



LARSEN & TOUBRO LIMITED

Analyst Presentation - FY11

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



**L&T Parent
Performance**

**Segmental
Performance**

**Group
Performance**

**Sectoral
Opportunities &
Outlook**

Presentation Outline



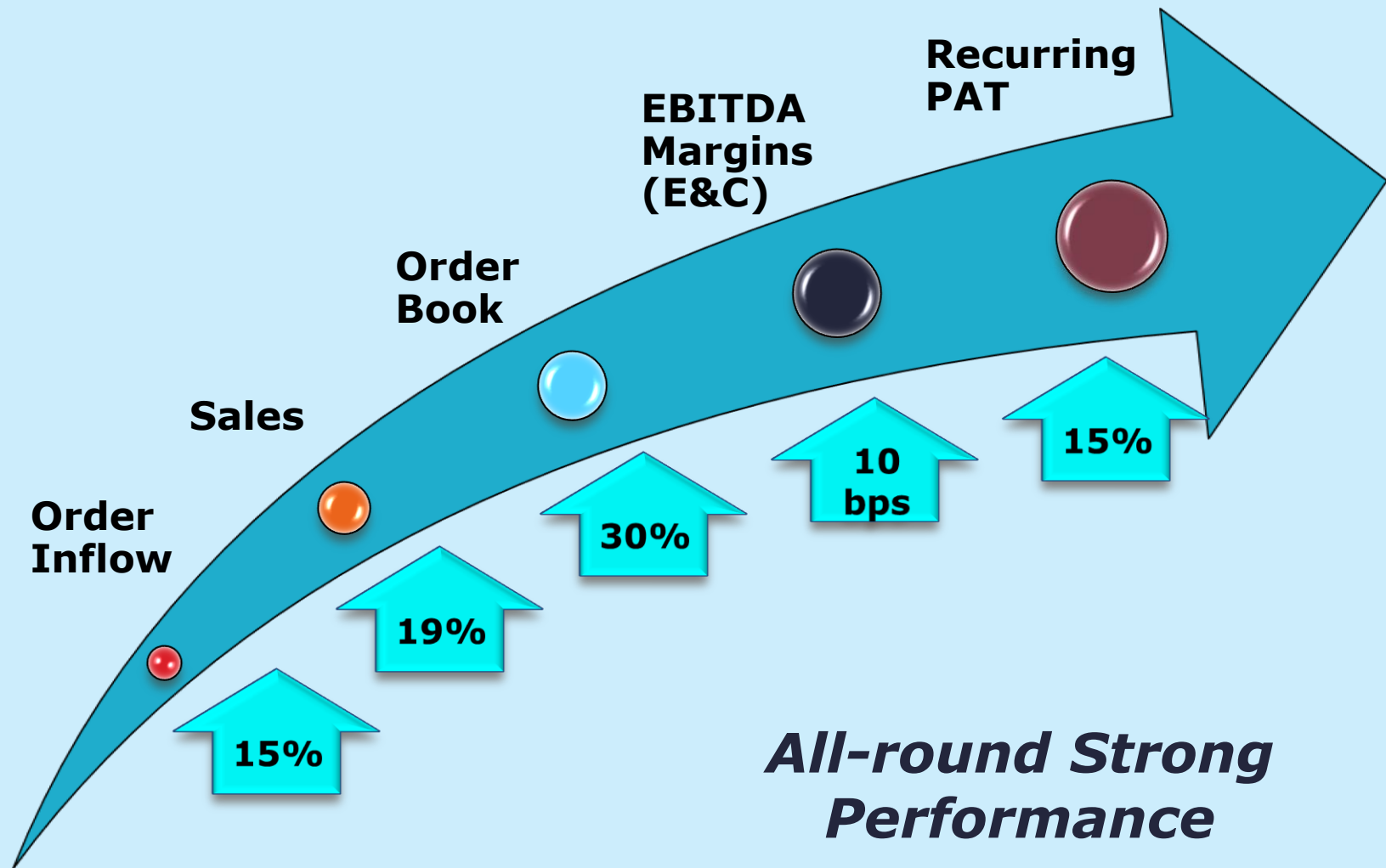
**L&T Parent
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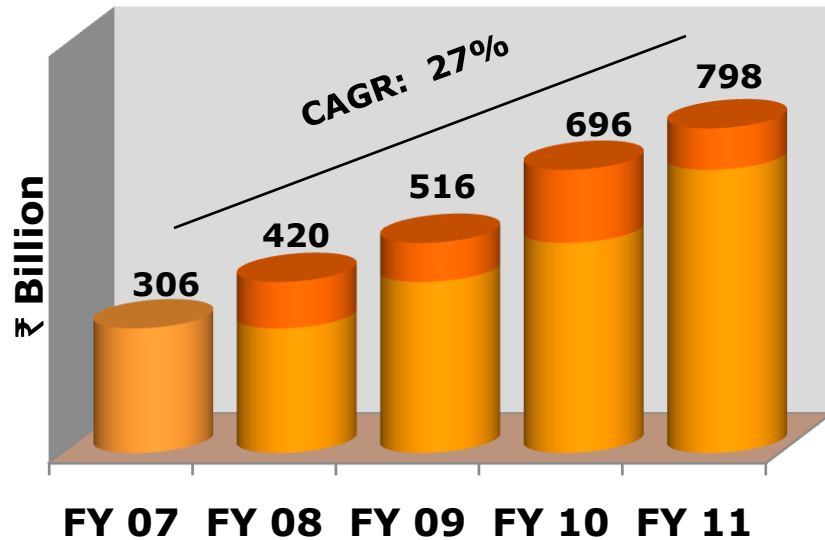
Performance Highlights – FY11



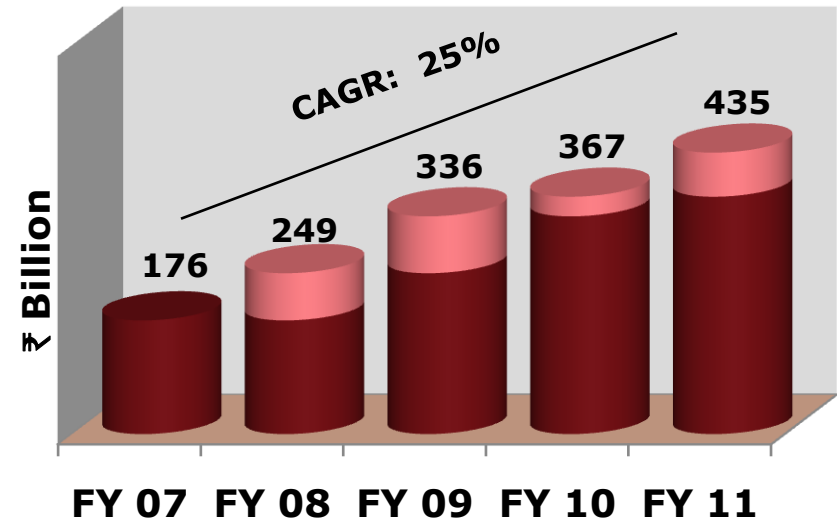
Sustaining Profitable Growth



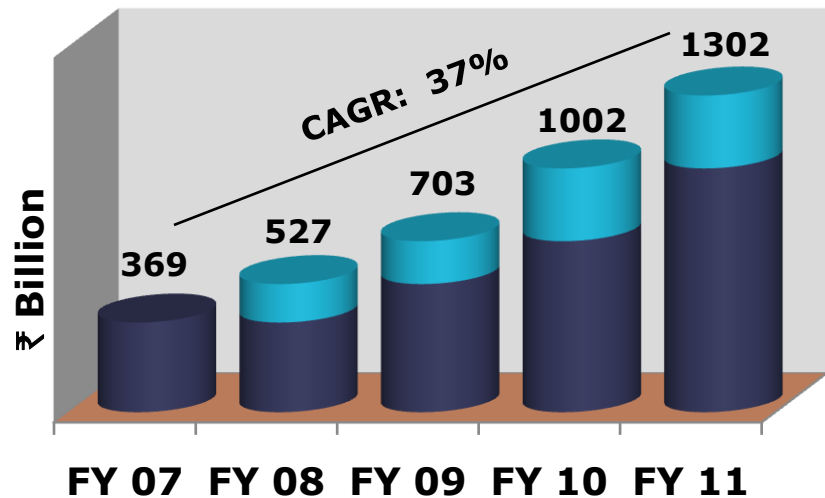
Order Inflow



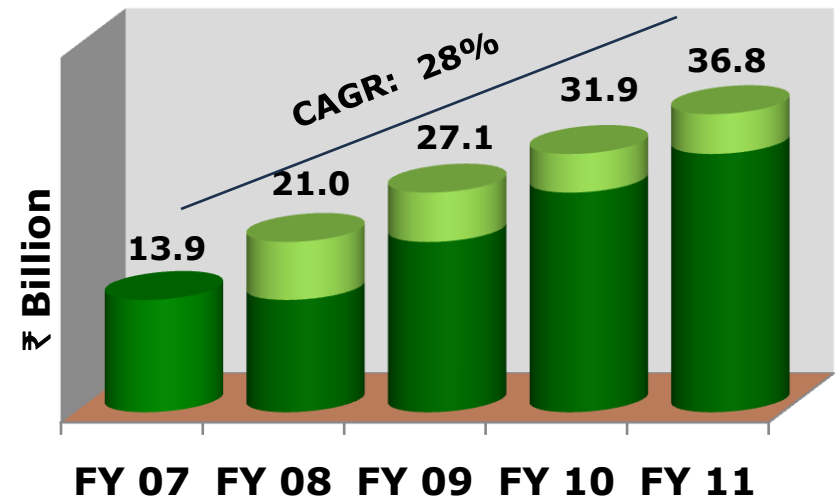
Net Sales



Order Book



Recurring PAT



Order Inflow & Order Book – FY11



Sectoral Break-up

Order Inflow:
₹ 797.69 Bn



Order Book:
₹ 1302.17 Bn



■ **Infrastructure** ■ **Power** ■ **Hydrocarbons** ■ **Process** ■ **Others**

Infrastructure

- ▶ Roads & Bridges
- ▶ Ports & Harbours
- ▶ Airports
- ▶ Railways
- ▶ Buildings & Factories
- ▶ Urban Infra
- ▶ Water

Power

- ▶ Generation
- ▶ Equipment
- ▶ Electrification / Transmission & Distribution

Hydrocarbons

- ▶ Upstream
- ▶ Mid & Downstream
- ▶ Pipelines
- ▶ Fertilisers
- ▶ Valves

Process

- ▶ Minerals & Metals
- ▶ Bulk Material Handling

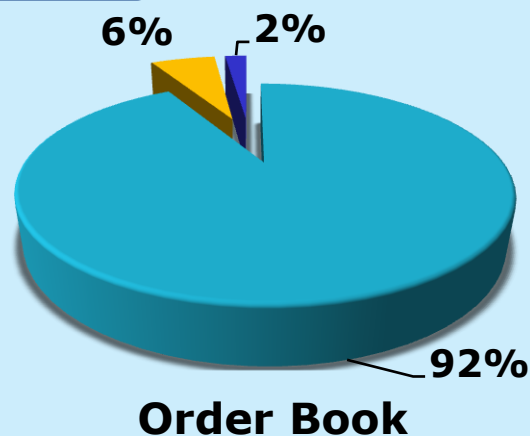
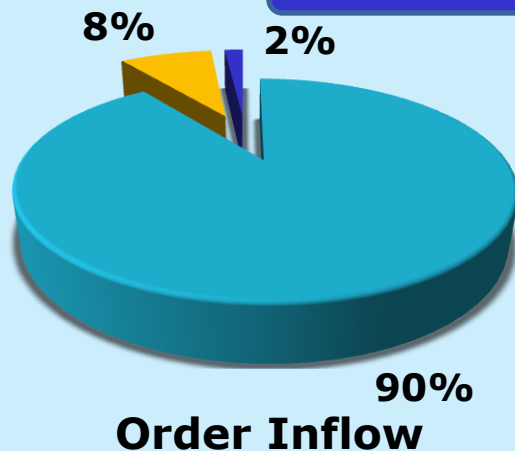
Others

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

Order Inflow & Order Book – FY11

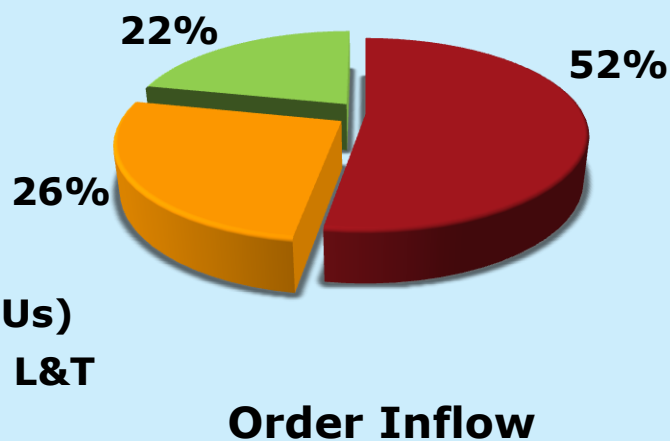


Geographical Break-up



- Domestic
- Middle East
- Others

Customer Profile



- Private
- Public (Incl. PSUs)
- Devl. Projects - L&T

Performance Summary - Topline



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
303.13	238.43	27%	Order Inflow	797.69	695.72	15%
			Order Book	1,302.17	1,002.39	30%
150.78	133.75	13%	Net Sales	434.96	366.75	19%
14.99	15.49		--- Exports	45.51	64.46	
3.06	2.08		Other Operational Income	4.09	3.60	
153.84	135.83	13%	Total Net Revenues	439.05	370.35	19%

- Improvement in pace of award decisions seen in Q4
- Strong Order book currently at 3x sales
- Execution pick up continues in Power, Infrastructure and hydrocarbon sectors in Q4
- Long gestation BTG orders have started contributing to revenue in a meaningful manner

Performance Summary – Operational Costs



Q4 FY11		Q4 FY10		Particulars	FY11		FY10	
₹ Bn	% to Total Net Rev.	₹ Bn	% to Total Net Rev.		₹ Bn	% to Total Net Rev.	₹ Bn	% to Total Net Rev.
114.73	74.6%	103.99	76.6%	Mfg, Cons. & Opex (MCO)	334.32	76.1%	285.37	77.1%
8.15	5.3%	6.12	4.5%	Staff Costs	28.84	6.6%	23.79	6.4%
7.55	4.9%	5.21	3.8%	Sales, adm. & other Exp.	19.66	4.5%	13.03	3.5%
130.43	84.8%	115.32	84.9%	Total Opex	382.82	87.2%	322.19	87.0%

- MCO Expenses in line with Sales level, job mix and execution progress
- Staff cost increase primarily on account of headcount change and increase in remuneration
- Rise in SGA due to warranty provisioning and MTM valuation

Performance Summary – Profitability



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
23.41	20.51	14%	EBITDA	56.23	48.16	17%
15.2%	15.1%	0.1%	EBITDA Margins	12.8%	13.0%	-0.2%
(1.36)	(1.36)	0%	Interest Expenses	(6.47)	(5.05)	28%
(2.36)	(1.16)	103%	Depreciation	(5.99)	(4.15)	45%
3.70	3.30	12%	Other Income	11.95	9.10	31%
(8.34)	(7.87)	6%	Provision for Taxes	(18.96)	(16.21)	17%
15.05	13.42	12%	Recurring PAT	36.76	31.85	15%
1.81	0.96		Extraordinary & Exceptional Items (Net of tax)	2.82	11.91	
16.86	14.38	17%	Profit after Tax	39.58	43.76	-10%

- Stable margins driven by execution efficiency, risk mgt and opex control
- Increased Interest expenses due to rise in interest rates
- Higher depreciation led by larger asset base and prudential reassessment of useful life
- Increase in Other Inc. mainly due to higher Treasury Income and S&A Co. Div.
- Gain on S&A Co. stake sale included under Exceptionals (FY10 - Ultratech)

Performance Summary – Balance Sheet



₹ Billion	Mar -11	Mar-10	Incr / (Decr)
Net Worth	218.47	183.12	35.35
Loan Funds	71.61	68.01	3.60
Deferred Tax Liabilities (Net)	2.63	0.77	1.86
Total Sources	292.71	251.90	40.81
Net Fixed Asset	74.58	63.66	10.92
Current Investments	72.84	79.65	(6.81)
Invt./ICDs/Loans & Advances to S&A Cos	106.39	76.79	29.60
Other Investments	2.45	5.49	(3.04)
Net Current Assets	36.45	26.31	10.14
Total Applications	292.71	251.90	40.81

- Well funded Balance Sheet: Gross D/E: 0.33
- Capex Outlay in FY11: ₹ 15.47 Bn
- Increase in absolute level of Net Current Assets largely due to Segmental NWC (7.5% to 8.2%) and higher Cash & Bank balance (₹ 3 Bn)

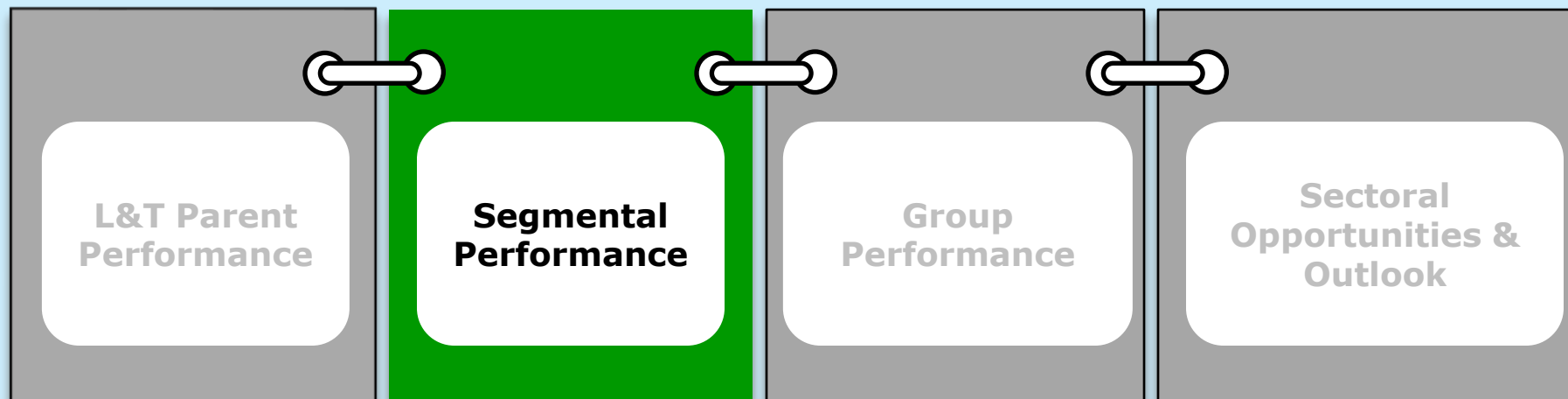
Cash Flow Statement (Standalone Co)



₹ Billion	FY 11	FY 10
Operating Profit	61.42	52.17
Adjustments for Working Capital Changes	(2.77)	17.87
Direct Taxes (Paid) / Refund - Net	(20.04)	(15.19)
Net Cash from Operations	38.61	54.85
Investments in Fixed Assets (Net)	(15.47)	(15.60)
(Investment) / Divestment in S&A and JVs (Net)	(17.70)	(24.89)
(Purchase) / Sale of Long Term & Current Investments (Net)	10.36	(21.49)
Loans/Deposits made with S&A / Others	(8.38)	(4.95)
Interest & Dividend Received from Investments	6.74	4.92
Cash Received on sale of PDP business	0.07	1.29
Net Cash used in Investing Activities	(24.38)	(60.72)
Proceeds from Issue of Share Capital	3.47	21.33
Net Borrowings	(0.21)	3.62
Dividends & Interests paid	(14.51)	(12.51)
Net Cash from Financing Activities	(11.25)	12.44
Net (Dec) / Inc in Cash & Cash Equivalents	2.98	6.57
Cash & Cash Equivalents - Opening	14.32	7.75
Cash & Cash Equivalents - Closing	17.30	14.32

Cash Profits mainly ploughed back into Parent Co Capex and Growth Ventures

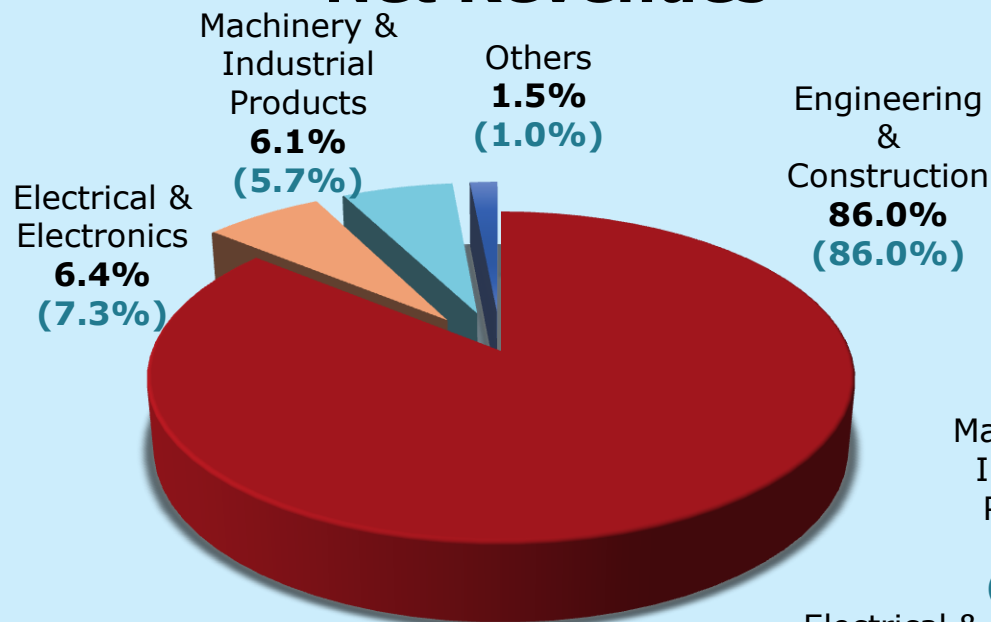
Presentation Outline



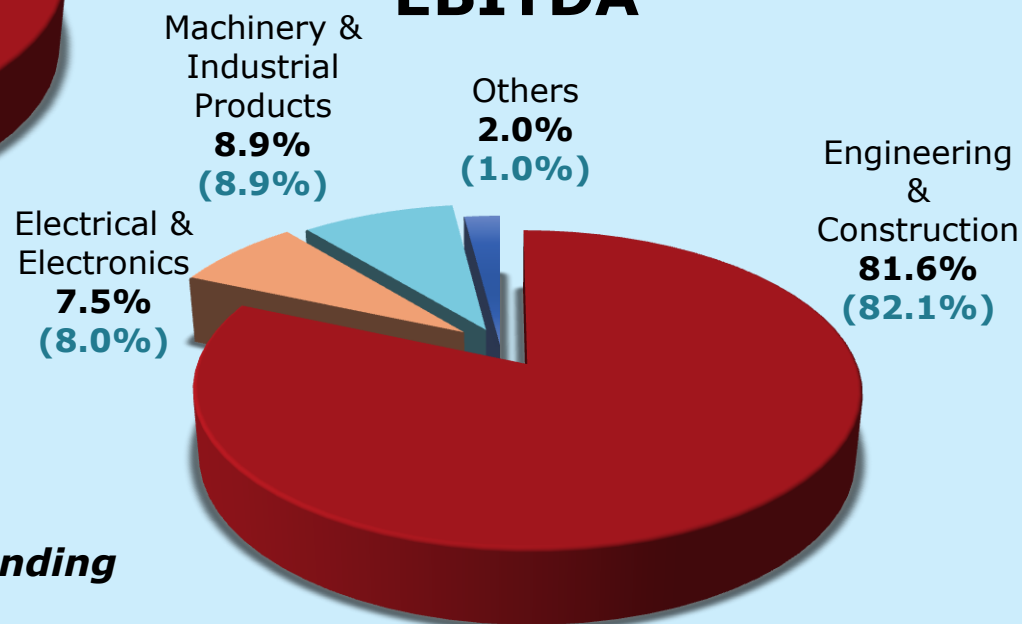
Segmental Break-up – FY11



Net Revenues



EBITDA



Figures in brackets indicate corresponding period of the Previous Year

'Engineering & Construction' Segment



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
285.26	220.57	29%	Total Order Inflows	730.13	638.99	14%
16.20	8.45		--- Exports	67.01	29.31	
			Total Order Book	1,280.00	983.86	30%
			--- Exports	92.57	71.28	
135.33	119.67	13%	Total Net Revenues	377.40	318.42	19%
13.08	13.19		--- Exports	37.31	56.26	
21.45	19.07	12%	EBITDA	51.78	43.39	19%
15.8%	15.9%	-0.1%	EBITDA Margins	13.7%	13.6%	0.1%
			Net Segment Assets	75.46	62.91	20%

- Strong Order Inflows in Q4 – contribution from Infra & Process sectors. Signs of pickup in ordering activity
- Middle East markets witnessing increased activity in project awards
- Revenues on expected lines. Progress of major projects on schedule
- Robust EBITDA Margins driven by efficient project execution. Long gestation power sector orders have started contributing
- Increase in Segment Assets mainly due to capacity augmentation

'Electrical & Electronics' Segment



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
8.22	8.63	-5%	Total Net Revenues	28.38	26.94	5%
0.56	0.79		---Exports	2.04	2.74	
2.06	1.43	44%	EBITDA	4.75	4.23	12%
25.1%	16.6%	8.5%	EBITDA Margins	16.8%	15.7%	1.1%
			Net Segment Assets	11.86	11.32	5%

- Revenues adversely affected by sluggish project awards
- Signs of pickup in domestic and Middle East markets
- Price realisation and capitalisation mitigate input cost inflation
- Cost reduction and quality enhancement targeted through Value Engineering, Lean Manufacturing and Six Sigma

'Machinery & Industrial Products' Segment



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
8.18	6.53	25%	Total Net Revenues	26.66	21.35	25%
0.93	0.50		---Exports	2.16	2.06	
1.84	1.51	22%	EBITDA	5.64	4.71	20%
22.5%	23.1%	-0.6%	EBITDA Margins	21.2%	22.1%	-0.9%
			Net Segment Assets	4.70	2.24	110%

- Healthy Revenue growth steered by Valves and Construction & Mining Business
- Profitability maintained through operational efficiency, product mix and operating leverage
- Higher Net Segment Assets is mainly due to higher NWC

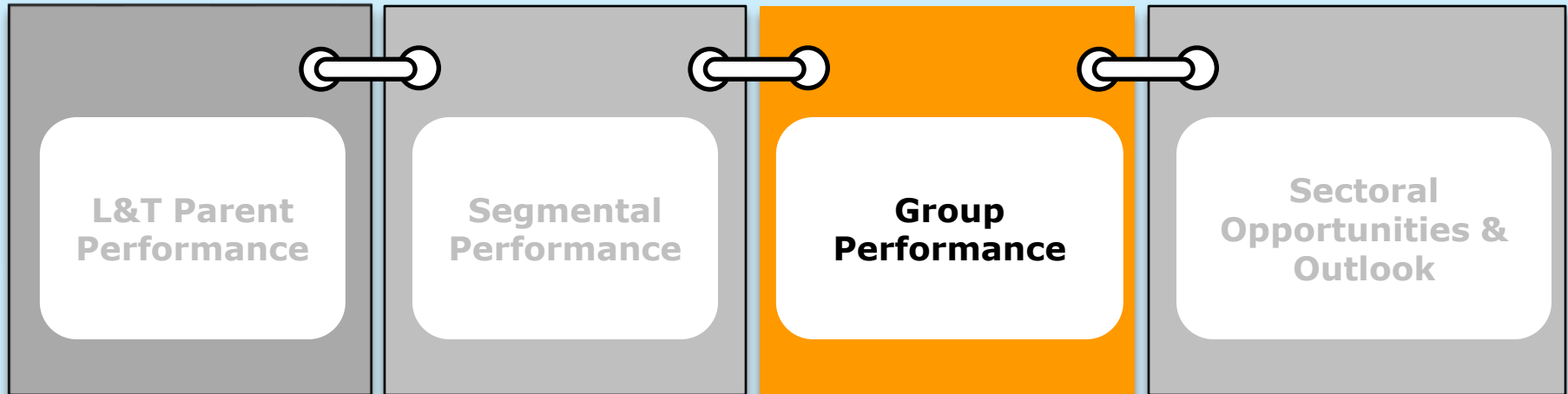
'Others' Segment



Q4 FY11	Q4 FY10	% Change	₹ Billion	FY11	FY10	% Change
2.11	1.00	110%	Total Net Revenues	6.60	3.65	81%
1.52	0.88		---Exports	5.11	3.26	
0.51	0.04	1211%	EBITDA	1.30	0.52	151%
24.4%	3.9%	20.5%	EBITDA Margins	19.7%	14.2%	5.5%
			Net Segment Assets	5.43	3.81	42%

- Engineering Services capitalised on revival of North American and European markets
- Smart increase in FY11 margins primarily on account of selective jobs undertaken
- Higher Net Segment Assets is mainly due to higher NWC

Presentation Outline



Consolidated P&L Statement



L&T FY11	₹ Billion	L&T Group		
		FY11	FY10	% Change
439.05	Total Net Reveunes (Net Sales + Other Operational Income)	520.89	439.70	18%
56.23	EBITDA	77.58	64.40	20%
12.8%	EBITDA Margins	14.9%	14.6%	
(6.47)	Interest Expenses	(8.31)	(6.92)	
(5.99)	Depreciation	(13.19)	(9.79)	
11.95	Other Income	9.19	7.59	
(18.96)	Provision for Taxes	(23.01)	(18.66)	
-	Share of profits in Associate Cos.	0.87	1.06	
-	Adjustment for Minority Interest	(0.75)	0.29	
36.76	PAT after Minority Interest (before Exceptional Items)	42.38	37.97	12%
2.82	Extraordinary & Exceptional Items (Net of tax & Minority Interest)	2.18	16.54	
39.58	Profit After Tax	44.56	54.51	-18%

Consolidated Balance Sheet



L&T Mar-11	₹ Billion	L&T Group		
		Mar-11	Mar-10	Inc/(Dec)
218.47	Net Worth	250.50	209.91	40.59
-	Minority Interest	10.26	10.87	(0.61)
71.61	Loan Funds	328.29	226.57	101.72
-	Deferred Payment Liabilities	45.12	19.51	25.61
2.63	Deferred Tax Liabilities (Net)	3.11	1.53	1.58
292.71	Total Sources	637.28	468.39	168.89
74.58	Net Fixed Assets	281.64	189.79	91.85
72.84	Current Investments	76.93	85.60	(8.67)
106.39	Invt./ICDs/Loans & Advances to S&A Cos	4.54	5.06	(0.52)
2.45	Other Investments	10.69	7.95	2.74
36.45	Net Current Assets	263.48	179.99	83.49
292.71	Total Applications	637.28	468.39	168.89

Net Fixed Assets and Net Current Assets include business assets of Developmental and Financial Services Businesses

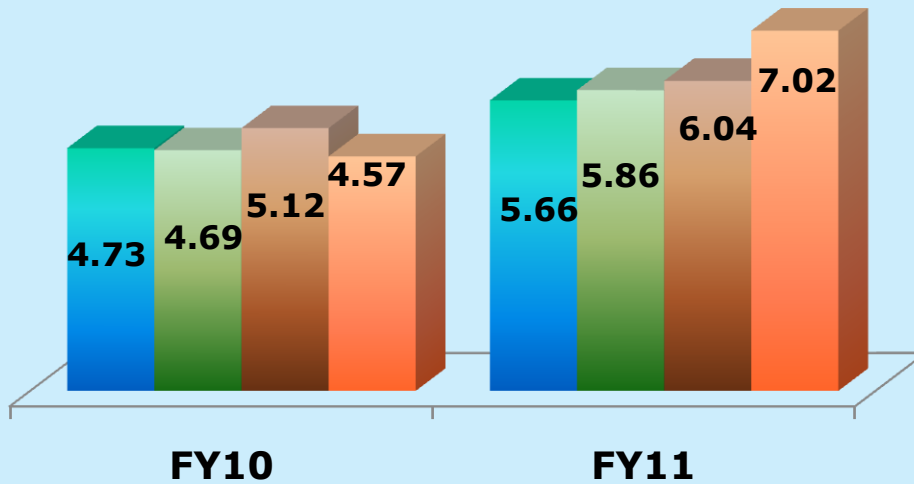
Consolidated Cash Flows



₹ Billion	FY 11	FY 10
Operating Profit	80.85	67.04
Changes in Working Capital	4.39	10.42
Direct Taxes (Paid) / Refund - Net	(26.71)	(17.55)
Net Cash from Operations	58.53	59.91
Investments in Fixed Assets (Net) - Incl. Devl. Business	(68.94)	(43.69)
(Purchase) /Sale of Long Term & Current Investments (Net)	10.14	(10.61)
Loans/Deposits made with Associate Co. / Others	(1.45)	(1.15)
Interest & Dividend Received from Investments	4.65	4.20
Net Consideration on acquisition / disposal of subs. / business	(3.97)	1.28
Net Cash used in Investing Activities	(59.57)	(49.97)
Proceeds from Issue of Share Capital	3.47	21.33
Borrowings (Net)*	22.55	4.28
Dividends & Interests paid	(21.74)	(16.64)
Net Cash from Financing Activities	4.28	8.97
Net (Dec) / Inc in Cash & Cash Equivalents	3.24	18.91
Cash & Cash Equivalents - Opening	33.22	14.59
Less: Cash / bank bal. transferred on subs. becoming an Assc. Co	-	(0.28)
Cash & Cash Equivalents - Closing	36.46	33.22

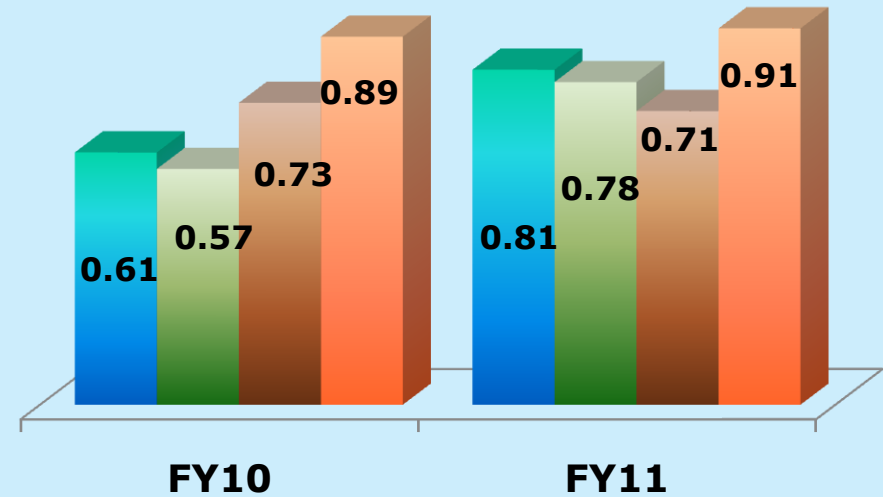
* Borrowings is net of Loans towards financing activities. These Loans are included under Net Cash from operations under statutory financial statements. Net Borrowing also includes borrowings for Developmental SPV's

Total Income



Q1	Q2	Q3	Q4
FY10	FY11	Growth	
19.11	24.58	29%	

Profit After Tax



Q1	Q2	Q3	Q4
FY10	FY11	Growth	
2.80	3.21	15%	

- Revenue growth in line with industry trend
- Stable trend in share of revenue by industry verticals, business horizontals, geographies, onshore-offshore mix and utilisation

Financial Services (LTF and LTIF)



₹ Billion	L&T Finance			L&T Infra Finance			Total		
	FY11	FY10	Growth	FY11	FY10	Growth	FY11	FY10	Growth
Total Income	13.98	9.66	45%	7.04	4.50	56%	21.02	14.16	48%
Profit After Tax	2.30	1.56	47%	2.01	1.11	81%	4.31	2.67	61%
Networth	17.32	11.27	54%	12.88	10.13	27%	30.21	21.39	41%
PAT Margins (%)	16.5%	16.2%		28.5%	24.6%		20.5%	18.9%	
Net NPA (%)	0.78%	1.68%		0.53%	1.66%		0.68%	1.67%	
CAR (%)	16.34%	15.43%		16.50%	23.27%				
ROA (%)	2.54%	2.46%		3.44%	3.34%				

- Continuation of growth trajectory – capitalising on India growth story
- Focus on Returns and Asset quality
- Efficient liability and interest cost management
- Long term infra bonds issued; also improved brand visibility
- Executed a mix of large and mid-sized syndication transactions

Figures above are based on audited financial results for the year ended March 31, 2011 and March 31, 2010

Developmental Projects



Roads & Bridges

- 15 projects
- 5701 Lane Km
- Proj. Cost: ₹ 132 Bn



Power

- 5 projects
- 2828 MW
- Proj. Cost: ₹ 210 Bn



Ports

- 3 projects
- 45 MTPA
- Proj. Cost: ₹ 53 Bn



Metro Rails

- 1 project
- 71.16 Km
- Proj. Cost: ₹ 164 Bn



Urban Infra

- 14 projects
- 19.9 Million sq.ft
- Proj. Cost: ₹ 68 Bn

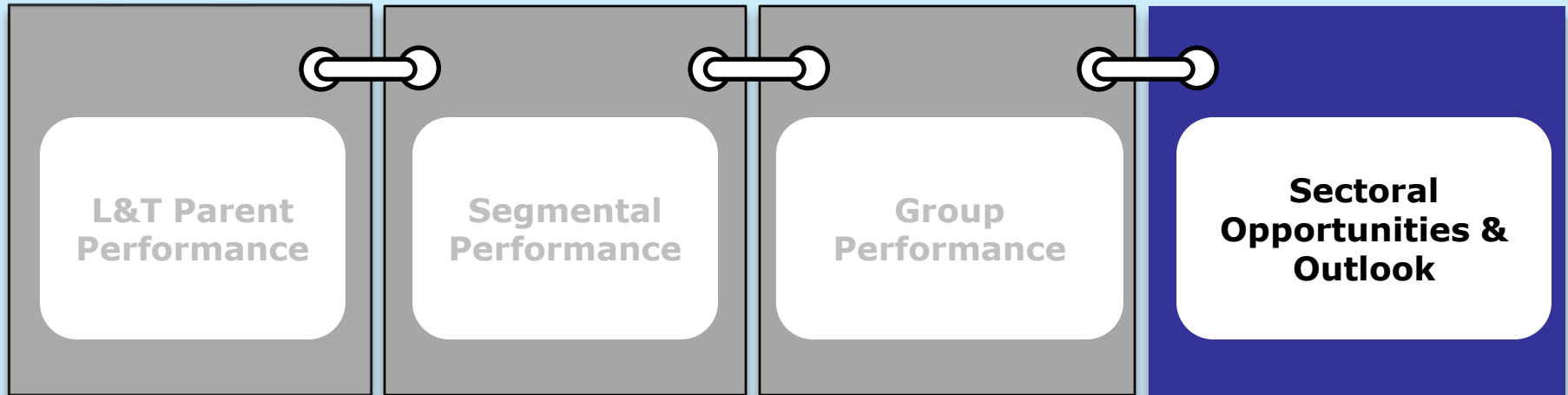
Total Project Cost (Mar 2011): ₹ 627 Bn

Total Equity Commitment (Mar 2011): ₹ 125 Bn

Total Equity Invested (Mar 2011): ₹ 41 Bn

June 2011

Presentation Outline



Opportunities and Challenges - Infrastructure



● Opportunities –

- ▶ Transportation Infra –NHA awards, Metro Rails in Tier-II cities, Railways (DFC) orders, airports (domestic + international), port expansion
- ▶ Residential (incl. low cost housing), Office Space & other urban infra (tourism, health and education) prospects increasing
- ▶ Water projects (urban, rural and private) slated for push

● Challenges –

- ▶ Overall Macro Challenges (inflation, interest rates, commodity & oil prices, governance)
- ▶ Increasing Competition in all sectors
- ▶ Land acquisition – increasingly sensitive issue
- ▶ Political instability, Govt. ability to fund infrastructure

Opportunities and Challenges - Hydrocarbon



● Opportunities –

- ▶ Good domestic opportunity
- ▶ Market for new-build Jack-up Rigs & FPSOs looking up
- ▶ With Oil ~ 100\$/bbl, capex in MENA set for revival
- ▶ Refining units expanding into downstream petchem for value addition
- ▶ Opportunities for Fertilizer EPC (dependent on gas)
- ▶ Increasing prospects in Gas transportation pipelines

● Challenges –

- ▶ Uncertain ordering timelines
- ▶ Aggressive competition from domestic and international players
- ▶ Lower Gas production could affect fertilizer expansion
- ▶ Regional unrest in MENA may lead to further order deferment

Opportunities and Challenges - Process



● Opportunities –

- ▶ Under-capacity in Indian market is leading to capacity addition in ferrous metals sector
- ▶ Non-Ferrous growth catalyzed by low per capita consumption & industrial capex
- ▶ Railways (DFC and Railway sidings), Mining, Ports and Power likely to driving better demand Material Handling business

● Challenges –

- ▶ Land acquisition, environment clearances and mining leases impacting metals business
- ▶ Pricing pressure from competitors

Opportunities and Challenges - Power



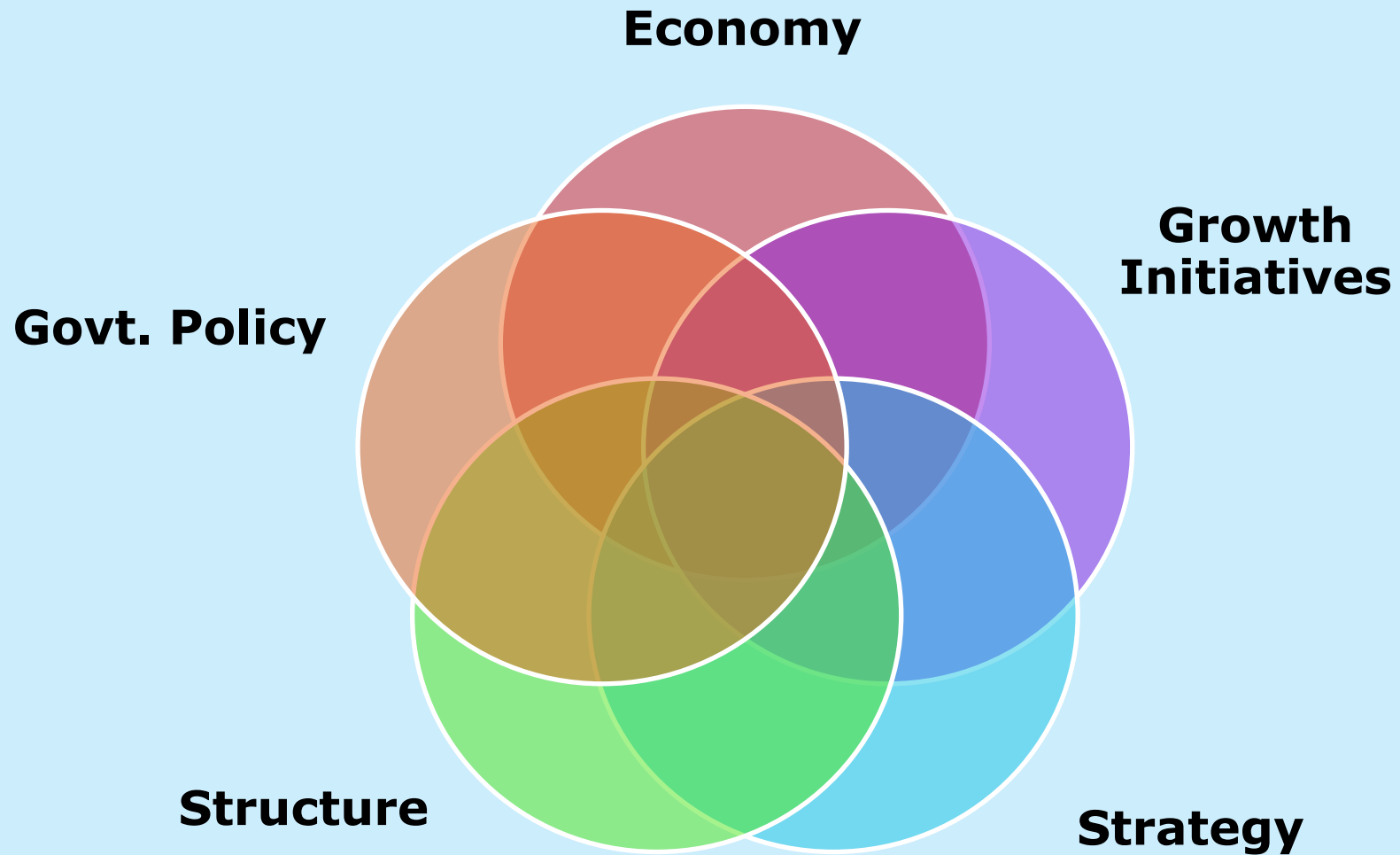
● Opportunities –

- ▶ Large capacity additions planned (Govt./ Pvt) in coal and gas due to current shortage of power
- ▶ T&D spends slated to increase (including HSTC corridors)

● Challenges –

- ▶ Similar Macro Challenges as in infra
- ▶ Aggressive Competition – many new domestic players + Chinese
- ▶ Land acquisition – increasingly sensitive issue
- ▶ Coal linkage – debate on go-no go area; difficult to get fresh linkage currently
- ▶ Gas availability – shortage currently experienced
- ▶ Fukushima fallout – may push back nuclear for some time

Factors Influencing Outlook





Thank You

Annexure 1: Major Orders Booked in Q4 FY11



Project Details	₹ Bn
Domestic:	
Design and Construction work of Elevated Corridor, Station buildings, Electrical & Signalling works and Railway Construction works for L&T Metro Rail (Hyderabad) Ltd	59.00
Design, Engineering, Manufacture, Supply & Construction of 3.1 MTPA Blast Furnace (3 Nos.)	58.05
Process cum Living Quarter Platform (PLQP) for Deendayal field Development Project for GSPC	14.16
Design, detailed engineering, supply, installation and commissioning of 1 x 375 MW Gas based Combined Cycle Power Plant (CCPP)-III at Dhuvaran for GSECL	11.25
Construction of Seawoods - Phase I for L&T Seawoods Private Limited at Navi Mumbai, Maharashtra	9.81
Civil & Structural work for 6 MTPA Pellet Plant including Design, Engineering, Manufacture and Supply of Equipment for Bhushan Steel Limited at Orissa	7.49
Construction of Kandla Mundra Road, Gujarat (NH8A) for M/s. Reliance Infrastructure Limited	6.75
Design of balance of plant, Supply of Indigenous Equipment & Construction and erection of complete Coke oven battery at Jajpur, Kalinga Nagar, Orissa for Tata Steel	6.25
Exports:	
SGD- Package 5, Pipeline Project, Abu Dhabi for SAIPEM S.p.A.	3.02
Sea Water Injection Project - Kuwait Oil Company for Petrofac International Ltd	2.61

Annexure 2: Details of Other Income



₹ Billion	FY11	FY10
Interest Income	3.36	1.28
Dividend from S&A Companies	2.30	1.09
Income from Other Investments	1.64	2.78
Profit on sale of investments	1.20	1.40
Miscellaneous Income	3.45	2.55
Total - Other Income	11.95	9.10

Annexure 3: Details of Increase in funding for S&A in FY11 – Investment, ICDs and Advance against Equity



Increase in funding for S&A Cos	₹ Bn
Developmental Projects	10.74
Financial Services	6.77
Power Development	4.60
MHI JVs	2.40
Forgings	1.11
Others	3.98
Total	29.60