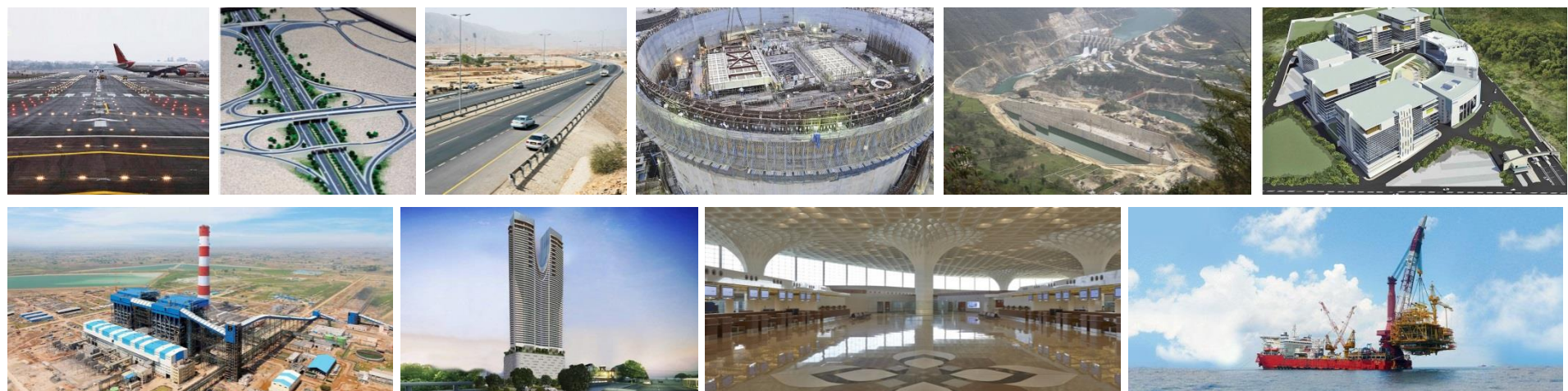




# Larsen & Toubro

## Analyst Presentation - H1 FY16

October 30, 2015



# 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

# Presentation Outline

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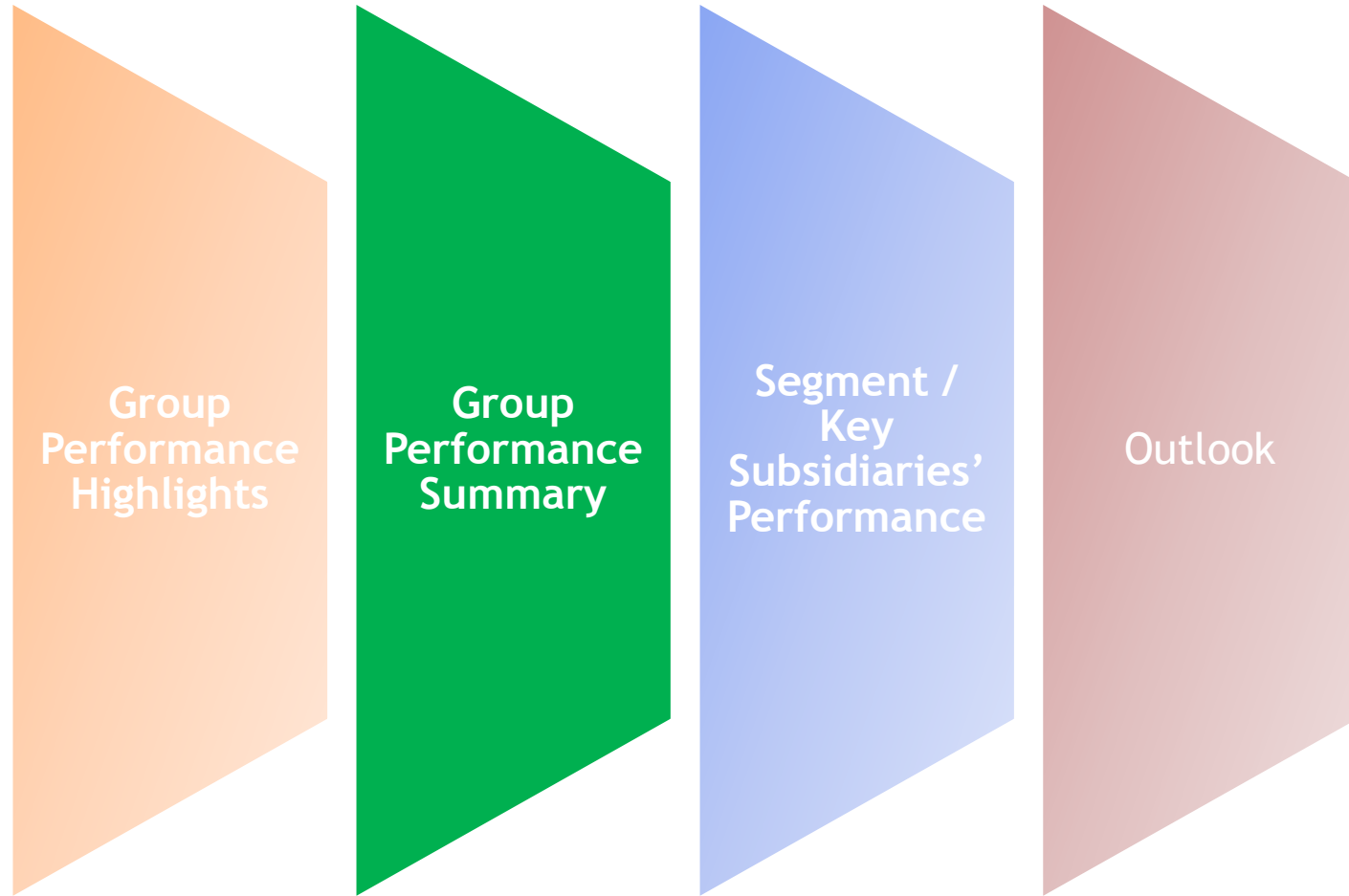
# Performance Highlights

Revenues
EBITDA Margins
Profit after Tax
Order Inflows
Order Book

YoY	
Q2	H1
↑ 11%	↑ 9%
↑ 5 bps	↓ 88 bps
↑ 16%	↓ 12%
↓ 28%	↓ 25%
↑ 14%	↑ 14%



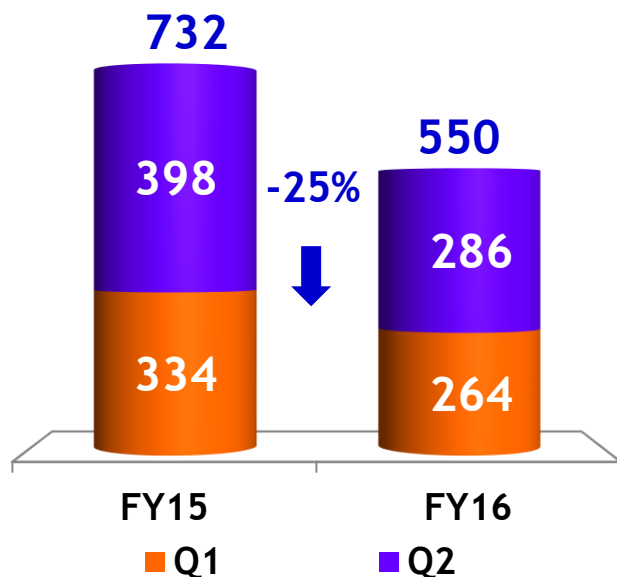
# Presentation Outline



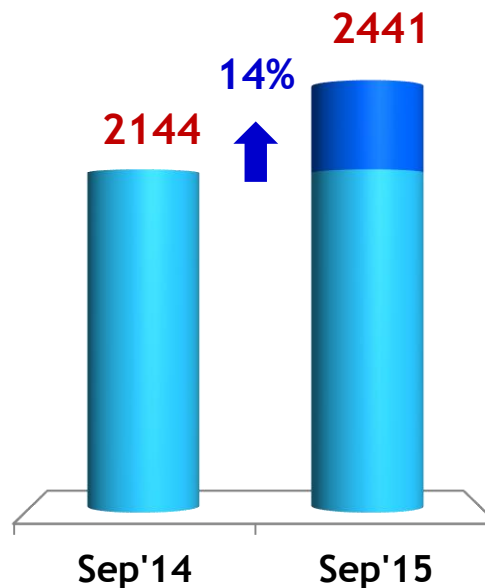
# Group level Order Inflow & Order Book

Amount in ₹ Bn

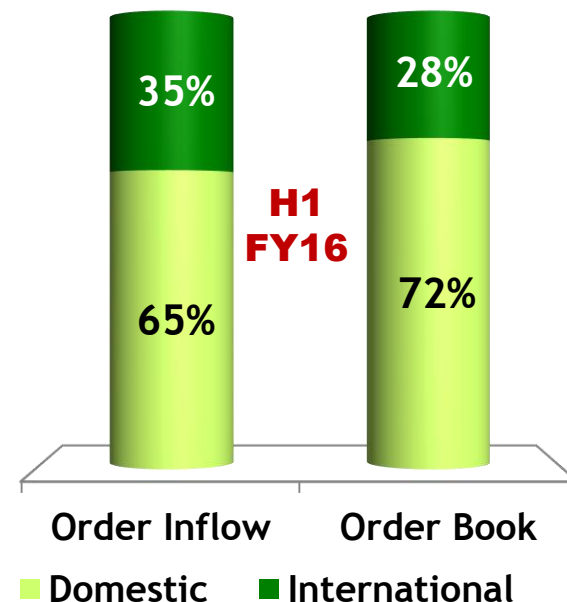
## Order Inflow



## Order Book



## Geographical Breakup



- Investment momentum in domestic market yet to gather pace
- Excess capacity restrains industrial capex and private sector investment
- Middle East Capex witnessing slowdown due to low oil prices
- International business powered mainly by Infra segment

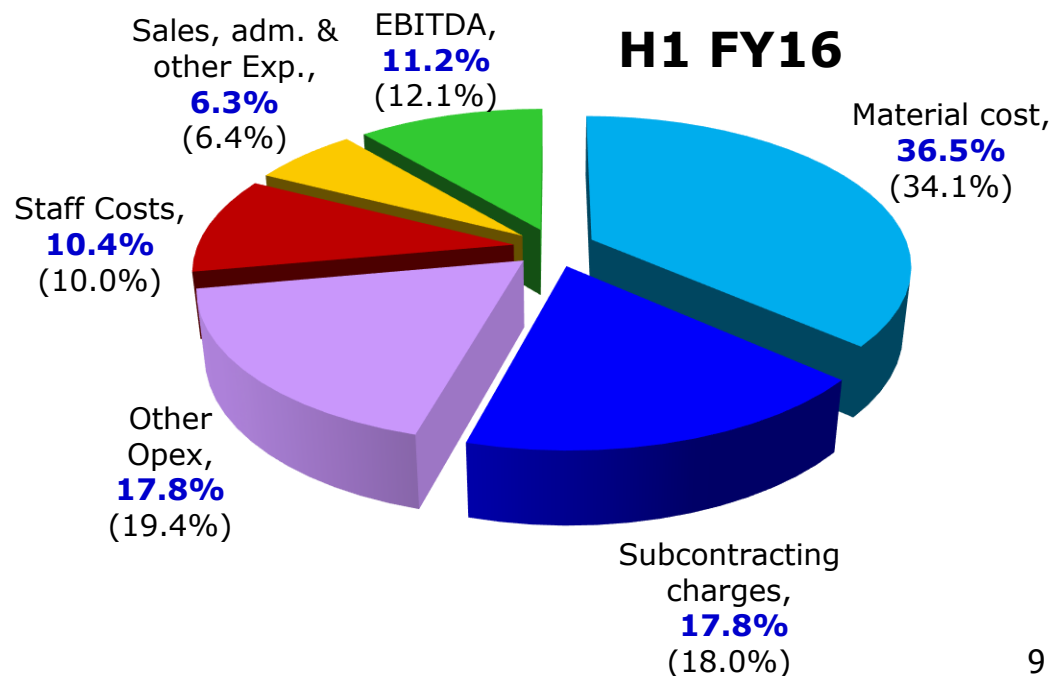
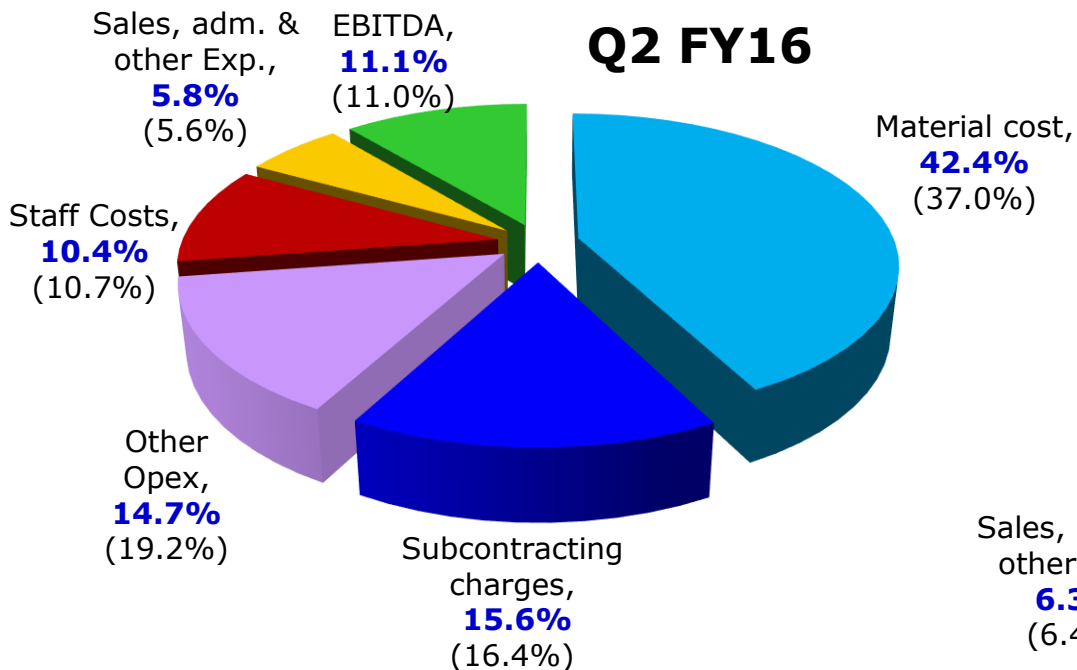
# Group Performance - Sales & Costs

Q2 FY15	Q2 FY16	% Change	₹ Billion	H1 FY15	H1 FY16	% Change	FY15
211.59	233.93	11%	Net Sales / Revenue from Operations	401.34	436.45	9%	920.05
64.21	76.58	19%	----International Sales	112.71	142.66	27%	259.26
30%	33%	3%	% of Sales	28%	33%	5%	28%
153.69	169.96	11%	Mfg, Cons. & Opex (MCO)	286.95	314.76	10%	672.55
22.62	24.33	8%	Staff Costs	40.20	45.32	13%	79.98
11.94	13.72	15%	Sales, adm. & other Exp. (SGA)	25.78	27.55	7%	54.17
188.25	208.02	10%	Total Opex	352.93	387.64	10%	806.71

- Infra, Power and Services businesses contribute to Revenue growth
- MCO charge in line with level of operations
- Staff cost increase due to manpower augmentation, normal revisions and increased level of international operations
- Increase in SGA expenses reflects higher business development expenses and warranty provisions



# Performance Summary - Operational Costs & Profitability



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

# Group Performance Summary Extracts

Q2 FY15	Q2 FY16	% Change	₹ Billion	H1 FY15	H1 FY16	% Change	FY15
23.34	25.92	11%	EBITDA	48.41	48.82	1%	113.33
11.03%	11.08%	0.1%	EBITDA Margin	12.1%	11.2%	-0.9%	12.3%
(6.91)	(8.28)	20%	Interest Expenses	(14.61)	(15.35)	5%	(28.51)
(5.49)	(6.94)	26%	Depreciation	(13.56)	(13.16)	-3%	(26.23)
2.15	2.19	2%	Other Income	4.92	4.76	-3%	10.10
(4.69)	(4.94)	5%	Provision for Taxes	(9.18)	(10.39)	13%	(22.53)
8.62	9.96	16%	PAT after Minority Interest	18.29	16.02	-12%	47.65

- Composite margins holding steady
- Increase in interest expenses due to decline in G-Sec rates and operationalization of 3 road SPVs
- Increase in depreciation charge due to revisions under Companies Act and operationalization of road SPVs
- Other income mainly comprises treasury gains

# Group Balance Sheet

₹ Billion	Sep-15	Mar-15	Incr / (Decr)
Net Worth	421.85	409.09	12.76
Minority	60.48	49.99	10.49
Borrowings (Fin. Serv.)	462.06	430.10	31.96
Other Non-Current Liabilities	485.51	406.76	78.75
Other Current Liabilities	713.25	642.07	71.18
<b>Total Sources</b>	<b>2,143.15</b>	<b>1,938.01</b>	<b>205.14</b>
Net Fixed Assets	587.55	475.16	112.39
Goodwill on consolidation	21.85	22.15	(0.30)
Loans & Advances (Fin. Serv.)	490.83	454.26	36.57
Other Non- Current Assets	158.47	156.31	2.16
Cash and Cash Equivalents	150.46	138.21	12.25
Other Current Assets	733.99	691.92	42.07
<b>Total Applications</b>	<b>2,143.15</b>	<b>1,938.01</b>	<b>205.14</b>

- Gross D/E: 2.33
- Net Working Capital (excl. Fin. Serv.) : 24% of Sales

# Group Cash Flow (Summarised)

₹ Billion	Q1 FY16	Q2 FY16	H1 FY16	Q1 FY15	Q2 FY15	H1 FY15
Operating Profit	23.62	27.68	51.30	23.70	23.89	47.60
Direct Taxes (Paid) / Refund - Net	(5.61)	(8.33)	(13.94)	(5.21)	(8.54)	(13.75)
Changes in Working Capital	(6.34)	(10.25)	(16.59)	(6.02)	(17.21)	(23.23)
<b>Net Cash from Operations (A)</b>	<b>11.68</b>	<b>9.10</b>	<b>20.78</b>	<b>12.48</b>	<b>(1.86)</b>	<b>10.62</b>
Investments in Fixed Assets (Net)	(15.90)	(8.31)	(24.21)	(18.29)	(15.26)	(33.55)
Net Purchase of Long Term & Curr. Inv.	(28.00)	6.90	(21.11)	(16.13)	10.96	(5.18)
Loans/Deposits made with Associate Cos.	(0.01)	0.02	0.01	6.37	0.14	6.51
Interest & Div. Received and Others	3.29	1.30	4.58	1.00	2.21	3.22
<b>Net Cash from/(used in) Invest. Act. (B)</b>	<b>(40.63)</b>	<b>(0.10)</b>	<b>(40.73)</b>	<b>(27.05)</b>	<b>(1.95)</b>	<b>(29.00)</b>
Issue of Share Capital / Minority	6.26	5.72	11.98	5.01	1.89	6.91
Net Borrowings	42.05	28.97	71.02	18.49	44.47	62.96
Disbursements towards financing activities*	(19.06)	(17.51)	(36.57)	(6.44)	(16.14)	(22.58)
Interest & Dividend paid	(6.56)	(27.14)	(33.70)	(8.79)	(20.64)	(29.43)
<b>Net Cash from Financing Activities (C)</b>	<b>22.69</b>	<b>(9.97)</b>	<b>12.72</b>	<b>8.28</b>	<b>9.58</b>	<b>17.86</b>
<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>(6.26)</b>	<b>(0.96)</b>	<b>(7.23)</b>	<b>(6.29)</b>	<b>5.77</b>	<b>(0.52)</b>

\* included under Net Cash from operations under statutory financial statements

# Presentation Outline

Group  
Performance  
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Group  
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Segment /  
Key  
Subsidiaries'  
Performance

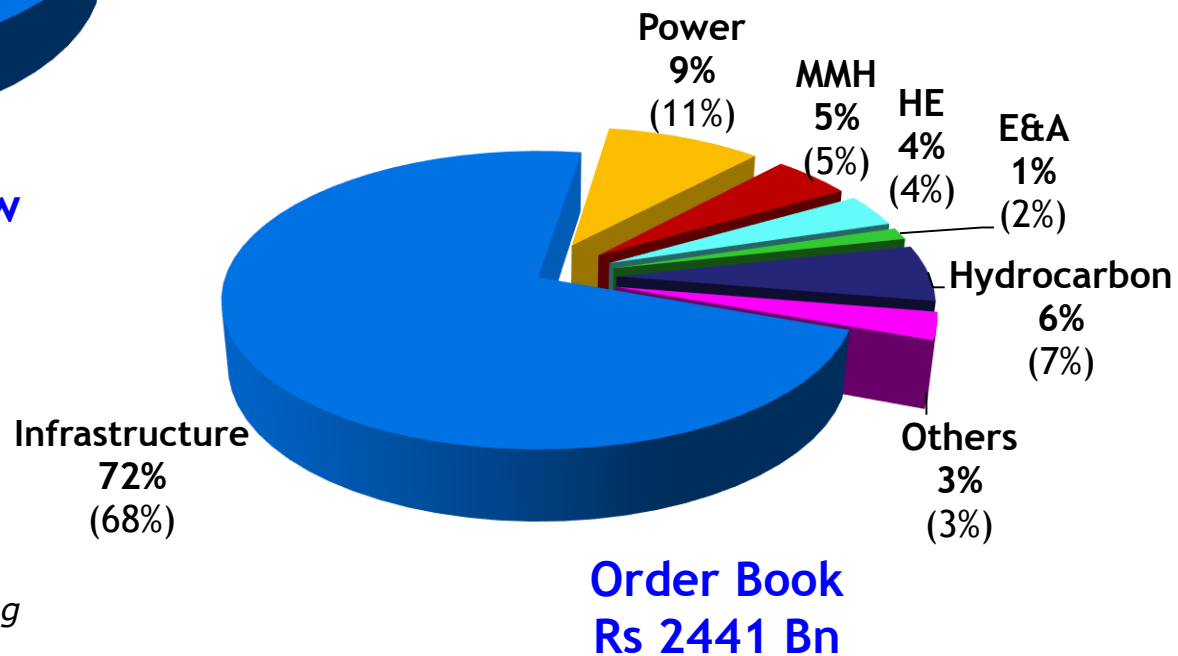
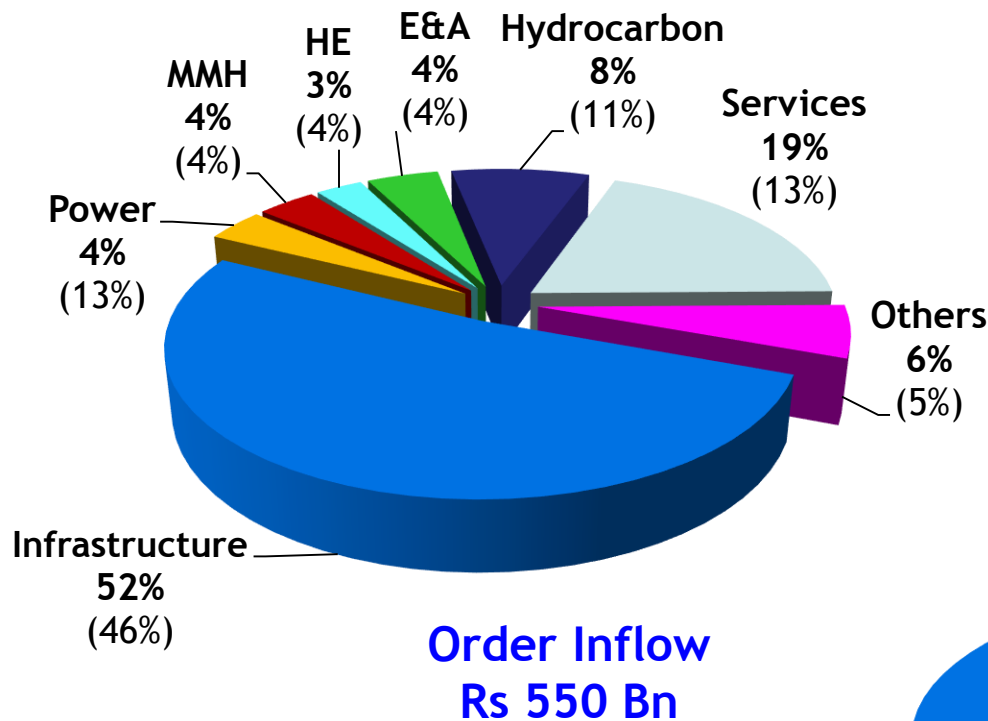
Outlook

# Segment Composition

<b>Infrastructure</b> Building & Factories Transportation Infra Heavy Civil Infra Water, Smart World & Communications Power T&D	<b>Power</b> EPC - Coal & Gas Thermal Power Plant Construction Critical Piping and ESP	<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 Electrical Systems & Equipment Metering & Protection Control & Automation
<b>Hydrocarbon</b> Upstream Mid & Downstream Construction & Pipelines	<b>Developmental Projects</b> Roads Metros Ports Power	<b>IT &amp; TS</b> Information Technology Technology Services	<b>Financial Services</b> Retail & Corporate Infrastructure General Insurance Mutual Fund Asset Management	<b>Others</b> Shipbuilding Realty Construction & Mining Equipment Machinery & Industrial Products



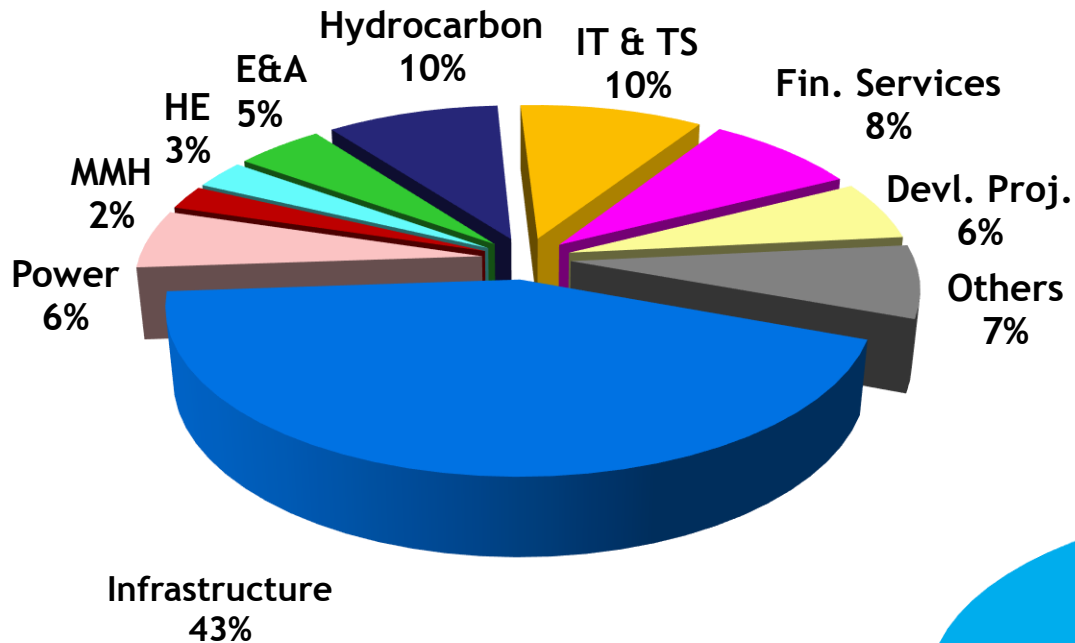
# Segmental Breakup of Orders - H1 FY16



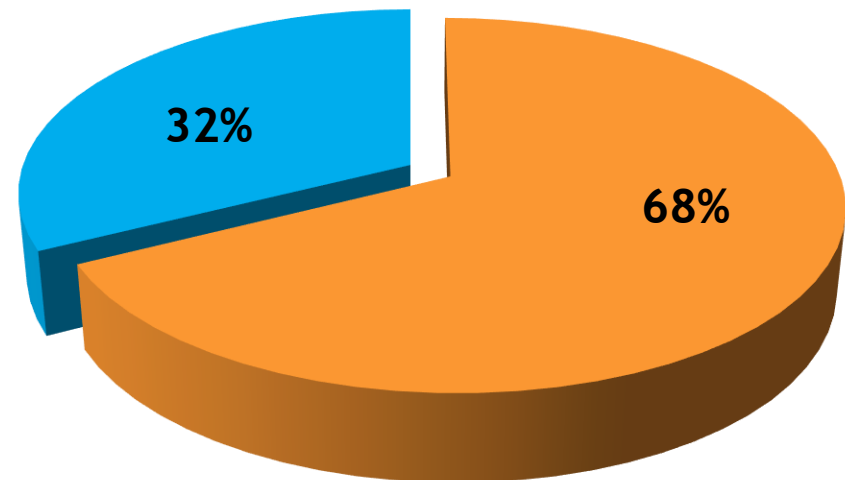
*Figures in brackets indicate corresponding period of the Previous Year*

# Revenue Breakup - H1 FY16

## Segmental Breakup



## Geographical breakup

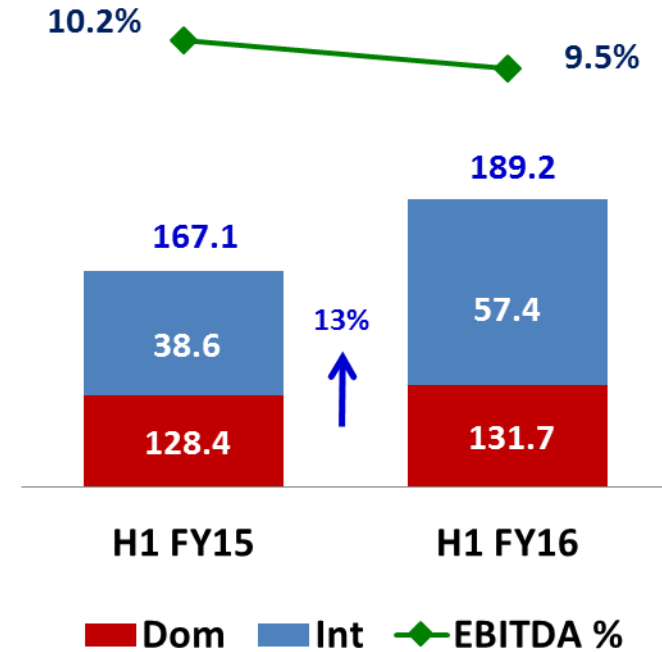
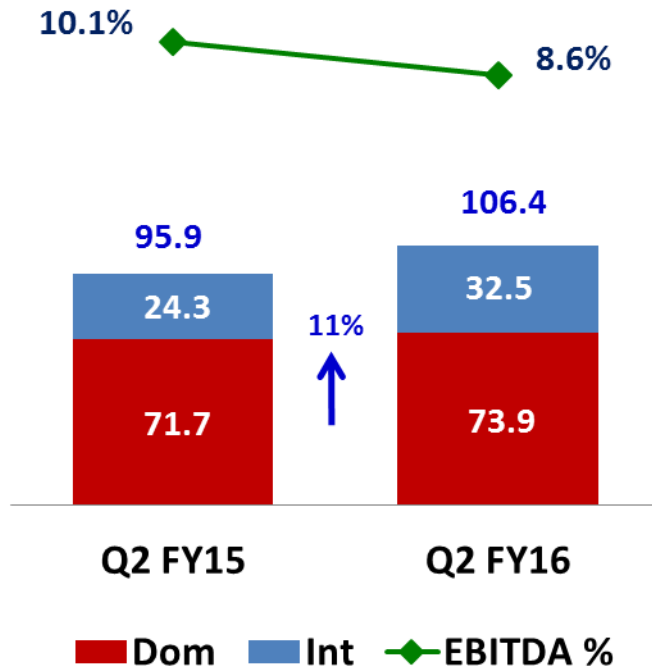


■ Domestic ■ International

# Infrastructure Segment

Amount in ₹ Bn

## Revenues & Margin

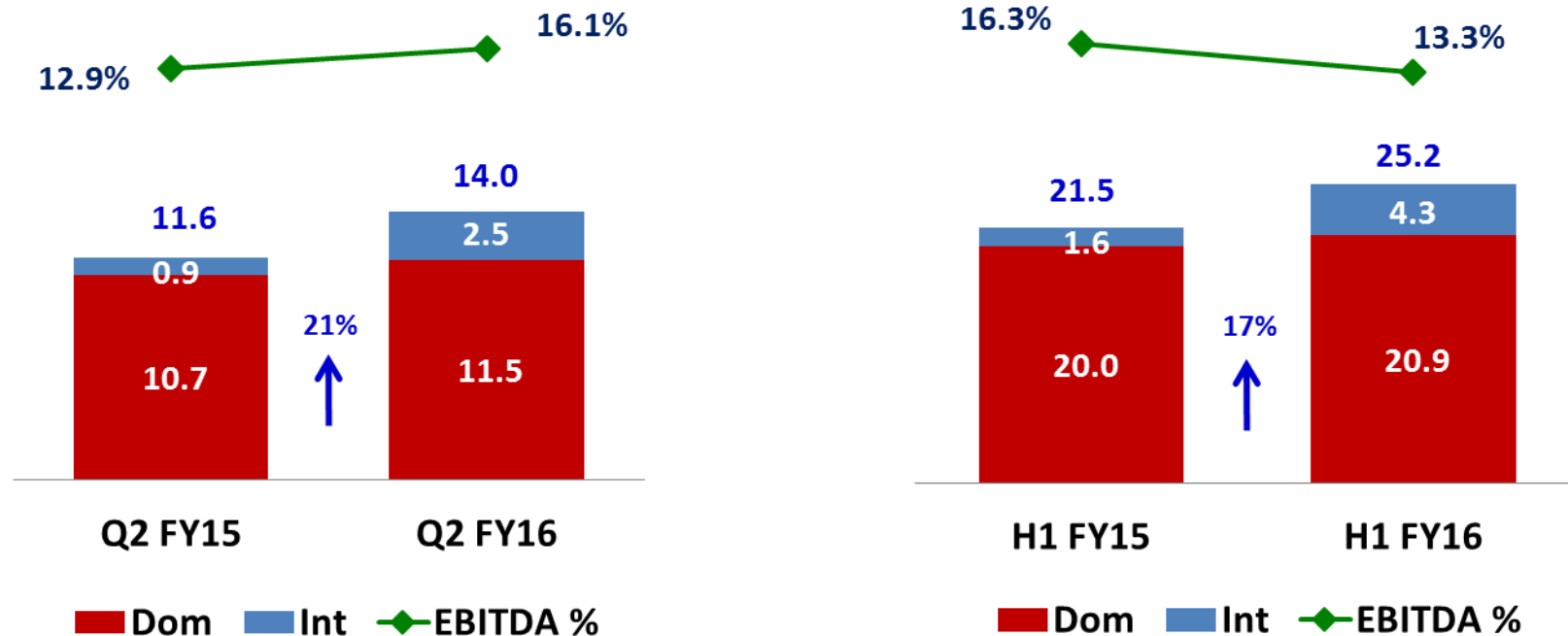


- Revenues reflect in-line progress of execution
- International business growth contributed by previous years' order wins
- Margin variation primarily due to job mix status

# Power Segment

Amount in ₹ Bn

## Revenues & Margin

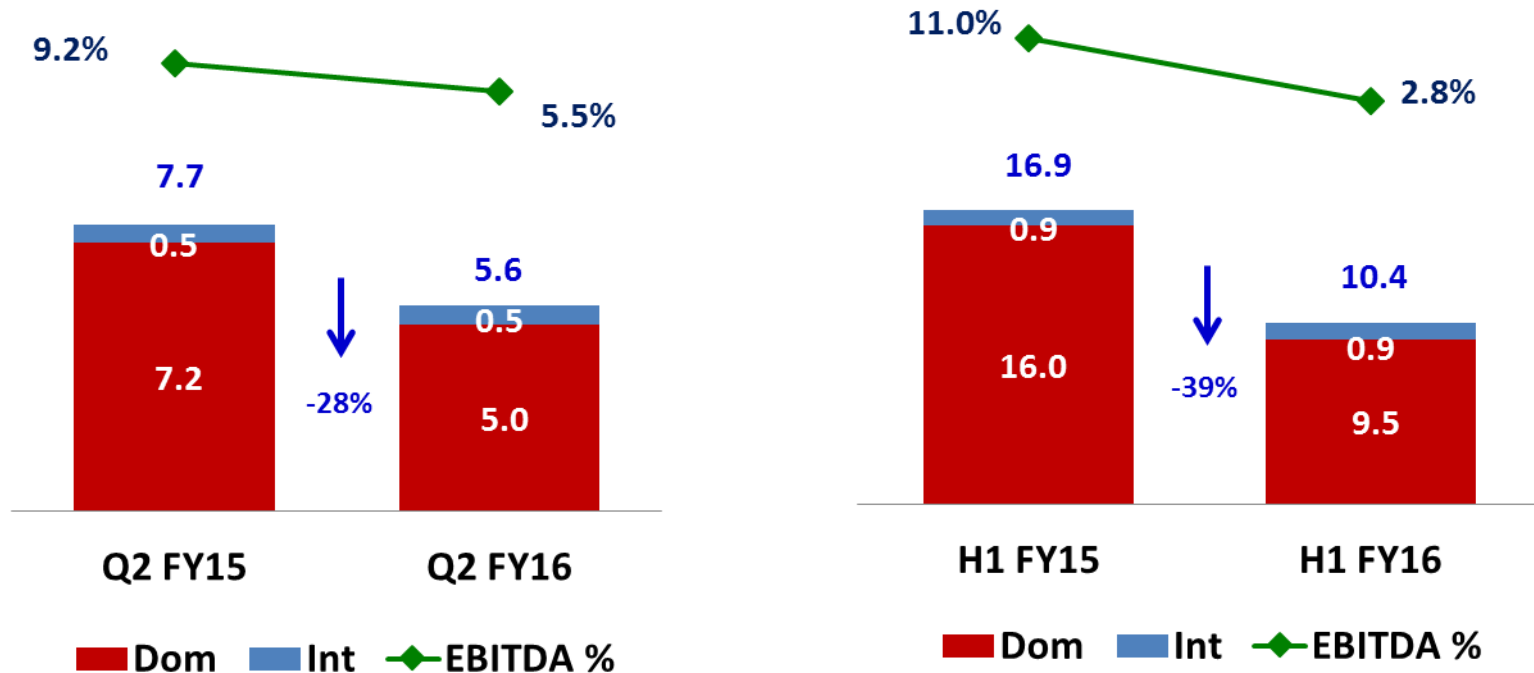


- High competitive intensity for fresh orders from State Utilities/PSUs
- Revenue growth due to execution progress on opening Order Book
- Margin variation due to job mix

# Metallurgical & Material Handling (MMH) Segment

Amount in ₹ Bn

## Revenues & Margin

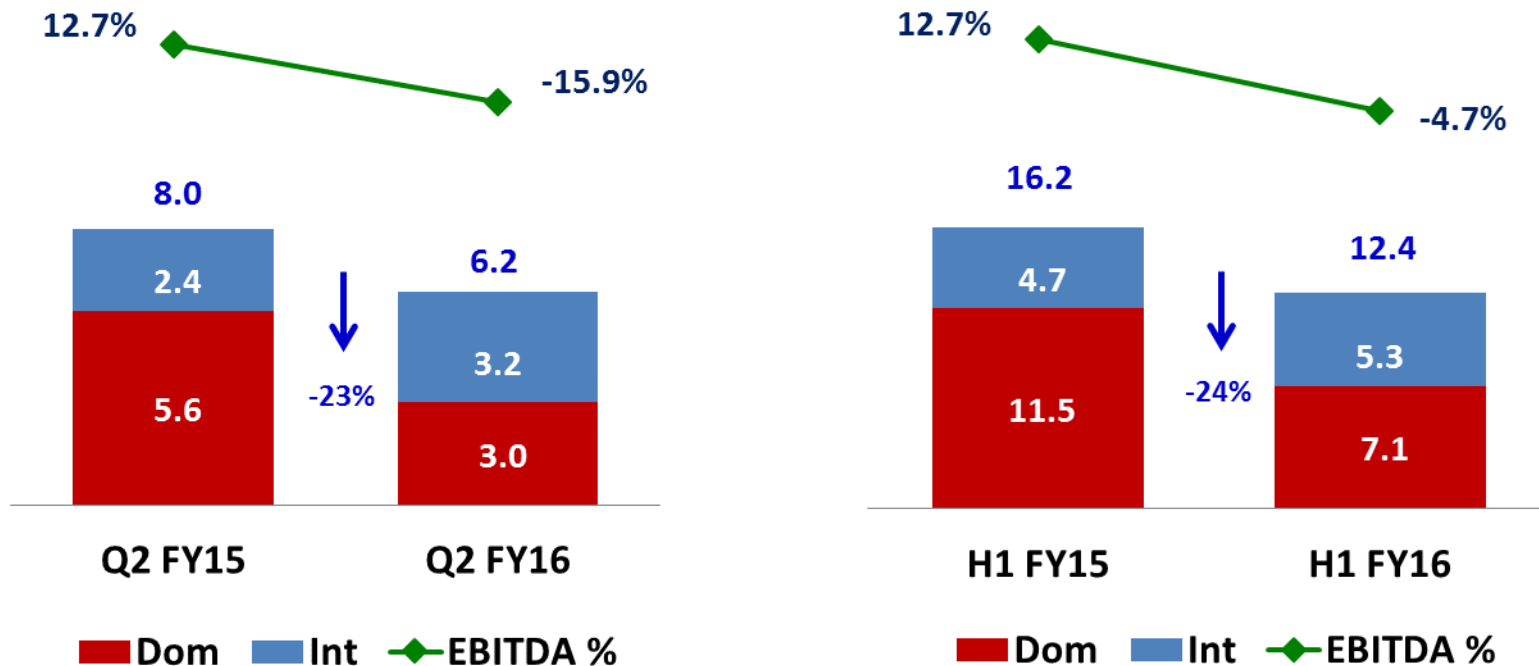


- Revenue decline due to low sectorial investments and reduced Order Book
- Margin drop arising from under utilisations and cost overruns

# Heavy Engineering Segment

Amount in ₹ Bn

## Revenues & Margin



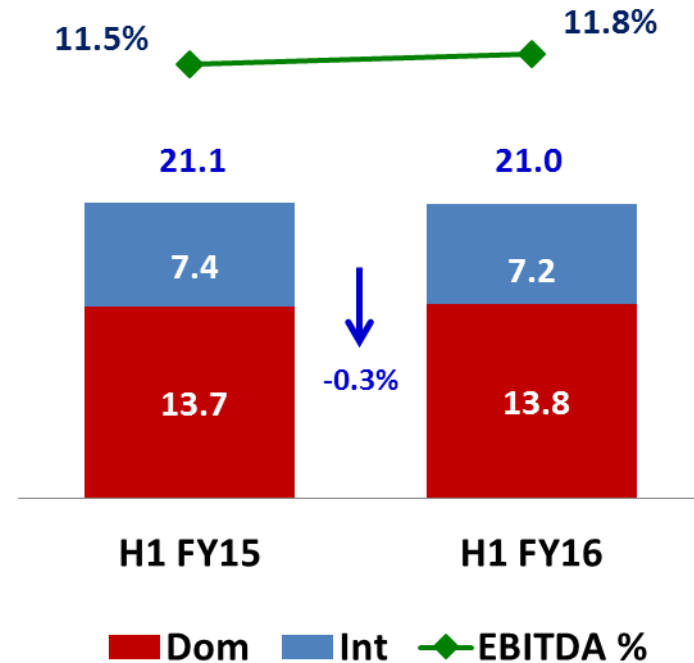
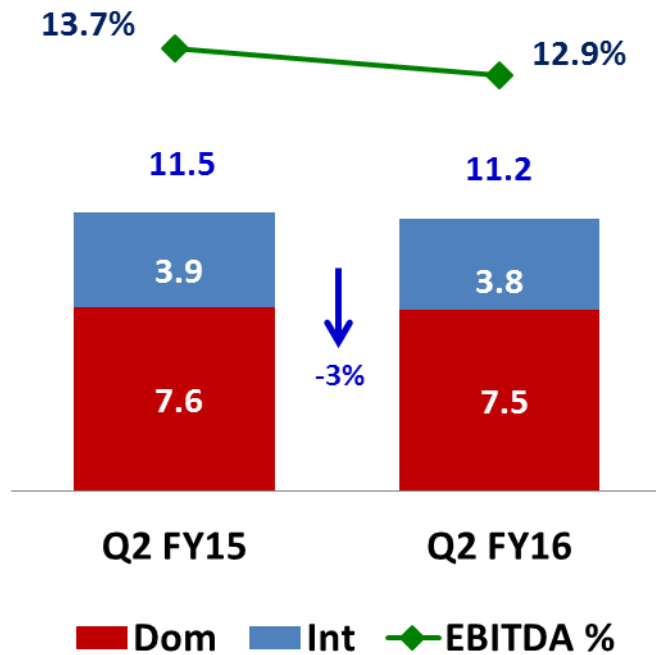
- Oil price drop, muted global growth and excess capacity adversely impacting business opportunity and profitability
- Declining revenues arising out of depleted order book
- Margin drop due to volume shrinkage and cost provisions



# Electrical & Automation (E&A) Segment

Amount in ₹ Bn

## Revenues & Margin

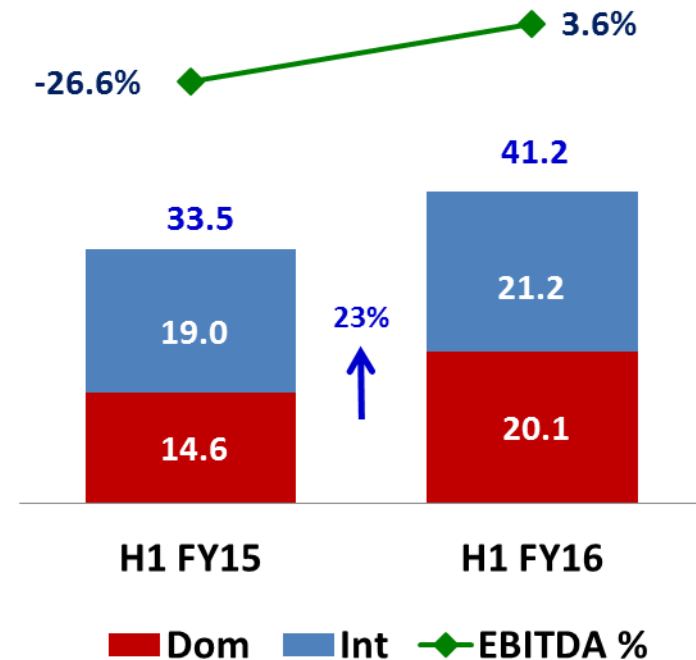
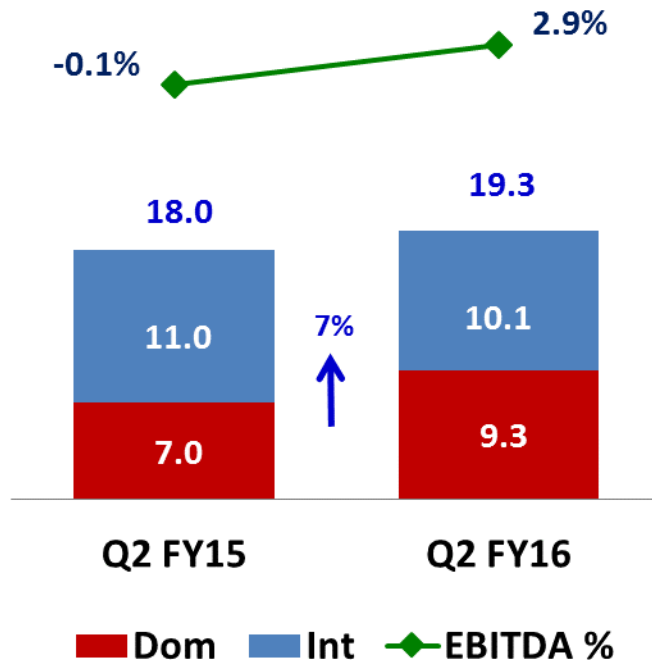


- Flat revenues arising from depressed industrial demand
- Stable margins due to operational efficiencies and cost control

# Hydrocarbon Segment

Amount in ₹ Bn

## Revenues & Margin

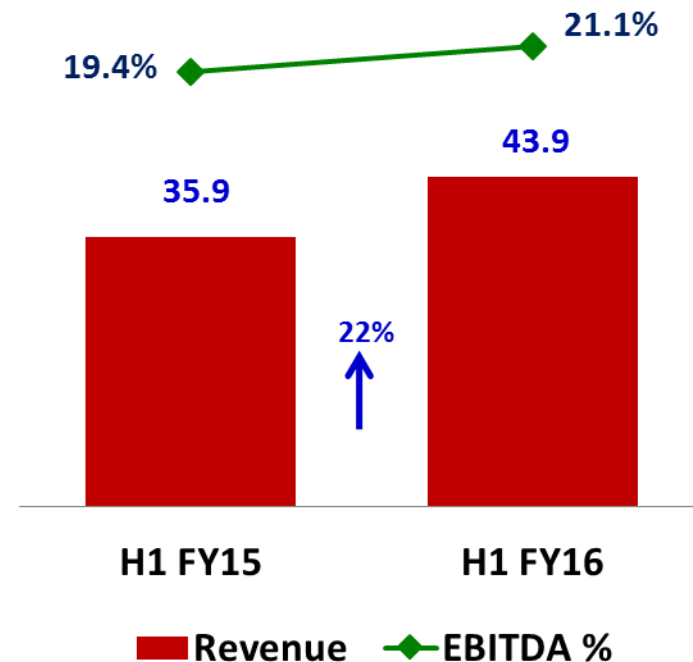
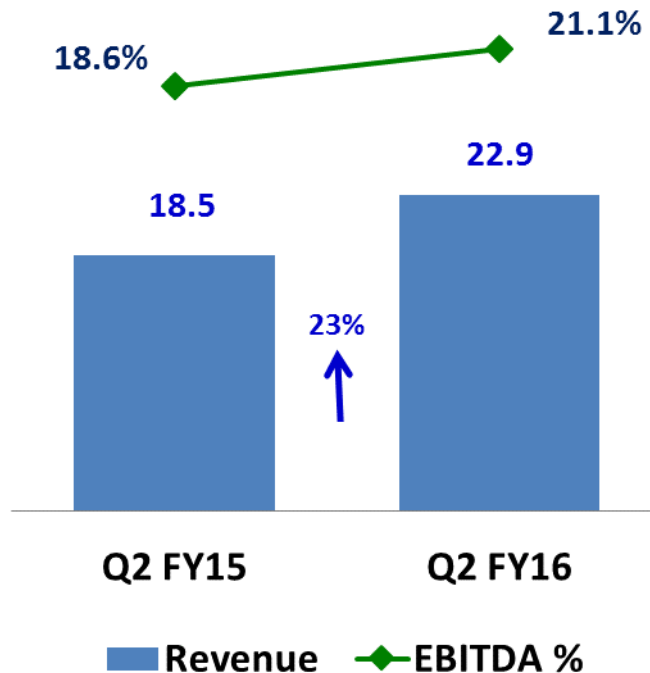


- Challenged legacy Middle East projects nearing execution completion
- Middle East Hydrocarbon Capex undergoing curtailment due to oil price decline
- Reduced level of international operations giving rise to under-recovery of overheads
- Leadership team being strengthened

# IT & Technology Services Segment

Amount in ₹ Bn

## Revenues & Margin

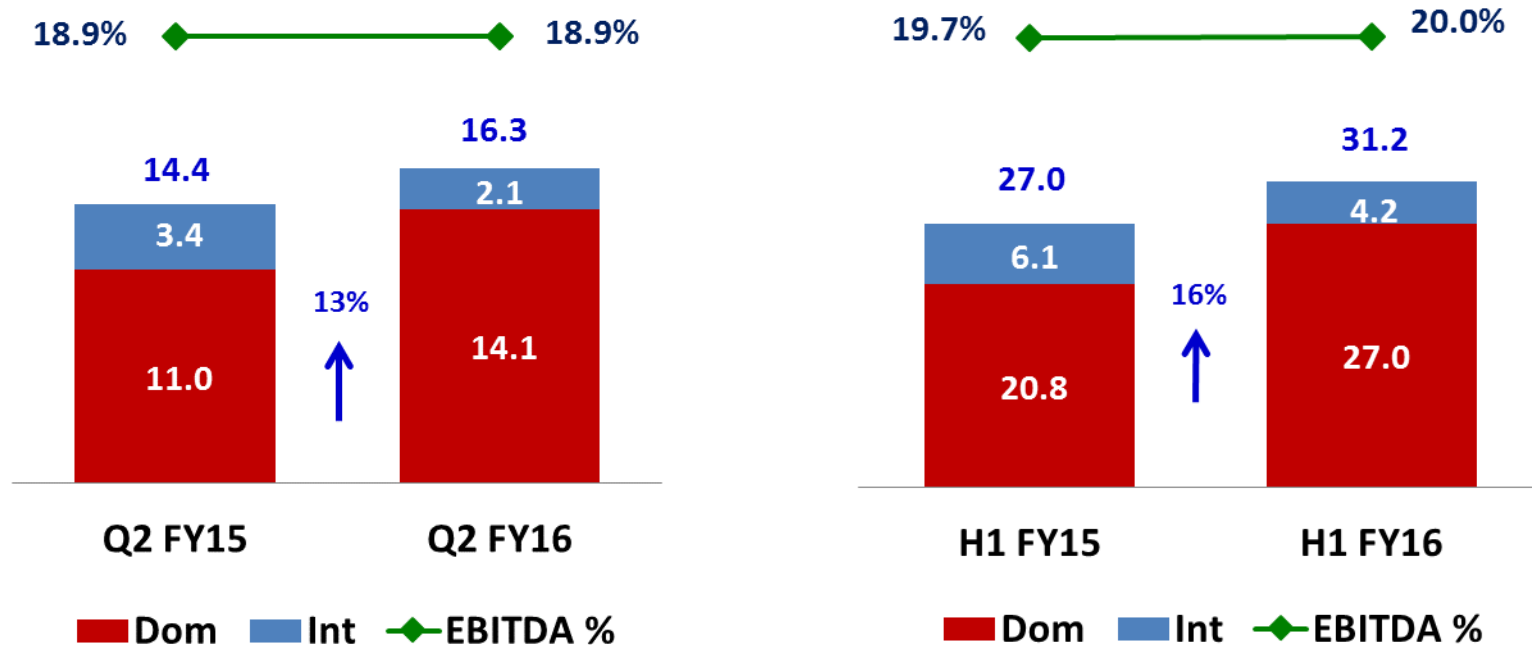


- Growth in end-markets seen across sectors except energy and utilities
- Favourable currency movement aiding top line and margins

# Others Segment

Amount in ₹ Bn

## Revenues & Margin

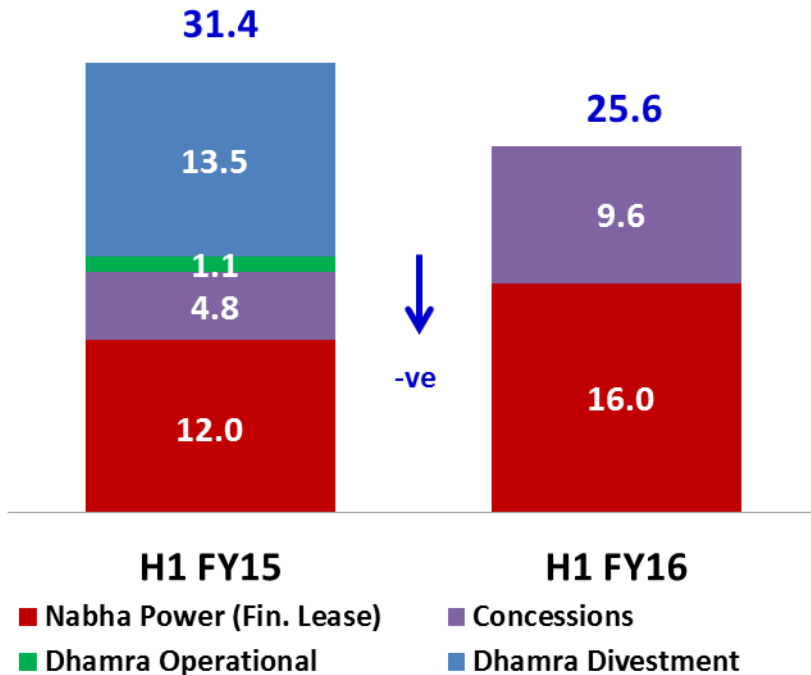


- Revenue growth driven by Realty, Valves and Industrial Machinery businesses
- Margins largely arising from Realty business

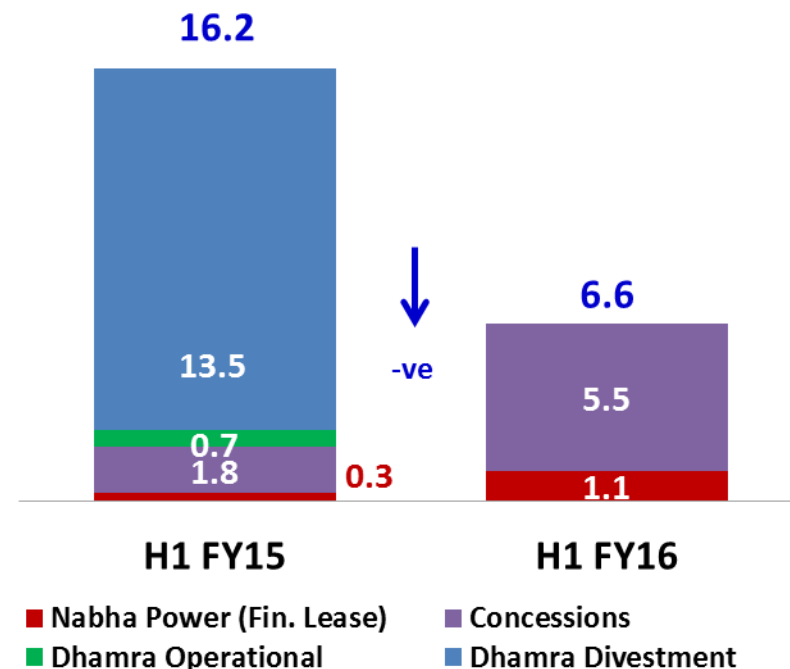
# Developmental Projects Segment

Amount in ₹ Bn

## Revenues



## EBITDA



- Increase in revenues and margins (excl. Dhamra) driven by operationalization of Nabha 2<sup>nd</sup> Unit and 3 Road SPVs

# Concessions Business Portfolio - 25 SPVs



## **Roads and Bridges:**

Portfolio: 16 projects (1721 Km); 14 Operational  
Project Cost: ₹178 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 2015): ₹ 561 Bn**

26

**Equity Invested (Sep 2015): ₹ 89 Bn**

**Balance Equity Commitment (Sep 2015): ₹ 44 Bn**



# L&T Finance Holdings

₹ Billion	Q2 FY15	Q2 FY16	% Change	FY15
Networth (Incl. Pref. Cap.)	76.50	87.11	14%	77.40
Borrowings	382.73	453.22	18%	420.91
Loans and Advances	427.62	509.86	19%	472.32
Mutual Fund Average AUM	206.73	242.80	17%	224.97
Gross NPA (%) - 150 DPD	4.29%	3.08%	-1.2%	3.08%
Net NPA (%) - 150 DPD	3.32%	2.00%	-1.3%	2.10%
PAT (before exceptionals)	1.82	2.15	18%	7.36

- Steady disbursement growth in key focus areas of B2C products, SME Finance and select operational Road and Renewable Energy projects
- Mutual Fund AAUM at ₹242.80 Bn (17% growth) of which equity assets are 40%
- Sequentially stable Gross NPA %; provisioning in excess of RBI norms

# Presentation Outline

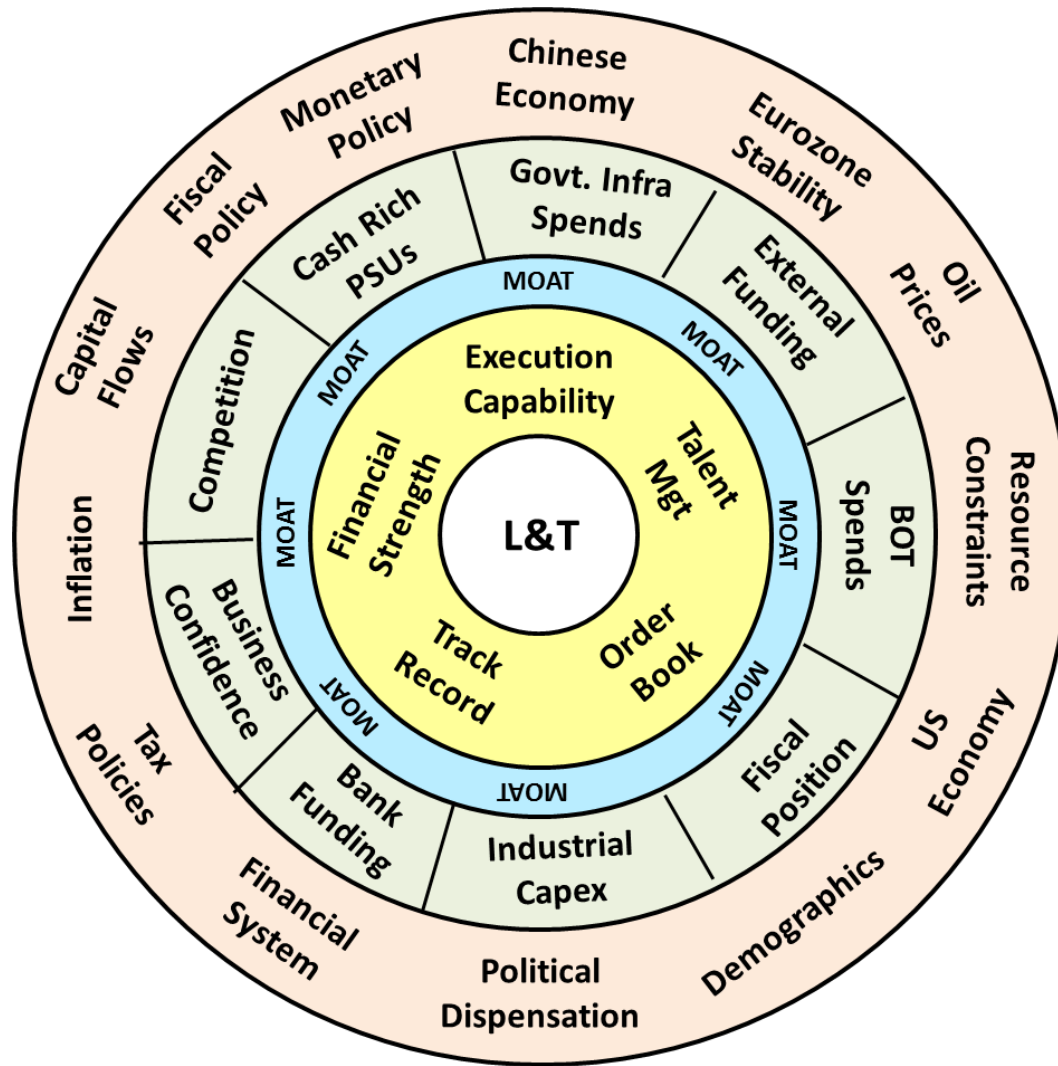
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# Outlook - Wide circles of influence



# Thank You

# Annexure-1: Group Profit & Loss

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					H1 FY16	H1 FY15	% Change
Revenue from Operations	43.88	36.46	25.53	330.58	436.45	401.34	9%
EBITDA	9.22	5.47	6.61	27.52	48.82	48.41	1%
Interest Expenses	(0.05)	(0.17)	(6.78)	(8.35)	(15.35)	(14.61)	5%
Depreciation	(1.18)	(0.61)	(2.11)	(9.26)	(13.16)	(13.56)	-3%
Other Income	0.09	0.96	0.02	3.69	4.76	4.92	-3%
Exceptional Items	-	-	-	3.10	3.10	2.49	
Provision for Taxes	(1.55)	(1.87)	(0.37)	(6.61)	(10.39)	(9.18)	13%
<b>PAT from Ordinary Activites</b>	<b>6.53</b>	<b>3.78</b>	<b>(2.62)</b>	<b>10.08</b>	<b>17.78</b>	<b>18.47</b>	<b>-4%</b>
Share in profit of Associates	-	0.01	0.01	(0.01)	0.01	0.02	
Adjustments for Minority Interest	(0.00)	(1.77)	0.25	(0.25)	(1.77)	(0.21)	
<b>Profit After Tax</b>	<b>6.53</b>	<b>2.03</b>	<b>(2.36)</b>	<b>9.82</b>	<b>16.02</b>	<b>18.29</b>	<b>-12%</b>

\* Includes Insurance Business

# Annexure 2: Group Balance Sheet

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					Sep-15	Mar-15	Inc / (Dec)
Net Worth (Excl. Pref. Cap.)	24.3	35.9	61.4	300.2	421.9	409.1	12.8
Minority Interest	0.0	43.2	10.4	7.0	60.5	50.0	10.5
Borrowings	6.9	462.1^	296.7^	216.9	982.6	905.7	77.0
Deferred Payment Liabilities	-	-	111.0	-	111.0	30.3	80.7
Other Current & Non-Current Liab.	17.5	27.1	31.1	491.4	567.1	542.9	24.2
<b>Total Sources</b>	<b>48.8</b>	<b>568.2</b>	<b>510.7</b>	<b>1,015.5</b>	<b>2,143.2</b>	<b>1,938.0</b>	<b>205.1</b>
Net Segment Assets	48.8	568.2	510.7	1,015.5	2,143.2	1,938.0	205.1
<b>Total Applications</b>	<b>48.8</b>	<b>568.2</b>	<b>510.7</b>	<b>1,015.5</b>	<b>2,143.2</b>	<b>1,938.0</b>	<b>205.1</b>

\* Includes Insurance Business

^ Partly netted off from Capital Employed in Reported Segment