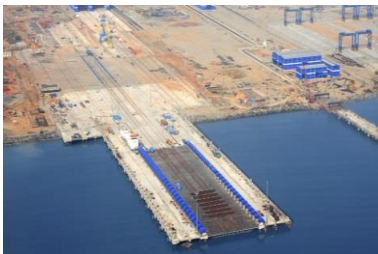


# Larsen & Toubro

## Analyst Presentation - Q1 FY17

July 29, 2016



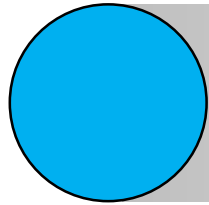
# Disclaimer

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.

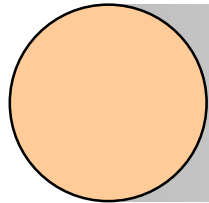
The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to 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.

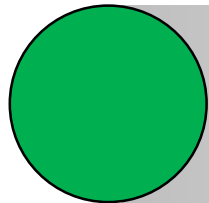
# Presentation Outline



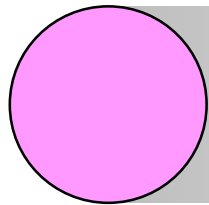
**Group Performance Highlights**



**Group Performance Summary**

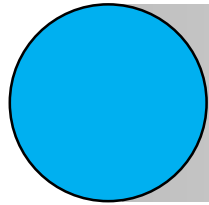


**Segment / Key Subsidiaries**



**Outlook**

# Presentation Outline



**Group Performance Highlights**



Group Performance Summary

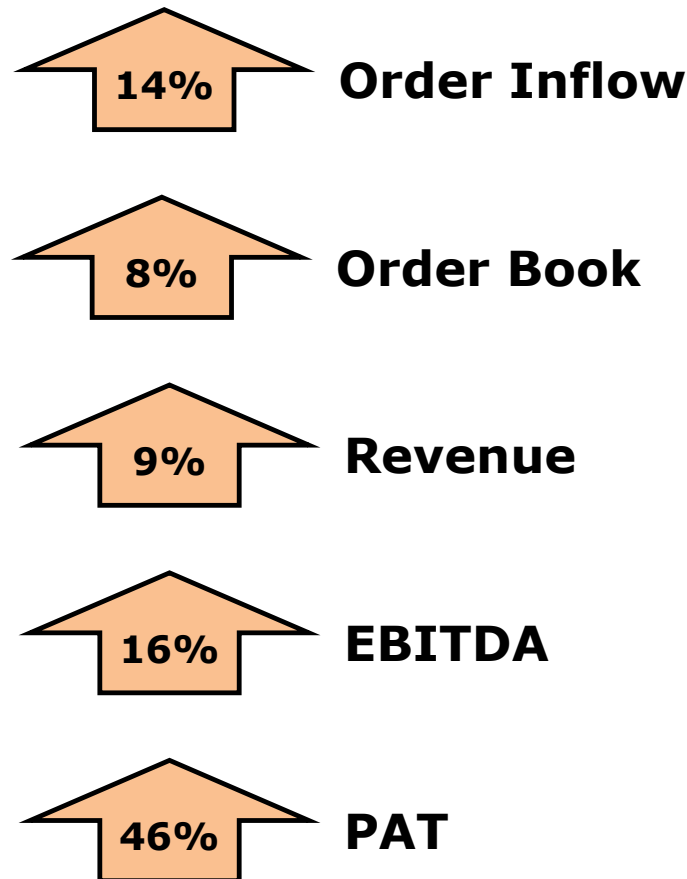
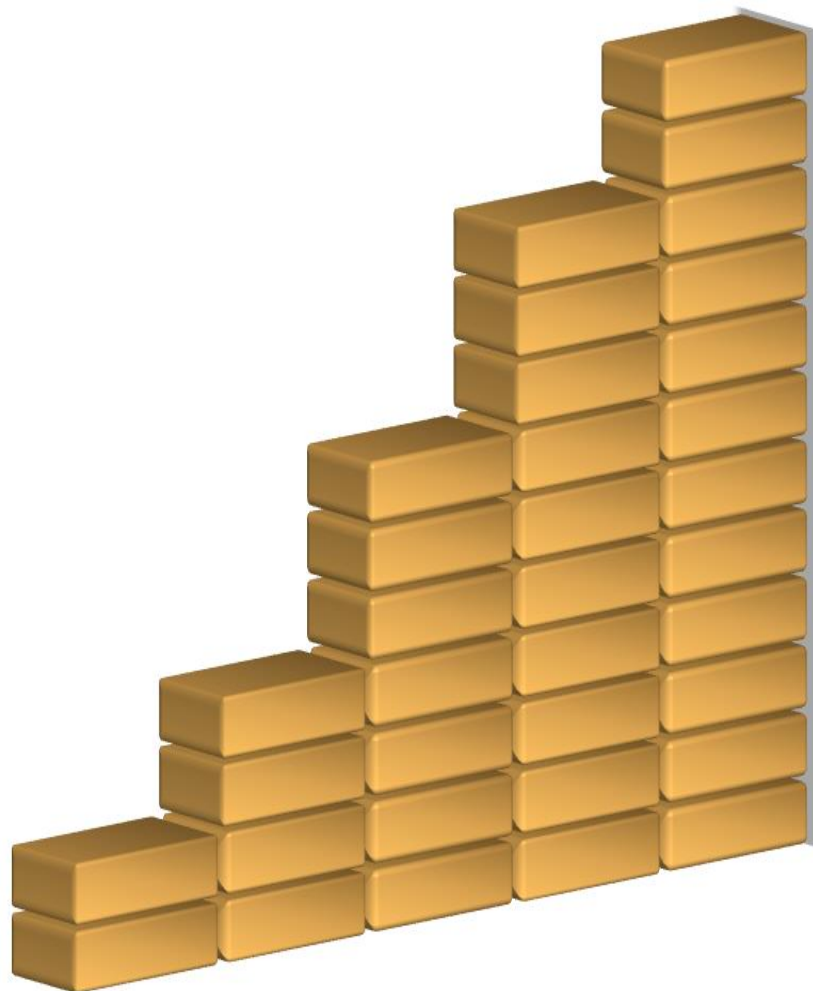


Segment / Key Subsidiaries



Outlook

# Performance Highlights

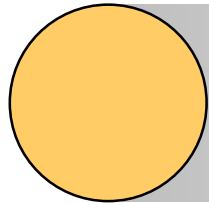


Financial Statements prepared in accordance with new Accounting Standards (IND AS)

# Presentation Outline



Group Performance Highlights



**Group Performance Summary**



Segment / Key Subsidiaries



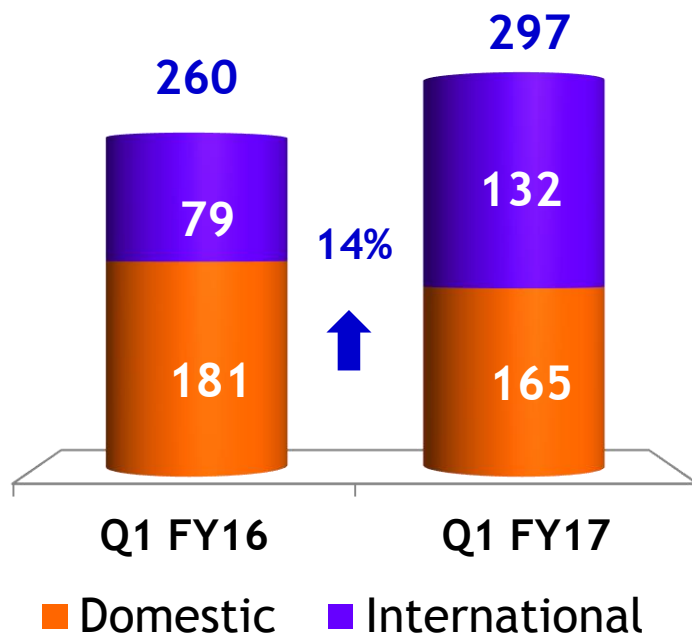
Outlook



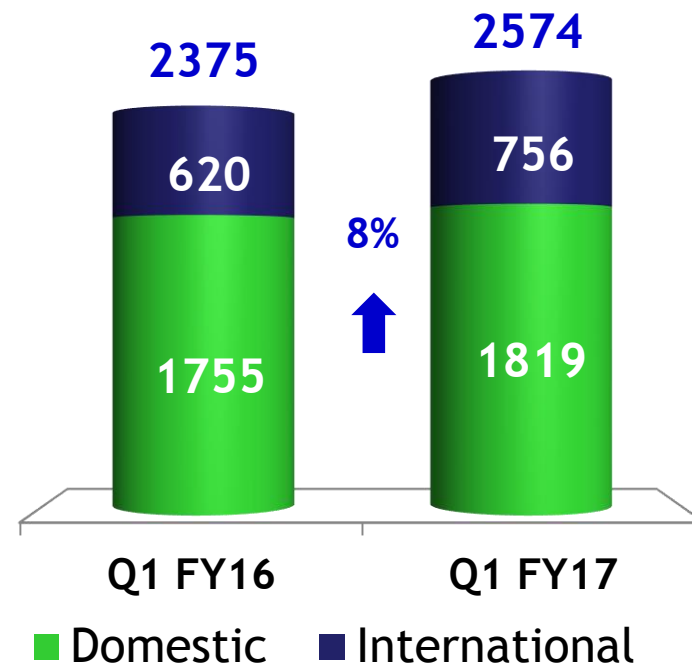
# Group level Order Inflow & Order Book

Amount in ₹ Bn

## Order Inflow



## Order Book



- Order Inflow growth mainly from Hydrocarbon, Water, and Heavy Civil verticals
- International Order Inflow growth from Hydrocarbon
- Domestic Capex still muted
- Large Order Book provides multi-year Revenue visibility

# Group Performance - Sales & Costs

| ₹ Billion  | Q1 FY16 | Q1 FY17 | % Change |
|--|---------|---------|----------|
| Revenue from Operations                                    | 200.48  | 218.74  | 9%       |
| <i>International Revenue</i>                               | 64.49   | 76.22   | 18%      |
| <i>% of Revenue</i>  | 32%     | 35%     | 3%       |
| Mfg, Cons. & Opex (MCO)                                    | 127.10  | 136.53  | 7%       |
| Finance Cost of Fin. Services and<br>Fin. Lease Activities | 11.91   | 13.22   | 11%      |
| Staff Costs  | 31.49   | 34.20   | 9%       |
| Sales & Admin. Expense (SGA)                               | 13.57   | 15.74   | 16%      |
| Total Opex   | 184.07  | 199.69  | 8%       |

- Revenue growth driven by Infra, Power, and Services
- MCO charge in line with level of operations
- Staff Cost increase due to manpower augmentation and international operations
- Increase in SGA expense due to provisioning for NPAs/other recoverables



# Group Performance Summary - Profitability

| ₹ Billion   | Q1 FY16 | Q1 FY17 | % Change |
|---|---------|---------|----------|
| EBITDA  | 16.41   | 19.05   | 16%      |
| EBITDA Margin                                     | 8.2%    | 8.7%    | 0.5%     |
| Interest Expenses                                 | (3.89)  | (3.37)  | -13%     |
| Depreciation                                      | (4.66)  | (4.65)  | 0%       |
| Other Income                                      | 2.83    | 3.02    | 7%       |
| Provision for Taxes                               | (4.28)  | (5.49)  | 28%      |
| Profit after Tax                                  | 6.41    | 8.56    | 34%      |
| Share in profit / (loss) of JVs / Associates      | (1.96)  | (1.74)  |          |
| Adj. for Non-controlling Interest in Subsidiaries | (0.26)  | (0.73)  |          |
| Net PAT   | 4.19    | 6.10    | 46%      |

- Margin improvement due to soft commodity prices and resource optimization
- Interest expense in line with level of borrowings and prevalent credit costs
- Growth in Other Income contributed by Treasury operations

# Reconciliation of Net PAT Q1 FY 2015-16

| Adjustments   | ₹ Billion | ₹ Billion |
|---|-----------|-----------|
| Net Profit After Tax as per previous IGAAP  |           | 6.06      |
| Provision for Expected Credit Loss  | (1.69)    |           |
| Provision for Employee Benefits based on constructive obligations                           | (0.99)    |           |
| Gain on fair valuation of investments   | 0.62      |           |
| Increase in borrowing cost pursuant to application of Effective Interest Rate method        | (0.12)    |           |
| Reclassification of net actuarial gain on Employee Defined Benefit Obligations to OCI       | (0.20)    |           |
| Increase in borrowing cost due to initial fair valuation of long term financial liabilities | (0.39)    |           |
| Deferred and current taxes in respect of above adjustments                                  | 0.75      |           |
| Others  | 0.14      | (1.87)    |
| Net Profit After Tax as per IND AS  |           | 4.19      |

# Components of Other Comprehensive Income (OCI)

| ₹ Billion  | Q1FY16        | Q1FY17        |
|--|---------------|---------------|
| Changes arising out of re-measurement of defined benefit plans for employees | 0.13          | (0.02)        |
| MTM of investment in Debt instruments  | (0.52)        | (0.15)        |
| Changes in Foreign Currency Translation Reserve                              | 0.44          | 0.05          |
| MTM of Off-Balance Sheet Hedges  | (0.12)        | (1.03)        |
| <b>Total</b>   | <b>(0.06)</b> | <b>(1.16)</b> |

- OCI represents changes in equity reflected in Balance Sheet reserves

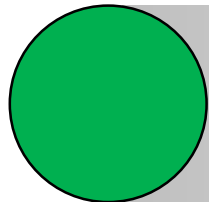
# Presentation Outline



Group Performance Highlights



Group Performance Summary



**Segment / Key Subsidiaries**



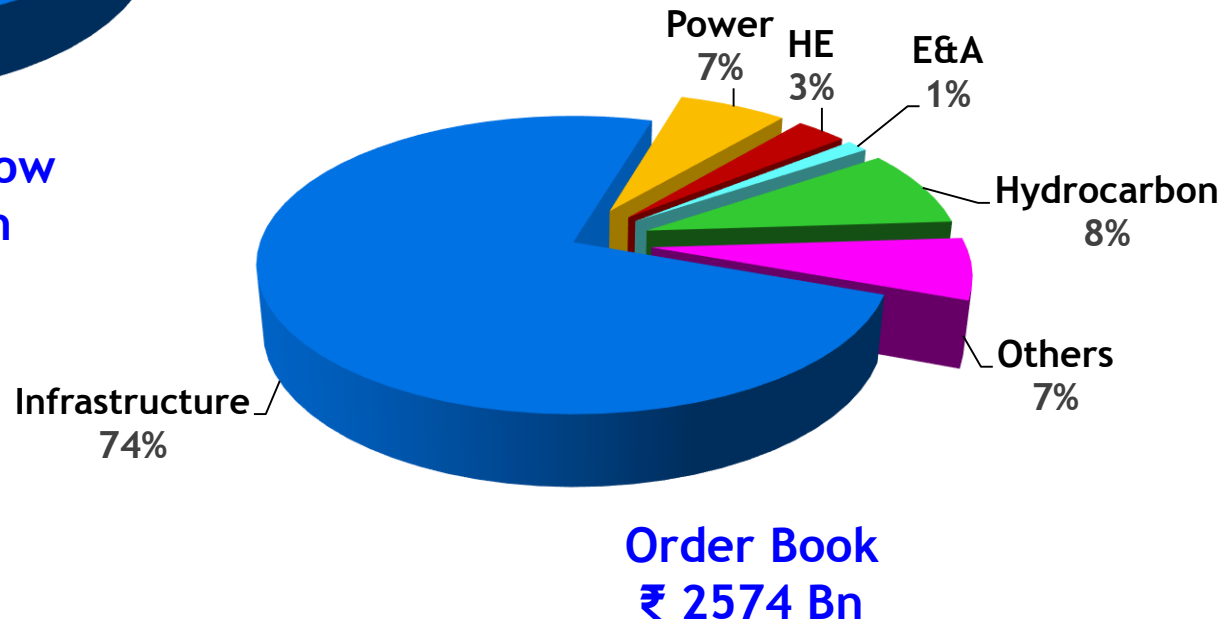
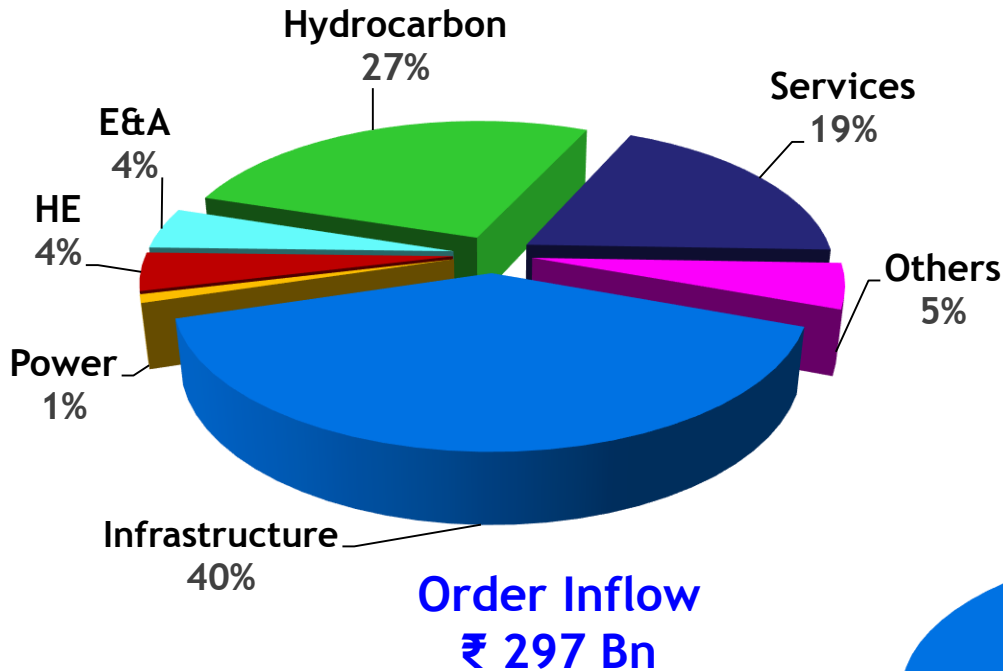
Outlook

# Segment Composition

| Infrastructure              | Power                            | Heavy Engineering             | Electrical & Automation        |
|-----------------------------|----------------------------------|-------------------------------|--------------------------------|
| Buildings & Factories       | EPC - Coal & Gas                 | Process Plant Equipment       | Electrical Standard Products   |
| Transportation Infra        | Thermal Power Plant Construction | Nuclear Power Plant Equipment | Electrical Systems & Equipment |
| Heavy Civil Infra           | Electrostatic Precipitators      | Defence & Aerospace           | Metering & Protection          |
| Water & Effluent Treatment  |                                  | Piping Centre                 | Control & Automation           |
| Power T&D                   |                                  |                               |                                |
| Smart World & Communication |                                  |                               |                                |

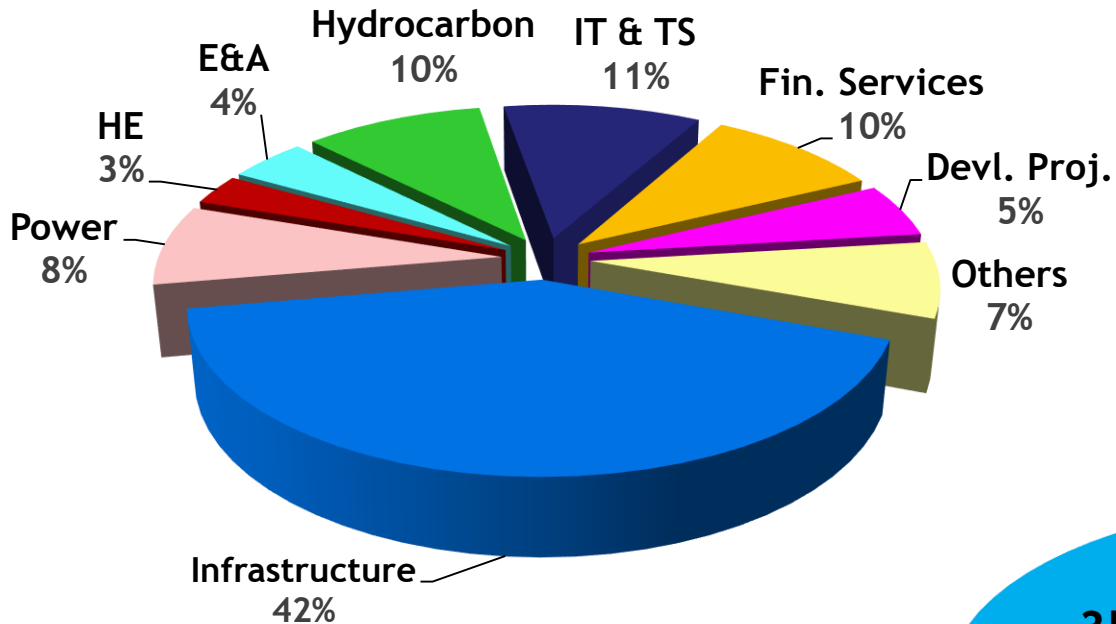
| Hydrocarbon              | Developmental Projects | IT & TS                | Financial Services           | Others                            |
|--------------------------|------------------------|------------------------|------------------------------|-----------------------------------|
| Upstream                 | Roads                  | Information Technology | Retail & Corporate           | Shipbuilding                      |
| Mid & Downstream         | Metros                 | Technology Services    | Infrastructure               | Realty                            |
| Construction & Pipelines | Ports                  |                        | Mutual Fund Asset Management | Metallurgical & Material Handling |
|                          | Power                  |                        | General Insurance            | Construction & Mining Equipment   |
|                          |                        |                        |                              | Machinery & Industrial Products   |

# Segmental Breakup of Orders - Q1 FY17

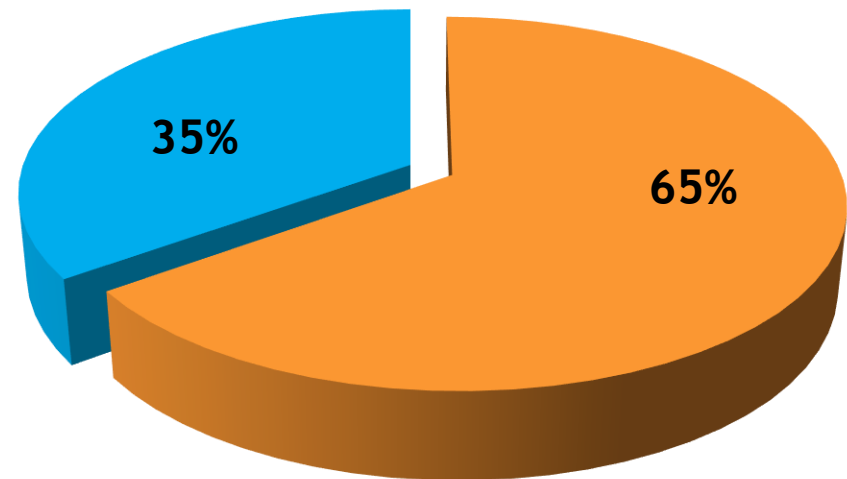


# Revenue Breakup - Q1 FY17

## Segmental Breakup



## Geographical breakup



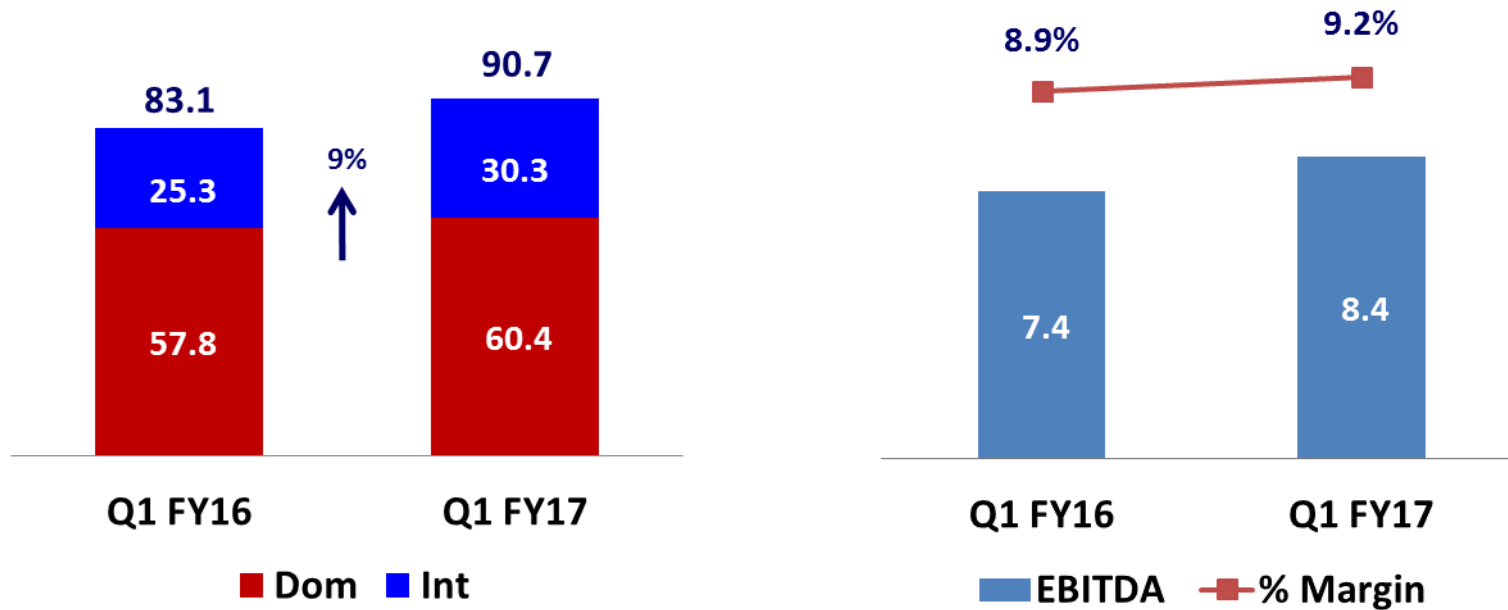
■ Domestic ■ International



# Infrastructure Segment

Amount in ₹ Bn

## Net Revenues & Margin

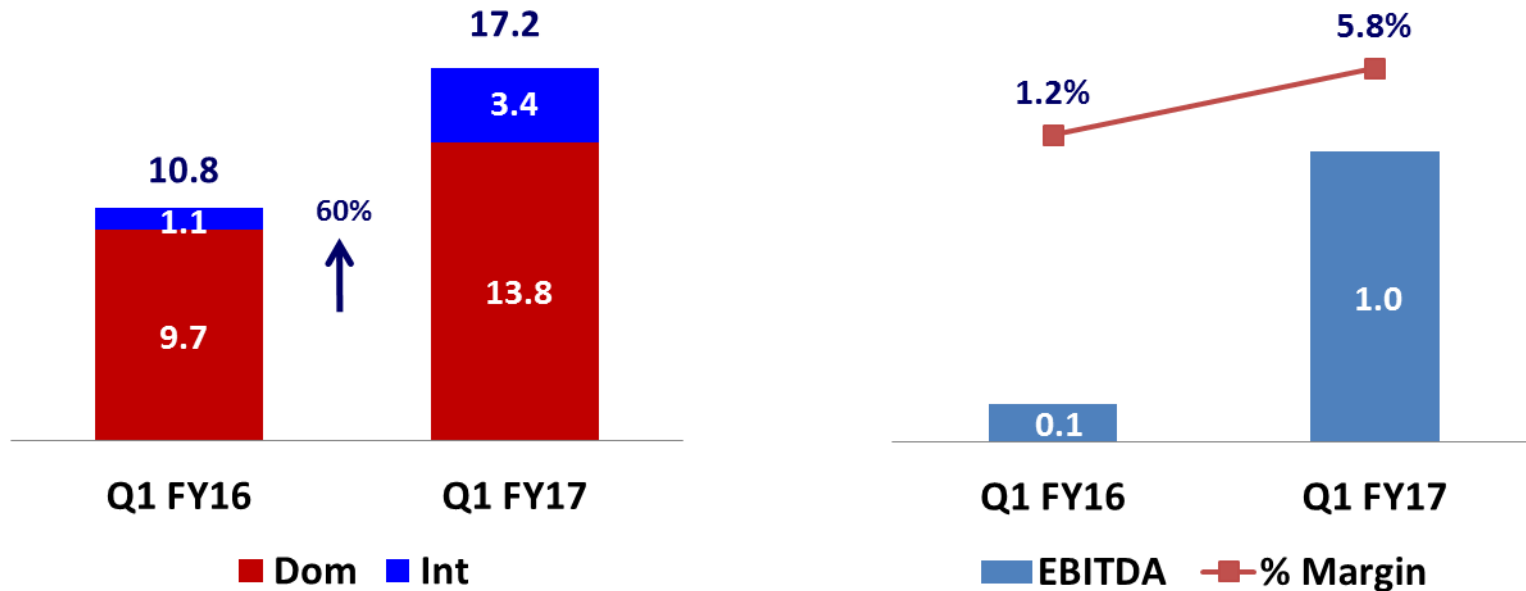


- Execution progress in International Business drives revenue growth
- Margin increase due to commodity prices and execution efficiency

# Power Segment

Amount in ₹ Bn

## Net Revenues & Margin

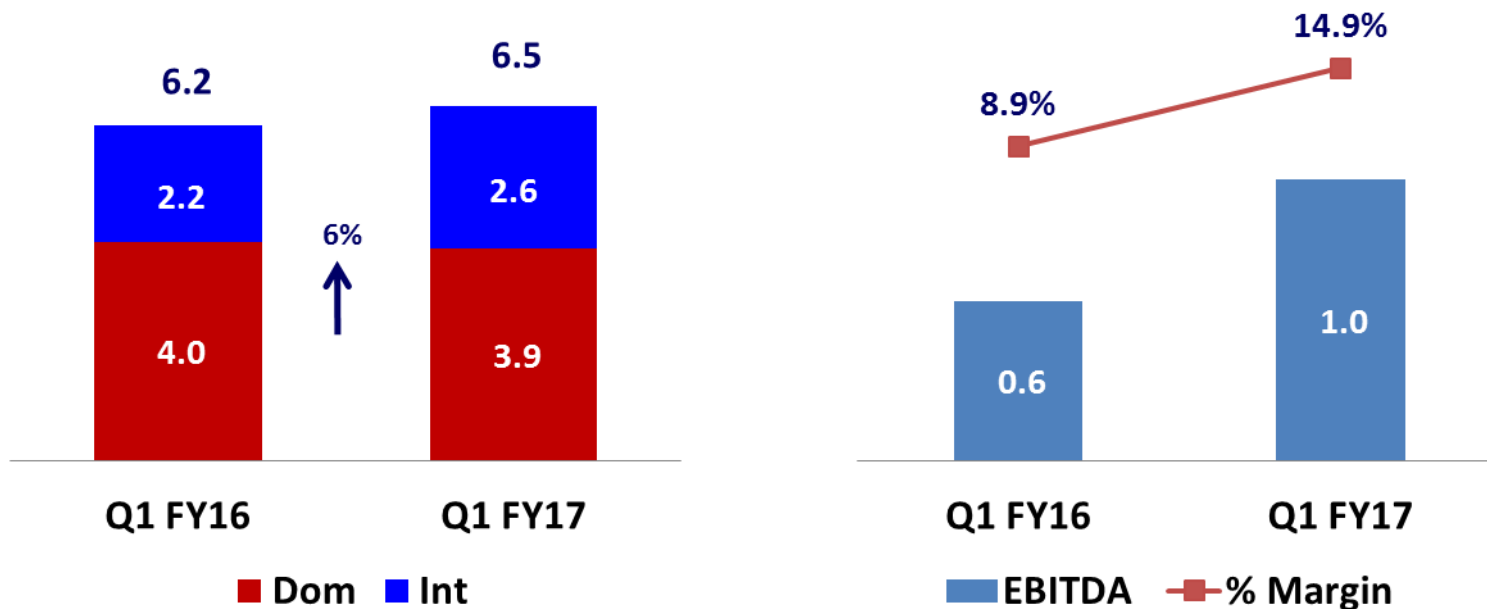


- Sharp growth in revenues resulting from greater execution progress in domestic and international jobs
- Margin improvement due to brisk execution

# Heavy Engineering Segment

Amount in ₹ Bn

## Net Revenues & Margin

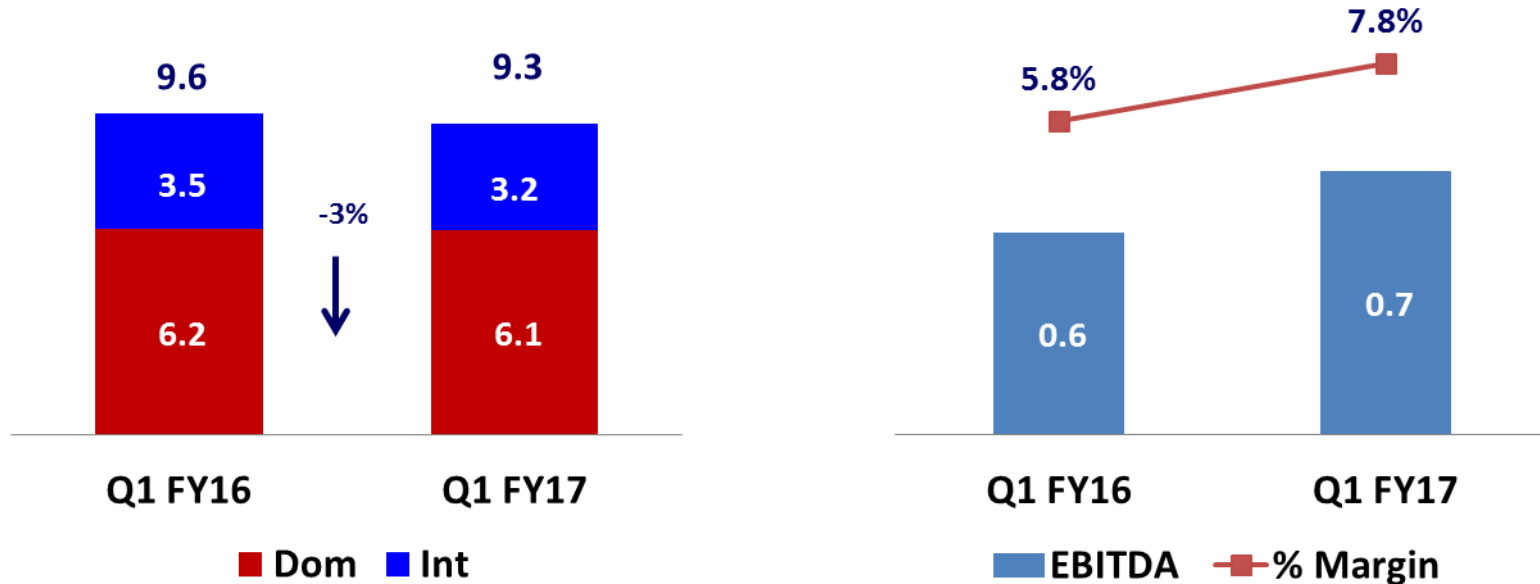


- Modest Revenue growth on low opening Order Book in PPN business
- Margins reflect profitable execution

# Electrical & Automation (E&A) Segment

Amount in ₹ Bn

## Net Revenues & Margin

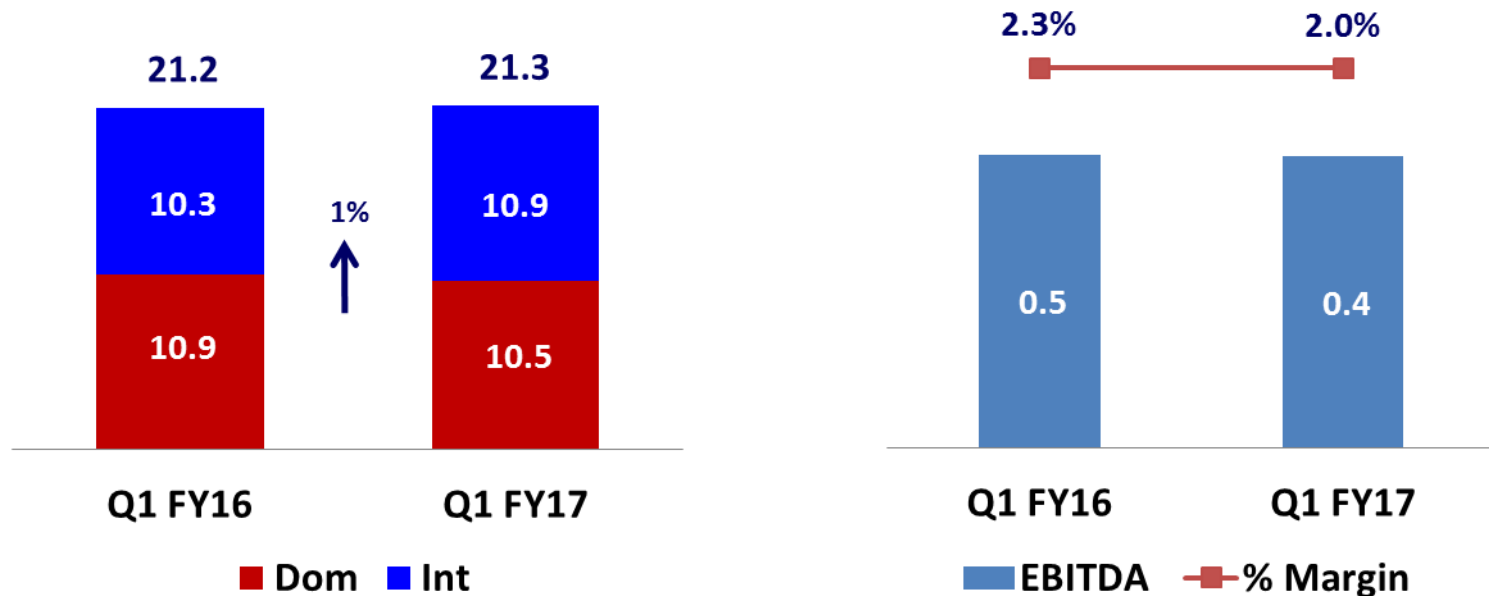


- Growth in Product Business offset by decline in Project Business
- Margin improvement due to improved performance by Standard Products and Medium Voltage Switchgear

# Hydrocarbon Segment

Amount in ₹ Bn

## Net Revenues & Margin

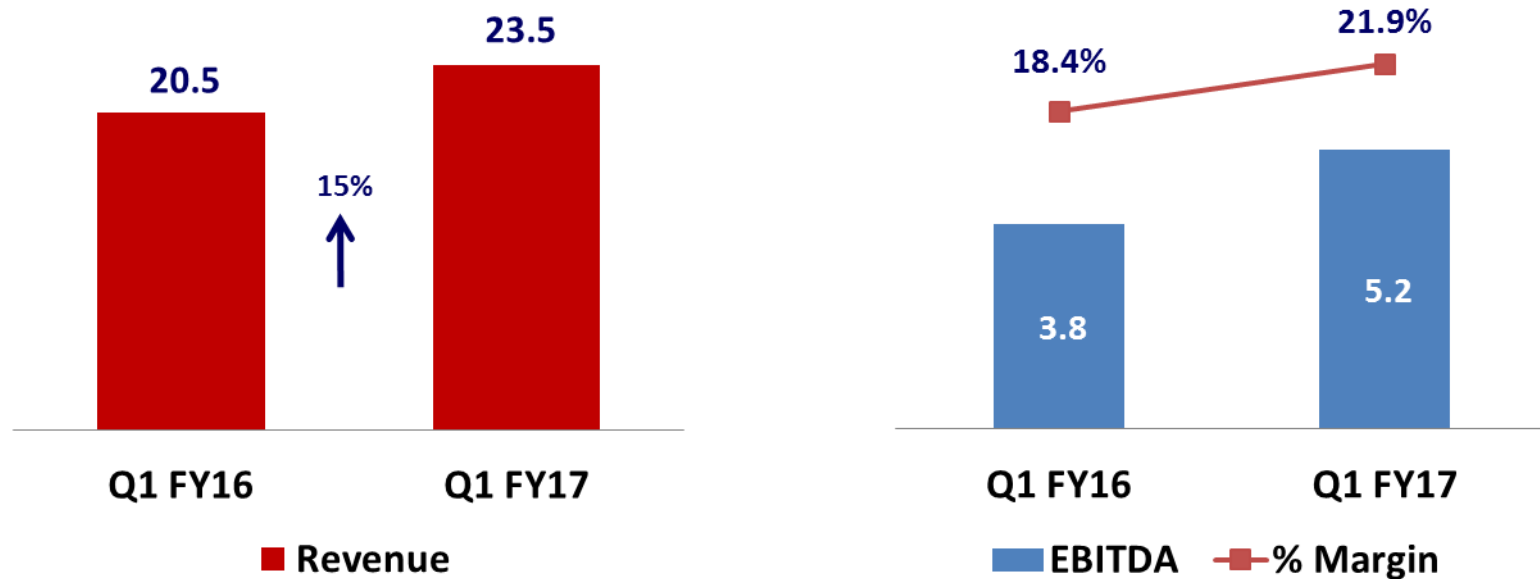


- Revenue level represents delayed replenishment of Order Book
- Close out of last of legacy projects impacting margins

# IT & Technology Services Segment

Amount in ₹ Bn

## Net Revenues & Margin

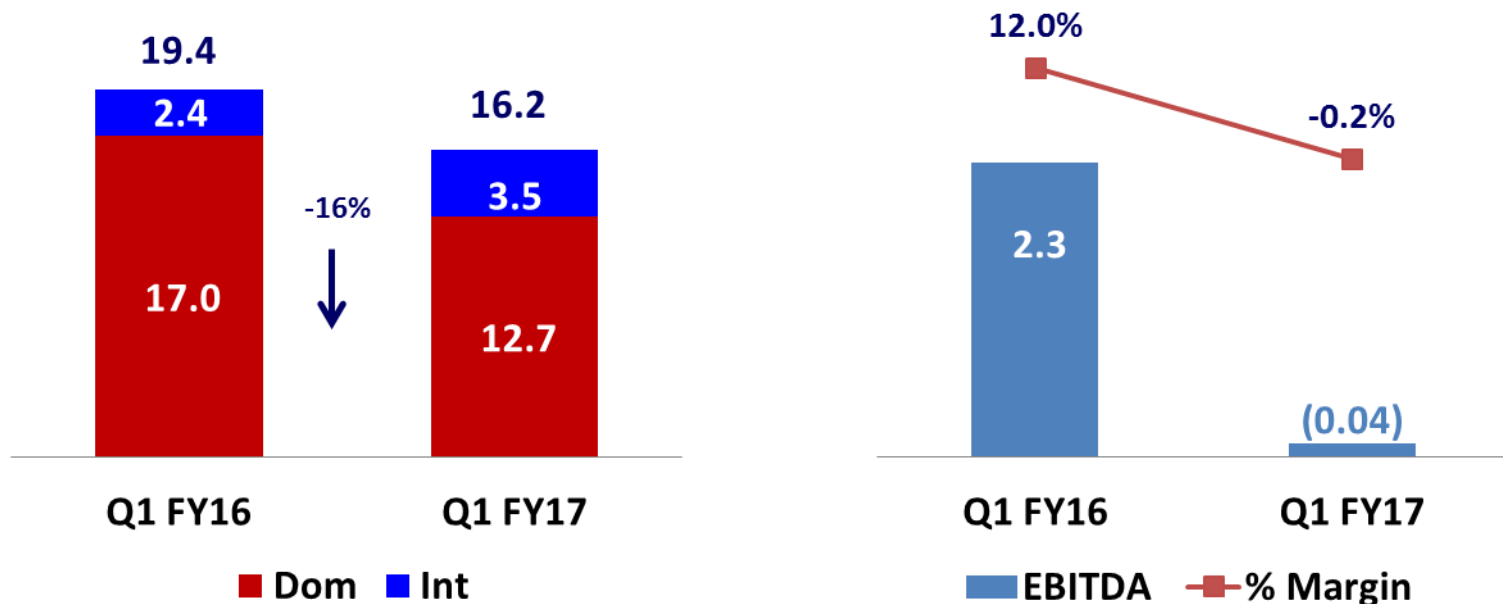


- Revenue growth contributed by Insurance, Auto & Aero, Transportation, and Industrial Products sectors
- Focus on client mining
- Margin improvement due to better manpower utilization, favourable currency movement, and operational excellence

# Others Segment

Amount in ₹ Bn

## Net Revenues & Margin



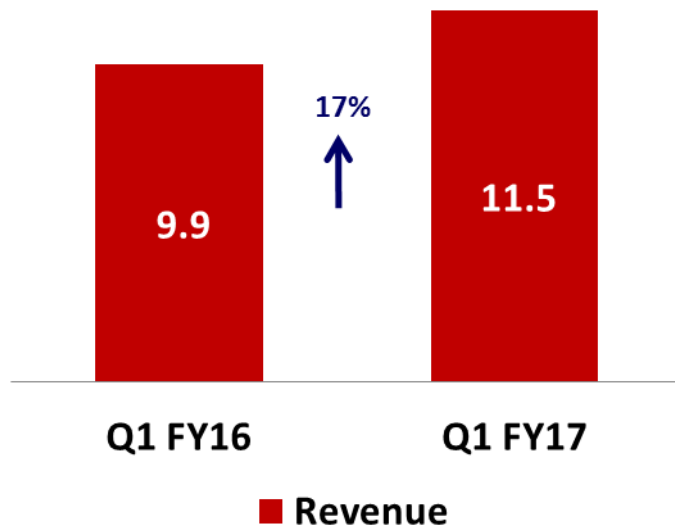
- Weak industrial demand and low capacity utilization impact revenues
- Tapering of Realty revenues on completion of current phase
- Margin impacted by inventory write down in Shipbuilding



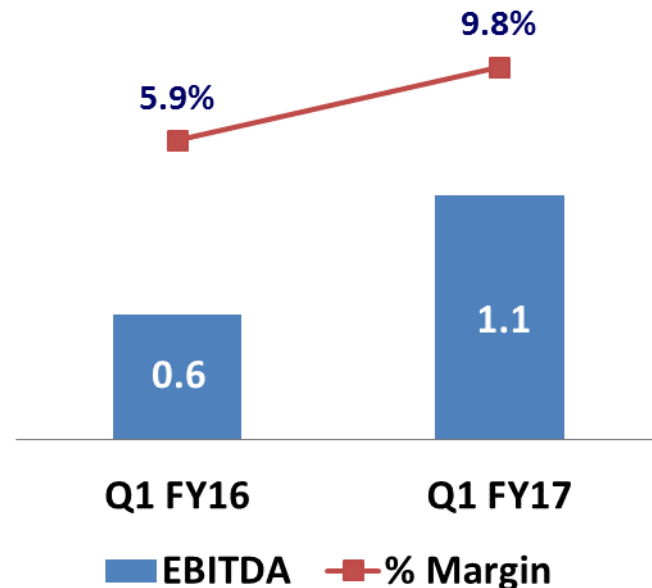
# Developmental Projects Segment

Amount in ₹ Bn

## Revenues



## EBITDA



- Revenue growth mainly realised through higher PLF in Nabha Power Project
- Margin improvement largely arising from Kattupalli Port

# Concessions Business Portfolio - 21 SPVs



## **Roads and Bridges:**

Portfolio: 15 projects (1661 Km); 13 Operational  
Project Cost: ₹161 Bn

## **Power (Excl. Projects under DPR):**

Portfolio: 2 projects (1499 MW); 1 Operational  
Project Cost: ₹112 Bn



## **Ports:**

Portfolio: 2 projects (18 MTPA) - Operational  
Project Cost: ₹20 Bn

## **Metros:**

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



## **Transmission Lines:**

Portfolio: 1 project (482 Km) - Under-implementation  
Project Cost: ₹13.5 Bn

**Total Project Cost (June 2016): ₹ 476 Bn**

**Equity Invested (June 2016): ₹ 97 Bn**

**Balance Equity Commitment (June 2016): ₹ 19 Bn**

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# L&T Finance Holdings (I-GAAP)

| ₹ Billion                                 | Q1 FY16 | Q1 FY17 | % Change |
|---|---------|---------|----------|
| Networth<br>(Incl. Pref.Cap and Warrants) | 85.28   | 86.17   | 1%       |
| Borrowings                                | 441.37  | 532.01  | 21%      |
| Loans and Advances                        | 492.18  | 577.36  | 17%      |
| Mutual Fund Average AUM                   | 222.13  | 284.04  | 28%      |
| Gross NPA (%) - 120 DPD                   | 5.45%   | 4.58%   | -0.87%   |
| Net NPA (%) - 120 DPD                     | 4.43%   | 3.13%   | -1.30%   |
| PAT                                       | 1.92    | 2.07    | 8%       |

- Calibrated growth in Focused Businesses - Rural, Housing and Wholesale
- Growth in Investment Management AUM led by equity flows
- Focus on ROE improvement, business portfolio rationalisation and building Centres of Excellence

# Presentation Outline



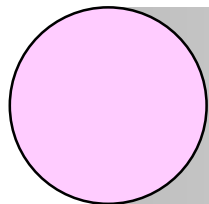
Group Performance Highlights



Group Performance Summary



Segment / Key Subsidiaries



**Outlook**

# Outlook



# Thank You

# Annexure-1: Share in Profit/ (Loss) of JVs/ Associates

| ₹ Billion    | Jun-15        | Jun-16        |
|--------------|---------------|---------------|
| MHPS JVs     | (0.12)        | 0.26          |
| IDPL & Subs. | (1.09)        | (1.60)        |
| Others       | (0.75)        | (0.40)        |
| <b>Total</b> | <b>(1.96)</b> | <b>(1.74)</b> |