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8 June 2020

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Stock Code – 500510	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East) Mumbai – 400051 Stock Code – LT

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 ("SEBI Circular")

Pursuant to Regulation 30 of SEBI LODR Regulations read with the SEBI Circular, we enclose herewith the Disclosure on the impact caused by the Covid-19 pandemic and the resultant lockdown on Larsen & Toubro Limited ("the Company") as stated in Annexure.

Due to the ongoing nature of the pandemic, its full impact on the Company is still under assessment. The Company is closely monitoring and any material development would be further reported to the Stock Exchanges.

We request you to take the same on record.

For LARSEN & TOUBRO LIMITED

SIVARAM NAIR A
COMPANY SECRETARY
(M.NO – F3939)

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ANNEXURE

a. Impact of the CoVID-19 pandemic on the business, schedule if any of restarting operation and steps taken to ensure smooth functioning of operations;

Pursuant to the directives of the Central Government, all establishments, offices & factories of L&T had shut down operations, as per respective State Government orders, from March 25, 2020. However, for business continuity, essential services including Security, IT lights-on operations, which were specifically exempted by the relevant Central/State/District notifications, continued to function. Special permissions were also taken for ensuring that very critical operations such as defence business, dewatering in Metro projects, etc, continued.

A Decision Response Team was formed which consisted of members from the Executive Committee to assess the situation and take appropriate decisions. Smaller teams/task forces were set up at each location/ site/ factory/ manufacturing units etc to regularly monitor the situation. Appropriate circulars, SOPs and guidelines were released across the group for various measures to be followed to meet the hygiene standards. The Company abided by the orders laid down by the Central Govt, various State Govts and the Local authorities.

For the quarter ended 31 March 2020, the impact due to COVID 19 on the Company's revenues and net profits were approximately Rs.18 Bn and Rs.4 Bn respectively. This was due to stoppage of work in almost all the sites for the last part of March 2020 as well as the disruption to the last mile work, like physical inspection, customer clearance etc., that could not be completed due to lockdown restrictions.

The Company resumed partial service of operations from April 14, 2020, after implementation of standard protocols. The manpower strength for resumption was gradually increased. Presently, the Company has resumed work in all offices/manufacturing units, barring some establishments in Maharashtra where the employees continue to Work from Home. 90% of the domestic project sites of the Company are working with restricted labour capacity. The Company is presently remobilizing the workmen as a significant percentage of the migrant workmen have gone back to their villages.

All international sites have also resumed work after some interruptions. Presently, there are no lock down in the project sites of the Company in the

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Middle East. Employees are working in a staggered manner with mandatory rotation on a periodic basis and in adherence to all the safety protocols.

In fact, all the plants and office establishments that have started functioning have implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programmes. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

Employee Welfare Initiatives to enable smooth conduct of operations:

The Projects business is the largest business of the Company. The Company employs more than 250,000 contract labourers around various sites in India and abroad. L&T also sets up labour camps at their sites to house these labourers including migrant labourers. During the lockdown period, the Company ensured food, shelter and medical facilities in these labour camps and timely remittance of wages to workmen and payments to subcontractors, directly to their bank accounts.

There was extra vigilance across the labour camps to ensure proper hygiene, waste management, cleanliness and strict implementation of other protocols including social distancing. The Company ensured 24X7 availability of Ambulances, Doctors and other Medical Facilities for medical assistance to workmen and employees across all locations. These workmen and other employees were also provided various health advisories and other updates on COVID 19, including local testing facilities, through SMS alerts in English, Hindi and other vernacular languages.

b. Estimation of the future impact of CoVID-19 on its operations

With the graded opening of sites and factories, the Company is making every effort possible to make up for the lost time due to the pandemic, during the year. The impact of the lockdown disruption will have to assessed from time to time and communicated as we progress into the financial year. A lot depends on the success of the various pandemic containment efforts being undertaken by the State and Central Governments and Health authorities. It is premature to forecast the future impact with credibility at this stage.

c. Details of impact of CoVID-19 on the Company's –

(i) Capital and financial resources, credit lines, profitability and liquidity position and cash investments:

The Company has access to sufficient liquidity at present, having raised over Rs. 9000 crore of long-term debt in April 2020. The Company also has unutilised credit lines from the Financial Institutions to supplement

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its liquid resources. The short-term investments of the Company are in such instruments which can be encashed on need. Further the Company's strong order book of over Rs.3 trillion provides multi-year revenue and cashflow visibility.

(ii) Ability to service debt and other financing arrangements:

The Company has a relatively low debt equity ratio of 0.49:1 as on 31st March 2020. Further, the Company's debt service coverage ratio as on 31st March 2020 is over 1.5 times the Profit before interest and likewise the Company's interest servicing ratio is over 4 times the Profit before interest as 31st March 2020. These ratios indicate that the Company's ability to service its debt obligations are sound.

(iii) Assets:

None of the assets of the Company have been impacted by Covid-19. Also, the Company does not foresee any impairment requirement to the carrying values of its asset due to the pandemic.

(iv) Internal financial reporting and control;

The Company has sound internal control measures for all its processes and working remotely has not diluted the well- established and evaluated internal financial and information technology controls.

(v) Supply chain:

The Company has a regular system of addressing the requirements of its MSME vendors as they are critical partners. While short term disruptions to the Company's supply chain needs to be factored in, the Company does not expect any drastic or permanent impact of the pandemic on the Company's supply chain eco system.

(vi) Demand for its products/services

While there is a possibility that some of the Company's clients will face financial constraints, there are others who want to accelerate the progress with respect to certain critical projects being executed by the Company.

d. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;

The Company is confident of fulfilling its obligations under the various existing contracts/arrangements. The delay in completion including the

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catch-up plans, on account of Covid-19, are under discussions with the clients. The Company has issued force majeure intimations to customers in accordance with the terms of the Contracts.

At present, the Company does not foresee any significant impact due to the non-fulfilment of its contractual obligations to the customers or any other counter party arising out of Covid 19 pandemic.
