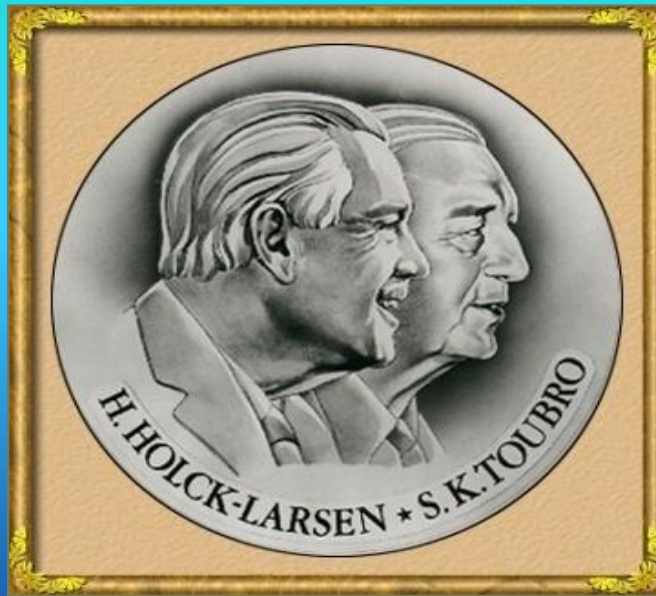


# LARSEN & TOUBRO LIMITED



## Analyst Presentation – H1 FY12

# 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 overruns 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



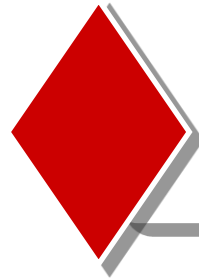
**H1 FY12 Performance Summary**



**Segmental Analysis**



**Performance of Key Subsidiaries**



**Outlook**

# Presentation Outline



**H1 FY12 Performance Summary**



**Segmental Analysis**



**Performance of Key Subsidiaries**

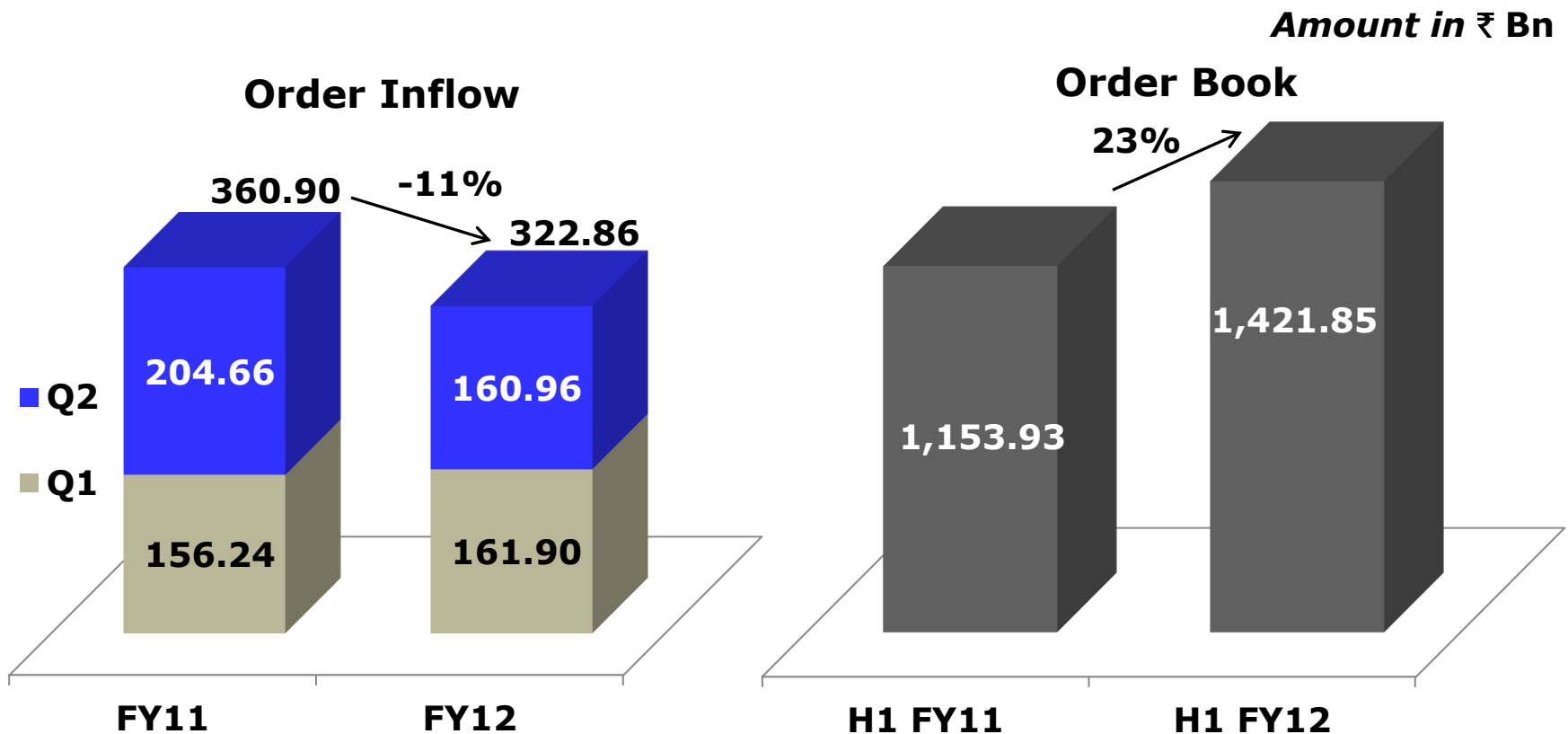


**Outlook**

# Performance Highlights



# Order Inflow & Order Book

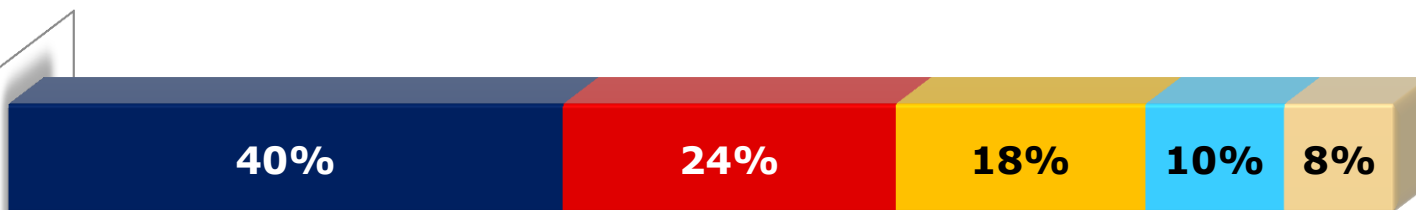


- ▶ Order Inflow status reflective of challenging environment
- ▶ Continuing deferral of order decisions seen across the board
- ▶ Stepped up competitive pressures witnessed on a smaller award base
- ▶ Increased Order wins in international markets
- ▶ Robust Order book currently more than 3x sales on TTM basis

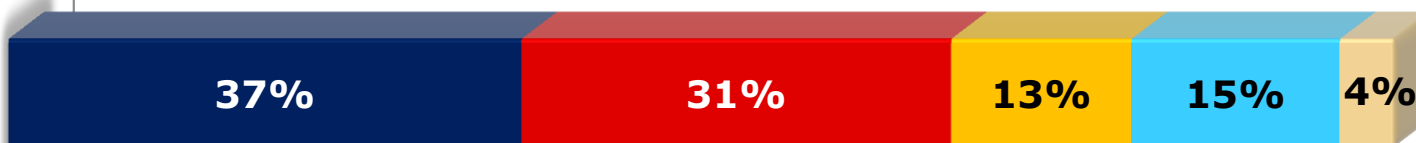
# Order Inflow & Order Book – H1 FY12



**Order Inflow:**  
₹ 322.86 Bn



**Order Book:**  
₹ 1421.85 Bn



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

## Infrastructure

- ▶ Roads and Bridges
- ▶ Ports and Harbours
- ▶ Airports
- ▶ Railways
- ▶ Buildings & Factories

## Power

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

## Hydrocarbons

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

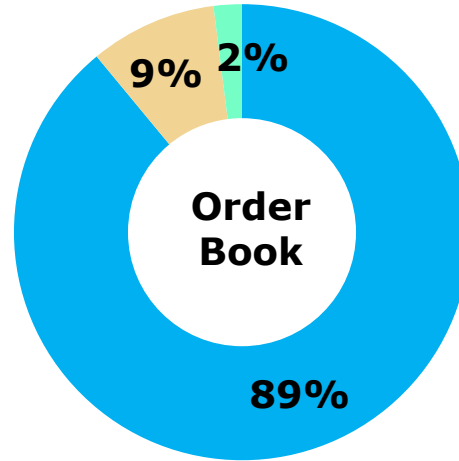
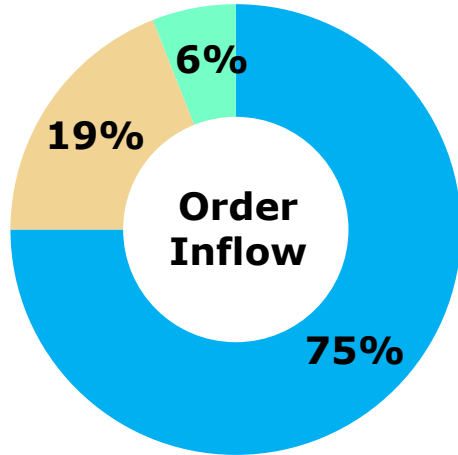
## Process

- ▶ Minerals & Metals
- ▶ Bulk Material Handling

## Others

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

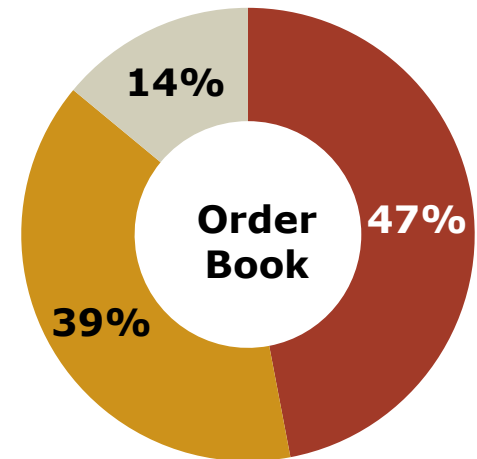
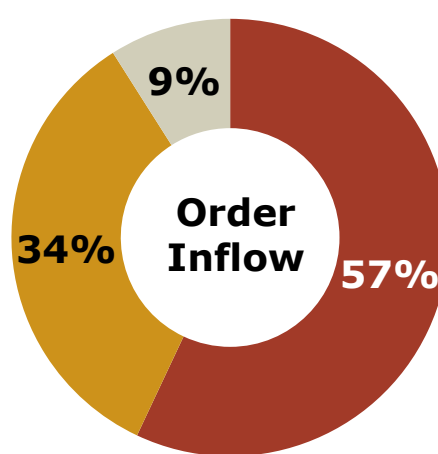
# Order Inflow & Order Book – H1 FY12



**Geographical Break-up**

■ Domestic   ■ Middle East   ■ Others

**Customer Profile**



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



# Performance Summary – Sales to EBITDA



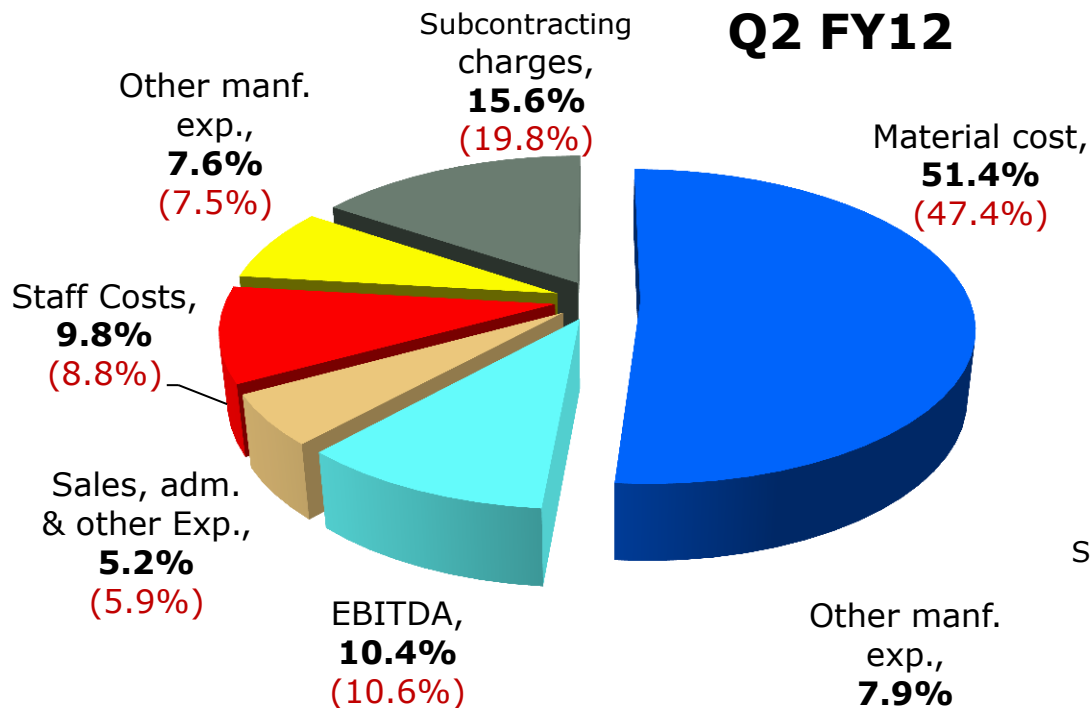
Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>112.45</b>	<b>94.22</b>	<b>19%</b>	<b>Net Sales / Revenue from Operations ---(A)</b>	<b>207.28</b>	<b>172.53</b>	<b>20%</b>	<b>439.40</b>
<b>83.81</b>	70.34	<b>19%</b>	Mfg, Cons. & Opex (MCO)	<b>156.89</b>	130.73	<b>20%</b>	334.84
<b>11.04</b>	8.30	<b>33%</b>	Staff Costs	<b>18.70</b>	13.94	<b>34%</b>	28.85
<b>5.86</b>	5.56	<b>5%</b>	Sales, adm. & other Exp.	<b>8.72</b>	7.70	<b>13%</b>	19.66
<b>100.71</b>	<b>84.20</b>	<b>20%</b>	<b>Total Opex ---(B)</b>	<b>184.31</b>	<b>152.37</b>	<b>21%</b>	<b>383.35</b>
<b>11.74</b>	<b>10.02</b>	<b>17%</b>	<b>EBITDA ---(A-B)</b>	<b>22.97</b>	<b>20.16</b>	<b>14%</b>	<b>56.05</b>

- ▶ Robust revenue growth driven by on-track project execution across sectors
- ▶ MCO expenses in line with sales
- ▶ Staff Cost increase due to manpower increase, compensation restructuring, normal revisions
- ▶ Manpower addition (QoQ): 6000+
- ▶ SGA costs contained through expense curtailment

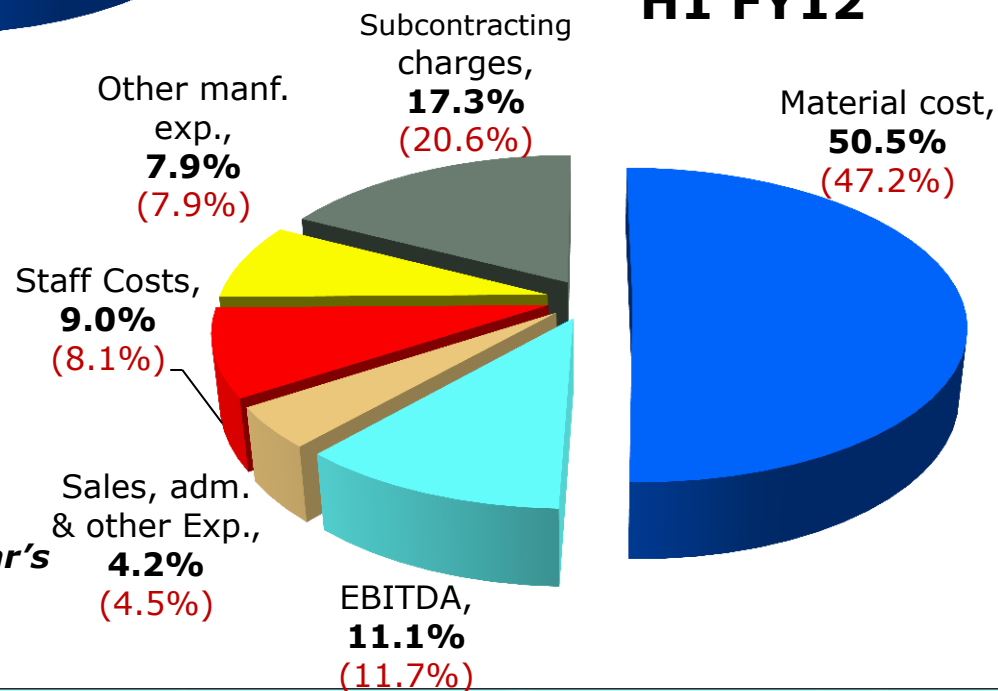
# Sales Breakup – Operational Costs & Profitability



## Q2 FY12



## H1 FY12



**Figures in the bracket indicate Previous Year's Composition**

# Performance Summary – Profitability



Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>11.74</b>	10.02	<b>17%</b>	EBITDA	<b>22.97</b>	20.16	<b>14%</b>	56.05
<b>10.4%</b>	<b>10.6%</b>	<b>-0.2%</b>	<b>EBITDA Margins</b>	<b>11.1%</b>	<b>11.7%</b>	<b>-0.6%</b>	<b>12.8%</b>
<b>(1.97)</b>	(1.87)	<b>5%</b>	Interest Expenses	<b>(3.54)</b>	(3.25)	<b>9%</b>	(6.19)
<b>(1.71)</b>	(1.21)	<b>41%</b>	Depreciation	<b>(3.39)</b>	(2.35)	<b>44%</b>	(5.99)
<b>3.63</b>	3.80	<b>-4%</b>	Other Income	<b>6.59</b>	5.95	<b>11%</b>	11.85
<b>(3.71)</b>	(3.80)	<b>-2%</b>	Provision for Taxes	<b>(7.18)</b>	(6.91)	<b>4%</b>	(18.96)
<b>7.98</b>	<b>6.94</b>	<b>15%</b>	<b>Recurring PAT</b>	<b>15.45</b>	<b>13.60</b>	<b>14%</b>	<b>36.76</b>
-	0.71		Extraordinary & Exceptional Items (Net of tax)	-	0.71		2.82
<b>7.98</b>	<b>7.65</b>	<b>4%</b>	<b>Profit after Tax</b>	<b>15.45</b>	<b>14.31</b>	<b>8%</b>	<b>39.58</b>

- ▶ Change in EBITDA margins commensurate with job mix and retained inflation
- ▶ Containment of interest expenses resulting from efficient borrowing policies
- ▶ Sharp rise in depreciation levels on higher asset base
- ▶ H1 FY11 extraordinary income – reversal of Satyam provision on stake sale

# Performance Summary – Balance Sheet



Sept-10	₹ Billion	Sept-11	Mar-11	Incr / (Decr)
199.41	Net Worth	<b>233.65</b>	218.46	<b>15.19</b>
77.24	Loan Funds	<b>86.15</b>	71.61	<b>14.54</b>
0.84	Deferred Tax Liabilities (Net)	<b>1.55</b>	2.64	<b>(1.09)</b>
<b>277.49</b>	<b>Total Sources</b>	<b>321.35</b>	<b>292.71</b>	<b>28.64</b>
68.41	Net Fixed Asset	<b>76.61</b>	74.16	<b>2.45</b>
66.41	Current Investments	<b>54.06</b>	72.84	<b>(18.78)</b>
88.78	Invt./ICDs/Loans & Advances to S&A Cos	<b>114.65</b>	106.00	<b>8.65</b>
3.02	Other Investments	<b>3.51</b>	2.45	<b>1.06</b>
50.87	Net Current Assets	<b>72.52</b>	37.26	<b>35.26</b>
<b>277.49</b>	<b>Total Applications</b>	<b>321.35</b>	<b>292.71</b>	<b>28.64</b>
<b>393.02</b>	<b>TTM Gross Revenues</b>	<b>478.71</b>	<b>443.30</b>	

- Well capitalised Balance sheet; Gross D/E: 0.37
- Capex outlay: ₹ 7 Bn
- Support to Subsidiaries mainly for Infrastructure Development business
- Increase in Segmental NWC (from 8.3% to 12.6% of Sales) mainly on a/c of support to vendors; increase in corporate NWC led by Dividend payout

# Presentation Outline



H1 FY12 Performance Summary



**Segmental Analysis**

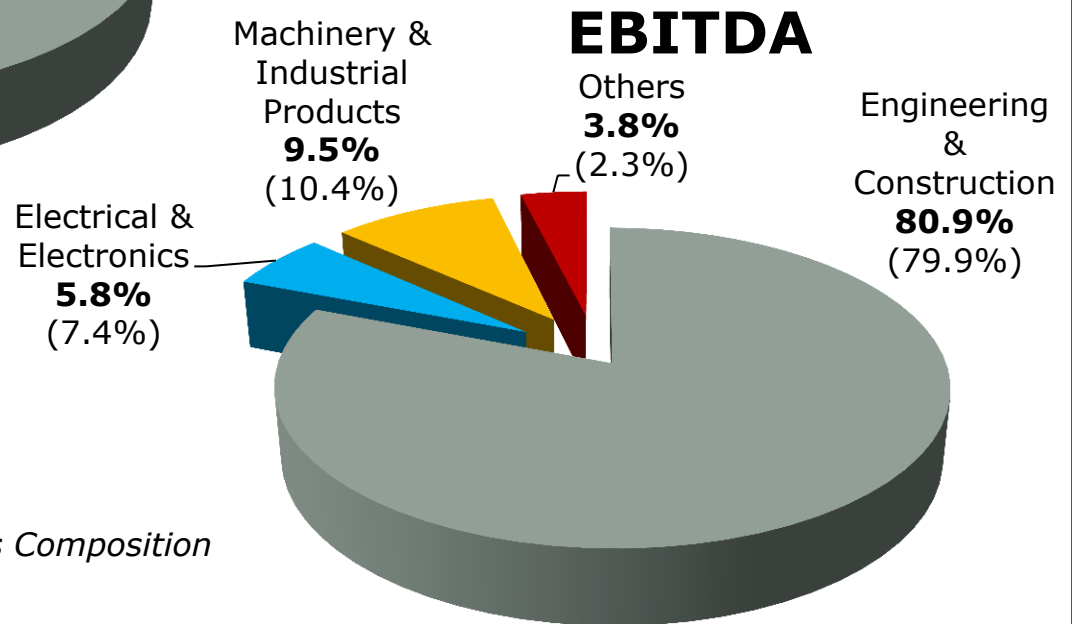
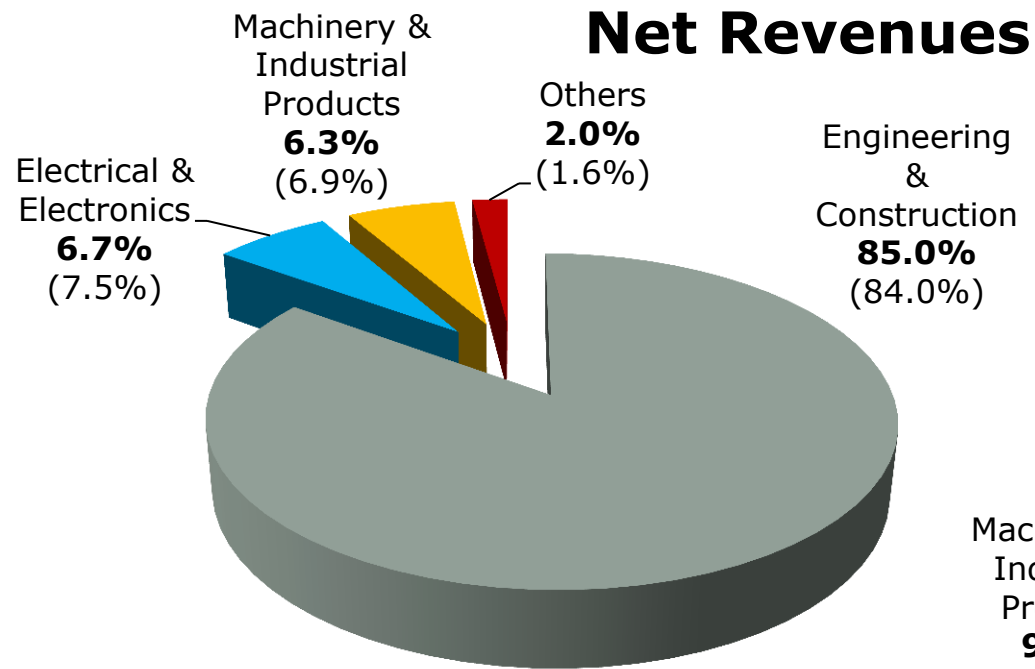


Performance of Key Subsidiaries



Outlook

# Segmental Break-up - H1 FY12



Figures in the bracket indicate Previous Year's Composition

# 'Engineering & Construction' Segment



Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>145.52</b>	188.77	<b>-23%</b>	Total Order Inflows	<b>289.69</b>	327.23	<b>-11%</b>	730.13
<b>50.35</b>	1.91		--- Exports	<b>73.53</b>	16.52		67.01
			Total Order Book	<b>1,398.91</b>	1,129.92	<b>24%</b>	1,280.00
			--- Exports	<b>157.27</b>	64.01		92.57
<b>96.37</b>	79.76	<b>21%</b>	Total Net Revenues	<b>176.14</b>	144.88	<b>22%</b>	377.78
<b>9.38</b>	7.72		--- Exports	<b>16.76</b>	16.23		37.31
<b>11.51</b>	9.85	<b>17%</b>	EBITDA	<b>20.94</b>	18.75	<b>12%</b>	51.50
<b>11.9%</b>	12.4%	<b>-0.5%</b>	EBITDA Margins	<b>11.9%</b>	12.9%	<b>-1.0%</b>	13.6%
			Net Segment Assets	<b>98.28</b>	73.34	<b>34%</b>	75.33

- ▶ Slowdown in Order inflows – outcome of uncertain environment
- ▶ Encouraging wins in international markets (Hydrocarbon and T&D)
- ▶ Strong order book driving revenue growth
- ▶ Margins along expected lines
- ▶ Increase in Segment assets mainly on account of NWC

# 'Electrical & Electronics' Segment



Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>7.37</b>	6.14	<b>20%</b>	Total Net Revenues	<b>13.93</b>	12.91	<b>8%</b>	28.36
<b>0.49</b>	0.54		--- Exports	<b>1.09</b>	1.07		2.04
<b>0.79</b>	0.93	<b>-15%</b>	EBITDA	<b>1.50</b>	1.75	<b>-14%</b>	4.75
<b>10.7%</b>	15.2%	<b>-4.5%</b>	EBITDA Margins	<b>10.8%</b>	13.6%	<b>-2.8%</b>	16.8%
			Net Segment Assets	<b>13.86</b>	11.57	<b>20%</b>	11.86

- ▶ Increase in Revenues in Q2 brought about through –
  - Product mix in Project Business
  - Offtake from building electricals segment in Product Business
- ▶ Margins driven down by intensified competition and higher input costs – lag in availing benefits arising from recent fall in commodity prices



# 'Machinery & Industrial Products' Segment

Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>6.49</b>	6.72	<b>-3%</b>	Total Net Revenues	<b>13.00</b>	11.93	<b>9%</b>	26.66
<b>1.22</b>	0.31		--- Exports	<b>2.19</b>	0.62		2.16
<b>1.15</b>	1.23	<b>-7%</b>	EBITDA	<b>2.46</b>	2.43	<b>1%</b>	5.64
<b>17.7%</b>	18.3%	<b>-0.6%</b>	EBITDA Margins	<b>18.9%</b>	20.4%	<b>-1.5%</b>	21.2%
			Net Segment Assets	<b>6.90</b>	2.72	<b>154%</b>	4.70

- ▶ Muted sales due to lesser industrial offtake and lower level of mining activity
- ▶ Growth achieved in valves exports
- ▶ Margins under pressure from increased input costs and aggressive competition
- ▶ Sharp increase in Net Segment assets driven by NWC

# 'Others' Segment



Q2 FY12	Q2 FY11	% Change	₹ Billion	H1 FY12	H1 FY11	% Change	FY11
<b>2.22</b>	1.61	<b>38%</b>	Total Net Revenues	<b>4.21</b>	2.81	<b>50%</b>	6.60
<b>1.92</b>	1.18		--- Exports	<b>3.57</b>	2.30		5.11
<b>0.53</b>	0.19	<b>174%</b>	EBITDA	<b>0.99</b>	0.55	<b>81%</b>	1.30
<b>23.8%</b>	12.0%	<b>11.8%</b>	EBITDA Margins	<b>23.5%</b>	19.4%	<b>4.1%</b>	19.7%
			Net Segment Assets	<b>6.30</b>	4.32	<b>46%</b>	5.43

- Revenue growth predominantly contributed by Integrated engineering services in international markets
- Margin increase derived from favorable exchange rates and delivery efficiencies
- Increase in Net segment assets in line with business operations

# Presentation Outline



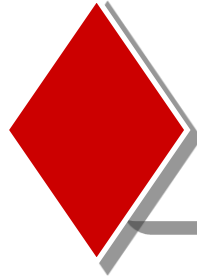
H1 FY12 Performance Summary



Segmental Analysis



**Performance of Key Subsidiaries**

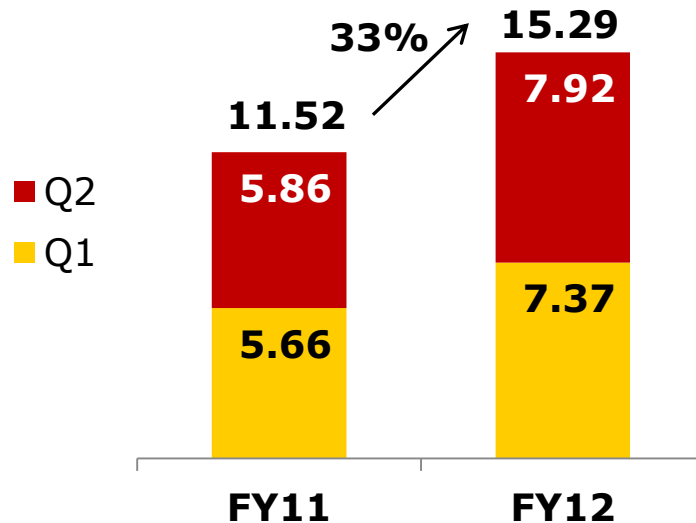


Outlook

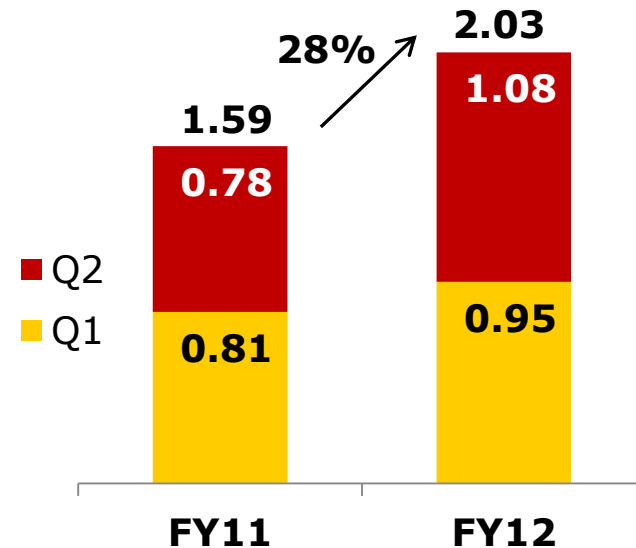


Amount in ₹ Bn

## Total Income



## Profit after Tax



- Sales growth powered by BFSI segment
- Margin growth positively impacted by exchange rates, operational leverage and cost efficiencies
- PY PAT Margins benefited by STPI tax benefits

# Developmental Projects



## Roads & Bridges

- 16 projects
- 6677 Lane Km
- Proj. Cost: ₹ 156 Bn



## Power

- 5 projects
- 2828 MW
- Proj. Cost: ₹ 211 Bn



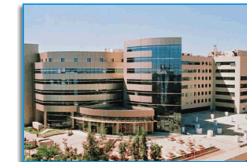
## Ports

- 3 projects
- 45 MTPA
- Proj. Cost: ₹ 57 Bn



## Metro Rails

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



## Urban Infra

- 13 projects
- 24.8 Million sq.ft
- Proj. Cost: ₹ 140 Bn

**Total Project Cost (Sept 2011): ₹ 728 Bn**

**Total Equity Commitment (Sept 2011): ₹ 151 Bn**

**Total Equity Invested (Sept 2011): ₹ 54 Bn**

# Presentation Outline



H1 FY12 Performance Summary



Segmental Analysis

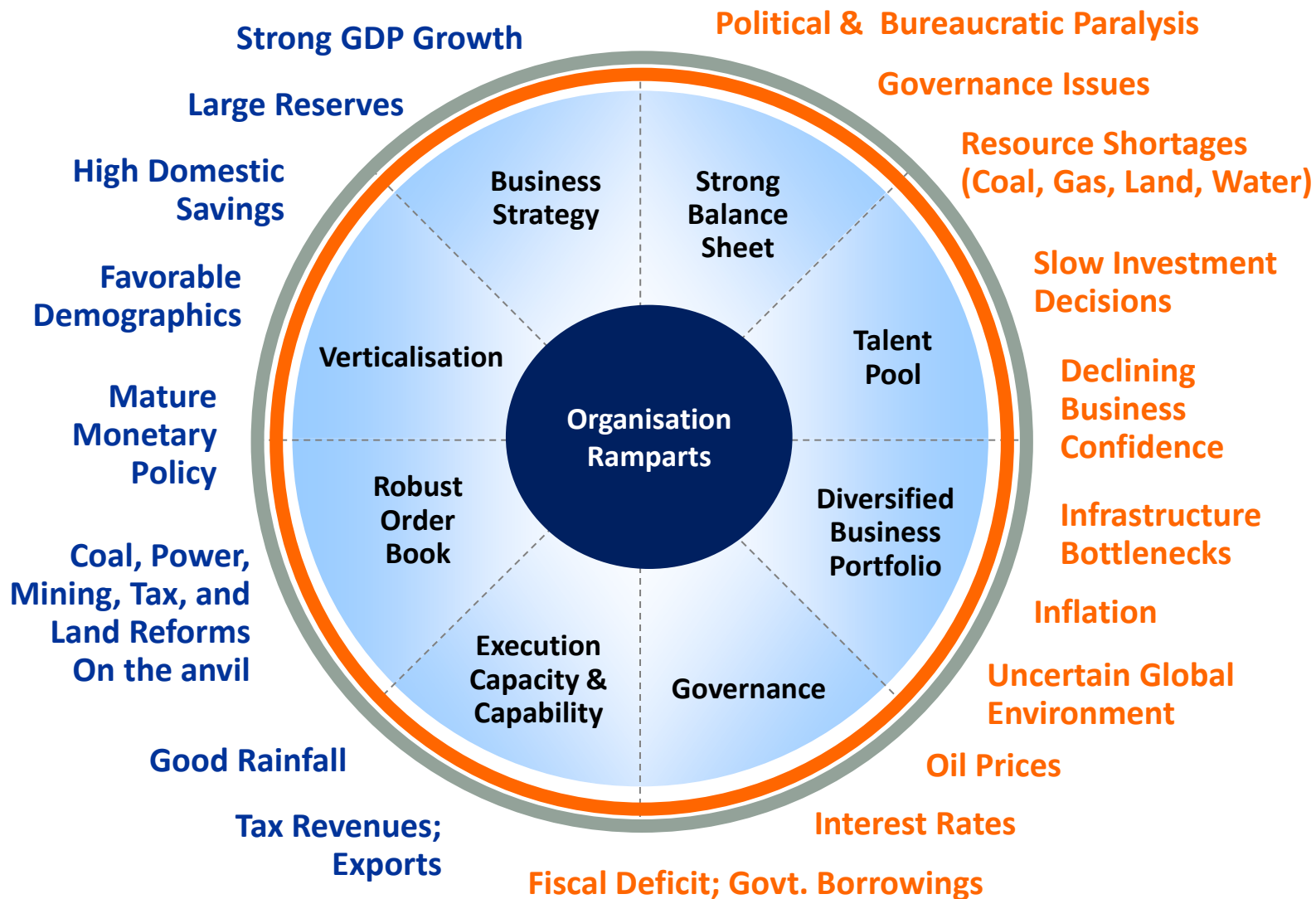


Performance of Key Subsidiaries



**Outlook**

# WHERE ARE WE HEADED?





*Thank You*



# Annexure 1: Major Order Inflows in Q2 FY12



Project Details	₹ Bn
<b>Domestic:</b>	
Prefab Structures, Civil works and other jobs for Hot Strip Mill & Blast furnace at Tata Steel, Kalinganagar	<b>6.87</b>
EPC work for 2 x 500 MVA, 765/400 KV Sub station for Rajasthan Rajya Vidyut Prasaran Nigam Limited, Rajasthan	<b>4.63</b>
<b>International:</b>	
EPC Works - Nasr Phase-I & Umm Lulu Phase - I Field Development project for Abu Dhabi Marine Operating Company	<b>19.62</b>
Substations & EHV Power Cables for Qatar Power Transmission System Expansion - Phase 10 (Kahramaa)	<b>13.73</b>
EPC Pipeline job Habshan-Ruwais Shuweihat Gas Pipeline Project - GASCO	<b>8.39</b>
EPC job at Lekhwair Gas field Development Project for PDO- Petroleum Development Oman LLC	<b>7.01</b>

## Annexure 2: Details of Other Income



₹ Billion	H1 FY12	H1 FY11
Interest Income	<b>2.87</b>	1.54
Dividend from S&A Companies	<b>1.45</b>	1.03
Income from Current Investments	<b>0.96</b>	0.92
Profit on sale of long term investments (Satyam)	-	0.69
Miscellaneous Income	<b>1.31</b>	1.77
<b>Total - Other Income</b>	<b>6.59</b>	<b>5.95</b>