



Larsen & Toubro

Investor Presentation - Q1 FY16

July 31, 2015



ENGINEERING | MANUFACTURING | CONSTRUCTION | TECHNOLOGY | FINANCIAL SERVICES



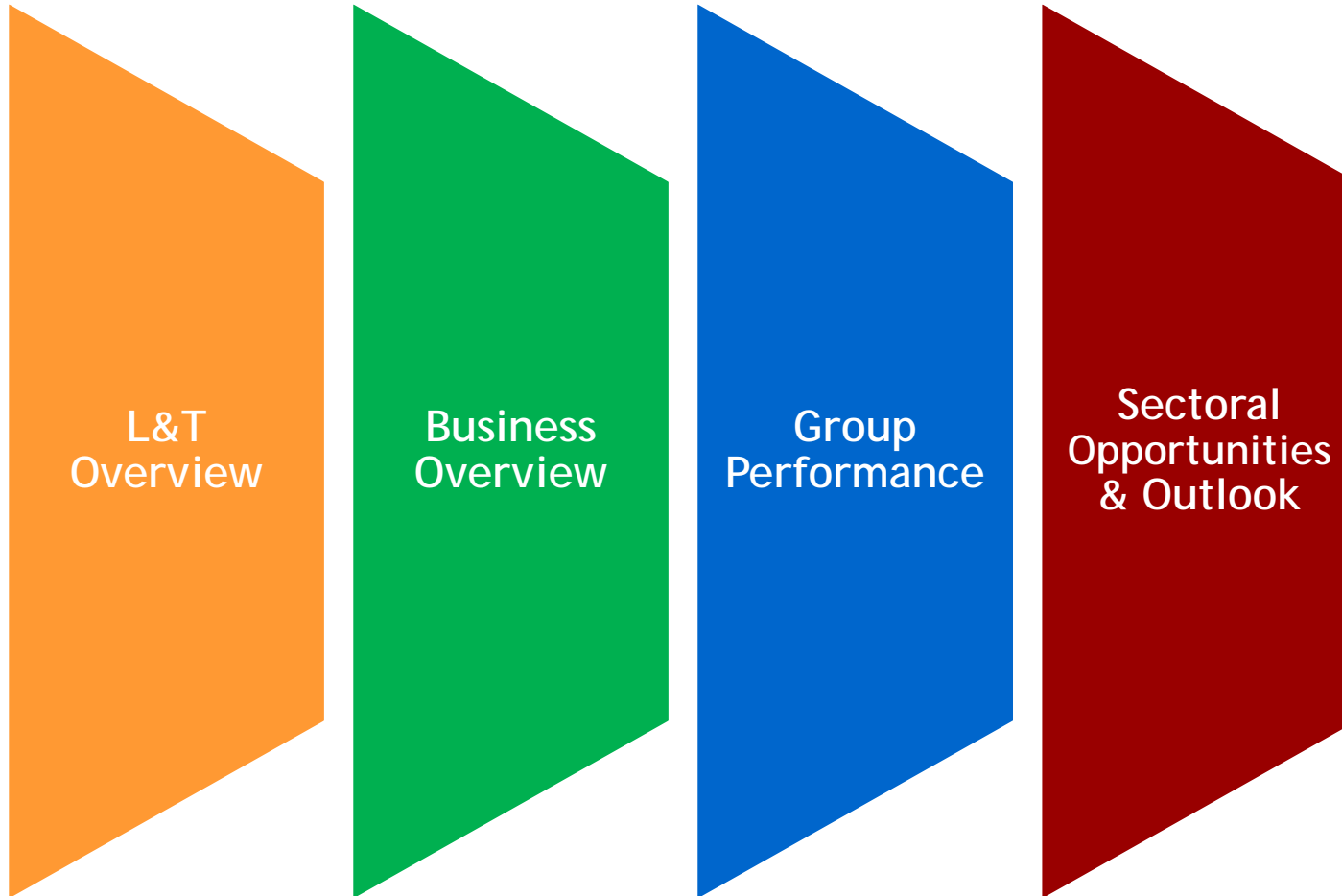
Disclaimer

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.

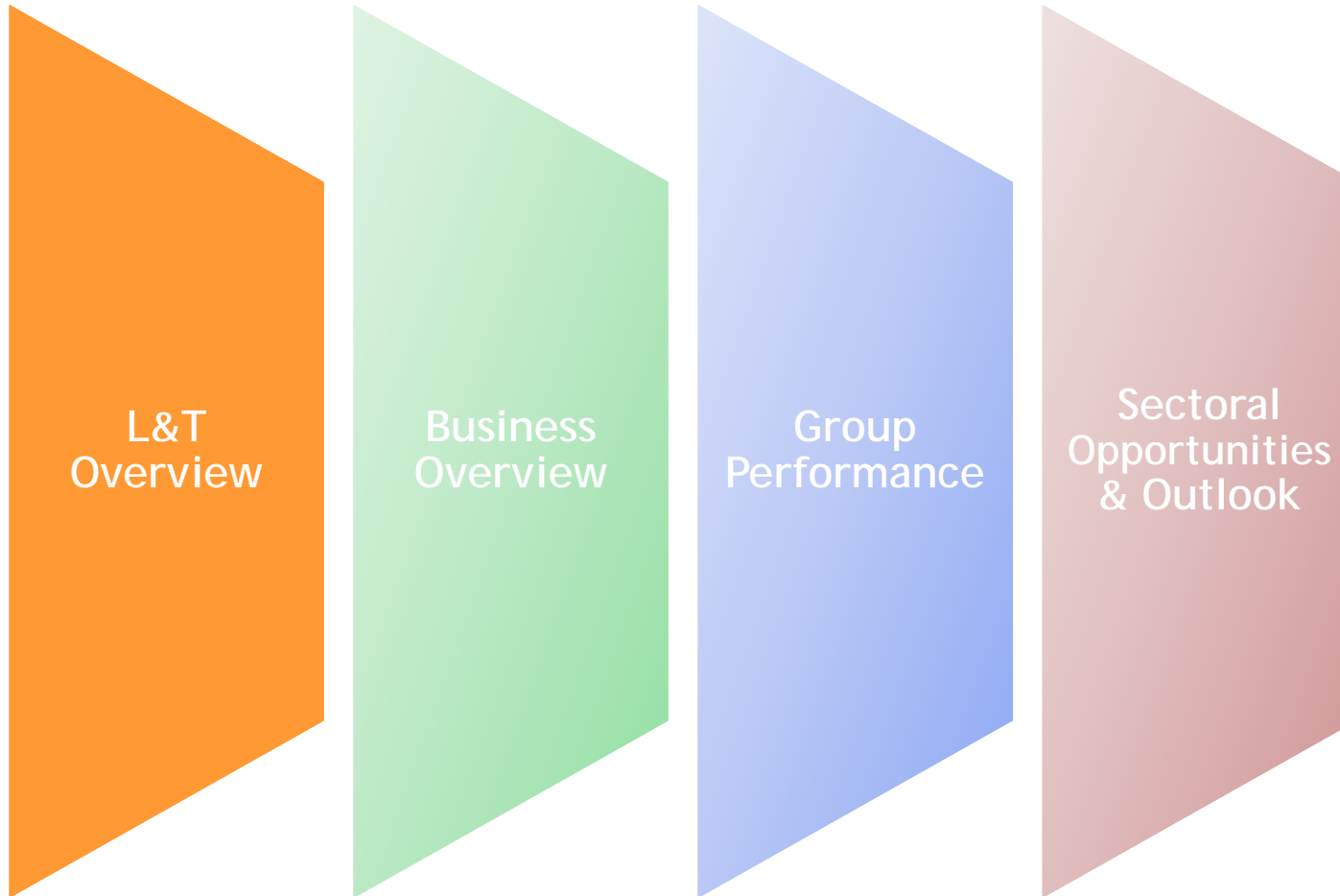
The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to 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

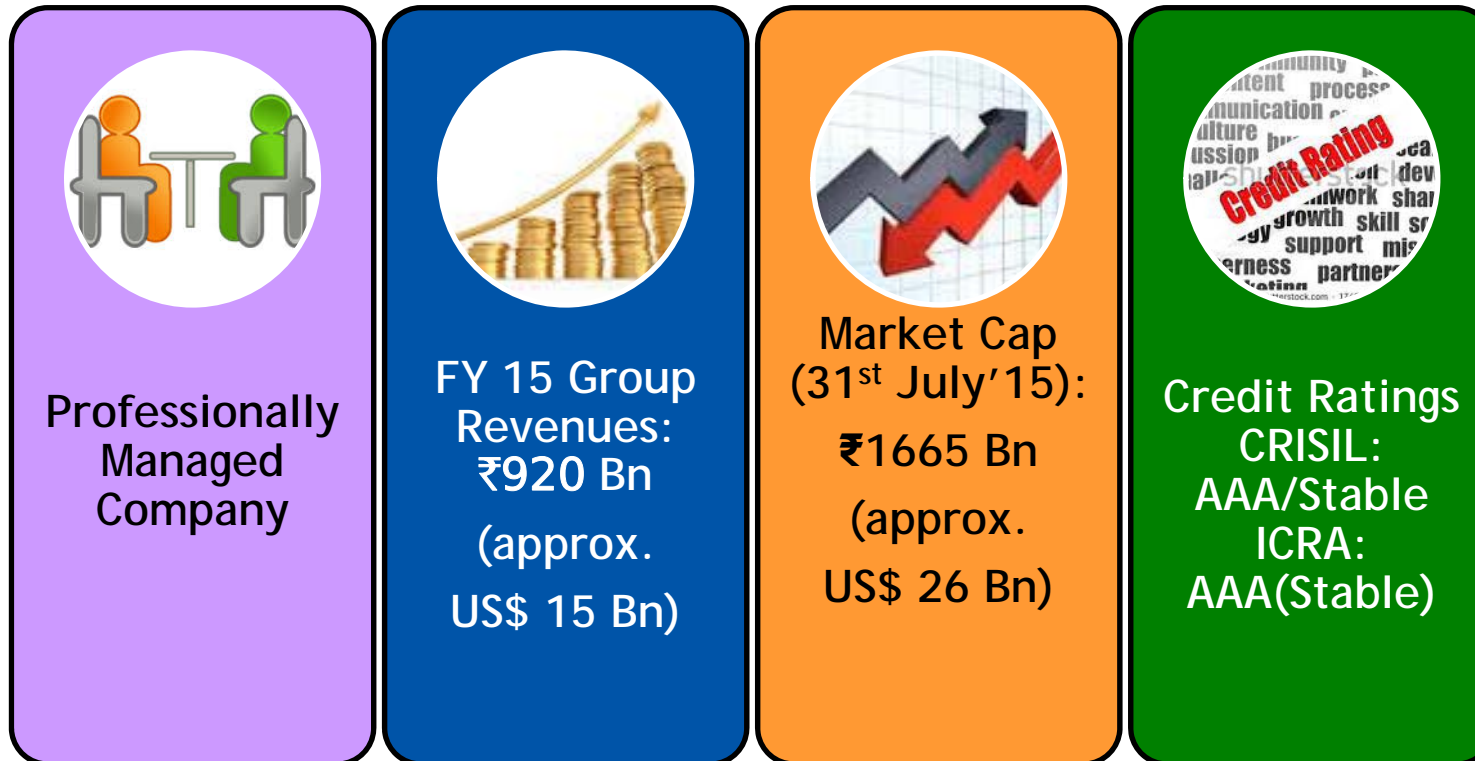


Presentation Outline



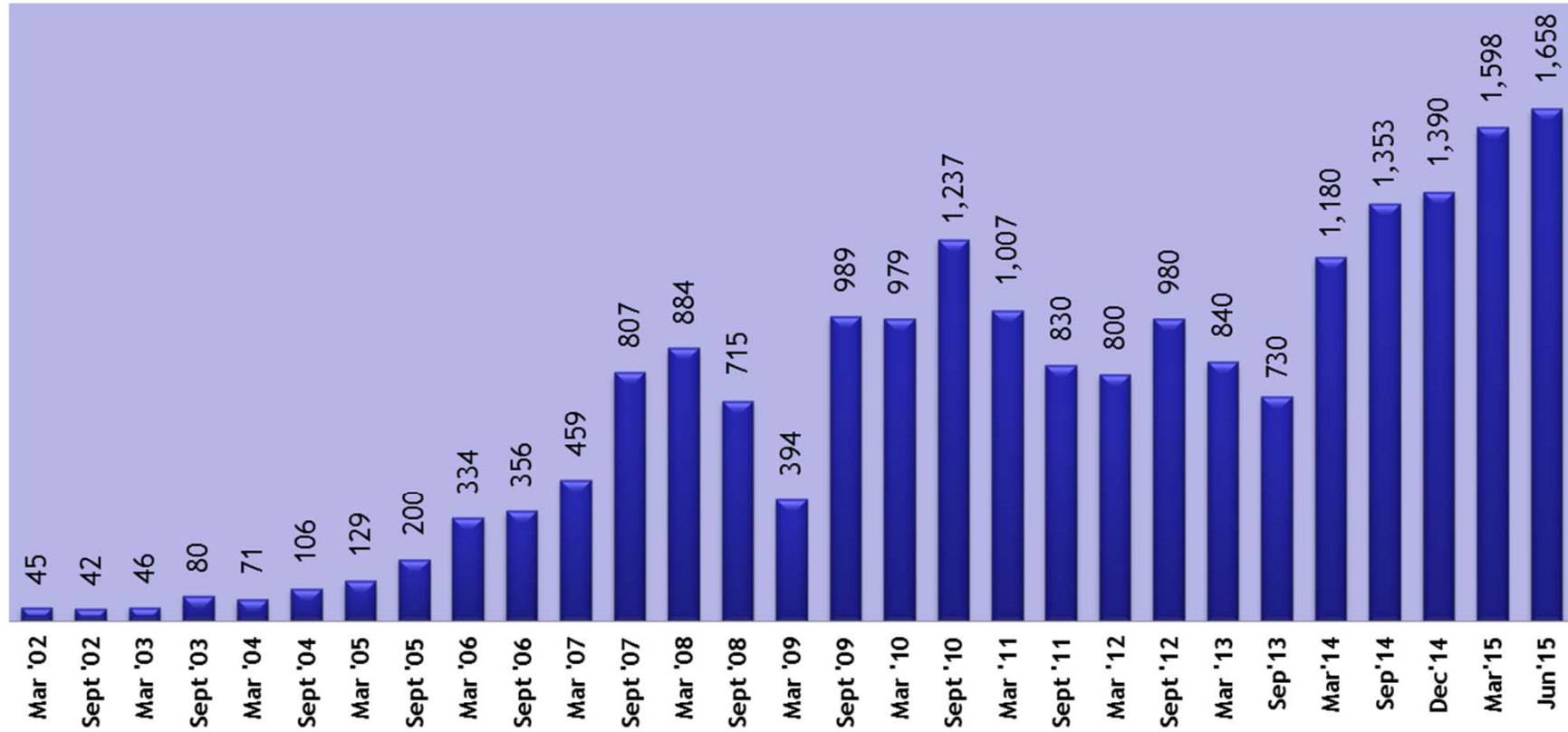
L&T - At a Glance

India's largest E&C company with interests in Projects, Infrastructure Development, Manufacturing, IT & Financial Services

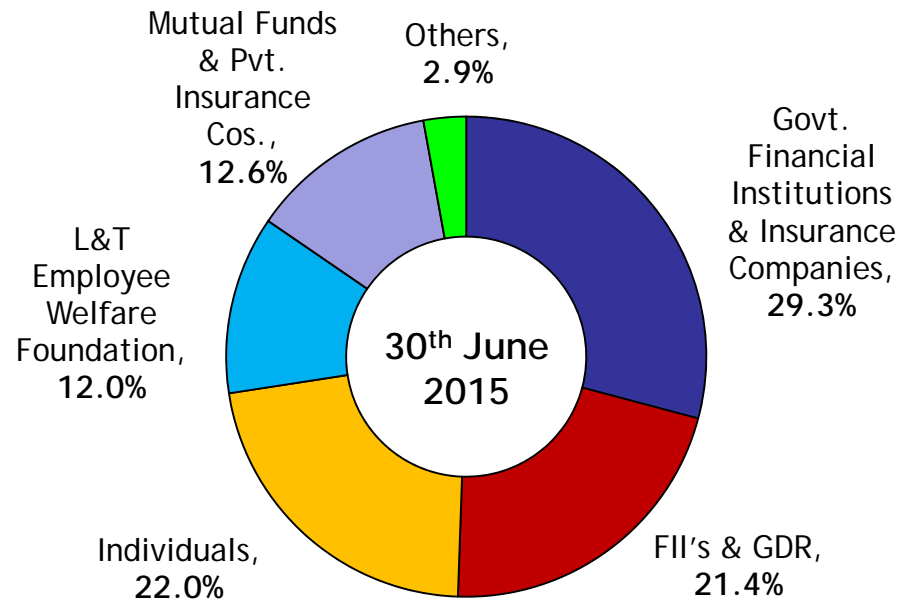


L&T - At a Glance

L&T Market Cap (Amt. ₹ Bn)



L&T - Shareholding Pattern



Major Institutional Shareholders	% Shares
Life Insurance Corporation of India	16.5%
Administrator of the SUUTI	8.2%
HDFC Trustee Company Limited	2.2%
General Insurance Corp. of India	1.9%
Government of Singapore	1.4%
ICICI Prudential Life Insurance	1.3%
Abu Dhabi Investment Authority	1.1%

- Listed with BSE & NSE
- GDRs listed with LSE and LuxSE
- L&T is one of the most widely held listed companies in India
- No promoter holding
- Uninterrupted Dividend payment record since 1946; FY15 Proposed Dividend of Rs. 16.25 per share (FY14: Rs. 14.25 per share)

Experienced Management Team



A M Naik

Group Executive Chairman

- BE [Mech]
- Joined L&T in March 1965
- Diverse and vast experience in general management, Technology and E&C



K Venkataramanan

Chief Executive Officer & Managing Director

- BE [Tech] - IIT, Delhi
- Joined L&T in June 1969
- Vast experience in product engineering and project management



M V Kotwal

Whole-time Director & President (Heavy Engineering)

- BE [Mech], Univ. of Bombay
- Joined L&T in October 1968
- Vast experience in Heavy Engineering business including manufacture of critical equipment for Nuclear Power & Space Research Program



S. N. Subrahmanyam

Whole-time Director & Sr. Executive Vice President (Construction & Infrastructure)

- B.SC ENGG (CIVIL), MBA (Finance)
- Joined L&T in November 1984
- Vast experience in Design & Build (D&B) Contracts, PPP Projects, Engineering and Construction Industry



R Shankar Raman

Whole-time Director & Chief Financial Officer

- B.Com, ACA, CWA
- Joined L&T Group in November 1994
- Vast experience in Finance, Taxation, Insurance, Risk Management, Legal and Investor Relations



Shailendra Roy

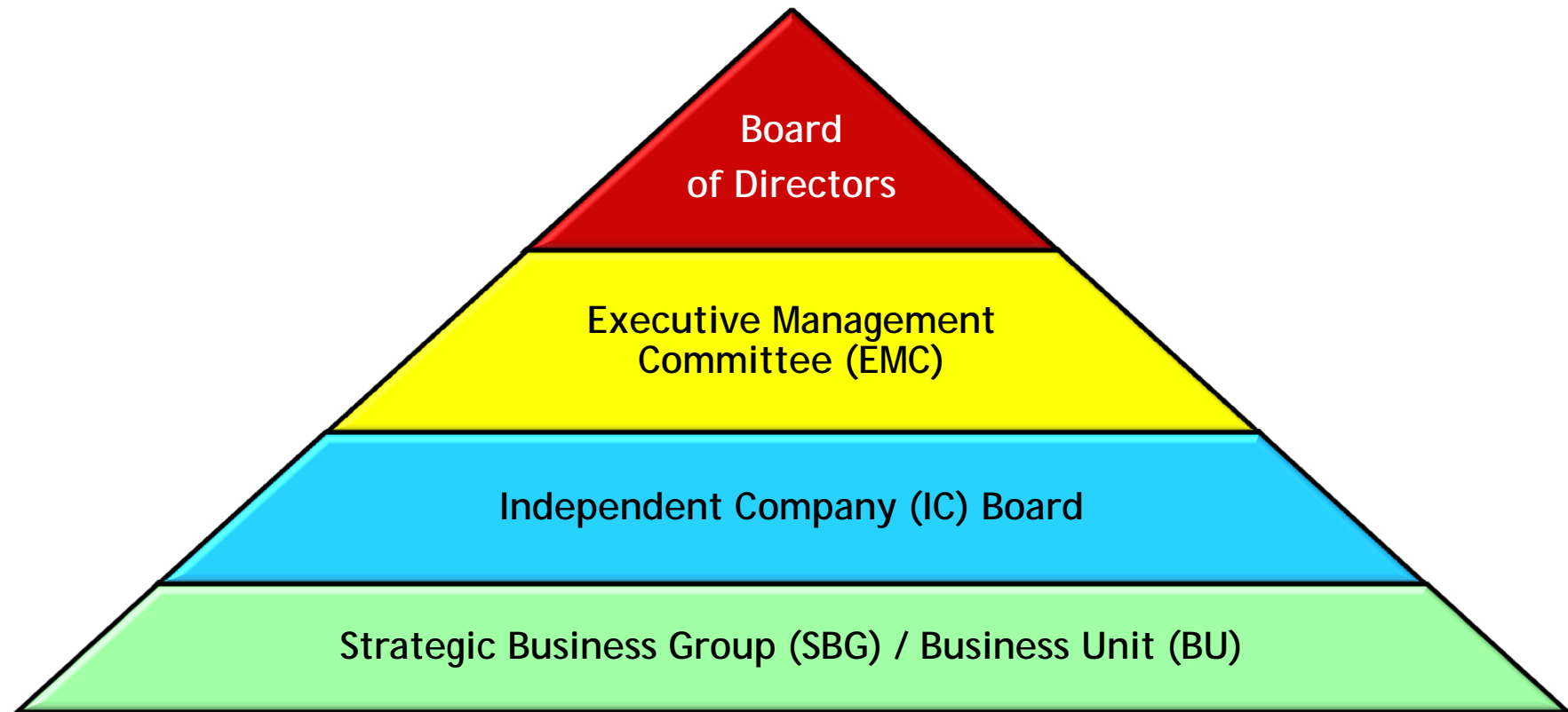
Whole-time Director & Sr. Executive Vice President (Power, Minerals & Metals)

- BE (Tech)
- Joined L&T in 2004
- Vast experience in Thermal Power Business

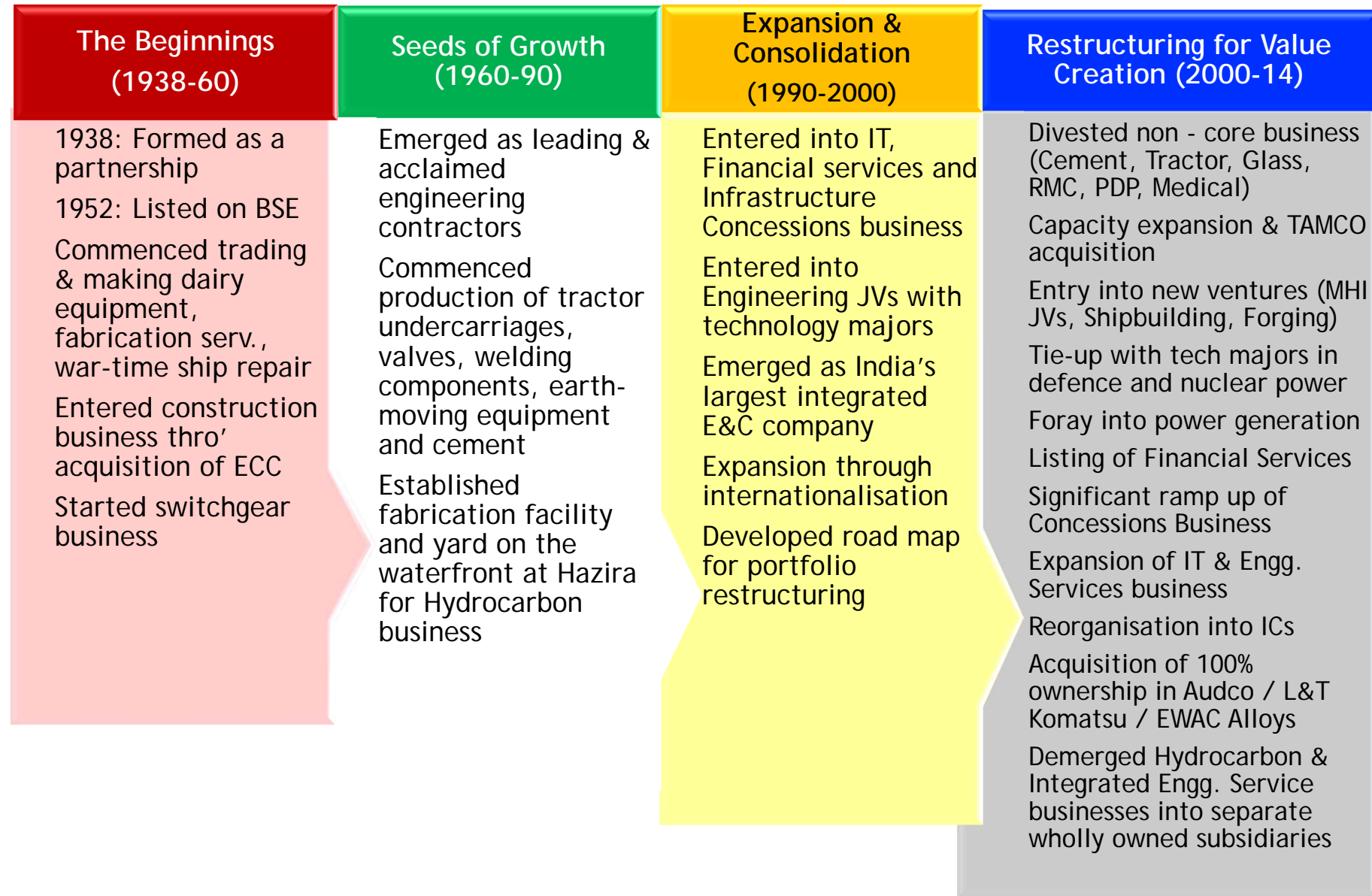
Corporate Governance

L&T's essential character revolves around values based on transparency, integrity, professionalism and accountability

Four-tier Governance Structure



Journey Towards Excellence



L&T's Sustainability Initiative

The L&T Sustainability Report 2014 is a 'GRI Checked', Externally Assured, Application Level A+ report.



Sustainability Thrust Areas

<p>Climate Change Carbon footprint mapping</p>	<p>Energy Conservation</p>	<p>Water Conservation</p>	<p>Material Management</p>	<p>Safety</p>	<p>Community</p>

Accolades



L&T Ranks In Top 10 Companies for CSR - The Economic Times



Ranked Asia's 2nd Most Sustainable Company in Industrial Sector in Channel NewsAsia's Sustainability Rankings 2014



One of the only five Indian Companies to feature in the Global 'A' list for its Carbon Performance - CDP 2014



One of the eight Indian companies featuring in Dow Jones Sustainability Emerging Markets Indices

Sustainability - Environment & Social



Green Buildings

L&T's own - 2.1 million sq. ft.
Constructed for Clients - 43.02 million sq. ft.



All 28 L&T Campuses are zero wastewater discharge
5 Campuses are water positive

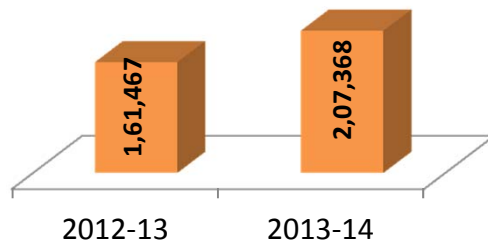


Education - Over two lakh children impacted

Skill Building - 8 construction skills training institutes empowering more than 13,000 people

Healthcare: Mother & Child - 8 community health centres provide state-of-the-art diagnostic health services

Energy Conservation (GJ)



Parameter	Values
Energy Consumption (GJ/Employee)	132.82
Direct GHG Emissions (Tons/Employee)	7.80
Water Consumption (m3/employee)	155.81

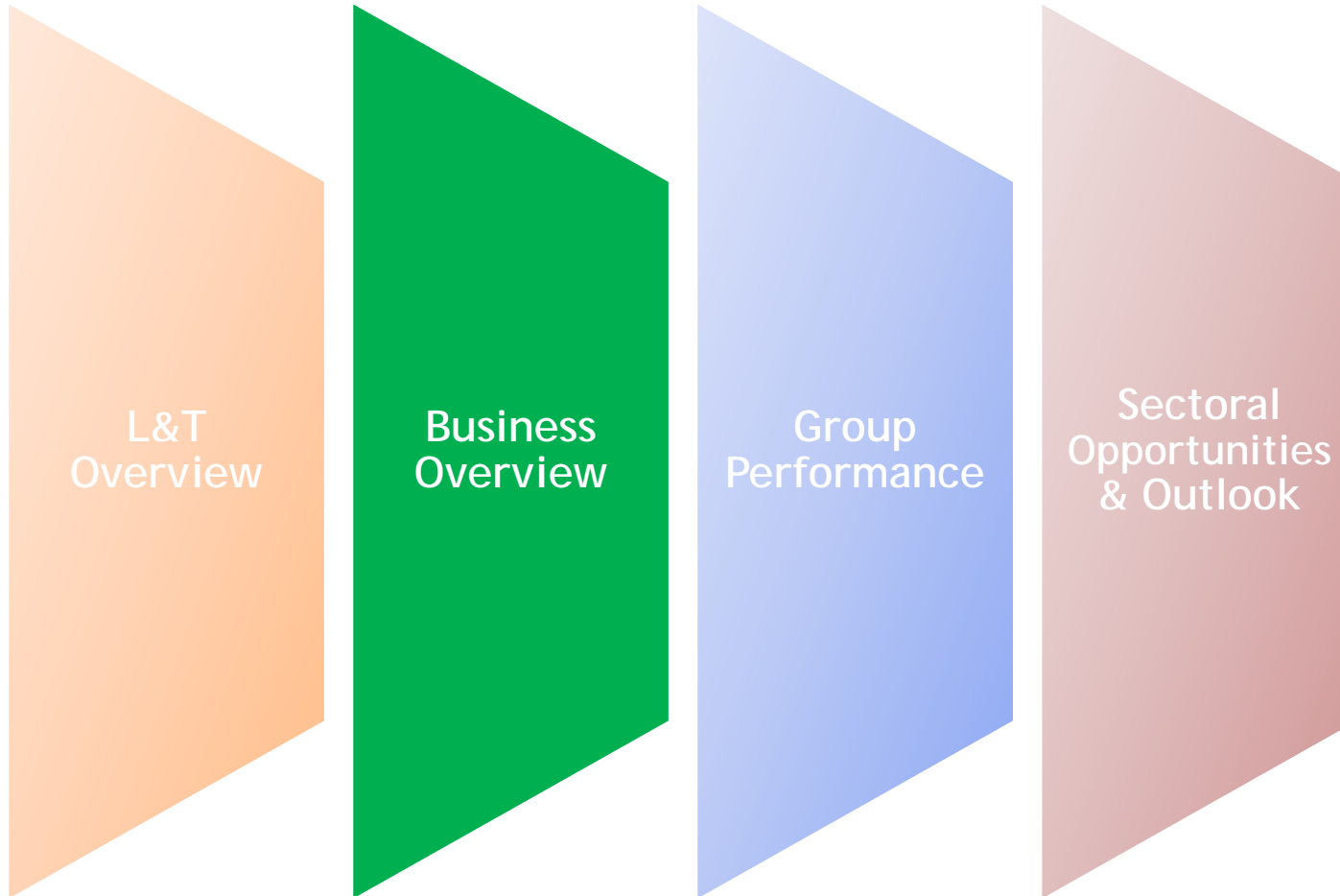
Renewable power contributes **7.9** % of indirect energy

Food waste processing plants for treatment of **organic** waste

Aligned with
National Action Plan on Climate Change
and
UN Millennium Development Goals

Thrust Areas	No. of Beneficiaries (2013-14)
Education	242,024
Skill Building	45,209
Healthcare-Mother and Child	517,837
Total	805,070

Presentation Outline



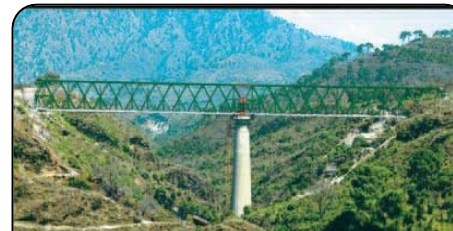
Builders to the nation



Maruti Manesar (Haryana) Expansion



1320 MT FCC Regenerator – for RIL



88m Rail Bridge Jammu Udhampur



Wankhede Stadium, Mumbai



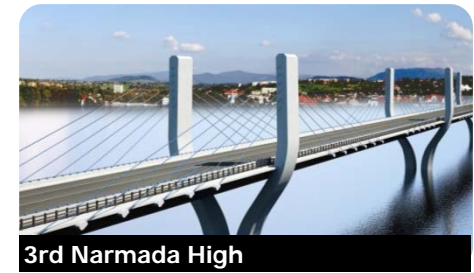
Baha'i Temple, Delhi



Mumbai International Airport



Oil & Gas Offshore Platforms



3rd Narmada High



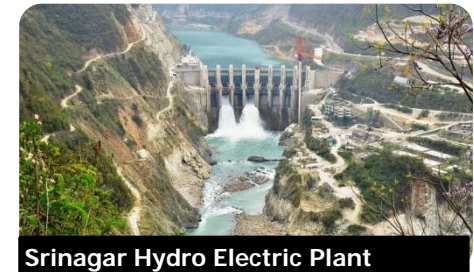
Kakrapar Nuclear Power Plant, Guj



ITC Grand Chola Hotel, Chennai



Sri Sathya sai Whitefield Hospital



Srinagar Hydro Electric Plant



300 mtr Minerva Tower, Mumbai



2x384 MW CCPP, Vemagiri, A.P.



Transmission Lines in Himachal



Water Treatment Plant, Barmer

International Footprint - Marquee Jobs



Stadium at Barbados



Salalah Airport, Oman



Glorei (Commercial Space), Muscat



NMC Speciality hospital, Abu Dhabi



Bhukara Hotel, Uzbekistan



World's Longest Conveyer, Bangladesh



Bulk Cement Terminal, Colombo



Sabah, Malaysia



Punatsangchu HEP, Bhutan



Sheikh Khalifa Interchange, UAE



Coal Gasifier for China



Transmission Lines, Al Majlis, Oman



Water Treatment Plant, Doha



1500 MT Tubular Reactor for Kuwait



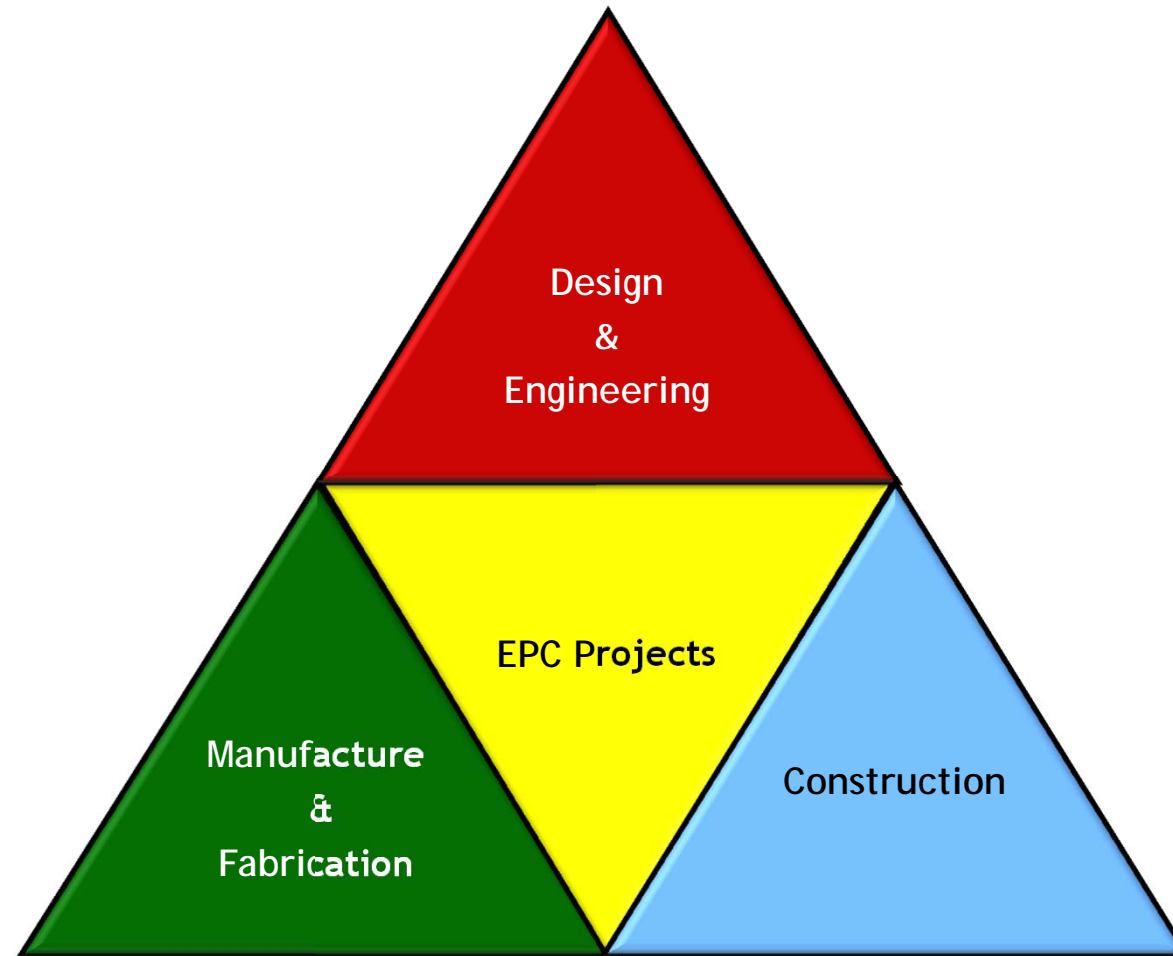
Bi-metallic Urea Stripper for Saudi



MV Switchgear Factory, Malaysia

E&C Delivery Platform

One of Asia's largest vertically integrated E&C Companies



Single point responsibility for turnkey solutions

Quality Customer Mix



Multiple Alliances & Joint Ventures

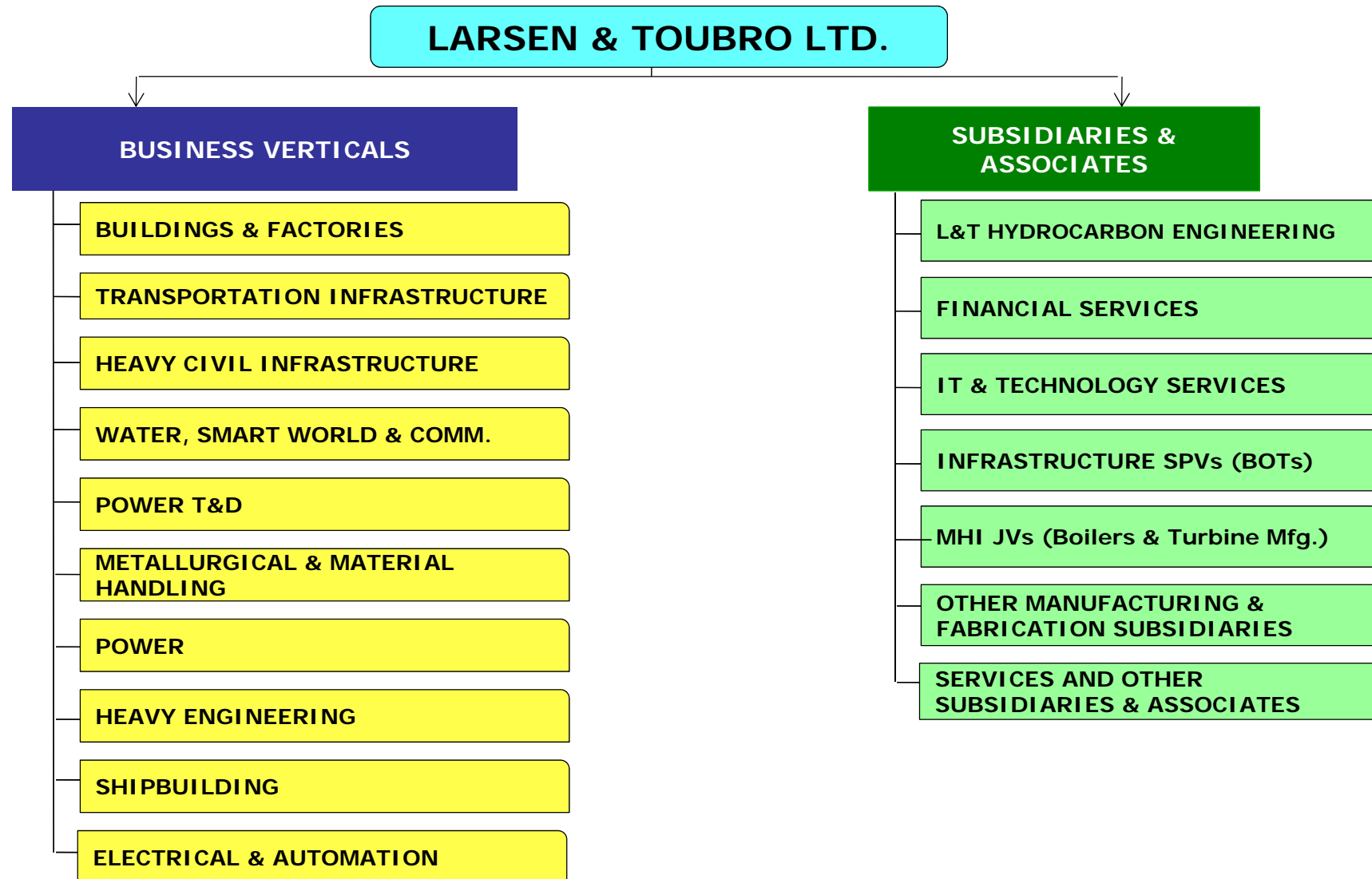
Alliances

Pre qualifications

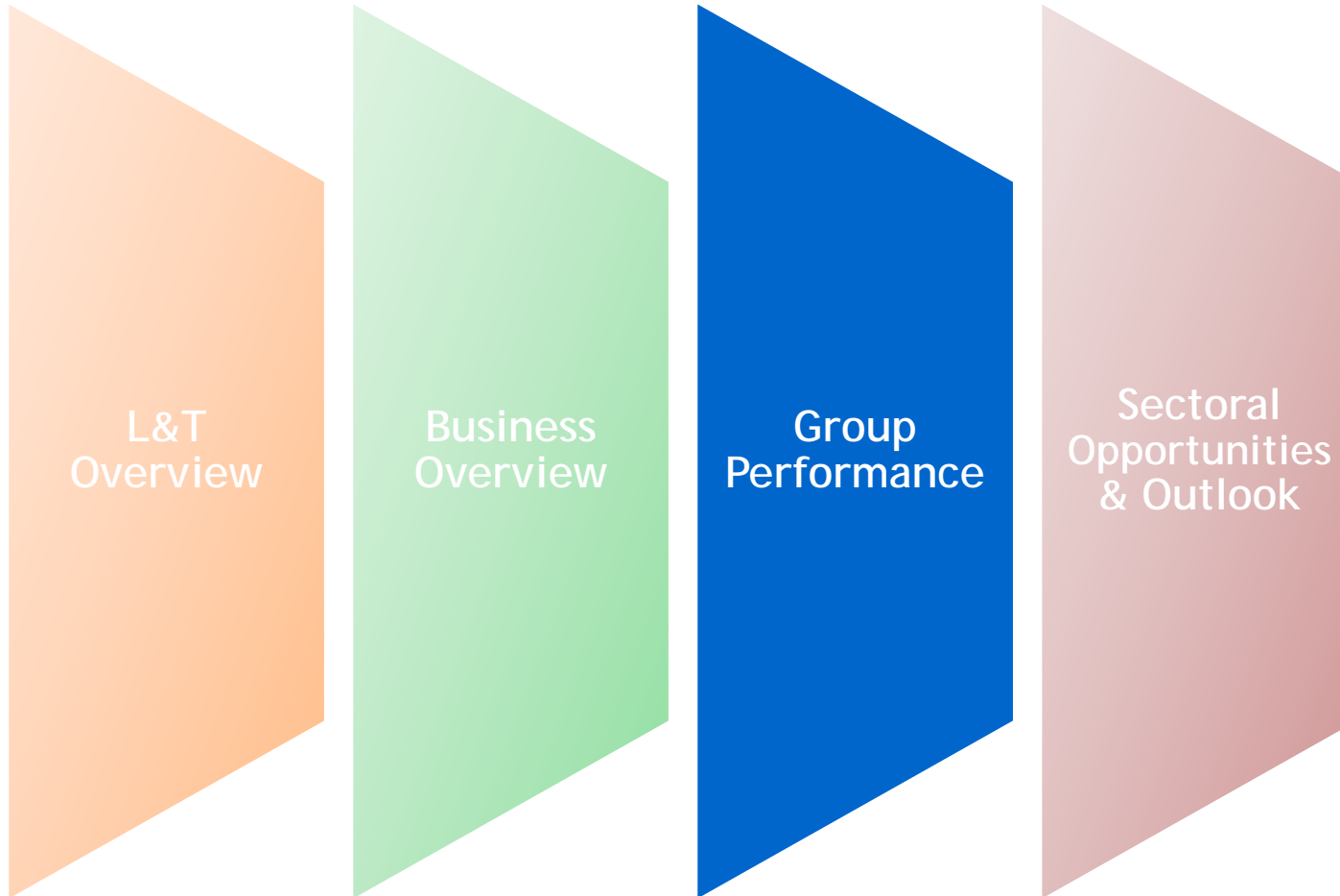
Note: Some of these are project specific alliances & pre qualifications

Joint Ventures

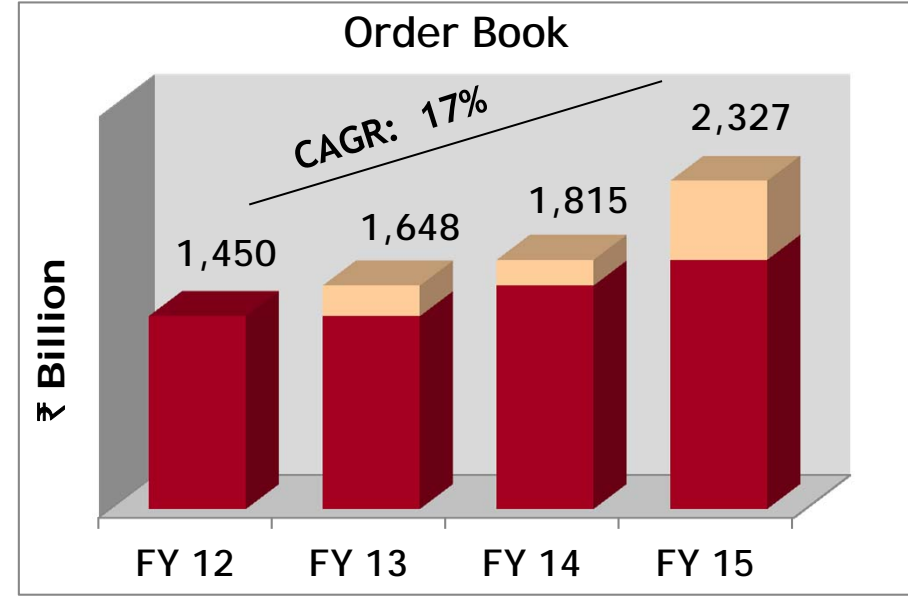
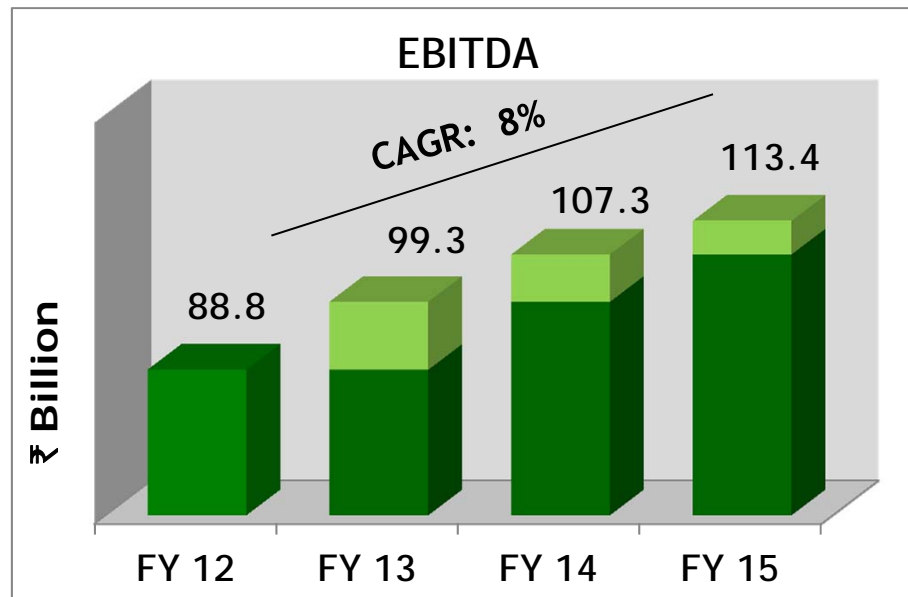
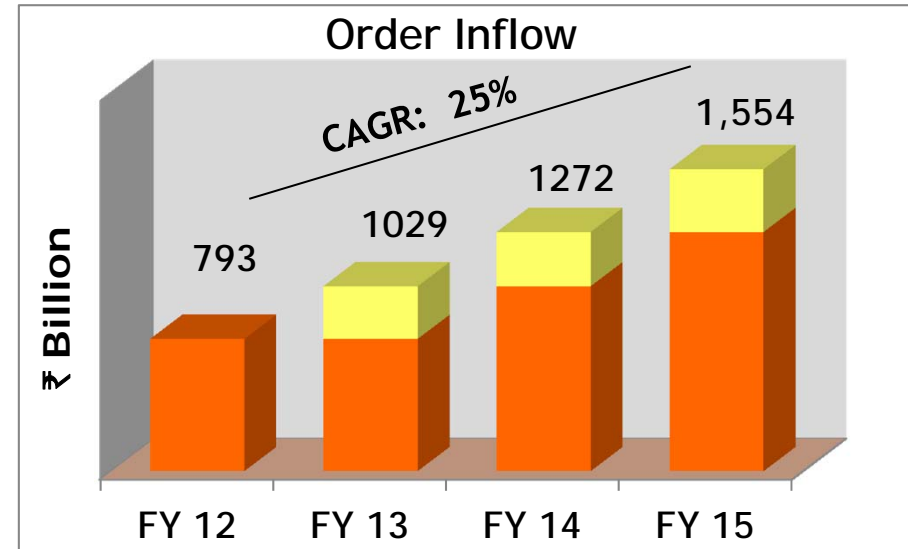
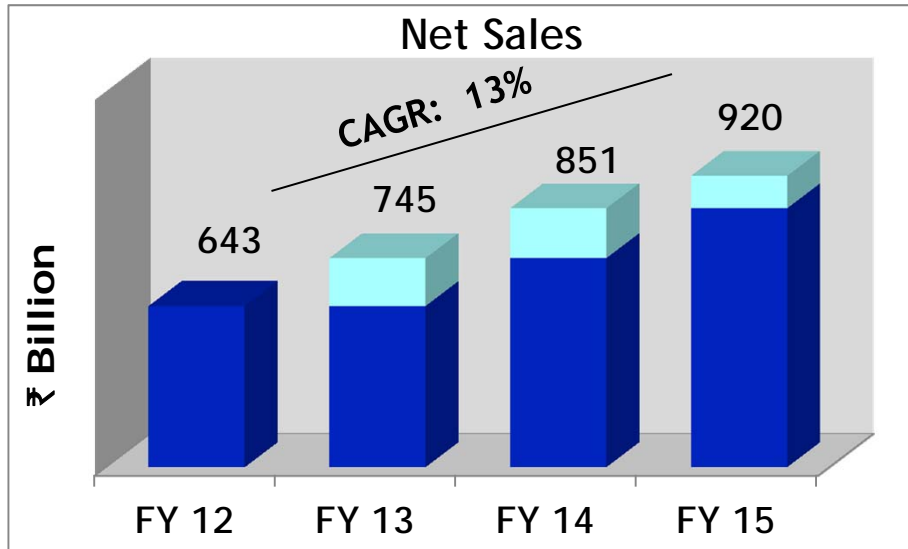
L&T's Business Structure



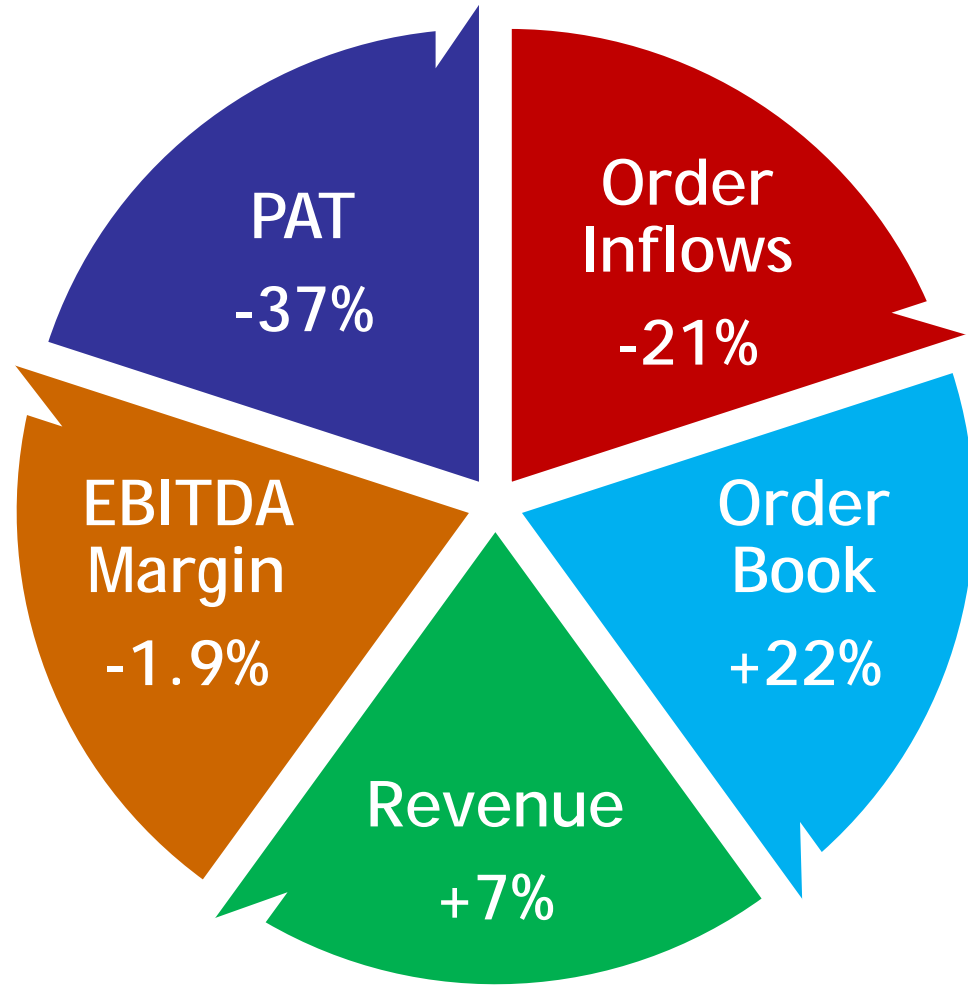
Presentation Outline



Four Year Performance

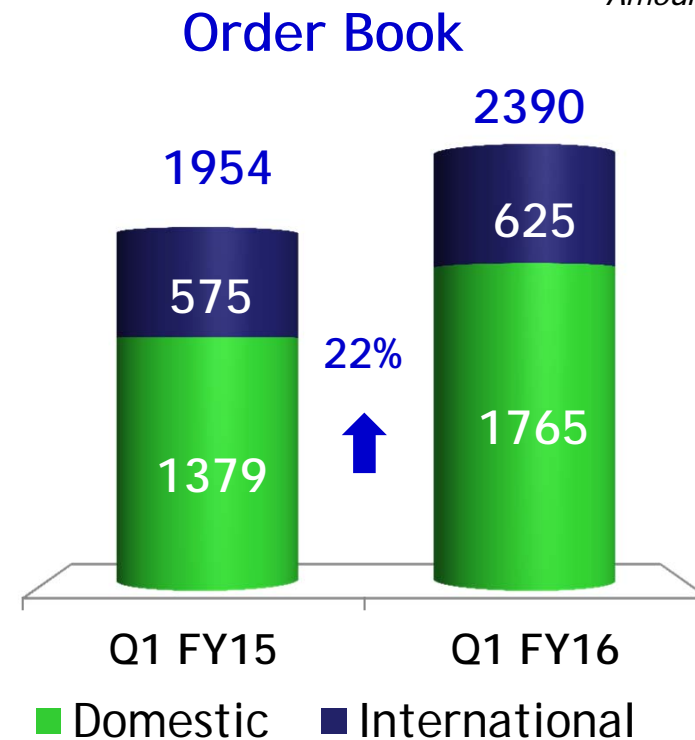
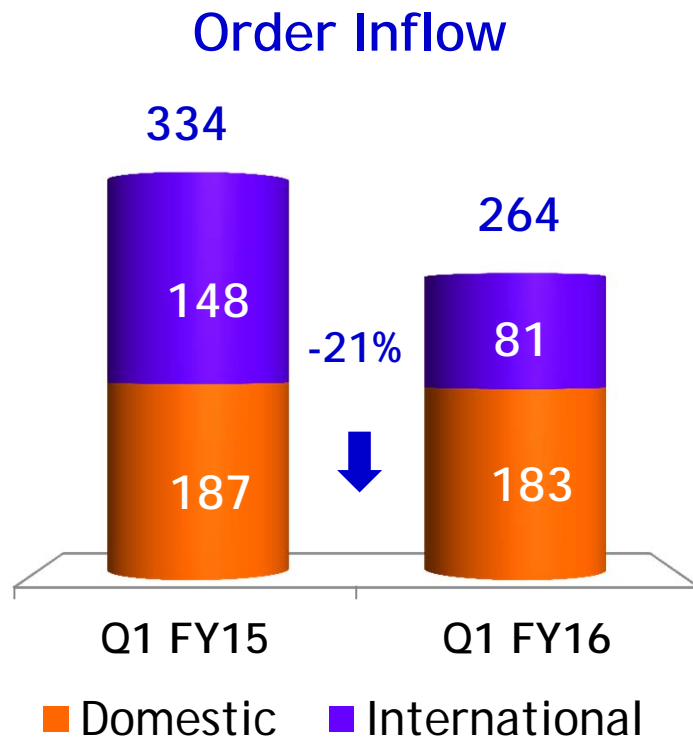


Q1 FY16 Performance



Group level Order Inflow & Order Book

Amount in ₹ Bn



- Sluggish pace of awards in Infrastructure segment
- Investment momentum in Industrial capex yet to pick up
- Power and Hydrocarbon awards picking up; few target bids lost on price
- Prospect pipeline for balance FY16 appears encouraging

Group Performance - Sales & Costs

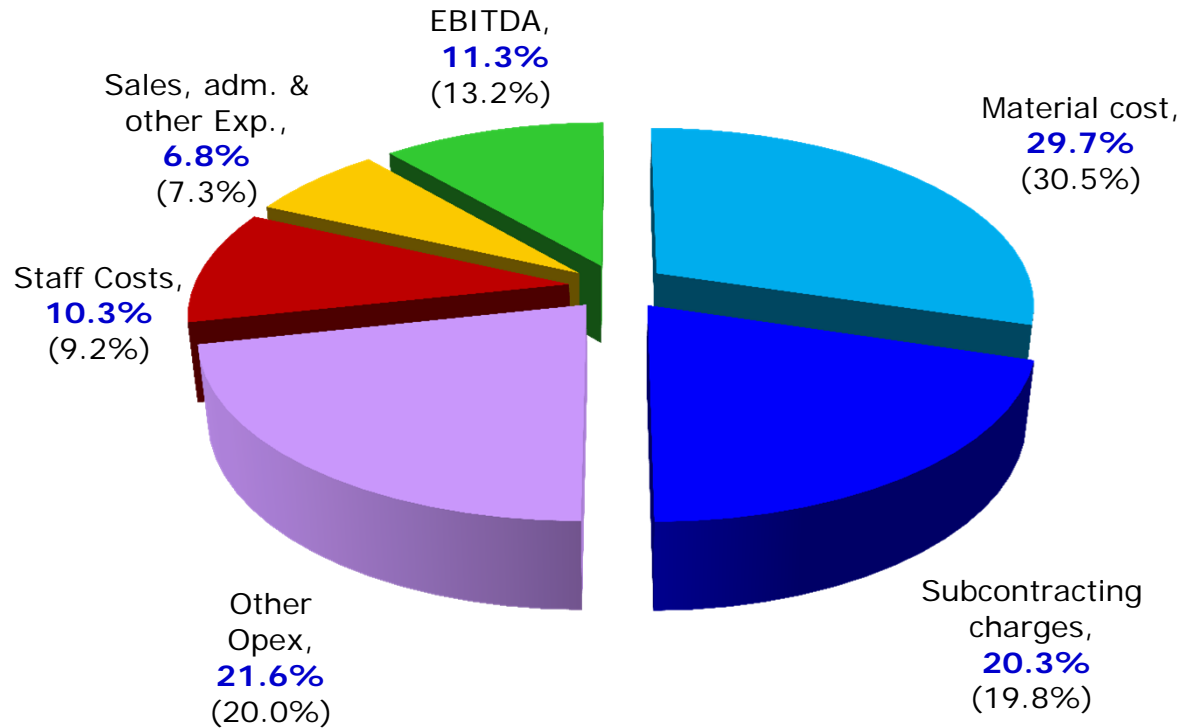
₹ Billion	Q1 FY15	Q1 FY16	% Change	FY15
Net Sales / Revenue from Operations	189.75	202.52	7%	920.05
----International Sales	48.50	66.09	36%	259.26
% of Total Sales	26%	33%	-	28%
Mfg, Cons. & Opex (MCO)	133.29	144.97	9%	673.34
Staff Costs	17.51	20.84	19%	79.25
Sales, adm. & other Exp. (SGA)	13.83	13.81	-0.2%	54.13
Total Opex	164.64	179.62	9%	806.71

- Execution challenges persist in some sectors
- Project business features sequentially non-linear execution progress
- Increase in MCO charge due to job mix and operationalization of Nabha power project
- Staff cost rise due to pay revisions and enlarged base of Middle East operations
- SGA expenses in line with level of operations

Performance Summary - Operational Costs & Profitability



Q1 FY16



Figures in brackets indicate corresponding period of the Previous Year

Group Performance Summary Extracts

₹ Billion	Q1 FY15	Q1 FY16	% Change	FY15
EBITDA	25.11	22.90	-9%	113.33
EBITDA Margin	13.2%	11.3%	-1.9%	12.3%
Interest Expenses	(7.74)	(7.07)	-9%	(28.51)
Depreciation	(8.07)	(6.22)	-23%	(26.23)
Other Income	2.77	2.57	-7%	10.10
Provision for Taxes	(4.49)	(5.46)	22%	(22.84)
PAT after Minority Interest	9.67	6.06	-37%	47.65

- Quarterly EBITDA variation reflects inherent non-linearity of project execution
- EBITDA margin drop due to divestment gain in PY and lower level of operation in segments with reduced order book; partly compensated by hydrocarbon recovery
- Decrease in interest cost on sale of Dhamra Port and loans refinancing
- Other income mainly comprises Treasury Gains
- Post-tax gain of Rs.1.96 Bn Exceptional items included in Q1 FY15

Group Balance Sheet

₹ Billion	Jun-15	Mar-15	Incr / (Decr)
Net Worth	414.18	409.09	5.09
Minority	56.55	49.99	6.56
Borrowings (Fin. Serv.)	449.97	430.10	19.87
Other Non-Current Liabilities	501.86	405.58	96.27
Other Current Liabilities	670.97	647.06	23.91
Total Sources	2,093.52	1,941.82	151.70
Net Fixed Assets	566.98	474.56	92.42
Goodwill on consolidation	22.23	22.15	0.08
Loans & Advances (Fin. Serv.)	473.32	454.26	19.06
Other Non- Current Assets	145.13	145.25	(0.12)
Cash and Cash Equivalents	157.69	138.21	19.48
Other Current Assets	728.16	707.38	20.78
Total Applications	2,093.52	1,941.82	151.70

- Gross D/E: 2.29
- Net Working Capital (excl. Fin. Serv.) : 25% of Sales

Group Cash Flow (Summarised)

₹ Billion	Q1 FY16	Q1 FY15
Operating Profit	23.62	23.70
Adjustments for NWC	(6.34)	(6.02)
Direct Taxes (Paid) / Refund - Net	(5.61)	(5.21)
Net Cash from Operations (A)	11.68	12.48
Investments in Fixed Assets (Net)	(15.90)	(18.29)
ICD Proceeds from/(to) Associate Cos.	(0.01)	6.37
Net Purchase of Long Term & Curr. Inv.	(28.00)	(16.13)
Interest & Div. Received and Others	3.29	1.00
Net Cash from/(used in) Invest. Act. (B)	(40.63)	(27.05)
Issue of Share Capital / Minority	6.26	5.01
Net Borrowings	42.05	18.49
Disbursements towards financing activities*	(19.06)	(6.44)
Interest & Dividend paid	(6.56)	(8.79)
Net Cash from Financing Activities (C)	22.69	8.28
Net (Dec) / Inc in Cash & Bank (A+B+C)	(6.26)	(6.29)

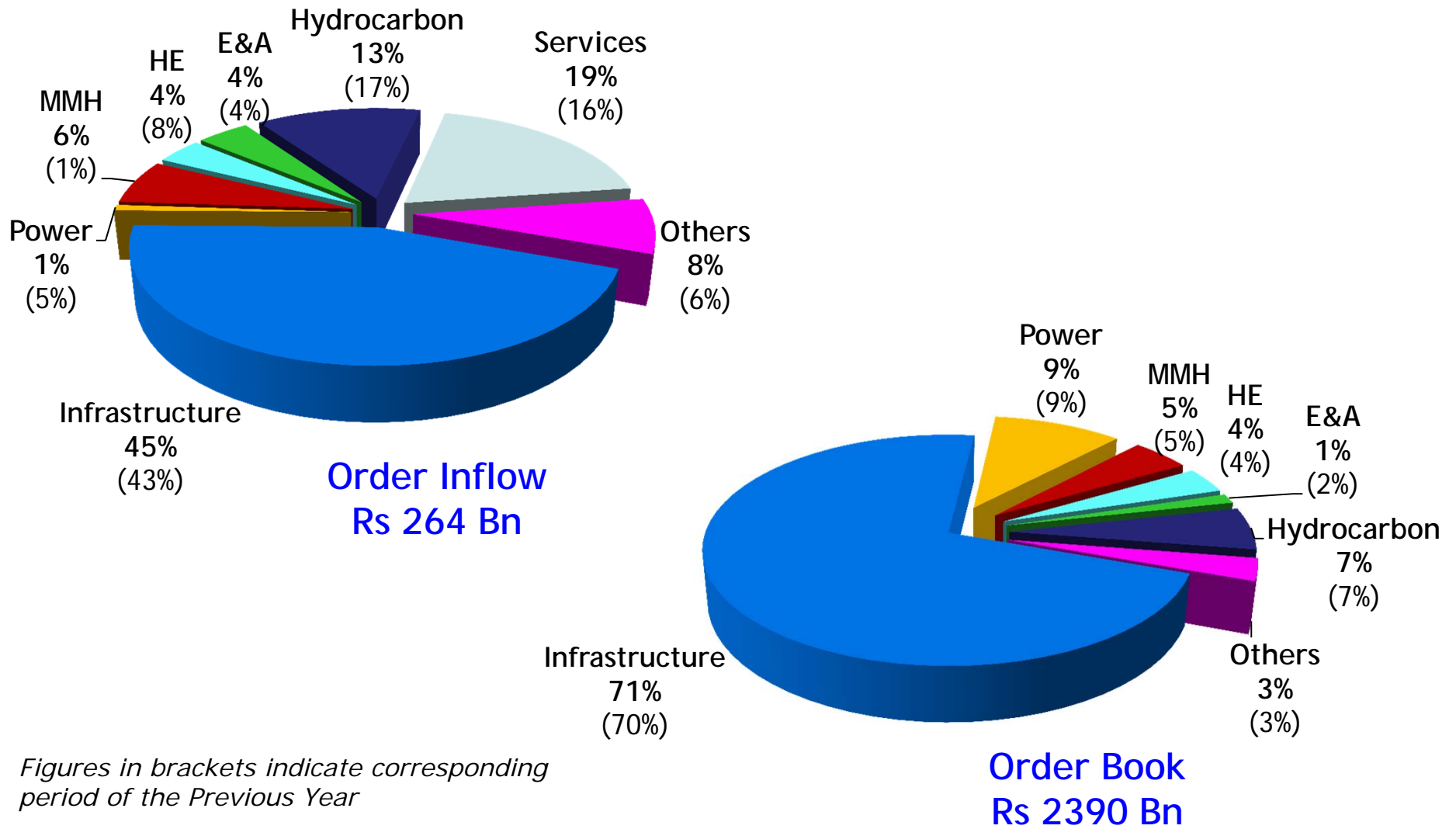
* included under Net Cash from operations under statutory financial statements

Segment Performance Analysis

Segment Composition

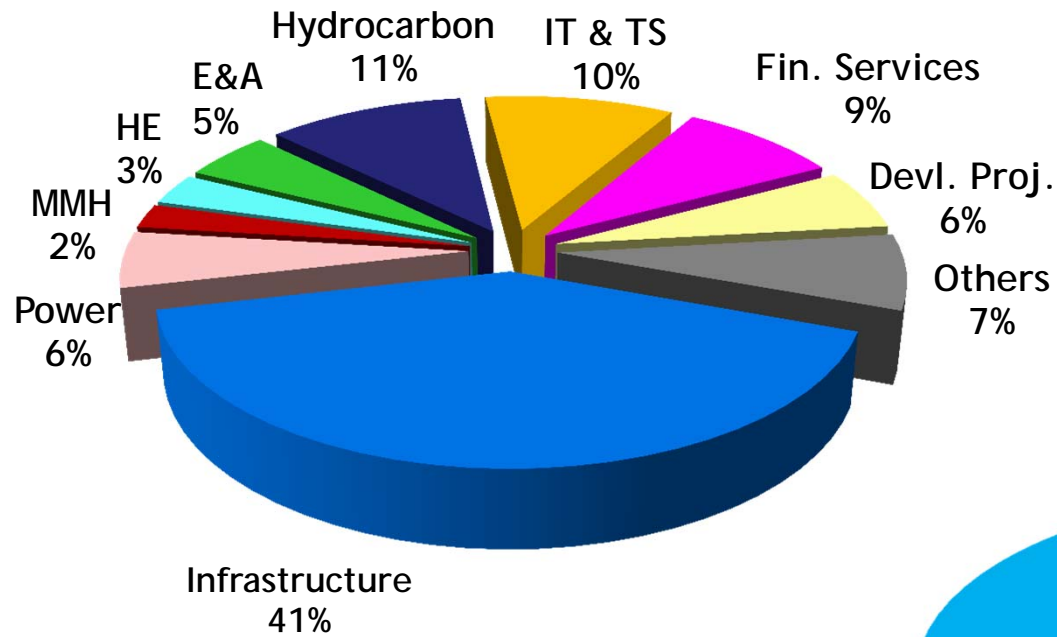
Infrastructure	Power	Metallurgical & Material Handling	Heavy Engineering	Electrical & Automation
Building & Factories	EPC - Coal & Gas	Ferrous	Process Plant Equipment	Electrical Standard Products
Transportation Infra	Thermal Power Plant Construction	Non Ferrous	Nuclear Power Plant Equipment	Electrical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

Segmental Breakup of Orders - Q1 FY16

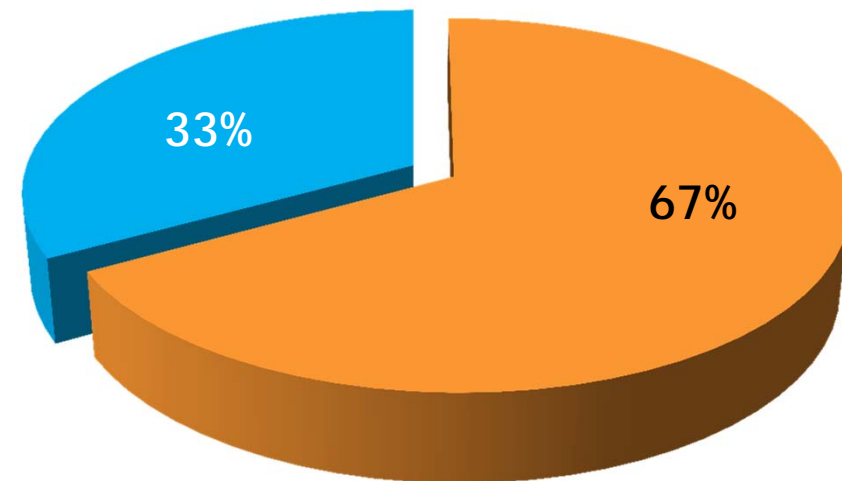


Revenue Breakup - Q1 FY16

Segmental Breakup



Geographical breakup

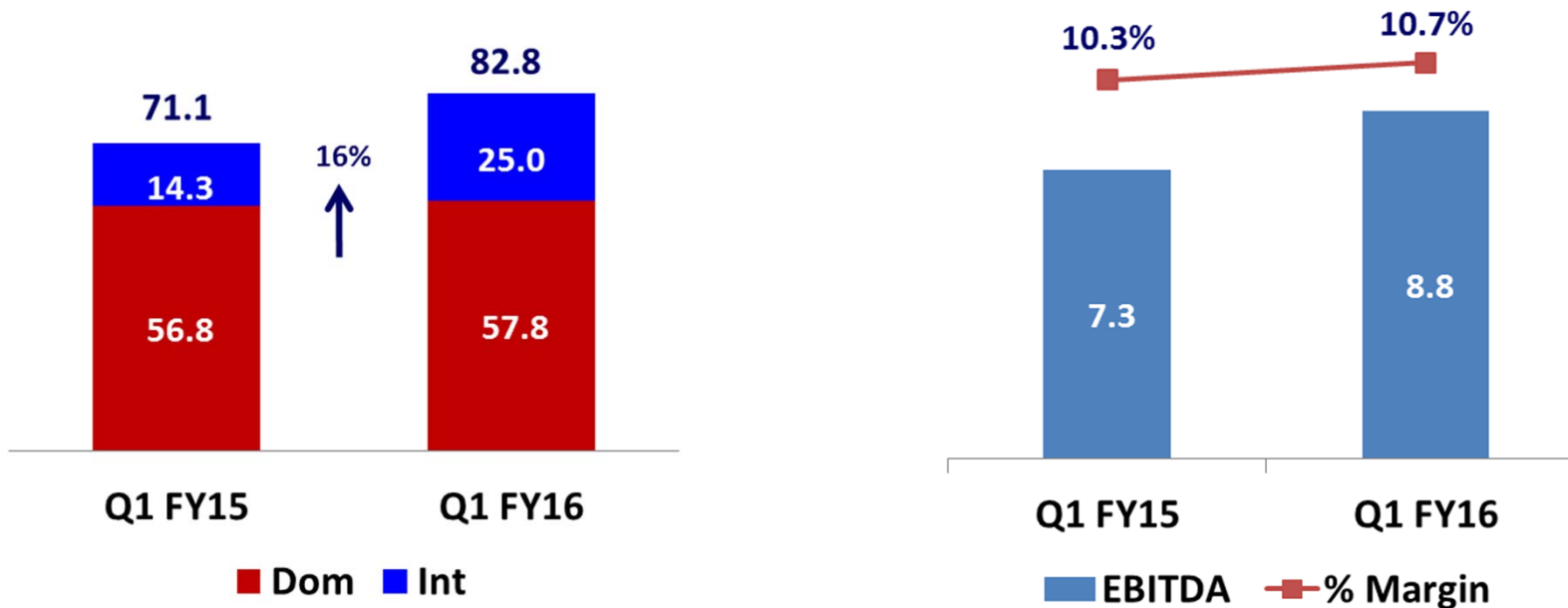


■ Domestic ■ International

Infrastructure Segment

Amount in ₹ Bn

Revenues & Margin



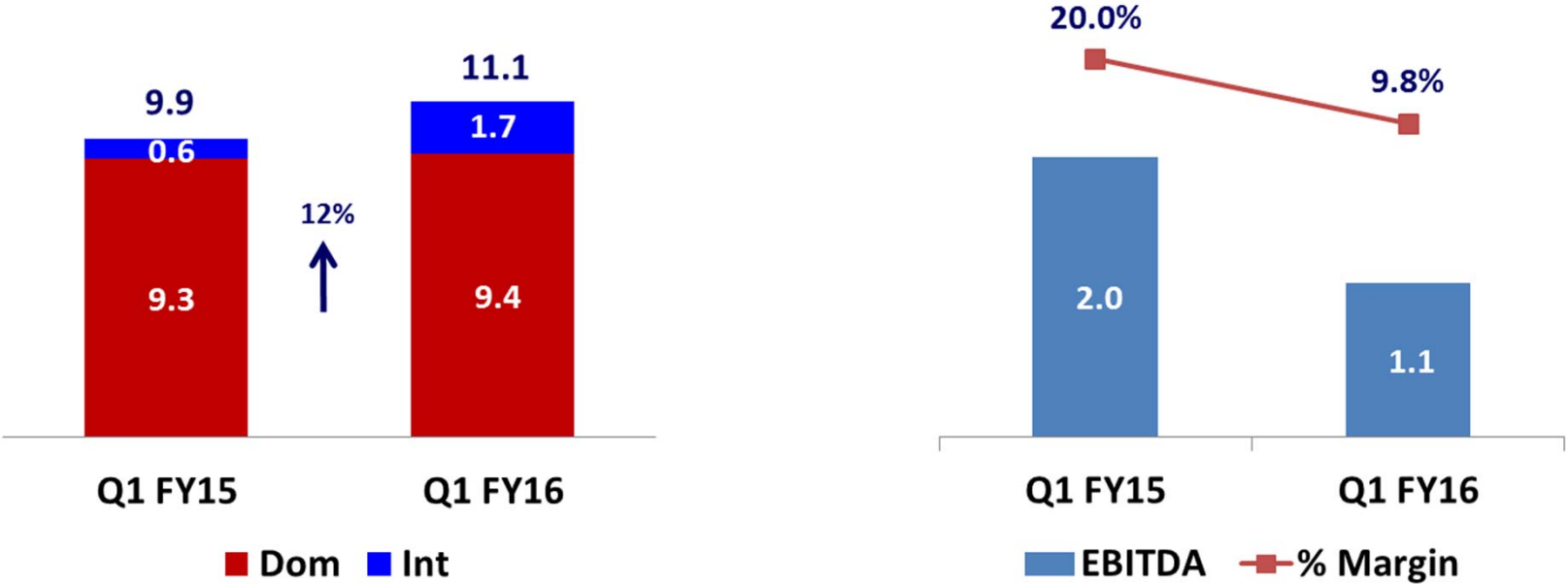
- Robust revenue growth driven by large order backlog
- International growth contributed by Power T&D, Transportation Infra and Heavy Civil Infra
- Steady margins achieved through efficient execution and stable commodity prices

33

Power Segment

Revenues & Margin

Amount in ₹ Bn

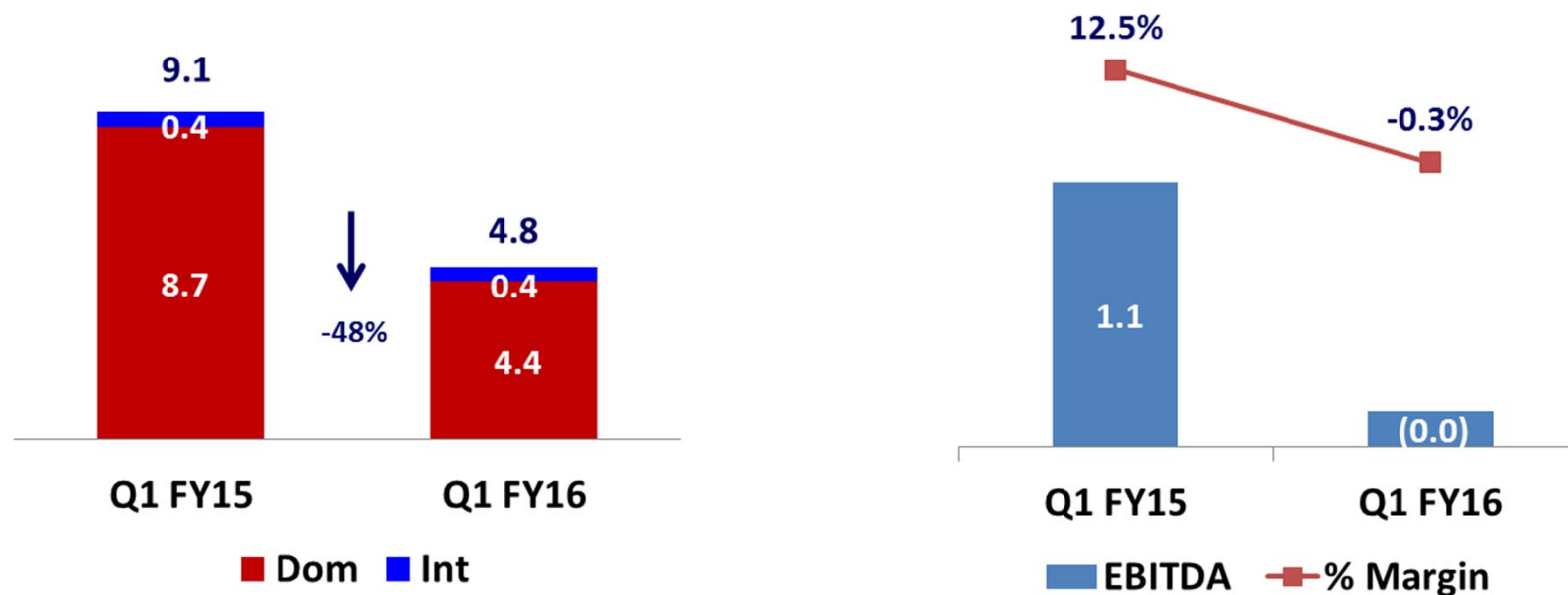


- Revenue growth driven by improved opening order book position
- International revenues contributed by Bangladesh job
- Margin variation due to job mix and early stage execution of new orders

Metallurgical & Material Handling (MMH) Segment

Amount in ₹ Bn

Revenues & Margin

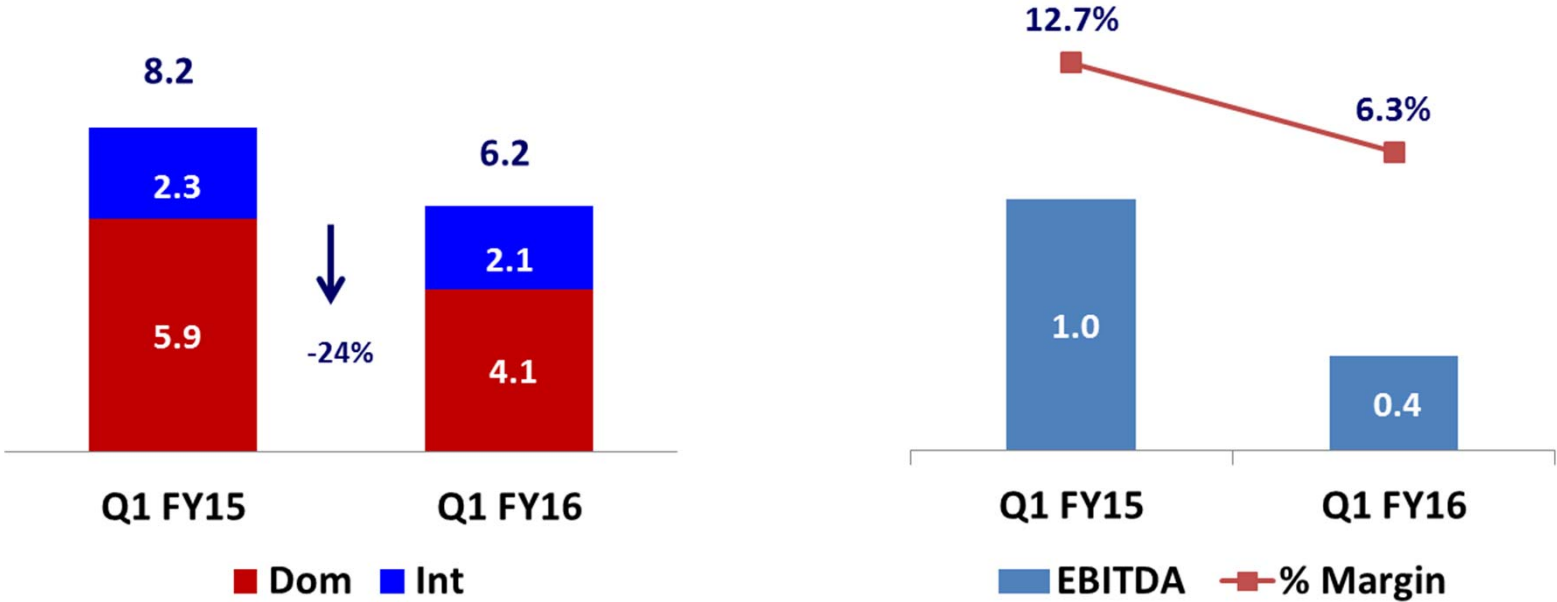


- Revenue decline due to reduced order book and slow pace of execution in some jobs
- Recent order wins yet to start contributing
- Margin drop due to lower level of operations and cost provisions

Heavy Engineering Segment

Amount in ₹ Bn

Revenues & Margin

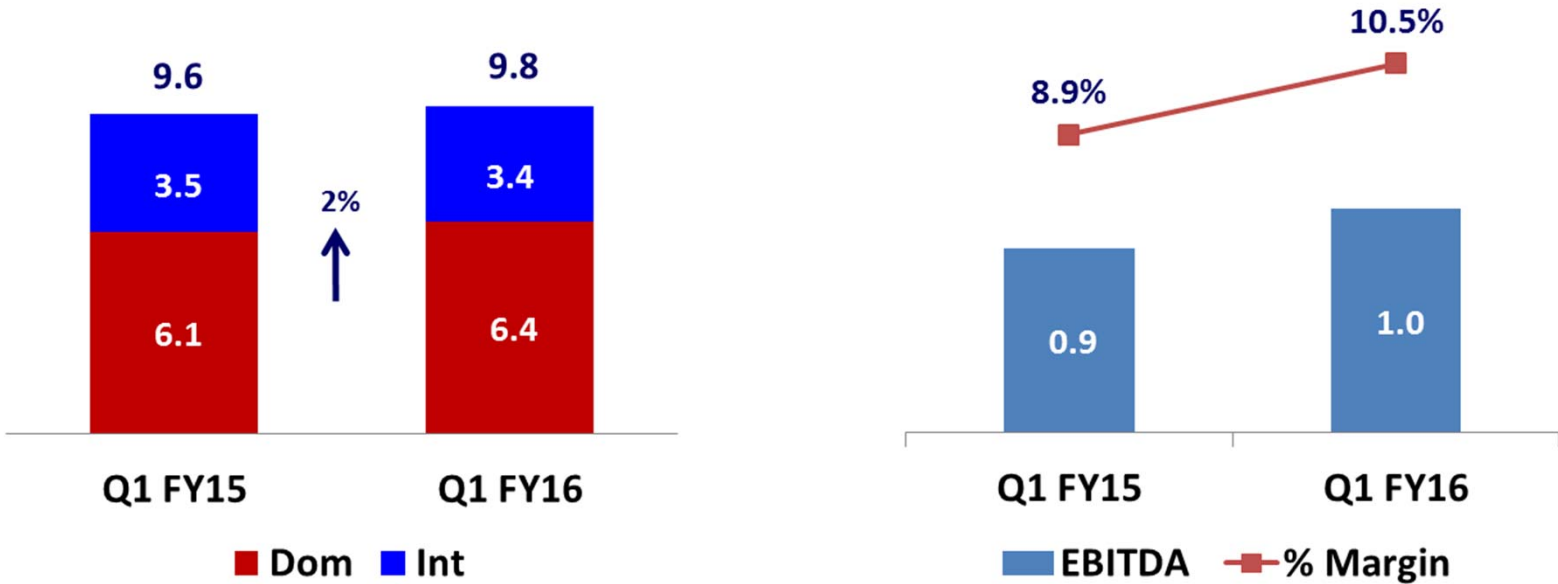


- Investment environment remains lacklustre
- Contraction in revenues arising out of depleted order book
- Lower realisations, sub-optimal volumes and cost & time overruns affecting margins

Electrical & Automation (E&A) Segment

Amount in ₹ Bn

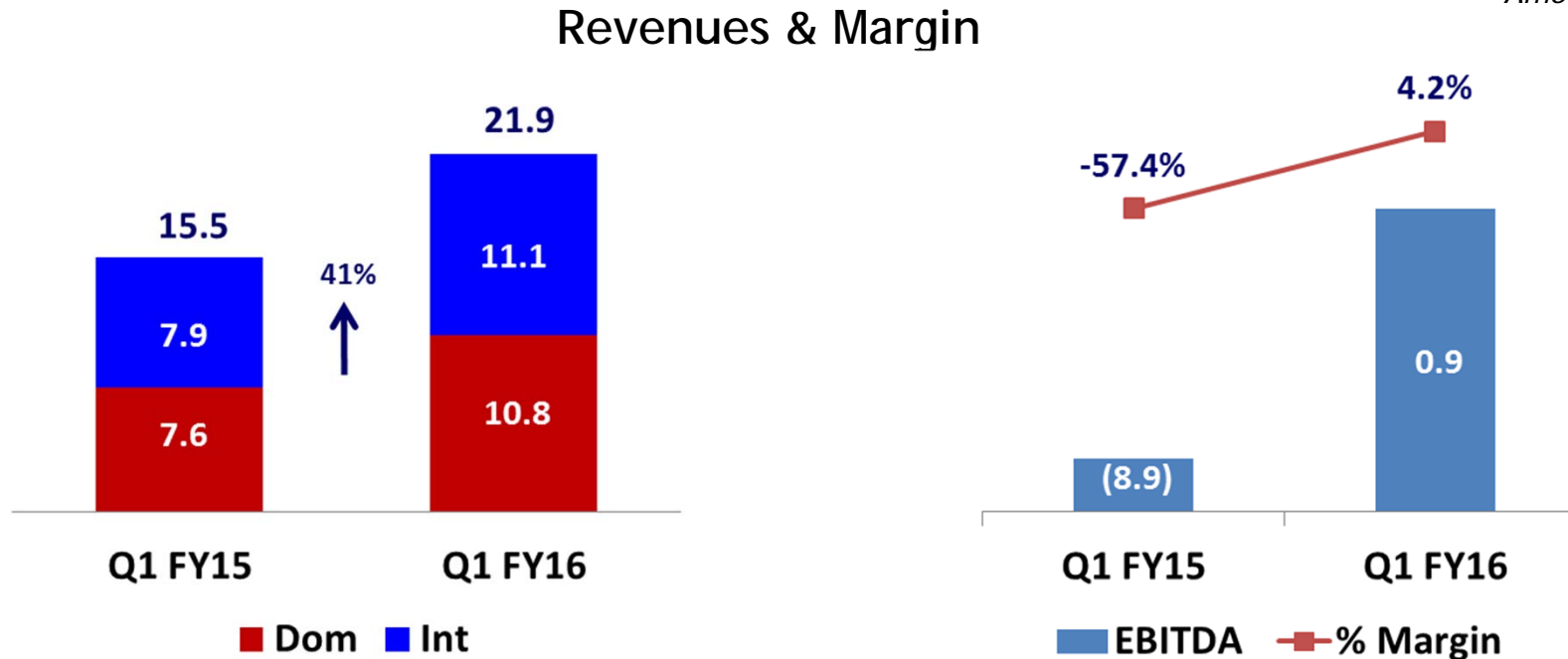
Revenues & Margin



- Muted revenue growth achieved in the face of sluggish industrial demand conditions
- Margin improvement due to soft commodity prices and operational efficiency

Hydrocarbon Segment

Amount in ₹ Bn

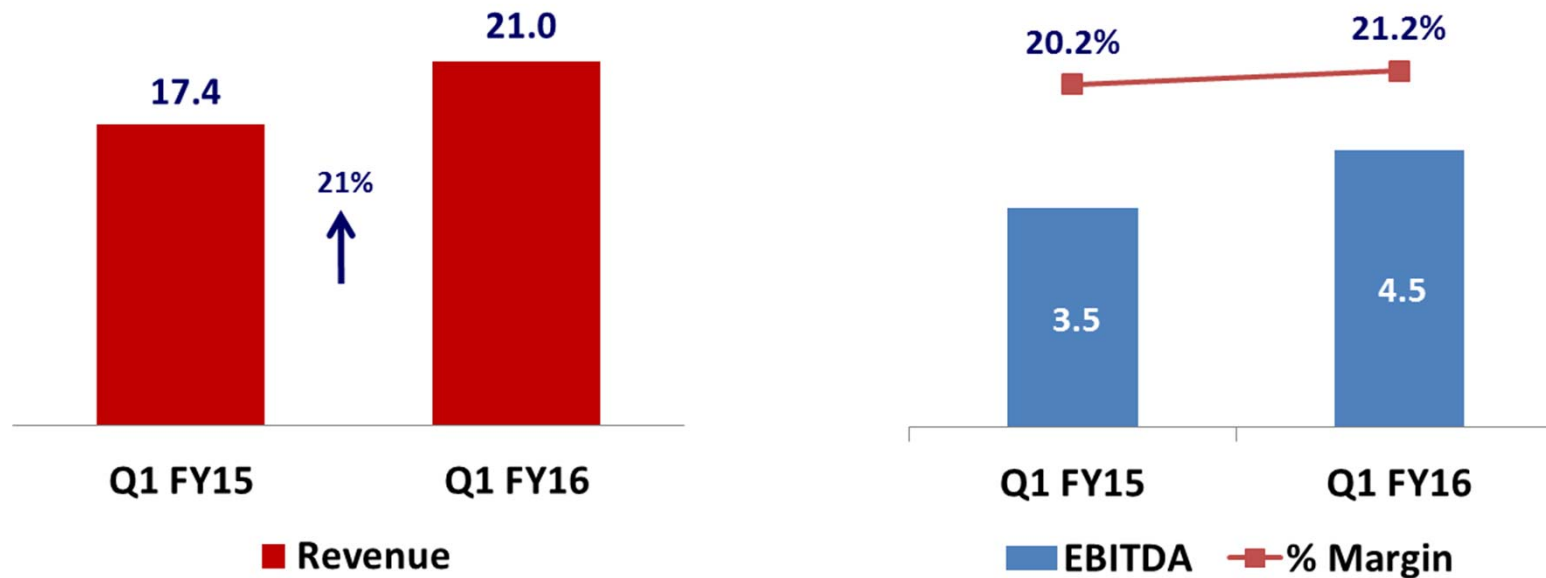


- Orders booked in FY15 (International and Domestic) contributing to revenue growth
- Challenging legacy Middle East projects in the process of being closed out
- The business has invested in a localised organisational build up in GCC region
- Muted EBITDA margins in Q1 FY16 due to pending claims settlement and under recovery of international overheads

IT & Technology Services Segment

Amount in ₹ Bn

Revenues & Margin

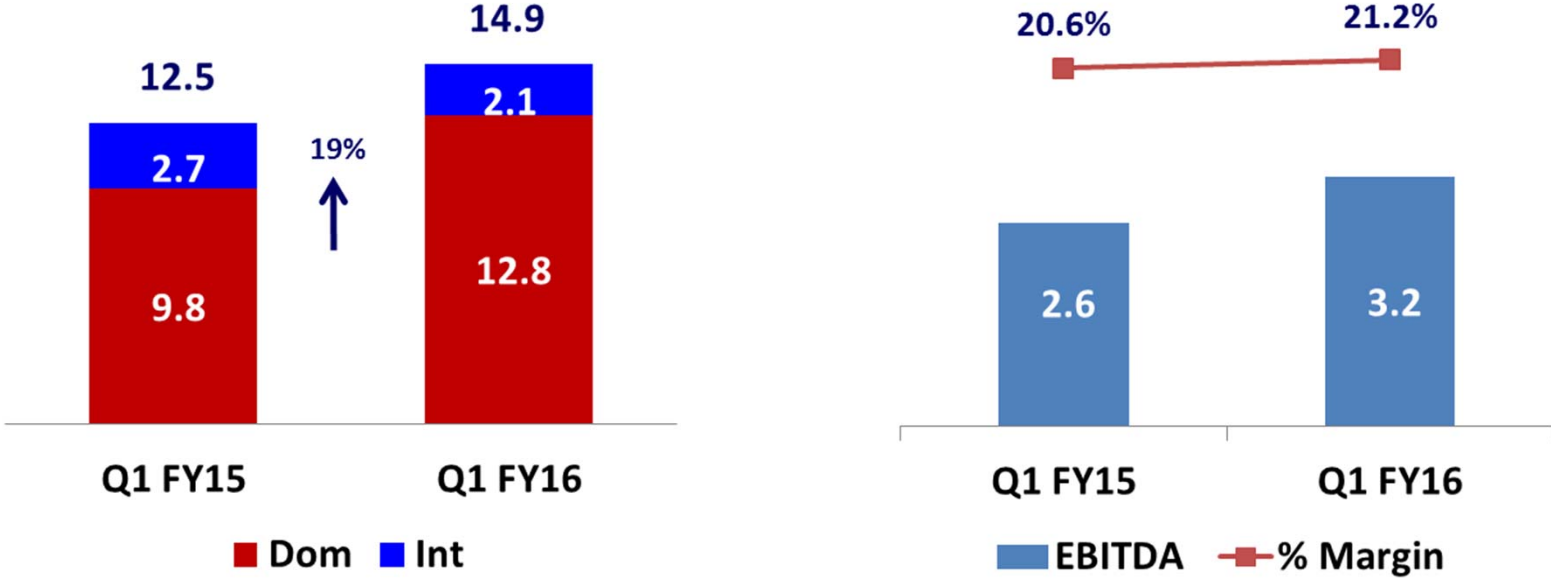


- Robust growth in revenues contributed by BFSI segments in IT and Industrial Products segment in TS
- Stable margins maintained through continued execution efficiency and favourable currency

Others Segment

Amount in ₹ Bn

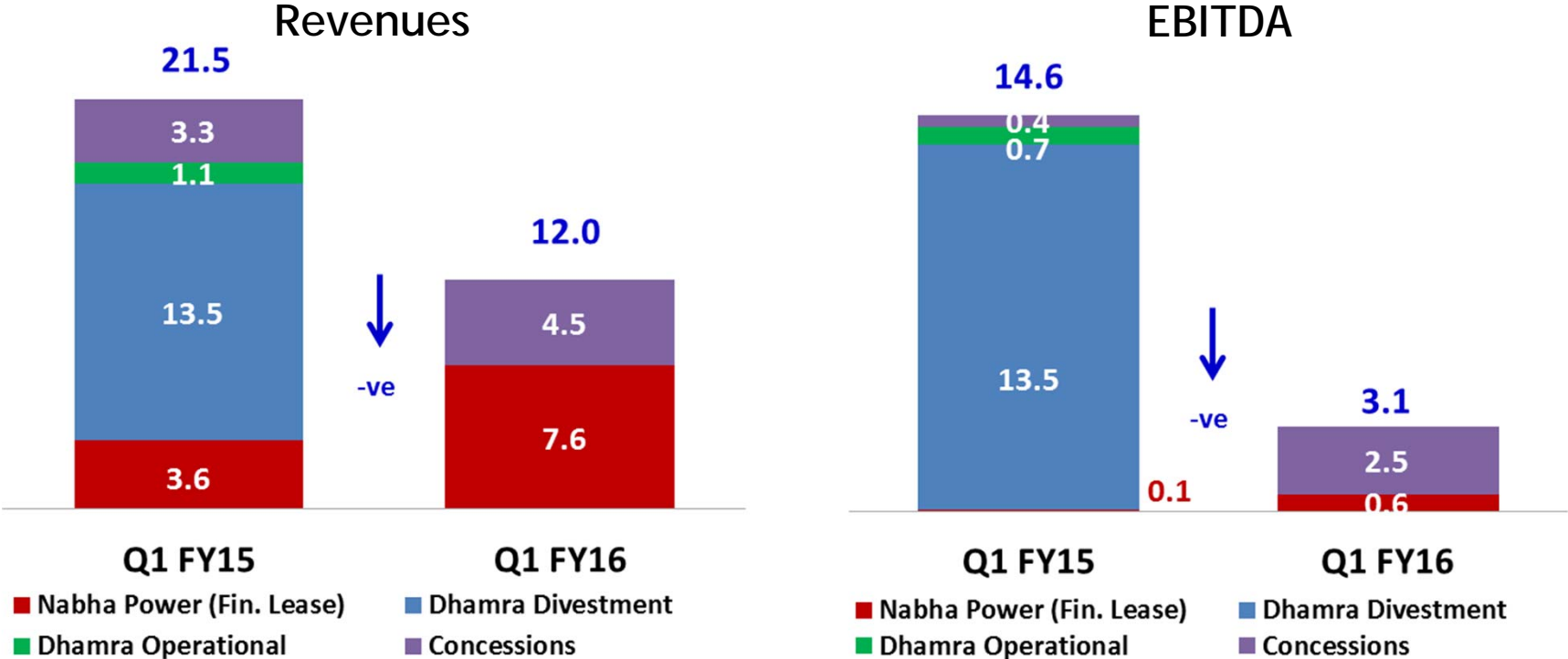
Revenues & Margin



- Revenue growth driven by Construction Equipment and Valves businesses
- Margin improvement contributed by Realty and Construction Equipment businesses

Developmental Projects Segment

Amount in ₹ Bn



- Increase in Concessions business due to traffic growth and 3 new operational road SPVs
- Nabha Power (2x700 MW) revenue increase due to operationalization of 2nd Unit

Concessions Business Portfolio - 26 SPVs



Roads and Bridges:

Portfolio: 17 projects (1764 Km); 14 Operational
Project Cost: ₹187 Bn

Power:

Portfolio: 5 projects (2270 MW); 1 Operational
Project Cost: ₹178 Bn



Ports:

Portfolio: 2 projects (18.5 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 (June 2015): ₹ 570 Bn

Equity Invested (June 2015): ₹ 89 Bn

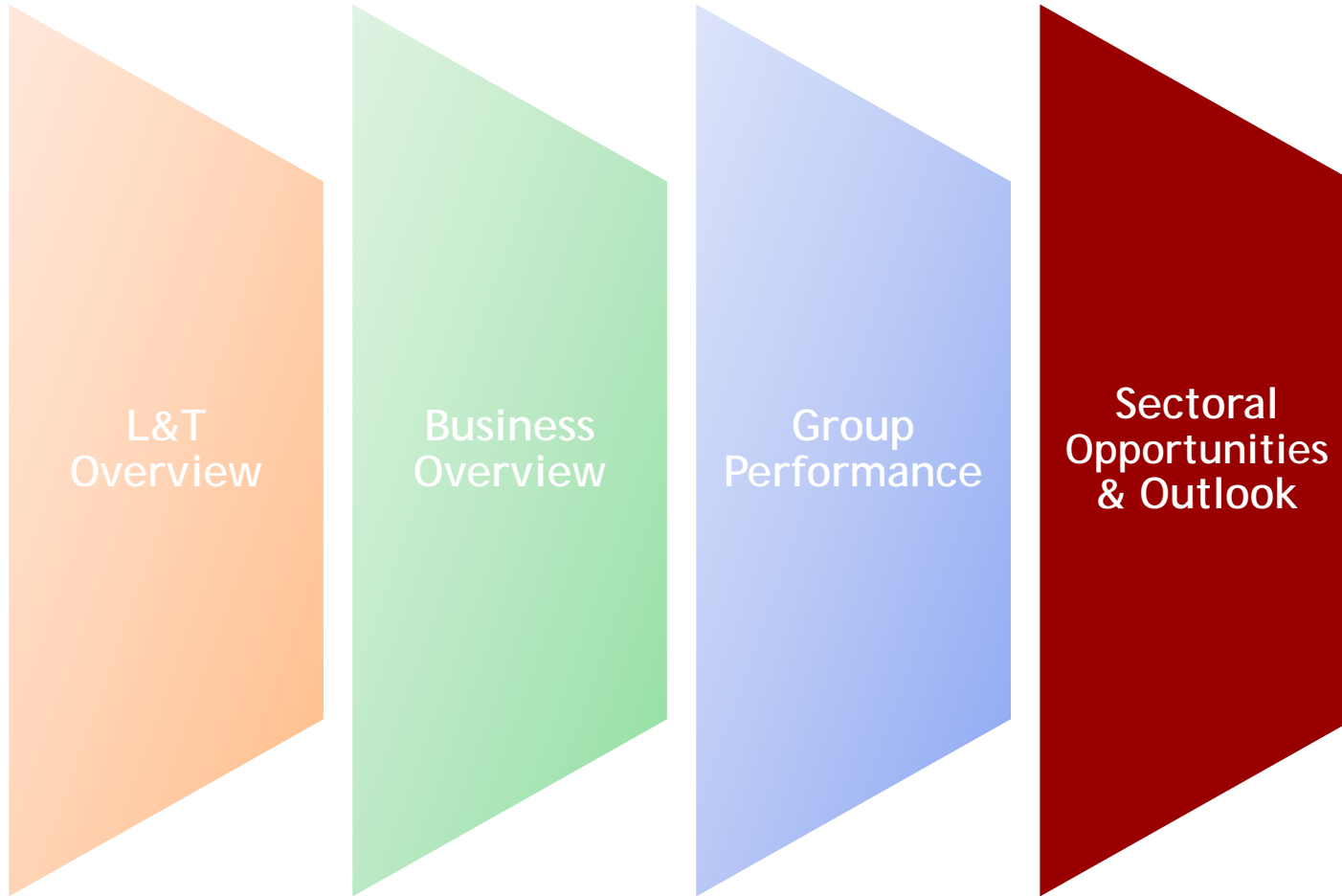
Balance Equity Commitment (June 2015): ₹ 45 Bn

L&T Finance Holdings

₹ Billion	Q1 FY15	Q1 FY16	% Change	FY15
Networth (Incl. Pref. Cap.)	73.68	85.29	16%	77.40
Borrowings	362.76	441.37	22%	420.91
Loans and Advances	407.64	492.19	21%	472.32
Mutual Fund Average AUM	198.95	222.13	12%	224.97
Gross NPA (%) - 150 DPD	4.63%	3.05%	-1.6%	3.08%
Net NPA (%) - 150 DPD	3.72%	2.00%	-1.7%	2.10%
PAT (before exceptionals)	1.67	1.92	15%	7.36

- Healthy growth in loan assets aided by disbursements in B2C and SME segments, as well as operational infrastructure assets
- Steady Mutual Fund AUM with shift towards equity / hybrid assets
- NPA recognition at 150 DPD (Days Past Due) from Q1FY16

Presentation Outline



Infrastructure Segment - Urban Infra



Presence :

Residential & Commercial Buildings, IT & Office Space, Hospitals, Shopping Malls, Educational Institutions, Super Luxury Hotels, Airport (Terminal Buildings) and Factory Buildings

Opportunities:

- High end residential buildings by cash rich private sector developers
- Affordable housing projects by Urban Authorities
- Office space build-out by IT majors
- Privatisation of domestic airports
- Thrust on Education facilities by Govt
- International urban infra prospects in Oman, UAE, Qatar, KSA
- Modernisation of domestic Airport Terminal Buildings
- New factory buildings (Auto, FMCG, Cement)

Infrastructure Segment - Transportation Infra



Presence :

Roads, Elevated Corridors, Railway Construction & Airport Runways,



Opportunities:

- Increased road build-out by NHAI
- Expressway projects by State Governments
- Elevated corridors within cities
- Dedicated Freight Corridor program
- Track modernisation and expansion by Indian Railways
- Airport runways
- International opportunities in Oman, UAE, Qatar and KSA



Infrastructure Segment - Heavy Civil Infra



Presence :

Metro Railways, Monrails, Hydel Power Plant construction, Nuclear (civil) plant construction, Defence Infrastructure, Special Bridges and Tunnels



Opportunities:

- Metro & Mono Rail projects planned in multiple cities across India (to decongest urban traffic)
- Build out of Hydel Plants in North Eastern states and Bhutan
- Thrust being given by Govt on increasing nuclear power installed base
- Thrust on connectivity to hilly states (J&K, Arunachal, Himachal)
- Increased spends on infrastructure facilities for armed forces



Infrastructure Segment - Water & Communication



Presence :

Bulk transmission of water, water treatment, waste water treatment, sewage rehabilitation, effluent treatment, telecom infrastructure

Opportunities:

- Thrust on water infrastructure due to falling water tables across the country
- Waste water treatment from municipalities
- Thrust on cleaning Ganga
- Security solutions for smart cities
- Increased digitisation - inter-city telecom connectivity
- Effluent treatment plants from Industrial units

Infrastructure Segment - Power T&D



Presence :

Sub-stations, Transmission Lines, Solar Power projects



Opportunities:

- Thrust on augmenting old grids
- Thrust on expansion of T&D grids
- Thrust on Solar Power capacity addition
- T&D expansion in Oman, UAE, Qatar, Kuwait and KSA



Infrastructure Segment - Challenges



Major Challenges in Infrastructure:

- Investment constraints
- Government Funding
- Lack of private sector interest in PPP projects
- Land acquisition
- Environmental Clearances
- Pace of execution

Power Segment



Presence : EPC Projects in Power Capacity addition (Coal & Gas), Coal based Power Plant Equipment (Boilers, Turbines, ESP, Piping and other Power Auxiliaries)



Opportunities:

- Base level capacity addition in Coal based Power Plants
- EPC prospects for gas-fired power plants in Bangladesh
- Likely pick up in investments



Challenges:

- Fuel supply
- Land acquisition
- Environment and Forest Clearances
- Poor financial health of Distribution Cos
- Aggressive bidding by competition

Heavy Engineering Segment



Presence : Equipment for process plants (mainly for oil and gas), Nuclear power plant equipment, Defense (mainly for navy and army) and Aerospace



Opportunities:

- Oil & Gas equipment supply opportunities in India, Middle East, Far East, Russia, Europe and USA
- Nuclear Power Plant equipment in India
- Interceptor Boats, Ships and Submarines for Indian Navy and Coastguard
- Artillery guns and other equipment for Indian Army
- Components for Indian Space Program



Challenges:

- Shrinking spends on Oil & Gas
- Reduced prospect base of nuclear power equipment post-Fukushima and consequent on civil liability overhang
- Monopoly of Public Sector in Defense orders; very long prospect-to-award timelines

Hydrocarbon Segment



Presence : *Offshore Platforms, Subsea pipelines, Floating Systems, Subsea installations, Onshore Oil & Gas installations, Refineries, Petrochemical and Fertiliser Plants (EPC), Onshore pipelines, Regasification Terminals*

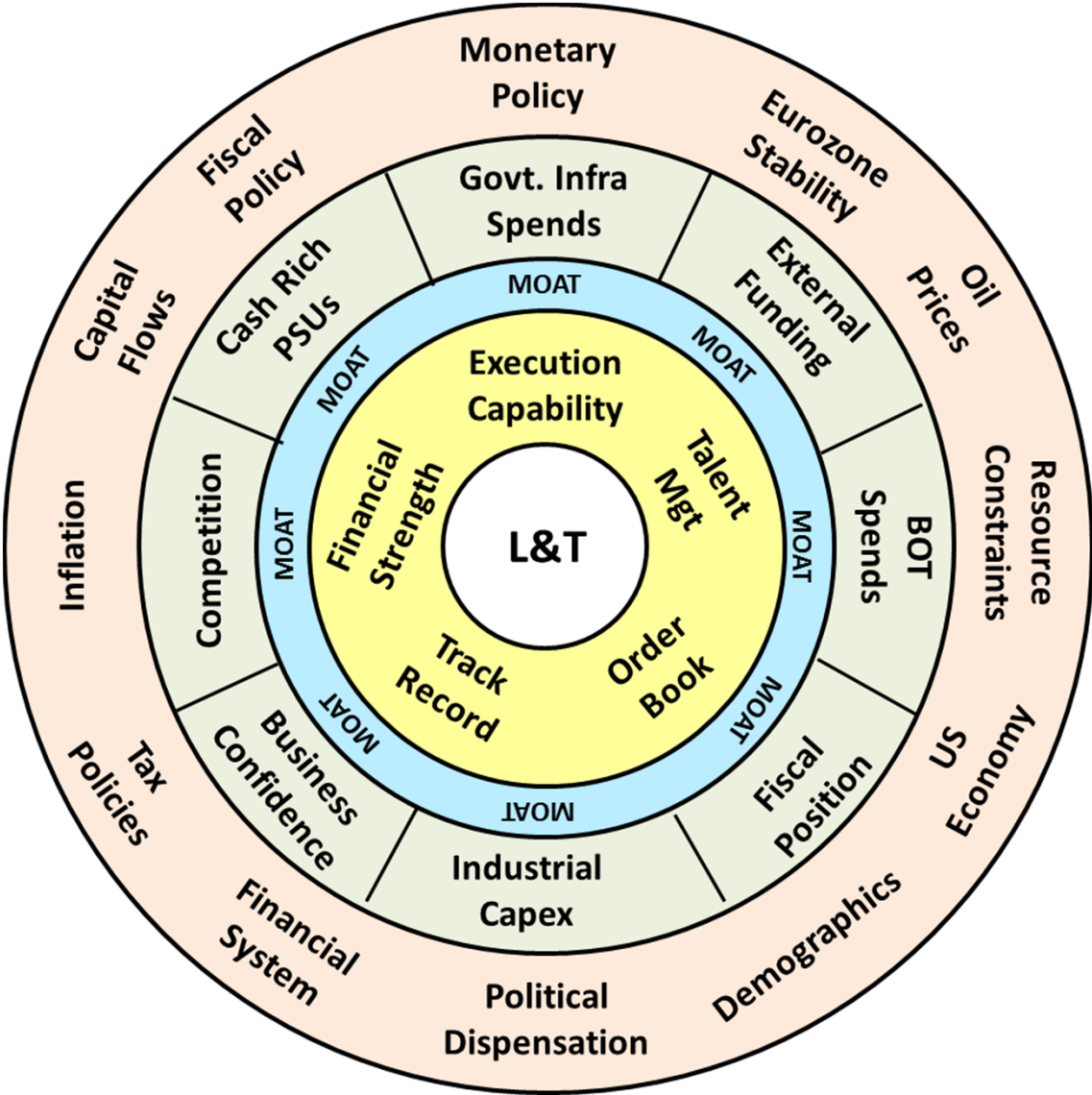
Opportunities:

- Select International prospects - Upstream / Mid & Downstream
- Opportunities from ONGC Capex - Upstream / Mid & Downstream
- Opportunities for Fertilizer EPC
- Regasification terminals
- 'Clean fuel' projects

Challenges:

- Long bid-to-award timelines
- Aggressive competition in Domestic and GCC markets
- Project execution in international markets

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		
					Q1 FY16	Q1 FY15	% Change
Revenue from Operations	21.01	17.83	12.03	151.66	202.52	189.75	7%
EBITDA	4.44	2.38	3.13	12.96	22.90	25.11	-9%
Interest Expenses	(0.02)	(0.02)	(3.30)	(3.72)	(7.07)	(7.74)	-9%
Depreciation	(0.60)	(0.25)	(1.01)	(4.37)	(6.22)	(8.07)	-23%
Other Income	0.04	0.50	0.01	2.02	2.57	2.77	-7%
Exceptional Items	-	-	-	-	-	2.49	
Provision for Taxes	(0.67)	(0.83)	(0.24)	(3.71)	(5.46)	(4.49)	22%
PAT from Ordinary Activites	3.18	1.78	(1.41)	3.17	6.73	10.07	-33%
Share in profit of Associates	-	-	0.01	0.01	0.02	0.02	
Adjustments for Minority Interest	(0.00)	(0.86)	0.12	0.06	(0.69)	(0.41)	
Profit After Tax	3.18	0.92	(1.28)	3.24	6.06	9.67	-37%

* Includes Insurance Business

Annexure 2: Group Balance Sheet

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					Jun-15	Mar-15	Inc / (Dec)
Net Worth (Excl. Pref. Cap.)	25.2	39.5	56.5	293.0	414.2	409.1	5.1
Minority Interest	0.0	39.3	10.5	6.8	56.5	50.0	6.6
Borrowings	7.9	450 [^]	290.9 [^]	201.0	949.7	905.7	44.0
Deferred Payment Liabilities	-	-	111.1	0.2	111.3	30.3	81.0
Other Current & Non-Current Liab.	15.3	24.0	33.2	489.3	561.8	546.8	15.0
Total Sources	48.3	552.8	502.1	990.3	2,093.5	1,941.8	151.7
Net Segment Assets	48.3	552.8	502.1	990.3	2,093.5	1,941.8	151.7
Total Applications	48.3	552.8	502.1	990.3	2,093.5	1,941.8	151.7

* Includes Insurance Business

[^] Partly netted off from Capital Employed in Reported Segment