LARSEN & TOUBRO

**Larsen & Toubro Limited**
**Secretarial Department**
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Fax: +91 22 6752 5893
www.Larsentoubro.com

SEC/PAM/2017

February 7, 2017

| | |
|---|---|
| The Secretary<br>BSE Limited<br>Phiroze Jejeebhoy Towers,<br>Dalal Street,<br>MUMBAI - 400 001<br>**STOCK CODE: 500510** | National Stock Exchange Of India Limited<br>Exchange Plaza, 5th Floor<br>Plot No.C/1, G Block<br>Bandra-Kurla Complex<br>Bandra (E), Mumbai - 400 051<br>**STOCK CODE: LT** |

Dear Sir,

Sub.: **Investor Presentation**

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of updated Investor Presentation, which will be uploaded to our Investor Website http://investors.larsentoubro.com/

We request you to take note of the same.

Thanking you,

Yours faithfully,
**for LARSEN & TOUBRO LIMITED**

**N. HARIHARAN**
**COMPANY SECRETARY**
**(ACS 3471)**

Encl : as above

ISO 9001 REGISTERED
DNV
MGMT. SYS.
RvA C024
DNV Certification B.V., The Netherlands

CIN : L99999MH1946PLC004768

# Larsen & Toubro

## Investor Presentation – Q3 / 9M FY17

February 7, 2017

# 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

- L&T Overview
- Business Overview
- Group Performance
- Sectoral opportunities

# Presentation Outline

**L&T Overview**

Business Overview

Group Performance

Sectoral opportunities

# L&T - At a Glance

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

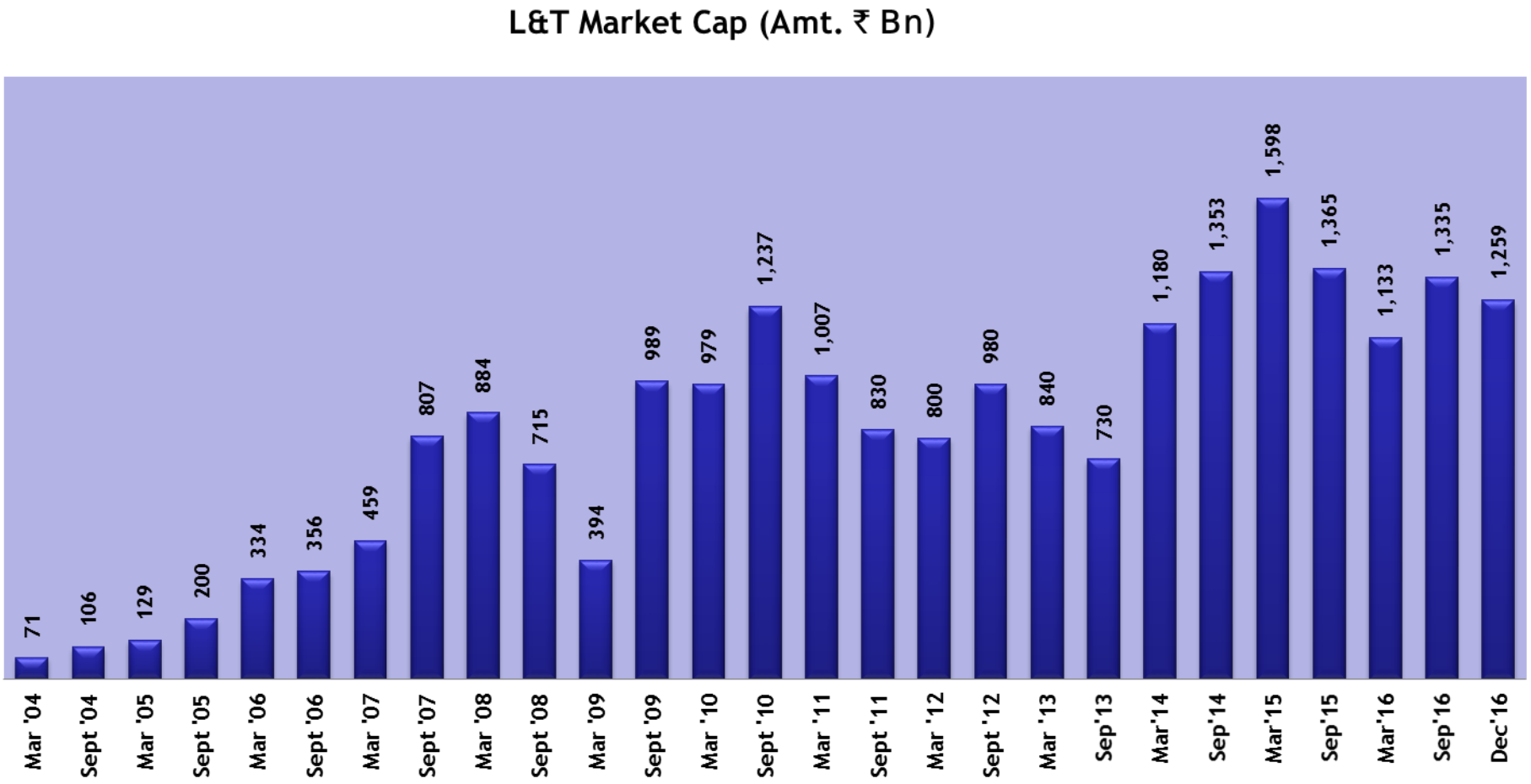
**Professionally Managed Company**

**FY 16 Group Revenues: ₹1020 Bn (approx. US$ 16 Bn)**

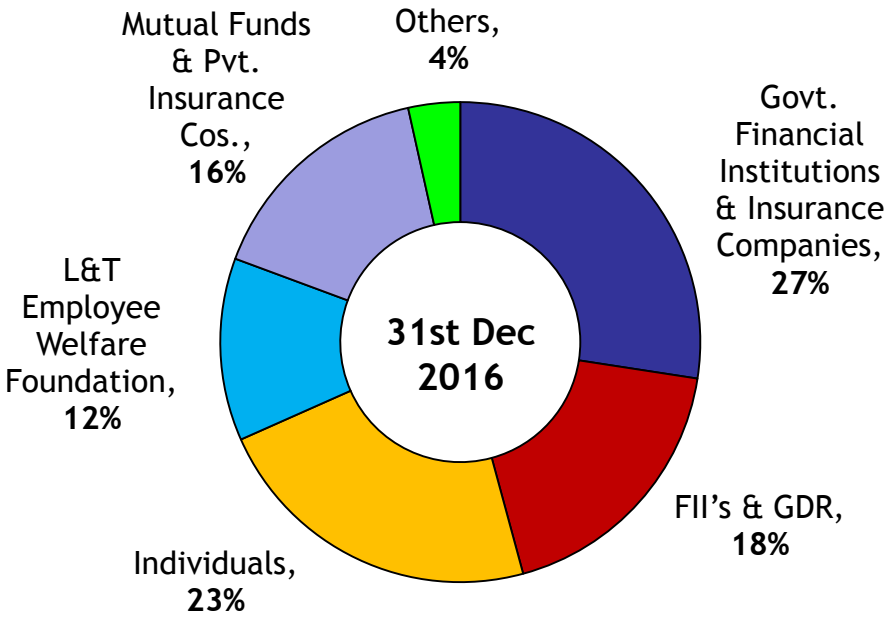
**Market Cap (30th Jan'17): ₹1347 Bn (approx. US$ 20 Bn)**

**Credit Ratings CRISIL: AAA/Stable ICRA: AAA(Stable)**

# L&T - At a Glance



# L&T – Shareholding Pattern




| Major Institutional Shareholders | % Shares |
|---|---|
| Life Insurance Corporation of India | 16.5% |
| Administrator of the SUUTI | 6.6% |
| HDFC Mutual Fund | 3.1% |
| General Insurance Corp. of India | 1.9% |
| ICICI Prudential Mutual Fund | 1.9% |
| ICICI Prudential Life Insurance | 1.8% |
| Government of Singapore | 1.5% |
| Reliance Mutual Fund | 1.4% |

- 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; FY16 Dividend of Rs. 18.25 per share (FY15: Rs. 16.25 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

**S. N. Subrahmanyan**
*Deputy Managing Director & President*
- 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, Heavy Engg. & Defence)
- BTech
- Joined L&T in 2004
- Vast experience in Thermal Power, Heavy Engineering, Defence & Aerospace Business

**D. K. Sen**
*Whole-time Director* & Sr. Executive Vice President (Infrastructure)
- B.SC ENGG (CIVIL), MBA (Finance)
- Joined L&T in 1989
- Vast experience in Design & Engineering, Business Development, Tendering and construction

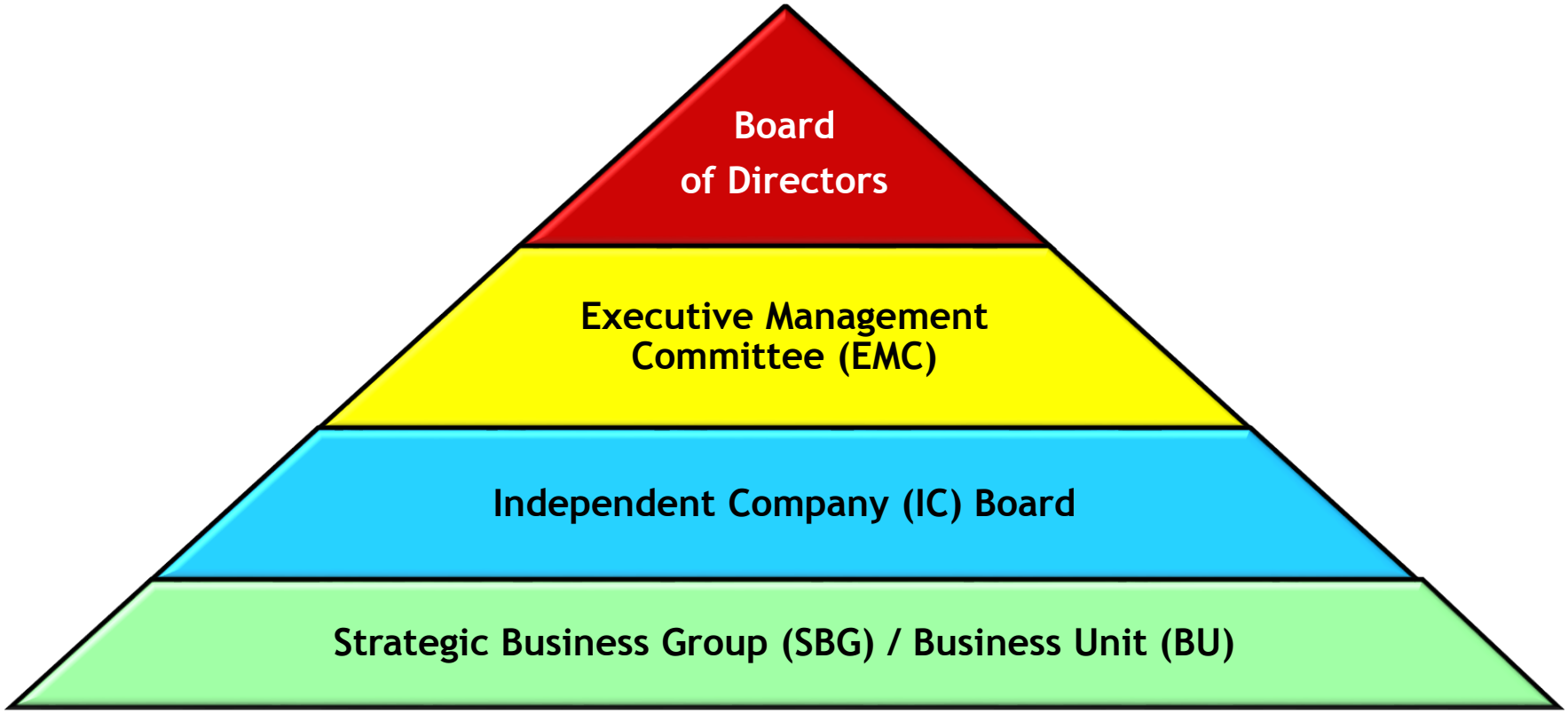
**M. V. Satish**
*Whole-time Director* & Sr. Executive Vice President (Building, Minerals & Metals)
- BE (Civil)
- Joined L&T in 1980
- Vast experience in Construction, Business Development, Contracts Management and Property Development in India and GCC region

**Subramanian Sarma**
*Non-Executive Director*
- B.Tech (Chem.), M.Tech – IIT, Mumbai
- Joined L&T Group in 2015
- Vast experience in managing large business portfolios in energy sector

# Corporate Governance

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

**Four-tier Governance Structure**



# Sustainability Programme

**Sustainability Report 2016 is 'GRI Checked' externally assured & 'In Accordance-Comprehensive' highest level of disclosures in public domain**

**Released**
**Sustainability Roadmap 2021**

## Sustainability Thrust Areas

INDUSTRY OVERVIEW REPORT | DJSI 2016
CON Construction & Engineering

ROBECOSAM
We are Sustainability Investing.

Sustainability Leaders as of September 2016

| Company | Country |
|---|---|
| CIMIC Group Ltd | Australia |
| CTCI Corp | Taiwan |
| Ferrovial SA | Spain |
| Fluor Corp | United States |
| GS Engineering & Construction Corp | Republic of Korea |
| HOCHTIEF AG | Germany |
| Hyundai Engineering & Construction Co Ltd* | Republic of Korea |
| Larsen & Toubro Ltd | India |
| Samsung Engineering Co Ltd | Republic of Korea |
| UGL Ltd | Australia |
| Vinci SA | France |

**Among the Top 11 Engineering & Construction Companies in the world by DJSI (Dow Jones Sustainability Index)**

CHANNEL NEWSASIA SUSTAINABILITY RANKING

**L&T ranked among Asia's Top 5 'Most Sustainable Companies'**

CDP

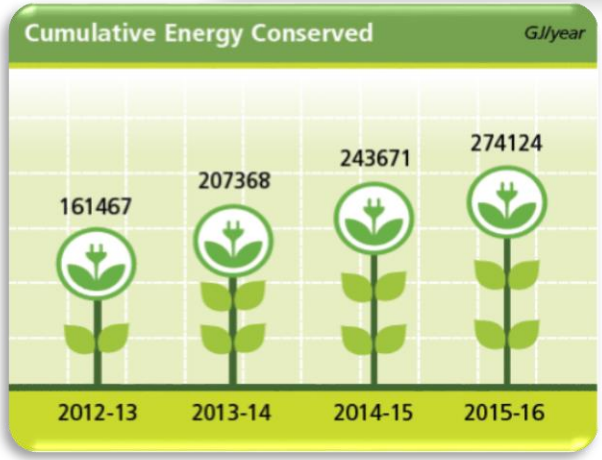
**India Inc. readies for #ParisAgreement & beyond**
CDP India Climate Change Report 2016

**L&T is leader in Carbon Performance Leadership Index (CDLI) 2016 - Industrial segment**

# Sustainability – Environment & Social

## Green Portfolio

**Green Product Portfolio reached over 25.9 % of sales in 2016**



**Over 76 million units of energy conserved cumulatively**

**Over 60,900 Tons of CO2 emissions avoided**

### Green Buildings

**L&T's own 17 green buildings at campuses.**

**Constructed for Clients – 49.2 million sq. ft.**

**Under certification- 8.8 Million Sq. ft**

### CSR Highlights

**Theme:**
**Building India's social infrastructure reached over 1.3 million beneficiaries**

**Working in three states on Integrated Community Development Program**

**Linkage with Sustainable Development Goals (SDGs)**

# Presentation Outline

L&T Overview

Business Overview

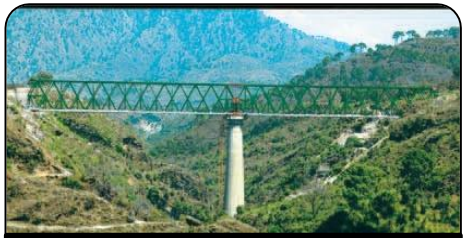
Group Performance

Sectoral opportunities

# Builders to the Nation

Vizag Steel Plant

Turbine Rotor, Gujarat


88m Rail Bridge Jammu Udhampur

Wankhede Stadium, Mumbai

Baha'i Temple, Delhi

Mumbai International Airport

Oil & Gas Equipment

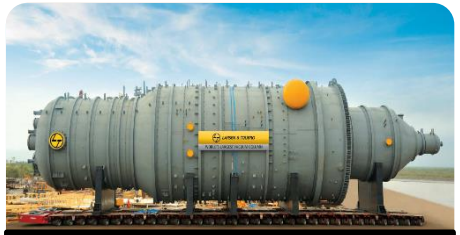
Vivekanand Bridge, Kolkata

Kakrapar Nuclear Power Plant, Guj

ITC Grand Chola Hotel, Chennai

Sri Sathya sai Whitefield Hospital

Srinagar Hydro Electric Plant


Vacuum Column, Paradip Refinery

2x384 MW CCPP, Vemagiri, A.P.

Cyber Towers, Hyderabad

Water Treatment Plant, Barmer

# International Footprint – Marquee Jobs

Stadium at Barbados

Salalah Airport, Oman

Twin Towers, Dubai Marina

NMC Speciality hospital, Abu Dhabi

Bhukara Hotel, Uzbeckistan

World's Longest Conveyer, Bangladesh

Bulk Cement Terminal, Colombo

Fabrication Facility, Oman

Punatsangchhu HEP, Bhutan

Sheikh Khalifa Interchange, UAE

Coal Gasifier for China

Transmission Lines, Fujirah, Dhaid

Water Treatment Plant, Doha

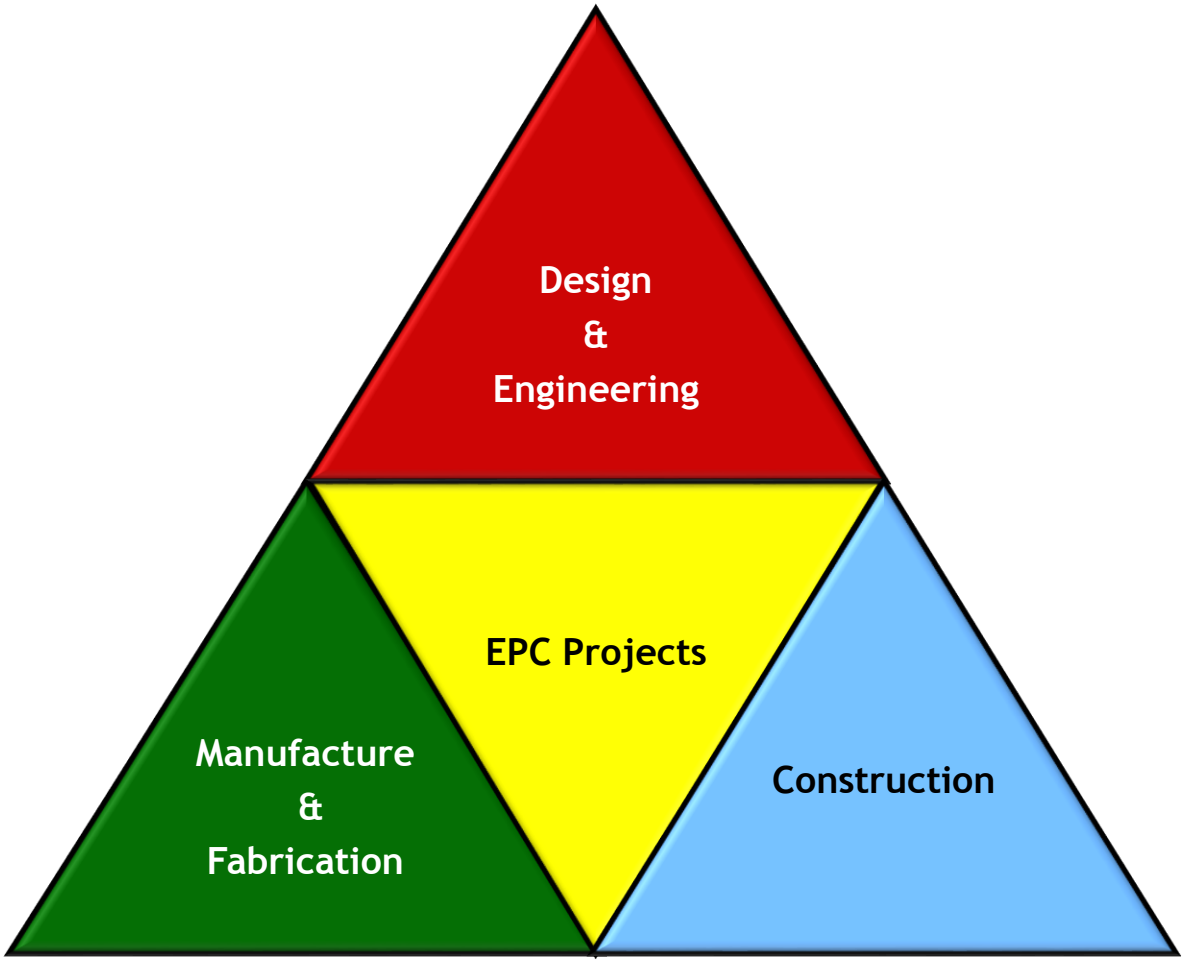
Petronas Refinery, Malaysia

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

PAUL WURTH
Westinghouse
Technip
AECL
Rolls-Royce
HITACHI
HALDOR TOPSOE
J. RAY McDERMOTT
HOCHTIEF
ATOMSTROYEXPORT
SAMSUNG
SAMSUNG ENGINEERING & CONSTRUCTIO
CLYDE BERGEMANN
BOEING
Shaw
AKER KVÆRNER
Outotec
VOITH SIEMENS
HYDRO POWER GENERATION
TOYO ENGINEERING CORPORATION
MBDA
MISSILE SYSTEMS

## Pre qualifications

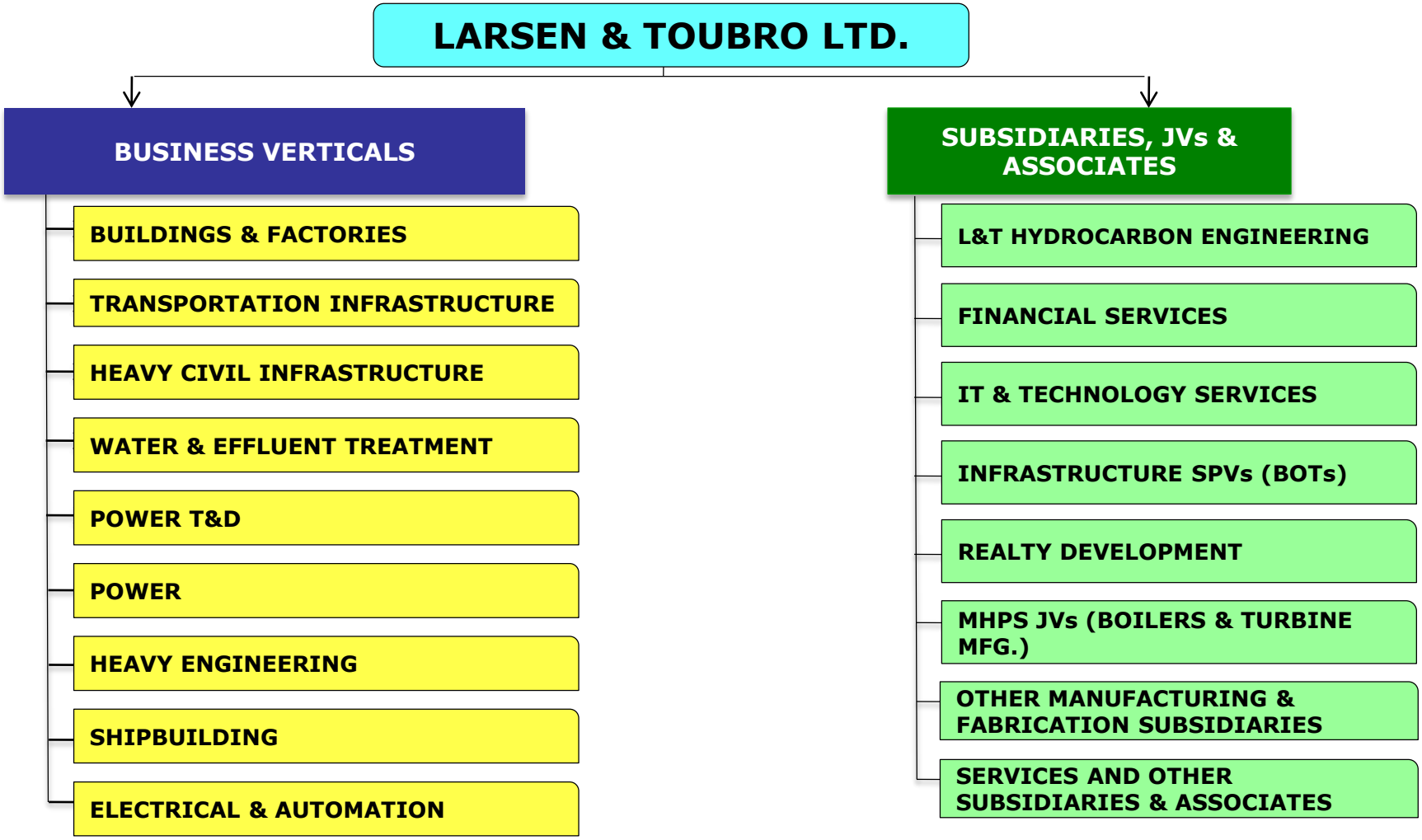
AREVA
ORTLOFF Engineers, LTD
Eni Snamprogetti
Shell
BECHTEL
Axens
IFP Group Technologies
Lurgi
Stamicarbon
uop
PARSONS
KBR

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

## Joint Ventures

CASSIDIAN
AN EADS COMPANY
Sargent & Lundy LLC
CHIYODA
MITSUBISHI HITACHI POWER SYSTEMS
SapuraCrest Petroleum
Howden
GULF INTERSTATE ENGINEERING
مؤسسة الزبير
The Zubair Corporation
***Befula Investments***
KOBE STEEL, LTD.

# L&T's Business Structure



# Presentation Outline

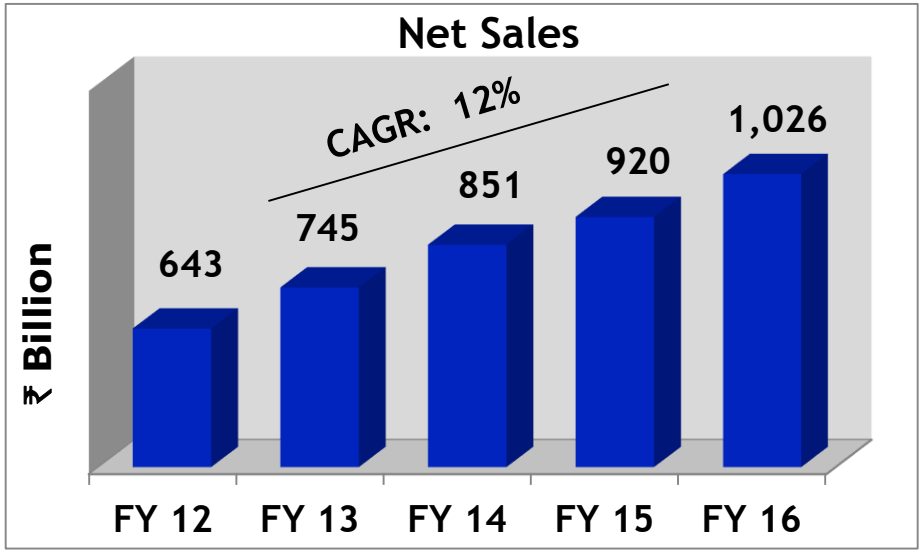
L&T Overview

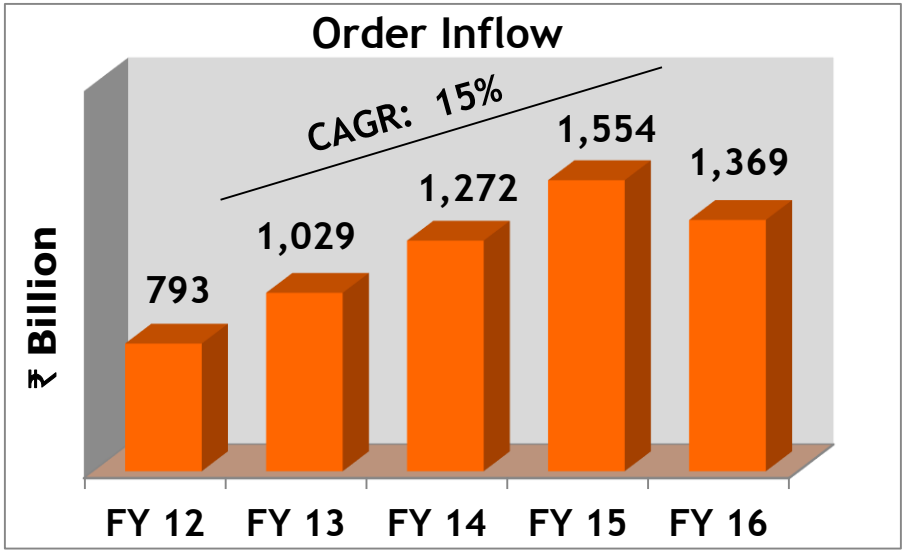
Business Overview

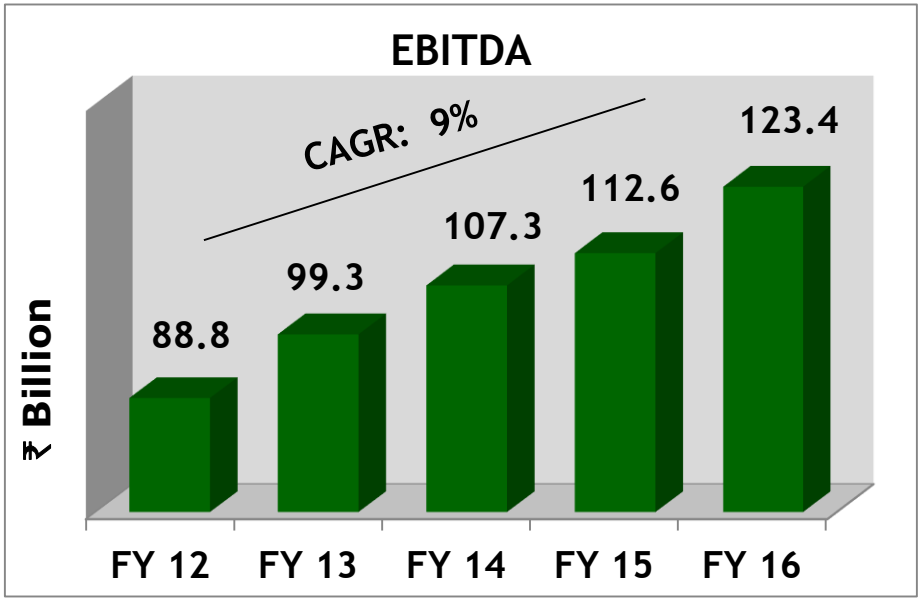
**Group Performance**

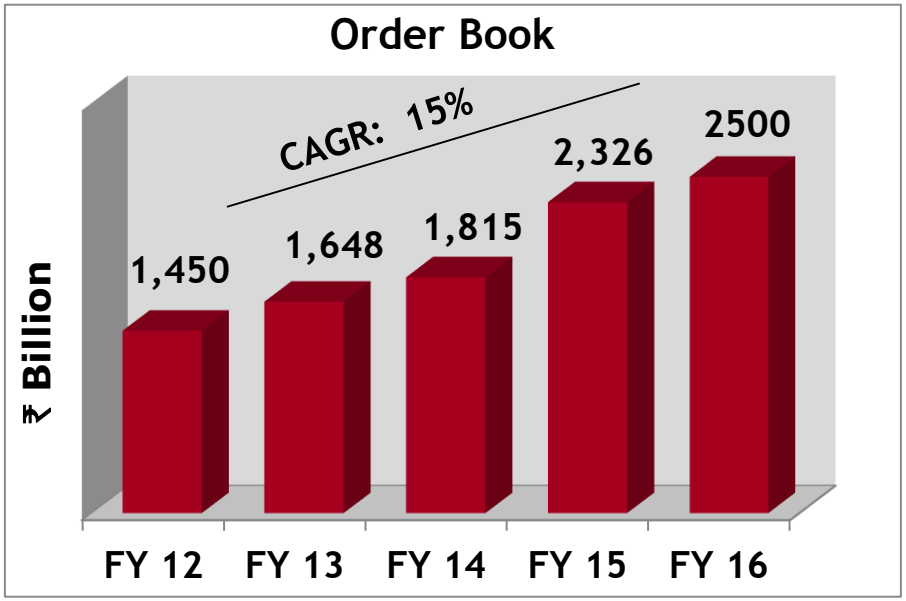
Sectoral opportunities

# Five Year Performance



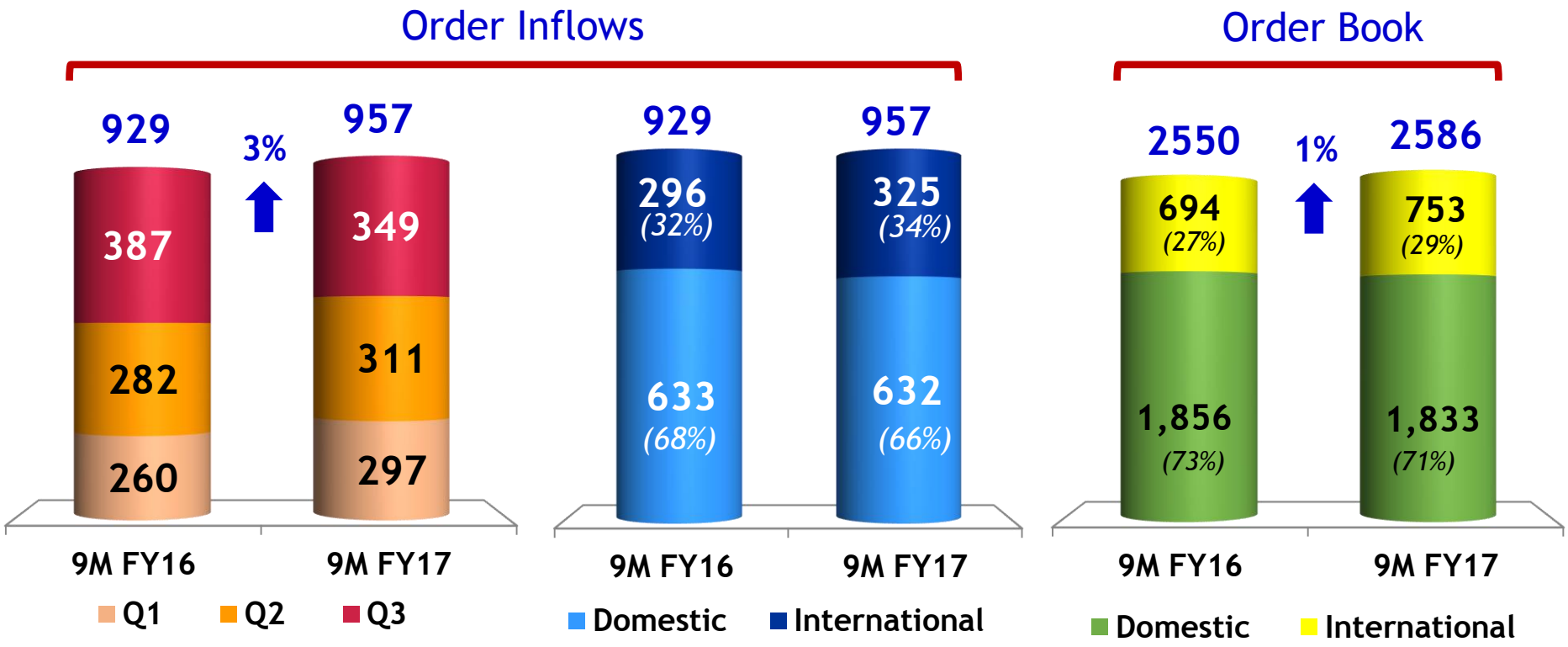

*All numbers are under I-GAAP*

# Performance Highlights

| Q3 | | 9M |
|---|---|---|
| 1% | Revenues | 6% |
| 19% | EBITDA | 14% |
| 39% | Profit After Tax | 59% |
| 10% | Order Inflows | 3% |

# Group level Order Inflow & Order Book

*Amount in* ₹ Bn




- Order Inflow decline due to muted domestic capex and delay in awards
- 10% growth in International orders led by B&F, Heavy Civil and Hydrocarbon Businesses
- Order Book at more than 2x TTM Revenues

# Group Performance – Sales & Costs

| Q3 FY16 | Q3 FY17 | % Change | ₹ Billion | 9M FY16 | 9M FY17 | % Change | FY16 |
|---|---|---|---|---|---|---|---|
| **259.28** | **262.87** | **1%** | **Revenue from Operations** | **691.00** | **731.83** | ***6%*** | **1,019.75** |
| *88.21* | ***95.90*** | ***9%*** | *International Revenue* | 227.20 | **261.42** | ***15%*** | **323.37** |
| *34%* | ***36%*** | | *% of Revenue* | *33%* | ***36%*** | | ***32%*** |
| 175.81 | **172.83** | **-2%** | Mfg, Cons. & Opex (MCO) | 453.67 | **474.23** | **5%** | **674.21** |
| 12.12 | **13.32** | **10%** | Finance Cost of Fin. Services and Fin. Lease Activities | 36.26 | **40.22** | **11%** | **49.67** |
| 34.17 | **34.97** | **2%** | Staff Costs | 99.02 | **103.53** | **5%** | **133.25** |
| 15.92 | **16.52** | **4%** | Sales & Admin. Expense (SGA) | 43.24 | **46.73** | **8%** | **58.77** |
| **238.02** | **237.64** | **0%** | **Total Opex** | **632.18** | **664.71** | **5%** | **915.90** |

- Revenue growth in International market neutralized by domestic execution environment
- Hydrocarbon and Infrastructure business aid revenue growth
- Operational efficiencies in Hydrocarbon, MMH and Heavy Engg. Businesses led to favourable MCO expenses
- Moderate increase in staff cost on productivity improvements
- SGA includes higher provisioning by Financial Services Business

# Group Performance Summary - Profitability

| Q3 FY16 | Q3 FY17 | % Change | ₹ Billion | 9M FY16 | 9M FY17 | % Change | FY16 |
|---|---|---|---|---|---|---|---|
| 21.26 | **25.23** | 19% | EBITDA | 58.81 | **67.12** | 14% | **103.85** |
| **8.2%** | **9.6%** | **1.4%** | **EBITDA Margin** | **8.5%** | **9.2%** | **0.7%** | **10.2%** |
| (4.04) | **(3.79)** | -6% | Interest Expenses | (12.16) | **(10.43)** | -14% | **(16.55)** |
| (3.68) | **(7.22)** | 96% | Depreciation | (13.62) | **(16.47)** | 21% | **(17.87)** |
| 2.41 | **2.57** | 7% | Other Income | 8.46 | **10.29** | 22% | **9.82** |
| (5.12) | **(4.40)** | -14% | Provision for Taxes | (14.75) | **(16.69)** | 13% | **(24.16)** |
| (2.94) | **(1.48)** | | Share in profit / (loss) of JVs / Associates | (6.57) | **(4.79)** | | **(9.90)** |
| (0.9) | **(1.18)** | | Non-controlling Interest | (1.65) | **(2.88)** | | **(3.20)** |
| **7.00** | **9.72** | **39%** | **PAT (Before Exceptionals)** | **18.52** | **26.14** | **41%** | **42.00** |
| - | - | | **Exceptional (Net of Tax)** | 0.46 | 4.02 | | 0.79 |
| **7.00** | **9.72** | **39%** | **Reported PAT** | **18.98** | **30.17** | **59%** | **42.79** |

- Margin improvement driven by Infrastructure, Heavy Engg. and Hydrocarbon businesses
- Decline in Interest cost on efficient fund management
- Depreciation includes asset value restatement of a Retail Mall upon monetization
- Increase in Other Income due to higher Treasury earnings

# Group Balance Sheet

| ₹ Billion | Dec-16 | Mar-16 | Incr / (Decr) |
|---|---|---|---|
| Equity & Reserve | 471.02 | 444.55 | 26.48 |
| Non Controlling Interest | 32.55 | 27.11 | 5.44 |
| Borrowings - Financial Services | 585.32 | 545.86 | 39.46 |
| Development Projects | 152.99 | 142.03 | 10.96 |
| Others | 186.19 | 193.43 | (7.24) |
| Other Non-Current Liabilities | 24.30 | 8.44 | 15.86 |
| **Sources of Funds** | **1,452.37** | **1,361.41** | **90.96** |
| Fixed Assets (Tangible / Intangible / Goodwill) | 183.63 | 188.06 | (4.43) |
| Development Projects Fixed Assets | 145.19 | 123.22 | 21.97 |
| Finance lease receivable | 96.11 | 98.16 | (2.05) |
| Loans towards Financing Activities | 599.82 | 557.03 | 42.78 |
| Other Non-Current Assets (Incl. S&A / JV Investment) | 81.98 | 87.31 | (5.34) |
| Current Investments | 119.61 | 74.91 | 44.69 |
| Working Capital | 226.03 | 232.71 | (6.67) |
| **Application of Funds** | **1,452.37** | **1,361.41** | **90.96** |

# Group Cash Flow

| Q3 FY16 | 9M FY16 | ₹ Billion | Q3 FY17 | 9M FY17 |
|---|---|---|---|---|
| 24.79 | 65.83 | Operating Profit | 26.12 | 69.62 |
| (6.28) | (5.24) | Changes in Working Capital | 10.22 | 9.59 |
| (8.75) | (22.49) | Direct Taxes paid | (9.51) | (22.84) |
| 9.75 | 38.10 | Net Cash from Operations (A) | 26.83 | 56.37 |
| (7.27) | (33.75) | Investments in Fixed Assets (Net) | (8.64) | (27.33) |
| 22.06 | (0.29) | Net Purchase of Long Term & Curr. Inv. | (27.90) | (48.38) |
| (0.55) | (2.14) | Loans/Deposits made with Associate Cos. | (0.52) | (3.10) |
| 0.03 | 0.40 | Interest & Dividend Received & Others | 1.47 | 3.42 |
| - | 0.74 | Divestment Proceeds (Incl. Advances) | 14.30 | 19.56 |
| 14.27 | (35.05) | Net Cash from/(used in) Invest. Act. (B) | (21.29) | (55.84) |
| 3.88 | 9.90 | Issue of Share Capital / Minority | (0.02) | 20.57 |
| 29.47 | 104.23 | Net Borrowings | 16.24 | 43.75 |
| (43.93) | (80.60) | Disbursements towards financing activities* | (17.59) | (31.11) |
| (6.72) | (37.32) | Interest & Dividend paid | (3.88) | (32.93) |
| (17.29) | (3.79) | Net Cash from Financing Activities (C) | (5.25) | 0.28 |
| | | | | |
| 6.73 | (0.74) | Net (Dec) / Inc in Cash & Bank (A+B+C) | 0.28 | 0.81 |

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

# Segment Performance Analysis

# Segment Composition

| Infrastructure |
|---|
| Buildings & Factories |
| Transportation Infra |
| Heavy Civil Infra |
| Water & Effluent Treatment |
| Power T&D |
| Smart World & Communication |

| Power |
|---|
| EPC - Coal & Gas |
| Thermal Power Plant Construction |
| Electrostatic Precipitators |

| Heavy Engineering |
|---|
| Process Plant Equipment |
| Nuclear Power Plant Equipment |
| Defence & Aerospace |
| Piping Centre |

| Electrical & Automation |
|---|
| Electrical Standard Products |
| Electrical Systems & Equipment |
| Metering & Protection |
| Control & Automation |

| Hydrocarbon |
|---|
| Onshore |
| Offshore |

| Developmental Projects |
|---|
| Roads* |
| Metros |
| Ports |
| Power |

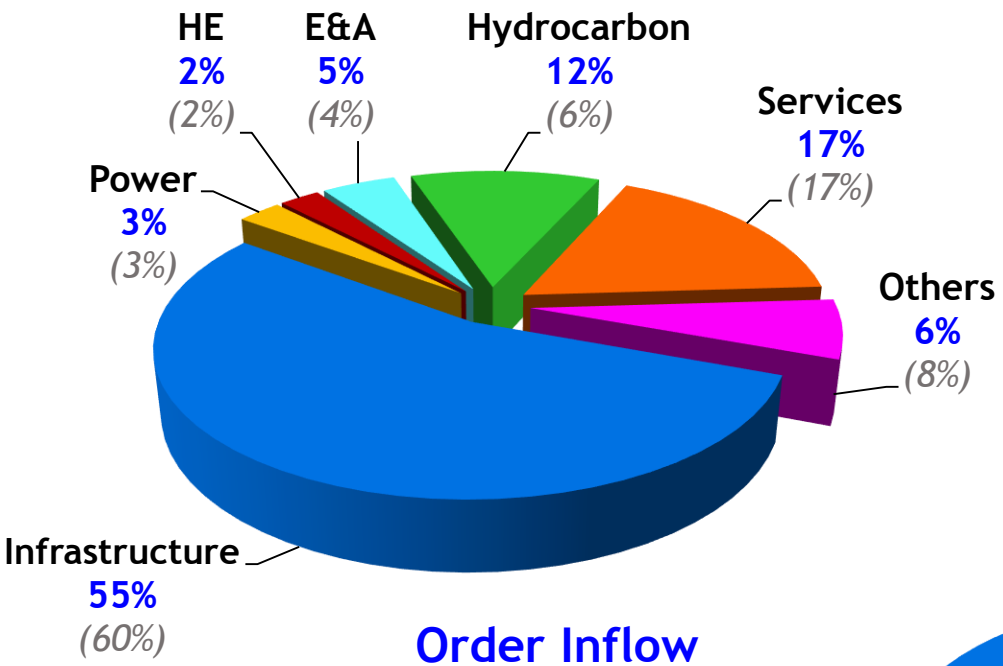
| IT & TS |
|---|
| Information Technology |
| Technology Services |

| Financial Services |
|---|
| Retail & Corporate |
| Infrastructure |
| Mutual Fund Asset Management |

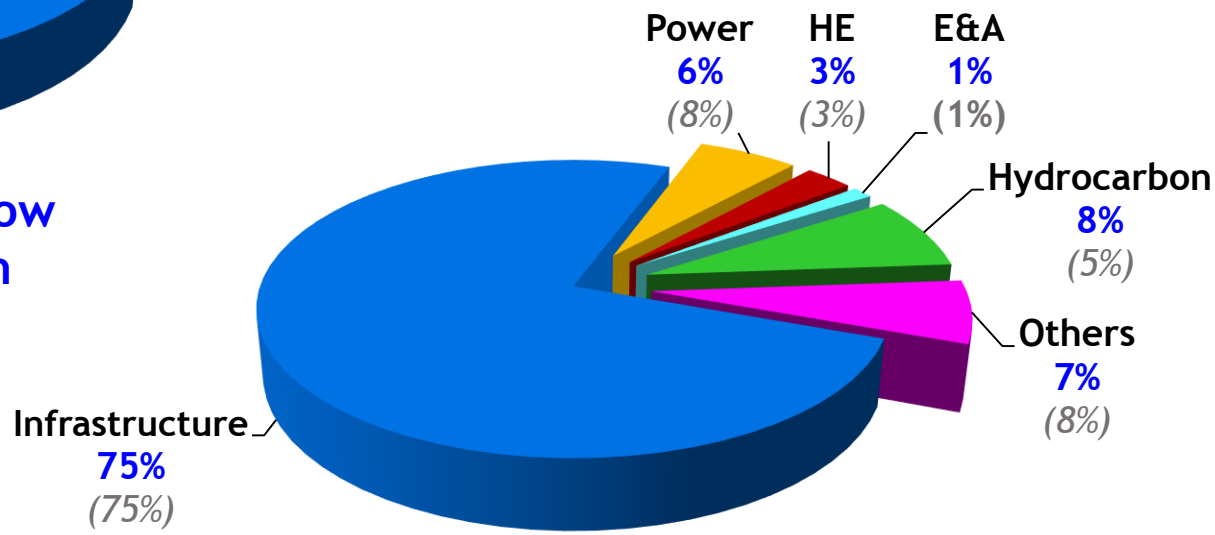
| Others |
|---|
| Shipbuilding |
| Realty |
| Metallurgical & Material Handling |
| Construction & Mining Equipment |
| Machinery & Industrial Products |

** Consolidated at PAT level*

# Segmental Breakup of Orders – 9M FY17




**Order Inflow**
**₹ 957 Bn**

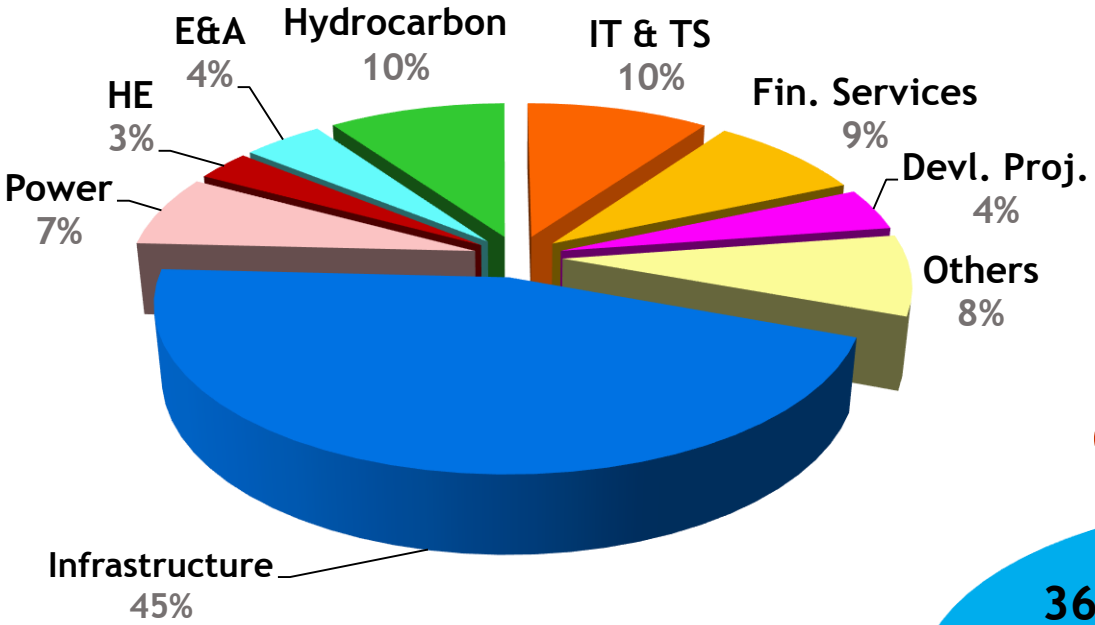



**Order Book**
**₹ 2586 Bn**

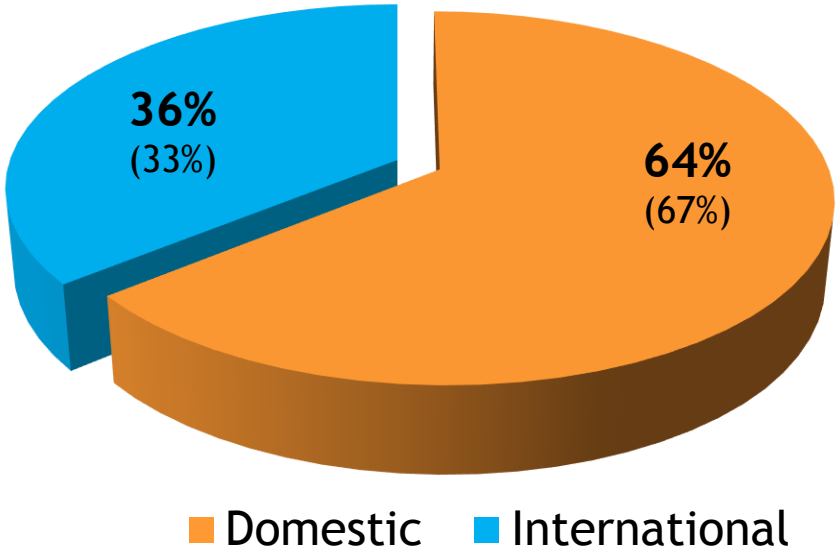
*Figures in brackets indicate corresponding period of the Previous Year*

# Revenue Breakup – 9M FY17

## Segmental Breakup




## Geographical breakup

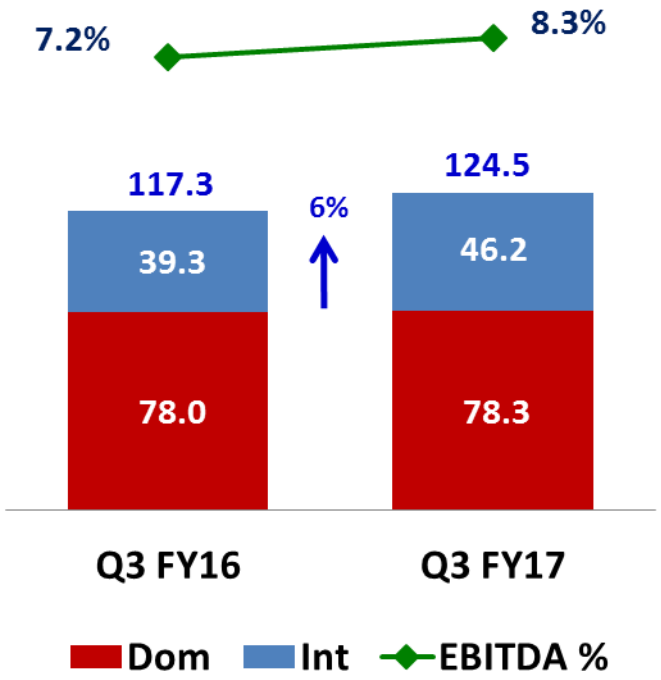


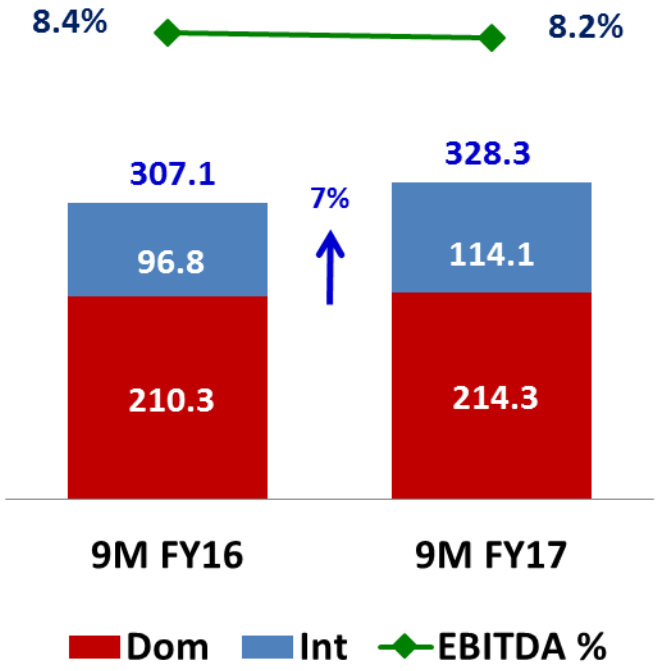

*Figures in brackets indicate corresponding period of the Previous Year*

# Infrastructure Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



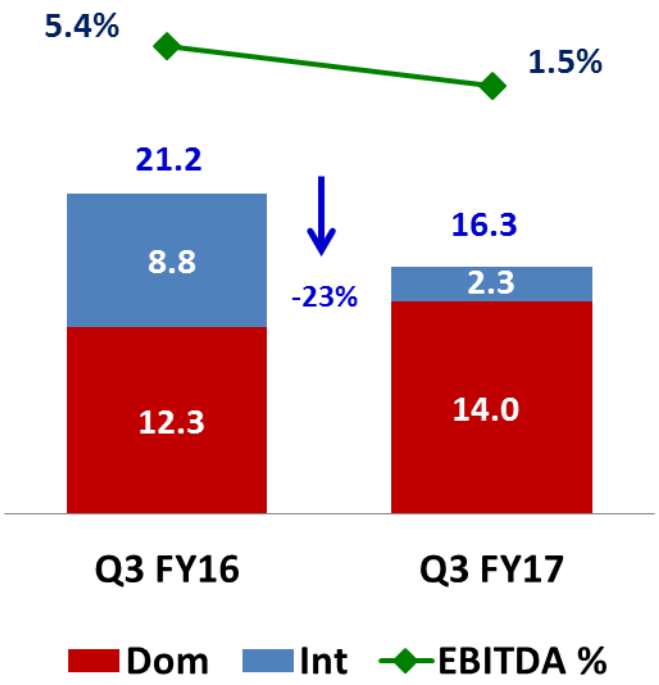



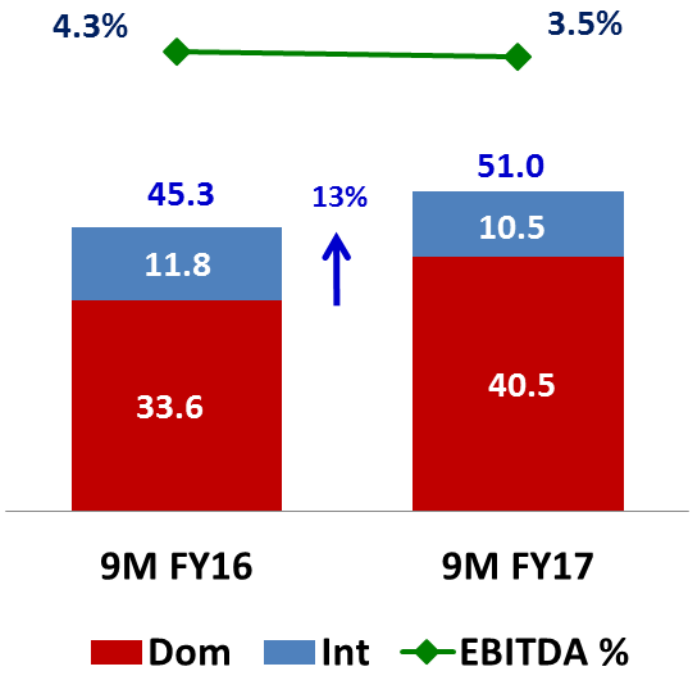

- Modest sales growth on execution headwinds and slower payment cycles
- Heavy Civil and Power T&D registers better margin
- Q3 Margin benefits from cost reduction & design optimization initiatives

# Power Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



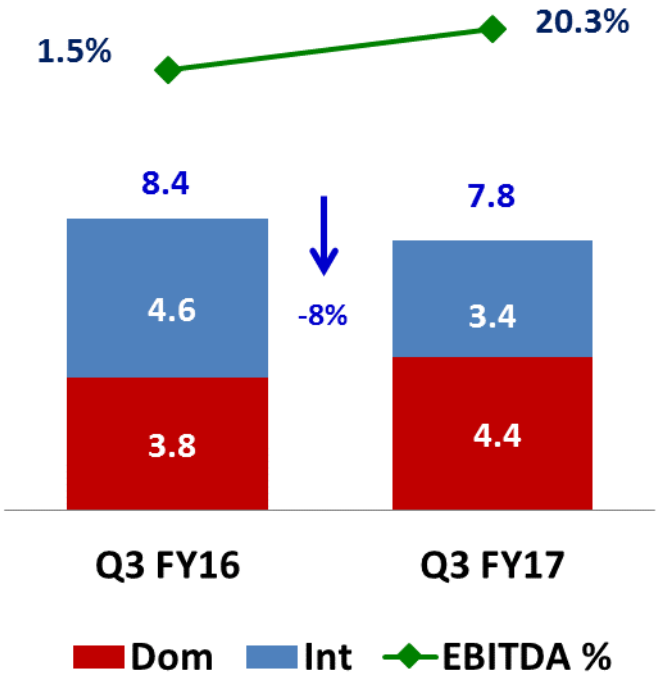



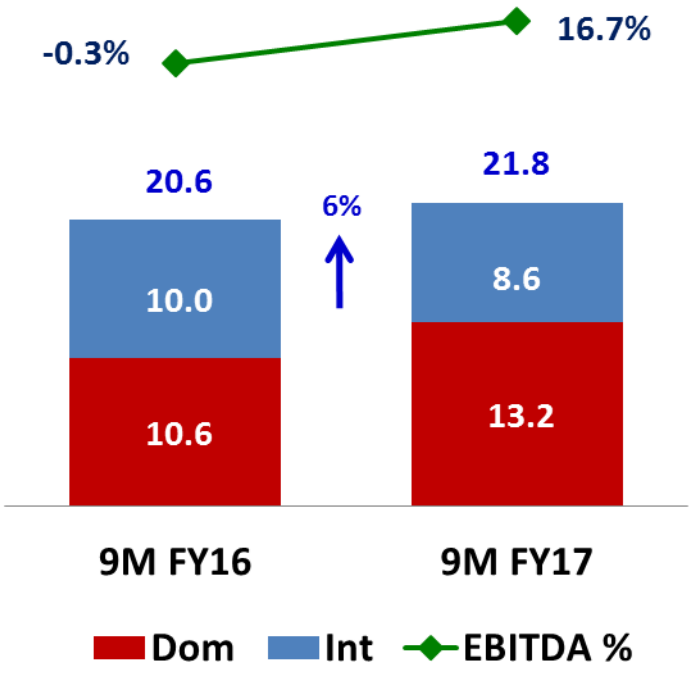

- Revenue decline due to lower order-book and international revenue taper
- Lower Margins in Q3 due to higher proportion of cost jobs
- MHPS JVs consolidated at PAT level

# Heavy Engineering Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



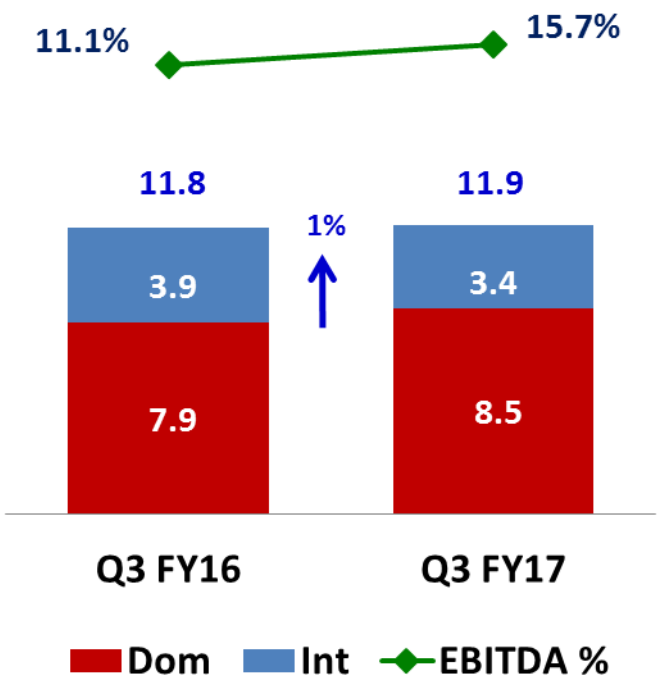



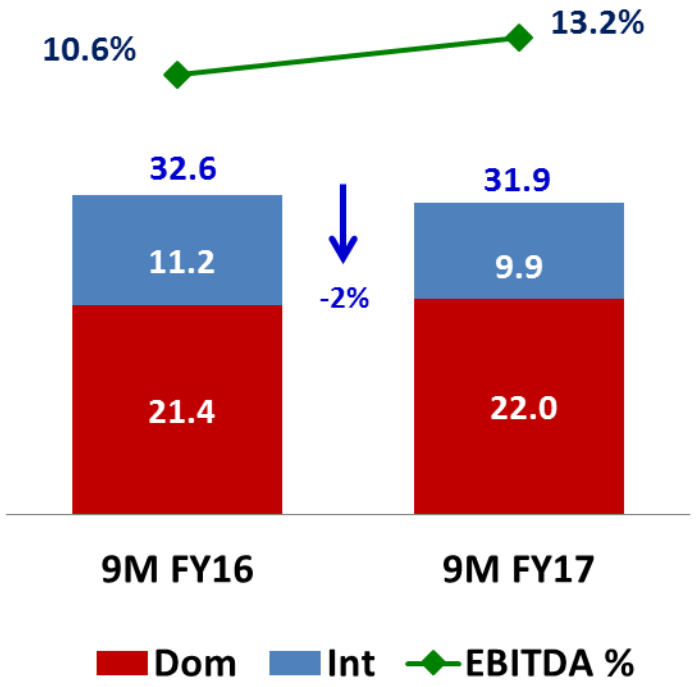

- Revenue growth impacted by lower order book and stage of execution
- Previous year margin impacted by cost and time overruns
- CY margin improved both in PPN and D&A Business

# Electrical & Automation (E&A) Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



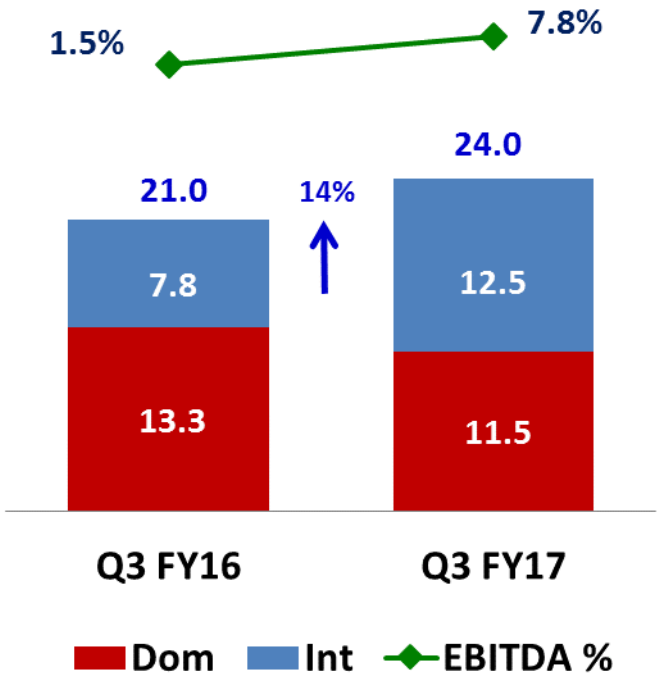



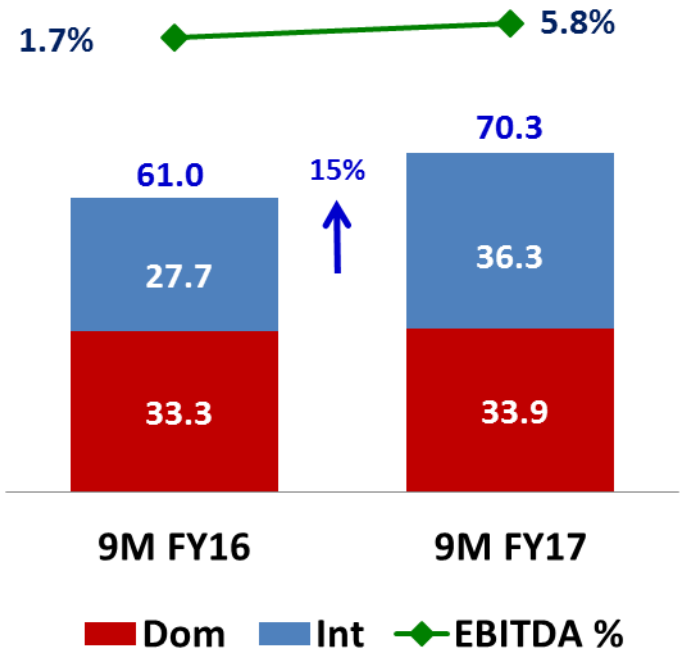

- Lack of industrial demand continues to hamper growth
- Electrical Standard Product (ESP) and Control & Automation Business registers growth
- Margin improvement due to operational efficiencies

# Hydrocarbon Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



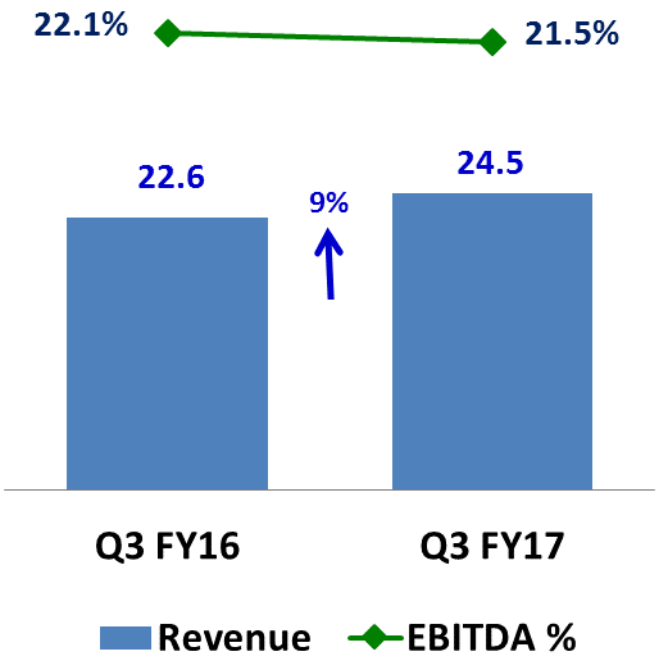



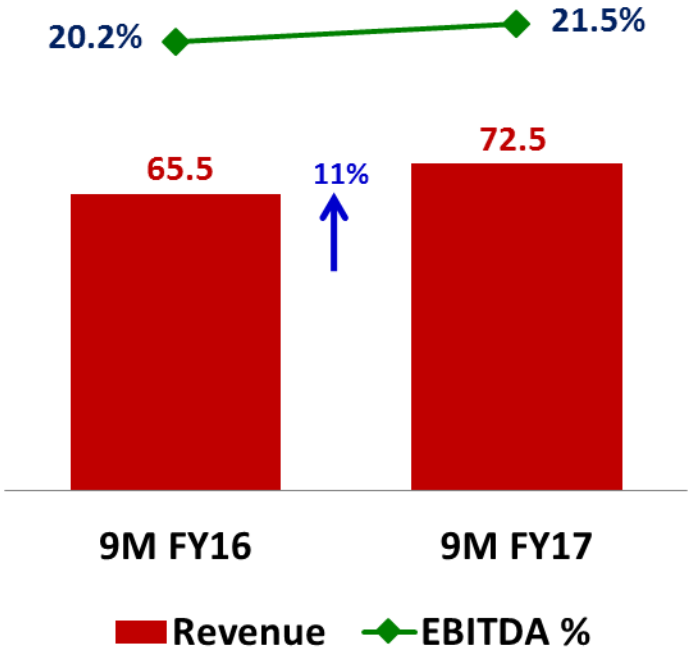

- Revenue growth as conversion of orders pick-up
- Margin improvement on execution progress, operational efficiency and close out of legacy jobs

# IT & Technology Services Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



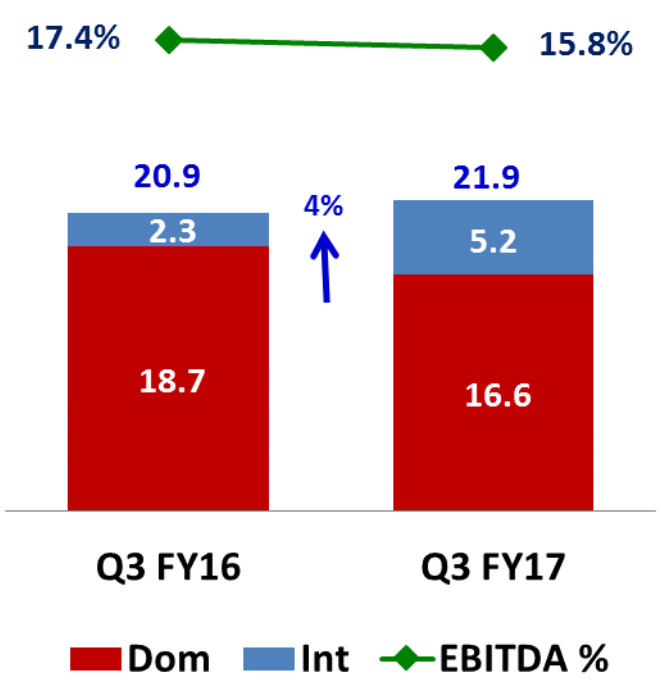



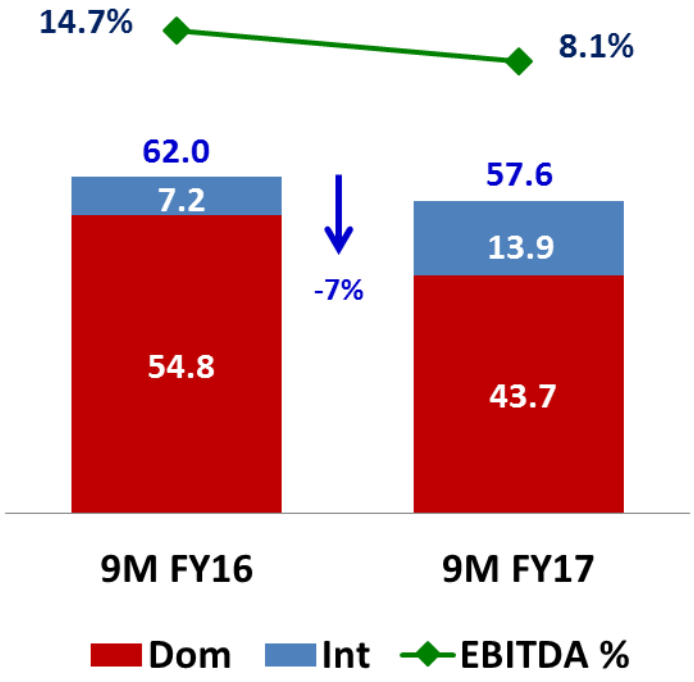

- Revenue growth contributed by Insurance, Auto & Aero for IT business and Transportation & Medical Devices for Tech Services Business
- Margin decline on investment for scaling up of operations
- Thrust on mining existing customers, analytics and automation

# Others Segment

*Amount in* ₹ Bn

## Net Revenues & Margin



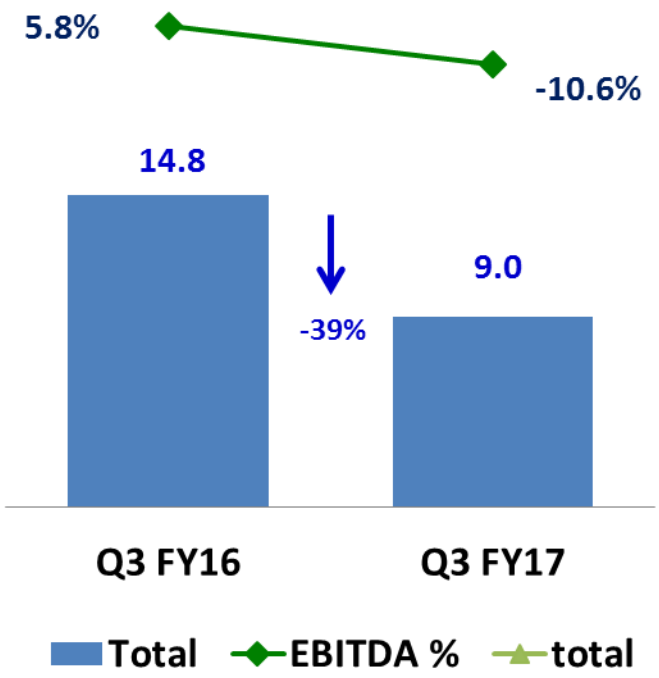



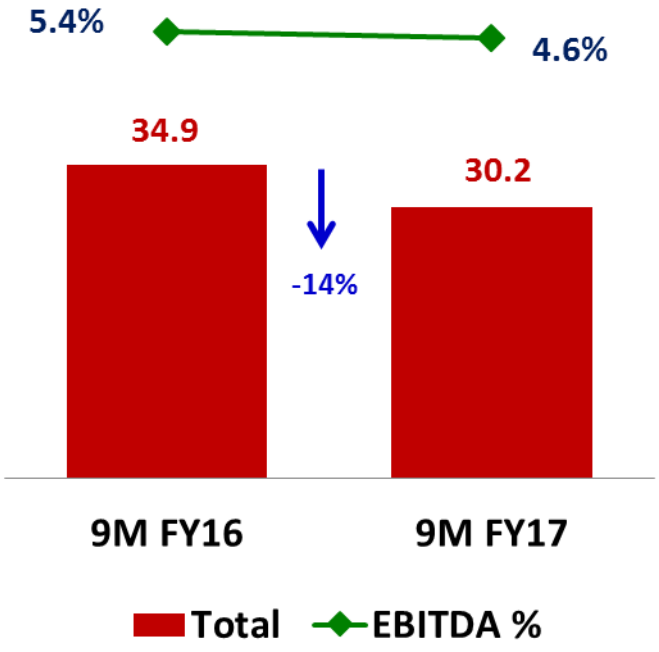

- Weak industrial demand and low capacity utilization indicative of the business environment
- MMH business witnessed robust revenue growth on execution pick-up
- Lower offtake in construction and mining equipment and Realty projects
- Delayed defence ordering impacts Shipbuilding performance

# Developmental Projects Segment

*Amount in* ₹ Bn

## Net Revenues & Margin




- Segment includes Power Development, Port and Hyderabad Metro
- IDPL (Roads & TL) consolidated only at PAT level
- Lower construction revenue in Hyderabad Metro and maintenance shutdown of Nabha Power Plant impacts revenue
- Margins impacted due to provisioning for disputed receivables

# L&T Finance Holdings (I-GAAP)

| ₹ Billion | Q3 FY16 | Q3 FY17 | % Change |
|---|---|---|---|
| Networth (Incl. Pref.Cap and Warrants) | 92.38 | 91.35 | -1% |
| Consolidated Debt | 488.30 | 550.68 | 13% |
| Loans and Advances | 561.19 | 619.70 | 10% |
| Mutual Fund Average AUM | 250.59 | 351.91 | 40% |
| Income from Operations | 18.20 | 20.94 | 15% |
| Net NPA (%) - 120 DPD | 3.89% | 3.10% | -0.79% |
| PAT | 2.12 | 2.71 | 28% |

- Third successive quarter of ROE improvement – ROE stands at 12.81% in Q3FY17 as against 9.29% in Q3FY16 and 11.72% in Q2FY17
- Cost to Income reduced from 30% to 25%
- Focussed business growth of 15%

# Presentation Outline

L&T Overview

Business Overview

Group Performance

**Sectoral opportunities**

# Infrastructure Segment – Urban Infra

## *Presence* :

*Residential & Commercial Buildings, IT & Office Space, Hospitals, Shopping Malls, Educational Institutions, Luxury Hotels, Airport Terminals, and Factory Buildings*

## *Opportunities:*

- High end residential projects by cash rich developers
- Affordable housing projects
- Government and Private sector office buildings
- Healthcare capacity expansion in India & Middle East
- Brownfield Airport terminal expansions
- Thrust on Education facility expansion by Govt
- New Manufacturing facilities under Make In India as well as capacity expansions in light engg. and Cement

# Infrastructure Segment – Smart World & Communications

## *Presence* :

*Smart Cities, telecom infrastructure, and security systems*

## *Opportunities:*

- Defence sector fibre optic connectivity projects
- Intra-city telecom connectivity
- Smart cities: Smart Infrastructure and e-Governance projects
- Security and Surveillance solutions for cities, industrial establishments and infrastructure facilities

# Infrastructure Segment – Transportation Infra

## *Presence* :

*Roads, Elevated Corridors, Railway Construction & Airport Runways*

## *Opportunities:*

- Increased road build-out by NHAI with current focus on EPC projects
- Expressway projects by State Governments
- Elevated corridors and Ring Roads in major cities
- Dedicated Freight Corridor program
- Track modernisation and expansion by Indian Railways
- Brownfield Airport expansion
- Highway projects in Middle East

# Infrastructure Segment – Heavy Civil Infra

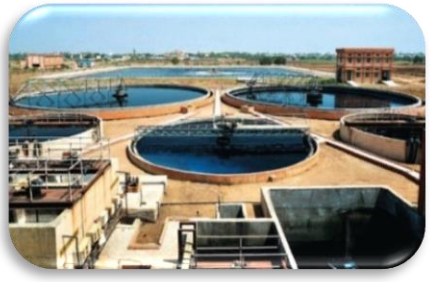
## *Presence* :

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

## *Opportunities:*

- Metro Rail projects planned in multiple cities across India (to decongest urban traffic)
- Thrust on connectivity to hilly states with Tunnels and Border Roads
- Major road and railway bridges and sea links
- Increased spends on infrastructure facilities for armed forces
- Thrust being given by Govt on increasing nuclear power installed base
- Inland Water Transport Terminal

# Infrastructure Segment – Water & Effluent Treatment



## *Presence* :

*Bulk transmission of water, water treatment, waste water treatment, sewage rehabilitation, effluent treatment*

## *Opportunities:*

- Thrust on water infra due to growing scarcity in India
- Water treatment, management & distribution, desalination
- Lift irrigation programs
- Waste water treatment plants from municipalities
- Clean Ganga and other river water pollution prevention projects
- Effluent treatment plants in Industrial units/clusters
- Thrust on Water recycling, conservation, Desalination and availability improvement in Middle East

# Infrastructure Segment – Power T&D

## *Presence* :

*Sub-stations, Transmission Lines, Solar Power projects*

## *Opportunities:*

- Thrust on Grid Strengthening, Expansion and Efficiency programs with growing generation capacities and increasing loads
- Transmission lines from State, Central and Private Transmission utilities
- Inter-regional and HVDC grid connectivity
- Feeder Separation scheme (DDUGJY), IPDS, and other Rural electrification programs
- Dedicated Green Energy Transmission Corridors
- Thrust on Solar Power capacity addition
- T&D expansion in Middle East, Africa, South East Asia

# Infrastructure Segment – Challenges

***Major Challenges in Infrastructure:***

- Investment constraints
- Lending capacity of Banking system
- Lack of private sector interest in PPP projects
- Land acquisition
- Government Funding
- Environmental Clearances
- Slow evolution of policy frameworks
- Pace of awards and execution
- Oil price-led fiscal deficits in Middle East

# Power Segment

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

***Opportunities***:

- Base level capacity addition in Coal based Power Plants
- Improving coal availability outlook
- Distribution Reforms under UDAY

***Challenges***:

- Fuel supply
- Land acquisition
- Environment and Forest Clearances
- Poor financial health of Distribution Cos
- Lack of interest from Private sector investors
- Slackening power demand growth due to economic slowdown
- Aggressive bidding by competing equipment suppliers

# Heavy Engineering & Defence

***Presence*** *: Equipment for process plants (mainly for oil and gas), High pressure piping, Nuclear power plant equipment, Defense (mainly for Navy and Army), Aerospace*

***Opportunities:***

- Oil & Gas equipment supply opportunities in India and key Petroleum / Petrochem producing regions
- Nuclear Power Plant equipment in India
- Indigenisation thrust for Defence equipment
- Interceptor Boats, Naval vessels 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 with low Crude price
- Reduced prospect base of nuclear power equipment; Indian civil liability overhang
- Very long prospect-to-award timelines and dominance of Public Sector and foreign OEMs in Defense orders

# 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 – mainly Onshore
- Opportunities from ONGC Capex – Offshore / Onshore
- Opportunities for Fertilizer EPC
- Clean Fuel projects, Refinery Expansion and upgrade
- Pipeline projects

***Challenges:***

- Reduced Capex in Middle East in low Crude price scenario
- Long bid-to-award timelines
- Aggressive competition in Domestic and GCC markets
- Project execution in international markets

# Thank You

# Annexure-1: Group Profit & Loss Extract

| ₹ Billion | IT & TS | Fin. Services * | Devl. Projects | L&T & Others (Incl. Eliminations) | L&T Group | | |
|---|---|---|---|---|---|---|---|
| | | | | | 9M FY17 | 9M FY16 | % Change |
| Revenue from Operations | 72.47 | 63.38 | 30.21 | 565.77 | 731.83 | 691.00 | 6% |
| EBITDA | 15.28 | 6.93 | 1.10 | 43.81 | 67.12 | 58.81 | 14% |
| Interest Expenses | (0.03) | (0.01) | (1.07) | (9.32) | (10.43) | (12.16) | -14% |
| Depreciation | (1.86) | (0.64) | (0.43) | (13.54) | (16.47) | (13.62) | 21% |
| Other Income | 0.28 | 2.10 | 0.28 | 7.63 | 10.29 | 8.46 | 22% |
| Provision for Taxes | (3.20) | (2.66) | (0.39) | (10.44) | (16.69) | (14.75) | 13% |
| Share in profit/(loss) of JVs / Associates | - | 0.03 | (4.08) | (0.73) | (4.79) | (6.57) | |
| Adjustments for non -controlling interest in Subs., etc. | (0.98) | (2.13) | 0.73 | (0.49) | (2.88) | (1.65) | |
| **Net PAT** | **9.48** | **3.62** | **(3.86)** | **20.93** | 30.17 | 18.98 | 59% |

** Includes Insurance Business*

# Annexure-2: Share in Profit/(Loss) of JVs/Associates

| ₹ Billion | 9M FY17 | 9M FY16 |
|---|---|---|
| MHPS JVs | 0.77 | 0.19 |
| IDPL & Subs. | (4.08) | (5.30) |
| Others | (1.48) | (1.46) |
| **Total** | **(4.79)** | **(6.57)** |

# Annexure-3: Other Comprehensive Income (OCI)

| ₹ Billion | 9M FY16 | 9M FY17 |
|---|---|---|
| Changes arising out of re-measurement of defined benefit plans for employees | 0.13 | (0.44) |
| MTM of investment in Debt instruments | (0.33) | 0.06 |
| Changes in Foreign Currency Translation Reserve | (0.32) | (0.83) |
| MTM of Off-Balance Sheet Hedges | (0.44) | (0.77) |
| **Total** | **(0.96)** | **(1.98)** |

- OCI represents movement in components of Equity (Net Worth) in Balance Sheet
- Components:
  - Re-measurement of defined benefit (retirement) plans – Volatile and dependent on G-Sec rate movement due to actuarial valuation; no flow back to P&L
  - MTM of Debt investments – Flow back to P&L on actual sale
  - Changes in FCTR represents MTM on Consolidation of Balance Sheets of Businesses with Foreign Functional Currency – Flow back to P&L only on sale of business
  - MTM of Off-Balance Sheet Hedges – Flow back to P&L on entry of underlyings into Balance Sheet

# Annexure 4: Concessions Business Portfolio – 21 SPVs

***Roads and Bridges:***
Portfolio: 15 projects (1661 Km); 13 Operational
Project Cost: ₹161 Bn

***Power (Excl. Projects under DPR):***
Portfolio: 2 projects (1499 MW); 1 Operational
Project Cost: ₹112 Bn

***Ports:***
Portfolio: 2 projects (18 MTPA) - Operational
Project Cost: ₹20 Bn

***Metros:***
Portfolio: 1 project (71.16 Km) – Under-implementation
Project Cost (Fin. Closure): ₹170 Bn

***Transmission Lines:***
Portfolio: 1 project (482 Km)
Project Cost: ₹13.5 Bn

**Total Project Cost (Dec 2016): ₹ 476 Bn**



**Equity Invested (Dec 2016): ₹ 97 Bn**

**Balance Equity Commitment (Dec 2016): ₹ 18 Bn**