"Larsen & Toubro Limited
Q2 / H1 FY '26 Earnings Conference Call"
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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 / H1 FY '26 Earnings Conference Call hosted by Larsen & Toubro. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. P. Ramakrishnan from Larsen & Toubro. Thank you, and over to you, Mr. Ramakrishnan.

P. Ramakrishnan: Thank you, Rutuja. Good evening, ladies and gentlemen. A warm welcome to all of you into the Q2 / H1 FY '26 Earnings Call of Larsen & Toubro. The earnings presentation was uploaded on the stock exchange and in our website around 6:20 p.m. Hope you had a chance to take a quick look at the numbers.

I will first walk you through the important highlights for Q2 FY '26 in the next 20 to 25 minutes or so, post which we will take questions. Kindly note that when the Q&A session starts, I also have with me our Deputy Managing Director and President, Mr. Subramanian Sarma.

Before I begin the overview, the disclaimer from our end - The Presentation, which we have uploaded on the stock exchange and our website today, including the discussions we may have on the call today may contain certain forward-looking statements concerning L&T's business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements.

I would request you to go through the detailed disclaimer, which is available in Slide 2 of our earnings presentation that we have uploaded today. I will start with a brief overview on the economic conditions in India and the Middle East, which are key markets for the company, especially for the Projects and Manufacturing businesses.

India's economic outlook continues to remain optimistic. The domestic conditions are favourable with GDP growth for FY '26 projected between 6.5% to 7%, largely driven by retail consumption resilient services sector and steady capex. The new private sector capital expenditure plans are also being driven by increased investments in Manufacturing, Renewables, Real Estate, Digital Infrastructure and Power Generation projects, even as the public infrastructure continues at a steady pace.

The economic growth in the Middle East is expected to remain stable, supported by a rebound in oil output, controlled inflation and continued diversification into non-oil sectors. However, flat oil revenues as lower prices offset the higher production may lead to a renewed focus on efficient and prioritized spending. Countries in the region are increasingly prioritizing natural gas and renewables over oil for domestic power generations as part of their long-term economic diversification strategy. This shift supports their transition to cleaner energy while enabling higher oil exports and greater value capture through petrochemicals production.

Having covered the macro landscape, let me share some few important highlights for the quarter.

- The L&T's Onshore and Offshore Hydrocarbon businesses have each secured ultra-mega orders in the Middle East. The Onshore order involves the setting up of a natural gas liquids plant and allied facilities, while the Offshore order involves multiple packages, including EPC, installation of offshore structures and upgradation of existing facilities.
- During the quarter, we have entered into strategic MOUs and partnerships across our Renewables, Green Energy, Defence and Semiconductor businesses, strengthening the foundation for our future growth.
- The Renewables business within the Infrastructure segment has entered an MOU with ACWA Power for the Renewables and grid scope of the Yanbu green ammonia project in Saudi Arabia. The scope involves multiple facilities, including solar photovoltaic, wind and battery energy storage system plants, along with associated substations and transmission lines. The cooperation involves a commitment from L&T to enter an EPC contract once the final proposal is accepted.
- L&T GreenTech Limited, a wholly owned subsidiary has entered into a joint development agreement with ITOCHU Corporation of Japan to develop and commercialize a 300 KTPA green ammonia project at Kandla in Gujarat. Under the agreement, L&T Energy GreenTech and ITOCHU will collaborate on the development of the facility with ITOCHU planning to offtake the product for bunkering applications in Singapore.
- The company has formed a strategic partnership with Bharat Electronics to support the AMCA program of the Indian Air Force. The consortium has submitted an expression of interest in response to a notification issued by the Government of India's Aeronautical Development Agency.
- L&T Semiconductor Technologies, another wholly owned subsidiary, acquired the power module design assets of Fujitsu General Electronics of Japan. As part of the transaction, the semiconductor company has acquired Fujitsu's R&D

equipment, design patents and various intellectual properties related to power module technologies. Additionally, the semiconductor subsidiary has signed an MOU with the Indian Institute of Science Bangalore to jointly develop a national 2D innovation hub. The envisioned hub will serve as a world-class facility focused on next-generation semiconductor innovation beyond silicon chip technologies, placing the country at the forefront of global semiconductor research and development.

- Besides this, the company has reached an in-principle understanding with the Government of Telangana, wherein the Government will take over the Hyderabad Metro SPV by refinancing the current debt and acquiring the entire equity stake in L&T Metro Rail Hyderabad Limited. The contours of the final agreement are being finalized, and we expect this transaction to get consummated by the end of the current fiscal FY '26.
- The company has secured a sustainability-linked trade finance facility from a commercial bank worth USD 700 million. The facility is aligned with international sustainability standards and ties its terms to the KPIs such as greenhouse gas emission intensity and freshwater withdrawal, which are critical to L&T's operations.

I will now cover the various financial performance parameters for Q2 FY '26.

We continue to witness strong ordering activity in Q2 FY '26 across India and the Middle East, with order inflows growing 45% Y-on-Y. Supported by this sustained momentum, the order book expanded to Rs 6.67 trillion as of September 2025, reflecting a 31% Y-on-Y increase and providing a strong revenue visibility in the near future. Our group revenues grew 10% Y-o-Y in Q2 FY '26. The execution levels remain broadly in line with expectations, barring a few sector-specific challenges. The Projects & Manufacturing portfolio margin improved from 7.6% in Q2 of the previous year to 7.8% in Q2 FY '26. As of September 2025, the Net Working Capital to Revenue ratio remained healthy at 10.2%, an improvement of almost 200 basis points Y-on-Y. Our continued emphasis on capital efficiency also translated into a further improvement in the Return on Equity, which rose to 17.2%, up 110 basis points Y-o-Y. I now move on to the individual performance parameters.

During the quarter, the group order inflow stood at Rs 1,158 billion, registering a Y-on-Y growth of 45%, reflecting the continued traction across our key businesses. Within this, the Projects & Manufacturing, that is the P&M portfolio delivered a strong performance with order inflows of Rs 968 billion, up 54% Y-on-Y, underscoring the broad-based demand environment across both domestic and international markets. The growth in the P&M portfolio was broad-based with domestic order inflows growing

40% Y-on-Y and international inflows up 62% Y-o-Y. The order inflows during the quarter were driven by strong activity across Hydrocarbon, Buildings and Factories, Heavy Civil and the Renewable subsegments. During the quarter, the share of international orders in the P&M portfolio stood at 65% as compared to 62% in the Q2 of the previous year.

Moving on to the prospects pipeline for the near term. We have an overall prospects pipeline of Rs 10.4 trillion vis-à-vis Rs 8.1 trillion at the same time last year. This represents an increase of 29% on a Y-on-Y basis. The increase in the prospects pipeline is mainly led by Infrastructure and Hydrocarbon segments. The broad breakup of the overall prospects pipeline for the near term is as follows:

- Infrastructure, Rs 6.50 trillion vis-à-vis Rs 5.42 trillion last year, representing an increase of 20%
- Hydrocarbons, Rs 2.93 trillion vis-à-vis Rs 2.25 trillion last year, representing an increase of 30%.
- CarbonLite Solutions, the prospects pipeline as of September '25 is Rs 0.46 trillion as compared to Rs 0.24 trillion last September 2024.
- The Green and Clean Energy opportunities aggregate to Rs 0.18 trillion as compared to Rs 0.01 trillion last year. The increase is primarily because of Gas to Power-related opportunities outside of India.
- The Heavy Engineering and the Precision Engineering & Systems, which aggregate to what we call the Hi-tech Manufacturing segment, the order prospects as of September '25 is at Rs 0.31 trillion as compared to Rs 0.16 trillion last year.

Moving on to the order book.

The order book as of September 2025 stands at Rs 6.67 trillion, up by 31% as compared to September '24 last year. The Projects & Manufacturing order book has a balanced geographic mix with 51% of the order book coming from domestic markets and 49% from outside India. Out of the International order book of Rs 3.27 trillion, around 84% is from Middle East and the balance 16% is from other parts of the world.
The client-wise composition of the domestic order book of Rs 3.4 trillion as of September '25 is as follows:

- Central Government constitutes 14%,
- State Government and Local Authorities, the order book share is 24%,
- Public Sector Corporations 32%,
- and the Private Sector Composition is at 30%.

As you may note, the share of the Private Sector in our domestic order book has increased from 21% as of March '25 to 30% as of September '25. This growth reflects improved activity in the Residential and Commercial Real Estate, Power Generation and Data Storage Solutions as well as the Minerals and Metals sector. Approximately 12% of our total order book of Rs 6.67 trillion is funded by bilateral and multilateral funding institutions. Again, 91% of our total order book is from Infrastructure and Energy. You may refer to the presentation slides for further details. No major orders were deleted during the quarter. And as of September, the share of slow-moving orders is around 3%.

Coming to Revenues. The Group Revenues for Q2 FY '26 at Rs 680 billion registered a Y-on-Y growth of 10%. The International revenues constituted 56% of the revenues during the quarter. The strong execution momentum in the Energy and Hi-Tech Manufacturing segments drove the overall group revenue growth for the quarter, while execution in the Infrastructure Projects segment was a little subdued during the quarter. Within the overall group revenue, the P&M businesses recorded revenue of Rs 490 billion for Q2 FY '26, marking a 10% growth over the corresponding quarter of the previous year.

Moving on to EBITDA margin. The Group level EBITDA margin without other income for Q2 FY '26 is 10.0% as compared to 10.3% in Q2 of the previous year. The decline in EBITDA margin is primarily due to the margin compression in our IT&TS segment. The detailed breakup of EBITDA margin business-wise, including other income, is given in the annexures to the earnings presentation. Our EBITDA margins in the P&M business portfolio has improved from 7.6% in Q2 FY '25 to 7.8% in Q2 FY '26. The segment-wise EBITDA percentages will be shared in detail during the discussion on the segment performance.

Our Consolidated PAT for Q2 FY '26 at Rs 39 billion is up by 16% as compared to Q2 of the previous year. The increase in PAT is reflective of improved activity levels and efficient treasury management. The group performance, the P&L construct, along with the reasons for the major variances under the respective function heads is provided in the earnings presentation. You may go through for further details. Coming on to working capital.

Our group NWC to sales ratio has improved from 12.2% in September '24 to 10.2% in September '25, mainly due to an improvement in the GWC to sales ratio backed by strong customer collections during the last 12 months. Our group level collections, excluding Financial Services segment for Q2 FY '26 is Rs 600 billion as compared to Rs 620 billion in Q2 of the previous year. The year-on-year dip is primarily timing related as we had witnessed a very strong collection growth in the first quarter of the current financial year. With the continued focus on customer collections, our cash flow from operations, excluding Financial Services segment between April to September 2025 is at Rs 106 billion as compared to Rs 61 billion in H1 of the previous year. We have added a slide on group cash flows, excluding L&T Finance in the annexure alongside the reported cash flow slide to give more clarity on the cash flow performance.

Finally, the trailing 12-month ROE for Q2 FY '26 is 17.2% as compared to 16.1% in Q2 of the previous year, an improvement of 110 basis points.

Very briefly, I will now comment on the performance of each business segment before we give our final comments on our outlook for the remaining part of FY '26.

The first would be Infrastructure. The segment order inflow grew 6% in Q2 FY '26 on a Y-on-Y basis, driven by strong domestic private sector demand spanning residential, commercial buildings, airports, data centres, pump storage projects, ferrous and nonferrous facilities, solar PV manufacturing plants and semiconductor fab facilities that were witnessed during the quarter. These together account for nearly 60% of the domestic orders for the quarter. Like I mentioned earlier, our order prospects pipeline in Infra for the near term is around Rs 6.50 trillion as compared to Rs 5.42 trillion during the same time last year, representing an increase of 20%. The infra prospects pipeline of Rs 6.5 trillion comprises of domestic prospects of Rs 4.25 trillion and international prospects of Rs 2.25 trillion. The subsegment breakup of the total order prospects in Infra segment is as, the share of Transportation Infrastructure is 21% Heavy Civil Infrastructure is 16%; Water and Affluent Treatment, 15%; Power Transmission and Distribution, 14%; Buildings and Factories, 13%; Renewables at 11% and Minerals & Metals at 10%. The order book of this segment is at Rs 3.95 trillion as of September '25 with the execution period around 3 years. The revenues for the quarter in the Infrastructure segment registered a marginal decline of 1% Y-o-Y, largely attributed to an extended monsoon season and slower progress in the rural water supply projects, which continue to face sector-specific challenges. In addition, a few large renewable projects are in the initial execution phase. Our EBITDA margin in the segment was at 6.3% in Q2 FY '26 as compared to 6% in Q2 FY '25. The margin uptick has been driven by improved execution efficiency.

Moving on to the next segment, which is Energy Projects, which comprises of Hydrocarbon and CarbonLite Solutions. The order inflows in this segment were robust at Rs 382 billion in Q2 FY '26 as compared to Rs 78 billion in Q2 FY '25. The segment order book was helped by receipt of ultra-mega orders across Onshore and Offshore verticals of the Hydrocarbon business in the Middle East. We have a strong order prospects pipeline of Rs 3.57 trillion for the segment in the near term, comprising of

Hydrocarbon prospects of Rs 2.93 trillion, CarbonLite Solutions of Rs 0.46 trillion and the clean energy prospects of Rs 0.18 trillion. The Hydrocarbon prospects remain predominantly International with approximately 93% of the opportunities is overseas, while CarbonLite Solutions prospects are primarily domestic and clean energy is largely driven by gas to power opportunities. The order book of the Energy segment is at Rs 2.14 trillion as of September '25 with the Hydrocarbon order book at Rs 1.66 trillion and CarbonLite Solutions at Rs 0.48 trillion. The Q2 FY '26 revenues for the segment at Rs 131 billion registers a robust growth of 48%, driven by the execution ramp-up in international Hydrocarbon projects and commencement of execution in the CarbonLite Solutions orders secured in the recent past. The Energy segment margin in Q2 FY '26 is at 7.3% vis-à-vis 8.9% in Q2 of the previous year. The margin decline for the quarter in the Hydrocarbons business was primarily due to cost overruns in some few domestic and international projects. These projects are in the final stages of execution and are expected to conclude over the next few quarters. We do anticipate soft margins in the segment to persist in the near term. As already communicated during our Q1 FY '26 Earnings Call, this is factored into our FY '26 P&L margin guidance. The CarbonLite Solutions margin improvement benefited from a favourable customer claim. The Clean Energy businesses within the Energy segment is in the incubation stage and is yet to meaningfully contribute to the segment numbers.

We will now move on to the Hi-Tech Manufacturing segment, which primarily comprises of Precision Engineering Systems and the Heavy Engineering business. The lower order inflow in Q2 FY '26 is to order deferrals in both the businesses. The order book of the segment is Rs 391 billion as of September '25 with the Precision Engineering order book at Rs 328 billion and the Heavy Engineering order book at Rs 62 billion. Our order prospect pipeline for the near term in this segment is around Rs 315 billion, comprising of Rs 251 billion of Precision Engineering prospects and the remaining Rs 64 billion from the Heavy Engineering business. The segment revenue at approximately Rs 28 billion registered a strong growth of 33% Y-on-Y with robust execution momentum across both the businesses. During the quarter, operational efficiencies aided margin improvement in Heavy Engineering, while lower margin in PES, that is the Precision Engineering & Systems, is largely reflective of larger share of early-stage jobs and costs incurred on certain development projects.

Moving on to the next segment, IT and Technology Services, which comprises 2 listed entities, LTIMindtree and LTTS and as well as our newly incubated business of digital platforms, data centres and semiconductor design. The revenues of this segment at Rs 133 billion in Q2 FY '26 registered a growth of 13%. The segment margin variation vis-à-vis previous year is largely due to the subdued margins in LTTS, and costs incurred towards the newly incubated businesses. I will not dwell too much on the segment as both the companies in the segment are listed and the detailed fact sheets are already available in the public domain.

We move on to L&T Finance Limited. Here again, the detailed results are available in the public domain. But to sum up, Q2 witnessed -- Q2 for L&T Finance witnessed the highest ever quarterly retail disbursement and improved collection efficiency. The Financial Services business achieved 98% retailization of its loan book in September '25, well ahead of its Lakshya 2026 targets. The ROAs remain healthy at 2.4% for Q2 FY '26 and adequate capital is available on the balance sheet to pursue growth in the medium term.

Moving on to Development Projects segment, which primarily includes Nabha Power and Hyderabad Metro. The higher average fares post the fare hike that we did in the current year has led to the revenue growth and margin improvement of Hyderabad Metro. The average fare per passenger has increased from Rs 38 in Q2 FY '25 to Rs 46 in Q2 FY '26. The average ridership during the quarter was at 4.39 lakh passengers per day as compared to 4.68 lakh passengers per day in the same period of the previous year. At the PAT level, the Metro -- Hyderabad Metro posted a loss of Rs 1.75 billion in the current quarter as compared to a loss of Rs 2.07 billion in Q2 of last year. As I stated earlier, we have reached an in-principle understanding with the Government of Telangana, where the Government of Telangana will take over the debt and the equity of L&T from the concerned SPV, which is L&T Metro Rail Hyderabad. The EBITDA margin of this segment was impacted by a litigation-related provision in respect of Nabha Power. Moving on to the others or the last segment. This segment comprises Realty, Industrial Valves, Construction Equipment and Mining Machinery, Rubber Processing Machinery and the residual portion of the Smart World business. The segment witnessed healthy order inflow growth driven by higher presales in the Realty business and increased orders in the Construction Equipment business. The segment revenue at Rs 14.2 billion declined by 14% Y-o-Y, primarily driven by the lower handover of residential units in the Realty business. The segment margin improvement was primarily due to sales of Commercial space in the Realty segment. We have given the segment breakup between Realty and other businesses within the segment as part of our annexures in the presentation.

Before I conclude, let me cover the guidance on the various parameters for FY '26. Order inflows. We witnessed a strong ordering momentum in H1 of the current financial year, and we see a robust prospects pipeline for the near term. We are confident of exceeding our full year FY '26 guidance of 10% growth in group order inflows for the current year. As we speak, we are also well placed to secure a few ultra-mega opportunities.

On Revenue, the group revenue grew by 13% in H1 FY '26, in line with our expectations. As highlighted during the Q4 FY '25 earnings call, we expect a stronger revenue visibility in the second half of the fiscal year, driven by a ramp-up in the execution. Accordingly, we maintain our full year revenue growth guidance at 15%.

Coming to the EBITDA margin for the P&M business. As you may have seen, the EBITDA margin for the P&M business has improved by 10 basis points in H1 FY '26. With the execution momentum expected to pick up in H2, we are reasonably confident to achieve our full year EBITDA margin target of 8.5%.

On Working Capital, our guidance for working capital for FY '26 remains unchanged at around 12% by March 2026.

With this, I conclude. Thank you, ladies and gentlemen, for the patient hearing. We can now begin the Q&A part of the call. In the interest of time, I would encourage all the participants to stick to the broader questions on strategy and outlook to take full advantage of the presence of our Deputy Managing Director and President, Mr. Subramanian Sharma. The bookkeeping questions can be taken up by the IR team at a suitable time. Thank you.

Moderator: The first question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question is, sir, as per media, it seems we are quite ahead in Kuwait in large projects. Is it possible to help us with the prospect pipeline and the sustainability of these prospects in the country from the medium-term perspective?

Subramanian Sarma: Yes, Sarma here. Good evening all of you. You're right. I think this was a public opening. So, we are have an L1 position on 3 of the bids we have submitted out of 5, I think, adding up to about $4.5 billion. We'll now have to see how the whole process now moves on in terms of budget allocation. We are kind of optimistic that they should be able to get the extra funds. However, all the prices are, are above the budget though we are L1. So, they are completing their process for getting the additional funding, and that should get done by this quarter or maybe latest by next quarter and hopefully, this should come through. We are hoping for that.

I think the overall in terms of opportunities, the pipeline looks strong in terms of what is available in Saudi, in Qatar and Kuwait and also the joint operation of Al Khafji. And also there are a lot of opportunities coming in UAE. So, we are quite bullish on Middle East now for the time being.

Mohit Kumar: Yes. My second question is, sir, of course, the rising order book in Middle East, what are the execution challenges while sustaining the profitability? And is there any peak order book which you think of the level at which we don't have to worry about the resource mobilization.

Subramanian Sarma: No, you don't need to worry because we worry about the order book in terms of our risk exposure. We have a very good robust system. Internally, Mr. Shankar Raman, Mr Govindan & team, they have a very strong risk management system. They interrogate all the businesses in terms of country exposure and geopolitics, etcetera. So, we have a strong system there. And we are very cognizant of that in terms of what is our exposure.

Our experience has been good. The customers are paying well. All these companies are national oil companies, and they have a reasonably good cash flow, and we have not seen any payment risk. The commercial terms and conditions, what is available in the contracts are quite reasonable, acceptable, pretty balanced and execution risks are more or less same as what we have been experiencing in the past and historically, in the sense that we have to be sort of aware of the supply chain constraints and logistic constraints and local work availability. I think we have overcome many of those through having a strategic partnership at the time of bidding and negotiating some of the critical high-value orders during the bidding and back-to-back contracts and things like that. So we know the market, we know the risk, and we have a plan to mitigate those risks. So by and large, I would not be too concerned about.

Mohit Kumar: Understood. My last question, sir, as per media reports, we are looking to invest in Electronic Manufacturing Services. Can you please explain the kind of investment within the EMS space that interests us and the market potential?

P Ramakrishnan: So Mohit, I will take that. We have a Precision Electronics business as a small sub unit under our Precision Engineering & Systems division. The unit is located in Coimbatore. As part of our Lakshya L31 strategy, we are seriously looking into expanding the electronic part of L&T's portfolio. Various options are being explored, including the need to set up units in some parts of the country.

At this juncture, it's a little premature for us to comment on the extent of investments and which areas we will be covering. Kindly wait maybe sometime in May '26, once we complete our financial results and we are ready with our stat plan for L31, we will be in a position to possibly give you a more greater detail of the future business prospects and the investment potential, along with the opportunities insofar as this business is concerned.

Moderator: The next question is from the line of Mohit Pandey from Citigroup.

Mohit Pandey: Sir, my question is on the Infrastructure segment. So, when you mentioned the execution pickup, is it safe to assume Infrastructure execution will also be picking up? And associated question is on margins. So, this quarter, despite revenue decline, there has been 30 bps margin expansion in Infrastructure segment. So is it safe to assume this is sustainable because it was driven by execution efficiencies.

Also you mentioned a sizable chunk of incremental orders have been from the Private sector. So, what could that mean for margins? And are these generally lower compared to Non-Private Sector orders in Infrastructure?

P Ramakrishnan: So thank you, Mohit. I think you were asked to ask 1 question. You asked 4 questions now. Okay. I'll take one by one. So, the infra revenue has been stagnant for Q2 of the current year. Having said this, one of the main reasons, as I explained, was because of an extended monsoon across many parts of the country that affected the pace of execution. And secondly, and this I have mentioned in the Q1 earnings call also that because of the payment-related issues with respect to certain projects in the Water and Effluent Treatment segment, we have slowed down execution. Having said this, the overall revenue guidance that the company has provided for 15% of full year is on track and this we can confirm. And we do believe -- and as you know that the H2 for Infrastructure is a far more busier 2 quarters as compared to a relatively subdued H1. So, this is baked in terms of how the revenue growth has happened. This is baked into our 15% overall guidance on revenues.

And as far as number 2 point is concerned, I think over the years, the infra margins have come down, have been southward bound for various reasons. But given the fact of rigor of execution and better control on project execution timelines and with also looking to ensure that the growth is related to the collections we get, this has finally resulted into a slow improvement in the infra margins. We do believe that infra margins will be a little northward. But since we don't give margin guidance for the individual P&M segment, this is also baked into our overall FY '26 target of 8.5%.

So number three, of course, the share of private sector orders have gone up, largely driven by Real Estate and the CarbonLite type of orders. So, one important thing is, as far as private sector orders is concerned, obviously, the execution momentum in line with the payments, I think, will be faster. This is something I think we have always maintained a share of -- higher share of private orders could potentially result into an improved working capital situation. But having said this, as far as margins is concerned, we should be seeing it as the execution of the projects progress. But let me also tell you that the company, as Mr. Sarma was referring to the answer to the previous question, we are ensuring a proper risk mitigation or risk evaluation mechanism while we bid for projects concerning the customer, the sector and the geography.

Moderator: The next question is from the line of Aditya Bhartia from Investec.

Aditya Bhartia: My first question is on the Water segment. How big is the segment in the overall scheme of things? What proportion of domestic order book could be from the Water segment? And is it that we are really going slow on execution given the payment challenges or are you seeing some improvement around that?

P. Ramakrishnan: As far as the Water segment is concerned, the order book that we have is around Rs 400 billion.

P. Ramakrishnan: 7% of the total order book, and there are projects which are related to the Jal Jeevan Mission project and once the allocations of the government start coming in, we do expect the execution momentum to smoothen out in the subsequent quarters.

Aditya Bhartia: Understood. So as of now, we are going very slow on execution of these projects. They are not really contributing, there is no money that's getting stuck over there because we are just going slow on execution itself?

P. Ramakrishnan: Yes. payments are slower along with execution. However, we are not just building up execution without getting paid.

Aditya Bhartia: Understood, sir. And sir, my second question is on Realty, wherein for the last couple of quarters, we've been seeing very high margins. I mean, if we look at this quarter, revenues might have been lower, but margins have been exceptional. So how should we think about this business from the perspective of next 2 or 3 years? What's the road map? What kind of growth should we be seeing in? And what kind of margin should we be building in?

P. Ramakrishnan: So the issue is in so far as the Realty business is concerned, it is more of an accounting development because in a particular quarter, when you have a higher handing over of the residential units, the entire sales and margin gets clocked in, unlike the other P&M business where the margins get crystallized over the period of execution.

So this is at a point of time, recognition of sales and margin. To that extent, you can have some quarters margins dipping at the overall P&M level because of lower residential -- lower handing over of residential units. And in case of any quarter where the number of units go up, then consequently, the realty business will show a better profit.

And this apart from -- in a particular quarter, if there is a particular sale of a commercial property, that adds up also to the overall margin. So for example, in the current quarter, we have had in terms of a sale of a commercial property along with sale of TDR rights has enabled the profitability to go up almost by Rs 0.9 billion.

Aditya Bhartia: Understood, sir. And could you give us some road map on how we should think about the Realty business for next few years? What kind of growth should we anticipate in terms of residential project sales and any large commercial project that we should be aware of?

P. Ramakrishnan: So as of now, the way we are focusing is that we will try to expand the presence in the cities of the Mumbai Metropolitan region, National Capital Region, Bengaluru, Chennai and this development will be happening through a mix of monetizing of our existing land parcels, acquisition of new land real estate parcels and also increasing growth through the joint development route.

As we speak now, the order book for the Real Estate segment, that is where the flat purchases have happened, but we're yet to hand over is in the range of Rs 120 billion. And we have an unsold inventory of almost Rs 40 billion for the near term. So this will be -- I think over the next 2 to 2, 3 years, this will get converted to revenues.

But long and short, we -- you could see an increased visibility of L&T Realty in terms of the overall perspective on the real estate sector in the regions or the locations that I spoke about. We also will continue to focus on select commercial property developments in some of these areas, driven by the market demand. So, it will be largely led by residential property development and interspersed with some commercial properties at some certain locations.

Moderator: The next question is from the line of Bharanidhar V. from Avendus Spark.

Bharanidhar V.: Can you tell what is the total funding L&T did into Hyderabad Metro by way of both Equity and loss funding? And how much of that are we getting through this deal? And how from accounting point of view, this will have an impact on, say, any one-off income or in the coming quarters?

P. Ramakrishnan: The total investment of L&T in Hyderabad Metro till date is in the range of Rs 70 billion. The Hyderabad Metro has a debt of almost Rs 130 billion. The losses of the Hyderabad Metro are all factored in our consolidated financial results. If you have seen our advertisement this time of the Standalone, where the investment carrying value of was at Rs 70 billion. We have now brought the investment to what we believe is the realizable value by tendering our stake to the Government of Telangana at Rs 20 billion.

And thereby, we have taken an impairment charge in Q2 of the current financial year in L&T standalone results. The fact is insofar as the consolidated results go, the YTD cumulative losses of Hyderabad Metro is already adjusted against the Rs 70 billion of our investment. And consequently, the Hyderabad net worth in our consolidated books is actually even lower than the current post impaired value of Rs 20 billion. So technically speaking, tomorrow, if we were to do the -- if tomorrow, we were to do the divestment, there could be a chance that the consolidated financial statements will actually possibly show a marginal credit in the P&L because the consolidated financial statements has the share of networth which is almost Rs 10 billion as compared to the restated value of Rs 20 billion. Is that clear Bharani?

Bharanidhar V.: One follow-up question is that the Rs 7000 crore of book value or net worth that is reflected in Metro balance sheet, we are essentially realizing Rs 2,000 crore from the buyer?

P. Ramakrishnan: Correct. So consequently, you see that impairment charge in the Standalone.

Bharanidhar V.: Okay. Fine. So, I will take up some follow-up on this later. My second question is on, say, our Indian domestic order inflow, while we are doing very well on the private side, the order inflow from state sector is definitely lower than what it was in the past. What is our outlook on that going forward? Is it set of customers likely to improve or where do you see that going?

P. Ramakrishnan: Okay. So, one of the major reasons for the share of private sector order inflow going up in the recent maybe last 4 or 5 quarters is because of a higher amount of real estate transactions or real estate development, both commercial and residential real estate, data centre development. All of this, we have seen a strong traction from the various developers, number one. Number two is, if you note that in the Q1 that we had reported order inflows in domestic also included CarbonLite private sector orders that we secured. And we do expect as far as coal-based power plant ordering is concerned, you see as is evident that there's a lot of projects up in the pipeline which is a mix of both state-owned or central public sector-owned project opportunities and also some of the major private sector power plant producers also setting to expand their current power plants or new greenfield. So, we do believe because of this increase in the -- or revival of the coal-based power plant equipment business, the share of private sector has actually gone up.

Bharanidhar V.: So I got that. My only question was areas like metros, bridges, all these things, which used to be a major part, it seems to be slowing down. So that was meaning...

P. Ramakrishnan: That is mostly on the government funded no. So, we do have a sizable amount of opportunities as far as Central Government or State Government or Public Sector Corporation is concerned in the areas of Energy, which comprises Hydel, Thermal that I spoke about, Nuclear. So the entire energy landscape is there. And we do see sizably large opportunities in the Transportation Infra in terms of Roads and Elevated Corridors. In fact, the order prospects that I communicated for Heavy Civil and Transportation Infra, to the extent they are all domestic, they are largely all government projects only.

Moderator: The next question is from the line of Shirom Kapur from Jefferies.

Shirom Kapur: I just wanted to ask about your 34% growth in domestic orders this quarter. Could you highlight what drove this? And what are some of the major orders that contributed here?

P. Ramakrishnan: So, the major orders that we secured on the domestic side is the pump storage project that we secured from a private sector client, which is almost Rs 35-odd billion, plus a whole lot of Residential and Commercial Real Estate orders that we have secured from private sector developers.

Shirom Kapur: Noted. And just if you could help break up the order prospects into domestic and international and within domestic, what is the breakup should be across your segments?

P. Ramakrishnan: We have been articulating granular details. We'll stay put with the total order prospects that we have given for domestic and international. We will see at an appropriate point of time. In case something is very major for a particular sub-segment, we will give the details at that point of time.

Moderator: The next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: My question is in relation to the Hydrocarbon margins, which were subdued and the explanation given around cost overruns in certain international and domestic jobs that are approaching completion. So, what were the reasons for the cost overrun on a generic basis? And how can we be sort of assured that going forward for a substantial international order book, some of these issues will not get repeated. So that's my question.

Subramanian Sarma: Yes. Again, this is Sarma, this is a bit of a phasing issue. We have in our portfolio a mixture of projects. Some of them are old legacy projects, some of them are new projects and some of them are, like I said, we have new projects waiting to be awarded. So, in this quarter and maybe for some time, I think we'll have some of these legacy projects which are closing out.

I mean some of these projects are large projects which have been running even during the pre-COVID time, it was awarded. So, I think as they close, there have been some cost overrun because of COVID. But, definitely, there is a contractual entitlement for us, we'll pursue those but as per our internal policy, we don't recognize any entitlement unless it is approved. So, I think that will manifest maybe in the future at some point in time. But otherwise, going forward, the portfolio is quite reasonable. And in fact, the market is quite buoyant, and we are very selective and our intention is to pick up jobs, which will help us to realize better margin in the future.

P. Ramakrishnan: The current southward movement in Energy margins is baked, I reiterate, is baked when we have given the guidance of 8.5%.

Sumit Kishore: Very clear. So just a follow-up here on margins. Given the fixed price order backlog now would also be close to 50% of the order backlog, how are you thinking about the commodity price risk to margins here for the order backlog?

Subramanian Sarma: Yes. I mean I think this question keeps coming up. But in general, we are in the business where we have fixed price models. And like I said, when we are bidding, we take a lot of care in terms of trying to have back-to-back contracts with -- for construction, back-to-back contracts for major high-cost items in supply chain so that we have a reasonable sort of cover or risk mitigation on those items. And of course, we also have a strong treasury group, which gives us a reasonable forecast about how the commodity prices will move. Based on that movement -- based on that forecast, we also provide certain adequate provisions in terms of contingencies, commodity contingencies, specifically in our pricing.

So, I think broadly, we are covered unless we have a very, very unexpected situation like what happened in Ukraine-Russia war, which is something nobody could forecast. Otherwise, we have built in commodity risks in our pricing.

Moderator: The next question is from the line of Amit Anwani from PL Capital.

Amit Anwani: Sir, my question pertains to the strategic partnership with Bharat Electronics for AMCA. So here, it would be better to understand what role L&T will have in this joint venture? And what is the long-term strategy? We understand that we have supplied wings, and I think some other components for LCA in the past, and we have been doing that. Wanted to understand, are we getting into full-fledged aircraft manufacturing in the future? Is there any capability which is required? Any investments required? Any thoughts and details on this joint venture consortium, yes?

P. Ramakrishnan: The Aeronautical Development Agency, which is the customer, is likely to shortlist the eligible bidders for the AMCA program based on the Expression of Interest (EoI) where we have also participated. This shortlist is expected in the current quarter, October to December '25. Basis the shortlist, we expect the customer to issue the Request for Proposal, that is RFP sometime in Q4 of the current financial year. And the announcement of the winner to build the prototype most likely is going to happen Q4 of the next financial year after the bidding process.

Now in terms of the L&T-Bharat Electronics JV for this particular program. Essentially the scope of the JV is to build the prototype airframe, fixtures, system integration and the flight certification of the prototype. As of now, both L&T and BEL are equal partners in the JV, which is will be a separately incorporated company that will house this transaction in case the consortium is the winner. And in terms of how the work will be shared between L&T and the other partner will be finally assessed after we go through the entire details of the Request for Proposal. Our understanding is that the order for the prototype will be one single PO for the entire value. And most likely, if it is awarded in the Q4 of the next financial year, then in terms of the prototype getting delivered, I think it's sometime in FY'28, FY'29, the test flight to happen in FY '29, '30, then followed by the user trials. So, in terms of serial production, I guess we are still around 8 or 9 years away, I've given you quite a detailed perspective of this. Now beyond this, I think I don't have any thing.

Amit Anwani: Right. So, for prototype, any investment which would be required once we get this order by Q4 next year, if at all, this is coming to us?

P. Ramakrishnan: There are so many ifs and buts, so we should get the order in Q4, hopefully. However, we will have to evaluate the scope, that is the RFP scope. At that time, we will be able to understand the investments required. But since it is a prototype, usually the customer works with the contractor or in this case, the consortium and ensure that the consortium will not suffer, in principle, any cash outflow. It is like a funded project.

Moderator: The next question is from the line of Atul Tiwari from JPMorgan.

Atul Tiwari: Another question on this BEL-L&T consortium. So, what kind of risk you run? Suppose this is obviously a technically complex project. And if you get it and in case there are unusual delays because of some technology challenge is out of your control. So, do you have to fund that over next several years? Or is there some kind of carve-out clause? Could you throw some light on that?

P. Ramakrishnan: L&T in the past with respect to the PES business have engaged with the customer across the two other major forces that we usually deal with. When it comes to a prototype, it is usually cash neutral for the contractor like us. So that is the principle we believe will be followed when it comes to the AMCA program as well.

But it is still early days because once the RFP is rolled out, then only we'll be able to clearly understand the outcome of the proposal. But given our past experience, usually prototypes have a zero cash implication because the customer, along with the contractor, in this case, the consortium will jointly work to have a successful prototype done. So, the customer also has a sort of a skin in this whole transaction.

Atul Tiwari: Okay, sir. And just to confirm, sir, you said that the eventual winner will be announced by fourth quarter of FY '27?

P. Ramakrishnan: That's our understanding as we speak now.

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

Girish Achhipalia: I wanted to just check with Mr. Sarma that we are almost doing $4.5 billion, $5 billion worth of international projects last couple of quarters. The order prospect pipeline is also very strong. I wanted to understand like you've been with the company since 2016, I believe, and you've seen a lot of cycles up and down, a lot of contracts, competition. How do you think about the next couple of years in terms of different types of jobs that are coming through?

And I wanted to understand the win rate typically that we've enjoyed in the last 12 months across, let's say, Infra and then within Hydrocarbon Offshore versus Onshore, if you can just split that up? And also on the domestic opportunity, are you seeing any prospects on nuclear? And how much of coal-based order pipeline is still left in the domestic side that could come through in the probably more medium term?

Subramanian Sarma: For your information, I've been with the company since 2015. So, I completed 10 years, not 2016. Anyway, like you said, we had a good run over the last decade. The industry is cyclical, but I think what has happened is that our share of the market was not that good in the previous years, and we have established ourselves now as a major player. So, we are able to access larger market share -- larger market.

So, I think our ability to access larger projects, multibillion-dollar projects, has now enhanced substantially over this decade. So therefore, our ability to continue to build a strong order pipeline has substantially increased over the last few years. Today, as you see, we are winning quite a few $3 billion, $4 billion projects, which was not the case earlier. So, I'm quite bullish. I think we will continue to have that market available to us, and we'll bid in a disciplined way.

And I think this run will continue for some more time, at least for next 2, 3, 4 years. I mean, beyond that, I cannot predict. So, all in all, I'm quite optimistic.

When it comes to domestic on thermal power, the market has suddenly become very buoyant and very active because of two reasons. One is that Renewable power round-the-clock availability has become a bit of an issue. So, we need additional power to stabilize the grid. And two is that, there is a general increase or forecasted increase in the power demand because of the sudden acceleration of the AI and the data centres, which are going to consume a huge amount of power. So, due to a combination of the above, I think there are a lot of plans that are coming up. It can be met through either thermal power or nuclear or other means.

But I think thermal power becomes the simplest and fastest solution. So we've seen a significant uptick in that. We have picked up about 13.5 GWs. We are going ahead with expansion of our capacity, and we are gearing up for taking up additional maybe 10, 15 gigawatts in the next 2, 3 years. That's how we see the market now.

P. Ramakrishnan: I think I told Girish, that the order prospects pipeline for CarbonLite Solutions is almost Rs 460 billion as of September 2025.

Girish Achhipalia: Okay. And sir, just one small follow-up. In international, I understand that the oil sensitivity to GDP for larger countries like Saudi Arabia and UAE is coming down. Is there a different approach that the customer is taking irrespective of whether he's in Infra or Offshore or Onshore versus the previous cycles? Like if you can qualitatively remark on how confident or are you seeing closures happen at a faster clip? Or is there a little lesser competition? I mean, what is driving the market share higher?

Subramanian Sarma: No, I think there were projects which were of different size, right? I mean I think earlier we were able to compete in a segment which was less than $1 billion. So, we had a different level of competition. Now when we move up the ladder we are able to access multibillion dollars jobs. I think the level of competition and intensity of competition changes. I mean I think now I believe that for larger jobs, we are better placed to win, and we have a reasonable win rate on those projects. Many of these projects are very critical and some of them are gas development projects. Many of these countries are committed to those projects. I don't expect too much of sensitivity to the current spot market prices. These are long-term views.

And next 2, 3 years, I mean, at least I can talk about only 2, 3 years beyond that, I cannot predict. I expect to see multiple projects. And our order book is so strong that we have almost 3 years of workflow in our hand. And if we pick up some more projects in the next 1 year or so, we will have almost more than 3 years of workflow. So I think that brings a lot of stability to our business.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: So my first question is on the margins. So now with the share of international order book growing, for the thesis of improvement in margins from this year, P&M margins from FY '26 and building over the next 2, 3 years, so does it get challenged somehow?

P. Ramakrishnan: So Parikshit, this is P.R. As you know that we have a way of taking the margin guidance restricted to the year under question or under review. We'll get back to you in terms of how the margin uptick looks like in the subsequent periods. Having said this, I also referred to the improvement in infra margins is now slowly changing in terms of going into the positive trajectory. And we do expect that this particular momentum to continue in the future quarters.

Insofar as the softness in the margins for the Energy segment in the current 6 months is concerned, I did refer to this during the Q1 call that the softness in margins is going to be reflected in Hydrocarbon performance in the current year. Hopefully, by the time March '25 gets over, many of the cost or the cost overruns in certain select jobs that we secured in the earlier years will get into the final stage of execution, which is also baked in our revenue and margin guidance.

So, we do also expect that margins in the subsequent periods to improve. Now to what extent the improvement will happen, we will communicate that once we close March '26 and give the guidance for the next year.

Parikshit Kandpal: Okay. So the second question is on Hyderabad Metro. So now you said that Rs 2,100 crore is somewhere where it settles. So, is this a cash inflow and is it adjusted for the Rs 900 crores of the support, which we have received from the Hyderabad Metro? So basically, I want to understand how -- will this be a cash item or a noncash item from the government side? And what will be the quantum likely?

P. Ramakrishnan: So, as we understand basis the discussions that have happened, L&T will get a cash consideration against tendering its 100% equity stake in the Metro SPV to the particular vehicle which the Government of Telangana will propose as the buyer and L&T should be getting cash. That's the understanding. And this has got nothing to do with the Rs 900 crores that the SPV received as part of the soft loan assistance. So that loan is residing in the SPV as an interest-free long-term debt. What we are talking about is L&T exiting / divesting its entire exposure in the Metro SPV to the Government of Telangana. So, the SPV debt of Rs 13,000-odd crore will be taken by the buyer as the new equity shareholder when they purchase the stake from L&T. And that consideration as we speak now, is in cash.

Parikshit Kandpal: The Rs 2,100 crore you receive in cash. So net-net.

P. Ramakrishnan: Around -- I did not tell a number. I said around Rs 20 billion or Rs 2,000-odd crores.

Parikshit Kandpal: Okay. And just the last thing on the NWC. Last quarter, you highlighted that because of the water receivables, there was a negative impact on NWC of about 75 basis points because there was delay in receivables collections on the water side. So if you can quantify in this quarter, 10.2% NWC, so how much better it would have been if the water receivables have come on time?

P. Ramakrishnan: So, let me put it like this. The fact is that we have slowed down execution also means that the position of the segment remains as the same as it was in June. Wherever the projects are getting executed in that segment, when we are getting paid, that execution happens. But let me tell you, when we talk about 10.2% as the working capital at the group level, the share of projects and manufacturing working capital is 7.8%.

Moderator: The next question is from the line of Renu Baid from IIFL Capital Services.

Renu Baid: Just a couple of bookkeeping quick questions. On the Power Equipment Thermal portfolio, you mentioned that you are targeting 10 to 15 gigawatts of incremental orders in the next couple of years. So, given the order book that we have at what utilization levels are we working through?

And do you see that the market today with the existing only two domestic vendors is stretched in terms of supply, and Chinese BTG equipment manufacturers are probably getting the feet back in the market?

Subramanian Sarma: No, I think, the government has taken a stock and both, us and BHEL are working on expanding the capacity. Chinese equipment is not something which is preferred. And 6 months back, even before these awards came, we had given a commitment to the Ministry that we will enhance our capacity to almost 5.5- 6.0 gigawatts.

We are looking at even further expanding this in the next 6 to 9 months' time. So between us and other supplier, which is BHEL, we believe that we should be able to handle this. The timelines are a little longer, which is acceptable to most of the PPP developers. So, I don't expect Chinese products to come in. It will be between us and other Indian manufacturers.

Renu Baid: Got it. And second, just to clarify, broad-based, whatever we understand of the Hyderabad Metro at the consol level, net of all the losses, etcetera, that you have booked is close to about Rs 10 billion at the end of first half. So incrementally, even if on a stand-alone level, the book value has been brought down to investment value has been brought down to Rs 20 billion. On a consol basis, we still would be having net positive impact on the transfer of -- or receive of the cash consideration.

P. Ramakrishnan: So Renu, I think I responded this as an answer to the previous question. So it is like this, let me put it like this. In the standalone, the Hyderabad Metro is valued at Rs 20 billion. In the consolidated, it is valued because the original investment of Rs 70 billion has taken all the losses YTD. So in the -- it is around Rs 10 billion.

Now if we were to do the divestment today, the standalone further, there will be no profit, no loss because you are getting cash against the Rs 20 billion that you have restated. And in the consolidated, you will have the gain because obviously, you are getting value at Rs 20 bn as compared to the value that you hold at Rs 10 bn.

Renu Baid: And the debt, whatever.

P. Ramakrishnan: Debt goes to the -- it is residing in the SPV. So one of the fundamental attributes to this transaction or understanding is the vehicle, which the government of Telangana will propose, the buying vehicle will take over the complete debt as it is, which is today around Rs 130 million.

Renu Baid: And of this, the L&T support to -- in debt format to the SPV would be how much at the end of the first half?

P. Ramakrishnan: The entire debt comprises of roughly, an order of magnitude, Rs 80 billion in terms of medium-term Non-Convertible Debentures and a Commercial Paper portfolio of the balance, I would say roughly Rs 40 billion to Rs 50 billion adjusted for the movement that will happen. So, the debt is having a guarantee of the parent. So, the fact is when the debt moves, the guarantees all fall off. So, there will be no further recourse after the transaction is consummated, there will be no recourse on L&T as far as Hyderabad Metro operations is concerned.

Renu Baid: So technically, we will be completely out of the asset by the end of fiscal '26 once the transaction is closed.

P. Ramakrishnan: That's the target.

Renu Baid: And will we continue to have any O&M responsibility with the asset or be completely out?

P. Ramakrishnan: The Metro itself has an O&M contractor, which is doing the operation & maintenance. The understanding is we will have no further obligation, right or any sort of indemnity post the transaction.

Moderator: The next question is from the line of Priyankar Biswas from JM Financial.

Priyankar Biswas: One very quick question from my side. Earlier, like 5, 6 years back, we used to talk about landing platform docks as an opportunity in defence. So recently, there has been some approvals and movement regarding that. So, are we considering LPDs in our prospects? I mean, this year or maybe the next? So that's the first.

P. Ramakrishnan: It does not feature in the current prospects. But once that opportunity comes where it is in a position to get bid, it will get added.

Priyankar Biswas: Okay. So, it's like a potential that may be there potentially, let's say, next year or the year after that somewhere whenever it comes up. So that would be...

P. Ramakrishnan: Whenever it comes. At this juncture, don't ask me timelines because it is not featured in our current order prospects.

Priyankar Biswas: Sir, one more question that I have because there was a mention of green ammonia project in Kandla. So are there more such projects that are planned by L&T? And if so, how should we look at the capex that may be required? And what is the business economics for it?

P. Ramakrishnan: So the you're referring to the joint development opportunity for the green ammonia project with ITOCHU, right? Are you referring to that? That's the one we had actually put it in the public domain. Sir, would you like to comment on that?

Subramanian Sarma: Yes, there's no problem. So that project is under evaluation, and we will go through the process. And once we work out the economics, and then we'll have discussion with ITOCHU. And I think for all these development projects, we have a very standard financial metrics in terms of return on investment, IRR, project IRR, etc... So we will not pursue any of those projects unless it meets those criteria.

I think that applies to ITOCHU and any other future potential opportunities. I mean there are a few which we are discussing with domestic and international customers. A bit too early to sort of specify those prospects.

But as a principle, I think the process will be the same. We'll engage with customers. We'll have an MOU, and we'll go through the process, and we'll evaluate. And if they meet the IRR criteria and the risk criteria, then we'll go ahead. Otherwise, we will not.

Priyankar Biswas: Okay, sir. And just one more thing. You had already provided a detailed answer regarding Middle East oil in earlier questions. My question right now is more on the Middle East renewables and, let's say, T&D for that matter. Can you shed some light like what sort of, let's say, market shares we have in, let's say, the GCC renewable space and T&D? And how do you see the order prospects similarly like for this, let's say, 2, 3 years down the line?

Subramanian Sarma: We are one of the largest EPC contractors in the Renewable sector. I think most of the projects that we have in the portfolio are very iconic and are being done for very large customers like ACWA Power and Masdar in UAE. Our performance in these projects have been pretty good. Also, we have executed some of the projects ahead of time and the customer is extremely happy and they want to engage with us more. And I'm quite optimistic again on this sector as well.

P. Ramakrishnan: In fact, the success of our renewables opportunity starting with KSA, we are extending this relationship across as we move to other geographies like Tashkent.

Subramanian Sarma: Yes, we have gone to Tashkent also. So I think currently, it is a good story, yes.

Priyankar Biswas: Sir, can you give some light on like gigawatt size opportunities? Like what is the size of the KSA market? What do you...

Subramanian Sarma: They have about 18 gigawatts and maybe there is another 15 gigawatt of opportunities in the next 2 years.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to Mr. P. Ramakrishnan for closing comments.

P. Ramakrishnan: Okay. So thank you, everyone, for taking this call. It was my pleasure to interact with all of you. Good luck and wishing you all the very best. Thank you.

Moderator: Thank you. On behalf of Larsen and Toubro, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.