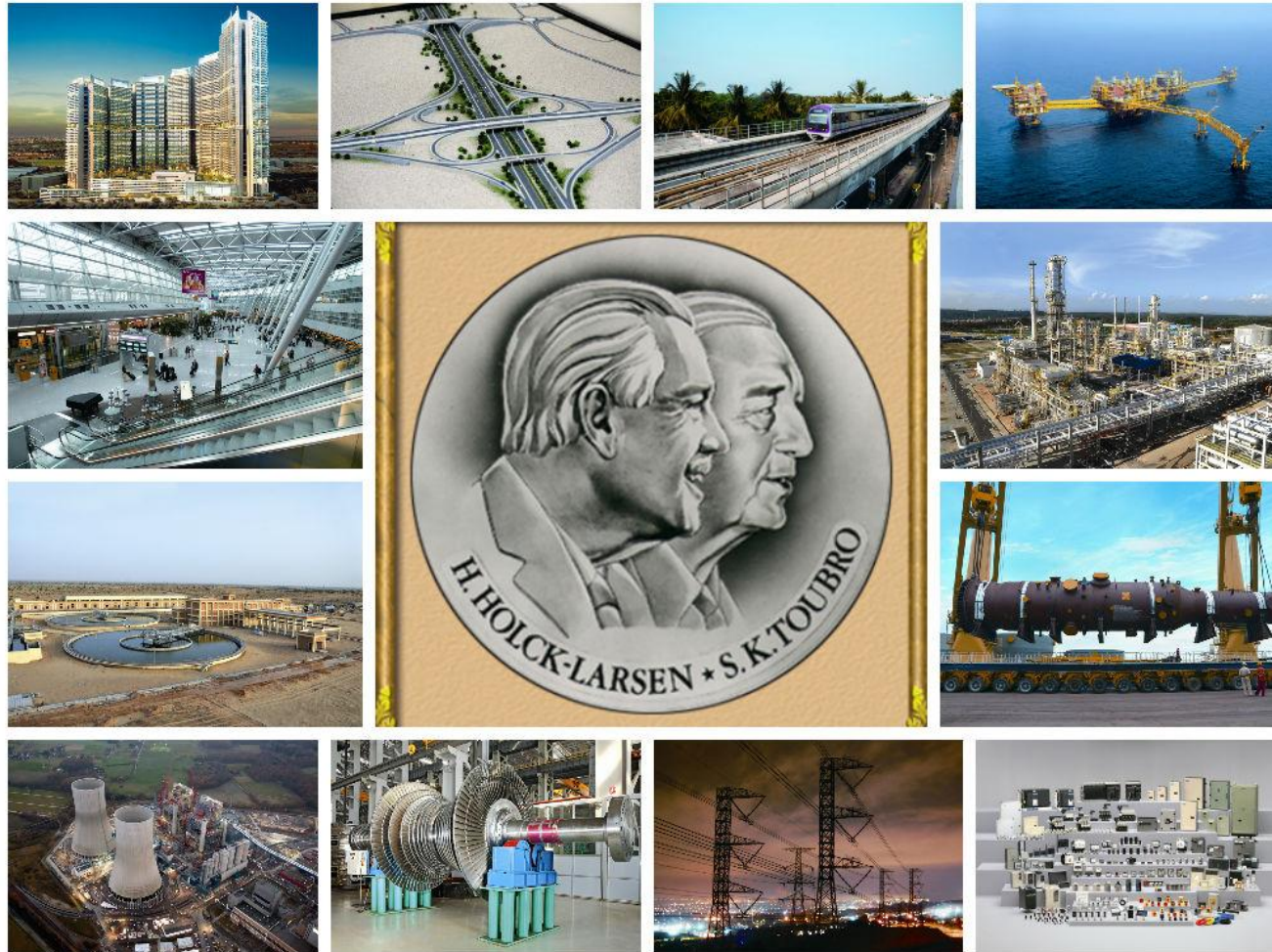


Analyst Presentation - Q2 / H1 FY15



Nov 7, 2014

ENGINEERING | MANUFACTURING | CONSTRUCTION | TECHNOLOGY | FINANCIAL SERVICES

 **LARSEN & TOUBRO**

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' Performance



Outlook For FY 2014-15

Presentation Outline

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Group Performance Highlights

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Group Performance Summary

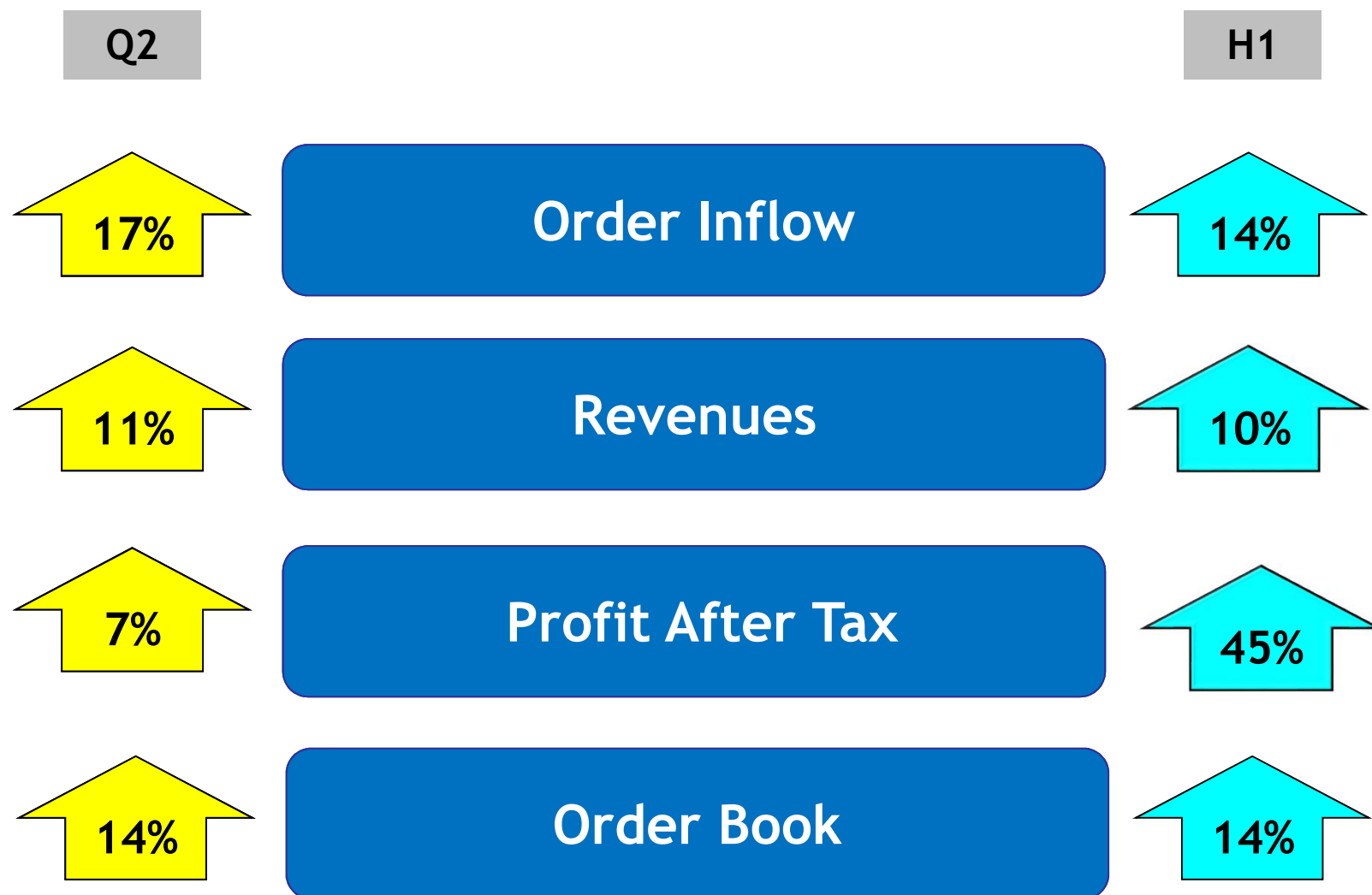
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Segment / Key Subsidiaries' Performance

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Outlook For FY 2014-15

Group Performance Highlights - Q2 / H1 FY15



Presentation Outline

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Group Performance Highlights

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Group Performance Summary

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Segment / Key Subsidiaries' Performance

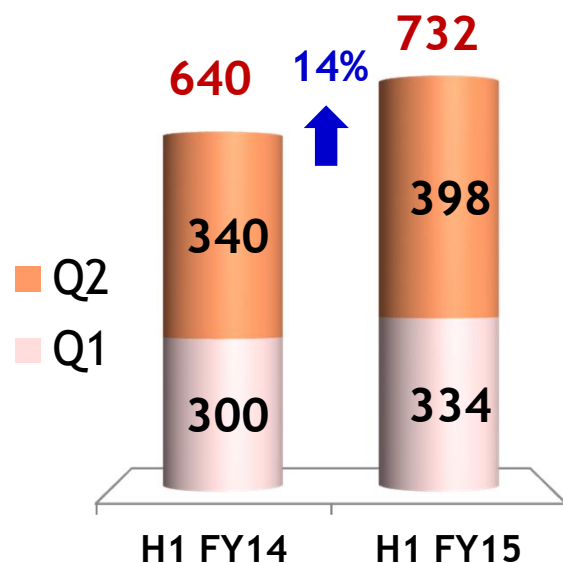
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Outlook For FY 2014-15

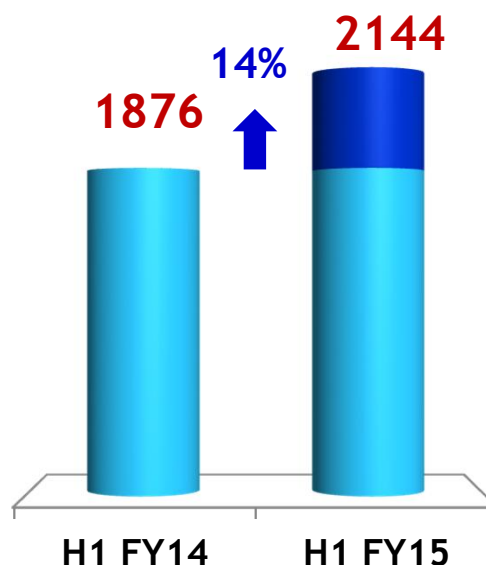
Order Inflow & Order Book

Amount in ₹ Bn

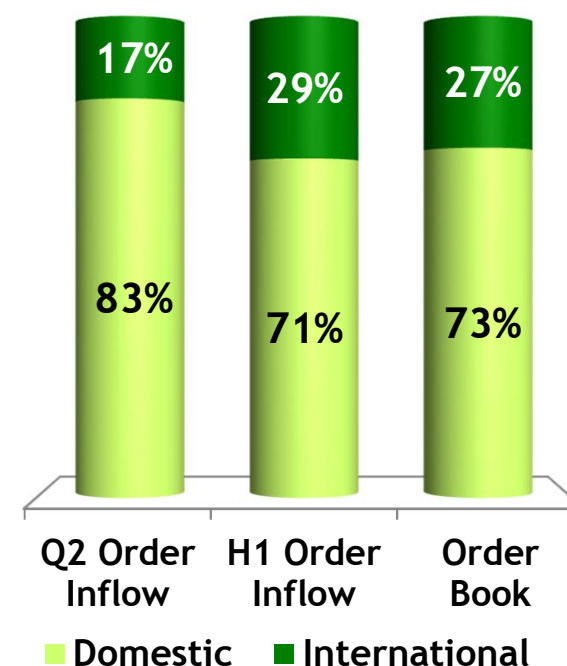
Order Inflow



Order Book



Geographical Breakup



- 17% Growth in Q2 Order Inflows fuelled by Buildings & Factories, Transportation Infra and Power
- Strong Order Book position affords multi-year revenue visibility

Group Performance - Sales & Costs

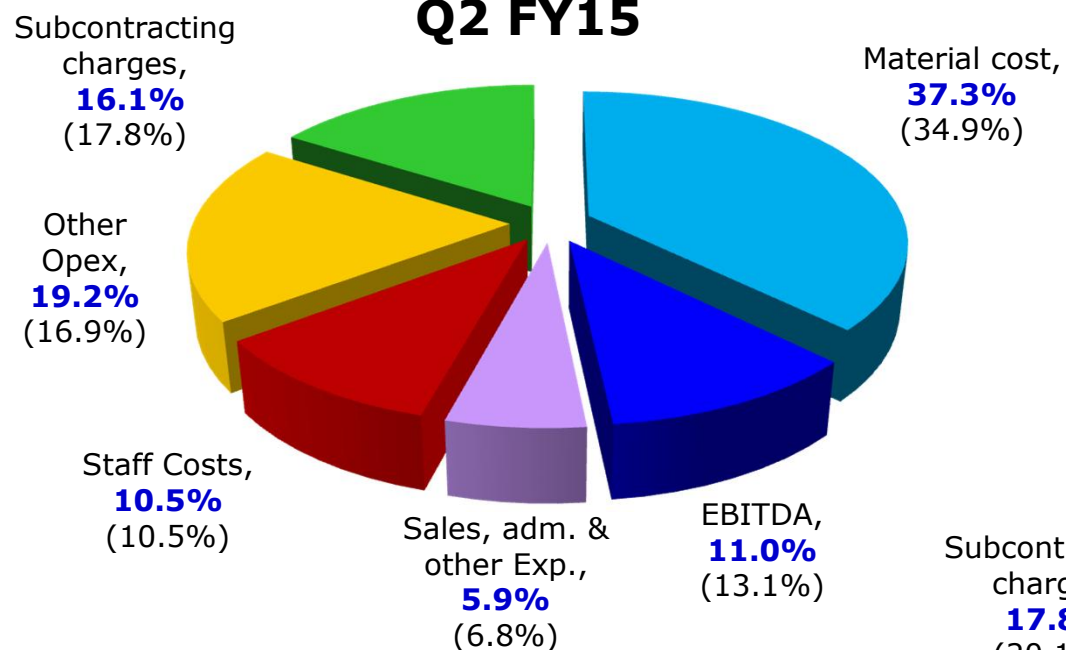
Q2 FY15	Q2 FY14	% Change	₹ Billion	H1 FY15	H1 FY14	% Change	FY14
211.59	191.31	11%	Net Sales / Revenue from Operations	401.34	363.72	10%	851.28
65.62	59.58	10%	----International Sales	114.04	115.92	-2%	240.04
31%	31%	-	% of Total Sales	28%	32%	-4%	28%
153.53	133.25	15%	Mfg, Cons. & Opex (MCO)	286.77	259.80	10%	625.75
22.27	20.04	11%	Staff Costs	39.79	35.69	11%	71.40
12.45	12.98	-4%	Sales, adm. & other Exp.	26.29	24.47	7%	46.81
188.25	166.27	13%	Total Opex	352.85	319.96	10%	743.95

- Sales growth reflects lower activity levels and challenging execution conditions in Power, Metals and Hydrocarbon sectors
- MCO expenses in line with project execution progress. Commodity prices relatively stable
- Staff cost increase due to normal revisions and increase in international operations
- SGA charge benefits from stable currency

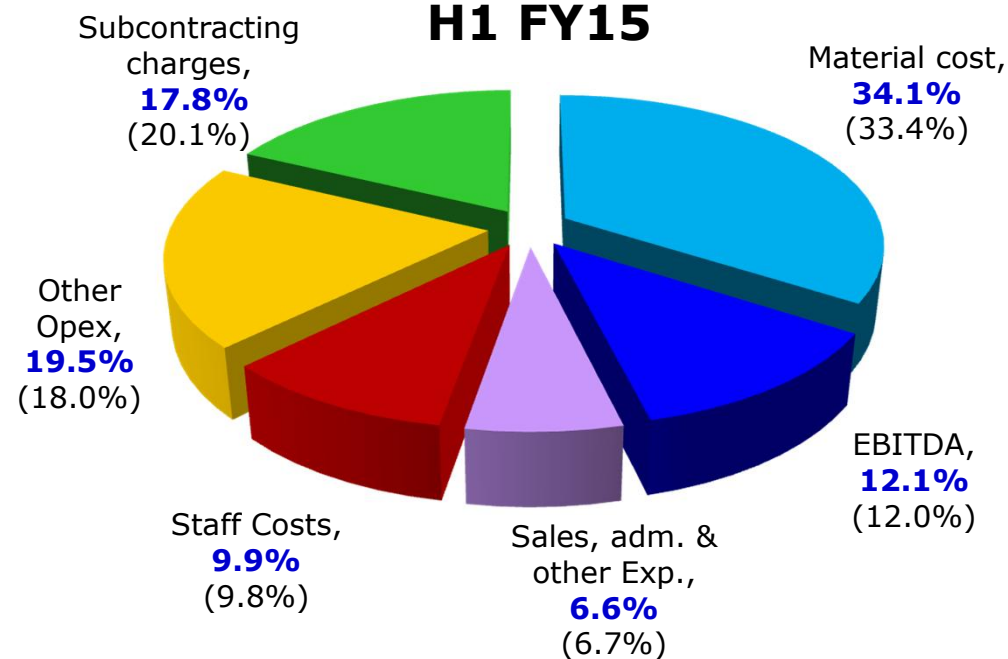
Performance Summary - Operational Costs & Profitability



Q2 FY15



H1 FY15



Figures in brackets indicate corresponding period of the Previous Year

Group Performance Summary Extracts

Q2 FY15	Q2 FY14	% Change	₹ Billion	H1 FY15	H1 FY14	% Change	FY14
23.34	25.03	-7%	EBITDA	48.49	43.76	11%	107.33
11.0%	13.1%	-2.1%	EBITDA Margin	12.1%	12.0%	0.1%	12.6%
(6.90)	(7.74)	-11%	Interest Expenses	(14.69)	(14.84)	-1%	(31.41)
(5.49)	(5.87)	-7%	Depreciation	(13.56)	(11.44)	19%	(14.46)
2.15	2.53	-15%	Other Income	4.92	5.17	-5%	9.82
(4.69)	(5.99)	-22%	Provision for Taxes	(9.18)	(10.71)	-14%	(26.28)
8.62	8.06	7%	PAT after Minority Interest	18.29	12.65	45%	49.02

- Margin variation in Q2 due to seasonality of project execution, extra claim settlement in Q2 FY14 and under-recovery
- Decrease in Interest Expenses achieved through refinancing at finer borrowing costs
- Lower Q2 Depreciation due to change in useful life of some assets in line with Companies Act 2013

Presentation Outline

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Group Performance Highlights

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Group Performance Summary

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Segment / Key Subsidiaries' Performance

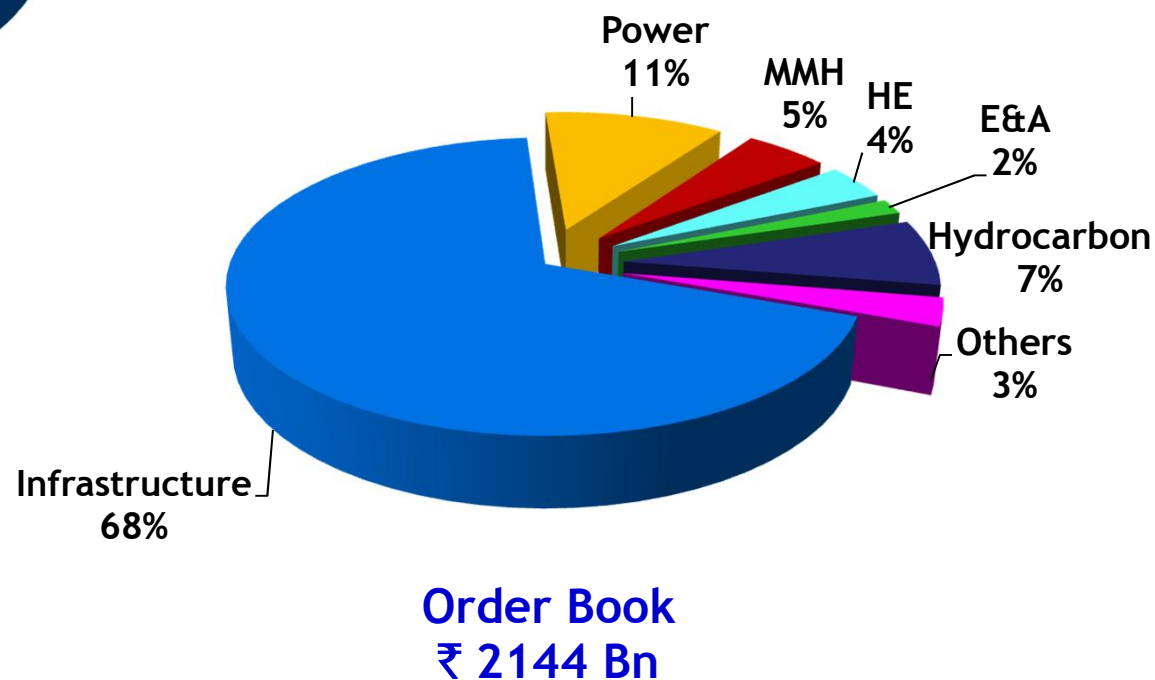
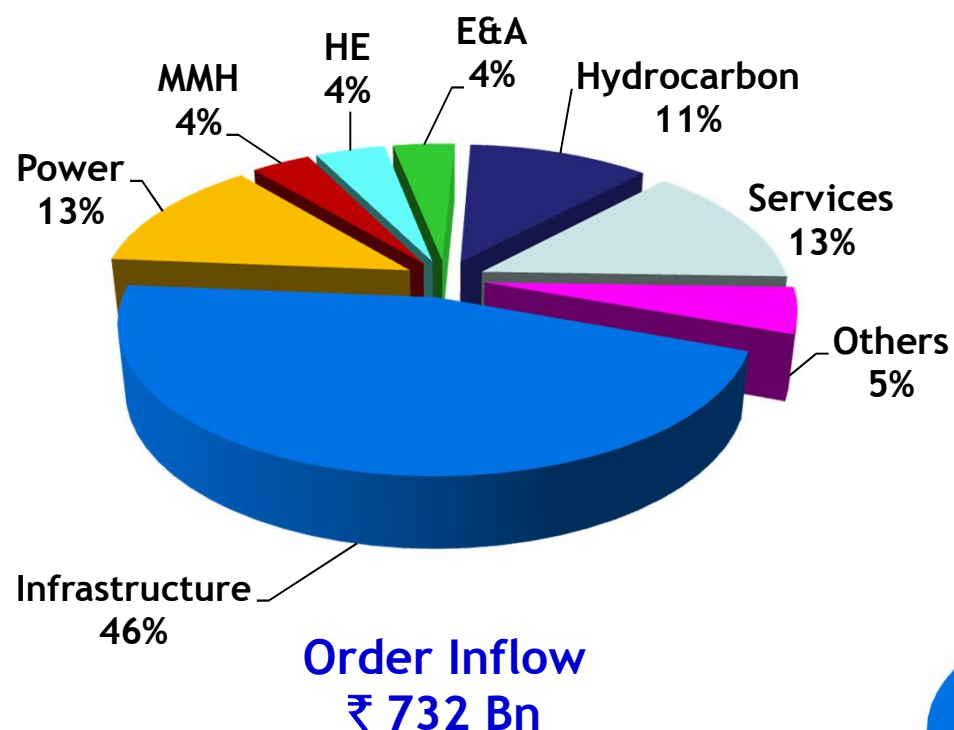
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Outlook For FY 2014-15

Segment Composition

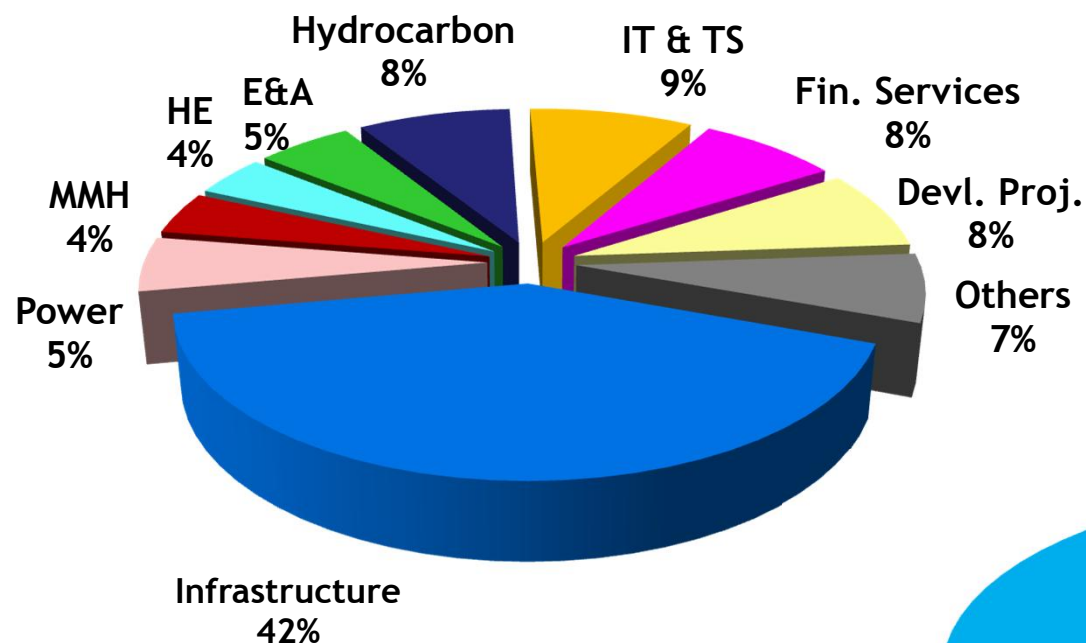
Infrastructure	Power	Metallurgical & Material Handling	Heavy Engineering	Electrical & Automation
Building & Factories	EPC - Coal & Gas	Ferrous	Process Plant Equipment	Electrical Standard Products
Transportation Infra	Thermal Power Plant Construction	Non Ferrous	Nuclear Power Plant Equipment	Electrical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

Segmental Breakup of Orders - H1 FY15

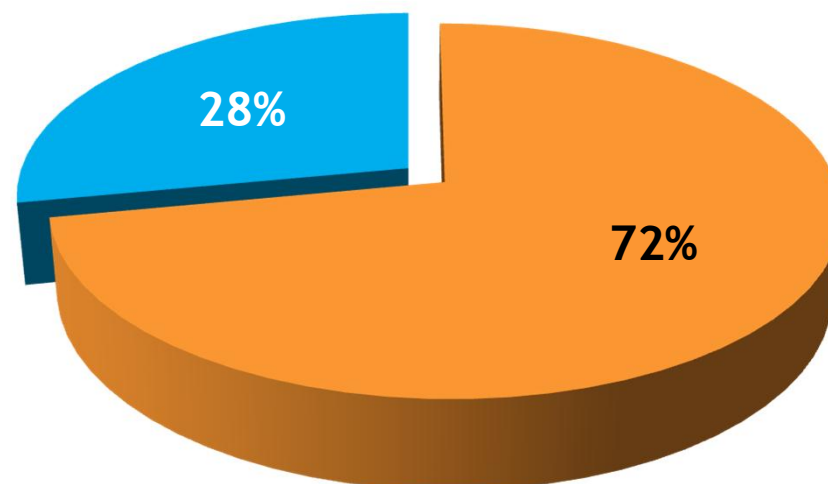


Revenue Breakup - H1 FY15

Segmental Breakup



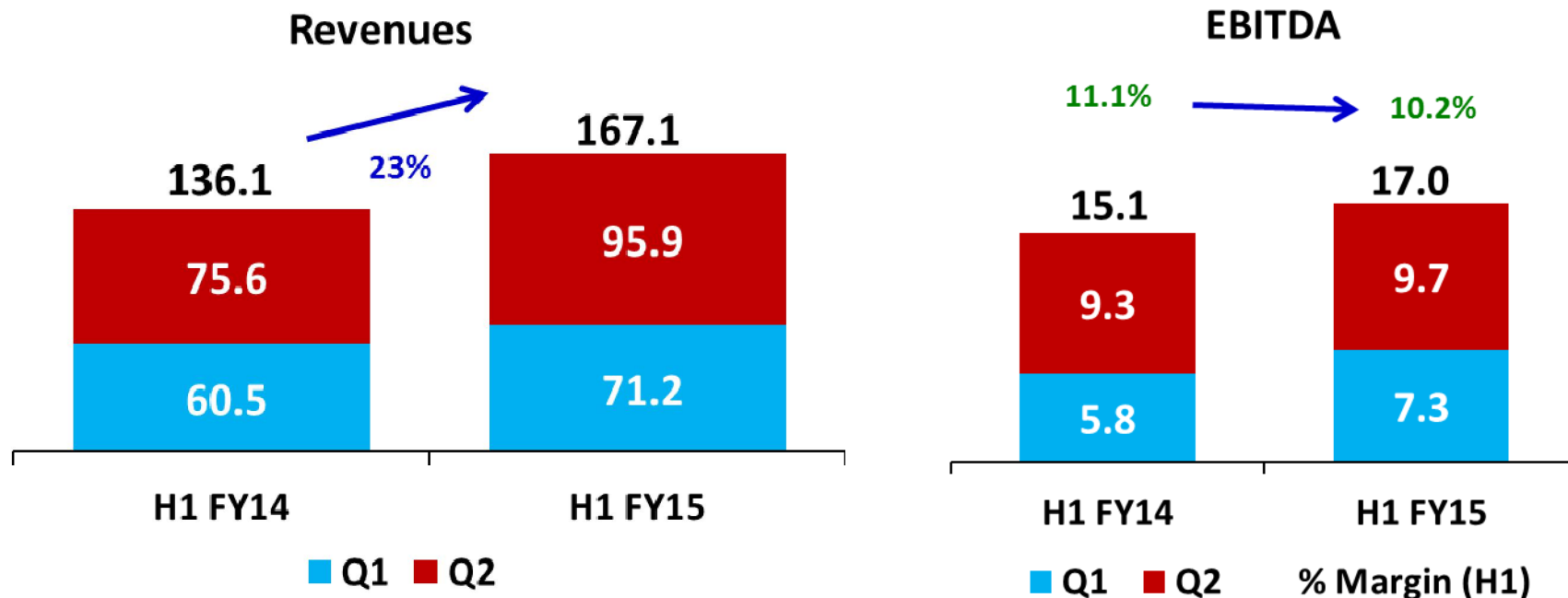
Geographical breakup



■ Domestic ■ International

Infrastructure Segment

Amount in ₹ Bn

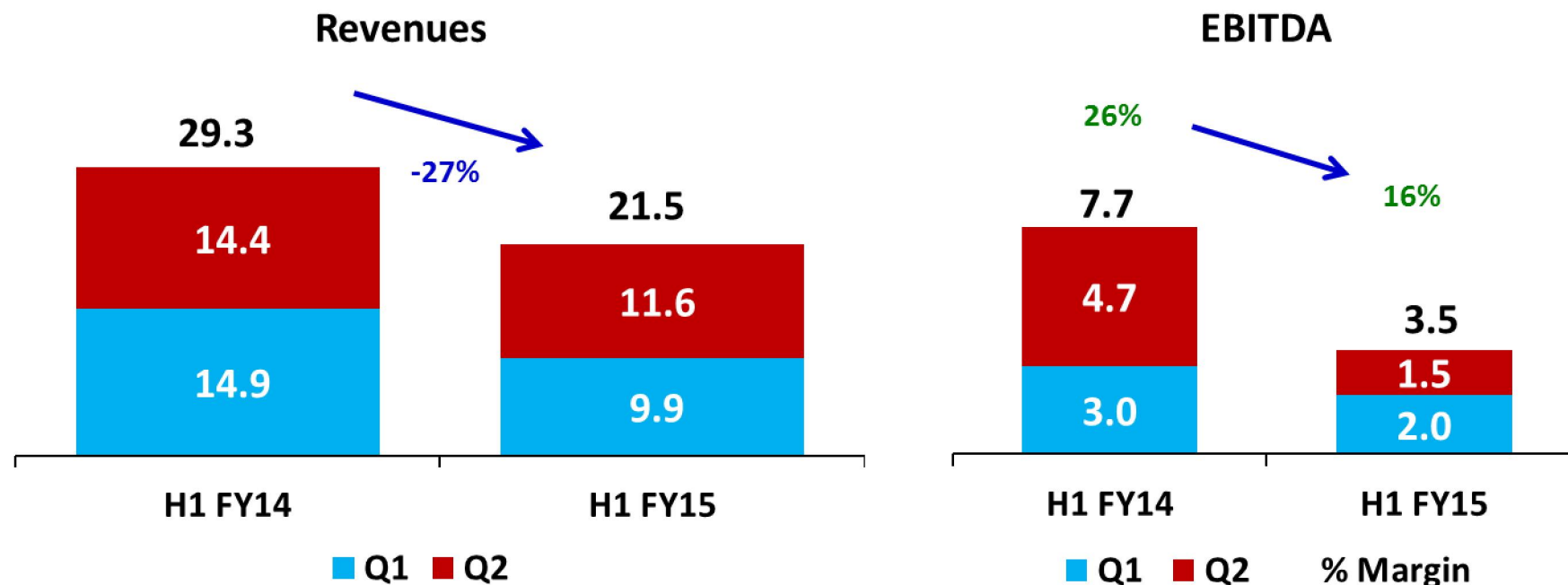


- Strong sales growth on the back of large Order Book and on-track execution
- All round growth across business verticals
- Margin decline primarily due to Job-mix change and extra claim settlement in Previous Year

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Power Segment

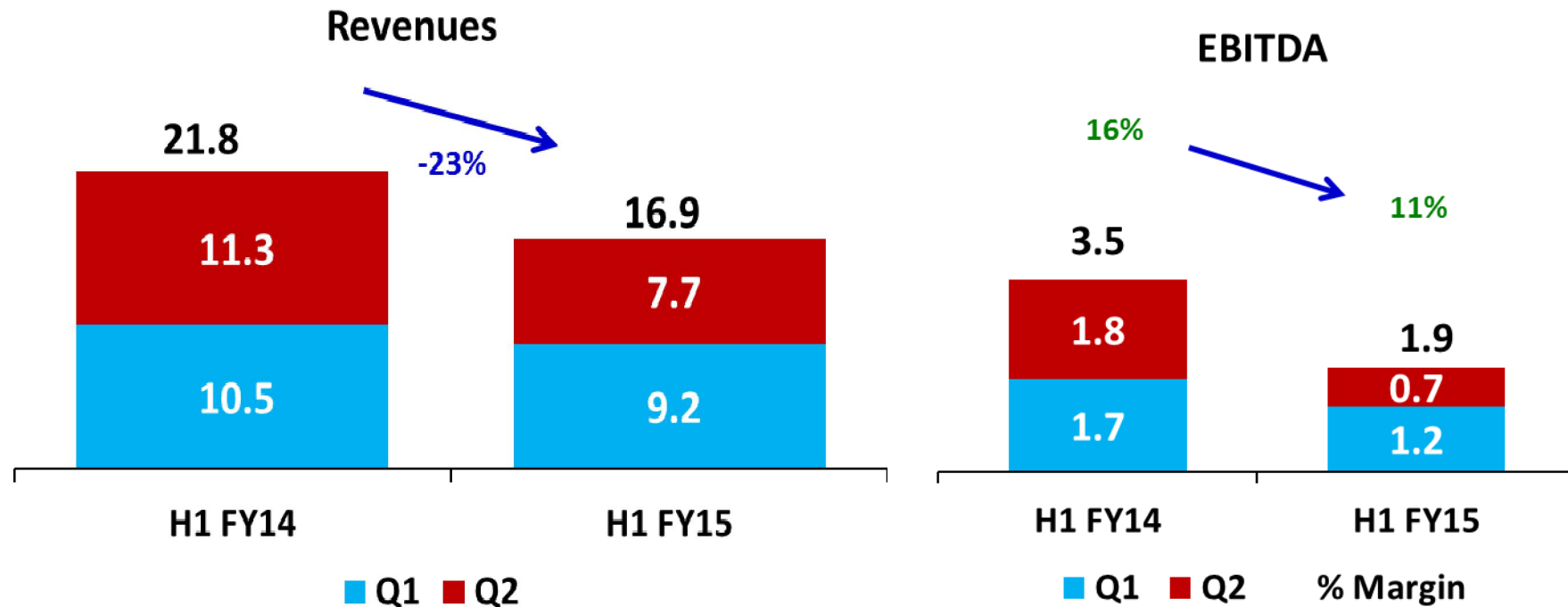
Amount in ₹ Bn



- Drop in sales owing to a depleted Order Book in an investment starved sector
- Margin decline due to Job-mix change and low capacity utilisation
- Current Year Order wins and probable uptick in Power Generation investments are likely to aid pick up in revenues

Metallurgical & Material Handling (MMH) Segment

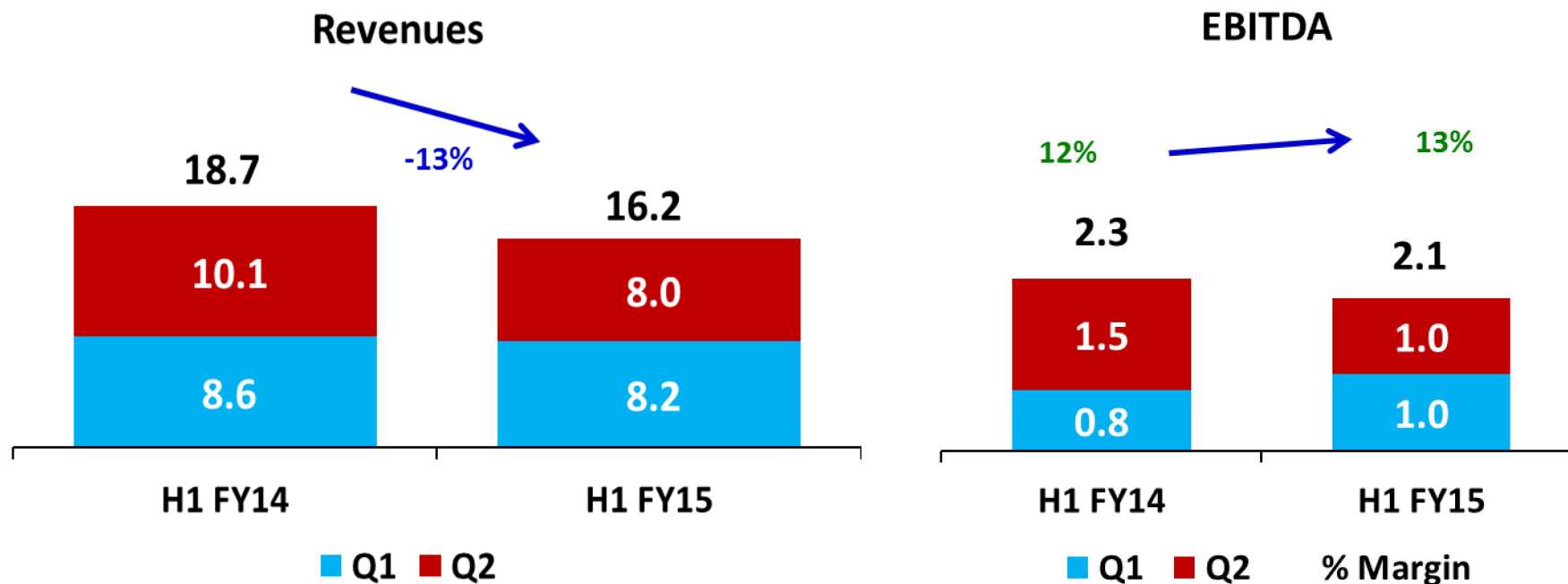
Amount in ₹ Bn



- Sales decline due to depleted Order Book, lacklustre investments and sluggish execution conditions in metals and mining sectors
- Margin impacted by cost escalations and lower activity levels

Heavy Engineering Segment

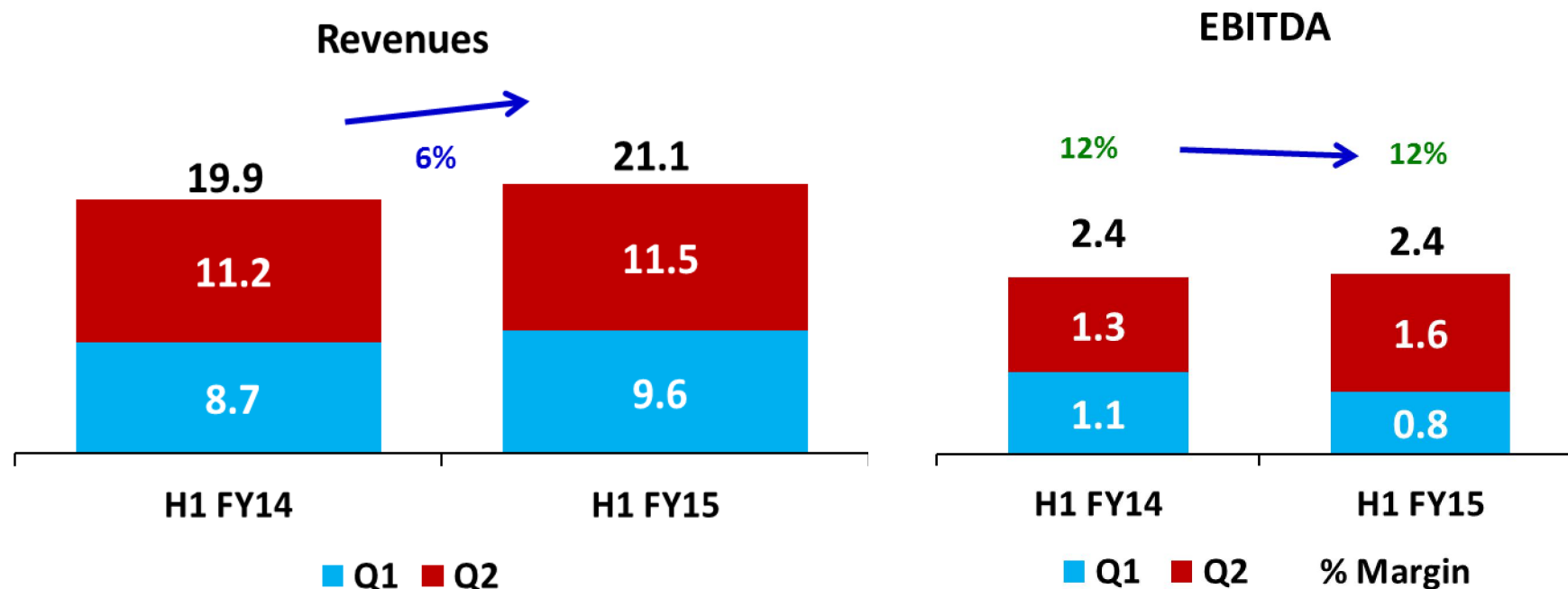
Amount in ₹ Bn



- Sales de-growth is an outcome of delayed award decisions
- EBITDA Margin stable
- Unabsorbed capacity costs in Forging Facility depress Segment Result

Electrical & Automation (E&A) Segment

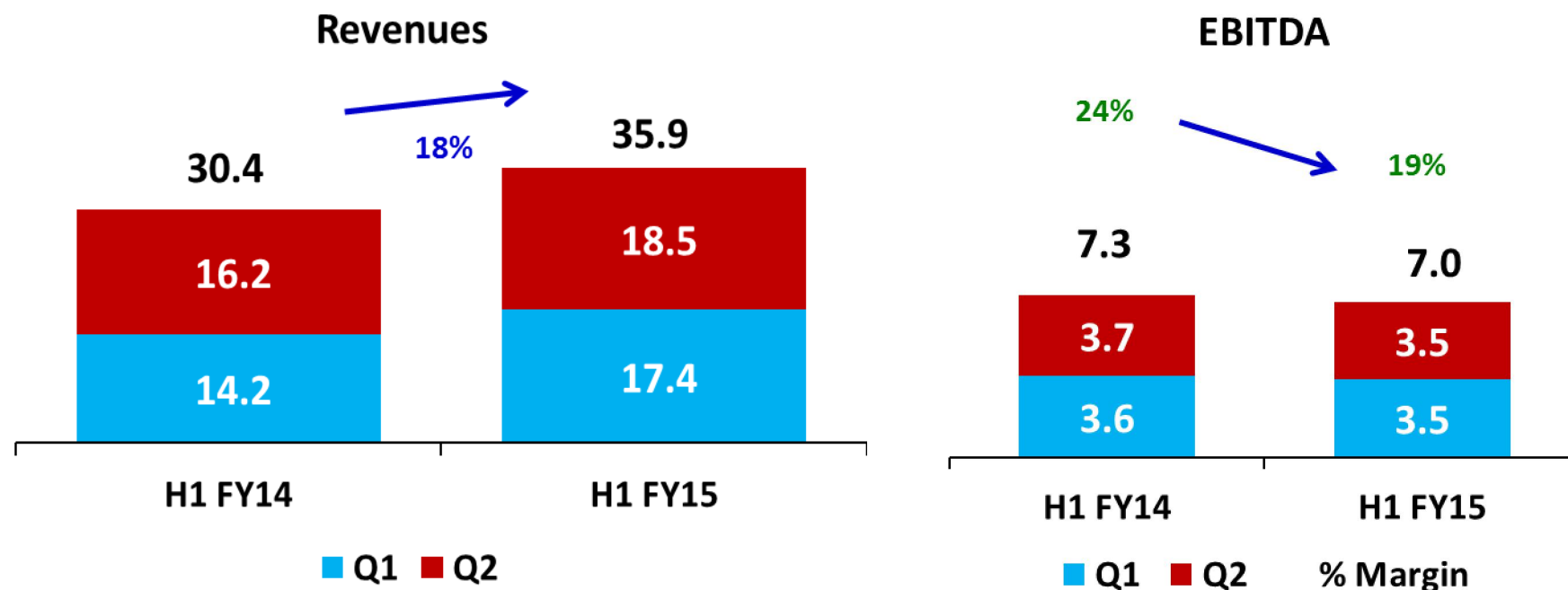
Amount in ₹ Bn



- Modest Sales growth in line with industrial activity
- Stable margins due to benign commodity prices and operational efficiencies

IT & Technology Services Segment

Amount in ₹ Bn

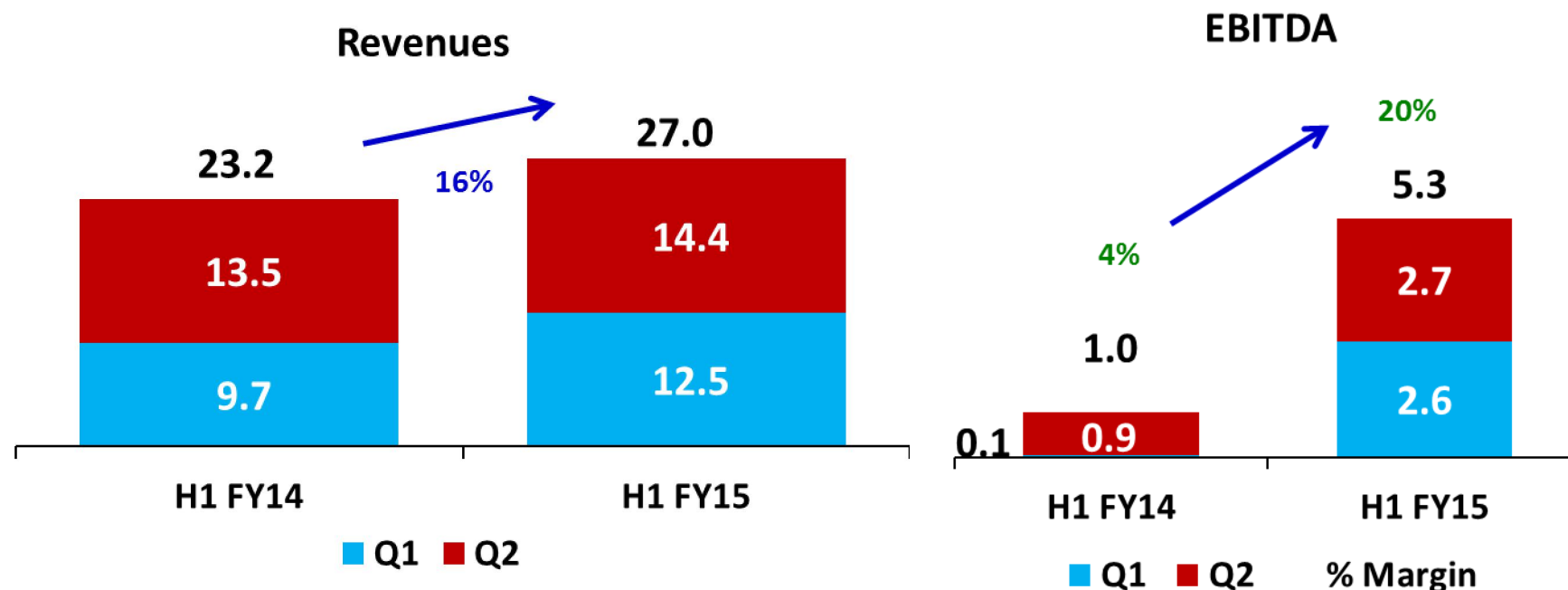


- Sales growth driven by scaling up of Technology Services business
- Margin drop on increased compliance costs, higher onsite revenue mix and building up of sales organisation

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Others Segment

Amount in ₹ Bn



- Shipbuilding and Industrial Valves business contribute to Revenue growth
- Uptick in segment margins primarily due to lower shipbuilding losses and increased contribution from Realty business

Hydrocarbon Segment

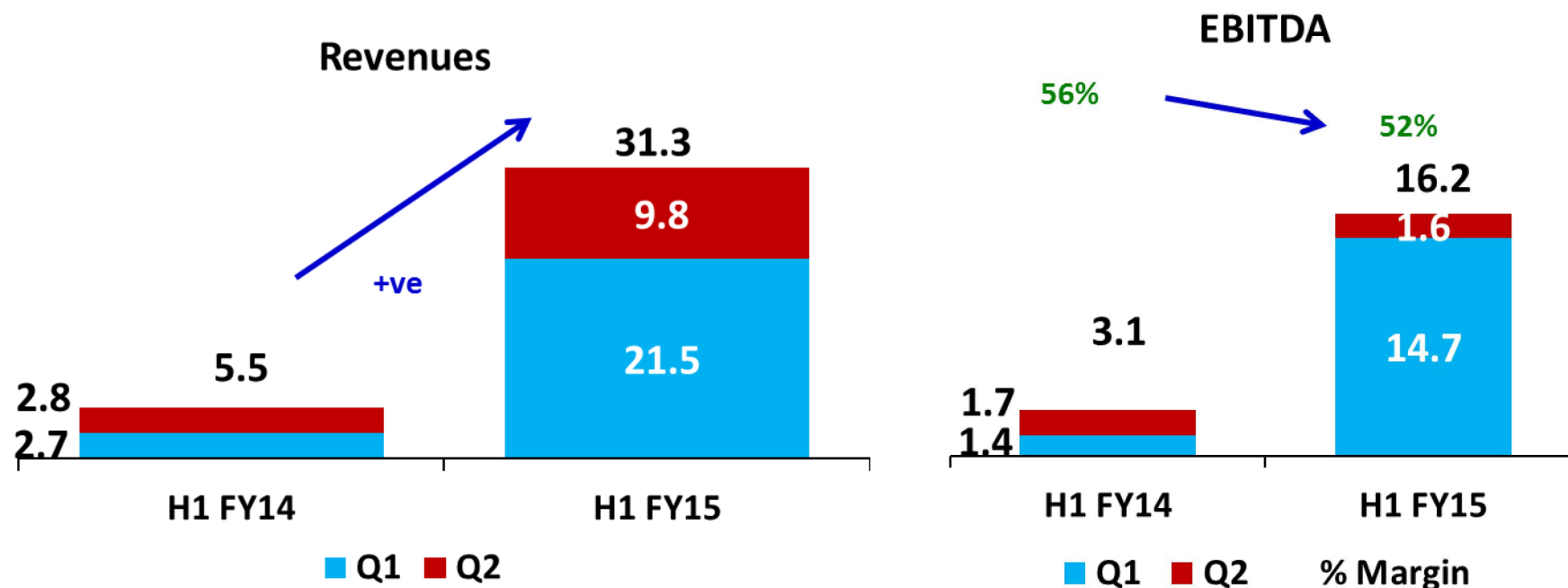
Amount in ₹ Bn

Q2 FY15	Q2 FY14	% Change	₹ Billion	H1 FY15	H1 FY14	% Change
18.01	23.76	-24%	Net Segment Revenue	33.54	54.17	-38%
(0.02)	2.06	-ve	EBITDA	(8.93)	3.78	-ve
-0.1%	8.7%	-8.8%	EBITDA Margins	-26.6%	7.0%	-33.6%

- Sales drop due to reduced Order Book and challenging execution conditions in international markets
- -ve margins due to cost and time overruns, under-recovery and project close-out costs
- Completion of onerous projects scheduled to happen in next 6-9 months

Developmental Projects Segment

Amount in ₹ Bn



- Segment comprises businesses in developing and operating infrastructure and power generation assets
- Sales & EBITDA increase mainly due to divestment gains and commencement of commercial production of Rajpura power plant (2x700 MW)

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Concessions Business Portfolio - 26 SPVs



Roads and Bridges:

Portfolio: 17 projects (1764 Km); 11 Operational
Project Cost: ₹184 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 (Sep 2014): ₹ 567 Bn

Equity Invested (Sep 2014): ₹ 79 Bn

Balance Equity Commitment (Sep 2014): ₹ 49 Bn

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L&T Finance Holdings

Q2 FY15	Q2 FY14	% Change	₹ Billion	H1 FY15	H1 FY14	% Change	FY14
63	57	9%	Networth (Excl. Pref. Cap.)	63	57	9%	58
383	321	19%	Borrowings	383	321	19%	359
77	55	39%	Disbursements	142	114	24%	260
428	355	21%	Loans and Advances	428	355	21%	401
3.0%	2.9%	0.1%	Gross NPA (%)	3.0%	2.9%	0.1%	3.2%
1.82	1.56	17%	PAT	4.68	3.01	55%	5.97

- 21% Growth in loan assets (Rs 428 Bn) driven by disbursements in retail segment
- MF crosses AUM of Rs. 200 Bn with increase in composition of equity assets
- Focus is on improving Asset quality and improving NIM's

Presentation Outline

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Group Performance Highlights

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Group Performance Summary

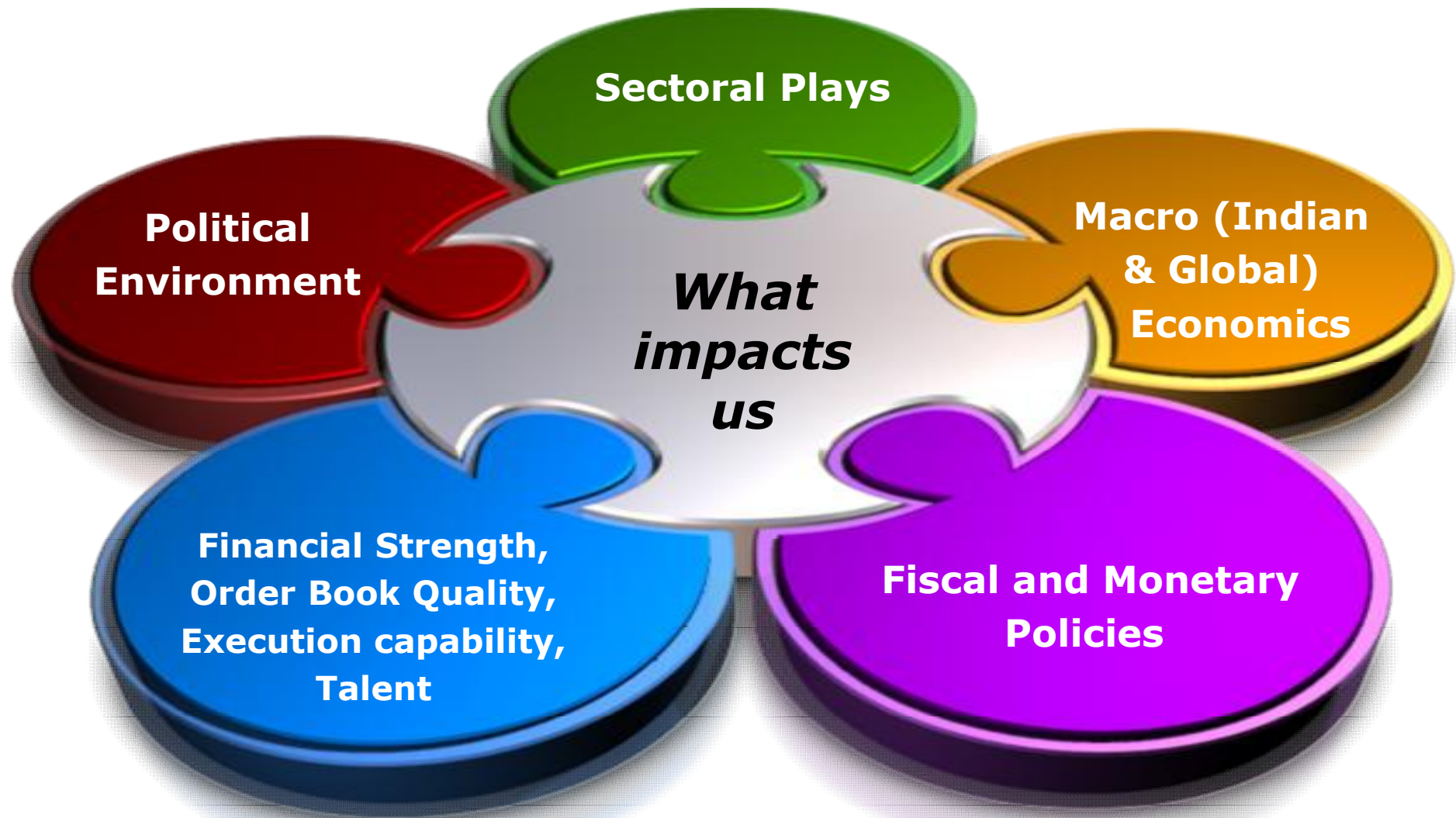
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Segment / Key Subsidiaries' Performance

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Outlook For FY 2014-15

Outlook



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Thank You

Annexure 1: Group H1 P&L Summary Extracts

₹ Billion	L&T Parent	IT & TS	Fin. Services *	Devl. Projects	Other Subsidiaries & Eliminations	L&T Group		
						H1 FY15	H1 FY14	% Change
Revenue from Operations	230.54	35.91	30.87	31.31	72.71	401.34	363.72	10%
EBITDA	24.29	6.87	4.27	16.22	(3.14)	48.49	43.76	11%
Interest Expenses	(5.85)	(0.00)	0.00	(5.66)	(3.18)	(14.69)	(14.84)	-1%
Depreciation	(4.99)	(1.11)	(0.59)	(3.06)	(3.81)	(13.56)	(11.44)	19%
Provision for Taxes	(6.73)	(1.05)	(1.57)	(1.33)	1.74	(8.93)	(10.71)	-17%
Profit After Tax	19.36	4.81	3.07	6.27	(15.23)	18.29	12.65	45%

* Includes Insurance Business

Annexure 2: Group Balance Sheet Extracts

₹ Billion	L&T Parent	IT & TS	Fin. Services *	Dev. Projects	Other Subsidiaries & Eliminations	L&T Group		
						Sep-14	Mar14	Inc / (Dec)
Net Worth	356.0	27.7	45.3	95.5	(128.4)	396.2	377.1	19.1
Minority Interest	-	0.0	30.5	0.8	5.5	36.8	31.8	5.1
Borrowings	144.1	2.2	382.8	216.4	107.1	852.6	801.5	51.0
Net Segment Assets	500.0	29.9	458.7	343.1	(15.2)	1,316.5	1,245.3	71.2

* Includes Insurance Business

Annexure 3: Group Cash Flow (Summarised)

₹ Billion	Q1 FY15	Q2 FY15	H1 FY15	Q1 FY14	Q2 FY14	H1 FY14
Operating Profit	23.74	23.96	47.71	21.45	27.13	48.58
Adjustments for NWC	(4.26)	(20.58)	(24.84)	(31.59)	(30.10)	(61.69)
Direct Taxes (Paid) / Refund - Net	(5.19)	(8.56)	(13.75)	(6.61)	(10.27)	(16.88)
Net Cash from Operations	14.29	(5.17)	9.12	(16.76)	(13.23)	(29.99)
Investments in Fixed Assets (Net)	(20.97)	(16.69)	(37.66)	(21.21)	(11.93)	(33.15)
Loans/Deposits made with Associate Co. / Others	6.40	0.00	6.40	(0.10)	(1.93)	(2.03)
(Purchase) /Sale of Liquid Investments (Net)	(16.12)	10.98	(5.14)	(8.54)	9.54	1.01
Interest & Div. Received from Investments	1.06	1.21	2.26	1.48	0.77	2.25
Net Consideration on acquisition / disposal of Subs.	(0.05)	(0.19)	(0.24)	0.06	-	0.06
Net Cash from / (used in) Investing Activities	(29.68)	(4.70)	(34.38)	(28.31)	(3.55)	(31.86)
Issue of Share Capital / Minority	5.01	3.08	8.09	0.67	0.18	0.85
Net Borrowings	20.17	45.07	65.24	51.69	50.75	102.43
Loans towards financing activities *	(6.74)	(11.96)	(18.70)	(7.05)	(9.83)	(16.89)
Interest & Dividend paid	(9.34)	(20.55)	(29.89)	(7.78)	(16.61)	(24.39)
Net Cash from Financing Activities	9.10	15.64	24.74	37.53	24.48	62.01
Net (Dec) / Inc in Cash & Bank	(6.29)	5.77	(0.52)	(7.54)	7.70	0.16

* included under Net Cash from operations under statutory financial statements