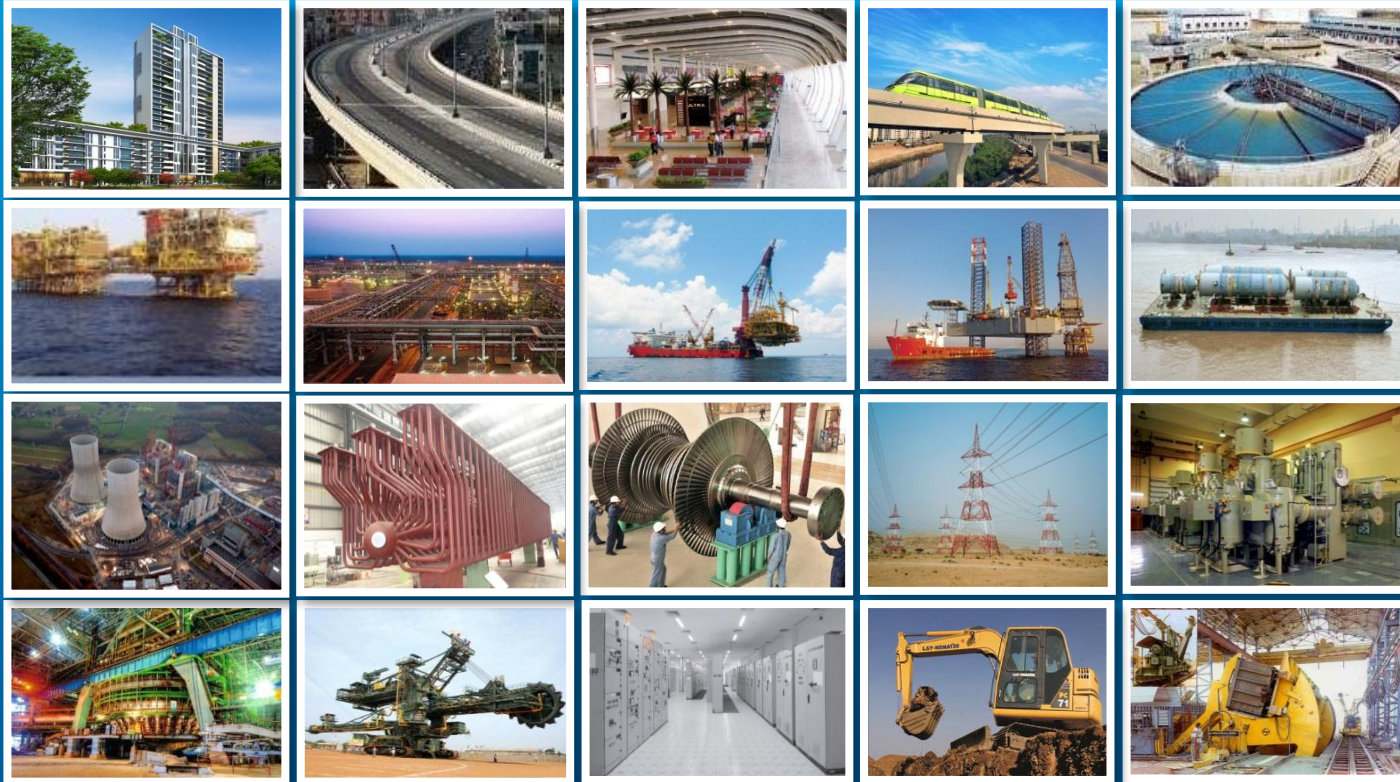


# Larsen & Toubro Limited



## Analyst Presentation – Q3 / 9M FY13

# Disclaimer



This presentation contains certain forward looking statements concerning L&T's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

# Presentation Outline



**Q3/9M FY13 Performance Summary**

**Segmental Analysis**

**Performance of key Subsidiaries**

**Outlook**

# Presentation Outline



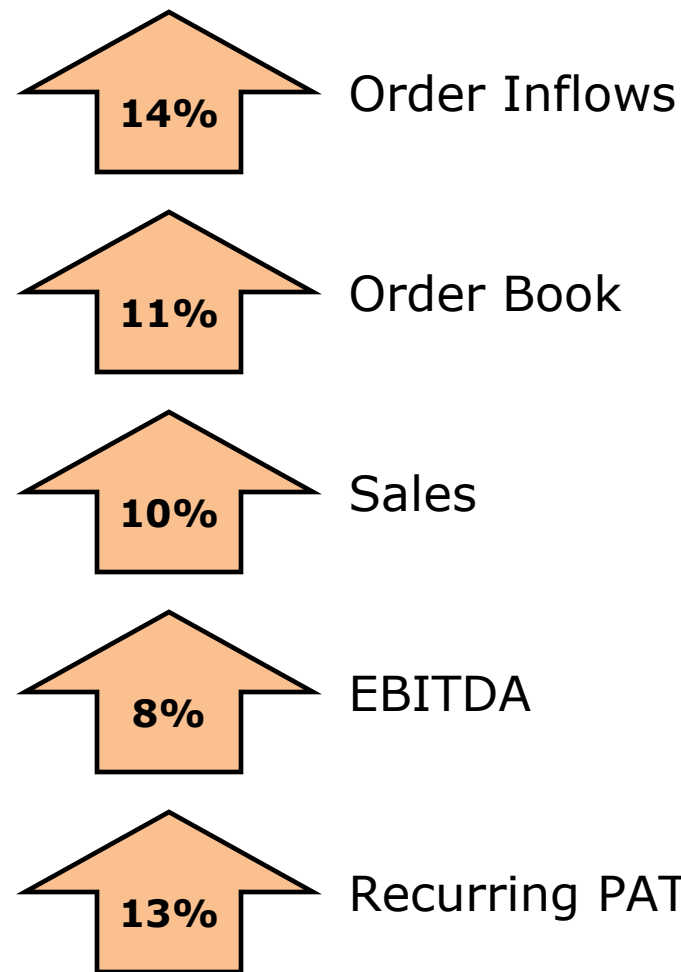
**Q3/9M FY13 Performance Summary**

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# Q3 FY13 Performance Highlights

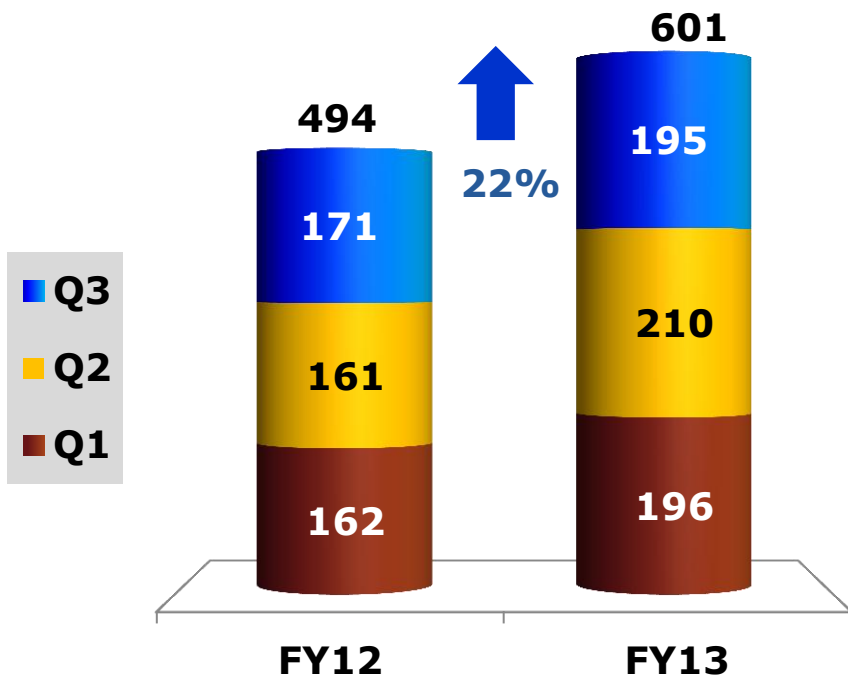


# Order Inflow & Order Book – 9M FY13

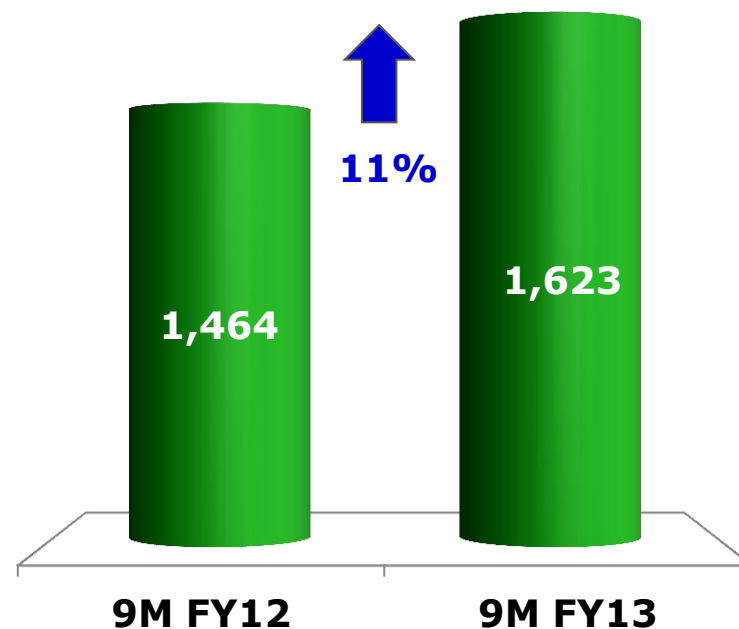


Amt in ₹ Bn

## Order Inflow



## Order Book

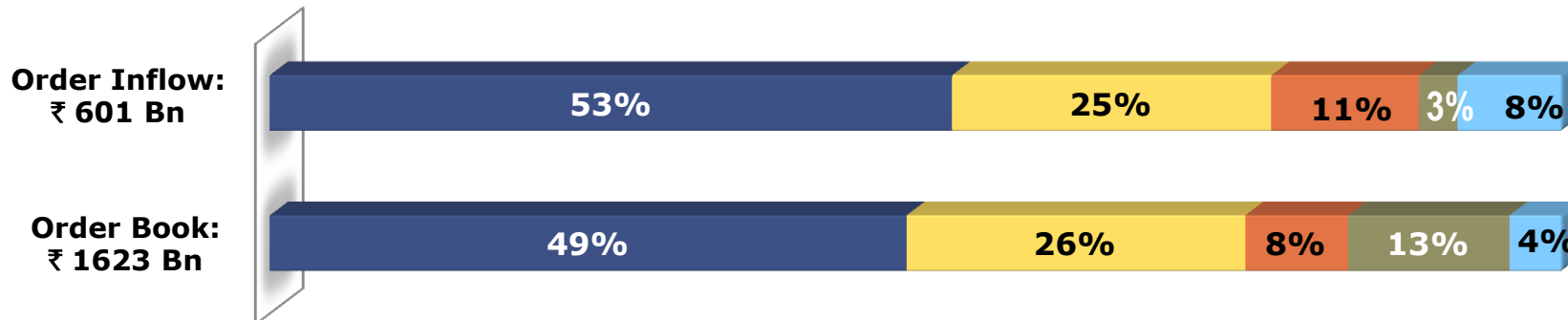


- Infra, energy and industrial sectors witnessing a prolonged trough in investment cycle; Intense competition for select opportunities
- Deferral of award decisions continues across sectors
- Some early signs of Govt. push on infrastructure investments and fiscal tightening
- Portfolio diversity has partially mitigated cyclicity of business
- International footprint increasing with thrust on Hydrocarbons & Infrastructure business

# Order Inflow & Order Book – 9M FY13



## Sectoral Break-up



■ **Infrastructure**  
 ■ **Power**  
 ■ **Hydrocarbon**  
 ■ **Process**  
 ■ **Others**

### Infrastructure

- ▶ Roads and Bridges
- ▶ Ports
- ▶ Airports
- ▶ Railways / Metro Rail
- ▶ Urban Infra
- ▶ Factories
- ▶ Water

### Power

- ▶ Generation
- ▶ Equipment
- ▶ Industrial Electrification
- ▶ T&D

### Hydrocarbon

- ▶ Upstream
- ▶ Mid & Downstream
- ▶ Pipelines
- ▶ Fertilizer

### Process

- ▶ Minerals & Metals
- ▶ Bulk Material Handling

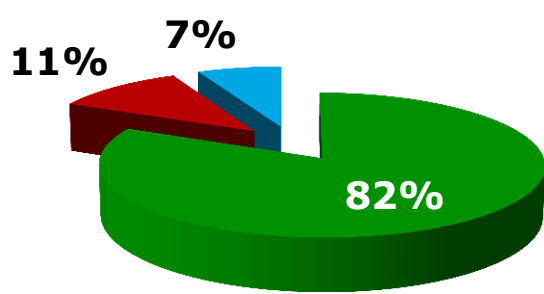
### Others

- ▶ Shipbuilding
- ▶ Defense & Aerospace
- ▶ Construction & Mining Eqpt.
- ▶ Electrical & Electronics
- ▶ Technology Services

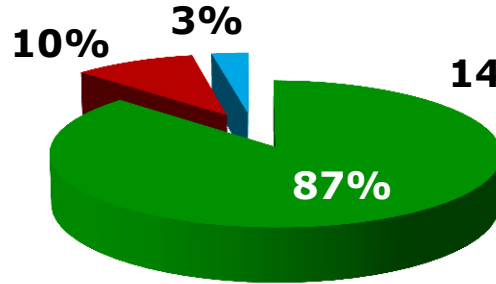
# Order Inflow & Order Book – 9M FY13



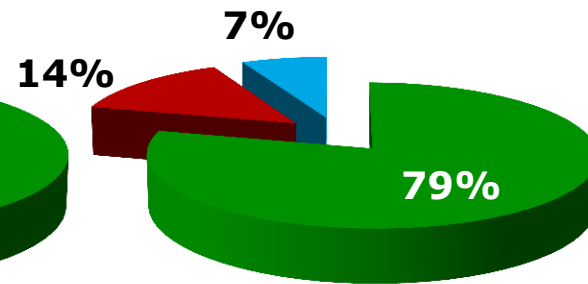
■ Domestic ■ Middle East ■ Others



**Order Inflow**



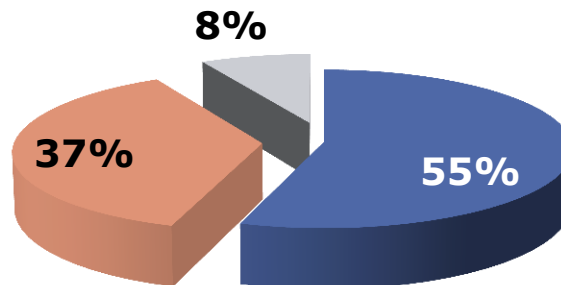
**Order Book**



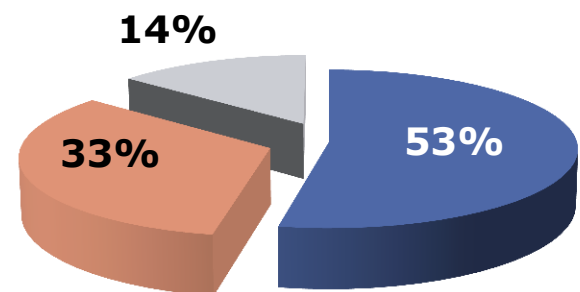
**Sales**

**Geographical Break-up**

**Customer Profile**



**Order Inflow**



**Order Book**

■ Private ■ Public (Incl. PSUs) ■ Concessions Business - L&T



# Performance Summary - Sales to EBITDA



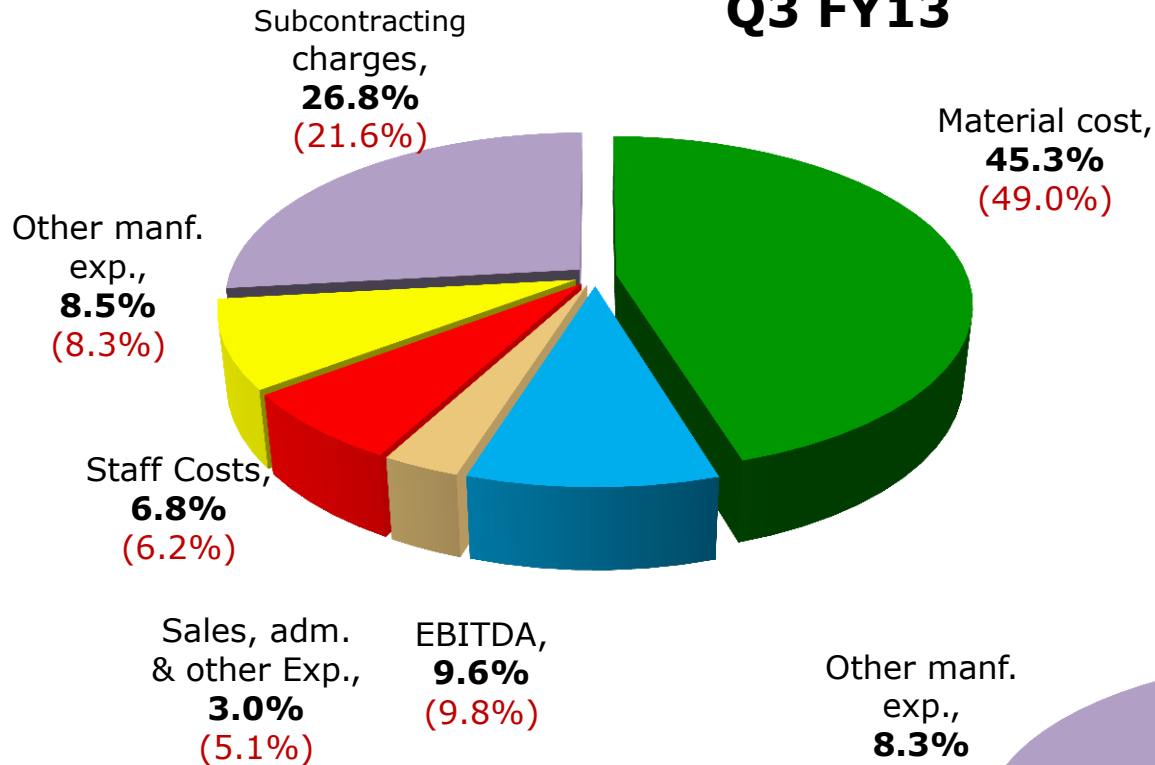
Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
<b>154.29</b>	<b>139.84</b>	<b>10%</b>	<b>Net Sales / Revenue from Operations ---(A)</b>	<b>405.80</b>	<b>347.10</b>	<b>17%</b>	<b>531.71</b>
37.03	15.15	144%	----Export Sales	84.60	38.76	118%	62.11
124.37	110.30	13%	Mfg, Cons. & Opex (MCO)	317.53	267.08	19%	410.23
10.48	8.63	22%	Staff Costs	32.96	26.88	23%	36.63
4.69	7.23	-35%	Sales, adm. & other Exp.	15.62	15.81	-1%	22.02
<b>139.54</b>	<b>126.16</b>	<b>11%</b>	<b>Total Opex ---(B)</b>	<b>366.11</b>	<b>309.77</b>	<b>18%</b>	<b>468.88</b>
<b>14.75</b>	<b>13.68</b>	<b>8%</b>	<b>EBITDA ---(A-B)</b>	<b>39.69</b>	<b>37.33</b>	<b>6%</b>	<b>62.83</b>

- Project Revenues in line with execution progress plans; subdued performance by product businesses
- Surge in International revenues driven by Hydrocarbon wins of FY12
- Step up in MCO Expenses due to retained inflation and execution cost escalation
- Staff cost increase due to manpower augmentation and wage inflation
- Q3 SGA pullback due to lesser YoY MTM provisions

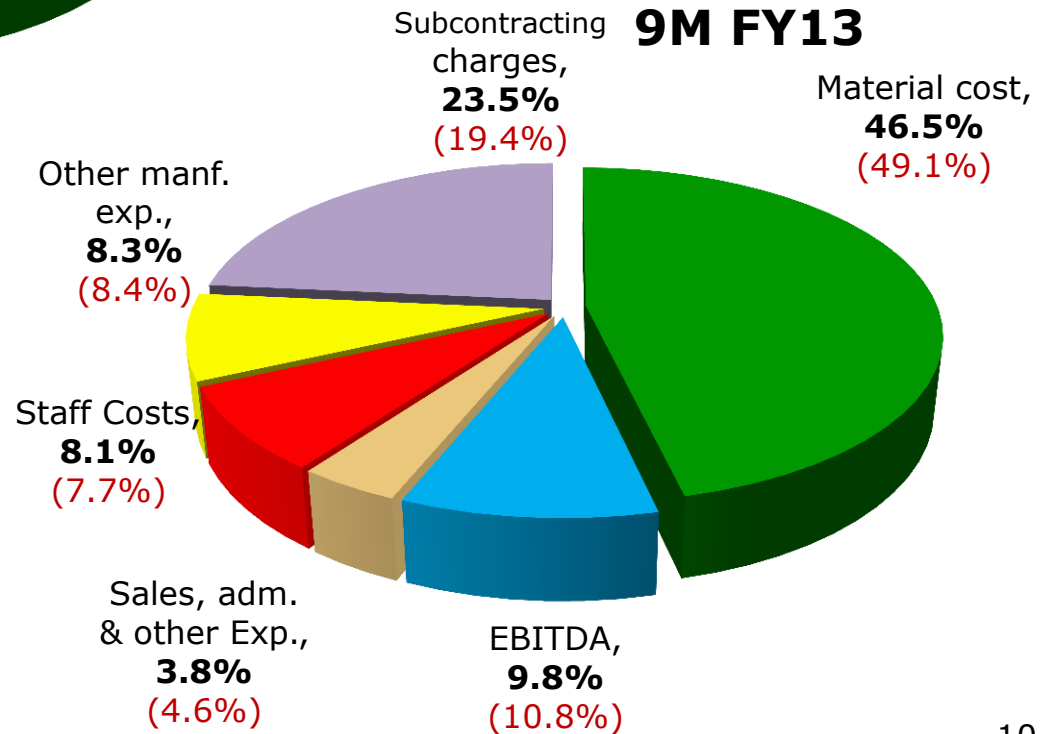
# Sales Breakup – Operational Costs & Profitability



## Q3 FY13



## 9M FY13



**Figures in brackets indicate corresponding period of the Previous Year**

# Performance Summary – EBITDA to PAT



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
14.75	13.68	8%	EBITDA	39.69	37.33	6%	62.83
<b>9.6%</b>	<b>9.8%</b>	<b>-0.2%</b>	<b>EBITDA Margins</b>	<b>9.8%</b>	<b>10.8%</b>	<b>-1.0%</b>	<b>11.8%</b>
(2.38)	(1.91)	25%	Interest Expenses	(7.01)	(5.45)	29%	(6.66)
(2.00)	(1.80)	11%	Depreciation	(5.96)	(5.19)	15%	(7.00)
5.30	4.24	25%	Other Income	14.63	10.13	44%	13.38
(4.45)	(4.29)	4%	Provision for Taxes	(12.09)	(11.46)	6%	(18.42)
<b>11.22</b>	<b>9.91</b>	<b>13%</b>	<b>Recurring PAT</b>	<b>29.26</b>	<b>25.36</b>	<b>15%</b>	<b>44.13</b>
	-		Exceptional / Extraordinary Items (Net of tax)	1.97	-		0.43
<b>11.22</b>	<b>9.91</b>	<b>13%</b>	<b>Profit after Tax</b>	<b>31.23</b>	<b>25.36</b>	<b>23%</b>	<b>44.56</b>

- EBITDA margins affected by input costs and sluggish volumes
- Interest expenses in line with borrowing levels and mix
- Depreciation charge corresponds to rise in Fixed Assets block
- Q3 Other income led by Treasury gains and surplus asset disposals
- Exceptional and extraordinary items in 9M FY13 comprise of divestment gains, provision write-back and VRS charge

# Performance Summary – Balance Sheet



₹ Billion	Dec-12	Mar-12	Incr / (Decr)
Net Worth	285.71	252.23	33.48
Non-Current Liabilities	70.19	61.14	9.05
Current Liabilities	349.93	363.20	(13.27)
<b>Total Sources</b>	<b>705.83</b>	<b>676.57</b>	<b>29.26</b>
Fixed Assets	87.69	83.64	4.05
Investments / Loans to S&A Cos	136.95	127.53	9.42
Other Non- Current Investments / Assets	10.10	8.33	1.77
Liquid Assets	67.08	86.92	(19.84)
Other Current Assets	404.02	370.15	33.87
<b>Total Applications</b>	<b>705.83</b>	<b>676.57</b>	<b>29.26</b>

- Total Debt: Dec'12 : ₹ 110 Bn; Sep'12 : ₹ 120 Bn; Mar'12 : ₹ 99 Bn
- Gross D/E: 0.39
- Support to S&A Companies - mainly to Developmental projects
- Segmental NWC maintained at 17% of Sales

# Performance Summary – Cash Flow



₹ Billion	Q3 FY13	9M FY13	Q3 FY12	9M FY12
Operating Profit	16.51	44.68	16.34	41.49
Adjustments for Working Capital Changes	(7.57)	(37.73)	(11.92)	(40.98)
Direct Taxes (Paid) / Refund - Net	(6.19)	(14.36)	(5.57)	(14.18)
<b>Net Cash from Operations</b>	<b>2.74</b>	<b>(7.41)</b>	<b>(1.15)</b>	<b>(13.67)</b>
Investments in Fixed Assets (Net)	(0.36)	(8.05)	(2.94)	(10.01)
(Inv.) / Divestment in S&A and JVs and Adv. towards equity (Net)	(2.07)	(8.35)	(1.72)	(7.46)
(Purchase) /Sale of Long Term & Current Investments (Net)	3.26	20.03	(4.12)	15.18
Loans/Deposits (made) with S&A / Others	5.28	0.63	(1.34)	(4.44)
Interest & Div. Received from Investments	2.15	9.38	3.40	8.09
<b>Net Cash from / (used in) Investing Activities</b>	<b>8.26</b>	<b>13.64</b>	<b>(6.72)</b>	<b>1.36</b>
Proceeds from Issue of Share Capital	0.65	1.39	0.38	1.63
Net Borrowings	(11.79)	6.71	6.57	15.05
Dividends & Interests paid	(2.40)	(17.34)	(1.88)	(13.97)
<b>Net Cash from Financing Activities</b>	<b>(13.54)</b>	<b>(9.24)</b>	<b>5.07</b>	<b>2.71</b>
<b>Net (Dec) / Inc in Cash &amp; Cash Equiv.</b>	<b>(2.54)</b>	<b>(3.01)</b>	<b>(2.80)</b>	<b>(9.60)</b>
Cash & Cash Equivalents - Opening	18.58	19.05	10.50	17.30
<b>Cash &amp; Cash Equivalents - Closing</b>	<b>16.04</b>	<b>16.04</b>	<b>7.70</b>	<b>7.70</b>

# Presentation Outline



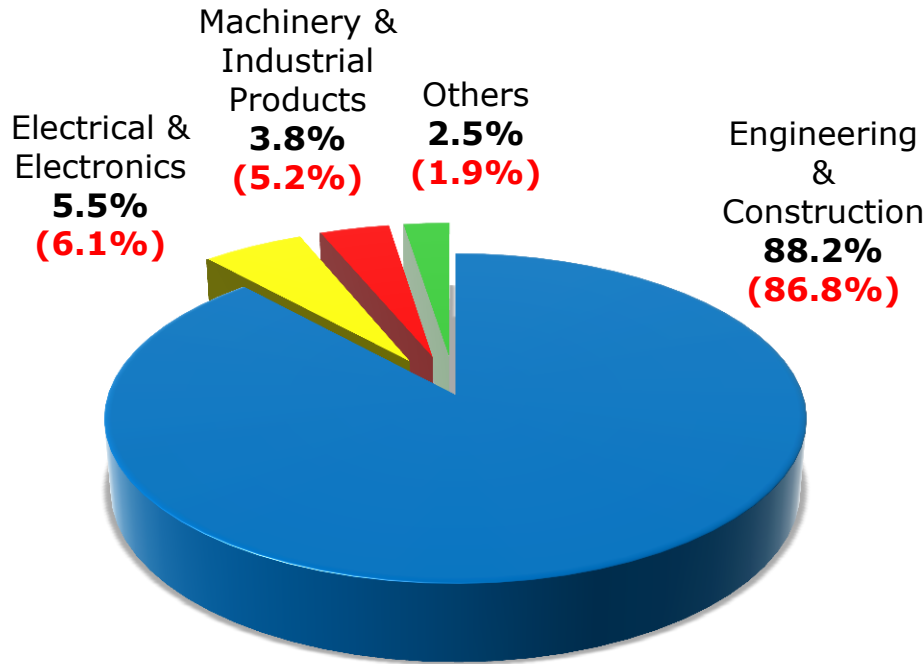
**Q3/9M FY13 Performance Summary**

**Segmental Analysis**

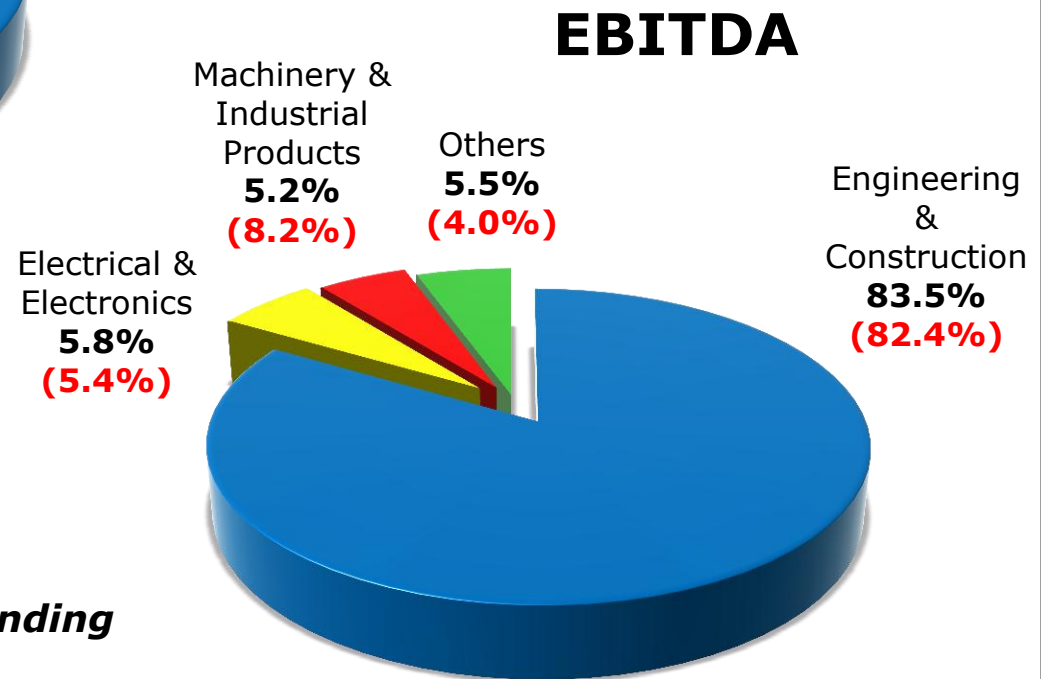
**Performance of key Subsidiaries**

**Outlook**

# Segmental Break-up – 9M FY13



**Net Revenues**



*Figures in brackets indicate corresponding period of the Previous Year*

# 'Engineering & Construction' Segment



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
<b>178.18</b>	<b>153.53</b>	<b>16%</b>	<b>Order Inflows</b>	<b>548.54</b>	<b>444.69</b>	<b>23%</b>	<b>638.48</b>
38.39	15.52	147%	--- Exports	94.74	89.12	6%	113.94
			<b>Order Book</b>	<b>1,599.85</b>	<b>1,442.09</b>	<b>11%</b>	<b>1,436.42</b>
			--- Exports	199.14	164.06	21%	168.48
<b>137.78</b>	<b>123.87</b>	<b>11%</b>	<b>Net Revenues</b>	<b>358.11</b>	<b>301.30</b>	<b>19%</b>	<b>467.62</b>
31.81	10.95	191%	--- Exports	70.29	27.72	154%	46.02
14.31	14.22	1%	EBITDA	39.86	35.39	13%	59.46
<b>10.4%</b>	<b>11.5%</b>	<b>-1.1%</b>	<b>EBITDA Margins</b>	<b>11.1%</b>	<b>11.7%</b>	<b>-0.6%</b>	<b>12.7%</b>
			Net Segment Assets	153.55	106.05	45%	109.80

- Core infra (transportation, urban & water) and Power (barring BTG) has yielded order wins.
- Housing, IT space and healthcare powering urban infra contract acquisitions
- Overseas Order Book boosted by steady Hydrocarbon wins
- EBITDA Margins impacted by input costs & job mix
- Sharp rise in Net Segment assets due to NWC



# 'Electrical & Electronics' Segment



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
<b>7.70</b>	<b>7.30</b>	<b>6%</b>	<b>Net Revenues</b>	<b>22.27</b>	<b>21.23</b>	<b>5%</b>	<b>30.67</b>
0.95	0.75	26%	--- Exports	2.49	1.84	35%	3.43
1.10	0.80	38%	EBITDA	2.78	2.30	21%	3.89
<b>14.3%</b>	<b>10.9%</b>	<b>3.4%</b>	<b>EBITDA Margins</b>	<b>12.5%</b>	<b>10.8%</b>	<b>1.7%</b>	<b>12.7%</b>
			Net Segment Assets	13.84	13.43	3%	13.63

- Modest Sales growth achieved inspite of tight liquidity conditions, sluggish industrial / agri offtake and continuing competitive pressures
- Export Revenues accruing through higher sale of customised switchboards
- Margin improvement achieved through better price realisations and favorable product mix
- Business focusing on operational excellence initiatives and new product launches

# 'Machinery & Industrial Products' Segment



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
<b>5.51</b>	<b>6.14</b>	<b>-10%</b>	<b>Net Revenues</b>	<b>15.29</b>	<b>17.82</b>	<b>-14%</b>	<b>23.97</b>
1.29	1.21	6%	--- Exports	3.14	3.38	-7%	4.44
0.99	1.29	-24%	EBITDA	2.49	3.52	-29%	4.77
<b>18.0%</b>	<b>21.1%</b>	<b>-3.1%</b>	<b>EBITDA Margins</b>	<b>16.3%</b>	<b>19.7%</b>	<b>-3.4%</b>	<b>19.9%</b>
			Net Segment Assets	5.63	5.15	9%	5.28

- Revenues continue to be weighed down by sluggish demand in Industrial, construction and mining sectors
- De-growth witnessed in Industrial machinery business – outcome of strong headwinds
- Revenues in Industrial Products and Construction Machinery business remain flat in current challenging environment
- Margins squeezed by increase in input costs, intense competition and low volumes

# 'Others' Segment



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change	FY12
<b>3.30</b>	<b>2.54</b>	<b>30%</b>	<b>Net Revenues</b>	<b>10.13</b>	<b>6.75</b>	<b>50%</b>	<b>9.45</b>
2.98	2.25	33%	--- Exports	8.69	5.81	49%	8.22
0.76	0.73	4%	EBITDA	2.63	1.72	53%	2.11
<b>23.2%</b>	<b>29.0%</b>	<b>-5.8%</b>	<b>EBITDA Margins</b>	<b>26.0%</b>	<b>25.6%</b>	<b>0.4%</b>	<b>22.4%</b>
			Net Segment Assets	7.14	6.77	5%	6.00

- Segment predominantly driven by Integrated Engineering Services (IES)
- IES is currently in ramp up phase and exhibiting high growth; revenues predominantly from North America and Europe
- Thrust on new customer acquisitions continues
- Q3 Margin volatility due to currency fluctuations and scale-up costs

# Presentation Outline



**Q3/9M FY13 Performance Summary**

**Segmental Analysis**

**Performance of key Subsidiaries**

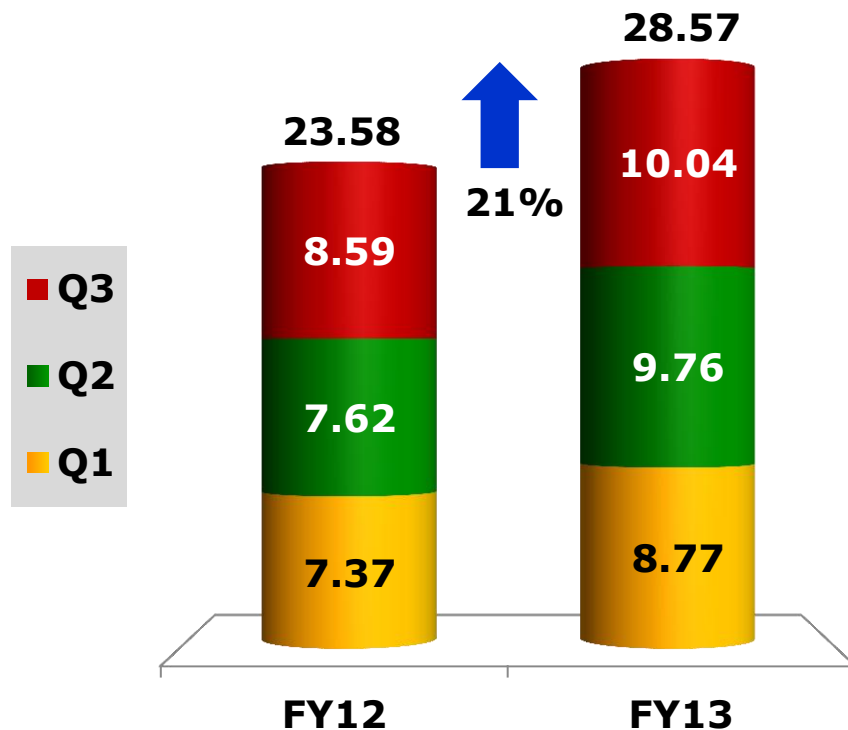
**Outlook**

# L&T Infotech Group – 9M FY13

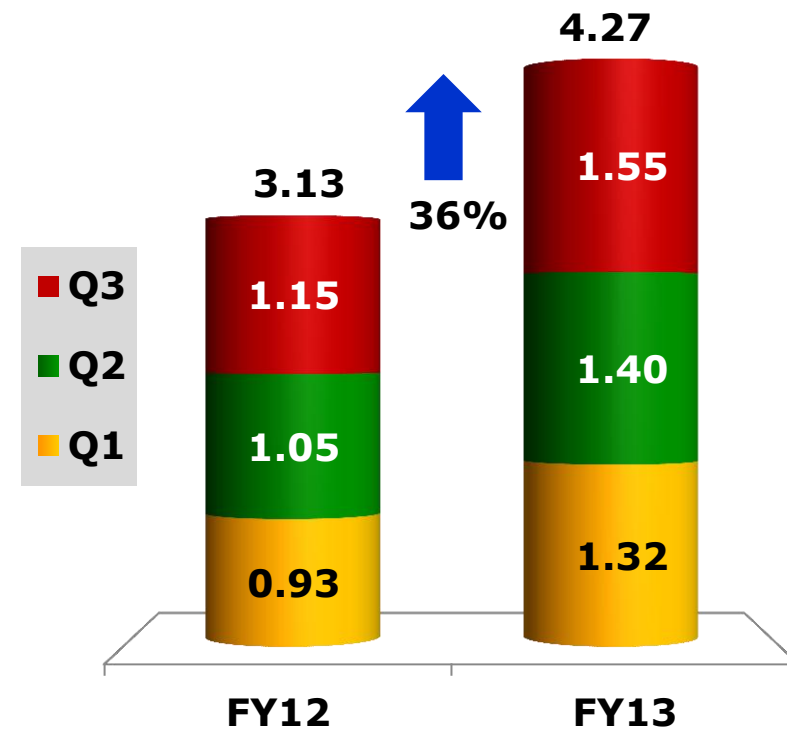


Amount in ₹ Bn

## Total Income



## Profit after Tax



- Revenue growth aided by growth across business verticals and tapping potential expansion of business from existing customer base.
- INR Depreciation contributing to buoyancy in topline and bottomline

# Concessions Business Portfolio



## **Roads and Bridges:**

Portfolio: 19 projects; 11 operational, 8 under implementation  
Development: 2092 km  
Project Outlay: ₹217 Bn

## **Power:**

Portfolio: 5 projects; under development / implementation  
Capacity: 2970 MW  
Project Outlay: ₹ 215 Bn



## **Metro:**

Portfolio: 1 project; under implementation  
Development: 71.16 km  
Project Outlay: ₹ 164 Bn

## **Ports:**

Portfolio: 3 projects; 2 operational, 1 under implementation  
Capacity: 45 Mn TPA  
Project Outlay: ₹ 57 Bn



**Total Project Cost (Dec 2012): ₹ 653 Bn**

**Equity Invested (Dec 2012): ₹ 52 Bn**

**Balance Equity Commitment (Dec 2012): ₹ 91 Bn**

# Presentation Outline



**Q3/9M FY13 Performance Summary**

**Segmental Analysis**

**Performance of key Subsidiaries**

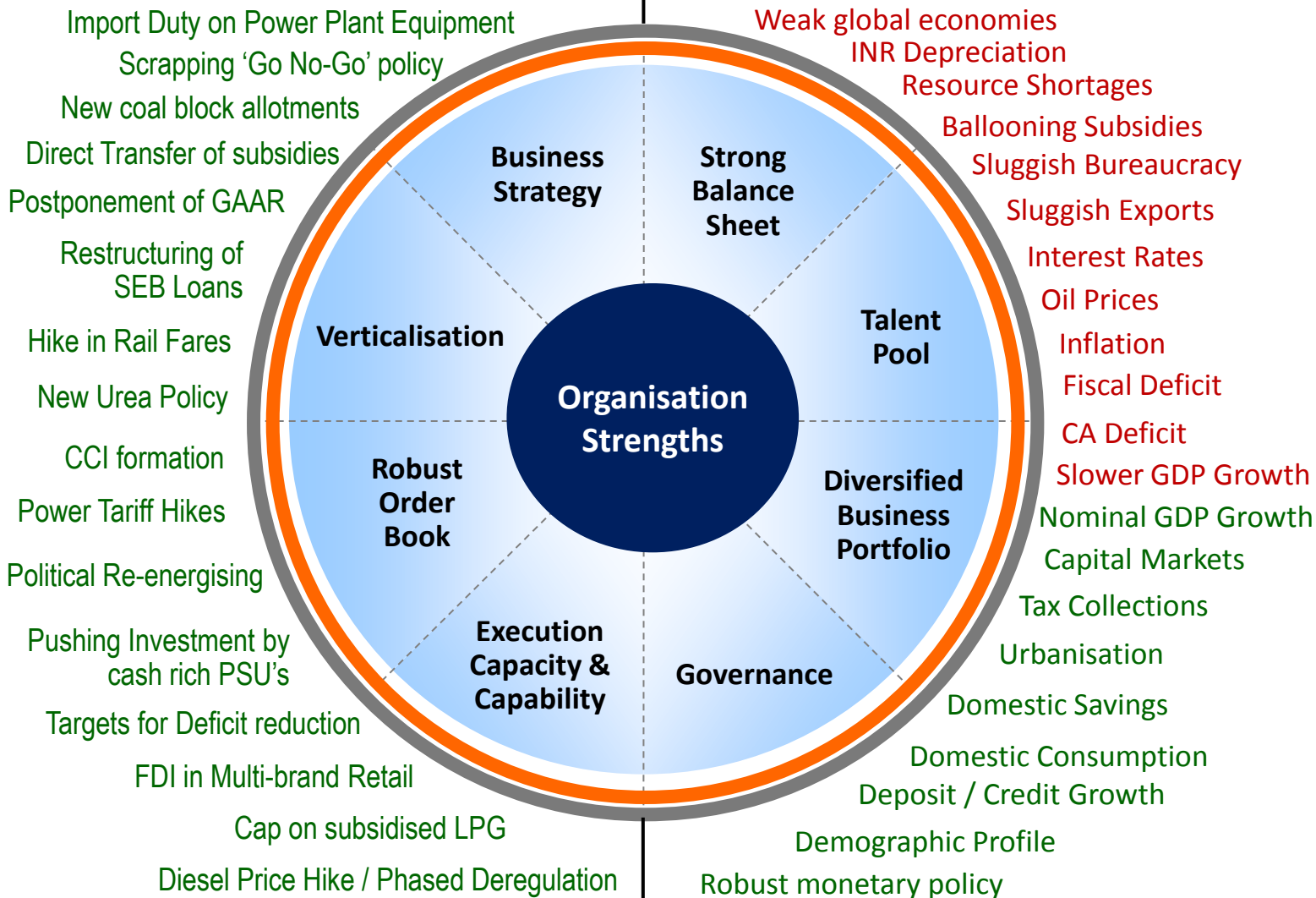
**Outlook**

# Outlook : Extrinsic and Intrinsic Pushes and Pulls



## Govt. Reforms / Fiscal Push

## Macro Overview







*Thank You*

# Annexure 1: Major Orders Booked in Q3 FY13



Project Details	₹ Bn
Civil & Hydro Mechanical Works for 850 MW Ratle Hydro Electric Power Project for GVK Projects, Jammu Kashmir	<b>19.86</b>
Design and Construction of Tunnel & Under ground Metro Station at Vasant Vihar, Munirika, R.K.Puram, IIT & Hauz Khas of Delhi MRTS Project Phase III	<b>8.52</b>
Design and construction of a major IT campus facility in NCR, Delhi and Construction of multistoried residential towers in Bengaluru	<b>8.52</b>
Heera Redevelopment Phase II- 3 Well Platforms Project, ONGC	<b>7.81</b>
Power T&D - AIS & GIS Substation jobs in Chennai and Transmission lines jobs in West Bengal, setting up a cable system and substation at Qatar	<b>7.42</b>
Supply, install and commissioning the Balance of Turbine Island Package for NPCIL - RAPP 7&8 at Rajasthan	<b>7.32</b>
Construction of Permanent Campus of IIT, Hyderabad (Phase 1 A)	<b>6.44</b>
Construction of a hospital building and other associated facilities in UAE	<b>5.95</b>
Construction of a commercial building in Mumbai and other add ons	<b>3.97</b>
Design and construct a Lift Irrigation system at Hanamapur, Karnataka and Construction of water supply system in the Bankura District of West Bengal	<b>3.71</b>
Construction of an IT campus facility in Pune.	<b>3.23</b>
Construction of Solar PV systems in Rajasthan from multiple customers	<b>2.80</b>

## Annexure 2: Details of Other Income



Q3 FY13	Q3 FY12	% Change	₹ Billion	9M FY13	9M FY12	% Change
1.03	1.32	-22%	Interest Income	4.43	4.19	6%
0.61	0.27	126%	Income & Profit on sale of Inv.	1.61	1.31	23%
0.93	2.19	-58%	Dividend from S&A Companies	4.49	3.56	26%
2.73	0.46	493%	Miscellaneous Income	4.10	1.07	283%
<b>5.30</b>	<b>4.24</b>	<b>25%</b>	<b>Total - Other Income</b>	<b>14.63</b>	<b>10.13</b>	<b>44%</b>