

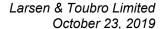
"Larsen & Toubro Limited Q2 FY20 Earnings Conference Call"

October 23, 2019





MANAGEMENT: MR. ARNOB MONDAL - VICE PRESIDENT, INVESTOR RELATIONS, LARSEN & TOUBRO LIMITED





Moderator:

Ladies and gentlemen, good day and welcome to Larsen & Toubro Limited Q2 FY20 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Arnob Mondal. Thank you and over to you sir.

Arnob Mondal:

Thank you, Zaid. Good evening, ladies and gentlemen. Thank you for all logging in at a slightly late hour, but better late than never. As far as the format is concerned, we will first run you through presentation after which the session will be opened for Q&A. We uploaded the presentation on our website at 5 O'clock. So hopefully you have downloaded it and had the opportunity to have a look at it.

Before we get into details, just a few opening remarks:

This quarter and this half year to a large extent was a very unusual in the sense that we have been facing a very uncertain and a volatile economic scenario. But we will talk about it towards the end when discuss the environment outlook. Two things have happened in this quarter, firstly, we acquired control of Mindtree in the beginning of this quarter and hence because it became a subsidiary, it has been consolidated on a line-by-line basis. So the current year, current quarter results and obviously the half year results also incorporates Mindtree numbers and in data points may not be strictly comparable with the previous year on a year-on-year basis or even on a sequential basis. The other thing that happened was, there was a reduction in tax rates for domestic companies. Fair bit of complications have arisen from that including whether companies opt for it and forego all exemptions. And as you know, we are a very large group and we consolidate a number of legal entities, so we have had to take decision on whether to opt for that on a company-by-company basis, but more on that later when we come to the detailed P&L commentary. But these two are the major developments that have happened during the year.

I would like to move to the next slide, which is the disclaimer slide and obviously this is a very important slide. I will take it as read. We put this slide primarily because very often we make forward looking statements which may or may not materialize in the course of time and we obviously would not like to be held responsible for accuracy, for utmost accuracy of those forward looking statements.

We would now like to move to the group performance highlights, that is on Slide #4. I think firstly, we have seen, it is a very strong all round growth in very testing times. Starting from growth of order inflows at 20%, more on that later, to very decent revenue growth of 15% to an increase in the order book and of course we have seen a recurring PAT growth of 24%. It is a very strong showing actually. Just for clarification, when we display recurring PAT, it actually on a like-to-like basis. What we do is that we take the normal reported profit after tax and we subtract or add back whatever exceptional items of income or expense are, so to bring it on a like-to-like basis. So on a like-to-like basis, PAT, recurring PAT as we call it has grown by 24%.



Going to the next slide, Slide #5 which deals with key financial indicators. First, upfront, I think we have had a very stellar show as far as the order inflows are concerned. In the current quarter, we have crossed 48,000 crores and order inflows have grown by 20% and overall for the 16% for the last 6 months, as I mentioned this is the phase of very uncertain and challenging economic environment. The order book as you can see has also crossed 3 lakh crore milestone after very long time, we have not had it before. But it took quite some time for it to cross and on a year-on-year basis, it has grown by 9%. Revenue growth again, I think all of us are aware of the uncertain and difficult times that we are living in, particularly as far as credit flows are concerned and in that environment, revenues have grown by 15% for the quarter and 13% for the half year. Reported PAT has grown by 13%, but I mentioned the recurring PAT growth. One thing which you will notice is that working capital is still a bit elevated at 23%. It grows to around this level at the end of Q1 and obviously this is due to stretched payment cycles in a tough credit flow environment, as well as our continuing efforts to ensure that we give proper support, adequate support to our vendors. Return on equity on trailing 12 month basis continuously improved and we hope to reach our target of 18% in FY21.

Going to the next slide, which is Slide #7, which essentially deals with order inflow and order book. We have had very strong orders in Q2 as well as H1. Q2 has grown as I mentioned by 20% and H1 by 16%. This is essentially driven by hydrocarbon, power as well as buildings and factories to some extent. As you can see in Q2 international orders grew significantly, whereas in Q1 it was domestic orders which have grown. So tables have turned to some extent. And this growth has been achieved even though the previous year had some large order wins like the Dhaka Metro, Nagpur-Mumbai expressway and coastal road projects. We also have a very decent prospect pipeline for the remaining half of the year, the pipeline is encouraging in a volatile environment and as far as the order book is concerned, I mentioned that we have crossed 3 lakh crore. Now we have 6 business verticals, all of which are fairly decently sized. They range between 11% of the order book going right up to 17% of the order book in that sense, but more or less all are equally, all are fairly big size, whether it be buildings and factories or transportation infra or heavy civil or power transmission and distribution or water effluent treatment or hydrocarbon. All these 6 now occupy a fairly large size of the order book and hence the growth is not so much dependent on any single vertical. It is more secular to that extent.

Going to the next slide, Slide #8 which deals with performance and sales. As far as revenue is concerned I mentioned that we have grown 15% in Q2 and 13% for the full year. Here again I think all of us are well aware that since beginning of Q1, number of projects are not contributing to revenue which were expected to contribute, number of projects in Andhra Pradesh are not contributing; the coastal road is not contributing and our revenues are significantly short of budget, what we had internally budgeted because of this, even though we have made up in some other areas as well. And of course Q2 the revenue growth has largely been driven by infrastructure, hydrocarbon and information technology and technology services businesses. There has been a fairly large increase in finance charge operational expenditure. This finance charge operational expenditure is essentially financial services and the finance lease that we have for Nabha power plant. There has not been any increase in Nabha but the growth is largely on account of financial services and like any other business, it is essentially because of larger



volume of borrowings to fund their growth, that is why we have landed up with a growth of 13% in Q2 and 19% for the half year as a whole, even though there has been a small marginal 20-30 bps, increase in the borrowing cost which again is an outcome of retailization to a large extent. As far as staff cost is concerned, staff cost have also gone up by 39% this quarter and 25% for the full year. This is essentially because of the resource augmentation that we have done in our services business and whereas Mindtree as I mentioned has got consolidated, in fact Mindtree has added over 20,000 headcount to the staff cost and in fact, out of the total around 1700 crores increase in staff cost in Q2, Mindtree alone accounts for around 1200 crores or so, slightly more than 1200 crores. So that itself accounts for major bulk of increase in staff cost. Sales and Admin, as far as sales and admin is concerned, there again Mindtree has got consolidated and the increase that you see in sales and admin is largely because of Mindtree consolidation and secondly increased NPA provisions in financial services business. If we strip out these two increases, then the net increase comes to around 10% which is fairly in line with the revenue increase.

Going to the next slide, Slide #9, I think EBITDA has grown reasonably well and to a large extent the EBITDA has been driven also by good EBITDA in the core business as well. The finance cost has gone up significantly 72% in Q2 and 67% and this is essentially on account of increased borrowings that we have had to do to fund our growth and the borrowing cost at around 7.5% per annum is still one of the lowest amongst all corporates. But this is a natural outcome of growth, nothing else. As far as depreciation is concerned, the higher depreciation charges that you see again are partly on account of Mindtree consolidation as well as partly on account of right-of-use assets which have come into the balance sheet after implementation of Ind-AS 116, that is essentially the reason why depreciation has gone up. Tax expense, I will come to it in next slide. As far as joint ventures and S&A company PAT is concerned, it reflects IDPL Roads, Forgings and Power JVs performance, in addition to some other smaller JVs and associate companies and to some extent this has seen a growth because we have accounted for a claim in IDPL that we have done in Q2. Discontinued operations represents electrical and automation since we are well on our way to divesting these assets and we have a decent line of sight into conclusion of the transaction. So it is now being classified as discontinued operations. Reduction in non-controlling interest profits essentially reflects lower profits in services business. I think all of us are aware that services business as a whole, whether it be financial services or information technology or engineering services, the growth rates have come down to some extent. So the extent of profits has also come down. And in case of financial services, I will come to that later on to a larger extent lower profits is because of restatement of deferred tax asset that they did in Q2.

Going to the next slide which is a brief word on the income tax expense. Much has been talked about this and what we have done is that the parent company and some of the subsidiaries have computed the tax expense of the current financial year in line with the new tax regime announced under section 115BAA. Here again, we have gone company-by-company. Provision for current and deferred tax has been determined at the rate of 25% in Q2 and obviously for each one as well, for the whole of H1. The deferred tax assets and deferred tax liabilities as of 1st of April have been restated and recomputed at the rate of 25% and that has obviously led to fair amount of one-time expense. And the other thing that has happened is that, since for those companies



which opt for low tax rate are not allowed, there is no MAT applicable and clarification has come from the department saying that the unutilized MAT credit will lapse and hence those companies including the parent which have opted for the new tax regime have written of the unused MAT credit that was being carried forward in the balance sheet. So barring information technology and technology services, most group companies migrate to the new tax regime.

We will move to the next slide. The next few slide deals with the key subsidiaries and segment. Slide #12 is for reference. It gives segment composition. I think all of you are aware of this. And there is no change here except for the fact that information and technology services which constitutes information technology and technology services has now as a new entity included in the information technology part which is Mindtree, but there is no change in the segment definition as such.

Moving to the next slide which deals with order inflow composition, this again is essentially for reference purpose, I won't get into every single line item here. You can study it at your leisure. As far as order inflow is concerned and here I will again like to reiterate that we also include services as part of the order inflow because the revenues arise from short cycler orders.

Going to the next slide, Slide #14. This again is essentially for reference and this gives the order book, the 3 lakh crores of order book and as you can see the infrastructure segment accounts over 70%. As far as international order book is concerned, it is around 67,000 crores out of 3,03,000 crores and one noticeable fact that has happened over the last few years is that our efforts to diversify geographical concentration away from the Middle East by entering other countries is paying fruit and today 43% of the international order book is now non-Middle East. It constitutes orders from non-Middle East countries. As far as the order book is concerned, Public sector in the domestic order book accounts for 78% of the total domestic order book today.

Going to the next slide, which again is revenue, Slide #15, this again is for reference. I have already given my comments on revenues and revenue growth. So I will not repeat that. We will go to the next slide, Slide #16, which is infrastructure sector and as all of you would know, this sector or segment is largest segment today that we have within the group. And obviously the financial fortunes of this particular segment impacts the entire group level financials. Now as far as infrastructure segment is concerned, public sector still continues to drive order inflows and there has been a decent revenue growth of 9% in a current quarter and 11% for the half year as a whole and the 9% is in spite of the fact that as I mentioned, Andhra Pradesh jobs and coastal jobs have not contributed to revenue. In fact if you look at the domestic growth, domestic part has gone faster than international. In fact domestic growth in Q2 is 13% and 19% for the first half as a whole, that also indicates that execution of our domestic order book barring those few orders which are not moving are going fairly strong. As far as EBITDA margins is concerned, you will also see that there has been a 30 basis point improvement in Q2 and now as far as the full half year is concerned, H1 is concerned, the EBITDA margins of this segment are now at par which is more or less in line with what we had sort of indicated, not guided, sort of indicated in our last quarterly call.



Going to the next slide which is power, I think everybody knows that this particular sector is going through significant stress by way of over capacity. Today in a year as far as coal-fired power plants are concerned, around 6-8 GW of orders are getting ordered out against installed capacity of boilers and turbines, super-critical boilers and turbines in excess of 20 GW and obviously price competition is there in this sector and for the last couple of years we have hardly won any orders barring a few one off orders in things like FGD and all, but no large blockbuster orders and that had led to significant decline, depletion of order book and the opening order book had depleted significantly and even though the current year has again replenished that we have got 2 large orders in the current year itself, so that portends well for future revenues, but the depleted opening order book has also been responsible for the revenue decline of 54% that you see and obviously this has also pulled down the overall revenue growth of the company as well. However, we do think that this is a relatively short term phenomenon primarily because of the new orders that we have got in the current year, one in Q1 and one in Q2.

The prospects, there are two EPC coal fired power plant prospects on the anvil in the remaining part of the year as well one Bangladesh power plant prospect that we are pursuing and some smaller FGD prospects that are there in the pipeline. As far as margins are concerned, margins are by and large reflective of different job mix and stage of execution. Here again, even though most of you would know this, we have some joint ventures particularly, joint venture for manufacturing super-critical boilers and another joint venture for manufacturing super-critical turbines in collaboration with Mitsubishi Hitachi Power Systems and because we share joint control under the current accounting standards that we follow these are not consolidated on a line balance basis and hence their revenues and EBITDA don't appear in this segment. We have consolidated only our share of PAT, equity basis.

Going to the next slide, Slide #18 which deals with heavy engineering. This particular segment in the last 4-6 quarters has seen fairly strong order inflows, very decent order inflows and as a result of which they landed up with a very large order book compared to the size of the business. However, as far as Q2 is concerned, we have seen orders impacted by deferments and however, that again would to some extent dependent upon economic cycles of global oil and gas industry. But the revenue growth both in Q2 and H1 has grown very strongly and this is essentially because of the very large opening order book that this business had in the beginning on 1st of April which they have been executing in line with what they had planned to do and that has led to a large revenue growth. Here, this business you would see as very strong margins in excess of 20% and of course to some extent is logical because being a heavy manufacturing business is also capital intensive business. So EBITDA margin typically tend to be higher in capital intensive businesses because they have to recover fair bit of interest and depreciation as well. But in addition to this, one of the defining features of this business is that they have global competence and that large part of their output is exported to developed countries. They pride themselves on being at the cutting edge of technology and of course they have a proven cap record and we have also been doing a lot of cost efficiencies in the last couple of years which are yielding very strong margins.



Going to the next slide, which deals with defence. Here, I think policies are big dampener Whether it be converting the Make policy into the second version of Make which is turning out to be a bit of a non-starter as well as deferment of the strategic partner program of broadening the SP program to include defense PSUs. Various policy hindrances inhibit private sector participation in this sector in a meaningful manner and in spite of the fact that as a country we spent around 90,000 crores a year on defense equipment procurement, around 70% of that is on imports and 30% is on domestic but large part of that domestic goes to public sector undertakings. So private sector participation is not evolved in a big manner yet, even despite that we get decent orders in this business. The revenue increase that you see in Q2 as well as in H1 are, essentially the increase also has largely been contributed by execution of the tracked artillery gun order that we got in earlier years. And that also continues to drive growth as well as margins. And margins actually reflect the stage of execution, job mix as well as operation efficiency and the decline in margins in Q2 is essentially because last year we also recognized margins on one large job that we are executing.

Moving to the next slide, Slide #20, hydrocarbon segment. This segment has been doing significantly well and today their unexecuted order booked now has now crossed 50,000 crores at the end of 30th September. The order inflows have also been very significant. Then these have been obtained both from domestic as well as international market, whether it would be domestic would be customers like ONGC and HPCL, internationally Saudi Aramco is one of the largest customers, but they have got significant order inflows from both domestic and international. The strong revenue growth of 21% in Q2 and 14% in H1 is again essentially efficient execution on the back of a very large opening order book. As far as margins are concerned there has been a bump up in margins and this is again contributed by efficient execution job mix as well as certain claims which were received in the current year. And one thing which I think you need to note, as far as this business is concerned, it has been very successful not only in ramping up order inflows and revenues with 10%-12% margins it is very high ROCE business because of its very efficient working capital management.

Going to the next slide, Slide #21 which deals with developmental projects, this segment is a bit of a complicated segment because it includes both power development business, essentially Nabha which is a 1400 MW power plant that we operate in Punjab and Hyderabad metro which is partially commissioned and getting progressively commissioned and of course last year we also sold container port in south India in a place called Kattupalli which also gave us significant revenue and margin bump up. The revenue is largely contributed, as you can see by Nabha in Q2 which contributed over a 1000 crores, in half year it has contributed over 2000 crores. Hyderabad Metro has also started contributing revenues. Hyderabad Metro we have actually partial commissioned 30 KMs in November 17, 16 KMs in September 18, 9 KMs in March 19, we are progressively commissioning the rest. We have commissioned around 55 KMs and we hope to complete, we think we should be able to complete full commissioning by the end of this year. Hopefully, maybe sometime in Q3, if not Q3 at least Q4. The margin profile of this business is still emerging primarily because it also depends on the outcome of various claims that we have raised on the state government. So we will have to wait what the outcome of those claims are. Here again, like the power joint ventures, we also have number of concessions, a clutch of



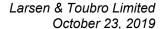
concessions held under the intermediate holdco which is IDPL which constitutes both roads and one transmission line and that is again consolidated at PAT level under equity method.

Going to the next slide, which deals with information technology and technology services. As I mentioned earlier Mindtree results have now been consolidated in Q2 and on this slide you can see the revenue stack up between, actually LTI, L&T Infotech, technology services and Mindtree. And Mindtree as you can see has contributed 1900 crores to the topline and of course something to the bottom line as well. One thing I think here everybody is aware that, as far as this sector is concerned there has been a growth slowdown across industry and all three businesses, whether it be L&T Infotech or Technology Services or Mindtree have been growing faster than industry, their growth has been in excess of 10% in Q2 and a bit more in H1. Infotech revenues have largely been, the growth has largely been led by manufacturing and energy and utilities. Technology services the growth has been led by transportation, plant engineering and medical devices verticals and Mindtree revenue growth has largely been led by travel and hospitality as well as hi-tech and media. Margin variation of course is an outcome of increased resource cost which is an industry phenomenon primarily because the pressure of localization in developed countries particularly USA as well as most companies have also seen a bump up in some visa costs.

Going to the next slide, which is other segment. This segment again is a residuary segment. It comprises of construction and mining equipment, rubber processing machinery as well as industrial valves and realty business. Again realty is a mix of residential as well as commercial. The Q2 revenue growth that you see 7% has largely been driven by Realty and Valves. And there has been a bit of a margin variation which is again due to business mix variation.

We will now go to the next slide which is financial services. They had their earnings call, it is a listed company, so all their numbers are available for all to see in a public domain and they had the earnings call yesterday. But be that as it may, this business has grown in a very challenging environment. I think the entire NBFC space was severely affected starting from early September last year and still not out of the woods yet and some NBFCs have been in the news for wrong reasons, but be that as it may in a very challenging environment they have managed to grow decently well. Their focus continues to be on retailization of the loan book ensuring that they get a robust net interest margin as well as fee income. Very prudent asset liability management, trying to ensure that the asset quality keeps on improving and of course increasing the diversity of funding sources is something which they are also focusing on, apart from ensuring that they remain in what they call high quartile return on equity business. In L&T Finance Holdings, most of the companies have opted for lower tax rate and this has also given rise to a one time impact arising out of deferred tax asset restatement that they had. That has primarily been responsible for the drop in PAT in Q2 compared to Q2 of FY19.

Going to the next slide which is electrical and automation, as I mentioned this is classified as discontinued operations in our financial statement. But here I still would like to give revenue and margin numbers for your information. One point to note here is that they have had a relatively flat revenue growth in a very soft demand environment, in fact the industry has





recorded a negative growth. So to that extent they have been holding their own in a creditable manner and probably gaining a little bit of market share in the process. Margins here again, very decent margins and margins reflect again operational efficiency as well as better realization that they have been obtaining.

The next slide, before I go into the actual environmental outlook, I just like to mention a few points. One is the economy is very volatile, uncertain and challenging, I think there is no doubt about that. Private sector CAPEX is still muted, whether in the areas of public private partnership or industrial CAPEX or buildings in urban agglomerations, real GDP growth has slowed down and if you look at the classical formula of GDP whether it is consumption plus investment plus government revenue spending plus exports minus imports, all of these have registered a bit of a weakness, particularly in consumption part which has slowed, which has dragged down your real GDP. The only silver lining is that the public sector investments are still relatively strong and the areas where we are seeing decent strength are in water, metro railways, some roads and road adjacencies whether there be expressway programs or flyovers or special bridges as well as decent spends in power transmission and distribution as well as in hydrocarbon.

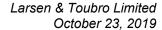
Now into the environment that we operate in, the next slide, in the next slide here I have tried to deal with four major external pulls and pushes starting from the top, going down to the right hand side. Those are in green font and on the left hand side going down to the bottom, the ones in red font are four major internal trends that we think provide us with an economic moat to tide over short to medium economic cycles. I will not go into all of these. Suffice to say that these appear to be the most important macro level factors. As far as our internal capabilities are concerned, I think everybody knows that our very strong and large order book is a good insurance against volatility. A very strong balance sheet enables us to execute even in a difficult time. Proper business portfolio diversified within the EPC also reduces cyclicality in addition to which annuity sort of businesses which are services business lend a fair bit of stability as well and also our capability spectrum is almost unmatched as far as execution of large complex infrastructure projects are concerned.

The next slide is the end of the presentation. However, I would also like you to keep in mind that there are 5 important annexures. One is the segmental performance and we also tried to give a disaggregated balance sheet in another annexure which gives an idea of the very large composition of the debt that we hold as well as some major components of the assets that are on the balance sheet. We have also given a slide on cash flows where you can see that Q2 this year has been, betterthan Q1 as all of you who would know, saw significant eating up of operational cash flows through increase in working capital, Q2 to that extent has been much better. Then there is also slide giving the broad break up of PAT, our share of PAT that we get from JVs and associates and finally slide gives an overview of the constructions business portfolio.

With that I would like to handover the session back to Zaid to start the Q&A.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Renu Baid from IIFL. Please go ahead.





Renu Baid:

Yes, positively surprised with the operating performance of the core businesses there. Sir, the first question comes around the core business itself. Typically, in hydrocarbon we used to say that with this kind of execution ramp up and orders coming through 8% to 10% was a more sustainable margin rate and now that this year itself we have been sustaining to double digit margins. Do we think the overall operating margins, expectations for hydrocarbon should now be early teens?

Arnob Mondal:

I would not like to go out on our limbs and try to extrapolate current margins with what could happen...

Renu Baid:

No. Given the kind of inflows, size scale of inflows and the types of jobs which are coming to the business vertical.

Arnob Mondal:

I think around 10% margin should be decent thing to project, because you must also understand that in this quarter we got some claims as well. If you look at half yearly margins it is 10.2%, it is not significantly higher than 10%.

Renu Baid:

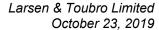
Sure. Sir, you also mentioned that despite having a reasonably strong inflow in the first half, core inflows we are seeing, the order prospects still look encouraging. So within the second half inflow as in, would it possible for you to highlight the overall prospect list remaining for the second half and which could be the key mega projects which could be targeted, be it the high speed rail or other refinery order something which could be there. So any key notable orders which one should watch out for in the second half?

Arnob Mondal:

We have already mentioned the two which are on the radar but it looks as if the high speed rail is getting postponed, next date apparently would be sometime in January. We will have to wait and see. And Barmer refinery will have to wait and see when it gets ordered out. There are two large prospects on the anvil. But overall as far as the infra segment is concerned, we are seeing around 4.5 lakh crores worth of prospects, fairly evenly distributed between buildings and factories and smart world and heavy civil and transportation infra and water as well as PT&D. All typically between 80,000 crores to 1,00,000 crores approximately, 1,00,000 crores-1,10,000 crores, almost equally spread out. So that accounts for around 4.5 lakh crores. Power generation whether it be the two domestic EPC orders that we talked about, further, Bangladesh international order that we are trying to bid for as well as some small FGD orders is another 20,000 crores. Hydrocarbon for the remaining part of the total prospect base is around 40,000 crores. Metallurgical and metal handling is another 10,000 odd crores and Heavy Engineering and Defense without taking into account any possibility of any large defense programs getting ordered out this year is another 10,000 crores. So that stacks up to approximately 5,20,000 crores in our core EPC business.

Renu Baid:

Sure. It should be good. And when we say high speed, the kind of opportunity for Larsen here would be something like 35,000 crores – 40,000 crores or the addressable market for us, because one single package will be 20,000 crores package here.





Arnob Mondal: The 20,000 crores is media reported number. I don't know where they got it from because

obviously...

Renu Baid: I think that number is quoted by the customer themselves as an expected size of the contract.

But in your assessment what would be the average opportunity size for you here at the anvil?

Arnob Mondal: See, the EPC portion of the high speed rail could be anywhere close to between 50,000 crores –

60,000 crores which we would look at targeting. But that will obviously be ordered out over a period of time. It will not get ordered out in one shot. As you said, the very large packages tendering is going on, but at this point of time it is still in the technical prequalification stage.

Renu Baid: Sure. And sir the last question is related to the order backlog. As in would it be possible for you

to quantify the value of the stuck projects, be it Andhra Pradesh jobs or the coastal roads, as and when they might get sorted out, but what could be the value, cumulative value for all these orders

put together which are stuck or non-moving in the backlog at the moment?

Arnob Mondal: Andhra Pradesh and Coastal road together would be around 16,000 crores.

Moderator: Thank you. The next question is from Renjith Sivaram from ICICI Securities. Please go ahead.

Renjith Sivaram: Sir, if you can just highlight the infra growth have been good given the overall environment that

too largely domestic. So if you can, which segment actually was the major driver under infra?

Arnob Mondal: See, almost all segments have driven a very decent growth, almost all segments. Buildings and

factories is a slightly slow but not unduly slow, all the others have grown reasonably well. Buildings and factories and PT&D, power transmission and distribution, is slightly slow but it is not as mentioned nothing of great concern. They have grown but not as fast as the other 5

large businesses there.

Renjith Sivaram: Okay. When we look at the balance sheet, the payables have reduced and this had impacted the

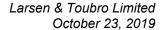
overall net working capital. So what is the outlook here, will it normalize going forward or do

we continue to support our suppliers going forward, what is the outlook here?

Arnob Mondal: See Renjith, you are absolutely correct. The increase in networking capital is not due to

receivables, essentially receivables have been under control. In fact on an absolute amount we have not gone up higher. But the fact is that when the payables have gone down, primarily as you said because we have to support our vendors. If you relook at it objectively, vendors are our execution partners and any stress that they undergo, financial stress, ultimately reflects in our execution as well. So obviously we will continue to support it. And from a macro point of view, while there is enough liquidity in the system, liquidity is not flowing, so credit growth is not flowing. And that is what is also affecting smaller players, particularly our vendors. So you would have seen between March and now, I think as far as I recollect, the decrease in vendor

payables is around 7000 crores or so.





Renjith Sivaram: And sir finally this hydrocarbon if you can quantify how much was that claim amount?

Arnob Mondal: How much was the...?

Renjith Sivaram: Claim, you told there were some claims in..

Arnob Mondal: That is around 70 crores.

Moderator: Thank you very much. The next question is from the line of Mohit Kumar from IDFC Securities.

Please go ahead.

Mohit Kumar: Sir, my question pertains to the tax impact. Is it possible to quantify if you had not used this new

tax regime, what would have been the taxes for the quarter?

Arnob Mondal: Taxes would have probably gone up. The tax charge would have gone up by over 700 crores.

Mohit Kumar: 700 crores, that is a very high number.

Arnob Mondal: Gross, this is before NCI.

Mohit Kumar: Is it possible to give the total tax number which is right now for the quarter was 7.9 billion, what

would have been the corresponding figure if we had not availed, you know?

Arnob Mondal: Effective tax rate would have been pretty much similar to last year.

Mohit Kumar: Okay, sir. Thanks. Sir, just on the order inflow, does this order inflow includes the Mindtree for

the quarter. Does it mean that if we have to compare, we have to exclude the Mindtree from the

quarter for an apple-to-apple comparison?

Arnob Mondal: Actually if you want an apple-to-apple comparison, there are many things which you need to

adjust. Firstly, look at it this way. When you are saying apple-to-apple comparison, you know

probably referring to the guidance that we give, correct?

Mohit Kumar: Right.

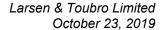
Arnob Mondal: Of course, guidance didn't have Mindtree, but at the same time the guidance never anticipated a

slowdown in AP jobs or coastal road, for which we have lost over 2000 crores of revenues alone in guidance. So theoretically speaking all these, so it is not appropriate to exclude one part of it depending upon the way you look at it and ignore all the other things because during the course of the year many unforeseen things happen which lead to a differential outcome compared to

what we had originally projected.

Mohit Kumar: And one sir, last question. Is this E&A deal with Schneider finalized in the sense have you

received the cash, or when do you expect the cash to receive?





Arnob Mondal: The transaction has not really been consummated. There are still some condition precedent

which needs to be fulfilled before we can get the cash.

Mohit Kumar: What is the timeline, sir, expected timeline?

Arnob Mondal: We do think that we should be able to close the deal by the end of this year, this fiscal.

Moderator: Thank you very much. The next question is from the line of Sumit Kishore from JP Morgan.

Please go ahead.

Sumit Kishore: My first question is, the recurrent profit that you state as 24% growth, what is the 2Q FY20

absolute PAT that you are looking at and what adjustments have you made to arrive at that?

Arnob Mondal: See, all we have done is 2Q, you are talking about the second quarter, correct?

Sumit Kishore: Yes.

Arnob Mondal: Second quarter there is no adjustment that we have done. What we have done is that Q2 of last

> year, the post-tax exceptional was 190 crores which was essentially write back of provision under the case which got resolved under NCLT. So that was exception. So what we have done

is that, we reduced that from the reported PAT of last year.

Sumit Kishore: So basically you have still looked at Rs. 25 billion odd for 2Q FY20.

Yes, still look at 25 billion odd for 2Q FY20, you are correct. Arnob Mondal:

Sumit Kishore: Okay. And if I look at your taxes, I mean what would you say is the one time which is owing to

these statement of DTA or put together with the L&T Finance related write down of DTA?

Arnob Mondal: Gross amount would be in excess of 500 crores.

Sumit Kishore: 470 crores was for L&T Finance itself.

Arnob Mondal: L&T Finance has a bulk of DTA. See, as far as L&T is concerned, our ECL provisions lead to

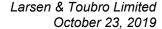
> some amount of DTA but nothing very significantly large compared to L&T Finance. Their NPA provision lead to a very large DTA. There is also some DTAs in the parent which we restated because the bulk of the DTA was in L&T Finance. You are correct, that is 470 crores or so.

Sumit Kishore: And the write off of unutilized credit for MAT, that should be seen as a one-off or is...

That is also a one-off. **Arnob Mondal:**

Sumit Kishore: And that is also 400 odd crores, right?

Arnob Mondal: So it is not 400 crores, it was around 230 odd crores.





Sumit Kishore: Okay. And just a last point, if I look at the other income reported for 1Q FY20, there seems to

be a restatement in other income in sales, administration and other expenses. So what is this

restatement and why have this been done?

Arnob Mondal: See, the restatement was essentially in financial services where they have taken a 50% provision

against bonds of housing finance company because it was relating to bonds, it was put as other income. But after subsequently in discussion with auditors, decided to reclassify it under sales

and admin.

Sumit Kishore: So it doesn't impact the recurring nature and how you recognize other income?

Arnob Mondal: No. It doesn't recognize that.

Moderator: Thank you very much. The next question is from the line of Venugopal Garre from Bernstein.

Please go ahead.

Venugopal Garre: Just two small questions. Firstly on the cash flow perspective, especially in terms of what you

intent to use towards investments, excluding CAPEX, what are the planned investments for this year including equity contribution towards, let us say, Hyderabad Metro which would be some

of would be left as well as anything for L&T Finance etc.?

Arnob Mondal: No. I don't think regarding anything for L&T Finance. See, L&T Finance, typically what

happens, when will they require equity? Number one, if their growth rates are so fast that their internal generations cannot meet with that, then they will go to the market to get money and obviously their growth rates are not what it used to be. So as far as L&T Finance is concerned, I don't think we are looking at any equity investment. In Hyderabad Metro, yes, it will take a

few hundred crores maybe.

Venugopal Garre: That is the only thing, right?

Arnob Mondal: Yes. That is the only large thing. But at the parent level we continue to buy approximately what

around 1500 crores of fixed asset every year typically. So that is a CAPEX at the parent company

level.

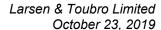
Venugopal Garre: Got it. Sir, secondly I remember in 1Q you mentioned that, that was the election quarter, so you

were seeing some tight payment environment especially from these government projects, and otherwise you could have done a better revenue is what you mentioned. So is it now easing in terms of the payments etc. from state governments etc. Is that environment easing at this juncture and would that play a role per se in terms of you being able to accelerate revenue growth in the

second half?

Arnob Mondal: Frankly it is not eased as such, it is not eased yet. But at the same time, we have not assumed

that the payment situation would significantly improve during the course of the year and our





revenue guidance was not based on that either. So that is why we are still holding on to our revenue growth guidance of between 12% to 15%.

Venugopal Garre:

Sir, lastly if I may, especially this order environment, you have done much better, you have done quite well in the first half. You have seen a lot of acceleration actually post September last year. So is this more a market share gain situation you are seeing, by which I mean to say is that, if I exclude power, we are generally seeing competitive intensity, number of bidders etc, across your projects being lower and would that be sort of positive for margins in future when they reach or would it be too positive to think of it that way?

Arnob Mondal:

See, order inflow gains has largely come from power and hydrocarbon, if you don't consider services business. Part of it has also come from realty, but largely power. And I think everybody is aware of the two large orders that we got in power and hydrocarbon, of course, got some significantly large international orders as well. So as far as core infrastructure is concerned, it is not that we have particularly grown or anything like that.

Venugopal Garre:

It is not for this particular quarter actually, was talking about trailing couple of quarters, because you have been seeing significant gains in December last year.

Arnob Mondal:

It is not that we have grown in H1 either.

Moderator:

Thank you. The next question is from the line of Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri:

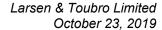
Just a couple of things, one in terms of the order prospects that you mentioned, in heavy engineering the deferred projects could you specify which ones are them and you know in the defense business also we have been reading big submissions that have happened for the submarine. When are they expected?

Arnob Mondal:

See, as far as heavy engineering is concerned, typically it is not that they bid for a billion dollar projects, typically their project sizes that they bid for vary between 50 to 100 crores or so. So number of those around maybe 400 crores odd projects have got deferred in Q2 that we are expecting to get awarded in Q2 which doesn't happen. It is not that it is very blockbuster but for that particular business, yes, it does bite them a bit, even though their order book is still very healthy today. As far as defense is concerned, strategic partner, I don't think we are in any position to take any call on that. We will have to wait and see, I don't think the government has yet made up its mind on various other things as far as which strategic partner they will invite to in which program. As far as submarines are concerned, your guess is as good as mine. But I don't think it is going to happen in a hurry.

Abhishek Puri:

Okay. I have two more questions. One on the IDPL part, so CPPIB preference share conversion, when it is expected and valuations, any idea on that has been decided, numbers have been decided there or not?





Arnob Mondal: Numbers have not been finalized yet, but we are progressing towards that.

Abhishek Puri: What is the long shot date sir?

Arnob Mondal: It should happen this year, hopefully in Q3.

Abhishek Puri: Okay. And my other question is on the borrowing that your Slide #30 shows, for the others part

of the business, I think the financial services is showing a decline whereas the others is increased

by 93 billion. I am assuming it is largely for Mindtree?

Arnob Mondal: See Mindtree, we already had the cash end of last year itself. So that cash got depleted, so the

increase in borrowings that you see to a large extent, it has been number one used to again build up cash buffers and secondly, you would notice that in the current year particularly in H1 the working capital has consumed a fair bit of cash as well .So that has also led to an increase in

borrowings.

Abhishek Puri: And in terms of the vendor financing support, are you seeing the stress becoming worse, or is it

getting better or how do we look at it because it is eating away a large part of our cash flow from

operations?

Arnob Mondal: Firstly, Abhishek, it is not vendor financing support. It is just that we are not accepting unduly

long credit periods from them, but we still get certain free period. I don't think it is deteriorating but it has not yet seen a significant improvement. But see, now that there is reasonable liquidity in the market, but the credit flows are not happening. Hopefully if credit flows are happening, if liquidity starts moving particularly into the SME sectors, then I think we could see some

improvement there.

Moderator: Thank you. The next question is from the line of Inderjeet Singh Bhatia from Macquarie. Please

go ahead.

Inderjeet Singh Bhatia: First thing is, just a quick clarification. We are not changing any guidance parameter right?

Arnob Mondal: Correct.

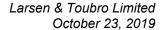
Inderjeet Singh Bhatia Okay. And secondly on the order inflows, is my understanding right that we are including

Mindtree but we are excluding electrical and automation?

Arnob Mondal: Yes, correct.

Inderject Singh Bhatia And that should be the basis for calculating the order inflows for the year?

Arnob Mondal: Order inflows and revenues.





Inderjeet Singh Bhatia Second is on the revenue side. Do you think that or basically the guidance assumed that 16,000

crores of orders in Andhra and coastal road will start to give us some revenues in the remaining

part of the year and if that does not happen, does that put our guidance at risk?

Arnob Mondal: See, we had assumed that they would contribute, both these would contribute significantly. We

had assumed that. But at the same time, there are other projects where the execution has been better as well. So all things considered, at the end of every quarter we do an assessment of business-by-business assessment of how the remaining part of the year is likely to pan out and

when we add that, we find that we are in a position to maintain our guidance.

Indreject Singh Bhatia: Sure. On working capital do we think we can go back to the comfort zone was at 18%-20% kind

of a band and do you think that there the environment is conducive for us to go back to that level

by end of this financial year?

Arnob Mondal: Inder, I would not like to speculate on that. Suffice to say that we are trying to exert every effort

to be in that band

Indreject Singh Bhatia: Got it. Now final question is on margins. Now in quarter one also when our infra margins, we

are kind of were declining year-on-year, it was attributed to early stage in the mix of those early stage revenues, some mixed up charges that we were taking. Some of that hopefully are going out and hydrocarbon is doing well. In that context, do you think that there is an upside to

potentially our margin guidance are flat in the core business, core E&C business?

Arnob Mondal: No. I think we had factored in all that at the end of Q1 itself.

Moderator: Thank you very much. The next question is from the line of Aditya Bhartia from Investec. Please

go ahead.

Aditya Bhartia: Arnob, the order pipeline seems strong, are you seeing government deferring projects in the next

few quarters? The reason I am asking is because the government is deferring projects and is that

a big risk that you see?

Arnob Mondal: Yes, it is a risk. Absolutely correct. In that order deferrals we have seen that even in Q1 and Q2,

in spite of that fact that we have one off a share, what you say is absolutely correct. The risk of our deferrals is very real and that could pose a risk to our inflow numbers, guidance numbers. But frankly speaking with 3 lakh crores unexecuted order book, few thousand crores here and there, 10,000 crores -20,000 crores deferrals is not something which will shake our foundations.

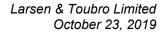
But the pipeline is strong.

Aditya Bhartia: Right. In terms of payments are you seeing delays from government side?

Arnob Mondal: Till now no because we are getting our payments reasonably well in the circumstances. There

are delays on practically every payment and being a large company we tend to be immediate

target of payment delays.





Aditya Bhartia: Do you think that attributed bulk of working capital increase to quicker payment to payables

which essentially means that the receivables haven't really gone up drastically. And in this kind

of an environment, are you seeing a possibility of that also starting to happen?

Arnob Mondal: I would not like to speculate on working capital. It is one of the most difficult parameters to

control. The control has to be exercised on 100s of sites that we execute at any point of time and so many different variables are there. So please don't ask me for a view on any numbers or

number of days.

Aditya Bhartia: Sure. And Arnob, you have spoken about monetization of commercial real estate at Seawoods.

Just one single chunky transaction and if that is the case what could be the value of the same?

Arnob Mondal: Yes, there was a chunky transaction, something close to 500 crores or so.

Aditya Bhartia: My last question, while we understand that margin profile is still emerging, it could be great if

you could share revenue EBITDA and PAT numbers, whatever you can share for H1 FY20.

Arnob Mondal: See, Hyderabad Metro we made a loss at the PAT level of around 80 crores in H1. The EBITDA

was around 150 crores approximately.

Moderator: Thank you. The next question is from the line of Kirthi Jain from Sundaram Mutual Fund. Please

go ahead.

Kirthi Jain: Sir, the trade payables support which we are offering, is it like we get a discount from the vendors

for paying earlier?

Arnob Mondal: No. It is not that. It is not that we get a discount by paying early or anything like that. Those are

terms of trade, contractual terms.

Kirthi Jain: Like, we will not get any rebate by paying early?

Arnob Mondal: I don't think so, because once the purchase price is fixed, I don't think any vendor would like to

compromise on that.

Kirthi Jain: Secondly sir, this Hyderabad Metro, so this 180 crores kind of loss, so 800 crores per annum

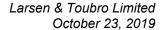
kind of loss you had incurred?

Arnob Mondal: 80 crores, not 180 crores.

Kirthi Jain: So in full commissioning, what should be the loss we should expect sir for FY21?

Arnob Mondal: I said the margin profile is still emerging, Kirthi, you will have to wait till full commissioning

happens and then we will try to give you a better picture.





Moderator: Thank you very much. The next question is from the line of Jonas Bhutta from PhillipCapital.

Please go ahead.

Jonas Bhutta: Sir, just a few number specific queries. If you can share what was dividend from subsidiaries in

the standalone account part of the other income?

Arnob Mondal: See, as far as dividend from subsidiaries in standalone is concerned, in Q2 we got 675 crores

against 420 odd crores in Q2 last year. The increase was on account of dividend from Mindtree that we got essentially. For the half year, the dividend was slightly over 700 crores and last year it was 790 crores because last year we also got a dividend in excess of 300 crores from LTCL.

Jonas Bhutta: Sir, also if you see the differential in margins for the E&A segment is just about, on the EBITDA

level is about 40 bps while that expands to almost 400 basis points on the EBIT level implying

that there has been some depreciation adjustment.

Arnob Mondal: See, once it is classified as assets held for sale, depreciation is not applicable because it is taken

out of fixed asset.

Jonas Bhutta: Okay. So because this is very particular to Q2, though Q1 still had a positive charge.

Arnob Mondal: Yes.

Jonas Bhutta: And lastly sir, if at all you can throw some light on there have been a very small amount of order

cancellations, roughly 3500 odd crores, from what segments would that largely be driven by sir?

Arnob Mondal: It is less than 3500 crores, some other adjustments are there, right? But some part of that is due

to, in power transmission and distribution, we have got large number of orders from the Saubhagya initiative which also had certain non Saubhagya portion. So that has got de-scoped

to pure Saubhagya. So we have adjusted the order values there.

Moderator: Thank you. The next question is from Ankit Babel from Subkham Ventures. Please go ahead.

Ankit Babel: Actually my question was on your order inflows, so in the first half you have mentioned that

including the services, the order inflow growth has been 16%. So 87,000 crores versus 75,100 crores. But if I see your last year H1 FY19 presentation, the order inflow figure was 78,100

crores. So there has been a difference of around 3000 crores.

Arnob Mondal: That is because of electrical and automation, it is because of some order inflows revenues and

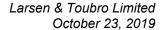
margins, EBITDA.

Jonas Bhutta: So sir, could you tell us for the last full year what was the inflow of this particular segment so

that we will have a good base to compare for the full year?

Arnob Mondal: That you can see, you just refer to last year's Q4 presentation. The order inflow breakup is there,

right? It was around 6000 crores approximately.





Moderator: Thank you. The next question is from the line of Deepak Krishnan from Goldman Sachs. Please

go ahead.

Pulkit: This is Pulkit. Sir, all my questions are answered. Just one book-keeping question. When you

were talking about in your opening remarks, you mentioned that hydrocarbon, we have seen some good orders including orders from Saudi Aramco and HPCL. So would it be fair to assume that this HPCL order that was announced this morning is already included in the order inflow?

Arnob Mondal: We do not talk about specific orders, Pulkit.

Pulkit: Because you mentioned in your opening remarks which is I was wondering.

Arnob Mondal: I mentioned ONGC, HPCL, Saudi Aramco, these are three major customers that we have in our

order book. The order book is more than 50,000 crores.

Pulkit: No sir, the order that you announced this morning, you would not be able to comment, that is

included or not?

Arnob Mondal: No.

Moderator: Thank you. The next question is from the line of Girish Achhipalia from Morgan Stanley. Please

go ahead.

Girish Achhipalia: Just couple of questions. Firstly on others business, can you quantify what is the real estate

revenue in first half?

Arnob Mondal: In the others segment we do not give granular breakup of revenues. Please do not ask me get

into further details. I will have to disappoint you.

Girish Achhipalia: Second thing on this buyback guidelines that SEBI has announced. Any thoughts that you could

share as a management team as to how you think about it right now?

Arnob Mondal: Actually at this point of time, there is no question of our going in for a buyback because we do

not have sufficiently large excess cash to do that, but in any case with the new taxes on buyback, I think the arbitrage is no longer there. So we will be indifferent between buyback and dividend

frankly.

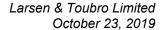
Moderator: Thank you. The next question is a followup from line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Just a clarification sir. Sir for the effective tax rate, what should we assume for the full year and

for next year, should 24%-26% we assume or you think it could be bit higher?

Arnob Mondal: I think that the average tax rate of around 25%-26% is reasonable.

Renu Baid: That should be reasonable at the company level?





Arnob Mondal: Yes, at the company level.

Renu Baid: And within this quarter, I am not sure if I have missed this. On other income, we had seen a very

sharp jump this particular quarter. So any particular line item that you would want to highlight

which led to this jump in other income?

Arnob Mondal: It is mainly treasury. Just like we had higher debt, we also had higher investments. So we

liquidated some of those investments and those lead to gains as well.

Renu Baid: Because on a sequential basis also, the jump was there. So largely treasury gains to that extent.

Arnob Mondal: Essentially, treasury gains, yes.

Moderator: Thank you. The next question is from the line of Shreyas Bhukhanwala from Canara Robeco

Mutual Fund. Please go ahead.

Shreyas Bhukhanwala: Sir, just one question on Nabha. So how much would be the receivables outstanding for more

than 6 months?

Arnob Mondal: Please do not ask us to give that level of information on individual projects or individual

companies, but we still have a large amount of receivables struck with PSPCL even though we got a favourable order from the Supreme Court. They have only paid part of it. They not paid a

large part of it yet.

Shreyas Bhukhanwala: But on ongoing basis, we have been receiving the amount no?

Arnob Mondal: Ongoing basis, we are getting.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Just wanted to check here so for your working capital, is it fair to understand that despite

government delaying, your receivables have not gone a bit essentially driven by payables.

Arnob Mondal: You are absolutely correct and this I had mentioned earlier that our philosophy is that if

customers do not pay on time, we slowdown execution. So that is why we try our best to ensure

that receivables do not balloon.

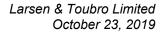
Puneet Gulati: Under normal course of business and receivables, how much more revenue could you have

added?

Arnob Mondal: That is a hypothetical question, I do not like to speculate on that.

Puneet Gulati: So the other thing is on your prospective order, I missed the number. Is it 5.2 lakh crores or 4.5

lakh crores?





Arnob Mondal: 5.2 lakh crores of which infrastructure is 4.5 lakh crores.

Puneet Gulati: Infra is 4.5?

Arnob Mondal: Infra segment, yes.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Institutional

Equities. Please go ahead.

Aditya Mongia: Sir, wanted a clarification. You now put the slide in which kind of tally the segmental numbers

with the overall numbers.

Arnob Mondal: Annexure.

Aditya Mongia: Exactly the annexure wherein for the first half, corporate overheads accounts was maybe Rs. 4.5

billion kind of PAT impact. Is it fair to assume this could be in the recurring rate of this line item

incrementally or there any one-off impact?

Arnob Mondal: Aditya, all this time you have been saying that you do not look at corporate, you only want PAT

at a segment level, you are not bothered about corporate. Now you are asking about corporate, asking me to extrapolate corporate. There are so many variables that...sorry, I cannot get into

that level of extrapolation.

Moderator: Thank you. The next question is a followup from the line of Kirthi Jain from Sundaram Mutual

Fund. Please go ahead.

Kirthi Jain: Sir, the commodity prices in general especially the steel have corrected by 25%-30%. So how

much like margin improvement we can see from this factor over let us say next 1 year or next..?

Arnob Mondal: You are asking me something which is almost impossible to quantify on a forward-looking basis.

Firstly, we have to see it will high in inventory, it will depend upon when that inventory is

consumed. So I think that is some question which I would not like to speculate on.

Kirthi Jain: Because in Q4 results, you told that steel price increase jump was very significant and we lost

in some of our fixed price contract.

Arnob Mondal: That is correct. Higher commodity prices are embedded in whatever inventories we have. Going

forward, yes, hopefully, we will gain something, but probably the results of that will come in

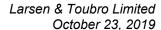
FY21 and all that will be baked into our FY21 EBITDA margin guidance.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Mondal for

closing remarks. Over to you, sir.

Arnob Mondal: Thank you, Zaid. Thank you, ladies and gentlemen for a very patient and interactive session.

One last point which I forgot to mention in my opening and closing remarks was that once again,





I would urge you not to view everything on a quarterly basis as far as long-term interpolation is concerned. As always you will be aware, both order inflow revenues and margins in our sort of business can be very lumpy and spiky on a quarter-to-quarter basis, not just because of the uncertainty in order inflows, but because of our revenue and margin recognition norms. Be that as it may I think all of us are very satisfied with the performance of the quarter just gone by and I have talked about that enough in my opening remarks. With that, I would like to close this session. Thank you once again.

Moderator:

Thank you very much sir. Ladies and gentlemen, on behalf of Larsen & Toubro Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.