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L&T Press Release

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Performance for the quarter ended September 30, 2015

Consolidated Results

Revenue grows by 11%
PAT up 16%

Mumbai, October 30, 2015: Larsen & Toubro recorded Consolidated Gross Revenue of ₹ 23605 crore for the quarter ended September 30, 2015, registering a y-o-y growth of 11%. The International revenue during the quarter at ₹ 7658 crore constituted 32% of the total revenue. For the half year April-September 2015 the Consolidated Gross Revenue at ₹ 44065 crore recorded a y-o-y increase of 9%.

The Company secured fresh orders worth ₹ 28620 crore at the group level during the quarter ended September 30, 2015. The International order inflow during the quarter at ₹ 10973 crore constituted 38% 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 half-year ended September 30, 2015 stood at ₹ 54996 crore with the International order inflow accounting for 35%.

Consolidated Order Book of the group stood at ₹ 244097 crore as at September 30, 2015, higher by 14% on a y-o-y basis with International Order Book constituting 28% of the Order Book.

Consolidated Profit after Tax (PAT) for the quarter July - September 2015 at ₹ 996 crore recorded a y-o-y growth of 16%. For the half-year ended September 30, 2015 the PAT was ₹ 1602 crore vis-à-vis ₹ 1829 crore recorded for the corresponding period of the previous year.

Infrastructure Segment

Infrastructure Segment achieved Customer Revenue of ₹ 10668 crore for the quarter ended September 30, 2015 registering a y-o-y growth of 11%. International Sales constituted 30% of the total customer revenue of the segment during the quarter.

During the quarter July - September 2015, Infrastructure Segment secured new orders aggregating to ₹ 16682 crore. Major orders were bagged in Power Transmission & Distribution, Buildings & Factories, Water, Smart World & Communication and Transportation Infrastructure businesses. International orders contributed to around 33% 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 ₹ 175677 crore as at September 30, 2015.

The segment recorded lower EBIDTA margin at 8.6% during the quarter ended September 30, 2015 on account of job mix with projects at early stage, below margin recognition threshold. The segment had recorded margin of 10.1% in the corresponding quarter of the previous year.

Power Segment

Power Segment recorded customer revenue of ₹ 1404 crore during the quarter ended September 30, 2015, registering a growth of 21% over the corresponding quarter of the previous year on the back of higher opening order book.

Power Segment secured fresh orders of ₹ 1783 crore for the quarter ended September 30, 2015, as against ₹ 7714 crore secured in the corresponding quarter of the previous year, which included a large domestic order.

The Order Book of the Segment stood at ₹ 23070 crore as at September 30, 2015.

The segment EBIDTA margin stood at 16.1% for the quarter ended September 30, 2015 vis-à-vis 12.9% recorded in the corresponding quarter of the previous year on the back of accrual of margins on successful progress on jobs under execution.

Metallurgical & Material Handling (MMH) Segment

The Customer Revenue of MMH Segment during the quarter ended September 30, 2015 at ₹ 568 crore registered a y-o-y decline of 27%, on account of lower opening order book and delayed order replenishment.

MMH Segment secured new orders of ₹ 331 crore during the quarter ended September 30, 2015.

The Order Book of the Segment registered a y-o-y growth of 8% on a y-o-y basis and stood at ₹ 11639 crore as at September 30, 2015.

The EBIDTA margin of the segment declined to 5.5% for the quarter ended September 30, 2015 vis-à-vis 9.2% recorded in the corresponding quarter of the previous year due to cost overruns and under recovery of overheads due to lower volume of business.

Heavy Engineering Segment

Heavy Engineering Segment achieved Customer Revenue of ₹ 630 crore for the quarter ended September 30, 2015, registering a y-o-y decline of 22% over the corresponding quarter of the previous year mainly on account of delay in receipt of orders, reduced opening Order Book and slower progress on jobs under execution. International sales constituted 51% of the total customer revenue of the segment.

Heavy Engineering Segment secured fresh orders valued ₹ 623 crore, during the quarter ended September 30, 2015, registering a marginal y-o-y growth of 3%. International orders constituted 39% of the total order inflow of the segment.

The Order Book of the Segment stood at ₹ 8696 crore as at September 30, 2015.

The segment margin turned negative during the quarter ended September 30, 2015 due to time and cost overruns on certain jobs under execution.

Electrical & Automation (E&A) Segment

E&A Segment recorded Customer Revenue of ₹ 1198 crore during the quarter ended September 30, 2015, registering a marginal decline of 1% on y-o-y basis. International sales constituted 31% of the total customer revenue of the segment for the quarter ended September 30, 2015.

The EBIDTA Margin of the E&A Segment at 12.9% for the quarter ended September 30, 2015 recorded a drop over the 13.7% earned during the corresponding quarter of the previous year on account of lower revenue and increase in new product manufacturing cost.

Hydrocarbon Segment

Hydrocarbon Segment achieved Customer Revenue of ₹ 1935 crore registering a y-o-y growth of 7% over the corresponding quarter of the previous year. International sales constituted 52% of the total customer revenue of the segment for the quarter ended September 30, 2015.

Hydrocarbon Segment secured fresh orders valued ₹ 1244 crore, during the quarter ended September 30, 2015, registering a decline of 51% as compared to the corresponding quarter of the previous year. International orders constituted 41% of the total order inflow of the segment.

The Order Book of the Segment stood at ₹ 14722 crore as at September 30, 2015.

The segment EBITDA margin stood at 2.9% for the quarter ended September 30, 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 ₹ 2288 crore during the quarter ended September 30, 2015, registering a y-o-y growth of 23%. International sales constituted 96% of the total customer revenue of the segment for the quarter ended September 30, 2015.

The EBIDTA Margin of the IT&TS Segment at 21.1% for the quarter ended September 30, 2015 recorded an improvement vis-à-vis 18.6% earned during the corresponding quarter of the previous year on the back favourable exchange rates and better manpower engagement.

Developmental Projects Segment

Developmental Projects Segment recorded Customer Revenue of ₹ 1351 crore during the quarter ended September 30, 2015, registering growth of 37% 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 September 30, 2015 stood at 25.9% as compared to 15.9% recorded in the corresponding quarter of the previous year.

Financial Services Segment

Financial Services Segment recorded Customer Revenue of ₹ 1863 crore during the quarter ended September 30, 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 September 30, 2015 at 18.1% increased over 15.7% earned during the corresponding quarter of the previous period.

"Others" Segment

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

Customer Revenue of Others Segment during the quarter ended September 30, 2015 stood at ₹ 1700 crore registering a growth of 14% over the corresponding quarter of the previous year led by Realty and Valves businesses. International sales constituted 13% of the total customer revenue of the segment.

During the quarter ended September 30, 2015, the segment EBIDTA margin at 18.9% is in line with the corresponding quarter of the previous year.

Outlook

During the quarter ended September 30, 2015, domestic macro-economic parameters showed some early indications of recovery along with pick up in industrial production indices, and softening inflation & interest rates. The government remained committed on the developmental agenda, through the reform process and public expenditure. Financial markets, however, remained volatile and the overall investment climate stayed subdued during the quarter.

Slowing global economies, depressed commodity prices, weakening currencies and capital outflows are constraining the growth prospects of emerging economies. Uncertainties in the financial markets and excess capacities across the world have also impacted the investment sentiment.

The ground level inputs indicate that it may take further time for significant pick-up in business opportunities. Given its large order book, the Company is focusing on profitable execution and is optimistic about sustaining the performance in the near term and also about its potential to gain from the emerging prospects as the economic environment improves.

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.