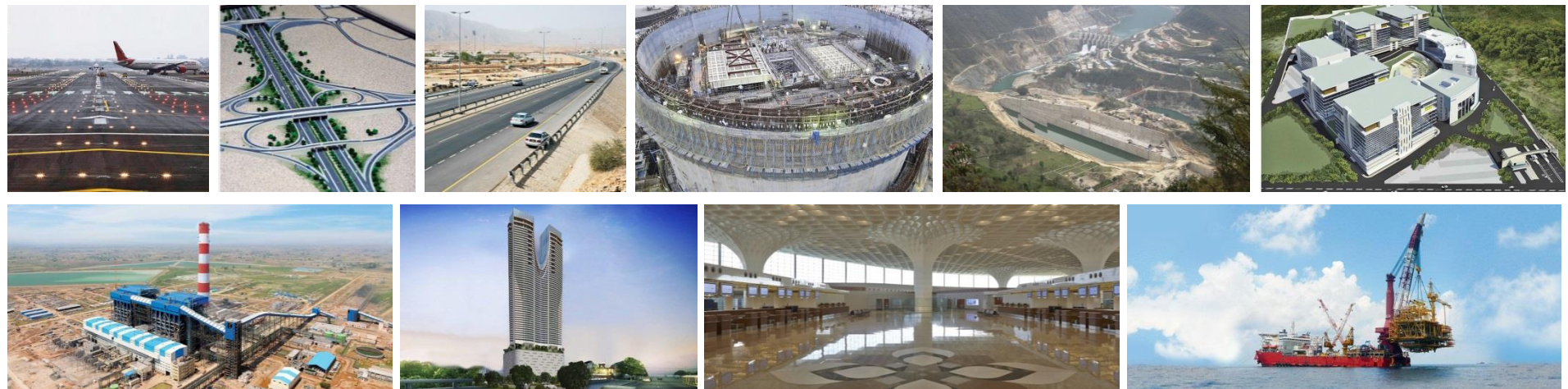




# Larsen & Toubro

## Analyst Presentation - 9M FY16

January 29, 2016



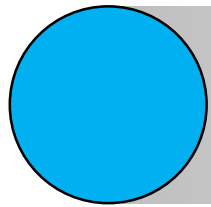
# Disclaimer

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

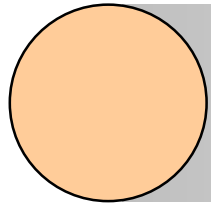
The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to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

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

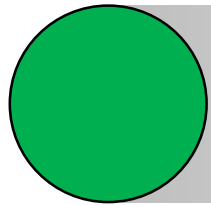
# Presentation Outline



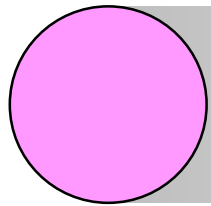
**Group Performance Highlights**



**Group Performance Summary**

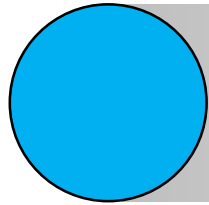


**Segment / Key Subsidiaries**



**Outlook**

# Presentation Outline



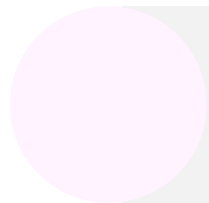
**Group Performance Highlights**



Group Performance Summary

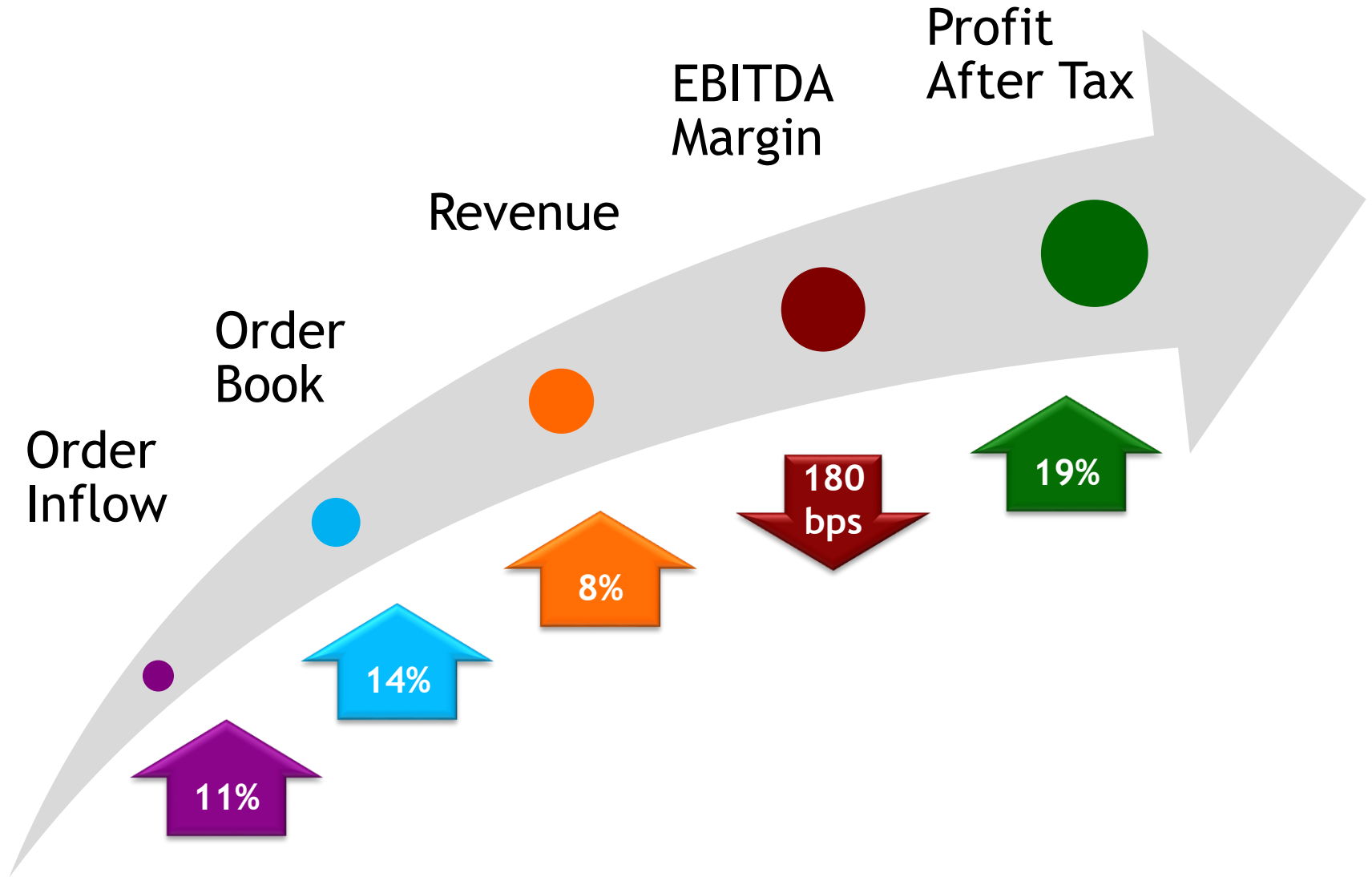


Segment / Key Subsidiaries



Outlook

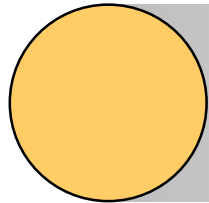
# Performance Highlights - Q3 FY16



# Presentation Outline



Group Performance Highlights



**Group Performance Summary**



Segment / Key Subsidiaries

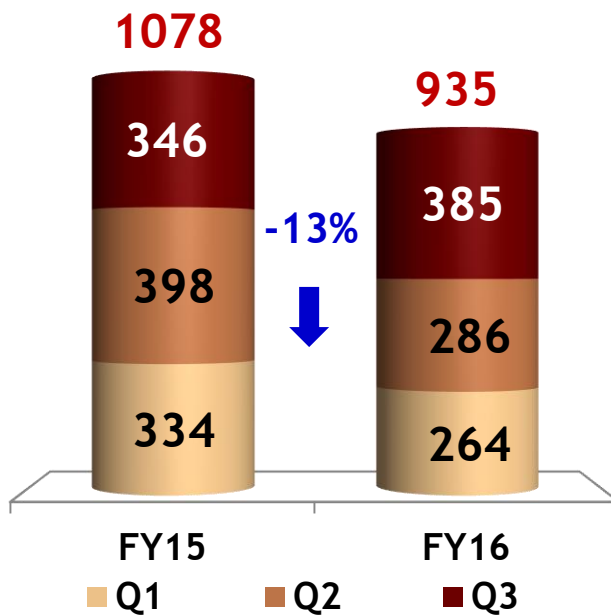


Outlook

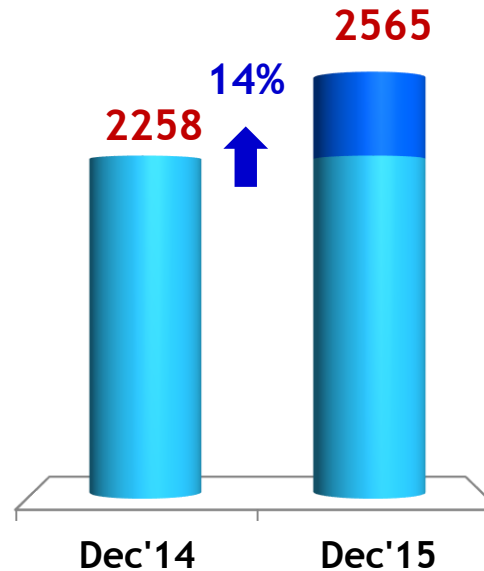
# Group level Order Inflow & Order Book

Amount in ₹ Bn

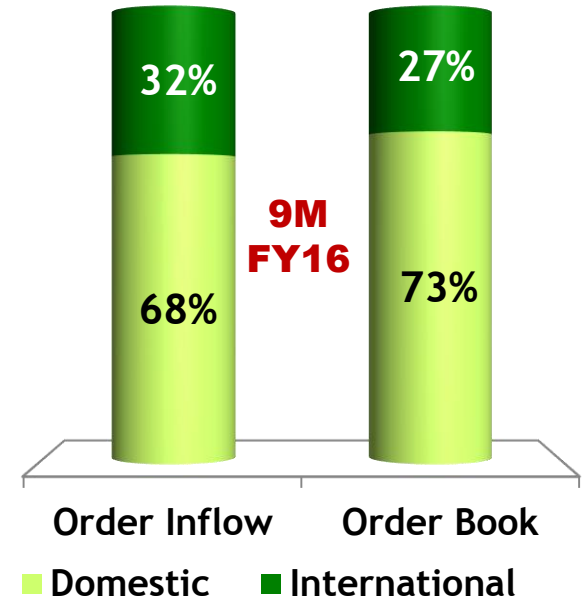
## Order Inflow



## Order Book



## Geographical Breakup



- Q3 Order Inflow growth led by Transportation Infra, PT&D, and Water Businesses
- Middle East continues to witness tendering activity for basic infrastructure even in the face of oil price drop
- Private sector capex yet to pick up

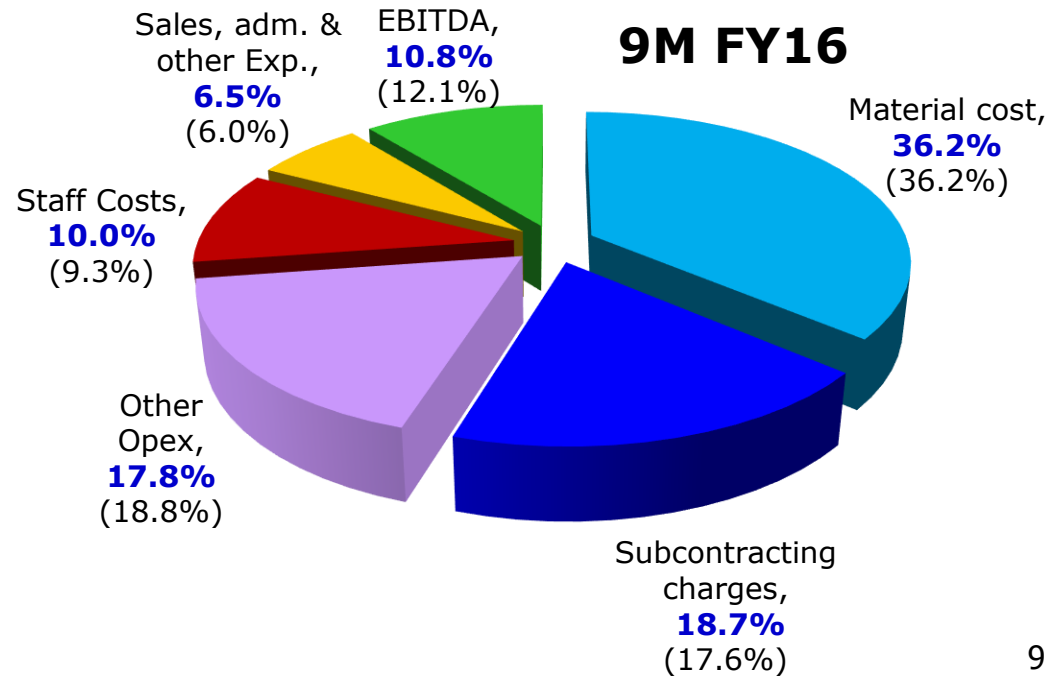
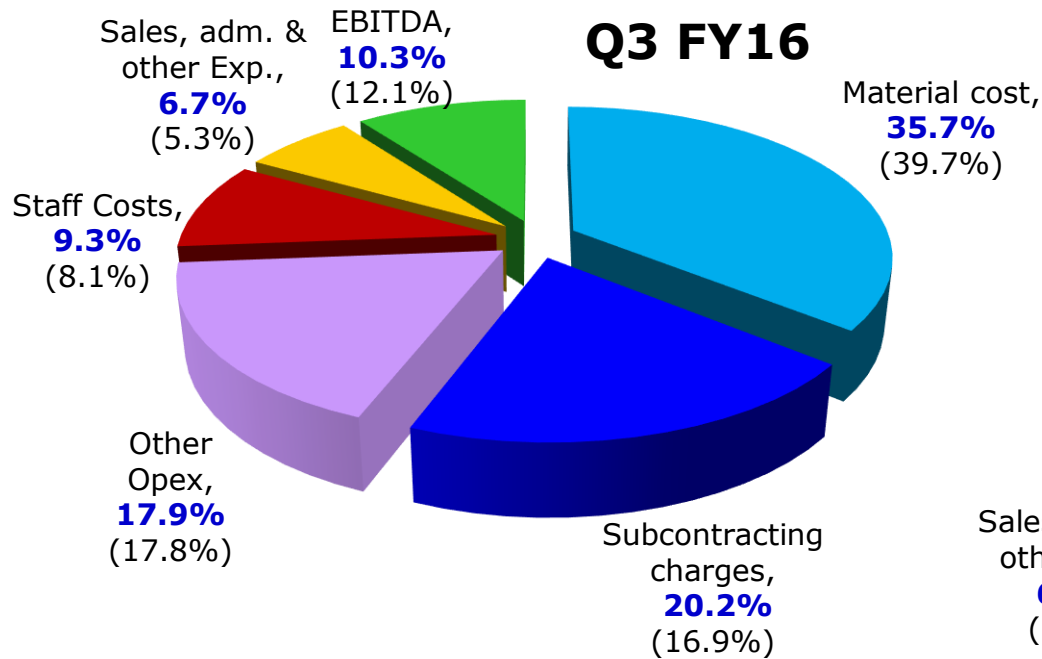
# Group Performance - Sales & Costs

Q3 FY15	Q3 FY16	% Change	₹ Billion	9M FY15	9M FY16	% Change	FY15
238.48	258.29	8%	Net Sales / Revenue from Operations	639.82	694.75	9%	920.05
65.33	90.66	39%	----International Sales	178.04	233.32	31%	259.26
27%	35%	8%	% of Sales	28%	34%	6%	28%
177.63	190.49	7%	Mfg, Cons. & Opex (MCO)	464.58	504.99	9%	672.37
19.29	24.11	25%	Staff Costs	59.49	69.37	17%	79.88
12.71	17.19	35%	Sales, adm. & other Exp. (SGA)	38.49	45.08	17%	54.46
209.62	231.79	11%	Total Opex	562.55	619.43	10%	806.71

- Domestic execution environment continues to be challenging
- Scheduled progress in execution of International projects
- Increase in Staff Costs due to larger international operations
- Rise in SGA expenses mainly on account of Provisions



# Performance Summary - Operational Costs & Profitability



Figures in brackets indicate corresponding period of the Previous Year

# Group Performance Summary Extracts

Q3 FY15	Q3 FY16	% Change	₹ Billion	9M FY15	9M FY16	% Change	FY15
28.86	26.50	-8%	EBITDA	77.27	75.31	-3%	113.33
12.1%	10.3%	-1.8%	EBITDA Margin	12.1%	10.8%	-1.2%	12.3%
(9.18)	(7.45)	-19%	Interest Expenses	(23.79)	(22.79)	-4%	(28.51)
(6.79)	(6.20)	-9%	Depreciation	(20.35)	(19.36)	-5%	(26.23)
2.37	4.52	91%	Other Income	7.28	9.29	27%	10.09
(5.69)	(5.56)	-2%	Provision for Taxes	(14.87)	(15.95)	7%	(22.53)
8.67	10.35	19%	PAT after Minority Interest	26.95	26.37	-2%	47.65

- Seasonality of margins due to job-mix
- Lower interest charge on debt retirals and loan refinancing
- Increase in Other Income aided by Treasury gains

# Group Balance Sheet

₹ Billion	Dec-15	Mar-15	Incr / (Decr)
Net Worth	432.51	409.09	23.42
Minority	75.94	49.99	25.95
Borrowings (Fin. Serv.)	497.79	430.10	67.69
Other Non-Current Liabilities	478.20	406.76	71.43
Other Current Liabilities	716.47	642.08	74.40
<b>Total Sources</b>	<b>2,200.91</b>	<b>1,938.02</b>	<b>262.89</b>
Net Fixed Assets	585.49	475.16	110.33
Goodwill on consolidation	21.39	22.15	(0.76)
Loans & Advances (Fin. Serv.)	535.14	454.26	80.87
Other Non- Current Assets	165.49	156.31	9.17
Cash and Cash Equivalents	144.27	138.21	6.06
Other Current Assets	749.14	691.93	57.21
<b>Total Applications</b>	<b>2,200.91</b>	<b>1,938.02</b>	<b>262.89</b>


- Gross D/E: 2.32
- Net Working Capital (excl. Fin. Serv.) : 24% of Sales

# Group Cash Flow (Summarised)

₹ Billion	Q3 FY16	9M FY16	Q3 FY15	9M FY15
Operating Profit	29.15	80.46	30.08	77.68
Direct Taxes (Paid) / Refund - Net	(8.87)	(22.80)	(7.22)	(20.97)
Changes in Working Capital	(3.09)	(19.68)	(3.43)	(25.46)
<b>Net Cash from Operations (A)</b>	<b>17.20</b>	<b>37.98</b>	<b>19.43</b>	<b>31.24</b>
Investments in Fixed Assets (Net)	(11.82)	(36.03)	(17.72)	(51.27)
Net Purchase of Long Term & Curr. Inv.	13.74	(7.37)	(5.70)	(10.87)
Loans/Deposits made with Associate Cos.	(0.04)	(0.03)	(0.74)	5.78
Interest & Div. Received and Others	(0.83)	3.75	0.41	2.43
<b>Net Cash from/(used in) Invest. Act. (B)</b>	<b>1.05</b>	<b>(39.68)</b>	<b>(23.74)</b>	<b>(53.94)</b>
Issue of Share Capital / Minority	14.06	26.04	9.70	16.61
Net Borrowings	28.75	99.77	31.19	94.15
Disbursements towards financing activities*	(44.30)	(80.87)	(25.29)	(47.87)
Interest & Dividend paid	(11.28)	(44.98)	(9.79)	(39.22)
<b>Net Cash from Financing Activities (C)</b>	<b>(12.77)</b>	<b>(0.05)</b>	<b>5.82</b>	<b>23.68</b>
<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>5.48</b>	<b>(1.75)</b>	<b>1.51</b>	<b>0.98</b>


\* included under Net Cash from operations under statutory financial statements

# Presentation Outline

 Group Performance Highlights

 Group Performance Summary

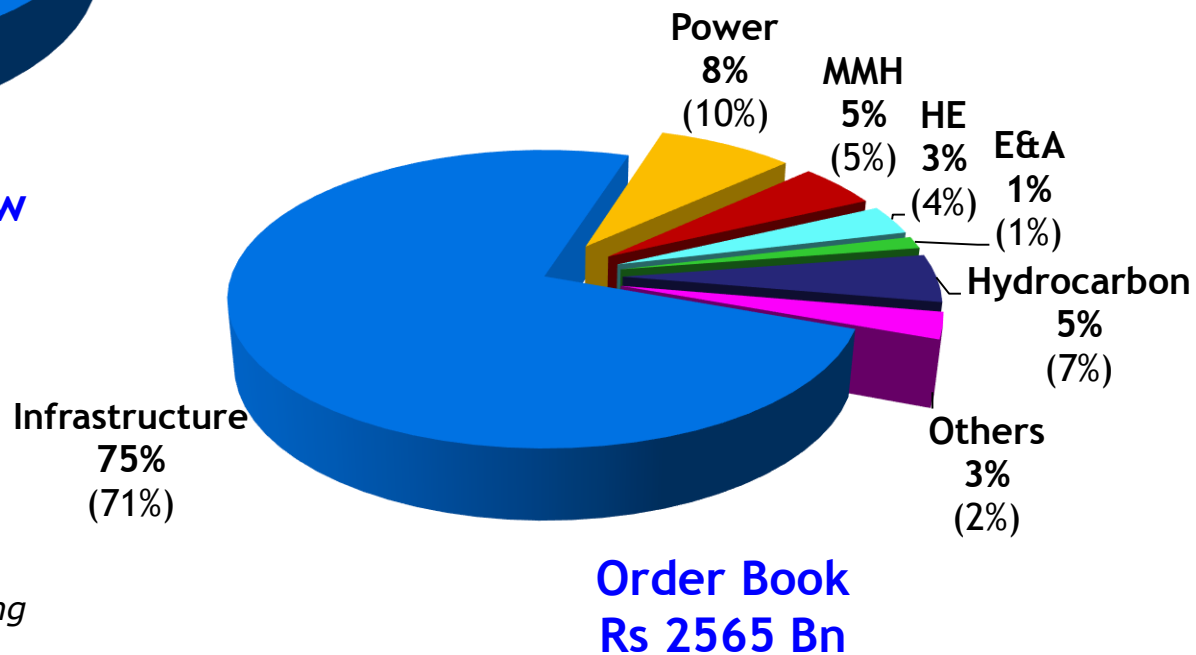
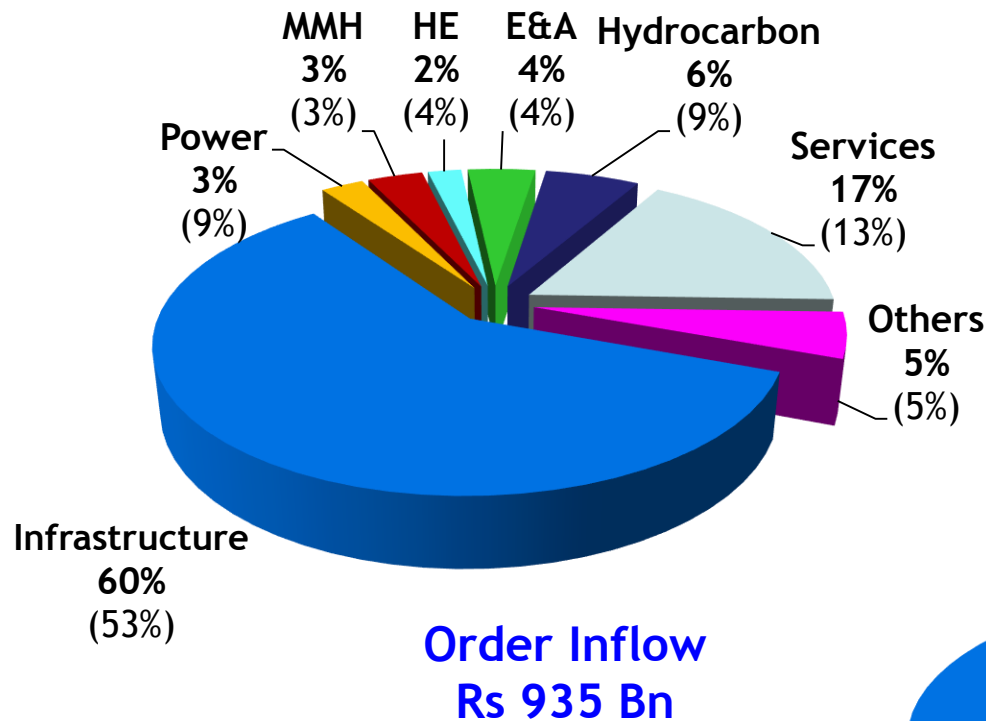
 **Segment / Key Subsidiaries**

 Outlook

# Segment Composition

<b>Infrastructure</b>	<b>Power</b>	<b>Metallurgical &amp; Material Handling</b>	<b>Heavy Engineering</b>	<b>Electrical &amp; Automation</b>
Building & Factories	EPC - Coal & Gas	Ferrous	Process Plant Equipment	Electrical Standard Products
Transportation Infra	Thermal Power Plant Construction	Non Ferrous	Nuclear Power Plant Equipment	Electrical Systems & Equipment
Heavy Civil Infra	Electrostatic Precipitators	Bulk Material Handling	Defence & Aerospace	Metering & Protection
Water, Smart World & Communications			Piping Centre	Control & Automation
Power T&D				
<b>Hydrocarbon</b>	<b>Developmental Projects</b>	<b>IT &amp; TS</b>	<b>Financial Services</b>	<b>Others</b>
Upstream	Roads	Information Technology	Retail & Corporate	Shipbuilding
Mid & Downstream	Metros	Technology Services	Infrastructure	Realty
Construction & Pipelines	Ports		General Insurance	Construction & Mining Equipment
	Power		Mutual Fund Asset Management	Machinery & Industrial Products

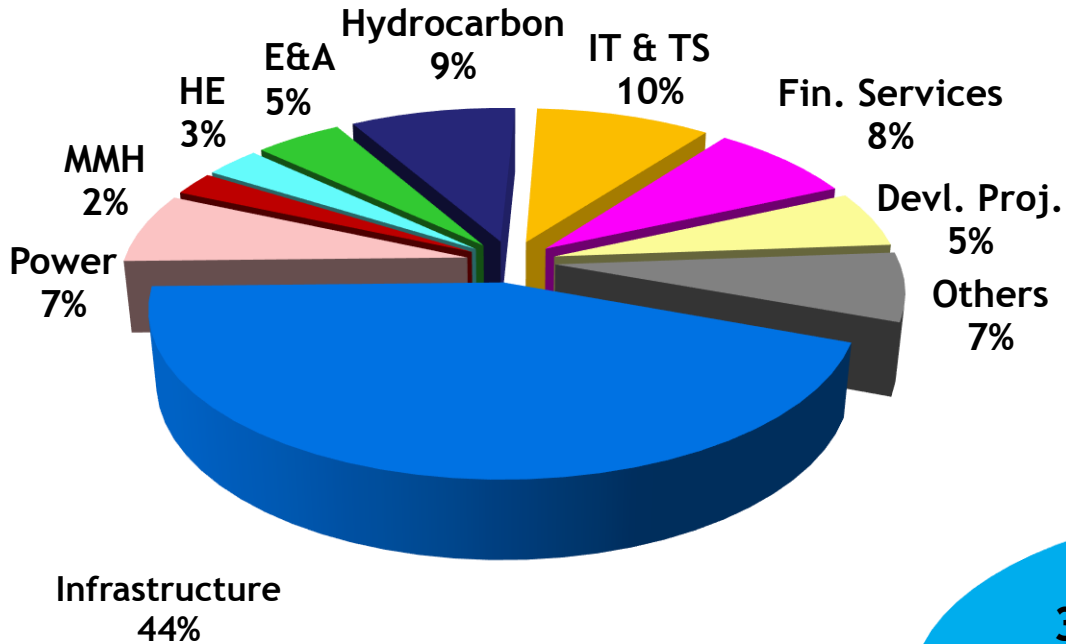
# Segmental Breakup of Orders - 9M FY16



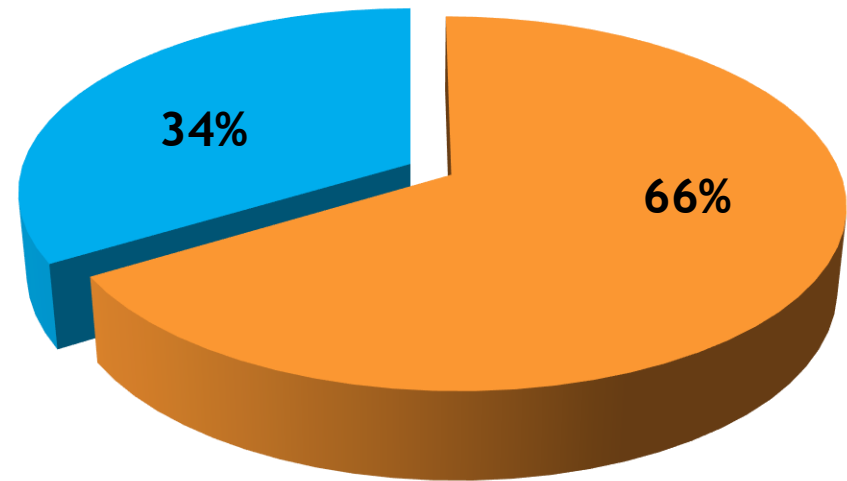
*Figures in brackets indicate corresponding period of the Previous Year*

# Revenue Breakup - 9M FY16

## Segmental Breakup



## Geographical breakup



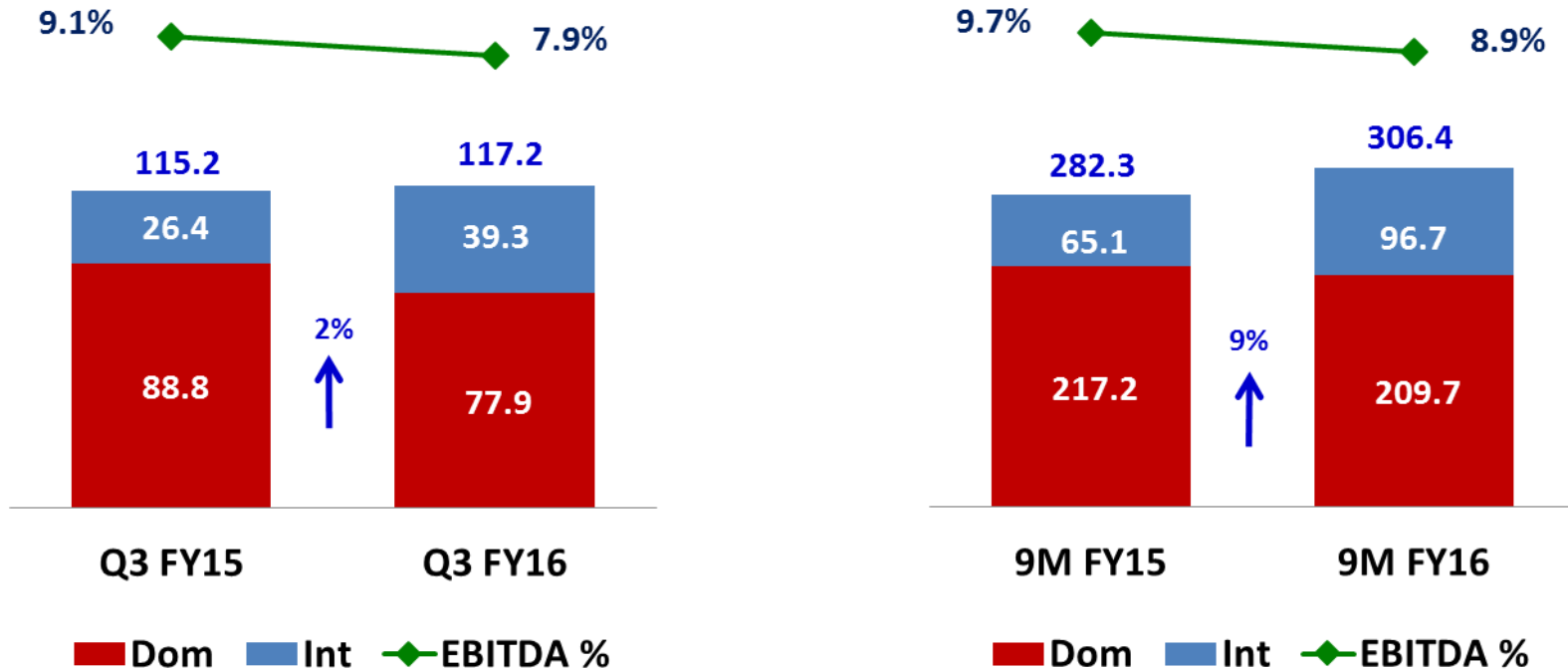
■ Domestic ■ International



# Infrastructure Segment

Amount in ₹ Bn

## Revenues & Margin

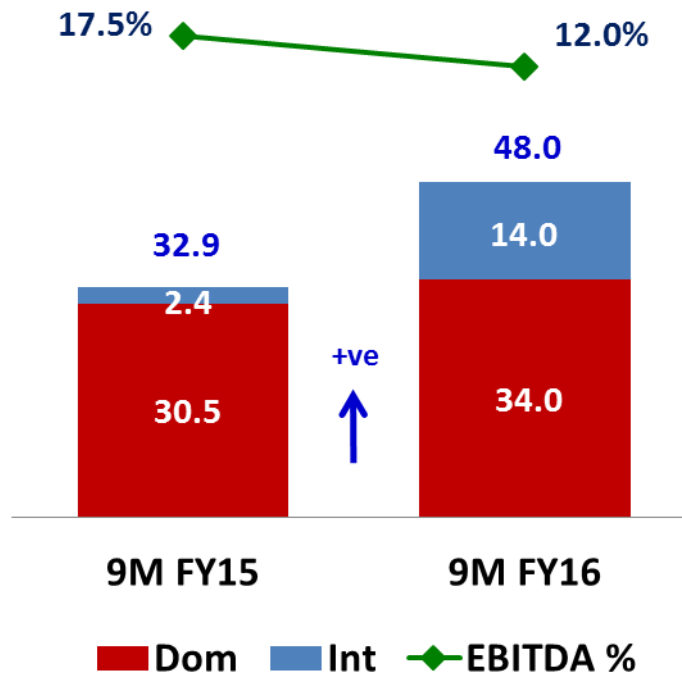
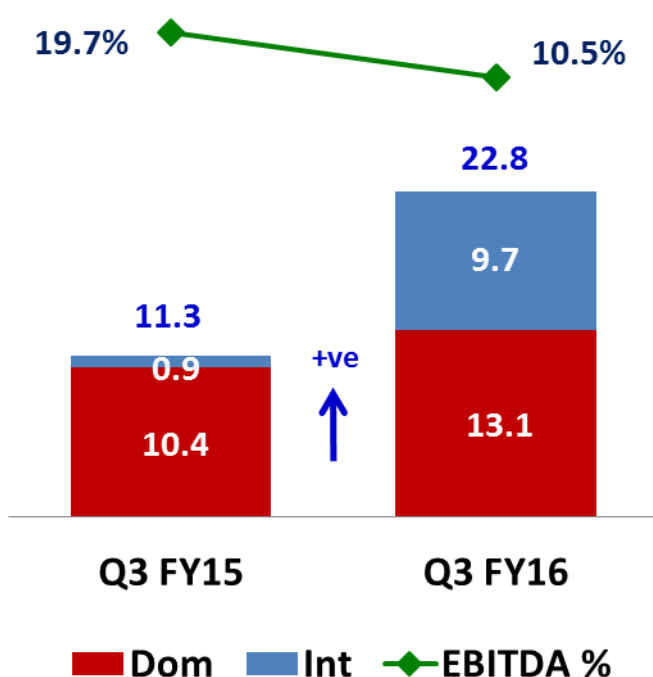


- Revenue growth affected by slow payments and delayed clearances
- EBITDA movement due to non-linear nature of margin accrual

# Power Segment

## Revenues & Margin

Amount in ₹ Bn

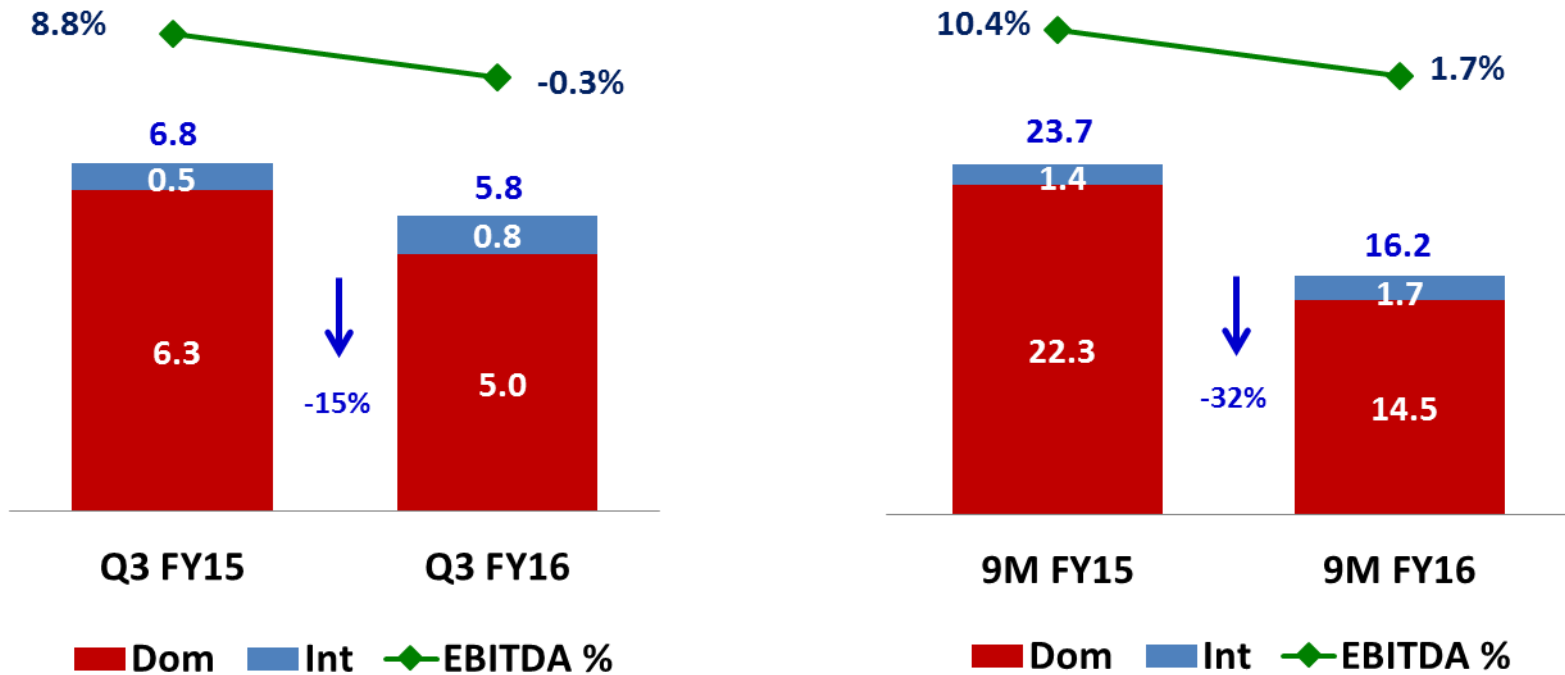


- Revenue growth reflects execution progress of large projects won in previous years
- Some large domestic projects yet to reach margin threshold

# Metallurgical & Material Handling (MMH) Segment

Amount in ₹ Bn

## Revenues & Margin

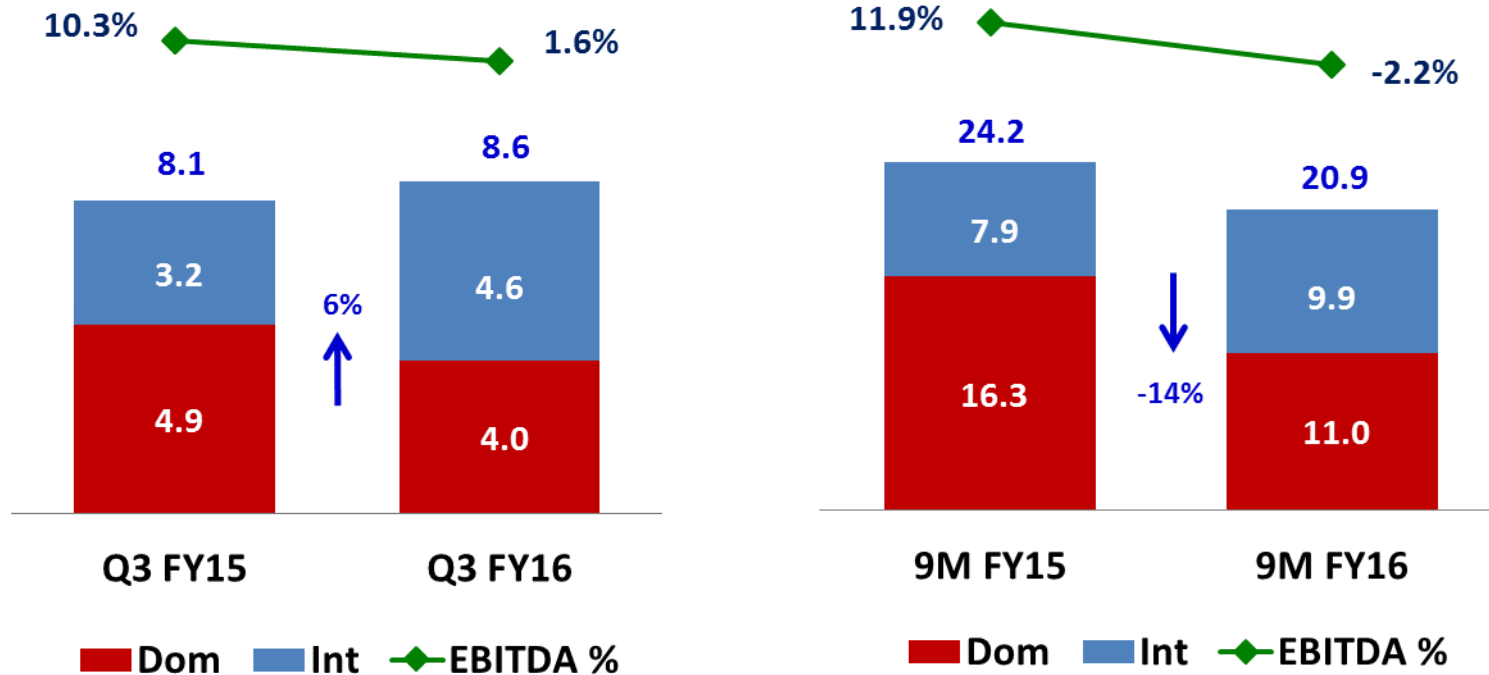


- Revenue declines due to slow replenishment of Order Book
- Under-recoveries affecting Margins

# Heavy Engineering Segment

Amount in ₹ Bn

## Revenues & Margin

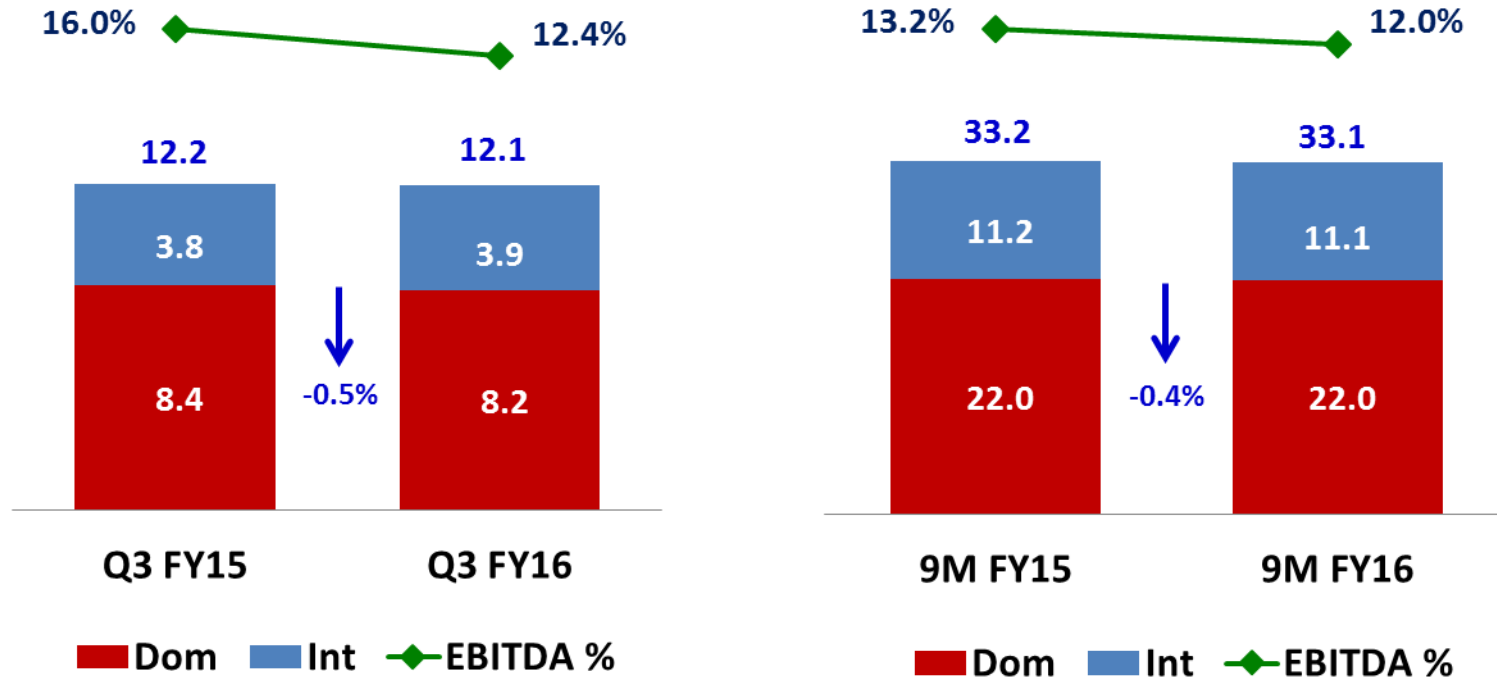


- Muted revenue growth reflecting depleted Order Book in PPN Business
- Margins impacted by under-recoveries and cost provisions

# Electrical & Automation (E&A) Segment

Amount in ₹ Bn

## Revenues & Margin

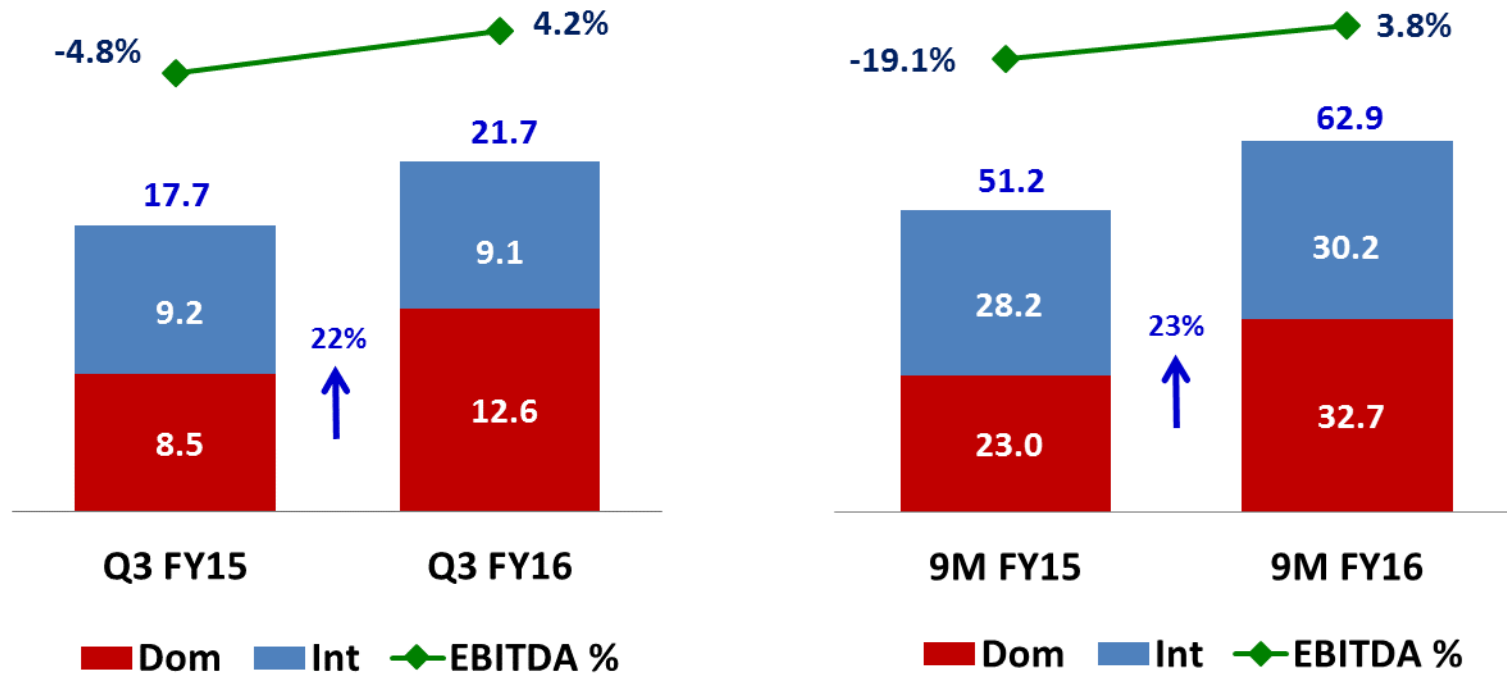


- Flat Revenues reflect low offtake from industrial and agriculture sectors
- Margin variation due to change in Project / Product sales mix & new product introductions

# Hydrocarbon Segment

Amount in ₹ Bn

## Revenues & Margin

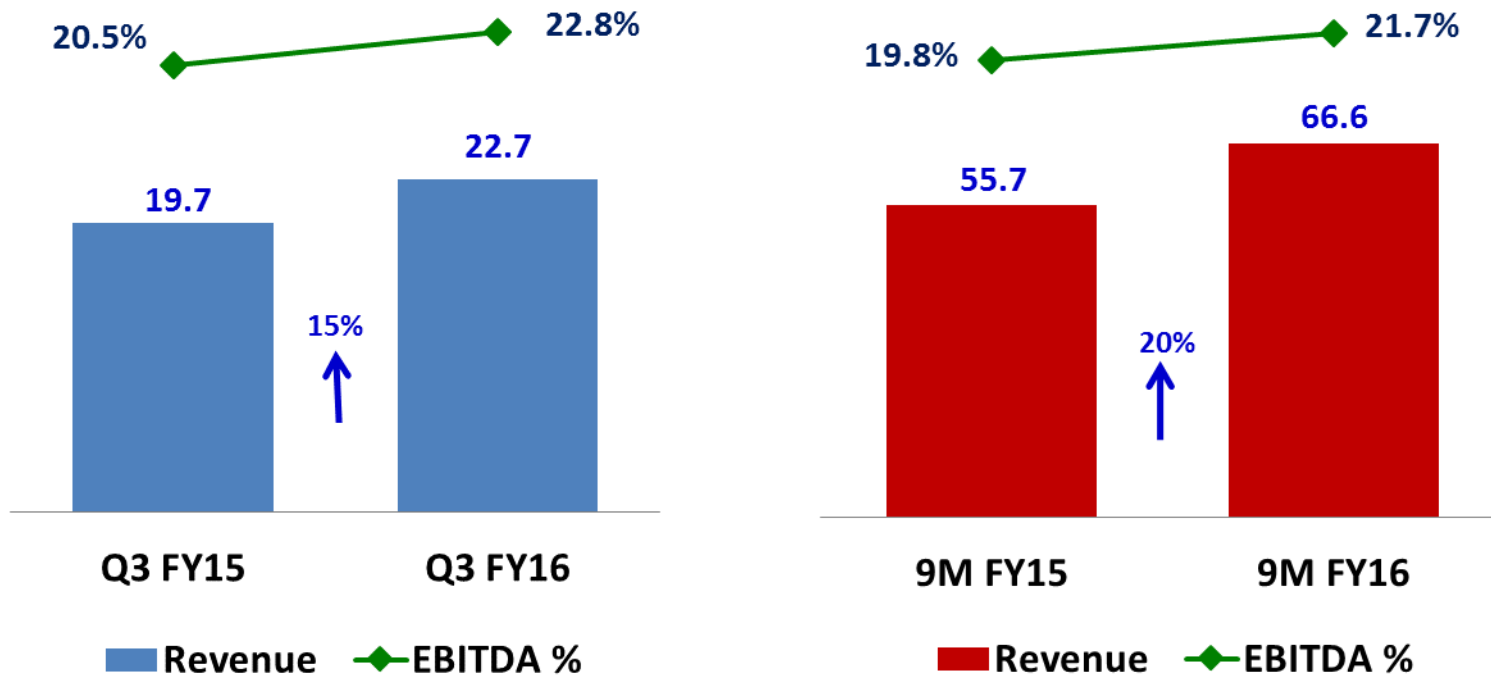


- Legacy projects in Middle East nearing completion
- Margin improvement on loss minimisation of International projects in current year

# IT & Technology Services Segment

Amount in ₹ Bn

## Revenues & Margin

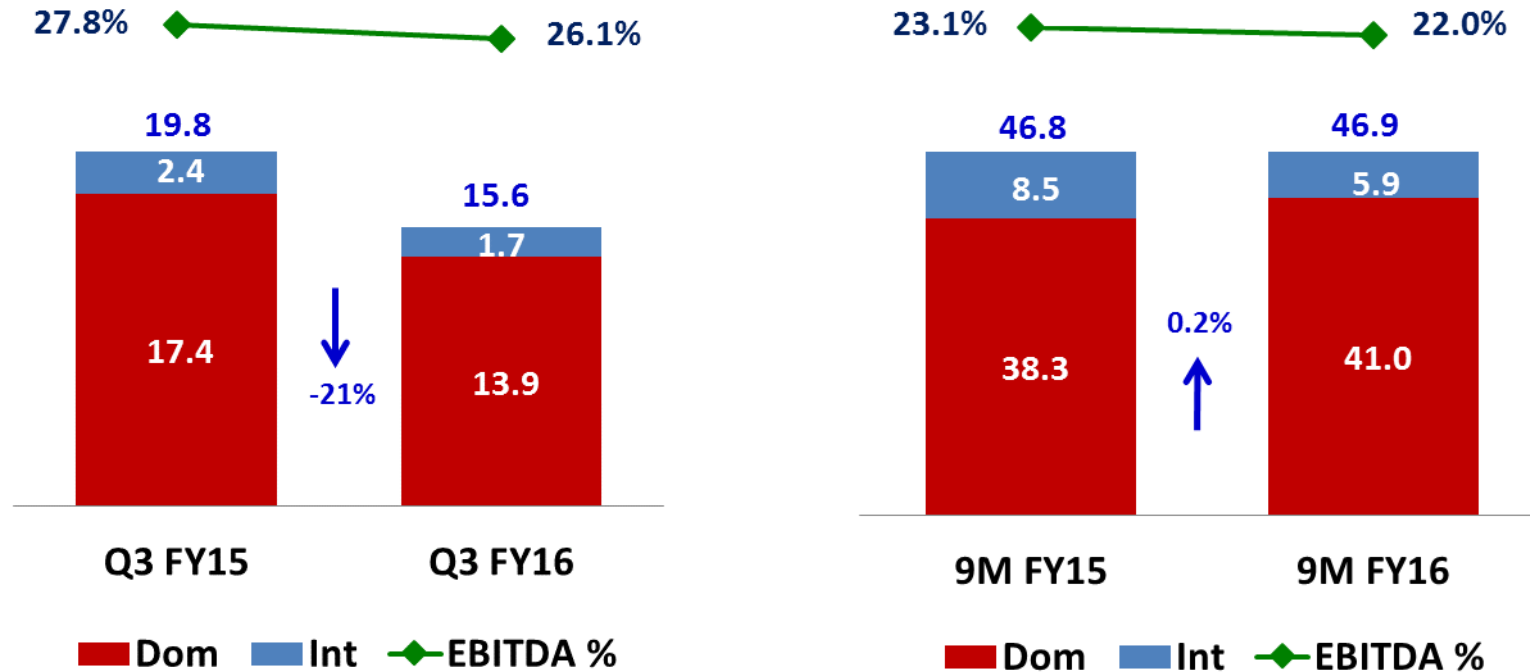


- Revenue growth contributed by most sectors (except Energy)
- Focus on Client Mining
- EBITDA improvement due to operational efficiencies

# Others Segment

Amount in ₹ Bn

## Revenues & Margin

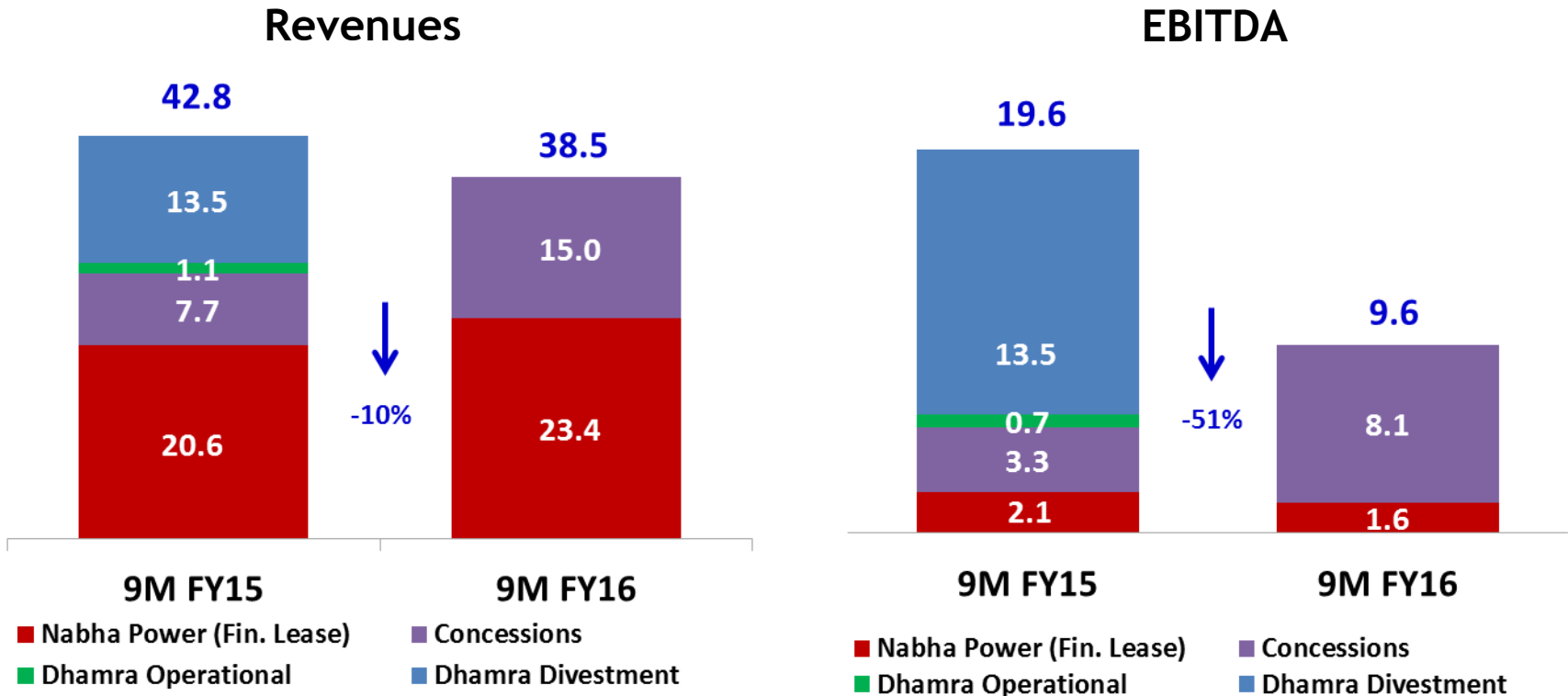


- Q3 revenue variance mainly due to slowdown in Realty business and delayed receipt of orders
- Margin variation caused by accumulated margin recognition in Q3 FY15, largely compensated by divestment of Chandigarh Mall



# Developmental Projects Segment

Amount in ₹ Bn



- Concession revenue increase due to commissioning of new roads and increase in traffic of GSRDC roads
- Lower offtake from PSPCL affecting Nabha PLF / Heat Rate
- EBITDA variation due to PY divestment gains

# Concessions Business Portfolio - 25 SPVs



## ***Roads and Bridges:***

Portfolio: 16 projects (1721 Km); 14 Operational  
Project Cost: ₹178 Bn

## ***Power:***

Portfolio: 5 projects (2270 MW); 1 Operational  
Project Cost: ₹178 Bn



## ***Ports:***

Portfolio: 2 projects (18 MTPA) - Operational  
Project Cost: ₹21 Bn

## ***Metros:***

Portfolio: 1 project (71.16 Km) - Under-implementation  
Project Cost: ₹170 Bn



## ***Transmission Lines:***

Portfolio: 1 project (482 Km) - Under-implementation  
Project Cost: ₹14 Bn

**Total Project Cost (Dec 2015): ₹ 561 Bn**

26

**Equity Invested (Dec 2015): ₹ 96 Bn**


**Balance Equity Commitment (Dec 2015): ₹ 37 Bn**

# L&T Finance Holdings

Q3 FY15	Q3 FY16	% Change	₹ Billion	9M FY15	9M FY16	% Change	FY15
78.18	92.38	18%	Networth (Incl. Pref.Cap and Warrants)	78.18	92.38	18%	77.40
395.84	488.30	23%	Borrowings	395.84	488.30	23%	420.91
452.25	556.94	23%	Loans and Advances	452.25	556.94	23%	472.32
213.36	250.59	17%	Mutual Fund Average AUM	213.36	250.59	17%	224.97
4.48%	3.33%	-1.2%	Gross NPA (%) - 150 DPD	4.48%	3.33%	-1.2%	3.08%
3.42%	2.23%	-1.2%	Net NPA (%) - 150 DPD	3.42%	2.23%	-1.2%	2.10%
1.82	2.12	17%	PAT (before exceptionals)	5.30	6.20	17%	7.36

- Consistent growth in loan assets led by healthy growth in disbursements
- Strategic shift towards B2C in retail lending and operational projects / renewables in wholesale lending
- GNPA's remain stable despite elevated stress in farm segment
- Focus on Asset quality and sustainable NIMs

# Presentation Outline



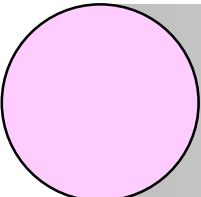
Group Performance Highlights



Group Performance Summary

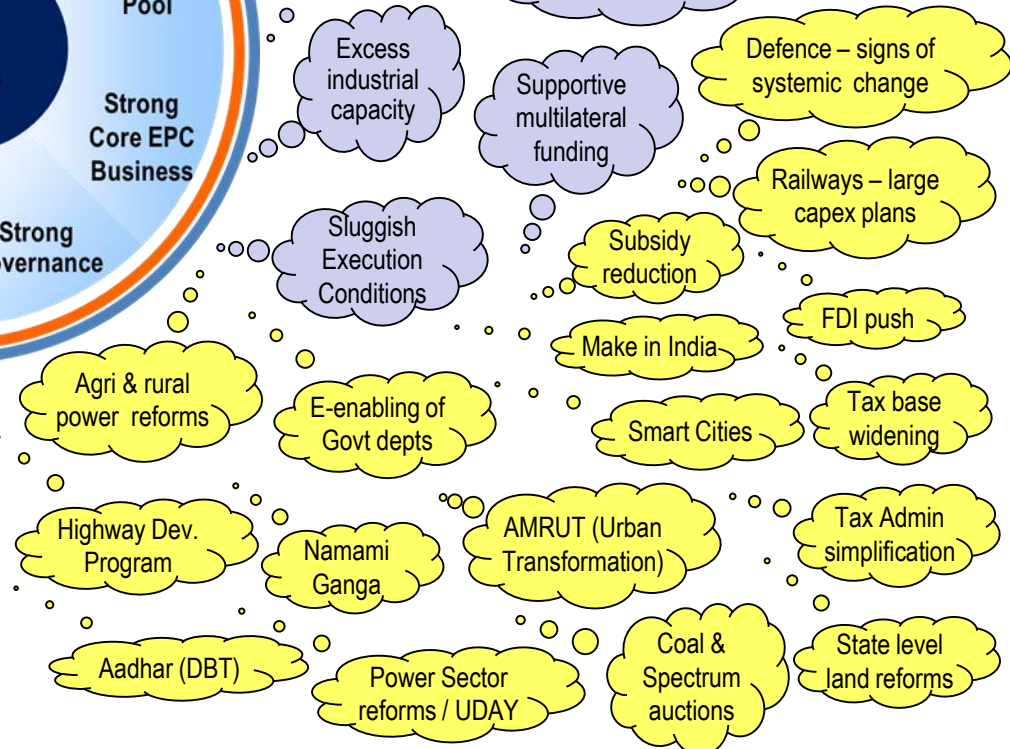
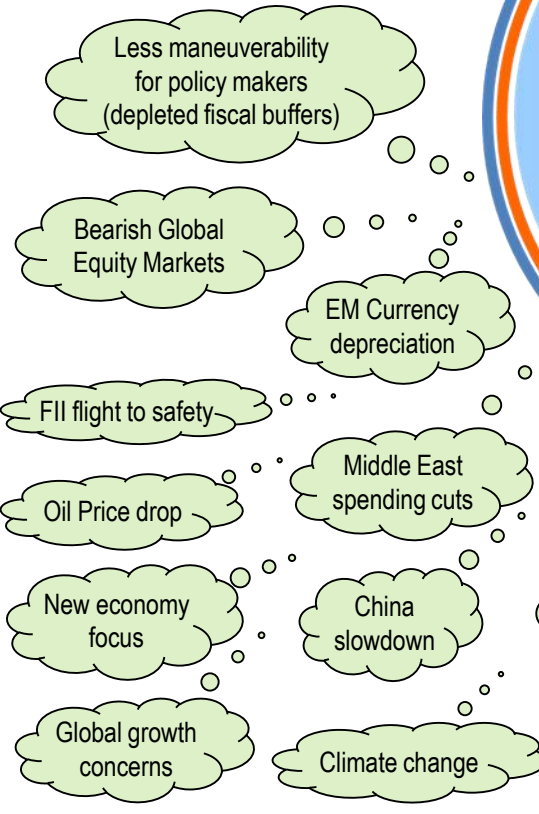
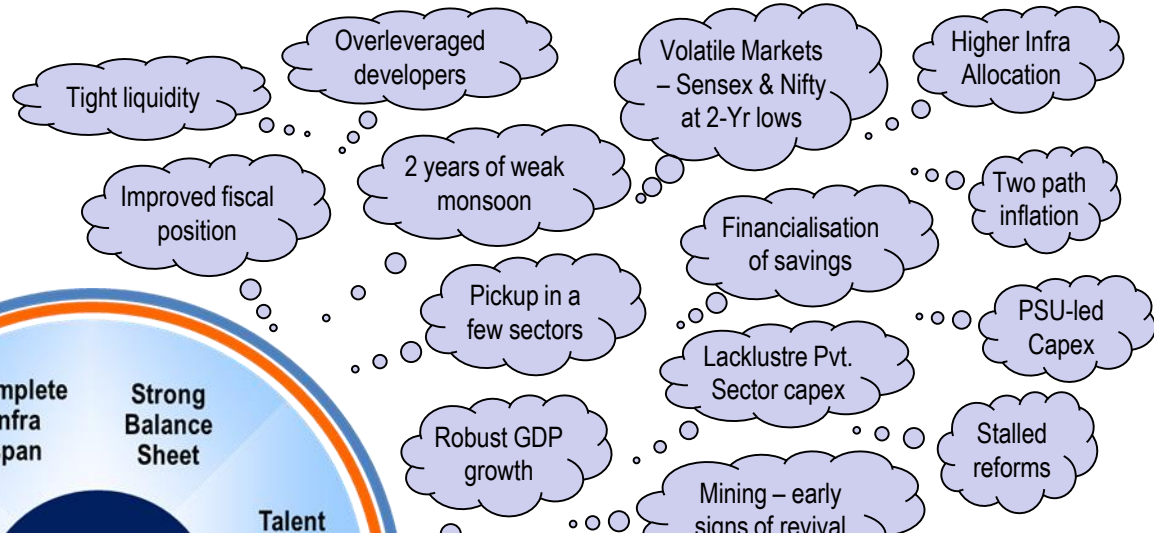
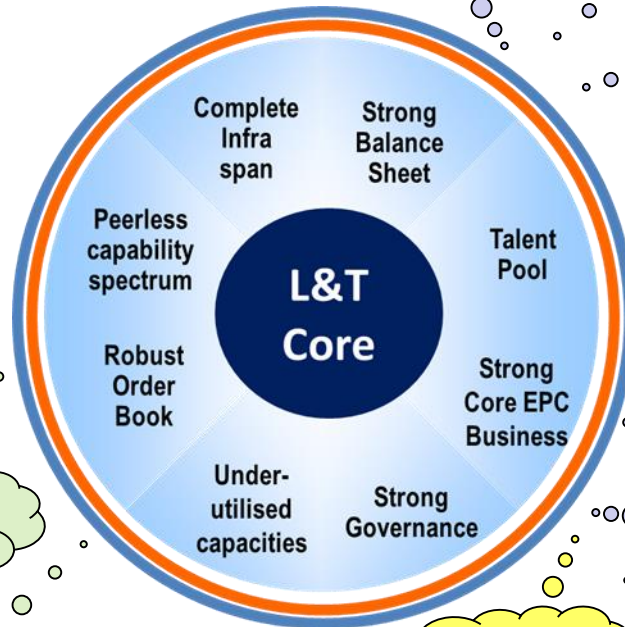


Segment / Key Subsidiaries



**Outlook**

# Where do we go from here?



# Thank You

# Annexure-1: Group Profit & Loss

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					9M FY 16	9M FY 15	% Change
Revenue from Operations	66.61	55.44	38.38	534.32	694.75	639.82	9%
EBITDA	14.39	8.06	9.59	43.28	75.31	77.27	-3%
Interest Expenses	(0.07)	(0.11)	(10.27)	(12.34)	(22.79)	(23.79)	-4%
Depreciation	(1.77)	(0.87)	(4.78)	(11.94)	(19.36)	(20.35)	-5%
Other Income	0.12	1.55	0.05	7.57	9.29	7.28	27%
Exceptional Items	-	-	-	3.10	3.10	2.49	
Provision for Taxes	(2.51)	(3.02)	(0.52)	(9.90)	(15.95)	(14.87)	7%
PAT from Ordinary Activities	10.15	5.61	(5.93)	19.77	29.60	28.03	6%
Share in profit of Associates	-	0.02	0.00	(0.03)	(0.01)	0.04	
Adjustments for Minority Interest	(0.00)	(2.89)	0.39	(0.72)	(3.22)	(1.12)	
<b>Profit After Tax</b>	<b>10.15</b>	<b>2.74</b>	<b>(5.54)</b>	<b>19.01</b>	<b>26.37</b>	<b>26.95</b>	<b>-2%</b>

\* Includes Insurance Business

# Annexure 2: Group Balance Sheet

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					Dec-15	Mar-15	Inc / (Dec)
Net Worth (Excl. Pref. Cap.)	24.7	36.9	63.6	307.4	432.6	409.1	23.5
Minority Interest	1.0	46.9	20.5	7.6	75.9	50.0	26.0
Borrowings	5.8	497.8 <sup>^</sup>	293.7 <sup>^</sup>	205.4	1,002.7	905.7	97.0
Deferred Payment Liabilities	-	-	110.4	0.0	110.4	30.3	80.1
Other Current & Non-Current Liab.	18.2	30.6	35.7	494.8	579.3	543.0	36.4
<b>Total Sources</b>	<b>49.7</b>	<b>612.1</b>	<b>523.8</b>	<b>1,015.2</b>	<b>2,200.9</b>	<b>1,938.0</b>	<b>262.9</b>
Net Segment Assets	49.7	612.1	523.8	1,015.2	2,200.9	1,938.0	262.9
<b>Total Applications</b>	<b>49.7</b>	<b>612.1</b>	<b>523.8</b>	<b>1,015.2</b>	<b>2,200.9</b>	<b>1,938.0</b>	<b>262.9</b>

\* Includes Insurance Business

<sup>^</sup> Partly netted off from Capital Employed in Reported Segment