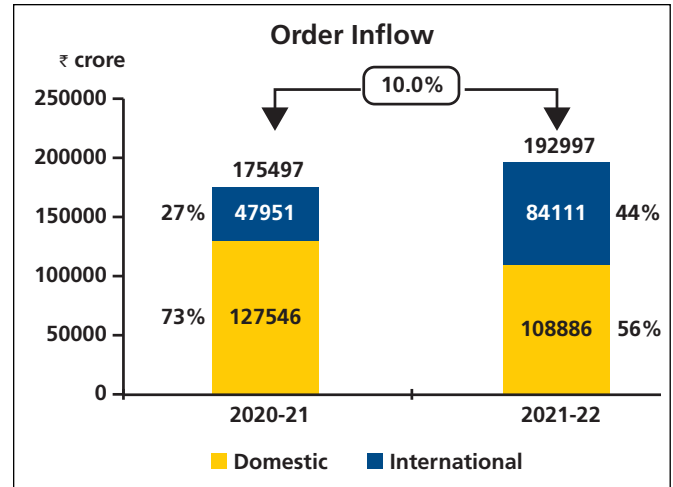


Order Inflow and Order Book



OVERALL FINANCIAL REVIEW FY 2021-22

I. L&T CONSOLIDATED

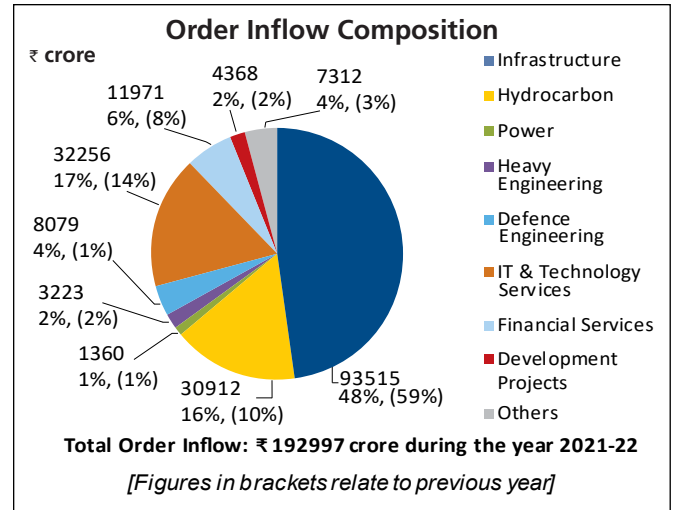
The Group while prioritising the health and safety of its manpower, registered a good performance in FY 2021-22 despite all the challenges. The Company continued to focus on its goal of maximising shareholder value by an efficient execution of its large Order Book, leveraging technology to improve cost competitiveness, achieving operational excellence through digital initiatives, and containing working capital along with better funds management and divesting non-core assets identified for sale. During the year, the Company concluded the divestment of its 99 MW Singoli-Bhatwari Hydel Power Plant in the state of Uttarakhand.

During the year, the Company launched new businesses:

- L&T EduTech** – Which offers EdTech products and solutions to educational institutions, skilling bodies, working professionals, students, and learners across segments using a technology intensive user-friendly platform.
- L&T SuFin** – A B2B E-Commerce online platform launched to provide SME/MSME buyers and sellers (mainly focused on construction and industrial products & services) to connect in an efficient manner, thereby enabling sellers to expand their sales reach, and for buyers to find their required products and services seamlessly. The platform also enables logistics services and credit facilities to support the e-commerce transactions.

Further, during FY 2021-22, the Company initiated feasibility studies and pilot investments into new businesses planned under Strategic Plan i.e. Data Center and Green Hydrogen.

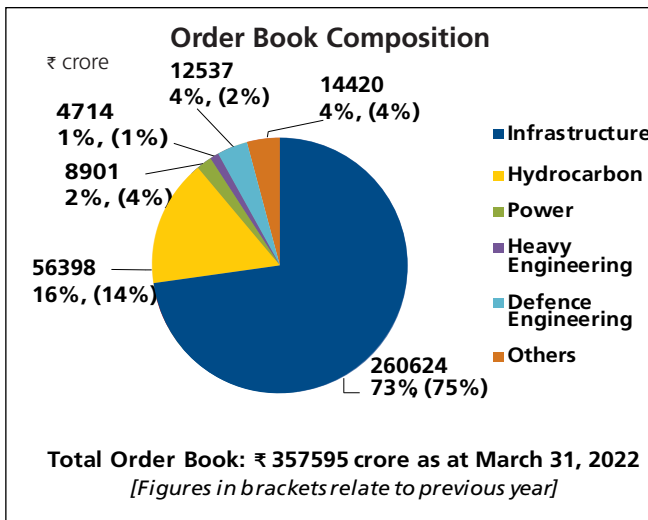
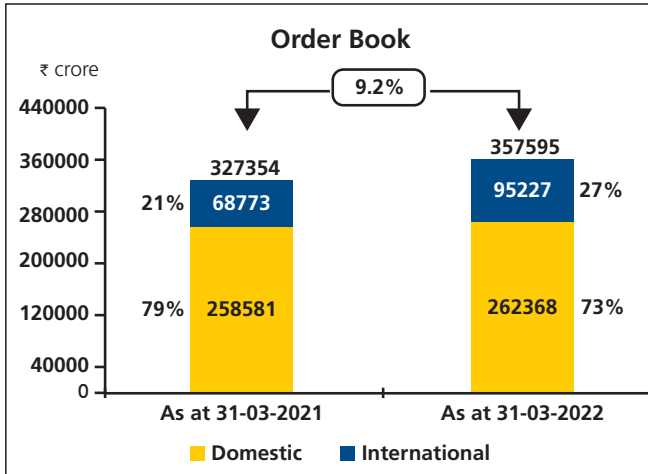
As at March 31, 2022, the L&T Group comprises 93 subsidiaries, 5 associate companies, 27 joint ventures and 35 jointly held operations. Out of the total 160 entities, 54 companies belong to the 4 listed subsidiaries and 19 are related to Development Projects. The rest of the entities in the Group are mostly, strategic extensions of the traditional businesses viz. EPC Contracts and Hi-Tech Manufacturing, for enabling access to new geographies, technology, and nuanced business segments.



L&T Group achieved Order Inflows of ₹ 192,997 crore during FY 2021-22, registering growth of 10% over the previous year, with growth largely driven by receipt of mega international orders in the Power Transmission & Distribution and Hydrocarbon business. This led to an increase in share of international Order Inflow to 44% from 27% in previous year.

The year witnessed booking of some noteworthy orders in the rural water supply segment, few metro projects, a project in Health and Public space business, a large value order from Indian Navy in the Defence Engineering business, a mega order from the Middle East in Power Transmission & Distribution business and big-ticket orders in Offshore and Onshore verticals of Hydrocarbon.

With improved order traction in Hydrocarbon and Defence Engineering, the contribution of the Infrastructure segment in the overall Order Inflow decreased to 48% from 59% in previous year.

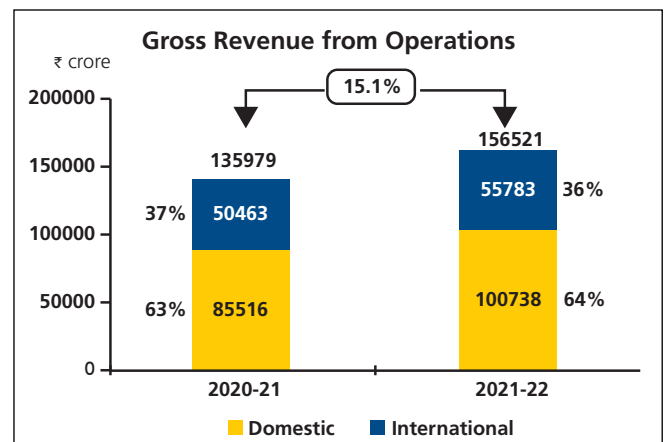


As at March 31, 2022, the Order Book is at ₹ 357,595 crore providing a multi-year revenue visibility to the Company. The infrastructure segment continues to dominate with a share of 73% of the consolidated Order Book, vis-à-vis 75% as of March 2021.

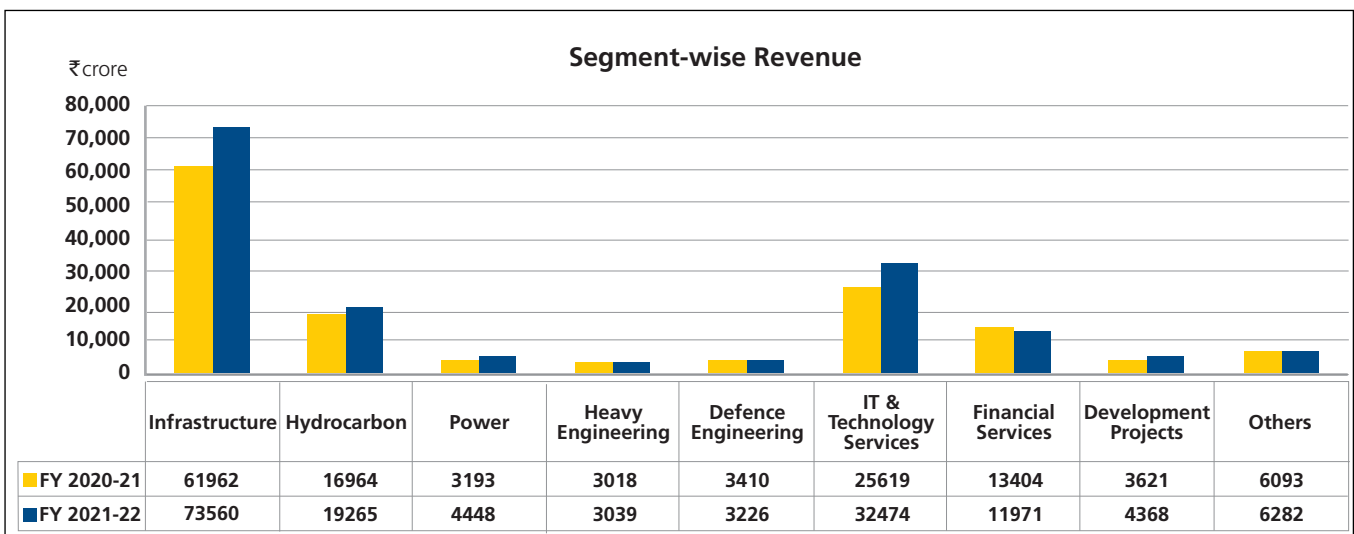
The Order Book registered a growth of 9.2%, mainly with receipt of some high value orders during the year. Around 21% of the Order Book comprises orders received from various State Governments, including local authorities. The Private sector is gathering momentum with its contribution increasing to 20% of the total Order Book as of March 2022 as against 17% as of March 2021. Of the domestic Order Book, 38% of the orders are funded by multi-lateral agencies.

The share of the international Order Book increased from 21% to 27% with the share of Saudi Arabia in the overall international Order Book increasing to 63% from 32%.

Consolidated Revenue from Operations

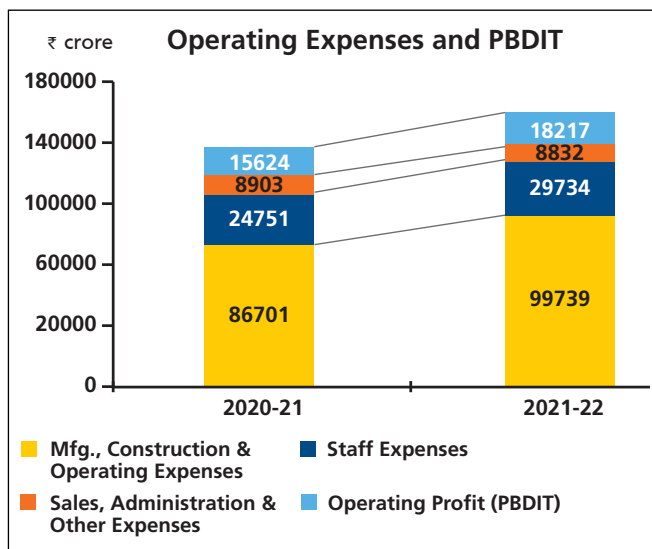


L&T Group recorded revenue of ₹ 156,521 crore during FY 2021-22, registering a growth of 15.1%. The growth was mainly achieved with the pickup of execution momentum in Project businesses and substantial growth in IT&TS business. The composition of international revenue at the Group level is at 36% in FY 2021-22 compared to 37% in the previous year.



During the year, most of the businesses registered a growth over the previous year. The revenues from the IT&T segment continue to register industry leading growth.

Operating Expenses and PBDIT



Manufacturing, Construction and Operating (MCO) expenses for FY 2021-22 at ₹ 99,739 crore increased by 15% over the previous year. These expenses mainly comprise cost of construction material, raw materials and components, subcontracting expenses and interest costs in the Financial Services business. This represents 63.7% of revenue in line with the previous year.

Staff expenses for FY 2021-22 at ₹ 29,734 crore increased by 20.1% over the previous year and as a percentage to revenue increased by 80 bps, reflecting manpower ramp-up in the IT&T segment and salary revision. The Group continues to focus on productivity improvements, digitalisation, and manpower optimisation across most of its businesses.

Sales and administration expenses at ₹ 8,832 crore is almost in line with the previous year at ₹ 8,903 crore.

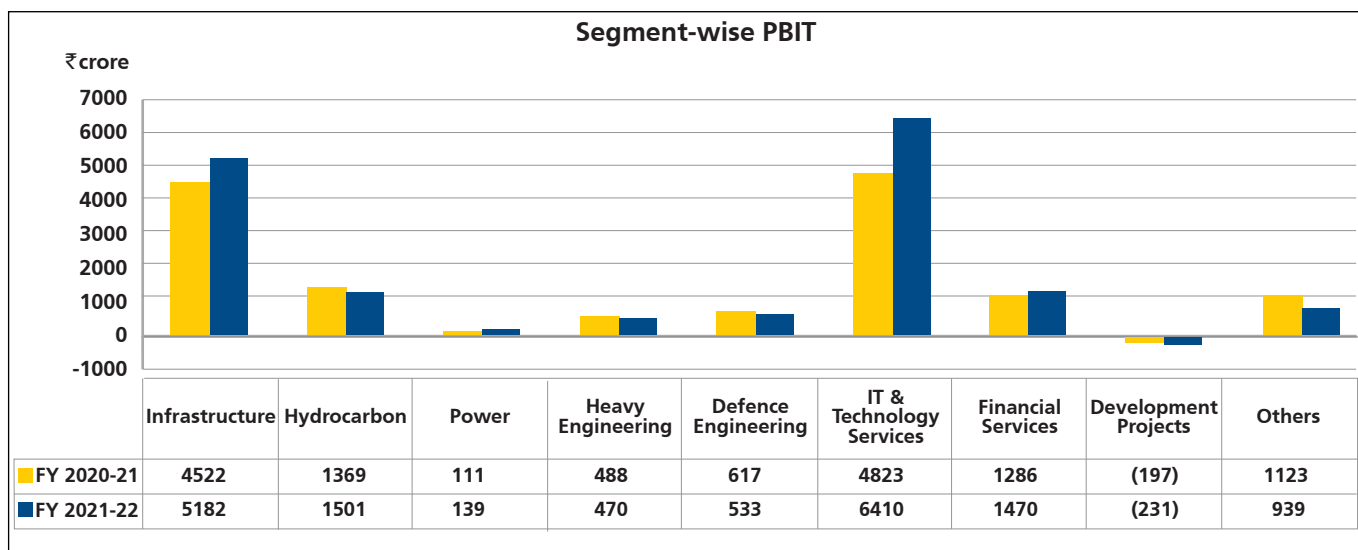
The Group's operating profit at ₹ 18,217 crore for the year 2021-22 registered a growth of 16.6% y-o-y, largely due to higher revenue volumes. The EBITDA margins for the year improved by 10 bps at 11.6%. Operational excellence measures in Mindtree and L&T Technology Services and lower credit cost in Financial Services aided the margin improvement. However, impact of high commodity prices and higher provisions on contract assets and customer receivables exerted some pressure on the margin.

Depreciation and Amortization charge

Depreciation and amortisation charge for the year 2021-22 marginally increased to ₹ 2,948 crore from ₹ 2,904 crore in previous year.

Profit Before Interest and Tax

Segment-wise composition of PBIT for FY 2021-22 is represented below:



The segment-wise PBIT registered improvement over previous year majorly in Infrastructure and IT&T businesses.

Other Income

It mainly consists of profit on sale of liquid / short term investments and interest income. Other income at ₹ 2,267 crore, declined by 33.9% over ₹ 3,429 crore, mainly due to lower investible surplus.

Finance cost

The interest expenses for the year 2021-22 at ₹ 3,126 crore was lower by 20.1% over ₹ 3,913 crore for the previous year. The decline was mainly attributable to reduction of borrowings in the Parent entity. Also, the average borrowing cost for FY 2021-22 decreased to 7.4% p.a. from 7.7% p.a. in the previous year due to refinancing of debt in Hyderabad Metro.

Tax Expense

Income Tax charge for FY 2021-22 (excluding tax charge on discontinued operations) increased to ₹ 4,217 crore compared to ₹ 4,011 crore in the previous year on increased profits.

Exceptional Items

Exceptional items during the year mainly comprises divestment gain on sale of Singoli – Bhatwari Hydro project partly offset by tax on transfer of L&T Nxt to Mindtree Limited. The previous year mainly included impairment of funded exposure in the Heavy Forgings Joint Venture, impairment of asset in the power development business, net of gain on divestment of wealth management business of L&T Finance Holdings Limited.

Profit from Discontinued Operations

The previous year's Profit from Discontinued Operations includes gain from divestment of the Electrical & Automation business and profit from operations of the same up to the date of transfer.

Consolidated Profit after Tax and EPS

Consolidated Profit after Tax (PAT) (excluding exceptional items and profit from discontinued operations) at ₹ 8,572 crore for the year 2021-22 increased by 23.1% over the previous year at ₹ 6,965 crore.

Consolidated Profit after Tax (PAT) (including exceptional items and profit from discontinued operations) at ₹ 8,669 crore for the year 2021-22 decreased by 25.2% over the previous year at ₹ 11,583 crore.

Consolidated Basic Earnings per Share (EPS) for the year 2021-22 at ₹ 61.71 declined over previous year at ₹ 82.49.

As highlighted above, the reduction in PAT and EPS over the previous year is primarily due to the gain on divestment of the Electrical & Automation business in FY 2020-21.

Return on Consolidated Net Worth

The Net Worth, as on March 31, 2022, at ₹ 82,408 crore, reflects a net increase of ₹ 6,539 crore, as compared to the

position as on March 31, 2021. The Return on Net Worth (RONW) for the year 2021-22 was lower at 11%, compared to 16.2% in the previous year since it included the one-time divestment gains of the Electrical & Automation business.

Liquidity & Gearing

Cash flow from Operations (including change in loans and advances towards financing activities) decreased to ₹ 19,163 crore as compared to ₹ 23,074 crore in the previous year due to the build-up of customer outstanding with increase in business volumes. During the year, additional funds were generated mainly from the divestment of Singoli-Bhatwari Hydel Power Plant, treasury and dividend income.

Funds were utilised mainly for repayment of borrowings ₹ 8,677 crore, capital expenditure of ₹ 3,040 crore and payment of dividend ₹ 2,528 crore. Further funds were applied for purchase of current investment of ₹ 2,422 crore and net interest payment of ₹ 2,968 crore during FY 2021-22.

Consequently, there was a net increase of ₹ 314 crore in the cash balances as at March 31, 2022 as compared to the beginning of the year.

Consolidated Fund Flow Statement		₹ crore	
Particulars	FY 20-21	FY 21-22	
Operating activities	23,074	19,163	
Net divestment/(investment)	11,574	665	
Treasury and dividend income	1,476	1,130	
ESOP Proceeds (net)	16	11	
Sources of Funds	36,140	20,969	
Capital expenditure (net)	922	3,040	
Repayment of Borrowings	9,047	8,677	
Purchase / (Sale) of investments	17,787	2,422	
Dividend paid	3,651	2,528	
Interest paid	3,388	2,968	
Payment to/(receipt from) minority interest (net)	(796)	1,020	
Increase/(Decrease) in cash balance	2,141	314	
Utilisation of Funds	36,140	20,969	

The total borrowings as at March 31, 2022 was lower at ₹ 123,468 crore as compared to ₹132,605 crore as at March 31, 2021. The major decrease is in borrowings of Parent entity, Financial Services, Nabha and Hyderabad Metro. The gross debt equity ratio decreased to 1.29:1 as at March 31, 2022 from 1.51:1 as at March 31, 2021. The net debt equity ratio improved to 0.81:1 as at March 31, 2022 from 1:1 as at March 31, 2021.

Details of significant changes in key financial ratios along with explanation:

In compliance with the requirement of listing regulations, the key financial ratios of the Group have been provided

hereunder along with the explanation for the significant changes i.e. change of 25% or more as compared to the previous financial year:

Sr. No.	Particulars	2020-21	2021-22	%Change
(i)	Gross Debt Equity Ratio	1.51	1.29	14.2%
(ii)	PBDIT as % of net revenue	11.5%	11.6%	1.3%
(iii)	Net Working Capital % of Sales (Excluding Financial Services & Corporate)	22.3%	19.9%	10.7%
(iv)	Interest Coverage ratio* (excludes Financial Services and Finance Lease Activity)	3.76	5.14	36.8%

* The significant change in the Interest Coverage Ratio for FY 2021-22 has been due to improvement in profits and reduction in average borrowings, especially at L&T Standalone level.

II. L&T STANDALONE

L&T's standalone financials reflect the performance of Infrastructure, Hydrocarbon, Power, Heavy Engineering, Defence Engineering and Others. The Others segment comprises Realty, Construction & Mining Machinery, Rubber Processing Machinery, Smart World & Communication and Digital Businesses.

During the year, L&T Hydrocarbon Engineering Limited, a wholly-owned subsidiary company was merged with the Company pursuant to the approval of the Scheme of Arrangement from National Company Law Tribunal, Mumbai Bench (NCLT) with appointed date of April 1, 2021. Accordingly, previous year's figures have been restated for comparative purpose.

Brief Summary of Performance at Standalone level:

	₹ crore	
Parameters	FY 20-21	FY 21-22
Order Inflow	1,26,414	1,18,956
Share of International Order Inflow (%)	15%	26%
Revenue	87,255	1,01,000
Share of International Revenue (%)	26%	20%
Order Book	3,08,101	3,15,567
Share of International Order Book (%)	18%	19%
PBDIT	8,309	9,055
PAT	11,798	7,879
Net Worth	61,738	67,114
RONW (%)	20.5%	12.2%
EPS (in ₹)	84.02	56.09

Liquidity & Gearing

Business operations generated cash flows of ₹ 5,999 crore during the year as compared to ₹ 9,561 crore in the previous year. The drop is mainly due to higher deployment of funds to support growing business volumes. The cash generated through the sale of short term investment at ₹ 4,075 crore, treasury income of ₹ 852 crore and dividend income from S&A companies at ₹ 1,615 crore has been utilised towards repayment of borrowings (incl. repayment of lease liability) of ₹ 4,236 crore and net investment in S&A companies at ₹ 667 crore, in addition to capex payment of ₹ 1,350 crore, dividend payment of ₹ 2,528 crore and interest payment of ₹ 1,608 crore respectively.

There was a net increase of ₹ 2,164 crore in the cash balances as at March 31, 2022 as compared to the beginning of the year.

Fund Flow Statement	₹ crore	
Particulars	FY 20-21	FY 21-22
Operating activities	9,561	5,999
Sale / (Purchase) of Other investments	(13,115)	4,075
Treasury and dividend income	1,853	2,468
ESOP Proceeds (net of buyback expenses)	16	11
Sources of Funds	(1,685)	12,553
Capital expenditure (net)	149	1,350
Repayment of Borrowings (net of Additional Borrowings)	1,153	4,236
Net investment/(divestment)	(8,688)	667
Dividend paid	3,651	2,528
Interest paid	1,910	1,608
Increase/(Decrease) in cash balance	140	2,164
Utilisation of Funds	(1,685)	12,553

Total borrowings as at March 31, 2022 reduced to ₹20,298 crore as compared to ₹ 24,474 crore in the previous year. The loan portfolio of the Company comprises a mix of Rupee and suitably hedged foreign currency loans. The gross debt-equity ratio reduced to 0.30:1 as at March 31, 2022 from 0.40:1 as at March 31, 2021. The Company has become debt free after considering cash and cash equivalent during the year.