L&T Press Release

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Performance for the quarter ended June 30, 2015

Consolidated Results

Mumbai, July 31, 2015: Larsen & Toubro recorded Consolidated Gross Revenue of ₹ 20460 crore for the quarter ended June 30, 2015, registering a y-o-y increase of 7%. International revenue during the quarter at ₹ 6609 crore constituted 32% of the total revenue.

The Company successfully won new orders worth ₹ 26376 crore at the group level during the quarter ended June 30, 2015. International orders during the quarter at ₹ 8110 crore constituted 31% of the total order inflow. Major orders during the quarter were secured by Infrastructure and Hydrocarbon Segments.

Consolidated Order Book of the group stood at ₹ 238973 crore as at June 30, 2015, higher by 22% on a y-o-y basis. International Order Book constituted 26% of the total Order Book.

Consolidated Profit After Tax (PAT) for the quarter ended June 30, 2015 at ₹ 606 crore was lower vis-à-vis PAT of ₹ 967 crore for the corresponding quarter of the previous year. PAT for the corresponding quarter of the previous year included divestment gains of ₹ 1383 crore.

Infrastructure Segment

Infrastructure Segment achieved Customer Revenue of ₹ 8303 crore for the quarter ended June 30, 2015 registering a y-o-y growth of 16%, led by Heavy Civil Infrastructure, Power Transmission & Distribution and Transportation Infrastructure. International revenue constituted 30% of the total customer revenue of the segment during the quarter.

Infrastructure segment secured new orders of ₹ 11791 crore during the quarter ended June 30, 2015 registering a reduction of 17% over the corresponding quarter of the previous year. The order inflow during the quarter was mainly contributed by Power Transmission & Distribution and Building & Factories businesses. International orders contributed around 31% of the total order inflow of the segment during the quarter.

The Order Book of the Segment grew 24% on a y-o-y basis and stood at ₹ 169613 crore as on June 30, 2015.

The segment recorded improved EBIDTA margin at 10.7% during the quarter ended June 30, 2015 over 10.3% recorded in the corresponding quarter of the previous year.

Power Segment

Power Segment recorded Customer Revenue of ₹ 1118 crore during the quarter ended June 30, 2015, registering a growth of 12% over the corresponding quarter of the previous year on progress of jobs under execution.

Power Segment secured new orders of ₹ 216 crore during the quarter ended June 30, 2015, vis-à-vis ₹ 1602 crore recorded in the corresponding quarter of the previous year.

The Order Book of the Segment grew 36% on a y-o-y basis and stood at ₹ 22671 crore as on June 30, 2015.

The segment EBIDTA margin stood at 9.8% for the quarter ended June 30, 2015 as some of the large jobs are in their early phases of execution.

Metallurgical & Material Handling (MMH) Segment

The Customer Revenue of MMH Segment during the quarter ended June 30, 2015 at ₹ 489 crore, registered a reduction of 47% over the corresponding quarter of the previous year on account of slower progress in some of the jobs under execution and newly secured orders not significantly contributing to revenue during the quarter ended June 30, 2015.

MMH Segment secured new orders of ₹ 1674 crore during the quarter ended June 30, 2015, registering a growth of more than 3 times over the corresponding quarter of the previous year, consequent to bagging of a few large orders in ferrous and non-ferrous businesses.

The Order Book of the Segment grew by 27% on a y-o-y basis and stood at ₹ 11875 crore as on June 30, 2015.

The EBIDTA margin of the segment was negative for the quarter ended June 30, 2015 vis-à-vis positive margin of 12.5% recorded in the corresponding quarter of the previous year due to cost overruns and under recovery of fixed overheads on account of lower revenue.

Heavy Engineering Segment

Heavy Engineering Segment achieved Customer Revenue of ₹ 647 crore registering a y-o-y decline of 22% over the corresponding quarter of the previous year as newly secured orders have not significantly started contributing to revenue. International revenue constituted 33% of the total customer revenue of the segment.

Heavy Engineering Segment secured new orders valued ₹ 975 crore during the quarter ended June 30, 2015, reflecting a sluggish demand environment. International orders constituted 74% of the total order inflow of the segment during the quarter.

The Order Book of the Segment marginally grew by 1% on a y-o-y basis and stood at ₹ 8661 crore as on June 30, 2015.

The EBIDTA margin of the segment stood at 6.3% for the quarter ended June 30, 2015 vis-à-vis 12.7% recorded in the corresponding quarter of the previous year due to delayed execution and under-recovery of overheads.

Electrical & Automation (E&A) Segment

E&A Segment recorded Customer Revenue of ₹ 1046 crore during the quarter ended June 30, 2015, registering a modest y-o-y increase of 4% at the backdrop of subdued industrial demand. International revenue constituted 33% of the total customer revenue of the segment during the quarter ended June 30, 2015.

The EBIDTA margin of the E&A Segment stood at 10.5% for the quarter ended June 30, 2015 recording an increase over 8.9% earned during the corresponding quarter of the previous year on the back of lower commodity prices and favourable product mix.

The Order Book of the Segment stood at ₹ 3044 crore as on June 30, 2015.

Hydrocarbon Segment

Hydrocarbon Segment recorded Customer Revenue of ₹ 2207 crore registering a y-o-y growth of 42% over the corresponding quarter of the previous year, on the back of progress on Upstream domestic jobs under execution. International revenue constituted 50% of the total customer revenue of the segment during the quarter ended June 30, 2015.

Hydrocarbon Segment secured new orders valued ₹ 3475 crore during the quarter ended June 30, 2015, registering a y-o-y decline of 39% over the corresponding quarter of the previous year. The order inflow for the quarter ended June 30, 2014 had included a large sized international order. International orders during the quarter ended June 30, 2015 constituted 8% of the total order inflow of the segment.

The Order Book of the Segment registered a y-o-y growth of 6% and stood at ₹ 15385 crore as on June 30, 2015.

The EBIDTA margin of the segment turned positive at 4.2% for the quarter ended June 30, 2015 aided by margin accruals on the domestic jobs under execution, despite continuing under recovery of cost in international operations. The operating margin for the corresponding quarter of the previous year was adversely impacted due to time and cost overruns reported on international jobs.

IT & Technology Services Segment

IT & Technology Services (IT&TS) Segment achieved Customer Revenue of ₹ 2101 crore during the quarter ended June 30, 2015, registering a healthy y-o-y growth of 21%. International revenue constituted 96% of the total customer revenue of the segment for the quarter ended June 30, 2015.

The EBIDTA margin of the IT&TS Segment at 21.2% for the quarter ended June 30, 2015 was higher vis-à-vis 20.2% for the corresponding quarter of the previous year.

Financial Services Segment

Financial Services Segment recorded Customer Revenue of ₹ 1783 crore during the quarter ended June 30, 2015, registering a y-o-y growth of 20%, driven by growth in loan assets and disbursements in the focus areas of retail and wholesale finance business.

The operating margin of the Financial Services Segment for the quarter ended June 30, 2015 was stable at 15.1%.

Developmental Projects Segment

Developmental Projects Segment registered Customer Revenue of ₹ 1203 crore during the quarter ended June 30, 2015, vis-à-vis ₹ 2147 crore recorded in the corresponding quarter of the previous year. The customer revenue for the quarter ended June 30, 2014 included divestment gains of ₹ 1350 crore on sale of stake in The Dhamra Port Company Limited.

The EBIDTA margin of the Developmental Projects Segment for the quarter ended June 30, 2015 stood at 26.1% vis-à-vis 68.1% earned during the corresponding quarter of the previous year, which was higher with the divestment gains.

"Others" Segment

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

Customer Revenue of "Others" Segment during the quarter ended June 30, 2015 at ₹ 1563 crore registered an increase of 21% over the corresponding quarter of the previous year, driven by growth achieved by Construction Equipment, Valves and Realty businesses. International revenue constituted 13.5% of the total customer revenue of the segment.

During the quarter ended June 30, 2015, the segment EBIDTA improved to 21.2% as compared to 20.6% earned in the corresponding quarter of the previous year.

Outlook

The quarter ended June 30, 2015 witnessed improving macro economic trends in India. Favourable conditions for containment of fiscal deficit and monetary policy management are expected to enthuse an investment friendly framework. The investment climate, however, remained subdued in the backdrop of global uncertainties and unhurried pace of reforms in India.

The domestic infrastructure sector awaits the translation of various policy and budgetary initiatives into a definitive capital expenditure programme. While visibility of outlay by public sector / government undertakings has improved, private sector investment in the industrial sector is constrained by weak demand, low commodity prices and under utilisation of the existing capacities.

The business environment stays challenging in the short term while the prospects in urban infra, transportation infra, power transmission, water, renewable energy and defence manufacturing remain promising in the medium term.

The Company has prominent presence and proven capabilities over wide spectrum of capital goods and infrastructure sectors. The Company is hopeful of benefitting from the growth opportunities as they emerge.

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.