LARSEN & TOUBRO

Earnings Call Presentation
Q1 / FY24

25th July, 2023





Rejeuve 360, Mulund (Representative Image)

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 Key Highlights



ONGC Pipeline Replacement Project VII

Growth on *fast track.....*

Robust top line & bottom line growth



Order Inflows	Revenue	PAT
57% ↑	34% ↑	46% ↑
₹ 65,520 crore	₹ 47,882 crore	₹ 2,493 crore

Balance Sheet management & improved Return Ratios

NWC / Revenue#	Return on Equity #
17.0%	12.8%
	up 60 bps vs Mar'23

#TTM

Returning surplus cash to shareholders to improve Group Return Ratios

Board approves Buyback of ₹ 10000 crore and Special Dividend of ₹ 6 per share

Key Financial Indicators

(Amount in ₹ bn)

Q1 FY23	Particulars	Q1 FY24	(y-o-y)
418	Order Inflow	655	57%
3609	Order Book	4126	14%
359	Revenue	479	34%
11.0%	EBITDA (%)	10.2%	
17	Recurring PAT	25	46%
17	Overall PAT	25	46%
20.6%	Net Working Capital	17.0%	
11.5%	ROE (TTM) (%)	12.8%	



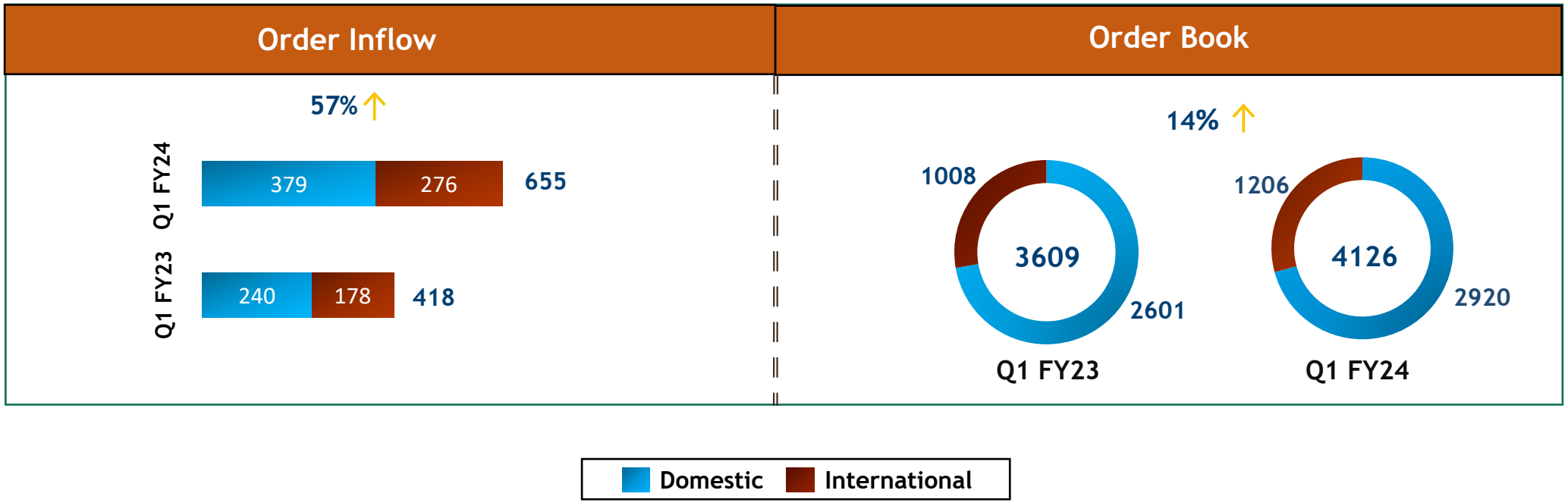
02 Group Performance



Delhi Airport Phase 3A expansion project

Q1 / FY24 Order Inflow/Order Book

(Amount in ₹ bn)



- Strong awarding momentum across India and GCC in Q1
- Robust prospects pipeline @ ₹ 10 trillion for balance nine months of FY24
- International orders constitute 29% of the Jun'23 order book

Group Performance - Sales & Costs

₹ Billion	Q1 FY23	Q1 FY24	% Var
Revenue	**358.5**	**478.8**	**34%**
International Rev.	*37%*	*40%*	
MCO Exp.*	195.3	293.2	**50%**
Fin. Charge Opex**	14.6	14.5	**-1%**
Staff Costs	85.5	98.9	**16%**
Sales & Admin.	23.7	23.6	**0%**
Total Opex	**319.0**	**430.1**	**35%**
EBITDA	**39.5**	**48.7**	**23%**
EBITDA %	**11.0%**	**10.2%**	

** Manufacturing, Construction and Operating expenses*
***Finance cost of financial services business and finance lease activity*

- Strong execution momentum in Projects and Manufacturing portfolio on the back of large opening order book
- MCO expense variation is reflective of activity levels, revenue mix, higher proportion of cost jobs / cost pressures in the Projects portfolio
- Salary hikes and resource augmentation across businesses drives staff cost
- SG&A reflective of activity levels offset by lower credit costs in FS

Group Performance – Profit Parameters

₹ Billion	Q1 FY23	Q1 FY24	% Var
EBITDA	**39.5**	**48.7**	**23%**
Fin. Cost	(7.6)	(8.5)	**13%**
Depreciation	(9.6)	(8.3)	**-14%**
Other Income	6.9	11.5	**65%**
Tax Expense	(6.4)	(12.2)	**91%**
JV/Associate PAT Share	(0.6)	(0.2)	**-68%**
Non-controlling Int.	(5.3)	(6.0)	**15%**
Recurring PAT	**17.0**	**24.9**	**46%**
Exceptionals (net of tax and NCI)	-	-	
Overall PAT	**17.0**	**24.9**	**46%**

- Finance cost commensurate with level and price of borrowing
- Other income reflective of level of treasury investments & improved yields during the quarter
- Higher tax expense is attributable to tax on transfer of SWC business from Parent to LTTS; PY had tax savings in Mindtree on account of shift to lower tax regime
- Share of JV / Associate PAT primarily comprises results of Power and Hydrocarbon JVs. L&T IDPL profit consolidation has been discontinued from Q4FY23 *(refer note below)*
- Robust PAT growth delivered on the back of improved activity levels and further aided by treasury operations

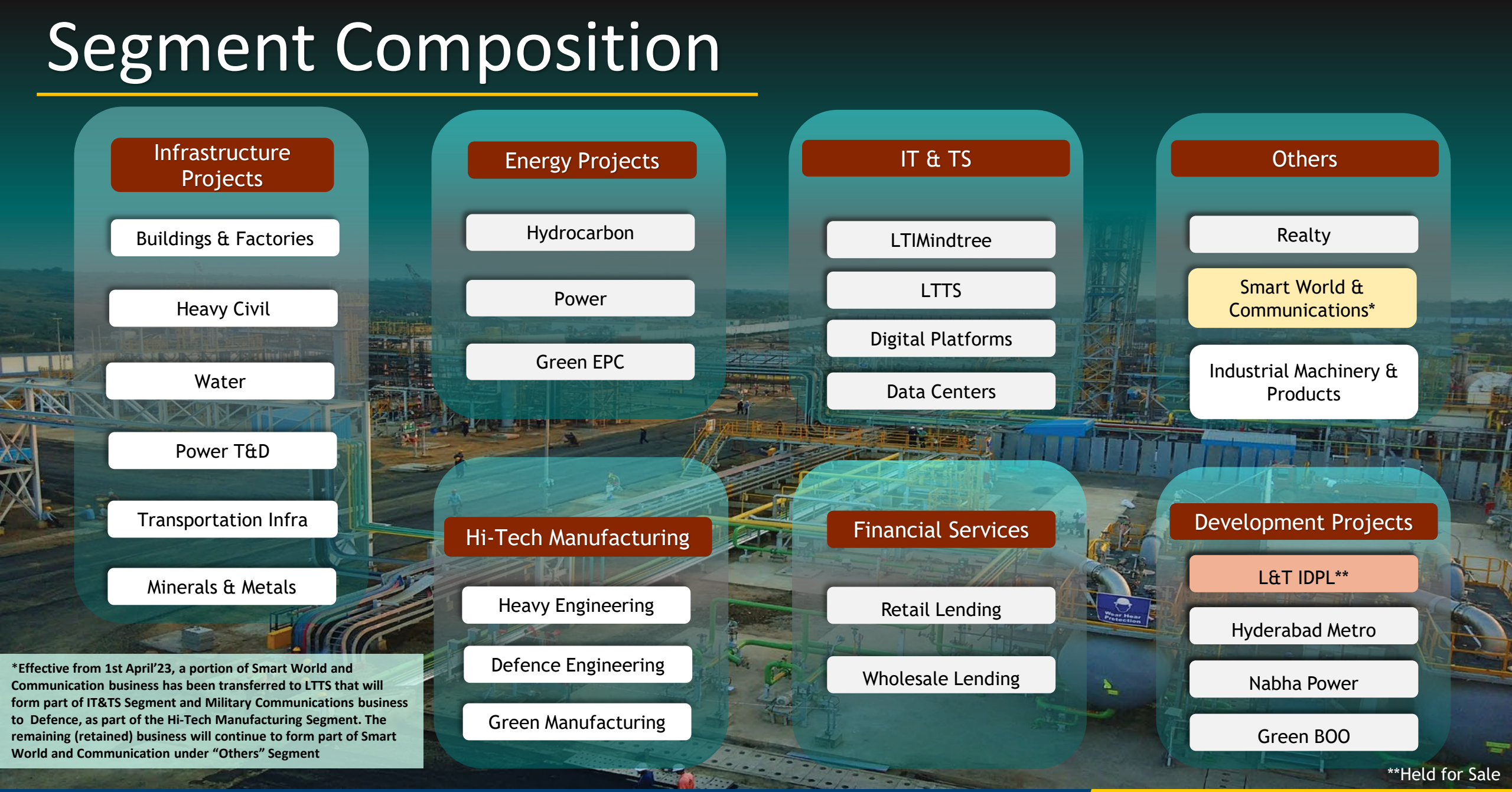
Note: Profit consolidation of L&T IDPL at PAT level has been discontinued from Q4FY23, post signing of definitive agreement for sale of stake. The investment in the JV is classified as "Held for Sale"

03 Segment Performance Highlights



Chandrayaan 3: L&T manufactured critical booster segments, namely head end segment, middle segment and nozzle bucket flange for Chandrayaan 3

Segment Composition



Infrastructure Projects

- Buildings & Factories
- Heavy Civil
- Water
- Power T&D
- Transportation Infra
- Minerals & Metals

Energy Projects

- Hydrocarbon
- Power
- Green EPC

IT & TS

- LTIMindtree
- LTTS
- Digital Platforms
- Data Centers

Others

- Realty
- Smart World & Communications*
- Industrial Machinery & Products

Hi-Tech Manufacturing

- Heavy Engineering
- Defence Engineering
- Green Manufacturing

Financial Services

- Retail Lending
- Wholesale Lending

Development Projects

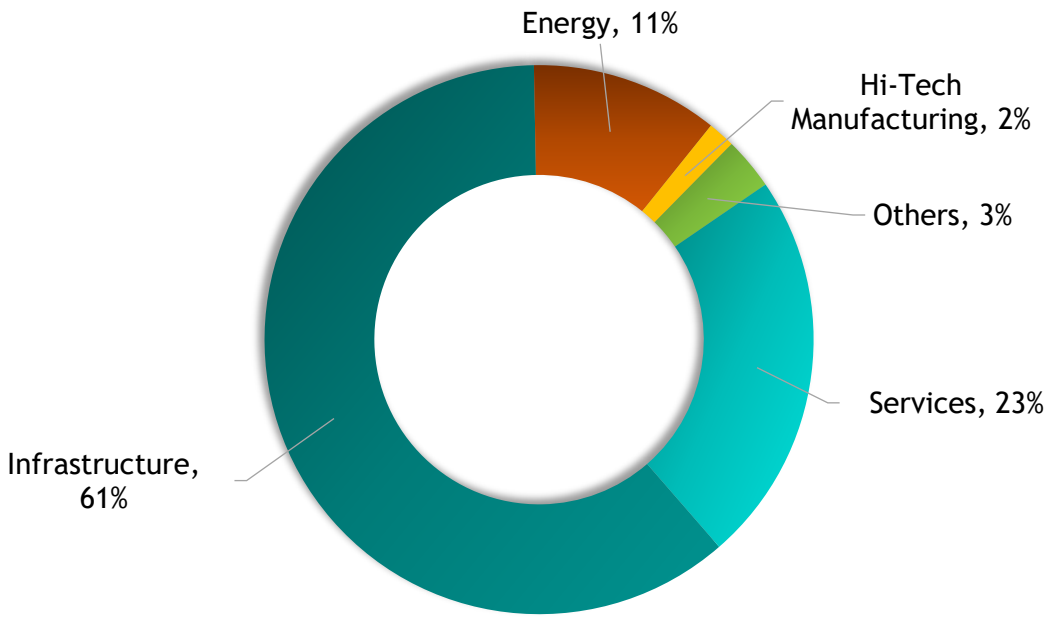
- L&T IDPL**
- Hyderabad Metro
- Nabha Power
- Green BOO

*Effective from 1st April'23, a portion of Smart World and Communication business has been transferred to LTTS that will form part of IT&TS Segment and Military Communications business to Defence, as part of the Hi-Tech Manufacturing Segment. The remaining (retained) business will continue to form part of Smart World and Communication under "Others" Segment

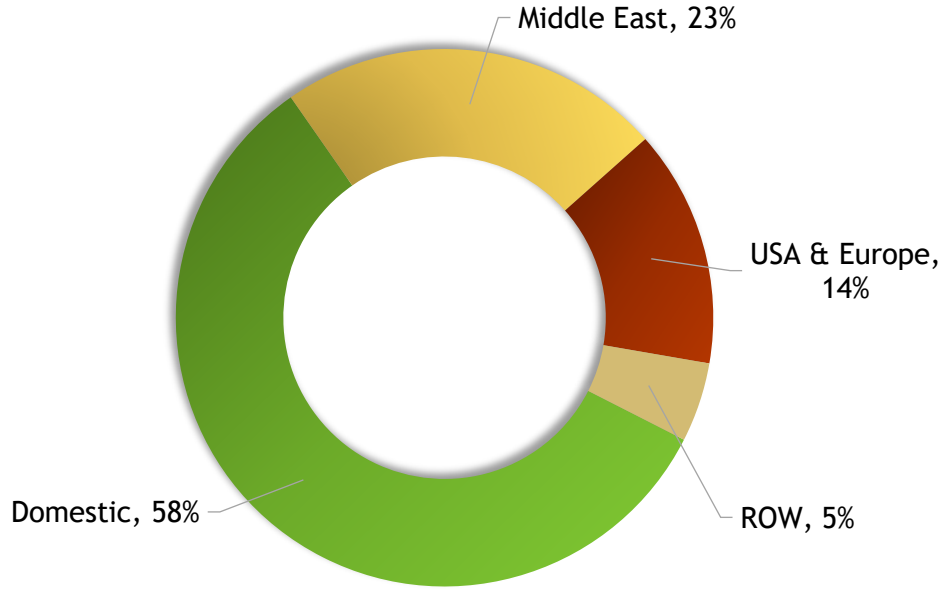
**Held for Sale

Order Inflow Composition - Q1 / FY24

Segment



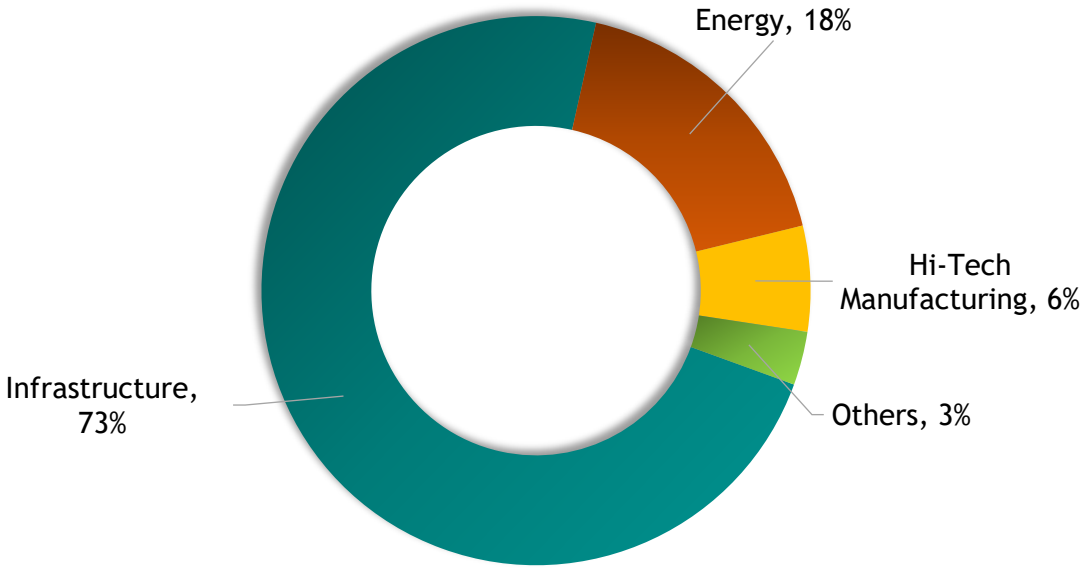
Geography



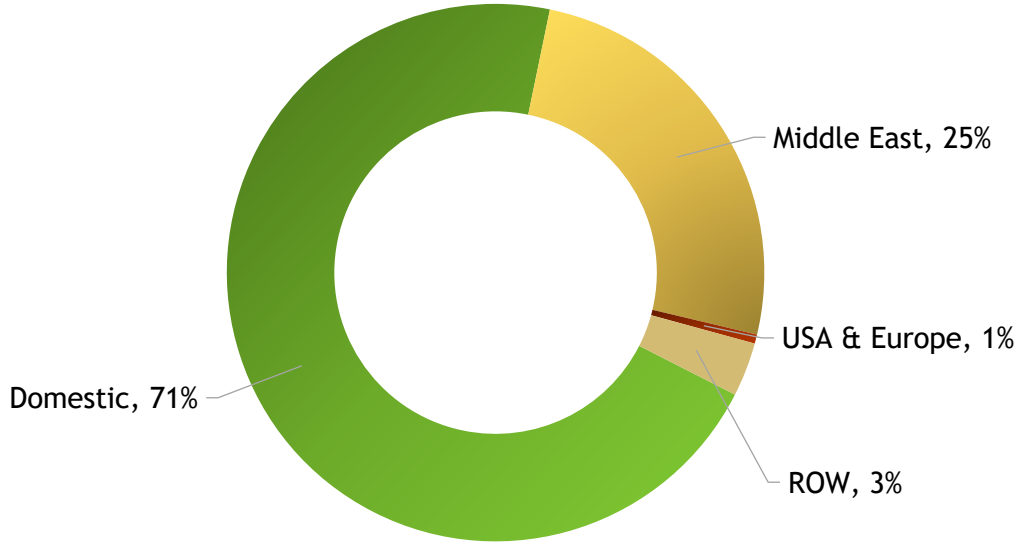
Order Inflow : ₹ 655 Bn

Order Book Composition - Q1 / FY24

Segment



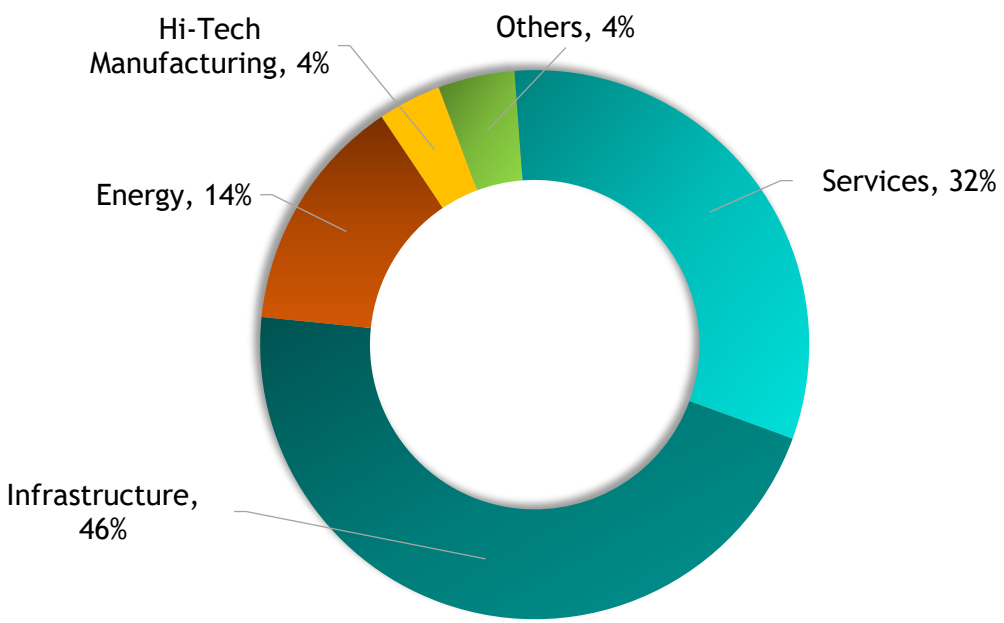
Geography



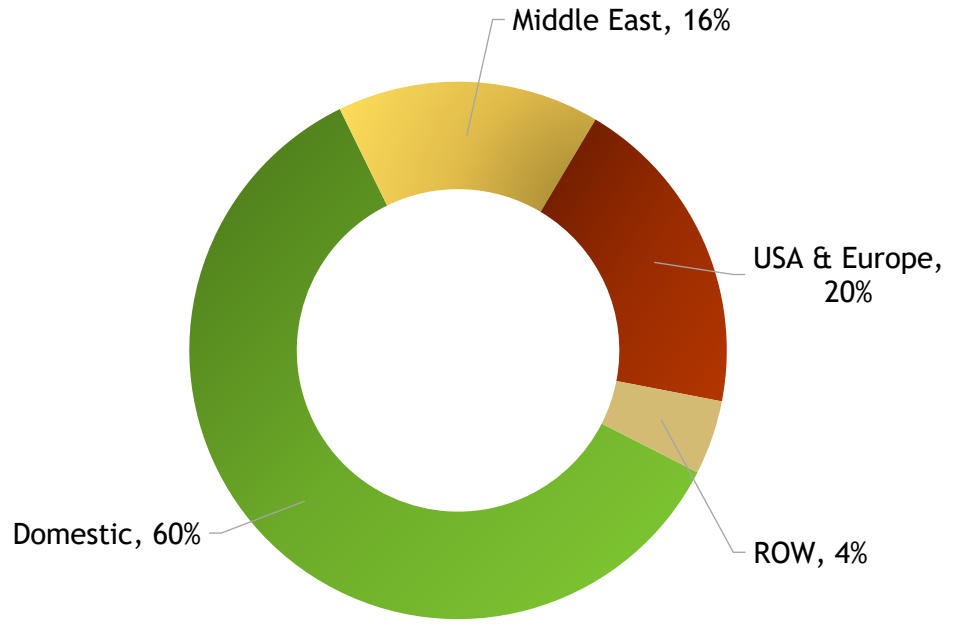
Order Book : ₹ 4126 Bn

Revenue Composition - Q1 / FY24

Segment



Geography

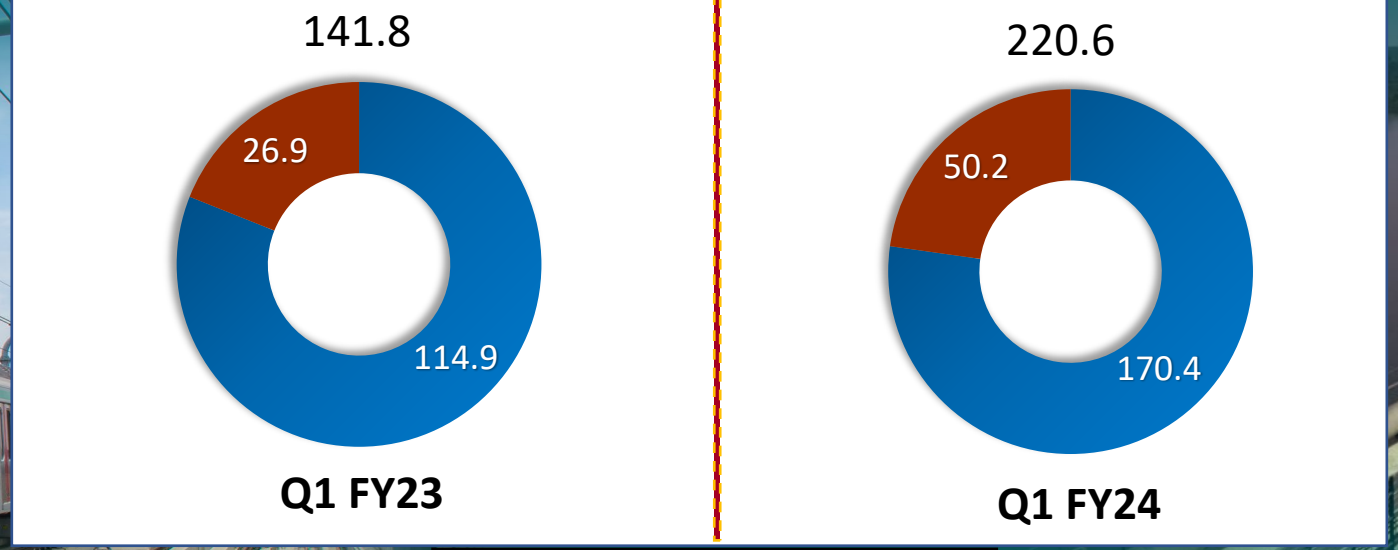


Revenue : ₹ 479 Bn

Infrastructure Projects Segment

(Amount in ₹ bn)

Net Revenue: 56%↑

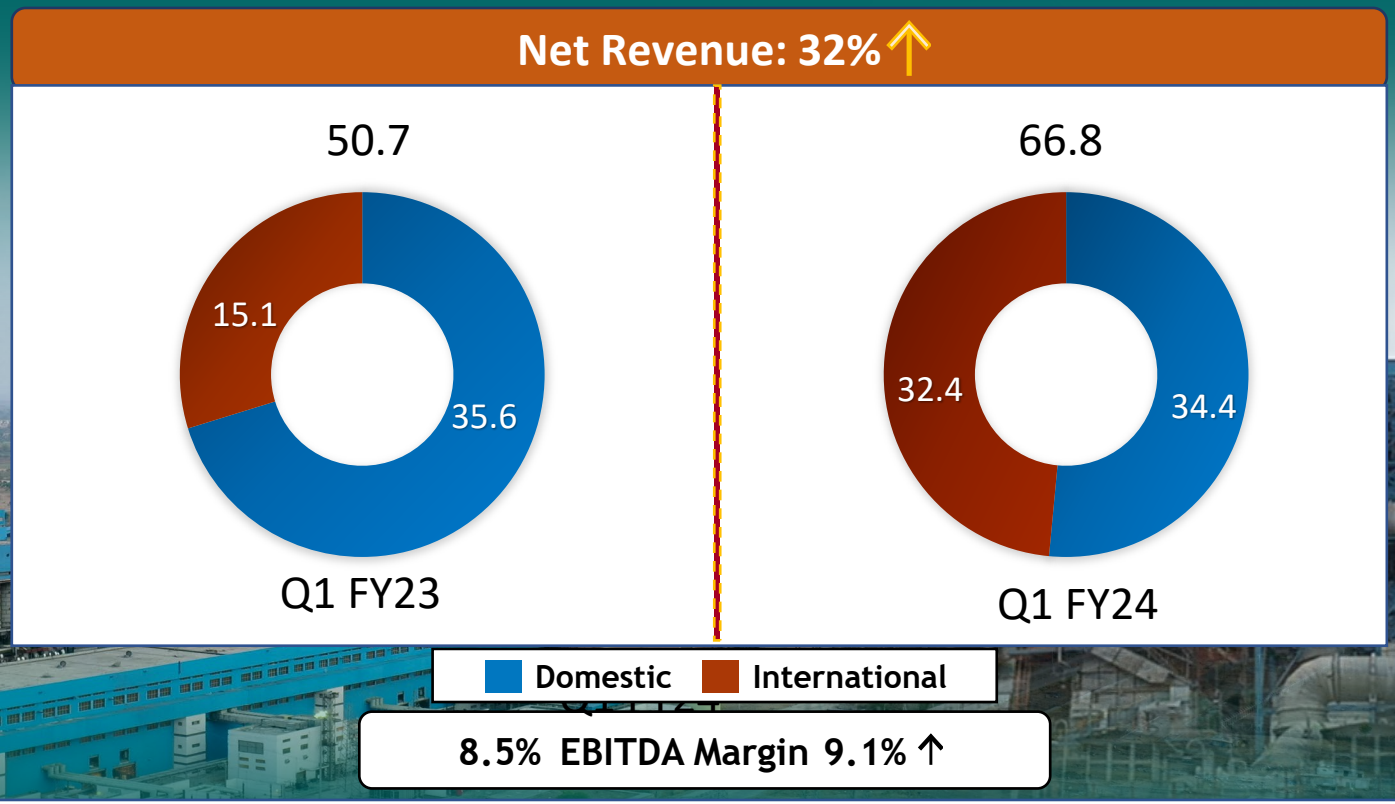


6.5% EBITDA Margin 5.1%↓

- Robust domestic & international ordering momentum in Q1
- Prospect pipeline reflective of capex tailwinds across India and GCC
- Strong execution growth reflective of opening order book
- Margin for the quarter is a function of job mix and legacy covid jobs nearing completion

Energy Projects Segment

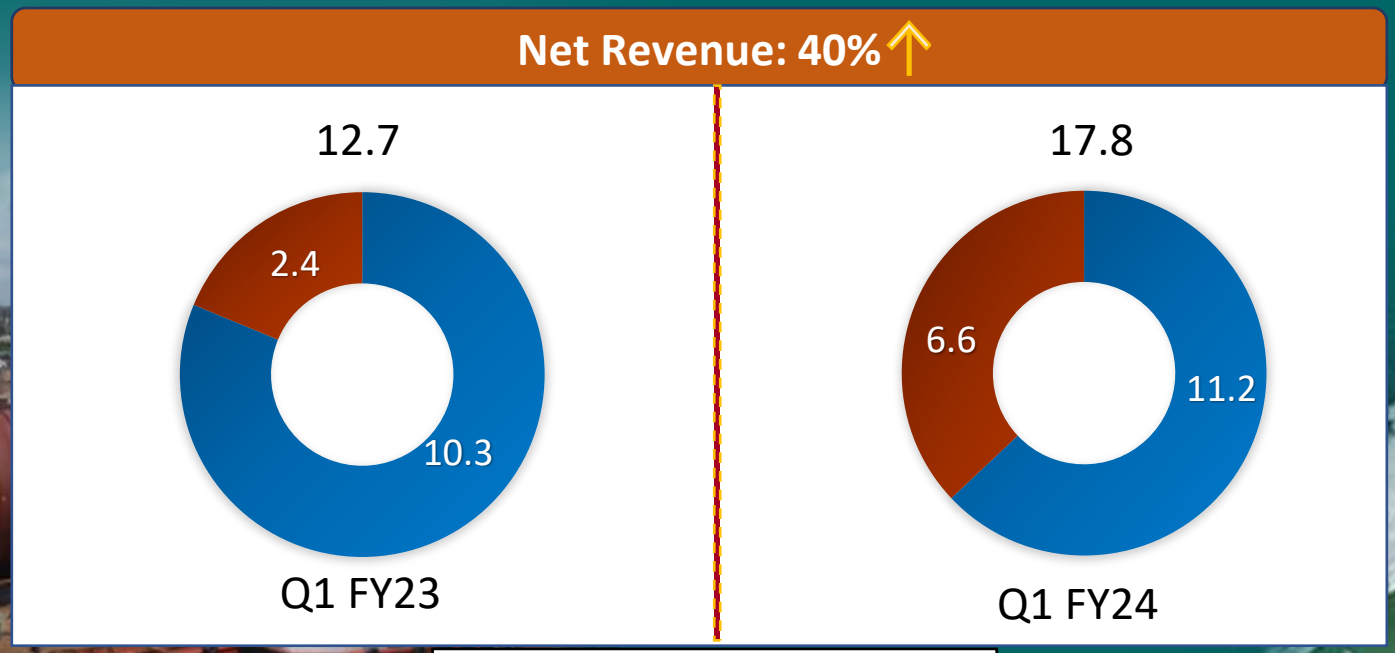
(Amount in ₹ bn)



- Receipt of both domestic & international orders buoys Hydrocarbon order book; muted order inflows in Power business
- Pick up in execution momentum in international projects drives Hydrocarbon revenue growth; lower revenues in Power reflective of depleting Order Book
- Execution cost savings aids margin improvement in Power; Hydrocarbon margin reflective various jobs in early stages

Hi-Tech Manufacturing Segment

(Amount in ₹ bn)



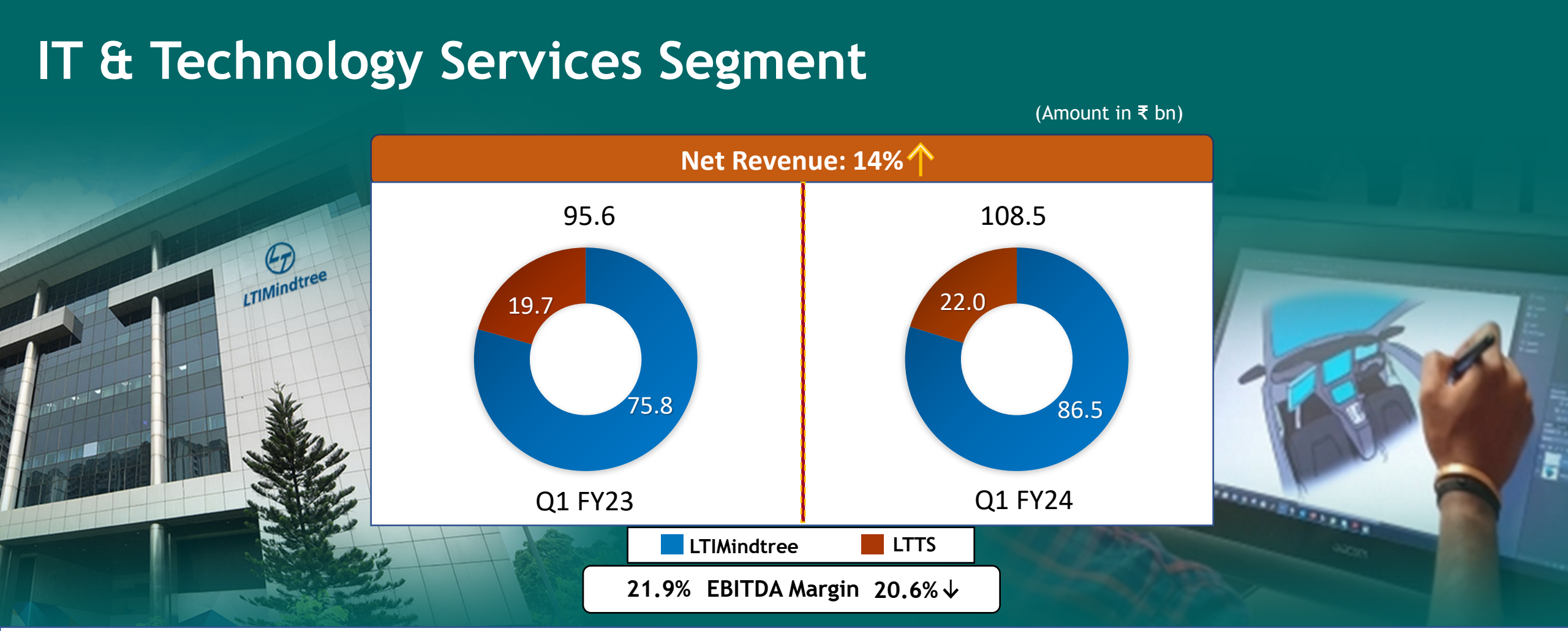
15.1% EBITDA Margin 16.8%

- Order inflows impacted by deferrals in Heavy Engineering & Defence
- Healthy execution momentum across both businesses
- Execution cost savings aid margin improvement in Heavy Engineering and Defence

The Defence Engineering 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

IT & Technology Services Segment

(Amount in ₹ bn)



- LTIMindtree revenue growth led by Manufacturing & Resources and BFSI
- LTTS revenue growth led by Transportation and Industrial Products
- Segment margin impacted due to higher staff cost

Revenues and margins of Digital Platforms business are not significant as they have been launched recently.

Financial Services Segment

Fintech@Scale

₹ Bn	Q1 FY23	Q1 FY24	% Var
Income from Operations	29.6	30.2	2%
Reported PAT	2.6	5.3	>100%
PAT (Net of NCI) accruing to the group	1.7	3.5	>100%
Book	880.8	785.7	-11%

Poised to achieve Lakshya goals ahead of FY26

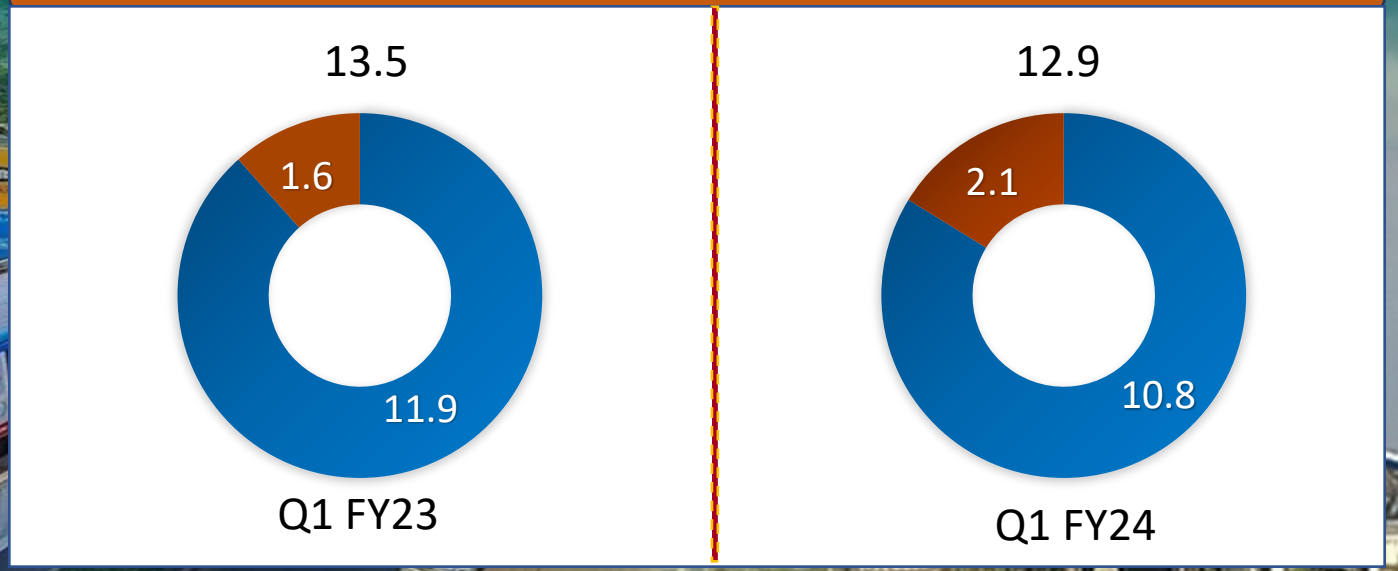
	Retailisation	Retail Book Growth	Retail Asset Quality	Retail ROA
Lakhsya 2026 Goals	> 80%	> 25% CAGR	GS3 <3% NS3 <1%	2.8% - 3%
Q1 FY24	82%	34% YoY	GS3 3.21% NS3 0.70%	3.08%

- Q1 revolved around strong retail disbursements, lower credit costs, better asset quality and run down of wholesale
- Strong balance sheet; adequate Provision Coverage Ratio (PCR) and in built macro prudential buffers
- Sufficient growth capital available (CRAR @ 25.75%)

Development Projects Segment

(Amount in ₹ bn)

Net Revenue: 4% ↓

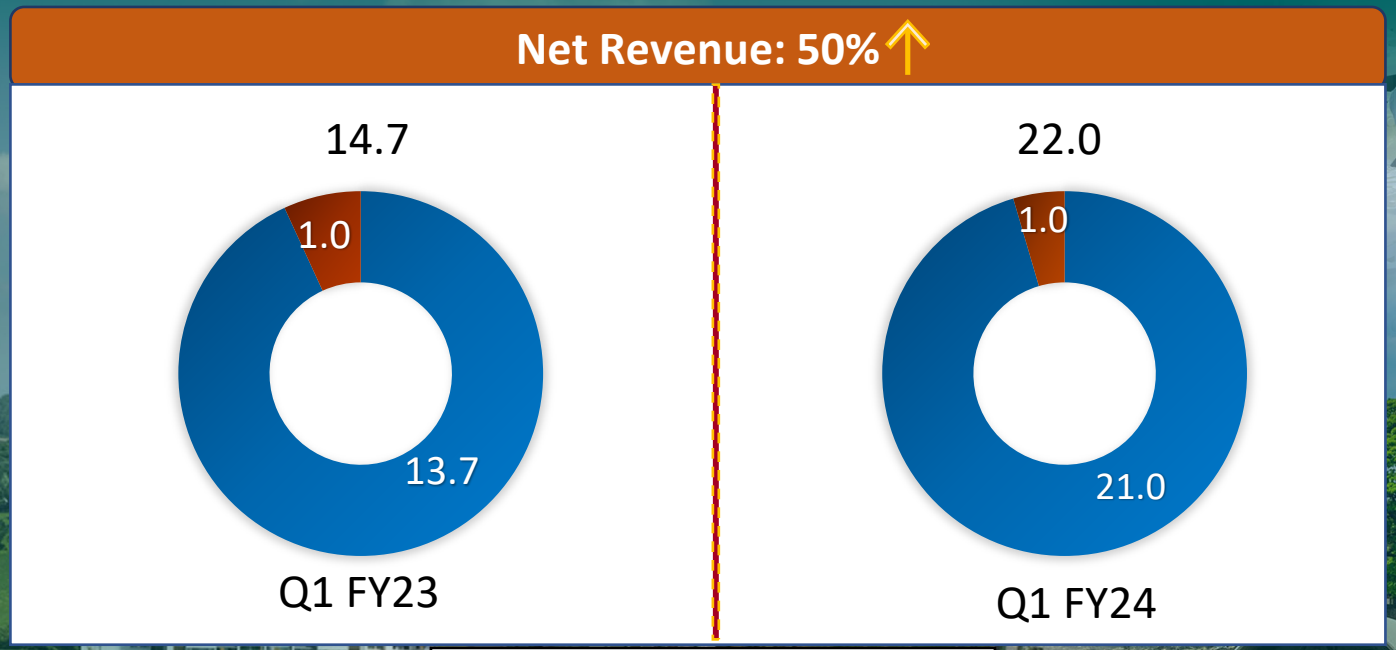


4.5% EBITDA Margin 15.8% ↑

- Segment includes Hyderabad Metro and Power Development (Nabha Power)
- Improved ridership aids revenue growth in Metro; Nabha revenue impacted by lower power demand due to moderate summer
- Higher segment margin primarily due to improved Metro performance and consolidation of Nabha profits
- Profit consolidation of L&T IDPL at PAT level has been discontinued from Q4FY23, post signing of definitive agreement for sale of stake. The investment in the JV is classified as “Held for Sale”

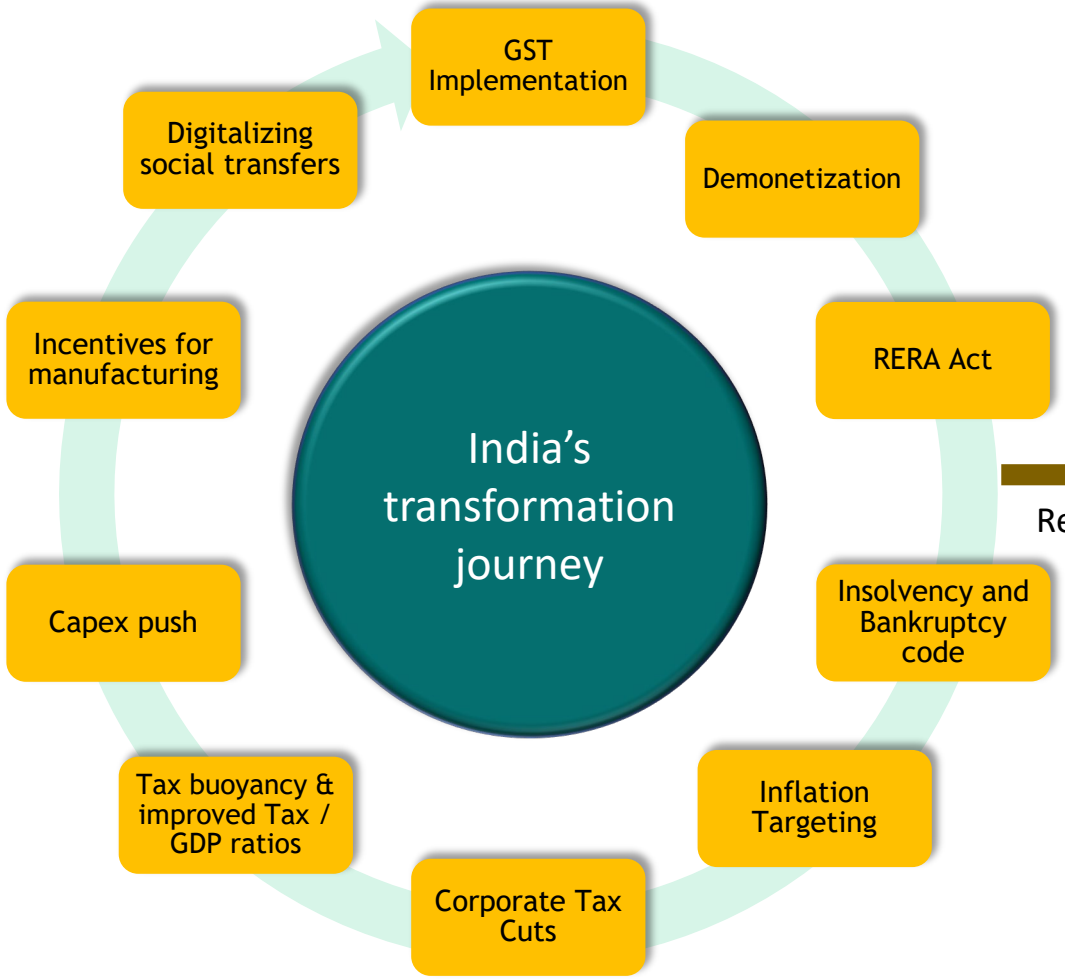
Others Segment

(Amount in ₹ bn)



- Segment comprises Realty, Industrial Valves, Construction Equipment & Mining Machinery, Rubber Processing Machinery and Smart World & Communications (residual portion)
- Q1 revenue growth mainly in Realty and Construction Equipment & Mining Machinery
- Margin in line with the previous year

Could this be India's "Decadal" moment?



Resulting in

Top Quartile Real GDP Growth
7.2% (FY23)

Anchored Inflation
CPI @ 4.8% (Jun'23)

Managed Current Account Deficit
2.0% of GDP (FY23)

Fiscal Deficit supported by tax buoyancy
6.4% of GDP (FY23))

& Supported by

FY23 Capex

Centre
₹ 7.4 trn

States*
₹ 5.7 trn

PSUs
₹ 6.5 trn

*18 States

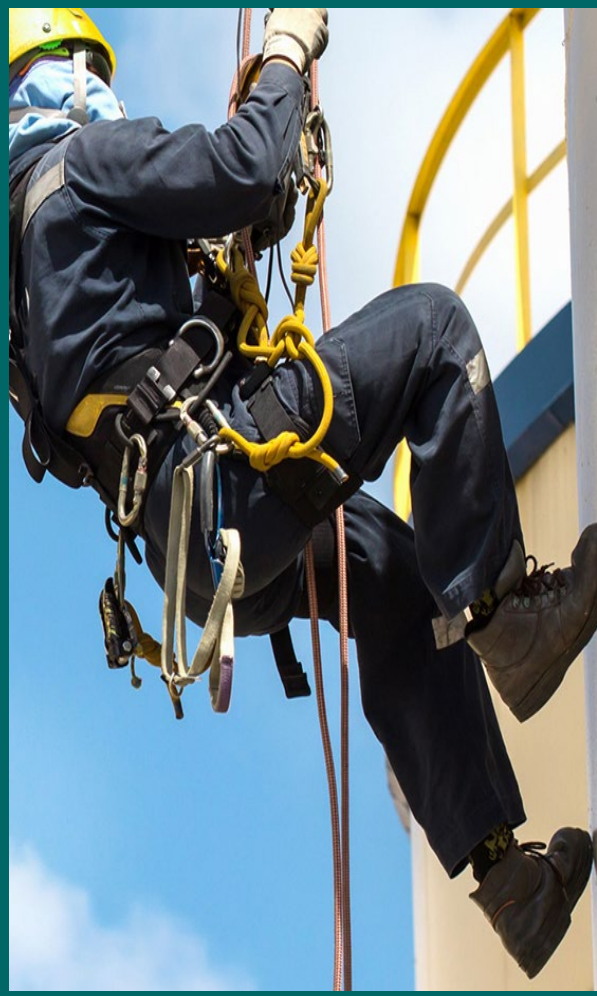
Prudent policy management from Government & RBI shields country from global macro-economic volatility

ESG Update







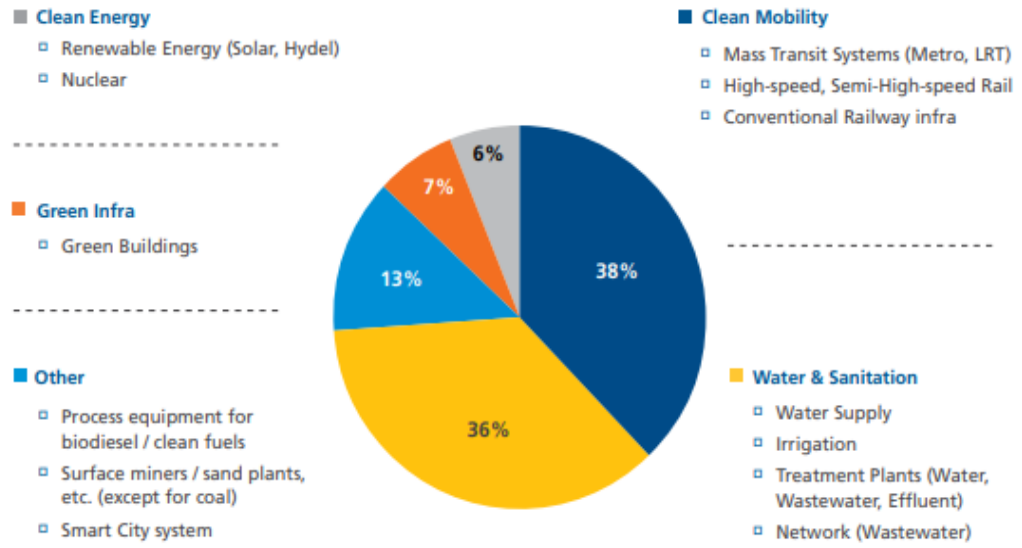


Environment

Target – FY26	Performance – FY23
Committed to achieve Carbon Neutrality: 2040	
25% Emission intensity reduction (Scope 1 & 2) *FY21 (Base year) – 867 tCO_2e / Rs bn*	**889 tCO_2e / ₹ Bn** Emission intensity *(892 tCO2e / ₹ Bn in FY22)*
50% Renewable as a % of electricity consumption	**9.6%** Renewable as a % of electricity consumption *(10% in FY22)*
11% Reduction in Energy Intensity *FY21 (Base year) – 9003 GJ/ Rs bn*	**9,882 GJ / ₹ Bn** *(9,740 GJ / ₹ Bn in FY22)*
1.5 – 2 Mn / Yr Tree plantation	**1.9 Mn** Trees planted in FY23 (1.5 Mn in FY22)
Committed to achieve Water Neutrality: 2035	
75% Wastewater recycling efficiency	**68%** Wastewater recycling efficiency *(53% in FY22)*

Revenue from Green Business

37% in FY23 (vs 34.7% in FY22)



Target: 40% by FY26

Social

Health & Safety

Safety Training & Theme based Campaigns to spread awareness

Regular safety performance review and audits of sub-contractors

MISSION ZERO HARM

EHS Council est.in 2020 chaired by Board Member

Digitization initiatives to enhance safety

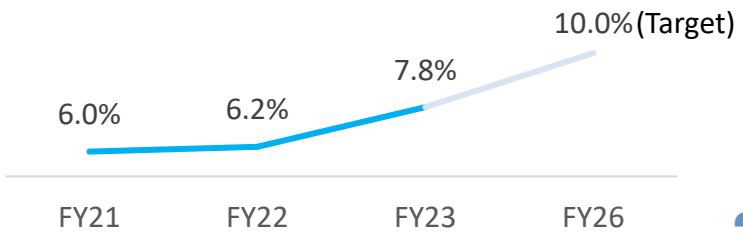
ISO45001:2018 / OHSAS 18001:2018 across all ICs & BUs

Statistics	FY21	FY22	FY23	
Fatality	25	25	14	↓
LTIFR*	0.10	0.11	0.06	↓
Safety training hrs (Mn)	3.2	5.0	6.9	↑

*Lost Time Injury Frequency Rate

Diversity & Inclusion

Gender Diversity



30%
Women GETs/ PGETs of total hires

200+
Women underwent Leadership Journey Programs in last two years.

Community Development FY23

Beneficiaries across thematic areas

361,985
Water and Sanitation

763,608
Health

331,425
Education

46,441
Skill Development

1.5 Mn
CSR beneficiaries in FY23

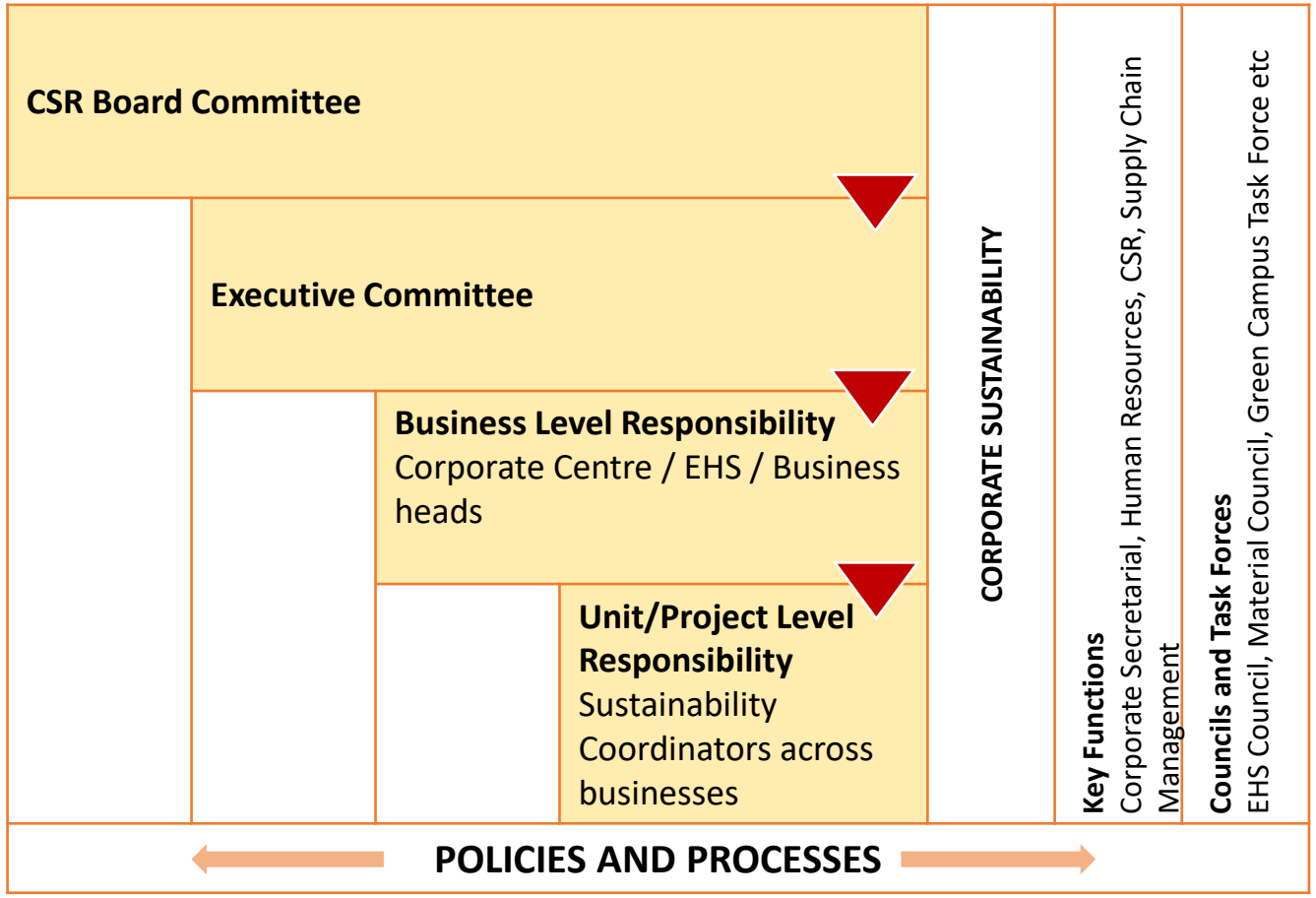
11,115
youth completed various courses at nine CSTIs, with 63% employed this year

Training & Awareness

85,513
Awareness program conducted for value chain partners. Topics covered are related to human rights, EHS, waste management, environmental management, ethics and corporate governance, and other operational topics.

Governance

Sustainability: Governance Structure



Key Policies

- Sustainability Policy
- Green Supply Chain Policy
- EHS Policy
- CSR Policy
- Equal Opportunity Policy
- Public Policy Advocacy' Policy
- Protection of Women at Workplace
- Internal Controls
- Whistleblower Policy
- Anti Bribery & Anti Corruption Policy
- HR Policy

Corporate Policies | L&T Corporate | L&T India (larsentoubro.com)



Thank You

Investor Relations:

P Ramakrishnan (P.Ramakrishnan@larsentoubro.com)
Harish Barai (Harish.Barai@larsentoubro.com)
Shalmali Dange (Shalmali.Dange@larsentoubro.com)

Balance Sheet

₹ Billion	Mar-23	Jun-23	Incr / (Decr)
Equity & Reserves	893	920	27
Non Controlling Interest	142	150	8
Borrowings - Financial Services	820	743	-77
Development Projects	179	173	-6
Others	187	215	28
Sources of Funds	**2221**	**2201**	**-20**
Fixed Assets (incl ROU assets)	164	168	4
Intangible Assets & Investment Property	293	291	-2
Loans towards Financing Activities	738	719	-18
Finance lease receivable	62	61	-1
Net Non-Current Assets	180	190	10
Current Investments, Cash & Cash Equivalents	581	532	-49
Net Current Assets	193	230	37
Assets held for Sale (net)	10	10	0
Application of Funds	**2221**	**2201**	**-20**
Gross Debt / Equity Ratio	1.14	1.06	
Net Debt / Equity Ratio	0.62	0.58	

Cash Flow

₹ Billion	Q1 FY23	Q1 FY24
Operating Profit	42.7	52.0
Changes in Working Capital [(Inc)/Dec]	(41.2)	(50.3)
Direct Taxes (Paid) / Refund [Net]	(10.7)	(11.6)
Net Cash from / (used in) Operations (A)	**(9.2)**	**(9.9)**
Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(8.4)	(6.3)
Net (Purchase) / Sale of Long Term investments	(9.1)	(9.2)
Net (Purchase) / Sale of Current investments	28.4	28.4
Loans/Deposits made with JV/Associate Cos.	-	-
Interest & Dividend Received	3.7	6.6
Net Cash from /(used in) Invest. Act. (B)	**14.6**	**19.5**
Issue of Share Capital / NCI	0.1	0.1
Net Borrowings [Inc/(Dec)]	(21.1)	(46.0)
Loans towards financing activities (Net)	(9.0)	19.9
Interest & Dividend paid	(12.7)	(17.8)
Net Cash from / (used in) Financing Activities (C)	**(42.8)**	**(43.8)**
Net (Dec) / Inc in Cash & Bank (A+B+C)	**(37.3)**	**(34.2)**

Segment Margin – Q1 FY24

Segment (₹ Crore)	Q1 FY23			Q1 FY24		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Projects Segment	14181	919	6.5%	22058	1117	5.1%
Energy Projects Segment	5073	432	8.5%	6682	608	9.1%
Hi-Tech Manufacturing Segment	1272	192	15.1%	1781	299	16.8%
Others Segment	1467	273	18.6%	2197	408	18.6%
Total (Projects & Manufacturing)	**21993**	**1816**	**8.3%**	**32718**	**2432**	**7.4%**
IT & Technology Services Segment	9556	2090	21.9%	10851	2236	20.6%
Financial Services Segment	2958	384	13.0%	3020	744	24.6%
Developmental Projects Segment	1346	60	4.5%	1294	204	15.8%
Total (Services & Concessions)	**13860**	**2534**	**18.3%**	**15164**	**3184**	**21.0%**
Total	**35854**	**4351**	**12.1%**	**47882**	**5616**	**11.7%**

	EBITDA to PAT (Q1 FY24)					
Particulars	**IT&TS**	**Financial Services****	**Dev. Projects**	**Projects & Manufacturing***	**Corporate**	**Total**
EBITDA	2236	744	204	2432	398	6014
Depreciation	(319)	(30)	(81)	(388)	(13)	(830)
Segment Result	1917	714	123	2044	385	5184
Finance Cost & Tax Expense	(551)	(183)	(357)	(104)	(873)	(2068)
Non-controlling interest	(430)	(179)	-	2	5	(603)
Share in profit/(loss) of JV and associate			-	(21)		(21)
PAT	**936**	**351**	**(234)**	**1922**	**(482)**	**2493**

₹ 100 crore = ₹ 1 bn

*Finance cost and tax provisions of parent company are reflected under Corporate
**For Financial Services EBITDA is PBDT

Breakup of Energy and Hi-Tech Manufacturing Segment

	₹ Bn	Q1 FY23	Q1 FY24	Y-o-Y
Order Inflow	**Energy Segment**	**43.7**	**72.4**	**66%**
	Hydrocarbon	41.8	70.2	68%
	Power	1.9	2.2	18%
Revenue	**Energy Segment**	**50.7**	**66.8**	**32%**
	Hydrocarbon	40.6	59.4	46%
	Power	10.1	7.4	-27%
EBITDA Margin	**Energy Segment**	**8.5%**	**9.1%**	**0.6%**
	Hydrocarbon	10.0%	9.5%	-0.5%
	Power	3.3%	7.2%	3.8%

Energy Segment

Hi-Tech Manufacturing Segment

	₹ Bn	Q1 FY23	Q1 FY24	Y-o-Y
Order Inflow	**Hi-Tech Manufacturing**	**34.9**	**10.5**	-70%
	Heavy Engineering	6.8	6.2	-10%
	Defence Engineering	28.0	4.3	-85%
Revenue	**Hi-Tech Manufacturing**	**12.7**	**17.8**	**40%**
	Heavy Engineering	5.9	9.6	62%
	Defence Engineering	6.8	8.2	21%
EBITDA Margin	**Hi-Tech Manufacturing**	**15.1%**	**16.8%**	**1.7%**
	Heavy Engineering	13.7%	17.1%	3.4%
	Defence Engineering	16.4%	16.5%	0.1%

Share in Profit/(Loss) of JVs/Associates

₹ Bn	Q1 FY23	Q1 FY24
L&T Power JVs	(0.03)	(0.12)
L&T IDPL Group*	(0.20)	(0.00)
Others**	(0.41)	(0.08)
Total	**(0.65)**	**(0.21)**

* Profit consolidation of L&T IDPL at PAT level has been discontinued from Q4FY23, post signing of definitive agreement for sale of stake. The investment in the JV is classified as "Held for Sale"

** Others mainly includes Hydrocarbon and Defence JVs