crisis has subsided and that will change the way people commute. Daily commuters may prefer avoiding public transport and shared mobility might take a short-term hit. As a result, the demand for entry-level cars and two-wheelers might increase. But this again depends on economic/ market sentiments and consumer purchasing power. With the shutdown of all non-essential services, the demand for commercial vehicles is expected to further plummet. Tyre demand is likely to remain low and tyre companies may not make any immediate major fresh investments. However, companies which have already committed the money may wish to expedite their activity.

Further to the COVID-19 outbreak, it is anticipated that there will be limitations to global travel, at least in the immediate future. Also, some tyre companies may prefer to source locally. While this augurs well for LTRPM in the domestic market, it may be a disadvantage in European projects with stiff competition from suppliers in Europe.

LTRPM plans to be selective in its order intake by executing orders which require a shorter production time to minimise the inventory holding. It will also focus on spare parts and retrofit kits which will increase productivity to the customer at minimal cost. Further, joint development of machines with the client, along with service opportunities, are being explored.