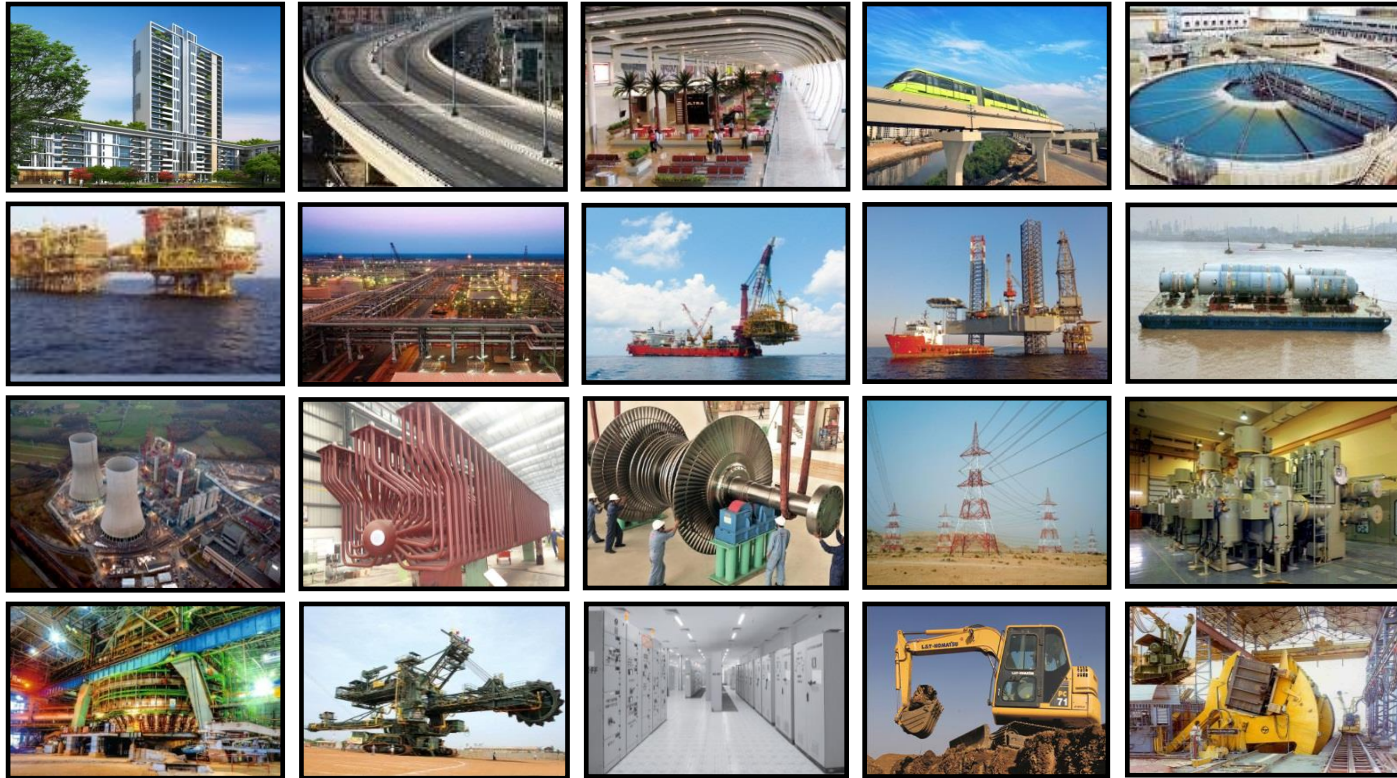


# Analyst Presentation - H1 FY14



Oct 18, 2013

# 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

H1 FY14 Performance Summary

Segment Analysis

Performance of Key Subsidiaries

Outlook

# Presentation Outline

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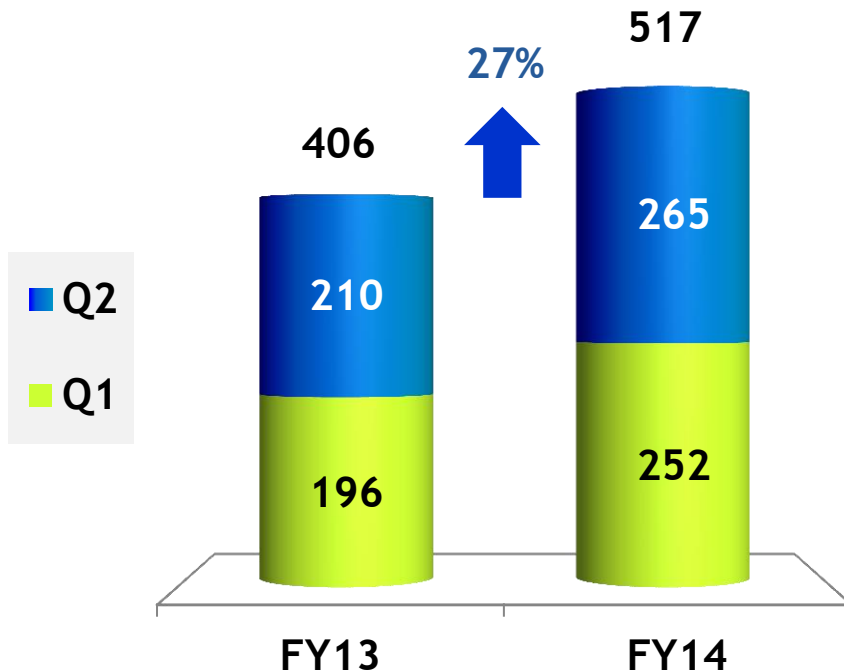
# Performance Highlights - Q2 / H1 FY14



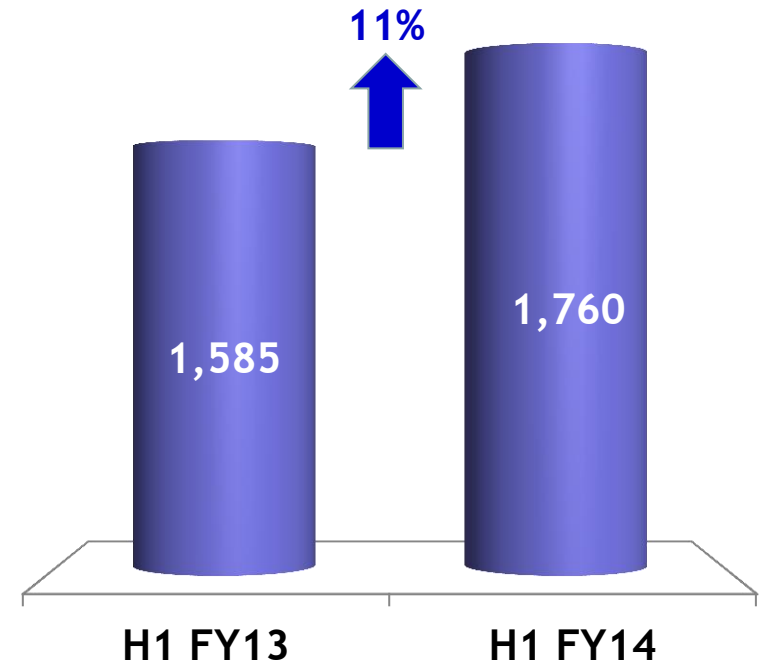
# Order Inflow & Order Book

Amount in ₹ Bn

## Order Inflow

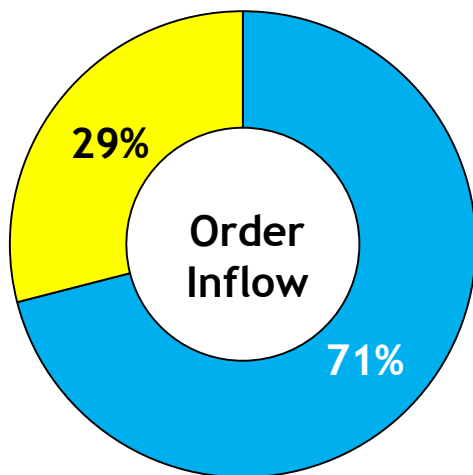


## Order Book

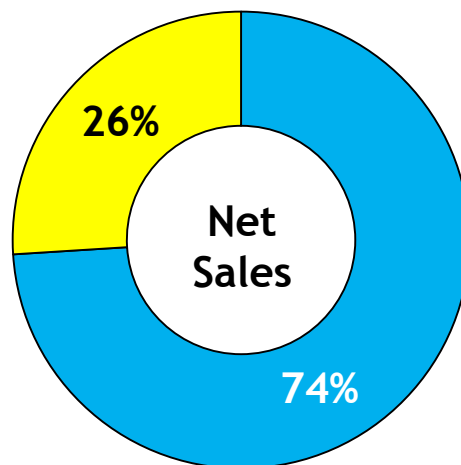


- International business (Infra & Hydrocarbon) driving strong order inflows
- Domestic market is still challenging - depressed conditions continue in power & metals sectors
- Large order book position provides the comfort of multi-year revenue visibility

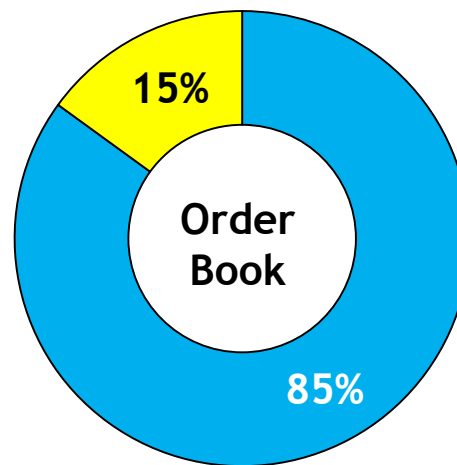
# Order Composition - H1 FY14



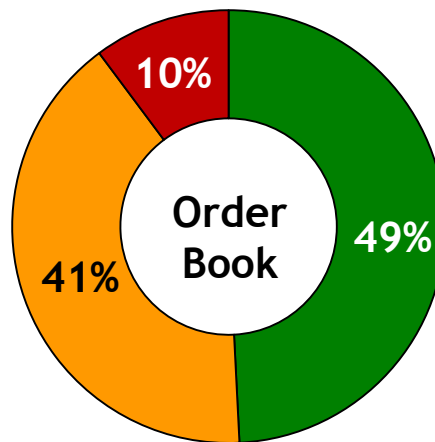
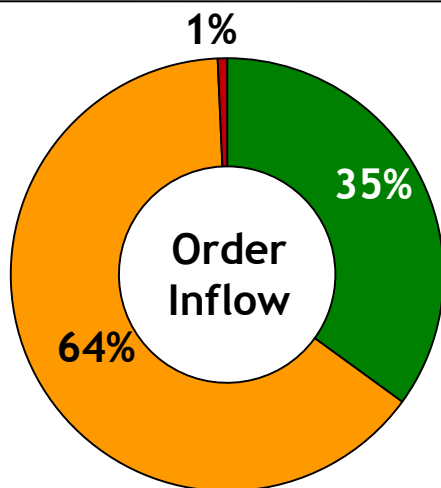
■ Domestic



■ International



Geographical  
Break-up



Customer Profile

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

# Performance Summary - Sales to EBITDA

Q2 FY 14	Q2 FY 13	% Change	₹ Billion	H1 FY 14	H1 FY 13	% Change	FY 13
145.10	131.95	10%	Net Sales / Revenue from Operations (A)	270.65	251.51	8%	608.73
36.12	27.43	32%	----Export Sales	69.90	47.58	47%	121.98
107.30	99.64	8%	Mfg, Cons. & Opex (MCO)	204.79	193.17	6%	479.52
15.79	12.98	22%	Staff Costs	27.48	22.46	22%	44.36
7.99	5.29	51%	Sales, adm. & other Exp.	13.64	11.00	24%	20.78
131.08	117.91	11%	Total Opex (B)	245.91	226.63	9%	544.66
14.02	14.04	-0.1%	EBITDA (A-B)	24.74	24.88	-1%	64.07

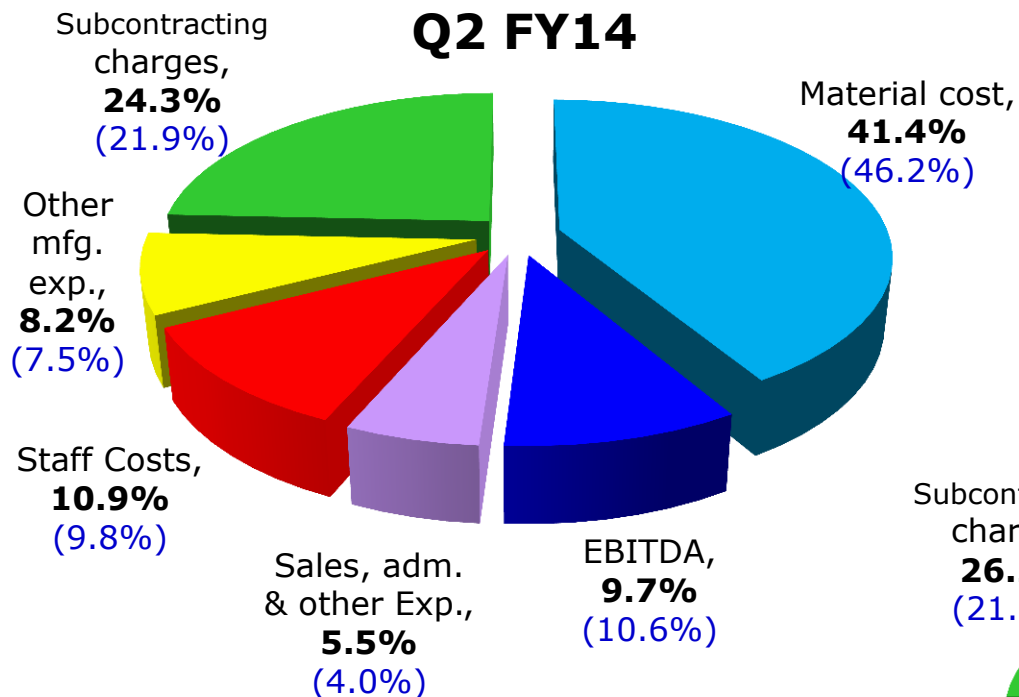
- Sales performance along planned lines
  - a. Strong growth in Urban infra, Transportation Infra, Power T&D, Water and Heavy Engineering on the back of robust opening Order book
  - b. Growth in International Sales - result of organisation build up, seeding of business and execution ramp up of growing order book
- Improvement in MCO (% of Sales) has arisen from job mix and benign input costs
- Q2 Staff cost increase led by manpower augmentation, higher annual revisions and increased overseas deputation
- SGA spike in Q2 mainly on account of Forex MTM



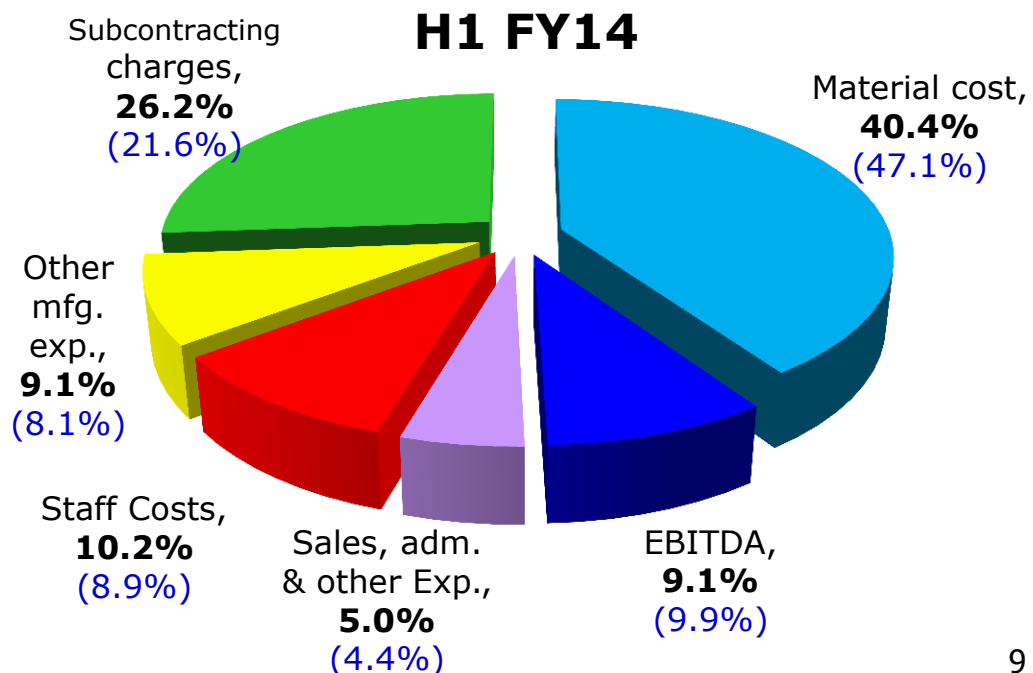
# Performance Summary - Operational Costs & Profitability



## Q2 FY14



## H1 FY14



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

# Performance Summary - Profitability

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change	FY13
14.02	14.04	-0.1%	EBITDA	24.74	24.88	-1%	64.07
9.7%	10.6%	-0.9%	EBITDA Margins	9.1%	9.9%	-0.8%	10.5%
(2.43)	(2.35)	3%	Interest Expenses	(4.88)	(4.63)	5%	(9.82)
(2.16)	(2.04)	6%	Depreciation	(4.27)	(3.96)	8%	(8.19)
4.49	3.31	36%	Other Income	9.22	9.39	-2%	18.51
(4.14)	(3.81)	9%	Provision for Taxes	(7.47)	(7.64)	-2%	(17.62)
9.78	9.15	7%	Recurring PAT	17.34	18.04	-4%	46.95
	2.22		Exceptional / Extraordinary Items (Net of tax)		1.97		2.16
9.78	11.37	-14%	Profit after Tax	17.34	20.01	-13%	49.11

- EBITDA Margins impacted by pricing pressure, INR depreciation and under-utilisation in power, hydrocarbon and metals businesses
- Interest charge reflects current money market environment
- Increase in Q2 other income boosted by S&A Co. dividend
- Recovery in Recurring PAT in Q2

# Performance Summary - Balance Sheet

₹ Billion	Sep-13	Mar-13	Incr / (Decr)
Net Worth	308.27	291.43	16.84
Non-Current Liabilities	82.23	83.01	(0.78)
Current Liabilities	359.21	347.49	11.72
<b>Total Sources</b>	<b>749.71</b>	<b>721.93</b>	<b>27.78</b>
Net Fixed Assets	89.80	89.02	0.78
Investments / Loans to S&A Cos	153.32	141.31	12.01
Other Non- Current Assets	11.79	9.10	2.69
Cash and Cash Equivalent	55.80	70.75	(14.95)
Other Current Assets	439.00	411.75	27.25
<b>Total Applications</b>	<b>749.71</b>	<b>721.93</b>	<b>27.78</b>

- Total Debt: Sep'13 - ₹ 121.11 Bn; Mar'13 - ₹ 88.34 Bn
- Gross D/E: 0.39
- Support to S&A Cos - mainly to Power Development & Realty projects
- Segment NWC at 18.2% of Sales (Jun'13: 17.3%; Mar'13: 15.4 %)

# Cash Flow Statement

₹ Billion	Q1 FY14	Q2 FY14	H1 FY14	Q1 FY13	Q2 FY13	H1 FY13
Operating Profit	13.27	16.42	29.69	13.15	14.99	28.15
Adjustments for NWC	(23.52)	(9.13)	(32.65)	(26.49)	(3.64)	(30.13)
Direct Taxes (Paid) / Refund - Net	(2.94)	(5.71)	(8.65)	(2.66)	(5.51)	(8.17)
<b>Net Cash from Operations</b>	<b>(13.19)</b>	<b>1.58</b>	<b>(11.61)</b>	<b>(16.00)</b>	<b>5.85</b>	<b>(10.15)</b>
Investments in Fixed Assets (Net)	(2.41)	(2.37)	(4.78)	(3.98)	(3.72)	(7.70)
Investments / Loans to S&A Cos (Net)	(6.34)	(6.42)	(12.76)	(12.73)	1.81	(10.92)
(Purchase) / Sale of Long Term and Current Investments (Net)	(6.07)	19.87	13.80	9.81	6.96	16.77
Interest & Div. Received from Investments	3.31	3.23	6.54	4.70	2.53	7.23
<b>Net Cash from / (used in) Investing Activities</b>	<b>(11.51)</b>	<b>14.31</b>	<b>2.80</b>	<b>(2.20)</b>	<b>7.58</b>	<b>5.38</b>
Proceeds from Issue of Share Capital	0.48	0.35	0.83	0.21	0.53	0.74
Borrowings (Net)	20.75	2.40	23.15	11.63	6.88	18.50
Interests & Dividend paid	(2.61)	(14.34)	(16.95)	(2.03)	(12.92)	(14.94)
<b>Net Cash from Financing Activities</b>	<b>18.62</b>	<b>(11.59)</b>	<b>7.03</b>	<b>9.81</b>	<b>(5.51)</b>	<b>4.30</b>
<b>Net (Dec) / Inc in Cash &amp; Cash Equiv.</b>	<b>(6.08)</b>	<b>4.30</b>	<b>(1.78)</b>	<b>(8.39)</b>	<b>7.92</b>	<b>(0.47)</b>

# Presentation Outline

H1 FY14 Performance Summary

Segment Analysis

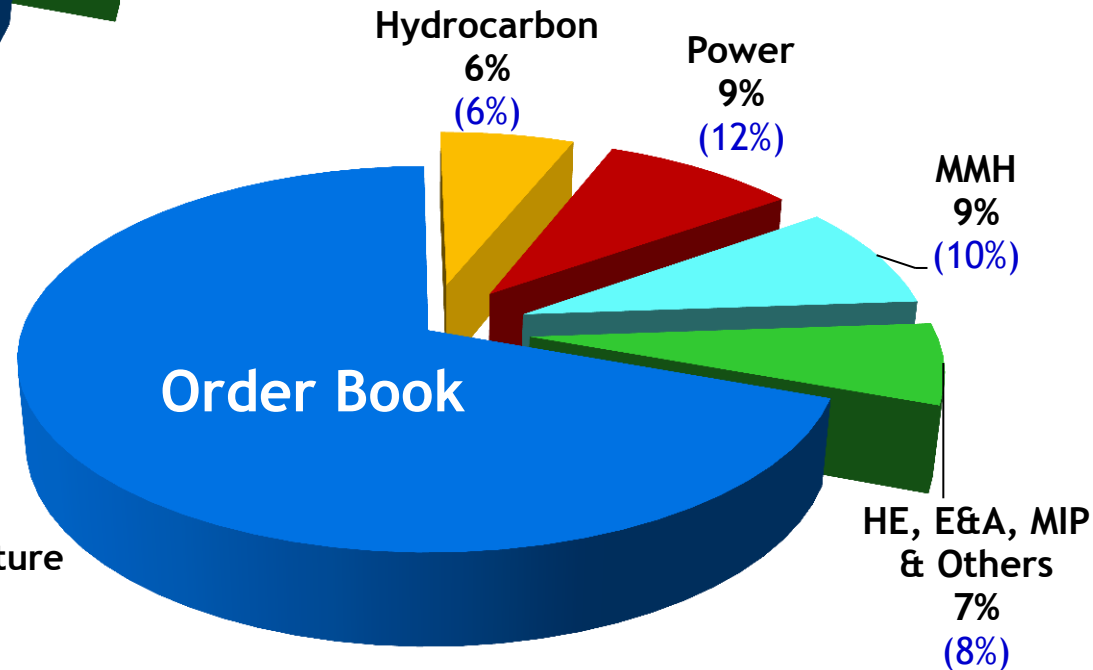
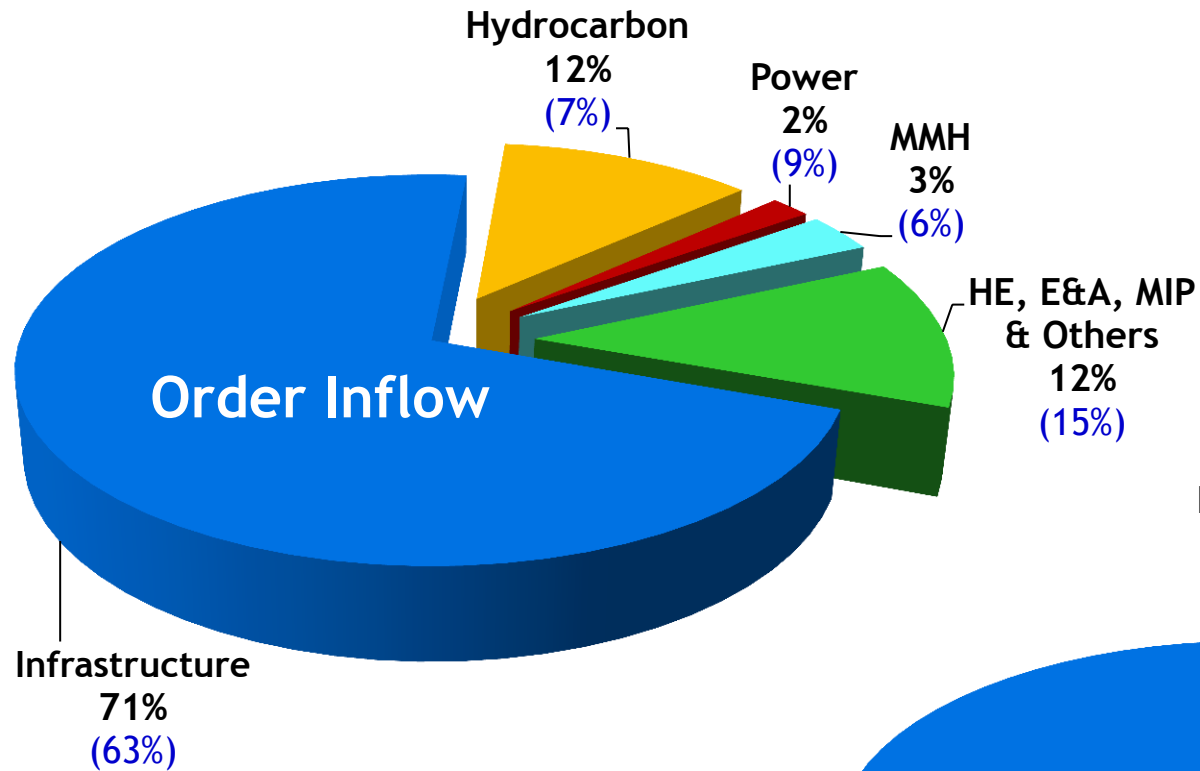
Performance of Key Subsidiaries

Outlook

# The New Segments - what they mean . . .

<b>Infrastructure</b> Building & Factories Transportation Infra Heavy Civil Infra Water & Renewable Energy Power T&D	<b>Hydrocarbon</b> Upstream Mid & Downstream Construction & Pipelines	<b>Power</b> EPC - Coal & Gas Thermal Power Plant Constr. Critical Piping Electrostatic Precipitators	<b>Metallurgical &amp; Material Handling</b> Ferrous Non Ferrous Bulk Material Handling
<b>Heavy Engineering</b> Process Plant Equipment Nuclear Power Plant Equipment Defence & Aerospace	<b>Electrical &amp; Automation</b> Electrical Standard Products Metering & Protection Electrical Systems & Equipment Control & Automation	<b>Machinery &amp; Ind. Products</b> Construction & Mining Equipment Industrial Machinery Industrial Products	<b>Others</b> Technology Services Ship-Building Realty

# Segmental Breakup of Orders - H1 FY14

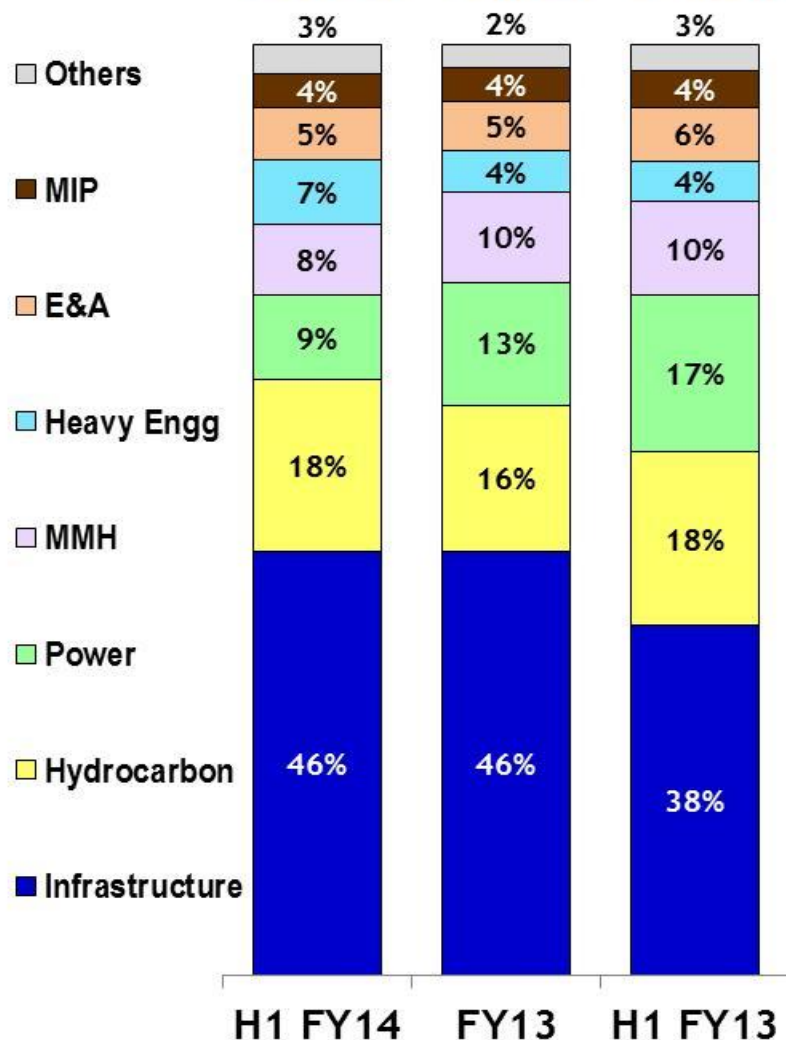


**Figures in brackets indicate Full Year (FY 13)**

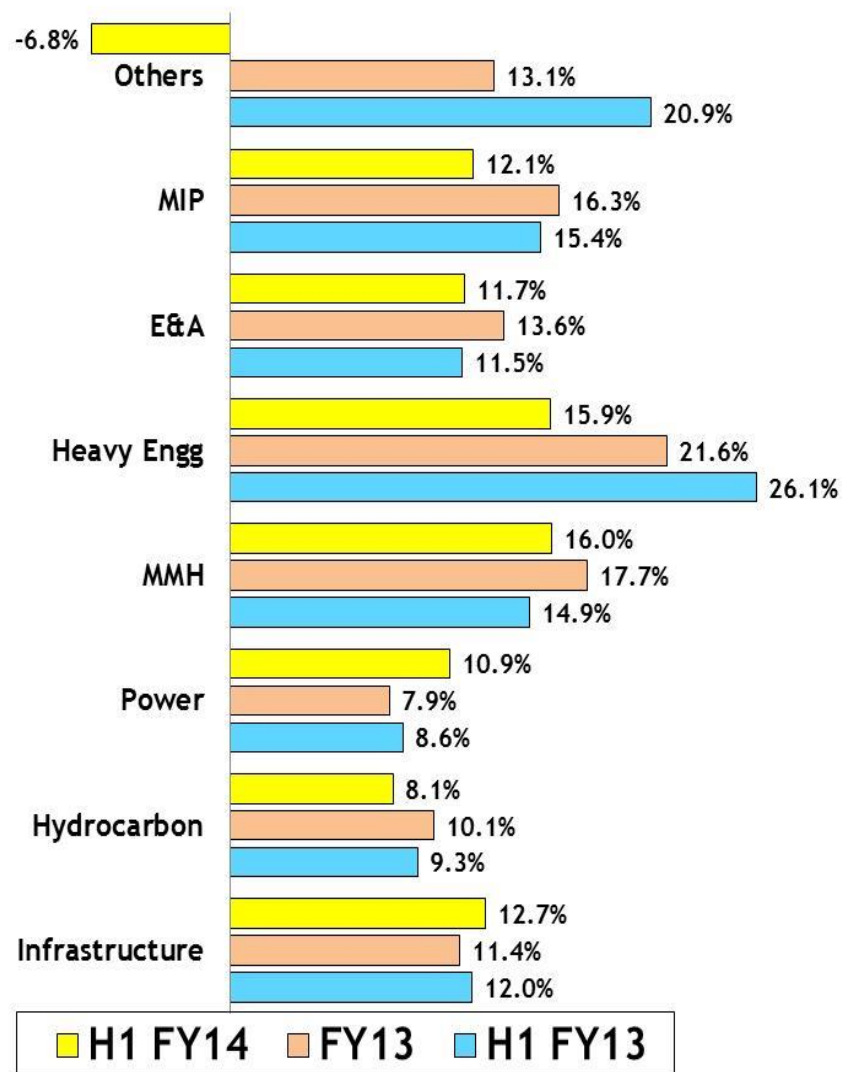
# Segmental Break-up

## Net Segment Revenue

₹ 271 Bn   ₹ 609 Bn   ₹ 252 Bn



## EBITDA Margins





# 'Infrastructure & MMH' Segments

## Infrastructure

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change	FY13
71.49	52.50	36%	Net Segment Revenue	123.34	94.62	30%	277.85
11.74	9.33	26%	--- International	20.09	16.92	19%	44.96
9.49	6.49	46%	EBITDA	15.62	11.33	38%	31.67
13.3%	12.4%	0.9%	EBITDA Margins	12.7%	12.0%	0.7%	11.4%
			Capital Employed	102.06	72.44	41%	81.92

## MMH

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change	FY13
10.69	13.22	-19%	Net Segment Revenue	20.84	25.42	-18%	58.52
0.22	0.03		--- International	0.62	0.09		0.51
1.70	2.20	-23%	EBITDA	3.33	3.78	-12%	10.35
15.9%	16.6%	-0.7%	EBITDA Margins	16.0%	14.9%	1.1%	17.7%
			Capital Employed	27.59	22.48	23%	26.02

### ■ Infra

- Strong all-round growth witnessed in Infra - outcome of robust Order book
- Increased margin in Infra led by job mix and execution efficiency
- Infra Capital Employed increase mainly due to higher NWC

### ■ MMH

- Revenue dip - consequence of depleted Order book and pending customer clearances
- Increase in Cap. Employed - Fall in Customer advances due to depressed Investment momentum

# 'Hydrocarbon & Heavy Engineering' Segments

## Hydrocarbon (HC)

Q2 FY 14	Q2 FY 13	% Change	₹ Billion	H1 FY 14	H1 FY 13	% Change	FY 13
22.31	24.48	-9%	Net Segment Revenue	49.87	46.80	7%	95.40
13.59	11.25	21%	--- International	32.01	17.63	82%	46.86
2.22	2.33	-5%	EBITDA	4.05	4.37	-7%	9.63
9.9%	9.5%	0.4%	EBITDA Margins	8.1%	9.3%	-1.2%	10.1%
			Capital Employed	22.34	15.16	47%	10.90

## Heavy Engineering (HE)

Q2 FY 14	Q2 FY 13	% Change	₹ Billion	H1 FY 14	H1 FY 13	% Change	FY 13
10.39	5.80	79%	Net Segment Revenue	18.65	10.75	74%	27.48
4.19	2.10	100%	--- International	7.12	3.74	90%	9.57
1.86	1.28	45%	EBITDA	2.96	2.81	6%	5.95
17.9%	22.2%	-4.3%	EBITDA Margins	15.9%	26.1%	-10.2%	21.6%
			Capital Employed	20.83	21.88	-5%	20.62

### ■ Hydrocarbon

- Modest revenues due to muted order book position
- Lower margins due to job / geography mix, Forex MTM and under-utilisation of resources
- Cap. Employed spike due to WIP pending invoicing

### ■ HE

- Strong revenue growth driven by process plant eqpt. and Defence / Aerospace
- Volatile margin profile mainly due to job mix
- Lower Cap. Employed due to reduction in NWC

# 'Power and E&A' Segments

## Power

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change	FY13
11.81	19.67	-40%	Net Segment Revenue	24.55	42.48	-42%	80.57
1.58	1.96	-20%	EBITDA	2.68	3.65	-27%	6.36
13.4%	10.0%	3.4%	EBITDA Margins	10.9%	8.6%	2.3%	7.9%
			Capital Employed	0.94	7.93	-88%	6.74

## E&A

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change	FY13
8.38	7.80	7%	Net Segment Revenue	15.13	14.57	4%	31.65
1.08	0.83	30%	--- International	1.91	1.54	24%	3.53
0.96	0.87	11%	EBITDA	1.76	1.67	5%	4.30
11.5%	11.1%	0.4%	EBITDA Margins	11.7%	11.5%	0.2%	13.6%
			Capital Employed	14.28	14.19	1%	12.81

### ■ Power

- Revenues adversely affected by sectoral bottlenecks (incl. Coal / Gas supply)
- Margin variation due to job mix
- Sharp drop in Cap. Employed due to NWC

### ■ E&A

- Modest Revenue growth despite industry de-growth
- Efforts on margin conservation through improved product mix and cost containment

# 'MIP and Others' Segments

## MIP

Q2 FY 14	Q2 FY 13	% Change	₹ Billion	H1 FY 14	H1 FY 13	% Change	FY 13
4.83	5.09	-5%	Net Segment Revenue	9.92	9.79	1%	22.23
1.41	0.89	58%	--- International	2.63	1.85	42%	5.33
0.49	0.75	-34%	EBITDA	1.20	1.50	-20%	3.62
10.2%	14.7%	-4.5%	EBITDA Margins	12.1%	15.4%	-3.3%	16.3%
			Capital Employed	6.19	5.42	14%	5.96

## Others

Q2 FY 14	Q2 FY 13	% Change	₹ Billion	H1 FY 14	H1 FY 13	% Change	FY 13
5.21	3.41	53%	Net Segment Revenue	8.34	7.09	18%	15.03
3.87	3.00	29%	--- International	5.51	5.80	-5%	11.20
(0.59)	0.65	-192%	EBITDA	(0.57)	1.48	-139%	1.97
-11.4%	19.0%	-30.4%	EBITDA Margins	-6.8%	20.9%	-27.7%	13.1%
			Capital Employed	10.96	12.18	-10%	11.41

- MIP
  - Revenue variation due to sluggish industrial demand and business restructuring
  - Margins affected by pricing pressures, input costs and business transfer
- Others
  - Revenue growth mainly contributed by Integrated Engineering Services and Realty
  - Margin decline due to high net imports and inventory write down in Shipbuilding business

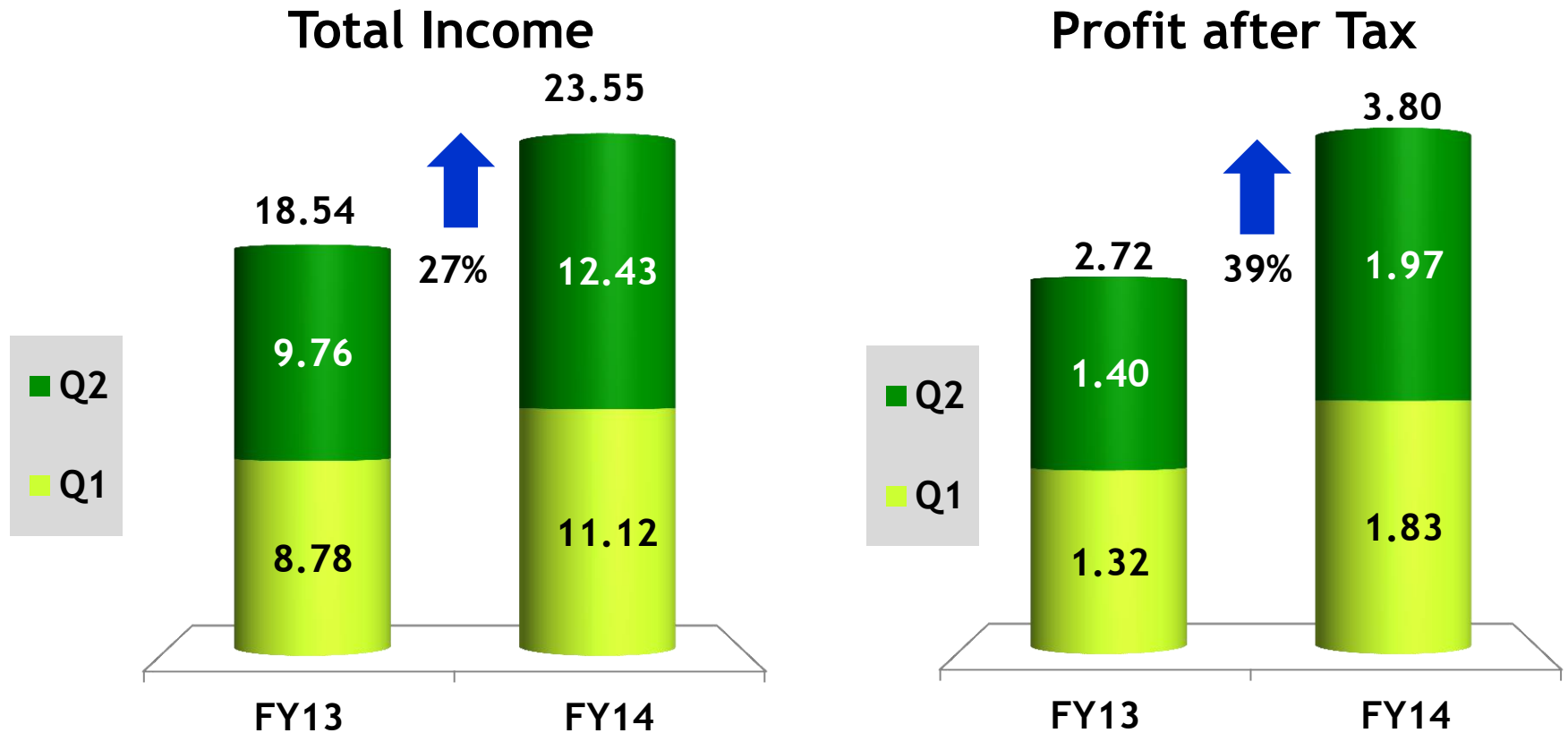
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H1 FY14 Performance Summary

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- Robust growth in Total Income aided by INR depreciation
- Profit growth in line with revenues

# Concessions Business Portfolio - 28 SPVs



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

Portfolio: 18 projects (2086 Km)

Project Cost: ₹216 Bn

## ***Power:***

Portfolio: 5 projects (2270 MW)

Project Cost: ₹174 Bn



## ***Ports:***

Portfolio: 3 projects (45 MTPA)

Project Cost: ₹57 Bn

## ***Metros:***

Portfolio: 1 project (71.16 Km)

Project Cost: ₹164 Bn



## ***Transmission Lines:***

Portfolio: 1 project (482 Km)

Project Cost: ₹14 Bn

**Total Project Cost (Sep 2013): ₹ 625 Bn**

23

**Equity Invested (Sep 2013): ₹ 64 Bn**

**Balance Equity Commitment (Sep 2013): ₹ 69 Bn**

# Presentation Outline

H1 FY14 Performance Summary

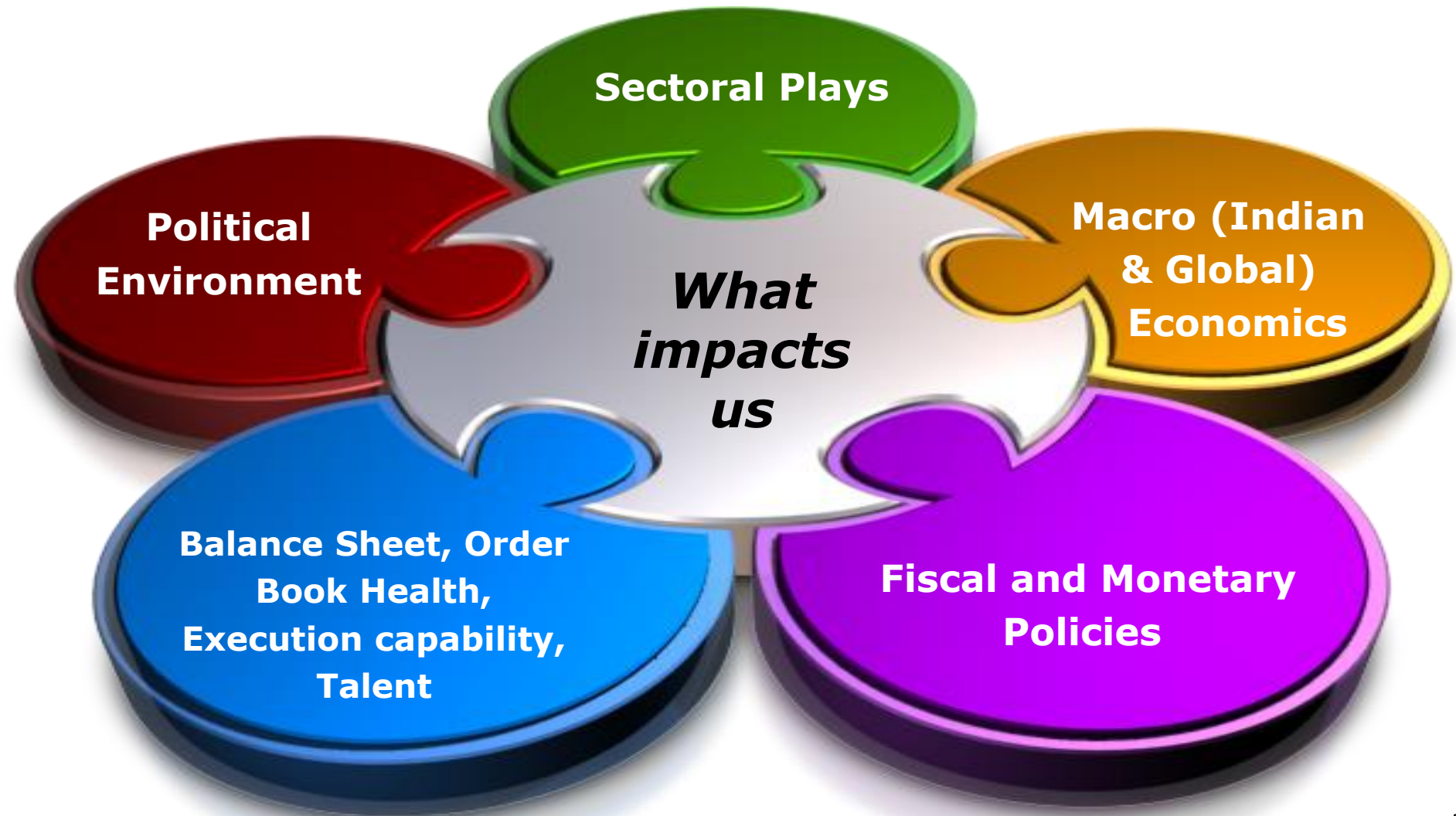
Segment Analysis

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Outlook



# Outlook



# Thank You

# Annexure: Details of Other Income

Q2 FY14	Q2 FY13	% Change	₹ Billion	H1 FY14	H1 FY13	% Change
1.25	1.60	-22%	Interest Income	2.41	3.41	-29%
0.33	0.57	-42%	Income & Profit on sale of Inv.	1.09	1.00	8%
2.29	0.63	262%	Dividend from S&A Companies	4.50	3.56	26%
0.62	0.51	22%	Miscellaneous Income	1.22	1.42	-14%
4.49	3.31	36%	Total - Other Income	9.22	9.39	-2%