L&T Press Release

Issued by Corporate Brand Management & Communications

L&T House, 2nd Floor,
Ballard Estate, Mumbai 400 001
Tel: 91 22 6752 5656 / 836
Fax: 91 22 6752 5796
CIN: L99999MH1946PLC004768

Performance for the quarter ended December 31, 2015

Consolidated Results

Order inflow up 11%
Revenue grows by 8%
PAT up 19%

Mumbai, January 29, 2016: Larsen & Toubro recorded Consolidated Gross Revenue of ₹ 26058 crore for the quarter ended December 31, 2015, registering a y-o-y growth of 8.4%. The International revenue during the quarter at ₹ 9066 crore constituted 35% of the total revenue. For the nine months April-December 2015, the Consolidated Gross Revenue at ₹ 70124 crore recorded a y-o-y increase of 8.7%.

The Company garnered fresh orders worth ₹ 38528 crore at the group level during the quarter ended December 31, 2015. The International order inflow during the quarter at ₹ 11115 crore constituted 29% of the total order inflow. Major orders during the quarter were secured by the Infrastructure segment.

On a cumulative basis, the order inflow for the nine months period ended December 31, 2015 stood at ₹ 93524 crore with the International order inflow accounting for 32%.

Consolidated Order Book of the group stood at ₹ 256458 crore as at December 31, 2015, higher by 14% on a y-o-y basis with International Order Book constituting 27% of the Order Book.

Consolidated Profit After Tax (PAT) for the quarter October - December 2015 at ₹ 1035 crore recorded a y-o-y growth of 19%. For the nine months period ended December 31, 2015, the PAT was ₹ 2637 crore vis-à-vis ₹ 2695 crore recorded for the corresponding period of the previous year.

Infrastructure Segment

Infrastructure Segment achieved Customer Revenue of ₹ 11749 crore for the quarter ended December 31, 2015 registering a y-o-y growth of 2%. Delayed customer clearances and tardy progress payments impacted the progress on certain jobs. International Sales constituted 33% of the total customer revenue of the segment during the quarter.

During the quarter October - December 2015, Infrastructure Segment secured new orders aggregating to ₹ 27242 crore. Major orders were bagged in Power Transmission & Distribution, Transportation Infrastructure, Water, Smart World & Communication and Buildings & Factories businesses. International orders contributed to around 26% of the total order inflow of the segment during the quarter.

The Order Book of the Segment grew 20% on a y-o-y basis and stood at ₹ 191148 crore as at December 31, 2015.

The segment recorded lower EBIDTA margin at 7.9% during the quarter ended December 31, 2015 on account of job mix with higher proportion of projects at early stage. The segment had recorded margin of 9.1% in the corresponding quarter of the previous year.

Power Segment

Power Segment recorded Customer Revenue of ₹ 2291 crore doubled during the quarter ended December 31, 2015 on the back of progress in coal and gas based projects under execution.

Power Segment secured fresh orders of ₹ 495 crore for the quarter ended December 31, 2015, as against ₹ 185 crore secured in the corresponding quarter of the previous year.

The Order Book of the Segment stood at ₹ 21107 crore as at December 31, 2015.

The segment EBIDTA margin stood at 10.5% for the quarter ended December 31, 2015 vis-à-vis 19.7% recorded in the corresponding quarter of the previous year which had included higher margin realization on successful close-out of projects under execution.

Metallurgical & Material Handling (MMH) Segment

The Customer Revenue of MMH Segment during the quarter ended December 31, 2015 at ₹ 591 crore registered a y-o-y decline of 15%, on account of lower opening order book and delayed order replenishment.

MMH Segment secured new orders of ₹ 1200 crore during the quarter ended December 31, 2015.

The Order Book of the Segment registered a y-o-y growth of 16% and stood at ₹ 12257 crore as at December 31, 2015.

The EBIDTA margin of the segment declined to negative 0.3% for the quarter ended December 31, 2015 vis-à-vis 8.8% recorded in the corresponding quarter of the previous year due to cost overruns and slow progress on certain jobs under execution.

Heavy Engineering Segment

Heavy Engineering Segment achieved Customer Revenue of ₹ 884 crore for the quarter ended December 31, 2015, registering growth of 9% over the corresponding quarter of the previous year mainly contributed by Defence & Aerospace business. International sales constituted 52% of the total customer revenue of the segment.

Heavy Engineering Segment secured fresh orders valued ₹ 341 crore, during the quarter ended December 31, 2015, registering a y-o-y decline. International orders constituted 66% of the total order inflow of the segment.

The Order Book of the Segment stood at ₹ 8180 crore as at December 31, 2015.

The segment recorded lower EBIDTA margin at 1.6% during the quarter ended December 31, 2015 on account of cost and time overruns on certain Process Plant and Nuclear Equipment jobs under execution and under recovery of fixed overheads. The segment had recorded margin of 10.3% in the corresponding quarter of the previous year.

Electrical & Automation (E&A) Segment

E&A Segment recorded Customer Revenue of ₹ 1291 crore during the quarter ended December 31, 2015, registering a marginal growth of 1% on y-o-y basis, as industrial demand continued to be sluggish. International sales constituted 30% of the total customer revenue of the segment for the quarter ended December 31, 2015.

The EBIDTA margin of the E&A Segment at 12.4% for the quarter ended December 31, 2015 recorded a decline over the 16.0% earned during the corresponding quarter of the previous year on account of lower realisations.

Hydrocarbon Segment

Hydrocarbon Segment achieved Customer Revenue of ₹ 2165 crore registering a growth of 22% over the corresponding quarter of the previous year. International sales constituted 42% of the total customer revenue of the segment for the quarter ended December 31, 2015.

Hydrocarbon Segment secured fresh orders valued ₹ 765 crore, during the quarter ended December 31, 2015, registering a decline of 57% as compared to the corresponding quarter of the previous year. International orders constituted 13% of the total order inflow of the segment.

The Order Book of the Segment stood at ₹ 13159 crore as at December 31, 2015.

The segment EBITDA margin stood at 4.2% for the quarter ended December 31, 2015 vis-à-vis negative margin during the corresponding quarter of the previous year.

Information Technology (IT) & Technology Services (TS) Segment

IT&TS Segment recorded Customer Revenue of ₹ 2273 crore during the quarter ended December 31, 2015, registering a y-o-y growth of 15%. International sales constituted 95% of the total customer revenue of the segment for the quarter ended December 31, 2015.

The EBIDTA margin of the IT&TS Segment at 22.8% for the quarter ended December 31, 2015 recorded an improvement vis-à-vis 20.5% earned during the corresponding quarter of the previous year on the back of favourable exchange rates and better manpower utilisation.

Developmental Projects Segment

Developmental Projects Segment recorded Customer Revenue of ₹ 1285 crore during the quarter ended December 31, 2015, registering growth of 13% on y-o-y basis. The growth in revenue was contributed by newly commissioned road projects and progress on certain jobs under execution.

The EBIDTA margin of the Developmental Projects Segment for the quarter ended December 31, 2015 stood at 23.2% as compared to 29.8% recorded in the corresponding quarter of the previous year.

Financial Services Segment

Financial Services Segment recorded Customer Revenue of ₹ 1898 crore during the quarter ended December 31, 2015, registering a y-o-y growth of 16%, driven by growth in loan book and disbursements.

The operating margin of the Financial Services Segment for the quarter ended December 31, 2015 at 15.7% decreased over 16.2% earned during the corresponding quarter of the previous year.

"Others" Segment

"Others" Segment comprises Realty, Shipbuilding, Construction & Mining Equipment and Industrial Machinery & Product businesses.

Customer Revenue of Others Segment during the quarter ended December 31, 2015 stood at ₹ 1631 crore. The customer revenue was ₹ 2034 crore during the corresponding quarter of the previous year. International sales constituted 10% of the total customer revenue of the segment.

During the quarter ended December 31, 2015, the segment EBIDTA margin at 26.1% is lower than the corresponding quarter of the previous year.

Outlook

Domestic economy continues to face headwinds to growth despite favourable macro economic factors. Tight liquidity and weak global cues have kept the markets tentative. Steep decline in oil prices, slowing growth in China, falling commodity prices, downturn in global equity markets and significant depreciation of emerging market currencies vis-à-vis the USD have contributed to a volatile economic environment.

While industrial and private sector capex has been muted, and is likely to remain so for some more time, the government is pushing infrastructure build-out through increased budgetary allocations, PSU-led spending and through bi-lateral and multi-lateral funding agencies. Neverthelss, the overall investment climate remains cautious with the overhang of excess capacities in many sectors.

Improved fiscal position at Central and State levels, moderated inflation, softer interest rates, increased allocations on plan expenditure, accelerated reforms and business enabling policy initiatives are expected to better the investment climate in India.

Given its large order book, execution capabilities and proven track record, the Company stays prepared to harness the business prospects as they emerge. The Company is focusing on profitable execution and is confident of its growth in the near to medium term.

Background:

Larsen & Toubro is an Indian multinational engaged in technology, engineering, construction, manufacturing and financial services with over **USD 15 billion** in revenue. It operates in over 30 countries worldwide. A strong, customer-focused approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business for over seven decades.